Exhibit VIII.B.3.b (Local and regional economic impact study):

Submit as Exhibit VIII.B.3.b. economic impact studies completed by an independent expert showing the proposed Gaming Facility's positive and negative impacts on the local and regional economy, and on the host and nearby municipalities including impacts on incremental job creation, unemployment rates, cultural institutions and small businesses.

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

Impact Study – Additional Impacts

Hudson Valley Casino & Resort

Town of Newburgh, New York

June 22, 2014

Prepared for:
Hudson Valley Casino & Resort

Completed by:
Custom Gaming Consulting /
Maxim Strategy Group

Table of Contents

Introduction

Custom Gaming Consulting ("CGC") was retained to conduct an Impact Study ("Study") related to a proposed Gaming Facility development in the Town of Newburgh, New York. The goal of this report is to comply with "Section VIII.B.3.b" of the RFA, which requires the applicant to submit a study, by an independent company, addressing the proposed Gaming Facility's positive and negative impacts on the local and regional economy. The stated categories of impact include:

1. Incremental Job Creation
2. Unemployment Rates
3. Cultural Institutions
4. Small Business

Incremental Job Creation

The incremental job creation was forecasted using an *Economic Impact Study* completed under a separate report cover. Within the study, incremental job creation was segregated into the following components:

1. Direct Jobs related to the construction of the facility
2. Indirect / Induced Jobs related to the construction of the facility
3. Direct Jobs related to the operation of the facility
4. Indirect / Induced Jobs related to the operation of the facility
5. Direct Jobs related to incremental revenue at other nearby businesses
6. Indirect Jobs related to the incremental revenue at other nearby businesses

Construction Phase

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 baseline forecast reflects the Average Case at the State Level.**

Direct

The direct component relates to spending by the developer on the physical facility. The construction effort is segregated into various components, such as Design / Management / Professional Services, Offsite Infrastructure, and Facility Hard Construction. The largest component by far is Facility Hard Construction, and reflects the amount paid to the general contractor and subcontractors to construct the physical facility. Design/ Management / Professional Services reflect the construction managers and design teams, including architects, consultants and engineers.

The development budget for these components was provided by the Applicant. We, in turn, estimated the portion that would be spent in New York and what percentage of the budget relates to labor based on our past experience with other gaming projects. We then utilized average regional construction wage data to convert the expected development cost into Full Time Equivalent ("FTE") jobs. The regional wage data was obtained from the Bureau of Labor Analysis ("BLA"), and escalated to the year the project is expected to commence (2014). In summary, the construction effort is expected to yield approximately 1,858 direct FTE jobs, with an average salary (with benefits) of about $73,600 per year, as displayed in the table below.

Construction Phase - Direct Jobs Summary							
Development Component	**Direct / Local 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

The indirect / induced economic impact relates to the "ripple effect" in the economy as the direct 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 indirect 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 companies, equipment repair companies, and heavy equipment manufacturers, to name a few.

The indirect / induced job impact was based on Bureau of Economic Analysis ("BEA") RIMS II input/output multipliers. The BEA 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.

The RIMS II earnings multiplier for construction spending at the state level average 0.60 times, resulting in indirect earnings $271 million ($453 million x 0.60). The RIMS II jobs multiplier is 12.8 times, equating to about 4,510 jobs (453 x 12.8) in man-years; which translates into about 4,525 FTE jobs based on an expected construction duration of 1.5 years.

Construction Phase - Indirect/Induced Jobs Summary							
Development Component	Local / Direct Expenditures ($M)	Rims II Earnings Multiplier	Payroll ($M)	Rims II Jobs Mutiplier	Employees (man-years)	Construction Duration	Employees (FTE)
Hard Construction Costs	$360	0.61	$218	12.84	4,618	1.5	3,079
Offsite Infrastructure	$12	0.61	$8	12.84	160	1.5	107
Design / Mgmt. / Prof. Serves.	$22	0.66	$15	11.94	264	1.5	176
FF&E (excl gaming)	$35	0.50	$18	9.04	318	1.0	318
Other Development	$7	0.55	$4	10.06	67	1.0	67
Pre-Opening	$17	0.57	$10	22.88	390	0.5	779
Total	**$453**	**0.60**	**$271**	**12.84**	**5,817**	**1.3**	**4,526**

Summary – Construction Phase

Adding direct and indirect, the construction phase is expected to contribute about 6,380 FTE jobs, exhibiting and average salary (with benefits) of $54,800 per year, as displayed in the table below.

Construction Jobs Impact Summary - State Level				
	Direct	Indirect / Induced	Total	Multiplier
Jobs (FTE)	1,858	4,526	6,383	3.4
Avg Earnings	$73,500	$46,700	$54,800	

Region / Local Summary

This section itemizes the jobs 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.

The state level jobs impact was 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 construction talents. Nonetheless, the discount associated with earnings and jobs is low, 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.

Direct jobs for the region and locality was estimated at 1,780 and 1,570 jobs, respectively, equating to about 96% and 84% 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.

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.

After adding in the indirect component, the region and locality are expected to realize approximately 5,720 and 4,110 jobs, respectively, reflecting about 90% and 64% of the state level figures.

Incremental Job Creation Summary			
	State	Regional	Local
Direct	1,858	1,780	1,569
Indirect / Induced	4,526	3,941	2,545
Total	**6,383**	**5,721**	**4,114**
% of State:			
Direct		96%	84%
Indirect / Induced		87%	56%
Total		**90%**	**64%**

Ongoing Operation

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 baseline forecast reflects the Average Case at the State Level.**

Direct

Gaming enterprises are labor intensive with numerous job types, such as slot attendants, dealers, cashiers, cleaning attendants, maintenance workers, accountants, administrative personnel, and marketing personnel, just to name a few. Most of these positions come with training, so they are well suited for local hire.

The spending on labor was based on a *Pro-Forma Operating Statement* provided by the Applicant. The spending and staffing forecast was conducted at the departmental level. We, in turn, tested the assumptions for reasonability, comparing estimated wage rates against BLA statistics.

Total direct jobs summed to about 2,500 FTE jobs, comprising 2,412 full-time and 530 part-time workers. Comparing this jobs figure to total estimated payroll (excluding payroll taxes, but with tips and benefits), 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 relates to the "ripple effect" as spending works its way through the economy. The vendors of the gaming and hotel operation would include food distributors, outside contractors, cleaning supply companies, utility companies, media production companies, office supply companies, lawyers, outside accountants, and equipment rental companies, among many others. Downstream vendors could include energy companies, food and beverage manufacturers, farmers, equipment manufacturers, office supply manufacturers and chemical manufacturers, to name a few.

Based again on government issued RIMS II earnings and job multipliers that are applied to direct / local expenditures, indirect / induced earnings and jobs were forecasted at approximately $99 million and 2,150 jobs, respectively, reflecting an average earnings and jobs multiplier of 0.42 times and 9.2 times.

Indirect / Induced Earnings and Jobs					
Spending Component	**Direct / Local Expenditures ($M)**	**Rims II Earnings Multiplier**	**Payroll ($M)**	**Rims II Jobs Multiplier**	**Employees (FTE)**
Payroll + Tips	$125	0.35	$44	8.31	1,041
Cost of Goods Sold	$16	0.50	$8	9.04	144
Marketing / Player Development	$41	0.50	$20	11.30	458
Facilities / Utilities / R&M	$8	0.43	$4	8.40	71
G&A	$35	0.53	$19	10.40	364
Hotel (non-payroll)	$8	0.50	$4	9.04	71
Total	**$233**	**0.42**	**$99**	**9.22**	**2,149**

Tourism Induced

The Hudson Valley region is a unique tourist destination, featuring many recreational options, an important historical past, and a vibrant cultural and arts offering. Lodging alternatives include numerous Bed & Breakfast boutiques and unique conference facilities, as well as about 100 traditional hotels.

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 immediate 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 other retail opportunities.

Via the *Economic Impact Study*, an estimated 13% of tourists are expected to spend money outside the gaming facility, resulting in $45 million of tourism related revenue. Due to this increase in revenue at local businesses, they are expected to hire roughly 330 additional workers on a direct and indirect / induced basis, reflecting an average salary (with benefits) approximately $37,600 per year.

Tourism Induced Impact Summary				
	Direct	Indirect	Total	Multiplier
Tourist 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 – Ongoing Operations

Combing ongoing jobs related to the gaming facility with tourism induced, total ongoing jobs summed to 4,976 FTE jobs per year, comprising an average salary (including benefits) of $47,500.

Ongoing Jobs Impact Summary - State Level				
	Direct	Indirect	Total	Multiplier
Jobs (FTE)	2,706	2,270	4,976	1.8
Avg Earnings	$48,700	$46,200	$47,500	

Region / Local Summary
State level impacts from the baseline forecast 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 and locality (as defined). 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.

Regarding direct jobs, the region is expected to realize 2,500 jobs or 92% of the state level. The capture falls to 77% for the locality, resulting in about 2,080 jobs. The "Net Indirect / Induced" jobs impact were again derived by applying RIMs II multipliers to the direct impacts. The indirect 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.

After adding in the indirect component, the region and locality are expected to realize approximately 4,300 and 3,380 ongoing jobs, respectively, reflecting about 86% and 68% of the state level figures.

Incremental Job Creation Summary - Total Ongoing

	State	Regional	Local
Direct	2,706	2,501	2,079
Indirect / Induced	2,270	1,797	1,301
Total	**4,976**	**4,298**	**3,380**
% of State:			
Direct		92%	77%
Indirect / Induced		79%	57%
Total		**86%**	**68%**

Town of Newburgh (Host Municipality)
To further delineate, of the roughly 3,380 jobs going to Orange County (locality) residents, we estimated that the Town of Newburgh would capture about 13% of the total 434 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.

Total Ongoing Jobs - Host Municipality

Component	Orange County	Town of Newburgh	% of Total
Direct Jobs	2,079	339	16%
Indirect Jobs	1,301	95	7%
Total	**3,380**	**434**	**13%**

Low Case / High Case Summary

The section estimates the Low Case and High Case for job creation 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 possible downside and upside scenarios, based on the factors noted above. We assumed a plus / minus 8% 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 Jobs (FTEs) Impact Summary			
	Low Case	Average Case	High Case
State Level	4,627	4,976	5,324
Regional Level	3,997	4,298	4,599
Local Level	3,143	3,380	3,617

Unemployment Rates

This section estimates the Gaming Facility's impact on state, regional and local unemployment rates. The analysis begins with compilation of the existing unemployment rate profiles for these jurisdictions.

Compilation of Existing Unemployment Rates

The unemployment rate data for New York State, the region (as defined), and the locality was obtained from the Bureau of Labor Statistics ("BLS"). It comprises unemployed persons, employed persons, which combined, make up the labor force. The unemployment rate is calculated by dividing unemployment by the labor force total.

New York State

The State of New York showed an unemployment rate of 7.7% in 2013, reflecting a total of about 737,300 unemployed persons against a total workforce of 9.64 million. This rate reflects a material improvement over 2012, which showed an unemployment rate of 8.5%. The improvement was due to a 10% or 77,900 decline in unemployed persons, against a relatively static workforce count. From a longer-term perspective, the unemployment rate is still well above the near-term low of 5.4% set in 2008; a pre-recessionary rate.

Unemployment Rate Analysis - New York State

Calendar Year	Unemployment	Employment	Labor Force	Unemployment Rate
2008	517,962	9,111,277	9,629,239	5.4%
2009	804,587	8,833,709	9,638,296	8.3%
2010	827,497	8,766,752	9,594,249	8.6%
2011	786,795	8,754,856	9,541,651	8.2%
2012	815,211	8,805,648	9,620,859	8.5%
2013	737,271	8,898,754	9,636,025	7.7%
% Change:				
2009	55%	-3%	0%	55%
2010	3%	-1%	0%	3%
2011	-5%	0%	-1%	-4%
2012	4%	1%	1%	3%
2013	-10%	1%	0%	-10%

Region One

Per the definition in the RFA, Region One includes the Counties of Columbia, Delaware, Dutchess, Greene, Orange, Sullivan, and Ulster. Region One showed an unemployment rate of 7.5% in 2013, reflecting a total of about 27,600 unemployed persons against a total workforce of 369,000 persons. Note, this rate is in line with the state average. This rate reflects a material improvement over 2012, which showed an unemployment rate of 7.5%. The improvement was due to a 12% or 3,800 decline in unemployed persons, combined with a slight drop in the labor force count. From a longer-term perspective, the unemployment rate is still well above the near-term low of 5.5% set in 2008; a pre-recessionary rate.

Unemployment Rate Analysis - Region One				
Calendar Year	Unemployment	Employment	Labor Force	Unemployment Rate
2008	21,295	364,381	385,676	5.5%
2009	30,637	351,824	382,461	8.0%
2010	31,540	344,936	376,476	8.4%
2011	30,405	341,287	371,692	8.2%
2012	31,398	339,855	371,253	8.5%
2013	27,609	341,362	368,971	7.5%
% Change:				
2009	44%	-3%	-1%	45%
2010	3%	-2%	-2%	5%
2011	-4%	-1%	-1%	-2%
2012	3%	0%	0%	3%
2013	-12%	0%	-1%	-12%

Orange County

For the sake of the unemployment rate analysis, we defined the locality using Orange County. Orange County showed an unemployment rate of 7.2% in 2013, reflecting a total of about 12,500 unemployed persons against a total workforce of 174,400 persons. Note that this rate is modestly below the state average. The MSA rate improved from 8.2% in 2012, reflecting a 13% or 1,800 decline in unemployed persons, against a relatively static workforce count. Thus, the improvement was modestly more significant than the state. From a longer-term perspective, the unemployment rate is still well above the near-term low of 5.4% set in 2008; a pre-recessionary rate.

Unemployment Rate Analysis - Orange County				
Calendar Year	Unemployment	Employment	Labor Force	Unemployment Rate
2008	9,726	171,149	180,875	5.4%
2009	14,258	165,697	179,955	7.9%
2010	14,585	161,276	175,861	8.3%
2011	13,851	160,576	174,427	7.9%
2012	14,295	160,494	174,789	8.2%
2013	12,503	161,903	174,406	7.2%
% Change:				
2009	47%	-3%	-1%	47%
2010	2%	-3%	-2%	5%
2011	-5%	0%	-1%	-4%
2012	3%	0%	0%	3%
2013	-13%	1%	0%	-12%

Impact of Job Creation on Unemployment Rates

For the purpose of estimating the Gaming Facility's impact on the unemployment rates, we estimated how the incremental job creation figures (outline earlier) would impact each jurisdiction: state, regional, and local. We excluded the jobs associated with the construction phase as these jobs are not permanent, and would cease after the facility is constructed. We also assumed that the unemployment rate would remain unchanged from 2013 to the study period of 2018.

New Job Creation – Average Case

Total job creation summed to 4,976 permanent jobs for the state as a whole, as illustrated in the table below. By definition, 100% of these jobs would apply to the state level, as the baseline *Economic Impact Study* was structure at the state level. The region, which comprises eight (8) counties in the area, is expected to realize about 86% of the total job creation or approximately 4,300 jobs. The locality capture was projected at 68% resulting in about 3,380 new jobs.

Job Creation by Jurisdiction

Direct Gaming Facility	2,497	
Indirect / Induced Gaming Facility	2,149	
Direct Tourism	209	
Indirect / Induced Tourims	121	
Total Job Creation	**4,976**	
By Jurisdiction:	**% Applicable**	**Jobs**
State	100%	4,976
Region	86%	4,298
Local	68%	3,380

Adjusted Unemployment Rate

At the state level, the number of unemployed persons would decline by about 4,976 or 0.7%. This decline in unemployed persons reduced the unemployment rate at the state level from 7.7% to 7.6%. The overall impact is not that dramatic due to the sheer size of the state labor force relative to the employment potential of this project.

Job creation for Region One was estimated at about 4,300 FTE jobs, which would theoretically reduce the number of unemployed persons to 23,300 in 2018, thus reducing the unemployment rate from 7.5% (baseline) to an adjusted rate of 6.3%. The impact becomes much more dramatic as the focus becomes centered on the local community.

Job creation in the locality was estimated at about 3,380 FTE jobs, which would theoretically reduce the number of unemployed persons to about 9,100 in 2018, a roughly 27% reduction, resulting in a two percentage point drop in the unemployment rate.

It must be noted that not all the new jobs would be filled by currently unemployed persons, as many applicants would leave current jobs to fill these positions. However, the latter occurrence would presumable open up a position at the company they left, which would be subsequently be filled. Also, we expect a small portion of the jobs to be filled by person with special skills relocating to the area.

Impact on Unemployment Rate - Average Case			
	State	Region	Orange County
Baseline:			
Workforce	9,636,025	368,971	174,406
Unemployed Persons	737,271	27,609	12,503
Baseline Unemployment Rate	**7.7%**	**7.5%**	**7.2%**
Net Job Creation	4,976	4,298	3,380
Adjusted:			
Workforce	9,636,025	368,971	174,406
Unemployed Persons	732,295	23,311	9,123
Adjusted Unemployment Rate	**7.6%**	**6.3%**	**5.2%**

Low Case

Impact on Unemployment Rate - Low Case			
	State	Region	Orange County
Baseline:			
Workforce	9,636,025	368,971	174,406
Unemployed Persons	737,271	27,609	12,503
Baseline Unemployment Rate	**7.7%**	**7.5%**	**7.2%**
Net Job Creation	4,627	3,997	3,143
Adjusted:			
Workforce	9,636,025	368,971	174,406
Unemployed Persons	732,644	23,612	9,360
Adjusted Unemployment Rate	**7.6%**	**6.4%**	**5.4%**

High Case

Impact on Unemployment Rate - High Case			
	State	Region	Orange County
Baseline:			
Workforce	9,636,025	368,971	174,406
Unemployed Persons	737,271	27,609	12,503
Baseline Unemployment Rate	**7.7%**	**7.5%**	**7.2%**
Net Job Creation	5,324	4,599	3,617
Adjusted:			
Workforce	9,636,025	368,971	174,406
Unemployed Persons	731,947	23,010	8,886
Adjusted Unemployment Rate	**7.6%**	**6.2%**	**5.1%**

Cultural Institutions

This section estimates the Gaming Facility's impact on regional and local cultural institutions. We defined cultural institutions to include art galleries, museums, and Performing Arts Centers ("PACs").

Compilation of Existing Cultural Institutions

This section compiles some of the major cultural institutions in the area for the purpose of establishing magnitude. Our research showed that the Orange County area presents an extremely vibrant presence in terms of the arts and other cultural attractions.

Art Galleries

The area is home to the Orange County Arts Council, located on the former estate of one of the preeminent Surrealist artists in the world, Kurt Seligmann. The Orange County Arts Council was formed in 2007 as an organization focused on the pursuit of the arts in the region. It's a collaborative effort between the Orange County Citizens Foundation and the County of Orange borne out of a Cultural Needs Assessment, which highlighted the need for a Cultural Strategic Plan. The Council is committed to the public awareness of the importance of year-round lifelong opportunities for arts and cultural experiences. In addition, the area is known for starting a unique art movement in America in the 1800's, at the Hudson River School of Painting. The area's scenic ambience inspired landscape paintings, which are now featured in galleries all over the world. Some of the major art galleries in the area are itemized in the table below.

Inventory of Top Galleries in Region		
Gallery Name	**City**	**Offering / Specialty ***
Ann Street Gallery	Newburgh	A nonprofit art gallery specializing in emerging and established contemporary artists to encourage greater public understanding and appreciation of art
Aquinas Hall Theatre	Newburgh	Variety of programs including drama, music, dance, children's shows, art exhibits and lectures
Art at Elm Lake	Middletown	Changing exhibits in a 200-year-old restored barn structure surrounded by wetlands and wildlife.
Art Works	Warwick	Featuring the consigned works of area artists in paintings, jewelry, pottery, wood carvings, sculpture, stained glass, and other media
Bertoni Gallery	Sugar Loaf	A gallery containing fine art, a large jewelry selection and custom framing services
Bethlehem Art Gallery	Washingtonville	A venue for artists to display their talents and to provide a place where people could receive art instruction and custom framing
Bliss	Sugar Loaf	A women's art cooperative with jewelry, photography, clothing, pottery, and other handmade items
Clearwaters Gallery	Cornwall	Changing exhibits of photography, oils, watercolors, and pastels. Antique prints of the Hudson Valley and West Point
Desmond Campus	Newburgh	Scheduled art shows and concerts
Endico Gallery	Sugar Loaf	A gallery consisting of mostly watercolors
Exposures Gallery	Sugar Loaf	National and International photography by Nick Zungoli is displayed in an original Sugar Loaf house
FCC Gallery	New Windsor	Located in a 242 year-old colonial homestead. Panoramic photos, original drawings and paintings. Custom framing.
Hudson Valley Gallery	Cornwall on Hudson	Home to the paintings of Paul Gould and guest artists also offers art instruction
James Douglas Gallery	Montgomery	Offers works from the best Hudson Valley artists and emerging talent in a three room gallery, also offers professional custom framing
Mindy Ross Gallery	Newburgh	Exhibits by professional artists working in a variety of mediums
New Windsor Art Gallery	New Windsor	Monthly exhibitions by local and regional artists, custom framing, pottery painting and origami classes
Orange Hall Gallery and Loft	Middletown	A gallery showing various art exhibits
Pacem in Terris	Warwick	A sculpture garden and meditation spot also a chamber music series
Picture it Framed	Newburgh	A large display of originals and prints by watercolorist M. E. Whitehill as well as exhibits by changing artists.
Seligmann Gallery	Sugar Loaf	Located in the studio of the famous surrealist painter and sculptor Kurt Seligmann, the gallery holds scheduled shows throughout the year.
Strazza Art Gallery	Warwick	A gallery showing classic and contemporary fine art and photography
Upfront Exhibition Space	Port Jervis	An art gallery with custom framing and a wine bar
Wallkill River School	Montgomery	A nonprofit artists cooperative that runs an art school, fine art gallery, and plein air art workshop series on local farms and open spaces
"* Per description obtained from Orange County Tourism.org.		

Museums

The museum offering in Orange County is anchored by two "hall of fame" museums, including the Harness Racing Museum and the National Purple Heart Hall of Honor. The Harness Racing Museum features state-of-the-art interactive exhibits showcasing one of America's oldest sports, while the National Purple Heart Hall of Honor tells the story of our nation at war and displays an original Purple Heart. The newest museum, Motorcyclepedia, has the largest collection of motorcycles on display in the country. Orange County (Newburgh) also hosts one of only nine Karpeles Manuscript Library Museums featuring changing exhibits from the world's largest private holding of important original manuscripts and documents. The archives include documents on literature, science, religion, history and art. Some of the major museums in the area are itemized in the table below.

Inventory of Top Museums in Region		
Gallery Name	**City**	**Offering / Specialty ***
Bull Stone House	Hamptonburgh	It is a living museum that is in the national register of historic places and is the only example of New World Dutch still standing in Orange County
Harness Racing Museum & Hall of Fame	Goshen	It is dedicated to the documentation and preservation of the history and traditions of Harness Racing
Hudson Highlands Nature Museum	Cornwall	Provides nature educational experiences and had a collection of native animals, natural habitats and trails for the enjoyment of all ages
Interactive Museum	Middletown	Interactive exhibits in science, math, technology and the arts for a wide range of age levels and abilities
Karpeles Manuscript Library Museum	Newburgh	Changing exhibits of original manuscripts and documents from the world's largest private collection. Archives include documents on literature, science, religion, history, and art
Maybrook Railroad Museum	Maybrook	It honors the greatest rail yard in the northeast with videos, books, photos, and memorabilia
Minisink Heritage Museum	Westtown	Displays early farm equipment, memorabilia, and artifacts
Montgomery Village Museum	Montgomery	Allows people to learn about historic Montgomery life. Showcasing businesses, schools, and churches
Motorcyclepedia	Newburgh	Largest motorcycle museum in the United States. 85,000 square feet with different galleries and over 450 motorcycles built from 1897 to the present. Rare vintage bikes plus police, military, sidecars, and more than 100 Indians on exhibit.
Museum Village of Old Smith's Clove	Monroe	A museum that provides a hands on experience to learn about 19th century American life
National Purple Heart Hall of Honor	New Windsor	It commemorates the sacrifices of America's servicemen and women who were killed or wounded in combat
Neversink Valley Museum of History and	Cuddebackville	Located in the D&H Canal Park, the museum offers a self-guided walking tour of the canal, permanent exhibits on the canal and early film making, special exhibits, lectures and events. Hiking, fishing and picnicking
Orange County Farmer's Museum	Montgomery	A museum consisting of 2 barns, a blacksmith shop, enlarged workshop, sawmill, run-in shed, barnyard, and a memorial building and gives demonstrations to the public
Orange County Firefighters Museum	Montgomery	It collects, preserves, and interprets objects related to fire fighting and to research, document, disseminate information about fire fighting
Pines Museum	Slate Hill	Memorabilia, genealogy information, family histories and hands-on exhibits housed in a 1700's home
Port Jervis Fire Museum	Port Jervis	A large collection of fire apparatus and memorabilia in an old fire station
Sands Ring Homestead	Cornwall	A historic house and it is one of the oldest Dutch colonial houses that participates in living history programs and allows students to learn about the 1700s
Storm King Art Center	New Windsor	An open air museum containing one of the largest collection of contemporary outdoor sculpture
West Point Museum	West Point	A museum to collect, preserve, exhibit, and interpret historically significant artifacts pertaining to the United States Military
* Per description obtained from Orange County Tourism.org.		

Performing Art Centers

The area hosts the largest theater outside Manhattan - Eisenhower Hall at West Point; featuring a variety of entertainment. This venue is complimented by the more intimate Lycian Centre for smaller productions, road shows, and popular entertainment. Innovative theater and dance are presented in the Railroad Playhouse. Guests are treated to spectacular views of the Hudson River, while a variety of smaller houses feature old favorites and new talent in affordable productions.

Inventory of Top Museums in Region

Center Name	City	Offering / Specialty *
Downing Film Center	Newburgh	Independent, foreign, and classic films shown in a unique 58-seat screening room
Eisenhower Hall Theatre	West Point	Variety of programs including classical, contemporary, popular, jazz, drama, dance, Broadway musicals, comedy, opera, symphony, chamber music, variety acts and art exhibits
Surgar Loaf Performing Arts Center (Lycian Center)	Sugar Loaf	Committed to local, national and international artistic performances and providing education and community involvement programs that support, enhance and expand the appreciation for the arts.
Railroad Playhouse (Just off Broadway)	Newburgh	Dedicated to the revitalization of the Newburgh and the preservation of Newburgh's historic West Shore Railroad Station by providing a space for high-quality, artistically creative performing arts experiences.
Jesters Comedy Club	Chester	A classic comedy club
Mount Saint Mary College	Newburgh	Variety of programs including drama, music, dance, children's shows, art exhibits and lectures
Newburgh Actors Studio	Newburgh	75-seat black box theater producing original and classic plays, and cabaret
Orange Hall Theatre	Middletown	Variety of programs including theater, concerts, lectures, music, dance, and film.
Paramount Theatre	Middletown	A theater featuring musical acts and comedy performances
Playhouse at Museum Village	Monroe	Productions of theater classics at the theater on the green in Museum Village.
Ritz Theatre	Newburgh	The goal is to create a vibrant professional preforming arts venue to revitalize the economy and enrich the education of the youth
Theatre at West Shore Station	Newburgh	A theatre showing classical music , great plays, and concerts
"* Per description obtained from Orange County Tourism.org or property website.		

Research on Existing Gaming Jurisdictions with Cultural Institutions Nearby

The goal of this section was to provide real-world research as to the impact of gaming facilities on nearby cultural institutions. For this purpose, we obtained attendance data on various cultural institutions in markets that host a major casino, including Pittsburgh, Philadelphia, and St. Louis.

Pittsburgh

Pittsburgh is home to Rivers Casino, an extensive gaming facility, offering nearly 3,000 slot machines and 140 table games. The facility is supported by 5 restaurants and 3 bars / lounges. For entertainment, an amphitheater presents live entertainment, generally during the summer months. This gaming facility, which opened in August 2009, attracts over 4 million visitors per year.

The gaming facility is located only about 1 mile from the heart of downtown Pittsburgh, and many of the cultural attractions in the area, including the Carnegies Museum of Art and Carnegie Museum of Natural History.

Carnegie Museum of Art / Carnegie Museum of National History

The Carnegie museums are some of the most prestigious museums in the region. Museum attendance spiked in 2008 with the opening of special exhibits called Dinosaurs in Their Time and 55th Carnegie International. Thus, the 2009 decline was due to the subsequent closure of 55th Carnegie International. Museum attendance has since rebounded to near normative highs. The opening of the nearby casino was not mentioned as a contributing factor to either the declines or gains in attendance, citing only special attractions and the lack thereof for ebbs and flows in attendance.

Carnegie Museum of Art / Natural History Attendance		
Year	**Attendance**	**% Change**
2007	298,249	
2008	386,294	30%
2009	317,986	-18%
2010	293,898	-8%
2011	311,197	6%
2012	319,973	3%
2013	327,857	2%

Philadelphia

The SugarHouse Casino, which opened in September 2010, is located in the heart of downtown Philadelphia. The facility offers over 1,600 slot machines and 50 table games on its 50,000 square foot gaming floor. The facility is supported by roughly 3 restaurants and several bars / lounges. A venue called the Waterfront presents live entertainment on a regular basis. This gaming facility attracts roughly 3.8 million visitors per year.

The gaming facility is located on the Delaware River waterfront, less than a mile from Philadelphia's main cultural district. The cultural offering features Philadelphia Museum of Art, Independence Hall, and The Franklin Institute.

Philadelphia Museum of Art

Known as one of the largest art museums in the nation, the Philadelphia Museum of Art presents more than 227,000 objects, featuring European and American art. We compiled attendance figures for the museum to determine any blatant impacts. Attendance dropped by 1% in FY11, the year the casino opened. This decline is considered nominal per the museum. The sharp jump in attendance the following year was attributed to the success of the "Van Gogh Up Close" exhibit, which was not available during the FY13 period. Excluding FY12, museum attendance has been fairly steady over the last several years.

Philadelphia Museum of Art Attendance		
FY (June)	**Attendance**	**% Change**
2010	692,320	
2011	685,665	-1.0%
2012	885,316	29.1%
2013	680,608	-23.1%

Independence Hall

Located in Independence National Historical Park, Independence Hall is distinguished as the location the Declaration of Independence and The Constitution were debated and adopted, and former home of the Liberty Bell. Attendance at Independence Hall fell modestly in 2011 and 2012, before stabilizing at 5.6 million in 2013.

Independence Hall Attendance		
Year	**Attendance**	**% Change**
2010	3,998,310	
2011	3,752,767	-6%
2012	3,549,550	-5%
2013	3,553,070	0%

The Franklin Institute

Primarily a science center, this facility offers interactive exhibits that combine learning with fun. It also houses the Benjamin Franklin National Memorial. The Institute's attendance fell 2% in 2011; the year following the opening of the casino, but revenue was up 6% on a higher average admission fee per attendance. The Institute saw a 14% and 33% jump in attendance and admission fees, respectively, in 2012, posting record high revenue of over $13 million.

The Franklin Institute Performance			
Year	Attendance (excl school)	Adms Fees	Fees / Attendance
2010	696,956	$9,250,307	$13.27
2011	682,000	$9,814,346	$14.39
2012	775,611	$13,023,619	$16.79
% Change:			
2011	-2%	6%	8%
2012	14%	33%	17%

St. Louis

Downtown St. Louis is home to Lumiere Place, a destination gaming facility located near the Mississippi waterfront in Laclede's Landing. The gaming facility offers nearly 2,000 slot machines and 70 table games. The facility is supported by 5 restaurants and several bars / lounges. Hotel accommodates include a 200-room luxury offering called Four Seasons Hotel St. Louis and Hotel Lumiere, a 294-room upscale hotel. This gaming facility opened in 2008 and now attracts approximately 2.3 million visitors per year.

The cultural offering in St. Louis features the Jefferson National Expansion Memorial (Museum and St. Louis Arch).

Jefferson National Expansion Memorial
The St. Louis Arch is one of the most famous monuments in the nation and complimented by a comprehensive museum on westward expansion. Tourists can spend hours in the museum, view films on the making of the Arch, and take a ride to the top. Attendance fell sharply in 2008 due to the nationwide economic recession. Attendance rebounded in 2009, but fell short of pre-recessionary levels, stabilizing in the 2.4 to 2.5 million range. There is no indication the nearby casino played a part in the swings in attendance.

Jefferson National Expansion Memorial		
Year	Attendance	% Change
2006	2,608,161	
2007	2,763,259	6%
2008	1,830,448	-34%
2009	2,475,168	35%
2010	2,426,214	-2%

Conclusion

It is our contention that the gaming facility would not compete directly with cultural institutions, in that it specializes in a form of entertainment that is in no way related to the offering at these institutions. Our analysis of the attendance data at various cultural institutions in close proximity to casinos bears this out. We also contacted the Morey Group, one of the nation's leading experts on the performance and economics of cultural institutions. They had no research or insight into the connection between gaming facilities and nearby cultural institutions, which likely means that there is no material connection, either positive or negative.

Negative Impacts

The only conceivable negative impact is that the proposed event center at the gaming facility would compete to a modest extent with the regional PACs. The Gaming Facility is proposing a roughly 30,000 square foot event center capable of accommodating about 2,200 persons in a theater setting. This event center will present a variety of entertainment options. The pub / sports bar will also be capable of hosting live entertainment, but on a much smaller scale.

This impact could be mitigated by partnering with local PACs to bring talent to the area. The talent could then perform both at the gaming facility venue and local PACs, thus attracting unique customer sets that desire a different setting for entertainment.

Positive Impacts

Promote Local Tourism

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, upscale hotel with spa, 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 under a separate cover), 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 would be exposed to the breadth of the tourist offering for the first time; especially related to recreational options, historical nature of the area, and focus on the arts. We believe the cultural institutions and the historic nature of the area will be a major draw for tourists. The overnight tourists would display the highest participation rate as they have the time budget to do more things.

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.

In summary, 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 for local attractions, like the cultural institutions.

Hiring Local Entertainers

In support of local artists, the gaming facility will likely hire local entertainers. Casino generally also have a solid track record in this area, as their business is centered on entertaining guests. The subject development plan includes a pub / sports bar, a venue that would be perfect for hosting local entertainment. The funding associated with hiring local and regional acts will encourage entertainers to stay in the area to practice their trade.

Small Businesses

This section estimates the Gaming Facility's impact on regional and local small businesses, focusing on Newburgh, Middletown, and Poughkeepsie. We identified the business sectors shown below as potential areas of competition, as these sectors would compete with the subject to some extent.

1. Full-Service Hotels
2. Entertainment Districts

Compilation of Potentially Impacted Small Businesses

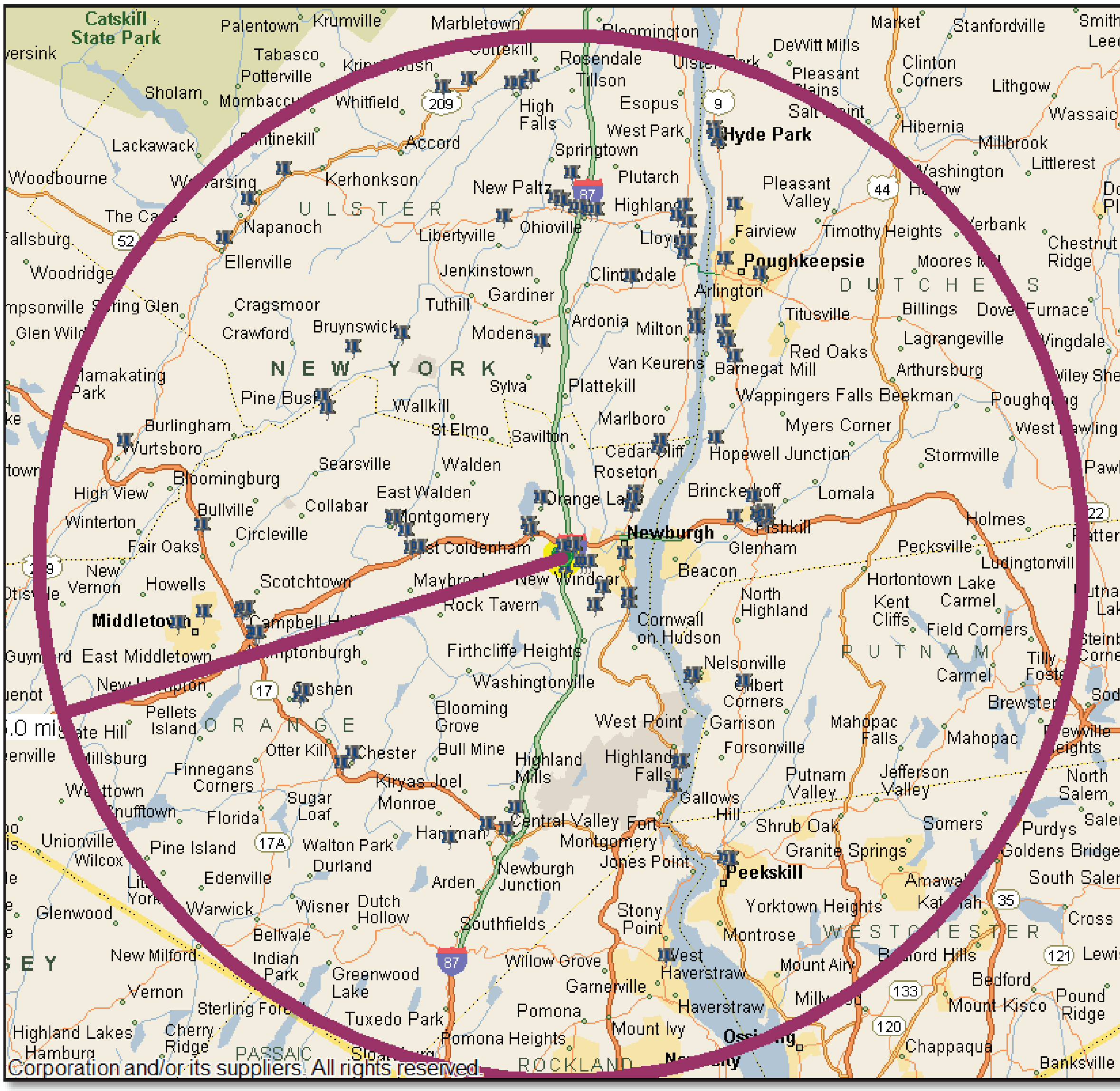
Regarding these business sectors, this section discusses the current offering in the region.

Hotels

The first step in analysis process was to gain a thorough understanding of the local hotel market. We defined the local market to include all the existing hotels (including hotels under construction) within about 25 miles of proposed development site. Based on information obtained from Smith Travel Research ("STR"), there are 98 hotels in the market, offering approximately 7,600 rooms, an average of 77 rooms per hotel. Notwithstanding the four (4) hotels under construction, the market has not added any new hotels in the last five years. However, the four (4) hotels currently under construction will add 342 rooms to the market, increasing availability by approximately 5%. The new hotels included 3 upper midscale (244 rooms) and 1 upscale (98 rooms) offerings.

These hotels are fairly scattered throughout the area, with some clustering around the larger towns or at convenient locations off the major highways. Many of the hotels take advantage of the scenic qualities of the area, situated either just off the Hudson River, in the foothills to the Catskills Mountains, or near the state parks. The following map shows the general distribution of these hotels.

Hotel Location Map



STR also segregates the hotel inventory by class. This market is heavily weighted with economy and midrange (including upper midscale) offerings, comprising 75% of the total rooms. There are 12 upscale hotels comprising 18% of the total rooms, featuring such popular brands as Courtyard, Hyatt House, Residence Inn, Hilton Garden Inn, and Homewood Suites. These hotels run an average of 116 rooms. There are 3 upper upscale hotels, two of which are small independents, situated to take advantage of area's scenic attractions. The luxury offering includes Mohonk Mountain House (266 rooms) in New Platz to the north, and Glenmere Mansion (19 rooms) in Chester to the south. The table below summaries the regional hotel market.

Hotel Market Summary				
Hotel Class	Hotel Count	Average Room Count	Room Inventory	% of Total
Economy Class	50	50	2,501	33%
Midscale Class	10	94	939	12%
Upper Midscale Class	21	109	2,284	30%
Upscale Class	12	116	1,394	18%
Upper Upscale Class	3	63	188	2%
Luxury Class	2	143	285	4%
Total	**98**	**77**	**7,591**	**100%**

Entertainment Districts

Entertainment Districts represent a confined area with a concentration of restaurants, entertainment attractions, such as movie theaters, bowling alleys, and arcades, and recreational activities, such as parks, sports fields, and water activities. These districts are often centered in an area with significant retail, and often categorized as the tourist destination of a local community.

We identified three (3) modest entertainment districts in the region of the proposed gaming facility, including: 1) Newburgh Waterfront; 2) Downtown in Middletown; and 3) The Waterfront in Poughkeepsie.

Newburgh Waterfront

The Newburgh Waterfront, situated on the western shore of the Hudson River, in the heart of the City of Newburgh, offers beautiful scenery year around, and various seasonal music and art events. The area is packed with unique restaurants and shopping. Popular restaurants include Akasaka for sushi, Billy Joes Ribworks, Café Pitti featuring specialty flatbread pizzas, and Captain Jakes, a seafood joint that presents a vacation-like atmosphere. Most of these restaurants and many more come with views of the Hudson, often presenting live entertainment during the summer tourist season.

Several river cruises embark from this site including two paddleboat-style vessels. Options include a shorter dinner cruise or a longer exploratory journey up and down the Hudson. Other recreation options include jet skiing, kayaking, and boating. The Waterfront hosts numerous events and festivals throughout the year, including an arts festival and the General Montgomery Day Festival. For historical sightseers, Newburgh was home to George Washington's Headquarters during the Revolutionary War.

Middletown Downtown

Middletown is a growing city in Orange County located about 15 miles southwest of the development site. This downtown area is the center for arts and entertainment for the community. Regarding culture, it features a number of historic churches, and Highland Avenue has a number of large Victorian-style houses. The main shopping attraction in the area is the Galleria at Crystal Run. This facility is complimented by a long retail strip on the east side of town.

Also, the downtown area, particularly North Street and East/West Main Street, has a variety of ethnic eateries and various small shops. There is a children's science museum, called The Interactive Museum, and a number of churches are located in the neighborhood. The city also has movie theaters, the historic Paramount Theatre, a local arts council, bowling alleys, and Thrall Library downtown.

The restaurant offering is unique and diversified, with Nina for fine dining in an intimate atmosphere with lots of ambiance and DeStefano's Olde Erie, a classic, cozy Italian restaurant. Something Sweet Dessert and Café features a dessert menu and also makes specialty cakes and wedding cakes.

The Waterfront in Poughkeepsie

The Waterfront in Poughkeepsie is similar to the Newburgh Waterfront in that it offers a host of shops and eateries, in an old-town waterfront atmosphere. Tourists can enjoy cultural attractions such as Frances Lehman Loeb Art Center and Locus Grover, and experience the famed walking bridge over the Hudson. Local events include the Hudson Valley Balloon Festival and St. Anthony's Street Festival.

One of the featured restaurants is the Poughkeepsie Ice House; a seafood restaurant that sits on the edge of the Hudson, and offers a variety of fine dining. There is also River Station Restaurant; the oldest continually operated food, drink & catering restaurant in Poughkeepsie. Shadows on the Hudson is a fun and elegant restaurant that sits and overlooks the Hudson, serving primarily seafood but offer a variety of other options too. Raccoon Saloon is a restaurant that not only has views of the Hudson, but also Marlboro falls. The recently renovated inside serves a variety of seafood options. Other favorites include Lola's Catering and Café, P.C.'s Paddock Restaurant, and Mill House Brewing Company.

Conclusion

The Gaming Facility is on a scale that makes it unique to the area, and thus would not compete directly with local small businesses, including the local hotels and entertainment districts. Our 40+ years in the gaming industry and extensive research on this issue, leads us to conclude that the impact of the Gaming Facility on these local businesses will be negligible. The outcry from small businesses simply does not exist based on countless hours of public testimony on casino applications.

We compiled some testimony from public officials on this issue:

> *Mayor Mike Moeller of Maryland Height, Missouri, recently testified before Missouri Gaming Commission during a re-licensure hearing that the city has no evidence that local business has been harmed in any way by the {casino} operation.*
>
> *The City Manager for Cape Girardeau cited, "We've seen existing businesses redoing their storefronts, and it really is an exciting time to see the leverage of this money {gaming taxes} be used to help our community actively."*

In order to mitigate any residual impact, 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.

Hotels

As discussed, the hotel offering is heavily weighted with economy and mid-range hotels. Thus, we do not believe the subject hotel will compete with the existing market to a material extent. Further, based on the *Economic Impact Study*, we estimated that the overall impact on the hotel market will be positive as the Gaming Facility brings new tourists to the area.

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 proposal, currently only 2% of the rooms in market meet this rating criteria. Other aspects of the hotel that will be unique are the pool and spa. 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. The table below summarizes our quantitative estimate of the gains and losses of revenue.

Net Revenue Impact on Exisitng County Hotels ($M)					
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
New Business	$5.7	$6.4	$6.6	$6.8	$6.9
Lost Business	-$3.5	-$3.4	-$3.5	-$3.5	-$3.6
Net Impact	**$2.3**	**$3.0**	**$3.2**	**$3.3**	**$3.3**

Entertainment Districts

The entertainment districts, in particular, offer a specialized brand of entertainment, taking advantage of the unique aspects of the community to present a leisurely and scenic ambience. The entertainment districts in the area generally present a local old town-feel, similar to a small beach-like tourist towns found along the Atlantic coast. The restaurants and shops offer a quaint (casual) mom & pop feel. The pace is leisurely with manageable crowds. Recreation options are unique, often capitalizing on the waterfront location.

In contrast, the gaming facility presents a unique concept for entertainment that is new to the region. Its goal is to foster a fast paced environment, capitalizing on the energy created by the crowds. The facility will utilize specialty lighting and sounds to enhance this feel.

It is our contention that these tourism districts or entertainment districts, described above, are very unique and would thus not compete directly with the proposed Gaming Facility. We believe it would be much more likely for overnight gaming tourist to visit local entertainment than for tourists targeting the ambience of the Hudson Valley region to visit the gaming facility to a great extent (maybe a quick look). It's likely they already have numerous gaming options in their home town.

The Federal Reserve Bank of St. Louis studied the "Employment Effects of Casino Gambling in the Eighth District" and found:

> *"Past research has provided mixed evidence, but researchers generally agree that a casino's impact on local business and employment depends on where casino patrons come from. If most casino patrons live or work in the local area, their patronage may have a negative impact on local businesses because they can spend their money at the casino rather than at local businesses. However, if the casino is part of a tourist attraction that brings in patrons from outside the area, this new money may foster increased business activity in the local area."*

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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