

Sub Binder 1

ECONOMIC ACTIVITY

&

BUSINESS DEVELOPMENT

a. FINANCE AND CAPITAL STRUCTURE

**Exhibit VIII. A.2. APPLICANT MINIMUM
CAPITAL INVESTMENT**

Exhibit VIII. A.2.a Applicant Minimum Capital Investment for Gaming Facility

Howe Caverns Resort and Casino LLC
EXHIBIT VIII. A..2.a.

AT CLOSING - WITH DETAIL
NO ADJUSTMENTS FOR TIMING OF CERTAIN ITEMS

1/1/2015

Relevant Items in Shaded Areas = **334,331,832**

	Casino, Casino Hotel and Related Amenities	Waterpark, Waterpark Hotel and Related Amenities	Phase 1A - Dinosaur Amphitheatre	Total
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USES	Casino, Casino Hotel and Related Amenities	Waterpark, Waterpark Hotel and Related Amenities	Phase 1A - Dinosaur Amphitheatre	Total
Construction and Fit-Up (includes all contingencies, applicable soft costs, all expenditures built to specs, ready for C of O) Hotel, Superstructure Core and Common Areas, Ameny Facilities and Spaces Hotel Structured Parking Garage FFE Hotel FFE Casino Casino Gaming Equipment Installed Waterpark Indoor Outdoor Equipment and Specialty Construction FFE	129,396,467 67,313,506 25,517,958 6,600,000 3,000,000 20,120,000	33,285,000 5,300,000 11,150,000 3,000,000 9,400,000 500,000 17,166,900 582,000 80,383,900		332,331,832
A&E Place-holder for Site, Building & Interiors (Includes FFE Designs, Theming certain contingencies) Permits (place-holder)	1 -			
Sub Total Construction and Fit Up	251,947,932	80,383,900		332,331,832

	80%	20%	8.4%
Financing Costs Includes Construction Interest, Legal, Banking and Advisory, Regulatory, Travel, Other	30,080,000	7,520,000	37,600,000

Infrastructure Attributable	Place-Holder	Off Site Sagandorf Corner Rd. and Additional On Site
Water/Sewer Electrical Storm Water Traffic Environmental		2,000,000

Post Licensure Responsibilities Licencing Fee Total Investment Escrow Deposit	50,000,000		50,000,000
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Casino Cage Cash	Promotions 131,000,000	750 /slot 5,000 /table	3,017,500	3,017,500
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Regional Tourism and Economic Development Seed Funding	GGR		500,000	500,000
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Additional Funds for Operating Reserve Deposit, if needed			5,000,000	5,000,000
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Pre-Opening and Other Developmental Expenses			15,000,000	18,592,582
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TOTAL USES 357,545,432 91,496,482 449,041,914

Exhibit VIII. A.2.b Prior Capital Investment

Capital Investment made by the Applicant prior to the Effective Date

(i)

2008-2010	Full SEQRA approvals and formation of the Planned Development District	\$1.5 million
2011-2013	Water and Sewer Capacity and Connectivity improvements to the site	\$2.0 million
2010-2011	Further extension into the site of water, sewer, electric	\$1.0 million
2011-2012	Storm Water Basins	\$0.3 million
	Total	\$4.8 million

- (ii) We will necessarily inflate the value of the above investments above cost, and all have been dedicated back to local government, except the Storm Water basins.
- (iii) No external reimbursement.
- (iv) The Applicant believes these investments should be included, and pursuant to an MOU supplied with this submittal, is reimbursing Howe Caverns Inc. for their expenditures in the listed infrastructure investments.

Exhibit VIII. A.3.MARKET/REVENUE STUDY

Included in this Exhibit are the template materials.

The Board should also note the fact that this Exhibit focuses on the Casino Component of the Gaming Facility.

The fact is that our proposed Destination is designed to be produce significant revenues beyond just those of the Casino.

For example, the Waterpark Resort in isolation is forecasted to generate over \$23 million in total Taxable Sales in the first year of operation, and over \$33 million in year 10.

Furthermore, even on the Casino related side, where many ancillary operations often are run at a break even or marginal profit to support the gaming element, our business model is designed to drive higher revenues and more overall profitability as a true Destination Resort.

Template for Item VIII.A.3. - Gaming revenues and visitation for first 10 years

AVERAGE CASE

NAME OF APPLICANT: Howe Caverns Inc.

Instructions

Submit 10-year projections, starting from date of opening:
Projected Opening Date (01/01/2019):

- POPULATE EMPTY CELLS, BLANKS AND BRACKETED INFORMATION AS NECESSARY.
- IN ADDITION TO COMPLETING THIS WORKSHEET, THE APPLICANT SHALL PROVIDE (IN THE ASSUMPTIONS SECTION) A DETAILED DESCRIPTION OF ALL ASSUMPTIONS RELEVANT TO THE PROJECTIONS INCLUDED HEREIN.
- PROVIDE ALL DOLLAR AMOUNTS IN CURRENT-YEAR (UNINFLATED) DOLLARS
- ADD ROWS AS NECESSARY. PLEASE DO NOT DELETE COLUMNS.

GROSS GAMING REVENUES

	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)
LOCAL MARKET PARTICIPANTS (Total local market patrons within _____ [miles/minutes] of gaming facility)										
Geographic Area 1 [0 to 15 Miles of gaming facility]	12,405,592	12,612,506	12,733,473	13,045,622	13,246,847	13,458,270	13,565,288	13,672,822	13,780,866	13,889,414
Geographic Area 1 [16 to 30 Miles of gaming facility]	50,750,151	51,596,616	53,362,136	56,034,052	58,350,746	59,482,039	59,753,439	60,227,112	60,703,033	61,181,173
Geographic Area 1 [31 to 45 Miles of gaming facility]	30,450,090	30,957,969	32,040,972	33,670,129	35,087,990	35,648,003	35,931,470	36,216,303	36,502,488	36,790,008
Geographic Area 1 [46 to 60 Miles of gaming facility]	9,022,249	9,172,732	9,535,298	10,063,766	10,532,859	10,700,966	10,786,058	10,871,561	10,957,469	11,043,778
Geographic Area 1 [61 to 75 Miles of gaming facility]	5,638,906	5,732,957	5,981,771	6,336,445	6,655,733	6,761,960	6,815,730	6,869,759	6,924,045	6,978,583
Geographic Area 1 [76 to 90 Miles of gaming facility]	4,511,124	4,586,366	4,797,262	5,094,005	5,363,358	5,448,958	5,492,287	5,535,825	5,579,570	5,623,519
(Add additional Geographic Areas below as needed. Total here)										
Total local market participants	112,778,112	114,659,146	118,450,913	124,244,019	129,237,532	131,300,197	132,344,272	133,393,383	134,447,471	135,506,475
Visitation										
Local market gaming visitors	110,820	111,245	112,270	113,889	115,205	115,620	115,732	115,843	115,953	116,063
Average visits per year	10.08	10.16	10.35	10.65	10.90	10.98	11.00	11.02	11.04	11.06
Total local market gaming visitation	1,117,525	1,130,511	1,162,087	1,212,857	1,255,327	1,269,017	1,272,744	1,276,451	1,280,137	1,283,801
Average spend per visit	\$ 100.92	\$ 101.42	\$ 101.93	\$ 102.44	\$ 102.95	\$ 103.47	\$ 103.98	\$ 104.50	\$ 105.03	\$ 105.55
TOURISTS (Patrons from more than 90 miles of gaming facility)										
New York	79,312	82,106	87,926	97,334	105,725	108,907	110,543	112,204	113,880	115,501
Pennsylvania	5,508	5,702	6,106	6,759	7,342	7,563	7,677	7,792	7,909	8,028
Connecticut	5,508	5,702	6,106	6,759	7,342	7,563	7,677	7,792	7,909	8,028
Massachusetts	11,016	11,404	12,212	13,519	14,684	15,126	15,353	15,584	15,818	16,056
Vermont	8,812	9,123	9,770	10,815	11,747	12,101	12,283	12,467	12,654	12,845
All other	36,718	38,012	40,707	45,062	48,947	50,420	51,177	51,946	52,727	53,519
Total gaming visits per year	146,874	152,047	162,826	180,248	195,786	201,679	204,709	207,785	210,907	214,076
Annual estimated gross gaming revenue from tourist gaming visitors - slots/electronic games	\$ 12,943,255	\$ 13,466,163	\$ 14,565,002	\$ 16,365,236	\$ 18,042,673	\$ 18,771,597	\$ 19,148,906	\$ 19,533,799	\$ 19,926,428	\$ 20,326,949
Annual estimated gross gaming revenue from tourist gaming visitors - house banked table games	\$ 5,140,584	\$ 5,348,263	\$ 5,784,882	\$ 6,499,668	\$ 7,165,884	\$ 7,455,386	\$ 7,605,239	\$ 7,758,105	\$ 7,914,042	\$ 8,073,115
Annual estimated gross gaming revenue from tourist gaming visitors - Other	\$ 275,388	\$ 286,514	\$ 309,884	\$ 348,197	\$ 383,887	\$ 399,396	\$ 407,424	\$ 415,613	\$ 423,967	\$ 432,488
Total annual estimated gross gaming revenues from tourist gaming visitors	\$ 18,359,228	\$ 19,100,940	\$ 20,659,777	\$ 23,213,101	\$ 25,592,444	\$ 26,626,378	\$ 27,161,569	\$ 27,707,516	\$ 28,264,437	\$ 28,832,552

TOTALS												
TOTAL ANNUAL GROSS GAMING REVENUES - SLOTS/ELECTRONIC GAMES												
	\$	N/A	26,227,468	26,752,017	27,822,098	29,491,424	30,965,995	31,585,315	31,901,168	32,220,180	32,542,382	32,867,805
TOTAL ANNUAL GROSS GAMING REVENUES - TABLE GAMES												
	\$	N/A	102,287,125	104,332,868	108,506,182	115,016,553	120,767,381	123,182,728	124,414,556	125,658,701	126,915,288	128,184,441
TOTAL ANNUAL GROSS GAMING REVENUES - OTHER												
	\$	N/A	2,622,747	2,675,202	2,782,210	2,949,142	3,096,600	3,158,531	3,190,117	3,222,018	3,254,238	3,286,781
TOTAL ANNUAL GROSS GAMING REVENUE												
	\$		131,137,340	133,760,087	139,110,490	147,457,120	154,829,975	157,926,575	159,505,841	161,100,899	162,711,908	164,339,027
Recaptured Revenue from Out of State venues												
	\$	N/A	9,855,300	10,032,006	10,232,647	10,437,300	10,646,046	10,646,046	10,646,046	10,646,046	10,646,046	10,646,046
Cannibalized gross gaming revenue from existing NY tribal casinos and racetrack Video Lotteries (i.e., cannibalization of existing NY tribal casino and racetrack VLT gross gaming revenues)												
	\$	N/A	19,670,601	19,867,307	20,065,980	20,266,640	20,469,306	20,469,306	20,469,306	20,469,306	20,469,306	20,469,306
Net New Gaming Revenue (sourced in-State)												
	\$	N/A	97,697,318	99,857,365	104,666,553	112,386,106	119,159,313	122,187,357	123,731,887	125,291,948	126,867,696	128,459,290
Net New Gaming Revenue (sourced out-of-State)												
	\$	N/A	3,934,120	4,003,408	4,145,311	4,367,075	4,555,311	4,623,866	4,658,602	4,693,600	4,728,860	4,764,385
TOTAL ANNUAL GROSS GAMING REVENUE												
	\$		131,137,340	133,760,087	139,110,490	147,457,120	154,829,975	157,926,575	159,505,841	161,100,899	162,711,908	164,339,027

Assumptions
 Local Market Participants - it was assumed by the #/5' unit of measure, the number corresponds to the Adult Population by Group (row), while the \$ was for the Casino Revenues attributable to those groupings
 Line 29 - Local Market Gaming Visitors - represent the Casino Patrons or "participants" - unique counts of the adult population that frequent the casino over that year
 Tourists - is specifically defined as those patrons, visits and revenues outside the local market
Figures consider effect of Springfield, MGM
 All Other States - because the gravity model extends out only to the catchment area, all other tourists are grouped, as their home state is unknown (but out of New York)

Template for Item VIII.A.3. - Gaming revenues and visitation for first 10 years

LOW CASE

NAME OF APPLICANT: Howe Caverns Inc.

Instructions

Submit 10-year projections, starting from date of opening:

Projected Opening Date (01/01/2019): _____

* POPULATE EMPTY CELLS, BLANKS AND BRACKETED INFORMATION AS NECESSARY.

* IN ADDITION TO COMPLETING THIS WORKSHEET, THE APPLICANT SHALL PROVIDE (IN THE ASSUMPTIONS SECTION) A DETAILED DESCRIPTION OF ALL ASSUMPTIONS RELEVANT TO THE PROJECTIONS INCLUDED HEREIN.

* PROVIDE ALL DOLLAR AMOUNTS IN CURRENT-YEAR (UNINFLATED) DOLLARS

* ADD ROWS AS NECESSARY. PLEASE DO NOT DELETE COLUMNS.

GROSS GAMING REVENUES

	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)
LOCAL MARKET PARTICIPANTS (Total local market patrons within _____ [miles/minutes] of gaming facility)										
Geographic Area 1 [0 to 15 Miles of gaming facility]	9,903,350	10,073,868	10,174,954	10,435,292	10,605,141	10,781,532	10,870,953	10,960,898	11,051,365	11,142,352
Geographic Area 1 [16 to 30 Miles of gaming facility]	44,426,244	45,191,183	46,785,315	49,709,562	51,370,356	52,173,948	52,606,671	53,041,931	53,479,719	53,920,023
Geographic Area 1 [31 to 45 Miles of gaming facility]	23,136,669	23,537,074	24,390,079	25,679,002	26,805,959	27,251,813	27,477,835	27,705,183	27,933,851	28,163,833
Geographic Area 1 [46 to 60 Miles of gaming facility]	387,550	6,756,491	7,156,547	7,570,702	7,940,533	8,072,605	8,139,558	8,206,903	8,274,640	8,342,766
Geographic Area 1 [61 to 75 Miles of gaming facility]	400,085	4,164,960	4,236,673	4,706,112	4,956,171	5,038,606	5,080,395	5,122,429	5,164,708	5,207,230
Geographic Area 1 [76 to 90 Miles of gaming facility]	582,906	4,164,960	4,430,243	4,706,112	4,956,171	5,038,606	5,080,395	5,122,429	5,164,708	5,207,230
(add additional Geographic Areas below as needed. Total here)										
Total local market participants	2,228,832	94,148,297	97,367,980	102,306,782	106,584,331	108,357,109	109,255,806	110,159,774	111,063,991	111,983,433
Total annual estimated gross gaming revenues from local market participants	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Visitation										
Local market gaming visitors	N/A	100,000	101,364	102,886	104,129	104,527	104,640	104,752	104,864	104,976
Average Visits per year	9.84	9.92	10.11	10.42	10.67	10.75	10.77	10.80	10.82	10.84
Total local market gaming visitation	984,114	996,078	1,025,017	1,071,650	1,110,903	1,123,761	1,127,444	1,131,117	1,134,779	1,138,429
Average spend per visit	\$	\$ 94.05	\$ 94.52	\$ 95.47	\$ 95.94	\$ 96.42	\$ 96.91	\$ 97.39	\$ 97.88	\$ 98.37
TOURISTS (Patrons from more than 90 miles of gaming facility)										
Tourist gaming visits per year	N/A	61,352	65,701	72,731	79,001	81,378	82,601	83,842	85,102	86,381
New York	59,264	4,261	4,563	5,051	5,486	5,651	5,736	5,822	5,910	5,999
Pennsylvania	4,116	4,261	4,563	5,051	5,486	5,651	5,736	5,822	5,910	5,999
Connecticut	4,116	4,261	4,563	5,051	5,486	5,651	5,736	5,822	5,910	5,999
Massachusetts	8,231	8,521	9,125	10,101	10,972	11,303	11,472	11,645	11,820	11,997
Vermont	6,585	6,817	7,300	8,081	8,778	9,042	9,178	9,316	9,456	9,598
All other	27,437	28,404	30,417	33,672	36,574	37,675	38,241	38,816	39,399	39,991
Total gaming visits per year	109,749	113,614	121,669	134,687	146,298	150,701	152,965	155,263	157,596	159,964
Annual estimated gross gaming revenue from tourist gaming visitors - slots/electronic games	\$	\$ 10,349,295	\$ 11,646,027	\$ 13,085,476	\$ 14,426,738	\$ 15,009,578	\$ 15,311,270	\$ 15,619,027	\$ 15,932,969	\$ 16,253,222
Annual estimated gross gaming revenue from tourist gaming visitors - house banked table games	\$	\$ 2,044,617	\$ 2,127,219	\$ 2,300,801	\$ 2,585,179	\$ 2,965,307	\$ 3,024,910	\$ 3,085,710	\$ 3,147,733	\$ 3,211,002
Annual estimated gross gaming revenue from tourist gaming visitors - Other	\$	\$ 227,180	\$ 236,358	\$ 255,645	\$ 287,242	\$ 316,684	\$ 336,101	\$ 342,857	\$ 349,748	\$ 356,778
Total annual estimated gross gaming revenues from tourist gaming visitors	\$	\$ 12,621,092	\$ 13,130,984	\$ 14,202,472	\$ 15,357,898	\$ 17,593,582	\$ 18,672,281	\$ 19,047,594	\$ 19,430,450	\$ 19,821,002

TOTALS												
TOTAL ANNUAL GROSS GAMING REVENUES - SLOTS/ELECTRONIC GAMES	\$	N/A	19,141,989	19,524,829	20,305,822	21,524,172	22,600,380	23,052,388	23,282,912	23,515,741	23,750,898	23,988,407
TOTAL ANNUAL GROSS GAMING REVENUES - TABLE GAMES	\$	N/A	84,140,613	85,823,425	89,256,362	94,611,744	99,342,331	101,329,178	102,342,469	103,365,894	104,399,553	105,443,549
TOTAL ANNUAL GROSS GAMING REVENUES - OTHER	\$	N/A	1,893,164	1,931,027	2,008,268	2,128,764	2,235,202	2,279,906	2,302,706	2,325,733	2,348,990	2,372,480
TOTAL ANNUAL GROSS GAMING REVENUE	\$		105,175,766	107,279,281	111,570,453	118,264,680	124,177,914	126,661,472	127,928,087	129,207,368	130,499,441	131,804,436
Recaptured Revenue from Out of State venues	\$	N/A	7,572,655	7,724,108	7,878,590	8,036,162	8,196,885	8,196,885	8,196,885	8,196,885	8,196,885	8,196,885
Cannibalized gross gaming revenue from existing NY tribal casinos and racetrack Video Lotteries (i.e., cannibalization of existing NY tribal casino and racetrack VLT gross gaming revenues)	\$	N/A	15,250,486	15,402,991	15,557,021	15,712,591	15,869,717	15,869,717	15,869,717	15,869,717	15,869,717	15,869,717
Net New Gaming Revenue (sourced in-State)	\$	N/A	79,407,703	81,155,395	85,031,831	91,246,913	96,701,392	99,133,633	100,374,245	101,627,328	102,893,008	104,171,409
Net New Gaming Revenue (sourced out-of-State)	\$	N/A	2,944,921	2,996,787	3,103,010	3,269,013	3,409,919	3,461,237	3,487,239	3,513,437	3,539,831	3,566,424
TOTAL ANNUAL GROSS GAMING REVENUE	\$		105,175,766	107,279,281	111,570,453	118,264,680	124,177,914	126,661,472	127,928,087	129,207,368	130,499,441	131,804,436

Assumptions

Local Market Participants - it was assumed by the #/\$' unit of measure, the number corresponds to the Adult Population by Group (row), while the \$ was for the Casino Revenues attributable to those groupings

Line 29 - Local Market Gaming Visitors - represent the Casino Patrons or "participants" - unique counts of the adult population that frequent the casino over that year

Tourists - is specifically defined as those patrons, visits and revenues outside the local market

Figures consider effect of Springfield, MGM

All Other States - because the gravity model extends out only to the catchment area, all other tourists are grouped, as their home state is unknown (but out of New York)

Template for Item VIII.A.3. - Gaming revenues and visitation for first 10 years

HIGH CASE

NAME OF APPLICANT: Howe Caverns Inc.

Instructions

Submit 10-year projections, starting from date of opening.
Projected Opening Date (01/01/2019): _____

POPULATE EMPTY CELLS, BLANKS AND BRACKETED INFORMATION AS NECESSARY.

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PROVIDE ALL DOLLAR AMOUNTS IN CURRENT-YEAR (UNINFLATED) DOLLARS

ADD ROWS AS NECESSARY. PLEASE DO NOT DELETE COLUMNS.

GROSS GAMING REVENUES

	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)
LOCAL MARKET PARTICIPANTS (Total local market patrons within _____ [miles/minutes] of gaming facility)										
Geographic Area 1 [0 to 15 Miles of gaming facility]	40,217	11,137,815	11,156,681	11,321,665	11,387,602	11,552,660	11,635,893	11,719,309	11,802,898	11,886,646
Geographic Area 1 [16 to 30 Miles of gaming facility]	339,840	58,817,675	60,684,608	63,482,192	65,880,421	66,835,328	67,316,855	67,799,441	68,283,022	68,767,531
Geographic Area 1 [31 to 45 Miles of gaming facility]	478,234	33,778,424	34,888,813	36,525,847	37,935,386	38,485,742	38,762,515	39,040,399	39,318,656	39,597,847
Geographic Area 1 [46 to 60 Miles of gaming facility]	387,560	9,981,727	10,136,663	11,051,787	11,527,327	11,694,411	11,778,665	11,863,105	11,947,719	12,032,495
Geographic Area 1 [61 to 75 Miles of gaming facility]	400,085	6,161,560	6,257,200	6,873,868	7,195,847	7,300,147	7,352,742	7,405,453	7,458,273	7,511,194
Geographic Area 1 [76 to 90 Miles of gaming facility]	562,906	4,929,248	5,005,760	5,526,051	5,798,595	5,882,643	5,925,025	5,967,501	6,010,064	6,052,710
(Add additional Geographic Areas below as needed. Total here)										
Total local market participants	2,228,832	123,231,202	125,143,990	134,781,723	139,725,177	141,750,432	142,771,696	143,795,208	144,820,831	145,848,423
Total annual estimated gross gaming revenues from local market participants										
Visitation										
Local market gaming visitors	N/A	116,401	117,381	118,922	120,159	120,534	120,621	120,707	120,792	120,875
Average Visits per year	N/A	10.49	10.75	11.03	11.26	11.33	11.35	11.36	11.38	11.40
Total local market gaming visitation	N/A	1,217,232	1,229,976	1,311,552	1,352,892	1,365,673	1,368,669	1,371,622	1,374,533	1,377,399
Average spend per visit	\$	101.24	101.75	102.25	102.77	103.80	104.31	104.84	105.36	105.89
TOURISTS (Patrons from more than 90 miles of gaming facility)										
Tourist gaming visits per year	N/A	118,302	131,151	145,183	157,699	162,446	164,887	167,364	169,879	172,431
New York	N/A	8,215	9,108	10,082	10,951	11,281	11,450	11,623	11,797	11,974
Pennsylvania	N/A	8,215	8,505	10,082	10,951	11,281	11,450	11,623	11,797	11,974
Connecticut	N/A	8,215	8,505	10,082	10,951	11,281	11,450	11,623	11,797	11,974
Massachusetts	N/A	17,010	18,215	20,164	21,903	22,562	22,901	23,245	23,594	23,949
Vermont	N/A	13,145	13,608	14,572	15,522	16,050	16,321	16,596	16,875	17,159
All other	N/A	36,068	37,338	39,985	44,263	49,526	50,270	51,026	51,792	52,570
Total gaming visits per year		200,376	222,139	245,907	267,106	275,145	279,279	283,476	287,735	292,038
Annual estimated gross gaming revenue from tourist gaming visitors - slots/electronic games	\$	18,394,511	19,137,649	20,699,281	23,257,713	25,641,628	26,677,550	27,213,769	28,318,757	28,887,964
Annual estimated gross gaming revenue from tourist gaming visitors - house banked table games	\$	8,250,479	8,583,799	9,284,237	10,433,768	11,501,024	11,965,666	12,206,176	12,451,520	12,957,101
Annual estimated gross gaming revenue from tourist gaming visitors - Other	\$	405,761	422,154	456,602	513,038	565,624	600,304	612,370	624,678	637,234
Total annual estimated gross gaming revenues from tourist gaming visitors	\$	27,050,752	28,143,602	30,440,120	34,202,519	37,708,277	39,231,691	40,020,248	41,645,231	42,482,300

TOTALS											
TOTAL ANNUAL GROSS GAMING REVENUES - SLOTS/ELECTRONIC GAMES	\$	N/A	34,949,571	36,347,554	38,528,407	40,454,827	41,263,924	41,676,563	42,093,329	42,514,262	42,939,405
TOTAL ANNUAL GROSS GAMING REVENUES - TABLE GAMES	\$	N/A	112,711,465	119,564,322	126,738,181	133,075,090	135,736,592	137,093,958	138,464,898	139,849,547	141,248,042
TOTAL ANNUAL GROSS GAMING REVENUES - OTHER	\$	N/A	3,306,203	3,507,220	3,717,653	3,903,536	3,981,607	4,021,423	4,061,637	4,102,253	4,143,276
TOTAL ANNUAL GROSS GAMING REVENUE	\$		150,281,953	159,419,096	168,984,242	177,433,454	180,982,123	182,791,944	184,619,863	186,466,062	188,330,723
Recaptured Revenue from Out of State venues	\$	N/A	11,721,992	12,195,561	12,439,472	12,688,261	12,688,261	12,688,261	12,688,261	12,688,261	12,688,261
Cannibalized gross gaming revenue from existing NY tribal casinos and racetrack Video Lotteries (i.e., cannibalization of existing NY tribal casino and racetrack VLT gross gaming revenues)	\$	N/A	24,045,112	24,528,419	24,773,703	25,021,440	25,021,440	25,021,440	25,021,440	25,021,440	25,021,440
Net New Gaming Revenue (sourced in-State)	\$	N/A	109,254,980	117,152,888	125,932,343	133,633,360	137,090,371	138,853,750	140,634,879	142,433,935	144,251,099
Net New Gaming Revenue (sourced out-of-State)	\$	N/A	5,259,868	5,542,227	5,838,723	6,080,392	6,182,049	6,228,492	6,275,283	6,322,425	6,369,922
TOTAL ANNUAL GROSS GAMING REVENUE	\$		150,281,953	159,419,096	168,984,242	177,433,454	180,982,123	182,791,944	184,619,863	186,466,062	188,330,723

Assumptions
Local Market Participants - it was assumed by the #/S' unit of measure, the number corresponds to the Adult Population by Group (row), while the \$ was for the Casino Revenues attributable to those groupings
Line 29 - Local Market Gaming Visitors - represent the Casino Patrons or "participants" - unique counts of the adult population that frequent the casino over that year
Tourists - is specifically defined as those patrons, visits and revenues outside the local market
Figures consider effect of Springfield, MGM
All Other States - because the gravity model extends out only to the catchment area, all other tourists are grouped, as their home state is unknown (but out of New York)

WLX

ENTERPRISES

Advanced Analytics & Decision Sciences
Financial Modeling & Strategic Planning
Gaming & Hospitality Advisor

Technical Memorandum

New York Resort Casino Proposal

Prepared for Howe Caverns Resort and Casino LLC

June 2014

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Executive Summary

In response to the enactment of the Upstate NY Gaming Economic Development Act, Howe Caverns Resort and Casino LLC (the “Company”) is submitting a proposal within the guidelines of the prescribed RFA to develop and build a casino resort in New York. Howe Caverns Resort and Casino LLC has specified that the future resort be located in Cobleskill, Schoharie County, NY. The (“Site”) for the casino resort (“Project” or “Resort”) is located at the tourist destination Howe Caverns just off Interstate 88, 30 miles West of Interstate 90.

As part of their due diligence and RFA process, the Company engaged WLX Enterprises (“WLX”, a casino decision sciences and analysis firm) to complete an independent gaming market assessment in order to forecast gaming revenues for the location. Using the projected gaming revenues, WLX could then ascertain the appropriate gaming and non-gaming amenity mix and derive total gross revenues and resulting EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) figures.

Using the prescribed methodology, a retail gravitational model, WLX estimated gaming revenues and determined the most favorable number of gaming positions and attractors (hotel rooms, other non-gaming amenities) for three cases: low, average, and high case scenarios.

WLX completed the gravity models and assessed the results, taking into consideration their first-hand knowledge and experiences in the Connecticut, New York, Atlantic City and Pennsylvania gaming markets. As expected from the initial market observation, WLX found that the Site would best be situated with a multiple-amenity business plan in which to draw tourists to the resort, rather than solely rely on the local’s market.

This locals market, as defined by the adult population within 90 miles of this proposed casino (as well as any site in the Albany region) is relatively small in which to drive regular gaming traffic. Additionally, given the future gaming landscape with casino operations to the South in Orange and/or Sullivan Counties and to the East in Springfield, MA, the market becomes even more isolated. That being advised, it was the charge and steer of the Company to project the most realistic, conservative figures with no ‘far reaching’ assumptions.

Gross gaming revenues will approach \$131 million in the first year of operation and the resort could generate \$37 million in EBITDAM (earnings before interest, taxes, depreciation, amortization, and management fees). Given a leverage ratio (Debt to EBITDAM) of 4X, and a Debt to Equity ratio of 60/40, this implies a manageable project budget range of \$250 to \$300 million.

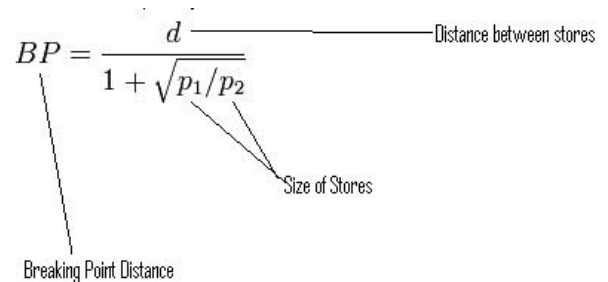
First Full Year Operating Forecast			
(\$ in Millions)	Low Case	Avg Case	High Case
Revenues:			
Gaming	\$ 105.18	\$ 131.14	\$ 150.28
Non-Gaming	21.74	26.37	31.75
Gross Revenues	126.92	157.51	182.04
<i>less Promo Allowances</i>	(3.9)	(5.3)	(6.3)
Net Revenues	123.01	152.25	175.69
Operating Expenses	94.49	115.37	132.03
EBITDAM	\$ 28.52	\$ 36.88	\$ 43.66

Methodology & Key Drivers

Reilly's Law of Retail Gravitation

In 1931 William J. Reilly, University of Texas, published his findings in a book entitled, Reilly's Law of Retail Gravitation. Mr. Reilly collected specific demographic information from different townships that surrounded shopping centers, and in particular, focused in on consumer feedback data regarding which centers they shopped and how often they shopped each center. Reilly was able to correlate visitation patterns based upon distances from each center as well as the size or 'attractiveness' of each center.

Reilly's model postulates that an individual's tendency to shop at Store A will increase as the size of the center increases and will decrease as the square of the distance between the customers and Store A increases. The formula is analogous to Isaac Newton's Law of Gravitation that says that two bodies attract each other with a force that is proportional to the product of their masses and inversely proportional to the square of the distance between them.

$$BP = \frac{d}{1 + \sqrt{p_1/p_2}}$$


Casino professionals render this complex formula into 3 important Concepts:

1. **The three most important factors in understanding casino visitation are distance, attractors, and attraction factor:**
 - a. Distance: The distance a customer lives from the casino
 - b. Attractors: The number of gaming positions (slots, table games etc.) the casino offers, as well as number of hotel rooms, restaurants etc.
 - c. Attraction Factor: The qualitative measure of the attractors (is the gaming product a VLT only racino or a resort destination with all casino games and a full accompaniment of shopping, dining and entertainment)
2. **Given two identical casinos in different locations, customers will always choose the casino with the closest distance.** The primary decision factors for a resident's willingness to 'participate' in gaming and become a casino customer, as well as the frequency in which they visit the casino once they are a customer, are both predicated on how far away they live from the casino. So much so, the further away they live the less they participate and frequent at an exponential rate (as opposed to linear).
3. **Given two casinos that are exactly the same distance away from the customer, the customer will choose the casino that has more attractors / better attraction factor (bigger, better, more to do).** If for example, someone in New York lives exactly 40 minutes away from Vernon Downs (767 VLTs) and 40 minutes away from a destination resort in Cobleskill NY, they will most certainly choose the destination.

The industry has embraced Reilly's Law of Retail Gravitation as being definitively applicable for predicting the customer base's wagering patterns for a proposed casino. Real-world examples substantiate Reilly's theorem by using actual gaming revenues and correlating them with the surrounding demographic data.

Howe Caverns Resort and Casino LLC NY Resort Casino

Using data from any casino's 'rewards' or 'player tracking' information system, for a specified period of time (typically one year), the following information is collected:

- The number of unique customers (and their zip codes) who generated any rating during the time period. This figure represents whether or not they **Participated** in gaming at the casino.
- The number of visits ("trips") that customer made during the time period. This figure represents their **Frequency** of visitation.
- How much the customer wagered at the casino during that time period. This figure is used to determine Average Spend per Trip or **Average Spend**

Next, using Geographic Information Software (GIS), demographic data for all the surrounding townships (zip codes) are calculated and isolated:

- The adult population for each zip code
- The distance from that zip code to the target gaming facility in either distance or miles

Lastly, both systems' data is combined and analyzed for the following industry benchmarks:

Participation Rate – given any specific zip code, what is number of casino patrons as a percent of the total adult population? There are 10,000 residents in zip code 12345 and 1,000 casino customers from that zip code; the participation rate is 10%.

Frequency – given a specific zip code, what is the average number of visits (trips) the sample adult population made to the casino? The 1,000 customers in zip code 12345 generated 5,000 trips; the frequency is 5.0 times.

Average Spend – the total number of visits is simply divided into the total theoretical casino win (gaming revenues) to determine the average amount a visitor spends on a given trip.

Once we combined the data and calculate the aforementioned statistics, the following analytical correlations are performed:

Distance Versus Participation – analyze (correlate) the participation rates for each zip code with the distance from the gaming facility. Zip code 12345's participation rate is 10% and it is 30 miles from the casino. Zip code 98765's participation rate is 50% and it is 5 miles from the casino. The relationship between these sets of numbers is highly correlated and pronounced. The further away a population is from the casino, the participation rate diminishes exponentially (not linear). Distance has great importance.

Distance Versus Frequency – analyze (correlate) the frequency of casino patronage for each zip code with the distance from the gaming facility. Zip code 12345's frequency is 5.0 times and it is 30 miles from the casino. Zip code 98765's frequency is 20.0 times and it is 5 miles from the casino. Again, the relationship is statistically significant. And again, the further away a population is from the casino, the participation rate diminishes exponentially (not linear).

Distance Versus Spend – analyze (correlate) the average spend per visit for each zip code with the distance from the gaming facility. Zip code 12345's spend is \$160 per visit and it is 30 miles from the casino. Zip code 98765's average spend is \$75 per trip and it is 5 miles from the casino. The relationship is statistically significant, but this time the relationship is linear – the further away a customer lives, the longer the stay and the more the spend (with fewer trips).

Howe Caverns Resort and Casino LLC NY Resort Casino

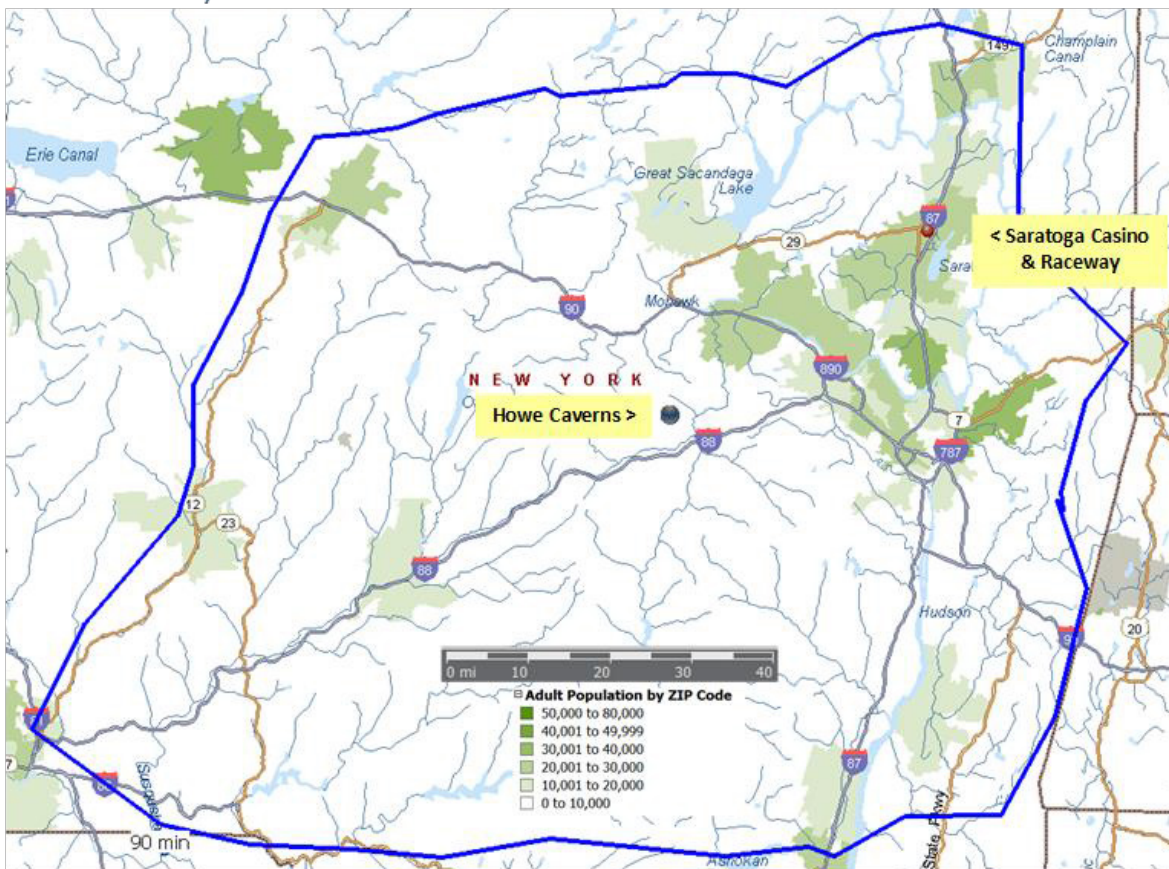
All consumers can simply relate to these principles from real life experiences. They might visit a large shopping destination that is hours away only once or twice a year, but the smaller neighborhood shop – twice a week. On the trips to the destination, consumers stay longer, stock up, and spend more. The local shop, not so much, the consumer spends the minimum but makes frequent trips.

Application of Modeling Retail Gravitation to Howe Caverns

WLX enterprises collected all regional demographics for the Northeast Region, including New York, Massachusetts, Connecticut, Pennsylvania, Vermont, New Hampshire, Rhode Island, and Delaware. The data was imported into our proprietary retail gravitational model. This model has been calibrated and fine-tuned with multiple real world casino databases including, but not limited to: large scale destinations, small casinos, and racinos. In September 2010 WLX was commissioned to predict gaming revenues at the yet-to-be-built Aqueduct Racetrack and subsequent cannibalization of Empire City. The model predicted gaming revenues within 4% of actual 2013 results for both properties.

The demographic data was also imported into a GIS (Geographical Information System) to visualize the location of the proposed site and its proximity to population centers and gaming competitors. The obvious subjective observations suggest that the site, and the region as a whole, is inhibited by local populations, as there are vast areas to the East, West, (MA), and North with zip codes with fewer than 10,000 adults. Initial recommendations would be to develop a resort only situated to promote tourists with destination type amenities.

Primary Howe Caverns Resort Casino Catchment Area - Local Market 90 Minute Drive



Howe Caverns Resort and Casino LLC NY Resort Casino

The initial model, albeit unconventional, is very useful to the practical observer and non-gaming professional, whereby the model was constructed with all significant, local (within ~90 miles) competition erased – ie. *Saratoga Racetrack and Casino was ignored*. A high case scenario was then built to understand the maximum potential of the market without any hindering variables. **The maximum gaming value of the market, given any single site destination with no local completion and under any circumstance, would generate no more than \$230 million.**

A complete, current baseline retail gravitational model was then created with all known significant gaming operations in the region. This answers the questions, from a modeling perspective, ‘where are the current casinos’, ‘where are their revenues coming from’, and ‘which facilities are drawing more (or less) than their fair share due to attraction factors’ (destination or ‘slots in a box’). The model was calibrated to our 2014 forecast for gross gaming revenues.

Property	Gross Gaming Revenues \$m	Distance Adjusted Adults <90 Miles	Slot Units	Tables	Hotel Rooms	Attractors
Mohegan Sun	\$ 844	193,478	5,500	325	1,274	8,724
Foxwoods	\$ 791	181,536	5,800	450	2,230	10,730
Twin Rivers	\$ 569	299,556	4,536	66	-	4,932
Newport Grand	\$ 45	185,142	1,097	-	-	1,097
ResortsWorld	\$ 819	1,434,043	5,005	-	-	5,005
Empire	\$ 555	1,232,005	5,400	-	-	5,400
Sands	\$ 476	442,356	3,024	182	300	4,416
Monticello	\$ 61	246,100	1,110	-	-	1,110
Saratoga	\$ 160	119,353	1,782	-	-	1,782
Tioga Downs	\$ 58	51,155	802	-	-	802
Vernon Downs	\$ 43	53,657	767	-	-	767
Presque Isle	\$ 147	75,400	1,752	47	-	2,034
Howes Cave, NY		52,260				

Once a baseline model was created, calculating patrons, total visits and total spend by zip code for the entire region, the future gaming landscape variables were layered into the model. The resulting model then calculated (or re-calibrated) the participation rates, frequency of visit and average spend by zip code, city, county, state, and 90 mile locals catchment area. The significant, future assumptions for the region were taken into consideration and modeled as follows:

Significant Competition

Springfield, MA

MGM Resorts International (“MGM”) has been awarded a license to develop, build and operate a casino resort in Springfield, MA, 125 miles Southeast of Howe Caverns. Although recent (very recent) judicial rulings suggest that the Massachusetts gaming law could be impaired or repealed, our assumptions is that the resort casino will be built and operate.

Howe Caverns Resort and Casino LLC NY Resort Casino

The MGM project is considered a large-scale casino with some destination amenities. The \$800 million casino-resort will consist of 3,000 slot machines, 100 table games, 250 hotel rooms, a pool and spa, catering space and full array of restaurants, retail shops and entertainment options. We predict, given its urban location in Springfield and adjacency to Hartford in the South, could easily generate \$325 million in gross gaming revenues depending on their ability to garner market share from Mohegan Sun and Foxwoods, while preserving their share from the Boston zone casino to the East.

This large casino will draw heavily from the West and have a significant impact on any casino built in the Albany region of New York. Its innate nature of amenity scale driven by capital investment due to the potential of the surrounding population creates a formidable competitive market to the East of Albany.

Catskills Region

For the sake of conservatism, we are assuming that two casinos will be awarded licenses in the Catskills region. Due to its nostalgic history and recognizable association with the Catskills, the project at the Concord Resort is assumed to have a future casino location. The recent abdication of bids in that region wisely suggest that the site, which is not the closest to New York City and the dense suburb population outskirts, will not generate destination-type gaming revenues. Although this handicaps investment and ultimately the size of the resort and overall attraction 'draw', it will still buffer gamers from traveling North to the Albany region.

The major destination casino has been and will always be, according to the Laws of Reilly, the ones with the greatest populations with the closet proximity. Both the Tuxedo and Newburgh locations in Orange County are exceptional locations with respect to location (as the closest allowed by law). A full destination resort with more than 300 hotel rooms, 2,500 slots and 125 tables games will generate more than \$450 million in gross gaming revenues. The casino will block most gaming visitors from traveling any further North, unless the resort in the Albany region offers something unique in which to capture tourists in search of options outside of gambling.

Saratoga Casino and Raceway

Naturally, Saratoga, as an operating gaming facility 62 miles from the Site, with 1,782 VLTs, is the major competition to Howe Caverns. This casino has a peculiar attribute, insofar as it scores very high in 'attraction factor'. Saratoga, with \$159m in VLT revenues generates a hefty \$1,350 per distance adjusted adult within 90 miles. This is exceptional given a rural VLT parlor. It speaks volumes on the ability to drive revenues from tourists outside the 90 mile catchment area. As an added note, given its location, situated at the far Northeast corner of the population centers between itself and Howe Caverns, the cannibalization of existing Saratoga revenues is much lower than say, a casino located 10 miles away from it.

Other Competition

As distances away from populations greatly hinder attraction and resulting gaming visitation, the Southern Tier casino, which is assumed to ultimately be located in Binghamton (or slightly to the East at Tioga Downs), will have little effect on a casino situated 130 miles and 2 hours away to the Northeast.

Additionally, any casino to the Northwest of Howe Caverns at the 90 mile (1.5 hour drive time), or locals threshold, will have little effect on a casino in the Albany region, particularly from a modeling perspective.

Howe Caverns Resort and Casino LLC NY Resort Casino

Once the new assumptions were layered in, the future retail model was created and run with three different assumptions:

- (Low Case) Adversarial conditions where Howe Caverns Resort and Casino LLC builds a smaller facility with fewer tourist-driving amenities, the destination in Orange County is larger and more popular than expected, Saratoga retains higher market share and Springfield, MA siphons more revenues from Albany than expected.
- (Average Case) Normal conditions outlined in the details listed in the future competition section above with few surprises and solid, competent management driving a comprehensive marketing plan.
- (High Case) Unexpectedly abnormal conditions whereby one or more surrounding competitors does not happen (for various reasons), the amenity offering is elevated and the overall theming and attraction resonates greatly with tourists and locals alike.

The resulting output is reflected in the table below:

First Full Year Visitation and Spend			
(\$ in Millions)	Low Case	Avg Case	High Case
Local Market Gaming Patons	100,000	110,820	116,000
Average Visits per Year	9.8	10.1	10.5
Total Local Market Visits	984,114	1,117,525	1,217,232
Average Spend per Visit	\$ 94	\$ 101	\$ 101
Total Local Market Gaming Revenues	\$ 92.55	\$ 112.78	\$ 123.23
Total Tourist Visits	109,749	146,874	200,376
Average Visits per Year	\$ 115	\$ 125	\$ 135
Total Tourist Gaming Revenues	\$ 12.62	\$ 18.36	\$ 27.05
Total Gaming Revenues	\$ 105.18	\$ 131.14	\$ 150.28

**Tourist < 90 Miles from Casino*

The results for the models were as expected. The gaming revenue contribution from the locals market was lower than average, accounting for 86% of the total gross gaming revenues. Typically, the ratio of local to tourist gaming revenues is proportionate to the size of a destination – a small VLT parlor will draw 95% of its business from the locals market, while Las Vegas draws less than 2% from locals. Howe Caverns' 86% is a direct result of the low surrounding populations and competition to the East and South. The 146,874 annual tourist visits is consistent with the current estimated visitation to the current tourist attraction at about 200,000.

Project Financial Results

The final models established that annual gaming revenue projections would be between \$105 million and \$150 million. These projections were a result of iteratively tuning the model to determine the most efficient mix of games, while considering capital costs to construct the facility. The mix of slot revenue to table games revenues, not unlike the local versus tourist contribution, is slightly different than a typical casino, as the tourists favor longer trips and generally play more tables games than slots, a locals favorite.

Given the economics of the gaming facility at Howe Cavern, WLX suggests that slot units not exceed 1,500 units and from a right-sizing perspective, with a full complement of new, modern slot machines, 1,200 units may be the most efficient choice. As for table games, where gaming pits can be easily changed from game to game – or adding to or eliminating tables - the recommendation is more fluid, suggesting a tables games area that can accommodate between 40 and 70 tables.

First Full Year Casino Revenues			
(\$ in Millions)	Low Case	Avg Case	High Case
Tables Games	40	50	65
Win per Unit per Day	\$ 1,311	\$ 1,437	\$ 1,444
Table Game Revenues	\$ 19.14	\$ 26.23	\$ 34.26
Slots	1,200	1,400	1,500
Win per Unit per Day	\$ 192	\$ 200	\$ 206
Slot Revenues	\$ 84.14	\$ 102.29	\$ 112.71
Other Gaming Revenues	1.89	2.62	3.31
Total Gross Gaming Revenues	\$ 105.18	\$ 131.14	\$ 150.28

It is understood that the business plan for the Howe Caverns Resort and Casino in its entirety has significantly more attractors than the casino and existing tourist attractions. Those attraction factors were considered in the model. Given the assumption that the resort as a whole will drive more traffic than a single site casino with 1,200 slot and 50 table games, the compliment of non-gaming amenities and their respective revenues were adjusted upwards accordingly.

Future gaming revenues, years 2 – 10, are obviously contingent on the execution of a business plan and a host of internal and external factors. Generally speaking, for Greenfield casino developments (starting from scratch), the revenue growth increases as word (and promotions) spread about the resort, creating - what is referred to as - the 'hockey stick' effect. Revenue growth increases steadily until (approximately) year 5 where a small correction adjusts growth downward (the word is out). So for Howe Caverns, a normal growth pattern was forecast for years 2-6 at 2%, 4%, 6%, 5%, and 2% respectively.

Hotel: in concert with the overall business plan, given the high number of tourists, Howe Caverns should have between 200 and 250 hotel rooms to accommodate gaming patrons. The average daily rate (ADR) will be consistent with other surrounding, upstate NY resorts and range between \$100 and \$130 per night. Occupancy, adjusted for seasonality due to location, will achieve figures in the low 80%'s. Total hotel revenues should be \$8 million in the first full year of operation.

Food and Beverage: given total casino visitation (total visits) at approximately 1.1 million, it is estimated Howe Caverns will serve more than 650,000 food covers. With a maximum average turn ratio of 4.5x per day, the casino would be well positioned to build 3 restaurants with no more than 400 seats: a fast casual concept and two multi-themed upscale casual concepts that cater to a wide spectrum of gamers.

Howe Caverns Resort and Casino LLC NY Resort Casino

Additionally, WLX recommends that one of the concepts have a 'buffet' station that can be utilized as management sees fit (breakfast and special occasions), but a standard full-time, full-scale buffet would not succeed in an environment with such peaks and valleys in business.

Beverage revenues will be consistent with a casino of this size and restaurant makeup generating \$3.9m of the total \$12.6m in Food and Beverage revenues.

Retail, Entertainment, Conventions & Other: revenues from these sources are entirely contingent on the final executed business plan and its capitalization and promotion of the resort as a major brand. A casino and hotel of this size and attraction factor could easily generate upwards of 5% of gross gaming revenues or \$5.7 million.

Promotional Allowances (Rewards Programs): according to public records and sec filings, the range for promotional dollars redeemed as a percent of gross gaming revenues spans from a high (very high) 10.6% at Foxwoods (a seasoned, 20 year veteran of accumulating player ratings and 'points' in a low tax environment 25% slots only or 17% effective overall) to a low of 5.0% at Presque Isle in Erie, PA (high tax environment) Sands Bethlehem. Mohegan Sun a Pocono Downs and Mohegan Sun redeem at 5.5%, 6.4% and 8.9% respectively.

Given the high gaming tax rate, the casino at Howe Caverns should not exceed 5% player reward redemptions within the first 3 years of operation. The forecast ramps up promotional allowances starting with 3% in year 1, climbing to 4.3% in year 3.

Average Case Revenues

(\$ in Millions)	Year1	Year2	Year3	Year4	Year5	Year6
Revenues						
Casino	\$ 131.1	\$ 133.8	\$ 139.1	\$ 147.5	\$ 154.8	\$ 157.9
Hotel	8.0	8.2	8.5	9.0	9.5	9.7
Food	8.7	8.9	9.3	9.8	10.3	10.5
Beverage	3.9	3.9	4.1	4.3	4.6	4.7
Convention	0.5	0.5	0.5	0.6	0.6	0.6
Entertainment	0.2	0.2	0.2	0.2	0.2	0.2
Retail	4.6	4.7	4.9	5.2	5.4	5.5
Other	0.5	0.5	0.5	0.6	0.6	0.6
Gross Revenues	\$ 157.5	\$ 160.7	\$ 167.1	\$ 177.1	\$ 186.0	\$ 189.7
<i>less Promo Allowances</i>	(5.3)	(5.8)	(6.5)	(7.4)	(7.8)	(8.0)
Net Revenues	\$ 152.2	\$ 154.9	\$ 160.6	\$ 169.7	\$ 178.1	\$ 181.7

Expenses: all department expenses were forecast at a very low, detailed level with individual lines items broken out for cost of goods sold, gaming taxes, payroll (wages, taxes and benefits) and operating expenses for each individual department, inclusive of General and Administrative departments and support departments such as Transportation, Sourcing etc. WLX called upon their extensive knowledge and expertise in financial planning and analysis to create key drivers that in turn, calculated the appropriate expense for each line item within a department. The resulting profit and loss statement is listed below, as well as in Schedule VIII.A.4 in the details RFA submission.

First Full Year Gross Revenues			
(\$ in Millions)	Low Case	Avg Case	High Case
Revenues			
Casino	\$ 105.18	\$ 131.14	\$ 150.28
Hotel	6.69	8.03	8.92
Food	6.44	8.74	10.87
Beverage	2.87	3.86	4.95
Convention	0.50	0.50	0.75
Entertainment	0.15	0.15	0.25
Retail	4.59	4.59	5.26
Other	0.50	0.50	0.75
Gross Revenues	126.92	157.51	182.04
<i>less Promo Allowances</i>	(3.9)	(5.3)	(6.3)
Net Revenues	\$ 123.01	\$ 152.25	\$ 175.69
Expenses			
Casino	58.23	71.08	81.49
Hotel	3.07	3.21	3.57
Food & Beverage	8.98	11.56	14.50
Retail & Other	3.02	3.02	3.64
Operational Support	4.88	6.17	7.04
G&A, Marketing	16.30	20.33	21.79
Total Operating Expenses	94.49	115.37	132.03
EBITDAM	\$ 28.52	\$ 36.88	\$ 43.66

EBITDAM: Earnings Before Interest, Taxes, Depreciation, Amortization, and Management Fees – the gross margin spread between the 3 cases is 22.5% to 24% in year one and then increases over the years as operational efficiencies and economies of scale are established. Year 6 EBITDAM for the Average Case is calculated to be \$43 million. The final project budget, financing and selection of a casino operations partner will determine the depreciation, interest expense, and management fees in which to determine Net Income.

Given the EBITDAM estimates, the maximum guidelines for the capital project budget are as follows:

Casino Capital Structure (\$m)	Debt to Equity		
	40% / 60%	50% / 50%	60% / 40%
Leverage			
4x EBITDAM	\$ 369	\$ 295	\$ 246
5x EBITDAM	\$ 461	\$ 369	\$ 307
6x EBITDAM	\$ 553	\$ 443	\$ 369

*Based upon Average Case - first year EBITDAM



WLX Enterprises is a decision sciences firm specializing in the formulation and interpretation of advanced statistical and financial analytics with a primary focus on the hospitality, casino and real estate industries. The foundation and driving force behind the firm is a deep commitment for the advancement of actionable decision-making using a combination of academic and 'real-world' approaches.

Christopher A. Wilks, Managing Partner, possesses more than twenty years of progressive hospitality, casino, and real estate management experience anchored by a comprehensive understanding of Finance, Statistics, Information Technology and, most importantly, Operations Management.

He currently serves as a Vice President and Finance Manager for the Real Estate Strategy group at Citizens Financial Group. Prior to this assignment, Christopher worked for 13 years with the Mohegan Tribal Gaming Authority (MTGA), a billion-dollar, multi-jurisdiction, casino-destination corporation, serving the last seven years in an executive capacity, directing hospitality operations, corporate strategy, and mergers & acquisitions.

Christopher possesses a unique portfolio of leadership, applied knowledge and project management skills, whereby his hands on approach enables him to:

- Perform intricate and complex financial, gravitational, and statistical modeling and analysis
- Leverage the findings to develop operational, financial, and / or marketing related strategies
- Direct and Execute the strategy, deploying and managing all resources
- Design efforts to monitor, measure and control the effectiveness of all implemented tactics

He earned a Bachelor of Science degree in Finance from the University of Connecticut, an MBA from the University of Rhode Island and has completed post-graduate course work at Wharton and the Massachusetts Institute of Technology. Since launching WLX Enterprises, he has collaborated with renowned consulting firms such as Spectrum Gaming, Elizabeth Blau & Associates, Gaming Market Advisors, Excelsior Gaming, The Hartmann Group and Strategy XXI Partners.

Exhibit VIII. A.4. PRO FORMA FINANCIAL INFORMATION

Included in this Exhibit are the template materials.

The Board should also note the fact that this Exhibit focuses on the Casino Component of the Gaming Facility.

The fact is that our proposed Destination is designed to be produce significant revenues beyond just those of the Casino.

For example, the Waterpark Resort in isolation is forecasted to generate over \$23 million in total Taxable Sales in the first year of operation, and over \$33 million in year 10.

Furthermore, even on the Casino related side, where many ancillary operations often are run at a break even or marginal profit to support the gaming element, our business model is designed to drive higher revenues and more overall profitability as a true Destination Resort.

To address all of this, we constructed a full pro forma, using template A.4., for the Waterpark Resort element and have included it herein.

Its assumptions are based on the independent expert work product Market and Feasibility Study from H&LA conducted for this precise type of project on this precise site.

That study is included in whole within Exhibit VIII. C. 7. b.

Template for Item VIII.A.4. - Financial projections for first 10 years

Average Case

NAME OF APPLICANT: Howe Caverns Inc.

Submit 10-year projections, starting from date of opening:

Projected Opening Date (01/01/2019):

- PLEASE FILL IN LIGHT GREY SHADED CELLS.
- PLEASE FILL OUT DEPARTMENTAL INCOME STATEMENTS FIRST AS THEY WILL FEED INTO SUMMARY INCOME STATEMENT.
- FOR LINE ITEMS MARKED "OTHER," PLEASE USE THE COMMENT SPACE TO THE RIGHT TO DESCRIBE IN DETAIL WHAT IS CONTAINED IN THAT LINE ITEM.
- ALL COSTS OR DEDUCTIONS SHOULD BE ENTERED AS NEGATIVE NUMBERS. SUCH ROWS BEGIN WITH THE WORD "LESS."
- IN ADDITION TO COMPLETING THIS WORKSHEET, THE APPLICANT SHALL PROVIDE (IN THE ASSUMPTIONS SECTION) A DETAILED DESCRIPTION OF ALL ASSUMPTIONS RELEVANT TO THE PROJECTED FINANCIAL INFORMATION PROVIDED HEREIN.
- PLEASE DO NOT ADD OR DELETE ROWS OR COLUMNS.

SECTIONS TO BE FILLED OUT:

- I. Instructions
- II. Departmental Income Statements
- III. Summary Debt Schedule
- IV. Statement of Income
- V. Balance Sheet
- VI. Statement of Cash Flow
- VII. Assumptions

REF:	7	8	9	10	11	12	13	14	15	16
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II.

	DEPARTMENTAL INCOME STATEMENTS - AVERAGE-CASE BASIS										
	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
CASINO DEPARTMENT											
CASINO REVENUE											
House Banked Table Games	\$26,227,468	\$26,752,017.3	\$27,822,098.0	\$29,491,423.9	\$30,965,995.1	\$31,585,315.0	\$31,901,168.1	\$32,220,179.8	\$32,542,381.6	\$32,867,805.4	
Slo/Electronic gaming machines	102,287,125.1	104,332,867.6	108,506,182.3	115,016,553.2	120,767,380.9	123,182,728.5	124,414,555.8	125,658,701.3	126,915,288.4	128,184,441.2	
Other / Non-House Banked Games (Poker, etc)	2,622,746.8	2,675,201.7	2,762,209.8	2,949,142.4	3,096,599.5	3,156,551.5	3,190,116.8	3,222,016.0	3,254,238.2	3,286,780.5	
Complementary Sales	-	-	-	-	-	-	-	-	-	-	Captured in Marketing Line Items
TOTAL CASINO GROSS REVENUE	\$131,137,339.8	\$133,760,086.6	\$139,110,490.1	\$147,457,119.5	\$154,829,975.5	\$157,926,575.0	\$159,505,840.7	\$161,100,899.2	\$162,711,908.1	\$164,339,027.2	
Less: Cost of sales	(86,751)	(882,817)	(918,129)	(973,217)	(1,021,878)	(1,042,315)	(1,052,739)	(1,063,266)	(1,073,899)	(1,084,638)	
GROSS MARGIN	\$130,250,589.2	\$132,877,270.1	\$138,192,360.9	\$146,483,902.5	\$153,808,097.7	\$156,884,259.6	\$158,453,102.2	\$160,037,633.2	\$161,638,009.6	\$163,254,389.6	
CASINO EXPENSES											
Commissions	\$1,330,126.0	\$1,337,600.9	\$1,391,104.9	\$1,474,571.2	\$1,548,299.8	\$1,579,265.7	\$1,595,058.4	\$1,611,009.0	\$1,627,119.1	\$1,643,390.3	
Gaming taxes and licenses	48,914,227.8	49,892,512.3	51,888,212.8	55,001,505.6	57,751,580.9	59,906,612.5	59,495,678.6	60,090,635.4	60,891,541.7	61,298,457.2	
Preferred guest expenses	-	-	-	-	-	-	-	-	-	-	
Payroll - Officers	2,094,948.5	2,019,600.0	2,080,188.0	2,142,593.6	2,206,871.4	2,251,008.9	2,273,519.0	2,296,254.2	2,319,216.7	2,342,408.9	
Payroll - Other Employees	13,906,467.7	13,643,528.8	14,143,498.2	14,959,312.8	16,178,496.8	16,832,108.1	17,170,433.4	17,515,559.2	17,867,821.9	18,226,761.1	
Payroll - Related (Taxes, Benefits, etc.)	3,950,474.3	3,860,463.8	3,996,179.5	4,202,006.0	4,497,179.4	4,659,571.1	4,743,484.8	4,828,987.8	4,916,110.9	5,004,885.9	Captured in Marketing Line Items
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL CASINO EXPENSES	\$70,196,244.4	\$70,763,705.8	\$73,499,183.3	\$77,779,989.2	\$82,182,428.3	\$84,228,566.3	\$85,278,174.2	\$86,342,445.5	\$87,421,610.3	\$88,515,903.2	
TOTAL CASINO INCOME	\$60,054,344.8	\$62,123,564.2	\$64,693,177.5	\$68,703,913.3	\$71,625,669.4	\$72,655,693.4	\$73,174,928.0	\$73,695,187.8	\$74,216,399.2	\$74,738,486.4	
HOTEL DEPARTMENT											
HOTEL REVENUE											
Room Sales	\$6,583,402.8	\$6,715,070.9	\$6,983,673.7	\$7,402,694.1	\$7,772,828.8	\$7,928,285.4	\$8,007,588.2	\$8,087,643.9	\$8,168,520.4	\$8,250,205.6	
Complementary Rooms	1,445,137.2	1,474,039.9	1,533,001.5	1,624,981.6	1,706,230.7	1,740,355.3	1,757,758.9	1,775,336.5	1,793,989.8	1,811,020.7	
TOTAL HOTEL GROSS REVENUE	\$8,028,540.0	\$8,189,110.8	\$8,516,675.2	\$9,027,675.7	\$9,479,059.5	\$9,668,640.7	\$9,765,327.1	\$9,862,980.4	\$9,961,610.2	\$10,061,226.3	
Less: Cost of sales	(642,283)	(671,927)	(702,500)	(734,027)	(757,773)	(772,773)	(788,228)	(803,993)	(820,073)	(836,474)	
GROSS MARGIN	\$7,386,256.8	\$7,517,183.8	\$7,814,175.5	\$8,293,649.2	\$8,721,439.3	\$8,895,868.1	\$8,977,099.0	\$9,058,987.7	\$9,141,537.7	\$9,224,752.3	
HOTEL EXPENSES											
Payroll - Officers	\$385,369.9	\$382,500.0	\$393,975.0	\$405,794.3	\$417,968.1	\$428,327.4	\$430,590.7	\$434,896.6	\$439,245.6	\$443,638.0	
Payroll - Other Employees	1,685,351.1	1,759,680.0	1,804,702.7	1,851,287.5	1,929,526.4	1,968,116.9	1,987,798.1	2,007,676.1	2,027,762.8	2,048,030.4	
Payroll - Related (Taxes, Benefits, etc.)	498,411.8	513,771.2	527,479.2	541,644.9	562,877.3	574,134.8	579,876.2	585,674.9	591,531.7	597,447.0	
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL HOTEL EXPENSES	\$2,569,132.8	\$2,655,951.2	\$2,726,156.9	\$2,798,726.7	\$2,910,371.8	\$2,968,579.2	\$2,998,265.0	\$3,028,247.6	\$3,058,530.1	\$3,089,115.4	
TOTAL HOTEL INCOME	\$4,817,124.0	\$4,861,232.5	\$5,088,018.6	\$5,494,922.6	\$5,811,067.5	\$5,927,288.9	\$5,978,834.0	\$6,030,740.1	\$6,083,007.6	\$6,135,636.9	
FOOD DEPARTMENT											
FOOD REVENUE											
Total Sales	\$7,168,841.2	\$7,133,871.3	\$7,233,746.5	\$7,372,856.0	\$7,741,498.8	\$7,896,328.7	\$7,975,292.0	\$8,055,045.0	\$8,135,595.4	\$8,216,951.4	
Complementary Sales	1,573,648.1	1,783,467.8	2,040,287.2	2,457,618.7	2,580,499.6	2,632,109.6	2,658,430.7	2,685,015.0	2,711,865.1	2,738,983.8	
TOTAL FOOD GROSS REVENUE	\$8,742,489.3	\$8,917,339.1	\$9,274,032.7	\$9,830,474.6	\$10,321,998.4	\$10,528,438.3	\$10,633,722.7	\$10,740,059.9	\$10,847,460.5	\$10,955,935.1	
Less: Cost of sales	(3,671,846)	(3,656,109)	(3,802,353)	(3,932,190)	(4,128,799)	(4,211,375)	(4,253,488)	(4,296,024)	(4,338,994)	(4,382,374)	
GROSS MARGIN	\$5,070,643.8	\$5,261,230.1	\$5,471,679.3	\$5,898,284.8	\$6,193,199.0	\$6,317,063.0	\$6,380,233.6	\$6,444,036.0	\$6,508,476.3	\$6,573,561.1	

DEPARTMENTAL INCOME STATEMENTS - AVERAGE-CASE BASIS (CONT.)

	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
CONVENTION DEPARTMENT											
REVENUE											
Total Sales	\$475,000.0	\$469,200.0	\$466,752.0	\$494,757.1	\$519,495.0	\$529,884.9	\$535,183.7	\$540,535.6	\$545,940.9	\$551,400.3	
Complementary Sales	25,000.0	40,800.0	63,648.0	67,466.9	70,840.2	72,257.0	72,979.6	73,709.4	74,446.5	75,191.0	
TOTAL CONVENTION GROSS REVENUE	\$500,000.0	\$510,000.0	\$530,400.0	\$562,224.0	\$590,335.2	\$602,141.9	\$608,163.3	\$614,245.0	\$620,387.4	\$626,591.3	
Less: Cost of sales	(150,000.0)	(153,000.0)	(159,120.0)	(168,667.0)	(177,101.0)	(180,643.0)	(182,449.0)	(184,273.0)	(186,116.0)	(187,977.0)	
GROSS MARGIN	\$350,000.0	\$357,000.0	\$371,280.0	\$393,556.8	\$413,234.6	\$421,499.3	\$425,714.3	\$429,971.5	\$434,271.2	\$438,613.9	
CONVENTION EXPENSES											
Payroll - Officers	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Payroll - Other Employees	127,500.0	131,752.3	136,790.5	147,085.1	159,072.5	165,499.0	168,825.6	172,218.9	175,680.5	179,211.7	
Payroll - Related (Taxes, Benefits, etc.)	22,500.0	23,250.4	24,139.5	25,956.2	28,071.6	29,205.7	29,792.7	30,391.6	31,002.4	31,625.6	
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL CONVENTION EXPENSES	\$150,000.0	\$155,002.7	\$160,930.0	\$173,041.2	\$187,144.1	\$194,704.7	\$198,618.3	\$202,610.5	\$206,683.0	\$210,637.3	
TOTAL CONVENTION INCOME	\$200,000.0	\$201,997.3	\$210,350.0	\$220,515.6	\$226,090.5	\$226,794.6	\$227,096.0	\$227,360.9	\$227,588.2	\$227,776.6	
ENTERTAINMENT DEPARTMENT											
ENTERTAINMENT REVENUE											
Total Sales	\$135,000.0	\$134,640.0	\$140,025.6	\$143,367.1	\$150,535.5	\$153,546.2	\$155,081.6	\$156,632.5	\$158,198.8	\$159,780.8	
Complementary Sales	15,000.0	18,360.0	19,094.4	25,300.1	26,565.1	27,096.4	27,367.3	27,641.0	27,917.4	28,196.6	
TOTAL ENTERTAINMENT GROSS REVENUE	\$150,000.0	\$153,000.0	\$159,120.0	\$168,667.2	\$177,100.6	\$180,642.6	\$182,449.0	\$184,273.5	\$186,116.2	\$187,977.4	
Less: Cost of sales	(135,000.0)	(137,700.0)	(143,208.0)	(151,800.0)	(159,391.0)	(162,576.0)	(164,204.0)	(165,646.0)	(167,505.0)	(169,180.0)	
GROSS MARGIN	\$15,000.0	\$15,300.0	\$15,912.0	\$16,866.7	\$17,710.1	\$18,064.3	\$18,244.9	\$18,427.3	\$18,611.6	\$18,797.7	
ENTERTAINMENT EXPENSES											
Payroll - Officers	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	All Out-Sourced Contract Entertainment
Payroll - Other Employees	-	-	-	-	-	-	-	-	-	-	
Payroll - Related (Taxes, Benefits, etc.)	-	-	-	-	-	-	-	-	-	-	
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL ENTERTAINMENT EXPENSES	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
TOTAL ENTERTAINMENT INCOME	\$15,000.0	\$15,300.0	\$15,912.0	\$16,866.7	\$17,710.1	\$18,064.3	\$18,244.9	\$18,427.3	\$18,611.6	\$18,797.7	

RETAIL DEPARTMENT**RETAIL REVENUE**

Total Sales	\$3,763,641.7	\$3,745,282.4	\$3,797,716.4	\$3,870,749.4	\$4,064,286.9	\$4,145,572.6	\$4,187,028.3	\$4,228,898.6	\$4,271,187.6	\$4,313,899.5
Complementary Sales	826,165.2	936,320.6	1,071,150.8	1,290,249.8	1,354,762.3	1,381,857.5	1,395,676.1	1,409,632.9	1,423,729.2	1,437,966.5
TOTAL RETAIL GROSS REVENUE	\$4,589,806.9	\$4,681,603.0	\$4,868,867.2	\$5,160,999.2	\$5,419,049.1	\$5,527,430.1	\$5,582,704.4	\$5,638,531.5	\$5,694,916.8	\$5,751,866.0
Less: Cost of sales	(1,835,923)	(1,872,641)	(1,947,547)	(2,064,400)	(2,167,620)	(2,210,972)	(2,233,082)	(2,255,413)	(2,277,967)	(2,300,746)
GROSS MARGIN	\$2,753,884.1	\$2,808,961.8	\$2,921,320.3	\$3,096,599.5	\$3,251,429.5	\$3,316,458.1	\$3,349,622.7	\$3,383,118.9	\$3,416,950.1	\$3,451,119.6

RETAIL EXPENSES

Payroll - Officers	\$240,964.9	\$306,000.0	\$315,180.0	\$324,635.4	\$334,374.5	\$341,082.0	\$344,472.6	\$347,917.3	\$351,396.5	\$354,910.4
Payroll - Other Employees	366,955.1	379,706.5	397,497.5	424,343.6	458,927.6	477,468.2	487,065.3	496,855.4	506,842.2	517,029.7
Payroll - Related (Taxes, Benefits, etc.)	140,792.3	159,850.2	166,050.5	174,307.4	184,333.8	190,075.6	193,034.9	196,045.1	199,107.2	202,221.9
Other (Specify)	-	-	-	-	-	-	-	-	-	-
TOTAL RETAIL EXPENSES	\$748,712.2	\$845,556.7	\$878,728.0	\$923,286.4	\$977,635.8	\$1,008,605.8	\$1,024,572.8	\$1,040,817.8	\$1,057,345.8	\$1,074,162.0

TOTAL RETAIL INCOME

	\$2,005,171.9	\$1,963,405.1	\$2,042,592.3	\$2,173,313.1	\$2,273,793.6	\$2,307,852.3	\$2,325,049.8	\$2,342,301.1	\$2,359,604.3	\$2,376,957.5
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Security, Environmental Services,**OTHER REVENUE**

Total Sales	\$475,000.0	\$484,500.0	\$503,880.0	\$534,112.8	\$580,818.4	\$572,034.8	\$577,755.2	\$583,532.7	\$589,368.0	\$595,261.7
Complementary Sales	25,000.0	25,500.0	26,520.0	28,111.2	29,516.8	30,107.1	30,408.2	30,712.2	31,019.4	31,329.6
TOTAL OTHER GROSS REVENUE	\$500,000.0	\$510,000.0	\$530,400.0	\$562,224.0	\$590,335.2	\$602,141.9	\$608,163.3	\$614,245.0	\$620,387.4	\$626,591.3

Less: Cost of sales

	(50,000)	(51,000)	(53,040)	(56,222)	(59,034)	(60,214)	(60,816)	(61,424)	(62,039)	(62,659)
GROSS MARGIN	\$450,000.0	\$459,000.0	\$477,360.0	\$506,001.6	\$531,301.7	\$541,927.7	\$547,347.0	\$552,820.5	\$558,348.7	\$563,932.2

OTHER EXPENSES

Payroll - Officers	\$1,159,938.0	\$1,224,000.0	\$1,365,780.0	\$1,406,753.4	\$1,448,956.0	\$1,591,622.4	\$1,607,538.7	\$1,623,614.1	\$1,639,850.2	\$1,656,248.7
Payroll - Other Employees	2,219,348.0	2,294,245.3	2,417,956.9	2,598,021.8	2,809,780.6	2,923,274.9	2,982,032.7	3,041,971.6	3,103,115.2	3,165,487.8
Payroll - Related (Taxes, Benefits, etc.)	777,158.4	809,614.8	872,216.0	921,985.8	979,017.2	1,039,600.1	1,056,477.2	1,073,653.4	1,091,134.2	1,108,925.4
Other (Specify)	1,967,060.1	2,006,401.3	2,086,657.4	2,211,856.8	2,322,449.6	2,368,898.6	2,392,587.6	2,416,513.5	2,440,678.6	2,465,085.4
TOTAL OTHER EXPENSES	\$6,123,504.4	\$6,334,261.4	\$6,742,610.3	\$7,138,617.8	\$7,560,181.9	\$7,923,396.1	\$8,038,636.2	\$8,155,752.5	\$8,274,778.2	\$8,395,747.3

TOTAL OTHER DEPARTMENTAL INCOME

	(\$5,673,504.4)	(\$5,875,261.4)	(\$6,265,250.3)	(\$6,632,616.2)	(\$7,028,880.3)	(\$7,381,468.4)	(\$7,491,289.2)	(\$7,602,932.1)	(\$7,716,429.6)	(\$7,831,815.2)
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ATMs, Check Cashing, Misc

IV.

	STATEMENT OF INCOME - AVERAGE-CASE BASIS										
	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
SUMMARY INCOME STATEMENT											
REVENUE (from Departmental Section)											
Casino	\$131,137,339.8	\$133,760,086.6	\$139,110,490.1	\$147,457,119.5	\$154,829,975.5	\$157,926,575.0	\$159,505,840.7	\$161,100,899.2	\$162,711,908.1	\$164,339,027.2	
Hotel	8,028,540.0	8,189,110.8	8,516,675.2	9,027,675.7	9,479,059.5	9,688,640.7	9,765,327.1	9,862,980.4	9,961,610.2	10,061,226.3	
Food	8,742,489.3	8,917,339.1	9,274,032.7	9,830,474.6	10,321,998.4	10,528,438.3	10,633,722.7	10,740,059.9	10,847,460.5	10,955,935.1	
Beverage	3,861,266.1	3,938,491.4	4,096,031.1	4,341,793.0	4,558,882.6	4,650,060.3	4,696,560.9	4,743,526.5	4,790,961.7	4,838,871.4	
Convention	500,000.0	510,000.0	530,400.0	562,224.0	590,335.2	602,141.9	608,163.3	614,245.0	620,387.4	626,591.3	
Entertainment	150,000.0	153,000.0	159,120.0	168,667.2	177,100.6	180,642.6	182,449.0	184,273.5	186,116.2	187,977.4	
Retail	4,589,806.9	4,681,603.0	4,868,867.2	5,160,989.2	5,419,049.1	5,527,430.1	5,562,704.4	5,638,531.5	5,694,916.8	5,751,866.0	
Other (Specify)	500,000.0	510,000.0	530,400.0	562,224.0	590,335.2	602,141.9	608,163.3	614,245.0	620,387.4	626,591.3	
Gross Revenues	\$157,509,442.2	\$160,659,631.0	\$167,086,016.3	\$177,111,177.2	\$185,966,736.1	\$189,686,070.8	\$191,582,931.5	\$193,498,760.8	\$195,433,746.5	\$197,388,085.9	
Less: Complimentaries (from Departmental Section)	(5,261,393.7)	(5,775,115.1)	(6,474,035.0)	(7,447,535.1)	(7,819,911.8)	(7,976,310.1)	(8,056,073.2)	(8,136,633.9)	(8,218,000.2)	(8,300,180.2)	
Net Revenues	\$152,248,048.5	\$154,884,515.9	\$160,611,981.3	\$169,663,642.2	\$178,146,824.3	\$181,709,760.8	\$183,526,858.4	\$185,362,126.9	\$187,215,746.2	\$189,087,905.7	
Cost of Sales (from Departmental Section)	\$8,607,407.3	\$8,685,511.1	\$9,036,627.2	\$9,469,896.9	\$9,930,284.1	\$10,128,889.8	\$10,237,906.4	\$10,348,167.8	\$10,459,689.4	\$10,572,487.0	
Departmental Expenses (from Departmental Section)	86,436,694.1	87,953,163.7	91,444,787.7	96,589,259.8	101,919,678.2	104,633,842.5	105,982,563.0	107,350,848.5	108,856,149.1	110,265,695.3	
Bad Debt Expense	2,622,746.8	2,675,201.7	2,782,209.8	2,949,142.4	3,096,599.5	3,158,531.5	3,190,116.8	3,222,018.0	3,254,238.2	3,286,780.5	
General and Administrative Expenditures:											
Advertising and Promotion	7,868,240.4	8,025,605.2	8,346,629.4	8,847,427.2	9,289,798.5	9,475,594.5	9,570,350.4	9,666,053.9	9,762,714.5	9,860,341.6	
Payroll - Officers (THIS IS G&A PAYROLL)	2,605,961.2	2,472,153.6	2,546,318.2	2,622,707.8	2,701,389.0	2,755,416.8	2,782,970.9	2,810,800.6	2,838,908.7	2,867,297.7	
Payroll - Related (Taxes, Benefits, etc.)	934,747.0	883,852.5	910,368.1	937,679.2	965,809.5	985,125.7	994,977.0	1,004,926.7	1,014,976.0	1,025,125.8	
Rent or Lease	1,704,785.4	1,738,881.1	1,808,436.4	1,916,942.6	2,012,789.7	2,053,045.5	2,073,575.9	2,094,311.7	2,115,254.8	2,136,407.4	
Taxes (Non-Gaming)	1,967,060.1	2,006,401.3	2,086,657.4	2,211,856.8	2,322,449.6	2,368,898.6	2,392,587.6	2,416,513.5	2,440,678.6	2,465,085.4	
Utilities	2,622,746.8	2,675,201.7	2,782,209.8	2,949,142.4	3,096,599.5	3,158,531.5	3,190,116.8	3,222,018.0	3,254,238.2	3,286,780.5	
Other (Management Fees)	8,082,763.0	8,242,060.9	8,554,221.3	9,052,577.4	9,508,578.9	9,698,750.5	9,795,428.9	9,893,067.9	9,991,677.0	10,091,285.7	
Total General and Administrative Expenditures:	\$25,786,303.9	\$26,044,156.4	\$27,034,840.6	\$28,538,333.2	\$29,897,414.8	\$30,495,363.1	\$30,800,007.6	\$31,107,692.4	\$31,418,447.7	\$31,732,304.2	
EBITDA	\$28,794,896.4	\$29,526,482.9	\$30,313,516.1	\$32,117,009.9	\$33,302,847.6	\$33,283,133.8	\$33,316,264.5	\$33,333,400.3	\$33,227,223.8	\$33,230,638.7	
Less: Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-	
Less: Interest Expense	16,112,045.0	16,112,046.0	16,112,047.0	16,112,048.0	16,112,049.0	16,112,050.0	16,112,051.0	16,112,052.0	16,112,053.0	16,112,054.0	
Net Income Before Federal Income Tax	\$44,906,941.4	\$45,638,528.9	\$46,425,563.1	\$48,229,057.9	\$49,414,896.6	\$49,405,183.8	\$49,428,315.5	\$49,445,452.3	\$49,339,276.8	\$49,342,692.7	
Less: Taxes	\$44,906,941.4	\$45,638,528.9	\$46,425,563.1	\$48,229,057.9	\$49,414,896.6	\$49,405,183.8	\$49,428,315.5	\$49,445,452.3	\$49,339,276.8	\$49,342,692.7	
Net Income After Federal Income Tax	-	-	-	-	-	-	-	-	-	-	
FREE CASH FLOW BRIDGE											
EBITDA (from above)	\$28,794,896.4	\$29,526,482.9	\$30,313,516.1	\$32,117,009.9	\$33,302,847.6	\$33,283,133.8	\$33,316,264.5	\$33,333,400.3	\$33,227,223.8	\$33,230,638.7	
Less: Capital Expenditures	-	-	-	-	-	-	-	-	-	-	
Less: Increase in Net Working Capital	-	-	-	-	-	-	-	-	-	-	
Less: Cash Taxes	-	-	-	-	-	-	-	-	-	-	
Less: Cash Interest Paid	(16,112,045.0)	(16,112,046.0)	(16,112,047.0)	(16,112,048.0)	(16,112,049.0)	(16,112,050.0)	(16,112,051.0)	(16,112,052.0)	(16,112,053.0)	(16,112,054.0)	
Less: Other Changes in Free Cash Flow (Specify)	\$12,682,851.4	\$13,414,436.9	\$14,201,469.1	\$16,004,961.9	\$17,190,796.6	\$17,181,083.8	\$17,204,213.5	\$17,221,348.3	\$17,115,170.8	\$17,118,584.7	
Free Cash Flow	\$12,682,851.4	\$13,414,436.9	\$14,201,469.1	\$16,004,961.9	\$17,190,796.6	\$17,181,083.8	\$17,204,213.5	\$17,221,348.3	\$17,115,170.8	\$17,118,584.7	

VII.

ASSUMPTIONS

Complimentary Casino Sales - All Marketing promotions and discounts are channelled through the Marketing expense line items

Debt Principal to match Sources and Uses, blended assumption of 9.00%, non amortizing in this horizon.

Assets Depreciated straight line for 12 years.

Inflated Casino Cash to track Gaming Revenues until flattened.

Left Operating Reserve at \$5mm

Unable to follow or correct certain cell references in Capitalization section as the figures don't seem to be changing the Owner's Equity.

Template for Item VIII.A.4. - Financial projections for first 10 years

Low Case

NAME OF APPLICANT: Howe Caverns Inc. _____

Submit 10-year projections, starting from date of opening: _____

Projected Opening Date (01/01/2019): _____

- PLEASE FILL IN LIGHT GREY SHADED CELLS
- PLEASE FILL OUT DEPARTMENTAL INCOME STATEMENTS FIRST AS THEY WILL FEED INTO SUMMARY INCOME STATEMENT.
- FOR LINE ITEMS MARKED "OTHER," PLEASE USE THE COMMENT SPACE TO THE RIGHT TO DESCRIBE IN DETAIL WHAT IS CONTAINED IN THAT LINE ITEM.
- ALL COSTS OR DEDUCTIONS SHOULD BE ENTERED AS NEGATIVE NUMBERS. SUCH ROWS BEGIN WITH THE WORD "LESS."
- IN ADDITION TO COMPLETING THIS WORKSHEET, THE APPLICANT SHALL PROVIDE (IN THE ASSUMPTIONS SECTION) A DETAILED DESCRIPTION OF ALL ASSUMPTIONS RELEVANT TO THE PROJECTED FINANCIAL INFORMATION PROVIDED HEREIN.
- PLEASE DO NOT ADD OR DELETE ROWS OR COLUMNS.

SECTIONS TO BE FILLED OUT:

- I. Instructions
- II. Departmental Income Statements
- III. Summary Debt Schedule
- IV. Statement of Income
- V. Balance Sheet
- VI. Statement of Cash Flow
- VII. Assumptions

REF:	7	8	9	10	11	12	13	14	15	16
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ii.

DEPARTMENTAL INCOME STATEMENTS - AVERAGE-CASE BASIS											
	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
CASINO DEPARTMENT											
CASINO REVENUE											
House Banked Table Games	\$19,141,989	\$19,524,829.2	\$20,305,822.4	\$21,524,171.7	\$22,600,380.3	\$23,052,387.9	\$23,282,911.8	\$23,515,740.9	\$23,750,898.3	\$23,988,407.3	
Slot/Electronic gaming machines	84,140,612.8	85,823,425.1	89,256,362.1	94,611,743.8	99,342,331.0	101,329,177.6	102,342,469.4	103,365,894.1	104,399,553.0	105,443,548.6	
Other / Non-House Banked Games (Poker, etc)	1,893,163.8	1,931,027.1	2,008,268.1	2,128,764.2	2,235,202.4	2,279,906.5	2,302,705.6	2,325,732.6	2,348,989.9	2,372,479.8	
Complementary Sales	\$103,175,766.0	\$107,279,281.4	\$111,570,452.6	\$118,264,679.8	\$124,177,913.8	\$128,681,472.0	\$127,928,086.8	\$129,207,367.6	\$130,499,441.3	\$131,804,435.7	Captured in Marketing Line Items
TOTAL CASINO GROSS REVENUE											
Less: Cost of sales	(680,908)	(708,043)	(736,365)	(780,547)	(819,574)	(835,966)	(844,325)	(852,769)	(861,296)	(869,909)	
GROSS MARGIN	\$104,494,858.1	\$106,571,238.1	\$110,834,087.6	\$117,484,132.9	\$123,358,339.5	\$125,825,506.3	\$127,083,761.4	\$128,354,599.0	\$129,638,145.0	\$130,934,526.4	
CASINO EXPENSES											
Commissions	\$1,021,361.9	\$1,072,792.8	\$1,115,704.5	\$1,182,646.8	\$1,241,779.1	\$1,266,614.7	\$1,279,280.9	\$1,292,073.7	\$1,304,994.4	\$1,318,044.4	
Gaming taxes and licenses	40,616,791.1	41,416,126.9	43,046,772.0	45,590,578.3	47,837,607.2	48,781,359.4	49,262,673.0	49,748,799.7	50,239,787.7	50,735,685.6	
Preferred guest expenses	-	-	-	-	-	-	-	-	-	-	
Payroll - Officers	2,019,600.0	2,019,600.0	2,080,188.0	2,142,593.6	2,206,871.4	2,251,008.9	2,273,519.0	2,296,254.2	2,319,216.7	2,342,408.9	
Payroll - Other Employees	10,678,338.3	10,942,486.7	11,343,475.9	11,997,781.8	12,975,601.0	13,498,815.3	13,771,161.5	14,047,961.9	14,330,325.9	14,618,365.5	
Payroll - Related (Taxes, Benefits, etc.)	3,209,568.3	3,267,552.1	3,381,540.4	3,551,913.8	3,794,101.7	3,928,092.2	3,997,303.2	4,067,807.9	4,139,631.3	4,212,799.0	Captured in Marketing Line Items
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL CASINO EXPENSES	\$57,545,659.6	\$58,718,558.6	\$60,967,680.8	\$64,465,514.3	\$68,055,963.5	\$69,726,890.4	\$70,583,937.5	\$71,452,897.3	\$72,333,956.0	\$73,227,303.3	
TOTAL CASINO INCOME	\$46,949,198.6	\$47,852,679.5	\$49,866,406.8	\$53,018,618.6	\$55,302,376.0	\$56,098,615.9	\$56,499,823.9	\$56,901,701.7	\$57,304,189.0	\$57,707,223.2	
HOTEL DEPARTMENT											
HOTEL REVENUE											
Room Sales	\$5,619,978.0	\$5,732,377.6	\$5,961,672.7	\$6,319,373.0	\$6,635,341.7	\$6,768,048.5	\$6,835,729.0	\$6,904,086.3	\$6,973,127.1	\$7,042,858.4	
Complementary Rooms	1,070,472.0	1,091,881.4	1,135,556.7	1,203,690.1	1,263,874.6	1,289,152.1	1,302,043.6	1,315,064.1	1,328,214.7	1,341,496.8	
TOTAL HOTEL GROSS REVENUE	\$6,690,450.0	\$6,824,259.0	\$7,097,229.4	\$7,523,063.1	\$7,899,216.3	\$8,057,200.6	\$8,137,772.6	\$8,219,150.3	\$8,301,341.8	\$8,384,355.3	
Less: Cost of sales	(535,236)	(559,939)	(585,416)	(611,689)	(631,350)	(643,977)	(656,857)	(669,984)	(683,394)	(697,062)	
GROSS MARGIN	\$6,155,214.0	\$6,264,319.8	\$6,511,812.9	\$6,911,374.3	\$7,267,866.1	\$7,413,223.4	\$7,480,915.9	\$7,549,165.4	\$7,617,948.1	\$7,687,293.6	
HOTEL EXPENSES											
Payroll - Officers	\$382,500.0	\$382,500.0	\$393,975.0	\$405,794.3	\$417,968.1	\$426,327.4	\$430,590.7	\$434,896.6	\$439,245.6	\$443,638.0	
Payroll - Other Employees	1,662,226.1	1,709,403.4	1,804,702.7	1,877,361.9	1,956,702.8	1,965,836.9	2,015,795.3	2,035,953.2	2,056,312.7	2,076,875.9	
Payroll - Related (Taxes, Benefits, etc.)	492,378.9	502,734.9	527,479.2	547,368.6	568,842.8	580,219.7	586,021.9	591,892.1	597,800.9	603,778.9	
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL HOTEL EXPENSES	\$2,537,105.1	\$2,594,638.3	\$2,726,156.9	\$2,830,524.8	\$2,943,513.7	\$3,002,384.0	\$3,032,407.9	\$3,062,731.9	\$3,093,359.3	\$3,124,292.8	
TOTAL HOTEL INCOME	\$3,618,108.9	\$3,669,681.5	\$3,785,656.0	\$4,080,849.6	\$4,324,352.3	\$4,410,839.4	\$4,448,508.0	\$4,486,424.5	\$4,524,588.8	\$4,563,000.8	
FOOD DEPARTMENT											
FOOD REVENUE											
Total Sales	\$5,408,839.1	\$5,385,658.3	\$5,464,472.8	\$5,575,128.4	\$5,853,884.8	\$5,970,962.5	\$6,030,672.2	\$6,090,978.9	\$6,151,888.7	\$6,213,407.5	
Complementary Sales	1,030,255.1	1,182,217.7	1,366,118.2	1,665,298.1	1,748,563.0	1,783,534.3	1,801,369.6	1,819,383.3	1,837,577.1	1,855,952.9	
TOTAL FOOD GROSS REVENUE	\$6,439,094.1	\$6,567,876.0	\$6,830,591.0	\$7,240,426.5	\$7,602,447.8	\$7,754,496.8	\$7,832,041.8	\$7,910,362.2	\$7,989,465.8	\$8,069,360.5	
Less: Cost of sales	(2,704,420)	(2,692,829)	(2,800,542)	(2,896,171)	(3,040,979)	(3,101,799)	(3,132,817)	(3,164,145)	(3,195,786)	(3,227,744)	
GROSS MARGIN	\$3,734,674.6	\$3,875,046.8	\$4,030,048.7	\$4,344,255.9	\$4,561,468.7	\$4,652,698.1	\$4,699,225.1	\$4,746,217.3	\$4,793,679.5	\$4,841,616.3	

FOOD EXPENSES											
Payroll - Officers	\$904,290.3	\$918,000.0	\$945,540.0	\$973,906.2	\$1,003,123.4	\$1,023,185.9	\$1,033,417.7	\$1,043,751.9	\$1,054,189.4	\$1,064,731.3	
Payroll - Other Employees	1,903,315.7	1,908,822.7	1,978,771.8	2,060,711.2	2,194,891.6	2,249,482.2	2,294,696.8	2,340,820.2	2,387,870.7	2,435,866.9	
Payroll - Related (Taxes, Benefits, etc.)	637,309.3	642,851.1	664,375.0	688,290.3	721,708.3	738,029.4	749,419.1	761,003.2	772,785.4	784,769.3	
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL FOOD EXPENSES	\$3,444,915.4	\$3,469,673.8	\$3,588,686.8	\$3,722,907.8	\$3,919,723.3	\$4,010,697.4	\$4,077,533.6	\$4,145,575.3	\$4,214,845.5	\$4,285,367.5	
TOTAL FOOD INCOME	\$289,759.2	\$405,373.1	\$441,361.9	\$621,348.1	\$641,745.4	\$642,000.6	\$621,691.5	\$600,642.0	\$578,834.0	\$556,248.8	

BEVERAGE DEPARTMENT											
BEVERAGE REVENUE											
Total Sales	\$1,865,964.2	\$1,815,439.6	\$1,766,247.0	\$1,775,382.8	\$1,864,151.9	\$1,901,435.0	\$1,920,449.3	\$1,939,653.8	\$1,959,050.4	\$1,978,640.9	
Complementary Sales	1,004,749.9	1,112,688.8	1,279,006.5	1,452,585.9	1,525,215.2	1,555,719.5	1,571,276.7	1,586,989.5	1,602,859.4	1,618,888.0	
TOTAL BEVERAGE GROSS REVENUE	\$2,870,714.1	\$2,928,128.4	\$3,045,253.5	\$3,227,968.7	\$3,389,367.2	\$3,457,154.5	\$3,491,726.1	\$3,526,643.3	\$3,561,909.8	\$3,597,528.8	
Less: Cost of sales	(918,629)	(937,001)	(974,481)	(1,032,950)	(1,084,597)	(1,106,289)	(1,117,352)	(1,128,526)	(1,139,811)	(1,151,209)	
GROSS MARGIN	\$1,952,085.6	\$1,991,127.3	\$2,070,772.4	\$2,195,018.7	\$2,304,769.7	\$2,350,865.1	\$2,374,373.7	\$2,398,117.5	\$2,422,098.6	\$2,446,319.6	

BEVERAGE EXPENSES											
Payroll - Officers	\$816,000.0	\$816,000.0	\$840,480.0	\$865,694.4	\$891,665.2	\$909,498.5	\$918,593.5	\$927,779.5	\$937,057.3	\$946,427.8	
Payroll - Other Employees	761,313.4	791,630.1	810,305.5	884,691.6	896,994.3	933,232.9	951,990.9	971,125.9	990,645.5	1,010,557.5	
Payroll - Related (Taxes, Benefits, etc.)	338,349.4	343,699.4	353,115.1	372,545.6	381,209.4	392,062.8	397,646.8	403,320.0	409,084.1	414,940.6	
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL BEVERAGE EXPENSES	\$1,915,662.8	\$1,951,329.5	\$2,003,900.6	\$2,122,931.6	\$2,169,869.0	\$2,234,794.2	\$2,268,231.2	\$2,302,225.4	\$2,336,786.9	\$2,371,925.9	
TOTAL BEVERAGE INCOME	\$36,422.8	\$39,797.8	\$66,871.8	\$72,087.1	\$134,900.7	\$116,070.8	\$106,142.6	\$95,892.1	\$85,311.7	\$74,393.7	

	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
DEPARTMENTAL INCOME STATEMENTS - AVERAGE-CASE BASIS (CONT.)											
CONVENTION DEPARTMENT											
REVENUE											
Total Sales	\$475,000.0	\$469,200.0	\$466,762.0	\$494,767.1	\$519,495.0	\$529,884.9	\$535,183.7	\$540,535.6	\$545,940.9	\$551,400.3	
Complementary Sales	25,000.0	40,800.0	63,648.0	67,466.9	70,840.2	72,257.0	72,979.6	73,709.4	74,446.5	75,191.0	
TOTAL CONVENTION GROSS REVENUE	\$500,000.0	\$510,000.0	\$530,400.0	\$562,224.0	\$590,335.2	\$602,141.9	\$608,163.3	\$614,245.0	\$620,387.4	\$626,591.3	
Less: Cost of sales	(150,000.0)	(153,000.0)	(159,120.0)	(168,667.0)	(177,101.0)	(180,643.0)	(182,449.0)	(184,273.0)	(186,116.0)	(187,977.0)	
GROSS MARGIN	\$350,000.0	\$357,000.0	\$371,280.0	\$393,556.8	\$413,234.6	\$421,498.9	\$425,714.3	\$429,971.5	\$434,271.2	\$438,613.9	
CONVENTION EXPENSES											
Payroll - Officers	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Payroll - Other Employees	127,500.0	131,752.3	136,790.5	147,085.1	159,072.5	165,499.0	168,825.6	172,218.9	175,680.5	179,211.7	
Payroll - Related (Taxes, Benefits, etc.)	22,500.0	23,250.4	24,139.5	25,956.2	28,071.6	29,205.7	29,792.7	30,391.6	31,002.4	31,625.6	
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL CONVENTION EXPENSES	\$150,000.0	\$155,002.7	\$160,930.0	\$173,041.2	\$187,144.1	\$194,704.7	\$198,618.3	\$202,610.5	\$206,683.0	\$210,637.3	
TOTAL CONVENTION INCOME	\$200,000.0	\$201,997.3	\$210,350.0	\$220,515.6	\$226,090.5	\$226,794.6	\$227,096.0	\$227,360.9	\$227,588.2	\$227,776.6	
ENTERTAINMENT DEPARTMENT											
ENTERTAINMENT REVENUE											
Total Sales	\$135,000.0	\$134,640.0	\$140,025.6	\$143,367.1	\$150,535.5	\$153,546.2	\$155,081.6	\$156,632.5	\$158,198.8	\$159,780.8	
Complementary Sales	15,000.0	18,360.0	19,084.4	25,300.1	26,565.1	27,096.4	27,367.3	27,641.0	27,917.4	28,196.6	
TOTAL ENTERTAINMENT GROSS REVENUE	\$150,000.0	\$153,000.0	\$159,120.0	\$168,667.2	\$177,100.6	\$180,642.6	\$182,449.0	\$184,273.5	\$186,116.2	\$187,977.4	
Less: Cost of sales	(135,000.0)	(137,700.0)	(143,208.0)	(151,800.0)	(159,391.0)	(162,578.0)	(164,204.0)	(165,846.0)	(167,505.0)	(169,180.0)	
GROSS MARGIN	\$15,000.0	\$15,300.0	\$15,912.0	\$16,866.7	\$17,710.1	\$18,064.3	\$18,244.9	\$18,427.3	\$18,611.6	\$18,797.7	
ENTERTAINMENT EXPENSES											
Payroll - Officers	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	All Out-Sourced Contract Entertainment
Payroll - Other Employees	-	-	-	-	-	-	-	-	-	-	
Payroll - Related (Taxes, Benefits, etc.)	-	-	-	-	-	-	-	-	-	-	
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL ENTERTAINMENT EXPENSES	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
TOTAL ENTERTAINMENT INCOME	\$15,000.0	\$15,300.0	\$15,912.0	\$16,866.7	\$17,710.1	\$18,064.3	\$18,244.9	\$18,427.3	\$18,611.6	\$18,797.7	

RETAIL DEPARTMENT
RETAIL REVENUE

Total Sales	\$3,838,914.5	\$3,895,093.7	\$3,973,969.4	\$4,172,667.8	\$4,256,121.2	\$4,298,682.4	\$4,341,669.2	\$4,385,085.9	\$4,428,936.8
Complementary Sales	734,369.1	842,688.5	973,773.4	1,187,029.8	1,246,381.3	1,284,022.0	1,296,862.2	1,309,830.9	1,322,929.2
TOTAL RETAIL GROSS REVENUE	\$4,589,806.9	\$4,681,603.0	\$4,868,867.2	\$5,419,049.1	\$5,527,430.1	\$5,582,704.4	\$5,638,531.5	\$5,694,916.8	\$5,751,866.0

Less: Cost of sales

GROSS MARGIN	(1,835,923)	(1,872,641)	(1,947,547)	(2,167,620)	(2,210,972)	(2,233,082)	(2,255,413)	(2,277,967)	(2,300,746)
	\$2,753,884.1	\$2,808,961.8	\$2,921,320.3	\$3,096,599.5	\$3,251,429.5	\$3,349,622.7	\$3,383,118.9	\$3,416,950.1	\$3,451,119.6

RETAIL EXPENSES

Payroll - Officers	\$240,964.9	\$306,000.0	\$315,180.0	\$324,635.4	\$334,374.5	\$344,472.6	\$347,917.3	\$351,396.5	\$354,910.4
Payroll - Other Employees	366,955.1	379,706.5	397,497.5	424,343.6	458,927.6	477,468.2	486,855.3	506,842.2	517,029.7
Payroll - Related (Taxes, Benefits, etc.)	140,792.3	159,850.2	166,050.5	174,307.4	184,333.8	193,034.9	196,045.1	199,107.2	202,221.9
Other (Specify)	-	-	-	-	-	-	-	-	-
TOTAL RETAIL EXPENSES	\$748,712.2	\$845,556.7	\$878,728.0	\$923,286.4	\$977,635.8	\$1,024,572.8	\$1,040,817.8	\$1,057,345.8	\$1,074,162.0

TOTAL RETAIL INCOME

	\$2,005,171.9	\$1,963,405.1	\$2,042,592.3	\$2,173,313.1	\$2,273,793.6	\$2,325,049.8	\$2,342,301.1	\$2,359,604.3	\$2,376,957.5
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Security, Environmental Services.

OTHER REVENUE

Total Sales	\$475,000.0	\$484,500.0	\$503,880.0	\$534,112.8	\$560,818.4	\$577,755.2	\$583,532.7	\$589,368.0	\$595,261.7
Complementary Sales	25,000.0	25,500.0	26,520.0	28,111.2	29,516.8	30,107.1	30,712.2	31,019.4	31,329.6
TOTAL OTHER GROSS REVENUE	\$500,000.0	\$510,000.0	\$530,400.0	\$562,224.0	\$590,335.2	\$607,862.3	\$614,245.0	\$620,387.4	\$626,591.3

Less: Cost of sales

GROSS MARGIN	(50,000)	(51,000)	(53,040)	(56,222)	(59,034)	(60,214)	(61,424)	(62,039)	(62,659)
	\$450,000.0	\$459,000.0	\$477,360.0	\$506,001.6	\$541,927.7	\$547,347.0	\$552,820.5	\$558,348.7	\$563,932.2

OTHER EXPENSES

Payroll - Officers	\$908,872.1	\$918,000.0	\$945,540.0	\$1,082,118.0	\$1,114,581.5	\$1,148,241.9	\$1,159,724.3	\$1,171,321.6	\$1,183,034.8
Payroll - Other Employees	1,738,975.2	1,810,369.9	1,908,486.2	2,051,127.6	2,218,294.5	2,354,302.7	2,401,624.2	2,449,896.8	2,499,139.7
Payroll - Related (Taxes, Benefits, etc.)	608,944.3	626,898.3	655,321.0	720,777.0	765,588.1	803,858.6	817,116.9	830,612.6	844,350.3
Other (Specify)	1,577,636.5	1,609,189.2	1,673,556.8	1,773,970.2	1,862,688.7	1,918,921.3	1,938,110.5	1,957,491.6	1,977,066.5
TOTAL OTHER EXPENSES	\$4,834,428.1	\$4,964,457.4	\$5,182,904.0	\$5,627,992.8	\$5,961,132.9	\$6,225,324.5	\$6,316,575.9	\$6,409,322.6	\$6,503,591.4

TOTAL OTHER DEPARTMENTAL INCOME

	(\$4,384,428.1)	(\$4,505,457.4)	(\$4,705,544.0)	(\$5,121,991.2)	(\$5,429,831.2)	(\$5,677,977.5)	(\$5,763,755.4)	(\$5,850,974.0)	(\$5,939,659.3)
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ATMs, Check Cashing, Misc

III.

	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
SUMMARY DEBT SCHEDULE - AVERAGE-CASE BASIS											
DEBT 1:											
Principal Balance (\$)	\$179,022,710.0	\$179,022,711.0	\$179,022,712.0	\$179,022,713.0	\$179,022,714.0	\$179,022,715.0	\$179,022,716.0	\$179,022,717.0	\$179,022,718.0	\$179,022,719.0	
Annual Cash Rate (%)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	
Annual PIK Rate (%)											
Annual Amortization (\$)											
Total Cash Interest (\$)	\$16,112,045.0	\$16,112,046.0	\$16,112,047.0	\$16,112,048.0	\$16,112,049.0	\$16,112,050.0	\$16,112,051.0	\$16,112,052.0	\$16,112,053.0	\$16,112,054.0	
Total PIK Interest (\$)											
DEBT 2:											
Principal Balance (\$)											
Annual Cash Rate (%)											
Annual PIK Rate (%)											
Annual Amortization (\$)											
Total Cash Interest (\$)											
Total PIK Interest (\$)											
DEBT 3:											
Principal Balance (\$)											
Annual Cash Rate (%)											
Annual PIK Rate (%)											
Annual Amortization (\$)											
Total Cash Interest (\$)											
Total PIK Interest (\$)											
DEBT 4:											
Principal Balance (\$)											
Annual Cash Rate (%)											
Annual PIK Rate (%)											
Annual Amortization (\$)											
Total Cash Interest (\$)											
Total PIK Interest (\$)											
DEBT 5:											
Principal Balance (\$)											
Annual Cash Rate (%)											
Annual PIK Rate (%)											
Annual Amortization (\$)											
Total Cash Interest (\$)											
Total PIK Interest (\$)											
TOTAL DEBT PRINCIPAL BALANCE	\$179,022,710.0	\$179,022,711.0	\$179,022,712.0	\$179,022,713.0	\$179,022,714.0	\$179,022,715.0	\$179,022,716.0	\$179,022,717.0	\$179,022,718.0	\$179,022,719.0	
TOTAL DEBT AMORTIZATION											
TOTAL CASH INTEREST	16,112,045.0	16,112,046.0	16,112,047.0	16,112,048.0	16,112,049.0	16,112,050.0	16,112,051.0	16,112,052.0	16,112,053.0	16,112,054.0	
TOTAL PIK INTEREST											
SUMMARY RATIOS											
Total Debt/ EBITDA	8.1x	8.1x	7.9x	7.5x	7.2x	7.2x	7.2x	7.2x	7.2x	7.2x	7.2x
EBITDA / Cash Interest	1.4x	1.4x	1.4x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x
EBITDA / Total Interest	1.4x	1.4x	1.4x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x
(EBITDA - Capex) / Cash Interest	1.4x	1.4x	1.4x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x
(EBITDA - Capex) / Total Interest	1.4x	1.4x	1.4x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x

TOTAL DEBT PRINCIPAL BALANCE

TOTAL DEBT AMORTIZATION

TOTAL CASH INTEREST

TOTAL PIK INTEREST

SUMMARY RATIOS

Total Debt/ EBITDA

EBITDA / Cash Interest

EBITDA / Total Interest

(EBITDA - Capex) / Cash Interest

(EBITDA - Capex) / Total Interest

BALANCE SHEET - AVERAGE-CASE BASIS

	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
ASSETS											
Current Assets											
Cash and cash equivalents	\$3,017,500.0	\$3,250,000.0	\$3,500,000.0	\$3,750,000.0	\$4,000,000.0	\$4,000,000.0	\$4,000,000.0	\$4,000,000.0	\$4,000,000.0	\$4,000,000.0	\$4,000,000.0
Restricted cash	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0
Accounts receivable											
Inventory											
Prepaid expenses											
Other current assets (specify):											
Total Current Assets	\$8,017,500.0	\$8,250,000.0	\$8,500,000.0	\$8,750,000.0	\$9,000,000.0	\$9,000,000.0	\$9,000,000.0	\$9,000,000.0	\$9,000,000.0	\$9,000,000.0	\$9,000,000.0
Fixed Assets											
Land	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0
Buildings and improvements	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0
Furniture, fixtures and equipment	(20,995,661.0)	(41,991,322.0)	(62,986,983.0)	(83,982,644.0)	(104,978,305.0)	(125,973,966.0)	(146,969,627.0)	(167,965,288.0)	(188,960,949.0)	(209,956,610.0)	(209,956,610.0)
Total Fixed Assets	\$230,952,270.0	\$209,956,609.0	\$188,960,948.0	\$167,965,287.0	\$146,969,626.0	\$125,973,966.0	\$104,978,304.0	\$83,982,643.0	\$62,986,982.0	\$41,991,321.0	
Other Assets											
Intangible assets											
Goodwill											
Other assets (specify):											
Total Other Assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Assets	\$238,969,770.0	\$218,206,609.0	\$197,460,948.0	\$176,715,287.0	\$155,969,626.0	\$134,973,966.0	\$113,978,304.0	\$92,982,643.0	\$71,986,982.0	\$50,991,321.0	
LIABILITIES AND OWNERS' EQUITY											
Current Liabilities											
Accounts payable											
Accrued compensation and benefits											
Short-term debt											
Taxes payable											
Current portion of long-term debt											
Other accrued liabilities (specify):											
Total Current Liabilities	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Long-Term Liabilities											
Long-term debt	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0
Deferred income taxes											
Other liabilities (specify):											
Total Long-Term Liabilities	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0
Total Liabilities	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0
Owners' Equity											
Owners' investment	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0
Retained earnings											
Additional paid in capital											
Other (specify):											
Total Owner's Equity	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0
Total Liabilities and Owners' Equity	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0
Balance of Debt to Equity / Total Liabilities/Total											

Vii.

ASSUMPTIONS

Complimentary Casino Sales - All Marketing promotions and discounts are channelled through the Marketing expense line items

Debt Principal to match Sources and Uses, blended assumption of 9.00%, non amortizing in this horizon.

Assets Depreciated straight line for 12 years.

Initiated Casino Cash to track Gaming Revenues until flattened.

Left Operating Reserve at \$5mm

Unable to follow or correct certain cell references in Capitalization section as the figures don't seem to be changing the Owner's Equity.

Template for Item VIII.A.4. - Financial projections for first 10 years

High Case

NAME OF APPLICANT: Howe Caverns Inc.

Submit 10-year projections, starting from date of opening:

Projected Opening Date (01/01/2019):

- PLEASE FILL IN LIGHT GREY SHADED CELLS.
- PLEASE FILL OUT DEPARTMENTAL INCOME STATEMENTS FIRST AS THEY WILL FEED INTO SUMMARY INCOME STATEMENT.
- FOR LINE ITEMS MARKED "OTHER," PLEASE USE THE COMMENT SPACE TO THE RIGHT TO DESCRIBE IN DETAIL WHAT IS CONTAINED IN THAT LINE ITEM.
- ALL COSTS OR DEDUCTIONS SHOULD BE ENTERED AS NEGATIVE NUMBERS. SUCH ROWS BEGIN WITH THE WORD "LESS."
- IN ADDITION TO COMPLETING THIS WORKSHEET, THE APPLICANT SHALL PROVIDE (IN THE ASSUMPTIONS SECTION) A DETAILED DESCRIPTION OF ALL ASSUMPTIONS RELEVANT TO THE PROJECTED FINANCIAL INFORMATION PROVIDED HEREIN.
- PLEASE DO NOT ADD OR DELETE ROWS OR COLUMNS.

SECTIONS TO BE FILLED OUT:

- I. Instructions
- II. Departmental Income Statements
- III. Summary Debt Schedule
- IV. Statement of Income
- V. Balance Sheet
- VI. Statement of Cash Flow
- VII. Assumptions

REF:	7	8	9	10	11	12	13	14	15	16
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ii.

DEPARTMENTAL INCOME STATEMENTS - AVERAGE-CASE BASIS

	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
CASINO DEPARTMENT											
CASINO REVENUE											
House Banked Table Games	\$34,264,285	\$34,949,571.0	\$36,347,553.9	\$38,528,407.1	\$40,454,827.4	\$41,263,924.0	\$41,676,563.2	\$42,093,328.9	\$42,514,282.1	\$42,939,404.8	
Slot/Electronic gaming machines	112,711,464.8	114,965,694.1	119,564,321.9	126,738,181.2	133,075,090.3	135,736,592.1	137,093,958.0	138,484,897.6	139,849,546.5	141,248,042.0	
Other / Non-House Banked Games (Poker, etc)	3,306,203.0	3,372,327.0	3,507,220.1	3,717,653.3	3,903,536.0	3,981,606.7	4,021,422.8	4,061,637.0	4,102,253.4	4,143,275.9	
Complementary Sales	\$150,281,953.1	\$153,287,592.2	\$159,419,095.8	\$168,964,241.6	\$177,433,453.7	\$180,982,122.7	\$182,791,944.0	\$184,619,863.4	\$186,466,082.0	\$188,330,722.7	Captured in Marketing Line Items
TOTAL CASINO GROSS REVENUE	(1,080,678)	(1,011,698)	(1,052,166)	(1,115,296)	(1,171,061)	(1,194,482)	(1,206,427)	(1,218,491)	(1,230,676)	(1,242,983)	
Less: Cost of sales	\$149,201,275.6	\$152,275,894.0	\$158,366,929.8	\$167,868,945.6	\$176,262,392.9	\$179,787,640.7	\$181,585,517.1	\$183,401,372.3	\$185,235,386.0	\$187,087,739.9	
GROSS MARGIN	\$1,621,016.3	\$1,532,875.9	\$1,594,191.0	\$1,689,842.4	\$1,774,334.5	\$1,809,821.2	\$1,827,919.4	\$1,846,198.6	\$1,864,680.6	\$1,883,307.2	
CASINO EXPENSES											
Commissions	54,477,208.0	55,566,752.2	57,789,422.2	61,256,787.6	64,319,627.0	65,606,019.5	66,262,079.7	66,924,700.5	67,593,947.5	68,269,887.0	
Gaming taxes and licenses	-	-	-	-	-	-	-	-	-	-	
Preferred guest expenses	-	-	-	-	-	-	-	-	-	-	
Payroll - Officers	2,553,100.7	2,019,600.0	2,080,188.0	2,142,593.6	2,206,871.4	2,251,008.9	2,273,519.0	2,296,254.2	2,319,216.7	2,342,408.9	
Payroll - Other Employees	16,947,725.3	15,130,968.8	16,208,293.8	17,143,208.4	18,540,379.9	19,289,411.2	19,677,128.4	20,072,638.7	20,476,098.7	20,887,668.3	
Payroll - Related (Taxes, Benefits, etc.)	4,814,418.4	4,186,975.0	4,449,427.3	4,681,397.7	5,015,641.5	5,198,979.1	5,293,734.9	5,390,287.9	5,488,703.4	5,588,987.4	Captured in Marketing Line Items
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL CASINO EXPENSES	\$80,413,468.6	\$78,437,171.9	\$82,121,522.2	\$86,913,829.8	\$91,856,854.4	\$94,155,239.9	\$95,334,381.4	\$96,530,089.9	\$97,742,626.9	\$98,972,258.8	
TOTAL CASINO INCOME	\$68,787,807.0	\$73,838,722.2	\$76,245,407.6	\$80,955,115.8	\$84,405,538.5	\$85,632,400.8	\$86,251,135.7	\$86,871,282.5	\$87,492,759.1	\$88,115,481.1	
HOTEL DEPARTMENT											
HOTEL REVENUE											
Room Sales	\$7,314,892.0	\$7,461,189.8	\$7,759,637.4	\$8,225,215.7	\$8,636,476.5	\$8,809,206.0	\$8,897,298.1	\$8,986,271.0	\$9,076,133.7	\$9,166,895.1	
Complementary Rooms	1,605,708.0	1,637,822.2	1,703,335.0	1,805,535.1	1,995,811.9	1,933,728.1	1,953,065.4	1,972,596.1	1,992,322.0	2,012,245.3	
TOTAL HOTEL GROSS REVENUE	\$8,920,600.0	\$9,099,012.0	\$9,462,972.5	\$10,030,750.8	\$10,532,288.4	\$10,742,934.1	\$10,850,363.5	\$10,958,867.1	\$11,068,455.8	\$11,179,140.3	
Less: Cost of sales	(713,648)	(746,119)	(779,603)	(814,129)	(830,411)	(847,019)	(863,960)	(881,239)	(898,864)	(916,841)	
GROSS MARGIN	\$8,206,952.0	\$8,352,893.0	\$8,683,369.1	\$9,216,622.2	\$9,701,877.2	\$9,895,914.7	\$9,986,403.7	\$10,077,628.1	\$10,169,592.0	\$10,262,299.3	
HOTEL EXPENSES											
Payroll - Officers	\$535,236.0	\$535,500.0	\$551,565.0	\$568,112.0	\$585,155.3	\$596,858.4	\$602,827.0	\$608,855.3	\$614,943.8	\$621,093.3	
Payroll - Other Employees	1,755,574.1	1,803,672.0	1,848,719.8	1,949,519.1	2,008,004.6	2,048,164.7	2,068,646.4	2,089,332.8	2,110,226.2	2,131,328.4	
Payroll - Related (Taxes, Benefits, etc.)	563,781.9	574,428.0	589,671.5	617,313.9	635,833.3	648,549.9	655,035.4	661,595.8	668,201.6	674,883.7	
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL HOTEL EXPENSES	\$2,854,592.0	\$2,913,600.0	\$2,989,956.4	\$3,134,944.9	\$3,228,993.2	\$3,293,573.1	\$3,326,508.8	\$3,359,773.9	\$3,393,371.6	\$3,427,305.3	
TOTAL HOTEL INCOME	\$5,352,360.0	\$5,439,293.0	\$5,693,412.8	\$6,081,677.3	\$6,472,884.0	\$6,602,341.6	\$6,659,894.9	\$6,717,854.2	\$6,776,220.4	\$6,834,993.9	
FOOD DEPARTMENT											
FOOD REVENUE											
Total Sales	\$8,913,723.6	\$8,870,242.0	\$8,994,425.4	\$9,167,395.1	\$9,625,764.9	\$9,816,280.2	\$9,916,463.0	\$10,015,627.6	\$10,115,783.9	\$10,216,941.7	
Complementary Sales	1,956,671.0	2,217,580.5	2,536,889.2	3,055,798.4	3,208,588.3	3,272,760.0	3,305,487.7	3,338,542.5	3,371,928.0	3,405,647.2	
TOTAL FOOD GROSS REVENUE	\$10,870,394.6	\$11,087,822.5	\$11,531,314.6	\$12,223,193.5	\$12,834,353.1	\$13,089,040.2	\$13,221,950.6	\$13,354,170.1	\$13,487,711.8	\$13,622,588.9	
Less: Cost of sales	(4,565,566)	(4,545,999)	(4,727,839)	(4,889,277)	(5,133,741)	(5,236,416)	(5,288,780)	(5,341,668)	(5,395,085)	(5,449,036)	
GROSS MARGIN	\$6,304,828.9	\$6,541,803.5	\$6,803,475.6	\$7,333,916.1	\$7,700,611.9	\$7,854,624.1	\$7,933,170.4	\$8,012,502.1	\$8,092,627.1	\$8,173,553.4	

DEPARTMENTAL INCOME STATEMENTS - AVERAGE-CASE BASIS (CONT.)											
	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
CONVENTION DEPARTMENT											
REVENUE											
Total Sales	\$712,500.0	\$703,800.0	\$700,128.0	\$742,135.7	\$779,242.5	\$794,827.3	\$802,775.6	\$810,803.3	\$818,911.4	\$827,100.5	
Complementary Sales	37,500.0	61,200.0	95,472.0	101,200.3	106,260.3	108,385.5	109,469.4	110,564.1	111,669.7	112,786.4	
TOTAL CONVENTION GROSS REVENUE	\$750,000.0	\$765,000.0	\$795,600.0	\$843,336.0	\$885,502.8	\$903,212.9	\$912,245.0	\$921,367.4	\$930,581.1	\$939,886.9	
Less: Cost of sales	(225,000.0)	(229,500.0)	(238,680.0)	(253,001.0)	(265,651.0)	(270,964.0)	(273,673.0)	(276,410.0)	(279,174.0)	(281,966.0)	
GROSS MARGIN	\$525,000.0	\$535,500.0	\$556,920.0	\$590,335.2	\$619,852.0	\$632,249.0	\$638,571.5	\$644,957.2	\$651,406.8	\$657,920.8	
CONVENTION EXPENSES											
Payroll - Officers	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Payroll - Other Employees	191,250.0	197,628.5	205,185.8	220,627.6	238,608.7	248,248.5	253,238.3	258,328.4	263,520.8	268,817.6	
Payroll - Related (Taxes, Benefits, etc.)	33,750.0	34,875.6	36,209.3	38,934.3	42,107.4	43,808.6	44,689.1	45,587.4	46,503.7	47,438.4	
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL CONVENTION EXPENSES	\$225,000.0	\$232,504.1	\$241,395.1	\$259,561.9	\$280,716.2	\$292,057.1	\$297,927.4	\$303,915.8	\$310,024.5	\$316,256.0	
TOTAL CONVENTION INCOME	\$300,000.0	\$302,995.9	\$315,524.9	\$330,773.3	\$339,135.8	\$340,191.9	\$340,644.0	\$341,041.4	\$341,382.3	\$341,664.9	
ENTERTAINMENT DEPARTMENT											
ENTERTAINMENT REVENUE											
Total Sales	\$225,000.0	\$224,400.0	\$233,376.0	\$238,945.2	\$250,892.5	\$255,910.3	\$258,469.4	\$261,054.1	\$263,664.6	\$266,301.3	
Complementary Sales	25,000.0	30,600.0	31,824.0	42,166.8	44,275.1	45,160.6	45,612.2	46,068.4	46,529.1	46,994.3	
TOTAL ENTERTAINMENT GROSS REVENUE	\$250,000.0	\$255,000.0	\$265,200.0	\$281,112.0	\$295,167.6	\$301,071.0	\$304,081.7	\$307,122.5	\$310,193.7	\$313,295.6	
Less: Cost of sales	(225,000.0)	(229,500.0)	(238,680.0)	(253,001.0)	(265,651.0)	(270,964.0)	(273,673.0)	(276,410.0)	(279,174.0)	(281,966.0)	
GROSS MARGIN	\$25,000.0	\$25,500.0	\$26,520.0	\$28,111.2	\$29,516.8	\$30,107.1	\$30,408.2	\$30,712.2	\$31,019.4	\$31,329.6	
ENTERTAINMENT EXPENSES											
Payroll - Officers	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	All Out-Sourced Contract Entertainment
Payroll - Other Employees	-	-	-	-	-	-	-	-	-	-	
Payroll - Related (Taxes, Benefits, etc.)	-	-	-	-	-	-	-	-	-	-	
Other (Specify)	-	-	-	-	-	-	-	-	-	-	
TOTAL ENTERTAINMENT EXPENSES	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
TOTAL ENTERTAINMENT INCOME	\$25,000.0	\$25,500.0	\$26,520.0	\$28,111.2	\$29,516.8	\$30,107.1	\$30,408.2	\$30,712.2	\$31,019.4	\$31,329.6	

RETAIL DEPARTMENT
RETAIL REVENUE

Total Sales	\$4,313,092.1	\$4,292,052.6	\$4,352,141.3	\$4,435,836.3	\$4,657,628.2	\$4,750,780.7	\$4,798,288.5	\$4,846,271.4	\$4,894,734.1	\$4,943,681.5
Complementary Sales	946,776.3	1,073,013.1	1,227,527.0	1,478,612.1	1,552,542.7	1,583,583.6	1,598,429.5	1,615,423.8	1,631,578.0	1,647,893.8
TOTAL RETAIL GROSS REVENUE	\$5,259,868.4	\$5,365,065.7	\$5,579,668.4	\$5,914,448.5	\$6,210,170.9	\$6,334,374.3	\$6,397,718.0	\$6,461,695.2	\$6,526,312.2	\$6,591,575.3
Less: Cost of sales	(2,103,947)	(2,146,026)	(2,231,867)	(2,365,779)	(2,484,068)	(2,533,750)	(2,559,087)	(2,584,678)	(2,610,525)	(2,636,630)
GROSS MARGIN	\$3,155,921.0	\$3,219,039.4	\$3,347,801.0	\$3,548,669.1	\$3,726,102.5	\$3,800,624.6	\$3,838,630.8	\$3,877,017.1	\$3,915,787.3	\$3,954,945.2
RETAIL EXPENSES										
Payroll - Officers	\$276,143.1	\$306,000.0	\$315,180.0	\$324,635.4	\$334,374.5	\$341,062.0	\$344,472.6	\$347,917.3	\$468,528.6	\$473,213.9
Payroll - Other Employees	420,526.5	435,139.5	455,527.7	486,293.1	525,926.0	547,173.4	558,171.5	569,390.8	580,835.6	592,510.3
Payroll - Related (Taxes, Benefits, etc.)	161,346.5	172,018.4	178,788.9	187,906.1	199,040.8	205,376.7	208,643.6	211,967.5	244,632.6	248,366.7
Other (Specify)	-	-	-	-	-	-	-	-	-	-
TOTAL RETAIL EXPENSES	\$858,016.0	\$913,157.9	\$949,496.6	\$998,834.6	\$1,059,341.2	\$1,093,612.0	\$1,111,287.7	\$1,129,275.6	\$1,293,996.8	\$1,314,091.0
TOTAL RETAIL INCOME	\$2,297,905.0	\$2,305,881.5	\$2,398,304.4	\$2,549,834.5	\$2,666,761.3	\$2,707,012.6	\$2,727,343.1	\$2,747,741.5	\$2,621,790.5	\$2,640,854.2

Security, Environmental Services.

OTHER REVENUE

Total Sales	\$712,500.0	\$726,750.0	\$755,820.0	\$801,169.2	\$841,227.7	\$858,052.2	\$866,632.7	\$875,299.1	\$884,052.1	\$892,892.6
Complementary Sales	37,500.0	38,250.0	39,780.0	42,166.8	44,275.1	45,160.6	45,612.2	46,068.4	46,529.1	46,994.3
TOTAL OTHER GROSS REVENUE	\$750,000.0	\$765,000.0	\$795,600.0	\$843,336.0	\$885,502.8	\$903,212.9	\$912,245.0	\$921,367.4	\$930,581.1	\$939,886.9
Less: Cost of sales	(75,000)	(76,500)	(79,560)	(84,334)	(88,550)	(90,321)	(91,224)	(92,137)	(93,058)	(93,989)
GROSS MARGIN	\$675,000.0	\$688,500.0	\$716,040.0	\$759,002.4	\$796,952.5	\$812,891.6	\$821,020.5	\$829,230.7	\$837,523.0	\$845,897.2

ATMs, Check Cashing, Misc

OTHER EXPENSES

Payroll - Officers	\$1,109,121.3	\$1,020,000.0	\$1,050,600.0	\$1,082,118.0	\$1,226,039.7	\$1,250,560.5	\$1,263,066.1	\$1,275,696.8	\$1,288,453.7	\$1,301,338.3
Payroll - Other Employees	2,728,438.3	2,467,384.3	2,603,015.6	2,778,817.5	3,005,291.2	3,126,704.9	3,189,561.7	3,253,661.7	3,319,060.3	3,385,773.4
Payroll - Related (Taxes, Benefits, etc.)	876,205.8	796,620.9	834,043.7	880,513.8	966,208.0	998,990.0	1,015,912.0	1,033,142.6	1,050,687.6	1,068,553.1
Other (Specify)	2,254,229.3	2,299,313.9	2,391,286.4	2,534,763.6	2,661,501.8	2,714,731.8	2,741,879.2	2,769,298.0	2,796,990.9	2,824,960.8
TOTAL OTHER EXPENSES	\$6,967,994.7	\$6,583,319.1	\$6,876,945.8	\$7,276,213.0	\$7,859,040.6	\$8,090,987.2	\$8,210,409.0	\$8,331,799.0	\$8,455,192.6	\$8,580,625.6
TOTAL OTHER DEPARTMENTAL INCOME	(\$6,292,994.7)	(\$5,894,819.1)	(\$6,162,905.8)	(\$6,517,210.6)	(\$7,062,088.1)	(\$7,278,095.7)	(\$7,389,388.5)	(\$7,502,568.3)	(\$7,617,669.6)	(\$7,734,727.4)

IV.

STATEMENT OF INCOME - AVERAGE-CASE BASIS											
	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
SUMMARY INCOME STATEMENT											
REVENUE (from Departmental Section)											
Casino	\$150,281,953.1	\$153,287,592.2	\$159,419,095.8	\$168,984,241.6	\$177,433,453.7	\$180,982,122.7	\$182,791,944.0	\$184,619,863.4	\$186,466,062.0	\$188,330,722.7	
Hotel	8,920,600.0	9,099,012.0	9,462,972.5	10,030,750.8	10,532,288.4	10,742,934.1	10,850,363.5	10,958,867.1	11,068,455.8	11,179,140.3	
Food	10,870,394.6	11,087,802.5	11,531,314.6	12,223,193.5	12,834,353.1	13,091,040.2	13,221,950.6	13,354,170.1	13,487,711.8	13,622,588.9	
Beverage	4,953,460.2	5,052,529.4	5,254,630.5	5,569,908.4	5,848,403.8	5,965,371.9	6,025,025.6	6,085,275.8	6,146,128.6	6,207,589.9	
Convention	750,000.0	765,000.0	795,600.0	843,336.0	885,502.8	903,212.9	912,245.0	921,367.4	930,581.1	939,886.9	
Entertainment	250,000.0	265,000.0	265,200.0	281,112.0	295,167.6	301,071.0	304,081.7	307,122.5	310,193.7	313,295.6	
Retail	5,259,868.4	5,365,065.7	5,579,668.4	5,914,448.5	6,210,170.9	6,334,374.3	6,397,718.0	6,461,695.2	6,526,312.2	6,591,575.3	
Other (Specify)	750,000.0	765,000.0	795,600.0	843,336.0	885,502.8	903,212.9	912,245.0	921,367.4	930,581.1	939,886.9	
Gross Revenues	\$162,036,276.2	\$165,677,001.7	\$193,104,081.8	\$204,690,326.7	\$214,924,843.1	\$219,223,339.9	\$221,415,573.3	\$223,629,729.0	\$225,866,026.3	\$228,124,686.6	
Less: Complimentaries (from Departmental Section)	(6,342,866.4)	(6,978,407.0)	(7,841,772.1)	(9,031,938.3)	(9,483,535.2)	(9,673,205.9)	(9,769,938.0)	(9,867,637.4)	(9,966,313.7)	(10,065,976.9)	
Net Revenues	\$175,693,409.8	\$178,698,594.8	\$185,262,309.7	\$195,658,388.4	\$205,441,307.8	\$209,550,134.0	\$211,645,635.3	\$213,762,091.7	\$215,899,712.6	\$218,058,709.7	
Cost of Sales (from Departmental Section)	\$10,573,945.9	\$10,602,151.8	\$11,029,877.5	\$11,557,187.3	\$12,110,622.8	\$12,352,835.2	\$12,484,833.8	\$12,618,321.7	\$12,753,317.3	\$12,889,839.1	
Departmental Expenses (from Departmental Section)	99,666,086.6	97,665,393.1	102,170,743.8	107,988,990.3	114,087,529.1	116,982,488.1	118,502,361.3	120,044,469.2	121,755,590.8	123,463,033.5	
Bad Debt Expense	3,005,639.1	3,065,751.8	3,186,381.9	3,379,884.8	3,548,669.1	3,619,642.5	3,655,838.9	3,692,397.3	3,729,321.2	3,766,614.5	
General and Administrative Expenditures: Advertising and Promotion	9,016,917.2	9,197,255.5	9,565,145.8	10,139,054.5	10,646,007.2	10,858,927.4	10,967,516.6	11,077,191.8	11,187,963.7	11,299,843.4	
Payroll - Officers (THIS IS G&A PAYROLL)	2,433,365.4	2,472,153.6	2,546,318.2	2,622,707.8	2,701,389.0	2,755,416.8	2,782,970.9	2,810,800.6	2,838,908.7	2,867,297.7	
Payroll - Related (Taxes, Benefits, etc.)	872,837.6	883,852.5	910,368.1	937,679.2	965,809.5	985,125.7	994,977.0	1,004,926.7	1,014,976.0	1,025,125.8	
Rent or Lease	1,803,383.4	1,839,451.1	1,913,029.2	2,027,810.9	2,129,201.4	2,171,785.5	2,193,503.3	2,215,438.4	2,237,592.7	2,259,968.7	
Taxes (Non-Gaming)	1,953,665.4	1,992,738.7	2,072,448.2	2,196,795.1	2,306,634.9	2,352,677.6	2,376,295.3	2,400,058.2	2,424,058.8	2,448,289.4	
Utilities	2,705,075.2	2,759,176.7	2,869,543.7	3,041,716.3	3,193,802.2	3,257,678.2	3,290,255.0	3,323,157.5	3,356,389.1	3,389,953.0	
Other (Management Fees)	9,373,868.8	9,548,982.6	9,908,769.5	10,484,036.6	11,012,063.7	11,232,305.0	11,344,289.2	11,457,386.6	11,571,607.9	11,686,964.5	
Total General and Administrative Expenditures:	\$28,159,112.9	\$28,693,610.7	\$29,785,622.7	\$31,449,800.4	\$32,954,908.0	\$33,614,006.1	\$33,949,807.4	\$34,288,959.9	\$34,631,497.0	\$34,977,452.4	
EBITDA	\$34,288,625.4	\$33,671,687.3	\$39,087,683.8	\$41,282,725.5	\$42,739,578.8	\$42,981,162.1	\$43,052,794.0	\$43,117,943.6	\$43,029,986.3	\$42,961,770.2	
Less: Depreciation and Amortization	16,112,045.0	16,112,046.0	16,112,047.0	16,112,048.0	16,112,049.0	16,112,050.0	16,112,051.0	16,112,052.0	16,112,053.0	16,112,054.0	
Less: Interest Expense	\$50,400,670.4	\$54,783,733.3	\$55,199,730.8	\$57,394,773.5	\$58,851,627.8	\$59,093,212.1	\$59,164,845.0	\$59,229,995.6	\$59,142,039.3	\$59,073,824.2	
Net Income Before Federal Income Tax	\$50,400,670.4	\$54,783,733.3	\$55,199,730.8	\$57,394,773.5	\$58,851,627.8	\$59,093,212.1	\$59,164,845.0	\$59,229,995.6	\$59,142,039.3	\$59,073,824.2	
Less: Taxes	\$50,400,670.4	\$54,783,733.3	\$55,199,730.8	\$57,394,773.5	\$58,851,627.8	\$59,093,212.1	\$59,164,845.0	\$59,229,995.6	\$59,142,039.3	\$59,073,824.2	
Net Income After Federal Income Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
FREE CASH FLOW BRIDGE											
EBITDA (from above)	\$34,288,625.4	\$33,671,687.3	\$39,087,683.8	\$41,282,725.5	\$42,739,578.8	\$42,981,162.1	\$43,052,794.0	\$43,117,943.6	\$43,029,986.3	\$42,961,770.2	
Less: Capital Expenditures	-	-	-	-	-	-	-	-	-	-	
Less: Increase in Net Working Capital	-	-	-	-	-	-	-	-	-	-	
Less: Cash Taxes	-	-	-	-	-	-	-	-	-	-	
Less: Cash Interest Paid	(16,112,045.0)	(16,112,046.0)	(16,112,047.0)	(16,112,048.0)	(16,112,049.0)	(16,112,050.0)	(16,112,051.0)	(16,112,052.0)	(16,112,053.0)	(16,112,054.0)	
Less: Other Changes in Free Cash Flow (Specify)	-	-	-	-	-	-	-	-	-	-	
Free Cash Flow	\$18,176,580.4	\$22,559,641.3	\$22,975,636.8	\$25,170,677.5	\$26,627,529.8	\$26,869,112.1	\$26,940,743.0	\$27,005,891.6	\$26,917,933.3	\$26,849,716.2	

BALANCE SHEET - AVERAGE-CASE BASIS											
	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
ASSETS											
Current Assets											
Cash and cash equivalents	\$3,017,500.0	\$3,250,000.0	\$3,500,000.0	\$3,750,000.0	\$4,000,000.0	\$4,250,000.0	\$4,250,000.0	\$4,250,000.0	\$4,250,000.0	\$4,250,000.0	\$4,250,000.0
Restricted cash	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0	5,000,000.0
Accounts receivable											
Inventory											
Prepaid expenses											
Other current assets (specify):											
Total Current Assets	\$8,017,500.0	\$8,250,000.0	\$8,500,000.0	\$8,750,000.0	\$9,000,000.0	\$9,250,000.0	\$9,250,000.0	\$9,250,000.0	\$9,250,000.0	\$9,250,000.0	\$9,250,000.0
Fixed Assets											
Land											
Buildings and improvements	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0	222,227,931.0
Furniture, fixtures and equipment	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0	29,720,000.0
(Less accumulated depreciation)	(20,965,661.0)	(41,991,322.0)	(62,966,963.0)	(83,982,644.0)	(104,978,305.0)	(125,973,966.0)	(146,969,627.0)	(167,965,288.0)	(188,960,949.0)	(209,956,610.0)	(209,956,610.0)
Total Fixed Assets	\$230,952,270.0	\$209,956,609.0	\$188,960,948.0	\$167,965,287.0	\$146,969,626.0	\$125,973,965.0	\$104,978,304.0	\$83,982,643.0	\$62,986,982.0	\$41,991,321.0	
Other Assets											
Intangible assets											
Goodwill											
Other assets (specify):											
Total Other Assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Assets	\$238,969,770.0	\$218,206,609.0	\$197,460,948.0	\$176,715,287.0	\$155,969,626.0	\$135,223,965.0	\$114,228,304.0	\$93,232,643.0	\$72,236,982.0	\$51,241,321.0	
LIABILITIES AND OWNERS' EQUITY											
Current Liabilities											
Accounts payable											
Accrued compensation and benefits											
Short-term debt											
Taxes payable											
Current portion of long-term debt											
Other accrued liabilities (specify):											
Total Current Liabilities	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Long-Term Liabilities											
Long-term debt	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0
Deferred income taxes											
Other liabilities (specify):											
Total Long-Term Liabilities	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0
Total Liabilities											
Total Liabilities	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0
Owners' Equity											
Owners' investment	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0
Retained earnings											
Additional paid in capital											
Other (specify):											
Total Owners' Equity	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0	\$179,022,710.0
Total Liabilities and Owners' Equity	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0	\$358,045,420.0
Ratio of Debt-to-Equity (Total Liabilities/Total Owners' Equity)	1.0x	1.0x	1.0x	1.0x	1.0x	1.0x	1.0x	1.0x	1.0x	1.0x	1.0x

VII.

ASSUMPTIONS

Complimentary Casino Sales - All Marketing promotions and discounts are channelled through the Marketing expense line items
Debt Principal to match Sources and Uses, blended assumption of 9.00%, non amortizing in this horizon.
Assets Depreciated straight line for 12 years.
Inflated Casino Cash to track Gaming Revenues until flattened.
Left Operating Reserve at \$50mm

Unable to follow or correct certain cell references in Capitalization section as the figures don't seem to be changing the Owner's Equity.

Template for Item VIII.A.4. - Financial projections for first 10 years

Average Case

NAME OF APPLICANT: _____

Submit 10-year projections, starting from date of opening:

Projected Opening Date (mm/dd/yyyy): 11/1/2016

- PLEASE FILL IN LIGHT GREY SHADED CELLS.
- PLEASE FILL OUT DEPARTMENTAL INCOME STATEMENTS FIRST AS THEY WILL FEED INTO SUMMARY INCOME STATEMENT.
- FOR LINE ITEMS MARKED "OTHER," PLEASE USE THE COMMENT SPACE TO THE RIGHT TO DESCRIBE IN DETAIL WHAT IS CONTAINED IN THAT LINE ITEM.
- ALL COSTS OR DEDUCTIONS SHOULD BE ENTERED AS NEGATIVE NUMBERS. SUCH ROWS BEGIN WITH THE WORD "LESS."
- IN ADDITION TO COMPLETING THIS WORKSHEET, THE APPLICANT SHALL PROVIDE (IN THE ASSUMPTIONS SECTION) A DETAILED DESCRIPTION OF ALL ASSUMPTIONS RELEVANT TO THE PROJECTED FINANCIAL INFORMATION PROVIDED HEREIN.
- PLEASE DO NOT ADD OR DELETE ROWS OR COLUMNS.

SECTIONS TO BE FILLED OUT:

- I. Instructions
- II. Departmental Income Statements
- III. Summary Debt Schedule
- IV. Statement of Income
- V. Balance Sheet
- VI. Statement of Cash Flow
- VII. Assumptions

I.

ii.

	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
DEPARTMENTAL INCOME STATEMENTS - HIGH-CASE BASIS											
CASINO DEPARTMENT											
CASINO REVENUE											
House Banked Table Games											
Slot/Electronic gaming machines											
Other / Non-House Banked Games (Poker, etc)											
Complementary Sales											
TOTAL CASINO GROSS REVENUE	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Less: Cost of sales											
GROSS MARGIN	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
CASINO EXPENSES											
Commissions											
Gaming taxes and licenses											
Preferred guest expenses											
Payroll - Officers											
Payroll - Other Employees											
Payroll - Related (Taxes, Benefits, etc.)											
Other (Specify)											
TOTAL CASINO EXPENSES	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
TOTAL CASINO INCOME	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
HOTEL DEPARTMENT											
HOTEL REVENUE											
Room Sales	\$16,172.4	\$17,803.0	\$19,038.0	\$19,609.2	\$20,197.5	\$20,803.4	\$22,070.3	\$22,732.4	\$22,732.4	\$23,414.4	\$23,414.4
Complementary Rooms	-	-	-	-	-	-	-	-	-	-	-
TOTAL HOTEL GROSS REVENUE	\$16,172.4	\$17,803.0	\$19,038.0	\$19,609.2	\$20,197.5	\$20,803.4	\$22,070.3	\$22,732.4	\$22,732.4	\$23,414.4	\$23,414.4
Less: Cost of sales	(582.2)	(616.0)	(644.8)	(664.0)	(683.9)	(704.4)	(747.3)	(769.8)	(769.8)	(792.9)	(792.9)
GROSS MARGIN	\$15,590.2	\$17,187.0	\$18,393.2	\$18,945.2	\$19,513.5	\$20,098.9	\$21,323.0	\$21,962.7	\$21,962.7	\$22,621.5	\$22,621.5
HOTEL EXPENSES											
Payroll - Officers	\$349.3	\$369.6	\$386.9	\$398.4	\$410.4	\$422.7	\$448.4	\$461.9	\$461.9	\$475.7	\$475.7
Payroll - Other Employees	1,513.7	1,601.6	1,676.5	1,726.4	1,778.2	1,831.5	1,943.1	2,001.4	2,001.4	2,061.4	2,061.4
Payroll - Related (Taxes, Benefits, etc.)	465.8	492.8	515.8	531.2	547.1	563.6	597.9	615.8	615.8	634.3	634.3
Other (Specify)											
TOTAL HOTEL EXPENSES	\$2,328.8	\$2,463.9	\$2,579.2	\$2,656.0	\$2,735.7	\$2,817.8	\$2,989.4	\$3,079.0	\$3,079.0	\$3,171.4	\$3,171.4
TOTAL HOTEL INCOME	\$13,261.3	\$14,723.1	\$15,814.0	\$16,289.2	\$16,777.9	\$17,281.2	\$18,333.6	\$18,883.6	\$18,883.6	\$19,450.1	\$19,450.1
FOOD DEPARTMENT											
FOOD REVENUE											
Total Sales	\$3,500.1	\$3,816.0	\$4,058.9	\$4,180.7	\$4,306.1	\$4,435.3	\$4,705.4	\$4,846.6	\$4,846.6	\$4,992.0	\$4,992.0
Complementary Sales	-	-	-	-	-	-	-	-	-	-	-
TOTAL FOOD GROSS REVENUE	\$3,500.1	\$3,816.0	\$4,058.9	\$4,180.7	\$4,306.1	\$4,435.3	\$4,705.4	\$4,846.6	\$4,846.6	\$4,992.0	\$4,992.0
Less: Cost of sales	(1,400.0)	(1,526.4)	(1,623.6)	(1,672.3)	(1,722.5)	(1,774.1)	(1,882.2)	(1,938.6)	(1,938.6)	(1,996.8)	(1,996.8)
GROSS MARGIN	\$2,100.1	\$2,289.6	\$2,435.4	\$2,508.4	\$2,583.7	\$2,661.2	\$2,823.3	\$2,907.9	\$2,907.9	\$2,995.2	\$2,995.2

	DEPARTMENTAL INCOME STATEMENTS - HIGH-CASE BASIS (CONT.)										
	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
CONVENTION DEPARTMENT											
REVENUE											
Total Sales	\$543.6	\$595.0	\$633.8	\$652.8	\$672.4	\$692.6	\$734.7	\$756.8	\$756.8	\$779.5	
Complementary Sales	-	-	-	-	-	-	-	-	-	-	
TOTAL CONVENTION GROSS REVENUE	\$543.6	\$595.0	\$633.8	\$652.8	\$672.4	\$692.6	\$734.7	\$756.8	\$756.8	\$779.5	
Less: Cost of sales	(\$87.6)	(\$92.0)	(\$96.0)	(\$99.0)	(\$102.0)	(\$105.0)	(\$111.4)	(\$114.8)	(\$114.8)	(\$118.2)	
GROSS MARGIN	\$456.0	\$503.0	\$537.8	\$553.8	\$570.4	\$587.5	\$623.3	\$642.0	\$642.0	\$661.3	
CONVENTION EXPENSES											
Payroll - Officers											
Payroll - Other Employees											
Payroll - Related (Taxes, Benefits, etc.)											
Other (Specify)											
TOTAL CONVENTION EXPENSES	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
TOTAL CONVENTION INCOME	\$456.0	\$503.0	\$537.8	\$553.8	\$570.4	\$587.5	\$623.3	\$642.0	\$642.0	\$661.3	
ENTERTAINMENT DEPARTMENT											
ENTERTAINMENT REVENUE											
Total Sales	\$1,493.5	\$1,514.0	\$1,582.9	\$1,630.4	\$1,679.3	\$1,729.7	\$1,835.0	\$1,890.1	\$1,890.1	\$1,946.8	
Complementary Sales	-	-	-	-	-	-	-	-	-	-	
TOTAL ENTERTAINMENT GROSS REVENUE	\$1,493.5	\$1,514.0	\$1,582.9	\$1,630.4	\$1,679.3	\$1,729.7	\$1,835.0	\$1,890.1	\$1,890.1	\$1,946.8	
Less: Cost of sales											
GROSS MARGIN	\$1,493.5	\$1,514.0	\$1,582.9	\$1,630.4	\$1,679.3	\$1,729.7	\$1,835.0	\$1,890.1	\$1,890.1	\$1,946.8	
ENTERTAINMENT EXPENSES											
Payroll - Officers	\$210.7	\$214.4	\$224.6	\$233.7	\$240.7	\$247.9	\$263.0	\$270.9	\$270.9	\$279.1	
Payroll - Other Employees	913.2	929.2	973.1	1,012.7	1,043.1	1,074.4	1,139.8	1,174.0	1,174.0	1,209.2	
Payroll - Related (Taxes, Benefits, etc.)	281.0	285.9	299.4	311.6	320.9	330.6	350.7	361.2	361.2	372.1	
Other (Specify)											
TOTAL ENTERTAINMENT EXPENSES	\$1,405.0	\$1,429.6	\$1,497.0	\$1,558.0	\$1,604.7	\$1,652.9	\$1,753.5	\$1,806.1	\$1,806.1	\$1,860.3	
TOTAL ENTERTAINMENT INCOME	\$88.5	\$84.4	\$85.9	\$72.4	\$74.6	\$76.8	\$81.5	\$83.9	\$83.9	\$86.5	

BALANCE SHEET - HIGH-CASE BASIS

Year 1 (2017) Year 2 (2018) Year 3 (2019) Year 4 (2020) Year 5 (2021) Year 6 (2022) Year 7 (2023) Year 8 (2024) Year 9 (2025) Year 10 (2026) Comments

	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)	Year 5 (2021)	Year 6 (2022)	Year 7 (2023)	Year 8 (2024)	Year 9 (2025)	Year 10 (2026)	Comments
ASSETS											
Current Assets											
Cash and cash equivalents	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Restricted cash											
Accounts receivable											
Inventory											
Prepaid expenses											
Other current assets (specify):											
Total Current Assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Fixed Assets											
Land											
Buildings and improvements	56,835,000	56,835,000	56,835,000	56,835,000	56,835,000	56,835,000	56,835,000	56,835,000	56,835,000	56,835,000	
Furniture, fixtures and equipment	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	
(Less accumulated depreciation)	(2,227,636)	(4,455,272)	(6,682,908)	(8,910,544)	(11,138,180)	(13,365,816)	(15,593,452)	(17,821,086)	(20,048,724)	(22,276,360)	
Total Fixed Assets	60,407,364	58,179,728	55,952,092	53,724,456	51,496,820	49,269,184	47,041,548	44,813,912	42,586,276	40,358,640	
Other Assets											
Intangible assets											
Goodwill											
Other assets (specify):											
Total Other Assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Total Assets	\$60,407,364	\$58,179,728	\$55,952,092	\$53,724,456	\$51,496,820	\$49,269,184	\$47,041,548	\$44,813,912	\$42,586,276	\$40,358,640	
LIABILITIES AND OWNERS' EQUITY											
Current Liabilities											
Accounts payable											
Accrued compensation and benefits											
Short-term debt											
Taxes payable											
Current portion of long-term debt											
Other accrued liabilities (specify):											
Total Current Liabilities	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Long-Term Liabilities											
Long-term debt											
Deferred income taxes											
Other liabilities (specify):											
Total Long-Term Liabilities	\$62,635,000	\$61,842,735	\$61,002,935	\$60,112,746	\$59,169,147	\$58,168,931	\$57,108,702	\$55,984,859	\$54,793,586	\$53,530,837	
Total Liabilities	\$62,635,000	\$61,842,735	\$61,002,935	\$60,112,746	\$59,169,147	\$58,168,931	\$57,108,702	\$55,984,859	\$54,793,586	\$53,530,837	
Owners' Equity											
Owners' investment	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	
Retained earnings											
Additional paid in capital											
Other (specify):											
Total Owner's Equity	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	\$36,598,593	
Total Liabilities and Owners' Equity	\$99,233,593	\$98,441,328	\$97,601,528	\$96,711,339	\$95,767,740	\$94,767,524	\$93,707,295	\$92,583,452	\$91,392,179	\$90,129,430	
Ratio of Debt-to-Equity (Total Liabilities/Total Owners' Equity)	1.7x	1.7x	1.7x	1.6x	1.6x	1.6x	1.6x	1.5x	1.5x	1.5x	

VII.

ASSUMPTIONS

No Complimentaries were assumed on the Waterpark Resort. If there are Casino originated complimentaries that are carried out in the Waterpark Resort operations, then we assume they will be billed back at the average cost of goods and services. Otherwise, the value is contained in normal marketing and promotion discounting and is embedded in that line G&A line item.
Convention Revenues, in the absence of other more logical categories in the template, capture Rentals throughout the Property including Vending, Meetings and Banquets (without any appurtenant F&B, Cabanas in the Waterpark and Business Center and Telecom oriented fees.

There is minimal expense associated directly with this category, and most labor will be shared across the entire resort, including the Casino Hotel.

Beverage split 50-50 alcoholic / non - alcoholic

Entertainment includes the Waterpark and Arcade.

Other includes Property Operating and Maintenance unallocated, Management Fees, Insurance and Renewal and Replenishment Reserve.

Debt and Equity from Sources and uses at 40% Equity / 60% debt in capital stack.

Blended Cost of Debt Capital at 6.00%

Straight Line depreciation for 27.5 years.

Though we assume opening both the Casino and Waterpark contemporaneously on 11/1/2016, we simplified to track with calendar years. We will be open before the 24 month window.

Unable to reconcile the reference errors in the spreadsheet as supplied - over-auditing might further compromise.

Exhibit VIII. A.5. BUSINESS PLAN

Casino element commentary

Key Pitfalls, Business and Financial Risks and Management Strategies and Philosophies are as follows:

Design – A fatal flaw that occasionally repeats itself in Casino development is to over-design, and worse yet over-theme, a project when it first is constructed and opens. Heavy theming as to concept and cost is inherently risky. A theme is important and helps establish and support the Big Brand that we intend to build, and needs to be precise enough, but it has to be balanced with a flexible neutrality. A theme should be both timely and timeless – timely as to generate excitement, but timeless so as to be sustainable and enduring. It should be unique, while translatable. The expense of pursuing a complete re-positioning can be enough to completely compromise the business viability. With Howe Caverns, we do have the opportunity to build a unique brand. It has yet to be determined precisely what that brand will embody and feature. Caves, Mining, Baseball – all are under discussion. For example, Baseball, we believe should remain Cooperstown's domain. Caves and Mining are unique, but can we build around that concept efficiently with a lively enough aura? These questions and comments are meant to convey our consciousness, capabilities and emphasis on getting this component right.

Construction – Again a balance is to be struck to attain quality construction without over-building. Overspending cannot be hidden for a sustained period of operations, and at the first sign of broader economic downturn, a project can essentially choke itself off. We saw widespread evidence of this in the past 5-6 years, with the capital structures of most gaming entities turned upside down, liquidations to survive and huge required equity infusions in order for certain global names to survive. The good news is you can build first class environments without over-spending. After a healthy first and second round now with our Architectural and Engineering teams, it will be time to value engineer, affect reality checks and otherwise determine where we can cut 10-20 percent in costs, without

sacrificing the magnitude and quality of the build-out.

Delivery on Product and Service – Once open, a facility is only as good the ability for its people to deliver on everything the facility sells beyond the physical plant as the feature point of sale component to everything that property sells – food, beverage, gaming activity, any human and service interaction. This requires investment in hiring experienced personnel to manage each key department and function, and investment in training the rest of the staff. Importantly, as a new competitor, the assumption must be that your first chance to make an impression is your only chance to cement loyalty and to embed a positive experience into the mind of the patron. Setting and exceeding standards, and being creative as well as conscious of what the competition is doing to enhance the experience are all part of the mix.

Community Relationships – The Region 2 facility will be a somewhat isolated and outsized destination within its surroundings, not just another property on Las Vegas Boulevard. As a result, it is crucial to have not just a collaborative relationship with the local community but to have a true partnership. The absence of ongoing cooperation will quickly be reflected in the operation.

Waterpark Resort

Right-size the Project, but with room to grow – Similar to the Casino, consider the market and the Destination fit. We are not convinced, for example, that the subject project supports a 100,000 square foot indoor waterpark facility, but entirely convinced that 55-70,000 square feet is more than adequate for the designed hotel capacity, some outside day pass usage and even Hotel guest usage. Our design can accommodate growth if needed. Similar for the Lodging side, the temptation is to build a 400-500 room Hotel to match the largest first phase initiatives for certain projects. This market should start with a smaller first phase. Again, we can easily accommodate growth.

Overall

Together but separate nature / Gaming and Family Destination mixed –

We think this is entirely complimentary and manageable. In fact, it is quite additive along many different criteria that both manifest good business, and will happen to foster much more net visitation and spending from much farther beyond the gaming primary market than would otherwise be the case. Nonetheless, we intend to apply specific staff and effort to manage this vigilantly and additively to the entire project. Our design achieves the required separation in space, while preserving access.

Particularly for the Hotel Room Rates - Make the two facilities work together – This is a bit tricky but we can make one help drive the other, rather than dilute one another. The danger is that discounting in the Casino Hotel compromises the otherwise premium necessary to pay in the Waterpark. The fact is that a Family staying in the Casino Hotel that wants to access the Waterpark will either pay a higher rate to do so willingly, or the Casino Hotel will be able to apply some of the implied complimentary to the full Waterpark Hotel rack or other rate. In the end, we think it will help improve ADR across the two properties, not diminish performance on this metric, and Occupancy is as or more important overall with so many means to generate the ancillary or core gaming revenues.

Meetings and Banquets Business Assumptions – Our planned build-out includes meetings space whose critical mass is more than adequate to house some events and meetings of fairly significant size by industry standards. Nonetheless, we have assumed only modest business activity in that space. We do anticipate making an earnest investment in quality Sales and Event Management personnel, once under construction, to make serious inroads in that industry. As we become more successful in building a Big Brand and establishing our destination quality, the target audience for this meetings business will expand geographically to a sphere somewhat similar to the Waterpark target market. Since we have the space, and it is relatively inexpensive to build out, our risk here is confined to a small staff

investment. The local banquet market opportunity will not be forsaken as currently, for example, many residents of the sub region have no choice but to book facilities closer into the Capital Region in Albany, Schenectady and even Saratoga Springs to attain an adequate setting for a wedding or other event of size. We expect that 5 year performance in this area could be as much as 2-3 times the figures we show in the pro forma materials, with the portion from out of market representing larger shares each year.

Important to our Business Plan is the notion that we are fully committed to developing a Gaming Facility with two Co-Anchor elements. In turn, these two Howe Caverns Resort and Casino elements will combine and then Co-Anchor the sub-region alongside Cooperstown to create a Destination powerhouse. To that end, we thought this Business Plan section was appropriate for more fully conveying some backdrop, and our thoughts on the Destination Waterpark Resort aspect.

The Destination Waterpark Resort concept first cemented in the Wisconsin Dells, Wisconsin region in the mid to late 1990s, and has since started to proliferate as either a cluster of projects in certain markets, or as a captive, sometimes complimentary entertainment alternative in others. The Howe Caverns version is envisioned as both – its own captive, family destination draw as well as a Co-Anchor of our proposed Gaming Facility. Currently, there are dozens of like projects in various stages of development across the country and even in foreign markets. A Destination sized Waterpark Resort is defined as a facility with at least 30,000 square feet of indoor waterpark space and approximately 200 Hotel Rooms, or more. Our facility calls for at least 55,000 square feet of indoor waterpark space, 250 Hotel Keys (some are suites with more than a single room), and a variety of other amenities including a seasonal outdoor waterpark sized at 1.25 acres. The target market for this product is families with children as young as waddlers and toddlers up to young teens that seek one of: a drive-able weekend type of mini vacation; a family oriented lodging and entertainment 1-3 day stop as part of a more extended vacation; or, a family oriented lodging and entertainment alternative when lodging of any

kind is a required element for their travel. These facilities tend to enjoy relatively high occupancy and Average Daily Rates on virtually any day in which a child would be out of school – weekends, holidays, vacations, summer.

Primary rationale for our inclusion of this ambitious element in our proposed Gaming Facility, in its first and only proposed phase, is that it will:

- Vastly increase the Out of State and Down State draw for the Howe Caverns Casino, given the proven ability of this product type to pull from a 180 mile radius, as discussed below.
- Represent and pull visitation to our Gaming Facility site which is substantially more affluent, on average, than the visitation that any other similar facility would otherwise experience, without this element.
- Provide a robust smoothing out of cyclical and seasonality in existing regional tourism.
- Build on the existing family centered and unique attraction that is, and has been, Howe Caverns.

For the size and quality Destination Waterpark facility we have planned for the Howe Caverns site, we have a mountain of empirical evidence that suggests the ability to draw significant visitation from a radius that extends primarily to a 3 hour drive, or approximately 180 miles. For Howe Caverns, this captures markets that include the following.

Destination Waterpark Resort Target Market for Howes Cavern facility (180 mile radius)

(out of State in Bold, out of State with Gaming in Bold **Blue**, out of State with proposed gaming in Bold **Red**)

- ✓ **Boston**
- ✓ New York City and Long Island
- ✓ **Northern and Central New Jersey**
- ✓ **all of Connecticut and Rhode Island**
- ✓ **Northern reaches of the Philadelphia MSA**
- ✓ **all of Northeast Pennsylvania including Reading, Allentown, Scranton/Wilkes-Barre, and the Poconos**
- ✓ **populated portions of Southern New Hampshire**
- ✓ **all of Vermont**
- ✓ Syracuse
- ✓ Rochester
- ✓ **Nearly to Montreal**
- ✓ Capital Region New York

A number of these markets have existing awareness of Howe Caverns as they include visitors to the current attraction, according to zip code tracking data maintained at the site.

As important, this is a market of at least 40-45 million in population from which to vastly expand the reach of what would otherwise be the Casino element's draw alone. The destination waterpark resort concept tends to attract a relatively affluent patron given the higher "cost of admission" represented in a hotel room rate that encapsulates access to many sophisticated, high end amenities. The subject's target market enjoys demographics that far outpace markets that have experienced industry leading success with the product type.

Population and Affluence Comparison Waterpark Cluster Markets vs. Howe Caverns

Market	Sandusky, OH	Wisconsin Dells, WI	Howe Caverns, NY
Population	18.6mm	13.1mm	> 40 mm
Households with Disposable Income > \$75k	1.3mm	1.1mm	> 3mm

*Sandusky supports four different destination Waterpark Resorts and the Dells support six.

Notably, the Northeast U.S. is relatively devoid of this type of product given the potential demand. Though numerous facilities are in various stages

of development in the geographical target, few, if any, have manifested the ability to advance beyond concept alone. The “first mover” in this market, which Howe Caverns intends to be with its financial capacity and advanced land use approval, will enjoy a tremendous advantage.

We recognize that one could understandably be tempted to see these two functional elements – casino gaming and a captive family with children dimension – and declare them incongruous. To that, we would submit the following:

- Together, but separate – We have been highly conscious in our site planning to ensure there are two distinct co-anchor facilities in our proposed Gaming Facility build-out that are separated substantially in space. Both exist within a footprint which is large in itself approximate 110 acres as a subdivided parcel, on 330+ acres overall, and with the surrounding land almost devoid of any development beside a few residential properties. We currently located the two anchors approximately 500 feet apart from one another, and the natural topography establishes each as somewhat in a “different world” from one another. At the same time, we have made them proximate enough to be accessible to one another for a patron of one that is affirmatively and consciously seeking the amenities and offerings of the other. Beyond the fact that our security force will vigilantly control entry to what is otherwise a very separate Casino gaming floor, we will establish access points which limit circumstantial access.
- Destination theme that has permeated the Process - We have taken to heart the emphasis from the State, Commission and Board that Destination quality projects are the preferred outcome. We have been encouraged by that mantra given the regional nature of our submittal – a transformative project for our entire area – and given Howe Caverns’ existence as an existing family destination which can be further leveraged. We have been steadfast in creating a total concept and overall attraction that will maximize out of State visitation and manifest true net Economic Development uptick, not just reshuffling of in state dollars. The Destination Waterpark Resort concept, given the market op-

portunity, is then a perfect compliment as a co-anchor element for our proposed project.

We have already engaged with some of the highest quality and accomplished developers, managers and operators in the industry about joining our team. One has visited from out of state. Another, Aquatic Development Group of Cohoes, NY, participated actively in helping our team form our submittal. Members of our team have discussed other proposed facilities in the region at length with other industry players, all of whom agree this market is exceedingly well positioned to house a Destination quality facility in this space.

Included herein Exhibit VIII.C.7.b is a Market and Feasibility Analysis from H&LA of Cleveland, Ohio, by far the leading consultant on Destination Waterpark Resorts. We are in the process of commissioning an update to that study, but have been told preliminarily that a Gaming aspect to a larger overall project would not have a deleterious impact on its conclusions.

EXHIBIT VIII.A.6 (UPDATED AS OF SEPTEMBER 17, 2014)

Howe Caverns Resort and Casino Project Capitalization Update

In the course of our public presentation on September 8, 2014 in pursuit of a Region 2 Gaming License, our project's development team was able to share some encouraging and substantive updates to the Board regarding our funding requirements and expected capital sources. What follows is a narrative designed to provide a more formal, written amendment and update to our June 30th RFA submission, as required.

Updated total cost estimate. We have continued a process of making refinements to our expected build-out, with the help of our Architectural and Engineering team. Through simple scrubbing of the budget at large, further optimization of our site plan as it uses the contours of our mountainside more advantageously, and overall value engineering efforts, we have seen the ability to save between 15% and 20% on the total costs. As there are some dependent soft cost variables in the total expenditures, this actually approximates \$100 million of savings, bringing our updated total to approximately \$350 million. This figure includes the \$50 million up front License Fee, and still comfortably exceeds the Minimum Capital Investment, as defined in the RFA.

EB-5 Capital as an opportune fulcrum and "turbo-charging" force for our entire capital stack. As we indicated, we have attained a commitment for a significant slug of opportune, subordinate, hybrid capital to be accessed through the U.S. Department of Citizenship and Immigration foreign investor funding program known as EB-5. Although EB-5 does not fit certain project funding situations, it fits our proposed Gaming Facility project quite well. We have sized our EB-5 commitment at \$200 million. The amount of total project cost accessible through EB-5 is a function of the amount of job creation which the project represents – Direct permanent jobs, Construction Jobs and Indirect permanent jobs. Given our job count figures, the \$200 million figure is actually likely 10-15% smaller than the maximum attainable, but we have capped this component at \$200 million to supply a cushion, as the required econometric study is completed to submit for processing our project and investment program. The cost of capital assumed in

our financial model for this source is 5.00%, landing directly in the middle of currently prevailing ranges of interest coupons in the EB-5 space. Furthermore, the investors will subordinate when it comes to any real property security interest and collateral, to other, more Senior lenders. Finally, EB-5 repayment generally occurs on an interest only basis for the first 5 years of project operations, and then is fully taken out in a total recapitalization effort, upon project stabilization.

Other Debt Sources. We then turn our attention to the debt and equity “bookends” to this core hybrid capital piece. With regard to debt, we have engaged with the three primary varieties of capital one would typically pursue for like project financing.

1. ***Construction and “Mini-Perm”, Conventional Loan*** – Given the Seniority of the lien position, the debt service coverage profile afforded, and the attractive under-leveraged results when measuring, for example, loan to cost and loan to value for this piece of the capital stack, we have advanced discussions with relatively conventional sources in a productive manner. We suspect that we will size our Senior debt at anywhere from \$50-\$125 million, depending on other factors moving in synchronization such as the equity returns achieved, and the comfort level for the Senior lender on overall leverage. Based on current dialogue, we have sensed that, given the high profile, iconic nature of this project in this region of Upstate New York, a variety of commercial banks active in the region are enthused to participate in a commercial real estate construction loan, with a component that converts to a 3-10 year term after project completion (the “mini-perm” aspect). One or more of the larger, active local institutions will likely lead the syndicate, keep as much as \$50-\$60 million on its own balance sheet, and participate the rest out to its counterparts in various sizes. The cost of capital will be a spread over an index such as the FHLB.
2. **High Yield “B” Bonds, with a revolving credit facility.** Another typical debt source in this space resides more in the Structured and Leveraged finance world, and ends up being executed as a High Yield bond, with or without a credit rating, purchased by a group of institutional investors that could range from mutual funds and insurers to private equity portfolios and hedge funds. The cost of capital goes higher with this source, probably higher than EB-5 capital, but still a single digit coupon. Right now, however,

given the low interest rate environment that persists even with pared back Federal Reserve debt purchasing activity, the High Yield market offers funding at some of its most attractive levels in recent history.

3. **Mezzanine Financing.** Should we need to, we can also go to certain sources of Mezzanine debt, which given its position, to some, starts to look like equity, or capital which is also a form of Hybrid financing – like EB-5, only at higher costs of funding that start to track equity returns, potentially in the double digit capital costs. The Mezzanine finance source sees at least some kind of collateral interest, albeit deeply subordinated.

We will restate that we now are confident that all or most of the Senior Debt can come from the first source described above – a Conventional Construction and Mini-Perm Loan.

Equity now sees a healthy return for the risk. Finally, we will either fund internally the balance of required capital as true, cash equity, or secure an equity partner agreeable to both our team and to the Board. Assuming there is a remaining \$50-\$125 million need in the total, this will not be problematic to complete the stack. Though this may be a slightly smaller overall piece of the total funding stack than is experienced on some ground up development, the EB-5 Hybrid capital, in its subordinate position, will experience some favorable treatment from certain Senior Lenders as they evaluate metrics such as gearing ratios of EBITDA to total cost and overall leverage in the proposed capitalization. Thus, we can have a smaller percentage of hard cash in the total funding stack, but still with responsible overall debt given its favorable terms.



September 3, 2014

Mr. Michael Malik, Sr., Managing Partner
Gateway Casino Resorts, LLC
255 Discovery Drive
Howes Cave, NY 12092
Re: Howe Caverns Resorts, LLC

Dear Mr. Malik:

On behalf of Viet Bridge Capital Corporation, I want to thank you for your valued business relationship. We have enjoyed our role in supporting the growth and expansions of various Gateway ventures and are committed to providing superior service moving forward.

Based on the financial and project information furnished and the representations you have made, **Viet Bridge Capital Corporation** and its affiliates ("Lender") are pleased to extend this commitment to provide the following credit facility to **Howe Caverns Resorts, LLC** ("Borrower"), for the construction of a casino resort development in Schoharie County, State of New York upon the terms and subject to the conditions set forth in this commitment.

Borrower:	Howe Caverns Resorts, LLC
Loan Amount:	\$200,000,000.00 USD
Loan Term:	5 years, interest only
Rate:	5% fixed rate annually
Fees:	Viet Bridge Capital Corporation: 1% Foreign Immigration Agent: 3.5% Regional Center Attorney: 0.5%
Title:	Lender must, on or before closing, be provided with evidence that the lien of Lender (its successors and/or assigns) will be insured as a lien with priority as determined and as required by the balance of the capitalization. All supporting documents required under the preliminary title report shall be furnished to Lender before closing.
Collateral:	Real Estate Mortgage, potentially subordinate to other sources of the total capitalization, on the subject property to be developed.

Cure/Inter-Creditor
Agreement:

Lender will be afforded the opportunity to participate as a party in an Inter-Creditor Agreement(s), with certain other parties which are sources of the total capitalization, so that the Lender will potentially be able to cure certain events of default under debt obligations so as to protect its position.

Guarantor:

Howe Caverns Resorts, LLC

Adverse Change:

As of the date of closing, there shall be no material adverse changes in the value of the property, or the financial condition of Howe Caverns Resorts, LLC or any related entity or principal, and the collateral shall not have suffered any significant damage by fire or other casualty

Other Terms and Conditions:

- Subject to EB-5 Regional Center approval
- Borrower will provide evidence that the project will create a minimum of 4,000 qualifying jobs per EB-5 regulations, assuming the project resides in a Targeted Employment Area (TEA)
- Borrower will provide evidence of insurance for the subject property prior to closing, however Lender will not escrow for these amounts.
- Review/approval of title insurance policy
- Lender reserves the right to add any additional terms prior to closing or request any additional documentation prior to closing

This commitment is conditioned upon: (i) the execution of definitive loan documentation acceptable to the Lender, and (ii) the Lender determining that no material adverse change (financial or otherwise) has occurred relative to the business prospects of Borrower or any Guarantor.

This loan commitment shall expire 180 days from the date of execution subject to renewal at the sole option of the lender, after which it becomes null and void. Should the terms and conditions outlined within this letter be acceptable to you, please execute and return this original commitment letter to me at Viet Bridge Capital Corporation.

Thank you for your continuing business relationship. Please contact me with any questions or if I can be of service to you in any way.

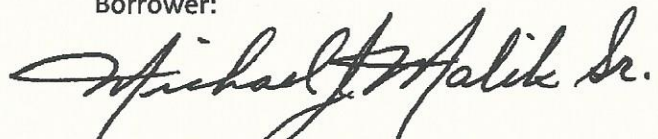
Best regards,



Henry Leong, CEO and President
Viet Bridge Capital Corporation
(312) 388-8882

Agreed and Accepted:

Borrower:



Michael Malik, Sr., Managing Partner
Gateway Casino Resorts, LLC

Exhibit VIII. A.6. CAPITAL AND FINANCING STRUCTURE

Exhibit VIII. A.6.a. Financing Source Schedule

Howe Caverns Resort and Casino LLC (the “LLC”) will be the entity into which funding is directed. Of course, as a newly formed LLC, there is not a meaningful, existing capital structure, as of the point of this submittal, and will naturally need members that have the financial wherewithal, experience and capacity to guarantee performance on financing, construction and operation, until and when the project is fully financed, built and open, and, then, ultimately stabilized as to proven, ongoing operations. Michael J. Malik, Sr. (“Malik”), as currently the sole member of Howe Caverns Resort and Casino LLC, will provide such a foundation for purposes of the capitalization, development experience and completion guarantees. Malik has an extended and successful track record in a number of real estate, entertainment and gaming related businesses as a developer, owner and operator. Malik has a significant interest, and in some cases a majority interest, in a variety of business entities, a number of which are involved in Casino development and other entertainment projects and businesses. Malik has been a driving force behind Casino development in both tribal and non-tribal projects in Michigan, and is currently in development on a number of other gaming projects in the U.S. and abroad. Some of his business initiatives have involved partnering with Marian Ilitch, which led to the proliferation of Gateway Casino Resorts and its involvement in development, management and/or operation of casino properties throughout the country, the most notable of which is Motor City Casino in Detroit, formerly managed by Mandalay Resorts. Motor City Casino has a 400 room Hotel, 139,000 square feet of gaming space and nearly a half billion dollars per year in gross gaming revenue. Malik is responsible for the day to day operations of Gateway. Malik’s past business experience include site selection, development, construction

and management of entertainment venues in the City of Detroit and elsewhere ranging from a small performance theater to a large stadium. It is possible that one or more of Malik's past and current development partners will be involved in some manner in affecting the financing for the subject project, and/or that other outside equity interests will also become members, in some fashion, of the LLC. However, for purposes of responding to these Capital and Financing Structure submittals, at the time of submittal, the Application will refer to Malik's financial capacity, Malik's capacity to supply and attain capital as needed, and to Malik's capacity to supply various guarantees as required. Full House Resorts, Inc. "FHR" will be the experienced manager / operator on the gaming side. Malik will build out the capital structure as described below, by using his own wherewithal, and then potentially adding various forms of additional equity and debt participation, as needed and as desired.

This general financial position combined with Malik's background and track record in successfully funding and attracting capital for gaming oriented projects, developing, opening and even his involvement in operating other gaming assets is more than sufficient to fund the proposed project as needed on its own, particularly when combined with FHR's gaming management and operation profile.

As presented, Malik has no material financial commitments, obligations and guarantees that would materially impact such wherewithal.

It is expected that Malik will raise more capital as needed to fund the project, and attain commitments as needed moving forward.

Exhibit VIII. A.6.b. Financing Descriptive

We expect that a Project LLC structure will be deployed in carrying out required financing, development and ongoing management and operations. Howe Caverns Resort and Casino LLC will have most or all of the equity, and its members will feature Michael J. Malik, Sr., and potentially other share-holders. Malik, and other succeeding ownership interests and sponsors, will leverage that equity base prudently with complimentary equity, hybrid and/or debt financing to reach full funding requirements.

Malik, and other succeeding ownership interests and sponsors, will provide all required Completion Guarantees to assure Construction is achieved, on time and within budget, so that de minimus underlying asset value is created to a lender's satisfaction. We expect the Completion Guarantee will burn off once Certificates of Occupancy are attained for the entire Gaming Facility. We suspect that either all equity will be expended first in time as the project builds out, before the proceeds of debt instruments are tapped, or, when and if, the debt proceeds begin to be drawn upon, certain minimum spend-down ratios are maintained whereby the amount of sunk equity is always a certain multiple of loan amounts drawn, measured monthly. Construction Engineering monitors will be on site representing lenders and other funding sources continuously approving requisitions.

Malik and FHR will supply Operating Guarantees based on minimum debt service coverage covenants, minimum balances in operating and renewal/replenishment/replacement reserves, and other gaming operation specific reserves, balances and financial metrics/ratios, including Casino/Cage cash deposits on hand. Some of these covenants may require certain threshold Debt Service will be paid to lenders in a waterfall that will follow certain budgeted Operating

and Maintenance expenses and precedes other outflows to the Management Contract with FHR, PIK payments, subordinate debt and hybrid source of capital such as Mezzanine-type financing, and, of course, any equity ownership, all while still minding the above referenced covenants.

Because of all the prior leg-work and investment completed with regard to infrastructure, the project is uniquely well positioned to close financing which normally would be contingent on equity, or non project debt, to fund the horizontal improvements required to move forward. Conventional and Non-Conventional debt is generally unwilling to fund those costs as they only create a certain finite uptick in value that is not enough to help ultimately collateralize their position in land, especially when not yet installed. It then falls on pure equity, which represents an immediate dilution in their returns given this expenditure does not have net operating income associated with it, or a subsidy from local government, for example from a Tax Increment or PILOT financing, neither of which we need or seek on our site. Here, we not only have the funding, but the improvements already exist (Water, Sewer, Storm Water). Howe Caverns invested considerable resources in the environmental and related approvals, and then actually made substantial capital investments into the ground to fully equip the property to accommodate this project. An appraisal will be commissioned in the course of attaining debt and will reflect this fact, an important quality for the property as a lender comes to it.

As to the specific financing, commitments from certain specific or even general sources, and a crystallized picture of the precise capital stack, the current point in time is simply too early, with too many variables, to be able to supply a refined snapshot. Most notably, the fact that a competitive process is unfolding with the location of four licenses still to be determined makes the capital funding environment

difficult to pin down. Some of the prior potential applicants have noted this in dropping their pursuit of a license. We fully intend to move forward, regardless of the ultimate location of other, new and competing gaming facilities, given the stand alone benefits and qualities of our proposed project. Nonetheless, the availability, but moreover, the specific terms of our overall financing will be subject to the outcome of this RFA process, and the siting of the other licenses. We can share that we have had substantive dialogue with a number of sources of capital that have a track record of providing debt and equity financing to similar projects and business initiatives. These sources range from private equity to conventional debt. Based on these discussions, we are fortified that our proposed Gaming Facility is imminently fundable, on market terms for a like project. However, that project's profile is not yet well enough defined, due to the competitive outcomes in the Application and License process, to be able to reliably fashion a specific capital funding plan.

With that qualification, we put forward some illustrative work in response to the questions posed. With a 2 year construction period plus only then a first year of operations, this blurs the difference between the High, Medium and Low case scenarios for a 3 year Sources and Uses presentation. We will work off the Medium scenario and then note any meaningful differences at the end of year 3. Additionally, we are putting forth a single phase project in conjunction with our application. As a result, there is no meaningful ongoing Sources and Uses statement past the point the project is complete and operating in 2017.

We assume an award late in the fourth quarter of 2014, and a resulting sequence which would occupy the relevant 3 year Sources and Uses window, during which Sources are funding and Uses are building and starting operations of the Gaming Facility.

2014	2015	2016	2017
<ul style="list-style-type: none"> • Q4 Award • Establish W/C Lines • Fund License Fee and certain costs • Capital Raise 	<ul style="list-style-type: none"> • Q1 Close Financing • Complete SEQRA bring down • Design/Engineering, Permit • Q2 Begin Construction • Q3/Q4 Continued Construction – Equity spend 	<ul style="list-style-type: none"> • Q1-Q2 Continued construction; debt draw-downs kick in • Q3 – End of Quarter complete Construction • Q4 – Cert. of Occupancy; Project Opens 	<ul style="list-style-type: none"> • First Operating Year

Also, for purposes of the illustrative Sources and Uses, we focused on key leverage metrics isolating the Casino side component and assuming 50% debt and 50% equity. The Waterpark side should be able to achieve slightly more aggressive leverage in the capital structure assuming a quality manager – operator, which we believe, based on preliminary discussions and even direct site visits with such parties, we will be able to contract with in the next 60-90 days. We have no forecasted operating losses; however, the Sources and Uses statement also includes the pre-funding of some significant Operating Reserves and Pre-Opening Reserves, any unexpended portions of which we expect will also be available as additional working capital during a stabilization period. Other guarantees will be layered in as needed. This is all above Casino / Cage cash reserve deposits, as required, and as also shown on the Sources and Uses. As to the specific financing, commitments from certain specific or even general sources, and a crystallized picture of the precise capital

stack, the current point in time is simply too early, with too many variables, to be able to supply a refined snapshot. Most notably, the fact that a competitive process is unfolding with the location of four licenses still to be determined makes the capital funding environment difficult to pin down. Some of the prior potential applicants have noted this in dropping their pursuit of a license. We fully intend to move forward, regardless of the ultimate location of other, new and competing gaming facilities, given the stand alone benefits and qualities of our proposed project. Nonetheless, the availability, and more importantly, the specific terms of our overall financing will be subject to the outcome of this RFA process, and the siting of the other licenses.

Howe Caverns Resort and Casino LLC
Sources and Uses

AT CLOSING

1/1/2015

	Unexpended Casino, Casino Hotel and Related Amenities	Unexpended Waterpark, Waterpark Hotel and Related Amenities	Unexpended Phase 1A - Dinosaur Amphitheatre	Unexpended Total
Equity	179,022,716	36,598,593 40%		215,621,309
Debt	179,022,716	54,897,889 60%		233,920,605
	358,045,432	91,496,482	-	449,541,914
TOTAL SOURCES				
Construction and Fit Up (includes all contingencies; applicable soft costs, all expenditures built to specs, ready for C of O)	251,947,932	80,383,900		332,331,832
Financing Costs - Includes Construction Interest, Legal, Banking and Advisory, Regulatory, Travel, Other	30,080,000	7,520,000		37,600,000
Infrastructure Attributable - Traffic Place-Holder Off Site Sagandorf Corner Rd. and Additional On Site	2,000,000			2,000,000
Post Licensure Responsibilities - Licencing Fee - (Investment Escrow assume bonded)	50,000,000			50,000,000
Casino Cage / Working Capital Cash	3,017,500			3,017,500
Regional Tourism, Workforce and Economic Development Seed Funding	1,000,000			1,000,000
Additional Funds for Operating Reserve Deposit, if needed	5,000,000			5,000,000
Pre-Opening and Other Developmental Expenses	15,000,000	3,592,582		18,592,582
	358,045,432	91,496,482	-	449,541,914
TOTAL USES				

50% Unexpended
Expended

50% Unexpended
Expended

TOTAL SOURCES

USES

Construction and Fit Up (includes all contingencies; applicable soft costs, all expenditures built to specs, ready for C of O)

Financing Costs - Includes Construction Interest, Legal, Banking and Advisory, Regulatory, Travel, Other

Infrastructure Attributable - Traffic Place-Holder Off Site Sagandorf Corner Rd. and Additional On Site

Post Licensure Responsibilities - Licencing Fee - (Investment Escrow assume bonded)

Casino Cage / Working Capital Cash

Regional Tourism, Workforce and Economic Development Seed Funding

Additional Funds for Operating Reserve Deposit, if needed

Pre-Opening and Other Developmental Expenses

Casino, Casino Hotel and Related Amenities		
EBITDAM	36,000,000	
Leverage	4 times	144,000,000
	5	180,000,000
	6	216,000,000
	7	252,000,000
EBITDA	29,000,000	
Leverage	4 times	116,000,000
	5	145,000,000
	6	174,000,000
	7	203,000,000

Howe Caverns Resort and Casino LLC
Sources and Uses

END OF YEAR 1 DURING CONSTRUCTION

1/1/2016

SOURCES

Equity
50% Unexpended
Expended

Debt
50% Unexpended
Expended

TOTAL SOURCES

USES

Construction and Fit Up (includes all contingencies, applicable soft costs, all expenditures built to specs, ready for CoF O)

Financing Costs - Includes Construction Interest, Legal, Banking and Advisory, Regulatory, Travel, Other

Infrastructure Attributable - Traffic Place-Holder Off Site Sagendorf Corner Rd. and Additional On Site

Post Licensure Responsibilities - Licencing Fee - (Investment Escrow assume bonded)

Casino Cage / Working Capital Cash

Regional Tourism, Workforce and Economic Development Seed Funding

Additional Funds for Operating Reserve Deposit, if needed

Pre-Opening and Other Developmental Expenses

TOTAL USES
TOTAL EXPENDED AND UNEXPENDED

	Unexpended Casino, Casino Hotel and Related Amenities	Expended	Unexpended Waterpark, Hotel and Related Amenities	Expended	Phase 1A - Dinosaur Amphitheatre	Unexpended Total	Expended
Equity	-	179,022,716	-	36,598,593		-	215,621,309
Debt	156,213,791	25,808,925	45,296,839	10,601,050		201,510,630	36,409,975
TOTAL SOURCES	156,213,791	204,831,641	45,296,839	47,199,643		201,510,630	252,031,284
Construction and Fit Up (includes all contingencies, applicable soft costs, all expenditures built to specs, ready for CoF O)	125,973,966	125,973,966	40,191,950	40,191,950		166,165,916	166,165,916
Financing Costs - Includes Construction Interest, Legal, Banking and Advisory, Regulatory, Travel, Other	11,722,325	18,357,675	2,308,598	5,211,402		14,030,923	23,569,077
Infrastructure Attributable - Traffic Place-Holder Off Site Sagendorf Corner Rd. and Additional On Site	-	2,000,000	-	-		-	2,000,000
Post Licensure Responsibilities - Licencing Fee - (Investment Escrow assume bonded)	-	50,000,000	-	-		-	50,000,000
Casino Cage / Working Capital Cash	3,017,500	-	-	-		3,017,500	-
Regional Tourism, Workforce and Economic Development Seed Funding	-	1,000,000	-	-		-	1,000,000
Additional Funds for Operating Reserve Deposit, if needed	5,000,000	-	-	-		5,000,000	-
Pre-Opening and Other Developmental Expenses	7,500,000	7,500,000	1,796,291	1,796,291		9,296,291	9,296,291
TOTAL USES	153,213,791	204,831,641	44,296,839	47,199,643	449,541,914	197,510,630	252,031,284
TOTAL EXPENDED AND UNEXPENDED	358,045,432		91,496,482			449,541,914	

Key Spend-down Assumptions

Contingencies spread evenly
 Hard Costs 40% year 1 / 60% year 2
 Soft Costs 75% year 1 / 25% year 2
 Financing Costs - most expended at Closing, some hold back.
 Plus carried interest computation on Construction draws once equity is expended toward the end of Year 1.
 Infrastructure - \$2mm roadway project complete in Year 1.
 Local seed funding - Funded at closing with Equity.
 Pre-Opening and other Developmental Costs - 50% spent year 1, most of the rest spent year 2, with some excess.

Interest Calc. (per annum)
During Construction

5.00%
8,951,136

3.00%
1,646,937

Note:
Some of the percentages used to compute the rate of spend-down of capital reflect different rates of spending for different components, particularly for the Construction and Fit Up regarding soft vs. hard costs, contingencies and land related expenses.

Equity spend test (is equity exhausted?)
Year's interest on Draws

0.00
8,951,136

-
1,646,937

Howe Caverns Resort and Casino LLC
Sources and Uses

END OF YEAR 2 CONSTRUCTION COMPLETE

1/1/2017

Casino Cash, Operating Reserve, and some excess Pre-Opening and Development Expenses are the only remaining Assets from the Funding Stack at Cert of Occupancy, for Sources and Uses purposes.

SOURCES

Equity	50% Unexpended Expended	-	179,022,716	-	-	-
Debt	50% Unexpended Expended	-	179,022,716	-	-	-

TOTAL SOURCES

USES

Construction and Fit Up (includes all contingencies, applicable soft costs, all expenditures built to specs, ready for CoF O)	Unexpended Expended	-	251,947,932	-	-	-
Financing Costs - Includes Construction Interest, Legal, Banking and Advisory, Regulatory, Travel, Other	Unexpended Expended	-	30,080,000	-	-	-
Infrastructure Attributable - Traffic Place-Holder Off Site Sagendorf Corner Rd. and Additional On Site	Unexpended Expended	-	2,000,000	-	-	-
Post Licensure Responsibilities - Licensing Fee - (Investment Escrow assume bonded)	Unexpended Expended	-	50,000,000	-	-	-
Casino Cage / Working Capital Cash	Unexpended Expended	3,017,500	-	-	-	-
Regional Tourism, Workforce and Economic Development Seed Funding	Unexpended Expended	-	1,000,000	-	-	-
Additional Funds for Operating Reserve Deposit, if needed	Unexpended Expended	5,000,000	-	-	-	-
Pre-Opening and Other Developmental Expenses	Unexpended Expended	1,500,000	13,500,000	192,582	3,400,000	16,900,000

TOTAL USES
TOTAL EXPENDED AND UNEXPENDED

Unexpended	Expended	Unexpended Waterpark, Hotel and Related Amenities	Expended	Unexpended Casino, Hotel and Related Amenities	Expended	Unexpended Phase 1A - Dinosaur Amphitheatre	Expended	Total
-	215,621,309	-	36,598,593	-	179,022,716	-	215,621,309	-
-	233,920,605	-	54,897,889	-	179,022,716	-	233,920,605	-
-	449,541,914	-	91,496,482	-	358,045,432	-	449,541,914	-
-	332,331,832	-	80,383,900	-	251,947,932	-	332,331,832	-
-	37,600,000	-	7,520,000	-	30,080,000	-	37,600,000	-
-	2,000,000	-	-	-	2,000,000	-	2,000,000	-
3,017,500	50,000,000	3,017,500	50,000,000	3,017,500	50,000,000	3,017,500	50,000,000	3,017,500
-	1,000,000	-	1,000,000	-	1,000,000	-	1,000,000	-
5,000,000	-	5,000,000	-	5,000,000	-	5,000,000	-	5,000,000
1,692,582	-	192,582	3,400,000	1,500,000	13,500,000	192,582	16,900,000	1,692,582
9,710,082	439,831,832	192,582	91,903,900	9,517,500	348,527,932	192,582	449,541,914	9,710,082
449,541,914	-	91,496,482	-	358,045,432	-	91,496,482	-	449,541,914

Key Spend-down Assumptions

- Contingencies spread evenly
- Hard Costs 40% Year 1 / 60% Year 2
- Soft Costs 75% year 1 / 25% year 2
- Financing Costs - most expended at Closing, some hold back.
- Plus carried interest computation on Construction draws once equity is expended toward the end of Year 1.
- Infrastructure - \$2mm roadway project complete in Year 1.
- Local seed funding - Funded at closing with Equity.
- Pre-Opening and other Development Costs - 50% spent year 1, most of the rest spent year 2, with some excess.

Interest Calc. (per annum) During Construction 5.00% 8,951,136

Note: Some of the percentages used to compute the rate of spend-down of capital reflect different rates of spending for different components, particularly for the Construction and Fit Up regarding soft vs. hard costs, contingencies and land related expenses.

Equity spend test (is equity exhausted?) 0.00
Year's Interest on Draws 8,951,136 1,646,937

Exhibit VIII. A.6.c. Financing Plans, Arrangements and Agreements

As to the specific financing, commitments from certain specific or even general sources, and a crystallized picture of the precise capital stack, the current point in time is simply too early, with too many variables, to be able to supply a refined snapshot. Most notably, the fact that a competitive process is unfolding with the location of four licenses still to be determined makes the capital funding environment difficult to pin down. Some of the prior potential applicants have noted this in dropping their pursuit of a license. We fully intend to move forward, regardless of the ultimate location of other, new and competing gaming facilities, given the stand alone benefits and qualities of our proposed project. Nonetheless, the availability, and more importantly, the specific terms of our overall financing will be subject to the outcome of this RFA process, and the siting of the other licenses.

Exhibit VIII. A.6.d. Financing Plan Analysis

We do not expect Malik's existing financial arrangements to impair the ability to fund the subject project, operations, or any fees, deposits and expenses, as described.

Exhibit VIII. A.6.e. Anticipated Financing Sources

In the same fashion as we are unable to supply a capital structure at closing without knowing the outcome of the Application and License process, we are even less well positioned to project out the capital structure in time.

We have used some of our forecasted operating results to supply the following table, using some simplifying assumptions regarding the debt to equity ratios, and a blended cost of debt capital.

Howe Caverns Resort and Casino

Illustrative Debt Service Coverage through Yr. 3 of Operatoins

Debt Face Amount	179,022,716		
Cost of Capital	9.00%		
Average Case EBITDA	\$28,794,896	\$29,526,483	\$30,313,516
Interest	\$16,112,044	\$16,112,044	\$16,112,044
Debt Service Covg.	1.79	1.83	1.88

Notes: This analysis ignores the benefit of Depreciation.
No Principal pay-down in first 3 years.
50% Debt-Equity Funding of all Project Costs.

EXHIBIT VIII.A.7. REDACTED PURSUANT TO ONE OR MORE PROVISIONS OF SECTION 87(2) OF THE NEW YORK PUBLIC OFFICERS LAW

EXHIBIT VIII.A.8. REDACTED PURSUANT TO ONE OR MORE PROVISIONS OF SECTION 87(2) OF THE NEW YORK PUBLIC OFFICERS LAW

Exhibit VIII. A.9. SEC FILINGS

In response to this question, for Full House, which is the only party to this application that is a publicly traded company, please go to the link below and you will find their filings for the previous 3 years.

<http://www.sec.gov/cgi-bin/browse-edgar?company=Full+House+Resorts&CIK=&file-num=&State=&SIC=&owner=include&action=getcompany>

Statement of changes in beneficial ownership of securities Acc-no: 0001209191-14-042013	2014-06-17
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-14-040123	2014-06-10
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-14-039266	2014-06-05
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-14-039178	2014-06-05
Registration Withdrawal Request Acc-no: 0001571049-14-002156 (NE Act)	2014-05-29
Current report, item 5.07 Acc-no: 0001571049-14-002005 (34 Act)	2014-05-21
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-14-034030	2014-05-15
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-14-034029	2014-05-15
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-14-034028	2014-05-15
Quarterly report [Sections 13 or 15(d)] Acc-no: 0001571049-14-001798 (34 Act)	2014-05-14
Other definitive proxy statements Acc-no: 0001571049-14-001181 (34 Act)	2014-04-15
[Amend]General form for registration of securities under the Securities Act of 1933 Acc-no: 0001571049-14-001072 (33 Act)	2014-04-07
Current report, items 1.01 and 9.01 Acc-no: 0001188112-14-000766 (34 Act)	2014-03-24
[Amend]General form for registration of securities under the Securities Act of 1933 Acc-no: 0001571049-14-000728 (33 Act)	2014-03-10
Annual report [Section 13 and 15(d), not S-K Item 405] Acc-no: 0001571049-14-000726 (34 Act)	2014-03-10
Statement of acquisition of beneficial ownership by individuals Acc-no: 0000897069-14-000127 (34 Act)	2014-02-14
Statement of acquisition of beneficial ownership by individuals Acc-no: 0001158202-14-000004 (34 Act)	2014-02-13
Statement of acquisition of beneficial ownership by individuals Acc-no: 0000038777-14-000063 (34 Act) 23	2014-02-11
[Amend]Statement of acquisition of beneficial ownership by individuals Acc-no: 0001332905-14-000007 (34 Act)	2014-02-10
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-14-003760	2014-01-17
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-14-003673	2014-01-17
General form for registration of securities under the Securities Act of 1933 Acc-no: 0001571049-14-000073 (33 Act)	2014-01-08
Quarterly report [Sections 13 or 15(d)] Acc-no: 0001188112-13-003230 (34 Act)	2013-11-07
Current report, items 5.02 and 9.01 Acc-no: 0001188112-13-002749 (34 Act)	2013-09-18
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-13-042858	2013-09-04
Current report, items 1.01, 2.03, and 9.01 Acc-no: 0001188112-13-002617 (34 Act)	2013-08-30
[Amend]Current report, items 1.01 and 9.01 Acc-no: 0001188112-13-002567 (34 Act)	2013-08-22
Current report, items 1.01 and 9.01 Acc-no: 0001188112-13-002546 (34 Act)	2013-08-20
Quarterly report [Sections 13 or 15(d)] Acc-no: 0001188112-13-002316 (34 Act)	2013-08-08

[Amend]Statement of acquisition of beneficial ownership by individuals Acc-no: 0001044321-13-000096 (34 Act)	2013-07-10
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-13-026952	2013-05-16
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-13-026950	2013-05-16
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-13-026949	2013-05-16
Quarterly report [Sections 13 or 15(d)] Acc-no: 0001188112-13-001411 (34 Act)	2013-05-08
Current report, items 1.01 and 9.01 Acc-no: 0001188112-13-001063 (34 Act)	2013-04-11
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-13-020384	2013-04-04
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-13-020353	2013-04-03
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-13-019794	2013-04-02
Other definitive proxy statements Acc-no: 0001188112-13-000876 (34 Act)	2013-03-29
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-13-017271	2013-03-18
Annual report [Section 13 and 15(d), not S-K Item 405] Acc-no: 0001188112-13-000562 (34 Act)	2013-03-06
Statement of acquisition of beneficial ownership by individuals Acc-no: 0001332905-13-000006 (34 Act)	2013-02-14
[Paper]Certification by the National Association of Securities Dealers Automated Quotation approving securities for listing Acc-no: 9999999997-13-000963 (34 Act)	2013-02-13
Registration of securities [Section 12(b)] Acc-no: 0001188112-13-000337 (34 Act)	2013-02-12
Notification of the removal from listing and registration of matured, redeemed or retired securities Acc-no: 0001188112-13-000336 (34 Act)	2013-02-12
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-13-005529	2013-02-01
Initial statement of beneficial ownership of securities Acc-no: 0001209191-13-005527 Size: 3 KB	2013-02-01
Current report, items 3.01 and 9.01 Acc-no: 0001188112-13-000218 (34 Act)	2013-02-01
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-13-003972	2013-01-23
Initial statement of beneficial ownership of securities Acc-no: 0001209191-13-003772	2013-01-22
Current report, item 8.01 Acc-no: 0001188112-13-000088 (34 Act)	2013-01-10
[Amend]Current report, items 2.01 and 9.01 Acc-no: 0001188112-12-003554 (34 Act)	2012-12-07
[Amend]Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-054265	2012-11-21
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-054230	2012-11-21
Current report, items 1.01, 1.02, 5.02, and 9.01 Acc-no: 0001188112-12-003429 (34 Act)	2012-11-15
Quarterly report [Sections 13 or 15(d)] Acc-no: 0001188112-12-003262 (34 Act)	2012-11-07
[Amend]Current report, items 1.01, 2.01, 2.03, and 9.01 Acc-no: 0001193125-12-415786 (34 Act)	2012-10-05
Current report, items 1.01, 2.01, 2.03, and 9.01 Acc-no: 0001193125-12-411397 (34 Act)	2012-10-01
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-046769 Size:	2012-09-26
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-043042	2012-08-23
[Amend]Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-042931	2012-08-23
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-042045	2012-08-15
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-042042	2012-08-15
Quarterly report [Sections 13 or 15(d)] Acc-no: 0001188112-12-002434 (34 Act)	2012-08-09
Confidential treatment order Acc-no: 9999999997-12-011907 (34 Act)	2012-07-24
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-038436	2012-07-18
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-038028	2012-07-13
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-038018	2012-07-13
Current report, items 1.01 and 2.03 Acc-no: 0001193125-12-296348 (34 Act)	2012-07-06
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-034097	2012-06-15
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-032160	2012-06-04
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-032129	2012-06-04
Quarterly report [Sections 13 or 15(d)] Acc-no: 0001193125-12-218850 (34 Act)	2012-05-08

Current report, items 1.01 and 9.01 Acc-no: 0001193125-12-151634 (34 Act)	2012-04-05
Current report, items 1.01, 1.02, 2.01, and 9.01 Acc-no: 0001193125-12-149572 (34 Act)	2012-04-04
Other definitive proxy statements Acc-no: 0001193125-12-133813 (34 Act)	2012-03-27
Annual report [Section 13 and 15(d), not S-K Item 405]Acc-no: 0001193125-12-101745 (34 Act)	2012-03-08
[Amend]Statement of acquisition of beneficial ownership by individuals Acc-no: 0001193125-12-058153 (34 Act)	2012-02-14
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-12-001939	2012-01-05
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-11-062475	2011-12-21
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-11-062231	2011-12-20
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-11-060856	2011-12-12
Quarterly report [Sections 13 or 15(d)] Acc-no: 0000950123-11-096687 (34 Act)	2011-11-09
[Cover]SEC-generated letter Acc-no: 0000000000-11-055733	2011-09-19
[Cover]ondence Acc-no: 0000950123-11-083935	2011-09-12
[Amend]Statement of changes in beneficial ownership of securities Acc-no: 0001209191-11-046342	2011-09-01
[Amend]Statement of changes in beneficial ownership of securities Acc-no: 0001209191-11-046222	2011-09-01
[Cover]ondence Acc-no: 0000950123-11-081817	2011-08-31
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-11-045963	2011-08-30
[Cover]SEC-generated letter Acc-no: 0000000000-11-050337	2011-08-19
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-11-044282	2011-08-15
Statement of changes in beneficial ownership of securities Acc-no: 0001209191-11-043942	2011-08-12
Quarterly report [Sections 13 or 15(d)] Acc-no: 0000950123-11-075283 (34 Act)	2011-08-10
Current report, items 1.01 and 9.01 Acc-no: 0000950123-11-063313 (34 Act)	2011-06-30

Exhibit VIII. A.10. LEGAL ACTIONS

Howe Caverns Resort and Casino - N/A

Michael J. Malik:

Attachment 27 – Existing Litigation

1. Wayne County Circuit Court for the State of Michigan; Case No. 13-001656-CK; Michele Malik v Michael J. Malik. Plaintiff Michelle Malik has made claims of breach of contract and conversion against Defendant, Michael J. Malik. Defendant Malik denies the allegations and the matter remains pending in the Court.
2. Oakland County Circuit for the State of Michigan; Case Nos. 2010-769405 DM, 2012-801347-DM, 2013-807789-DM; Michael James Malik v. Brook Ann Malik. These are 3 divorce proceedings commenced by Plaintiff Michael Malik against his ex-wife Brook Ann Malik. These matters have resulted in the divorce of the parties and the matters are no longer pending.

Exhibit VIII. A.11. BANKRUPTCY OR OTHER INSOLVENCY MATTERS

Howe Caverns Resort and Casino -- N/A

Michael J. Malik, Sr. -- N/A

Exhibit VIII. A.12. BREACH OF CONTRACT

Howe Caverns Resort and Casino -- N/A Michael J. Malik, Sr. -- N/A

Exhibit VIII. A.13. TAX AUDIT

Howe Caverns Resort and Casino -- N/A

Michael J. Malik, Sr. -- N/A

Exhibit VIII. A.14.a. LICENSES ISSUED IN OTHER JURISDICTIONS

Exhibit VIII. A.14.a. Gaming Licenses Issued

Howe Caverns Resort & Casino, LLC

1. No licenses in other jurisdictions

Howe Caverns Resort & Casino, LLC has never had a gaming related license denied, suspended, withdrawn or revoked, nor is there any pending proceeding that could lead to a suspension or revocation.

Full House Resorts, Inc.

1. Full House Resorts holds a gaming license in Indiana that was issued on April 1, 2011 for the purchase of the Rising Star Casino in Rising Star, Indiana. The license is subject to renewal annually.
2. Full House Resorts holds a gaming license in Nevada that was issued on January 31, 2007 for the purchase of Stockman's Casino in Fallon, Nevada. The gaming license is required to be renewed annually.
3. Full House purchased the assets of the Grand Lodge in Incline Village, Nevada on September 1, 2011. Full House entered into a 5-year lease with Hyatt Equities LLC for the casino space in the Hyatt Regency Resort, Spa and Casino in Incline Village, Nevada on the north shore of Lake Tahoe. The lease has been extended through August 1, 2018. The license from the Nevada Gaming Commission and Control Board and renews annually.
4. Full House Resorts holds a gaming license in Mississippi issued on July 2012 for the purchase of the Silver Slipper in Bay St. Louis, MS. The license is subject to renewal in July 2015.
5. Full House Resorts holds a gaming license issued by Buffalo Thunders Gaming Commission in May 2011 for the right to advise on the operations of the Buffalo Thunder Casino and Resort ("Buffalo Thunder") in Santa Fe, New Mexico. The license expires upon termination of the agreement, Sept. 2014.

Michael J. Malik, Sr.:

ATTACHMENT 30B		GAMBLING LICENSES		
NAME AND ADDRESS OF LICENSING AGENCY	DATE OF APPLICATION	TYPE OF GAMBLING ACTIVITY	DISPOSITION (GRANTED, DENIED, PENDING)	IF ISSUED, NUMBER AND EXPIRATION DATE
Michigan Gaming Control Board 3062 West Grand Boulevard, Suite L-700 Detroit, MI 48202-6062	In the vicinity of 1996/1997	City of Detroit Casino	Withdrew due to sale of interest in project prior to disposition of license.	N/A

Exhibit VIII. A.14.b. Disciplinary Actions by Gaming Related Licensing Authority

Howe Caverns Resort and Casino - N/A

Full House Resorts, Inc. - has never had a gaming related license denied, suspended, withdrawn or revoked, nor is there any pending proceeding that could lead to a suspension or revocation.

EXHIBIT VIII.A.15.a. REDACTED PURSUANT TO ONE OR MORE PROVISIONS OF SECTION 87(2) OF THE NEW YORK PUBLIC OFFICERS LAW

ATTACHMENT 3 - DESCRIPTION OF PRESENT BUSINESS (4 Pages)

<u>Entity</u>	<u>Business Purpose</u>	<u>Generates Revenue</u>	<u>Active/Closed</u>
Barwest, LLC	Developer for Barstow casino development; owned 100% by Barwest Holding, LLC	No	Active
Barwest Holdings, LLC	100% owner and sole member (i.e. parent company) of Barwest, LLC ; (owned 50% - 50% by Malik-Ilitch entities respectively)	No	Active
Barwest Manager, Inc.	Manager of Barwest, LLC, Barwest Holdings, LLC	No	Active
Casino Funding Enterprises, LLC	Holder of Note from Los Coyotes	No	Active
LCB Barwest, LLC	Owner of Non-Trust property	No	Active
LCB Barwest Holdings, LLC	100% owner and sole member (i.e. parent company) of LCB Barwest	No	Active
LCB Barwest Manger, Inc.	Manager of LCB Barwest, LLC and LCB Barwest Holdings, LLC	No	Active
MJM Barwest, LLC	Malik entity that is 50% owner of Barwest Holdings, LLC -- (formed 8/11)	No	Active
CB Property Holdings, Inc.	100% owner and sole member (i.e. parent company) of CB Property Investments, LLC	No	Active

CB Property Investments, LLC	Owens 10 acres in Charlotte Beach	No	Active
Gateway Casino Resorts, LLC, f/k/a Empire Associates, LLC	Developer/Manager for Shinnecock casino development	No	Active
Gateway Funding Associates, LLC	Used to enter Guaranty Agreement with Shinnecock	No	Active
Gateway Holdings, LLC	100 % owner and sole member (i.e. parent company) of Gateway Casino Resorts, LLC	No	Active
Gateway Manager, Inc.	Manager of GCR and Gateway Holdings, LLC	No	Active
MJM Gateway, LLC	Malik entity that is 50% owner of Gateway Holdings, LLC. Newly formed "buffer" entity	No	Active
Blue Water Resorts, LLC	Pt. Huron casino development entity; owns 100% of development	No	Active
Blue Water Resorts Manager, Inc.	Manager of Blue Water Resorts, LLC	No	Active
Blue Water Equities, LLC	Owens/holds 7.7778% "reserved" interest in Blue Water Resorts, LLC	No	Active
BW Holdings, LLC	Voting member and owner of Blue Water Resorts, LLC (i.e. parent)	No	Active
MJM Blue Water, LLC	Malik's ownership entity and 100% Voting Member of BW Holdings, LLC which owns 92.22% of Blue Water Resorts, LLC	No	Active

FCV Equities, LLC	Formed to be Malik's ownership entity vehicle in FCV Holdings	No	Active
FCV Holdings, LLC	Formed to be 100% owner (i.e. parent) of BWE Development.	No	Active
Flint Development Ventures LLC	Developer of Flint casino	No	Active
Flint Development Ventures Holdings, LLC	100% owner (parent) of Flint Development Ventures LLC	No	Active
MJM Manager LLC	Manager of Flint entities	No	Active
GP Development, LLC	Owns 960 Lakeshore	No	Active
Lucky 7 Development, LLC	Harsens Island Development	No	Active
[REDACTED] Ventures LLC	[REDACTED] related	No	Closed
[REDACTED] Holdings	[REDACTED] related	No	Closed
[REDACTED] Equities, LLC	[REDACTED] related	No	Closed
MJM Enterprises Development, Inc	Flagship	No	Active
MJM Manistee Inc	Owns cabo, payroll, office expenses	No	Active
MJM Royal Properties LLC	[REDACTED]	No	Closed
Border Crossing South, LLC	Deer breeding operation	No	Active
MJM Border Holdings, LLC	Sole member of Border Crossing South, LLC	No	Active
Paradise Hunt Club, LLC	Hunt Club property owner	Yes	Active

Paradice Hunt Club II, LLC	Hunt Club property owner	No	Active
Renegade Charters, LLC	Boat charter	NO	Active
VIRE LLC	Electronic cigarette company	No	Active
VIRE HOLDINGS LLC	Holding company	No	Active
Back Bay Consulting LLC	Canadian deal-Seminoles	No	Active
Back Bay Manager LLC	Canadian deal - Seminoles	No	Active
M Luxury Group	██████ deals	No	Closed
Triple M Development LLC	New York	No	Closed
Triple M Manager Inc	New York	No	Closed
MAC Holdings I LLC	Holding for ████████ deals	No	Active
██████ Holdings LLC	██████ holding Co	No	Active
██████ Holdings LLC	██████ Holding Co	No	Active
Blue ████████ Resorts & Entertainment ████████ LLC	██████ gaming devp	No	Active
Blue ████████ Resorts & Entertainment ████████ LLC	██████ gaming devp	No	Active
New Windsor Casino & Resort LLC	Greentrack-deal	No	Active
New Windsor Developer, LLC	Owens 65% of New Windsor Casino & Resort, LLC	No	Active
Howe Caverns Resort & Casino LLC	Howe Caverns-deal	No	Active

**Exhibit VIII. A.15.b. Publicly Announced Aquisition
Development or Proposed Competing Gaming
Projects**

HCRC - N/A

MJM -N/A

FH - N/A

Exhibit VIII. A.16. Additional Financial Commitments

Howe Caverns Resort and Casino is confident that all of its guarantees, performance bonds, revolving credit facilities and other assurances will be more than satisfactory to complete and operate the proposed project. The sources and terms of these commitments and guarantees will be a function of a variety of factors that will only be evident at the conclusion of the license application process in New York. However, the personal financial wherewithal with the party or parties that are the member or members of the LLC Applicant have disclosed financial information in the Application that demonstrate sufficient capital and access to capital, as well as experience in like projects.

b. ECONOMICS

Exhibit VIII. B.1. Market Analysis

Below we have extracted the key data from our independent gaming analysis related to out of state sourced gaming revenue. The same analytical criteria was used as that which derived all of the gaming revenue modeling results –industry standard methodology using the Reilly application of the law of gravity, as adjusted by widely accepted drivers – ex. quality of competing facilities.

Year	2017	2018	2019	2020	2021
LOW					
Recaptured Revenue from Out of State venues	7,572,655	7,724,108	7,878,590	8,036,162	8,196,885
Net New Gaming Revenue (sourced out-of-State)	2,944,921	2,996,787	3,103,010	3,269,013	3,409,919
AVERAGE					
Recaptured Revenue from Out of State venues	9,835,300	10,032,006	10,232,647	10,437,300	10,646,046
Net New Gaming Revenue (sourced out-of-State)	3,934,120	4,003,408	4,145,311	4,367,075	4,555,311
HIGH					
Recaptured Revenue from Out of State venues	11,721,992	11,956,432	12,195,561	12,439,472	12,688,261
Net New Gaming Revenue (sourced out-of-State)	5,259,868	5,352,505	5,542,227	5,838,723	6,090,392

What these results do not reflect is the impact of more fully building out and diversifying our project's offerings with the Destination Waterpark dimension of the resort. While the high case assumes both higher levels of amenities, an appealing theme that resonates well and no new competition, this does not go as far as to measure the Co-Anchor magnitude that we propose.

In fact, the gravitational model, while not irrelevant, provides substantially less guidance regarding visitation when it comes to this family oriented destination product type.

Below we used some conservative assumptions to derive one example of how there would be more out of market gaming revenue being generated on our site.

Howe Caverns Resort and Casino	Net Assumed Uptick Tourist			
Illustrative Analysis	Original Year 1	147,000		
Incremental Out of State Revenues	Total Shown here	15,600		
	% uptick	10.61%		
Out of State				
Annual Figures				
Total Visitors	250,000	Apprx. (H&LA Study)		
Total Room Nights	60,000	Apprx. (H&LA Study)		
Out of State Origin	30%			
Out of State Room Nights	18,000			
Adults per Room	2.0			
Total Potential Audience	36,000			
Incidence of Casino Visit	20%			
Total Visits	7,200			
Win per Visit	\$ 125.00	WLX Study High Case + due to Affluent Visitor		
Total Incremental Revenues from Out of State	\$ 900,000			
Downstate				
Total Visitors	250,000	Apprx. (H&LA Study)		
Total Room Nights	60,000	Apprx. (H&LA Study)		
DownState Origin	35%			
DownState Room Nights	21,000			
Adults per Room	2			
Total Potential Audience	42,000			
Incidence of Casino Visit	20%			
Total Visits	8,400			
Win per Visit	\$ 125.00	WLX Study High Case + due to Affluent Visitor		
Total Incremental Revenues from Out of State	\$ 1,050,000			
Total Uptick in Tourist Revenues Attributable to Waterpark Resort	\$ 1,950,000			

The point is that with as many as 250,000 incremental visitors to the Waterpark, we can re-set the paradigm on the primary market definition, tap more affluent markets, tap out of state markets and drive the notion of destination to the bottom line.

By any measure, we will be the least impactful proposed site on the primary impacted existing facility – Saratoga Raceway. Though we will be competitive with Saratoga for certain primary market visits, the model does already dilute our draw from certain points in that primary market, so we are demonstrating a true net windfall. As the WLX Study indicates, there will be marginal impact on Turning Stone, if any.

What we have conveyed throughout this submittal is that our Application to License Gaming facility is a function of and is built around the opportunity to help some of the more economically challenged localities in the entire Region 2 area. We have even proposed to apply a project surcharge which will be devoted to a regional fund that will be reinvested in, among other initiatives, marketing East Central New York and the Leatherstocking region to the out of market bank of potential visitors. We will become a needed Co-Anchor with Cooperstown to drive visitation to unforeseen levels. Our sub-region has too much appeal not to be featured in our Application, but also in our ongoing marketing efforts as a Destination Resort when built.

One final thought on the market analysis is that recapture is one key measurement, but neutralization may be equally or more important should a large scale MGM facility go forward, as proposed, in Springfield, Massachusetts. As of the time of this submittal, we need to assume that project will come to fruition perhaps coincidental with a New York Region 2 project. Given that we are the farthest distance from Springfield among Region 2 candidates, it stands to reason that we would be least impacted by their presence, and by the bleeding back out of gaming revenue that would occur most directly from the new licensee(s) that result from this process in the Capital area. And, to further that point, only a diversified, true destination will be well positioned to continue to sustain its forecasted revenue performance if in theoretical competition with a global gaming giant such as MGM.



ENTERPRISES

Advanced Analytics & Decision Sciences
Financial Modeling & Strategic Planning
Gaming & Hospitality Advisor

Technical Memorandum

New York Resort Casino Proposal

Prepared for Howe Caverns Resort and Casino LLC

June 2014

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Executive Summary

In response to the enactment of the Upstate NY Gaming Economic Development Act, Howe Caverns Resort and Casino LLC (the “Company”) is submitting a proposal within the guidelines of the prescribed RFA to develop and build a casino resort in New York. Howe Caverns Resort and Casino LLC has specified that the future resort be located in Cobleskill, Schoharie County, NY. The (“Site”) for the casino resort (“Project” or “Resort”) is located at the tourist destination Howe Caverns just off Interstate 88, 30 miles West of Interstate 90.

As part of their due diligence and RFA process, the Company engaged WLX Enterprises (“WLX”, a casino decision sciences and analysis firm) to complete an independent gaming market assessment in order to forecast gaming revenues for the location. Using the projected gaming revenues, WLX could then ascertain the appropriate gaming and non-gaming amenity mix and derive total gross revenues and resulting EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) figures.

Using the prescribed methodology, a retail gravitational model, WLX estimated gaming revenues and determined the most favorable number of gaming positions and attractors (hotel rooms, other non-gaming amenities) for three cases: low, average, and high case scenarios.

WLX completed the gravity models and assessed the results, taking into consideration their first-hand knowledge and experiences in the Connecticut, New York, Atlantic City and Pennsylvania gaming markets. As expected from the initial market observation, WLX found that the Site would best be situated with a multiple-amenity business plan in which to draw tourists to the resort, rather than solely rely on the local’s market.

This locals market, as defined by the adult population within 90 miles of this proposed casino (as well as any site in the Albany region) is relatively small in which to drive regular gaming traffic. Additionally, given the future gaming landscape with casino operations to the South in Orange and/or Sullivan Counties and to the East in Springfield, MA, the market becomes even more isolated. That being advised, it was the charge and steer of the Company to project the most realistic, conservative figures with no ‘far reaching’ assumptions.

Gross gaming revenues will approach \$131 million in the first year of operation and the resort could generate \$37 million in EBITDAM (earnings before interest, taxes, depreciation, amortization, and management fees). Given a leverage ratio (Debt to EBITDAM) of 4X, and a Debt to Equity ratio of 60/40, this implies a manageable project budget range of \$250 to \$300 million.

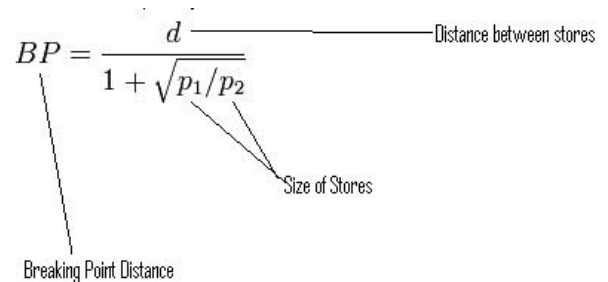
First Full Year Operating Forecast			
(\$ in Millions)	Low Case	Avg Case	High Case
Revenues:			
Gaming	\$ 105.18	\$ 131.14	\$ 150.28
Non-Gaming	21.74	26.37	31.75
Gross Revenues	126.92	157.51	182.04
<i>less Promo Allowances</i>	(3.9)	(5.3)	(6.3)
Net Revenues	123.01	152.25	175.69
Operating Expenses	94.49	115.37	132.03
EBITDAM	\$ 28.52	\$ 36.88	\$ 43.66

Methodology & Key Drivers

Reilly's Law of Retail Gravitation

In 1931 William J. Reilly, University of Texas, published his findings in a book entitled, Reilly's Law of Retail Gravitation. Mr. Reilly collected specific demographic information from different townships that surrounded shopping centers, and in particular, focused in on consumer feedback data regarding which centers they shopped and how often they shopped each center. Reilly was able to correlate visitation patterns based upon distances from each center as well as the size or 'attractiveness' of each center.

Reilly's model postulates that an individual's tendency to shop at Store A will increase as the size of the center increases and will decrease as the square of the distance between the customers and Store A increases. The formula is analogous to Isaac Newton's Law of Gravitation that says that two bodies attract each other with a force that is proportional to the product of their masses and inversely proportional to the square of the distance between them.

$$BP = \frac{d}{1 + \sqrt{p_1/p_2}}$$


Casino professionals render this complex formula into 3 important Concepts:

1. **The three most important factors in understanding casino visitation are distance, attractors, and attraction factor:**
 - a. Distance: The distance a customer lives from the casino
 - b. Attractors: The number of gaming positions (slots, table games etc.) the casino offers, as well as number of hotel rooms, restaurants etc.
 - c. Attraction Factor: The qualitative measure of the attractors (is the gaming product a VLT only racino or a resort destination with all casino games and a full accompaniment of shopping, dining and entertainment)
2. **Given two identical casinos in different locations, customers will always choose the casino with the closest distance.** The primary decision factors for a resident's willingness to 'participate' in gaming and become a casino customer, as well as the frequency in which they visit the casino once they are a customer, are both predicated on how far away they live from the casino. So much so, the further away they live the less they participate and frequent at an exponential rate (as opposed to linear).
3. **Given two casinos that are exactly the same distance away from the customer, the customer will choose the casino that has more attractors / better attraction factor (bigger, better, more to do).** If for example, someone in New York lives exactly 40 minutes away from Vernon Downs (767 VLTs) and 40 minutes away from a destination resort in Cobleskill NY, they will most certainly choose the destination.

The industry has embraced Reilly's Law of Retail Gravitation as being definitively applicable for predicting the customer base's wagering patterns for a proposed casino. Real-world examples substantiate Reilly's theorem by using actual gaming revenues and correlating them with the surrounding demographic data.

Howe Caverns Resort and Casino LLC NY Resort Casino

Using data from any casino's 'rewards' or 'player tracking' information system, for a specified period of time (typically one year), the following information is collected:

- The number of unique customers (and their zip codes) who generated any rating during the time period. This figure represents whether or not they **Participated** in gaming at the casino.
- The number of visits ("trips") that customer made during the time period. This figure represents their **Frequency** of visitation.
- How much the customer wagered at the casino during that time period. This figure is used to determine Average Spend per Trip or **Average Spend**

Next, using Geographic Information Software (GIS), demographic data for all the surrounding townships (zip codes) are calculated and isolated:

- The adult population for each zip code
- The distance from that zip code to the target gaming facility in either distance or miles

Lastly, both systems' data is combined and analyzed for the following industry benchmarks:

Participation Rate – given any specific zip code, what is number of casino patrons as a percent of the total adult population? There are 10,000 residents in zip code 12345 and 1,000 casino customers from that zip code; the participation rate is 10%.

Frequency – given a specific zip code, what is the average number of visits (trips) the sample adult population made to the casino? The 1,000 customers in zip code 12345 generated 5,000 trips; the frequency is 5.0 times.

Average Spend – the total number of visits is simply divided into the total theoretical casino win (gaming revenues) to determine the average amount a visitor spends on a given trip.

Once we combined the data and calculate the aforementioned statistics, the following analytical correlations are performed:

Distance Versus Participation – analyze (correlate) the participation rates for each zip code with the distance from the gaming facility. Zip code 12345's participation rate is 10% and it is 30 miles from the casino. Zip code 98765's participation rate is 50% and it is 5 miles from the casino. The relationship between these sets of numbers is highly correlated and pronounced. The further away a population is from the casino, the participation rate diminishes exponentially (not linear). Distance has great importance.

Distance Versus Frequency – analyze (correlate) the frequency of casino patronage for each zip code with the distance from the gaming facility. Zip code 12345's frequency is 5.0 times and it is 30 miles from the casino. Zip code 98765's frequency is 20.0 times and it is 5 miles from the casino. Again, the relationship is statistically significant. And again, the further away a population is from the casino, the participation rate diminishes exponentially (not linear).

Distance Versus Spend – analyze (correlate) the average spend per visit for each zip code with the distance from the gaming facility. Zip code 12345's spend is \$160 per visit and it is 30 miles from the casino. Zip code 98765's average spend is \$75 per trip and it is 5 miles from the casino. The relationship is statistically significant, but this time the relationship is linear – the further away a customer lives, the longer the stay and the more the spend (with fewer trips).

Howe Caverns Resort and Casino LLC NY Resort Casino

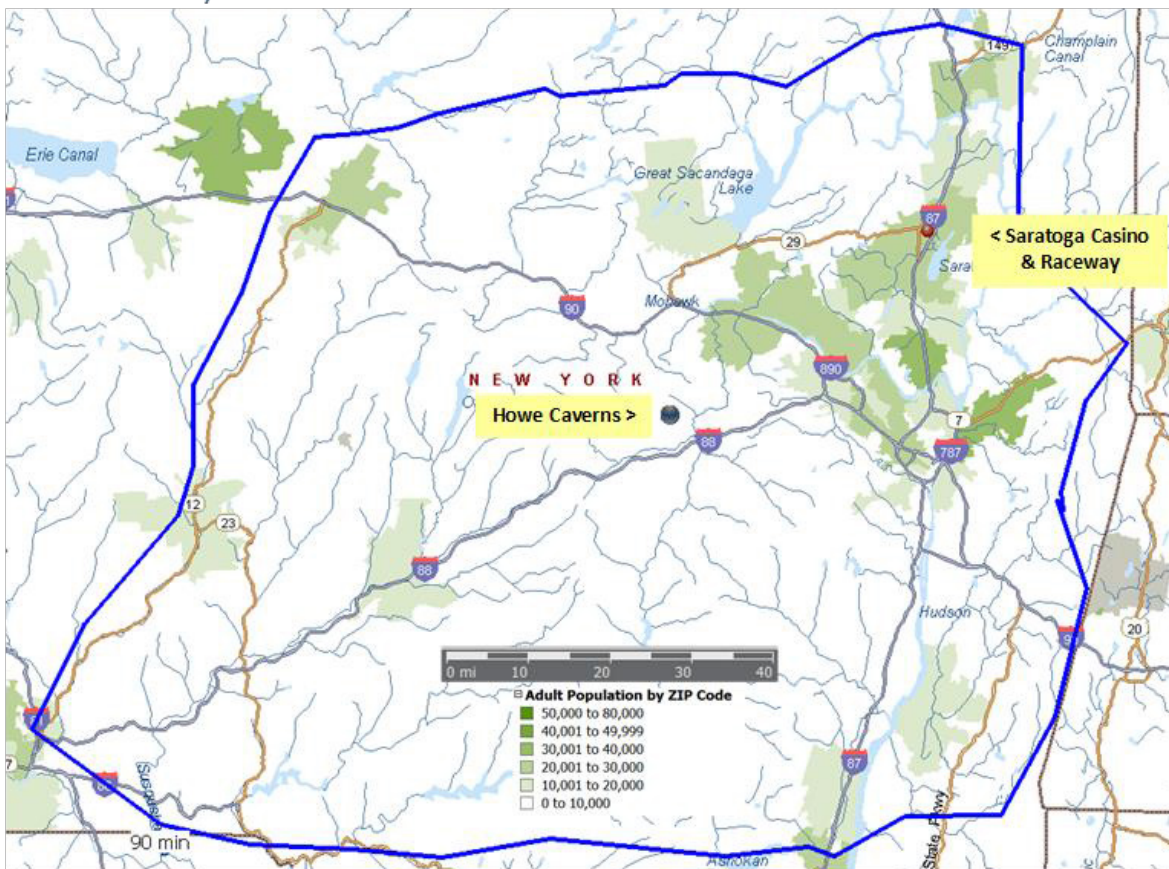
All consumers can simply relate to these principles from real life experiences. They might visit a large shopping destination that is hours away only once or twice a year, but the smaller neighborhood shop – twice a week. On the trips to the destination, consumers stay longer, stock up, and spend more. The local shop, not so much, the consumer spends the minimum but makes frequent trips.

Application of Modeling Retail Gravitation to Howe Caverns

WLX enterprises collected all regional demographics for the Northeast Region, including New York, Massachusetts, Connecticut, Pennsylvania, Vermont, New Hampshire, Rhode Island, and Delaware. The data was imported into our proprietary retail gravitational model. This model has been calibrated and fine-tuned with multiple real world casino databases including, but not limited to: large scale destinations, small casinos, and racinos. In September 2010 WLX was commissioned to predict gaming revenues at the yet-to-be-built Aqueduct Racetrack and subsequent cannibalization of Empire City. The model predicted gaming revenues within 4% of actual 2013 results for both properties.

The demographic data was also imported into a GIS (Geographical Information System) to visualize the location of the proposed site and its proximity to population centers and gaming competitors. The obvious subjective observations suggest that the site, and the region as a whole, is inhibited by local populations, as there are vast areas to the East, West, (MA), and North with zip codes with fewer than 10,000 adults. Initial recommendations would be to develop a resort only situated to promote tourists with destination type amenities.

Primary Howe Caverns Resort Casino Catchment Area - Local Market 90 Minute Drive



Howe Caverns Resort and Casino LLC NY Resort Casino

The initial model, albeit unconventional, is very useful to the practical observer and non-gaming professional, whereby the model was constructed with all significant, local (within ~90 miles) competition erased – ie. *Saratoga Racetrack and Casino was ignored*. A high case scenario was then built to understand the maximum potential of the market without any hindering variables. **The maximum gaming value of the market, given any single site destination with no local completion and under any circumstance, would generate no more than \$230 million.**

A complete, current baseline retail gravitational model was then created with all known significant gaming operations in the region. This answers the questions, from a modeling perspective, ‘where are the current casinos’, ‘where are their revenues coming from’, and ‘which facilities are drawing more (or less) than their fair share due to attraction factors’ (destination or ‘slots in a box’). The model was calibrated to our 2014 forecast for gross gaming revenues.

Property	Gross Gaming Revenues \$m	Distance Adjusted Adults <90 Miles	Slot Units	Tables	Hotel Rooms	Attractors
Mohegan Sun	\$ 844	193,478	5,500	325	1,274	8,724
Foxwoods	\$ 791	181,536	5,800	450	2,230	10,730
Twin Rivers	\$ 569	299,556	4,536	66	-	4,932
Newport Grand	\$ 45	185,142	1,097	-	-	1,097
ResortsWorld	\$ 819	1,434,043	5,005	-	-	5,005
Empire	\$ 555	1,232,005	5,400	-	-	5,400
Sands	\$ 476	442,356	3,024	182	300	4,416
Monticello	\$ 61	246,100	1,110	-	-	1,110
Saratoga	\$ 160	119,353	1,782	-	-	1,782
Tioga Downs	\$ 58	51,155	802	-	-	802
Vernon Downs	\$ 43	53,657	767	-	-	767
Presque Isle	\$ 147	75,400	1,752	47	-	2,034
Howes Cave, NY		52,260				

Once a baseline model was created, calculating patrons, total visits and total spend by zip code for the entire region, the future gaming landscape variables were layered into the model. The resulting model then calculated (or re-calibrated) the participation rates, frequency of visit and average spend by zip code, city, county, state, and 90 mile locals catchment area. The significant, future assumptions for the region were taken into consideration and modeled as follows:

Significant Competition

Springfield, MA

MGM Resorts International (“MGM”) has been awarded a license to develop, build and operate a casino resort in Springfield, MA, 125 miles Southeast of Howe Caverns. Although recent (very recent) judicial rulings suggest that the Massachusetts gaming law could be impaired or repealed, our assumptions is that the resort casino will be built and operate.

The MGM project is considered a large-scale casino with some destination amenities. The \$800 million casino-resort will consist of 3,000 slot machines, 100 table games, 250 hotel rooms, a pool and spa, catering space and full array of restaurants, retail shops and entertainment options. We predict, given its urban location in Springfield and adjacency to Hartford in the South, could easily generate \$325 million in gross gaming revenues depending on their ability to garner market share from Mohegan Sun and Foxwoods, while preserving their share from the Boston zone casino to the East.

This large casino will draw heavily from the West and have a significant impact on any casino built in the Albany region of New York. Its innate nature of amenity scale driven by capital investment due to the potential of the surrounding population creates a formidable competitive market to the East of Albany.

Catskills Region

For the sake of conservatism, we are assuming that two casinos will be awarded licenses in the Catskills region. Due to its nostalgic history and recognizable association with the Catskills, the project at the Concord Resort is assumed to have a future casino location. The recent abdication of bids in that region wisely suggest that the site, which is not the closest to New York City and the dense suburb population outskirts, will not generate destination-type gaming revenues. Although this handicaps investment and ultimately the size of the resort and overall attraction 'draw', it will still buffer gamers from traveling North to the Albany region.

The major destination casino has been and will always be, according to the Laws of Reilly, the ones with the greatest populations with the closet proximity. Both the Tuxedo and Newburgh locations in Orange County are exceptional locations with respect to location (as the closest allowed by law). A full destination resort with more than 300 hotel rooms, 2,500 slots and 125 tables games will generate more than \$450 million in gross gaming revenues. The casino will block most gaming visitors from traveling any further North, unless the resort in the Albany region offers something unique in which to capture tourists in search of options outside of gambling.

Saratoga Casino and Raceway

Naturally, Saratoga, as an operating gaming facility 62 miles from the Site, with 1,782 VLTs, is the major competition to Howe Caverns. This casino has a peculiar attribute, insofar as it scores very high in 'attraction factor'. Saratoga, with \$159m in VLT revenues generates a hefty \$1,350 per distance adjusted adult within 90 miles. This is exceptional given a rural VLT parlor. It speaks volumes on the ability to drive revenues from tourists outside the 90 mile catchment area. As an added note, given its location, situated at the far Northeast corner of the population centers between itself and Howe Caverns, the cannibalization of existing Saratoga revenues is much lower than say, a casino located 10 miles away from it.

Other Competition

As distances away from populations greatly hinder attraction and resulting gaming visitation, the Southern Tier casino, which is assumed to ultimately be located in Binghamton (or slightly to the East at Tioga Downs), will have little effect on a casino situated 130 miles and 2 hours away to the Northeast.

Additionally, any casino to the Northwest of Howe Caverns at the 90 mile (1.5 hour drive time), or locals threshold, will have little effect on a casino in the Albany region, particularly from a modeling perspective.

Howe Caverns Resort and Casino LLC NY Resort Casino

Once the new assumptions were layered in, the future retail model was created and run with three different assumptions:

- (Low Case) Adversarial conditions where Howe Caverns Resort and Casino LLC builds a smaller facility with fewer tourist-driving amenities, the destination in Orange County is larger and more popular than expected, Saratoga retains higher market share and Springfield, MA siphons more revenues from Albany than expected.
- (Average Case) Normal conditions outlined in the details listed in the future competition section above with few surprises and solid, competent management driving a comprehensive marketing plan.
- (High Case) Unexpectedly abnormal conditions whereby one or more surrounding competitors does not happen (for various reasons), the amenity offering is elevated and the overall theming and attraction resonates greatly with tourists and locals alike.

The resulting output is reflected in the table below:

First Full Year Visitation and Spend			
(\$ in Millions)	Low Case	Avg Case	High Case
Local Market Gaming Patons	100,000	110,820	116,000
Average Visits per Year	9.8	10.1	10.5
Total Local Market Visits	984,114	1,117,525	1,217,232
Average Spend per Visit	\$ 94	\$ 101	\$ 101
Total Local Market Gaming Revenues	\$ 92.55	\$ 112.78	\$ 123.23
Total Tourist Visits	109,749	146,874	200,376
Average Visits per Year	\$ 115	\$ 125	\$ 135
Total Tourist Gaming Revenues	\$ 12.62	\$ 18.36	\$ 27.05
Total Gaming Revenues	\$ 105.18	\$ 131.14	\$ 150.28

**Tourist < 90 Miles from Casino*

The results for the models were as expected. The gaming revenue contribution from the locals market was lower than average, accounting for 86% of the total gross gaming revenues. Typically, the ratio of local to tourist gaming revenues is proportionate to the size of a destination – a small VLT parlor will draw 95% of its business from the locals market, while Las Vegas draws less than 2% from locals. Howe Caverns' 86% is a direct result of the low surrounding populations and competition to the East and South. The 146,874 annual tourist visits is consistent with the current estimated visitation to the current tourist attraction at about 200,000.

Project Financial Results

The final models established that annual gaming revenue projections would be between \$105 million and \$150 million. These projections were a result of iteratively tuning the model to determine the most efficient mix of games, while considering capital costs to construct the facility. The mix of slot revenue to table games revenues, not unlike the local versus tourist contribution, is slightly different than a typical casino, as the tourists favor longer trips and generally play more tables games than slots, a locals favorite.

Given the economics of the gaming facility at Howe Cavern, WLX suggests that slot units not exceed 1,500 units and from a right-sizing perspective, with a full complement of new, modern slot machines, 1,200 units may be the most efficient choice. As for table games, where gaming pits can be easily changed from game to game – or adding to or eliminating tables - the recommendation is more fluid, suggesting a tables games area that can accommodate between 40 and 70 tables.

First Full Year Casino Revenues			
(\$ in Millions)	Low Case	Avg Case	High Case
Tables Games	40	50	65
Win per Unit per Day	\$ 1,311	\$ 1,437	\$ 1,444
Table Game Revenues	\$ 19.14	\$ 26.23	\$ 34.26
Slots	1,200	1,400	1,500
Win per Unit per Day	\$ 192	\$ 200	\$ 206
Slot Revenues	\$ 84.14	\$ 102.29	\$ 112.71
Other Gaming Revenues	1.89	2.62	3.31
Total Gross Gaming Revenues	\$ 105.18	\$ 131.14	\$ 150.28

It is understood that the business plan for the Howe Caverns Resort and Casino in its entirety has significantly more attractors than the casino and existing tourist attractions. Those attraction factors were considered in the model. Given the assumption that the resort as a whole will drive more traffic than a single site casino with 1,200 slot and 50 table games, the compliment of non-gaming amenities and their respective revenues were adjusted upwards accordingly.

Future gaming revenues, years 2 – 10, are obviously contingent on the execution of a business plan and a host of internal and external factors. Generally speaking, for Greenfield casino developments (starting from scratch), the revenue growth increases as word (and promotions) spread about the resort, creating - what is referred to as - the 'hockey stick' effect. Revenue growth increases steadily until (approximately) year 5 where a small correction adjusts growth downward (the word is out). So for Howe Caverns, a normal growth pattern was forecast for years 2-6 at 2%, 4%, 6%, 5%, and 2% respectively.

Hotel: in concert with the overall business plan, given the high number of tourists, Howe Caverns should have between 200 and 250 hotel rooms to accommodate gaming patrons. The average daily rate (ADR) will be consistent with other surrounding, upstate NY resorts and range between \$100 and \$130 per night. Occupancy, adjusted for seasonality due to location, will achieve figures in the low 80%'s. Total hotel revenues should be \$8 million in the first full year of operation.

Food and Beverage: given total casino visitation (total visits) at approximately 1.1 million, it is estimated Howe Caverns will serve more than 650,000 food covers. With a maximum average turn ratio of 4.5x per day, the casino would be well positioned to build 3 restaurants with no more than 400 seats: a fast casual concept and two multi-themed upscale casual concepts that cater to a wide spectrum of gamers.

Howe Caverns Resort and Casino LLC NY Resort Casino

Additionally, WLX recommends that one of the concepts have a 'buffet' station that can be utilized as management sees fit (breakfast and special occasions), but a standard full-time, full-scale buffet would not succeed in an environment with such peaks and valleys in business.

Beverage revenues will be consistent with a casino of this size and restaurant makeup generating \$3.9m of the total \$12.6m in Food and Beverage revenues.

Retail, Entertainment, Conventions & Other: revenues from these sources are entirely contingent on the final executed business plan and its capitalization and promotion of the resort as a major brand. A casino and hotel of this size and attraction factor could easily generate upwards of 5% of gross gaming revenues or \$5.7 million.

Promotional Allowances (Rewards Programs): according to public records and sec filings, the range for promotional dollars redeemed as a percent of gross gaming revenues spans from a high (very high) 10.6% at Foxwoods (a seasoned, 20 year veteran of accumulating player ratings and 'points' in a low tax environment 25% slots only or 17% effective overall) to a low of 5.0% at Presque Isle in Erie, PA (high tax environment) Sands Bethlehem. Mohegan Sun a Pocono Downs and Mohegan Sun redeem at 5.5%, 6.4% and 8.9% respectively.

Given the high gaming tax rate, the casino at Howe Caverns should not exceed 5% player reward redemptions within the first 3 years of operation. The forecast ramps up promotional allowances starting with 3% in year 1, climbing to 4.3% in year 3.

Average Case Revenues

(\$ in Millions)	Year1	Year2	Year3	Year4	Year5	Year6
Revenues						
Casino	\$ 131.1	\$ 133.8	\$ 139.1	\$ 147.5	\$ 154.8	\$ 157.9
Hotel	8.0	8.2	8.5	9.0	9.5	9.7
Food	8.7	8.9	9.3	9.8	10.3	10.5
Beverage	3.9	3.9	4.1	4.3	4.6	4.7
Convention	0.5	0.5	0.5	0.6	0.6	0.6
Entertainment	0.2	0.2	0.2	0.2	0.2	0.2
Retail	4.6	4.7	4.9	5.2	5.4	5.5
Other	0.5	0.5	0.5	0.6	0.6	0.6
Gross Revenues	\$ 157.5	\$ 160.7	\$ 167.1	\$ 177.1	\$ 186.0	\$ 189.7
<i>less Promo Allowances</i>	(5.3)	(5.8)	(6.5)	(7.4)	(7.8)	(8.0)
Net Revenues	\$ 152.2	\$ 154.9	\$ 160.6	\$ 169.7	\$ 178.1	\$ 181.7

Expenses: all department expenses were forecast at a very low, detailed level with individual lines items broken out for cost of goods sold, gaming taxes, payroll (wages, taxes and benefits) and operating expenses for each individual department, inclusive of General and Administrative departments and support departments such as Transportation, Sourcing etc. WLX called upon their extensive knowledge and expertise in financial planning and analysis to create key drivers that in turn, calculated the appropriate expense for each line item within a department. The resulting profit and loss statement is listed below, as well as in Schedule VIII.A.4 in the details RFA submission.

First Full Year Gross Revenues			
(\$ in Millions)	Low Case	Avg Case	High Case
Revenues			
Casino	\$ 105.18	\$ 131.14	\$ 150.28
Hotel	6.69	8.03	8.92
Food	6.44	8.74	10.87
Beverage	2.87	3.86	4.95
Convention	0.50	0.50	0.75
Entertainment	0.15	0.15	0.25
Retail	4.59	4.59	5.26
Other	0.50	0.50	0.75
Gross Revenues	126.92	157.51	182.04
<i>less Promo Allowances</i>	(3.9)	(5.3)	(6.3)
Net Revenues	\$ 123.01	\$ 152.25	\$ 175.69
Expenses			
Casino	58.23	71.08	81.49
Hotel	3.07	3.21	3.57
Food & Beverage	8.98	11.56	14.50
Retail & Other	3.02	3.02	3.64
Operational Support	4.88	6.17	7.04
G&A, Marketing	16.30	20.33	21.79
Total Operating Expenses	94.49	115.37	132.03
EBITDAM	\$ 28.52	\$ 36.88	\$ 43.66

EBITDAM: Earnings Before Interest, Taxes, Depreciation, Amortization, and Management Fees – the gross margin spread between the 3 cases is 22.5% to 24% in year one and then increases over the years as operational efficiencies and economies of scale are established. Year 6 EBITDAM for the Average Case is calculated to be \$43 million. The final project budget, financing and selection of a casino operations partner will determine the depreciation, interest expense, and management fees in which to determine Net Income.

Given the EBITDAM estimates, the maximum guidelines for the capital project budget are as follows:

Casino Capital Structure (\$m)	Debt to Equity		
	40% / 60%	50% / 50%	60% / 40%
Leverage			
4x EBITDAM	\$ 369	\$ 295	\$ 246
5x EBITDAM	\$ 461	\$ 369	\$ 307
6x EBITDAM	\$ 553	\$ 443	\$ 369

*Based upon Average Case - first year EBITDAM



WLX Enterprises is a decision sciences firm specializing in the formulation and interpretation of advanced statistical and financial analytics with a primary focus on the hospitality, casino and real estate industries. The foundation and driving force behind the firm is a deep commitment for the advancement of actionable decision-making using a combination of academic and 'real-world' approaches.

Christopher A. Wilks, Managing Partner, possesses more than twenty years of progressive hospitality, casino, and real estate management experience anchored by a comprehensive understanding of Finance, Statistics, Information Technology and, most importantly, Operations Management.

He currently serves as a Vice President and Finance Manager for the Real Estate Strategy group at Citizens Financial Group. Prior to this assignment, Christopher worked for 13 years with the Mohegan Tribal Gaming Authority (MTGA), a billion-dollar, multi-jurisdiction, casino-destination corporation, serving the last seven years in an executive capacity, directing hospitality operations, corporate strategy, and mergers & acquisitions.

Christopher possesses a unique portfolio of leadership, applied knowledge and project management skills, whereby his hands on approach enables him to:

- Perform intricate and complex financial, gravitational, and statistical modeling and analysis
- Leverage the findings to develop operational, financial, and / or marketing related strategies
- Direct and Execute the strategy, deploying and managing all resources
- Design efforts to monitor, measure and control the effectiveness of all implemented tactics

He earned a Bachelor of Science degree in Finance from the University of Connecticut, an MBA from the University of Rhode Island and has completed post-graduate course work at Wharton and the Massachusetts Institute of Technology. Since launching WLX Enterprises, he has collaborated with renowned consulting firms such as Spectrum Gaming, Elizabeth Blau & Associates, Gaming Market Advisors, Excelsior Gaming, The Hartmann Group and Strategy XXI Partners.

Exhibit VIII. B.2. Player Database and Loyalty Program

2. Player Database and Loyalty Program VIII. B. 2.

Full House Resorts (“FHR”) builds and maintains Player Databases and Loyalty Programs for all of the facilities that it owns, operates and manages. The programs include Free Play, Special Promotions and Events and a tiered system based on usage. The Programs are all linked to a larger customer relationship management system and track play and response carefully and scientifically. There are dedicated staff devoted to this aspect of the operation captively in each facility, and which can cross-pollinate with all the other FHR facilities. The program and database is not only available for marketing, advertising and promotion of the Gaming Facility at large, they will be actively woven into the overall promotion process. Active vs. Inactive statistics are confidential. The programs and promotions constantly are compared and contrasted to the competition not just passively, but even through secret shopping other facilities. Though FHR’s current markets do not have a large overlap with the subject Applicant’s market, one of their recent experiences with a newly opened facility is instructive as to their skill and success in such a set of circumstances. As Manager/Operator of the Firekeepers Casino in Battle Creek, Michigan, FHR actually had 50,000 different individuals in their Players Club before the facility even opened. This translated to a tremendous outperformance of forecasted visitation and gaming revenues. One other observation here is that there are few, reliable standardized Loyalty Programs and Player Database Management Systems in the industry that work universally well. One of the first tasks for the General Manager, long before the facility opens, will be to open and start to continually tweak and customize those systems for the market.

Exhibit VIII. B.3. Studies and Reports

We appreciate the opportunity to commission and submit independent reports which demonstrate the pronounced incremental benefits which Howe Caverns Resort and Casino will deliver to the host and nearby municipalities, sub-region and entire State.

Given the importance placed by the Act, the Commission and the Board on Economic/Business Development, Local Impact and Siting Factors, and Workforce Development, we enlisted the services of two different expert firms in these areas.

One of the firms, the Hudson Group, worked strictly from the templates provided in sourcing their computations and also specifically addressed a number of the other sections required in the Request for Applications that relate to addressing local impact in critical areas such as services, housing and school population.

We also enlisted A&R Global Consulting, LLC to separately create an analysis driven by the widely accepted IMPLAN multiplier tool to gauge impact in an impartial study. This work product took the basic FTE job count data that we supplied, then generating their own Labor Income based on some generally available averages, and finally extrapolating to the true expanded impact based on a myriad of factors. This is a methodology and an analytical platform both widely accepted and regularly deployed and relied upon by New York State, and Empire State Development Corporation. A & R also approached impacts from the two aspects or phases of a project typically addressed: first, construction, second, ongoing operations.

The impact on the host region from the Howe Caverns site is extraordinary and outsized.

The net new job generation, total value added to the economy and total

economic output figures are reported by A&R in four areas as depicted in the table below, for each of three areas of influence – the County, the Sub-Region and the State at large.

The bottom line, as can be further reviewed in the full report submitted herewith, is that approximately 5,200 jobs and \$820 million of overall impact will be generated in New York from this project.

A&R Report – Total Full Effects from Proposed Howe Caverns Resort and Casino

Waterpark Resort and Related Hotel

	State		Region		County	
	Jobs	\$	Jobs	\$	Jobs	\$
From Construction	806	\$138 mm	747	\$121 mm	722	\$104 mm
From Ongoing Operations	466	\$44 mm	450	\$40 mm	423	\$36 mm

Casino and Related Hotel (Base or Average Case among 3 Scenarios)

	State		Region		County	
	Jobs	\$	Jobs	\$	Jobs	\$
From Construction	2,541	\$436 mm	2,354	\$383 mm	2,276	\$328 mm
From Ongoing Operations	1,385	\$202 mm	1,359	\$234 mm	1,284	\$180 mm



Howe Caverns Destination Casino, Waterpark Resort Report of Economic Impact on Schoharie County, New York State and adjacent counties

Introductory Summary

Howe Caverns Destination Casino, Waterpark Resort will become a major job and economic growth generator for Schoharie County its surrounding region and the State of New York. The investment of \$340,281,832 in a casino, two hotels and waterpark will generate 3,347 new construction jobs. Operations of the facilities will create 1851 new jobs (average case for casino) which will stay in the economy for as long as the facility operates. Thus, a total of 5,198 new jobs will be created in the State of New York as a result of this investment of over a third of a billion dollars in the future of New York State.

Project Description

The Howe Caverns Resort and Casino project is planned as a multi-dimensional destination Resort. The Gaming Facility (as defined by the State of New York's Gaming Commission pursuant to their currently ongoing Request for Application License process) will be constructed on an approximate 110 acre subset of the approximate 330 acre Howe Caverns existing property in Cobleskill, New York. Howe Caverns is Upstate New York's second most prolific natural attraction by annual visitation. Primarily, it features a geologically intensive 90 minute tour of a large Cave on average nearly 200 feet below surface, including a boat ride.

The Casino is planned to have approximately 1,600 slot machines and approximately 50 table games. The Casino will feature a 254 room full ser-

vice hotel, structured parking to accommodate over 1,500 cars, additional surface parking, an atrium lobby and 2 grand entrances. Additional amenities such as Spa facilities, meetings/banquets spaces and a variety of food and beverage alternatives will be included as well.

The other anchor component will be a Destination Waterpark Resort located just down slope from the Casino, and connected, among other means, by a covered walkway that will span over 500 feet. The 55,000 square foot indoor waterpark will be outfitted with state of the art rides and slides and complimentary equipment and build-outs such as a lazy river. An outdoor waterpark will also be part of the project and will cover approximately 1.25 acres to be open May through September. The Destination Waterpark Resort will have its own 250 room hotel that will feature a variety of Food/Beverage, Spa, Arcade, play areas and meetings/banquets spaces.

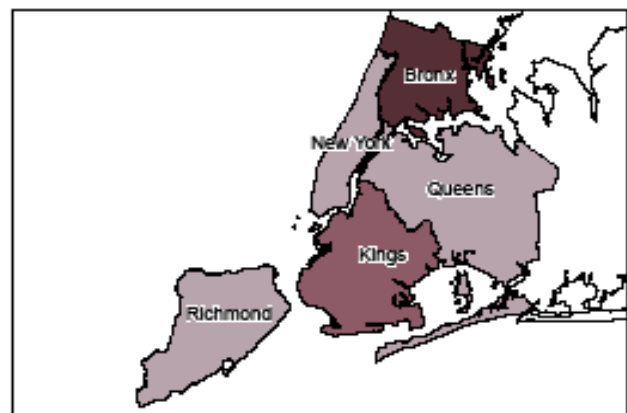
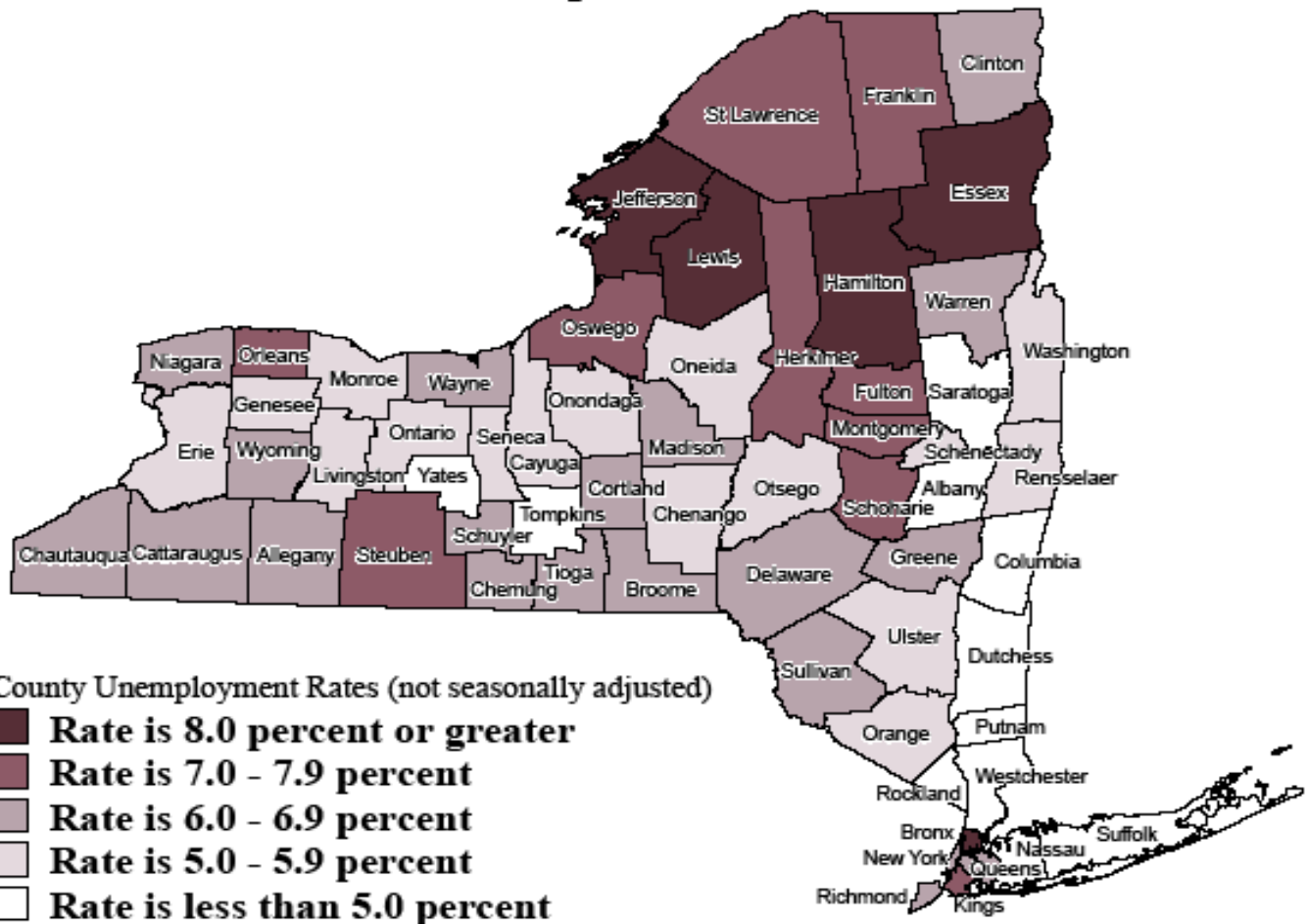
Schoharie County data

According to the US Census, Schoharie County's population in 2013 was 31,844 people. Only Hamilton, Lewis, Schuyler and Yates Counties have a lower population. Median household income 2008- 2012 in the county was \$51,896 or over \$5700 less than the median household income of \$57,683 for New York State. Schoharie County residents living below the poverty level, 2008-2012 was 11.1%. The percentage of population change from April 1, 2010 to July 1, 2013 was a minus 2.8%

The primary industry of Schoharie County is agriculture. Many Schoharie County residents commute to work in the capital region. The addition of this casino waterpark destination resort will have a positive economic enhancement on Schoharie County's current tourist industry, which attracts visitors for recreation, the landscape and historic destinations. Visitors currently come to visit Howe Caverns, Secret Caverns, the Carrot Barn, the Apple Barrel Country Store and Cafe, Vroman's Nose, the Old Stone Fort, and the Iroquois Indian Museum. The Old Blenheim Bridge was among the attractions, but it was destroyed by Hurricane Irene in August 2011.

Schoharie County Rate of Unemployment according to NYS DOL current number is 7.0% and is higher than all but one of the adjacent counties, see map below.

Unemployment Rates by County, New York State, April 2014



Consultant Commission

A & R Global Consulting, LLC was retained to analyze and estimate the economic impact of the construction and operation of the Howe Caverns Destination Casino, Waterpark Resort project. A & R Global Consulting, LLC., www.a-rglobal.com is a boutique Economic Development Consulting firm created by Rich Results, LLC and Arace Consulting, LLC www.araceconsulting.com in 2003 to provide a broad range of services to a diverse group of clients. We use our 60 years of experience working in economic development in both the public and private sector to develop third party independent economic development analysis that accurately reflect the total economic impact of projects on the local, regional and state economy.

A & R Global applies the internationally respected IMPLAN econometric model (Described below) to a project to determine the impact of private and/or public investment, construction and operation of the project. A & R Global uses the latest U.S. Commercial Census data by industry code to accurately estimate the project's overall economic impact. The resumes of the principals of A & R Global are found at the end of this report.

Economic Impact Analysis

The Request for Application provided by New York State requires an economic impact analysis be performed showing the impact of the proposed project upon the county in which the project is sited, the region around it and the State of New York. It also requires that the casino part of the project show a low, average and high case economic impact based on three operating proformas.

The Howe Caverns project is located in Schoharie County. The region in which it is located includes Schoharie and the six counties bordering it; Albany, Schenectady, Montgomery, Otsego, Green and Delaware.

The project has two major components, the casino and hotel and the Wa-

terpark and second hotel. The tables below estimate the economic impact of these two components of the project. The impact upon the state, region and county of the operations and construction of the hotel/Waterpark are shown first followed by the tables estimating the impact of the hotel and Casino. The Proforma and the construction estimates, which are the basis for the economic analysis, for the two project components are shown elsewhere in the application.

A & R Global Consulting, LLC has been analyzing the economic impact and feasibility of projects, using IMPLAN, on behalf of industry and government for over 10 years. IMPLAN is one of three econometric models approved by the US Citizenship and Immigration Service (USCIS) for estimating economic impact of projects submitted to them for approval for eligibility for expedited visa applications. It is a highly flexible model that permits a variety of information to be generated. Appended to this report is a description of IMPLAN and how it functions. The definition of terms used in IMPAN analysis is described in the paragraphs below. That description is followed by charts showing the impact of each component of the project.

IMPLAN Multipliers

The notion of a multiplier rests upon the difference between the initial effect of a change in final demand and the total effects of that change. Total effects can be calculated either as direct and indirect effects, or as direct, indirect, and induced effects. Direct effects are production changes associated with the immediate effects or final demand changes (effect upon the specific project being analyzed). Indirect effects are production changes in backward-linked industries cause by the changing input needs of directly affected industries (for example, additional purchases made by suppliers to the project or company). Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects.

IMPLAN generates a variety of reports. One of the most useful reports is a

summary of the economic impact of a given activity. It provides the information necessary to determine the impact a given project or activity will have on a specific geographic area. The summary report looks like this:

Sample IMPLAN Impact Summary

Impact Summary

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	44.1	\$1,492,095.0	\$1,765,704.5	\$2,658,711.3
Indirect Effect	2.8	\$100,056.5	\$223,734.7	\$350,426.4
Induced Effect	7.1	\$265,394.2	\$563,723.6	\$868,378.6
Total Effect	53.9	\$1,857,545.7	\$2,553,162.8	\$3,877,516.3

(the numbers in the sample are not relevant to this project)

The left hand row lists the type of effect and a total line. The top column identifies the components of the impact. Employment (number of jobs) Labor income (household income plus proprietor income, property income, like rents and indirect taxes, like sales and excise taxes), Value added (the additional income to the economy derived from the project or activity being analyzed) and Output (the value of the specific industry production). For manufacturers this would be sales plus/minus change in inventory. For service sectors production = sales. For Retail and wholesale trade, output = gross margin and not gross sales.

Howe Caverns Destination Casino, Waterpark Resort Economic Impact

Econometric models are based upon published detailed data from the US Bureau of Census. While this data is detailed, IMPLAN and other economic impact models do not identify specific business locations. There is also no way for the model or its operator to know precisely where the new employees filling the jobs created by the project and its spin off live. The model assumes that the majority of those employees hired directly by the project (direct jobs) will live relatively near the project location. The spins off

jobs created (indirect and induced) are assumed to be created in a broader geography.

As noted above, Schoharie County has a population of about 32,000. It is unlikely that the county will account for the over 5000 construction and operational jobs that this project will create. It is however, reasonable to assume that many of the direct jobs, particularly long term operational jobs, created by the project will be filled by residents of the county. Thus, the tables for the region and state reflect progressively higher indirect and induced jobs than the county only tables.

Operating Impacts of the Waterpark and Hotel

The operation of the waterpark and hotel will result in 466 new jobs and \$31,773,622 in new annual economic activity in New York State, the region and Schoharie County.

State Operating

Impact Summary	state water park ops			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	363.0	\$9,835,938.35	\$20,354,860.81	\$28,000,539.01
Indirect Effect	44.7	\$3,494,534.61	\$5,393,346.16	\$7,947,801.63
Induced Effect	58.4	\$3,456,528.11	\$6,025,415.24	\$8,841,379.93
Total Effect	466.1	\$16,787,001.07	\$31,773,622.21	\$44,789,720.58

Region Operating

Impact Summary	region water park ops			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	363.0	\$9,791,475.35	\$22,829,687.46	\$28,000,539.01
Indirect Effect	44.1	\$2,364,085.00	\$4,258,622.77	\$6,743,774.26
Induced Effect	43.0	\$1,938,708.54	\$3,819,103.35	\$5,750,439.14
Total Effect	450.1	\$14,094,268.89	\$30,907,413.59	\$40,494,752.42

County Operating

Impact Summary	county water park ops			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	363.0	\$9,755,963.43	\$22,896,492.10	\$28,000,539.01
Indirect Effect	30.1	\$1,290,545.05	\$2,347,031.27	\$4,156,456.99
Induced Effect	30.2	\$1,042,106.77	\$2,501,005.87	\$3,874,186.16
Total Effect	423.3	\$12,088,615.25	\$27,744,529.25	\$36,031,182.16

Construction Impacts of the Hotel and Water Park

The construction of the waterpark and hotel will create 806 new jobs and \$77,112,588 new economic activity in New York State, the region and Schoharie County.

State Construction

Impact Summary	state water park const			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	460.5	\$35,130,299.48	\$38,984,689.70	\$80,383,896.99
Indirect Effect	140.3	\$11,570,436.35	\$16,940,600.67	\$26,836,566.23
Induced Effect	205.5	\$12,159,292.84	\$21,187,297.99	\$31,091,739.71
Total Effect	806.4	\$58,860,028.67	\$77,112,588.36	\$138,312,202.93

Region Construction

Impact Summary	region water park const			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	475.3	\$33,644,675.93	\$37,622,204.85	\$80,383,896.99
Indirect Effect	115.4	\$8,217,657.61	\$12,792,820.77	\$20,201,112.37
Induced Effect	156.7	\$7,049,248.75	\$13,879,738.62	\$20,901,897.35
Total Effect	747.3	\$48,911,582.29	\$64,294,764.24	\$121,486,906.71

County Construction

Impact Summary	county water park const			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	553.3	\$25,762,127.06	\$30,393,016.50	\$80,383,896.99
Indirect Effect	86.0	\$4,234,188.03	\$7,406,212.44	\$13,066,226.21
Induced Effect	82.9	\$2,853,888.75	\$6,848,658.27	\$10,610,177.35
Total Effect	722.2	\$32,850,203.84	\$44,647,887.21	\$104,060,300.55

Operating impact of the Hotel/Casino

The RFA requested a low, average and high estimate of revenues and expenditures for the operations of the hotel and casino. The nine tables below reflect the economic impact of those levels upon the state, region and county.

The operation of the casino and hotel will create at least 1,116 (low case) and as many as 1,601 (high case) jobs in New York State, the region and Schoharie County.

Casino Operations State Impact

Impact Summary	state casino ops low case			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	817.3	\$21,120,330.47	\$75,515,144.78	\$119,284,092.20
Indirect Effect	187.8	\$10,071,153.41	\$18,142,004.81	\$28,728,908.80
Induced Effect	111.1	\$5,007,302.24	\$9,863,479.38	\$14,851,704.78
Total Effect	1,116.2	\$36,198,786.12	\$103,520,628.98	\$162,864,705.78

Impact Summary	state casino ops average case			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	1,014.3	\$26,211,476.88	\$93,718,394.83	\$148,038,039.44
Indirect Effect	233.0	\$12,498,847.97	\$22,515,211.78	\$35,654,133.77
Induced Effect	137.9	\$6,214,334.02	\$12,241,113.32	\$18,431,771.83
Total Effect	1,385.2	\$44,924,658.87	\$128,474,719.94	\$202,123,945.03

Impact Summary	State casino ops high case			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	1,172.2	\$30,293,037.28	\$108,311,902.20	\$171,090,017.72
Indirect Effect	269.3	\$14,445,127.21	\$26,021,207.77	\$41,206,080.22
Induced Effect	159.4	\$7,182,007.73	\$14,147,256.02	\$21,301,901.76
Total Effect	1,600.9	\$51,920,172.22	\$148,480,365.99	\$233,597,999.70

Casino Operations Regional Impact

Impact Summary	region casino ops low case			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	673.3	\$37,980,613.88	\$82,791,898.13	\$119,284,092.20
Indirect Effect	190.6	\$14,886,942.54	\$22,976,002.86	\$33,858,147.91
Induced Effect	231.7	\$13,711,333.27	\$23,901,225.95	\$35,071,513.71
Total Effect	1,095.5	\$66,578,889.68	\$129,669,126.94	\$188,213,753.81

Impact Summary	region casino ops high case			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	965.7	\$54,475,862.44	\$118,749,006.05	\$171,090,017.72
Indirect Effect	273.3	\$21,352,445.80	\$32,954,640.63	\$48,562,977.10
Induced Effect	332.3	\$19,666,260.58	\$34,281,694.54	\$50,303,315.80
Total Effect	1,571.2	\$95,494,568.82	\$185,985,341.22	\$269,956,310.62

Casino Operations County Impact

Impact Summary	County casino ops low case			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	841.1	\$18,332,397.52	\$74,311,894.74	\$119,284,092.20
Indirect Effect	128.2	\$5,497,804.93	\$9,998,504.79	\$17,706,774.96
Induced Effect	65.4	\$2,252,481.40	\$5,405,754.27	\$8,373,906.45
Total Effect	1,034.6	\$26,082,683.84	\$89,716,153.80	\$145,364,773.60

Impact Summary	County casino ops average case			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	1,043.8	\$22,751,498.18	\$92,225,090.60	\$148,038,039.44
Indirect Effect	159.1	\$6,823,074.78	\$12,408,688.19	\$21,975,070.59
Induced Effect	81.1	\$2,795,451.42	\$6,708,834.33	\$10,392,472.08
Total Effect	1,284.0	\$32,370,024.38	\$111,342,613.11	\$180,405,582.11

Impact Summary	county casino ops high case			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	1,206.3	\$26,294,286.20	\$106,586,071.93	\$171,090,017.72
Indirect Effect	183.8	\$7,885,538.86	\$14,340,919.62	\$25,396,942.12
Induced Effect	93.7	\$3,230,749.44	\$7,753,510.61	\$12,010,751.63
Total Effect	1,483.9	\$37,410,574.50	\$128,680,502.16	\$208,497,711.47

Construction Impact of the Hotel /Casino

The construction of the hotel will create 2,541 new jobs and over \$242,993,279 in economic activity in New York State, the region and Schoharie County.

Casino Construction State Impact

Impact Summary	state casino const			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	1,451.2	\$110,700,818.01	\$122,846,577.96	\$253,301,684.47
Indirect Effect	442.2	\$36,460,175.59	\$53,382,366.67	\$84,566,034.45
Induced Effect	647.7	\$38,315,745.16	\$66,764,334.62	\$97,974,706.86
Total Effect	2,541.1	\$185,476,738.76	\$242,993,279.25	\$435,842,425.79

Casino Construction Regional Impact

Impact Summary	regional casino const			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	1,497.6	\$106,019,394.82	\$118,553,183.26	\$253,301,684.47
Indirect Effect	363.5	\$25,895,068.43	\$40,312,092.22	\$63,656,727.21
Induced Effect	493.8	\$22,213,238.64	\$43,737,132.18	\$65,865,005.00
Total Effect	2,354.8	\$154,127,701.90	\$202,602,407.66	\$382,823,416.68

Casino Construction County Impact

Impact Summary	county casino const			
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	1,743.6	\$81,180,313.82	\$95,772,938.47	\$253,301,684.47
Indirect Effect	271.0	\$13,342,559.70	\$23,338,083.27	\$41,173,633.31
Induced Effect	261.2	\$8,993,029.00	\$21,581,142.42	\$33,434,249.67
Total Effect	2,275.8	\$103,515,902.52	\$140,692,164.16	\$327,909,567.45

EXPLANATION OF IMPLAN

INTRODUCTION

Input-output analysis is a means of examining relationships within an economy, both between businesses and between businesses and final consumers. It captures all monetary market transactions for consumption in a given time period. The resulting mathematical formula allows for examina-

tions of the effects of a change in one or several economic activities on an entire economy (impact analysis).

IMPLAN expands upon the traditional I-O approach to also include inter-institutional transfers and thus can more accurately be described as a SAM model, though the terms I-O and SAM are often used interchangeably.

Input-output accounting describes commodity flows from producers to intermediate and final consumers. The total industry purchases of commodities, services, employment compensation, value added, and imports are equal to the value of the commodities produced.

Purchases for final use (final demand) drive the model. Industries produce goods and services for final demand and purchase goods and services from other producers. These other producers, in turn, purchase goods and services. This buying of goods and services (indirect purchases) continues until leakages from the region (imports and value added) stop the cycle. These indirect and induced effects (the effects of household spending) can be mathematically derived. The derivation is called the Leontief inverse. The resulting sets of multipliers describe the change of output for each and every regional industry caused by a one dollar change in final demand for any given industry.

Creating regional input-output models require a tremendous amount of data. The costs of surveying industries within each region to derive a list of commodity purchases (production functions) are prohibitive. IMPLAN was developed as a cost-effective means to develop regional input-output models. The IMPLAN accounts closely follow the accounting conventions used in the "Input-Output Study of the U.S. Economy" by the Bureau of Economic Analysis (1980) and the rectangular format recommended by the United Nations.

The IMPLAN system was designed to serve three functions: 1) data retrieval, 2) data reduction and model development, and 3) impact analysis. Comprehensive and detailed data coverage of the entire U.S. by county, and the ability to incorporate user-supplied data at each stage of the model building process, provides a high degree of flexibility both in terms of geographic coverage and model formulation.

The IMPLAN database, created by MIG, Inc., consists of two major parts: 1) a national-level technology matrix and 2) estimates of sectoral activity for final demand, final payments, industry output and employment for each county in the U.S. along with state and national totals. New databases are developed annually by MIG, Inc.

IMPLAN allows those trained in its econometric modeling techniques to do the following:

- Develop his/her own multiplier tables;
- Develop a complete set of SAM (Social Accounting Matrix) accounts;
- Change any component of the system, production functions, trade flows, or database;
- Generate type I, II, or any true SAM multiplier internalizing household, government, and/or investment activities
- Create custom impact analysis by entering final demand changes;
- Obtain any report in the system to examine the model's assumptions and calculations.

There are two components to the IMPLAN system, the software and databases. The databases provide all information to create regional IMPLAN models. The software performs the calculations and provides an interface for the user to make final demand changes.

IMPACT ANALYSIS

An impact analysis involves specifying a series of expenditures and applying them to the region's multipliers. The trick is to identify the expenditures in terms of the sectoring scheme for the model; in producer prices; in historical dollars based on the year of the model; and only apply those dollars spent within the region. Each database has information for these components for all 508 industrial sectors in the IMPLAN model.

Employment is total wage and salary and self-employed jobs in a region. In the 1985 database, employment was measured as full-time equivalent jobs. This meant that total employment in a region would generally be below most published estimates since these are generally full-time and part-time. In the 1990 and subsequent databases, employment includes both full-time and part-time workers. Employment in the 1990 and subsequent databases are measured in total jobs.

There are four sub-components for Value Added. These are:

1. Employee Compensation;
2. Proprietary Income;
3. Other Property Type Income;
4. Indirect Business Taxes

Employee compensation is wage and salary payments as well as benefits including health and life insurance, retirement payments, and any other non-cash compensation. This provides a measure of income to workers who are paid by employers.

Proprietary income consists of payments received by self-employed individuals as income. This would be recorded on Federal Tax Form 1040C. This includes income received by private business owners, doctors, lawyers, and so forth. Any income a person receives for payment of self-employed work is counted here.

Other property type income consists of payments from rents royalties and dividends. This includes payments to individuals in the form of rents received on property, royalties from contracts, and dividends paid by corporations. This also includes corporate profits earned by corporations.

Indirect business taxes consist primarily of excise and sales taxes paid by individuals to businesses. These taxes are collected during the normal operation of these businesses but do not include taxes on profit or income.

Goods and services purchased for their ultimate use by an end user are called final demands. For a region this would include exports as that is a final use for that product. In an input-output framework, final demands are allocated to producing industries with margins allocated to the service sectors (transportation, wholesale and retail trade, insurance) associated with providing that good to the final user. Thus final demands are in producer prices.

IMPLAN MULTIPLIERS

The notion of a multiplier rests upon the difference between the initial effect of a change in final demand and the total effects of that change. Total effects can be calculated either as direct and indirect effects, or as direct, indirect, and induced effects. Direct effects are production changes asso-ciated with the immediate effects or final demand changes. Indirect effects are production changes in backward-linked industries cause by the changing input needs of directly affected industries (for example, additional purchases to produce additional output). Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects.

Five different sets of multipliers are estimated by IMPLAN corresponding to five measures of regional economic activity; total industry output, personal income, total income, value added, and employment. For each set of

multipliers, four types of multipliers are generated, Type I, Type II, Type SAM and Type III.

Type SAM multipliers are the direct, indirect, and induced effects where the induced effect is based on information in the social account matrix. This relationship accounts for social security and income tax leakage, institution savings, and commuting. It also accounts for inter-institutional transfers. This multiplier is flexible in that you can include any institutions you want. In other words, if you want to create a model closed to households and state and local government, you can do so.

IMPLAN generates a variety of reports. One of the most useful reports is a summary of the economic impact of a given activity. It provides the information necessary to determine the impact a given project or activity will have on a specific geographic area. This summary report looks like this

Impact Summary

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	44.1	\$1,492,095.0	\$1,765,704.5	\$2,658,711.3
Indirect Effect	2.8	\$100,056.5	\$223,734.7	\$350,426.4
Induced Effect	7.1	\$265,394.2	\$563,723.6	\$868,378.6
Total Effect	53.9	\$1,857,545.7	\$2,553,162.8	\$3,877,516.3

The left hand row lists the type of effect and a total line. The top column identifies the components of the impact. Employment (number of jobs) Labor income (household income plus proprietor income, property income, like rents and indirect taxes, like sales and excise taxes), Value added (the additional income derived from the project or activity being analyzed) and Output (the value of the specific industry production). For manufacturers this would be sales plus/minus change in inventory. For service sectors production = sales. For Retail and wholesale trade, output = gross margin and not gross sales.

If desired each of these categories can be broken down into the impact of an activity on the 440 industry codes used in the IMPLAN model to replicate the NAICS codes of the Federal BEA. Such detail is usually used to determine the impact of an activity in one industry on another industry (for example the impact of building a new auto manufacturing plant on the the wholesale auto parts distribution industry).

A & R Global Consulting, LLC
Economic Impact Analysis and Services

A & R Global Consulting LLC., www.a-rglobal.com is a boutique Economic Development Consulting firm that specializes in obtaining the highest level of incentives for our clients. We design and produce economic impact analysis and incentive reports that identify the full range and types of Economic Development Incentives that could be eligible from both the State and local government for a client. It was created by Rich Results LLC and Arace Consulting LLC www.araceconsulting.com to provide a broad range of services to a diverse group of clients.

We use our 60 years of experience working in economic development in both the public and private sector to develop third party independent economic development analysis to help our clients shape the debate and make the business case as to why they should receive economic development incentives. We help our clients make their case by producing an economic and site cost analysis that demonstrates the total economic impact or value added, which is the total public and private benefit resulting from the project on a community. This is computed by detailing the direct, indirect and induced economic effect of the operational and construction impacts associated with the project. It includes state and local taxes, local purchases and annual payroll. By doing so, our clients are able to demonstrate to local and state economic development officials, school districts and the taxpayers a project's total economic impact over a defined period (5, 10 ,20 years) and validate that the return on investment of public monies is justified and in the best interest of the community economically.

A & R Global Consulting, LLC helps companies demonstrate the economic impact their company will have and how they will benefit the local economy to meet the cost benefit analysis and other requirements necessary to qualify for the full range of economic benefits. It is increasingly important for public entities that promote economic development to be able to accurately reflect the true total economic impact of projects receiving public incentives on the local, regional, and state economy. Businesses that want to maximize economic incentives for their project must make the case that economic development incentives are needed to justify the private investment in their project at a particular site. They also need to show that their investment and economic activity resulting from the project will more than justify any government assistance they are seeking. A & R Global Consulting, LLC assists our clients by producing and presenting the necessary economic impact reports to the economic development agencies and advocating on our client's behalf.

Our economic development experience has allowed us to do extensive feasibility studies of complex projects. This skill has been used in conjunction with applications for project approval submitted to the EB-5 program of the US Citizenship and Immigration Service. This program is designed to provide expedited green cards to foreign investors who invest at least \$500,000 in job creation projects in the United States. A & R Global has provided the analysis necessary to demonstrate the viability of the project and then, using the IMPLAN econometric analysis, provide estimates of the economic impact that will result from the proposed project.

LEWIS D. (Luke) RICH

lrich@a-rglobal.com

As Managing Member of A & R Global Consulting, President of Rich Results Inc. and Chairman of Asian Development Group Corp, Luke Rich directs the work of the three organizations on behalf of a diversified group of clients with national and international interests and projects.

2003 – Present

A &R Global Consulting a partnership of Rich Results and Arace Consulting LLC works with diverse clients performing detailed feasibility and economic impact analysis for new , existing and expanded projects and seeking development opportunities in under-developed nations as well as major hotel and office building developers.

Domestic

Mr. Rich's role in the domestic portion of these efforts is to perform the feasibility and economic analysis using IMPLAN econometric modeling software. He specializes in innovative and complex projects that require careful interpretation and application of commercial census data which is used as the base for INPLAN modeling.

International

Mr. Rich's role for international clients is to develop financing options for projects including funding from multi-lateral institutions for the international work and to identify site opportunities and guide the permitting and incentive acquisition for domestic development projects.

Asian Development Group Corp. was created to foster business development projects in Asia. The company is an amalgam of three specialized firms with expertise in international development, finance and communications. Mr. Rich served as the project lead and primary contact with Chinese clients. ADGC has successfully completed a contractual arrangement with one of the largest development and construction firms in Mainland China to help bring expertise and investment to major tourism destination and urban retail and lodging redevelopment projects in China. The company is also working with Eastern European countries on projects including agricultural, hotel and energy development.

Rich Results Inc. founded by Mr. Rich brings innovative problem solving services to government, businesses and not-for-profits. Clients include

businesses seeking assistance for development in New York State, advocacy in Washington and Albany for businesses and a regional chamber of commerce, consulting on real estate and incentives for national corporations and strategic plans and studies for the tourism industry.

1995 - 2002

Prior to founding these companies Mr. Rich was VP/Regional Director of Empire State Development Corporation in the 5 county region of Western New York with a population of 1.4 million. He supervised a staff of 22 professional and 6 support personnel with an administrative budget of \$1.3 million. He was responsible for state economic development activities in the region including; business attraction and retention, marketing, planning and development project management.

1979 -1995

Mr. Rich also served as Executive Director of the Standing Committee on Commerce Economic Development and Small Business in the NYS Senate and went on to be named Executive Director of the Committee on Tourism, Recreation and Sports Development. In both roles he was involved in drafting and negotiating major pieces of economic development legislation for NY State working closely with the NYS Assembly and Executive.

1994 -1995

After leaving the state legislature, Mr. Rich served as VP for Government Relations and Research for the Buffalo Niagara Partnership, the regional chamber of commerce in WNY. Prior to his state service Mr. Rich worked in the private sector as a store manager and district manager for the retailer Montgomery Ward, Inc.

Mr. Rich holds a BA from Kenyon College and a MS in Public Service from Russell Sage College. He serves on the Board of the International Economic Development Council, the Bi-National Tourism Alliance and numerous other cultural organizations and professional associations.

During his tenure in the Senate Mr. Rich authored or co-authored publica-

tions on export trade finance, Enterprise Zones, products liability and international tourism among others.

Edward L. Arace

Mr. Arace is the Managing Member of A & R Global Consulting (a-rglobal.com) and the Managing Partner of Arace & Company Consultants, LLC (araceconsulting.com). Mr. Arace directs the work of both organizations, while specializing in economic development and government affairs. He oversees all real estate development projects as well as administers governmental consulting to corporate clients.

Mr. Arace has over forty five years of experience in both the public and private sectors. In his 22 years in government, Mr. Arace has served in both the Legislative and Executive branches of New York State Government. In 1995, he was appointed Regional Director, New York State Department of Economic Development for the Mid-Hudson Region. In 1999; Mr. Arace was promoted to Vice President Regional Economic Development for Empire State Development Corporation's Mid-Hudson Region. The region, which encompasses Westchester, Rockland, Dutchess, Putnam, Orange, Sullivan, and Ulster Counties, is the size of the State of Connecticut with a population of over 2 million and has the highest concentration of fortune 500 headquarters located in New York State outside of New York City. He was responsible for all New York State economic development activities in the region including, business attraction and retention, marketing, planning and development project management. Mr. Arace allocated over \$800 million in state economic development assistance to businesses, local governments, and Not-for-Profits in his 7years as Regional Director/ Vice President.

Under his stewardship, the region continually ranked as the fastest growing in the state and maintained the top deal-flow of all New York State's regions. Mr. Arace possesses an in-depth knowledge of New York State's incentive programs. From 1995 to 2002 Mr. Arace was in charge of all New York State's Economic Development efforts in the Hudson Valley and had

the opportunity to lead many of the largest most complex, corporate projects in the history of the Hudson Valley Region. He oversaw the review processes for retention, attraction, and expansion of the following major projects:

- Fuji Photo Film USA Corporate HQ
- Atlas Air Corporate HQ
- Pep Boys 400,000 sf. distribution center
- IBM \$2.5 billion chip manufacturing plant
- Staples \$40 million 765,000sf distribution center
- Starwood Hotels Corporate HQ
- Amscan 900,000 sf manufacturing facility
- Kohl's 600,000 sf ft. distribution center
- Home Depot 761,000 sf distribution center
- Gap 2.5-million sf distribution center
- Heineken USA Corporate HQ
- IBM Corporate HQ
- General Electric \$25 million corporate aviation facility
- Mercedes-Benz Corporate HQ
- Nine West Group Corporate HQ
- Swiss Reinsurance America Corporate HQ
- Fujitsu R&D facility
- Superior Bank Corporate HQ
- Seagram's Corporate and Technical Facility
- Avon R&D Facility
- International Paper R&D Facility
- Pepsi Corporate HQ
- Barr Laboratories Drug manufacturing plant

Prior to 1995, Mr. Arace was employed by the New York State Senate for fifteen years. During which time he served as Director of Legislative Programs for the Senate Vice President, Director of Senate Corporations, Authorities, and Commissions Committee, and Assistant Director of the Senate Environmental Conservation Committee.

Exhibit VIII. B.3.STUDIES AND REPORTS

Exhibit VIII. B.3.a. Municipality, Region and State Economic Impact Studies

The Howe Caverns Casino/Hotel Complex to be located in the Town of Cobleskill, Schoharie County will directly bring 813 new job (under the first year average case scenario) with wage income and generate significant additional economic activity in the surrounding 10 County Region* through the indirect and induced multiplier effects.

In 2013, on an annual average basis, according to the NYS Labor Department there were a total of 8,136 job in Schoharie County. The Complex's new jobs will represent an increase of 10% over the County base. These new jobs are sorely needed, since the County according to the Labor Department lost 763 jobs between the start of the Great Recession in 2008 through last year. These new jobs will help reduce the county's unemployment rate, which in May 2014 was at 6.8%, down from a peak of 9.5% in 2011. The new jobs at the Complex will also provide jobs for discouraged workers in the Region, who left the labor force and are not counted in the unemployment rates.

Almost all of the 813 new job will be hires from local communities, the surrounding counties and even further within reasonable commute distance. Only about 50 of the new jobs will be filled by executives, managers and specialists brought in from outside the Region and likely the state.

Through use of the EMSI Economic Impact Model for the 10 county Region we are able to derive total jobs- direct/indirect and induced - created by the Complex's direct 813 new jobs. The model calculates a total of 327 additional jobs to be created in the 10 county Region, which will bring diffuse small economic stimulus benefits to many regional communities

The 813 new jobs at the Complex will pay annual wages to its workers that range from a high of \$101,000 for 16 persons to a low average of \$29, 000 for 146 cleaners. 202 dealers and game supervisors will average \$52,900,

while high level restaurant and hotel occupations will average \$75,000. The average wages for 2013 for Schoharie county jobs was only \$34,548, and 78% the new jobs will pay more than that.

The sales generated by the Complex's hotel \$5.6 million, restaurants food sales of \$5.4 million, and beverages sales of \$1.9 million will require purchases from a wide array of local and regional vendors. This will provide business growth opportunities for many engaged businesses.

Economic benefits of Visitations to the Casino/Hotel Complex

It expected that for the first year under the average case scenario total visitation to the Casino Complex will be well over 1.25 million of which almost 150,000 will be nonlocal market tourists from other areas in New York and other states. Many visitors especially the non –locals will spend a few days in and around the Casino Complex spending money at local and area venues outside the project site. They will visit restaurants, get gas for vehicles, stay at hotels/motels and other area attraction, besides the new Waterpark and expanded Cavern's features.

*The Gaming Commission's 8 county Greater Capital Region plus the counties of Delaware and Otsego, both adjacent to Schoharie County These visitations will therefore increase local businesses revenues and likely help other area cultural destinations, like the nearby Baseball Hall of Fame in Cooperstown, receive more visitations.

Overall, the new Casino /hotel complex will have major economic benefits to the local host community, other nearby communities and the entire Schoharie County.

Turning Stone Economic Impact Comparisons

We will compare the Howe Caverns Casino Complex Project with the Oneida Indian Nation's Turning Stone Casino complex which opened in 1993 in Verona New York, Oneida County. We believe there are commonalities for Turning Stone with the Howe Caverns Casino Complex with respect to

geographic locations within the upstate area of New York. Turning Stone has greatly benefited its local and even regional economy, which had been a very distressed area. Turning Stone is about 65 miles as the crow flies from the Applicant's site in the Town of Cobleskill. Our Project area, as we have shown is a local area with some significant degree of economic distress.

The study we are using for comparison that has economic and other impact analysis of Turning Stone was completed in 2005, by a graduate student at nearby Colgate University. We found it to be a very creditable research effort entitled, *The Impact of Turning Stone Casino on Employment, Taxation, and Social Factors in the Three- County Area*, by Christopher J. Brown '05, Advisor Jill Tiefenthaler, Colgate University" (assumed 2005 date)

The fact that Turning Stone is an Indian casino that paid no gaming revenues or formal taxes to the state, local governments or school district, until the 2013 agreement with the State, does not impact our necessary core comparative economic impact evaluation, as opposed to any fiscal impact analysis. Ninety seven percent (97%) of Turning Stone's workers in 2004 were non tribal members and the complex purchases goods and services from off-site non-tribal vendors and sources and generates local and regional indirect and induced employment and other economic benefits whether a tribal casino or not.

Turning Stone is close to exit 33 of the Thruway and about 15 miles west of the small City of Utica, but on the east fringe of a major metropolitan area –the Syracuse metro area. This is similar to the Howe Caverns location on the west fringe of the greater Capital District. However, Howe Cavern's is in a more rural area than Turning Stone. Both locales and the counties they are in and those nearby have suffered from economic problems for many years –relatively low wage jobs, low average household incomes and little overall population and job growth and economic development.

The economic impact of Turning Stone in this study is primarily on a defined region of Oneida, Madison and Onondaga counties. The Brown

study was completed after some major expansions, but before the developer/operator put in place all of its current extensive gambling, hotels, sports and other current facilities and amenities. We recognize that currently and even back in 2004 Turning Stone’s casino and hotel facilities have a much larger employment, built-up footprint and total sunk in capital investment than the Applicant’s proposal for a casino and a casino hotel. We believe the Brown study’s economic impact comparison done in 2005, using 1994 data, provides the available information and analysis to use for general comparison purposes. Truth be told, our research investigations showed there is an absence of after the fact rigorous and unbiased studies done on the economic (and other impacts) of a casino on a region in the northeast U.S. - and none at all for New York State that we were able to access, except for the Brown study.

The following are the comparisons of key Turning Stone economic measures with the first year average case for the Howe Caverns Casino complex.

	Turning Stone	Howe Project	
	<u>2004</u>	<u>2014</u>	<u>as % of TS</u>
Direct Jobs	2,901	813	28.0%
Payroll \$M	104.9*	24.2	23.1%
Multiplier	1.43	1.40	
Indirect jobs	1,238	327	26.4%
Total Jobs	4,139	1,140	27.5%

Sources: Turning Stone- see text.

Howe Project – Application team and EMSI model output

*The original 2004 payroll data for Turning Stone was converted to 2014 dollars to equate with Howe project payroll costs, using the overall change in the US Consumer Price Index (CPI) for the 10 year period.

The economic impact measures for Turning Stone in 2004 are almost four times as large as the first year average scenario economic measures for the Howe Project. However, the relative scale of benefits to the Schoharie County economy may be greater than that experienced by Oneida County. In 2004

Oneida County's total population was at 235,000, while Schoharie's County population in 2013 was estimated at 31,844. In 2004 Oneida County total jobs were at 108,444, over 13 times greater than Schoharie County's 2013 jobs at 8,136. Turning Stone's direct jobs accounted for 2.6 percent of its total in county jobs. The Howe Caverns casino and hotel project with the other envisioned facilities will account for about 10 percent of all the Schoharie county jobs when it opens in three years.

Exhibit VIII. B.3.b. Local and Regional Impact Study

The Hudson Group is a limited liability company organized under the laws of the State of New York in 1995. The firm offers a wide range of consulting services in public sector program development, planning and analysis. It is especially strong in the fields of regional and community economics and market research, state and local public finance analysis, economic development strategic planning and policy development, environmental assessment and natural resource analysis and planning, parks and recreation planning and management, property tax policy and administration. The firm's eight members and affiliates have had extensive experience in program management and policy development working at senior level positions with New York State government, and one with the Federal government (see www.hudsongrouponalbany.com)

Studies Conducted for Local Governments

-Shared services and village dissolution study for the Town and Village of Liberty, Sullivan County.

-Economic Impact /Development Analysis of PCB contamination and remediation of the Upper Hudson River on four Riverfront towns in Washington County: Past Impacts, During Dredging and Post Dredging (subcontractor to engineering firm) (Washington County)

-Pre-Nomination Study North Central Troy Brownfield Opportunity Areas Program, subcontractor - economic analysis and market research. (City of Troy)

-Provide the Town of Chatham, Columbia County, NY with a fiscal impact assessment for municipal and school districts of implementing a program to preserve operating farms by purchase of development rights. (Committee of town government)

-Economic and demographic projections for development of comprehensive

transportation plan for Ulster County, New York -subcontractor - (Ulster County/NYS DOT)

-Tourism analysis for comprehensive transportation plan for the Greater Lake Placid Area, subcontractor (Essex County/Town of North Elba)

-Syracuse Onondaga Creekwalk Trail Project: Economic Benefits Evaluation, subcontractor.
(City of Syracuse).

-Study of the fiscal, population and housing impacts of the proposed revision of the Master Plan, subcontractor, for the Town of Union Vale in Dutchess County.

-Study of the Economic Characteristics of Town of Clinton's, Dutchess County, Agriculture Sector

Studies Conducted for Private Clients

-Market research study to support the Village of Liberty, New York Downtown commercial and cultural revitalization planning efforts. (Committee of Chamber of Commerce)

-Study of potential impacts on property values and municipal revenues from construction of a major new power plant and industrial facility in the City of Rensselaer, New York. (Power Plant developer)

-Study of the affect on the Capital District housing market from the importation of construction workers to develop a major new power plant and industrial facility in Rensselaer. (Power Plant developer)

-Land use & economic impact analysis and market research for a proposed retail commercial development project in the Town of Madison, Madison County, New York (Sphere Development)

Reviews Conducted for Local Governments (except as noted)

-Review of fiscal (municipal and school district) socio-economic and growth inducing, secondary and cumulative impacts elements of DEIS for proposed major Catskill Park resort on Route 28 in Ulster County (Town of Middletown, Delaware County).

-Representing the Village of Tupper Lake at APA Hearings on the proposed Adirondack Club and Resort Project concerning fiscal risks with infrastructure and implications for certain municipal services (2011)

-Provide assistance to the Joint Town-Village of Tupper Lake Planning Board, New York for the review of the economic, fiscal, (municipal and school district) environmental and recreation impacts of a proposed major second home/resort project. (2005-2007)

-Provide assistance to the Town of Wawayanda Planning Board, Orange County, New York on the economic and fiscal review of proposed natural gas combined-cycle electric generating facility

-Town of Warwick, Orange County: Quality Review of Draft Fiscal Impact Analysis for Rezoning Proposal (Critique of planning firm's work for Town)

-Review of fiscal (municipal and school districts) and socio-economic and growth inducing, secondary and cumulative impacts elements of DEIS for proposed major residential developments/resorts in Northern Dutchess County

Town of Pine Plains -Carvel Development Project (Town PB)

Village of Millbrook –Bennett Development Project (Private Client)

Town of Amenia – Silo Ridge (Town PB)

Town of Amenia Depot Hill (Town PB)

Other Local Government and School District Studies

-Studies and services to NY State Commission on the Capital Region on regional economic development and area property tax policies, practices and proposed reforms.

-Statewide comparative analysis of household income levels, value of housing and local property tax burdens for all local school district areas in New York State. (Organization of upstate school districts)

-Management study for Broome County of municipal wastewater systems and non-sewered areas to identify a possible role for county government in their management and operation.

-Study to assess feasibility of local governments, school districts and agencies in Sullivan County combining to purchase electricity on the deregulated market.

-Feasibility study of methods to improve the efficiency and effectiveness of property tax collections by the 15 towns, school districts and other districts in Sullivan County.

-Program evaluation of New York State's Economic Development Zones Program (NYSESD)

Exhibit VIII. B.4. Projected Tax Revenue to the State

First, in testing the results against Low and High cases vs. the Average, the Consultant indicated that they did not find any meaningful differences so then retained the Average Case as the universal result.

Second, the consultant indicated that it appears that there may have been some cell reference errors in the template supplied. This would affect wider and wider variations from the figures that would have otherwise been computed in years 2 through 5. As such, they retained their year 1 figure, noted at least one of the potential changes, and then asked us to submit the template with some guidance as to how to reconcile. Example: Can we go back and carry across the other line items, or should we assume some kind of inflator based on the average?

Third, the property tax section of the template was filled out assuming interim values during Construction, which creates some differences between impacts when operating versus a different time horizon that includes the build-up period.

Fourth, due to these inconsistencies, we didn't wish to exacerbate any skewing of the results by repeating the process for the Waterpark.

In any event, recognizing this all bred a set of questions for which there might not be time or an obvious manner for the Board and Commission to reconcile, we did commission another separate impact report, from a different Consultant altogether, which we believe will be instructive in its methodology and results. That report is contained in Exhibit VIII. B. 3. a.

The estimated aggregated total property tax benefit from the Howe Cavern casino at full build out is estimated to be \$9,938,200. Of this amount, \$2,599,600 would benefit Schoharie County, \$1,167,200 the town of Cobleskill, \$204,200 the Cobleskill Fire District, and \$5,967,200 the Cobleskill-Richmondville School District. The property tax benefits come from two components of the Howe Cavern project; the casino/hotel/garage component and the waterpark/hotel component. The estimated property taxes for the casino/hotel/garage component at full build out are \$7,506,100;

with \$1,963,400 going to Schoharie County, \$881,600 to the town of Cobleskill, \$154,200 to the Cobleskill Fire District, and \$4,506,900 to the Cobleskill-Richmondville School District. The estimated property taxes for the waterpark/hotel component at full build out are \$2,432,100; with \$636,200 going to Schoharie County, \$285,600 to the town of Cobleskill, \$50,000 to the Cobleskill Fire District, and \$1,460,300 to the Cobleskill-Richmondville School District.

The paragraphs that immediately follow discuss in the assumptions and methodology used in making the property tax estimates. First, since there were not separate lines for the town and the fire district, in Exhibit VIII.B.4. (hereafter referred to as Exhibit), the tax rates and the property taxes for the town of Cobleskill and the Cobleskill Fire District have been combined. Also since there was no line for school district property tax benefits, one has been added.

Second, ad valorem tax rates are based on the tax levy divided by the total assessed value, but assessed values frequently do not reflect full or market value. For an effective or full value tax rate, the ad valorem rate must be modified by the equalization rate, which in the town of Cobleskill is .83. Current ad valorem rates have not been used as the Exhibit suggests, as an erroneous answer would result. The latest ad valorem tax rates (school district 2014-2015 and town/county calendar 2014) have been converted to full value (effective) tax rates using the State established equalization rate of 0.83. This allows the property tax calculations to be based on the relevant cost estimates provided in the assumptions.

Third, no property taxes would be paid or received in the 2015 fiscal or calendar year; Year 1. Taxable status date for property in New York is March 1. It is assumed that on March 1, 2015 there will be little or no taxable real property in place. In Year 2, 2016, improvements and construction in place

on March 1, 2016 would become taxable. The project would be fully completed by November 1, 2016; Year 3. This means that the Cobleskill-Richmondville School District would do its first levy on the Howe Caverns casino project in September 2016 for the 2016-2017 school year; Year 2. The town of Cobleskill and Schoharie County would do their first levies on the casino project in January 2017 in Year 3.

Fourth, no adjustments have been made in the tax rates for the calculations beyond the first year. Tax rates have been rising over the years, with effective tax rates over the last five years up 10.2% in the county, 20.8% in the town, 0.3% in the fire district, 19.4% in the village, and 18.8% in the school district. With the new property taxes from the casino and new gaming revenues, property tax rates should remain stable or decline.

Fifth, project costs are estimated to be \$377,881,831. Of this amount, \$35,520,000 is for furniture, fixtures, and equipment (FFE costs) and gaming equipment. This cost is not shown in the Exhibit Incremental Real Property Tax for the Gaming Facility. These costs are for personal property and not real property, and thus not subject to the property tax. Shown in the Exhibit are financing costs of \$37,600,000. These costs are not considered to be real property. The project costs determined to be taxable real property used in calculating the property tax estimate is \$304,761,831.

The Howe Caverns casino project is divided into two components; a casino/hotel/garage component and a waterpark/hotel component. The total project costs for the casino/hotel/garage component are estimated to be \$288,397,931. Of this amount, \$29,720,000 is for furniture, fixtures, and equipment (FFE costs) and gaming equipment. This cost is not shown in the Exhibit Incremental Real Property Tax for the Gaming Facility. These costs are for personal property and not real property, and thus not subject to the property tax. Shown in the Exhibit are financing costs of

\$29,720,000. These costs are not considered to be real property. The casino/hotel/garage project costs used in calculating the property tax is thus \$230,177,931.

The total project costs for the waterpark/hotel component are estimated to be \$89,483,900. Of this amount, \$5,800,000 is for furniture, fixtures, and equipment (FFE costs). This cost is not shown in the Exhibit Incremental Real Property Tax for the Gaming Facility. FFE costs are for personal property and not real property, and thus not subject to the property tax. Shown in the Exhibit are financing costs of \$9,100,000. These costs are not considered to be real property. The waterpark/hotel project costs used in calculating the property tax is thus \$74,583,900.

Sixth, there are and will be costs that have not been included in the Exhibit, some of which can be estimated and some of which are unknown. Among the costs not included in the Exhibit are pre-opening expenses, costs associated with performing work under a Project Labor Agreement, costs for central utility infrastructure upgrades (e.g. providing new primary power plant or upgrading existing or providing new water or waste water treatment plants), and costs for blasting or rock removal. Other costs not included are for general condition, staffing, insurance, and construction management fees.

The following table compares current property tax levies with the property taxes expected to be generated by the Howe Cavern project at full build-out in 2017; year 3. The current property tax levies are for school year 2014-2015 and town/county levies are for calendar 2014.

<u>Taxing Jurisdiction</u>	<u>Total Property Tax At Project Full Build-Out</u>		
	<u>Latest Tax Levy</u>	<u>Full Build Out</u>	<u>% Increase</u>
Schoharie County	19,059,430	2,599,600	13.6
Town of Cobleskill	1,030,957	1,167,200	113.2
Cobleskill Fire District	83,182	204,200	245.5
Cobleskill-Richmondville School	14,720,444	5,967,200	40.5

	<u>Casino/Hotel/Garage</u>		
Schoharie County	19,059,430	1,963,400	10.3
Town of Cobleskill	1,030,957	881,600	85.5
Cobleskill Fire District	83,182	154,200	185.4
Cobleskill-Richmondville School	14,720,444	4,506,900	30.6

	<u>Waterpark/Hotel</u>		
Schoharie County	19,059,430	636,200	3.3
Town of Cobleskill	1,030,957	285,600	27.7
Cobleskill Fire District	83,182	50,000	60.1
Cobleskill-Richmondville School	14,720,444	1,460,300	9.9

This comparison demonstrates that the increased property taxes derived from the Howe Caverns casino and waterpark project will be a very significant benefit to the host town and county, and the school district in which it is located. Over the past 10 years Cobleskill the property tax levy has gone from \$338,869 to \$1,030,957, an increase of 204.2%; the portion of the town of Cobleskill in the Cobleskill-Richmondville School District property tax levies have gone from \$4,400,671 to \$5,933,529, an increase of 48.2%; and the town of Cobleskill share of the Shoharie County property tax levy has gone from \$2,027,324 to \$2,518,142, an increase of 24.2%.

Exhibit VIII. B.5. Regional Economic Plan Coordination

The gaming facility to be located in the Town of Cobleskill in Schoharie County, as proposed herein, has not been presented to or coordinated with the Mohawk Valley Regional Economic Development Council as part of a regional or local economic plan.

Exhibit VIII. B.6. Subcontractors and Suppliers

Howe Caverns, Inc.
255 Discovery Dr.
Howes Cave, NY 12092

Park Strategies
101 Park Avenue
New York, NY 10178

The Casale Group
125 Lake Street
Cooperstown, NY 13326

Allen & Desnoyers, LLP
90 State Street, Suite 602
Albany, NY 12207

McLaren Engineering
100 Snake Hill Road
P.O. Box 600
West Nyack, NY 10994

Aquatic Development Group
13 Green Mountain Dr.
Cohoes, NY 12047

The Hudson Group
425 State Street
Albany, NY 12203

EYP
NanoFab East
257 Fuller Rd., 1st Fl.
Albany, NY 12203

A&R Global Consulting, LLC.
19 Cropsey Street, Unit 2A,
Warwick, NY 10990

Carson Fischer, P.L.C.
4111 Andover Road West,
2nd Floor
Bloomfield Hills, NY MI48302

North Country Ecological Services
25 W. Fulton St.,
Gloversville, NY 12078

Cobleskill Stone Products
112 Rock Road
Cobleskill, NY 12043

John McDonald Engineering
7 South Church Street
Schenectady, NY 12305

Jeffrey C. Hyman
37 Forest Drive
Voorheersville, NY 12186

TN Ward
129 Coulter Avenue
Ardmore, PA 19003

PROJECT LABOR
AGREEMENT FOR
CONSTRUCTION OF THE
Howe Caverns Resort and
Casino LLC
Howes Cave New York
Attachment A

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ARTICLE 1 – PREAMBLE

This Agreement is entered into this ____ of _____, 201 4 by and between _____ and the Local Unions affiliated with the Greater Capital Region Building and Construction Trades Council, AFL-CIO (herein after "Unions").

WHEREAS, the Construction Manager(s) desires to provide for the sufficient, safe, quality and timely completion of the **Howe Cavern Resort and Casino** (the Project) in a manner designed to afford the best work at the lowest reasonable cost to the Owner (as hereinafter defined) :

WHEREAS, this Project Labor Agreement ("Agreement") will foster the achievement of these goals including:

1. Standardizing the terms and conditions governing the employment of labor on the Project;
2. Receiving negotiated adjustments as to work rules and staffing requirements from those which otherwise might not provide the same.
3. Providing comprehensive and standardized mechanisms for the settlement of work disputes, including those related to jurisdiction; (prior to project start and during)
4. Ensuring a reliable source of skilled and experienced labor;
5. Furthering public policy objectives as to improved employment opportunities for local workers, minorities, women and the economically disadvantaged in the construction industry;
6. Avoiding the costly delays of potential strikes, slowdowns, walkouts, lockouts, picketing and other disruptions arising from work disputes and promote labor harmony and peace for the duration of the Project;
7. Expediting the construction process and otherwise maximizing the public safety and minimizing inconvenience caused by ongoing construction; and
8. Improving project cost efficiencies by incorporating state of the art processes and avoiding duplication of labor activities (stacking) or any non-productive labor (standby) requirements.

WHEREAS, the parties subject to the terms of this Agreement desire the stability, security and work opportunities afforded by a Project Labor Agreement;

ARTICLE 2
PARTIES COVERED BY THIS AGREEMENT AND GENERAL CONDITIONS

Section 1. Parties by this Agreement

The parties covered by and subject to the terms of this Agreement are:

- a. The Greater Capital Region Building and Construction Trades Council, AFL-CIO together with its affiliated Local Union members identified in the Collective Bargaining Agreements attached hereto and made a part hereof (Schedule A).
- b. All Contractors, regardless of tier who are awarded contracts pursuant to the bidding procedures applicable to this Project.
- c. The Construction Manager _____
- d. Howes Cavern resort and Casino LLC

Section 2. Certain Definitions

- a. Throughout this Agreement, the Greater Capital Region Building and Construction Trades Council, AFL-CIO (“GCRBCTC”) and its affiliated Local Union members are sometimes referred to singularly and collectively as "Union(s)".
- b. "Collective Bargaining Agreements", herein sometimes referred to as “CBA’s”, means those local union agreements identified in Schedule A attached hereto:
- c. "Contractor(s)" means contractor(s) who have been awarded contracts for this Project and subcontractors of any tier engaged by Contractor(s) for on-site Project construction work within scope of work.
- d. “Construction Manager” means TBA
- e. “Owner” means collectively and individually, Howes Cavern Resort and Casino, LLC

Section 3. Supremacy Clause

This Agreement, together with the Collective Bargaining Agreements (Schedule A) represents the complete understanding of all parties covered by this Agreement and supersedes any national, local or other collective bargaining agreement of any type which would otherwise apply to this Project, in whole or in part. Where a subject covered by the provisions, explicit or implicit, of this Agreement is also covered by provisions set forth in the Collective Bargaining Agreements the provisions of this Agreement shall prevail. No practice, understanding or agreement between a Contractor and a Local Union which is not explicitly set forth in this Agreement shall be binding on this Project unless endorsed in writing by the Contractor.

Section 4. Liability

The liability of any Contractor and/or any Union under this Agreement shall be several and not joint. The Owner, Construction Manager and any Contractor shall not be liable for any violations of this Agreement by any other Contractor.

Section 5. Bid Specifications

a. The bid specifications or the Construction Manager's Instruction to Bidders and Bid Package of the Project will require that all successful bidders and their subcontractors of whatever tier are bound by this Agreement. It is understood that nothing in this Agreement shall be construed as limiting the sole discretion of Owner and Construction Manager in determining which bidder(s) shall be awarded contracts for the Project. It is further understood that Owner has sole discretion at any time to terminate, delay or suspend the Project, in whole or part. It is also understood that this is a self-contained, standalone Agreement and that by virtue of having become bound to the Project Agreement, neither the Construction Manager nor the Contractor(s) will be obligated to sign any other local, area or national agreement.

b. This Agreement shall only be binding on the signatory parties hereto and shall not apply to their parents, affiliates or subsidiaries.

c. Nothing contained herein shall be construed to prohibit, restrict or interfere with the performance of any other operation, work or function which may occur at the Project site or be associated with the development of the Project.

d. The Owner and/or the Construction Manager have the absolute right to select any qualified bidder for the award of contracts on this Project without the reference to the existence or non-existence of any agreements between such bidder and any party to this Agreement: provided, however, only that such bidder is willing, ready and able to become a party to and comply with this Project Agreement, should it be designated the successful bidder.

e. It is agreed that the Construction Manager shall require all Contractors of whatever tier have been awarded contracts for work covered by this Agreement, to accept and be bound by the terms and conditions of this Project Agreement through a provision in its subcontract prior to commencing work. It is further agreed that, where there is a conflict, the terms and conditions of this Project Agreement shall supersede and override terms and conditions of any and all other national, area, or local collective bargaining agreements, except for all work performed under the NTL Articles of Agreement, the National Stack/Chimney Agreement, the National Cooling Tower Agreement, all instrument calibration work and loop checking shall be performed under the terms of the UA/IBEW Joint National Agreement for Instrument and Control Systems Technicians, and the National Agreement of the International Union of Elevator Constructors, with the exception of Article 8, 10, and 11 of this Project Agreement, which shall apply to such work. It is understood that this is a self-contained, stand alone, Agreement and that by virtue of having become bound to this Project Agreement, neither the Construction Manager nor the Contractors will be obligated to sign any other local, area, or national agreement.

ARTICLE 3 – SCOPE OF THIS AGREEMENT

This Agreement shall be as defined and limited by the following sections of this Article 3.

Section 1. The Work

This Agreement applies to all on-site construction of the building, Fit-up of tenant space, Site Environmental and Site Infrastructure Improvements performed on the Project during the term hereof. Specifically the Howe's Cavern Resort and Casino in Howe's Cave, NY

Section 2. Term

This Agreement commences on _____, 2014. This Agreement will be periodically reviewed and will expire Thirty (30) days after construction work described herein has been completed.

Section 3. Excluded Persons

The following persons are not subject to the provisions of the Agreement:

a. Superintendents, supervisors (excluding general and forepersons specifically covered in Schedule A) engineers, inspectors and testers, quality control/ assurance personnel (including Data Center Certification 3rd Party and 3rd Party Inspectors), equipment manufacturers, factory technicians, I & C programmers and technicians, surveyors, timekeepers, mail carriers, clerks, office workers, suppliers, messengers, security guards, non-manual employees, and all professional, engineering, administrative, salaried and management persons.

b. Employees or Contractors or, Owner;

- c. Persons engaged in laboratory or specialty testing or inspections not ordinarily done by a member of a Trade Union.
- d. Employees and entities engaged in off-site manufacture, modifications, repair, maintenance, assembly, painting, handling or fabrication of components, materials, equipment or machinery or involved in deliveries to and from the Project site,
- e. Employees of the Construction Manager, Contractor, other contractors or subcontractors excepting those performing manual, on-site construction labor who will be covered by this Agreement and Schedule A.
- f. Employees of equipment suppliers performing or assisting in on-site equipment installation or warranty work will work with the respective craft having jurisdiction over such work. The craft must have a certified or qualified (trained) person to assist in the work.
- g. Employees engaged in geophysical testing (whether land or water) other than boring for core Samples;
- h. Employees engaged in laboratory, specialty testing, inspections or surveying, or any other professional consultants, and such laboratory, testing, inspection or surveying firm (individuals engaged in on-site surveying as direct hires of a signatory contractor, rather than pursuant to a professional services contract with the Owner, the Construction Manager or any other professional consultants, are covered by this Agreement). "Project property surveying and benchmarks shall be provided by the civil engineer or others hired by the owner or A/E. All surveys and layout from the benchmarks provided by others shall be performed by the respective trade in accordance with their collective bargaining agreements."
- i. Employees of subcontractors and/or suppliers and/or independent haulers engaged in use of vehicles for delivery of and pick up of materials or supplies for deliveries and pick-ups at the Project site (teamsters shall not be required to drive such vehicles) except in the case of deliveries of dirt, stone or concrete or other aggregates, which teamsters shall drive to the Project site.
- j. Employees engaged in ancillary Project work performed by third parties such as electrical utilities, gas utilities, telephone companies and railroads.
- k. All on-site construction debris or waste materials generated by any contractor or subcontractor shall be removed by laborers. Construction Manager in its sole discretion may employ laborers in a sufficient quantity to remove construction debris or waste materials, as well as general site clean-up. Notwithstanding this provision each contractor or subcontractor is responsible for clearing their immediate work area of debris and materials generated by the particular trade.

Section 4.MBE/WBE

The Owner, Construction Manager and Unions recognize the need to promote opportunities for local MBE and WBE contractors and sub-contractors and will strive to achieve an overall project goal of 20% MWBE participation. The parties will confer through Labor/Management sub-committee to develop a qualified list of MWBE contractors.

ARTICLE 4 – REFERRAL AND EMPLOYMENT

Section 1. Referral

- a. Contractors agree to hire craft employees covered by this Agreement through the job referral systems established in the Local Unions' area Collective Bargaining Agreement. Referrals shall meet job qualifications set forth in the respective Local Union's collective bargaining agreement
- b. The Local Unions shall exert their utmost efforts to recruit and train sufficient numbers of skilled craft workers to fill the manpower requirements of the Contractor. The parties to this Agreement supports the development of increased numbers of skilled construction workers from the residents of the Capital Region and its immediate vicinity to meet the needs of this Project and the requirements of the industry generally.
- c. Contractors shall contact and meet with representatives of the signatory unions at the Albany Labor Temple 890 Third street Albany NY 12206 or such other location mutually agreed to with the unions *prior to commencing work* for the purpose of a Mark-Up meeting, failure to do so may result in a stop work order.

Section 2. Non-Discrimination in Referrals

The local Unions represent that their hiring halls and/or referral systems will be operated in a nondiscriminatory manner and in full compliance with all applicable federal, state and local laws and regulations which require equal employment opportunities. Referrals shall not be affected in any way by the rules, regulations, bylaws, constitutional provisions or any other aspects or obligations of union membership, policies or requirements and shall be subject to such other conditions as are established in this Article. No employment applicant shall be discriminated

against by any referral system or hiring hall because of the applicant's union membership or lack thereof.

Section 3. Union Dues/Fringe Benefits

All employees covered by this Agreement shall be subject to the Union security provisions contained in the applicable Collective Bargaining Agreement as amended from time to time, but only for the period of time during which they are performing on-site Project work and only to the extent of rendering payment of the applicable monthly union dues uniformly required for union membership in the Local Union, which represents the craft in which the employee is performing Project work. The Construction Manager, in order to ensure the full and timely remittance of all union dues and fringe benefit funds, including but not limited to Health and Welfare, Pension, Annuity, Legal Service, Education and Training, SUB, Apprenticeship (hereinafter "Funds" or "Fund") due the affiliated Local Unions as provided for in all applicable Collective Bargaining Agreements between the Local Unions and Contractors which have contracted to perform work on the Project, agrees that it will, upon notification of not more than fifteen (15) days from the date of a default from any affiliated Local Union that a Contractor has become delinquent in the payment of Fund contributions due in connection with the work on the Project to immediately stop payment on all monies due or which may become due to the delinquent Contractor up to the amount alleged to be owed from the Project and all such funds be paid via a joint check to the complaining Local Union to be applied against the amount owed by the defaulting Contractor.

a. The Construction Manager shall allow the Contractor a period of ten (10) working days from the date of notification to produce a written letter signed by the Business Manager of the complaining Local Union that the amount in default has been paid in full and the Contractor is current in the remittance of Funds or a bona-fide explanation acceptable to the complaining Local Union of why in the Contractor's opinion the amounts are not due as alleged. In the event of such a bona-fide dispute, The Construction Manager will use its best efforts to act as initial arbiter and take action it then deems appropriate.

b. No monies shall be paid to the delinquent Contractor who may request arbitration of the dispute in accordance with this Article 3. In the event such a letter is not delivered to the Construction Manager within ten (10) working days from the date of notification to the defaulting Contractor, the Construction Manager shall immediately cause to have paid over to the Fund Administrator of the complaining Local Union all monies due the defaulting Contractor to the extent necessary to satisfy the amounts payable to the Contractor by Construction Manager for the Project. c. Notwithstanding any other provisions of this Agreement, including any provisions to arbitrate disputes, the members of a Local Union can elect to refuse to perform services for a delinquent Employer any time after a Benefit Fund delinquency exceeds thirty (30) days, on five (5) days written notice to the President of the Building Trades Council and the Construction Manager. The provisions of Section 3 shall remain in full force and effect with work to all other Local Union members working on the Project. If a Contractor fails to contribute to a Local Union's Benefit Funds because of the Contractor's inability to collect payment from

the Owner and/or Construction Manager for work performed on the Project, the Construction Manager agrees that the Contractor will not be removed from the job for non-performance which results from a Local Union's members refusing to perform services as set forth in this Section.

Section 4. Craft Forepersons and General Forepersons

The selection of craft forepersons and/or general forepersons and the number of forepersons required shall be solely the responsibility of the Contractor except where otherwise provided by specific provisions of an applicable Collective Bargaining Agreement. All forepersons shall take orders exclusively from the designated contractor representatives. Craft forepersons shall be designated as working forepersons at the request of the Contractor, except when an existing local Collective Bargaining Agreement prohibits a foreperson from working when the craft persons he is leading exceed a specified number.

SECTION 5. Labor Management or Promotion Fund

The GCRBCTC will establish a Labor Management Fund or Promotion Fund which shall become part of this Agreement; the purpose of which is to assist the GCRBCTC in engaging in activities that will promote and support the Project Site. The activities may include, but may not be limited to, educational material for the workers or the community; promotional rewards for safety or safety related items for the workforce; training and educational seminars; drug testing and costs associated for trade representation as it pertains to the Project Site. The trades will work with representatives of the Owner to identify other acceptable uses for the Labor Management or Promotion Fund. The contribution of two cent (.02) per hour for each employee will become effective on the effective date of this agreement and continue in force for the duration of this agreement. The contribution will be collected by the individual trades fund(s) via the benefits remittance form and paid, in full, to the GCRBCTC. The contribution may not be increased except by mutual consent.

ARTICLE 5 – UNION REPRESENTATION

Section 1. Local Union Representative

Each Local Union designate shall be afforded full access to the Project at reasonable times; provided such access does not interfere with the work being done at the Project.

Section 2. Stewards

a. Each Local Union may have the right to designate a working journey person as a steward and an alternate, and shall notify the Contractor of the identity of the designated Steward (and

alternate) prior to the assumption of such duties. Stewards shall not exercise supervisory functions.

b. In addition to their work as an employee, the Steward shall have the right to receive complaints or grievances and to discuss and assist in their adjustment with the Contractor's appropriate supervisor. Each Steward shall be concerned with the employees of the Steward's Contractor and, if applicable, subcontractors of that Contractor. The Contractor will not discriminate against the Steward in the proper performance of Union duties.

c. The Stewards shall not have the right to determine when overtime shall be worked, or who shall work overtime except pursuant to a Collective Bargaining agreement provision providing procedures for the equitable distribution of overtime.

Section 3. Layoff of a Steward

Contractors agree to notify the appropriate Local Union twenty four (24) hours prior to the layoff of a Steward, except in cases of discipline or discharge for just cause. If a Steward is protected against layoff by a Collective Bargaining Agreement, such provisions shall be recognized to the extent the Steward possesses the necessary qualifications to perform the work required. In any case in which a Steward is discharged or disciplined for just cause, the Local Union involved shall be notified immediately by the Contractor.

Section 4. Workforce Diversity Utilization

The Unions and the Owner recognize and acknowledge that workforce diversity of minorities and women are employment goals consistent with our values of fair play. The Local Unions agree and will strive to achieve that Seven (7%) Percent of all referrals will consist of minorities and women. The percentages goals are based upon hours worked, by craft. In the event a Local Union either fails, or is unable, to refer qualified minority or female applicants in desired affirmative action goals as set forth in the bid specifications, the Contractor may employ qualified minority or female applicants from any other available source.

ARTICLE 6 - UNION STANDARDS

The Council and its affiliates have a legitimate interest in preventing the undermining of the work opportunities and standards gained through collective bargaining and desire to preserve and protect work opportunities for its members. Therefore not more than fifty (50%) by dollar value of off-site assemblies or fabrications may be provided by non-union workers or non-signatory

companies. The trades agree to install any off-site assemblies or fabricated items regardless of union or non-union labor provided the quantity does not exceed the percentage set forth. This article does not refer to construction material normally purchased pre-assembled or manufactured, it references work normally and historically done on-site or in local union fabrication shops

ARTICLE 7 – MANAGEMENT’S RIGHTS

Section 1. Reservation of Rights

Except as expressly limited by a specific provisions of this Agreement, Contractors retain full and exclusive authority for the management of their operations including, but not limited to: the right to direct the work force; including determination as to the number to be hired and the qualifications therefore; the promotion, transfer, or the discipline or discharge for a just cause of its employees; the assignment and schedule of work; the promulgation of reasonable Project work rules, and the requirement, timing and number of employees to be utilized for overtime work. Nothing contained herein shall be construed so as to allow direction of an Employee to perform work outside the jurisdiction of that Employees Labor Union affiliation, if any. No rules, customs, or practices as determined by the contractor which limit or restrict productivity or efficiency of the individual, and/or joint working efforts with other employees shall be permitted or observed.

Section 2. Materials, Methods & Equipment

There shall be no limitation or restriction upon the Contractor's choice of materials, techniques, methods, technology or design, or regardless of source or location, upon the use and installation of equipment, machinery, package units, pre-cast, pre-fabricated, pre- finished or pre-assembled materials, tools or other labor-saving devises. Contractors may, without restriction, install or use materials, supplies or equipment regardless of their source. The on-site installation or application of such items shall be performed by the craft having jurisdiction over such work pursuant to Collective Bargaining Agreement; provided, however, it is recognized that other personnel having special qualifications may participate, in a supervisory capacity, in the installation, check-off or testing of specialized or unusual equipment or facilities as designated by the Contractor. There shall be no restrictions as to work which is not performed at the Project site, with the exception of pre-tied or welded reinforcing steel.

ARTICLE 8 – WORK STOPPAGE AND LOCKOUTS

Section 1. No Strikes, No Lock Out

There shall be no strikes, sympathy strikes, picketing, work stoppages, slowdown, hand billing, demonstrations or other disruptive activity at the Project site for any reason by any Local Union or Employee against any Contractor or Employer while performing work at the Project site.

There shall be no other Local Union or concerted Employee activity which disrupts or interferes with the operation of the Project. Failure of any Local Union or employee to cross any picket line established by any union signatory or non-signatory to this Agreement or the picket or demonstration line of any other organization, at or in proximity to the Project site is a violation of this Article 8.

There shall be no lockout at the Project by Owner or any Contractor. Contractors and Local Unions shall take all steps necessary to ensure compliance with this Section 1.

Section 2. Discharge for Violation

A Contractor may discharge any Employee violating Section I above and any such Employee will not be eligible thereafter for referral under this Agreement for sixty days.

Section 3. Notification

If a Contractor contends that any party covered by this Agreement has violated this Article 8, it will notify the Construction Manager and/or the Local Union involved advising of such fact with copy to the Building and Construction Trades Department (BCTC) and to the Local Union. The BCTC shall instruct order or otherwise use its best efforts to cause the Employees, Contractors and/or the Local Unions to immediately cease and desist from any violation of this Article 8. The BCTC complying with these obligations shall not be liable for the unauthorized acts of a Local Union or its members.

Section 4. Expedited Arbitration

Any party alleging a violation of Section 1 of this Article 8 may utilize the expedited procedure set forth below (in lieu of, in addition to, any actions at law or equity).

- a. A party invoking this procedure shall notify Len Kershaw, Jeffrey M. Selchick and Tom Hines, who shall alternate as Arbitrator under this expedited arbitration procedure. If the Arbitrator next on the list is not available to hear the matter within 24 hours of notice, the next arbitrator on the list shall be called. Copies of such notification will be simultaneously sent to the alleged violator, the Contractor the Construction Manager and if a Local Union is alleged to be in violation, then to the BCTC.
- b. The Arbitrator shall thereupon, after notice to all parties covered as to time and place, hold a hearing within Forty Eight (48) hours of receipt of the notice invoking the procedures if it is contended that the violation still exists. The hearing will not, however, be scheduled for less than twenty four (24) hours after the notice to the BCTC required by Section 3, above.

- c. All notices pursuant to this Article 8, may be by telephone, telegraph, email, hand delivery or fax, confirmed by overnight delivery, to the parties involved. The hearing may be held on any day including Saturdays and Sundays. The hearing shall be completed in one session, which shall not exceed Four (4) hours duration with no more than Two (2) hours being allowed to either side to present its case, and conduct its cross examination unless otherwise agreed. A failure of any party to attend the hearing shall not delay the hearing of evidence by those present or the issuance of an award by the Arbitrator.
- d. The sole issue at the hearing shall be whether a violation of Section I above has occurred. If a violation is found to have occurred, the Arbitrator shall issue a Cease and Desist Order restraining such violation and serve copies on the party determined to be in violation. The Arbitrator shall have no authority to consider any matter in justification, explanation or mitigation of such violation or to award damages, which issue is reserved solely for other proceedings, if any. The decision shall be issued in writing within three (3) hours after the close of the hearing, and may be issued without an opinion. If any involved party desires an opinion, one shall be issued within fifteen (15) calendar days, but its issuance shall not delay compliance with, or enforcement of, the decision. A decision issued under this procedure may be enforced by any court of competent jurisdiction upon the filing of this Agreement together with the decision. Notice of the filing of such enforcement proceedings shall be given to the party involved. In any court proceeding to obtain a temporary or preliminary order enforcing the arbitrator's Award as issued under this expedited procedure, the involved Party and Contractor waive their right to a hearing and agree that such proceedings may be ex-parte, provided notice is given to opposing counsel. Such agreement does not waive any party's right to participate in a hearing for a final court order of enforcement or in any contempt proceeding.
- e. Any rights created by statute or law governing arbitration proceedings which are inconsistent with this procedure set forth in this Article, or which interfere with compliance thereto, are hereby waived by the Contractors and Unions to whom they accrue.
- f. The fees and expenses of the Arbitrator shall be equally divided between the involved parties (Contractor and the respective Union(s)).

Section 5. Arbitration of Discharges for Violation

Procedures contained in Article 8 shall not be applicable to any alleged violation of this Article, with the single exception that an Employee discharged for violation of Section 1, above, may have recourse to the procedures of Article 8 to determine only if the Employee did, in fact, violate the provisions of Section 1 of this article; but not for the purpose of modifying the discipline imposed where a violation is found to have occurred.

ARTICLE 9

LABOR MANAGEMENT MEETINGS

AND COMMITTEE STRUCTURE

Section 1. Subjects

The Unions, PMO and Construction Managers will meet a minimum of once per month at an agreed upon time and on-site location to: 1) promote harmonious relations among the Contractors and Unions; 2) enhance safety awareness, cost effectiveness and productivity of construction operations; 3) discuss matters relating to staffing and scheduling with safety and productivity as considerations; 4) review upcoming scope of works, bidders, contract awards; 5) deal with possible jurisdictional conflicts; 6) monitor and ensure timely completion; and 7) ensure a high degree of skill and quality of workmanship in the performance of the Project and to discuss other matters pertaining to the Project.

Section 2. Composition

The Committee shall be jointly chaired by designees of the Program Manager, Construction Managers and Representatives of the GCRBCTC and Contractors involved in the issues being discussed. The Committee may conduct business through mutually agreed subcommittees.

ARTICLE 10 – GRIEVANCE & ARBITRATION PROCEDURE

Section 1. Procedure for Resolution of Grievances

Any question, dispute or claim arising out of, or involving the interpretation or application of this Agreement (other than jurisdictional disputes or alleged violation of Article 8, Section 1) shall be considered a grievance and shall be resolved pursuant to the exclusive procedures of the steps described below; provided, in all cases, that the question, dispute or claim arose during the term of this Agreement.

Step 1:

a. When any party covered by this Agreement feels aggrieved by a claimed violation of this Agreement, the party shall, through the Local Union business representative, job steward or Contractor give notice of the claimed violation to the work site representative of the involved Contractor. To be timely, such notice of the grievance must be given within fourteen (14) Calendar days after the act, occurrences or event giving rise to the grievance. The business representative of the Local Union, the job steward, the Party and the work site representative of the involved Contractor shall meet and endeavor to adjust the matter within forty eight (48) hours after timely notice has been given. If they fail to resolve the matter within the prescribed

period, the grieving party may, within fourteen (14) calendar days thereafter, pursue Step 2 of the grievance procedure by serving the involved Contractor and the CM or its assignee with written copies of the grievance setting forth a description of the claimed violation, the date on which the grievance occurred, and the provisions of the Agreement alleged to have been violated.

Grievances and disputes settled at Step 1 are non-precedential except as to the specific Local Union, non-affiliated Party Employee and contractor directly involved unless the settlement is accepted in writing by Owner, or its designated representative as creating a precedent.

b. Should any party to this Agreement have a dispute (except jurisdictional disputes or alleged violations of Article 8, Section 1) with any other party to this Agreement and, if after conferring, a settlement is not reached within fourteen (14) calendar days, the dispute shall be reduced to writing and proceed to Step 2 in the same manner as outlined in subparagraph (a) above for the adjustment of Employee grievances.

Step 2:

The Business Manager or designee of the involved party, together with the representatives of BCTC, the involved Contractor, and the Construction Manager, or its designated representative shall meet within seven (7) calendar days of service of the written grievance arrive at a satisfactory settlement.

Step 3:

a. If the grievance shall have been submitted but not resolved in Step 2, any of the participating Step 2 entities may, within twenty one (21) calendar days after the initial Step 2 meeting, submit the grievance in writing (copies to other participants) to the Arbitrator under this procedure. The Labor Arbitration Rules of the American Arbitration Association shall govern the conduct of the arbitration hearing, at which all Step 2 participants shall be parties. The decision of the arbitrator shall be final and binding on the involved Contractor, local union and employees and the fees and expenses of such arbitrations shall be borne equally by the parties.

b. Failure of the grieving party to adhere to the time limits set forth in this Article shall render the grievance null and void. These time limits may be extended only by written consent of the parties at the particular step where the extension is agreed upon. The Arbitrator shall have authority to make decisions only on the issues presented to him and shall not have the authority to change, add to, delete or modify any provision of this Agreement.

Section 2. Limitation as to Retroactivity

No arbitration decision or award may provide retroactivity of any kind exceeding Ninety (90) calendar days prior to the date of service of the written grievance on the involved Contractor or Local Union.

Section 3. Participation by the Construction Manager or its Designated Representative

The Construction Manager shall be notified by the involved parties of all actions at Steps 2 and 3 and, at its election, may participate in full in all proceedings at these steps, including Step 3 arbitration.

ARTICLE 11 – JURISDICTIONAL DISPUTES

Section 1. No Disruptions

- a. There will be no strikes, sympathy strikes, work stoppages, slowdowns, picketing or other disruptive activity of any kind arising out of any jurisdictional dispute. Pending the resolution of the dispute, the work shall continue uninterrupted. No jurisdictional dispute shall excuse a violation of Article 8
- b. No jurisdiction dispute shall affect coordination of the various contractors at the Project or the progress of the Project.
- c. The Signatories to this agreement adhere to the principle that jurisdictional disputes cannot and shall not interfere with the project.
- d. Every effort will be made by the Employer to resolve all anticipated disputes over work assignments. These efforts will include pre-job conferences, jurisdictional mark-up meetings and similar such conferences. Pre-job conferences must be held by each Employer prior to the field work actually starting. Resolution of jurisdictional disputes will not include any “over manning” or the requirement to assign employees to any work functions other than the number that may be required to safely execute the work.
- e. The Construction Manager shall be notified of all meetings pertaining to all jurisdictional disputes and may attend and participate.

Section 2. Assignment

The assignment of work will be solely the responsibility of the Contractor performing the work involved; and such work assignments will be in accordance with the Plan for the Settlement of Jurisdictional Disputes in the Construction Industry (the “Plan”) or any successor Plan. Where such work assignment is agreed upon by the trades such work shall not be deemed jurisdictional but a miss-assignment of work and as such shall be grievable under Article 10

Section 3. Procedure for Settlement of Disputes

- a. Any Union having a jurisdictional dispute with respect to Project work assigned to another Union will submit the dispute in writing to the Administrator, Plan for the settlement of

Jurisdictional Disputes in the Construction Industry within Seven (7) Days and send a copy of the letter to the other Contractor involved, the GCRBTC and the Local Union involved. Upon receipt of a dispute letter from any Local Union, the Administrator will invoke the procedures set forth in the Plan to resolve the jurisdictional dispute. The jurisdictional dispute letter shall contain the information described in Article IV of the Plan.

b. Any Contractor involved in a jurisdictional dispute on this Project shall continue working and without disruption of any kind.

Section 4. No Interference with Work

There shall be no interference or interruption of any kind with the work of the Project while any jurisdictional dispute is being resolved. The work shall proceed as assigned by the Contractor until finally resolved under the applicable procedure of this Article. The award shall be confirmed in writing to the involved parties. There shall be no strike, work stoppage or interruption in protest of any such award.

ARTICLE 12 HOURS OF WORK, PREMIUM PAYMENTS, SHIFTS & HOLIDAYS

Section 1. Work Week and Work Day

a. The standard work week will consist of five days Monday - Friday eight hours per day, plus 1/2 hour unpaid lunch period each day, or a four day 10 hour work week Monday - Thursday plus 1/2 hour unpaid lunch period each day. Any work beyond the eight hours or ten hour work day will be paid at time and one half.

b. The Construction Manager shall have the option of scheduling a five-day or four-day work week and the work day hours consistent with the Project requirements, and the Project Schedule.

c. The Day Shift shall be the hours of 7:00 a.m. - 3:30 p.m. starting and quitting times shall occur at the staging areas designated by the Contractor. Other shifts shall similarly commence and end at uniform times agreed upon by the Contractor and Union. When parking areas are more than a ten minute walk from the staging or brassing area workers shall be given time to access their vehicles, (commonly referred to as in on our time out on your time)

d. Notice – Contractors shall provide not less than five (5) days prior notice to the crafts union Business Representative as to the workweek and work hour schedules to be worked or such lesser notice as may be mutually agreed upon.

e. Saturday/Make-up Day- The Contractor and/or Construction Manager shall have the option of scheduling Saturday as a voluntary make-up day at straight time, for any work missed during

Monday- Friday. When working a Four (4) Day, Ten (10) Hour workweek Friday may be scheduled as a voluntary make-up day at straight time.

Section 2. Overtime

Overtime pay for hours outside of the standard work week and work day, described in Section 1, paragraph (a) above, shall be paid at time and a half, Saturdays shall be at time and half for the first eight hours and double time thereafter and Sundays shall be at double time. There will be no restriction upon the Contractor's scheduling or overtime or the non-discriminatory designation of employees who shall be worked, except as specifically set forth in Schedule A. There shall be no pyramiding of overtime pay under any circumstances. The Construction Manager and/or Contractor shall have the right to schedule work so as to minimize overtime.

Section 3. Starting Times and Shifts

a. There shall be a uniform start time for all Contractors and employees or each shift in accordance with Section 1 above.

b. Flexible Starting Times – Shift starting times will be adjusted by the Contractor as necessary to fulfill Project requirements Shifts must be worked with a minimum of five (5) consecutive workdays and must be scheduled with the BCTC with not less than five (5) work days' notice to the party. If the flexible start time is earlier than 6am or later than 8am the shift will carry a differential of 10%

c. Shift work may be scheduled on either a five (5) day (5-8 hrs) or four (4) day (4-10 hrs) work week basis, at a straight time rate plus a fixed percentage increase per Schedule A or 15% shift differential (whichever is less)

Section 4. Holidays

a. Schedule – There shall be six recognized holidays on the Project:

New Year's Day
Labor Day
Memorial Day
Thanksgiving Day
Fourth of July
Christmas Day

All holidays shall be observed on the dates designated by Law. In the absence of such designation, they shall be observed on the calendar date except those holidays which occur on Sunday shall be observed on the following Monday.

b. Payment – Regular holiday pay, if any, and/or premium pay for the work performed on such a recognized holiday shall be in accordance with the applicable Collective Bargaining Agreement.

c. Exclusivity – No holidays other than those listed in Section 4 – (a) above shall be recognized or observed.

Section 5. Reporting Pay

- a. Employees who report to the work location pursuant to regular schedule and who are not provided with work or whose work is terminated early by a Contractor, for whatever reason, shall receive minimum reporting pay in accordance with the applicable Collective Bargaining Agreement. (Schedule A). Should this occur on a scheduled ten (10) hour work day, ten (10) hours minimum reporting pay shall apply in lieu of eight (8) hours where appearing
- b. When an employee who has completed a schedule shift and left the Project site is “called out” to perform special work of a casual, incidental or irregular nature, the Employee shall receive pay for actual hours worked with a minimum guarantee as may be required by the applicable Collective Bargaining Agreement. (Schedule A).
- c. When an employee leaves the job or work location of his own volition or is discharged for cause or is not working as a result of the Contractor’s invocation of Section 7 below, he shall be paid only for the actual time worked.
- d. There shall be no pay for time not actually worked except as specifically set forth in this Article or as specifically provided in a Schedule A.

Section 6. Payment Wages

- a. Payday – Payment shall be made by check, drawn on a New York bank with branches located within commuting distance of the job site. Paychecks shall be issued by the Contractor at the job site by the end of the scheduled workday on Thursdays. In the event that the following Friday is a bank holiday, paychecks shall be issued on Wednesday of that week. Not more than three days wages shall be held back in any period. Paycheck stubs shall contain the name and business address of the Contractor, together with an itemization of deductions from gross wages.
- b. Termination – Employees who are laid off or discharged for cause shall be paid in full for that which is due them at the time of termination. The Contractor shall also provide the employee with a written statement setting forth the date of lay off or discharge.

Section 7. Emergency Work Suspension

The Construction Manager and/or Contractor may, if considered necessary for the protection of life and/or safety of employees or others, and/or as required by the Owner suspend all or a portion of Project work. In such instances, employees will be paid for actual time worked; provided, however, that when a Contractor requests that employees remain at the job site

available for work, employees will be paid for “stand-by” time at their hourly rate of pay, by the applicable Schedule A.

Section 8. Injury/Disability

An employee who, after commencing work, suffers a work-related injury or disability while performing work duties, shall receive no less than eight (8) Hours wages for that day. Further, the employee shall be rehired at such time as said employee is able to return to duties provided there is still work available on the Project for which the employee is qualified and able to perform unless such employee knowingly and willfully violates site emergency and injury reporting requirements as outlined within the project safety and jobsite orientation seminar.

Section 9. Time Keeping

A Contractor may utilize brass tagging, electronic time cards or other systems to check employees in and out. Each employee must check in and out. The Contractor will provide adequate facilities for checking in and out in an expeditious manner.

Section 10. Meal Period

Employees shall have meal period of not more than one half (1/2) hour duration at the work location between the third and fifth hour of the scheduled shift. A Contractor may, for efficiency of operation, establish a schedule which coordinates the meal periods of two or more crafts. If an employee is required to work through the meal period, the employee shall be compensated in a manner established in the applicable Schedule A.

Section 11. Break Periods

There will be no rest periods or other nonworking time established during working hours other than those referenced in this Agreement. Coffee Breaks are allowed as per each trade CBA so long as it does not stop production in its entirety. Individual beverage containers and lunch boxes will only be permitted in specified areas designated by the contractor and or Owner. There will be no food or drink other than water allowed within the building area.

Section 12. Other Work Rules

There shall be no use of tobacco or smoking within the building area. Designated smoking location will be identified for use during the allowed half hour lunch break. Violation of tobacco/smoking, food restrictions or other designated Protocols established to maintain the cleanliness and safety of the facility may result in dismissal from the job-site in accordance with progressive and corrective discipline.

The Construction Manager reserves the right to issue additional rules after discussion with the trades in Labor management meetings or sub-committees.

ARTICLE 13 – APPRENTICES/TRAINING

Section 1. Ratios

Recognizing the need to maintain continuing supportive programs designed to develop adequate numbers of competent workers in the construction industry and to provide craft entry opportunities for minorities, women and economically disadvantaged non-minority males, Contractors will employ apprentices in their respective crafts to perform such work as is within their capabilities and which is customarily performed by the craft in which they are indentured. Contractors may utilize apprentices in a ratio not to exceed 25% when available of their work force by craft (without regard to whether a lesser ratio is set forth in Schedule A), unless the applicable Schedule A provides for a higher percentage. Apprentices shall be employed in a manner consistent with the provisions of the appropriate Schedule A and as approved by the NYSDOL

Section 2. Department of Labor

To assist the Contractors in attaining a maximum effort on this Project, the parties agree to work in close cooperation with, and accept monitoring by the New York State Department of Labor to ensure that minorities and women are afforded every opportunity to participate in apprenticeship programs which result in the placement of apprentices on this Project. The Local unions will cooperate with Contractor requests for minority, women or economically disadvantaged referrals to meet this Contractor effort and/or as provided in the Collective Bargaining Agreement.

Section 3. Training

All workers, Foremen and General Foremen must have successfully completed the OSHA 10 Hour Safety Training Program and all Superintendents must have successfully completed the OSHA 30 Hour Safety Training Program.

ARTICLE 14 SAFETY AND PROTECTION OF PERSON AND PROPERTY

Section 1. Safety Requirements

Each Contractor will ensure that applicable Owner, Construction Manager, State, local and OSHA requirements are at all times maintained on the Project. Employees of the Contractors must perform their work at all times in a safe manner and protect themselves and the property of the Contractor and Owner from injury or harm. Failure to do so will be grounds for discipline.

Section 2. Contractor Rules

Employees shall at times be bound by the reasonable safety, security, and visitor rules as established for this Project. Such rules will be published and posted in conspicuous places throughout the Project.

Section 3. Inspections

Owner retains the right to inspect incoming shipments of equipment, apparatus, machinery and construction materials of every kind.

ARTICLE 15 MISCELLANEOUS PROVISIONS

Section 1. Project Rules

The Construction Manager and Contractors shall establish such reasonable Project rules as are appropriate for the good order of the Project. These rules will be explained at the pre- job conference and posted at the Project site and may be amended thereafter as necessary. Failure of an employee of a Contractor to observe these rules and regulations shall be grounds for discipline. The fact that no order was posted prohibiting a certain type of misconduct shall not be a defense to an employee disciplined or discharged for such misconduct when the action taken is for cause. Unless the Project work rules violate the CBA or applicable law, the Construction Manager shall have the sole discretion over establishing rules on-site.

Section 2. Tools of the Trade

The welding/cutting torch and chain fall are tools of the trade having jurisdiction over the work performed. Employees using these tools shall perform any of the work of the trade. There shall be no restrictions on the emergency use of any tools or equipment for the performance of work within the employee's jurisdiction.

Section 3. Supervision

Employees shall work under the supervision of the craft foreperson or general foreperson.

Section 4. Travel Allowance

There shall be no payment for travel expenses, travel time, subsistence allowance or other such reimbursements or special pay except as expressly set forth in this Agreement.

Section 5. Full Work Day

a. Employees shall be at their staging area at the time established by the Contractor and shall be returned to their staging area by quitting time after performing their assigned functions under the supervision of the Contractor. The parties reaffirm their policy of a fair day's work for a fair day's wage.

b. There shall be no non-working employees at the Project unless the presence of such employee is required due to normal maintenance (e.g. refueling). There shall be no electrical stand-by employees until the electrical prime contractor has commenced work on the Project. No electrical stand-by employee may remain on the Project after the permanent electrical system is operational. There shall be no stand-by labor of any kind unless requested by the Construction Manager and/or Owner. With respect to the operating engineers working on the project, manning shall be in accordance with their current collective bargaining agreement with the explicit understanding that all manpower assigned to the project is productive".

ARTICLE 16 FUTURE CHANGES IN COLLECTIVE BARGAINING AGREEMENTS AND THIS PROJECT AGREEMENT

Section 1. Changes

a. Schedule A to this Agreement shall continue in full force and effect until the applicable Contractor and/or Union parties to the Schedule A CBAs notifies the contractor of the mutually agreed upon changes in provisions of such Agreements which are applicable to the Project, and their effective dates.

b. It is agreed that any work rule provisions negotiated into future Collective Bargaining Agreements will not apply to work on this Project if such provisions are less favorable to this Project's Construction Manager than those contained in the expiring Collective Bargaining Agreements as they pertain to work rules; nor shall any provision be recognized or apply on this Project if it may be construed to apply exclusively, or predominantly, to work covered by this Agreement.

c. Any disagreement over the incorporation into Collective Bargaining Agreements of provisions agreed upon in the re-negotiation of Area Collective Bargaining Agreement shall be resolved in accordance with the procedure set forth in this Agreement.

Section 2. Labor Disputes During Negotiation of Collective Bargaining Agreements

The parties agree that there will be no strikes, work stoppages, sympathy actions, picketing, slowdown or other disruptive activity or other violations of this Agreement affecting the Project by any parties involved in the re-negotiation of Collective Bargaining Agreements nor shall there be any lockout on this Project affecting any party during the course of such re-negotiations.

Section 3. Changes to this Project Agreement

There shall be no changes during the life of this Project Agreement unless mutually agreed upon by the parties through the Labor/Management Committee structure. Additional work may be added to this Agreement by the addition of a mutually signed Addendum and additional parties through a signature page in accordance with Article 17 section 6.

ARTICLE 17 SAVINGS AND SEPARABILITY

Section 1. This Agreement

In the event that the application of any provision of this Agreement is enjoined, on either an interlocutory or permanent basis, or otherwise found in violation of any law, the provision involved shall be rendered, temporarily or permanently, null and void but the remainder of this Agreement shall remain in full force and effect. In such event, this Agreement shall remain in effect for contracts already bid, awarded or in construction. The parties will enter into negotiations for a substitute provision in conformity with the law and the intent of the parties for contracts to be awarded in the future.

Section 2. The Bid Specifications

In the event that Owner's bid specifications, or other action, requiring that a successful bidder be bound by this Agreement is enjoined, on either an interlocutory or permanent basis, or otherwise found in violation of law, such requirement shall be rendered, temporarily or permanently, null and void but this Agreement shall remain in full force and effect to the extent allowed by law. In such event, the Agreement shall remain in effect for contracts already bid, awarded or in construction. The parties will enter into negotiations as to modifications to the Agreement to reflect the court action taken and in the intent of the parties for contracts to be awarded in the future.

Section 3. Non – Liability

In the event of an occurrence referenced in Section 1 or Section 2 of this Article 17, neither Owner, Construction Manager, nor any Contractor or any Local Union shall be liable, directly or indirectly, for any action taken, or not taken, to comply with any court order, injunction or determination. Project bid specifications will be issued in conformance with court orders then in effect and no retroactive payments or other action will be required if the original court determination is ultimately reversed.

Section 4. Non – Waiver

Nothing in Article 17 shall be construed as waiving the prohibitions set forth in Article 8.

Section 5. Mergers and Name Changes

In the event of any trade union mergers, name changes of either union, building trades council, contractor, project manager or owner this agreement shall continue in force upon their successors

Section 6. Execution

All signature pages will be numbered and reference this agreement with the approved monogram. Additional parties to this agreement who have agreed by mutual consent will signify their agreement with separate counterpart signature pages, which will be considered part of this Agreement.

Section 7. Drug/Alcohol Testing

Prior to performing work, each contractor shall be responsible to provide a drug/alcohol screen for all employees prior to the employee performing on-site work, such testing shall be mandatory for all employees. Employees subject to drug/alcohol testing who pass the tests will receive payment for the time lost to take test but not to exceed 3 hours pays. No pay will be given to those testing positive for drugs/alcohol and they will not be permitted to work on the project.

The Owner, Construction Manager and/or Contractor may also require drug/alcohol testing of employees for cause when there is a reasonable suspicion of drug or alcohol use or employee involvement in an accident requiring off-site medical attention or documented unsafe act on the Project.

This section shall supersede any inconsistent provision in a local Union Agreement. A policy shall be developed by the parties through Labor/Management Committee

ARTICLE 18 HELMETS TO HARDHATS

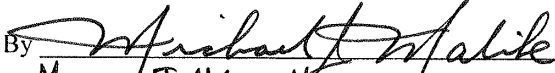
Section 1. The Employers and the Unions recognize a desire to facilitate the entry into the building and construction trades of veterans who are interested in careers in the building and construction industry. The Employers and Unions agree to utilize the service of the Center for Military Recruitment, Assessment and Veterans Employment (hereafter "Center") and the Center's "Helmet to Hardhats" program to serve as a resource for preliminary orientation, assessment of construction aptitude, referral to apprenticeship programs or hiring halls,

Memorandum of Understanding
Between
Howe's Cavern Resort and Casino LLC
And
Greater Capital Region Building and Construction Trades

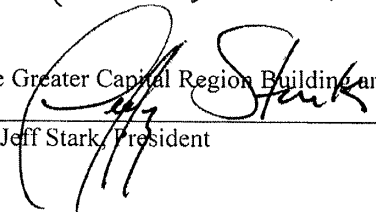
This Agreement Howe's Cavern Resort and Casino, LLC ("Owner") and the Greater Capital Region Building and Construction Trades (GCRB&CTC) sets forth its commitment to build the "Howe's Cavern Resort and Casino" in accordance with the provisions of the attached Project Labor Agreement (PLA Attachment A) as the same may be modified as contemplated by the last sentence of this Memorandum of Understanding. Whereas a Construction Manager (CM) has not been selected and most likely will not before the date for submission for proposal to the State of New York and this Agreement shall ensure that at such time that a (CM) is named the owner agrees that the CM shall become signatory to this Project Agreement and substantially agrees to its provisions, further the GCRB&CTC will meet with the CM promptly thereafter to discuss and "in good Faith" re-negotiate certain provisions needed for the successful completion of the project.

OWNER:

Howe's Cavern Resort and Casino, LLC

By 
MICHAEL J. MALIK, MANAGER

For The Greater Capital Region Building and Construction Trades Council

By 
Jeff Stark, President

ADDEDUM 1

Memorandum of Understanding
Between

Howe Caverns Resort + Casino, LLC

And

Greater Capital Region Building and Construction Trades

This Agreement between the parties ensures that as the project building phase nears its completion date, the Parties will meet and negotiate "In Good Faith" a maintenance agreement for the trades for on-going cosmetic maintenance and future renovations that is consistent with any other contractual obligations then binding on the undersigned.

For "Operator" Howe Caverns Resort + Casino, LLC

By Michael J. Malix
MICHAEL J. MALIX, MANAGER

For The Greater Capital Region Building and Construction Trades Council

By Jeff Stark
Jeff Stark, President

AGREEMENT

AGREEMENT made this 27th day of June, 2014 by and between the New York Hotel & Motel Trades Council, AFL-CIO ("Union") and Howe Caverns Resort and Casino, LLC, and any affiliated or related entity, on its own behalf and on behalf of any current or future owner of the Project and employer of Employees, defined below, as well as their respective successors or assigns of the below described project (collectively "Employer").¹

WHEREAS, Employer is in the process of developing a project which will involve hotel, gaming, food & beverage, and related amenities and facilities in the state of New York ("Project"); and

WHEREAS, the parties wish to ensure that employees in the below described bargaining unit(s) have the opportunity to express their desire whether or not to be represented for purposes of collective bargaining in an atmosphere free from intimidation, restraint, coercion or discrimination; and

WHEREAS, the parties wish to resolve any disputes related to any organizing drive and representational issues amicably, without resort to litigation or proceedings before the National Labor Relations Board ("NLRB"), Courts, or other governmental agency; and

WHEREAS, the parties have exchanged good and valuable consideration the receipt of which is hereby acknowledged.

NOW THEREFORE, the parties agree as follows:

1. The bargaining unit(s) shall include all full and part-time employees at the project in the classifications or departments listed in Exhibit A, or any other departments or classifications performing similar work under another name, or any combination thereof sought by the Union ("Bargaining Unit"). The Bargaining Unit shall not include those employees specifically excluded in Exhibit A. The Bargaining Unit employees shall be referred to as "Employees".
2. The parties acknowledge and agree that the Bargaining Unit(s) described herein constitute an appropriate unit.
3. The parties mutually recognize that the National Labor Relations Act ("NLRA")

¹ The term "Employer" shall also include, but not be limited to, any person, firm, partnership, corporation, joint venture or other legal entity which substantially controls any Employer or is substantially under the control of: (a) any Employer entity; (b) one or more principal(s) of any Employer entity; or (c) a subsidiary or parent of any Employer entity.

Employer also agrees to ensure that any current or future operator, manager, concessionaire or subcontractor at the project employing Employees, defined below, will abide by and be bound by this Agreement at the project, defined below. Accordingly, as used in the body of this Agreement, the term "Employer" shall also include any such entity.

guarantees employees the right to form or select any labor organization to act as their exclusive representative for purposes of collective bargaining with their employer, or to refrain from such activity. Both the Union and Employer agree to respect the NLRA Section 7 rights of employees and neither party shall, or be required to, act in contravention of those rights.

4. Prior to the start of initial hiring, the Employer shall notify the Union of its intent to hire and the positions that it seeks to fill and the qualifications therefore. The Union may furnish applicants for the job vacancies specified by the Employer. The Union's selection of applicants for referral shall be on a non-discriminatory basis and shall not be based upon or in any way affected by membership in the Union or the Union's bylaws, rules, regulations, constitutional provisions, or any other aspects or obligation of Union membership policies or requirements, or upon personal characteristics of an applicant where discrimination based upon such characteristics is prohibited by law. Any interest demonstrated by an applicant in joining the Union shall not constitute grounds for discriminatory or disparate treatment nor adversely impact the applicant's ability to be hired by the Employer. The Employer shall be the sole judge of an applicant's suitability, competence and qualifications to perform the work of any job to be filled and shall not be precluded from interviewing or hiring applicants from any other source.
5. During organizing activity the Union shall not cause any disruption of work by the Employees or of operations at the Project, nor shall it cause or encourage any other entity to cause any picketing, strikes, slow downs, boycotts, demonstrations, rallies, handbilling, or other work stoppages at the Project and the Employer shall not lock out employees at the Project. This paragraph shall not apply to the adversely affected party in the event the other party fails to abide by any an award or decision of the Arbitrator within three (3) business days after issuance. This paragraph shall not apply to the Union in the event the Employer recognizes any other labor organization as the representative of any Employees.
6. The Employer specifically agrees that its supervisory employees, its agents and/or representatives will not act or make any statement that will directly or indirectly imply the Employer's opinion as to whether or not the employees should unionize or support any union or as to the reputation of any union or any of its officers. The Union and its representatives will not coerce or threaten any Employee in an effort to obtain authorization cards.
7. The Union will begin its organization of the employees at any time upon notice to the Employer. The Union will be permitted to have its organizers or representatives enter the Project to meet with Employees during the Employees' non-working times (for example, before work, after work, and during shift changes, meals and breaks) in non-public areas of the Project (for example, meal rooms and locker room) and/or during such other periods and locations as the parties may mutually agree upon in writing. The Union will comply with

appropriate, non-discriminatory security and regulatory requirements applicable to all employees when accessing the Project, provided such requirements may not be used to unreasonably deny or delay access.

8. Within seven (7) days following receipt of the above described written notice of intent to organize Employees, the Employer will furnish the Union with a complete list of such Employees including both full and part-time Employees, showing their job classifications and departments, work schedules, wage rates, benefits, and the home addresses and telephone numbers of all Employees. Thereafter, the Employer will promptly provide updated lists, upon request, to the Union for the duration of the organizing drive.
9. The Arbitrator shall conduct card counts to determine whether the Union has obtained valid cards from a majority of the Employees in the Bargaining Unit(s) designating the Union as their representative for purposes of collective bargaining ("Cards") and to certify the results of such card count in accordance with the procedure set forth herein.
10. At any time after the commencement date of the Union 's organizing effort, the Union may request that a card count be conducted by the Arbitrator. The Union shall initiate that process by advising the Employer in writing ("Notification Letter") that it represents a majority of the full-time and part-time employees employed by the Employer in the Bargaining Unit sought by it. The date of the Union's Notification Letter shall be the date ("Notification Date") used for purposes of determining the composition of the list of the names and the Employees to be furnished by the Employer to the Arbitrator.
11. At any time after the delivery of the Notification Letter by the Union to the Employer indicating its majority status, the Union shall notify the Arbitrator in writing that his services are requested for purposes of conducting a card count. The Union shall confirm to the Employer that the Arbitrator has retained jurisdiction of the card count proceeding. As soon as practicable thereafter, but in any event no later than seven (7) days after the date of the Union's written card count request made to the Arbitrator, the Union shall furnish to the Arbitrator the Cards it has obtained from the Employees, and the Employer shall furnish the Arbitrator the list containing the names, job classifications and social security numbers of Employees employed as of the date of the Union's Notification Letter (with a copy to the Union) together with copies of official employment documents containing the signatures of each of the Employees (e.g. Forms 1-9, Form W4 or similar documents).
12. Within forty-eight (48) hours after his receipt of the documents described above, the Arbitrator shall conduct a card count by checking the Cards against the list of Employees and by comparing the Employees' names and signatures appearing on the Cards to the names and signatures appearing on the employment documents supplied to the Arbitrator by the Employer. At the conclusion of the card count,

the Arbitrator shall inform the parties of the results of his count and shall certify in writing that either the Union has or has not been selected by a majority of eligible Employees as their collective bargaining representative. Both the Employer and the Union agree to abide by the determinations made by the Arbitrator regarding any challenges either to the validity of the Cards, the eligibility of Employees, the appropriateness of the unit and/or to the majority status of the Union.

13. If, after the conduct of the card count(s), the Union fails to be certified by the Arbitrator as the majority representative of the eligible Employees, this Agreement shall be deemed to continue in full force and effect, unless it is otherwise terminated in writing by mutual agreement of the parties.
14. If the Union is certified as the majority representative, the Employer must recognize the Union and the Employer and the Union will promptly and expeditiously commence negotiations at a mutually agreeable time and place, for a collective bargaining agreement. In the event the parties are unable to promptly reach an agreement following certification by the Arbitrator, the parties agree that the Arbitrator may act as an interest arbitrator and resolve any disputes regarding the terms of the collective bargaining agreement. The arbitrator may consider, in addition to any other factors: 1) the Employer's financial ability; 2) size, location, and type of the Employer's operations; 3) cost of living as it affects the Employer's employees; and 4) ability of the employees, through the combination of wages, hours and benefits to earn a living wage to sustain themselves and their families.
15. The arbitrator referred to herein shall be the Office of the Impartial Chairperson ("Arbitrator") established in the Industry Wide Collective Bargaining Agreement ("IWA") between the Union and Hotel Association of New York City, Inc., who shall be guided by the rules of the IWA and the Office of the Impartial Chairperson to the extent consistent herewith.
16. Any costs incurred by the parties in instituting proceedings before the Arbitrator, or defending against same, shall be the responsibility of the respective party. Costs charged by the Arbitrator shall be shared and paid equally by the parties.
17. Any award or decision issued by the Arbitrator, written or otherwise, shall be final and binding upon the parties, and shall be enforceable in the United States District Court for the Southern District of New York.
18. All complaints, disputes or grievances arising between the parties hereto involving questions or interpretation or application of any clause of this Agreement or the matters discussed herein, or any acts, conduct or relations between the parties, directly or indirectly, which shall not have been adjusted by and between the parties involved shall be referred to the Arbitrator, and his/her decision shall be final and binding upon the parties hereto. Any questions

regarding arbitrability, substantive, procedural, or otherwise, or regarding the Arbitrator's jurisdiction or authority, shall be submitted to the Arbitrator in accordance with this article

19. In addition to and without limiting any of the foregoing, the Employer and Union also agree that the Arbitrator shall be empowered to issue such remedial orders as are consistent with applicable NLRB standards or necessary to ensure the maintenance of the neutral environment and/or to penalize the Employer or the Union for violating their obligations hereunder or under the NLRA, including an order to bargain in accordance with applicable NLRB standards, or other injunctive relief, and/or monetary or punitive damages to either party.
20. With regard to this Agreement and any and all matters discussed herein, the parties knowingly and voluntarily waive the right to file any petitions, charges, objections, or complaints before any court or governmental agency, including, but not limited to, any petition, objection, or unfair labor practice charge before the Board, and agree that the Arbitrator shall be the exclusive forum in which to resolve any such dispute.
21. If any provision or portion of this Agreement is deemed invalid or unenforceable, it shall not affect the remainder of this Agreement and the parties shall promptly meet to negotiate substitute provisions, which effectuate the intent of the parties. Failing agreement the matter shall be submitted to the Arbitrator for final and binding resolution.
22. This Agreement shall be binding on the successor and assigns of the parties hereto, including, but not limited to, any concessionaire or subcontractor, or other entity which has or acquires an ownership, operational or management interest in the Project or to which the Employer sells, transfers, or assigns any right, title, or interest, in the Project ("Successor"). The parties acknowledge that failure to affirmatively bind any such Successor shall result in irreparable harm to the non-breaching party. The Employer shall cause any such Successor to execute a Successor & Assign Agreement identical to this Agreement prior to and as a condition of any transfer cognizable hereunder and provide a copy of such to the Union (replacing the corporate names in the preamble with the name of such Successor). Further, no provisions, terms, or obligations herein contained shall be affected, modified, altered or changed in any respect whatsoever by the consolidation, merger, sale, transfer, or assignment of any party hereto or affected, modified, altered or changed in any respect whatsoever by any change of any kind in the legal status, ownership, or management of any party hereto.
23. Unless mutually agreed to in writing by the parties, all terms of this Agreement, including, but not limited to, those relating to the provision of information, access and neutrality, shall continue uninterrupted until a collective bargaining agreement(s) covering all Employees employed by Employer is effective.

24. The parties hereto are fully authorized to enter into and execute this Agreement.

Agreed and Accepted:

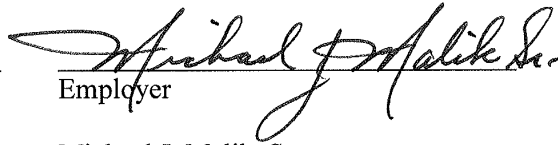
Date: June 27, 2014

Union

Peter Ward

President

Authorized to sign



Employer

Michael J. Malik, Sr.

Member and Manager

Authorized to sign

Exhibit VIII. B.7.a. Employees

		LOW CASE											
		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /	
		FTE	Salary and	Tips	FTE	Salary and	Tips	FTE	Salary and	Tips	FTE	Salary and	Tips
		Workers			Workers			Workers			Workers		
		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /	
		FTE	Salary and	Tips	FTE	Salary and	Tips	FTE	Salary and	Tips	FTE	Salary and	Tips
		Workers			Workers			Workers			Workers		
		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /	
		FTE	Salary and	Tips	FTE	Salary and	Tips	FTE	Salary and	Tips	FTE	Salary and	Tips
		Workers			Workers			Workers			Workers		
		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /	
		FTE	Salary and	Tips	FTE	Salary and	Tips	FTE	Salary and	Tips	FTE	Salary and	Tips
		Workers			Workers			Workers			Workers		
Howe Caverns Resort and Casino													
Casino, Casino Hotel and Related Amenities													
Forecasted Workforce and Payroll													
Assumptions													
Gaming Facility Workers													
General and Administrative													
Professionals, Managers, Executives and Technicians													
Clerical Workers, Compliance, Accounting, and Sales													
Human Resources													
Production and Transport Operators, Laborers and Cleaners													
Casino													
Professionals, Managers, Executives and Technicians													
Dealers and game supervisors													
Clerical Workers, Sales and Hosts													
Security and surveillance													
Cleaners													
Other													
Hotel													
Professionals, Managers, Executives and Technicians													
Clerical Workers, Sales and Marketing Staff													
Room cleaners, housekeeping supervisors													
Other													
Food and Beverage													
Professionals, Chefs, Managers, Executives and Technicians													
Clerical Workers, Sales and Service Workers													
Food preparers and servers, Hosting staff, and Cleaners													
Other													
Other (including convention, entertainment, retail, etc.)													
Professionals, Managers, Executives and Technicians													
Production and Transport Operators, Laborers and Cleaners													
Totals		634.4	646.1	646.8	662.4	686.6	686.6	662.4	686.6	686.6	662.4	686.6	686.6

AVG CASE

Howe Caverns Resort and Casino
 Casino, Casino Hotel and Related Amenities
 Forecasted Workforce and Payroll

Assumptions	Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /		Average Annual Wage /	
	FTE Workers	Salary and Tips	FTE Workers	Salary and Tips	FTE Workers	Salary and Tips	FTE Workers	Salary and Tips	FTE Workers	Salary and Tips
Gaming Facility Workers										
General and Administrative										
Professionals, Managers, Executives and Technicians	16.0	101,000.0	16.0	103,020.0	16.0	106,110.6	16.0	109,293.9	16.0	112,572.7
Clerical Workers, Compliance, Accounting, and Sales	8.8	42,000.0	8.8	42,840.0	8.8	44,125.2	8.8	45,449.0	8.8	46,812.4
Human Resources	5.5	45,000.0	5.5	45,900.0	5.5	47,277.0	5.5	48,695.3	5.5	50,156.2
Production and Transport Operators, Laborers and Cleaners	7.7	36,000.0	7.7	36,720.0	7.7	37,821.6	7.7	38,956.2	7.7	40,124.9
Casino										
Professionals, Managers, Executives and Technicians	36.0	90,000.0	36.0	91,800.0	36.0	94,554.0	36.0	97,390.6	36.0	100,312.3
Dealers and game supervisors	202.0	52,000.0	195.5	53,040.0	197.2	54,631.2	202.9	56,270.1	213.0	57,958.2
Clerical Workers, Sales and Hosts	90.9	42,000.0	88.0	42,840.0	88.7	44,125.2	91.3	45,449.0	95.9	46,812.4
Security and surveillance	65.6	38,000.0	63.5	38,760.0	64.1	39,922.8	65.9	41,120.5	69.2	42,354.1
Cleaners	146.4	29,000.0	141.8	29,580.0	143.0	30,467.4	147.1	31,381.4	154.4	32,322.9
Other										
Hotel										
Professionals, Managers, Executives and Technicians	5.0	75,000.0	5.0	76,500.0	5.0	78,795.0	5.0	81,158.9	5.0	83,593.6
Clerical Workers, Sales and Marketing Staff	16.2	42,000.0	16.6	42,840.0	16.5	44,125.2	16.5	45,449.0	16.6	46,812.4
Room cleaners, housekeeping supervisors	37.8	32,000.0	38.7	32,640.0	38.5	33,619.2	38.4	34,627.8	38.8	35,666.6
Other										
Food and Beverage										
Professionals, Chefs, Managers, Executives and Technicians	25.0	75,000.0	26.0	76,500.0	26.0	78,795.0	26.0	81,158.9	26.0	83,593.6
Clerical Workers, Sales and Service Workers	52.5	38,000.0	52.6	38,760.0	52.7	39,922.8	54.3	41,120.5	55.1	42,354.1
Food preparers and servers, Hosting staff, and Cleaners	78.8	36,000.0	79.0	36,720.0	79.1	37,821.6	81.4	38,956.2	82.6	40,124.9
Other										
Other (including convention, entertainment, retail, etc.)										
Professionals, Managers, Executives and Technicians	3.0	65,000.0	3.0	66,300.0	3.0	68,289.0	3.0	70,337.7	3.0	72,447.8
Production and Transport Operators, Laborers and Cleaners	16.1	35,000.0	16.4	35,700.0	16.6	36,771.0	17.2	37,874.1	18.1	39,010.4
Totals	813.4		800.1		804.4		823.0		853.9	

HIGH CASE

Howe Caverns Resort and Casino
 Casino, Casino Hotel and Related Amenities
 Forecasted Workforce and Payroll

Assumptions	Average Annual Wage /			Average Annual Wage /			Average Annual Wage /			Average Annual Wage /		
	FTE Workers	Salary and Tips	Annual	FTE Workers	Salary and Tips	Annual	FTE Workers	Salary and Tips	Annual	FTE Workers	Salary and Tips	
Gaming Facility Workers												
General and Administrative												
Professionals, Managers, Executives and Technicians	16.0	101,000.0	103,020.0	16.0	106,110.6	109,293.9	16.0	109,293.9	112,572.7	16.0	112,572.7	
Clerical Workers, Compliance, Accounting, and Sales	8.7	42,000.0	42,840.0	8.8	44,125.2	45,449.0	8.8	45,449.0	46,812.4	8.8	46,812.4	
Human Resources	5.4	45,000.0	45,900.0	5.5	47,277.0	48,695.3	5.5	48,695.3	50,156.2	5.5	50,156.2	
Production and Transport Operators, Laborers and Cleaners	7.6	36,000.0	36,720.0	7.7	37,821.6	38,956.2	7.7	38,956.2	40,124.9	7.7	40,124.9	
Casino												
Professionals, Managers, Executives and Technicians	36.0	90,000.0	91,800.0	36.0	94,554.0	97,390.6	37.0	97,390.6	100,312.3	39.0	100,312.3	
Dealers and game supervisors	221.1	52,000.0	53,040.0	224.3	54,631.2	56,270.1	230.5	56,270.1	57,958.2	242.1	57,958.2	
Clerical Workers, Sales and Hosts	99.5	42,000.0	42,840.0	100.9	44,125.2	45,449.0	103.7	45,449.0	46,812.4	108.9	46,812.4	
Security and surveillance	71.9	38,000.0	38,760.0	72.9	39,922.8	41,120.5	74.9	41,120.5	42,354.1	78.7	42,354.1	
Cleaners	160.3	29,000.0	29,580.0	162.6	30,467.4	31,381.4	167.1	31,381.4	32,322.9	175.5	32,322.9	
Other												
Hotel												
Professionals, Managers, Executives and Technicians	7.0	75,000.0	76,500.0	7.0	78,795.0	81,158.9	7.0	81,158.9	83,593.6	7.0	83,593.6	
Clerical Workers, Sales and Marketing Staff	16.9	42,000.0	42,840.0	16.9	44,125.2	45,449.0	17.3	45,449.0	46,812.4	17.3	46,812.4	
Room cleaners, housekeeping supervisors	39.4	32,000.0	32,640.0	39.7	33,619.2	34,627.8	40.4	34,627.8	35,666.6	40.4	35,666.6	
Other												
Food and Beverage												
Professionals, Chefs, Managers, Executives and Technicians	29.0	75,000.0	76,500.0	30.0	78,795.0	81,158.9	30.0	81,158.9	83,593.6	30.0	83,593.6	
Clerical Workers, Sales and Service Workers	66.1	38,000.0	38,760.0	66.4	39,922.8	41,120.5	68.3	41,120.5	42,354.1	69.3	42,354.1	
Food preparers and servers, Hosting staff, and Cleaners	99.1	36,000.0	36,720.0	99.4	37,821.6	38,956.2	102.5	38,956.2	40,124.9	104.0	40,124.9	
Other												
Other (including convention, entertainment, retail, etc.)												
Professionals, Managers, Executives and Technicians	3.0	65,000.0	66,300.0	3.0	68,289.0	70,337.7	3.0	70,337.7	72,447.8	3.0	72,447.8	
Production and Transport Operators, Laborers and Cleaners	20.0	35,000.0	35,700.0	20.6	36,771.0	37,874.1	21.4	37,874.1	39,010.4	22.5	39,010.4	
Totals	907.1			917.6			941.4			975.7		

HOWE CAVERNS CASINO - PAYROLL AND HEADCOUNT - WATERPARK RESORT

Department & Position	Positions Available	Full Time Positions	Part Time Positions	FTE	Low End Pay	High End Pay	Hourly/Salary
Management							
General Manager	1	1		1	\$100,000.00	\$150,000.00	Salary
Assistant General Manager	1	1		1	\$60,000.00	\$90,000.00	Salary
Executive Assistant	1	1		1	\$30,000.00	\$37,000.00	Salary
Director of Housekeeping	1	1		1	\$50,000.00	\$75,000.00	Salary
Director of Food & Beverage, Retail	1	1		1	\$65,000.00	\$95,000.00	Salary
Director of Sales & Marketing	1	1		1	\$70,000.00	\$90,000.00	Salary
Director of Aquatics	1	1		1	\$50,000.00	\$70,000.00	Salary
Director of Guest Services	1	1		1	\$45,000.00	\$60,000.00	Salary
Director of Human Resources	1	1		1	\$55,000.00	\$70,000.00	Salary
Human Resources Manager	1	1		1	\$30,000.00	\$40,000.00	Salary
Director of Finance	1	1		1	\$65,000.00	\$85,000.00	Salary
Assistant Director of Finance	1	1		1	\$40,000.00	\$55,000.00	Salary
Accounting Clerk	1	1		1	\$30,000.00	\$37,000.00	Salary
General Cashier	1	1		1	\$13.50	\$15.50	Hourly
Shipping & Receiving	1	1		1	\$13.00	\$16.00	Hourly
IT Manager	1	1		1	\$40,000.00	\$55,000.00	Salary
Director of Engineering	1	1		1	\$50,000.00	\$70,000.00	Salary
Sub Total	17	17	0	17			
200 Housekeeping							
Assistant Director of Housekeeping	1	1		1	\$30,000.00	\$40,000.00	Salary
Office Coordinator	1	1		1	\$9.50	\$10.50	Hourly
Floor Supervisor	5	5		5	\$9.50	\$10.50	Hourly
Laundry Supervisor	2	2		2	\$9.50	\$10.50	Hourly
Room Attendant	34	34		34	\$8.25	\$9.45	Hourly
House Attendant	6	6		6	\$8.25	\$9.00	Hourly
Public Area Supervisor	1	1		1	\$9.50	\$10.50	Hourly
Public Area Attendant	9	9		9	\$8.00	\$9.50	Hourly
Laundry Attendant	11	11		11	\$8.00	\$9.25	Hourly
Floor Care Attendant	2	2		2	\$9.00	\$10.00	Hourly
Sub Total	72	72	0	72			
300 Food & Beverage BOH							
Asst Director of Food & Beverage	1	1		1	\$45,000.00	\$55,000.00	Salary
Executive Chef	1	1		1	\$60,000.00	\$70,000.00	Salary
Sous Chef	1	1		1	\$40,000.00	\$50,000.00	Salary
Banquet Chef	1	1		1	\$16.00	\$18.00	Hourly
Purchasing Agent	1	1		1	\$13.50	\$14.50	Hourly
Receiving Clerk	1	1		1	\$9.00	\$10.00	Hourly
Baker	2	1	1	1.5	\$11.50	\$12.75	Hourly
Culinary Lead	2	2		2	\$11.50	\$13.00	Hourly
Cooks	12	8	4	10	\$8.00	\$11.50	Hourly
Aqua Chef	7	7		13	\$8.00	\$9.00	Hourly
Sub Total	29	24	5	32.5			
300 Food & Beverage FOH							
FOH Manager	3	3		3	\$30,000.00	\$40,000.00	Salary
FOH Supervisor	1	1		1	\$12.00	\$14.00	Hourly
Outlet Manager	1	1		1	\$28,000.00	\$35,000.00	Salary
Banquet Manager	1	1		1	\$35,000.00	\$45,000.00	Salary + Gratuity
Banquets	10	5	5	7.5	\$8.00	\$10.00	Hourly + Gratuity
Server Lead	2	2		2	\$8.00	\$10.00	Hourly + Tips
Host	5	1	4	3	\$8.00	\$9.00	Hourly
Attendant	12	6	6	9	\$8.00	\$9.00	Hourly + Tips
Service Staff	24	12	8	16	\$8.00	\$9.00	Hourly + Tips
Bartender	4	2	2	3	\$8.00	\$12.00	Hourly + Tips
Room Server	5	4	2	5	\$8.00	\$9.00	Hourly + Tips
Sub Total	68	38	27	51.5			
300 Food & Beverage Outlets							
Snack Bar Supervisor	1	1		1	\$10.00	\$10.50	Hourly
Snack Bar Attendant	8	5	3	6.5	\$8.00	\$9.00	Hourly
Pizza Hut Supervisor	1	1		1	\$10.00	\$10.50	Hourly
Pizza Hut Attendants	8	6	2	7	\$8.00	\$9.00	Hourly
Sub Total	18	13	5	15.5			
400 Sales & Marketing							
Sales Manager	2	2		2	\$30,000.00	\$45,000.00	Salary
Catering Manager	1	1		1	\$30,000.00	\$45,000.00	Salary
Catering Coordinator	1	1		1	\$22,000.00	\$27,000.00	Salary
Sub Total	4	4	0	4			
500 Aquatics							
Aquatics Manager	2	2		2	\$11.50	\$14.00	Hourly
Assistant Director of Aquatics	1	1		1	\$35,000.00	\$45,000.00	Salary
Head Lifeguard	5	4	2	5	\$9.00	\$10.00	Hourly
Lifeguard	60	20	40	30	\$8.00	\$8.85	Hourly
Towel Attendant	4	0	4	2	\$8.00	\$9.00	Hourly
Sub Total	72	27	46	40			
600 Retail Services							
GiftShop Manager	1	1		1	\$30,000.00	\$45,000.00	Salary
GiftShop Lead	3	3		3	\$9.00	\$11.60	Hourly
GiftShop Associate	16	10	6	13	\$8.00	\$9.00	Hourly
Arcade Manager	1	1		1	\$25,000.00	\$35,000.00	Salary
Arcade Lead	3	2	1	2.5	\$8.00	\$9.00	Hourly
Arcade Associate	11	6	5	8.5	\$8.00	\$9.00	Hourly
Receiving Clerk	1	1		1	\$8.75	\$9.00	Hourly
Inventory Coordinator	1	1		1	\$25,000.00	\$35,000.00	Salary
Coffee Shop Manager	1	1		1	\$12.00	\$14.00	N/A
Coffee Shop Supervisor	1	1		1	\$10.00	\$12.00	N/A
Coffee Shop Associate	10	6	4	8	\$9.00	\$10.00	N/A
KidQuest Manager	1	1		1	\$25,000.00	\$35,000.00	Salary
KidQuest Attendant	12	5	7	8.5	\$8.00	\$9.00	Hourly
Other Amenities Attendant	8	4	4	6	\$8.00	\$8.25	Hourly
Sub Total	70	43	27	56.5			
700 Guest Service							
Front Desk Manager	1	1		1	\$27,000.00	\$40,000.00	Salary
Front Desk Supervisor	3	3		3	\$9.50	\$11.50	Hourly
Revenue Manager	1	1		1	\$37,000.00	\$45,000.00	Salary
Front Desk Agent	15	12	2	13	\$8.50	\$10.50	Hourly
PBX Operator	4	2	2	3	\$8.50	\$10.50	Hourly

Night Manager	1	1		1	\$30,000.00	\$40,000.00	Salary
Night Auditor	3	3		3	\$9.50	\$11.25	Hourly
Night Security	3	3		3	\$10.00	\$11.50	Hourly
Cub Club Experience Coordinator	1	1		1	\$22,000.00	\$27,000.00	Salary
Ambassador of Fun (Cub Club Guide)	6	2	4	4	\$8.00	\$9.00	Hourly
Sub Total	38	29	8	33			
900 Engineering							
Asst Director of Engineering	1	1		1	\$40,000.00	\$50,000.00	Salary
Maintenance Technician	12	12		12	\$13.75	\$18.00	Hourly
Aquatic Technician	5	5		5	\$10.00	\$13.00	Hourly
Waterpark Facility Manager	1	1		1	\$18.00	\$21.00	Hourly
Sub Total	19	19	0	19			
Grand Total	407	286	118	341			

I am assuming the below positions will exist and get added back on the Casino side (with related amenities).

650 Spa Service							
Spa Manager	1	1		1	\$40,000.00	\$55,000.00	Salary
AVEDA Advisor	8	4	4	6	\$8.15	\$11.25	Hourly
Nail Technician	5	3	2	4	\$8.00	\$9.00	Hourly+Commission & Gratuity
Massage Therapist	9	6	3	7.5	\$8.00	\$12.00	Hourly+Commission & Gratuity
Esthetician	4	3	1	3.5	\$8.00	\$9.00	Hourly+Commission & Gratuity
Sub Total	27	17	10	22			

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Initially, approximately 75% of the Senior Management will come from Out of State, bringing specific experience. The balance of the Senior Management staff could theoretically come from In State in certain areas, and we would place an emphasis on hiring Host Municipality personnel. Of the balance, we expect to fill approximately 75% of the workforce from Region 2, some of the most Northwest portions of Region 1, and from certain areas West of the Applicant's location that are outside Region 2, in the protected territory of the Oneida nation. The balance will either commute from farther away, or will come from Out of State with another specific mid management and/or technical skill set.

Over time, given our Application's commitment to workforce development, we expect to promote from within, and to invest in specific training programs that breed employees trained to succeed at our property. As is seen in Section X. and throughout our submittal, we are proposed significant investments in those programs including up to a \$1 million seed funding commitment to a local fund whose purposes include specific job training, and up to a 2.5% hotel room surcharge to operate those programs on an ongoing basis.

These figures track with past experience related by Full House Resorts, and by our consultant WLX Enterprises, in like situations.

Incidentally, on the Casino projection tables above, any downtick in total employment in years 2 or 3 tends to be satisfied strictly by natural attrition, not affirmative workforce reduction.

Exhibit VIII. B.7.b. High Quality Jobs

Over time, given our Application's commitment to workforce development, we expect to promote from within, and to invest in specific training programs that breed employees trained to succeed at our property. As is seen in Section X. and throughout our submittal, we are proposed significant investments in those programs including up to a \$1 million seed funding commitment to a local fund whose purposes include specific job training, and up to a 2.5% hotel room surcharge to operate those programs on an ongoing basis.

We will, however, make a commitment at this time to meet the minimum figures shown on the tables above upon the opening of our Gaming Facility.

Exhibit VIII. B.8. COMPETITIVE ENVIRONMENT

Our formula for competitive success is built around the following tenants:

- Build a Big Brand – Spend big to do so – There should be easy connotation and recognition in region and out of region that Howe Caverns is a major destination with a variety of offerings.
- Unique Nature
 - Nature = Natural Environment and Inherently pleasant location.
 - Nature = the “cool” natural attraction that is Howe Caverns.
- Stretch the Gaming Gravitational Model with our total Concept – The Waterpark Resort component will be a dynamic alteration on what would otherwise be more finite limits on the downstate and out of state draw.

Howe Caverns Resort and Casino will stand out among applicants as a uniquely competitive and enduring project. As can be gleaned from the entirety of our submittal, our intent is to be the farthest possible distance from “slots in a box” on the spectrum of build-out plans and concepts. We have no choice but to apply out-sized investments in promotions and marketing toward drawing from much farther than any 30, 60 and 90 mile radius would otherwise analyze in a vacuum in gaming gravity and other strictly empirical analysis. We intend to build a BIG BRAND and will SPEND BIG to do so. We programmed an \$18 Million pre-opening budget, much of it for marketing and promotion. In Howe Caverns, we possess an existing asset and brand on which to build, something that no other directly competitive site can do. We have an existing experience and visitation/human throughput both directly on site, and in our region as a prolific, captive draw along with our regional tourist co-anchor – Cooperstown. In our responses regarding Local Business Promotion and Cross Marketing under the sub section “Regional Tourism and Attractions”, this will be even more evident. Our brand will symbiotically blend the Casino Resort with the Waterpark Resort with the Caves, and our Brand will connote this fulfilling and unique experience, as well as “something for everyone”. The all-inclusive, multi-dimensional nature of

the project will also be an opportunity to differentiate our facility such that a prospective visitor will feel as though they can and will get a whole that is much greater than the sum of the parts. There will be little or no reason for an out of state or downstate patron to gravitate to the Capital Region for gaming alone, except for 6-7 weeks in the Summer at Saratoga Springs. Further, as our independent gaming study notes in extensively discussing the competitive landscape, any Capital Region Upstate New York Casino must offer something more in its experience to draw meaningfully from beyond its logical primary and secondary markets, particularly with 1-2 additional facilities located between it and the New York City Metropolitan Market.

The Destination Waterpark element in particular will contribute mightily to this ability to push the usual analytical models to new levels of gravitational pull. We profile this more extensively in our response to the section entitled “Business Plan”.

Our project site not only stands out among New York competitive submittals, but represents a unique property among all gaming facilities that immediately come to mind for a resident of the Northeast United States. Our hilltop within a semi-mountainous sub region supplies a solitude, appealing vistas and a sense of escape, while still proximate to a wide draw of out of state and downstate patrons. Inside, the prospective visitor knows they can access the amenities of a world class resort, and even the excitement of a casino environment, yet be footsteps from the Leatherstocking “country-side” right on our site, as well as a family oriented and captive aquatic wonderland at our Waterparks. A short drive lands one on “Main Street USA” in the Village of Cooperstown – the nostalgia of the Baseball Hall of Fame, the serenity of the Otesaga Lake waterfront from America’s best porch, and all the rest of the surrounding appeal. This cycles back to the multi-dimensional, total experience opportunity that will be our brand and our regions brand.

These are meaningful, lasting and unmatched qualities which translate

directly to differentiation and competitiveness. We see this not only as a 10 year plan, as prompted, but a permanent advantage, to be constantly refined and improved.

Finally, with respect to cannibalization of other facilities, this would apply primarily to Saratoga Racing. Objectively, the Howe Caverns resort is by far the least impactful on Saratoga. Some of our modeling suggests that we might pull only \$10-\$15 million in Gross Gaming Revenue from the Saratoga facility, whereas other proposed Region 2 sites would have at least 2-3 times the impact. Saratoga has their own, inimitable brand given the community's history, racing draw and other unique advantages. If anything, we see opportunities to cross market with Saratoga racing, and their business community at large, in ways that are less competitive to them than most other proposed Region 2 sites. As for Turning Stone, we have relatively little in our primary gaming market that comes either from the North or West, so the Casino patron is going to consider the I-88 corridor facility, as almost a completely out of region alternative versus an I-90 Thruway corridor facility that far West past Utica and nearly to Syracuse. If we are drawing a patron from Syracuse, it will be more than likely due to the specific menu of attractions at our site, not based on the gaming opportunity. A location more proximate to the I-90 Thruway corridor in Region 2 would have a much more significant negative impact on Turning Stone.

Exhibit VIII. B.9.a. Marketing Plans

Target Market Segments of the Gaming Facility

The WLX Enterprises Study used a 90 mile radius, further refined by a 90 minute drive radius, to draw a theoretical primary market. Ultimately, as shown on the map in that Study, a line is drawn that extends to, in naming a few geographical boundaries, the Glens Falls are in the Northeast corner, the Central Mohawk Valley in the Northwest, the eastern side of the Binghamton MSA in the Southwest, and just east of the Massachusetts, Connecticut, New York corner-border in the Southeast. Visitation varies greatly though in the model's results, which report out the vast majority of visitation, and revenues derived directly from a market within 45 miles, and primarily from East and Northeast of the site.

Extract from Exhibit VIII. A. 3. With Highlighted Data for the Primary Market and beyond.

TOTAL MARKET ENVELOPE - PERSONS AND VISITS TO GAMING SITES	Adult Population of Geographic Area	Year 1 (2017) Any Site
0 to 15 Miles of gaming facility	40,217	12,405,592
16 to 30 Miles of gaming facility	339,840	50,750,151
31 to 45 Miles of gaming facility	478,234	30,450,090
46 to 60 Miles of gaming facility	387,550	9,022,249
61 to 75 Miles of gaming facility	400,085	5,638,906
76 to 90 Miles of gaming facility	582,906	4,511,124
Total local market participants	2,228,832	112,778,112
HOWE CAVERNS CAPTURE		
Visitation		
Local market gaming visitors		110,820
Average Visits per year		10.08
Total local market gaming visitation		1,117,525
Average spend per visit		\$ 100.92
TOURISTS (Patrons from more than 90 miles of gaming facility)		
Tourist gaming visits per year		
New York		79,312
Pennsylvania		5,508
Connecticut		5,508
Massachusetts		11,016
Vermont		8,812
All other		36,718
Total gaming visits per year out of Primary Market		146,874
Out of State		67,562

Of the over 1.25 million visitors projected in Year 1, approximately 12% are expected from out of the primary market, with between 5-6% coming from out of state.

However, this average case, as the assumptions in the Study acknowledges using gaming gravitational metrics alone, without adjusting not only for the significant amenity package, but also for the fact that our proposed build out is co-anchored by a facility that legitimately draws from a radius double the primary market's size. One data point to note as an example is the Great Wolf Lodge Resort in Pennsylvania's Pocono Mountains, specifically in Scotrun, PA. That facility sees fully 10-12 % of its 400-500,000 in annual visitors coming from the Boston area.

We are confident that our total concept will expand the gravitational pull and do so in numbers which are more heavily weighted to an out of market constituency from the New York City Metropolitan area, and 5-7 distinct out of State markets.

Our unique attributes and total concept will also help to sustain against downturns germane to facilities concentrated on gaming alone. For example, during the Great Recession, the Waterpark Resort market experienced only marginal impacts on both occupancy and Average Daily Rate. The families that might have otherwise indulged in a longer, "fly-to" relatively expensive vacation scaled back to closer and less expensive "drive-to" alternatives.

Exhibit VIII. B.9.b. Applicants Marketing Plans

Pre-Opening Marketing and Opening Celebrations. Include Minimum Dollar Amounts

Recognizing the need to SPEND BIG to build a BIG BRAND, the Board will see an \$18 million pre opening budget in our total Sources and Uses Statements, much of which is targeted for formulating and developing that brand around Howe Caverns, and then pushing it into the marketplace through a variety of mediums. The fact is that we have at least two distinct audiences to access – the Gamers and the families that would travel to the Waterpark Resort, and all with a cross section of Howe Caverns patrons as well as those interested in the region and Cooperstown at large. We see cross promotional opportunities with bordering regions to capture through travel to and from. But, most of all, we need to build awareness that the Howe Caverns site is something very big – a real destination. This all adds up to a significant budget, but we are confident they will be dollars well invested. The campaigns will emphasize our unique and multi-faceted nature and the opportunity to simply do more in one place. This has to access the more expensive television outlet but we can foresee a variety of efficient electronic mediums that have now been proven successful as well. We will build awareness with a variety of pre-opening events that compliment regional draws including the Hall of Fame induction, certain tournaments at the Dreams Park, and special events for travel professionals and web travel mediums such as Kayak and Orbitz. We anticipate a robust demand from Corporate Retreat coordinators that seek a slightly more out-of-the-way venue, and have programmed in the space and facilities (and sweeping views) to accommodate them. We anticipate working with gaming industry consultants to use targeted pre marketing, and expect that our Waterpark Resort Manager – Operator will also bring and integrate their specific expertise with their family market into our overall plans. Our team has had experience successfully joint marketing and we appreciate the Fair Game initiative to this end. Mr. Malik through the Gateway initiatives that he has spearheaded has orchestrated and continued success on such

efforts between the Detroit Motor City Casino and the Fox Theatre.
Overnight Stays – Our medium case scenarios all call for +/- 120,000
overnight hotel stays in aggregate from the two Hotel facilities, using very
reasonable occupancies below 70% throughout the year on average.

Exhibit VIII. B.9.c. Strategies to Face Seasonal Tourism

Exhibit VIII. B. 9. C.

While cyclical and seasonality are facts of life, and while they are very much already embedded in our forecasting models, we believe we have a total project concept that goes some distance to neutralizing negative impacts, and have resolved to creatively and earnestly invest in initiatives to further mitigate the notion of a “slow” season. First, with a large indoor waterpark amenity alone, we believe we will have far greater winter month demand than would be expected from another more anonymous or even destination quality gaming facility, and this draw would also be pulling from locations much farther than a gaming only gravitational effect. Second, we are as or more proximate to the Catskill ski resorts than any of our Region 2 competitors and have designs on partnerships with those facilities to drive Winter visitation. Third, we intend to develop a convention and meetings business that represents a unique alternative and would see occupancy and activity even mid week during shoulder and slow periods. Our slightly more isolated location will be of great appeal for certain Corporate retreat applications that would want to extricate themselves from mainstream distractions. Fourth, we believe we can appeal to what would otherwise be the primary gaming market with a variety of promotions that give our patrons an opportunity to get away for a 1-3 day trip, at a reasonable cost, with plenty of indoor activity available, all during the in the winter doldrums – an appealing alternative for Upstate New Yorkers and even out of State visitors within probably more of a 120 mile radius versus the 180 mile radius for the waterpark draw.

Exhibit VIII. B.10. Supplemental Tax Payment

Tourism

HoweCaverns Resort and Casino, LLC. will not agree to pay a binding supplemental fee if awarded a License.

Exhibit VIII. B.11. Licensing Fee

Howe Caverns Resort and Casino, LLC. will agree to pay only the licensing fee of \$50,000,000.00 as set forth by the Board as the minimum licensing fee for Region 2.