

New York Gaming Facility Location Board
Response to Request for Applications to Develop and Operate a
Gaming Facility in New York State

TIOGA DOWNS RACERACK, LLC

Exhibit VIII.A.2.b.

Tioga Downs is a proven commodity in the region having served as a catalyst for job creation, economic growth and community development for nearly a decade. As evidenced throughout this RFA submission, Jeff Gural and his management team have made a substantial economic commitment to the Southern Tier, not only at the Tioga Downs facility as detailed here below, but throughout the community.

Here, below are the detailed capital investments made by Tioga Downs prior to the Effective Date of the Upstate New York Economic Development Act of 2013.

- i) Tioga Downs has invested \$44,950,000 as of June 20, 2014 in the 88,000 square foot facility offering VLT's, live harness racing, simulcasting, multiple food and beverage outlets and entertainment venues. These capital investments do not include current, ongoing construction of a brand new parking facility.
- ii) Given the uniqueness of the Tioga Downs facility, a fair market appraisal is difficult to ascertain. The property has a current book value of \$32,590,000 (Land & Land Improvements, plus furniture, fixtures and equipment and excluding and minus Accumulated Depreciation – excluding Construction in Progress).

Previously, independent audit valuations have valued Tioga Downs at a 7 times multiple of EBITDA. Based on Tioga Downs, 2013 EBITDA (\$6,400,000), the value of the property would be worth \$44,800,000.

- iii) Tioga Downs' Capital Award Funds as December 31, 2013 is \$4,900,000.

Tioga Downs strongly encourages the Board to include the entire prior capital improvements of \$44,950,000 as part of Tioga Downs' Minimum Capital Investment because the investments to date have been vital components of the Tioga Downs property and are essential elements to the expanded Tioga Downs Casino Resort. These prior capital improvements are a true reflection of Tioga Downs' costs thus far to provide the Southern Tier with a first class facility which will only be enhanced with the expanded casino and amenity operations proposed in this RFA.

The RFA details a list of proposed investments that an Applicant can include as part of the Minimum Capital Investment – such as construction costs, demolition, excavation and improvements to existing or construction of new infrastructure. The difference between Tioga Downs and other applicants is Tioga Downs has already made these commitments. These investments are not just promises, **Tioga Downs' improvements are facts –jobs already**

TIOGA DOWNS LLC

Exhibit VIII.A.2.a (cont.)

created and infrastructure already built. The Board should consider Tioga Downs previous commitment to the Southern Tier rather than penalizing Tioga Downs for making continued capital improvements to maintain a first class facility in the Southern Tier.