



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 Economic Impact Study prepared by Global Gaming & Hospitality, LLC, Morowitz Gaming Advisors, LLC and Leisure Dynamics Research, LLC.

Tioga Downs Works For The Southern Tier

Exhibit VIII.B.3.b – Economic Impact

Located in:

Nichols, New York

Prepared For:

Tioga Downs Racetrack, LLC

Prepared By:

Global Gaming & Hospitality, LLC

&

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Exhibit VIII.B.3.b – Economic Impact

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Exhibit VIII.B.3.b. Submit 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.

Include a description of the background conditions in the comparable year (assume economic, traffic and other conditions continue to trend, but without the addition of the development) and build a scenario with express enumeration of the assumptions. Where independent studies depend on visitation or revenues, provide high, low and Base case estimates analogous to the same used in the tax and revenues studies. Studies should explain the methodology, report the results and compare those results to actual observed conditions on similar built projects.

I. INTRODUCTION

This economic impact analysis, prepared by Global Gaming & Hospitality ("GGH") is presented as Exhibit VIII.B.3.a in this RFA submission. The analysis is based on the Gaming Market Assessment completed by GGH as Exhibit VIII.A.3 in this RFA submission, along with Tioga Downs Racetrack ("TDR") operating assumptions and the parent entity American Racing and Entertainment, LLC ("ARE"), in which GGH forecasts a total of 776 FTE jobs at the casino resort in Nichols in the Base revenue case. In addition to those on the Tioga Downs and ARE payrolls, this employment total includes third party vendor labor, such as those working in the stables, parking valets, spa employees and ice cream vendors.

The immediate economic impacts that the Subject casino resort will generate will be felt in the host town of Nichols, along with the host county, Tioga County. A significant share of the workforce will likely come from the surrounding counties in the Southern Region, however, particularly from Broome County, home to the region's largest city, Binghamton (Tioga and Broome Counties collectively comprise the Binghamton Metropolitan Statistical Area). With approximately 650,000 residents in the Southern Region (of which approximately 200,000 reside in Broome County and 50,000 reside in Tioga County)¹, it is reasonable to expect that the vast majority of employees would come from the Southern Region, though we note that Pennsylvania has counties proximate to and surrounding Tioga County as well, in which some employees (and/or induced and indirect labor) may reside.

Perhaps the best predictor of where employees of the casino resort will reside is where Tioga Downs' current employees reside. Based on data provided to GGH from ARE, approximately 54 percent of Tioga Downs and ARE's current employees (there are approximately 414 Tioga Downs employees in total, or 240 FTE's, not including third party vendors) reside in Tioga County, with neighboring Broome County being home to nearly 15 percent. Other New York counties provide over 7 percent of the labor, while 24 percent comes from out of state (nearly all from Pennsylvania).² We expect a similar pattern would emerge for future casino resort operations. As a result, of the 776 FTE's projected during the operations phase in the Base case,

¹ Source: U.S. Census, <http://quickfacts.census.gov/qfd/states/36000.html>

² Additionally, there are currently approximately 141 employees (70 FTE's) working for vendors at Tioga Downs. We do not know the geographical breakdown of their residences.

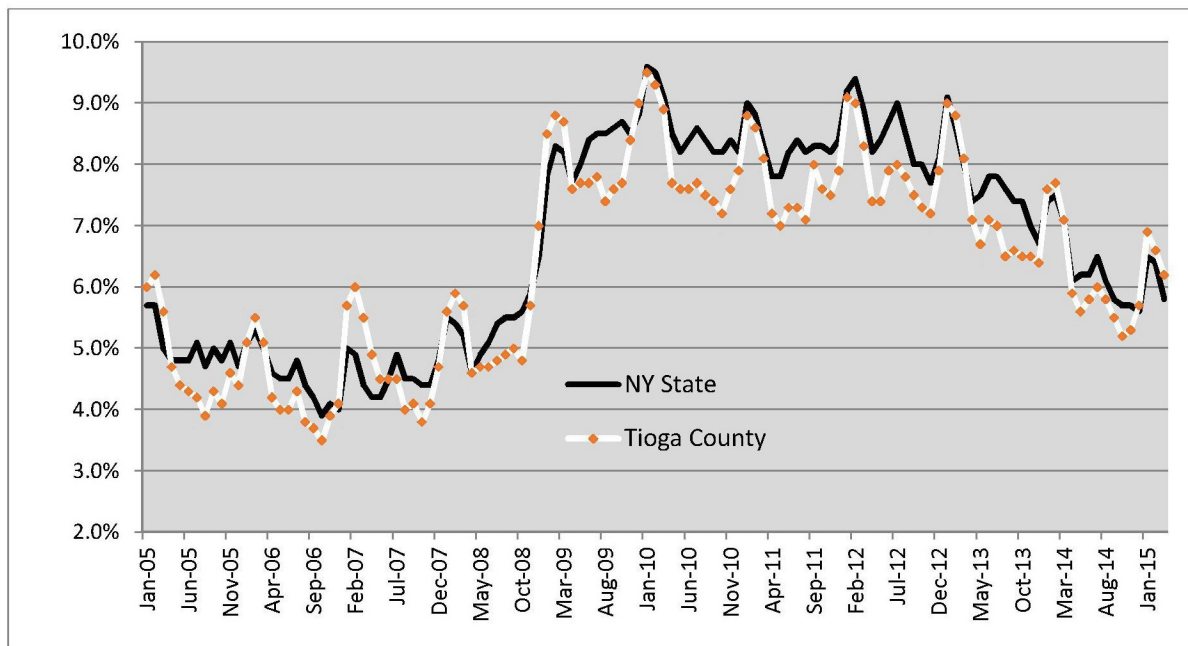
we estimate that approximately 419 would reside in Tioga County and 574 in total in all of the Southern Region. Given the broad area included in the Southern Region, we assume that this will account for nearly all of the statewide FTE positions created (590 of the 776 are projected to be New Yorkers). We assume the regional distribution will be unrelated to staffing positions or income levels. As is currently the case, slightly less than 25 percent of all positions will likely come from out of state, predominantly Pennsylvania (approximately 186 of the 776 FTE's).

The Base case estimate of 776 FTE's represents an increase of approximately 466 FTE's from the current operation's total of 310 (an increase of approximately 150 percent), with the high/low FTE employment forecast showing a 141 percent (748 total FTE's) to 160 percent (807 total FTE's) increase over the current FTE count. Assuming no change in breakdown of residence, the Base case forecast reflects incremental direct labor demand of approximately 252 FTE's from Tioga County, 345 for all of the Southern Region and 354 for all of New York, with the balance of 112 new FTE positions going to out of state residents (nearly all from neighboring Pennsylvania counties).

II. CURRENT JOB MARKET CONDITIONS

In order to understand the impact of casino construction and operations on the labor market we first need to consider the historical labor market data and baseline estimates for an impact year. We assume that components of the initial expansion development will be completed in 2016 and 2017, with 2019 being representative of a full stabilized year of operation of all of the expanded resort amenities. Prior to the recession (from 2004 through 2007), the annualized unemployment rate in Tioga County ranged from 4.25 percent to 5.25 percent, with a labor force that remained relatively flat (on an annual level) in the range of 26,000 to 26,500 persons.³ The unemployment rate in the county increased to annual averages of 8 percent in both 2009 and 2010 before slowly declining to an average of 7.2 percent in 2013. A more notable decline occurred in 2014, with an annualized rate of 6.1 percent, though this rate is still well above many other upstate New York regions.⁴ As evident from the following chart, the statewide unemployment rate closely tracks the county trend, but generally with a slightly higher statewide figure. We note that the declining unemployment rate in the county is somewhat misleading, since the declining population of the county also means that Tioga County’s labor force size is declining, now down to approximately 23,900 persons (average for last 12 months through March 2015).⁵

Figure 1: County and Statewide Historical Unemployment Rates, January 2005 to March 2015



Source: U.S. Bureau of Labor Statistics, non-seasonally adjusted monthly data.

³ Source: U.S. Bureau of Labor Statistics, www.bls.gov.

⁴ Ibid.

⁵ Ibid.

Based on the recent trends, we project that the unemployment rate over the next several years could stabilize at an annualized rate of approximately 5.7 percent in Tioga County (as compared to the last 12 month average of 5.9 percent). However, without the conversion of the racino into a casino resort, we envision a continued decline in the magnitude of the labor force, such that it would decline by approximately 6.5 percent through 2019 to 22,357 persons. Unemployment rates for the Southern Region as a whole also closely track that of Tioga County. The Region currently has a labor force of approximately 300,000, with an average unemployment rate over the past 12 months to 5.9 percent. We project the regional unemployment rate to decline to 5.7 percent along with the County by 2019, with the labor force continuing to decline, down to approximately 287,800.

The following table demonstrates the trends for the past five calendar years, the average for the last 12 months and the 2019 projections (baseline, without the casino resort) for Tioga County and the Southern Region in terms of labor force size, unemployment level and unemployment rate.

Figure 2: Tioga County and Southern Region Labor Force Data

Year	Labor Force	Unemployment Level	Unemployment Rate
Tioga County			
2010	26,567	2,120	8.0%
2011	25,836	1,988	7.7%
2012	25,467	2,015	7.9%
2013	24,896	1,790	7.2%
2014	24,034	1,466	6.1%
LTM Avg (through March 2015)	23,922	1,403	5.9%
Projected 2019 Baseline	22,357	1,270	5.7%
Southern Region			
2010	323,264	27,002	8.4%
2011	316,534	25,611	8.1%
2012	315,744	26,070	8.3%
2013	311,201	22,945	7.4%
2014	301,805	18,465	6.1%
LTM Avg (through March 2015)	300,251	17,742	5.9%
Projected 2019 Baseline	287,761	16,400	5.7%

Source: U.S. Bureau of Labor Statistics. Southern Region figures aggregated by GGH.

The village of Nichols had a population base of only 2,525 according to the 2010 US Census, which likely means that it has since declined to slightly less than 2,500 based on regional population trends. Employment data for Nichols, given its small size, is not readily available from the State or U.S. Bureau of Labor Statistics. The village borders the Pennsylvania state line to the south and is roughly at the mid-point between Elmira and Binghamton, such that the

regional economic strength directly defines that of Nichols, though the town in general has a predominantly agriculture-based economy.

It should be noted that the Nichols economy historically was largely driven by the presence of dozens of dairy farms; this total has fallen now to less than 10, further demonstrating the decline in job opportunities currently in the region and the continued exodus of the regional population base. Business closures at both the county and regional level have been similarly problematic for the region, most notably the loss of over 10,000 jobs during the 2000's as a result of the closure of IBM's manufacturing facilities in Endicott (Broome County). Lockheed Martin is Tioga's largest employer, with 3,000 employees, but its future is tied to defense spending and a presidential helicopter contract, something always at risk of government cutbacks to trim the deficit.⁶ Tioga County (and the Southern Tier in general) is still in dire need of additional job opportunities that are not subject to this type of risk to curb the population exodus.

As requested for this Exhibit, we endeavor below to measure the impact on the local and regional economy resulting from the construction/expansion and operations of Tioga Downs as a casino resort through comparison with results of actual observed conditions on similar built projects. GGH interprets the notion of "similar" as having two definitions:

- Projects of similar scale that were recently developed by a member(s) of the project development team (including changes resulting from transforming Tioga Downs and Vernon Downs into racinos in 2006); and
- Projects of similar scale, scope and county size developed during the past decade nationally (as well as three casino resorts of slightly larger scale and county size in eastern Pennsylvania). This effectively eliminated as peers several more recent developments, such as the Aqueduct racino, the Rivers Casino in Des Plaines (Illinois) and Ohio's casinos from our consideration, as we do not consider those to be a reasonable peer group.⁷ We note that several of the casinos in our peer group opened as slots-only facilities (i.e. Pennsylvania and Maryland properties), such that their employment levels gradually increased over time. Given that slot operations are far less labor-intensive than full-scale casinos, the impacts of their additions may be somewhat muted, especially if they occurred during the recession.

⁶ Source: Tioga County offices

⁷ We consider county size for the peer group to be an important metric when considering whether they are "similar" projects. In exceptionally large counties the volume of unemployment, as well as population sizes and police department statistics could easily fluctuate from year to year by a total much greater than what a casino resort could induce, such that the casino impact would be too muted to recognize; this could be especially misleading given that many of the most recent casino developments were completed during or immediately preceding the "Great Recession" years. We also only consider recently opened casinos, as technological changes have resulting in staffing level changes for casinos, and towns where casinos were introduced more than a decade ago doubtfully have leaders that have decent recollection of the impacts of introduction of casinos to their towns.

III. IMPACT OF COMPARABLE PROJECTS

Impact of Tioga Downs Racetrack Video Slot Facility Development

American Racing and Entertainment opened two racinos in New York in 2006. Prior to the opening of the racino at Tioga Downs in June 2006, the size of the labor force in Tioga County was relatively flat, with quarterly averages in the range of 26,000 to 26,500 persons, generally peaking in the second quarter of each year (representing a labor force participation rate of approximately 50 percent, based on a pre-recession population base of approximately 52,000).

The size of the Tioga County labor force had an imperceptible change leading up to and following the opening of the racino, though it may be noted that the labor force size in 2Q2006 was the largest since 2002 (the size of the labor force in 3Q2006 was relatively unchanged from 3Q2005 but smaller than 2Q2006).⁸ It should also be noted that 2Q2006 and 3Q2006 were the only quarters since 2001 when the county unemployment rate averaged less than 4 percent (3.9 percent and 3.8 percent, respectively).⁹ On a year over year basis, the unemployment rate in the County fell from 4.3 percent to 4.0 percent from June 2005 to June 2006, reflecting an unemployment level decline of 62 people. However, there was also a year-over-year increase in the size of the labor force of 227 people, such that there were 289 more employed people in the county.¹⁰ We note that the statewide rate also fell by 0.3 percent during that period, from 4.8 percent to 4.5 percent, such that the racino may not have been solely responsible for improved labor situation. As evident from Figure 1 above, the trend and level of the unemployment rate in the county in 2005 is very similar to that in 2007, such that the summer 2005 impact could have a macro-economic source rather than being primarily attributable to Tioga Downs. Additionally, as a slots-only gaming facility, Tioga Downs has a relatively small labor force (the property and its on-site third party vendors currently employ only approximately 310 FTE's, reflecting a headcount of approximately 555 workers). As a result, assuming no significant change in the employee counts since opening, with approximately half of the Tioga Downs labor being from Tioga County, seasonal and macroeconomic forces can have a much larger impact on the area's unemployment rate.

Four months after the opening of Tioga Downs (October 2006), American Gaming and Entertainment installed electronic gaming devices at Vernon Downs in the town of Vernon (Oneida County). While Vernon is a small town like Nichols, Oneida County is comparatively large, with approximately 235,000 residents as of the 2010 Census.¹¹ The size of the labor force in Oneida County historically is lowest during the winter months and highest during the summer, with a range of 109,000 to 113,500 (i.e. a slightly lower labor force participation rate than Tioga County).¹² Monthly variances of 1,000 or more persons in the labor force are the

⁸ U.S. Bureau of Labor Statistics data, not seasonally adjusted.

⁹ Ibid.

¹⁰ Ibid.

¹¹ U.S. Census. This population base is closer in size to the Binghamton MSA, comprised of Broome and Tioga Counties.

¹² U.S. Bureau of Labor Statistics data, not seasonally adjusted.

norm in Oneida County, such that racino employment, comparable to that of Tioga Downs, is overshadowed by seasonality. However, like Tioga County, the unemployment rates around the time of the racino opening were the lowest since the start of the decade (4.0 percent in 3Q2006 and 3.7 percent in 4Q2006).¹³

National Projects of Comparable Scale

The following table includes ten casinos in relatively rural markets that have developed casinos during the past decade. Recently-developed casinos in Maryland and Maine provide the most comparable properties from a host-county population base standpoint, though we note that in some cases (particularly Maryland casinos), the casino scale and staffing levels have expanded since opening, including post-opening additions of table gaming, such that their impacts have changed over time. Additionally, properties such as the Rocky Gap Resort were operational before they added gaming, thus skewing their casino opening’s employment impact.

Figure 3: Comparable Property Location and Population Data

Casino	County, State	County population, 2014	Casino opening
Mount Airy Lodge	Monroe, PA	166,314	Oct-07
Isle Casino Hotel Waterloo	Black Hawk, IA	132,897	Jun-07
Hollywood Casino Perryville	Cecil, MD	102,383	Sep-10
Seneca Allegany Casino	Cattaraugus, NY	78,600	Mar-07
Rocky Gap Casino Resort	Allegany, MD	72,952	May-13
The Oxford Casino	Oxford, ME	57,238	Jun-12
Casino at Ocean Downs	Worcester, MD	51,675	Jan-11
Tioga Downs	Tioga, NY	49,870	
French Lick Casino Resort	Orange, IN	19,626	Nov-06
Grand Falls Casino Resort	Lyon, IA	11,683	Jun-11
Wild Rose Casino & Resort	Palo Alto, IA	9,099	May-06

Population source: U.S. Census estimates, <http://quickfacts.census.gov/qfd/index.html>. Casino opening dates from operator press releases.

The impact on their counties’ respective labor markets is addressed later in this report.

¹³ Ibid.

IV. PROJECTED EMPLOYEMENT IMPACTS

Tioga Downs Construction Impact on Employment

In GGH's economic impact assessment (Exhibit VIII.B.3.a) there is a terminological difference between employment generated by casino resort construction and employment generated by casino resort operation. Construction-related jobs are referred to in terms of "man-years of employment", and are temporary in nature. Essentially, once construction ends the employment ends. This would be true for any casino resort construction project (independent of whether it is for Tioga Downs or any other resort applicant). Generally these jobs do not reflect the difference between unemployment and employment in the construction industry (unless a construction market is depressed) or related fields (i.e. architects and consultants), rather it sustains or increases the workload and resulting incomes. In contrast, casino operations employment impacts are ongoing benefits, measured in terms of full-time equivalent jobs, annual earnings and total annual spending.

GGH and the Applicant project the need for 585 direct man-years of labor from New York State residents for the purpose of expanding Tioga Downs into a casino resort. This should be predominantly accomplished using union labor from the Southern Tier. Specifically, the Applicant would be working with Laborers Local 785, a union with approximately 1,000 members (700 of which are active) from the Southern Tier region (Local 785's geography includes Broome, Chemung, Chenango, Cortland, Schuyler, Steuben, Tioga and Tompkins Counties and part of Delaware County).¹⁴ According to Local 785 representative David Marsh, the vast majority of the labor in the union resides in these counties, though some commute from across the state line in Pennsylvania. Tioga Downs will also be working with IBEW Local 139, an electrical workers union with 220 active members in the Southern Tier region (Local 139's region covers Allegany, Schuyler, Steuben, Chemung and Tioga Counties).¹⁵ According to Local 139 representative Ernest Hartman, the vast majority of the labor in the union resides in these counties, but he estimates that 5 or 6 commute from across the state line in Pennsylvania.

Indirect and induced impacts also result from the construction phase, as discussed in GGH's economic impact assessment (Exhibit VIII.B.3.a), producing a total of 362 man-years of employment, for a total of 947 man-years of employment needed during the construction phase statewide. The impact on unemployment rates and the labor market as a whole during

¹⁴ Membership figure from union representative David Marsh, based on a phone interview with GGH, 13 May 2015. Tioga Downs has committed to utilizing union labor (Laborers Local 785) for the development of the casino resort, along with ongoing maintenance and future renovations to the resort. This also includes sourcing and transportation of concrete, asphalt and debris hauling. This union performed the work for the parking garage as well as the initial development of Tioga Downs as a racino.

¹⁵ Membership figure from union representative Ernest Hartman, based on a phone interview with GGH, 15 May 2015. Tioga Downs has committed to utilizing union labor (IBEW Local 139) for the development of the casino resort, along with ongoing maintenance and future renovations to the resort. This union performed the electrical work related to the parking garage construction as well as the initial development of Tioga Downs as a racino.

the casino resort construction phase is vastly different than should be expected during operations, as the construction work is a one-time impact and is specific to a more finite number of industries. However, it is clearly important for the construction and related industries as a major source of sustained work for laborers. According to IBEW 139 representative Hartman, the construction industry in the Southern Tier is struggling, with an unemployment rate of close to 20 percent.¹⁶ These jobs, while temporal, are therefore critically valuable to supporting the industry.

Casino Resort Operating Impact on Employment

Casino resort operations, unlike construction, involves the ongoing need for a steady level of employment (until such time as a Phase 2 expansion is complete, after which a larger, ongoing number would result). The gaming market assessment prepared by GGH forecast a need for 776 FTE jobs at the casino resort in Nichols in the Base revenue case, with a high/low range of 748 to 807.¹⁷ Assuming future employees have residential bases distributed similarly to the current workforce, we estimate the distribution of these direct jobs will be as follows:

Figure 4: Projected Direct FTE Employment, by Residence

	% of total	Low	Base	High
Tioga County	54%	404	419	436
<i>South Region - Other</i>	<i>20%</i>	<i>150</i>	<i>155</i>	<i>161</i>
South Region - Total	74%	554	574	597
<i>NY Other</i>	<i>2%</i>	<i>15</i>	<i>16</i>	<i>17</i>
NY Total	76%	569	590	614
<i>PA and other</i>	<i>24%</i>	<i>179</i>	<i>186</i>	<i>193</i>
Total Direct Jobs	100%	748	776	807

The economic impact assessment, prepared by GGH as Exhibit VIII.B.3.a., projects an additional need for 130 jobs at the County level, 222 at the Region level and 251 jobs at the State level as a result of the multiplier process (indirect and induced jobs) in the Base case, +/- 7 to 9 percent for the High and Low cases. The following table therefore demonstrates the total employment impact forecast for the County, Region and State as a result of ongoing operations.¹⁸

¹⁶ Unemployment estimate of IBEW Local 139 representative Ernest Hartman, from phone interview with GGH, 15 May 2015.

¹⁷ Source: American Racing & Entertainment staff headcount, 6 May 2015, and vendor staffing estimates collected by GGH.

¹⁸ As in Exhibit VIII.B.3.a, the Southern Region includes the following New York Counties: Broome, Chemung, Chenango, Delaware, Schuyler, Steuben, Tioga and Tompkins, consistent with the region defined by Empire State Development as the “Southern Tier”, <http://www.empire.state.ny.us/RegionalOverviews.html>.

Figure 5: Total Annual FTE Employment Impact from Tioga Downs Casino Resort Operations

		Low	Base	High
County	Direct	404	419	436
	Indirect & Induced	118	130	140
	Total	523	549	576
Region	Direct	554	574	597
	Indirect & Induced	207	222	238
	Total	760	796	836
State	Direct	569	590	614
	Indirect & Induced	230	251	271
	Total	798	841	885

Sources: GGH staffing model and pro forma, as well as IMPLAN multipliers.

V. PEER MARKET IMPACTS AND IMPLICATION

Peer Market Data

When we consider peer group casino openings, we predominantly analyzed counties with total populations of less than 150,000 where casinos have been developed in the past decade. One notable issue was that in some cases the casinos have been developed in phases (i.e. Hollywood Casino Perryville, where table games were added several years after opening), or were developed at existing resorts, where there was an existing hotel and F&B program (i.e. Rocky Gap Casino Resort). As a result, the number of jobs created at casino opening for some properties was not indicative of the overall employment level, nor would it have demonstrated a notable impact on the labor market when the casino opened (these two examples created less than 400 new jobs when their casinos opened). We also note that there was a historic and lengthy recession mid-way through this past decade, where unemployment rate changes in the counties in many cases well exceeded the total staffing levels of the respective counties' casinos.

Nationwide, the civilian labor force equates to approximately 63 percent of the population age 16 and over (down from 66 percent a decade ago), or 49 percent of the total population, though these percentages vary by region. With respect to the 10 counties in the comparative set, the labor forces at the time of their respective casino openings ranged from 5,293 to 81,804.¹⁹ The most comparably sized labor markets in the following table are the counties hosting The Oxford Casino and Casino at Ocean Downs, both of which had labor forces in the range of 25,000 to 30,000 when their casinos opened.²⁰

Figure 6: Comparative Property County Labor Force Data and Gaming Positions at Opening

Casino	County, State	Casino Opening Month	County Labor Force at Opening	Opening Month Y-o-Y County Employment Δ	Gaming Positions at Opening
Mount Airy Lodge	Monroe, PA	Oct-07	81,804	1,660	2,523
Isle Casino Hotel Waterloo	Black Hawk, IA	Jun-07	72,189	-13	1,296
Hollywood Casino Perryville	Cecil, MD	Sep-10	52,307	923	1,500
Seneca Allegany Casino	Cattaraugus, NY	Mar-07	41,903	-282	2,475
Rocky Gap Casino Resort	Allegany, MD	May-13	33,815	56	618
The Oxford Casino	Oxford, ME	Jun-12	28,081	293	601
Casino at Ocean Downs	Worcester, MD	Jan-11	25,981	241	750
French Lick Casino Resort	Orange, IN	Nov-06	10,181	739	1,466
Grand Falls Casino Resort	Lyon, IA	Jun-11	7,150	670	1,116
Wild Rose Casino & Resort	Palo Alto, IA	May-06	5,293	161	626
			average	445	1,297

¹⁹ U.S. Bureau of Labor Statistics

²⁰ Ibid.

Source: U.S. Bureau of Labor Statistics, non-seasonally adjusted data. Employment level differences are relative to same month, previous year. Gaming positions based on gaming commission reports and press releases. Positions = slots + 6 x table games.

These recent casino openings occurred before, during and after a highly volatile period in American economic history, but we found that for 8 of the 10 properties, the size of the labor force increased in the 12 months leading up to their casino openings, though the unemployment levels increased for 4 of the 10. However, the net impact was that the level of employment increased for 8 of the 10 counties, with Black Hawk County, Iowa having a negligible downtick in the level of employment. As a result, only Cattaraugus County, New York saw a notable decline in county employment when a casino opened there. On average, these 10 counties realized an increase in their level of employment of approximately 1 job for every 3 gaming positions in their casino.

Implication for Tioga County Labor Market

In Figure 2 we provided baseline data regarding the current labor market in the County and Region, with estimates of the 2019 labor force, unemployment levels and unemployment rates without the presence of the casino. At the County level we project the 2019 labor force will be 22,357 as a baseline without the presence of the casino, with 5.7 percent unemployment, or 1,270 persons.²¹

The 549 FTE's from Tioga County forecast as a result of Tioga Downs' resort operations from direct, indirect and induced impacts will not reduce county unemployment by that level, however. Most notably, Tioga Downs has an existing gaming venue, such that we project in the economic impact analysis that approximately 40 percent of the needed labor on-site is already in place. Additionally, from a macro-economic perspective, under-employment nationwide is a serious issue which essentially over-states the level of employment and under-states the level of unemployment (i.e. Tioga Downs has many seasonal and part-time employees that could become full-time workers or get additional hours; this change would not be demonstrable through unemployment rate changes). The addition of casino resort jobs can/has cut down on the number of individuals suffering from under-employment, especially since the casinos are able to offer flexible scheduling options given their (typically) 24-hour operation. As a result, while the impacts may not show up as dramatically in terms of changes in county unemployment levels or rates, the addition of jobs is a clear benefit to the labor markets. There are also cases where workers move to a market to work at the facilities. These incoming workers would therefore increase the size of the labor forces, but would not decrease the unemployment level. The labor force only includes people actively working or looking for work, such that labor force dropouts may re-enter the workforce when jobs are created.

²¹ See Exhibit VIII.B.3.b for trend and projection information.

We also project that approximately half may commute from neighboring counties, as is currently the case for Tioga Downs' existing workforce. Finally, there may be many Tioga County workers that currently commute to other counties to work due to the lack of job opportunities in the county who would much prefer to work close to home. These jobs therefore would not impact their employment status, but would increase their quality of life.

As discussed above for the comparative markets, most all experienced labor market growth leading up to the casino openings. Additionally, FTE's and headcounts are two different concepts (i.e. a Direct headcount of 601 is projected in the Average case at the County level, as compared to an FTE count of 419), with many under-employed people (currently defined as "employed") potentially finding full-time positions or second jobs either at the casino resort or through the indirect and induced impacts. More likely, based on the comparative data discussed above (comparable properties showed an average employment growth of 445 jobs from average gaming position installation of 1,297 positions, or 2.9 gaming positions/job) and the fact that Tioga Downs will be adding approximately 500 gaming positions, we project there will be approximately 171 fewer unemployed persons in Tioga County (+/- 15). As a result, the County unemployment rate may fall to approximately 4.9 percent (from a 5.7 percent projected base), to an unemployment level of approximately 1,100.

The impact at the Region level may be less notable given the larger population base. As the labor force and unemployment levels are more than 12 times greater than for the County alone, cutting the regional unemployment level by approximately 234 jobs (inflating the County estimate (171) by the ratio of direct Region jobs projected (574) to that of the direct County jobs projected (419)) may only cut the regional unemployment rate to approximately 5.6 percent (from a 5.7 percent projected base).

VI. SMALL BUSINESSES AND CULTURAL INSTITUTIONS

One of the major impacts that could result from transforming Tioga Downs into a casino resort will be the support it provides to Tioga County as a tourist destination. Presently, the County's tourism budget is supported by the hotel occupancy tax. This tax has been steadily declining over the past several years. Crews coming to the area for fracking in Pennsylvania had been supporting the hotel industry, but many of those jobs have since gone to Ohio. As a result, regional hotel occupancy rates are on the decline and the resulting hotel occupancy tax is well below budget (at its peak the Occupancy tax was over \$260,000, in 2011; in 2013 and 2014 the totals were less than \$170,000 per year).²² These dollars go directly into tourism marketing. The County is presently reallocating funds to try to keep the tourism funding whole, but this is not a workable long-term strategy. If the funding for the department has to be cut, it is reasonable to expect that the volume of tourism would decline, resulting in a negative economic impact on area small businesses and cultural institutions. Conversely, the addition of a hotel to Tioga Downs would significantly increase the hotel occupancy tax revenues for the County, eliminating the threat.

Additionally, as a demonstration of its continued commitment to the Southern Tier Region, Tioga Downs has developed two initiatives, the Tioga Downs Regional Community Foundation and the Tioga Downs Regional Small Business Revolving Loan Fund. Tioga Downs will contribute \$1.5 million dollars to this program annually. In addition, the owner of American Racing & Entertainment has pledged support to the local school district in order to mitigate the current budget crisis and stabilize the tax rate which will ultimately help both the business and resident communities. Following is a description of each program:

Tioga Downs Regional Community Foundation

Tioga Downs will provide \$1 million per to year to the fund the Tioga Downs Foundation, commencing prior to the end of its first full year of operations as a gaming facility. The Tioga Downs Foundation will, in turn, provide grants to not-for-profit organizations, qualified individuals in need of assistance and special municipal and public projects that benefit the community. Organizations and individuals seeking grant money will be able to submit an application to the Tioga Downs Regional Community Foundation, which will then be reviewed and qualified by an administrator employed by the foundation. Once qualified, applications will be reviewed by a board consisting of Tioga Downs' representatives and members of the Southern Tier community, who will make the ultimate decision as to the particular grant.

Tioga Downs Regional Small Business Revolving Loan Fund

Tioga Downs will establish the Tioga Downs Regional Small Business Revolving Loan Fund to provide low cost loans to qualified business in Broome, Chemung, Steuben and Tioga counties. The purpose of this program is to provide assistance to small businesses located in the

²² Tioga County Treasurer's office.

Southern Tier, which will enable such businesses to create and retain jobs. The program will be funded through an annual \$500,000 contribution by Tioga Downs and will be managed by an experienced, third-party administrator. The administrator will work with a loan committee - comprised in part by representatives from each of the four eligible counties - to select small business projects to receive a loan from the fund. As the small businesses receiving funds repay their loans, the size of the fund will grow beyond that of the contributions made by Tioga Downs. These funds will be utilized to make additional small business loans.

Personal Contribution to the Tioga Central School District

To meet the local Tioga Central School District Budget Crisis of 2015-16, Tioga Downs Owner, Chairman and CEO Jeffrey Gural has committed to make a personal contribution to the school district of \$294,500 for each of the next two budget cycles. The school district was originally facing a budget cut of \$902,000 that would have eliminated all non-mandated programs for students, or face a 30% tax levy increase. This significant personal donation, contingent upon the school district tax payers supporting a revised budget calling for a 17% tax increase, is pledged for school years 2015-16 and 2016-17, allowing for the continuation of extra-curricular sports and clubs, from football and softball to Science Olympiad and the Math Counts programs. It is designed to help the school district bridge a short term budget gap, and provide the time necessary to achieve long-term fiscal stability without any negative impact to the students. If Tioga Downs is granted a Full Gaming License, Mr. Gural will offer the same conditional donation for the ensuing three (3) school years 2017-18, 2018-19 & 2019-2020.

It is through these local tie-ins that we envision Tioga Downs will be generating new revenues for New York businesses rather than taking revenues away from them.

VII. NET REVENUE GENERATION

In Exhibit VIII.B.1.²³ GGH quantifies the impacts of expanded gaming at Tioga Downs on other casinos in New York and on the State of New York. In that exhibit we project that Tioga Downs will generate a total of \$107.2 million of gaming revenue and \$60.4 million of incremental gaming revenue. Of that incremental gaming revenue, \$44.5 million will be realized from In-State sources and \$15.9 million from patrons who live out-of-state (principally Pennsylvania). Additionally, of the \$60.4 million of incremental revenue, approximately \$20.3 million would be “cannibalized” from other casinos in New York (1.3% of total revenues at impacted casinos) with the principal impacts at Lago and Turning Stone casinos. This analysis indicates that the net impacts to the State of New York are positive and the negative impacts to existing casinos are minimal (Lago would simply do approximately 97% of the revenue it is projected to do). Further, 23.7% of the total revenues at the expanded Tioga Downs facility are projected to come from out-of-state visitors, bringing new visitation and visitors to the State of New York.

²³ Methodology and detailed calculations included in Exhibit VIII.B.1. Market Analysis and Exhibit VIII.A.3. Market Revenue Study

VIII. CONCLUSION

The Town of Nichols, Tioga County and the Southern Region have been experiencing a prolonged period of job destruction. An expanded casino at Tioga Downs will be meaningful to the region in that it will have positive short-term impacts on job creation due to the impacts of construction at the site and it will result in 776 FTE jobs at the casino resort once operational. There will be an additional need for 131 jobs at the County level, 224 at the Region level and 253 jobs at the State level as a result of the multiplier process and economic impacts of the project.

Ultimately we project there will be approximately 171 fewer unemployed persons in Tioga County (+/- 15), such that the County unemployment rate may fall to approximately 4.9 percent (from a 5.7 percent projected base), to an unemployment level of approximately 1,100.

The impact at the Region level may be less notable given the larger population base but will still result in a lowering of the unemployment rate to 5.6 percent (from a 5.7 percent projected base).

In terms of overall economic activity, expanded gaming and tourism assets at Tioga Downs are projected to lead to an increase in gross revenues in New York with minimal (less than 2%) impact on existing facilities and increased patronage from out-of-state tourists and gamers.

Additionally, the positive impacts of increased tourism taxes and contributions to the Tioga Regional Community Foundation and the Tioga Regional Small Business Revolving loan fund, plus contributions to the Tioga Central School District will more than outweigh any potential negative impacts on businesses and other institutions in the region and New York at large.