

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
EASTERN DIVISION

In re)	
)	
SW BOSTON HOTEL VENTURE LLC,)	Chapter 11
)	Case No. 10-14535 (JNF)
Debtor.)	
)	


DECLARATION RE: ELECTRONIC FILING

PART I – DECLARATION

I, Eric B. Lewis, hereby declare under penalty of perjury that all of the information contained in the Affidavit of Eric B. Lewis (the "Document") filed electronically, is true and correct. I understand that this DECLARATION is to be filed with the Clerk of Court electronically concurrently with the electronic filing of the Document. I understand that failure to file this DECLARATION may cause the Document to be struck and any request contained or relying thereon to be denied, without further notice.

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Dated: August 2, 2010

Signed: 
Eric B. Lewis

PART II – DECLARATION OF ATTORNEY

I certify that the affiant signed this form before I submitted the Document, I gave the affiant a copy of the Document and this DECLARATION, and I have followed all other electronic filing requirements currently established by local rule and standing order. This DECLARATION is based on all information of which I have knowledge and my signature below constitutes my certification of the foregoing under Fed. R. Bankr. P. 9011. I have reviewed and will comply with the provisions of MEFR 7.

Dated: August 2, 2010

Signed: 
Gina L. Martin

Lago Resort and Casino Gaming Market Assessment and Operating Pro-Forma: Tyre, NY

June 2014
TMG Consulting

PREPARED FOR WILMORITE MANAGEMENT GROUP, LLC



EXECUTIVE SUMMARY

In May 2014, Wilmorite Management Group, LLC. engaged TMG Consulting to perform a gaming market assessment for its proposed Lago Resort and Casino in Tyre, New York. This document summarizes TMG's projections of gross gaming revenues, operations, and the socioeconomic impacts that could be expected from the development. The "average" case scenario is detailed in this Executive Summary with all scenarios (average, high, and low) and projections contained within the body of the foregoing study.

Conclusions

Based on the proposed location and building program of Lago Resort and Casino, the facility is expected to have a positive impact in the Finger Lakes/Southern Tier region, generating significant gaming visits not currently captured by New York gaming facilities.

REVENUES

Lago Resort and Casino is projected to generate over \$262 million in gaming revenues in its first full year of stabilized operations. Nearly half of these revenues are expected to be new, resulting from induced gaming behavior, re-capture of revenues that are currently accruing to out-of-state casinos, and capture of gaming visits from incremental markets.

JOBS

Lago Resort and Casino is projected to sustain 1,862 permanent jobs (1,230 direct jobs on-site) throughout New York and create 3,845 short-term jobs throughout the state.

TAXES

Seneca County and the Town of Tyre can expect to receive approximately \$6.4 million in tax and fee revenues annually per their negotiated Host Community Agreements with Lago Resort & Casino and from recurring impacts attributable to the facility. The State of New York could expect to receive approximately \$84.4 million annually in tax and fee revenues.

Additionally, local governments (primarily expected to be Seneca County) can expect to receive approximately \$6.0 million in one-time tax and fee revenues from developmental expenditures and the State of New York could expect to receive approximately \$68.4 million in one-time tax and fee revenues.

Lago Resort and Casino

The proposed development site is located in Tyre, New York, proximate to a toll plaza for the New York State Thruway, on a parcel that is currently a vacant field.

The 2,000-slot and 85-table game resort casino is expected to open in 2016 and will be accompanied by a 200+ room hotel and convention center, four restaurants, three food court outlet vendors, a spa, and entertainment.

Competition

In our study, we have assumed the continued operation of existing gaming facilities as well as the build-out of gaming supply across the East Coast, increasing competitive pressures in the region. The assumptions for this study were as follows:

- New York¹
 - Capital District
 - One resort casino with 100 table games and 2,000 slot machines
 - Catskills Region
 - Two resort casinos with 100 table games and 2,000 slot machines each.
 - Long Island
 - Two OTB facilities with 1,000 VLTs each.
- Regional competitive landscape
 - New facilities in Massachusetts and Pennsylvania

Gaming Revenue Projection

LOCAL MARKET

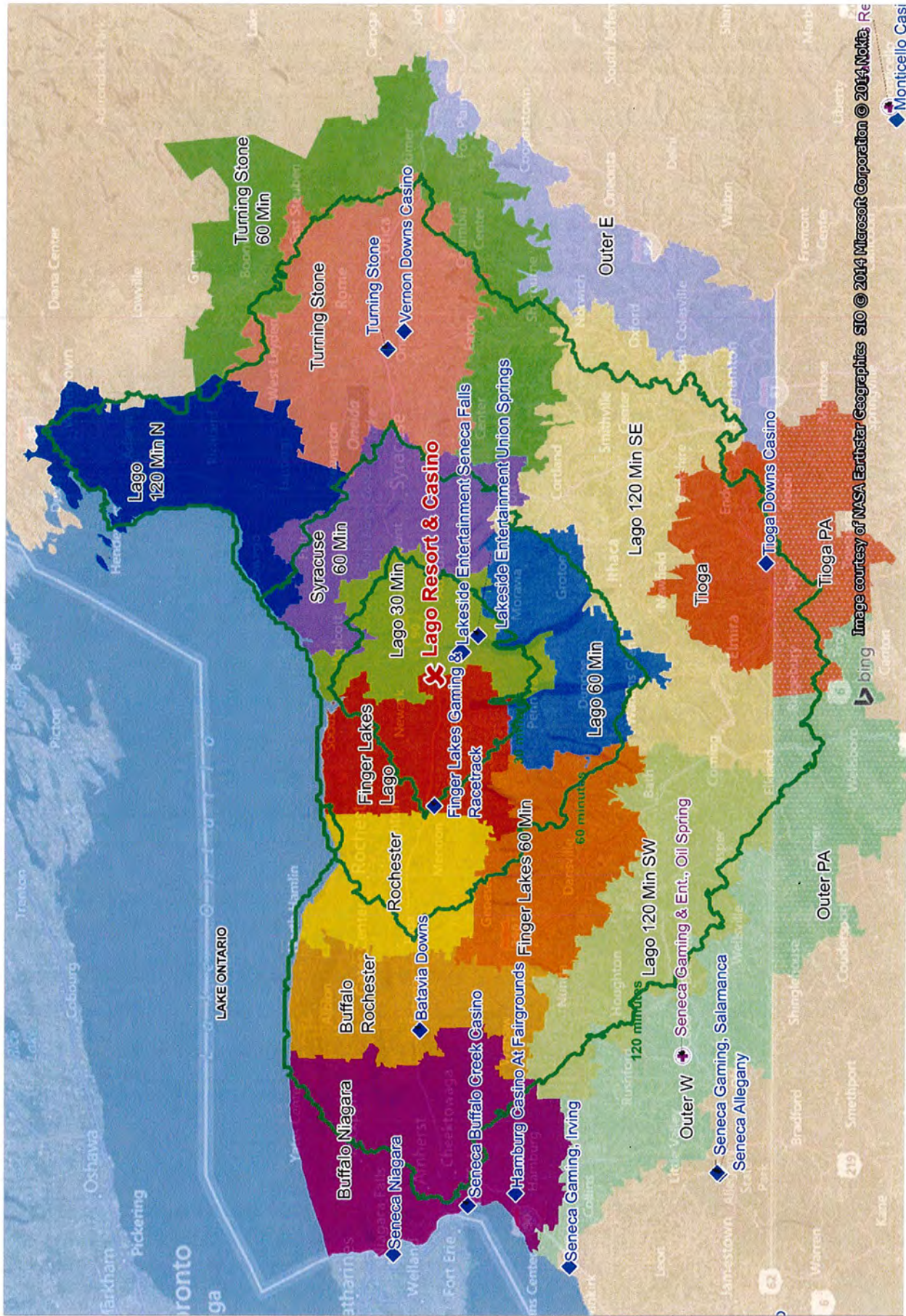
To forecast the facility's potential gaming revenues, TMG constructed a custom gravity model for the region within an approximate 3 hour drive-time from Lago Resort and Casino. This model considered a large region of New York as well as a portion of Pennsylvania, projecting the potential gaming revenues from the local area market.

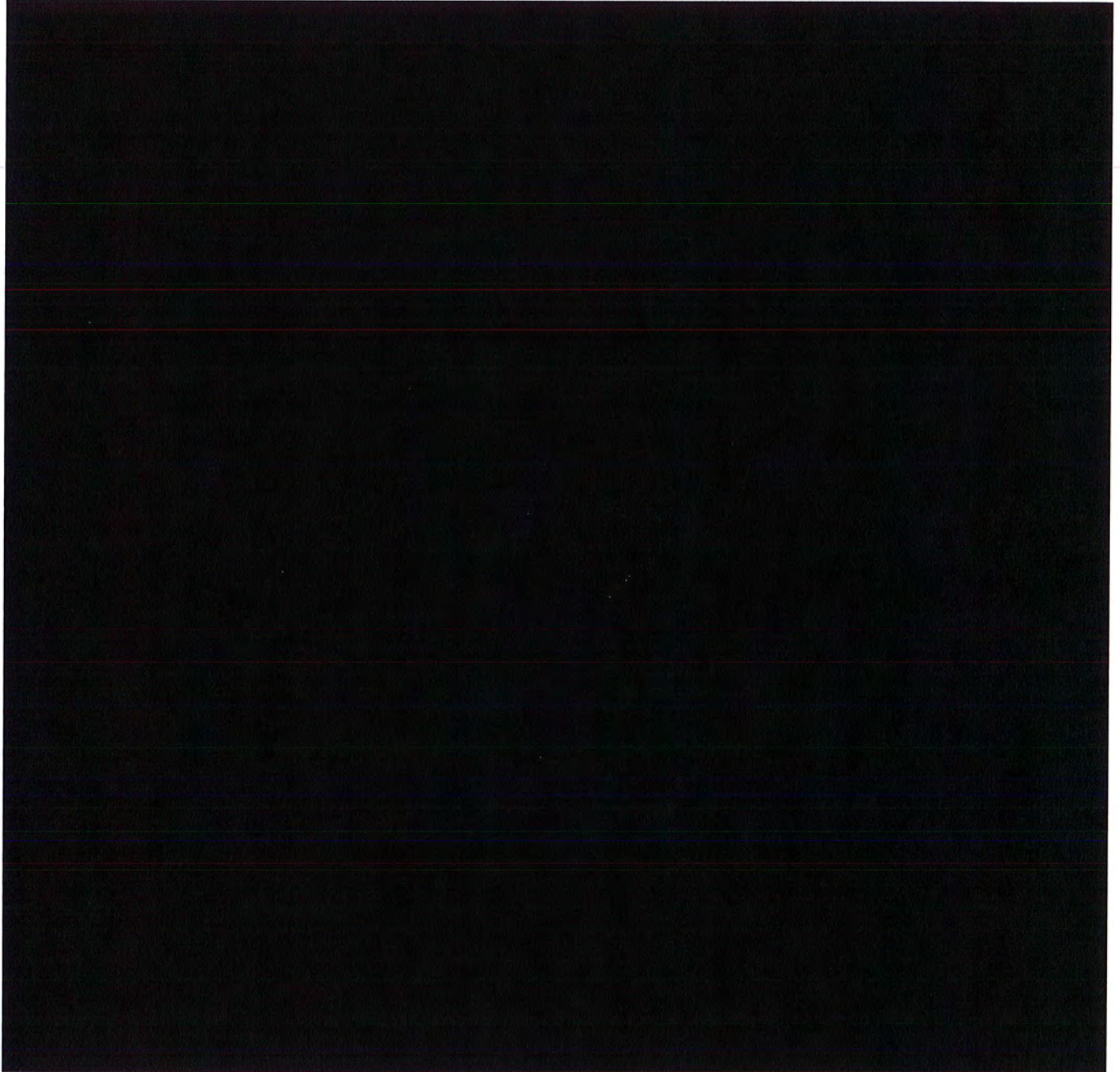
In addition to projecting the revenue potential of the local area market, TMG also projected the potential capture of the existing tourism market in the region.

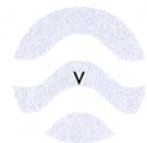
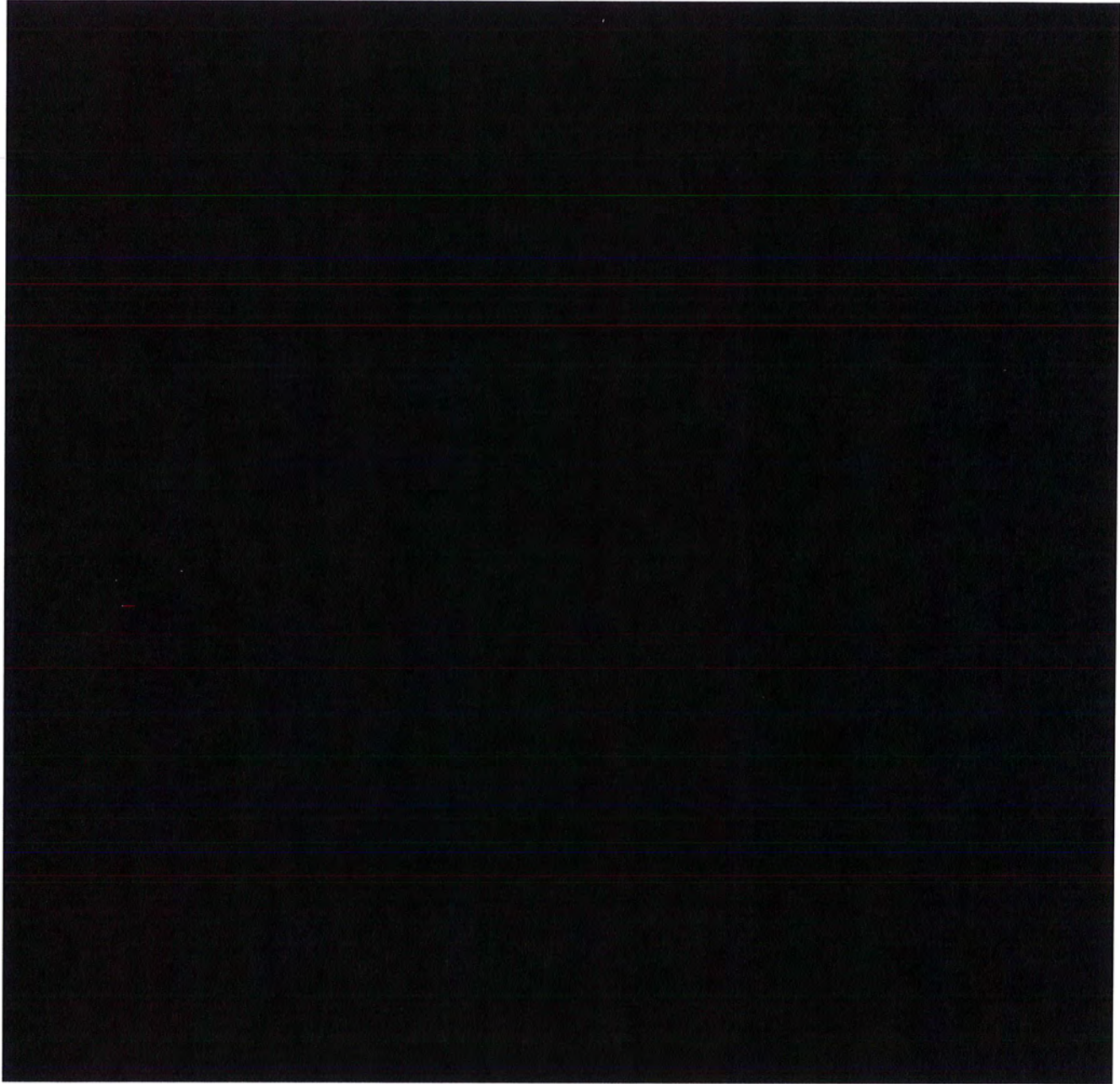
A map depicting the submarkets and regional gaming market analyzed in TMG's gravity model is included on the following page.

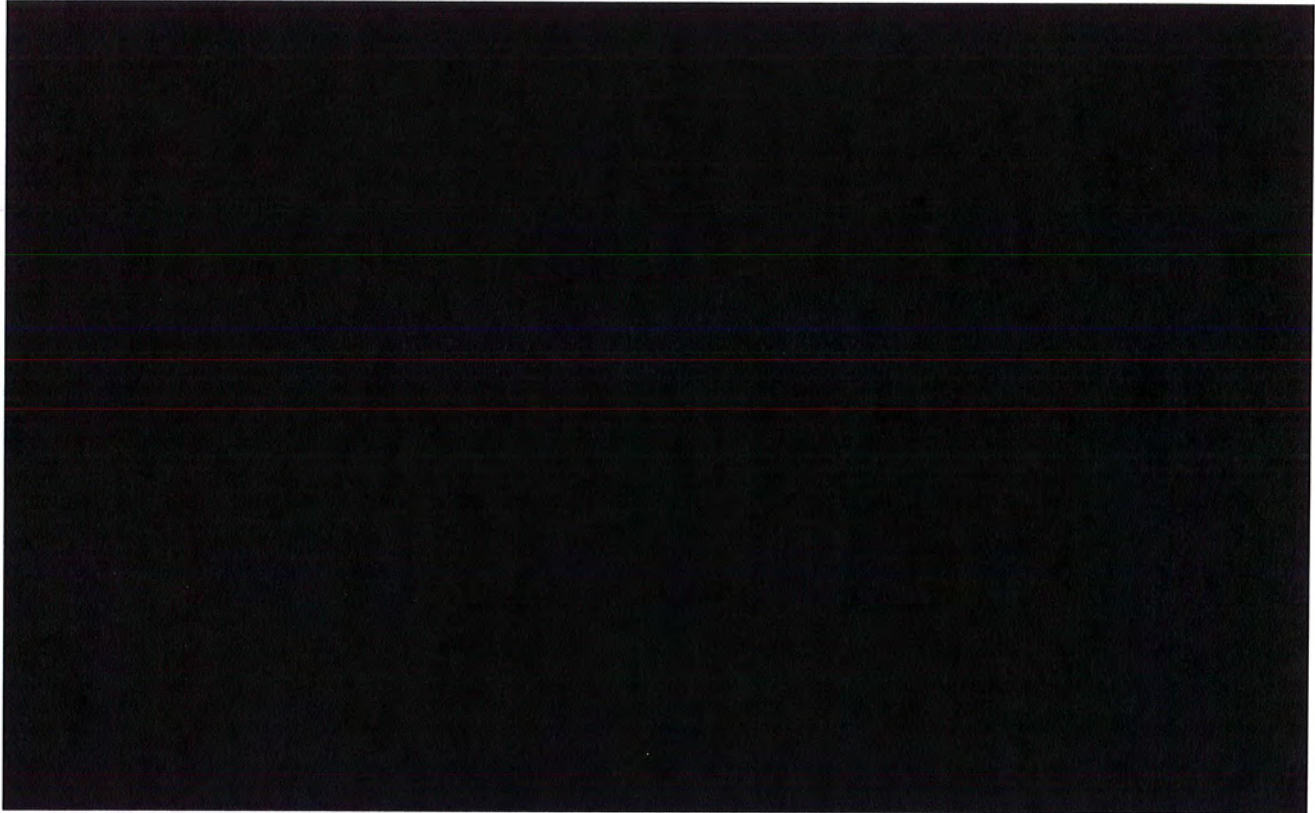
¹ TMG selected generic locations of other gaming facilities in New York based on the areas sanctioned by their respective gaming licenses.

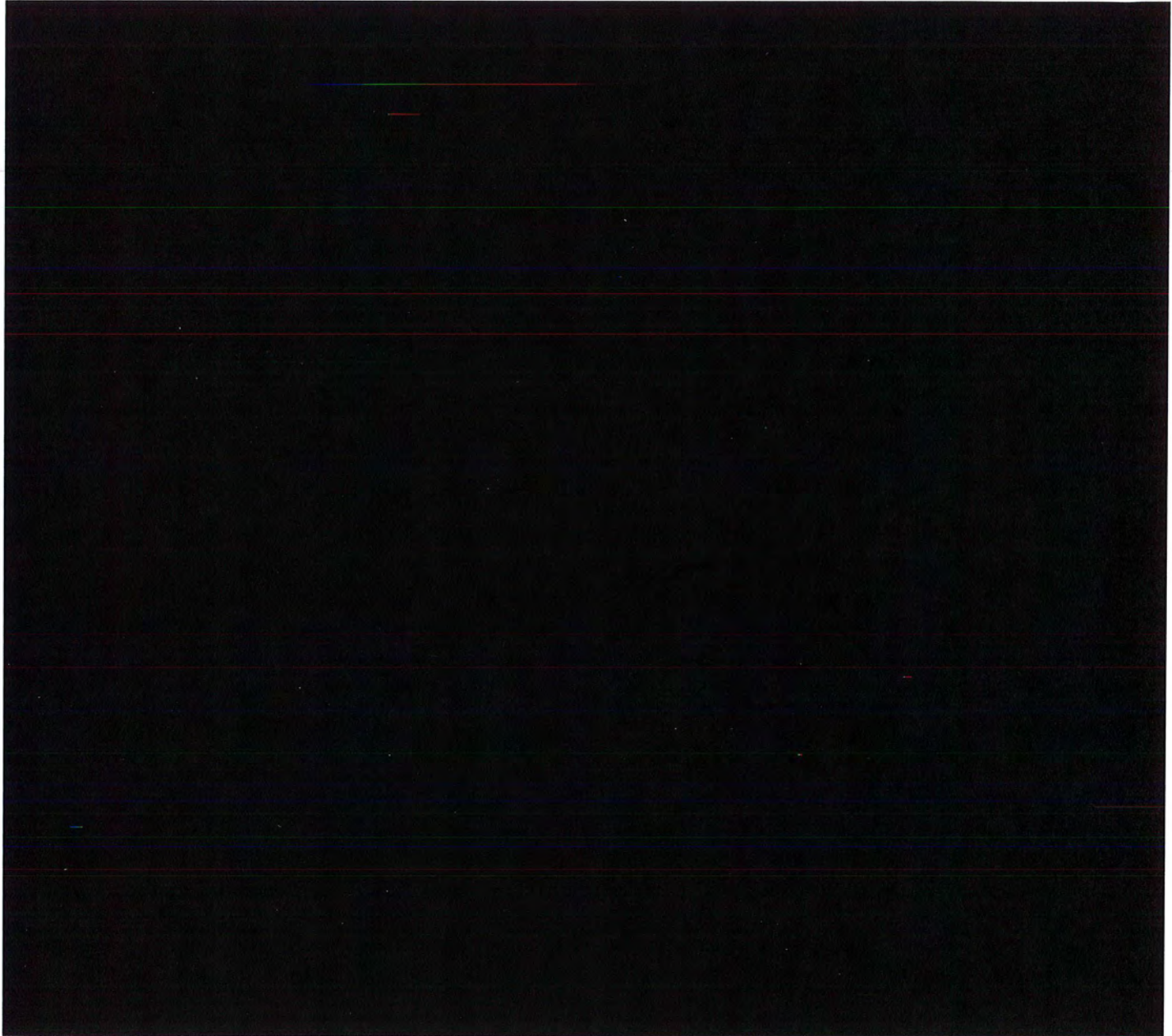
Lago Resort and Casino Market Areas











² The most recent 12-month period of gaming data available at time of compilation, March 2013 – February 2014.

a resort casino, will not compete directly with existing businesses in proximity. Lago Resort and Casino is expected to generate significant new revenues by repatriating gaming revenue from New York residents who currently visit out-of-state gaming facilities, from capture of out-of-state gamers, and from capture of tourists in the region.

EMPLOYMENT

Through its ongoing operations, Lago Resort and Casino, is expected to have a significant impact on employment and tax revenue throughout New York. In total, TMG projects Lago Resort and Casino will create **1,862 permanent jobs throughout New York**. In addition to the recurring jobs impact, construction and opening of the facility is expected to create **3,845 short-term jobs throughout New York**. The following table summarizes the projected jobs impact.

Employment Impact Summary

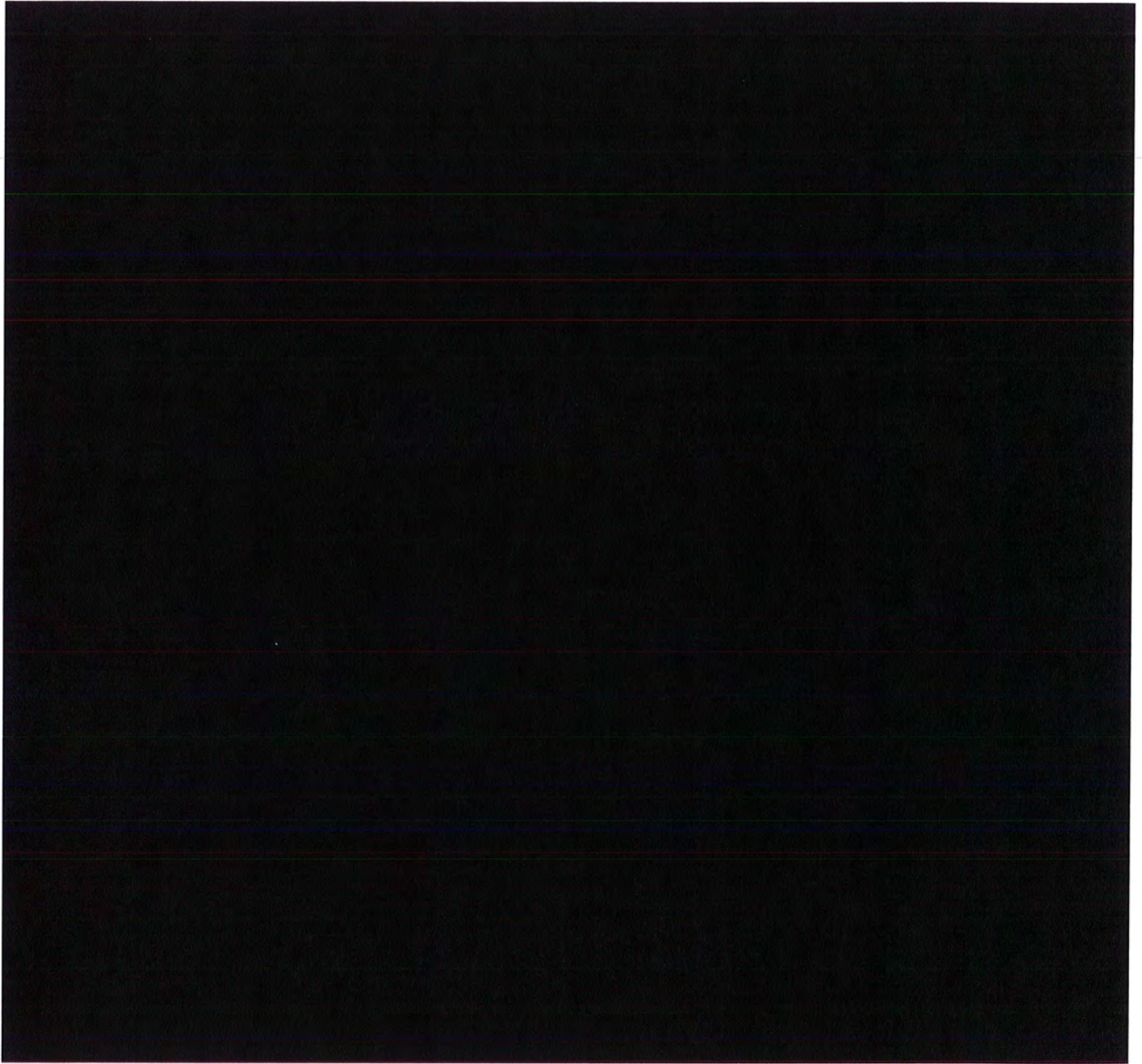
Employment Impact	Direct Jobs	Indirect & Induced Jobs	Total Jobs
From Lago Resort and Casino Operations	1,230	632	1,862
One-time (Construction and One-Time Spending)	2,304	1,541	3,845

Source: TMG Consulting

TAX & FEE REVENUE IMPACT

Recurring Tax & Fee Revenue

Recurring tax revenues to New York, Seneca County, and other local governments are expected to result from ongoing operations at the Lago Resort and Casino. Based on TMG's projections, **New York could expect to receive approximately \$84.4 million annually in tax and fee revenues. Seneca County and other local governments can expect to receive approximately \$6.4 million in annual tax and fee revenues from recurring impacts attributable to Lago Resort and Casino.** The following table summarizes these tax and fee revenue impacts.



One-Time Tax & Fee Revenue Impacts from Lago Resort and Casino Development, 2014
(in millions)

Category	Taxable Amount	Local Tax Impact	Local Tax Rate	State Tax Impact	State Tax Rate
Direct Impacts					
<u>Gaming</u>					
Licensing Fee				\$50.00 M	
Application Fee				\$1.00 M	
Total Gaming Fee Revenue		\$0 M		\$51.0 M	
<u>Sales & Use</u>					
From Applicable Hard Costs & FF&E ¹	\$30.28 M	\$1.21 M	4.0%	\$1.21 M	4.00%
From Applicable Pre-Opening Costs	\$17.00 M	\$0.68 M	4.0%	\$0.68 M	4.00%
Total Sales Tax Revenue		\$1.89 M		\$1.89 M	
Off-site, Indirect Impacts					
<u>Earnings²</u>					
State & Local Taxes & Fees	\$257.32 M	\$0.11 M	0.04%	\$11.55 M	4.49%
Sales & Use	\$99.13 M	\$3.97 M	4.0%	\$3.97 M	4.00%
Total Tax Revenue from Earnings		\$4.07 M		\$15.52 M	
Total Tax Impact		\$5.96 M		\$68.41 M	

Source: Operating assumptions provided by JNB Gaming; New York Department of Revenue; Bureau of Economic Analysis; TMG Consulting

Note 1: FF&E excludes slot and table game equipment purchase which total \$45.9 million and are expected to be purchased out of state.

Note 2: Methodology for earnings tax impacts described in previous section.



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INTRODUCTION

TMG Consulting studied and forecast the potential for the proposed Lago Resort and Casino in Tyre, New York. This study includes projections of gross gaming revenues over a 10-year period in three case scenarios: Average, High, and Low. Additionally and for each scenario, TMG generated casino resort operating pro-formas for the 10 year period. Lastly, we conducted a socioeconomic impact assessment which includes projections of the facility's impacts on area incomes, job growth, and taxes generated.

Lago Resort and Casino

Lago Resort and Casino is expected to be a casino resort offering 2,000 slot machines and 85 table games. The facility is expected to open in 2017 and will be accompanied by a 208-room hotel, food and beverage offerings, and a small retail shop. The facility's programming is detailed below.

- Casino with approximately 2,000 slots and 85 table games
- Hotel with 208 rooms
- Convention center
- 4 restaurants, and 3-vendor food court
- Spa
- Entertainment amenities

Competition

In our study, we have assumed the continued operation of existing gaming facilities as well as the build-out of gaming supply across the East Coast, increasing competitive pressures in the region. The assumptions for this study were as follows:

- New York competitive landscape
 - Existing commercial racetrack and slot facilities remain open
 - Existing Native American facilities remain open
 - Four new commercial casinos in New York, including Lago Resort and Casino
- Pennsylvania competitive landscape
 - Existing facilities remain open
 - One new casino in Philadelphia
- Massachusetts competitive landscape
 - Three (3) destination casinos, with a \$500 million minimum investment for each
 - One (1) slot parlor: 1,250 positions
- Regional competitive landscape
 - Existing facilities remain open

COMPETITIVE GAMING MARKET

The Lago Resort and Casino would compete with facilities in New York, but also the Northeast region of the United States. This multi-state region contains many other competitive gaming facilities—both existing and planned. This section of the study will examine, on a state by state basis, existing gaming supply, planned supply, and historical gaming performance. States included in this analysis are New York, Pennsylvania, Connecticut, New Jersey and Massachusetts, with their respective characteristics and performance discussed herein. Statewide and Facility specific gaming data for previous calendar years can be found in the appendix of this report.

The following maps show the competitive gaming facilities in the regional and local markets.

Lago Resort and Casino with Existing and Potential Competition



Image courtesy of NASA Earthstar Geographics SIO © 2014 Microsoft Corporation © 2014 Nokia

New York

New York State has nine racetrack casinos (racinos) and eight Native American casinos that are located Upstate. Video gaming machines are permitted at the nine commercial racinos, but traditional table games are currently available only at the Native American casinos in the state. In mid-2013, the State Legislature approved the expanded gaming legislation championed by Governor Cuomo. A voter referendum on the expanded gaming legislation passed in early November 2013. New York is now set to have as many as seven resort casinos (four in the near term) which would include table games (currently prohibited at racetrack casinos).³

COMMERCIAL GAMING FACILITIES

Batavia Downs Casino

Located in Batavia, New York, this racino's 60,000 square foot gaming space features 788 gaming machines. Batavia Downs Casino is a racing and video gaming center owned and operated by Western Regional Off-Track Betting Corporation, a public benefit corporation, in association with the New York Lottery. Batavia Downs is the oldest lighted harness track in North America, opening on September 20, 1940. The property underwent a \$25 million expansion project in 2013 that shifted video gaming operations from the second floor to a renovated first floor facility.⁴ This expansion allowed for an increase in capacity for gaming machines. This facility features three food and beverage outlets, and a convention space.

Empire City at Yonkers Raceway

Yonkers Raceway is a one-half-mile standard-bred harness racing dirt track and New York state-approved racino located in Yonkers, New York near the New York City border. The casino's 120,000 square feet of gaming space features 5,403 video gaming machines⁵, and ten food and beverage outlets.⁶ On July 26, 2011 construction began on a \$40 million expansion of the Empire City Casino at Yonkers Raceway. The expansion created an additional 30,000 square feet of gaming space, 20,000 square feet of food and beverage space, 6,000 square feet for a new grand entrance and 10,000 square feet of administration related space. This expansion created room for 400 new Video Lottery Terminals.⁷

³ Orden, Erica. "Agreements Struck on Casinos, LIPA." WSJ.com. 19 June 2013.

⁴ Source: The Buffalo News. *Batavia Downs expansion project*. buffalonews.com

⁵ New York Gaming Commission, <http://nylottery.ny.gov/wps/portal?>, TMG Analysis

⁶ Empire City Casino at Yonkers Raceway. Web. <<http://www.empirecitycasino.com/>>.

⁷ Empire City Casino at Yonkers Raceway Press Release July 26, 2011.

Finger Lakes Gaming and Racetrack

Located in Farmington New York, western New York's only thoroughbred track is at Finger Lakes. The 44,000 square foot gaming space offers 1,549 video gaming machines⁸. Additionally, there are nine food and beverage outlets, a 10,000 square foot buffet, and a convention center.⁹

Hamburg Casino at the Fairgrounds

Located 20 minutes south of Buffalo, in Hamburg, New York, the Fairgrounds has over 266 acres with simulcast wagering available year round, 940 video gaming machines¹⁰ including video poker, five food & beverage outlets, 55,000 square feet of gaming space, and 10,000 square feet of convention and meeting space.¹¹

Monticello Casino and Raceway

Located in Monticello, New York (90 miles from midtown Manhattan) this facility is owned and operated by Empire Resorts through its subsidiary Monticello Raceway Management, Inc. The Monticello Casino & Raceway features 40,000 square feet of gaming space with 1,110 gaming machines.¹² The property also has three food and beverage outlets.¹³

Resorts World Casino New York City

Resorts World Casino in New York City is in Jamaica, New York and officially opened in October of 2011. The casino's 330,000 square foot gaming space features 5,005 gaming machines.¹⁴ The property has eleven food & beverage outlets and a live entertainment venue.¹⁵

Saratoga Casino and Raceway

Saratoga Casino and Raceway became the state's first non-Native American gaming facility on Jan. 28, 2004. It offers 1,782 video lottery terminals¹⁶, four food and beverage outlets, a live entertainment venue and harness racing on a half-mile track.¹⁷

⁸ New York Gaming Commission, <http://nylottery.ny.gov/wps/portal?>, TMG Analysis

⁹ "Finger Lakes Casino & Racetrack." Web. <<http://www.fingerlakesracetrack.com/>>.

¹⁰ New York Gaming Commission, <http://nylottery.ny.gov/wps/portal?>, TMG Analysis

¹¹ "Hamburg Casino at the Fairgrounds." Web. <<http://www.the-fairgrounds.com/hamburg-casino>>.

¹² New York Gaming Commission, <http://nylottery.ny.gov/wps/portal?>, TMG Analysis

¹³ Monticello Casino and Raceway. Web. <<http://www.monticellocasinoandraceway.com/>>.

¹⁴ New York Gaming Commission, <http://nylottery.ny.gov/wps/portal?>, TMG Analysis

¹⁵ Resorts World Casino New York City. Web. <<http://www.rwny.com/index.php>>.

¹⁶ New York Gaming Commission, <http://nylottery.ny.gov/wps/portal?>, TMG Analysis

¹⁷ Saratoga Casino and Raceway. Web. <<http://saratogacasino.com/Home.aspx>>.

Tioga Downs Casino and Hotel

Tioga Downs is a racing and gaming facility located in Nichols, New York. The facility includes a casino with 802 video gaming terminals¹⁸, meeting and convention space for up to 250 people, and five food and beverage outlets.¹⁹

Vernon Downs Casino and Hotel

Vernon Downs features racing, gaming and hotel accommodations and is located in Central New York. The facility features 767 video gaming machines²⁰, a 175-room hotel, event space, seven food and beverage outlets and live harness racing.²¹

NATIVE AMERICAN GAMING FACILITIES

Akwesasne Mohawk Casino

The Akwesasne Mohawk Casino in Hogansburg, New York, is owned and operated by the St Regis Mohawk Tribe. The 52,000 square foot gaming casino features 2,542 total slots and 38 table games. There are four food & beverage outlets, spa, and a 150-room hotel with three multi-purpose meeting rooms.²² The 150-room hotel was completed in May of 2013 for \$74 million.²³

LakeSide Entertainment

The Cayuga Nation has two Class II gaming facilities both under the name of LakeSide Entertainment. The facilities are located in Union Springs, NY and Seneca Falls, NY respectively. After performing site visits to the area, our staff confirmed that the Seneca Falls location was temporarily closed. The Seneca Falls facility houses its suspended gaming operation in the rear of a trading post. The Union Springs location is open and currently has 86 gaming machines in operation.²⁴

Seneca Buffalo Creek Casino

The Seneca Buffalo Creek Casino officially opened its doors in August of 2013. The original plan for this site was to develop a \$333 million Casino and Hotel which would house 2,000 slot machines and 45 table games. These original plans were later downsized to a \$130 million development of an 800 slot facility with 16 table games.²⁵ The planned hotel was never constructed.

¹⁸ New York Gaming Commission. <http://nylottery.ny.gov/wps/portal?>, TMG Analysis

¹⁹ Tioga Downs Casino & Entertainment. Web. <<http://www.tiogadowns.com/>>.

²⁰ New York Gaming Commission. <http://nylottery.ny.gov/wps/portal?>, TMG Analysis

²¹ Vernon Downs Casino & Hotel. Web. <<http://www.vernondowns.com/>>.

²² "Akwesasne Mohawk Casino." Web. <<http://www.mohawkcasino.com/index.php>>.

²³ 500 Nations. Web. <<http://500nations.com/casinos/nyAkwesasneMohawk.asp>>

²⁴ 500 Nations. Web. <<http://500nations.com/casinos/nyAkwesasneMohawk.asp>>

²⁵ Seneca Buffalo Creek Casino. Web <<http://www.senecabuffalocreekcasino.com>>

Seneca Gaming & Entertainment, Irving

The facility features approximately 500 video gaming terminals, daily bingo events, and a poker room. The gaming center features a café on premises for food and beverage service and a gift shop. The Seneca Nation owns and manages the facility.²⁶

Seneca Niagara Casino & Hotel

The Seneca Niagara Casino and Hotel offers 147,000 square feet of gaming facilities with 4,000 slot machines and 124 table games, including poker. In addition, there is a 604-room hotel, a dozen dining establishments, and a full-service spa. The facility is located in Niagara, NY and is within minutes of the Canada/US border.²⁷

Seneca Allegany Casino & Hotel

The Seneca Allegany Casino & Hotel is located in the foothills of the Allegany Mountains in Upstate New York. The Seneca Allegany Casino & Hotel completed a \$53 million expansion project in 2012. This project included an addition of 201 hotel rooms to the site's existing 200 room hotel.²⁸ The casino features 68,000 square feet of gaming space with 2,000 slot machines and 36 table games. Additionally, there are seven food & beverage outlets and a spa.²⁹

Seneca Gaming & Entertainment, Salamanca

Seneca Gaming and Entertainment is located in Salamanca, New York. The casino's 15,000 square-foot gaming space features 280 gaming machines and ten poker tables. The property has one restaurant.³⁰

Turning Stone Resort and Casino

Turning Stone Resort & Casino is located in Central New York's Mohawk Valley. It is 35 miles east of Syracuse Hancock International Airport. The 1,200-acre resort features luxury-class hotel accommodations, a full-service destination spa, gourmet food & beverage outlets and casual dining options, celebrity entertainment, five championship golf courses, a dance club, and a casino. The casino offers approximately 2,300 gaming machines and 117 table games.³¹

PLANNED AND POTENTIAL FACILITIES

This section details planned and potential openings that are included in TMG projection models.

²⁶ Seneca Gaming and Entertainment. Web. <<http://www.senecagames.com/irving.html>>.

²⁷ "Seneca Niagara Casino & Hotel." Web. <<http://www.senecaniagaracasino.com/>>.

²⁸ Source: Buffalo Business Journal. *Seneca Allegany hotel expansion*. *Bizjournals.com*

²⁹ "Seneca Allegany Casino & Hotel." Web. <<http://www.senecalleganycasino.com/>>.

³⁰ Seneca Gaming and Entertainment. Web. <<http://www.senecagames.com/salamanca.html>>.

³¹ Turning Stone Resort Casino. Web. <<http://www.turningstone.com/>>.

New York Expanded Gaming Facilities

A voter referendum in early November 2013 approved the NY expanded gaming legislation. Four casino licenses will be distributed among three regions in New York State: the Capital District, Finger Lakes/Southern Tier and the Hudson Valley-Catskills region. Because of the proximity to New York City, the Hudson Valley-Catskills region will likely receive two of the available four casino licenses, this leaves one license for each of the remaining regions. As it stands, 22 proposals were received by the New York Gaming Facility Location Board, and five proposals have been formally withdrawn. The distribution of known bids by region is as follows:

- Capital District - 5 bids
- Finger Lakes/Southern Tier - 3 bids
- Hudson Valley-Catskills - 9 bids

Further information pertaining to each New York State gaming license applicant is provided below. This information is organized by region.

Catskills Region

The Catskills region is the closest region in proximity to New York City and therefore has garnered the most interest from gaming license applicants. Nine groups have applied for potentially two available licenses in this region. Each hopes to attract some of the roughly 20 million individuals that call the New York metropolitan area home.

The minimum capital investment for a gaming facility in Dutchess or Orange Counties as laid out by the state of New York is \$350 million, the highest minimum investment for any region. If no license is awarded to Dutchess or Orange Counties, then \$130 million in capital investment would be needed to receive a gaming license for the other portion of the region (Columbia, Delaware, Greene, Sullivan and Ulster Counties). If one gaming license is awarded to Dutchess or Orange Counties and one awarded to the remaining Counties of the region, then a capital investment of \$100 million would be considered the minimum for a gaming facility in the remaining Counties.

Caesars Entertainment

Caesar's Entertainment has applied for a gaming license in Woodbury, NY, (Orange County) roughly 50 miles north of New York City. Caesar's is proposing a \$750 million investment for this gaming facility on 121 acres of land that is currently owned by real estate developer, David Flaum.³²

Concord Kiamesha LLC and Mohegan Gaming New York LLC

In a partnership between Concord Associates and Mohegan Sun, a planned redevelopment of the closed Concord hotel in Kiamesha Lake, NY, (Sullivan County) has been planned. The redevelopment would

³² Collson, Brett. "Caesars Entertainment Enters Bid to Develop \$750 Million Casino Resort in New York" Web. <<http://www.pokernews.com/news/2014/04/caesars-entertainment-enters-bid-to-develop-casino-new-york-18115.htm>

represent a \$600 million investment on a 116 acre site. The original proposal calls for a 75,000 square foot gaming space with 2,100 video lottery terminals and up to 450 electronic table game positions.³³

Empire Resorts

Empire Resorts currently operates the Monticello Casino and Raceway Facility. This organization plans to build a casino resort, currently dubbed Adelaar, on the site of the former Concord Resort. This development would come with a total price tag of \$750 million and would contain a golf course, entertainment hall, indoor water park, outdoor adventure park and a conference center.³⁴

Greenetrack, Inc.

An Alabama-based gambling operator, Luther Winn Jr., has applied to build a Casino in Windsor, NY (Orange County). The proposal calls for a \$500 million casino to be developed.³⁵

Hudson Valley Gaming, LLC

The Hudson Valley Gaming, LLC has submitted an application for a casino license in the Catskills region of New York. No specified location is known at this point.³⁶

Nevele-R, LLC

Nevele-R, LLC is proposing the development of the Nevele Resort Casino & Spa in Ellenville, NY (Ulster County). The resort will include a 446-room hotel, meeting space, hiking and skiing activities, an equestrian facility, an 18-hole golf course, and a spa.³⁷

OCCR Enterprises, LLC by the Cordish Companies

OCCR Enterprises has created a joint venture with Penn National Gaming, Inc. to create a \$750 million casino resort in Orange County. This joint venture originally had applied for two gaming licenses, the other in the Capitol region. In late May, the group decided to withdraw the application for a gaming license in the Capitol region and focus their attention on this project.³⁸

³³ Mohegan Tribal Gaming Authority. Web. <<http://newsroom.mtga.com/2011/05/05/concord/>>

³⁴ Bagli, Charles. NY Times. "Empire Resorts Unveils Plan for \$750 Million Casino in Catskills." Web. <<http://www.nytimes.com/2014/03/14/nyregion/empire-resorts-unveils-plan-for-750-million-casino-upstate.html>>

³⁵ Campanile, Carl. NY Post. "Alabama gambling operator wants to open Catskills casino". Web. <<http://nypost.com/2014/01/27/alabama-gambling-operator-wants-to-open-catskills-casino/>>

³⁶ Campbell, Jon. Democrat & Chronicle. "New York receives 22 casino application fees". Web. <<http://www.democratandchronicle.com/story/news/local/2014/04/24/wilmorite-flaum-new-york-casinos-caesars/8095445/>>

³⁷ Nevele Resort Casino & Spa. Web. <<http://www.nevele.com/>>

³⁸ Odatto, James. Capitol Confidential. Web. <<http://blog.limesunion.com/capitol/archives/213499/penn-nationalcordish-take-talents-to-orange-county-only/>>

RW Orange County, LLC by Cleary Gottlieb Steen & Hamilton LLP

The Malaysian company, Genting, through their wholly-owned subsidiary, RW Orange County, LLC submitted a bid for a gaming license in Orange County, NY.³⁹

Saratoga Harness Racing, Inc. (II)

Saratoga Harness Racing, Inc. which operates the Saratoga Casino and Raceway, has filed an application for a gaming license in Orange County, NY. The proposed facility would occupy a 70 acre parcel of land, contain a 500-room hotel as well as casino and would come at a cost of \$670 million.

Capital Region

The capital region currently has five groups vying for one gaming license. This region makes up the four-county area that surrounding Albany. The minimum capital investment for a gaming facility in this region stands at \$135 million.

NYS Funding, LLC by Och-Ziff Real Estate

Originally, a \$400 million casino resort was planned just south of Albany and would be called "E23" because of its location on Exit 23 on the Thruway. The developers have now withdrawn from committing to this location because of a lack of usable land and are now looking at a site in Rensselaer County.⁴⁰

Capital Region Gaming, LLC

Capital Region Gaming, LLC has proposed a new \$150 million casino to be built in Schenectady on land owned by the Galesi Group. The facility will be operated by Rush Street Gaming who currently operates The Rivers Casino in Pittsburgh, PA, and will continue their name branding in New York. If approved, the planned casino will be called The Rivers Casino at Mohawk Harbor.⁴¹

Florida Acquisition Corp by Clairvest

The Toronto based company, Clairvest, is planning on developing a casino in Montgomery County near the border of the towns of Florida and Amsterdam.

Howe Caves Development, LLC

Howe Caverns has been a popular destination for New York's Capital region for many years, attracting nearly 150,000 tourists annually. Currently, the facility offers cave tours, a museum, and an adventure

³⁹ Say, Tee Lin. The Star Online. "Genting keeps option open in second NY casino" Web. <<http://www.thestar.com.my/Business/Business-News/2014/04/25/Genting-group-registers-interest-to-build-second-casino-in-the-Big-Apple/>>

⁴⁰ Sanzone, Danielle. The Oneida Daily Dispatch. "E23 Casino plan dead; developer looking to Rensselaer." Web. <<http://www.oneidadispatch.com/lifestyle/20140604/e23-casino-plan-dead-developer-looking-to-renselaer>>

⁴¹ Viccaro, Haley. Daily Gazette. "Schenectady casino proposal unveiled" Web. <<http://www.dailygazette.com/news/2014/may/21/schenectady-casino-proposal-unveiled/?print>>

park. The owners of the site are still in talks with potential casino operators and no official design has been laid out. The casino would be located adjacent to the existing Howe Caverns facilities.⁴²

Saratoga Harness Racing Inc. (I)

Saratoga Harness Racing Inc. has filed two bids for potential casinos in New York State. This particular bid calls for a 100,000 square foot, \$300 million casino resort in East Greenbush, NY.⁴³

Finger Lakes/Southern Tier

There are currently three outstanding bids for gaming licenses in the Finger Lakes/Southern Tier region. While it is possible that two bids get licenses from this region, it is more likely that the Catskills region, with eleven bids, will receive two licenses. The minimum capital investment needed in Wayne or Seneca County is \$135 million. If there is only one license awarded to this region and it goes to one of the remaining Counties (Broome, Chemung, Schuyler, Tioga or Tompkins) then the minimum capital investment required will be \$85 million. If two licenses are awarded to this region, one in Wayne or Seneca and another in the remaining Counties then the capital investment required in the remaining counties will drop to \$70 million.

Tioga Downs Racetrack, LLC

Tioga Downs Racetrack, LLC which already operates the Tioga Downs Casino and Racetrack in Nichols, NY, is planning an expansion of their existing facilities if they are capable of securing a casino license. Their planned expansions include adding a 140-room hotel, a 20,000 square foot casino, new restaurant and a new 60,000 square foot amenities building that would house conference space.⁴⁴

Traditions Resort & Casino

The Traditions Resort & Casino is a planned expansion of the Traditions Resort & Conference Center in Johnson City, New York. If awarded a gaming license, this facility would undergo major changes to accommodate gaming activities and the added volume of tourists that gaming would bring. The planned casino would bring both slot machines and a variety of table games to this resort. Additional restaurants, a fitness center and leisure activities also will be added to the facility if the gaming license is awarded.⁴⁵

HISTORICAL GAMING PERFORMANCE

The following analysis of New York's state gaming statistics includes all commercial and Native American gaming facilities operating in the state. This analysis details both historical gross gaming revenues (GGR, also referred to as win) and gaming supply (positions— the number of seats at gaming devices and table

⁴² DeMasi, Michael. Albany Business Journal. "Howe Caverns still in play for possible casino, owner says." Web. <<http://www.bizjournals.com/albany/news/2014/06/02/howe-caverns-still-in-play-for-possible-casino.html>>

⁴³ Morris, Caitlin. The Saratogian. "Details of racino's East Greenbush gaming proposal released." Web. <<http://www.saratogian.com/general-news/20140422/details-of-racinos-east-greenbush-gaming-proposal-released>>

⁴⁴ Tioga Downs Casino Racing & Entertainment. Web. <<http://www.tiogadowns.com/news/>>

⁴⁵ Traditions Resort & Conference Center. Web. <<http://www.thinkbigreallybig.com/casino.html>>

games). Each seat at an electronic gaming machine is counted as a single gaming position. Table games typically seat up to six players; therefore six gaming positions are counted per table game. Average annual (gaming) positions refers to the average number of gaming positions found throughout the year in a specified location.

This study will make frequent use of a common gaming metric for purpose of comparison— Win per Position. Win per Position (Win/Pos) is a metric which indicates the average gaming revenue (win) yielded per gaming position per day.

Commercial Gaming Facilities 12-month Period

During the most recent 12-month period (March 2013 - February 2014) nine commercial gaming facilities were operational in New York. Native American-owned gaming facilities in New York are not required to report gaming revenue publically and are not included in this analysis.

12-month Statewide Gaming Performance

During the most recent 12-month period, the gaming industry in New York generated nearly \$2 billion in gross gaming revenue and had a total of gaming 17,787 positions.

New York 12-month Statewide Gaming performance (March 2013 – February 2014)

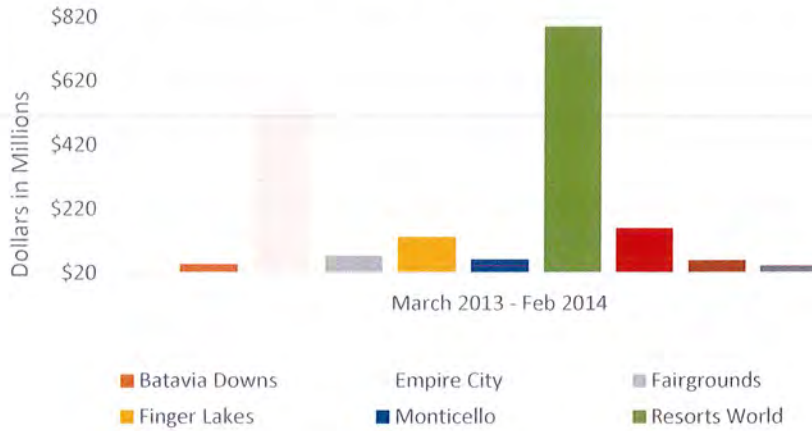
Year	Win (in billions)	Positions	Avg. Win per Position
March 2013 - Feb 2014	\$1.92 BN	17,787	\$295

Source: New York State Gaming Commission; TMG Analysis

12-month Gaming Revenue by Facility

Resorts World generated just over \$790 million of gross gaming revenue during the most recent 12-month period—the greatest among New York’s commercial gaming facilities.

New York GGR by Facility (March 2013 – February 2014)



Source: New York State Gaming Commission; TMG Consulting analysis

12-month Average Positions by Facility

On average, Empire City featured the most gaming positions of all facilities during the 12-month period—5,367 positions. Batavia Downs had the fewest number of gaming positions on average—690. Over this 12-month period, there was a total of 17,787 gaming positions available at New York’s commercial gaming facilities.

New York Gaming Positions per Facility (March 2013 – February 2014)

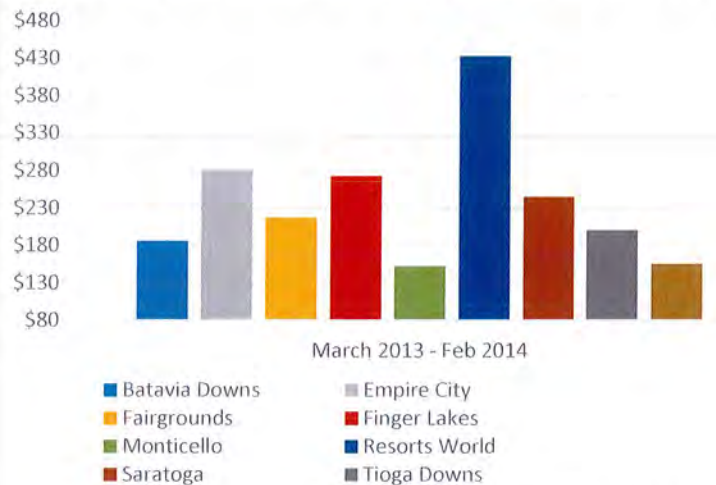
Casino	Batavia Downs	Empire City	Fairgrounds	Finger Lakes	Monticello	Resorts World	Saratoga	Tioga Downs	Vernon Downs	Total NY
March 2013 - Feb 2014	690	5,367	940	1,325	1,110	5,004	1,782	802	767	17,787

Source: New York State Gaming Commission; TMG Consulting Analysis

12-month Average Win per Position by Facility

Resorts World had the greatest average win per position in New York during the most recent 12-month period—\$433. Vernon Downs had the lowest average win per position in the state at \$155. The average win per position in New York during this 12-month period was \$296.

New York Win per Position by Facility (March 2013 – February 2014)



Source: New York State Gaming Commission; TMG Consulting Analysis

NEW YORK NATIVE AMERICAN GAMING REVENUE ESTIMATES

While gaming revenues for the Native American owned gaming facilities in New York are not publicly available, there are pieces of information reported by news media, various gaming industry websites, and filings with the Securities and Exchange Commission which provide a means to estimate these revenues. According to Casino City’s Indian Gaming Industry Report, the three Native American tribes sanctioned to operate casinos in New York (the Oneida, Seneca, and Mohawk) generated \$1.10 billion of gross gaming revenue in 2012. After adjusting that figure for inflation, the three New York tribes could have generated approximately \$1.13 billion in 2013.

Based on the slot exclusivity fee⁴⁶ that Native American tribes pay to the State of New York, and corroborated by news reports⁴⁷, the Oneida’s Turning Stone Report generates approximately \$207 million annually in slot revenue. Using this same methodology for the Seneca Nation (the fee applies to Seneca Niagara, Seneca Allegany, and Seneca Buffalo Creek) and based on an estimated annual slot exclusivity payment of \$135 million⁴⁸, we estimate the Seneca generate approximately \$540 million in slot revenue at their three resort casinos.

⁴⁶ The Tribes remit 25% of their revenue from slot machines to the State of New York in exchange for their casinos being guaranteed geographical exclusivity.

⁴⁷ Coin, Glenn. "Turning Stone casino gamblers: How much do they lose on slots?" Syracuse.com May 2014.

⁴⁸ Bagli, Charles. "Seneca Tribe Reaches Deal With Cuomo on Gambling." The New York Times. June 2013.

With slot revenue estimates for the Oneida and Seneca casinos, it is possible to estimate gross gaming revenue for the facilities. Based on an analysis of similar facilities in the region, TMG estimates that approximately 75% of gross gaming revenue at these facilities comes from slot machines. This yields an estimate of \$276 million in gross gaming revenues at the Oneida facility (Turning Stone Resort Casino) and \$720 million in gross gaming revenues at the Seneca facilities (Niagara, Allegany, and Buffalo Creek).

To estimate the gross gaming revenues at the other Native American gaming facilities in New York (Akwesasne Mohawk Casino, Seneca Gaming & Entertainment Irving, and Seneca Gaming & Entertainment Salamanca), we distributed the remainder of the \$1.13 billion statewide Native American gross gaming revenue estimate on a fair share basis.

There are two additional New York Native American facilities which operate in a quasi-legal state and are often indefinitely closed. These two facilities, owned by the Cayuga Nation of New York, are Lakeside Entertainment Union Springs and Lakeside Entertainment Seneca Falls. Both of these facilities host electronic bingo machines exclusively. For purposes of fair share analysis and revenue impact analysis (detailed in a separate sections of this report), we estimated what the win at these facilities could be if they operated for a full year under stable conditions. This was accomplished by estimating a \$100 average win per position for each facility, which was based on our fair share analysis.

The following table details TMG Consulting's gaming revenue assumptions for Native American gaming facilities operating in New York.

New York Native American Gross Gaming Revenue Estimates, 2013

Casino	Supply	Gross Gaming Revenue	Win/Pos.
Akwesasne Mohawk Casino	2,752	\$101.4 M	\$101
Seneca Niagara, Seneca Alleghany, and Seneca Buffalo Creek	7,868	\$720.0 M	\$251
Seneca Gaming & Entertainment, Irving	500	\$18.4 M	\$101
Seneca Gaming & Entertainment, Salamanca	340	\$12.5 M	\$101
Turning Stone	2,864	\$276.0 M	\$264
Lakeside Entertainment Union Springs	86	\$3.1 M	\$100
Lakeside Entertainment Seneca Falls	30	\$1.1 M	\$100
Total	14,440	\$1,133 M	\$215

Source: TMG Consulting

Pennsylvania

Gaming in Pennsylvania began in late 2006 with the opening of two casinos. As of May 2014, there are twelve gaming facilities operating in the state. The most recent to open was the Lady Luck Casino at Nemoacolin Woodlands Resort which had its grand opening in July 2013. The gaming industry in Pennsylvania has been marked by rapid expansion of both facilities and revenues since it began in 2006. Of late, the growth of this relatively new industry has begun to slow down. Two gaming licenses remain in the state— one for a full-scale casino in Philadelphia and another for a racetrack casino.

COMMERCIAL GAMING FACILITIES

Below is a table of all current gaming facilities, positions and amenities in the state of Pennsylvania.

Pennsylvania Commercial Gaming Facilities

Casino	Slots	Table Games	Amenities
Harrah's Philadelphia	2,795	126	8 food and beverage outlets, shopping, racing
Penn National	2,448	72	5 food and beverage outlets, entertainment venue, banquet space, racing
Lady Luck Nemacolin	582	29	3 food and beverage outlets, spa, fitness center, 18-hole golf course
Mohegan Sun	2,332	85	11 food and beverage outlets, spa, racing, entertainment venue, convention center
Mount Airy	1,863	78	7 food and beverage outlets, spa, 18-hole golf course
Parx Casino	3,361	165	9 food and beverage outlets, entertainment venue, racing
Presque Isle	1,993	46	8 food and beverage outlets, racing
Rivers Casino	2,969	113	7 food and beverage outlets, entertainment venue
Sands Bethlehem	3,014	200	10 food and beverage outlets, multi-purpose meeting space
SugarHouse	1,606	62	9 food and beverage outlets, entertainment venue, racing
The Meadows	3,283	75	7 food and beverage outlets, entertainment venue, racing
Valley Forge	600	50	8 food and beverage outlets, entertainment venue, convention center

Source: Pennsylvania Gaming Control Board; Casino City, Individual Facility Websites; TMG Analysis

PLANNED AND POTENTIAL FACILITIES

Lawrence Downs Casino and Racing Resort

Only one racino license remains in Pennsylvania, which is likely tied to Lawrence County. The proposed facility would include 1,250 slot machines, 40 table games and live harness racing.⁴⁹

Remaining Philadelphia Casino License

One Category 2 Casino License remains in Pennsylvania and is expected to be awarded to one of five applicants.

⁴⁹ Toland, Bill. "New Name, New Application for Lawrence County Racino." Post-Gazette. 4 June 2013. Web. <http://www.post-gazette.com/business/businessnews/2013/06/04/New-name-new-application-for-Lawrence-County-racino>

Philadelphia Category 2 Casino License Applicants

	Applicant	Slots	Tables	Hotel	Location
The Provence	Tower Entertainment, LLC	3300	150	125-key	N Broad St & Callowhill St
Casino Revolution	PHL Local Gaming, LLC	2400	105	250-room	Pattison Avenue & Front St
Xfinity Live! Philadelphia	Stadium Casino, LLC	2000	125	240-room	900 Packer Avenue
Market 8	Market East Associates	2400	112	168-room	801 Market Street
Hollywood Casino Philadelphia	PA Gaming Ventures, LLC	2050	81	n/a	700 Packer Avenue

Source: Filings with the Pennsylvania Gaming Control Board

HISTORICAL GAMING PERFORMANCE

The following analysis of Pennsylvania's state gaming data includes all gaming facilities operating in the state. This analysis details both historical gross gaming revenues (GGR, also referred to as win) and gaming supply (positions— the number of seats at gaming devices and table games).

Most Recent 12-month period

12-month Statewide Gaming Performance

During the most recent 12-month period, the gaming industry in Pennsylvania generated over \$3 billion in gross gaming revenue, had an average of 32,803 gaming positions and an average win per position per day of \$258.

Pennsylvania 12-month Statewide Gaming Performance (March 2013 – February 2014)

Year	Win (in billions)	Positions	Win per Position
March 2013 - Feb. 2014	\$3.08 BN	32,803	\$258

Source: Pennsylvania Gaming Control Board; TMG Consulting Analysis

During the most recent 12-month period (March 2013 - February 2014) eleven casinos were open in Pennsylvania. Below is an analysis of their performance during this time.

12-month Gaming Revenue by Facility

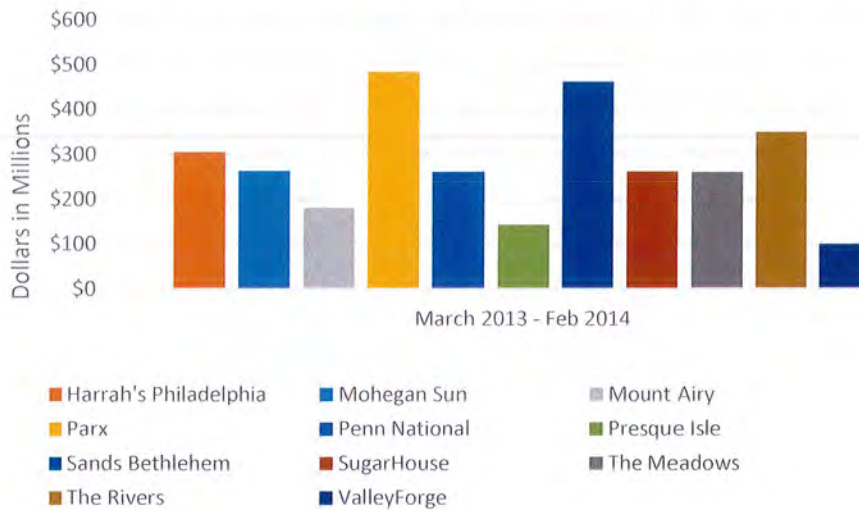
The top two performers in the state of Pennsylvania in regards to gross gaming revenue during the most recent 12-month period are the Parx Casino and the Sands Casino Resort Bethlehem with \$483.4 million and \$461.3 in gaming revenues respectively.

Pennsylvania GGR by Facility (March 2013 – February 2014)

Casino	Harrah's Philadelphia	Mohegan Sun	Mount Airy	Parx	Penn National	Presque Isle	Sands Bethlehem	Sugar House	The Meadows	The Rivers	Valley Forge	Total PA
March 2013 - Feb 2014	\$304.8 M	\$263.1 M	\$180.6 M	\$483.4 M	\$260.8 M	\$142.1 M	\$461.3 M	\$261.7 M	\$260.2 M	\$349.2 M	\$98.9 M	\$3.07 BN

Source: Pennsylvania Gaming Control Board; TMG Consulting Analysis

Pennsylvania GGR by Facility (March 2013 – February 2014)



Source: Pennsylvania Gaming Control Board; TMG Consulting Analysis

12-month Average Positions by Facility

Not surprisingly, the two facilities with the highest gross gaming revenues also featured the most gaming positions. Parx Casino featured, on average, 4,352 gaming positions during this time while the Sands Casino Resort Bethlehem featured 4,124 positions on average during this period.

Pennsylvania Gaming Positions per Facility (March 2013 – February 2014)

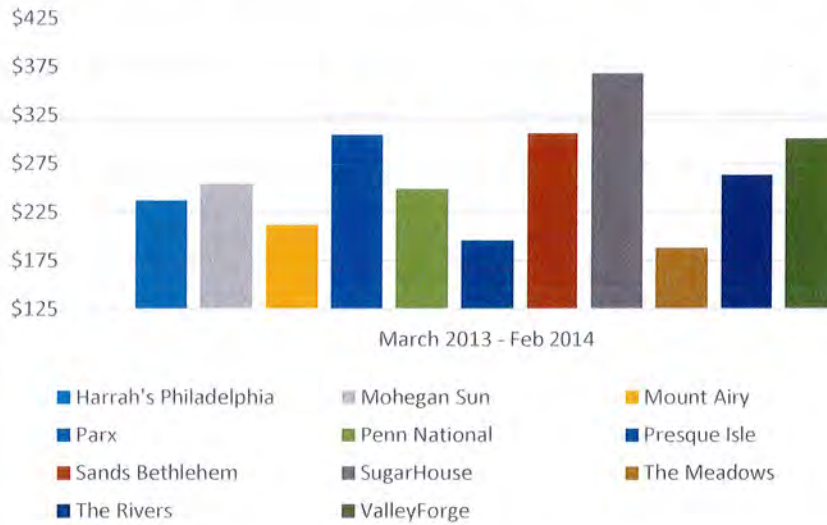
Casino	Harrah's Philadelphia	Mohegan Sun	Mount Airy	Parx	Penn National	Presque Isle	Sands Bethlehem	Sugar House	The Meadows	The Rivers	Valley Forge	Total PA
March 2013 - Feb 2014	3,527	2,836	2,336	4,352	2,870	1,988	4,124	1,949	3,785	3,631	900	32,803

Source: Pennsylvania Gaming Control Board; TMG Consulting Analysis

12-month Average Win per Position by Facility

The SugarHouse Casino had the highest yielding gaming positions in the state of Pennsylvania. On average, each gaming position generated \$368 of gaming revenue per day.

Pennsylvania Win per Position by Facility (March 2013 – February 2014)



Source: Pennsylvania Gaming Control Board; TMG Consulting analysis

Connecticut

The state of Connecticut currently has two Native American operated gaming facilities. Both facilities offer table games and slot machines and are among the largest gaming facilities in the United States. Despite generating nearly 1.75 billion dollars in gross gaming revenue in 2013 between these two facilities, Connecticut's gaming industry is in a steady decline. In 2008, the two facilities generated over \$2.2 billion in gaming revenue, each subsequent year revenue has declined. The decline in revenue can be explained by the economic downturn of 2008 and increased competition from facilities in surrounding states.

In the analysis that follows, slot revenues were obtained through the Connecticut State Division of Special Revenue. Table games revenue for Mohegan Sun is made public each year through an SEC filing (Form 10-K). Table games revenue for Foxwoods is estimated by applying the same share of table games revenue to overall revenue that is seen at the Mohegan Sun facility.

NATIVE AMERICAN GAMING FACILITIES

The following table contains position counts and amenities for both Native American gaming facilities in the state of Connecticut.

Native American Gaming Facilities

Casino	Gaming Machines	Table Games	Amenities
Foxwoods	5,820	300	33 food and beverage outlets, spa, shopping center, entertainment venues, golf course
Mohegan Sun	5,477	285	24 food and beverage outlets, spa, entertainment venue, golf course

Source: Connecticut State Division of Special Revenue, Mohegan Sun SEC Filings, TMG Consulting Estimates

HISTORIC GAMING PERFORMANCE

Foxwoods Resort Casino and Mohegan Sun have long anchored Connecticut as one of the premier gaming destinations of the Eastern United States. In recent years, however, these two facilities have seen their share of gaming revenue decline as surrounding states have begun to increase gaming supply. Despite falling revenues, these two facilities have managed to maintain relatively steady Win per Position rates by adjusting their gaming supply to accommodate for fewer patrons.

Most Recent 12-month Period

During the most recent 12-month period (March 2013 - February 2014) two gaming facilities were open in Connecticut. Below is an analysis of their performance during this time.

12-month Statewide Gaming Performance

The following table showcases the overall performance of Connecticut's two gaming facilities from March 2013 to February 2014.

Connecticut 12-month Statewide Gaming Performance (March 2013 – February 2014)

Year	Gaming Revenue (in billions)	Positions	Win per Position
March 2013 - February 2014	\$1.73 BN	15,806	\$300

Source: Connecticut State Division of Special Revenue; Mohegan Sun SEC Filings, TMG Consulting Estimates

12-month Gaming Revenue by Facility

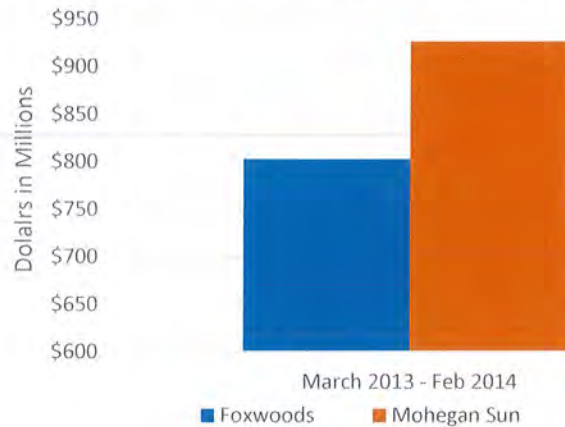
Both gaming facilities in Connecticut performed very well in terms of gross gaming revenue in the most recent 12-month period. Mohegan Sun generated roughly \$925 million of GGR during this time period.

Connecticut GGR by Facility (March 2013 – February 2014)

Casino	Foxwoods	Mohegan Sun	Total
March 2013 - Feb 2014	\$802,595,885	\$925,946,007	\$1,728,541,892

Source: Connecticut State Division of Special Revenue, Mohegan Sun SEC Filings, TMG Consulting Estimates

Connecticut GGR by Facility (March 2013 – February 2014)



Source: Connecticut State Division of Special Revenue; Mohegan Sun SEC Filings; TMG Consulting Estimates

New Jersey

New Jersey's casino offerings are limited to Atlantic City by state law. Atlantic City was the second grossing gaming destination in the United States in 2012.⁵⁰ There are currently eleven large resort casinos operating in the area, each offering an array of attractions such as luxury hotels, retail shops, fine dining, convention centers, concert venues, and additional resort-style amenities. There have been several large casino transactions in current years, the most recent being the purchasing of the closed Atlantic Club casino by Florida-based TMJ Properties in May 2014.⁵¹ The Atlantic Club casino formally filed for bankruptcy in November, 2013 and officially closed its doors in January, 2014.⁵²

COMMERCIAL GAMING FACILITIES

Below is a table of all current gaming facilities, positions and amenities in the state of New Jersey.

⁵⁰ American Gaming Association. "2013 State of the States. The AGA Survey of Casino Entertainment." American Gaming Association. 2013.

⁵¹ Parry, Wayne. "Florida firm buys former Atlantic Club Casino" Miami Herald. May, 2014. Web. <http://www.miamiherald.com/2014/05/29/4146091/florida-firm-buys-former-atlantic.html>

⁵² Parry, Wayne. "Atlantic Club casino shuts its doors" Associated Press. January, 2014. Web. http://www.philly.com/philly/business/20140114_Atlantic_Club_casino_shuts_its_doors.html?c=r

New Jersey Commercial Gaming Facilities

Casino	Gaming Machines	Table Games	Amenities
Bally's	1,940	167	11 food and beverage outlets, spa, 7 retail shops, 1,700-room hotel
Borgata	3,144	274	13 restaurants, 2 entertainment venues, spa retail shops, 2,000-room hotel
Caesar's	1,941	145	14 food and beverage outlets, convention space, 4-tower hotel
Golden Nugget	1,310	99	11 food and beverage outlets, spa, retail shops, 2 entertainment venues, 728-room hotel
Harrah's	2,317	178	12 food and beverage outlets, spa, retail shops, entertainment venue, 2,500-room hotel
Resorts Casino	1,714	73	11 food and beverage outlets, spa, entertainment venue, 940-room hotel
Revel Casino	2,213	110	13 food and beverage outlets, spa, meeting space, 2 entertainment venues, 1,800-room hotel
Showboat	2,189	113	11 food and beverage outlets, retail shops, House of Blues venue, 1,300-room hotel
Tropicana	2,566	135	26 food and beverage outlets, 3 entertainment venues, retail shops, IMAX theater, 2,079-room hotel
Trump Plaza	1,600	58	13 food and beverage outlets, retail shops, entertainment venue, 900-room hotel
Trump Taj Mahal	2,523	180	20 food and beverage outlets, spa, entertainment venues, retail shops, 2,010-room hotel

Source: State of New Jersey Division of Gaming Enforcement, Individual Facility Websites; TMG Consulting Analysis

HISTORICAL GAMING PERFORMANCE

Because all of New Jersey's gaming facilities are concentrated in Atlantic City, we, for the sake of analysis, will not examine each facility's individual performance. Rather, we will look at the Atlantic City market overall as one key actor in the region's competitive gaming marketplace. Atlantic City has long been the premier gaming destination of the East Coast, with its critical mass of resort casinos, this destination city has been able to attract strong numbers of out-of-state gaming patrons. In recent years, however, as the gaming industry in the region has added new facilities, the Atlantic City market has struggled to retain the same volume of gaming patrons as it once did. This decline in patrons has led to declining gaming revenues.

Most Recent 12-month period

At the beginning of the most recent 12-month period (March 2013) there were 12 resort casinos open and operational in the state of New Jersey, by the end of this period (February 2014) only eleven remained. The Atlantic Club Casino closed its doors in January of 2014.

12-month Statewide Gaming Performance

From March 2013 to February 2014, the state of New Jersey generated \$2.81 billion in gross gaming revenue, offered 35,207 gaming positions on average, with each position averaging a daily win of \$219.

New Jersey Statewide Gaming Performance (March 2013 – February 2014)

Year	Gaming Revenue (in billions)	Positions	Win per Position
March 2013-February 2014	\$2.81 BN	35,207	\$219

Source: New Jersey Casino Control Board; TMG Consulting Analysis

Massachusetts

There currently are no existing gaming facilities in the state of Massachusetts. However, in late November 2011, Massachusetts adopted legislation authorizing three Category 1 casino licenses and one Category 2 slot-only license in regionally diverse locations of the state.

PLANNED AND POTENTIAL FACILITIES

There are three Category 1 casino licenses available in the state of Massachusetts. The Massachusetts Gaming Commission has designated three zones as eligible for these casinos, allowing one casino per region. In June 2014, the first of the three Category 1 casino licenses was issued to MGM Springfield, which will be built in Western Massachusetts (Region B). The remaining regions, Eastern Massachusetts (Region A) and Southeastern Massachusetts (Region C) will have their Category 1 gaming licenses awarded in September 2014, and February 2015 respectively. The lone Category 2 slot-only license was awarded to Penn National Gaming on February 28, 2014.⁵³

⁵³ Massachusetts Gaming Commission. Web. < <http://massgaming.com/licensing-regulations/timeline/>>

TOURISM

The following section provides insight into the size and makeup of the tourist population in the area surrounding the proposed Lago Resort and Casino.

The State of New York has more than 200 million domestic visitors each year. According to the New York State Data Center 2013 projections, New York City and Long Island are the two most popular tourist destinations in the state, and the Finger Lakes Region is the third most visited region with a projected 20.4 million visitors in 2013.

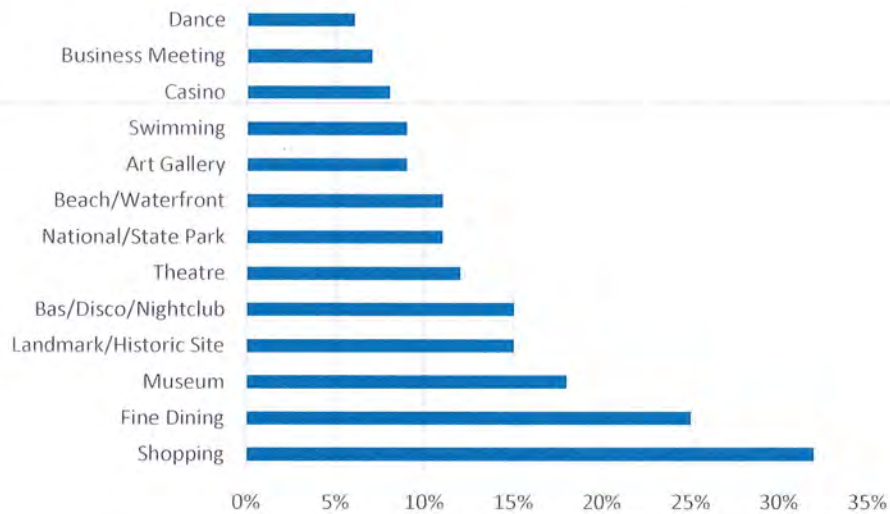
New York State Domestic Visitation

Region	2013 (Projected)	2012	2011
New York City	55,080,000	53,136,000	51,165,000
Long Island	28,560,000	27,552,000	26,530,000
Finger Lakes	20,400,000	19,680,000	18,950,000
Hudson Valley	18,360,000	17,712,000	17,055,000
Greater Niagara	18,360,000	17,712,000	17,055,000
The Adirondacks	16,320,000	15,744,000	15,160,000
Capital-Saratoga	14,280,000	13,776,000	13,265,000
Central New York	10,200,000	9,840,000	9,475,000
The Catskills	10,200,000	9,840,000	9,475,000
Chautauqua-Allegheny	6,120,000	5,904,000	5,685,000
Thousand Islands - Seaway	6,120,000	5,904,000	5,685,000
Domestic Visitation total	204,000,000	196,800,000	189,500,000

Source: NY State Data Center, Department of Labor

According to the Longwoods Travel USA market survey completed in 2011, approximately 11% of overnight visitors to the State of New York visit a casino.

Activities and Experiences of Overnight Visitors to the State of New York



Source: Longwoods New York State Visitor Profile, 2011

New York's Finger Lakes Region

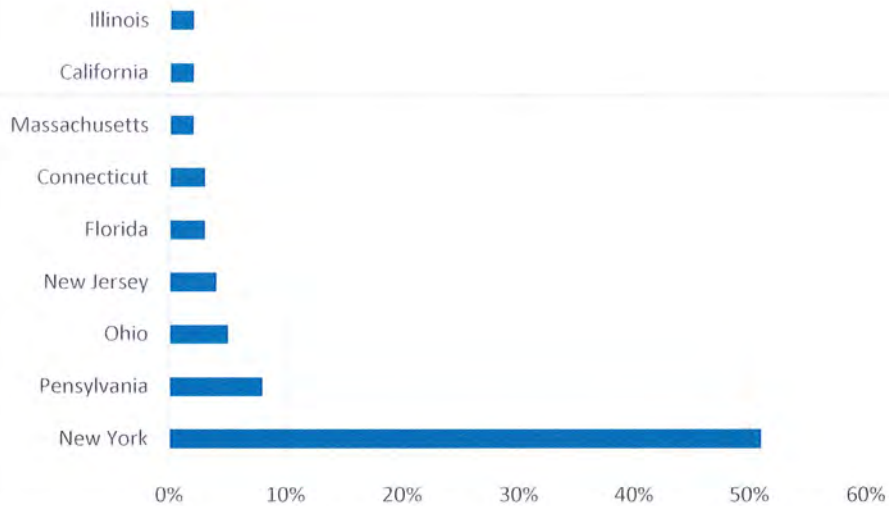
New York's Finger Lakes region takes its name from 11 freshwater lakes located between Lake Ontario in the north and the Pennsylvania border to the south. The Finger Lakes region is composed of 14 diverse counties: Cayuga, Chemung, Cortland, Livingston, Monroe, Onondaga, Ontario, Schuyler, Seneca, Steuben, Tioga, Tompkins, Ithaca, Wayne, and Yates Counties. Three major cities are located within the Finger Lakes Region: Rochester, Syracuse and the Corning/Elmira area, conveniently located midway between New York City and Niagara Falls.⁵⁴

Based on a survey of overnight visitors to the Finger Lakes Region, approximately 51% of visitors are from New York State⁵⁵.

⁵⁴ "New York Finger Lakes Wine Country." New York Visitors Network. 16 May 2014. np. nd. Web.

⁵⁵ "New York State 2011 Visitor Report." Longwoods International, Longwoods Travel USA. PowerPoint.

State of Origin of Overnight Visitors to the Finger Lakes Region



Source: Longwoods Travel USA Visitor Profile 2011

According to a 2010 marketing study of the Finger Lakes Region, the majority of traveler spending occurs in Monroe and Onodaga County. Seneca County, where the proposed casino will be located, accounts for approximately 1.6% of total spending in the region⁵⁶.

⁵⁶ "The Economic Impact of Tourism in New York: 2010 Calendar Year, Finger Lakes Focus." Tourism Economics. Web. PDF.; TMG Consulting Analysis

Finger Lakes Tourism Impact, 2010

Counties	Traveler Spending '000	% of Regional Tourism
Monroe	\$908,815	35.50%
Onondaga	\$723,628	28.20%
Ontario	\$180,416	7.00%
Tompkins	\$157,230	6.10%
Steuben	\$118,614	4.60%
Chemung	\$98,184	3.80%
Cayuga	\$83,584	3.30%
Cortland	\$60,339	2.40%
Yates	\$57,672	2.30%
Seneca	\$42,015	1.60%
Livingston	\$37,961	1.50%
Tioga	\$34,422	1.30%
Wayne	\$31,575	1.20%
Schuyler	\$27,329	1.10%
FINGER LAKES REGIONAL TOTAL	\$2,561,784	100.00%

Source: "The Economic Impact of Tourism in New York: 2010 Calendar Year, Finger Lakes Focus." Tourism Economics. Web. PDF.: TMG Consulting Analysis

New York's Finger Lakes Region offers wine, beer, and cheese trails, local dining, overnight accommodations, water sports and water parks, 26 state parks, and outdoor recreation options, such as golf, hiking and biking, horseback riding, cross country skiing, snowshoeing, and snowmobiling. Visitors may also enjoy shopping, museums, art galleries, registered historic sites & landmarks, and local theatre agritourism attractions such as farmers markets, stands, and you-pick it farms.

WINE TRAILS

The Finger Lakes Region yields over 100 wineries with three distinct wine trails. The Seneca Lake Wine Trail features 41 wineries and distilleries, the Cayuga Lake Wine Trail yields 17 distinct wineries and the Keuka Lake Wine Trail offers seven wineries. The wineries of the Finger Lakes Region feature amenities such as wine tours, boat access to the lakes, the ability to host weddings and special events, pet-friendly spaces, restaurants, picnicking, and over-night accommodations.⁵⁷

⁵⁷ "Finger Lakes Official Wine Trails." I Heart NY: The Finger Lakes. 16 May 2014. 2007. Official Finger Lakes Area, Independent Directory. Web.

WATERLOO PREMIUM OUTLETS

Waterloo Premium Outlets features 100 retailers is approximately 4.5 miles from the proposed Lago Resort and Casino. According to the Outlet's owner, Waterloo Premium Outlet generates 3.5 million visitors a year and approximately 2 million of these visitors are from Canada. This is because Waterloo is the closest outlet mall for these visiting Canadians.

Waterloo Premium Outlets Visitors

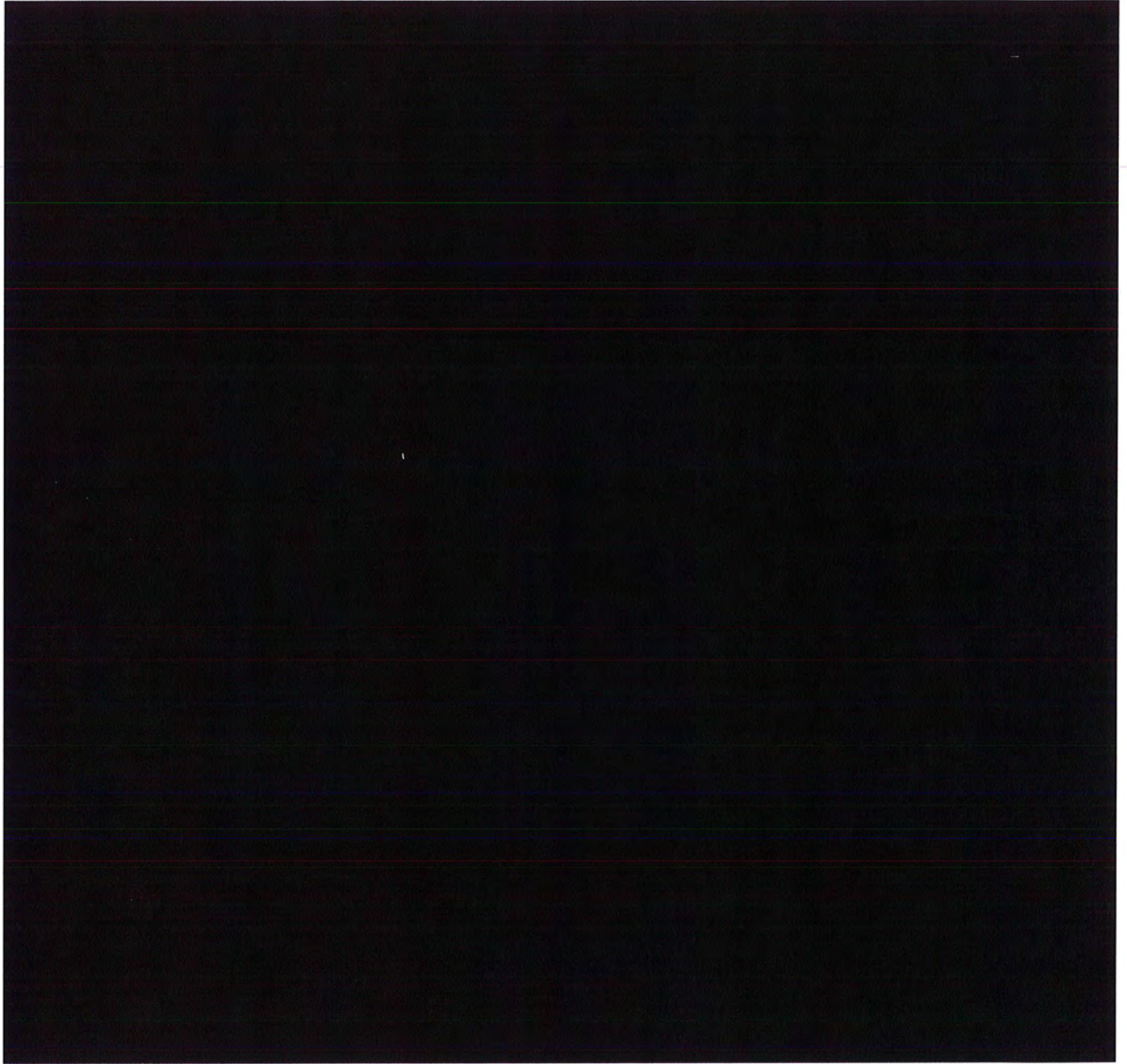
Visitor Origins	Number of Visitors
In-State Visitors	1,500,000
Canadian Visitors	2,000,000
Total Annual Visitors	3,500,000

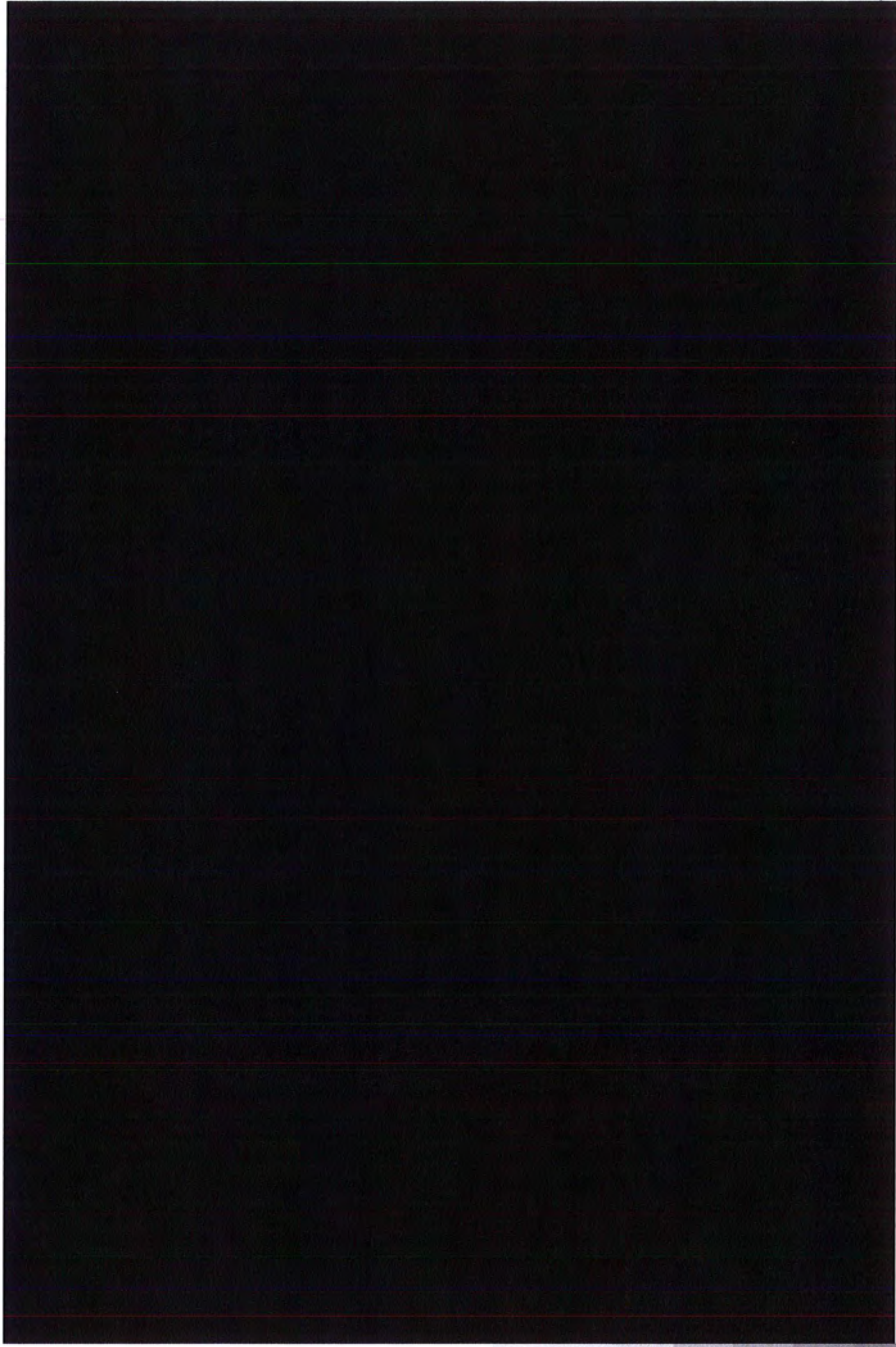
Source: Wilmorite Management Group

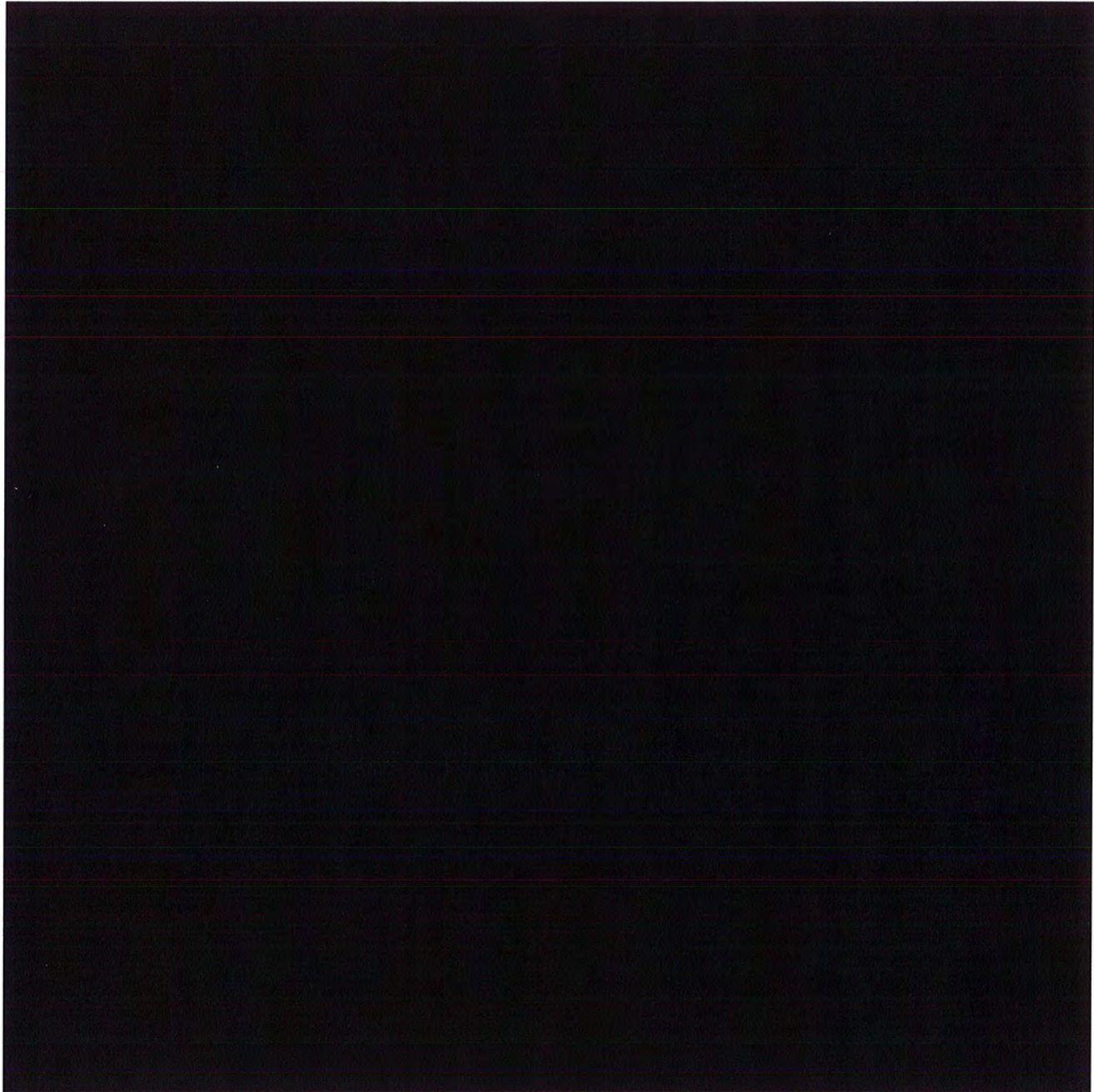
LOCAL AREA GAMING ASSESSMENT

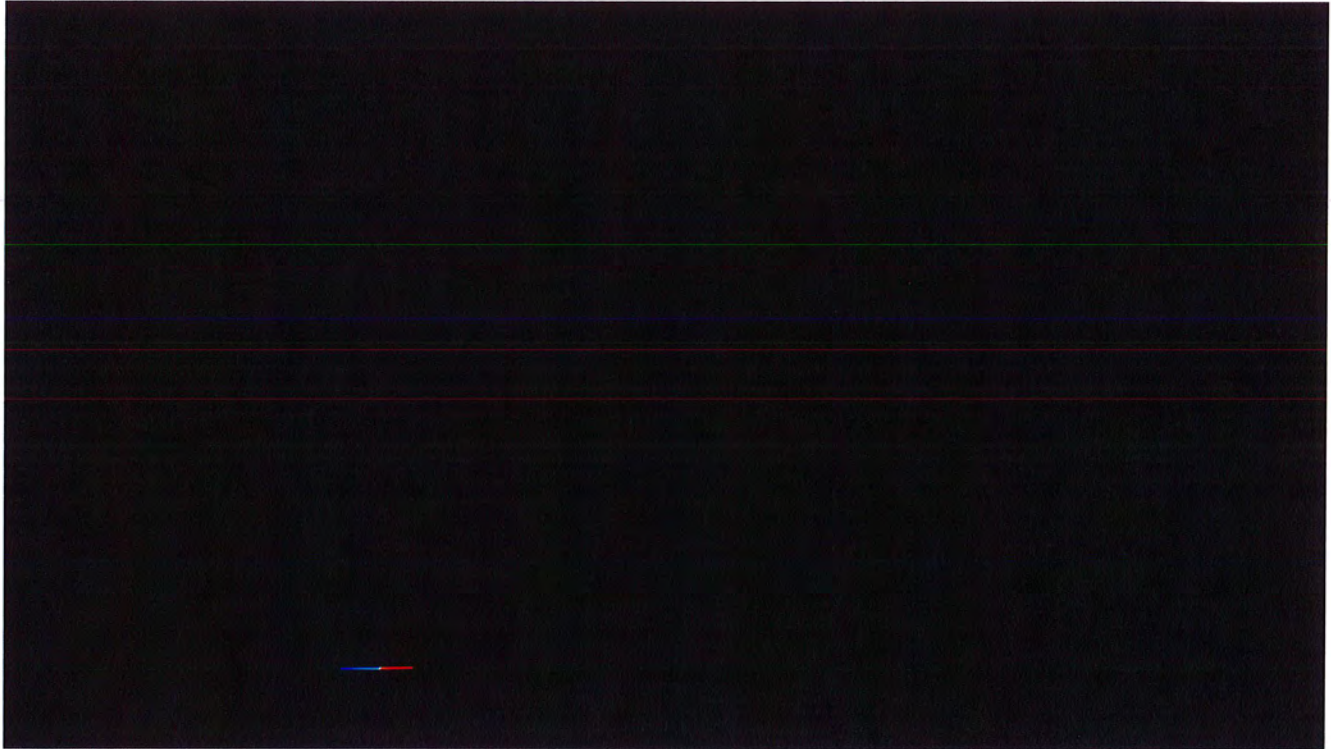
This section of the report details TMG Consulting's projections of locally generated gaming revenues for the proposed Lago Resort and Casino in the Town of Tyre in Seneca County, New York. Our models take into account existing competition and revenue patterns, as well as anticipated additions to the competitive supply. A measure of growth in gaming behavior in the area was also estimated, as new supply typically creates new demand.

The method of analysis used was gravity modeling, double-checked by a simple fair share analysis. Gravity model results provide visitation and revenue projections for those casino visitors who live within the market area of the casino. Visitation and revenue projections for those casino visitors who live outside the market area are calculated separately (see *Incremental Revenue*). Furthermore, this section of the report will describe the average-case projection for local area gaming. In addition to the average-case scenario, TMG Consulting made projections for a low-case scenario and a high-case scenario. Details of these projections, as well as comparison of all three scenarios to each other is included in a separate section of the report (see *Gaming Market Projections by Scenario*).

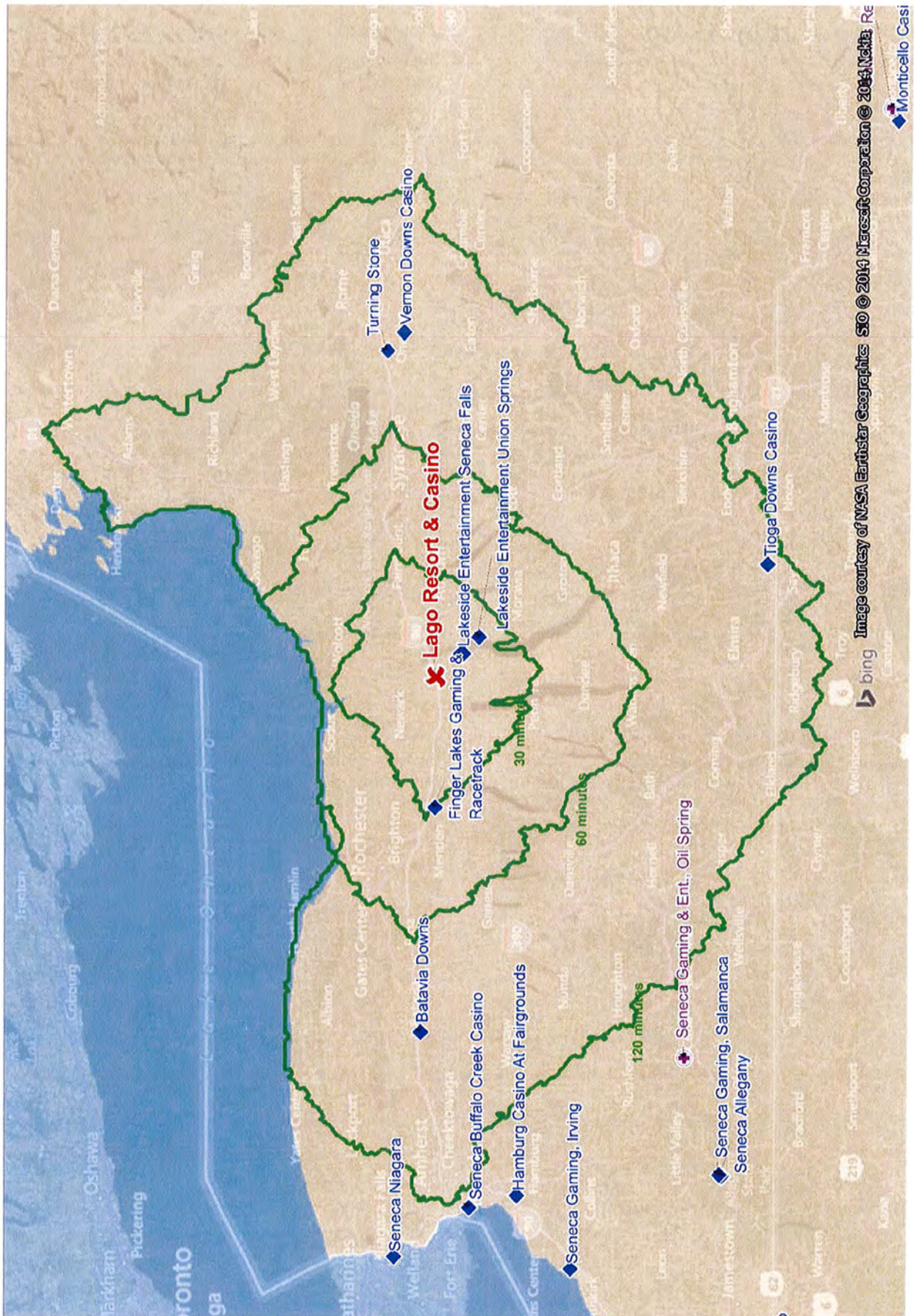








Lago Resort and Casino Drive Times



bing Image courtesy of NASA Earthstar Geographics SD © 2014 Microsoft Corporation © 2014 Nokia, RE Monticello Casi

Lago Resort and Casino Market Areas

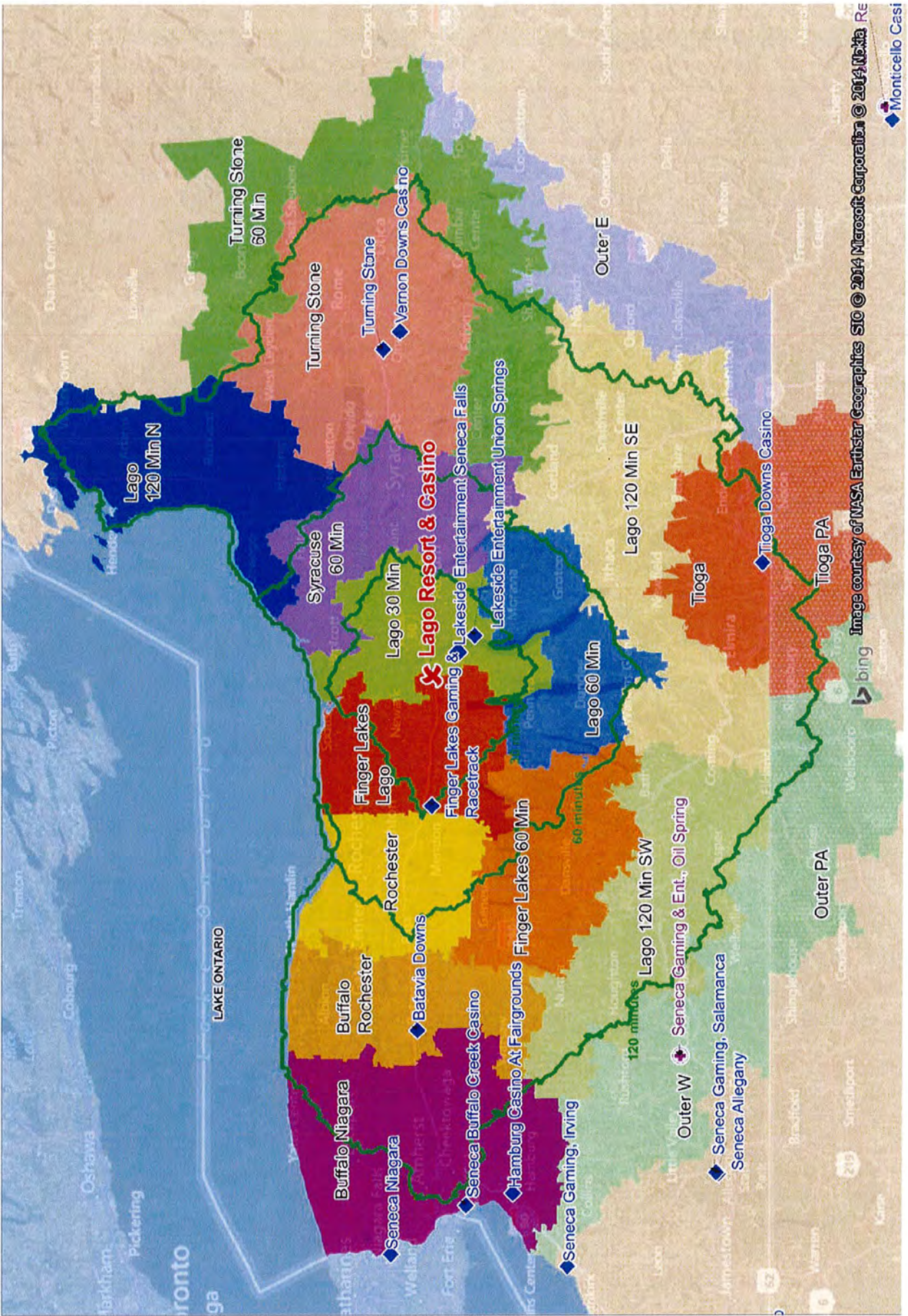


Image courtesy of NASA Earthstar Geographics SIC © 2014 Microsoft Corporation © 2014 Nicta RE

Population of Market Areas

Submarket	Total Population			Gamer Population		
	2013 Estimate	2018 Projection	Average Annual Growth	2013 Estimate	2018 Projection	Average Annual Growth
01 Finger Lakes Lago	170,204	170,826	0.1%	131,661	133,051	0.2%
02 Lago 30 min	99,134	98,976	0.0%	77,406	77,812	0.1%
03 Rochester	762,745	771,123	0.2%	589,679	600,705	0.4%
04 Finger Lakes 60 min	77,603	77,559	0.0%	61,921	62,263	0.1%
05 Lago 60 min	65,563	66,862	0.4%	50,860	52,227	0.5%
06 Syracuse	498,128	500,873	0.1%	384,301	389,081	0.2%
07 Buffalo Rochester	122,084	122,595	0.1%	96,083	97,065	0.2%
08 Turning Stone 30 min	338,824	337,956	-0.1%	263,640	264,749	0.1%
09 Turning Stone 60 min	82,244	82,169	0.0%	64,058	64,410	0.1%
10 Lago 120 min N	141,919	145,537	0.5%	109,392	112,998	0.7%
11 Lago 120 min SE	355,856	358,377	0.1%	285,569	289,240	0.3%
12 Lago 120 min SW	83,107	83,306	0.0%	64,222	64,812	0.2%
13 Buffalo Niagara	1,156,970	1,159,888	0.1%	908,695	918,046	0.2%
14 Tioga	158,384	156,614	-0.2%	124,680	124,101	-0.1%
15 Outer W	81,736	82,458	0.2%	63,165	64,263	0.3%
16 Tioga PA	54,760	55,178	0.2%	42,692	43,369	0.3%
17 Outer PA	47,924	49,252	0.5%	38,097	39,455	0.7%
18 Outer E	87,308	86,466	-0.2%	68,128	67,985	0.0%
TOTAL	4,384,493	4,406,015	0.1%	3,424,249	3,465,632	0.2%

Source: AnySite MapInfo; TMG Consulting

Market Area Average Annual Household Incomes

Submarket	2013 Estimate	2018 Projection	Average Annual Growth
01 Finger Lakes Lago	\$64,389	\$69,236	1.46%
02 Lago 30 min	\$60,031	\$64,505	1.45%
03 Rochester	\$67,972	\$74,326	1.80%
04 Finger Lakes 60 min	\$61,183	\$66,432	1.66%
05 Lago 60 min	\$64,552	\$70,378	1.74%
06 Syracuse	\$64,853	\$70,736	1.75%
07 Buffalo Rochester	\$61,435	\$66,462	1.59%
08 Turning Stone 30 min	\$63,013	\$68,730	1.75%
09 Turning Stone 60 min	\$57,520	\$62,934	1.82%
10 Lago 120 min N	\$59,063	\$64,659	1.83%
11 Lago 120 min SE	\$60,281	\$66,327	1.93%
12 Lago 120 min SW	\$53,767	\$59,175	1.94%
13 Buffalo Niagara	\$63,707	\$70,024	1.91%
14 Tioga	\$61,939	\$67,008	1.59%
15 Outer W	\$55,863	\$61,107	1.81%
16 Tioga PA	\$55,645	\$60,642	1.73%
17 Outer PA	\$53,268	\$58,733	1.97%
18 Outer E	\$58,728	\$63,834	1.68%
Weighted Average	\$63,117	\$68,993	1.80%

Source: AnySite MapInfo; TMG Consulting

These submarkets are more fully described in the section to follow:

FINGER LAKES LAGO

The *Finger Lakes Lago* submarket encompasses the geographical area directly to the West of the planned Lago Resort and Casino. This submarket is one of the two primary market areas for the proposed facility. This submarket is roughly bounded to the West by the 30-minute drive time ring from the proposed Lago Resort and Casino. The Finger Lakes Gaming and Race Track Facility is located in this submarket.

LAGO 30 MIN

The *Lago 30 minute* submarket encompasses the area directly to the East of the planned Lago Resort and Casino. This submarket is roughly bounded to the East by the 30-minute drive time ring from the proposed Lago Resort and Casino. The Lakeside Entertainment gaming facility is located in this submarket.

ROCHESTER

The *Rochester* submarket lies to the East of the proposed Lago Resort and Casino. The 60 minute drive time ring from the Lago Resort and Casino runs through this submarket. Additionally, the city of Rochester is located in this submarket.

FINGER LAKES 60 MIN

The *Finger Lakes 60 min* submarket encompasses the approximate 60-minute drive time ring from the Finger Lakes Gaming and Race Track facility. There are no existing gaming facilities within this submarket.

LAGO 60 MIN

The *Lago 60 min* submarket lies directly south of the proposed Lago Resort and Casino and encompasses the approximate 60 minute drive time ring from Lago Resort and Casino. There are no existing gaming facilities with this submarket.

SYRACUSE

The *Syracuse* submarket lies directly to the East of the Lago 30 min submarket and encompasses the area within the 60 minute drive time ring for the proposed Lago Resort and Casino. There are no existing gaming facilities within this submarket.

BUFFALO ROCHESTER

The *Buffalo Rochester* submarket lies between the cities of Buffalo and Rochester and is just outside the 60 minute drive time ring to the proposed Lago Resort and Casino. The Batavia Downs Race Track and Gaming Facility is located within this submarket.

TURNING STONE 30 MIN

The *Turning Stone 30 min* submarket encompasses the 30-minute drive time ring from the Turning Stone Casino in Verona. This submarket is just beyond the Eastern 60-minute drive time ring from the proposed Lago Resort and Casino. The Turning Stone Casino and the Vernon Downs casino are both located in this submarket.

TURNING STONE 60 MIN

The *Turning Stone 60 min* submarket encompasses the approximate 60-minute drive time ring from the Turning Stone Casino facility. This submarket lies beyond the 120-minute drive time ring from the proposed Lago Resort and Casino. There are no existing gaming facilities located in this region.

LAGO 120 MIN N

The *Lago 120 min N* submarket is located in the northeastern region of the identified market area. This submarket lies beyond the 60-minute drive time ring of the proposed Lago Resort and Casino but inside the 120-minute drive time ring. There are no existing gaming facilities in this submarket.

LAGO 120 MIN SE

The *Lago 120 min SE* submarket is located to the southeast of the proposed Lago Resort and Casino and is beyond the 60-minute drive time ring but inside the 120-minute drive time ring from this proposed facility. There are no existing gaming facilities in this submarket.

LAGO 120 MIN SW

The *Lago 120 min SW* submarket is located to the southwest of the proposed Lago Resort and Casino and is beyond the 60-minute drive time ring but inside the 120-minute drive time ring from this proposed facility. There are no existing gaming facilities in this submarket.

BUFFALO NIAGARA

The *Buffalo Niagara* submarket is the western most submarket, encompassing both the cities of Niagara and Buffalo. The Seneca Niagara Casino, the Seneca Buffalo Creek Casino and the Hamburg Casino at the Fairgrounds are located in this submarket.

TIOGA

The *Tioga* submarket is located on the New York side of the New York-Pennsylvania border. This submarket lies within the 120-minute drive time ring from the proposed Lago Resort and Casino. The Tioga Downs Casino is located in this submarket.

OUTER W

The *Outer W* submarket is located on the New York side of the New York-Pennsylvania border. This submarket lies beyond the 120-minute drive time ring from the proposed Lago Resort and Casino. The Seneca Allegany Casino is located just outside of the southern boundary of this submarket.

TIOGA PA

The *Tioga PA* submarket is located on the Pennsylvania side of the New York-Pennsylvania border. This submarket lies beyond the 120-minute drive time ring from the proposed Lago Resort and Casino. There are no existing gaming facilities in this submarket.

OUTER PA

The *Outer W* submarket is located on the Pennsylvania side of the New York-Pennsylvania border. This submarket lies beyond the 120-minute drive time ring from the proposed Lago Resort and Casino. There are no existing gaming facilities in this submarket.

OUTER E

The *Outer E* submarket is located beyond the 120-minute drive time ring from the proposed Lago Resort and Casino. There are no existing gaming facilities in this submarket.

Gravity Model Calibration: 2013/2014

TMG's Base gravity model was calibrated to the 12-month period ranging from March 2013 to February 2014, the most recent 12-month period of gaming data available. Propensity and frequency factors were determined based on primary⁵⁸ and third party research and data, and were adjusted based on TMG Consulting's site visits and experience in the gaming industry on the East Coast and throughout the United States.

The following table details the calibration of our 2013/2014 gravity model, including the estimated average propensity, frequency, and win per visit for each market area.

⁵⁸ Gaming Market Advisors. Qualitative Research of Area Gamers, Lago Resort and Casino, May 2014.

**Gravity Model Gaming Characteristics:
2013* Base Calibration**

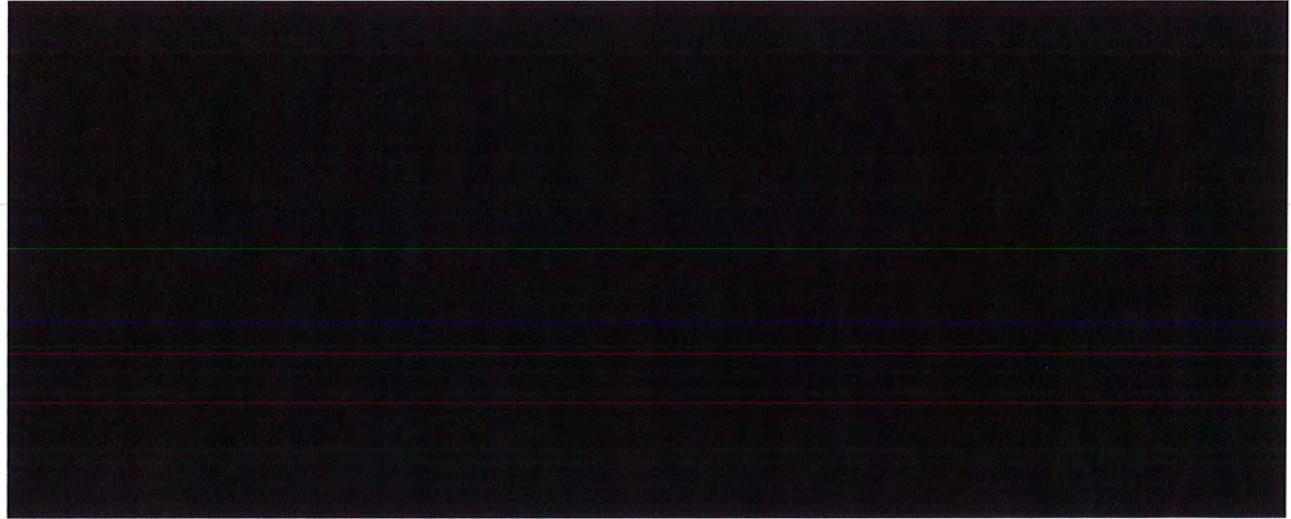
Submarket	Propensity	Frequency	Average Win/Visit
01 Finger Lakes Lago	38%	15.0	\$73
02 Lago 30 min	37%	13.0	\$68
03 Rochester	39%	15.0	\$77
04 Finger Lakes 60 min	35%	13.0	\$69
05 Lago 60 min	33%	11.5	\$73
06 Syracuse	33%	11.5	\$73
07 Buffalo Rochester	39%	15.0	\$69
08 Turning Stone 30 min	40%	16.5	\$71
09 Turning Stone 60 min	40%	16.5	\$65
10 Lago 120 min N	35%	12.5	\$67
11 Lago 120 min SE	35%	12.5	\$68
12 Lago 120 min SW	35%	12.5	\$61
13 Buffalo Niagara	40%	16.5	\$72
14 Tioga	36%	14.5	\$70
15 Outer W	36%	14.0	\$63
16 Tioga PA	36%	14.0	\$63
17 Outer PA	35%	13.5	\$60
18 Outer E	33%	11.5	\$66

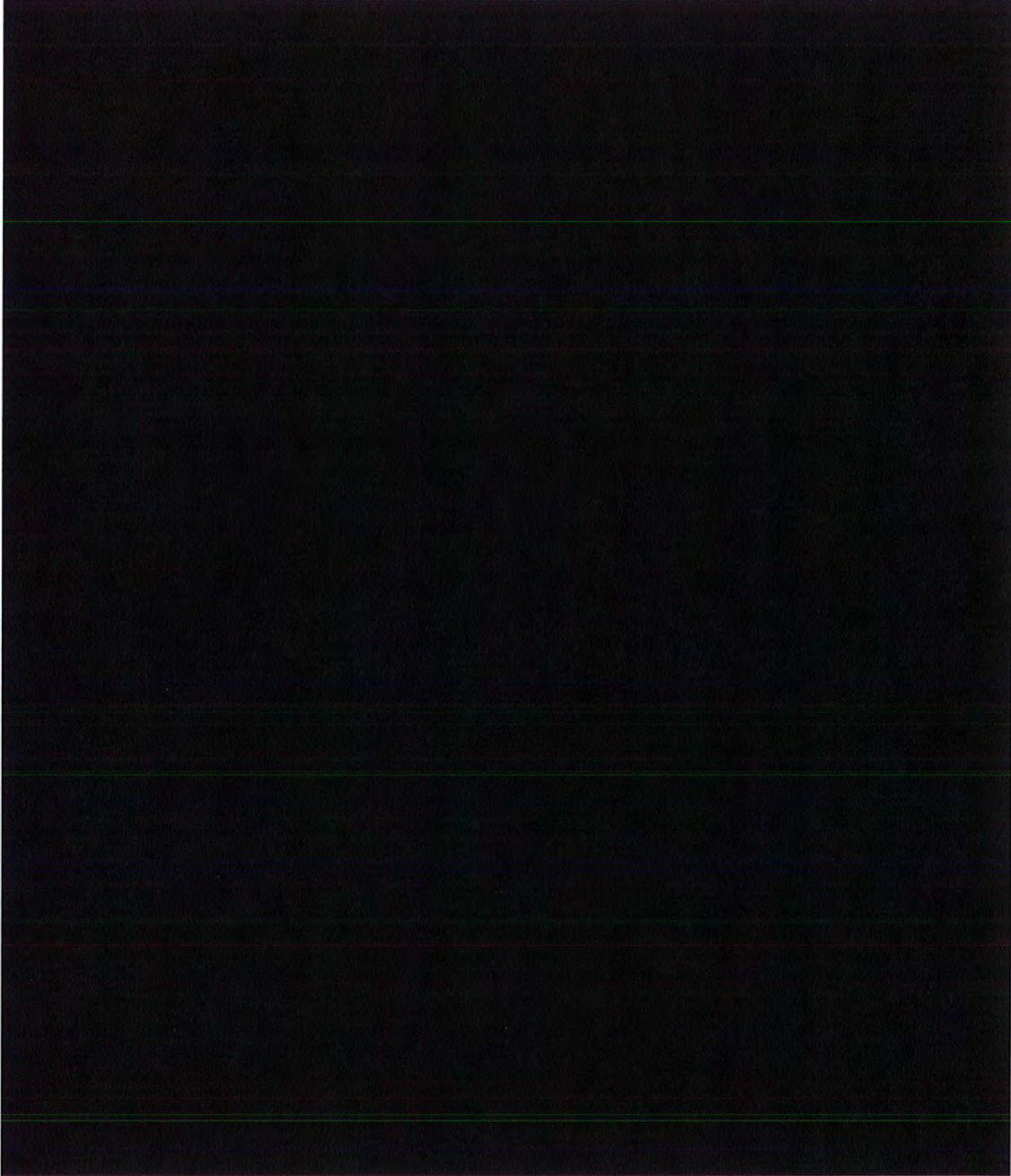
Source: TMG Consulting

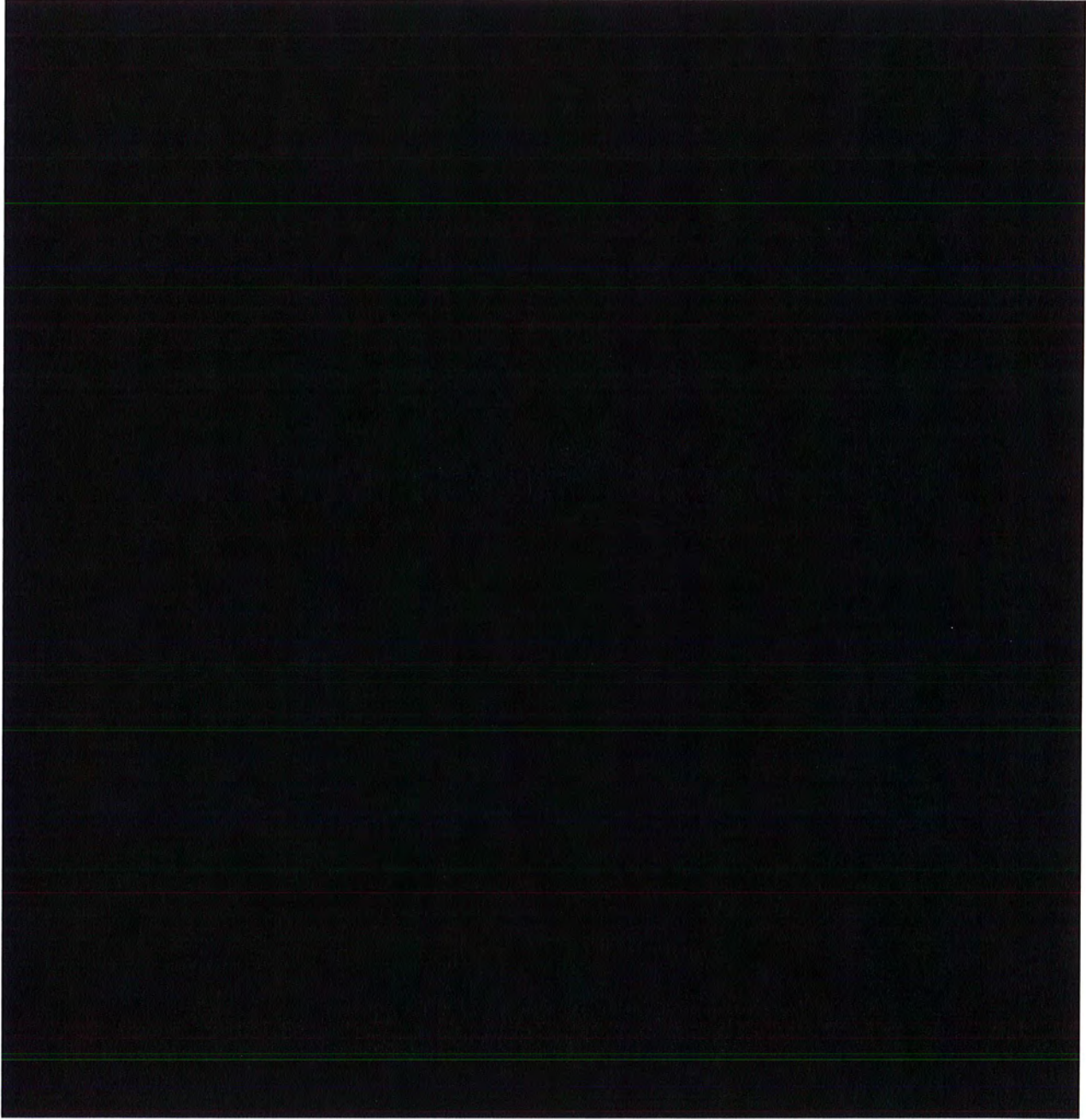
Note: Base model calibrated to gaming revenues compiled for the most recent 12-month period available at time of compilation—March 2013 through February 2014.

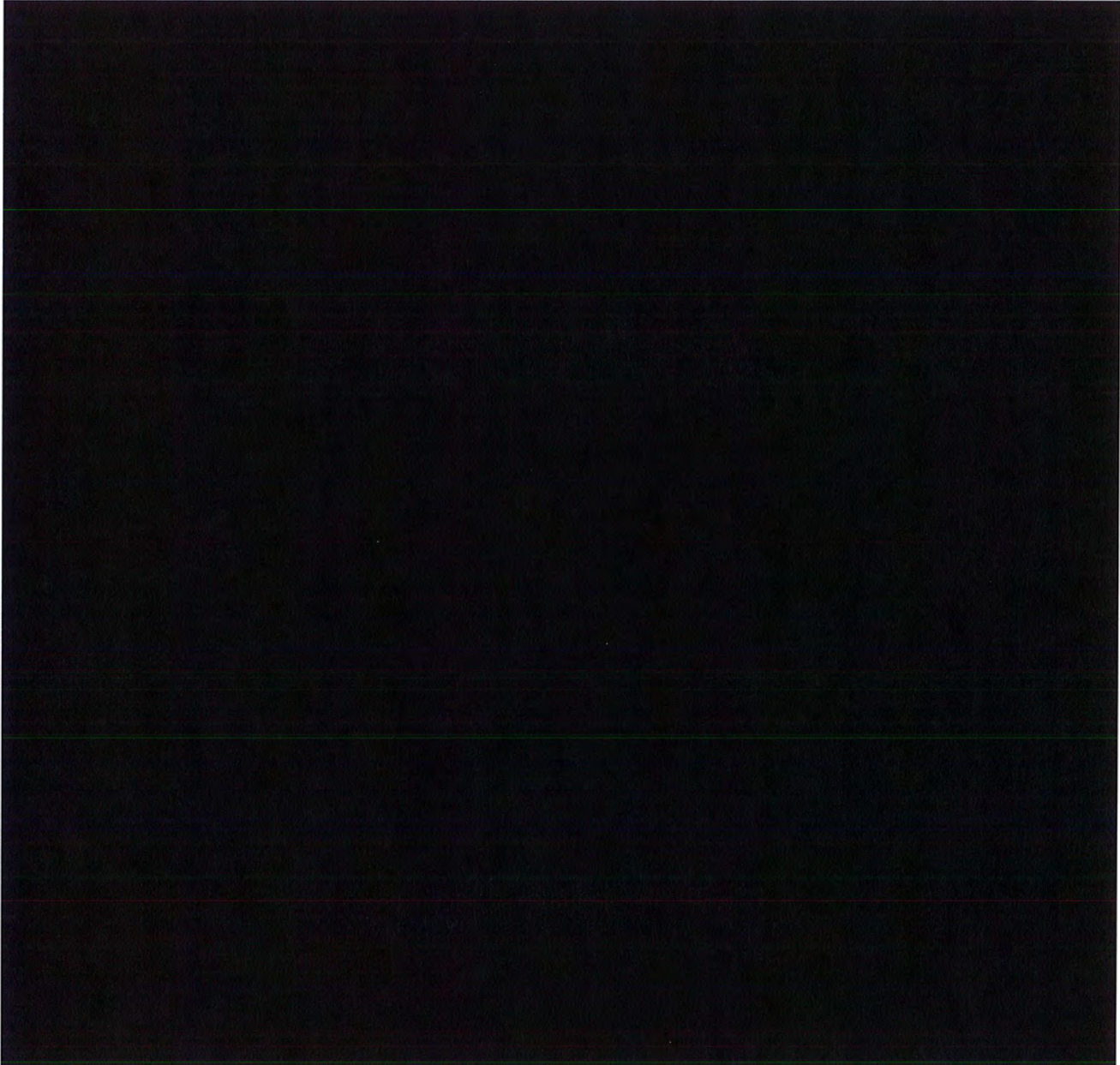
By calibrating the model to revenue patterns that we know to be historically true, we were then able to more accurately develop a model to incorporate future population growth and the introduction of new competition to the market area.

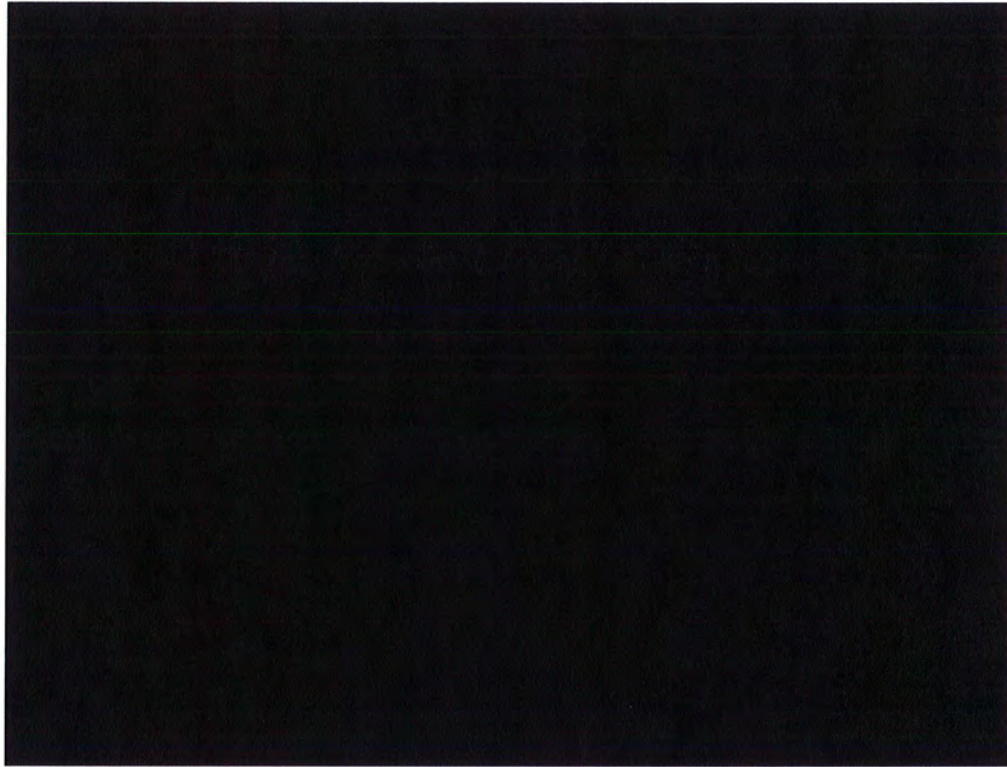


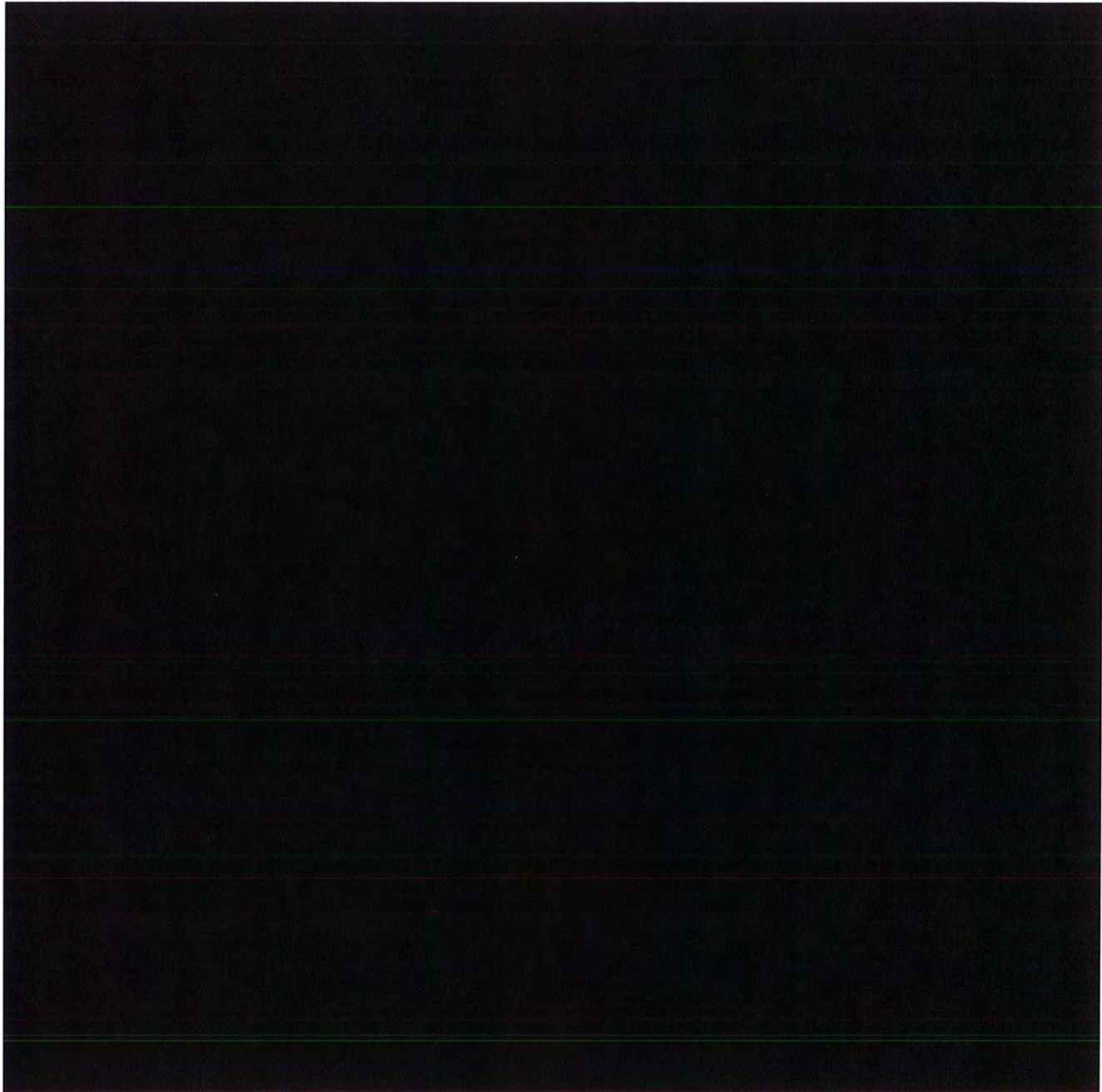


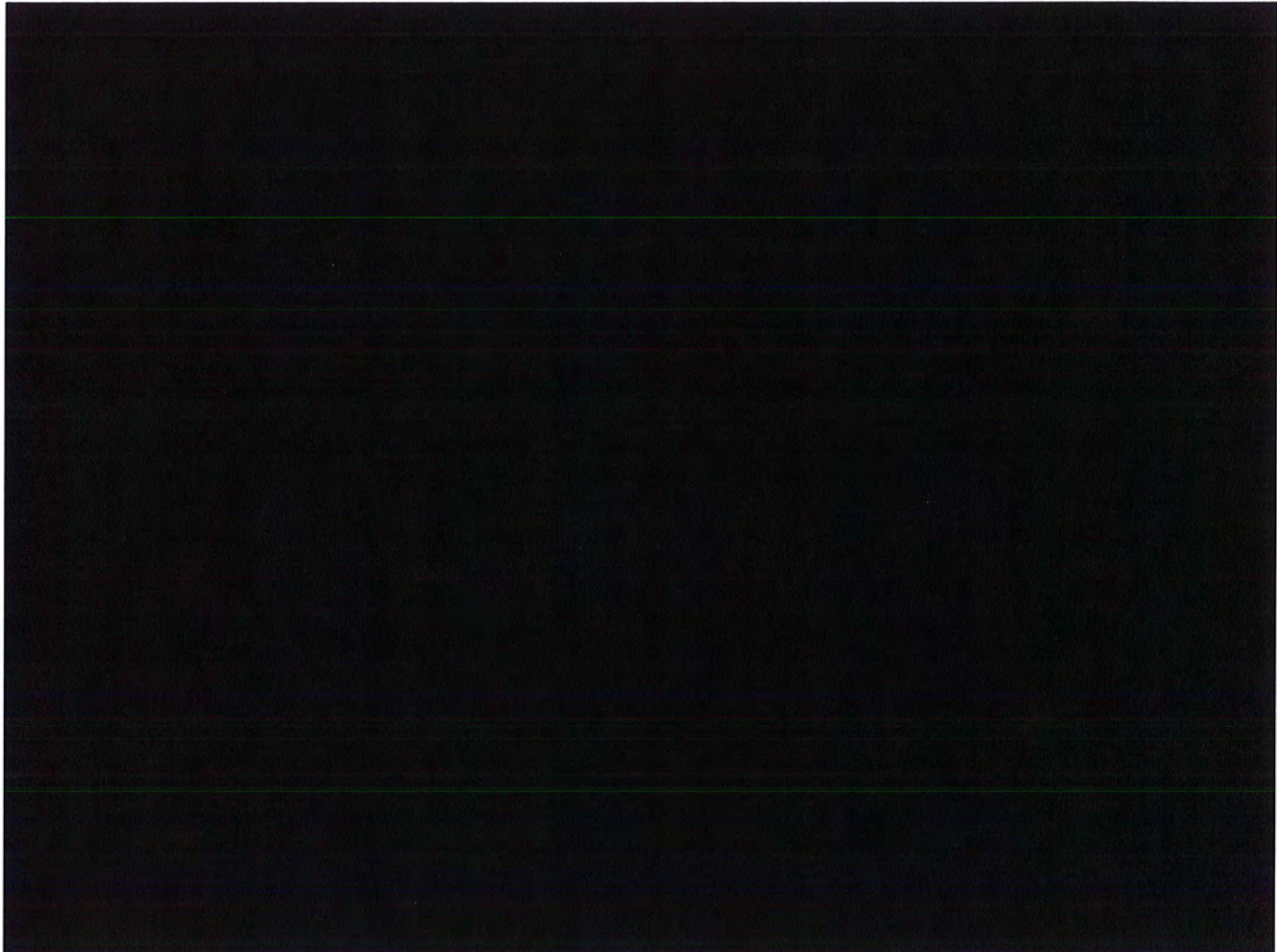


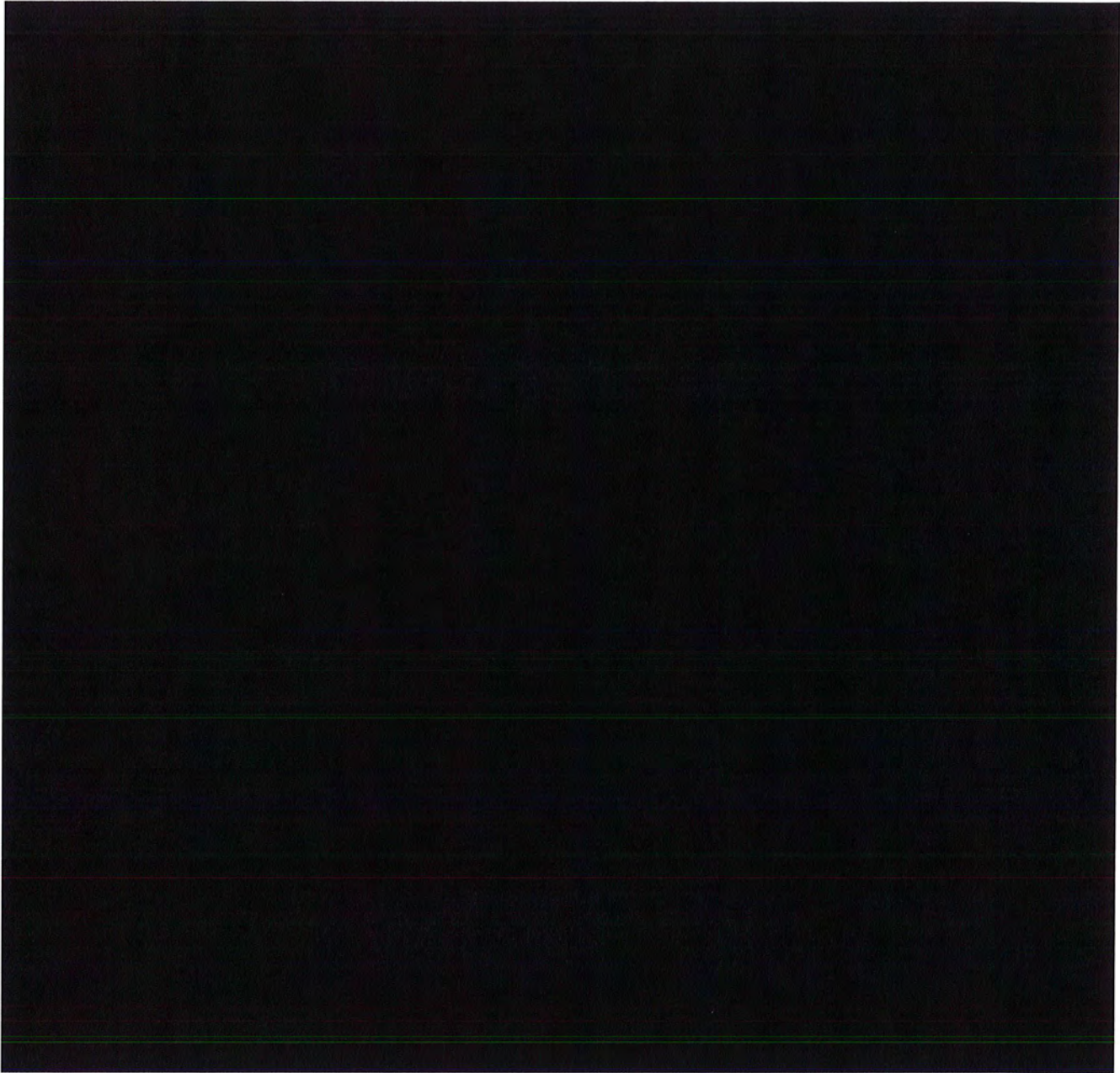


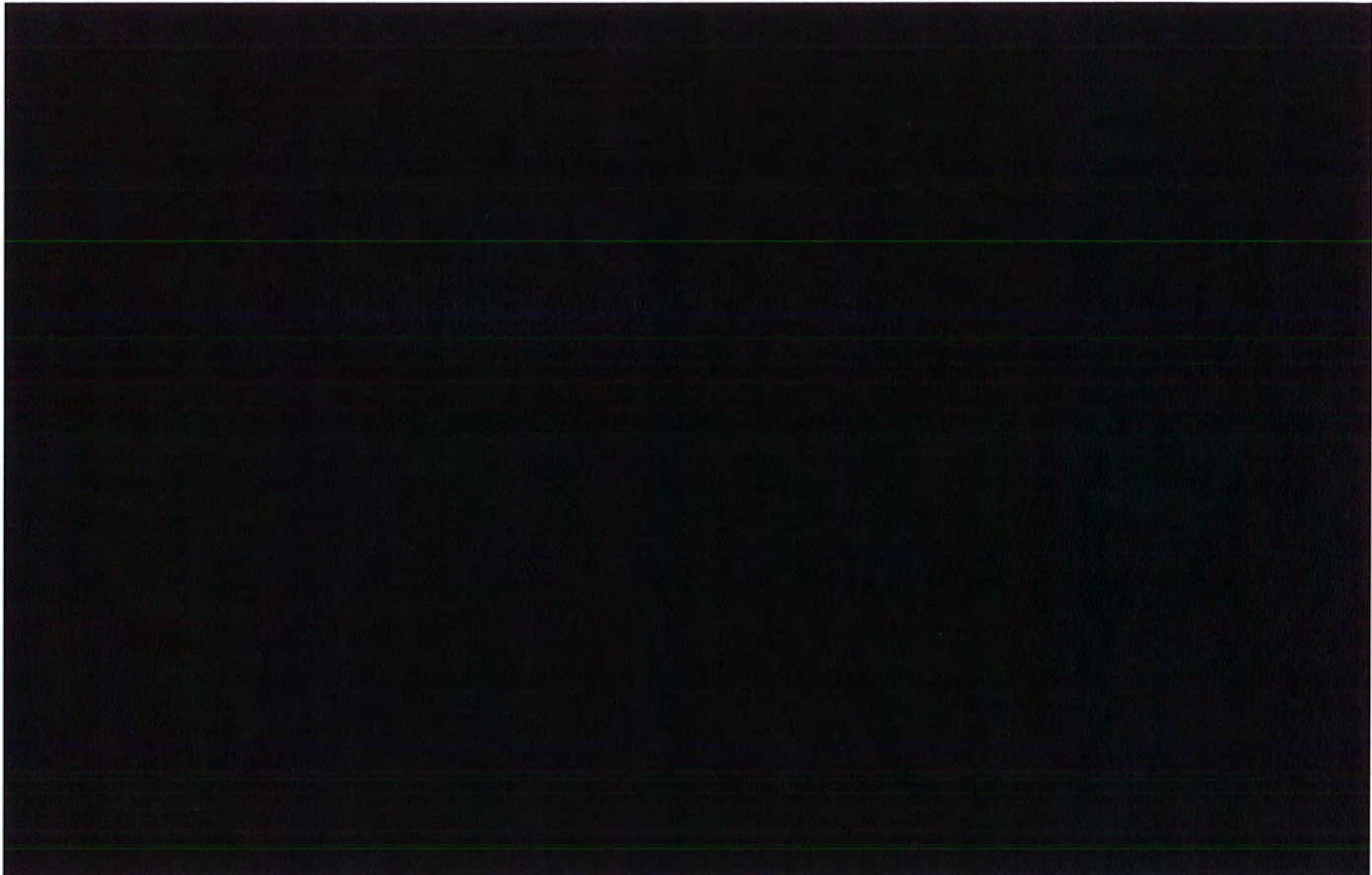












Traffic

A Traffic Intercept Model was created to analyze the number of potential gamers that could be brought into the casino from area roadway traffic. Near the site, at I-90 and I-414, the most recent available data shows that nearly 12 million vehicles pass on I-90 annually.

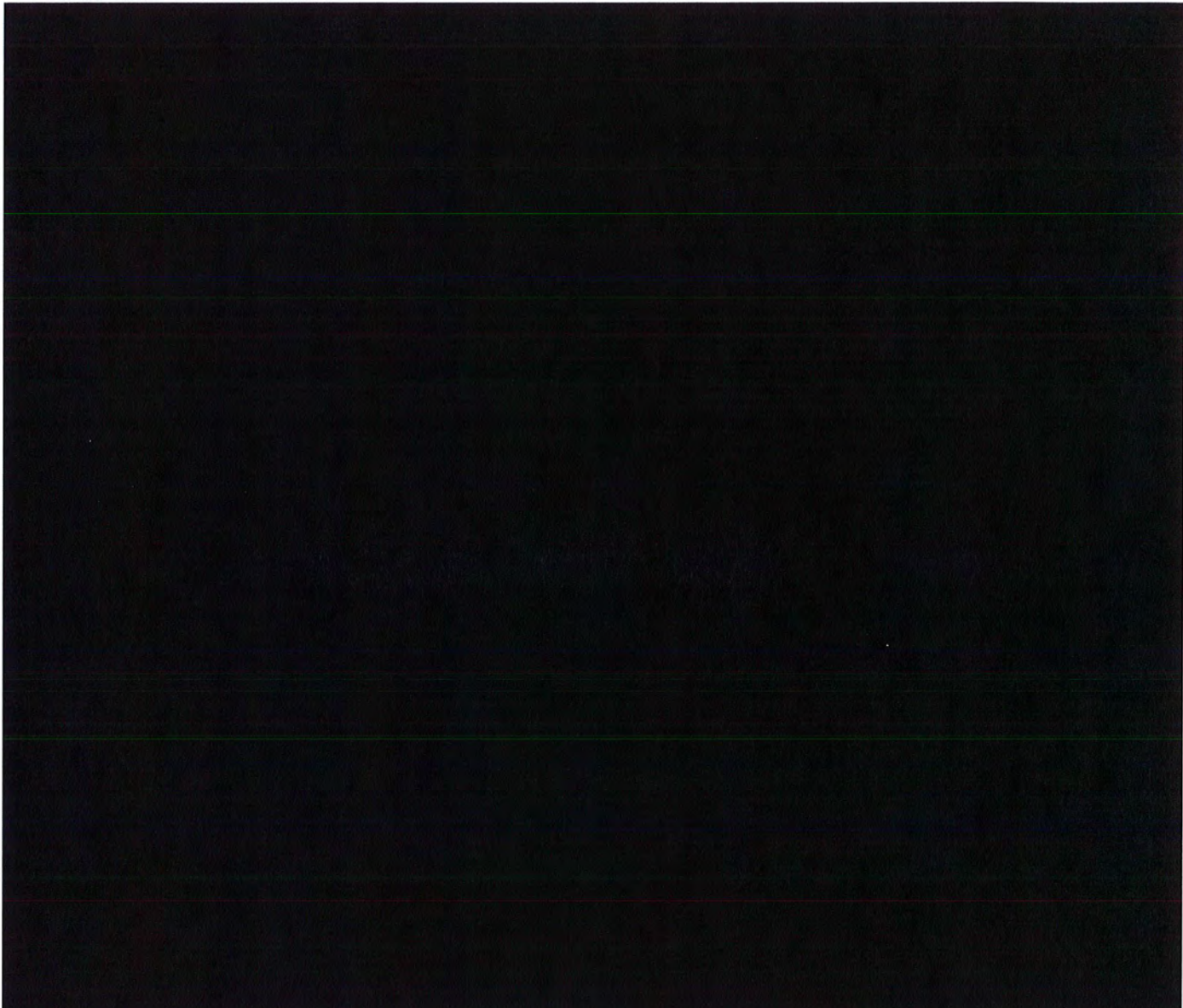
Average Annual Daily Traffic, NY Thruway at I-414

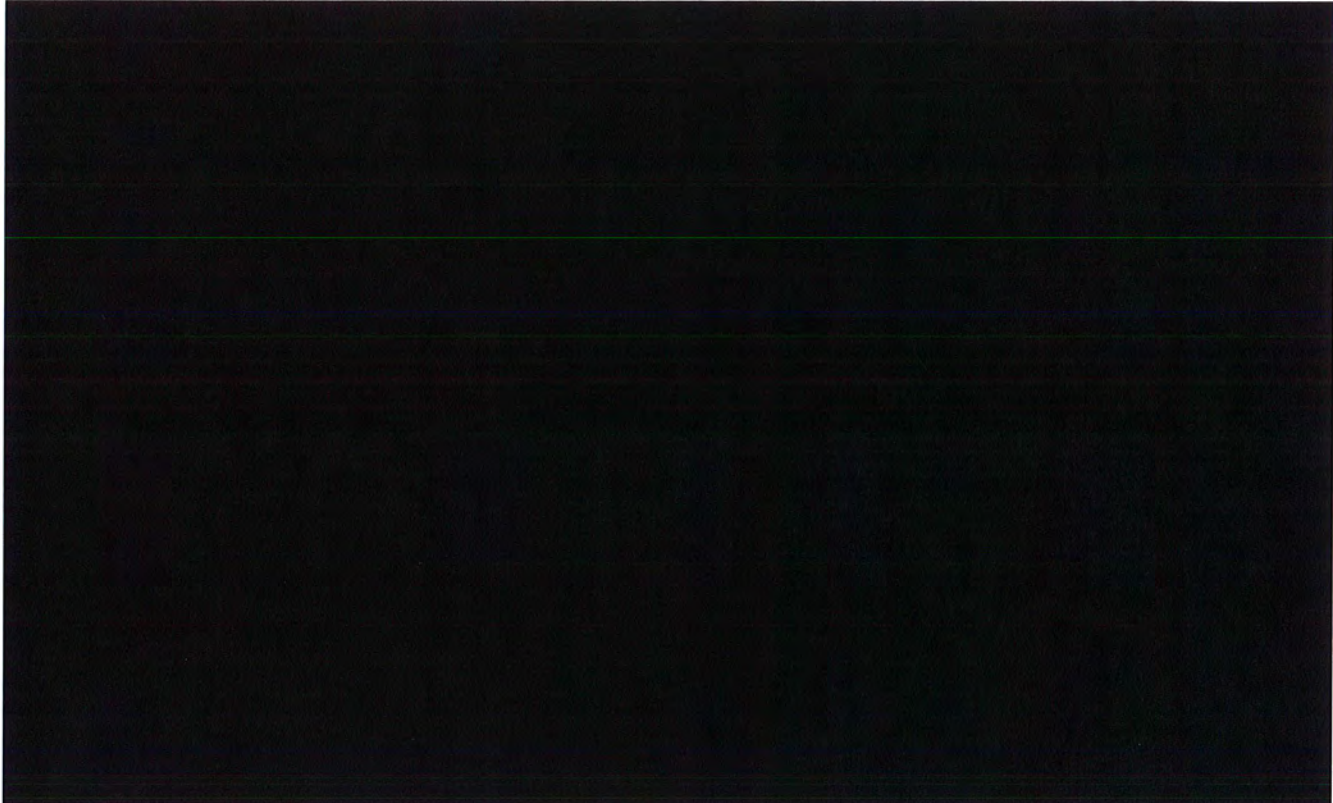
Year	A.A.D.T.	Annual Count
2008	32,540	11,877,100
2009	32,636	11,912,140
2010	33,053	12,064,345
2011	32,504	11,863,960
2012	32,874	11,999,010

Source: New York State Department of Transportation Highway Data Services Bureau; TMG Consulting analysis

Based on the average annual daily traffic (ADDT) data provided by the New York State Department of Transportation Highway Data Services Bureau, TMG isolated the two traffic populations: commuter traffic and through traffic. Focusing only on the through traffic, which makes up an estimated 20% of the total traffic, TMG applied a conservative industry standard [REDACTED] resulting in a total of approximately 12,000 vehicles captured at the casino annually.







FAIR SHARE MODEL

Because of the complexity of the New York gaming market, and as a check on the gravity model, TMG also constructed a “fair share” model. Fair share models are simple models that demonstrate the relative competitiveness of one gaming facility versus another. The inputs for this model are the annual gaming revenue data (actual or estimated) for each facility and the number of gaming positions featured at each. The total gaming revenue in the regional market is then divided by the total number of gaming positions in order to yield an average win per position market-wide. This average is then compared to the actual win per position achieved by each property, resulting in a calculation of each facility’s premium or discount to fair share. For instance, in a market with an average win per position of \$175, a casino operating at \$175 would have an effective premium of 1.0, while one operating at \$150 would have a premium/discount factor of less than 1.0, and a facility operating at \$200 would indicate a premium of greater than 1.0. Fair share analyses seek only to demonstrate the relative potential of one facility versus another based on gaming supply in a finite market. Fair share models are location-neutral, and do not consider property attractiveness, ease of visitor access, and other factors considered in more complex models.

Calibration to March 2013 - February 2014 Period

In calibrating the fair share model to existing market conditions during the twelve-month period of March 2013-February 2014⁵⁹, TMG Consulting utilized historical gaming industry data provided by the New York State Gaming Commission, various news articles, and websites such as CasinoCity.com. Because Native American revenue information is not publicly available, TMG performed an analysis (see *Competitive Gaming Market*) to generate estimates of the historical revenue for tribal gaming facilities.

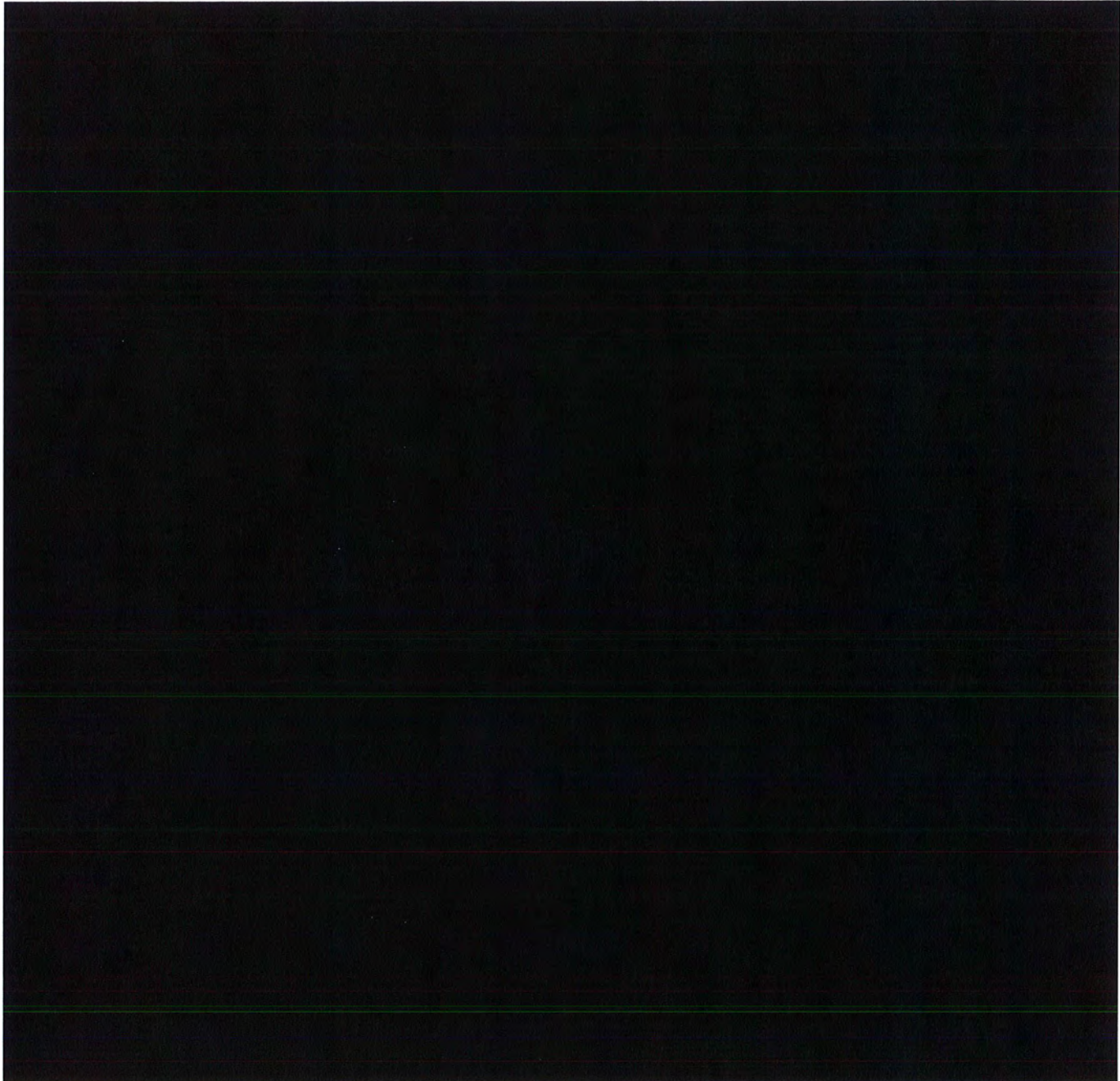
⁵⁹ The most recent 12-month period of gaming market data available at time of compilation.

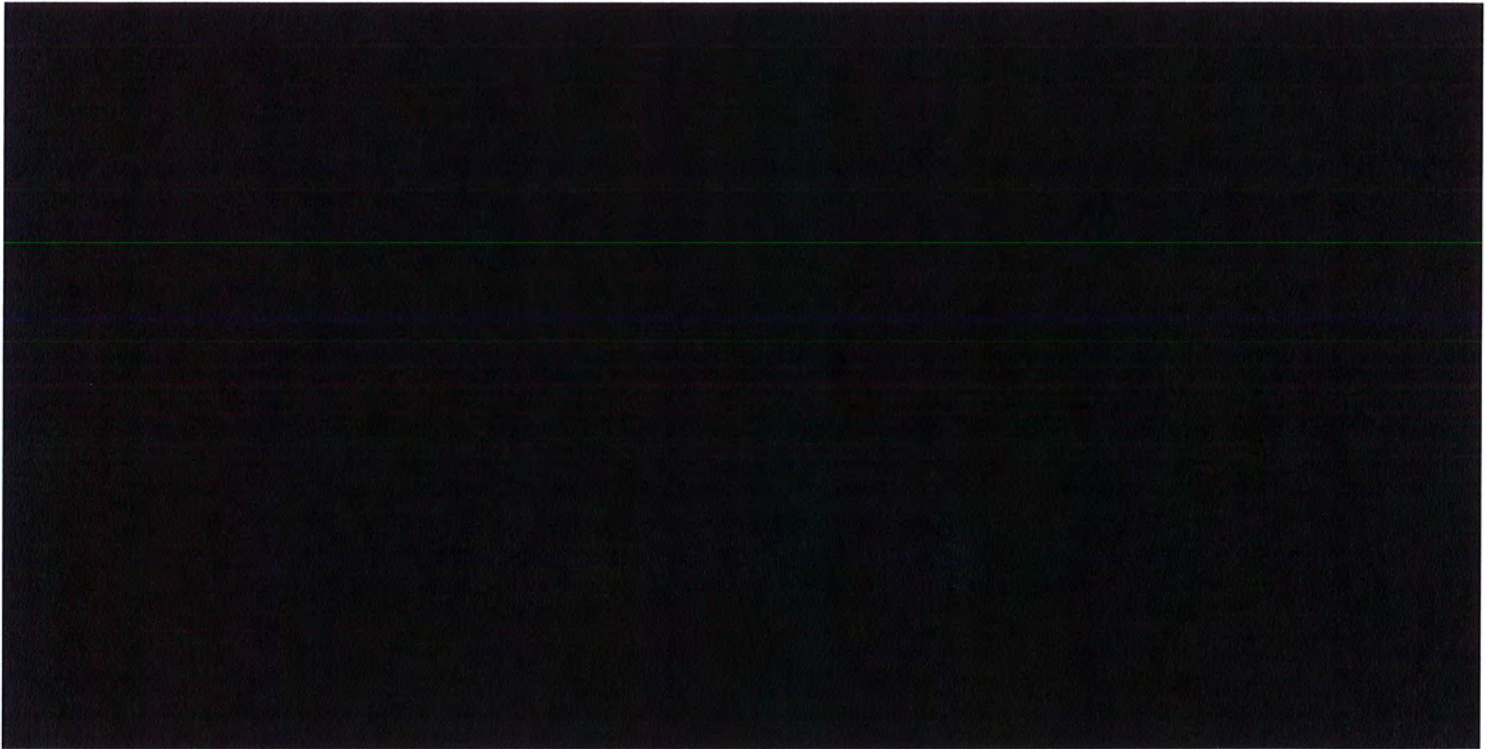
Fair Share Comparison: Regional Gaming Market (March 2013 – February 2014)

Facility	Historical Gaming Revenue (March 2013-Feb. 2014)	Positions (Slots, Tables)	Win/Position	Fair Share	Effective Premium Earned
Batavia Downs	\$53.3 M	788	\$185	\$66.4 M	0.80
Finger Lakes Gaming & Racetrack	\$131.6 M	1,549	\$233	\$130.5 M	1.01
Hamburg Casino at Fairgrounds	\$74.3 M	940	\$217	\$79.2 M	0.94
Tioga Downs Casino	\$58.6 M	802	\$200	\$67.5 M	0.87
Vernon Downs Casino	\$43.5 M	767	\$155	\$64.6 M	0.67
Lakeside Entertainment Union Springs	\$3.1 M	86	\$100	\$7.2 M	0.43
Lakeside Entertainment Seneca Falls	\$1.1 M	30	\$100	\$2.5 M	0.43
Seneca Allegany, Buffalo, and Niagara	\$720. M	7,868	\$250	\$662.6 M	1.09
Seneca Gaming & Entertainment, Irving	\$18.4 M	500	\$101	\$42.1 M	0.44
Seneca Gaming & Entertainment, Salamanca	\$12.5 M	340	\$101	\$28.6 M	0.44
Turning Stone	\$276. M	2,864	\$264	\$241.2 M	1.14
TOTAL REGIONAL MARKET	\$1,392.4 M	16,534	\$231	\$1,392.4 M	1.00

Source: New York State Gaming Commission; 500 Nations; Casino City; TMG Consulting

Notes: 12-month gaming revenue for Batavia Downs and Finger Lakes annualized to account for a partial year of operations with expanded gaming floors. Gaming revenue for Native American casinos are not publically available and were estimated by TMG Consulting based on information in the news and filings with the Securities and Exchange Commission (SEC).





GAMING REVENUE IMPACTS

When new casinos are proposed in markets containing existing gaming facilities, the potential impacts to those facilities currently operating are often a concern. The degree to which a new facility can impact the revenues generated by other facilities depends on a host of factors. These factors include, but are not limited to, the new facility's ability to tap underserved and untapped markets, existing market saturation levels, and property positioning.

In a market saturated with low-investment slot parlors, an additional slot parlor does not stand much of a chance to enhance gaming in the market and would likely have a very adverse effect on the existing supply. If, however, a large-investment resort casino were to enter this market, we would expect it to have a very different effect on the existing facilities. A resort casino would bring new amenities and gaming product, and would, thus, not only attract existing market patrons to its facility, but it would attract new visitor segments and local market visitors.

Projected Impacts to New York Gaming Facilities

Lago Resort and Casino is expected to join a market with several existing gaming facilities of various levels of investment and offerings. Within an approximate 30-minute drive from Lago are a racetrack casino which is only permitted to offer video lottery terminals (VLTs) and two very small electronic bingo machine facilities. Further away from the proposed Lago facility (60-180 minutes away) are several Seneca casinos and gaming facilities, four (VLT-only) racetrack casinos, and Turning Stone Resort Casino. There are several other gaming facilities in New York, Pennsylvania, and other areas outside of the state competing for gaming visits.



⁶² The most recent 12-month period of gaming data available at time of compilation, March 2013 – February 2014.

Lago Resort and Casino Gaming Revenue Impact Analy

Facility	2013/2014 Gross Gaming Revenue (Adjusted to 2017\$)
Batavia Downs*	\$58.3 M
Finger Lakes Gaming & Racetrack	\$144.1 M
Tioga Downs Casino	\$64.2 M
Seneca Casinos (Niagara, Buffalo Creek, Allegany)	\$788.6 M
Turning Stone Resort Casino	\$302.3 M
Other Native American & Regulated New York Facilities	\$1,988.7 M
Total NY Facilities	\$3,346.2 M

Source: TMG Consulting

Note: Batavia Downs expanded its gaming supply in late 2013. For modeling purposes, we utilized an annualization Batavia Down's gaming revenues during the portion of the 12-month period it operated with expanded supply.

While Lago Resort and Casino is expected to generate a significant portion of its total gaming revenues from New York gaming facilities, it is only expected to have a 4% impact on gaming revenues statewide. Finger Lakes, the closest facility to Lago excluding the two Lakeside Entertainment electronic bingo halls, stands to be impacted the most—an impact of 21%. Batavia Downs and Tioga Downs are expected to be impacted by 10% and 7%, respectively. The Seneca casinos in Niagara, Buffalo, and Allegany are projected to be impacted at combined rate of 5% and Turning Stone is expected to be impacted by 10%. The remainder of gaming facilities in New York are expected to be impacted by only 1%.

Revenue Impacts: Comparative Case Analyses

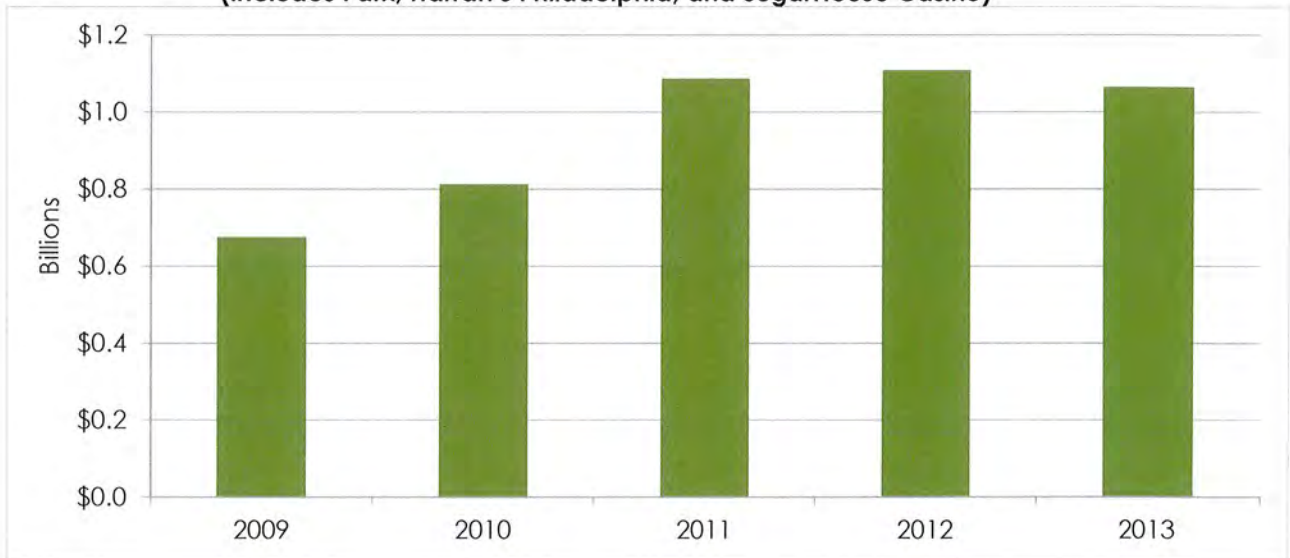
TMG Consulting analyzed two separate cases of potential revenue impacts to existing casinos in markets currently served by gaming facilities. Our first case examines the impact SugarHouse Casino had on the Philadelphia-area market. This case exemplifies that markets already served by gaming facilities are not necessarily saturated in gaming product, and may in fact be underserved. Our second case examines the Atlantic City market; specifically the impacts that the Borgata and Revel properties have had in their market. This case demonstrates that not all casinos are equal, and that revenue impacts to existing facilities are largely dependent on the programming and management of new facilities joining the market.

EFFECT OF SUGARHOUSE ON PARX AND HARRAH'S PHILADELPHIA

The capacity of the Philadelphia market⁶³ for new gaming product was tested in September 2010 when the SugarHouse Casino opened. Two established racinos (Parx and Harrah's Philadelphia), each approximately a 25-minute drive-time from SugarHouse Casino, had the Philadelphia gaming market to themselves for over three years. While initially, there may have been some concern that the Philadelphia market was fully served by the two racinos, growth in Philadelphia-area gaming revenue showed otherwise.

The chart below consolidates the gaming revenue of the three gaming facilities serving the Philadelphia market—Parx, Harrah's Philadelphia, and SugarHouse. Despite a third facility joining the market in 2010, gaming revenue for the region grew by approximately \$274 million in 2011. A significant portion of the additional gaming revenue the Philadelphia market generated in 2011 seems to have been repatriated from Atlantic City, which lost approximately \$256 million in gaming revenue that year.

Annual Win for Philadelphia Market
(includes Parx, Harrah's Philadelphia, and SugarHouse Casino)



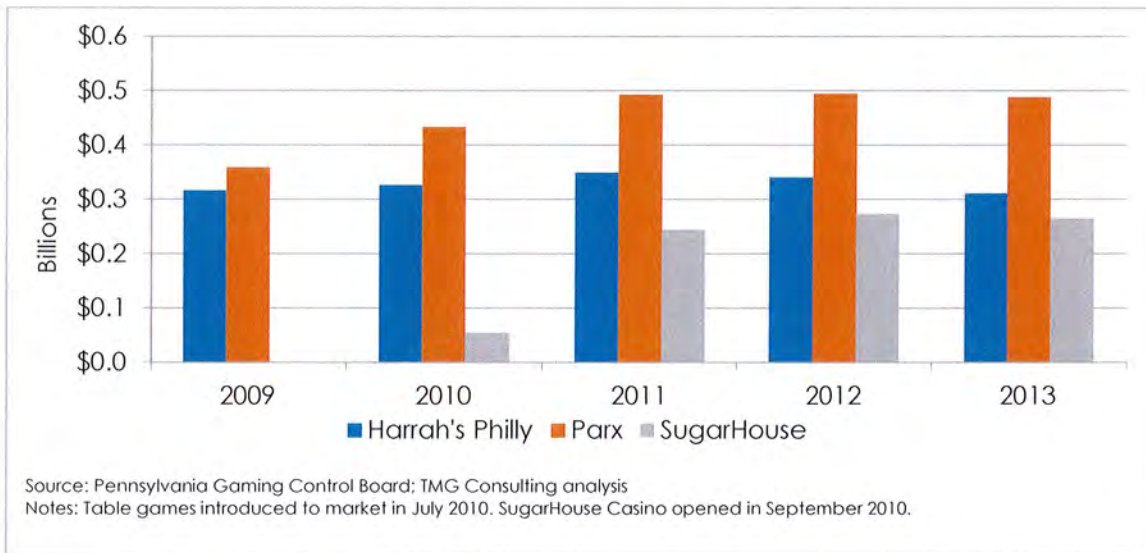
Source: Pennsylvania Gaming Control Board; TMG Consulting analysis
Notes: Table games introduced to market in July 2010. SugarHouse Casino opened in September 2010.

⁶³ Though Valley Forge Casino technically operates in the Greater Philadelphia area, it is excluded from this analysis on the basis that it is a Category 3 resort casino and a much smaller-scaled operation than the other facilities operating in the Philadelphia market.



As shown in the following chart, SugarHouse did not gain a foothold in the market at the expense of Parx and Harrah's Philadelphia. In 2011, SugarHouse's first full year of operations, gaming revenue at both Parx and Harrah's increased over the prior year. Despite SugarHouse's 12% growth in gaming revenue in 2012, the other two facilities generated approximately the same gaming revenue as they did in the previous year. In 2013, all three facilities suffered some degree of revenue loss. After approximately four years of SugarHouse operating in the Philadelphia market, each Philadelphia casino continues to operate successfully.

Annual Gross Gaming Revenue for Philadelphia Market by Facility



A TALE OF TWO CASINOS: THE BORGATA AND REVEL

Atlantic City is home to several resort casinos. Its newest two casinos are the Borgata Casino Hotel & Spa and Revel. Both casinos opened in a similar environment— a crowded resort casino market with eleven established local competitors. Both casinos set out to capture affluent patrons with the allure of upscale amenities and a focus on luxury. That is where the similarities between these two casinos end.

The Borgata is a success story. The casino opened in a market with eleven established local resort casinos in mid-2003 and generated approximately \$270 million in gaming revenue— contributing 6% of the 2003 gaming revenue in Atlantic City and operating only half of the year. Borgata and the Atlantic City market enjoyed growth in annual gaming revenue during the first three years the facility was open. Borgata's portion of 2012 gaming revenue in Atlantic City was 20%--the highest among all the casinos in the market. Despite focusing heavily on generating revenue from table games, Borgata has also been very successful in generating revenue from slot machines. In 2012, the Borgata generated 23% of all table game revenue in Atlantic City and 19% of all slot machine revenue.

Revel is still a very young casino, open for just over two years. The casino debuted in April 2012, also in a local market with eleven established resort casino competitors. Revel's first partial year of operations was longer than Borgata's first partial year of operations; however, Revel failed to make as big of a splash during its debut. In 2012, Revel generated approximately \$120 million in gaming revenue, which represented 4% of all gaming revenue generated in Atlantic City for the year.

A comparison of the gross gaming revenues generated by the Borgata and Revel in 2013 yields the following: Borgata increased its market share of gross gaming revenues to 22%, while Revel's share increased to only 5%. Despite speculation that Revel would be Borgata's biggest competitor in Atlantic City once it opened, Revel has yet to become a true threat to Atlantic City's most successful casino. The following table details the historical annual performance of Borgata and Revel, and compares them to the rest of Atlantic City.

Borgata & Revel, Historical Win, 2003 through 2013

Casino	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Borgata Hotel Casino & Spa	\$.27 BN	\$.67 BN	\$.7 BN	\$.74 BN	\$.75 BN	\$.74 BN	\$.7 BN	\$.65 BN	\$.65 BN	\$.61 BN	\$.62 BN
Borgata Share of AC %	6%	14%	14%	14%	15%	16%	18%	18%	20%	20%	22%
Revel										\$.12 BN	\$.16 BN
Revel Share of AC %										4%	5%
Rest of Atlantic City	\$ 4.22 BN	\$ 4.18 BN	\$ 4.31 BN	\$ 4.48 BN	\$ 4.18 BN	\$ 3.84 BN	\$ 3.22 BN	\$ 2.93 BN	\$ 2.67 BN	\$ 2.32 BN	\$ 2.09 BN
Rest of Atlantic City Share %	94%	86%	86%	86%	85%	84%	82%	82%	80%	76%	73%
Atlantic City Total	\$ 4.48 BN	\$ 4.85 BN	\$ 5.02 BN	\$ 5.22 BN	\$ 4.93 BN	\$ 4.58 BN	\$ 3.92 BN	\$ 3.57 BN	\$ 3.32 BN	\$ 3.05 BN	\$ 2.86 BN

Note: Borgata Hotel Casino & Spa opened June 2003, Revel opened April 2012.
Source: New Jersey Casino Control Board; TMG Consulting Analysis

When comparing the win per position of Borgata and Revel to the rest of Atlantic City, it is clear that Borgata has always been a better than average casino in the market; while Revel, thus far, is struggling. Borgata's win per position the year it opened (2003) was \$278. While its win per position declined with the recession and in recent years from expansions in regional gaming, the Borgata has maintained a much

greater win per position than its peers in Atlantic City. Revel, for the period it was open in 2012, operated with an abysmal win per position of \$123. Revel's second year of operation was not much better; its win per position rose only to \$133, well below the Atlantic City average. The following table presents average win per position at Borgata, Revel, and the rest of Atlantic City.

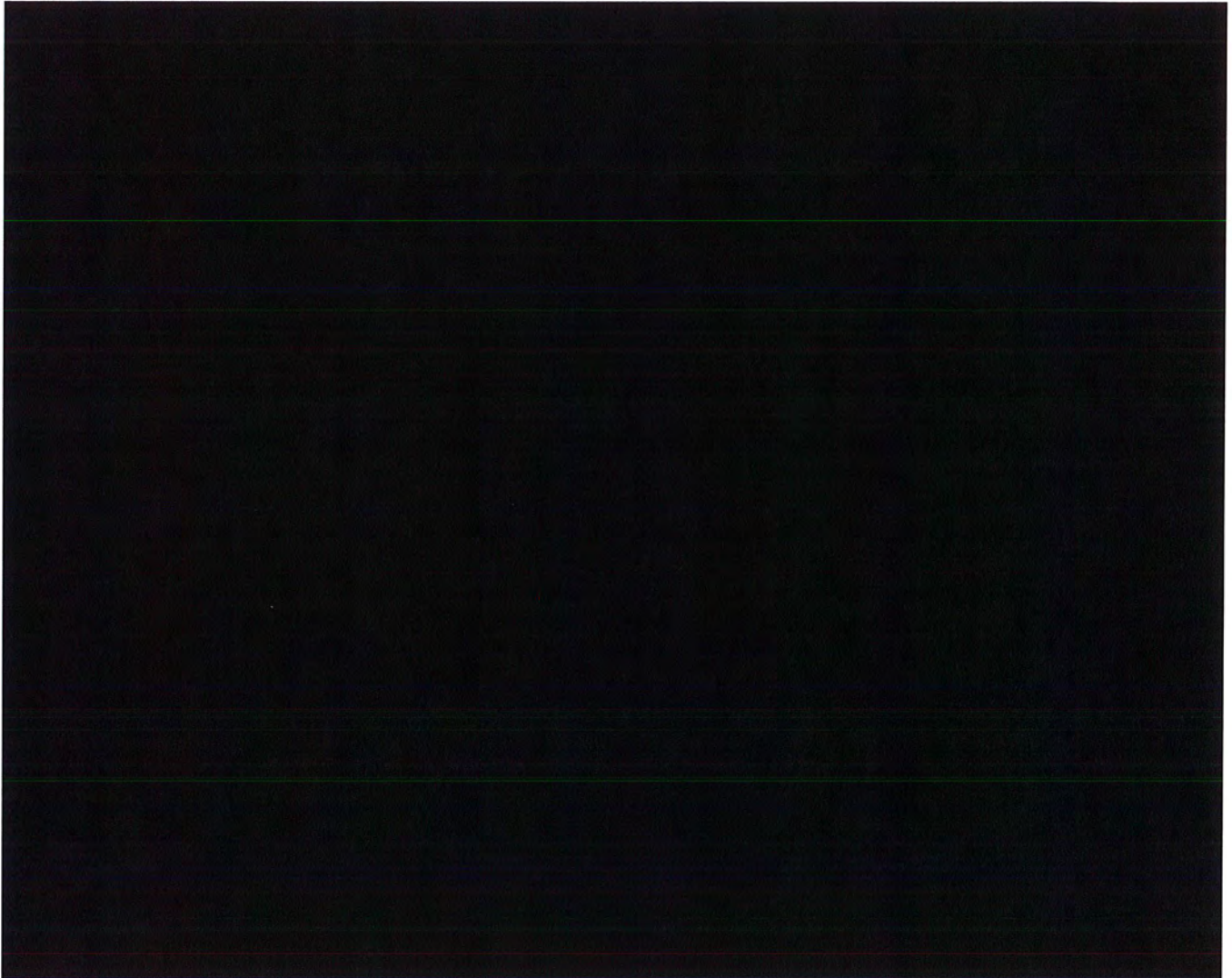
Borgata & Revel, Historical Win per Position, 2003 through 2013

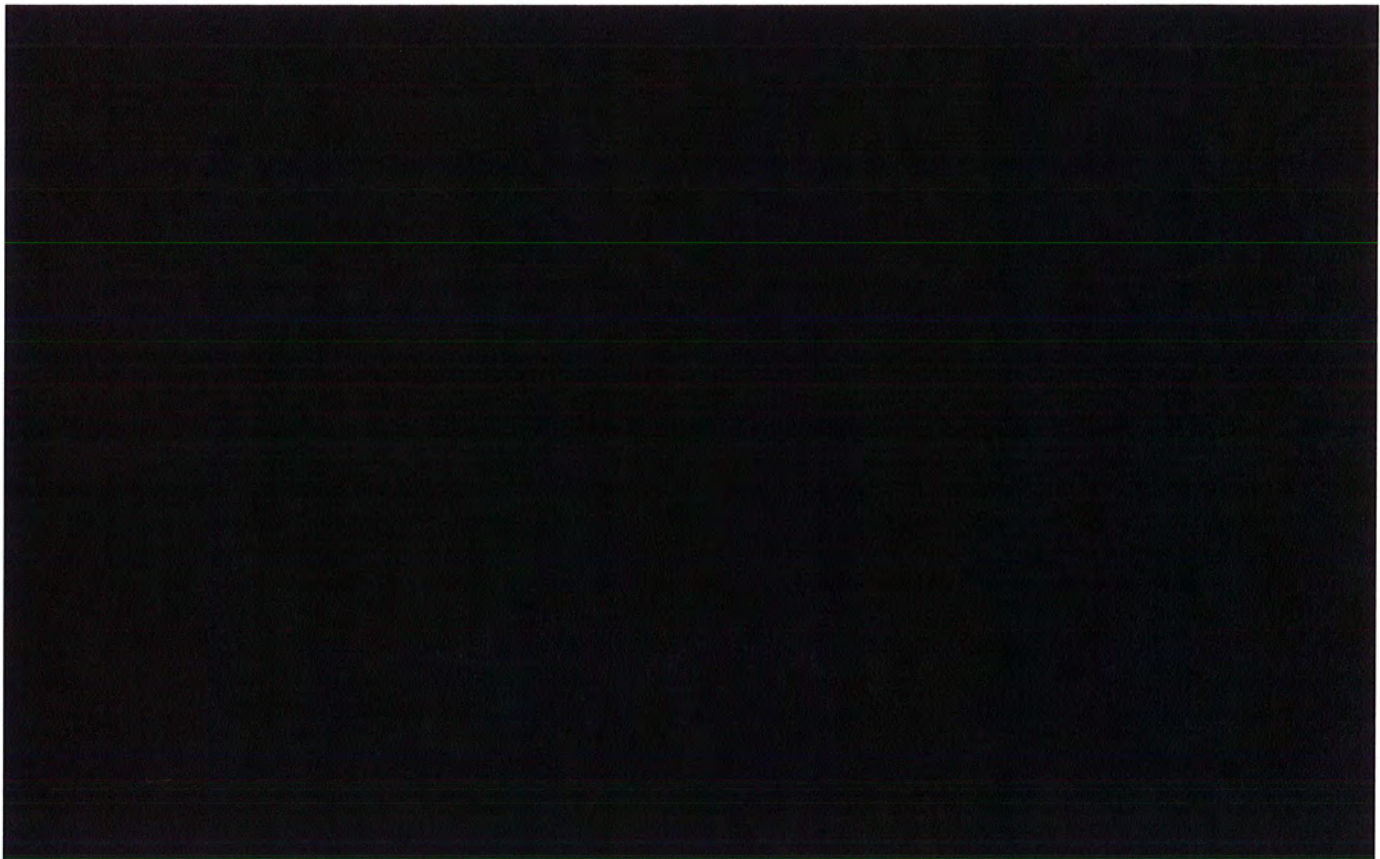
Casino	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Borgata Hotel Casino & Spa	\$278	\$400	\$420	\$408	\$365	\$361	\$342	\$338	\$351	\$341	\$349
Revel										\$123	\$133
Rest of Atlantic City	\$253	\$251	\$257	\$286	\$285	\$269	\$246	\$239	\$232	\$220	\$207
Atlantic City Average	\$254	\$265	\$272	\$299	\$295	\$281	\$259	\$253	\$248	\$229	\$220

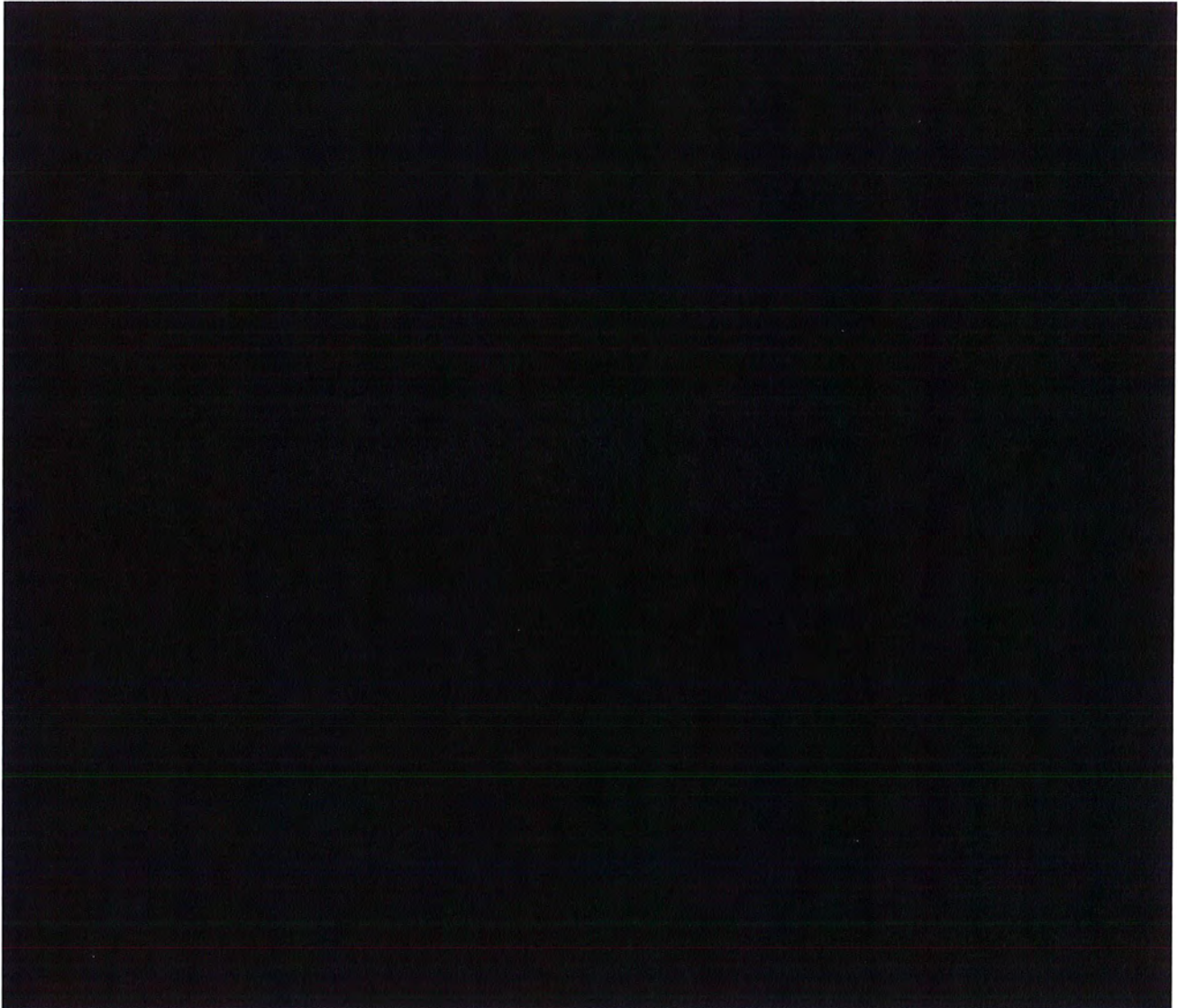
Note: Borgata Hotel Casino & Spa opened June 2003. Revel opened April 2012.
Source: New Jersey Casino Control Board; TMG Consulting Analysis

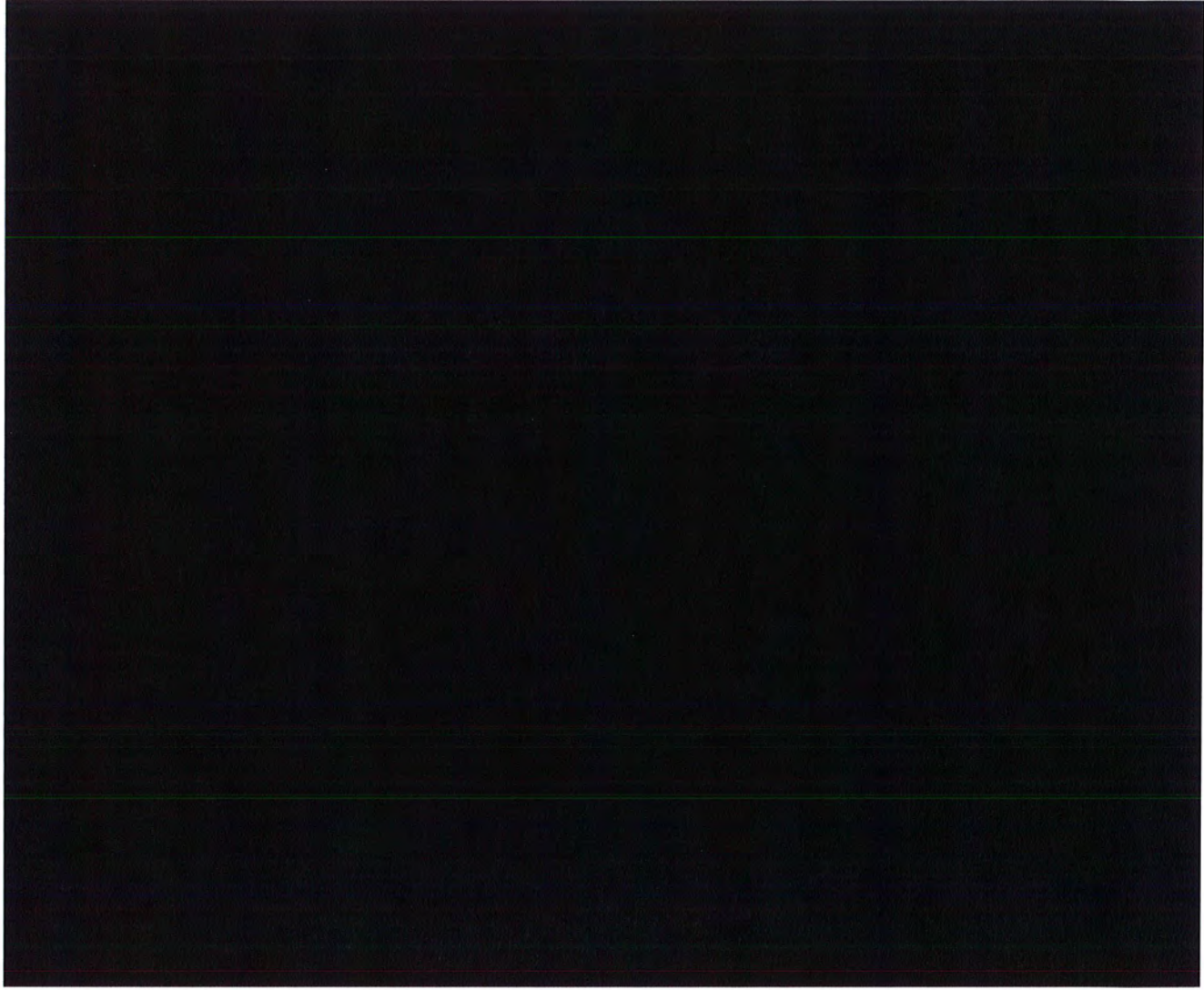
Revel's opening failure in Atlantic City seems to be due to two important factors—The casino did not grow visits to the market and it failed to capture a significant portion of business from its self-identified direct competitor—Borgata. The Borgata is owned and operated by Boyd Gaming (and formerly MGM)—a long, established casino operator and developer. The Revel is a facility owned by financial institutions and has no prior operator experience in the gaming industry.⁶⁴ In such a competitive market, it is no wonder the Revel had such dismal operations.

⁶⁴ Darrow, Chuck. "Borgata bucks the odds, fends off Revel." Philly.com October 2012. Web. <<http://www.philly.com/philly/blogs/casinotes/173698886.html>>

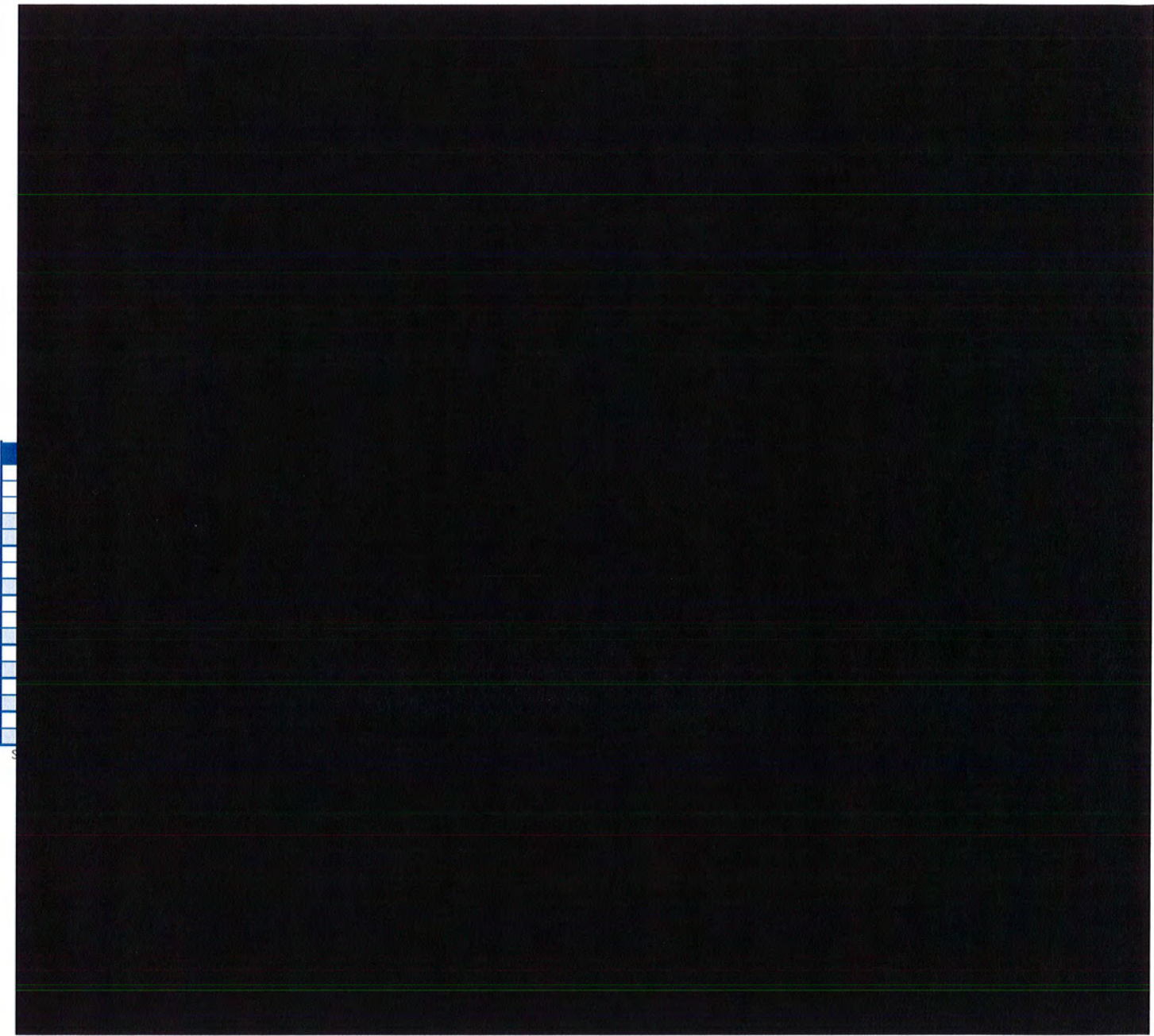


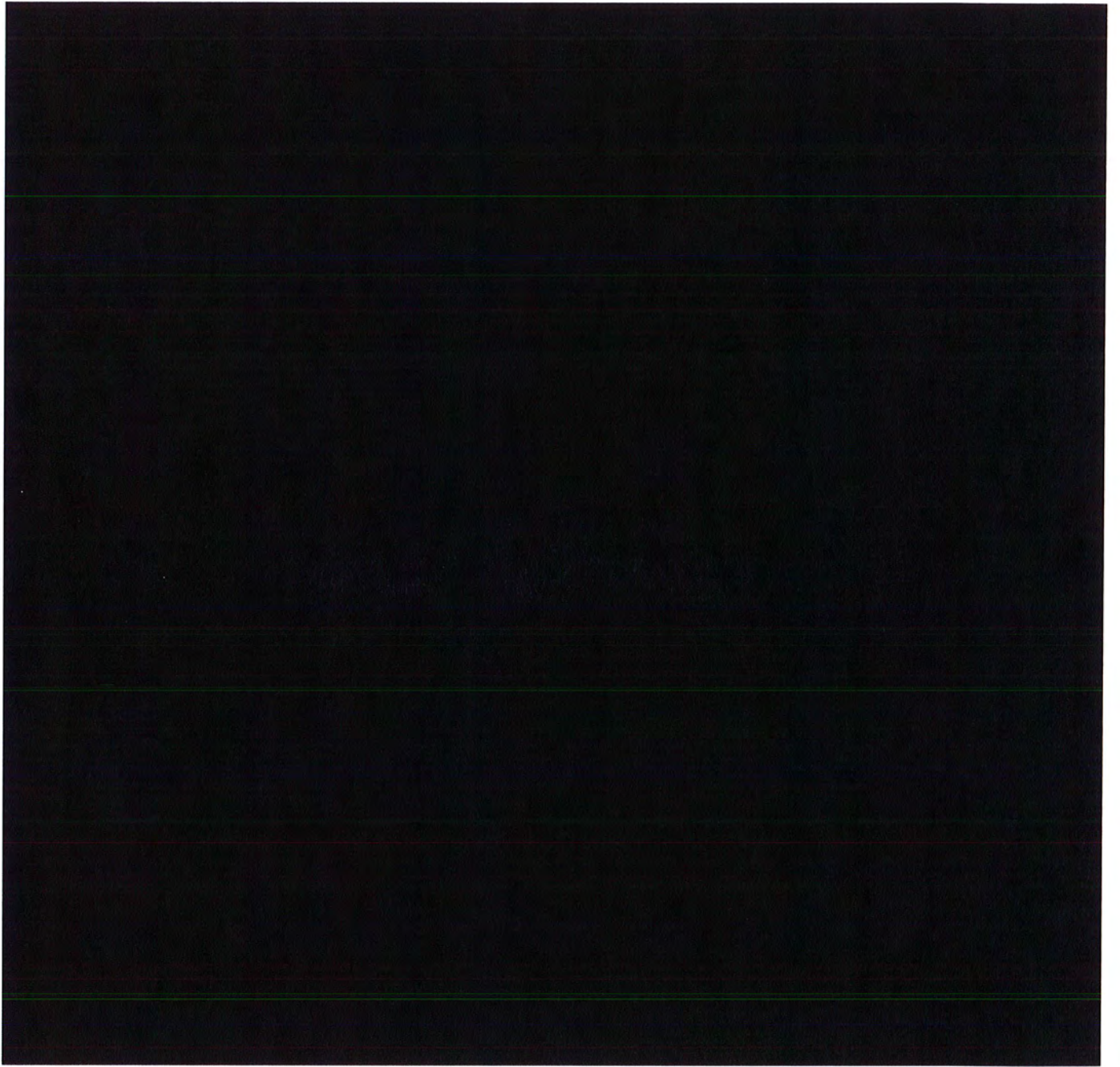


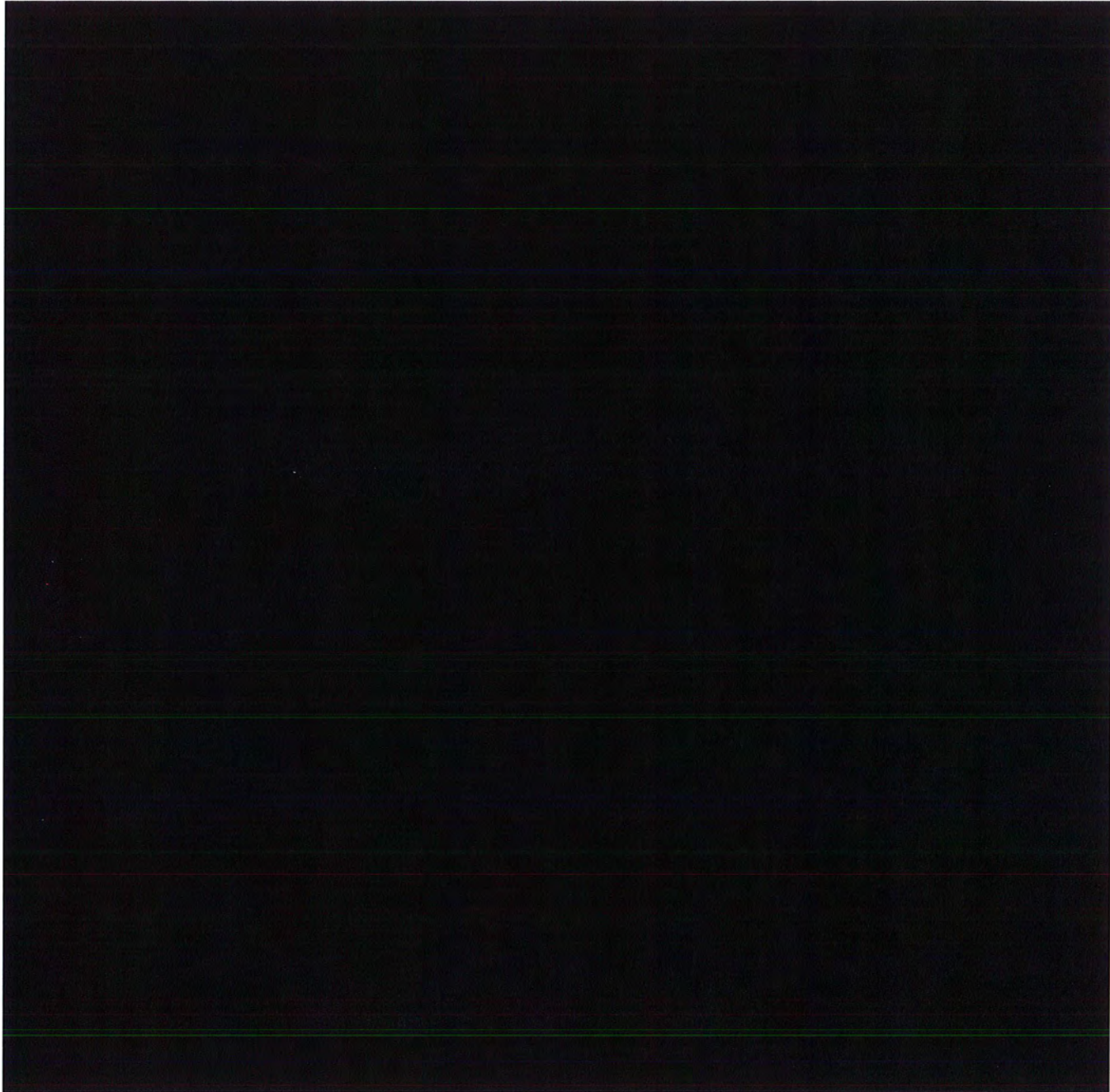


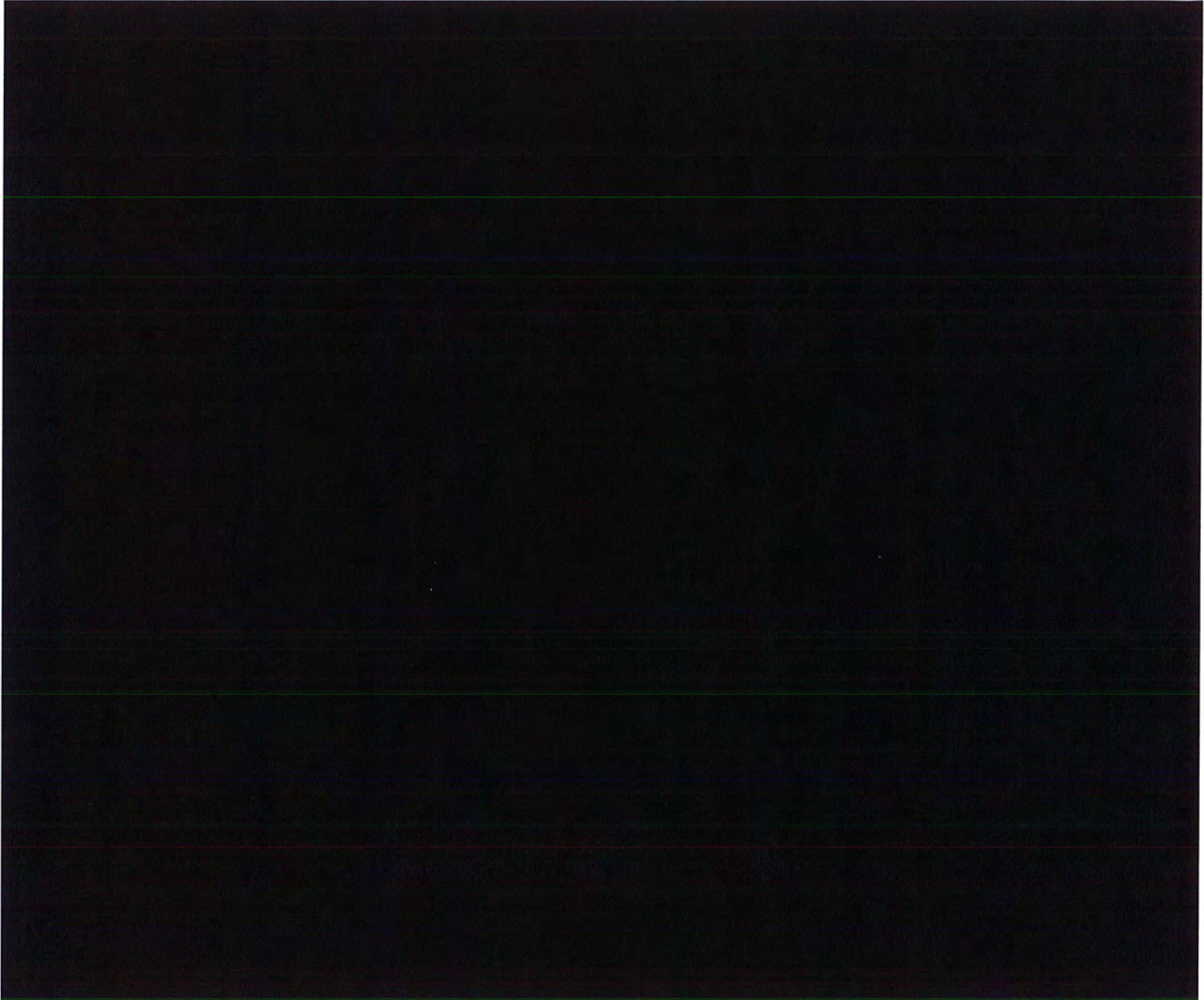


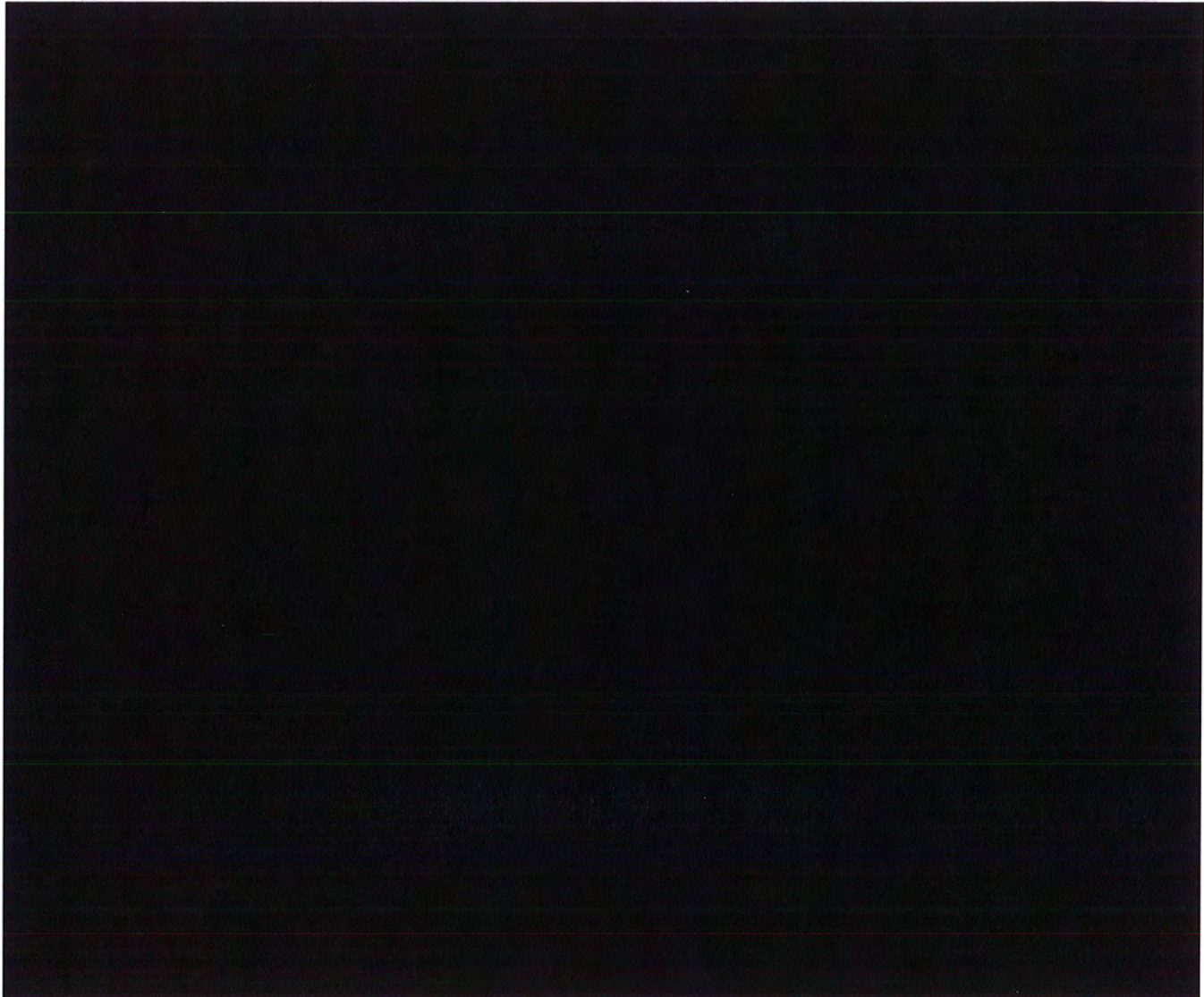
⁶⁵ TMG Consulting's analysis of growth in gaming revenues at New York racetrack casinos excluding racetrack casinos operating in the New York City area from 2011-2013 was 1.31% after removing inflation. New York City racetrack casinos were removed from this analysis because they operate in a market markedly different from Lago Resort and Casino's regional market area.

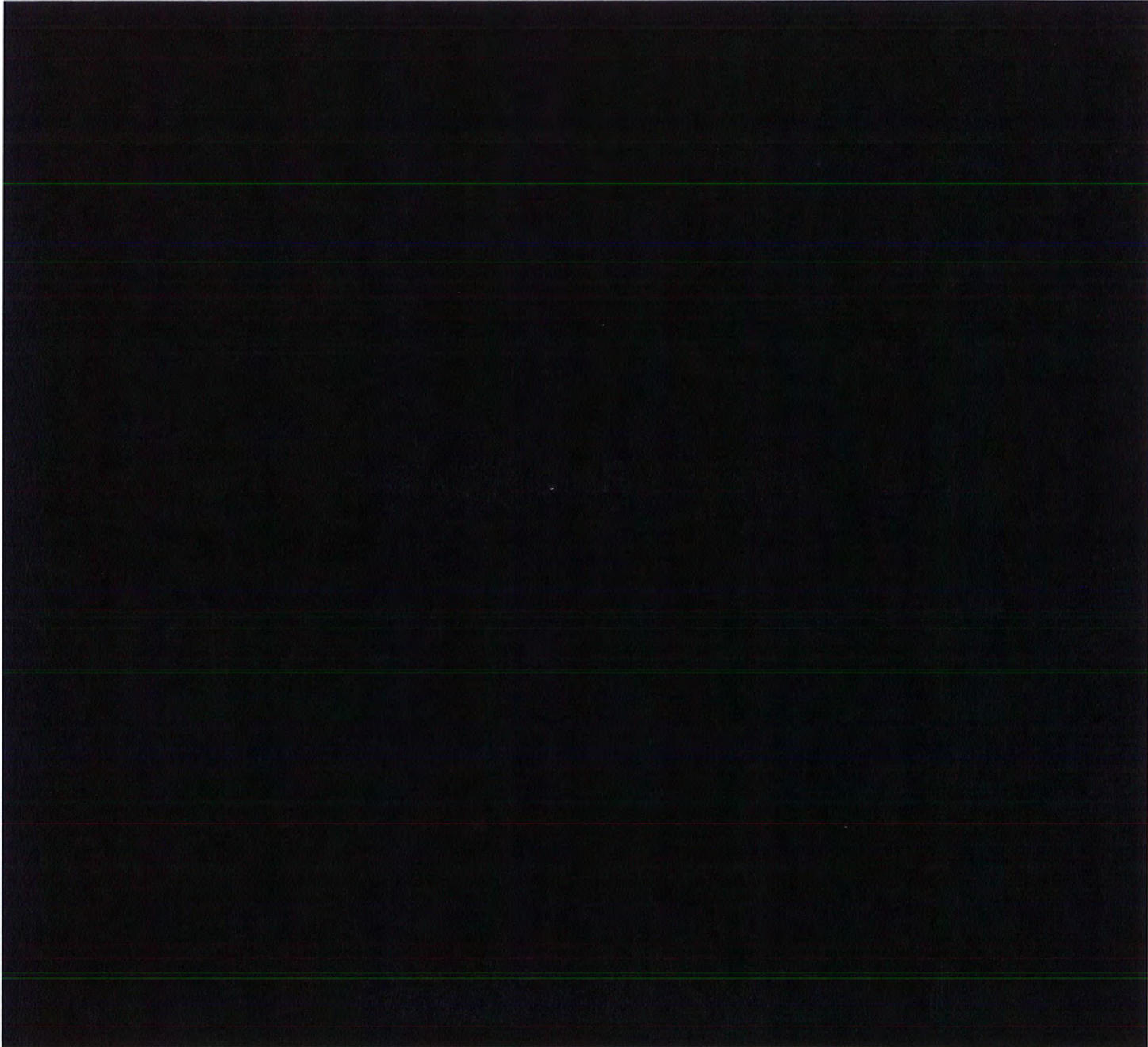


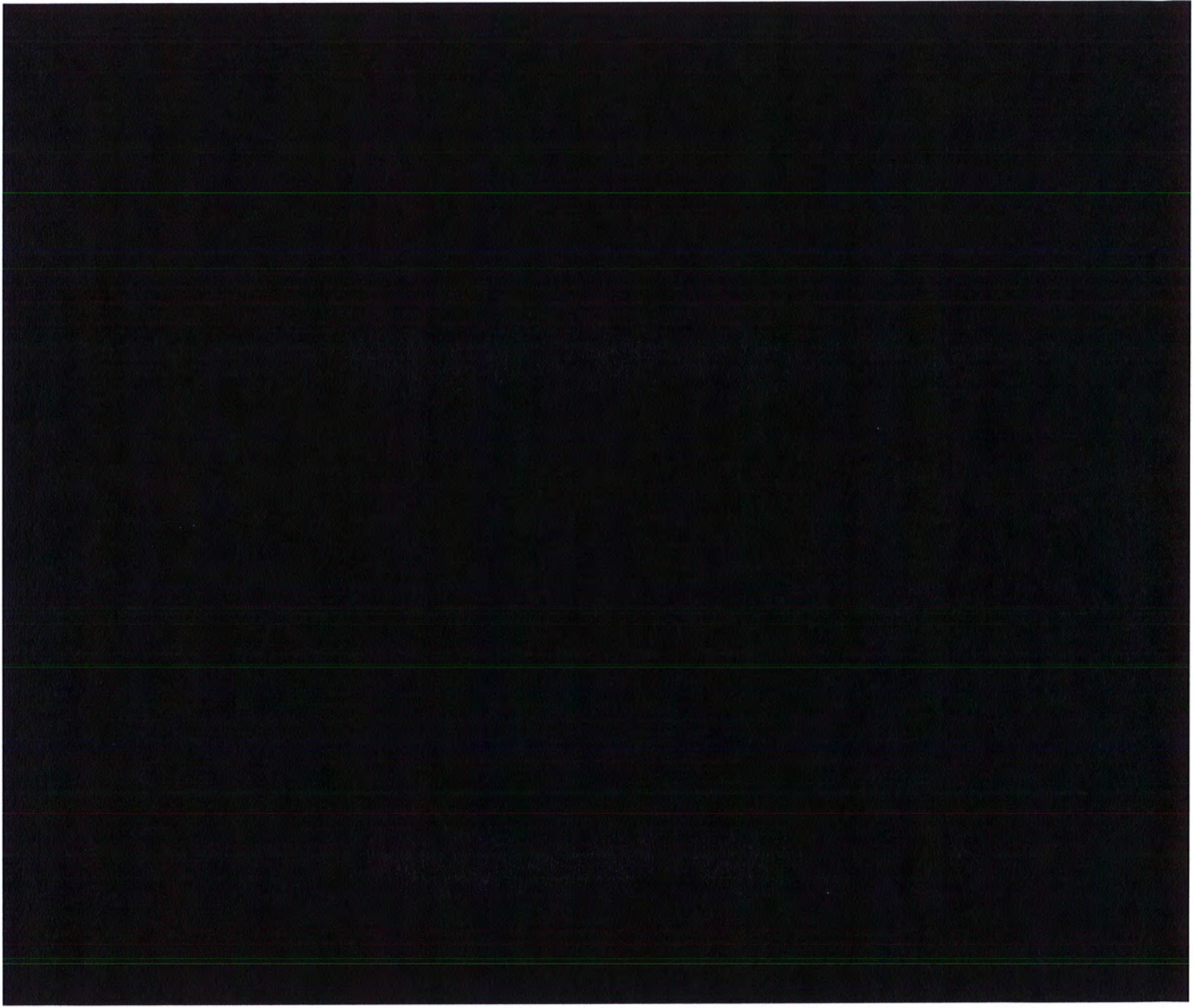












DISCLAIMER

Consumer demand is particularly sensitive to downturns in the economy. Changes in consumer preferences or discretionary consumer spending brought about by factors such as fears of war, future acts of terrorism, general economic conditions, disposable consumer income, fears of recession and changes in consumer confidence in the economy could reduce overall demand for goods and services in the local economy. Our projections would thereby be adversely affected.

All projections will be affected by international, national and local economic conditions. A recession or downturn in the general economy could adversely affect projections.

This report reflects analysis and opinion based on primary and secondary sources of information. TMG has utilized sources that are deemed to be reliable but cannot guarantee their accuracy. Moreover, estimates and analyses regarding the project are based on trends and assumptions and, therefore, there will usually be differences between the estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. TMG has no obligation, unless subsequently engaged, to update this report or revise this analysis as presented due to events or conditions occurring after the date of this study.

TMG makes no express or implied representation or warranty or guarantee as to the attainability of any projected or estimated information referenced or set forth herein, or as to the accuracy or completeness of the assumptions from which such projected or estimated information is derived. Any such projections or estimations are necessarily subject to a high degree of uncertainty and may vary materially and adversely from actual results.

Some of the statements in this report constitute forward-looking statements. These statements involve risks, uncertainties and other factors that may cause you or your industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "would," "could," "believe," "expect," "anticipate," "estimate," "intend," "plan," "continue" or the negative of these terms or other comparable terminology.

Although TMG believes that the expectations reflected in the forward-looking statements are reasonable, TMG cannot guarantee future results, levels of activity, performance or achievements. If one or more of the assumptions underlying our forward-looking statements proves incorrect, then actual results, levels of activity, performance or achievements could differ significantly from those expressed in or implied by the forward-looking statements contained herein. These forward-looking statements are subject to risks, uncertainties, and assumptions about or the projections that are subject to change based on various important factors, some of which are beyond our control. The factors identified above, among others, could cause our projections to differ significantly from the goals, plans, objectives, intentions and expectations expressed in our forward-looking statements. Therefore, TMG cautions you not to place

undue reliance on our forward-looking statements. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

The accompanying study is prepared for the information and use of our client, and may not be relied upon by any third party for any purpose, including but not limited to financing of the project or investing in the project.

While TMG Consulting endeavors to provide reliable estimates and projections, TMG accepts no liability by any party acting in relation to estimates and projections provided herein.

APPENDIX A: HISTORICAL REVENUE ANALYSIS

New York

STATEWIDE PERFORMANCE

The gaming industry in New York State has experienced dramatic growth over the past six years. Gaming supply has risen sharply as facilities have expanded and a new casino, Resorts World, has entered the market. This increase in supply has paved the way for stronger revenue gains throughout the State.

New York Gaming, GGR and Supply (Positions) 2008 thru 2013

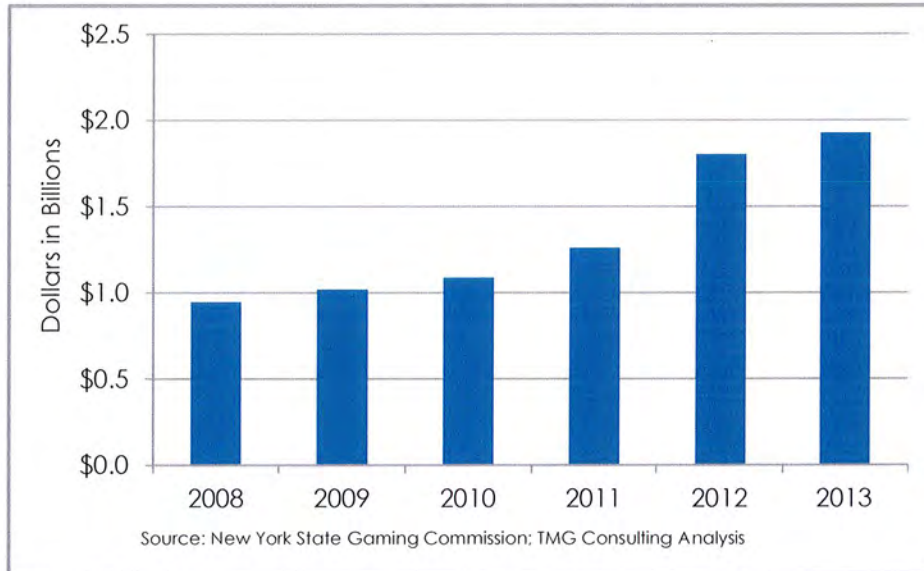
Year	Win (in billions)	Positions	Win per Position	% Change Revenue	% Change Positions
2008	\$.95 BN	12,961	\$200		
2009	\$1.02 BN	12,785	\$218	8%	-1%
2010	\$1.09 BN	12,464	\$239	7%	-3%
2011	\$1.26 BN	13,276	\$260	16%	7%
2012	\$1.8 BN	17,166	\$288	43%	29%
2013	\$1.93 BN	17,666	\$299	7%	3%
Average Annual Growth 2007 through 2012:				15%	6%

Source: New York State Gaming Commission; TMG Consulting Analysis

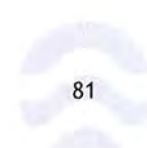
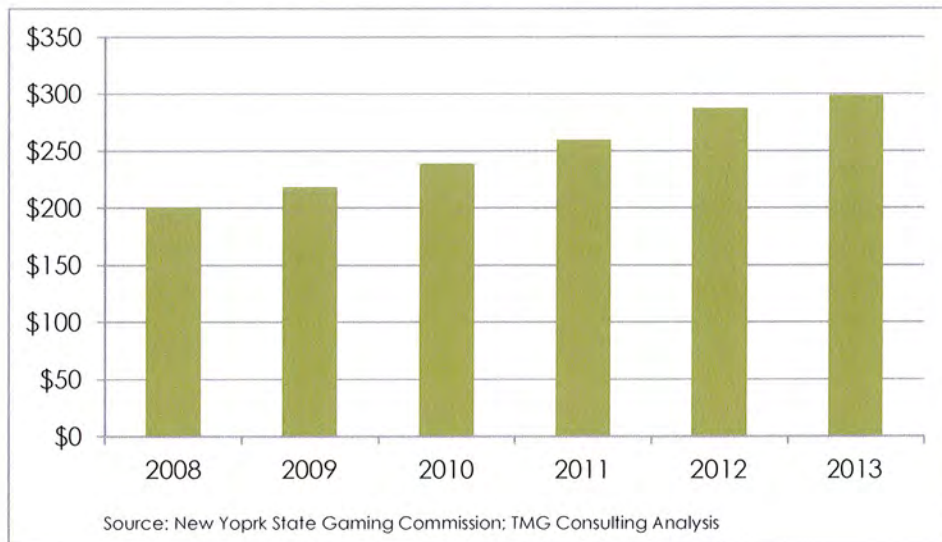
New York Monthly GGR, 2008 - 2013



New York Annual GGR, 2008 – 2013



New York Annual Win per Position, 2008 - 2013



INDIVIDUAL FACILITY PERFORMANCE

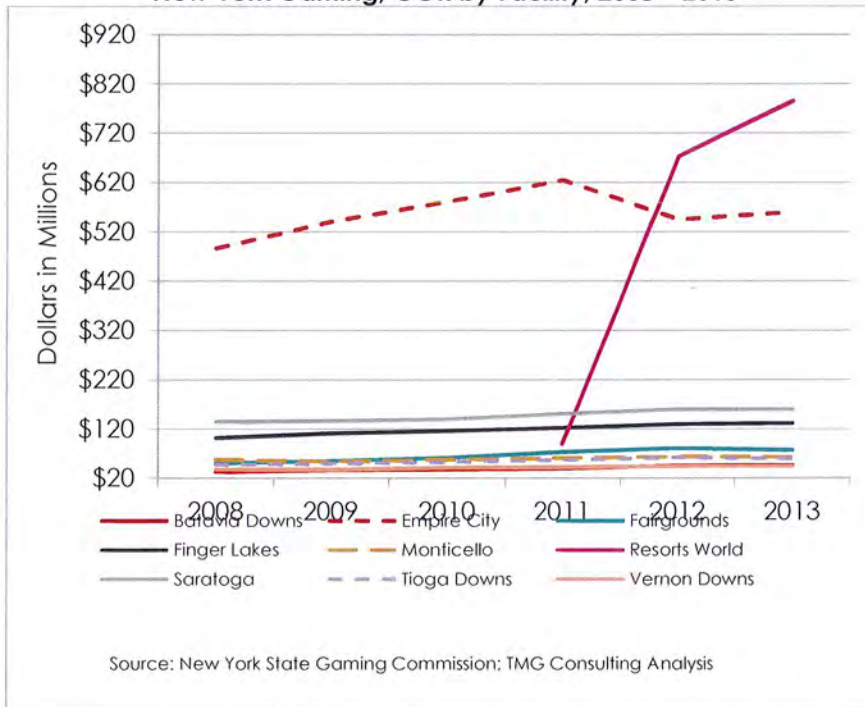
This section provides an analysis of the performance of New York commercial gaming facilities over the past six years. Each of the nine commercial gaming facilities has experienced an upward trend in gross gaming revenues during this time period.

New York Annual GGR by Facility, 2008 – 2013 (Dollars in Millions)

Casino	2008	2009	2010	2011	2012	2013
Batavia Downs	\$32.5 M	\$36.3 M	\$37.7 M	\$39.8 M	\$45.1 M	\$46.5 M
Empire City	\$486.5 M	\$540.5 M	\$581.2 M	\$624.4 M	\$544.7 M	\$559.9 M
Fairgrounds	\$50.0 M	\$55.1 M	\$61.6 M	\$73.1 M	\$81.2 M	\$76.8 M
Finger Lakes	\$101.4 M	\$111.1 M	\$115.7 M	\$122.0 M	\$129.6 M	\$131.5 M
Monticello	\$58.1 M	\$53.8 M	\$57.4 M	\$60.9 M	\$63.9 M	\$62.8 M
Resorts World				\$89.9 M	\$672.6 M	\$785.1 M
Saratoga	\$134.4 M	\$136. M	\$139.7 M	\$150.4 M	\$159.8 M	\$159.6 M
Tioga Downs	\$47.2 M	\$49.4 M	\$53.0 M	\$57.0 M	\$61.7 M	\$59.6 M
Vernon Downs	\$37.3 M	\$37.1 M	\$41.3 M	\$42.3 M	\$43.7 M	\$43.7 M
Total NY	\$947.3 M	\$1,019.3 M	\$1,087.7 M	\$1,259.8 M	\$1,802.2 M	\$1,925.6 M

Source: New York State Gaming Commission; TMG Consulting Analysis

New York Gaming, GGR by Facility, 2008 – 2013



Gaming supply varies quite dramatically among the nine commercial gaming facilities in New York. Resorts World and Empire City command the largest share of positions by a significant margin with 5,004 and 5,327 respectively.

New York Gaming Supply (Positions) by Facility, 2008 – 2013

Casino	2008	2009	2010	2011	2012	2013
Batavia Downs	596	604	605	607	635	666
Empire City	5,339	5,318	5,309	5,351	4,987	5,327
Fairgrounds	959	959	941	939	940	940
Finger Lakes	1,199	1,199	1,199	1,195	1,192	1,268
Monticello	1,587	1,401	1,093	1,110	1,110	1,110
Resorts World				2,919	4,954	5,004
Saratoga	1,770	1,770	1,775	1,782	1,780	1,782
Tioga Downs	751	771	782	800	802	802
Vernon Downs	761	761	761	764	767	767
Average NY	12,961	12,785	12,464	13,276	17,166	17,666

Source: New York State Gaming Commission; TMG Consulting Analysis

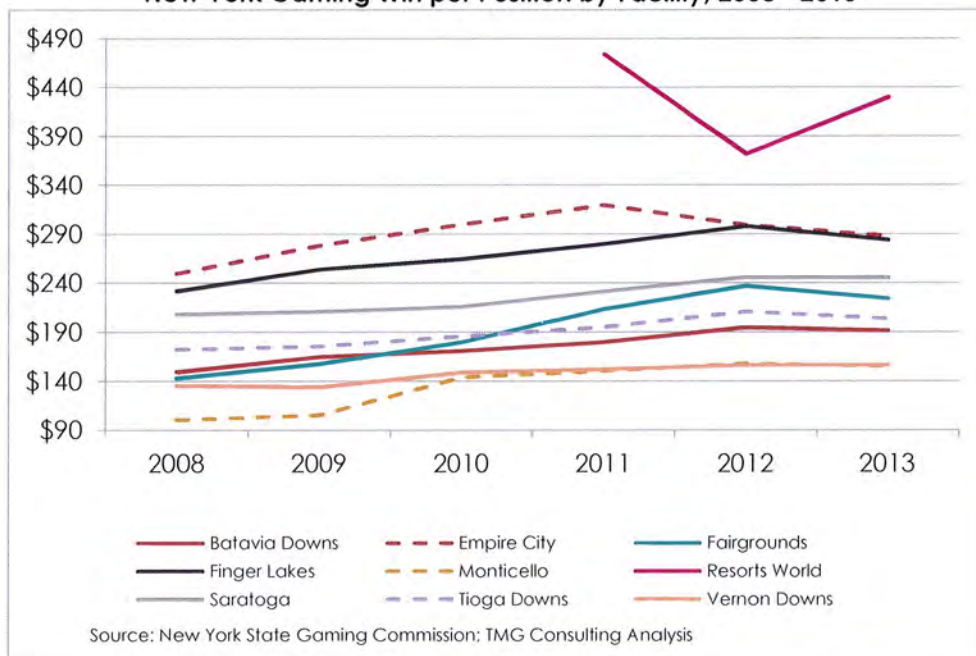
Win per position varies dramatically by facility; the strongest performer in this metric is Resorts World which had a \$430 win per position in 2013. On a statewide scale, Win per Position has seen consistent growth over the past six years.

Annual Win per Position by Facility, 2008 - 2013

Casino	2008	2009	2010	2011	2012	2013
Batavia Downs	\$149	\$165	\$171	\$180	\$195	\$191
Empire City	\$250	\$278	\$300	\$320	\$299	\$288
Fairgrounds	\$143	\$157	\$180	\$213	\$237	\$224
Finger Lakes	\$114	\$126	\$141	\$168	\$187	\$166
Monticello	\$100	\$105	\$144	\$150	\$158	\$155
Resorts World				\$471	\$372	\$430
Saratoga	\$208	\$211	\$216	\$231	\$246	\$245
Tioga Downs	\$172	\$175	\$186	\$195	\$211	\$204
Vernon Downs	\$135	\$134	\$149	\$152	\$156	\$156
Average NY	\$200	\$218	\$239	\$260	\$288	\$299

Source: New York State Gaming Commission; TMG Consulting Analysis

New York Gaming Win per Position by Facility, 2008 - 2013



Pennsylvania

STATEWIDE PERFORMANCE

The first casinos opened in Pennsylvania in late 2006. Since then, the number of facilities has grown along with gaming revenue. In 2008, with seven casinos open, Pennsylvania generated \$1.62 billion in gross gaming revenue (GGR), by 2013 this figure had risen to \$3.11 billion.

Additionally, gaming supply in Pennsylvania has increased annually as additional facilities have been added to the market. Furthermore, table games were introduced to the market in mid-2010, growing gaming supply at existing facilities. Tracking closely with growth in annual win, the number of positions has increased from 15,756 to 32,734 in 2013.

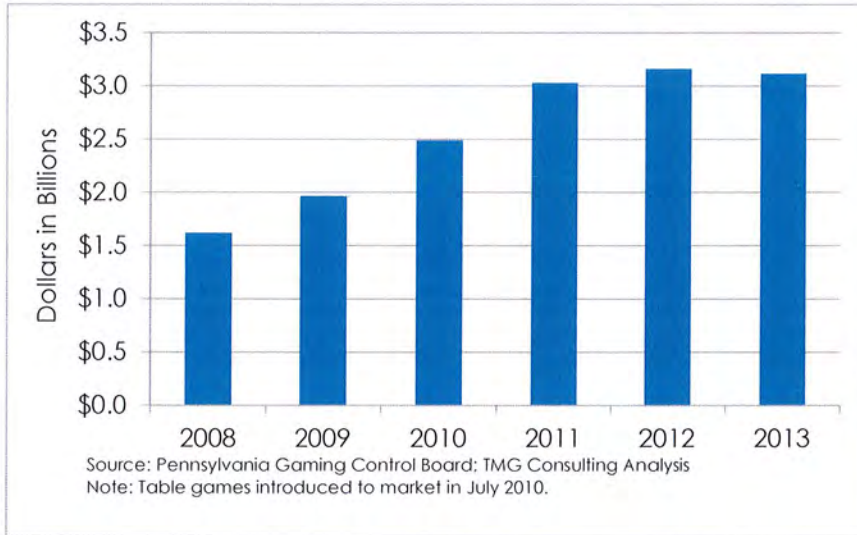
As the Pennsylvania market has grown, the win per position has ranged from a high of \$281 in 2008 to a low of \$246 in 2010. As of the most recently completed calendar year, 2013, the win per position stood at \$261. The following table and charts detail Pennsylvania's historical performance.

Pennsylvania Gaming, GGR and Supply (Positions) 2008 thru 2013

Year	GGR (in billions)	Positions	Win per Position	% Change Revenue	% Change Positions
2008	\$1.62 BN	15,756	\$281		
2009	\$1.96 BN	21,457	\$251	22%	36%
2010	\$2.49 BN	27,690	\$246	27%	29%
2011	\$3.03 BN	31,910	\$260	22%	15%
2012	\$3.16 BN	32,647	\$265	4%	2%
2013	\$3.11 BN	32,734	\$261	-1%	0%
Average Annual Growth 2008 through 2013:				12%	20%

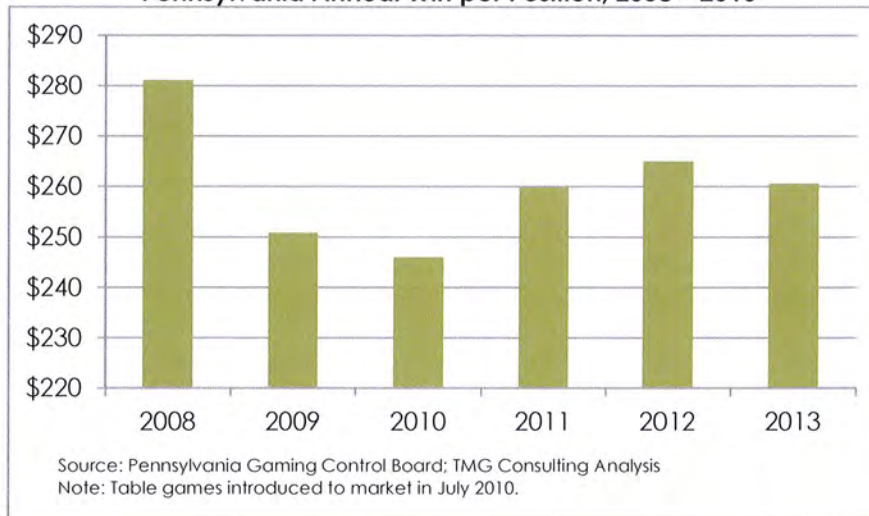
Source: Pennsylvania Gaming Control Board; TMG Analysis
Note: Table games introduced to market in July 2010

Pennsylvania Annual GGR, 2008 - 2013



Win per position, as shown below, has varied annually. The maginal variance of win per position between 2011 and 2013 indicates that the Pennsylvania gaming market is becoming more stabilized.

Pennsylvania Annual Win per Position, 2008 - 2013



INDIVIDUAL FACILITY PERFORMANCE

This section provides an analysis of the performance of Pennsylvania gaming facilities over the past six years. In general, all of Pennsylvania's casinos have experienced significant growth of gaming revenue over the past six years. Certainly the addition of table games to the market in 2010 has facilitated some of this growth. Of the twelve casinos in operation by the end of 2013, nine of them were already open before 2010.

Annual GGR by Facility 2008 – 2013 (Dollars in Millions)

Casino	2008	2009	2010	2011	2012	2013
Harrah's Philadelphia	\$328.4 M	\$315.9 M	\$326.5 M	\$349.1 M	\$340.8 M	\$311.2 M
Mohegan Sun	\$185.6 M	\$220.8 M	\$243.2 M	\$274.8 M	\$274.9 M	\$263.4 M
Mount Airy	\$176.4 M	\$164.6 M	\$163.3 M	\$185.4 M	\$189.5 M	\$183.4 M
Parx	\$346.5 M	\$359.3 M	\$432.6 M	\$493. M	\$494.5 M	\$487.7 M
Penn National	\$171.1 M	\$237.7 M	\$268.5 M	\$287.3 M	\$282.6 M	\$266.8 M
Presque Isle	\$164.5 M	\$166.7 M	\$180.2 M	\$188.4 M	\$169.6 M	\$144.6 M
Sands Bethlehem		\$142.3 M	\$286.1 M	\$377.3 M	\$438. M	\$465. M
SugarHouse			\$54.2 M	\$245.2 M	\$274.1 M	\$265.6 M
The Meadows	\$244.1 M	\$278.5 M	\$264.1 M	\$282.9 M	\$284.4 M	\$264.3 M
The Rivers		\$78.8 M	\$267.7 M	\$343.1 M	\$351.9 M	\$352. M
ValleyForge					\$57.9 M	\$96.3 M
Nemacolin						\$13.8 M
Total PA	\$1,616.6 M	\$1,964.6 M	\$2,486.4 M	\$3,026.6 M	\$3,158.3 M	\$3,100.1 M

Source: Pennsylvania Gaming Control Board; TMG Consulting Analysis
Note: Table games introduced to market in July 2010

Connecticut

STATEWIDE PERFORMANCE

The following table and charts will analyze Connecticut's historical gaming performance going back to the year 2008. Gaming performance will be measured by examining gross gaming revenue (GGR), number of gaming positions and the revenue generated by each position per day (Win per Position).

The following table showcases the decline in annual gross gaming revenue that has been seen in Connecticut each of the past six years. Total gaming supply has fallen quite significantly as well, from a high of 18,496 positions in 2009 to 15,873 positions in 2013.

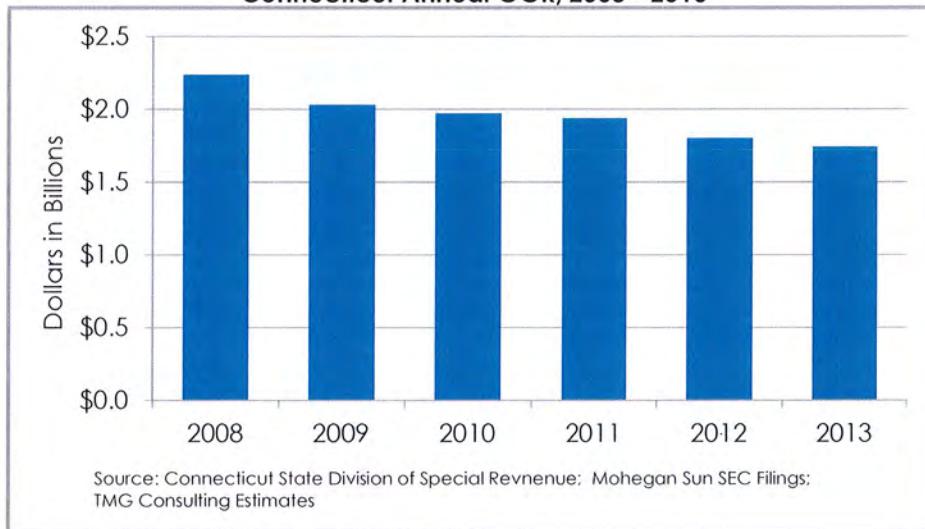
Connecticut Gaming, GGR and Supply (Positions) 2008 thru 2013

Year	Gaming Revenue (in millions)	Positions	Win per Position	% Change Revenue	% Change Positions
2008	\$2.24 BN	18,131	\$338		
2009	\$2.03 BN	18,496	\$301	-9%	2%
2010	\$1.97 BN	17,483	\$309	-3%	-5%
2011	\$1.94 BN	16,850	\$315	-2%	-4%
2012	\$1.8 BN	16,181	\$305	-7%	-4%
2013	\$1.74 BN	15,873	\$301	-3%	-2%
Average Annual Growth 2008 through 2013:				-5%	-3%

Source: Connecticut State Division of Special Revenue, Mohegan Sun SEC Filings, TMG Consulting Analysis

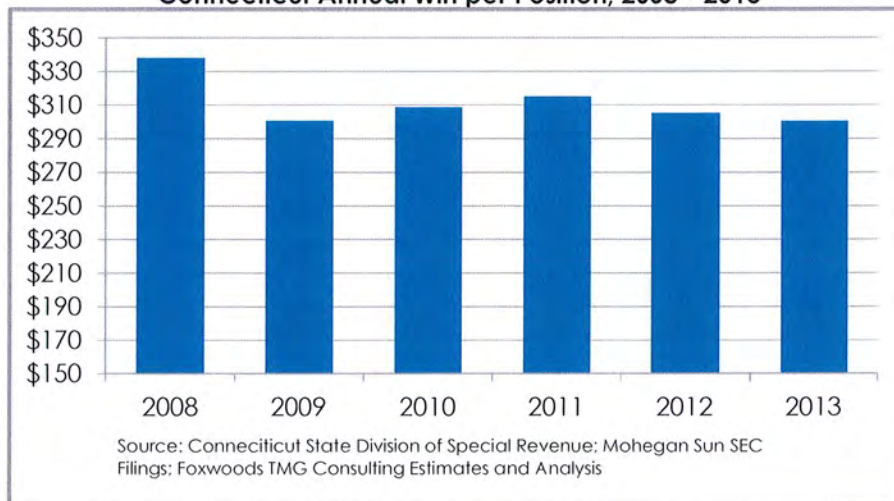
Annual gaming revenues have declined in Connecticut in each of the past six calendar years, the following chart illustrates this trend.

Connecticut Annual GGR, 2008 - 2013



Despite falling revenues, annual Win per Position has been able to remain relatively stable after the calendar year of 2008.

Connecticut Annual Win per Position, 2008 - 2013



INDIVIDUAL FACILITY PERFORMANCE

This section provides an analysis of the performance of Connecticut's two gaming facilities over the past six years. As seen in the statewide overview, the performance of Connecticut's two gaming facilities has declined in all of our performance metrics. It is important to note that despite declines in gaming revenue and overall gaming positions, Connecticut's two gaming facilities are still generating nearly 1 billion dollars each of gaming revenue annually and still command a significant market share of casino patrons in the Eastern United States.

Annual GGR by Casino 2008 – 2013 (Dollars in Millions)

	2008	2009	2010	2011	2012	2013
Foxwoods	\$1,036.7 M	\$958.5 M	\$922.8 M	\$912.2 M	\$845.6 M	\$806.8 M
Mohegan Sun	\$1,200.2 M	\$1,071. M	\$1,046.6 M	\$1,025.3 M	\$957.1 M	\$934.3 M
Total	\$2,237. M	\$2,029.5 M	\$1,969.5 M	\$1,937.5 M	\$1,802.7 M	\$1,741.1 M

Source: Connecticut State Division of Special Revenue; Mohegan Sun SEC Filings, Foxwoods. TMG Consulting Estimates

New Jersey

STATEWIDE ANNUAL PERFORMANCE

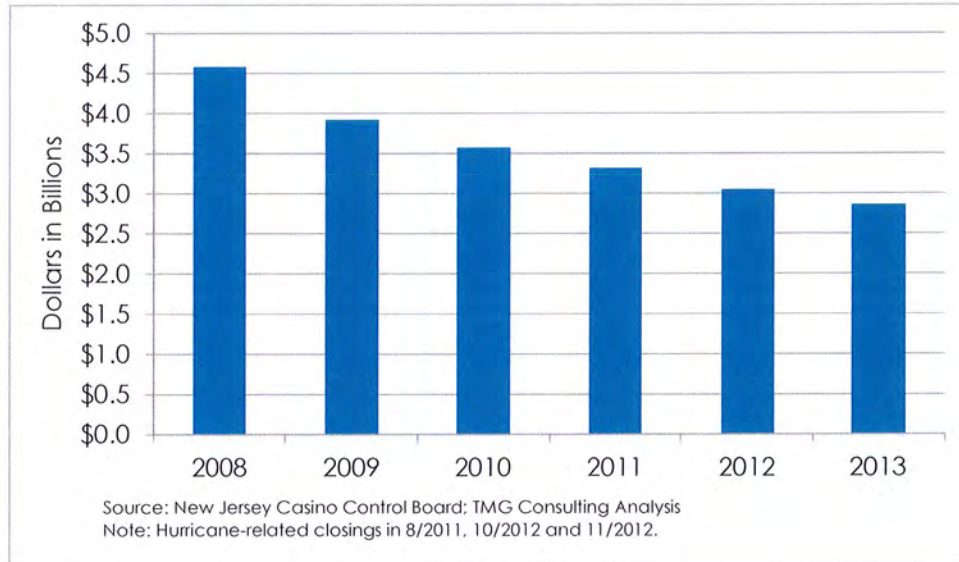
New Jersey has seen declines in all three of our identified performance metrics, gross gaming revenue, gaming positions and Win per Position. From 2008 to 2013 gaming revenues have declined by an average of 9% annually. In absolute terms, gaming revenue stood at \$4.58 billion in 2008 compared to only \$2.86 billion in 2013. Furthermore, gaming positions have fallen 44,686 in 2008 to 35,670 in 2013 and a Win per Position rate of \$281 a day in 2008 has fallen to \$220 a day in 2013.

Atlantic City Gaming, GGR and Supply (Positions) 2008 – 2013

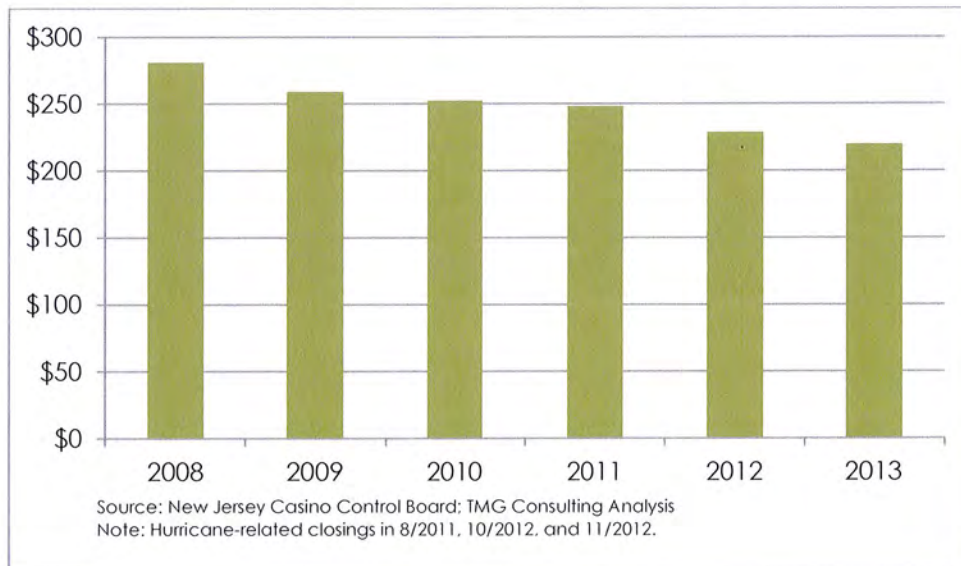
Year	Win (in billions)	Positions	Win per Position	% Change Win	% Change Positions
2008	\$4.58 BN	44,686	\$281		
2009	\$3.92 BN	41,423	\$259	-14%	-7%
2010	\$3.57 BN	38,748	\$253	-9%	-6%
2011	\$3.32 BN	36,933	\$248	-7%	-5%
2012	\$3.05 BN	37,034	\$229	-8%	0%
2013	\$2.86 BN	35,670	\$220	-6%	-4%
Average Annual Growth 2007 through 2012:				-9%	-4%

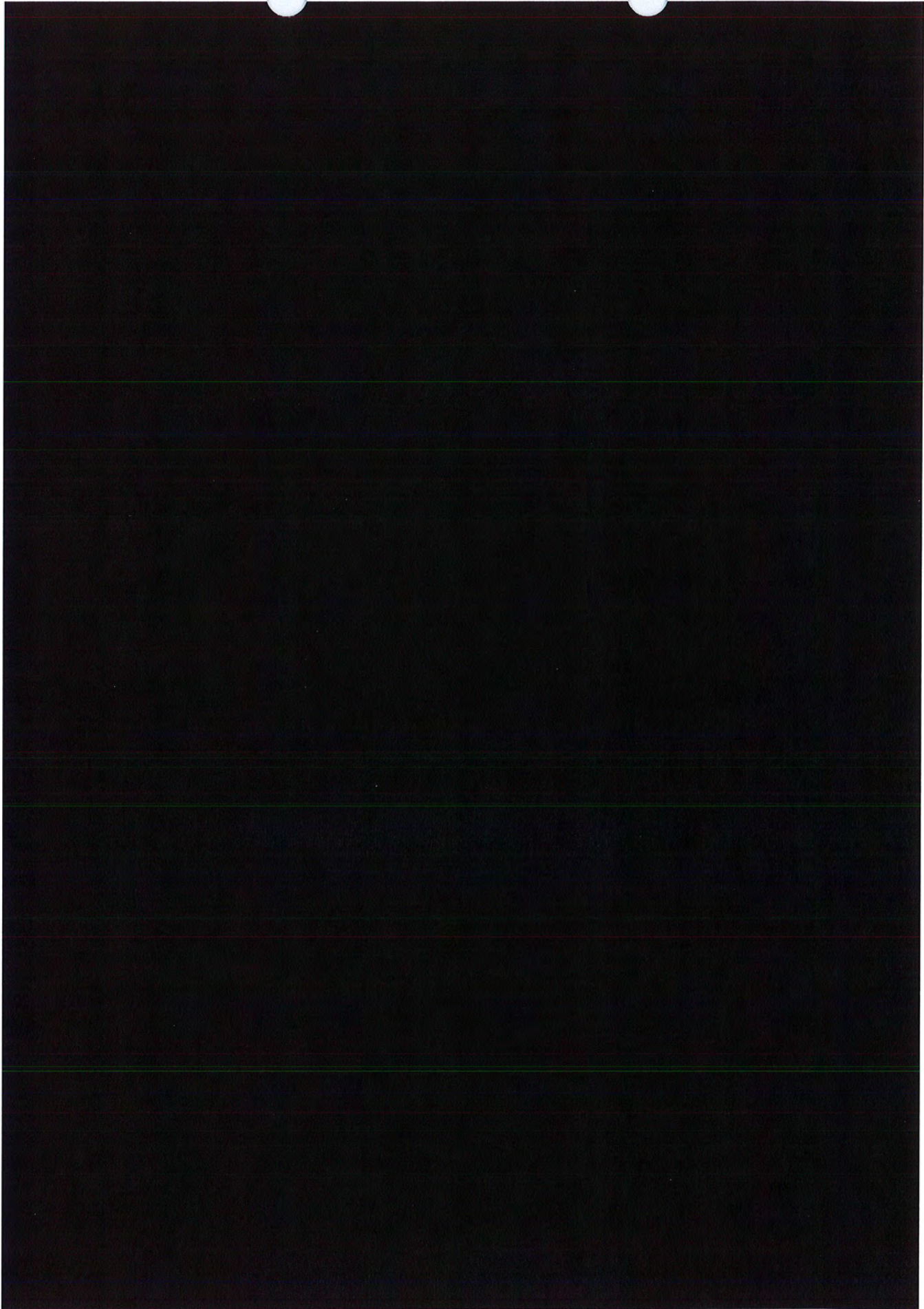
Source: New Jersey Casino Control, TMG Consulting Analysis.
Notes: Hurricane-related closings in 8/2011, 10/2012, and 11/2012

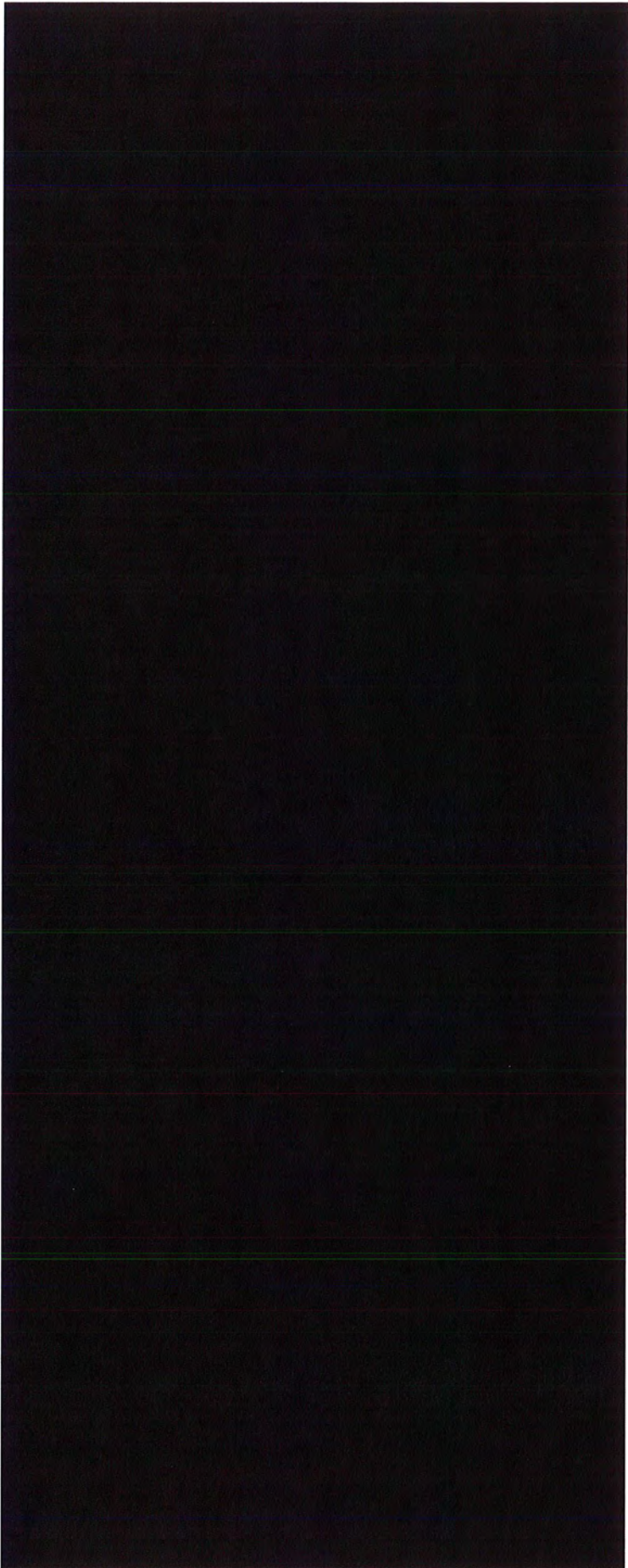
Atlantic City Annual GGR, 2008 – 2013



Atlantic City Annual Win per Position, 2008 -2013

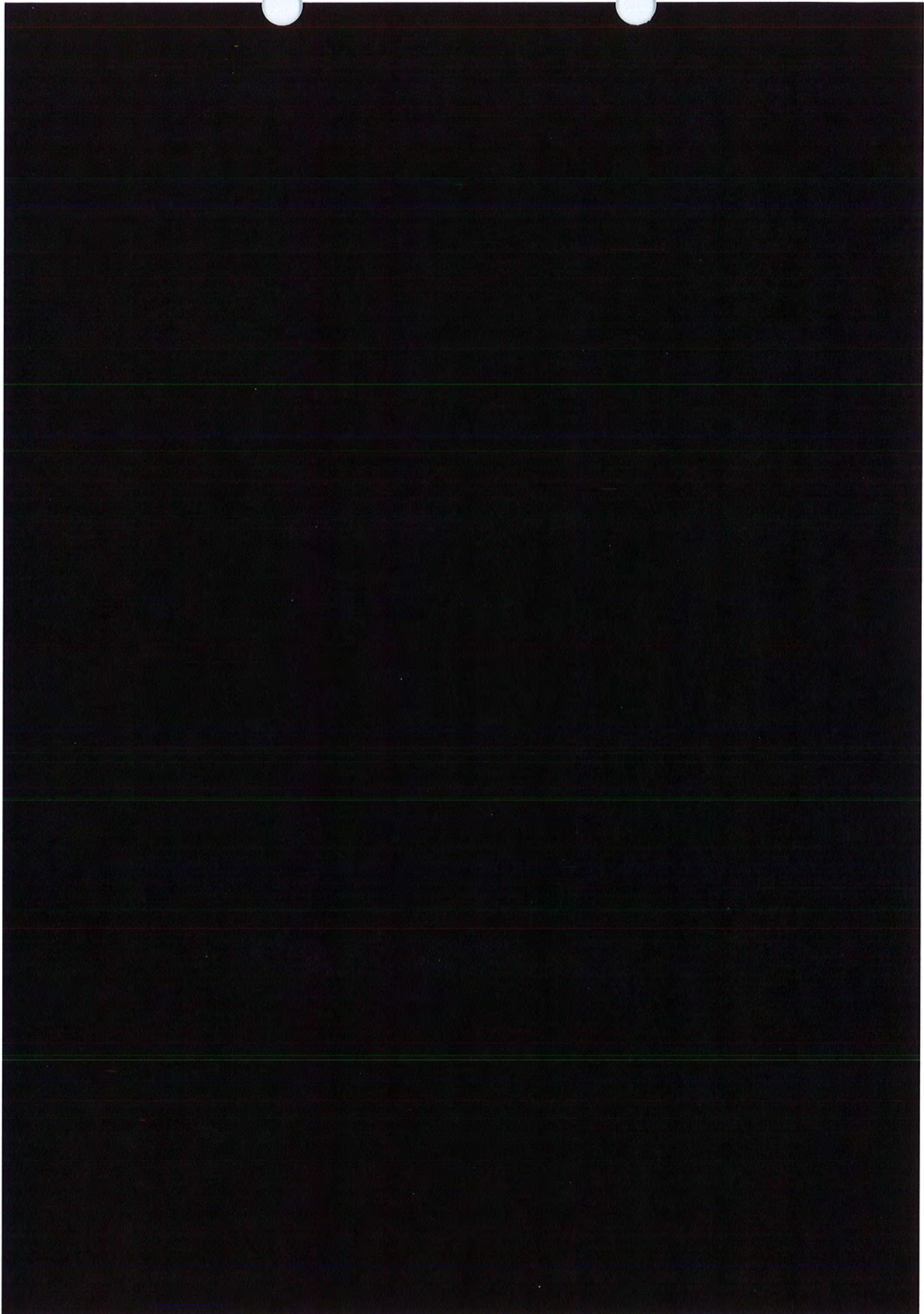


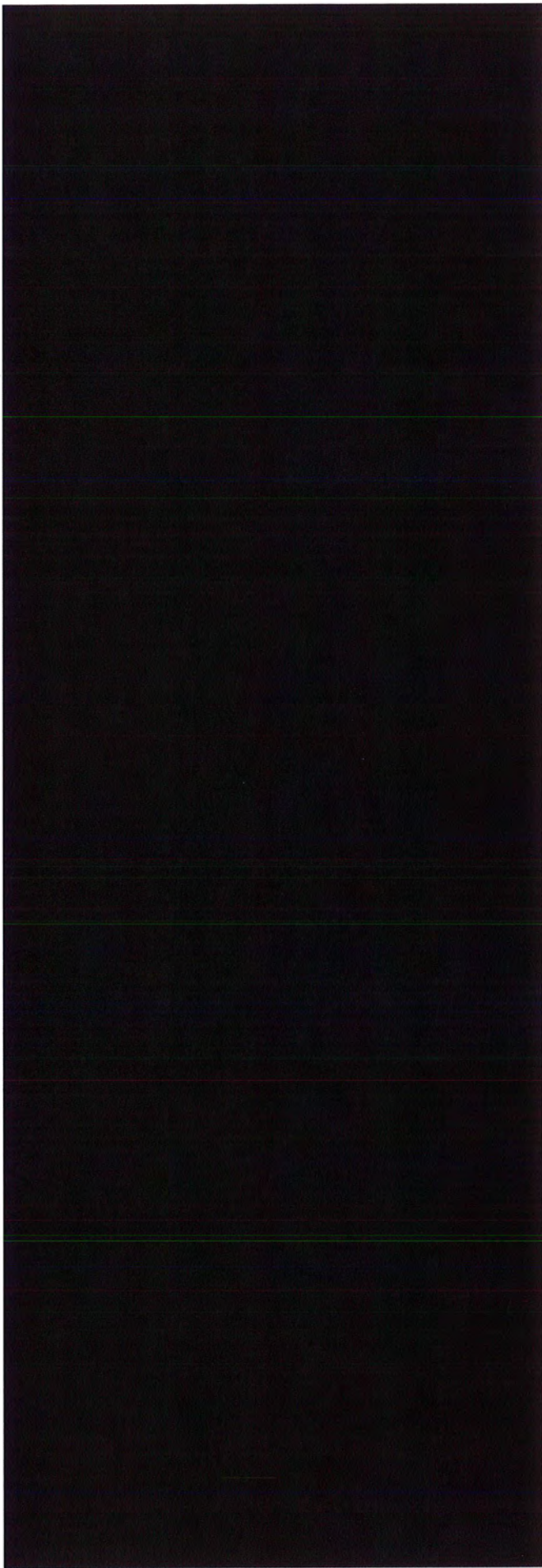


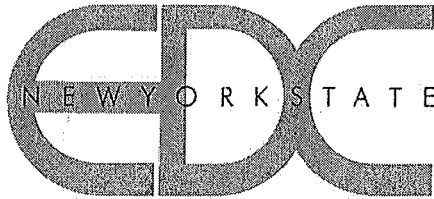


Gravity Model Assumptions: Competition in 2017

Gaming Facility	State	# of Tables	# of Slots	# of VLTs
Lago Resort and Casino	NY	85	2,000	
Capital District Resort Casino	NY	100	2,000	
Cashla Region Resort Casinos	NY	200	4,000	
Long Island OTB VLT Facilities	NY			2,000
Seneca Gaming & Entertainment, Oil Spring	NY			111
Barclays Downs	NY			788
Empire City at Yonkers	NY			5,307
Finger Lakes Gaming & Race track	NY			1,549
Hamburg Casino at Fairground	NY			940
Monticello Casino & Raceway	NY			1,110
North World Casino & Raceway	NY			5,004
Saratoga Casino & Raceway	NY			1,782
Ilaga Downs Casino	NY			802
Vernon Downs Casino	NY			747
Alvadaia Mohawk Casino	NY	38	2,524	
Lakeview Entertainment Union Springs	NY			86
Lakeview Entertainment Seneca Falls	NY	36	2,000	30
Seneca Allegany	NY	18	600	
Seneca Buffalo Creek Casino	NY			500
Seneca Gaming & Entertainment, Irving	NY	10		280
Seneca Gaming & Entertainment, Salamanca	NY	124	4,000	
Seneca Niagara	NY	117	2,142	
Turning Stone	NY	585	11,384	
Foxwoods/Mohican CT	CT	150	3,000	
Boston Resort Casino	MA	100	3,000	
Eastern MA Resort Casino	MA	100	3,000	
Springfield Resort Casino	MA	100	3,000	
Fenn National Hardidge Racino	MA	100	1,250	
New Philadelphia Casino	PA	100	2,500	
Lawrence Downs Racino	PA		1,500	
Harrah's Philadelphia	PA	124	2,785	
Hollywood Casino & Penn National Race Course	PA	89	2,454	
Lazy Jack Casino Nemacolin	PA	38	589	
Mohican Sun of Pocono Downs	PA	84	2,532	
Mount Airy Casino Resort	PA	73	1,894	
Paxx Casino	PA	165	3,242	
Pinnacle Isle Downs & Casino	PA	46	1,212	
Rivers Casino	PA	113	2,761	
Sand Casino Resort Bethlehem	PA	185	3,013	
SugarHouse Casino	PA	58	1,403	
The Meadows Race track and Casino	PA	78	3,319	
Valley Forge Casino Resort	PA	50	600	
Atlantic City Casinos	NJ	1,394	26,413	
Total 45 Facilities in Model		4,402	77,602	21,716







Brian T. McMahon
Executive Director

November 30, 2015

Robert Aronson
Executive Director
Seneca County Industrial Development Agency
One DiPronio Drive
Waterloo, New York 13165

Dear Mr. Aronson:

Re: Statement in support and opinion of NYSEDC concerning Lago Resort & Casino, LLC

The New York State Economic Development Council is the state's principal organization representing economic development professionals. Our 900 members include the leadership of Industrial Development Agencies, Local Development Corporations, commercial and investment banks, underwriters, bond counsels, utilities, chambers of commerce and private corporations.

The purpose of NYSEDC is to promote the economic development of the state and its communities, encourage sound practices in the conduct of regional and statewide development programs, and to develop education programs that enhance the professional development skills of NYSEDC members.

NYSEDC has been serving New York's development professionals for more than 40 years. The Board of Directors and members of NYSEDC represent the highest standards of their profession, and have unparalleled experience and expertise working with state and local economic development programs.

On July 30, 2013, Governor Cuomo signed the Upstate New York Gaming Development Act of 2013 (the "Gaming Act"), which authorized casino gaming in New York (see Racing, Pari-mutuel, Wagering and Breeding Law ["PML"] PML §§ 1310, 1311). In adopting the Gaming Act, the Legislature found casino gaming can "boost economic development, create thousands of well-paying jobs and provide added revenue to the state" and that "[r]evenue realized from casinos shall be utilized to increase support for education beyond that of the state's education formulae and to provide real property tax relief to localities" (see PML §§ 1300[5], [9]). On December 17, 2014, the Gaming Facility Location Board selected Lago Resort & Casino, LLC ("Lago") to apply to the Gaming Commission for a gaming facility license for Region 5.

We have been advised that Lago has applied to the Seneca County IDA for financial assistance consistent with the agency's Uniform Tax Exemption Policy (UTEP) for a project (the "Project") consisting of construction on 84 acres of land in Tyre, New York at Thruway Exit 41; an

Leadership. Advocacy. Professional Development.

William G. Mannix
Town of Islip IDA
CHAIR

Steven G. Hyde
Genesee County Economic
Development Center
CHAIR-ELECT

Mamie LaVigne
Launch NY
VICE-CHAIR

George E. Miner
Southern Tier Economic Growth, Inc.
VICE-CHAIR / TREASURER

Judy Sell
County of Monroe IDA
VICE-CHAIR

Patrick J. Kelly
St. Lawrence County IDA
SECRETARY

Brian T. McMahon
EXECUTIVE DIRECTOR

approximately 95,000 square-foot casino containing approximately 95 gaming tables and approximately 2,000 slot machines; plus an additional 75,000 square-feet of support and back of house space; a six-story, approximately 153,000 square-foot hotel containing approximately 205 rooms; an approximately 12,500 square-foot state-of the art full-service spa; approximately 2,500 square-feet of pool area; an assortment of restaurants totaling approximately 28,000 square-feet; an approximately 40,000 square-foot event center; an approximately 4,000 square-foot child care center; concierge service; a parking garage with parking spaces to accommodate approximately 805 vehicles; surface parking for approximately 2,403 cars, buses or RVs; an approximately 9,000 square foot central plant including and adjacent maintenance facility and related amenities (collectively, the "Improvements"); and the acquisition and installation by the Company in and around the Improvements of certain items of equipment and other tangible personal property (the "Equipment" and, collectively with the Land and the Improvements, the "Facility"). We have reviewed the Inducement Resolution of the Seneca County IDA passed on November 16, 2015 wherein in Section 1 the board found and determined in part that:

(C) The action to be taken by the Agency will induce financing of the Project, thereby facilitating the Company's development of the Project, thereby increasing employment opportunities in Seneca County, New York, and otherwise furthering the purposes of the Agency as set forth in the Act; and

(E) The Agency hereby finds that, as set forth Section 862(2)(a) of the Act, the Project is likely to attract a significant number of visitors from outside the economic development region in which the Project is located, as established by section two-hundred thirty of the New York State Economic Development Law; and

(F) The Project will promote and maintain the job opportunities, general prosperity and economic welfare of the citizens of the County of Seneca and State of New York, improve their standard of living, and prevent economic deterioration in Seneca County. This Project represents an opportunity for the area to bring back some of the thousands of jobs that have left the area as a result of closings of private and government employers and by letter attached hereto as Exhibit A was determined to be "within, and coordinated with, the Regional Economic Development Plan for Seneca County". We note that the Seneca County Planning Board has consistently indicated its approval and support through multiple referrals. We note further the support for the Project from the Rochester Business Alliance, County of Seneca, County of Wayne, County of Schuyler and Towns of Tyre, Seneca Falls, Waterloo, Romulus, Lodi, Varrick, and Covert, the project specific zoning unanimously approved by the Town of Tyre Town Board through a Planned Unit Development and unanimous approval of the Site Plan. The Agency therefore determines that the Project constitutes a "commercial" facility as contemplated by the Act, and that the Agency's grant of assistance to the Project will thereby serve the public

Robert Aronson
November 30, 2015
Page 3

purposes of the Act. The Agency also finds that the Project is a Recreation Facility as defined by GML Section 854(9).

NYSEDC has been advised that there are projected to be upwards of 1800 construction jobs and approximately 1800 permanent jobs once operations commence. NYSEDC is of the opinion that the Project promotes the goals of the Gaming Act and that the Seneca County IDA is within its authority under the IDA Act (GML Article 18-A) to find that this type of for profit project would constitute a "commercial project" under the IDA Act and would fall within the defined term of "recreational facility" under the IDA Act.

As the leading trade association for public sector economic developers in New York State, NYSEDC is pleased to provide this letter of support and request that our opinions be read into the record at the public hearing related to the Lago Project.

Sincerely,



bml/

Jeffrey A. Dawley
8 Center Street
Waterloo, NY SENECA COUNTY

Industrial Development Agency
One Dipronio Drive
Seneca County Office Bldg.

r.aronson@senecacountyida.org
k.kline@senecacountyida.org

November 30, 2015

To the Board of Directors, Seneca County IDA; *Confusing*

This assistance application for tax breaks etc. for Wilmorite should be scrutinized no differently than any other applicant. Does it or does it not meet the NY State agency criteria? ~~Here~~ a statement from the former chairman of the board of supervisors in regard to the August 13, 2013 minutes calling for the IDA agency to re-evaluate its policies for financial support in regard to Seneca Meadows, Inc.

Attached is the resolution passed unanimously at that meeting. Please note the last paragraph of the resolution opposing the Seneca County's IDA, a New York State Agency's granting of an exemption: (attached p. 22-23, res. No. 161-13 <http://www.co.seneca.ny.us/wp-content/uploads/2014/11/Min-2013-08-13-Regular-Board-Meeting-Public-Hearing-APPROVED.pdf>)

~~Similarly~~, Seneca County taxpayers could use 100% of the estimated tax money much more than Wilmorite, and if Wilmorite gets a gaming license, they will not be taking their casino project to another county/state nor will there be any job losses if this Casino application is not granted, the basis for IDA mission to grant tax incentives.

Words of support from Robert Shipley the first time Wilmot sought tax incentives from the IDA raised the necessity of this project to offset the delinquent Indian property taxes owed to the county/town of Seneca Falls. If this is such a burden, why would he or any other legislator be in favor of these tax breaks at all?? Especially from a project that needs no enticing, and isn't going anywhere else?

Senator Nozzolio garnering quite a sum of NY state taxpayer money to the tune of 1.2 million dollars to offset the loss of tax revenue which was given to this County. Shouldn't we be using that money to help lower taxes for the Seneca Falls taxpayers burdened by the Cayuga Nation land issue? Instead it has been used for projects in Waterloo and for the 318/414 sewer line which likely will benefit the casino project. Why are we paying for Wilmot's private corporate monopoly? If licensed, Wilmot will be guaranteed his own monopoly on restaurants, hotel patrons and his profit at all costs gambling empire.

I question how you can give away (not collect) taxpayer dollars that should be used for the impacts to our community from the supposed increases in tourism, traffic accidents, crime, and especially the impact that has not been well documented in regard to problem gambling.

The addition of a potential burden to Seneca County (casino related) should be a factor that taxpayers shouldn't have to pay for and tax abatements mean less money into taxes, a benefit only to Wilmorite, but a detriment to taxpayers.

I also know that Wilmorite's lawyers, Harris Beach, have been historically involved in this Seneca County IDA agency. This conflict should be a public issue. There will be formal complaints and an investigation will have to be raised on behalf of this community if people in Seneca County opposed to the granting of any tax breaks etc. for Wilmorite/Whitetail 414, LLC, or Any agent of Wilmorite or their affiliates get stuck with the county IDA agency cutting the taxpayer out of the benefit of 45 million dollars for no apparent reason. Please hear the people of your county, the

taxpayer's money is not for Wilmorite's gain. None of the county has agreed to give them anything, and it's up to you to listen. That is what the public hearings are for, not just an exercise in futility.

Sincerely,
Jeffrey Dawley
Jeffrey A. Dawley
8 Center Street
Waterloo, NY SENECA COUNTY

In Seneca County, the IDA has a track record of using taxpayer dollars to finance \$90M worth of bonds and \$5M in sales tax exemptions for Seneca Meadows' expansion—a project that would have occurred without IDA incentive, anyway.

Now they've voted to give away \$45.3M more of ^{our} your money in tax incentives—this time to Wilmorite, a wealthy corporation that owns shopping malls throughout New York State and whose gain comes at the expense of higher taxes for others, including those more deserving.

What's worse, as outlined by Allison Stokes (FLT, 2/25/15), is that these IDA payments to Wilmorite would last for a period of 20 years, effectively turning County taxpayers into co-signers on a long-term loan for a project that banks apparently deem too risky to approve on its own merits.

In other words, will taxpayers be stuck with picking up the tab as they did for JPMorgan and other "too big to fail" banks?

As David Cay Johnston, a Pulitzer Prize-winning reporter and author of three books on financial inequalities, said: "IDAs and other state and local corporate welfare for businesses now cost \$900 a year for every U.S family of four."

As reasoning for their actions, the Seneca County IDA points to a report they commissioned that concluded that the financial benefits to the town and county would be \$1.8 billion, or a benefit-to-cost ratio of nearly 52 to 1.

But if the benefits are indeed this great, why don't the banks see it this way? The only one who's guaranteed lower taxes out of this deal would be Wilmot.

Perhaps they've read "Gambling in America: Costs and Benefits," generally viewed as the definitive study of this topic, wherein the author Earl Grinols estimates that every dollar of economic gain from casinos is offset by three dollars of economic loss.

The story of recently failed casinos up and down the Atlantic seaboard has been one of taxpayer bailouts, whether it's to bail out the seller or to help fund a new buyer.

The casinos cannot now operate without government subsidies and have become "welfare queens." This is an ironic reversal of what was supposed to produce jobs and income for residents, who now instead have to support the industry with their tax dollars.

And if Wilmorite were to default on a loan, it wouldn't be the first time. City of Rochester officials say that Wilmorite was delinquent for a period of over a decade in owing them over \$20 million (See *D&C*, 2/12/12).

For these reasons and more, Seneca County citizens on January 29 -- myself included -- overwhelmingly disapproved of any amount of taxpayer money being given to Wilmorite in what has become just one more of the IDA's growing list of sham public hearings that is endorsed and abetted by our elected County officials.

So here you are, at it again, after previously ignoring the will of the people. Shame on you for even re-considering giving my money to Wilmorite.

Sincerely,

Glen Silver, President, Concerned Citizens of Seneca County

My name is Linda Ochs
It is hard to get a man to understand when his salary depends on him not still understanding
you completed a 2d review on this project and didn't listen to the residents of the area. You already have my previous comments and I wish to reiterate what I have already stated. This applies to this project.

This Casino project should not receive a dime of our tax dollars to make this project happen. Wilmoth & has said publicly he didn't need or want our money for this project. We shouldn't be making rich people with less than outstanding financial + project accomplishments. That does not hold true for this project.

-Laurel Shoemaker-

Our family resides in a neighboring town to the proposed site of the Wilmorite Casino Lago. We are strongly opposed to this project, its location, and any tax incentive packages that might be in consideration for it. It will undermine, not only Tyre's, but the surrounding area's economy as well.

I would like to reference the IDA Act GML Article 18-A--you are probably familiar with it. It is my understanding that casinos are not included in the IDA Act, and therefore shouldn't be allowed, not even considered for any financial assistance. As far as the "Centerpiece Destination" reference from the Attachment to the Lago Application, Lago's casino location and the 'casino model' disqualifies it from being a "Tourism Destination" (IDA Act GML Article 18-A). For location, the Lago project is nowhere near any state line to attract out-of-state tourists. As for the "casino model", it relies on 50-70% repeat customers to exist. This percentage of repeat customers would be locals frequenting this locale, not out-of-towners. Lago would be nothing more than a "convenience" casino once the shine wears off.

When you think of "destination" resort, what sights and sound and smells come to mind? Typically, a dump, a truck stop, and the NYS thruway wouldn't be at the forefront of your mind.

The Catskill's Sullivan Montreign Casino location is a true "destination" location of our state. This is the casino that Wilmot's attachment references at the bottom of page 3, when "comparing the impacts and assessing financial assistance"...as vague as all that is, it is a poor comparison. Sullivan County's Montreign casino isn't stealing 50-70% of the patrons from the nearby gaming facilities as Lago would be, being nothing more than another thruway casino. Multiple casinos within a 22-75 mile radius of the proposed

Lago location, are already readily available to those looking to patronize a casino. It seems one of the only true similarities between the proposed Lago and the Montreign, is the search for tax breaks. Who doesn't like a good tax break?

The proposed Lago casino has been strategically placed to draw from the NYS Thruway. Every vehicle that would otherwise turn right and enter our growing Finger Lakes Region, will now go left to the casino. The goal of casinos: keeping patrons there... as stated in the Town of Tyre's CGR report, page 22, and I quote, "the casinos business model relies on retaining customers on site." That doesn't sound like a statement reflecting genuine concern for the economic development and growth of the surrounding area.

This IDA deal has been tainted by conflicts of interest since Shawn Griffen, Wilmorite's counsel, worked this deal while acting as counsel for the Seneca county IDA.

Meanwhile, Lago did not disclose any tax breaks in their application, selling their project as, "being a taxpayer"...(this can be found in the Fayette Town Board meeting minutes).

FOILED documents reveal that at this time lucrative tax breaks were being negotiated for Wilmot.

For all of these reasons, the gaming commission would do well to NOT award a license to Lago and for this evening, with all due respect, it would behoove you, the IDA, to be gutsy and discard any inclination you may have had; DO NOT give any tax breaks to Wilmorite-Casino Lago.

Good Evening, My name is Desiree Dawley and I am here tonight to oppose the Lago Financial Assistance package, essentially a repeat of the January - February Application. I would like to address a few questionable aspects of this "deal."

I would like this Board to explain the discounted IDA fee? What is the reason for giving one of the richest developers in the country a discount on the fee? Because Mr. Wilmot's lawyer is the IDA's regular lawyer, may I suggest that may have caused undue influence?

Banishing Shawn Griffin and Harris Beach from the new application does not cure the conflict. This is essentially the same old deal that his firm negotiated for Lago while it was counsel to the IDA. The ethical taint remains.

The IDA was created to support economic development in Seneca County. The IDA fee is essential to supporting those efforts. And the largest project and associated tax breaks in the county's history could mean grants or loans to small businesses and numerous other ways to support other people of this county. But instead this Board has given Wilmot a 75% discount. Why? What is the reason? There's no mention of any need for this discount in the Lago State application so why are giving to him?

It appears that the only one getting lower taxes from this casino project is Mr. Wilmot's Lago project. His signs claiming lower taxes should be changed to lower taxes for LAGO.

This whole redo is entirely disappointing and a real slap in the face to area taxpayers who were sold something very different than what we see here tonight, and I hope you the IDA will say no to the assistance for Wilmot's casino project.

Desiree Dawley

Industrial Development Agency
One Dipronio Drive
Seneca County Office Bldg.
r.aronson@senecacountyida.org
k.kline@senecacountyida.org

November 30, 2015

To the board members of the Seneca County Industrial Development Agency:

My name is Tom Meyers and I am objecting to ANY financial assistance to be given to Wilmorite or any of its agents in any form, be it loans, lease backs, tax abatements, elimination, reduction or any partial or deferred payment of the actual fairly assessed mortgage tax, sales and/or town/county tax or any such pilot agreements offered through the Seneca County Industrial Development Agency.

When a private corporation has been petitioned to the courts for failure to complete a state mandated review designed to protect our water and natural resources but instead, makes monetary bribes to avoid the Judicial system, this should be a "red flag" to our local officials who should not assist them in any way, especially financially.

The attached copy outlines the bribe made by Wilmorite attorney Shawn Griffin to the ten petitioners of the Article 78 lawsuit reported in the Finger Lakes Times November 16, 2015 exposing Wilmorite for their offer of "hush money," an attempt to avoid a proper NY State review and squash the opposition to his boss's casino project. The same Harris Beach Attorney representing the Seneca County IDA in negotiating a tax break while representing Wilmorite is a glaring conflict of interest! That corporation should not get any assistance.

On July 10, 2015 the courts ultimately ruled that indeed, Wilmot's environmental review was flawed and every single approval for the casino was vacated - the same suit that Wilmot's attorney Shawn Griffen tried to squash. As a result, another review was commenced. This time Wilmot's paid professionals skirted every request by the neighborhood residents to avoid any further studies which would merely protect the residents. What are they afraid of?

In fact further review and study would ensure that the casino impacts of estimated 9000 visitors per day to a small rural community of 900 residents would protect residents from permanent risks to their safety and property but instead, Wilmot would rather go to court a second time for ignoring glaring adverse impacts. I caution the IDA to review the character of this applicant, and his unwillingness to stand behind his word to the public saying he would be a "good neighbor" and a "taxpayer." Check out his track record of failed and unpaid projects, in particular the Sibley building blight that stuck the city of Rochester for 18 million dollars of back taxes because of a (quote)"deal" and loophole cut with the city.

Thank you,
Tom Meyers

This document (email copy) is only to be used as supporting the statements made in our press release to the Finger Lakes Times in regard to the Article 78 Petition decision dated September 18, 2014. Any other use will have to be approved by Casino Free Tyre's Attorney.

Date: August 7, 2014 at 12:29 PM

From: "Douglas H. Zamelis, Esq."

Subject: ***Report of Settlement Offer From Wilmorite***

Dear Desiree, Jim, Other Petitioners,

I received call yesterday while I was in New York about to argue a case from Shawn Harris, "lead attorney" for Wilmorite. He asked me "Is there anything that your clients might consider to settle the matter, or are they dead set on litigating the matter to judgment". He said to me "If there is any way you can put on your real estate attorney hat instead of your litigator hat, then I'm [Harris] the guy to talk to". I told him that I would pass along his offer to the petitioners and that I would get back to him. But I called him back this morning to feel him out further. **Harris responded by saying that he has not discussed specifics with his client but he is confident Wilmorite would be willing, in exchange for withdrawing the suit, to purchase petitioners' properties and grant each person a life estate that would allow possession and residence on the property for the remainder of the petitioners' lives.....**

Then another try again on 8/26 at 10:10pm the night before the hearing:

From: Shawn M. Griffin [mailto:SGriffin@HarrisBeach.com]

Sent: Tuesday, August 26, 2014 10:10 PM

To: <dzamelis@windstream.net>

Subject: Re: Dawley v. Whitetail 414, LLC - Index No. 48435

Ps. For settlement purposes only and not to be used in litigation - if one or more of your clients wants to sell we will have individual discussions. You do not need all to agree to discuss this with us. We do not need the additional lands but want a favorable outcome for all willing to work with us. If any of your clients want to discuss before the judge issues his decision please call me to discuss. Once a decision is rendered we will proceed as directed and will not have further interest in this concept. Your call as my client wants to minimize any local concerns.

Shawn Griffin Harris Beach PLLC 585-750-7364 sgriffin@harrisbeach.com

****Minimizing Local concerns should not be dependent on following the law.**

November 30th, 2015

This new Seneca County IDA application For Financial Assistance for the Lago project suffers from the same fundamental deficiency as the first one. Originally, Lago's application represented on its face that Lago's financing was 100% in place. Now the most recent application is worded differently, with no explanation for the change.

Lago does not need these benefits to proceed. Because these benefits are not necessary to induce the development, there is no justification under the law for the IDA to award benefits. These benefits simply would serve a private rather than public purpose.

According to the Location Board in December when the recommendation was made, one of the reasons for the board's decision was because of their stellar financing that they submitted to the state Gaming commission for a license.

Wouldn't it be contrary to your mission as an Industrial Development Agency to give incentives to a project who stated that they didn't need assistance?

Thank you,

Catharine Strong

activity throughout the region and serve as a catalyst for unifying the diverse communities throughout this region. The project will attract a significant number of visitors from outside the economic development region that includes Seneca County and as such meets the criteria for a "Tourism Destination" under the IDA Act (GML Article 18-A).

Lago Resort & Casino is prepared to commence construction – employing a New York State contractor – within one week of being awarded a casino license. Lago is shovel-ready, has completed the necessary environmental review under the New York State Environmental Quality Review Act (now for a second time) and has received all local approvals required for construction. In addition, a project labor agreement (PLA) has been entered into with the Finger Lakes Building Trades Council and its 19 affiliated labor unions to ensure efficient, safe, quality, and timely completion of the project, guaranteeing the employment of local tradespeople.

As part of the 2014 Town Approvals: (i) the Tyre Town Board voted unanimously in support of a resolution supporting the project; (ii) the Tyre Town Board also unanimously approved the proposed development plan, site plan and mitigation plan. All potential impacts were addressed to the Town's satisfaction. Unfortunately, on July 10, 2015 the Appellate Division Fourth Department reversed the decision of Supreme Court (Justice W. Patrick Falvey) causing the Tyre Town Board to revisit its SEQRA review and Town approvals. After several months and millions of dollars of additional studies and analysis the Tyre Town Board has again passed a negative declaration and reinstated all related Town approvals. With this new action by the Town, Lago is asking the Seneca County IDA to grant its Project approvals.

Lago Resort & Casino not only has the support of our host community, Town of Tyre, it has the strong support of the Seneca County Board of Supervisors, the Seneca County Town Boards of Covert, Lodi, Seneca Falls, Varick, and Waterloo. Lago is also strongly supported by the Schuyler County Legislature and Wayne County Board of Supervisors.

In addition to the overwhelming support from the local governments, Lago has the support of the Seneca County Chamber of Commerce, Advisory Commission on Tourism, the Rochester Business Alliance; and, virtually every local union affiliate. Well over 100 local businesses, wineries, breweries, distilleries have also committed their strong support for the project. The Seneca County Planning Department has confirmed this Project is consistent with the Regional Plan.

With the requested financial assistance in place, 100 percent of the financing for construction and operations of the Lago Resort & Casino's gaming facility is in place such that the improvements can be completely constructed in 18 months from when the date the Gaming Commission issues the license to Lago as recommended by the Facility Location Board on December 17, 2014. All gaming related program areas, restaurants and structured parking will be open within 14 months of being awarded a casino license. All other facilities, including the hotel and spa, will be completed and open within 18 months of license approval.

Once completed and opened, Lago's full-service casino will be a tourist attraction featuring 85 table games and 2,000 slot machines. As reflected in the Benefit Cost analysis done by Shepstone Management dated January 8, 2015 (the "Cost Benefit Analysis"), (Copy attached) Lago will generate new marketing to promote visiting the Finger Lakes region, \$80mm annually in gaming taxes, \$6.5+mm in annual gaming tax revenues for Seneca County and Town of Tyre to share, and \$6.5+mm in gaming tax revenues for the other counties in Region 5 to share. Nearly ten percent of the casino's customers are projected to come from out-of-state.

While approximately half of the first-year gaming revenue is expected to be drawn from existing New York gaming facilities (21 percent from existing New York racinos and 30 percent from current New York Native American facilities), the other half is forecasted to be new gambling revenue to New York State, including 14 percent that will be "repatriated" from gambling facilities outside of New York. This data was disclosed in Lago's application to the Gaming Commission, was disclosed in the 2014 application to the Seneca County IDA and has become the basis upon which the Oneida Indian Gaming Company and Finger Lakes Gaming have funded ad campaigns and lawsuits designed to interfere with the Project. The Gaming Act



Lago Resort & Casino Application Exhibits

capture not just the meaning of the Italian *lago* in what we're creating, but really the essence of Lago as well. Lago brings together the Finger Lakes and the vineyards and acts as a gateway drawing upon and adding to the rich history of tourism in the area including Mark Twain country in Chemung County, Ithaca Gorges, Watkins Glen park and raceway, Corning Museum of Glass. It merges rural, agricultural and suburban with a small town feeling yet big time attraction.

Lago's design is not the result of accident or coincidence, nor was it created in a vacuum. It is the outcome of six months of working with and listening to local residents and businesses. The facilities are designed to reflect the charm and character of the lake and wine region which will be Lago's home. They are designed as low-rise structures, a good distance away from surrounding residential and agricultural areas, with plentiful green space on the property. The project will contract with the local dairy farm to buy energy created by the celebrated manure bio-digester process at Lawnhurst Farms and incorporate LEED design features.

Lago Resort & Casino will attract tourists from near (Rochester, Syracuse, the Southern Tier) and far (New York City, Long Island, the Hudson Valley, as well as Pennsylvania, Ohio and Canada). It is designed as a centerpiece destination resort – working in partnership with local businesses, arts and entertainment venues, historic and recreational sites – that will create thousands of new jobs, significantly boost economic activity throughout the region and serve as a catalyst for unifying the diverse communities throughout this region.

The vision – simple yet expansive – is for Lago Resort & Casino to become the centerpiece of the region, attracting new visitors and delivering quality services and a valuable entertainment experience in a comfortable environment which will keep visitors returning again and again.

Lago Resort & Casino is prepared to commence construction – employing a New York State contractor – within one week of being awarded a casino license. Lago is shovel-ready, has completed the State's SEQR process and has received all local approvals required for construction. In addition, a project labor agreement (PLA) has been entered into with the Finger Lakes Building Trades Council and its 19 affiliated labor unions to ensure efficient, safe, quality, and timely completion of the project, guaranteeing the employment of local tradespeople.

The Town Board of Tyre voted unanimously in support of a resolution supporting the project. The Tyre Town Board also unanimously approved the proposed development plan, site plan and host community agreement. All potential impacts were addressed to the Town's satisfaction.

Lago Resort & Casino not only has the support of our host community, Tyre, we have the strong support of the Seneca County Board of Supervisors, the Seneca County Town Boards of Covert, Lodi, Seneca Falls, Varick, and Waterloo. Lago is also strongly supported by the Schuyler County Legislature and Wayne County Board of Supervisors.

In addition to the overwhelming support from the local governments, Lago has the support of the Seneca County Chamber of Commerce, IDA and Advisory Commission on Tourism; the Rochester Business Alliance; and, virtually every local union affiliate. Well over 100 local businesses, wineries, breweries, distilleries have also committed their strong support for the project. The Seneca County Planning Department has confirmed this project is consistent with the Regional Plan.

With 100 percent of financing for construction and operations fully in place, Lago Resort & Casino's gaming facility can be completely constructed in 18 months. All gaming related program areas, restaurants and structured parking will be open within 14 months of being awarded a casino

To the Board Members of the I.D.A.

I am a resident of the town of Tyre and a taxpayer to the Waterloo School District and am strongly opposed to the proposed casino plan. There are two main taxpayer concerns I would like to get into the record tonight for your consideration which are the casino's Community Mitigation Plan and the IDA taxpayer revenue giveaway.

The Proposed Wilmot casino project located in the taxing jurisdiction of Waterloo School District has a large potential to be a detriment to the tax base to the communities of all three school districts of which Tyre residents pay their school taxes. (Clyde-Savannah, Waterloo, Seneca Falls)

With Wilmot using a small town like Tyre, a town that uses 3 school districts to ship the kids off to school, shouldn't the "Plan" be broader than the town of Tyre when it comes to paying for casino impacts?

The Community Mitigation Plan was based on a Center for Governmental Research report, a report which appears to be highly deficient in its analysis of impacts to Tyre, NY and the surrounding towns involved. It's not really a third party document when the Lago lawyer, Shawn Griffen is involved in the content of the report, potentially tainting the report. He has also been a party to the IDA negotiations as counsel for IDA and Wilmorite, a blatant conflict.

Where are the school impacts? Where are the costs to the county in services? Why was the original HCA in 2014 written behind closed doors, with Shawn Griffen, Wilmot's attorney having a say? Wilmot paid for the CGR report relied upon to create the CMP which in effect creates a biased outcome.

The "Plan" fails to address any social impact mitigation other than what is required by NYS Gaming commission Laws. It seriously underestimates the cost to our tax paying base in regard to the student population impacts, school programs and subsidized programs, all of which will cost our county, and nearby counties as well.

The majority of casino jobs are listed as low wage jobs, which will impact costs for services and inevitably create significant costs to our county, extra costs to schools, and extra costs ultimately to the people of Seneca County and the region.

Tyre is the only town that receives any shared gaming tax revenue which is guaranteed to be 2 million dollars a year, but the town is so small that other nearby towns who will likely experience impacts get no money from the taxes. It would be irresponsible for you to give away our tax dollars to Wilmot.

So in response to a tax break for Wilmot's project the risk to taxpayers is too great. I request that you get further studies that include these costs per student, costs to our social services and keep 100% of our tax money in order to protect our community. Wilmot claims lower taxes, make him prove it and give the taxpayers the full benefit, no tax breaks for Wilmot.

IDA Public Comment for Lago Casino Financial Assistance

November 30, 2015

Hello,

My name is Richard Barner and I am a resident of Tyre and a Seneca County and Waterloo School taxpayer. I'm here today to speak on behalf of the financial assistance application before us tonight from the proposed Lago Casino.

Wilmot's casino doesn't qualify. It doesn't matter what their representatives and lawyers try to call the project it's a "casino," any way you look at it. Just because they reference wishful reasons in their attachment to their application doesn't make it so.

Wilmot's Lago casino is not a "project" as it must be under the statute for the IDA to approve benefits. Lago's insistence that it is in fact a "project" does not make it so, and Amended Petition which you have a copy of in the record tonight, lays out the reasons, still applicable here, why it is not a project. So, the IDA is acting unlawfully, outside of its jurisdiction.

Thank you for listening,

Richard Barner

IDA Hearing
November 30th, 2015
Tyre Fire House
Allison Stokes, Seneca Falls

I begin my remarks tonight by briefly mentioning my experience of this morning, because it is relevant to the subject of IDA assistance for the proposed \$425,000,000 gambling casino in the tiny rural community of Tyre.

On Thursday I celebrated Thanksgiving with family in Virginia. Today I drove home from Williamsport, PA, up Route 15 and through Watkins Glen, where I picked up Route 414. Driving up the east side of Seneca Lake was stunningly beautiful with clear blue sky and deep blue water. The road in Seneca County brought me past corn and hay fields, barns and silos, and many vineyards.

For a short time Rte. 414 merged with Rte. 96. I thought of the Seneca County IDA controlled land near there with the White Deer herd so many people from near and far are trying valiantly to protect for eco-tourism. There is no other like it in the entire world.

A short time later I passed a team of 4 horses pulling a plow, driven by an Amish farmer, and trotting down the road near there was an Amish horse-drawn buggy. There were cows in pastures, laundry on lines, farm stands with Open signs, greenhouses, a wind turbine and even a small, roadside shed a solar panel.

Over the canal bridge I entered the Seneca Falls Heritage Area, turned left down Fall Street, and past the Hall of Fame and the Women's Rights National Park. There were restaurants, the Gould Hotel, Microtel, and after turning north on 414 were the Hampton Inn and Holiday Inn. Whatever it might have been in days past, it is a place that is in economic distress or desperately in need of the economic assistance from a casino developer.

As I drove north toward Tyre on Rte. 414 dead ahead was the Seneca Mountain of garbage, misnamed "Seneca Meadows," and often emitting noxious odors. I passed the huge Petro Center, then over the NY Thruway, and finally to the newly paved entrance to the yet-to-be-licensed gambling casino.

Tom Wilmot and the IDA claim that Lago will be a "destination resort." In this setting—beside the thruway, overlooking Petro, down street from a smelly

landfill—that will never happen. Amidst the beauty of Seneca County, only a gambling casino will draw patrons there-- a quick on and off the thruway for many of them.

The front page story in today's FLT is relevant here. The headline reads: "Horn to NYC Mayor: Don't Send Trash Here." Reporter David Shaw quotes from a letter written 10 days ago from Geneva City Manager Matt Horn to Mayor de Blasio. Horn writes that the proposed 3.3 billion dollar transaction between NYC and Seneca Meadows:

"...has the potential to destroy the brand that the Finger Lakes, Geneva and our sister communities have worked so hard to develop and preserve."

Indeed, as I travelled 414, I thought about how all that we have worked so hard to develop and preserve is threatened by Tom Wilmot's gambling casino. By giving him taxpayer provided "incentives," the IDA is in collusion with him. The IDA is comprised of a board made up almost exclusively of men who are not elected. They are not representative of the people and are not accountable to the people.

Moreover, the Board has no interest in listening to the testimony of opponents to the gambling casino. I learned this from the IDA's January 29th, 2015 hearing on their first Incentive Resolution for Tom Wilmot. Only one board member and the Ex. Dir. attended that hearing. They then ignored the majority testimony against their proposed incentive resolution.

The Seneca County IDA now, once again, wrongfully proposes to give public assistance to a wealthy man for his private benefit. From the incredible amount of money he has spent promoting Lago, it is more than clear that Tom Wilmot needs absolutely no incentive to build a gambling casino to Seneca Country.

The IDA was formed to bring industrial development to S.C., using incentives. It was not formed for promoting tourism. This is an important point.

The Seneca County Board of Supervisors at its last meeting once again designated the Chamber of Commerce as the county's TPA, or Tourism Promotion Agency.

I want to read to you what the Executive Director of the Chamber told an interviewer in the summer of 2013, about 2 years ago. This was at a time when the issue of bringing Vegas-style casinos to the state was already slated to be on the ballot in the fall and was already being widely publicly discussed, including in Seneca County and including at the Chamber of Commerce.

Jeff Shipley spoke with the founder of the Institute for American Values, David Blankenhorn. Blankenhorn quotes him as saying:

“...most Seneca County merchants and business leaders oppose casino expansion. Casino gambling impoverishes people...and ‘we already have poor people.’”

The interviewer goes on to say:

“He reported a ‘strong general feeling’ against Indian-sponsored gambling in the region, and said that casino gambling sponsored by New York State would not help, and would likely hurt, the local businesses whose owners are Chamber of Commerce members. People going to casinos means that those people are ‘not going to our restaurants’ and ‘not going to our shops.’ He also pointed out that many leaders in politics and business now stress the importance of ‘sustainability.’ They regularly urge sustainable agriculture, sustainable economic growth, and sustainable business models. Casinos move us in the opposite direction: ‘Casinos are not sustainable anything.’”¹

Jeff Shipley’s words are published in this report. (Show)

Mr. Shipley had it exactly right before he flip-flopped.

¹ **New York’s Promise, Why Sponsoring Casinos Is a Regressive Policy Unworthy of a Great State**, Institute for American Values, 2013, p. 123 (from Chapter 8, “New York’s Wonderful Life” about Seneca Falls).