

## **Exhibit VIII.A.3 (Market/Revenue Study):**

*Submit as Exhibit VIII.A.3. a study completed by an independent expert assessing the size of the potential gaming market for the proposed Gaming Facility. Include annual projections of gaming patronage (e.g. by gaming visitor count) and gaming revenues (including itemization of slot, table and gross revenues) annually for a period of at least the first ten (10) years after opening for gaming on a high-, average- and low-case basis. The high-, average- and low-case bases should be the same as used for tax revenue analysis provided by the Applicant pursuant to Item VIII.B.4 hereof.*

**Include a description of all assumptions that are material to the expert's projections. Substantiate the bases and reasonableness of all such assumptions, for example, by comparison to comparable gaming facilities in comparable gaming markets. The study should explain the model or methodology used to derive the projections, identify the sources and robustness of input data, report the results of projections and include a comparison of those results to actual observed visitation and revenue performance against the most comparable gaming facilities in other jurisdictions for which data are available.**

Please see the attached Gaming Market Assessment by Maxim Strategy Group / Custom Gaming Consulting dated June 22, 2014.

Also see Attachments "A", "B", and "C" for the Template for Exhibit VIII.A.3. provided by the NYS Gaming Commission, completed on a high-, average-, and low-case basis.

# **Gaming Market Assessment**

**Hudson Valley Casino & Resort**

**Town of Newburgh, New York**

**June 22, 2014**

**Prepared for:**

Hudson Valley Casino & Resort

Completed by:

Maxim Strategy Group /

Custom Gaming Consulting

**CONFIDENTIAL**

## Table of Contents

Introduction.....	4
Gaming in New York.....	4
Current Gaming Tax Structure .....	6
Expanding New York Gaming .....	7
New York Gaming Regions .....	8
Gaming Competition .....	8
New York .....	8
<i>Market Share</i> .....	11
<i>Market Growth</i> .....	12
<i>Win/Unit/Day</i> .....	13
Pennsylvania.....	14
<i>Slot Performance</i> .....	14
<i>Table Performance</i> .....	15
Connecticut .....	17
New Jersey.....	19
Proposed Development.....	20
Hudson Valley Casino & Resort.....	20
Site and Accessibility .....	21
Town of Newburgh .....	25
Demographic Overview .....	25
Total Population.....	25
Adult Population .....	26
Income .....	27
Revenue Projections.....	28
Methodology.....	28
<i>Market Areas</i> .....	29
<i>Calibration (2013)</i> .....	35
<i>Baseline (2018)</i> .....	39
Local Market Forecast.....	41
Casino Hotel.....	43
Tourist/Hotel Market.....	44
Motorist Market.....	46
Summary Gross Gaming Revenue.....	47

*High/Low Scenarios* ..... 48  
10 Year Revenue Forecast..... 49  
Repatriation Analysis ..... 49  
Out-of-State Gaming Revenue Analysis..... 50  
Disclaimer..... 51

## Introduction

Maxim Strategy Group (“MSG”) was retained by Hudson Valley Casino & Resort (“Resort”), to forecast the potential customer visitation and gaming revenue that would be generated by this facility. The location lies in the Hudson Valley-Catskills Region as defined by the legislation, in the Town of Newburgh at the intersection of Interstate 84 (“I-84”) and the New York Thruway. The site offers excellent visibility from and access off the New York Thruway and I-84.

In preparation for this study MSG compiled and reviewed data related to the existing competitive casino market in the region, inspected the potential site for suitability, visited the other gaming properties in the region and analyzed the demographics of the region. The following assumptions were considered in the formation of the models and resulting outputs.

- The development would include the casino, a 300-room upscale quality hotel (quickly expandable into 500 rooms if needed), a variety of dining and entertainment venues, full service spa, retail, and ample parking.
- The casino would initially open with 2,750 slot machines and 190 table games, including a 30-table poker room;
- The facility would operate: 24-hours per day; 7 days per week;
- Gaming tax rate would be 39% of Slot Machine Revenue and 10% of Table Game Revenue, as well as an annual \$500 fee per slot machine and table game;
- For purposes of this report, first year of operation would be 2017;
- The existing level of competition in upstate New York will remain unchanged, other than the other proposed upstate resort casinos and a 1,000-machine slots-only casino in both Nassau County and Suffolk County, New York.

## Gaming in New York

In 1988, Congress passed the Indian Gaming Regulatory Act (IGRA). This act allowed federally recognized American Indian tribes to conduct certain gaming activities on tribal land. This included bingo pull tabs, lotto, punch board and certain non-banked card games. However, it required tribes to negotiate compacts with the host state before full-scale casinos were permitted.

In 1993, Governor Mario M. Cuomo signed a compact with Oneida Indian Nation of New York. Shortly thereafter, the Turning Stone Casino Resort became New York’s first casino.

The St. Regis Mohawk Tribe was the next to enter into a compact with the state of New York with Governor Cuomo also in 1999. The Akwesasne Mohawk Casino opened in 1999.

In 2002, Governor Pataki signed the compact with the Seneca Nation of Indians, making them the third Native American tribe in New York permitted to offer Class III gaming. The tribe operates the Seneca Niagara Casino which opened in 2002; Seneca Alleghany Casino which opened in 2004; and the Seneca Buffalo Creek Casino which opened in 2007.

The three tribes operate seven gaming facilities throughout the state. Five of the facilities offer Class III slot machines and a full array of table games. The other two facilities offer Class II gaming machines, poker and bingo.

The state of New York looked to legalize Video Lottery Terminals (“VLT’s”) at racetracks as early as 2002. Similar in appearance to classic slot machines or as simulated classic table games, these terminals are linked to a centralized system maintained by the Gaming Commission that tracks the game play and earnings for each game. VLTs must receive winning outcomes transmitted by the central system. Electronic Table Games (ETGs) which are also permitted, offer video versions of popular casino games like roulette, craps, and baccarat. These machines are capable of generating winning outcomes at each table. After a series of legislative initiatives and subsequent lawsuits, the first New York racetrack was eventually permitted to operate VLT’s in 2004. In 2008, additional legislation intended to further support the viability of the VLT facilities was passed. This legislation increased the operator’s commission as well as increasing the marketing allowances. This was quickly followed by eight more racetracks. Today, there are 9 racinos with over 17,500 VLTs and ETGs in operation.

The following table reflects the New York gaming timeline.

<b>New York Gaming Timeline</b>	
1973 -	New York Legislature establishes the Racing and Wagering Board to oversee all horse racing activities and all pari-mutuel betting activities, both on-track and off-track, in the state
1988 -	The national Indian Gaming Regulatory Act (IGRA) was passed by the U.S. Congress pathing the way for Native American gaming in NY
1993 -	The Racing and Wagering Board is given the authority to regulate Class III gambling
1993 -	The Oneida Indian Nation of New York opens the Turning Stone Casino Resort in Verona
1999 -	The St. Regis Mohawk Tribe opened the Akwesasne Mohawk Casino in Hogansburg
2001 -	The legislature voted to permit Video Lottery Terminals (VLTs) at several New York racetracks
2002 -	The Seneca Nation of Indians opens the Seneca Niagara Casino & Hotel
2004 -	In January, Saratoga Gaming and Raceway opens
2004 -	In February, Finger Lakes Gaming and Racetrack opens
2004 -	In March, Fairgrounds Gaming and Raceway opens
2004 -	In May, Seneca Allegany Casino opens
2004 -	In June, Monticello Gaming and Raceway - Mighty M opens
2005 -	In May, Batavia Downs Gaming opens
2006 -	In July, Tioga Downs Gaming opens
2007 -	In July, Seneca Buffalo Creek Casino opens
2007 -	In October, Yonkers Raceway - Empire City and Vernon Downs Gaming open
2011 -	In October, Resorts World casino at Aqueduct opens
2013 -	In November, voters approved a constitutional amendment to overturn the ban on large casinos to clear the way for the new agreement

Source:UNLV Center for Gaming Research

## Current Gaming Tax Structure

The distribution of Net Win is based on the prior legislation and differs for each location. The overall effective tax rate is estimated to be approximately 66.5%. The Agent Commission, or portion of Net Win paid to the casino operator as compensation for operating the gaming facility is approximately 35%. However, this includes payments to the Horse Breeders as well as Race Purses which approximate 10% of Net Win. Offsetting this are Marketing Expense Allowances reimbursed to the casino operator to finance the costs of advertising, marketing and promoting the video lottery play at the casinos. Each facility is also responsible for mitigation payments to the local and county municipalities to offset expenses incurred as a result of the facility operating in its location, to reduce real property taxes, or to increase support for public schools.

In addition to the marketing expense reimbursement, the state also allows for up to 10% of promotional free play to reduce Net Win before the tax is calculated.

The gaming floor and administration portion is used to reimburse floor vendors (central system and game machine providers) and the administrator of the Video Game Program.

The Capital Award Program allocates a portion of Net Win to the operators of the gaming facility for capital project improvements that specifically improve the facilities and promote or encourage increased attendance.

The Education Contribution is allocated to the State Education Fund for direct aid to education.

Statewide Video Gaming Totals										
Fiscal Year *	Education Contribution	% of Total	Agent Commission	% of Total	Marketing Allowance	% of Total	Gaming Floor & Admin	% of Total	Capital Award	% of Total
2013/2014	\$870.2	45.5%	\$671.7	35.1%	\$163.3	8.5%	\$191.2	10.0%	\$15.9	0.8%
2012/2013	\$831.9	45.6%	\$639.0	35.0%	\$155.9	8.5%	\$182.5	10.0%	\$16.0	0.9%
2011/2012	\$667.0	46.7%	\$477.5	33.5%	\$123.8	8.7%	\$142.7	10.0%	\$15.8	1.1%
2010/2011	\$521.3	47.0%	\$364.1	32.8%	\$97.9	8.8%	\$111.0	10.0%	\$15.3	1.4%
* Period ending March										

Source: New York State Lottery

The true agent commission for operators ranges from a low of 21% for number of facilities to a high of 39% for Tioga Downs.

## *Expanding New York Gaming*

In November 2013, New York voters approved legislation that would allow four (4) upstate destination gaming resorts. The Upstate New York Gaming Economic Development Act authorizes four destination gaming resorts in Upstate New York. The regions that have been designated for at least one development are:

- Hudson Valley – Catskill Region
- Capital Region
- Southern Tier Region

No more than two casinos in any of the three regions will be permitted; The Tribal casinos retain their geographical exclusivity. There will be a seven year exclusivity period from first license awarded that prohibits the development of full-service casinos in the Downstate Region. This includes the counties of Westchester, Rockland, Putnam, New York City or Long Island at this time.

The new gaming tax rate structure for the full-service casinos in the Hudson Valley-Catskill Region will be as follows:

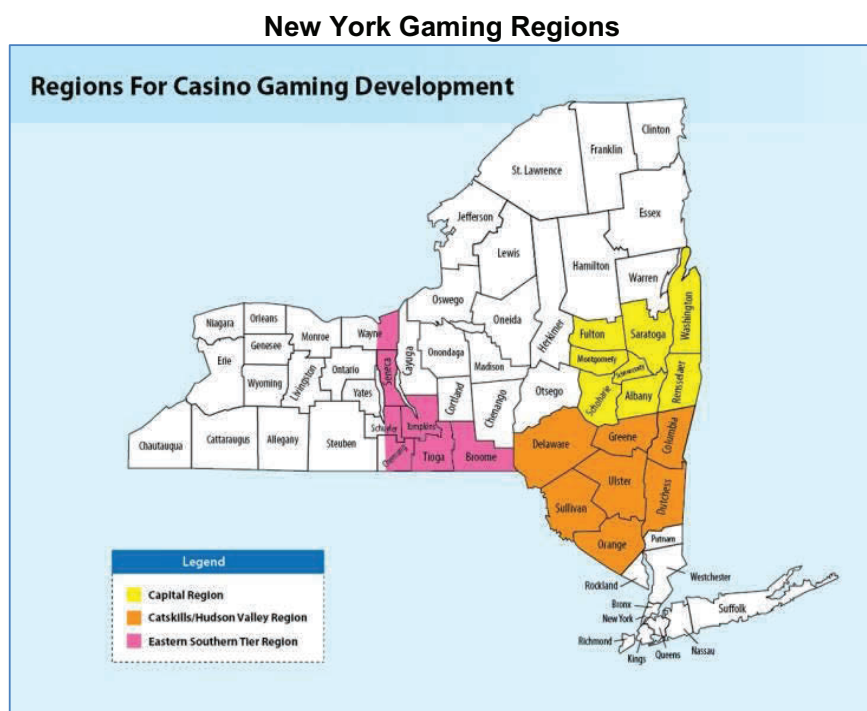
- 39 percent of slot machine revenue
- 10 percent of table game revenue
- \$500 per slot machine annual payment

In addition, one 1,000-unit VLT-only facility is permitted in each of Nassau County and Suffolk County, both on Long Island.



## New York Gaming Regions

The following map shows the areas defined as tiers that would be permitted gaming.



## Gaming Competition

Gaming competition currently operating in four (4) states would impact the revenue potential of the proposed project, including New York, Pennsylvania, Connecticut, and New Jersey.

### *New York*

There are a total of 16 gaming facilities currently operating in the State of New York (Nine racinos and 7 Native American operated), however from a location standpoint only seven (7) would be considered primary or secondary competition for the proposed development in Newburgh. Within 2-hours of Newburgh, there are four primary gaming facilities, the closest being the Monticello racino in Monticello NY. The closest full resort is Turning Stone located in Vernon, which is operated by the Oneida Indian Nation.

New York Regional Gaming Locations							
						Distance from Newburgh	
	Property	Zone	County	City	Type	Miles	Time
<b>Primary Competitors</b>							
1	Monticello	Catskills	Sullivan	Monticello	Racino	49	0:48
2	Empire City		Bronx	Yonkers	Racino	55	1:01
3	Resorts World		Queens	Jamaica	Racino	74	1:26
4	Saratoga	Capital	Saratoga	Saratoga Springs	Racino	124	1:53
<b>Secondary Competitors</b>							
5	Tioga Downs	Southern Tier	Tioga	Nichols	Racino	172	2:39
6	Vernon Downs	Oneida	Oneida	Vernon	Racino	200	2:57
7	Turning Stone	Oneida	Oneida	Vernon	Casino Resort	200	2:57

Source: Maxim Strategy Group; MapQuest

Racetrack casino operations began in New York in 2004 with the opening of Finger Lakes, Hamburg, Saratoga, and Monticello, followed by Batavia in 2005. Vernon Downs, Tioga Downs and Yonkers opened in 2006. Lastly, Resorts World (Aqueduct) opened most recently in October 2011.

From 2008 until 2012, the state has averaged 17.5% annually growth in gaming revenue. The Downstate facilities were responsible for the majority of this increase, however the other regions also showed growth, averaging 6% annually. This was due in large part to the gaming tax adjustments/free play subsidies that went into effect. For 2013, the downstate casinos averaged 10% growth while all other regions remained flat.

In total, the New York racinos posted gaming revenue of \$1.93 billion in 2013, reflecting an increase of 6.8% over the prior year. This gain is on a same-store basis, since all the casinos have been open for at least two (2) years. The Downstate facilities showed growth of 10.5% due mainly to a strong performance at Resorts World. Yonkers posted a slight gain, thus rebounding from a 13% decline in 2012. This decline is attributed to ramp up of Resorts World operation. The Upstate properties were flat with a slight decline of -0.8%. Batavia is benefiting from a modest expansion. The decline at Fairgrounds comes on the heels of double-digit growth in each of the preceding five years.

Resorts World and Empire City (Downstate Zone) combine to account for nearly 70% of VLT revenue. Of the Upstate properties, Saratoga continues to be the highest grossing facility with revenue of approximately \$160 million (2013) or 8% of the total, followed by Finger Lakes at \$132 million (7% of the total). The remaining five (5) racinos account for between 2% and 4% of the total. Vernon Downs and Batavia continue to show the lowest gaming revenue of about \$45 million, as they live under the shadow of large Native American casinos.

The New York racinos offered an average of about 17,700 slot positions in 2013, roughly 58% of which relate to the Downstate facilities. Thus, these casinos realize a significant premium to fair share. Of the Upstate racinos, the counts ranged from a low of 670 for Batavia to a high of 1,780 for Saratoga. With the exception of Monticello, the counts have been fairly consistent over the last several years. Monticello downsized in 2009 and 2010, presumably in response to falling

revenue. Empire City also added slot machines in 2013, as they rebound from additional competition.

Win per unit per day (“W/U/D”) averaged \$312 for the New York racinos in 2013, ranging from a low of approximately \$160 for Monticello and Vernon Downs to a high of \$430 for Resorts World. In general, the higher grossing facilities generally showed a higher W/U/D, as they capture a premium to fair share.

The following tables reflect the historical performance of the New York racinos operating in each region.

## Market Share

New York Racino Market Share Analysis										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Seneca Zone</b>										
Finger Lakes	\$55.4	\$71.0	\$86.6	\$93.2	\$101.4	\$111.1	\$115.7	\$122.0	\$129.6	\$131.5
Market Share	28.8%	24.1%	20.3%	11.3%	10.7%	10.9%	10.6%	9.7%	7.2%	6.8%
Fairgrounds	\$27.5	\$37.7	\$41.9	\$44.9	\$50.0	\$55.1	\$61.6	\$72.7	\$81.2	\$76.8
Market Share	14.3%	12.8%	9.8%	5.4%	5.3%	5.4%	5.7%	5.8%	4.5%	4.0%
Batavia	\$0.0	\$14.7	\$24.0	\$28.2	\$32.5	\$36.3	\$38.0	\$39.8	\$45.1	\$46.5
Market Share	0.0%	5.0%	5.6%	3.4%	3.4%	3.6%	3.5%	3.2%	2.5%	2.4%
<b>Seneca Subtotal</b>	<b>\$82.9</b>	<b>\$123.4</b>	<b>\$152.5</b>	<b>\$166.3</b>	<b>\$183.8</b>	<b>\$202.5</b>	<b>\$215.4</b>	<b>\$234.5</b>	<b>\$255.9</b>	<b>\$254.8</b>
	<b>43.1%</b>	<b>41.8%</b>	<b>35.8%</b>	<b>20.1%</b>	<b>19.4%</b>	<b>19.9%</b>	<b>19.8%</b>	<b>18.6%</b>	<b>14.2%</b>	<b>13.2%</b>
<b>Southern Tier Zone</b>										
Tioga	\$0.0	\$0.0	\$20.9	\$41.4	\$47.2	\$49.4	\$53.0	\$57.0	\$61.7	\$59.6
Market Share	0.0%	0.0%	4.9%	5.0%	5.0%	4.8%	4.9%	4.5%	3.4%	3.1%
<b>Onieda Zone</b>										
Vernon	\$0.0	\$0.0	\$7.2	\$32.1	\$37.3	\$37.1	\$41.3	\$42.3	\$43.7	\$43.7
Market Share	0.0%	0.0%	1.7%	3.9%	3.9%	3.6%	3.8%	3.4%	2.4%	2.3%
<b>Capital Region Zone</b>										
Saratoga	\$77.3	\$103.6	\$119.3	\$129.8	\$134.4	\$136.0	\$139.7	\$150.4	\$159.8	\$159.6
Market Share	40.2%	35.1%	28.0%	15.7%	14.2%	13.3%	12.8%	11.9%	8.9%	8.3%
<b>Catskill Zone</b>										
Monticello	\$32.3	\$68.1	\$76.5	\$64.3	\$58.1	\$53.8	\$57.4	\$60.9	\$63.9	\$62.8
Market Share	16.8%	23.1%	17.9%	7.8%	6.1%	5.3%	5.3%	4.8%	3.5%	3.3%
<b>Subtotal</b>	<b>\$192.4</b>	<b>\$295.0</b>	<b>\$376.4</b>	<b>\$433.9</b>	<b>\$460.8</b>	<b>\$478.8</b>	<b>\$506.8</b>	<b>\$545.1</b>	<b>\$584.9</b>	<b>\$580.5</b>
<b>Market Share</b>	<b>100.0%</b>	<b>100.0%</b>	<b>88.3%</b>	<b>52.4%</b>	<b>48.6%</b>	<b>47.0%</b>	<b>46.5%</b>	<b>43.3%</b>	<b>32.5%</b>	<b>30.1%</b>
<b>Downstate Zone</b>										
Yonkers	\$0.0	\$0.0	\$49.9	\$394.3	\$486.5	\$540.5	\$582.2	\$624.4	\$544.7	\$559.9
Market Share	-	-	11.7%	47.6%	51.4%	53.0%	53.5%	49.6%	30.2%	29.1%
Resorts World	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$89.3	\$672.6	\$785.1
Market Share	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	7.1%	37.3%	40.8%
<b>Subtotal</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$49.9</b>	<b>\$394.3</b>	<b>\$486.5</b>	<b>\$540.5</b>	<b>\$582.2</b>	<b>\$713.7</b>	<b>\$1,217.3</b>	<b>\$1,345.1</b>
<b>Market Share</b>	<b>0.0%</b>	<b>0.0%</b>	<b>11.7%</b>	<b>47.6%</b>	<b>51.4%</b>	<b>53.0%</b>	<b>53.5%</b>	<b>56.7%</b>	<b>67.5%</b>	<b>69.9%</b>
<b>Total</b>	<b>\$192.4</b>	<b>\$295.0</b>	<b>\$426.3</b>	<b>\$828.2</b>	<b>\$947.3</b>	<b>\$1,019.3</b>	<b>\$1,089.0</b>	<b>\$1,258.8</b>	<b>\$1,802.2</b>	<b>\$1,925.6</b>

Source: NY Gaming Commission; Maxim Strategy Group

## Market Growth

New York Racino Gaming Revenue Growth										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Seneca Zone</b>										
Finger Lakes	-	28.2%	21.9%	7.6%	8.8%	9.6%	4.2%	5.4%	6.2%	1.4%
Fairgrounds	-	36.9%	11.2%	7.2%	11.5%	10.2%	11.9%	17.9%	11.8%	-5.4%
Batavia	-	-	63.6%	17.7%	14.9%	11.9%	4.6%	4.7%	13.4%	3.1%
<b>Seneca Subtotal</b>	-	<b>48.8%</b>	<b>23.6%</b>	<b>9.1%</b>	<b>10.5%</b>	<b>10.1%</b>	<b>6.4%</b>	<b>8.9%</b>	<b>9.2%</b>	<b>-0.5%</b>
<b>Southern Tier Zone</b>										
Tioga	-	-	-	98.5%	14.0%	4.5%	7.5%	7.5%	8.3%	-3.4%
<b>Onieda Zone</b>										
Vernon	-	-	-	345.6%	16.2%	-0.3%	11.1%	2.6%	3.2%	0.1%
<b>Capital Region Zone</b>										
Saratoga	-	34.0%	15.2%	8.8%	3.5%	1.2%	2.7%	7.7%	6.2%	-0.1%
<b>Catskill Zone</b>										
Monticello	-	110.8%	12.4%	-16.0%	-9.6%	-7.5%	6.8%	6.1%	4.9%	-1.6%
<b>Subtotal</b>	-	<b>53.3%</b>	<b>27.6%</b>	<b>15.3%</b>	<b>6.2%</b>	<b>3.9%</b>	<b>5.9%</b>	<b>7.6%</b>	<b>7.3%</b>	<b>-0.8%</b>
<b>Downstate Zone</b>										
Yonkers	-	-	-	689.7%	23.4%	11.1%	7.7%	7.2%	-12.8%	2.8%
Resorts World	-	-	-	-	-	-	-	-	653.2%	16.7%
<b>Subtotal</b>	-	-	-	-	<b>23.4%</b>	<b>11.1%</b>	<b>7.7%</b>	<b>22.6%</b>	<b>70.6%</b>	<b>10.5%</b>
<b>Total</b>	-	<b>53.3%</b>	<b>44.5%</b>	<b>94.3%</b>	<b>14.4%</b>	<b>7.6%</b>	<b>6.8%</b>	<b>15.6%</b>	<b>43.2%</b>	<b>6.8%</b>

Source: NY Gaming Commission; Maxim Strategy Group

## Win/Unit/Day

New York Racino Win/Unit/Day Analysis										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Seneca Zone</b>										
Finger Lakes	\$191	\$193	\$226	\$213	\$232	\$254	\$264	\$280	\$298	\$284
# of Units	926	1,010	1,048	1,199	1,199	1,199	1,199	1,195	1,192	1,268
Fairgrounds	\$94	\$104	\$118	\$128	\$143	\$157	\$180	\$212	\$237	\$224
# of Units	990	990	972	961	959	959	941	939	940	940
Batavia	n/a	\$112	\$112	\$131	\$149	\$165	\$172	\$180	\$195	\$191
# of Units	n/a	586	588	591	596	604	605	607	635	666
<b>Seneca Average</b>	<b>\$143</b>	<b>\$150</b>	<b>\$160</b>	<b>\$166</b>	<b>\$183</b>	<b>\$201</b>	<b>\$215</b>	<b>\$234</b>	<b>\$253</b>	<b>\$243</b>
<b># of Units</b>	<b>1,916</b>	<b>2,586</b>	<b>2,608</b>	<b>2,751</b>	<b>2,754</b>	<b>2,762</b>	<b>2,745</b>	<b>2,741</b>	<b>2,767</b>	<b>2,874</b>
<b>Southern Tier Zone</b>										
Tioga	n/a	n/a	\$142	\$142	\$161	\$169	\$181	\$195	\$211	\$204
# of Units	n/a	n/a	802	802	802	802	802	802	802	802
<b>Onieda Zone</b>										
Vernon	n/a	n/a	\$132	\$114	\$133	\$133	\$147	\$151	\$156	\$156
# of Units	n/a	n/a	767	767	767	767	767	767	767	767
<b>Capital Region Zone</b>										
Saratoga	\$171	\$214	\$246	\$223	\$208	\$211	\$216	\$231	\$246	\$246
# of Units	1,324	1,324	1,326	1,593	1,770	1,770	1,775	1,782	1,780	1,780
<b>Catskill Zone</b>										
Monticello	\$98	\$110	\$133	\$111	\$100	\$105	\$144	\$150	\$158	\$155
# of Units	1,744	1,693	1,580	1,587	1,587	1,401	1,089	1,110	1,110	1,110
<b>Subtotal</b>	<b>\$136</b>	<b>\$156</b>	<b>\$192</b>	<b>\$168</b>	<b>\$174</b>	<b>\$185</b>	<b>\$205</b>	<b>\$220</b>	<b>\$235</b>	<b>\$230</b>
<b># of Units</b>	<b>4,984</b>	<b>5,603</b>	<b>7,084</b>	<b>7,500</b>	<b>7,680</b>	<b>7,502</b>	<b>7,179</b>	<b>7,201</b>	<b>7,226</b>	<b>7,333</b>
<b>Downstate Zone</b>										
Yonkers	n/a	n/a	\$263	\$208	\$250	\$278	\$300	\$319	\$299	\$288
# of Units	n/a	n/a	2,264	5,206	5,339	5,320	5,309	5,355	4,987	5,327
Resorts World	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$471	\$372	\$430
# of Units	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,919	4,954	5,004
<b>Subtotal</b>	<b>n/a</b>	<b>n/a</b>	<b>\$263</b>	<b>\$208</b>	<b>\$250</b>	<b>\$278</b>	<b>\$300</b>	<b>\$401</b>	<b>\$335</b>	<b>\$357</b>
<b># of Units</b>	<b>n/a</b>	<b>n/a</b>	<b>2,264</b>	<b>5,206</b>	<b>5,339</b>	<b>5,320</b>	<b>5,309</b>	<b>8,274</b>	<b>9,941</b>	<b>10,331</b>
<b>Total</b>	<b>\$136</b>	<b>\$156</b>	<b>\$180</b>	<b>\$188</b>	<b>\$209</b>	<b>\$229</b>	<b>\$251</b>	<b>\$257</b>	<b>\$301</b>	<b>\$312</b>
<b># of Units</b>	<b>4,984</b>	<b>5,603</b>	<b>9,348</b>	<b>12,705</b>	<b>13,018</b>	<b>12,822</b>	<b>12,487</b>	<b>15,475</b>	<b>17,167</b>	<b>17,664</b>

Source: NY Gaming Commission; Maxim Strategy Group

## Pennsylvania

There are a total of 12 gaming facilities currently operating in the State of Pennsylvania, however, from a location standpoint only six (6) would be considered primary or secondary competition for the proposed development in Newburgh. Within 2-hours of Newburgh, there are three primary gaming facilities: Mount Airy; Mohegan Sun at Pocono Downs; and Sands Bethlehem. All the Pennsylvania casino are full-service, featuring both slots and tables.

Pennsylvania Regional Gaming Locations							
				Gaming Positions (YE 13)		Distance from Newburgh	
	Property	City	Type	Slots	Tables	Miles	Time
<b>Primary Competitors</b>							
1	Mount Airy	Mount Pocono	Casino Resort	1,875	74	95	1:41
2	Mohegan Sun at Pocono Downs	Wilkes-Barre	Casino Resort	2,330	84	111	1:42
3	Sands Bethlehem	Bethlehem	Casino Resort	3,010	183	125	1:55
<b>Secondary Competitors</b>							
4	Parx	Bensalem	Full-Service Casino	3,360	166	131	2:13
5	Valley Forge	King of Prussia	Casino Resort	600	50	151	2:29
6	Sugar House	Philadelphia	Full-Service Casino	1,600	58	146	2:28

## Slot Performance

These six (6) Pennsylvania casino posted slot gaming revenue of \$1.26 billion in 2013, reflecting a 2% decline compared to the prior year. Parx showed the highest gaming revenue total of \$368 million compared to Valley Forge on the low end at \$63 million. On a same-store basis, these facilities posted declines in revenue ranging between 1% and 5% in 2013, despite nearly all posting growth in 2012.

Slot Win per Unit per Day (“WPUPD”) for the Pennsylvania competitors average \$270 in 2013, fairly steady when compared to the prior year, but up considerable from the near-term low posted in 2010. Slot WPUPD ranged from a low of \$203 for Mount Airy to a high of \$309 for Sugar House. A figure towards the high end of this range would suggest an efficient slot floor, while a figure on the low end would suggest excess capacity.

<b>Slot Performance - Pennsylvania Competition</b>							
	Mount Airy	Mohegan Sun (Pocono Downs)	Sands Bethlehem	Parx	Valley Forge	Sugar House	Total
<b>Slot Revenue (\$M):</b>							
2008	\$176.4	\$185.6	\$0.0	\$345.5	\$0.0	\$0.0	<b>\$707.5</b>
2009	\$164.6	\$220.8	\$142.3	\$359.3	\$0.0	\$0.0	<b>\$887.0</b>
2010	\$143.8	\$224.8	\$258.7	\$398.2	\$0.0	\$37.1	<b>\$1,062.5</b>
2011	\$145.8	\$232.8	\$271.0	\$376.7	\$0.0	\$171.0	<b>\$1,197.2</b>
2012	\$149.8	\$232.2	\$291.5	\$384.6	\$36.5	\$190.2	<b>\$1,284.8</b>
2013	\$142.9	\$219.7	\$288.4	\$368.4	\$63.2	\$180.8	<b>\$1,263.3</b>
<b>% Change:</b>							
2009	-7%	19%	NA	4%	NA	NA	<b>25%</b>
2010	-13%	2%	NA	11%	NA	NA	<b>20%</b>
2011	1%	4%	5%	-5%	NA	NA	<b>13%</b>
2012	3%	0%	8%	2%	NA	11%	<b>7%</b>
2013	-5%	-5%	-1%	-4%	73%	-5%	<b>-2%</b>
<b>WPUPD:</b>							
2008	\$191	\$282	NA	\$335	NA	NA	<b>\$271</b>
2009	\$180	\$245	\$216	\$339	NA	NA	<b>\$251</b>
2010	\$163	\$262	\$229	\$322	NA	\$236	<b>\$249</b>
2011	\$174	\$271	\$246	\$299	NA	\$295	<b>\$258</b>
2012	\$197	\$272	\$264	\$304	\$217	\$324	<b>\$271</b>
2013	\$203	\$258	\$262	\$300	\$289	\$309	<b>\$270</b>

### **Table Performance**

These six (6) Pennsylvania competitors posted table gaming revenue of \$498 million in 2013, reflecting a 12% gain compared to the prior year; on the heels of 18% growth in 2012. Sands Bethlehem showed the highest gaming revenue total by far of \$177 million compared to Valley Forge on the low end at \$33 million. On a same-store basis, Sands Bethlehem posted a 21% gain in table revenue in 2013, while Parx also showed strong growth of 8%.

Table Win per Unit per Day (“WPUPD”) for the Pennsylvania competitors average about \$2,200 in 2013, up modestly compared to the prior year. Table WPUPD ranged from a low of approximately \$1,400 for Mohegan Sun to a high of \$4,000 for Sugar House. The latter likely indicates a need for additional capacity.



<b>Table Performance - Pennsylvania Competition</b>							
	Mount Airy	Mohegan Sun (Pocono Downs)	Sands Bethlehem	Parx	Valley Forge	Sugar House	Total
<b>Table Revenue (\$M):</b>							
2010	\$19.5	\$18.5	\$27.4	\$34.4	\$0.0	\$17.1	<b>\$116.9</b>
2011	\$39.6	\$42.0	\$106.4	\$114.5	\$0.0	\$74.2	<b>\$376.7</b>
2012	\$39.7	\$42.7	\$146.5	\$110.0	\$21.4	\$83.9	<b>\$444.2</b>
2013	\$40.5	\$43.8	\$176.6	\$119.2	\$33.0	\$84.8	<b>\$498.0</b>
<b>% Change:</b>							
2011	NA	NA	NA	NA	NA	NA	<b>NA</b>
2012	0%	2%	38%	-4%	NA	13%	<b>18%</b>
2013	2%	2%	21%	8%	54%	1%	<b>12%</b>
<b>WPUPD:</b>							
2010	\$1,425	\$1,404	\$1,879	\$3,015	NA	\$4,279	<b>\$2,058</b>
2011	\$1,492	\$1,371	\$2,470	\$1,854	NA	\$4,360	<b>\$2,104</b>
2012	\$1,509	\$1,390	\$2,659	\$1,718	\$1,528	\$4,197	<b>\$2,114</b>
2013	\$1,523	\$1,427	\$2,669	\$1,980	\$1,811	\$4,011	<b>\$2,232</b>

Table revenue as a percent of total gaming revenue average 28% for the Pennsylvania competitors in 2013, up slightly from 26% in 2012. The table proportions ranged from a high of 38% for Sands Bethlehem to a low of 17% for Mohegan Sun at Pocono Downs. This high mark would rival the ratio for Las Vegas and Atlantic City. Valley Forge and Sugar House also fell on the high end of the range at 34% and 32%, respectively, in 2013.

<b>Table Proportion - Pennsylvania Competition</b>							
	Mount Airy	Mohegan Sun (Pocono Downs)	Sands Bethlehem	Parx	Valley Forge	Sugar House	Total
2012	21%	16%	33%	22%	37%	31%	<b>26%</b>
2013	22%	17%	38%	24%	34%	32%	<b>28%</b>

## **Connecticut**

Connecticut offers two marquee Native American casinos. Foxwoods and Mohegan Sun are substantial destination resort casinos in that the product offering is designed to attract patrons from long distances for overnight stays. The properties pay 25% of slot revenue through a revenue sharing agreement with the state and do not tax or report table game revenue. According to historical filings with the Securities and Exchange Commission, Mohegan Sun generates approximately 29% of Gross Gaming Revenue (“GGR”) from table games. As a result, the effective gaming tax rate would approximate 18% of total GGR.

In 1992, the Mashantucket Pequot Tribe opened Foxwoods Casino Resort. It has consistently been one of the most successful casinos in the country with estimated total revenue exceeding \$1 Billion. The property has grown and expanded throughout the years. In 2008, the tribe partnered with MGM to open another expansion. Attached by a retail and meeting space promenade is the MGM at Foxwoods Resort. Today, the total resort offers 5,800 slot machines and approximately 450 table games. A total of 2,200 high-end hotels rooms accommodate overnight gamers and tourist alike. The casinos and hotels are supported by roughly 32 dining options and bars, serving an extremely wide array of cuisines in numerous atmospheres, including numerous quick-serve venues.

### **Foxwoods**

Foxwoods posted slot machine gaming revenue of \$531 million in 2013, a decrease of 8% from the prior year. From a longer term perspective revenue has declined by about \$250 million or 32% since 2007 or an average of approximately 6% per year over the six year period. The weak results reflect a variety of factors including the nationwide recession and more intense competition from casinos in NYC and Rhode Island.

In response to falling revenue, Foxwoods has reduced its slot positions from a peak of about 7,730 in 2008 to 5,800 currently. As a result, in contrast to the revenue decline, win per unit per day (WPUPD) has been fairly stable in the \$250 range over the last several years.

According to research conducted by the University of Massachusetts Dartmouth Center for Policy Analysis, Foxwoods attracts a higher percentage of patronage from Massachusetts and Rhode Island relative to Mohegan Sun. While Mohegan Sun captures more visits from Connecticut and New York.

### **Mohegan Sun**

Opening in 1996, Mohegan Sun offers several large gaming floors, numerous lodging options, over 35 food and beverage venues, a full-service conference center, specialty retail and a 10,000-seat arena for live headliner entertainment.

Mohegan Sun posted slot machine gaming revenue of \$614 million in 2013, roughly 16% higher than Foxwoods. The gap increased modestly in 2013. Nonetheless, gaming revenue fell about 6% from the prior year and 32% over the last six years; again due to various factors including the nationwide recession and more intense competition from casinos in NYC and Rhode Island.

Mohegan Sun pushed slot counts higher through 2009 offering a record 6,800 machines. It has since pared down to approximately 5,500 machines in December 2013. Thus, WPUPD has been steady over the last few years in the \$304 to \$315 range.

<b>Connecticut Slot Revenue</b>								
<b>(\$M)</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>CAGR *</b>
<b>Foxwoods</b>								
Slot Machine Revenue	\$783.4	\$728.0	\$684.4	\$649.0	\$633.8	\$576.8	\$530.6	-6%
# of Units	7,240	7,734	7,641	6,964	6,440	6,276	5,921	-3%
WPUPD	\$296	\$258	\$245	\$255	\$270	\$252	\$246	-3%
<b>Mohegan Sun</b>								
Slot Machine Revenue	\$901.2	\$842.9	\$763.9	\$736.2	\$712.3	\$652.8	\$614.4	-6%
# of Units	6,061	6,300	6,752	6,405	6,318	5,880	5,533	-2%
WPUPD	\$407	\$367	\$310	\$315	\$309	\$304	\$304	-5%
<b>Total Slot Revenue</b>								
Slot Machine Revenue	\$1,684.6	\$1,570.9	\$1,448.3	\$1,385.2	\$1,346.1	\$1,229.6	\$1,144.9	-6%
# of Units	13,301	14,034	14,393	13,369	12,758	12,156	11,454	-2%
WPUPD	\$347	\$307	\$276	\$284	\$289	\$277	\$274	-4%
Source: State of Connecticut - Department of Consumer Protection								
* Compounded Average Annual Growth over the 6-year period.								

As noted, table game revenue at the two Connecticut facilities is not included in the statistics above. Assuming a similar percentage of table game revenue at Foxwoods that Mohegan has realized in the past, table game revenue for the Connecticut casinos could be in the range of the \$475 million, bring total revenue to approximately \$1.61 billion.

## New Jersey

New Jersey hosts the second largest gaming market in the country – Atlantic City. Atlantic City features a cluster of 12 casinos offering roughly 25,900 slot machines and over 1,600 table games. Almost all the major casinos companies have facilities in Atlantic City.

The Atlantic City market has posted weak gaming revenue results over the last six (6) years due mainly to the proliferation of gaming capacity in a number of its major feeder markets including New York City, Philadelphia, Upstate New York, Northeastern Pennsylvania, and most recently Maryland. The nationwide economic recession, and Hurricane Sandy also severely impacted Atlantic City starting in late 2008.

Gaming revenue has fallen 44% or \$2.3 billion since the markets peak of \$5.2 billion in 2006. Over the last five years, gaming revenue has declined an average of 9% per year, comprising an 8% decline in the slot sector and an 11% decline in the table sector. In comparison, the 2013 period showed some improvement as slot and table revenue declined 5% and 7%, respectively; reflecting the lowest percent decline in the last five years.

The Atlantic City casinos have trimmed slot counts significantly in order to maintain slot WPUPD. Nonetheless, slot WPUPD has declined from \$247 in 2008 to \$218 in 2013. The latter figure suggest excess capacity. The table count has been steadier, which has resulted in significant declines in table WPUPD. Table WPUPD has fallen from a peak of around \$2,400 in 2007 to a near-term low of \$1,350 in 2013. Table revenue as a percent of total revenue, was about 28% in 2013, down modestly over the last few years.

<b>Atlantic City Gaming Revenue Summary</b>							
	Slot Revenue (\$M)	Table Revenue (\$M)	Total (\$M)	Slot Count	Slot WPUPD	Table Count	Table WPUPD
2008	\$3,132.8	\$1,412.5	\$4,545.2	34,801	\$247	1,649	\$2,347
2009	\$2,722.7	\$1,221.4	\$3,944.1	31,677	\$235	1,628	\$2,056
2010	\$2,484.9	\$1,088.0	\$3,572.9	29,072	\$234	1,614	\$1,847
2011	\$2,341.2	\$974.7	\$3,315.8	27,302	\$235	1,590	\$1,680
2012	\$2,191.5	\$859.6	\$3,051.1	27,123	\$221	1,649	\$1,428
2013	\$2,073.1	\$801.2	\$2,874.3	26,085	\$218	1,624	\$1,351
<b>% Change:</b>							
2009	-13%	-14%	-13%	-9%	-5%	-1%	-12%
2010	-9%	-11%	-9%	-8%	-1%	-1%	-10%
2011	-6%	-10%	-7%	-6%	0%	-2%	-9%
2012	-6%	-12%	-8%	-1%	-6%	4%	-15%
2013	-5%	-7%	-6%	-4%	-2%	-2%	-5%

# Proposed Development

## *Hudson Valley Casino & Resort*

The proposed development is situated on the southwest corner of the intersection of Interstate 84 and the New York Thruway. The casino will have over 125,000 square feet of gaming floor with 2,750 slot machines and 190 table games, including a 30-table themed poker room. The gaming area will include a high-limited area as well as a specialty gaming area. The facility is expected to include a variety of dining and entertainment amenities appropriate for a high quality casino of this size to adequately accommodate the anticipated visitation.

The resort is also expected to include a multi-purpose event room capable of hosting approximately 2,200 guests. This venue will be capable of hosting live headliner entertainment as well as accommodating large meetings and conferences. In support of conferences, an additional series of meeting rooms will be included.

A feature of the project plan is a 300-room four-star hotel. The hotel would offer a standard room and various suite options. The standard room would measure from 450 – 500 square feet and feature a separate living area and upgraded bath. The bath would offer two (2) vanities and a separate shower and Jacuzzi Tub. The junior level suites would measure about 850 square feet, and offer a larger living area and separate bedroom. The signature suites would measure in excess of 1,000 square feet, and offer two bedrooms and two baths. Hotel amenities would include a resort-style indoor/outdoor pool and deck area; a health club; and a full-service spa and salon. The pool area would be capable of offering food and beverage during seasonal peak periods.

## Site and Accessibility

### Regional Perspective

The proposed development site lies in the Hudson Valley-Catskills Region in Orange County in southern New York State. The site lies at the intersection of Interstate 84 and the New York Thruway, the area that begins to funnel into New York City. The site is about 80 miles south of Albany, 55 miles north of downtown NYC, and 74 miles southwest of Hartford. Interstate 84 provides excellent access to the key out of state feeder markets, Massachusetts, New Jersey and Pennsylvania.



The following table show the travel distance and travel time from various major cities in the region to the proposed development site.

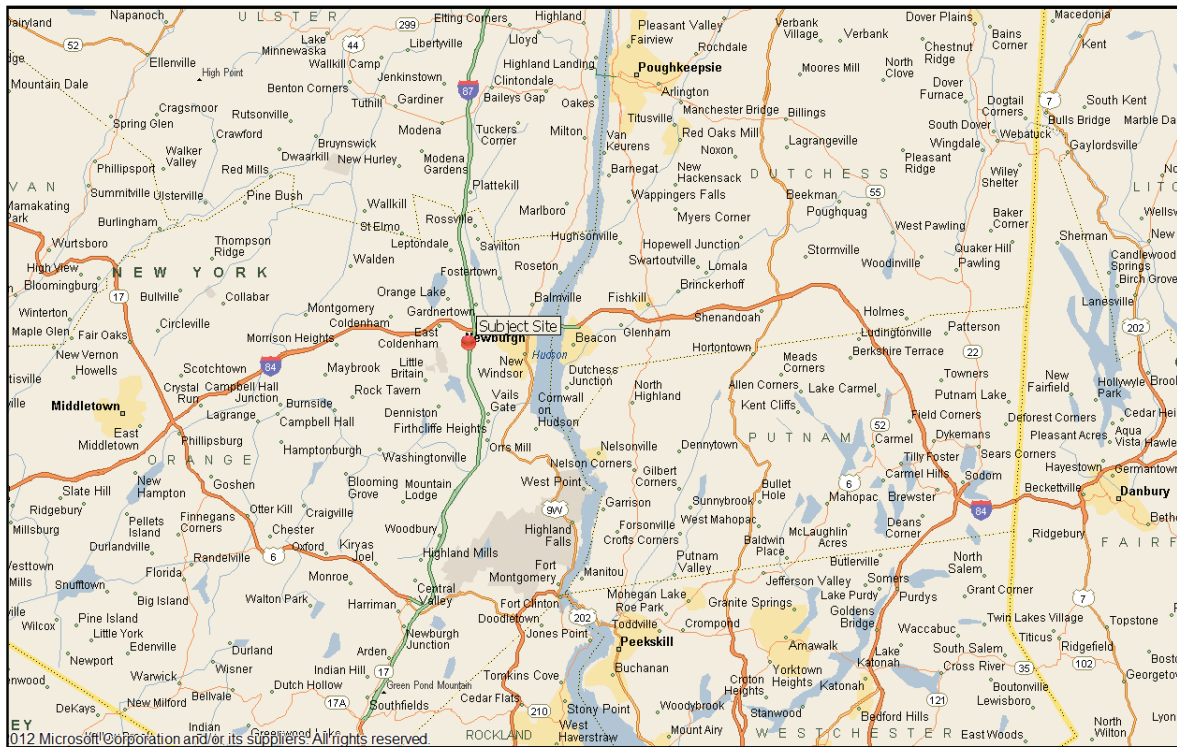
<b>Travel Distance and Drive Time from Site</b>		
<b>Cities</b>	<b>Miles</b>	<b>Hrs / Min</b>
Albany, NY	88	1:18
New York City	66	1:09
Hartford, CT	99	1:35
Waterbury, CT	69	1:06
New Haven, CT	77	1:29
Bridgeport, CT	72	1:18
Stamford, CT	70	1:05
Paterson, NJ	49	0:50
Jersey City, NJ	65	1:09
Elizabeth, NJ	69	1:12
Newark, NJ	63	1:04
Scranton, PA	94	1:22
Wilkes-Barre, PA	111	1:39
Bethlehem, PA	123	1:53
Philadelphia, PA	149	2:23

Source: MapQuest

### Close-In Perspective

From a close-in perspective, the site is in the Town of Newburgh at the intersection of I-84 and the New York Thruway. The Hudson River runs parallel to the New York Thruway in the vicinity of the site.

The Newburgh area (including the Town of Newburgh and City of Newburgh) is surrounded by four (4) decent-sized towns, including Poughkeepsie to the north, Danbury (CT) to the east, Peekskill to the south and Middletown to the west. For the most part, these towns would have direct access to the subject via the area interstates.



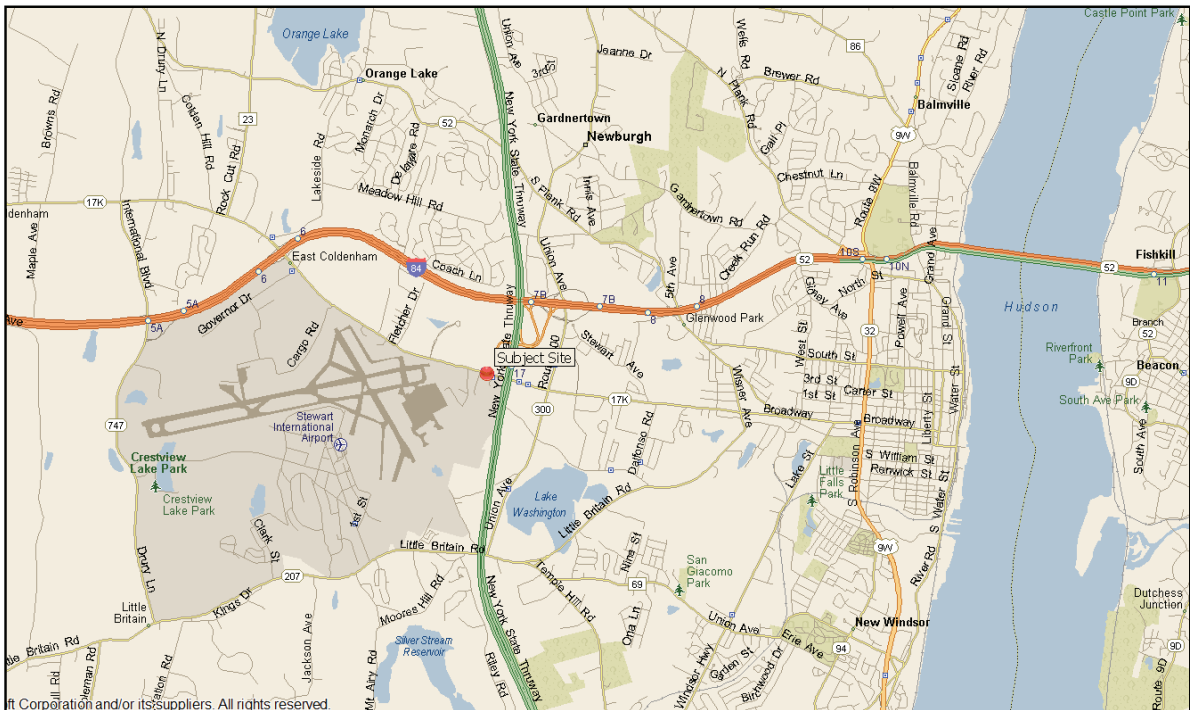


### Site Perspective

The site lies in the southwest quadrant of the intersection of Interstate 84 and the New York Thruway. The primary routes to the site are as follows from the Interstate network. Patrons coming from the south will exit the Thruway directly onto Route 17. Patrons coming from the north will exit the Thruway, circling around to Union Avenue, before using Route 17 to access the site. Patrons coming from the east will exit I-84 onto Union Avenue and then make a right turn onto Route 17. Patrons coming from the west will exit I-84 directly onto Route 17.

Immediately to the south of the site is the Stewart International Airport, a regional airport servicing the northwest.

### Site Roadway Map



## *Town of Newburgh*

The Town of Newburgh (“Town”) is located approximately 60 miles north New York City in Orange County. It is bordered on the east by the Hudson River; on the north by the Towns of Marlboro and Plattekill in Ulster County; on the west by the Town of Shawangunk in Ulster County and the Town of Montgomery in Orange County; and on the south by the Town of New Windsor, also in Orange County. In the southeast corner, the Town of Newburgh is surrounded on two sides by the City of Newburgh, which is a separate municipality.

The Town is known as the "Crossroads of the Northeast" because two major Interstate highways cross the town: Interstate 84 (east and west) and Interstate 87, also known as the New York State Thruway (north and south). Other major arteries which cross the Town of Newburgh are New York State Highways 9W, 17K, 32, 52, and 300. State Highway 207 skirts the southeast corner of the Town.

The Newburgh-Beacon Bridge, which carries Interstate 84 across the Hudson River, connects the Town of Newburgh with Beacon. It is the only Interstate crossing of the Hudson River between the Tappan Zee Bridge just north of New York City, and the Berkshire Thruway connector just south of Albany

The Town contains approximately 30,000 residents, recently surpassing the City of Newburgh for the first time. The Town comprises approximately 45 square miles, equating to about 670 residents per square mile.

Stewart International Airport is partially located in the Town of Newburgh and partially in the Town of Windsor. The airport is home to the Stewart Air National Guard. Commercial airlines serving the airport are Allegiant, JetBlue Airways, Delta Connection and US Airways Express. Some of the direct flights include St. Petersburg, Orlando, Fort Lauderdale, Detroit, and Philadelphia. The latter two are hubs for major airliners.

## **Demographic Overview**

The local adult population within a 2-hour drive time emanating from the site will be the primary source of visitation for the resort. The demographics and economics in the region are therefore a key consideration. The demographics including the population, adult population, and incomes were evaluated using a Geographic Information System (“GIS”) that queried the population within 30, 60, 90, and 120-minute drive times from the proposed location. The 2-hour market extends north past Albany, northeast capturing Hartford (CT), south falling just short of Philadelphia, west into northeastern Pennsylvania.

The following is a discussion of the population economic metrics including income levels.

### *Total Population*

Total population was estimated at 24.3 million for the greater market in 2013. The count is expected to reach 24.7 million by 2018, an average increase of 0.3% per year (CAGR). The comparable rate average for the New York State and the U.S. average is 0.3% and 0.7%, respectively.

The innermost ring (0-30 minutes) is forecast to have a total population of 387,000 or 1.6% of the total, mainly including Newburgh and Middletown. The count jumps to 3.0 million (12.2% of the total) for the 30-60 minute ring and includes the northern NJ to the south, Danbury (CT) to the east, and Kingston (NY) to the north. The 60-90 minute ring is expected to have a total population base of approximately 12.0 million accounting for 50% of the total, as it captures a large portion of New York City as well as significant population in central NJ. The 90-120 ring extends north to Saratoga Spring (capturing Albany), northeast past Hartford (CT), south falling just short of Philadelphia, and west into central Pennsylvania. This segment contains an estimated 9.0 million people of 36.8% of the total population base. Overall, growth is expected to be minimal over the next five years.

<b>Total Population</b>				
<b>Market Segments</b>	<b>2013</b>	<b>2018</b>	<b>AAG</b>	<b>% of Total (2018)</b>
0-30 Minute	386,585	390,748	0.2%	1.6%
30-60 Minute	2,958,703	3,004,823	0.3%	12.2%
60-90 Minute	11,967,150	12,192,809	0.4%	49.5%
90 -120 Minute	8,955,196	9,062,105	0.2%	36.8%
<b>0-120 Minute</b>	<b>24,267,634</b>	<b>24,650,485</b>	<b>0.3%</b>	<b>100.0%</b>
New York State	19,560,723	19,851,333	0.3%	
U.S.	314,861,807	325,322,277	0.7%	

Source: Applied Geographic Solutions

### *Adult Population*

It is estimated that roughly 74.3% of the total population in the greater market will be 21 years of age and older by 2018. This proportion is in line with New York state as a whole and modestly higher than the U.S. average of 72.4%. The adult proportion for the greater market is expected to increase modestly by about 450,000 adults over the next five years.

<b>Gamer Population (21+)</b>				
<b>Market Segments</b>	<b>2013</b>	<b>2018</b>	<b>AAG</b>	<b>% of Total Pop</b>
0-30 Minute	277,694	285,102	0.5%	73.0%
30-60 Minute	2,137,257	2,197,555	0.6%	73.1%
60-90 Minute	8,898,248	9,126,680	0.5%	74.9%
90 -120 Minute	6,546,577	6,701,920	0.5%	74.0%
<b>0-120 Minute</b>	<b>17,859,776</b>	<b>18,311,257</b>	<b>0.5%</b>	<b>74.3%</b>
New York State	14,426,553	14,775,225	0.5%	74.4%
U.S.	226,454,062	235,471,232	0.8%	72.4%

Source: Applied Geographic Solutions

## Income

The Average Annual House Income (“AAHI”) for the greater market is estimated to reach approximately \$96,600 by 2018; roughly 34% higher than the U.S. average. The 30-60 minute segment showed the highest average of \$115,400 (2018), compared to \$91,900 for the 60-90 minute segment on the low end. With the exception of the 30-60 minute segment, the income levels are fairly consistent.

Income growth over the next five years is expected to average 1.2% per year for the market, ranging from a low of 0.8% for 60-90 minute segment to a high of 1.5% for the 0-30 minute segment, which includes the Town of Newburgh.

Average Annual Household Income				
Market Segments	2013	2018	AAG	% of US Average
0-30 Minute	\$88,200	\$95,200	1.5%	132%
30-60 Minute	\$108,000	\$115,400	1.3%	160%
60-90 Minute	\$88,300	\$91,900	0.8%	128%
90 -120 Minute	\$89,500	\$96,800	1.6%	135%
<b>0-120 Minute</b>	<b>\$91,100</b>	<b>\$96,600</b>	<b>1.2%</b>	<b>134%</b>
New York State	\$81,625	\$86,776	1.2%	121%
U.S.	\$69,637	\$71,917	0.6%	100%

Source: Applied Geographic Solutions

While the AAHI for the region is somewhat over the New York State average, these figures do not reflect the reality of four significantly distressed urban areas in the region – specifically, the cities of Newburgh, Poughkeepsie, Middleton, and Beacon. These four municipalities, which account for a population of more than 100,000, have median household incomes much lower than Orange and Dutchess Counties overall as exhibited in the following table.

Median Income Levels			
	Population	Median Household Income	% of Orange/Dutchess Average
Newburgh	29,199	\$36,922	53%
Poughkeepsie	32,635	\$37,604	54%
Middleton	28,486	\$50,713	73%
Beacon	15,613	\$61,447	89%
Dutchess County	297,520	\$68,093	
Orange County	375,667	\$70,131	
<b>Average</b>	<b>336,594</b>	<b>\$69,112</b>	

Source: Demographics Now

# Revenue Projections

## *Methodology*

In order to develop the potential gaming revenue projections for the proposed casino resort, a series of gravity models were developed. The gravity model derives its name by using the principals associated with Isaac Newton's law of universal gravitation which states that the attraction between two masses is directly proportional to their size and inversely related to the square of the travel distance that separates them.

Simply put, when utilized in the gaming environment, the model will forecast the potential visitation and gaming revenue that could be generated from the identified market by allocating visits based on a populations' proximity to a casino alternative. While distance or the amount of time it takes one get to a casino can be translated into convenience; the size and scope of amenities of each competitor in the market also plays a significant role in a casino patron's decision where to play. Full service casinos (ones that offer slot machines as well as live table games) with a wide variety of casino offerings as well as non-gaming amenities will have a higher attraction and more appeal than a slots-only facility with limited non-gaming offerings.

A gravity model is an excellent tool for preparing this type of market assessment; one that must consider numerous competitors offering a variety of gaming alternatives with demand based on the convenience, scope and quality of product under consideration.

In developing the base model a distinct set of subset markets were carved out of the catchment area based on a number of variables. The catchment area itself represents the adult population living within approximately a 2-hour drive time of the Resort facility. The smaller markets were defined with consideration given to travel distance from competition in the region, accessibility (access to highways) and demographics of the population base. Block group data on populations and incomes of the catchment area collected from the U.S. Census and updated by third-parties was used.

Gaming visits are then generated by developing penetration rates of the adult population residing in each market by determining the gaming behavior of each market. Establishing a basis for behavior is critical to the process. Gaming behavior is defined as a set of "Gaming Factors" known as propensity and frequency.

Propensity is considered the percentage of adults that will visit a casino. A number of factors play a part in one's decision whether to gamble or not. These include accessibility and convenience, the type of product being offered (is it slot machines only or a full service casino), variety of non-gaming options such as dining and entertainment and the number of gaming alternatives within a reasonable drive time. The closer the population is to the casino the greater the propensity.

Frequency relates to the average number of visits to a casino that an adult with a propensity to gamble will make per year. Similar to propensity, the same considerations apply to frequency. Proximity, convenience, type and quality of product and supply influence how often one will

frequent a casino. The frequency of visitation is inversely related to distance from a gaming venue, as fewer trips are made as convenience declines.

This data serves as the basis to determine the number of gaming visits generated within each market of the catchment area. These visits are then distributed to the competing facilities based on the distance from each facility to each market, with closer facilities receiving a greater share of visits than more distant ones assuming all other things being equal. In order for a casino to attract visits, two specific inputs are considered. The first is the gaming size or the number of gaming positions any one casino will offer.

The greater the number of gaming positions, the higher the attraction will be for a particular casino. The second feature considered in the distribution of gamer visits is an attraction factor. This factor accounts for differences in the types of casino games offered, the amenities available at each facility, the appeal of the facility, branding and a facilities ability to effectively market as a result of a favorable gaming tax. In addition, a sub-set of attraction factors consider market specific attractors or deterrents such as use of road networks and traffic congestion.

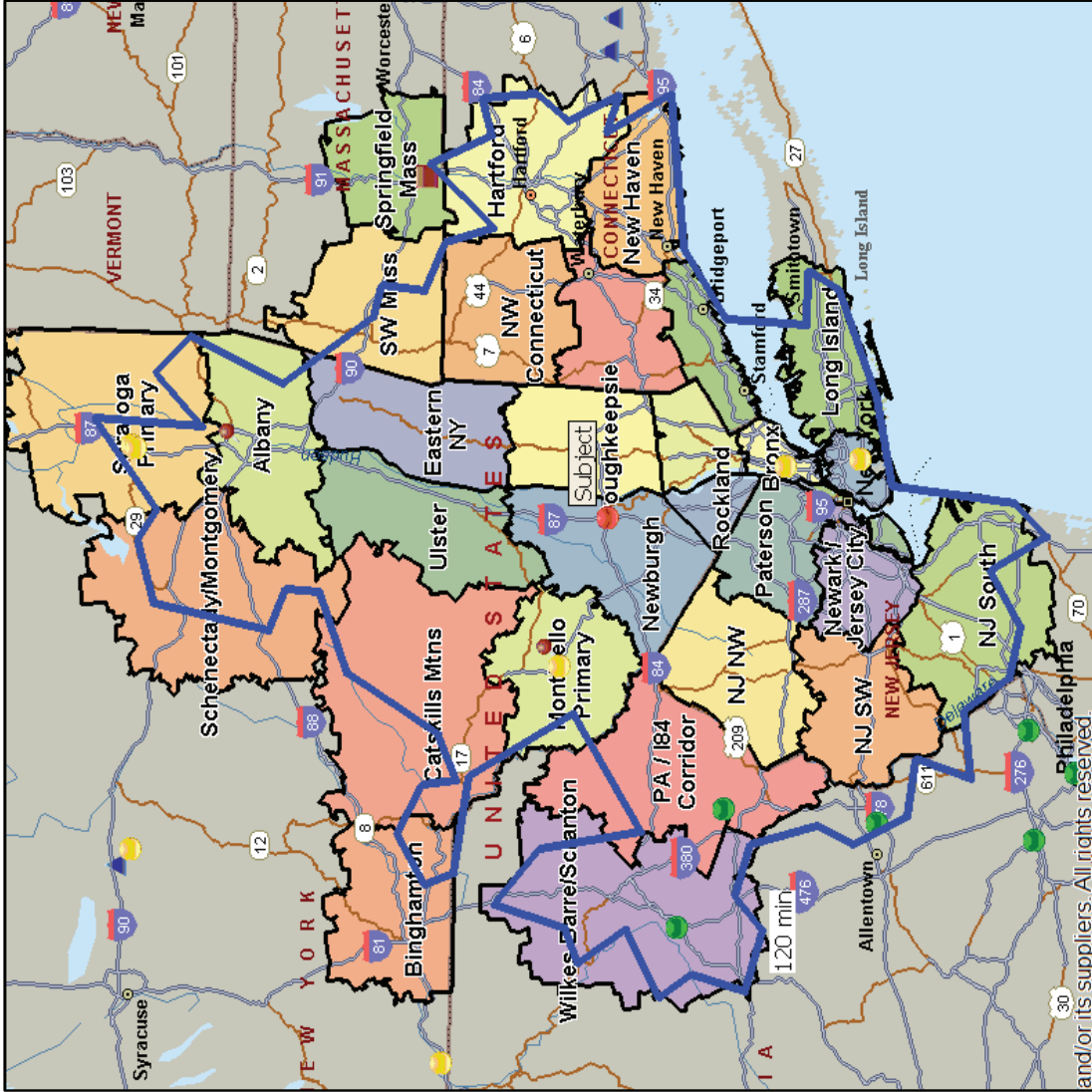
Once the gaming visits have been established and distributed the average win per visit is applied. This application represents the average win per visit for all gaming visits generated within a specific market area. Win per visit tends to increase with distance as those making fewer annual trips are more likely to spend more time and have a larger per trip gaming budget. Win per visit also varies based on market income levels. Primary research as well as publicly available data serves as a basis for this input.

## **Market Areas**

The first step in developing the gravity model is to define market areas. The catchment area of the model was designed to include the population living within a day trip of the proposed facility, estimated to be up to a 2-hour drive. The catchment area was then segmented into thirty-eight distinct market areas, defined to incorporate a number of factors including competition in the region, distance, the transportation network, accessibility, income levels, and competing forms of entertainment. Great care was taken to make sure market segments did not cross state borders, thus an accurate accounting of inter-state gaming revenue is available. Underlying these market segments are more than 1,230 zip codes, representing the smallest level of data delineation.

For each defined market area shown in the following map demographics were compiled. Particular consideration was paid to the area within a 30-minute drive of the proposed location due to the unique characteristics of the regional economy, the road network in the area, and the lack of immediate competition.

### Newburgh Resort Market Segments



Custom territories
Albany
Binghamton
Bronx
Catskills Mtns
Danbury/Waterbury
Eastern NY
Hartford
Long Island
Manhattan
Monticello Primary
New Haven
Newark / Jersey City
Newburgh
NJ NW
NJ South
NJ SW
NW Connecticut
PA / I84 Corridor
Paterson
Peekskill/Ossining
Poughkeepsie
Queens / Brooklyn
Rockland
Saratoga Primary
Schenectady/Montgomery
Springfield Mass
Stamford/Bridgeport
Staten Island
SW Mass
Ulster
Wilkes-Barre/Scranton

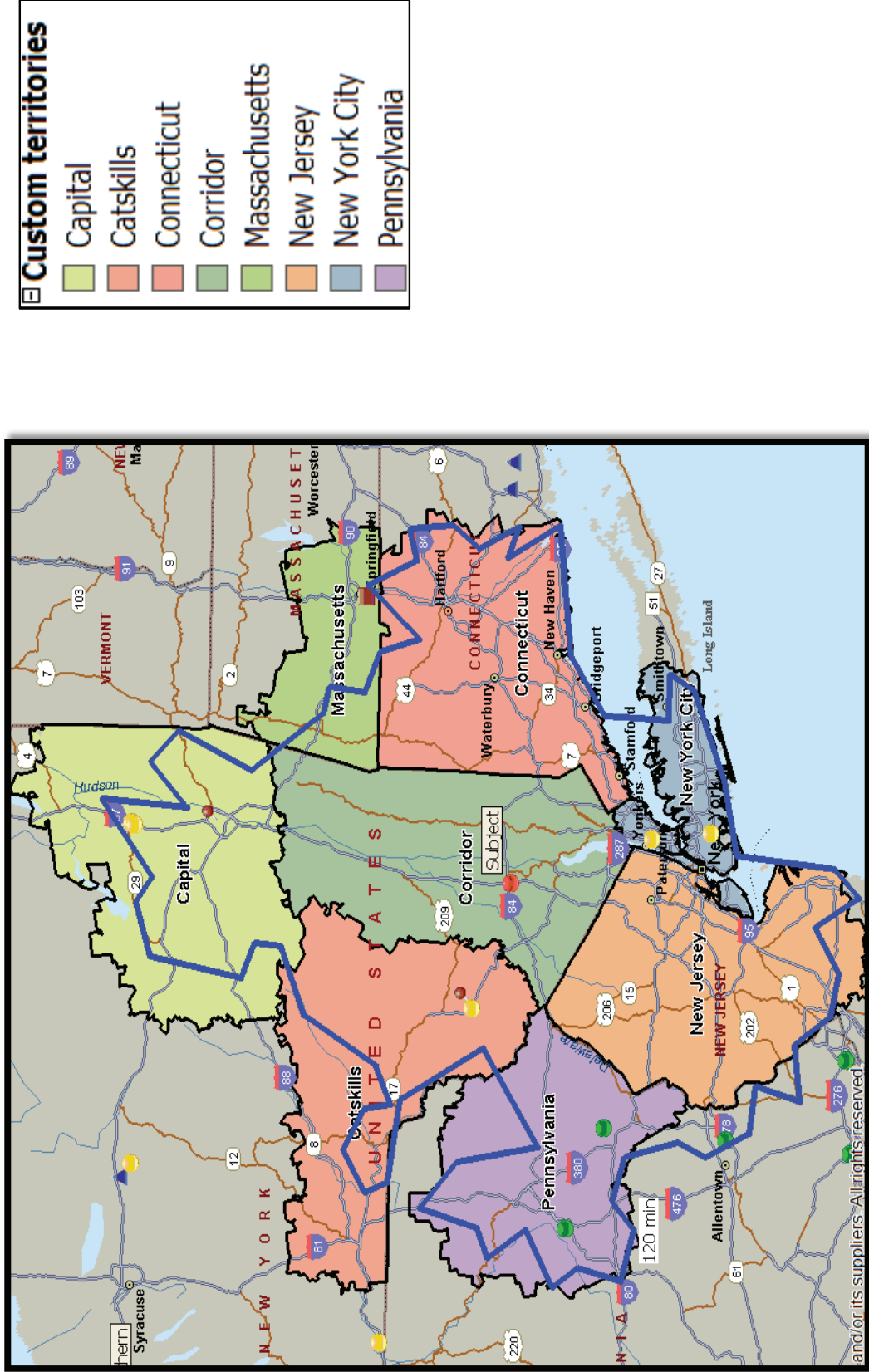
CONFIDENTIAL

However, to make this report more user-friendly, these micro-segments were summarized into eight (8) major segments or territories for report discussion purposes. The summarization technique strongly considered the expected travel patterns to the proposed facilities. Strict adherence to state boundaries was maintained. The following map show the market segmentation for this study.

<b>Consolidation Detail</b>		
	<b>Territory</b>	<b>Market Segments</b>
1	Capital	Albany; Saratoga Primary; Schenectady / Montgomery
2	Catskills	Catskills Mountains; Monticello Primary; Binghamton
3	Connecticut	Hartford; NW Connecticut; New Haven; Danbury / Waterbury; Stamford / Bridgeport
4	Corridor	Eastern NY; Newburgh; Peekskill / Ossining; Poughkeepsie; Ulster; Rockland
5	Massachusetts	Springfield Mass; SW Mass
6	New Jersey	NJ NW; NJ South; NY SW; Paterson; Newark / Jersey City
7	New York City	Bronx; Long Island; Manhattan; Queens / Brooklyn; Staten Island
8	Pennsylvania	Wilkes-Barre / Scranton; PA / I84 Corridor



## Newburgh Resort Consolidated Market Territories



CONFIDENTIAL

### Adult Population

The following table displays the adult population estimates for each of the defined areas. The gamer population count (persons 21 years of age and older) for the defined market area was estimated at 18.9 million in 2013, making it one of the largest markets in the country. The count is expected to reach 19.4 million by 2018, reflecting a growth rate of about 0.5% per year; a rate that is well below the national average of 0.9% per year.

The New York territories account for about 57% of the total with 10.7 million adults. Of this total, NYC comprises the vast majority with 8.5 million adults, followed by Corridor at 1.2 million. These two territories are expected to growth about 0.6% per year over the next five years. The Catskills territory is sparsely populated in comparison with only about 270,000 adults.

The territories defined by the four (4) states of Connecticut, Massachusetts, New Jersey, and Pennsylvania comprise 43% of market population with 8.2 million adults (2013). New Jersey accounts for over half of this total with 4.7 million adults, followed by Connecticut at 2.3 million adults. All the out-of-state territories area expected to grow in the 0.2% to 0.5% per year range.

<b>Gamer Population (millions)</b>				
<b>Market Territories</b>	<b>2013</b>	<b>2018</b>	<b>AAG</b>	<b>% of Total</b>
Capital	0.80	0.81	0.3%	4.2%
Catskills	0.27	0.27	-0.2%	1.4%
Corridor	1.19	1.23	0.6%	6.3%
NYC	8.47	8.73	0.6%	44.8%
<b>Subtotal NY</b>	<b>10.73</b>	<b>11.03</b>	<b>0.5%</b>	<b>56.8%</b>
Connecticut	2.34	2.38	0.4%	12.4%
Massachusetts	0.50	0.51	0.3%	2.6%
New Jersey	4.74	4.85	0.5%	25.1%
Pennsylvania	0.59	0.60	0.2%	3.1%
<b>Subtotal Out-of-State</b>	<b>8.16</b>	<b>8.33</b>	<b>0.4%</b>	<b>43.2%</b>
<b>Grand Total</b>	<b>18.89</b>	<b>19.36</b>	<b>0.5%</b>	<b>100.0%</b>

Source: Applied Geographic Solutions

## AAHI

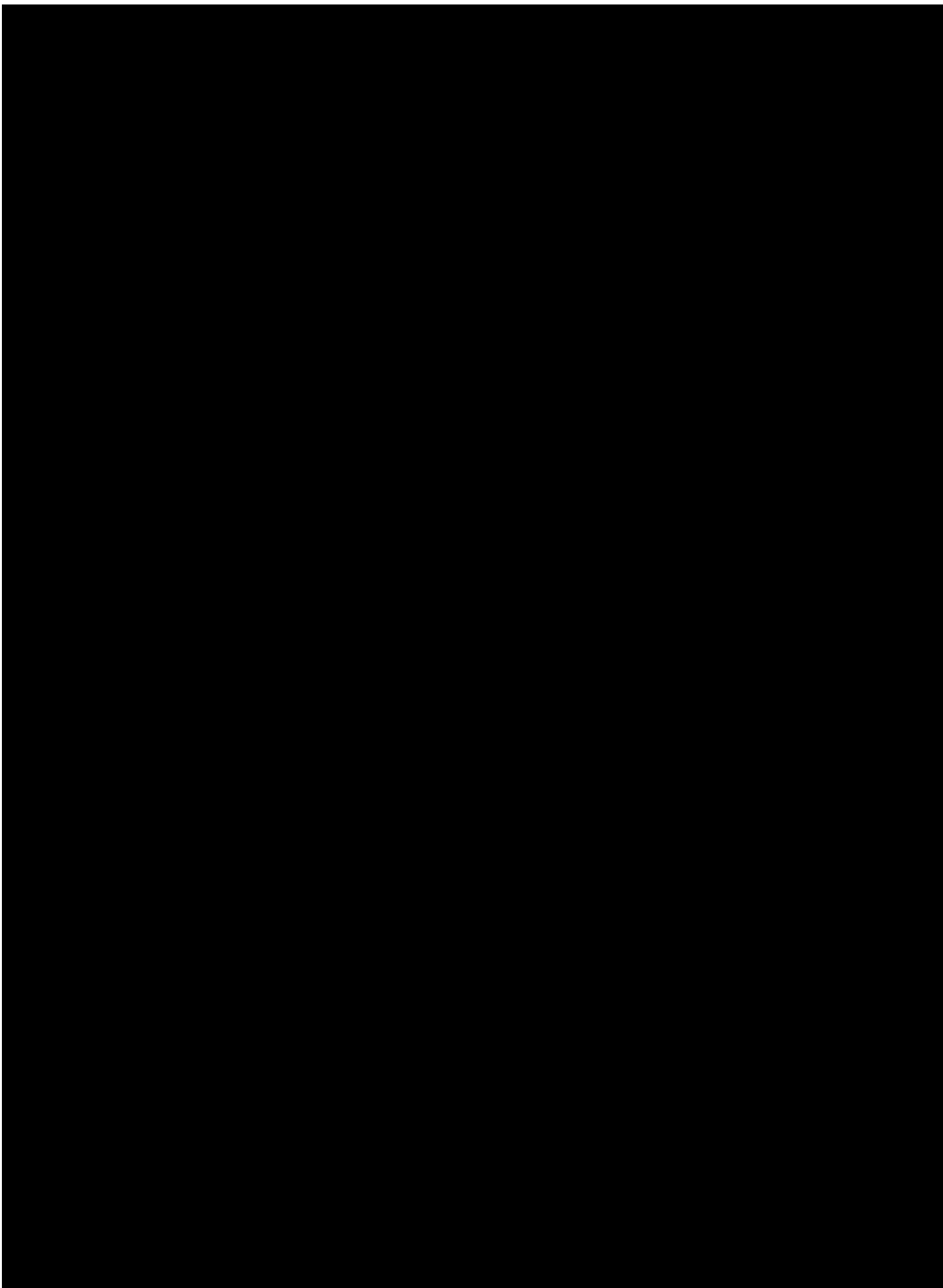
The following table reflects the Average Annual House Income (“AAHI”) for each of the defined areas. The Average Annual Household Income (“AAHI”) for the entire market area calculated to about \$90,600 (on a weighted average basis) in 2013, roughly 30% higher than the national average of \$69,600. The income level is expected to reach \$96,200 by 2018, reflecting an average growth rate of 1.2% per year over the next five years.

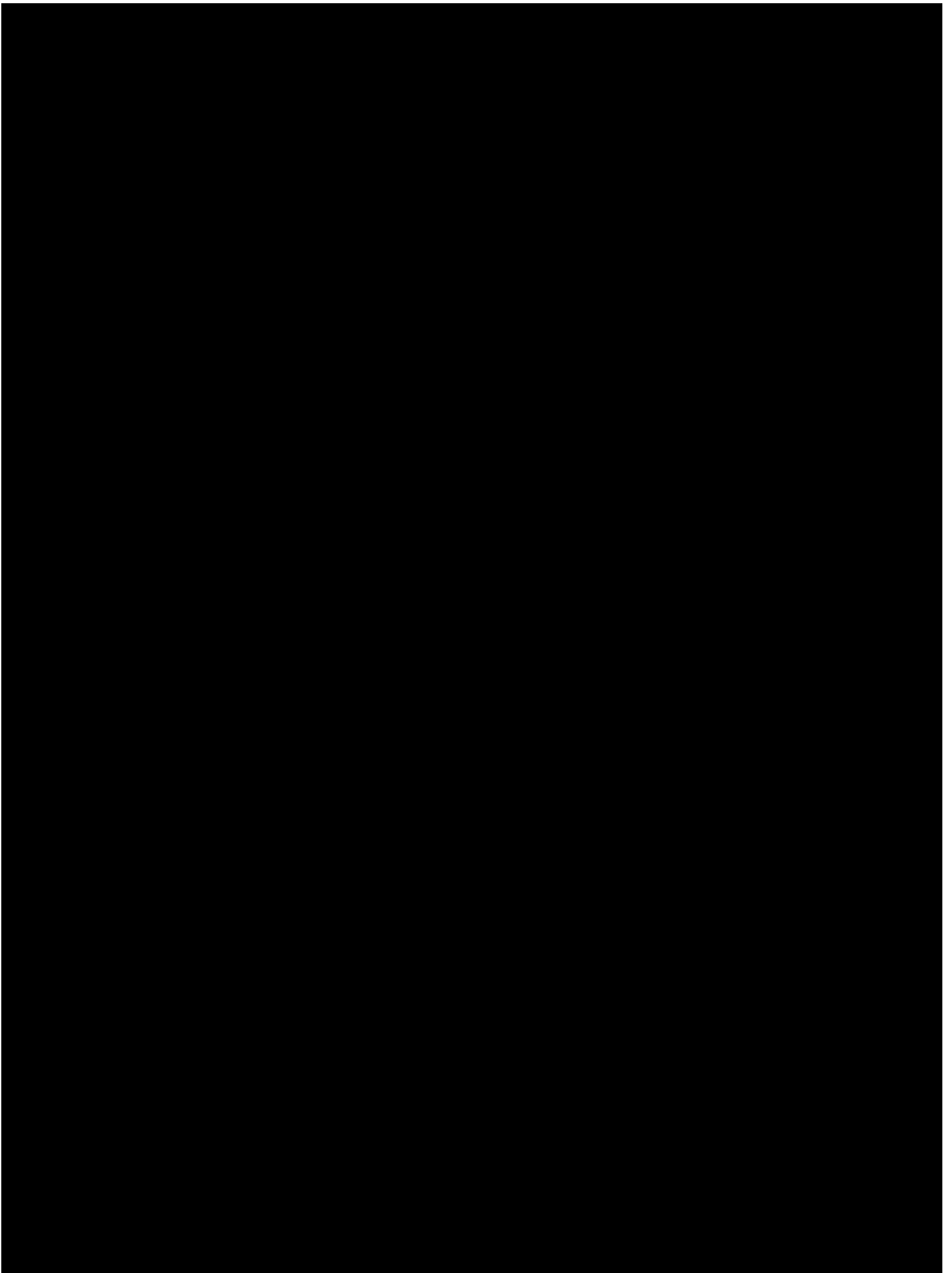
The market territories exhibited an extremely wide range of income levels, from a low of about \$59,300 for Catskills to a high of \$102,800 for both Corridor and New Jersey. The latter is nearly 48% above the national average.

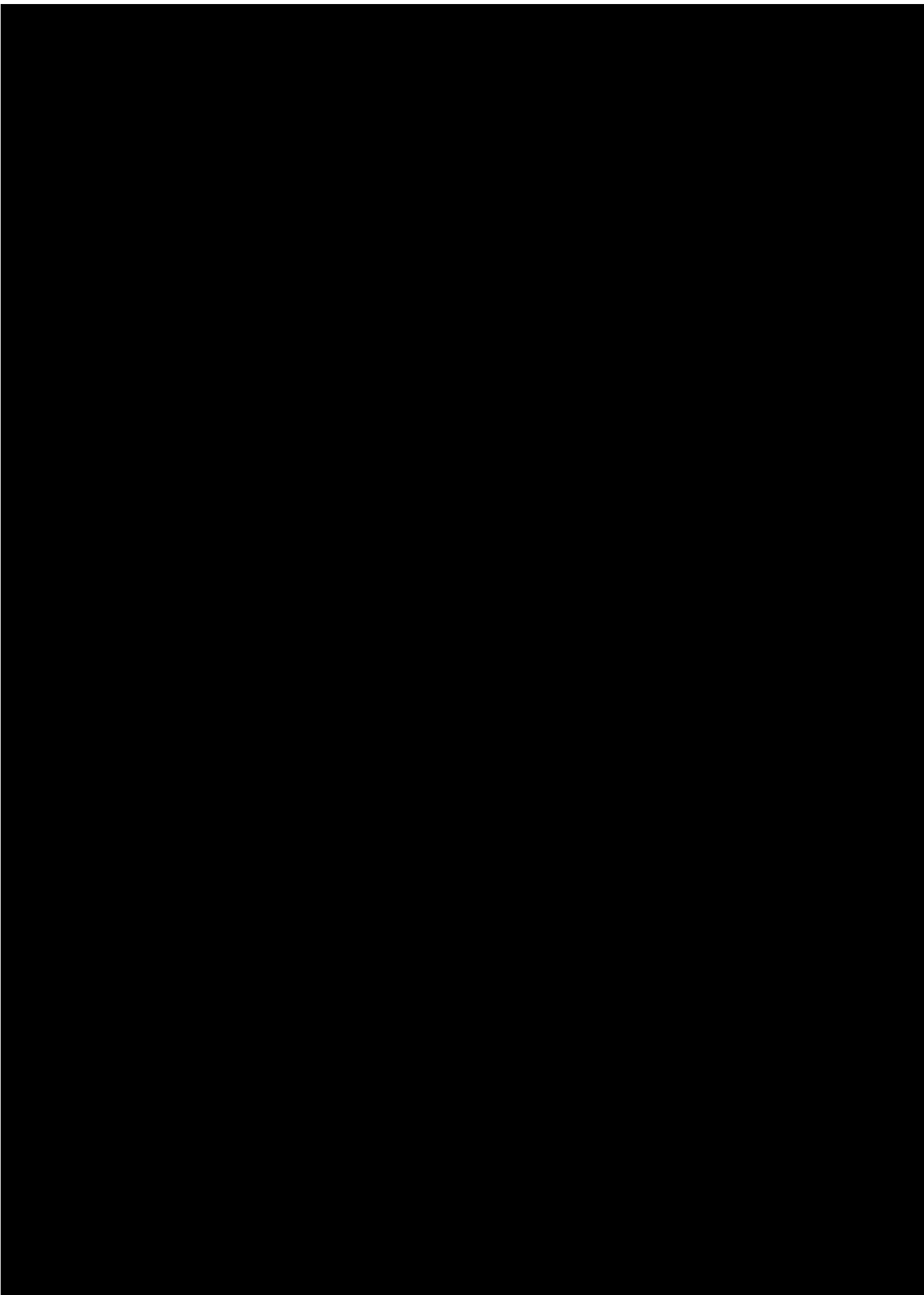
Within the NY territories, Capital is expected to realize the highest income growth rate of 1.8% per year, compared to a low of 1.0% for NYC. Corridor fell in the middle of this range at 1.4% per year. Regarding the out-of-state territories, New Jersey and Pennsylvania showed the highest income level growth rate of 1.4% per year, compared to Connecticut on the low end at 0.9% per year.

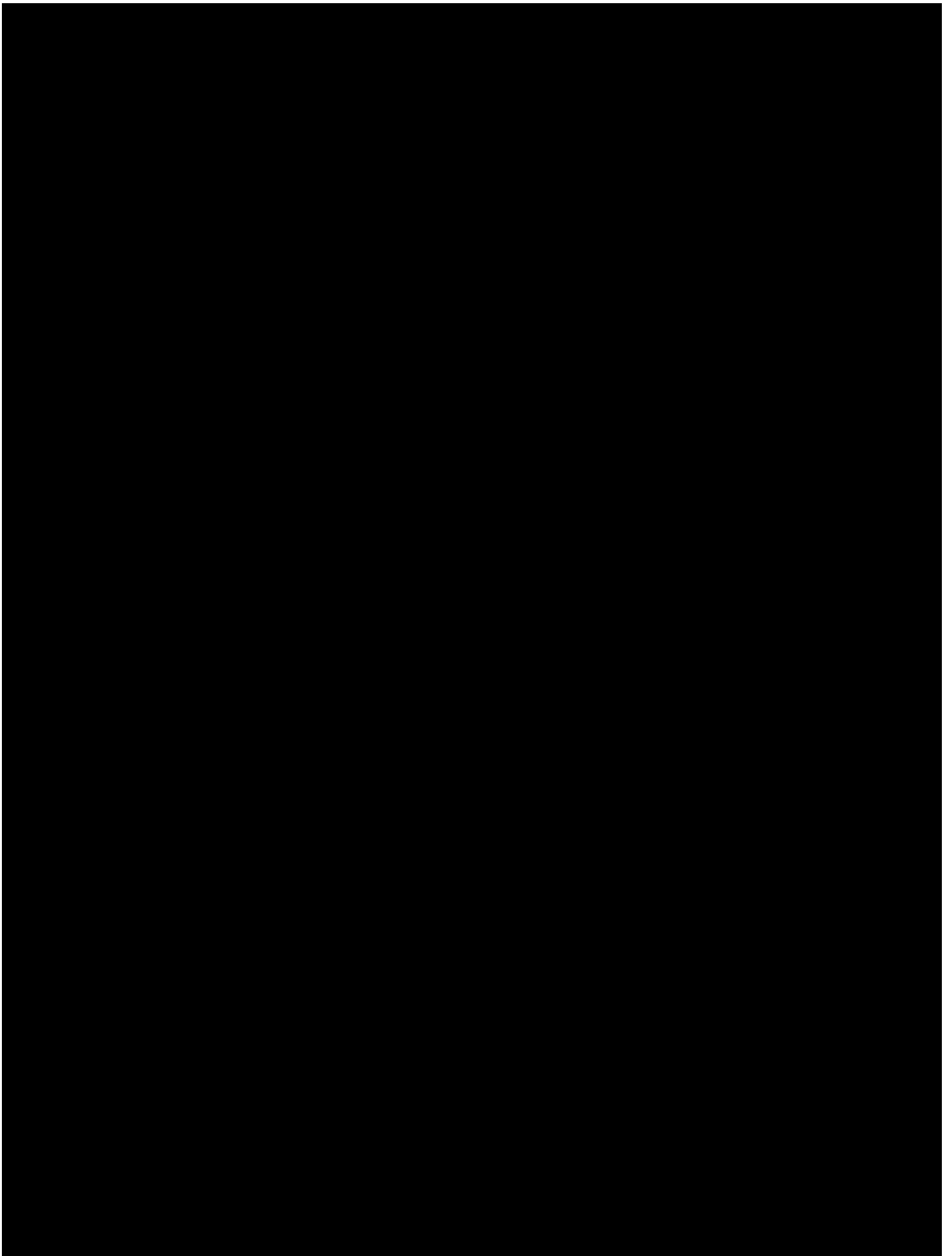
<b>AAHI</b>			
<b>Market Territories</b>	<b>2013</b>	<b>2018</b>	<b>AAG</b>
Capital	\$71,684	\$78,445	1.8%
Catskills	\$59,306	\$62,997	1.2%
Corridor	\$102,767	\$110,337	1.4%
NYC	\$86,992	\$91,629	1.0%
<b>Subtotal NY</b>	<b>\$86,896</b>	<b>\$92,037</b>	<b>1.2%</b>
Connecticut	\$95,439	\$99,721	0.9%
Massachusetts	\$66,191	\$70,396	1.2%
New Jersey	\$102,855	\$110,462	1.4%
Pennsylvania	\$62,155	\$66,733	1.4%
<b>Subtotal Out-of-State</b>	<b>\$95,560</b>	<b>\$101,831</b>	<b>1.3%</b>
<b>Grand Total</b>	<b>\$90,638</b>	<b>\$96,249</b>	<b>1.2%</b>

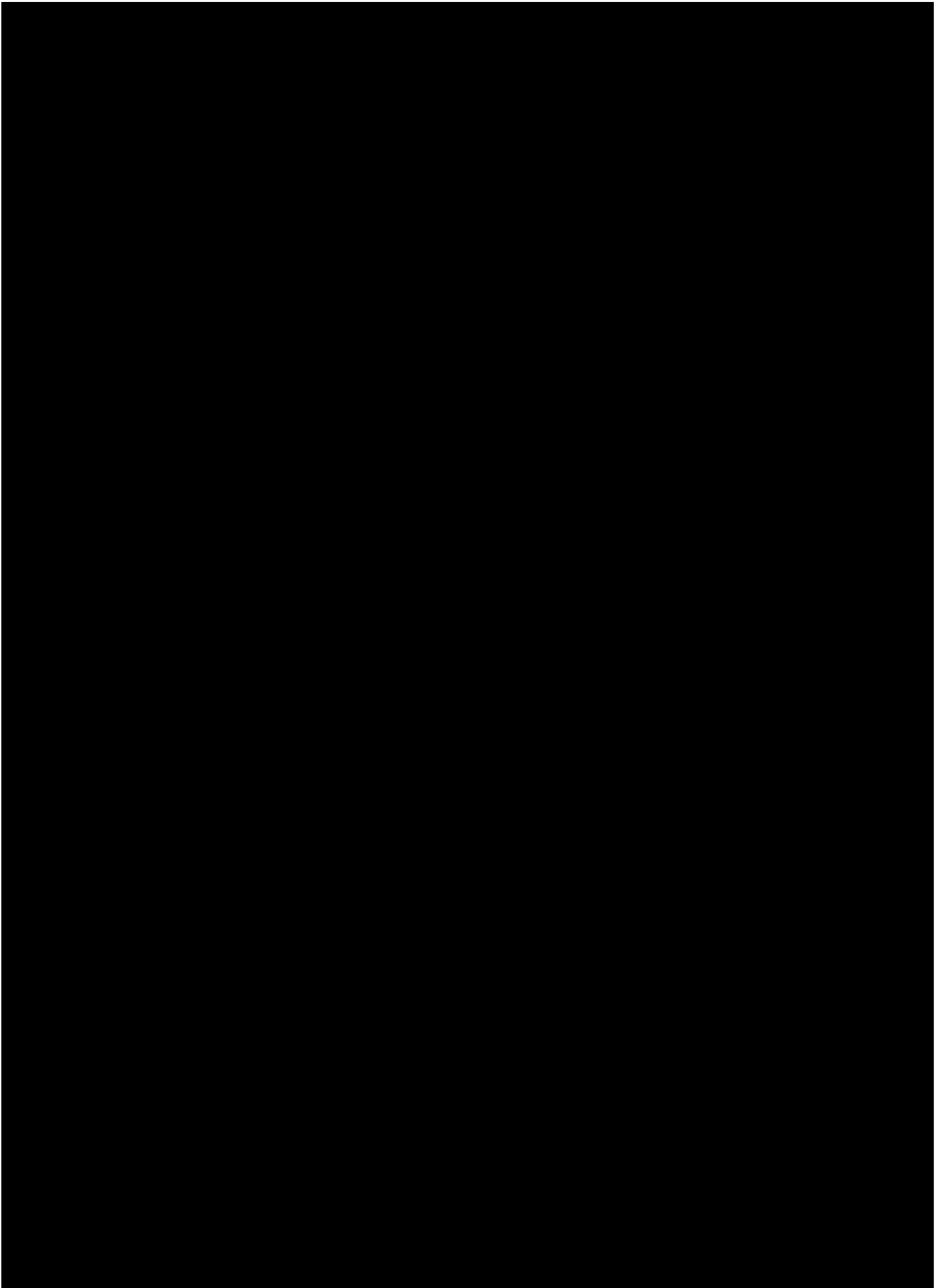
Source: Applied Geographic Solutions



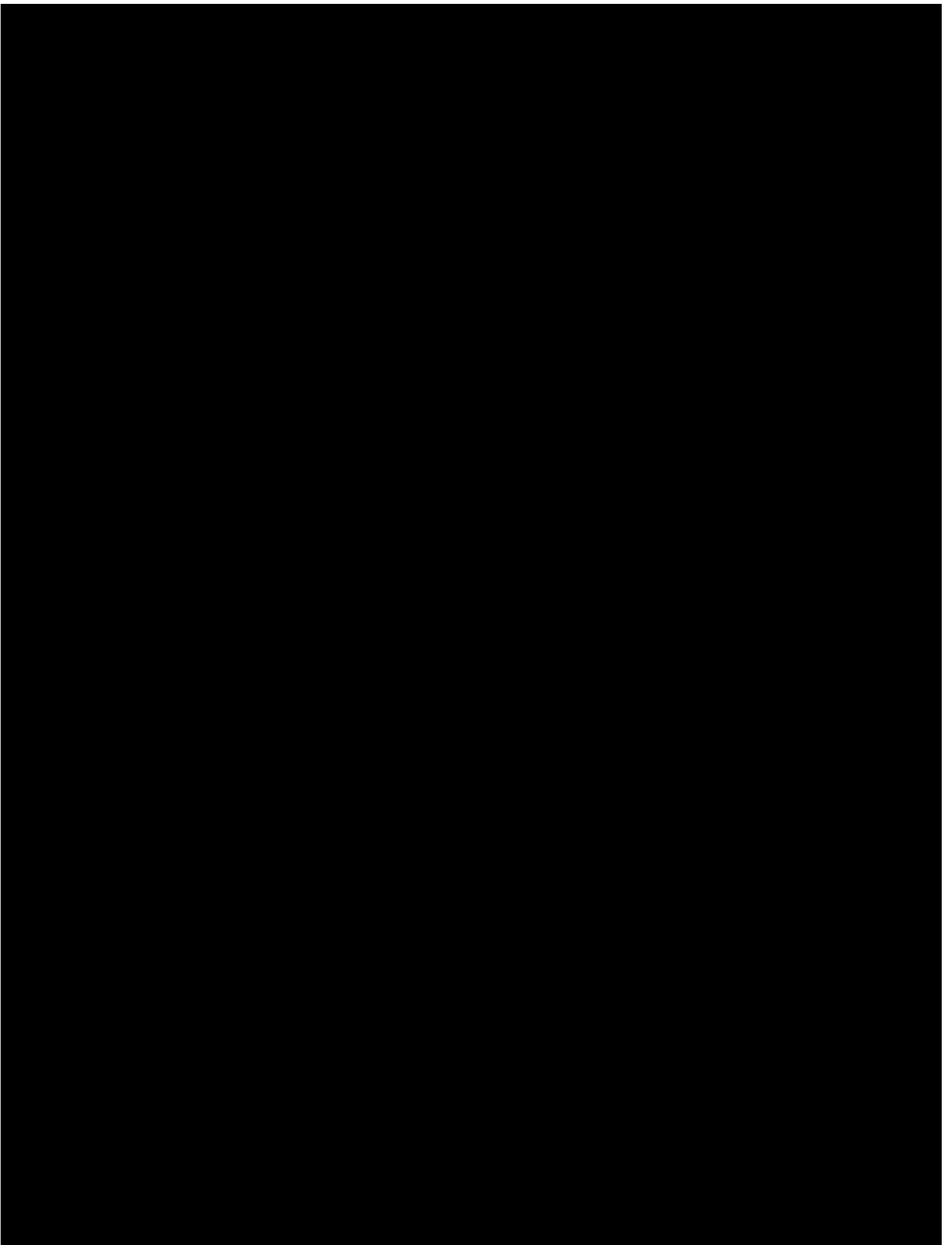


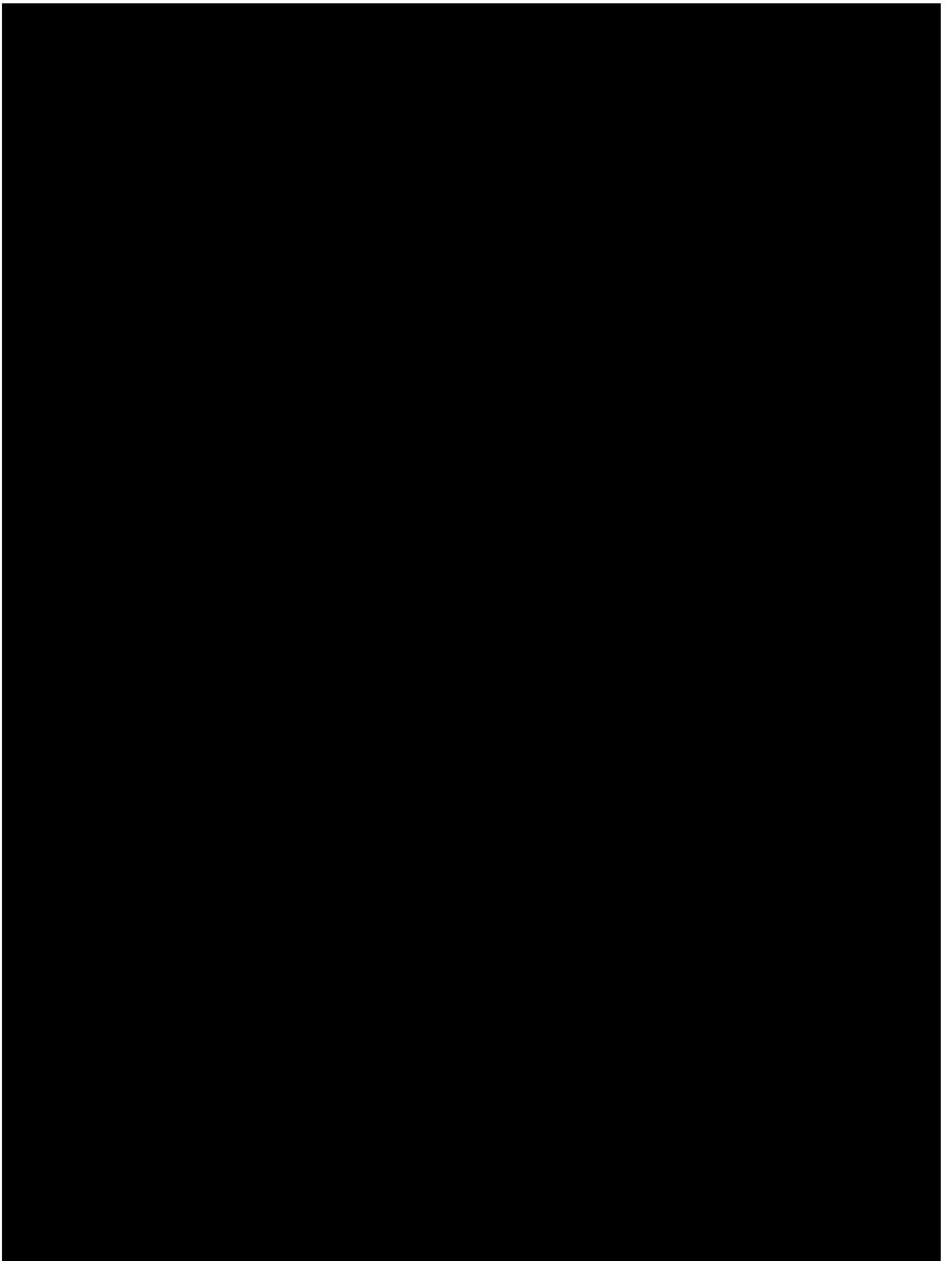


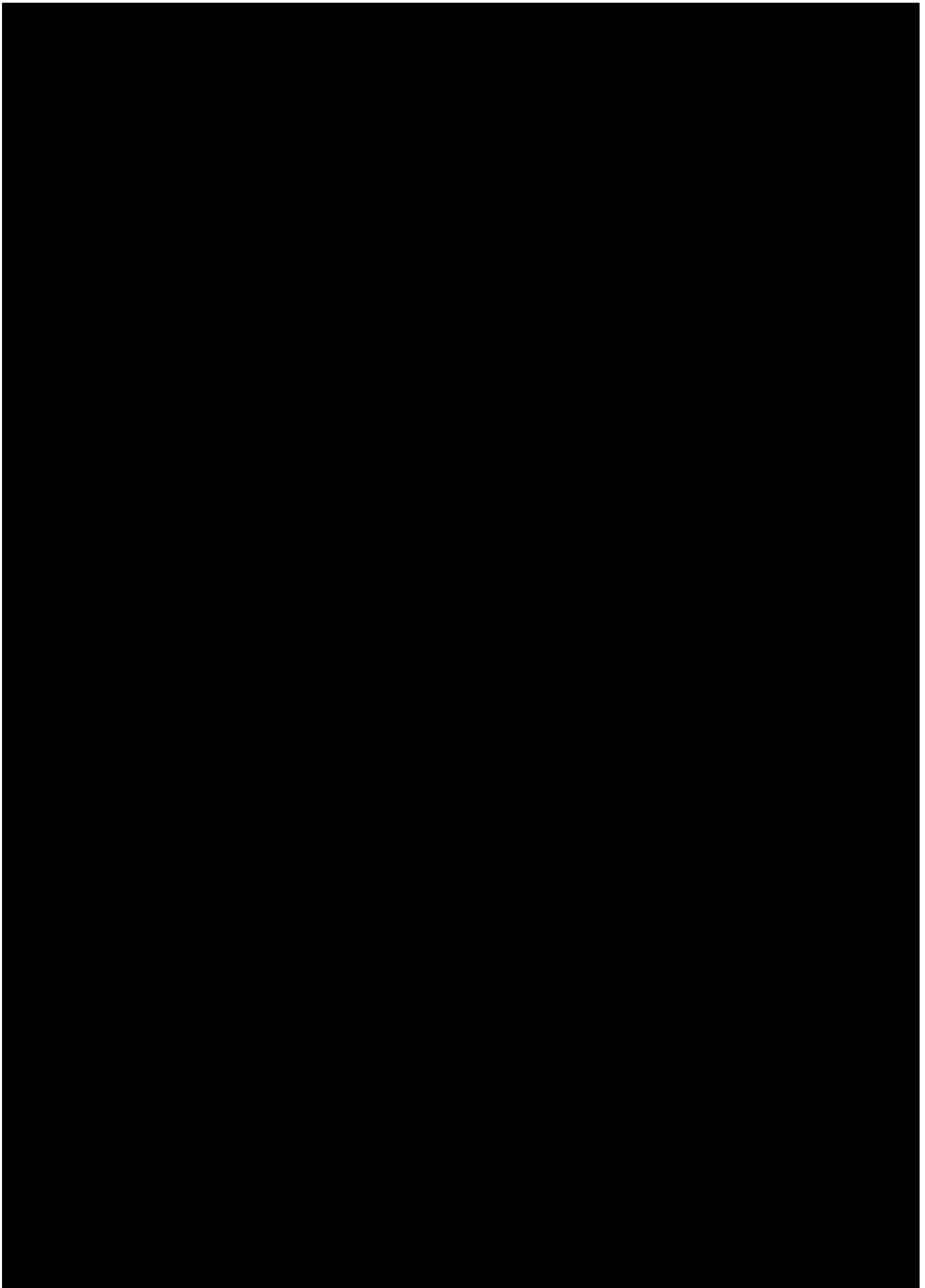


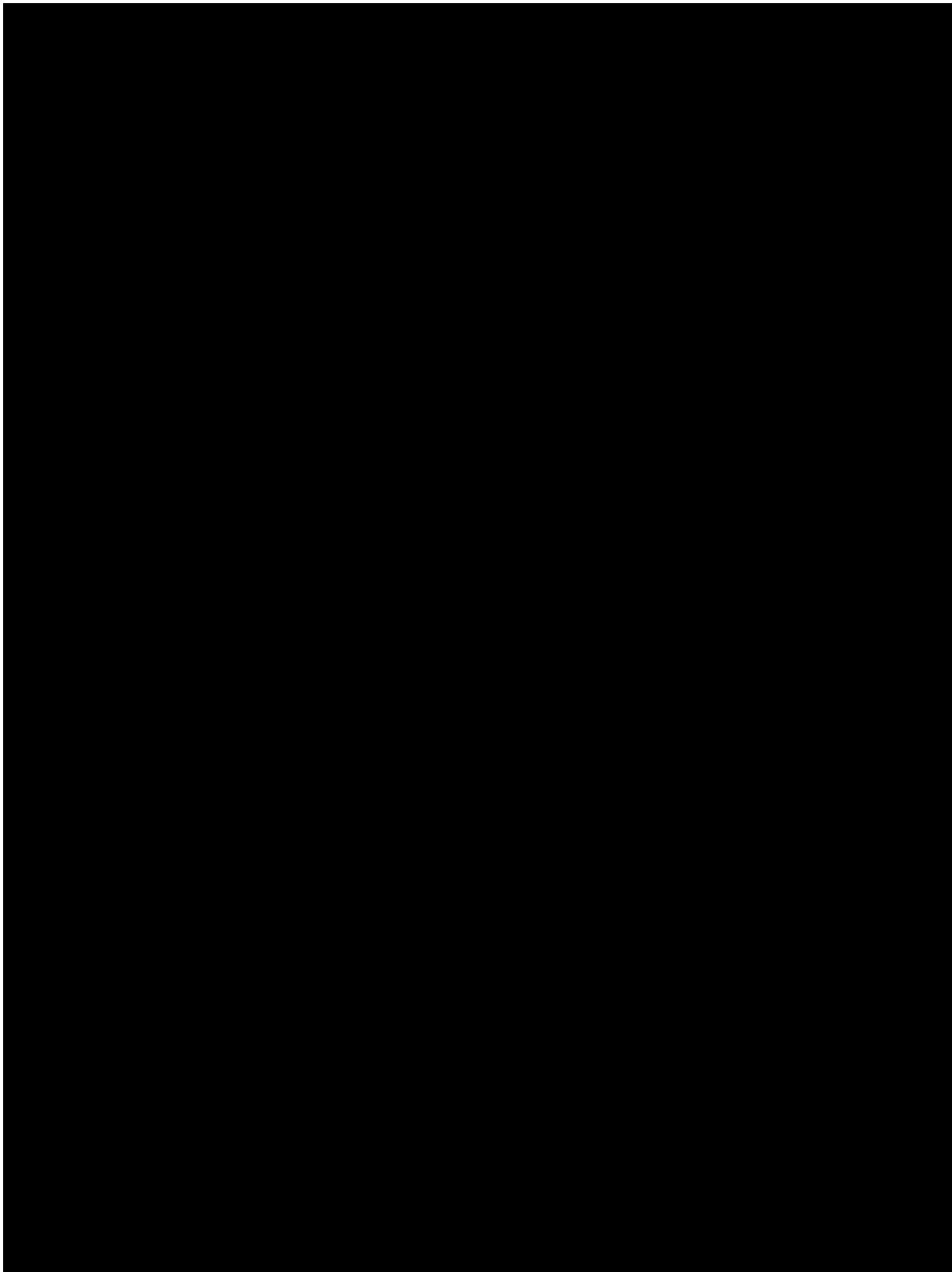


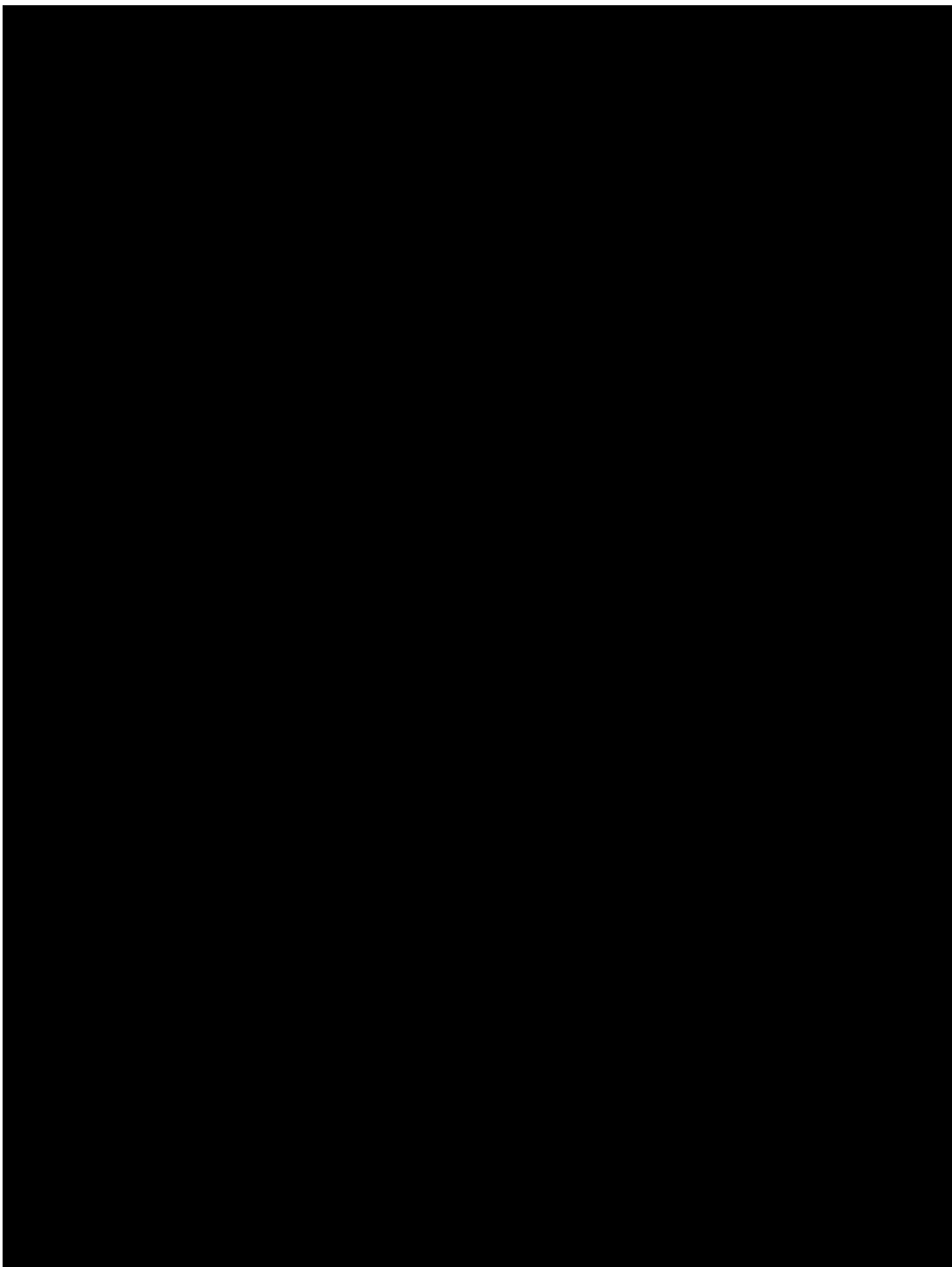


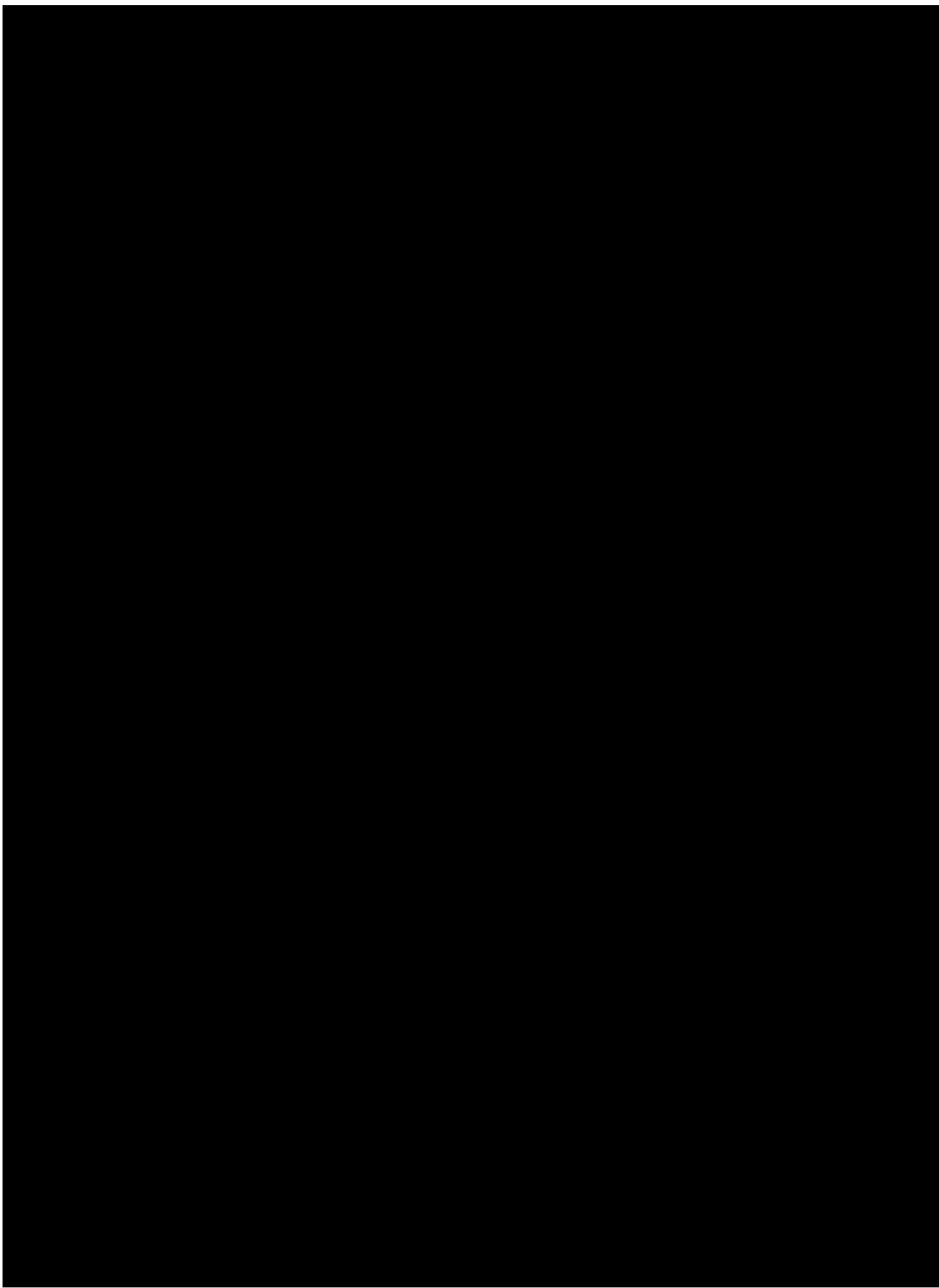


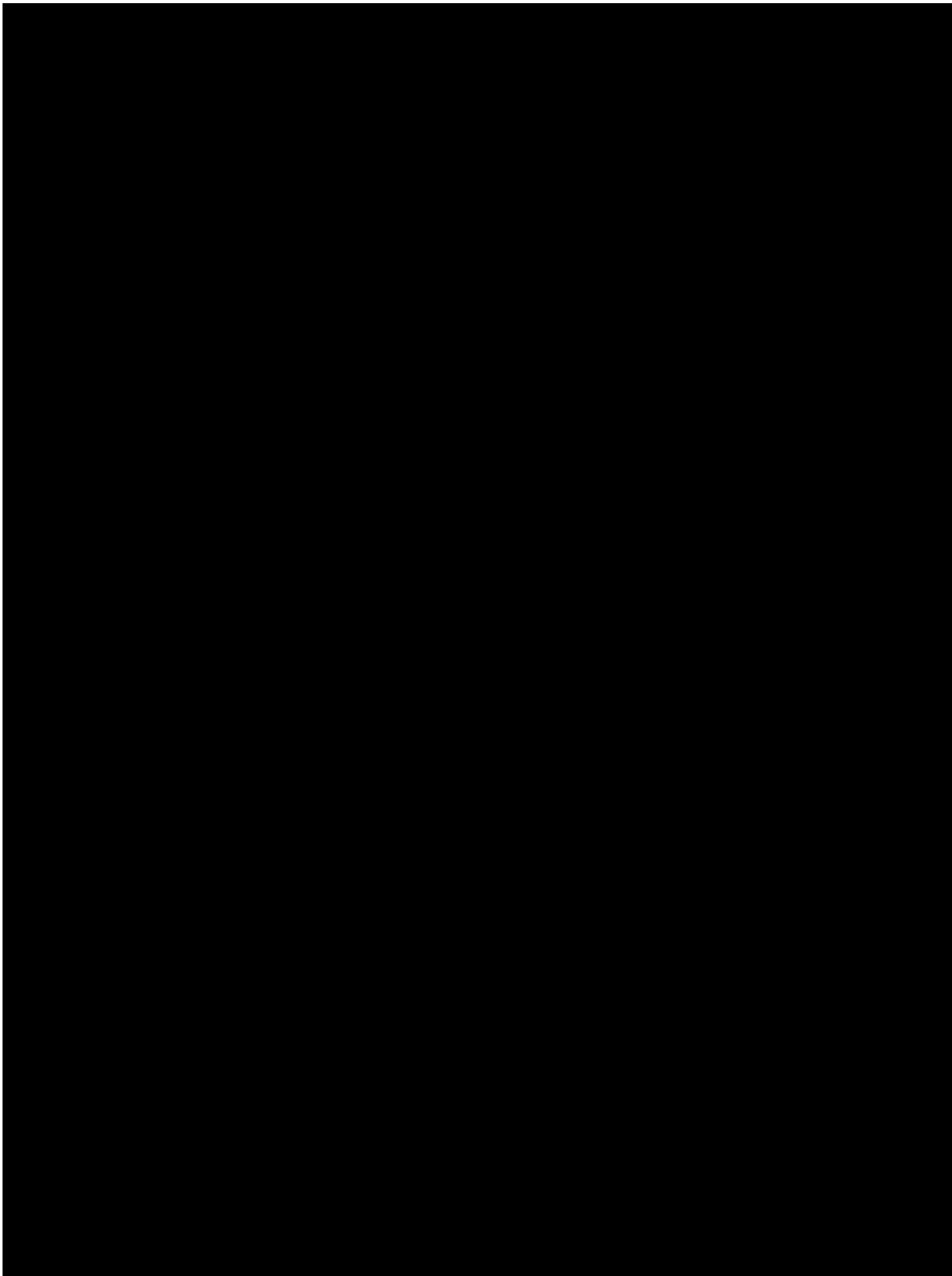


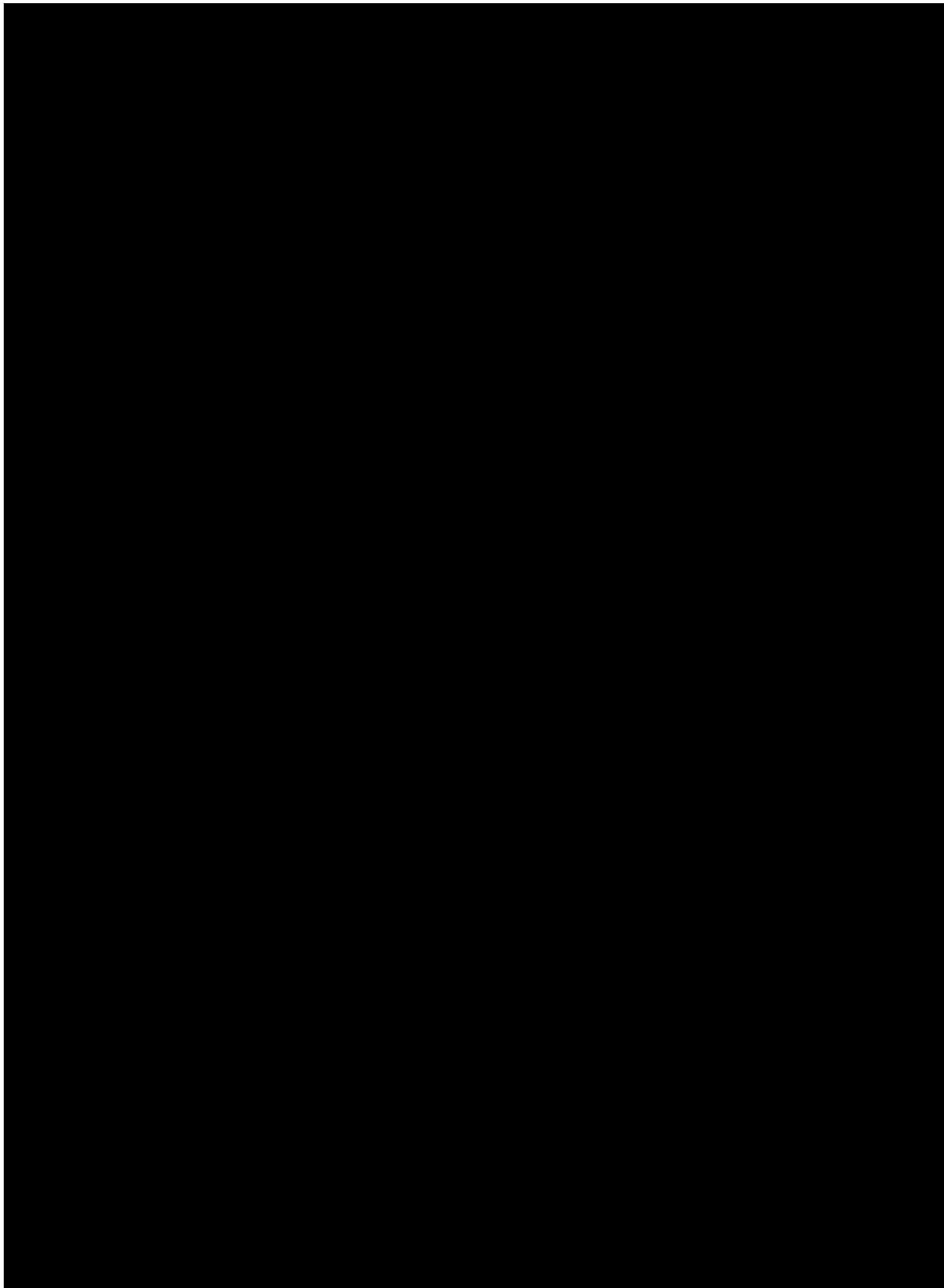




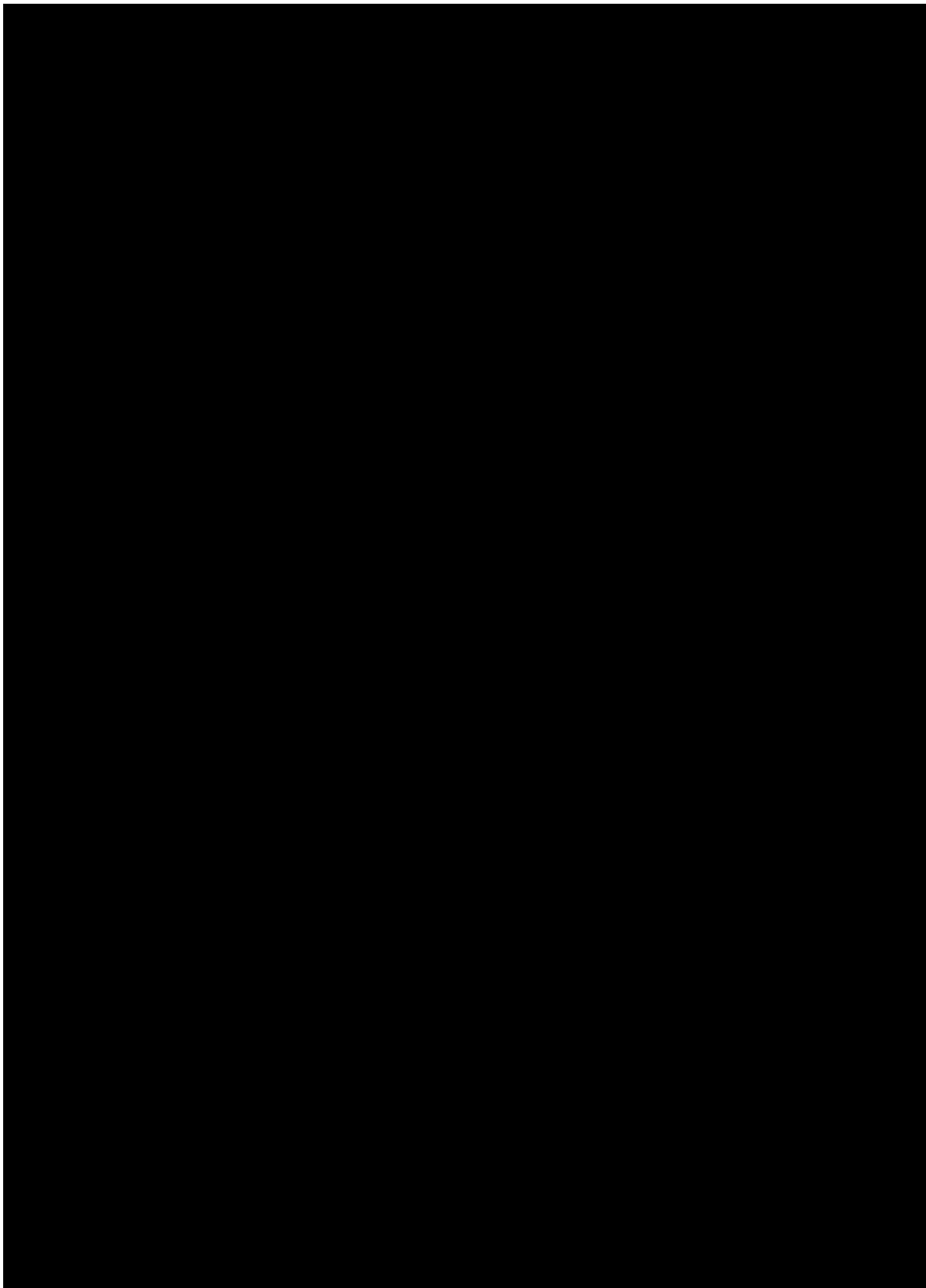


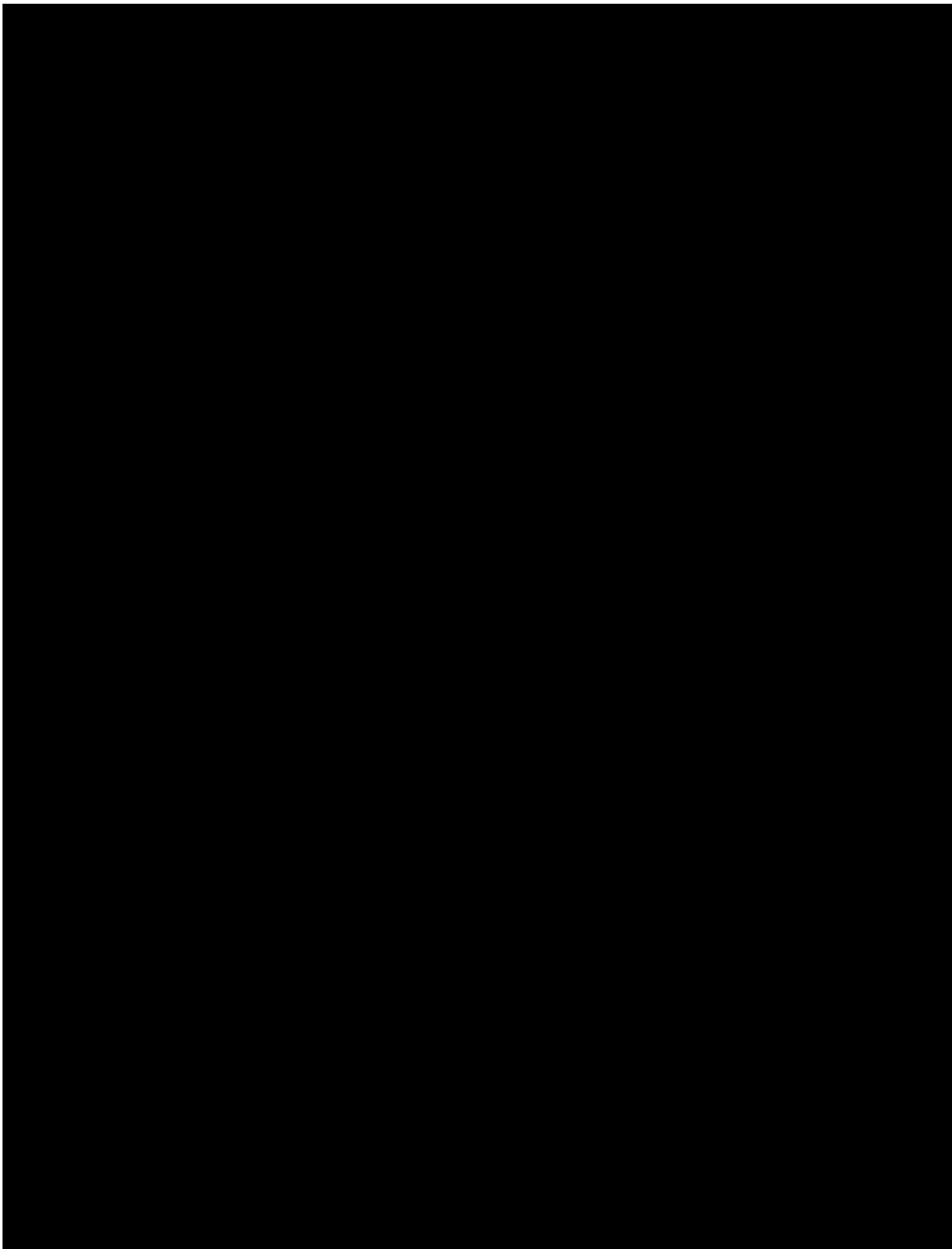


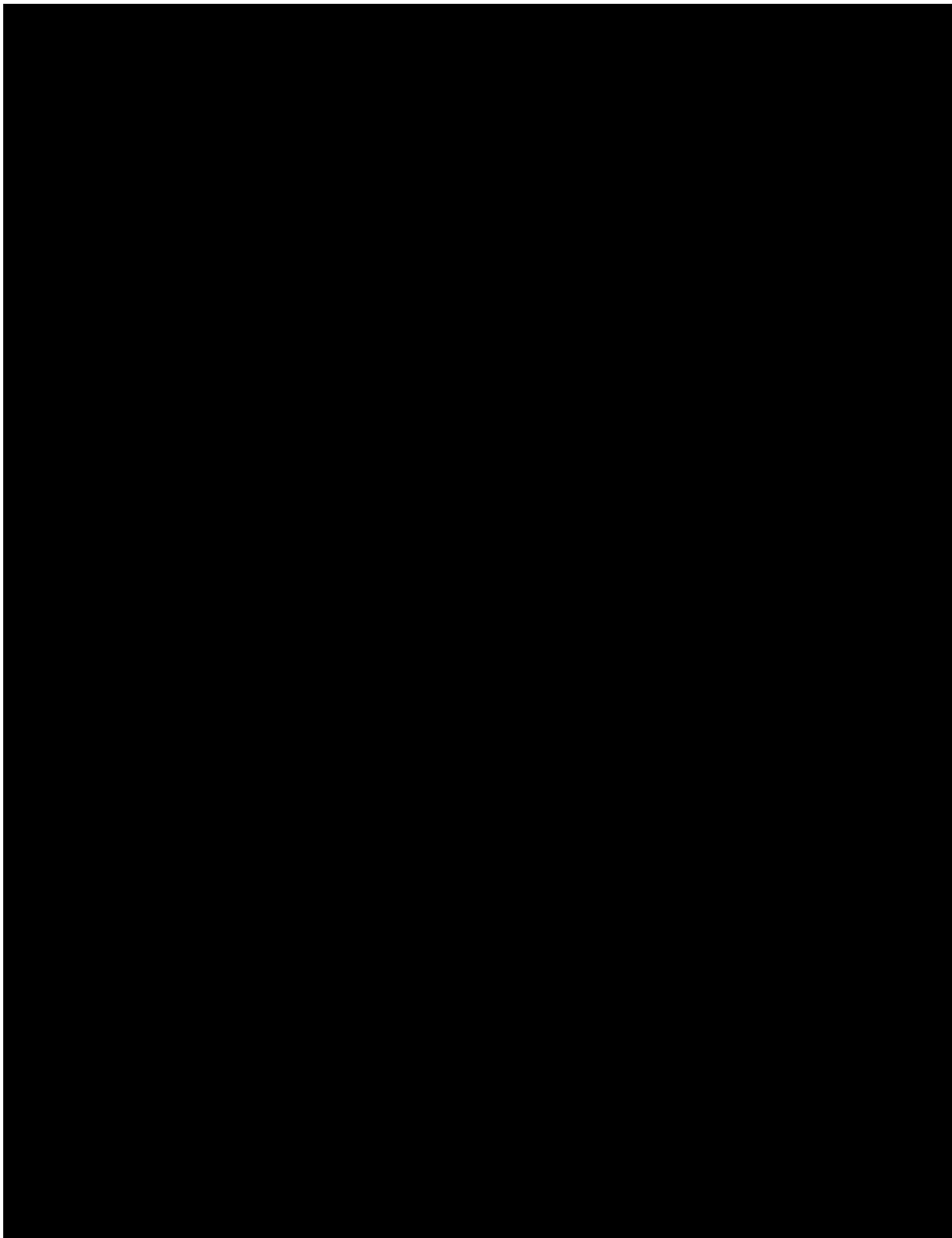












## Disclaimer

Certain information included in this report contains forward-looking estimates, projections and/or statements. Maxim Strategy Group has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans.

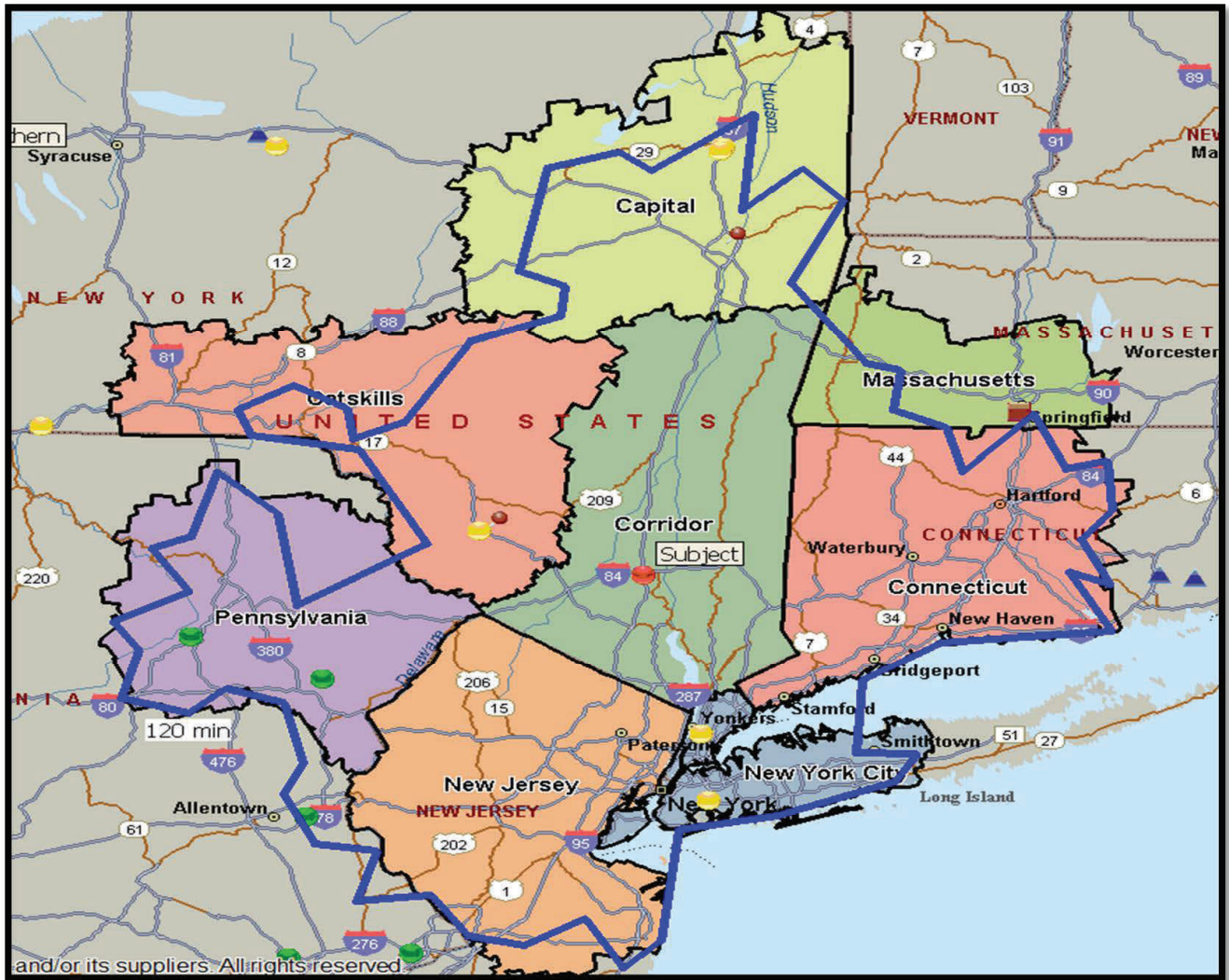
Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, Maxim Strategy Group accepts no liability in relation to the estimates provided herein.

## Exhibit VIII.A.3 (Market/Revenue Study):

Submit as Exhibit VIII.A.3. a study completed by an independent expert assessing the size of the potential gaming market for the proposed Gaming Facility. Include annual projections of gaming patronage (e.g. by gaming visitor count) and gaming revenues (including itemization of slot, table and gross revenues) annually for a period of at least the first ten (10) years after opening for gaming on a high-, average- and low-case basis. The high-, average- and low-case bases should be the same as used for tax revenue analysis provided by the Applicant pursuant to Item VIII.B.4 hereof.

### Attachment A - High Case



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

HIGH-CASE

6/22/2014

NAME OF APPLICANT:

Hudson Valley Casino & Resort

Instructions

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

Projected Opening Date (mm/dd/yyyy):

1/1/2017

- 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

	Unit of Measure	Adult Population of Geographic Area	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)
<b>LOCAL MARKET PARTICIPANTS (Total local market patrons within approximatley 120 minutes of gaming facility)</b>												
Geographic Area 1 (Capital) - 99 minutes of gaming facility†	#/\$	857,080	\$7,139,205	\$7,932,450	\$8,249,748	\$8,414,743	\$8,583,038	\$8,754,699	\$8,929,793	\$9,108,389	\$9,290,556	\$9,476,368
Geographic Area 2 (Catskills) - 104 minutes of gaming facility†	#/\$	292,549	\$3,472,003	\$3,857,781	\$4,012,092	\$4,092,334	\$4,174,181	\$4,257,664	\$4,342,818	\$4,429,674	\$4,518,268	\$4,608,633
Geographic Area 3 (Corridor) - 36 minutes of gaming facility†	#/\$	1,275,705	\$186,006,175	\$206,673,527	\$214,940,469	\$219,239,278	\$223,624,063	\$228,096,545	\$232,658,476	\$237,311,645	\$242,057,878	\$246,899,036
Geographic Area 4 (NYC) - 83 minutes of gaming facility†	#/\$	9,060,601	\$63,833,572	\$70,926,191	\$73,763,238	\$75,238,503	\$76,743,273	\$78,278,139	\$79,843,702	\$81,440,576	\$83,069,387	\$84,730,775
Geographic Area 5 (Connecticut) - 83 minutes of gaming facility†	#/\$	2,500,471	\$72,824,685	\$80,916,317	\$84,152,970	\$85,836,029	\$87,552,750	\$89,303,805	\$91,089,881	\$92,911,678	\$94,769,912	\$96,665,310
Geographic Area 6 (Massachusetts) - 124 minutes of gaming facility†	#/\$	532,747	\$1,687,279	\$1,874,754	\$1,949,744	\$1,988,739	\$2,028,514	\$2,069,084	\$2,110,466	\$2,152,675	\$2,195,729	\$2,239,643
Other (see below)	#/\$	5,698,312	\$133,788,553	\$148,653,947	\$154,600,105	\$157,692,107	\$160,845,949	\$164,062,868	\$167,344,126	\$170,691,008	\$174,104,829	\$177,586,925
<b>Total local market participants</b>	#	<b>20,217,464</b>										
<b>Total annual estimated gross gaming revenues from local market participants</b>	\$		<b>\$468,751,471</b>	<b>\$520,834,968</b>	<b>\$541,668,366</b>	<b>\$552,501,734</b>	<b>\$563,551,768</b>	<b>\$574,822,804</b>	<b>\$586,319,260</b>	<b>\$598,045,645</b>	<b>\$610,006,558</b>	<b>\$622,206,689</b>
<b>Visitation</b>												
Local market gaming visitors	#	N/A	5,404,140	5,430,420	5,456,828	5,483,364	5,510,029	5,536,824	5,563,749	5,590,805	5,617,993	5,645,312
Average Visits per year	#	N/A	0.871	0.963	0.992	1.002	1.012	1.022	1.033	1.043	1.054	1.064
Total local market gaming visitation	#	N/A	4,707,013	5,230,014	5,413,064	5,494,260	5,576,674	5,660,324	5,745,229	5,831,408	5,918,879	6,007,662
Average spend per visit	\$	N/A	\$99.59	\$99.59	\$100.07	\$100.56	\$101.06	\$101.55	\$102.05	\$102.56	\$103.06	\$103.57
<b>TOURISTS (Patrons from more than roughly 120 minutes of gaming facility plus overnight guests)</b>												
Tourist gaming visits per year	#	N/A										
Pennsylvania	#	N/A	77,936	86,596	89,627	90,971	92,336	93,721	95,127	96,553	98,002	99,472
Massachusetts	#	N/A	52,137	57,930	59,958	60,857	61,770	62,697	63,637	64,592	65,561	66,544
New York	#	N/A	47,069	52,299	54,130	54,942	55,766	56,602	57,451	58,313	59,188	60,075
New Jersey	#	N/A	40,979	45,532	47,125	47,832	48,550	49,278	50,017	50,767	51,529	52,302
Connecticut	#	N/A	18,827	20,919	21,651	21,976	22,305	22,640	22,980	23,324	23,674	24,029
Other (MD, VT, NH, ME, DE, RI)	#	N/A	45,071	50,079	51,831	52,609	53,398	54,199	55,012	55,837	56,675	57,525
<b>Total gaming visits per year</b>	#		<b>282,019</b>	<b>313,355</b>	<b>324,322</b>	<b>329,187</b>	<b>334,125</b>	<b>339,136</b>	<b>344,223</b>	<b>349,387</b>	<b>354,628</b>	<b>359,947</b>
Annual estimated gross gaming revenue from tourist gaming visitors - slots/electronic games	\$	N/A	\$34,439,296	\$38,265,885	\$39,796,520	\$40,592,451	\$41,404,300	\$42,232,386	\$43,077,033	\$43,938,574	\$44,817,345	\$45,713,692
Annual estimated gross gaming revenue from tourist gaming visitors - house banked table games	\$	N/A	\$13,775,719	\$15,306,354	\$15,918,608	\$16,236,980	\$16,561,720	\$16,892,954	\$17,230,813	\$17,575,430	\$17,926,938	\$18,285,477
Annual estimated gross gaming revenue from tourist gaming visitors - Other	\$	N/A	\$983,980	\$1,093,311	\$1,137,043	\$1,159,784	\$1,182,980	\$1,206,640	\$1,230,772	\$1,255,388	\$1,280,496	\$1,306,105
<b>Total annual estimated gross gaming revenues from tourist gaming visitors</b>	\$		<b>\$49,198,995</b>	<b>\$54,665,550</b>	<b>\$56,852,172</b>	<b>\$57,989,215</b>	<b>\$59,148,999</b>	<b>\$60,331,979</b>	<b>\$61,538,619</b>	<b>\$62,769,391</b>	<b>\$64,024,779</b>	<b>\$65,305,275</b>
<b>TOTALS</b>												
<b>TOTAL ANNUAL GROSS GAMING REVENUES - SLOTS/ELECTRONIC GAMES</b>	\$	N/A	\$362,565,326	\$402,850,362	\$418,964,377	\$427,343,664	\$435,890,538	\$444,608,348	\$453,500,515	\$462,570,526	\$471,821,936	\$481,258,375
<b>TOTAL ANNUAL GROSS GAMING REVENUES - TABLE GAMES</b>	\$	N/A	\$145,026,130	\$161,140,145	\$167,585,751	\$170,937,466	\$174,356,215	\$177,843,339	\$181,400,206	\$185,028,210	\$188,728,774	\$192,503,350
<b>TOTAL ANNUAL GROSS GAMING REVENUES - OTHER</b>	\$	N/A	\$10,359,009	\$11,510,010	\$11,970,411	\$12,209,819	\$12,454,015	\$12,703,096	\$12,957,158	\$13,216,301	\$13,480,627	\$13,750,239

CONFIDENTIAL

<b>TOTAL ANNUAL GROSS GAMING REVENUE</b>	\$		\$517,950,466	\$575,500,517	\$598,520,538	\$610,490,949	\$622,700,768	\$635,154,783	\$647,857,879	\$660,815,037	\$674,031,337	\$687,511,964
<b>Recaptured Revenue from Out of State venues</b>	\$	N/A	\$53,118,448	\$59,020,498	\$61,381,318	\$62,608,944	\$63,861,123	\$65,138,346	\$66,441,112	\$67,769,935	\$69,125,333	\$70,507,840
<b>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)</b>	\$	N/A	\$87,534,967	\$97,261,074	\$101,151,517	\$103,174,547	\$105,238,038	\$107,342,799	\$109,489,655	\$111,679,448	\$113,913,037	\$116,191,298
<b>Net New Gaming Revenue (sourced in-State)</b>	\$	N/A	\$195,097,389	\$216,774,876	\$225,445,871	\$229,954,789	\$234,553,885	\$239,244,962	\$244,029,861	\$248,910,459	\$253,888,668	\$258,966,441
<b>Net New Gaming Revenue (sourced out-of-State)</b>	\$	N/A	\$182,199,662	\$202,444,069	\$210,541,832	\$214,752,669	\$219,047,722	\$223,428,677	\$227,897,250	\$232,455,195	\$237,104,299	\$241,846,385
<b>TOTAL ANNUAL GROSS GAMING REVENUE</b>	\$		\$517,950,466	\$575,500,517	\$598,520,538	\$610,490,949	\$622,700,768	\$635,154,783	\$647,857,879	\$660,815,037	\$674,031,337	\$687,511,964

† Include detailed description of the geographic borders and municipalities and/or Zip Codes included in each Geographic Area

**Assumptions**

† See Color-Coded Map at Row 125

- o The development would include the casino, a 300-room upscale quality hotel (quickly expandable into 500 rooms if needed), a variety of dining and entertainment venues, full service spa, retail, and ample parking.
- o The casino would initially open with 2,750 slot machines and 190 table games, including a 30-table poker room;
- o The facility would operate: 24-hours per day; 7 days per week;
- o Gaming tax rate would be 39% of Slot Machine Revenue and 10% of Table Game Revenue, as well as an annual \$500 fee per slot machine and table game;
- o For purposes of this report, first year of operation would be 2017;
- o The existing level of competition in upstate New York will remain unchanged, other than the other proposed upstate resort casinos and a 1,000-machine slots-only casino in both Nassau County and Suffolk County, New York.
- o Net New Gaming Revenue (sourced in-State) includes capture from the proposed slots-only casinos in Suffolk and Naussau Counties, and the proposed Catskills and Capital Regiona resort casinos.

**Additional Geographic Areas - Local Market:**

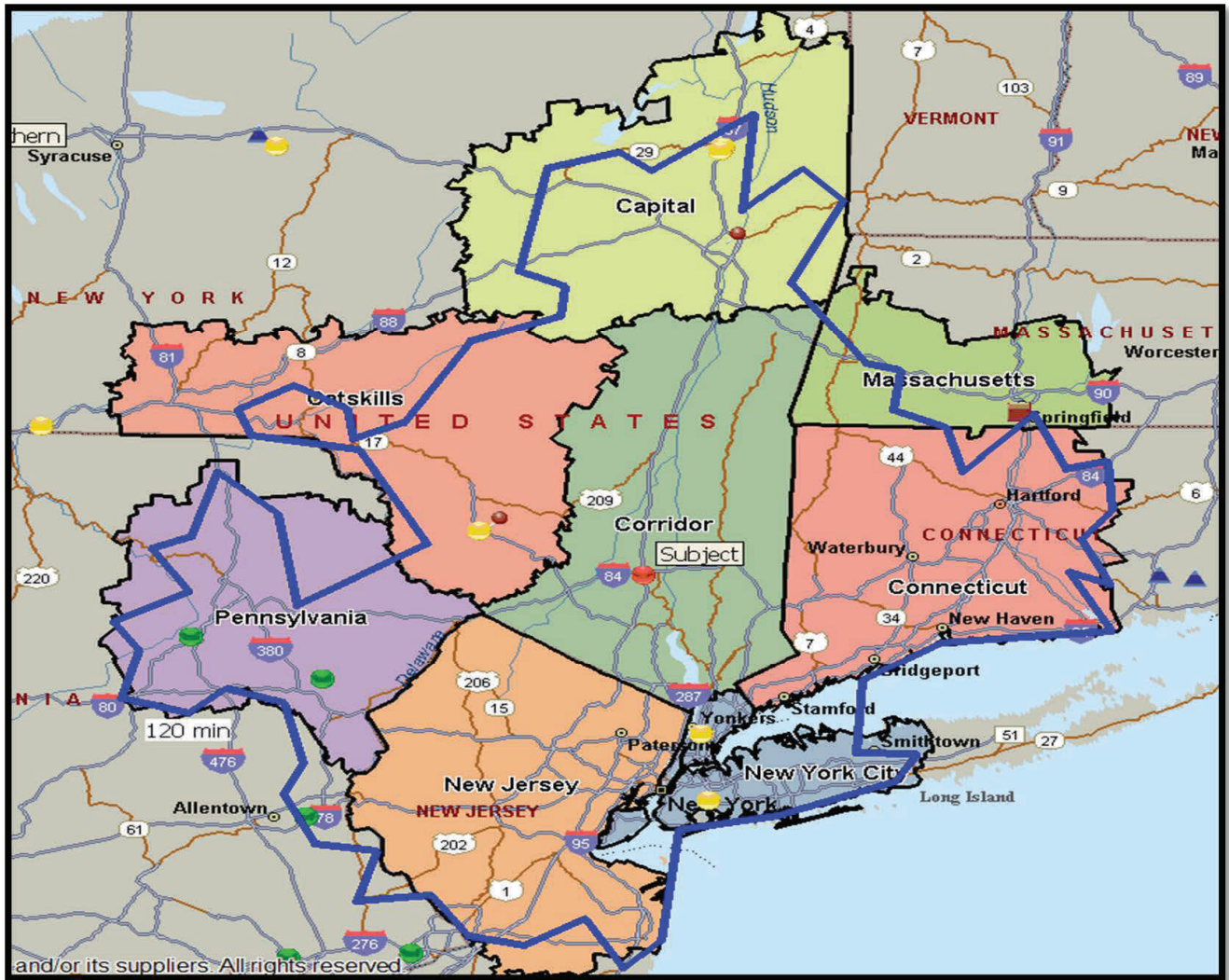
Geographic Area 7 (New Jersey) - 74 minutes of gaming facility†	5,068,644	\$129,576,367	\$143,973,741	\$149,732,691	\$152,727,345	\$155,781,892	\$158,897,530	\$162,075,480	\$165,316,990	\$168,623,330	\$171,995,796
Geographic Area 7 (Pennsylvania) - 95 minutes of gaming facility†	629,668	\$4,212,185	\$4,680,206	\$4,867,414	\$4,964,762	\$5,064,058	\$5,165,339	\$5,268,646	\$5,374,019	\$5,481,499	\$5,591,129
S/T Other	<b>5,698,312</b>	<b>\$133,788,553</b>	<b>\$148,653,947</b>	<b>\$154,600,105</b>	<b>\$157,692,107</b>	<b>\$160,845,949</b>	<b>\$164,062,868</b>	<b>\$167,344,126</b>	<b>\$170,691,008</b>	<b>\$174,104,829</b>	<b>\$177,586,925</b>

CONFIDENTIAL

## Exhibit VIII.A.3 (Market/Revenue Study):

Submit as Exhibit VIII.A.3. a study completed by an independent expert assessing the size of the potential gaming market for the proposed Gaming Facility. Include annual projections of gaming patronage (e.g. by gaming visitor count) and gaming revenues (including itemization of slot, table and gross revenues) annually for a period of at least the first ten (10) years after opening for gaming on a high-, average- and low-case basis. The high-, average- and low-case bases should be the same as used for tax revenue analysis provided by the Applicant pursuant to Item VIII.B.4 hereof.

### Attachment B - Average Case





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

**AVERAGE CASE**

6/22/2014

NAME OF APPLICANT:

Hudson Valley Casino & Resort

<b>Instructions</b>	
Submit 10-year projections, starting from date of opening:	
Projected Opening Date (mm/dd/yyyy):	1/1/2017
· 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**

	<u>Unit of Measure</u>	<u>Adult Population of Geographic Area</u>	<u>Year 1 (2017)</u>	<u>Year 2 (2018)</u>	<u>Year 3 (2019)</u>	<u>Year 4 (2020)</u>	<u>Year 5 (2021)</u>	<u>Year 6 (2022)</u>	<u>Year 7 (2023)</u>	<u>Year 8 (2024)</u>	<u>Year 9 (2025)</u>	<u>Year 10 (2026)</u>
<b>LOCAL MARKET PARTICIPANTS (Total local market patrons within approximately 120 minutes of gaming facility)</b>												
Geographic Area 1 (Capital) - 99 minutes of gaming facility†	#/\$	801,009	\$6,672,154	\$7,413,505	\$7,710,045	\$7,864,246	\$8,021,531	\$8,181,962	\$8,345,601	\$8,512,513	\$8,682,763	\$8,856,418
Geographic Area 2 (Catskills) - 104 minutes of gaming facility†	#/\$	273,410	\$3,244,863	\$3,605,403	\$3,749,619	\$3,824,611	\$3,901,104	\$3,979,126	\$4,058,708	\$4,139,882	\$4,222,680	\$4,307,134
Geographic Area 3 (Corridor) - 36 minutes of gaming facility†	#/\$	1,192,248	\$173,837,546	\$193,152,829	\$200,878,943	\$204,896,521	\$208,994,452	\$213,174,341	\$217,437,828	\$221,786,584	\$226,222,316	\$230,746,762
Geographic Area 4 (NYC) - 83 minutes of gaming facility†	#/\$	8,467,851	\$59,657,544	\$66,286,160	\$68,937,606	\$70,316,358	\$71,722,685	\$73,157,139	\$74,620,282	\$76,112,687	\$77,634,941	\$79,187,640
Geographic Area 5 (Connecticut) - 83 minutes of gaming facility†	#/\$	2,336,889	\$68,060,453	\$75,622,726	\$78,647,635	\$80,220,588	\$81,825,000	\$83,461,500	\$85,130,730	\$86,833,344	\$88,570,011	\$90,341,411
Geographic Area 6 (Massachusetts) - 124 minutes of gaming facility†	#/\$	497,894	\$1,576,896	\$1,752,107	\$1,822,191	\$1,858,635	\$1,895,807	\$1,933,723	\$1,972,398	\$2,011,846	\$2,052,083	\$2,093,124
Other (see below)	#/\$	5,325,525	\$125,036,030	\$138,928,923	\$144,486,080	\$147,375,801	\$150,323,317	\$153,329,784	\$156,396,379	\$159,524,307	\$162,714,793	\$165,969,089
<b>Total local market participants</b>	#	<b>18,894,826</b>										
<b>Total annual estimated gross gaming revenues from local market participants</b>	\$		<b>\$438,085,487</b>	<b>\$486,761,652</b>	<b>\$506,232,118</b>	<b>\$516,356,761</b>	<b>\$526,683,896</b>	<b>\$537,217,574</b>	<b>\$547,961,925</b>	<b>\$558,921,164</b>	<b>\$570,099,587</b>	<b>\$581,501,579</b>
<b>Visitation</b>												
Local market gaming visitors	#	N/A	5,050,598	5,075,159	5,099,839	5,124,639	5,149,560	5,174,602	5,199,765	5,225,051	5,250,460	5,275,993
Average Visits per year	#	N/A	0.871	0.963	0.992	1.002	1.012	1.022	1.033	1.043	1.054	1.064
Total local market gaming visitation	#	N/A	4,399,077	4,887,864	5,058,939	5,134,823	5,211,845	5,290,023	5,369,373	5,449,914	5,531,663	5,614,637
Average spend per visit	\$	N/A	\$99.59	\$99.59	\$100.07	\$100.56	\$101.06	\$101.55	\$102.05	\$102.56	\$103.06	\$103.57
<b>TOURISTS (Patrons from more than roughly 120 minutes of gaming facility plus overnight guests)</b>												
Tourist gaming visits per year	#	N/A										
Pennsylvania	#	N/A	72,838	80,931	83,763	85,020	86,295	87,589	88,903	90,237	91,590	92,964
Massachusetts	#	N/A	48,727	54,141	56,035	56,876	57,729	58,595	59,474	60,366	61,272	62,191
New York	#	N/A	43,990	48,878	50,588	51,347	52,117	52,899	53,693	54,498	55,316	56,145
New Jersey	#	N/A	38,298	42,553	44,042	44,703	45,374	46,054	46,745	47,446	48,158	48,880
Connecticut	#	N/A	17,595	19,550	20,235	20,538	20,846	21,159	21,476	21,798	22,125	22,457
Other (MD, VT, NH, ME, DE, RI)	#	N/A	42,122	46,802	48,441	49,167	49,905	50,653	51,413	52,184	52,967	53,762
<b>Total gaming visits per year</b>	#		<b>263,569</b>	<b>292,855</b>	<b>303,105</b>	<b>307,651</b>	<b>312,266</b>	<b>316,950</b>	<b>321,704</b>	<b>326,530</b>	<b>331,428</b>	<b>336,399</b>
Annual estimated gross gaming revenue from tourist gaming visitors - slots/electronic games	\$	N/A	\$32,186,258	\$35,762,509	\$37,193,010	\$37,936,870	\$38,695,607	\$39,469,519	\$40,258,910	\$41,064,088	\$41,885,370	\$42,723,077
Annual estimated gross gaming revenue from tourist gaming visitors - house banked table games	\$	N/A	\$12,874,503	\$14,305,004	\$14,877,204	\$15,174,748	\$15,478,243	\$15,787,808	\$16,103,564	\$16,425,635	\$16,754,148	\$17,089,231
Annual estimated gross gaming revenue from tourist gaming visitors - Other	\$	N/A	\$919,607	\$1,021,786	\$1,062,657	\$1,083,911	\$1,105,589	\$1,127,701	\$1,150,255	\$1,173,260	\$1,196,725	\$1,220,659
<b>Total annual estimated gross gaming revenues from tourist gaming visitors</b>	\$		<b>\$45,980,369</b>	<b>\$51,089,299</b>	<b>\$53,132,871</b>	<b>\$54,195,528</b>	<b>\$55,279,439</b>	<b>\$56,385,028</b>	<b>\$57,512,728</b>	<b>\$58,662,983</b>	<b>\$59,836,242</b>	<b>\$61,032,967</b>
<b>TOTALS</b>												
<b>TOTAL ANNUAL GROSS GAMING REVENUES - SLOTS/ELECTRONIC GAMES</b>	\$	N/A	\$338,846,099	\$376,495,666	\$391,555,492	\$399,386,602	\$407,374,334	\$415,521,821	\$423,832,257	\$432,308,902	\$440,955,080	\$449,774,182
<b>TOTAL ANNUAL GROSS GAMING REVENUES - TABLE GAMES</b>	\$	N/A	\$135,538,440	\$150,598,266	\$156,622,197	\$159,754,641	\$162,949,734	\$166,208,728	\$169,532,903	\$172,923,561	\$176,382,032	\$179,909,673
<b>TOTAL ANNUAL GROSS GAMING REVENUES - OTHER</b>	\$	N/A	\$9,681,317	\$10,757,019	\$11,187,300	\$11,411,046	\$11,639,267	\$11,872,052	\$12,109,493	\$12,351,683	\$12,598,717	\$12,850,691
<b>TOTAL ANNUAL GROSS GAMING REVENUE</b>	\$		<b>\$484,065,856</b>	<b>\$537,850,951</b>	<b>\$559,364,989</b>	<b>\$570,552,289</b>	<b>\$581,963,335</b>	<b>\$593,602,601</b>	<b>\$605,474,653</b>	<b>\$617,584,146</b>	<b>\$629,935,829</b>	<b>\$642,534,546</b>

CONFIDENTIAL

Recaptured Revenue from Out of State venues	\$	N/A	\$49,643,409	\$55,159,344	\$57,365,718	\$58,513,032	\$59,683,293	\$60,876,958	\$62,094,498	\$63,336,388	\$64,603,115	\$65,895,178
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	\$81,808,380	\$90,898,200	\$94,534,128	\$96,424,810	\$98,353,307	\$100,320,373	\$102,326,780	\$104,373,316	\$106,460,782	\$108,589,998
Net New Gaming Revenue (sourced in-State)	\$	N/A	\$182,334,008	\$202,593,342	\$210,697,076	\$214,911,018	\$219,209,238	\$223,593,423	\$228,065,291	\$232,626,597	\$237,279,129	\$242,024,711
Net New Gaming Revenue (sourced out-of-State)	\$	N/A	\$170,280,058	\$189,200,065	\$196,768,067	\$200,703,429	\$204,717,497	\$208,811,847	\$212,988,084	\$217,247,846	\$221,592,803	\$226,024,659
<b>TOTAL ANNUAL GROSS GAMING REVENUE</b>	<b>\$</b>		<b>\$484,065,856</b>	<b>\$537,850,951</b>	<b>\$559,364,989</b>	<b>\$570,552,289</b>	<b>\$581,963,335</b>	<b>\$593,602,601</b>	<b>\$605,474,653</b>	<b>\$617,584,146</b>	<b>\$629,935,829</b>	<b>\$642,534,546</b>

† Include detailed description of the geographic borders and municipalities and/or Zip Codes included in each Geographic Area

**Assumptions**

† See Color-Coded Map at Row 125

- o The development would include the casino, a 300-room upscale quality hotel (quickly expandable into 500 rooms if needed), a variety of dining and entertainment venues, full service spa, retail, and ample parking.
- o The casino would initially open with 2,750 slot machines and 190 table games, including a 30-table poker room;
- o The facility would operate: 24-hours per day; 7 days per week;
- o Gaming tax rate would be 39% of Slot Machine Revenue and 10% of Table Game Revenue, as well as an annual \$500 fee per slot machine and table game;
- o For purposes of this report, first year of operation would be 2017;
- o The existing level of competition in upstate New York will remain unchanged, other than the other proposed upstate resort casinos and a 1,000-machine slots-only casino in both Nassau County and Suffolk County, New York.
- o Net New Gaming Revenue (sourced in-State) includes capture from the proposed slots-only casinos in Suffolk and Naussau Counties, and the proposed Catskills and Capital Regiona resort casinos.

**Additional Geographic Areas - Local Market:**

Geographic Area 7 (New Jersey) - 74 minutes of gaming facility†	4,737,050	\$121,099,409	\$134,554,899	\$139,937,094	\$142,735,836	\$145,590,553	\$148,502,364	\$151,472,411	\$154,501,860	\$157,591,897	\$160,743,735
Geographic Area 7 (Pennsylvania) - 95 minutes of gaming facility†	588,475	\$3,936,622	\$4,374,024	\$4,548,985	\$4,639,965	\$4,732,764	\$4,827,419	\$4,923,968	\$5,022,447	\$5,122,896	\$5,225,354
<b>S/T Other</b>	<b>5,325,525</b>	<b>\$125,036,030</b>	<b>\$138,928,923</b>	<b>\$144,486,080</b>	<b>\$147,375,801</b>	<b>\$150,323,317</b>	<b>\$153,329,784</b>	<b>\$156,396,379</b>	<b>\$159,524,307</b>	<b>\$162,714,793</b>	<b>\$165,969,089</b>

CONFIDENTIAL

## Exhibit VIII.A.3 (Market/Revenue Study):

Submit as Exhibit VIII.A.3. a study completed by an independent expert assessing the size of the potential gaming market for the proposed Gaming Facility. Include annual projections of gaming patronage (e.g. by gaming visitor count) and gaming revenues (including itemization of slot, table and gross revenues) annually for a period of at least the first ten (10) years after opening for gaming on a high-, average- and low-case basis. The high-, average- and low-case bases should be the same as used for tax revenue analysis provided by the Applicant pursuant to Item VIII.B.4 hereof.

### Attachment C - Low Case

