

EXHIBIT **VIII.A.3.**

MARKET REVENUE STUDY



The following pages contain a market study completed by Union Gaming Analytics.

Union Gaming Analytics is a gaming consultancy with expertise in providing research, analysis, and recommendations to the global gaming industry. The firm conducts economic impact, market feasibility and various other consulting projects for corporate, government and institutional gaming clients.

In addition to the market study, Applicant is also providing the completed Excel template required for this exhibit.

NYS Funding LLC
Gaming Market Study

Final Report

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PRIVATE AND CONFIDENTIAL

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Introduction

Union Gaming Analytics has been engaged by NYS Funding LLC to perform an independent analysis of the gaming revenue opportunity driven by the awarding of a license in the Capital Region of New York State to construct the Hard Rock Hotel & Casino at Rensselaer, located in Rensselaer, NY. Such analysis seeks to determine the market for a casino in the Capital Region, financial merits of a casino in Rensselaer, and the competitive environment.

Methodology

In order to forecast prospective gaming revenues at the potential Hard Rock Hotel & Casino at Rensselaer, we analyzed current Video Lottery Terminal (VLT) markets in New York, the surrounding competitive markets (Native American and commercial), and researched population and per capita income data for various New York metropolitan areas. Our process included visits to potential casino sites in the Capital Region. We have further analyzed significant amounts of macro-economic data on a local and national level. To determine the expected gross gaming revenues for the proposals which may be submitted to the New York Gaming Commission, we examined the population and income demographics within a 30-minute, 60-minute and 120-minute drive time radius and forecasted the theoretical gross gaming revenue market for the proposed site in Rensselaer and the existing casino (Saratoga Casino) in the Capital Region. In addition, we tested our study results by applying traditional population and disposable income penetration rates to relevant market demographics with respect to gaming behavior.

About Union Gaming Group

Union Gaming Group is a portfolio of companies focused exclusively on the global gaming industry. The companies specialize in equity and credit research, sales and trading, investment banking, and gaming-related market and economic analyses. Through its Union Gaming Analytics subsidiary, the company conducts gaming studies, feasibility and various market analyses for corporate and government entities. The company also provides legislative and regulatory support for gaming related activities globally. Union Gaming Advisors focuses on mergers and acquisitions, private placements, equity and debt offerings, and strategic advisory. Union Gaming Research covers the largest universe of gaming equities among its competitive set, uniquely based in Las Vegas, Macau and Hong Kong.

Upstate NY Gaming Economic Development Act

Governor Andrew M. Cuomo signed the Upstate NY Gaming Economic Development Act on July 31, 2013, a comprehensive new law which was approved by New York referendum on November 5, 2013. The Act establishes four destination gaming resorts in Upstate New York to boost tourism and economic development in communities across the region. Under the casino gaming plan outlined in the new law, all localities in the state will share in increased education aid, or lower property taxes, no matter where the casinos are located. The new law signed today by the Governor includes these key details:

Locations of Destination Gaming Resorts: The new law authorizes four upstate destination gaming resorts to enhance tourism development. Destination gaming resorts will be selected competitively based on the economic development impact of the resort. Destination gaming resorts are authorized in three regions of the state: the Hudson Valley–Catskill area, the Capital District-Saratoga area, and the Central-Southern Tier. One region may have up to two casinos if determined by the state siting board. No destination gaming resorts can be authorized in Westchester, Rockland, Putnam, New York City, or Long Island. There will be a 7-year exclusivity period during which no further destination gaming resorts will be licensed by the State.

Regulation and Selection: The State Gaming Commission will oversee regulation of destination gaming resorts. The Gaming Commission has appointed a siting board of individuals with expertise in finance and development, which has determined the required minimum amount of capital expenditures and license fee required of a destination gaming resort applicant in each region and will make the selections.

- The tax rate on slot machines within each region will range from 37 percent to 45 percent depending on the region.
- The tax rate on table games will be 10 percent.
- Existing payments to the racing industry for purses and breeding will be maintained.
- There will be no destination gaming resorts in regions with tribal exclusivity agreements.

The board will be required to evaluate destination gaming resort applications based on specific criteria: 70 percent of the decision on siting a destination gaming resort will be based on economic activity and business development factors; 20 percent on local impact and siting factors; and 10 percent on workforce factors. Local support for the Resort application must be demonstrated as a threshold application requirement.

The Gaming Commission is authorized to investigate the suitability of the gaming license applicant, including character and financial stability, and sets criteria for licensing individuals and businesses employed by or doing business with the resort. Destination gaming resorts and all related service industries will be strictly and comprehensively regulated by the Gaming Commission. The minimum gambling age in destination gaming resorts will be 21, and no smoking will be authorized in the four destination gaming resorts.

All Localities Benefiting from Education Aid Increases: 10 percent of the State's tax revenues will be split equally between the host municipality and the host county. 10 percent of the State's tax revenues will go to other counties in the region of the destination gaming resort to provide tax relief or educational assistance. 80

percent of the State's tax revenues will be used statewide for elementary and secondary education or property tax relief. The educational aid will be additive and will not be part of the State's existing education formulae. As part of the Act, 10 percent of the net gaming revenue retained by the State from Indian gaming facilities will be distributed to counties in each respective exclusivity zone that do not otherwise receive a share of exclusivity revenues.

Addressing Problem Gambling and Cheating: Funds for problem gambling will be added through the imposition of a \$500 annual fee on all slot machines and table games. Destination gaming resorts will be required to develop comprehensive problem gambling programs, and part of the decision for siting a destination gaming resort will be determined by the quality of the applicant's problem gambling program. All destination gaming resorts will be required to have exclusion policies, and the new law provides for individuals to exclude themselves from the destination gaming resorts. New categories of gaming specific crimes are included to prevent cheating at destination gaming resorts. Cyber sweepstakes cafes are specifically made criminal.

Preventing Corruption: A state gaming inspector general's position is authorized to prevent corruption at the Gaming Commission.

Agreements with Indian Gaming: The exclusivity of Indian gaming zones is affirmed.

Video Lottery Terminals: The new law authorizes Nassau and Suffolk OTB to establish one video lottery gaming facility each at an OTB site with a maximum of 1,000 machines at each site.

New York Gaming Market Overview

New York Gaming Market

The current New York gaming market is comprised of nine racinos with a total of 17,841 Video Lottery Terminals (VLTs) and fiscal 2014 net gaming revenues of \$1.91bn (Figure 1). Following the events of September 11th, 2001, New York legislators enacted a gaming bill that allowed VLTs to be placed in some of New York's thoroughbred and harness racetracks. In addition, the legislation approved a multi-state lottery game and allowed up to three Native American Class III casinos to open in Western New York (for the Seneca Nation of Indians) and three more in the Catskills region (Ulster and Sullivan counties). The bill was signed into law by Governor Pataki in late October 2001. However, in January 2002, anti-gaming advocates challenged the constitutionality of such law, including improper passage by the legislature and the New York Appellate Division deemed certain parts of the bill unconstitutional. On May 3, 2005, the New York State Court of Appeals overturned the decision and found all parts of the 2001 gaming expansion bill to be constitutional.

Figure 1: New York Gaming Market – Racetrack Casinos

Property	2014 Net Gaming Revenues (\$mm)	Market Share	Average VLTs	VLT Win/Day
Batavia Downs Casino	\$47.1	2.5%	703	183
Empire City Casino at Yonkers Raceway	547.2	28.6%	5,376	279
Finger Lakes Gaming & Raceway	130.8	6.8%	1,356	264
Hamburg Casino at the Fairgrounds	72.8	3.8%	940	212
Monticello Casino and Raceway	61.3	3.2%	1,110	151
Resorts World Casino New York	792.6	41.4%	5,005	434
Saratoga Casino and Raceway	158.9	8.3%	1,782	244
Tioga Downs Casino	58.2	3.0%	802	199
Vernon Downs Casino & Hotel	43.4	2.3%	767	155
New York Total VLT Markets	\$1,912.3	100.0%	17,841	\$294

Source: New York Lottery, Union Gaming Analytics

Saratoga Gaming & Raceway became the first racino in New York State when it installed VLTs in January 2004. Finger Lakes, Fairgrounds and Monticello soon followed. Batavia Downs opened in May 2005, while Tioga Downs, Vernon Downs and Yonkers all opened in mid-2006. In 2014, the nine racinos in New York generated a combined \$1.91bn in net gaming revenues (+4.8% versus \$1.83bn in 2013). In August 2010, in an effort to narrow the budget gap, New York allowed for expanded hours at all racinos in the state, which can now operate up to 19 hours per day (up from 16 previously). In addition, the New York Legislature passed a budget that included a statewide subsidized Free Play program for each facility. The program allows racinos to offer its customers Free Play credits (not to exceed 10% of adjusted net win) as a marketing tool in order to enable New York State racinos to better compete with surrounding Native American facilities and casino resorts in other states. Net gaming revenues are calculated by taking gross gaming revenues and subtracting free play credits.



























































































































