

Exhibit VIII.B.1 – Market Analysis

Submit as Exhibit VIII.B.1. a market analysis showing the benefits of the site location of the Applicant's Gaming Facility and the estimated recapture rate of gaming-related spending by New York residents travelling to out-of-state gaming facilities. In addition, such market analysis must describe:

- a. the components of the Applicant's marketing plan that focus on out-of-state visitors and the anticipated gaming and non-gaming gross revenues the Applicant anticipates from out-of-state visitors during each of the first five (5) years of the Gaming Facility's operations on a low-, average- and high-case scenario and clearly explain how this recapture rate was determined;
- b. how the Applicant plans to compete with other nearby gaming facilities in New York and other jurisdictions; and
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Benefits of Site Location

The Town of East Greenbush location offers multiple advantages over other sites in the Capital Region. First, it is located less than 10-minute drive away from downtown Albany. Second, Thompson's Hill Road, the ingress to the site, is located less than a mile from Interstate 90, and less than four miles from the intersection of Interstate 787, the New York State Thruway's Albany bypass, known as The Riverfront Route.¹ This advantageous location is clearly illustrated in the revenue estimates developed through drive-time analysis and gravity modeling. Most importantly from the perspective of recapturing gaming revenue now being spent outside the borders of New York State, the East Greenbush location astride Interstate 90 will intercept gamers who would potentially travel from the Albany/Schenectady/Utica/Troy area to the planned \$800 million MGM gaming resort Springfield, MA, which received a license from the Massachusetts Gaming Commission on June 13, 2014.²

Recapture of Revenue

Of GGR currently exported out of New York State from adults residing in either the Capital Region or the Catskills/Hudson Valley Region and to regional casinos in the Northeast, we believe there are three market areas (or jurisdictions) that are primary beneficiaries of such visitation from these New York adults – as follows:

- Connecticut – both Mohegan Sun and Foxwoods Casino Resort (i.e., the only two casinos in Connecticut and within 10-miles of each other in the eastern half of state);
- Atlantic City, NJ – the existing 11 casino resorts (i.e., all casinos in New Jersey are confined to this one municipality in southern New Jersey);
- Lehigh Valley / Poconos, PA – Mohegan Sun at Pocono Downs, Mount Airy Casino Resort, and Sand Casino Resort Bethlehem (the only three casinos in eastern Pennsylvania located north of the Philadelphia MSA).

We analyze each of these three market areas (or jurisdictions) to arrive at a reasonable quantification of GGR to such locations generated by New York adults – assumed annual and in current dollars.

¹"Route 787", Capital Highways, The highways and bridges of New York's Capital Region, <http://www.capitalhighways.8m.com/highways/787i/>

²Mark Arsenault, "State signs agreement on Springfield casino plan", The Boston Globe, June 13, 2014, <http://www.bostonglobe.com/metro/2014/06/13/state-signs-agreement-for-western-mass-casino/kklNRh16XEkMwCRCN5I4DI/story.html>



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Connecticut

The Capital View site is a two-plus hour drive from both Connecticut casinos, while the total number of New York adults residing within a two-hour drive of the closest Connecticut casino (i.e., Mohegan Sun) is only 211,958, which comprises only 2.7 percent of all adults residing with a two-hour drive of Mohegan Sun. The following table shows the number of adults residing with a two- to three-hour drive of Mohegan Sun in Connecticut (which is located approximately 10-miles closer to New York than is Foxwoods Casino Resort).

Adults by drive-time from Mohegan Sun in Connecticut

2013 Adults - Drive-Times from Mohegan Sun, CT	w/in 2-Hours	w/in 3-Hours	# in 2-Hour to 3-Hour Drive
Total Adults (All States)	7,899,641	23,177,507	15,277,866
Non-NY Adults	7,687,683	12,709,643	5,021,960
% of Total Adults	97.3%	54.8%	32.9%
NY Adults	211,958	10,467,864	10,255,906
% of Total	2.7%	45.2%	67.1%
NY City & Long Island	16,202	8,189,521	8,173,319
% of Total	0.2%	35.3%	53.5%
Lower Hudson Valley	187,759	990,845	803,086
% of Total	2.4%	4.3%	5.3%
Catskills/Hudson Valley	7,997	680,469	672,472
% of Total	0.1%	2.9%	4.4%
Capital Region	0	607,029	607,029
% of Total	0.0%	2.6%	4.0%
Other - Upstate NY	0	0	0
% of Total	0.0%	0.0%	0.0%

Source: Nielsen SiteReports, Microsoft MapPoint 2013, Mile Charter



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We believe the overwhelming majority of visitation and GGR to Connecticut's two casinos is derived from adults residing within a two-hour drive of the respective locations – and therefore the bulk of their visitation is not coming from adults residing in New York. Our belief is confirmed based on data contained in a recent presentation made by the Mohegan Tribal Gaming Authority, from which we estimate approximately 14.5 percent of total GGR to the Connecticut casinos emanated from New York adults (equating to less than \$275 million annually) – this is shown in the following table.³

Adults by drive-time from Mohegan Sun in Connecticut

Connecticut GGR and Estimated	Mohegan Sun (CT)	Foxwoods (CT)	Total
GGR (\$M) – LTM Sept. 2013	\$994.9	\$892.9	\$1,887.8
Est. NY Visitation	18.8%	9.8%	14.5%
Est. GGR from NY Adults (Annual)	\$187.0	\$87.5	\$274.5

Source: Mohegan Tribal Gaming Authority, Spectrum Gaming Group estimates

However, when extending the drive-time boundary to a three-hour drive from Mohegan Sun (and Foxwoods Casino Resort) there are a considerable number of New York adults, albeit primarily due to the inclusion of New York City and Long Island adults. Of the New York adults residing within a three-hour drive of Mohegan Sun, nearly four of every five (or 78.2 percent) are residents of New York City or Long Island – if we apply this percentage to the estimated GGR (of \$274.5 million) coming from NY adults it implies these adults contribute \$215 million annually to the Connecticut casinos.

Therefore, we believe Upstate New York adults currently comprise very little visitation (and GGR) to the two casinos in eastern Connecticut – or an estimated \$59.8 million last year (i.e., \$274.5 million from New York adults less the estimate of \$215 million from New York City and Long Island adults). Under same methodology, we estimate only \$17.8 million of GGR was exported from adults residing in the Catskills/Hudson Valley Region and to a Connecticut casino, while we estimate this GGR being exported was even less from adults residing in the Capital Region, at \$15.9 million.

³ Mohegan Tribal Gaming Authority, Presentation to 2014 J.P. Morgan Global High Yield & Leveraged Finance Conference, February 26, 2014, <http://newsroom.mtga.com/wp-content/uploads/2014/02/JP-Morgan-Global-HY-Finance-Conf.pdf> (accessed May 7, 2014).



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Atlantic City

Similar to our analysis in preceding section, we believe very little visitation (and GGR) is being exported to the eleven existing casinos in Atlantic City from adults residing in either the Capital Region or Catskills/ Hudson Valley Region of New York.

As with the two Connecticut casinos, we believe the majority of visitation and GGR to the Atlantic City casinos is derived from adults residing within a two-hour drive of the resort, while the vast majority of visitation and GGR comes from adults within a three-hour drive. Meanwhile, the Capital View site is beyond a four-hour drive from Atlantic City.

The following table shows the number of adults residing with a two- to three-hour drive of Atlantic City.

Adults by drive-time from Atlantic City, NJ

2013 Adults - Drive-Times from Atlantic City, NJ	w/in 2-Hours	w/in 3-Hours	# in 2-Hour to 3-Hour Drive
Total Adults (All States)	7,647,123	23,336,534	15,689,411
Non-NY Adults	7,332,356	14,832,295	7,499,939
% of Total Adults	95.9%	63.6%	47.8%
NY Adults	314,767	8,504,239	8,189,472
% of Total	4.1%	36.4%	52.2%
NY City & Long Island	314,767	7,464,216	7,149,449
% of Total	4.1%	32.0%	45.6%
Lower Hudson Valley	0	933,010	933,010
% of Total	0.0%	4.0%	5.9%
Catskills/Hudson Valley	0	107,013	107,013
% of Total	0.0%	0.5%	0.7%
Capital Region	0	0	0
% of Total	0.0%	0.0%	0.0%
Other - Upstate NY	0	0	0
% of Total	0.0%	0.0%	0.0%

Source: Nielsen SiteReports, Microsoft MapPoint 2013, Mile Charter

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As illustrated, extending the drive-time boundary to a three-hour drive from Atlantic City captures a considerable number of New York adults, albeit primarily due to the inclusion of New York City and Long Island adults. Of the New York adults residing within a three-hour drive of Atlantic City, nearly nine of every 10 (or 87.8 percent) are residents of New York City or Long Island. Outside of New York City and Long Island adults, there are only 1.04 million New York adults within a three-hour drive of Atlantic City and the vast majority of these adults reside in the Lower Hudson Valley area (and outside of both the Capital Region and Catskills/Hudson Valley Region).

Through the 12 months ending March 2014, total GGR at Atlantic City's casinos was \$2.86 billion. If we assume that 95 percent of this GGR was generated by adults within a three-hour drive of the resort and further assume 36.4 percent came from New York adults (consistent with demographic split of the three-hour drive from Atlantic City) this yields approximately \$990 million of GGR that was exported from New York adults to Atlantic City's casinos over the annual period. Based on the demographic split, we estimate at least \$868 million (of the \$990 million) came from adults living in New York City or Long Island.

This leads us to the conclusion (again, based on the actual population splits) that Upstate New York adults comprised very little visitation (and GGR) to the Atlantic City casinos – or an estimated \$121 million last year (i.e., \$990 million from New York adults less the estimate of \$868 million from New York City and Long Island adults). Under same methodology, we estimate only \$12.5 million of GGR was exported from adults residing in the Catskills/Hudson Valley Region and to an Atlantic City casino, while we estimate this GGR being exported was even less (and negligible) from adults residing in the Capital Region (i.e., would be significantly less than the \$12.5 million we quantified from the Catskills/Hudson Valley Region).

Lehigh Valley / Poconos, PA

Similar to our analysis in preceding sub-sections (re: Connecticut and Atlantic City), we believe very little visitation (and GGR) is being exported to the three existing casinos in the Lehigh Valley and/or Poconos regions of Pennsylvania from adults residing in either the Capital Region or Catskills/Hudson Valley Region.

Due to their more limited we believe the overwhelming majority of visitation and GGR to the three aforementioned eastern Pennsylvania casinos is derived from adults residing within a two-hour drive of the respective locations, and to a much lesser degree out to a three-hour drive. Meanwhile, the Capital View site is beyond a two-hour drive from any Pennsylvania casino.



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The following table shows the number of adults residing with a two- to three-hour drive of Sands Casino Resort Bethlehem (which is the largest of the three casinos in that region of Pennsylvania and arguably has the most drawing power for visitation from beyond the local market).

Adults by drive-time from Sands Casino Resort Bethlehem in Pennsylvania

2013 Adults - Drive-Times from Sands Casino Resort Bethlehem, PA	w/in 2-Hours	w/in 3-Hours	# in 2-Hour to 3-Hour Drive
Total Adults (All States)	19,550,738	27,196,309	7,645,571
Non-NY Adults	12,175,098	17,053,746	4,878,648
% of Total Adults	62.3%	62.7%	63.8%
NY Adults	7,375,640	10,142,563	2,766,923
% of Total	37.7%	37.3%	36.2%
NY City & Long Island	6,376,435	8,056,266	1,679,831
% of Total	32.6%	29.6%	22.0%
Lower Hudson Valley	761,487	990,845	229,358
% of Total	3.9%	3.6%	3.0%
Catskills/Hudson Valley	234,968	709,877	474,909
% of Total	1.2%	2.6%	6.2%
Capital Region	0	607,029	607,029
% of Total	0.0%	2.6%	4.0%
Other - Upstate NY	2,750	385,575	382,825
% of Total	0.0%	1.4%	5.0%

Source: Nielsen SiteReports, Microsoft MapPoint 2013, Mile Charter

As illustrated, within both a two- and three-hour drive of Sands Casino Resort Bethlehem there are a considerable number of New York adults, albeit primarily due to the inclusion of New York City and Long Island adults. Of the New York adults residing within a two- or three-hour drive of Sands Casino Resort Bethlehem, approximately four of every five (at 86.5 percent and 79.4 percent, respectively) are residents of New York City or Long Island. Outside of New York City and Long Island adults, there are just shy of one



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million New York adults within a two-hour drive and the vast majority of these adults reside in the Lower Hudson Valley area (and outside of both the Capital Region and Catskills/Hudson Valley Region); however, when extended to a three-hour drive there are approximately 2.09 million adults residing in Upstate New York, albeit approximately two-thirds reside outside of the Capital Region and Catskills/Hudson Valley Region.

Through LTM February 2014 total GGR at the three referenced eastern Pennsylvania casinos was \$887 million. If we assume that 95 percent of this GGR was generated by adults within a three-hour drive of the resort and further assume 37.3 percent came from New York adults (consistent with demographic split of the three-hour drive from Sands Casino Resort Bethlehem) this yields approximately \$314 million of GGR that was exported from New York adults to Lehigh Valley and/or Poconos region of Pennsylvania casinos over the annual period. Based on the demographic split, we estimate approximately \$250 million (of the \$314 million) came from adults living in New York City or Long Island.

This leads to the conclusion (again, based on the actual population splits) that Upstate New York adults comprised very little visitation (and GGR) to the three aforementioned casinos in eastern Pennsylvania – or an estimated \$64 million last year (i.e., \$314 million from New York adults less the estimate of \$250 million from New York City and Long Island adults). Under same methodology, we estimate only \$22 million of GGR was exported from adults residing in the Catskills/Hudson Valley Region and to an eastern Pennsylvania casino, while we estimate this GGR being exported was even less (and negligible) from adults residing in the Capital Region (i.e., would be significantly less than the \$22 million we quantified from the Catskills/Hudson Valley Region).



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Summary / Conclusion

Based on our analysis of the three distinct market areas (outside of New York and having casinos) that are closest to either the Capital Region or the Catskills/Hudson Valley Region of New York, we believe it is reasonable to conclude that Upstate New York adults currently comprise very little visitation (and GGR) to any of the casinos within a three-hour drive of these New York adults.

Succinctly, the vast majority of GGR being exported from New York adults in the Capital Region or the Catskills/Hudson Valley Region (or in the relative vicinity to each) is from adults residing in New York City or Long Island. Therefore, the ability of new casinos (in both the Capital Region or the Catskills/Hudson Valley Region) to stem the export of New York GGR and visitation to casinos outside of New York will be heavily dependent on their ability (or abilities) to draw considerable and meaningful visitation (and GGR) from adults residing within New York City (and to a much lesser degree those adults residing on Long Island). However, New York City is at least a two-hour drive south of the Capital View site.

Further compounding the issue of repatriation of GGR (and quantification of such) will be the expansion of casinos in other neighboring/nearby jurisdictions to New York (such as a casino in Springfield, MA, or elsewhere in Massachusetts). New casinos and/or casino expansions effectively shift the casino landscape, while our knowledge and experience tells us that 'convenience' to adults is paramount in capturing casino patrons (i.e., the gravity effect, as explained elsewhere in this report).

Based on what we have quantified (in our analysis in this sub-section of report) we believe it is entirely reasonable that the following is occurring:

- Upstate New York adults currently comprise very little visitation (and GGR) to regional casinos outside of New York state;
- Nearly \$1.6 billion of GGR was exported from New York adults to any of the 16 casinos in Connecticut, Atlantic City, and/or the Lehigh Valley and/or Poconos region of Pennsylvania; however, of this GGR from New York adults we find:
 - More than \$1.3 billion of this GGR (of the nearly \$1.6 billion) was from adults residing in New York City or Long Island;



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 - o Approximately \$250 million of GGR (of the nearly \$1.6 billion) was from adults residing in Upstate New York;
 - o Less than \$100 million of GGR (of the nearly \$1.6 billion) was from adults residing in either the Capital Region or Catskills/Hudson Valley Region of New York.

In our GGR projections (at expected casino) we projected the following increases in GGR from New York adults (under the expansions scenarios):

- Capital Region – an increase of \$129.1 million of GGR from New York adults to two casinos in the region;
- Catskills/Hudson Valley Region – an increase of \$366.1 million of GGR from New York adults to three casinos in the region.

Therefore, we effectively projected the increase in GGR from New York adults to new casinos (or to these two regions) in New York would be approximately \$495 million annually (at expected case in 2017). Per our findings, if \$250 million of GGR from Upstate New York adults is being exported to regional casinos outside of New York, we believe it is entirely plausible at least one-half of our projected increase in GGR from New York adults would be GGR that is currently being exported to regional casinos outside of New York. However, this percentage will be higher notwithstanding the ability of new casinos in New York (in the Capital Region and Catskills/Hudson Valley Region) to draw some meaningful visitation from New York City or Long Island adults (and diverted away from other regional casinos outside of New York).

