

Exhibit VIII.B.3.a (Municipality, Region and State Economic Benefit Impact Studies):

Submit as Exhibit VIII.B.3.a. economic impact studies completed by an independent expert showing the proposed Gaming Facility's overall economic incremental benefit to the Region, the State, and the Host Municipality and nearby municipalities including the manner in which the facility will generate new revenues as opposed to taking revenues from other New York businesses.

Please see the attached Economic Impact Study by Custom Gaming Consulting / Maxim Strategy Group dated June 22, 2014.

Economic Impact Study

Hudson Valley Casino & Resort

Town of Newburgh, New York

June 22, 2014

Prepared for:

Hudson Valley Casino & Resort

Prepared by:

Custom Gaming Consulting /

Maxim Strategy Group

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Introduction

Custom Gaming Consulting (“CGC”) was retained to conduct an Economic Impact Study (“Study”) related to a proposed Gaming Facility development in the Town of Newburgh, New York. The primary purpose of this report is to comply with Section VIII.B.3.a of the Request for Applications (“RFA”). This section of the RFA also requires a discussion regarding the manner in which the Gaming Facility will strive to create incremental revenue (or tap latent market demand) as opposed to cannibalizing from existing New York businesses. Our goal was to analyze the various strategies the subject operator intends to employ in terms of applicability and achievability.

The Study relies heavily on a *Gaming Market Assessment* (“GMA”) and *Hotel Market Assessment* (“HMA”) that were previously completed for this project. The GMA primarily estimated potential visitor volume and gaming revenue, segregated by various market components. The HMA primarily estimated potential room night demand and room revenue for the proposed resort-style hotel. The Study also utilizes data obtained from the Bureau of Economic Analysis (“BEA”) for the purpose of projecting of indirect and induced economic impact.

The Study forecasts the potential economic impact of the project on the following jurisdictions:

1. State Level
2. Region One (defined by the RFA to include the Counties of Columbia, Delaware, Dutchess, Greene, Orange, Sullivan and Ulster)
3. Local Area (defined using the Poughkeepsie, Newburgh, and Middletown MSA)

Proposed Development

The development site lies in the Hudson Valley/Catskills Region as defined by the Upstate NY Gaming Economic Development Act (“ACT”), which was enacted in June 2013. The site is situated in northeastern Orange County in the southwest corner of the intersection of Interstate 84 (“I-84”) and the New York Thruway; offering excellent visibility and access from these interstates.

The Gaming Facility is expected to offer 2,750 slot machines and 190 table games on a gaming floor measuring about 128,500 square feet. The proposed food & beverage offering includes a steakhouse, a full-service specialty restaurant featuring Italian cuisine, a casual Asian restaurant, a coffee & pastry shop, and a 4-outlet market place. Entertainment options include various bars / lounges and a high-energy pub / sports bar. A 30,600 square feet event center is also proposed, capable of accommodating 2,200 guests in a theater setting for presenting live headliner acts. Several retail shops will also be available.

A feature of the project is a proposed upscale hotel with 300 rooms, capable of quickly expanding to 500 rooms if market demand dictates. The hotel would offer a standard room and various suite options. Hotel amenities include a resort-style outdoor pool and deck area; a health and fitness center; spa and salon; and meeting space.

Economic Impact Study

The primary objective of the Economic Impact Study (“Study”) is to estimate the economic impact of the proposed Gaming Facility to the State of New York, Region One (as defined), and the Host Municipality. Economic impact is the cumulative amount of economic activity derived from the buying and selling of goods and services in a defined jurisdiction. Generally, economic impact for a project falls into one of three (3) broad baskets, as follows:

1. Construction Phase (Private Sector Impact)
2. Ongoing Operation Phase (Private Sector Impact)
3. Public Sector Impact – Tax Revenue

However, the Public Sector Impact component is forecasted and discussed under a separate report cover, per directions in the RFA.

The construction phase reflects the building of the facility and related area infrastructure improvements, and thus is a onetime impact. In contrast, the ongoing operation phase reflects the annual operation of the resort facility, and thus continues in perpetuity, and actually increases over time.

The construction and ongoing operation phase are further segregated into a direct and indirect / induced component. The **direct** economic benefit generally includes: 1) expenditures by the casino enterprise on payroll and goods and services in the local community; 2) spending by patrons at the casino and at nearby business during the casino visit, whereby money is exchanged for goods and services; and 3) the resulting increase in jobs and earnings to area residents. This direct impact is generally based on projected spending via ancillary assessments (outlined earlier) related to the construction budget and casino operating pro-forma.

The **indirect / induced** impact or the “ripple effect” in the economy occurs as additional industry sectors, representing vendors of the construction effort and casino, realize additional revenue. The indirect / induced impact is projected using “multipliers” obtained from the Bureau of Economic Analysis (“BEA”), which are applied to direct spending to project downstream spending. The BEA provides multipliers for spending, earnings and jobs, all of which are applied to the direct spending base.

Definitions

Direct Impact: Economic impact derived from qualifying cash expenditures initiated by the front-line enterprises. The front-line enterprises include the developer for the construction phase and the casino operation for the ongoing phase. *For example, the developer writing a check to the general contractor for the construction of the facility or the casino operation paying its electricity bill to the local energy company.*

Indirect Impact: Economic impact derived from qualifying cash expenditures initiated by the enterprises other than the front-line enterprises in support of the construction phase or casino operation. Regarding the construction phase, these enterprises include all vendors of the general contractor or subcontractors as well as the vendors the developer for the construction phase and the casino operation for the ongoing phase. In other words, economic spin-off of the direct expenditures as local vendors provide projects and services, which pushes additional revenue throughout the economy in a rippling effect. *For example, the concrete vendor hiring more drivers to accommodate the increase in business, or the local energy company buying more coal due to the energy needs of the casino.*

Induced Impact: Economic impact of higher household incomes resulting from direct and indirect employment. Thus, incremental household earnings is reinvested in the economy via household spending patterns as direct and indirect employees buy cars, homes and groceries locally.

Total Economic Impact: The sum of direct impact, indirect impact, and induced impact.

Bureau of Economic Analysis (“BEA”) RIMS II Input / Output Multipliers: Factors that estimate the total economic impact that occurs in all industries from each additional dollar of direct spending associated with the base industry (construction project and casino operation). In other words, spending related to construction effort and casino operation produces additional economic benefits in a number of industries representing the indirect and induced impact. The BEA provides multipliers that estimate total economic impact as well as multipliers that specifically estimate the household earnings portion and related jobs.

Earnings: Wages and earnings to employees, including benefits, such as vacation, healthcare and retirement savings, but excluding payroll taxes.

Full Time Equivalent (FTE): A representation of the employment which suggest all the workers are employed on a full time basis. *For example, it converts the numerous part-time employees into a smaller full-time basis figure.*

Direct Employment - Construction: The FTE’s positions working on-site for either the general contractor or direct subcontractors. *For example, the electrical workers employed by the electrical subcontractor or the structural engineers hired by the design team.*

Direct Employment – Ongoing Operations: FTE’s needed to operate the resort casino operation.

Indirect Employment: Employment related to the businesses outlined in the indirect impact definition. *For example, new employees of the concrete supplier including the truck drivers and plant operators, or new employees of the local energy company.*

Enterprise Spending: Expenditures initiated by the front-line enterprises, including the developer during the construction phase and casino operation for the ongoing operation phase. *For example, expenditure by the casino operation for the purchase of office supplies at the local office supply company.*

Patron Spending: Spending related to patrons of the casino facility on goods and services while at the casino, such as food and beverage, retail, entertainment, and hotel rooms.

Indirect Expenditures: Spending by businesses other than the front-line enterprises in support construction phase or the operation of the casino. *For example, the local cleaning supply company purchasing more cleaning supplies from the manufacturer.*

Payroll Expenditures: Expenditures related specifically to labor, including wages and earnings, payroll taxes and employee benefits.

Tourism Induced: Persons attracted to the area primarily due to the casino that patronize area businesses other than the casino. *For example, a casino patron might stop at a local convenience store before heading home; grab a meal at an area restaurant, or stay at an area hotel. Other examples might include the patronizing area tourist attractions, such as regional wineries and outlet malls.*

Construction Phase

Again, the construction phase reflects the one-time benefits associated with the construction of the Gaming Facility and related area infrastructure improvements. The construction phase is segregated into a direct and indirect / induced component. This analysis was again performed first at the State Level and Average Case, as the “**baseline**” forecast.

State Level / Average Case

Direct Impact

The direct component relates to spending by the developer on the physical facility. Thus, the starting point is the development budget, as shown below. Each component of the budget is analyzed separately as to its potential impact on the economy. Note that not all the components of the development budget generate economic impact. Payments to acquire government permits are redirected to another category of economic impact called Public Sector Impact. Also, the bankroll would not constitute economic impact as it is not invested in the economy.

Of the components generating economic impact, the largest by far is Hard Construction Costs, and reflects the amount paid to the general contractor and subcontractors to construct the physical facility. Offsite Infrastructure are also significant, and relate mainly to roadway improvements around the development site. Design/ Management/ Professional Services reflect the construction managers and design teams, including architects, consultants and engineers. Furniture Fixtures and Equipment (“FF&E”) and Base Stock/Inventory reflect direct purchases by the developer to fit out the facilities and stock inventory. It was assumed that 15% of these purchases would be made outside of New York. Gaming equipment (slots & tables) is segregated out of FF&E as it is purchased out of state due to its unique nature, and thus does not generate economic impact locally. Pre-opening is partially labor related as employees are trained in advance of opening, but also includes materials and marketing expenditures.

In summary, of the \$681 million development budget, approximately \$556 million or 82% constitutes direct spending by the developer in the economy. Of this total, about \$453 million or 81% is expected to be spent in New York State. This high capture rate suggests that the state is well capable of handling this project from a labor, materials, and equipment perspective.

Construction Phase - Direct Impact Summary (\$M)					
Development Component	Development Budget	% Direct	Direct Expenditures	% Local	Local / Direct Expenditures
Land Acquisition Costs	\$22	0%	\$0	0%	\$0
Hard Construction Costs	\$390	100%	\$390	92%	\$360
Offsite Infrastructure	\$13	100%	\$13	97%	\$12
Design / Mgmt. / Prof. Serves.	\$25	100%	\$25	89%	\$22
Government Permits	\$82	0%	\$0	0%	\$0
FF&E (excl gaming)	\$41	100%	\$41	85%	\$35
Gaming Equipment	\$62	100%	\$62	0%	\$0
Other Development	\$11	65%	\$7	95%	\$7
Pre-Opening	\$18	100%	\$18	94%	\$17
Bankroll	\$18	0%	\$0	0%	\$0
Grand Total	\$681	82%	\$556	81%	\$453

Direct Jobs

Four (4) components of the development budget would create direct construction jobs: Hard Construction Costs, Offsite Infrastructure, Design/ Management/ Professional Services, and Pre-Opening. An estimated \$186 million or 45% of the local development budget for these components relates to payroll (excluding payroll taxes, but including benefits). Based on an assumed average salary of \$73,500 (estimated using salary and wage data obtained from the Bureau of Labor Statistics), total employees (man-years) calculated to approximately 2,530 persons. This equates to about 1,858 Full Time Equivalent (“FTE”) jobs based on an average construction period of 1.4 years. For the purpose of this study, we assumed a hard construction duration of 1.5 years. Note, Hard Construction accounts for roughly 78% of the direct jobs. The calculation is detailed below by development component.

Construction Phase - Direct Jobs Summary							
Development Component	Development Budget	Payroll %	Payroll (excl taxes)	Avg Salary + Benefits	Employees (man-years)	Construction Duration	Employees (FTE)
Hard Construction	\$360	44%	\$158	\$73,000	2,166	1.5	1,444
Offsite Infrastructure	\$12	52%	\$7	\$65,700	99	1.5	66
Design / Mgmt. / Prof. Serves.	\$22	64%	\$14	\$104,000	137	1.5	91
Pre-Opening	\$17	43%	\$7	\$57,500	128	0.5	256
Total	\$411	45%	\$186	\$73,600	2,530	1.4	1,858

Indirect / Induced

Again, the indirect / induced economic impact relates to the “ripple effect” in the economy as vendors of the construction effort realize additional revenue, and consequently the vendors of these vendors realize additional revenue, and so on – thus the ripple effect. The induced component of indirect / induced relates specifically to the economic impact resulting from higher household incomes from direct and indirect employment, which is reinvested in the economy via household spending patterns spurring further local economic activity as these employees buy cars, homes and groceries locally.

The vendors of the construction effort would include concrete manufacturers, aggregate suppliers, steel producers, electrical contractors, and equipment rental companies, among many others. Downstream vendors could include fuel suppliers, uniform companies, equipment rental companies, electrical supply manufactures, plumbing supply manufactures, equipment repair companies, and heavy equipment manufacturers, just to name a few.

The amount of the indirect / induced impact was based on Bureau of Economic Analysis (“BEA”) RIMS II input/output multipliers. Per the BEA, the multipliers estimate the total dollar change in output that occurs **in all industries** from each additional dollar of output delivered to final demand by the base industry. In other words, spending related to a base industry (for example – construction) produces additional output in a number of industries (represented by the downstream vendors). The “base industry” multiplier used for Hard Construction and Offsite Roadwork was “Construction” at 1.94 times. So every \$1 of Hard Cost Construction spending equates to \$1.94 in total spending due to the ripple effect through multiple industries. The “base industry” used for

Management / Professional Services was “Professional, Scientific and Technical Services” at 1.96 times. Lastly, the “base industry” multiplier used for FF&E and Base Stock / Inventory was “Wholesale” at 1.80 times; the general category for goods purchased in the wholesale market.

After applying these multipliers by development component, total impact calculated to \$876 million, reflecting an average multiplier of 1.93 times, resulting in net indirect / induced impact of \$423 million, as displayed in the table below.

Construction Phase - Indirect/Induced Impact Summary (\$M)				
Development Component	Direct Impact	Indirect / Induced Multiplier	Total Impact	Net Indirect / Induced
Land Acquisition Costs	\$0	0.00	\$0	\$0
Hard Construction Costs	\$360	1.94	\$698	\$338
Offsite Infrastructure	\$12	1.94	\$24	\$12
Design / Mgmt. / Prof. Serves.	\$22	1.96	\$43	\$21
Government Permits	\$0	0.00	\$0	\$0
FF&E (excl gaming)	\$35	1.80	\$63	\$28
Gaming Equipment	\$0	0.00	\$0	\$0
Other Development	\$7	2.13	\$14	\$8
Pre-Opening	\$17	1.96	\$33	\$16
Bankroll	\$0	0.00	\$0	\$0
Total	\$453	1.93	\$876	\$423

The BEA also provides multipliers that translate direct impact into indirect / induced earnings and jobs. Per the BEA, the earnings multipliers estimate the total dollar change in earnings of households employed **by all industries** from each additional dollar of output delivered to final demand by the base industry. The jobs multipliers estimate the total change in number of jobs that occurs **in all industries** for each additional \$1 million of output delivered to final demand by the base industry.

Based on the same multiplier categories discussed earlier, \$271 million or 64% of net indirect / induced impact relates to earnings, which translates into approximately 5,820 jobs; or about 4,525 FTE jobs considering the roughly year and a half construction duration. The average earnings for these jobs calculated to about \$46,700, as displayed in the table below.

Construction Phase - Indirect/Induced Jobs Summary							
Development Component	Net Indirect / Induced (\$M)	Payroll %	Payroll (\$M)	Avg Salary + Benefits	Employees (man-years)	Construction Duration	Employees (FTE)
Hard Construction Costs	\$338	65%	\$218	\$47,300	4,618	1.5	3,079
Offsite Infrastructure	\$12	65%	\$8	\$47,300	160	1.5	107
Design / Mgmt. / Prof. Serves.	\$21	69%	\$15	\$55,000	264	1.5	176
FF&E (excl gaming)	\$28	63%	\$18	\$55,800	318	1.0	318
Other Development	\$8	48%	\$4	\$54,400	67	1.0	67
Pre-Opening	\$16	59%	\$10	\$24,700	390	0.5	779
Total	\$423	64%	\$271	\$46,700	5,817	1.3	4,526

Construction Impact Summary to State

The following table summarizes the construction impact, showing approximately \$876 million of total economic benefit; 52% or \$458 million of which relates to earnings, equating to over 6,380 FTE jobs.

Construction Jobs Impact Summary - State Level				
	Direct	Indirect / Induced	Total	Multiplier
Economic Impact	\$453.1	\$422.9	\$876.0	1.9
Payroll (excl taxes)	\$186.1	\$271.4	\$457.5	2.5
Jobs (FTE)	1,858	4,526	6,383	3.4
Avg Earnings	\$73,500	\$46,700	\$54,800	

Region One / Local Level Impacts – Construction Phase

This section itemizes the economic impacts for Region One and the locality. Again, Region One is defined in the RFA to include the Counties of Columbia, Delaware, Dutchess, Greene, Orange, Sullivan and Ulster. The locality reflects just Orange County.

For the direct impact, the state level impacts were discounted based on the capabilities of the region and locality, relative to the state. In other words, a portion of the direct expenditures will occur outside of the region as defined, likely related to the more specialized buildings supplies, equipment, and systems. However, the discount associated with earnings and jobs is much lower, as labor is always more localized. The discount factors were based on an evaluation of the RIMS II multipliers obtained from the BEA, which gauge the industrial ability of defined regions by numerous industry segments.

As displayed in the table below, with regard to the direct impact of the construction effort, we estimated that Region One would realize \$405 million in direct economic benefits, reflecting 89% of the state level impact. Said another way, the construction capabilities of Region One can accommodate 89% of the construction spending relative to the state’s capabilities. Regarding earnings and jobs, the direct impact for the region calculated to \$178 million and 1,780 jobs, respectively, equating to about 96% of the state level impact. Again, labor is much more localized as living in close proximity to the construction site is essential for workers. In contrast, building materials and equipment can be shipped from outside the market area.

As the spotlight focuses in on the locality (Orange County), the impact decline once again. We estimated the local economic impact at \$332 million or 73% of the state level impact. Local earnings and jobs came in at \$156 million and 1,570 jobs, respectively, reflecting about 84% of the state level figures.

Direct Construction Impact Summary			
	State	Regional	Local
Economic Benefits	\$453	\$405	\$332
Earnings	\$186	\$178	\$156
Jobs (FTE)	1,858	1,780	1,569
% of State:			
Economic Benefits		89%	73%
Earnings		96%	84%
Jobs (FTE)		96%	84%

The following table displays the “Net Indirect / Induced” impact of the construction effort for the region and locality. These impacts were again derived by applying RIMs II multipliers to the direct impacts outlined above. In terms of the indirect / induced impact, the discounts were more significant. Since the direct construction effort is focused on the local area, a high percentage of the state level impact relates to the regional and local levels. However, the percentage drops considerably for the indirect construction effort as these downstream vendors are more scattered throughout the state. Nonetheless, labor is still more localized even with regard to the indirect / induced impact. In summary, the region and locality are expected to realize \$321 million and \$229 million in indirect / induced impact, respectively, representing 76% and 54% of the state level. Total incremental indirect jobs for the region and locality were estimated at 3,940 and 2,545, respectively, or 87% and 56% of the state level.

Net Indirect/Induced Construction Impact Summary			
	State	Regional	Local
Economic Benefits	\$423	\$321	\$229
Earnings	\$271	\$235	\$151
Jobs (FTE)	4,526	3,941	2,545
% of State:			
Economic Benefits		76%	54%
Earnings		87%	56%
Jobs (FTE)		87%	56%

The table below combines the direct and indirect components, resulting in a total construction impact of over \$727 million for the region (as defined), and approximately \$560 million for the local market. Total incremental jobs for the region came in at 5,720 jobs, of which 4,110 would go to county residents.

Total Construction Impact Summary			
	State	Regional	Local
Economic Benefits	\$876	\$727	\$560
Earnings	\$458	\$413	\$307
Jobs (FTE)	6,383	5,721	4,114
% of State:			
Economic Benefits		83%	64%
Earnings		90%	67%
Jobs (FTE)		90%	64%

Low Case / High Case Summary

The section estimates the Low Case and High Case per direction from the RFA. The projections reflected in this report for the Average Case relied on the identified set of assumptions judged to be reasonable based on the expected construction budgets. There are a number of factors that could cause economic impact to come in lower than anticipated, including:

- Significant decrease in the cost of raw materials;
- Significant decrease in the cost of labor;
- Lack of problems occurring during the construction effort;
- More out-of-state involvement than anticipated.

Likewise, these same factors could occur in the reverse causing the property to achieve economic impact that exceeds expected results, as follows:

- Significant increase in the cost of raw materials;
- Significant increase in the cost of labor;
- Unforeseen problems occurring during the construction effort;
- Unanticipated changes in the building plan;
- Less out-of-state involvement than anticipated.

The modeling exercise included a stress test to determine a possible downside and upside scenarios, based on the factors noted above. For the Low Case, we assumed an 7% variance, primarily reflecting a cost underrun to the construction budget. For the High Case, we also assessed an 7% variance, primarily reflecting a cost overrun to the construction budget. The Low / Average and High Cases are summarized below, for each jurisdiction.

Construction Impact - State Summary			
	Low Case	Average Case	High Case
Economic Benefits	\$815	\$876	\$937
Earnings	\$426	\$458	\$490
Jobs (FTE)	5,936	6,383	6,830

Construction Impact - Region One Summary			
	Low Case	Average Case	High Case
Economic Benefits	\$676	\$727	\$778
Earnings	\$384	\$413	\$442
Jobs (FTE)	5,320	5,721	6,121

Construction Impact - Local			
	Low Case	Average Case	High Case
Economic Benefits	\$521	\$560	\$600
Earnings	\$285	\$307	\$328
Jobs (FTE)	3,826	4,114	4,402

Ongoing Operations

Again, the ongoing operation phase reflects the operation of the finished Gaming Facility, thus the benefits would continue in perpetuity. This phase is also segregated into a direct and indirect / induced component. This analysis was again performed first at the State Level and Average Case, as the “**baseline**” forecast.

State Level / Average Case

Direct Impact

The direct component includes spending by the patrons visiting the facility and spending by the gaming enterprise itself.

Patron Spending

This category of direct impact relates to patrons of the gaming facility spending money on goods and services, such as food and beverage, retail, entertainment, and hotel rooms, while at the facility. As these are economic transactions, they constitute economic impact. Based on an underlying GMA, patrons of the facility are expected to spend approximately \$74.3 million on goods and services, other than gaming. This amount is then discounted somewhat to account for what economists call the “substitution effect” or the effect of substituting spending at a similar venue elsewhere in the community with spending at the gaming facility.

Based on an average discount factor of 89% (11% substitution), net patron spending calculated to \$66.1 million, as displayed in the table below. The incremental rate was lowest for F&B as this amenity is most prevalent in the local community, while spending at the hotel, for instance, is typically driven by the casino experience. Note that this component of spending does not have an indirect component in and of itself. The indirect benefit occurs as the enterprise spends money related to the goods and services provided (to be discussed).

Patron Spending - Net Direct (\$M)			
	Total Direct Spending	Incremental Rate	Net Direct
Hotel	\$20.6	95%	\$19.6
F&B	\$44.7	85%	\$38.0
Other	\$8.9	95%	\$8.5
Total	\$74.3	89%	\$66.1

Enterprise Spending

Enterprise spending relates to spending by the gaming enterprise itself during the ordinary course of business, as it pays employees and acquires the goods and services needed to operate. Gaming enterprises are labor intensive with numerous job types, such as dealers, cashiers, cleaning attendants, maintenance workers, accountants, administrative personnel, and marketing personnel, just to name a few. Most these positions come with training so they are well suited for local hire. Operating costs include food and beverage product, office supplies, cleaning supplies, equipment rental, maintenance supplies, utilities, insurance, and gaming supplies (cards, dice, slot machines parts, etc.), among many others.

The spending profile for the facility was based on an underlying *Pro-Forma Operating Statement*, provided by the Applicant, but tested by us for accuracy. The expenses outlined in the pro-forma were then summarized into various spending categories, as displayed below. Excluded from direct spending are all taxes (gaming, payroll, and real-estate), slot machine daily fees, and other noncash charges (such as allowance for doubtful accounts).

Of the \$449 million of estimated total expenditures, 56% or \$251 million were judged to be direct. The bulk of the elimination relates to gaming, real estate, and payroll taxes. Next, an estimate was made regarding the percentage of direct expenditures that would stay in New York. A high rate of retention was considered as the state is well capable of supplying an operation of this type. For example, 100% of the employees are expected to reside in New York. Similarly, the vast majority of supplies, services, and equipment are expected to be purchased in the state. The main exception is gaming supplies, such as cards, dice and slot machine parts. It was assumed that a majority of these expenditures would leave the state. In summary, 93% of direct spending or \$233 million is estimated to remain in the state, and reflects the direct economic benefit associated with the gaming enterprise.

Gaming Enterprise Direct Spending Summary (\$M)					
Spending Component	Total Expenditures	% Direct	Direct Expenditures	% Local	Local / Direct Expenditures
Payroll + Tips	\$131	95%	\$125	100%	\$125
Slot Machine Daily Fees	\$4	100%	\$4	0%	\$0
Cost of Goods Sold	\$19	100%	\$19	85%	\$16
Marketing / Player Development	\$45	100%	\$45	85%	\$41
Facilities / Utilities / R&M	\$9	100%	\$9	90%	\$8
G&A	\$41	100%	\$41	85%	\$35
Hotel	\$8	100%	\$8	95%	\$8
Real Estate Taxes	\$13	0%	\$0	0%	\$0
Gaming Taxes & License Fees	\$179	0%	\$0	0%	\$0
Total	\$449	56%	\$251	93%	\$233

Direct Jobs

Direct gaming facility jobs were estimated using a model that itemizes appropriate staffing requirements, by department, based on the size and revenue potential of the operation. Total direct jobs summed to about 2,497 FTE jobs, comprising 2,413 full-time jobs and 530 part-time jobs. Comparing this jobs figure to total payroll (excluding payroll taxes, but including benefits) presented earlier, the average earnings calculated \$50,100 per year, as shown in the table below.

Total Direct Jobs	
Payroll	\$97.4
Tips	\$27.7
Payroll + Tips	\$125.2
Jobs (FTE)	2,497
Avg Salary + Benefits	\$50,100

Indirect / Induced

Again, the indirect / induced economic impact relate to the “ripple effect” in the economy as the direct vendors of the gaming facility realized additional revenue, and then the vendors of these vendors realize additional revenue, and so on – thus the ripple effect. The induced component of indirect / induced relates specifically to the economic impact resulting from higher household incomes from direct and indirect employment, which is reinvested in the economy via household spending patterns spurring further local economic activity as these employees buy cars, homes and groceries locally. Direct vendors include food distributors, outside contractors, cleaning supply companies, utility companies, office supply companies, lawyers, outside accountants, and equipment rental companies, among many others. Downstream vendors could include energy companies, farmers, food and beverage manufacturers, equipment manufacturers, office supply manufactures and chemical manufacturers, to name a few.

The amount of the indirect / induced impact was estimated using Bureau of Economic Analysis (“BEA”) RIMS II input/output multipliers. Per the BEA, the multipliers estimate the total dollar change in output that occurs **in all industries** from each additional dollar of output delivered to final demand by the base industry. In other words, spending related to a base industry (the industry receiving the payment from the gaming facility) produces additional output in a number of industries (represented by the downstream vendors). Considering the wide array of expense categories, numerous unique base industry multipliers were utilized, of which, “Household”, “Retail Trade”, “Wholesale Trade” and “Professional Services” were rather prominent. Household relates to money working its way into the economy via payroll.

After applying these multipliers by expense component, total economic impact calculated to \$480 million, reflecting an average multiplier of 2.06 times, resulting in net indirect / induced impact of \$247 million. So every \$1 of enterprise spending equates to \$2.06 in total spending due to the ripple effect.

Gaming Enterprise Indirect/Induced Spending Summary (\$M)				
Spending Component	Local / Direct Expenditures	Indirect / Induced Multiplier	Total Impact	Net Indirect / Induced
Payroll + Tips	\$125	2.15	\$269	\$143
Slot Machine Daily Fees	\$0	0.00	\$0	\$0
Cost of Goods Sold	\$16	1.80	\$29	\$13
Marketing / Player Development	\$41	2.14	\$87	\$46
Facilities / Utilities / R&M	\$8	1.72	\$14	\$6
G&A	\$35	1.92	\$67	\$32
Hotel	\$8	1.80	\$14	\$6
Real Estate Taxes	\$0	0.00	\$0	\$0
Gaming Taxes & License Fees	\$0	0.00	\$0	\$0
Total	\$233	2.06	\$480	\$247

The BEA also provides multipliers which translate direct spending into indirect / induced earnings and jobs. Again, per the BEA, the earnings multipliers estimate the total dollar change in earnings of households employed **by all industries** from each additional dollar of output delivered to final demand by the base industry. The jobs multipliers estimate the total change in number of jobs that occurs **in all industries** for each additional \$1 million of output delivered to final demand by the base industry (gaming facility).

After applying the earnings and jobs multipliers, the results showed that about 40% or \$99 million of the net indirect / induced spending relates to earnings paid to employees, equating to about 2,150 FTE jobs, with an average payroll of approximately \$46,000 per year (excluding payroll taxes). The earnings percentages and average earnings were fairly consistent between casino spending components, with the major exception of Payroll. Payroll showed only a 31% earnings percent figure as a significant portion of this component is not spent at enterprises that support significant employment, often going to savings or to pay the mortgage, for instance. The following table displays the indirect / induced jobs summary.

Gaming Enterprise - Indirect/Induced Jobs Summary					
Spending Component	Net Indirect / Induced	Payroll %	Payroll (excl taxes)	Avg Salary + Benefits	Employees (FTE)
Payroll + Tips	\$143	31%	\$44	\$42,600	1,041
Cost of Goods Sold	\$13	63%	\$8	\$55,800	144
Marketing / Player Development	\$46	44%	\$20	\$44,600	458
Facilities / Utilities / R&M	\$6	60%	\$4	\$51,100	71
G&A	\$32	58%	\$19	\$51,000	364
Hotel	\$6	63%	\$4	\$55,800	71
Total	\$247	40%	\$99	\$46,000	2,149

Summary of Ongoing Impacts from Gaming Facility – State Level

Combining direct patron spending of \$66 million with enterprise spending of \$233 million, total direct spending for the operation summed to \$299 million per year in New York; \$125 million or 42% relates to wages, equaling to about 2,500 FTE jobs.

The indirect / induced component added \$247 million of spending, reflecting a multiplier of 2.1 times; bringing the annual total spending to \$546 million per year. The indirect jobs are about 2,150 per year, reflecting an indirect multiple of 1.9 times, for a total of 4,645 FTE jobs.

Ongoing Jobs Impact Summary - State Level				
	Direct	Indirect / Induced	Total	Multiplier
Patron Spending	\$66	\$0	\$66	NA
Enterprise Spending	\$233	\$247	\$480	2.1
Total Economic Impact	\$299	\$247	\$546	NA
Earnings (excl taxes)	\$125	\$99	\$224	1.8
Jobs (FTE)	2,497	2,149	4,646	1.9
Avg Earnings	\$50,100	\$46,000	\$48,200	

Region One / Local Level Impacts – Average Case

This section itemizes the economic impacts for Region One and the locality for the Average Case. Again, Region One is defined in the RFA to include the Counties of Columbia, Delaware, Dutchess, Greene, Orange, Sullivan and Ulster. The locality reflects just Orange County.

Direct

For the direct impact, the state level impacts were discounted based on the capabilities of the region and locality, relative to the state. In other words, a portion of the direct expenditures will occur outside of the region as defined, likely related to the more specialized operating supplies and equipment, possibly related to computer equipment for instance. However, the discount associated with earnings and jobs is much lower, as labor is always more localized. The discount factors were based on an evaluation of the RIMS II multipliers obtained from the BEA, which gauge the industrial ability of defined regions by numerous industry segments.

As displayed in the table below, with regard to the direct impact of the gaming facility, we estimated that Region One would realize \$255 million in direct economic benefits, reflecting 85% of the state level impact. Said another way, the capabilities of Region One can accommodate 85% of the direct spending relative to the state. Regarding earnings and jobs, the direct impact for the region calculated to \$113 million and 2,290 jobs, respectively, equating to about 90% and 92% of the state level impact, respectively. Again, labor is much more localized as living in close proximity to the gaming facility is essential for workers. In contrast, operating equipment and supplies can be shipped in from outside the market area.

As the spotlight focuses in on the locality, the impact decline once again. We estimated the local economic impact at \$211 million or 71% of the state level. Local earnings and jobs came in at \$91 million and 1,870 jobs, respectively, reflecting about 73% and 75% of the state level figures, respectively.

Direct Ongoing Impact Summary			
	State	Regional	Local
Economic Benefits	\$299	\$256	\$211
Earnings	\$125	\$113	\$91
Jobs (FTE)	2,497	2,292	1,870
% of State:			
Economic Benefits		85%	71%
Earnings		90%	73%
Jobs (FTE)		92%	75%

Indirect / Induced

The following table displays the “Net Indirect / Induced” impact of the gaming facility for the region and locality. These impacts were again derived by applying RIMS II multipliers to the direct impacts outlined above. The discounts (relative to the state level) were more significant since downstream vendors are more scattered throughout the state. Picture the “ripple effect” spreading

out as it moves from the epicenter of the operation. Nonetheless, labor tends to remain more localized even with regard to the indirect / induced impact.

In summary, the region and locality are expected to realized \$169 million and \$122 million in indirect / induced impact, respectively, representing 68% and 49% of the state level. Total incremental indirect jobs for the region and locality were estimated at 1,680 and 1,200, respectively, or 78% and 56% of the state level.

Net Indirect/Induced Ongoing Impact Summary			
	State	Regional	Local
Economic Benefits	\$247	\$169	\$122
Earnings	\$99	\$77	\$54
Jobs (FTE)	2,149	1,683	1,204
% of State:			
Economic Benefits		68%	49%
Earnings		78%	55%
Jobs (FTE)		78%	56%

Grand Total

The table below combines the direct and indirect components, resulting in total ongoing economic benefits of roughly \$425 million for the region (as defined), and over \$333 million for the local market (Orange County). Total incremental jobs for the region came in at 3,975 jobs, of which roughly 3,070 would go to county residents.

Total Ongoing Impact Summary			
	State	Regional	Local
Economic Benefits	\$546	\$425	\$333
Earnings	\$224	\$189	\$145
Jobs (FTE)	4,646	3,975	3,073
% of State:			
Economic Benefits		78%	61%
Earnings		85%	65%
Jobs (FTE)		86%	66%

To further delineate, of the 3,070 jobs going to Orange County residents, we estimated that the Town of Newburgh would capture about 13% of the total 393 jobs. This reflects a premium to fair share as the Town of Newburgh, with about 30,000 residents, only accounts for 8% of the residents in Orange County. Thus, 1.5% of the Newburgh population would work at the gaming facility.

Direct Jobs - Host Municipality (Town of Newburgh)			
Component	Orange County	Town of Newburgh	% of Total
Direct Jobs	1,870	305	16%
Indirect Jobs	1,204	88	7%
Total	3,073	393	13%

Low Case / High Case Summary

The section estimates the Low Case and High Case per direction from the RFA. The projections reflected in this report for the Average Case relied on the identified set of assumptions judged to be reasonable based on the expected market demand. There are a number of factors that could affect the property's ability to achieve its full potential, as follows.

- Severe economic downturn;
- Unanticipated new competition from other jurisdictions;
- Aggressive marketing responses from out-of-state competition;
- Facility does not meet expectations.

Likewise, these same factors could occur in the reverse causing the property to achieve economic impact that exceeds expected results, as follows:

- Unexpectedly strong economy;
- Closures of properties in other jurisdictions;
- Lackluster marketing responses from out-of-state competition;
- Facility exceeds expectations.

The modeling exercise included a stress test to determine a possible downside and upside scenarios, based on the factors noted above. We assumed a plus / minus 7% swing in economic benefits, based primarily on the range of gaming revenue results, per the *Gaming Market Assessment*. The following table summarizes the Low, Average, and High Case for Economic Impact.

Ongoing Impact - State Summary			
	Low Case	Average Case	High Case
Economic Benefits	\$508	\$546	\$584
Earnings	\$208	\$224	\$240
Jobs (FTE)	4,320	4,646	4,971

Ongoing Impact - Region One Summary			
	Low Case	Average Case	High Case
Economic Benefits	\$395	\$425	\$454
Earnings	\$176	\$189	\$203
Jobs (FTE)	3,697	3,975	4,253

Ongoing Impact - Local			
	Low Case	Average Case	High Case
Economic Benefits	\$310	\$333	\$356
Earnings	\$135	\$145	\$155
Jobs (FTE)	2,858	3,073	3,288

Tourism Induced

The Hudson Valley region is a unique tourist destination, featuring many recreational options, an important historical past, and a numerous cultural and arts venues. Lodging alternatives include Bed & Breakfast boutiques and unique conference facilities, as well as about 100 traditional hotels. Thus, we found that the infrastructure is in place to handle significant additional tourism.

This component of induced impact (referred to as Tourism Induced) relates to persons attracted to the area due to the Gaming Facility that spend money outside of the facility, but yet in the area. For instance, a gaming patron might stop at a local convenience store before heading home; grab a meal at an area restaurant, or stay at an area hotel. Other examples might include the patronizing area tourist attractions, such as wineries, museums, galleries, and recreation attractions. The magnitude of this impact, of course, depends on the supply of tourist and retail opportunities for the visiting patrons.

With regard to quantifying this impact, patronage at other area businesses is estimated using a percent of total Gaming Facility visitation, segregated by various tourism related businesses, including hotel, food and beverage, light retail, major retail, and attractions / entertainment. In summary, an estimated 13.1% of the 3.1 million “out-of-market” gaming facility visitors or 402,500 visitors will patronize an area business, most likely an attraction or local convenience store. Based on an average spend of \$42, the direct spending impact of this source of economic benefit calculated to \$16.9 million.

These ancillary businesses would also spend additional money in the economy due to the increase in business, as they hire additional workers and buy additional goods. Based on the level of tourist spending, enterprise spending was estimated at \$14.3 million, bringing total direct spending to \$31.2 million, as displayed in the table below.

Direct Impact of Tourism Induced						
Tourism Component	Capture Rate	Covers	Avg Spend / Cover	Direct Tourist Spending (\$M)	Enterprise Spending (\$M)	Total Direct Spending (\$M)
Hotel	1.8%	55,300	\$120	\$6.6	\$4.8	\$11.4
F&B	2.6%	79,900	\$25	\$2.0	\$1.8	\$3.8
Light Retail	4.6%	139,800	\$15	\$2.1	\$1.9	\$4.0
Major Retail	0.7%	20,000	\$65	\$1.3	\$1.1	\$2.4
Attractions / Entertainment	3.5%	107,500	\$45	\$4.8	\$4.7	\$9.6
Total	13.1%	402,500	\$42	\$16.9	\$14.3	\$31.2

This source of economic benefit also has an indirect component, as the vendors of these ancillary enterprises spend money to support the increase in revenue. Note that the indirect impact is only based on the enterprise spending of \$14.3 million. The indirect multiplier is similar to the gaming operation at 2.0 times, resulting in a net indirect impact of \$13.8 million, which comprises approximately \$5.9 million of additional earnings from about 120 additional jobs, as displayed in the table below.

Indirect Impact of Tourism Induced							
Direct / Local Portion	Indirect Multiplier	Total Impact	Net Indirect	Earnings %	Earnings	Average Earnings	FTE Jobs
\$14.3	1.96	\$28.1	\$13.8	42.6%	\$5.9	\$48,300	121

Combing tourist induced direct impact with indirect impact, the total economic benefits from tourist induced summed to \$40 million. Roughly \$11 million of the total relates to incremental earnings to area workers, equating to about 300 new full time jobs at the state level.

Tourism Induced Impact Summary				
	Direct	Indirect	Total	Multiplier
Touris Spending	\$17	\$0	\$17	NA
Enterprise Spending	\$14	\$14	\$28	2.0
Total Economic Impact	\$31	\$14	\$45	NA
Earnings (excl taxes)	\$7	\$6	\$12	1.9
Jobs (FTE)	209	121	330	1.6
Avg Earnings	\$31,400	\$48,300	\$37,600	

Summary of Tourism Induced – Regional / Local

The region and the locality are expected to realize a significant portion of the tourism benefits relative to the estimated state level impacts, as the tourism considered relates to only local attractions. In addition, these tourism-related businesses lend well to buying operating supplies locally, such as fuel, food & beverage product, office supplies, and utilities. In summary, we estimated that 93% and 91% of the state level impact would be realized by the region and locality, respectively, resulting in total tourism impact of \$42 million and \$41 million, respectively.

Total Induced Tourism Impact Summary			
	State	Regional	Local
Economic Benefits	\$45	\$42	\$41
Earnings	\$12	\$12	\$12
Jobs (FTE)	330	323	312
% of State:			
Economic Benefits		93%	91%
Earnings		97%	93%
Jobs (FTE)		98%	95%

Summary of Total Ongoing Impact – State Level

Combining the state impact from ongoing gaming operations with the tourism induced impact, total direct and indirect spending summed to \$591 million per year in New York; \$237 million or 40% relates to wages, equaling to approximately 4,975 FTE jobs.

Ongoing Jobs Impact Summary - State Level (\$M)				
	Direct	Indirect	Total	Multiplier
Patron / Tourist Spending	\$83	\$0	\$83	NA
Enterprise Spending	\$247	\$261	\$508	2.1
Total Economic Impact	\$330	\$261	\$591	NA
Earnings (excl taxes)	\$132	\$105	\$237	1.8
Jobs (FTE)	2,706	2,270	4,976	1.8
Avg Earnings	\$48,700	\$46,200	\$47,500	

Summary of Regional / Local – Average Case

Total Ongoing Impact Summary			
	State	Regional	Local
Economic Benefits	\$591	\$466	\$374
Earnings	\$237	\$201	\$157
Jobs (FTE)	4,976	4,298	3,380
% of State:			
Economic Benefits		79%	63%
Earnings		85%	66%
Jobs (FTE)		86%	68%

Summary of Low Case / Average Case / High Case

Ongoing Impact - State Summary			
	Low Case	Average Case	High Case
Economic Benefits	\$550	\$591	\$632
Earnings	\$220	\$237	\$253
Jobs (FTE)	4,627	4,976	5,324

Ongoing Impact - Region One Summary			
	Low Case	Average Case	High Case
Economic Benefits	\$434	\$466	\$499
Earnings	\$187	\$201	\$216
Jobs (FTE)	3,997	4,298	4,599

Ongoing Impact - Local			
	Low Case	Average Case	High Case
Economic Benefits	\$348	\$374	\$400
Earnings	\$146	\$157	\$168
Jobs (FTE)	3,143	3,380	3,617

Incremental Revenue versus Cannibalization

Per the requirements of the RFA, this section discusses the manner in which the Gaming Facility will strive to create incremental revenue (or tap latent market demand) as opposed to cannibalizing from existing New York businesses. Outlined below are three (3) strategies to create incremental revenue, while minimizing cannibalization.

1. Create a Unique Product
2. Promote Tourism to the Region
3. Partnership with Local Businesses

Create a Unique Product

After reviewing the development plan and budget, it is certainly the goal of the Gaming Facility to offer a unique product for the purpose of generating incremental revenue. Our evaluation of the existing Rush Street and Saratoga gaming facilities also supports this contention. The unique aspects of the subject development program, relative to other New York businesses in the area, include the:

1. Live Table Games
2. Entertainment Offering
3. Food & Beverage Program
4. Upscale Resort-Style Hotel

Regarding the gaming product, the subject is proposing 190 live table games, an offering that is currently only available in neighboring states as the existing New York racetrack casinos only offer slot machines. The offering is expected to include a 30-table themed poker room and numerous specialty games such as, Mini Baccarat, Crazy 4 Poker, Pai Gow, Mississippi Stud Poker, among others. Relative to the regional competitive set, only Foxwoods and Mohegan Sun in Connecticut offer more table games. In summary, cannibalization would be isolated to out-of-state enterprises and not local New York businesses.

The goal of the entertainment strategy is to bring entertainment acts to the area that are currently not a part of the local offering; including acts often associated with gaming facility entertainment, such as boxing. The subject also plans a high-energy pub / sports bar. This venue will provide local bands, comedy acts, and other entertainers another forum for performing. Both these entertainment concepts are not prevalent in the Newburgh region.

The food & beverage offering is one of the main vehicles a gaming facility uses to differentiate itself from the competition. The subject gaming facility is proposing a food & beverage product that is unique to the area with the goal of generating incremental demand.

Lastly, the subject is proposing an upscale, resort-style hotel; an offering that would be unique to the region, as this rating level is virtually nonexistent in the local market. Based on the *Hotel*

Market Assessment conducted for this application, currently only 2% of the rooms in market meet this rating criteria. Other aspects of the proposed hotel that will be unique are the pool and spa. The proposed spa and salon measures 5,600 square feet. This hotel would demand a significant premium in terms of room rates. Thus, the value-oriented hotel customer would remain loyal to the current inventory of hotels in the region, while the resort hotel attracts another customer set to the area, resulting in incremental revenue as opposed to cannibalization.

Promote Tourism to the Region

The second strategy is to promote tourism to the region. It is also the expressed goal of the Applicant to attract tourists to the region, again based on the development plan and budget. Aspects of the development plan that will be particularly attractive to tourists include, the comprehensive table offering, high-end hotel, scope of the full-service restaurant offering, diverse entertainment package, and a gaming brand that is new to the region.

Based on the results of the GMA and HMA, roughly 3.0 million incremental tourist visits (visits from outside of the local market) are expected. These tourists will be originating from a wide area including New York City, northeastern New Jersey, Connecticut, and southwestern Massachusetts. In addition, a significant portion will be coming from between two and four hours away, originating from various major cities such as Philadelphia, Baltimore, Providence, and Boston. The following table summarizes expected tourist visits by origin.

Tourist Origination Summary			
Origination Region	Day-Trip	Overnight	Total
Albany / Saratoga Area	73,200	3,300	76,500
Binghamton / Catskills Area	40,800	1,500	42,300
New York City	663,400	17,400	680,800
Connecticut *	703,400	17,300	720,700
Southwester MA (Springfield)	16,700	1,000	17,700
Northwestern New Jersey	1,236,000	23,200	1,259,200
Northern Pennsylvania	45,900	1,700	47,600
Other (Outside of 2 hours) **	93,100	44,000	137,100
Total	2,872,500	109,400	2,981,900
* Includes major cities such as Hartford, New Haven, Stamford, and Bridgeport.			
** Includes major regional cities such as Baltimore and Boston, and pass-through travelers.			

Per the Economic Impact Study (presented earlier in this report), roughly 13% of these tourists are expected to patronize a local business other than the gaming facility during their visit to the area, yielding \$17 million in incremental revenue. We believe this capture rate is conservative as the vast majority of these tourists have likely visiting the Newburgh area for the first time, and thus will be exposed to the breadth of the tourist offering; especially related to recreational options, historical nature of the area, and focus on the arts. We also believe the Newburgh Waterfront business district will be a popular attraction. The overnight tourists would display the highest participation rate as they have the time budget to do more things. We contend that the addition of the Gaming Facility will enhance the regional tourist offering by adding another dimension; a very

popular dimension with the traveling public, per the Leisure Travel Monitor. The end result will be incremental revenue to the area.

Partnership with Local Businesses

Casinos generally, and Rush Street and Saratoga in particular, have a solid history of partnering with local business. These partnerships can take various forms including:

1. Promoting local tourist attractions at the casino and hotel (via the hotel desk and concierge personnel).
2. Buying local produce and food products, and other goods and services from local businesses.
3. Partnering with local hotels to accommodate overflow.
4. Hiring local entertainers.

Promote Tourist Attractions

The gaming facility and hotel present an excellent platform to promote local tourist attractions as these facilities will host many newcomers to the area. The hotel has the best opportunity to promote tourist attractions as hotel guests have the time to participate in activities outside of the gaming facility. As persons that interact with guests, front desk and concierge personnel have a great opportunity to promote local attractions. The hotel should also construct a display, with pamphlets, that highlight these attractions.

Buying Local Goods and Services

Buying local goods and services is a great way to expand local business as opposed to cannibalizing it. Buying locally grown produce and locally manufactured food product is a great starting point. The Hudson Valley region (including Orange County, Sullivan County, and Dutchess County) is home to numerous growers and producers of fresh food. Some of the area specialties include apples and wine.

Saratoga Casinos and Raceway (one of the partners in the subject development), is leading by example in this concept, recently adding to its list of partnerships. Its newest partners include Swedish Hill Winery and Saratoga Salsa & Spice Company. Saratoga will be featuring their food product in its restaurants, especially in the fine-dining venue - Fortunes.

Rush Street Casinos also has a solid track record in this area as well. For example, Rivers Casino – Des Plaines purchases most of its food product locally and utilizes local printers for its mass media productions.

Partnering with Local Hotels

The subject gaming facility expects to partner with local hotels for the purpose of directing overflow business that is expected on a regular basis, but especially on the weekends. This is standard operating procedure for most regional casinos around the country, especially if they do not offer a hotel of their own.

The proposed 300-room hotel was sized with local partnerships in mind. The intention was to avoid monopolizing the market with an abundance of cheap rooms. Per the Hotel Market

Assessment, the hotel is expected to be at capacity on weekends from opening, resulting in an elevated room rate structure. The rooms on weekends will normally be reserved for high-value guests. Invariably others will desire a room, having traveled long distances, giving the subject hotel the opportunity to direct these guests to quality hotels with lower room rates. The options for such a partnership are numerous, as there are 18 existing hotels within about 5 miles of the subject facility. Both Saratoga and Rush Street have a successful track record of partnering with hotels at the existing casinos.

Rush Street Gaming intends to implement its Rush Rewards Plus Program at the proposed Hudson Valley Casino & Resort, which it has done successfully at its SugarHouse Casino in Philadelphia, PA. This program links Rush Street's customer loyalty program, Rush Rewards, to the local business community, promoting trial and patronage of partner restaurants, hotels, and community businesses. At SugarHouse Casino, program partners are allowed to craft their own individual offers to encourage trial. Additionally, partners are promoted on the casino website, collateral, and through direct mail and e-mail throughout the year.

Hiring Local Entertainers

Casino operations also have a solid track record with regard to hiring local entertainers, as their business is centered on entertaining guests. Local entertainers are well suited to regular entertainment during the week, usually performing in center-bar, nightclub or cabaret-style lounge. The subject's development plan includes a pub / sports bar, perfect for hosting local entertainment.

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.

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