

STUDIES AND REPORTS

Exhibit VIII. B.3.b

As required pursuant to Exhibit VIII. B.3.b, the company engaged an independent expert, Louis Berger Group, to perform a study that analyzes “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.” Accordingly, please see the aforementioned study on the following page.

IMPACTS ON LOCAL AND REGIONAL ECONOMY

INTRODUCTION

Following the Request for Application (RFA) to Develop and Operate a Gaming Facility in New York State, **Exhibit VIII.B.3.b.** of the Application for RW Orange County LLC presents the proposed Gaming Facility's positive and negative impacts on the local and regional economy, and on the host and nearby municipalities. We also reviewed potential impacts on job creation, unemployment rates, cultural institutions, and small businesses.

PROJECT DESCRIPTION

The proposed Resorts World Hudson Valley development totals approximately 1.7 million square feet in size and consists of a 600-room hotel, a full-service gaming facility, conference center, restaurants, retail and other hotel and casino-related ancillary uses on a 373-acre site adjacent to I-84 Exit 5A. Utility-related uses include a water reclamation plant and stormwater treatment areas. The proposed project also includes 6,550 parking spaces in multi-story parking structure and surface parking lot. As a year round tourist attraction, the proposed project is expected to bring approximately 6.8 million visitors to the site annually. In order to accommodate project traffic, transportation improvements are proposed that include a signalized T intersection on Route 17K at the northern entrance to the project site, a roundabout on Route 747 at the eastern entrance to the site, and widening Route 747 to four lanes between I-84 and Route 17K. The Resorts World Hudson Valley is proposed pursuant to the Upstate New York Gaming Economic Development Act of 2013, the goals of which include creating jobs, reducing unemployment, enhancing the State's tourism industry in the and generating substantial revenue for public education and taxpayer relief.

APPROACH

The proposed project will have a positive economic impact on the Town of Montgomery, Orange County, and other Catskills communities. This Exhibit examines the following effects:

- Incremental Job Creation – As described in **Exhibit VIII.B.7.a.**, once operational Resorts World Hudson Valley will offer a total of 3,340 to 2,651 full-time equivalent positions, in the Town of Montgomery, NY. The spending by the Resort on goods and service at regional businesses and household spending by employees residing in the region will create additional jobs in the region through the multiplier effect. The multiplier effect was estimated with the IMPLAN input-output modeling system as presented in **Exhibit VIII B.3.a.** The analysis takes into account that some of the gaming spending by local residents will displace spending at other local businesses and presents the net, or incremental, effect.
- Unemployment Reduction – It can be reasonably expected that many of the jobs at Resorts World Hudson Valley will be filled by currently unemployed people living in the surrounding area (i.e. 30 minute drive time) and that therefore the unemployment rate in the neighboring localities will decrease. This exhibit estimates the place of residence of employees of Resorts World Hudson Valley using a series of assumptions and the resulting decrease in unemployment rate. The analysis conservatively does not take into account the effect of the indirectly generated jobs (i.e., multiplier effect) , which will further reduce the unemployment rate.
- Opportunities for Local Businesses – Resorts World Hudson Valley will make a strong effort to spend its' gaming revenue on the purchase of local goods and services required for the operations of its business. The portion of this new demand that will be met by

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local businesses is estimated with the IMPLAN input-output modeling system as presented in **Exhibit VIII B.3.a**.

- Property Tax - Local residents will benefit from property tax reductions as Resorts World Hudson Valley will increase property tax revenues significantly. The property tax analysis relies on the most current (2014) tax assessment for the properties being developed. The first step defined the base condition by aggregating the current tax roll data for all of the properties that will be developed. The second step is to change the properties overall market values to reflect the new investment in improvements on the land. The third step is to translate the new investment values into the taxable amount by using the Town's assessment ratio. The next step is to apply the tax rates for the various entities (schools, town, county, etc.). The final step is to compare the two to quantify the difference and estimate the property tax savings on a per capita basis.

INCREMENTAL JOB CREATION

This Exhibit estimates the employment impact of the proposed Resorts World Hudson Valley on the State, the Catskills, and Orange County. The proposed facility will create on-site employment and will generate additional economic activity through purchasing goods and services at state, regional and local businesses.

Purchases made during the operations phase from regional vendors generate a "multiplier effect" which is the additional economic activity that occurs when these vendors make purchases from other vendors within the region, who in turn make purchases from other vendors within the region, and so on. Similarly, purchases at regional businesses made by Resort employees or by vendor employees generate a multiplier effect.

To determine the magnitude of the multiplier effect, we used input-output modeling techniques. The multiplier effect consists of three distinct effects:

- Direct – Employees hired by the Resort.
- Indirect – Jobs at vendors that supply goods and services to the Resort, but do not work directly for the Resort.
- Induced – Jobs supported by additional household spending by resort employees and employees at the indirectly affected businesses.

Area-specific multipliers were created with the IMPLAN input-output modeling system and take into account inter-industry relationships and the relationship between industries and consumers and trade flow patterns.

BASE CONDITIONS

There are a little less than 350,000 employees in the Catskills region, with 36% of that employment residing in Orange County. The County's overall average wages for 2012 was \$41,221, 3% below the regional average. The average of the area is skewed upward due to the high employment and wages in Dutchess County.

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Table VIII. B.3.b-1. Payroll Employment and Wages by Region

County/Region	Employment	Average Annual Wages
Columbia County	20,384	\$37,719
Delaware County	15,320	\$38,129
Dutchess County	109,883	\$49,355
Greene County	14,029	\$38,544
Orange County	130,605	\$41,221
Sullivan County	24,947	\$36,657
Ulster County	57,120	\$38,435
Catskills Region	372,288	\$42,469

Source: Bureau of Labor Statistics QCEW 2012

Table VIII. B.3.b-2. Orange County Employment by Industry

Orange County Employment By Industry	Employment	% of Total
Total	130,605	
Retail Trade	19,460	14.90%
Health Care & Social Assistance	14,236	10.90%
Public Administration	11,624	8.90%
Manufacturing	9,534	7.30%
Educational Services	9,404	7.20%
Administrative Support & Waste Management	9,142	7.00%
Other Services (except Public Administration)	8,098	6.20%
Professional, Scientific & Tech Services	7,706	5.90%
Construction	7,444	5.70%
Wholesale Trade	7,053	5.40%
Accommodation & Food Services	6,922	5.30% (Top of Form)
Real Estate, Rental & Leasing	5,485	4.20% (Bottom of Form)
Transportation & Warehousing	5,355	4.10%
Other Industries	9,273	7.10%

Source: Bureau of Labor Statistics, 2012 Dun & Bradstreet, Inc.

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Table VIII. B.3.b-3. Catskills Region Employment by Industry

Catskills Region Employment By Industry	Employment	% of Total
Total	372,288	
Retail Trade	52,865	14.20%
Health Care & Social Assistance	42,813	11.50%
Public Administration	37,973	10.20%
Educational Services	32,389	8.70%
Manufacturing	27,922	7.50%
Administrative Support & Waste Management	23,826	6.40%
Construction	21,965	5.90%
Other Services (except Public Administration)	21,593	5.80%
F.I.R.E. (Finance, Insurance, Real Estate)	21,220	5.70%
Professional, Scientific & Tech Services	21,220	5.70%
Accommodation & Food Services	20,476	5.50%
Wholesale Trade	14,892	4.00%
Transportation & Warehousing	11,913	3.20%
Other Industries	21,220	5.70%

Source: Bureau of Labor Statistics, 2012 Dun & Bradstreet, Inc.

IMPACT

The complete economic impact of the Resort includes the direct hiring and additional hiring from the increased demand caused by the Resorts purchases. In addition, the new wages paid to the employees will boost demand in the region and state thereby creating more economic stimulus. The complete impacts are summarized in the table below.

Table VIII. B.3.b-4. Incremental Economic Impact of Operations, 2020 (in \$ millions)

	Impact Type	Employment	Labor Income (in \$ millions)	Output (in \$millions)
New York	Direct Effect	3,253	\$294	\$745
	Indirect and Induced Effect	1,205	\$561	\$1,124
	Total Effect	4,458	\$855	\$1,869
Catskills	Direct Effect	3,253	\$294	\$800
	Indirect and Induced Effect	956	\$404	\$709
	Total Effect	4,209	\$698	\$1,509
Orange County	Direct Effect	3,253	\$294	\$843
	Indirect and Induced Effect	1,131	\$598	\$693
	Total Effect	4,384	\$892	\$1,536

Source: Bureau of Labor Statistics, 2012 Dun & Bradstreet, Inc.

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UNEMPLOYMENT REDUCTION

The direct employment created by the Resorts World Hudson Valley is estimated to be between 3,340 to 2,651 full-time equivalent positions annual full time positions. As the full time Resort employees must commute daily to the facility, it is assumed that the employment base will be within the average commuter time for the region, approximately 30 minutes. Sub-County (township and City level) employment was reviewed to assess current employment and workforce levels to estimate employment and underutilized labor force.

For this analysis it is assumed that 30% of the overall underutilized workforce does not have the matching skill sets to complete all of the work required by the new facility. This estimate is conservative as The Bureau of Labor Statistics 2013 industry-specific occupational data states that 68% of employed in the Casino Hotel industry (NAICS 721120) works in either food preparation and serving related occupations, building and grounds cleaning and maintenance occupations, or personal care and service occupations. These occupations have low barriers to entry and require minimal skills to be considered a viable candidate for employment.

BASE CONDITIONS

According to the Bureau of Labor Statistics Local Area Unemployment Statistics (LAUS) 2013 the Catskills region had a 7.2% unemployment rate, lower than the State's 7.7% rate. Orange County's unemployment rate during this same period was 7.2%, in line with the broader Catskills region. According to the 2012 Census American Community Survey the communities, immediately bordering Montgomery had a collective unemployment rate of 7.7%. All of these unemployment rates are above the Region's 10 year average of 6.1%.

In terms of unemployed levels, Orange County has the highest amount of unemployed. The County with the highest unemployment rate, Sullivan has nearly 4 times less unemployed than Orange County. The statistics below in the table below shows that Orange County's unemployment levels are significantly higher than other more rural counties. This may increase the full participation of Orange County's underutilized labor force.

Table VIII. B.3.b-5. 2013 Catskills Counties and Unemployed Levels and Rates

Counties	Unemployed	
	Level	Rate
Columbia County	1,949	6.3%
Delaware County	1,691	8.0%
Dutchess County	9,786	6.8%
Greene County	1,896	8.2%
Orange County	12,503	7.2%
Sullivan County	2,903	8.7%
Ulster County	6,667	7.8%
Total	37,395	7.3%

Source: Bureau of Labor Statistics, 2013 LAUS

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IMPACT

As the Region’s unemployment rates are still significantly higher than the average, the impact on unemployment for the build and no build scenario can be gauged as if they facility was full functional today. If the facility was opened tomorrow, and 100% of the unemployed were used to fill the positions, the unemployment rate for the Catskills area would drop from 7.2% to 6.2%, a 1.0% drop which represents the nearly 3,340 to 2,651 full-time equivalent positions direct hires for the Casino. Although some of the newly employed may come from other employers in the region, it is assumed that their positions will be filled by other applicants thereby maintaining a more robust employment market.

Table VIII. B.3.b-6. Projected Unemployed Levels

Scenario	County	Base	Unemployment Impact			Place of Residence Assumption
			0% to New Residents	10% to New Residents	20% to New Residents	
Scenario 1: 2870 Jobs	Orange County	7.2%	6.2%	7.0%	6.9%	60%
	Catskills	7.3%	6.9%	7.2%	7.2%	65%
	New York State	7.7%	7.6%	7.6%	7.6%	95%
Scenario 2: 3253 Jobs	Orange County	7.2%	6.1%	7.0%	6.9%	60%
	Catskills	7.3%	6.9%	7.2%	7.2%	65%
	New York State	7.7%	7.6%	7.6%	7.6%	95%
Scenario 3: 3636 Jobs	Orange County	7.2%	5.9%	7.0%	6.9%	60%
	Catskills	7.3%	6.9%	7.2%	7.2%	65%
	New York State	7.7%	7.6%	7.6%	7.6%	95%

Source: Louis Berger Group, 2013 LAUS

As with the previous table, changes in new residents can reduce the impact on the reduction of the unemployment rate. This is due to the new employed entering into the workforce, but the unemployed are retained. This adds to the labor force and employment, but does not remove the unemployed from the counts. On a more localized basis the estimated impact on select Townships within Orange County are as follows:

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**Table VIII. B.3.b-7. Projected Impacts on Unemployed Rates
for Select Cities and Townships in Orange County**

Low Scenario Unemployment Impact				
Select Orange County City/Town	Base Unemployment Rate Estimate	0% to New Residents	10% to New Residents	20% to New Residents
Middletown city	12.0%	8.7%	9.0%	9.3%
Newburgh city	8.0%	5.8%	6.0%	6.2%
Wallkill town	9.1%	7.5%	7.7%	7.8%
Warwick town	8.1%	6.7%	6.8%	6.9%
Port Jervis city	11.0%	10.2%	10.3%	10.3%
Deerpark town	7.8%	7.2%	7.2%	7.3%
Newburgh town	7.3%	6.0%	6.1%	6.2%
Base Scenario Unemployment Impact				
Select Orange County City/Town	Base Unemployment Rate Estimate	0% to New Residents	10% to New Residents	20% to New Residents
Middletown city	12.0%	8.3%	8.6%	8.9%
Newburgh city	8.0%	5.5%	5.7%	5.9%
Wallkill town	9.1%	6.9%	7.1%	7.3%
Warwick town	8.1%	8.1%	8.1%	8.1%
Port Jervis city	11.0%	10.1%	10.2%	10.3%
Deerpark town	7.8%	7.1%	7.1%	7.2%
Newburgh town	7.3%	5.8%	6.0%	6.1%
High Scenario Unemployment Impact				
Select Orange County City/Town	Base Unemployment Rate Estimate	0% to New Residents	10% to New Residents	20% to New Residents
Middletown city	12.0%	7.8%	8.2%	8.6%
Newburgh city	8.0%	5.2%	5.5%	5.7%
Wallkill town	9.1%	7.1%	7.3%	7.5%
Warwick town	8.1%	6.3%	6.5%	6.6%
Port Jervis city	11.0%	10.0%	10.1%	10.2%
Deerpark town	7.8%	7.0%	7.1%	7.1%
Newburgh town	7.3%	5.7%	5.8%	6.0%

Source: Louis Berger Group

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OBSERVED IMPACTS FROM OTHER AREAS

The Federal Reserve Bank study, *Casino Gaming, and Local Employment Trends*¹, concluded that the empirical analysis presented reveals in three of four cases, rural counties that adopted casino gaming experienced increases in household and payroll employment. This analysis holds even though casino employment is dispersed over several counties rather than just the home county. Also, employment gains are much greater in rural counties that have adopted casino gaming as a major or predominant industry. It is harder to detect the impact of casino gaming in more-metropolitan counties, where employment is highly variable and casino gaming constitutes a small portion of total employment. The following table shows the impacts of casino openings in various locations around the country.

Table VIII. B.3.b-8. Examples of Casino Employment Impacts from Around the Country

Statistics for Counties with Casinos

	Warren County, MS	Tunica County, MS	Massac County, IL	St. Clair County, IL	Lee County, IA	St. Louis County, MO
Casino employment	2,443	12,689	883	1,184	367	2,050
Number of casinos in county	4	9	1	1	1	1
County employment	25,030	5,636	7,665	108,270	16,708	540,981
County population	49,343	9,635	15,081	256,599	33,313	1,015,417
Percent (number) of casino employees from home county	75 (1,832)	30 (3,807)	44 (389)	80 (947)	45 (165)	32 (656)
County unemployment rate, pre-casino (%)	8.8	10.7	9.5	9.4	3.7	3.1
County unemployment rate, post-casino (%)	4.2	7.1	4.4	5.9	3.3	3.9
State unemployment rate, pre-casino (%)	8.2	8.2	7.5	7.5	3.7	4.2
State unemployment rate, post-casino (%)	5.5	5.5	5.4	5.4	3.3	4.7
Employment/population ratio, pre-casino	0.430	0.302	0.381	0.400	0.477	0.534
Employment/population ratio, post-casino	0.507	0.591	0.509	0.418	0.449	0.531
First casino opened	2/93	8/92	2/93	7/93	11/94	3/97

NOTE: All employment data are from December 2001, and population data are from 1999. Home-county casino employment was obtained from contacting casinos. For multiple casinos in a county, the above figure represents the county average.

Source: Federal Reserve Bank of St. Louis Review, January/February 2004, 86(1), pp. 9-22.

¹ Federal Reserve Bank of St. Louis Review, January/February 2004, 86(1), pp. 9-22.

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IMPACT

According to the Resorts World Hudson Valley, retail amenities at the resort will not directly compete with the local retailers but rather offer them to their guests as an additional local experience. If this occurs the local shopping areas could have increased traffic and therefore sales of visitors who would otherwise miss their stores and restaurants.

Although the Resort will want to include local retail and amenities, the Resort will still compete for the residents' discretionary spending. Any amount spent at the casino by locals will reduce consumption that would otherwise take place². A study of Riverboat gambling facilities and their impacts on local spending patterns found that a new casino does impact local discretionary spending in a substitution effect. However, with addition of 3,340 to 2,651 new jobs, the incomes of these employed can offset any loss in discretionary spending in the local economy.

In some instances, industries will be positively impacted due to the additional visitors to the area. The retail industry, which requires additional foot traffic for growth, would be positively impacted. In some cases, local oriented seasonal retail may be more positively impacted as visitors may be looking to purchase goods not available at their home retail stores.

PROPERTY TAX

To assess the impacts of additional improvements on the Resort properties the existing property tax rates, property values, and assessment ratios were examined. To estimate the increased market value due to property improvements the construction costs for the buildings and amenities were used as they embody the potential market value. From this estimated market value, the resident assessment ratio was used to provide the total tax value of the improvements. Once this was created the town, county, and other municipal service tax rates were applied. This was then set against the current taxes being paid on the properties to show the newly generated property tax.

Although the taxation rates and values may change over time as market and fiscal conditions change, this analysis assumes that the rates will remain constant for both the build and no-build scenarios, i.e. no property tax reductions for the new facility. As this analysis compares the build to no-build scenarios during the same time period, any changes in taxation will be reflected equally for both scenarios.

BASE CONDITIONS

The base condition is based on the most current 2014 property tax roles for the Town of Thompson and the Valley Central School District. The Town's property tax rates and resident assessment ratio is applied to this analysis. Additional information concerning the County's parcel counts is based on the New York State Department of Taxation and Finance's tax data for 2012. The table on the following page provides the current (no build) and estimated build scenario's property tax information.

² Public Policy and the Displacement Effects of Casinos: A Case Study of Riverboat Gambling in Missouri, Gary Anders and Donald Siegel, Journal of Gambling Studies, 1999, pages 105-121

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Table VIII. B.3.b-9. Estimated Current (No Build) and Build Scenario Property Tax

No Build Property Tax Impacts		Tax rate	Total	Per Parcel
<i>Estimated Market Valuation</i>	\$1,914,400			
<i>Taxable Amount</i>	\$1,221,318			
<i>Effective Assessment Ratio</i>	0.638			
COUNTY		6	\$6,764	\$0.08
TOWN		1	\$1,832	\$0.97
HIGHWAY		2	\$2,792	\$1.47
PT TOWN		3	\$3,496	\$1.85
Coldenham fire		3	\$3,897	\$2.06
Valley Central School		31	\$38,056.27	\$20.10
No Build Property Taxation			\$56,836	\$30.02
		Tax rate per \$1000	Total Taxation	Per Parcel Impact
Build Property Tax Impacts				
<i>Estimated Market Valuation</i>	\$702,924,594			
<i>Taxable Amount</i>	\$492,047,216			
<i>Assumed Assessment Ratio</i>	0.700			
COUNTY		6	\$2,725,253	\$34
TOWN		1	\$737,972	\$389.84
HIGHWAY		2	\$1,124,672	\$594.12
PT TOWN		3	\$1,408,387	\$744.00
Coldenham fire		3	\$1,569,926	\$829.33
Valley Central School		31	\$15,332,191	\$8,099.41
Build Property Taxation			\$22,898,401	\$12,096.36

Source: Town of Montgomery Property Tax Role 2014, New York State Department of Taxation and Finance

*Uses Orange County parcel count

**Uses Orange County population, Tax Rates shown are rounded

IMPACT

To quantify the changes in property tax for the town, the no build scenario is subtracted from the build scenario's tax. This produces the total property tax impacts for each of the Town's line item taxes and the total. For additional comparisons and to reflect the potential savings on property tax across the Town of Montgomery, a per-parcel and per-capita estimate is calculated to show the impact of savings when adjusted for property counts and population.

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Table VIII. B.3.b-10. Estimated Property Tax Impacts

Change In Property Tax Impacts	Total Taxation	Per Parcel Impact
COUNTY	\$2,718,488	\$34
TOWN	\$736,141	\$389
HIGHWAY	\$1,121,881	\$593
PT TOWN	\$1,404,891	\$742
Coldenham fire	\$1,566,029	\$827
Valley Central School	\$15,294,135	\$8,079
Change in Property Taxation	\$22,841,565	\$12,066