





Market Analysis

Caesars New York will recapture business from New York residents currently gambling out-of-state, appeal to out-of-state residents, successfully compete against other gaming facilities and broaden the appeal of the host region through four primary competitive advantages:

1. Optimal site location;
2. Access to the Total Rewards loyalty program and accompanying analytics;
3. The strength of the Caesars brand; and
4. Unmatched gaming offerings, including World Series of Poker and robust non-gaming amenities.

Site Location Benefits

Woodbury is located approximately 50 miles north (one hour drive) from New York City. The site is located within two minutes of Woodbury Common Premium Outlets, an international tourist destination that draws 13 million annual visitors. The site has direct access to the Harriman Metro-North stop on the Port Jervis train line, which is the closest station to the mall. This site, with its proximity to New York City, has the highest potential for annual GGR of any competing site proposals currently under consideration.

The market study conducted by Pyramid Associates, LLC (Exhibit VIII.A.3.) estimates that Caesars New York will recapture \$57 million of GGR that is currently spent by New York residents in other states. This is 14% of the estimated \$399 million in GGR projected to come from New York residents. This recaptured revenue, along with revenue from New Jersey, Connecticut, Pennsylvania and other regions constitutes 54% of the property's total GGR. The market study details the methodology of estimating the repatriated gaming revenue.

Strategy to Broaden the Appeal of the Host Municipality and Region

Caesars is coordinating its efforts with several state agencies, municipalities and local businesses to stimulate economic activity in Woodbury, Orange County and New York State. First and most important to the local community, there is an existing traffic problem at Exit 131 on the New York State Thruway and Caesars will commit at least \$20 million to help solve the current issue and mitigate the project's impact. Specifically, Caesars is proposing several improvements that will drastically reduce existing backups that occur during peak periods:

- Dedicated ramp from the toll plaza to Route 17 Southbound, eliminating the current left turn;
- New Route 17 Southbound on and off ramps including the elimination of one signal and the addition through-lane on Route 17 Southbound; and
- Adaptive signaling to coordinate all traffic signals through the corridor in order to reduce wait times.

Second, Caesars will employ approximately 1,500 workers during construction and approximately 3,000 workers during the operation of the gaming facility. Using various recruitment efforts, including military job fairs through Caesars' Enlisting Heroes program, Caesars will identify and hire as many qualified local job candidates as possible. Finally, Caesars will develop the right mix and right sources of goods and services, by leveraging existing local capacity. As



part of this process, Caesars will conduct outreach to key stakeholder organizations and solicit proposals with local businesses. Where the capacity to serve the property is not available, Caesars will partner with small businesses to build that capability.

Out-of-State Residents Marketing Plan

Caesars will draw on its “hub and spoke” strategy to drive business to Caesars New York. Through the Total Rewards network, guests can earn points at any Caesars casino and spend them at destinations far from home. This allows guests to earn points in Cleveland, Kansas City or Philadelphia and use them to book a vacation to Caesars New York. Thus the casino will not only be repatriating gaming revenue to New York, but also driving business from guests who may have never visited the state.

Caesars is rapidly expanding marketing efforts around the globe, including Caesars International (in Europe and Africa) and the newly awarded preliminary license to build a Caesars property in South Korea. Due to the strength of the Caesars brand all over the world, international marketing efforts will emphasize Caesars-branded properties in North America. As one of the most visited destinations in the world, New York would be one of the most prominently-featured locations in the Caesars network.

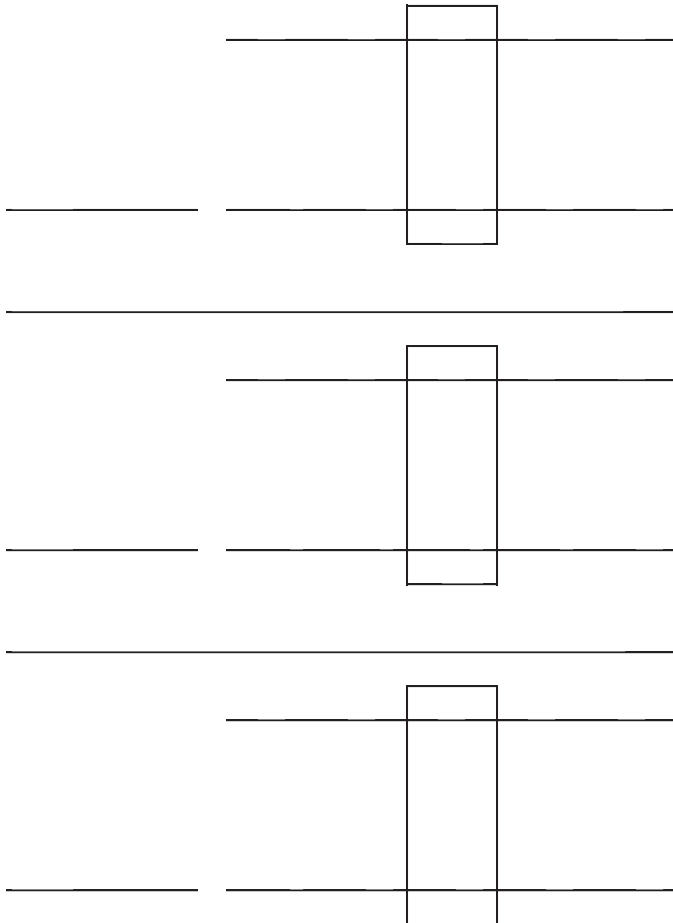
The primary focus of the out-of-state national marketing plan would be on residents in Northern New Jersey and Southern Connecticut. Both areas are affluent with large populations and the Woodbury location would be the most advantageous site to compete for regional business against casinos in Connecticut, Pennsylvania and New Jersey. Caesars anticipates a major advertising spend to raise awareness of the new facility, while broadcast advertising in the local area would include the above-mentioned out-of-state regions. Additionally Caesars, based on its long history in Atlantic City and Philadelphia, has a significant existing database of customers in these areas. The Caesars hub-and-spoke model would encourage known customers in the region to visit the new destination casino in Woodbury where these guests would have access to Caesars New York’s world-class amenities and one of the most popular shopping destinations in the country, which is a complementary experience for customers who enjoy casino gaming entertainment.

REDACTED

To validate this model, Caesars has successfully applied actual member data to the gravity model and established a systematic approach to estimate the GGR of current and anticipated competition across markets. The purpose of the

gravity model is twofold; first to estimate the gaming market size in a region; second to estimate the total gaming revenue distribution amongst the individual casinos within the region.

REDACTED





Competitive Strategy

Caesars possesses a competitive advantage due to its Total Rewards loyalty program. Total Rewards allows Caesars to collect data to better understand guest preferences and thus to market to these guests in different ways.

. This is a customer base that no competitor can match and Caesars New York will begin marketing to these guests before the property opens. Since Caesars has existing relationships with these guests and understands their preferences, the Caesars New York marketing team can begin tailoring offers to these guests immediately.

The Total Rewards program is structured in tiers, providing customers an incentive to consolidate their entertainment spending at Caesars' casinos. Total Rewards customers are able to earn Reward Credits at all Caesars-owned or – managed casino entertainment facilities located in the U.S. and Canada for on-property entertainment expenses, including gaming, hotel, dining and retail shopping. Total Rewards members can also redeem Reward Credits for on-property amenities or other off-property items such as merchandise, gift cards and travel. Customers earn status within the Total Rewards program based on their level of engagement with Caesars in a calendar year through both gaming and hospitality expenditures. Total Rewards tiers are designated as Gold, Platinum, Diamond or Seven Stars, each with increasing sets of customer benefits and privileges.

Separately, customers are provided promotional offers and rewards based on the ways in which they choose to engage with Caesars. These benefits encourage new customers to join Total Rewards and provide existing customers with incentives to consolidate their entertainment spend at Caesars properties. Additionally, Total Rewards members have other methods to earn and redeem Reward Credits including the Total Rewards Visa credit card and partnerships with Starwood Hotels and Resorts and Excentus, which operates the Fuel Rewards Network.

Caesars has developed a database containing information about its customers, aspects of their casino gaming play and their preferred spending choices outside of gaming. Caesars uses this information for marketing promotions, including through direct mail campaigns, the use of electronic mail, the Caesars website, mobile devices, social media and interactive slot machines.

Caesars will actively engage in advertising for the new property prior to opening and after to rapidly increase awareness among new customers. These advertising initiatives may include billboards, video ads at high-profile sporting events, radio, television and newspapers.

Once on the property, new guests will be encouraged to sign up for Total Rewards. Caesars will have prominent Total Rewards signage and dedicated sign-up areas as it does at all of its properties. Extra personnel will be on hand in the early stages to explain the guest benefits and accommodate the demand for new card sign-ups.



As Caesars New York creates new relationships with guests and increases the size of its database, it will begin refining marketing offers based on guest preferences. Caesars is renowned for its marketing analytics and the sophisticated use of the data it gleans from the Total Rewards database. Caesars can analyze changing trends in a guest's overall spend and spend per trip and combine this information with marketing offers that the guest redeemed. Caesars is constantly testing its marketing initiatives to determine which outcomes produce optimal levels of revenue and profitability. To our knowledge, few, if any, of our competitors and fellow applicants possess these capabilities.

The marketing offers that a guess may receive include free slot and table play, hotel rooms, tickets to shows, complimentary items (comps) to the numerous food outlets within the property, comps to external third party restaurants or free tickets to local events such as Mets, Yankees, Giants or Jets games. For VIP guests, Caesars may also coordinate the guest's travel to and from the property, including airfare and limousine service.

The entire property will bear the Caesars brand, which has become synonymous with luxury, world-class gaming, innovative non-gaming amenities and VIP treatment. A World Series of Poker (WSOP)-branded poker room will be a key feature of the Caesars New York experience. Caesars owns and operates the WSOP, the largest poker event in the country. The property will have a 300-room hotel comparable to the quality of Caesars Palace in Las Vegas, which has won the prestigious Forbes Four-Star Award for its Octavius and Augustus towers two years in a row. For VIP guests, Caesars New York will offer luxurious villas, complete with butler service and 24-hour concierge service. The highest worth casino players worldwide recognize the Caesars brand and travel long distances for the experience it entails. Caesars New York will offer several dining options for our guests, including a steakhouse, café, a noodle bar and in-room dining options available 24-hours a day, seven days a week. The Caesars-branded gaming and non-gaming offerings, in conjunction with the competitive advantage of Total Rewards, will ensure Caesars New York will meet its projections.

REDACTED



Player Database and Loyalty Program

a. Loyalty Program

As the original pioneer of loyalty marketing in the casino entertainment industry, Caesars boasts the largest, most successful and most differentiating loyalty program, Total Rewards. The Total Rewards program ties together every element of Caesars' casino entertainment offering, including gaming, hospitality, nightlife, entertainment, spas, golf, skiing, dining, retail shopping, etc. at over 40 Caesars-managed casinos and resorts.

Total Rewards has a long history of industry-firsts, creating new ways to recognize and reward its members. Some examples are being the first program to allow comps to be stored from trip-to-trip, the first program to be usable across properties, the first program in the industry to introduce tiers with unique services and benefits and the first program to reward guests for hospitality spend (e.g., dining, hotel, shopping, shows, golf, spa, etc.).

Total Rewards is consistently rated the most preferred loyalty program among its members, with 64% of Total Rewards members citing it as their program of choice (vs. 32% for Empire City, 30% for Mohegan Sun and 19% for Foxwoods). Total Rewards was also recognized for innovation in 2012 and 2013 with the Colloquy Master of Enterprise Loyalty award, making Caesars the only company to win the award twice.

Total Rewards boasts unparalleled options for customers to earn and redeem Reward Credits, which are the currency of the program. Reward Credits are primarily earned through game play and hospitality purchases on property. In recent years, Total Rewards has expanded its network of partner relationships to give customers more earn and redemption options. Total Rewards customers can now earn and redeem Reward Credits for hotel stays with Starwood, tickets to live events through ticket reseller FanXchange and for retail purchases through the TR Marketplace which includes 500 online retailers and 3,000 stores.

Caesars captures the way in which it engages guests and employees in daily operations through its value of "Service with Passion". This focus on service creates a call to action for everyone to "take pride in everything we do." As Total Rewards captures guests' preferences, special occasions and needs, loyalty milestones and play levels, property operators are afforded continuous, often real-time, access to data that enables them to deliver personalized enhancements to each guests' experience. These often include shortened wait-times, acknowledgments of special occasions, personal greetings from property management during visits, access to special events and offers, exclusive access service lines and venues and many more features designed to create delight. Operators also respond quickly with personal follow-up communications when guests report service failures or disappointments. This occurs through an automated alert system known as Fix-It, also enabled by Total Rewards.



Caesars uses a rigorous measurement system powered by its Total Rewards database to collect almost half a million post-visit guest service surveys each year. The results of these surveys, including guest comments, are packaged and shared with management and staff each and every week of the year. The operations teams then utilize this information to drive improvements to both the guest and employee experience. Caesars also collects guest service intelligence through social media, which shortens the response time to guests and often accelerates the pace of improvement.

Finally, Caesars invests in employees by offering rewards for demonstrating measured improvements to guest service. Employees and Supervisors can earn bankable points in quarters where improvement over the service scores of the same quarter of the prior year meet certain thresholds. Earned points can then be banked and redeemed later for the latest merchandise, travel and tickets and media experiences. This commitment completes Caesars Entertainment's strategic cycle of rigorous measurement of the guest experience, using guests' satisfaction and Total Rewards data to drive continuous improvement and rewarding employees for delivering excellence.

b. Casino Customer Relationship Management System and Database

Total Rewards also maintains the largest casino loyalty customer database. Since its inception in 1997, the program has built one-to-one relationships with 45 million members. Today, Total Rewards tracks over 80% of customer gaming play. Total Rewards has also made strides in recent years to learn more about the hospitality spend of customers and currently tracks 60% of hospitality spend to customers.

Caesars has set the industry standard on using data and analytics to drive insights and business decisions. In the same vein, Caesars has continued to offer unmatched analytical marketing capabilities that outpace its competitors. Caesars has developed sophisticated customer valuation techniques to identify customers who are engaging below full potential. Caesars has also continued to refine predictive models for disengagement, which allows Caesars to attempt to re-engage customers as their play decreases. Caesars' customer relationship management capabilities have enabled the company to drive a 22% premium in gaming revenue per unit over its competition in destination and regional markets in which it operates.

c. Availability of Total Rewards and Database for the Marketing, Promotion and Advertising of the Gaming Facility

Total Rewards will be used for marketing promotion and advertising of the Gaming Facility. All Total Rewards customer data is exclusive to Caesars. Caesars does not sell or share customer lists.

Details on how Total Rewards will be used are shared in Section (f) below.

d. “Active” and “Inactive” Members in the Database

Total Rewards consists of 7.1 million active playing members and 37.9 million inactive members. The Total Rewards database also consists of an additional 1.6 million active and 18 million inactive hospitality members.

(Note: Hospitality only guests include guests who stay at a hotel but do not formally sign up for the Total Rewards program and online signups who have not completed the verification process.)

e. Number of Rated Players included in the Database Located within 50--, 100--, 150-- and 200--Miles of the Proposed Gaming Facility

Below are several different views of the number of rated guests in the Total Rewards database within 50, 100, 150 and 200 miles of the proposed Gaming Facility:

Active Guests:

CEC Guests within 200 Miles of 10926			
	12M Active	13-24M Active	Total
0-50	486,963	258,189	745,152
51-100	382,876	187,479	570,355
101-150	370,017	177,835	547,852
151-200	110,714	70,850	181,564
Total	1,350,570	694,353	2,044,923

Total Guests:

CEC Guests within 200 Miles of 10926			
	Rated	Not Rated	Total
0-50	2,307,852	1,200,693	3,508,545
51-100	1,967,865	960,469	2,928,334
101-150	1,634,825	803,470	2,438,295
151-200	711,526	448,474	1,160,000
Total	6,622,068	3,413,106	10,035,174



f. Use of Database and Total Rewards to Market, Promote and Advertise the Gaming Facility

Caesars will market its New York property to Total Rewards customers through a combination of Direct Mail and email offers (750 million direct mail pieces and 470 million email pieces sent annually), direct one-to-one VIP experiences created by its network of over 600 VIP Marketing Hosts, Junket Representatives and National Casino Marketing Branch Office Directors, real-time marketing while the customers are on property and a full calendar of entertainment offerings.

For direct mail and email offers, Caesars will package a basket of incentives including Hotel, Dining, Spa, Entertainment and Free Slot Play based on the intimate understanding of its customers. Caesars will use its innovative and proprietary predictive modeling, segmentation and analytics to predict the best combination.

Caesars has been very successful in offering incentives for Total Rewards customers to make cross-property trips. Over 70% of gaming revenue comes from Total Rewards members who play at multiple properties in the Caesars network. Offers to the Woodbury Gaming Facility will be sent quarterly to the National Total Rewards Database and will be integrated into existing and standalone marketing campaigns executed by Caesars' properties in Atlantic City, Philadelphia and any of its network of Casino Resorts as strategy and opportunity dictate.

For VIP customers, Caesars uses state-of-the-art technology to support the personalization of marketing messages. The VIP Marketing organization collects personal preferences information and tracks interaction points using a tailored CRM solution based on technology originally developed by Salesforce.com. Armed with personalized guest profiles, propensity scores, profitability potential information and guest preferences, VIP hosts are able to tailor communications and offers to maximize impact with Caesars' best guests. Caesars will use this technology to target and incentivize VIP guests within the proximity of the Woodbury Gaming Facility to visit.

Furthermore, Caesars' extensive background in multicultural marketing through its dedicated Asian, Latino and Middle Eastern Marketing teams and relevant in-language offers and entertainment offerings will be used to draw the large and diverse populations residing within 200 miles of the Gaming Facility.

Caesars has also pioneered the use of real-time marketing to customers, based on a combination of information about historical profile, real-time information and real-time location. Originally under the banner of Caesars' proprietary PRISM (Personalized Real-time Interactive Slot Marketing) project, the organization has created several distinctive capabilities that competitors have not been able to replicate.



Interactive CRM (iCRM) combines real-time information about current game play with historical information about past play behaviors. Together these two sets of information enable Caesars to trigger real-time offers to customers who are playing either above or below their individual historical levels. Customers can also be challenged to reach individualized play thresholds in order to receive certain offers (e.g., play to a certain level above your normal behavior and we will award you an additional personalized offer based on the individual's observed preferences.)

The same real-time rules engine underlies the Real-time Casino Marketing (RTCM) toolset. When VIPs arrive on property, check into the hotel, or sit down to play a game, the real-time rules engine can be configured to trigger notifications to casino hosts. For example, if a certain VIP has arrived on property after an unusually-long absence, a casino host could be dispatched in real-time to their precise location to welcome them back to the casino. Another example would be if a customer experiences a statistically-unusual run of bad luck, having lost a significant amount within a short period of time, the RTCM system can send a host to introduce themselves and offer to buy them dinner. The host notifications include all of the relevant information (e.g., name, loyalty program tier, profitability, length of relationship, physical location and information about the specific situation that must be addressed).

A full calendar of Events, Promotions and Headliner Entertainment will be planned and executed at the Gaming Facility catering to the spectrum of gamblers, from the casual retail gambler to the ultra-high end VIP customer, as well as the non-gaming hospitality customer looking for a unique high end experience. The structure of these experiences will be to go head-to-head with and surpass offerings at existing facilities in the Northeast and will include headliner Entertainment promoted by Caesars' partners at AEG Live and C3 Presents, Gaming Tournaments, Celebrity Chef events capitalizing on Caesars' third-party restaurant offerings by the world's top culinary experts, Signature Events for Top Tier Total Rewards Members drawing in customers from across the United States and internationally, as well as partnership marketing tying in Caesars' exclusive relationships with Starwood and Norwegian Cruise Lines.

Total Rewards will be used to promote the facility to new customers through many methods which have been proven across multiple markets. Caesars will promote a temporary loyalty card status match at launch for high end customers of local competitors. Caesars will also run proven acquisition campaigns such as "Play \$100 on us" (slot customers are given a voucher which can be redeemed on their next trip for up to \$100 in losses) and "Play 30" (play 30 minutes on property and eat free at the buffet) to acquire new members into the Total Rewards database. These methods were employed at Horseshoe Cincinnati, Caesars' most recent casino opening and over 50% of visitation in the first five weeks came from new signups to the Total Rewards program.

Caesars will support its direct marketing efforts with traditional, digital and social media advertising campaigns. Caesars spends over \$45 million every year on offline advertising and an additional \$21 million on online advertising. The new casino in Woodbury represents a significant expansion of the Total Rewards network and as a result Caesars will promote



the casino resort across its entire footprint. This advertising will include direct communications to all Total Rewards members, strategic advertisements in the 20 markets and their respective feeder markets, in which Caesars operates, as well as those in the forthcoming Woodbury market.

Attached are several supporting articles and case studies on Caesars' player database and loyalty program, including:

- Attachment VIII.B.2_A2 *Las Vegas Review Journal* article on Caesars expanding its Total Rewards Program
- Attachment VIII.B.2_A4 *The Plain Dealer* article on Horseshoe Casino Cleveland's loyalty program
- Attachment VIII.B.2_A6 Press release on Colloquy Master of Enterprise Loyalty award 2012
- Attachment VIII.B.2_A7 Press release on Colloquy Master of Enterprise Loyalty award 2013

E
D
D
A
C
E
P
A
S
E
B
D
C
T
E
D

Attachment VIII.B.2_A1

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

Attachment VIII.B.2_A2

Caesars expands Total Rewards program

By Howard StutzLAS VEGAS REVIEW-JOURNAL

March 1, 2012 - 10:31pm

Buying a pair of jeans from Target or a flat-screen TV from Best Buy now will earn Caesars Entertainment Corp. customers points that can be redeemed at any of the company's 40 properties nationwide.

The casino operator on Thursday rolled out new features of its 15-year-old Total Rewards customer loyalty program, which now will include opportunities to earn points and credits outside the company's casinos.

Members of Total Rewards -- some 45 million strong, according to Caesars Entertainment -- still earn points through casino play and spending on hotel rooms, shows, retail, dining and other nongaming amenities at the company's resorts.

Going outside the casino is a new twist.

"We started out as a slot club," said Joshua Kanter, vice president of Total Rewards for Caesars Entertainment. "Obviously, it's much more. Our intent is to make this program as valuable to our guests as possible, and meaningful to their lives outside of the resort property."

Caesars kicked off the Total Rewards launch with a sleek new logo and a concert extravaganza that included performances by Mary J. Blige, Cee Lo Green, P Diddy, and Maroon 5 at locations in Los Angeles, New York, Chicago and New Orleans. The concerts were simulcast to a private party at Serendipity 3 at Caesars Palace.

Up next is a 90-day contest where program members can win more than 90,000 prizes. Top prize is an all-expenses paid trip to Caesars Palace, including travel aboard a private jet.

Total Reward has long been considered the first player loyalty system of its kind in the gaming industry. It also serves as a customer tracking system for Caesars Entertainment, allowing the company to monitor the spending habits of its guests, which can be incorporated into direct-marketing programs.

"We have always taken pride in being the first to launch multiple tiers and other ways to make the program better," Kanter said.

Total Rewards was originally rolled out in 1997 as the Total Gold slot players club when the company was known as Harrah's Entertainment.

"Our business has grown to encapsulate so much more than gaming," Caesars Entertainment Chairman Gary Loveman said. "Every single one of our nearly 40 resorts across the country provides a 360-degree entertainment experience."

As part of the new enhancements, Caesars Entertainment will offer additional ways to redeem points at the properties, including preferred pricing at restaurants in Caesars-operated resorts.

Also, frequent nongaming leisure travelers will be recognized and earn additional points. Meeting planners and business travelers will receive additional rewards based on frequency of visits.

Caesars also created a portal through the Total Rewards website where customers can earn benefits and points while shopping online at more than 500 retailers, including Best Buy, Target, Barnes & Noble and Banana Republic.

Officials said the benefit was the first in the gaming industry to offer casino customers credits outside the resort.

"This allows customers to earn points in their everyday lives," Kanter said.

Contact reporter Howard Stutz at hstutz@reviewjournal.com or 702-477-3871. Follow @howardstutz on Twitter.

Copyright © [Stephens Media LLC](#) 2014. All rights reserved. • [Privacy Policy](#)

Attachment VIII.B.2_A3

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

Attachment VIII.B.2_A4



Horseshoe Casino Cleveland operator rewards big spenders with perks

Thomas Ott, The Plain Dealer By **Thomas Ott, The Plain Dealer**

Follow on Twitter

on May 09, 2012 at 9:30 PM, updated May 10, 2012 at 9:57 AM

CLEVELAND, Ohio -- Spend like royalty at the Horseshoe Casino Cleveland, and the manager, Caesars Entertainment, will treat you like royalty.

Caesars' Total Rewards customer-loyalty program offers an escalating series of perks that begins with discounts on merchandise and free meals, hotel stays and gaming.

The program's 40 million members include 80,000 who live within 50 miles of the casino that will open Monday on Cleveland's Public Square.

You can join Total Rewards for free at the casino or by visiting the Horseshoe Cleveland or Total Rewards websites. From there, it can get pricey.

Members earn their way to the highest privileges with credits, accumulating one for every \$5 played on a reel slot machine, \$10 played on video poker and \$5 spent on entertainment. Credit for table games varies based on the type of game, average wager and length of play. Members also get credit for winnings that they use to continue playing.

Advancing from the entry level Gold tier to Platinum -- and staying there -- requires members to amass 4,000 credits a year. That's \$20,000 wagered on reel slots and \$40,000 on video poker, though it's likely that table games account for many of the credits.

Diamond Club members have to earn 11,000 credits a year, and reaching the pinnacle, Seven Stars, requires 100,000 credits a year. If measured only in video poker, 100,000 credits would mean \$1 million.

Diamond Club members enjoy their own lounges in Caesars' casinos and express lines for hotel check-in, casino buffets and taxis. Seven Stars members get all of the above (except they go to the head of the line), plus admission to

Related stories

- **Horseshoe Casino Cleveland gives media a preview**
- **Bill to update Ohio gambling laws passes Ohio Senate**
- **Cleveland Cement Contractors cited for December**

private "signature" events and annual cruises and other trips.

An elite group of big spenders are assigned personal hosts to plan travel. They also receive free limousine rides to the airport and chartered air flights.

"At the very, very high end, we have white-glove attention," said Joshua Kanter, a Las Vegas-based Caesars vice president. "We want them to know how special they are, how important they are to us."

Most Total Rewards members are relatively modest spenders. Sluggish growth in that group prompted rules changes that took effect last month, Caesars Chief Financial Officer Jonathan Halkyard said, according to transcripts conference calls with industry analysts.

The changes allow members to earn and redeem credits, both on line and in stores, with Target, Best Buy, Apple and other retailers. They also gain credits by interacting with Caesars on Facebook and other social-media websites.

Caesars tracks swipes of Total Rewards cards members to determine members' interests and target them for offers of free hotel stays, meals, show tickets and gaming. Speaking to a Cleveland business group in March, Caesars President and Chief Executive Officer Gary Loveman pledged to come up with packages that will "bring a lot of new people to Cleveland."

Caesars will fete Diamond and Seven Stars members at a "dignitary event" before Monday's opening, said Marcus Glover, general manager of the Horseshoe Casino Cleveland.

In early June, Caesars will bring in a select group of Horseshoe customers from around the country, Glover said. He said another group spanning all of Caesars' casino and resort subsidiaries will follow a week later.

Glover said Caesars will package play at the Horseshoe with tickets to attractions like PlayhouseSquare shows and the Rock and Roll Hall of Fame.

"We are talking with our marketing department about what other things can we create that don't already exist," he said. "We are talking about

collapse of parking garage at Cleveland casino

Previous stories

May. 9, 10:08 am: **Cleveland casino visitors may find they can walk a few blocks, save money on parking**

May. 8: **Where to park in downtown Cleveland: Your guide to public lots and garages near major attractions**

Apr. 16: **Horseshoe Casino Cleveland not ready for bus groups, tour operators say**

Apr. 11: **Corky & Lenny's approved to open express version of Woodmere eatery in Cleveland casino**

Feb. 21: **Media tours Horseshoe Casino**

More about Horseshoe Casino

creating a few of our own festivals."

But the benefits can have a downside. Comps, as casino industry's free perks are known, are one of the "triggers" that psychologist Heather Chapman sees in problem gamblers she helps in private practice and at the Cleveland VA Medical Center.

Some of Chapman's patients have lived for weeks in rent-free hotel rooms given as comps, leaving only after their gambling stash ran out. She recalled one man who refused to surrender his loyalty card -- not necessarily from Total Rewards - - to his family because he still had a bunch of lobster dinners to collect.

"They get pulled in by the glitz and the glamour," Chapman said. "For the majority of people I work with it has at least some impact on their decision making and behavior."

© 2014 cleveland.com. All rights reserved.

A look inside the Horseshoe Casino Cleveland

Members of the media got a glimpse of the new Horseshoe Casino Cleveland, which opens May 14. The \$350 million casino is located in the historic Higbee Building at Tower City Center in downtown Cleveland.

Attachment VIII.B.2_A5

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

Attachment VIII. B.2._A6



Caesars Entertainment



Initiative: Total Rewards

Master of Enterprise Loyalty Award (Global)

Caesars Entertainment Corporation defines itself as “a diversified casino entertainment company.” Customers benefit from the company’s Enterprise Loyalty strategy when they engage with Caesars through gaming, dining at company restaurants, attending shows, buying gifts, and shopping online or offline with partner companies. It operates hundreds of outlets across nearly 40 properties in 20 cities across four continents. Caesars’ resorts operate primarily under the Har-rah’s, Caesars and Horseshoe brands.

The starting point for Caesars’ Enterprise Loyalty strategy delivering personalized experience across the organization is the information-gathering power of its Total Rewards loyalty program. The program was relaunched and expanded in March 2012. “There has been a huge uptake in our signups that coincides with the launch of the new program—a 20% increase in new Total Rewards members, adding to the existing member base of 40 million,” says Joshua Kanter, VP, Total Rewards at Caesars Entertainment.

COLLOQUY defines true Enterprise Loyalty companies as demonstrating five characteristics, and Caesars Entertainment’s loyalty initiatives sparkle in all areas.

1. Customer-specific insights are derived from transactional data, behavioral data and collected customer preferences. “Customers have the option to provide preference information about the kinds of activities or entertainment that they enjoy most,” says Kanter. “When guests engage in Total Rewards, they’re choosing to let us know what kinds of entertainment matters most to them, through their purchases and/or gaming behaviors. This helps us craft personalized benefits, offers and experiences.”
2. These insights are leveraged to develop enterprise-wide customer strategies, including creating customer segments that capitalize on high-value and high-potential customers. Insights are used to understand total customer behavior—for instance, helping target segments engaging with various parts of the enterprise. “With the launch of the new Total Rewards, we’ve broadened our message to appeal to entertainment seekers who may or may not engage with the gaming portion of our offering. We’ve seen our customers engaging much more frequently in benefits oriented more toward dining and shopping and shows. We have seen literally two times the volume of purchases going through retail and dining outlets that are associated with Total Rewards cards.”
3. The focus of the organization’s entire product or service offering is based on customer-specific insights, related to merchandising, pricing, new product/service development, operations, marketing, customer experience, retail layout/design, retail locations, etc. Caesars’ use of insights leads to smoother operations, and empowers better front-line service, and differentiated pricing. “We have what we call a ‘differentiated service model’ that’s keyed off of Total Rewards tiers. For example, we strive to provide a great experience to every guest, including our entry-level Gold members. But we also have special hotel check-in areas, shorter lines and exclusive lounges for our Diamond and Seven Stars members. And our VIP-focused organization engages with our most high-value customers individually. Our VIP hosts develop personal relationships with their guests, and help them plan their future trips. Once a guest arrives on property, they are greeted by a local host who is on call to ensure that the guest always has access to whatever service they require.” In general, “When a guest presents their card, every member of our front-line staff responds immediately with the level of service appropriate to the tier.” For example, “We’ve given tier-based discounts to our customers when they shop in our retail stores, ranging from a 10% discount for Gold members all the way up to 25% discount for Seven Stars members.”
4. The company’s operational structure is aligned to better serve the right customer segments. Caesars has worked hard to achieve such alignment. “We used to have pockets of analysts all over the organization. It was quite fragmented. About a year and a half ago, we formed the Enterprise Analytics Shared Service, which consolidated our most talented analytical minds into a Center of Excellence. Enterprise Analytics supports every function that requires analytics throughout the company, including financial reporting, revenue management, gaming analytics, and marketing analytics.”
5. Customer-based metrics as a gauge of corporate performance have been incorporated. “We have a robust Total Service customer listening program that helps us track and understand how our guests experience our properties. We focus not only on their overall experience at the property, but also on the elements of the experience. All of senior management’s compensation is tied to our ability to continuously improve the guest experience.”

Watch a [video summary](#) of Caesars’ Enterprise winning case study.

[View an interview](#) with Caesars.

Kelly Hlavinka (left) and Jim Sullivan (right) present the COLLOQUY Loyalty Award to Andrea Mathews and Joshua Kanter from Caesars Entertainment



COLLOQUY © Copyright 2014 COLLOQUY All Rights Reserved.

Attachment VIII.B.2_A7



Caesars Entertainment



Master of Enterprise Loyalty Award

Initiative: Total Rewards

The Master of Enterprise Loyalty Award is presented to the company that executes an organization-wide strategy that shifts its focus from the product or channel to the customer. This operational commitment empowers the company to make all decisions with the customer at the center of its purpose.

In the spring of 2012, Caesars Entertainment expanded its Total Rewards program, resulting in a 20% increase in new members thanks to a sophisticated combination of data analysis, employee engagement and rewards systems. In 2013, it continued to use its Total Rewards data to elevate its segmentation, online presence and tier management strategies. "What we've focused on for the last year is how to personalize experiences both online and on property, across every touch point," said Joshua Kanter, senior vice president of Total Rewards. "This requires a tremendous amount of organizational coordination, to make use of our holistic customer data and translate it into operations, into property messaging and into customer experiences that resonate."

Caesars executed its strategy on five pillars:

1. **Attitudinal segmentation:** While Caesars has excelled at understanding its guests' demographics and travel requirements, it wanted keener insights into what motivated them as seekers of entertainment. So in the summer of 2012 it implemented a model to score every guest through attitudinal segmentation. Using Total Rewards insights, the model detected several customer categories, including: the Enthusiasts, who are motivated by energy and excitement; the Adventurers, who love to try every restaurant, new property and venue; and the Maximizers, who combine offers to get the most bang for buck. Fortified with this knowledge, Caesars' executive hosts suggest offers and attractions that appeal to each specific personality.
2. **Integrating online and offline experiences:** In the fall of 2012, Caesars implemented Project Galaxy, a whole-sale relaunch of its online presence. The new system relies on historical data to anticipate guest needs and present real-time offers and upsell options, such as a show or golf outing. The initiative caused many guests to migrate bookings from online travel agencies to Caesars' website and phone center. The number of unique visitors to Caesars' Las Vegas and Atlantic City booking sites rose by 8% and 5%, respectively, resulting in revenue increases of 18% and 6%. And just as Caesars uses offline data to inform its online interactions, it propagates guest information gathered online across its brick-and-mortar touch points.
3. **Tier recalibration:** One goal of an effective loyalty program is to elevate guests to higher-spending tiers. Caesars planned to do this by making it easier for guests to attain elite-tier status by changing the structure of Total Rewards to provide more personalized services along the way. It also implemented tier-related bonuses to inspire members to achieve top tiers faster. In the first four months of 2013, Total Rewards VIP members achieved elite status 20% faster because the guests consolidated their trips and increased their daily spending – the average daily value of VIPs rose 5%. More revenue in fewer days equals better experiences, and that helps Caesars to stand apart.
4. **Choice hospitality:** Once its guests reach elites status, Caesars makes sure to recognize them in unparalleled fashion. The Laurel Collection of rooms, in a private corridor at Caesars Palace, includes an attentive staff and exclusive amenities, such as private event – of the Robert De Niro and Chef Nobu Matsuhisa restaurant collaboration – for a one-of-a-kind boutique stay. Through such efforts, Caesars is creating intimate events that enhance engagement among discerning, fashion- and entertainment-oriented customers.
5. **Real-time casino marketing:** Anytime a guest interacts with a Caesars associate on a property -from a gaming table to eating at a restaurant -an executive host on the property receives a real-time notification that the guest is there and what the guest is doing. If the guest just paid the bill, for example, the host can introduce himself or herself (provide a card and offer a service. If the guest has an unlucky streak at a particular game, the system deploys a host to alleviate the situation, perhaps by buying the guest dinner: exclusive technology, which is proprietary to Caesars, has increased customer value by up to 30% per visit.

Caesars Entertainment is one of the world's largest diversified casino entertainment companies. It uses its Enterprise Loyalty strategy, with data gathered from its Total Rewards program, to enrich the customer experience while gaming, dining, attending shows, buying gifts and shopping online or offline with partner companies. Caesars operates hundreds of outlets on nearly 40 properties in 20 cities in North America, primarily under the Harrah's, Caesars and Horseshoe brands.

Studies and Reports

Municipality, Region and State Economic Benefit Impact Studies

Attached please find a study completed by Nathan Associates assessing the potential economic and fiscal impact of proposed Caesars New York (see Attachment VIII.B.3.a_A1).

Attachment VIII.B.3.a_A1

The Potential Economic & Fiscal Impact of Proposed Caesars New York Casino

Submitted to:

Woodbury Casino, LLC

Submitted by:

Nathan Associates Inc.

Contact:

Alan Meister, Ph.D.

Nathan Associates Inc.

3 Park Plaza

Suite 1980

Irvine, CA 92614

949-474-4955 (phone)

949-474-4944 (fax)

ameister@nathaninc.com

June 2014



NATHAN
ASSOCIATES INC.

Executive Summary

Nathan Associates Inc. (“Nathan Associates”) was commissioned by Woodbury Casino, LLC to analyze the potential economic and fiscal impact of the operation of the Caesars New York casino proposed in its license application to the New York State Gaming Commission.

Overall, Nathan Associates found that the operation of the proposed Caesars New York casino would have significant positive economic and fiscal impacts on the Town of Woodbury, the Catskills/Hudson Valley Region, and the State of New York.¹ By operating its casino, Woodbury Casino, LLC would directly and indirectly generate economic activity, including:

- Expenditures by the proposed Caesars New York casino, as well as by businesses down the supply chain;
- Jobs at the proposed Caesars New York casino, as well as at businesses down the supply chain;
- Wages paid to employees;
- Household expenditures by employees; and
- Taxes on all taxable economic activity.

As shown in Tables A through C, the operation of the proposed Caesars New York casino in each of the three revenue cases (average, high, and low) would generate hundreds of millions of dollars in new economic output, thousands of new jobs, and hundreds of millions of dollars in new wages in the Town of Woodbury, the Catskills/Hudson Valley region, and the State of New York from 2017 through 2021, the first five years of operation.²

¹ The estimated economic and fiscal impacts for the three geographic areas are not additive within each of Tables A through F. Instead, the estimated impacts for smaller areas are *theoretically* incorporated within the impacts for larger areas within each table. For example, the economic impacts for the state of New York in Table A include those for the Town of Woodbury and the Catskills/Hudson Valley region, as well as the rest of the state. However, in practice, the economic and fiscal impacts on a larger geographic area may be less than those on a smaller geographic area due to larger substitution effects (i.e., dollars that replace existing spending in the economy) and metrics underlying the input-output analysis that are averages for each geographic area (e.g., average output per worker and average wage per worker). Thus, economic and fiscal impacts are presented separately for all three geographic areas of interest.

² The figures in Tables A through F only include “new” or “incremental” economic activity. Thus, they have excluded any substitution effects.

Table A					
Average Case					
Economic Impact of Proposed Caesars NY Casino					
Type of Impact	2017	2018	Year 2019	2020	2021
<u>Woodbury</u>					
Output	\$188,964,025	\$464,145,441	\$501,511,477	\$516,330,083	\$531,418,405
Jobs	2,551	2,992	3,109	3,160	3,181
Wages	\$151,111,725	\$175,702,613	\$182,380,417	\$189,046,894	\$193,854,443
<u>Catskills/Hudson Valley</u>					
Output	\$170,532,115	\$418,871,813	\$452,593,095	\$465,966,266	\$479,582,844
Jobs	2,594	3,041	3,161	3,213	3,234
Wages	\$148,691,629	\$172,888,688	\$179,459,545	\$186,019,257	\$190,749,812
<u>State of New York</u>					
Output	\$189,335,209	\$465,057,168	\$502,496,603	\$517,344,317	\$532,462,277
Jobs	3,008	3,527	3,666	3,726	3,751
Wages	\$179,911,548	\$209,189,122	\$217,139,624	\$225,076,640	\$230,800,443
Output and Wages in 2014 Dollars.					

Table B					
High Case					
Economic Impact of Proposed Caesars NY Casino					
Type of Impact	2017	2018	Year 2019	2020	2021
<u>Woodbury</u>					
Output	\$296,395,618	\$728,612,835	\$787,077,435	\$811,209,070	\$835,031,793
Jobs	2,802	3,289	3,598	3,654	3,676
Wages	\$166,284,092	\$193,589,299	\$210,660,227	\$218,225,541	\$223,717,963
<u>Catskills/Hudson Valley</u>					
Output	\$272,194,543	\$669,120,682	\$722,811,573	\$744,972,830	\$766,850,398
Jobs	2,985	3,503	3,833	3,892	3,915
Wages	\$170,030,719	\$197,951,155	\$215,406,716	\$223,142,487	\$228,758,661
<u>State of New York</u>					
Output	\$301,151,652	\$740,304,328	\$799,707,064	\$824,225,921	\$848,430,910
Jobs	3,581	4,203	4,598	4,669	4,698
Wages	\$216,118,377	\$251,606,784	\$273,793,759	\$283,626,349	\$290,764,815
Output and Wages in 2014 Dollars.					

Table C					
Low Case					
Economic Impact of Proposed Caesars NY Casino					
Type of Impact	2017	2018	Year 2019	2020	2021
<u>Woodbury</u>					
Output	\$112,644,530	\$276,918,955	\$298,868,849	\$307,912,837	\$316,826,559
Jobs	2,197	2,571	2,817	2,794	2,812
Wages	\$131,617,748	\$152,583,420	\$166,162,579	\$168,471,146	\$172,760,631
<u>Catskills/Hudson Valley</u>					
Output	\$98,243,608	\$241,516,541	\$260,660,274	\$268,548,043	\$276,322,199
Jobs	2,126	2,488	2,726	2,703	2,721
Wages	\$124,078,399	\$143,843,112	\$156,644,426	\$158,820,754	\$162,864,527
<u>State of New York</u>					
Output	\$109,901,372	\$270,175,329	\$291,590,691	\$300,414,437	\$309,111,089
Jobs	2,385	2,791	3,058	3,032	3,052
Wages	\$142,968,448	\$165,742,197	\$180,492,420	\$183,000,078	\$187,659,487
Output and Wages in 2014 Dollars.					

In all three geographic areas for each case (average, high, and low), jobs would be created in a wide variety of sectors of the economy. While the distribution of jobs would vary across the geographic areas due to the nature of the economy in each geographic area, seven of the top sectors in which jobs would be created by the proposed Caesars New York casino are as follows: amusement parks, arcades, and gambling industries; food services and drinking places; non-depository credit intermediation and related activities; hotels and motels; services to buildings and dwellings; real estate establishments; and offices of physicians, dentists, and other health practitioners.³

³ Of these sectors, the one sector that consists of only induced jobs (i.e., jobs generated as a result of expenditures by employees of the proposed casino and other businesses down the supply chain) is offices of physicians, dentists, and other health practitioners.

As shown in Tables D through F, the operation of the proposed Caesars New York casino in each of the average, high, and low cases would also yield millions of dollars in new tax revenue to local, state, and federal governments from 2017 through 2021.

Table D					
Average Case					
Fiscal Impact of Proposed Caesars NY Casino					
Type of Tax	Year				
	2017	2018	2019	2020	2021
<u>Woodbury</u>					
Federal Taxes	\$37,828,678	\$48,148,634	\$50,319,631	\$52,098,447	\$53,457,888
State Taxes	\$42,012,537	\$136,228,986	\$146,003,613	\$150,738,524	\$155,101,577
Local Taxes	\$28,143,726	\$67,471,959	\$72,936,149	\$75,102,583	\$77,351,752
Total	\$107,984,940	\$251,849,578	\$269,259,392	\$277,939,553	\$285,911,217
<u>Catskills/Hudson Valley</u>					
Federal Taxes	\$33,750,915	\$42,352,256	\$44,216,543	\$45,787,604	\$46,977,802
State Taxes	\$128,455,152	\$143,767,587	\$149,061,615	\$153,450,227	\$153,959,725
Local Taxes	\$27,493,673	\$65,873,177	\$71,196,671	\$73,316,417	\$75,508,376
Total	\$189,699,739	\$251,993,020	\$264,474,829	\$272,554,248	\$276,445,903
<u>State of New York</u>					
Federal Taxes	\$35,551,808	\$44,612,102	\$46,575,864	\$48,230,755	\$49,484,460
State Taxes	\$128,841,800	\$144,189,313	\$149,385,816	\$153,791,746	\$154,306,538
Local Taxes	\$27,261,820	\$65,250,639	\$70,521,564	\$72,621,761	\$74,793,126
Total	\$191,655,428	\$254,052,054	\$266,483,245	\$274,644,261	\$278,584,123
Detail may not equate to total due to rounding. Output and Wages in 2014 Dollars.					

Table E					
High Case					
Fiscal Impact of Proposed Caesars NY Casino					
Type of Tax	Year				
	2017	2018	2019	2020	2021
<u>Woodbury</u>					
Federal Taxes	\$42,093,562	\$55,506,436	\$60,314,723	\$62,396,502	\$64,026,571
State Taxes	\$53,368,701	\$177,509,660	\$190,562,120	\$196,223,817	\$202,029,895
Local Taxes	\$37,806,355	\$91,141,333	\$98,546,469	\$101,499,466	\$104,517,563
Total	\$133,268,617	\$324,157,429	\$349,423,312	\$360,119,786	\$370,574,028
<u>Catskills/Hudson Valley</u>					
Federal Taxes	\$37,781,994	\$49,058,925	\$53,317,627	\$55,166,634	\$56,601,637
State Taxes	\$52,731,062	\$176,205,795	\$189,150,737	\$194,769,027	\$200,533,338
Local Taxes	\$36,825,587	\$88,804,121	\$96,019,034	\$98,896,761	\$101,838,385
Total	\$127,338,643	\$314,068,842	\$338,487,398	\$348,832,422	\$358,973,359
<u>State of New York</u>					
Federal Taxes	\$44,509,629	\$57,794,581	\$62,811,607	\$64,989,856	\$66,680,383
State Taxes	\$54,307,502	\$178,713,114	\$191,870,228	\$197,577,471	\$203,418,631
Local Taxes	\$37,607,347	\$90,495,432	\$97,849,112	\$100,782,435	\$103,778,685
Total	\$136,424,478	\$327,003,127	\$352,530,948	\$363,349,762	\$373,877,699
Detail may not equate to total due to rounding. Output and Wages in 2014 Dollars.					

Table F					
Low Case					
Fiscal Impact of Proposed Caesars NY Casino					
Type of Tax	Year				
	2017	2018	2019	2020	2021
<u>Woodbury</u>					
Federal Taxes	\$31,312,514	\$38,597,758	\$41,995,795	\$42,651,301	\$43,754,773
State Taxes	\$28,171,419	\$89,163,647	\$95,500,554	\$98,184,282	\$100,905,449
Local Taxes	\$18,359,258	\$43,500,088	\$47,036,956	\$48,440,733	\$49,876,699
Total	\$77,843,191	\$171,261,492	\$184,533,306	\$189,276,316	\$194,536,922
<u>Catskills/Hudson Valley</u>					
Federal Taxes	\$26,160,898	\$31,822,001	\$34,629,960	\$35,157,933	\$36,064,488
State Taxes	\$27,297,128	\$87,567,755	\$94,021,955	\$96,561,823	\$99,235,914
Local Taxes	\$17,570,162	\$41,564,635	\$44,939,320	\$46,251,699	\$51,228,341
Total	\$71,028,188	\$160,954,391	\$173,591,235	\$177,971,455	\$186,528,743
<u>State of New York</u>					
Federal Taxes	\$29,031,115	\$35,313,321	\$38,429,353	\$39,015,251	\$40,021,268
State Taxes	\$28,034,253	\$88,591,983	\$95,134,752	\$97,651,807	\$100,354,784
Local Taxes	\$17,896,230	\$42,190,292	\$45,616,672	\$46,946,228	\$51,942,442
Total	\$74,961,599	\$166,095,596	\$179,180,777	\$183,613,286	\$192,318,494
Detail may not equate to total due to rounding. Output and Wages in 2014 Dollars.					

Table of Contents

Executive Summary	i
1. Assignment.....	1
2. Background.....	2
2.1 Proposed Caesars New York Casino	2
2.2 Relevant Geographic Areas	3
3. Methodology	5
3.1 Input-Output Analysis	5
3.2 Study Area.....	5
3.3 Measures of Economic Impact.....	6
3.4 Economic Modeling System.....	6
3.5 Inputs to Input-Output Analysis	7
3.6 Time Period of Analysis	8
4. Data.....	9
5. Results	10
5.1 Average Case	10
5.1.1 Impact on Town of Woodbury.....	10
5.1.2 Impact on Catskills/Hudson Valley Region	12
5.1.3 Impact on State of New York	14
5.2 High Case	16
5.2.1 Impact on Town of Woodbury.....	16
5.2.2 Impact on Catskills/Hudson Valley Region	18
5.2.3 Impact on State of New York	20
5.3 Low Case	22
5.3.1 Impact on Town of Woodbury.....	22
5.3.2 Impact on Catskills/Hudson Valley Region	24
5.3.3 Impact on State of New York	26
5.4 All Cases	28
Appendix A: About the Author	29
Appendix B: About Nathan Associates Inc.	30
Appendix C: Inputs to the Input-Output Analysis - Average Case.....	32
Appendix D: Inputs to the Input-Output Analysis - High Case	33
Appendix E: Inputs to the Input-Output Analysis - Low Case.....	34

1. Assignment

Nathan Associates Inc. (“Nathan Associates”) was commissioned by Woodbury Casino, LLC to analyze the potential economic and fiscal impact of the operation of the Caesars New York casino proposed in its license application to the New York State Gaming Commission.

In order to quantify these potential impacts, we utilized an economic impact analysis (i.e., an input-output model). These impacts were calculated for the first five years of operation under three revenue cases: an average, high, and low. We analyzed the potential impacts on three geographic areas: the Town of Woodbury; the Catskills/Hudson Valley region; and the State of New York.

Background on the author of this report and Nathan Associates is set forth in Appendices A and B, respectively.

2. Background

This section of the report provides some background on the proposed Caesars New York casino, the Town of Woodbury, the Catskills/Hudson Valley region, and the State of New York.

2.1 PROPOSED CAESARS NEW YORK CASINO⁴

Woodbury Casino, LLC is proposing to open a destination resort casino in the Town of Woodbury, New York. They have proposed a gaming facility that would include 2,600 slot machines, 190 table games, 50 poker tables, and a 300-room hotel with luxury rooms, suites, villas, and a spa. The resort casino will also include six restaurants with 1,250 seats (both chef-driven and local concept), a food court, five bars and lounges, an outdoor performance arena, a 20,000 square foot ballroom, and garage, surface, and valet parking. A summary of the specifications of the proposed Caesars New York casino is set forth in Table 1.

Slot Machines	2,600
Table Games	190
Poker Tables	50
Hotel Rooms	300
Restaurants	6
Bars & Lounges	5
Spa	
Retail Outlets	
Ballroom	
Outdoor Performance Arena	
Garage, Surface, & Valet Parking	
Source: Pyramid Associates, LLC, "Caesars New York: Market Feasibility & Impact Analysis," June 2014.	

It is assumed that the proposed Caesars New York casino would open January 1, 2017 and operate at 100 percent of its full potential starting in 2022, after it has been able to ramp up its operations and market itself.

⁴ Unless otherwise noted, background on the proposed Caesars New York casino is drawn from the June 2014 study by Pyramid Associates, LLC, "Caesars New York: Market Feasibility & Impact Analysis."

2.2 RELEVANT GEOGRAPHIC AREAS

There are three relevant geographic areas in this study: 1) the Town of Woodbury, which would be the Host City; 2) the Catskills/Hudson Valley Region, which would be the Host Region; and 3) the State of New York.

2.2.1 Woodbury⁵

The Town of Woodbury is located in southeastern New York, approximately 45 miles north of New York City in Orange County. It has an estimated population of 10,730.⁶ Currently, the biggest employer and tourist attraction in the town is the Woodbury Common Premium Outlet Center, which is one of the largest premium outlet centers in the world. By early 2017, Woodbury Common will have 240 stores in 900,000 feet of retail space. The outlet currently brings in 13 million visitors per year, 40% of which are foreign tourists. Woodbury Common is easily accessible from multiple locations in New York City by car, Metro North train service, NYC buses, and daily luxury coaches with direct service to the outlets.

There is currently no existing casino gaming within the Town of Woodbury.

2.2.2 Catskills/Hudson Valley Region

The Catskills/Hudson Valley region is composed of seven counties: Delaware; Greene; Columbia; Sullivan; Ulster; Dutchess; and Orange. This region is located in southeastern New York, north of New York City, and it has a total population of 1.1 million.⁷ The Host County would be Orange County.

There are currently three slots-only racetrack casinos (“racinos”) in the Catskills/Hudson Valley region.⁸

⁵ Unless otherwise noted, background on the Town of Woodbury was drawn from the Woodbury Historical Society website (<http://woodburyhistoricalsociety.org/townhistory.html>), accessed June 2014.

⁶ Estimated 2013 population. Source: United States Census Bureau, State & County QuickFacts (<http://quickfacts.census.gov/>), accessed June 2014.

⁷ Estimated 2013 population. Source: United States Census Bureau, State & County QuickFacts (<http://quickfacts.census.gov/>), accessed June 2014.

⁸ Pyramid Associates, LLC, “Caesars New York: Market Feasibility & Impact Analysis,” June 2014.

2.2.3 State of New York

The State of New York is the third most populous state in the U.S., with 19.7 million people.⁹ New York City alone, which draws visitors from around the world, has a population of 8.4 million.¹⁰

The state currently has nine racinos and eight Indian gaming facilities.¹¹

⁹ Estimated 2013 population. Source: United States Census Bureau, State & County QuickFacts (<http://quickfacts.census.gov/>), accessed June 2014.

¹⁰ Estimated 2013 population. Source: United States Census Bureau, State & County QuickFacts (<http://quickfacts.census.gov/>), accessed June 2014.

¹¹ New York State Gaming Commission website (<http://www.gaming.ny.gov/gaming/casinos.php>), accessed June 18, 2014; and Alan Meister, *Indian Gaming Industry Report*, 2014 Edition, Newton, MA: Casino City Press, pp. 45-47 and 151-153.

3. Methodology

This section provides background on the data analysis methods employed in this report.

3.1 INPUT-OUTPUT ANALYSIS

An input-output analysis can be used to estimate the *total* economic and fiscal impacts of an initial change in an economy, including secondary effects that result from the initial change. Input-output analyses model these effects by accounting for the economic interdependence between industries, households, and government institutions in the economy.

The initial change in economic activity is typically referred to as the direct effect. The direct effect is the “input” into the input-output analysis. In this report, the direct effect is measured as total patron expenditures while visiting the proposed Caesars New York casino. This would include gaming and non-gaming expenditures at the casino, as well as at other businesses (i.e., outside the casino) *during a visit to the casino*. Estimates of casino patron expenditures outside of the casino were not included in the economic impact analysis, and therefore the results are conservative.

Secondary effects come about as patron expenditures are subsequently spent and re-spent throughout the economy. The successive rounds of spending are often referred to as the “multiplier effect.” The secondary effects continue until leakages (e.g., imports from outside the study area, profit, and savings) stop the cycle.

There are two types of secondary effects: indirect and induced. The indirect effect relates to the iteration of businesses purchasing from other businesses as a result of the direct effect. In this report, the indirect effect includes purchases of goods and services by the proposed Caesars New York casino from suppliers, who in turn purchase goods and services from their suppliers, and so on. The induced effect relates to household spending resulting from wages directly or indirectly earned as a result of the direct effect. In this report, the induced effect is household purchases by employees of the proposed Caesars New York casino, as well as employees of their suppliers and other businesses down the supply chain (i.e., businesses captured in the indirect effect).

Because other segments of the economy are supported, at least in part, by the initial change in economic activity, the total economic impact equals the sum of the direct, indirect, and induced effects.

3.2 STUDY AREA

In conducting an economic impact analysis, a study area must be defined. The study area is the geographic region in which the economic impact is to be measured. A wide range of geographic regions can be analyzed with economic impact analyses. A study area can be

defined as small as a zip code, as large as the entire United States, and everywhere in between.

In our analyses, we used three study areas: 1) the Town of Woodbury; 2) the Catskills/Hudson Valley region; and 3) the State of New York. These areas were chosen to measure economic impact at increasingly larger geographic areas, starting with the town in which the proposed casino site would be located. The Town of Woodbury was defined as the three zip codes that were all or mostly within its boundaries, 10917, 10926, and 10930. The Catskills/Hudson Valley region was defined as the seven counties identified by the New York State Gaming Commission: Delaware; Greene; Columbia; Sullivan; Ulster; Dutchess; and Orange.¹²

3.3 MEASURES OF ECONOMIC IMPACT

Employing a widely-accepted and frequently-used economic modeling system (described in the next subsection below), we measure economic impact in four ways: output, employment, wages, and taxes. Output equals the value of production or sales. Employment is the total number of jobs, computed as full-time equivalents (FTEs). Wages consist of the current value of income earned by households, including self-employed individuals. It also includes tips, as well as benefits, such as health insurance and retirement payments. Taxes equal the amounts received by federal, state, and local governments from businesses, employees, and households.

3.4 ECONOMIC MODELING SYSTEM

In this report, the input-output analysis was conducted using the IMPLAN economic modeling system.¹³ IMPLAN was originally developed by the USDA Forest Service in cooperation with the Federal Emergency Management Agency and the USDI Bureau of Land Management.¹⁴ The IMPLAN system has been in use since 1979 and continues to be widely used by universities, government agencies, corporations, and private consultants to conduct economic impact analyses involving a wide range of issues and industries. IMPLAN's data and accounts closely follow the accounting conventions used in the "Input-Output Study of the U.S. Economy" by the U.S. Bureau of Economic Analysis and the format recommended by the United Nations. IMPLAN is largely based upon data from the U.S. Bureau of Economic Analysis and U.S. Bureau of Labor Statistics.

The region data used in IMPLAN were for 2012. However, IMPLAN results are reported in current dollars (2014). This has the effect of reducing the magnitude of the results relative to the years in which they would be expected to actually occur (2017 through 2021).

¹² New York State Gaming Commission website (<http://www.gaming.ny.gov/gaming/casinos.php>), accessed June 2014.

¹³ IMPLAN Group LLC, IMPLAN system 3.0 (software and region data).

¹⁴ Minnesota IMPLAN Group, Inc., "IMPLAN Professional Version 2.0 User's Guide, Analysis Guide, Data Guide," 1999.

Our IMPLAN models use Type SAM multipliers with households internalized, which are “generally accepted” and considered to be the “best practices formulation.”¹⁵ However, these multipliers yield conservative results as they do not allow tax revenue federal, state, and local governments to generate multiplier effects (i.e., indirect and induced effects).¹⁶

Note that IMPLAN only separates tax revenue impacts into two categories: federal and state/local. Thus, United States Census Bureau data on government financing were used to separate state and local taxes.¹⁷

Also note that IMPLAN does not compute gaming taxes for the proposed Caesars New York casino given they are not yet in effect. Thus, gaming taxes were computed manually.¹⁸ Furthermore, gaming taxes were assumed to be distributed to state and local governments as follows: 10% of new gaming taxes would be equally split between the host city and the host county; 10% would go to the counties in the host region; and 80% would go to the State of New York.¹⁹ The computed allocations of gaming taxes were added to state and local tax results from IMPLAN.

3.5 INPUTS TO INPUT-OUTPUT ANALYSIS

For each geographic area in the three revenue cases (average, high, and low), the primary inputs into our input-output analysis were estimated new net gaming and non-gaming revenue. As shown in Appendices C through E, new net gaming revenue was calculated as projected net gaming revenue,²⁰ minus cannibalized revenue,²¹ financing payments (\$124.4 million per year),²² and gaming tax payments.²³ New net non-gaming revenue was

¹⁵ Type SAM multipliers allow the estimation of indirect and induced impacts. IMPLAN Group LLC, “Explaining the Type SAM Multiplier,” October 15, 2013.

¹⁶ Using Type SAM multipliers with federal government and/or state and local government internalized would yield greater economic and fiscal impact results.

¹⁷ United States Census Bureau, Governments Division, “State and Local Government Finances by Level of Government and by State: 2010-11,” July 22, 2013.

¹⁸ Pyramid Associates, LLC, “Caesars New York: Market Feasibility & Impact Analysis,” June 2014. Gaming taxes in the Catskills/Hudson Valley region would be 39% of slot machine gross gaming revenue and 10% of gross gaming revenue from all other gaming.

¹⁹ New York State Comptroller, “Trends in New York State Lottery Revenues and Gaming Expansions,” May 2014, p. 23.

²⁰ For the purposes of the economic impact analysis, net gaming revenue is equal to gross gaming revenue minus the value of promotional allowances plus the cost of providing those promotional allowances given those costs generate economic and fiscal impacts. Source for gross gaming revenue and total promotional allowances: Pyramid Associates, LLC, “Caesars New York: Market Feasibility & Impact Analysis,” June 2014. Source for percentage breakdown of promotional allowances by revenue type and cost of promotional allowances as a percentage of the value of promotional allowances: Caesars Entertainment Corporation and Woodbury Casino, LLC. We used IMPLAN Sector code 409 for gaming revenue in the economic impact analysis.

²¹ Cannibalized revenue is lost revenue at existing gaming facilities in the study area as a result of the proposed Caesars New York casino. Source: Pyramid Associates, LLC, “Caesars New York: Market Feasibility & Impact Analysis,” June 2014 (data underlying the study).

²² For the purposes of the economic impact analysis, we have conservatively assumed that financing payments would be made to outside of the study areas. Financing payments are estimated to be \$124.4 million per year. Source: Caesars Entertainment Corporation and Woodbury Casino, LLC.

²³ As is the case with other taxes, we conservatively did not run gaming tax payments through the economic impact analysis (i.e., multipliers were not applied to gaming taxes). However, as noted in Section 3.4, gaming taxes were added to state and local taxes computed by IMPLAN.

calculated by major revenue source (hotel, food and beverage, retail, entertainment, and other) in the same fashion as new net gaming revenue,²⁴ except gaming tax payments, which do not apply.²⁵

Additional inputs to the input-output analysis included estimated jobs and wages at the proposed Caesars New York casino,²⁶ net of cannibalized jobs and wages.²⁷

3.6 TIME PERIOD OF ANALYSIS

We analyzed the first five years of operations of the proposed Caesars New York casino, which would be 2017 through 2021.²⁸ We started with an input-output analysis for the fifth year of operations, 2021, and then computed pro-rated amounts of the 2021 impact to estimate the impacts in 2017 through 2020.

For the direct effects in 2017 through 2020, we pro-rated output, jobs, wages, and taxes based on the ratio of a key metric for each year relative to 2021. The key metric for pro-rating was total casino revenue (net of promotional allowances) for output, number of casino employees for jobs, total casino payroll (salaries, wages, benefits, and tips) for wages, and a combination of total casino revenue (net of promotional allowances) and total casino payroll (salaries, wages, benefits, and tips) for taxes.²⁹

For the indirect and induced effects in 2017 through 2020, we applied the 2021 indirect and induced multipliers to the direct effect for the respective year for each measure of impact (i.e. output, jobs, wages, and taxes). The indirect multiplier for 2021 was computed as the indirect effect divided by the direct effect. The induced multiplier for 2021 was computed as the induced effect divided by the direct effect.

²⁴ We used the following IMPLAN sector codes for non-gaming revenues: Sector 411 for hotel revenues; Sector 413 for food and beverage revenues; Sector 330 for retail revenues; Sector 409 for entertainment revenues, and Sector 355 for other revenues (the largest portion of which was ATM fees).

²⁵ Taxable non-gaming revenue was computed by IMPLAN.

²⁶ Source: Caesars Entertainment Corporation and Woodbury Casino, LLC.

²⁷ Jobs and wages were assumed to be cannibalized at the same rate as revenue. This is likely to yield conservative results given that a certain portion of labor costs in a casino are fixed (e.g., if business slows down in an existing casino, it must still maintain security, surveillance, and certain admin staff).

²⁸ Source: Pyramid Associates, LLC, "Caesars New York: Market Feasibility & Impact Analysis," June 2014. Note that the Pyramid Associates report analyzed fiscal years ending June. Given that IMPLAN analyzes calendar years, not fiscal years, we assumed that calendar year results were equal to fiscal year results.

²⁹ Source for total casino revenue (net of promotional allowances): Pyramid Associates, LLC, "Caesars New York: Market Feasibility & Impact Analysis," June 2014. Source for number of casino employees and total casino payroll (salaries, wages, benefits, and tips): Caesars Entertainment Corporation and Woodbury Casino, LLC.

4. Data

In order to complete our assignment, Nathan Associates collected, reviewed, and analyzed a variety of data, including:

- Background on the proposed Caesars New York casino;
- Background on the relevant geographic areas;
- Projected financial information for the proposed Caesars New York casino;
- Projected cannibalization by the proposed Caesars New York casino;
- Projected employment and payroll information for the proposed Caesars New York casino;
- General casino metrics, such as the breakdown of promotional allowances and other revenue, and the cost of promotional allowances; and
- Estimated casino construction and financing costs.

Background on the proposed casino and projected financial information and cannibalization were drawn from a recently completed study by Pyramid Associates.³⁰ Background on the relevant geographic areas was gathered from government websites. All the other data were gathered from Caesars Entertainment Corporation and Woodbury Casino, LLC.

For the economic impact analysis, we used IMPLAN's region data (2012) for the Town of Woodbury, the Catskills/Hudson Valley region, and the State of New York.³¹ In order to separate IMPLAN's state and local tax results, data on taxes received by federal, state, and local governments were obtained from the United States Census Bureau.

³⁰ Pyramid Associates, LLC, "Caesars New York: Market Feasibility & Impact Analysis," June 2014.

³¹ See Section 3.4 of this report for how we defined the Town of Woodbury and the Catskills/Hudson Valley region.

5. Results

This section of the report quantifies the economic and fiscal impacts of the operation of the proposed Caesars New York casino. These impacts were calculated under three revenue cases: average; high; and low. Results are presented separately for each case.

The impacts for each case were computed for the three previously noted geographic areas: the Town of Woodbury; the Catskills/Hudson Valley region; and the State of New York. It should be noted that the estimated economic and fiscal impacts for these three geographic areas are not additive. Instead, the estimated impacts for smaller areas are *theoretically* incorporated within the impacts for larger areas. For example, the economic and fiscal impacts for the State of New York include impacts to the Town of Woodbury and the Catskills/Hudson Valley region, as well as the rest of the state. However, in practice, the economic and fiscal impacts on a larger geographic area may be less than those on a smaller geographic area due to larger substitution effects (i.e., dollars that replace existing spending in the economy) and metrics underlying the input-output analysis that are averages for each geographic area (e.g., average output per worker and average wage per worker). Thus, economic and fiscal impacts are presented separately below for all three geographic areas of interest.

The results represent the first five years of *annual* impacts of the *operation* of the proposed Caesars New York casino starting in the first full year of operations, which would be 2017, and running through 2021. All monetary impacts are converted to current dollars (2014). This reduces the magnitude of the results relative to the years in which they would actually occur.

5.1 AVERAGE CASE

The first case examines the impacts of the average revenue projections from Pyramid Associates report.

5.1.1 Impact on Town of Woodbury

As shown in Appendix C, the inputs to the economic impact analysis for the Town of Woodbury in 2021 consist of the following: \$336.2 million of gaming revenue; \$54.1 million of food and beverage revenue; \$17.5 million of hotel revenue; \$2.4 million of retail revenue; \$1.8 million of entertainment revenue; and \$16.6 million of other revenue (consisting of primarily ATM fees). Note that the portion of that revenue which is not “new” to the town economy (i.e., the substitution effects) was not included in these inputs.

As shown in Table 2, the operation of the proposed Caesars New York casino would be a catalyst for the generation of hundreds of millions of dollars in new economic output, thousands of new jobs, and hundreds of millions of dollars in new wages in the Town of Woodbury from 2017 through 2021, the first five years of operation.

Table 2					
Average Case					
Economic Impact of Proposed Caesars NY Casino on Woodbury					
	Year				
	2017	2018	2019	2020	2021
<u>Output</u>					
Direct	\$151,913,818	\$373,140,369	\$403,180,040	\$415,093,159	\$427,223,112
Indirect	\$15,430,835	\$37,902,198	\$40,953,515	\$42,163,605	\$43,395,720
Induced	\$21,619,372	\$53,102,874	\$57,377,922	\$59,073,318	\$60,799,573
Total	\$188,964,025	\$464,145,441	\$501,511,477	\$516,330,083	\$531,418,405
<u>Jobs</u>					
Direct	1,953	2,290	2,380	2,419	2,435
Indirect	273	321	333	339	341
Induced	325	381	396	402	405
Total	2,551	2,992	3,109	3,160	3,181
<u>Wages</u>					
Direct	\$125,111,904	\$145,471,759	\$151,000,601	\$156,520,064	\$160,500,441
Indirect	\$12,029,820	\$13,987,471	\$14,519,083	\$15,049,793	\$15,432,516
Induced	\$13,970,001	\$16,243,383	\$16,860,734	\$17,477,037	\$17,921,486
Total	\$151,111,725	\$175,702,613	\$182,380,417	\$189,046,894	\$193,854,443
Detail may not equate to total due to rounding. Output and Wages in 2014 Dollars.					

As shown in Table 3, the operation of the proposed Caesars New York casino would also yield millions of dollars in new tax revenue to local, state, and federal governments from 2017 through 2021.

Table 3					
Average Case					
Fiscal Impact of Proposed Caesars NY Casino on Woodbury					
	Year				
	2017	2018	2019	2020	2021
Federal Tax					
Direct	\$29,866,915	\$37,982,899	\$39,693,138	\$41,096,725	\$42,168,850
Indirect	\$3,000,719	\$3,816,129	\$3,987,956	\$4,128,974	\$4,236,690
Induced	\$4,127,970	\$5,249,697	\$5,486,073	\$5,680,065	\$5,828,246
Total	\$36,995,603	\$47,048,725	\$49,167,167	\$50,905,765	\$52,233,786
State Tax					
Direct	\$39,775,634	\$132,359,664	\$141,815,923	\$146,419,412	\$150,660,023
Indirect	\$714,371	\$1,227,257	\$1,330,225	\$1,372,868	\$1,411,051
Induced	\$1,275,221	\$2,190,773	\$2,374,580	\$2,450,703	\$2,518,862
Total	\$41,765,225	\$135,777,694	\$145,520,728	\$150,242,984	\$154,589,936
Local Tax					
Direct	\$25,598,140	\$61,635,252	\$66,643,033	\$68,642,591	\$70,685,963
Indirect	\$698,838	\$1,596,137	\$1,720,979	\$1,772,501	\$1,824,078
Induced	\$1,555,540	\$3,552,833	\$3,830,716	\$3,945,399	\$4,060,206
Total	\$27,852,518	\$66,784,223	\$72,194,728	\$74,360,490	\$76,570,247
Grand Total	\$106,613,347	\$249,610,642	\$266,882,622	\$275,509,239	\$283,393,969
Detail may not equate to total due to rounding.					
Taxes in 2014 Dollars.					

5.1.2 Impact on Catskills/Hudson Valley Region

As shown in Appendix C, the inputs to the economic impact analysis for the Catskills/Hudson Valley region in 2021 consist of the following: \$231.6 million of gaming revenue; \$44.6 million of food and beverage revenue; \$14.4 million of hotel revenue; \$2.0 million of retail revenue; \$1.5 million of entertainment revenue; and \$13.7 million of other revenue (consisting of primarily ATM fees). Note that the portion of that revenue which is not “new” to the regional economy (i.e., the substitution effects) was not included in these inputs.

As shown in Table 4, the operation of the proposed Caesars New York casino would be a catalyst for the generation of hundreds of millions of dollars in new economic output, thousands of new jobs, and hundreds of millions of dollars in new wages in the Catskills/Hudson Valley region from 2017 through 2021.

Table 4					
Average Case					
Economic Impact of Proposed Caesars NY Casino on Catskills/Hudson Valley Region					
	Year				
	2017	2018	2019	2020	2021
Output					
Direct	\$109,038,952	\$267,828,401	\$289,389,931	\$297,940,792	\$306,647,290
Indirect	\$28,955,529	\$71,122,408	\$76,848,119	\$79,118,819	\$81,430,848
Induced	\$32,537,634	\$79,921,003	\$86,355,045	\$88,906,654	\$91,504,706
Total	\$170,532,115	\$418,871,813	\$452,593,095	\$465,966,266	\$479,582,844
Jobs					
Direct	1,659	1,945	2,022	2,055	2,068
Indirect	422	494	514	522	526
Induced	513	602	625	635	640
Total	2,594	3,041	3,161	3,213	3,234
Wages					
Direct	\$106,276,922	\$123,571,701	\$128,268,203	\$132,956,738	\$136,337,889
Indirect	\$19,609,347	\$22,800,438	\$23,666,998	\$24,532,088	\$25,155,951
Induced	\$22,805,360	\$26,516,549	\$27,524,344	\$28,530,430	\$29,255,972
Total	\$148,691,629	\$172,888,688	\$179,459,545	\$186,019,257	\$190,749,812
Detail may not equate to total due to rounding.					
Output and Wages in 2014 Dollars.					

As shown in Table 5, the operation of the proposed Caesars New York casino would also yield millions of dollars in new tax revenue to local, state, and federal governments from 2017 through 2021.

Table 5					
Average Case					
Fiscal Impact of Proposed Caesars NY Casino on Catskills/Hudson Valley Region					
	Year				
	2017	2018	2019	2020	2021
Federal Tax					
Direct	\$22,074,318	\$27,678,257	\$28,894,972	\$29,921,931	\$30,699,553
Indirect	\$4,645,862	\$5,825,293	\$6,081,369	\$6,297,507	\$6,461,169
Induced	\$5,452,594	\$6,836,827	\$7,137,369	\$7,391,039	\$7,583,120
Total	\$32,172,774	\$40,340,377	\$42,113,710	\$43,610,477	\$44,743,842
State Tax					
Direct	\$125,031,423	\$137,932,536	\$142,741,659	\$146,931,261	\$147,256,433
Indirect	\$1,249,803	\$2,119,829	\$2,297,930	\$2,371,836	\$2,437,631
Induced	\$1,694,603	\$2,874,270	\$3,115,755	\$3,215,965	\$3,305,176
Total	\$127,975,830	\$142,926,635	\$148,155,344	\$152,519,062	\$152,999,239
Local Tax					
Direct	\$23,746,067	\$57,329,294	\$61,985,921	\$63,846,097	\$65,749,027
Indirect	\$1,288,325	\$2,929,611	\$3,158,210	\$3,252,852	\$3,347,453
Induced	\$1,930,883	\$4,390,767	\$4,733,382	\$4,875,226	\$5,017,010
Total	\$26,965,275	\$64,649,672	\$69,877,513	\$71,974,175	\$74,113,490
Grand Total	\$187,113,879	\$247,916,685	\$260,146,567	\$268,103,714	\$271,856,571
Detail may not equate to total due to rounding.					
Taxes in 2014 Dollars.					

5.1.3 Impact on State of New York

As shown in Appendix C, the inputs to the economic impact analysis for the State of New York in 2021 consist of the following: \$231.6 million of gaming revenue; \$44.6 million of food and beverage revenue; \$14.4 million of hotel revenue; \$2.0 million of retail revenue; \$1.5 million of entertainment revenue; and \$13.7 million of other revenue (consisting of primarily ATM fees). Note that the portion of that revenue which is not “new” to the state economy (i.e., the substitution effects) was not included in these inputs.

As shown in Table 6, the operation of the proposed Caesars New York casino would be a catalyst for the generation of hundreds of millions of dollars in new economic output, thousands of new jobs, and hundreds of millions of dollars in new wages in the State of New York from 2017 through 2021.

Table 6					
Average Case					
Economic Impact of Proposed Caesars NY Casino on State of New York					
	Year				
	2017	2018	2019	2020	2021
Output					
Direct	\$109,038,952	\$267,828,401	\$289,389,931	\$297,940,792	\$306,647,290
Indirect	\$35,208,661	\$86,481,750	\$93,443,965	\$96,205,037	\$99,016,364
Induced	\$45,087,596	\$110,747,017	\$119,662,707	\$123,198,487	\$126,798,623
Total	\$189,335,209	\$465,057,168	\$502,496,603	\$517,344,317	\$532,462,277
Jobs					
Direct	1,659	1,945	2,022	2,055	2,068
Indirect	562	659	685	696	701
Induced	787	923	959	975	981
Total	3,008	3,527	3,666	3,726	3,751
Wages					
Direct	\$106,276,922	\$123,571,701	\$128,268,203	\$132,956,738	\$136,337,889
Indirect	\$34,987,643	\$40,681,293	\$42,227,438	\$43,770,960	\$44,884,076
Induced	\$38,646,983	\$44,936,128	\$46,643,984	\$48,348,942	\$49,578,478
Total	\$179,911,548	\$209,189,122	\$217,139,624	\$225,076,640	\$230,800,443
Detail may not equate to total due to rounding. Output and Wages in 2014 Dollars.					

As shown in Table 7, the operation of the proposed Caesars New York casino would also yield millions of dollars in new tax revenue to local, state, and federal governments from 2017 through 2021.

Table 7					
Average Case					
Fiscal Impact of Proposed Caesars NY Casino on State of New York					
	Year				
	2017	2018	2019	2020	2021
Federal Tax					
Direct	\$22,074,318	\$27,678,257	\$28,894,972	\$29,921,931	\$30,699,553
Indirect	\$6,716,507	\$8,421,606	\$8,791,813	\$9,104,284	\$9,340,889
Induced	\$8,031,097	\$10,069,927	\$10,512,594	\$10,886,223	\$11,169,138
Total	\$36,821,922	\$46,169,790	\$48,199,379	\$49,912,437	\$51,209,580
State Tax					
Direct	\$125,031,423	\$137,932,536	\$142,741,659	\$146,931,261	\$147,256,433
Indirect	\$1,699,970	\$2,774,931	\$2,945,781	\$3,041,858	\$3,125,839
Induced	\$2,427,142	\$3,961,921	\$4,205,854	\$4,343,029	\$4,462,932
Total	\$129,158,535	\$144,669,388	\$149,893,294	\$154,316,148	\$154,845,204
Local Tax					
Direct	\$23,746,067	\$57,329,294	\$61,985,921	\$63,846,097	\$65,749,027
Indirect	\$1,351,628	\$3,034,880	\$3,270,075	\$3,368,345	\$3,466,146
Induced	\$2,387,458	\$5,360,683	\$5,776,120	\$5,949,701	\$6,122,453
Total	\$27,485,153	\$65,724,858	\$71,032,116	\$73,164,143	\$75,337,626
Grand Total	\$193,465,610	\$256,564,036	\$269,124,788	\$277,392,729	\$281,392,409
Detail may not equate to total due to rounding.					
Taxes in 2014 Dollars.					

5.2 HIGH CASE

The second case examines the impacts of the high revenue projections from Pyramid Associates report.

5.2.1 Impact on Town of Woodbury

As shown in Appendix D, the inputs to the economic impact analysis for the Town of Woodbury in 2021 consist of the following: \$575.8 million of gaming revenue; \$73.1 million of food and beverage revenue; \$17.8 million of hotel revenue; \$3.4 million of retail revenue; \$2.6 million of entertainment revenue; and \$23.3 million of other revenue (consisting of primarily ATM fees). Note that the portion of that revenue which is not “new” to the town economy (i.e., the substitution effects) was not included in these inputs.

As shown in Table 8, the operation of the proposed Caesars New York casino would be a catalyst for the generation of hundreds of millions of dollars in new economic output, thousands of new jobs, and hundreds of millions of dollars in new wages in the Town of Woodbury from 2017 through 2021, the first five years of operation.

Table 8					
High Case					
Economic Impact of Proposed Caesars NY Casino on Woodbury					
	Year				
	2017	2018	2019	2020	2021
Output					
Direct	\$246,378,840	\$605,659,376	\$654,258,071	\$674,317,491	\$694,120,129
Indirect	\$24,844,925	\$61,074,894	\$65,975,603	\$67,998,402	\$69,995,306
Induced	\$25,171,853	\$61,878,564	\$66,843,760	\$68,893,177	\$70,916,358
Total	\$296,395,618	\$728,612,835	\$787,077,435	\$811,209,070	\$835,031,793
Jobs					
Direct	2,020	2,371	2,594	2,634	2,650
Indirect	422	495	542	550	553
Induced	360	423	463	470	473
Total	2,802	3,289	3,598	3,654	3,676
Wages					
Direct	\$132,112,672	\$153,806,653	\$167,369,501	\$173,380,141	\$177,743,869
Indirect	\$18,633,877	\$21,693,712	\$23,606,689	\$24,454,462	\$25,069,945
Induced	\$15,537,542	\$18,088,934	\$19,684,037	\$20,390,938	\$20,904,148
Total	\$166,284,092	\$193,589,299	\$210,660,227	\$218,225,541	\$223,717,963
Detail may not equate to total due to rounding. Output and Wages in 2014 Dollars.					

As shown in Table 9, the operation of the proposed Caesars New York casino would also yield millions of dollars in new tax revenue to local, state, and federal governments from 2017 through 2021.

Table 9					
High Case					
Fiscal Impact of Proposed Caesars NY Casino on Woodbury					
	Year				
	2017	2018	2019	2020	2021
Federal Tax					
Direct	\$33,123,400	\$43,677,984	\$47,461,622	\$49,099,773	\$50,382,473
Indirect	\$4,500,969	\$5,935,177	\$6,449,317	\$6,671,916	\$6,846,216
Induced	\$4,469,192	\$5,893,275	\$6,403,785	\$6,624,813	\$6,797,882
Total	\$42,093,562	\$55,506,436	\$60,314,723	\$62,396,502	\$64,026,571
State Tax					
Direct	\$50,865,963	\$172,975,783	\$185,649,958	\$191,156,249	\$196,819,920
Indirect	\$1,091,511	\$1,977,345	\$2,142,326	\$2,210,102	\$2,272,210
Induced	\$1,411,227	\$2,556,531	\$2,769,836	\$2,857,465	\$2,937,765
Total	\$53,368,701	\$177,509,660	\$190,562,120	\$196,223,817	\$202,029,895
Local Tax					
Direct	\$34,943,719	\$84,463,202	\$91,323,881	\$94,060,864	\$96,861,050
Indirect	\$1,092,202	\$2,547,954	\$2,755,685	\$2,838,102	\$2,921,243
Induced	\$1,770,434	\$4,130,177	\$4,466,903	\$4,600,500	\$4,735,269
Total	\$37,806,355	\$91,141,333	\$98,546,469	\$101,499,466	\$104,517,563
Grand Total	\$133,268,617	\$324,157,429	\$349,423,312	\$360,119,786	\$370,574,028
Detail may not equate to total due to rounding.					
Taxes in 2014 Dollars.					

5.2.2 Impact on Catskills/Hudson Valley Region

As shown in Appendix D, the inputs to the economic impact analysis for the Catskills/Hudson Valley region in 2021 consist of the following: \$419.7 million of gaming revenue; \$60.5 million of food and beverage revenue; \$14.7 million of hotel revenue; \$2.8 million of retail revenue; \$2.1 million of entertainment revenue; and \$19.3 million of other revenue (consisting of primarily ATM fees). Note that the portion of that revenue which is not “new” to the regional economy (i.e., the substitution effects) was not included in these inputs.

As shown in Table 10, the operation of the proposed Caesars New York casino would be a catalyst for the generation of hundreds of millions of dollars in new economic output, thousands of new jobs, and hundreds of millions of dollars in new wages in the Catskills/Hudson Valley region from 2017 through 2021.

Table 10					
High Case					
Economic Impact of Proposed Caesars NY Casino on Catskills/Hudson Valley Region					
	Year				
	2017	2018	2019	2020	2021
Output					
Direct	\$183,713,052	\$451,611,561	\$487,849,310	\$502,806,671	\$517,572,561
Indirect	\$49,224,013	\$121,004,650	\$130,714,180	\$134,721,851	\$138,678,218
Induced	\$39,257,478	\$96,504,471	\$104,248,083	\$107,444,309	\$110,599,618
Total	\$272,194,543	\$669,120,682	\$722,811,573	\$744,972,830	\$766,850,398
Jobs					
Direct	1,709	2,006	2,194	2,228	2,242
Indirect	686	806	881	895	900
Induced	589	692	757	769	773
Total	2,985	3,503	3,833	3,892	3,915
Wages					
Direct	\$111,760,110	\$130,112,035	\$141,585,464	\$146,670,137	\$150,361,613
Indirect	\$31,986,808	\$37,239,304	\$40,523,109	\$41,978,391	\$43,034,926
Induced	\$26,283,801	\$30,599,816	\$33,298,143	\$34,493,959	\$35,362,122
Total	\$170,030,719	\$197,951,155	\$215,406,716	\$223,142,487	\$228,758,661
Detail may not equate to total due to rounding.					
Output and Wages in 2014 Dollars.					

As shown in Table 11, the operation of the proposed Caesars New York casino would also yield millions of dollars in new tax revenue to local, state, and federal governments from 2017 through 2021.

Table 11					
High Case					
Fiscal Impact of Proposed Caesars NY Casino on Catskills/Hudson Valley Region					
	Year				
	2017	2018	2019	2020	2021
Federal Tax					
Direct	\$24,305,541	\$31,560,106	\$34,299,772	\$35,489,257	\$36,412,409
Indirect	\$7,358,373	\$9,554,653	\$10,384,072	\$10,744,183	\$11,023,662
Induced	\$6,118,080	\$7,944,166	\$8,633,783	\$8,933,194	\$9,165,566
Total	\$37,781,994	\$49,058,925	\$53,317,627	\$55,166,634	\$56,601,637
State Tax					
Direct	\$48,792,857	\$169,120,630	\$181,473,999	\$186,849,008	\$192,391,046
Indirect	\$2,006,066	\$3,609,083	\$3,910,422	\$4,034,345	\$4,147,568
Induced	\$1,932,139	\$3,476,082	\$3,766,316	\$3,885,673	\$3,994,723
Total	\$52,731,062	\$176,205,795	\$189,150,737	\$194,769,027	\$200,533,338
Local Tax					
Direct	\$32,429,425	\$78,564,296	\$84,944,270	\$87,490,668	\$90,098,228
Indirect	\$2,125,655	\$4,951,213	\$5,354,927	\$5,515,133	\$5,676,661
Induced	\$2,270,507	\$5,288,612	\$5,719,837	\$5,890,961	\$6,063,496
Total	\$36,825,587	\$88,804,121	\$96,019,034	\$98,896,761	\$101,838,385
Grand Total	\$127,338,643	\$314,068,842	\$338,487,398	\$348,832,422	\$358,973,359
Detail may not equate to total due to rounding.					
Taxes in 2014 Dollars.					

5.2.3 Impact on State of New York

As shown in Appendix D, the inputs to the economic impact analysis for the State of New York in 2021 consist of the following: \$419.7 million of gaming revenue; \$60.5 million of food and beverage revenue; \$14.7 million of hotel revenue; \$2.8 million of retail revenue; \$2.1 million of entertainment revenue; and \$19.3 million of other revenue (consisting of primarily ATM fees). Note that the portion of that revenue which is not “new” to the state economy (i.e., the substitution effects) was not included in these inputs.

As shown in Table 12, the operation of the proposed Caesars New York casino would be a catalyst for the generation of hundreds of millions of dollars in new economic output, thousands of new jobs, and hundreds of millions of dollars in new wages in the State of New York from 2017 through 2021.

Table 12					
High Case					
Economic Impact of Proposed Caesars NY Casino on State of New York					
	Year				
	2017	2018	2019	2020	2021
Output					
Direct	\$183,713,052	\$451,611,561	\$487,849,310	\$502,806,671	\$517,572,561
Indirect	\$59,918,468	\$147,294,231	\$159,113,263	\$163,991,644	\$168,807,575
Induced	\$57,520,132	\$141,398,536	\$152,744,492	\$157,427,607	\$162,050,773
Total	\$301,151,652	\$740,304,328	\$799,707,064	\$824,225,921	\$848,430,910
Jobs					
Direct	1,709	2,006	2,194	2,228	2,242
Indirect	916	1,075	1,176	1,194	1,201
Induced	956	1,122	1,228	1,247	1,254
Total	3,581	4,203	4,598	4,669	4,698
Wages					
Direct	\$111,760,110	\$130,112,035	\$141,585,464	\$146,670,137	\$150,361,613
Indirect	\$57,258,420	\$66,660,722	\$72,538,941	\$75,143,988	\$77,035,254
Induced	\$47,099,846	\$54,834,027	\$59,669,354	\$61,812,224	\$63,367,948
Total	\$216,118,377	\$251,606,784	\$273,793,759	\$283,626,349	\$290,764,815
Detail may not equate to total due to rounding.					
Output and Wages in 2014 Dollars.					

As shown in Table 13, the operation of the proposed Caesars New York casino would also yield millions of dollars in new tax revenue to local, state, and federal governments from 2017 through 2021.

Table 13					
High Case					
Fiscal Impact of Proposed Caesars NY Casino on State of New York					
	Year				
	2017	2018	2019	2020	2021
Federal Tax					
Direct	\$24,305,541	\$31,560,106	\$34,299,772	\$35,489,257	\$36,412,409
Indirect	\$10,675,571	\$13,861,947	\$15,065,274	\$15,587,724	\$15,993,194
Induced	\$9,528,517	\$12,372,528	\$13,446,562	\$13,912,876	\$14,274,780
Total	\$44,509,629	\$57,794,581	\$62,811,607	\$64,989,856	\$66,680,383
State Tax					
Direct	\$48,792,857	\$169,120,630	\$181,473,999	\$186,849,008	\$192,391,046
Indirect	\$2,662,692	\$4,631,637	\$5,019,718	\$5,180,133	\$5,324,561
Induced	\$2,851,952	\$4,960,847	\$5,376,512	\$5,548,329	\$5,703,024
Total	\$54,307,502	\$178,713,114	\$191,870,228	\$197,577,471	\$203,418,631
Local Tax					
Direct	\$32,429,425	\$78,564,296	\$84,944,270	\$87,490,668	\$90,098,228
Indirect	\$2,217,125	\$5,108,771	\$5,525,700	\$5,691,378	\$5,857,810
Induced	\$2,960,797	\$6,822,365	\$7,379,142	\$7,600,390	\$7,822,647
Total	\$37,607,347	\$90,495,432	\$97,849,112	\$100,782,435	\$103,778,685
Grand Total	\$136,424,478	\$327,003,127	\$352,530,948	\$363,349,762	\$373,877,699
Detail may not equate to total due to rounding.					
Taxes in 2014 Dollars.					

5.3 LOW CASE

The third case examines the impacts of the low revenue projections from Pyramid Associates report.

5.3.1 Impact on Town of Woodbury

As shown in Appendix E, the inputs to the economic impact analysis for the Town of Woodbury in 2021 consist of the following: \$179.9 million of gaming revenue; \$31.9 million of food and beverage revenue; \$15.2 million of hotel revenue; \$1.4 million of retail revenue; \$1.1 million of entertainment revenue; and \$10.1 million of other revenue (consisting of primarily ATM fees). Note that the portion of that revenue which is not “new” to the town economy (i.e., the substitution effects) was not included in these inputs.

As shown in Table 14, the operation of the proposed Caesars New York casino would be a catalyst for the generation of hundreds of millions of dollars in new economic output, thousands of new jobs, and hundreds of millions of dollars in new wages in the Town of Woodbury from 2017 through 2021, the first five years of operation.

Table 14					
Low Case					
Economic Impact of Proposed Caesars NY Casino on Woodbury					
	Year				
	2017	2018	2019	2020	2021
Output					
Direct	\$84,919,623	\$208,761,608	\$225,309,032	\$232,127,046	\$238,846,857
Indirect	\$8,671,076	\$21,316,483	\$23,006,127	\$23,702,310	\$24,388,464
Induced	\$19,053,831	\$46,840,863	\$50,553,690	\$52,083,481	\$53,591,238
Total	\$112,644,530	\$276,918,955	\$298,868,849	\$307,912,837	\$316,826,559
Jobs					
Direct	1,769	2,070	2,268	2,249	2,264
Indirect	149	175	191	190	191
Induced	279	326	358	355	357
Total	2,197	2,571	2,817	2,794	2,812
Wages					
Direct	\$112,998,981	\$130,998,830	\$142,657,069	\$144,639,064	\$148,321,754
Indirect	\$6,584,368	\$7,633,206	\$8,312,523	\$8,428,012	\$8,642,600
Induced	\$12,034,399	\$13,951,384	\$15,192,987	\$15,404,070	\$15,796,277
Total	\$131,617,748	\$152,583,420	\$166,162,579	\$168,471,146	\$172,760,631
Detail may not equate to total due to rounding. Output and Wages in 2014 Dollars.					

As shown in Table 15, the operation of the proposed Caesars New York casino would also yield millions of dollars in new tax revenue to local, state, and federal governments from 2017 through 2021.

Table 15					
Low Case					
Fiscal Impact of Proposed Caesars NY Casino on Woodbury					
	Year				
	2017	2018	2019	2020	2021
<u>Federal Tax</u>					
Direct	\$25,933,983	\$31,967,844	\$34,782,203	\$35,325,113	\$36,239,042
Indirect	\$1,702,040	\$2,098,040	\$2,282,746	\$2,318,377	\$2,378,358
Induced	\$3,676,492	\$4,531,873	\$4,930,846	\$5,007,811	\$5,137,373
Total	\$31,312,514	\$38,597,758	\$41,995,795	\$42,651,301	\$43,754,773
<u>State Tax</u>					
Direct	\$26,535,424	\$86,545,876	\$92,661,417	\$95,252,428	\$97,893,263
Indirect	\$430,040	\$688,112	\$746,300	\$770,672	\$791,788
Induced	\$1,205,955	\$1,929,659	\$2,092,837	\$2,161,182	\$2,220,398
Total	\$28,171,419	\$89,163,647	\$95,500,554	\$98,184,282	\$100,905,449
<u>Local Tax</u>					
Direct	\$16,542,114	\$39,473,199	\$42,682,595	\$43,965,660	\$45,273,044
Indirect	\$404,356	\$896,075	\$968,945	\$995,806	\$1,024,419
Induced	\$1,412,788	\$3,130,814	\$3,385,416	\$3,479,267	\$3,579,237
Total	\$18,359,258	\$43,500,088	\$47,036,956	\$48,440,733	\$49,876,699
Grand Total	\$77,843,191	\$171,261,492	\$184,533,306	\$189,276,316	\$194,536,922
Detail may not equate to total due to rounding.					
Taxes in 2014 Dollars.					

5.3.2 Impact on Catskills/Hudson Valley Region

As shown in Appendix E, the inputs to the economic impact analysis for the Catskills/Hudson Valley region in 2021 consist of the following: \$110.1 million of gaming revenue; \$25.7 million of food and beverage revenue; \$12.1 million of hotel revenue; \$1.1 million of retail revenue; \$0.9 million of entertainment revenue; and \$8.1 million of other revenue (consisting of primarily ATM fees). Note that the portion of that revenue which is not “new” to the regional economy (i.e., the substitution effects) was not included in these inputs.

As shown in Table 16, the operation of the proposed Caesars New York casino would be a catalyst for the generation of hundreds of millions of dollars in new economic output, thousands of new jobs, and hundreds of millions of dollars in new wages in the Catskills/Hudson Valley region from 2017 through 2021.

Table 16					
Low Case					
Economic Impact of Proposed Caesars NY Casino on Catskills/Hudson Valley Region					
	Year				
	2017	2018	2019	2020	2021
Output					
Direct	\$55,953,844	\$137,553,772	\$148,456,929	\$152,949,343	\$157,377,050
Indirect	\$14,740,230	\$36,236,550	\$39,108,829	\$40,292,291	\$41,458,706
Induced	\$27,549,534	\$67,726,219	\$73,094,516	\$75,306,409	\$77,486,443
Total	\$98,243,608	\$241,516,541	\$260,660,274	\$268,548,043	\$276,322,199
Jobs					
Direct	1,495	1,749	1,916	1,900	1,913
Indirect	208	244	267	265	267
Induced	423	495	543	538	542
Total	2,126	2,488	2,726	2,703	2,721
Wages					
Direct	\$95,478,991	\$110,688,043	\$120,538,723	\$122,213,419	\$125,325,124
Indirect	\$9,725,879	\$11,275,135	\$12,278,565	\$12,449,156	\$12,766,127
Induced	\$18,873,529	\$21,879,934	\$23,827,138	\$24,158,179	\$24,773,276
Total	\$124,078,399	\$143,843,112	\$156,644,426	\$158,820,754	\$162,864,527
Detail may not equate to total due to rounding. Output and Wages in 2014 Dollars.					

As shown in Table 17, the operation of the proposed Caesars New York casino would also yield millions of dollars in new tax revenue to local, state, and federal governments from 2017 through 2021.

Table 17					
Low Case					
Fiscal Impact of Proposed Caesars NY Casino on Catskills/Hudson Valley Region					
	Year				
	2017	2018	2019	2020	2021
Federal Tax					
Direct	\$19,120,040	\$23,257,532	\$25,309,766	\$25,695,642	\$26,358,210
Indirect	\$2,382,831	\$2,898,466	\$3,154,225	\$3,202,315	\$3,284,887
Induced	\$4,658,027	\$5,666,003	\$6,165,969	\$6,259,976	\$6,421,391
Total	\$26,160,898	\$31,822,001	\$34,629,960	\$35,157,933	\$36,064,488
State Tax					
Direct	\$25,055,584	\$84,058,061	\$90,214,726	\$92,629,534	\$95,196,397
Indirect	\$688,399	\$1,077,859	\$1,169,235	\$1,207,642	\$1,240,572
Induced	\$1,553,145	\$2,431,835	\$2,637,994	\$2,724,647	\$2,798,944
Total	\$27,297,128	\$87,567,755	\$94,021,955	\$96,561,823	\$99,235,914
Local Tax					
Direct	\$15,191,328	\$36,354,792	\$39,305,285	\$40,462,498	\$45,273,044
Indirect	\$681,687	\$1,492,950	\$1,614,508	\$1,658,973	\$1,706,571
Induced	\$1,697,147	\$3,716,892	\$4,019,526	\$4,130,228	\$4,248,727
Total	\$17,570,162	\$41,564,635	\$44,939,320	\$46,251,699	\$51,228,341
Grand Total	\$71,028,188	\$160,954,391	\$173,591,235	\$177,971,455	\$186,528,743
Detail may not equate to total due to rounding.					
Taxes in 2014 Dollars.					

5.3.3 Impact on State of New York

As shown in Appendix E, the inputs to the economic impact analysis for the State of New York in 2021 consist of the following: \$110.1 million of gaming revenue; \$25.7 million of food and beverage revenue; \$12.1 million of hotel revenue; \$1.1 million of retail revenue; \$0.9 million of entertainment revenue; and \$8.1 million of other revenue (consisting of primarily ATM fees). Note that the portion of that revenue which is not “new” to the state economy (i.e., the substitution effects) was not included in these inputs.

As shown in Table 18, the operation of the proposed Caesars New York casino would be a catalyst for the generation of hundreds of millions of dollars in new economic output, thousands of new jobs, and hundreds of millions of dollars in new wages in the State of New York from 2017 through 2021.

Table 18					
Low Case					
Economic Impact of Proposed Caesars NY Casino on State of New York					
	Year				
	2017	2018	2019	2020	2021
Output					
Direct	\$55,953,844	\$137,553,772	\$148,456,929	\$152,949,343	\$157,377,050
Indirect	\$17,884,473	\$43,966,179	\$47,451,144	\$48,887,050	\$50,302,274
Induced	\$36,063,055	\$88,655,378	\$95,682,618	\$98,578,044	\$101,431,765
Total	\$109,901,372	\$270,175,329	\$291,590,691	\$300,414,437	\$309,111,089
Jobs					
Direct	1,495	1,749	1,916	1,900	1,913
Indirect	277	324	355	352	355
Induced	613	717	786	780	785
Total	2,385	2,791	3,058	3,032	3,052
Wages					
Direct	\$95,478,991	\$110,688,043	\$120,538,723	\$122,213,419	\$125,325,124
Indirect	\$17,277,547	\$20,029,725	\$21,812,270	\$22,115,317	\$22,678,400
Induced	\$30,211,910	\$35,024,429	\$38,141,427	\$38,671,342	\$39,655,963
Total	\$142,968,448	\$165,742,197	\$180,492,420	\$183,000,078	\$187,659,487
Detail may not equate to total due to rounding.					
Output and Wages in 2014 Dollars.					

As shown in Table 19, the operation of the proposed Caesars New York casino would also yield millions of dollars in new tax revenue to local, state, and federal governments from 2017 through 2021.

Table 19					
Low Case					
Fiscal Impact of Proposed Caesars NY Casino on State of New York					
	Year				
	2017	2018	2019	2020	2021
Federal Tax					
Direct	\$19,120,040	\$23,257,532	\$25,309,766	\$25,695,642	\$26,358,210
Indirect	\$3,430,145	\$4,172,413	\$4,540,585	\$4,609,811	\$4,728,676
Induced	\$6,480,931	\$7,883,376	\$8,579,001	\$8,709,798	\$8,934,382
Total	\$29,031,115	\$35,313,321	\$38,429,353	\$39,015,251	\$40,021,268
State Tax					
Direct	\$25,055,584	\$84,058,061	\$90,214,726	\$92,629,534	\$95,196,397
Indirect	\$916,874	\$1,395,601	\$1,514,449	\$1,545,922	\$1,587,820
Induced	\$2,061,795	\$3,138,320	\$3,405,577	\$3,476,350	\$3,570,567
Total	\$28,034,253	\$88,591,983	\$95,134,752	\$97,651,807	\$100,354,784
Local Tax					
Direct	\$15,191,328	\$36,354,792	\$39,305,285	\$40,462,498	\$45,273,044
Indirect	\$718,032	\$1,549,067	\$1,675,394	\$1,721,144	\$1,770,430
Induced	\$1,986,870	\$4,286,433	\$4,635,993	\$4,762,587	\$4,898,968
Total	\$17,896,230	\$42,190,292	\$45,616,672	\$46,946,228	\$51,942,442
Grand Total	\$74,961,599	\$166,095,596	\$179,180,777	\$183,613,286	\$192,318,494
Detail may not equate to total due to rounding.					
Taxes in 2014 Dollars.					

5.4 ALL CASES

In all three geographic areas for each case (average, high, and low), jobs would be created in a wide variety of sectors of the economy. While the distribution of jobs would vary across the geographic areas due to the nature of the economy in each geographic area, seven of the top sectors in which jobs would be created by the proposed Caesars New York casino are as follows:

- Amusement parks, arcades, and gambling industries;
- Food services and drinking places;
- Nondepository credit intermediation and related activities;
- Hotels and motels;
- Services to buildings and dwellings;
- Real estate establishments; and
- Offices of physicians, dentists, and other health practitioners.³²

³² Of these sectors, the one sector that consists of only induced jobs (i.e., jobs generated as a result of expenditures by employees of the proposed casino and other businesses down the supply chain) is offices of physicians, dentists, and other health practitioners.

Appendix A: About the Author

Alan P. Meister, Ph.D.

Dr. Meister is an economist specializing in the application of economic analysis to complex business issues, commercial litigation, regulatory, and public policy matters. His areas of expertise include gaming industry analysis, public policy analysis, regulation and antitrust, statistics, and damage analysis.

Dr. Meister has extensive experience analyzing economic issues related to the gaming industry, including commercial casinos, racinos, Indian gaming, card rooms, and online gaming. His work has included economic and fiscal impact studies, industry and market analyses, feasibility analyses, evaluations of regulatory policies, economic assessments of land-into-trust gaming applications, analyses of tribal-state gaming compacts and revenue sharing, surveys, damage analyses, and economic analysis and expert testimony in litigation and regulatory matters. He has also conducted years of independent, scholarly research on the gaming industry and authored a number of publications, most notably his annual study, the *Indian Gaming Industry Report*. Dr. Meister's gaming work is relied upon by the gaming industry, governments, and the investment community. He has presented his work at various academic, professional, and industry conferences and testified before the California State Senate on gaming issues. Furthermore, his research and analyses have been relied upon before the United States Supreme Court and the World Trade Organization, and cited by the Supreme Court. In addition, he was previously commissioned by the National Indian Gaming Commission to independently analyze the economic effects of proposed regulatory changes. He leads the Gaming Industry consulting practice at Nathan Associates.

In his public policy work, Dr. Meister has conducted economic analysis to identify and measure the effects of: construction, expansion, and operation of various types of businesses; regulations; legislation; taxation; the passage of ballot initiatives; government programs and services; publicly funded projects; sporting and entertainment events; commercial and mixed-use developments in low-income areas; and medical research. His work has included economic and fiscal impact analyses, assessments of the contribution of businesses and industries to the economy, cost-benefit analyses, and surveys.

Dr. Meister provides economic research, analysis, and expert testimony in various types of litigation matters, including antitrust, intellectual property, labor and employment, general commercial litigation, and class actions. He has conducted damage analyses involving a wide range of claims, including: anticompetitive conduct; breach of contract; breach of fiduciary duty; patent, trademark, and trade dress infringement; misappropriation of trade secrets; wage and hour disputes; fraud; and business interruption.

Dr. Meister holds a Ph.D., M.A., and B.A. in Economics from the University of California, Irvine.

Appendix B: About Nathan Associates Inc.

Nathan Associates is one of the oldest and most respected economic consulting firms in the United States. Generally, our services for public and private sector clients include:

- Analysis of the economic impacts of public policy;
- Economic development consulting;
- Analysis of infrastructure planning, policy, investment needs, and feasibility;
- Expert analysis and testimony on liability and damages in litigation matters;
- Analysis of and testimony on economic issues in regulatory proceedings;
- Analysis of the economic costs and benefits of recognizing and enforcing intellectual property rights; and
- Supplementing and building capacity in trade policy.

Nathan Associates has served a wide variety of clients in the public and private sectors throughout the United States, Africa and the Middle East, Asia, South America, Latin America, the Caribbean, and Europe:

- Publicly and privately held companies;
- Law firms;
- Industry and trade associations;
- Native American tribes;
- U.S. federal government agencies;
- State and local governments;
- Foreign governments;
- U.S. Agency for International Development; and
- Multilateral lending agencies, such as the World Bank, Inter-American Development Bank, and Asian Development Bank.

Nathan Associates has offices in the United States, Europe, and India. Our regional U.S. offices are located on the East Coast and West Coast, and in New England and the Northwest. Our headquarters is in Arlington, Virginia.

One of Nathan Associates' areas of specialization is the gaming industry.

GAMING INDUSTRY CONSULTING

Nathan Associates provides a wide variety of economic consulting services to the gaming industry:

- Market research;
- Analysis of local, regional, and nationwide gaming markets;
- Feasibility studies for development and expansion of gaming facilities;
- Economic assessments of new entry and competition in gaming markets;
- Economic and fiscal impact analysis of existing gaming facilities and future gaming developments on surrounding communities;
- Economic and fiscal impact analysis of gaming related legislation, regulations, and ballot propositions;
- Economic analysis of tribal-state gaming compacts, amendments to compacts, and agreements with local governments;
- Economic evaluations of revenue sharing agreements;
- Survey design, implementation, and data analysis; and
- Expert testimony in litigation and regulatory matters.

Our gaming work is grounded in economic theory and based on extensive market and industry knowledge and experience. We research and analyze all segments of the gaming industry, including commercial casinos, racetrack casinos (“racinos”), Indian gaming, card rooms, lotteries, and online gaming. We also research and analyze the wide array of non-gaming amenities offered at gaming facilities, including:

- Hotels;
- Food and beverages;
- Retail;
- Entertainment venues;
- Spas; and
- Convention/meeting space.

Our experts have conducted years of independent, scholarly research on the gaming industry and authored a number of publications, most notably the annual study, the *Indian Gaming Industry Report*, a nationally recognized report that provides nationwide and state-by-state Indian gaming data and analyses.

We assist clients in a variety of matters, including:

- Litigation;
- Regulation;
- Public policy;
- Public relations/government relations; and
- Strategic business decisions.

Appendix C: Inputs to the Input-Output Analysis – Average Case

Appendix C			
Average Case, 2021			
Inputs to Input-Output Analysis			
	Woodbury	Catskills/Hudson Valley Region	State of NY
Casino Gaming Revenue			
Net Gaming Revenue [1]	\$ 694,971,546	\$ 694,971,546	\$ 694,971,546
% of Net Gaming Revenue that are New Dollars [2]	100.0%	84.9%	84.9%
New Net Gaming Revenue	\$ 694,971,546	\$ 590,346,997	\$ 590,346,997
Financing: Principal & Interest Payments	\$ (110,486,706)	\$ (110,486,706)	\$ (110,486,706)
New Net Gaming Taxes [2]	\$ (248,250,113)	\$ (248,250,113)	\$ (248,250,113)
New Net Gaming Revenue after Financing & Taxes [3]	\$ 336,234,727	\$ 231,610,178	\$ 231,610,178
Casino Non-Gaming Revenue [1]			
Net Food & Beverage Revenue	\$ 62,656,449	\$ 62,656,449	\$ 62,656,449
Net Hotel Revenue	\$ 20,461,067	\$ 20,461,067	\$ 20,461,067
Net Retail Revenue	\$ 2,831,795	\$ 2,831,795	\$ 2,831,795
Net Entertainment Revenue	\$ 2,112,231	\$ 2,112,231	\$ 2,112,231
Net Other Revenue (ATM Fees)	\$ 19,458,409	\$ 19,458,409	\$ 19,458,409
% of Net Non-Gaming Revenue that are New Dollars [2]	100.0%	84.9%	84.9%
New Net Food & Beverage Revenue	\$ 62,656,449	\$ 53,223,829	\$ 53,223,829
New Net Hotel Revenue	\$ 20,461,067	\$ 17,380,754	\$ 17,380,754
New Net Retail Revenue	\$ 2,831,795	\$ 2,405,482	\$ 2,405,482
New Net Entertainment Revenue	\$ 2,112,231	\$ 1,794,245	\$ 1,794,245
New Net Other Revenue (ATM Fees)	\$ 19,458,409	\$ 16,529,041	\$ 16,529,041
Financing Food & Beverage	\$ (8,596,936)	\$ (8,596,936)	\$ (8,596,936)
Financing Hotel	\$ (2,998,831)	\$ (2,998,831)	\$ (2,998,831)
Financing Retail	\$ (418,167)	\$ (418,167)	\$ (418,167)
Financing Entertainment	\$ (311,910)	\$ (311,910)	\$ (311,910)
Financing Other Revenue (ATM Fees)	\$ (2,873,395)	\$ (2,873,395)	\$ (2,873,395)
New Net Food & Beverage Revenue after Financing [3]	\$ 54,059,513	\$ 44,626,893	\$ 44,626,893
New Net Hotel Revenue after Financing [3]	\$ 17,462,236	\$ 14,381,923	\$ 14,381,923
New Net Retail Revenue after Financing [3]	\$ 2,413,628	\$ 1,987,315	\$ 1,987,315
New Net Entertainment Revenue after Financing [3]	\$ 1,800,321	\$ 1,482,335	\$ 1,482,335
New Net Other Revenue (ATM Fees) after Financing [3]	\$ 16,585,014	\$ 13,655,646	\$ 13,655,646

Values are in 2014 dollars.

Sources: Pyramid Associates, LLC, "Caesars New York: Market Feasibility & Impact Analysis," June 2014; Caesars Entertainment Corporation; Woodbury Casino LLC.

Notes:

[1] Deducts the value of promotional allowances, but adds back in the cost of providing those promotional allowances given that those costs generate economic and fiscal impacts.

[2] Takes into account the cannibalized revenue from the following casinos: Empire City Casino; Resorts World Casino New York; and Monticello Gaming & Raceway

[3] Value inputted into input-output analysis.

Appendix D: Inputs to the Input-Output Analysis – High Case

Appendix D			
High Case, 2021			
Inputs to Input-Output Analysis			
	Woodbury	Catskills/Hudson Valley Region	State of NY
Casino Gaming Revenue			
Net Gaming Revenue [1]	\$ 1,013,324,453	\$ 1,013,324,453	\$ 1,013,324,453
% of Net Gaming Revenue that are New Dollars [2]	100.0%	84.6%	84.6%
New Net Gaming Revenue	\$ 1,013,324,453	\$ 857,217,186	\$ 857,217,186
Financing: Principal & Interest Payments	\$ (111,119,204)	\$ (111,119,204)	\$ (111,119,204)
New Net Gaming Taxes [2]	\$ (326,441,785)	\$ (326,441,785)	\$ (326,441,785)
New Net Gaming Revenue after Financing & Taxes [3]	\$ 575,763,464	\$ 419,656,196	\$ 419,656,196
Casino Non-Gaming Revenue [1]			
Net Food & Beverage Revenue	\$ 81,738,730	\$ 81,738,730	\$ 81,738,730
Net Hotel Revenue	\$ 20,050,379	\$ 20,050,379	\$ 20,050,379
Net Retail Revenue	\$ 3,865,466	\$ 3,865,466	\$ 3,865,466
Net Entertainment Revenue	\$ 2,883,244	\$ 2,883,244	\$ 2,883,244
Net Other Revenue (ATM Fees)	\$ 26,278,140	\$ 26,278,140	\$ 26,278,140
% of Net Non-Gaming Revenue that are New Dollars [2]	100.0%	84.6%	84.6%
New Net Food & Beverage Revenue	\$ 81,738,730	\$ 69,146,505	\$ 69,146,505
New Net Hotel Revenue	\$ 20,050,379	\$ 16,961,526	\$ 16,961,526
New Net Retail Revenue	\$ 3,865,466	\$ 3,269,973	\$ 3,269,973
New Net Entertainment Revenue	\$ 2,883,244	\$ 2,439,067	\$ 2,439,067
New Net Other Revenue (ATM Fees)	\$ 26,278,140	\$ 22,229,872	\$ 22,229,872
Financing Food & Beverage	\$ (8,602,766)	\$ (8,602,766)	\$ (8,602,766)
Financing Hotel	\$ (2,230,690)	\$ (2,230,690)	\$ (2,230,690)
Financing Retail	\$ (436,944)	\$ (436,944)	\$ (436,944)
Financing Entertainment	\$ (325,916)	\$ (325,916)	\$ (325,916)
Financing Other Revenue (ATM Fees)	\$ (2,970,426)	\$ (2,970,426)	\$ (2,970,426)
New Net Food & Beverage Revenue after Financing [3]	\$ 73,135,965	\$ 60,543,739	\$ 60,543,739
New Net Hotel Revenue after Financing [3]	\$ 17,819,688	\$ 14,730,836	\$ 14,730,836
New Net Retail Revenue after Financing [3]	\$ 3,428,522	\$ 2,833,029	\$ 2,833,029
New Net Entertainment Revenue after Financing [3]	\$ 2,557,328	\$ 2,113,151	\$ 2,113,151
New Net Other Revenue (ATM Fees) after Financing [3]	\$ 23,307,714	\$ 19,259,447	\$ 19,259,447
Values are in 2014 dollars.			
Sources: Pyramid Associates, LLC, "Caesars New York: Market Feasibility & Impact Analysis," June 2014; Caesars Entertainment Corporation; Woodbury Casino LLC.			
Notes:			
[1] Deducts the value of promotional allowances, but adds back in the cost of providing those promotional allowances given that those costs generate economic and fiscal impacts.			
[2] Takes into account the cannibalized revenue from the following casinos: Empire City Casino; Resorts World Casino New York; and Monticello Gaming & Raceway			
[3] Value inputted into input-output analysis.			

Appendix E: Inputs to the Input-Output Analysis – Low Case

Appendix E			
Low Case, 2021			
Inputs to Input-Output Analysis			
	Woodbury	Catskills/Hudson Valley Region	State of NY
Casino Gaming Revenue			
Net Gaming Revenue [1]	\$ 450,348,757	\$ 450,348,757	\$ 450,348,757
% of Net Gaming Revenue that are New Dollars [2]	100.0%	84.5%	84.5%
New Net Gaming Revenue	\$ 450,348,757	\$ 380,524,179	\$ 380,524,179
Financing: Principal & Interest Payments	\$ (109,271,194)	\$ (109,271,194)	\$ (109,271,194)
New Net Gaming Taxes [2]	\$ (161,154,805)	\$ (161,154,805)	\$ (161,154,805)
New Net Gaming Revenue after Financing & Taxes [3]	\$ 179,922,758	\$ 110,098,180	\$ 110,098,180
Casino Non-Gaming Revenue [1]			
Net Food & Beverage Revenue	\$ 40,238,346	\$ 40,238,346	\$ 40,238,346
Net Hotel Revenue	\$ 19,579,288	\$ 19,579,288	\$ 19,579,288
Net Retail Revenue	\$ 1,854,752	\$ 1,854,752	\$ 1,854,752
Net Entertainment Revenue	\$ 1,383,456	\$ 1,383,456	\$ 1,383,456
Net Other Revenue (ATM Fees)	\$ 13,076,419	\$ 13,076,419	\$ 13,076,419
% of Net Non-Gaming Revenue that are New Dollars [2]	100.0%	84.5%	84.5%
New Net Food & Beverage Revenue	\$ 40,238,346	\$ 33,999,569	\$ 33,999,569
New Net Hotel Revenue	\$ 19,579,288	\$ 16,543,606	\$ 16,543,606
New Net Retail Revenue	\$ 1,854,752	\$ 1,567,181	\$ 1,567,181
New Net Entertainment Revenue	\$ 1,383,456	\$ 1,168,958	\$ 1,168,958
New Net Other Revenue (ATM Fees)	\$ 13,076,419	\$ 11,048,978	\$ 11,048,978
Financing Food & Beverage	\$ (8,341,731)	\$ (8,341,731)	\$ (8,341,731)
Financing Hotel	\$ (4,401,365)	\$ (4,401,365)	\$ (4,401,365)
Financing Retail	\$ (417,417)	\$ (417,417)	\$ (417,417)
Financing Entertainment	\$ (311,351)	\$ (311,351)	\$ (311,351)
Financing Other Revenue (ATM Fees)	\$ (2,942,887)	\$ (2,942,887)	\$ (2,942,887)
New Net Food & Beverage Revenue after Financing [3]	\$ 31,896,616	\$ 25,657,838	\$ 25,657,838
New Net Hotel Revenue after Financing [3]	\$ 15,177,923	\$ 12,142,241	\$ 12,142,241
New Net Retail Revenue after Financing [3]	\$ 1,437,335	\$ 1,149,764	\$ 1,149,764
New Net Entertainment Revenue after Financing [3]	\$ 1,072,105	\$ 857,607	\$ 857,607
New Net Other Revenue (ATM Fees) after Financing [3]	\$ 10,133,532	\$ 8,106,091	\$ 8,106,091
Values are in 2014 dollars.			
Sources: Pyramid Associates, LLC, "Caesars New York: Market Feasibility & Impact Analysis," June 2014; Caesars Entertainment Corporation; Woodbury Casino LLC.			
Notes:			
[1] Deducts the value of promotional allowances, but adds back in the cost of providing those promotional allowances given that those costs generate economic and fiscal impacts.			
[2] Takes into account the cannibalized revenue from the following casinos: Empire City Casino; Resorts World Casino New York; and Monticello Gaming & Raceway			
[3] Value inputted into input-output analysis.			



Studies and Reports

Local and Regional Economic Impact Study

Attached please find a study completed by Pyramid Associates, LLC assessing impacts on small business, cultural institutions and unemployment rates of the proposed Caesars New York (see Attachment VIII.B.3.b_A1).

Attachment VIII.B.3.b_A1

Impact on Small Business, Cultural Institutions, and Unemployment Rates of a Proposed Caesars New York Casino

Submitted to:

Woodbury Casino, LLC

Submitted by:

Pyramid Associates, LLC

Contact:

Clyde Barrow, Ph.D.

Pyramid Associates, LLC

3965 N. Main Street, Suite 9

Fall River, MA 02720

978-340-6234 (phone)

clydewbarrow@yahoo.com



June 2014

CONTENTS

EXECUTIVE SUMMARY	i
1. ASSIGNMENT	1
2. LITERATURE REVIEW	2
2.1 BACKGROUND.....	3
2.2 FINDINGS	3
3. UNEMPLOYMENT RATE IMPACT ANALYSIS	11
4. LOCAL BUSINESS IMPACTS	19
5. IMPACT ON CULTURAL INSTITUTIONS	25
SOURCES CONSULTED	29
APPENDIX A: ABOUT THE CONSULTANT	32
APPENDIX B: THE ATLANTIC CITY MYTH	33

[This page left blank intentionally]

EXECUTIVE SUMMARY

Dr. Clyde W. Barrow, Director of the Center for Policy Analysis at the University of Massachusetts Dartmouth, and doing business as Pyramid Associates, LLC, a limited liability company registered in the Commonwealth of Massachusetts (see Appendix A), was retained to prepare a written analysis of the estimated impact of a proposed Caesars New York casino in Woodbury, NY on unemployment rates, local business activity, and cultural institutions.

The Consultant conducted a review of the extant scholarly and grey literature, which assesses the impact of casinos on unemployment rates, displacement effects, and impacts on cultural institutions. Based on this information, the Consultant concludes that:

- There is no evidence of substitution or displacement in the food and beverage, retail, or lodging industries, as a result of casinos, but there is extensive evidence that when casinos attract additional spending in these sectors by out-of-area visitors (export), by local casino patrons who are recaptured from out-of-state gaming venues (import substitution), and by new casino employees who replace public assistance with payroll employment or higher incomes that casinos can actually stimulate spillover effects in non-gaming sectors of the local economy.
- These spillover effects are reinforced by a casino's non-payroll local purchases, which may include a wide range of goods and services from local vendors, such as furniture and equipment, office supplies, security, landscaping, food and beverage supplies, building maintenance and repairs, marketing and advertising, among others (indirect impacts).
- There is limited evidence that casinos may generate a small amount of economic displacement in the historic, sightseeing, and evening entertainment sectors, although this evidence exists only in jurisdictions where casinos draw most of their customers from within a 30 mile radius or less.
- To the extent that local casino patrons (i.e., within a 30 minute drive time) substitute gaming expenditures for other consumer expenditures in the local economy, the evidence indicates that destination resort casinos have a much lower substitution effect than local convenience gaming facilities because of their higher export and import-substitution effects and, therefore, the analysis of potential substitution effects, and impacts on employment and unemployment, must be *facility-specific* and *location-specific*.

As a follow up to the literature review, the Consultant conducted a *facility-specific* and *location-specific* analysis of the proposed Caesars New York potential impact on unemployment rates, local businesses, and cultural institutions. These analyses draw on information and estimates generated by the applicant's market feasibility analysis and economic impact analysis.

Unemployment Rate Impact

The unemployment rate impact analysis estimates the impact of the proposed Caesars New York casino on the unemployment rates in Orange County, the Catskills/Hudson Valley region, and New York State as a result of hiring by the Caesars New York casino. The estimates are based on the estimated direct, indirect, and induced employment that will be generated by the proposed casino under average-, high-, and low-case scenarios.¹ The year of analysis is 2019, since this is the year that the casino will be at full build out and stabilized operations.

The focus of this analysis is not to estimate the actual unemployment rate in 2019 as a consequence of hiring by Caesars New York, but instead to measure the *magnitude* of the unemployment rate change that the casino's hiring will have on Orange County, the Catskills/Hudson Valley Region, and the State of New York.²

- Under the average case scenario, it is estimated that the maximum impact on the unemployment rate will be -1.6% for Orange County, -0.63% for the Catskills/Hudson Valley Region, and -0.084% for the State of New York. These estimates are consistent with the findings of previous regional and national studies of casino gaming and its effect on local and regional unemployment rates (e.g., Garrett 2003; Baxandall and Sacerdote 2005).
- Under the high case scenario, it is estimated that the maximum impact on the unemployment rate will be -1.9% for Orange County, -0.76% for the Catskills/Hudson Valley Region, and -0.092% for the State of New York.
- Under the low case scenario, it is estimated that the maximum impact on the unemployment rate will be -1.5% for Orange County, -0.54% for the Catskills/Hudson Valley Region, and -0.0781% for the State of New York.

Local Business Impact

The applicant's market feasibility analysis estimates that approximately 83% of the proposed Caesars New York gross gaming revenue will be generated by residents living outside a 30 minute drive time of the proposed gaming facility for net new local economic activity of \$652.9 million in the first stabilized year of operations (Year 3) (including both gaming and non-gaming revenue).

As the applicant's economic impact analysis further demonstrates, this net new economic activity will generate 514 new jobs in non-casino sectors as a result of the casino's local purchases (indirect

¹ The economic impact analysis excludes any employment generated through displacement or cannibalization of local businesses as estimated in the applicant's market feasibility analysis. Thus, the employment figures used in the unemployment impact analysis only include net new jobs generated by the proposed casino.

² The economic impact analysis includes Woodbury as one of its geographic areas of analysis because the IMPLAN software allows the user to construct models at the zip code level. However, labor force data is not available for communities with populations below 25,000. Thus, Orange County is used in the unemployment rate analysis because this is the lowest level of geography for which data is available.

effects) and 625 new jobs in non-casino sectors as a result of new spending by casino employees (induced effects).³ The most significant indirect and induced impacts will occur in sectors that provide casino-related inputs or services or that provide retail, health care, financial, and educational services to casino employees.

In addition, the applicant has undertaken several initiatives, including formal Memoranda of Understanding with local and regional organizations, as well as individual business establishments that will integrate the proposed Caesars New York casino into local and regional tourism development and other economic development projects. These initiatives are identified in the full report.

Cultural Impacts

The Consultant identified 16 cultural institutions within the local area (i.e., 30 minute drive time) of the proposed Caesars New York Casino, including 7 museums, 6 art galleries, 2 historical societies, 1 performing arts theater, and 1 zoo. In the extant literature reviewed above, there are only two studies which mention any potential impact on the historic, sightseeing and evening entertainment sectors. Both of these studies focused exclusively on riverboat casinos that draw a large majority of their customers from a local area of 30 minutes or less. Moreover, despite the fact that both types of establishments – casinos and cultural attractions – are classified in the same major group by the North American Industrial Classification System (NAICS), behavioral research suggests that there are different motivations for attending casinos and cultural attractions (especially museums) and, therefore, casinos visits are not likely to substitute for visits to cultural attractions (Thyne 2001).

In contrast, the proposed Caesars New York casino will draw a majority of its customers (77%) from outside a 30 minute drive time radius and, consequently, it is anticipated that the casino should actually have a positive impact of these local cultural institutions by drawing more visitors to the area – many of whom will pass these venues on their way to and from the casino (Cotti 2008, 38). Other casino patrons may find these attractions a welcome component of the larger entertainment experience offered by the casino, since all of these cultural institutions are within 20 minutes or less of the casino.

In addition, the applicant has undertaken several initiatives, including formal Memoranda of Understanding with local and regional organizations, as well as individual historic sites, live entertainment and performance venues, and museums that will integrate the proposed Caesars New York casino into local and regional to promote and cross-market these venues as part of the region's tourism development initiatives. These initiatives are identified in the full report.

³ These are net new jobs generated after subtracting for substitution effects.

1. ASSIGNMENT

Pyramid Associates, LLC (“Pyramid”) was commissioned by Woodbury Casino, LLC (“Woodbury”) to provide an analysis of a proposed Caesars New York casino on local and regional unemployment rates, cultural institutions and small businesses. The applications for a New York casino license will be reviewed and evaluated by a newly established Resort Gaming Facility Location Board that is required to evaluate applications on the following scale:

- 70 percent: Economic activity and business development factors.
- 20 percent: Local impact and siting factors.
- 10 percent: Workforce enhancement factors.

Local impact and siting factors include “mitigating potential impacts on host and nearby municipalities which might result from the development or operation of the gaming facility.” This will require the licensee to “demonstrate to the commission how the applicant proposes to address problem gambling concerns, workforce development and community development and host and surrounding municipality impact and mitigation issues.”

Accordingly, Dr. Clyde W. Barrow, Director of the Center for Policy Analysis at the University of Massachusetts Dartmouth, and doing business as Pyramid Associates, LLC, a limited liability company registered in the Commonwealth of Massachusetts (see Appendix A) was retained to prepare a written analysis of the potential impact of a proposed Caesars New York casino on local and regional unemployment rates, cultural institutions and small businesses. The scope of services for the required study includes:

1. Conduct a review of the literature, if any, which assesses the impact of casinos on local and regional unemployment rates, cultural institutions, and small businesses in host and nearby communities.
2. Assess the specific impact of the proposed Caesars New York on local and regional unemployment rates, cultural institutions, and small businesses in host and nearby communities based on data generated by a market feasibility analysis and economic impact analysis of the proposed gaming facility.

2. LITERATURE REVIEW

The Consultant conducted a review of the academic literature, which assesses the potential impact of casinos on Woodbury-area unemployment rates, cultural institutions, and small businesses. The primary question that dominates the extant literature, and that also surfaces frequently in public debates about expanded gaming, is the question of “substitution effects” or the claim by some that casinos “cannibalize” revenue from other local businesses and, therefore, merely displace spending in other areas of the local economy. The alleged substitution effect of casino spending is often the basis for assertions that casinos cannibalize other local businesses, particularly small establishments in the retail, entertainment, lodging, restaurant, and amusement and recreation business.

However, the general finding of the literature review is that the introduction of casinos reduces local unemployment rates in the host and surrounding communities, while small businesses generally benefit from the introduction of resort casinos due to increased tourist visits, local non-payroll purchases by the casino, and new consumer spending by casino employees. These positive impacts are realized to the degree that a casino brings new revenue into the local area by capturing new spending by residents who live outside the local area (export) or recapturing existing spending by residents that is currently being spent on casino gaming outside the local area or region (import substitution), which will be the case with the proposed Caesars New York casino. The studies that find evidence of substitution all focus on riverboat gambling in the Mississippi River Valley states, or small Indian casinos in the Midwest, which both draw most of their customer base from the local area (i.e., 30 minute drive or less). In fact, in one of the most intensive community based research projects to study new casino jurisdictions, commissioned by the U.S. Department of Justice, it was found that “most community leaders in the new casino jurisdictions believe that the casinos have been good for the communities” (Stitt 2001, ii).

The impact of casinos on cultural institutions has rarely been studied, and is almost never mentioned in the extant literature, as this question appears to have arisen most recently in the context of the recent debate on expanded gambling in Massachusetts (2006-2011). As a result of hypothetical concerns raised by the state’s live entertainment venues and cultural and historical attractions, the Massachusetts Expanded Gaming Act requires local casino operators to negotiate live entertainment venue agreements with municipally-owned and non-profit entertainment venues and to include mitigation measures for other cultural venues in their applications for a casino license.⁴ The Commonwealth of Massachusetts also directs a small portion of new gaming tax revenues to support municipally-owned live

⁴ The approved and proposed casinos in Massachusetts have included mitigation measures, such as charitable contributions, sponsoring events, and purchasing tickets at local and regional cultural institutions and live entertainment venues, see, Massachusetts General Laws, Chapter 23K, Section 15(10).

entertainment venues and other cultural programs administered by the Massachusetts Cultural Commission.⁵

2.1 BACKGROUND

Nevada was the first state to legalize casino gambling in 1931 and it was not until 1976 that New Jersey became the second state to legalize casinos in Atlantic City. However, growth in the U.S. casino gaming market accelerated a decade later when the federal Indian Gaming Regulatory Act (IGRA) was passed in 1988 and states other than Nevada and New Jersey began to legalize commercial casinos and race track casinos (racinos) recapture revenue being lost to these new gaming facilities.⁶ Since 1989, fourteen states have legalized commercial casinos, including South Dakota (1989), Iowa (1989), Colorado (1990), Illinois (1990), Mississippi (1990), Louisiana (1991), Missouri (1993), Indiana (1993), Michigan (1996), Kansas (2007), Ohio (2009), Maine (2010), and Massachusetts (2011), and Maryland (2012).⁷

Rhode Island was the first state to authorize racinos in 1992 at its Newport Grand jai-alai fronton and Lincoln Park greyhound track. Subsequently, eleven other states have established racinos, including West Virginia (1994), Delaware (1994), Iowa (1994), Louisiana (1997), New Mexico (1997), New York (2001), Oklahoma (2004), Pennsylvania (2004), Maine (2004), Florida (2006), and Maryland (2008). In four of these states – Rhode Island, Delaware, West Virginia, and New York – racinos offer video lottery terminals (VLTs) instead of slot machines. The VLTs are owned by the state and operated as part of the state lottery with racetrack owners receiving a host payment for the state’s use of their facility. However, the authorization of table games at many of these facilities, and the addition of hotels to some of the facilities, has increasingly blurred the distinction between casinos and racinos (or slot parlors), although some important distinctions remain for purposes of public policy as discussed in the following literature review.⁸

2.2 FINDINGS

The Consultant conducted a literature search for articles in scholarly journals and books using J-STOR and GoogleScholar. J-STOR was founded in 1995 as a digital library of academic journals, books, and other primary sources that provides access to full text scholarly articles published in 1,720 journals. More than 8,000 institutions in more than 160 countries have access to JSTOR. J-STOR allows key word searches of a journal article’s title, abstract, and full text and the ability to limit searches by field of study (e.g., economics,

⁵ The Massachusetts Expanded Gaming Act earmarks 2% of the tax revenue collected on gross gaming revenues – estimated to be \$8 million by 2018 -- for the Massachusetts Cultural Commission, see, Massachusetts General Laws, Chapter 23K, Section 59(2)(a).

⁶ Although commercial casinos and Native American casinos are similar from an economic and operational standpoint, the statutory basis of their existence is different and this distinction has numerous ramifications for the states’ regulatory and taxing authority.

⁷ The years identify dates when legislation was passed legalizing commercial casinos, although in most cases the first casino did not begin operations until one to three years later.

⁸ In 2011, the American Gaming Association ceased reporting data separately for casinos and racinos.

education) and by date of publication.⁹ The Consultant conducted a search of journals and books in the fields of business, economics, education, finance, geography, sociology, political science, population studies, public administration, and urban studies from 1978 to the present.¹⁰ GoogleScholar was established in 2004 and it too allows one to search scholarly literature across many disciplines and sources, including theses, books, abstracts, and journal articles. GoogleScholar includes most of the peer-reviewed online journals published Europe and the United States, plus scholarly books and other non-peer reviewed journals.¹¹ The key words used in both searches were “casinos and unemployment,” “casinos and cannibalization,” “casinos and displacement,” and “casinos and cultural institutions.” The search returned several studies that analyze the impacts of casinos on local businesses and a few of these studies also reviewed the impact of casinos on local unemployment rates and cultural institutions.

A comparison of the scholarly literature to media reports indicates that a great deal of the public debate about casino gaming and economic development has revolved around pseudo-facts that are commonly accepted by many public officials and the media even after official government studies and academic publications have cast doubt on many of the claims about the economic and social impacts of casino gaming (Barrow 2008).¹² Consequently, the rapid expansion of casino gaming in the late 1980s and 1990s resulted in a number of studies designed to assess the potential impact of casinos on total employment levels and unemployment rates, while also posing the question of whether casinos were effective tools for economic development (i.e., net new job growth) or whether casinos merely transferred spending from existing local businesses to out-of-state casino operators (i.e., displacement or cannibalization).

In approaching this question, William R. Eadington (1995), a professor of economics at the University of Nevada Reno, authored one of the first scholarly reviews of the “myths and realities” of casinos as an economic development strategy. Eadington (1995, 52) observed that:

“...there are key indicators that will determine the strength of economic impacts that can be associated with a casino or casinos in a particular jurisdiction. First, the degree of job creation and net economic stimulation will depend on the volume of business that casinos generate from outside the region where they are located. If a casino is purely a tourist facility – if all casino patrons come from outside the jurisdiction – then the facility is

⁹ www.jstor.org

¹⁰ The first casino in Atlantic City opened in 1978.

¹¹ www.google.scholar.com

¹² Pseudo-facts are unsubstantiated or empirically false claims that nevertheless are widely circulated within a policy network and come to be accepted as true by many individuals. Even though experts and scholars may have documented that such statements are false, pseudo-facts continue to be repeated by public officials and political activists, and are therefore quoted in the media, where they again circulate among policymakers and the general public. Pseudo-facts become “real” to the extent that they influence decision-makers and the wider policy-making process.

effectively exporting casino services. As a result all revenues generated within the casino, all jobs created within the casino, can be classified as 'exports' and will stimulate via the multiplier process, additional economic activity in the jurisdiction. At the other extreme, locations or regions which have casinos that cater predominantly to local or regional residents will not have a stimulative effect on the region's economy...The one exception to this guideline is with regard to 'import substitution'. If the presence of casinos in the region allows regional residents to gamble at local casinos rather than becoming tourists to casinos in other regions, the economic impact from spending so generated is the same as it would be for tourists."

The theoretical rationale behind Eadington's observations is that resort casinos can actually stimulate the local economy through new employment, local non-payroll purchases by the casino, and by attracting non-local visitors to the area, who make non-gaming consumer purchases for food, lodging, gasoline, etc. Spillover effects from casinos can actually stimulate other local businesses as a result of several factors:

- Casinos may purchase a wide range of goods and services from local vendors, furniture and equipment, office supplies, security, landscaping, food and beverage supplies, building maintenance and repairs, marketing and advertising, among others (indirect impacts).
- Newly hired casino employees who were previously unemployed, receiving public assistance, or receive higher compensation than previously will make a wide range of local consumer purchases in the retail, medical services, education services, and finance and real estate sectors (induced impacts).
- Mid-level niches open for other leisure and hospitality businesses, because:
 - high occupancy rates at resort casino hotels generate spillover demand for lodging for out- of-region visitors, and
 - not all casino patrons are willing to spend for high-end luxury hotels or gourmet dining, but prefer other mid-range local alternatives.

During the early expansion of casino gaming in the United States (1990s), several micro-studies were conducted that illustrate this principle. For example, there was a net increase of eight restaurants in Bossier City, Louisiana following the introduction of riverboat casinos. Bossier's taxable restaurant sales, excluding restaurants in the hotels and casinos, increased by 5% in 1994 and by 7% in 1995 *after* the introduction of riverboat casinos. In Biloxi/Gulfport, Mississippi, the rate of non-casino retail sales growth increased from an average of 3% annually (1990-1992) in the years prior to riverboat gambling to 12% annually in the years after riverboat gaming was introduced to the locality. Restaurant sales in Biloxi/Gulfport have increased overall, although increased competition from national chains,

and a migration of clients toward higher quality did force some local restaurants to close. Nevertheless, the net economic benefit to the area is better quality, wider selection, and increased overall sales and employment in eating and drinking establishments. Finally, along the Mississippi Gulf Coast the hotel occupancy rate increased from 55% in 1992 to 70% following the introduction of dockside riverboat gaming (Arthur Andersen 1997).

Similarly, in 1995, two University of Minnesota economists conducted a study of the effects of Indian-owned casinos on self-generating economic development in non-urban areas of Minnesota. This unique study used the number of new business establishments in a town or city that can be attributed specifically to their proximity to a casino as the exclusive measure of economic impacts. The study's statistical methodology made it possible to control for the effects of factors other than casinos on the number of new business establishments in a town or city. The study shows that since the introduction of casino gaming in Minnesota, most towns and cities within a 30-mile radius of a non-urban casino experienced marked growth in the number of local consumer and service business establishments that can be specifically attributed to the nearby casino. Communities located closest to the casinos enjoy the greatest growth in new businesses (Hoenack and Renz 1995). The study also found that casinos succeeded in stimulating self-generating and sustained economic development in areas "where government economic development grants and intergovernmental transfers have failed" (Hoenack and Renz 1995).

The Mystic Lakes Casino & Hotel in Scott County, Minnesota, which is included in the Twin Cities MSA, opened in May of 1992 and its hotel opened in July of 1996. The study finds that non-casino retail sales increased by 54% from 1990 to 1996. Hotel performance in the county was at a ten year low in 1990 before doubling in 1991 and continuing to increase from 1993 through 1995, even with the addition of new hotels. Retail sales in Scott County increased from approximately \$30 million in 1992, when casino gaming was introduced, to more than \$42 million in 1995 (excluding casino mall sales). Hotel gross sales in Scott County increased from \$4 million to \$5.7 million during the same period.

In 1997, the Allegany County (Maryland) Blue Ribbon Task Force on Gaming commissioned a study by a team of Frostburg State University economists. This study compared the economic performance of casino counties to non-casino counties throughout the United States for the period 1987 through 1993. The study found "statistically significant positive differences" in the rate of growth in casino counties for retail trade (including food and beverage), finance, insurance, real estate, and construction employment. The study concludes that "there is no evidence that casino development 'cannibalizes' other sectors of the economy" (Rephann et al. 1997, 14).

Similarly, the number of restaurants in the area (county) surrounding Foxwoods and Mohegan Sun increased from 472 to 506 following the casinos' opening, while off-site restaurant employment increased from 5,911 to 6,628 during the same period. In the seventeen years since casinos were introduced to Atlantic City, the number of eating and drinking establishments in Atlantic County has grown from 415 to 580, while employment in this sector has grown from 4,439 to 7,176. In Gilpin County Colorado, the number of

restaurants increased from 31 to 40 after the introduction of casino gaming. In Tunica County, Mississippi, the number of restaurants increased by 13% and restaurant employment grew by 9% after the introduction of casino gaming in the county (Fenich 2004).

However, the first comprehensive effort to address these questions was led by the National Gambling Impact Study Commission (NGISC). The NGISC was established in 1996 and constitutes the single most comprehensive effort to evaluate the impacts of gambling in the United States (NGISC 1999). This study, which took three years and \$2.5 million to complete, included two national surveys of U.S. adults and youth regarding gambling behavior and attitudes, a survey of patrons at 21 gambling facilities in the United States, case studies in 10 communities with casino gambling, and detailed analysis of a 100-community sample to determine the economic impact of casino gambling nationwide. The NGISC released its final report in June of 1999.

With respect to the economic impacts of gambling, the NGISC (1999, 7-6) found that “casinos and pari-mutuel are the most labor intensive aspects of gambling” and therefore provide the greatest economic benefits to host communities and the state. The NGISC study also found that “the economic benefits of casino gambling have been especially powerful in economically depressed communities where opportunities for economic development are scarce.”

Further empirical research conducted for the NGISC by the National Opinion Research Center (NORC) at the University of Chicago confirmed testimony by casino workers and government officials that casino gambling creates jobs and reduces levels of unemployment and government assistance in communities that have legalized it. NORC found that in communities close to newly opened casinos unemployment rates, welfare outlays, and unemployment insurance decline by about one-seventh (NGISC 1999, 7-7; also see, Appendix B.2).¹³ More specifically, the NORC survey found that casinos reduced local unemployment rates by nearly a full percentage point compared to similar communities without casinos. In fact, in one of the most intensive community based research projects on new casino jurisdictions, subsequently commissioned by the U.S. Department of Justice, it was found that “most community leaders in the new casino jurisdictions believe that the casinos have been good for the communities” (Stitt 2001, ii).

A background report prepared for the NGISC by Adam Rose and Associates conducted an intensive assessment of 100 scholarly, government, and consultant studies on the economic impacts of casinos available up to that time.¹⁴ Importantly, Rose (1998, 7) cautioned decision-makers to remember that:

¹³ In other words, a community with an unemployment rate of 7% would, on average, see its unemployment rate decline to 6% after the opening of a casino.

¹⁴ Rose (1998, 7) examined 100 studies of the economic impacts of existing and proposed casinos in the United States. He found that “in only about half the studies” were questions such as substitution effects even considered and “even when measured, the tendency was not to quantify or to integrate them into overall numerical findings.”

“...casinos are not monolithic entities; they may include only a few slot machines and blackjack tables in a ramshackle building to as many as thousands of slot machines and hundreds of tables in a large entertainment/resort hotel in a large city...For example, some surveys of casino patrons indicate that they consist of as high a proportion as 80% tourists, or that they have recapture rate as high as 50%. The socioeconomic profile for larger, more attractive enterprises is that of better educated and higher income customers.”

While Rose (1998, 17) found claims that the substitution effect of casinos “can be 100% or more” (e.g., Goodman 1994), he also found that “there are no empirical studies to support such a conclusion.” In fact, the empirical studies available at the time produced a wide range of results including a study which found that 83% of Illinois riverboat patrons were residents of Illinois (Gazel 1997), a study that found that 61.3% of Illinois riverboat patrons came from within a 35 mile radius (Thompson and Gazel (1996), a study that found that 80% of the patrons at Wisconsin’s small Native American casinos were state residents (Minnesota Gaming Commission 1993), and another study which found a 75% substitution rate for Missouri’s riverboat casinos (Leven and Phares 1998). In contrast, other studies found that only 15% of the patrons of Atlantic City and Las Vegas casinos were residents of those states (Gazel 1998).

The main conclusion to Rose’s analysis is that resort destination casinos have a much lower substitution effect than local convenience gaming facilities because of their higher export and import-substitution effects and, therefore, the analysis of potential substitution effects, and impacts on employment and unemployment, must be *facility-specific* and *location-specific*.

A similar conclusion was reached in a subsequent study by Michael Przybylski et al. (1998, 217-20), who found that 97% of northwestern Indiana riverboat casino patrons came from less than 60 miles of the casino, while more than 60% came from less than 20 miles away, but notwithstanding their “local” origin, because of these casinos’ location near state borders, it was still the case that nearly 88% of riverboat casino patrons in northwestern Indiana came from out-of-state; thus constituting an ‘export’ from Indiana’s standpoint. In contrast, in southern Indiana, 68% of riverboat casino patrons originated from a distance of less than 60 miles, with only 46.3% of all patrons coming from out-of-state. Nevertheless, Przybylski et al. (1998, 221-23) examined other evidence, including sales tax receipts, and despite the local origin of most patrons, no evidence of economic displacement was found for the food and beverage or lodging industries, but they did find evidence that casinos accounted for a small amount of displacement in the historic, sightseeing, and evening entertainment sectors.

Donald Siegel and Gary Anders (1999, 106) added to this literature with a study designed to examine “whether riverboat gambling reduces business activity in other sectors of state economies.” Siegel and Anders (1999, 106) hypothesized that “riverboat gambling may lead to displacement of consumer expenditures because it serves as a substitute for other goods and services” and they tested this hypothesis with industry-level, time series, sales tax data from eleven counties in Missouri. Siegel and Anders (1999, 117) data analysis found that

“there is no relationship between the growth of sales tax revenues and changes in sales tax revenue for retail establishments, including general merchandise stores, apparel and accessory stores, miscellaneous retail, and personal services.

However, as with Przybylski et al. (1998), Siegel and Anders did find evidence of substitution for the amusement and recreation sector, which is part of the major classification group that includes riverboat casinos. Thus, Siegel and Anders (1999, 118) conclude that “we find evidence of a ‘substitution effect’, but it is manifest only between gambling and other forms of entertainment...riverboat gambling competes with local businesses for this share of the market.” Nevertheless, Siegel and Anders (1999, 109-10) also concur with other scholars that “gambling ‘succeeds’ as an economic activity when it is effectively ‘exported’ to residents from other communities outside the area where it is located,” but this “export scenario for riverboats appears to be much more tenuous” than for destination resort casinos.

Thomas A. Garrett, a Senior Economist at the Federal Reserve Bank of St. Louis examined the potential impact of casinos on total local employment in six counties in Missouri, Illinois, Indiana, and Mississippi, including four rural counties and two urban counties. The purpose of the study was to assess the impact of casinos on local employment levels (rather than sales taxes) and to search for evidence of employee displacement as an indirect measure of revenue substitution between casinos and other sectors of the local economy. In reviewing the extant literature on casinos and substitution, Garrett (2003, 10-11) concluded that “research on this issue is somewhat mixed,” which again suggests that the impact of “casino gambling on retail sales should be evaluated on a case-by-case basis.” Moreover, while Garrett (2003, 24) hypothesized that “casino gambling may reduce employment in other local industries as a result of cannibalizing those industries,” he agreed with previous authors that:

“the degree of potential cannibalization depends upon the origin of the bulk of casino patrons. In addition, the casino may draw labor from outside the local area, thus leaving local employment conditions unchanged if this labor does not relocate to the local area. Local officials and the public need to understand from where a casino will draw its workforce.”

In the specific cases reported by Garrett (2003, 23), he finds that “in three of four cases [casino counties], it appears that rural counties that adopt casino gambling experience increased household and payroll employment as a direct result...It is harder to detect the impact of casino gambling in more metropolitan counties since employment is highly variable in these counties and casino gambling constitutes a small portion of total employment.”

A more recent study by Phineas Baxandall and Bruce Sacerdote (2005) compared unemployment rates in casino counties to non-casino counties across the United States. Baxandall and Sacerdote (2005, 6) found that “the unemployment rate in large-capacity casino counties dropped by 0.6 percent compared to similar counties. And the

unemployment rate dropped by 1.2 percent in the nine counties with large populations and large casinos," primarily because large casinos in populated labor markets have the capacity to absorb a large number of unemployed workers from within the local labor market.

Another recent study commissioned by the Greater Boston Chamber of Commerce during the Massachusetts expanded gaming debate concurs with the general findings of earlier studies that:

"The introduction of a casino development into a region can have both positive and negative effects on non-casino businesses. To the extent that casinos draw visitors from outside the region, local businesses may benefit from spillovers from the casino developments if casino patrons also purchase goods and services from local businesses. The spillover effects should be particularly strong for local businesses that cater to visitors. Local business may also benefit if they are a supplier of goods and services to the casino developments...All else being equal, the net benefits to local businesses will be greatest for destination casinos and lowest for casino developments that draw primarily from a local clientele"(UHY Advisors 2007, 102).

Finally, a study of the *Socioeconomic Impact of Gambling on Iowans* by Strategic Economic Groups and Spectrum Gaming Group (2014) specifically examined the potential displacement impact of Iowa's casinos on local retail establishments by examining employment trends in that sector at the county level before and after the introduction of casinos. The Iowa study (2014, 123) found that "the first year after casinos opened the number of retail jobs increased in 12 of the 18 [casino] counties. Of the six casino counties that experienced a drop in retail jobs five are ones where casinos opened during 2006 or later, which corresponds with the period of the Great Recession."

3. UNEMPLOYMENT RATE IMPACT ANALYSIS

The unemployment rate impact analysis estimates the impact of the proposed Caesars New York casino on the unemployment rates in Orange County, the Catskills/Hudson Valley region, and New York State as a result of hiring by the Caesars New York casino. The estimates are based on the estimated direct, indirect, and induced employment that will be generated by the proposed casino under average-, high-, and low-case scenarios.¹⁵ The year of analysis is 2019, since this is the year that the casino will be at full build out and stabilized operations.

However, it is cautioned that labor markets are dynamic insofar as people find, lose, and change jobs continually, while the labor force expands and contracts on a regular basis as people move in and out of a region, graduate high school or college, retire, take medical or family leaves, drop out of the labor market as discouraged workers, or return to the labor force after a hiatus from paid work. Consequently, this analysis utilizes the annual unemployment rate data (LAUS) from 2013 as the baseline rate, since attempting to estimate the unemployment rate for 2019 requires significant (and speculative) assumptions about the size of the future labor pool, number of employed, and number of unemployed at that time.

Importantly, the focus of this analysis is not to estimate the actual unemployment rate in 2019 as a consequence of hiring by Caesars New York, but instead to measure the *magnitude* of the unemployment rate change that the casino's hiring will have on Orange County, the Catskills/Hudson Valley Region, and the State of New York.¹⁶

The following three tables present the data from each of the three regions for the average-, high-, and low case scenarios. The casino's projected employment levels are derived from the economic impact analysis and include direct, indirect, and induced employment impacts.

Under the average case scenario, it is estimated that the maximum impact on the unemployment rate will be -1.6% for Orange County, -0.63% for the Catskills/Hudson Valley Region, and -0.084% for the State of New York (see Table 1). These estimates are consistent with the findings of previous regional and national studies of casino gaming and its effect on local and regional unemployment rates (e.g., Garrett 2003; Baxandall and Sacerdote 2005).

¹⁵ The economic impact analysis excludes any employment generated through displacement or cannibalization of local businesses as estimated in the applicant's market feasibility analysis. Thus, the employment figures used in the unemployment impact analysis only include net new jobs generated by the proposed casino.

¹⁶ The economic impact analysis includes Woodbury as one of its geographic areas of analysis because the IMPLAN software allows the user to construct models at the zip code level. However, labor force data is not available for communities with populations below 25,000, thus Orange County is used in the unemployment rate analysis because this is the lowest level of geography for which data is available.

Table 1

Impact On Unemployment Rates in Year 2019
Average Case Scenario
Orange County

	Estimated Percentage Hired from Orange County		
	70%	80%	90%
Number of Employed (2013 Annual)	161,900	161,900	161,900
Number of Unemployed (2013 Annual)	12,500	12,500	12,500
Labor Force (2013 Annual)	174,400	174,400	174,400
Unemployment Rate (2013 Annual)	7.2%	7.2%	7.2%
*Total Caesars New York Jobs	3,128	3,128	3,128
Estimated Unemployed 2019 (As a function of hiring factor)	10,310	9,998	9,685
Estimated Unemployment Rate 2019	5.9%	5.7%	5.6%
Difference in Unemployment Rate 2013 to 2019	-1.3%	-1.4%	-1.6%

Impact On Unemployment Rates in Year 2019
Average Case Scenario
Catskills/Hudson Valley Region

	Estimated Percentage Hired from Catskills/Hudson Valley Region		
	85%	90%	95%
Number of Employed (2013 Annual)	476,300	476,300	476,300
Number of Unemployed (2013 Annual)	37,400	37,400	37,400
Labor Force (2013 Annual)	513,700	513,700	513,700
Unemployment Rate (2013 Annual)	7.3%	7.3%	7.3%
*Total Caesars New York Jobs	3,298	3,298	3,298
Estimated Unemployed 2019 (As a function of hiring factor)	34,597	34,432	34,267
Estimated Unemployment Rate 2019	6.73%	6.70%	6.67%
Difference in Unemployment Rate 2013 to 2019	-0.57%	-0.60%	-0.63%

Impact On Unemployment Rates in Year 2019
Average Case Scenario
State of New York

	Estimated Percentage Hired from New York State		
	95%	96%	97%
Number of Employed (2013 Annual)	8,898,800	8,898,800	8,898,800
Number of Unemployed (2013 Annual)	737,300	737,300	737,300
Labor Force (2013 Annual)	9,636,000	9,636,000	9,636,000
Unemployment Rate (2013 Annual)	7.7%	7.7%	7.7%
*Total Caesars New York Jobs	3,490	3,490	3,490
Estimated Unemployed 2019 (As a function of hiring factor)	733,985	733,950	733,915
Estimated Unemployment Rate 2019	7.617%	7.617%	7.616%
Difference in Unemployment Rate 2013 to 2019	-0.083%	-0.083%	-0.084%

*From economic impact analysis. Includes direct, indirect, and induced impacts.

Source: New York State Department of Labor (LAUS dataset); Pyramid Associates

Under the high case scenario, it is estimated that the maximum impact on the unemployment rate will be -1.9% for Orange County, -0.76% for the Catskills/Hudson Valley Region, and -0.092% for the State of New York (see Table 2).

Table 2
Impact On Unemployment Rates in Year 2019
High Case Scenario
Orange County

	Estimated Percentage Hired from Orange County		
	70%	80%	90%
Number of Employed (2013 Annual)	161,900	161,900	161,900
Number of Unemployed (2013 Annual)	12,500	12,500	12,500
Labor Force (2013 Annual)	174,400	174,400	174,400
Unemployment Rate (2013 Annual)	7.2%	7.2%	7.2%
*Total Caesars New York Jobs	3,624	3,624	3,624
Estimated Unemployed 2019 (As a function of hiring factor)	9,963	9,601	9,238
Estimated Unemployment Rate 2019	5.7%	5.5%	5.3%
Difference in Unemployment Rate 2013 to 2019	-1.5%	-1.7%	-1.9%

Impact On Unemployment Rates in Year 2019
High Case Scenario
Catskills/Hudson Valley Region

	Estimated Percentage Hired from Catskills/Hudson Valley Region		
	85%	90%	95%
Number of Employed (2013 Annual)	476,300	476,300	476,300
Number of Unemployed (2013 Annual)	37,400	37,400	37,400
Labor Force (2013 Annual)	513,700	513,700	513,700
Unemployment Rate (2013 Annual)	7.3%	7.3%	7.3%
*Total Caesars New York Jobs	4,019	4,019	4,019
Estimated Unemployed 2019 (As a function of hiring factor)	33,984	33,783	33,582
Estimated Unemployment Rate 2019	6.62%	6.58%	6.54%
Difference in Unemployment Rate 2013 to 2019	-0.68%	-0.72%	-0.76%

Impact On Unemployment Rates in Year 2019
High Case Scenario
State of New York

	Estimated Percentage Hired from New York State		
	95%	96%	97%
Number of Employed (2013 Annual)	8,898,800	8,898,800	8,898,800
Number of Unemployed (2013 Annual)	737,300	737,300	737,300
Labor Force (2013 Annual)	9,636,000	9,636,000	9,636,000
Unemployment Rate (2013 Annual)	7.7%	7.7%	7.7%
*Total Caesars New York Jobs	4,324	4,324	4,324
Estimated Unemployed 2019 (As a function of hiring factor)	733,192	733,149	733,106
Estimated Unemployment Rate 2019	7.609%	7.608%	7.608%
Difference in Unemployment Rate 2013 to 2019	-0.091%	-0.092%	-0.092%

*From economic impact analysis. Includes direct, indirect, and induced impacts.

Source: New York State Department of Labor (LAUS dataset); Pyramid Associates

Under the low case scenario, it is estimated that the maximum impact on the unemployment rate will be -1.5% for Orange County, -0.54% for the Catskills/Hudson Valley Region, and -0.0781% for the State of New York (see Table 3).

Table 3
Impact On Unemployment Rates in Year 2019
Low Case Scenario
Orange County

	Estimated Percentage Hired from Orange County		
	70%	80%	90%
Number of Employed (2013 Annual)	161,900	161,900	161,900
Number of Unemployed (2013 Annual)	12,500	12,500	12,500
Labor Force (2013 Annual)	174,400	174,400	174,400
Unemployment Rate (2013 Annual)	7.2%	7.2%	7.2%
*Total Caesars New York Jobs	2,831	2,831	2,831
Estimated Unemployed 2019 (As a function of hiring factor)	10,518	10,235	9,952
Estimated Unemployment Rate 2019	6.0%	5.9%	5.7%
Difference in Unemployment Rate 2013 to 2019	-1.1%	-1.3%	-1.5%

Impact On Unemployment Rates in Year 2019
Low Case Scenario
Catskills/Hudson Valley Region

	Estimated Percentage Hired from Orange County		
	85%	90%	95%
Number of Employed (2013 Annual)	476,300	476,300	476,300
Number of Unemployed (2013 Annual)	37,400	37,400	37,400
Labor Force (2013 Annual)	513,700	513,700	513,700
Unemployment Rate (2013 Annual)	7.3%	7.3%	7.3%
*Total Caesars New York Jobs	2,827	2,827	2,827
Estimated Unemployed 2019 (As a function of hiring factor)	34,997	34,856	34,714
Estimated Unemployment Rate 2019	6.81%	6.79%	6.76%
Difference in Unemployment Rate 2013 to 2019	-0.49%	-0.51%	-0.54%

Impact On Unemployment Rates in Year 2019
Low Case Scenario
State of New York

	Estimated Percentage Hired from New York State		
	95%	96%	97%
Number of Employed (2013 Annual)	8,898,800	8,898,800	8,898,800
Number of Unemployed (2013 Annual)	737,300	737,300	737,300
Labor Force (2013 Annual)	9,636,000	9,636,000	9,636,000
Unemployment Rate (2013 Annual)	7.7%	7.7%	7.7%
*Total Caesars New York Jobs	2,944	2,944	2,944
Estimated Unemployed 2019 (As a function of hiring factor)	734,503	734,474	734,444
Estimated Unemployment Rate 2019	7.622%	7.622%	7.622%
Difference in Unemployment Rate 2013 to 2019	-0.0775%	-0.0778%	-0.0781%

*From economic impact analysis. Includes direct, indirect, and induced impacts.
Source: New York State Department of Labor (LAUS dataset); Pyramid Associates

Casinos are one of the few large-scale service industries that provide a diversity of jobs for individuals with a wide range of occupational skills and multiple levels of educational attainment levels. Table 4 illustrates the average employment distribution by sector for a commercial casino with 3,000 employees, although these ratios can vary depending on the number of table games, the size of a hotel, retail square footage, and the number and types of food and beverage outlets. About two-thirds of a commercial casino’s personnel work in casino operations (34%) and in food and beverage service (34%).

Table 4

Sector Distribution of Casino Employees		
Sector	Number	Percent
Food & Beverage	1,029	34.3%
Retail/Entertainment	94	3.1%
Hotel	193	6.4%
Marketing & Administration	231	7.7%
Facilities	252	8.4%
Security	108	3.6%
Casino Operations	1,021	34.0%
Accounting	72	2.4%
TOTAL	3,000	100.0%

Source: Pyramid Associates (2014).

Depending on the range of games and non-gaming amenities, a casino can employ individuals in up to 150 different occupations (Field 2000). Casinos employ individuals in a variety of different occupations in casino operations including:

- Casino Manager
- V.P. Operations
- Slot Performance Analyst
- Credit Clerk
- Director Slot Operations
- Slot Floor Supervisor
- Pit Manager
- Director Table Games
- Table Games Analyst
- Electronics Technician
- Facilities Supervisor
- Casino Controller
- Keno Supervisor
- Keno Writer
- Black Jack Dealer
- Craps Dealer
- Roulette Dealer
- Poker Dealer
- Slot Technician
- Casino Cashier
- Mail Room Clerk
- Fiscal Administrator
- Operations Analyst
- Casino Accounting Manager

Casinos employ individuals in a variety of different occupations in food and beverage service, including:

- Restaurant Manager
- Banquet Manager
- Conference Services Manager
- Beverage Server
- Pantry Attendant
- Butcher
- Food Stocker
- Cashier
- Waitperson
- Potwasher

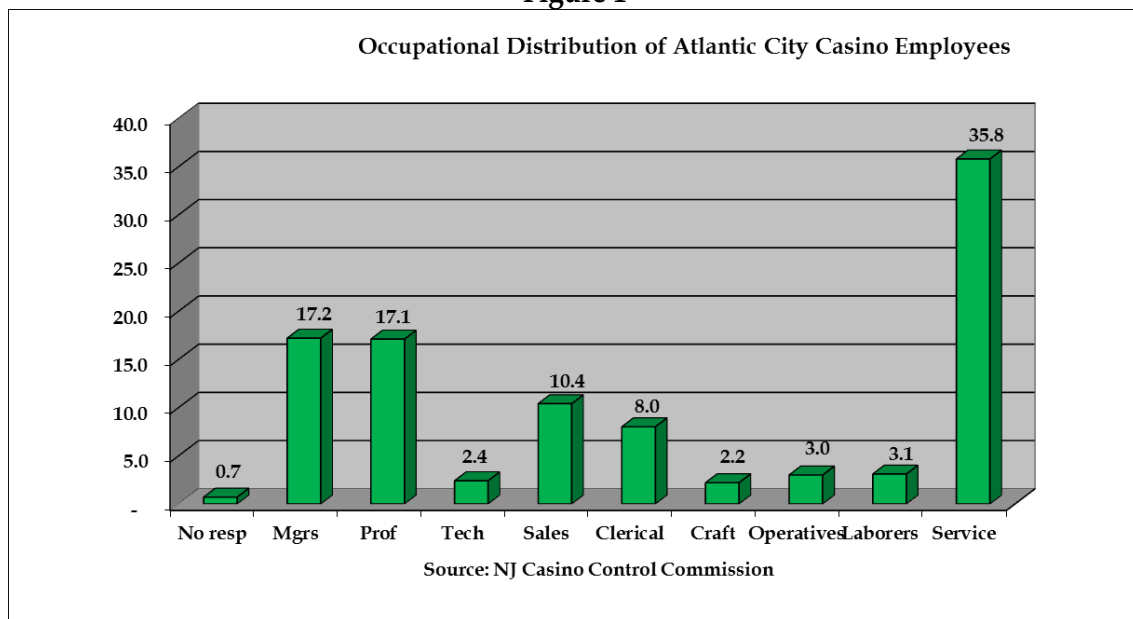
- Bartender
- Baker
- Executive Chef
- Banquet Server
- Cook
- Specialty Chef
- Maitre D
- Kitchen Steward
- Kitchen Maintenance
- Bus Person

Casinos also employ individuals in retail, entertainment, marketing and administration, facilities maintenance, security, and accounting. A sample of the job titles in marketing and administration, include:

- Auditor
- Compliance Officer
- Manager, Planning & Analysis
- Financial Analyst
- V.P. Human Resources
- V.P. Casino Marketing
- Casino Programs Administrator
- Director of Player Development
- Director of Customer Relations
- Office Clerk
- Accounts Payable Clerk
- Internet Marketing Specialist
- Events & Promotions Specialist

The occupational skill distribution of casino employees is equally diverse with more than one-third (36.5%) of all employees working in management (17%), professional (17%), and technical (2.4%) positions. Other employees perform jobs sales (10.4%), clerical (8.0%), craft (2.2%), laborer (3.1%), and service occupations (35.8%) as illustrated in the sample job titles above (see Figure 1) (Rutgers University 1998, 20-24).

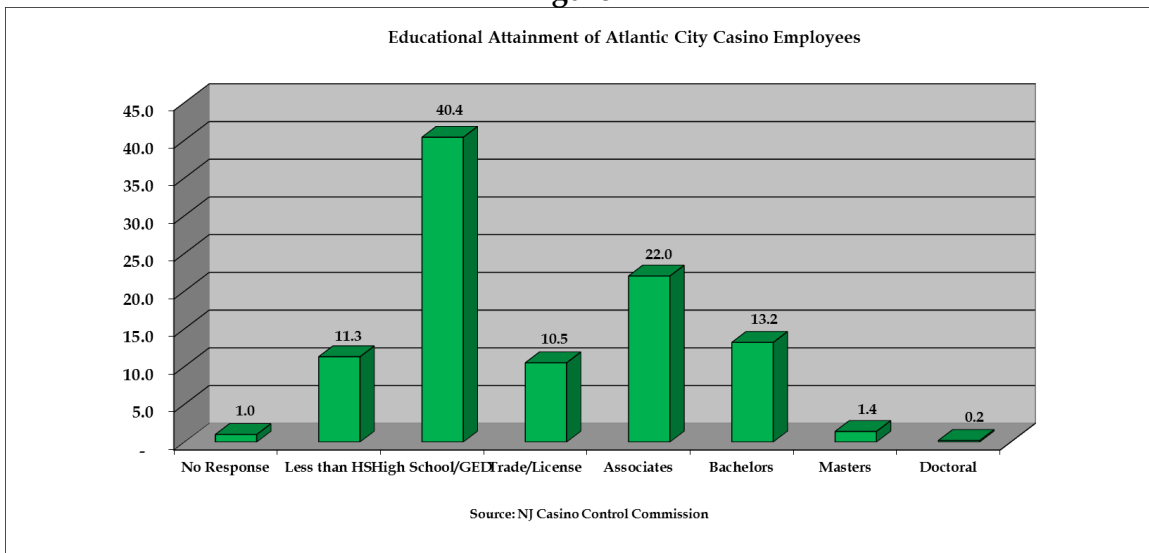
Figure 1



In terms of educational attainment, about 15 percent of casino employees have attained a bachelor's degree or higher, while 22 percent have an associate's degree and 11 percent have some type of post-secondary trade or technical certification. However, casinos also provide abundant employment and

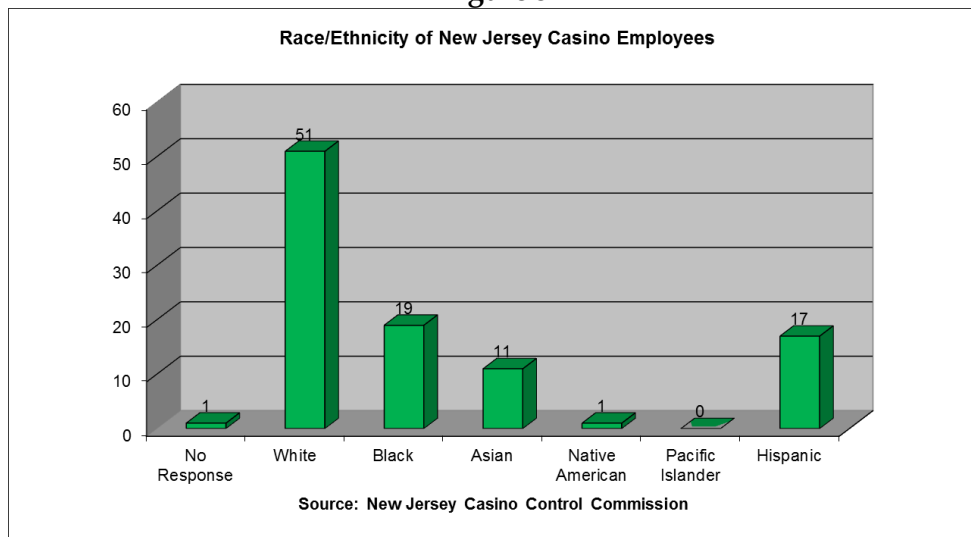
internal advancement opportunities for individuals with a high school diploma, while only 11 percent of a commercial casino's workforce has less than a high school diploma (see Figure 2) (Ibid.).

Figure 2



Casinos also have an excellent record of hiring a workforce that is racially and ethnically diverse. For example, nearly half (49%) of the casino workforce in Atlantic City, New Jersey falls within protected racial or ethnic groups based on federal equal employment opportunity definitions (see Figure 3).

Figure 3



[This page left blank intentionally]

4. LOCAL BUSINESS IMPACTS

The main conclusion to the literature review is that destination resort casinos have a much lower substitution effect than local convenience gaming facilities because of their higher export and import-substitution effects and, therefore, the analysis of potential substitution effects must be *facility-specific* and *location-specific*. Furthermore, the extant literature does not find any evidence of substitution in the food and beverage, retail, or lodging industries, as a result of casino gaming, but there is extensive evidence that casinos attract additional spending in these sectors by out-of-area visitors (export), by local casino patrons who are recaptured from out-of-state gaming venues (import substitution), and by casino employees (new growth) who replace public assistance with payroll employment or higher incomes.

The applicant's market feasibility analysis provides a detailed breakdown of estimated gross gaming revenue and non-gaming revenue that is facility-specific and location-specific. The average case scenario casino projects gross gaming revenue of \$750.7 million in the proposed casino's first stabilized year of operations, which is 2019 (Year 3). Under this same scenario, the gravity model generates a customer base of 2.2 million visitors, 11.1 million annual visits, with an average of 5 visits per year per visitor.

The gravity model used to derive these estimates indicates that the proposed Caesars New York casino will generate approximately 73% of its gross gaming revenue from within its primary market area (0-60 minutes), although a substantial portion of this revenue (57%) will come from the New York City area and thus constitutes a net gain in economic activity for the local community and county. Another 27% of the proposed casino's gross gaming revenue will be generated by visitors who travel more than one hour to reach the casino, including out-of-state visitors and foreign visitors from out of market. These percentages are similar for the low-case and high-case scenarios, although the absolute dollar amounts are different in each scenario.

It is further estimated that the proposed Caesars New York will also generate an additional \$106.1 million in non-gaming revenue (i.e., lodging, food and beverage, and other) in its first stabilized year of operations, which is 2019 (Year 3) under an average-case scenario. The combination of gross gaming revenue and non-gaming revenue yields total gross revenue of \$856.8 million and, less promotional allowances, yields \$786.6 million in annual operating revenue.

It is estimated that Caesars New York will generate approximately 54% of its gross gaming revenue from New York residents, 25% from New Jersey residents, 4% from Connecticut residents, 1% from Pennsylvania residents, and 16% from out-of-market residents (i.e., foreign travelers and other states). Moreover, a significant portion of the revenue generated from New York residents -- approximately \$57 million -- will be recaptured from current expenditures by New York residents at casinos in Connecticut, New Jersey, and Pennsylvania.

Thus, approximately 58% of the gross gaming revenue generated by the proposed Caesars New York will be captured from out-of-state residents or recaptured from spending in adjacent states, which constitutes net new gaming expenditures of \$435.4 million.

Furthermore, approximately 83% of gross gaming revenue will be generated by residents living outside a 30 minute drive time of the proposed gaming facility for net new local economic activity of \$652.9 million in the first stabilized year of operations (Year 3) (including both gaming and non-gaming revenue).

As the applicant's economic impact analysis further demonstrates, this net new economic activity will generate 514 new jobs in non-casino sectors as a result of the casino's local purchases (indirect effects) and 625 new jobs in non-casino sectors as a result of new spending by casino employees (induced effects).¹⁷ The most significant indirect and induced impacts will occur in sectors that provide casino-related inputs or services or that provide retail, health care, financial, and educational services to casino employees.

To insure that the projected indirect economic benefits are realized in Woodbury, Orange County, and the Catskill/Hudson Region, Caesars New York will implement a number of programs and partnerships to promote local tourism. Caesars has committed itself to become an active member of several countywide organizations. Caesars plans for partnerships in the broad area of economic development, include¹⁸:

- Orange County Tourism
- Orange County Arts Council
- Orange County Citizens Foundation
- Orange County NY Film Office
- Orange County Chamber of Commerce
- Orange County Partnership

In addition, Caesars intends to:

- Play an active role in the continued Orange County Economic Development programs.
- Partner with larger firms/plants in Orange County to create a Peer Advisory Group, to remain proactive and effective in the County's growth and Community give-backs.
- Regularly meet and brainstorm with Board of Directors/Executives of existing and new developments (i.e., Amy's Kitchen of Goshen, employing 680 employees. Target Opening Date: end of 2016)

¹⁷ These are net new jobs generated after subtracting for substitution effects.

¹⁸ Woodbury Casino, LLC has formal Memoranda of Agreement with several of these organizations and working toward such agreements with many other organization and individual business establishments.

- Cross-promote with local wedding venues for weddings and bachelor/bachelorette packages, including:
 - Falkirk Estate and Country Club, Central Valley
 - The Rushmore Mansion and Bed & Breakfast, Highland Mills
 - Anthony's Pier 9, New Windsor
 - Arrow Park Lake & Lodge, Monroe
 - The Glenmere Mansion, Chester
 - Chateau Hathorn, Warwick
 - Villa Venezia, Middletown
 - Catlin Gardens, Slate Hill
 - The Fountains, Walkill Golf Club, Middletown
 - The Golf Club at Mansion Ridge, Monroe
 - The Views at Mount Fuji, Hillburn
- Partner with Orange County Golf Courses for golf and entertainment packages, including:
 - Falkirk Golf Club, Central Valley
 - Stony Ford Golf Course, Hamptonburgh
 - Scotts Corners Golf Course, Montgomery
 - Winding Hills Golf Course, Montgomery
 - Walkill Golf Course, Middletown
 - Monroe Country Club, Monroe
 - Mansion Ridge Golf Club, Monroe
 - Mill Creek, Newburgh
- Cross-promote an Antiquing Shopping Experience with the two downtown communities that have multiple Antique Shops; namely, Montgomery and Port Jervis.
- Cross-promote with local brewing companies, wineries, vineyards, including:
 - Applewood Winery, Warwick
 - Clearview Winery, Warwick
 - Warwick Valley Winery, Warwick
 - Hudson Valley Beer Trail

- Newburgh Brewing Co., Newburgh
- Warwick Distillery, Warwick
- Cross-promote with local Family-Fun & U-Pick Farms and Orchards, including
 - Apple Ridge Orchards
 - Applewood Orchards
 - Blooming Hill Organic Farm
 - Gray Family Farm
 - Hoeffner Farms
 - Lawrence Farms Orchards
 - Manza Family Farm
 - Maples Farm
 - Ochs Orchards
 - Pennings Orchard & Farm Market
 - Rock Ridge Alpaca Farm
 - Roe's Orchard
 - Rogowski Farm
 - Slate Hill Apple Farm & Market
 - Sleepy Hills Orchard
 - Soons Orchard
 - Stonehenge Farm Market
 - Sugar Loaf Mountain Herbs
 - Sycamore Farms
 - Warwick Valley Winery & Orchards
 - Wright Family Farm
- Cross-promote ecotourism and regional outdoor activities, including:
 - Above The Clouds- Hot Air Balloons, Middletown
 - Riverfront Marina, Newburgh
 - The Grand Fall Tour- Foliage Tour, Amtrack Railroad
 - Black Rock Forrest- Hiking, Cornwall
 - Highlands Trail –Hiking, Cornwall

- Huckleberry Ridge State Forrest- hiking, Greenville
- Outdoor Discovery Center, Cornwall
- Pochuck State Forest -hunting, biking, camping, horseback, Pine Island
- Schunemunk Mountain –hiking, Cornwall
- Sterling Forest State Park -hiking, Tuxedo
- Stewart State Forest- hiking, New Windsor
- Storm King State Park -hiking, Cornwall
- Walkill Valley Loop, all or Orange County
- Estuary Steward –boat ride, Newburgh
- Pride of the Hudson –boat ride, Newburgh
- River Rose Tours & Cruises –paddle boat rides and dinner cruises, Newburgh
- 6 ½ Station Road –bird watching, Goshen
- Corbett Road Sanctuary –bird watching, Montgomery
- Edgar A. Mearns Bird Club -bird watching, Goshen
- Frankel/Wolfson Sanctuary –bird watching, Warwick
- State Line Sanctuary –bird watching, Warwick
- Fishing in Roscoe
- Fall apple picking adventures – various locations
- Be included in all “Hudson Valley Happenings” postings, listings, and social media.
- Partner with two Film Festival Organizations: Hoboken Film Festival, Middletown and Woodstock Film Festival, Woodstock
- Combine/discount Bus Tours to West Point, Historic Hudson Valley (Historical Sites), The Shawangunk Wine Trail, and The Little Wine Bus.
- Combine/discount Hudson Valley Outdoor Adventure Groups, including:
 - Hudson River Rafting -white water rafting,
 - North Creek
 - Adventure Sports – paragliding and hand gliding, Ellenville
 - High Angle Adventures, Inc –rock climbing,
 - Ulster Park
 - Mountain Skills Climbing Guides- rock & ice climbing, New Paltz

- Esopus Creek –kayaking, Kingston
- Tivoli Bays –kayaking, Kingston
- Catskill Outfitters –kayaking, Walton
- Rocking Horse Dude Ranch, Highland
- NY Zipline Canopy Tours at Hunter Mountain, Hunter
- Catamount Adventure Park, Hillsdale
- Provide Bounce–Back weekend stays to encourage County/Neighboring Counties’ Premier Hudson Valley Travels-Retreat Facilities, including the Mohonk Mountain House-Lake Minnewaska, and The Concord and Nevele –Ellenville
- Work closely with Bethel Woods/Woodstock, NY as liaisons for the Heart of Hudson Valley Entertainment.
- Have promotional material supplied and contracts with Transportation Stations, such as MTA and Bus Co.

To become a world–renowned attraction and destination like Woodbury Common, Caesars New York is exploring possibilities to create and host the following events at the facility’s Convention Center:

- A bi-annual NY State Artisan and Farm Exposition that will feature local, regional, and state wide crafters and farmers,
- An annual Healthy Hudson Exposition,
- An annual Holiday Crafts & Gifts Fair,
- A Farmers Market encouraging the purchase of locally made goods

Finally, Caesars intends to partner with the surrounding region’s Chambers of Commerce including:

- Ulster County
- Sullivan County
- Rockland County
- Dutchess County
- Putnam County
- Hudson Valley Tourism.

5. IMPACT ON CULTURAL INSTITUTIONS

The Consultant identified 16 cultural institutions within the local area (i.e., 30 minute drive time) of the proposed Caesars New York Casino, including 7 museums, 6 art galleries, 2 historical societies, 1 performing arts theater, and 1 zoo (see Figure 1). In addition, the Hudson/Catskill Region hosts a wide range of other attractions, including wineries, art galleries, parks, outdoor activities, and local festivals.

Despite the fact that casinos, cultural attractions, and entertainment venues are classified in the same major group by the North American Industrial Classification System (NAICS), behavioral research suggests that there are different motivations for attending casinos and cultural attractions and, therefore, casino visits are not likely to substitute for visits to cultural attractions (Thyne 2001). Furthermore, in the extant literature reviewed above, there are only two academic studies which even briefly mention any potential impact on the historic, sightseeing and evening entertainment sectors.

However, the most effort to evaluate the potential impact of casinos on cultural attractions and entertainment venues was conducted by The Innovation Group in 2012 for purposes of assessing the potential impact of casinos on these sectors following the adoption of the Massachusetts Expanded Gaming Act.¹⁹ This study examined the performance of museums and entertainment venues in Philadelphia, Pittsburgh, the Mississippi Gulf Coast, Cleveland, and St. Louis before and after the introduction of casinos in those jurisdictions. The performance of these venues was measured based on revenue, attendance, and interviews with key executives. The Innovation (2012, 29) study concludes that “overall there is no evidence to suggest that local entertainment or cultural institutions will suffer declines in visitation as a result of the advent of casinos.”

With respect to cultural institutions, such as museums, the Innovation (2012, 16) study found a “strong positive correlation of attendance to new exhibits, events, and building expansions” with the other major influence on attendance being macro-economic trends. Thus, in the jurisdictions examined in this study, “it does not appear that casinos have hindered museum demand; to the contrary, the data available suggest the introduction of casinos may be related to increased museum attendance,” while in most cases “the advent of casino gaming had little or no impact on attendance (Innovation Group 2012, 11, 16).

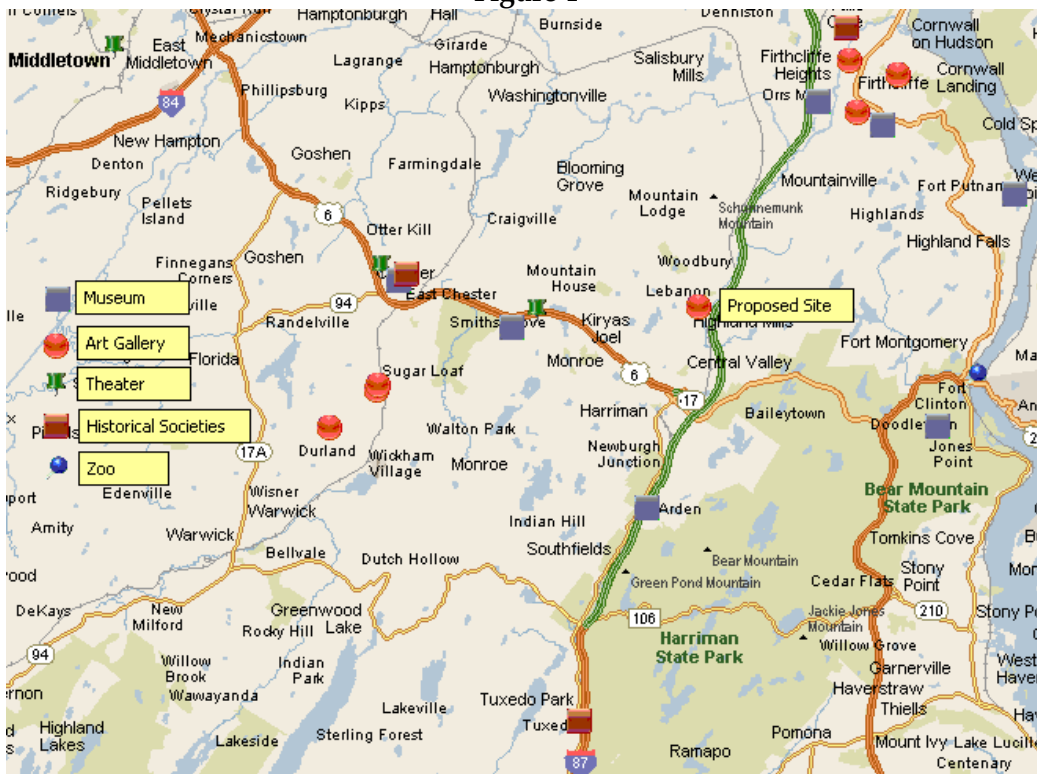
The same is true of live entertainment venues where the evidence indicates “a strong correlation between the number of shows and the level of attendance” (Innovation Group 2012, 18-19), rather than any relation to the presence or absence of a casino.

Notably, the two academic studies that find a minor substitution effort on these sectors both focused exclusively on riverboat casinos that draw a large majority of their customers from a local area of 30 minutes or less. In contrast, the proposed Caesars New York casino will draw a majority of its

¹⁹ This study used museums as an indicator for cultural attractions. Entertainment venues included stadiums, amphitheaters, arenas, auditoriums, convention centers, and theaters.

customers (77%) from outside a 30 minute drive time radius and, consequently, it is anticipated that the casino should actually have a positive impact of these local cultural institutions by drawing more visitors to the area – many of whom will pass these venues on their way to and from the casino (Cotti 2008). Other casino patrons may find these attractions a welcome component of the larger entertainment experience offered by the casino, since all of these cultural institutions are within 20 minutes or less of the casino.

Figure 4



Nevertheless, despite the absence of evidence indicating an impact on cultural institutions or entertainment venues in multiple casino jurisdictions, the Innovation Group (2012, 16) has suggested that casino operators allay concerns about potential impacts, however unfounded, by creating partnerships with local cultural institutions “to help sponsor new pieces, collections or events, assist in fundraising, and to provide volunteers and donations.” Thus, to insure that arts, entertainment, and historic venues benefit from the increased tourist traffic generated by Caesars New York, the company will implement a number of programs and partnerships designed to promote additional regional tourism in these sectors. Caesars’ plans for partnerships in Economic Development, Arts, Entertainment and Cultural Exposure, include:

- Orange County Tourism
- Orange County Arts Council
- Orange County Citizens Foundation
- Orange County NY Film Office

Caesars New York will also cross-promote events and attractions including art galleries, museums, and live performance and entertainment venues, including:

Jester's Comedy Club, Chester

- Aquinas Hall Theatre
- Ann Street Gallery
- Artists in the Parks Galley
- Exposures Gallery
- Orange Hall Gallery and Loft
- Walkill River School, Montgomery
- Downing Film Center, Newburgh
- Ritz Theatre, Newburgh
- Sugar Loaf Performing Arts Center
- Theatre at West Shore Station, Newburgh
- Paramount Theatre, Middletown
- Harness Racing Museum & Hall of Fame, Goshen
- National Purple Heart Hall of Honor, New Windsor
- Orange County's Farmer's Museum, Montgomery
- Orange County Firefighters Museum, Montgomery

Caesars New York will also cross-promote attractions and events with local historic sites, including:

- Carnegie Library
- Chester Railroad Station
- Clove Furnace Historic Site
- Constitution Island
- Dutch Reformed Church
- Hillhold House, Campbell Hall
- Fort Montgomery State Historic Site
- Goshen Historic Track, Goshen
- Goshen Historic Walk, Goshen
- New Windsor Cantonment State Historic Site, New Windsor
- Washington's Headquarters State Historic Site, Newburgh

SOURCES CONSULTED

- Adam Rose and Associates. 1998. *The Regional Economic Impacts of Casino Gambling: Assessment of the Literature and Establishment of a Research Agenda*. Prepared for National Gambling Impact Study Commission. Washington, D.C.
- Arthur Andersen. 1997. *Economic Impacts of Casinos in the United States, Vol. 2: Micro-Study*. Washington, D.C.: American Gaming Association.
- Barrow, Clyde W. 2008f. "The Persistence of Pseudo-Facts in the U.S. Casino Debate: The Case of Massachusetts." *Gaming Law Review and Economics*, Vol. 12, No. 4 (August): 318-36.
- Baxandall, Phineas and Bruce Sacerdote. 2005. *The Casino Gamble in Massachusetts: Full Report and Appendices*. Boston: Rappaport Institute for Greater Boston, Harvard University.
- Cotti, C. 2008. "The Effect of Casinos on Local Labor Markets: A County Level Analysis." *Journal of Gambling Business and Economics*. 2(2): 17-41.
- Eadington, William R. 2005. "Economic Development and the Introduction of Casinos: Myths and Realities." *Economic Development Review* (Fall): 51-54.
- Fenich, George G. 2004. "Evidence Shows Local Restaurants Thrive After Casinos Open Nearby; Study Debunks Long-Held Myths." New Orleans: University of New Orleans (press release).
- Fenich, George G. and Kathryn Hashimoto. 2004. "The Impact of Casino Development on Local Restaurants." New Orleans: University of New Orleans.
- Fenich, George G. and Kathryn Hashimoto. 2003. "Does Casino Development Destroy Local Food and Beverage Operations? Development of Casinos in Mississippi." *Gaming Law Review*, 7 (2): 101-09.
- Fenich, George G. and Kathryn Hashimoto. 2000a. "A Comparison of Local Food and Beverage Operations Before and After Development of Casinos in Mississippi." New Orleans: University of New Orleans.
- Fenich, George G. and Kathryn Hashimoto. 2000b. "Perceptions of Cannibalization: What is the Real Effect of Casinos on Restaurants." New Orleans: University of New Orleans.
- Fenich, George G. and Kathryn Hashimoto. 1997. "The Effect of Casinos on Local Restaurant Business." New Orleans: University of New Orleans.
- Field, Shelly. 2000. *Career Opportunities in Casinos and Casinos Hotels*. New York: Facts on File, Inc.

- Garrett, Thomas A. 2003. *Casino Gambling in America and Its Economic Impacts*. St. Louis: Federal Reserve Bank.
- Gazel, R., W. Thompson, and D. Rickman. 1995. "The Economic Impacts of Native American Gaming in Wisconsin." *Gaming Research and Review Journal*, 2 (2): 43-60.
- Gazel, R. 1998. "The Economic Impacts of Casino Gambling at the State and Local Levels." *Annals of the American Academy of Political Science*. 556: 66-84.
- Goodman, Robert. 1994. *Legalized Gambling as a Strategy for Economic Development*. Amherst, Mass.: Center for Economic Development, University of Massachusetts Amherst.
- Hoенack, Stephen A. and Gary Renz. 1995. *Effects of the Indian-Owned Casinos on Self-Generating Economic Development in Non-Urban Areas of Minnesota*. Plymouth, Minnesota: Stephen A. Hoенack and Associates.
- Innovation Group. 2012 (October). *Impacts of a Casino at Suffolk Downs on Entertainment Venues, the Arts and Cultural Institutions*. New Orleans, LA.
- Leven, C. and D. Phares. 1998. *The Economic Impact of Gaming in Missouri*. St. Louis, MO: Civic Progress.
- National Gambling Impact Study Commission. 1999. *National Gambling Impact Study Commission: Final Report*. Washington, D.C.
- National Opinion Research Center. 1999. *Gambling Impact and Behavior Survey: Report to the National Gambling Impact Study Commission*. Chicago: University of Chicago.
- Przybylski, Michael, Daniel Felsenstein, Daniel Freeman, and Laura Littepage. 1998. "Does Gambling Complement the Tourist Industry? Some Empirical Evidence of Import Substitution and Demand Displacement." *Tourism Economics* 4 (3): 213-31.
- Rephann, Terance J. Margaret Dalton, Anthony Stair, Andrew Isserman. 1997. *Casino Gambling as an Economic Development Strategy*. Cumberland, MD: Allegany County Blue Ribbon Task Force on Gaming.
- Rutgers University. 1998. *Limitations in the Workplace: A Survey & Study of Atlantic City Casinos Final Report to the New Jersey Casino Control Commission*. New Brunswick, NJ: Bureau of Economic Research.
- Siegel, Donald and Gray Anders. 1999. "Public Policy and the Displacement Effects of Casinos: A Case Study of Riverboat Gambling in Missouri." *Journal of Gambling Studies*, Vol. 15, No. 2 (Summer): 105-21.

Stitt, Grant. 2001. *Effects of Casino Gambling on Crime and Quality of Life in New Casino Jurisdictions: Final Report*. Washington, D.C.: U.S. Department of Justice.

Thompson, W.N. and Gazel, R. 1996. *The Monetary Impacts of Riverboat Casino Gambling in Illinois: A Study for the Better Government Association*. Chicago: Better Government Association.

Thyne, M. 2001. "the Importance of Values Research for Nonprofit Organizations: The Motivation-Based Values of Museum Visitors." *International Journal of Nonprofit and Voluntary Sector Marketing* 6(2): 116-30.

UHY Advisors. 2007. *Casino Gaming in Massachusetts: An Economic, Fiscal, & Social Analysis*. Boston: Greater Boston Chamber of Commerce.

Williams, Robert J., Jurgen Rehm, and Rhys M.G. Stevens. 2011. *The Social and Economic Impacts of Gambling*. Final Report Prepared for the Canadian Consortium for Gambling Research.

APPENDIX A: ABOUT THE CONSULTANT

Pyramid Associates, LLC is a registered Massachusetts company (est. 2006) that specializes in gaming market analysis (gravity modeling), industry analysis, economic impact analysis, and behavioral survey research. Recent clients (2010-2013) include gaming companies, Indian tribes, and other entities doing business in California, Connecticut, Florida, Illinois, Maine, Massachusetts, New Hampshire, Nevada, New York, Oregon, Pennsylvania, and Rhode Island.

The company's general manager (and principal investigator for this report) is Dr. Clyde W. Barrow (Ph.D., UCLA, 1984). Dr. Barrow is Chancellor Professor of Public Policy at the University of Massachusetts, Dartmouth and Director of the UMass Dartmouth Center for Policy Analysis. He has been studying the economic, fiscal, and community impacts of casino gaming for the last 18 years. He is project manager for the New England Gaming Research Project, which publishes an annual *New England Casino Gaming Update* and a biennial *New England Gaming Behavior Survey*. His research and expert commentary have been cited in more than 2,100 newspaper articles, including the *Wall Street Journal*, *New York Times*, *Washington Post*, *Christian Science Monitor*, and *USA Today*. He has published articles on expanded gaming in the *Gaming Law Review and Economics*, *Gaming Research and Review Journal*, *Massachusetts Benchmarks: The Quarterly Journal of the Massachusetts Economy*, and *Journal of Travel Research*. He has delivered invited expert testimony to the Connecticut, Illinois, Massachusetts, Michigan, New Hampshire, and Rhode Island state legislatures, as well as other state and federal agencies. He is also a Gaming Specialist for the Gerson Lehrman Group, LLC, where he provides briefings and consultation about the gaming industry to capital management firms, investment banks, venture capital funds, and bond traders.

David R. Borges is Associate Director of the Center for Policy Analysis, where he has been employed for 17 years. Mr. Borges' focus is applied policy research in the areas of program evaluation, survey research, economic impact analysis, workforce development, and gaming studies. Mr. Borges also heads the Center's Division of Polling & Program Evaluation, which specializes in public opinion polling in both quantitative and qualitative forms of program evaluation. The Division works with a wide variety of public and private organizations, including departments and agencies of state and municipal government, non-profit organizations, housing authorities, schools, media outlets, and trade associations.

APPENDIX B: THE ATLANTIC CITY MYTH

Atlantic City is often invoked in casino debates to “prove” the claim that casinos cannibalize or divert consumer spending from existing small businesses, particularly retail food and beverage establishments. Eugene Christiansen makes a persuasive theoretical case for rejecting the cannibalization argument, but in the end the use of anecdotal case studies by casino opponents makes it an empirical (or anecdotal) question for most policymakers.²⁰ The Atlantic City myth has had a long shelf life and it resurfaced in the Massachusetts casino debate despite recent studies that should have sounded the death knell for this pseudo-fact.²¹ The Atlantic City myth seems to originate in a series of stories in the *New York Times*, although it appears that the misinformation printed in the *Times* was given to reporters by the Atlantic City Restaurant and Tavern Association as part of a public relations campaign to win more concessions for its members from the city’s casino hotels.

In July 1994, the *New York Times* ran a lengthy story entitled “Gambling Nation,” which reported that “since the first casino hotels opened there [in Atlantic City] in 1978, 100 of the city’s 250 restaurants closed.”²² A few months later, the Florida Department of Commerce stated its opposition to proposed casino legislation in that state on the grounds that “almost half of Atlantic City’s restaurants closed in 10 years of casino gambling”²³ Shortly thereafter, an editorial in the *Washington Post* opposing casino legislation in Maryland claimed that in Atlantic City “the number of restaurants dropped from 243 in 1977 to 146, largely because tourists spent their dollars in casinos and casino-owned restaurants and gift shops.”²⁴

The following year (1996), newspapers in the mid-Atlantic area published a number of similar stories. The *New York Times* quoted Johan Vroegop—“Atlantic City’s most arrogant chef”—who stated that “when the first casino opened in 1978, the city had 243 restaurants. Now, fewer than 50 non-casino restaurants remain.”²⁵ The *Philadelphia Daily News* also reported that Atlantic City’s casino hotels had “been a disaster for its non-casino restaurants and taverns. Most have gone out of business. Of the 46 restaurants with 10 tables or more that existed in 1976, 17 remain, according to the Atlantic City Restaurant and Tavern Association.”²⁶ Likewise, the *New York Times* again reported

²⁰ Eugene Martin Christiansen, *In Massachusetts Studies Proliferate as Casino Debate Grinds On*, INSIGHT: J. N. AM. GAMBLING INDUSTRY, Mar. 28, 2008, at 1, 6–15.

²¹ George G. Fenich & Kathryn Hashimoto, *The Effect of Casinos on Local Restaurant Business* 13 (1997) (unpublished manuscript). See also Donald Siegel & Gary Anders, *Public Policy and the Displacement Effects of Casinos: A Case Study of Riverboat Gambling in Missouri*, 15 J. GAMBLING STUD. 105–21 (1999); Kathryn Hashimoto & George G. Fenich, *Does Casino Development Destroy Local Food and Beverage Operations?: Development of Casinos in Mississippi*, 7 GAMING L. REV. 101–109 (2003); George G. Fenich & Kathryn Hashimoto, *Perceptions of Cannibalization: What is the Real Effect of Casinos on Restaurants*, 8 GAMING L. REV. 247–59 (2004); Iver Peterson, *After 20 Years, Atlantic City Starts to Reap Casinos’ Benefits*, N.Y. TIMES, Dec. 26, 1995, available at <<http://query.nytimes.com/gst/fullpage.html?res=9C00E3DA1139F930A15751C1A963958260&scp=1&sq=&st=cse>>.

²² Gerri Hirshey, *Gambling Nation*, N.Y. TIMES, July 17, 1994, at A-36.

²³ Sally Deneen, *Florida’s Hoteliers Clash Over Casinos*, HOTEL & MOTEL MGMT. 1-2 Vol. 209, Issue 19 (Nov. 7, 1994).

²⁴ *Casinos in Maryland: The Stakes*, WASH. POST, Feb. 13, 1995, at A-20.

²⁵ Bill Kent, *Atlantic City; Johan’s the Sixth*, N.Y. TIMES, June 23, 1996, available at <<http://query.nytimes.com/gst/fullpage.html?res=9B00EFD71539F930A15755C0A960958260&scp=7&sq=&st=nyt>>.

²⁶ *Play or Fold: Casino-Hotels Overwhelm Atlantic City’s Eateries*, PHILA. DAILY NEWS, Oct. 21, 1996, at 20.

in December 1996 that “the number of non-casino restaurants in Atlantic City has plummeted to barely more than 50, from 279 in 1976.”²⁷

Thus, various iterations of the casinos’ negative impact on Atlantic City’s food and beverage sector had gained widespread currency with the East Coast print media by 1996. However, a crucial turning point occurred when Joseph Faldetta, president of the Atlantic City Restaurant and Tavern Association, gave official testimony to the National Gambling Impact Study Commission at its Atlantic City hearings on Jan. 22, 1998. While reiterating that the restaurant and tavern association was “without question, still in favor of casino gambling in Atlantic City,” Faldetta claimed that “Atlantic City restaurants and taverns experienced staggering declines in the past 19 years of casino gaming.” He went on to state: “The 1978 directory listed 311 taverns and restaurants in Atlantic City. Nineteen years later, there are only 66 remaining, despite the promise that gaming would be good for the city’s own.”²⁸

It is not clear whether Faldetta’s reference to “the directory” was referring to the tavern association’s membership directory, a metropolitan telephone directory, or a city business directory, but it is clear that his statement was not based on any official government data source. Nevertheless, this testimony was highlighted in the National Gambling Impact Study Commission’s *Final Report* to exemplify small business owners’ anecdotal testimony about “the loss of their businesses when casinos came to town.”²⁹ Once ensconced in this official document, Faldetta’s numbers have repeatedly resurfaced in casino debates, not as the inaccurate testimony of a disgruntled tavern owner, but as a “fact” reported by the National Gambling Impact Study Commission.

The National Gambling Impact Study Commission testimony made its way to Massachusetts within a few months, where it quickly became part of the state’s casino debate and a part of the debates in Rhode Island and Maine as well.³⁰ But what are the facts? In part, the facts depend on whether one collects data for Atlantic City, the Atlantic City Metropolitan Statistical Area, or Atlantic County. Given the wide variation in numbers disseminated in the media by casino critics, it rapidly becomes clear that none of the numbers are consistent with any recognized government data collection unit.

Nevertheless, the numbers cited by Faldetta in his testimony seem to be most consistent with *county* level data. Kathryn Hashimoto and George Fenich were the first scholars to test the media claims

²⁷ Bill Kent, *What Has Gambling Wrought? Ask the Man Who Wrote the Rulebook*, N.Y. TIMES, Dec. 15, 1996, available at <<http://query.nytimes.com/gst/fullpage.html?res=9907E5DE173EF936A25751C1A960958260&scp=2&sq=&st=nyt>>.

²⁸ *Meeting*, National Gambling Impact Study Commission, Jan. 22, 1998 (testimony of Joseph Faldetta), available at <<http://govinfo.library.unt.edu/ngisc/meetings/jan2298/jan22p9.html>>.

²⁹ National Gambling Impact Study Commission, *Final Report* 7-5 (1999), available at <<http://govinfo.library.unt.edu/ngisc/reports/5.pdf>>.

³⁰ The Rev. John Mueller claimed that, “In Atlantic City, the number of restaurants declined from 243 in 1977, the year after casinos were legalized, to 146 in 1987.” Rev. John Mueller, *Should Fall River Voters Approve a Wampanoag-Owned, High-Stakes Bingo Hall?*, PROVIDENCE JOURNAL-BULLETIN, May 22, 1998, at C-1; see also John Thorp, *Nevada Offers Facts About Casino Effect*, PROVIDENCE JOURNAL-BULLETIN, Mar. 15, 1999, at B-5, (“The number of independent restaurants in Atlantic City dropped from 48 the year casinos opened to 16 in 1997”). In the 2004 Rhode Island casino debate, it was asserted that “[t]he Atlantic City Restaurant and Tavern Association reports that 78 percent of local restaurants and bars have gone out of business since the first casino opened in Atlantic City[.]” William DeAngelus III, *Casino Would Hurt Twin Oaks*, PROVIDENCE JOURNAL-BULLETIN, June 30, 2004, at B-5.

about Atlantic City by examining data in the U.S. Census Bureau's *County Business Patterns*. Hashimoto and Fenich found that the number of eating and drinking establishments in Atlantic County was actually declining in the years *prior* to the opening of the first casinos. However, this decline was actually reversed after the first casinos opened, when the number of non-casino eating and drinking places increased from 415 in 1978 to 569 in 1994 (+37%) (the year the *New York Times* first reported the Atlantic City pseudo-fact). Similarly, the number of employees in this sector increased from 4,439 in 1978 to 6,624 in 1994 (+50%).³¹ Payroll rose by two and one-half times the rate of employment, which indicates that wages improved in this sector due to competition from the casinos; a fact that explains why state restaurant associations routinely oppose casino legislation. It is not because they will go out of business, but because they will have to offer their employees better wages and benefits. Moreover, in the 11 years since the Hashimoto and Fenich study, the number of non-casino eating and drinking places in Atlantic County has continued to increase to 625 (+9.8%) in 2004 with 9,020 employees (+36%).³²

However, even if one narrows the unit of analysis to Atlantic City, the critics' assertions do not fare any better. According to the most recent U.S. Economic Census (2002), there are actually 145 food service and drinking places in Atlantic City (off-site from casinos) or nearly three times as many as claimed by the skeptics (see table 2). There were also 36 non-casino hotels and motels in a city of only 39,000 residents. If one compares the number of food, beverage, and lodging establishments to comparably sized cities in Massachusetts, Atlantic City seems to have robust local food, beverage, and lodging sectors that are only matched in Massachusetts by the city of Salem and the town of Plymouth, which are also tourist destinations.

Table 5
Atlantic City: Comparison to similar-sized cities & towns in Massachusetts

Town/City	Population	722- Food Svcs. & Drinking Places	721 - Accommodation (non-casino hotels & motels)
Everett	38,037	71	2
Billerica	38,981	68	3
Fitchburg	39,102	85	1
Holyoke	39,838	80	7
Beverly	39,862	98	1
Westfield	40,072	61	3
Salem	40,407	123	6
Plymouth	51,701	121	15
Atlantic City	39,958	172	36

Source: Population: 2000 U.S. Census; Units: Es202 Annual 2006 & B2BYellowpages.com

³¹ George G. Fenich & Kathryn Hashimoto, *The Effect of Casinos on Local Restaurant Business* 13 (1997) (unpublished manuscript, on file with authors). See also Kathryn Hashimoto and George G. Fenich, *Does Casino Development Destroy Local Food and Beverage Operations?: Development of Casinos in Mississippi*, 7 GAMING L. REV. 101–109 (2003); George G. Fenich, & Kathryn Hashimoto, *Perceptions of Cannibalization: What is the Real Effect of Casinos on Restaurants*, 8 GAMING L. REV. 247–59 (2004); Iver Peterson, *After 20 Years, Atlantic City Starts to Reap Casinos' Benefits*, N.Y. TIMES, Dec. 26, 1995, at 1.

³² U.S. CENSUS BUREAU, COUNTY BUSINESS PATTERNS: NEW JERSEY, 2004 387–90 (U.S. Department of Commerce, Economics and Statistics Division, 2006).

For more up-to-date data, the authors compiled a list of all bars, taverns, and restaurants with an Atlantic City address that are currently listed in the B2BYellowpages.com. This data indicates that there are currently 172 (+18.6% since 2002) independent bars, restaurants, and taverns in Atlantic City compared to 60 casino-owned establishments in this sector. Moreover, the variety of establishments is striking, with everything from A Touch of Italy to the Whiskey Grille.

Finally, if one collects data for the Atlantic City Metropolitan Statistical Area, where more than 37,000 of the state's casino employees reside, one finds a similarly robust local food and beverage sector. The New Jersey Department of Labor and Workforce Development reports that there are 11,800 people employed in the Atlantic City Metropolitan Statistical Area's food service and drinking sector, which is up from 8,100 in 2004 (+46%)³³ and the vast majority of these employees (at least 9,000) work at off-site non-casino establishments.³⁴ Not only does one find no evidence of economic diversion or cannibalization, but the local food, beverage, and lodging sectors have continued to grow with the casino industry in New Jersey.

Even though reputable scholarly research had already been published to debunk the Atlantic City myth, these facts were not sufficient to prevent casino critics in Massachusetts from resurrecting the old claim.³⁵ For example, Rep. Daniel Bosley sounded a familiar refrain in a memorandum circulated to members of the Mass. House of Representatives, asserting that: "In Atlantic City, there were 311 bars, restaurants, and taverns in 1978. Today, there are less than 50 left."³⁶ Dennis Bailey, a consultant to Casino Free Mass, told an even more extreme version of the same story; by claiming that "There were over 100 restaurants before slot machines [in Atlantic City], and when the casinos came that dropped to like 12."³⁷

While Atlantic City is a favorite whipping post for casino critics, it is not uncommon in expanding gaming debates to extrapolate this pseudo-fact to the entire casino industry by asserting that comparable "examples of economic diversion are abundant."³⁸ However, Fenich and Hashimoto have analyzed the local and regional impact of land-based, floating riverboat, and dockside casinos (both commercial and Indian) on local food and beverage and retail establishments in 20

³³ N.J. Department of Labor & Workforce Development, Labor Market & Demographic Research, CURRENT EMPLOYMENT STATISTICS (Feb. 2008).

³⁴ The coding system used to collect data on industry employment has a code (722) for food services and drinking places and a separate code for casino hotels (721120). Employment in food services and drink activities at hotels and motels are included in the 722 subsector "only if these services are provided by a separate establishment primarily engaged in providing food and beverage services[.]" EXECUTIVE OFFICE OF THE PRESIDENT, NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM, UNITED STATES, 2002. 858 (Office of Management and Budget, 2003). Otherwise, the employees are classified as casino hotel employees (721120).

³⁵ Even a Harvard University report on the economic impacts of casinos uncritically reproduced Faldetta's testimony as "fact," rather than checking the facts. See Phineas Baxandall & Bruce Sacerdote, *The Casino Gamble in Massachusetts* 5, 37–38 (Rappaport Institute for Greater Boston, Harvard University, Jan. 2005).

³⁶ Memorandum from Rep. Daniel Bosley (D-North Adams), Chair, Joint Committee on Economic Development & Emerging Technologies, to the Mass. House of Representatives, *The Governor's Casino Gambling Proposal: An Exaggeration of State Revenues*, Mar. 11, 2008 [hereinafter, Bosley, *The Governor's Casino Gambling Proposal*].

³⁷ Dennis Bailey quoted in Aimee Dollof, *Slots linked to \$20M in hospitality income*, BANGOR DAILY NEWS, July 31, 2007 at A-01.

³⁸ Bosley, *The Governor's Casino Gambling Proposal*, *supra* note 54.

jurisdictions, including Colorado, Connecticut, Illinois, Indiana, Iowa, Louisiana, Mississippi, Missouri, New Jersey, and South Dakota. Their overall findings are unequivocal about the fact that:

Across the U.S., from mountains to beachfront to the industrial northeast, from small rural towns to large urban areas, the legalization and subsequent development of casino gaming did not drive all the restaurateurs out of business. Casinos did not cause the predicted drop in the number of businesses, nor the drop in people employed, nor the drop in payroll. In fact, they have just the opposite effect. When casinos are developed, all aspects of local food and beverage business increase: the number of establishments increases, the number of people employed increases, and payroll increases at a greater rate than the first two.³⁹

Excerpt from Clyde W. Barrow and Matthew Hirschy, "The Persistence of Pseudo-Facts in the U.S. Casino Debate: The Case of Massachusetts," *Gaming Law Review and Economics*, Vol. 12, No. 4 (2008): 318-36.

³⁹ Fenich & Hashimoto, *The Effect of Casinos on Local Restaurant Business*, *supra* note 49.



Projected Tax Revenue to the State

Please reference a study completed by Nathan Associates assessing the potential economic and fiscal impact of proposed Caesars New York (see Attachment VIII.B.3.a_A1), which provides projections for all estimated State, county and local tax revenue for the first five (5) years of operations on a high-, average- and low-case basis.

Regional Economic Plan Coordination

While Caesars' proposed Gaming Facility is not part of a formal economic plan, Caesars is coordinating its efforts with several state agencies, municipalities and local businesses to stimulate economic activity in Woodbury, Orange County and New York State.

First and most important to the local community, there is an existing traffic problem at Exit 131 on the New York State Thruway and Caesars will commit significant capital to help solve the current issue and mitigate the project's impact. Specifically, Caesars is proposing several improvements that will drastically reduce existing backups that occur during peak periods:

- Dedicated ramp from the toll plaza to Route 17 Southbound, eliminating the current left turn;
- New Route 17 Southbound on and off ramps including the elimination of one signal and the addition through-lane on Route 17 Southbound; and
- Adaptive signaling to coordinate all traffic signals through the corridor in order to reduce wait times.

Second, Caesars will employ approximately 1,500 workers during construction (see Exhibit VIII.C.21) and approximately 3,000 workers during the operation of the Gaming Facility. Using a variety of recruitment efforts—including military job fairs through Caesars' Enlisting Heroes program—Caesars' goal is to identify as many qualified local job candidates as possible. Local hiring is always a priority for Caesars when building in a new community and Caesars has a history of hiring from the local community.

Finally, Caesars will develop the right mix and right sources of goods and services, by leveraging existing local capacity. As part of this process, Caesars will conduct outreach to key stakeholder organizations and solicit proposals with local businesses. Where the capacity to serve Caesars' property is not available, Caesars will partner with small businesses to build that capability.



New York State Subcontractors and Suppliers

Included below is a detailed description of Caesars' plans for use of New York-based suppliers and materials both in the construction and furniture, fixtures and equipment furnishing phase of the project and in the operational phase of the project.

In the construction phase, spend with New York-based subcontractors and suppliers is anticipated to be \$300 million. Annually, Caesars' minimum biddable spend is expected to be approximately \$100 million in 2015; \$175 million in 2016; and \$25 million in 2017. For Furniture Fixtures and Equipment, construction spend with New York-based subcontractors and suppliers is anticipated to be \$7 million. Annually, Caesars' minimum biddable spend is expected to be approximately \$4 million in 2016; and \$3 million in 2017.

In the operational phase, Caesars' is expected to spend a minimum of approximately \$50 million on an ongoing basis with New York State businesses, and possible more depending on the available supply and cost, service and quality issues. Caesars has made commitments to local hiring and sourcing in the MOU with building trades (Exhibit X.B.5.), Host Community Agreement (Exhibit IX.A.1.a.) and Labor Peace Agreement (Exhibit X.B.5.).

Caesars is committed to supplier diversity and has successfully implemented this process across its network. Caesars' spend with diverse contractors has led to amazing personal growth and additional business capacity for them. Caesars is the only company in the casino entertainment industry to receive a perfect score five consecutive times on the Human Rights Campaign (HRC) Corporate Equality Index. The Nevada Minority Business Council inducted Caesars Entertainment into its hall of fame as "Corporation of the Decade," for the company's 15-year dedication to diversity and inclusion. Most recently, Profiles in Diversity Journal conferred its top honor, the "2012 Diversity Leader Award," to Caesars Entertainment for its outstanding diversity communications practices. Caesars Entertainment has a longstanding history of community engagement and social responsibility and was named Business Week's "Most Generous Company in America." Caesars is committed to creating a dynamic and innovative culture where individual growth is not only encouraged, but also rewarded, recognized and celebrated.



Below are two testimonials from long-term partners in the Las Vegas area:

Example A: (Material Recycling Partner, Las Vegas)

"My personal and business experiences with Caesars has exceeded over a span of several years. Over the years, Caesars has been instrumental to the progression of our business and has fostered diversified growth. More importantly, contracting with Caesars has surpassed the typical realm of a business partnership; our contracting relationship has been inclusive of, but not limited to: scholarships, educational/community outreach and beneficial networking events—all of which have expanded our capabilities as a small minority owned business. It is without a doubt that we can wholeheartedly proclaim that our company would not be where it is at today without our partnership with Caesars."

Sophia Salas, Renu Oil of America, Inc.

Office: (702)-263-0078

Cell: (702) 278-8298

Email: sophia@gogreenwithrenuoil.com

Website: gogreenwithrenuoil.com

Example B: (African American and Veteran-owned janitorial company, Las Vegas)

"It has been a wonderful experience working as a vendor for Caesars Entertainment. I am constantly learning new things everyday. This contract has added another level of experience to our resume and is preparing the company for larger contracts in the future. Because of this opportunity, I am happy to have hired 5 full-time employees and looking to hire more as the company continues to grow. Thank you for believing in me and my company and giving Spit Shine the opportunity to succeed."

Wilbur LaSane Jr

Spit Shine LLC

Office: 702-586-7889

Cell: 702-581-5816

Email: wilbur@spitshinelv.com

Web: www.spitshinelv.com

Subcontractors

Caesars' proven approach at construction contracting diversity is structured and executed in four phases. Those include the Concept and Design, Pre-Construction, Construction and Post-Construction phases. These phases are created so that Caesars manages a seamless and sequenced process and engages its local partners such that expectations are well managed and high levels of inclusion in the overall process are facilitated. Construction projects must be well planned and managed because they have specific start and end dates. If critical steps to ensure local and regional opportunities are not executed effectively from start to finish in the process, opportunities for enhanced local construction economic impacts and inclusion may not be optimized and in some circumstances totally lost. The four phases sequentially function as follows:

- Concept and Design Phase – In this phase the project's breadth and scope are defined and potential concepts or design considerations decided. Caesars then identifies and engages its general contractor (GC). The GC's contract language and project management requirements are formalized as related to on site project employment, local and regional sub-contracting, project category breakdown, as well as general and sub-contractor reporting parameters. Initial local and state government construction related interface takes place as necessary during this phase. The project's approach and requirements for any bonding or insurance requirements, project labor agreements, Union Project Agreements, or any Union Memoranda of Understanding is established. Here Caesars will work with the GC and other authorities as necessary to develop its contracting diversity plan of action including M/WBE contracting goals, certification parameters and address resulting union impacts or engagement if any. Both mandatory general contractor and sub-contractor project reporting parameters are developed and agreed upon with the general contractor and licensee. Also, bid and pre-bid parameters are developed in this phase along with a formal outreach strategy and plan of action to make construction contracting opportunities known to local, regional and state construction contractors. These will include specific formal efforts to identify qualified local or regional small, minority and women owned contractors. This includes initial identification and partnering with local chambers of commerce and other small business, minority, or women focused business support organizations.
- Pre-Construction Phase – In this phase, Caesars' focus is to aggressively promote its contracting opportunities to as many local and regional contractors, business support organizations and key influencers as possible. Caesars will establish a D&C section on its website to inform the public of construction opportunities and processes at the project site. Like the Concept and Design Phase, local and state government will be consulted and engaged as necessary to ensure Caesars takes advantage of any local or state government contractor listings as well as specific local or regional M/WBE certification listings. Formal outreach events are scheduled and executed during this phase. Partner organizations and their construction sub-contractor members are targeted for participation in these outreach events. At these outreach events Caesars encourages partnering between sub-contractors and qualified smaller local or regional contractors, communicates bid parameters, bid schedules and pre-bid meetings and process.

During this phase, Caesars ensures requisite posting of bid requests in print media, electronic media and on Caesars' website. Caesars also participates in certain targeted outreach events that might be scheduled and put on independently by local or regional small, minority, or women business support organizations, as well as local government sponsored events. Success comes from both making construction opportunities known and, just as important, how local and regional contractors can specifically take advantage of them.

- Construction Phase – In this phase, Caesars focuses on general project management. This includes mandatory input of project performance data by the GC and sub-contractors. Managing the project and the attendant collection of progress and performance data related to the project allows for formal bi-weekly reports to Caesars and monthly progress reports to local or state government as necessary. During the construction phase continued outreach efforts will take place for specific category sub-contractor work. Pre-bid conferences and bid sessions will be held as necessary to facilitate contracting opportunities during the construction phase. The GC will manage all project inquiries or complaints from sub-contractors and will report those weekly to Caesars. The key success factors here are effective execution and communication.
- Post-Construction Phase – The GC will format, package and provide a report of project efforts and successes to Caesars. This includes reporting on the local or regional small businesses that participated in the project and women or minority contractors as well. Here the GC will identify the opportunities created, identify where they have significantly assisted any small local, minority, or women owned business in increasing their capacity for new growth through their experience on the project. Caesars and the GC will engage local or state government as necessary to review project accomplishments and respond to inquiries.

Completing this four phased construction project management approach allows us to aggressively engage and partner with local and regional contractors, business support organizations, local or state government and the general public to push for economic inclusion positively impacting the Village of Woodbury and Orange County citizens. Caesars has driven stellar outcomes using this approach in its most recent new casino construction projects.

Suppliers

Phase I: Alignment (18-24 months pre-opening)

A. Research

Prior to developing a project, Caesars researches various geographical areas in order to find an ideal location for one of its branded casinos. Aside from the typical need to identify a location within a metropolitan area that is easy to access for a variety of current and potential customers, Caesars also begins the process of getting to know the culture and community of the proposed location.

Initially, Caesars gathers easily accessible research on key demographic indicators to understand some of the key social and economic factors that make up the community. Such factors include the following:

Social aspects

- Household Type/Size
- Educational Attainment
- Veteran Status
- Place of Birth
- Languages Spoken at Home
- Ancestry
- Residence over time

Economic Aspects

- Employment Status
- Commuting to Work
- Occupation
- Household Income & Benefit
- Industries
- Class of Worker

Caesars uses this information to get an initial feel for a proposed development and to directionally know which traditional local chapters of community organizations to look for and what might be unique to the area. For example, understanding ethnic minority, gender and veteran demographics within the region, as well as the ancestral heritage of a region, helps to define cultural and other support organizations that potentially hold high levels of importance to the well-being of the community. These might require additional support through either or the combination of the procurement of goods and services, donation of volunteer hours or community reinvestment of funds. These basic understandings cannot be overlooked when investing in a region.

Caesars needs to understand the local or regional restaurants that would be successful, local and regional entertainment that would draw guests and the local entertainers or businesses, especially small businesses that have been successfully providing these services for years. Additionally, Caesars looks at data to paint a very high level picture of some of the macro development trends as it pushes to develop emerging small minority and women owned businesses.

B. Connecting – Early Introductions

Caesars begins its search both formally and informally through its development partners, government liaisons and local business leaders for organizations that support the needs of the various micro/macro business communities. Many local community partners are identified during the pre-construction phase where initial observations determine the availability of capable minority, women, local and veteran businesses. In this alignment phase, Caesars casts a much wider net to the entire business community to find small local businesses that can service its casino operation's ongoing need for goods and services.



C. Code of Commitment & Commitment to Supplier Diversity

Caesars' guiding force behind early stages of alignment is its Code of Commitment and Supplier Diversity Mission Statement (see attached VIII.B.6._A1 and VIII.B.6_A2). Caesars' Code of Commitment is the governing force on how the company does business. It is Caesars' public pledge to its guests, employees, communities and environment that it will be a good steward with the trust that is placed in the company. To Caesars' guests, it is the pledge to promote responsible gaming; to Caesars' employees, it is the promise to treat them with respect and provide opportunities to build satisfying careers; to Caesars' communities, it is the promise to make them vibrant places to live and work and to market responsibly; and to the environment, it is Caesars' commitment to invest in sustainable practices.

D. Supplier Diversity

Supplier diversity will serve as a catalyst to measurably expand Caesars' economic development impact in every community where it operates in concert with Caesars' Code of Commitment.

Caesars will promote economic inclusion across a diverse base of potential vendors. Caesars will develop strategic collaborative efforts with its national and local product and service providers to leverage business opportunities for best in class M/W/DBE's through the strategic sourcing process. Caesars' mission is to utilize its unique approach to diversity and inclusion to further business outcomes.

E. Creating Partnerships

During this final state of the alignment phase, Caesars will create informal relationships with a number of local partners, ranging from the local Chambers of Commerce to regional ethnic, women and veteran affinity groups. These targeted local community groups, ranging in number from 15-20 high level leadership organizations, create strategic long term relationships with Caesars leadership teams.

The leadership teams most relevant are as follows:

Supplier Diversity Team - Caesars Supplier Diversity Team reports directly to the Chief Procurement Officer and has a dotted line to the Office of Diversity and Inclusion. Supplier Diversity is integrated into the Sourcing process.

New Property Integration Teams - This team is specifically assigned to procure all the goods and services needed to launch a new property. From procuring the furniture to the armored cars, this team lays out the framework the future sourcing team will manage on a daily basis

Property Management - The team is made up of the Casino General Manager (GM), Assistant General Manager, Vice President of Finance, Food and Beverage, Human Resources and Marketing. Up until about six months before opening, the leadership role will lie largely on the shoulders of the GM.

Development/Design & Construction - the Corporate Development team is responsible for creating the partnerships with the local General Contractors, government relations consultants (in partnership with Diversity and Inclusion team) and the procuring of items used in the D&C phase.

All of these leadership teams look to create partnerships so that Caesars as a whole becomes familiar with the more well-known emerging local minority, women, veteran and small businesses in the area. Caesars' team becomes aligned with the direction of the current community development programs, from mentor-protégé relationships to getting to know the various local financial offerings to small businesses. At this point Caesars' trusted liaison in collaboration with its property GM will reach out to several of the larger organizations leadership through a series of informal meetings.

Phase II: Inform (12 - 14 Months Pre Opening)

A. Overview – General Information

After the alignment phase, Caesars' leadership teams actively partner with community organizations to inform the new area about the upcoming project. To recap, there will have been some prior conversations about the project that was targeted towards the construction community. In addition to the information about size of project and projection around construction related jobs, these conversations will truly introduce the local community to Caesars and its development partners. The Caesars Leadership Teams will set up a series of media events to explain the overall details of the project in Town Hall forums.

Key Information will be conveyed, including:

- Exact location of the project
- Overview of the project (i.e. hotel/casino/restaurant experiences/parking)
- Overview of Caesars and its partners
- Overall expected investment
- Anticipated employees (types of jobs)
- Opportunities for local businesses
- Types of goods and services needed
- Impact on transportation
- Expected economic impact in the region
- Caesars Code of Commitment
- Caesars Total Rewards network and affiliated casinos

B. Partnering

Next, Caesars' Supplier Diversity Team will lead a series of conversations and meetings with local community organizations targeted towards supporting the business community. The New Property Integration and Property Management Teams will be present at these meetings to connect with the leaders of those groups who may assist in recommendations for personnel, for MWVBE business and the like.

At this point, Caesars' Property Management team, led by the GM, as well as its Supplier Diversity and Property Integration Team will conduct initial outreach events to inform the community as a whole. The leaders of these organizations will now have some relationship with the Property Leadership due to the interaction both in the development phase of the project as well as the initial information meetings to the community at large.

C. Communicating Strategy

Typically one to two roundtable meetings will be held with the leaders of all of the defined community organizations to review the proposed strategy for supplier diversity as it relates to the sourcing process. At that time, the national sourcing team leaders, including the Director of Supplier Diversity, the Regional Sourcing Director and members of Caesars' Office of Diversity and Inclusion such as the Chief Diversity Officer, will give an overview of the outreach and sourcing next steps and the assistance needed by the individual organizations to lead to success.

These initial Supplier Diversity and Vendor Outreach session roundtables will communicate Caesars approach to its local partners. This meeting or meetings discuss how Caesars approaches:

- Conducting "How to do Business With Caesars Sessions";
- Communicating upcoming business category sessions and Requests for Proposal (RFP) opportunities;
- Types of external events Caesars will participate in; and
- Tracking process to ensure the inclusion of diverse businesses.

Phase III: Category Outreach (6-12 Months Pre Opening)

A. Pillars of Economic Inclusion

Caesars' outreach is part of a culture of economic inclusion. Caesars' Supplier Diversity Program is made up of five pillars: (1) Clear Policies and Roles, (2) Tools and Resources, (3) Measuring Success, (4) External Engagement and (5) Executive Leadership. Caesars' external engagement is not limited to large national conferences, but is indeed most relevant in local communities where Caesars invests in small businesses that are able to grow and continue to build up the economy surrounding its locale.

Local Outreach

Following the Supplier Diversity and Vendor Outreach roundtables in the Inform Phase, key partner organizations will often send the save the dates and other information for General Information Sessions as well as for the individual category sessions to their entire membership.

B. General Information Sessions

The purpose of the General Information Session is to let the business community know about the new Caesars projects and how they can be involved. During the General Information Session, the Caesars Supplier Diversity Team, Property Integration Team and Property Management will present on the sourcing strategy while disseminating handouts that explain how local small, minority, women and veteran business enterprises can become vendors to the casino. The handouts include links to the registration portal for the local development project. The Supplier Diversity Leadership team will work with community leaders to define a list of potential locations to hold future category outreach events.

These initial "How to Do Business" Sessions cover the following areas:

- Key vendor requirements;
- Considerations for the national RFP;
- Next steps for potential vendors; and
- The steps in the sourcing process.

These sessions are the perfect opportunity for vendors to ask about specific gaming requirements, certification and terms in Caesars' RFPs.

C. Category Outreach Sessions (Vendor Fairs)

Following the General Information Sessions, Caesars will plan the following four category outreach events based on the national sourcing categories: Directs, Indirects, Facilities and Marketing.

- *Directs* - Food & Beverage, Hospitality Items, Disposables, Liquor & Beer, Ethnic Foods Items, Smallwares;

- *Indirects* - Professional Services, IT, Staffing, Human Resource firms, Finance related vendors, Gaming equipment, online services;
- *Facilities* - Elevators, Pest Control, Janitorial, Waste, Grease Trap Cleaning, Large Equipment distributors; and
- *Marketing* - Print, Direct Mail, Agency Spend, Promotional Products, Retail, Sundries.

The overall Caesars New Property Integration Team and Supplier Diversity Team will continue to work with Caesars' internal national sourcing category leaders to identify dates to hold the Category Outreach events. The information about the dates, times and locations for the Category Events will be communicated online via the Caesars new development property website. The website also contains the Frequently Asked Questions (FAQ), Supplier Questionnaire and list of contacts.

The Category Outreach events consist of the New Property Integration team, a Supplier Diversity representative, a few members of the Property's Operations Management team as well member of the National Corporate Sourcing Team responsible for the category in question. Outreach events are open to the entire business community. Typically, each category has two outreach events, one in the evening for Minority/Women/Small Business and Veteran Owned Businesses. Caesars does this to allow these typically smaller businesses the opportunity to fully participate. Due to their smaller staffs, leaving to participate in an outreach event during the workday may be extremely difficult, impossible, or hugely negative to the business. Caesars engages Larger Majority and/or Public firms in events the following morning as they are less negatively impacted by attending workday events. The events are generally held at a couple different locations near the casino site. Attendees are given multiple pre-event notices and strongly encouraged to RSVP for the events using an online portal.

The Outreach activities are set up in the following manner:

- Initially, a brief introduction of the team will be given to the group to explain meeting purpose and intended outcomes;
- Provide a top level overview of the sourcing process; and
- Individual local small, medium and large firms make face-to-face introductions to Caesars' sourcing professionals and offer an "elevator pitch on why Caesars should procure particular goods/services from that provider.

The rationale behind the category outreach events is twofold. One, it schedules a specific period of time for the internal sourcing team to visit the new property or market to create quick meaningful introductions that would have otherwise been lost in email-translation. Two, it allows for small businesses in the same category to network. Occasionally these Caesars generated interactions have been known to foster creation of new and lucrative joint ventures in the area. This is especially so given Caesars' "mini roundtable" set up where vendors are encouraged to listen to various firms in their category introduce their businesses. These active joint ventures increase the capacity of these firms to accommodate much larger capacity RFP opportunities.



A registration list is kept for each of their events. These lists are later used in the tracking of Caesars success.

D. Training

In addition to the targeted outreach event, Caesars will hold a number of online and in-person training sessions to assist first time users of its purchasing software, Ariba. Caesars formally utilizes Ariba software for sourcing events, contracting processes and day to day purchasing (PO) applications. Caesars' training educates the local community on how to become part of the Ariba system and gain exposure to purchasing opportunities from a network of leading regional, national and international corporations. It also walks participants through the supplier information management tool and various Ariba screenshots of what an online RFP might look like. This is a Caesars signature effort and extremely effective at increasing the capacity of local and regional small businesses to participate in otherwise unknown potential business opportunities.

All training opportunities will be posted on the property website.

E. Community Partner Outreach & Local Networking Events

In addition to the calendar of Caesars-run outreach events, its supplier diversity team will be committed to attending the local community partner events in order to promote local sourcing and further networking with New York State subcontractors and suppliers. The community advisory board along with the list of partner organization generated during the end of the Inform phase will be asked for a listing of regional and local events that Caesars might support. These types of events might include: holiday galas, annual awards dinners, chamber luncheons, council breakfast meetings, golf tournaments sponsored by a local diverse business advocacy group and opportunity fairs and vendor fairs.

Caesars actively seeks the opportunity to engage, speak and participate in local community events during its outreach phase. Ideal opportunities include the chance to give remarks at a breakfast, host a meeting focused on the new development project and/or participate in a vendor fair.

F. Tracking Participation

The Supplier Diversity team along with the support of the New Property Integration team and Property Leadership tracks participants and associated businesses attending the general information sessions, the category sessions and training sessions.

Caesars will also collect information as to where participants might have heard about an event in order to track it back to the source. Caesars internally reports out on the number of MWSBE businesses that were in attendance at each of the events to assess its outreach effectiveness and penetration within its targeted category areas.



In addition to tracking attendance for each of the events, Caesars will direct all interested parties to register on the regional website. When bids are created for the category area, sourcing team members can refer to that location. All future sourcing and company participation will only come from the property website.

Attachment VIII.B.6_A1

Our Code of Commitment

The **Caesars Code of Commitment** governs the conduct of our business. It's a public pledge to our employees, guests, communities, and the environment to honor the trust they have placed in us.

A COMMITMENT TO ALL OUR EMPLOYEES TO TREAT THEM WITH RESPECT

AND PROVIDE SATISFYING CAREER OPPORTUNITIES:

- We invest in our employees by providing excellent pay and valuable benefits, including health insurance and a retirement plan. And we share our financial success through bonuses for frontline employees.
- We encourage professional and personal growth through tuition reimbursement, on-the-job training, career development, and promotion from within.
- We actively seek and respond to employee opinions on all aspects of their jobs, from the quality of their supervisors to the quality of our casinos.
- We value employees from every possible background, and who approach issues and problems from different perspectives.

A COMMITMENT TO ALL OUR GUESTS TO PROMOTE RESPONSIBLE GAMING:

- We do not cash payroll, welfare, or unemployment checks.
- We have a process to deny casino play privileges and access to credit, check-cashing, and casino promotions.
- We display toll-free helpline numbers for problem gambling in our ads, brochures, and signs, and we provide financial support for those helplines.
- We train our employees about the importance of responsible gaming, and how to offer help to customers who may need it.
- We emphasize to our employees that casino gaming is an adults-only activity, and require them to be vigilant in preventing individuals under the legal age from playing at our casinos.
- We restrict the placement and content of our advertising and marketing materials to age-appropriate venues and messages.

A COMMITMENT TO ALL OUR COMMUNITIES TO HELP MAKE THEM HEALTHY AND VIBRANT PLACES TO LIVE AND WORK:

- We conduct our business with honesty and integrity, and act in accordance with the highest ethical and legal standards.
- We share our financial success with our communities by donating a portion of company profits to community and charitable causes.
- We encourage our employees to volunteer in community and charitable causes.
- We value the diversity and vitality of the communities in which we operate, and are committed to supporting a wide range of local businesses, charitable organizations, and community groups.

A COMMITMENT TO RESPONSIBLE STEWARDSHIP OF THE ENVIRONMENT:

- We invest in sustainable practices that increase energy efficiency and water conservation.
- We commit ourselves to measurable reductions in greenhouse gas emissions.
- We promote recycling and waste reduction at all our properties.

Attachment VIII.B.6_A2

CAESARS ENTERTAINMENT®

OUR MISSION

We inspire grown-ups to play

OUR VISION

Create memorable experiences,
personalize rewards and delight
every guest, every team member,
every time



CAESARS CODE
OF COMMITMENT
IT'S WHO WE ARE

OUR VALUES

INTEGRITY

Do what's right, no matter what

SERVICE WITH PASSION

Take pride in everything you do

CELEBRATING SUCCESS

Work hard and celebrate successes both
large and small

DIVERSITY

Embrace what makes us unique to inspire
innovation and win together

CARING CULTURE

Create a caring culture so every team
member can have fun and be at his or her
personal and professional best

RIGOR

Find lessons in every outcome to drive
extraordinary experiences



Employees

Tables for Total Employees/ Pay Rates/ In-Region and In-State Employees

Caesars New York will employ approximately 3,000 individuals, including positions in gaming operations, non-gaming operations, food and beverage, hotel and general and administrative areas. Average compensation, including salary, wages and benefits, will be approximately \$50,000.

Caesars offers rewarding careers with excellent benefits and long-term access to the broader Caesars network. Caesars has a long history of providing robust benefits to its employees. These include quarterly bonus programs for increased customer service scores and medical, dental and vision insurance. Caesars' Wellness Rewards program has successfully kept employee medical premiums low and reduced chronic conditions among employees, as well as providing on-site biometric screenings and access to a nurse.

The average salary will vary by area and classification. The following is the average compensation by category for permanent employees, with a more detailed view by functional area for low-, average-, and high-case scenarios in the attachment Caesars New York Pay Rates (VIII.B.7.a_A1):

REDACTED

Caesars will seek a diverse pool of candidates and will pay for job training. Caesars will attempt to hire from the Woodbury-Harriman area. Specifically, Caesars has agreed to use commercially reasonable best efforts to secure 5% of employees from Woodbury. Typically Caesars employees live within the following ranges of the property:

- 54% within 10 miles;
- 82% within 20 miles;
- 92% within 30 miles; and
- 80% within the state.

Included attachment:

- VIII.B.7.a_A1 Caesars New York Pay Rates

Attachment VIII.B.7.a_A1



Employees

Commitment to Hire Minimum Number of Employees

Caesars operates 53 properties on five continents and employs nearly 70,000 people. Caesars New York projects hiring approximately 3,000 permanent employees, including positions in gaming operations, non-gaming operations, food and beverage, hotel, general and administrative areas. Caesars will hire a minimum of 2,200 employees by the opening of its Gaming Facility in New York. Caesars will also provide, via its General Contractor and numerous Sub-Contractor agreements, 1,500 construction jobs with a high ratio of New York residents, creating benefit and value for Woodbury and Orange County. Caesars is committed to hiring local and regional talent most qualified to deliver outstanding results and customer service.

Caesars has a long history of providing robust benefits to its employees. These include benefits such as quarterly bonus programs for increased customer service scores as well as medical, dental and vision insurance. Caesars' Wellness Rewards program has successfully kept employee medical premiums low and reduced chronic conditions among employees, as well as providing on-site biometric screenings and access to a nurse. This wellness program has given Caesars' employees a key role in managing their own health while significantly reducing their individual health costs. Average compensation, including salary, wages, tips and benefits, will be REDAC (Average salary will vary by area and classification, please see exhibit VIII. B.7.a.) According to the United States Census Bureau data on Orange County, the "per capita money income in the past 12 months (2012)" is REDAC in Orange County and REDA in New York. Caesars New York's average compensation is RED above the income per capita in Orange Country and RE above the income per capita in New York.

REDACTED

REDACTED

REDACTED



REDACTED

REDACTED



REDACTED

REDACTED

Attachment VIII.B.7.b_A1

External Recognition & Validation



FORTUNE



External Recognition & Validation

Award/ Recognition	Awarding Publication/Organization	Person/Department/Practice Recognized
"Man or Woman of the Year"	The Gay and Lesbian Community Center of Southern Nevada	Jan Jones (1999) Thom Reilly (2000) Michael Weaver (2010) Gwen Migita (2010)
"Corporation of the Year"	The Gay and Lesbian Community Center of Southern Nevada	Caesars Entertainment
Corporation of the Year Award	The Latin Chamber of Commerce	Caesars Entertainment
President's Award - Executive of the Year	Urban Chamber of Commerce	Fred Keeton
Top Corporation for Asian Americans Asian Enterprise	Asian Enterprise	Caesars Entertainment
Annual Corporate Award	NAACP	Caesars Entertainment
Community Partner Award	UNLV CAEO	Caesars Entertainment
Small Business Advocate of the Year	Asian Enterprise	Fred Keeton
Corporate Equality Index Award, 7 Years Running	Human Rights Campaign	Caesars Entertainment
"16th National Annual Asian Entrepreneur of the Year"	Asian Enterprise	Caesars Entertainment
"Special Advocate Award"	Asian Enterprise	Fred Keeton
Corporate Advocate of the Year Award	Asian Enterprise	Caesars Entertainment
Top Corporation for Asian Pacific Americans	Asian Enterprise	Caesars Entertainment
Corporate Equality Index Award	Human Rights Campaign	Caesars Entertainment
"Corporation of the Year"	Los Angeles Gay and Lesbian Center	Caesars Entertainment
"Award of Excellence"	Profiles in Diversity Journal	Caesars Entertainment
"Community Service Award"	The Latin Chamber of Commerce	Tony Gladney



Competitive Environment

Current Competitive Environment

Today, the New York gaming market is underserved. Demand from New Yorkers has grown (New York gross gaming revenue by 43.1% to \$1.8B in 2012) and today represents \$2.03B of potential revenue, but supply has remained relatively constant.

The most notable existing casino operators, Aqueduct and Yonkers, are located in close proximity to New York City, but provide a limited range of experiences (e.g., they offer video lottery terminals and video table games like roulette with no live dealers). Outside of New York, Mohegan Sun, Foxwoods and the Atlantic City markets, among others, continue to attract New York business, although the demand is somewhat lessened by the distance to be traveled.

Caesars has developed a significant database of loyal New York customers. In the last two years, REDACTE New York State residents have visited a Caesars casino and REDACT of these guests reside within 200 miles of the proposed facility. Each property in the Caesars network is fully integrated into the award-winning Total Rewards program, the largest and most successful loyalty program in the industry.

Evolution of Competitive Environment over the Next 10 Years

Over the next 10 years, Caesars expects that casino entertainment will be introduced into more and more jurisdictions around the U.S. While it is unlikely to be adopted in every state, casino entertainment will become significantly more pervasive in the next 5-10 years.

Given the rapidity of expansion of “supply” in the casino entertainment space, it is unlikely that demand will expand commensurately in the same time period. The implication is that, at least in the coming 5-10 years, competitive pressures for share of the gaming market will be heightened.

Therefore Caesars believes that it is critical for new markets to select partners and operators who can differentiate their locations from not only existing, but also anticipated future competitors. Differentiation may arise from structural characteristics such as site selection (e.g., a major destination with established transit hubs vs. suburbs that rely on other forms of transportation), but must also consider other sources of sustainable advantage: brand awareness and reputation, sophistication and skill in loyalty marketing, access to world-class entertainment offerings (spanning hospitality, nightlife, performers, celebrity chefs, etc.).

Caesars is one of the undisputed leaders in both land-based and online gaming and the Total Rewards program is fully integrated with every casino resort as well as with Caesars’ online “properties” such as WSOP.com. This strategy enables Total Rewards members to earn rewards online (e.g., in New Jersey) and redeem them at Caesars’ land-based casinos (e.g., in Orange County, New York). The online-offline integration of Total Rewards program is one of



Caesars' unique strategic advantages that will serve each of its properties as online gaming gains traction in the coming years.

Plans to Succeed in the Gaming Environment

New York has a rich history, having made several unique contributions to the story of America. As the financial capital of the United States, it is a cultural center for the arts, including Metropolitan Museum of Art, Museum of Modern Art, American Museum of Natural History, Solomon R. Guggenheim Museum as well as Intrepid Sea, Air & Space Museum, Whitney Museum of American Art, Frick Collection and Brooklyn Museum. And of course, the New York metropolitan Area welcomes more international visitors from all over the world than any other city in North America.

In addition to the natural draw of New York, Caesars brings a broad set of unique capabilities to the partnership, including a network of 53 properties, the iconic Caesars brand, a broad range of proprietary communication channels, a host of world-class entertainers and celebrity chefs and unmatched analytical marketing capabilities.

As the original pioneer of loyalty marketing in the casino entertainment industry, Caesars boasts the largest, most successful loyalty program, Total Rewards. The Total Rewards program ties together every element of Caesars' casino entertainment offering, including gaming, hospitality, nightlife, entertainment, spas, golf, skiing, dining and retail shopping at every Caesars casino and resort. The program has a long history of industry-firsts, creating new ways to recognize and reward its members. As a result, Total Rewards is consistently rated the most preferred loyalty program among its members, with **RED** of Total Rewards members citing it as their program of choice. By contrast, no other casino operator currently bidding in New York has more than **RED** of its members citing its loyalty program as their program of choice. **REDACTED** program is the preferred program for just **RE** of its members; **REDREDACT** program for just **RED REDAC** for just **RED REDACTED** for just **RB** ; and so on.

Amplifying the Total Rewards advantage is Caesars' distribution network. In North America alone, Caesars has 39 properties in 25 cities, including "destination" markets like Las Vegas, New Orleans, Chicago and Lake Tahoe and also "frequency" markets catering primarily to locals who live within 200 miles of the casino (e.g., Kansas City, Missouri and Council Bluffs, Iowa). Since Total Rewards ties together all Caesars properties, Total Rewards members develop strong relationships with their "home" property and then make use of their tier status and rewards when they make special trips to Caesars' "destination" markets. Caesars New York will become a destination resort in the network, allowing Caesars New York to "import" business that is local to other jurisdictions. The national footprint enables Caesars to develop meaningful relationships with a larger base of customers than any other casino company. When visiting destination markets, Total Rewards customers have a 22% premium in gaming revenue per unit over its competition in destination and regional markets in which it operates.



Caesars New York will be one of the most attractive destinations for its Total Rewards members. Not only will the property benefit from the iconic Caesars brand, but Caesars New York's appeal will be amplified by the natural magnetism of New York. Caesars' relationships with world-class entertainers such as Celine Dion, Jerry Seinfeld, Elton John and Britney Spears can be leveraged to heighten interest in Caesars New York. Caesars' celebrity chefs such as Nobu, Gordon Ramsay, Giada de Laurentiis, Guy Fieri and Bobby Flay will add a culinary appeal.

Within the industry, Caesars is best known for its unmatched analytical marketing capabilities. Caesars' continued dedication to the art and science of loyalty marketing was recently recognized by Colloquy, one of the world's leading authorities on loyalty marketing across all industries. In both 2012 and 2013, Caesars was awarded Colloquy's highest honor, the Master of Enterprise Loyalty award. Caesars is the first company to ever win the award more than once.

Plan to Limit Adverse Impacts

Caesars New York will catalyze the broad perception of New York as a center for casino entertainment, building on New York's well-established "hub" status for entertainment. The Caesars brand name—and the Caesars property itself—will attract leisure travelers from all of the U.S., Asia, Europe and the rest of the world by bringing Las Vegas-style entertainment options to New York State.

This perception will help to quickly "grow the pie" for gaming within New York by promoting trial of casino entertainment both in and beyond the New York metropolitan area. Caesars New York's co-location with Woodbury Common will help to expand the appeal of the outlet mall, which already attracts customers from all over tri-state area and international visitors. The two offerings will together stimulate trial (of casino entertainment) among a significant volume of new customers. Caesars knows from experience that trial among new-to-category customers is strongest for those living within 200 miles of the property. This includes not only New York City's five boroughs, but also a broad range of cities and suburbs in New York, New Jersey, Connecticut and Pennsylvania.

Caesars expects that other gaming establishments in New York will indirectly benefit from the attention and preference created by Caesars in Orange County. In effect, Caesars will increase the level of overall demand for casino entertainment and other casinos will more easily be able to establish relationships with customers who are new to the category.

In addition, Caesars' loyal database of 45 million Total Rewards members will plan incremental trips to New York State driving tourism. Beneficiaries of this influx of loyal entertainment-seekers will not be limited to Caesars New York. Many of Caesars' members will explore other gaming establishments during their trips and will also patronize local businesses. For example, Harrah's New Orleans has spent more than \$95 million with dozens of local partner hotels and in excess of \$45 million with scores of local restaurants and attractions over the last ten years. Total Rewards members enjoy world-class dining experiences, seek out retail shopping opportunities and other forms of entertainment. They would certainly embrace a wide range of these in their trips to New York.



Lastly, Caesars also partners with its host- and surrounding communities to augment the offerings provided at the casino. By integrating a select number of local restaurants, retailers, golf courses and other attractions into Total Rewards, Caesars will provide New York State businesses with customers and additional commerce. Caesars New York will send its customers to restaurants, venues, shops and other local establishments that it has partnered with and will fund “complimentaries” that can be spent at these outlets in the host community and beyond (e.g., New York City). This enables Caesars to provide even greater value to its customers while celebrating the diversity of options available in the area and supporting local businesses.

Marketing Plans

Target Market

The iconic Caesars brand defines the height of leisure luxury in Las Vegas and through this project Caesars will create a parallel set of experiences that is easily accessible to visitors and residents of New York. Caesars New York will transport the service and hospitality of Caesars Palace from Las Vegas to Orange County, where it will be re-expressed in the context of beautiful New York State. The resort will offer the very best in leisure entertainment, as well as the excitement of the world's best gaming experiences – a perfect escape from the hustle and bustle of the Northeast Corridor.

While Caesars New York is designed to excite and captivate the imagination of entertainment-seekers broadly, the project has specific target consumers in mind that will be expressly addressed through design features and programming.

- **Local and regional Total Rewards members.** Total Rewards is the original loyalty program in the casino entertainment industry, responsible for a wide range of “firsts” including a multi-tier structure, portable comps across trips and properties, rewarding hospitality (“non-gaming”) spend, integration with third party partners in the community, etc. Boasting 45 million members, Total Rewards is easily the largest program in the United States and **RE** of Total Rewards members indicate that it is their preferred casino entertainment program. For this reason Total Rewards casinos enjoy a consistent premium in share of wallet in every market that they operate, ranging from **REDA** for Caesars Palace in Las Vegas to +58% for Horseshoe in Bossier City and +20% for Harrah’s in Atlantic City. Even without active marketing, the opening of a new Caesars-branded property would naturally increase the frequency of visitation among customers in the area. Targeted marketing campaigns will cultivate and expand the natural demand from the 10 million existing Total Rewards members that live within 200 miles of the proposed site.
- **National and global Total Rewards members.** Caesars has a long and distinguished history of driving trips—often including air travel—among its loyal Total Rewards members. This is done in a number of ways. First and foremost, the Total Rewards program enables deep marketing analytics that in turn are used to develop personalized offers and communications to attract the most valuable customers from across the country and around the globe. In addition to Caesars’ world-renowned analytical marketing techniques, Caesars also uses special events and promotions to stimulate cross-market visitation in destination markets. For example, in 2011 and 2012 Caesars ran a three-month national promotion called the Great Race to Rewards, through which members were provided incentives to explore the Total Rewards network of casinos. In the first year over **REDA** customers visited three or more markets to qualify for prizes. Across the two years that the promotion ran, Caesars earned an incremental **REDACT** of profits that could be directly attributable to the promotion. Lastly, Caesars makes aggressive use of its proprietary marketing

channels (including direct mail, email, the website, mobile application, quarterly Total Rewards magazine, electronic Total Rewards statements, etc.) to promote its destination markets and newest properties. Together, the Total Rewards network and the Caesars brand are unmatched in their ability to motivate special trips across the country and around the globe.

- **Known VIPs and VVIPs.** Known VVIP customers, regardless of where they live, will be invited to visit Caesars New York for its opening celebration. Special events will be planned to ensure that Caesars' very best customers have many opportunities to discover and indulge in the unique experiences offered through the newest Caesars resort. Caesars has opened a new casino over each of the last two years: Horseshoe Cleveland in 2012 and Horseshoe Cincinnati in 2013. VIP engagement strategies have been refined based on learnings arising from each of these openings and will now be applied to the upcoming opening (this fall) of the Horseshoe Baltimore. Caesars invests heavily in the community-building so that the new casino opening is a shared initiative spanning a wide range of affected stakeholders in the surrounding communities and to ensure that the benefits of increased tourism are also shared not only by the casino but also by stakeholders in the surrounding communities as well.
- **Local and regional prospects.** The opening of the Caesars New York property will also represent a significant event for entertainment-seekers throughout the East Coast and the Mid-Atlantic region, notably New York, New Jersey, Connecticut and Pennsylvania. Advertising and promotional activities will be used to build excitement and promote trial among these populations, including not only prospects who enjoy gambling, but also those who are seeking a luxury hospitality experience. Both VIP and mass market patrons will enjoy state-of-the-art games offered in an elegant casino environment, along with a wide range of other entertainment options. It should be noted that in the first five weeks of operations, 50% of visitation to Horseshoe Cincinnati came from new Total Rewards members. Caesars New York can expect new Total Rewards members to drive visitation to the new property.
- **International prospects.** Caesars is rapidly expanding marketing efforts around the globe, including support of Caesars International (in Europe and Africa) and the newly awarded preliminary license to build a Caesars property in South Korea. Due to the strength of the Caesars brand all over the world, international marketing efforts will emphasize Caesars-branded properties in North America. As one of the most visited destinations in the world, New York would be one of the most prominently-featured locations in the Caesars network.
- **Visitors to the NY metropolitan area.** Woodbury is approximately an hour from Manhattan, accessible by car, by train, by bus and by helicopter. Caesars New York, combined with the existing allure of the Woodbury Common outlet mall, will entice visitors to the Big Apple to extend their stay and experience a broader range of the experiences available to them in New York State. Advertising and transportation



packages will be used to promote visitation by those in the New York metropolitan area.

- **Visitors to Northeast.** Caesars New York will become one of the must-visit destinations in the whole of the Northeast. It will combine the very best in Las Vegas-style gaming experiences with an unmatched luxury resort experience. The co-location with Woodbury Common will ensure that every visitor has access to the form of entertainment that they value most.



Marketing Plans

Pre-Opening Marketing

Caesars New York's Pre-Opening Marketing Plan will include a multi-channel campaign including having traditional (Television, Print, Radio, Billboard), digital and social advertising as well as public relations engagements in the New York MSA, Northeast region, nationally in key feeder markets to New York City and the Northeastern United States and major international destinations flying into New York City.

The coordinated advertising strategy will herald the arrival of the region's most complete and compelling resort destination – generating awareness, anticipation and excitement to both the local community and out-of-state visitors. Considerable emphasis will focus on the resort amenities including spa, hotel, restaurants and entertainment, all of which will drive initial and ongoing visitation to the facility.

During pre-opening, Caesars New York will be highlighted extensively to Caesars' Total Rewards database of 45 million domestic and international customers. Caesars will feature the resort in direct marketing campaigns and on-site marketing at each of its domestic businesses, via the digital and print versions of Total Rewards Magazine with a quarterly circulation of 5 million, on the Caesars.com website with 35 million active monthly visitors and on internal Social Media sites.

In addition to creating awareness, these marketing efforts focused on Caesars' known Total Rewards customers will include offers to incentivize visitation, including Grand Opening celebrations for Caesars' most valuable VIPs throughout the U.S. Caesars' network of over 600 Executive Hosts who work across its portfolio of properties will create and market unique and tailored experiences, driving visitation to Caesars New York from assigned databases of VIP Total Rewards customers. Caesars will also leverage its social and online games businesses to advertise and introduce Caesars New York.

As opening day approaches, public relations will play an integral role creating buzz and awareness on a local, regional, national and international basis. Caesars' PR team will create events and special programming to this end. These will include spontaneous events throughout New York City and the Hudson Valley highlighting celebrity chefs and entertainers as well as Las Vegas Showgirls to create the desired level of awareness and excitement around the region's premier destination resort.



Opening Celebrations

Caesars has extensive experience and recent history executing opening celebrations on a scale and scope befitting a world class resort destination such as Caesars New York. Within the last two years, Caesars has launched six grand openings, including Horseshoe Cleveland, Thistledown Racino, Horseshoe Cincinnati, The Linq, High Roller and The Cromwell, Las Vegas' only boutique hotel, plus an upcoming opening celebration for Horseshoe Baltimore in August 2014.

The opening celebration at Caesars New York will capitalize on the best from all of Caesars' experiences and will involve a celebration of epic proportions including major headliner entertainment and resident relationships such as Celine Dion, John Elton and Britney Spears as well as local, regional and national celebrity chefs such as Gordon Ramsay, Guy Fieri and Giada de Laurentiis. Local and regional dignitaries, celebrities and key influencers will be invited to an exclusive pre-opening VIP Insider Tours where they will be the first to see and experience the grandeur of Caesars New York, building excitement and social buzz for millions in New York, the tri-state area and around the world. These dignitaries, celebrities and key influencers will be treated to exclusive experiences featuring top chefs, headliner entertainers, hotel stays in the most luxurious hotel suites, spa treatments and the like.

In addition to key VIP influencers, Caesars' best Total Rewards customers from across the network will be invited to a series of Grand Opening celebrations to be one of the first to experience the newest Caesars experience. Customers from Caesars' respective brands, including Caesars, Harrah's and Horseshoe will each have a unique and tailored event hosted by General Managers and other Executives from their "Home" Total Rewards property. Social Media promotions will culminate with exclusive Grand Opening celebration experience where chosen winners will have the opportunity to "Live the Celebrity Life" with exclusive access and offerings tied in with the Grand Opening.

Promotions

Caesars New York's minimum annual promotional spend is projected at over \$100 million in year 1, including all customer Complementaries and Free Play for Slots and Tables.

Caesars has been a leader in the development of promotions built around the casino experience as well as hotel, food and beverage, spa, entertainment, shopping and other amenities and experiences. Caesars New York will provide exciting opportunities for Caesars to leverage its expertise and partner with the local community, business leaders and select partners in area retail, culinary and entertainment industries. These partnerships will promote and drive visitation to the resort, Orange Country and New York more broadly; and, in the process, generate goodwill with the surrounding communities. Millionaire Maker Slots and Millionaire Maker Blackjack, two promotions pioneered by Caesars, will be a part of the regular offering of promotions at Caesars New York. Over the years, Total Rewards members have loved these highly engaging and competitive promotional formats with life changing prizes. In addition, Caesars will introduce a series of Live Poker tournaments built around the World Series of Poker brand, a global brand that has reached popularity around the world. Indeed, Caesars New York will be a prime location for one of the coveted World Series of



Poker Circuit Events, drawing in thousands of Poker Enthusiasts. Caesars will also leverage cross-property promotions where customers can win all expense paid trips to destination casino resorts in Las Vegas, Lake Tahoe, New Orleans, Atlantic City, NJ and London, England as a unique offering provided to casino and hospitality consumers who visit Caesars New York. Slot and table games tournaments appealing to novice and occasional gamblers to high end VIPs will be regular fare at Caesars New York.

Drawing on the site's prime location adjacent to Woodbury Common Premium Outlets as well as easy access to New York City, shopping sprees and retail promotions will be included in the regular rotation of promotions.

As well as gaming, shopping and retail promotions, Caesars also has a long history of innovation around game show promotional ties with exclusive brands like Wheel of Fortune and Monopoly. These promotions are regularly programmed across Caesars' network of Total Rewards casinos. In other locations, promotions such as this have consistently captured the imagination of existing and prospective customers.

A diverse offering of promotions and entertainment will also be targeted toward various ethnic groups including Asians, Middle Easterners, African Americans and Lesbian, Gay, Bi-Sexual and Transgender (LGBT) audiences. Fuel Rewards, an exclusive and proprietary promotion involving discounted fuel based on play with your Total Rewards card, similar to other programs currently offered by grocery stores and other retailers, will be a daily offering at Caesars New York.

Through the use of our Industry leading and proprietary analytics, database segmentation, revenue management and loyalty marketing capabilities, Caesars New York will provide an ongoing and tailored mix of promotional offers and reinvestment that will maximize loyalty and revenue for both Caesars and the State of New York. These promotional offers will include customer complementaries for offerings at Caesars New York as well as businesses surrounding the resort including hotel offers, spa offers, dining offers, Entertainment offers as well as free play incentives for Slots and Table Games. Each will be designed and offered to best drive the desired response from the target markets and customers segments to which Caesars New York will be designed and built to capture.

Advertising

Caesars New York's minimum annual advertising spend is projected at \$25 million in year 1. Advertising and marketing levels depend on market conditions.

A coordinated multi-channel advertising campaign will highlight the unique features of Caesars New York along with the allure of travel to and through New York and the tri-state more broadly. Television placements will emphasize the energy and excitement of the resort's offerings driving awareness and consideration. Radio and traditional print advertising will compliment television, building greater awareness of Caesars New York while targeting trial and ongoing visitation with a focus on casino promotions, restaurants, entertainment, hotel and spa, retail and other. Physical



signage and billboards in targeted locations like transit hubs, airports, major freeways and key urban and suburban centers will create awareness throughout New York City, New York State, the rest of the tri-state and indeed, North America more broadly. Digital advertising on Caesars.com and other third-party sites as well as social media advertising will complement Caesars' traditional advertising plans broadening reach and effectiveness at reaching its targeted audiences and markets.

In addition to traditional and digital advertising plans, Caesars is in a unique position to advertise direct to its database of Total Rewards members in New York City, New York State, the remainder of the tri-state and the U.S. Within 200 miles of the Caesars New York, Caesars has approximately 2.3 million Total Rewards Members who have been active in the last 24 months. Caesars will advertise to these Total Rewards members via direct mail, digital and print versions of Total Rewards Magazine, email and direct sales from Caesars' team of VIP Marketing professionals across its network of properties. As Caesars has done in other locations, it will highlight the property and provide incentives to drive visitation and it will also highlight and market the local community and its offerings as Caesars finds that its Total Rewards members enjoy engaging in activities and experiences offered outside of its facilities.

Caesars can point to its two recent openings of Horseshoe branded casinos in Cleveland and Cincinnati as examples of the effectiveness of the integrated and multi-Channel advertising plans that Caesars employs. Caesars' database of customers in Cleveland is now over 600,000 known Total Rewards members at just over 24 months of operation and over 350,000 Total Rewards Members in Cincinnati after just over one year of operation.

Proposed Market

The proposed market to be reached by Caesars New York will include gaming enthusiasts as well as those seeking unparalleled non casino gaming activities including entertainment, fine dining, shopping and luxury hotel accommodations and world class spa services and amenities.

Caesars New York will target these consumers in the New York metropolitan market offering a range of experiences and amenities not offered by casino only offerings currently available. The proposed location with its beautiful surroundings, easy access from the New York City metro market, complimentary amenities Woodbury and Orange County and the scale and breadth of experiences offered by the Caesars New York facility, along with Caesars reputation as the premier brand in Casino and Resort luxury, will provide the ideal offering and experience for New Yorkers.

Beyond the New York City metro market, Caesars New York will target the Hudson Valley and importantly, neighboring States of Connecticut, Massachusetts and Pennsylvania. Caesars New York will be a highly desired casino gaming and resort experience offering that will compete very effectively with other casino and resort offerings in these neighboring states. The Caesars brand, the Total Rewards Database and Caesars' reputation for outstanding service,



hospitality and experiences will uniquely position Caesars New York as a formidable competitor in the East Coast gaming market.

Caesars New York will also target markets throughout the remainder of the United States, Canada and travelers coming into and out of New York City from international markets. In doing so, Caesars will leverage several channels that are unique to Caesars and Total Rewards. Customers along the East Coast, throughout the remainder of the United States and Canada will have access to Caesars Air service that operates out of many major metropolitan areas. Caesars has partnered with Republic Airlines and operates five 99 seat Embraer 190 aircraft. Daily flights are provided from a rotation of over 40 Metropolitan areas per month, providing luxury air service, room accommodations and ground transportation to Total Rewards members and consumers in these markets who purchase tickets. Additionally, Caesars New York will have access to 30 seat aircraft that support smaller markets and some of its large junket operators along the east coast in addition to Caesars fleet of owned private aircraft used to transport Caesars' VIP customers to its premier locations, of which Caesars New York is certain to be. Caesars New York will fly into and out of Stewart International Airport in Newburgh, NY, located approximately 25 minutes away from the proposed resort.

Caesars has the largest network of junket operators throughout the United States and Canada, along with National Casino Marketing offices in major metropolitan areas like New York City, Cleveland, Dallas, Atlanta, Indianapolis, Nashville and Houston that Caesars leverages to send customers in these markets to its various casino and resort destinations. Caesars' International Operations in Great Britain, the Middle East and Asia will bring awareness to Caesars New York and through the Total Rewards network, these customers will have access to unique offers and experiences at Caesars New York.

Projected Overnight Stays

Caesars New York is designed with 300 hotel rooms. Caesars expects these rooms to run at 99% occupancy implying approximately 108,000 overnight visitors per year. Additionally, Caesars will sign "virtual hotel" agreements with local hoteliers allowing Caesars New York to buy rooms in the market to help accommodate visitors to the property and strengthen the local business community partnership. Caesars employs this strategy in several markets including New Orleans, Louisiana, Cincinnati, Ohio, Cleveland, Ohio and soon to be Baltimore, Maryland. Caesars' virtual hotel approach has proven extremely beneficial to both Caesars, small business operators and franchisees as well as the local economy as Caesars helps fill rooms that would otherwise go unoccupied.

Joint Marketing Ventures

No other casino resort operator employs a strategy to the extent Caesars does of utilizing third-party brands, particularly in regard to food and dining, to drive increased visitation and non-gaming revenue. And within the Caesars portfolio, no brand does so more than the Caesars Brand. Today, Caesars has innovative agreements with celebrity chefs such as Guy Savoy, Nobu Matsuhisa, Gordon Ramsay, Bobby Flay, Guy Fieri, Giada de Laurentis, Michael Symon and Steve Martorano. These relationships allow Caesars to not only bring the best culinary dining experience to its



properties and customers, but to also draw on its individual brand appeal and attractiveness which helps maximize visitation to Caesars' resorts and resulting non-gaming revenue. It is Caesars' full intention to employ a similar strategy at Caesars New York, signing agreements with top chefs with whom Caesars already works with as well as new talent and most certainly local and regional concepts.

Marketing Plans

Strategy to Ensure Maximum Use

Caesars New York's marketing function is built around two primary objectives: capitalizing on and monetizing natural demand into a market and incenting visitation through direct marketing, top tier hospitality assets and the creation of unique and highly sought after experiences. Caesars will employ both capabilities to ensure peak usage of Caesars New York throughout the calendar year.

Caesars will build a base level of demand drawing off the natural year-round traffic into the area, as well as building compelling value propositions for residents and businesses in the surrounding environs.

Caesars will accomplish this by focusing on three areas in particular:

1. Converting traffic from the estimated 13 million annual visitors to the Woodbury Common Premium Outlets;
2. Developing a hospitality-oriented program to make the resort a destination for the local market; and
3. Catering to the many corporations in the area and the New York City area to become a highly desirable location for small group meetings and corporate retreats.

With an estimated 13 million annual visitors, many of them international tourists, the Woodbury Common Premium Outlets represents a significant opportunity for Caesars New York. Leveraging the experience Caesars has had partnering with retail outlets across the country, notably the Forum Shops at Caesars Palace and the Miracle Mile Shops at Planet Hollywood Resort and Casino, Caesars will work to make Caesars New York at "second stop" on any trip to the Outlets. This will be accomplished through a variety of ways, including but not limited to: partnerships with the bus companies; creation of new, more luxury-oriented transportation options run by Caesars; offer booklets at the stores; partnerships with individual retailers to drive traffic to Caesars New York and provide extra services for their high value clients; and heavy marketing and merchandising within the Outlets.

Caesars will also build base demand by catering to the local population, both immediately surrounding the site and all the way down to New York City. For residents, Caesars believes that Caesars New York will become a destination for both "a night out" as well as for weekend getaways given the breadth and quality of its hospitality assets (e.g., collection of Celebrity Chef restaurants and award winning spa), which Caesars will support through the creation of "stay and play" packages which will be marketed and advertised throughout the state. To drive visitation from New York City, Caesars will partner with transportation providers to make it easier for consumers to travel, including luxury bus operators as well as providers like Uber (e.g., flat fee to drive a group of four up to Caesars New York and back, with and without a room night package). Additionally, the Hudson Valley and Westchester are both home to a number of large corporations as well as frequent destinations for retreats for companies based out of New York City. The Caesars Convention and Sales organization will build compelling offerings to win that business and create further midweek demand.



For non-peak periods (e.g., January, February), Caesars will leverage its global scale to stimulate demand for the facilities, as well as for the market overall.

Caesars is one of the world's leading data-driven marketing companies and will leverage its 45 million customer database to stimulate demand during off-peak seasons. As an example, during off-peak months in Atlantic City Caesars sends out more offers with discounted or free hotel rooms to customers to incent them to travel to the market. Additionally, Caesars creates more VIP weekend events or casino events (e.g., slot tournaments) to generate traffic.

Caesars' exclusive partnerships with other leading hospitality and tourism brands like NCL, Starwood, Cathay Pacific and All Nippon Airways will allow us to reach an even broader customer base, as well as leverage their assets to generate demand for the facilities. For example, Norwegian Cruise Lines operates an average of eight cruises per month out of New York City throughout the year where Caesars New York can be offered as part of the pre-/post-cruise hotel excursion. Caesars' nationwide group sales team will allow us to identify group and convention business looking to create events during these periods.

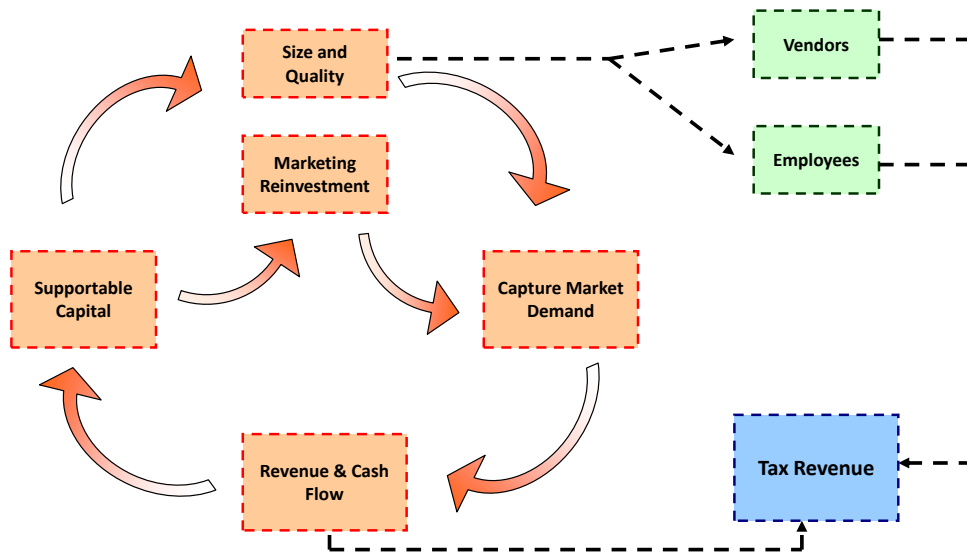
Caesars will use its partnership with Enjoy S.A. to source customers in Latin America looking for "winter get-aways", potentially creating "Ski and Play" packages based out of Caesars New York. Additionally, Caesars will partner with the City and State to create new reasons for consumers to come to the market during traditional "off-peak" times (e.g., bringing popular shows from Caesars' Las Vegas properties to New York, leveraging Caesars' line-up of Celebrity Chefs to create new food & wine opportunities and destination events for residents of New York City and the areas surrounding the property).

Supplemental Tax Payment

The tax framework put forward by the State is fair considering the competitive landscape and Caesars will not be offering a binding supplemental fee if it is awarded a license. Such a GGR-based fee, while feasible, would have secondary negative impact across several dimensions:

1. It would reduce EBITDA and thus supportable investment capital for the project (i.e., reduces scope and finishes);
2. It would reduce marketing reinvestment (player complementaries, meals at local restaurants, etc.); and
3. It would further reduce competitiveness of the project versus casinos in Connecticut and New Jersey which already own a tax rate advantage.

In short, reasonable ongoing taxes enables higher capital investment and greater player reinvestment which in turn produces greater revenue, jobs and taxes for the State of New York, Orange County and Woodbury as depicted by the diagram below.





Licensing Fee

Applicant agrees to pay only the licensing fee set forth by the Commission in the RFA released on March 31, 2014. An additional fee would result in reduced investment in the building and thereby reduce the attractiveness of the facility.