Submit as Exhibit VIII. A.2.a. a calculation of Applicant's Minimum Capital Investment for its Gaming Facility (which capital investment shall not be less than the applicable Minimum Capital Investment for the particular Region in which the Gaming Facility will be located). Include with such calculation a detailed description of the costs included in such calculation. Applicants may propose an aggregate capital investment in excess of the Minimum Capital Investment.

EXHIBIT VIII.A.2.a APPLICANT MINIMUM CAPITAL INVESTMENT

The Minimum Capital Investment for Lago Resort & Casino is $303,351,799. See attached for details.

Lago Resort & Casino, LLC											
Minimum Capital Investment									**BREAKOUT CONSTRUCTION:**		
								MINIMUM CAPITAL INVESTMENT			

[redacted]

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Submit as Exhibit VIII. A.3. a study completed by an independent expert assessing the size of the potential gaming market for the proposed Gaming Facility. Include annual projections of gaming patronage (e.g. by gaming visitor count) and gaming revenues (including itemization of slot, table and gross revenues) annually for a period of at least the first ten (10) years after opening for gaming on a high--, average--and low--case basis. The high--, average--and low--case bases should be the same as used for tax revenue analysis provided by the Applicant pursuant to Item VIII. B.4 hereof.

Include a description of all assumptions that are material to the expert's projections. Substantiate the bases and reasonableness of all such assumptions, for example, by comparison to comparable gaming facilities in comparable gaming markets. The study should explain the model or methodology used to derive the projections, identify the sources and robustness of input data, report the results of projections and include a comparison of those results to actual observed visitation and revenue performance against the most comparable gaming facilities in other jurisdictions for which data are available.

VIII.A.3 GAMING MARKET ASSESSMENT

TMG Consulting completed a Gaming Market Assessment for Applicant in June 2014. That study is included in this exhibit.

Lago Resort and Casino

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

June 2014
TMG Consulting

PREPARED FOR WILMORITE MANAGEMENT GROUP, LLC

tmgconsulting
Planning, Economics & Engineering

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 York[1]
  - 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

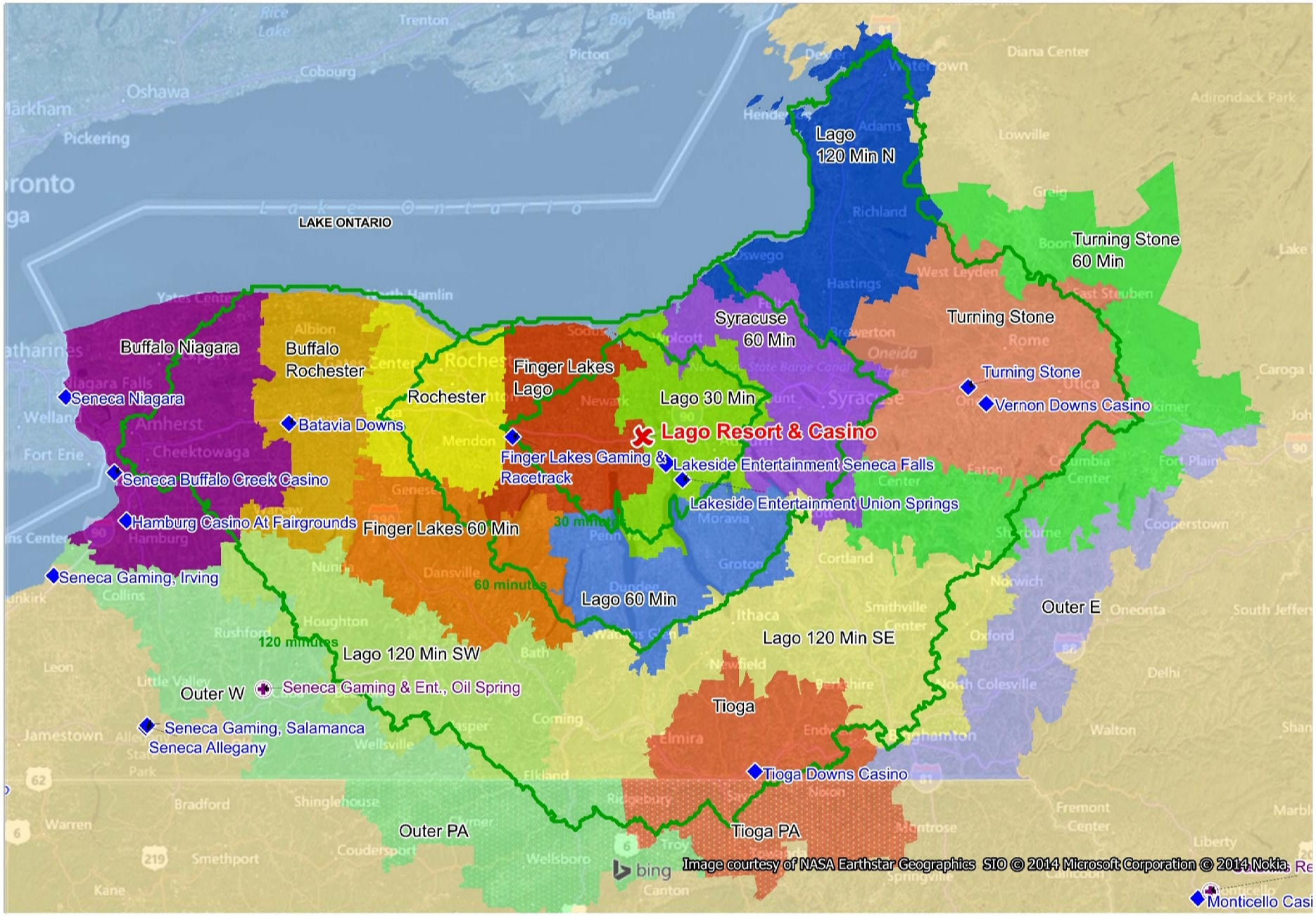
To forecast the facility's potential gaming revenues, TMG constructed a custom gravity model for the region within an approximate 3 hour drive-time from Lago Resort and Casino. This model considered a large region of New York as well as a portion of Pennsylvania, projecting the potential gaming revenues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



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Planning, Economics & Engineering

[redacted]

[redacted]

[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.

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[redacted]

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					
Gaming					
Licensing Fee				$50.00 M	
Application Fee				$1.00 M	
Total Gaming Fee Revenue		**$.0 M**		**$51.0 M**	
Sales & Use					
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					
Earnings[2]					
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:

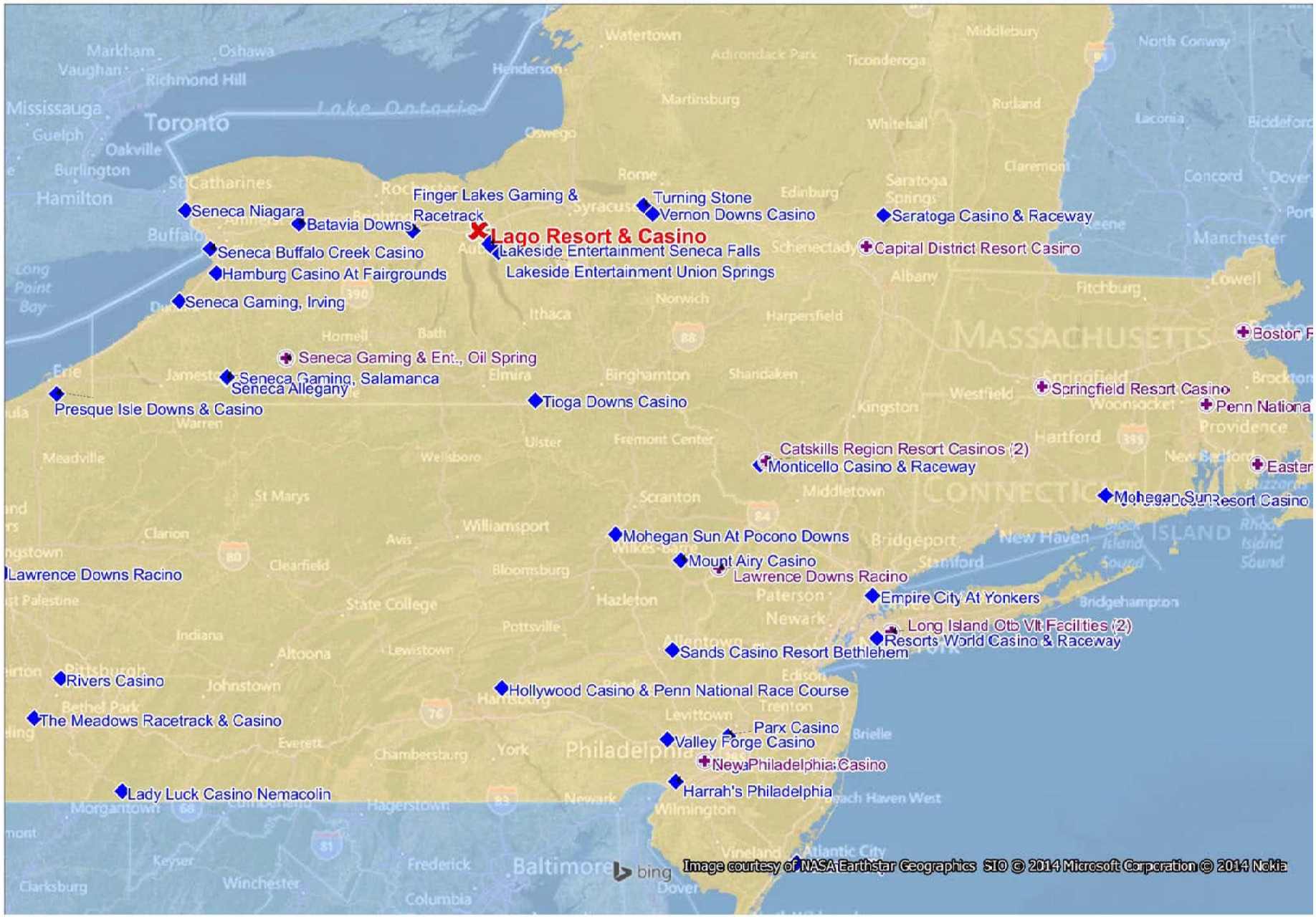
- New York competitive landscape
  - Existing commercial racetrack and slot facilities remain open
  - Existing Native American facilities remain open
  - Four new commercial casinos in New York, including Lago Resort and Casino
- Pennsylvania competitive landscape
  - Existing facilities remain open
  - 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 in Multi-State Region



Lago Resort and Casino with Existing and Potential Competition

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 machines[5], 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]

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[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 machines[8]. 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 machines[10] 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 terminals[16], four food and beverage outlets, a live entertainment venue and harness racing on a half-mile track.[17]

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[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.rwnewyork.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 terminals[18], 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 machines[20], 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.

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[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.

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[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.senecaalleganycasino.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]

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[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] Odato, James. Capitol Confidential. Web. <http://blog.timesunion.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 Resselaer." Web. <http://www.oneidadispatch.com/lifestyle/20140604/e23-casino-plan-dead-developer-looking-to-rensselaer>
[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)

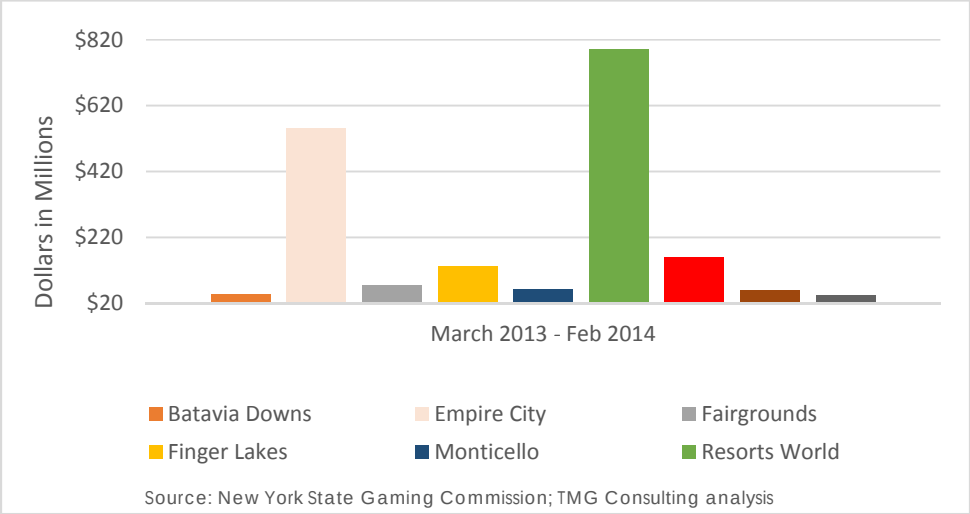
Year	Win (in billions)	Positions	Avg. Win per Position
March 2013 - Feb 2014	$1.92 BN	17,787	$295

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)



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)

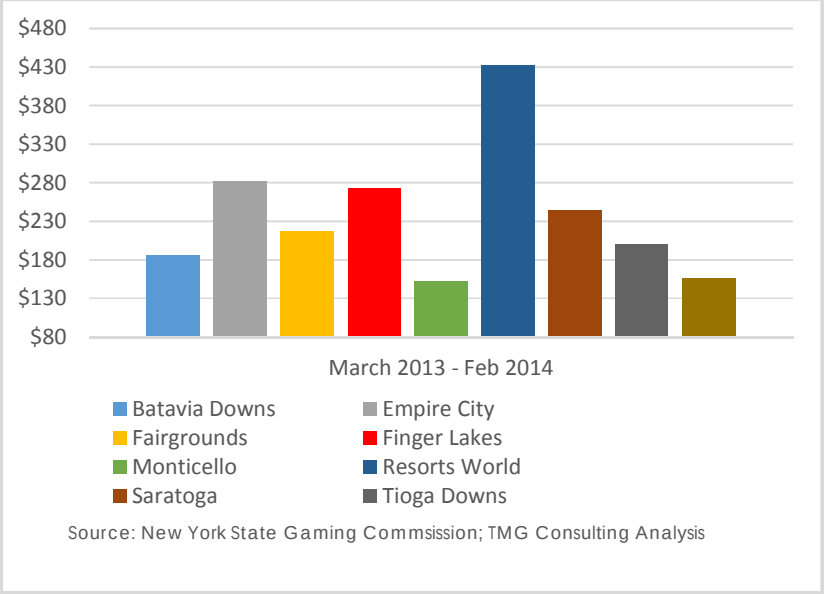
Casino	Batavia Downs	Empire City	Fairgrounds	Finger Lakes	Monticello	Resorts World	Saratoga	Tioga Downs	Vernon Downs	Total NY
March 2013 - Feb 2014	690	5,367	940	1,325	1,110	5,004	1,782	802	767	17,787

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)



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 fee[46] that Native American tribes pay to the State of New York, and corroborated by news reports[47], 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 million[48], 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 Nemacolin 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

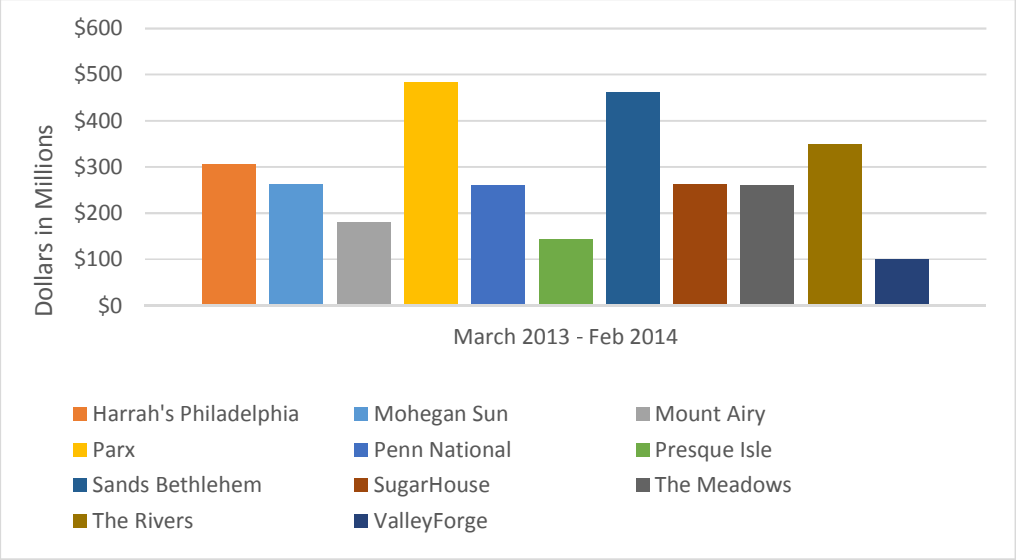
The top two performers in the state of Pennsylvania in regards to gross gaming revenue during the most recent 12-month period are the Parx Casino and the Sands Casino Resort Bethlehem with $483.4 million and $461.3 in gaming revenues respectively.

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)

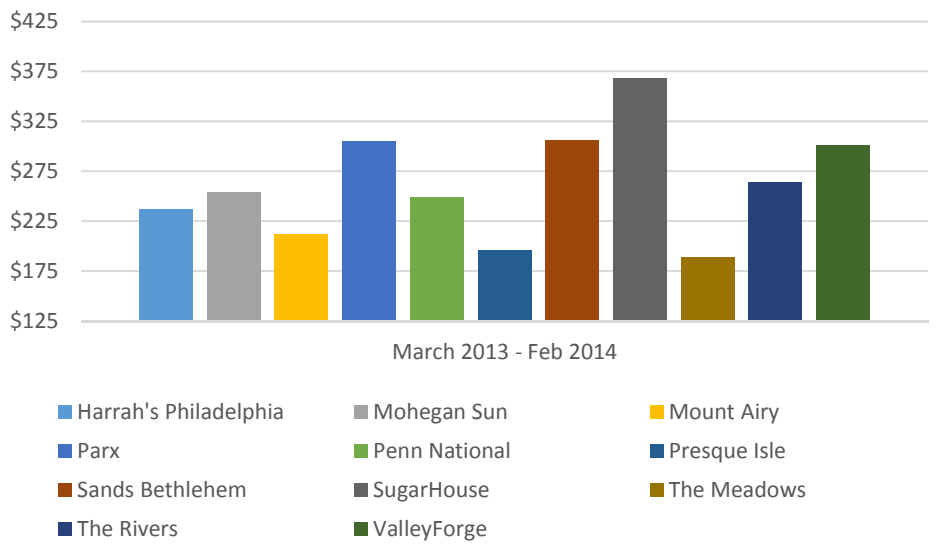
Casino	Harrah's Philadelphia	Mohegan Sun	Mount Airy	Parx	Penn National	Presque Isle	Sands Bethlehem	Sugar House	The Meadows	The Rivers	Valley Forge	Total PA
March 2013 - Feb 2014	3,527	2,836	2,336	4,352	2,870	1,988	4,124	1,949	3,785	3,631	900	**32,803**

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

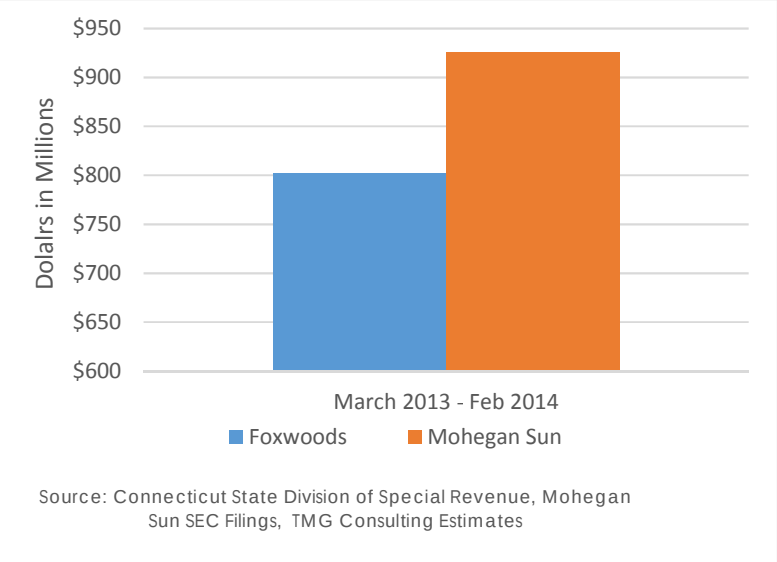
Both gaming facilities in Connecticut performed very well in terms of gross gaming revenue in the most recent 12-month period. Mohegan Sun generated roughly $925 million of GGR during this time period.

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)



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.

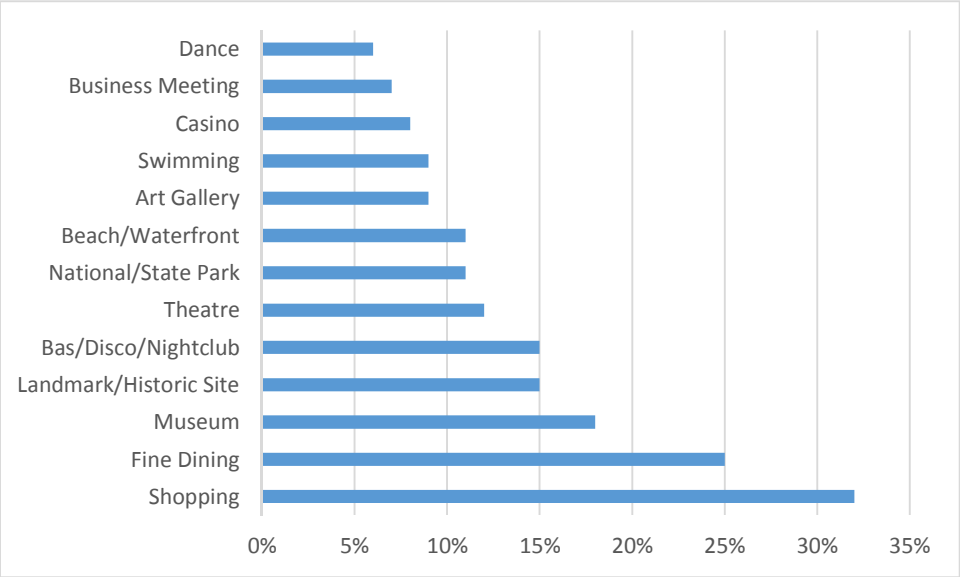
New York State Domestic Visitation

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

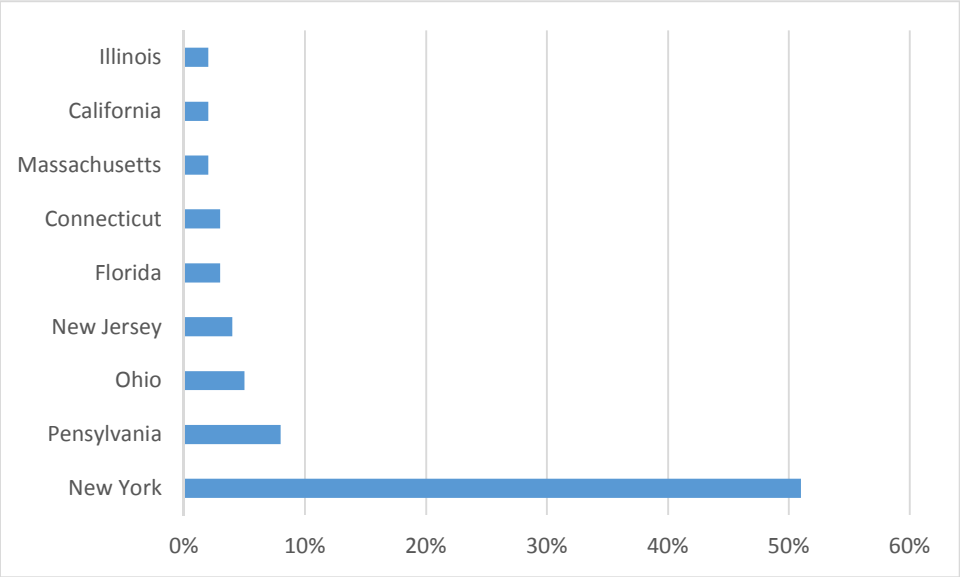
New York's Finger Lakes Region

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 State[55].

[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 region[56].

[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 Trial 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***).

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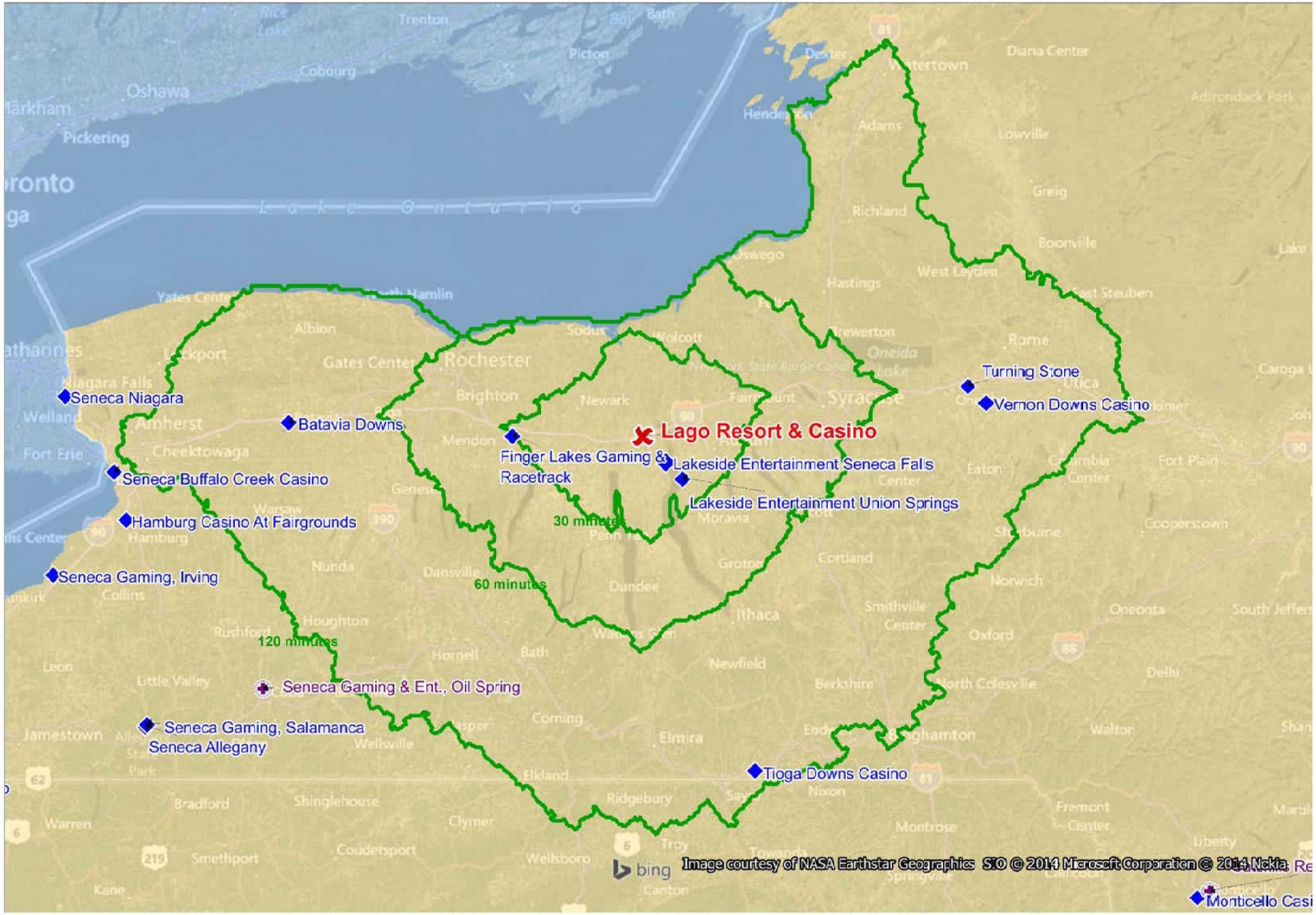
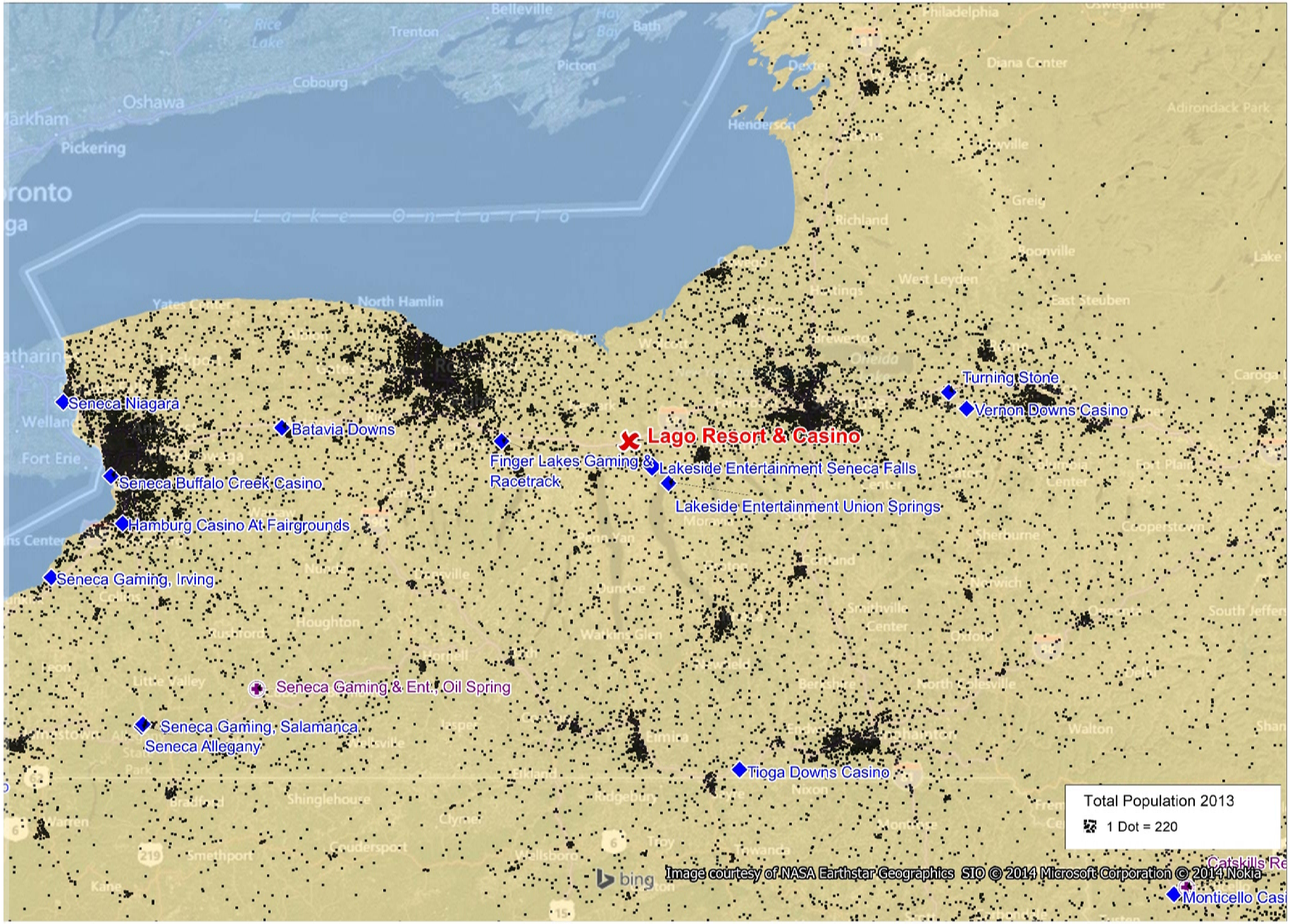
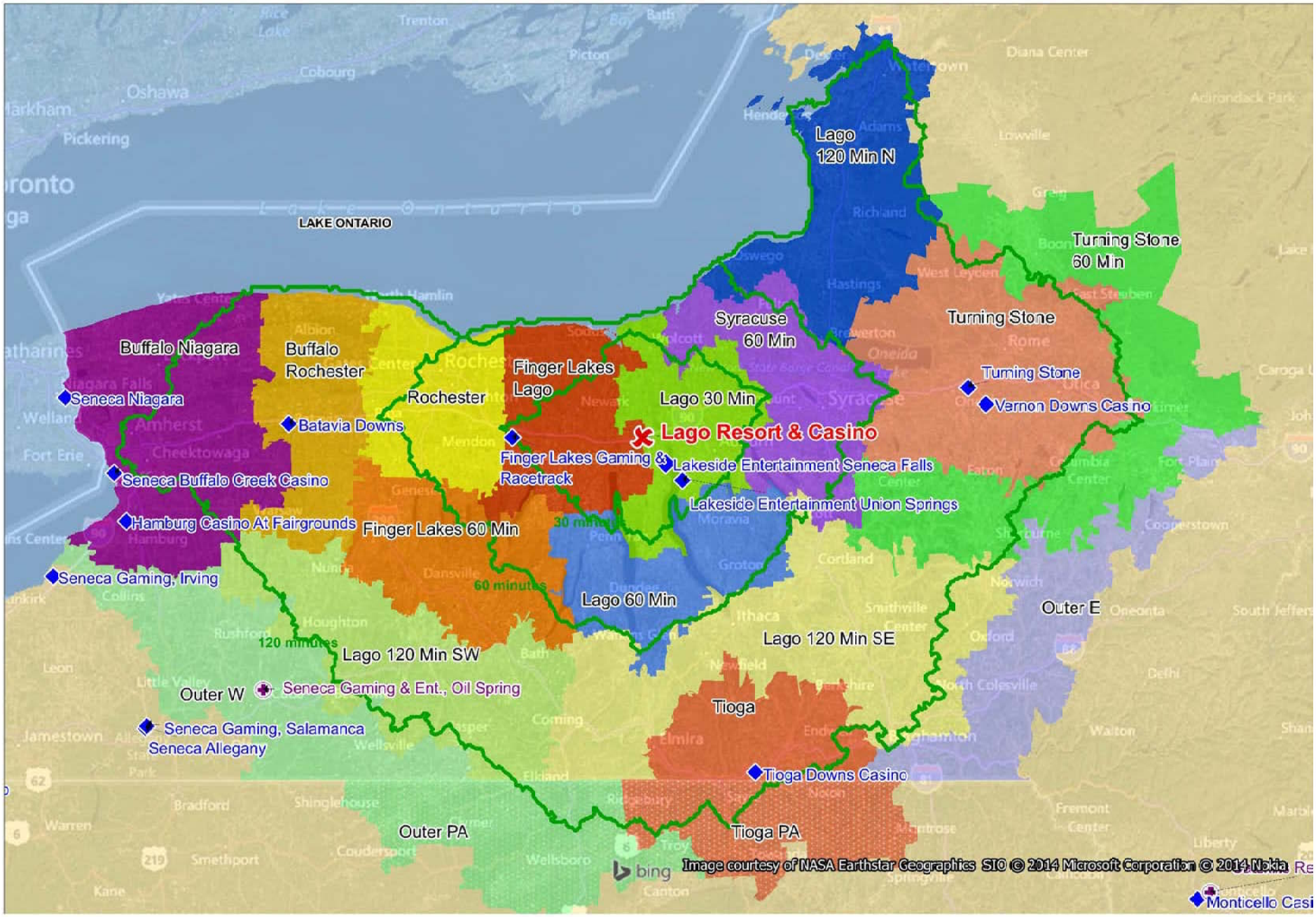
Lago Resort and Casino Drive Times



Lago Resort and Casino with Existing & Potential Competition and Population Density



Lago Resort and Casino Market Areas



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 primary[58] 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.

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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.

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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 2014[59], 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.

[redacted]

[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).

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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.

[redacted]

[redacted]

[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

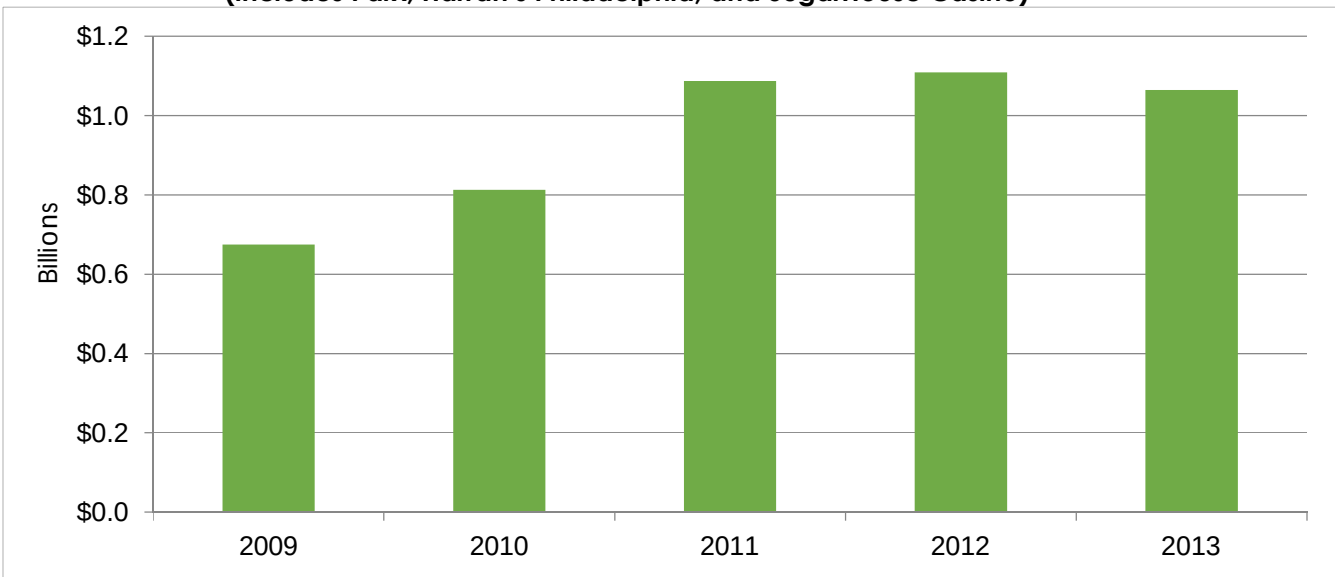
TMG Consulting analyzed two separate cases of potential revenue impacts to existing casinos in markets currently served by gaming facilities. Our first case examines the impact SugarHouse Casino had on the Philadelphia-area market. This case exemplifies that markets already served by gaming facilities 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 market[63] 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)

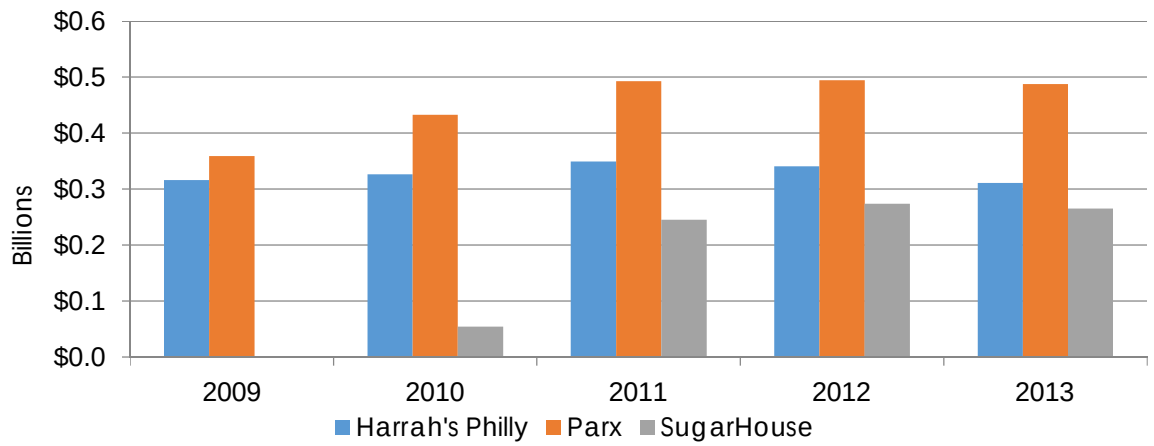


Source: Pennsylvania Gaming Control Board; TMG Consulting analysis
Notes: Table games introduced to market in July 2010. SugarHouse Casino opened in September 2010.

[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



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

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>

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[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.

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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.

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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

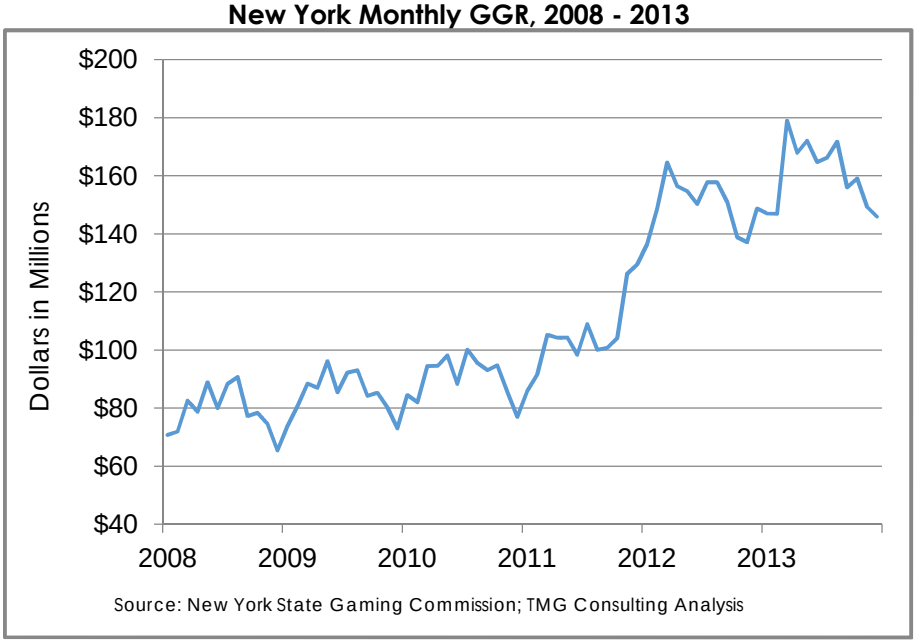
The gaming industry in New York State has experienced dramatic growth over the past six years. Gaming supply has risen sharply as facilities have expanded and a new casino, Resorts World, has entered the market. This increase in supply has paved the way for stronger revenue gains throughout the State.

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

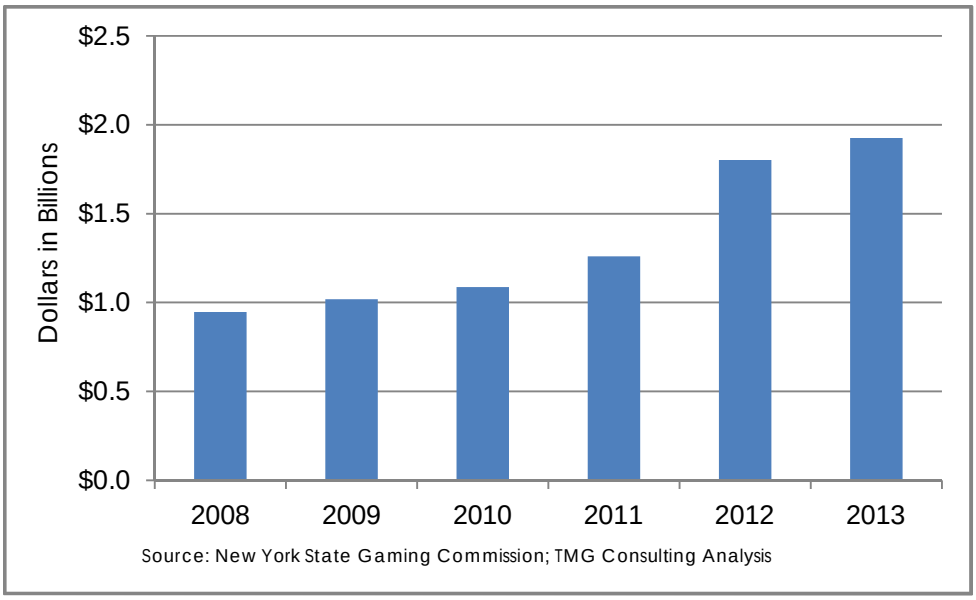
Year	Win (in billions)	Positions	Win per Position	% Change Revenue	% Change Positions
2008	$.95 BN	12,961	$200		
2009	$1.02 BN	12,785	$218	8%	-1%
2010	$1.09 BN	12,464	$239	7%	-3%
2011	$1.26 BN	13,276	$260	16%	7%
2012	$1.8 BN	17,166	$288	43%	29%
2013	$1.93 BN	17,666	$299	7%	3%
Average Annual Growth 2007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

Source: New York State Gaming Commission; TMG Consulting Analysis

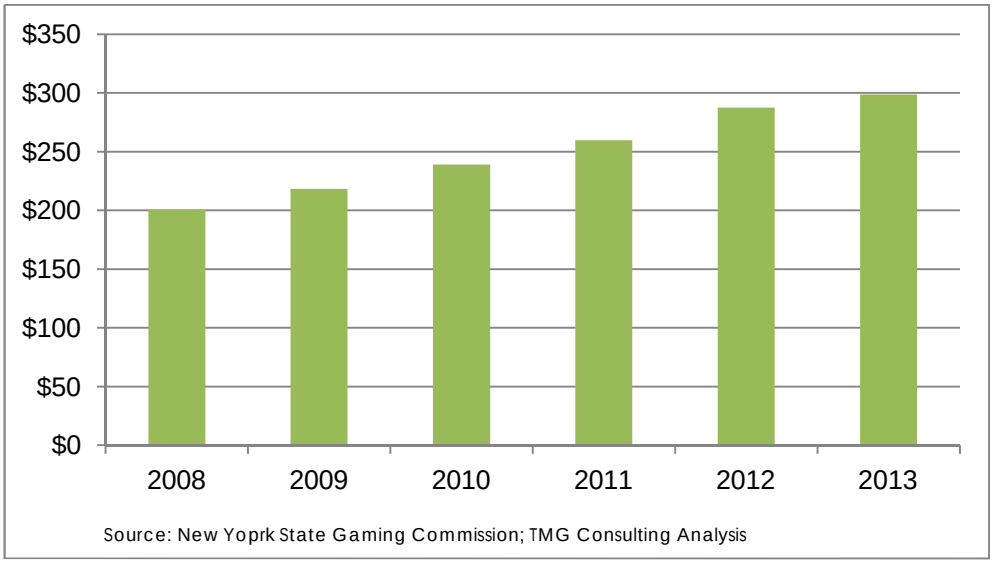
New York Monthly GGR, 2008 - 2013



New York Annual GGR, 2008 – 2013



New York Annual Win per Position, 2008 - 2013



INDIVIDUAL FACILITY PERFORMANCE

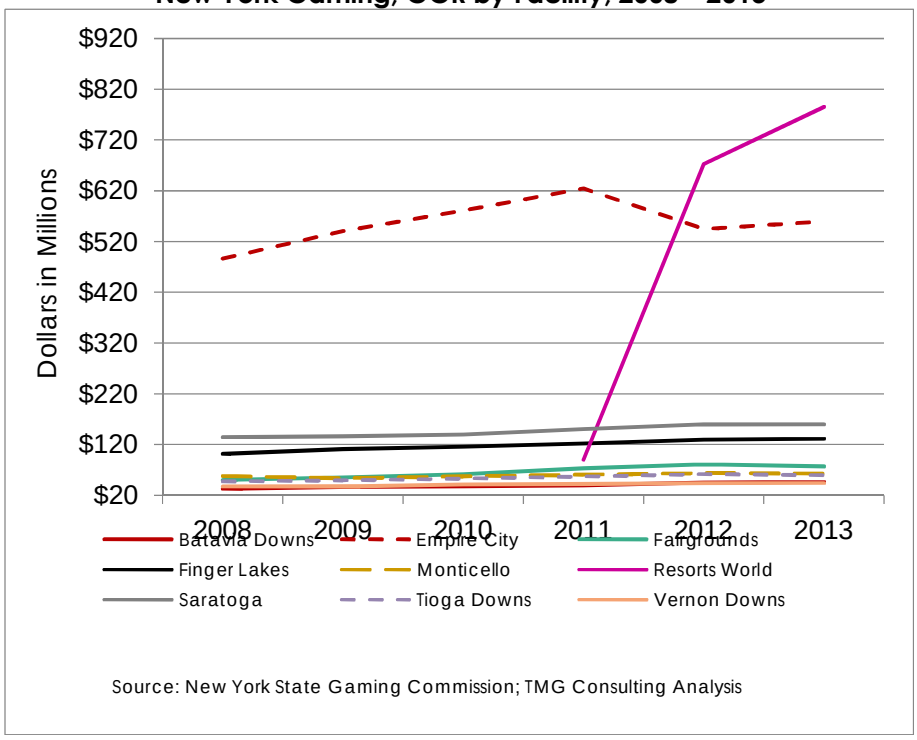
This section provides an analysis of the performance of New York commercial gaming facilities over the past six years. Each of the nine commercial gaming facilities has experienced an upward trend in gross gaming revenues during this time period.

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

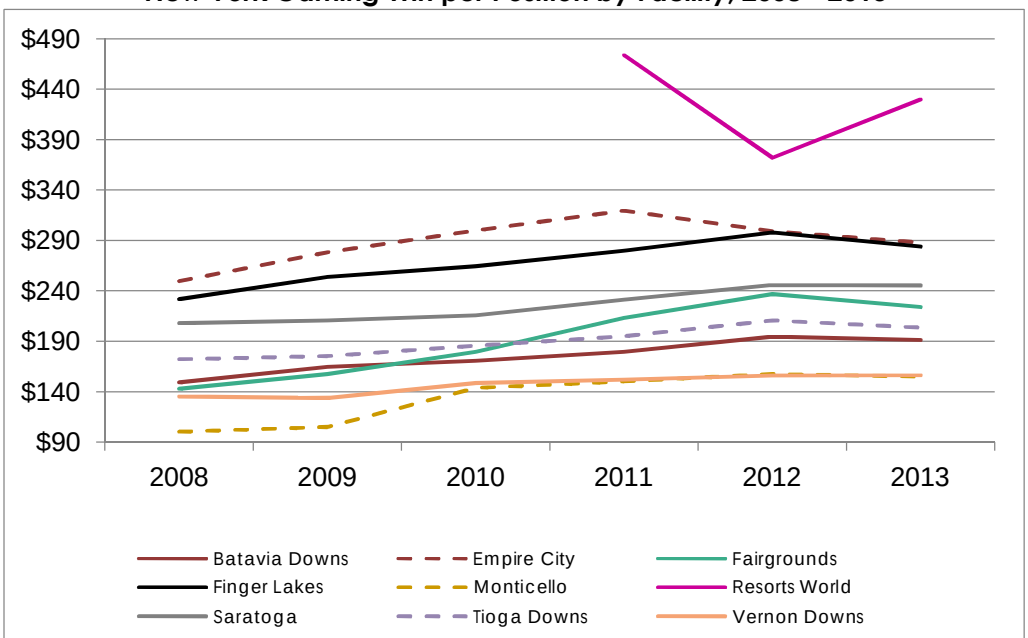
Win per position varies dramatically by facility; the strongest performer in this metric is Resorts World which had a $430 win per position in 2013. On a statewide scale, Win per Position has seen consistent growth over the past six years.

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



Source: New York State Gaming Commission; TMG Consulting Analysis

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.

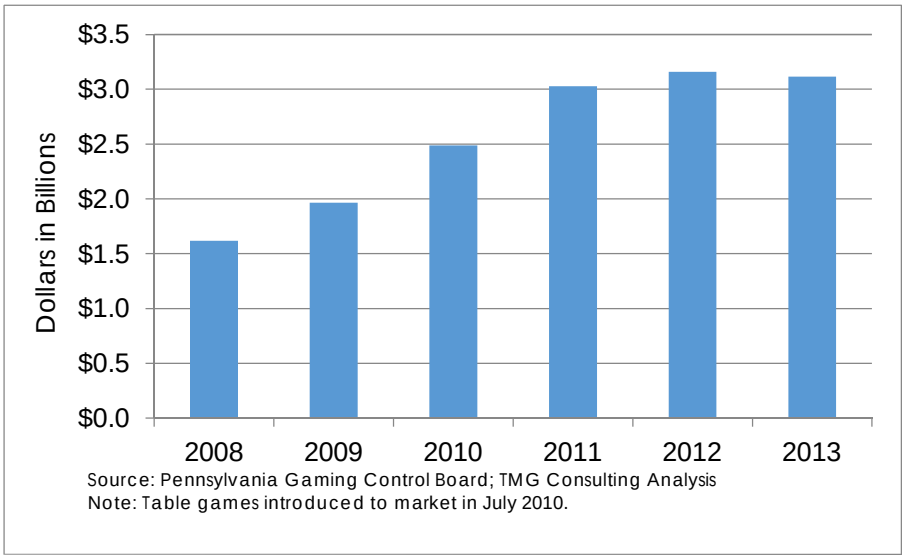
As the Pennsylvania market has grown, the win per position has ranged from a high of $281 in 2008 to a low of $246 in 2010. As of the most recently completed calendar year, 2013, the win per position stood at $261. The following table and charts detail Pennsylvania's historical performance.

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%***

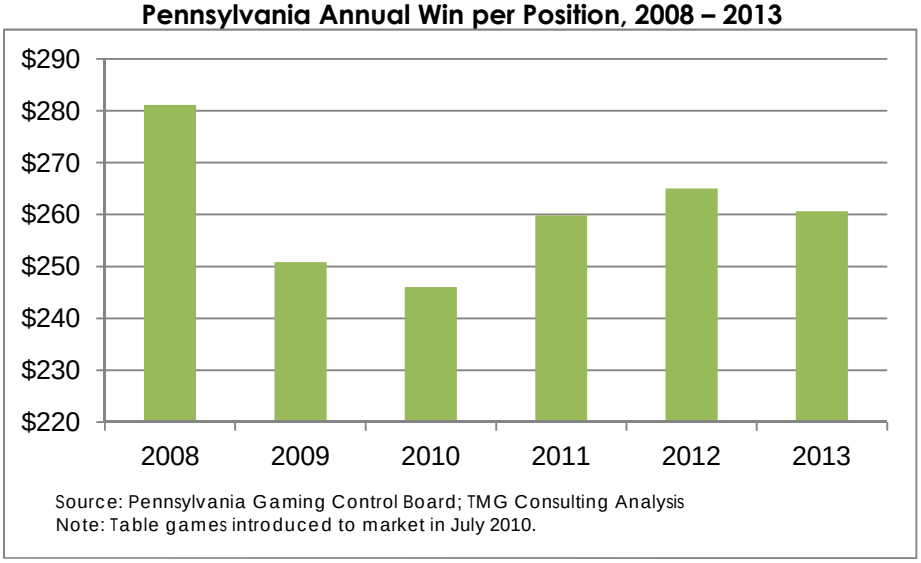
Source: Pennsylvania Gaming Control Board; TMG Analysis
Note: Table games introduced to market in July 2010

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.

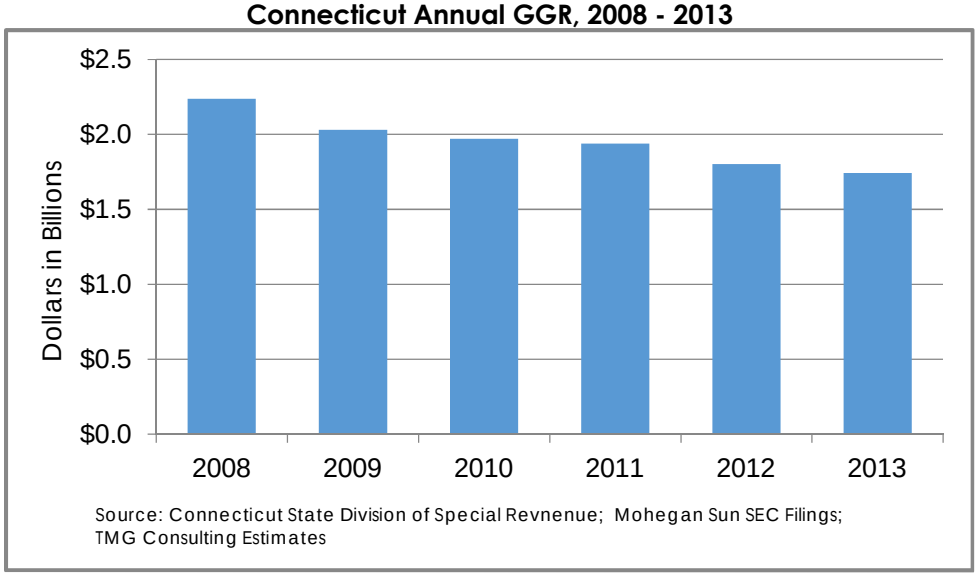
Connecticut Gaming, GGR and Supply (Positions) 2008 thru 2013

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

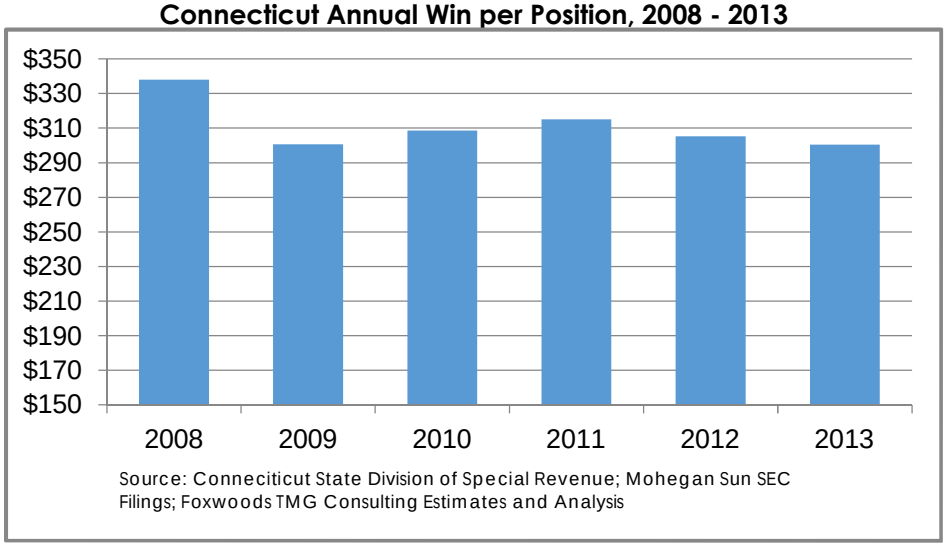
Annual gaming revenues have declined in Connecticut in each of the past six calendar years, the following chart illustrates this trend.

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

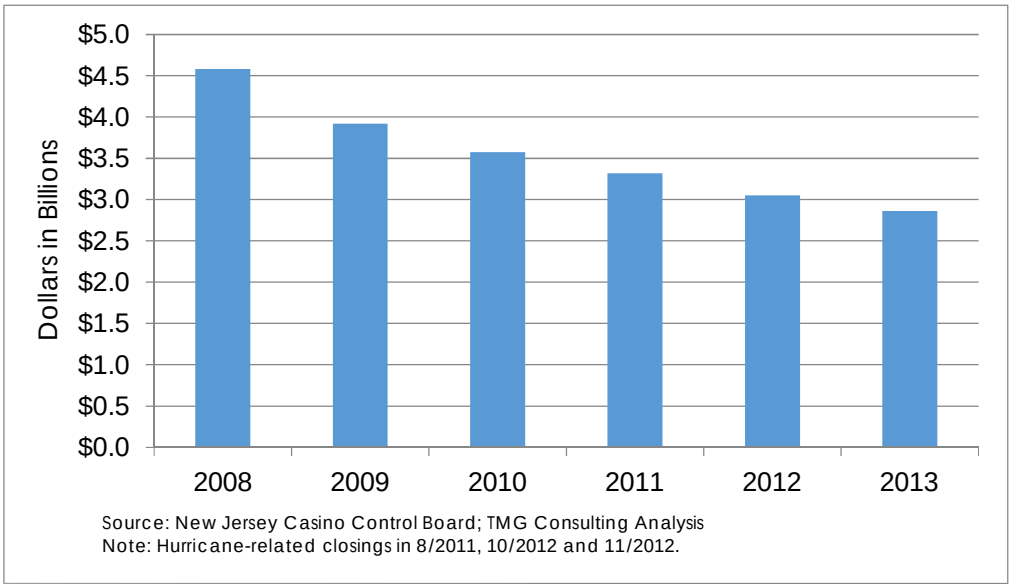
New Jersey has seen declines in all three of our identified performance metrics, gross gaming revenue, gaming positions and Win per Position. From 2008 to 2013 gaming revenues have declined by an average of 9% annually. In absolute terms, gaming revenue stood at $4.58 billion in 2008 compared to only $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

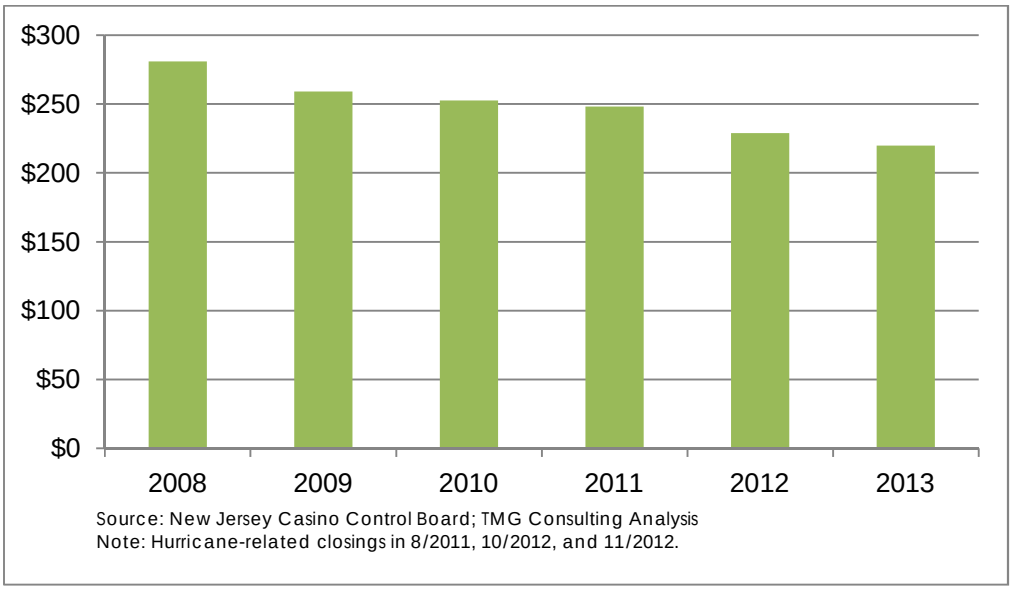
Year	Win (in billions)	Positions	Win per Position	% Change Win	% Change Positions
2008	$4.58 BN	44,686	$281		
2009	$3.92 BN	41,423	$259	-14%	-7%
2010	$3.57 BN	38,748	$253	-9%	-6%
2011	$3.32 BN	36,933	$248	-7%	-5%
2012	$3.05 BN	37,034	$229	-8%	0%
2013	$2.86 BN	35,670	$220	-6%	-4%
			Average Annual Growth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



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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	
Catskills Region Resort Casinos	NY	200	4,000	
Long Island OTB VLT Facilities	NY			2,000
Seneca Gaming & Entertainment, Oil Spring	NY			111
Batavia Downs	NY			788
Empire City at Yonkers	NY			5,367
Finger Lakes Gaming & Racetrack	NY			1,549
Hamburg Casino at Fairgrounds	NY			940
Monticello Casino & Raceway	NY			1,110
Resorts World Casino & Raceway	NY			5,004
Saratoga Casino & Raceway	NY			1,782
Tioga Downs Casino	NY			802
Vernon Downs Casino	NY			767
Akwesasne Mohawk Casino	NY	38	2,524	
Lakeside Entertainment Union Springs	NY			86
Lakeside Entertainment Seneca Falls	NY			30
Seneca Allegany	NY	36	2,000	
Seneca Buffalo Creek Casino	NY	18	800	
Seneca Gaming & Entertainment, Irving	NY			500
Seneca Gaming & Entertainment, Salamanca	NY	10		280
Seneca Niagara	NY	124	4,000	
Turning Stone	NY	117	2,162	
Foxwoods/Mohegan CT	CT	585	11,386	
Boston Resort Casino	MA	150	3,000	
Eastern MA Resort Casino	MA	100	3,000	
Springfield Resort Casino	MA	100	3,000	
Penn National Plainridge Racino	MA		1,250	
New Philadelphia Casino	PA	100	2,500	
Lawrence Downs Racino	PA		1,800	
Harrah's Philadelphia	PA	124	2,785	
Hollywood Casino & Penn National Race Course	PA	69	2,456	
Lady Luck Casino Nemacolin	PA	28	589	
Mohegan Sun at Pocono Downs	PA	84	2,332	
Mount Airy Casino Resort	PA	73	1,896	
Parx Casino	PA	165	3,362	
Presque Isle Downs & Casino	PA	46	1,712	
Rivers Casino	PA	113	2,951	
Sands Casino Resort Bethlehem	PA	185	3,013	
SugarHouse Casino	PA	58	1,603	
The Meadows Racetrack and Casino	PA	78	3,319	
Valley Forge Casino Resort	PA	50	600	
Atlantic City Casinos	NJ	1,596	25,613	
Total: 45 Facilities in Model		**4,432**	**97,652**	**21,116**

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Submit as Exhibit VIII. A.5. a qualitative five (5) year business plan for the proposed Gaming Facility describing, at least, the components and projected results of the material revenue lines and expense categories of the proposed Gaming Facility, the Applicant's sources and availability of financing, the principal business and financing risks of the proposed Gaming Facility and plans to mitigate those risks.

VIII.A.5 BUSINESS PLAN

Lago Resort & Casino's business plan is included in this Exhibit.

Lago Resort & Casino Business Plan:

Tyre, NY

June, 2014

Lago Resort & Casino
Business Plan

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Part I – Executive Summary

Introduction

Lago Resort & Casino will be a destination built in Tyre, New York. The development will include a resort hotel, full-service casino with 85 table games, 2,000 slot machines, an array of dining options, retail areas which will feature goods from New York vendors, demonstrations and displays by local artisans, and an entertainment venue. This $425 million dollar development will become the centerpiece for the burgeoning Finger Lakes Tourism Industry and thereby a catalyst for economic growth throughout the region.

The Wilmot Family, who for three generations has developed commercial properties in Upstate New York, in partnership with a group of accomplished casino owners, developers and managers, Peninsula Pacific and JNB Gaming, LLC, will build the development. Lago Resort & Casino is intended to be the Wilmot family's legacy project; a high quality, thoughtful development that will create a robust economy throughout the region and meaningful impact to local communities.

Peninsula Pacific is an investment management firm focused on providing customized capital solutions to the gaming industry and middle market manufacturing, distribution and services companies. Founded in 1998 by Brent Stevens, Peninsula Pacific was created to provide a platform for an investment in Peninsula Gaming, a company founded and led by Mr. Stevens until its sale to Boyd Gaming Corp in 2012.

JNB Gaming, LLC will develop and manage Lago Resort & Casino. JNB's leadership has five decades of combined casino development and operations experience. JNB's dynamic leadership team has the financial discipline, business insight and operating acumen necessary to develop Lago Resort & Casino and upon opening, immediately be positioned as the market leader.

The destination is projected to welcome more than 3.3 million visitors each year. Lago will create approximately 2,200 quality jobs including more than 1,400 direct employees with annual compensation totaling nearly $50 million. Lago will be a key partner in workforce development. Partnerships with Finger Lakes Community College, Finger Lakes Workforce Investment Board and Veterans Board will help Lago train and hire unemployed, long-term unemployed, underemployed and other residents. Finger Lakes Community College will create the curriculum and offer pre-employment Dealer Training School and a career track course for mid-level management.

Lago Resort & Casino's location is in an underserved gaming market will produce significant gaming and non-gaming revenue. Lago seeks to invest in New York vendors to create even more positive economic impact. NY First is Lago's commitment to purchase at least 90% of available goods and services they buy from New York Vendors. The casino's retail space is fully connected to the region and the State. Shop New York is a gift shop featuring only goods made in New York. Savor New York is a retail, demonstration and display area which will feature local artisans and their goods.

Lago Resort & Casino's partnerships with local businesses, entertainment venues, tourism organizations, attractions and hotels chart a course for real market growth from increased visitor spending. Lago's investment in advertising the destination combined with its proprietary database management will continue to attract new visitors and increase trip frequency. Lago Rewards business partnerships allow Lago Rewards Club members to buy local goods and services using their loyalty points. The entire local economy will continue to benefit from Lago's direct and indirect spending.

Although most adults enjoy gambling for the entertainment it's intended to be, Lago's Responsible Gambling Resource Center is there for those who need help. Located at the casino's main entrance, RGRC will provide information about safer gambling practice, information and referral to problem gambling treatment if desired.

Lago is committed to quality, service and the community where we work and live. These values will guide the entire business. As such, Lago Resort & Casino will open as a market leader that contributes significantly to the over-all local economy resulting in sustained revenue growth.

We will finance this $425 million project with a combination of debt financing and equity investment. Our debt financing will total $335 million, which Credit Suisse AG has committed to provide in the form of a senior secured term loan. However, we expect to utilize $30 million of customary slot vendor financing in lieu of the full amount from Credit Suisse. Investment funds managed Beach Point Capital Management LP will invest $27 million of preferred membership interests. Wilmorite and PGP Investors, LLC (d/b/a Peninsula Pacific) will invest $23 million and $40 million, respectively, in common membership interests. Peninsula Pacific/PGP Investors will receive $35 million of its investment commitment from its manager, Mr. Brent Stevens, and two investment funds managed by Eaton Vance Corp. (Boston Income Portfolio and High Income Opportunities Portfolio). The remaining $5 million form Peninsula Pacific/PGP Investors will come from existing available funds.

Our operational model was built from revenue obtained from an independent consulting firm, TMG Consulting. TMG Consulting has over 20 years of experience including providing casino management firms with market assessments for both casinos and other amenities, economic and demographic research, primary market research and economic impact analysis. Operating expenses were derived from assumptions provided with input from TMG Consulting and JNB Gaming, our management company, based on their past experience in operating and developing casinos.

Mission Statement

Lago Resort & Casino intends to be the centerpiece of the established tourist destination of the Finger Lakes region. As a full-service resort, offering a range of dining options, spa, hotel, and casino, guiding principles of quality, service and community are the pillars of our operation and success. As a quality employer for Seneca county, Tyre and New York residents, Lago will create a positive working environment where people with diverse backgrounds can work as a team to provide exceptional customer service. Lago is committed to responsible gambling practices, and will fund both gambling education and an on-site Responsible Gambling Resource Center. Lago will also be a valuable community partner, supporting education, economic development, tourism, and the arts and culture of the region.

Part II – Operating Plan

The Operating Plan for the Lago Resort & Casino encompasses several key administrative areas that are considered in the planning process; Management Structure, Human Resources, Product and Service offerings, Internal Controls, Regulatory Compliance and Asset Protection.

Manager's Experience

JNB Gaming LLC, (Manager)

JNB Gaming is owned and operated by Jonathan Swain, Brent Stevens and Natalie Schramm. These three individuals were officers and owners of Peninsula Gaming, LLC until its sale to Boyd Gaming Corp in 2012. With more than five decades of combined casino operations experience, this leadership team has an admired history of financial discipline, business insight and operating acumen. The ability to develop thoughtful projects which are built on a solid foundation of local partnerships is part of this leadership team's ongoing success. The experience, training and expertise in developing, constructing and operating the casinos in Peninsula Gaming, LLC's portfolio along with their resumes are outlined below.

Peninsula Gaming, LLC developed and managed casinos in three jurisdictions – Iowa, Louisiana and Kansas. From its first acquisition in 1999 until its sale in 2012, Peninsula was at the forefront of some of the most successful greenfield projects in the gaming industry. Developing four casinos and acquiring one over thirteen years, the company grew to own and manage full-service casinos, OTBs with Video Lottery Terminals, and a racino. With more than 2,500 employees, Peninsula became recognized by Inc. Magazine as the fastest growing, privately held casino company in 2011. In November, 2012, Peninsula Gaming sold to Boyd Gaming Corp for $1.45 billion.

Below are the consolidated gaming and non-gaming revenues for the last full three years of Peninsula Gaming's casino operations prior to the sale to Boyd Gaming Corp:

($ In thousands)	Gaming Revenue	Non-Gaming Revenue	Total Revenue
2011	$308,080	$62,732	$370,812
2010	293,619	58,410	352,029
2009	258,427	55,827	314,254

Detail of Development Projects

Kansas Star Casino, 777 Kansas Star Dr, Mulvane, KS

Peninsula Gaming was granted a gaming facility manager license in January 2011 by the Kansas regulatory bodies to allow for the development and management of Kansas Star Casino. Peninsula Gaming served as Lottery Gaming Facility Manager for the South Central Gaming Zone on behalf of the Kansas Lottery pursuant to the Lottery Gaming Facility Management Contract with the State of Kansas. In December 2011, casino operations began in the 162,000 square foot interim facility, while the permanent casino facility was being

constructed. The permanent casino facility opened in December 2012. Kansas Star is comprised of 1,854 slot machines, 50 table games, 13 poker tables, 150 hotel rooms, a 250-seat buffet, a 140-seat steakhouse, deli, noodle bar, and a casino bar as well as a poker themed bar and approximately 2,800 parking spaces. The Kansas Star site is approximately 120 acres. During the time period under Peninsula Gaming ownership, Kansas Star Casino employed approximately 650 full time equivalents.

Total Investment (estimated for all phases): Approximately $329 million

Below are Kansas Stars' gaming and non-gaming revenues for the periods December 2011 and January – November 20, 2012 prior to the sale to Boyd Gaming Company:

($ In thousands)	Gaming Revenue	Non-Gaming Revenue	Total Revenue
*2012**	$162,047	$6,503	$168,550
*2011***	5,770	282	6,052

*Kansas Star Casino was sold on Nov 20, 2012 as part of the sale of Peninsula Gaming, LLC to Boyd Gaming. Numbers are from January – November 20, 2012.
** Kansas Star Casino opened Dec, 2011.

Diamond Jo Dubuque, 301 Bell Street, Dubuque, Iowa
When purchased in 1999, the Diamond Jo was the first acquisition into the Peninsula Gaming portfolio. At that time, it was a classic casino riverboat operating on water within the Port of Dubuque, a waterfront development on the Mississippi River in Dubuque, Iowa. Peninsula began redevelopment efforts in 2006, to build a new state of the art land based facility within the Port of Dubuque, while donating its existing Portside building to the National Mississippi River Museum to allow for their continued expansion. In 2008, Diamond Jo opened its new land-based casino to the public. The land based Diamond Jo is a two-story, approximately 188,000 square foot facility located on approximately 12 acres of land and is accessible from each of the major highways in the area. The Diamond Jo includes 987 slot machines and 19 table games, a 30-lane state of the art bowling center, a 33,000 square foot event center and two banquet rooms. The facility also features five dining outlets, The Kitchen Buffet, a 184-seat live action buffet, 133-seat Woodfire Grille, the casino's signature high-end restaurant, 124-seat Mojo's sports bar, a deli and a snack shop, as well as three full service bars located on or near the casino floor. For the last three years under Peninsula ownership, Diamond Jo Casino employed approximately 350 full time equivalents.

Total Investment (includes purchase price and land based): Approximately $160 Million

Below are the gaming and non-gaming revenues for the last full three years of Diamond Jo's operations prior to the sale to Boyd Gaming Corp:

($ In thousands)	Gaming Revenue	Non-Gaming Revenue	Total Revenue
2011	$68,709	$9,926	$78,635
2010	67,712	9,935	77,647
2009	70,639	10,312	80,951

Evangeline Downs, 2235 Creswell Ln Ext, Opelousas, LA
The Evangeline Downs Racetrack and Casino was acquired by Peninsula Gaming in 2002. Upon acquisition, the facility was located in Lafayette, Louisiana. Peninsula Gaming developed a greenfield racino in Opelousas, LA and successfully moved the license in 2003. This land-based facility has a southern Louisiana Cajun roadhouse theme on the exterior, with a complimentary regional Acadian atmosphere on the interior. The racino currently includes a casino with 1,424 slot machines, an approximately 23,000 square foot event center which opened in February 2010, parking spaces for approximately 2,345 cars, and several dining options. Dining venues include a 353-seat Cajun buffet, a 140-seat fine-dining Blackberry's restaurant, a 60-seat Gumbo bar, a 90-seat Café 24/7 and a 120-seat Mojo's sports bar with an 88-seat patio. In addition, a raised bar and lounge area known as Zydeco's occupies the center of the casino floor. In the clubhouse, Silk's Fine Dining offers a varied menu and the grandstand area contains a concession and bar for casino patrons' convenience. The racino includes a one-mile dirt track, a 7/8 mile turf track, stables for 980 horses, a grandstand and clubhouse seating for 1,295 patrons, and apron and patio space for an additional 3,000 patrons. The site is approximately 600 acres. For the last three years under Peninsula ownership, Evangeline Downs employed approximately 560 full time equivalents.

In addition, an affiliate of Evangeline Downs Racetrack and Casino, opened a 117-room hotel connected to the racino in November 2010. The hotel includes 122 rooms, 41 suites, two meeting rooms and an indoor pool.

Evangeline Downs Racetrack and Casino also operates four OTBs in Louisiana located in Port Allen, Henderson, Eunice, and St. Martinville. Each of these OTBs offers simulcast pari-mutuel wagering and video poker seven days a week and is equipped to serve alcoholic and non-alcoholic beverages and food. The Port Allen facility offers off-track betting, 64 video poker machines, a full-service bar, a cafe and a VIP lounge. The Henderson OTB offers off-track betting, 42 video poker machines and features a restaurant and full service bar. The Eunice facility offers off-track betting, 69 video poker machines, a full service bar and private parking for its patrons. The St. Martinville OTB offers pari-mutuel wagering, 66 video poker machines and food and beverage options.

Total Investment: Approximately $175 million

Below are the gaming and non-gaming revenues for the last full three years of Evangeline Downs' operations prior to the sale to Boyd Gaming Corp:

($ In thousands)	Gaming Revenue	Non-Gaming Revenue	Total Revenue
2011	$95,620	$32,134	$127,754
2010	93,417	31,189	124,606
2009	100,436	33,394	133,830

Diamond Jo Worth, 777 Diamond Jo Ln, Northwood, IA
Peninsula Gaming was granted a license in April 2004 from the Iowa Racing and Gaming Commission to develop a land based casino in north central Iowa near the Minnesota border

named Diamond Jo Worth. The property opened in April 2005, and immediately began expansion plans, which expansion was then completed in April 2006. The casino is situated on a 36-acre site approximately an equal distance between Minneapolis, Minnesota and Des Moines, Iowa at the intersection of Interstate 35 and Highway 105.

The exterior design of Diamond Jo Worth incorporates a regional gristmill and riverboat theme, with a complementary riverside docking facility atmosphere on the interior. The Diamond Jo Worth casino currently has 972 slot machines, 22 table games and 7 poker tables in operation, as well as parking spaces for 1,283 vehicles, a 5,200 square foot event center and several dining options, including the Kitchen Buffet, a 190-seat buffet restaurant and the 114-seat Woodfire Grille, the casino's high-end restaurant. Diamond Jo Worth is open 24 hours per day, seven days a week. There is a 160-room hotel adjacent to the casino, which is owned and operated by a third party. For the last three years under Peninsula ownership, Diamond Jo Worth employed approximately 300 full time equivalents.

Total Investment: Approximately $75 million

Below are the gaming and non-gaming revenues for the last full three years of Diamond Jo Worths' operations prior to the sale to Boyd Gaming Company:

($ In thousands)	Gaming Revenue	Non-Gaming Revenue	Total Revenue
2011	$87,377	$15,333	$102,710
2010	81,022	12,958	93,980
2009	79,231	11,334	90,565

Amelia Belle Casino, 500 Lake Palourde Rd, Amelia, LA
On October 22, 2009, Peninsula Gaming acquired the Amelia Belle Casino, in Amelia, Louisiana, which is located in south-central Louisiana. The Amelia Belle Casino is a three level riverboat with gaming located on the first two decks and includes 838 slot machines, 17 table games and 3 poker tables. The third deck of the riverboat includes a 119-seat buffet and a banquet room. The site is approximately 10 acres. For the last three years under Peninsula ownership, Amelia Belle Casino employed approximately 280 full time equivalents.

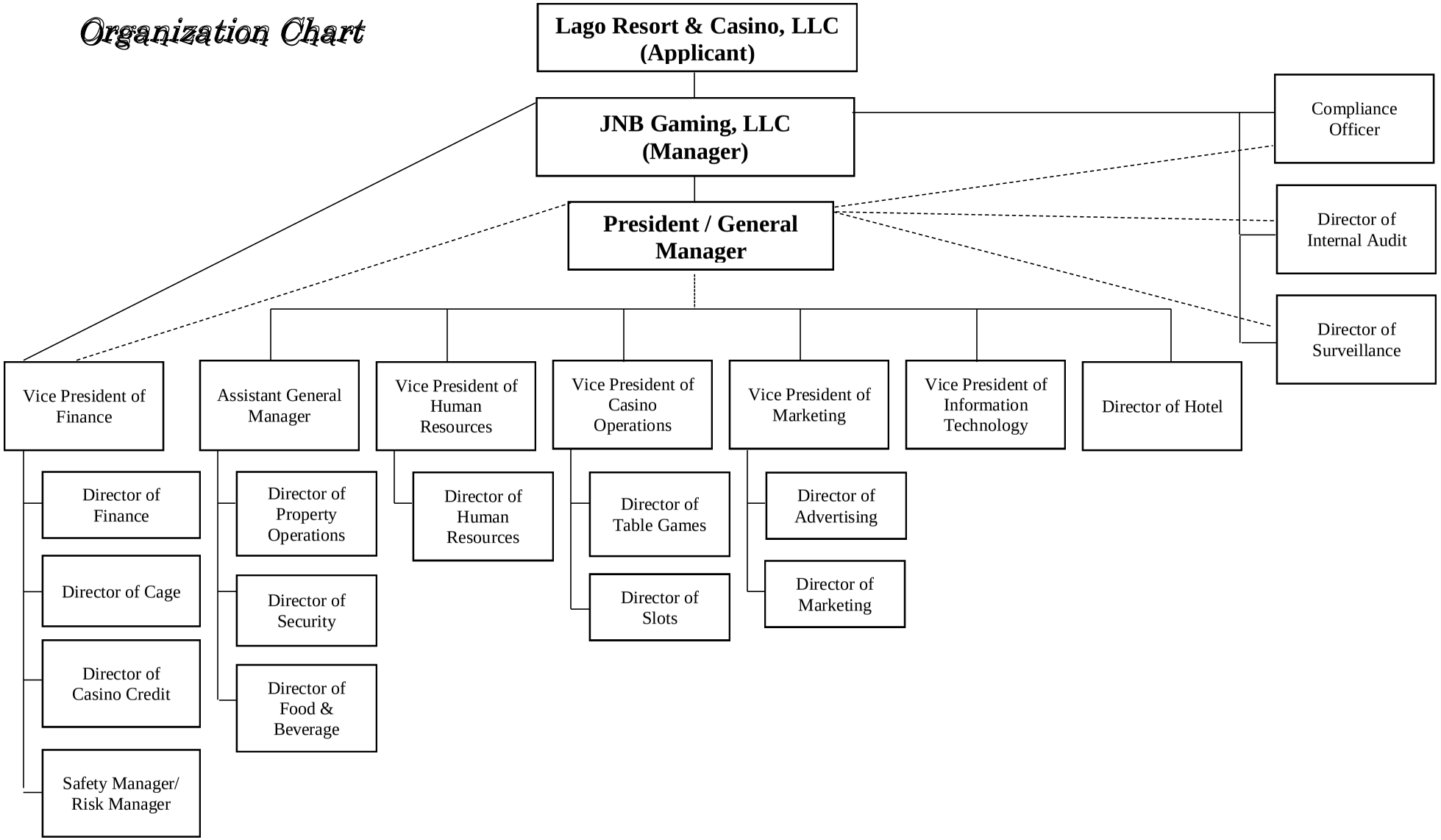
Total Investment: Approximately $105 million

Below are the gaming and non-gaming revenues for the last full three years of Amelia Belles' operations prior to the sale to Boyd Gaming Company:

($ In thousands)	Gaming Revenue	Non-Gaming Revenue	Total Revenue
2011	$50,604	$5,057	$55,661
2010	51,468	4,328	55,796
*2009**	8,121	787	8,908

* Period from October 22, 2009- December 31, 2009. Belle of Orleans was acquired 10/22/2009

Organization Chart



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Proposed Restaurants

Lago Resort & Casino will feature everything from a NY Pizza stand to the finest steak and seafood restaurant in the region. One thing remains consistent in all of these restaurants, the house wine will all be local! This assortment of restaurants was carefully selected to appeal to target markets including locals, destination tourists, groups and motorists on the nearby Thruway.

Portico
Bask in the warm glow of hospitality paired with exceptional cuisine. Premium steaks cooked to juicy perfection and the freshest, most succulent seafood are the hallmarks of success at Lago – where the ambience, rivals the exquisitely prepared signature dishes.

This is a contemporary interpretation of charming lakeside eatery. Inspired by the sparkling waters of the Finger Lakes Wine Country, the finishes and furnishings reflect a sense of relaxation and luxury being adjacent to the pool area.

The bar area at the front facade features an expansive custom wine bottle display wall. The wall is double-sided and can be seen from the dining room, bar, and casino. LED lights wash the display cases and illuminate the bottles. The bar is clad in cream travertine. Barstools are covered in ocean blue fabric with light teak wood frames. The back bar features two LCD TVs and a polished chrome bottle tower. Lighting over the bar will consist of custom designed pendants. Accents of teakwood and cream are found at the ceiling and surrounding walls. The flooring will be a warm plank wood at the bar and entry.

There will be a continuance of fresh colors throughout the dining area. The dining space will include an inviting fireplace, comfortable seating, and luxurious booths for a fine dining experience. Custom lighting will be placed throughout at the ceiling, creating the ambiance and mood for the space. The flooring will be a custom designed carpet inspired by the Wine Country. There will be an area for celebration and private dining beyond the dining room for patrons as well.

The front facade is a custom medium satin warm aluminum metal framework with clear glass, glass entry doors with custom handles, the walls clad in a combination of cream travertine, warm teakwood, and a combination of cream and light camel fabric. Entries will include two overhead metal and glass internally illuminated signs, one above each entry. Custom pendant lights of warm cream glass installed at the front facade of the restaurant. The overall square footage of this space is a generous 5,960 SF with a seating capacity of 140 total seats. Portico includes a terrace with additional seating during spring, summer and fall.

Farmers Market Buffet
The finest locally sourced produce, fruits, dairy products, meats and more play a starring role in this bountiful buffet. Come fill up on a wide variety of comfort foods served in a truly friendly atmosphere where you'll always feel "at home." The buffet has a seating capacity of 240 people and is located on 13,500 square feet of space, with 7,500 square feet dedicated to creating a comfortable environment for guests.

Food Court
Lago will offer a food court with three types of vendors provides an array of selections such as burgers, pizza, fresh salads and more. All three food court vendors share a festival style dining area. At this time, it is likely that the three "vendors" in the food court will be owned and operated by Applicant. The Food Court is located close to the main entrance with 6,500 square feet of space and seating capacity for up to 150 people.

Proposed Retail Spaces
Designed to feature quality locally made food, wine and merchandise, the retail spaces at Lago Resort & Casino will offer goods that will appeal to local shoppers and visitors alike.

Savor NY
Taste the just-picked freshness of Up State New York. At Savor NY, local vendors bring the region directly to Lago Resort & Casino's guests with a wide variety of fruits, cheeses, and irresistibly delicious baked goods and other area specialties. Savor NY will have flexible, high traffic space to allow a large variety of sampling, displays and live cooking demonstrations or events. Featured vendors will be rotated monthly. Savor New York will be adjacent to the food court, providing ample room to expand the floor plan based on each vendor's display and retail space needs.

Shop New York
The place to pick up Lago Resort & Casino gear, the casino gift shop will feature quality merchandise, gifts and products made in New York and more. The casino gift shop includes about 2,000 square feet and will be open 24/7 for customer's convenience.

Spa Gift Shop
Lago Spa will include retail space to provide opportunity for patrons to purchase spa products, Lago Resort gear and personal care items. Square footage will be approximately 900 square feet of the spa's total 9,942 square feet.

Proposed Lounges and Bars
This mix of lounges and bars are inviting meeting places for locals and visitors alike.

The Vine
The second you enter, you can feel the vibe, the excitement. The electricity in the air. Welcome to fun, where you'll always experience the hottest big name entertainment, the coolest drinks, and a menu complete with fun food. The Vine serves as an entertainment room/event center with capacity of up to 1,700 patrons in 38,735 square feet. The Vine can also serve as a meeting space (23,474 square feet with capacity of approximately 800 people) and has a small, specialty restaurant inside. The restaurant covers 2,900 square feet (back of house) and can serve patrons inside the Vine.

Centrifico
Can you say, “Magnifico?” This feature bar is the center of it all, literally. The place to meet, mix, mingle and stir up the best of times serving popular drinks and bar snacks. Enhanced by a towering waterfall, Centrifico is not to be missed. Centrifico, as its name implies, is located in the middle of the gaming floor, has a capacity of about 90 people and covers 3,075 square feet including a service bar.

Proposed Recreation Facilities
Lago Resort & Casino will be home to a full-service spa and a pool.

Lago Resort & Casino Spa
This 9,942 square foot facility will offer a full-service spa experience for guests. The Spa will include private rooms for services including massage, facials, wraps, as well as a nail salon, styling salon and relaxation lounge. Approximate capacity of the Spa will be 45.

Pool Area
Lago’s pool area will cover about 40,000 square feet including a pool bar. This beautiful space is reserved for hotel, spa and invited guests. Approximate capacity of the pool area is 900.

Business Center
For the guests’ convenience, Lago Resort & Casino will have a business center in its hotel. This area may be accessed by hotel guests with their room key. It will be accessible 24 hours a day, seven (7) days a week and is a complimentary guest service.

[redacted]

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Part III – Marketing Plan

Plans to Differentiate and Maximize Market Potential

Lago Resort & Casino will maximize the market potential with thoughtful design, a commitment to superior products and services and a diverse marketing plan. By providing an attractive destination with amenities that complement what the region already offers, Lago Resort & Casino has the infrastructure necessary to attract new players. The level of customer service, quality of games and rich player database marketing offers will incent future trips and result in longer length of stay.

Design

Lago Resort & Casino will feature quality design that fits its environment. Located in a region known for its vineyards, Lago Resort & Casino is expected to produce a significant amount of gaming and non-gaming revenue based on the quality development and its location in the Finger Lakes region at exit 41 of the New York Thruway.

The resort will capitalize on its location. Travelers will find information about local attractions, hotels and accommodations in the region, and more. Lago Resort & Casino will include ample, convenient parking, restrooms, a food court and Savor NY Pavilion where visitors can sample and purchase products made in New York.

Inspired by the iconic estate farmhouses of Southern Italy, the Lago Resort & Casino is a warm, elegant resort with a focus on memorable hospitality experience. This Mediterranean-influenced design concept is intended to create an attractive atmosphere that is both luxurious and approachable. With a fresh, modern point of view, the Lago Resort & Casino

planning was guided by the site access, the existing site conditions, and the proposed overall building program for the Casino, Entertainment venue, Food and Beverage venues, Hotel, Spa, on-site Parking, and all associated back of house support areas.

Given the project site with access via the New York Thruway and Route 414, the site planning was focused on visibility and guest access. This access is provided on the east side of Route 414 and is planned with multiple traffic lanes to allow both the guest, and service vehicles to access the site at this location. The building planning is organized to maximize the visibility from the New York Thruway, as well as from the Site Arrival/Entry point. The gentle rolling hills and sparkling blue waters of the Finger Lake Wine Country set the backdrop for this refined architectural edifice.

Once arriving at the Main Entry Road, the guest will enter through a prominent stone "gateway" providing an immediate vision and understanding of the project components, and sets the tone for their arrival. From this location, the Hotel, Casino, and Parking Structure are all visible, and immediately orient the guests to their preferred destinations. The Parking structure is located at the northern end of the site, closest to the main entry road providing direct access to the Casino and Entertainment Venue, while the Hotel and Resort amenities anchor the southern end.

Architecturally, the forms and materials of the property are authentic and sophisticated with clean lines; a hallmark of simple elegance. Attention to detail and proportion are paramount. The architectural design reflects the special considerations taken to bring the massing down to human scale for a high-touch guest experience. The harmonious massing is simultaneously formal and organic, with larger program components articulated with interpreted details including low roofs, stone walls, eaves, arches, and corbelling, to create a human scale and personal dimension. Fenestration along the buildings perimeter creates an active indoor/outdoor relationship between patrons, architecture and environs. The articulation of the façade is meant to evoke the concept's Mediterranean influence, in particular, the natural luminosity of the interplay with the day's sunlight.

The resort amenities are interconnected and allow first time visitors to easily navigate the property, while returning guests quickly find their preferred indoor Valet Parking, Self-parking, or outdoor surface parking options.

With the parking structure located adjacent to the taller Casino and Entertainment building components, the scale of the overall property has also been designed to create a resort environment. This resort scale has been achieved by planning and arranging the building elements within the existing site topography and providing internal vertical circulation to move guests through the property. On the west side, at the lowest site arrival point, the Valet Parking is located inside the garage. This entry point provides an ease of access with direct entry to the Valet operations. The Valet guests will then be led directly to the Casino Level via an escalator or elevator. On the east side of the Garage and Casino, the larger structures provide a physical separation, and visual screening of the service access and loading dock functions that support the overall facility.

The casino is at the heart of the plan with all of the related program amenities visible and radiating from the center of the gaming area. These venues include the Specialty Portico Restaurant, Savor NY, Food Court, Signature Restaurant, Feature Bar, Buffet, and the Event Center. These amenities not only provide a level of activity around the perimeter of the casino, they are all designed with feature terraces, patios and generous windows to bring the outdoors inside.

At the south eastern portion of the site, the existing grade dictates a raised surface parking lot accommodating the Bus drop-off and Lobby, Bus Parking, as well as Employee Parking, Employee Child Care, and a Staff Entry. This access accommodates both guests and

employees on an upper level, and provides access to the Ground Floor functions via escalator and elevators.

The Hotel/Resort is located at the south end of the site, and is a 6-story hotel tower with 207-guestrooms and suites. The Hotel has its own covered porte-cochère leading guests to the distinctive Lobby with immediate adjacency to the Casino via the Promenade. At the ground floor of the Hotel, the non-gaming amenities include a Café, Spa, Lanai Suites, and a resort Pool with Pool Bar and a luxurious deck space with Cabanas.

The casino will have 195,000 square feet of gaming floor with 2,000 slot machines and 85 table games. The types of gambling games to be operated include slot machines, video poker, and table games including but not limited to Blackjack, Craps, Roulette and Poker. All gambling games will be approved by the New York Gaming Commission.

The entertainment venue is right sized to enhance regional offerings and attract visitors from the outer market to increase trial. The entertainment venue will accommodate 1,500 guests in a show with reserved seats or up to 1,700 for standing room only.

Casino & Resort Operations

JNB Gaming, LLC has earned a reputation as a market leader and industry innovator. Its experienced team of gaming executives has a history of financial discipline, regulatory compliance and operating acumen. The State of New York, the local community and future guests will benefit from the financial strength, development and operating experience, and community commitment Lago Resort & Casino delivers.

JNB Gaming, LLC's leadership has a proven track record of instilling the values of quality, service and community into their management philosophy and operations. This philosophy combined with JNB Gaming, LLC's operating acumen will differentiate Lago Resort & Casino from the competition as follows:

- Employees are provided with the tools they need to deliver outstanding service including valuable positive recognition programs that reinforce customer service best practices.
- Responsible Gambling Resource Center provides education, information and referrals to those who need pathological or problem gambling treatment.
- Community partnerships help make Lago Resort & Casino a centerpiece for the region where they will support community events sponsorships, co-advertising campaigns and programs that create a larger destination and help attract more visitors to the region.
- Community engagement practices that reward community involvement by employees, provide in-kind goods and services and cash donations to support local non-profit organizations.
- Employee Satisfaction Surveys help instill feeling of ownership and a vested commitment to the developments success.
- Guest surveys and customer satisfaction assessments are conducted on an ongoing basis. Ratings are used to improve customer service standards when necessary and reward outstanding service.
- Robust focus on Gaming Floor and analytics to help select the best games which will result in quality, sought-after themes and games that are attractive to players on the gaming floor and a quality entertainment experience for each guest, every time.
- By creating multiple events every day targeted to different market segments, the synergy creates excitement on the gaming floor, resulting in a valuable entertainment experience for guests.

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Overview of Regional Gaming/Tourism Industries

This section analyzes gaming competition and the tourism industry generally from a qualitative and quantitative perspectives. For the gaming industry specifically, this section compiles and analyzes performance data.

Gaming

There are a total of 16 gaming facilities currently operating in the State of New York (nine racetrack casinos and seven Native American casinos). However, from a location standpoint, only nine would be considered primary or secondary competition for the proposed development in the Town of Tyre. Within 75 miles of Tyre, there are four primary gaming facilities, the closest being the slots-only facility called Finger Lakes in Farmington, NY. The closest full resort is Turning Stone located in Vernon, which is operated by the Oneida Indian Nation.

Regional Gaming Locations							
						Distance from Tyre	
	Location	Zone	County	City	Type	Miles	Time
Primary Competitors							
1	Finger Lakes	Seneca	Ontario	Farmington, NY	Racino	30	0:33
2	Turning Stone	Oneida	Oneida	Vernon, NY	Casino Resort	69	1:05
3	Batavia Downs	Seneca	Genesee	Batavia, NY	Racino	72	1:15
4	Vernon Downs	Oneida	Oneida	Vernon, NY	Racino	74	1:15
Secondary Competitors							
5	Tioga Downs	Southern Tier	Tioga	Nichols, NY	Racino	98	2:00
6	Seneca Buffalo Creek	Seneca	Erie	Buffalo, NY	Casino	115	2:00
7	Fairgrounds	Seneca	Erie	Hamburg, NY	Racino	117	2:00
8	Seneca Niagara	Seneca	Niagara Falls	Niagara Falls, NY	Casino Resort	122	2:08
9	Fallsview Casino	n/a	n/a	Niagara Falls, ON	Casino Resort	125	2:20

Primary Gaming Competitors

The primary competition includes three racetrack casinos of varying size and scope, and one full-service casino resort. The racetrack casinos offer only Video Lottery Terminals ("VLTs"), and thus do not offer table games, which are traditionally associated with full-service casinos. They offer live horse racing and race wagering, which provides a slight competitive advantage compared to the Native American casinos in the area.

Finger Lakes Gaming and Race Track

Finger Lakes Gaming and Race Track is the nearest competitor, situated just 30 miles east of the proposed development site, in Farmington, NY. The facility is easily accessible from Interstate 90 (New York Thruway). It is one of the largest racetrack casinos in upstate New York, offering approximately 1,550 VLTs on its 44,000 square foot gaming floor. The VLT offering includes video poker and various progressive platforms. The facility also presents live thoroughbred racing from late April through early December, and year-round simulcast wagering. The food & beverage offering includes two full-service venues and six quick-service options. The full-service offering features Sevens @ Finger Lakes for casual dining with a separate bar. The quick-serve options include a Wolfgang Pucks Express, a deli, and coffee and treat shop called Tim Horton's. Several of the quick-serve options have limited hours, often open around live racing. For entertainment, the property features a full-serve bar that can host live entertainment, generally presenting local acts. The property boasts of a meeting and conference center for larger meetings, equipped with state-of-the-art audiovisual system. A 2,500 square foot banquet facility is available.

Finger Lakes Gaming and Race Track expanded from about 1,200 machines to the current 1,550 machines in October 2013. The reported $12 million expansion also provided space for a new 100-seat restaurant and bar / lounge.

Finger Lakes Gaming and Race Track posted gaming of $132 million in 2013, roughly flat compared to the prior year. From 2008 through 2013 growth averaged about 5% per year over the five year period. The graph shows stronger growth in the first part of this timeframe before moderating significantly in 2013. Win per Unit per Day ("WPUPD") peaked at $298 in 2012, up from a near-term low of $232 in 2008.

Finger Lakes Gaming Summary			
	VLT Revenue ($M)	Avg Slot Count	WPUPD
2008	$101.4	1,199	$232
2009	$111.1	1,199	$254
2010	$115.7	1,199	$264
2011	$122.0	1,194	$280
2012	$129.6	1,192	$298
2013	$131.5	1,268	$284
% Change:			
2009	10%	0%	10%
2010	4%	0%	4%
2011	5%	0%	6%
2012	6%	0%	6%
2013	1%	6%	-5%

Turning Stone
Turning Stone is the nearest full-service casino resort, situated about 70 miles to the east of the subject, near the town of Vernon, NY. The facility is easily accessible from Interstate 90. It is categorized as a full-service resort in that it offers a full complement of table games and numerous hotel rooms (including several unique lodging options).

The casino floor offers about 2,100 slot machines and 117 table games, which includes a 32-table poker room. The table game offering is extensive and includes blackjack, Baccarat, craps, roulette, Let It Ride, and various specialty poker games (Mississippi Stud, Four Card Poker, Caribbean Stud Poker, Three Card Poker, Pai Gow, and Texas Hold 'Em). High stakes bingo is played in a 1,400-seat bingo parlor; a facility that is ranked 3rd in the world, according to Turning Stone. Traditional Keno is also available.

The food & beverage offering is extensive, with several fine dining options (Wildflowers, TS Steakhouse, and Peach Blossom for Asian), various full-service casual dining venues (Pino, Upstate Tavern, Time Rooster, Emerald, and the Season's Harvest buffet), a six-outlet food court, a café in the bingo hall, and Opals for baked goods and desserts.

For entertainment, the facility offers unique bars / lounges, featuring The Atrium Bar that also serves sushi, and the Leopard Lounge on the gaming floor. In addition, a dance club called the Lava Nightclub is available. The Gig is a venue capable of hosting live local and regional bands, and also serves NY-style pizza and craft beers. Lastly, the Turquoise Tiger boasts a sophisticated lounge featuring signature cocktails. Other venues that present live entertainment including a 5,000-seat event center for national headliner acts, and the more intimate 800-seat cabaret-style showroom well suited for comedians and musical productions.

Turing Stone offers a total of over 700 hotel rooms, comprising four different venues. The 285-room Tower and 98-room Lodge garner, a four-diamond rating, with standard rooms measuring 550 to 600 square feet. The 61-room Inn and 268-room Turning Stone Hotel are more value-oriented.

In addition to numerous golf courses (including a comprehensive training center), Turning Stone offers a tennis and racquetball facility, and several resort-style pools. Other hotel amenities include a full-service spa and salon offering a full complement of massages, wraps and facials. An indoor pool and fitness center are also available.

Turning Stone exhibits a comprehensive convention center, offering a total of 100,000 square feet of functional space. The offering features the Event Center (discussed earlier), Conference Center (23,000 square feet) and the showroom, but also includes numerous smaller rooms, scattered throughout the various hotel venues and golf complexes.

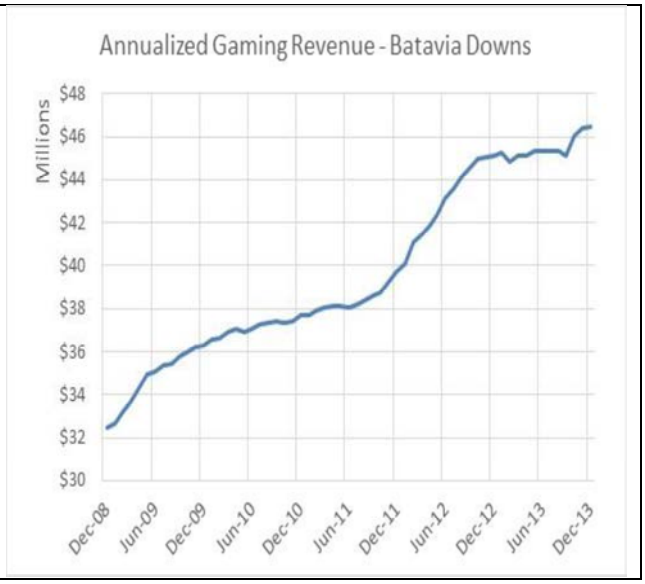
Batavia Downs

Batavia Downs is a racetrack casino located about 72 miles west of the subject development site in the town of Batavia, NY. Batavia is roughly 30 miles southwest of Rochester and 35 miles east of Buffalo. The facility is easily accessible from Interstate 90 (New York Thruway). Batavia currently offers about 790 VLTs on its roughly 60,000 square foot gaming floor. The VLT count increased from 640 in late 2013 due to a modest expansion project. The facility presents live harness racing from late July through early December, and year round simulcast wagering. There are four food & beverage venues including a sports bar, two full-service options, and a quick-serve grill. A modest amount of banquet space is available in the grandstand overlooking the racetrack.

Batavia completed the initial phase of a $27 million expansion in late 2013 that added additional gaming space (discussed earlier) and several restaurant venues, featuring a sports bar themed around Hall of Fame football player Thurman Thomas.

Batavia Downs posted gaming of $47 million in 2013, up 3% from the prior year. 2013 was trending flat until the modest expansion (discussed earlier) late in the year spurred growth. From a longer term perspective, growth averaged about 7% per year over the last five years. 2009 and 2012 were particularly strong with growth of 12% and 13%, respectively. WPUPD peaked at $195 in 2012, up from a near-term low of $149 in 2008. Note that these figures are considerably lower than Finger Lakes.

Batavia Downs Gaming Summary			
	VLT Revenue ($M)	Avg Slot Count	WPUPD
2008	$32.5	596	$149
2009	$36.3	604	$165
2010	$37.7	605	$171
2011	$39.8	607	$180
2012	$45.1	635	$195
2013	$46.5	666	$191
% Change:			
2009	12%	1%	10%
2010	4%	0%	4%
2011	6%	0%	5%
2012	13%	5%	8%
2013	3%	5%	-2%



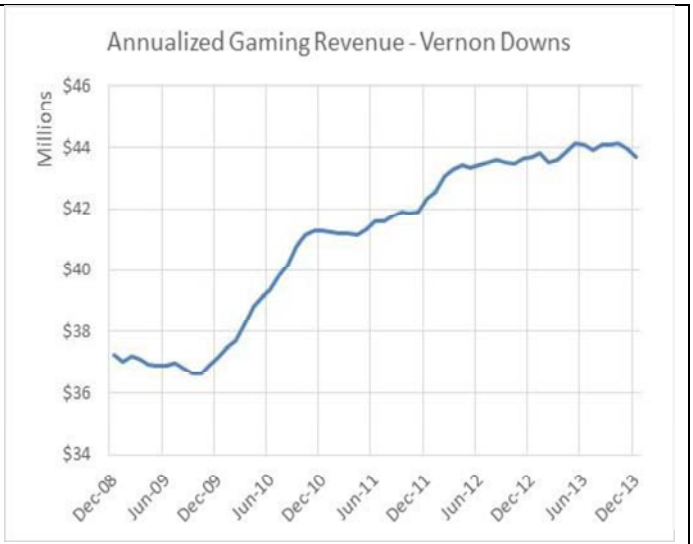
Vernon Downs

Vernon Downs is a racetrack casino located about 74 miles east of the subject development site, and in close proximity to Turning Stone. Vernon Downs is roughly 32 miles east of Syracuse. Like the other casinos in the primary competitive set, this facility is easily accessible from Interstate 90 (New York Thruway). Vernon Downs currently offers about 770 VLTs on a roughly 34,500 square foot gaming floor, making it the smallest racetrack casino in New York. The facility presents live harness racing from late April through October (generally from Thursday through Saturday), and year around simulcast wagering. The day-to-day food & beverage offering includes a full-service casual option serving American comfort food; a buffet; a quick-serve café; and a sports bar. Several other venues are available during live racing. The facility recently unveiled a new event center for meetings and concerts.

The Vernon Downs Casino Hotel was developed in 1994 and recently updated and incorporated into the gaming offering using an enclosed walkway. The hotel offers 165 rooms midscale rooms (rating according to Smith Travel Research). The rooms are 100% non-smoking with flat-screen TVs and a free continental breakfast. Hotel amenities include a heated indoor pool and modest fitness center.

Vernon Downs posted gaming of $44 million in 2013, flat relative to the prior year. From a longer term perspective, the operation showed strong growth of 11% in 2010, as the area recovered from the nationwide recession, while 2011 and 2012 showed average growth of 3%. WPUPD peaked at $156 in 2013, up from a near-term low of $134 in 2008, representing the lowest WPUPD figures in the New York racetrack casino category.

Vernon Downs Gaming Summary			
	VLT Revenue ($M)	Avg Slot Count	WPUPD
2008	$37.3	761	$134
2009	$37.1	761	$134
2010	$41.3	761	$149
2011	$42.3	764	$152
2012	$43.7	767	$156
2013	$43.7	767	$156
% Change:			
2009	0%	0%	0%
2010	11%	0%	11%
2011	3%	0%	2%
2012	3%	0%	3%
2013	0%	0%	0%



Secondary Competitors

The secondary competition includes one racetrack casino–Buffalo Raceway–at the Fairgrounds, and the Seneca Native American casinos, including Buffalo Creek and Seneca Niagara. These casinos would be much less convenient for gaming patrons originating from Rochester, Canada, and Syracuse relative to the subject.

Seneca Buffalo Creek

Seneca Buffalo Creek is located just south of downtown Buffalo with accessibility via Interstate 90. The facility is about 115 miles west of the subject. The facility recently underwent a $130 million renovation / expansion, which featured a parking garage (715 spaces), more gaming space for the addition of table games, as well as an upgraded food & beverage offering.

The facility now offers 800 gaming machines and 18 table games. The table game offering includes blackjack, craps, roulette, Let It Ride, and various specialty poker games (Mississippi Stud, Three Card Poker and Texas Hold 'Em). There is no traditional non-banked poker room.

The food and beverage offering features a grill, café, and sports bar. The grill offers local favorites such as Franco's Pizza, Duff's Famous Wings, Charlie the Butcher, and Ilio Dipaolo's for Italian. The quick-serve café (open 24/7) features sandwiches, soups, salads, and baked goods. The Stixx Sports Bar is a feature of the property, located in the center of the casino, offering a full-service bar area and multiple flat screen TVs.

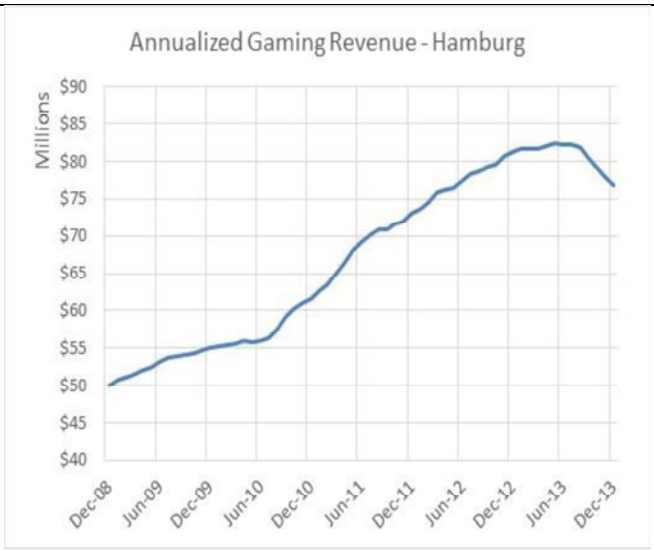
Hamburg Gaming (Buffalo Raceway at the Fairgrounds)

Fairgrounds is a racetrack casino located about ten miles south of downtown Buffalo, and about 115 southwest of the subject development site. Patrons originating from the Rochester area would have to navigate the Buffalo metro area to get to the facility. Hamburg currently offers about 900 VLTs on its roughly 55,000 square foot gaming floor, with video poker and progressive jackpots. The facility presents live harness racing from mid-January through April (generally Wednesday through Saturday), and year around simulcast wagering.

The food and beverage offering features the Midway Buffet with various specialty buffet specials. For a quick bite, the facility offers the Blue Ribbon Grill featuring burgers, pizza, and wings, and a Tim Horton's coffee house for specialty coffee drinks and baked goods. Lastly, the Cyclone Bar is a full-service lounge that also offers food. This venue presents live entertainment throughout the year, generally comprising local acts.

Hamburg posted gaming of $77 million in 2013, down 5% compared to the prior year. The weak results in 2013 were mainly due to the Seneca Buffalo Creek expansion (discussed earlier), as 2013 was trending flat prior to the opening of the expansion (see graph below). The weak results in followed a period of very strong growth as gaming revenue increased an average of 13% per year from 2008 through 2012 (four year period). Win per Unit per Day ("WPUPD") peaked at $237 in 2012, up from a near-term low of $143 in 2008. Hamburg holds the second place stop (behind Finger Lakes) in terms of WPUPD for the update New York racetrack casinos.

Hamburg Gaming Summary			
	VLT Revenue ($M)	Avg Slot Count	WPUPD
2008	$50.0	959	$143
2009	$55.1	959	$157
2010	$61.6	941	$180
2011	$73.1	939	$213
2012	$81.2	940	$237
2013	$76.8	940	$224
% Change:			
2009	10%	0%	10%
2010	12%	-2%	14%
2011	19%	0%	19%
2012	11%	0%	11%
2013	-5%	0%	-5%



Seneca Niagara

Seneca Niagara is a full-service gaming resort located in Niagara Falls, New York, roughly 20 miles northwest of Buffalo, and more than 120 miles from the subject development site. The facility is accessible from north central New York via the New York Thruway to Interstate 290 north to Interstate 190 northwest.

The casino floor offers about 4,000 slot machines and 125 table games, which includes a 16-table poker room. The table game offering also includes blackjack, Baccarat, craps, roulette, Let It Ride, and various specialty poker games (Mississippi Stud, Three Card Poker, Pai Gow, and Texas Hold ’Em). Traditional Keno is also available. The facility recently updated the casino floor featuring a bolder, brighter décor, new carpeting and lighting, leather seating, a new Keno Bar, and The Mezz, an 18+ gaming area.

The food & beverage offering includes several feature full-service specialty restaurants (Western Door, KOI, and La Cascata), various casual dining venues (buffet, burger bar, noodle bar, and a 24/7 café), and three quick-serve options, including Morrie’s Express for sandwiches, pizza, salads, coffee and desserts; a Tim Hortons Coffee and Baked Goods; and a Cold Stone Creamery.

For entertainment, the facility offers several bars/lounges, featuring Stir, the new center bar nightclub. Stir is capable of hosting live acts. Other venues that present live entertainment include a 2,400-seat events center for national headliner acts, and the more intimate 440-seat Bear’s Den showroom.

The 26-story hotel is a feature of the property, offering 604 newly renovated rooms. The hotel boasts a four-diamond rating with pillow-top beds, oversized showers, and flat-screen TVs. The accommodations include 486 deluxe rooms, 86 corner-suites, and various other suite options. Hotel amenities include a full-service spa and salon, offering a full

complement of massages, wraps and facials. An indoor pool and fitness center are also available.

Lastly, for meeting and conventions, the event center doubles as a multi-purpose room capable of hosting 2,500 guests in a theater setting. Smaller breakout rooms are also available measuring from 1,600 to 2,000 square feet. The meeting space also includes several formal board rooms.

Seneca County Tourism

Seneca County lies in the heart of the Finger Lakes region, and thus is most known for its scenic ambience and recreational activities. It was glaciers that carved out the footprint for the Finger Lakes, resulting in numerous recreational options, inherent natural beauty with picturesque views and diverse landscapes, and unique waterways. The recreational options are varied including hiking in the Finger Lakes National Forest, biking along the roadways and trails of the Finger Lakes region, and kayaking on the various waterways, such as the Erie Canal System and the Cayuga Seneca Canal. The area is also thriving in terms of agri-tourism, as tourists explore local agriculture, such as wineries, dairy farms, and unique farmers markets. Lastly, Seneca County has a colorful historical past, which is showcased at numerous museums and monuments.

Recreation

The recreation options are numerous, including boating, hiking, hunting & fishing, scenic drives, and golf, to name a few. For boating, two of the 11 Finger Lakes are in close proximity to Seneca County, including Lake Seneca and Lake Cayuga. The area contains over ten marinas to launch an excursion. Fishing tours and boating charter options are also numerous. There are plenty of wildlife and hunting opportunities as well, including bird-watching at the Montezuma National Wildlife Refuge or viewing the world-famous Seneca White Deer. In addition to the Finger Lakes, the area is dotted with smaller lakes, streams, and natural wetlands.

Additional recreational attractions include various stables for horseback riding, several scenic drives (particularly popular during fall foliage viewing), a scenic railway tour, various wildlife refuges, and three state parks. The wildlife refuges and state parks are particularly adept for hiking and biking. Again, one of the main goals of hiking is to view the area's famous white deer population. Special tours to this end are available.

Agri-Tourism

Agri-tourism, the exploration of local agriculture, is very popular in the area. Tourists have numerous opportunities to purchase the freshest food and specialty wines. The area boast of nearly 30 farmer's markets, featuring flowers, honey, trees, and organic produce. Regarding food, area specialties include cheese and other dairy products. The "Cheese Trail" includes Cowlick Farm & Micro-Creamery, Muranada Cheese Company, and Lively Run Goat Dairy. The latter is one of the first commercial goat dairy operations in NYS.

Finger Lakes Wine Country is home to over 100 diverse wineries, including micro-wineries and farm wineries, keeping every level of wine connoisseur interested. The local specialty is

the production of world-class Rieslings, as Finger Lakes wine consistently wins awards in international competitions. The Finger Lakes region also contains micro-breweries, featuring a variety of distilled beverages, including cider and craft beers. The activities available at these wineries include tasting rooms, tours, gift shops, and dining. These facilities are also available for events, such as weddings and live entertainment. The food and wine of the area is showcased at numerous festivals throughout the year.

Historic Past and Cultural Experience

The area has a vibrant historical past, featuring the birthplace of Women's Rights in Seneca Falls; the origins of Memorial Day in Waterloo; and the inspiration of an American classic movie - *It's a Wonderful Life*. Seneca County's offers more than 20 museums throughout the area to highlight its historical past. For example, the history of Women's Rights can be explored at the National Women's Hall of Fame, the Elizabeth Cady Stanton House, and Women's Rights National Historical Park, to name a few. Other historical sites and monuments offer insight into America's military past, displaying artifacts from abandoned bases and battlegrounds that played major roles in the Revolutionary War, Civil War, and World War II.

The area hosts numerous historical societies, galleries, and libraries. The military history of the area can be explored at the Sampson State Park Military Museum, National Memorial Day Museum, and the American Civil War Memorial. The area often host war reenactments to further illustrate its historical past. Other museums focus on the Finger Lakes and the agricultural significance of the area. Also, the Waterloo Library is one of the oldest libraries in New York State (constructed specifically as a library), founded in April 1875. It is housed in a Queen Anne Victorian-style building, featuring the Terwilliger Museum in an annex, which focuses on the history of Waterloo with photographs and maps.

Shopping

For shopping, the area features the Waterloo Premium Outlets as well as various other unique options. Waterloo Premium Outlets is located in Waterloo, NY, less than five miles from the proposed casino development site. The outlet mall features over 100 stores, including top brands such as Aeropostale, American Eagle, Brooks Brothers, Nike Factory Store, Tommy Hilfiger, and Under Armour. In addition to fashion, the mall offers shoe store, fine leather shops, accessories and jewelry, housewares, and specialty gifts. The mall offers ten food & beverage outlets, including the Sun Garden Grille, Quality Cafe, and China Express.

Antiques are another reason folks come to Seneca County, with about ten mom-and-pop shops to choose from. The area is also dotted with specialty shops, often featuring flowers and other local produce.

Lodging

Lodging alternatives include campgrounds with cabins/cottages, Bed & Breakfast (B&B) boutiques, and the more mainstream hotels and motels. The Waterloo Harbor Campground, Sned-Acres Family Campground, Canal Side Experience, and Oak Orchard are a few of the more popular campgrounds.

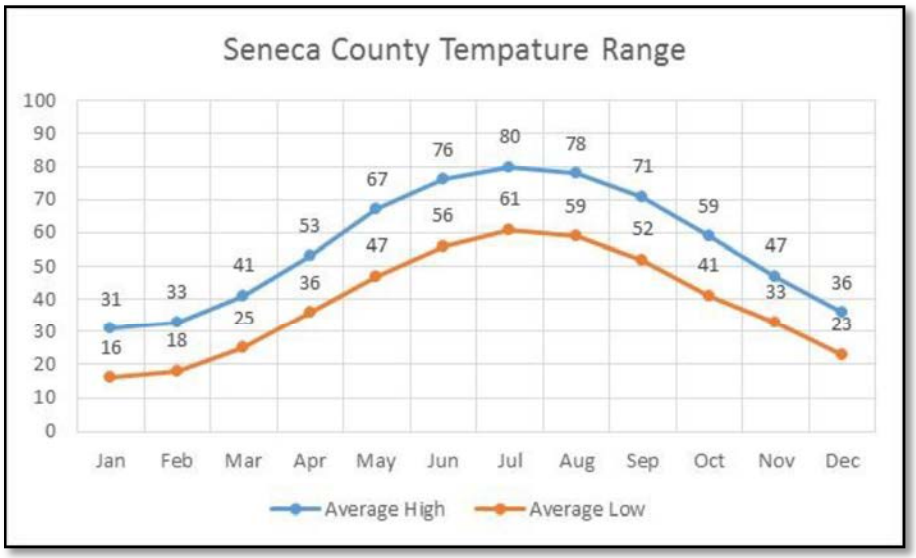
There are nearly 20 B&B choices in the area. The B&B offering takes advantage of historical architecture, such as the 1824 Federal-style VanCleef Homestead and the Victorian-era Barrister's in Seneca Falls. These B&B boutiques often showcase local agricultural products, such as wine and cheese.

Based on information obtained from Smith Travel Research, there are 46 hotels in the market offering approximately 2,555 rooms, an average of 56 rooms per hotel. Including the hotels under construction, the market has added five hotels in the last five years, increasing the room count by 400 rooms or 18%. The new hotels include one economy class (69-room Microtel Inn), three upper midscale (81-room Hampton Inn; 79-room Holiday Inn Express Geneva; 75-room Holiday Inn Express Canandaigua), and one upscale (92-room Hilton Garden Inn Auburn) offering. Thus, all the new hotels are branded and modestly larger than the market average.

This market is heavily weighted with economy and midrange (including upper midscale) offerings, comprising 95% of the total rooms. Roughly 40% of the rooms in the economy class are related to small, independently-owned hotels. The upper midscale offering includes such popular brands as Hampton Inn, Holiday Inn, and Holiday Inn Express. This class also includes several independently-owned hotels, the largest of which is the 134-room Inn on the Lake. There are only three upscale hotels, two of which are small independents, situated to take advantage of area's scenic attractions. The only branded upscale hotel is the 92-room Hilton Garden Inn in Auburn.

Weather

The weather in the Seneca County area offers four distinct seasons featuring mild, wet summers and cold, snowy winters. The average high temperature in the summer peaks in July at only 80 degrees, while the nights are very pleasant with average lows in the low 60 degrees. The average low temperature bottoms-out in January at 16 degrees, while the high only reaches 31 degrees. The spring and fall months are very pleasant with mild temperatures.



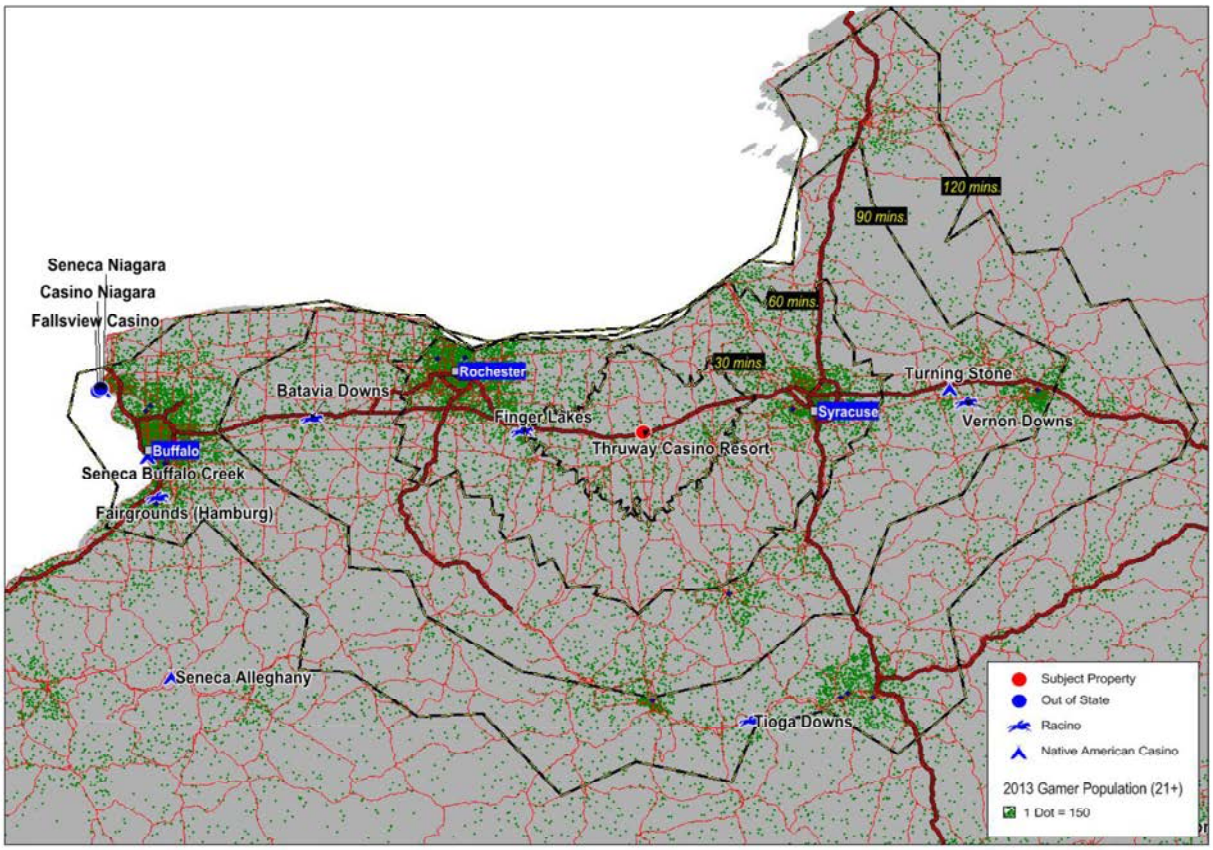
While precipitation is prevalent throughout the year, the summer months are wettest, while the winter months are the driest. Average precipitation peaks at 3.67 inches in June, compared to the annual low of 1.55 inches in February. The months of May through October all show precipitation above three inches. Precipitation falls below two inches for the months of January and February. The precipitation in the winter months is, of course, in the form of snow, equating to roughly 35 inches of snowfall per year, somewhat less than the average for the New York as a whole.

Economic & Demographic Review of Key Feeder Markets

The local adult population within a two-hour drive time emanating from the site will be the primary source of visitation for the resort. The demographics and economics in the region are therefore a key consideration. This market captures four major metropolitan areas (MSAs), including one of the largest cities in the country - Buffalo. The other MSAs are Rochester, Syracuse and Binghamton, NY. Rochester and Syracuse are particularly relevant as the subject development site sits in between these cities, with easy access via the New York Thruway. Thus, Lago Resort & Casino is well positioned to tap both these major markets, a best of both worlds situation. Other larger population pockets in the market include Ithaca, Auburn, Utica, Watertown, and Rome.

The demographics including the population, adult population, and incomes were evaluated using a Geographic Information System ("GIS") that queried the population within 30, 60, 90, and 120-minute drive times from the proposed location. As can be seen in the accompanying map, drive times extend east to west including the catchment areas of the major population bases located in Syracuse, Rochester and Buffalo.

Gamer Population within Two-hour Drive Time



The following is a discussion of the population economic metrics including income levels.

Total Population

Total population was estimated at 3.3 million for the greater market in 2013. The count is expected to remain relatively flat over the next five years. Note the growth rate for the New York State and the U.S. average was 0.3% and 0.7%, respectively.

The innermost ring (0-30 minutes) is forecast to have a total population of 159,000 or 4.8% of the total, and extend to the suburbs of both Syracuse and Rochester. The count jumps to 1.2 million (36% of the total) for the 30-60 minute ring and includes the urban areas of the two major cities. The 60-90 minute ring is expected to have a total population base of approximately 809,000 people and account for 24.6% of the total. This includes the cities of Ithaca and Utica. The 90-120 minute ring extends to Buffalo and includes a projected population of 1.1 million. This segment accounts for 34.6% of the total population base. Overall, growth has remained flat and is not expected to increase significantly.

As discussed, the real potential lies in the 30-60 mile radius, the home of the bulk of the Rochester and Syracuse population. This market segment accounts for 36% of the total with 1.2 million people, making it the largest segment. Having two major population centers in close proximity should simplify the market strategy. It is always advantageous to be able to hone marketing efforts to just a few specific population centers, thus focusing on a specific demographic profile.

Total Population					
Market Segments	**2010**	**2013**	**AAG**	**2018**	**% of Total**
0-30 Minute	161,867	160,632	-0.25%	159,233	4.8%
30-60 Minute	1,175,374	1,176,796	0.04%	1,181,563	36.0%
60-90 Minute	805,135	806,368	0.05%	809,810	24.6%
90 -120 Minute	1,142,613	1,138,347	-0.12%	1,135,395	34.6%
0-120 Minute	**3,284,989**	**3,282,143**	**-0.03%**	**3,286,001**	**100.0%**
New York State	19,378,102	19,560,723	0.31%	19,851,333	
U.S.	308,745,538	314,861,807	0.66%	325,322,277	

Source: Applied Geographic Solutions

Adult Population

It is estimated that roughly 74.0% of the population in the greater market will be 21 years of age and older by 2018. This proportion is in line with New York state as a whole and modestly higher than the U.S. average of 72.4%. The adult proportion for the greater market is expected to remain relatively flat at 2.4 million adults.

Importantly, the greater market area shows an older age demographic relative to the national average. In addition, the overall percentage of adults is expected to increase over the next five years. Therefore, while the overall population base is expected to remain relatively flat,

the number of adults in the market is expected to show meaningful growth. For example, for the key 30-60 minute segment, the gamer population is expected to increase an average of approximately 1.8% per year, resulting in roughly 12,700 additional adults of gaming age. The growth rate for the 60-90 minute segment is even higher at 2.2% per year.

Gamer Population (21+)					
Market Segments	**2010**	**2013**	**AAG**	**2018**	**% of Total**
0-30 Minute	115,047	119,575	1.30%	119,691	75.2%
30-60 Minute	806,197	850,833	1.81%	863,528	73.1%
60-90 Minute	552,566	591,092	2.27%	602,003	74.3%
90 -120 Minute	822,551	839,336	0.68%	845,984	74.5%
0-120 Minute	**2,296,361**	**2,400,836**	**1.49%**	**2,431,206**	**74.0%**
New York State	13,505,149	14,426,553	2.22%	14,775,225	74.4%
U.S.	196,900,078	226,454,062	4.77%	235,471,232	72.4%

Source: Applied Geographic Solutions

Income

The Average Annual House Income ("AAHI") for the greater market is estimated to reach approximately $69,100 by 2018; slightly less than the U.S. average. The segments with the highest averages fall between a 30 and 90 minute drive. These segments encompass the major markets of Rochester and Syracuse.

In addition, income levels are expected to show solid growth over the next five years, increasing from an average of $64,300 in 2013 to $67,200 by 2018, an average increase of 1.5% per year. In comparison, income levels for the state and nation as a whole are only expected to increase 1.2% and 0.6%, respectively. This growth in income levels will translate into gaming revenue growth as disposable income increases proportionately. The growth will be realized as "win per visit" increases on a year over year basis. In other words, each visitor's per trip budget will grow in proportion to their increase in disposable income.

Average Annual Household Income					
Market Segments	**2010**	**2013**	**AAG**	**2018**	**% of US Average**
0-30 Minute	$54,432	$57,364	1.76%	$61,596	85.6%
30-60 Minute	$63,541	$66,666	1.61%	$71,163	99.0%
60-90 Minute	$62,198	$65,489	1.73%	$70,305	97.8%
90 -120 Minute	$58,743	$62,101	1.87%	$67,196	93.4%
0-120 Minute	$61,086	$64,331	1.74%	$69,109	96.1%
New York State	$76,471	$81,625	2.20%	$86,776	120.7%
U.S.	$66,397	$69,637	1.60%	$71,917	100.0%

Source: Applied Geographic Solutions

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

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Submit as Exhibit VIII. A.6.b. a detailed description of how the project will be financed. Provide a statement of financing sources and uses for the Application fee, Application and suitability investigation expenses, license fee, capital investment deposit, and construction of the proposed Gaming Facility based on the proposed construction budget and timeline provided pursuant to Items VIII.C.19. and VIII.C.20. of this RFA, including reasonable and customary contingencies, and the pro-- - forma forecasted financial information provided pursuant to Item VIIIA.4. of this RFA. Provide a statement of financing sources and uses, annually, for at least the first three (3) years after beginning gaming operations using each of the high-- -, average-- - and low-- - case scenarios included in the pro-- - forma forecasted financial information provided pursuant to Item VIII.A.4. of this RFA. Expressly identify the funding source to cover any forecasted operating losses.

EXHIBIT VIII.A.6.b CAPITAL FINANCING STRUCTURE

CONFIDENTIAL

Financing of Project		Application Fee (1)	License Fee	Capital Investment Deposit	Construction and Other Development Costs
Vendor Financing	$ 30,000,000				$ 30,000,000
Senior Secured Credit Facility	$ 305,000,000			$ 30,000,000	$ 275,000,000
Total Debt Financing (2)	$ 335,000,000			$ 30,000,000	$ 305,000,000
Preferred Membership Interests	$ 27,000,000				$ 27,000,000
Wilmorite Common Membership Interests	$ 23,000,000	$ 1,000,000	$ 22,000,000		$ -
PGP Investors Common Membership Interests	$ 40,000,000		$ 39,200,000		$ 800,000
Total Common Membership Interests	$ 63,000,000	$ 1,000,000	$ 61,200,000		$ 800,000
Total	$ 425,000,000	$ 1,000,000	$ 61,200,000	$ 30,000,000	$ 332,800,000

(1) Additional application and suitability investigation expenses will be funded through Wilmorite Common Membership Interests.

(2) Credit Suisse has provided $335 million of debt commitments, however, we intend to utilize $30 million of customary slot vendor financing in lieu of the full amount from Credit Suisse.

Following are the Sources and uses after beginning gaming operations for high, average and low case scenarios:

($, in millions)

[redacted]

Average Case:

[redacted]

High Case:

[redacted]

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Submit as Exhibit VIII. A.8.c. copies of securities analysts' and credit rating agencies' reports for the past three (3) years, if any, covering any Financing Source.

EXHIBIT VIII.A.8.c DOCUMENTATION OF FINANCIAL SUITABILITY AND RESPONSIBILITY CONFIDENTIAL

See attached recent securities analyst and credit rating agency reports[1].

Securities analyst coverage is favorable to Credit Suisse. See the chart below.

Summary of current equity research

Broker	Analyst	Research Date	Rating
Societe Generale	Lim, A	13 Jun '14	Hold
Citi	Lakhani, K	12 Jun '14	Buy
Goldman Sachs & Co.	Omahen, J	04 Jun '14	Buy
UBS	Brupbacher, D	03 Jun '14	Buy
BofA Merrill Lynch	Helsby, M	29 May '14	Hold
Deutsche Bank Research	Spick, M	25 May '14	Buy
Barclays	Sigee, J	12 May '14	Buy
Nomura	Peace, J	02 May '14	Buy
Commerzbank Corporates & Mkts	Dunst, M	23 Apr '14	Hold
RBC Capital Markets	Swaffield, F	17 Apr '14	Buy
Jefferies & Co.	Fall, O	17 Apr '14	Buy
Exane BNP Paribas	Davies / Tibergh	16 Apr '14	Buy
Santander GBM	Faure, A	14 Apr '14	Buy
HSBC Global Research	Murphy, R	14 Apr '14	Hold
Macquarie Research	Brown, P	20 Mar '14	Hold
JPMorgan	Abouhossein, K	18 Mar '14	Sell
Morgan Stanley	Van Steenis, H	21 May '14	Hold

Ratings category	% of total
Buy	58.8%
Hold	35.3%
Sell	5.9%

Note: Represents selected brokers.

[1] Due to the volume of material, only recent securities analyst and credit agency reports are included. Additional reports can be provided if necessary.

Credit Suisse's corporate credit rating compares favorably to other global financial institutions. See the chart below.

	Moody's	Standard & Poor's	Fitch
Credit Suisse	**A1**	**A**	**A**
Bank of America Merrill Lynch	Baa2	A-	A
Barclays Capital	A3	A-	A
Citigroup	Baa2	A-	A
Deutsche Bank	A2	A	A+
Goldman Sachs	Baa1	A	A
HSBC	Aa3	AA-	AA-
JPMorgan Chase	A3	A	A+
Morgan Stanley	Baa2	A-	A
UBS	A2	A	A

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EQUITY RESEARCH

RBC Capital Markets

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April 17, 2014

Credit Suisse Group AG

Wealth Management the attraction

Our view: While Q1 14 results were somewhat mixed, we view the long term drivers of the investment case as intact. Growth in WMC should be driven by cost reduction and lending growth. We expect capital generation to give scope for dividend growth in 2014-16. The valuation screens attractive at current levels.

Key points:

Investment Bank weakness - some one off issues

While the IB was the key reason for the Q1 14 miss there were some one-off factors, including a change in compensation accruals. We have revised our pre-tax forecasts down for the IB some 8-9% over 2014-16 given the difficult revenue environment. The debate remains on the ROE - while CS has reported a 21% ROTE in Q1 14 in the Strategic IB this would fall to 10% on a 5% leverage ratio highlighting the continuing debate about capital and returns in the IB.

WMC - some bright spots

We see the PB&WM division as the key attraction of the shares relative to the sector. Q1 14 saw WMC come in slightly above consensus for the first time in some quarters. The positive were strong net new money and very good cost control so that the pre-tax return on invested assets rose from 23bp to 29bp Q1/Q1. While there was disappointment in NII we would note that gross margin ex NII was stable Q1/Q1. We have left our forecast unchanged and expect some improvement in revenues in H2 given the first evidence of the success of its increased lending focus as well as progress on cost reduction. We forecast pre-tax CAGR of 15% over 2014-16.

Capital - still expect DPS growth

We expect the increase in RWAs seen in Q1 to be offset by reduction in legacy assets, seasonal factors and methodology changes so that we continue to see scope for a significant rise in DPS in 2014 and a 11% B3 CET1 ratio. Litigation charges remain a risk although total provisions are CHF2.3bn as of end 2013. In addition CS appears to have lower risk than peers in LIBOR and FX investigations in our view.

Valuation

Our forecasts move down 5-6% for 2014E-16E EPS. This is driven by downgrades in the Investment Bank with our forecasts for the more highly rated PB&WM unchanged. We have kept our price target at CHF33ps as we have already valued the IB conservatively in our model. This uses a sum of the parts valuation and also a group based valuation using 2015E, discounted back one year. The price target assumes 1x TBV for the Investment Bank and 12x for the PB&WM divisions.

Outperform

VX: CSGN; CHF 27.42

Price Target CHF 33.00

WHAT'S INSIDE	
☐ Rating/Risk Change	☐ Price Target Change
☐ In-Depth Report	☑ Est. Change
☐ Preview	☑ News Analysis

Scenario Analysis*

Downside Scenario	Current Price	Price Target	Upside Scenario
25.00	27.42	33.00	38.00
↓ 5%		↑ 24%	↑ 42%

*Implied Total Returns

Key Statistics

Shares O/S (MM):	1,587.2	Market Cap (MM):	43,521
Dividend:	1.00	Yield:	3.6%

RBC Estimates

FY Dec	2013A	2014E	2015E	2016E
EPS, Adj Diluted	2.12	2.46	3.25	3.86
Prev.		2.53	3.44	4.08
P/AEPS	12.9x	11.1x	8.4x	7.1x
TBVPS	20.64	21.90	23.50	26.00
P/TBVPS	1.3x	1.3x	1.2x	1.1x
ROE, Adj	8.0%	11.6%	14.4%	15.7%
Prev.	10.2%	11.7%	14.9%	16.1%
DPS	0.70	1.00	1.30	1.50
Div Yield	2.6%	3.6%	4.7%	5.5%

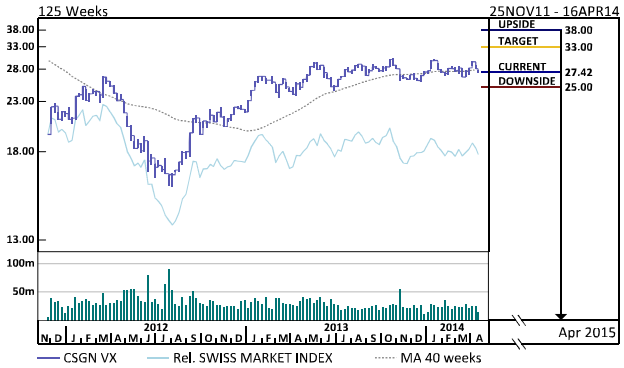
EPS, Adj Diluted: Excludes DVA and restructuring costs from EPS, adj ROE
All values in CHF unless otherwise noted.

Priced as of prior trading day's market close, EST (unless otherwise noted).

For Required Non-U.S. Analyst and Conflicts Disclosures, see page 11

Target/Upside/Downside Scenarios

Exhibit 1: Credit Suisse Group AG



Source: Bloomberg and RBC Capital Markets estimates for Upside/Downside/Target

Target price/ base case

Our price target of CHF33 is based on 2015 forecasts discounted back one year at 9.7%. We use a sum of the parts model as well as an ROE, price to book model.

Upside scenario

For our upside scenario, we consider a share buyback of excess capital above a 11% B3 CET1 ratio and do not adjust for regulation, arriving at a value of CHF38.

Downside scenario

For our downside scenario, we assume a price to TBV of the investment bank of 0.5x and a PE of 10 for wealth management and this equates to a value of CHF25, if we discount back one year at 9.7%.

Investment summary

CS screens good value if we consider the strategic units (PE 8.5x 2014) and the key issue over 2014-15 is for this drag of the Non Strategic Units to be reduced, which should underwrite earnings growth. At the same time we expect growth in Wealth Management to be driven by cost savings combined with some improvement in revenue growth (15% CAGR 2013-16E). While fixed income is some 20% of group revenues, so is equities so there is some offset to current difficult trends in fixed income. While the Investment Bank at CS remains 42% of TBV by end 2015E this is not valued highly and our price target of CHF33ps is 1x TBV on the Investment Bank and a PE of 12x on the Non Investment Bank using 2015E. With a return to a decent cash dividend in 2013 (yielding 2.6%), we expect dividend growth and a yield of 4.7% in 2015.

Fiona Swaffield +44 20 7029 0785; fiona.swaffield@rbccm.com

Forecasts and Valuation

While there were some issues in the Q1 14 results on costs and revenues in the Investment Bank on closer inspection there are some offsets that limit the overall downgrades. Overall the downgrades are driven by the Investment Bank, which we would argue is more lowly rated and the changes in the higher rated PB&WM combined division are minimal in 2014/15. In the Strategic Investment Bank we have moved down our pre-tax forecasts by 8-9% over 2014-16. As a result overall EPS forecasts (ex realignment costs and DVA) moves down by 5-6% for 2014-16. Another way to present this is the EPS of the Strategic Units, which moves down by 4.5% in 2014, 6.8% for 2015 and 6.9% for 2016 driven by the reductions assumed in the Investment Bank.

Exhibit 2: CS – New and Old estimates

CHFm	Old 2014E	Old 2015E	Old 2016E	New 2014E	New 2015E	New 2016E	% ch 2014E	% ch 2015E	% ch 2016E
Pre-tax strategic	7,396	8,395	9,225	7,047	7,981	8,753	(4.7)	(4.9)	(5.1)
Pre-tax non strategic unit	(2,140)	(1,405)	(180)	(2,082)	(1,405)	(180)	(2.7)	0.0	0.0
Pre-tax NSU ex realigment & DVA	(1,530)	(705)	(180)	(1,390)	(705)	(180)			
Group Cost base ex realignment	19,773	19,125	19,215	18,759	18,555	18,855	(5.1)	(3.0)	(1.9)
Group Revenues ex DVA	25,894	26,965	28,395	24,655	25,981	27,563	(4.8)	(3.6)	(2.9)
Per share Metrics (CHF)									
EPS Continuing Operations (Diluted)	2.20	3.11	4.08	2.09	2.92	3.86	(5.0)	(6.1)	(5.4)
EPS ex DVA and Realignment costs	2.53	3.44	4.08	2.46	3.25	3.86	(2.8)	(5.5)	(5.4)
EPS strategic unit	3.33	3.84	4.23	3.18	3.58	3.94	(4.5)	(6.8)	(6.9)
EPS Non strategic unit Cont ops	(1.06)	(0.66)	(0.08)	(1.09)	(0.66)	(0.08)	2.8	0.0	0.0
Strategic Unit Pre-tax (CHFm)									
Wealth Management Clients	2,338	2,770	3,215	2,338	2,706	3,108	0.0	(2.3)	(3.3)
Corporate and Institutional Clients	993	1,070	1,120	934	1,070	1,120	(5.9)	0.0	0.0
Asset Management	538	585	630	606	625	655	12.6	6.8	4.0
PB&WM Strategic	**3,869**	**4,425**	**4,965**	**3,878**	**4,401**	**4,883**	**0.2**	**(0.5)**	**(1.7)**
Investment Bank Strategic	3,880	4,315	4,605	3,574	3,925	4,215	(7.9)	(9.0)	(8.5)
Corporate Centre Strategic	(353)	(345)	(345)	(405)	(345)	(345)	14.7	0.0	0.0
Core Results - Strategic	7,396	8,395	9,225	7,047	7,981	8,753	(4.7)	(4.9)	(5.1)

Source: RBC Capital Markets estimates

Price Target unchanged at CHF33ps

We have left our price target unchanged however in spite of our reduction in forecasts at CHF33ps. This is due to the fact that on a sum of the parts basis we have been relatively conservative especially with respect to the drag of the Non Strategic Units where we had previously assumed the drag in perpetuity on the 2015 basis including realignment costs. Certainly on our current revised forecasts a simple price to book model (for the group ex realignment costs) as well a sum of the parts points to a CHF33ps valuation using 2015 forecasts, discounted back one year. We would also note that we have allocated capital at a relatively high CET1 ratio across the divisions and assume a close to 12% CET1 ratio which means we do not value a significant amount of excess capital in 2015 relative to the 12.1% B3 CET1 forecast by that year. While this is higher than the 11% B3 CET1 target assumed by the company in absolute terms this is CHF2.2bn. This is not far from the contingent liability for potential future litigation provisions so while this is a cautious capital allocation given continued litigation risk we see it to be appropriate.

Exhibit 3: CS sum of the parts 2015E

(CHF)	Pre-tax ex rest charges (m)	Tax (%)	Net Income (m)	Avg. RWA's (m)	Allocated Capital [1] (m)	Alloc Cap on CoreT1 Basis of (%)	Return on Alloc Cap (%)	Cost of Equity [2] (%)	Implied Value [3] (m)	Implied PER (x)	Per Share (CHF)
Wealth Management	2,706	27.6	1,959								
Asset Management	625	27.6	453								
Corporate and Institutional Client	1,070	27.6	775								
PB&WM	4,401	27.6	3,186	99,000	14,850	15.0	21.5	9.0	39,946	12.5	25
Investment Bank	3,925	27.6	2,842	140,000	14,000	10.0	20.3	11.0	25,836	9.1	16
Corporate Centre	-345	27.6	-250	14,000	1,400	10.0	-17.9	10.0	-2,500	10.0	-2
Total Strategic	7,981	27.6	5,778	253,000	30,250	12.0	19.1		63,282	11.0	39
Non Strategic result ex realignment costs	-705		-530	10,000	1,000	10.0		10.0	-5,300	10.0	-3
Sum of Strategic and Non Strategic	7,276		5,248	263,000	31,250	11.9	16.8	9.7	57,982	11.0	36
Excess Capital					604				604		-
Group (ex realignment costs)	**7,276**	**28.1**	**5,248**	**263,000**	**31,854**	**12.1**	**16.5**		**58,586**		**36**
Discounted back one year											**33**

1. Allocated on our assumptions
2. Divisional cost of equity
3. Based on a price to book ROE model
Source: RBC Capital Markets estimates

Traditionally we have looked at the Swiss banks in terms of price to book on the Investment Bank and PE for the Non Investment Bank. With the creation of the Non Strategic Units this has become a bit more complicated, as illustrated in the exhibit below, showing the EPS of the sub divisions. We also need to allocate the NSUs to the divisions and have split them 50/50 between the PB&WM and IB/CC for some time. We calculate the TBV of the Strategic Investment Bank to be CHF10 ps (CHF140bn of RWAs at 11% B3 CET1 ratio). This is some 42% of 2015E group TBV. We also see the EPS of PB&WM to be CHF1.90ps 2015E allocating 50% of the NSU to it. On this basis we would think that there is a discount in the current share price for the sum of the parts. For example, if we were to strip the IB out of the IB at TBV it would imply that the rest of the bank traded at 9x 2015E earnings, which is low given the high PE nature of the PB&WM division. Alternatively at 0.5x TBV for the Investment Bank the PE of PB&WM is 12x 201E. Our share price target of CHF33ps implies a Price to TBV on the IB of 1x and a PE of 12x on PB&WM for 2015E, which we believe is fair. On a group basis it implies a P/TBV of 1.4x 2015E for an ROTE of 14.4% relative to a cost of equity of 9.7%. As a result we can see value in the shares at current levels. The issue of course is that the market seems reluctant to give CS the credit for returns in the Investment Bank given the structural issues facing fixed income in general and uncertainty regarding final leverage ratio rules in our view.

Exhibit 4: CS EPS split by Divisions and SOP scenario

CHF	2014E	2015E	2016E
EPS Strategic Units	3.18	3.58	3.94
EPS PB&WM	1.75	2.07	2.20
EPS IB and CC	1.43	1.51	1.74
EPS NSU ex realignment costs	-0.73	-0.33	-0.08
EPS ex realigment	2.45	3.25	3.86
TBV Strategic IB (CHF ps)	10	10	10
EPS PB/WM post NSU adjustment (CHFps)	1.38	1.90	2.16
PB&WM at 12x PE	17	23	26
Implied IB ps in share price (CHF27.3 share price)	11	4	1
Implied P/TBV IB	1.1	0.5	0.1

Source: RBC Capital Markets estimates

Key Issues

1. Investment Bank in spotlight

Investment Bank source of miss

The main driver of the Q1 14 pre-tax profit miss in the Strategic Units of 9% relative to consensus was the Strategic Investment Bank at 12% below consensus expectations. Revenues were disappointing and 4% below consensus. The mix was different to our expectations with equities being the most disappointing down 8% Q1/Q1 driven by difficult trading conditions in Latin America in cash equities. Fixed income fell 21%, which was below consensus was not far off our expectations with emerging markets and global macro being the issues. Also key for the division was that while revenues fell 8% in USD Q1/Q1, costs rose 3% in USD terms. This is explained to some extent by a change in compensation accrual policy and higher deferrals including for eligible early retirements. If we were to adjust for this the results would be closer to our expectations in our view although with a different mix.

IB ROE discussion continues

In Q1 14 CS has changed its methodology somewhat to allocate equity based on a leverage ratio as well as a B3 CET1 basis. For the Strategic Investment Bank the ROE was 21% on this basis in Q1 14 (down from 27% in Q1 13). CS obviously point to this as a decent return. However, we would point out that the use of leverage does not make that much difference as it assumes a 2.4% leverage ratio and the gap between that and 10% B3 is only about EUR1bn of equity so this new method dilutes ROE by some 100bp on our calculations. For example, if we instead allocated equity as a % of total exposure at a 5% leverage ratio then the ROE would fall to 10.4% for the quarter in the Strategic IB. While it is harsh to assume that there is no contingent capital in the leverage ratio it does illustrate the point that higher leverage requirements would pressure returns. The updated bubble charts on the product returns in the Investment Bank in Q1 14 do also highlight that Prime Services and Global Macro see the most drag from the leverage ratio lens even if only 2.4% is being used and are as a result not especially high return. The other take-away from the bubble charts on product returns is that in Q1 14 the ROE in the fixed income products is higher than in equity products (although for the last 12 months that is not the case). This highlights the fact that a further downsizing of fixed income (asides from Global Macro) would hurt the pre-tax profit and goes a long way to explain why CS has not announced any further cuts at this stage.

2. Wealth Management Trends – some bright spots

Net margin is the key

A key issue at CS has been disappointment in WMC in recent quarters with limited revenue growth and relatively slow progress on cost reductions. In Q1 14 the sluggish revenue growth theme continued but more progress on costs meant that the pre-tax return on invested assets (net margin according to CS) improved from a low 23bp in Q1 13 to 29bp for Q1 14. As a result pre-tax was some 3% above consensus expectations. This is positive in our view although the trends in revenues are a concern this is more driven by the low interest rate environment than anything else and should reverse in H2 14. In addition there were early signs of traction on the push to drive higher lending with CHF3.4bn of lending in WMC in the quarter, of which CHF2.2bn was to UHNWI. CS has stated that this is high margin business at 100bp so over time this should boost the margins especially UHNW which is some 50bp gross margin vs the 104bp overall gross margin. Cost progress was encouraging down 8% Q1/Q1 with cumulative savings in the whole PB&WMC division of CHF630m up from CHF400m at the 2013 stage, with CHF320m to go. Lastly net new money at 5.4% growth annualised was much better than our expectations driven by strong flows in Asia (+17% annualised) and Switzerland.

Gross margin – all about NII

While we see pre-tax margin as the dominant driver gross margin is still relevant. While the focus is on the 3bp Q1/Q1 decline in GM we would also point out that excluding NII, it was flat with flat recurring fee and transaction margin. We are factoring in 4bp of decline now in 2014 so a little more than the indication but this has been offset by expected lower costs.

Exhibit 5: CS – WMC Gross margin

Bp	2011	2012	2013	2014E	Q1 13	Q2 13	Q3 13	Q4 13	Q1 14
Recurring fee margin	43	38	38	37	37	38	38	37	37
Net interest margin	46	44	39	35	38	39	39	38	35
Transaction fee margin	33	32	31	30	32	36	28	28	32
Gross margin (Bp) US GAAP	**122**	**114**	**107**	**103**	**107**	**112**	**106**	**104**	**104**
Gross margin ex NII	**76**	**70**	**68**	**67**	**69**	**73**	**66**	**65**	**69**
Pre-tax Return on Invested assets	**24**	**26**	**26**	**29**	**23**	**31**	**26**	**23**	**29**

Source: RBC Capital Markets estimates

Net new money

One of the bright spots of the Q1 14 results was much higher than expected net new money. As the exhibit below shows the regional drivers were Asia (17% annualised growth in Q1 14 versus 11% for the full year 2013) and Switzerland where this was the strongest quarter for some time. Outflows continued in EMEA although the offshore outflows at CHF1.6bn were somewhat lower than in previous quarters. Given the new lending strategy and CHF2.2bn of net loans to UHNWI in the quarter and CHF3.4bn overall we would see this as having been a driver although this would still not explain all of the outperformance even if we were to assume that all loans were in the Invested asset figure (which would not be the case). As a result net new money at 5.4% annualised is running above the 3-4% short term target (6% longer term) although we have not changed our forecasts significantly and assume growth of 3.5% over 2014-16.

Exhibit 6: CS – Net new money development

Growth in Net new assets (annualized) (%)	1Q13	2Q13	3Q13	4Q13	1Q14
Net new assets	3.0	3.9	1.9	0.9	5.4
Other effects	16.2	-10	-1.6	3.1	1.8
Growth in assets under management (annualized)	19.2	-6.1	0.3	4.0	7.2
Regional Growth in Net new assets (annualised) (%)	**1Q13**	**2Q13**	**3Q13**	**4Q13**	**1Q14**
Switzerland	0.5	4.1	-1.1	-2.1	6.8
EMEA	2.0	3.4	-1.4	-1.2	-0.7
Americas	3.9	0	4.6	2.6	3.5
Asia Pacific	9.7	10.3	11.9	9.6	17.0

Source: Company Data

Limited change in WMC forecasts

While NII has come in below expectations, comments from CS that the pre-tax margin on invested assets should be stable to up over the balance of the year are encouraging and suggest that the Q1 14 cost base run rate is sustainable in our view. As a result while we have rebased revenues somewhat this has been largely offset by lower costs and our assumptions of double digit pre-tax growth remain unchanged. We assume a pre-tax return on invested assets of 29bp in 2014, rising to 31bp in 2015 and 33bp in 2015 versus 26bp reported for 2013.

3. Costs – compensation accrual masks progress

While there was evidence of cost reduction in PB&WMC this was offset by limited flexibility in the IB. CS gives a very detailed reconciliation of costs relative to its cost reduction target. On this basis it puts cumulative savings at CHF3.4bn as at end Q1 14, up from CHF3.1bn as at end 2013. This is relative to a target of greater than CHF4.5bn by end 2015. This is driven by higher infrastructure savings and PB&WM savings offset by some drag in the Investment Bank due to deferred compensation increasing (some CHF150m). Given the number of moving parts we have also looked at group costs excluding litigation and realignment costs relative to revenues ex DVA. As shown in the exhibit below this shows that revenues fell 7% Q1/Q1 but costs underlying only fell 3%. However, it is clear from the disclosure on cash variable bonus that the accrual rose Q1/Q1 due to a change in the way the accrual was calculated to be higher in Q1 whereas in 2013 it was evenly spread over the quarters. If we adjust for this then cost reduction was far more in line with revenues at down 6%. This also does not adjust for deferred compensation which has risen Q1/Q1 although we do not have the figures until the full release. We have also not adjusted for exchange rates which would have flattered costs but also hurt revenues. This does mean that cost progress is encouraging in our view.

Exhibit 7: CS – Group cost progress

Group Costs - core results (CHFm)	Q4 12	Q1 13	Q4 13	Q1 14	% ch Q4/Q4	% ch Q1/Q1
Reported costs	5,172	5,191	6,396	5,035	24	-3
of which realignment costs	285	92	200	123	-30	34
of which litigation	227	90	1,365	65	501	-28
Costs underlying	**4,660**	**5,009**	**4,831**	**4,847**	**4**	**-3**
Cash bonus accrual	95	447	446	538	369	20
Costs underlying ex cash bonus	**4,565**	**4,562**	**4,385**	**4,309**	**-4**	**-6**
of which underlying compensation [1]	2,443	2,990	2,735	2,927	12	-2
of which compensation ex cash bonus	2,348	2,543	2,289	2,389	-3	-6
of which underlying other costs	2,217	2,019	2,096	1,920	-5	-5
Group Revenues ex FVOD	**6,003**	**7,098**	**6,123**	**6,589**	**2**	**-7**
Underlying Cost income ratio	78%	71%	79%	74%		
Underlying Cost income ratio ex cash bonus	**76%**	**64%**	**72%**	**65%**		

1. Assumed for Q1 14 that majority of realignment costs were staff cost related
Source: RBC Capital Markets estimates

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4. Capital generation and DPS prospects

Surprise was 5% B3 RWA growth

One of the key issues in the results was that the Basel III CET1 ratio was flat in the quarter at 10%, some 20bp lower than our expectations. This is the first quarter for some time that the ratio has not improved (excluding the litigation charges in Q4 taken post the original Q4 release). The issue has been CHF14bn of RWA inflation, which took some 50bp off the ratio other things being equal. The rise was largely due to methodological changes. Of the changes, CHF13.5bn was due to methodology changes. Within this operational risk weighted assets increased by CHF5.3bn following an increase of CHF6.9bn in Q4 13. The other methodological changes were on trading book securitisation (largely in NSU), private equity positions and the mortgage multiplier. Another factor was that falling RWAs in the Non Strategic Units (CHF3.7bn) have been offset by CHF3.8bn of RWA growth in the Strategic business, some of which was seasonal.

CHF250bn longer term target unchanged – our forecasts broadly unchanged

CS reiterated its CHF250bn long term RWAs target. Obviously relative to the CHF280bn Q1 14 level this looks relatively aggressive given the assumption of growth in the non Investment Bank (CHF15-20bn RWAs last given in Q3 13 slide pack). There are a number of moving parts however. Firstly the NSU RWAs are CHF24bn as some of the methodology changes hit here too. These are targeted to fall to CHF10bn by end 2015 so a CHF14bn reduction. Secondly CS is targeting the Strategic Investment Bank to reduce RWAs back to 2013 level by 2014 helped by some model approvals in H2 14. This is an implied reduction of CHF10bn. The combination of these two factors should bring RWAs back to CHF256bn by end 2015 other things equal. In terms of organic growth assumed in RWAs in the Private Bank is would also appear that CHF15-20bn is too high a figure. CS remains committed to growing loans in WMC but the risk weighting of this is lower than we expected. For example, in Q1 loans grew CHF3.4bn but this only led to CHF0.5bn of RWAs so a 15% risk weighting. As a result our assumption of CHF7bn RWA growth to 2015 in the PB&WM from here is relatively conservative. This gives room for significant growth in loans as well as some drag from the mortgage methodology change. As a result we have left our 2015/16 RWA forecasts largely unchanged at CHF263bn in 2016 vs CHF262bn previously. Obviously this is slightly above the figure the company is targeting but we had been of the view that model changes could happen.

Dividend – subtle change in wording but leave DPS forecast unchanged

While the RWA inflation was higher than expected in Q1 14 we expect this to come down in the course of H2 14. On our calculations CET1 should grow to 11% in 2014E while also leaving room for an increase in the DPS for 2014. This also means that we expect CS to be in line with its long term target by 2014. CS raised its B3 CET1 target to 11% with the Q1 14 results. However, it had been talking of running with a 100bp buffer to the 10% so it is not much of a surprise.

As a result we have left our 2014 DPS assumption unchanged at CHF1ps, up 42% vs 2013. There was some discussion on the conference call re the subtleties of the changed wording on the DPS. For example, in the Annual Report the wording on the dividend was ‘ This (the 2013 DPS) is intended to provide a basis for future progression in our dividend payments as we continue to execute our strategy and resolve legacy issues’. The wording has now changed in the Q1 14 report to ‘our intention remains to deliver cash returns to our shareholders at or above 2013 levels’. What is unknown, however, is the extent of further litigation charges going forward given that the Group’s estimate of the aggregate range of reasonably possible losses not covered by existing provisions was zero to CHF2.4bn as at end

2013 vs CHF2.2bn in Q3 in spite of taking significant litigation provisions in Q4 13 of close to CHF1bn. We have factored in some CHF300m of additional litigation for the rest of the year and the same for 2015. We would note that CS has not found anything on the FX internal investigations so it would continue to suggest that this is not a material issue relative to peers. The remaining litigation risk remains the US DOJ-related cross-border tax matter where it has taken some CHF700m of provisions to date as well as mortgage related litigation although settling with FHFA has removed a substantial proportion of this in our view. We do not see the wording on the DPS as impacting our current forecast although large further litigation charges over CHF1bn would potentially push the increase out a year. We still see CS achieving good capital generation due to the PB&WM division over time so this does leave room for rising dividends.

Leverage ratio progress

Also while the CET1 ratio did not move in Q1 14, the Basel leverage ratio and the Swiss leverage ratio improved by 20bp as total leverage exposure was broadly stable in contrast to RWAs and there was some growth in absolute capital due to retained profits and other factors. Also CS reiterated that there should be some benefit from the Basel rules in January which it has not included in its number or in its new updated target to reduce total exposure to CHF1trn longer term some 7% below its previous target. We expect the Swiss leverage ratio to be 4.6% by end 2015 and 5.2% by end 2016 and this is pre taking into account any potential benefit to total exposure for definitional changes, which could add 20bp.

Exhibit 8: CS - Leverage ratio forecasts

CHF Bn	2013	Q1 2014	2014E	2015E	2016E
Basel III CET1	26.5	27.9	29.2	31.9	35.7
High trigger Co-Cos	8.0	8.0	8.0	8.0	8.0
Low trigger Co-Cos	6.0	6.3	8.3	8.3	8.3
Total Co-Cos	14.0	14.3	16.3	16.3	16.3
of which T1	7.0	8.0	8.0	8.0	8.0
of which T2	7.0	6.3	8.3	8.3	8.3
Total exposure end period	1,130	1,140	1,105	1,038	1,013
Total exposure average look through	1,137	1,124	1,112	1,045	1,020
CET1 leverage ratio	2.3%	2.4%	2.6%	3.1%	3.5%
Tier 1 leverage ratio	2.9%	3.2%	3.3%	3.8%	4.3%
Swiss leverage ratio	**3.6%**	**3.8%**	**4.1%**	**4.6%**	**5.1%**

Source: RBC Capital Markets, Company data

5.Drag of the non strategic units

One of the key future drivers at CS has been the expectation of a reduced drag from the Non Strategic Units. While in Q1 14 there was evidence of a 50% reduction in legacy funding costs this was offset by larger losses on legacy wind down and rates. This wasn't so much due to losses from asset reduction but more due to the fact that the previous periods included some positive offsets. CS has reiterated that the cost of exiting the legacy Rates and wind down positions in the IB (CHF16bn of RWAs could be some 2-3% of RWAs, this is some CHF300-500m). Having said that, this does mean that the drag from the NSUs on an underlying basis (ex litigation) is likely to be closer to CHF1bn for the year versus a previous CHF850m loss expectation. This does, however, not change the longer term expectation that this drag should fall to a relatively low figure as the legacy Rates and wind down portfolios are reduced.

Valuation

We value CS on a range of methodologies including a sum of the parts model and a ROE price to book model. Our price target of CHF33ps is in line with the sum of the parts model and our group based valuation. We use 2015E forecasts and discount back one year at a cost of equity of 9.7%.

Price target impediments

Our price target would not be realised in the event of a significant fall in the equity market given that equity-sensitive revenues are estimated to be one-third of revenue. Also, CS is sensitive to moves in the Swiss franc versus the USD, as a larger proportion of revenue are denominated in USD than costs. A 10% strengthening in the Swiss franc versus the USD would reduce our forecasts by some 7–10%. CS also faces continued litigation risk, the outcome of which could impact our price target it is greater than included in our forecasts.

Company description

CS is a leading wealth manager and investment bank. It has a private bank has assets under management of CHF791Bn end 2013. Its investment bank employs some 20k people globally and generated approximately $14 billion of revenues in 2013. It also has a high market share in Switzerland in retail and commercial banking with a number two position. Investment banking made up close to 40% of pre-tax profit in 2013 with the remaining being from wealth management, corporate and institutional banking and asset management.

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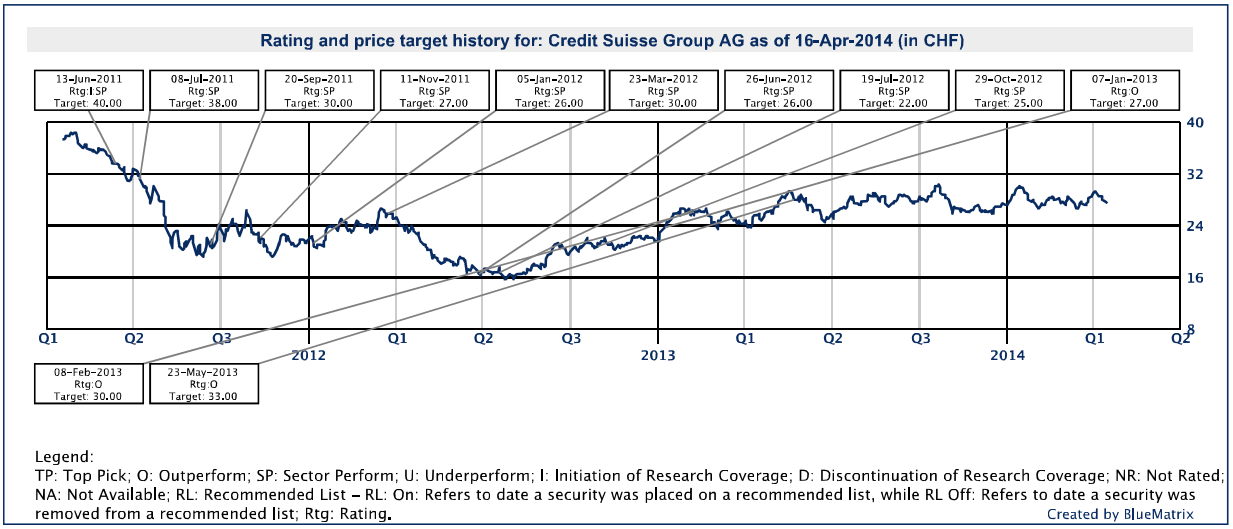

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April 17, 2014

Stock Rating
Equal-weight

Industry View
In-Line

Credit Suisse Group

Deleveraging to constrain divis; Non-core run-off and i-bank the key debate

What's Changed

Price Target	**SFr31.00 to SFr30.00**

CS's deleveraging plans should reduce risks over time, but we think the market shouldn't get ahead of itself on divis. Upside is dependent on delivering on the new i-bank model, ambitious cost targets, shedding non-core, plus client activity (esp. in WM). On ~1.3x TNAV 14e for ~14% ROTE, stay EW.

CS's deleveraging plans show growing recognition that further deleveraging is required before divis can grow materially. CS now wishes to shrink its leverage exposure by a further 7% and RWAs by a further 5% (as a result of operational risk and other increases of Sfr13bn). This is consistent with our thesis in our Blue Paper (*Mis-allocated resources: why banks need to optimise now*, March 2014). On top of this, there is still uncertainty on final leverage ratios – both the Swiss ratio (which could drift up to 5%) and GLAC (loss-absorbing capital ratio). Together we think this should constrain market optimism on divis.

Core/non-core split is encouraging in the i-bank: However, we believe the market will want to see more consistency on revenues, delivery on disappointing FICC strategy so far, clarity on CS risk to HFT market structure changes, cost of non-core run-down and lower litigation before pricing in higher returns.

Wealth management performance is key to material upside but trends are mixed. CS net new money and cost control showed good trends, but client activity and the ongoing drag from low rates means WM profit trends remain adequate rather than solid.

Remain EW, prefer UBS, LLOY, ING, Bankia, ISP, UCG, LSE. We reduce our EPS by 4-6% for 2014-16.

Key Ratios and Statistics

Reuters: CSGN.VX Bloomberg: CSGN VX
Banks / Switzerland

Price target	**SFr 30.00**
Shr price, close (Apr 16, 2014)	SFr 27.42
52-Week Range	SFr 30.54-24.24
Mkt cap, curr (mn)	SFr 43,765

Fiscal Year ending	**12/13**	**12/14e**	**12/15e**	**12/16e**
Revenue (SFr mn)**	25,508	24,972	26,821	28,221
EBITDA (SFr mn)**	6,039	5,969	7,406	8,356
ModelWare EPS (SFr)#	**2.33**	**2.45**	**3.06**	**3.46**
Prior EPS (SFr)**	-	2.59	3.25	3.59
Consensus EPS (SFr)§	**2.20**	**2.58**	**3.16**	**3.43**
P/E**	11.7	11.2	8.9	7.9
Div per shr (SFr)	0.70	0.85	1.15	1.50
Div yld (%)	2.6	3.1	4.2	5.5
ROE (%)	11.3	10.0	11.8	12.4
Return on avg tang eqty (%)	13.2	12.0	13.8	14.3
Core tier 1 capital ratio, Basel 3 (%)	9.9	11.0	12.2	13.7

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework (please see explanation later in this note).
**** =** Based on consensus methodology
 # = Our pension accounting has changed in ModelWare, which will affect ModelWare EPS figures for some stocks under coverage. Visit www.ms.com/mw.pdf for details
§ = Consensus data is provided by Thomson Reuters Estimates.
e = Morgan Stanley Research estimates

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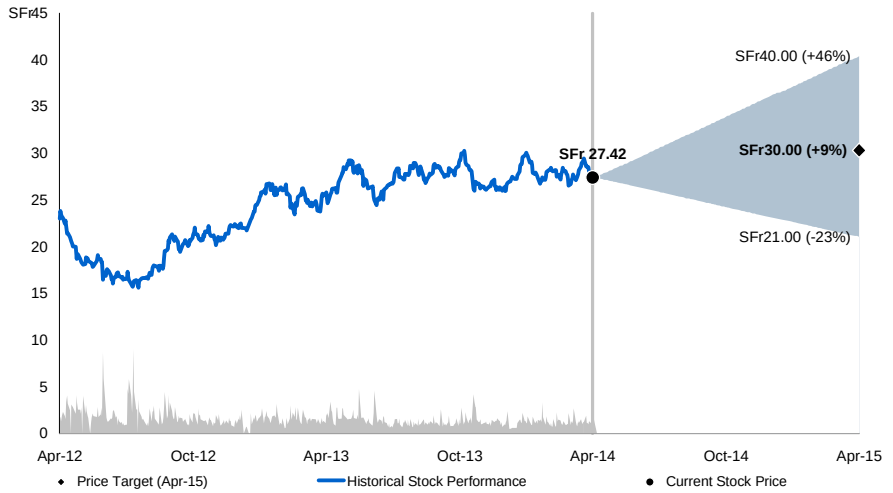
Credit Suisse (CSGN.VX, Equal-weight, PT SFr 30)

We believe WM, operational leverage & non-core key to upside



Source: Thomson Reuters (historical share price data), Morgan Stanley Research estimates

Weighted price target: SFr 30		We apply a 70% weight to our base case, 15% to our bull case and 15% to our bear case to reflect our view of the skew of risks.
Bull Case SFr 40	1.9x bull TNAV 2014e	**Stronger returns from revenue recovery and greater cost-saving delivery** Wealth Management sees continued strength in net new money at 5-6% in 2014-16e, with good market performance levels and margins of 107-109bp. Asset Management sees a good market performance. Cost of equity is 11% with a long-term growth rate of 3.5%, a sustainable ROTE of 17% and a theoretical P/TBV of 1.8x.
Base Case SFr 30	1.4x base TNAV 2014e	**Weaker revenues in the i-bank and subdued improvement in WM but offset by cost saves** Wealth Management sees net new money growth at 4-5% in 2014-16e, with margins at 105-107bp. IB sees reported revenues in 2014 down ~5% YoY. To reach our valuation we use a P/BV multiple based on an adjusted Gordon growth model (which is our primary method, and looks at longer-term earnings power of the franchise). Cost of equity is 11.3% with a long-term growth rate of 2.5%, a sustainable ROTE of 14.8% and a theoretical P/TBV of 1.4x.
Bear Case SFr 21	1.0x bear TNAV 2014e	**Recovery does not last and IB revenues are weaker.** Wealth Management sees flattish flows in 2014-16e, margins at 100-103bp with limited performance and a higher comp ratio. Asset Management sees a fall in margins and weaker net new money with weaker i-bank revenues. Cost of equity is 11.5% with a long-term growth rate of 1%, a sustainable ROTE of 13% and a theoretical P/TBV of 1.1x.

Why Equal-weight?

- We believe CS has several levers to improve returns via private banking strength and i-banking gearing, as well as an aggressive cost-saving plan. But, we are below the street on 2014-15 EPS.
- CS has de-levered decisively, improving its group leverage ratio to 3.7% and we expect it to improve further, potentially able to meet higher minimum requirements if needed or issue further cocos.
- The performance of the private bank remains an important source of earnings strength. However, CS continues to underperform UBS on gathering new money, while WM margins are subdued due to high levels of cash. An increase in risk appetite could leverage returns.
- We see strength in the investment bank through underwriting, advisory and equities, but questions remain in FICC, especially post Basel 3 and given lower for longer rates, migration of OTC, etc. Also, we think the operational leverage of the mid-sized FICC franchise is a challenge, we feel.
- Valuation on ~1.3x TNAV 2014e is undemanding for ~14% ROTE, but we prefer UBS instead on stronger capital and focus on A&WM.

Key Risks to Our Price Target

- Market developments and changes in risk aversion could lead to higher or lower i-banking revenues, gross margins in WM and AUM, as reflected in our bull and bear case earnings and multiple.

Catalysts

- 2Q14 results due July 17, 2014
- News on litigation

Valuation methodology and risks

We reduce our price target to SFr30 from SFr31 as we reduce our 2014-16e EPS by 4-6% on lower i-bank revenues and WM gross margins, offset somewhat by stronger net new money and costs.

We value CS on 2014e TNAV and use a sustainable ROTE of 14.8% in our base case. Our bull case assumes greater ROTE from hitting CS's ROE target of 15% and stronger market recovery, while our bear case assumes lower returns if revenues deteriorate. Our base case fair value is SFr 30, our bull case is SFr 40 and bear case SFr 21. Our valuation is driven mostly by 2014e TNAV, which is SFr 21.4. Our base case sustainable ROTE is 14.8%, CoE 11.3%, and long-term growth of 2.5%.

Exhibit 1

EPS changes

CS EPS (SFr)	New	Old	% Change
2014e	2.45	2.59	-5.5%
2015e	3.06	3.25	-5.8%
2016e	3.46	3.59	-3.7%

Source: Company Data, Morgan Stanley Research

To reach our valuation, we first use a P/BV multiple based on an adjusted Gordon growth model (which is our primary method (65% weighting, and looks to the longer-term earnings power of the franchise). Second, we test with a SoP (using market multiples), although this is not the primary driver (5% weighting). Third, we check with a one-year forward P/E (30% weighting) based on peers and historical trading ranges. To reach our price target, we apply weightings to the resulting bull (15%), base (70%), and bear values (15%) to reflect our view on the relative probability of risks.

Key risks to our price target: We see upside and downside risks from credit markets, equity market levels and volumes, FX, the macro and regulatory environment, as well as execution risk and risk management.

Exhibit 2

CS: deriving our SFr 31 price target

	Base Case	Bull Case	Bear Case
MW EPS			
2007	4.58	4.58	4.58
2008	-11.44	-11.44	-11.44
2009	6.12	6.12	6.12
2010	4.42	4.42	4.42
2011	1.89	1.89	1.89
2012	2.19	2.19	2.19
2013	2.33	2.33	2.33
2014e	2.45	2.82	1.63
2015e	3.06	3.61	1.76
2016e	3.46	4.08	1.91
08 Tang BV	15.9	15.9	15.9
09 Tang BV	21.4	21.4	21.4
10 Tang BV	19.6	19.6	19.6
11 Tang BV	17.8	17.8	17.8
12 Tang BV	18.1	18.1	18.1
13 Tang BV	19.7	19.7	19.7
14e Tang BV	21.4	21.8	20.6
15e Tang BV	23.4	24.3	21.3
16e Tang Bv	25.9	27.4	22.2
Valuation			
SOP PT	**29**	**39**	**20**
Sustainable ROTE	14.8%	17.0%	13.0%
Cost of Equity	11.3%	11.0%	11.5%
Growth	2.5%	3.5%	1.0%
Theoretical P/B	1.4	1.8	1.1
Implied PT on P/14e TBV	**30**	**39**	**24**
P/E multiple on 15e	10.0	12.0	9.0
Implied value per share on P/E	**31**	**43**	**16**
Implied Price	**30**	**40**	**21**
Up/(Down)Side	**12%**	**51%**	**-22%**
Implied 15e P/E	9.8	11.2	12.0
Implied 14e P/TB	1.4	1.9	1.0
Weight	70%	15%	15%
Price target (weighted)	30		

Source: Morgan Stanley Research estimates

Exhibit 3

Credit Suisse P&L Forecasts

Credit Suisse Group

	1Q14	2Q14e	3Q14e	4Q14e	FY12	FY13	FY14e	FY15e	FY16e	% Change FY12	% Change FY13	% Change FY14e	% Change FY15e	% Change FY16e
Stated P&L (SFr mn)														
TOTAL REVENUES	**6,469**	**6,240**	**6,005**	**6,156**	**23,310**	**25,217**	**24,871**	**26,581**	**27,981**	**(7)**	**8**	**(1)**	**7**	**5**
Total Expenses	5,035	4,883	4,763	4,892	21,314	21,547	19,573	20,026	19,731	(4)	1	(9)	2	(1)
Compensation and Benefits	3,042	3,039	2,905	3,014	12,741	11,525	12,000	12,490	11,982	(5)	(10)	4	4	(4)
G&A	1,993	1,844	1,858	1,878	8,507	9,988	7,573	7,536	7,749	(4)	17	(24)	(0)	3
GROSS OPERATING PROFIT	**1,434**	**1,357**	**1,242**	**1,264**	**1,996**	**3,670**	**5,298**	**6,555**	**8,250**	**(31)**	**84**	**44**	**24**	**26**
Loan Loss Provisions	34	34	34	34	170	166	136	139	134	(9)	(2)	(18)	2	(4)
PRETAX PROFIT	**1,400**	**1,323**	**1,208**	**1,230**	**1,826**	**3,504**	**5,162**	**6,416**	**8,116**	**(33)**	**92**	**47**	**24**	**26**
Tax	543	367	335	341	464	1,276	1,585	1,782	2,258	(28)	175	24	12	27
Minority Interest	13	13	13	13	34	47	52	52	52	(73)	38			
NET PROFIT	**859**	**943**	**861**	**877**	**1,349**	**2,338**	**3,539**	**4,597**	**5,821**	**(31)**	**73**	**51**	**30**	**27**
Underlying P&L (SFr mn)														
one off gains (losses)	(79)	60	60	60	1,909	291	101	240	240	(308)	(85)	(65)	138	0
Underl. Revenues	**6,390**	**6,300**	**6,065**	**6,216**	**25,219**	**25,508**	**24,972**	**26,821**	**28,221**	**4**	**1**	**(2)**	**7**	**5**
other one-offs	181	175	175	175	1,243	2,244	706	750	0	(6)	81	(69)	6	(100)
Underl. Expenses	4,854	4,708	4,588	4,717	20,005	19,303	18,867	19,276	19,731	(4)	(4)	(2)	2	2
Underl. Pre-Prov. Op. Pft	**1,536**	**1,592**	**1,477**	**1,499**	**5,214**	**6,205**	**6,105**	**7,545**	**8,490**	**56**	**19**	**(2)**	**24**	**13**
Provisions	34	34	34	34	170	166	136	139	134	(9)	(2)	(18)	2	(4)
Underl. Pretax	1,502	1,558	1,443	1,465	5,044	6,039	5,969	7,406	8,356	59	20	(1)	24	13
Underl. Tax	421	436	404	410	1,531	1,734	1,671	2,074	2,340	145	13	(4)	24	13
Underl. Net Profit	**1,068**	**1,109**	**1,026**	**1,042**	**3,479**	**4,258**	**4,245**	**5,280**	**5,964**	**44**	**22**	**(0)**	**24**	**13**
Key Per Share Data (SFr mn)														
Diluted Stated EPS	0.48	0.55	0.50	0.51	0.87	1.37	2.04	2.67	3.38	(32)	57	49	31	27
ModelWare EPS (Diluted & Underl.)	**0.60**	**0.64**	**0.60**	**0.60**	**2.19**	**2.33**	**2.45**	**3.06**	**3.46**	**16**	**6**	**5**	**25**	**13**
Stated BV/S	27.1	27.0	27.5	28.1	27.0	26.4	28.1	30.1	32.6	(2)	(2)	6	7	8
Tangible BV/S (diluted, ex gdwill & FV gains)	20.4	20.4	20.9	21.4	18.1	19.7	21.4	23.4	25.9	2	9	9	9	10
DPS	0.21	0.21	0.21	0.21	0.75	0.70	0.85	1.15	1.50	0	(7)	21	35	30
EOP shares for MW EPS and TBVPS(m)	1,723	1,723	1,723	1,723	1,481	1,724	1,723	1,723	1,723	16	16	(0)	0	0
Key Ratios (%)														
Return on Common Equity	8.0	8.7	7.9	7.9	3.9	6.0	8.1	9.9	11.6					
Underl. Return on Common Equity	10.0	10.3	9.4	9.4	10.0	10.9	9.8	11.4	11.9					
Underl. Return on Tang. Equity	12.4	12.7	11.6	11.5	13.4	14.0	12.0	13.8	14.3					
Cost of risk	1.4	1.3	1.3	1.3	7.1	6.8	5.4	5.3	5.0					
Basel 3 CET1 (look-through)	10.0	10.4	10.7	11.0	6.6	10.0	11.0	12.2	13.7					
Swiss Lev Ratio (look-through, core +co-cos)	3.7	3.8	4.0	4.2	2.4	3.7	4.2	4.7	5.2					
B3 Risk-Weighted Assets (SFr mn)	279,694	278,063	277,373	276,692	344,110	266,103	276,692	275,023	275,953					

Source: Company Data, Morgan Stanley Research estimates (e)

Morgan Stanley has agreed to sell its EMEA Private Wealth Management business in the United Kingdom, United Arab Emirates and Italy to Credit Suisse Group AG, as announced on March 27, 2013. Please refer to the notes at the end of the report.

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(as of March 31, 2014)

For disclosure purposes only (in accordance with NASD and NYSE requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	Coverage Universe		Investment Banking Clients (IBC)		
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	**1035**	**35%**	**354**	**38%**	**34%**
Equal-weight/Hold	**1286**	**43%**	**446**	**48%**	**35%**
Not-Rated/Hold	**99**	**3%**	**24**	**3%**	**24%**
Underweight/Sell	**539**	**18%**	**105**	**11%**	**19%**
Total	**2,959**		**929**		

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
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Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
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Industry Coverage:Banks

Company (Ticker)	Rating (as of)	Price* (04/16/2014)
Hubert Lam		
Commerzbank AG (CBKG.DE)	O (03/21/2014)	€12.83
Julius Baer (BAER.VX)	E (02/17/2014)	SFr40.7
Chris Manners, ACA		
Barclays Bank (BARC.L)	E (10/16/2013)	238p
HSBC (HSBA.L)	E (02/18/2013)	616p
Lloyds Banking Group (LLOY.L)	O (08/08/2013)	73p
Royal Bank of Scotland (RBS.L)	E (05/14/2012)	300p
Standard Chartered Bank (STAN.L)	U (02/28/2014)	1,325p
Sara Minelli		
BNP Paribas (BNPP.PA)	O (05/16/2011)	€54.27
Credit Agricole S.A. (CAGR.PA)	E (03/11/2013)	€11.16
KBC Group NV (KBC.BR)	O (12/11/2012)	€42.88
Natixis (CNAT.PA)	E (12/05/2013)	€5.13
Societe Generale (SOGN.PA)	E (02/14/2013)	€42.66
Morgan Stanley Research Europe		
National Bank of Greece (NBGr.AT)	++	€2.97
Alvaro Serrano		
BBVA (BBVA.MC)	O (02/12/2013)	€8.88
Banco Popular (ES) (POP.MC)	U (02/12/2013)	€5.46
Banco Sabadell (SABE.MC)	U (08/31/2011)	€2.26
Bankia SA (BKIA.MC)	O (02/05/2014)	€1.47
Bankinter (BKT.MC)	E (02/12/2013)	€5.59
CaixaBank SA (CABK.MC)	E (07/02/2013)	€4.56
DNB (DNB.OL)	O (01/16/2013)	NKr99.9
Danske Bank (DANSKE.CO)	E (08/19/2011)	DKr149.5
Nordea (NDA.ST)	E (03/28/2011)	SKr90.15
SEB (SEBa.ST)	E (09/02/2010)	SKr86.75
Santander (SAN.MC)	E (11/13/2013)	€7.05
Svenska Handelsbanken (SHBa.ST)	U (04/17/2013)	SKr324.6
Swedbank (SWEDa.ST)	O (12/05/2013)	SKr167.9
Francesca Tondi		
Banca Monte dei Paschi di Siena S.p.A. (BMPS.MI)	U (11/08/2010)	€.23
Banca Popolare di Milano S.c.a.r.l. (PMII.MI)	U (11/08/2010)	€.66
Banco Popolare (BAPO.MI)	U (11/08/2010)	€15.72
Erste Bank (ERST.VI)	E (03/06/2014)	€24.52
Intesa SanPaolo S.p.A. (ISP.MI)	O (01/22/2014)	€2.4
Mediobanca Banca Di Credito Finanziario (MDBI.MI)	E (12/05/2013)	€7.82
Raiffeisen Bank International (RBIV.VI)	E (08/29/2012)	€23.1
UniCredit S.p.A. (CRDI.MI)	O (01/22/2013)	€6.49
Unione di Banche Italiane SCPA (UBI.MI)	E (01/22/2014)	€6.96
Huw Van Steenis		
Credit Suisse Group (CSGN.VX)	E (11/04/2013)	SFr27.42
Deutsche Bank (DBKGn.DE)	E (10/11/2010)	€31.38
UBS (UBSN.VX)	O (01/18/2012)	SFr17.5

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Credit Suisse Group

Q1 2014: Headline miss, strong PB&WM

Buy reiterated despite EPS cuts

The stated Q1 net profit of CHF859m was -5% below UBSe and -20% below consensus mainly due to a high tax rate. We cut our 2014 and 2015 adj. EPS by 7% and 2% on the back of higher taxes and slightly lower revenues. Our pretax profit forecasts go down 4% for 2014 and 2% for 2015. Our estimates for the investment bank (both strategic and non-strategic) as well as the strategic non-investment banking businesses (Wealth Management, Asset Management and Corporate & Institutional Clients) remain unchanged. Our 2014 EPS is 11% below the pre-results consensus, in-line for 2015 and 6% higher for 2016. Our price target remains the same and we reiterate our Buy rating.

The negatives outweigh the positives on the results day

A clear headline net profit miss, higher than expected RWA (and thus lower capital ratios) and press reports (Financial Times 16 April 204) on investigations by the NY regulator more than compensated very strong net new money trends, good progress on cost cutting and the lending initiative showing good results. Q1 2014 results do not change our positive investment case

From capital rebuild/deleveraging over non-core cuts to growth/cash returns

Our bullish view is centred on an inflection point. The capital rebuild (CET1 and leverage ratio) and deleveraging phase (RWA, leverage exposure) is largely over. Capital and leverage ratios are close to 2019 requirements. High cash generation from here should result in attractive investment opportunities and/or high cash return.

Valuation: Based on a one-stage Gordon growth model

A P/TNAV 2014E of 1.2x for a ROTE 2014E of c11.4% and 14% in 2015E offers an attractive risk/reward profile, in our view. CS's stated ROE target is >15%, which we think implies a ROTE target of c18% – our number remains more than 20% lower (ROTE 2015E of 14%)

Equities

Switzerland
Banks, Ex-S&L

12-month rating	**Buy**
12m price target	**CHF33.50**
Price	**CHF27.42**

RIC: CSGN.VX **BBG:** CSGN VX

Trading data and key metrics

52-wk range	CHF30.29-24.46
Market cap.	CHF43.8bn/US$49.8bn
Shares o/s	1,596m (REG)
Free float	95%
Avg. daily volume ('000)	5,351
Avg. daily value (m)	CHF149.5
Common s/h equity (12/14E)	CHF45.1bn
P/BV (12/14E)	1.0x
Tier 1 ratio	16%

EPS (UBS, diluted) (CHF)

	From	To	% ch	Cons.
12/14E	2.50	2.32	-7.46	2.58
12/15E	3.20	3.13	-2.35	3.16
12/16E	3.60	3.61	0.20	3.44

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Highlights (CHFm)	12/11	12/12	12/13	12/14E	12/15E	12/16E	12/17E	12/18E
Revenues	25,095	23,251	25,217	25,677	26,469	27,735	28,706	29,710
Profit before tax	2,759	1,888	3,504	5,830	7,564	8,714	8,895	9,217
Net earnings (local GAAP)	1,953	1,349	2,326	4,004	5,406	6,234	6,364	6,596
Net earnings (UBS)	1,978	1,389	2,181	4,004	5,406	6,234	6,364	6,596
Tier 1 ratio %	15.2	19.5	17.1	16.4	16.7	16.4	15.9	15.7
EPS (UBS, diluted) (CHF)	1.55	0.84	1.26	2.32	3.13	3.61	3.68	3.82

Profitability/valuation	12/11	12/12	12/13	12/14E	12/15E	12/16E	12/17E	12/18E
ROE (UBS) %	5.9	4.0	5.6	9.2	11.5	12.2	11.6	11.2
P/PPOP (diluted)	13.6	17.1	12.7	8.0	6.2	5.3	5.2	5.0
P/BV x	1.1	0.8	1.0	1.0	0.9	0.8	0.8	0.7
P/BV (UBS) x	1.5	1.0	1.3	1.2	1.1	1.0	0.9	0.8
P/E (UBS, diluted)	20.3	25.3	21.4	11.8	8.8	7.6	7.4	7.2
Net dividend yield %	2.4	3.5	2.6	3.6	4.6	5.5	7.3	9.1

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of CHF27.42 on 16 Apr 2014 18:03 BST

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Investment Thesis

CS Group

Investment case

Credit Suisse is, in our view, well advanced in its multi-year transition programme. It is one of the first large banks that operate under a Basel 3-compliant business model. Credit Suisse started to accrue a meaningful cash dividend and the share count is set to stabilise.

Upside scenario

A clean 10bp higher gross margin (on the current business mix) could translate into a 22% higher pre-tax profit for 2014E in Wealth Management, we think, based on an assumed 33% marginal CI ratio. This translates into a 8% higher pre-tax profit for the whole group.

Downside scenario

A clean 10bp lower gross margin (on the current business mix) could translate into a 22% lower pre-tax profit for 2014E in Wealth Management, we think, based on an assumed 33% marginal CI ratio. This translates into a 8% lower pre-tax profit for the whole group.

Upcoming catalysts

The next scheduled newsflow is the release of Credit Suisse's Q2 results on 17 July 2014.

12-month rating	**Buy**
12m price target	**CHF33.50**

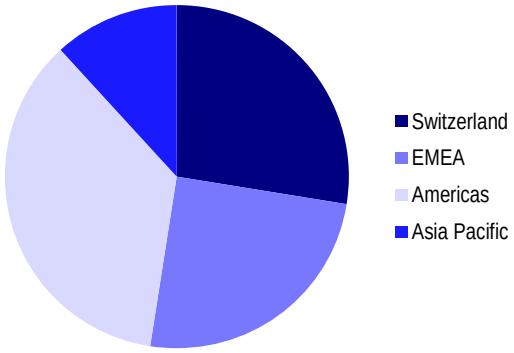
Business description

Credit Suisse is one of the two Swiss 'big banks'. Its Wealth Management business is among the global leaders in terms of assets under management, profitability and growth. Its global Investment Bank ranks among the largest in fixed income as well as equities globally. Other operations include Asset Management, which has recently narrowed its product and geographical focus. In its home market, Switzerland, CS caters to retail, private banking as well as corporate and institutional clients, offering a range of universal banking services. Credit Suisse targets a through-the-cycle after-tax ROE of at least 15%.

Industry outlook

The Swiss private banking industry and Credit Suisse Wealth Management are going through a fundamental, multi-year transition period. There are manifold unpredictable headwinds. Nevertheless, we think private banking remains an attractive business, more than ever in a Basel 3 world, where the capital usage of many (FIRC) businesses has increased dramatically. In our view, Credit Suisse's investment bank should be regarded as a potential Global Product specialist, competing in certain high-ROE products and services.

Revenues by region (%)



Source: Company data, UBS

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Headline miss but strategic results are in-line with UBSe

The Q1 net profit of CHF859m was -5% below UBSe and -20% below consensus mainly due to a high tax rate. The pre-tax profit, however, was 5% above UBSe and 'only' -8% below consensus (driven by non-core corporate centre and a below expectation Investment Banking result). The group core strategic result was in-line with UBSe and -9% below consensus.

Strong wealth management inflows and progress on costs

The Wealth Management profit was 14% (versus UBSe) better mainly due to costs. Net new money was almost twice the expected level at CHF10.6 billion (annualised 5.4%; strong inflows in Asia and Switzerland). The lending initiative showed first good results. The Investment Bank was 4% above UBSe but -15% below consensus. Equities and FICC trading were broadly in-line with UBSe and the primary businesses a bit better.

Balance sheet disappointing due to methodology changes and seasonality

The CET 1 ratio was 10% (UBSe 10.15%) as RWA increased CHF14 billion to CHF280 billion (due to methodology changes). The fully loaded leverage ratio was 3.7% (4% is the requirement in 2019) and already above 4% using the target leverage exposure.

Snippets from the confcall

- CEO Brady Dougan expects no major additional **structural changes in the core investment banking businesses**. Most of the remaining, upcoming structural headwinds will be relevant for the Rates, FX and commodities businesses (Global Macro Products) but Credit Suisse believes it can reposition this unit into a capital-light, flow-driven business model with a ROE of more than 15%.

- The **private banking gross margin** 2014 should be broadly flat versus 2013 (107bp) – we factor in 105bp. The net interest income in Private banking will come down in H1 and should then recover in H2 2014.

- CEO Dougan made reassuring comments on CS' exposure to HFT (**High Frequency Trading**): "responsible, pure agency business, good market share".

- The RWA increase from **methodology changes** mainly impacted Q1. There could be further small increase in Q2 but management then expects a drop in Q3.

- Management made positive comments on the re-allocation of resources/capital into high ROE businesses, e.g. **Lombard lending** (from CHF0.5 billion in Q1 2013 to CHF2.2billion in Q1 2014) offering a >100bp lending spread. The Lombard lending penetration overall is below 5% and c8% in the UHNW segment. Doubling this penetration could results in an up to 14bp gross margin increase, *ceteris paribus*. On the divisional level however we think this increase would be at least partly eaten away by a mix shift to the lower gross margin UHNW business.

Figure 1: Illustrative example of gross margin impact from Lombard lending penetration increase from 8% to 16% (CHF million)

	t0	t1	t2
AUM	100	100	100
Gross margin (bp)	50 bp	50 bp	50 bp
Revenues	0.5	0.5	0.5
Lending	0	8	16
Lending penetration	0%	8%	16%
Spread (bp)	100 bp	100 bp	100 bp
Revenues lending	0	0.08	0.16
Total AUM	100	108	116
Gross margin excl. lending (bp)	50 bp	50 bp	50 bp
Revenues excl. lending	0.5	0.5	0.6
Revenues incl. lending	0.5	0.6	0.7
Gross margin (bp)	**50 bp**	**57 bp**	**64 bp**

Source: UBS estimates

Our positive investment case

Our bullish view is centred on an inflection point. The capital rebuild (CET1 and leverage ratio) and deleveraging phase (RWA, leverage exposure) is largely over. Capital and leverage ratios are close to 2019 requirements. High cash generation from here should result in attractive investment opportunities and/or high cash return.

High dividend or attractive investment opportunities

Decent retained profits and further non-core loss reductions should allow for (further) capital redeployment into high-ROE businesses in PB&WM, bringing the capital allocation closer to 50/50 between the investment bank and the non-investment bank businesses.

Key focus areas for growth are the UHNW business and private banking emerging markets. For example, some CHF3 billion retained earnings (50% payout ratio on CHF6 billion net profit) would allow for cCHF30 billion RWA growth. With CHF94 billion RWA in PB&WM, it could be a stretch, in our view, to reinvest retained earnings – another reason why dividend payout ratios could go up markedly.

We like the investment case, but 2014 will be burdened by more extra costs

Credit Suisse is geared into strong equity markets as well as some (still) well-performing fixed income businesses. We like the investment case because:

(1) CS is, in our view, well advanced in its multi-year transition programme;

(2) CS has already reduced non-core positions and strengthened its balance sheet, and is reducing costs aggressively;

(3) its business mix remains highly free cash flow generative, also in a Basel 3 world;

(4) CS's private bank remains an attractive business;

(5) CS pays a cash dividend again; and

(6) it has decent capital and leverage ratio levels.

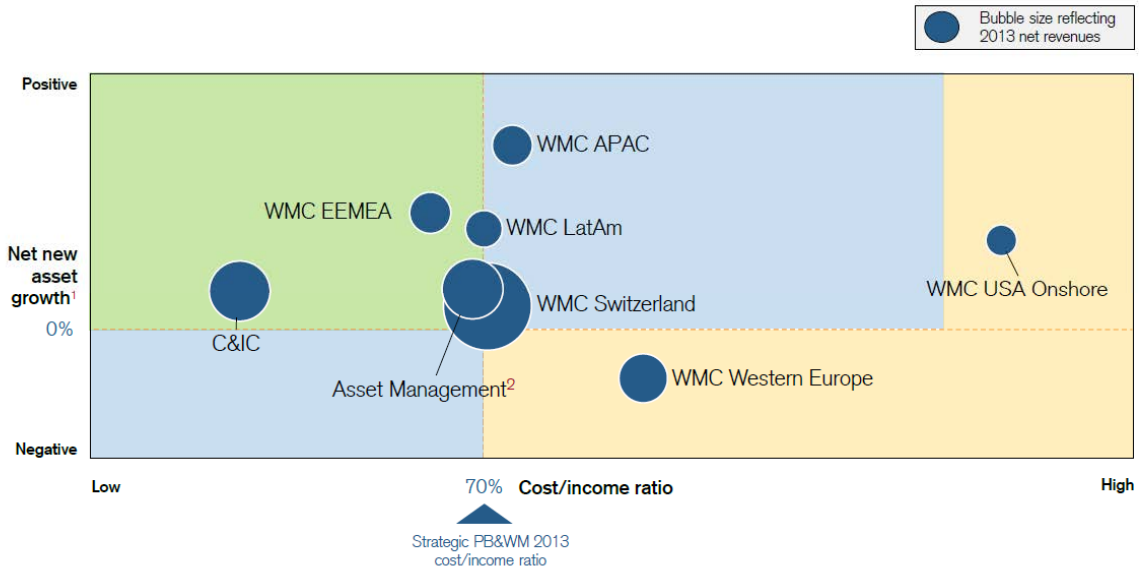
Valuation

In our Gordon growth valuation model, we are using a 10% cost of equity. In order to derive our price target of CHF33.5, we are using a ROTE of 14% (2015E) which we then discount back to 2014. CS' stated ROE target is >15% which we think implies a ROTE target of c18% - we therefore remain more than 20% below company target.

For a more detailed update on our investment case, please refer to our 6 February 2014 Credit Suisse note *A soft Q4 can't derail the positive investment case* or 18 March 2014 Credit Suisse *The inflection point*.

Key charts

Figure 2: Portfolio of PB&WM (excluding non-strategic unit) in 2013



PB&WM = Private Banking & Wealth Management. CIC = Corporate & Institutional Clients. WMC = Wealth Management Clients. EEMEA = Easter Europe, Middle East and Africa. APAC = Asia Pacific
Note: Full-year 2013. Strategic unit excluding 2013 one-off expenses of CHF 16 mn. 1 Average 2011, 2012 and 2013. 2 NNA 2012 excluding large single outflow in Core Investments.

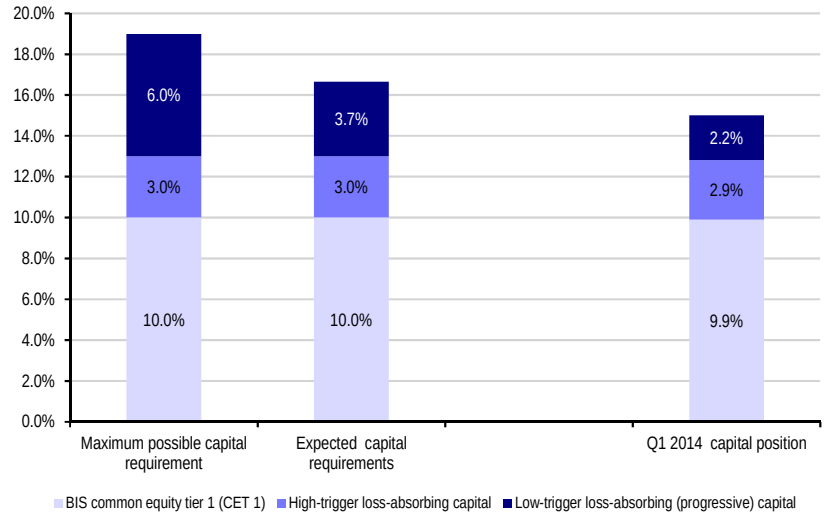
Source: Credit Suisse

Figure 3: Key performance indicators of various regions (UBS estimates, CHF million)

2013 excluding non-strategic unit	Avg. AUM 2013	*As % of total PBWM AUM*	*As % of total WM AUM*	Revenues	*As % of total PBWM revenues*	*As % of total WM revenues*	Gross margin	Costs	CI Ratio	Pretax profit 2013	*As % of total PBWM profits*	*As % of total WM profits*
Total PBWM	1,291	*100%*		12,443	*100%*		96bp	-8,909	72%	3,534	*100%*	
Total WMC	773		*100%*	8,453		*100%*	109bp	-6,228	74%	2,225		*100%*
C&IC	237	*18%*		1,996	*16%*		84bp	-1,028	52%	968	*27%*	
Asset Management	339	*26%*		1,994	*16%*		59bp	-1,375	69%	619	*18%*	
Switzerland	257	*20%*	*33%*	4,363	*35%*	*52%*	170bp	-3,054	70%	1,309	*37%*	*59%*
EEMEA	117	*9%*	*15%*	868	*7%*	*10%*	74bp	-571	66%	297	*8%*	*13%*
APAC	109	*8%*	*14%*	899	*7%*	*11%*	82bp	-649	72%	249	*7%*	*11%*
LatAm	90	*7%*	*12%*	645	*5%*	*8%*	72bp	-449	70%	197	*6%*	*9%*
Western Europe (on- & offshore)	120	*9%*	*16%*	1,265	*10%*	*15%*	105bp	-1,043	82%	222	*6%*	*10%*
USA onshore	80	*6%*	*10%*	413	*3%*	*5%*	52bp	-463	112%	-50	*-1%*	*-2%*

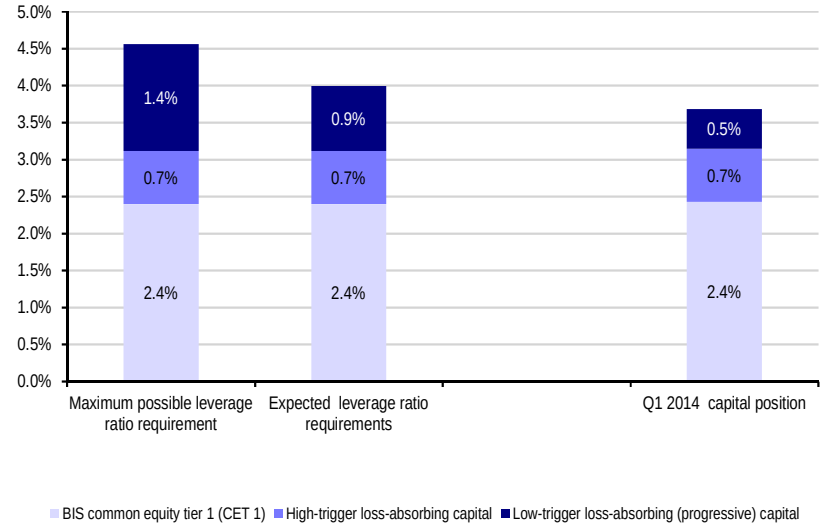
Source: UBS estimates

Figure 4: Potential capital requirements and Credit Suisse capital ratios



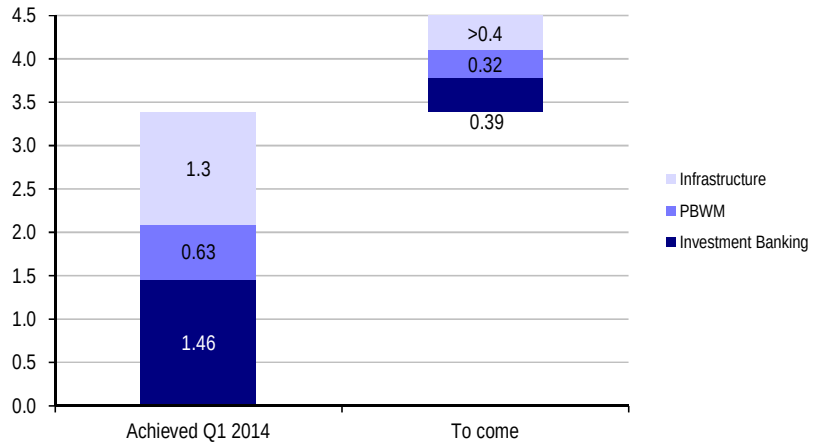
Source: Credit Suisse. Note: The progressive component requirement is dependent on CS' size (leverage ratio exposure) and the market share of CS' domestic systemically relevant business and is subject to potential capital rebates that may be granted by FINMA.

Figure 5: Potential capital requirements and Credit Suisse leverage ratios



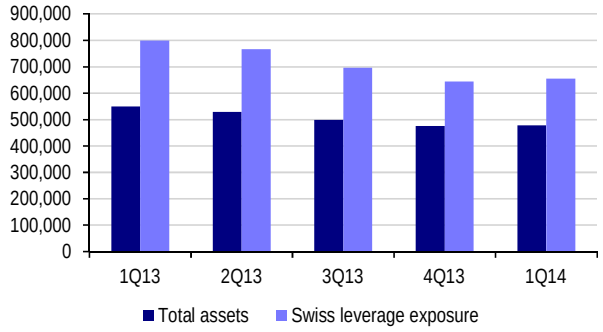
Source: Credit Suisse. Note: The progressive component requirement is dependent on CS' size (leverage ratio exposure) and the market share of CS' domestic systemically relevant business and is subject to potential capital rebates that may be granted by FINMA.

Figure 6: CHF>4.5 billion cost savings by end-2015



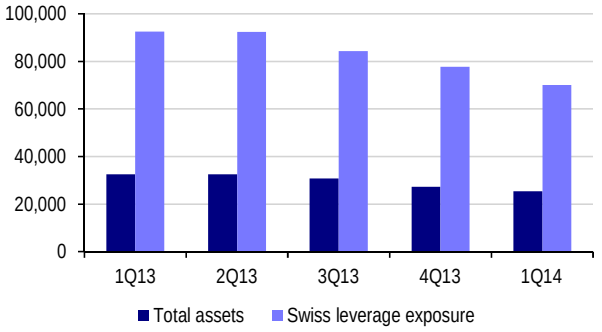
Source: Credit Suisse

Figure 7: Strategic IB deleveraging (CHF bn)



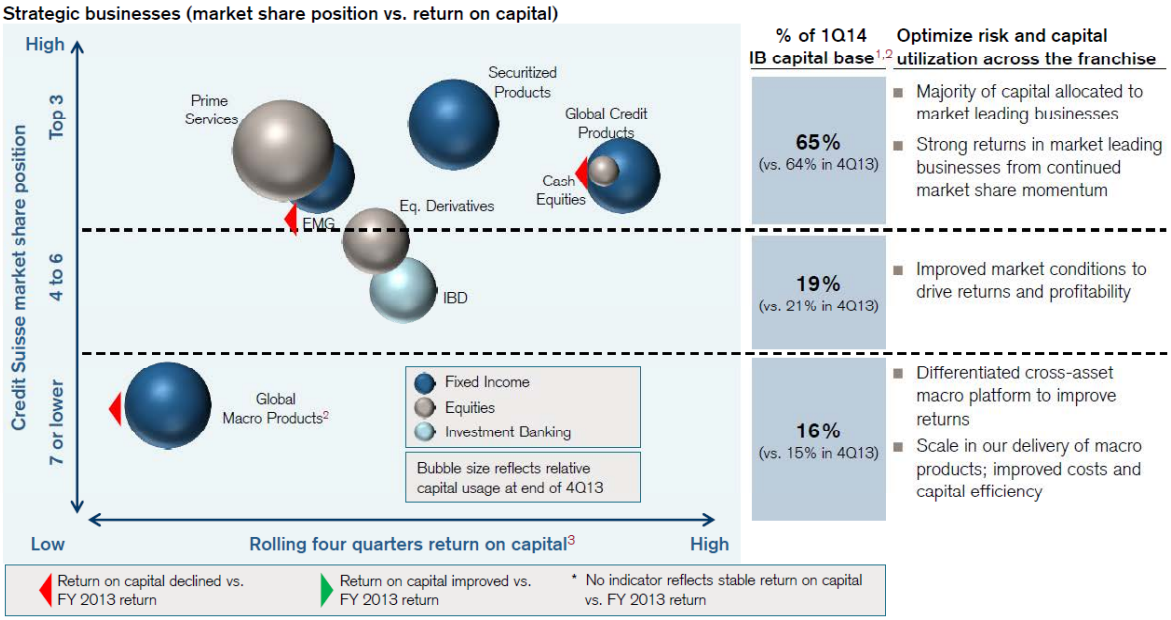
Source: Credit Suisse

Figure 8: Non-Strategic IB deleveraging (CHF bn)



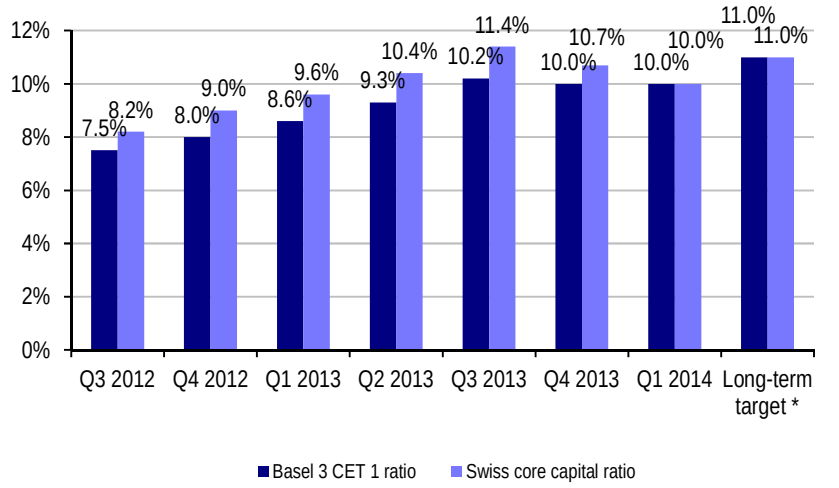
Source: Credit Suisse

Figure 9: Basel 3 ROE, capital consumption and market position



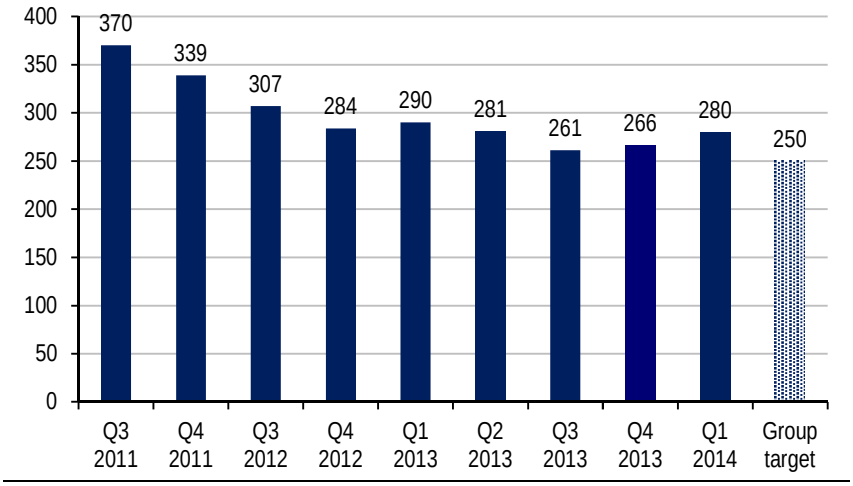
Source: Credit Suisse

Figure 10: Fully loaded CET 1 capital ratio



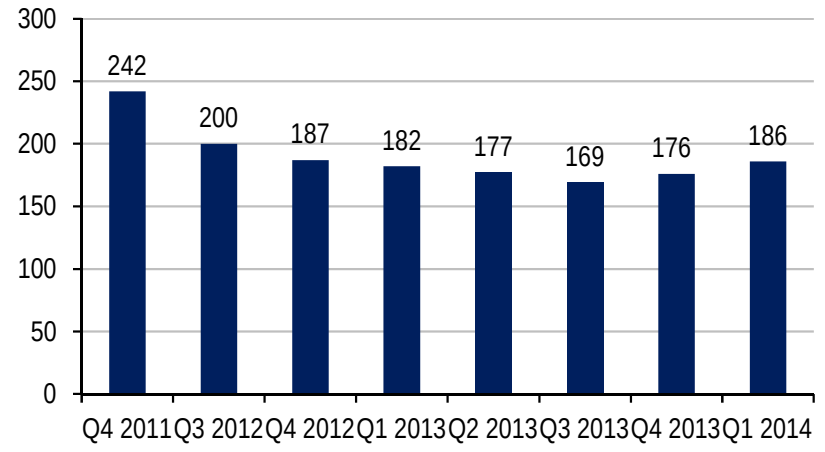
Source: Credit Suisse

Figure 11: RWA CS group (CHF billion)



Source: Credit Suisse

Figure 12: RWA Investment Banking ($ billion)



Source: Credit Suisse

Credit Suisse Group (CSGN.VX)

Profit & Loss (CHFm)	12/11	12/12	12/13	12/14E	% ch	12/15E	% ch	12/16E	12/17E	12/18E
Net income interest	6,398	7,126	8,100	6,908	-14.7	6,666	-3.5	7,099	7,348	7,605
Total non interest income	18,697	16,125	17,117	18,769	9.7	19,803	5.5	20,635	21,358	22,105
Total income	**25,095**	**23,251**	**25,217**	**25,677**	1.8	**26,469**	3.1	**27,735**	**28,706**	**29,710**
Total cash expenses	(22,149)	(21,193)	(21,546)	(19,748)	8.3	(18,776)	4.9	(18,851)	(19,511)	(20,194)
Pre-depreciation operating profit	**2,946**	**2,058**	**3,671**	**5,929**	61.5	**7,694**	29.8	**8,884**	**9,195**	**9,517**
Depreciation & amort (excl. goodwill)	0	0	0	0	-	0	-	0	0	0
Operating profit pre provisions	**2,946**	**2,058**	**3,671**	**5,929**	61.5	**7,694**	29.8	**8,884**	**9,195**	**9,517**
Total provisions	(187)	(170)	(167)	(99)	40.7	(130)	-31.3	(170)	(300)	(300)
Operating profit post provisions	**2,759**	**1,888**	**3,504**	**5,830**	66.4	**7,564**	29.7	**8,714**	**8,895**	**9,217**
Income from associates & JVs (pre-tax)	0	0	0	0	-	0	-	0	0	0
Other pre-tax items	0	0	0	0	-	0	-	0	0	0
Profit before tax (UBS)	**2,759**	**1,888**	**3,504**	**5,830**	66.4	**7,564**	29.7	**8,714**	**8,895**	**9,217**
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Profit before tax	**2,759**	**1,888**	**3,504**	**5,830**	66.4	**7,564**	29.7	**8,714**	**8,895**	**9,217**
Tax	(656)	(465)	(1,276)	(1,786)	-40.0	(2,118)	-18.6	(2,440)	(2,491)	(2,581)
Profit after tax	**2,103**	**1,423**	**2,228**	**4,044**	81.5	**5,446**	34.7	**6,274**	**6,404**	**6,636**
Other post-tax items	(25)	(40)	145	0	-	0	-	0	0	0
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(125)	(34)	(47)	(40)	14.9	(40)	0.0	(40)	(40)	(40)
Net earnings (local GAAP)	**1,953**	**1,349**	**2,326**	**4,004**	72.2	**5,406**	35.0	**6,234**	**6,364**	**6,596**
Net earnings (before pref divs)	**1,953**	**1,349**	**2,326**	**4,004**	72.2	**5,406**	35.0	**6,234**	**6,364**	**6,596**
Net earnings (UBS)	**1,978**	**1,389**	**2,181**	**4,004**	83.6	**5,406**	35.0	**6,234**	**6,364**	**6,596**

Per share (CHF)	12/11	12/12	12/13	12/14E	% ch	12/15E	% ch	12/16E	12/17E	12/18E
EPS (local GAAP, basic)	1.60	1.02	1.46	2.51	72.2	3.39	35.0	3.91	3.99	4.13
EPS (UBS, diluted)	1.55	0.84	1.26	2.32	83.6	3.13	35.0	3.61	3.68	3.82
PPOP (diluted)	2.31	1.24	2.12	3.43	61.5	4.45	29.8	5.14	5.32	5.51
Net DPS	0.75	0.75	0.70	1.00	42.9	1.25	25.0	1.50	2.00	2.50
BVPS	27.50	26.87	26.42	28.23	6.8	30.61	8.5	33.27	35.76	37.89
BVPS (UBS)	20.25	20.34	21.27	23.08	8.5	25.47	10.3	28.13	30.61	32.75

Balance sheet (CHFm)	12/11	12/12	12/13	12/14E	% ch	12/15E	% ch	12/16E	12/17E	12/18E
Banking assets (year end)	1,049,165	924,280	872,602	898,780	3.0	925,743	3.0	953,516	953,516	953,516
Banking assets (average)	1,040,585	986,723	898,441	885,691	-1.4	912,262	3.0	939,630	953,516	953,516
Total assets (year end)	1,049,165	924,280	872,602	898,780	3.0	925,743	3.0	953,516	953,516	953,516
Risk weighted assets (RWA) (year end)	241,753	224,296	273,846	280,944	2.6	277,856	-1.1	288,147	298,438	298,438
Risk weighted assets (RWA) (average)	230,228	233,025	249,071	277,395	11.4	279,400	0.7	283,002	293,293	298,438
Customer loans	233,413	242,223	247,065	256,948	4.0	267,226	4.0	277,915	277,915	277,915
Customer loans (average)	226,128	237,818	244,644	252,006	3.0	262,087	4.0	272,570	277,915	277,915
Interest earning assets (average)	904,679	851,351	767,087	754,904	-1.6	778,613	3.1	802,218	814,195	814,195
Customer deposits	313,401	308,312	333,089	343,082	3.0	353,374	3.0	363,975	363,975	363,975
Common s/h equity (year end)	33,674	35,498	42,164	45,051	6.8	48,861	8.5	53,100	57,070	60,473
Common s/h equity (average)	33,478	34,586	38,831	43,608	12.3	46,956	7.7	50,980	55,085	58,771
Total SHF (equity, pref & MI) (year end)	41,085	42,284	47,166	50,053	6.1	53,863	7.6	58,102	62,072	65,475
Total SHF (equity, pref & MI) (average)	42,050	41,685	44,725	48,610	8.7	51,958	6.9	55,982	60,087	63,773
Net tangible assets	32,206	33,652	38,957	41,844	7.4	45,654	9.1	49,893	53,863	57,266

Balance sheet structure (%)	12/11	12/12	12/13	12/14E	% ch	12/15E	% ch	12/16E	12/17E	12/18E
Loans / banking assets (year end)	22.2	26.2	28.3	28.6	1.0	28.9	1.0	29.1	29.1	29.1
Deposits / banking assets (year end)	29.9	33.4	38.2	38.2	0.0	38.2	0.0	38.2	38.2	38.2
Loans / deposits	74.5	78.6	74.2	74.9	1.0	75.6	1.0	76.4	76.4	76.4
Total SHF / banking assets (year end)	3.9	4.6	5.4	5.6	3.0	5.8	4.5	6.1	6.5	6.9

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Credit Suisse Group (CSGN.VX)

Capital adequacy (CHFm)	12/11	12/12	12/13	12/14E	12/15E	12/16E	12/17E	12/18E
Tier 1 capital	36,844	43,681	46,804	46,130	46,459	47,217	47,307	46,831
Total capital	48,654	50,070	57,031	56,357	56,686	57,444	57,534	57,058
Risk weighted assets (RWA) (year end)	241,753	224,296	273,846	280,944	277,856	288,147	298,438	298,438
Core tier 1 ratio %	-	-	13.0	-	-	-	-	12.0
Tier 1 ratio %	15.2	19.5	17.1	16.4	16.7	16.4	15.9	15.7
Total capital ratio %	20.1	22.3	20.8	20.1	20.4	19.9	19.3	19.1
Tangible equity	24,795	26,866	33,955	36,842	40,652	44,891	48,861	52,264
Equity / assets %	3.2	3.8	4.8	5.0	5.3	5.6	6.0	6.3
Tangible equity to tangible assets %	2.4	2.9	3.9	4.1	4.4	4.7	5.2	5.5

Asset quality (CHFm)	12/11	12/12	12/13	12/14E	12/15E	12/16E	12/17E	12/18E
Non performing assets	1,718	1,729	1,461	1,900	2,050	2,350	2,350	2,350
Total risk reserves	910	922	858	707	562	432	432	432
NPLs / loans %	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6
NPL coverage %	89.2	78.7	75.1	54.4	41.6	27.0	27.0	27.0
Provision charge / average loans %	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.1
Net NPAs / shareholders funds %	2.0	1.9	1.3	2.4	2.8	3.3	3.1	2.9

Profitability (%)	12/11	12/12	12/13	12/14E	12/15E	12/16E	12/17E	12/18E
Net interest margin (avg assets)	0.61	0.72	0.90	0.78	0.73	0.76	0.77	0.80
Provisions / operating profit	6.3	8.3	4.5	1.7	1.7	1.9	3.3	3.2
ROE (UBS earnings)	5.9	4.0	5.6	9.2	11.5	12.2	11.6	11.2
RoAdjE (UBS earnings & equity)	8.0	5.4	7.2	11.3	14.0	14.6	13.6	13.0
RoRWA (UBS)	0.91	0.61	0.89	1.46	1.95	2.22	2.18	2.22
RoA (UBS earnings)	0.20	0.14	0.25	0.46	0.60	0.67	0.67	0.70

Productivity (%)	12/11	12/12	12/13	12/14E	12/15E	12/16E	12/17E	12/18E
Cost income ratio	88.3	91.1	85.4	76.9	70.9	68.0	68.0	68.0
Cost / average assets	2.13	2.15	2.40	2.23	2.06	2.01	2.05	2.12
Compensation expense ratio	81.5	85.6	75.3	65.2	59.1	55.7	55.7	55.7

Growth (%)	12/11	12/12	12/13	12/14E	12/15E	12/16E	12/17E	12/18E
Revenue	-18.1	-7.3	8.5	1.8	3.1	4.8	3.5	3.5
Operating profit pre provisions	-56.2	-30.1	78.4	61.5	29.8	15.5	3.5	3.5
Net earnings (UBS)	-61.3	-29.8	57.0	83.6	35.0	15.3	2.1	3.6
Net DPS	-42.3	0.0	-6.7	42.9	25.0	20.0	33.3	25.0
Total assets (year end)	1.7	-11.9	-5.6	3.0	3.0	3.0	0.0	0.0
Customer loans	6.7	3.8	2.0	4.0	4.0	4.0	0.0	0.0
Customer deposits	9.0	-1.6	8.0	3.0	3.0	3.0	0.0	0.0

Value (x)	12/11	12/12	12/13	12/14E	12/15E	12/16E	12/17E	12/18E
Market cap/revenues	1.5	1.1	1.6	1.7	1.7	1.6	1.5	1.5
Market cap/deposits	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
P/PPOP (diluted)	13.6	17.1	12.7	8.0	6.2	5.3	5.2	5.0
P/E (local GAAP, basic)	19.7	20.8	18.5	10.9	8.1	7.0	6.9	6.6
P/E (UBS, diluted)	20.3	25.3	21.4	11.8	8.8	7.6	7.4	7.2
Net dividend yield %	2.4	3.5	2.6	3.6	4.6	5.5	7.3	9.1
P/BV x	1.1	0.8	1.0	1.0	0.9	0.8	0.8	0.7
P/BV (UBS) x	1.5	1.0	1.3	1.2	1.1	1.0	0.9	0.8

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	+22.2%
Forecast dividend yield	4.6%
Forecast stock return	+26.8%
Market return assumption	5.1%
Forecast excess return	+21.7%

Statement of Risk

Credit Suisse (CS) is one of the largest global wealth managers and a leading global provider of capital-market-related products and services. It is also the second largest bank in Switzerland. CS is influenced by the state of the global economy (in particular Switzerland and the US) as well as the levels and activity of the capital markets. In addition, CS's earnings generation is subject to credit quality. The company is exposed to a number of risks including market risk, exchange rate and interest rate fluctuations, as well as regulatory and taxation changes.

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UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	**Definition**	**Coverage**[1]	**IB Services**[2]
Buy	FSR is > 6% above the MRA.	47%	33%
Neutral	FSR is between -6% and 6% of the MRA.	42%	34%
Sell	FSR is > 6% below the MRA.	11%	23%
UBS Short-Term Rating	**Definition**	**Coverage**[3]	**IB Services**[4]
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	less than 1%	less than 1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	less than 1%	less than 1%

Source: UBS. Rating allocations are as of 31 March 2014.
1:Percentage of companies under coverage globally within the 12-month rating category. 2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category. 4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

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UBS AG: Daniele Brupbacher; Mate Nemes. **UBS Limited:** John-Paul Crutchley.

Company Disclosures

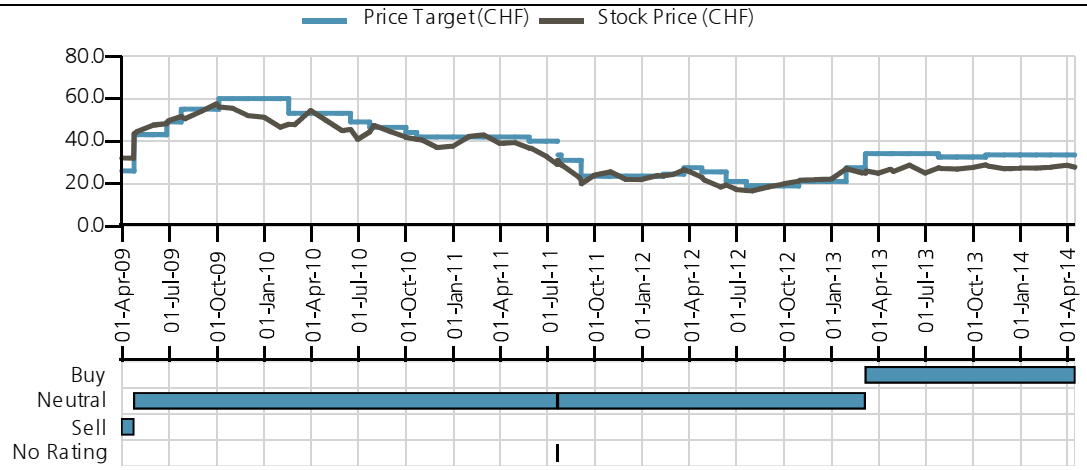
Company Name	Reuters	12-month rating	Short-term rating	Price	Price date
Credit Suisse Group[5, 16]	CSGN.VX	Buy	N/A	CHF27.83	15 Apr 2014

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

5. UBS AG, its affiliates or subsidiaries expect to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

Credit Suisse Group (CHF)



Source: UBS; as of 15 Apr 2014

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UBS

Rating
Hold

Europe
Switzerland

Banks
Banks

Company
Credit Suisse Group

Reuters	Bloomberg	Exchange	Ticker
CSGN.VX	CSGN VX	VTX	CSGN

ADR Ticker	ISIN
CS	US2254011081

Date
16 April 2014

Results

Price at 15 Apr 2014 (CHF)	27.83
Price Target (CHF)	30.00
52-week range (CHF)	30.29 - 24.46

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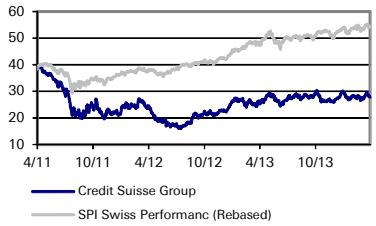
Price/price relative



Performance (%)	1m	3m	12m
Absolute	4.8	-7.5	6.0
SPI Swiss Performance IX	2.9	0.7	11.6

Source: Deutsche Bank

Q1 results review: it could have been much worse, TP unchanged

Revenues miss, but good cost control compensates

CS reported Q1 results today, with underlying revenues that fell short of our estimates by CHF 0.3bn. Private banking gross revenue margins of 104bp were weaker than we had expected, and sales and trading revenues in the investment bank also missed. But Credit Suisse partially compensated with strong cost control, and on balance, we think CS is showing more resilience to tough markets than implied by the valuation. Our 2015E adjusted EPS forecasts are revised down, but only slightly (2%) and our target price of CHF 30 is unchanged. Maintain Hold.

Wealth, Asset Management have strong inflows

The best parts of the Q1 results were cost control and net new money inflows, both visible in the wealth management and asset management divisions. This was important, as gross wealth management revenues were just 104bp of AuM (flat on Q4) and CS guided that FY margins could possibly be down to 105bp to 106bp (versus previous guidance of 107bp). Overall, though, CS saw rising net profit relative to AuM, and gave an upbeat view of new business initiatives, which we think will lead to higher margins as 2014 progresses.

Investment banking: revenues slightly weak, costs good

Both FICC and Equities sales and trading revenues misses our forecasts by CHF 0.1bn, albeit advisory and underwriting revenues beat. Costs in the investment bank were in line, but this included a larger accrual for variable comp than the previous year. Although Credit Suisse's overall result was towards the bottom of the pack reporting so far, given the narrow focus on more cyclical / risk-on businesses (EM, HY, Equities, Securitisation), we think the Q1 i-bank result was solid.

2015E adjusted EPS down by 2%

Overall, we have downgraded our 2014E and 2015E adjusted EPS forecasts by 5% and 2% respectively. These are small changes given the revenue miss and still tough outlook (macro uncertainties), but we find the cost discipline convincing. We stay with our HOLD recommendation and SOTP-derived target price of CHF 30 (see Figure 10). CS trades cheap versus peers (on 8.7x 2015E earnings), partly due to lower capital levels, and partly due to perceptions of a more volatile business mix. Trading well in tough quarters should, over time, close that gap. Key downside risks would include worse capital markets, more macro uncertainty, and especially any slippage on cost control. Upside risks include more stable emerging markets and rallying asset prices, driving higher AuM and revenues.

Forecasts And Ratios

Year End Dec 31	2012A	2013A	2014E	2015E
EPS Stated (CHF)	1.13	1.51	2.29	2.97
EPS Adjusted (CHF)	3.04	2.65	2.72	3.22
P/E Adjusted (x)	7.3	10.3	10.2	8.7
DPS(CHF)	0.75	0.70	0.80	0.90
Dividend Yield (%)	3.5	2.6	2.9	3.2

Source: Deutsche Bank estimates, company data

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Model updated:16 April 2014

Running the numbers

Europe

Switzerland

Banks

Credit Suisse Group

Reuters: CSGN.VX Bloomberg: CSGN VX

Hold

Price (15 Apr 14)	CHF 27.83
Target Price	CHF 30.00
52 Week range	CHF 24.46 - 30.29
Market Cap (m)	CHFm 44,230
	USDm 50,302

Company Profile

Credit Suisse Group provides universal banking services including investment, trust and management services, and insurance in Switzerland and internationally. The Company has a network of offices in Switzerland and around the world.

Fiscal year end 31-Dec	2011	2012	2013	2014E	2015E	2016E
Data Per Share						
EPS (stated)(CHF)	1.62	1.13	1.51	2.29	2.97	3.41
EPS (DB) (CHF)	1.62	3.04	2.65	2.72	3.22	3.45
Growth Rate - EPS (DB) (%)	-61.2	88.0	-12.8	2.4	18.4	7.2
DPS (CHF)	0.75	0.75	0.70	0.80	0.90	1.00
BVPS (stated) (CHF)	27.47	27.76	26.50	28.01	30.55	33.14
Tang. NAV p. sh. (CHF)	20.22	21.04	21.48	22.58	25.17	27.81
Market Capitalisation	27,058	28,568	43,384	44,230	44,230	44,230
Shares in issue	1,206	1,255	1,514	1,588	1,597	1,612
Valuation Ratios & Profitability Measures						
P/E (stated)	13.6	19.6	18.1	12.2	9.4	8.2
P/E (DB)	13.7	7.3	10.3	10.2	8.7	8.1
P/B (stated)	0.8	0.8	1.0	1.0	0.9	0.8
P/Tangible equity (DB)	1.1	1.1	1.3	1.2	1.1	1.0
ROE(stated)(%)	5.8	4.1	5.9	8.4	10.1	10.7
ROTE (tangible equity) (%)	7.9	14.7	13.1	12.3	13.5	13.0
ROIC (invested capital) (%)	5.8	11.0	10.3	10.0	11.0	10.8
Dividend yield(%)	2.4	3.5	2.6	2.9	3.2	3.6
Dividend cover(x)	2.2	1.5	2.2	2.9	3.3	3.4
Profit & Loss (CHFm)						
Net interest revenue	6,606	7,150	8,252	8,582	8,668	8,755
Non interest income	19,364	16,594	17,673	17,039	18,134	19,528
Commissions	14,782	13,728	13,513	13,916	14,612	15,342
Trading Revenue	3,081	2,806	846	2,552	2,923	3,556
Other revenue	1,500	60	3,314	571	599	629
Total revenue	25,970	23,744	25,925	25,621	26,802	28,282
Total Operating Costs	22,349	21,372	20,772	19,488	19,436	19,830
Employee Costs	12,163	10,983	10,175	8,679	8,411	8,584
Other costs	10,186	10,389	10,597	10,809	11,025	11,246
Pre-Provision profit/(loss)	3,621	2,372	5,153	6,133	7,366	8,452
Bad debt expense	187	170	153	265	464	504
Operating Profit	3,434	2,202	5,000	5,868	6,902	7,948
Pre-tax associates	0	0	0	0	0	0
Pre-tax profit	3,434	2,202	5,000	5,868	6,902	7,948
Tax	645	464	1,486	1,698	1,963	2,267
Other post tax items	-836	-315	-1,227	-532	-192	-192
Stated net profit	1,953	1,423	2,287	3,638	4,746	5,490
Goodwill	0	0	0	0	0	0
Extraordinary & Other items	1,341	367	1,171	525	391	71
Bad Debt Provisioning	0	0	0	0	0	0
Investment reval, cap gains / losses	-1,345	2,024	557	151	0	0
DB adj. core earnings	1,950	3,814	4,015	4,314	5,137	5,561
Key Balance Sheet Items (CHFm) & Capital Ratios						
Risk-weighted assets	241,753	224,296	273,846	275,000	270,000	270,000
Interest-earning assets	954,797	837,118	794,868	810,719	822,429	824,360
Customer Loans	233,413	242,223	247,065	242,223	254,334	259,421
Total Deposits	313,401	308,312	333,089	308,312	323,728	339,914
Stated Shareholder Equity	33,674	35,632	42,164	44,516	49,014	53,668
Equals: Tangible Equity	24,795	27,000	34,165	35,884	40,382	45,036
Tier 1 capital	38,455	43,681	46,804	47,523	51,022	54,676
Tier 1 ratio (%)	16	19	17	17	19	20
o/w core tier 1 capital ratio (%)	11.3	15.6	9.7	10.5	12.9	15.1
Credit Quality						
Gross NPLs/Total Loans(%)	0.74	0.71	0.70	0.69	0.74	0.80
Risk Provisions/NPLs(%)	53	53	53	66	77	87
Bad debt / Avg loans (%)	0.08	0.07	0.06	0.11	0.19	0.20
Bad debt/Pre-Provision Profit(%)	5.2	7.2	3.0	4.3	6.3	6.0
Growth Rates & Key Ratios						
Growth in revenues (%)	-17	-9	9	-1	5	6
Growth in costs (%)	-7	-4	-3	-6	0	2
Growth in bad debts (%)	-337	-9	-10	73	75	9
Growth in RWA (%)	11	-7	22	0	-2	0
Net int. margin (%)	0.70	0.80	1.01	1.07	1.06	1.06
Cap.-market rev. / Total revs (%)	83	100	91	91	93	93
Total loans / Total deposits (%)	74	79	74	79	79	76
ROTE Decomposition						
Revenue % ARWAs	11.28	10.19	10.41	9.34	9.84	10.47
Net interest revenue % ARWA	2.87	3.07	3.31	3.13	3.18	3.24
Non interest revenue % ARWA	8.41	7.12	7.10	6.21	6.65	7.23
Costs/income ratio (%)	86.1	90.0	80.1	76.1	72.5	70.1
Bad debts % ARWAs	0.08	0.07	0.06	0.10	0.17	0.19
Tax rate (%)	18.8	21.1	29.7	28.9	28.4	28.5
Adj. Attr. earnings % ARWA	0.85	1.64	1.61	1.57	1.89	2.06
Capital leverage (ARWA/Equity)	9.4	9.0	8.1	7.8	7.1	6.3
ROTE (Adj. earnings/Ave. equity)	7.9	14.7	13.1	12.3	13.5	13.0

Source: Company data, Deutsche Bank estimates

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Q1 results review

Key points

- Credit Suisse reported Q1 net profit today of CHF 859m, a miss versus our forecast. Pre-tax profit (for the core bank, i.e. excluding private equity consolidations) was CHF 1,400m, roughly in line with our forecast but a miss versus consensus of CHF 1,515m.
- Within these results, core revenues in the wealth management division and also the investment bank were the weakest spot, offset by good cost control. The gross revenue margin in **Wealth Management** of 104bp was a particular disappointment (flat QoQ), albeit strong cost performance compensated. On the call, CS management stressed mitigating efforts, especially repricing, winning UHNW clients (low revenue margin but also very low cost), and driving new lending business. In the main, we found these initiatives convincing, especially given excellent inflows of 6% annualized (5% net of Western Europe tax declarations).
- In the **investment bank**, FICC revenues were down 21% YoY and Equities revenues down 8% YoY. This is towards the low end of the pack reporting so far, but RoTE was still above 20% in the division. Cost control was solid, in spite of more aggressive variable comp accruals. Management have also moved to measuring and disclosing capital allocated based on leverage ratios as well as Basel III CET1. Given what could have been a tough quarter, we were reassured that management seem to have a strong grip on the business.
- **Capital build** was also an issue, with the fully-loaded Basel III CET1 ratio of 10.0% a miss versus our forecast of 10.6%. Additional RWAs on FX, securitization weights and operational risk all hurt during the quarter. Management commented that up-coming model changes would see relief in Q3, and ultimately, as long as CS is making money, retentions will follow. Our confidence was boosted by the reiterated commitment to flat or growing cash dividends in 2014.
- Our **sum-of-the-parts target price** is unchanged at CHF 30. Although CS' Q1 results were a miss versus our forecasts, the miss was not large, and it was a difficult quarter. CS trades cheap versus peers, partly due to lower capital levels, and partly due to perceptions of a more volatile business mix. Trading well in tough quarters should, over time, help to close that gap.
- Our **earnings revisions** are set out below. Overall, our 2014E adjusted EPS forecast falls 5%, and our 2015E adjusted EPS forecast falls 2%.

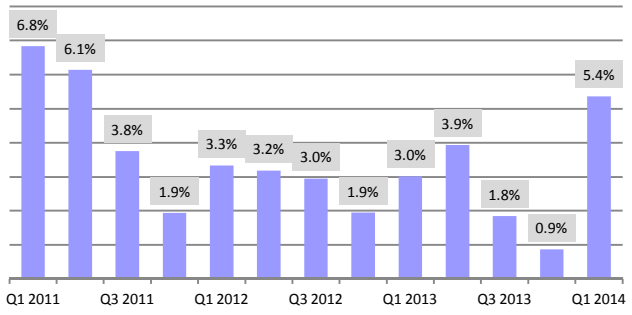
Figure 1: Credit Suisse earnings revisions

CHF m	2014E old	2014E new	% chge	2015E old	2015E new	% chge
Revenues	26,269	25,621	-2%	27,165	26,802	-1%
Stated net profit	3,937	3,638	-8%	4,923	4,746	-4%
Adjusted net profit	4,582	4,314	-6%	5,314	5,137	-3%
Adjusted EPS	**2.86**	**2.72**	**-5%**	**3.28**	**3.22**	**-2%**

Source: Deutsche Bank

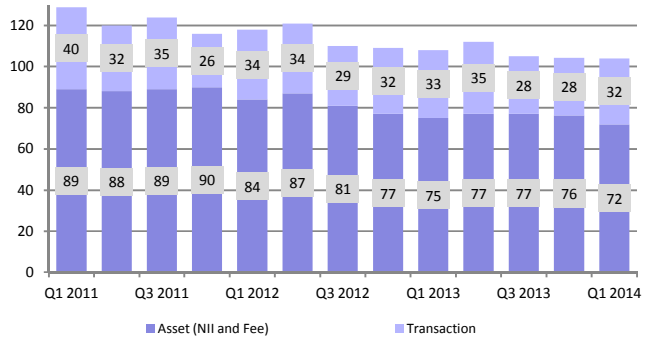
Credit Suisse Q1 results in charts

Figure 2: Private banking inflows (%, annualized)



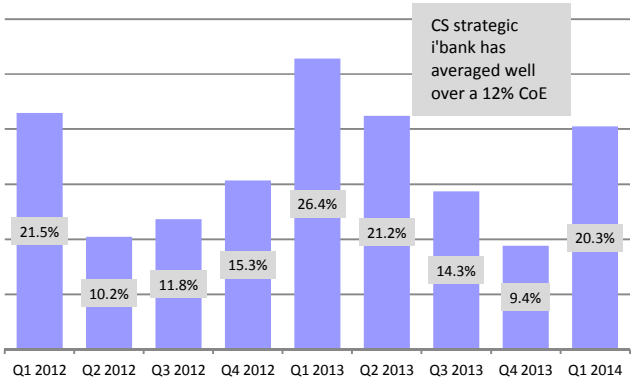
Source: Deutsche Bank estimates and Company Data

Figure 3: Private banking margins (bp)



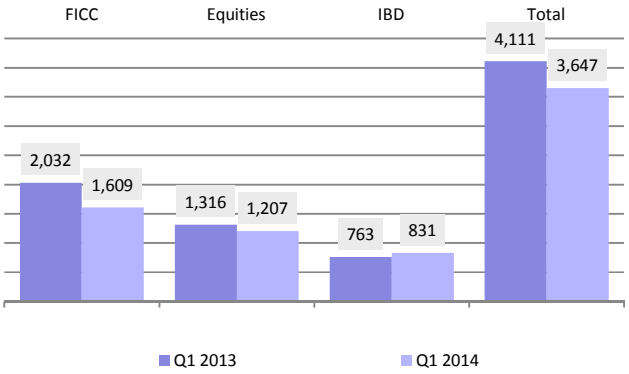
Source: Deutsche Bank estimates and Company Data

Figure 4: I-Bank, underlying RoTE on B3 RWAs %



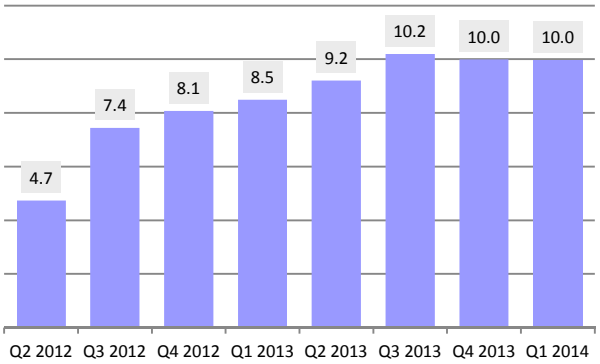
Source: Deutsche Bank estimates and Company Data

Figure 5: Sales and trading revenues, absolute CHF m



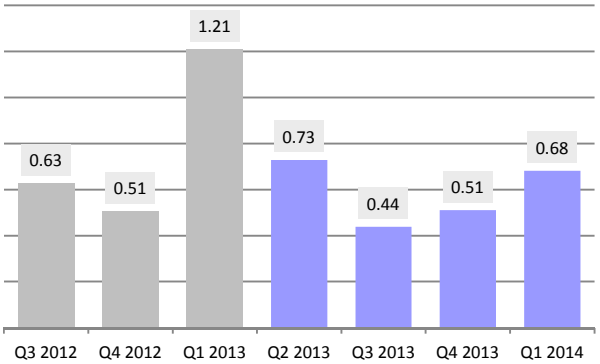
Source: Deutsche Bank estimates and Company Data

Figure 6: Basel III fully-loaded CET1 ratio (%)
NB 2013 revised down 30bp pro-forma due to charges



Source: Deutsche Bank estimates and Company Data

Figure 7: Quarterly adjusted EPS progression (CHF)
Pre-Q2 2013 is not pro-forma for MCN conversion



Source: Deutsche Bank estimates and Company Data

Credit Suisse Q1 results in numbers

Below we show Credit Suisse's consolidated and divisional PBT results versus DB forecasts.

In calculating underlying net profit, we add back own debt (FVOD) losses of CHF 120m and restructuring and realignment costs of CHF 123m. We then deduct assorted disposal gains of CHF 141m. Net of tax and deconsolidating the contribution from FIN46R minorities, we arrive at clean net profit of CHF 1,085m, a miss versus our Q1 forecast.

Figure 8: **Divisional result versus forecast**

in CHF m	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014 ACTUAL	Q1 2014 DB EST
Private Banking	881	917	1,019	890	1,012	905
o/w Wealth Management	*463*	*620*	*508*	*475*	*578*	*500*
o/w Swiss retail	*247*	*262*	*251*	*213*	*246*	*240*
o/w Asset Management	*63*	*131*	*48*	*389*	*141*	*101*
o/w Non-strategic PB&WM	*108*	*-96*	*212*	*-187*	*47*	*63*
Investment Banking	1,300	754	229	-60	827	996
o/w Strategic I-Banking	*1,547*	*1,167*	*671*	*485*	*1,124*	*1,216*
o/w Non-Strategic I-Banking	*-247*	*-413*	*-442*	*-545*	*-297*	*-220*
Banking corporate centre	-380	-139	-562	-401	-439	-494
o/w Strategic Corporate Centre	*-96*	*-94*	*-89*	*-81*	*-149*	*-84*
o/w Run-Off Corporate Centre	*-284*	*-45*	*-473*	*-321*	*-290*	*-410*
Core Credit Suisse	**1,801**	**1,532**	**686**	**429**	**1,400**	**1,407**
o/w Strategic	***2,224***	***2,086***	***1,389***	***1,482***	***1,940***	***1,974***
o/w Run-Off or non-strategic	***-423***	***-554***	***-703***	***-1,053***	***-540***	***-567***
Non-owned minorities	69	105	222	196	343	37
Total pre-tax income	**1,870**	**1,637**	**908**	**625**	**1,743**	**1,444**

Source: Deutsche Bank estimates and company data

Figure 9: **Consolidated result versus forecast**

(CHF m)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014 ACTUAL	Q1 2014 DB EST
Net revenues	7,105	6,965	5,689	6,205	6,829	6,772
Total operating expenses	-5,213	-5,278	-4,741	-5,540	-5,052	-5,249
Income (operations)	1,870	1,637	908	624	1,743	1,444
Income tax expense/(benefit)	-498	-472	-365	-151	-543	-390
Dividends on prefs (cons)	0	0	0	0	0	0
Minority interests, net of tax	-78	-119	-238	-204	-358	-52
Net attributable income (operations)	1,294	1,046	305	269	842	1,002
Income/(loss) from discon ops	9	0	150	-2	15	0
Extraordinary items, net of tax	0	0	0	-745	0	0
Cumulative effect of acing chges	0	0	0	0	0	0
Net income/(loss)	1,303	1,046	455	-478	859	1,002
Underlying net profit	1,506	1,035	699	814	1,085	1,197
Stated EPS	**1.05**	**0.74**	**0.29**	**-0.30**	**0.54**	**0.63**
Adjusted EPS ex discontinued ops	**1.21**	**0.73**	**0.44**	**0.51**	**0.68**	**0.75**

Source: Deutsche Bank estimates and company data

Valuation and risks

Valuation

We have a target price for Credit Suisse of CHF 30. We use a weighted average valuation approach, with divisional valuations benchmarked against pure play competitors where available. The detailed breakdown of our assumed returns, profits and capital is set out in the figure below.

Figure 10: **SOTP valuation: Credit Suisse**

CHF m except where stated	Net profit	Equity	RoE (%)	P/E (x)	P/BV (x)	P/AuM (%)	Value (bn)	Val PS (CHF)
Wealth Management Clients	2,426	na	na	14.0	na	3.5%	33,970	21.0
Corp & Inst Clients	697	na	na	10.0	na	na	6,972	4.3
Asset Management	511	na	na	12.0	na	1.5%	6,131	3.8
Total: Private Banking	3,635	10,061	36.1%	13.0	4.7	na	47,073	29.1
Investment Banking	2,878	24,192	11.9%	8.0	1.0	na	23,022	14.2
Non-strategic PB&WM	0	na	na	na	na	na	0	0.0
Non-strategic IB	-215	na	na	na	na	na	-1,075	-0.7
Non-strategic CC	-171	na	na	na	na	na	-857	-0.5
Total unallocated plus litigation	-565	6,795	na	5.7	-0.5	na	-3,211	-2.0
Total fair value at end-2015	5,561	41,047	13.5%	11.7	1.6	na	64,951.8	40.1
Less conglomerate 10%								-4.0
Discounted to 12 month target								30.0

Source: Deutsche Bank

We apply a 10% discount to Credit Suisse. This is to reflect the penalty that we believe the market applies, for inter alia lesser transparency, lower focus from management on each business, and reinvestment risk. We apply the conglomerate discount for banks that operate across very different geographies or business lines, as opposed to applying it on scale grounds.

Key risks

As regards risks, Credit Suisse faces the usual banking sector risks, such as credit risk on loan and counterparty exposures, liquidity risk, market risk, operational risk and reputation risk. Credit Suisse is exposed to market risk to a greater extent than its peers, thanks to its capital markets heavy mix of investment banking and private banking. While the latter is not capital intensive, the former is, and we expect that Credit Suisse's strategy of moving to a lower RWA investment banking model will lead to lost market share and revenues. In private banking, we see Credit Suisse as exposed to tax amnesties and investigations, especially in the US, that may lead to lost AuM and / or fines and settlements. Credit Suisse is also negatively exposed to CHF strength; increases in the CHF reduce dollar revenues and also reduce shareholders equity through AOCI.

Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Credit Suisse Group	CSGN.VX	27.83 (CHF) 15 Apr 14	1,7,14,15

*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies

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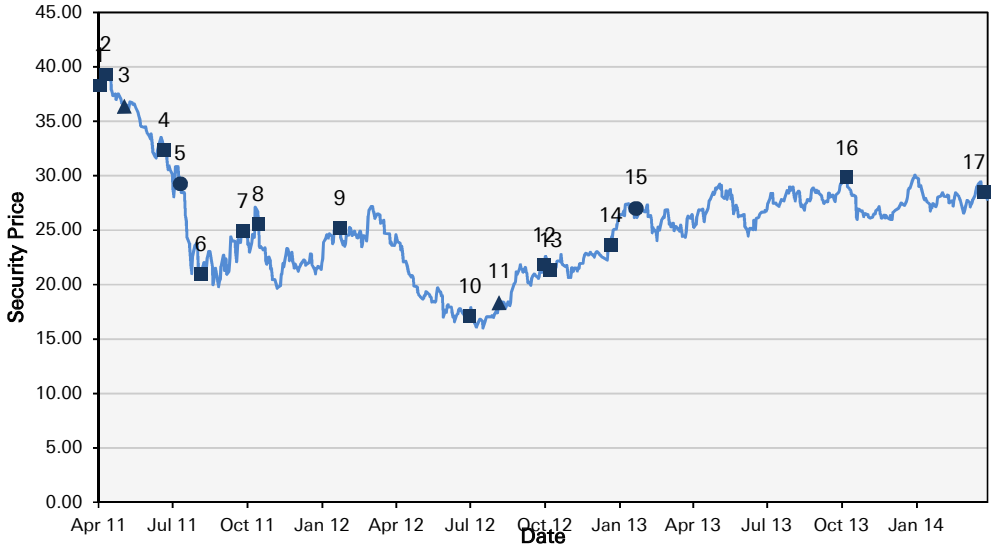
Historical recommendations and target price: Credit Suisse Group (CSGN.VX)

(as of 4/15/2014)



Previous Recommendations

Strong Buy
Buy
Market Perform
Underperform
Not Rated
Suspended Rating

Current Recommendations

Buy
Hold
Sell
Not Rated
Suspended Rating

*New Recommendation Structure as of September 9,2002

1.	20/04/2011:	Hold, Target Price Change CHF47.00	10.	18/07/2012:	Hold, Target Price Change CHF23.00
2.	27/04/2011:	Hold, Target Price Change CHF48.00	11.	23/08/2012:	Upgrade to Buy, CHF23.00
3.	20/05/2011:	Upgrade to Buy, CHF48.00	12.	17/10/2012:	Buy, Target Price Change CHF25.00
4.	08/07/2011:	Buy, Target Price Change CHF41.00	13.	25/10/2012:	Buy, Target Price Change CHF26.00
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6.	22/08/2011:	Hold, Target Price Change CHF32.00	15.	07/02/2013:	Downgrade to Hold, Target Price Change CHF29.00
7.	13/10/2011:	Hold, Target Price Change CHF31.00	16.	24/10/2013:	Hold, Target Price Change CHF31.00
8.	01/11/2011:	Hold, Target Price Change CHF28.00	17.	11/04/2014:	Hold, Target Price Change CHF30.00
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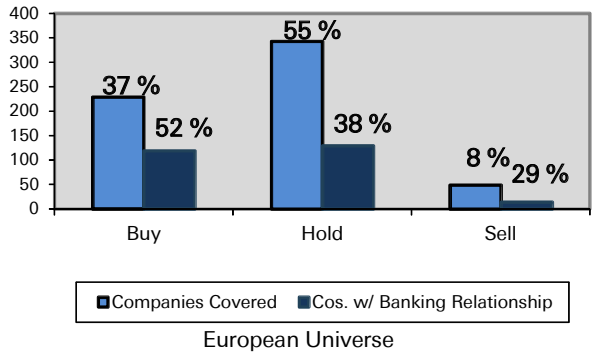

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Credit Suisse Group

Disappointing IB revenues vs. consensus: remain UW - ALERT

Underweight

CSGN.VX, CSGN VX

Price: SF27.95

15 April 2014

European Banks

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Conclusion: CSG should be underperforming today. The results are disappointing in the core divisions against consensus. We were below consensus going into Q1 results. The disappointment is mainly related to weak revenues in WM and IB, partially offset by good cost management. However we would not read too much into 1Q cost management as 4Q cost could see a "true-up" as we witnessed in IB 4Q13. **CSG reported pretax SF1.4bn, after one-off adjustments we get to clean SF1.5bn compared to company sourced clean consensus SF1.7bn i.e. a miss of SF214m (-12% below consensus and SF79m below JPMe).** Within the strategic divisions the clean PBT was -9% below consensus SF2.1bn, a miss of -SF198m. The miss is mainly related to the IB making clean pretax SF1,124m a miss of SF155m against consensus driven by weaker revenues in FICC (EM revenues weak), and Equities (cash equities) missing by c.SF100m in each business line. IB C/I ratio came in at 68%, vs. consensus 66%. WM was slightly better than consensus on a pretax basis at SF578m (SF16m better), due to good cost management whereas top line margins disappointed at 104bps in line with 4Q normally the weakest of the year so should have been up - consensus expected 107bps in Q1 14. Generally revenues were weaker in the two key divisions WM and IB. Basel 3 CET1 fully-loaded ratio was 10% (consensus 10.6%) flat vs. 4Q, due to higher RWAs operational risk add-on/methodology changes. Overall this is not a good read across for European IBs or for WM. We would expect UBS to do better on top line margins as well as IB revenues. Basel 3 was 10.0% vs. our estimate of 10.3% and consensus 10.6%. **CSG trades at 9.1x P/E and 1.2x P/NAV for RoNAV 13.2% in 2015E. The results today are disappointing against consensus. However we are more concerned about the L-T IB strategy of CSG**. As we outlined in our report "Credit Suisse Group: CEO for a Day: FICC strategy unsustainable - Downgrade to UW" published 9th April 2014, the value of the private bank cannot be unlocked and the implied CoE should stay high as long as CSG does not restructure its FICC business further, we estimate it will consume 34% of group and 58% IB capital in 2015.

Results in Strategic units by division vs. consensus– disappointing in the IB, inline WMC and CIC but AM strong

Strategic IB PBT SF155mn below consensus due to lower revenues - Weak revenues in Equities and FICC vs. consensus partly offset by lower costs. Clean pre-tax profit of SF1,124mn vs. clean consensus SF1,279mn - so SF155mn lower than consensus.

- FICC clean revenues of SF1,609mn, (down -21% YoY) vs. consensus SF1,688mn with strong securitized product and Credit performance YoY offset by difficult conditions in Emerging Market and Macro.

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- Equities clean revenues at SF1,207mn, down -8% YoY vs. consensus SF1,311mn.
- Investment Banking clean revenues of SF831mn, up 9% YoY vs. consensus SF776mn with strong Advisory and Equity underwriting revenues.
- Clean cost/Income ratio of 68% in Q1 14 vs. consensus 66%.
- Basel III RWAs in strategic IB increased to $167bn from $156bn in Q4 13 mostly due to $8bn in methodology uplifts, including operational risk add-on.
- **Wealth Management Clients – Clean pretax of SF578mn**, SF16mn higher than clean consensus at SF562mn mainly driven by lower costs. Clean revenues were SF2,074mn vs. consensus of SF2,131mn. Margins at 104bps in 1Q 14 were flat QoQ and lower YoY (consensus 107bps, 107bps Q1 13). Net interest margin was down at 35bps (38bps in Q413 and Q113), recurring fees margin at 37bps (vs. 38bps in Q413 and 37 bps in Q1 13) and transaction and performance based margins were up at 32bps (vs. 28bps in Q413 and 32bps in Q113). Operating costs at SF1,480mn were higher leading to clean cost/income ratio of 71% vs. consensus c.73%. Net new money inflows were SF10.6bn primarily in higher wealth-bands (5.4% annualized) vs. consensus SF5.8bn. Assets under management increased to SF805bn from SF791bn in Q4 13. We are reluctant to give CSG credit for its good cost management in 1Q in WM, as it could be a "hockey stick" event as we witnessed in the 4Q13.
- **CIC – Q1 14 pretax of SF246mn** vs. consensus at SF245mn, with higher QoQ and YoY recurring commissions fees and transaction and performance based revenues. C/I ratio was at 50% vs. consensus c.52%. Net new flows were SF0.4bn.
- **Asset Management**: **Q1 14 clean strong pretax of SF141mn** was slightly above consensus at SF134mn. Cost/Income ratio was 70% clean inline with consensus at 70%. AUM increased to SF363bn with SF6.9bn inflows in net new assets. Fee based margins were strong at 49bps from 87bps in Q4 13 and 46bps in Q113.
- **Non-strategic units**: Clean pre-tax loss of SF438mn vs. consensus pre-tax loss of SF422mn. Basel 3 RWAs were flat at SF24bn RWA reductions in Q1 14 offset by the impact of methodology changes. Excluding adjustments for methodology changes, risk-weighted asset were reduced by SF4bn, while leverage exposure was down SF11bn from SF99bn to SF99bn. CSG has a target to reduce Basel 3 RWAs to SF10bn by 2015 and leverage exposure to SF26bn by 2015.
- **Corporate Center:** Stated Q1 14 pretax loss of SF149mn in the Strategic unit vs. consensus pre-tax loss of SF82mn. Non-strategic unit stated pre-tax loss of SF290mn vs. consensus SF261mn pre-tax loss.

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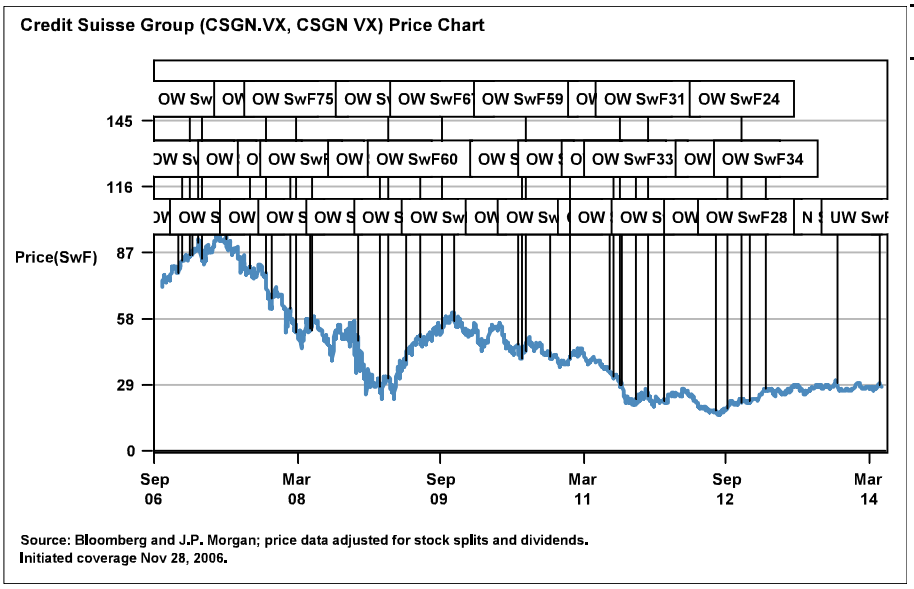

Date	Rating	Share Price (SwF)	Price Target (SwF)
28-Nov-06	OW	77.85	88.00
18-Dec-06	OW	83.67	90.00
15-Jan-07	OW	85.86	92.00
22-Jan-07	OW	85.61	93.00
15-Feb-07	OW	91.33	100.00
07-Mar-07	OW	83.92	99.00
04-Jun-07	OW	93.12	100.00
05-Sep-07	OW	79.70	97.00
01-Nov-07	OW	77.90	92.00
29-Nov-07	OW	66.40	91.00
04-Feb-08	OW	62.25	78.00
22-Feb-08	OW	51.60	75.00
22-Apr-08	OW	53.90	68.00
24-Apr-08	OW	52.55	64.00
17-Oct-08	OW	48.50	56.00
14-Jan-09	OW	28.12	46.00
12-Feb-09	OW	31.32	42.00
23-Apr-09	OW	39.70	50.00

09-Jun-09	OW	49.60	60.00
09-Sep-09	OW	53.85	67.00
23-Oct-09	OW	56.75	70.00
21-Jun-10	OW	46.32	66.00
06-Jul-10	OW	40.60	61.00
23-Jul-10	OW	44.25	59.00
22-Oct-10	OW	41.41	53.00
06-Jan-11	OW	40.20	50.00
07-Jun-11	OW	35.81	47.00
24-Jun-11	OW	32.16	46.00
19-Jul-11	OW	28.72	40.00
29-Jul-11	OW	28.80	37.00
20-Sep-11	OW	22.72	33.00
02-Nov-11	OW	23.50	31.00
06-Jan-12	OW	21.80	28.00
19-Jul-12	OW	17.91	24.00
04-Sep-12	OW	18.37	22.00
26-Oct-12	OW	21.33	24.00
27-Nov-12	OW	21.54	28.00
23-Jan-13	OW	26.77	34.00
25-Oct-13	N	29.84	32.00
09-Apr-14	UW	28.62	32.00

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Credit Suisse (CSGN VX)

Miss, But Better Mix

BUY
Price target CHF34.10
Price CHF27.83

Key Takeaway

Credit Suisse delivered 1Q14 results below consensus, driven by soft revenues. Wealth Management however showed very strong net inflows and improved cost control. CET1 capital, at 10.0%, was light driven by methodological RWA increases. These results don't move the debate forward, but with expectations so low and the quality bias towards Private Banking, there should be some support in our view.

Soft revenues drive PTP miss. Credit Suisse reported headline net income of CHF 859m vs consensus CHF 1,073m. Cleaner PTP for the 'strategic' businesses was CHF 1,940m, 9% below consensus of CHF 2,138m. The drivers of the miss were revenue-driven across the board (-4% vs cons. for the strategic businesses).

Very strong Wealth Management inflows. Wealth management PTP was 3% ahead driven by strong cost control which offset a weaker revenue margin (104bp vs cons. 107bp) on account of lower interest income. The big positive surprise was very strong net new money inflows of CHF 10.6bn vs consensus CHF 5.8bn. This was attributed to strength in Asia Pacific and Emerging Markets. Asset Management PTP was 5% ahead of consensus while Corporate & Institutional was in-line.

FICC in line with peers, but Equities disappoint. Strategic Investment Banking PTP was 12% below consensus driven by a 4% revenue miss. FICC revenues were down 21% YoY, in-line with peers who have reported thus far. Weakness was as expected driven by EM and rates, offset by strength in credit and securitised products. The disappointment was equities revenues which were down 8% YoY driven by LatAm cash trading.

Absence of capital build. Capital was light. B3 CET1 was flat QoQ at 10.0% (vs consensus of 10.6%) due to methodological RWA increases of CHF 14bn. CS now targets a "long-term" capital ratio of 11%. The Swiss Leverage ratio was also flat QoQ at 3.7% (vs cons. 3.9%) due to the March repurchase of Claudius hybrid capital notes.

Valuation. Price Target CHF 34.1. TNAV per share was CHF 22.1, +3% QoQ. Valuation based on a 1 stage GGM model (RoTE 15%, CoE 11%). Credit Suisse trades on 1.2x 2014E TBV.

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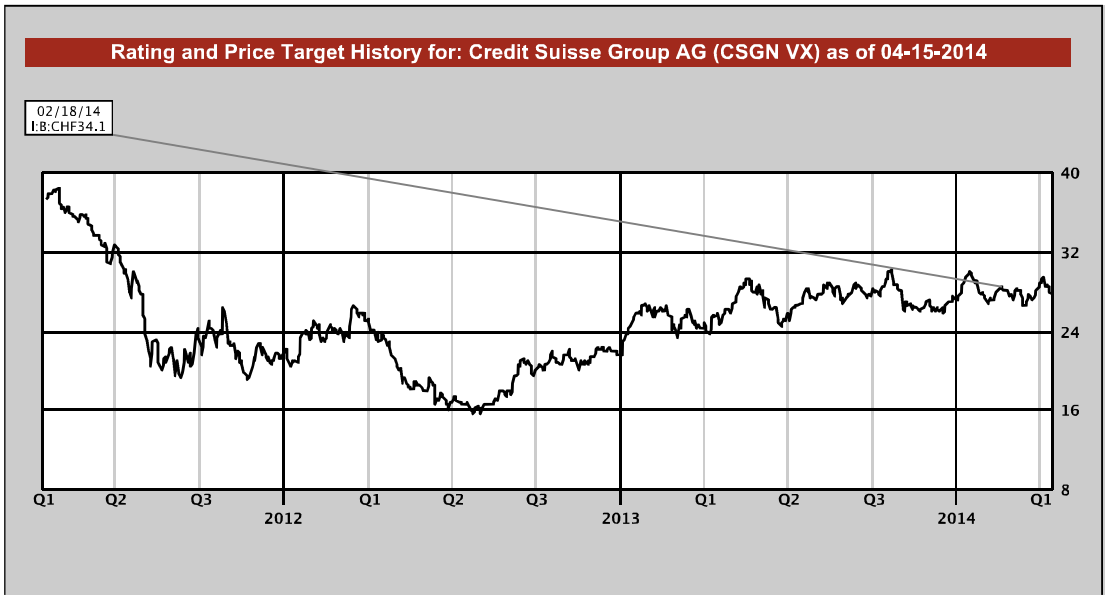

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Flashnote

CREDIT SUISSE

BUY

1Q14E Preview

CURRENT PRICE: CHF28.04
TARGET PRICE: CHF33.00

Credit Suisse (CS) is scheduled to be the first wholesale bank to report 1Q14 results on April 16. We expect it to show net income of CHF1,056mn, including CHF229mn of negative one-offs (restructuring charges and litigation), or CHF1,285mn of underlying earnings. Our 1Q14E pre-tax income of CHF1,462mn reflects a 19% contraction vs last year on a reported basis, driven mainly by lower revenues in the investment bank and a higher cost-income ratio in that division as well as continued restructuring and litigation expenses. We have accounted for the Department of Justice tax evasion assistance related fine in 3Q14E.

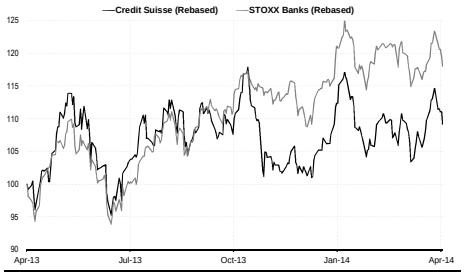
Most of the revenue decline is driven by the contraction in fixed income, which we think will continue through 1H14E. We expect revenues to be down 30% YoY at CS's FICC division, mainly driven by the decline in rates. This is partly offset by a better performance in cash equities, ECM and advisory, where we expect a double digit rebound YoY. Overall, we expect equities up 4% YoY. Overall, our total investment banking revenue forecast is 12% lower than 1Q13. We expect the cost to income ratio to deteriorate to 69% from 64% in 1Q13.

In Private Banking & Wealth Management we expect revenues to be down 2% YoY and 1% lower QoQ, due to lower transaction revenues and the impact of the ongoing shift to ultra-high net worth individuals and from offshore to onshore, which should impact revenue margins. Furthermore, we expect CS to continue to see outflows in European offshore. We think the cost-income ratio in Wealth Management should improve slightly YoY and should be on a similar level to 4Q13.

We have a Buy rating on Credit Suisse. It offers one of the highest RoTE and dividend yields for 2015E of the banks we cover. CS trades at 8.0x 2015E EPS and 1.2x 2014E TBV vs sector averages of 10.5x 2015E EPS and 1.1x 2014E TBV.

The Extel Survey is now available for voting. We appreciate your votes.

Relative Performance (12 Months)



Source: FactSet.

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Company Data, April 11, 2014

Reuters/Bloomberg code	CSGN.VX / CSGN VX
Market cap (CHF mn)	44,864
Outst shares (mn)	1,600
Free float (%)	92.9
Avg daily vol (CHF mn)	146.9
12-month range (CHF)	24.46 - 30.29
Historical volatility (%)	19.5
Implied volatility (%)	23.7

Performance (%)	**-1M**	**-3M**	**-12M**
Absolute	0.6	-5.3	9.2
Relative to STOXX Banks	2.0	-3.0	-7.5

(CHF mn)	**2011**	**2012**	**2013**	**2014E**	**2015E**
Total revenues	25,891	23,611	25,922	26,619	27,926
Pre-provision profit	3,658	2,360	5,208	5,244	7,309
Loan loss Provisions	187	170	155	220	220
Attributable profit	1,953	1,349	3,069	3,147	4,918
Adj. EPS (CHF)	1.11	3.09	3.00	2.82	3.57
DPS (CHF)	0.75	0.75	0.70	0.75	1.50
tNAVPS (CHF)	20.55	20.24	22.59	24.32	28.05
Fully Loaded CET1 (%)	10.7	8.0	10.3	10.6	10.8
P/tNAVPS	1.5	1.0	1.2	1.2	1.0
Adj. P/E (x)	28.1	6.5	8.9	10.0	7.8
RotNAV (%)	5.4	15.3	13.3	11.6	12.7

Source: FactSet.

Source: Company data and Santander Investment Bolsa estimates.

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Santander GLOBAL BANKING & MARKETS

1Q14E EARNINGS PREVIEW

We expect CS to report net income of CHF1,056mn in 1Q14E, including a CHF229mn negative one-off, ie, CHF1,285mn of underlying earnings. On a pre-tax basis, we forecast income of CHF1,462mn or CHF1,767mn of underlying income.

Our estimates are 2% below the market consensus at the reported net income level. In terms of extraordinary items, we have accounted for CHF180mn in litigation provisions in the Investment Banking division and for CHF175mn of restructuring expenses in the corporate centre.

Figure 1. Credit Suisse – Earnings Forecasts, (SAN) vs Consensus, 1Q14E

(CHF mn)	1Q13	1Q14 Consensus	1Q14E SAN	One-offs	SAN1Q14E Underlying	Estimates vs Cons.	YoY Change
Group P&L							
Revenues	**7,018**	**6,872**	**6,573**	**–**	**6,573**	**-4%**	**-6%**
Provisions	**22**	**–**	**55**	**–**	**55**	**NA**	**150%**
Staff costs	2,990	–	2,869	–	2,869	NA	-4%
Admin costs	1,731	–	1,717	–	1,717	NA	-1%
Commission expenses	470	–	469	–	469	NA	0%
Total other expenses	2,201	–	2,187	–	2,187	NA	-1%
Total expenses	**5,191**	**–**	**5,056**	**305**	**4,751**	**NA**	**-3%**
Pre-tax profit	**1,805**	**1,515**	**1,462**	**-305**	**1,767**	**-3%**	**-19%**
Tax	499	389	393	-76	469	1%	-21%
Post tax pre extraordinary	**1,306**	**1,126**	**1,070**	**-229**	**1,298**	**-5%**	**-18%**
Discontinued operations	6	4	0	–	0	NA	NA
Extraordinary items	0	–	0	–	0	NA	NA
Minorities	9	–	14	–	14	NA	53%
Net income	**1,303**	**1,073**	**1,056**	**-229**	**1,285**	**-2%**	**-19%**
Pre-tax income split							
Group ex non-controlling	**1,805**	**1,515**	**1,462**	**-305**	**1,767**	**-3%**	**-19%**
PB&WM	881	888	927	–	927	4%	5%
Investment Bank	1,300	970	949	-130	1,079	-2%	-27%
Corporate centre	-376	-343	-414	-175	-239	21%	10%
Pre-tax income (strategic)							
Core result	**2,207**	**2,138**	**1,882**	**0**	**1,882**	**-12%**	**-15%**
Corporate & Institutional	239	245	253	–	253	3%	6%
Wealth Management	454	562	471	–	471	-16%	4%
Investment Bank	1,547	1,279	1,179	–	1,179	-8%	-24%
Asset Management	63	134	76	–	76	-43%	21%
Corporate center	-96	-82	-98	–	-98	20%	2%

Source: Company data and Santander Investment Bolsa estimates.

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Key to Investment Codes*

		% of Companies	
Rating	**Definition**	**Covered with This Rating**	**Provided with Investment Banking Services in the Past 12 Months**
Buy	Upside of more than 15%.	40.60	20.30
Hold	Upside of 10%-15%.	37.59	12.78
Underweight	Upside of less than 10%.	21.05	7.52
Under Review		0.75	0.75

NOTE: Given the recent volatility seen in the financial markets, the recommendation definitions are only indicative until further notice.
(*) Target prices set from January to June are for December 31 of the current year. Target prices set from July to December are for December 31 of the following year.

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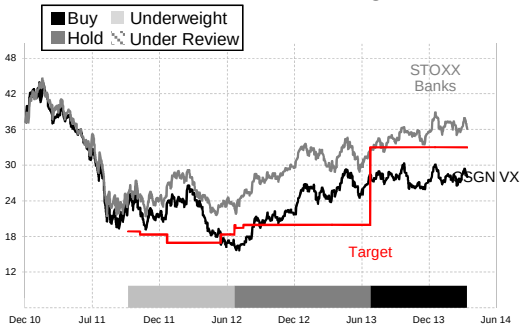
3Y Stock Performance vs Rating



Source: FactSet and Santander Investment Bolsa.

Company report

FIG
Capital Markets
Equity – Switzerland

HSBC Global Research

Credit Suisse (CSGN VX)

N: Rebound still some way off

- **We believe a recovery in private banking margins is still some way off**
- **Costs have come down a lot but with the unamortised deferral portion increasing, the downside protection in an environment of weaker revenues has reduced**
- **We remain Neutral but increase our target price to CHF30 (from CHF28.5) as we roll forward to 2016**

Private Banking rebound is distant: We realise that part of the buy case for Credit Suisse relies on improving NIM in the private bank business as the interest rate cycle starts to turn. Credit Suisse should benefit but it is worth noting that its US operations are significantly smaller than those of UBS (which is in regions where rates are likely to turn first). We also highlight that in 2013 it benefited from significantly higher performance fees and carried interest. The fee-based margin on the asset management business jumped by 6bps in 2013, mainly due to higher performance fees. Given that 2013 was a very strong year of investment returns for financial markets, and in the year-to-date most of the asset classes are struggling, we think performance fees are likely to decline and hence act as headwinds in the improvement in the performance of the overall private banking division.

Investment Banking performance is mixed: Credit Suisse has a very strong equities franchise. During 2013, equity sales and trading revenues were up due to very a strong performance in equity derivatives and increasing market shares in cash equities in US and Europe. However, fixed income suffered due to weak performance in rates, securitisation and EM products. On the debt underwriting side, it lost market share in high yield market. Within equities underwriting, although Credit Suisse reported a 39% y-o-y increase in revenues, it lost market share in both IPOs and follow-on issues.

Costs will be stickier now: Compensation expenses fell by CHF3.3bn in the last four years. This is a function of (a) a reduction in fixed compensation of CHF1.5bn; and (b) a reduction in variable bonuses of CHF1.8bn. However, now the business has reached a stage where the unamortised portion of variable compensation has started to increase again (unamortised deferrals at the end of year (CHF): 2010; 5.8bn; 2011: 3.8bn; 2012: 3.2bn; 2013: 3.4bn). The increase in unamortised deferrals implies that in future variable compensations costs are likely to remain high in the event of weakness in revenues.

Valuation: We increase our target price to CHF30.0 (from CHF28.5) as we roll forward to 2016. We retain our Neutral rating.

Index^	SMI
Index level	8,421
RIC	CSGN.VX
Bloomberg	CSGN VX

Source: HSBC

Free float (%)	100
Market cap (USDm)	51,916
Market cap (CHFm)	45,537

Source: HSBC

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Neutral

Target price (CHF)	30.00
Share price (CHF)	28.53
Potential return (%)	5.2

Note: Potential return equals the percentage difference between the current share price and the target price

Dec	2013 a	2014 e	2015 e
HSBC EPS	1.42	2.23	2.50
HSBC PE	20.1	12.8	11.4

Performance	1M	3M	12M
Absolute (%)	1.6	-3.6	12.5
Relative^ (%)	1.0	-4.2	3.8

Note: (V) = volatile (please see disclosure appendix)

14 April 2014

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HSBC

Financials & valuation

Financial statements

Year to	12/2013a	12/2014e	12/2015e	12/2016e
P&L summary (CHFm)				
Net interest income	8,115	8,028	8,359	8,887
Net fees/commissions	13,226	13,605	14,169	14,735
Trading profits	2,739	2,500	2,550	2,760
Other income	1,776	1,794	1,800	1,700
Total income	25,856	25,927	26,878	28,082
Operating expense	-19,251	-18,932	-19,432	-20,307
Bad debt charge	-167	-189	-240	-299
Other	-2,027	-1,300	-900	-300
HSBC PBT	4,411	5,506	6,305	7,176
Exceptionals	-377	-1,300	-900	-300
PBT	6,061	5,506	6,305	7,176
Taxation	-1,276	-1,377	-1,576	-1,743
Minorities + preferences	-1,081	-503	-545	-594
Attributable profit	3,704	3,627	4,184	4,839
HSBC attributable profit	2,351	3,925	4,499	5,203
Balance sheet summary (CHFm)				
Ordinary equity	42,907	45,507	48,582	52,233
HSBC ordinary equity	42,907	45,507	48,582	52,233
Customer loans	247,065	254,477	262,111	269,975
Debt securities holdings	0	0	0	0
Customer deposits	333,089	333,089	343,082	353,374
Interest earning assets	795,350	776,524	788,172	811,817
Total assets	872,602	872,602	898,780	925,743
Capital (%)				
RWA (CHFm)	273,846	275,000	280,000	285,000
Core tier 1	10.8	11.9	12.9	14.0
Total tier 1	17.1	18.0	18.6	19.4
Total capital	20.8	21.7	22.3	23.0

Ratio, growth & per share analysis

Year to	12/2013a	12/2014e	12/2015e	12/2016e
Year-on-year % change				
Total income	7.9	0.3	3.7	4.5
Operating expense	-5.6	-1.7	2.6	4.5
Pre-provision profit	85.3	5.9	6.4	4.4
EPS	113.5	-7.8	12.7	12.5
HSBC EPS	-14.0	57.2	12.0	12.5
DPS	-6.7	14.3	6.2	5.9
NAV (including goodwill)	-5.1	6.5	3.8	4.6
Ratios (%)				
Cost/income ratio	74.5	73.0	72.3	72.3
Bad debt charge	0.1	0.1	0.1	0.1
Customer loans/deposits	74.2	76.4	76.4	76.4
NPL/loan	0.7	0.7	0.6	0.6
NPL/RWA	0.6	0.6	0.6	0.6
Provision to risk assets/RWA	0.3	0.3	0.3	0.3
Net write-off/RWA	0.0	0.0	0.0	0.0
Coverage	51.2	53.7	53.7	53.7
ROE (including goodwill)	5.7	8.9	9.6	10.3
Per share data (CHF)				
EPS reported (fully diluted)	2.24	2.06	2.32	2.62
HSBC EPS (fully diluted)	1.42	2.23	2.50	2.81
DPS	0.70	0.80	0.85	0.90
NAV	19.53	21.09	22.20	23.55
NAV (including goodwill)	24.08	25.64	26.62	27.86

Core profitability (% RWAs) and leverage

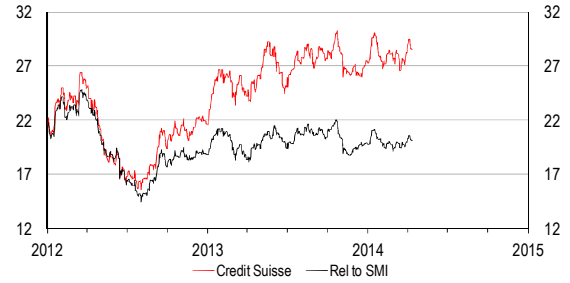
Year to	12/2013a	12/2014e	12/2015e	12/2016e
Net interest income	2.9	2.9	3.0	3.1
Trading profits	1.0	0.9	0.9	1.0
Other income	0.6	0.7	0.6	0.6
Operating expense	-6.8	-6.9	-7.0	-7.2
Pre-provision profit	2.3	2.5	2.7	2.8
Bad debt charge	-0.1	-0.1	-0.1	-0.1
HSBC attributable profit	0.8	1.4	1.6	1.8
Leverage (x)	6.9	6.2	5.9	5.6
Return on average tier 1	5.0	7.9	8.6	9.4

Valuation data

Year to	12/2013a	12/2014e	12/2015e	12/2016e
PE*	20.1	12.8	11.4	10.1
Pre-provision multiple	7.1	7.2	6.9	6.8
P/NAV	1.5	1.4	1.3	1.2
Equity cash flow yield (%)	8.0	8.4	9.1	10.7
Dividend yield (%)	2.5	2.8	3.0	3.2

Note: * = Based on HSBC EPS (fully diluted)

Price relative



Source: HSBC

Note: price at close of 10 Apr 2014

Valuation and risks

We value CS shares using a hybrid sum-of-the-parts (SOTP) and price/book versus ROTE model. We allocated capital by division and compute a fair price/book assuming a minimum capital ratio of 12%, a cost of capital of 10% and a 3% long-term growth rate.

We project Credit Suisse will earn an implied return on Basel III capital of over 13%, above our cost of capital assumption. Our model indicates a fair value of CHF29.9 for CS shares (from CHF28.5) as we roll forward to 2016 from 2015. We round this to CHF30. Under our research model, for stocks without a volatility indicator, the Neutral band is 5ppts above and below the hurdle rate for Swiss stocks of 7.5%.

Our target price implies a potential return of 5.2%, within the Neutral band; therefore, we rate Credit Suisse shares Neutral. Potential return equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated.

The main risks to our Neutral rating are: a weaker/stronger-than-expected capital markets environment; delivering better/worse than forecast RWA, de-leveraging and cost reductions; unexpected changes in regulation and potentially significant litigation costs such as those related to Libor, FX manipulation, tax settlements, etc; or a dramatically stronger/weaker macro environment in Switzerland.

CS valuation 2016e

CHFm	Pre-tax	Net est	RWA	RoRWA	Impl ROE	Fair P/B	P/E	Value	Value PS	% Total
Private Banking & Wealth	5,308	4,160	117,000	3.6%	29.6%	3.5	11.7	48,492	26.2	74%
WM	3,377	2,702	75,000	3.6%	30.0%	3.5	11.7	31,523	17.0	48%
CIC	1,068	854	22,000	3.9%	32.4%	3.8	11.7	10,020	5.4	15%
AM	713	499	15,000	3.3%	27.7%	3.2	11.6	5,787	3.1	9%
Non-Strategic	150	105	5,000	2.1%	17.5%	1.9	11.1	1,163	0.6	2%
IB	2,368	1,658	160,000	1.0%	8.6%	0.8	9.6	15,920	8.6	24%
Total Other	-730	-605	8,000	-7.6%	-63.0%	-8.1	12.9	-7,803	-4.2	-12%
Centre	-500	-375	8,000	-4.7%	-39.1%					
Minority	-230	-230								
Core	6,946	5,213	285,000	1.8%	15.2%	1.7	10.9	56,610	30.6	87%
Excess capital								5,559	3.0	9%
Dividend								3,119	1.7	5%
Total	6,946	5,213	285,000	1.8%	15.2%	1.7	12.5	65,287	35.3	100%
12-month fair value									30.0	
Current price									28.5	
Potential return									5.2%	

Source: HSBC estimates

Key summary data (all figures in CHFm unless stated otherwise)

Consolidated P&L	2013a	2014e	2015e	2016e
Net interest income	8,115	8,028	8,359	8,887
Fee income	13,226	13,605	14,169	14,735
Trading profit	2,739	2,500	2,550	2,760
Other	1,776	1,794	1,800	1,700
Total revenue	**25,856**	**25,927**	**26,878**	**28,082**
Total expenses	19,251	18,932	19,432	20,307
Provisions	167	189	240	299
Operating profit pre-litigation and restructuring	**6,438**	**6,806**	**7,205**	**7,476**
Extraordinary items	-522	-800	-600	0
Litigation charges	-1,820	-500	-300	-300
Pre-tax profit	**4,096**	**5,506**	**6,305**	**7,176**
Net profit	2,090	3,900	4,499	5,203
HSBC net attributable profit	2,351	3,925	4,499	5,203
EPS(CHF)	1.26	2.22	2.50	2.81
HSBC EPS (CHF)	**1.42**	**2.23**	**2.50**	**2.81**
Assets				
Net loans	247,065	254,477	262,111	269,975
Intangibles	7,999	7,974	7,974	7,974
Other	617,538	610,151	628,695	647,795
Total assets	872,602	872,602	898,780	925,743
Liabilities				
Shareholders' equity	42,907	45,507	48,582	52,233
Minorities	5,002	5,002	5,002	5,002
Total liabilities	872,602	872,602	898,780	925,743
Private banking & Wealth				
Revenues	13,269	14,027	15,028	16,032
Costs	9,390	9,425	9,925	10,500
Provisions	158	164	190	224
Pre-tax	3,721	4,439	4,913	5,308
Wealth Management				
Revenues	8,950	8,999	9,785	10,776
Costs	6,750	6,400	6,800	7,300
Provisions	93	80	83	99
Pre-tax	2,107	2,519	2,902	3,377
Gross margin	1.10%	1.04%	1.06%	1.08%
Avg AUM (CHFbn)	817	863	926	1,000
NNM (CHFbn)	21	24	36	38
Corporate & Institutional				
Revenues	2,070	2,094	2,220	2,343
Costs	1,025	1,075	1,125	1,200
Provisions	65	34	58	75
Pre-tax	980	986	1,037	1,068
Avg AUM (CHFbn)	233	251	271	293
NNM (CHFbn)	11	10	10	11
Asset Management				
Revenues	2,249	1,934	2,098	2,213
Costs	1,615	1,350	1,450	1,500
Pre-tax	634	584	648	713
Avg AUM (CHFbn)	388	368	400	434
NNM (CHFbn)	19	16	15	21
Investment Bank				
Revenues	12,565	11,900	11,850	12,050
IBD	3,326	3,200	3,150	3,250
Equities	4,750	5,000	5,200	5,400
FICC	4,823	4,500	4,300	4,100
Other	-334	0	0	0
Costs	10,833	9,807	9,607	9,607
Provisions	13	25	50	75
Pre-tax	1,719	2,068	2,193	2,368
Centre				
Revenues	-790	0	0	0
Costs	663	1,000	800	500
Provisions	2	0	0	0
Pre-tax	-1,455	-1,000	-800	-500

Source: Company data, HSBC estimates

Disclosure appendix

Analyst Certification

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HSBC

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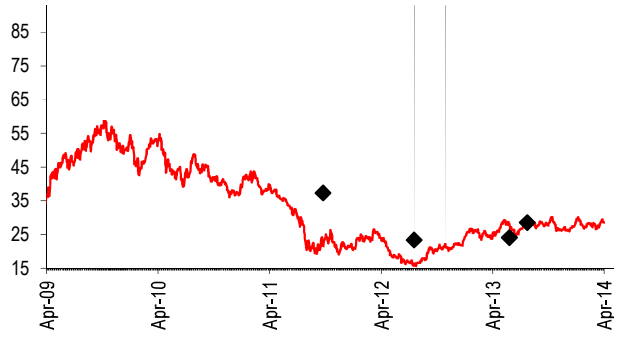
As of 11 April 2014, the distribution of all ratings published is as follows:

Overweight (Buy)	45%	(33% of these provided with Investment Banking Services)
Neutral (Hold)	37%	(29% of these provided with Investment Banking Services)
Underweight (Sell)	18%	(29% of these provided with Investment Banking Services)

Share price and rating changes for long-term investment opportunities

Credit Suisse (CSGN.VX) Share Price performance CHF Vs HSBC rating history



Source: HSBC

Recommendation & price target history

From	To	Date
Overweight	Overweight (V)	27 July 2012
Overweight (V)	Neutral (V)	07 November 2012
Neutral (V)	Neutral	01 August 2013
Target Price	**Value**	**Date**
Price 1	37.30	03 October 2011
Price 2	23.34	27 July 2012
Price 3	24.00	04 June 2013
Price 4	28.50	01 August 2013

Source: HSBC

HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price Date	Disclosure
CREDIT SUISSE	CSGN.VX	28.53	10-Apr-2014	2, 6, 7, 11

Source: HSBC

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2 HSBC expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
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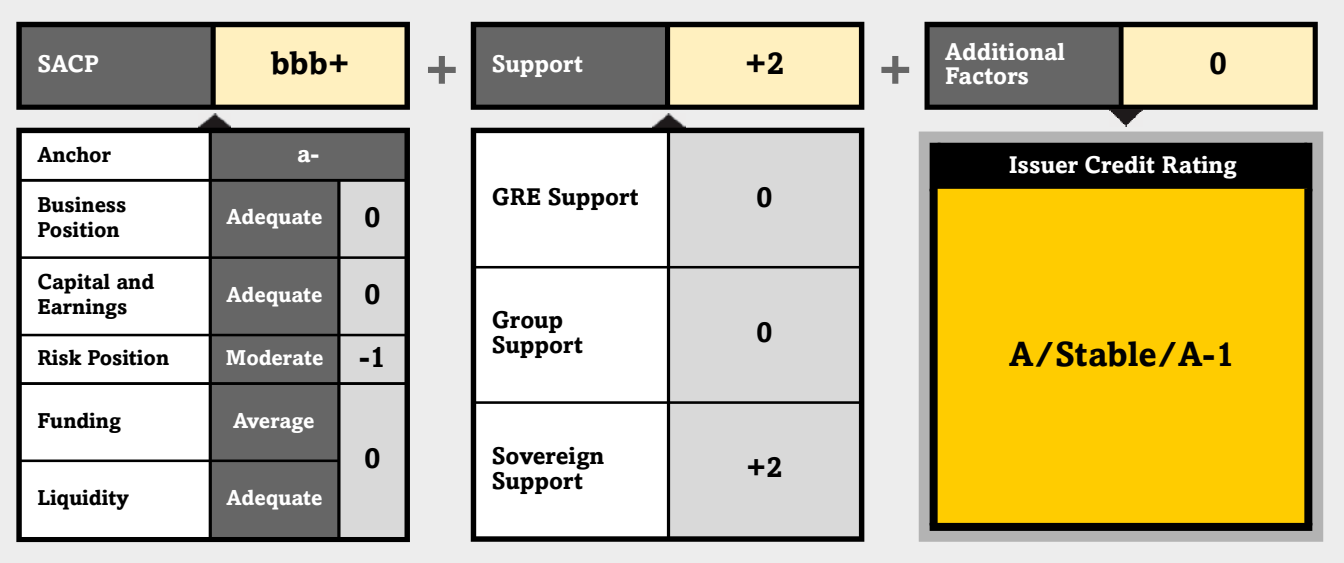


Major Rating Factors

Strengths:	Weaknesses:
• A leading global private banking and investment banking franchise. • Demonstrated asset quality and a highly collateralized lending book. • Successful track record of improving cost efficiency and capitalization.	• Pronounced earnings volatility from investment banking. • International pressures on the investment banking and offshore wealth-management business model. • Considerable exposure to operational, litigation, and reputation risks.

Outlook: Stable

The stable outlook on Credit Suisse reflects Standard & Poor's Ratings Services' expectation that the bank's improving capital, earnings, and cost management mitigate further downside ratings pressure. Furthermore, we believe that the bank continues to have a strong global private banking franchise, and that it runs market leading and sustainable domestic operations.

We might take a positive rating action if the bank exceeded our expectations for capital generation, compensating for the inherent volatilities in its business and complex risks that could affect earnings.

We might consider a negative rating action if volatility in the investment banking business led to significantly weaker profitability.

Additionally, we note that the Swiss government is still considering measures to ensure that its support of highly systemic banking groups in a crisis would result from choice rather than necessity. We could lower our ratings on Credit Suisse if we saw materially diminished prospects that the government would provide support to the bank's senior creditors in a crisis, unless we see offsetting improvements in the bank's stand-alone credit profile (SACP).

Rationale

We base our ratings on Credit Suisse on its 'a-' anchor and our view of its "adequate" business position, reflecting the balance between the inherent volatility and uncertainty of its investment banking revenues and the strength and diversification of its global franchise. We view capital and earnings as "adequate," reflecting significant recent improvements in our capital ratios for Credit Suisse, inherent revenue volatilities, and the complexity of underlying risks in our forecasts of Credit Suisse's capital ratios.

We view Credit Suisse's risk position as "moderate," reflecting tail risks, complex market risks from investment banking, and substantial litigation and operational risks in the private and investment banking activities. We view funding as "average" and liquidity as "adequate," owing to Credit Suisse's relatively solid funding and liquidity metrics, but high share of nonguaranteed deposits and high market-confidence sensitivity.

In addition, we view Credit Suisse as having high systemic importance in Switzerland, which adds two notches of uplift to the SACP of 'bbb+'.

Anchor: 'a-', owing to the Swiss home market and a global blend of exposures

The 'a-' anchor reflects Credit Suisse's regulatory domicile, Switzerland, and its mix of exposures in Europe, North America, and Asia-Pacific.

Our bank criteria use the economic risk and industry risk scores from our Banking Industry Country Risk Assessment methodology to determine a bank's anchor, the starting point in assigning an issuer credit rating. We assess the economic risk for Credit Suisse based on our calculation of the weighted average of its regulatory gross credit exposure in the countries and regions in which it operates: 35% in Switzerland, 35% in Europe, 25% in the U.S. and the rest of the Americas, and 5% in Asia-Pacific. Consequently, our anchor for Credit Suisse is 'a-', lower than the 'a' anchor for a bank operating only in Switzerland.

We view Switzerland as a highly diversified and competitive economy, benefiting from one of the highest GDPs per capita in the world and very robust government finances. We believe Switzerland demonstrates a conservative risk and lending culture, which has accompanied recent moderate growth of house prices and loan portfolios.

The Swiss banking industry is supported by its sizable and very stable customer deposit base. Pure domestic Swiss banks have not loosened credit standards in recent years, thanks to sound earnings potential from core products. We consider regulatory standards to be more stringent than in other developed countries.

Table 1

Credit Suisse Group AG Key Figures

		--Year-ended Dec. 31--			
(Mil. CHF)	**2013***	**2012**	**2011**	**2010**	**2009**
Adjusted assets	886,845.0	915,648.0	1,040,286.0	1,022,949.0	1,021,832.0
Customer loans (gross)	240,903.0	237,145.0	229,323.0	213,859.0	230,644.0
Adjusted common equity	31,432.0	24,466.0	16,891.8	16,283.0	16,137.2
Operating revenues	18,547.0	23,111.0	22,322.0	28,160.0	31,547.0

Table 1

Credit Suisse Group AG Key Figures (cont.)					
Noninterest expenses	13,545.0	19,003.0	20,555.0	21,795.0	22,634.0
Core earnings	3,466.3	3,341.0	987.2	4,808.1	6,527.0

*Data as of Sept. 30. CHF--Swiss franc.

Business position: Pressure on investment banking model and revenues, despite resilience of domestic operations and global franchises

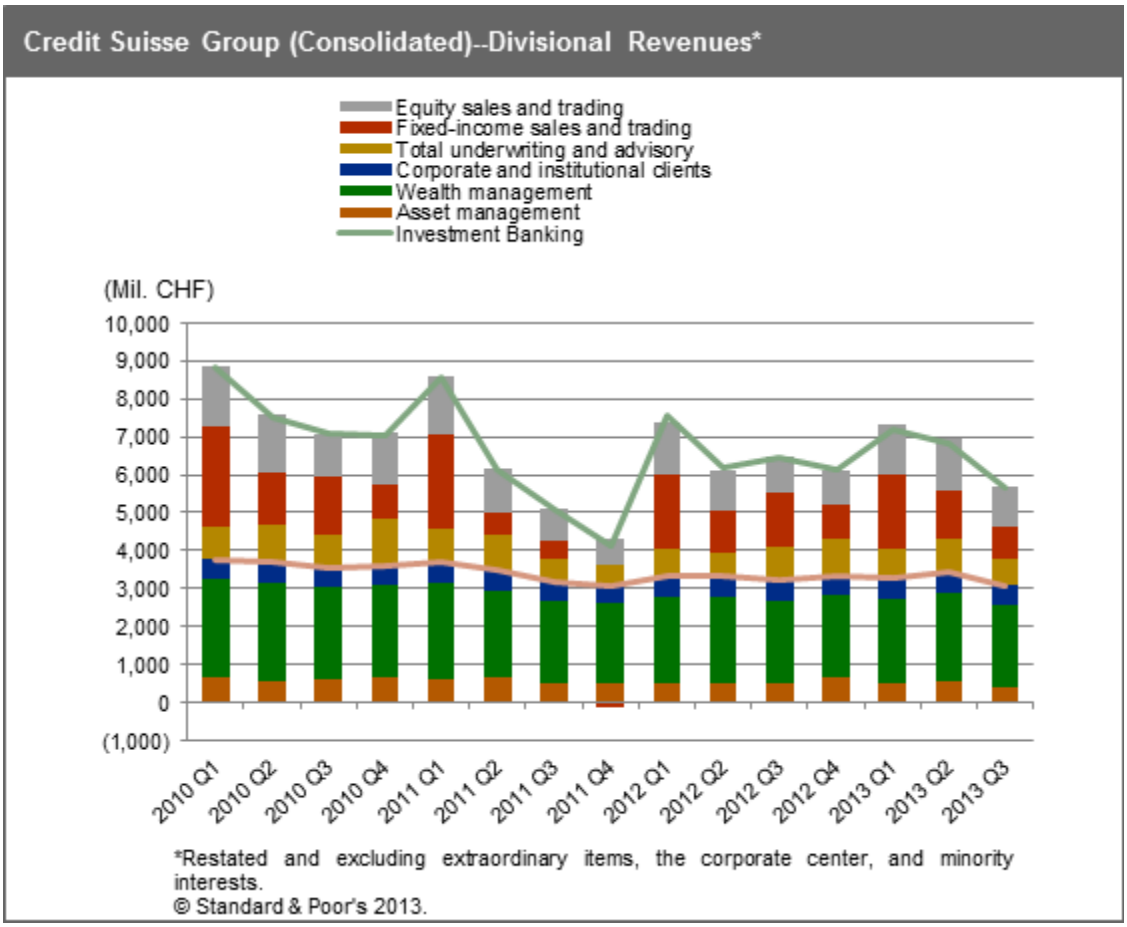
We regard Credit Suisse's business position as "adequate." This reflects the balance between volatilities inherent to the investment banking business and the strength and diversification of Credit Suisse's global franchises in wealth management and investment banking. We view the group's domestic position in corporate and residential lending, and diverse revenues by geography and business line, as stabilizing factors.

In our view, international regulatory pressures could significantly affect revenues and funding costs and lead to potential further changes to the bank's business model. We believe global regulatory initiatives are increasingly demanding for capital market operations. As a result, there will likely be fewer attractive business opportunities for regulated and systemically important banks. We believe that future regulations could lead to further restructuring of banks' business models and legal structures.

We see Credit Suisse's recent decisions to create nonstrategic units within its investment- and private-banking divisions as signs that the global universal banking model is changing. The announcement in November 2013 of changes in the bank's legal structure serves as additional evidence that resolution regimes and nationalized regulation of legal entities are affecting Credit Suisse's operating model.

The 2013 implementation of Basel III capital requirements in Switzerland forced Credit Suisse to act sooner than European and many global peers in terms of regulatory compliance and business restructuring. However, ongoing market volatility, regulatory pressures, and uncertainty about global monetary policy continue to affect the bank's strategy. In our view, Credit Suisse's plan to reduce capital allocated to investment banking in favor of the private banking operations will improve overall business and revenue stability. This is shown by the significant difference in volatility of quarterly revenues of the investment bank and the private banking and wealth management divisions (see chart 1).

Chart 1



Investment banking contributes a significant share of Credit Suisse's revenues, making it one of the most reliant among U.S. and large European peers on capital market revenues. In the first three quarters of 2013, sales and trading represented 39% of the bank's revenues, and origination and advisory 12%. This is in line with the 54% aggregate from investment banking in 2012. In our view, these revenues are susceptible to the unwinding of global stimulus measures, as shown by the impact of speculation on U.S. monetary policy and depressed market activity on revenues over the past two quarters. These market pressures are compounded by regulatory pressure on the business models, legal structures, capital, and leverage of Credit Suisse and its global peers. Although we expect Credit Suisse to maintain its strong equity and securitization franchises, we note that it is further reducing its fixed-income interest rates business to address the unit's poor return on Basel III capital requirements.

The Private Banking & Wealth Management division generates reliable revenues and profits for the group (see chart 1). However, considerable changes are underway and tax authorities' challenge of banking secrecy laws will continue to affect all Swiss private banks. In this respect, we believe Credit Suisse's global reach and investment banking services make it better able than smaller peers to overcome these hurdles. We view Credit Suisse's decision to scale back its private banking operations in certain countries and exit smaller or less profitable markets as a means to reallocate capital to business in emerging markets and with high- and ultra-high net worth individuals, which provide higher net

margins than the mass-affluent customer segment. In addition, the domestic operations, serving corporate and institutional clients, provide stable revenues and strong asset quality.

Credit Suisse has recently announced the improved transparency of its nonstrategic businesses. As of Sept. 30, 2013, the bank reported Swiss franc (CHF) 25 billion (about €20 billion) of regulatory risk-weighted assets as nonstrategic, including existing wind-down and restructuring initiatives. We expect the run-off of legacy and capital-intensive exposures to free up capital for growth in Private Banking & Wealth Management and higher dividends. Importantly, the run-offs should remove more than CHF60 billion from the Swiss leverage ratio calculations by 2015 and lower the bank's total regulatory capital requirements.

Table 2

Credit Suisse Group AG Business Position

		--Year-ended Dec. 31--			
(%)	**2013***	**2012**	**2011**	**2010**	**2009**
Total revenues from business line (mil. CHF)	18,575.0	22,191.0	23,532.0	28,160.0	32,386.0
Commercial banking/total revenues from business line	8.4	9.6	8.1	6.5	5.6
Retail banking/total revenues from business line	36.2	40.3	37.6	34.2	29.9
Commercial & retail banking/total revenues from business line	44.5	49.9	45.7	40.7	35.5
Trading and sales income/total revenues from business line	41.9	43.6	34.5	45.0	57.7
Corporate finance/total revenues from business line	12.8	14.5	12.8	14.2	9.6
Asset management/total revenues from business line	9.5	11.1	9.5	8.7	6.0
Other revenues/total revenues from business line	(8.7)	(19.1)	(2.5)	(8.6)	(8.9)
Investment banking/total revenues from business line	54.7	58.1	47.3	59.2	67.3
Return on equity	9.6	3.2	5.2	13.9	18.9

*Data as of Sept. 30. CHF--Swiss franc.

Capital and earnings: Significant ratio improvements, due to deleveraging and capital initiatives

Our assessment of Credit Suisse's capital and earnings as "adequate" reflects our conservative approach; in our base case, we project the risk-adjusted capital (RAC) ratio to approach 12% over the next 18-24 months. Although this RAC ratio level exceeds our 7%-10% range for "adequate" capital, we continue to view Credit Suisse's capital and earnings as neutral to the rating. The main reason is that our capital framework doesn't fully capture the risk and earnings profile inherent to investment banking. We remain cautious about our ability to evaluate the bank's market and operational tail risks and forecast potential capital-market returns, litigation and restructuring costs, or regulatory fines. Consequently, we reflect the inherent volatilities in Credit Suisse's businesses and the complexity of the underlying risks in our overall assessment of capital and earnings.

The improvement of Credit Suisse's capital over the past two years reflects the bank's efforts to comply with Basel III regulatory capital requirements. Credit Suisse has increased its core equity, restructured business that tied up capital, and reduced its balance sheet to meet Swiss leverage requirements. In June 2013, the RAC ratio was 10.7%, twice that at year-end 2011 and among the highest ratios for Europe's largest banks. We also note an increase in the bank's reported exposure at default (EAD), due to Basel III implementation, which we estimate reduces our ratio by 30 basis points versus peers', which will continue to report according to Basel 2.5 until 2014. In addition, our RAC methodology does not take account of two new items under Basel III: reported exposures to central counterparties and credit

exposures on uncollateralized derivative contracts. We therefore have not included associated exposures in our calculation of the RAC ratio for Credit Suisse or its peers.

We expect further capital improvements to be more modest. Credit Suisse's recent guidance indicates that the reduction of noncore portfolios will largely be replaced by additional lending at the Private Banking & Wealth Management division. Also, as of second-quarter 2013, the bank had reached its look-through Swiss core equity Tier 1 target of 10%, and indicated an increase in cash dividends starting this year. Our RAC ratio calculations already include the maximum admissible hybrid capital instruments, which limits the upside of future hybrid issuance.

Our capital and earnings assessment considers Credit Suisse's comparably higher reliance on hybrids. In Europe, Credit Suisse has one of the highest shares of hybrids and deferred tax assets (DTA) in our total adjusted capital (TAC) measure: 36% as of September 2013. TAC is the numerator of the RAC ratio, and this measure reflects DTA due to timing differences, and excludes tax loss carry forwards. We expect Credit Suisse's DTA to decrease somewhat, given the impact of excess DTA on the bank's Basel III regulatory capital ratios.

However, we expect Credit Suisse to maintain a high share of high- and low-trigger convertible hybrids. As of Sept. 30, 2013, TAC contained more than CHF10 billion of hybrids, including CHF4.1 billion of legacy Tier 1 instruments that were converted to Basel III-compliant contingent capital instruments in October 2013. We note that the bank issued $2.25 billion in additional Tier 1 capital instruments in December 2013, which more than compensates for the call of a $1.5 billion loss-absorbing hybrid in the same month and could improve the capital position further.

Table 3

Credit Suisse Group AG Capital And Earnings

		--Year-ended Dec. 31--			
(%)	**2013***	**2012**	**2011**	**2010**	**2009**
Tier 1 capital ratio	17.0	19.4	15.2	17.2	16.3
S&P RAC ratio before diversification	N.M.	9.3	5.2	5.4	5.2
S&P RAC ratio after diversification	N.M.	11.2	6.1	6.4	6.2
Adjusted common equity/total adjusted capital	75.2	67.7	75.2	75.2	75.2
Net interest income/operating revenues	34.4	30.9	28.8	23.2	21.8
Fee income/operating revenues	45.8	48.9	49.1	42.4	37.3
Market-sensitive income/operating revenues	14.1	8.4	17.1	31.9	37.7
Noninterest expenses/operating revenues	73.0	82.2	92.1	77.4	71.7
Preprovision operating income/average assets	0.7	0.4	0.2	0.6	0.8
Core earnings/average managed assets	0.5	0.3	0.1	0.5	0.6

*Data as of Sept. 30. N.M.--Not meaningful.

Table 4

Credit Suisse Group AG RACF [Risk-Adjusted Capital Framework] Data

(Mil. CHF)	**Exposure***	**Basel II RWA**	**Average Basel II RW (%)**	**Standard & Poor's RWA**	**Average Standard & Poor's RW (%)**
Credit risk					
Government and central banks	64,841	4,257	7	2,034	3

Table 4

Credit Suisse Group AG RACF [Risk-Adjusted Capital Framework] Data (cont.)					
Institutions	53,655	15,426	29	12,340	23
Corporate	187,381	85,253	45	138,903	74
Retail	162,025	22,027	14	38,977	24
Of which mortgage	97,905	10,675	11	27,165	28
Securitization§	44,973	14,309	32	22,916	51
Other assets	7,682	30,319	395	8,514	111
Total credit risk	520,557	171,591	33	223,685	43
Market risk					
Equity in the banking book†	4,725	11,580	281	32,783	694
Trading book market risk	--	42,987	--	58,399	--
Total market risk	--	54,567	--	91,181	--
Insurance risk					
Total insurance risk	--	--	--	2,375	--
Operational risk					
Total operational risk	--	44,788	--	68,308	--
(Mil. CHF)		**Basel II RWA**		**Standard & Poor's RWA**	**% of Standard & Poor's RWA**
Diversification adjustments					
RWA before diversification		289,747		385,548	100
Total Diversification/Concentration Adjustments		--		(58,985)	(15)
RWA after diversification		289,747		326,563	85
(Mil. CHF)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**Standard & Poor's RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		45,989	15.9	41,339	10.7
Capital ratio after adjustments‡		45,989	15.9	41,339	12.7

*Exposure at default. §Securitisation Exposure includes the securitisation tranches deducted from capital in the regulatory framework. †Exposure and Standard & Poor's risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. CHF--Swiss franc. Sources: Company data as of June. 30, 2013, Standard & Poor's.

Risk position: Vulnerable to capital market fluctuations, regulatory developments, and litigation risks

We assess Credit Suisse's risk position as "moderate," reflecting the bank's vulnerability to capital market developments and the liquidity necessary for trading in securities and derivatives. The group is also exposed to risks in securities underwriting and private equity, and in particular litigation risks in its investment banking and wealth management lines. In our view, these risks remain high, despite the bank's ongoing progress in improving its risk profile, and continue to overshadow the asset quality strengths in the bank's loan book.

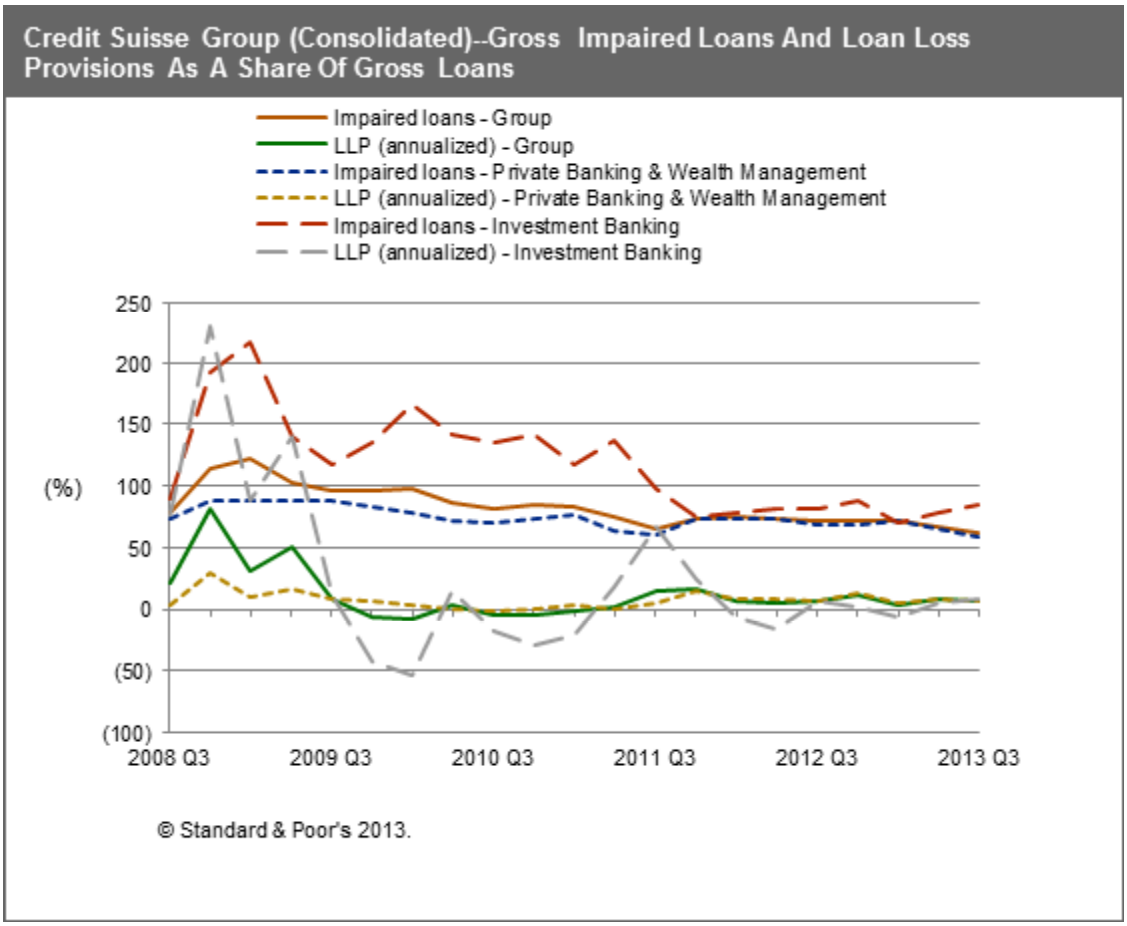
Credit Suisse's risk profile includes a relatively high share of market and operational risks. The bank has significant trading and private-equity portfolios, given its position as a major global investment bank, significant issuer of securitized instruments, and alternative asset manager. These risks continue to cause volatility of bottom-line earnings

at the Investment Banking division. This is even though the bank has made significant progress in reducing its cost base, including changes that lowered our risk-weighted assets figure for total market risk by 38% as of June 30, 2013, compared with December 2011.

We believe litigation risk remains a threat to Credit Suisse's profitability, although it has so far avoided some of the larger fines received by several global peers. Nevertheless, we note that litigation risks and regulatory fines have been increasing across the industry, with a specific focus on large, global investment banks. We understand that Credit Suisse is cooperating in several proceedings and believe the group could be subject to further litigation, leading to increases in extraordinary reserves. We also note that Credit Suisse and most of its Swiss private banking peers are still waiting for resolution of the U.S. tax evasion investigation. We believe that indicative potential fines may exceed current provisions, and we have factored these expectations into our assessment of capital.

The asset quality of the lending book remains high, and we expect it to be solid over our two-year rating horizon, given the resilience of the Swiss economy and high collateral levels. Even at the peak of the 2008 financial crisis, Credit Suisse's impaired loans and provisions were minimal, in particular within the private bank, which comprises nearly 85% of total lending (see chart 2).

Chart 2



We don't foresee a dramatic increase in provisions for the domestic loan book in the next two years, despite our concerns about growing economic imbalances. Switzerland, alongside Germany, has the lowest economic risks of any country covered by our Banking Industry Country Risk Assessments, and we regard individual and corporate repayment capacity as high. We believe that the present low-interest-rate environment and our view of the bank's strong underwriting, high-wealth clients, and high share of collaterized Lombard loans and income-generating commercial property loans continue to support the bank's low credit risk.

In our view, volatility in capital markets and assumptions for modeling asset valuations can significantly affect Credit Suisse's profits. Lending comprises less than 40% of Credit Suisse's earning assets. Trading securities, including illiquid or marked-to-model securities, reverse repos (repurchase agreements), market-making, and trading positions comprise 55%-60% of the balance-sheet assets. We note that Credit Suisse reported 47% of its consolidated assets and 33% of its liabilities at fair value in September 2013, of which 8% (mainly trading assets and investments) and 6% (mainly long-term funding and derivatives) were classified as Level 3, which means they are valued based on unobservable assumptions, and could be subject to stepwise changes in value.

Table 5

Credit Suisse Group AG Risk Position

		--Year-ended Dec. 31--			
(%)	**2013***	**2012**	**2011**	**2010**	**2009**
Growth in customer loans	2.1	3.4	7.2	(7.3)	0.7
Total diversification adjustment / S&P RWA before diversification	N.M.	(17.2)	(14.9)	(16.6)	(15.7)
Total managed assets/adjusted common equity (x)	28.5	37.8	62.1	63.4	63.9
New loan loss provisions/average customer loans	0.1	0.1	0.1	(0.0)	0.2
Net charge-offs/average customer loans	0.1	0.1	0.1	0.1	0.3
Gross nonperforming assets/customer loans + other real estate owned	0.5	0.5	0.5	0.6	0.7
Loan loss reserves/gross nonperforming assets	71.7	76.7	87.7	75.2	85.1

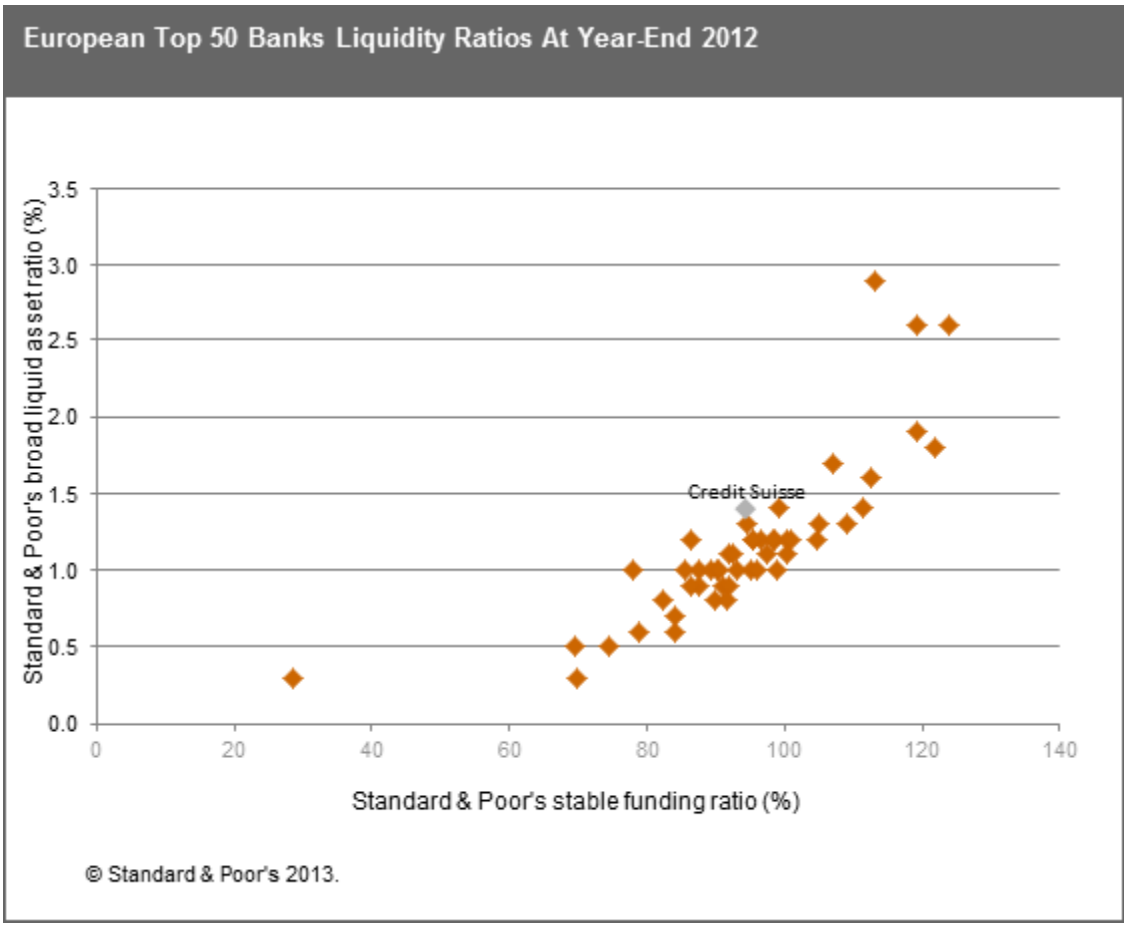
*Data as of Sept. 30. N.M.--Not meaningful.

Funding and liquidity: Significant matched funding and a large deposit base

We view Credit Suisse's funding as "average" compared with that of domestic peers, and its liquidity position as "adequate." This assessment considers both the bank's active management of asset and liability mismatches and the inherent funding risks associated with the low share of deposit guarantees and high market-confidence sensitivity, given the short-term nature of a large portion of the balance sheet.

We believe that the bank adequately manages its asset and liability mismatches. This is supported in part by the bank's early adoption of the regulatory net stable funding ratio and management of liquidity risks. The ratio of broad liquid assets to short-term wholesale funding was 1.5x in September 2013, and the stable funding ratio was 95%, showing an adequate match of assets and liabilities. Both measures are above the average among large European banks (see chart 3). However, they are somewhat lower than those of smaller domestic peers. We note that netting brokerage receivables and payables would improve our stable funding ratio by about 10 percentage points, given the large share of brokerage receivables on the bank's balance sheet.

Chart 3



Despite adequate ratios, there are additional factors that we consider in our assessment of Credit Suisse's funding. We consider wealth management deposits to be more sensitive to bank-specific risks than those in mass-market retail banking, given the lack of guaranteed deposits and higher proportion of high net worth and ultra-high net worth individuals in the deposit base. Moreover, we consider the risks from structured funding to be higher, given uncertain maturity, which could significantly shorten the anticipated duration of approximately 20% of the bank's long-term debt.

The rapid contraction of the bank's balance sheet has resulted in a lower reliance on wholesale funding and issuance of senior debt in recent years. Customer deposits now represent 45% of the funding base, compared with 34% at year-end 2011. As of Sept. 30, 2013, the tenor and size of about one-third of Credit Suisse's reported assets and liabilities on its CHF895 billion balance sheet were substantially equivalent. The remaining CHF595 billion in assets (62% loans and illiquid assets and 38% liquid assets) were funded by 20% of short-term borrowings, 22% long-term debt, 50% customer deposits, and 8% equity.

Table 6

Credit Suisse Group AG Funding And Liquidity

		--Year-ended Dec. 31--			
(%)	**2013***	**2012**	**2011**	**2010**	**2009**
Core deposits/funding base	44.9	40.3	34.5	33.5	35.5
Customer loans (net)/customer deposits	80.5	82.8	82.0	80.0	82.3
Long term funding ratio	65.4	61.9	56.3	58.3	58.3
Stable funding ratio	95.4	94.1	96.3	95.7	92.9
Short-term wholesale funding/funding base	37.1	40.5	45.9	44.2	44.3
Broad liquid assets/short-term wholesale funding (x)	1.5	1.4	1.4	1.4	1.3
Net broad liquid assets/short-term customer deposits	86.6	85.2	118.2	135.7	126.7
Short-term wholesale funding/total wholesale funding	65.4	65.5	68.5	64.4	67.1

*Data as of Sept. 30.

External support: Two notches of uplift to the SACP for potential government support

The long-term rating on Credit Suisse is two notches higher than the SACP, reflecting Credit Suisse's high systemic importance in Switzerland and our assessment of the Swiss government as supportive to the local banking industry. However, the Swiss authorities are taking steps to strengthen the major banks under the so-called "too-big-to-fail" regime, which requires higher capital buffers and includes provisions relating to recovery, resolution plans, and intervention measures. Their aim is to ensure that, over the long term, the government's provision of wide-ranging support to highly systemic banking groups in a crisis would stem from choice rather than necessity.

We continue to monitor developments but, despite the existence of the bank resolution regime, we currently expect the Swiss government to remain "supportive" of the domestic banking system. In our view, the orderly resolution of a systemically important Swiss bank would be technically very difficult, and we are not certain it would preserve systemic stability today. Therefore, we continue to include government support uplift in our ratings on the largest Swiss banks, including Credit Suisse. However, success in regulatory reforms targeting balance-sheet repair and strengthening via the too-big-to-fail regime, together with the bank resolution regime, could in future reduce the prospect of government capital support for banks' senior bondholders, in our opinion.

We may begin to reduce or remove uplift for potential extraordinary government support if we consider that the success of regulatory reforms is credible and predictable enough to prevent contagion risk and significant negative unintended consequences related to the disruption of essential banking services to the economy.

Additional rating factors: None

No other factors affect the ratings.

Group ratings: Credit Suisse Group AG and core subsidiaries

Credit Suisse Group AG (CSG) is the group's holding company and parent company of Credit Suisse, which is by far CSG's largest subsidiary. Credit Suisse and its subsidiaries conduct the majority of banking business, and Credit Suisse owns stakes in most other group subsidiaries. Due to structural subordination, we rate CSG one notch lower than Credit Suisse.

In November 2013, Credit Suisse announced future changes to its legal structure, most notably, the creation of an

entity for all its Swiss operations. In our view, the changes are driven by the Swiss regulator's aim to simplify resolution of the country's global banks. The changes also prepare the group for the issuance of senior debt with bail-in features out of the holding company, Credit Suisse Group AG. We continue to regard the four rated subsidiaries--Credit Suisse (USA) Inc., Credit Suisse Securities (USA) LLC, Credit Suisse Securities (Europe) Ltd., and Credit Suisse International--as core to Credit Suisse's global operations. Our ratings on these entities are therefore in line with those on Credit Suisse AG.

We also rate Credit Suisse's New York and Cayman Islands branches at the same level as Credit Suisse AG. We rate two highly strategic Mexican subsidiaries--Casa de Bolsa Credit Suisse Mexico and Banco Credit Suisse Mexico--'mxAAA', using our Mexico national scale.

Related Criteria And Research

Related Criteria

- Group Rating Methodology, Nov. 19, 2013
- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Bank Hybrid Capital Methodology And Assumptions, Nov. 1, 2011
- Bank Capital Methodology And Assumptions, Dec. 6, 2010
- Analytical Approach To Assessing Nonoperating Holding Companies, March 17, 2009

Related Research

- Western European Banks Race To Plug Their €110 Billion Capital Shortfall, Dec. 12, 2013
- Banking Industry Country Risk Assessment: Switzerland, Dec. 6, 2013
- Resolution Plans For Global Banks May Eliminate Government Support For Some, But Progress Is Varied, Dec. 4, 2013
- Mainly Negative Rating Actions Taken On 4 Large European Banks, July 3, 2013
- Credit Suisse Long-Term Rating Lowered To 'A' On Revised Assessment of Investment Banking Risks; Outlook Stable, July 2, 2013
- How The Swiss Bank Resolution Regime Affects Government Support For Its Banks, Nov. 29, 2012
- Bulletin: Credit Suisse AG Ratings And Outlook Unaffected By Announced Capital Measures, July 19, 2012

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	**3**	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	**a-**	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of December 20, 2013)

Credit Suisse AG	
Counterparty Credit Rating	A/Stable/A-1
Commercial Paper	
Foreign Currency	A-1
Junior Subordinated	BBB-
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB
Subordinated	BBB-
Counterparty Credit Ratings History	
02-Jul-2013	A/Stable/A-1
29-Nov-2011	A+/Negative/A-1
19-Dec-2008	A+/Stable/A-1
Sovereign Rating	
Swiss Confederation (Unsolicited Ratings)	AAA/Stable/A-1+
Related Entities	
Banco Credit Suisse Mexico S.A.	
Issuer Credit Rating	
CaVal (Mexico) National Scale	mxAAA/Stable/mxA-1+
Casa de Bolsa Credit Suisse Mexico S. A. de C. V.	
Issuer Credit Rating	
CaVal (Mexico) National Scale	mxAAA/Stable/mxA-1+
Credit Suisse AG (Cayman Islands Branch)	
Issuer Credit Rating	A/Stable/A-1
Credit Suisse AG (New York Branch)	
Issuer Credit Rating	A/Stable/A-1
Short-Term Debt	A-1

Ratings Detail (As Of December 20, 2013) (cont.)	
Credit Suisse Group AG	
Issuer Credit Rating	A-/Stable/NR
Junior Subordinated	BB+
Junior Subordinated	BB-
Preferred Stock	BB+
Preferred Stock	BBB
Senior Unsecured	A
Senior Unsecured	A-
Short-Term Debt	A-1
Subordinated	BBB-
Credit Suisse International	
Issuer Credit Rating	A/Stable/A-1
Junior Subordinated	BBB-
Senior Unsecured	A
Senior Unsecured	B-
Short-Term Debt	A-1
Credit Suisse Securities (Europe) Ltd.	
Issuer Credit Rating	A/Stable/A-1
Credit Suisse Securities (USA) LLC	
Issuer Credit Rating	A/Stable/A-1
Credit Suisse (USA) Inc.	
Issuer Credit Rating	A/Stable/A-1
Commercial Paper	
Local Currency	A-1
Preferred Stock	BBB-
Senior Unsecured	A
Subordinated	BBB

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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MOODY'S
INVESTORS SERVICE

Credit Opinion: Credit Suisse Group AG

Global Credit Research - 30 Dec 2013

Zurich, Switzerland

Ratings

Category	Moody's Rating
Outlook	Stable
Senior Unsecured MTN	(P)A2
Subordinate MTN	(P)Baa3
Jr Subordinate MTN	(P)Ba1
Credit Suisse AG	
Outlook	Stable
Bank Deposits	A1/P-1
Bank Financial Strength	C-
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Issuer Rating	A1
Senior Unsecured	A1
Subordinate -Dom Curr	Baa2
Jr Subordinate MTN	(P)Baa3
Pref. Stock	(P)Ba1 (hyb)
Pref. Stock Non-cumulative	Ba1 (hyb)
Commercial Paper	P-1
Other Short Term	(P)P-1

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Key Indicators

Credit Suisse Group AG (Consolidated Financials)[1]

	[2]9-13	[3]12-12	[3]12-11	[4]12-10	[4]12-09	Avg.
Total Assets (CHF million)	895,169.0	924,280.0	1,049,165.0	1,032,005.0	1,031,427.0	[5]-3.5
Total Assets (EUR million)	731,321.1	765,899.8	864,296.1	825,305.1	695,423.8	[5]1.3
Total Assets (USD million)	989,957.4	1,009,755.8	1,121,981.6	1,107,182.7	997,752.8	[5]-0.2
Tangible Common Equity (CHF million)	41,370.0	34,285.4	29,485.0	30,035.9	30,634.7	[5]7.8
Tangible Common Equity (EUR million)	33,797.8	28,410.4	24,289.6	24,020.0	20,655.0	[5]13.1
Tangible Common Equity (USD million)	45,750.6	37,456.0	31,531.4	32,223.9	29,634.5	[5]11.5
Net Interest Margin (%)	1.2	0.9	0.8	0.8	0.8	[6]0.9
PPI / Average RWA (%)	2.8	2.0	1.0	3.2	5.0	[7]2.8
Net Income / Average RWA (%)	1.7	1.6	0.6	2.5	3.4	[7]2.0
(Market Funds - Liquid Assets) / Total Assets (%)	-13.9	-10.1	-9.9	-8.6	-7.7	[6]-10.0
Core Deposits / Average Gross Loans (%)	133.1	129.1	139.2	126.0	119.1	[6]129.3
Tier 1 Ratio (%)	17.0	19.4	15.2	15.9	14.5	[7]16.4
Tangible Common Equity / RWA (%)	15.5	15.3	12.2	13.7	12.3	[7]13.8
Cost / Income Ratio (%)	70.1	79.5	88.9	73.2	59.5	[6]74.2
Problem Loans / Gross Loans (%)	0.6	0.7	0.7	0.8	1.0	[6]0.8

Problem Loans / (Equity + Loan Loss Reserves) (%)	**3.0**	**3.9**	**4.4**	**4.7**	**5.5**	[6]**4.3**

Source: Moody's

[1] All figures and ratios are adjusted using Moody's standard adjustments [2] Swiss Capital Requirements/Basel III; US GAAP [3] FINMA Basel II.5; US GAAP [4] Basel II; US GAAP [5] Compound Annual Growth Rate based on US GAAP reporting periods [6] US GAAP reporting periods have been used for average calculation [7] FINMA Basel II/II.5 and US GAAP reporting periods have been used for average calculation

Opinion

SUMMARY RATING RATIONALE

Credit Suisse Group AG is the parent bank holding company of Credit Suisse AG, a systemically important Swiss-based bank with sizeable international operations. The bank is rated A1/P-1 for deposits and senior debt, while the holding company's senior unsecured MTN program is rated (P)A2. The holding company is rated one notch below the senior rating of Credit Suisse AG to reflect the structural subordination inherent in holding company obligations. The bank financial strength rating (BFSR) of Credit Suisse, which reflects the stand-alone baseline credit assessment of the bank, is currently C-, mapping to a baa1 equivalent on Moody's long-term scale.

Credit Suisse's baseline credit assessment of baa1 reflects the risks posed to creditors by the firm's significant exposure to capital market activities, offset by the lower risk profile and more stable earnings derived from its large global wealth management franchise and well-positioned domestic Swiss banking franchise, the bank's pro-active approach to risk management, and the bank's sound liquidity management. The assessment also reflects Credit Suisse's regulatory risk-based capital position, which, consistent with our expectations, has improved significantly over the past year and is now above the median of its peers. This is somewhat offset by the firm's still relatively high leverage, although we expect that this position will also improve. Finally, the bank's stand-alone credit assessment also incorporates Switzerland's "safe haven" status which we believe has helped to insulate Credit Suisse from market instability and the more volatile funding environment elsewhere in Europe.

The bank's deposit and senior debt ratings benefit from three notches of uplift from the stand-alone credit assessment, reflecting our assumptions about the likelihood of support from the Swiss government for senior creditors in the event such support was required to prevent a default.

Rating Outlook

The outlook on all ratings is stable. Notwithstanding profit pressures stemming from the challenging macroeconomic and regulatory environment, we believe the ratings are well positioned, reflecting the firm's strengths as well as the cyclical nature of its business.

Rating Drivers

- Large global capital markets intermediary with a significant level of wholesale funding, a more volatile earnings profile, and a confidence-sensitive customer base.

- Large global wealth management franchise and well positioned domestic retail and commercial banking franchise generate a stable stream of earnings, mitigating to some extent the volatility of the capital markets business.

- Good risk management, with a highly proactive approach to risk taking, risk limits and controls.

- Sound liquidity position and conservative liquidity management, although an extended period without access to wholesale funding would nonetheless mandate significant balance sheet shrinkage that could impair franchise value and earnings.

- Improved capital ratios, albeit still high balance sheet leverage.

- Switzerland's "safe haven" status has helped to insulate Credit Suisse from market instability and the more volatile funding environment elsewhere in Europe.

- Improving profitability although still under pressure from regulatory changes and macroeconomic uncertainty.

What Could Change the Rating - Up

Given the bank's high ratings compared with most of its global capital markets peers, we do not expect significant upward pressure on the bank's ratings absent a significant and sustainable reduction in the bank's reliance on earnings from its global capital markets business (e.g. to less than 30% of total profits).

Upward pressure on the ratings could also arise if Credit Suisse were to have earnings from non-capital markets businesses, capital, liquidity, and risk management and controls that were all unambiguously stronger than most peers.

What Could Change the Rating - Down

Our C-/baa1 standalone credit assessment incorporates a degree of volatility stemming from Credit Suisse's large global investment bank. However, any indications of control or risk management failures, a marked increase in risk appetite, a significant decline in the Swiss economy or deterioration in the trajectory of the bank's capital or liquidity position would put downward pressure on the ratings.

A downgrade could also result from a reduction in our assumptions regarding the likelihood of support for senior creditors from the Swiss government in the event such support was required to prevent a default. We expect to closely monitor the changes the bank has proposed to redefine its legal entity structure as well as the implementation of the Swiss "too big to fail" legislation. We believe that in simplifying its structure, Credit Suisse may reduce one of the main obstacles to the resolvability of global and highly interconnected institutions like Credit Suisse. This could make an orderly resolution without government support more feasible, reducing the likelihood of systemic support for senior creditors in the future.

Recent Results

For a discussion of recent results, please see Moody's latest earnings commentary at
http://www.moodys.com/credit-ratings/Credit-Suisse-Group-AG-credit-rating-446100?atagqt=001&viewtabid=0

DETAILED RATING CONSIDERATIONS

LARGE GLOBAL INVESTMENT BANKING ACTIVITIES CONSTRAIN CREDITWORTHINESS

In Moody's opinion, firms with sizeable global capital markets activities such as Credit Suisse pose risks for creditors. Adverse developments in such activities, whether systemic or idiosyncratic, can often lead to rapid deterioration in the creditworthiness of a firm. Negative credit attributes of global investment banks include the confidence sensitivity of customers and funding counterparties, substantial interconnectedness with other large capital markets intermediaries, a heavy reliance on wholesale funding, a high degree of opacity of risk taking, a high velocity of risk positions (including periodic large concentrated positions), and a more volatile earnings profile. While a more diversified business profile can provide some offset to these risks, rapidly changing capital markets risk positions may expose these firms to unexpected losses that can overwhelm the resources of even the largest, most diversified groups.

While Credit Suisse is more reliant on earnings from its capital markets activities than many of its large universal bank peers, the bank is nonetheless rated higher than most of its global capital markets peers. One key factor supporting the bank's ratings are the stronger (on a risk-adjusted basis) and more stable earnings generated by the bank's large global wealth management franchise (CHF 812.1 billion of assets under management as of 30 September 2013) and its well-positioned domestic retail and commercial banking franchise. Together, these businesses contribute roughly half of the bank's total earnings. Although the wealth management business is not immune to cyclical variables, Moody's believes that wealth management earnings are generally less volatile than earnings from the more traditional banking activities at many of Credit Suisse's universal bank peers because the wealth management business has more limited credit risk and greater geographic diversification.

Despite the buffers provided by its more stable businesses, Credit Suisse's earnings volatility was higher than the median of its global investment bank peers during the financial crisis. In response, Credit Suisse's investment bank has undergone a significant restructuring that is intended to reduce the level of earnings volatility going forward. In October 2013, Credit Suisse announced further efforts to restructure some of its businesses, most notably by restructuring its rates business within fixed income sales and trading, and by exiting a large number of smaller international markets within wealth management. The bank also announced it is forming a non-strategic unit within each of its two principal business segments to contain all businesses being runoff or restructured. In addition, Credit Suisse announced a long term target for Basel III risk-weighted assets (RWA) allocated to

Investment Banking of around 50% from its prior target of 57%. Investment Banking RWA currently account for 65% of groupwide RWA. We view these as positive further steps in the bank's efforts to achieve stronger and less volatile returns from less capital intensive businesses, and ultimately to achieve returns on capital that satisfy shareholders. Nonetheless, the execution risk around such changes poses risks for bondholders in the interim.

We believe that the firm's goal of stronger and less volatile returns has yet to be achieved. And with roughly half of its earnings coming from investment banking, we believe Credit Suisse may be challenged to step back from excessive risk taking when markets become more ebullient and its peers become more aggressive. We believe the high level of historical earnings volatility and the relative reliance on investment banking undermines any argument for a higher standalone credit assessment based on franchise value.

PRO-ACTIVE RISK MANAGEMENT A CRITICAL STRENGTH GIVEN OPPORTUNISTIC RISK APPETITE

Credit Suisse's pro-active approach to risk management is a critical strength supporting the bank's ratings. In Moody's view, the financial crisis significantly tested Credit Suisse's risk positioning. While some elements held up well, in other areas the bank's risk positioning was found wanting. The firm's large exposures in leveraged loans, residential real estate/RMBS and commercial real estate/CMBS, revealed a sizeable risk appetite, and the protection provided by hedges was by no means complete. This led to a greater level of earnings volatility than expected, exceeding that of many of the bank's global investment bank peers.

In the aftermath of the crisis Credit Suisse has implemented several programs to reduce risk positions and volatility in its investment banking business, often in advance of its peers. The bank has also adopted a more pro-active approach to risk management, reducing position limits, introducing more robust stress testing, enhanced risk monitoring, and exiting a number of more capital intensive trading and investment banking activities. Initially the bank also aggressively built out other, less capital intensive capital markets activities to offset the lost earnings. However, some of those efforts, most notably in commodities and foreign exchange, have been scaled back after meeting with only mixed success.

During 2013 the bank further refined its investment banking business in response to the increased capital requirements under Basel III. While these actions resulted in a significant reduction in Basel III risk-weighted assets in the Investment Bank (down 16% from September 2012 to September 2013) and the risk management average Value-at-Risk within the Investment Bank (down 31% from the 9 months September 2012 to the 9 months September 2013), total utilized economic capital allocated to the Investment Bank under the bank's economic capital framework was little changed over the same time period. We think the divergent signals sent by these various risk metrics highlights the importance of using a variety of risk metrics in assessing the riskiness of capital markets activities.

We believe Credit Suisse's risk management will be tested by the bank's plans to grow RWA in its wealth management business. While credit risk within this business segment has traditionally been relatively modest, the bank plans to accelerate loan growth, which could expose the bank to greater credit risk. In addition, the bank's exposure to Swiss mortgages is substantial, and we believe that portions of the Swiss real estate market are vulnerable to a correction which would likely increase credit costs for the bank. We view positively the fact that the bank has been willing to cede market share rather than compete more aggressively on underwriting; to the extent this were to change, it could put pressure on the ratings.

Prior to and during the financial crisis Credit Suisse experienced a number of significant control issues. In each case Credit Suisse discontinued the business and/or took steps to correct the problems and enhance its procedures to prevent practices of this type for occurring in the future. Nonetheless, the seriousness of these control issues remains a concern for Moody's. While the bank has already accrued significant litigation provisions (CHF 1.2 billion at year-end 2012 plus CHF 0.5 billion in net litigation provisions recorded during the first nine months of 2013), we believe it remains exposed to potential additional litigation-related charges stemming from past control failures. As of 30 September 2013 the bank estimated that its range of possible but not probable losses not covered by existing reserves for which an estimate is possible was between zero and CHF 2.2 billion.

HIGHER REGULATORY CAPITAL REQUIREMENTS BEING ADDRESSED BUT LEVERAGE REMAINS ELEVATED

While Credit Suisse has long reported strong risk-based regulatory capital ratios, until recently these ratios reflected relatively low risk weights on the bank's capital markets activities as well as a relatively sizeable reliance on hybrid capital securities qualifying as Tier 1 capital. The Swiss adoption of Basel 2.5 in 2011 and Basel III in 2013 significantly increased the risk weights on many capital markets-related exposures and also imposed restrictions on the use of hybrid capital. As a result, Credit Suisse is facing significantly higher capital

requirements, although the stricter Basel III requirements are being phased in over six years.

During 2013 the bank made significant progress in improving its capital structure in response to the increased capital requirements. Much of the improvement was due to significant reductions in both the bank's Basel III "look-through" risk-weighted assets (down 15% from CHF 307 billion at September 2012 to CHF 261 billion at September 2013) and its total leverage exposure (down 16% from CHF 1,405 billion to CHF 1,184 billion over the same period). In addition Credit Suisse added capital through the retention of earnings, the exchange of existing non-qualifying subordinated debt and hybrid securities, the conversion of CHF 3.6 billion in mandatory and contingent convertible securities and the issuance of CHF 4.1 billion in low trigger capital notes with contractual principal write-down clauses.

These and other actions have resulted in a more than doubling of Credit Suisse's Basel III "look-through" common equity tier 1 (CET1) ratio in a little over a year, to 10.2% as of September 2013, up from 8.0% at year-end 2012 and an 4.7% at June 2012. The bank's look-through CET1 ratio now exceeds the Swiss minimum required by 2019. In addition, the quality of Credit Suisse's other capital ratios have improved. As of September 2013 95% of the bank's reported tier 1 capital was compromised of common equity tier 1, in contrast with 61% at year-end 2011.

Credit Suisse's Swiss leverage ratio has also improved, to 4.5% at September 2013 on a phase-in basis and 3.2% on a look-through basis (3.5% pro forma for an already agreed upon exchange of legacy Tier 1 hybrid capital into high-trigger Tier 1 contingent convertible securities). The phase-in leverage ratio exceeds the current Swiss phase-in minimum requirement by a considerable amount. However, bank's common equity tier 1 leverage ratio on a look-through basis was only 2.2% at the same date, and its tier 1 leverage ratio was 2.4% (2.7% pro forma for the exchange of Tier 1 instruments). These are low relative to many of the bank's peers and as such are a credit weakness. However, we expect that the bank's leverage position will improve to a level more in line with peers. In this regard, the bank has revised its long-term target Swiss leverage exposure to CHF 1,070 billion, which is 10% below its September 2013 level. In addition, the bank issued $2.25 billion in additional tier 1 capital in December 2013. Both of these will help boost the bank's leverage ratio.

With the achievement of Credit Suisse's previously announced look-through Swiss core capital ratio target of 10%, the bank plans to begin making significant cash returns to shareholders. We therefore expect the rate of improvement in Credit Suisse's capital ratios is likely to slow in 2014 as the bank returns more capital to shareholders. Depending upon the extent of any dividend hikes or share buybacks, this could weaken the bank's credit standing relative to its peers. To the extent that the bank's capital position were to fall significantly below that of its peers, it could put negative pressure on the bank's ratings.

LIQUIDITY POSITION IS SOUND, ALTHOUGH WHOLESALE FUNDING RELIANCE REMAINS SIGNIFICANT

Credit Suisse, as the second largest commercial bank in Switzerland and the second largest private bank globally, retains a large and stable base of retail and private bank customer deposits. At 30 September 2013, customer deposits (excluding wholesale certificates of deposit) exceeded loans (excluding loans with banks) by a factor of 1.24, up slightly from 1.20 at December 2012. Total liquid assets exceeded total market funds by 13.9% of total assets at 30 September 2013, up from 10% as of year-end 2012.

Credit Suisse's liquidity management is based on a prudent liquidity model which incorporates a severe stress scenario and it has maintained its liquidity well in excess of its minimum coverage level. At 30 September 2013, Credit Suisse had a CHF 137 billion liquidity pool, compromised of CHF 55 billion in cash held at major Central Banks, CHF 51 billion in securities issued by highly rated governments and government agencies, and CHF 31 billion in other highly liquid assets including equity securities that form the part of major equity indices. This liquidity pool was 115% of the bank's CHF 119 billion in total short-term unsecured wholesale borrowing, excluding LT debt maturing within one year. Given the bank's sizeable reliance on capital markets activities and secured short-term wholesale funding, we believe this excess is prudent, reflecting the potential additional collateral calls and cash outflows to which the firm could be subject in a stress scenario.

At 30 September 2013 the bank estimated that its Basel III net stable funding ratio (NSFR) was in excess of 100%, although it did not publish details of this calculation. The bank has not published an estimate of what its liquidity coverage ratio (LCR) would be under the Basel III framework. During the first half of 2013 the bank's liquidity profile deteriorated slightly as the bank reduced its more liquid assets to shrink its balance sheet while also reducing its long-term debt. We estimate that at 30 June 2013 the bank's core funding, including shareholders' equity, long-term debt maturing beyond one year and Moody's estimate of the bank's core deposits, was 93% of its illiquid assets, down from 100% at year-end 2012 and 101% at year-end 2011. In contrast, most of the bank's peers improved their structural liquidity profile over this time period. However, in the third quarter the bank's

liquidity profile improved, and this ratio increased to 103%. With the pending adoption of the LCR we believe the bank will take the necessary steps to strengthen its liquidity profile.

Notwithstanding the reduction in the bank's balance sheet during the first nine months of 2013, the bank still has a heavy reliance on wholesale funding to fund liquid trading inventory and customer positions, and its overall volume of secured and unsecured wholesale funding is substantial. As a result, in the event the bank's access to market funding (including secured wholesale funding) was disrupted for an extended period of time, it would likely lead to a significant reduction in capital markets assets held on the bank's balance sheet, or else require the bank to access central bank financing. This could increase the stress on franchise value and earnings at what would likely already be a highly stressful period.

SYSTEMIC SUPPORT REMAINS LIKELY FOR SENIOR UNSECURED CREDITORS, BUT CERTAINTY COULD DIMINISH GOING FORWARD

Moody's deposit and senior unsecured debt ratings of A1/Prime-1 for Credit Suisse AG incorporate three notches of uplift from the baa1 stand-alone baseline credit assessment. This reflects our view that there is a very high likelihood of support from the Swiss government for senior creditors in the event such support was required to prevent a default, given Credit Suisse's importance to the Swiss financial system as a whole and to the nation's payment systems, as well as its role as a major counterparty in global financial markets.

In September 2011 the Swiss Parliament passed into law requirements that systemically important financial institutions (SIFIs) comply with more comprehensive and stricter regulations. As of January 1, 2013, the Swiss version of the Basel III framework along with the Swiss "Too Big To Fail" legislation and regulation came into force. These regulations apply to Credit Suisse and require higher capital charges, higher liquidity shock absorbing capacity, and lower limits on concentration risks. In addition, the SIFIs including Credit Suisse have to provide a Recovery and Resolution Plan (RRP) to FINMA for approval. If effective, this will allow the Swiss regulator (FINMA) to split off the important functions from the rest of the institution and let the less relevant parts wind down in a controlled manner.

In August 2013, FINMA published a position paper outlining possible resolution strategies for Switzerland's two global systemically important banks, UBS and Credit Suisse. The paper stated the Swiss banking regulator's preference for a Single Point of Entry (SPE) approach for the resolution of these institutions. Under the SPE approach the resolution authority would sit with the national regulator responsible for the consolidated supervision of the group and would focus on the top level company within the group.

We consider this position paper an important step towards an effective resolution regime for these two banks. However, given the very limited amount of debt outstanding at Credit Suisse Group AG, the top tier entity in the group, we believe that SPE would be difficult to implement successfully at present. Furthermore, a considerable amount Credit Suisse's outstanding debt has been issued by legal entities outside of Switzerland and not under Swiss law. We believe this is also significant hurdle to the successful implementation of SPE.

The fallback option for Swiss authorities would be the break-up of the group which might include a sale of entities and business lines or a wind-down of the non-viable parts of the group while the systemically important functions are preserved. We believe the current structure of the group would make this difficult to achieve, but it could potentially put senior unsecured creditors at greater risk of loss since, in a resolution, bondholders could end up in the part of the bank that is not systemically relevant and hence is less likely to survive. However, given the high risk of contagion across the banking system, we think burden-sharing with senior debt holders is still unlikely for Swiss SIFIs.

In November 2013 Credit Suisse unveiled a plan that would modify its legal entity structure whereby, amongst other actions, a newly created banking subsidiary would be set up in Switzerland acting as the booking centre for domestic retail, corporate and wealth management businesses. In addition, Credit Suisse would reorganize its Investment Banking business, more closely aligning the location where activities are booked with the location of clients. Once the legal framework is finally decided, Credit Suisse plans to issue bail-in eligible debt out of Credit Suisse Group AG, aiming to enable the SPE approach for its resolution. In doing this, Credit Suisse expects to be granted a limited reduction in capital requirements

Given the banking sector's large size relative to that of the Swiss economy, we believe that there are strong incentives for the Swiss government to limit the potential need for the sovereign to use its own balance sheet to support the sector. However, many details about Credit Suisse's plan and FINMA's resolution strategies are not yet resolved. A key question is to what extent the separate legal structures contemplated would reduce contagion risk and preserve the systemically important functions of the bank in the event that a resolution was required.

Furthermore, with the broad international scope of the bank's operations, this question may extend beyond those operations located solely in Switzerland.

While implementation is planned from mid-2015, Credit Suisse's proposal still requires regulatory approvals. We expect to closely monitor the changes the bank has proposed to redefine its legal entity structure as well as the implementation of the Swiss "too big to fail" legislation. We believe that in simplifying its structure, Credit Suisse may reduce one the main obstacles to the resolvability of global and highly interconnected institutions like Credit Suisse. This could make an orderly resolution without government support more feasible, reducing the likelihood of systemic support for senior bondholders in the future.

Notching Considerations

The ratings for Credit Suisse's subordinated debt and hybrid capital instruments are based off the bank's adjusted baseline credit assessment (adjusted BCA). The adjusted BCA incorporates both the firm's standalone credit assessment as well as any uplift stemming from parental and/or cooperative support, if applicable, but excludes government support. The adjusted BCA for Credit Suisse AG is baa1 -- the same as the standalone credit assessment, since parental and/or cooperative support does not apply.

For securities issued or backed by the holding company Credit Suisse Group AG, an additional notch from the bank's adjusted BCA is incorporated into the ratings to reflect holding company structural subordination.

Credit Suisse's lower tier 2 subordinated debt is rated one notch below the adjusted BCA. These instruments are all dated, and do not have any coupon deferral features. These securities are therefore rated Baa2 if issued by Credit Suisse AG or one of its branches, or Baa3 if issued or guaranteed by Credit Suisse Group AG.

Credit Suisse's upper tier 2 securities which have a junior subordinated claim and allow for optional coupon deferral and cumulative coupon payments are rated two notches below the adjusted BCA. These securities are therefore rated Baa3(hyb) if issued by Credit Suisse AG or one of its branches, or Ba1(hyb) if issued or guaranteed by Credit Suisse Group AG.

Credit Suisse's non-cumulative, tier 1 securities (with a deeply subordinated claim in liquidation and coupon payments that are not subject to any net loss triggers) are rated at a level three notches below the adjusted BCA. These securities are therefore rated Ba1(hyb) if issued by Credit Suisse AG or one of its branches, or Ba2(hyb) if issued or guaranteed by Credit Suisse Group AG. The tier 1 securities with skipped coupon payments covered by an equity settlement mechanism, which in Moody's opinion is equivalent to a cumulative coupon, are rated two notches below the adjusted BCA, at Baa3(hyb).

NOTE ON DATA

Unless noted otherwise, data in this report is sourced from company reports and our Banking Financial Metrics. All figures are based on our own chart of account, and are adjusted for analytical purposes. Please refer to the documents entitled "Moody's Approach to Global Standard Adjustments in the Analysis of the Financial Statements of Banks, Securities Firms and Finance Companies" and "Frequently Asked Questions: Moody's Approach to Global Standard Adjustments in the Analysis of the Financial Statements of Banks, Securities Firms and Finance Companies", both published on 19 July 2010. The financial factors in the table below reflect the average adjusted results for Credit Suisse Group AG for 2010 through 2012.

Rating Factors

Credit Suisse Group AG

Rating Factors [1]	A	B	C	D	E	Total Score	Trend
Qualitative Factors (50%)						**D+**	
Factor: Franchise Value						**D-**	**Neutral**
Market share and sustainability				x			
Geographical diversification				x			
Earnings stability					x		
Earnings Diversification [2]							
Factor: Risk Positioning						**D**	**Neutral**

Corporate Governance [2]				**x**			
- Ownership and Organizational Complexity				x			
- Key Man Risk							
- Insider and Related-Party Risks							
Controls and Risk Management				**x**			
- Risk Management			x				
- Controls				x			
Financial Reporting Transparency			**x**				
- Global Comparability	x						
- Frequency and Timeliness			x				
- Quality of Financial Information				x			
Credit Risk Concentration	**–**	**–**	**–**	**–**	**–**		
- Borrower Concentration	–	–	–	–	--		
- Industry Concentration	–	–	–	–	--		
Liquidity Management			**x**				
Market Risk Appetite			**x**				
Factor: Operating Environment						**B**	**Neutral**
Economic Stability			**x**				
Integrity and Corruption		**x**					
Legal System	**x**						
Financial Factors (50%)						**C+**	
Factor: Profitability						**C**	**Improving**
PPI % Average RWA (Basel II)			2.08%				
Net Income % Average RWA (Basel II)			1.56%				
Factor: Liquidity						**C+**	**Neutral**
(Market Funds - Liquid Assets) % Total Assets		-9.55%					
Liquidity Management			x				
Factor: Capital Adequacy						**A**	**Neutral**
Tier 1 Ratio (%) (Basel II)	16.83%						
Tangible Common Equity % RWA (Basel II)	13.74%						
Factor: Efficiency						**E**	**Improving**
Cost / Income Ratio					80.55%		
Factor: Asset Quality						**A**	**Neutral**
Problem Loans % Gross Loans	0.76%						
Problem Loans % (Equity + LLR)	4.32%						
Lowest Combined Financial Factor Score (15%)						**D+**	
Economic Insolvency Override						**Neutral**	
Aggregate BFSR Score						**C**	
Aggregate BCA Score						**a3**	
Assigned BFSR						**C-**	
Assigned BCA						**baa1**	

[1] - Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
[2] - A blank score under Earnings Diversification or Corporate Governance indicates the risk is neutral.

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Submit as Exhibit VIII. A.9. copies of all U.S. Securities and Exchange Commission ("SEC") filings, if any, for the Financing Sources, for the three (3) fiscal years ended before the date Applications are due and any interim period between the end of the most recent fiscal year and the date Applications are due, including any SEC filings made by the Financing Sources on a voluntary basis. To the extent not duplicative of the preceding sentence, provide copies of all notices and reports delivered by the Financing Sources to financing sources and agents, equity holders or others for the three (3) fiscal years ended before the date Applications are due and for any interim period between the end of the most recent fiscal year and the date Applications are due that describe the Financing Sources' general business, business risks, results of operation and financial condition, material agreements, employment arrangements and other similar matters that are required to be included in annual, quarterly and periodic reports filed with the SEC by public companies. Omit from such SEC filings and notices and reports delivered to financing sources and agents, equity holders and others the financial statements for any period covered by the financial statements provided pursuant to Item VIII.A.7. of this RFA, but indicate such omission by inserting a page in such SEC filings where the omission occurs that briefly describes the financial statements so omitted. In lieu of physical submissions, an Applicant may provide links to all responsive materials.

EXHIBIT VIII.A.9 U.S. SECURITIES AND EXCHANGE COMMISSION FILINGS; NOTICES AND REPORTS TO FINANCING SOURCES AND EQUITY HOLDERS

CONFIDENTIAL

Credit Suisse

http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001053092&owner=exclude&count=40

Beach Point Capital Management

http://www.adviserinfo.sec.gov/iapd/content/viewform/adv/sections/iapd_AdvIdentifyingInfoSection.aspx?ORG_PK=148885&RGLTR_PK=50000&STATE_CD=&FLNG_PK=0196338000080172012287 0004C8C411056C8CC0

Easton Vance Mutual Funds

Eaton Vance Boston Income Portfolio: http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001140882&owner=exclude&count=40

Eaton Vance High Income Opportunities Portfolio: http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000921370&owner=exclude&count=40

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Submit as Exhibit VIII. A.10. the following information relating to legal actions of any Applicant Party:

a. A statement as to whether there are any pending legal actions, whether civil, criminal or administrative in nature, to which the Applicant Party is a party and a brief description of any such actions;
b. A brief description of any settled or closed legal actions, whether civil, criminal or administrative in nature, against the Applicant Party over the past ten (10) years;
c. A description of any judgments against the Applicant Party within the past ten (10) years, including the case name, number, court, and what the final ruling or determination was from the court, administrative body or other tribunal;
d. In instances where litigation is ongoing and the Applicant Party has been directed not to disclose information by the court, provide the name of the judge, location of the court, and case name and number;
e. A statement whether the Applicant Party was indicted, accused or convicted of a crime or was a subject of a grand jury or criminal investigation during the past ten (10) years; and
f. A statement whether the Applicant Party was the subject of any order, judgment or decree of any court, administrative body or other tribunal of competent jurisdiction permanently or temporarily enjoining it from or otherwise limiting its participation in any type of business, practice or activity during the past ten (10) years.

VIII.A.10 LEGAL ACTIONS

a. A statement as to whether there are any pending legal actions, whether civil, criminal or administrative in nature, to which the Applicant Party is a party and a brief description of any such actions.

(1) **PGP Advisors ("PGPA").** PGPA is not a party to any pending legal action.

(2) **PGP Investors ("PGPI").** Although PGPI is not a party to any pending legal actions, its subsidiary, Sioux City Entertainment Partners, LLC has intervened to protect its interests in legal actions brought by Belle of Sioux, L.P. against the Iowa Racing and Gaming Commission and bankruptcy proceedings instituted by Iowa Gaming Compnay, LLC. Further details are included in PGPI's entity application filed in conjunction with this RFA. Other than these actions, PGPI is not presently a party to any pending legal action.

(3) **JNB Gaming, LLC ("JNB").** JNB is not a party to any pending legal action.

(4) **Wilpac Funding, LLC ("Wilpac")**. Wilpac is not a party to any pending legal action.

(5) **Natalie Schramm**. Schramm is not a party to any pending legal actions.

(6) **The Natalie A. Schramm Trust**. The Natalie A. Schramm Trust is not a party to any pending legal action.

(7) **Jonathan Swain**. Swain is not a party to any pending legal action.

(8) **Jonathan C. Swain Trust**. The Jonathan C. Swain Trust is not a party to any pending legal action.

(9) **M. Brent Stevens**. Stevens is not a party to any pending legal action.

(10) **Chris and Mary Ellen Kanoff**. Chris and Mary Ellen Kanoff are not parties to any pending legal action.

(11) **Andrew R. Whittaker**. Whittaker is not a party to any pending legal action.

(12) **Wilmot Gaming, LLC.** Other than anticipated future assumption of development rights and related Neighbor Lawsuit (described below) Wilmot Gaming, LLC is not a party to any pending legal action.

(13) **WILPAC Holdings, LLC.** Other than anticipated future assumption of development rights and related Neighbor Lawsuit (described below), WILPAC Holdings, LLC is not a party to any pending legal action.

(14) **LAGO Resort & Casino, LLC.** Other than anticipated future assumption of development rights and related Neighbor Lawsuit (described below), LAGO Resort & Casino, LLC is not a party to any pending legal action.

(15) **Wilmorite, Inc. and its affiliate Whitetail 414, LLC.** The **"**Neighbor Lawsuit"- Wilmorite, Inc. caused Whitetail 414, LLC to be formed to acquire the Option for the 84 acre Casino Site in the Town of Tyre. The Town of Tyre Town Board and Planning Board had worked on a Comprehensive Plan for approximately 10 years. When representatives of Whitetail 414, LLC approached the Town of Tyre representatives about the development proposal, the Town representatives expressed a desire to engage special legal and engineering counsel to assist with adoption of the Comprehensive Plan and evaluating and developing a Local Law to permit Planned Unit Development ("PUD Local Law") to provide a foundation for submission of the proposal for consideration. Without these changes, the Town's existing zoning permitted the development under a special use permit. The adoption of the Comprehensive Plan and development of the PUD Local Law were intended to give direct Town Board input and oversight into the development to be proposed. Approximately 3 families living nearby to the proposed development site sued the Town Board and included Wilmorite, Inc. and ultimately Whitetail 414, LLC challenging the Town board adoption of the Comprehensive Plan and the PUD Local Law. The judge assigned converted the Motion to Dismiss to a Summary Judgment Motion in an effort to have a full hearing on the merits of the issues raised. After a full hearing and with the benefit of all substantive issues being briefed the judge ruled in favor of the Town of Tyre, Wimorite, Inc. and Whitetail 414, LLC on all counts. On June 6, 2014 the plaintiffs filed a notice of appeal with the Seneca County clerk. Counsel for the Town and developer feel the appeal is without merit because the issue turns on municipal home rule rights of the Town.

Wilmorite, Inc. is developing a student housing facility in New Paltz, NY. After 4 years of consenting to every Town request for mitigation and redesigning the project to add green space a new Town Supervisor running for state-wide office attempted to have the Planning Board deny project approvals based on economic factors outside the authority of the Town and Planning Board. As such, Wilmorite and its project entity (Park Point New Paltz, LLC) joined the SUNY New Paltz Foundation to challenge the illegal actions of the Planning Board.

(16) **Thomas C. Wilmot, Sr., Colleen Wilmot, Loretta Wilmot, Paul Wilmot, Thomas C. Wilmot, Jr. and James A. Wilmot** are not a party to any pending legal actions.

b. A brief description of any settled or closed legal actions, whether civil, criminal or administrative in nature, against the Applicant Party over the past ten (10) years.

(1) **PGP Advisors ("PGPA").** None.

(2) **PGP Investors ("PGPI").** None.

(3) **JNB Gaming, LLC ("JNB").** None.

(4) **Wilpac Funding, LLC ("Wilpac")**. None.

(5) **Natalie Schramm**. None.

(6) **The Natalie A. Schramm Trust**. None.

(7) **Jonathan Swain**. On October 11, 2010, a special prosecutor of the State of Iowa charged M. Brent Stevens, Jonathan Swain and Peninsula Gaming Partners, LLC (and two other individuals) with misdemeanor violations of Iowa campaign contribution laws. The Court involved was the Iowa Associate District Court for Polk County. On May 12, 2011, the Special Prosecutor filed a Motion to Dismiss as to Martin Brent Stevens, Jonathan Swain and Peninsula Gaming Partners. On May 12, 2011, Judge Price granted the motion and signed an Order of Dismissal, dismissing all charges against Stevens, Swain and Peninsula Gaming Partners.

Other than that issue, Swain believes he may have been named in prior closed legal actions in his capacity as general manager or president of various casino properties (such as suits by entertainment promoters). He has no details regarding those legal actions and believes they are older than ten years old.

(8) **Jonathan C. Swain Trust**. None.

(9) **M. Brent Stevens**. On October 11, 2010, a special prosecutor of the State of Iowa charged M. Brent Stevens, Jonathan Swain and Peninsula Gaming Partners, LLC (and two other individuals) with misdemeanor violations of Iowa campaign contribution laws. The Court involved was the Iowa Associate District Court for Polk County. On May 12, 2011, the Special Prosecutor filed Motion to Dismiss as to Martin Brent Stevens, Jonathan Swain and Peninsula Gaming Partners. On May 12, 2011, Judge Price granted the motion and signed an Order of Dismissal, dismissing all charges against Stevens, Swain and Peninsula Gaming Partners.

Other than that issue, Stevens has no recollection of being a party to any legal action in the past ten years.

(10) **Chris and Mary Ellen Kanoff**. In 2012, Chris and Mary Ellen Kanoff, along with their insurer, were involved in a minor legal action (Stanley Mosk Courthouse, Los Angeles, CA, Case Number SC118644) involving a traffic accident. The case was resolved in 2013 and is closed.

(11) **Andrew R. Whittaker**. None

(12) **Thomas C. Wilmot, Sr., Colleen Wilmot, Loretta Wilmot, Paul Wilmot, and James A. Wilmot.** None

(13) [redacted]

(14) **Wilmot Gaming, LLC, WILPAC Holdings, LLC and Lago Resort & Casino, LLC –** None.

c. A description of any judgments against the Applicant Party within the past ten (10) years, including the case name, number, court, and what the final ruling or determination was from the court, administrative body or other tribunal.

(1) **PGP Advisors ("PGPA").** None.

(2) **PGP Investors ("PGPI").** None.

(3) **JNB Gaming, LLC ("JNB").** None.

(4) **Wilpac Funding, LLC ("Wilpac")**. None.

(5) **Natalie Schramm**. None.

(6) **The Natalie A. Schramm Trust**. None.

(7) **Jonathan Swain**. None, to his recollection.

(8) **Jonathan C. Swain Trust**. None.

(9) **M. Brent Stevens**. None, to his recollection.

(10) **Chris and Mary Ellen Kanoff**. None to their recollection.

(11) **Andrew R. Whittaker**. None to his recollection.

(12) **Thomas C. Wilmot, Sr., Colleen Wilmot, Loretta Wilmot, Paul Wilmot, Thomas C. Wilmot, Jr. and James A. Wilmot**. None.

(13) **Wilmot Gaming, LLC, WILPAC Holdings, LLC and Lago Resort & Casino, LLC –** None.

d. In instances where litigation is ongoing and the Applicant Party has been directed not to disclose information by the court, provide the name of the judge, location of the court, and case name and number.

(1) **PGP Advisors ("PGPA").** Not applicable.

(2) **PGP Investors ("PGPI").** Not applicable.

(3) **JNB Gaming, LLC ("JNB").** Not applicable.

(4) **Wilpac Funding, LLC ("Wilpac")**. Not applicable.

(5) **Natalie Schramm**. Not applicable.

(6) **The Natalie A. Schramm Trust**. Not applicable.

(7) **Jonathan Swain**. Not applicable.

(8) **Jonathan C. Swain Trust**. Not applicable.

(9) **M. Brent Stevens**. Not applicable.

(10) **Chris and Mary Ellen Kanoff**. Not applicable.

(11) **Andrew R. Whittaker**. Not applicable.

(12) **Thomas C. Wilmot, Sr., Colleen Wilmot, Loretta Wilmot, Paul Wilmot, Thomas C. Wilmot, Jr. and James A. Wilmot.** Not applicable.

(13) **Wilmot Gaming, LLC, WILPAC Holdings, LLC and Lago Resort & Casino, LLC –** Not applicable.

e. A statement whether the Applicant Party was indicted, accused or convicted of a crime or was a subject of a grand jury or criminal investigation during the past ten (10) years.

(1) **PGP Advisors ("PGPA").** None.

(2) **PGP Investors ("PGPI").** None.

(3) **JNB Gaming, LLC ("JNB").** None.

(4) **Wilpac Funding, LLC ("Wilpac")**. None.

(5) **Natalie Schramm**. None.

(6) **The Natalie A. Schramm Trust**. None.

(7) **Jonathan Swain**. See Answer 10(b)(7).

(8) **Jonathan C. Swain Trust**. None.

(9) **M. Brent Stevens**. See Answer 10(b)(7).

(10) **Chris and Mary Ellen Kanoff**. None.

(11) **Andrew R. Whittaker**. None.

(12) **Thomas C. Wilmot, Sr., Colleen Wilmot, Loretta Wilmot, Paul Wilmot, Thomas C. Wilmot, Jr. and James A. Wilmot.** None.

(13) **Wilmot Gaming, LLC, WILPAC Holdings, LLC and Lago Resort & Casino**, **LLC –** None.

f. A statement whether the Applicant Party was the subject of any order, judgment or decree of any court, administrative body or other tribunal of competent jurisdiction permanently or temporarily enjoining it from or otherwise limiting its participation in any type of business, practice or activity during the past ten (10) years.

(1) **PGP Advisors ("PGPA").** None.

(2) **PGP Investors ("PGPI").** None.

(3) **JNB Gaming, LLC ("JNB").** None.

(4) **Wilpac Funding, LLC ("Wilpac")**. None.

(5) **Natalie Schramm**. None.

(6) **The Natalie A. Schramm Trust**. None.

(7) **Jonathan Swain**. None.

(8) **Jonathan C. Swain Trust**. None.

(9) **M. Brent Stevens**. None.

(10) **Chris and Mary Ellen Kanoff**. None.

(11) **Andrew R. Whittaker**. None.

(12) **Thomas C. Wilmot, Sr., Colleen Wilmot, Loretta Wilmot, Paul Wilmot, Thomas C. Wilmot, Jr. and James A. Wilmot.** None.

(13) **Wilmot Gaming, LLC, WILPAC Holdings, LLC and Lago Resort & Casino**, **LLC –** None.

INSERT COLOR PAGE HERE

Submit as Exhibit VIII. A.12. a description of any contract, loan agreement or commitment that any Applicant Party has breached or defaulted on during the past ten (10) years and provide information for any lawsuit, administrative proceeding or other proceeding that occurred as a result of the breach or default.

VIII. A. 12. BREACH OF CONTRACT

There has been no breach of contract by the Applicant.

There has been no breach of contract by any Applicant Party.

The following additional information is provided:

Certain Applicant Parties who own interests in Wilmot Gaming, LLC also own limited partner interests in limited partnerships that are in default under obligations for commercial properties owned by the following entities:

[redacted]

Rochwil Associates, L.P.

Owes non-recourse mortgage and Payments In Lieu Of Tax obligations to the City of Rochester, New York. The City of Rochester brought legal action in July 2003, but the suit has been inactive.

City of Rochester vs. Rochwil Associates, L.P.

July 2003 Monroe County, New York

INSERT COLOR PAGE HERE

Submit as Exhibit VIII. A.14.a. a description of any gaming--related licenses issued in any jurisdiction to an Applicant Party. Also, state whether an Applicant Party has ever had a gaming--related license denied, suspended, withdrawn or revoked, or if there is a pending proceeding that could lead to any of these conditions. If yes, provide a detailed summary of each denial, suspension, revocation, withdrawal or relevant documents in connection with such pending proceedings.

VIII. A. 14. a. LICENSE APPLICATIONS

(1) **PGP Advisors ("PGPA").** None.

(2) **PGP Investors ("PGPI").** None.

(3) **JNB Gaming, LLC ("JNB").** None.

(4) **Wilpac Funding, LLC ("Wilpac")**. None.

(5) **Natalie Schramm**. Ms. Schramm has been licensed and/or found suitable in connection with the following gaming projects:

Louisiana: Evangeline Downs Racetrack & Casino.
Amelia Belle Casino

Iowa: Diamond Jo Dubuque
Diamond Jo Worth
Cedar Rapids
Sioux City (Hard Rock)

Kansas: Kansas Star

Ms. Schramm has never had a gaming license denied, suspended, withdrawn or revoked.

(6) **The Natalie A. Schramm Trust**. None.

(7) **Jonathan Swain.** Mr. Swain has been licensed and/or found suitable in connection with the following gaming projects:

Louisiana: Evangeline Downs Racetrack & Casino.
Amelia Belle Casino

Iowa: Diamond Jo Dubuque
Diamond Jo Worth
Cedar Rapids
Sioux City (Hard Rock)

Kansas: Kansas Star

Mr. Swain has never had a gaming license denied, suspended, withdrawn or revoked.

(8) **Jonathan C. Swain Trust**. None.

(9) **M. Brent Stevens**. Mr. Stevens has been licensed and/or found suitable in connection with the following gaming projects:

Louisiana:	Evangeline Downs Racetrack & Casino. Amelia Belle Casino
Iowa:	Diamond Jo Dubuque Diamond Jo Worth Cedar Rapids Sioux City (Hard Rock)
Kansas:	Kansas Star

Mr. Stevens has never had a gaming license denied, suspended, withdrawn or revoked.

(10) **Chris and Mary Ellen Kanoff**. None.

(11) **Andrew R. Whittaker**.

Louisiana:	Evangeline Downs Racetrack & Casino. Amelia Belle Casino
Iowa:	Diamond Jo Dubuque Diamond Jo Worth Sioux City (Hard Rock)
Kansas:	Kansas Star

Mr. Whittaker has never had a gaming license denied, suspended, withdrawn or revoked.

(12) **Syracuse Raceway, Inc.**

In 2011 Syracuse Raceway, Inc. and the below listed individuals submitted Simulcast Facility License applications to the State of New York Racing and Wagering Board.

Any activity and efforts connected to the above mentioned application for licensure ceased in 2013 when it became apparent the license proposed for the intended location would not materialize.

Syracuse Raceway, Inc. and the below individuals thereafter withdrew their applications for licensure without prejudice.

Thomas Wilmot Sr.

Paul J. Wilmot

Thomas C. Wilmot, Jr.

Loretta Conroy

James A. Wilmot

James R. Wilmot

Ronald A. Cocquyt

Attached Relevant Documents:
Letter from R. Cocquyt to T. Casaregola of NYS Racing & Wagering Bd. (June 2, 2011)
Attachment 1 of 8

Letter from R. Cocquyt to K. Buckley of NYS Racing & Wagering Bd. (June 7, 2011)
Attachment 2 of 8

Letter from NYS Racing & Wagering Bd. To R. Cocquyt (June 27, 2011)
Attachment 3 of 8

(13) **Buena Vista Development Co., LLC**
On February 24, 2011 the California Gambling Control Commission ("Commission") issued a Determination of Suitability for Buena Vista Development Co. LLC ("Buena Vista") and its principals as Gaming Resource Suppliers to enter into any contract or agreement with the California Buena Vista Rancheria of Me-Wuk Indians.

The Commission's February 24, 2011 determination of suitability included the following individuals and entities:

B.V. Oro, LLC

Casino Development & Management Co., LLC

CDM Management, LLC

James R. Wilmot

Paul J. Wilmot

Ronald A. Cocquyt

Thomas C. Wilmot, Jr.

Thomas C. Wilmot, Sr.

Pursuant to policy, the Commission's initial determinations of suitability were valid from February 23, 2011 until February 28, 2013.

On February 22, 2013 the Commission once again determined Buena Vista and its principals suitable and renewed their status effective March 1, 2013 through February 28, 2015.

In the interest of full disclosure, the application process in this matter began in 2008 when Buena Vista, its controlling entities, Thomas Wilmot, Sr., and the below listed individuals submitted Gaming Resource Supplier applications with the Commission.

Thomas C. Wilmot Jr.	Kathryn Linehan	James A. Wilmot
Paul J. Wilmot	Michael Linehan	Peter Linehan
Loretta Wilmot	Paul Linehan	Jamie Linehan
James R. Wilmot	Judy Linehan	
Ronald A. Cocquyt	Mary C. Wilmot	

On April 16, 2008 the Commission's Investigatory arm, Bureau of Gambling Control, determined that the above listed individual did not meet the criteria needed for licensure and requested the individuals withdraw their applications. On September 3, 2008 the Commission approved application withdrawals for the above listed individuals without prejudice. Subsequent to their determination regarding the withdrawal of all the applicants, the Commission reversed course, in part, and requested suitability reviews for the following individuals in conjunction with Buena Vista's original application:

James R. Wilmot

Paul J. Wilmot

Ronald A. Cocquyt

Thomas C. Wilmot, Jr.

Please note the Commission has determined that all entities and individuals investigated in conjunction with Buena Vista's application to be suitable.

Attached Relevant Documents:
Email from D. Lewis of CA Bureau of Gambling Control to R. Cocquyt (April 16, 2008)
Attachment 4 of 8

Letter from R. Cocquyt to Commission (April 17, 2008)
Attachment 5 of 8

Letter from Commission to R. Cocquyt (September 3, 2008)
Attachment 6 of 8

Letter from Commission to R. Cocquyt (February 24, 2011)
Attachment 7 of 8

Letter from Commission to R. Cocquyt (February 22, 2013)
Attachment 8 of 8

Wilmorite Management Group, LLC
1265 Scottsville Road
Rochester, New York 14624
(585) 464-9400
(585) 464-0259 Fax

June 2, 2011

Thomas V. Casaregola, CPA
Director of Audits
NYS Racing and Wagering Board
1 Broadway Ctr, Suite 600
Schenectady, NY 12305

Re: Syracuse Raceway, Inc.

Dear Mr. Casaregola:

The enclosed Personal History and Financial Disclosure Forms and tax returns are submitted for the following individuals in regard to our request for approval of the formation and licensing of Syracuse Raceway, Inc.

Thomas C. Wilmot, Sr.
Paul J. Wilmot
Thomas C. Wilmot, Jr.
Loretta Conroy
James A. Wilmot
James R. Wilmot
Ronald A. Cocquyt

We request exemption from public disclosure of all personal history, financial information and tax returns. Disclosure of this information would compromise our competitive position, risk exposing trade secrets and facilitate identity theft.

Thank you for your assistance.

Sincerely,

Ronald A. Cocquyt

cc: Patrick Brown, Esq.

Wilmorite Management Group, LLC
1265 Scottsville Road
Rochester, New York 14624
(585) 464-9400
(585) 464-0259 Fax

June 7, 2011

Kristen Buckley, Acting Secretary
NYS Racing and Wagering Board
1 Broadway Ctr, Suite 600
Schenectady, NY 12305-2553

Re: Syracuse Raceway, Inc.

Dear Ms. Buckley:

One original and seven photocopies of the following documents are enclosed:

1. 2011 Racetrack License Application

2. 2011 Simulcast Facility License Application

Thank you for your assistance.

Sincerely,

Ronald A. Cocquyt

Ronald A. Cocquyt

cc: Patrick Brown, Esq.

Chairman
John D. Sabini

Members
Daniel D. Hogan
Charles J. Diamond

STATE OF NEW YORK
RACING AND WAGERING BOARD

Executive Director
Ronald G. Ochrym

Acting Secretary to the Board
Kristen Buckley

June 27, 2011

Mr. Ronald A. Cocquyt
Wilmorite Management Group, LLC
1265 Scottsville Road
Rochester, New York 14624

Dear Mr. Cocquyt

We acknowledge receipt of the 2011 track and simulcast license applications for Syracuse Raceway, Inc. and have reviewed them. There are many required items that have not been provided. The application must be complete before it can be considered, therefore, please submit the remaining information as it becomes available.

Very Truly Yours

Thomas V. Casaregola, CPA, CFE
Director of Audits & Investigations

1 Broadway Center, Suite 600, Schenectady, NY 12305-2553
Telephone (518) 395-5400 FAX: (518) 347-1250
http://www.racing.state.ny.us

From: Douglas Lewis [Douglas.Lewis@doj.ca.gov]
Sent: Wednesday, April 16, 2008 6:37 PM
To: Cocquyt, Ron
Subject: Additional Information
Mr. Cocquyt,

A letter requesting additional information for the Buena Vista Development Co. LLC venture is in the process of being mailed. I ask that you please forward a copy of that letter to Mr. Milosevic, in order for him to obtain the information for the principals he represents.

Also, the Bureau has determined that several principals do not meet the criteria needed for a license with the State of California. At this time I am requesting that you send a formal letter to the California Gambling Control Commission (Commission), requesting that they be withdrawn. Please send a copy of that letter to the Bureau. These principals have previously submitted a Finding of Suitability for a Gaming License, but they do not meet the criteria indicated in Section 6.4.7 of the Gaming Compact. Following is a list of the principals who need to be withdrawn:

Mary Colleen Wilmot
Paul J. Wilmot
Thomas Wilmot, Jr.
Loretta C. Wilmot
James A. Wilmot
Judy W. Linehan
Paul J. Linehan
Michael P. Linehan
Jamie P. Linehan
Kathryn M. Linehan
Peter C. Linehan
James R. Wilmot
Ronald A. Cocquyt

If you have any question, please do not hesitate to contact me.
Thanks, for your patience and attention regarding this matter.

Douglas Lewis
Analyst, Vendor Licensing Unit
Department of Justice,
Division of Law Enforcement
Bureau of Gambling Control
1425 River Park Drive, Suite 400
Sacramento, CA 95815
(916) 263-1609
douglas.lewis@doj.ca.gov

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Buena Vista Development Co, LLC
1265 Scottsville Road
Rochester, New York 14624
(585) 783-3232
(585) 464-0259 Fax

April 17, 2008

California Gambling Control Commission
P. O. Box 52601
Sacramento, CA 95852

Re: Application for a Determination of Suitability for Buena Vista Development Company, LLC

Ladies and gentlemen:

We previously submitted applications for a Finding of Suitability for all individuals having ownership interests in Buena Vista Development Company, LLC.

We have been advised by the Division of Law Enforcement, Bureau of Gambling Control that the ownership interests of the individuals listed below do not meet the criteria indicated in section 6.4.7 of the Gaming Compact due to ownership of less than 10%. Accordingly we request that the Applications for Finding of Suitability for the following individuals be withdrawn:

Mary Colleen Wilmot
Paul J. Wilmot
Thomas Wilmot, Jr.
Loretta C. Wilmot
James A. Wilmot
Judy W. Linehan
Paul J. Linehan
Michael P. Linehan
Jamie P. Linehan
Kathryn M. Linehan
Peter C. Linehan
James R. Wilmot
Ronald A. Cocquyt

Thank you for your assistance.

Sincerely,

Ronald A. Cocquyt

cc: Douglas Lewis
Vendor Licensing Unit
Bureau of Gambling Control
1425 River Park Drive, Suite 400
Sacramento, CA 95815

STATE OF CALIFORNIA
GAMBLING CONTROL COMMISSION
2399 Gateway Oaks Drive, Suite 220
Sacramento, CA 95833-4231
(916) 263-0700 Phone
(916) 263-0499 Fax
www.cgcc.ca.gov

Arnold Schwarzenegger, Governor
DEAN SHELTON, CHAIRMAN
SHERYL SCHMIDT
STEPHANIE SHIMAZU
ALEXANDRA VUKSICH

September 3, 2008

Ronald Cocquyt
Buena Vista Development Co., LLC
1265 Scottsville Rd.
Rochester, NY 14624

Subject: Request to Withdraw Finding of Suitability Application

Dear Mr. Cocquyt

The California Gambling Control Commission (Commission) approved the following individuals request to withdrawal their Gaming Resource Supplier applications at its August 28, 2008, meeting:

Ronald Cocquyt	Jamie Linehan	Judy Linehan
Kathryn Linehan	Peter Linehan	Paul Linehan
Michael Linehan	James A. Wilmot	James R. Wilmot
Loretta Wilmot	Mary C. Wilmot	Paul Wilmot
Thomas Wilmot, Jr.		

Based on the provisions of the Gambling Control Act (Business and Professions Code Section 19869), the Commission is satisfied that granting this withdrawal request is consistent with the public interest and policies of the Gambling Control Act. Therefore, the Commission approved the requests for withdrawal without prejudice.

If you have any questions, please contact me at (916) 274-1041.

Sincerely,

Ericka Ramirez, Licensing Analyst
Licensing Division

STATE OF CALIFORNIA
GAMBLING CONTROL COMMISSION
2399 Gateway Oaks Drive, Suite 220
Sacramento, CA 95833-4231
(916) 263-0700 Phone
(916) 263-0499 Fax
www.cgcc.ca.gov

Edmund G. Brown, Jr., Governor
STEPHANIE SHIMAZU, ACTING CHAIRPERSON
TIFFANY E. CONKLIN
JAMES SHELBY

February 24, 2011

Ronald Cocquyt
Buena Vista Development Co., LLC
1265 Scottsville Rd.
Rochester, NY 14624

Subject: Determination of Suitability for Buena Vista Development Co., LLC (GVPR-000007)

Dear Mr. Cocquyt:

The California Gambling Control Commission (Commission) has completed its review to determine the suitability of Buena Vista Development Co., LLC (Buena Vista), and its principals (see attachment), to enter into or continue to perform pursuant to, any contract or agreement for the provision of Gaming Resource Supplier with the tribe(s) listed below:

California tribe	Casino
Buena Vista Rancheria of Me-Wuk Indians of California	*Pending*

Buena Vista, and its principals, have been determined to be suitable pursuant to the California Tribal-State Compact. This determination was made at a Commission meeting held on February 23, 2011, and is valid from **February 23, 2011 through February 28, 2013**.

The Commission will conduct a review every two-years to ensure that the determination of suitability properly reflects all current and valid Tribal Gaming Agency licenses. As always, it is important that you provide the State Gaming Agency with notification of renewal of Tribal Gaming Agency licenses and any other updated information relevant to your Finding of Suitability.

Should you have any questions about the Finding of Suitability process, or any requirements, please contact me at (916) 274-1041.

Sincerely,

Ericka Ramirez, Analyst
Licensing Division

Attachment: Approved Principal List

Principals/Owners for Gaming Resource Supplier:

Finding of Suitability Number	Resource Supplier	Name	Expiration Date	Status
GVPO-001109	Buena Vista Development Co., LLC	B.V. Oro, LLC	02/28/2013	Active
GVPO-000014	Buena Vista Development Co., LLC	Casino Development & Management Co., LLC	02/28/2013	Active
GVPO-000015	Buena Vista Development Co., LLC	CDM Management, LLC	02/28/2013	Active
GVPO-001113	Buena Vista Development Co., LLC	James R. Wilmot	02/28/2013	Active
GVPO-001112	Buena Vista Development Co., LLC	Paul J. Wilmot	02/28/2013	Active
GVPO-001114	Buena Vista Development Co., LLC	Ronald A. Cocquyt	02/28/2013	Active
GVPO-001145	Buena Vista Development Co., LLC	Thomas C. Wilmot, Jr.	02/28/2013	Active
GVPO-000016	Buena Vista Development Co., LLC	Thomas C. Wilmot, Sr.	02/28/2013	Active

Go Back...

STATE OF CALIFORNIA
GAMBLING CONTROL COMMISSION
2399 Gateway Oaks Drive, Suite 220
Sacramento, CA 95833-4231
(916) 263-0700 Phone
(916) 263-0499 Fax
www.cgcc.ca.gov

Edmund G. Brown, Jr., Governor
RICHARD L. LOPES, Chairman
TIFFANY L. [illegible]
LAUREN [illegible]
RICHARD [illegible]

February 22, 2013

Ronald Cocquyt
Buena Vista Development Co., LLC
1265 Scottsville Rd.
Rochester, NY 14624

Re: Determination of Suitability for
Buena Vista Development Co., LLC (GVPR-000007)

Dear Mr. Cocquyt:

The California Gambling Control Commission (Commission) has completed its review to determine the suitability of Buena Vista Development Co., LLC, and its principals (see attachment), to enter into or continue to perform pursuant to, any contract or agreement for the provision of Gaming Resource Supplier with the tribe(s) listed below:

California Tribe	Tribal Casino
Buena Vista Rancheria of Me-Wuk Indians of California	*Pending*

Buena Vista Development Co., LLC, and its principals, have been determined to be suitable pursuant to the California Tribal-State Compact. This determination was made at a Commission meeting held on February 21, 2013, and is valid from **March 1, 2013 through February 28, 2015**.

The Commission will conduct a review every two-years to ensure that the determination of suitability properly reflects all current and valid Tribal Gaming Agency licenses. As always, it is important that you provide the State Gaming Agency with notification of renewal of Tribal Gaming Agency licenses and any other updated information relevant to your Finding of Suitability.

Should you have any questions about the Finding of Suitability process, or any requirements, please contact me at (916) 274-1041 or eramirez@cgcc.ca.gov.

Sincerely,

Ericka Ramirez, Analyst
Licensing Division

Attachment: Approved Principal List

Principals/Owners for Gaming Resource Supplier:

Finding of Suitability Number	Resource Supplier	Name	Expiration Date	Status
GVPO-001109	Buena Vista Development Co., LLC	B.V. Oro, LLC	02/28/2015	Active
GVPO-000014	Buena Vista Development Co., LLC	Casino Development & Management Co., LLC	02/28/2015	Active
GVPO-000015	Buena Vista Development Co., LLC	CDM Management, LLC	02/28/2015	Active
GVPO-001113	Buena Vista Development Co., LLC	James R. Wilmot	02/28/2015	Active
GVPO-001112	Buena Vista Development Co., LLC	Paul J. Wilmot	02/28/2015	Active
GVPO-001114	Buena Vista Development Co., LLC	Ronald A. Cocquyt	02/28/2015	Active
GVPO-001145	Buena Vista Development Co., LLC	Thomas C. Wilmot, Jr.	02/28/2015	Active
GVPO-000016	Buena Vista Development Co., LLC	Thomas C. Wilmot, Sr.	02/28/2015	Active

INSERT COLOR PAGE HERE

Submit as Exhibit VIII. B.3.a. economic impact studies completed by an independent expert showing the proposed Gaming Facility's overall economic incremental benefit to the Region, the State, and the Host Municipality and nearby municipalities including the manner in which the facility will generate new revenues as opposed to taking revenues from other New York businesses; and

Exhibit VIII.B.3.a

Lago Resort and Casino will impact employment, earnings, and state and local tax collections and fee revenues throughout New York. The sources of these impacts will be the ongoing operations of Lago Resort and Casino, as well as the construction and opening of the facility. In the Average Case Scenario of ongoing operations has 1,230 direct jobs created at Lago Resort and Casino, an additional 632 indirect and induced jobs are expected to be created in all industries, for a total of approximately 1,862 jobs in the New York economy. These Direct and induced jobs will receive Based on Lago Resort and Casino's earnings expense estimates of $39.0 million, [redacted] The total annual state tax impact is expected to be [redacted] in the first stabilized year of operations (2017). Our one-time employment impact(construction and pro-opening) is 2,304 FTE construction jobs and preopening jobs created at Lago Resort and Casino during the one-time impact period, an additional 1,541 indirect and induced jobs are expected to be created in all industries, for a total of approximately 3,845 jobs in the New York economy. Pairing the one-time salary expenditure estimates for direct construction and pre-opening labor ($151.1 million) with RIMS direct effect earnings multipliers results in a [redacted] The indirect and induced earnings impact of these one-time expenditures would be $106.2 million. There are more impacts then the ones listed above and can be referenced in Exhibit VIII.B.3.a TMG Socioeconomic Impact Study.

Lago Resort and Casino

Socioeconomic Impact Assessment: Tyre, NY

June 2014
TMG Consulting

PREPARED FOR WILMORITE MANAGEMENT GROUP, LLC

tmgconsulting
Planning, Economics & Engineering

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SOCIOECONOMIC IMPACT

TMG Consulting performed socioeconomic impact analyses for each case scenario: Average, Low, and High. The methodology used for all three case analyses was constant.

Impact Overview

Lago Resort and Casino will impact employment, earnings, and state and local tax collections and fee revenues throughout New York. The sources of these impacts will be the ongoing operations of Lago Resort and Casino, as well as the construction and opening of the facility. Each of these two impact segments will have its own socioeconomic impacts.

The impacts of Lago Resort and Casino's operations in New York will be recurring, while the construction/opening impacts will be one-time. Lago's socioeconomic impacts are based upon a number of inputs which include TMG Consulting's projections of operating expenses and revenues, JNB Gaming's projections for direct employment and payroll, Wilmorite Construction L.L.C.'s construction employment and expenditure projections, and other projections made by TMG that are presented in the previous sections of this study.

TMG uses the Regional Input-Output Modeling System (RIMS II) to measure the estimated economic impact of expenditures in the regional economy. RIMS II is based on historical economic data collected by the U.S. Bureau of Economic Analysis (BEA) and is adjusted for specific regions in the country. For this study, TMG obtained the RIMS II multipliers for New York. RIMS II multipliers provide estimates for the total impact that new dollars spent in New York have on the total level of spending, earnings, and jobs created in the regional economy. These impacts are categorized into three groups: direct, indirect, and induced. RIMS II multipliers are specific to industries and sub-industries. Pairing inputs with the appropriate industry multiplier yields a projection of economic impact.

The various recurring impacts of Lago Resort and Casino are described first, followed by an analysis of the one-time impacts attributable to constructing and opening the facility. A summary of all projected impacts for each operating scenario is included at the end of this section.

DIRECT IMPACTS

Direct impacts are the "first round" of spending, earnings, or job creation that is introduced into the economy as a result of a specific event or a new activity.

INDIRECT IMPACTS

Indirect impacts are the subsequent rounds of spending, earnings, and jobs created by industries as a result of the introduction of direct impacts.

INDUCED IMPACTS

Induced impacts are the subsequent rounds of spending, earnings, and jobs created as a result of the new earnings from households that has been introduced and spent within the regional economy. This is referred to by BEA as the "household effect."

TYPE I & TYPE II MULTIPLIERS

The BEA provides two sets of multipliers to measure these economic impacts. "Type I" multipliers provide an estimate of the total direct and indirect impacts in New York. "Type II" multipliers provide an estimate of total (direct, indirect and induced) impacts on New York; therefore, Type II multipliers include the impacts estimated from Type I multipliers. In this study, TMG used the Type II multipliers to measure the total impact of Lago Resort and Casino on the New York economy.

Average-Case Scenario and Methodology

RECURRING IMPACTS FROM LAGO RESORT AND CASINO OPERATIONS

Based on labor assumptions provided by JNB Gaming and our operations model for Lago Resort and Casino, we analyzed the potential impacts the facility's employment and operational spending would have in the New York economy.

Employment Impact

The Lago facility is expected to include slots and table games, an on-site hotel and convention center, several restaurants, a food court, a spa, and entertainment amenities. The operating revenue and expenses for each department for the proposed facility were projected by TMG Consulting. JNB Gaming provided projections for employment level and payroll specific to each case scenario.

Throughout this report, employment refers to Full Time Equivalent (FTE) employment. In total, the Lago facility is expected to create 1,230 FTE jobs (a total headcount of 1,458 full time and part-time jobs) at the resort casino complex in the average-case scenario. The following table details the employment projections by department.

Total Direct Employment at Lago Resort and Casino: Average-Case Scenario

Department	FTE Jobs
Accounting	35
Casino	586
Facilities support services	189
Food & Beverage	241
Hotel	53
IT	7
Management & related	95
Valet	24
Total	**1,230**

Source: JNB Gaming

TMG projected the number of jobs created in all industries in New York as a result of the development, utilizing JNB's on-site employment (direct jobs) projection as an input to the RIMS.

Based on the job creation projection previously described, the RIMS II direct effect employment multiplier for each North American Industry Classification System (NAICS) code was applied to each corresponding department to determine the total number of jobs created in all industries in New York. Given the approximately 1,230 direct jobs created at Lago Resort and Casino, an additional 632 indirect and induced jobs are expected to be created in all industries, for a total of approximately 1,862 jobs in the New York economy. The following table details the Lago Resort and Casino employment impact projection.

Employment Impact from Lago Resort and Casino: Average-Case Scenario

Department	Direct Impact Jobs Created at Lago Resort and Casino	Direct Effect Employment Multiplier (NY)	Total Jobs Impact Jobs Created in All Industries
Accounting	35	1.7459	61
Casino	586	1.3535	793
Facilities support services	189	1.6561	313
Food & Beverage	241	1.3702	330
Hotel	53	1.6508	87
IT	7	2.1731	15
Management & related	95	2.0004	190
Valet	24	2.9709	71
Total	**1,230**		**1,862**

Source: Bureau of Economic Analysis; JNB Gaming; TMG Consulting

According to the Bureau of Labor Statistics (BLS) and based on the most recent 12-month period[1] of data available, unemployment averaged 6.8% in the Rochester MSA[2] and 7.2% in both the Syracuse and Buffalo-Niagara Falls MSAs. In the Rochester-Batavia-Seneca Falls Combined Statistical Area, which includes the Seneca County and the Town of Tyre, unemployment averaged over 7% in 2013.

With unemployment in the primary and surrounding areas from which the Lago facility would be drawing its employees, the additional jobs created by the development will likely be absorbed by workers throughout the area through a "filtering up" process. That is, some of the unemployed will take lower paying jobs that become available as the work force moves up to fill the new positions at the proposed facility. Therefore, we do not anticipate any significant migrations to Seneca County and the Town of Tyre to fills jobs created by the casino.

Earnings Impact

TMG projected the total earnings impact of the facility using operating expense projections for the Lago Resort and Casino development. Just as with jobs, new, direct earnings expenditures in an economy have a multiplier effect creating indirect and induced earnings. The following table shows the projected earnings expenditures from each department at the facility. Note that these earnings expenses do not include benefits (such as health insurance) which do not factor into the earnings impact projection. Earning expenditures were generated by JNB Gaming and were adjusted for inflation[3] by TMG Consulting. In total, employees at Lago Resort and Casino should receive over $39 million in earnings in the first full year of stabilized operations.

Annual Lago Resort and Casino Earnings Expenditures by Department, 2017 (in millions): Average-Case Scenario

Department	Earnings Expense Estimate in 2017$
Accounting	$1.57 M
Casino	$18.90 M
Facilities support services	$5.61 M
Food & Beverage	$5.37 M
Hotel	$1.50 M
IT	$0.29 M
Management & related	$5.16 M
Valet	$0.59 M
Total	**$39.01 M**

Source: JNB Gaming

[1] The 12-month average unemployment rate is based on BLS-data ranging from April 2013 through March 2014.
[2] Metropolitan Statistical Area (MSA)
[3] All adjustments for inflation throughout this report use the Consumer Price Index (CPI) for the New York region published by the Bureau of Labor Statistics for past values and the Philadelphia Federal Reserve Bank for CPI projections for future values (2.3% increase per year).

The earnings expenses were then categorized by department and assigned the appropriate (NAICS) codes, in order to apply the RIMS II New York multipliers. [redacted]

[redacted]

Tax & Fees Revenue Impact

A new casino development of the proposed scale in the Town of Tyre will have a significant impact on tax revenue in New York and Seneca County. New tax and fee revenues will be generated from on-site activities including gaming, retail, food and beverage sales, hotel rentals, and from taxable purchases made by operations. Additionally, the increase in earnings attributable to the facility is expected to result in increased collections of state and local taxes and fees.

GAMING TAX & FEES REVENUE IMPACT

The New York Gaming Economic Development Act of 2013 specifies the recurring fees and taxes on gaming revenues a resort casino operating in the Southern Tier would be required to pay. All gaming revenue generated from slot machines at a Southern Tier resort casino is scheduled to be taxed at a rate of 37%. For gaming revenue generated from table games, a Southern Tier Casino is scheduled to be taxed at a rate of 10%. An annual fee of $500 is assessed on every gaming device and table game at the casino. Lago Resort and Casino will also be required to pay an annual regulatory fee, which is currently estimated to be $875,000. Proposing to operate in the Southern Tier, Lago Resort and Casino would also be responsible for making up the difference in Tioga Downs' payments to support purses and breeders.

As described in the section of this report titled, ***Gaming Revenue Impacts***, Lago Resort Casino is expected to impact Tioga Downs by $4.7 million (or 2% of Lago's gross gaming revenues) in its first full year of stabilized operations. Based on current (as of June 2014) New York racetrack casino gaming taxation, Tioga Downs is required to pay 10% of its gross gaming revenues towards purses and breeder development funds. A loss of $4.7 million of gross gaming revenues at Tioga Downs would result in a loss of $470,000 in payments to support racing activity.

In total, TMG projects total gaming tax and fee revenue collected from the facility by the first full year of stabilized operations [redacted] For further details of TMG's gaming tax and fee revenue projections, see the ***Operating Pro Forma*** section of this report.

Non-Gaming Tax & Fee Revenue Impacts

Lago Resort and Casino is expected to generate further non-gaming tax revenues for New York and Seneca County. These tax revenues would come from the sales & use tax, the hotel tax, and payments to Seneca County and the Town of Tyre. All projections of these taxes are based on TMG Consulting's operating models and HVS's projections of hotel revenues for 2017, the expected first full year of stabilized operations. For further details, see the ***Operating Pro Forma*** section of this report.

Sales & Use Tax Revenues from Operations

Lago Resort's revenue from food & beverage sales, hotel sales, and other on-site sales are expected to generate sales tax revenue for both New York and Seneca County. New York levies a 4% state sales tax and Seneca County levies a local sales tax of 4%. Applying the respective sales tax rates to Lago Resort and Casino's projected taxable revenue of approximately [redacted].

Sales & Use Tax Revenues from Operational Purchases

Based on TMG Consulting's operating pro forma, Lago Resort and Casino is expected to spend $13.8 million annually on taxable operational purchases. New York levies a 4% state sales tax and Seneca County levies a local sales tax of 4%. Applying the respective sales tax rates to Lago Resort and Casino's projected operational purchases yields $551,000 in tax revenue to New York and $551,000 million to Seneca County.

Room Occupancy Tax Revenues from Hotel

Hotel rentals are subject to a hotel tax of 3% in Seneca County. [redacted] in taxable hotel room revenues in 2017. Based on the taxing structure previously described, Seneca County can expect to receive approximately $251,000 annually from Lago Resort and Casino hotel room rentals.

Payments to Town of Tyre, and Schools and Seneca County per Host Community Agreements

Lago Resort and Casino has tentatively agreed to pay the Town of Tyre $750,000 in host community fees annually and $1.275 million to the schools and Seneca County annually. In total, the host communities are expected to receive $2 million annually from Lago Resort and Casino.

Total Tax and Fee Revenue from Operations

The following table details the expected tax and fee revenue to be generated by Lago Resort and Casino's operations.

[redacted]

Earnings Impact on Tax Revenues

[redacted]

Impact on State and Local Taxes & Fees Revenue

To determine the taxes from employment resulting from new and ongoing operations in New York and the Seneca County-area, TMG calculated the average percentage of personal income (a proxy to earnings) representing state and local tax revenues (the effective tax rate) based on historical Bureau of Economic Analysis data. For the years 2003 through 2012, TMG estimated the effective state tax collection rate by dividing state income tax revenue by all disposable personal income generated in New York.

Likewise, TMG estimated the effective local tax rate by dividing local tax revenue by disposable personal income for each year in the ten-year period. However, since the bulk of local taxes paid in New York are income taxes and local income taxes are not applicable to the area we project Lago Resort and Casino's impact to be concentrated in, we calculated the effective local tax rate less income taxes.

These ten-year averages for effective tax rates, coupled with TMG's projections of Lago Resort and Casino's impact on area earnings, were used to generate projections of state and local tax and fee revenue impacts. Impacts on tax revenues were projected with the governing assumption that no significant changes would occur to New York tax structure or the local tax structure throughout the projection period. The following table presents the previously referenced ten-year historical data and TMG's estimated effective tax rates for state and local taxes.

Historical New York Disposable Personal Income and State and Local Tax Revenue*: Average-Case Scenario

Year	NY Disposable Personal Income (P.I.)	State Tax Revenue*	Effective State Tax Rate (% of P.I.)	Local Tax Revenue*	Effective Local Tax Rate (% of P.I.)	Effective Local Tax Rate less Income Tax(% of P.I.)	Effective Local Tax Rate less Income Tax (% of P.I.)
2003	$614,675,783	$23,926,483	3.89%	$5,226,337	0.85%	$335,255	0.05%
2004	$650,553,384	$27,574,095	4.24%	$6,498,507	1.00%	$387,574	0.06%
2005	$678,032,333	$29,730,241	4.38%	$7,607,414	1.12%	$414,296	0.06%
2006	$721,945,509	$35,247,389	4.88%	$8,314,580	1.15%	$437,478	0.06%
2007	$771,143,218	$36,396,781	4.72%	$9,309,204	1.21%	$285,763	0.04%
2008	$800,485,403	$40,016,198	5.00%	$9,167,784	1.15%	$261,333	0.03%
2009	$802,940,282	$33,692,356	4.20%	$7,481,173	0.93%	$249,020	0.03%
2010	$833,614,379	$35,858,469	4.30%	$8,195,725	0.98%	$256,305	0.03%
2011	$867,234,023	$39,072,835	4.51%	$8,534,686	0.98%	$271,377	0.03%
2012	$889,724,216	$41,065,533	4.62%	$8,706,293	0.98%	$275,032	0.03%
	10 Year Average Effective Rate		**4.49%**		**1.04%**		**0.04%**

Source: SA50 Personal Current Taxes, Bureau of Economic Analysis; TMG Consulting analysis
*Notes: Dollars shown in thousands. State Tax Revenue consists of revenue from mostly income taxes, but includes revenue from motor vehicle licenses. Local Tax Revenue consists of revenue from mostly income taxes, but includes revenue from motor vehicle licenses and other miscellaneous taxes (primarily hunting and fishing licenses). Income taxes collected at the local level are concentrated in the New York City-area, which is outside of the region we would expect the Lago Casino & Resort to have impacts on. Therefore, we calculate the effect local tax rate less local income tax for calculations in our socioeconomic models.

Given significant unemployment in the Rochester-Batavia-Seneca Falls Combined Statistical Area, which includes Seneca County and the Town of Tyre, TMG does not anticipate that all casino-related employees

will relocate into the immediate area. Rather, we expect these new employees to be distributed throughout the region. This region would collectively share the local tax revenues generated by its residents. Our calculations yielded an average effective state tax rate of 4.49%, and an average effective local tax rate of 0.04% (after removing local income taxes).

After applying each average effective tax rate to the total taxable annual income of approximately $67.3 million (the projected impact of Lago Resort and Casino on earnings), TMG estimates that New York could receive approximately $3.0 million in state tax revenues. The local area (primarily Seneca County and surrounding areas) is estimated to benefit from $28,000 in tax revenues and fees. The following table summarizes these projections.

Impact on State and Local Taxes and Fees, 2017 (in millions): Average-Case Scenario

Category	% of Personal Income	Recurring Earnings Impact	Tax Revenue
State Taxes and Fees	4.49%	$67.27 M	$3.02 M
Local Taxes and Fees	0.04%	$67.27 M	$0.03 M

Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce; TMG Consulting

Impact on State & Local Sales Tax Revenue

The Lago facility's projected impact on earnings is expected to increase discretionary spending. Using the national consumer expenditure survey for 2012 from the Bureau of Labor Statistics, TMG calculated that discretionary income represents 38.5% of total personal income that is subject to sales taxes in New York. Discretionary income is defined as the amount of income after taxes and fixed living expenses (food, housing, transportation, health care, insurance, etc.) and can be used to project future sales & use tax revenues. Taking 38.5% of the projected increase in earnings attributed to Lago Resort and Casino ($67.3 million) resulted in the total discretionary income of $25.9 million that is subject to sales and use taxes.

Applying the state sales and use tax rate of 4% to projected discretionary spending on taxable goods and services yielded a projection of an additional $1.0 million in state sales tax revenues. Local government (expected to primarily be Seneca County and surrounding areas) based on a local sales and use tax rate of 4% could receive $1.0 million in new tax revenues. The following table summarizes these projections.

Impact from Recurring Earnings on State and Local Revenue from Sales and Use Tax, 2017 (in millions): Average-Case Scenario

Category	Tax Rate	Taxable Amount	Tax Revenue
Sales and Use (State)	4.00%	$25.91 M	$1.04 M
Sales & Use (Seneca and nearby Counties)	4.00%	$25.91 M	$1.04 M
Total Sales & Use Tax Revenue from Recurring Earnings	**8.00%**	**$25.91 M**	**$2.07 M**

Source: Bureau of Labor Statistics; New York Department of Revenue; TMG Consulting Estimates

ONE-TIME CONSTRUCTION & OPENING IMPACT

In addition to the recurring impacts previously described, Lago Resort and Casino will have a one-time impact in New York, Seneca County, and other local governments resulting from its construction and pre-opening expenditures in the State.

Employment Impact

Wilmorite Construction, L.L.C. provided TMG with the estimated FTE jobs and expenditures associated with building the Lago Resort and Casino. JNB Gaming provided TMG Consulting with a pre-opening labor plan which details expected FTE employment levels and payroll at Lago Resort and Casino for the period prior to its grand opening. It should be noted that while the pre-opening labor at Lago Resort and Casino will lead to the recurring employment impacts previously discussed, the pre-opening labor serves a one-time purpose of preparing Lago Resort and Casino for opening to the public, and is, thus, a component of the one-time impacts.

Each of these one-time employment sources was coupled with the appropriate RIMS II direct effect employment multiplier for its corresponding department/industry to determine the total number of jobs created in all industries in New York. Given the approximately 2,304 FTE construction jobs and pre-opening jobs created at Lago Resort and Casino during the one-time impact period, an additional 1,541 indirect and induced jobs are expected to be created in all industries, for a total of approximately 3,845 jobs in the New York economy.

It is important to note the nature of the construction industry: multiple short-term projects are underway year-in and year-out. Thus, the Lago Resort and Casino development would be one in a series of projects for construction workers who move from job to job. Net additional construction jobs would not be created but would rather allow the construction industry to continue to prosper and maintain its workers as they move from job to job. The following table details our projection for one-time employment impacts.

Employment Impact from
Lago Resort and Casino Development, One-Time: Average-Case Scenario

Employment Type	Direct Impact Jobs Attributable to Lago one-Time Spending	Direct Effect Employment Multiplier (NY)	Total Jobs Impact Jobs Sustained in All Industries
Construction	1,076	1.8472	1,988
Accounting	38	1.7459	66
Casino	586	1.3535	793
Facilities support services	187	1.6561	310
Food & Beverage	241	1.3702	330
Hotel	53	1.6508	87
IT	7	2.1731	15
Management & related	92	2.0004	184
Valet	24	2.9709	71
Total	**2,304**		**3,845**

Source: Bureau of Economic Analysis; JNB Gaming; TMG Consulting

Earnings Impact

One-time expenditures create a one-time impact on earnings. Pairing the one-time salary expenditure estimates for direct construction and pre-opening labor ($151.1 million) with RIMS direct effect earnings multipliers results in a projected total earnings impact of $257.3 million. The indirect and induced earnings impact of these one-time expenditures would be $106.2 million. The following table details the projection.

One-Time Earnings Impact from
Lago Resort and Casino Development, 2014 (in millions): Average-Case Scenario

Employment Type	Earnings Expense Estimate	Direct Effect Earnings Multiplier (NY)	Total Earnings Impact Earnings Sustained in All Industries
Construction	$112.00 M	1.6951	$189.85 M
Accounting	$1.64 M	1.5955	$2.62 M
Casino	$19.08 M	1.6509	$31.50 M
Facilities support services	$5.54 M	1.7998	$9.97 M
Food & Beverage	$5.37 M	1.7984	$9.66 M
Hotel	$1.50 M	1.8356	$2.76 M
IT	$0.29 M	1.5935	$0.47 M
Management & related	$5.11 M	1.7220	$8.81 M
Valet	$0.59 M	2.8395	$1.68 M
Total	**$151.14 M**		**$257.32 M**

Source: Bureau of Economic Analysis; Wilmorite Construction, L.L.C.; JNB Gaming; TMG Consulting
Note: Earnings expense excludes benefits

With unemployment in the primary and surrounding areas from which the Lago facility would be drawing its employees, the additional jobs created by the development will likely be absorbed by workers throughout the area through a "filtering up" process. That is, some of the unemployed will take lower paying jobs that become available as the work force moves up to fill the new positions at the proposed facility. Therefore, we do not anticipate any significant migrations to Seneca County and the Town of Tyre to fill jobs created by the casino.

Tax & Fees Impact

The process of getting the Lago Resort and Casino facility constructed and opened will result in the collection of one-time fees and taxes by New York Seneca County, and other affected local governments. These taxes and fees will result from direct expenditures associated with constructing the Lago Resort and Casino facility, acquiring a casino license, and from increased tax revenues resulting from the one-time spending impact on earnings.

One-time Gaming License & Application Fee

To operate a Southern Tier resort casino in New York, Lago Resort and Casino will be required to pay a license application fee and, if approved, purchase a gaming license. The combined cost of these items is $51 million—$50 million for the gaming license and $1 million for the license application fee.

Sales & Use Tax Revenue Impacts

The construction of Lago Resort and Casino is expected to expend $30.3 million on materials subject to the New York sales and use tax. These taxable items include FF&E[4] and construction materials. Additionally, pre-opening operations will generate $17.0 million in taxable purchases. These purchases are anticipated to take place in New York, resulting in sales tax revenues for both New York and affected counties. Based on a 4% sales tax rate, New York could receive as much as $1.9 million in tax revenue from Lago Resort's one-time purchases of construction materials and non-gaming equipment FF&E. Likewise, Seneca County and other applicable New York counties could receive as much as $1.9 million in sales tax revenue from Lago Resort and Casino's one-time expenditures.

Earnings Impact on State and Local Tax Revenues

Following the same methodologies as previously described for projecting the impact increased earnings could have on state and local government tax revenues, TMG projected increased state and local tax revenues expected to result from the one-time $272.3 million increase in earnings.

The state is expected to receive $15.5 million in tax revenues and fees from the one-time increase in earnings. Local governments (primarily estimated to be Seneca County and surrounding governments) are expected to receive $4.0 million tax revenues and fees.

[4] Furnishings, Fixtures, & Equipment (FF&E) costs include gaming equipment purchases. TMG Consulting conservatively assumes that all slot and table gaming equipment purchases will occur outside of New York.

The following table summarizes all of the one-time tax revenue and fee impacts previously described.

One-Time Tax & Fee Impacts from Lago Resort and Casino Development, 2014 (in millions): Average-Case Scenario

Category	Taxable Amount	Local Tax Impact	Local Tax Rate	State Tax Impact	State Tax Rate
Direct Impacts					
Gaming					
Licensing Fee				$50.00 M	
Application Fee				$1.00 M	
Total Gaming Fee Revenue		**$.0 M**		**$51.0 M**	
Sales & Use					
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					
Earnings[2]					
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.

DISTRIBUTION OF IMPACTS

The Regional Input-Output Modeling System (RIMS II), as previously described provides a means to project total regional impacts of jobs and earnings, but lacks a means to estimate the beneficiaries of these impacts. To achieve this, TMG Consulting utilized a combination of its custom gravity model for the Lago Resort and Casino development and Wilmorite, Inc.'s commitment[5] to hire locally and to utilize local contractors and suppliers.

TMG Consulting, based on Wimorite's pledge to hire and buy locally, estimates that Lago Resort and Casino's economic impact should be contained within a 60 minute drive-time of the facility. Utilizing our gravity model, we allocated total projected jobs and earnings to the primary market area (a proxy for the local community and the area within approximately a 30 minute drive from Lago Resort and Casino)

[5] Host Community Agreement Constituting a "Community Mitigation Plan" As Contemplated by the Upstate New York Gaming Economic Development Act Of 2013 Among Town Of Tyre, Whitetail 414, LLC and Wilmorite, Inc., Dated as of June 17, 2014.

and the secondary market area (the area within approximately a 30-60 minute drive from Lago Resort and Casino).

Based on our analysis, we conclude that the local community (primary market area) could benefit from 298 recurring on-site (direct) jobs at Lago Resort and Casino and 153 recurring indirect and induced jobs with a total of $16.3 million in earnings. In terms of one-time impacts from construction and pre-opening, we conclude the local community could benefit from 558 on-site, one-time construction and pre-opening jobs, 373 one-time indirect and induced jobs, and $62.3 million in one-time earnings. The tables below detail these projections.

Projected Distribution of Recurring Jobs and Earnings Impacts: Average-Case Scenario

Location	Direct Jobs On-Site Impact	Direct Jobs Impact (Residence)	Indirect & Induced Jobs Impact	Estimated Indirect and Induced Jobs Impact to Location	Total Earnings Impact (2017$)	Estimated Earnings Impact to Location
60-Minute Drive-Time Ring	**1,230**		**632**		**$67.27 M**	
Primary Market Area (30 minutes)		298		153		$16.29 M
Secondary Market Area (30-60 minutes)		932		479		$50.98 M

Source: TMG Consulting

Projected Distribution of One-Time Jobs and Earnings Impacts: Average-Case Scenario

Location	Direct Jobs On-Site Impact	Direct Jobs Impact (Residence)	Indirect & Induced Jobs Impact	Estimated Indirect and Induced Jobs Impact to Location	Total Earnings Impact (2017$)	Estimated Earnings Impact to Location
60-Minute Drive-Time Ring	**2,304**		**1,541**		**$257.32 M**	
Primary Market Area (30 minutes)		558		373		$62.32 M
Secondary Market Area (30-60 minutes)		1,746		1,168		$195.00 M

Source: TMG Consulting

SUMMARY OF IMPACTS

Impact Summary

The following is a summary of all projected impacts previously described.

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: Average-Case Scenario

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.

[redacted]

One-time Tax & Fee Revenue

One-time tax revenues to New York, Seneca County, and other local governments are expected to result from Lago Resort and Casino's development and pre-opening expenditures. Based on TMG's projections, **New York could expect to receive approximately $68.4 million in one-time tax and fee revenues. Seneca County and other local governments could expect to receive approximately $6.0 million in one-time tax and fee revenues** from developmental expenditures. 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): Average-Case Scenario

Category	Taxable Amount	Local Tax Impact	Local Tax Rate	State Tax Impact	State Tax Rate
Direct Impacts					
Gaming					
Licensing Fee				$50.00 M	
Application Fee				$1.00 M	
Total Gaming Fee Revenue		**$.0 M**		**$51.0 M**	
Sales & Use					
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					
Earnings[2]					
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.

Low-Case and High-Case Scenario Impact Summaries

Socioeconomic impact projections for the low-case and high-case scenarios follow the same methodology as the average-case scenario. The differences between these three scenarios are their inputs which are the result of case-specific gaming market projections by TMG Consulting, labor plans by JNB Gaming, and operating projections by TMG Consulting.

LOW-CASE SCENARIO

Employment

The Lago Resort and Casino facility, through its ongoing operations 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 **1,384 permanent jobs throughout New York.** In addition to the recurring jobs impact, construction and opening of the facility is expected to create **3,368 short-term jobs throughout New York.** The following table summarizes the projected jobs impact.

Employment Impact Summary: Low-Case Scenario

Employment Impact	Direct Jobs	Indirect & Induced Jobs	Total Jobs
From Lago Resort and Casino Operations	928	456	1,384
One-time (Construction and One-Time Spending)	2,002	1,366	3,368

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 $73.5 million annually in tax and fee revenues. Seneca County and other local governments can expect to receive approximately $6.1 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.

[redacted]

One-time Tax & Fee Revenue

One-time tax revenues to New York, Seneca County, and other local governments are expected to result from Lago Resort and Casino's development and pre-opening expenditures. Based on TMG's projections, **New York could expect to receive approximately $67.5 million in one-time tax and fee revenues. Seneca County and other local governments could expect to receive approximately $5.7 million in one-time tax and fee revenues** from developmental expenditures. 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): Low-Case Scenario

Category	Taxable Amount	Local Tax Impact	Local Tax Rate	State Tax Impact	State Tax Rate
Direct Impacts					
Gaming					
One-Time Application Payments				$50.00 M	
Application Fee				$1.00 M	
Total Gaming Fee Revenue		**$.0 M**		**$51.0 M**	
Sales & Use					
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					
Earnings[2]					
State & Local Taxes & Fees	$242.14 M	$0.10 M	0.04%	$10.87 M	4.49%
Sales & Use	$93.28 M	$3.73 M	4.0%	$3.73 M	4.00%
Total Tax Revenue from Earnings		**$3.83 M**		**$14.60 M**	
Total Tax Impact		**$5.72 M**		**$67.49 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.

DISTRIBUTION OF IMPACTS

Based on our analysis, we conclude that the local community (primary market area) could benefit from 225 recurring on-site (direct) jobs at Lago Resort and Casino and 110 recurring indirect and induced jobs with a total of $12.6 million in earnings. In terms of one-time impacts from construction and pre-opening, we conclude the local community could benefit from 485 on-site, one-time construction and pre-opening jobs, 331 one-time indirect and induced jobs, and $58.7 million in one-time earnings. The tables below detail these projections.

Projected Distribution of Recurring Jobs and Earnings Impacts: Low-Case Scenario

Location	Direct Jobs On-Site Impact	Direct Jobs Impact (Residence)	Indirect & Induced Jobs Impact	Estimated Indirect and Induced Jobs Impact to Location	Total Earnings Impact (2017$)	Estimated Earnings Impact to Location
60-Minute Drive-Time Ring	**928**		**456**		**$52.15 M**	
Primary Market Area (30 minutes)		225		110		$12.63 M
Secondary Market Area (30-60 minutes)		703		346		$39.52 M

Source: TMG Consulting

Projected Distribution of One-Time Jobs and Earnings Impacts: Low-Case Scenario

Location	Direct Jobs On-Site Impact	Direct Jobs Impact (Residence)	Indirect & Induced Jobs Impact	Estimated Indirect and Induced Jobs Impact to Location	Total Earnings Impact (2017$)	Estimated Earnings Impact to Location
60-Minute Drive-Time Ring	**2,002**		**1,366**		**$242.14 M**	
Primary Market Area (30 minutes)		485		331		$58.65 M
Secondary Market Area (30-60 minutes)		1,517		1,035		$183.50 M

Source: TMG Consulting

HIGH-CASE SCENARIO

Employment

The Lago Resort and Casino facility, through its ongoing operations 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 **2,324 permanent jobs throughout New York.** In addition to the recurring jobs impact, construction and opening of the facility is expected to create **4,309 short-term jobs throughout New York.** The following table summarizes the projected jobs impact.

Employment Impact Summary, High-Case Scenario

Employment Impact	Direct Jobs	Indirect & Induced Jobs	Total Jobs
From Lago Resort and Casino Operations	1,520	804	2,324
One-time (Construction and One-Time Spending)	2,595	1,714	4,309

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 $92.7 million annually in tax and fee revenues. Seneca County and other local governments can expect to receive approximately $6.7 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.

[redacted]

One-time Tax & Fee Revenue

One-time tax revenues to New York, Seneca County, and other local governments are expected to result from Lago Resort and Casino's development and pre-opening expenditures. Based on TMG's projections, **New York could expect to receive approximately $69.3 million in one-time tax and fee revenues. Seneca County and other local governments could expect to receive approximately $6.2 million in one-time tax and fee revenues** from developmental expenditures. The following table summarizes these tax and fee revenue impacts.

One-Time Impacts from Lago Resort and Casino Development, 2014 (in millions): High-Case Scenario

Category	Taxable Amount	Local Tax Impact	Local Tax Rate	State Tax Impact	State Tax Rate
Direct Impacts					
Gaming					
One-Time Application Payments				$50.00 M	
Application Fee				$1.00 M	
Total Gaming Fee Revenue		**$.0 M**		**$51.0 M**	
Sales & Use					
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					
Earnings2					
State & Local Taxes & Fees	$271.37 M	$0.11 M	0.04%	$12.18 M	4.49%
Sales & Use	$104.54 M	$4.18 M	4.0%	$4.18 M	4.00%
Total Tax Revenue from Earnings		**$4.29 M**		**$16.37 M**	
Total Tax Impact		**$6.19 M**		**$69.26 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.

DISTRIBUTION OF IMPACTS

Based on our analysis, we conclude that the local community (primary market area) could benefit from 368 recurring on-site (direct) jobs at Lago Resort and Casino and 195 recurring indirect and induced jobs with a total of $19.7 million in earnings. In terms of one-time impacts from construction and pre-opening, we conclude the local community could benefit from 629 on-site, one-time construction and pre-opening jobs, 415 one-time indirect and induced jobs, and $65.7 million in one-time earnings. The tables below detail these projections.

Projected Distribution of Recurring Jobs and Earnings Impacts: High-Case Scenario

Location	Direct Jobs On-Site Impact	Direct Jobs Impact (Residence)	Indirect & Induced Jobs Impact	Estimated Indirect and Induced Jobs Impact to Location	Total Earnings Impact (2017$)	Estimated Earnings Impact to Location
60-Minute Drive-Time Ring	**1,520**		**804**		**$81.24 M**	
Primary Market Area (30 minutes)		368		195		$19.68 M
Secondary Market Area (30-60 minutes)		1,152		609		$61.56 M

Source: TMG Consulting

Projected Distribution of One-Time Jobs and Earnings Impacts: High-Case Scenario

Location	Direct Jobs On-Site Impact	Direct Jobs Impact (Residence)	Indirect & Induced Jobs Impact	Estimated Indirect and Induced Jobs Impact to Location	Total Earnings Impact (2017$)	Estimated Earnings Impact to Location
60-Minute Drive-Time Ring	**2,595**		**1,714**		**$271.37 M**	
Primary Market Area (30 minutes)		629		415		$65.73 M
Secondary Market Area (30-60 minutes)		1,966		1,299		$205.65 M

Source: TMG Consulting

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.

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

Exhibit VIII.B.3.b LOCAL AND REGIONAL ECONOMIC IMPACT STUDY

Lago Resort and Casino had a third party study done by The Center for Governmental Research that addresses the possible negative impact of the casino. These focused on Problem Gaming, Fire Service, Law Enforcement, Emergency Medical Service, and School Populations. See attachment VIII.B.3.b CGR Report Attachment 1 of 2. Based on this report the Lago Resort and Casino came to an agreement with the Local Municipality in the form of a Host Community Agreement to address all possible issues raised by the study. See Exhibit IX.A.3 Host Community Agreement Attachment. In addition to The Center for Governmental Research Report Lago also had a third party study done by TMG. They could not find any negative impacts on cultural institutions or small business. In addition they showed the increased pay rates and Job Creation in the County and the 60 minute drive time to be a major benefit to the region. See attachment VIII.B.3.b Economic Impact study. For the effects on the overall region see Exhibit VIII.B.3.a as well as attachment VIII.B.3.a TMG Socioeconomic Impact.

Impacts of Wilmot Casino on Primary Impact Area

Emphasis on Socioeconomic & Public Safety

June, 2014

CGR

Inform & Empower
Center for Governmental Research

Impacts of Wilmot Casino on Primary Impact Area

Emphasis on Socioeconomic & Public Safety

June, 2014

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Town of Tyre, Seneca County

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Impacts of Wilmot Casino on Primary Impact Area

Emphasis on Socioeconomic & Public Safety

June, 2014

SUMMARY

CGR was engaged by the Town of Tyre to assess the impact of the proposed Wilmot Resort and Casino on the community. The study encompasses the impact on the local labor market, the incidence and cost of problem gambling, the consequences for the cost of public services, particularly public safety and local public education.

In each of these areas, CGR presented recommendations on mitigation. These recommendations contributed to the dialogue among the Town of Tyre, Seneca County and Wilmorite, Inc. through its affiliate Whitetail 414, LLC*.

CGR also studied the "host community agreements" negotiated in the State of Massachusetts between casino developers and local governments. Analysis of these agreements informed the negotiation between Tyre and the developers.

Finally, CGR reviewed the final Host Community Agreement (HCA) negotiated between the developers and the Town of Tyre and determined that the HCA addressed the issues raised both in a report developed by Cornel Cooperative Extension for the Town of Tyre and a draft of this report.

*References to "Wilmorite" in this report refer to Wilmorite, Inc. through its affiliate Whitetail 414, LLC for itself and on behalf of a project entity that will pursue the Gaming License.

Acknowledgements

CGR is grateful to a number of local law enforcement agencies who provided information on the impact on service demand of gaming facilities within their jurisdictions. We also received the assistance of many Seneca County officials.

Wilmorite provided CGR with confidential access to the consulting studies that formed the basis of their facility planning and financial forecasts.

Staff Team

Paul Bishop, Senior Associate at CGR, conducted the assessment of public safety impacts. Rachel Rhodes, Research Assistant, supported the project in a variety ways.

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Introduction

The Wilmorite Corporation is in the process of competing for a license to operate a full service casino in Seneca County. As a consequence of a constitutional amendment passed by the voters of New York in November 2013, four licenses are being made available by selected regions across the state.

Wilmorite has identified a site in the Town of Tyre in Seneca County and is seeking local approval and support for its application to the Casino Siting Commission. Concerned about the implications of siting a major facility in a lightly populated, rural portion of the state, the Town of Tyre solicited proposals to review the Wilmorite application and support the Town's negotiations with Wilmorite over a host community agreement. As a member of a partnership led by Barton & Loguidice, CGR was selected to support analysis of the economic and social impacts of the proposed development.

Social Impacts

Explicit in CGR's contract with the Town of Tyre is an assessment of the extent and cost of social impacts on Seneca County.

Economic & Market Analysis

Wilmorite engaged its own consultant, Maxim Strategy Group (MSG), to complete both a Market Analysis and an Economic Impact Analysis of the project. As the analysis has already been completed, CGR's role is limited to reviewing and commenting on the validity of the assumptions and analyses as they pertain to the development of the casino and its impact on the Town of Tyre.

Community Services Analysis

Rather than engaging a separate consultant and in the interest of efficiency, Wilmorite has asked that CGR and Barton & Loguidice perform the community services impact assessment. In this instance, B&L will be responsible for assessing the cost of the casino development on the built environment and CGR is responsible for the impact on other services. The following are CGR's responsibilities:

- Public Safety
  - Fire
  - EMS
  - Police
  - Justice

Host Community Agreements: Analysis of Class III Proposals in Massachusetts with Application to Wilmot Casino & Resort

Finally, CGR conducted an analysis of the "host community agreements" negotiated between prospective casino host sites and casino developers. Under Massachusetts' Expanded Gaming Act of 2011, the Commonwealth is in the process of approving three destination gaming facilities. Each site must be approved by a referendum held in the host community. Each developer negotiated a set of payments with the host community and surrounding communities in advance of the referendum.

The license for Region A will be awarded by September. In Region B, the license will be awarded in June. The Region C license will be awarded in February, 2015.

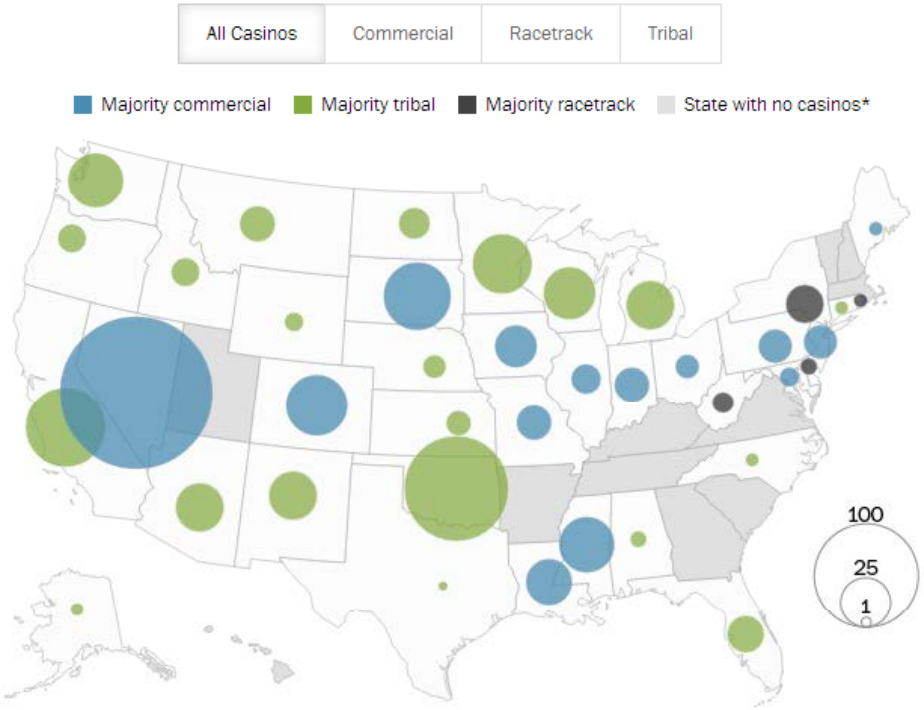
Social Impacts of Gambling

Gambling in the United States

For most Americans, gambling is a benign form of recreation that spans the purchase of an occasional lottery ticket or a game of "penny stakes" poker with friends to a vacation to a prominent gambling destination like Las Vegas or Atlantic City.

Attitudes toward gambling are reflected in the prevalence of state-sponsored lotteries. Following a few early scandals, by 1860 every state but Delaware, Missouri and Kentucky had outlawed lotteries. Perspectives had shifted considerably a century later. The first state in the modern era to establish a lottery was New Hampshire in 1964. Now 44 states now sponsor a lottery of some form.

The *Washington Post* observes that casino-like gambling is now permitted in 40 states (if you include newcomer Massachusetts),* up from only two a few decades ago.



Gambling in New York State

Constitutionally banned in New York State, casino gambling was first introduced to state residents as a consequence of the Indian Gaming Regulatory Act of 1988 (IGRA). As partial settlement for land claims, the State of New York negotiated compacts with the Oneida, St. Regis Mohawk, and Seneca nations, permitting the establishment of what was termed "Class III" gaming under the IGRA. The constitutional prohibition was deemed not to apply as the casinos are sited on land considered sovereign Indian territory.

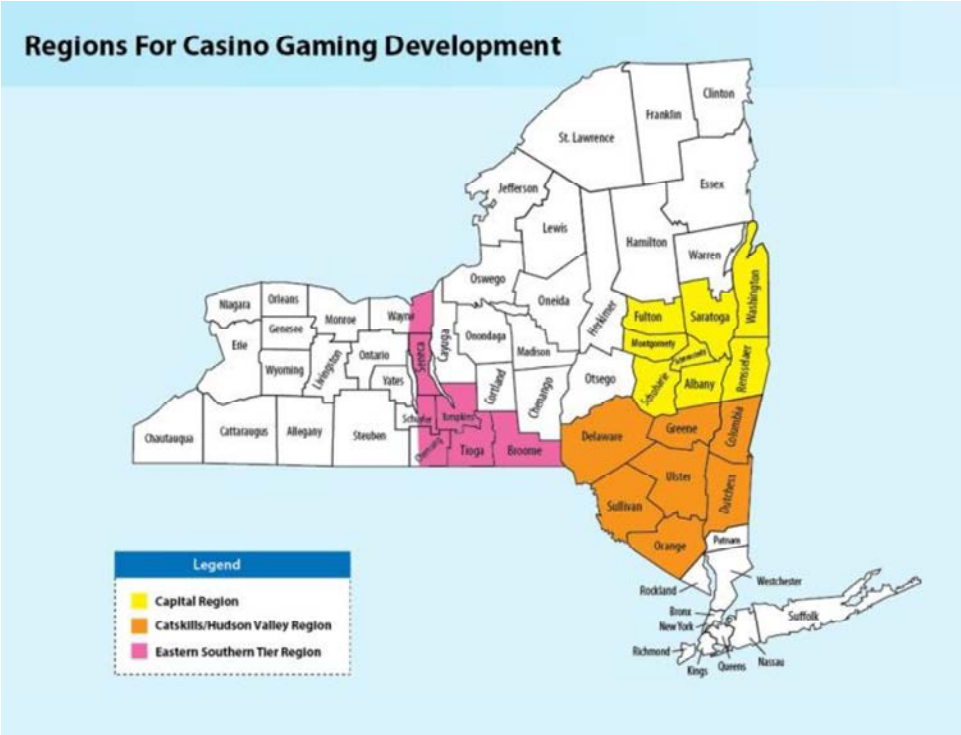
Slot-like video machines—Video Lottery Terminals or "VLTs"—and electronic versions of table games were legalized in 2002 and now are available at nine racetracks throughout the state. The Resorts World Casino in Queens also offers patrons access to VLTs.

* Washington Post, *Casinos hold sway in 39 states, up from just two a few decades ago*, 12/2/13. http://www.washingtonpost.com/blogs/govbeat/wp/2013/12/02/casinos-hold-sway-in-39-states-up-from-just-two-a-few-decades-ago/

Given the flow of NYS residents to other states to gamble, the state's political leaders have long considered seeking a reversal of the constitutional ban on Class III gaming within the state. The Upstate New York Gaming Economic Development Act ("The Gaming Act") established procedures for establishing commercial gaming in New York, following a statewide referendum in November 2013 that supported the required constitutional change.

The NYS Gaming Commission established a procedure for soliciting proposals from developers, dividing the state into three eligible regions (NYC being ineligible in this first round). At least one casino will be granted a license in each region, with one region allowed two.

The proposed Wilmot Casino & Resort is part of Region 5 (labeled Eastern Southern Tier in the map below) which is defined by the Gaming Act as areas that traditionally are included in the Finger Lakes Economic Development Region and the Southern Tier Economic Development Region. It includes all of Broome, Tioga and Tompkins counties and substantial portions of Chemung, Schuyler, Seneca and Wayne counties. The northern portion of the region is sandwiched between the regions awarded exclusively to the Seneca Nation to the west and the Oneida Nation to the east.



Gambling Addiction

According to the National Council on Problem Gambling about 85% of U.S. adults have gambled at least once in their lives. Between 60% and 70% have gambled within the last year.[*] Of those who have gambled within the past year, about 95% of them have done so without any major negative consequences. However, while for most people gambling is a social and exciting pastime, for others it can develop into a habit as addicting and dangerous as alcoholism or substance abuse.

Gambling is a diagnosable addiction. The Diagnostic and Statistical Manual (DSM-IV) of the American Psychiatric Association provides ten criteria for the diagnosis of a gambling addiction that typically is broken into two levels: problem gambling (3-4 criteria met) and pathological gambling (5 or more criteria met). The criteria are:

- Preoccupation;
- Tolerance (betting more money to feel the same excitement);
- Withdrawal;
- Loss of Control;
- Escape (gambled as a way of escaping personal problems);
- Chasing (losing money one day, return another to "get even");
- Lying;
- Illegal Acts;
- Risked Relationships; and,
- Bailout.

The consequences of gambling addiction have been extensively studied, although the complexity of the pathology makes precise measurement of the impacts, thus prediction of the consequences of adding new venues, very difficult. A recent meta-analysis of the literature by the Canadian Consortium for Gambling Research[†] considered the results of 492 studies, classifying each by the quality of its methodology and the nature of its conclusions. In their summary, the authors observe the following:

> *One of the main negative impacts of gambling introduction is an increase in problem gambling and its related indices (e.g., bankruptcy, divorce, suicide, treatment numbers). The bulk of the impacts tend to be social/nonmonetary in nature because only the*

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[*] National Council on Problem Gambling, "How widespread is gambling in the U.S.?," http://goo.gl/PjQO6k.

[†] Williams, R.J., Rehm, J., & Stevens, R.M.G. (2011). *The Social and Economic Impacts of Gambling*. Final Report prepared for the Canadian Consortium for Gambling Research. March 11, 2011. http://goo.gl/3MxFFb

minority of problem gamblers seek or receive treatment, and only a minority typically have police/child welfare/employment involvement.

Prevalence of Problem and Pathological Gambling

Determining the prevalence of problem and pathological gambling can be challenging as the data is gathered via surveys and survey methodology can vary by location and/or researcher. Studies have confirmed that prevalence varies by a range of socioeconomic and geographic factors, explaining some of variation observed across various measures of prevalence.

Shaffer, Hall, and Vander Bilt, in a 1997 gambling prevalence study,* aggregated 120 surveys conducted by various states and provinces in the United States and Canada (including New York). The authors sought to stabilize their prevalence rates by conducting a multi-method estimator analysis. Sixteen estimation methods were used to calculate a mean prevalence rate for adults, adolescents, college students, and a treatment population (those in treatment for gambling problems). The averages derived from this analysis were similar to the widely accepted rates of 2-3% for problem and 1% for pathological gambling among adults as noted by the National Council on Problem Gambling.

Problem and Pathological Gambling Prevalence in the U.S. and Canada (1997)

	Problem Gambling		*Pathological Gambling*	
	%	95% CI	%	95% CI
Adult Mean (PY)	2.4%	1.95-3.65	1.0%	.90-1.38
Adolescent Mean (PY)	14.0%	8.99-20.66	5.3%	3.17-8.37
College Mean (LT)	7.3%	4.43-14.12	4.6%	3.44-5.90
Treatment Group (LT)	14.1%	8.94-21.07	13.4%	10.70-17.75

*PY refers to past year rates, while LT refers to lifetime rates. For college and treatment groups, only lifetime data were available.

* Shaffer, H.J., Hall, M.N., and Vander Bilt, J. "Estimating the prevalence of disordered gambling behavior in the United States and Canada: a meta-analysis." Boston: Presidents and Fellows of Harvard College. 1997, http://goo.gl/GfpZ11.

In 2006, the New York State Office of Alcoholism and Substance Abuse Services (OASAS) conducted a statewide survey to collect information on the prevalence of gambling among adults.*

The study reported that

> *Approximately 5 percent of adults experienced problem gambling in the past year and may be in need treatment services. Among these 600,000 plus adults: 42 percent typically purchased state lottery tickets at least once per week; 14 percent typically bet on sports events once a week or more; 12 percent typically played cards at least once per week; and 10 percent typically bet money on games of skill once a week or more. While half of adults experiencing problem gambling had gambled at a casino in the past year, only 5 percent did so on a weekly basis. Adults experiencing problem gambling had first engaged in gambling at a younger age (19 years old on average) compared to all adults who have gambled in the past year (age 23 on average).*

Proximity's Influence on Problem Gambling

Most studies conducted on the proximity of gambling opportunities suggest that an accessible gambling opportunity increases the prevalence of problem and pathological gambling in the area immediately surrounding it. The two most comprehensive studies on gambling proximity, authored by Dean Gerstein and John Welte respectively, both finding that the prevalence of problem gambling was influenced by proximity.

In 1998, Gerstein worked with National Opinion Research Center (NORC) data to determine the largest impacts of gambling on behavior and communities in the U.S. Through the analysis of nearly 2,500 telephone surveys, 530 interviews, and a 100-community database, Gerstein and NORC found that problem and pathological gambling prevalence rates among adults increased by more than half among residents in a 50 mile radius of a gambling opportunity.†

University at Buffalo's Professor John Welte led a study of factors influencing the rate of gambling pathology. Through a telephone survey of

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* NYS OASAS, "Gambling Behaviors and Problem Gambling among Adults in New York State: Initial Findings from the 2006 OASAS Household Survey," http://goo.gl/3haxMW.

† National Opinion Research Center at the University of Chicago, "Gambling Impact and Behavior Study; Report to National Gambling Impact Study Commission," (1999) http://govinfo.library.unt.edu/ngisc/reports/gibstdy.pdf.

over 4,000 households nationwide (with a very robust response rate of 50%), Welte found that residents within 10 miles of a gambling opportunity were just over twice as likely to be a problem or pathological gambler—in their figures, 3.1% of the general population exhibited characteristics of problem or pathological gambling while that figure jumped to 7.2% for individuals living within 10 miles of a casino.*

Welte, *et al*, observe the following, however:

> *It is important to place these results in perspective. Individual traits have a stronger relationship to gambling pathology than geographic factors. For example, in another analysis of this same survey, we found a strong relationship between individual problem gambling and alcohol abuse or dependence . . . An individual's substance involvement tells us more about his likelihood of gambling pathology than any geographic factor.*

Implications for Town of Tyre

CGR was engaged by the Town of Tyre to employ national studies to assess the consequences of the proposed Wilmot Casino and Resort on local residents. To facilitate this analysis, Wilmorite give CGR access to its proprietary and confidential market assessment, conducted for the firm by the Maxim Strategy Group (MSG). CGR's analysis of both the socioeconomic impacts and the cost of public services is based on MSG's estimates of the number and residence of visitors to the proposed casino.

Population over 21

Market Segments	2017est
Primary (30 min drive)	135,027
Eastern Rochester	418,013
Western Rochester	270,870
Western Syracuse	210,992
Eastern Syracuse	254,248
Secondary SW	47,431
Ithaca	124,513
Eastern Buffalo	100,562
Buffalo	794,552
Utica / Rome	236,004
Watertown	95,199
Tertiary SE	66,580
Tioga Downs Primary	114,845
Binghamton	169,409
North Central PA	78,036
Total	**3,116,281**

Source: Applied Geographic Solutions via Maxim Strategy Group

MSG estimates visitation with a commonly-used "gravity" model that assumes that the share of the population patronizing a particular gaming venue depends on distance to that venue and the size of the venue (i.e. the number and variety of games and devices by venue). The

* Welte, J.W., W.F. Wieczorek, G.M. Barnes, M.-C.O. Tidwell and J.H. Hoffman, "The Relationship of Ecological and Geographic Factors to Gambling Behavior," Journal of Gambling Studies (2004), pg 405-423.

market is divided by travel time to the site.

Prevalence of Problem and Pathological Gambling in Primary Market

The primary local market for a casino in the Town of Tyre is defined by Maxim Strategy Group (MSG) as the area within 30 minutes driving distance immediately surrounding the proposed casino. Other potential markets were defined within a two hour drive. In 2013, the adult population of the primary market was approximately 135,000. The following table shows national prevalence rates as calculated by Shaffer, Hall, and Vander Bilt applied to the population of the primary market.

Shaffer *et al* National Prevalence Rates Applied to Primary Market					
Problem Gambling			*Pathological Gambling*		
Point Estimate	*Lower Bound*	*Upper Bound*	Point Estimate	*Lower Bound*	*Lower Bound*
1,011	*829*	*1,552*	427	*383*	*587*
Range calculated from 95% confidence interval					

Impact of Proximity

The estimate above is the predicted incidence of problem gambling already present in the primary market. There is ample evidence that proximity increases the rate of problem gambling, just as proximity increases the rate of gambling in the general population.

MSG's market study for Wilmorite predicts that both propensity to gamble and frequency of visits will rise in the primary market after the casino is built. "Propensity" will rise from 32% to 41%, i.e. about 13,000 residents will choose to visit a gaming venue that do not do so now. Visit frequency is predicted to rise from 8.9 visits per year per person to 12.8 visits per year per person. Total visits to any gaming venue from the primary market area, estimated at about 380,000 now, are expected to rise to about 708,000, an increase of 85%.

If *overall* rates of gambling increase with proximity, it is not surprising that studies of the prevalence of problem gambling also note the role of proximity. Let's be clear: We are working with rough estimates. The most recent data we have on the impact of proximity and problem gambling come from UB's Welte. If we were to proportionally apply Welte's findings (3.1% to 7.2% is a multiple of 2.3), then the number of problem and pathological gamblers would increase as follows:

Welte Proximity Results Applied to Primary Market		
	Problem Gambling	*Pathological Gambling*

	Point Estimate	*Lower Bound*	*Upper Bound*	Point Estimate	*Lower Bound*	*Upper Bound*
With Wilmot Casino	**3,056**	*2,507*	*4,693*	**1,291**	*1,157*	*1,774*
Increase due to Wilmot Casino	**2,045**	*1,678*	*3,141*	**864**	*774*	*1,187*
Seneca County	**409**	*336*	*628*	**173**	*155*	*238*
Range calculated from 95% confidence interval from Shaffer et al prevalence						

Costs of Problem and Pathological Gambling

Estimating Cost

Although many studies describe the monetary consequences of an increase in problem and pathological gambling, few studies attempt numeric estimates. The National Gambling Impact Study Commission did so, however, through its contract with the National Opinion Research Center at the University of Chicago (NORC). NORC estimated that society can expect an annual cost of about $1,000 per problem gambler and almost $1,700 per pathological gambler (in 2014 dollars).

Assuming that these estimates are roughly correct (and they are certainly speculative), these impacts will make themselves felt in many different social spheres. Although we would anticipate that the mental health infrastructure would feel the strain of problem gambling, often these individuals (like most addicts) do not present themselves for treatment.

Gambling that has gotten out of control often catalyzes other events in the lives of individuals, such as divorce or bankruptcy. These problems may not be directly connected to the gambling addiction and are likely to affect the schools and the region's social service agencies.

Should a casino be constructed in Tyre, problem and pathological gamblers would cost the primary market area about $3.5 million annually. Assuming that Seneca County experiences these problems in proportion to its share of the primary market adult population, the annual cost for Seneca County could be about $700,000, although this estimate is subject to considerable variation given the limited research available. Costs would be spread across all levels of government and private social welfare agencies.

NORC Cost of Problem Gambling Applied to Wilmot Casino ($M)						
	Problem Gambling			*Pathological Gambling*		
	Point Estimate	*Lower Bound*	*Upper Bound*	Point Estimate	*Lower Bound*	*Upper Bound*
Primary Market	**$2.05**	*$1.68*	*$3.14*	**$1.47**	*$1.32*	*$2.02*
Seneca County	**$0.41**	*$0.34*	*$0.63*	**$0.29**	*$0.26*	*$0.40*
Range calculated from 95% confidence interval from Shaffer et al prevalence						

Mental Health

About one-fifth of the primary market falls within Seneca County, and Seneca County's Mental Health Department will experience the cost of any increased need for mental health treatment resulting from problem or pathological gambling. Currently, the Mental Health Department serves residents with mental health disorders, alcohol/drug problems, and developmental disabilities. Using national prevalence data, it is estimated that in 2012 there were almost 7,100 residents with a mental health disorder, just under 3,500 with alcohol/drug problems, and 350 with developmental disabilities. Problem gambling often occurs in conjunction with mental illness, depression, and substance abuse. According to OASAS, about 13% of adults who experience a substance abuse disorder also experience problem gambling, and 28% of problem gamblers also experience a substance abuse disorder.

One of the characteristics of gambling as a diagnosed condition is that gamblers often do not seek help or professional treatment. Only 7-12% of pathological gamblers were found to have ever sought professional help or attended a Gamblers Anonymous meeting in a 2006 national survey.[*] Also, 36-39% of respondents who reported having lifetime symptoms of pathological gambling reported no symptoms in the past year. This indicates that about a third of those experiencing pathological gambling "self-recover" or cease gambling behavior with no professional help. Proportions were found to be similar for problem gamblers.

A casino located on the thruway would likely double the prevalence of problem and pathological gambling in Seneca County, an increase of an estimated 409 problem gamblers and 173 pathological gamblers from current levels (again, this is only a rough estimate). Based on the cited survey, from 29 to 49 of the problem gamblers will seek treatment and 12 to 21 of the pathological gamblers will seek treatment at some point, not

[*] Slutske, Wendy S., "Natural Recovery and Treatment-Seeking in Pathological Gambling: Results of Two U.S. National Surveys," American Journal of Psychiatry Vol. 163, No.2 (2006), http://goo.gl/w2YftU.

necessarily within a particular year. The population in need of prevention and treatment services could therefore potentially increase by 41 to 70 people. However, some of these cases may overlap with current mental health or substance abuse cases, rendering the actual number of potential new cases lower.

Families

The impact of gambling on families is twofold, influencing both the rate of divorce and risk of gambling among adolescents. Gambling has been shown to increase rates of divorce, with 54% of pathological gamblers identifying as divorces compared to 18% non-gamblers.[*] Children from broken homes often have lower academic and occupation achievement, and are sometimes at risk for additional negative behaviors such as substance abuse and gambling.

Several studies report that adolescents are vulnerable to gambling addiction, recognizing that this addiction can develop with lottery tickets[†], Internet gambling, or private games of poker or dice. NORC found that just under 20% of adolescents were problem or pathological gamblers, compared to about 3% of the adult population. Similarly, the OASAS study reported that students in grades 7-12 in New York State are at about four times the risk of problem gambling as the adult population. Shaffer *et al* report that the incidence of problem gambling among adolescents is about six times that of adults. Individuals of college age are reported by Shaffer *et al* to be about three times that of older adults. This compares to about 5% of the adult population. An increase in social gambling among parents may increase the number of youth at risk for problem gambling within the region surrounding a casino.

Scott LeVigne, Seneca County Mental Health Director, reports that the prevalence of gambling among Seneca County youth is higher than that of statewide youth. As noted in the charts below, nearly a third of 9th graders reported playing Lotto in 2013. Over 5% of 12th graders reported gambling at a casino.

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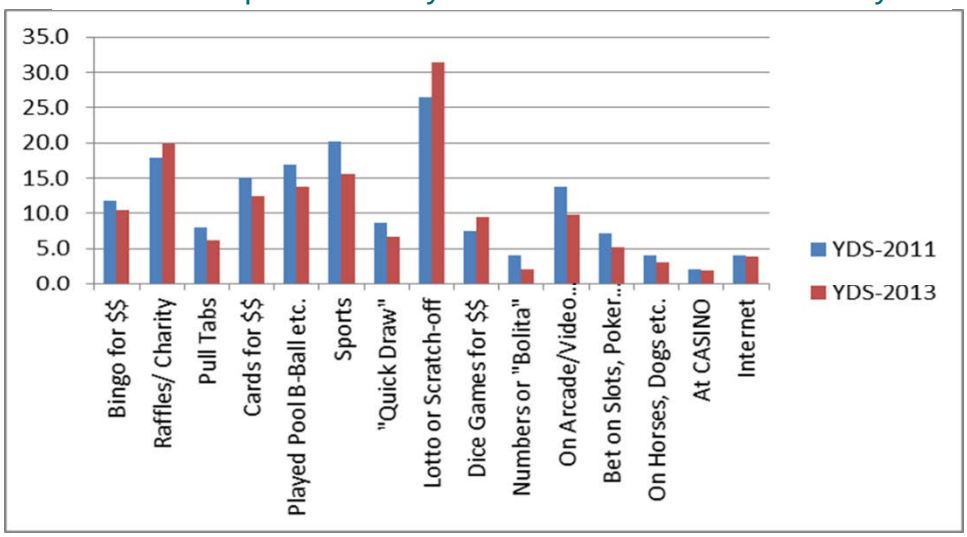
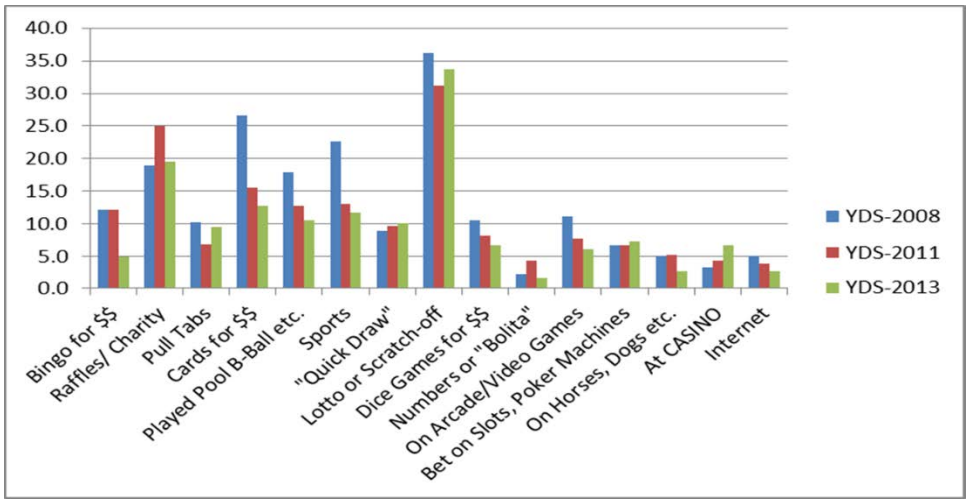
[*] NORC, p.49.

[†] Although NYS Lottery rules prohibit minors from purchasing lottery tickets, this is not widely enforced at the point of sale. If there is a winning ticket to be cashed in the child simply needs to find a willing accomplice over the age of 18.

Youth Development Survey: 9th Graders in Seneca County



Youth Development Survey: 12th Graders in Seneca County



Mitigation: Social Impacts

The Seneca County Mental Health Department has developed a community services plan to address gambling addiction pro-actively and to develop staffing sufficient to react to problems as presented in the community. Of the estimated $700,000 in social impact, we suggest that $150,000 be allocated to the Mental Health Department.

As noted above and in the literature, the social impacts of gambling are typically indirect and are likely to increase cost across a range of social service agencies. We recommend that the $550,000 remaining of the estimated cost be divided between the United Way of Seneca County and a dedicated Seneca County fund at the Rochester Area Community

Foundation to support community services addressing addiction and other social dysfunction created by the new gambling venue.

In response to a draft of this report, Wilmorite notes that the state $500 per machine fee (earmarked for problem gambling) plus funds allocated to addiction counseling under the auspices of the Seneca County Mental Health Department would total more than the $700,000 figure estimated above. Our concern is that the funds collected by the State of New York for problem gambling may not trickle down to meet local needs.

Both of these fees should increase over time to reflect changes in the price level (e.g. the Consumer Price Index All Urban Consumer, All Items) or the level of activity at the casino. One alternative would be to establish the "social impact" reimbursement at a fixed percentage of the casino's gaming revenue. The estimated impact is approximately 0.3% of the estimated gross gaming revenue. We suggest that the parties agree to a fixed payment of $700,000 per year for the first three years (divided as noted above), adjusted in Year 4 and following to 0.3% of gross gaming revenue received in the prior year. The allocation between Seneca County Mental Health and the United Way of Seneca County would remain roughly constant at approximately 21% to the Mental Health Department and the remainder to the United Way, although the two agencies would be free to negotiate a different distribution.

Economic & Market Analysis

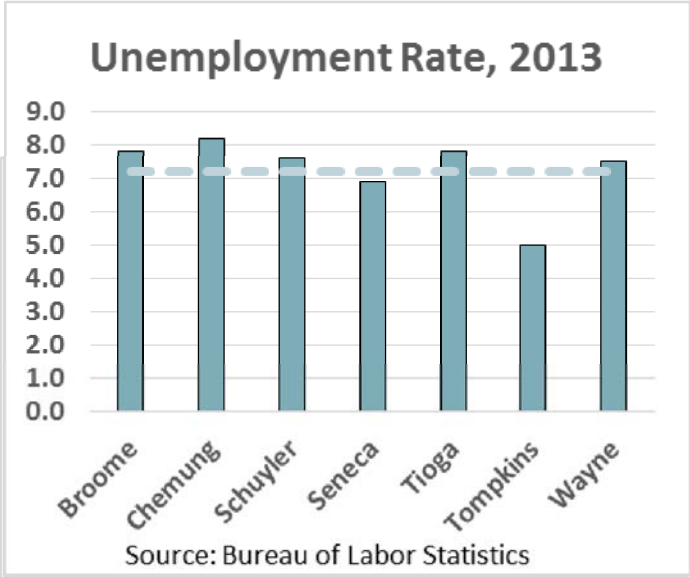
The introduction of commercial gaming to New York State is expressly for economic development purposes and is intended both to increase incomes of NYS residents, specifically in the target regions, and to support state and local government through gaming tax revenues.

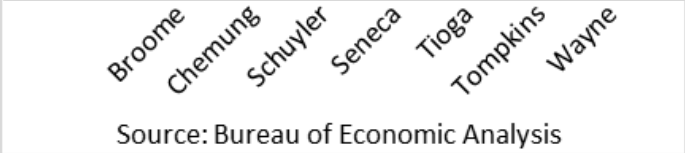
The legislation establishing the procedure for selecting commercial operators focused on regions with economic need.

Economic Profile: Region 5

Region 5 is defined by the Gaming Act as areas that traditionally are included in the Finger Lakes Economic Development Region and the Southern Tier Economic Development Region. It includes all of Broome, Tioga and Tompkins counties and substantial portions of Chemung, Schuyler, Seneca and Wayne counties.

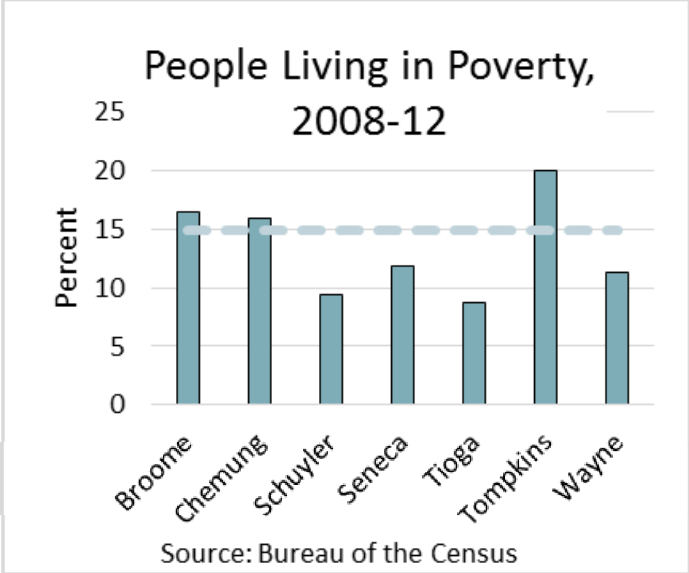
The socioeconomic characteristics of the region are fairly uniform when viewed by county.



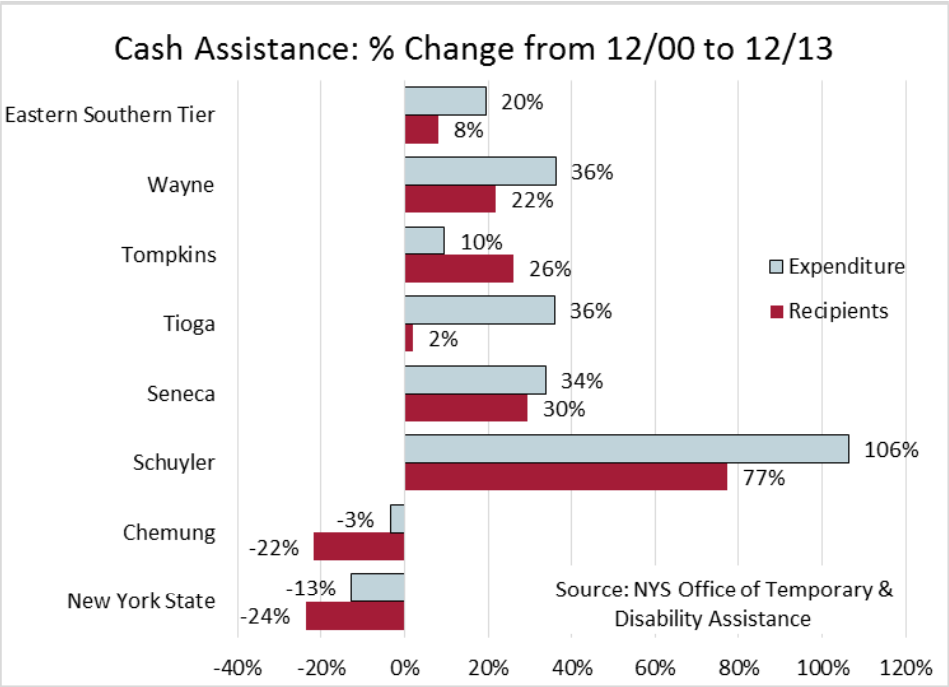


- Per capita personal income in the region was $38,173 in 2012, about 72% of the statewide average. Seneca County had the lowest per capita income at about $36,000 with Tompkins and Tioga the highest at about $39,000.
- About 15% of the region's population had income below the federal poverty line. The highest poverty rate is in Tompkins County (20%) and the lowest is in Tioga County (9%).
- The unemployment rate in the region averaged 7.2% in 2013 (less than the statewide average of 7.7%) with the highest rate in Chemung and the lowest—by a surprising margin—in Tompkins County.

The number of individuals receiving cash assistance and the corresponding expenditure both grew in the region from 2000 to 2013, contrary to statewide experience. Led by New York City, the State of New



York saw the number of recipients fall 24% and inflation-adjusted expenditure decline 13%. Region 5 saw the number of recipients increase 20% and total expenditure go up an inflation-adjusted 8%. Schuyler County's recipient count increased the most, 77%, followed by Seneca, Tompkins and Wayne.



Economic Impact of Wilmot Casino and Resort

When a major development, such as the Wilmot Casino and Resort, is contemplated, there are three questions to be answered:

- What will be the economic impact of the new initiative itself?
  - Will the local employment picture improve, i.e. will the number of jobs available locally increase and will these jobs be available to local residents?
  - What will be the character of local job creation, e.g. what salaries will be paid by the direct and spillover employment?
  - How will the new initiative affect the ability of the locality to address local needs through taxation?
- Will the initiative have "catalytic" impact?
  - Will the presence of the new economic activity spur the expansion of other business firms, established or expanded to cater to either the needs of the core business or the needs of consumers attracted by the core business?
  - What will be the nature of these spillover activities?
- Will the new activity serve as a competitive threat to existing firms?
  - What types of businesses might the new activity displace?
  - What will be the consequences of this displacement for the well-being of local residents?

On Wilmorite's behalf, the Maxim Strategy Group (MSG) developed an economic impact analysis of the proposed casino and resort.

Total Gaming Revenue

Key to all of the analysis is MSG's estimate of total revenue both from the gaming facility and activities at the resort—[redacted]. Although Wilmorite provided MSG's report, CGR is not privy to the underlying assumptions from which these revenues were derived.

Without reviewing the underlying assumptions (a complex calculation of gambling prevalence and frequency contingent on socioeconomic, geographic and competitive factors), we only note that MSG is projecting strong results for the Wilmot Casino and Resort, predicting that its first year revenue in 2017, when compared with current estimates, would be [redacted]

[redacted]

The size of anticipated gaming tax payments to the Town of Tyre and Seneca County—10% of the total—are a significant inducement to these communities to support the development, as intended. The NYS Legislature is well aware of the controversy surrounding casino development and the fact that casinos bring both positive and negative community impacts. Sharing the gaming tax revenue is compensation for the risk of negative impacts. Nonetheless, the estimate of payments made to the town and county is directly related to the estimate of total gaming revenue. To the extent that this estimate is high, gaming tax revenue will fall short of the forecast. Moreover, the NYS Legislature has the power to change the rate at which it shares gaming tax revenue with local government, thus reducing payments to Tyre and Seneca County by legislative fiat.

Construction Impact

MSG estimates that job creation from the construction phase will total about 1,400 direct and 3,000 indirect statewide and 460 direct and 634 indirect in Seneca County. Although we may accept the aggregate number given the cost and complexity of the construction process, the share forecast for Seneca County is implausible. The U.S. Census Bureau estimates that just under 1,000 Seneca County residents report being employed in the construction trades. Although it is conceivable that nearly half of the total would be employed by the casino project, the developer will have to establish and enforce a strong preference for local residents to achieve this total. Similarly, the estimated 643 indirect employment is unlikely and only partially responsive to efforts on the part of the developer. It is far more likely that a larger share of both direct

construction employment and the spillover employment stimulated by the project will be felt outside Seneca County.

Ongoing Facility Employment

MSG estimates that the facility will employ 1,600 directly at the facility with average earnings of $48,100, $37,000 without MSG's assumed 30% benefits rate. We accept the total employment estimate but question the reported earnings. CGR analyzed average salaries paid in the gambling industry nationwide using the U.S. Department of Labor's Occupational Employment Statistics database for May 2013. The average salary of all occupations in the gambling industry (NAICS 713200), weighted by the share of each occupation in the total 128,000 positions described by detailed occupation in the report was about $26,000 (without benefits), 70% of the average reported by MSG.

MSG also estimates that nearly 1,000 of these jobs will go to Seneca County residents. This, too, is possible but implausible, as the total workforce in Seneca County is 16,000. Total unemployment is 1,100 (as of the beginning of 2014, per the NYS Department of Labor).

The report goes on to assert that indirect job creation in Seneca County will total 531. While the multiplier—the relationship between direct and indirect job creation—is reasonable, the report estimates that these jobs will pay an average salary of $43,800 ($36,000 without benefits), higher than the county median of about $27,000 (per the U.S. Census).

Summary: Direct Economic Impact of Casino

CGR does not question whether the proposed casino will have a positive impact on the local labor market, but whether the local market has the capacity to absorb the magnitude of the impact predicted. Particularly if the casino owners accept and faithfully implement workforce and procurement guidelines, the local economic impact will be sizeable, providing employment for both individuals and local business firms.

Workforce Commitments

Local Employment

We recommend that the developer agree to take specific steps to give preferential treatment to local residents for employment. These procedures should apply to direct, on site employment during construction both with the general contractors and subcontracts. In addition, the developer should agree to a series of steps that ensure preferential treatment be granted to local residents for ongoing facility employment.

Wage Rates

The salaries predicted by Maxim are unlikely to materialize. Nonetheless, the casino can commit to setting wages at the high end of the national market for these occupations in this industry. The table below shows the wage rates paid to the 20 most common occupations employed by the gaming sector and the wages paid at the 75th and 90th percentiles (i.e. the 75th percentile wage rate is higher than 75% of all workers in that occupation). The welfare of workers and the region would be substantially enhanced if these wages were paid, yet the Casino's cost would be within the range paid by similar firms throughout the nation. As these data are gathered and reported by the U.S. Department of Labor's Bureau of Labor Statistics on an annual basis, compliance with these wage scales is easily achieved and monitored.

Occupational Employment and Wages, May 2013			
	http://www.bls.gov/oes/	Hourly Wage	
OCC_CODE	**Occupational Titles: Twenty largest occupations in gambling industry**	**75th percentile**	**90th percentile**
39-3011	Gaming Dealers	$11.89	$18.50
41-2011	Cashiers	$10.64	$12.74
35-3031	Waiters and Waitresses	$9.74	$12.87
33-9032	Security Guards	$14.10	$17.79
41-2012	Gaming Change Persons and Booth Cashiers	$13.20	$16.18
39-1011	Gaming Supervisors	$26.58	$30.75
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	$12.09	$14.26
35-3011	Bartenders	$10.25	$13.68
43-3041	Gaming Cage Workers	$14.08	$17.10
39-3019	Gaming Service Workers, All Other	$13.96	$18.95
39-3012	Gaming and Sports Book Writers and Runners	$12.65	$18.37
33-9031	Gaming Surveillance Officers and Gaming Investigators	$16.66	$21.56
35-9011	Dining Room and Cafeteria Attendants and Bartender Helpers	$9.86	$11.55
39-3091	Amusement and Recreation Attendants	$9.95	$12.72
37-2012	Maids and Housekeeping Cleaners	$11.84	$13.90
39-1012	Slot Supervisors	$18.79	$23.01
49-9091	Coin, Vending, and Amusement Machine Servicers and Repairers	$17.86	$21.54
49-9071	Maintenance and Repair Workers, General	$20.06	$25.13
43-3031	Bookkeeping, Accounting, and Auditing Clerks	$17.93	$21.99
53-6021	Parking Lot Attendants	$10.85	$14.54

Promoting Indirect Employment Through Local Procurement

Spillover employment can be enhanced by a focused and sustained effort to purchase materials and services from local vendors. Once again, we recommend that the Casino commit to taking specific steps to achieve this objective.

Catalytic Impact of Wilmot Casino and Resort on Local Economy

Historically, casinos have not spurred local economic growth. Casino patrons typically come to the location solely to participate in the games of chance and complementary dining and entertainment offered by the facility. This is not to say that they could not play such a role. A concerted effort to lure casino patrons to lengthen their stay in the Finger Lakes with visits to local wineries and other attractions could be effective. This is not an outcome that will occur without focused effort on the part of local tourism development agencies.

There will be demand for lodging, assuming that the casino attracts visitors from outside a two hour drive, which is likely. In response, Wilmorite plans to build a 200 room hotel on site. In public commitments, Wilmorite has indicated its expectation that a larger facility could be justified but that the spillover lodging demand will be left to non-casino lodging establishments, either existing or new.

CGR's review of the *pro forma* suggests that spillover lodging demand is possible, but unlikely in the early years of the casino. If, in fact, MSG's forecast for the Wilmot casino is too optimistic, the 200 room facility could pose a competitive threat to existing lodging in the region. MSG cites Smith Travel Research data on the local lodging market, noting that the current facilities are operating at 70% occupancy. Given the seasonality of the tourism marketplace, these facilities are likely operating at or near capacity on weekends in the peak tourist season. If the casino meets MSG expectations for growth, spillover demand to other facilities is likely in future years.

The large increase in vehicular traffic at the Thruway exit will also create an opportunity for incidental business development, e.g. auto services and some food service. These impacts will be modest, however.

Competitive Impact of Casino on Local Economy

As noted above, if the casino fails to meet estimated visitation, the casino hotel could pose a competitive threat to other lodging facilities, although this competitive impact would be dispersed across the region and would include lodging at other Thruway exits from Rochester to Syracuse. We recommend that the 200 room limitation be codified in the Host Community Agreement.

The same concern applies to the food service offered at the casino. The casino business model relies on retaining customers on site by offering a range of dining options intended to address the diverse interests of patrons. Pricing, too, is usually competitive and is intended to serve both to anchor patrons and to attract some additional gaming patrons who might gamble as a complementary activity to dinner. The extent to which the casino markets its dining establishments to local residents will depend on the success it is experiencing with its core gaming clientele.

Tyre's restaurants are convenience establishments aimed at local residents and are likely to retain most of their customers. On the other hand, some of Seneca Falls' more upscale dining venues may find casino dining to be a competitive alternative for local residents, particularly soon after the casino opens.

Public Safety Impacts

Fire Service

Magee Fire Company

The Magee Fire Department provides service to the entire town of Tyre. The fire department is entirely staffed by volunteers. There are 28 active members that respond to between 200 and 250 calls per year. There are also numerous support and auxiliary members that assist the department with administrative tasks, fundraising and non-operational support. Members that are interior qualified have completed Firefighter I training, SCBA proficiency and annual physicals. Other active members are trained to assist around the fireground, operate pumps, and general support fire suppression activities. The department also provides first response to all EMS events in the town. The two apparatus generally used for EMS responses are equipped with AEDs. All EMTs in the department are given their own medical equipment to use on calls.

MFD Membership	
Active	28
Interior Qualified	11
Scene Support and Pump	17
EMT	6
CPR/First Aid	21
Source: Magee Fire Dept.	

MFD is funded by the Town of Tyre through a Fire Protection District contract. MFD received $100,250 from the town in 2013. In 2012 and 2011, MFD received $98,280 from the town. MFD reports that the town contribution accounts for about 85 percent of its operating budget. The remaining operating budget comes from donations, a gun raffle and a weekly bingo game on Saturday nights. The latter is the largest source of funds outside of the real property tax. The real property tax for the fire protection district represents 22 percent of the town's property tax revenue. MFD reported that their only current debt relates to their latest fire engine and it will be retired in two years. Detailed financial information (including budgets and fund balance) was not available at time of the report.

MFD operates out of two fire stations. The primary station has all the apparatus except the tanker. This station is located at 1807 New York Route 318 about 0.6 miles south of the proposed casino location. All of the stations are unmanned on a routine basis with firefighters responding from their homes or businesses to the station and then going to the call. MFD owns all of their fire stations, including a building that is used only for storage.

MFD operates four apparatus and participates in an extensive mutual aid system that is described below. The apparatus are stocked with

appropriate hand tools, nozzles, fire hose, SCBAs and lights. Each firefighter is issued a full set of turnout gear and the gear is replaced on a rotating basis. The department has a four gas multiple meter and a thermal imaging device.

Magee Fire Department Apparatus				
Type	Year	Pump (gal)	Water (gal)	Other
Brush/Utility Truck	2011		160	Brush skid Unit
Engine	2009	1250	750	Hydraulic rescue tools, airbags, light tower, ground ladders
Engine/ Tanker	1997	1500	1500	Ground ladders, hand tools, large diameter hose
Tanker	2005	500	2000	2500 gallon portable pond
Source: Magee Fire Dept.				

MFD's primary reason for response is EMS related with an average of 5.9 responses per month, accounting for 35% of their calls. Reported fire events and motor vehicle crashes account for 4.8 and 4.0 calls per month respectively. The number of responses has fluctuated around 200 per year for the last decade according to department records.

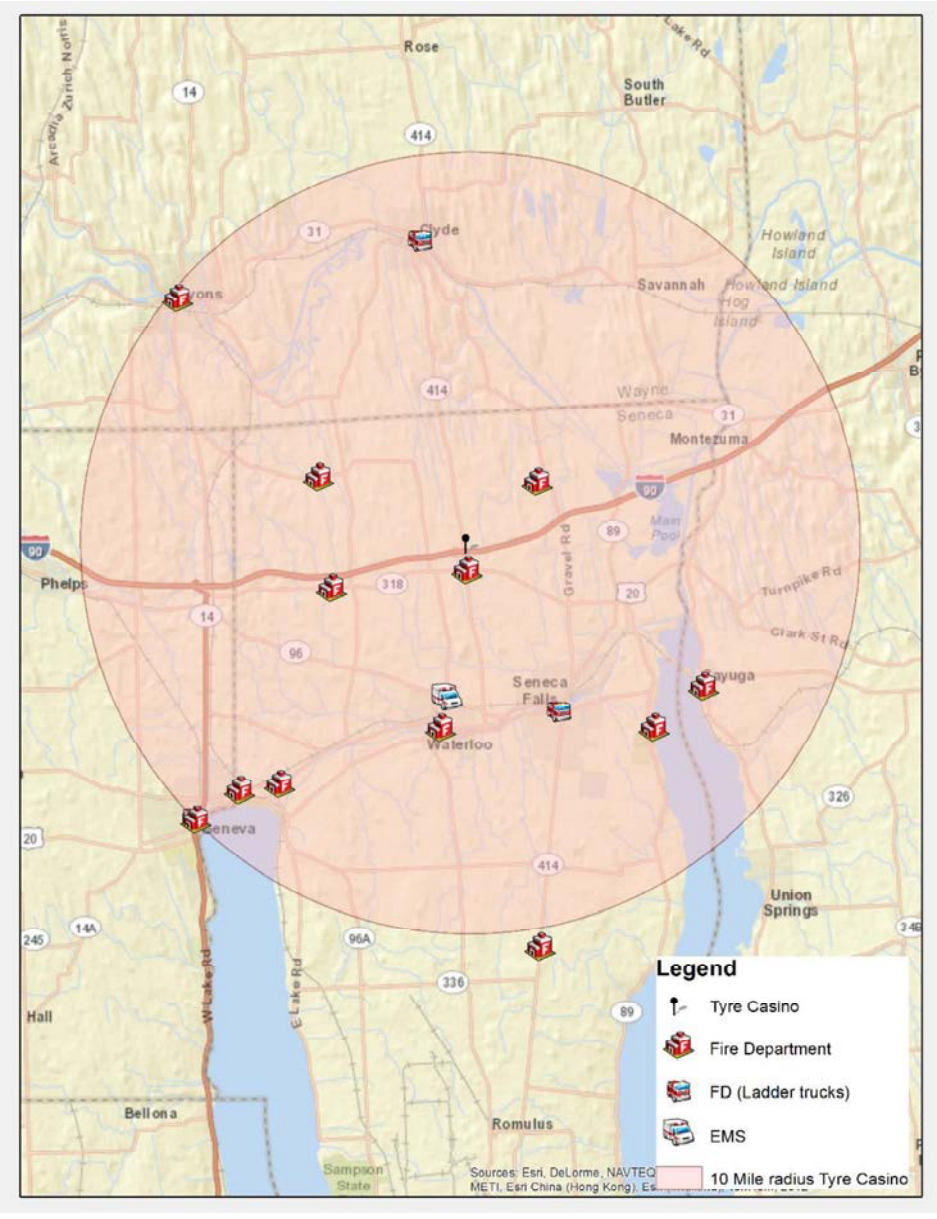
MFD Responses					
	2012	**2013**	**2014 (thru April)**	**28 month total**	**Monthly Avg.**
Fire	54	60	21	135	4.8
EMS	71	76	19	166	5.9
MVC's	51	40	20	111	4.0
MUTUAL AID	47	13	0	60	2.1
Total:	**223**	**189**	**60**	**472**	**16.9**
Source: MFD					

Only a small portion of Tyre has fire hydrants. The fire hydrants are concentrated along Routes 414 and 318. When a fire occurs in other areas, a tanker relay system is established with assistance from Seneca County Emergency Management.

Neighboring Fire Departments

MFD would be the department responsible for responding to incidents at the proposed casino. However, any large incident would require assistance from neighboring fire departments under a mutual aid agreement. The nearest ladder truck is stationed in Seneca Falls and is about 6 road miles away from the location of the proposed casino. The only neighboring department with paid staff is based in the City of Geneva, about 12 road miles away from the location.

Other Departments in 10 mile Radius of Casino Site						
		Engines	Ladder	Rescue	Tanker	Other
Waterloo Vol Fire Company	Seneca	2	0	1	1	1
Seneca Falls	Seneca	3	1	0	0	2
Junius # 1	Seneca	n/a	0	n/a	n/a	n/a
Clyde-Savannah	Wayne	3	1	1	0	1
Cayuga Fire Department	Cayuga	1	0	0	1	1
Border City Fire Department	Seneca	2	0	2	1	2
Fayette Fire Dept.	Seneca	2	0	0	1	0
Geneva Fire Department	Ontario	4	1	1	0	1
Lyons Fire Department	Wayne	3	1	1	0	1
Savannah Fire Department	Wayne	1	0	1	1	2
Total		21	4	7	5	11



Seneca County Fire Service

The Seneca County Emergency Services Department is a small department within county government that is tasked with emergency planning and coordination for Fire and Emergency Medical Services. The Department has a full time staff of two (Director and Deputy Director) and a 2014 budget of $161,000. There are 6 volunteer deputy coordinators that assist the full time staff in conducting the program. The Department has also been awarded several grants to fund equipment for hazardous materials response and firefighter emergency rehabilitation.

The Department oversees the operation of a Hazardous Materials response team capable of conducting a Level A response. The Department also has a dedicated firefighter emergency rehabilitation trailer that is used by a trained team at larger events.

The Department is responsible for the operation of a fire training facility. The fire training facility includes a 3 story burn building with class A combustibles, a vehicle extrication training area, and a classroom. There is also a multiple use building that allows for mask confidence exercises, bail out simulation, and other essential firematic training.

The Emergency Services Department has had recent experience with large scale events with wide use of mutual aid. In March 2014, the Village of Ovid had a fire that destroyed an entire village block. The response involved more than 41 tankers providing sufficient water to keep large scale operations underway for many hours. In July 2011, there was an accident involving a tour bus on the NYS Thruway that required the transport of more than 30 patients to several area hospitals using dozens of ambulances. The Emergency Services Department was responsible for coordinating the response for both of these events.

The Department does not expect much change to the overall operations of fire or EMS operations. However, there would need to be changes in mutual aid plans to account for a new large structure in the community. If Magee chooses to purchase a new ladder truck, they would be able to train to use the equipment at the fire training grounds.

Projected Impact of Wilmorite Casino on Fire Service

A new casino built to current fire codes with the appropriately engineered water supply has an extremely low probability of a catastrophic fire. However, the location will generate additional fire responses for false alarms, small fires, medical emergencies and motor vehicle accidents.

The Turning Stone Resort had 26 automatic fire alarms and 8 other fire responses in 2013. There were 62 motor vehicle collisions (MVCs) reported to the police, but it is unknown how many required a fire department response. Considering the smaller scale of the proposed casino, we project that there will be about 23 new fire responses (one third less than Turning Stone) to the site and 15 responses for MVCs (assuming that only one quarter of MVCs reported to police require a fire response.) Magee Fire would not need to respond to this site for EMS events. This would increase the call volume for MFD by 38 calls per year or about 18 percent.

It is recommended (and expected) that the casino management and security staff work with MFD to reduce the likelihood and frequency of false alarms through a response protocol that allows security staff a brief period of time to identify the need for a fire response on probable false alarm trips. The exact response protocol would need to be developed over time.

Wilmorite has indicated that they will have on site personnel certified as EMTs and available to respond to medical emergencies. These personnel should be equipped with Basic Life Support equipment as specified under NYS Department of Health policy. Once properly equipped, these personnel will have similar training, equipment and general capabilities as MFD. Therefore, there would not be a need for an EMS only response from MFD to events at the casino.

MFD would still need to respond to MVCs and actual fires at the location. As part of the development, an extensive risk assessment of potential events (such as large fires and chemical leaks) will need to be undertaken and shared with MFD. Based on these potential events, MFD will need to develop preplanned responses and conduct drills according to those plans. It will be important for MFD, Seneca County Emergency Management and other responding departments to become familiar with the lay out of the complex and to be allowed to conduct drills on the complex on a regular basis.

Mitigation: Fire Protection

Magee Fire Department has well maintained and modern equipment. However, a higher call volume will increase the wear on the equipment. In order to assist MFD in keeping appropriate equipment, it would be advisable to ensure that a dedicated capital equipment fund is established to limit the need to borrow when apparatus, turnout gear or SCBA need to be replaced, particularly if the casino property is taken off the tax rolls through a tax agreement.

To ensure that MFD is adequately supported, we recommend that the Casino provide financial support equal to one-quarter of total MFD expenditure for the first five years, adjusted to the casino's share of total call volume after this period of expanded responsibility.

Although the likelihood of a catastrophic fire is minimal, the casino's fire and casualty insurer would prefer that MFD to acquire a fire truck equipped with 100 foot aerial, rather than relying on the ladder truck in Seneca Falls, six miles distant. An apparatus of this type can cost between $750,000 and $900,000. In the case of MFD, an expansion of the fire station would be necessary to allow for the vehicle to be parked. A multiple function quint or dedicated ladder truck would require MFD to conduct extensive training for at least six members of the department in order to safely operate the apparatus. This training would need to occur on a regular basis to ensure proficiency when an emergency happens.

The purchase of such equipment would benefit only the Wilmot Casino and Resort but would impose a maintenance and training obligation on Magee Fire for the life of the equipment. If the Wilmot Casino and Resort requests that MFD acquire this apparatus, all costs of acquisition, housing, maintenance and staff training should be billed directly to the casino for the life of the apparatus.

Law Enforcement

Seneca County Sheriff's Office

The Seneca County Sheriff's Office (SCSO) is the primary law enforcement agency for the Town of Tyre and most of Seneca County. The SCSO provides road patrol, investigations, corrections, building security and serves civil papers. The focus for this report will be the road patrol and investigative functions.

SCSO has 18 full time employees assigned primarily to road patrol. These are augmented by several part time staff and investigators when significant events occur, but this is an unusual practice. The road patrol is staffed by a minimum of 3 deputies on patrol with an occasional 4th deputy when scheduling allows. In addition to patrolling the county, a deputy must also staff the check point at the county office building during normal business hours. The investigative unit is staffed by one lieutenant and five investigator deputies.

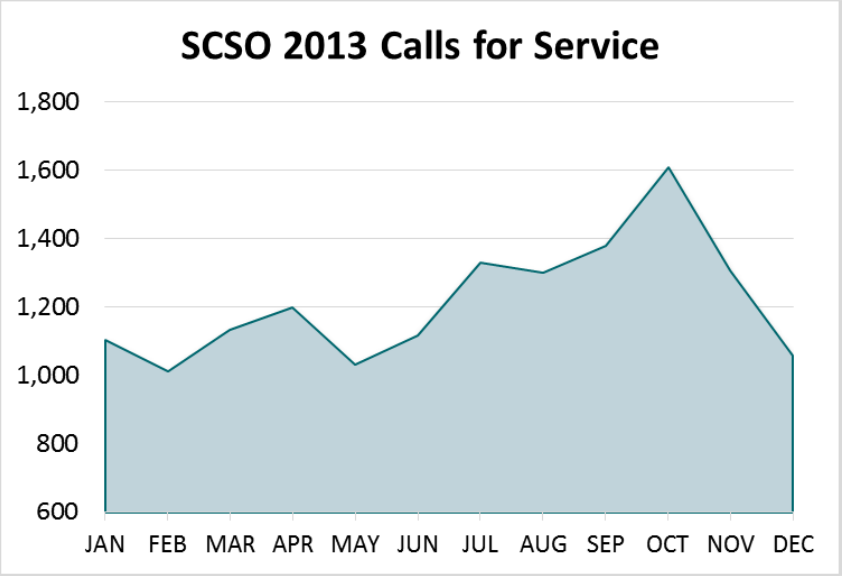
SCSO Road Patrol Staffing	
Sheriff	1
Undersheriff	1
Chief Deputy	1
Road Lieutenant	1
Road Sergeant	5
Road Deputy	12
Part Time Deputy	3
Lieut. Inv.	1
Investigators	5
Source: Interviews	

In addition to traditional road patrol duties, the SCSO has two canine officers, a SCUBA unit, an emergency response team, hostage negotiator, and a command post. There is also a navigation unit that patrols both Seneca and Cayuga Lake using part time employees and sworn staff during the summer months on weekends. The department has five members that are trained to conduct accident reconstructions including one who is certified by the state. SCSO conducts almost all of its own crime scene technician work with only unusual circumstances referred to the NYSP.

SCSO assigns a patrol vehicle to each of the road deputies. The patrol vehicles are equipped with radios, patrol rifles, shotguns, lap top computers, scanners, and printers. Two of the vehicles are equipped with license plate readers. The department operated its vehicles for nearly 700,000 miles in 2013. There are also several reserve vehicles for use by part time staff and unmarked vehicles for use by administrative staff and investigators.

Current Demand on SCSO

The department patrols all of Seneca County outside the Village of Waterloo and the Town of Seneca Falls. There is a monthly average of 1215 law enforcement activities. This includes calls for service, directed patrols and traffic stops. October is the busiest month for the agency with



11 % of events with July, August and September with 9 % each.

The SCSO was not able to provide data related to demand for service based on day of week or time of day. In most rural law enforcement agencies, the demand for service peaks in the mid- afternoon to early

evening hours and demand is at its lowest in the early morning hours. As a result of the tourism in Seneca County, demand is likely higher Friday through Sunday, especially during the summer and early fall. Other than the addition of a navigation (waterways) patrol on the weekend, the department does not typically add additional staff for these higher demand periods.

In the current circumstance, the Sheriff indicated that he feels that he would like to add an additional road patrol deputy at all times to provide better service to the community. This addition would require 5 full time deputies at an estimated cost of $70,000 each for salary and benefits. There has been an additional pressure for additional staff because of a recent decision requiring a dedicated deputy at the county office building during normal business hours.

Estimate of Current Staffing Adequacy

The International Association of Chiefs of Police (IACP) has developed a Relief Factor Formula to estimate the number of road patrol personnel needed to appropriately handle the demands for service on a law enforcement agency. The formula considers the number of calls for service and other police activities, the average length of a call, the portion of time on proactive patrol, and the amount of time officers are unable to work in a road patrol position.

The reported SCSO police activities (calls for service and traffic tickets issued) for 2013 was 14,581. The average time on a call was not available. Industry standards place the average time between 25 and 45 minutes. 40 minutes was used for SCSO because of the large geographic coverage area and resulting long drives to calls. It is estimated that SCSO spends one third of their time on specific response activities (911call, traffic citations and directed patrols) and two thirds on proactive patrolling and other tasks. It is estimated that deputies have 280 hours each year when they are unable to work on road patrol for training, court appearances, vacation, holidays, personal time and sick time. The SCSO also staffs a static post at the county office building with road patrol staff to provide building security.

IACP Relief Factor Analysis		
Category	**Value**	**Explanation**
Calls for service including traffic citations	14581	2013 Police Events including traffic citations issued
Total Calls including Backup	16039	10 percent of calls will have a back up officer assigned
Annual Time on Calls (in hours)	10693	Time a unit spends per event -40 minutes multiplied by annual calls
Patrol Factor	3	Assumes officers spend 1/3 of their time on a call for service and 2/3 patrolling
Time on Tasks	32078	Annual Calls multiplied by patrol factor - The hours deputies need to work for demand
Time on static post	2340	Post at County Office Building - 45 hours per week, 52 weeks
Time on Tasks and Static Post	34418	Total time on post, patrol or on calls
Patrol Shift Hours	8	Length of shift
Annual Patrol Hours	2920	Length of shift multiplied by 365
Patrol Elements	11.8	Time on task divided by patrol hours
Scheduled Hours	2080	Based on Union Agreement
Average Time not available for patrol	280	Estimated time full time deputies not available to work (vacation, sick, holiday, training, court)
Annual Hours Available to work	1800	Scheduled Hours minus Average Leave Taken
Officers Needed per Patrol Element (Availability Factor)	1.6	Patrol hours divided by number of hours officers work annually
Projected Road Patrol Staff	19.1	IACP Projection of Number of officers needed to meet demand for services
Current Road Patrol Staff (Ptl and Sgt)	17.0	Current officers holding rank of deputy or sergeant
Current Staffing Deficit	2.1	Current number of staff below projected number

Based on the current demands for the SCSO and the current staffing, the SCSO is estimated to be about two staff members below the amount typically required to adequately handle demands. This deficit can be compensated for with part time officers and the use of overtime, but a long term solution might include additional full time staff. This deficit is unrelated to the development of the Wilmot Casino and Resort, but would be exacerbated by the casino.

Projected Impact of the Wilmorite Casino to Law Enforcement

It is assumed that the Wilmot Casino and Resort will have security staff with capabilities similar to those at casinos of similar size. This staff will be able to handle many concerns related to the operation of the casino and will limit the need for law enforcement response.

Law enforcement response data was available for three comparison locations: Turning Stone Casino (Oneida Center), Vernon Downs Racino (Oneida County) and Batavia Downs in Genesee County. The data is for law enforcement response to the facility and does not include the roadways immediately surrounding the facility. Net win data (the total wagered less the winnings, also called "gross gaming revenue") is available from the other 3 locations and that figure is used as a proxy for attendance at the location. The average number of law enforcement responses per $1 million in net win was in a similar range for the three locations and is used to create the estimate for the proposed casino.

Projected Law Enforcement Events at Wilmot Casino

	2013 Net Win	2013 Law Enforcement Events	Events per million
Batavia Downs	$47.1	67	1.4
Turning Stone	$214.6	378	1.8
Vernon Downs	$48.6	93	1.9
TOTAL	**$310.2**	**538**	**1.7**
Wilmot Casino Forecast	**$265.2**	**460**	**1.7**

Source: NYS Gaming Commission, Wilmorite, County 911 Centers

Estimated net win for the Wilmot casino was obtained from Wilmorite.

Based on the estimated net win and the ratio of law enforcement events to casino activity, we project 460 new law enforcement events at the casino.

In addition, there will be additional incidents on the roadways in the area. According to TIS, there were 276 accidents in the most recent three year time period in the area near the casino. As a worst case scenario, we project that there will be a doubling of accidents in the area because of the increase in traffic volume. This would result in about 90 more law enforcement events per year. Also, the above figures do not include the issuance of traffic citations. For SCSO, traffic citations occur at an approximate 1 to 3 ratio of other law enforcement events, or 173 per year.

Therefore, we project a net total of new law enforcement events to the community as a result of the casino of about 723 events or roughly two events per day. The addition of this call volume to the community would increase the demand on the SCSO by just under one FTE. Using this same analysis, the SCSO is currently understaffed by about two FTE of deputies. The Sheriff believes that the presence of the casino will trigger a modification in his staffing pattern and would need an additional full time car on patrol to handle the increased volume.

When calls for service at Turning Stone were analyzed for their distribution, 53 percent of calls occurred between 9:00 pm and 4:00 am. Additionally, 69 percent of calls occurred on Friday, Saturday and Sunday. This indicates that increased staffing by the SCSO could be targeted toward weekend evenings when the volume for calls at the casino would likely be at its peak.

{Increase of DWI from the casino}

Mitigation: Law Enforcement

Wilmot Casino and Resort to contribute the cost of one sheriff's deputy, paid at the rate of the mean salary and benefits across the department.

{DWI reduction program by casino staff}

Emergency Medical Services

North Seneca Ambulance

Tyre receives its emergency medical services from the North Seneca Ambulance, Inc (NSA). NSA is a private non-profit corporation that serves the Seneca County north of Route 336. NSA is staffed by 12 full time staff members, 4 part time staff members, and 12 volunteers. NSA typically staffs two advanced life support ambulances from 9 am to 9 pm and one from 9 pm to 9 am. They report doing 3,529 calls in 2013 and average between 8 and 11 calls per day. NSA is dispatched by the Seneca County 911 Center. Their operations base is about 4 miles from the proposed casino location.

NSA provided call data from October 1, 2013 to May 5, 2014. The busiest time of day is between 8:00 am and 9:59 pm with 78 percent of calls occurring during those 14 hours. There is no noticeable variation between days of the week.

NSA transports 41 percent of their patients with using personnel with advanced life support (ALS) training and 43 percent with basic life support (BLS) training. 15 percent of their patients are not transported. NSA bills for service for all calls with patient contact. They report an

approximate 88 percent collection rate for patients that are transported. Patients are billed according to a rate schedule, but NSA is required to accept smaller amounts from their two largest payers – Medicare and Medicaid. Patients that are not transported by ambulance are also billed $100 for the service. NSA only is paid by about 40 percent of the non-transport patients.

NSA owns four ambulances that are all equipped with advanced life support equipment. The estimated replacement cost of one of these vehicles is $175,000 with all appropriate equipment. The fleet has one 2013 ambulance, two 2010 ambulances and one from 2006. Their plan is to replace one ambulance every 3 years. In addition to maintaining their ambulance fleet, NSA has 5 cardiac monitors that are approaching the end of their service life and will need to be replaced in the next several years at a cost of $25,000 each.

NSA receives no support from any of the municipalities it serves and is dependent on billings from patient care and some grants for specific items. NSA did not share their financial statements but the IRS 990 forms are publically available and key information is summarized below.

Projected Impact on EMS

The increased volume of people in their service area will increase the number of calls for NSA. There was no available data for EMS response to the comparable casino projects because they are served by private EMS companies that chose not to share specific data. The ambulance service that provides response to Turning Stone Casino stated that they respond Sunday through Thursday, they usually respond to Turning Stone once a day. There is no regular time and there is no regular call type. On Fridays and Saturdays they usually respond once during the day and usually twice a night. The day calls are irregular (they come at any time and are for any medical condition). The night calls come between 10 pm and 3 am. They are usually for alcohol related emergencies. Calls are consistent throughout the year, no one month stands out.

Based on this anecdotal information and the fact that the proposed casino is of comparable size to Turning Stone, we can extrapolate that NSA would see an increase of about 570 calls per year. This does include roadways near the casino. This would constitute a 16 percent increase in calls for the ambulance.

NSA would likely need to add additional staff on weekend evenings and overnights, but would probably be able to handle the rest of the calls in the course of their normal call volume. Since NSA bills for service, the additional call volume would likely cover the costs of the additional service. However, this project increase in calls would also lead to about

85 additional non-transports for Wilmot Casino customers. These customers would be billed from NSA.

NSA would interact regularly with Wilmorite EMS staff and it would be mutually beneficial for there to be joint training on a regular basis. To improve the experience of joint training, it would be appropriate to establish a fund to support the training including potentially the purchase of simulator manikins that would enable all parties to work towards better patient outcomes.

Mitigation: Emergency Medical Services

Given the low collection rate from individual citizens for calls that do not result in a transport, we recommend that the Wilmot Casino and Resort commit to paying NSA's standard fee for non-transports directly and guarantee reimbursement for transports when the insurance claim is denied.

It is CGR's understanding that an additional helicopter landing zone is not needed at this time.

Emergency Communications

Seneca County Emergency Communications

Emergency Communications in Seneca County is handled by a single Public Safety Answering Point (PSAP) for 911 calls and a consolidated dispatching center for all police, fire and EMS agencies operating in the county. The department is an independent operation in the county and the department head reports directly to the county manager.

There are 18 employees in the department. The traditional staffing schedule has four employees on duty from 7:00 am to 11:00 pm and 3 employees from 11:00 pm to 7:00 am. The call center received 102,291 calls in 2013 which generated 29, 134 requests for service from one of the agencies. The dispatch center staff also supported 11,451 traffic stops for law enforcement agencies in the county. The call volume was about 10 percent higher than 2012.

The county has just entered into contract to install a new UHF-Digital radio system that will significantly improve the coverage and capability for all public safety resources in the county. The system will involve numerous upgrades for the radio system infrastructure and new portable radios. The computer aided dispatch program used by the department is 13 years old and is no longer fully supported by the vendor. The department is actively seeking funding for the estimated $450,000 to $600,000 project to install a modern computer dispatch system.

Projected Impact of the Casino on the Dispatch Operation

The increase in visitors to the community will increase the number of calls to the 911 Center and the number of events for public safety services. The center currently has capacity to handle the estimated increases. However, it might be necessary to staff a fourth position for a few hours after 11:00 pm if there is a large volume of calls in that time period. This would need to be analyzed after the casino began operations.

Large buildings can impact the performance of radio systems. The size of the casino may limit the performance of the radio system inside the building unless appropriate support systems are included during construction.

Mitigation: Emergency Communications

During construction of the casino, Wilmorite should install radio system hardware that would improve the function of the county radio system inside the complex. It is likely that this hardware could also be used by security personnel to support their communications.

Wilmorite should also consider using radio frequencies that would allow for easy interoperability between their security departments and local public safety agencies.

Impact on Seneca County Schools

Community impact assessment must include consideration of local public schools, which are the most expensive local expense for taxpayers. In this case, the proposed casino can be expected to have a very small impact on the total population, thus its impact on local schools can also be expected to be small.

Population Growth Minimal

We note, first, that the developer has committed to paying wages that are at least 75% of the median for the occupation nationally. Hourly wages for the top ten casino occupations currently range from $10 per hour for wait staff to $27 per hour for gaming supervisors, with most positions earning in the $12-14 per hour range. While these will be attractive to many local residents seeking employment, these salaries are not high enough to spur family relocation. Moreover, the casino's location on the NYS Thruway midway between Rochester and Syracuse guarantees access to a substantial labor market, also limiting the need for relocation.

Finally, the Town of Tyre has very little land zoned for residential purposes. If the community maintains its commitment to preserving its rural character, there is little capacity for new housing development within the town.

Schools Have Excess Capacity

Even if a modest increase in population were to occur, the net fiscal impact on local public schools would probably be fiscally neutral. First, all of the districts have experienced a loss in enrollment in recent years, thus have excess physical capacity. A small increase in enrollment is likely to be dispersed across grades and schools, thus allowing their integration into existing classrooms through a slight increase in class size.

New residential construction would add to the tax base. Added enrollment would increase total state aid. Altogether, a small amount of growth may actually improve the fiscal condition of local schools.

The state aid figures below are only averages, of course, and do not reflect the myriad factors that influence aid per student. The actual impact on school cost would depend on the ages and other characteristics of new students, the value of the new homes built to accommodate the increase in population and factors specific to the individual school district.

Total Student Enrollment	**2003**	**2013**	**% Change**	**State Aid Per Pupil (2011-12)**
Romulus Central School District	622	395	-36%	$15,353
Seneca Falls Central School District	1,536	1,247	-19%	$12,397
South Seneca Central School District	1,040	747	-28%	$8,492
Waterloo Central School District	1,988	1,711	-14%	$11,676
Seneca County Total	**5,186**	**4,100**	**-21%**	**$11,480**

Comparison: Host Community Agreements in Massachusetts

This section of our report summarizes the casino operators competing for a Class III license in Massachusetts.* Each of the developers is required to negotiate an agreement with the host community that articulates what the casino developer will support financially both during the construction phase and during operation.

NYS v. Massachusetts

There are a number of important differences between the approaches to taxing Class III casinos adopted by New York State and the Commonwealth of Massachusetts.

The Gaming Tax

Massachusetts casinos will pay a tax equal to 25% of the "net win" or, as expressed in statute, the gross gaming revenue (GGR).

- The statute splits up the gaming tax revenue across a number of funds.
- Of the total collected, 6.25% goes to a "community mitigation fund." This is equivalent to 1.625% of GGR.
  - Local governments must apply to the Gaming Commission to secure a portion of these funds. CGR was informed that the Gaming Commission has yet to establish guidelines for the use of this money. Nonetheless, it anticipates that most of this money will be used for unexpected costs. As the host communities are empowered to negotiate with the developer, these "unanticipated impacts" are more likely to occur outside the host communities.†

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* The Class I, II and III distinctions come from the federal Indian Gaming Regulatory Act of 1988. Confusingly, Massachusetts created its own categories. What is generally termed "Class III" is a "Category 1" in Massachusetts.

† Section 61. (a) There shall be established and set up on the books of the commonwealth a separate fund to be known as the Community Mitigation Fund. The fund shall consist of monies transferred under section 59 and all other monies credited or transferred to the fund from any other fund or source.

(b) The commission shall administer the fund and, without further appropriation, shall expend monies in the fund to assist the host community and surrounding communities in offsetting costs related to the construction and operation of a gaming establishment including, but not limited to, communities and water and sewer districts in the vicinity of a gaming establishment, local and regional education, transportation, infrastructure, housing, environmental issues and public safety, including the office of the county district attorney, police, fire and emergency services. The commission may, at its

New York has a "two tier" gaming tax arrangement: Slot revenue is taxed at 37% and table games taxed at 10% GGR. The balance of revenue between the two, not just total GGR, will determine tax liability.

- For Wilmot, Maxim estimates that this will net to about 30% of GGR, thus slightly higher than the Massachusetts uniform tax on Class III facilities.
- Unlike Massachusetts, local government is awarded a specific share of the total tax revenue. The local share—10% of the total gaming tax—is split evenly between the county and the municipality. As the total tax is about 30% of GGR, the local governments split 3%. Counties are much less important in Massachusetts than they are in New York.

Statutory Gaming Tax	Total	State	Localities
Massachusetts	25%	23.075%, split among a range of state purpose funds	1.625%--but state controlled
New York (depends on share of slots/table games)	~30%	~27%	~3% (split b/n county & municipality)

Host Community Agreements

As the host communities do not receive a share of the state tax, these agreements define their total financial benefit. The HCAs often allocate funds to "surrounding communities" or have separate agreements.

The Massachusetts HCAs combine

- What we've been calling "direct" or "mitigation" payments—payments for direct costs imposed on the host community,

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discretion, distribute funds to a governmental entity or district other than a single municipality in order to implement a mitigation measure that affects more than 1 municipality; provided, however, that such entity or district shall submit a written request for funding in the same manner as a municipality would be required to submit such a request under subsection (c).
(c) Parties requesting appropriations from the fund shall submit a written request for funding to the commission before February 1 of each year. The commission may hold a public hearing in the region of a gaming establishment to provide parties with the opportunity to provide further information about their request for funds and shall distribute funds to requesting parties based on demonstrated need. See https://malegislature.gov/Laws/GeneralLaws/PartI/TitleII/Chapter23K/Section61.

- Community impact payments that are presented without any connection to specific costs imposed, and
- PILOT payments.

Some of the agreements "line out" a range of quite specific expenditures and others are rather vague, simply laying out total sums.

Payments as share of gross gaming revenue

The HCAs specify payments to the Massachusetts municipalities both during the construction period and after the casinos are operating. Every agreement is a bit different. They vary by timing and the basis of the payments. All seem to have price escalators built in—some are tied to an index; most simply increase every year at a constant rate. Most are tied directly to gross gaming revenue, although not all. For purposes of comparison, CGR has converted the base to estimated GGR.

Note that the agreements combine mitigation, PILOT payments and general impact fees. The largest share of the payment is generally the PILOT. A few conclusions:

- The average payment during construction—again, PILOT plus impact fee—is about 1% of expected GGR per year and ranges from 0.2% to 1.2%. Using the average for Massachusetts' Class III casinos, this annual "prepayment" would total about $2.3 million per year for the Wilmot casino if the average for Massachusetts were applied.
- The combination PILOT plus impact payments in Massachusetts average 3.6% of GGR across all Class 3 proposals. This would be $9.6 million for Wilmot. This compares to just under $8 million under NYS law, assuming that the "community mitigation fee" does not flow to the host community.
- The Massachusetts "community mitigation fund" receives 1.625% of GGR annually, which would be about $4.3 million from the Wilmot Casino. Massachusetts host communities do not appear to expect to spend from this fund.

Summary

The Massachusetts communities receive an annual payment between the time that the casino receives approval and the date it opens. Adjusted for the size of the Wilmot casino, the average is about $2.3 million.

The average local tax/fee during operation is about 3.6% of GGR in Massachusetts v. 3.0% in New York. The difference comes to about $1.7 million per year for the Wilmot casino.

Massachusetts Host Community Agreement Summary

	City of Revere, MA	City of Springfield, MA	City of Everett, MA	City of West Springfield, MA	Town of Milford, MA	Town of Tyre, NY
Operator	Mohegan Sun	MGM	Wynn Resorts	Hard Rock	Foxwoods	Wilmot
Type (per NYS)	Class III	Class III	Class III	Class III	Class III	Class III
Gross Gaming Revenue/Net Win ($m)	$1,000	$480	$804	$456	$1,000	$265
Total prepayments	$33.0	$15.1	$30.0	$4.4	$33.2	n/a
Construction Period (years)	4	3	3	4	4	n/a
Annual prepayment ($m)	$8.3	$5.0	$10.0	$1.1	$8.3	$2.3 (from MA avg)
Annual prepayment as % of GGR	0.8%	1.0%	1.2%	0.2%	0.8%	0.9% (avg)
Community Mitigation Fund (CMF): 1.625% of GGR ($m)	$16.3	$7.8	$13.1	$7.4	$16.3	$4.3 (MA %)
Annual Impact Fee + PILOT	$25.0	$26.1	$25.0	$25.0	$35.0	$9.6 (MA avg)
Impact Payments/PILOT as % GGR	2.5%	5.4%	3.1%	5.5%	3.5%	3.6% (MA avg)
Total: Impact fee, PILOT, CMF	**$41.3**	**$33.9**	**$38.1**	**$32.4**	**$51.3**	**$14.0 (MA avg)**
Total Local as % of GGR	**4.1%**	**7.1%**	**4.7%**	**7.1%**	**5.1%**	**5.3% (MA avg)**

Review of Final Host Community Agreement

Cornell University Report

Cornell University provided the Town of Tyre with a summary of a major Canadian compilation of casino impact studies*, identifying areas of concern. The negative impacts identified in the study include a possible impact on crime and, most notably, the consequences of problem and compulsive gambling on the community.

CGR Report

A draft of this report was provided to the Town of Tyre, its consultant team (Bond, Schoeneck & King PLLC; Barton & Loguidice, D.P.C., and The Bonadio Group), other public officials and to Wilmorite and its counsel (Harris Beach). The findings and recommendations became part of the process of considering the developer's application and are reflected in the Host Community Agreement (HCA).

HCA Response

The HCA includes several obligations guaranteeing the base level impact of the casino on the local economy, including a limitation on the total number of hotel rooms and pay standards for casino employees.

Public Safety

The Host Community Agreement has addressed public safety aspects of the impact quite thoroughly, both through a commitment to pay the full cost of fire service and guarantee payment for emergency medical services provided to casino patrons. Moreover, the HCA commits the casino to support one additional sheriff's deputy as long as the casino is in operation. In the event that the casino's insurance requires access to a ladder truck within a five mile radius, the HCA notes that this cost will be fully borne by the casino.

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* Canadian Consortium for Gambling Research, *The Social and Economic Impacts of Gambling*, March 2011.

Problem Gambling

The developer has also agreed to fund two additional positions in the Seneca County Mental Health Department to support individuals affected by problem gambling.

As documented in the Canadian study and the National Gambling Impact Study Commission Final Report which it references, the social impacts of gambling are diffused throughout the community, as problem gamblers often fail to present themselves for treatment. CGR recommends in this report that additional funds be made available to the Seneca County United Way and the Seneca County fund of the Rochester Area Community Foundation as a means of addressing these diffused impacts. The casino developer notes that the State of New York earmarks a portion of the gaming tax for such issues. CGR responds that there is no mechanism for ensuring that any of these funds flow to support social service agencies in the immediate vicinity of the casino. The State of New York should develop a program granting privileged access to these funds for communities like Seneca County whose citizens live in close proximity to a casino.

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This memorandum is to address components of Exhibit VIII.B.3.b of Lago Resort and Casino's gaming license application, as required by the State of New York in its "Request for Applications to Develop and Operate a Gaming Facility in New York State".

IMPACTS ON LOCAL AND REGIONAL ECONOMY

TMG's June 2014 report entitled, "*Lago Resort and Casino Gaming Market Assessment, Operating Pro-Forma, and Socioeconomic Impact Assessment: Tyre, NY*" assessed the impacts of the proposed development on the local and regional economy. Specifically addressed in this study were the impacts on job creation and earnings in the region. As detailed in this report, the operations of the Lago Resort and Casino are projected to create 1,230[1] jobs (Full Time Equivalent jobs) on-site, and result in an additional 632 indirect and induced FTE jobs in the Average Scenario. In this Average Scenario, the direct jobs are projected to generate over $39 million in household earnings, while another $28 million in household earnings are projected for other households in New York, for a total of $67.27 million in new household earnings.

In addition to on-going jobs and income impacts, the project is expected to generate substantial jobs and earnings from its construction and pre-opening. In the Average Case scenario, 2,304 FTE jobs are projected to be sustained on-site, with another 1,541 indirect and induced FTE jobs sustained in New York.

These projections for job creation were based data and methods developed by the U.S. Bureau of Economic Analysis which consider the observed impacts of casino developments and associated spending across the country. Detail on this methodology for arriving at these projections, the inputs used, and the various scenarios (High and Low) are included in the June 2014 report.

IMPACTS ON HOST AND NEARBY MUNICIPALITIES

Job Creation

Of the jobs projected for the Lago Resort and Casino, the majority are expected to accrue to the local area. The following table is repeated from TMG's June 2014 report, showing the distribution of jobs and earnings impacts in the Average Scenario. The corresponding projections for the High and Low scenarios are detailed in the June 2014 report.

Projected Distribution of Recurring Jobs and Earnings Impacts: Average Scenario

Location	Direct Jobs On-Site Impact	Direct Jobs Impact (Residence)	Indirect & Induced Jobs Impact	Estimated Indirect and Induced Jobs Impact to Location	Total Earnings Impact (2017$)	Estimated Earnings Impact to Location
60-Minute Drive-Time Ring	**1,230**		**632**		**$67.27 M**	
Primary Market Area (30 minutes)		**298**		**153**		**$16.29 M**
Secondary Market Area (30-60 minutes)		**932**		**479**		**$50.98 M**
Seneca County		*62*		*32*		**$3.38 M**

Source: TMG Consulting

[1] Per JNB Gaming, the 1,230 Full Time Equivalent jobs are expected to result in the employment of 1,458 individuals.

TMG projects that all of the recurring direct jobs will accrue to residents living within a 60 minute drive of the resort casino, with approximately 298 of those FTE jobs going to those living within 30 minutes of the casino. Seneca County is projected to enjoy 62 of those FTE jobs. Earnings have been allocated accordingly, as shown in the preceding table.

The jobs and incomes generated by the construction and pre-opening costs of the Lago Resort and Casino are projected to be distributed similarly to those from ongoing operations. The following table details these projections in the Average Case Scenario.

Projected Distribution of One-Time Jobs and Earnings Impacts: Average Scenario

Location	Direct Jobs On-Site Impact	Direct Jobs Impact (Residence)	Indirect & Induced Jobs Impact	Estimated Indirect and Induced Jobs Impact to Location	Total Earnings Impact (2017$)	Estimated Earnings Impact to Location
60-Minute Drive-Time Ring	**2,304**		**1,541**		**$257.32 M**	
Primary Market Area (30 minutes)		**558**		**373**		**$62.32 M**
Secondary Market Area (30-60 minutes)		**1,746**		**1,168**		**$195.00 M**
Seneca County		*116*		*77*		**$12.92 M**

Source: TMG Consulting

Detail on the methodology for arriving at the segmentation of these projections, the inputs used, and the various scenarios (High and Low) are included in the June 2014 report.

Unemployment Rates

The following is an excerpt from TMG Consulting's June 2014 Gaming Market Assessment, Operating Pro-Forma, and Socioeconomic Impact Assessment for Lago Resort and Casino:

> According to the Bureau of Labor Statistics (BLS) and based on the most recent 12-month period[2] of data available, unemployment averaged 6.8% in the Rochester MSA[3] and 7.2% in both the Syracuse and Buffalo-Niagara Falls MSAs. In the Rochester-Batavia-Seneca Falls Combined Statistical Area, which includes the Seneca County and the Town of Tyre, unemployment averaged over 7% in 2013.
>
> With unemployment in the primary and surrounding areas from which the Lago facility would be drawing its employees, the additional jobs created by the development will likely be absorbed by workers throughout the area through a "filtering up" process. That is, some of the unemployed will take lower paying jobs that become available as the work force moves up to fill the new positions at the proposed facility. Therefore, we do not anticipate any significant migrations to Seneca County and the Town of Tyre to fills jobs created by the casino.

[2] The 12-month average unemployment rate is based on BLS-data ranging from April 2013 through March 2014.
[3] Metropolitan Statistical Area (MSA)

While TMG did not perform an employment rate impact analysis, the projected direct, indirect and induced jobs attributable to the Lago Resort and Casino are expected have a *positive impact* on overall employment in the region, potentially resulting in a decline in unemployment rates.

Cultural Institutions

TMG Consulting has not, in our years of experience in the gaming industry, in the analysis of socioeconomic impacts of developments, and in service to the public sector, observed negative impacts from casino developments on cultural institutions. Local cultural institutions could likely benefit from the presence of the Lago Resort and Casino through charitable contributions from the facility itself, as well as from increased access to the population residing outside of the region.

Small Businesses

While TMG did not perform an assessment of the impacts of the Lago Resort and Casino on Small Businesses, based on our projections of job creation and economic impacts to the region (see figures presented in previous sections herein, and further detailed in *Lago Resort and Casino Gaming Market Assessment, Operating Pro-Forma, and Socioeconomic Impact Assessment: Tyre, NY* dated June 2014), it is reasonable to conclude that small businesses in the local area could benefit from increased visitation from those residing outside of the region, increased employment for regional residents, and increased household incomes in the region. Further, it is not expected that the Lago Resort and Casino will compete directly with local small businesses.

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.

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Submit as Exhibit VIII. B.4. a study completed by an independent expert providing projections for all estimated State, county and local tax revenue (e.g., gaming, sales, income, real estate, hotel, entertainment and other taxes) for a period of at least the first five (5) years of operations on a high --, average--- and low--- case basis, identifying the source of each element of these tax revenues.

The study should include a description of the background conditions in the comparable year (i.e., assuming economic conditions and demographics continues to develop as to trend without the Applicant's proposed Gaming Facility) and build scenario with express enumeration of assumptions. Include analysis of the low---, average--- and high--- cases used for the revenue study and financial forecasts. Studies should explain their methodology, report their results and compare those results to actual observed conditions in similar built projects.

VIII.B.4 PROJECTED TAX REVENUE TO THE STATE

TMG Consulting is an independent expert, with experience conducting Gaming Market Studies in many jurisdictions. The complete study and assumptions which TMG based its findings on are included in TMG's Socioeconomic Study, found in its entirety, as part of Exhibit VIII.B.3.a.

The State Provided Matrix, prepared by TMG is included in this Exhibit.

Template for Item VIII.B.4. - Projected tax revenue for 5 years

HIGH-CASE

NAME OF APPLICANT Lago Resort & Casino LLC

I. **Instructions**

Submit 5-year projections, starting from date of opening:
Projected Opening Date (mm/dd/yyyy): January 2016

- PLEASE FILL IN LIGHT GREY SHADED CELLS. USE FORMULAS AS APPROPRIATE.
- SECTION II. TAX PROJECTION SUMMARY WILL POPULATE AUTOMATICALLY. SECTIONS TO BE COMPLETED:
  - I. Instructions
  - II. Tax Projection Summary - information under "Jurisdiction"
  - III. Incremental Business Activity Taxes
  - IV. Table and Slot Machine Fees
  - V. Incremental Real Property Tax for the Gaming Facility
  - VI. Incremental Personal Income Tax
  - VII. Community Impact Payments
  - VIII. Assumptions
- FOR LINE ITEMS MARKED "SPECIFY", PLEASE USE THE COMMENT SPACE TO THE RIGHT TO DESCRIBE IN DETAIL WHAT IS CONTAINED IN THAT LINE ITEM.
- ALL COSTS OR DEDUCTIONS SHOULD BE ENTERED AS NEGATIVE NUMBERS. SUCH ROWS BEGIN WITH THE WORD "LESS."
- IN ADDITION TO COMPLETING THIS WORKSHEET, THE APPLICANT SHALL PROVIDE (IN THE ASSUMPTIONS SECTION) A DETAILED DESCRIPTION OF ALL ASSUMPTIONS RELEVANT TO THE TAX PROJECTIONS INCLUDED HEREIN.

- IF THIRD PARTY SOFTWARE IS USED TO GENERATE INFORMATION PROVIDED IN THIS TEMPLATE (E.G., IMPLAN), THE APPLICANT SHALL IDENTIFY (IN THE ASSUMPTIONS SECTION) THE NAME OF THE SOFTWARE AND VERSION/RELEASE DATE OF SUCH SOFTWARE.
- PROVIDE ALL DOLLAR AMOUNTS IN CURRENT-YEAR (UNINFLATED) DOLLARS
- PLEASE DO NOT ADD OR DELETE ROWS OR COLUMNS.

II.

Tax Projection Summary		Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
Projected "Direct" NY State Tax Revenues from Proposed Gaming Facility						
Gaming Privilege Taxes and Table & Device Fees Pursuant to PML		$ 69,609,316	$ 81,709,342	$ 84,619,856	$ 87,635,382	$ 90,759,711
Corporate Profits Tax		$ -	$ -	$ -	$ -	$ -
Sales & Use Taxes		$ 749,143	$ 879,097	$ 902,029	$ 909,674	$ 924,962
Personal Income Taxes		$ 4,247,557	$ 4,295,064	$ 4,343,663	$ 4,393,358	$ 4,444,219
Total "Direct" NY State Tax Revenues		$ 74,606,016	$ 86,883,503	$ 89,865,549	$ 92,938,414	$ 96,128,892
Projected "Indirect" NY State Tax Revenues from Induced Incremental Economic Activity						
Corporate Profits Tax		$ -	$ -	$ -	$ -	$ -
Sales & Use Taxes		**$ 2,107,814**	**$ 2,300,613**	**$ 2,289,405**	**$ 2,326,767**	**$ 2,356,657**
Personal Income Taxes		**$ 1,540,090**	**$ 1,587,597**	**$ 1,636,196**	**$ 1,685,914**	**$ 1,736,775**
Total "Indirect" NY State Tax Revenues		**$ 3,647,903**	**$ 3,888,210**	**$ 3,925,601**	**$ 4,012,680**	**$ 4,093,431**
	Jurisdiction					
Projected "Direct" Host Community Tax Revenues from Proposed Gaming Facility						
Total "Direct" Host Village Tax Revenues		$ -	$ -	$ -	$ -	$ -
Total "Direct" Host City/Town Tax Revenues		$ -	$ -	$ -	$ -	$ -
Total "Direct" Host County Tax Revenues	Seneca County	**$ 969,873**	**$ 1,119,893**	**$ 1,157,159**	**$ 1,173,403**	**$ 1,197,291**
Projected "Indirect" Host Community Tax Revenues from Induced Incremental Economic Activity						
Total "Indirect" Host Village Tax Revenues		$ -	$ -	$ -	$ -	$ -
Total "Indirect" Host City/Town Tax Revenues		$ -	$ -	$ -	$ -	$ -
Total "Indirect" Host County Tax Revenues		**$ 2,107,814**	**$ 2,300,613**	**$ 2,289,405**	**$ 2,326,767**	**$ 2,356,657**
Community Impact Payments (if any)						
Total Host Village Impact Payments		$ -	$ -	$ -	$ -	$ -
Total Host City/Town Impact Payments		**$ 730,988**	**$ 745,608**	**$ 760,520**	**$ 775,730**	**$ 798,247**
Total Host County Impact Payments		**$ 1,218,313**	**$ 1,242,679**	**$ 1,267,533**	**$ 1,292,884**	**$ 1,330,412**

III. Incremental Business Activity Taxes

Assumptions	Unit	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
[redacted]						

Incremental Tax Projections	Jurisdiction	Rate (% or $/night or ticket)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)
Gaming Facility Business Activities							
Gaming Privilege Taxes							
Gaming Privilege Tax under PML Sec. 1351 on Gross Gaming Revenues* from Slot Machines and Electronic Gaming Devices	NY State	37.00%	$61,919,510	$72,846,482	$75,474,831	$78,198,013	$81,019,449
Binding Supplemental Fee Pursuant to PML Sec. 1351 on Gross Gaming Revenues* from Slot Machines and Electronic Gaming Devices	NY State						
Gaming Privilege Tax under PML Sec. 1351 on Gross Gaming Revenues* from House-Banked Table Games	NY State	10.00%	$6,647,307	$7,820,361	$8,102,524	$8,394,869	$8,697,761
Binding Supplemental Fee Pursuant to PML Sec. 1351 on Gross Gaming Revenues* from House-Banked Table Games	NY State						
Gaming Privilege Tax under PML Sec. 1351 on Gross Gaming Revenues* from Other Gaming	NY State						
Binding Supplemental Fee Pursuant to PML Sec. 1351 on Gross Gaming Revenues* from Other Gaming	NY State						
Corporate Profits Tax	NY State	7.10%					
Sales & Use Taxes							
NY State Retail Sales Tax	NY State	4.00%	$99,376.13	$103,198.29	$110,842.60	$114,664.76	$118,486.92
Host Village Retail Sales Tax							
Host City/Town Retail Sales Tax							
Host County Retail Sales Tax	Seneca County	4.00%	$99,376.13	$103,198.29	$110,842.60	$114,664.76	$118,486.92
NY State Food Sales Tax	NY State	4.00%	$420,437.47	$504,524.96	$515,991.43	$515,991.43	$523,635.75
Host Village Food Sales Tax							
Host City/Town Food Sales Tax							
Host County Food Sales Tax	Seneca County	4.00%	$420,437.47	$504,524.96	$515,991.43	$515,991.43	$523,635.75
NY State Non-Alcoholic Beverage Sales Tax	NY State	4.00%	$22,932.95	$27,137.33	$27,519.54	$27,901.76	$28,283.97
Host Village Non-Alcoholic Beverage Sales Tax							
Host City/Town Non-Alcoholic Beverage Sales Tax							
Host County Non-Alcoholic Beverage Sales Tax	Seneca County	4.00%	$22,932.95	$27,137.33	$27,519.54	$27,901.76	$28,283.97
NY State Alcoholic Beverage Sales Tax	NY State	4.00%	$206,396.57	$244,235.95	$247,675.89	$251,115.83	$254,555.77
Host Village Alcoholic Beverage Sales Tax							
Host City/Town Alcoholic Beverage Sales Tax							
Host County Alcoholic Beverage Sales Tax	Seneca County	4.00%	$206,396.57	$244,235.95	$247,675.89	$251,115.83	$254,555.77
Lodging/Bed Taxes							
NY State Lodging/Bed Tax	NY State	0.000%					
Host Village Lodging/Bed Tax							
Host City/Town Lodging/Bed Tax							
Host County Lodging/Bed Tax	Seneca County	3.00%	$220,729.67	$240,796.00	$255,129.10	$263,728.96	$272,328.81

Entertainment/Ticket Taxes							
Host Village Entertainment/Ticket Tax							
Host City/Town Entertainment/Ticket Tax							
Host County Entertainment/Ticket Tax							
Places of Amusement Admissions Taxes							
NY State Amusement Admissions Tax							
Host Village Amusement Admissions Tax							
Host City/Town Amusement Admissions Tax							
Host County Amusement Admissions Tax							
Other Revenue, Income and Sales Taxes	NY State	4.00%					
Specify Other Host Village Business Activity:							
Specify Other Host City/Town Business Activity:							
Specify Other Host County Business Activity:	Seneca County	4.00%					
"Spillover" / Induced Economic Activity							
Incremental Corporate Profits Taxes on Other NY Businesses	NY State	7.10%					
Incremental Retail Sales, Food, Beverage, Lodging and Amusement Admissions Taxes from Other NY Businesses							
NY State Retail Sales Tax	NY State	4.00%	$2,107,814	$2,300,613	$2,289,405	$2,326,767	$2,356,657
Host Village Retail Sales Tax							
Host City/Town Retail Sales Tax							
Host County Retail Sales Tax	Seneca County	4.00%	$2,107,814	$2,300,613	$2,289,405	$2,326,767	$2,356,657
Other Revenue, Income and Sales Taxes							
Specify Other Host Village Taxes:							
Specify Other Host City/Town Taxes:							
Specify Other Host County Taxes:							

* = "Gross Gaming Revenues" in this table shall have the definition provided in PML Sec. 1301.25.

IV.

Table and Slot Machine Fees		Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
Assumptions						
Number of Slot Machines and Electronic Gaming Devices		2000	2000	2000	2000	2000
Number of Gaming Tables (House-Banked & Other Tables)		85	85	85	85	85
Tax Projections	**Rate**	**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**
Slot Machine Fees Pursuant to PML Sec. 1348	$500 / Device	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000
Gaming Table Fees Pursuant to PML Sec. 1348	$500 / Table	$ 42,500	$ 42,500	$ 42,500	$ 42,500	$ 42,500

V. **Incremental Real Property Tax for the Gaming Facility**

Assumptions@	Year 1 2016 Amount ($)	Year 2 2017 Amount ($)	Year 3 2018 Amount ($)	Year 4 2019 Amount ($)	Year 5 2020 Amount ($)
Cost of Land Improvements+	23,524,834	23,524,834	23,524,834	23,524,834	23,524,834
Hard Construction Costs	145,207,485	145,207,485	145,207,485	145,207,485	145,207,485
Soft Construction Costs Included in Assessed Value	44,340,999	44,340,999	44,340,999	44,340,999	44,340,999
Financing Costs	9,995,438	9,995,438	9,995,438	9,995,438	9,995,438
Infrastructure Improvements Owned by the Private Sector	-	-	-	-	-
Infrastructure Improvements Owned by Governments	6,952,500	6,952,500	6,952,500	6,952,500	6,952,500
Construction Contingencies	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Estimated Incremental Assessed Real Property Value (Roll-Forward to Future Years)	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000

Incremental Tax Projections	Jurisdiction	Current Ad Valorum Rate (%)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)
Host Village Real Property Tax							
Host City/Town Real Property Tax							
Host County Real Property Tax							

@ = Submit pre-opening costs in Year 1 and post-opening costs in the year Incurred. Roll forward total assessed value from year-to-year and add new costs incurred in each year.
+ = Purchase Price of Land and Existing Improvements Excluded Because Already Taxed

VI. **Incremental Personal Income Tax**

Assumptions	Year 1 2016		Year 2 2017		Year 3 2018		Year 4 2019		Year 5 2020	
	FTE Workers	Average Annual Wage / Salary and Tips	FTE Workers	Average Annual Wage / Salary and Tips	FTE Workers	Average Annual Wage / Salary and Tips	FTE Workers	Average Annual Wage / Salary and Tips	FTE Workers	Average Annual Wage / Salary and Tips
[redacted]										
Spillover / Induced Economic Activity										
Total Incremental Job Creation (Other than Direct Gaming Facility Employment)										
Professionals, Managers, Executives and Technicians										
Clerical Workers, Sales and Service Workers										
Production and Transport Operators, Laborers and Other	804	$39,832	804	$40,748	804	$41,685	804	$42,644	804	$43,625

Incremental Tax Projections#	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type
Gaming Facility Workers										
General and Administrative										
Professionals, Managers, Executives and Technicians	$ 2,854	$ 319,616	$ 2,854	$ 319,616	$ 2,854	$ 319,616	$ 2,854	$ 319,616	$ 2,854	$ 319,616
Clerical Workers, Compliance, Accounting, and Sales	$ 1,410	$ 84,627	$ 1,410	$ 84,627	$ 1,410	$ 84,627	$ 1,410	$ 84,627	$ 1,410	$ 84,627
Human Resources	$ 1,101	$ 22,017	$ 1,101	$ 22,017	$ 1,101	$ 22,017	$ 1,101	$ 22,017	$ 1,101	$ 22,017
Production and Transport Operators, Laborers and Cleaners	$ 1,282	$ 179,480	$ 1,282	$ 179,480	$ 1,282	$ 179,480	$ 1,282	$ 179,480	$ 1,282	$ 179,480
Casino										
Professionals, Managers, Executives and Technicians	$ 3,363	$ 205,156	$ 3,363	$ 205,156	$ 3,363	$ 205,156	$ 3,363	$ 205,156	$ 3,363	$ 205,156
Dealers and game supervisors	$ 2,287	$ 1,264,529	$ 2,287	$ 1,264,529	$ 2,287	$ 1,264,529	$ 2,287	$ 1,264,529	$ 2,287	$ 1,264,529
Clerical Workers, Sales and Hosts	$ 1,083	$ 19,495	$ 1,083	$ 19,495	$ 1,083	$ 19,495	$ 1,083	$ 19,495	$ 1,083	$ 19,495
Security and surveillance	$ 1,219	$ 136,582	$ 1,219	$ 136,582	$ 1,219	$ 136,582	$ 1,219	$ 136,582	$ 1,219	$ 136,582
Cleaners										
Other	$ 1,046	$ 73,200	$ 1,046	$ 73,200	$ 1,046	$ 73,200	$ 1,046	$ 73,200	$ 1,046	$ 73,200
Hotel										
Professionals, Managers, Executives and Technicians	$ 4,076	$ 12,229	$ 4,076	$ 12,229	$ 4,076	$ 12,229	$ 4,069	$ 12,206	$ 4,069	$ 12,206
Clerical Workers, Sales and Marketing Staff	$ 956	$ 14,346	$ 956	$ 14,346	$ 956	$ 14,346	$ 956	$ 14,346	$ 956	$ 14,346
Room cleaners, housekeeping supervisors	$ 956	$ 47,819	$ 956	$ 47,819	$ 956	$ 47,819	$ 956	$ 47,819	$ 956	$ 47,819
Other										
Food and Beverage										
Professionals, Chefs, Managers, Executives and Technicians	$ 4,579	$ 22,893	$ 4,579	$ 22,893	$ 4,579	$ 22,893	$ 4,579	$ 22,893	$ 4,579	$ 22,893
Clerical Workers, Sales and Service Workers										
Food preparers and servers, Hosting staff, and Cleaners	$ 995	$ 294,556	$ 995	$ 294,556	$ 995	$ 294,556	$ 995	$ 294,556	$ 995	$ 294,556
Other										
Other (including convention, entertainment, retail, etc.)										
Professionals, Managers, Executives and Technicians	$ 2,184	$ 10,922	$ 2,184	$ 10,922	$ 2,184	$ 10,922	$ 2,184	$ 10,922	$ 2,184	$ 10,922
Production and Transport Operators, Laborers and Cleaners										
Other										
"Spillover" / Induced Economic Activity										
Total Incremental Job Creation (Other than Direct Gaming Facility Employment)										
Professionals, Managers, Executives and Technicians										
Clerical Workers, Sales and Service Workers										
Production and Transport Operators, Laborers and										
Other	$1,916	$ 1,540,090	$1,975	$ 1,587,597	$2,035	$ 1,636,196	$2,097	$ 1,685,914	$2,160	$1,736,775

= Apply current NY State income tax rates to the average annual wage/salary & tips for the respective job category and multiply by the FTE workers in said category; assume filing as Single or Married Filing Separately, with no exemptions or deductions.

VII. **Community Impact Payments**

			Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
Assumptions			**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**
Gaming Facility Financial Metrics							
Casino Department							
Gross Gaming Revenues* from Slot Machines and Electronic Gaming Devices			$167,350,026	$196,882,383	$203,986,030	$211,345,981	$218,971,485
Gross Gaming Revenues* from House-Banked Table Games			$66,473,065	$78,203,606	$81,025,244	$83,948,689	$86,977,613
Gross Gaming Revenues* from Other Gaming			$0	$0	$0	$0	$0
Less: Complementary Sales			-$16,435,460	-$18,447,393	-$18,153,584	-$18,820,139	-$19,492,072
Total Casino Gross Revenue			$217,387,631	$256,638,597	$266,857,690	$276,474,531	$286,457,025
Community Impact Payments (if any)^	**Base (Slot, Table, or Total GGR)**	**Rate (%)**	**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**
Host Village Impact Payments							
Fixed Host Village Impact Payments							
Variable Host Village Impact Payments							
Total Host Village Impact Payments							
Host City/Town Impact Payments							
Fixed Host City/Town Impact Payments			$730,988	$745,608	$760,520	$775,730	$798,247
Variable Host City/Town Impact Payments							
Total Host City/Town Impact Payments			$730,988	$745,608	$760,520	$775,730	$798,247
Host County Impact Payments							
Fixed Host County Impact Payments			$1,218,313	$1,242,679	$1,267,533	$1,292,884	$1,330,412
Variable Host County Impact Payments							
Total Host County Impact Payments			$1,218,313	$1,242,679	$1,267,533	$1,292,884	$1,330,412

* = "Gross Gaming Revenues" in this table shall have the definition provided in PML Sec. 1301.25.

^ = A Community Impact Payment is an amount payable, in addition to any business activity or real property taxes, under a host community, community benefit or similar agreement entered into between an Applicant, Manager or any of their affiliates and the Host Village, Host City/Town and/or Host County of its proposed Gaming Facility in connection with or as a condition of such government's endorsement, approval or recommendation of the proposed Gaming Facility. Community Impact Payments include direct payments to governments as well as contractually required contributions to charitable organizations. Community Impact Payments may be required, among other mechanisms, as lump sums at certain times or upon certain conditions, as periodic fixed amounts while the Gaming Facility operates or in amounts calculated as a measure of Gaming Facility financial performance such as gross gaming revenues. Submit community impact payments due in the pre-opening period under Year 1.

VIII. **Assumptions**

Spreadsheet prepared by TMG Consulting. Please see TMG Socioeconomic Impact Assessment Report in Exhibit VIII.B.3a for assumptions

Template for Item VIII.B.4. - Projected tax revenue for 5 years

AVERAGE-CASE

NAME OF APPLICANT Lago Resort & Casino LLC

I. Instructions

Submit 5-year projections, starting from date of opening:
Projected Opening Date (mm/dd/yyyy): January 2016

- PLEASE FILL IN LIGHT GREY SHADED CELLS. USE FORMULAS AS APPROPRIATE.
- SECTION II. TAX PROJECTION SUMMARY WILL POPULATE AUTOMATICALLY. SECTIONS TO BE COMPLETED:
  - I. Instructions
  - II. Tax Projection Summary - information under "Jurisdiction"
  - III. Incremental Business Activity Taxes
  - IV. Table and Slot Machine Fees
  - V. Incremental Real Property Tax for the Gaming Facility
  - VI. Incremental Personal Income Tax
  - VII. Community Impact Payments
  - VIII. Assumptions
- FOR LINE ITEMS MARKED "SPECIFY", PLEASE USE THE COMMENT SPACE TO THE RIGHT TO DESCRIBE IN DETAIL WHAT IS CONTAINED IN THAT LINE ITEM.
- ALL COSTS OR DEDUCTIONS SHOULD BE ENTERED AS NEGATIVE NUMBERS. SUCH ROWS BEGIN WITH THE WORD "LESS."
- IN ADDITION TO COMPLETING THIS WORKSHEET, THE APPLICANT SHALL PROVIDE (IN THE ASSUMPTIONS SECTION) A DETAILED DESCRIPTION OF ALL ASSUMPTIONS RELEVANT TO THE TAX PROJECTIONS INCLUDED HEREIN.

- IF THIRD PARTY SOFTWARE IS USED TO GENERATE INFORMATION PROVIDED IN THIS TEMPLATE (E.G., IMPLAN), THE APPLICANT SHALL IDENTIFY (IN THE ASSUMPTIONS SECTION) THE NAME OF THE SOFTWARE AND VERSION/RELEASE DATE OF SUCH SOFTWARE.
- PROVIDE ALL DOLLAR AMOUNTS IN CURRENT-YEAR (UNINFLATED) DOLLARS
- PLEASE DO NOT ADD OR DELETE ROWS OR COLUMNS.

II.

Tax Projection Summary		Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
Projected "Direct" NY State Tax Revenues from Proposed Gaming Facility						
Gaming Privilege Taxes and Table & Device Fees Pursuant to PML		$ 63,601,390	$ 74,641,194	$ 77,296,683	$ 80,047,985	$ 82,898,555
Corporate Profits Tax		$ -	$ -	$ -	$ -	$ -
Sales & Use Taxes		$ 691,811	$ 817,942	$ 837,053	$ 844,697	$ 856,164
Personal Income Taxes		$ 3,576,866	$ 3,616,029	$ 3,656,093	$ 3,697,056	$ 3,738,984
Total "Direct" NY State Tax Revenues		$ 67,870,067	$ 79,075,165	$ 81,789,830	$ 84,589,738	$ 87,493,703
Projected "Indirect" NY State Tax Revenues from Induced Incremental Economic Activity						
Corporate Profits Tax		$ -	$ -	$ -	$ -	$ -
Sales & Use Taxes		$ 1,827,379	$ 1,990,710	$ 1,975,765	$ 2,013,128	$ 2,043,017
Personal Income Taxes		$ 1,290,013	$ 1,329,176	$ 1,369,240	$ 1,410,225	$ 1,452,153
Total "Indirect" NY State Tax Revenues		$ 3,117,391	$ 3,319,886	$ 3,345,005	$ 3,423,353	$ 3,495,170
	Jurisdiction					
Projected "Direct" Host Community Tax Revenues from Proposed Gaming Facility						
Total "Direct" Host Village Tax Revenues		$ -	$ -	$ -	$ -	$ -
Total "Direct" Host City/Town Tax Revenues		$ -	$ -	$ -	$ -	$ -
Total "Direct" Host County Tax Revenues	Seneca County	$ 912,540	$ 1,058,738	$ 1,092,182	$ 1,108,426	$ 1,128,492
Projected "Indirect" Host Community Tax Revenues from Induced Incremental Economic Activity						
Total "Indirect" Host Village Tax Revenues		$ -	$ -	$ -	$ -	$ -
Total "Indirect" Host City/Town Tax Revenues		$ -	$ -	$ -	$ -	$ -
Total "Indirect" Host County Tax Revenues		$ 1,827,379	$ 1,990,710	$ 1,975,765	$ 2,013,128	$ 2,043,017
Community Impact Payments (if any)						
Total Host Village Impact Payments		$ -	$ -	$ -	$ -	$ -
Total Host City/Town Impact Payments		$ 730,988	$ 745,608	$ 760,520	$ 775,730	$ 798,247
Total Host County Impact Payments		$ 1,218,313	$ 1,242,679	$ 1,267,533	$ 1,292,884	$ 1,330,412

III. Incremental Business Activity Taxes

Assumptions	Unit	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
[redacted]						

Incremental Tax Projections	Jurisdiction	Rate (% or $/night or ticket)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)
Gaming Facility Business Activities							
Gaming Privilege Taxes							
Gaming Privilege Tax under PML Sec. 1351 on Gross Gaming Revenues* from Slot Machines and Electronic Gaming Devices	NY State	37.00%	$56,494,030	$66,463,565	$68,861,614	$71,346,187	$73,920,405
Binding Supplemental Fee Pursuant to PML Sec. 1351 on Gross Gaming Revenues* from Slot Machines and Electronic Gaming Devices	NY State						
Gaming Privilege Tax under PML Sec. 1351 on Gross Gaming Revenues* from House-Banked Table Games	NY State	10.00%	$6,064,860	$7,135,129	$7,392,569	$7,659,298	$7,935,651
Binding Supplemental Fee Pursuant to PML Sec. 1351 on Gross Gaming Revenues* from House-Banked Table Games	NY State						
Gaming Privilege Tax under PML Sec. 1351 on Gross Gaming Revenues* from Other Gaming	NY State						
Binding Supplemental Fee Pursuant to PML Sec. 1351 on Gross Gaming Revenues* from Other Gaming	NY State						
Corporate Profits Tax	NY State	7.10%					
Sales & Use Taxes							
NY State Retail Sales Tax	NY State	4.00%	$95,553.97	$107,020.45	$110,842.60	$114,664.76	$122,309.08
Host Village Retail Sales Tax							
Host City/Town Retail Sales Tax							
Host County Retail Sales Tax	Seneca County	4.00%	$95,553.97	$107,020.45	$110,842.60	$114,664.76	$122,309.08
NY State Food Sales Tax	NY State	4.00%	$386,038.04	$462,481.21	$473,947.69	$473,947.69	$473,947.69
Host Village Food Sales Tax							
Host City/Town Food Sales Tax							
Host County Food Sales Tax	Seneca County	4.00%	$386,038.04	$462,481.21	$473,947.69	$473,947.69	$473,947.69
NY State Non-Alcoholic Beverage Sales Tax	NY State	4.00%	$21,021.87	$24,844.03	$25,226.25	$25,608.46	$25,990.68
Host Village Non-Alcoholic Beverage Sales Tax							
Host City/Town Non-Alcoholic Beverage Sales Tax							
Host County Non-Alcoholic Beverage Sales Tax	Seneca County	4.00%	$21,021.87	$24,844.03	$25,226.25	$25,608.46	$25,990.68
NY State Alcoholic Beverage Sales Tax	NY State	4.00%	$189,196.86	$223,596.29	$227,036.23	$230,476.17	$233,916.12
Host Village Alcoholic Beverage Sales Tax							
Host City/Town Alcoholic Beverage Sales Tax							
Host County Alcoholic Beverage Sales Tax	Seneca County	4.00%	$189,196.86	$223,596.29	$227,036.23	$230,476.17	$233,916.12
Lodging/Bed Taxes							
NY State Lodging/Bed Tax	NY State	0.000%					
Host Village Lodging/Bed Tax							
Host City/Town Lodging/Bed Tax							
Host County Lodging/Bed Tax	Seneca County	3.00%	$220,729.67	$240,796.00	$255,129.10	$263,728.96	$272,328.81

Entertainment/Ticket Taxes							
Host Village Entertainment/Ticket Tax							
Host City/Town Entertainment/Ticket Tax							
Host County Entertainment/Ticket Tax							
Places of Amusement Admissions Taxes							
NY State Amusement Admissions Tax							
Host Village Amusement Admissions Tax							
Host City/Town Amusement Admissions Tax							
Host County Amusement Admissions Tax							
Other Revenue, Income and Sales Taxes	NY State	4.00%					
Specify Other Host Village Business Activity:							
Specify Other Host City/Town Business Activity:							
Specify Other Host County Business Activity:	Seneca County	4.00%					
"Spillover" / Induced Economic Activity							
Incremental Corporate Profits Taxes on Other NY Businesses	NY State	7.10%					
Incremental Retail Sales, Food, Beverage, Lodging and Amusement Admissions Taxes from Other NY Businesses							
NY State Retail Sales Tax	NY State	4.00%	$1,827,379	$1,990,710	$1,975,765	$2,013,128	$2,043,017
Host Village Retail Sales Tax							
Host City/Town Retail Sales Tax							
Host County Retail Sales Tax	Seneca County	4.00%	$1,827,379	$1,990,710	$1,975,765	$2,013,128	$2,043,017
Other Revenue, Income and Sales Taxes							
Specify Other Host Village Taxes:							
Specify Other Host City/Town Taxes:							
Specify Other Host County Taxes:							

* = "Gross Gaming Revenues" in this table shall have the definition provided in PML Sec. 1301.25.

IV.

Table and Slot Machine Fees		Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
Assumptions						
Number of Slot Machines and Electronic Gaming Devices		2000	2000	2000	2000	2000
Number of Gaming Tables (House-Banked & Other Tables)		85	85	85	85	85
Tax Projections	**Rate**	**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**
Slot Machine Fees Pursuant to PML Sec. 1348	$500 / Device	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000
Gaming Table Fees Pursuant to PML Sec. 1348	$500 / Table	$ 42,500	$ 42,500	$ 42,500	$ 42,500	$ 42,500

V. **Incremental Real Property Tax for the Gaming Facility**

Assumptions@	Year 1 2016 Amount ($)	Year 2 2017 Amount ($)	Year 3 2018 Amount ($)	Year 4 2019 Amount ($)	Year 5 2020 Amount ($)
Cost of Land Improvements+	23,524,834	23,524,834	23,524,834	23,524,834	23,524,834
Hard Construction Costs	145,207,485	145,207,485	145,207,485	145,207,485	145,207,485
Soft Construction Costs Included in Assessed Value	44,340,999	44,340,999	44,340,999	44,340,999	44,340,999
Financing Costs	9,995,438	9,995,438	9,995,438	9,995,438	9,995,438
Infrastructure Improvements Owned by the Private Sector	-	-	-	-	-
Infrastructure Improvements Owned by Governments	6,952,500	6,952,500	6,952,500	6,952,500	6,952,500
Construction Contingencies	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Estimated Incremental Assessed Real Property Value (Roll-Forward to Future Years)	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000

Incremental Tax Projections	Jurisdiction	Current Ad Valorum Rate (%)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)
Host Village Real Property Tax							
Host City/Town Real Property Tax							
Host County Real Property Tax							

@ = Submit pre-opening costs in Year 1 and post-opening costs in the year Incurred. Roll forward total assessed value from year-to-year and add new costs incurred in each year.
+ = Purchase Price of Land and Existing Improvements Excluded Because Already Taxed

VI. Incremental Personal Income Tax

Assumptions	Year 1 2016 FTE Workers	Year 1 2016 Average Annual Wage / Salary and Tips	Year 2 2017 FTE Workers	Year 2 2017 Average Annual Wage / Salary and Tips	Year 3 2018 FTE Workers	Year 3 2018 Average Annual Wage / Salary and Tips	Year 4 2019 FTE Workers	Year 4 2019 Average Annual Wage / Salary and Tips	Year 5 2020 FTE Workers	Year 5 2020 Average Annual Wage / Salary and Tips
[redacted]										

Incremental Tax Projections#	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type
Gaming Facility Workers										
General and Administrative										
Professionals, Managers, Executives and Technicians	$ 3,544	$ 279,950	$ 3,544	$ 279,950	$ 3,544	$ 279,950	$ 3,544	$ 279,950	$ 3,544	$ 279,950
Clerical Workers, Compliance, Accounting, and Sales	$ 1,422	$ 65,420	$ 1,422	$ 65,420	$ 1,422	$ 65,420	$ 1,422	$ 65,420	$ 1,422	$ 65,420
Human Resources	$ 1,115	$ 16,722	$ 1,115	$ 16,722	$ 1,115	$ 16,722	$ 1,115	$ 16,722	$ 1,115	$ 16,722
Production and Transport Operators, Laborers and Cleaners	$ 1,235	$ 132,110	$ 1,235	$ 132,110	$ 1,235	$ 132,110	$ 1,235	$ 132,110	$ 1,235	$ 132,110
Casino										
Professionals, Managers, Executives and Technicians	$ 3,498	$ 174,902	$ 3,498	$ 174,902	$ 3,498	$ 174,902	$ 3,498	$ 174,902	$ 3,498	$ 174,902
Dealers and game supervisors	$ 2,315	$ 1,111,346	$ 2,315	$ 1,111,346	$ 2,315	$ 1,111,346	$ 2,315	$ 1,111,346	$ 2,315	$ 1,111,346
Clerical Workers, Sales and Hosts	$ 1,057	$ 12,684	$ 1,057	$ 12,684	$ 1,057	$ 12,684	$ 1,057	$ 12,684	$ 1,057	$ 12,684
Security and surveillance	$ 1,215	$ 114,187	$ 1,215	$ 114,187	$ 1,215	$ 114,187	$ 1,215	$ 114,187	$ 1,215	$ 114,187
Cleaners										
Other	$ 1,058	$ 53,979	$ 1,058	$ 53,979	$ 1,058	$ 53,979	$ 1,058	$ 53,979	$ 1,058	$ 53,979
Hotel										
Professionals, Managers, Executives and Technicians	$ 4,076	$ 12,229	$ 4,076	$ 12,229	$ 4,076	$ 12,229	$ 4,069	$ 12,206	$ 4,069	$ 12,206
Clerical Workers, Sales and Marketing Staff	$ 956	$ 9,564	$ 956	$ 9,564	$ 956	$ 9,564	$ 956	$ 9,564	$ 956	$ 9,564
Room cleaners, housekeeping supervisors	$ 956	$ 38,255	$ 956	$ 38,255	$ 956	$ 38,255	$ 956	$ 38,255	$ 956	$ 38,255
Other										
Food and Beverage										
Professionals, Chefs, Managers, Executives and Technicians	$ 4,579	$ 22,893	$ 4,579	$ 22,893	$ 4,579	$ 22,893	$ 4,579	$ 22,893	$ 4,579	$ 22,893
Clerical Workers, Sales and Service Workers										
Food preparers and servers, Hosting staff, and Cleaners	$ 1,012	$ 238,761	$ 1,012	$ 238,761	$ 1,012	$ 238,761	$ 1,012	$ 238,761	$ 1,012	$ 238,761
Other										
Other (including convention, entertainment, retail, etc.)										
Professionals, Managers, Executives and Technicians	$ 1,926	$ 3,853	$ 1,926	$ 3,853	$ 1,926	$ 3,853	$ 1,926	$ 3,853	$ 1,926	$ 3,853
Production and Transport Operators, Laborers and Cleaners										
Other										
"Spillover" / Induced Economic Activity										
Total Incremental Job Creation (Other than Direct Gaming Facility Employment)										
Professionals, Managers, Executives and Technicians										
Clerical Workers, Sales and Service Workers										
Production and Transport Operators, Laborers and										
Other	$2,043	$ 1,290,013	$2,105	$ 1,329,176	$2,168	$ 1,369,240	$2,233	$ 1,410,225	$2,299	$1,452,153

= Apply current NY State income tax rates to the average annual wage/salary & tips for the respective job category and multiply by the FTE workers in said category; assume filing as Single or Married Filing Separately, with no exemptions or deductions.

VII. **Community Impact Payments**

			Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
Assumptions			**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**
Gaming Facility Financial Metrics							
Casino Department							
Gross Gaming Revenues* from Slot Machines and Electronic Gaming Devices			$152,686,568	$179,631,256	$186,112,471	$192,827,532	$199,784,878
Gross Gaming Revenues* from House-Banked Table Games			$60,648,597	$71,351,290	$73,925,692	$76,592,980	$79,356,506
Gross Gaming Revenues* from Other Gaming			$0	$0	$0	$0	$0
Less: Complementary Sales			-$14,999,382	-$16,814,971	-$16,527,040	-$17,197,054	-$17,774,836
Total Casino Gross Revenue			$198,335,782	$234,167,576	$243,511,123	$252,223,458	$261,366,547
Community Impact Payments (if any)^	**Base (Slot, Table, or Total GGR)**	**Rate (%)**	**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**
Host Village Impact Payments							
Fixed Host Village Impact Payments							
Variable Host Village Impact Payments							
Total Host Village Impact Payments							
Host City/Town Impact Payments							
Fixed Host City/Town Impact Payments			$730,988	$745,608	$760,520	$775,730	$798,247
Variable Host City/Town Impact Payments							
Total Host City/Town Impact Payments			$730,988	$745,608	$760,520	$775,730	$798,247
Host County Impact Payments							
Fixed Host County Impact Payments			$1,218,313	$1,242,679	$1,267,533	$1,292,884	$1,330,412
Variable Host County Impact Payments							
Total Host County Impact Payments			$1,218,313	$1,242,679	$1,267,533	$1,292,884	$1,330,412

* = "Gross Gaming Revenues" in this table shall have the definition provided in PML Sec. 1301.25.

^ = A Community Impact Payment is an amount payable, in addition to any business activity or real property taxes, under a host community, community benefit or similar agreement entered into between an Applicant, Manager or any of their affiliates and the Host Village, Host City/Town and/or Host County of its proposed Gaming Facility in connection with or as a condition of such government's endorsement, approval or recommendation of the proposed Gaming Facility. Community Impact Payments include direct payments to governments as well as contractually required contributions to charitable organizations. Community Impact Payments may be required, among other mechanisms, as lump sums at certain times or upon certain conditions, as periodic fixed amounts while the Gaming Facility operates or in amounts calculated as a measure of Gaming Facility financial performance such as gross gaming revenues. Submit community impact payments due in the pre-opening period under Year 1.

VIII. **Assumptions**

Spreadsheet prepared by TMG Consulting. Please see TMG Socioeconomic Impact Assessment Report in Exhibit VIII.B.3a for assumptions

Template for Item VIII.B.4. - Projected tax revenue for 5 years

LOW-CASE

NAME OF APPLICANT: Lago Resort & Casino LLC

I. Instructions

Submit 5-year projections, starting from date of opening:
Projected Opening Date (mm/dd/yyyy): January 2016

- PLEASE FILL IN LIGHT GREY SHADED CELLS. USE FORMULAS AS APPROPRIATE.
- SECTION II. TAX PROJECTION SUMMARY WILL POPULATE AUTOMATICALLY. SECTIONS TO BE COMPLETED:
  - I. Instructions
  - II. Tax Projection Summary - information under "Jurisdiction"
  - III. Incremental Business Activity Taxes
  - IV. Table and Slot Machine Fees
  - V. Incremental Real Property Tax for the Gaming Facility
  - VI. Incremental Personal Income Tax
  - VII. Community Impact Payments
  - VIII. Assumptions
- FOR LINE ITEMS MARKED "SPECIFY", PLEASE USE THE COMMENT SPACE TO THE RIGHT TO DESCRIBE IN DETAIL WHAT IS CONTAINED IN THAT LINE ITEM.
- ALL COSTS OR DEDUCTIONS SHOULD BE ENTERED AS NEGATIVE NUMBERS. SUCH ROWS BEGIN WITH THE WORD "LESS."
- IN ADDITION TO COMPLETING THIS WORKSHEET, THE APPLICANT SHALL PROVIDE (IN THE ASSUMPTIONS SECTION) A DETAILED DESCRIPTION OF ALL ASSUMPTIONS RELEVANT TO THE TAX PROJECTIONS INCLUDED HEREIN.

- IF THIRD PARTY SOFTWARE IS USED TO GENERATE INFORMATION PROVIDED IN THIS TEMPLATE (E.G., IMPLAN), THE APPLICANT SHALL IDENTIFY (IN THE ASSUMPTIONS SECTION) THE NAME OF THE SOFTWARE AND VERSION/RELEASE DATE OF SUCH SOFTWARE.
- PROVIDE ALL DOLLAR AMOUNTS IN CURRENT-YEAR (UNINFLATED) DOLLARS
- PLEASE DO NOT ADD OR DELETE ROWS OR COLUMNS.

II.

Tax Projection Summary		Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
Projected "Direct" NY State Tax Revenues from Proposed Gaming Facility						
Gaming Privilege Taxes and Table & Device Fees Pursuant to PML		$ 55,612,728	$ 65,242,768	$ 67,559,156	$ 69,959,121	$ 72,445,679
Corporate Profits Tax		$ -	$ -	$ -	$ -	$ -
Sales & Use Taxes		$ 630,656	$ 733,854	$ 749,143	$ 756,787	$ 768,254
Personal Income Taxes		$ 2,835,721	$ 2,865,969	$ 2,896,913	$ 2,928,546	$ 2,960,930
Total "Direct" NY State Tax Revenues		$ 59,079,104	$ 68,842,591	$ 71,205,213	$ 73,644,455	$ 76,174,863
Projected "Indirect" NY State Tax Revenues from Induced Incremental Economic Activity						
Corporate Profits Tax		$ -	$ -	$ -	$ -	$ -
Sales & Use Taxes		$ 1,503,851	$ 1,640,255	$ 1,629,046	$ 1,662,672	$ 1,685,089
Personal Income Taxes		$ 1,017,143	$ 1,047,392	$ 1,078,336	$ 1,109,992	$ 1,142,376
Total "Indirect" NY State Tax Revenues		$ 2,520,994	$ 2,687,646	$ 2,707,382	$ 2,772,664	$ 2,827,465
	Jurisdiction					
Projected "Direct" Host Community Tax Revenues from Proposed Gaming Facility						
Total "Direct" Host Village Tax Revenues		$ -	$ -	$ -	$ -	$ -
Total "Direct" Host City/Town Tax Revenues		$ -	$ -	$ -	$ -	$ -
Total "Direct" Host County Tax Revenues	Seneca County	$ 851,386	$ 974,650	$ 1,004,272	$ 1,020,516	$ 1,040,583
Projected "Indirect" Host Community Tax Revenues from Induced Incremental Economic Activity						
Total "Indirect" Host Village Tax Revenues		$ -	$ -	$ -	$ -	$ -
Total "Indirect" Host City/Town Tax Revenues		$ -	$ -	$ -	$ -	$ -
Total "Indirect" Host County Tax Revenues		$ 1,503,851	$ 1,640,255	$ 1,629,046	$ 1,662,672	$ 1,685,089
Community Impact Payments (if any)						
Total Host Village Impact Payments		$ -	$ -	$ -	$ -	$ -
Total Host City/Town Impact Payments		$ 730,988	$ 745,608	$ 760,520	$ 775,730	$ 798,247
Total Host County Impact Payments		$ 1,218,313	$ 1,242,679	$ 1,267,533	$ 1,292,884	$ 1,330,412

III. Incremental Business Activity Taxes

Assumptions	Unit	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
[redacted]						

Incremental Tax Projections	Jurisdiction	Rate (% or $/night or ticket)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)
Gaming Facility Business Activities							
Gaming Privilege Taxes							
Gaming Privilege Tax under PML Sec. 1351 on Gross Gaming Revenues* from Slot Machines and Electronic Gaming Devices	NY State	37.00%	$49,279,840	$57,976,283	$60,068,105	$62,235,402	$64,480,897
Binding Supplemental Fee Pursuant to PML Sec. 1351 on Gross Gaming Revenues* from Slot Machines and Electronic Gaming Devices	NY State						
Gaming Privilege Tax under PML Sec. 1351 on Gross Gaming Revenues* from House-Banked Table Games	NY State	10.00%	$5,290,388	$6,223,985	$6,448,551	$6,681,219	$6,922,282
Binding Supplemental Fee Pursuant to PML Sec. 1351 on Gross Gaming Revenues* from House-Banked Table Games	NY State						
Gaming Privilege Tax under PML Sec. 1351 on Gross Gaming Revenues* from Other Gaming	NY State						
Binding Supplemental Fee Pursuant to PML Sec. 1351 on Gross Gaming Revenues* from Other Gaming	NY State						
Corporate Profits Tax	NY State	7.10%					
Sales & Use Taxes							
NY State Retail Sales Tax	NY State	4.00%	$99,376.13	$107,020.45	$107,020.45	$110,842.60	$114,664.76
Host Village Retail Sales Tax							
Host City/Town Retail Sales Tax							
Host County Retail Sales Tax	Seneca County	4.00%	$99,376.13	$107,020.45	$107,020.45	$110,842.60	$114,664.76
NY State Food Sales Tax	NY State	4.00%	$343,994.29	$408,970.99	$420,437.47	$420,437.47	$424,259.62
Host Village Food Sales Tax							
Host City/Town Food Sales Tax							
Host County Food Sales Tax	Seneca County	4.00%	$343,994.29	$408,970.99	$420,437.47	$420,437.47	$424,259.62
NY State Non-Alcoholic Beverage Sales Tax	NY State	4.00%	$18,728.58	$21,786.31	$22,168.52	$22,550.74	$22,932.95
Host Village Non-Alcoholic Beverage Sales Tax							
Host City/Town Non-Alcoholic Beverage Sales Tax							
Host County Non-Alcoholic Beverage Sales Tax	Seneca County	4.00%	$18,728.58	$21,786.31	$22,168.52	$22,550.74	$22,932.95
NY State Alcoholic Beverage Sales Tax	NY State	4.00%	$168,557.20	$196,076.75	$199,516.69	$202,956.63	$206,396.57
Host Village Alcoholic Beverage Sales Tax							
Host City/Town Alcoholic Beverage Sales Tax							
Host County Alcoholic Beverage Sales Tax	Seneca County	4.00%	$168,557.20	$196,076.75	$199,516.69	$202,956.63	$206,396.57
Lodging/Bed Taxes							
NY State Lodging/Bed Tax	NY State	0.000%					
Host Village Lodging/Bed Tax							
Host City/Town Lodging/Bed Tax							
Host County Lodging/Bed Tax	Seneca County	3.00%	$220,729.67	$240,796.00	$255,129.10	$263,728.96	$272,328.81

Entertainment/Ticket Taxes							
Host Village Entertainment/Ticket Tax							
Host City/Town Entertainment/Ticket Tax							
Host County Entertainment/Ticket Tax							
Places of Amusement Admissions Taxes							
NY State Amusement Admissions Tax							
Host Village Amusement Admissions Tax							
Host City/Town Amusement Admissions Tax							
Host County Amusement Admissions Tax							
Other Revenue, Income and Sales Taxes	NY State	4.00%					
Specify Other Host Village Business Activity:							
Specify Other Host City/Town Business Activity:							
Specify Other Host County Business Activity:	Seneca County	4.00%					
"Spillover" / Induced Economic Activity							
Incremental Corporate Profits Taxes on Other NY Businesses	NY State	7.10%					
Incremental Retail Sales, Food, Beverage, Lodging and Amusement Admissions Taxes from Other NY Businesses							
NY State Retail Sales Tax	NY State	4.00%	$1,503,851	$1,640,255	$1,629,046	$1,662,672	$1,685,089
Host Village Retail Sales Tax							
Host City/Town Retail Sales Tax							
Host County Retail Sales Tax	Seneca County	4.00%	$1,503,851	$1,640,255	$1,629,046	$1,662,672	$1,685,089
Other Revenue, Income and Sales Taxes							
Specify Other Host Village Taxes:							
Specify Other Host City/Town Taxes:							
Specify Other Host County Taxes:							

* = "Gross Gaming Revenues" in this table shall have the definition provided in PML Sec. 1301.25.

IV.

Table and Slot Machine Fees		Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
Assumptions						
Number of Slot Machines and Electronic Gaming Devices		2000	2000	2000	2000	2000
Number of Gaming Tables (House-Banked & Other Tables)		85	85	85	85	85
Tax Projections	**Rate**	**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**	**Amount ($)**
Slot Machine Fees Pursuant to PML Sec. 1348	$500 / Device	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000
Gaming Table Fees Pursuant to PML Sec. 1348	$500 / Table	$ 42,500	$ 42,500	$ 42,500	$ 42,500	$ 42,500

V. **Incremental Real Property Tax for the Gaming Facility**

	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
Assumptions@	Amount ($)	Amount ($)	Amount ($)	Amount ($)	Amount ($)
Cost of Land Improvements+	23,524,834	23,524,834	23,524,834	23,524,834	23,524,834
Hard Construction Costs	145,207,485	145,207,485	145,207,485	145,207,485	145,207,485
Soft Construction Costs Included in Assessed Value	44,340,999	44,340,999	44,340,999	44,340,999	44,340,999
Financing Costs	9,995,438	9,995,438	9,995,438	9,995,438	9,995,438
Infrastructure Improvements Owned by the Private Sector	-	-	-	-	-
Infrastructure Improvements Owned by Governments	6,952,500	6,952,500	6,952,500	6,952,500	6,952,500
Construction Contingencies	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Estimated Incremental Assessed Real Property Value (Roll-Forward to Future Years)	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000

Incremental Tax Projections	Jurisdiction	Current Ad Valorum Rate (%)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)	Tax Amount ($)
Host Village Real Property Tax							
Host City/Town Real Property Tax							
Host County Real Property Tax							

@ = Submit pre-opening costs in Year 1 and post-opening costs in the year Incurred. Roll forward total assessed value from year-to-year and add new costs incurred in each year.
+ = Purchase Price of Land and Existing Improvements Excluded Because Already Taxed

VI. Incremental Personal Income Tax

Assumptions	Year 1 2016		Year 2 2017		Year 3 2018		Year 4 2019		Year 5 2020	
	FTE Workers	Average Annual Wage / Salary and Tips	FTE Workers	Average Annual Wage / Salary and Tips	FTE Workers	Average Annual Wage / Salary and Tips	FTE Workers	Average Annual Wage / Salary and Tips	FTE Workers	Average Annual Wage / Salary and Tips
[redacted]										

Incremental Tax Projections#	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type	Tax Amount ($) Based on Average Annual Wage/Salary and Tips	Total Tax Revenue by Worker Type
Gaming Facility Workers										
General and Administrative										
Professionals, Managers, Executives and Technicians	$ 4,851	$ 232,862	$ 4,851	$ 232,862	$ 4,851	$ 232,862	$ 4,851	$ 232,862	$ 4,851	$ 232,862
Clerical Workers, Compliance, Accounting, and Sales	$ 1,445	$ 36,123	$ 1,445	$ 36,123	$ 1,445	$ 36,123	$ 1,445	$ 36,123	$ 1,445	$ 36,123
Human Resources	$ 1,149	$ 9,191	$ 1,149	$ 9,191	$ 1,149	$ 9,191	$ 1,149	$ 9,191	$ 1,149	$ 9,191
Production and Transport Operators, Laborers and Cleaners	$ 1,168	$ 91,114	$ 1,168	$ 91,114	$ 1,168	$ 91,114	$ 1,168	$ 91,114	$ 1,168	$ 91,114
Casino										
Professionals, Managers, Executives and Technicians	$ 3,880	$ 143,544	$ 3,880	$ 143,544	$ 3,880	$ 143,544	$ 3,880	$ 143,544	$ 3,880	$ 143,544
Dealers and game supervisors	$ 2,326	$ 916,466	$ 2,326	$ 916,466	$ 2,326	$ 916,466	$ 2,326	$ 916,466	$ 2,326	$ 916,466
Clerical Workers, Sales and Hosts	$ 1,091	$ 7,634	$ 1,091	$ 7,634	$ 1,091	$ 7,634	$ 1,091	$ 7,634	$ 1,091	$ 7,634
Security and surveillance	$ 1,207	$ 90,510	$ 1,207	$ 90,510	$ 1,207	$ 90,510	$ 1,207	$ 90,510	$ 1,207	$ 90,510
Cleaners										
Other	$ 1,051	$ 35,733	$ 1,051	$ 35,733	$ 1,051	$ 35,733	$ 1,051	$ 35,733	$ 1,051	$ 35,733
Hotel										
Professionals, Managers, Executives and Technicians	$ 4,076	$ 12,229	$ 4,076	$ 12,229	$ 4,076	$ 12,229	$ 4,069	$ 12,206	$ 4,069	$ 12,206
Clerical Workers, Sales and Marketing Staff	$ 956	$ 6,695	$ 956	$ 6,695	$ 956	$ 6,695	$ 956	$ 6,695	$ 956	$ 6,695
Room cleaners, housekeeping supervisors	$ 956	$ 28,691	$ 956	$ 28,691	$ 956	$ 28,691	$ 956	$ 28,691	$ 956	$ 28,691
Other										
Food and Beverage										
Professionals, Chefs, Managers, Executives and Technicians	$ 4,579	$ 22,893	$ 4,579	$ 22,893	$ 4,579	$ 22,893	$ 4,579	$ 22,893	$ 4,579	$ 22,893
Clerical Workers, Sales and Service Workers										
Food preparers and servers, Hosting staff, and Cleaners	$ 1,040	$ 182,965	$ 1,040	$ 182,965	$ 1,040	$ 182,965	$ 1,040	$ 182,965	$ 1,040	$ 182,965
Other										
Other (including convention, entertainment, retail, etc.)										
Professionals, Managers, Executives and Technicians	$ 1,926	$ 1,926	$ 1,926	$ 1,926	$ 1,926	$ 1,926	$ 1,926	$ 1,926	$ 1,926	$ 1,926
Production and Transport Operators, Laborers and Cleaners										
Other										
"Spillover" / Induced Economic Activity										
Total Incremental Job Creation (Other than Direct Gaming Facility Employment)										
Professionals, Managers, Executives and Technicians										
Clerical Workers, Sales and Service Workers										
Production and Transport Operators, Laborers and Other	$2,231	$ 1,017,143	$2,297	$ 1,047,392	$2,365	$ 1,078,336	$2,434	$ 1,109,992	$2,505	$1,142,376

= Apply current NY State income tax rates to the average annual wage/salary & tips for the respective job category and multiply by the FTE workers in said category; assume filing as Single or Married Filing Separately, with no exemptions or deductions.

VII. **Community Impact Payments**

Assumptions	Year 1 2016 Amount ($)	Year 2 2017 Amount ($)	Year 3 2018 Amount ($)	Year 4 2019 Amount ($)	Year 5 2020 Amount ($)
Gaming Facility Financial Metrics					
Casino Department					
Gross Gaming Revenues* from Slot Machines and Electronic Gaming Devices	$133,188,757	$156,692,655	$162,346,230	$168,203,790	$174,272,694
Gross Gaming Revenues* from House-Banked Table Games	$52,903,876	$62,239,854	$64,485,509	$66,812,189	$69,222,817
Gross Gaming Revenues* from Other Gaming	$0	$0	$0	$0	$0
Less: Complementary Sales	-$13,087,624	-$14,620,984	-$14,427,798	-$15,005,087	-$15,481,269
Total Casino Gross Revenue	$173,005,009	$204,311,526	$212,403,941	$220,010,892	$228,014,243

Community Impact Payments (if any)^	Base (Slot, Table, or Total GGR)	Rate (%)	Amount ($)	Amount ($)	Amount ($)	Amount ($)	Amount ($)
Host Village Impact Payments							
Fixed Host Village Impact Payments							
Variable Host Village Impact Payments							
Total Host Village Impact Payments							
Host City/Town Impact Payments							
Fixed Host City/Town Impact Payments			$730,988	$745,608	$760,520	$775,730	$798,247
Variable Host City/Town Impact Payments							
Total Host City/Town Impact Payments			$730,988	$745,608	$760,520	$775,730	$798,247
Host County Impact Payments							
Fixed Host County Impact Payments			$1,218,313	$1,242,679	$1,267,533	$1,292,884	$1,330,412
Variable Host County Impact Payments							
Total Host County Impact Payments			$1,218,313	$1,242,679	$1,267,533	$1,292,884	$1,330,412

* = "Gross Gaming Revenues" in this table shall have the definition provided in PML Sec. 1301.25.

^ = A Community Impact Payment is an amount payable, in addition to any business activity or real property taxes, under a host community, community benefit or similar agreement entered into between an Applicant, Manager or any of their affiliates anc the Host Village, Host City/Town and/or Host County of its proposed Gaming Facility in connection with or as a condition of such government's endorsement, approval or recommendation of the proposed Gaming Facility. Community Impact Payments include direct payments to governments as well as contractually required contributions to charitable organizations. Community Impact Payments may be required, among other mechanisms, as lump sums at certain times or upon certain conditions, as periodic fixed amounts while the Gaming Facility operates or in amounts calculated as a measure of Gaming Facility financial performance such as gross gaming revenues. Submit community impact payments due in the pre-opening period under Year 1.

VIII. **Assumptions**

Spreadsheet prepared by TMG Consulting. Please see TMG Socioeconomic Impact Assessment Report in Exhibit VIII.B.3a for assumptions

INSERT COLOR PAGE HERE

Submit as Exhibit VIII.B.5 a statement as to whether the Applicant's proposed Gaming Facility is part of a regional or local economic plan, and, if yes, provide documentation demonstrate the Applicant's inclusion within, and coordination with, regional economic plans.

EXHIBIT VIII.B.5 REGIONAL ECONOMIC DEVELOPMENT PLAN COORDINATION

Region 5 has experienced significant job losses, flat median income, relatively high unemployment and relatively low levels of private investment opportunities for over 15 years. Since the late 1980's, Seneca County has lost over 3,000 jobs with the closings of a Phillips Electronics plant, the former Seneca Army Depot, and the Willard Psychiatric Center this follows earlier job losses related to the Sampson Air Base closure. The area population continues to age, and the tax base has shrunk. Current estimates developed by the Program of Applied Demographics at Cornell University predict a 15% decline in Seneca County population by the year 2040. Outmigration will continue to exceed immigration, and while this may be across all segments, the trend is particularly evident in the 20-24 age group. The Lago Resort & Casino brings needed jobs and investment to Region 5.

The project has received support letters from the Rochester Business Alliance, Greater Rochester Enterprise and the Seneca County Planning Department all acknowledging that the Gaming Facility is part of the regional and local economic development plan. These agencies are responsible for regional and local economic development for the project area and their letters are attached as exhibits. The project has received support letters from local businesses and chambers of commerce, including Watkins Glen International raceway, Hart Hotels with locations in Ithaca, Watkins Glen and the Thousand Islands area, numerous wineries and other tourist dependent businesses with agreements with many to cross refer patrons. The facility has been designed with a 208 room hotel despite market study information showing a greater need so as to push hotel patrons into the community and so as to work closely with existing hotel and conference facilities.

Seneca County and Town of Tyre development plans have focused on inducing more development around the Thruway exit 41 where this project is located. Town of Tyre passed the contemplated support resolution as did Seneca County, Wayne County and Schuyler County. The use of the PUD for the zoning approval permits the legislative body of the Town to get directly involved in the approvals for the project. The resulting approvals and Host Community Agreement enabled the Town leadership to insure that all appropriate mitigation agreements are in place resulting in desired development with thoughtful and appropriate mitigation measures and funding of municipal needs.

The Lago Resort & Casino proposal has significantly more jobs, more capital investment, more revenues, more tax revenues for all of Region 5, more school funding statewide, established community and local business relationships, is developing in the desired area with full town approvals in hand with little if any impact on Region 5 VLT operations at Tioga Downs and therefore is consistent with and has become the local and regional plan.

SENECA COUNTY

DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

June 17, 2014

Facility Location Board
c/o Mr. Robert Williams
New York State Gaming Commission
PO Box 7500
Schenectady, New York 12301-7500

Re: Wilmot Casino & Resort in Town of Tyre, County of Seneca ("Wilmot Casino")

Dear Mr. Williams:

By providing 1200 construction jobs, 1800 full time jobs, related job training and by creating strong ties with local businesses including wineries and our tourism trade related businesses, the Wilmot Casino project is consistent with and furthers the goals of the Regional Plans for the portions of the Finger Lakes Region and Southern Tier Region included in "Region 5" as defined in the Upstate New York Gaming and Economic Development Act of 2013 ("Gaming Act"). The Town of Tyre adopted a Comprehensive Plan and a Planned Unit Development Local Law on February 20, 2014 to accommodate the Wilmot Casino project and last week approved of the project at the proposed site (tax parcel 12-1-36) at Exit 41 of the New York State Thruway by completing SEQRA, approving the PUD for the parcel, approving the site plan and development plan, approving a Host Community Agreement and by passing a unanimous support resolution. The Wilmot Casino project furthers local and regional desires to concentrate more development off of the New York State Thruway Exit 41 and provides significant opportunities for the desired growth to the west of the Wilmot Casino site along Route 318. Seneca, Wayne and Schuyler Counties along with most Towns in Seneca County have adopted resolutions of support for this project. The developer has made commitments to promote "Made in New York" products and is working with the building trades and has entered into the contemplated Project Labor Agreement and Labor Peace Agreement. This Project will provide jobs and economic opportunities to the region served by our organization.

The Gaming Act defines Region 5 to include Seneca County without a preference for other areas of Region 5. We note that the Act contemplates a fair and open competition where the largest project in Region 5 should be awarded the Region 5 license. The Town of Tyre engaged Center for Governmental Research to prepare a report that concluded in part that Seneca County had median incomes below Tioga and Broome Counties and poverty data at or below Tioga and Broome Counties. Continuation of the Tioga Downs VLT operations will not be negatively impacted by the opening of the Wilmot Casino and as such Region 5 is best served with both facilities operating versus transitioning Tioga Downs to a casino with lower revenue projections and job projections. The Wilmot Casino and Resort is a $350mm project with more jobs, more capital investment, a tax paying enterprise with strong community and regional tie-ins. Seneca County unemployment, median income and related poverty data show that Seneca County is in greater need of this Project than any other area in Region 5. Therefore our Department fully supports the Wilmot Casino and Resort application for a license and encourages the awarding of the Region 5 license to this project.

ONE DIPRONIO DRIVE
WATERLOO, NEW YORK 13165-1681
315 539 1730
FAX 315 539 1926

Seneca County's Planning and Community Development Department promotes the sound and orderly economic and physical growth of Seneca County and its constituent municipalities. It is responsible for comprehensive countywide planning, economic development coordination, tourism promotion, community development program implementation, review of local land use referrals, and environmental reviews. Additionally, the Department is responsible for administering the overall development of the Finger Lakes Regional Airport, providing planning and grant writing assistance to local governments, and managing the Agricultural District Program. **We intend for this letter to be "documentation demonstrating the Applicant's inclusion within, and coordination with, the Regional Economic Development Plan for Seneca County." We intend for this letter to be included by the Applicant as Exhibit VIII. B. 5 to the Request for Applications to develop and operate a Gaming Facility in New York State.**

Please call if you have any questions or concerns or desire further information in this matter.

Very truly yours,

Wilfred Bordeau
Director of Planning and Development

xc: Gaming Commission Chair Mark Gearan

150 State Street
Rochester, NY 14614-1308
Phone: (585) 244-1800
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www.RochesterBusinessAlliance.com

Rochester BusinessAlliance
The Regional Chamber of Commerce

Chairman of the Board
Daan Braveman
Nazareth College of Rochester

Vice Chair and Secretary
Laurence C. Glazer
Buckingham Properties LLC

Treasurer
David L. Fiedler
ESL Federal Credit Union

President and
Chief Executive Officer
Sandra A. Parker

April 28, 2014

Resort Gaming Facility Location Board
NYS Gaming Commission
P.O. Box 7500
Schenectady, NY 12301-7500

Dear Gentlemen:

I am writing on behalf of the Rochester Business Alliance, the regional chamber of commerce for the Finger Lakes Region representing nearly 2,000 employers. We believe that brining the Wilmot Casino and Resort to the region would have a significant economic impact for local companies and attract more visitors to the area.

The Wilmot Casino and Resort in Tyre, New York has made a commitment to local development which will help the region meet its full potential. We believe it is the best option for a casino in Region 5. The project, which has an estimated cost of $350M, would bring benefits to the region including gaming, property tax and 1,800 permanent jobs.

We fully support the Wilmot Casino and Resort proposal and which to go on record as such. We encourage you to make the right decision and chose to bring the Wilmot Casino and Resort to Region 5.

Best regards,

Sandra A. Parker

Sandra A. Parker
President & Chief Executive Officer

March 11, 2014

Messers Rabinowitz, Francis, Thompson
To be named members of Siting Board
c/o Robert Williams
New York State Gaming Commission
PO Box 7500
Schenectady, New York 12301-7500

Re: Wilmot Casino and Resort in Town of Tyre, County of Seneca

Greater Rochester Enterprise is pleased to support the Wilmot Casino and Resort in Seneca County.

GRE is a public-private partnership established to professionally market the Greater Rochester region as a competitive, high-profile place for business location and growth. Its efforts support business attraction and expansion, as well as entrepreneurship and innovation. GRE collaborates with businesses, universities, not-for-profit organizations and government leaders to ensure a unified approach to regional economic development.

Undoubtedly, you are aware of Governor Andrew Cuomo's state-wide Regional Economic Development Councils. Along with several other GRE Board Members, Investors and Partners, I am honored to serve on the Executive Committee and co-lead multiple work groups for the Finger Lakes Regional Economic Development Council. Aside from the $225mm investment in the region, one of the long-term goals of the FLREDC is increasing job creation at a rate which exceeds national levels and enhances the region's quality of life to attract and retain business and our community citizens.

The above described project is consistent with, and furthers the goals of the Regional Plan for the Finger Lakes Region by providing 1200 construction jobs, 1800 full time jobs, related job training and, based on their strong ties with local businesses and to the winery and tourism trade that is a key element of the Finger Lakes economy. The Town of Tyre adopted a Comprehensive Plan and a Planned Unit Development Local Law on February 20, 2014 to accommodate the proposed project. Seneca, Wayne and other Region 5 Counties are adopting resolutions of support. The developer is pursuing local approvals within this Town approved process to insure maximum local and Regional benefits from this project. The developer has made commitments to promote "Made in New York" products and is working with the building trades and intends to enter into the contemplated Labor Peace Agreement. This Project will have provide job and economic opportunities to the region served by our organization.

The Upstate New York Gaming and Economic Development Act of 2013 defines Region 5 to include Seneca County without a preference for other areas of Region 5. We note that the Act contemplates a fair and open competition where the largest project in Region 5 should be awarded the Region 5 license. The Wilmot Casino and Resort is a $350,000,000 project with more jobs, more capital investment, a tax paying enterprise with strong community and regional tie ins.

100 Chestnut Street • One HSBC Plaza Suite 1910 • Rochester • NY • 14604
P. 585.530.6200 • F. 585.546.8477 • www.RochesterBiz.com

Greater Rochester Enterprises fully supports the Wilmot Casino and Resort application for a license and encourages the awarding of the Region 5 license to this project.

GRE is dedicated to the economic health of this region. We consider initiatives that support capital investment and job creation to be an important part of our efforts.

As always, please feel free to call me if you have any questions or require further detail.

Sincerely,

Mark S. Peterson
President and CEO

INSERT COLOR PAGE HERE

Submit as Exhibit VIII. B.6. a description of the Applicant's plans and minimum commitments (expressed in terms of annual biddable spend) for use of New York---based suppliers and materials both in the construction and furniture, fixtures, and equipment furnishing phase of the Applicant's project and in the operational phase of Applicant's project. Provide copies of any contracts, agreements or understandings evidencing such plans or commitments.

VIII.B.6 NEW YORK STATE SUBCONTRACTORS AND SUPPLIERS

CONSTRUCTION

Lago Resort and Casino has signed a Construction Management agreement with Wilmorite Construction L.L.C. to oversee all construction starting at design and pre-construction through the construction completion of the Lago Resort and Casino. Wilmorite Construction L.L.C. is a New York State construction management firm based in Rochester NY.

Over the past 10 years Wilmorite Construction L.L.C. has managed on average $75 Million per year of construction in New York State. Historically, over 95% of the contractors and subcontractors used by Wilmorite Construction L.L.C. are from New York State as are approximately 90% of all suppliers.

Lago Resort & Casino is committed to supporting New York State contractors, subcontractors and suppliers and has written the following into Wilmorite Construction's management agreement:

> *"Wilmorite Construction L.L.C. is required to use a minimum of 95% NYS contractors and a minimum of 90% NYS suppliers. Further, Wilmorite Construction L.L.C. is required to make best efforts to use 100% NYS contractors and suppliers. These efforts will be tracked and monitored with a monthly report to be submitted to Lago Resort and Casino on the 1st of each month.*
>
> *Wilmorite Construction is to include only NYS contractors and suppliers on all bid lists. The only provision for adding an out of state supplier or contractor to a bid list will be if there are less than (2) qualified NYS bidders capable of supplying or performing the work scope. Prior to adding an out of state contractor or supplier to a bid list, a representative from Lago Resort and Casino must review and sign off on the request."*

The Construction Management Agreement, is included in its entirety, as part of Exhibit X.B.6 in Lago's RFA Responses.

OPERATIONS

Lago Resort & Casino understands that investing in local businesses has far-reaching positive impact on economic development and jobs. Lago has created New York First to ensure goods and services necessary to operations will be purchased from New York business when available. In addition, Shop New York is a trendy retail outlet featuring only items available from New York businesses.

New York First

Lago Resort & Casino will establish a "NY First" program to work with local companies in Seneca County, the Southern Tier and the State of New York to source at least 90% of products and services necessary to operate the resort and casino. NY First gives New York businesses "Preferred Vendor" status and an advantage when bidding to supply the proposed project. This ensures that goods and services available in the region and the State will be used by the casino development. New York businesses can register at LagoResortandCasino.com to become a preferred vendor.

The Manager, JNB Gaming, is highly experienced in sourcing local goods and services first. In fact, the two Iowa properties JNB Gaming ran previously (Diamond Jo Dubuque and Diamond Jo Worth) proudly purchased approximately 97% of their goods and services from Iowa excluding specialized sourced goods.

Shop New York

The casino's gift shop, Shop New York, will feature only products available from New York vendors. These carefully selected goods will showcase the best that NY has to offer and introduce travelers to a variety of local favorite things.

OTHER SUPPORTING ROLES

Lago Resort & Casino has established a Lago Rewards Partner program for local attractions, retailers and hotels. Player's Club members earn hundreds of thousands of dollars in points each year. Players may spend their points to buy local goods and services through this business partner program.

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Submit as Exhibit VIII. B.7.a. tables for each low-, average-, and high-revenue cases modeled in the revenue study and financial forecasts reporting for each functional area of operation of the Gaming Facility following construction: (i) the estimated number of total employees by full-time and part-time positions and full-time equivalents; (ii) each job classification and the pay rate and benefits therefor; and (iii) the number of such positions that are anticipated to be filled by residents of the State, residents of the Region and residents of the Host Municipality or nearby municipalities in which the Gaming Facility is to be located. Describe the bases for these projections, for example, by comparison to similar projects.

VIII.B.7.a TABLES FOR TOTAL EMPLOYEES PAY RATE IN REGION AND IN STATE EMPLOYEES

Lago Resort & Casino is committed to providing equal opportunities for employment to all qualified individuals. Lago Resort & Casino plans to fill at least 95% of its positions with residents from within the State of New York, with the majority filled by residents from within the region, Seneca County and the town of Tyre. This projection is based on Manager's previous casino operations in similar market types and areas.

Benefits

Lago Resort & Casino's team is at the center of its success. Lago's comprehensive benefits package provides employees with a positive work environment, important value and peace of mind. Here is a summary of benefits available to Lago Resort & Casino's employees:

- Health coverage provided at competitive rates to full-time employees and their family members.
- Lago's 401(k) plan to help employees save for retirement, administrated by a third party, Lago Resort & Casino provides a corporate matching program.
- Paid time off (PTO)
- Paid training and certification for each position that requires it. Plus, a program to help forge a career path toward leadership called the Lago Leadership Institute.
- Leave of Absence policy which can help accommodate employee's need for extended time off.
- Family Medical Leave Act (FMLA) for team members who have been with Lago for more than 12 months and worked a minimum requirement of hours over that time.
- Employee activities and events are offered throughout each year and employees are encouraged to participate. In an effort to provide a fun work environment, special events are planned and budgeted to show appreciation to Lago's employees.
- Military Leave of Absence is available. Bereavement leave is available in the instance where an employee's immediate family member passes away.
- Employees will be eligible for employee discounts at local businesses.

Head Count, Salaries and Wages Summary

FTE/FT/PT/HEAD COUNT			
	LOW	BASE	HIGH
GRAND TOTAL FTE	927.0	1,229.0	1,519.0
GRAND TOTAL FULL TIME EMPLOYEES	735.0	979.0	1,208.0
GRAND TOTAL PART TIME EMPLOYEES	320.0	478.0	595.0
GRAND TOTAL HEADCOUNT	1,055.0	1,457.0	1,803.0

TOTAL SALARIES AND WAGES			
	LOW	BASE	HIGH
GRAND TOTAL	$29,785,823	$38,303,640	$46,099,440

MARKET AVERAGE PAY RATES			
	LOW	BASE	HIGH
Market Average Pay Rate	$32,131	$31,167	$30,349

Specific Department and position information follows.

= FT/PT EMPLOYEES WITHIN POSITION

FTE/FT/PT/HEAD CO	TOTAL	MARKET AVER
TABLE GAMES	**TABLE GAMES**	**TABLE GAMES**
Director of Table Games	Director of Table Games	Director of Table Games
Admin. Asst.	Admin. Asst.	Admin. Asst.
Table Game Administrator	Table Game Administrator	Table Game Administrator
Scheduling Clerks	Scheduling Clerks	Scheduling Clerks
Shift Manager/Asst.TG Manager	Shift Manager/Asst.TG Manager	Shift Manager/Asst.TG Manager
Pit Manager	Pit Manager	Pit Manager
Games Supervisor/Box	Games Supervisor/Box	Games Supervisor/Box
Dealers	BJ Dealers	BJ Dealers
Total Table Games FTE	**Total Payroll Dollars**	**Market Average Pay Rate**
Total Table Games Full Time Employees		
Total Table Games Part Time Employees		
Total Table Games Head Count		

FTE/FT/PT/HEAD CO	TOTAL	MARKET AVER
SLOT OPERATIONS	**SLOT OPERATIONS**	**SLOT OPERATIONS**
Director of Slot Operations	Director of Slot Operations	Director of Slot Operations
Admin. Asst.	Admin. Asst.	Admin. Asst.
Shift Manager	Shift Manager	Shift Manager
Shift Supervisor	Shift Supervisor	Shift Supervisor
Slot Attendants	Slot Attendants	Slot Attendants
Slot Tech Supervisor	Slot Tech Supervisor	Slot Tech Supervisor
Slot Technicians	Slot Technicians	Slot Technicians
Total Slot Operations FTE	**Total Payroll**	**Market Average Pay Rate**
Total Slot Operations Full Time Employees		
Total Slot Operations Part Time Employees		
Total Slot Operations Head Count		

FTE/FT/PT/HEAD CO	TOTAL	MARKET AVER
CAGE/CREDIT/COUNT ROOM	**CAGE/CREDIT/COUNT**	**CAGE/CREDIT/COUNT**
Director of Cage Operations	Director of Cage Operations	Director of Cage Operations
Casino Cage Manager	Casino Cage Manager	Casino Cage Manager
Cashier Supervisor	Cashier Supervisor	Cashier Supervisor
Lead Cashier	Lead Cashier	Lead Cashier
Bank Cashier	Bank Cashier	Bank Cashier
Window Cashier	Window Cashier	Window Cashier
Subtotal Cage	**Subtotal Cage**	**Subtotal Cage**
Director of Casino Credit	Director of Casino Credit	Director of Casino Credit
Administrative Assistant	Administrative Assistant	Administrative Assistant
Casino Credit Clerk	Casino Credit Clerk	Casino Credit Clerk
Subtotal Credit	**Subtotal Credit**	**Subtotal Credit**
Count Room Manager	Count Room Manager	Count Room Manager
Count Room Supervisor	Count Room Supervisor	Count Room Supervisor
Count Room Attendant	Count Room Attendant	Count Room Attendant
Equipment Mechanic	Equipment Mechanic	Equipment Mechanic
Subtotal Count Room	**Subtotal Count Room**	**Subtotal Count Room**
Total Cage/Credit/Count Room FTE	**Total Payroll**	**Market Average Pay Rate**
Total Slot Operations Full Time Employees		
Total Slot Operations Part Time Employees		
Total Slot Operations Head Count		

FTE/FT/PT/HEAD CO	TOTAL	MARKET AVER
MARKETING	**MARKETING**	**MARKETING**
Director of Marketing	Director of Marketing	Director of Marketing
Casino Host	Casino Host	Casino Host
Administrative Assistant	Administrative Assistant	Administrative Assistant
Bus Marketing Manager	Bus Marketing Manager	Bus Marketing Manager
Bus Marketing Coordinator	Bus Marketing Coordinator	Bus Marketing Coordinator
Tour Service Rep	Tour Service Rep	Tour Service Rep
Casino Services Rep	Casino Services Rep	Casino Services Rep
Player Card Ops Manager	Player Card Ops Manager	Player Card Ops Manager
Player Card Shift Supervisor	Player Card Shift Supervisor	Player Card Shift Supervisor
Player Card Svc. Rep.	Player Card Svc. Rep.	Player Card Svc. Rep.
Director of Entertainment/VINE	Director of Entertainment/VINE	Director of Entertainment/VINE
Advertising Manager	Advertising Manager	Advertising Manager
Advertising Coordinator	Advertising Coordinator	Advertising Coordinator
Database Marketing Manager	Database Marketing Manager	Database Marketing Manager
Database Marketing Analyst	Database Marketing Analyst	Database Marketing Analyst
Special Events Manager	Special Events Manager	Special Events Manager
Special Events/VINE Coordinator	Special Events/VINE Coordinator	Special Events/VINE Coordinator
Total Marketing FTE	**Total Payroll**	**Market Average Pay Rate**
Total Marketing Full Time Employees		
Total Marketing Part Time Employees		
Total Marketing Head Count		

FTE/FT/PT/HEAD CO	TOTAL	MARKET AVER
EXECUTIVE	**EXECUTIVE**	**EXECUTIVE**
President/GM	President	President
Administrative Assistant	Administrative Assistant	Administrative Assistant
Executive AGM	Executive AGM	Executive AGM
Administrative Assistant	Administrative Assistant	Administrative Assistant
V.P. Finance	V.P. Finance	V.P. Finance
Administrative Assistant	Administrative Assistant	Administrative Assistant
V.P Casino Operations	V.P Casino Operations	V.P Casino Operations
Administrative Assistant	Administrative Assistant	Administrative Assistant
V.P. Human Resources	V.P. Human Resources	V.P. Human Resources
Administrative Assistant	Administrative Assistant	Administrative Assistant
V.P Marketing	V.P Marketing	V.P Marketing
Administrative Assistant	Administrative Assistant	Administrative Assistant
V.P Information Technologies	V.P Information Technologies	V.P Information Technologies

Compliance Officer	Compliance Officer	Compliance Officer
Administrative Assistant	Administrative Assistant	Administrative Assistant
Total Executive FTE	**Total Payroll**	**Market Average Pay Rate**
Total Executive Full Time Employees		
Total Executive Part Time Employees		
Total Executive Head Count		

FTE/FT/PT/HEAD	TOTAL S	MARKET AVERA
ACCOUNTING	**ACCOUNTING**	**ACCOUNTING**
Director of Finance	Director of Finance	Director of Finance
Administrative Assistant	Administrative Assistant	Administrative Assistant
Financial Reporting Manager	Financial Reporting Manager	Financial Reporting Manager
Senior Accountant	Senior Accountant	Senior Accountant
Staff Accountant	Staff Accountant	Staff Accountant
Accounts Payable Supervisor	Accts. Payable Supervisor	Accts. Payable Supervisor
Accounts Payable Rep	Accounts Payable Rep	Accounts Payable Rep
Accounts Receivable Rep	Accounts Receivable Rep	Accounts Receivable Rep
Casino Controller	Casino Controller	Casino Controller
Casino Accounting Manager	Casino Accounting Manager	Casino Accounting Manager
Accounting Supervisor	Accounting Supervisor	Accounting Supervisor
Casino Accounting Auditor	Casino Accounting Rep.	Casino Accounting Rep.
Financial Operations Analyst	Financial Operations Analyst	Financial Operations Analyst
Payroll Rep	Payroll Rep	Payroll Rep
Total Accounting FTE	**Total Payroll**	**Market Average Pay Rate**
Total Accounting Full Time Employees		
Total Accounting Part Time Employees		
Total Accounting Head Count		

FTE/FT/PT/HEAD	TOTAL S	MARKET AVERA
IT	**IT**	**IT**
Hardware Sys Manager	Hardware Sys Manager	Hardware Sys Manager
Hardware Sys Supervisor	Hardware Sys Supervisor	Hardware Sys Supervisor
PC App Support Specialist	PC App Support Specialist	PC App Support Specialist
Total IT FTE	**Subtotal IT**	**Market Average Pay Rate**
Total IT Full Time Employees		
Total IT Part Time Employees		
Total IT Head Count		

FTE/FT/PT/HEAD	TOTAL S	MARKET AVERA
HUMAN RESOURCES	**HUMAN RESOURCES**	**HUMAN RESOURCES**
Director of Human Resources	Director of Human Resources	Director of Human Resources
Employment Manager	Employment Manager	Employment Manager
Administrative Assistant	Administrative Assistant	Administrative Assistant
Employment Supervisor	Employment Supervisor	Employment Supervisor
Employment Rep	Employment Rep	Employment Rep
Benefits Manager	Benefits Manager	Benefits Manager
Data Coordinator	Data Coordinator	Data Coordinator
Training Specialist	Training Specialist	Training Specialist
Licensing Coordinator	Licensing Coordinator	Licensing Coordinator
Seamstress/Seamstress	Seamstress/Seamstress	Seamstress/Seamstress
Uniform Attendant	Uniform Attendant	Uniform Attendant
Total Human Resources FTE	**Total Payroll**	**Market Average Pay Rate**
Total Human Resources Full Time Employ		
Total Human Resources Part Time Employ		
Total Human Resources Head Count		

FTE/FT/PT/HEAD	TOTAL S	MARKET AVERA
PURCHASING/RECEIVING	**PURCHASING/RECEIVING**	**PURCHASING/RECEIVING**
Sr. Purchasing Agent	Sr. Purchasing Agent	Sr. Purchasing Agent
Buyer	Buyer	Buyer
Receiving Supervisor	Receiving Supervisor	Receiving Supervisor
Receiving Attendant	Receiving Attendant	Receiving Attendant
Total Purchasing/Receiving FTE	**Total Payroll**	**Market Average Pay Rate**
Total Purchasing/Receiving Full Time Emp		
Total Purchasing/Receiving Part Time Em		
Total Purchasing/Receiving Head Count		

FTE/FT/PT/HEAD	TOTAL S	MARKET AVERA
RISK MANAGEMENT/INTERNAL AUDIT	**RISK MANAGEMENT/INTERNAL AU**	**RISK MANAGEMENT/INTERNAL AUDIT**
Director Internal Audit	Director Internal Audit	Director Internal Audit
Administrative Assistant	Administrative Assistant	Administrative Assistant
Claims Supervisor	Claims Supervisor	Claims Supervisor
Claims Adjuster	Claims Adjuster	Claims Adjuster
Safety Manager Risk Manager	Safety Manager Risk Manager	Safety Manager Risk Manager
Sr. Internal Auditor	Sr. Internal Auditor	Sr. Internal Auditor
Staff Internal Auditor	Staff Internal Auditor	Staff Internal Auditor
Total Risk Management/Internal Audit FTE	**Total Payroll**	**Market Average Pay Rate**
Total Risk Management/Internal Audit Ful		
Total Risk Management/Internal Audit Pa		
Total Risk Management/Internal Audit He		

FTE/FT/PT/HEAD	TOTAL S	MARKET AVERA
FACILITIES	**FACILITIES**	**FACILITIES**
Director of Property Operations	Director of Property Operations	Director of Property Operations
Administrative Assistant	Administrative Assistant	Administrative Assistant
Property Shift Manager	Property Shift Manager	Property Shift Manager
Sr./Lead Maintenance	Sr./Lead Tradesmen	Sr./Lead Tradesmen
Maintenance	Tradesmen	Tradesmen
EVS Manager	EVS Manager	EVS Manager
EVS Supervisor	EVS Supervisor	EVS Supervisor
EVS Attendant	Porter	Porter
Total Property Operations FTE	**Total Payroll**	**Market Average Pay Rate**
Total Property Full Time Employees		

Total Property Part Time Employees			
Total Property Head Count			
FTE/FT/PT/HEA		TOTA	MARKET AVE
VALET		**VALET**	**VALET**
Parking Supervisor		Parking Supervisor	Parking Supervisor
Parker		Parker	Parker
Limo/Shuttle Driver		Limo/Shuttle Driver	Limo/Shuttle Driver
Total Valet FTE		**Total Payroll**	**Market Average Pay Rate**
Total Valet Full Time Employees			
Total Valet Part Time Employees			
Total Valet Head Count			
FTE/FT/PT/HEA		TOTA	MARKET AVE
SECURITY		**SECURITY**	**SECURITY**
Director of Security		Director of Security	Director of Security
Administrative Assistant		Administrative Assistant	Administrative Assistant
Shift Manager		Shift Manager	Shift Manager
Supervisor		Supervisor	Supervisor
Problem Gaming Liasons		Problem Gaming Liasons	Problem Gaming Liasons
Security Officer		Security Officer	Security Officer
D/R Supervisor/Officer		D/R Supervisor/Officer	D/R Supervisor/Officer
Total Security FTE		**Total Payroll**	**Market Average Pay Rate**
Total Security Full Time Employees			
Total Security Part Time Employees			
Total Security Head Count			
FTE/FT/PT/HEA		TOTA	MARKET AVE
SURVEILLANCE		**SURVEILLANCE**	**SURVEILLANCE**
Director of Surveillance		Director of Surveillance	Director of Surveillance
Surveillance Manager		Surveillance Manager	Surveillance Manager
Supervisor		Supervisor	Supervisor
Operator		Operator	Operator
Technician		Technician	Technician
Total Surveillance FTE		**Total Payroll**	**Market Average Pay Rate**
Total Surveillance Full Time Employees			
Total Surveillance Part Time Employees			
Total Surveillance Head Count			
FTE/FT/PT/HEA		TOTA	MARKET AVE
HOTEL		**HOTEL**	**HOTEL**
Director of Hotel Operations		Director of Hotel Operations	Director of Hotel Operations
Front Desk Manager		Front Desk Manager	Front Desk Manager
Front Desk Clerk		Front Desk Clerk	Front Desk Clerk
Back of House Manager		Back of House Manager	Back of House Manager
EVS Attendant		EVS Attendant	EVS Attendant
Total Hotel FTE		**Total Payroll**	**Market Average Pay Rate**
Total Hotel Full Time Employees			
Total Hotel Part Time Employees			
Total Hotel Head Count			
FTE/FT/PT/HEA		TOTA	MARKET AVE
FOOD AND BEVERAGE		**FOOD AND BEVERAGE**	**FOOD AND BEVERAGE**
Director of Food and Beverage		Director of Food and Bevera	Director of Food and Beverage
Executive Chef		Executive Chef	Executive Chef
F&B Manager		F&B Manager	F&B Manager
F&B Supervisor		F&B Supervisor	F&B Supervisor
Sommelier		Sommelier	Sommelier
Cook		Cook	Cook
Host/Hostess		Host/Hostess	Host/Hostess
Bartender		Bartender	Bartender
Barback		Barback	Barback
Restaurant Waitstaff		Restaurant Waitstaff	Restaurant Waitstaff
Casino Beverage Servers		Casino Beverage Servers	Casino Beverage Servers
Total Food and Beverage FTE		**Total Payroll**	**Market Average Pay Rate**
Total F&B Full Time Employees			
Total F&B Part Time Employees			
Total F&B Head Count			
FTE/FT/PT/HEA		TOTA	MARKET AVE
GRAND TOTAL FTE		**GRAND TOTAL**	**Market Average Pay Rate**
GRAND TOTAL FULL TIME EMPLOYEES			
GRAND TOTAL PART TIME EMPLOYEES			
GRAND TOTAL HEADCOUNT			

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Submit as Exhibit VIII.C.4.c. a description of, and provide a table indicating, the building program of the proposed Gaming Facility and master plan by major function/activity/use and square footage. Substantiate the basis for the proposed building program with reference to the projected visitation and gaming revenues in the gaming market study by, for example, comparison to comparable existing facilities and/or to capacity standards customary and reasonable in the gaming and hospitality industries.

VIII.C.4.c.BUILDING PROGRAM FOR PROPOSED GAMING FACILITY

Inspired by the interiors of iconic estate farmhouses of southern Italy, the Casino interior is warm and timeless with a modern resort-like atmosphere. Octagonal columns of cream book matched stone, richly stained walnut ceilings with groin vault detailing, aged blonde wood beams, and cream and sand Venetian plaster surfaces create a distinct environment above the table game pits. Modern light fixtures with glowing candle effects, inspired by outdoor lanterns, and custom modern carpets with Mediterranean- influenced patterns cover the gaming floor. Gaming seating, richly appointed in terra cotta-colored faux leather, and polished Roman Travertine marble pathways lead the guest to various venues surrounding the Casino.

Lago Resort & Casino's complete building program is included in this exhibit.

Gaming Facility Manager has built four (4) casino developments, each built to be the right size for its local market. Manager set out to build appropriate amenities at each location and the formula worked. The most compatible of the four (4) casino developments is Kansas Star Casino located in Mulvane, Kansas. Kansas Star Casino is a similar product located in a similar market. Kansas Star Casino is a destination with full-service casino, hotel, dining amenities and an entertainment venue. Mulvane is approximately the same size as Tyre. The casino's location on Interstate 35, roughly 15 minutes south of Wichita, is another similar attribute. Kansas Star Casino is the most recent casino development which JNB's leadership designed and built. Kansas Star Casino is the top performing casino in the state of Kansas.

	Lago Resort & Casino	Kansas Star Casino
Total (SF)	404,000	300,000
Gaming Floor (SF)	91,000	75,000
GGR	260 million	$192 million*
Annual Visitors	3.3 million	1.9 million
Slots	2000	1840
Tables	85	50

*2013 revenue as reported by Kansas Lottery

The gaming floor at Lago Resort & Casino allows for 250 square feet for each table game and 25 square feet per slot machine which is within the industry's customary allowance.

PROJECT WILMOT CASINO AND RESORT
PROGRAM
AS OF 29 MAY 2014

	SIZE/DESC	PHASE I SQ. FT.	PHASE II	TOTAL $
CASINO	CASINO			
	XXX SLOTS @ 25SF)	87,596		
	XX TABLES @ 250SF)			
	CASINO CIRCULATION (PART OF OVERALL CASINO)			
	HIGH LIMIT	2,978		
	TOTALS	90,574	0	$0
FOOD SERVICE	BUFFET (XXX SEATS @ 25SF)	13,500		
	BUFFET LINE			
	BUFFET KITCHEN			
	SIGNATURE RESTAURANT	5,960		
	SIGNATURE TERRACE			
	SIGNATURE KITCHEN			
	TOTALS	19,460	0	$0
FOOD COURT	FOOD COURT (3 VENUES)	6,500		
	SAVOR NEW YORK	2,500		
	TOTALS	9,000	0	$0
ENTERTAINMENT VENUE/RESTAURANT	ENTERTAINMENT VENUE LEVEL 1	23,474		
	ENTERTAINMENT VENUE LEVEL 2	14,901		
	ENTERTAINMENT RESTAURANT	2,900		
	TOTALS	41,275	-	$0
ENTRY VESTIBULE	VESTIBULE #1	419		
	VESTIBULE #2	816		
	VESTIBULE #3	344		
	BUS ENTRY VESTIBULE	264		
	BUS LOUNGE	2463		
	BUS LOUNGE CIRCULATION	3940		
	TOTALS	8,246	0	$0
BAR	FEATURE BAR	2,377		
	SERVICE BAR #1	698		
	SERVICE BAR #2			
	TOTALS	3,075	-	$0
RETAIL	RETAIL	2,000		
	PROMOTIONS	1,497		
	TOTALS	3,497	0	$0

PROJECT WILMOT CASINO AND RESORT
PROGRAM
AS OF 29 MAY 2014

SUPPORT/BOH	BOH LEVEL 1	25,812		
	BOH LEVEL 2	27,907		
	BOH LEVEL 2 CIRCULATION	4,329		
	CAGE	3,230		
	ELEC. RM. #1	370		
	EXIT STAIR #1	929		
	EXIT STAIR #2	580		
	RESPONSIBLE GAMBLING RESOURCE CENTER	250		
	RR #1	1,485		
	RR #2	1,800		
	RR #3	1,565		
	ROOM SERVICE	1,464		
	MISCELLANEOUS / WALL SPACE / VOIDS / ELEVATORS	5,564		
	TOTALS	75,285	0	$0

PODIUM TOTAL PHASE 1	TOTAL SQ. FT	**250,412**		

HOTEL TOWER	CAFÉ	1,571		
207 ROOMS	HOTEL VESTIBULE	419		
TYPICAL SUITE = 145 ROOMS @ +/- 427 SF	LINAI SUITES (3)	4,155		
TYPICAL SUITE PLUS = 28 ROOMS @ +/- 475 SF	LOBBY	8,195		
JUNIOR SUITE = 10 ROOMS @ +/- 627 SF	PROMENADE	3,342		
2 BAY SUITE = 21 ROOMS @ +/- 854 SF	SPA	9,942		
LINAI SUITE = 3 ROOMS @ +/- 1385 SF	TOWER FOOTPRINT LEVEL 2	24,535		
	TOWER FOOTPRINT LEVEL 3	24,535		
	TOWER FOOTPRINT LEVEL 4	24,535		
	TOWER FOOTPRINT LEVEL 5	24,535		
	TOWER FOOTPRINT LEVEL 6	24,535		
	MISCELLANEOUS / WALL SPACE / VOIDS / ELEVATORS	3,879		
		152,607	0	$0

HOTEL TOTAL PHASE 1	TOTAL SQ. FT	**152,607**		$0

BLDG. TOTAL PHASE 1	TOTAL SQ. FT	**403,019**		$0

POOL	POOL AREA	38,000		
	POOL BAR	2,000		
	TOTALS	40,000	-	$0

LOADING DOCK	LOADING DOCK	8,940		
	DOCK #1	1,584		
	TOTALS	10,524	-	$0

SITE/ PARKING	SITE AREA TO BE DEVELOPED	XXXXX	
	SURFACE PARKING (2,345 SPACES @ XXX SF)	XXXXX	

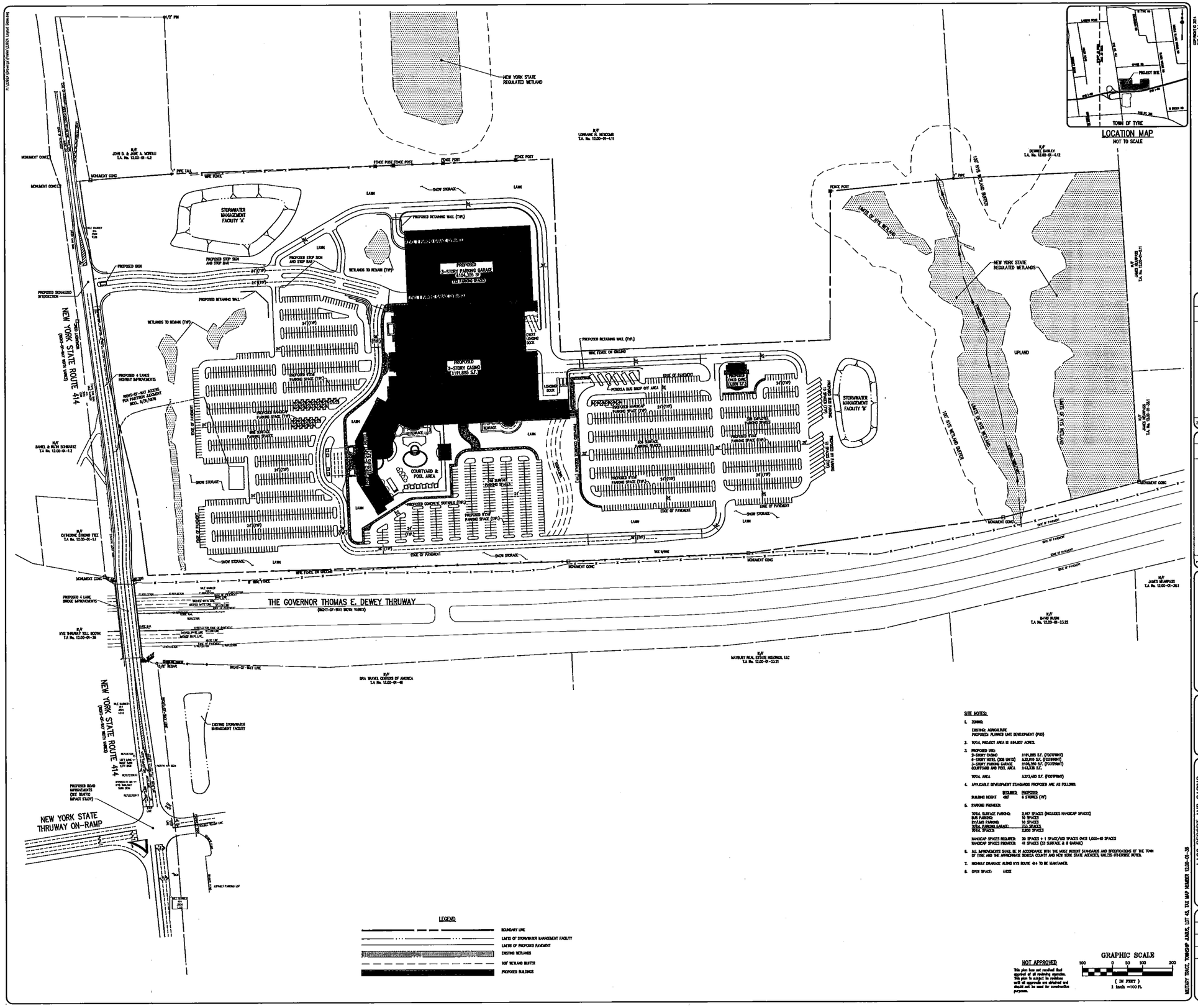
PARKING STRUCTURE	PARKING STRUCTURE LEVEL 1 (237 SPACES)	103,101	
	PARKING STRUCTURE LEVEL 2 (250 SPACES)	104,444	
	PARKING STRUCTURE LEVEL 3 (246 SPACES)	104,444	
	PARKING STRUCTURE LEVEL 4 (277 SPACES)	104,444	
	TOTALS	416,433	

INSERT COLOR PAGE HERE

Submit as Exhibit VIII. C.5.a. designs for the proposed Gaming Facility as follow: a site plan for the Project Site, including any off--site ancillary property to be used by Applicant in connection with the Gaming Facility.

VIII.C.5.a.1 DESIGNS

An 11x17" reduced copy of the Site Plan has been included as Attachment 1 of 1 to this Exhibit. No off-site ancillary property will be used for the Gaming Facility.



SITE NOTES:

1. ZONING:
   EXISTING: AGRICULTURE
   PROPOSED: PLANNED UNIT DEVELOPMENT (PUD)
2. TOTAL PROJECT AREA IS 154.257 ACRES.
3. PROPOSED USE:

2-STORY CASINO	218,283 S.F. (FOOTPRINT)
6-STORY HOTEL (205 UNITS)	132,893 S.F. (FOOTPRINT)
3-STORY PARKING GARAGE	110,350 S.F. (FOOTPRINT)
COURTYARD AND POOL AREA	11,134 S.F.
TOTAL AREA	472,460 S.F. (FOOTPRINT)

4. APPLICABLE DEVELOPMENT STANDARDS PROPOSED ARE AS FOLLOWS:

	REQUIRED	PROPOSED
BUILDING HEIGHT	45'	6 STORIES (78')

5. PARKING PROVIDED:

TOTAL SURFACE PARKING:	2,147 SPACES (INCLUDES HANDICAP SPACES)
BUS PARKING:	10 SPACES
RV/CAR PARKING:	10 SPACES
TOTAL PARKING GARAGE:	733 SPACES
TOTAL SPACES	2,900 SPACES

HANDICAP SPACES REQUIRED: 30 SPACES + 1 SPACE/100 SPACES OVER 1,000=40 SPACES
HANDICAP SPACES PROVIDED: 41 SPACES (33 SURFACE & 8 GARAGE)

6. ALL IMPROVEMENTS SHALL BE IN ACCORDANCE WITH THE MOST RECENT STANDARDS AND SPECIFICATIONS OF THE TOWN OF TYRE AND THE APPROPRIATE SENECA COUNTY AND NEW YORK STATE AGENCIES, UNLESS OTHERWISE NOTED.
7. HIGHWAY DRAINAGE ALONG NYS ROUTE 414 TO BE MAINTAINED.
8. OPEN SPACE: 8.82%

LEGEND:

- BOUNDARY LINE
- LIMITS OF STORMWATER MANAGEMENT FACILITY
- LIMITS OF PROPOSED PAVEMENT
- EXISTING WETLANDS
- 100' WETLAND BUFFER
- PROPOSED BUILDINGS

NOT APPROVED

This plan has not received final approval of all engineering agencies. This plan is subject to revisions until all approvals are obtained and should not be used for construction purposes.

GRAPHIC SCALE

100 0 50 100 200

(IN FEET)
1 inch =100 ft.

MILITARY TRACT, TOWNSHIP 14NRS, LOT 45, TAX MAP NUMBER 12.00-01-38

PROJECT	LAGO RESORT AND CASINO		
LOCATION	TOWN OF TYRE, SENECA COUNTY, NEW YORK STATE		
CLIENT	SENECA FALL LLC 1000 WATERFRONT DRIVE WATERLOO, NEW YORK, 14590		
DRAWING TITLE	SITE PLAN EXHIBIT VIII.C.5.a.1 ATTACHMENT 1 OF 1		

BME ASSOCIATES
ENGINEERS • SURVEYORS • LANDSCAPE ARCHITECTS
2187 BUFFALO ROAD, SUITE 1
ROCHESTER, NEW YORK 14624
PHONE 585-475-7560
FAX 585-475-7563
WWW.BMEASSOCIATES.COM

PROJECT MANAGER	R. BONCHE / M. SMITH
PROJECT ENGINEER	N. JANDA / JG CHEVENDER
DRAWN BY	JG CHEVENDER
SCALE	1" = 100'
DATE ISSUED	JUNE 2014
PROJECT NO.	2392A
DRAWING NO.	02

#	DATE	REVISION
1		
2		
3		
4		
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7		
8		

#	DATE	REVISION
1		
2		
3		
4		
5		
6		
7		
8		

WILMORITE

PENINSULA PACIFIC

JNB GAMING

FRIEDMUTTER GROUP

OVERALL SITE PLAN

EXHIBIT VIII.C.5.a.2. (1 of 5)

WILMORITE

PENINSULA PACIFIC

JNB GAMING

FRIEDMUTTER GROUP

LEVEL 1 FLOOR PLAN

EXHIBIT VIII.C.5.a.2. (2 of 5)

WILMORITE

PENINSULA PACIFIC

JNB GAMING

FRIEDMUTTER GROUP

LEVEL 2 FLOOR PLAN

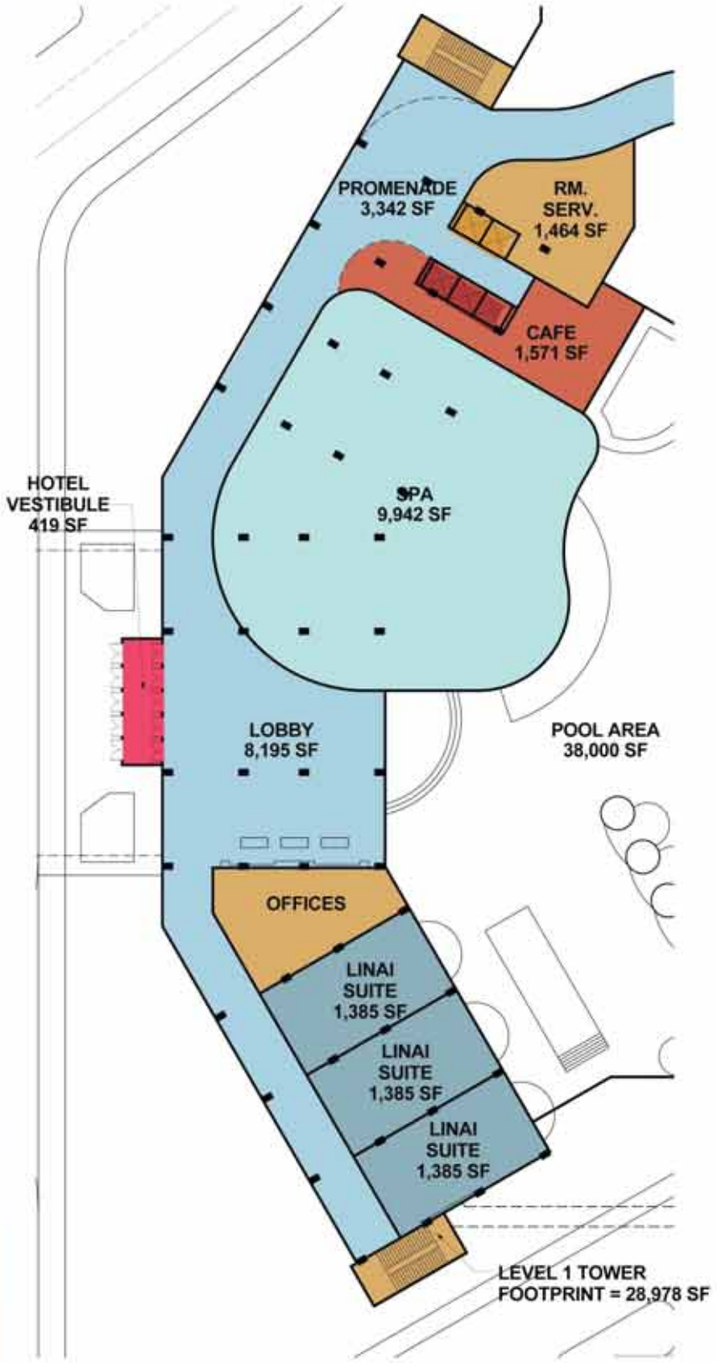
EXHIBIT VIII.C.5.a.2. (3 of 5)

HOTEL TOWER ROOM SCHEDULE

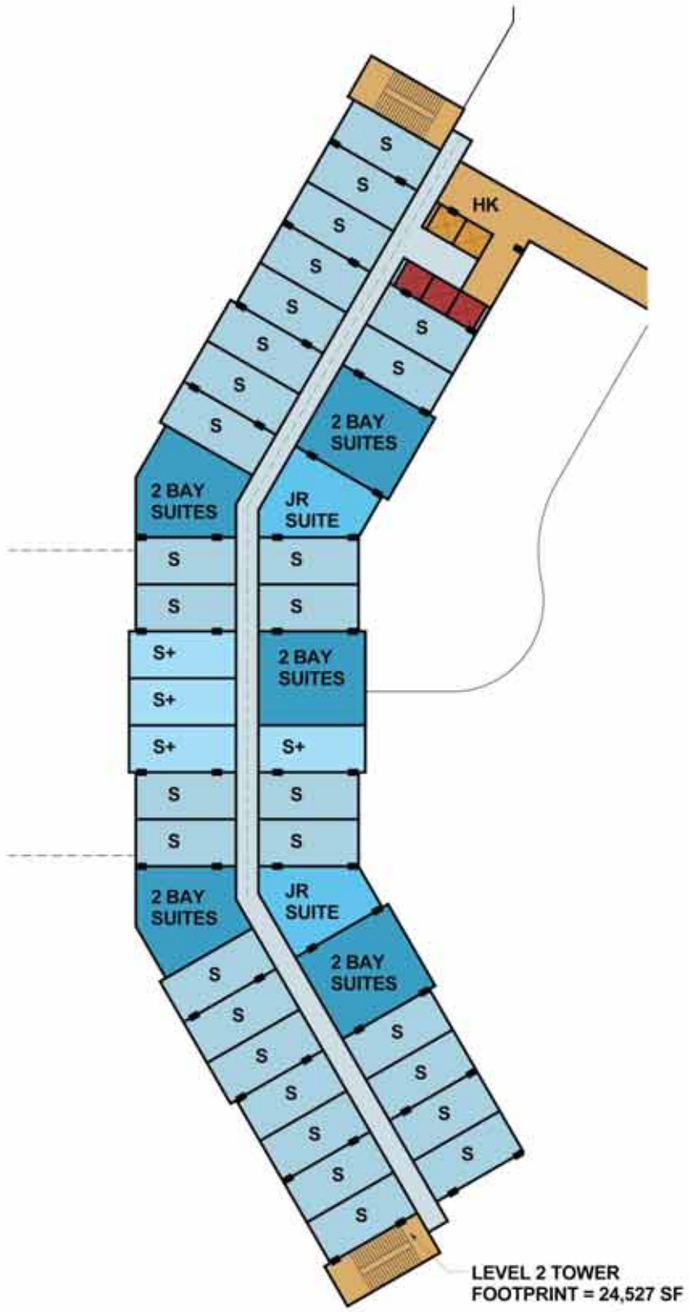
TYPICAL SUITE	+/- 427 SF	145 ROOMS
TYPICAL SUITE PLUS	+/- 475 SF	28 ROOMS
JUNIOR SUITE	+/- 627 SF	10 ROOMS
2-BAY SUITE	+/- 854 SF	21 ROOMS
LANAI SUITE	+/- 1,385 SF	3 ROOMS
TOTAL		207 ROOMS

AREA SCHEDULE TOWER_	
LEVEL 1 TOWER FOOTPRINT	29,931 SF
LEVEL 2 TOWER FOOTPRINT	24,535 SF
LEVEL 3 TOWER FOOTPRINT	24,535 SF
LEVEL 4 TOWER FOOTPRINT	24,535 SF
LEVEL 5 TOWER FOOTPRINT	24,535 SF
LEVEL 6 TOWER FOOTPRINT	24,535 SF
	152,607 SF

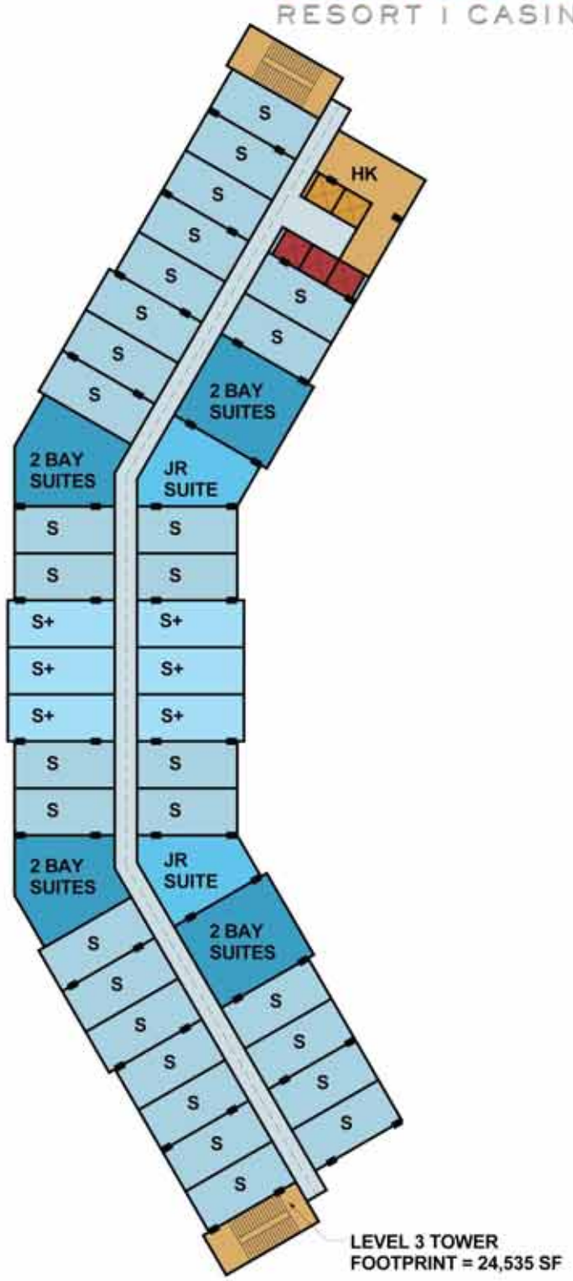
LAGO
RESORT I CASINO



1 HOTEL TOWER LEVEL 1
1/16" = 1'-0"



2 HOTEL TOWER LEVEL 2
1/16" = 1'-0"



3 HOTEL TOWER LEVEL 3
1/16" = 1'-0"

WILMORITE PENINSULA PACIFIC JNB GAMING FRIEDMUTTER GROUP

HOTEL LEVEL 1, 2, AND 3 FLOOR PLANS

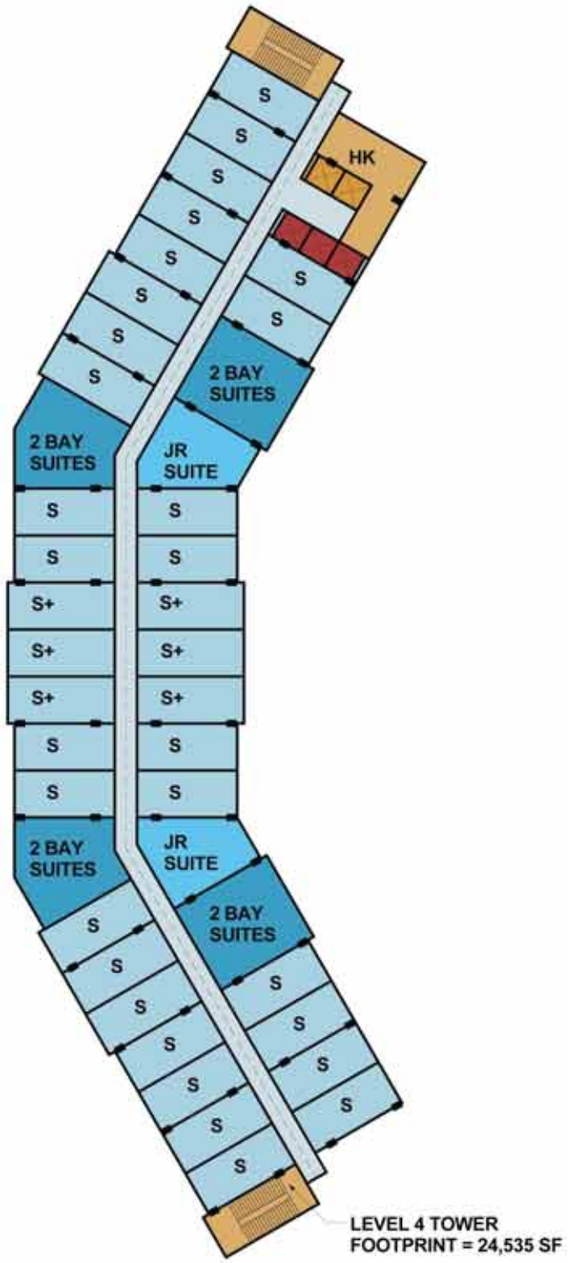
EXHIBIT VIII.C.5.a.2. (4 of 5)

HOTEL TOWER ROOM SCHEDULE

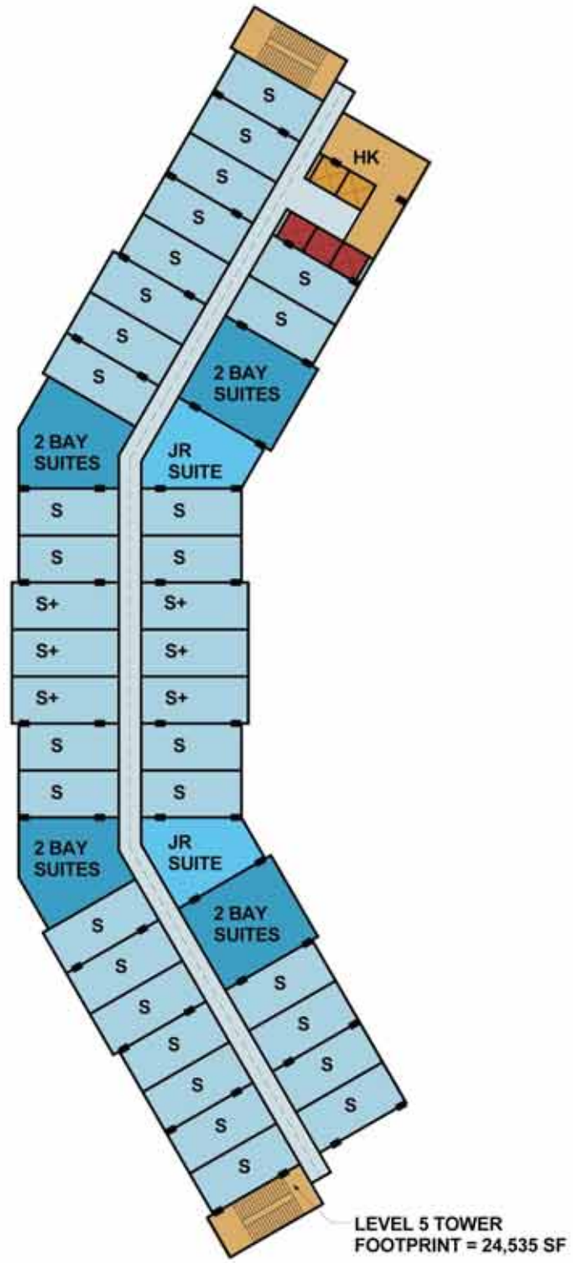
TYPICAL SUITE	+/- 427 SF	145 ROOMS
TYPICAL SUITE PLUS	+/- 475 SF	28 ROOMS
JUNIOR SUITE	+/- 627 SF	10 RO0MS
2-BAY SUITE	+/- 854 SF	21 ROOMS
LANAI SUITE	+/- 1,385 SF	3 ROOMS
TOTAL		207 ROOMS

AREA SCHEDULE TOWER_	
LEVEL 1 TOWER FOOTPRINT	29,931 SF
LEVEL 2 TOWER FOOTPRINT	24,535 SF
LEVEL 3 TOWER FOOTPRINT	24,535 SF
LEVEL 4 TOWER FOOTPRINT	24,535 SF
LEVEL 5 TOWER FOOTPRINT	24,535 SF
LEVEL 6 TOWER FOOTPRINT	24,535 SF
	152,607 SF

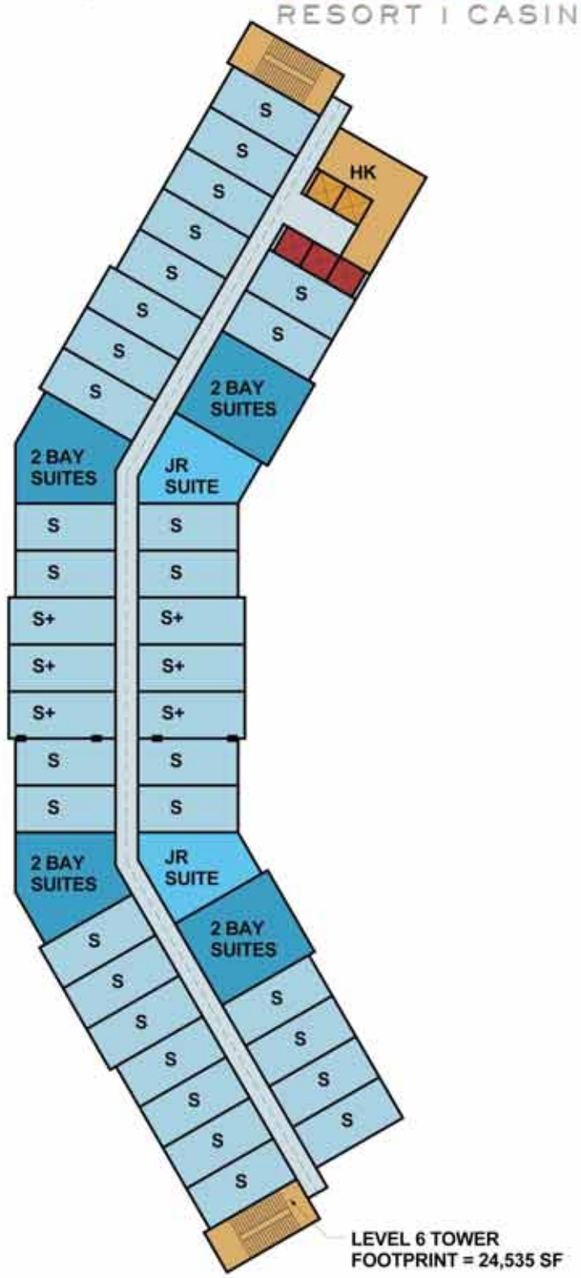
LAGO
RESORT I CASINO



1 HOTEL TOWER LEVEL 4
1/16" = 1'-0"



2 HOTEL TOWER LEVEL 5
1/16" = 1'-0"



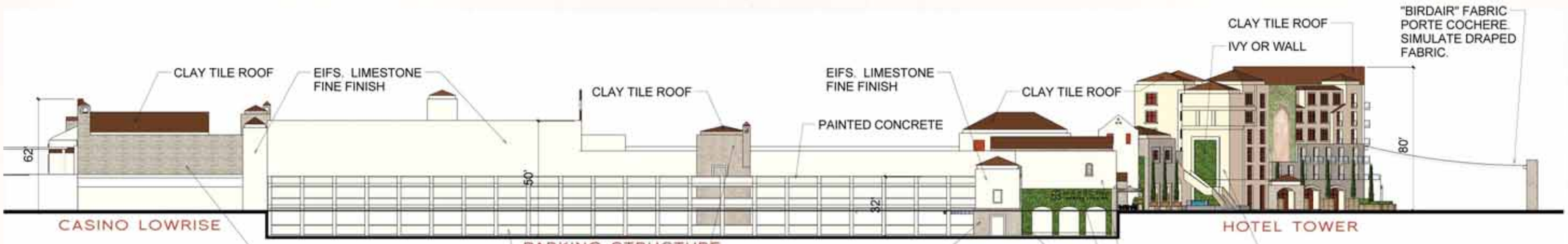
3 HOTEL TOWER LEVEL 6
1/16" = 1'-0"

WILMORITE PENINSULA PACIFIC JNB GAMING FRIEDMUTTER GROUP

HOTEL LEVEL 4, 5, AND 6 FLOOR PLANS

EXHIBIT VIII.C.5.a.2. (5 of 5)

LAGO
RESORT | CASINO



NORTH ELEVATION

NOTE:
PRECAST CONCRETE FINISH TO MATCH ADJACENT EIFS COLOR. UP TO 4'-0". ON ALL EIFS @ GRADE LEVEL.

VENEER STONE, ROUGH CUT WITH OVERGROUT JOINT. COLOR: AUTUMN LEAF. PROVIDE 3 DIMENSIONAL CORNERS

PAINTED CONCRETE

VENEER STONE, ROUGH CUT WITH OVERGROUT JOINT. COLOR: AUTUMN LEAF. PROVIDE 3 DIMENSIONAL CORNERS

IVY OR WALL

HALO LIT CHANNEL LETTERS WITH ILLUMINATED PUNCH THROUGH FACE

EIFS. LIMESTONE FINE FINISH

SOUTH ELEVATION

NOTE:
PRECAST CONCRETE FINISH TO MATCH ADJACENT EIFS COLOR. UP TO 4'-0". ON ALL EIFS @ GRADE LEVEL.

VENEER STONE, ROUGH CUT WITH OVERGROUT JOINT. COLOR: AUTUMN LEAF. PROVIDE 3 DIMENSIONAL CORNERS

VENEER STONE, ROUGH CUT WITH OVERGROUT JOINT. COLOR: AUTUMN LEAF. PROVIDE 3 DIMENSIONAL CORNERS

COLORED GLASS TYP.

WILMORITE

PENINSULA PACIFIC

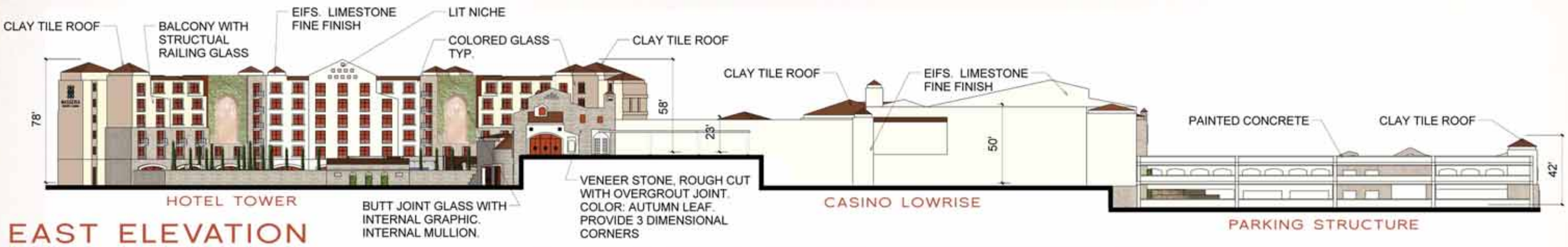
JNB GAMING

FRIEDMUTTER GROUP

EXTERIOR ELEVATIONS

EXHIBIT VIII.C.5.a.3. (1 of 2)

LAGO
RESORT | CASINO



EAST ELEVATION

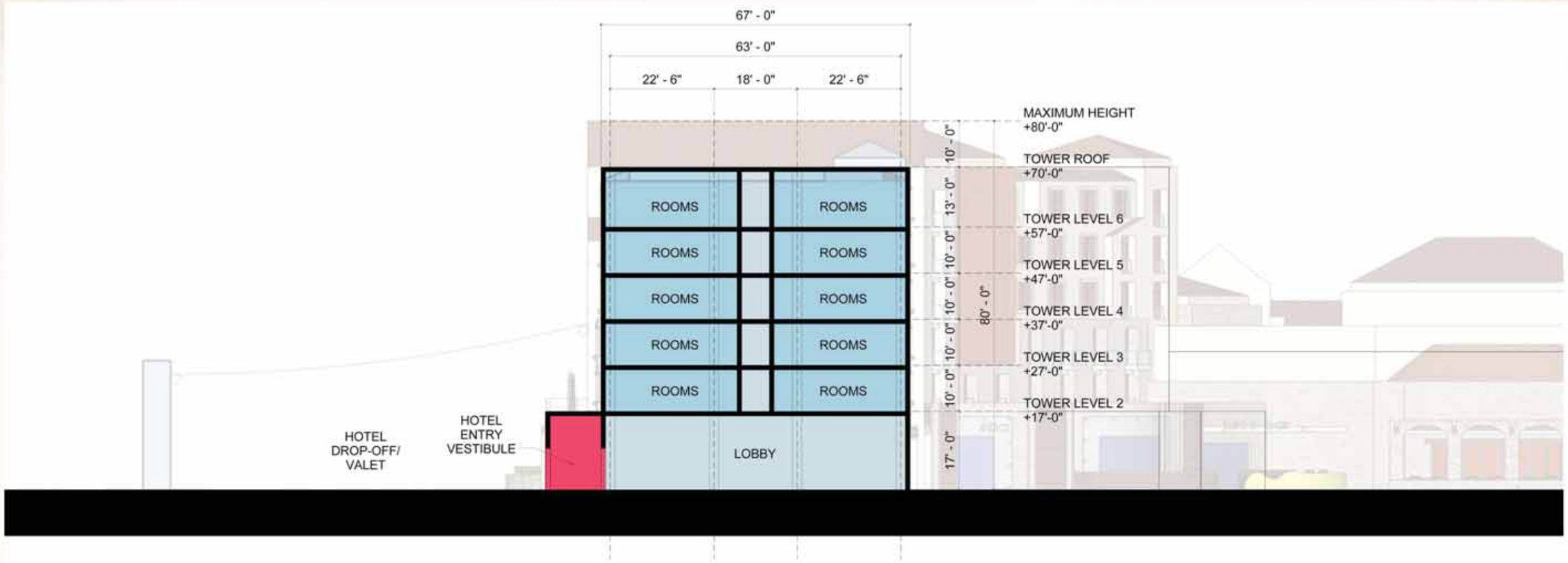
NOTE:
PRECAST CONCRETE FINISH TO MATCH ADJACENT EIFS COLOR. UP TO 4'-0". ON ALL EIFS @ GRADE LEVEL.

WEST ELEVATION

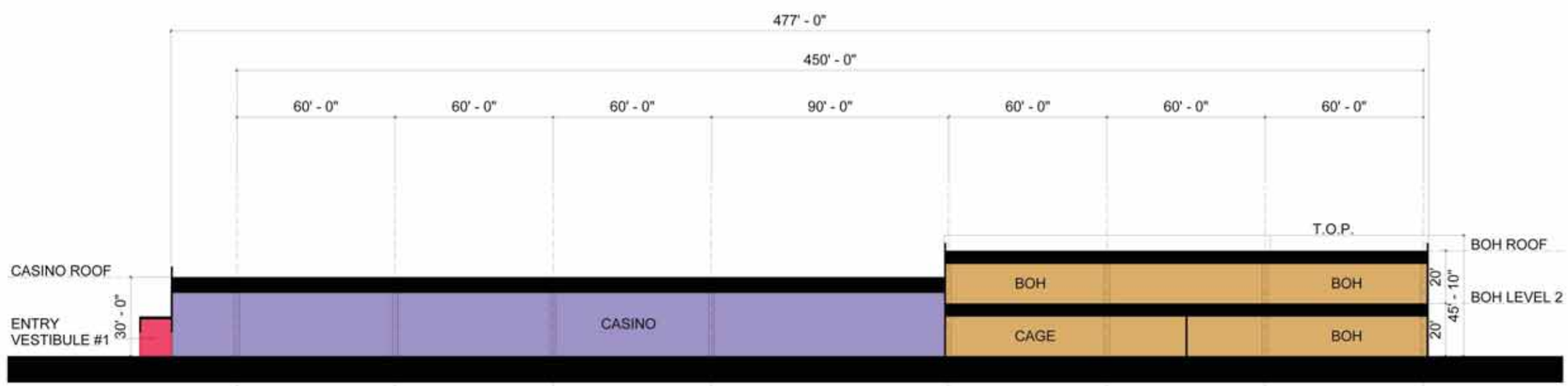
NOTE:
PRECAST CONCRETE FINISH TO MATCH ADJACENT EIFS COLOR. UP TO 4'-0". ON ALL EIFS @ GRADE LEVEL.

WILMORITE
PENINSULA PACIFIC
JNB GAMING
FRIEDMUTTER GROUP

EXTERIOR ELEVATIONS
EXHIBIT VIII.C.5.a.3. (2 of 2)



1 SECTION THROUGH TOWER
1/8" = 1'-0"

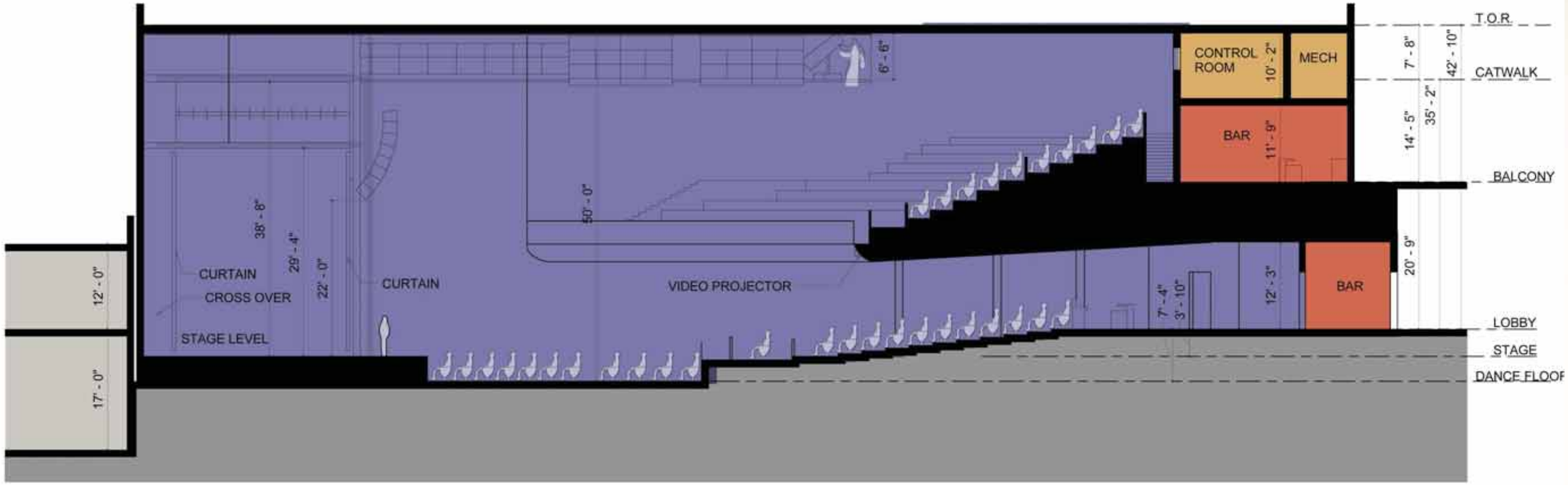


2 CROSS SECTION THROUGH CASINO
1/16" = 1'-0"

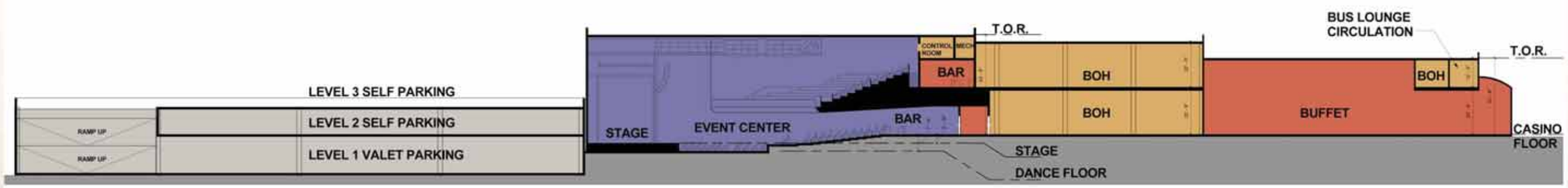
WILMORITE PENINSULA PACIFIC JNB GAMING FRIEDMUTTER GROUP

SECTIONS

EXHIBIT VIII.C.5.a.4. (1 of 2)



1 EVENT CENTER SECTION
3/16" = 1'-0"



2 SECTION 1
1/16" = 1'-0"

WILMORITE
PENINSULA PACIFIC
JNB GAMING
FRIEDMUTTER GROUP

SECTIONS

EXHIBIT VIII.C.5.a.4. (2 of 2)

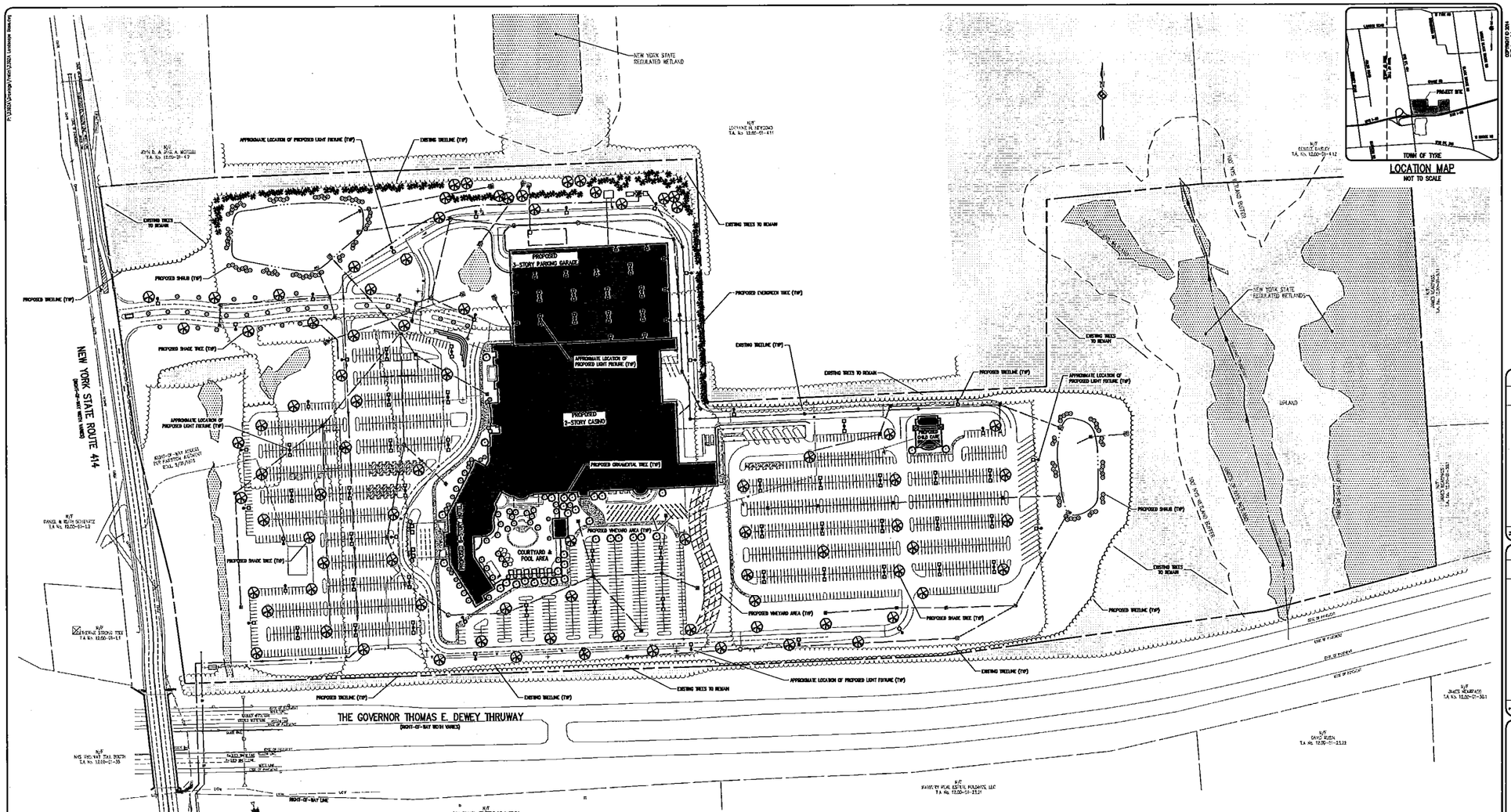
INSERT COLOR PAGE HERE

Submit as Exhibit VIII. C.5.a. designs for the proposed Gaming Facility as follow: proposed hardscape, landscape and landscape treatments including any off---site improvements required to implement the proposal.

VIII.C.5.a.5 DESIGNS

Landscaping and screening on the site will be accomplished with the use of indigenous and adaptive plant material communities that are appropriate for the scale and proposed utilization on the site. The prominent usage of the plant materials will be for some shade within the parking areas, screening along the perimeter of the site and for onsite elements such as loading docks and dumpster pad locations, ornamental purposes, foundation planting beds, manicured lawn areas, storm water management area planting such as infiltration, bio-filtration and wetland landscaping, and soil stabilization functions. The overall goal for the landscape plantings on the site will be to provide an aesthetically pleasing, functional, low maintenance landscape planting that contributes aesthetically to the overall site design while providing functional attributes on the site.

An 11x17" reduced copy of the landscaping plan, is included as Attachment 1 of 1 to this Exhibit.



PLANT KEY

SHADE TREES:
MAPLE, OAK, HORNBEAM, RIVER BIRCH, ELM, BLACK GUM, THORNLESS HONEYLOCUST

ORNAMENTAL TREES:
SERVICEBERRY, REDBUD, DOGWOOD, HAWTHORN

EVERGREEN TREES:
WHITE PIN, BLUE SPRUCE, WHITE PINE, DOUGLAS FIR

UPRIGHT EVERGREENS:
FASTIGIATED JUNIPER, SPRUCE, ARBORVITAE

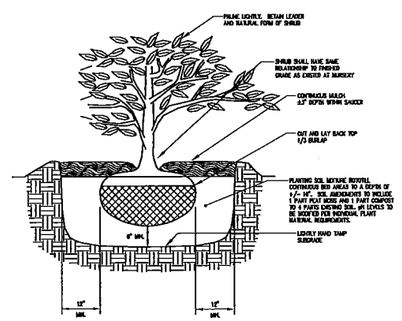
SHRUBS:
DOGWOOD, DOGWOOD, SPICE BUSH, ELDERBERRY, WEIGELA, BANNISTERY

LANDSCAPE NOTES:

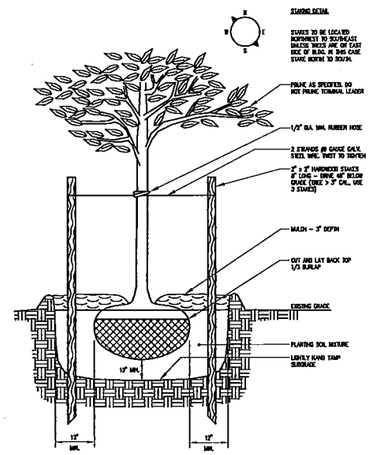
1. ALL PLANTS SHALL MEET OR EXCEED THE MINIMUM REQUIREMENTS AS NOTED IN THE LATEST EDITION OF THE AMERICAN STANDARD FOR NURSERY STOCK BY THE AMERICAN ASSOCIATION OF NURSERYMEN, ANSI Z60.1.
2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR HIS OWN QUANTITY TAKEOFFS.
3. THE CONTRACTOR SHALL BE RESPONSIBLE FOR VERIFYING UNDERGROUND UTILITIES PRIOR TO THE START OF CONSTRUCTION.

LEGEND

- BOUNDARY LINE
- PROPOSED LOT LINE
- CENTERLINE
- SETBACK LINE
- PROPERTY MARKER FOUND
- CONCRETE HIGHWAY MONUMENT FOUND
- WOOD FENCE POST FOUND
- EX. WATERMAIN, HYDRANT AND VALVE
- PROP. WATERMAIN, HYDRANT AND VALVE
- EXISTING STORM SEWER, AND MANHOLE
- PROPOSED STORM SEWER, MANHOLE AND INLET
- EXISTING SANITARY SEWER AND MANHOLE
- PROPOSED SANITARY SEWER AND MANHOLE
- EXISTING TREELINE
- PROPOSED TREE LINE



SHRUB PLANTING DETAIL
N.T.S.



TREE PLANTING DETAIL
N.T.S.

NOT APPROVED

This plan has not received final approval of all reviewing agencies. This plan is subject to revisions until all approvals are obtained and should not be used for construction purposes.

GRAPHIC SCALE

100 0 50 100 200

(IN FEET)
1 inch = 100 ft.

	DATE	BY
7		
6		
5		
4		
3		
2		
1		

	DATE	BY
7		
6		
5		
4		
3		
2		
1		

BME ASSOCIATES
ENVIRONMENTAL • DEVELOPMENT • LANDSCAPE ARCHITECTS
10 LEFT BANKS LANDING WAY
SPENCERPORT, NEW YORK 14559
TEL: 585-352-7090
FAX: 585-352-7091
WWW.BMEASSOCIATES.COM

PROJECT: LAGO RESORT AND CASINO
LOCATION: TOWN OF TYRE, SENECA COUNTY, NEW YORK STATE
CLIENT: WESTFIELD, NY, LLC. 14 LAFAYETTE SQUARE ROCHESTER, NEW YORK 14604
DRAWING TITLE: LANDSCAPE PLAN
EXHIBIT VII.C.5.a.5 ATTACHMENT 1 OF 1

PROJECT MANAGER: D. BOHCHE / M. SMITH
PROJECT ENGINEER: M. JANOS / G. CHEEKOS
DRAWN BY: NT RAMOS
SCALE: 1" = 100'
DATE ISSUED: JUNE 2014
PROJECT NO.: 2392A
DRAWING NO.: 07

MILTON'S TRACT, TOWNSHIP 14NORTH, LOT 45, TAX MAP NUMBER 12.00-2-1.35

INSERT COLOR PAGE HERE

Submit as Exhibit VIII. C.5.a. designs for the proposed Gaming Facility as follow: exterior lighting design.

VIII.C.5.a.6 DESIGNS

Site lighting will be incorporated on the site to provide illumination to pedestrian ways, parking areas and areas immediately adjacent to the proposed buildings; this will include the utilization of a combination of Dark Sky compliant, full cut-off area luminaires, and a variety of Dark Sky compliant exterior building lighting. As a form of uplight control, full cut-off fixtures help to control sharp glare by distributing light to a desired area by restricting light intensities from exceeding 90 degrees above nadir. Illumination levels within the parking areas will maintain a minimum of 0.5 foot-candles for safety and security purposes. Lighting along the roadways and for pedestrian ways will vary dependent on location and will be sufficient to provide a safe and secure environment for visitors and employees. Illumination levels for these areas will range from a minimum 0.1 foot-candles to a maximum of 0.5 foot-candles and as recommended by the Illuminating Engineering Society of North America (IESNA).

It is the applicant's intent to have site lighting on during the evening and overnight hours to promote a safe and secure environment. Light emitting diode (LED), Dark Sky compliant fixtures are intended for use for exterior lighting on the site. High mast, full cut-off fixtures with overall mounting heights between 30-40 feet will be utilized within the larger parking fields on the site. Light sensitive button photo-cell operation will be included on each individual fixture, or for each individual lighting circuit on the site to ensure greater energy efficiency of the lighting fixtures.

Site lighting on top of the garage and along the extents of development is proposed to utilize house shields, which minimizes the ability to see the LED source from behind the poles. The lighting plan reflects these light sources accurately, and they have little-to-no measureable contribution to the light levels on the surrounding ground located behind the specified mounting direction of the fixtures(s). To the greatest extent practicable, site lighting has been designed to minimize the amount of illumination spill over property boundary lines and control the amount of sharp glare produced by the proposed fixture locations.

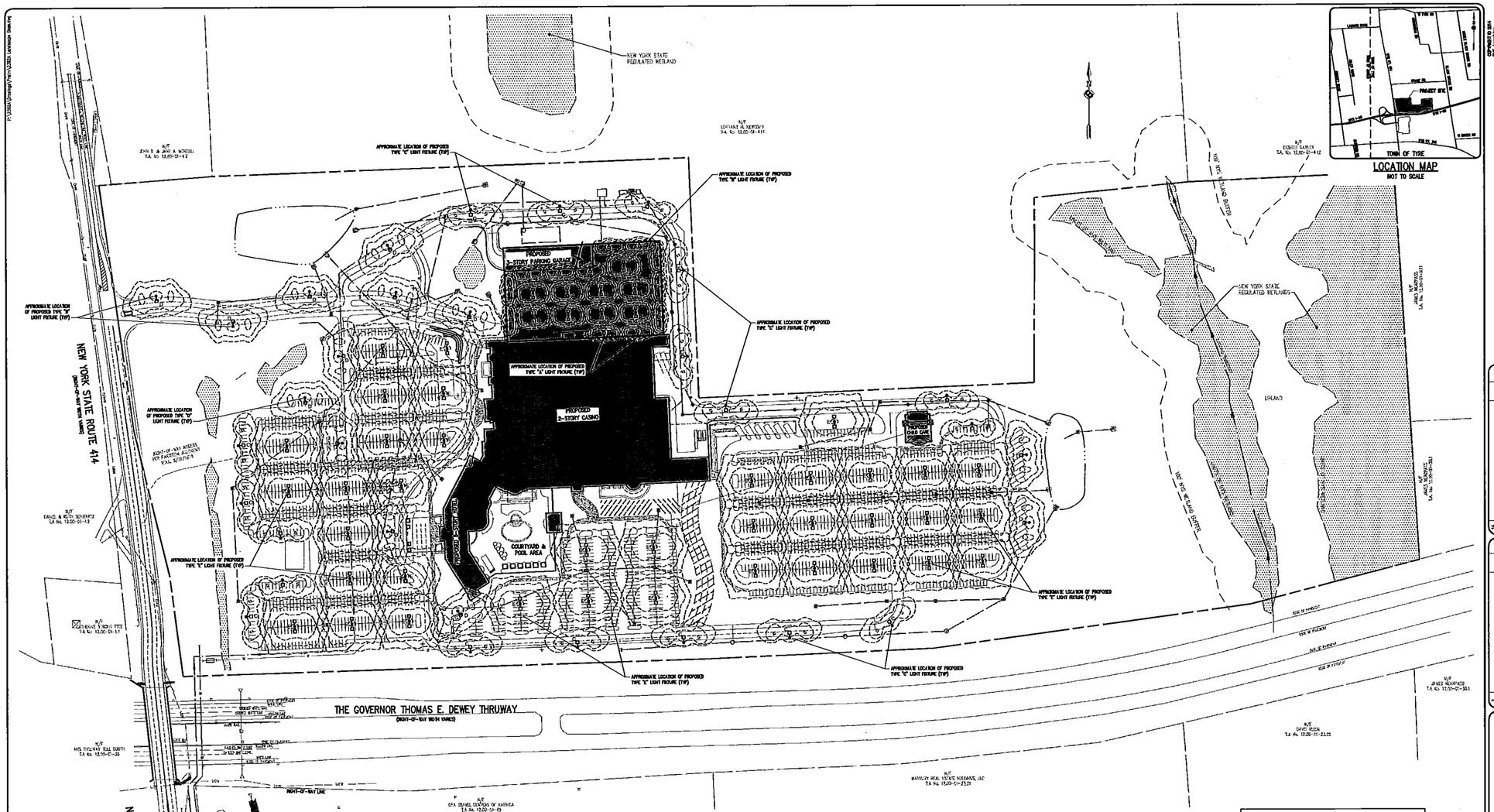
Supplementing area lighting, exterior building mounted fixtures are to be provided for security lighting around the areas immediately adjacent to the buildings and at entry points. Lighting levels in and around these areas will be reflective of the current IESNA recommendations for exterior lighting, and to the greatest extent practicable, will be dark-sky compliant fixtures. The fixtures will be architecturally compatible with the development and will typically utilize LED sources and Dark Sky compliant fixtures.

Exterior special feature lighting that may include color changing effects on particular architectural details may be included in the design. Standalone effects that are assimilated into the working nature of the overall site environment as part of a public art project approved by local authorities, and/or simple building outlines, color changing, chasing lighting, or otherwise to help define the venue as an entertainment venue. Highly detailed architectural building feature lighting including façade and column up/accent lighting, outline lighting of arches, and roof features, will be utilized in an attempt to equal that of any top tier hospitality hotel and entertainment

project. (Foxwoods; Atlantic City, Florida, Las Vegas) The use of LED sources and Dark Sky compliant fixtures will be utilized.

General and special lighting in and around the proposed buildings will include porte-cochere down lighting, exterior lighting features including paver marking lighting, column accent lighting, exterior building "glow lighting", and entry/egress lighting, to be seamlessly designed into the seemed architectural elements, employing the use of LED sources and Dark Sky compliant fixtures.

An 11x17" reduced copy of the lighting plan is included as Attachment 1 of 1 to this Exhibit. The lighting plan shows proposed external lighting configurations and provides foot-candle contours showing the anticipated lighting levels throughout the property for the proposed Gaming Facility.



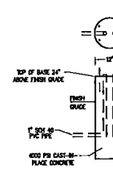
LUMINAIRE SCHEDULE										
SYMBOL		QTY	CATALOGUE NUMBER	ARRANGEMENT	LUMENS/LAMP	WATTS	LLF	MH	POLE	DESCRIPTION
	TYPE "A"	13	DCA14-1-2H-150PSMH-120-BLP-HS	SINGLE	12500	150	0.92	14'	12'	14" Decoluma Luminaire with Internal House-Side Shield
	TYPE "B"	8	DCA14-1-2H-150PSMH-120-BLP	DOUBLE@180°	12500	150	0.92	14'	12'	14" Decoluma Luminaire with Black Finish
	TYPE "C"	19	DCA23-1-2H-450PSMH-QUAD-BLP	SINGLE	40000	450	0.92	40'	38'	23" Decoluma Luminaire with Black Finish
	TYPE "D"	13	DCA23-1-2H-450PSMH-QUAD-BLP-HS	SINGLE	40000	450	0.92	40'	38'	23" Decoluma Luminaire with Internal House-Side Shield
	TYPE "E"	37	DCA23-2-QH-450PSMH-QUAD-BLP	DOUBLE@180°	40000	450	0.92	40'	38'	23" Decoluma Luminaire with Internal House-Side Shield

LIGHTING NOTES:

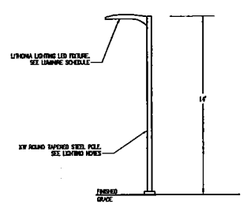
1. PARKING LOT LIGHTING TO BE PROVIDED AS DETAILED IN SCHEDULE.
2. PARKING GARAGE AREA LIGHTING TO BE D SERIES, SIZE 2 LED FIXTURES BY LITHONIA LIGHTING, WITH TWO (2) LED LIGHT ENGINES AND BLACK FINISH. REFER TO LUMINAIRE SCHEDULE FOR FURTHER DETAILS.
3. PARKING GARAGE LIGHT POLES TO BE KW INDUSTRIES ROUND TAPERED STEEL POLES, 14' HIGH WITH BLACK FINISH; CATALOGUE NUMBER RTSP12-4.5-11-KZ21-BK06-HC FOR SINGLE MOUNTED FIXTURES (TYPE "A") AND CATALOGUE NUMBER RTSP12-4.5-11-KZ21-BK06-HC FOR DOUBLE MOUNTED FIXTURES (TYPE "B"). ALL POLES TO HAVE A TOTAL MOUNTING HEIGHT OF 14' (REFER TO DETAILS).
4. PARKING LOT AREA LIGHTING TO BE D SERIES, SIZE 2 LED FIXTURES BY LITHONIA LIGHTING, WITH TWO (2) LED LIGHT ENGINES AND BLACK FINISH. REFER TO LUMINAIRE SCHEDULE FOR FURTHER DETAILS.
7. PARKING LOT LIGHT POLES TO BE KW INDUSTRIES ROUND TAPERED STEEL POLES, 38' HIGH WITH BLACK FINISH; CATALOGUE NUMBER RTSP38-8.0-11-KZ21-BK06-HC FOR SINGLE MOUNTED FIXTURES (TYPE "C" & "D"), CATALOGUE NUMBER RTSP38-8.0-11-KZ21-BK06-HC FOR DOUBLE MOUNTED FIXTURES (TYPE "E"). ALL POLES TO BE MOUNTED ON CONCRETE PEDESTALS 3' ABOVE GRADE FOR A TOTAL MOUNTING HEIGHT OF 40' (REFER TO DETAILS).
8. SITE LIGHTING TO BE SUPPLEMENTED WITH BUILDING MOUNTED LIGHTING. REFER TO ARCHITECTURAL PLANS FOR DETAILS.

LEGEND

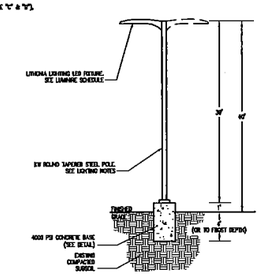
- BOUNDARY LINE
- PROPOSED LOT LINE
- CENTERLINE
- SETBACK LINE
- PROPERTY MARKER FOUND
- CONCRETE HIGHWAY MONUMENT FOUND
- WOOD FENCE POST FOUND
- EX. WATERMAIN, HYDRANT AND VALVE
- PROP. WATERMAIN, HYDRANT AND VALVE
- EXISTING STORM SEWER, AND MANHOLE
- PROPOSED STORM SEWER, MANHOLE AND INLET
- EXISTING SANITARY SEWER AND MANHOLE
- PROPOSED SANITARY SEWER AND MANHOLE



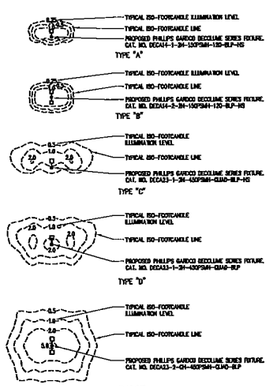
LIGHT POLE BASE DETAIL
N.T.S.



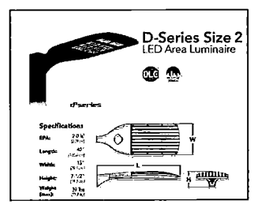
PARKING GARAGE LIGHT POLE DETAIL
N.T.S.

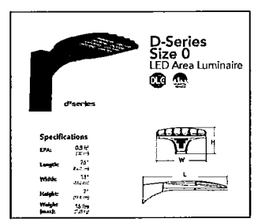


PARKING LOT BASE MOUNTED LIGHT POLE DETAIL
N.T.S.



TYPICAL ISOFOOTCANDLE PLOT
N.T.S.





NOT APPROVED

This plan has not received final approval of all zoning agencies. This plan is subject to revisions until all approvals are obtained and should not be used for construction purposes.

GRAPHIC SCALE

100 0 50 100 200

(IN FEET)
1 inch = 100 ft.

REVISIONS								

REVISIONS								

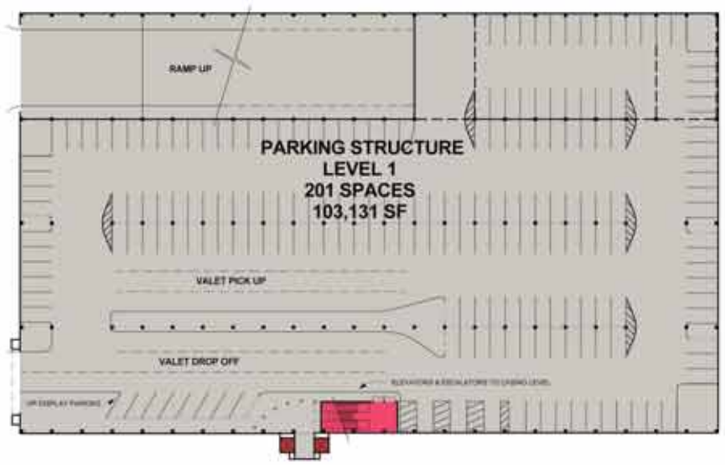
BME ASSOCIATES
ENGINEERS • SURVEYORS • LANDSCAPE ARCHITECTS
10 SOUTH BROADWAY
HAWTHORNE, NEW YORK 10532
914-592-7220
FAX 914-592-0210
WWW.BMEAPC.COM

PROJECT: LAGO RESORT AND CASINO
LOCATION: TOWN OF TYRE, SENECA COUNTY, NEW YORK STATE
CLIENT: MATERIAL 414, LLC. 1000 PORTLAND AVENUE ROCHESTER, NEW YORK 14621
DRAWING TITLE: LIGHTING PLAN
EXHIBIT VIII.C.5.c.6 ATTACHMENT 1 OF 1

PROJECT MANAGER: B. BOHOCK / K. SMITH
PROJECT ENGINEER: M. ANGIA / JD. VAN WICKLEN
DRAWN BY: MT. BARRIO
SCALE: 1" = 100'
DATE ISSUED: JUNE 2014
PROJECT NO.: 2392A
DRAWING NO.: 08

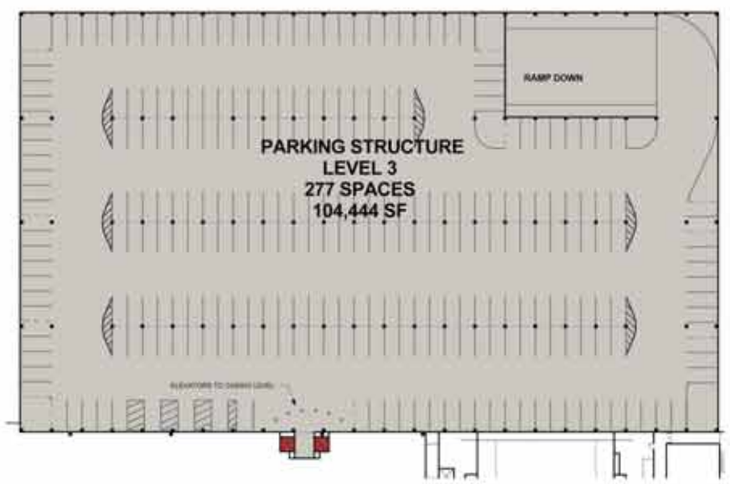
MILITARY TRACT, TOWNSHIP 14NORTH, LOT 45, TAX MAP NUMBER 13.00-01-38

LAGO
RESORT I CASINO



1 PARKING STRUCTURE LEVEL 1 PLAN
1/32" = 1'-0"

2 PARKING STRUCTURE LEVEL 2 PLAN
1/32" = 1'-0"



3 PARKING STRUCTURE LEVEL 3 PLAN
1/32" = 1'-0"

PARKING STRUCTURE SCHEDULE_	
LEVEL 1 PARKING GARAGE	201
LEVEL 2 PARKING GARAGE	239
LEVEL 3 PARKING GARAGE	277
	717

WILMORITE PENINSULA PACIFIC JNB GAMING FRIEDMUTTER GROUP

PARKING STRUCTURE FLOOR PLANS

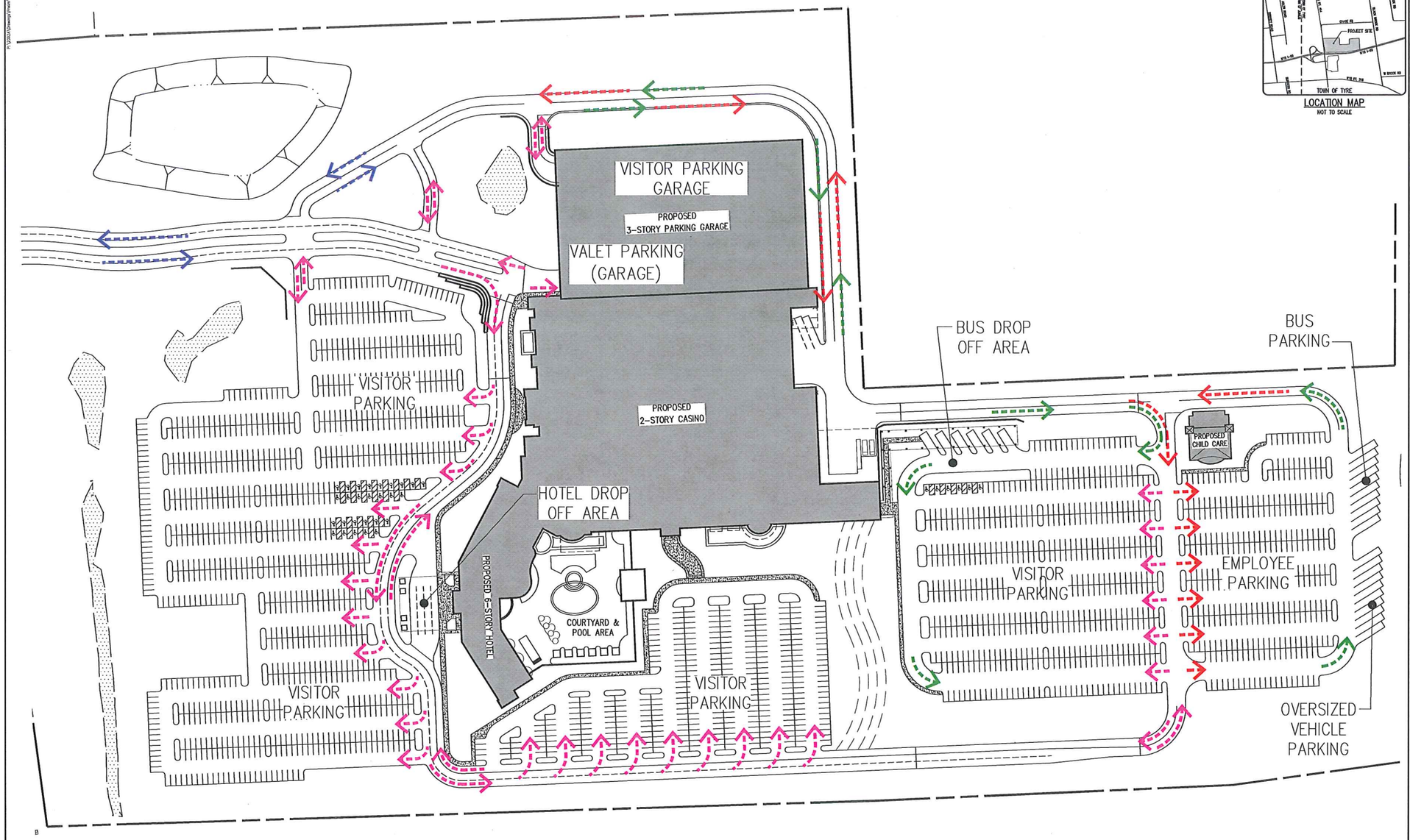
EXHIBIT VIII.C.5.a.7.

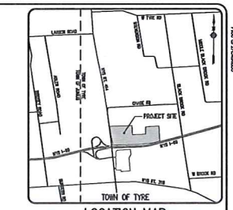
INSERT COLOR PAGE HERE

Submit as Exhibit VIII. C.5.a.8. designs for the proposed Gaming Facility as follow: surface parking and Project Site traffic circulation plan, including denotation of pick---up/drop---off areas for hotel and casino patrons, buses and valet parking and of parking areas for employees, patrons, valet---parked vehicles and buses if separate parking areas are to be provided.

VIII.C.5.a.8 DESIGNS

A Circulation Plan is included as Attachment 1 of 1. This plan denotes the proposed parking layout, traffic routings for visitors, employees, buses, and trucks/deliveries. Parking areas have been labeled on the Plan showing the areas designated for visitor parking, employee parking, valet parking, and bus parking.





LOCATION MAP
NOT TO SCALE

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BME Associates

Drawing Alteration
The following is an excerpt from the New York State Education Law Section 145 Section 7209 and applies to this drawing:
"It is a violation of this law for any person, unless acting under the direction of a licensed professional engineer or land surveyor to alter any item on this drawing in any manner. If any engineer or land surveyor is altered, the altering engineer or land surveyor must add to the seal the notation "altered by" followed by his signature and the date of such alteration, and a specific description of the alteration."

No.	Revisions	Date	By
14			
13			
12			
11			
10			
9			
8			

No.	Revisions	Date	By
7			
6			
5			
4			
3			
2			
1			

BME ASSOCIATES
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31 LAFAYETTE AVENUE, SUITE 201
SUFFERN, NEW YORK 10901
WWW.BMEASSOCIATES.COM
PHONE 845-357-3300
FAX 845-357-7509

PARKING NOTES:

PARKING PROVIDED:

TOTAL SURFACE PARKING:	2,197 SPACES (INCLUDES HANDICAP SPACES)
BUS PARKING:	10 SPACES
RV/AMP PARKING:	10 SPACES
TOTAL PARKING GARAGE:	733 SPACES
TOTAL SPACES:	2,950 SPACES

HANDICAP SPACES REQUIRED: 20 SPACES + 1 SPACE/100 SPACES OVER 1,000=40 SPACES
HANDICAP SPACES PROVIDED: 41 SPACES (33 SURFACE & 8 GARAGE)

LEGEND

- ALL TRAFFIC
- DELIVERIES AND EMPLOYEE ROUTE
- BUS ROUTE
- VISITOR TRAFFIC

GRAPHIC SCALE
60 0 30 60 120
(IN FEET)
1 inch = 60 ft.

PROJECT: LAGO RESORT AND CASINO
LOCATION: TOWN OF TYRE, SENECA COUNTY, NEW YORK STATE
CLIENT: INVESTCAL 401, LLC
1 WINTERGREEN WAY
ROCHESTER, NEW YORK 14624
DRAWING TITLE: ORCULATION PLAN
EXHIBIT VIII.C.5.c.8 ATTACHMENT 1 OF 1

MILITARY TRACT, TOWNSHIP 14NORTH, LOT 45, TAX MAP NUMBER 13.00-1-1.30

PROJECT MANAGER	B BOHOS / M SIMON
PROJECT ENGINEER	M JINDA / JG CHEYKOYS
DRAWN BY	JG CHEYKOYS
SCALE	1" = 120'
DATE ISSUED	JUNE 2014
PROJECT NO.	2392A
DRAWING NO.	N/A

WILMORITE

PENINSULA PACIFIC

JNB GAMING

FRIEDMUTTER GROUP

THE ARRIVAL

EXHIBIT VIII.C.5.a.9. (1 of 5)

LAGO
RESORT | CASINO

WILMORITE

PENINSULA PACIFIC

JNB GAMING

FRIEDMUTTER GROUP

CASINO AND HOTEL

EXHIBIT VIII.C.5.a.9. (2 of 5)

LAGO
RESORT | CASINO

WILMORITE

PENINSULA PACIFIC

JNB GAMING

FRIEDMUTTER GROUP
ARCHITECTURE / INTERIOR DESIGN / BRANDING STUDIOS
SPECIALIZED IN MULTI-USE PROJECTS

CASINO ENTRY

EXHIBIT VIII.C.5.a.9. (3 of 5)

LAGO
RESORT | CASINO

WILMORITE

PENINSULA PACIFIC

JNB GAMING

FRIEDMUTTER GROUP

HOTEL ARRIVAL

EXHIBIT VIII.C.5.a.9. (4 of 5)

LAGO
RESORT | CASINO

WILMORITE

PENINSULA PACIFIC

JNB GAMING

FRIEDMUTTER GROUP
ARCHITECTURE / INTERIOR DESIGN / BRANDING STUDIO
SPECIALIZED IN MULTI-USE PROJECTS

POOL CLUB

EXHIBIT VIII.C.5.a.9. (5 of 5)

LAGO
RESORT | CASINO

WILMORITE

PENINSULA PACIFIC

JNB GAMING

FRIEDMUTTER GROUP

HOTEL ARRIVAL

EXHIBIT VIII.C.5.a.10.

LAGO
RESORT | CASINO

WILMORITE
PENINSULA PACIFIC
JNB GAMING
FRIEDMUTTER GROUP

INTERIOR VIEW OF CASINO AND CENTRIFICO BAR

EXHIBIT VIII.C.5.a.11. (1 of 4)

LAGO
RESORT | CASINO

WILMORITE

PENINSULA PACIFIC

JNB GAMING

FRIEDMUTTER GROUP

CASINO AND PORTICO RESTAURANT

EXHIBIT VIII.C.5.a.11. (2 of 4)

LAGO
RESORT | CASINO

INTERIOR VIEW OF SAVOR NY AND FOOD COURT MARKET

EXHIBIT VIII.C.5.a.11. (3 of 4)

WILMORITE

PENINSULA PACIFIC

JNB GAMING

FRIEDMUTTER GROUP

LAGO
RESORT | CASINO

WILMORITE PENINSULA PACIFIC JNB GAMING FRIEDMUTTER GROUP

INTERIOR OF GUESTROOM

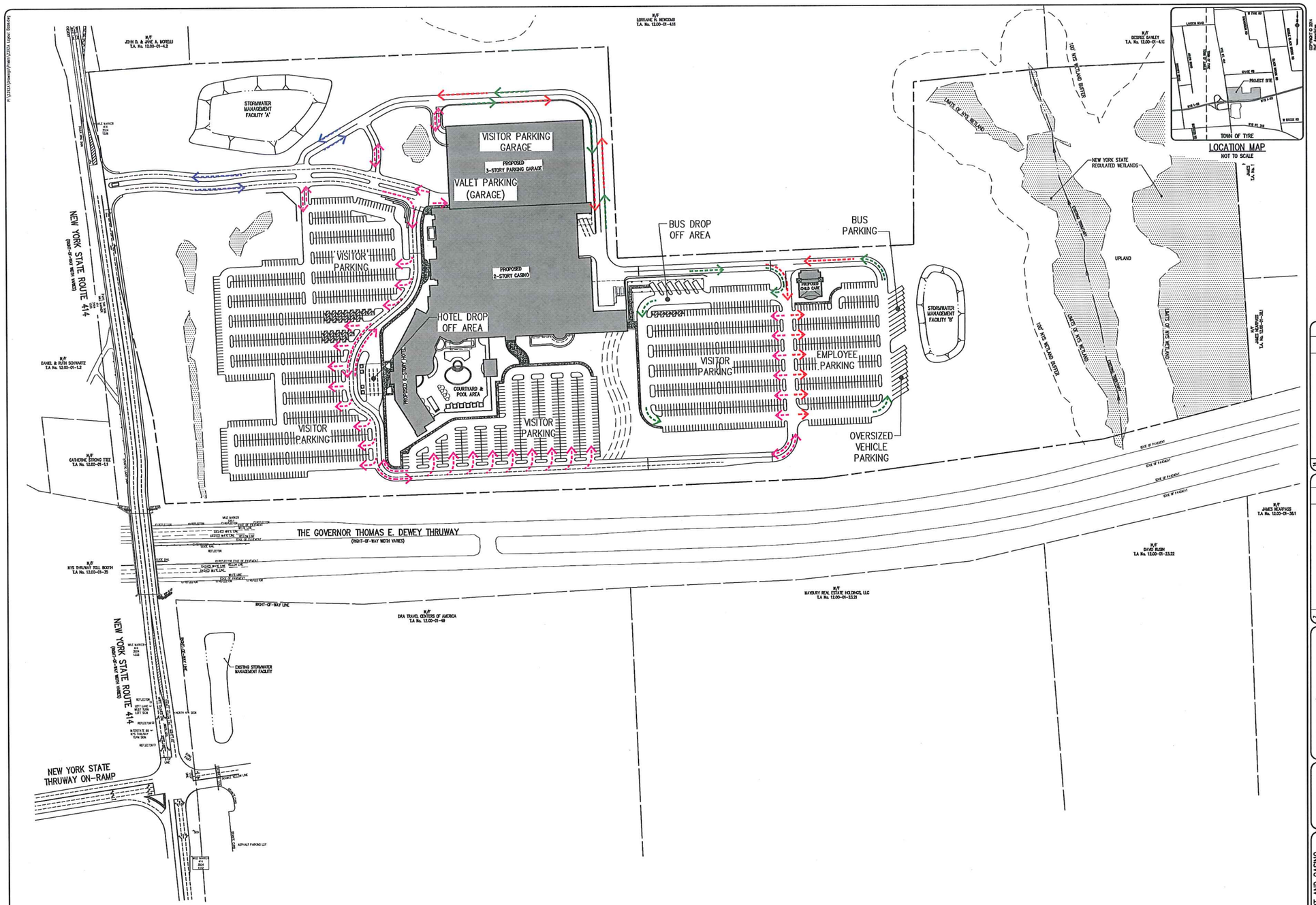
EXHIBIT VIII.C.5.a.11. (4 of 4)

INSERT COLOR PAGE HERE

Submit as Exhibit VIII. C.5.a.12. designs for the proposed Gaming Facility as follow: Project Site access plan indicating adjacent properties and buildings, streets, automobile and pedestrian access and site circulation, parking, building footprints, service areas, vegetation, tour bus drop---off facilities and other related infrastructure and access to and egress from all major traffic arterials and freeways identifying those off---site improvements required to implement the proposal.

VIII.C.5.a.12 DESIGNS

Attachment 1 of 3 shows adjacent properties and roadways in relation to the project site, the proposed building footprint, internal roadways, sidewalks, crosswalks, drop off areas located in front of the main entrances, bus parking areas, and the layout for the proposed improvement to NYS Route 414 located adjacent to the project site. Proposed off site roadway improvements are shown in Attachment 2 of 3. Proposed landscaping for the project is depicted on Attachment 3 of 3.



PARKING NOTES:

PARKING PROVIDED:

TOTAL SURFACE PARKING:	2,117 SPACES (INCLUDES HANDICAP SPACES)
BUS PARKING:	19 SPACES
RV/LIMO PARKING:	19 SPACES
TOTAL PARKING GARAGE:	733 SPACES
TOTAL SPACES:	2,850 SPACES

HANDICAP SPACES REQUIRED: 20 SPACES + 1 SPACE/100 SPACES OVER 1,000=40 SPACES
HANDICAP SPACES PROVIDED: 41 SPACES (33 SURFACE & 8 GARAGE)

LEGEND

- ALL TRAFFIC
- DELIVERIES AND EMPLOYEE ROUTE
- BUS ROUTE
- VISITOR TRAFFIC

GRAPHIC SCALE

100 0 50 100 200

(IN FEET)
1 inch =100 ft.

MILITARY TRACT, TOWNSHIP 3, RANGE, LOT 45, TAX MAP NUMBER 12.00-01-36

PROJECT	LAGO RESORT AND CASINO
LOCATION	TOWN OF TYRE, SENECA COUNTY, NEW YORK STATE
CLIENT	INVESTCAL, LLC 1000 LAKE AVENUE ROCHESTER, NEW YORK 14624
DRAWING TITLE	SITE ACCESS AND CIRCULATION PLAN EXHIBIT VIII.C.5.a.12 ATTACHMENT 1 OF 3

PROJECT MANAGER	R BOHOS / N SIMON
PROJECT ENGINEER	M JANDA / JG CHIEREGIS
DRAWN BY	JG CHIEREGIS
SCALE	1" = 100'
DATE ISSUED	JUNE 2014
PROJECT NO.	2392A
DRAWING NO.	N/A

BME ASSOCIATES
ENGINEERS • SURVEYORS • LANDSCAPE ARCHITECTS
PROVIDENCE CITY PARK
2151 EAST BROADWAY
SCHENECTADY, NEW YORK 12306
518-377-8691 • FAX: 518-377-1666
WWW.BMEASSOCIATES.COM

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REVISIONS

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REVISIONS

Drawing information
The information contained from the New York State Educational Law Article 145 Section 7209 and applies to this drawing.
It is a violation of this law for any person, unless he is acting under the direction of a licensed professional engineer or land surveyor, to alter in any way an item bearing the seal of an engineer or land surveyor. If altered, the altering engineer or land surveyor must add to the item his seal and the notation "altered by" followed by his signature and the date of such alteration, and a specific description of the alteration.

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Exhibit VIII.C.5.a.12
Attachment 2 of 3

Excerpts from Traffic Impact Study Prepared by McFarland Johnson

for the proposed

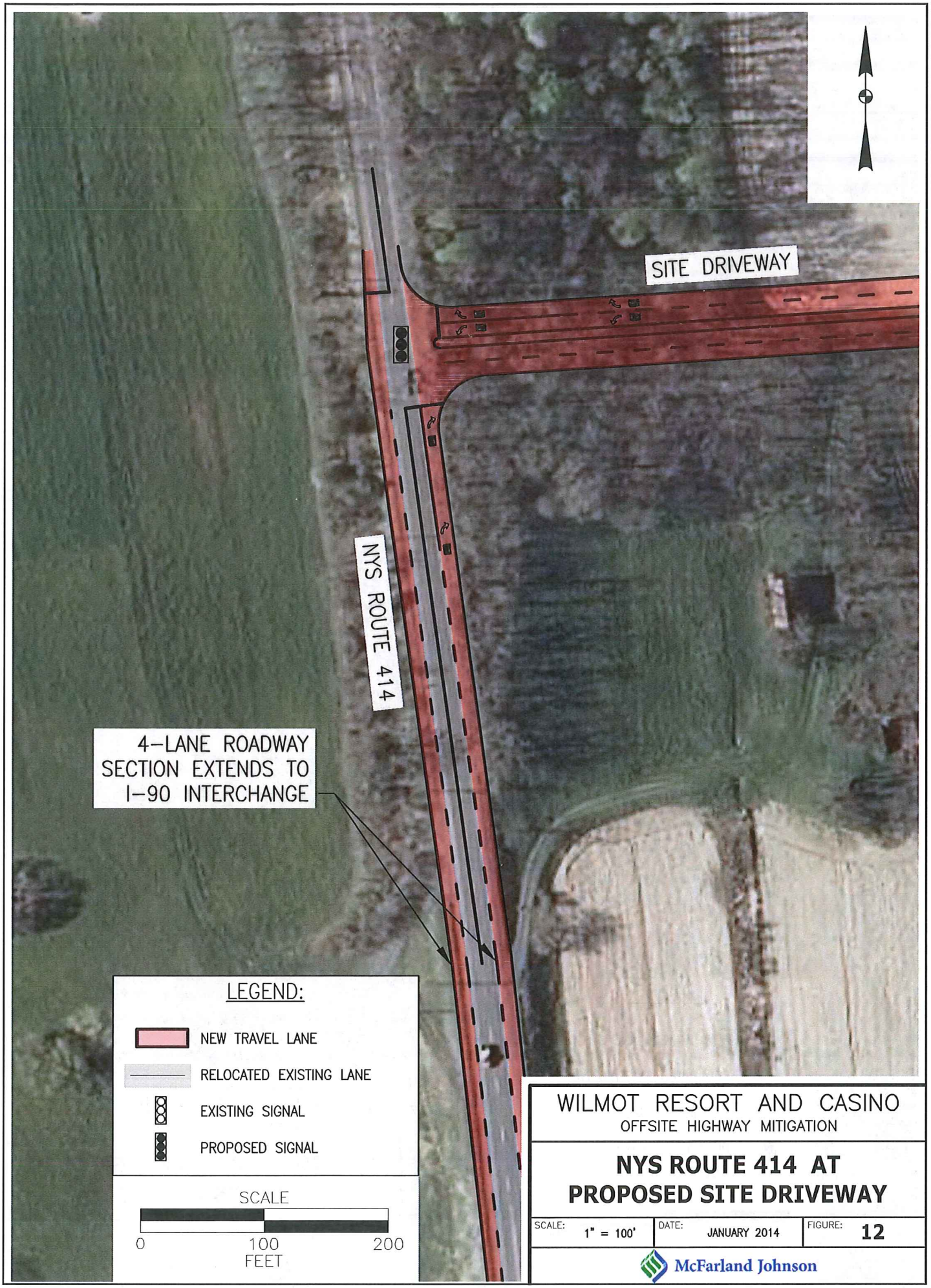
Lago Resort and Casino

NYS Route 414 Town of Tyre Seneca County New York

Prepared for:

Whitetail 414, LLC
1265 Scottsville Road
Rochester, New York 14624

June, 2014

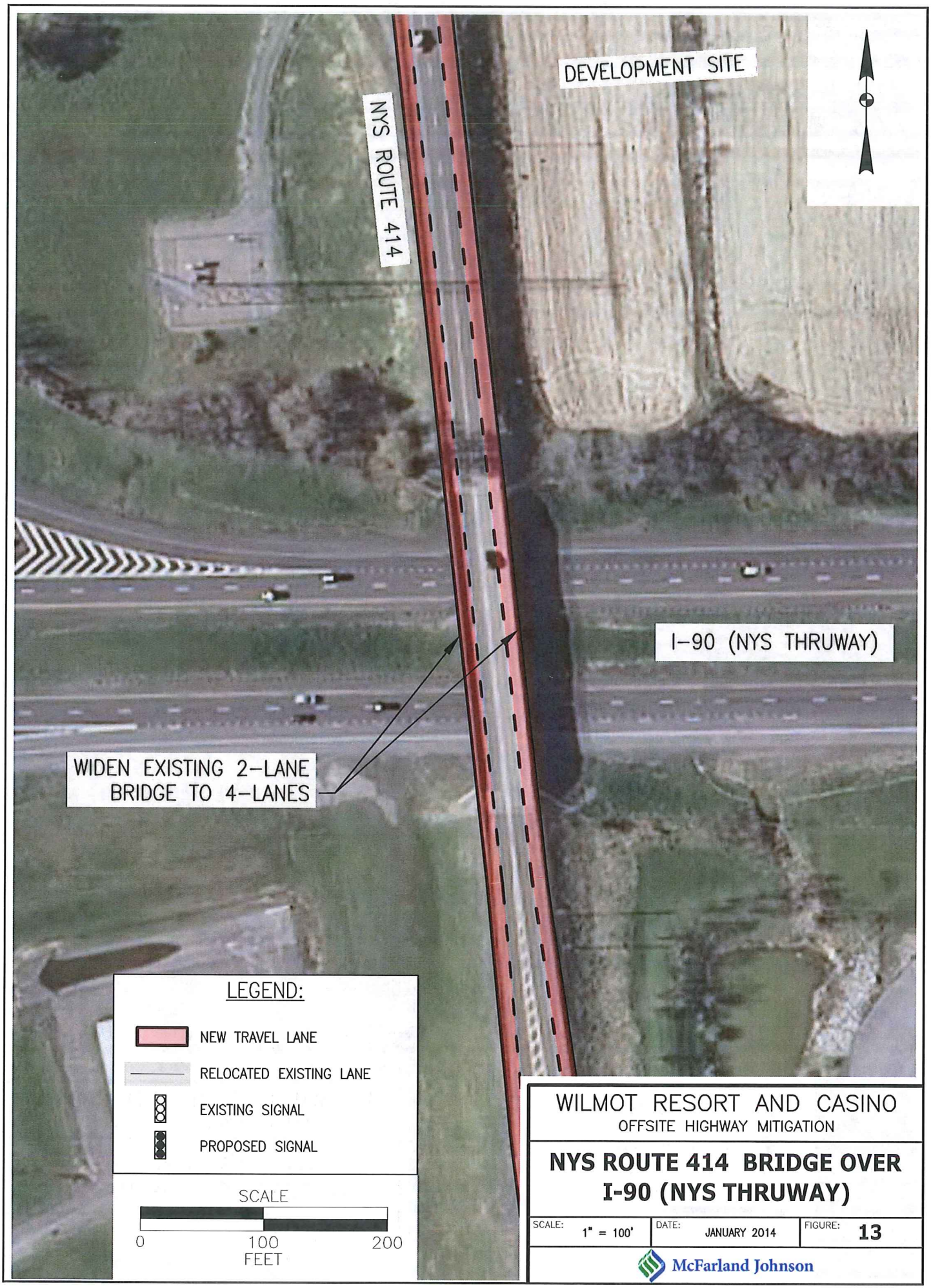


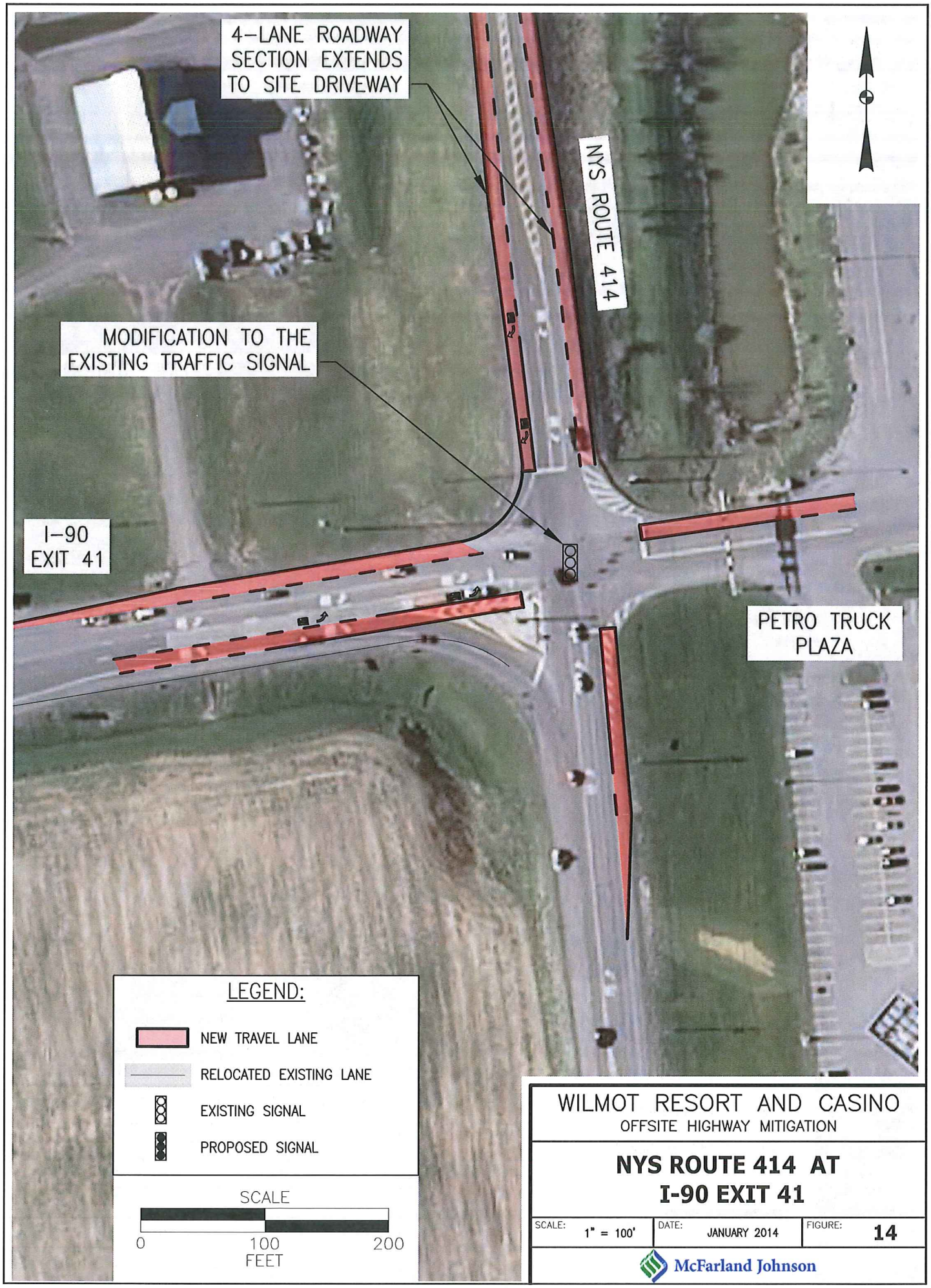
WILMOT RESORT AND CASINO
OFFSITE HIGHWAY MITIGATION

NYS ROUTE 414 AT PROPOSED SITE DRIVEWAY

SCALE:	DATE:	FIGURE:
1" = 100'	JANUARY 2014	12

McFarland Johnson


DEVELOPMENT SITE
NYS ROUTE 414
I-90 (NYS THRUWAY)
WIDEN EXISTING 2-LANE BRIDGE TO 4-LANES
LEGEND:
NEW TRAVEL LANE
RELOCATED EXISTING LANE
EXISTING SIGNAL
PROPOSED SIGNAL
SCALE
0
100
200
FEET
WILMOT RESORT AND CASINO
OFFSITE HIGHWAY MITIGATION
NYS ROUTE 414 BRIDGE OVER I-90 (NYS THRUWAY)
SCALE: 1" = 100'
DATE: JANUARY 2014
FIGURE: 13
McFarland Johnson



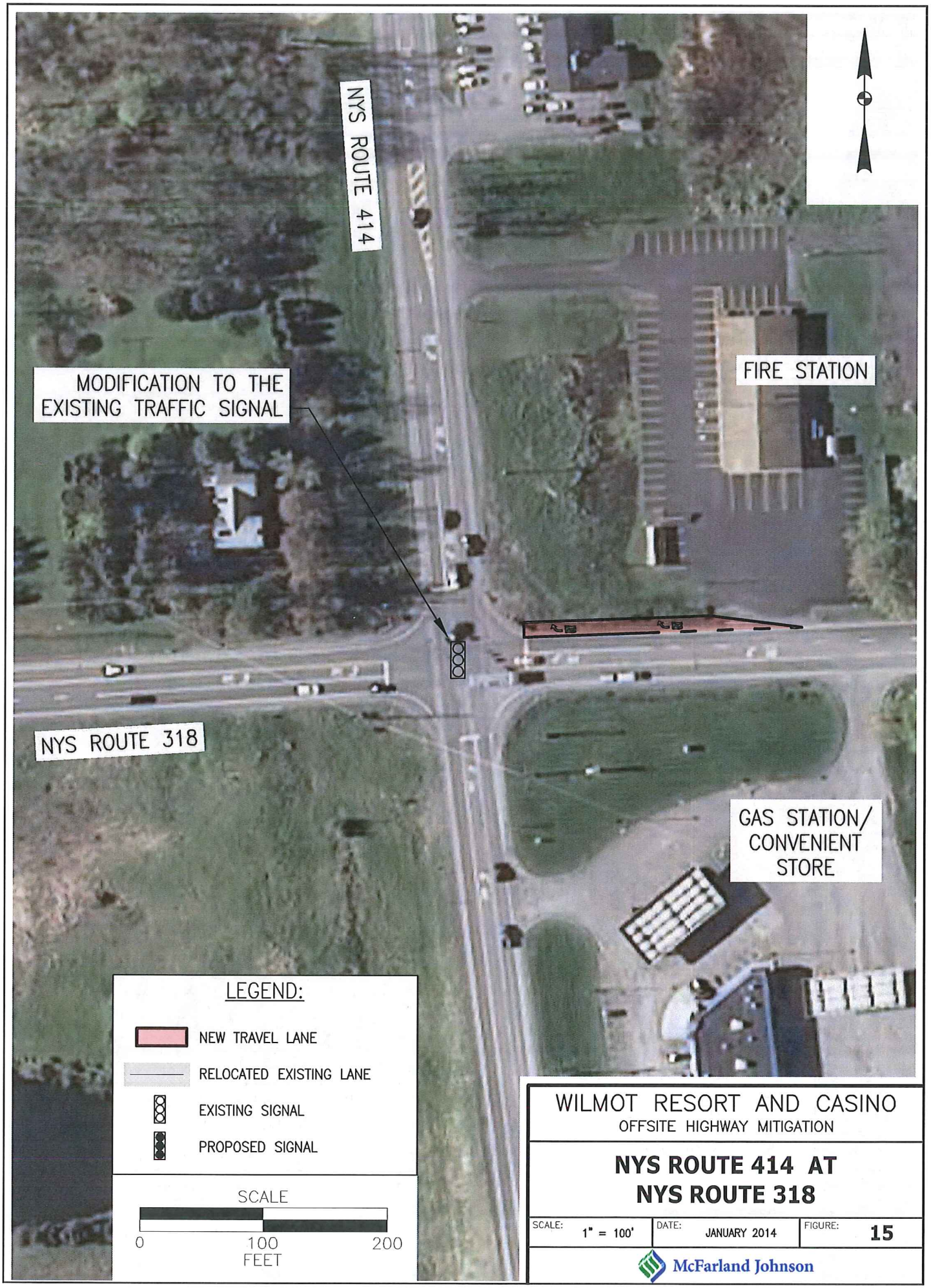
WILMOT RESORT AND CASINO

OFFSITE HIGHWAY MITIGATION

NYS ROUTE 414 AT I-90 EXIT 41

SCALE:	DATE:	FIGURE:
1" = 100'	JANUARY 2014	14

McFarland Johnson



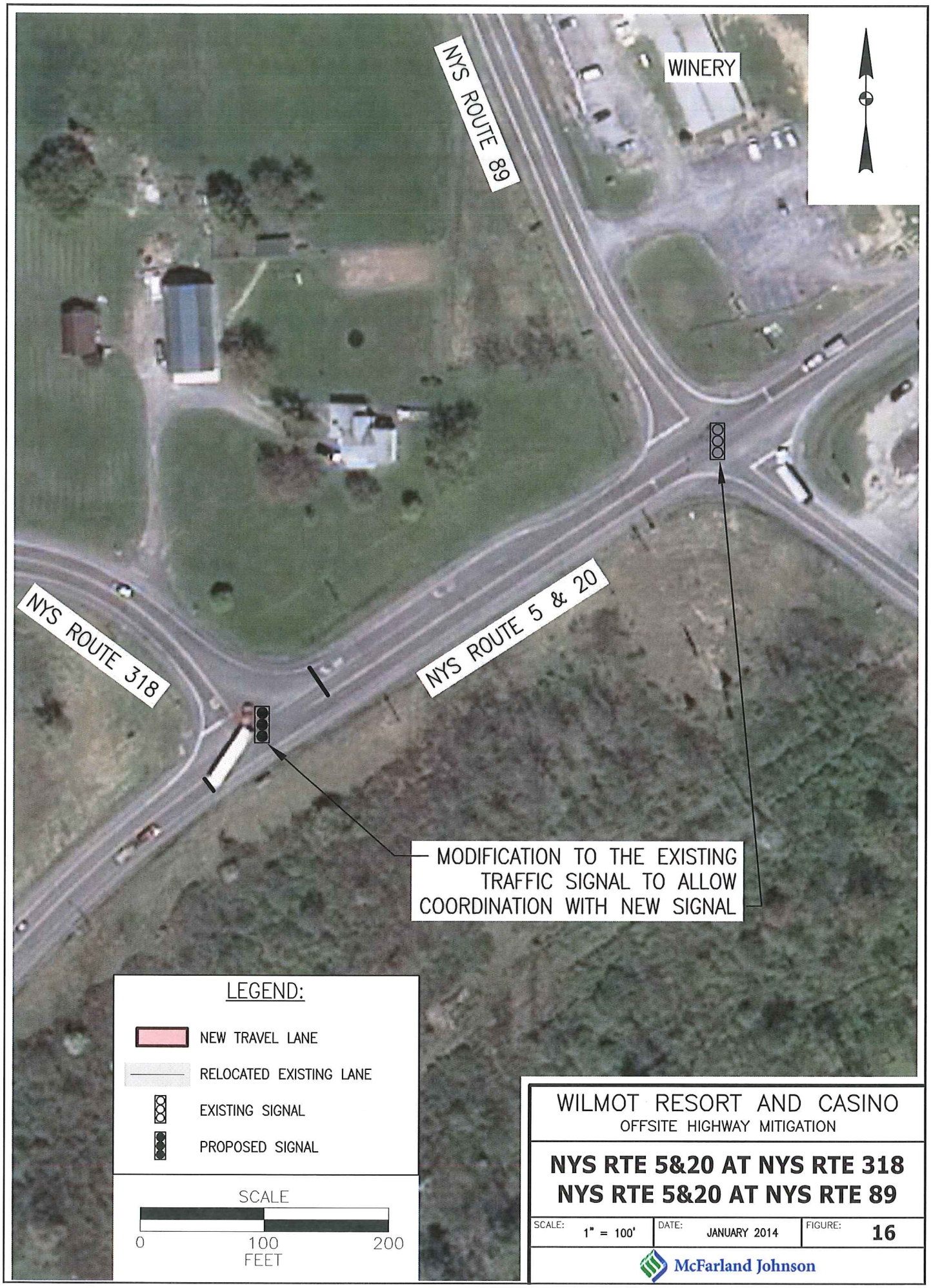
WILMOT RESORT AND CASINO

OFFSITE HIGHWAY MITIGATION

NYS ROUTE 414 AT NYS ROUTE 318

SCALE: 1" = 100'	DATE: JANUARY 2014	FIGURE: 15

McFarland Johnson

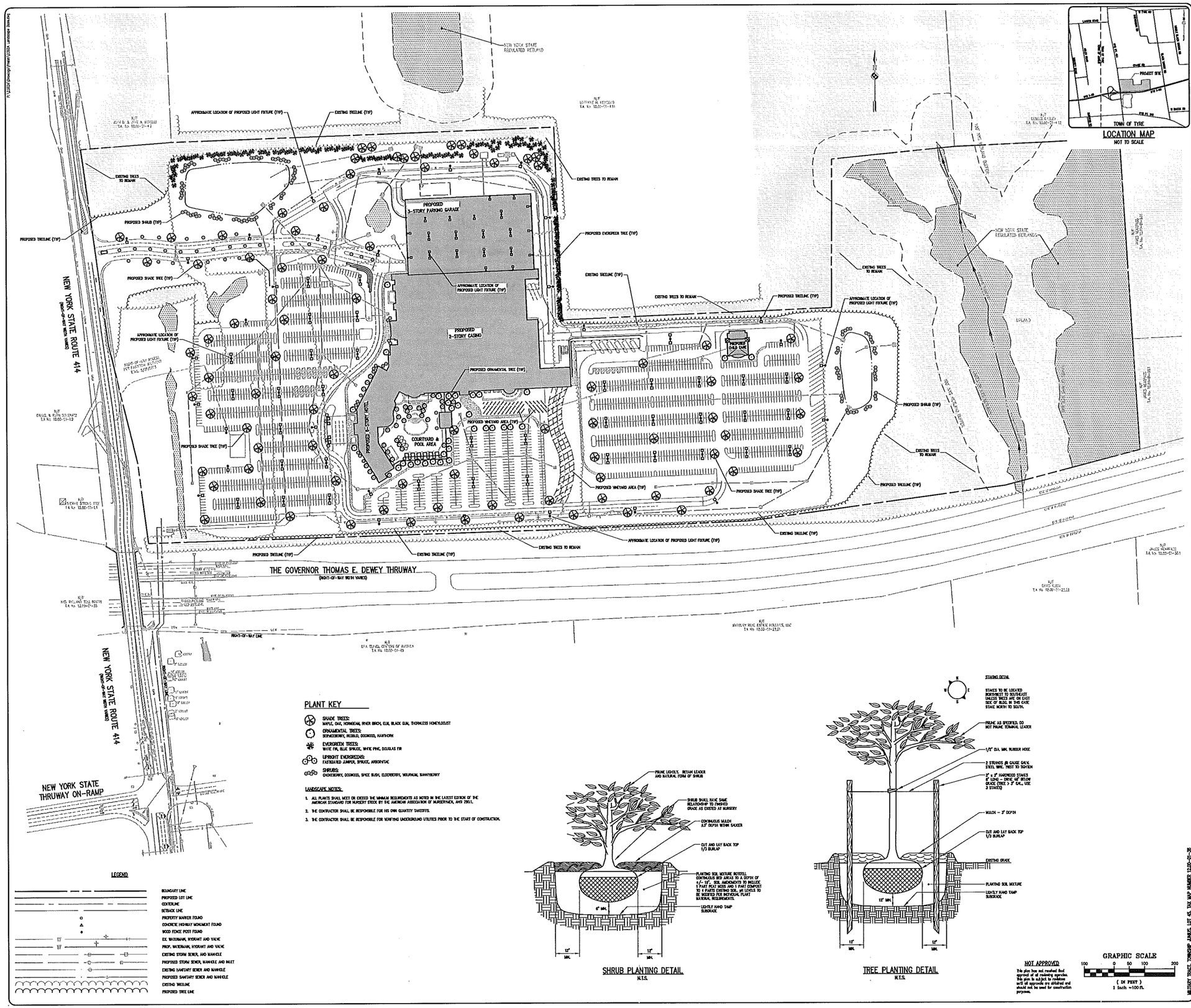


WILMOT RESORT AND CASINO
OFFSITE HIGHWAY MITIGATION

NYS RTE 5&20 AT NYS RTE 318
NYS RTE 5&20 AT NYS RTE 89

SCALE: 1" = 100'	DATE: JANUARY 2014	FIGURE: 16

McFarland Johnson



PLANT KEY

SHADE TREES:
MAPLE, OAK, HORNBEAM, RIVER BIRCH, ELM, BLACK GUM, THORNLESS HONEYLOCUST

ORNAMENTAL TREES:
SERVICEBERRY, REDBUD, DOGWOOD, HAWTHORN

EVERGREEN TREES:
WHITE PIN, BLUE SPRUCE, WHITE PINE, DOUGLAS FIR

UPRIGHT EVERGREENS:
FASTIGIATED JUNIPER, SPRUCE, ARBORVITAE

SHRUBS:
CHOKEBERRY, DOGWOOD, SPICE BUSH, ELDERBERRY, WEIGELA, BARBERRY

LANDSCAPE NOTES:

1. ALL PLANTS SHALL MEET OR EXCEED THE MINIMUM REQUIREMENTS AS NOTED IN THE LATEST EDITION OF THE AMERICAN STANDARD FOR NURSERY STOCK BY THE AMERICAN ASSOCIATION OF NURSERYMEN, ANSI Z60.1.
2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR HIS OWN QUANTITY TAKEOFFS.
3. THE CONTRACTOR SHALL BE RESPONSIBLE FOR VERIFYING UNDERGROUND UTILITIES PRIOR TO THE START OF CONSTRUCTION.

LEGEND

- BOUNDARY LINE
- PROPOSED LOT LINE
- CENTERLINE
- SETBACK LINE
- PROPERTY MARKER FOUND
- CONCRETE HIGHWAY MONUMENT FOUND
- WOOD FENCE POST FOUND
- EX. WATERMAIN, HYDRANT AND VALVE
- PROP. WATERMAIN, HYDRANT AND VALVE
- EXISTING STORM SEWER, AND MANHOLE
- PROPOSED STORM SEWER, MANHOLE AND INLET
- EXISTING SANITARY SEWER AND MANHOLE
- PROPOSED SANITARY SEWER AND MANHOLE
- EXISTING TREELINE
- PROPOSED TREE LINE

SHRUB PLANTING DETAIL
N.T.S.

TREE PLANTING DETAIL
N.T.S.

NOT APPROVED
This plan has not received final approval of all reviewing agencies. This plan is subject to revisions until all approvals are obtained and should not be used for construction purposes.

GRAPHIC SCALE
100 0 50 100 200
(IN FEET)
1 inch = 100 ft.

Drawing Alteration
Per NYS Law, it is illegal for any person, unless it is acting under the direction of a licensed professional engineer or land surveyor to alter in any way, any plans, specifications, plats or reports to which the seal of a professional engineer or land surveyor has been affixed. If an item bearing the seal of a professional engineer or land surveyor is altered, the alteration must be identified as such and must include the name of the person who made the alteration, the date of the alteration, a description of the alteration, and a specific description of the alteration.

No.	Description	Date	By
1			
2			
3			
4			
5			
6			
7			

No.	Description	Date	By
1			
2			
3			
4			
5			
6			
7			

BME ASSOCIATES
SURVEYORS • ENGINEERS • LANDSCAPE ARCHITECTS
33 LEFT BANKS LANDING
ROCHESTER, NEW YORK 14608
PHONE 585-377-7360
FAX 585-377-7369
WWW.BMEASSOC.COM

PROJECT: LAGO RESORT AND CASINO
LOCATION: TOWN OF TYRE, SENECA COUNTY, NEW YORK STATE
CLIENT: WESTERN 414, LLC
1 LEFT BANKS LANDING
ROCHESTER, NEW YORK 14608
DRAWING TITLE: LANDSCAPE PLAN
EXHIBIT VIII.C.5.a.12 ATTACHMENT 3 OF 3

MILITARY TRACT, TOWNSHIP JAMES, LOT 45, TAX MAP NUMBER 12.00-01-30

PROJECT MANAGER	R BONCKE / W SMITH
PROJECT ENGINEER	W JANCA / J D GREYDUS
DRAWN BY	NT SANCO
SCALE	1" = 100'
DATE ISSUED	JUNE 2014
PROJECT NO.	2392A
DRAWING NO.	07

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Submit as Exhibit VIII. C.5.d. interior and exterior photos or descriptions of analogous resort gaming facility projects in other jurisdictions, either of the Applicant or, if applicable, the Manager, or, if the Applicant or, if applicable, the Manager have few or no such analogous projects, of other operators of destination resort gaming facilities.

VIII.C.5.d ANALOGOUS RESORT GAMING FACILITY PROJECTS

Taking cues from other successful casino resort developments, the vision for Lago Resort & Casino closely matches features and details found in other jurisdictions. Images were provided to the architect in an attempt to summarize the type of destination sought for Tyre. Friedmutter Group's thoughtful design process resulted in Lago Resort & Casino, a beautiful, classic destination, updated to fit organically with its community and region.

Please find interior and exterior photos of analogous resort gaming facilities in other jurisdictions included in this exhibit.

INSERT COLOR PAGE HERE

Submit as Exhibit VIII. C.6.a., a description of the proposed gaming area (or areas, if more than one is being considered. The description should include, but not be limited to, the following:

1. Square footage of each sub-area and a total for all gaming space.
2. Total number of planned table games, with a breakdown by game type and number of positions per table.
3. Total number of slot machines.
4. Number and description of other electronic gaming devices or specialty games being considered.
5. Description of any special purpose rooms that are being considered (e.g., poker rooms, high-limit gaming areas, etc.).
6. Layout of cage area, including number of windows, and a breakdown of special-use windows, if any.
7. Description of size, layout, and location of count room.
8. Layout of any players-club areas, include number of stations, location, etc.
9. Include a description of any other gaming related amenities that are not included in this section, but are relevant to operation.
10. If the plan is to build the facility in different phases, the information provided should be broken out to explain the details of each phase, and then the Applicant should show a final description of the finished product. All descriptions should include plans created with a Computer Aided Design type of software.

VIII.C.6.a. DESCRIPTION OF PROPOSED GAMING AREA

Gaming Area Square Footage

Lago Resort & Casino's gaming area is 97,293 square feet and is used as follows:

- Casino Floor: 87,596 SF
- High Limit Room: 2,970 SF
- Cage, Main Vault and Count Room: 3,230 SF
- Players' Club: 3,497 SF

Table Games

The gaming floor will have three (3) table game "pits" with a total of 85 table games on the casino floor. The selection of games and number of gaming positions at each type of game is as follows:

- 65 Blackjack Tables, with five (5) to seven (7) positions each
- 11 novelty table games including Three Card Poker, Mini Baccarat, Let It Ride, Pai Gow Poker, Midi Baccarat, and Texas Hold 'Em, with five positions each
- 4 Craps Tables with eight (8) positions each
- 4 Roulette Tables, 12 positions each

Slot Machines
The gaming floor will have 2,000 slot and video poker machines. Denominations will range from $.01-$25.

Other Types of Electronic Gaming Devices
Manager does not plan to offer any additional types of electronic gaming devices.

Special Purpose Rooms
High Limit Room will have four high denomination black jack tables and 24 high denomination slot machines.

VIP Lounge is accessed through the high limit room and will be attended by staff.

Cage Cashier
Cage cashier includes six (6) customer cage windows and two (2) employee cage windows. For the comfort of our guests one (1) customer cage window provides ADA compliant access.

Count Room
The Count Room is accessed from back of house and into the Main Vault. The designated pathway from the Count Room to loading dock is connected by a secure back of house hallway.

Player's Club
The Player's Club has five (5) customer service stations. Two (2) customer services station have ADA compliant access. Storage for the Player's Club is adjacent to the Player's Club counter to maintain operational supplies related to Player's Club, including but not limited to merchandise, club cards (unprinted), responsible gambling brochures, Lago Resort & Casino directories, and more.

Lago Responsible Gambling Resource Center
The responsible Gambling Resource Center (RGRC) is located outside the designated gaming area, however, it is an integral part of gaming operations. The area is located in a high traffic area near the main entrance. The RGRC will offer responsible gambling education information, resources and referral for problem gamblers. RGRC will assist individuals who may need gambling treatment by referring them to Seneca County Mental Health for treatment. Lago Resort & Casino is funding problem gambling treatment for individuals who need help regardless of their ability to pay.

Project Phases
Lago Resort & Casino will be built and open in one phase.

JOB#540C001 JUNE.13.2014

FRIEDMUTTER GROUP
ARCHITECTURE / INTERIOR DESIGN / BRANDING STUDIOS
SPECIALIZING IN MULTI-USE PROJECTS

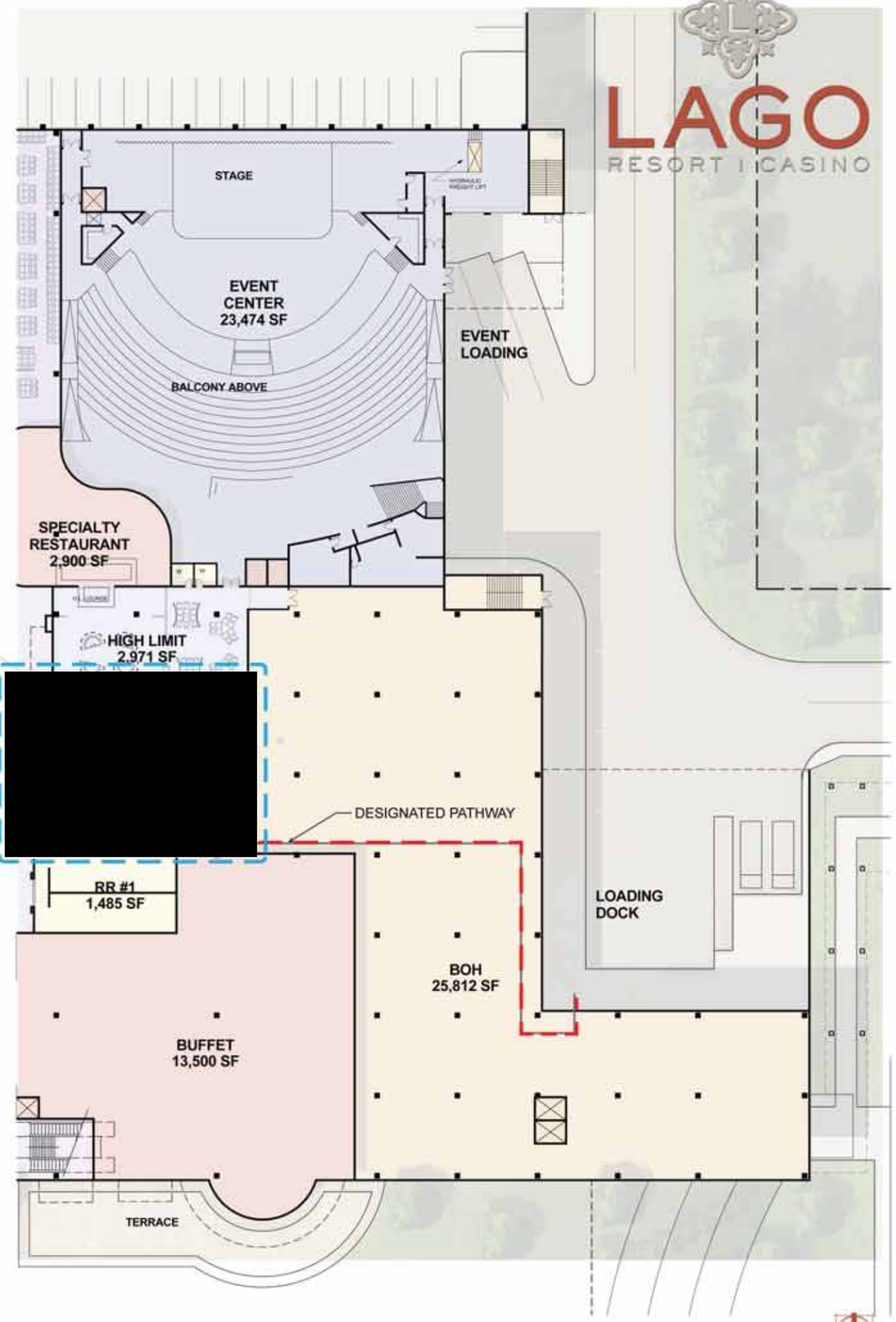
ENLARGED CASINO FLOOR PLAN

EXHIBIT VIII.C.6.a.1.

[redacted]

1 ENLARGED CAGE PLAN
1/8" = 1'-0"

[redacted]



2 SECURED PATH TO LOADING DOCK PLAN

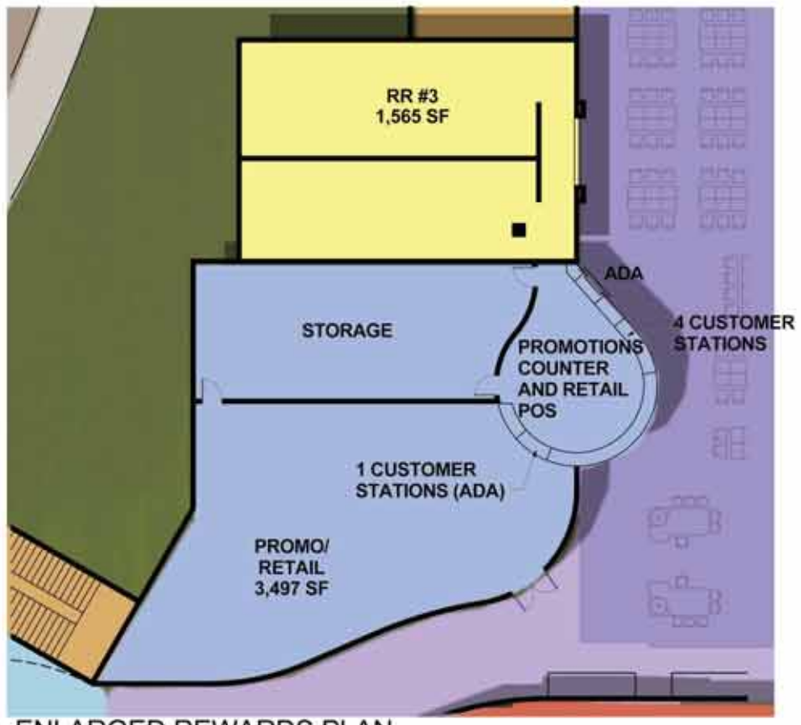
LAGO RESORT & CASINO

WILMORITE PENINSULA PACIFIC JNB GAMING FRIEDMUTTER GROUP

ENLARGED LOADING DOOR PLAN

EXHIBIT VIII.C.6.a.6. / EXHIBIT VIII.C.6.a.7.

LAGO
RESORT | CASINO



1 ENLARGED REWARDS PLAN
1/8" = 1'-0"

WILMORITE
PENINSULA PACIFIC
JNB GAMING
FRIEDMUTTER GROUP

ENLARGED PLAYERS CLUB PLAN

EXHIBIT VIII.C.6.a.8.

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Submit as Exhibit VIII. C.7.b. copies of any forecast, projections, analysis or studies used to determine the number and type of hotel rooms, level(s) of service and flag(s) or brand(s). Describe any assumptions and the bases thereof. Substantiate their reasonableness.

VIII.C.7.b DETERMINATION OF NUMBER OF ROOMS

Lago Resort & Casino's hotel will benefit the market by adding high-end inventory to a market which has met recent expansions with nearly proportionate increases in demand, with occupancy rates remaining in the range of 74% to 78%.[1]

FIGURE 1-2 HISTORICAL SUPPLY AND DEMAND TRENDS (STR) – SELECTED COMP SET

	Average Daily	Available Room Nights		Occupied Room Nights			Average Rate		RevPAR	
Year	Room Count	Total	Change	Total	Change	Occupancy	Total	Change	Total	Change
2010	1,509	550,816	---	428,465	---	77.8 %	$98.52	---	$76.63	---
2011	1,712	624,775	13.4 %	462,529	8.0 %	74.0	97.90	(0.6) %	72.48	(5.4) %
2012	1,852	675,919	8.2	525,219	13.6	77.7	101.41	3.6	78.80	8.7
2013	2,074	757,154	12.0	584,697	11.3	77.2	100.99	(0.4)	77.98	(1.0)
Average Annual Compounded Change:										
2010-2013			11.2 %		10.9 %			0.8 %		0.6 %
Year-to-Date Through March										
2013	2,018	181,579	---	123,038	---	67.8 %	$94.38	---	$63.95	---
2014	2,093	188,370	3.7 %	126,670	3.0 %	67.2	95.42	1.1 %	64.16	0.3 %

Hotels Included in Sample	Location	Number of Rooms	Year Opened
Non-Casino Hotels			
Holiday Inn	Waterloo, NY	147	1975
Hampton Inn	Seneca Falls, NY	81	Jul-2012
Sheraton Hotel at The Falls	Niagara Falls, NY	391	1975
Casino Hotels			
Vernon Downs Hotel & Casino	Vernon, NY	165	1994
Seneca Niagara Hotel & Casino	Niagara Falls, NY	594	2006
Seneca Allegany Casino & Hotel	Salamanca, NY	413	Mar-2007
Sands Casino Resort Hotel	Bethlehem, PA	302	May-2011
Total		**2,093**	

Source: STR Global

HVS studied the proposed hotel development and compared it to similar products throughout the region. Existing hotel data was compiled using Smith Travel Data research, actual competitor performance was gathered from 10-K reports filed with the Securities and Exchange Commission filed by the various owners. Using this data, HVS was able to forecast the average room rate for Lago Resort & Casino's planned hotel and use existing data as a point of reference for positioning the proposed development's revenue and expense line items. The hotel development is the right size for to provide rooms for Player Development and to attract overnight guests to the location.

FIGURE 1-4 OCCUPANCY FORECAST

	No. of Rooms		Occupancy Rate					Occupied Rooms				
Year	Per Day	Per Year	Casino-Discounted		Not Casino-Discounted		Total	Casino-Discounted		Not Casino-Discounted		Total
2016/17	208	75,920	30 %	+	35 %	=	65 %	22,776	+	26,572	=	49,348
2017/18	208	75,920	30	+	38	=	68	22,776	+	28,850	=	51,626
2018/19	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2019/20	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2020/21	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2021/22	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2022/23	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2023/24	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2024/25	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2025/26	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144

Lago Resort & Casino is projected to use approximately 49,350 room nights in its first year of operation. This is equal to approximately 65% of its occupancy. That rate is expected to increase to 70% in year two of operation. HVS projected the average room rate of approximately $143.

FIGURE 1-5 AVERAGE RATE FORECAST

	Occupied Rooms					Average Rate					Rooms Revenue				
	Casino-		Not Casino-			Discounted		Not Discounted		Weighted	Casino-		Not Casino-		
Year	Discounted		Discounted		Total	Total	% Chng	Total	% Chng	Average	Discounted		Discounted		Total
2013	---		---		---	$100.00	---	$175.00	---	---	---		---		---
2016/17	22,776	+	26,572	=	49,348	$110.90	---	$194.07	---	$155.69	$2,525,851	+	$5,156,946	=	$7,682,797
2017/18	22,776	+	28,850	=	51,626	114.23	3.0 %	199.90	3.0 %	162.10	2,601,627	+	5,766,939	=	8,368,566
2018/19	22,776	+	30,368	=	53,144	117.65	3.0	205.89	3.0	168.08	2,679,675	+	6,252,576	=	8,932,251
2019/20	22,776	+	30,368	=	53,144	121.18	3.0	212.07	3.0	173.12	2,760,066	+	6,440,153	=	9,200,219
2020/21	22,776	+	30,368	=	53,144	124.82	3.0	218.43	3.0	178.31	2,842,868	+	6,633,358	=	9,476,225
2021/22	22,776	+	30,368	=	53,144	128.56	3.0	224.99	3.0	183.66	2,928,154	+	6,832,359	=	9,760,512
2022/23	22,776	+	30,368	=	53,144	132.42	3.0	231.74	3.0	189.17	3,015,998	+	7,037,329	=	10,053,328
2023/24	22,776	+	30,368	=	53,144	136.39	3.0	238.69	3.0	194.85	3,106,478	+	7,248,449	=	10,354,927
2024/25	22,776	+	30,368	=	53,144	140.48	3.0	245.85	3.0	200.69	3,199,673	+	7,465,903	=	10,665,575
2025/26	22,776	+	30,368	=	53,144	144.70	3.0	253.22	3.0	206.71	3,295,663	+	7,689,880	=	10,985,542

Stabilized ADR Deflated to 2013 Base Year Dollars:	**$142.86**
Stabilized Occupancy Rate:	**70.0%**
Stabilized RevPAR Expressed in 2013 Base Year Dollars:	**$100.00**

HVS June 2014 Study Results are included in this Exhibit.

HVS

MARKET STUDY AND FINANCIAL PROJECTIONS

Proposed Hotel at Wilmot Casino & Resort

NEC INTERSTATE 90 AND STATE ROUTE 414
TYRE, NEW YORK

SUBMITTED TO:

Mr. Juris Basens
Wilmorite Inc.
1265 Scottsville Road
Rochester, New York 14624

+1 (585) 782-3233

PREPARED BY:

HVS Consulting and Valuation Services
Division of Hotel Appraisals, LLC
369 Willis Avenue
Mineola, New York, 11501

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HVS

June 16, 2014

Mr. Juris Basens
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Superior results through unrivaled hospitality intelligence. Everywhere.

Re: Proposed Hotel at Wilmot Casino & Resort
Tyre, New York
HVS Reference: 2014010232

Dear Mr. Basens:

Pursuant to your request, we herewith submit our market study pertaining to the above-captioned property. We have inspected the real estate and analyzed the relevant market conditions in the region. We have studied the proposed project, and the results of our fieldwork and analysis are presented in this report, which was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), as provided by the Appraisal Foundation.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,
Hotel Appraisals, LLC

Erich Baum, Senior Vice President
ebaum@hvs.com, +1 (603) 427-1739

Stephen Rushmore, Jr., MAI, CRE, FRICS, President and CEO
srushmorejr@hvs.com, +1 (617) 868-6840

Table of Contents

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3.	Market Area Analysis	35
4.	Occupancy and Average Rate Analysis	49
5.	Projection of Income and Expense	75
6.	Statement of Assumptions and Limiting Conditions	90
7.	Certification	93

Addendum

Qualifications

1. Executive Summary

Subject of the Market Study

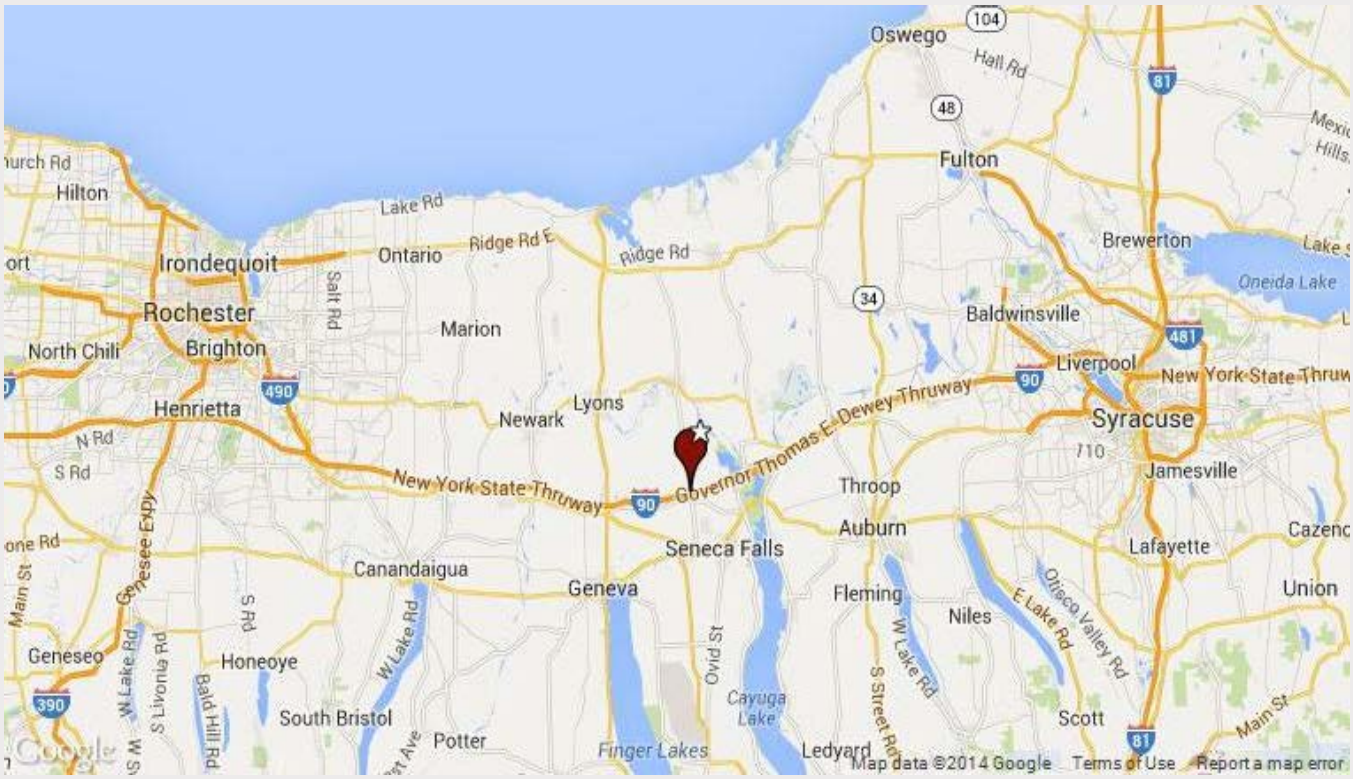
The subject of the market study is the hotel component proposed as part of the Wilmot Casino and Resort. The $350-million project calls for 195,000 square feet of gaming space (including 100 table games and 2,000 slot machines); a 208-room luxury hotel with 14,000 square feet of meeting space; a 10,000-square-foot spa with ten treatment rooms; a "Buy New York" pavilion; and extensive food and beverage facilities, including restaurants, a food court, and a tavern lounge with craft brews and live entertainment. The property is projected to open on July 1, 2016.

PROJECT RENDERING

The project is proposed for construction on a 83.40-acre parcel located in the northeast corner of Interstate 90 and State Route 414, approximately 50 miles west of Syracuse and 55 miles east of Rochester. The site is located in the Town of

Tyre, a rural community of less than 1,000 people, in Seneca County. The nearest communities of significant size include Seneca Falls and Auburn.

LOCATION MAP



Pertinent Dates

Erich Baum inspected the subject site on May 7, 2014. Stephen Rushmore, Jr., MAI, CRE, FRICS participated in the analysis and reviewed the findings, but did not personally inspect the property. The attached analysis was developed through May 2014. The property is projected to open on July 1, 2016.

Project Development

Prior to January 1, 2014 commercial casinos were banned by the State of New York's constitution. That has changed as a result of casino gaming legislation being approved by two consecutive legislatures and an affirmative vote of state citizens on Proposition 1 on November 5, 2013. Prior to this, only Native American owned and operated casinos were permitted to operate Class III gaming in New York State. This new legislation allows and mandates that seven commercial casinos will be issued, including four licenses in 2014 in areas outside New York City, and the final three issued in the greater New York City area after a seven-year moratorium. Four geographic zones have been created as the locations for the

first four licenses, including a) the Capital District, b) the Catskills, c) the Finger Lakes/Southern Tier, and d) one wild card. Wilmorite Inc. is the client for this assignment and the developer of the proposed subject property; the project and the developer are candidate recipients for the gaming license in the Finger Lakes/Southern Tier.

Scope of Analysis / Key Assumptions

- Our quantitative analysis is limited to the hotel component, specifically the income and expense associated with the operation and use of the 208 guestrooms and the spa. Revenue and expense associated with the gaming and food and beverage components are specifically excluded from our analysis.
- The economic prospects of the gaming portion of the proposed project were studied separately by Maxim Strategy Group and the associated evaluation was communicated in a March 2014 report submitted to Wilmorite. Because the subject hotel's occupancy will be primarily derived from visitation generated by the casino component, the hotel's economic prospects are tied to those of the casino. Our projections and conclusions are in part informed by the projections and conclusions developed in the Maxim Strategy Group study.
- Our analysis assumes that the subject property will be professionally operated independent of a brand affiliation. We have deducted management fees at a rate equal to 3.0% of total revenues, consistent with industry standards for hotels of this sort.
- We have been directed to assume that 30 points of hotel occupancy will be specifically earmarked for high-yield gamers and that these occupied rooms will have an average rate discounted to $100, substantially below the average rate we expect will be generated by the hotel's remaining occupancy component.

Summary of Findings

The following table identifies those casino hotels that are expected to serve as the subject property's most direct competition. The facilities' locations, features, and other operating characteristics are summarized.

FIGURE 1-1 COMPETITOR OVERVIEW

Property	Location	Year Opened	No. of Rooms	Gaming Space (SF)		Meeting Space (SF)		Spa	Owner/Operator
				Total	Per Room	Total	Per Room		
Turning Stone Resort & Casino	Verona, NY	1994 - 2006	712	120,000	169	100,000	140	Yes	Oneida Nation
Seneca Allegany Casino & Hotel	Salamanca, NY	2007 - 2013	413	95,000	230	23,500	57	Yes	Seneca Nation
Seneca Niagara Casino & Hotel	Niagara Falls, NY	2006	594	147,000	247	35,000	59	Yes	Seneca Nation
Vernon Downs Casino & Hotel	Vernon, NY	1994	165	34,500	209	7,500	45	No	Newmark Grubb
Akwesasne Mohawk Casino	Hogansburg, NY	May-2013	150	50,000	333	4,000	27	Yes	St. Regis Mohawk Nation
Mount Airy Casino Resort	Mount Pocono, PA	2007	188	62,000	330	5,700	30	Yes	DeNaples Family
Sands Casino Resort	Bethlehem, PA	May-2011	302	139,000	460	12,000	40	No	Las Vegas Sands
Mohegan Sun at Pocono Downs	Wilkes-Barre, PA	Nov-2013	238	82,000	345	20,000	84	Yes	Mohegan Tribe
Mohegan Sun	Uncasville, CT	2002	1,200	364,000	303	100,000	83	Yes	Mohegan Tribe
Foxwoods Resort Casino	Ledyard, CT	1989 - 2008	2,266	340,000	150	170,000	75	Yes	Mashantucket Pequot Tribe
Totals			6,228	1,433,500	230	477,700	77		
SUBJECT PROPERTY	**Tyre, NY**		**208**	**195,000**	**938**	**14,000**	**67**	**Yes**	**Wilmorite Corporation**

Actual historical occupancy and average rate data for some of the preceding properties was found in 10-K reports filed with the Securities and Exchange Commission by the various owners (Seneca Nation, the Mohegan Tribe, and Las Vegas Sands). According to these documents, occupancy rates are generally in the range of 85% to 95% with average rates in the range of $85 to $105. The average rate is net of discounting for high-yield casino users.

There is one exception: the Sands Casino Resort in Bethlehem. Based on our research, the property's occupancy and average rate were in the range of 65% and $140, respectively, where the lower occupancy and higher average daily rate (ADR) are a function of a lower level of casino-discounted demand. This facility is relatively new and was in the process of establishing its market position as of the time period the occupancy and average rate were surveyed. Apart from the Sands, the share of rooms discounted for high-yield casino users was reported at levels ranging from 60% to 80% among the various properties.

The following table presents aggregate Smith Travel Research (STR) data for four of the casino hotels identified in Figure 1-1. These are the only four of the casino hotels that report their data to STR. In order to conform with STR's confidentiality requirements, we were obliged to include three other hotels in our survey. Those hotels include two in the local market area (the Hampton Inn and Holiday Inn affiliates in Seneca Falls/Waterloo). The third is located in the immediate vicinity of the Seneca Niagara Hotel & Casino in Niagara Falls. This property is owned and operated in conjunction with the casino.

FIGURE 1-2 HISTORICAL SUPPLY AND DEMAND TRENDS (STR) – SELECTED COMP SET

Year	Average Daily Room Count	Available Room Nights Total	Available Room Nights Change	Occupied Room Nights Total	Occupied Room Nights Change	Occupancy	Average Rate Total	Average Rate Change	RevPAR Total	RevPAR Change
2010	1,509	550,816	---	428,465	---	77.8 %	$98.52	---	$76.63	---
2011	1,712	624,775	13.4 %	462,529	8.0 %	74.0	97.90	(0.6) %	72.48	(5.4) %
2012	1,852	675,919	8.2	525,219	13.6	77.7	101.41	3.6	78.80	8.7
2013	2,074	757,154	12.0	584,697	11.3	77.2	100.99	(0.4)	77.98	(1.0)
Average Annual Compounded Change:										
2010-2013			11.2 %		10.9 %			0.8 %		0.6 %
Year-to-Date Through March										
2013	2,018	181,579	---	123,038	---	67.8 %	$94.38	---	$63.95	---
2014	2,093	188,370	3.7 %	126,670	3.0 %	67.2	95.42	1.1 %	64.16	0.3 %

Hotels Included in Sample	Location	Number of Rooms	Year Opened
Non-Casino Hotels			
Holiday Inn	Waterloo, NY	147	1975
Hampton Inn	Seneca Falls, NY	81	Jul-2012
Sheraton Hotel at The Falls	Niagara Falls, NY	391	1975
Casino Hotels			
Vernon Downs Hotel & Casino	Vernon, NY	165	1994
Seneca Niagara Hotel & Casino	Niagara Falls, NY	594	2006
Seneca Allegany Casino & Hotel	Salamanca, NY	413	Mar-2007
Sands Casino Resort Hotel	Bethlehem, PA	302	May-2011
Total		**2,093**	

Source: STR Global

The composite data noted above shows the substantial increases in inventory noted in recent years, due to the recent openings of the 302-room Sands Casino Resort and the 81-room Hampton Inn in Seneca Falls. In addition, a 181-room expansion of the Seneca Allegany Hotel was completed in February 2013, and another 20 rooms were added to the Holiday Inn Waterloo in March 2013. The market has met the expansion with nearly proportionate increases in demand, with occupancy rates remaining in the range of 74% to 78%. Average rate growth, however, has been relatively flat.

We have confirmed occupancy and average rate data for the three non-casino hotels included in the STR competitive set. Using this information in the following table, we back out the aggregate data for the four casino hotels included in the STR competitive set.

FIGURE 1-3 AGGREGATE DATA FOR FOUR CASINO HOTELS – BACKED OUT OF STR DATA

Property	No. of Rooms	Year Opened	Estimated 2013 OCC	Estimated 2013 ADR	Estimated 2013 RevPAR
Hampton Inn - Seneca Falls	81	Jul-2012	62 %	$120	$74
Holiday Inn - Seneca Falls	147	1975	60	100	60
Sheraton - Niagara Falls	391	1975	64	105	67
Aggregate	1,455		83	99	83
Vernon Downs Hotel & Casino					
Seneca Niagara Hotel & Casino					
Seneca Allegany Hotel & Casino					
Sands Casino Resort Hotel					
Total	**2,074**		**77 %**	**$101**	**$78**

The four casinos posted an aggregate occupancy rate of 83% in 2013, at an average rate of $99.

The methodology that follows assumes that 30 of the hotel's possible 100 occupancy points are guaranteed by the casino operator at a discounted price of $100 per room. The following table allocates occupied room nights assuming that the subject property builds to a stabilized occupancy rate of 70%, where 30 points of occupancy are "casino-discounted" and the remaining 40 points of occupancy are "non casino-discounted."

FIGURE 1-4 OCCUPANCY FORECAST

	No. of Rooms		Occupancy Rate					Occupied Rooms				
Year	Per Day	Per Year	Casino-Discounted		Not Casino-Discounted		Total	Casino-Discounted		Not Casino-Discounted		Total
2016/17	208	75,920	30 %	+	35 %	=	65 %	22,776	+	26,572	=	49,348
2017/18	208	75,920	30	+	38	=	68	22,776	+	28,850	=	51,626
2018/19	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2019/20	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2020/21	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2021/22	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2022/23	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2023/24	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2024/25	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2025/26	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144

In the following table, we make room pricing assumptions, positioning the subject property's casino-discounted room nights at $100, as expressed in base-year 2013 dollars, and non-casino-discounted room nights at $175, also expressed in 2013 dollars. The latter pricing level was positioned based on consideration of comparable non-casino hotels located in the region, including: the 99-room Renaissance Del Monte Lodge & Spa, located in Pittsford, New York, in suburban Rochester; and the 34-room Mirbeau Inn & Spa, located in Skaneateles, New York, approximately fifteen miles west of Syracuse. Our research indicates that these properties' current average rates are in the range of $190 to $220. A modest downward adjustment was applied in the case of the subject property, given the superior locations of these comparable properties.

In the following table, each segment's positioned price is inflated at 3% per annum through the period prior to opening, and then thereafter as well.

FIGURE 1-5 AVERAGE RATE FORECAST

	Occupied Rooms					Average Rate					Rooms Revenue				
	Casino-		Not Casino-			Discounted		Not Discounted		Weighted	Casino-		Not Casino-		
Year	Discounted		Discounted		Total	Total	% Chng	Total	% Chng	Average	Discounted		Discounted		Total
2013	---		---		---	$100.00	---	$175.00	---	---	---		---		---
2016/17	22,776	+	26,572	=	49,348	$110.90	---	$194.07	---	$155.69	$2,525,851	+	$5,156,946	=	$7,682,797
2017/18	22,776	+	28,850	=	51,626	114.23	3.0 %	199.90	3.0 %	162.10	2,601,627	+	5,766,939	=	8,368,566
2018/19	22,776	+	30,368	=	53,144	117.65	3.0	205.89	3.0	168.08	2,679,675	+	6,252,576	=	8,932,251
2019/20	22,776	+	30,368	=	53,144	121.18	3.0	212.07	3.0	173.12	2,760,066	+	6,440,153	=	9,200,219
2020/21	22,776	+	30,368	=	53,144	124.82	3.0	218.43	3.0	178.31	2,842,868	+	6,633,358	=	9,476,225
2021/22	22,776	+	30,368	=	53,144	128.56	3.0	224.99	3.0	183.66	2,928,154	+	6,832,359	=	9,760,512
2022/23	22,776	+	30,368	=	53,144	132.42	3.0	231.74	3.0	189.17	3,015,998	+	7,037,329	=	10,053,328
2023/24	22,776	+	30,368	=	53,144	136.39	3.0	238.69	3.0	194.85	3,106,478	+	7,248,449	=	10,354,927
2024/25	22,776	+	30,368	=	53,144	140.48	3.0	245.85	3.0	200.69	3,199,673	+	7,465,903	=	10,665,575
2025/26	22,776	+	30,368	=	53,144	144.70	3.0	253.22	3.0	206.71	3,295,663	+	7,689,880	=	10,985,542

Stabilized ADR Deflated to 2013 Base Year Dollars:	**$142.86**
Stabilized Occupancy Rate:	**70.0%**
Stabilized RevPAR Expressed in 2013 Base Year Dollars:	**$100.00**

Based on the pricing assumptions, the weighted average rate, as expressed in 2013 dollars, equates to $142.86. With a stabilized occupancy rate of 70%, the RevPAR, expressed in 2013 dollars, equates to $100.00. By comparison, the STR aggregate data for the four casino hotels indicates a 2013 RevPAR of $83. In our opinion, the premium is warranted given the smaller size of the subject hotel and the benefits of the property's strategic location, along Interstate 90, roughly equidistant from Rochester and Syracuse.

The following tables contain our forecast of income and expense. The first presents results in detail for the three years building up to the projected point of stabilization. The second table provides less detail but extends through the projected ten-year holding period.

The tables presented subsequent to the forecasts contain the comparable industry data we used as points of reference for the positioning of the specific revenue and expense line items. At the direction of the client, our analysis excludes food and beverage revenue and expense associated with the various restaurants, bars, and meeting space.

FIGURE 1-6 DETAILED FORECAST OF INCOME AND EXPENSE

	2016/17	Begins July			2017/18				Stabilized			
Number of Rooms:	208				208				208			
Occupancy:	65%				68%				70%			
Average Rate:	$155.69				$162.10				$168.08			
RevPAR:	$101.20				$110.23				$117.65			
Days Open:	365				365				365			
Occupied Rooms:	49,348	%Gross	PAR	POR	51,626	%Gross	PAR	POR	53,144	%Gross	PAR	POR
REVENUE												
Rooms	$7,683	81.5 %	$36,938	$155.69	$8,369	82.0 %	$40,236	$162.11	$8,932	82.3 %	$42,942	$168.07
Spa	1,604	17.0	7,712	32.51	1,689	16.5	8,120	32.71	1,765	16.3	8,485	33.21
Other Operated Departments	144	1.5	693	2.92	150	1.5	723	2.91	156	1.4	752	2.94
Total Revenues	9,431	100.0	45,343	191.12	10,208	100.0	49,079	197.74	10,853	100.0	52,178	204.22
DEPARTMENTAL EXPENSES *												
Rooms	1,718	22.4	8,258	34.81	1,800	21.5	8,655	34.87	1,876	21.0	9,018	35.30
Spa	1,234	76.9	5,934	25.01	1,280	75.8	6,152	24.79	1,324	75.0	6,363	24.91
Other Operated Departments	110	76.1	528	2.22	114	75.5	546	2.20	117	75.0	564	2.21
Total	3,062	32.5	14,719	62.04	3,193	31.3	15,353	61.86	3,317	30.6	15,945	62.41
DEPARTMENTAL INCOME	6,370	67.5	30,623	129.08	7,015	68.7	33,726	135.88	7,537	69.4	36,233	141.81
UNDISTRIBUTED OPERATING EXPENSES												
Administrative & General	792	8.4	3,806	16.04	825	8.1	3,967	15.98	857	7.9	4,118	16.12
Marketing	565	6.0	2,718	11.46	589	5.8	2,833	11.42	612	5.6	2,941	11.51
Prop. Operations & Maint.	339	3.6	1,631	6.87	354	3.5	1,700	6.85	367	3.4	1,765	6.91
Utilities	226	2.4	1,087	4.58	236	2.3	1,133	4.57	245	2.3	1,177	4.60
Total	1,922	20.4	9,242	38.96	2,004	19.7	9,634	38.81	2,080	19.2	10,000	39.14
HOUSE PROFIT	4,447	47.1	21,381	90.12	5,011	49.0	24,092	97.07	5,456	50.2	26,233	102.67
Management Fee	283	3.0	1,360	5.73	306	3.0	1,472	5.93	326	3.0	1,565	6.13
INCOME BEFORE FIXED CHARGES	4,164	44.1	20,021	84.39	4,705	46.0	22,620	91.14	5,131	47.2	24,667	96.55
FIXED EXPENSES												
Property Taxes	512	5.4	2,459	10.37	527	5.2	2,533	10.21	543	5.0	2,609	10.21
Insurance	58	0.6	277	1.17	59	0.6	286	1.15	61	0.6	294	1.15
Reserve for Replacement	189	2.0	907	3.82	306	3.0	1,472	5.93	434	4.0	2,087	8.17
Total	758	8.0	3,643	15.36	893	8.8	4,291	17.29	1,038	9.6	4,990	19.53
NET INCOME	$3,406	36.1 %	$16,377	$69.03	$3,812	37.2 %	$18,329	$73.85	$4,093	37.6 %	$19,677	$77.01

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 1-7 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		2022/23		2023/24		2024/25		2025/26	
Number of Rooms:	**208**		**208**		**208**		**208**		**208**		**208**		**208**		**208**		**208**		**208**	
Occupied Rooms:	**49,348**		**51,626**		**53,144**		**53,144**		**53,144**		**53,144**		**53,144**		**53,144**		**53,144**		**53,144**	
Occupancy:	**65%**		**68%**		**70%**		**70%**		**70%**		**70%**		**70%**		**70%**		**70%**		**70%**	
Average Rate:	**$155.69**	**% of**	**$162.10**	**% of**	**$168.08**	**% of**	**$173.12**	**% of**	**$178.31**	**% of**	**$183.66**	**% of**	**$189.17**	**% of**	**$194.85**	**% of**	**$200.69**	**% of**	**$206.71**	**% of**
RevPAR:	**$101.20**	**Gross**	**$110.23**	**Gross**	**$117.65**	**Gross**	**$121.18**	**Gross**	**$124.82**	**Gross**	**$128.56**	**Gross**	**$132.42**	**Gross**	**$136.39**	**Gross**	**$140.48**	**Gross**	**$144.70**	**Gross**
REVENUE																				
Rooms	$7,683	81.5 %	$8,369	82.0 %	$8,932	82.3 %	$9,200	82.3 %	$9,476	82.3 %	$9,761	82.3 %	$10,053	82.3 %	$10,355	82.3 %	$10,666	82.3 %	$10,986	82.3 %
Spa	1,604	17.0	1,689	16.5	1,765	16.3	1,818	16.3	1,872	16.3	1,928	16.3	1,986	16.3	2,046	16.3	2,107	16.3	2,170	16.3
Other Operated Departments	144	1.5	150	1.5	156	1.4	161	1.4	166	1.4	171	1.4	176	1.4	181	1.4	187	1.4	192	1.4
Total	9,431	100.0	10,208	100.0	10,853	100.0	11,179	100.0	11,514	100.0	11,860	100.0	12,215	100.0	12,582	100.0	12,960	100.0	13,349	100.0
DEPARTMENTAL EXPENSES*																				
Rooms	1,718	22.4	1,800	21.5	1,876	21.0	1,932	21.0	1,990	21.0	2,050	21.0	2,111	21.0	2,175	21.0	2,240	21.0	2,307	21.0
Spa	1,234	76.9	1,280	75.8	1,324	75.0	1,363	75.0	1,404	75.0	1,446	75.0	1,490	75.0	1,534	75.0	1,580	75.0	1,628	75.0
Other Operated Departments	110	76.1	114	75.5	117	75.0	121	75.0	124	75.0	128	75.0	132	75.0	136	75.0	140	75.0	144	75.0
Total	3,062	32.5	3,193	31.3	3,317	30.6	3,416	30.6	3,519	30.6	3,624	30.6	3,733	30.6	3,845	30.6	3,960	30.6	4,079	30.6
DEPARTMENTAL INCOME	6,370	67.5	7,015	68.7	7,537	69.4	7,763	69.4	7,996	69.4	8,236	69.4	8,482	69.4	8,737	69.4	9,000	69.4	9,270	69.4
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	792	8.4	825	8.1	857	7.9	882	7.9	909	7.9	936	7.9	964	7.9	993	7.9	1,023	7.9	1,053	7.9
Marketing	565	6.0	589	5.8	612	5.6	630	5.6	649	5.6	669	5.6	689	5.6	709	5.6	731	5.6	752	5.6
Prop. Operations & Maint.	339	3.6	354	3.5	367	3.4	378	3.4	389	3.4	401	3.4	413	3.4	426	3.4	438	3.4	451	3.4
Utilities	226	2.4	236	2.3	245	2.3	252	2.3	260	2.3	267	2.3	275	2.3	284	2.3	292	2.3	301	2.3
Total	1,922	20.4	2,004	19.7	2,080	19.2	2,143	19.2	2,207	19.2	2,273	19.2	2,341	19.2	2,411	19.2	2,484	19.2	2,558	19.2
HOUSE PROFIT	4,447	47.1	5,011	49.0	5,456	50.2	5,620	50.2	5,789	50.2	5,963	50.2	6,141	50.2	6,326	50.2	6,516	50.2	6,711	50.2
Management Fee	283	3.0	306	3.0	326	3.0	335	3.0	345	3.0	356	3.0	366	3.0	377	3.0	389	3.0	400	3.0
INCOME BEFORE FIXED CHARGES	4,164	44.1	4,705	46.0	5,131	47.2	5,285	47.2	5,443	47.2	5,607	47.2	5,775	47.2	5,948	47.2	6,127	47.2	6,311	47.2
FIXED EXPENSES																				
Property Taxes	512	5.4	527	5.2	543	5.0	559	5.0	576	5.0	593	5.0	611	5.0	629	5.0	648	5.0	667	5.0
Insurance	58	0.6	59	0.6	61	0.6	63	0.6	65	0.6	67	0.6	69	0.6	71	0.6	73	0.6	75	0.6
Reserve for Replacement	189	2.0	306	3.0	434	4.0	447	4.0	461	4.0	474	4.0	489	4.0	503	4.0	518	4.0	534	4.0
Total	758	8.0	893	8.8	1,038	9.6	1,069	9.6	1,101	9.6	1,134	9.6	1,168	9.6	1,203	9.6	1,239	9.6	1,277	9.6
NET INCOME	$3,406	36.1 %	$3,812	37.2 %	$4,093	37.6 %	$4,216	37.6 %	$4,342	37.6 %	$4,473	37.6 %	$4,606	37.6 %	$4,745	37.6 %	$4,888	37.6 %	$5,034	37.6 %

*Departmental expenses are expressed as a percentage of departmental revenues.

The following data pertains to the positioning of the subject hotel's spa department results.

FIGURE 1-8 COMPARABLE INDUSTRY DATA – SPA REVENUE AND EXPENSE

			Spa Facilities		Spa Revenue			
Property	Location	No. of Rooms	Space (sf)	Treatment Rooms	Total (+000)	Per SF	Per Ttmt Room	Spa Dept Expense Ratio
Marriott Wentworth-by-the-Sea	New Castle, NH	161	8,500	5	$1,047	$123	$209,400	58.0 %
Mayflower Inn & Spa	Washington, CT	30	20,000	8	2,257	113	282,125	73.0
Salishan Spa & Golf Resort	Gleneden Beach, OR	205	8,000	10	1,819	227	181,900	89.2
Hotel Viking	Newport, RI	209	3,000	6	1,033	344	172,167	71.0
Ocean Place Resort & Spa	Long Branch, NJ	254	15,000	15	1,665	111	111,000	59.0
Cranwell Resort, Spa & Golf Club	Lenox, MA	96	35,000	16	3,008	86	188,000	76.0
Guerney's Inn & Spa	Montauk, NY	114	30,000	40	3,616	121	90,400	74.4
Totals / Weighted Averages		1,069	119,500	100	$14,445	$121	$144,450	73.2 %
Positioned Subject Property	Tyre, NY	208	10,000	10	$1,500	$150	$150,000	75.0 %

The remainder of the subject property's income and expense items were positioned based on actual historical results at five hotels with comparable operating characteristics. The selected/positioned figures applied for the subject property are presented in the sixth column, as expressed in base-year 2013 dollars. As noted, the subject property's net income is projected to stabilize at 39.1% of total revenue in this scenario, above the high end of the range indicated by the comparable properties. The subject property's premium in operating efficiency is warranted given that the forecast pertains to a rooms-only operation, with no food and beverage department. Although the hotel will be operated in conjunction with numerous restaurants and extensive meeting space, we have been directed to exclude the income and expense associated with these facilities. Rooms departmental operations generate a substantially higher yield than food and beverage departmental operations, thus our forecast of the subject property's operating results reflects this advantage.

FIGURE 1-9 COMPARABLE INCOME & EXPENSE DATA – PERCENTAGE OF TOTAL REVENUE

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Stabilized $
Year:	**2013**	**2012/13**	**2012/13**	**2010/11**	**2010/11**	**2013**
Number of Rooms:	**220 to 280**	**250 to 310**	**210 to 260**	**220 to 280**	**320 to 400**	**208**
Occupied Rooms:	**52,318**	**71,079**	**49,613**	**64,578**	**98,144**	**53,144**
Days Open:	**365**	**365**	**364**	**365**	**365**	**365**
Occupancy:	**58%**	**70%**	**58%**	**71%**	**76%**	**70%**
Average Rate:	**$120**	**$111**	**$129**	**$102**	**$123**	**$143**
RevPAR:	**$69**	**$78**	**$75**	**$72**	**$93**	**$100**
REVENUE						
Rooms	73.8 %	73.1 %	49.2 %	57.5 %	75.0 %	82.3 %
Food & Beverage	24.5	25.0	39.9	41.2	22.3	0.0
Spa	0.0	0.0	10.9	0.0	0.0	16.3
Other Operated Departments	1.7	1.8	0.0	1.3	2.7	1.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	18.5	24.4	26.9	27.6	18.9	21.0
Food & Beverage	32.0	67.9	69.3	63.6	68.9	0.0
Spa	0.0	0.0	80.6	0.0	0.0	75.0
Other Operated Departments	19.7	50.5	0.0	91.7	59.5	75.0
Total	21.8	35.8	49.6	43.3	31.1	30.6
DEPARTMENTAL INCOME	78.2	64.2	50.4	56.7	68.9	69.4
OPERATING EXPENSES						
Administrative & General	11.9	11.0	8.5	10.9	7.3	7.9
Marketing	6.4	8.5	4.9	9.7	8.1	5.6
Property Operations & Maintenance	5.3	3.7	4.7	4.1	3.7	3.4
Utilities	4.4	3.3	1.8	4.0	3.8	2.3
Total	28.0	26.5	19.8	28.7	23.0	19.2
HOUSE PROFIT	50.2	37.7	30.6	28.0	45.9	50.3
Management Fee	3.0	3.0	3.0	3.0	3.0	3.0
INCOME BEFORE FIXED CHARGES	47.2	34.7	27.6	25.0	42.9	47.3
FIXED EXPENSES						
Property Taxes	6.4	3.1	4.0	4.9	5.6	5.0
Insurance	2.0	0.8	0.5	0.5	0.6	0.6
Reserve for Replacement	4.0	4.0	4.0	4.0	4.0	4.0
Total	12.4	7.9	8.5	9.4	10.2	9.6
NET INCOME	34.8 %	26.8 %	19.1 %	15.6 %	32.7 %	37.7 %

* Departmental expense ratios are expressed as a percentage of departmental revenues

FIGURE 1-10 COMPARABLE INCOME & EXPENSE DATA – PER AVAILABLE ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized $
Year:	**2013**	**2012/13**	**2012/13**	**2010/11**	**2010/11**	**2013**
Number of Rooms:	**220 to 280**	**250 to 310**	**210 to 260**	**220 to 280**	**320 to 400**	**208**
Occupied Rooms:	**52,318**	**71,079**	**49,613**	**64,578**	**98,144**	**53,144**
Days Open:	**365**	**365**	**364**	**365**	**365**	**365**
Occupancy:	**58%**	**70%**	**58%**	**71%**	**76%**	**70%**
Average Rate:	**$120**	**$111**	**$129**	**$102**	**$123**	**$143**
RevPAR:	**$69**	**$78**	**$75**	**$72**	**$93**	**$100**
REVENUE						
Rooms	$25,169	$28,293	$27,331	$26,348	$33,795	$36,500
Food & Beverage	8,346	9,685	22,165	18,904	10,053	0
Spa	0	0	6,043	0	0	7,212
Other Operated Departments	590	703	0	576	1,199	639
Total	34,105	38,681	55,539	45,828	45,048	44,350
DEPARTMENTAL EXPENSES						
Rooms	4,644	6,908	7,340	7,268	6,382	7,665
Food & Beverage	2,671	6,580	15,351	12,028	6,927	0
Spa	0	0	4,872	0	0	5,409
Other Operated Departments	116	355	0	528	713	479
Total	7,431	13,843	27,562	19,824	14,022	13,553
DEPARTMENTAL INCOME	26,674	24,838	27,976	26,004	31,025	30,798
OPERATING EXPENSES						
Administrative & General	4,050	4,240	4,712	4,992	3,295	3,500
Marketing	2,198	3,300	2,700	4,444	3,643	2,500
Property Operations & Maintenance	1,794	1,433	2,615	1,888	1,680	1,500
Utilities	1,513	1,295	975	1,844	1,725	1,000
Total	9,555	10,268	11,002	13,168	10,343	8,500
HOUSE PROFIT	17,119	14,570	16,974	12,836	20,682	22,298
Management Fee	1,023	1,160	1,666	1,375	1,351	1,330
INCOME BEFORE FIXED CHARGES	16,095	13,409	15,308	11,461	19,331	20,967
FIXED EXPENSES						
Property Taxes	2,188	1,217	2,243	2,236	2,542	2,218
Insurance	672	309	296	244	267	250
Reserve for Replacement	1,364	1,547	2,222	1,833	1,802	1,774
Total	4,224	3,074	4,760	4,313	4,611	4,241
NET INCOME	$11,871	$10,335	$10,548	$7,148	$14,720	$16,726

FIGURE 1-11 COMPARABLE INCOME & EXPENSE DATA – PER OCCUPIED ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized $
Year:	**2013**	**2012/13**	**2012/13**	**2010/11**	**2010/11**	**2013**
Number of Rooms:	**220 to 280**	**250 to 310**	**210 to 260**	**220 to 280**	**320 to 400**	**208**
Occupied Rooms:	**52,318**	**71,079**	**49,613**	**64,578**	**98,144**	**53,144**
Days Open:	**365**	**365**	**364**	**365**	**365**	**365**
Occupancy:	**58%**	**70%**	**58%**	**71%**	**76%**	**70%**
Average Rate:	**$120**	**$111**	**$129**	**$102**	**$123**	**$143**
RevPAR:	**$69**	**$78**	**$75**	**$72**	**$93**	**$100**
REVENUE						
Rooms	$119.79	$111.06	$128.91	$102.00	$122.59	$142.86
Food & Beverage	39.72	38.02	104.54	73.18	36.47	0.00
Spa	0.00	0.00	28.50	0.00	0.00	28.23
Other Operated Departments	2.81	2.76	0.00	2.23	4.35	2.50
Total	162.32	151.83	261.95	177.41	163.40	173.58
DEPARTMENTAL EXPENSES						
Rooms	22.10	27.12	34.62	28.14	23.15	30.00
Food & Beverage	12.71	25.83	72.40	46.56	25.13	0.00
Spa	0.00	0.00	22.98	0.00	0.00	21.17
Other Operated Departments	0.55	1.39	0.00	2.04	2.59	1.88
Total	35.37	54.34	130.00	76.74	50.86	53.04
DEPARTMENTAL INCOME	126.95	97.49	131.95	100.67	112.54	120.54
OPERATING EXPENSES						
Administrative & General	19.28	16.64	22.23	19.33	11.95	13.70
Marketing	10.46	12.95	12.74	17.20	13.22	9.78
Property Operations & Maintenance	8.54	5.63	12.33	7.31	6.09	5.87
Utilities	7.20	5.08	4.60	7.14	6.26	3.91
Total	45.48	40.31	51.89	50.98	37.52	33.27
HOUSE PROFIT	81.47	57.19	80.06	49.69	75.02	87.27
Management Fee	4.87	4.55	7.86	5.32	4.90	5.21
INCOME BEFORE FIXED CHARGES	76.60	52.63	72.20	44.37	70.12	82.06
FIXED EXPENSES						
Property Taxes	10.41	4.78	10.58	8.66	9.22	8.68
Insurance	3.20	1.21	1.40	0.94	0.97	0.98
Reserve for Replacement	6.49	6.07	10.48	7.10	6.54	6.94
Total	20.10	12.07	22.45	16.70	16.73	16.60
NET INCOME	$56.50	$40.56	$49.75	$27.67	$53.39	$65.46

Scope of Work

The methodology used to develop this study is based on the market research and valuation techniques set forth in the textbooks authored by Hospitality Valuation Services for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The Valuation of Hotels and Motels,*[1] *Hotels, Motels and Restaurants: Valuations and Market Studies,*[2] *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations,*[3] *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations,*[4] and *Hotels and Motels – Valuations and Market Studies.*[5]

1. All information was collected and analyzed by the staff of Hotel Appraisals, LLC. Information was supplied by the client and/or the property's development team.
2. The subject site has been evaluated from the viewpoint of its physical utility for the future operation of a hotel, as well as access, visibility, and other relevant factors.
3. The subject property's proposed improvements have been reviewed for their expected quality of construction, design, and layout efficiency.
4. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hostelry-related economic and demographic trends that may have an impact on future demand for hotels.
5. Dividing the market for hotel accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, facilities and amenities required, seasonality, daily demand fluctuations, and price sensitivity.
6. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and

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[1] Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

[2] Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

[3] Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

[4] Stephen Rushmore, Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations (Chicago: Appraisal Institute, 1992).

[5] Stephen Rushmore and Erich Baum, *Hotels and Motels – Valuations and Market Studies.* (Chicago: Appraisal Institute, 2001).

the degree of competitiveness. Unless noted otherwise, we have inspected the competitive lodging facilities summarized in this report.

7. Documentation for an occupancy and average rate projection is derived utilizing the build-up approach based on an analysis of lodging activity.

8. A detailed projection of income and expense made in accordance with the Uniform System of Accounts for the Lodging Industry sets forth the anticipated economic benefits of the subject property.

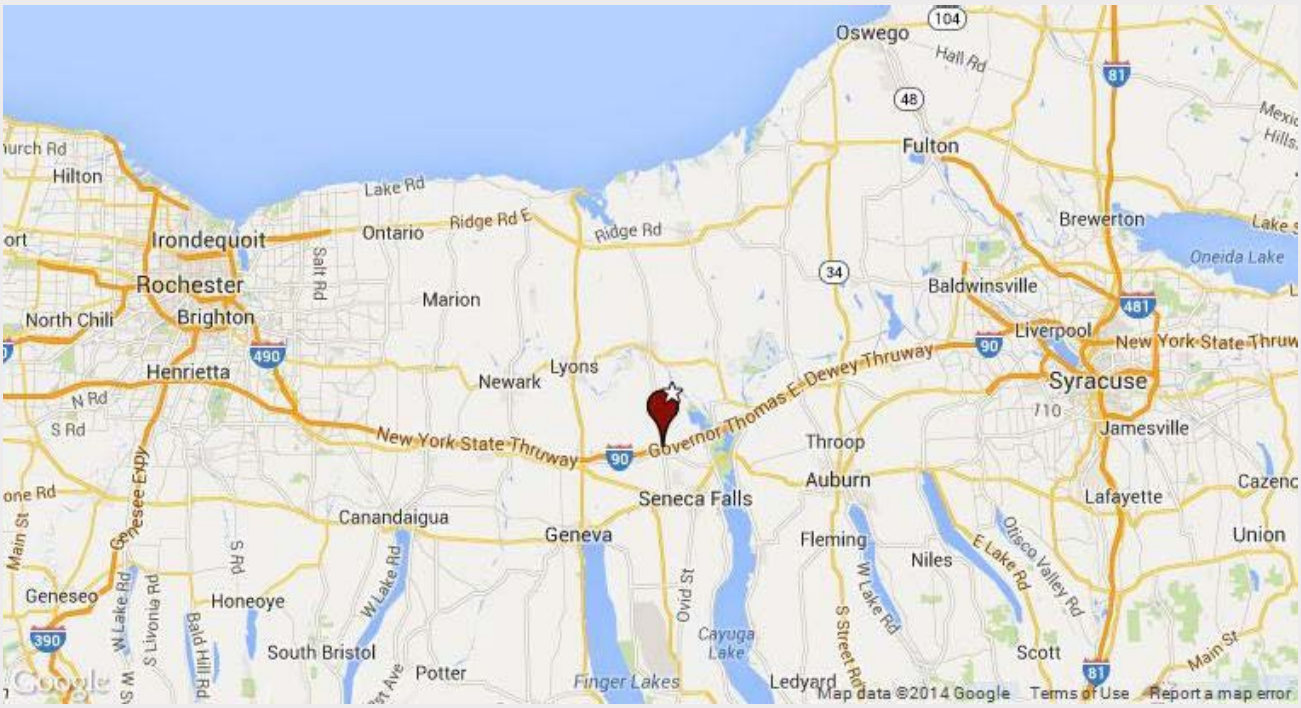
2. Description of the Real Estate

LAND DESCRIPTION

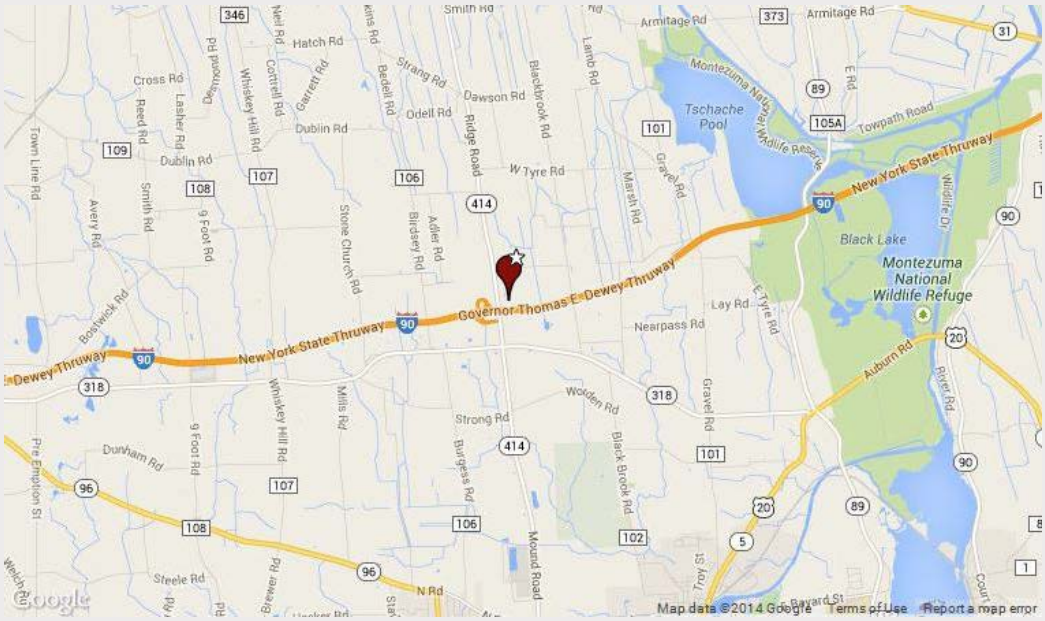
The suitability of the land for the operation of a lodging facility is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, access, visibility, and the availability of utilities have a direct impact on the desirability of a particular site.

The project is proposed for construction on a 83.40-acre parcel located in the northeast corner of Interstate 90 and State Route 414, approximately 50 miles west of Syracuse and 55 miles east of Rochester. The site is located in the Town of Tyre, a rural community of less than 1,000 people, in Seneca County. The nearest communities of significant size include Seneca Falls and Auburn. The location is depicted in the following series of maps.

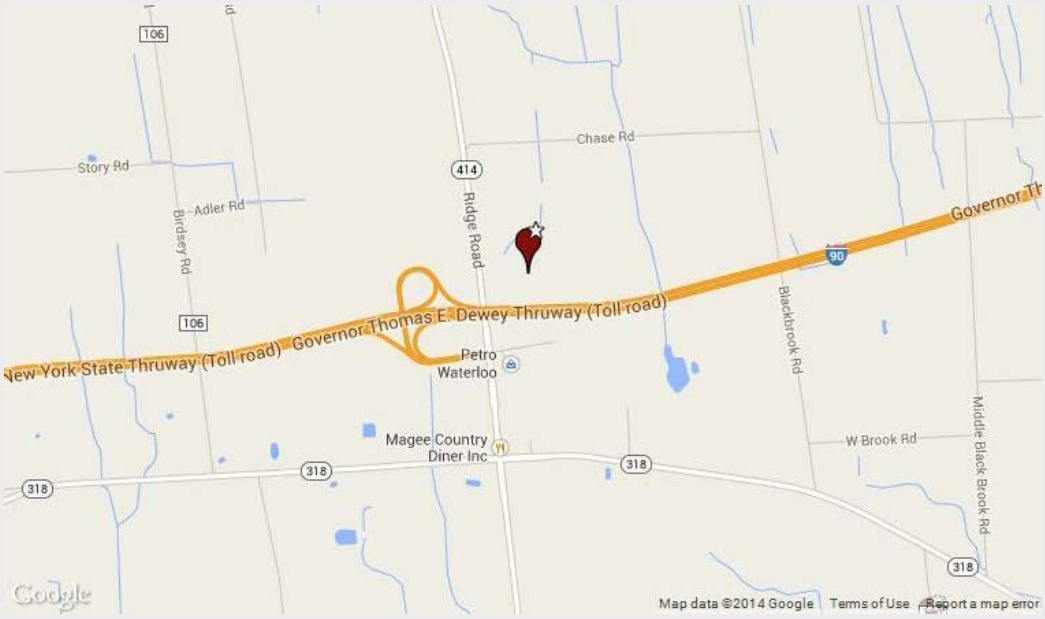
LOCATION MAP 1



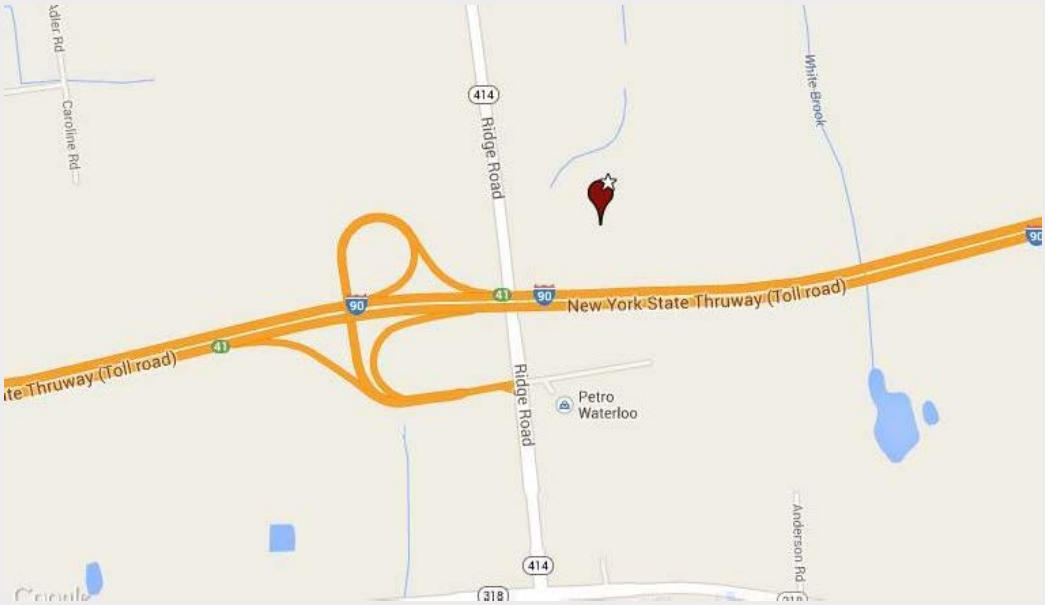
LOCATION MAP 2



LOCATION MAP 3

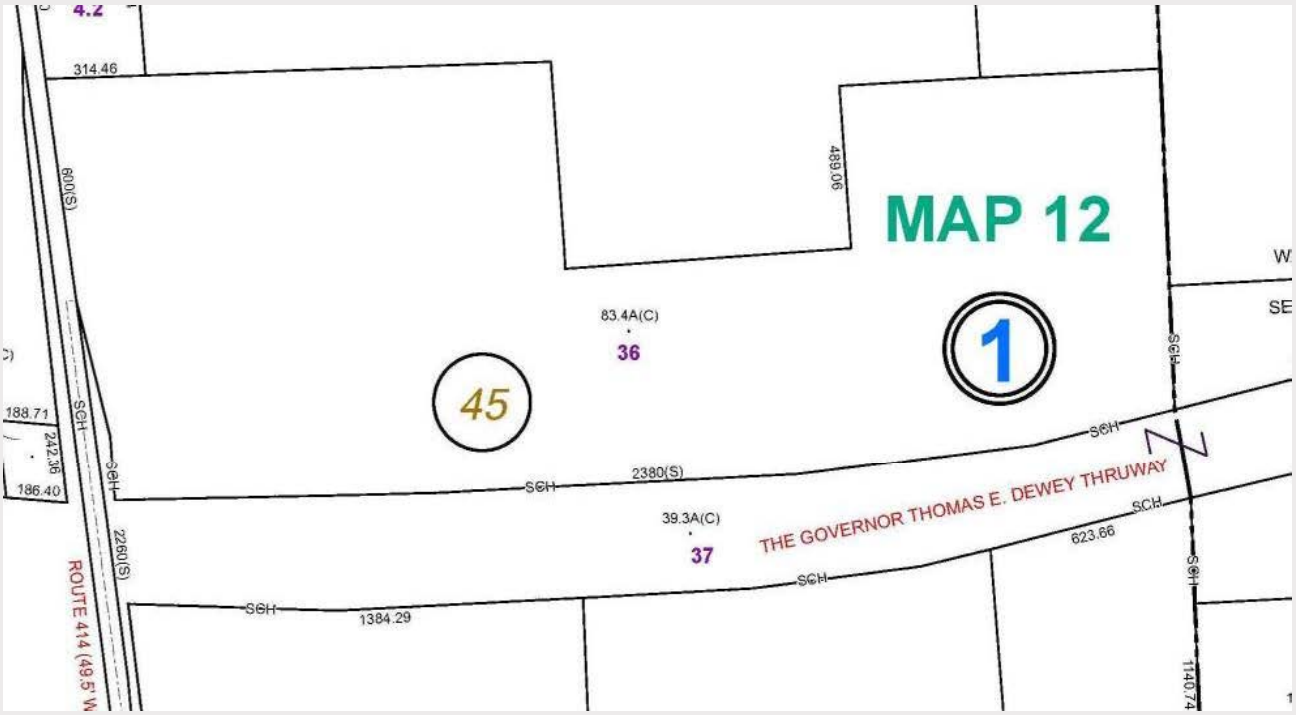


LOCATION MAP 4



The following parcel map was provided by Seneca County, depicting the size, shape, and borders of the subject site.

ASSESSOR'S PARCEL MAP



The subject site is bordered by vacant land to the north and east, Interstate 90 to the south, and Route 414 to the west. The land is flat and at grade with surrounding roadways and has an irregular though roughly rectangular shape. An aerial view of the land is depicted below.

AERIAL PHOTOGRAPH

Views of and from the subject site follow.

LOOKING EAST ALONG INTERSTATE 90

LOOKING NORTH ALONG ROUTE 414

LOOKING SOUTH ALONG ROUTE 414

LOOKING WEST FROM ROUTE 414

Access and Visibility

The subject site has the benefit of exceptional access and visibility factors, due to its location along Interstate 90, which is also known as the New York State Thruway. Interstate 90 is a transcontinental highway traveling between Boston and Seattle and it traverses upstate New York, linking Albany, Syracuse, Rochester, and Buffalo. The subject land is located off Exit 41, with access provided via State Route 414. The subject site is approximately equidistant from two major commercial airports, in Rochester and Syracuse, each within a one-hour drive.

Neighborhood

The neighborhood surrounding a lodging facility often has an impact on a hotel's status, image, class, style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section of the report investigates the subject neighborhood and evaluates any pertinent location factors that could affect its future occupancy, average rate, and overall profitability.

The subject's immediate surrounds are primarily undeveloped, with the exception of a truck stop located on the opposite side of Interstate 90 from the subject site. Continuing south along Route 414, there is an increasing amount of commercial development moving toward and into the nearby communities of Waterloo and Seneca Falls. The nearest existing hotel development is approximately one mile south of the subject property, in the form of affiliates of Hampton Inn and Holiday Inn. There is also a moderate array of restaurant and retail development in this area.

The neighborhood influences are not especially relevant in this analysis, given that the proposed subject property, as a casino and resort, will largely function as its own neighborhood, providing visitors with all of the amenities and services that its guests require, including recreational facilities, meeting space, and food and beverage outlets. What is more relevant is the property's convenience to key regional feeder markets and the capacity of the land for the construction of the proposed development.

Land-Related Assumptions

The following table summarizes key assumptions we have made with respect to the use and utility of the subject land.

LAND-RELATED ASSUMPTIONS

Zoning	We have not performed an independent investigation of the subject site's zoning characteristics. Our analysis assumes the proposed development is legal and will receive all necessary permits.
Flood Zone	We assume that the subject land is not subject to atypical flood risks. In our income and expense forecast, no adjustments to market-level insurance expense have been made to account for atypical flood risks.
Utilities	We assumed that the subject site will be served by all necessary utilities at no atypical cost.
Easements and Encroachments	We are not aware of any easements or encroachments encumbering the property that would significantly affect its utility or marketability.
Soil and Subsoil Conditions	Geological and soil reports were not provided to us or made available for our review during the preparation of this report. We are not qualified to evaluate soil conditions other than by a visual inspection of the surface; no extraordinary conditions were apparent.
Nuisances and Hazards	We were not informed of any site-specific nuisances or hazards, and there were no visible signs of toxic ground contaminants at the time of our inspection. Because we are not experts in this field, we do not warrant the absence of hazardous waste and urge the reader to obtain an independent analysis of these factors.

PROPOSED IMPROVEMENTS

The quality of a lodging facility's physical improvements has a direct influence on marketability, attainable occupancy, and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. This section investigates the subject property's proposed physical improvements and personal property in an effort to determine how they are expected to contribute to attainable cash flows.

Project Overview

The subject of the market study is the hotel component proposed as part of the Wilmot Casino and Resort. The $350-million project calls for 195,000 square feet of gaming space (including 100 table games and 2,000 slot machines); a 208-room luxury hotel with 14,000 square feet of meeting space; a 10,000-square-foot spa

with ten treatment rooms; a "Buy New York" pavilion; and extensive food and beverage facilities, including restaurants, a food court, and a tavern lounge with craft brews and live entertainment. The meeting space will be convertible into an entertainment venue with a seating capacity for up to 2,000 people.

Renderings and floor plans for the proposed improvements follow.

MAIN ENTRY

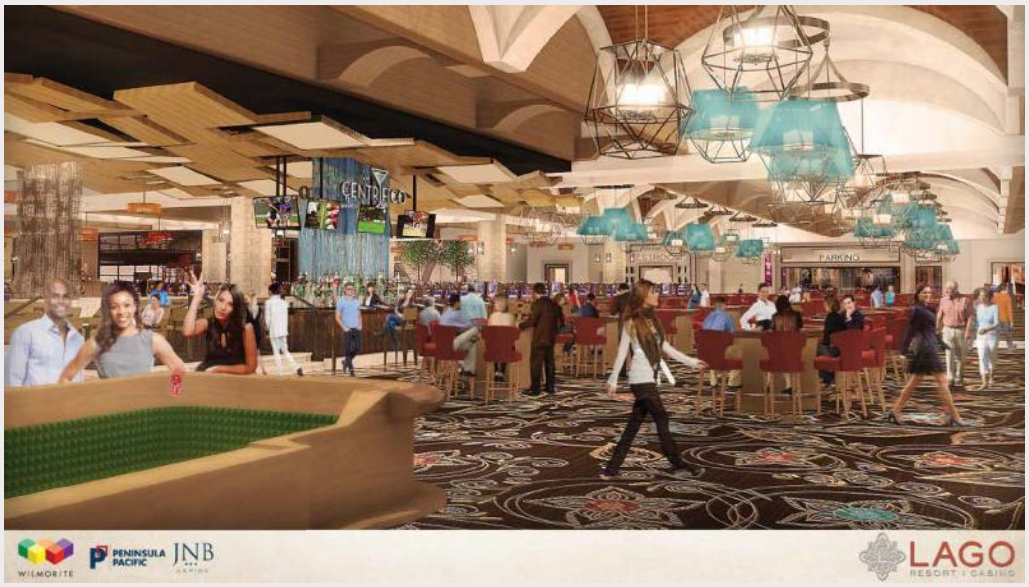
VIEW FROM PARKING LOT

EXTERIOR VIEW - CASINO

EXTERIOR VIEW - HOTEL

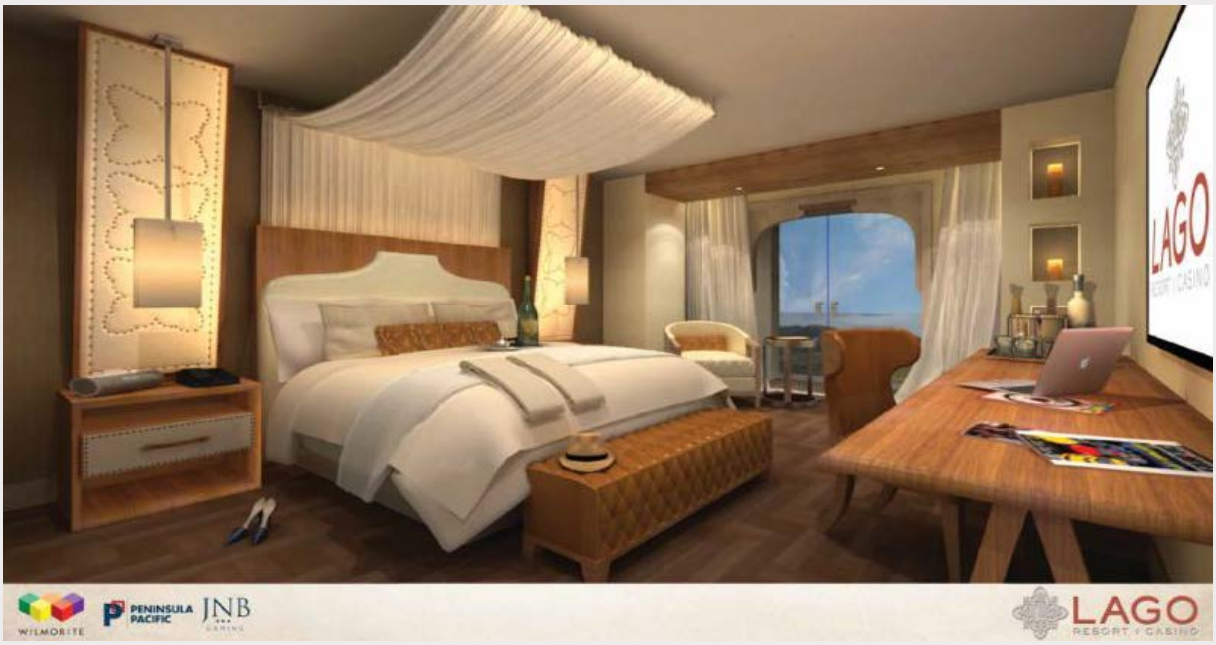
EXTERIOR VIEW - HOTEL

CASINO FLOOR



CASINO FLOOR

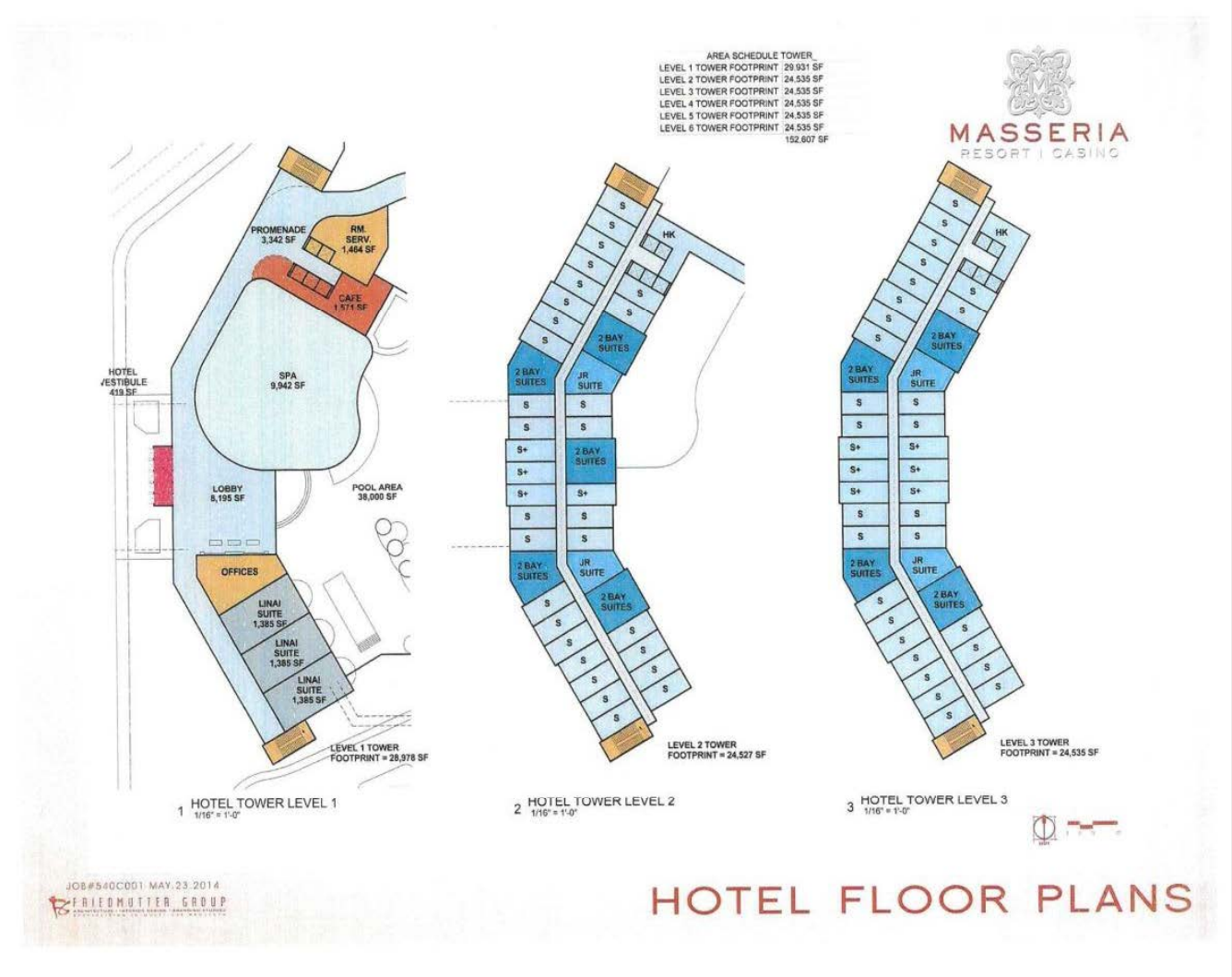
TYPICAL GUESTROOM



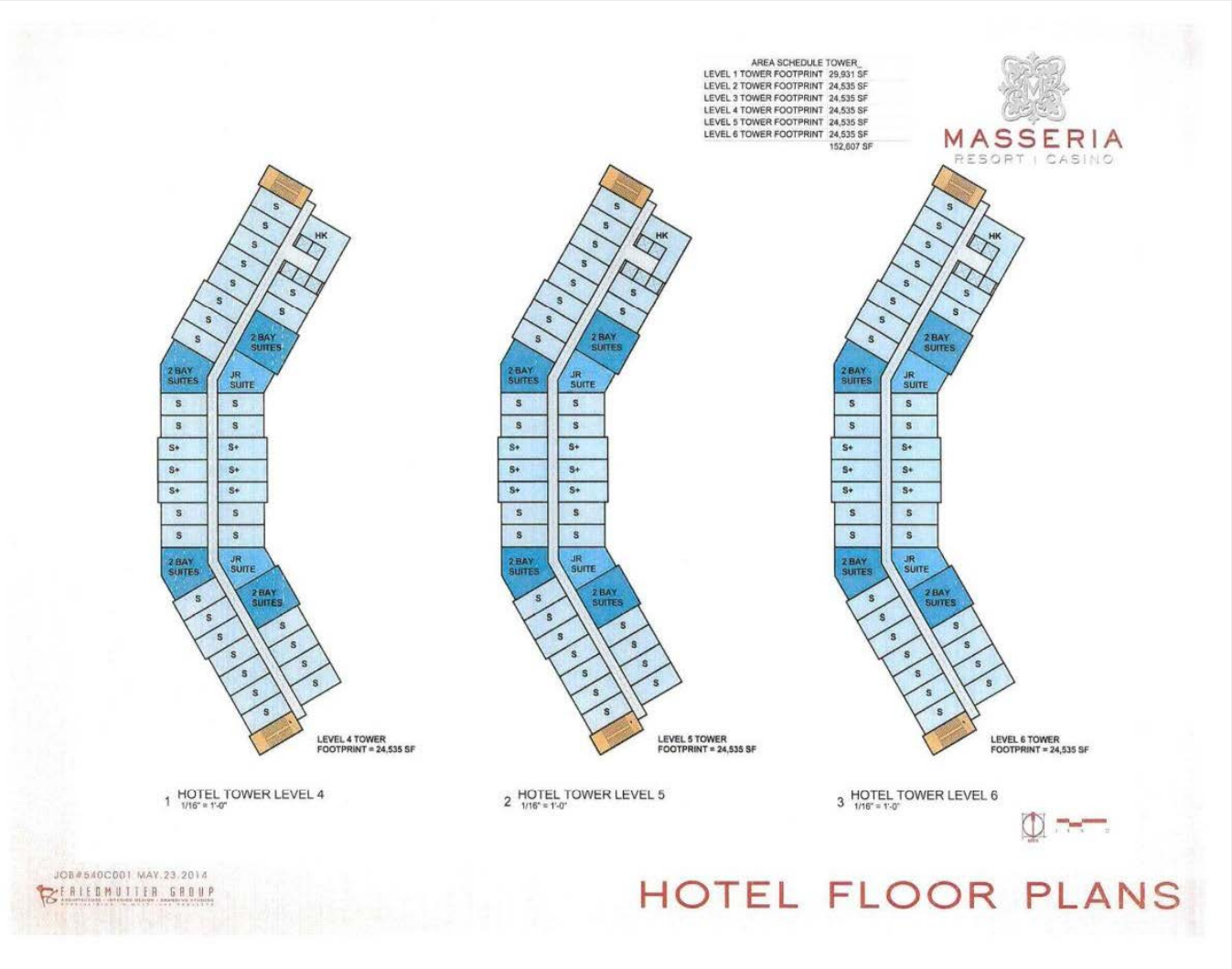
FOOD COURT

PROJECT SITE PLAN

FLOOR PLANS – LEVELS 1 THROUGH 3



FLOOR PLANS – LEVELS 4 THROUGH 6



The proposed hotel will feature a particularly strong investment in the guestrooms, in terms of both the space allocations and the quality of the appointments. Of the total 208 rooms, the mix will include 60 oversized units, including 28 Standard Plus units; 10 Junior Suites; and 22 two-bay suites.

Otherwise, our review of the preceding plans suggests that the proposed hotel features a logical design. It is our understanding that the construction will employ

top-quality materials and furnishings, resulting in a product quality consistent with first-class, full-service hotel industry standards.

Our analysis assumes that the property will be supported by sufficient administrative and service spaces, and that the operating systems will have sufficient capacity and efficiency levels consistent with current industry standards.

We assume that the property will conform with current Americans with Disabilities Act (ADA) standards.

Finally, not that our forecast of income and expense includes a deduction for annual reserves for replacement at a rate equal to 4.0% of total revenues, consistent with industry standards for hotels of this quality level. This deduction is intended to account for the ongoing cost of renewing the hotel.

3. Market Area Analysis

The economic vitality of the market area and neighborhood surrounding the subject site is an important consideration in forecasting lodging demand and future income potential. Economic and demographic trends that reflect the amount of visitation provide a basis from which to project lodging demand. The purpose of the market area analysis is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. In addition to predicting the direction of the economy, the rate of change must be quantified. These trends are then correlated based on their propensity to reflect variations in lodging demand, with the objective of forecasting the amount of growth or decline in visitation by individual market segment (e.g., commercial, meeting and group, and leisure).

Market Area Definition

The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. The subject site is located in the Town of Tyre, in Seneca County, and the State of New York. Seneca County is a largely undeveloped area with a population of approximately 35,000, however the subject property is located between the metropolitan areas of Rochester, New York to the west and Syracuse, New York to the east. These economies are expected to serve as the proposed hotel's key feeder markets. As such, this section provides an overview of the two regional economies.

ROCHESTER, NY

The City of Rochester is located in Monroe County. The city's population, according to the 2010 census, was approximately 211,000, making it New York's third most populous city after New York City and Buffalo. It is at the center of a larger metropolitan area which encompasses and extends beyond Monroe County and includes Genesee County, Livingston County, Ontario County, Orleans County and Wayne County. This area, which is part of the Western New York region, had a population of 1,079,671 people at the time of the 2010 Census.

Rochester was one of America's first "boomtowns" and rose to prominence initially as the site of many flour mills located on the Genesee River, then as a major manufacturing hub. Rochester is now an international center of higher education, as well as medical and technological development. The region is known for many acclaimed universities, and several of them (notably the University of Rochester and the Rochester Institute of Technology) are nationally renowned for their research programs. In addition, Rochester has been and continues to be the site of many important inventions and innovations in consumer products. The Rochester area is currently home to corporations such as Kodak, Bausch & Lomb

and Xerox that conduct extensive research and manufacturing in the fields of industrial and consumer products. The Rochester metropolitan area is the second largest regional economy in New York State according to the U.S. Internal Revenue Service, after the New York City metropolitan area. The following table identifies the 15 largest employers in the Rochester area.

FIGURE 3-1 MAJOR EMPLOYERS – ROCHESTER, NY AREA

Rank	Firm	Product/Service	Number of Employees
1	University of Rochester	Higher Education	20,340
2	Wegmans Food Markets, Inc.	Grocery Store Chain	13,976
3	Rochester General Health	Healthcare Services	7,600
4	Xerox Corporation	Document Management	6,116
5	Unity Health System	Healthcare Services	5,472
6	Eastman Kodak	Imaging Materials and Equipment	5,129
7	Paychex Inc.	Payroll Services	3,712
8	Lifetime Healthcare	Healthcare Services	3,584
9	Rochester Institute of Technology	Higher Education	3,299
10	YMCA of Greater Rochester	Health and Wellness	2,732
11	Sutherland Global Services	Business Process Outsourcing	2,600
12	Finger Lakes Health	Healthcare Services	1,726
13	Bausch & Lomb	Eye Health Products	1,700
14	JPMorgan Chase	Financial Services	1,560
15	Verizon Wireless	Customer Service Call Center	1,400

Because of the high prevalence of imaging and optical science among the industry and the universities, Rochester is known as the world capital of imaging. The Institute of Optics of the University of Rochester and the Rochester Institute of Technology in nearby Henrietta both have imaging programs. In 2006, the University of Rochester became the largest employer in the Rochester area, surpassing Eastman Kodak.

Rochester was ranked as the "most livable city" among 379 U.S. metropolitan areas in the 25th edition (2007) of the *Places Rated Almanac*. The Rochester area also received the top ranking for overall quality of life among U.S. metros with populations of more than 1 million in a 2007 study by *Expansion Management* magazine. In the same study, *Expansion Management* rated the area's public schools as sixth best nationwide. In 2010 *Forbes* rated Rochester as the third best place to raise a family. In 2012 Kiplinger rated Rochester as the fifth best city for families, citing low cost of living, top public schools, and a low jobless rate.

The following table details historical unemployment rates for Monroe County, as compared to those of the state and the nation.

FIGURE 3-2 UNEMPLOYMENT RATES – MONROE COUNTY

Year	Monroe County	State of New York	United States
2004	5.2 %	5.8 %	5.5 %
2005	4.6	5.0	5.1
2006	4.5	4.6	4.6
2007	4.5	4.6	4.6
2008	5.5	5.4	5.8
2009	7.9	8.3	9.3
2010	8.0	8.6	9.6
2011	7.6	8.2	8.9
2012	7.8	8.5	8.1
2013	7.0	7.7	7.4
As of April			
2013	6.8 %	7.4 %	7.3 %
2014	5.3	6.1	6.1

Source: Bureau of Labor Statistics

Monroe County's unemployment rate has generally tracked below the state and national levels. In addition, recent trends have indicated significant improvement. As of April 2014, unemployment fell by 150 basis points as compared to April 2013 unemployment levels. It stands at 5.3%, 80 basis points below the state and national levels.

The following table illustrates historical and projected employment, households, population and average household income data as provided by REIS for the Greater Rochester area.

FIGURE 3-3 ECONOMIC AND DEMOGRAPHIC SUMMARY – GREATER ROCHESTER

Year	Total Employment	% Chg	Office Employment	% Chg	Industrial Employment	% Chg	Households	% Chg	Population	% Chg	Household Avg. Income	% Chg
2001	519,770	—	137,824	—	114,984	—	402,370	—	1,044,480	—	$80,227	—
2002	511,030	(1.7) %	137,513	(0.2) %	108,406	(5.7) %	404,870	0.6 %	1,046,450	0.2 %	79,422	(1.0) %
2003	507,970	(0.6)	137,805	0.2	104,176	(3.9)	406,920	0.5	1,047,550	0.1	81,488	2.6
2004	512,770	0.9	139,423	1.2	101,283	(2.8)	408,130	0.3	1,046,540	(0.1)	86,297	5.9
2005	514,370	0.3	141,174	1.3	100,441	(0.8)	409,160	0.3	1,045,060	(0.1)	88,485	2.5
2006	512,770	(0.3)	140,750	(0.3)	98,964	(1.5)	411,330	0.5	1,045,770	0.1	92,460	4.5
2007	514,100	0.3	141,512	0.5	95,078	(3.9)	414,400	0.7	1,048,310	0.2	98,110	6.1
2008	512,630	(0.3)	142,665	0.8	91,657	(3.6)	417,650	0.8	1,051,430	0.3	99,417	1.3
2009	498,330	(2.8)	139,827	(2.0)	83,424	(9.0)	420,640	0.7	1,053,560	0.2	98,727	(0.7)
2010	504,370	1.2	141,661	1.3	83,177	(0.3)	422,300	0.4	1,055,730	0.2	101,877	3.2
2011	511,870	1.5	144,778	2.2	84,029	1.0	420,220	(0.5)	1,057,190	0.1	108,473	6.5
2012	513,870	0.4	145,410	0.4	83,211	(1.0)	418,110	(0.5)	1,058,000	0.1	113,558	4.7
2013	516,330	0.5	146,095	0.5	83,111	(0.1)	417,250	(0.2)	1,060,120	0.2	115,744	1.9
Forecasts												
2014	*525,330*	*1.7 %*	*148,126*	*1.4 %*	*83,980*	*1.0 %*	*417,510*	*0.1 %*	*1,062,540*	*0.2 %*	*$123,245*	*6.5 %*
2015	*532,940*	*1.4*	*150,852*	*1.8*	*83,583*	*(0.5)*	*418,660*	*0.3*	*1,063,820*	*0.1*	*131,574*	*6.8*
2016	*538,580*	*1.1*	*152,476*	*1.1*	*83,514*	*(0.1)*	*419,140*	*0.1*	*1,063,910*	*0.0*	*139,061*	*5.7*
2017	*539,310*	*0.1*	*152,741*	*0.2*	*82,804*	*(0.9)*	*419,580*	*0.1*	*1,063,590*	*(0.0)*	*144,675*	*4.0*
2018	*538,120*	*(0.2)*	*152,460*	*(0.2)*	*81,679*	*(1.4)*	*419,810*	*0.1*	*1,063,370*	*(0.0)*	*149,987*	*3.7*
Average Annual Compound Change												
2001 - 2013		(0.1) %		0.5 %		(2.7) %		0.3 %		0.1 %		3.1 %
2001 - 2007		(0.2)		0.4		(3.1)		0.5		0.1		3.4
2007 - 2010		(0.6)		0.0		(4.4)		0.6		0.2		1.3
2010 - 2013		0.8		1.0		(0.0)		(0.4)		0.1		4.3
Forecast 2013 - 2018		*0.8 %*		*0.9 %*		*(0.3) %*		*0.1 %*		*0.1 %*		*5.3 %*

Source: REIS Report, 1st Quarter, 2014

Total employment in Greater Rochester trended generally downward between 2001 and 2009, but has rebounded in subsequent years, growing at an average annual rate of 0.8% per year between 2010 and 2013. This same rate of growth is projected through 2018. Trends are slightly more positive when the office employment segment of total employment is examined. This sector's employment grew by 1.0% per year between 2010 and 2013. Otherwise, the preceding data illustrates healthy gains in household income, which grew at an average annual rate of 4.3% between 2010 and 2013. This indicator's growth is projected to accelerate to 5.3% per year through 2018, a particularly strong sign for the proposed subject hotel, where demand is tied directly to discretionary income levels.

Trends in occupied office space are typically among the most reliable indicators of lodging demand, as firms that occupy office space often exhibit a strong propensity to attract commercial visitors. Thus, trends that cause changes in vacancy rates or in the amount of occupied office space may have a proportional impact on commercial lodging demand and a less direct effect on meeting demand. The following table details office space statistics for the Greater Rochester market area.

FIGURE 3-4 HISTORICAL AND PROJECTED OFFICE SPACE STATISTICS – GREATER ROCHESTER

	Greater Rochester Market						
Year	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg
2001	16,366,000	—	13,783,000	—	15.8 %	$15.76	—
2002	16,273,000	(0.6) %	13,428,000	(2.6) %	17.5	15.69	(0.4) %
2003	16,342,000	0.4	12,935,000	(3.7)	20.8	15.45	(1.5)
2004	15,979,000	(2.2)	12,639,000	(2.3)	20.9	15.12	(2.1)
2005	15,878,000	(0.6)	12,600,000	(0.3)	20.6	15.11	(0.1)
2006	15,713,000	(1.0)	12,792,000	1.5	18.6	15.28	1.1
2007	15,595,000	(0.8)	12,839,000	0.4	17.7	15.58	2.0
2008	15,361,000	(1.5)	12,564,000	(2.1)	18.2	15.82	1.5
2009	15,034,000	(2.1)	12,450,000	(0.9)	17.2	15.48	(2.1)
2010	14,946,000	(0.6)	12,213,000	(1.9)	18.3	15.96	3.1
2011	14,971,000	0.2	12,359,000	1.2	17.4	16.12	1.0
2012	15,030,000	0.4	12,515,000	1.3	16.7	16.31	1.2
2013	15,607,000	3.8	13,030,000	4.1	16.5	16.31	0.0
Forecasts							
2014	*15,607,000*	*0.0 %*	*13,002,000*	*(0.2) %*	*16.7 %*	*$16.52*	*1.3 %*
2015	*15,644,000*	*0.2*	*13,075,000*	*0.6*	*16.4*	*16.81*	*1.8*
2016	*15,709,000*	*0.4*	*13,175,000*	*0.8*	*16.1*	*17.14*	*2.0*
2017	*15,788,000*	*0.5*	*13,317,000*	*1.1*	*15.7*	*17.64*	*2.9*
2018	*15,871,000*	*0.5*	*13,481,000*	*1.2*	*15.1*	*18.25*	*3.5*
Average Annual Compound Change							
2001 - 2013		(0.4) %		(0.5) %			0.3 %
2001 - 2007		(0.8)		(1.2)			(0.2)
2007 - 2010		(1.4)		(1.7)			0.8
2010 - 2013		1.5		2.2			0.7
Forecast 2013 - 2018		*0.3 %*		*0.7 %*			*2.3 %*

Source: REIS Report, 1st Quarter, 2014

The Greater Rochester area contained a total of 15.6 million square feet of office space as of year-end 2013, which level grew by 3.8% as compared to the 2012 level. The region's vacancy rate decreased despite the surge in inventory, as demand grew by 4.1%, offsetting the supply increase. The market's vacancy rate is projected to continue to decline over the next five years, falling to 15.1% in 2018 as a result of a projected average annual increase in occupied space equal to 2.2%. Lease rates are projected to grow by 2.3% per year through the same period.

Airport passenger counts are important indicators of lodging demand. Depending on the type of service provided by a particular airfield, a sizable percentage of arriving passengers may require hotel accommodations. Trends showing changes in passenger counts also reflect local business activity and the overall economic health of the area. The following table illustrates recent changes in passenger counts at Rochester International Airport.

FIGURE 3-5 AIRPORT STATISTICS – ROCHESTER INTERNATIONAL AIRPORT

	Rochester International Airport	
Year	Total Passengers	Percent Change
2004	2,492,420	—
2005	2,917,256	17.0 %
2006	2,863,519	(1.8)
2007	2,866,603	0.1
2008	2,713,089	(5.4)
2009	2,571,105	(5.2)
2010	2,534,234	(1.4)
2011	2,409,454	(4.9)
2012	2,418,884	0.4
2013	2,430,492	0.5
Avg. Annual % Change, 2004 - 2013:		(0.3) %

After a surge in passenger volume in 2005, airport use declined steadily through 2011 before rebounding slightly in 2012 and 2013.

SYRACUSE, NY

The City of Syracuse is located in Onondaga County. The city is the fifth most populous in the State of New York. At the 2010 census, the city's population was 145,170 (making it the 175th largest city in the country), and the metropolitan area had a population of 662,577. It is the economic and educational hub of Central New York, a region with over a million inhabitants. Syracuse is well provided with convention sites, with a downtown convention complex and, directly west, the Empire Expo Center, which hosts the annual Great New York State Fair.

The city has been a major crossroads over the last two centuries, first between the Erie Canal and its branch canals, then on the railway network. Syracuse is at the intersection of Interstates 81 and 90, and its airport is the largest in the region. Syracuse is home to Syracuse University, a major research university; the SUNY Upstate Medical University and Hospital, the city's largest employer; SUNY College of Environmental Science and Forestry, and other colleges and professional

schools. In 2010, *Forbes* rated Syracuse fourth in the top ten places to raise a family. The following table identifies the 15 largest employers in the Syracuse area.

FIGURE 3-6 MAJOR EMPLOYERS – SYRACUSE, NY AREA

Rank	Firm	Product/Service	Number of Employees
1	Upstate University Health System	Healthcare Services	9,525
2	Syracuse University	Higher Education	4,621
3	St. Joseph's Hospital Health Center	Healthcare Services	3,745
4	Wegmans Food Markets, Inc.	Grocery Store Chain	3,713
5	Crouse Hospital	Healthcare Services	2,700
6	Loretto	Elder Care	2,476
7	Lockheed Martin Corporation	Radar and Sensor Devices	2,250
8	National Grid USA Service Company, Inc.	Utilities	2,000
9	Time Warner Cable	Cable Television	1,800
10	Raymour & Flanigan Furniture	Furniture Manufacturing	1,400
11	VA Medical Center	Healthcare Services	2,600
12	Carrier Corporation	Environmental Systems	1,726
13	Welch Allyn	Life Sciences	1,700
14	United Parcel Service	Parcel Delivery Service	1,560
15	Verizon	Telecommunications	1,400

Syracuse's economy has faced challenges over the past decades as industrial jobs have left the area. The number of local and state government jobs also has been declining for several years. Syracuse's top employers are now primarily in education and the service industry. University Hill is Syracuse's fastest growing neighborhood, fueled by expansions by Syracuse University and Upstate Medical University (a division of the State University of New York), as well as dozens of small medical office complexes.

The following table details historical unemployment rates for Onondaga County, as compared to those of the state and the nation.

FIGURE 3-7 UNEMPLOYMENT RATES – ONONDAGA COUNTY

Year	Onondaga County	State of New York	United States
2004	5.1 %	5.8 %	5.5 %
2005	4.5	5.0	5.1
2006	4.4	4.6	4.6
2007	4.1	4.6	4.6
2008	5.2	5.4	5.8
2009	7.7	8.3	9.3
2010	8.1	8.6	9.6
2011	7.8	8.2	8.9
2012	8.0	8.5	8.1
2013	7.0	7.7	7.4
As of April			
2013	6.9 %	7.4 %	7.3 %
2014	5.2	6.1	6.1

Source: Bureau of Labor Statistics

Onondaga County's unemployment rate has generally tracked below the state and national levels. In addition, recent trends have indicated significant improvement. As of April 2014, unemployment fell by 170 basis points as compared to April 2013 unemployment levels. It stands at 5.2%, 90 basis points below the state and national levels.

The following table illustrates historical and projected employment, households, population and average household income data as provided by REIS for the Greater Syracuse area.

FIGURE 3-8 ECONOMIC AND DEMOGRAPHIC SUMMARY – GREATER SYRACUSE

Year	Total Employment	% Chg	Office Employment	% Chg	Industrial Employment	% Chg	Households	% Chg	Population	% Chg	Household Avg. Income	% Chg
2001	320,300	—	88,639	—	59,086	—	253,050	—	651,300	—	$71,980	—
2002	319,200	(0.3) %	89,315	0.8 %	56,498	(4.4) %	254,430	0.5 %	653,660	0.4 %	73,707	2.4 %
2003	317,270	(0.6)	91,159	2.1	53,370	(5.5)	255,700	0.5	655,990	0.4	75,999	3.1
2004	320,130	0.9	91,410	0.3	53,333	(0.1)	255,890	0.1	655,670	(0.0)	80,298	5.7
2005	320,300	0.1	92,566	1.3	52,559	(1.5)	255,970	0.0	655,050	(0.1)	83,243	3.7
2006	320,270	(0.0)	93,144	0.6	52,114	(0.8)	256,630	0.3	655,520	0.1	87,501	5.1
2007	323,430	1.0	94,386	1.3	52,220	0.2	258,000	0.5	657,520	0.3	93,743	7.1
2008	322,070	(0.4)	94,230	(0.2)	50,703	(2.9)	259,590	0.6	659,930	0.4	94,286	0.6
2009	311,630	(3.2)	91,411	(3.0)	45,732	(9.8)	260,880	0.5	662,000	0.3	95,152	0.9
2010	312,430	0.3	91,726	0.3	45,520	(0.5)	262,220	0.5	663,020	0.2	98,103	3.1
2011	313,600	0.4	92,045	0.3	44,609	(2.0)	261,540	(0.3)	661,580	(0.2)	102,657	4.6
2012	315,500	0.6	91,539	(0.5)	44,087	(1.2)	260,700	(0.3)	661,420	(0.0)	108,071	5.3
2013	315,600	0.0	91,190	(0.4)	43,924	(0.4)	260,600	(0.0)	662,280	0.1	109,306	1.1
Forecasts												
2014	*318,030*	*0.8 %*	*90,857*	*(0.4) %*	*43,693*	*(0.5) %*	*261,170*	*0.2 %*	*663,220*	*0.1 %*	*$113,657*	*4.0 %*
2015	*322,200*	*1.3*	*92,183*	*1.5*	*43,756*	*0.1*	*262,670*	*0.6*	*663,980*	*0.1*	*118,463*	*4.2*
2016	*325,260*	*0.9*	*92,751*	*0.6*	*43,751*	*(0.0)*	*263,850*	*0.4*	*664,100*	*0.0*	*122,446*	*3.4*
2017	*325,800*	*0.2*	*92,925*	*0.2*	*43,376*	*(0.9)*	*264,870*	*0.4*	*664,150*	*0.0*	*125,359*	*2.4*
2018	*325,140*	*(0.2)*	*92,671*	*(0.3)*	*42,785*	*(1.4)*	*265,750*	*0.3*	*664,200*	*0.0*	*127,758*	*1.9*
Average Annual Compound Change												
2001 - 2013		(0.1) %		0.2 %		(2.4) %		0.2 %		0.1 %		3.5 %
2001 - 2007		0.2		1.1		(2.0)		0.3		0.2		4.5
2007 - 2010		(1.1)		(0.9)		(4.5)		0.5		0.3		1.5
2010 - 2013		0.3		(0.2)		(1.2)		(0.2)		(0.0)		3.7
Forecast 2013 - 2018		*0.6 %*		*0.3 %*		*(0.5) %*		*0.4 %*		*0.1 %*		*3.2 %*

Source: REIS Report, 1st Quarter, 2014

Total employment in Greater Syracuse trended generally downward between 2001 and 2009, but has rebounded in subsequent years, growing at an average annual rate of 0.3% per year between 2010 and 2013. The growth rate through 2018 is projected to accelerate to 0.6% per year. Trends are slightly less positive when the office employment segment of total employment is examined. This sector's employment level fell by 0.2% per year between 2010 and 2013. Otherwise, the preceding data illustrates healthy gains in household income, which grew at an average annual rate of 3.7% between 2010 and 2013. This indicator's growth is projected to decelerate slightly to 3.2% per year through 2018.

Trends in occupied office space are typically among the most reliable indicators of lodging demand, as firms that occupy office space often exhibit a strong propensity to attract commercial visitors. Thus, trends that cause changes in vacancy rates or in the amount of occupied office space may have a proportional impact on commercial lodging demand and a less direct effect on meeting demand. The following table details office space statistics for the Greater Syracuse market area.

FIGURE 3-9 HISTORICAL AND PROJECTED OFFICE SPACE STATISTICS – GREATER SYRACUSE

	Greater Syracuse Market						
Year	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg
2001	13,790,000	—	11,458,000	—	16.9 %	$15.11	—
2002	13,492,000	(2.2) %	11,175,000	(2.5) %	17.2	15.19	0.5 %
2003	13,230,000	(1.9)	10,914,000	(2.3)	17.5	15.33	0.9
2004	13,244,000	0.1	11,027,000	1.0	16.7	15.21	(0.8)
2005	13,220,000	(0.2)	11,063,000	0.3	16.3	15.25	0.3
2006	12,680,000	(4.1)	10,581,000	(4.4)	16.6	15.31	0.4
2007	12,636,000	(0.3)	10,651,000	0.7	15.7	15.64	2.2
2008	12,439,000	(1.6)	10,626,000	(0.2)	14.6	15.74	0.6
2009	12,404,000	(0.3)	10,616,000	(0.1)	14.4	15.73	(0.1)
2010	11,990,000	(3.3)	10,105,000	(4.8)	15.7	15.80	0.4
2011	12,036,000	0.4	10,096,000	(0.1)	16.1	15.82	0.1
2012	12,036,000	0.0	10,184,000	0.9	15.4	15.93	0.7
2013	12,036,000	0.0	10,201,000	0.2	15.2	16.00	0.4
Forecasts							
2014	*12,036,000*	*0.0 %*	*10,264,000*	*0.6 %*	*14.7 %*	*$16.19*	*1.2 %*
2015	*12,061,000*	*0.2*	*10,313,000*	*0.5*	*14.5*	*16.45*	*1.6*
2016	*12,061,000*	*0.0*	*10,334,000*	*0.2*	*14.3*	*16.74*	*1.8*
2017	*12,078,000*	*0.1*	*10,364,000*	*0.3*	*14.2*	*17.25*	*3.0*
2018	*12,102,000*	*0.2*	*10,393,000*	*0.3*	*14.1*	*17.85*	*3.5*
Average Annual Compound Change							
2001 - 2013		(1.1) %		(1.0) %			0.5 %
2001 - 2007		(1.4)		(1.2)			0.6
2007 - 2010		(1.7)		(1.7)			0.3
2010 - 2013		0.1		0.3			0.4
Forecast 2013 - 2018		*0.1 %*		*0.4 %*			*2.2 %*

Source: REIS Report, 1st Quarter, 2014

The Greater Syracuse area contained a total of 12.0 million square feet of office space as of year-end 2013, which level has been unchanged since a slight increase in 2011. Overall, the market's inventory has receded over the long term, falling from 13.8 million square feet as of 2001. Through 2018, the inventory level is projected to remain basically unchanged. As for demand levels, these have basically declined in proportion to the decrease in inventory, allowing vacancy rates to remain consistent. Modest gains in occupied space are projected through 2018.

Airport passenger counts are important indicators of lodging demand. Depending on the type of service provided by a particular airfield, a sizable percentage of arriving passengers may require hotel accommodations. Trends showing changes in passenger counts also reflect local business activity and the overall economic health of the area. The following table illustrates recent operating statistics for Syracuse International Airport.

FIGURE 3-10 AIRPORT STATISTICS – SYRACUSE INTERNATIONAL AIRPORT

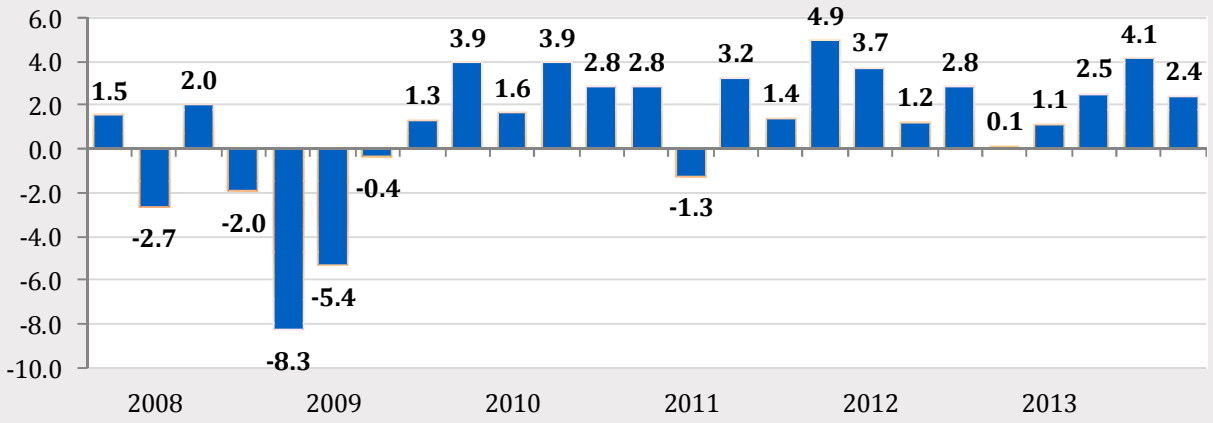
	Syracuse International Airport	
Year	Total Passengers	Percent Change
2004	2,260,616	—
2005	2,452,040	8.5 %
2006	2,261,496	(7.8)
2007	2,360,878	4.4
2008	2,232,704	(5.4)
2009	2,054,187	(8.0)
2010	2,064,399	0.5
2011	1,997,534	(3.2)
2012	1,983,674	(0.7)
2013	2,011,690	1.4
Avg. Annual % Change, 2004 - 2013:		(1.3) %

Passenger volume at Syracuse International Airport has been somewhat volatile, with significant gains in 2005 and 2007 offset by substantial declines in 2006, 2009, and 2010. In 2013, a total of 2.0 million passengers were served, which is basically representative of the historical ten-year average.

Conclusion

Our analysis also considers the broader context of the national economy. The U.S. economy entered a recession in December of 2007, which worsened in the fall of 2008 when the financial crisis shocked the world economy. The U.S. fell into economic decline for most of 2009, but the nation's gross domestic product (GDP) and corporate profits began to grow again in the third quarter of 2009. In 2010, the economy experienced four consecutive quarters of economic growth, reflecting a rebound from the recession. Following a slight contraction in the first quarter of 2011, the economy has grown at positive, albeit fluctuating rates, as evidenced in the following table.

FIGURE 3-11 UNITED STATES GDP GROWTH RATE



Source: tradingeconomics.com, Bureau of Economic Analysis

Gross domestic product (GDP) increased at an annual rate of 2.4% in the fourth quarter of 2013, reflecting a deceleration from the strong growth achieved during the third quarter of the year. The U.S. GDP, which has averaged 3.2% since it was first recorded in 1947, increased 1.9% in 2013 compared with an increase of 2.8% in 2012 (year over year). The growth in the fourth quarter was driven by contributions from nonresidential fixed investment, exports, and private inventory investment, despite a negative contribution from federal and local government spending, residential fixed investment, and imports. The economic outlook continues to be positive; GDP is projected to grow at an annual rate of 2.7% in 2014, according to Kiplinger's Economic Outlook, despite a weather related slowdown in January and February.The unemployment rate for the U.S. fluctuated within the narrow range of 4.6% to 6.0% in the period spanning from 2003 to 2007. The recession and financial crisis in 2007 and 2008 resulted in heightened unemployment rates, which peaked at 10.0% in October of 2009. Job growth resumed in late 2009; the national unemployment rate has steadily declined since 2010. Total nonfarm payroll employment increased by 75,000, 113,000, and 175,000 jobs in December of 2013 and January and February of 2014, respectively, which brought the unemployment rate to 6.7%, the lowest level in over four years. The unemployment rate declined further to 6.1% in April 2014, a 120-basis-point drop from the level recorded in April 2013. This positive trend reflects steady progress by the U.S. economy.

4. Occupancy and Average Rate Analysis

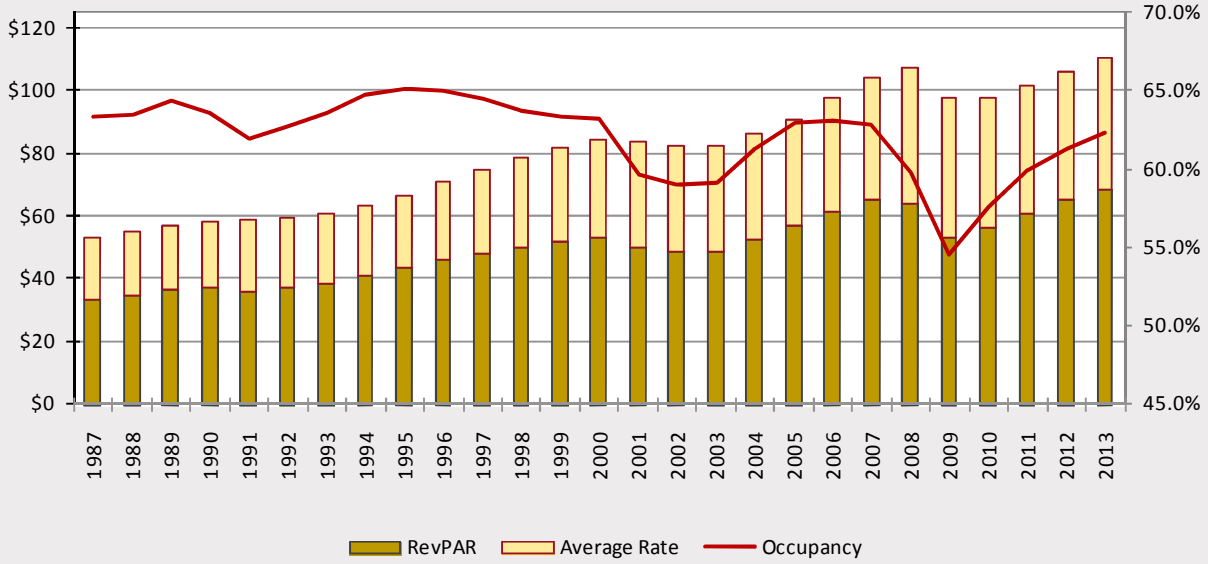
In the lodging industry, price varies directly, but not proportionately, with demand and inversely, but not proportionately, with supply. Supply is measured by the number of guestrooms available, and demand is measured by the number of rooms occupied; the net effect of supply and demand toward equilibrium results in a prevailing price, or average rate. The purpose of this section is to investigate current supply and demand trends, as indicated by the current competitive market, and to set forth a basis for the projection of occupancy and average rate for the proposed subject property.

OVERVIEW OF NATIONAL TRENDS

The proposed subject hotel's local lodging market is most directly affected by the supply and demand trends within the regional areas in which they're situated. However, individual markets are also influenced by conditions in the national lodging market. We have reviewed national lodging trends to provide a context for the forecast of the supply and demand for the proposed subject hotel's competitive set.

Smith Travel Research (STR) is an independent research firm that compiles and publishes data on the lodging industry, routinely used by typical hotel buyers. Figure 4-1 presents annual hotel occupancy and average rate data since 1987. Figures 4-2 and 4-3 illustrate the more recent trends, categorized by geography, price point, type of location, and chain scale. The statistics include occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.

FIGURE 4-1 NATIONAL OCCUPANCY AND AVERAGE RATE TRENDS



Source: STR

FIGURE 4-2 NATIONAL OCCUPANCY AND AVERAGE RATE TRENDS – YEAR-TO-DATE DATA

	Occupancy - Thru April			Average Rate - Thru April			RevPAR - Thru April		
	2013	2014	% Change	2013	2014	% Change	2013	2014	% Change
United States	59.1 %	60.8 %	3.0 %	$108.86	$113.07	3.9 %	$64.30	$68.78	7.0 %
Region									
New England	52.9 %	53.7 %	1.4 %	$116.96	$122.10	4.4 %	$61.88	$65.51	5.9 %
Middle Atlantic	59.9	59.3	(1.1)	142.43	146.03	2.5	85.35	86.53	1.4
South Atlantic	62.3	64.4	3.5	112.66	116.61	3.5	70.16	75.14	7.1
East North Central	52.1	52.8	1.5	88.71	90.96	2.5	46.18	48.07	4.1
East South Central	54.2	55.7	2.7	80.03	83.64	4.5	43.40	46.58	7.3
West North Central	50.4	51.9	2.9	82.94	85.52	3.1	41.79	44.36	6.1
West South Central	61.5	63.3	3.0	94.87	98.01	3.3	58.30	62.05	6.4
Mountain	58.0	61.5	6.0	104.76	110.13	5.1	60.78	67.76	11.5
Pacific	65.3	67.8	3.7	129.06	136.22	5.5	84.29	92.29	9.5
Class									
Luxury	67.2 %	68.0 %	1.2 %	$257.60	$270.12	4.9 %	$173.17	$183.81	6.1 %
Upper Upscale	68.4	69.9	2.3	158.62	164.85	3.9	108.44	115.31	6.3
Upscale	67.7	69.5	2.6	121.24	125.95	3.9	82.07	87.48	6.6
Upper Midscale	59.4	61.3	3.3	98.17	101.39	3.3	58.28	62.20	6.7
Midscale	52.7	54.3	3.0	79.84	82.33	3.1	42.06	44.67	6.2
Economy	51.4	53.2	3.4	57.24	59.65	4.2	29.45	31.73	7.8
Location									
Urban	67.6 %	68.7 %	1.7 %	$151.43	$156.19	3.1 %	$102.36	$107.32	4.9 %
Suburban	59.9	62.1	3.7	91.23	95.16	4.3	54.63	59.09	8.2
Airport	68.6	71.7	4.5	98.21	102.18	4.0	67.39	73.27	8.7
Interstate	49.8	51.4	3.1	73.02	75.07	2.8	36.37	38.55	6.0
Resort	64.5	66.3	2.7	160.15	168.85	5.4	103.32	111.88	8.3
Small Metro/Town	48.7	49.8	2.3	82.45	84.86	2.9	40.18	42.30	5.3
Chain Scale									
Luxury	74.6 %	75.1 %	0.6 %	$292.32	$306.68	4.9 %	$218.14	$230.19	5.5 %
Upper Upscale	70.7	72.1	2.1	160.08	166.73	4.2	113.11	120.28	6.3
Upscale	70.0	71.8	2.7	120.23	125.03	4.0	84.12	89.82	6.8
Upper Midscale	60.0	62.0	3.2	97.23	100.32	3.2	58.36	62.16	6.5
Midscale	52.0	53.7	3.3	73.96	76.39	3.3	38.45	41.03	6.7
Economy	51.2	53.0	3.5	51.39	53.39	3.9	26.31	28.29	7.5
Independents	55.1	56.7	2.9	106.37	110.43	3.8	58.59	62.58	6.8

Source: STR - April 2014 Lodging Review

FIGURE 4-3 NATIONAL OCCUPANCY AND AVERAGE RATE TRENDS – CALENDAR YEAR DATA

	Occupancy			Average Rate			RevPAR		
	2012	2013	% Change	2012	2013	% Change	2012	2013	% Change
United States	61.3 %	62.3 %	1.5 %	$106.25	$110.35	3.9 %	$65.15	$68.69	5.4 %
Region									
New England	61.4 %	62.5 %	1.8 %	$127.18	$131.46	3.4 %	$78.11	$82.19	5.2 %
Middle Atlantic	66.5	66.0	(0.7)	150.64	155.74	3.4	100.12	102.83	2.7
South Atlantic	60.8	62.0	1.9	103.49	106.64	3.0	62.89	66.06	5.0
East North Central	58.4	59.1	1.2	92.47	95.70	3.5	53.97	56.53	4.7
East South Central	56.2	56.9	1.2	79.48	82.24	3.5	44.69	46.78	4.7
West North Central	57.3	57.9	1.0	84.20	86.54	2.8	48.23	50.07	3.8
West South Central	60.5	61.4	1.5	88.87	93.19	4.9	53.75	57.20	6.4
Mountain	59.1	60.3	1.9	96.20	99.02	2.9	56.86	59.67	4.9
Pacific	67.8	69.5	2.5	126.30	133.73	5.9	85.65	92.94	8.5
Price									
Luxury	69.5 %	70.6 %	1.6 %	$175.21	$181.98	3.9 %	$121.73	$128.52	5.6 %
Upscale	65.5	66.1	0.9	129.00	133.43	3.4	84.48	88.16	4.4
Midprice	62.3	63.1	1.4	101.65	104.91	3.2	63.29	66.24	4.7
Economy	56.2	57.3	2.1	75.40	78.44	4.0	42.36	44.99	6.2
Budget	55.5	56.3	1.5	59.24	61.68	4.1	32.86	34.73	5.7
Location									
Urban	69.4 %	70.5 %	1.6 %	$154.02	$160.80	4.4 %	$106.85	$113.31	6.0 %
Suburban	61.6	62.8	1.9	89.74	92.80	3.4	55.30	58.26	5.3
Airport	68.0	69.8	2.6	94.75	97.53	2.9	64.46	68.08	5.6
Interstate	54.5	54.8	0.6	74.29	76.18	2.5	40.49	41.77	3.1
Resort	63.2	64.1	1.4	142.28	150.22	5.6	89.99	96.36	7.1
Small Metro/Town	54.3	54.9	1.0	86.79	89.14	2.7	47.16	48.91	3.7
Chain Scale									
Luxury	73.3 %	74.6 %	1.8 %	$274.81	$290.31	5.6 %	$201.36	$216.47	7.5 %
Upper Upscale	70.9	71.9	1.5	154.36	161.04	4.3	109.40	115.84	5.9
Upscale	70.9	71.7	1.2	116.89	121.72	4.1	82.85	87.28	5.3
Mid-scale w/ F&B	63.0	63.8	1.2	97.42	100.29	2.9	61.42	63.99	4.2
Mid-scale w/o F&B	54.8	55.8	1.8	74.62	76.33	2.3	40.89	42.57	4.1
Economy	54.2	55.0	1.5	52.54	54.27	3.3	28.46	29.85	4.9
Independents	58.0	58.9	1.6	105.15	108.90	3.6	60.94	64.11	5.2

Source: STR - December 2013 Lodging Review

Following the significant occupancy and RevPAR decline experienced during the last recession, demand growth resumed in 2010, led by select markets that had recorded growth trends in the fourth quarter of 2009. The pace of demand growth accelerated through the year; in 2010, lodging demand in the U.S. increased by 7.7% over that registered in 2009. A return of business travel and some group activity contributed to these positive trends. The resurgence in demand was partly fueled by the significant price discounts that were widely available in the first half of 2010. These discounting policies were largely phased out in the latter half of the year, balancing much of the early rate loss. Average rate decreased by only 0.1% in 2010 when compared to 2009.

Strong demand growth continued in 2011 and 2012, at 5.0% and 3.0%, respectively. Demand increased 2.1% in the year-to-date through November 2013 period. Average rate rebounded by respective rates of 3.7% and 4.2%, in 2011 and 2012, followed by a 3.9% increase in 2013. In 2012, occupancy reached 61.3% (exceeding the ten-year average); moreover, occupancy gained another point in 2013, ending the year at 62.3%. Average rate finished the year just over $106 in 2012, with just over a $4 gain in rate registered in 2013. Demand and average rates should continue to strengthen in the near term. These trends, combined with the low levels of supply growth anticipated through 2014, should boost occupancy to approximately 63% by year-end 2014. We forecast national occupancy to approach 64.0% by 2016. On a national average, strengthening occupancy levels should also permit hotels to increase room rates beyond the 3.9% achieved in 2013. HVS forecasts U.S. average rate growth of 4.5%, 5.0%, and 5.25% for 2014, 2015, and 2016, respectively.

COMPETITIVE MARKET OVERVIEW

Based on an evaluation of the occupancy, rate structure, market orientation, chain affiliation, location, facilities, amenities, reputation, and quality of each area hotel, as well as the comments of management representatives, we have identified several properties that are expected to be primarily competitive with the proposed subject hotel. The following table identifies the hotels in the competitive set and various characteristics associated with each property.

FIGURE 4-4 COMPETITOR OVERVIEW

Property	Location	Year Opened	No. of Rooms	Gaming Space (SF)		Meeting Space (SF)		Spa	Owner/Operator
				Total	Per Room	Total	Per Room		
Turning Stone Resort & Casino	Verona, NY	1994 - 2006	712	120,000	169	100,000	140	Yes	Oneida Nation
Seneca Allegany Casino & Hotel	Salamanca, NY	2007 - 2013	413	95,000	230	23,500	57	Yes	Seneca Nation
Seneca Niagara Casino & Hotel	Niagara Falls, NY	2006	594	147,000	247	35,000	59	Yes	Seneca Nation
Vernon Downs Casino & Hotel	Vernon, NY	1994	165	34,500	209	7,500	45	No	Newmark Grubb
Akwesasne Mohawk Casino	Hogansburg, NY	May-2013	150	50,000	333	4,000	27	Yes	St. Regis Mohawk Nation
Mount Airy Casino Resort	Mount Pocono, PA	2007	188	62,000	330	5,700	30	Yes	DeNaples Family
Sands Casino Resort	Bethlehem, PA	May-2011	302	139,000	460	12,000	40	No	Las Vegas Sands
Mohegan Sun at Pocono Downs	Wilkes-Barre, PA	Nov-2013	238	82,000	345	20,000	84	Yes	Mohegan Tribe
Mohegan Sun	Uncasville, CT	2002	1,200	364,000	303	100,000	83	Yes	Mohegan Tribe
Foxwoods Resort Casino	Ledyard, CT	1989 - 2008	2,266	340,000	150	170,000	75	Yes	Mashantucket Pequot Tribe
Totals			6,228	1,433,500	230	477,700	77		
SUBJECT PROPERTY	**Tyre, NY**		**208**	**195,000**	**938**	**14,000**	**67**	**Yes**	**Wilmorite Corporation**

COMPETITION MAP

- Proposed Full-Service Hotel Tyre New York
- A Turning Stone Resort and Casino (Primary)
- B Seneca Allegany Casino & Hotel (Primary)
- C Seneca Niagara Casino & Hotel (Primary)
- D Vernon Downs & Miracle Isle Gaming Resort (Primary)
- E Akwesasne Mohawk Casino (Primary)
- F Mount Airy Resort & Casino (Primary)
- G Sands Casino Resort Bethlehem (Primary)
- H Mohegan Sun at Pocono Downs (Primary)
- I Mohegan Sun Resort Casino (Primary)
- J Foxwoods Resort Casino (Primary)

Photographs and a description of each competitor follow.

Turning Stone Resort & Casino – Verona, NY

Turning Stone Resort & Casino was constructed in phases beginning with a 61-room inn in 1994 and continuing through 2006 with the completion of a 285-room tower. The hotel now totals 712 rooms. Although the hotel size is much larger than that of the proposed subject property, its location is the highly comparable. The property is located 35 miles east of Syracuse, along Interstate 90. In comparison, the subject property is located 50 miles west of Syracuse.

Turning Stone's public facilities include 12 food and beverage outlets, 100,000 square feet of meeting space, full-service spa and fitness facilities, several golf courses, and a 120,000-square foot casino. Although Turning Stone's room count is substantially larger than that of the proposed subject hotel, its physical quality is similar. The guestrooms are contained in a variety of product types (the lodge, the tower, the hotel, and the inn), with varying levels of quality, but the underlying integrity of the facility is consistent.

The product is depicted in the following photographs.

TURNING STONE – EXTERIOR

TURNING STONE – "LODGE" SUITE

TURNING STONE – "TOWER" GUESTROOM

TURNING STONE – "HOTEL" GUESTROOM

We were unable to obtain a reliable estimate of the property's historical occupancy and average rate results. The property is owned and operated by the Oneida Nation, and no recent financial reports filed with the Securities Exchange Commission (SEC) have been made public.

Seneca Allegany Casino & Hotel – Salamanca, NY

Seneca Allegany Casino & Hotel opened in a rural Cattaraugus County, New York in 2007 with 232 rooms; a 181-room expansion was completed in February 2013. The room count totals 413 rooms and is located approximately 150 miles southwest of the subject property. The closest major metropolitan area is Buffalo, approximately 60 miles to the north.

The property's public facilities include 23,500 square feet of meeting space, seven food and beverage outlets, a full-service spa and salon, and a 95,000-square-foot gaming floor. The property's room count is larger than that of the proposed subject hotel and the physical quality is inferior. The product is depicted in the following photographs.

SENECA ALLEGANY – EXTERIOR

SENECA ALLEGANY – CASINO FLOOR

SENECA ALLEGANY – TYPICAL GUESTROOM

SENECA ALLEGANY – TYPICAL GUESTROOM

The property is owned and operated by the Seneca Nation. Based on recent SEC reports, we estimate that the property's recent annual occupancy rates are in the range of 95% to 100%, with average rates in the range of $85 to $90, with as much as 80% of the hotel's occupancy allocated for use by high-yield casino guests at substantially discounted rate levels. In addition, this property's results are included in the aggregate of four casino hotels whose cumulative occupancy, average rate, and RevPAR data are backed-out of the STR trend data presented later in this chapter. The aggregate data equated to 83% occupancy at a $99 average rate in calendar-year 2013.

Seneca Niagara Casino & Hotel – Niagara Falls, NY

The 594-room Seneca Niagara Casino & Hotel opened in 2006 in downtown Niagara Falls, New York, at a location approximately 130 miles west of the subject property. The location is distinct from that of the subject hotel due to its more urban setting as well as its proximity to a world-class natural attraction.

The property's public facilities include 35,000 square feet of meeting space, ten food and beverage outlets, a full-service spa and salon, and a 147,000-square-foot gaming floor. Although the property's room count is larger than that of the proposed subject hotel, its physical quality is similar. The product is depicted in the following photographs.

SENECA NIAGARA – EXTERIOR

SENECA NIAGARA – CASINO FLOOR

SENECA NIAGARA – TYPICAL GUESTROOM

SENECA NIAGARA – TYPICAL SUITE

The property is owned and operated by the Seneca Nation. Based on recent SEC reports, we estimate that the property's recent annual occupancy rates are in the range of 90% to 95%, with average rates in the range of $90 to $100, with as much as 70% of the hotel's occupancy allocated for use by high-yield casino guests at substantially discounted rate levels. In addition, this property's results are included in the aggregate of four casino hotels whose cumulative occupancy, average rate, and RevPAR data are backed-out of the STR trend data presented later in this chapter. The aggregate data equated to 83% occupancy at a $99 average rate in calendar-year 2013.

Vernon Downs Casino & Hotel – Vernon, NY

The 165-room Vernon Downs Casino & Hotel opened in 1994 in Verona, New York, approximately 80 miles east of the subject property, along Interstate 90. The property is located five miles southeast of Turning Stone Resort & Casino, approximately 35 miles east of Syracuse.

The property's public facilities include 7,500 square feet of meeting space, seven food and beverage outlets, and a 34,500-square-foot gaming floor. The property was constructed adjacent to a racetrack that dates to 1953 and a racino is also a featured attraction. The property's physical quality marks the low end of the range indicated by the competitor survey. The product is depicted in the following photographs.

VERNON DOWNS – EXTERIOR

VERNON DOWNS – RACETRACK

VERNON DOWNS – RESTAURANT

VERNON DOWNS – TYPICAL GUESTROOM

The property is privately owned and operated by Newmark Grubb. We were unable to obtain a reliable estimate of the property's historical occupancy and average rate results, but we understand that the property has experienced substantial economic challenges since the advent and expansion of the nearby Turning Stone Resort. In addition, this property's results are included in the aggregate of four casino hotels whose cumulative occupancy, average rate, and RevPAR data are backed-out of the STR trend data presented later in this chapter.

The aggregate data equated to 83% occupancy at a $99 average rate in calendar-year 2013.

Akwesasne Mohawk Casino – Hogansburg, NY

The 150-room Akwesasne Mohawk Casino opened in mid 2013, approximately one year prior to the production of this market study. The property is located in remote Franklin County, in the northernmost extension of New York State, near the Canadian border, approximately 220 miles northeast of the subject property. The most proximate metropolitan areas are Montreal and Ottawa, 80 miles to the northeast and 70 miles to the northwest, respectively.

The property's public facilities include 4,000 square feet of meeting space, three food and beverage outlets, a 50,000-square-foot gaming floor, and a full-service spa. The property's quality is consistent with the average indicated by this competitor survey. The product is depicted in the following photographs.

AKWESASNE – EXTERIOR

AKWESASNE – RESTAURANT

AKWESASNE – SPA

AKWESASNE – TYPICAL GUESTROOM

We were unable to obtain a reliable estimate of the property's historical occupancy and average rate results. The property is owned and operated by the St. Regis Mohawk Nation, and no recent financial reports filed with the Securities Exchange Commission (SEC) have been made public.

Mount Airy Casino Resort – Mount Pocono, PA

The 188-room Mount Airy Casino Resort is located on the site of the former Mount Airy Lodge, in The Poconos region of Eastern Pennsylvania, approximately 180 miles southeast of the subject property. The property is primarily sustained by demand from the Philadelphia and New York City metropolitan areas. The hotel opened in 2007.

The property's public facilities include 5,700 square feet of meeting space, six food and beverage outlets, a 62,000-square-foot gaming floor, an 18-hole golf course, and a full-service spa. The property's quality is above the standard indicated by this competitor survey, featuring a Four-Diamond AAA ranking. The resort is depicted in the following photographs.

MOUNT AIRY – EXTERIOR

MOUNT AIRY – GAMING FLOOR

MOUNT AIRY – LOBBY

MOUNT AIRY – TYPICAL GUESTROOM

The property is privately owned and operated by the DeNaples Family. Based on our research, we estimate that the Mount Airy Resort generates annual occupancy rates in the range of 80% to 85%, with average rates in the range of $100 to $110, net of discounting for high-yield casino guests.

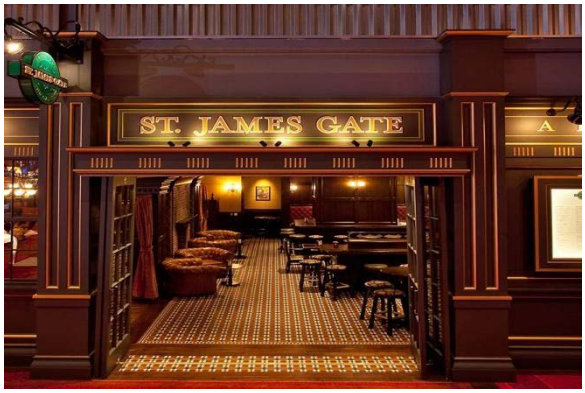
Sands Casino Resort – Bethlehem, PA

The 302-room Sands Casino Resort opened in May 2011 on the site of the former Bethlehem Steel manufacturing plant, in Bethlehem, Pennsylvania, approximately 220 miles southeast of the subject property. As with Mount Airy, the property is primarily dependent upon demand generated by the Philadelphia and New York metropolitan areas.

The property's public facilities include 12,000 square feet of meeting space, 13 food and beverage outlets, and a 139,000-square-foot gaming floor. The property's quality is above the standard indicated by this competitor survey, except for lacking a spa. The resort is depicted in the following photographs.

SANDS – EXTERIOR

SANDS – RESTAURANT



SANDS – GAMING FLOOR

SANDS – TYPICAL GUESTROOM

The property is owned and operated by the Las Vegas Sands Corporation. Based on our research, the property's occupancy and average rate were in the range of 65% and $140, respectively, where the lower occupancy and higher average daily rate (ADR) are a function of a lower level of casino-discounted demand. This facility is relatively new and was in the process of establishing its market position as of the time period the occupancy and average rate were surveyed. In addition,

this property's results are included in the aggregate of four casino hotels whose cumulative occupancy, average rate, and RevPAR data are backed-out of the STR trend data presented later in this chapter. The aggregate data equated to 83% occupancy at a $99 average rate in calendar-year 2013.

Mohegan Sun at Pocono Downs – Wilkes-Barre, PA

The 238-room Mohegan Sun at Pocono Downs opened in November 2013 with 238 rooms, representing the most recent addition to the competitive set. The property is located in Wilkes-Barre, Pennsylvania, approximately 170 miles southeast of the subject property. Mohegan Sun acquired the Pocono Downs racetrack in January 2005 and introduced the state's first slots gaming facility in 2006.

The property's public facilities include 20,000 square feet of meeting space, 14 food and beverage outlets, an 82,000-square-foot gaming floor, and a full-service spa. The resort is depicted in the following photographs.

POCONO DOWNS – EXTERIOR

POCONO DOWNS – GAMING FLOOR

POCONO DOWNS – FOOD COURT

POCONO DOWNS – TYPICAL GUESTROOM

The property opened in November 2013. Because of the abbreviated historical period there is not sufficient data available for us to provide an estimate of occupancy and average rate.

Mohegan Sun – Uncasville, CT

Mohegan Sun, with 364,000 square feet of gaming space, is one of the largest casinos in the United States. It is located along the banks of the Thames River in rural Southeastern Connecticut, approximately 340 miles southeast of the subject property. The property opened in 2002. Along with the gaming floor noted above, other public facilities include 100,000 square feet of meeting space, 17 food and beverage outlets, a full-service spa, extensive retail facilities, and an entertainment complex. The resort is depicted in the following photographs.

MOHEGAN SUN – EXTERIOR

MOHEGAN SUN – ARENA

MOHEGAN SUN – CASINO

MOHEGAN SUN – TYPICAL GUESTROOM

The property is owned and operated by the Mohegan Tribe. Based on recent SEC reports, we estimate that the property's recent annual occupancy rates are in the range of 95% to 100%, with average rates in the range of $95 to $100.

Foxwoods Resort Casino – Ledyard, CT

Foxwoods Resort Casino is located in the same general area of Connecticut as Mohegan Sun. It opened in 1989 and was gradually expanded over the next 20 years, with the most recent expansion completed in 2008. The facility now contains a total of 2,266 rooms, supported by 340,000 square feet of gaming space. Other public facilities include 170,000 square feet of meeting space, a full-service spa and fitness facility, extensive retail space, and multiple food and beverage outlets. The property is depicted in the following photographs.

FOXWOODS – EXTERIOR

FOXWOODS – CASINO

FOXWOODS – MEETING SPACE

FOXWOODS – TYPICAL GUESTROOM

We were unable to obtain a reliable estimate of the property's historical occupancy and average rate results. The property is owned and operated by the Mashantucket Pequot Tribe, and no recent financial reports filed with the Securities Exchange Commission (SEC) have been made public.

STR TREND DATA

Smith Travel Research (STR) is an independent research firm that compiles and publishes data on the lodging industry, routinely used by typical hotel buyers. HVS has ordered and analyzed an STR Trend Report of historical supply and demand data for a group of hotels considered applicable to this analysis for the proposed subject hotel. This information is presented in the following table, along with the market-wide occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.

The following table presents aggregate Smith Travel Research (STR) data for four of the casino hotels identified in the competitor overview. These are the only four of the casino hotels that report their data to STR. In order to conform with STR's confidentiality requirements, we were obliged to include three other hotels in our survey. Those hotels include two in the local market area (the Hampton Inn and Holiday Inn affiliates in Seneca Falls/Waterloo). The third is located in the immediate vicinity of the Seneca Niagara Hotel & Casino in Niagara Falls. This property is owned and operated in conjunction with the casino.

FIGURE 4-5 HISTORICAL SUPPLY AND DEMAND TRENDS (STR) – SELECTED COMP SET

Year	Average Daily Room Count	Available Room Nights Total	Available Room Nights Change	Occupied Room Nights Total	Occupied Room Nights Change	Occupancy	Average Rate Total	Average Rate Change	RevPAR Total	RevPAR Change
2010	1,509	550,816	---	428,465	---	77.8 %	$98.52	---	$76.63	---
2011	1,712	624,775	13.4 %	462,529	8.0 %	74.0	97.90	(0.6) %	72.48	(5.4) %
2012	1,852	675,919	8.2	525,219	13.6	77.7	101.41	3.6	78.80	8.7
2013	2,074	757,154	12.0	584,697	11.3	77.2	100.99	(0.4)	77.98	(1.0)
Average Annual Compounded Change:										
2010-2013			11.2 %		10.9 %			0.8 %		0.6 %
Year-to-Date Through March										
2013	2,018	181,579	---	123,038	---	67.8 %	$94.38	---	$63.95	---
2014	2,093	188,370	3.7 %	126,670	3.0 %	67.2	95.42	1.1 %	64.16	0.3 %

Hotels Included in Sample	Location	Number of Rooms	Year Opened
Non-Casino Hotels			
Holiday Inn	Waterloo, NY	147	1975
Hampton Inn	Seneca Falls, NY	81	Jul-2012
Sheraton Hotel at The Falls	Niagara Falls, NY	391	1975
Casino Hotels			
Vernon Downs Hotel & Casino	Vernon, NY	165	1994
Seneca Niagara Hotel & Casino	Niagara Falls, NY	594	2006
Seneca Allegany Casino & Hotel	Salamanca, NY	413	Mar-2007
Sands Casino Resort Hotel	Bethlehem, PA	302	May-2011
Total		**2,093**	

Source: STR Global

The composite data noted above shows the substantial increases in inventory noted in recent years, due to the recent openings of the 302-room Sands Casino Resort and the 81-room Hampton Inn in Seneca Falls. In addition, a 181-room expansion of the Seneca Allegany Hotel was completed in February 2013, and another 20 rooms were added to the Holiday Inn Waterloo in March 2013. The market has met the expansion with nearly proportionate increases in demand, with occupancy rates remaining in the range of 74% to 78%. Average rate growth, however, has been relatively flat.

We have confirmed occupancy and average rate data for the three non-casino hotels included in the STR competitive set. Using this information in the following table, we "back out" the aggregate data for the four casino hotels included in the STR competitive set.

FIGURE 4-6 AGGREGATE DATA FOR FOUR CASINO HOTELS – BACKED OUT OF STR DATA

Property	No. of Rooms	Year Opened	Estimated 2013 OCC	ADR	RevPAR
Hampton Inn - Seneca Falls	81	Jul-2012	62 %	$120	$74
Holiday Inn - Seneca Falls	147	1975	60	100	60
Sheraton - Niagara Falls	391	1975	64	105	67
Aggregate	1,455		83	99	83
Vernon Downs Hotel & Casino					
Seneca Niagara Hotel & Casino					
Seneca Allegany Hotel & Casino					
Sands Casino Resort Hotel					
Total	**2,074**		**77 %**	**$101**	**$78**

The four casinos posted an aggregate occupancy rate of 83% in 2013, at an average rate of $99.

OCCUPANCY & ADR FORECAST – SUBJECT PROPERTY

The preceding data relating to the competitive properties have been considered here, as context for projecting the subject hotel's stabilized occupancy and average rate results. In addition, our analysis is informed in part by the perspectives and conclusions reached in the "Gaming Market Assessment" prepared by Maxim Strategy Group. Dated March 2014, the study provides estimates of guestroom use generated by casino visitation. Notes on the study, pertinent to our analysis, follow.

- Visitation projections are segmented between guests whose primary purpose is gaming and guests whose primary purpose is other, such as regional tourism, spa getaways, conferences, or other business-related reasons.
- The study anticipates that the casino will generate casino-specific demand sufficient to support 45,500 room nights, while another 19,500 room nights will be generated with a non-gaming purposes, reflecting a 70/30 division of the total, 65,000 room nights.
- With a total of 208 rooms, the hotel's capacity will be 75,920 rooms. The 65,000 room nights of demand equates to an occupancy rate of 86% of the hotel's capacity.

A given casino hotel's operating performance is largely dependent upon the operator's discounting strategy, far more than in typical hotels and resorts. Casino

hotels are often treated as a "loss leader," where the hotel room is an amenity offered to high-yield gamers as an incentive to not just visit the casino, but to stay longer. Heavy discounting stimulates occupancy but typically has a more than offsetting impact on average rate, thereby skewing the hotel's rooms revenue downward far more than if the property was operated in a conventional manner.

Our methodology reflects the client's direction with respect to discounting. Specifically, we have been directed to assume that 30 of the hotel's possible 100 occupancy points are guaranteed by the casino operator at a discounted price of $100 per room. The remaining component of hotel occupancy will be priced more consistent with those of high-quality non-casino hotels and resorts in the region. This strategy represents a comparatively low level of discounting, relative to the hotels in the competitive survey.

In consideration of these factors, and the competitive overview, it is our opinion that a stabilized occupancy rate of 70% is warranted in this analysis, where this occupancy rate should be perceived as relatively low in comparison to typical casino hotels. The low level of discounting is the key factor in this conclusion, as well as the pricing assumptions detailed later in this section. (Occupancy and average rate results are co-dependent variables and need to be considered in conjunction with one another, ideally in the form of RevPAR, which accounts for both variables in a single parameter). In the following table, we allocate occupied room nights assuming that the subject property builds to a stabilized occupancy rate of 70%, where 30 points of occupancy are "casino-discounted" and the remaining 40 points of occupancy are "non casino-discounted."

The property is projected to open on July 1, 2016. The following projections begin as of that date.

FIGURE 4-7 FORECAST OF OCCUPIED ROOMS

	No. of Rooms		Occupancy Rate					Occupied Rooms				
Year	Per Day	Per Year	Casino-Discounted		Not Casino-Discounted		Total	Casino-Discounted		Not Casino-Discounted		Total
2016/17	208	75,920	30 %	+	35 %	=	65 %	22,776	+	26,572	=	49,348
2017/18	208	75,920	30	+	38	=	68	22,776	+	28,850	=	51,626
2018/19	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2019/20	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2020/21	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2021/22	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2022/23	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2023/24	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2024/25	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144
2025/26	208	75,920	30	+	40	=	70	22,776	+	30,368	=	53,144

Whereas the hotel's occupancy rate is projected to be comparatively low, the premium in average rate is expected to be more than offsetting, for the reasons noted here. Foremost, the subject hotel will have a relatively small amount of inventory to fill, assuming that 30% of the 208 rooms are ear-marked for casino discounting at a rate of $100, as expressed in 2013 dollars. The remainder is 146 rooms, which our projections essentially assume will be occupied at a rate of approximately 57%. This non-casino-discounted component is priced at a level equal to $175, also expressed in 2013 dollars. The latter pricing level was positioned based on consideration of comparable non-casino hotels located in the region, including: the 99-room Renaissance Del Monte Lodge & Spa, located in Pittsford, New York, in suburban Rochester; and the 34-room Mirbeau Inn & Spa, located in Skaneateles, New York, approximately fifteen miles west of Syracuse. Our research indicates that these properties' current average rates are in the range of $190 to $220. A modest downward adjustment was applied in the case of the subject property, given the superior locations of these comparable properties. Nevertheless, the subject property will have the benefit of significant demand generators in terms of the casino, the spa, and the restaurants. Furthermore, it is important to note here that the subject property will be supported by a particularly large casino. Expressing the amount of gaming space as a ratio to the number of guestrooms, the subject property's ratio is 938 square feet per guestroom, far above the 230-square-feet-per-guestroom average indicated by the properties in the competitor overview. The highest ratio indicated by the comparable properties was the Sands Casino Resort in Bethlehem, at 460 square feet per guestroom, still approximately half the ratio indicated by the subject property. This advantage can be expected to expand the subject property's demand base and provide management with greater pricing leverage.

In the following table, each segment's positioned price is inflated at 3% per annum through the period prior to the projected July 1, 2016 opening, and then thereafter as well.

FIGURE 4-8 AVERAGE RATE FORECAST

	Occupied Rooms					Average Rate					Rooms Revenue				
	Casino-		Not Casino-			Discounted		Not Discounted		Weighted	Casino-		Not Casino-		
Year	Discounted		Discounted		Total	Total	% Chng	Total	% Chng	Average	Discounted		Discounted		Total
2013	---		---		---	$100.00	---	$175.00	---	---	---		---		---
2016/17	22,776	+	26,572	=	49,348	$110.90	---	$194.07	---	$155.69	$2,525,851	+	$5,156,946	=	$7,682,797
2017/18	22,776	+	28,850	=	51,626	114.23	3.0 %	199.90	3.0 %	162.10	2,601,627	+	5,766,939	=	8,368,566
2018/19	22,776	+	30,368	=	53,144	117.65	3.0	205.89	3.0	168.08	2,679,675	+	6,252,576	=	8,932,251
2019/20	22,776	+	30,368	=	53,144	121.18	3.0	212.07	3.0	173.12	2,760,066	+	6,440,153	=	9,200,219
2020/21	22,776	+	30,368	=	53,144	124.82	3.0	218.43	3.0	178.31	2,842,868	+	6,633,358	=	9,476,225
2021/22	22,776	+	30,368	=	53,144	128.56	3.0	224.99	3.0	183.66	2,928,154	+	6,832,359	=	9,760,512
2022/23	22,776	+	30,368	=	53,144	132.42	3.0	231.74	3.0	189.17	3,015,998	+	7,037,329	=	10,053,328
2023/24	22,776	+	30,368	=	53,144	136.39	3.0	238.69	3.0	194.85	3,106,478	+	7,248,449	=	10,354,927
2024/25	22,776	+	30,368	=	53,144	140.48	3.0	245.85	3.0	200.69	3,199,673	+	7,465,903	=	10,665,575
2025/26	22,776	+	30,368	=	53,144	144.70	3.0	253.22	3.0	206.71	3,295,663	+	7,689,880	=	10,985,542

Stabilized ADR Deflated to 2013 Base Year Dollars:	**$142.86**
Stabilized Occupancy Rate:	**70.0%**
Stabilized RevPAR Expressed in 2013 Base Year Dollars:	**$100.00**

Based on the pricing assumptions, the weighted average rate, as expressed in 2013 dollars, equates to $142.86. With a stabilized occupancy rate of 70%, the RevPAR, expressed in 2013 dollars, equates to $100.00. By comparison, the STR aggregate data for the four casino hotels indicates a 2013 RevPAR of $83. In our opinion, the premium is warranted given the smaller size of the subject hotel and the benefits of the property's strategic location, along Interstate 90, roughly equidistant from Rochester and Syracuse. The premium also reflects the anticipated economic benefits associated with the assumed discounting strategy, which has the effect of skewing the hotel's operation toward a more traditional hotel or resort.

NEW SUPPLY RISK

It is important to consider any new hotels that may have an impact on the proposed subject hotel's operating performance. In the case of the proposed subject hotel, new supply risk is primarily associated with future issuance of gaming licenses by the State of New York. The proposed casino hotel has been designed and conceived with a scale appropriate for a regional operation, and is therefore less exposed to risk associated with casino hotel development outside of the region. The property's market area, as noted in the "Gaming Market Assessment," is expected to extend over a radius defined as a two-hour drive from the subject property. The state's strategy with respect to the issuance of future casino licenses is clearly expressed, and demonstrates sensitivity to the

investment risk of casino developers. Specifically, the relevant legislation allows that only seven commercial casinos will be issued, including four licenses in 2014 in areas outside New York City, and the final three issued in the greater New York City area after a seven-year moratorium. The first four "upstate" licenses will be allocated to specific geographic zones, including the "Finger Lakes/Southern Tier" location containing the proposed subject casino. Two of the remaining three zones – the Capital District and the Catskills – are outside the Finger Lakes/Southern Tier market area, as defined by the two-hour-drive radius. It seems safe to assume that the wildcard license will also be outside the proposed casino hotel's market area.

Due to the nature of real estate development, it is impossible to determine with certainty every hotel that will be opened in the future, or what their marketing strategies and effect in the market will be. However, the issue is subject to less risk in this analysis given that a) casino hotels are highly specific in their market orientation, and b) the issuance of gaming licenses is tied to government legislation. Note that large-scale casino-hotels with market areas that extend into multiple legislative jurisdictions – such as Mohegan Sun and Foxwoods – have a substantially higher level of risk, given that expanded legalization of gaming tends to erode these properties' market share. Indeed, these properties have experienced a significant decline in fortune over the past ten years due to the proliferation of gaming in neighboring states. But for a more modestly scaled project of the proposed subject property's sort, new supply risk can be perceived as low when compared to the risks associated with traditional hotel development. Our forecast of stabilized occupancy and average rate, as developed in this chapter, is informed by our perception and analysis of new supply risk over the long term.

5. Projection of Income and Expense

In this chapter of our report, we have compiled a forecast of income and expense for the proposed subject hotel. This forecast is based on the facilities program set forth previously, as well as the occupancy and average rate forecast discussed previously.

The forecast of income and expense is expressed in current dollars for each year. The stabilized year is intended to reflect the anticipated operating results of the property over its remaining economic life, given any or all applicable stages of build-up, plateau, and decline in the life cycle of the hotel. Thus, income and expense estimates from the stabilized year forward exclude from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusual revenues or expenses. The ten-year period reflects the typical holding period of large real estate assets such as hotels. In addition, the ten-year period provides for the stabilization of income streams and comparison of yields with alternate types of real estate. The forecasted income streams reflect the future benefits of owning specific rights in income-producing real estate.

Comparable Operating Statements

In order to project future income and expense for the proposed subject hotel, we have included a sample of individual comparable operating statements from our database of hotel statistics. All financial data are presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR). These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense.

Note that each of the selected properties are first-class, full-service hotels operated in conjunction with large food and beverage departments (including at least one restaurant and lounge and significant meeting space), where revenue from this profit center ranged from 22.3% to 41.2% of total revenue. The subject property will have the profile of a first-class, full-service hotel, and there will be a large number of food and beverage outlets and substantial meeting space operated as part of the larger casino-hotel facility. However, the income and expense directly attributable to the food and beverage department operations are excluded from our analysis, at the direction of our client. In selecting income and expense comparables, we elected to present full-service hotels as opposed to rooms-only operations.

The last column of the following tables identifies the subject property's stabilized income and expense parameters (as expressed in base-year 2013 dollars) that we have selected. As noted, we have excluded revenue and expense from the food and beverage department, and where the undistributed operating expenses are concerned, we have positioned the ratios at the low end of the comparable range, reflecting the higher level of operating efficiency resulting from the exclusion of the food and beverage department. The removal of this department extends cost savings into the administrative and general, marketing, maintenance, and utilities expense.

As noted in Figure 5-1, the subject hotel's "house profit" ratio is projected to stabilize at 50.3% of total revenue, just above the high end of the comparable range, where house profit ranged from 28.0% to 50.2% of total revenue. Again, the premium in operating efficiency is logical given the exclusion of the food and beverage department. Rooms departmental operations generate a substantially higher yield than food and beverage departmental operations, thus our forecast of the subject property's operating results reflects this advantage.

FIGURE 5-1 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Stabilized $
Year:	**2013**	**2012/13**	**2012/13**	**2010/11**	**2010/11**	**2013**
Number of Rooms:	**220 to 280**	**250 to 310**	**210 to 260**	**220 to 280**	**320 to 400**	**208**
Occupied Rooms:	**52,318**	**71,079**	**49,613**	**64,578**	**98,144**	**53,144**
Days Open:	**365**	**365**	**364**	**365**	**365**	**365**
Occupancy:	**58%**	**70%**	**58%**	**71%**	**76%**	**70%**
Average Rate:	**$120**	**$111**	**$129**	**$102**	**$123**	**$143**
RevPAR:	**$69**	**$78**	**$75**	**$72**	**$93**	**$100**
REVENUE						
Rooms	73.8 %	73.1 %	49.2 %	57.5 %	75.0 %	82.3 %
Food & Beverage	24.5	25.0	39.9	41.2	22.3	0.0
Spa	0.0	0.0	10.9	0.0	0.0	16.3
Other Operated Departments	1.7	1.8	0.0	1.3	2.7	1.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	18.5	24.4	26.9	27.6	18.9	21.0
Food & Beverage	32.0	67.9	69.3	63.6	68.9	0.0
Spa	0.0	0.0	80.6	0.0	0.0	75.0
Other Operated Departments	19.7	50.5	0.0	91.7	59.5	75.0
Total	21.8	35.8	49.6	43.3	31.1	30.6
DEPARTMENTAL INCOME	78.2	64.2	50.4	56.7	68.9	69.4
OPERATING EXPENSES						
Administrative & General	11.9	11.0	8.5	10.9	7.3	7.9
Marketing	6.4	8.5	4.9	9.7	8.1	5.6
Property Operations & Maintenance	5.3	3.7	4.7	4.1	3.7	3.4
Utilities	4.4	3.3	1.8	4.0	3.8	2.3
Total	28.0	26.5	19.8	28.7	23.0	19.2
HOUSE PROFIT	50.2	37.7	30.6	28.0	45.9	50.3
Management Fee	3.0	3.0	3.0	3.0	3.0	3.0
INCOME BEFORE FIXED CHARGES	47.2	34.7	27.6	25.0	42.9	47.3
FIXED EXPENSES						
Property Taxes	6.4	3.1	4.0	4.9	5.6	5.0
Insurance	2.0	0.8	0.5	0.5	0.6	0.6
Reserve for Replacement	4.0	4.0	4.0	4.0	4.0	4.0
Total	12.4	7.9	8.5	9.4	10.2	9.6
NET INCOME	34.8 %	26.8 %	19.1 %	15.6 %	32.7 %	37.7 %

* Departmental expense ratios are expressed as a percentage of departmental revenues

FIGURE 5-2 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Stabilized $
Year:	**2013**	**2012/13**	**2012/13**	**2010/11**	**2010/11**	**2013**
Number of Rooms:	**220 to 280**	**250 to 310**	**210 to 260**	**220 to 280**	**320 to 400**	**208**
Occupied Rooms:	**52,318**	**71,079**	**49,613**	**64,578**	**98,144**	**53,144**
Days Open:	**365**	**365**	**364**	**365**	**365**	**365**
Occupancy:	**58%**	**70%**	**58%**	**71%**	**76%**	**70%**
Average Rate:	**$120**	**$111**	**$129**	**$102**	**$123**	**$143**
RevPAR:	**$69**	**$78**	**$75**	**$72**	**$93**	**$100**
REVENUE						
Rooms	$25,169	$28,293	$27,331	$26,348	$33,795	$36,500
Food & Beverage	8,346	9,685	22,165	18,904	10,053	0
Spa	0	0	6,043	0	0	7,212
Other Operated Departments	590	703	0	576	1,199	639
Total	34,105	38,681	55,539	45,828	45,048	44,350
DEPARTMENTAL EXPENSES						
Rooms	4,644	6,908	7,340	7,268	6,382	7,665
Food & Beverage	2,671	6,580	15,351	12,028	6,927	0
Spa	0	0	4,872	0	0	5,409
Other Operated Departments	116	355	0	528	713	479
Total	7,431	13,843	27,562	19,824	14,022	13,553
DEPARTMENTAL INCOME	26,674	24,838	27,976	26,004	31,025	30,798
OPERATING EXPENSES						
Administrative & General	4,050	4,240	4,712	4,992	3,295	3,500
Marketing	2,198	3,300	2,700	4,444	3,643	2,500
Property Operations & Maintenance	1,794	1,433	2,615	1,888	1,680	1,500
Utilities	1,513	1,295	975	1,844	1,725	1,000
Total	9,555	10,268	11,002	13,168	10,343	8,500
HOUSE PROFIT	17,119	14,570	16,974	12,836	20,682	22,298
Management Fee	1,023	1,160	1,666	1,375	1,351	1,330
INCOME BEFORE FIXED CHARGES	16,095	13,409	15,308	11,461	19,331	20,967
FIXED EXPENSES						
Property Taxes	2,188	1,217	2,243	2,236	2,542	2,218
Insurance	672	309	296	244	267	250
Reserve for Replacement	1,364	1,547	2,222	1,833	1,802	1,774
Total	4,224	3,074	4,760	4,313	4,611	4,241
NET INCOME	$11,871	$10,335	$10,548	$7,148	$14,720	$16,726

FIGURE 5-3 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Stabilized $
Year:	**2013**	**2012/13**	**2012/13**	**2010/11**	**2010/11**	**2013**
Number of Rooms:	**220 to 280**	**250 to 310**	**210 to 260**	**220 to 280**	**320 to 400**	**208**
Occupied Rooms:	**52,318**	**71,079**	**49,613**	**64,578**	**98,144**	**53,144**
Days Open:	**365**	**365**	**364**	**365**	**365**	**365**
Occupancy:	**58%**	**70%**	**58%**	**71%**	**76%**	**70%**
Average Rate:	**$120**	**$111**	**$129**	**$102**	**$123**	**$143**
RevPAR:	**$69**	**$78**	**$75**	**$72**	**$93**	**$100**
REVENUE						
Rooms	$119.79	$111.06	$128.91	$102.00	$122.59	$142.86
Food & Beverage	39.72	38.02	104.54	73.18	36.47	0.00
Spa	0.00	0.00	28.50	0.00	0.00	28.23
Other Operated Departments	2.81	2.76	0.00	2.23	4.35	2.50
Total	162.32	151.83	261.95	177.41	163.40	173.58
DEPARTMENTAL EXPENSES						
Rooms	22.10	27.12	34.62	28.14	23.15	30.00
Food & Beverage	12.71	25.83	72.40	46.56	25.13	0.00
Spa	0.00	0.00	22.98	0.00	0.00	21.17
Other Operated Departments	0.55	1.39	0.00	2.04	2.59	1.88
Total	35.37	54.34	130.00	76.74	50.86	53.04
DEPARTMENTAL INCOME	126.95	97.49	131.95	100.67	112.54	120.54
OPERATING EXPENSES						
Administrative & General	19.28	16.64	22.23	19.33	11.95	13.70
Marketing	10.46	12.95	12.74	17.20	13.22	9.78
Property Operations & Maintenance	8.54	5.63	12.33	7.31	6.09	5.87
Utilities	7.20	5.08	4.60	7.14	6.26	3.91
Total	45.48	40.31	51.89	50.98	37.52	33.27
HOUSE PROFIT	81.47	57.19	80.06	49.69	75.02	87.27
Management Fee	4.87	4.55	7.86	5.32	4.90	5.21
INCOME BEFORE FIXED CHARGES	76.60	52.63	72.20	44.37	70.12	82.06
FIXED EXPENSES						
Property Taxes	10.41	4.78	10.58	8.66	9.22	8.68
Insurance	3.20	1.21	1.40	0.94	0.97	0.98
Reserve for Replacement	6.49	6.07	10.48	7.10	6.54	6.94
Total	20.10	12.07	22.45	16.70	16.73	16.60
NET INCOME	$56.50	$40.56	$49.75	$27.67	$53.39	$65.46

Fixed and Variable Component Analysis

HVS uses a fixed and variable component model to project a lodging facility's revenue and expense levels. This model is based on the premise that hotel revenues and expenses have one component that is fixed and another that varies directly with occupancy and facility usage. A projection can be made by taking a known level of revenue or expense and calculating its fixed and variable components. The fixed component is then increased in tandem with the underlying rate of inflation, while the variable component is adjusted for a specific measure of volume such as total revenue.

The actual forecast is derived by adjusting each year's revenue and expense by the amount fixed (the fixed expense multiplied by the inflated base-year amount) plus the variable amount (the variable expense multiplied by the inflated base-year amount) multiplied by the ratio of the projection year's occupancy to the base-year occupancy (in the case of departmental revenue and expense) or the ratio of the projection year's revenue to the base year's revenue (in the case of undistributed operating expenses). Fixed expenses remain fixed, increasing only with inflation. Our discussion of the revenue and expense forecast in this report is based upon the output derived from the fixed and variable model. This forecast of revenue and expense is accomplished through a systematic approach, following the format of the *Uniform System of Accounts for the Lodging Industry*. Each category of revenue and expense is estimated separately and combined at the end in the final statement of income and expense.

Inflation Assumption

A general rate of inflation must be established that will be applied to most revenue and expense categories. The following table shows inflation estimates made by economists at some noted institutions and corporations.**FIGURE 5-4 INFLATION ESTIMATES**

Name	Firm	Projected Increase in Consumer Price Index (Annualized Rate Versus 12 Months Earlier) Dec. 2013	June 2014	Dec. 2014	June 2015	Dec. 2015
Lewis Alexander	Nomura Securities International	1.3 %	1.9 %	1.9 %	1.9 %	2.0 %
Paul Ashworth	Capital Economics	1.4	1.8	1.9	2.0	2.0
Beth Ann Bovino	Standard and Poor's	1.1	1.5	1.7	1.7	1.9
Jay Brinkmann	Mortgage Bankers Association	1.5	2.1	2.0	2.1	2.3
Michael Carey	Credit Agricole CIB	1.5	1.4	1.8	1.9	2.0
Joseph Carson	AllianceBernstein	1.8	2.0	2.0	2.2	2.4
Julia Coronado	BNP Paribas	1.5	1.3	1.7	1.8	1.8
Mike Cosgrove	Econoclast	1.8	2.0	2.0	2.3	2.4
Lou Crandall	Wrightson ICAP	1.4	1.5	2.2	2.4	2.5
J. Dewey Daane	Vanderbilt University	1.0	2.0	2.0	2.0	2.0
Douglas Duncan	Fannie Mae	1.1	1.5	1.6	1.7	1.8
Robert Dye	Comerica Bank	1.2	1.7	1.8	1.8	1.9
Maria Fiorini Ramirez/Joshua Shapiro	MFR, Inc.	1.3	1.8	1.8	—	—
Doug Handler	IHS Global Insight	1.5	1.5	1.5	1.6	1.7
Ethan Harris	Bank of America Securities- Merrill Lynch	1.5	1.4	1.4	—	—
Maury Harris	UBS	1.2	1.8	2.4	2.5	2.5
Jan Hatzius	Goldman, Sachs & Co.	1.2	1.7	1.7	1.8	2.0
Tracy Herrick	Avidbank	2.6	2.7	2.9	3.4	3.9
Stuart Hoffman	PNC Financial Services Group	1.2	1.8	2.0	2.2	2.2
Joseph LaVorgna	Deutsche Bank Securities, Inc.	1.8	2.7	2.6	2.4	2.2
Edward Leamer/David Shulman	UCLA Anderson Forecast	1.4	1.6	2.0	2.4	2.3
Don Leavens/Tim Gill	NEMA Business Information Services	1.6	1.9	2.0	2.1	2.2
John Lonski	Moody's Investors Service	1.3	1.6	1.8	1.8	1.6
Dean Maki	Barclays Capital	1.7	1.7	2.2	—	—
Aneta Markowska	Societe Generale	1.3	1.4	2.0	2.0	2.4
Jim Meil/Arun Raha	Eaton Corp.	1.0	1.4	1.8	2.0	2.1
Robert Mellman	JP Morgan Chase & Co.	1.2	1.6	1.6	1.8	1.9
Michael P. Niemira	International Council of Shopping Centers	1.5	2.2	2.3	2.5	2.5
Jim O'Sullivan	High Frequency Economics	1.2	1.7	2.3	2.4	2.5
Dr. Joel Prakken/ Chris Varvares	Macroeconomic Advisers	1.1	1.7	1.7	1.7	1.8
Vincent Reinhart	Morgan Stanley	1.7	1.9	2.0	2.0	2.1
John Ryding/Conrad DeQuadros	RDQ Economics	1.3	1.8	2.3	—	—
Ian Shepherdson	Pantheon Macroeconomics	1.7	1.9	1.9	2.0	2.0
Allen Sinai	Decision Economics, Inc.	1.4	1.6	2.8	2.2	2.3
James F. Smith	Parsec Financial Management	1.0	1.0	1.1	1.2	1.3
Sean M. Snaith	University of Central Florida	1.0	1.9	1.6	1.6	1.7
Sung Won Sohn	California State University	1.8	1.9	1.7	1.6	1.9
Neal Soss	CSFB	1.5	1.4	1.7	—	—
Stephen Stanley	Pierpont Securities	1.6	2.0	2.4	2.6	2.9
Susan M. Sterne	Economic Analysis Associates Inc.	1.6	1.9	2.6	2.1	2.0
Diane Swonk	Mesirow Financial	1.2	1.3	1.4	1.5	1.6
Carl Tannenbaum	The Northern Trust	1.5	1.6	2.0	2.1	2.2
Bart van Ark	The Conference Board	1.2	1.8	2.0	2.1	2.2
Brian S. Wesbury/ Robert Stein	First Trust Advisors, L.P.	1.3	1.9	2.0	2.3	2.5
William T. Wilson	Skolkovo Institute for Emerging Market Studies	0.9	1.1	1.2	1.6	1.8
Lawrence Yun	National Association of Realtors	1.2	2.3	2.8	3.3	3.4
	Averages:	1.4 %	1.7 %	2.0 %	2.1 %	2.2 %

Source: wsj.com, January 15, 2014

As the preceding table indicates, the financial analysts who were surveyed in December of 2013 anticipated inflation rates ranging from 0.9% to 2.6% (on an annualized basis) for December 2013; the average of these data points was 1.4%. The same group expects a slightly higher annualized 1.7% inflation rate for June 2014. These rates are lower than the inflation rate averages for December 2014 and June 2015, shown at 2.0% and 2.1%, respectively.

As a further check on these inflation projections, we have reviewed historical increases in the Consumer Price Index (CPI-U). Because the value of real estate is predicated on cash flows over a relatively long period, inflation should be considered from a long-term perspective.

FIGURE 5-5 NATIONAL CONSUMER PRICE INDEX (ALL URBAN CONSUMERS)

Year	National Consumer Price Index	Percent Change from Previous Year
2003	184.0	—
2004	188.9	2.7 %
2005	195.3	3.4
2006	201.6	3.2
2007	207.3	2.8
2008	215.3	3.8
2009	214.5	-0.4
2010	218.1	1.6
2011	224.9	3.1
2012	229.6	2.1
2013	233.0	1.5
Average Annual Compounded Change		
	2003 - 2013:	2.4 %
	2008 - 2013:	1.6

Source: Bureau of Labor Statistics

Between 2003 and 2013, the national CPI increased at an average annual compounded rate of 2.4%; from 2008 to 2013, the CPI rose by a slightly lower average annual compounded rate of 1.6%. In 2013, the CPI rose by 1.5%, a decrease from the level of 2.1% recorded in 2012.

In consideration of the most recent trends, the projections set forth previously, and our assessment of probable property appreciation levels, we have applied an underlying inflation rate of 3.0%. This stabilized inflation rate takes into account normal, recurring inflation cycles. Inflation is likely to fluctuate above and below this level during the projection period. Any exceptions to the application of the

assumed underlying inflation rate are discussed in our write-up of individual income and expense items.

Summary of Projections

Based on an analysis that will be detailed throughout this section, we have formulated a forecast of income and expense. The following table presents a detailed forecast through the fifth projection year, including amounts per available room and per occupied room. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years that begin on July 1, 2016, expressed in inflated dollars for each year.

FIGURE 5-6 DETAILED FORECAST OF INCOME AND EXPENSE

	2016/17	Begins July			2017/18				Stabilized			
Number of Rooms:	208				208				208			
Occupancy:	65%				68%				70%			
Average Rate:	$155.69				$162.10				$168.08			
RevPAR:	$101.20				$110.23				$117.65			
Days Open:	365				365				365			
Occupied Rooms:	49,348	%Gross	PAR	POR	51,626	%Gross	PAR	POR	53,144	%Gross	PAR	POR
REVENUE												
Rooms	$7,683	81.5 %	$36,938	$155.69	$8,369	82.0 %	$40,236	$162.11	$8,932	82.3 %	$42,942	$168.07
Spa	1,604	17.0	7,712	32.51	1,689	16.5	8,120	32.71	1,765	16.3	8,485	33.21
Other Operated Departments	144	1.5	693	2.92	150	1.5	723	2.91	156	1.4	752	2.94
Total Revenues	9,431	100.0	45,343	191.12	10,208	100.0	49,079	197.74	10,853	100.0	52,178	204.22
DEPARTMENTAL EXPENSES *												
Rooms	1,718	22.4	8,258	34.81	1,800	21.5	8,655	34.87	1,876	21.0	9,018	35.30
Spa	1,234	76.9	5,934	25.01	1,280	75.8	6,152	24.79	1,324	75.0	6,363	24.91
Other Operated Departments	110	76.1	528	2.22	114	75.5	546	2.20	117	75.0	564	2.21
Total	3,062	32.5	14,719	62.04	3,193	31.3	15,353	61.86	3,317	30.6	15,945	62.41
DEPARTMENTAL INCOME	6,370	67.5	30,623	129.08	7,015	68.7	33,726	135.88	7,537	69.4	36,233	141.81
UNDISTRIBUTED OPERATING EXPENSES												
Administrative & General	792	8.4	3,806	16.04	825	8.1	3,967	15.98	857	7.9	4,118	16.12
Marketing	565	6.0	2,718	11.46	589	5.8	2,833	11.42	612	5.6	2,941	11.51
Prop. Operations & Maint.	339	3.6	1,631	6.87	354	3.5	1,700	6.85	367	3.4	1,765	6.91
Utilities	226	2.4	1,087	4.58	236	2.3	1,133	4.57	245	2.3	1,177	4.60
Total	1,922	20.4	9,242	38.96	2,004	19.7	9,634	38.81	2,080	19.2	10,000	39.14
HOUSE PROFIT	4,447	47.1	21,381	90.12	5,011	49.0	24,092	97.07	5,456	50.2	26,233	102.67
Management Fee	283	3.0	1,360	5.73	306	3.0	1,472	5.93	326	3.0	1,565	6.13
INCOME BEFORE FIXED CHARGES	4,164	44.1	20,021	84.39	4,705	46.0	22,620	91.14	5,131	47.2	24,667	96.55
FIXED EXPENSES												
Property Taxes	512	5.4	2,459	10.37	527	5.2	2,533	10.21	543	5.0	2,609	10.21
Insurance	58	0.6	277	1.17	59	0.6	286	1.15	61	0.6	294	1.15
Reserve for Replacement	189	2.0	907	3.82	306	3.0	1,472	5.93	434	4.0	2,087	8.17
Total	758	8.0	3,643	15.36	893	8.8	4,291	17.29	1,038	9.6	4,990	19.53
NET INCOME	$3,406	36.1 %	$16,377	$69.03	$3,812	37.2 %	$18,329	$73.85	$4,093	37.6 %	$19,677	$77.01

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 5-7 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		2022/23		2023/24		2024/25		2025/26	
Number of Rooms:	**208**		**208**		**208**		**208**		**208**		**208**		**208**		**208**		**208**		**208**	
Occupied Rooms:	**49,348**		**51,626**		**53,144**		**53,144**		**53,144**		**53,144**		**53,144**		**53,144**		**53,144**		**53,144**	
Occupancy:	**65%**		**68%**		**70%**		**70%**		**70%**		**70%**		**70%**		**70%**		**70%**		**70%**	
Average Rate:	**$155.69**	**% of**	**$162.10**	**% of**	**$168.08**	**% of**	**$173.12**	**% of**	**$178.31**	**% of**	**$183.66**	**% of**	**$189.17**	**% of**	**$194.85**	**% of**	**$200.69**	**% of**	**$206.71**	**% of**
RevPAR:	**$101.20**	**Gross**	**$110.23**	**Gross**	**$117.65**	**Gross**	**$121.18**	**Gross**	**$124.82**	**Gross**	**$128.56**	**Gross**	**$132.42**	**Gross**	**$136.39**	**Gross**	**$140.48**	**Gross**	**$144.70**	**Gross**
REVENUE																				
Rooms	$7,683	81.5 %	$8,369	82.0 %	$8,932	82.3 %	$9,200	82.3 %	$9,476	82.3 %	$9,761	82.3 %	$10,053	82.3 %	$10,355	82.3 %	$10,666	82.3 %	$10,986	82.3 %
Spa	1,604	17.0	1,689	16.5	1,765	16.3	1,818	16.3	1,872	16.3	1,928	16.3	1,986	16.3	2,046	16.3	2,107	16.3	2,170	16.3
Other Operated Departments	144	1.5	150	1.5	156	1.4	161	1.4	166	1.4	171	1.4	176	1.4	181	1.4	187	1.4	192	1.4
Total	9,431	100.0	10,208	100.0	10,853	100.0	11,179	100.0	11,514	100.0	11,860	100.0	12,215	100.0	12,582	100.0	12,960	100.0	13,349	100.0
DEPARTMENTAL EXPENSES*																				
Rooms	1,718	22.4	1,800	21.5	1,876	21.0	1,932	21.0	1,990	21.0	2,050	21.0	2,111	21.0	2,175	21.0	2,240	21.0	2,307	21.0
Spa	1,234	76.9	1,280	75.8	1,324	75.0	1,363	75.0	1,404	75.0	1,446	75.0	1,490	75.0	1,534	75.0	1,580	75.0	1,628	75.0
Other Operated Departments	110	76.1	114	75.5	117	75.0	121	75.0	124	75.0	128	75.0	132	75.0	136	75.0	140	75.0	144	75.0
Total	3,062	32.5	3,193	31.3	3,317	30.6	3,416	30.6	3,519	30.6	3,624	30.6	3,733	30.6	3,845	30.6	3,960	30.6	4,079	30.6
DEPARTMENTAL INCOME	6,370	67.5	7,015	68.7	7,537	69.4	7,763	69.4	7,996	69.4	8,236	69.4	8,482	69.4	8,737	69.4	9,000	69.4	9,270	69.4
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	792	8.4	825	8.1	857	7.9	882	7.9	909	7.9	936	7.9	964	7.9	993	7.9	1,023	7.9	1,053	7.9
Marketing	565	6.0	589	5.8	612	5.6	630	5.6	649	5.6	669	5.6	689	5.6	709	5.6	731	5.6	752	5.6
Prop. Operations & Maint.	339	3.6	354	3.5	367	3.4	378	3.4	389	3.4	401	3.4	413	3.4	426	3.4	438	3.4	451	3.4
Utilities	226	2.4	236	2.3	245	2.3	252	2.3	260	2.3	267	2.3	275	2.3	284	2.3	292	2.3	301	2.3
Total	1,922	20.4	2,004	19.7	2,080	19.2	2,143	19.2	2,207	19.2	2,273	19.2	2,341	19.2	2,411	19.2	2,484	19.2	2,558	19.2
HOUSE PROFIT	4,447	47.1	5,011	49.0	5,456	50.2	5,620	50.2	5,789	50.2	5,963	50.2	6,141	50.2	6,326	50.2	6,516	50.2	6,711	50.2
Management Fee	283	3.0	306	3.0	326	3.0	335	3.0	345	3.0	356	3.0	366	3.0	377	3.0	389	3.0	400	3.0
INCOME BEFORE FIXED CHARGES	4,164	44.1	4,705	46.0	5,131	47.2	5,285	47.2	5,443	47.2	5,607	47.2	5,775	47.2	5,948	47.2	6,127	47.2	6,311	47.2
FIXED EXPENSES																				
Property Taxes	512	5.4	527	5.2	543	5.0	559	5.0	576	5.0	593	5.0	611	5.0	629	5.0	648	5.0	667	5.0
Insurance	58	0.6	59	0.6	61	0.6	63	0.6	65	0.6	67	0.6	69	0.6	71	0.6	73	0.6	75	0.6
Reserve for Replacement	189	2.0	306	3.0	434	4.0	447	4.0	461	4.0	474	4.0	489	4.0	503	4.0	518	4.0	534	4.0
Total	758	8.0	893	8.8	1,038	9.6	1,069	9.6	1,101	9.6	1,134	9.6	1,168	9.6	1,203	9.6	1,239	9.6	1,277	9.6
NET INCOME	$3,406	36.1 %	$3,812	37.2 %	$4,093	37.6 %	$4,216	37.6 %	$4,342	37.6 %	$4,473	37.6 %	$4,606	37.6 %	$4,745	37.6 %	$4,888	37.6 %	$5,034	37.6 %

*Departmental expenses are expressed as a percentage of departmental revenues.

Forecast of Income and Expense

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take three years for the subject property to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of the proposed subject hotel's operating budget and comparable income and expense statements. The forecast is based upon fiscal years beginning July 1, 2016, expressed in inflated dollars for each year.

Rooms Department

Rooms revenue is determined by two variables: occupancy and average rate. We projected occupancy and average rate in a previous section of this report. The proposed subject hotel is expected to stabilize at an occupancy level of 70% with an average rate of $168.08 in 2018/19. Following the stabilized year, the subject property's average rate is projected to increase along with the underlying rate of inflation.

Rooms expense consists of items related to the sale and upkeep of guestrooms and public space. Salaries, wages, and employee benefits account for a substantial portion of this category. Although payroll varies somewhat with occupancy and managers can generally scale the level of service staff on hand to meet an expected occupancy level, much of a hotel's payroll is fixed. A base level of front desk personnel, housekeepers, and supervisors must be maintained at all times. As a result, salaries, wages, and employee benefits are only moderately sensitive to changes in occupancy.

Given the quality level of the proposed hotel, we have positioned the property's stabilized rooms expense at $30.00 per occupied room, as expressed in 2013 dollars, which figure is toward the high end of the comparable range. Expressed as a ratio to rooms revenue, the expense ratio stabilizes at 21.0%, toward the middle of the comparable range.

Spa Department

Income and expense from spa operations are included in this forecast. The proposed subject property will include a 10,000 square foot spa with ten treatment rooms. The following table details the comparable data used

FIGURE 5-8 COMPARABLE INDUSTRY DATA – SPA REVENUE AND EXPENSE

Property	Location	No. of Rooms	Spa Facilities: Space (sf)	Spa Facilities: Treatment Rooms	Spa Revenue: Total (+000)	Spa Revenue: Per SF	Spa Revenue: Per Ttmt Room	Spa Dept Expense Ratio
Marriott Wentworth-by-the-Sea	New Castle, NH	161	8,500	5	$1,047	$123	$209,400	58.0 %
Mayflower Inn & Spa	Washington, CT	30	20,000	8	2,257	113	282,125	73.0
Salishan Spa & Golf Resort	Gleneden Beach, OR	205	8,000	10	1,819	227	181,900	89.2
Hotel Viking	Newport, RI	209	3,000	6	1,033	344	172,167	71.0
Ocean Place Resort & Spa	Long Branch, NJ	254	15,000	15	1,665	111	111,000	59.0
Cranwell Resort, Spa & Golf Club	Lenox, MA	96	35,000	16	3,008	86	188,000	76.0
Guerney's Inn & Spa	Montauk, NY	114	30,000	40	3,616	121	90,400	74.4
Totals / Weighted Averages		1,069	119,500	100	$14,445	$121	$144,450	73.2 %
Positioned Subject Property	Tyre, NY	208	10,000	10	$1,500	$150	$150,000	75.0 %

Based on the preceding data, we positioned the subject hotel's spa revenue at $150,000 per treatment room, as expressed in 2013 dollars, or a total of $1,500,000. The expense ratio has been positioned at 75.0% of spa revenue.

Other Operated Departments Revenue

According to the Uniform System of Accounts, other operated departments include any major or minor operated department other than rooms and food and beverage. Typical sources of this revenue include the sale of convenience items, in-room movie rentals, valet laundry charges, and a variety of other minor miscellaneous items. Based on the comparable data, we've positioned the revenue at $2.50 per occupied room, in 2013 dollars, at a stabilized expense ratio of 75.0%.

Undistributed Operating Expenses

Administrative and general expense includes the salaries and wages of all administrative personnel who are not directly associated with a particular department. Expense items related to the management and operation of the property are also allocated to this category.

Marketing expense consists of all costs associated with advertising, sales, and promotion; these activities are intended to attract and retain customers. Marketing can be used to create an image, develop customer awareness, and stimulate patronage of a property's various facilities.

Property operations and maintenance expense reflects the cost of repairs and preventive maintenance necessary to keep the facilities such as plumbing, heating, and electrical systems operational.

Utilities expense accounts for the costs of water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The most common sources of hotel utilities are electricity, natural gas, fuel oil, and steam. This category also includes the cost of water service.

As noted previously, these expenses have been positioned at the low end of the comparable range, considering that the costs of staffing, operating, marketing, and maintaining the property's restaurants, lounges, and meeting space are excluded here. We have selected per-room expenses, as expressed in 2013 dollars, equal to $3,500 for administrative and general; $2,500 for marketing; $1,500 for maintenance; and $1,000 for utilities.

Management Fee

Management expense consists of the fees paid to the managing agent contracted to operate the property. Hotel management fees are typically based on a percentage of total revenue, ranging from 2% to 4% of total revenue. Our analysis assumes a management fee equal to 3.0% of total revenue, consistent with industry standards.

Property Taxes

There are no truly comparable hotels in the subject property's taxing jurisdiction upon which to base an estimate of the subject hotel's property tax expense. However, based on a review of actual property tax expense levels incurred by full-service hotels in the local area, we have positioned the subject hotel's property tax expense at a stabilized level equal to 5.0% of total revenue.

Insurance Expense

The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage. Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy.

Based on comparable data, we have positioned the proposed subject hotel's insurance expense at $250 per available room, as expressed in base-year 2013 dollars.

Reserve for Replacement

Furniture, fixtures, and equipment are essential to the operation of a lodging facility, and their quality often influences a property's class. This category includes all non-real estate items that are capitalized, rather than expensed. The furniture, fixtures, and equipment of a hotel are exposed to heavy use and must be replaced at regular intervals. The useful life of these items is determined by their quality, durability, and the amount of guest traffic and use.

Periodic replacement of furniture, fixtures, and equipment is essential to maintain the quality, image, and income-producing potential of a lodging facility. Because capitalized expenditures are not included in the operating statement but affect an owner's cash flow, a forecast of income and expense should reflect these expenses in the form of an appropriate reserve for replacement.

The International Society of Hospitality Consultants (ISHC) undertook a major industry-sponsored study of the capital expenditure requirements for full-service/luxury, select-service, and extended-stay hotels. The most recent findings of the study were published in a report in 2007.[6] Historical capital expenditures of well-maintained hotels were investigated through the compilation of data provided by most of the major hotel companies in the United States. A prospective analysis of future capital expenditure requirements was also performed based upon the cost to replace short- and long-lived building components over a hotel's economic life. The study showed that the capital expenditure requirements for hotels vary significantly from year to year and depend upon both the actual and effective ages of a property. The results of this study showed that hotel lenders and investors are requiring reserves for replacement ranging from 4% to 5% of total revenue.

Based on the results of this study, our review of the subject asset and comparable lodging facilities, and our industry expertise, we estimate that a reserve for replacement of 4% of total revenues is sufficient to provide for the timely and periodic replacement of the subject property's furniture, fixtures, and equipment. This amount is ramped up during the initial projection period.

[6] The International Society of Hotel Consultants, *CapEx 2007, A Study of Capital Expenditure in the U.S. Hotel Industry*.

6. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a market study of the proposed subject hotel; this is not an appraisal report.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed to be marketable and free of any deed restrictions and easements. The property is evaluated as though free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would impact the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. The consultants are not qualified to detect hazardous substances, and we urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by Hotel Appraisals, LLC are assumed to be true and correct. We can assume no liability resulting from misinformation.
9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including a liquor license where appropriate), and that all

licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.

11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.

12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.

13. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.

14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.

15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.

16. The quality of a lodging facility's on-site management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.

17. The financial analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease because of market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted to offset any increases or decreases in related costs. We do not warrant that our estimates will be attained, but they have been developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel investor as of the stated date of the report.

18. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of value or the date of our field inspection, whichever occurs first.

19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity,

most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.

20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.

21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.

22. This study was prepared by Hotel Appraisals, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of Hotel Appraisals, LLC as employees, rather than as individuals.

7. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined result or direction in performance that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this study;
7. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
8. Erich Baum personally inspected the property described in this report; Stephen Rushmore, Jr., MAI, CRE, FRICS participated in the analysis and reviewed the findings, but did not personally inspect the property;
9. Erich Baum provided significant assistance to Stephen Rushmore, Jr., MAI, CRE, FRICS, and that no one other than those listed above and the undersigned prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this report;
10. the undersigned have not performed prior consulting or appraisal services relating to the proposed subject property;
11. the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code

of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;

12. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and

13. as of the date of this report, Stephen Rushmore, Jr., MAI, FRICS, CRE has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members; and as of the date of this report, Stephen Rushmore, Jr., MAI, CRE, FRICS has completed the requirements of the continuing education program of the Appraisal Institute.

Erich Baum
Senior Vice President
Hotel Appraisals, LLC

Stephen Rushmore, Jr., MAI, CRE, FRICS
President and CEO
Hotel Appraisals, LLC

Erich Baum

EMPLOYMENT

1996 to present	HVS Mineola, New York (Hotel-Motel Valuations, Market Studies, Feasibility Reports, and Investment Counseling)
1990 to 1996	HVS San Francisco, California (Hotel-Motel Valuations, Market Studies, Feasibility Reports, and Investment Counseling)
1989	STOUFFER DALLAS HOTEL Dallas, Texas
1986, 1989	STATLER INN Ithaca, New York
1987	MARRIOTT'S MARCO ISLAND RESORT Marco Island, Florida
1986	PENN HARRIS MOTOR INN Camp Hill, Pennsylvania

PROFESSIONAL AFFILIATIONS

Cornell Hotel Society
Certified General Appraiser – Massachusetts (Identification No. 103018)
Certified General Appraiser – New Hampshire (Identification No. NHCG-641)
Certified General Appraiser – Maine (Identification No. CG2576)

EDUCATION

BS – School of Hotel Administration, Cornell University
MAW – School of Arts and Sciences, University of San Francisco

HVS

ARTICLES AND PUBLICATIONS

Co-Author (with Stephen Rushmore) – *Hotels and Motels – Valuations and Market Studies*, Appraisal Institute, Chicago, Illinois, 2001

Contributing Editor – *Hotel Investments Handbook*, Warren, Gorham, Lamont, Inc., New York, New York, 1997

EXAMPLES OF CORPORATE AND INSTITUTIONAL CLIENTS SERVED

AIRCOA
American Real Estate Group
Amfac Resorts, Inc.
Anglo Irish Bank
Apollo Real Estate Advisors
Ashford Hospitality Trust
Bankers Trust
Bank of America
Bank of Boston
Bank of California
Bank of New York
Bank of San Francisco
Bank of Scotland
Bank One Corporation
BDO Seidman
Bear, Stearns Commercial Mortgage
Broad, Schulz, Larson & Wineberg
California Federal Bank
Calyon
Capital Source Bank
Capmark Finance
Camden National Bank
Canadian Imperial Bank
Chemical Bank
China Trust
CIGNA
Citibank
Citicorp Real Estate
City of Bangor, Maine
City of Columbus, Ohio
Clement Chen & Associates
CNL Hospitality
Creative Initiative
Credit du Nord
Credit Lyonnais
Crosson Dannis, Inc.
DePfa Bank AG
Deutsche Bank
DLA Piper
Donaldson, Lufkin & Jenrette
Eurohypo AG
Finova
First Los Angeles Bank
Flushing Financial Corporation
Franklin County Correction Facilities Authority
The Fuji Bank
G Holdings Corporation
GE Capital
Gilbane Building Co.
Gilberti Stinziano Heintz & Smith
GMAC Commercial Mortgage
The Grant Companies
Gray, Chary, Ames & Frye
Great Addresses
Great American Federal Savings Association
Greenwich Capital Markets
Heller Financial
Holiday Inns International
Host Marriott
HSBC Bank USA
Hyatt Corporation
Hypo Real Estate Capital Corporation

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EXAMPLES OF CORPORATE AND INSTITUTIONAL CLIENTS SERVED

ITT Sheraton
JMB Realty
JP Morgan Chase & Co.
J. W. Colachis Company
Katten Muchin Rosenman
Kawasaki Leasing
Key Bank
Ladder Capital Finance
Lake County Business Outreach and Response Team
Lehman Brothers Holdings
Leisure Sports, Inc.
LNR Property Corporation
Loews Hotels
Mandarin Oriental Hotel Group
The Matrix Group
MEI Hotels
Mellon Bank
MONY Life Insurance Co.
Motel 6 Operating L.P.
Moyer Enterprises
Neptune Hospitality Advisors
Nomura Securities International
Ocwen Capital Corporation
ORIX USA
Pacific First
Park Inn International
Pettit & Martin
Pillsbury, Madison & Sutro
The Procaccianti Group
The Prudential Realty Group
Red Lion Hotels & Inns
Republic Bank
RLJ Hotels
Robert E. Woolley, Inc.
Seafirst Bank
Security Pacific National Bank
Shaner Hotel Group
Société Generale
Starwood Lodging
Streich Long
Sumitomo Bank
Swedbank
Task Consultants, Inc.
TD Bank
Textron Financial Corporation
Town of Barnard, Vermont
Travelers Realty Investment
Windsor Capital Group
Wingate Realty Finance
Unified Resorts, Ltd.
Union Bank
United Kingfield Bank
US Hotels Group
U. S. Bancorp
U. S. Department of Labor
Venterra Corporation
VMS Realty Partners
Westdeutsche Landesbank
Westmont Hospitality Group

APPEARANCES AS AN EXPERT WITNESS

Superior Court, New Britain, Connecticut
Board of Adjustment, New Castle County, Delaware
Supreme Court, Albany County, New York
New York State Department of Environmental Conservation Administrative Hearing, Margaretville, New York
Board of Appeals, Woodstock, Vermont
U.S. Bankruptcy Court, Eastern District of Missouri

EXAMPLES OF HOTELS APPRAISED OR EVALUATED

Alabama
- Fairfield Inn, Birmingham
- Radisson Hotel, Birmingham
- Courtyard by Marriott, Dothan
- Hampton Inn & Suites, Dothan
- Proposed Hotel, Mobile
- SpringHill Suites, Montgomery

Alaska
- Barratt Inn, Anchorage

Arizona
- Holiday Inn, Bullhead City
- Proposed Hilton Garden Inn, Phoenix
- Hilton Resort & Villas, Scottsdale
- Hyatt Regency Gainey Ranch, Scottsdale
- Loews Ventana Canyon, Tucson

Arkansas
- Holiday Inn, North Little Rock

California
- Proposed Summerfield Suites, Belmont
- Motel 6, Big Bear City
- Proposed Hotel, Big Bear Lake
- Marriott SFO, Burlingame
- Proposed Hotel, Clear Lake County
- Harris Ranch, Coalinga
- Trees Inn, Concord
- Hotel Del Coronado, Coronado
- Furnace Creek Inn and Ranch, Death Valley
- Stovepipe Wells Village, Death Valley
- Budget Motel, Encinitas
- Motel 6, Gilroy
- Hyatt Regency Grand Champions, Indian Wells
- Hyatt Regency, Lake Tahoe
- Hyatt Regency, Long Beach
- Beverly Hills Country Club, Los Angeles
- Ma Maison Sofitel, Los Angeles
- Proposed Rancho Malibu, Malibu
- Red Lion, Modesto
- Hyatt Regency, Monterey
- Proposed Courtyard, Newark
- Proposed Residence Inn, Newark
- Holiday Inn, Palo Alto
- Pleasanton Hilton, Pleasanton
- La Quinta Motor Inn, Rancho Penasquitos
- Mission Inn, Riverside
- Red Lion Hotel, Ronhert Park
- Sterling Hotel, Sacramento
- Holiday Inn Bayside, San Diego
- Hotel Palomar, San Diego
- Marriott Suites, San Diego

California (cont.)
- Rancho Bernardo Inn, San Diego
- Summerhouse Inn, San Diego
- U.S. Grant Hotel, San Diego
- Donatello Hotel, San Francisco
- Grand Hyatt, San Francisco
- Howard Johnson Pickwick Hotel, San Francisco
- Hyatt Fisherman's Wharf, San Francisco
- Hyatt Regency, San Francisco
- Juliana Hotel, San Francisco
- Marriott Fisherman's Wharf, San Francisco
- Orchard Hotel, San Francisco
- Parc 55, San Francisco
- Park Hyatt, San Francisco
- San Francisco Hilton, San Francisco
- San Francisco Marriott, San Francisco
- Savoy Hotel, San Francisco
- Sheraton Fisherman's Wharf, San Francisco
- Tuscan Inn, San Francisco
- Quality Suites, San Luis Obispo
- Inn at Pasatiempo, Santa Cruz
- Loews Santa Monica Beach Hotel, Santa Monica
- Ramada Inn, Solana Beach
- Proposed Westin Clubsport, Walnut Creek
- Walnut Creek Marriott, Walnut Creek

Colorado
- Ritz-Carlton Bachelor Gulch, Avon
- Marriott, Colorado Springs
- Hyatt Regency, Denver
- Proposed Hilton Garden Inn, Denver
- Proposed Summerfield Suites, Denver
- Viceroy Hotel, Snowmass
- Capella Hotel, Telluride
- Inn at Lost Creek, Telluride

Connecticut
- Comfort Inn, Cromwell
- Radisson, Cromwell
- Proposed Resort, East Haddam
- Sheraton, East Hartford
- Holiday Inn Express, East Windsor
- Harley Hotel, Enfield
- Hyatt Regency, Greenwich
- Proposed Hilton, Greenwich
- Best Western Olympic Inn, Groton
- Sheraton, Hartford
- Proposed Thames Landing Resort, Montville
- Hilton, Mystic

EXAMPLES OF HOTELS APPRAISED OR EVALUATED (CONTINUED)

Connecticut (cont.)
- Courtyard by Marriott, New Haven
- Grand Chalet, New Haven
- Proposed Hotel, New London
- Radisson, New London
- AmeriSuites, Shelton
- Holiday Inn Express & Suites, Shelton
- Dolce Heritage, Southbury
- Suisse Chalet, Stamford
- Mayflower Inn & Spa, Washington
- Courtyard by Marriott, Waterbury
- Westport Inn, Westport
- Courtyard by Marriott, Windsor
- Marriott Hartford Airport, Windsor
- Doubletree Hotel, Windsor Locks
- Homewood Suites, Windsor Locks
- Sheraton Bradley Airport, Windsor Locks

Delaware
- Christiana Hilton Inn, Newark
- Radisson Hotel & Suites, New Castle County
- Proposed Wyndham Hotel, Wilmington

District of Columbia
- Capital Hilton, Washington
- Carlyle Suites, Washington
- DoubleTree Guest Suites, Washington
- Four Seasons, Washington
- The Madison Hotel, Washington
- Park Hyatt, Washington
- Savoy Suites, Washington
- Wardman Park Marriott, Washington
- Washington Hilton, Washington

Florida
- Hyatt Regency, Coconut Point
- Marriott Hotel, Jacksonville
- Hyatt Regency, Key West
- Best Western Diplomat, Kissimmee
- Airport Hilton, Melbourne
- Hyatt Regency, Miami
- Proposed Summerfield Suites, Miami
- Grosvenor Resort, Orlando
- Holiday Inn Select – UCF, Orlando
- Heart of Palm Beach, Palm Beach
- Marriott Hotel, Palm Beach Gardens
- Grand Hyatt, Tampa
- Holiday Inn Express, Tampa
- Holiday Inn, Titusville

Georgia
- Hyatt Regency, Atlanta
- Proposed Resort & Conference Center, Atlanta
- Hilton Garden Inn Atlanta East, Lithonia
- Sea Island Resort, Sea Island

Hawaii
- Coco Palms, Kauai
- The Westin Kauai at Kauai Lagoons, Lihue
- Grand Wailea Resort, Maui
- Hyatt Regency, Maui

Idaho
- Super 8, Coeur d'Alene
- Super 8, Lewiston
- Super 8, Sandpoint

Illinois
- Radisson, Arlington Heights
- Courtyard by Marriott, Bedford Park
- Fairfield Inn & Suites, Bedford Park
- Hampton Inn, Bedford Park
- Hilton Garden Inn, Bedford Park
- Holiday Inn Express, Bedford Park
- Marriot, Bedford Park
- Sleep Inn, Bedford Park
- Hotel Indigo, Chicago
- Park Hyatt, Chicago
- Hyatt Hotel, Deerfield
- Holiday Inn Express, Effingham
- Marriott Chicago Northwest, Hoffman Estates
- Wyndham Northwest, Itasca
- Adam's Mark Hotel, Northbrook
- Hyatt Regency, Northbrook
- Radisson, Northbrook
- Hyatt Regency, Oak Brook
- Hyatt Hotel, Rosemont
- Hyatt Regency O'Hare, Rosemont
- Hyatt Regency Woodfield, Schaumburg
- Marriott, Schaumburg
- Crowne Plaza Hotel, Springfield
- Holiday Inn Express, Springfield

Indiana
- Hyatt Regency, Indianapolis

Iowa
- Holiday Inn, Iowa City
- Argosy Casino, Sioux City

EXAMPLES OF HOTELS APPRAISED OR EVALUATED (CONTINUED)

Kentucky
- Baymont Inn, Bowling Green
- Harley Hotel, Lexington
- Hyatt Regency, Lexington
- Hyatt Regency, Louisville

Louisiana
- Residence Inn, Baton Rouge
- Chateau Sonesta, New Orleans
- Fairmont Hotel, New Orleans
- Pallas Suite Hotel, New Orleans
- Proposed Grand Bay Hotel, New Orleans
- St. Ann Hotel, New Orleans
- St. Louis Hotel, New Orleans

Maine
- Hilton Garden Inn, Auburn
- Residence Inn, Auburn
- Hollywood Slots, Bangor
- Proposed Hotel, Bangor
- Proposed Hotel, Bath
- Belfast Harbor Inn, Belfast
- Comfort Inn Ocean's Edge, Belfast
- Bethel Inn & Country Club, Bethel
- Fairfield Inn & Suites, Brunswick
- Beach House Inn, Kennebunk
- Grissini Restaurant, Kennebunk
- Hidden Pond, Kennebunkport
- White Barn Inn, Kennebunkport
- Yachtsman Lodge & Marina, Kennebunkport
- Eastland Park Hotel, Portland
- Fairfield Inn, Portland
- Hilton Garden Inn, Portland
- Hilton Garden Inn Jetport, Portland
- Suisse Chalet, Portland
- Holiday Inn Express, Saco
- TownePlace Suites, Scarborough
- Holiday Inn Express, South Portland
- Marriott Sable Oaks, South Portland
- Proposed Hampton Inn, Wells
- Stage Neck Inn, York

Maryland
- Historic Inns of Annapolis, Annapolis
- Hotel Monaco, Baltimore
- Hyatt Regency, Baltimore
- Proposed SpringHill Suites, Baltimore
- Tremont Plaza Hotel, Baltimore
- Sheraton Hotel, Columbia
- Holiday Inn Express, Frederick
- Courtyard by Marriott, Hunt Valley
- Proposed Hotel, Kent Island
- Silver Spring Motel, Silver Spring

Massachusetts
- Fairfield Inn, Amesbury
- Hampton Inn, Andover
- Holiday Inn Express, Auburn
- Homewood Suites, Billerica
- Back Bay Hotel, Boston
- Courtyard by Marriott North Station, Boston
- Courtyard by Marriott Tremont, Boston
- Doubletree Bayside Expo, Boston
- Doubletree Downtown, Boston
- Doubletree Guest Suites, Boston
- Fairmont Copley, Boston
- Hilton Back Bay, Boston
- Hilton Financial District, Boston
- Holiday Inn Express, Boston
- Holiday Inn Logan Airport, Boston
- Mandarin Oriental Hotel, Boston
- Proposed Columbus Center Hotel, Boston
- Radisson Hotel, Boston
- Regent Hotel, Boston
- Renaissance Hotel, Boston
- Residence Inn Tudor Wharf, Boston
- Ritz-Carlton Boston Common, Boston
- Seaport Hotel, Boston
- Tremont House, Boston
- Westin Waterfront, Boston
- Wyndham Hotel, Boston
- Holiday Inn, Boxborough
- Radisson, Cambridge
- Chatham Bars Inn, Chatham
- Wyndham Hotel, Chelsea
- Sheraton Ferncroft, Danvers
- Hilton Hotel, Dedham
- Harbor View Resort, Edgartown
- Ramada Inn, Falmouth
- Residence Inn, Foxborough
- Residence Inn, Framingham
- Sheraton, Framingham
- Comfort Suites, Haverhill
- Clarion Nantasket Beach Hotel, Hull
- Harborview Hotel, Hyannis
- Ramada Inn, Hyannis
- Four Points Hotel, Leominster
- Holiday Inn Express, Lexington
- Doubletree Hotel, Lowell
- Sheraton Inn, Lowell
- Days Inn, Middleboro
- Holiday Inn Express, Milford
- Comfort Inn, Northborough
- MainStay Suites, Peabody
- SpringHill Suites, Peabody
- Hampton Inn, Revere
-

EXAMPLES OF HOTELS APPRAISED OR EVALUATED (CONTINUED)

Massachusetts (cont.)
- Ramada Inn, Rockland
- La Quinta Inn & Suites, Springfield
- Wheatleigh, Stockbridge
- Publick House, Sturbridge
- Fairfield Inn, Tewksbury
- TownePlace Suites, Tewksbury
- Sheraton Hotel, Wakefield
- Proposed Summerfield Suites, Waltham
- Proposed Sierra Suites, Woburn
- Radisson, Woburn
- Courtyard by Marriott, Worcester
- Crowne Plaza Hotel, Worcester
- Hampton Inn, Worcester
- Flagship Inn, Yarmouth
- Gull Way Suites, Yarmouth

Michigan
- Proposed Conference Center Hotel, Ann Arbor
- Radisson Suites, Farmington Hills
- Holiday Inn - East, Grand Rapids
- Proposed Full-Service Hotel, Grand Rapids
- Holiday Inn Express, Houghton
- Courtyard by Marriott, Kentwood
- Marriott Hotel, Livonia
- Holiday Inn, Muskegon
- Embassy Suites, Romulus
- Hampton Inn & Suites, Romulus
- Hilton Garden Inn, Romulus
- Hilton Suites, Romulus
- Radisson Plaza, Southfield
- SpringHill Suites, Southfield

Minnesota
- Airport Hilton, Bloomington
- Holiday Inn Select, Bloomington
- Doubletree Guest Suites, Minneapolis
- Graves 601 Hotel, Minneapolis
- Hilton, Minneapolis
- Hyatt Regency, Minneapolis
- Radisson University, Minneapolis

Mississippi
- Comfort Inn, Clarksdale
- Best Western, Greenville
- Hampton Inn, Greenwood
- Motel 6, Hattiesburg
- Quality Inn, Oxford
- Hollywood Casino, Tunica

Missouri
- Fairmont Hotel, Kansas City
- Chase Park Plaza, St. Louis
- Comfort Inn Airport, St. Louis
- Marriott West, St. Louis
- Ritz-Carlton, St. Louis
- Sheraton City Center, St. Louis

Nevada
- Super 8, Carson City

New Hampshire
- Bedford Village Inn, Bedford
- Wayfarer Inn, Bedford
- Fairfield Inn, Concord
- Hotel New Hampshire, Durham
- Exeter Inn, Exeter
- Hampton Inn & Suites, Exeter
- Proposed Homewood Suites, Hanover
- Courtyard by Marriott, Keene
- Courtyard by Marriott, Manchester
- Hilton Garden Inn Downtown, Manchester
- Holiday Inn Express, Manchester
- La Quinta, Manchester
- SpringHill Suites, Manchester
- TownePlace Suites, Manchester
- Fairfield Inn, Merrimack
- Merrimack Hotel & Conference Center, MerrimackCrowne Plaza, Nashua
- Residence Inn, Nashua
- Sheraton, Nashua
- Marriott Wentworth-by-the-Sea, New Castle
- Hampton Inn & Suites, North Conway
- North Conway Grand Hotel, North Conway
- Yankee Clipper Lodge, North Conway
- Courtyard by Marriott, Portsmouth
- Fairfield Inn, Portsmouth
- Hilton Garden Inn, Portsmouth
- Proposed Westin Hotel, Portsmouth
- Residence Inn, Portsmouth
- Sheraton Harborside, Portsmouth

New Jersey
- Chelsea Hotel, Atlantic City
- Proposed Hotel, Freehold
- Proposed Hotel, Jersey City
- Ocean Place Resort & Spa, Long Branch
- Proposed Summerfield Suites, Morristown
- Proposed TownePlace Suites, Mt. Laurel
- Summerfield Suites, Mt. Laurel
-

EXAMPLES OF HOTELS APPRAISED OR EVALUATED (CONTINUED)

New Jersey (cont.)
- Proposed Marriott, Newark
- Proposed Summerfield Suites, Parsippany
- Hyatt Regency, Princeton
- Holiday Inn, Somerset
- Proposed Homewood Suites, Somerset
- Sunrise Suites, Tinton Falls

New Mexico
- Doubletree Hotel, Albuquerque
- Inn at Loretto, Santa Fe

New York
- Desmond Hotel, Albany
- Marriott Buffalo Niagara, Amherst
- Holiday Inn Arena, Binghamton
- Hyatt Regency, Buffalo
- Proposed Holiday Inn Express, Chester
- Best Western Albany Airport, Colonie
- Woodcliff Hotel & Spa, Fairport
- Hampton Inn, Fishkill
- Hilton Garden Inn, Fishkill
- Whiteface Lodge, Lake Placid
- Best Western, Lockport
- Quality Inn, Massena
- Gurney's Inn, Montauk
- Grand Hyatt, New York
- Park Hyatt Stanhope, New York
- Ramada Milford Plaza, New York
- Comfort Inn The Pointe, Niagara Falls
- Holiday Inn at the Falls, Niagara Falls
- Brookwood Inn, Pittsford
- Proposed Hyatt Place East End, Riverhead
- The Point, Saranac Lake
- Proposed Belleayre Resort, Shandaken
- Embassy Suites, Syracuse
- Hampton Inn, Syracuse
- Courtyard by Marriott, Tarrytown
- Holiday Inn University, Vestal

North Carolina
- Proposed Sheraton, Davidson
- Marriott Research Triangle Park, Durham
- Hampton Inn - Airport, Greensboro
- Proposed GuestHouse Suites, Greensboro
- Proposed Holiday Inn, Huntersville
- Proposed Westin, Morrisville
- Residence Inn, Raleigh
- Sheraton Hotel, Raleigh

Ohio
- Embassy Suites, Beachwood
- Embassy Suites, Blue Ash
- Harley Hotel, Cincinnati
- Hyatt Regency, Cincinnati
- Hilton Garden Inn Gateway, Cleveland
- Hyatt Regency, Columbus
- Proposed Convention Hotel, Columbus
- Marriott Hotel, Sharonville
- Hampton Inn, St. Clairsville
- Crowne Plaza, Toledo

Oklahoma
- Proposed Hotel, Oklahoma City

Oregon
- Vintage Plaza Hotel, Portland
- Execulodge, Salem
- Holiday Inn, Wilsonville

Pennsylvania
- Proposed Hyatt Place, Bethlehem
- Comfort Inn, Hershey
- Doubletree Hotel, Moon
- Mount Airy Casino Resort, Mount Pocono
- Hotel Palomar, Philadelphia
- Omni Hotel, Philadelphia
- Park Hyatt, Philadelphia
- Proposed Residence Inn, Philadelphia
- Harley Hotel, Pittsburgh
- Hyatt Regency Airport, Pittsburgh
- Proposed Hotel & Conference Center, Scranton
- Courtyard by Marriott, Valley Forge
- Comfort Inn, York

Rhode Island
- Hyatt Regency, Newport
- Newport Harbor Hotel, Newport
- Vanderbilt Grace Hotel, Newport
- Boutique Hotel, Providence
- Hilton Hotel, Providence
- Holiday Inn, Providence
- Westin Hotel, Providence
- Comfort Inn, Warwick
- Crowne Plaza, Warwick
- Holiday Inn Express, Warwick
- MainStay Suites, Warwick
- Proposed Hotel, Warwick
- Proposed Staybridge Suites, Warwick
- Residence Inn, Warwick
- SpringHill Suites, West Warwick

EXAMPLES OF HOTELS APPRAISED OR EVALUATED (CONTINUED)

South Carolina
- Hampton Inn, Columbia
- Comfort Inn, Greenville
- Hampton Inn, Greenville
- Hampton Inn, Spartanburg

Tennessee
- Aloft Cool Springs, Franklin
- Homewood Suites, Germantown
- The Carnegie Hotel, Johnson City
- Holiday Inn Select, Memphis
- Motel 6, Memphis
- Radisson Hotel, Memphis
- Wyndham Garden, Memphis
- Holiday Inn Crowne Plaza, Nashville
- Holiday Inn Express, Nashville
- Comfort Inn, Oak Ridge

Texas
- Hyatt Regency, Austin
- Radisson Hotel & Suites, Austin
- Fairmont Hotel, Dallas
- Hyatt Regency, DFW Airport
- Hyatt Regency, Hill Country
- Hawthorn Suites, Houston
- Hyatt Regency, Houston
- Harvey Hotel, Irving
- Proposed Hotel at Southfork Ranch, Parker
- Doubletree Airport Hotel, San Antonio

Vermont
- Twin Farms, Barnard
- Hilton Hotel, Burlington
- Fairfield Inn, Colchester
- The Inn at Essex, Essex
- Killington Grand Hotel, Killington
- Cortina Inn, Mendon
- Comfort Inn, Rutland
- Hawthorn Suites, South Burlington
- Woodstock Inn & Resort, Woodstock

Virginia
- Hyatt Hotel, Arlington
- Westin Gateway, Arlington
- Hampton Inn, Chantilly
- Proposed Hotel, Chesapeake
- Embassy Suites, Crystal City
- Holiday Inn Crowne Plaza, Crystal City
- Hyatt Regency, Crystal City
- Proposed Hilton Garden Inn, Fair Oaks
- Courtyard by Marriott, Harrisonburg
- Four Points, Harrisonburg
- Homewood Suites, Herndon

Virginia (cont.)
- Holiday Inn, Leesburg
- Homewood Suites, Merrifield
- Marriott Waterside Hotel, Norfolk
- SpringHill Suites, Norfolk
- Holiday Inn - West, Richmond
- Hyatt Hotel, Richmond
- Marriott Hotel, Richmond
- Proposed Miller & Rhoads Hotel, Richmond
- Sheraton Richmond West, Richmond
- Residence Inn Tysons Corner, Vienna
- Proposed Hilton Hotel, Virginia Beach
- The Inn at Little Washington, Washington

Washington
- Embassy Suites, Bellevue
- Red Lion Hotel, Bellevue
- Homecourt Suites, Kent
- Embassy Suites, Lynnwood
- Red Lion Hotel, Sea-Tac
- Grand Hyatt, Seattle
- Holiday Inn Crowne Plaza, Seattle
- Proposed Red Lion, Seattle
- Red Lion Hotel, Spokane
- Shilo Inn, Spokane
- Skamania Lodge, Stevenson
- Howard Johnson, Tacoma
- Sheraton Hotel, Tacoma
- Shilo Inn, Tacoma
- Doubletree Suites, Tukwila
- Red Lion Hotel, Yakima

West Virginia
- Holiday Inn Hotel & Suites, Huntington
- Hampton Inn, Wheeling

Wisconsin
- Wyndham Garden, Brookfield
- Holiday Inn - Airport, Milwaukee
- Holiday Inn - West, Milwaukee
- Hyatt Regency, Milwaukee

Wyoming
- Super 8, Cody
- Super 8, Jackson
- Four Seasons Jackson Hole, Teton Village

Aruba
- Hyatt Regency

EXAMPLES OF HOTELS APPRAISED OR EVALUATED (CONTINUED)

Bermuda
- Fairmont Princess Hotel, Hamilton
- Waterloo House, Hamilton
- Coral Beach & Tennis Club, Southampton
- Horizons & Cottages, Southampton
- Sonesta Beach Resort, Southampton

Canada
- Hyatt Regency, Vancouver, British Columbia

Dominican Republic
- Punta Cana Resort, Punta Cana

Mexico
- Omni Hotel, Ixtapa

Puerto Rico
- Hyatt Dorado Beach, Dorado
- Hyatt Regency Cerromar, Dorado

West Indies
- Proposed Hotel & Casino, St. Kitts
- Club St. Lucia, St. Lucia
- Ladera Resort, St. Lucia

HVS

Stephen Rushmore Jr., MAI, CRE

EMPLOYMENT

2002 to present

HVS
Mineola, New York
(Hotel Valuations, Market Studies,
Feasibility Reports, and Investment Counseling)

EDUCATION

BS – School of Hotel Administration, Cornell University

EXAMPLES OF HOTELS APPRAISED OR EVALUATED

California
- Hotel del Coronado
- Hyatt Regency, La Jolla
- Residence Inn Sacramento, Rancho Cordova

Colorado
- Doubletree, Aurora
- Residence Inn Denver North, Westminster

Connecticut
- Proposed Hotel, South, Norwalk
- Proposed Springhill Suites, Vernon
- Homewood Studio Suites, Norwalk
- Homewood Studio Suites, Shelton

Washington DC
- Proposed Aloft

Florida
- Sheraton Yankee Clipper, Fort Lauderdale

Illinois
- Allerton Hotel, Chicago
- James Hotel, Chicago
- Marriott Suites O'Hare, Rosemont
- Proposed Element, Rosemont
- Marriott O'Hare, Chicago

Kentucky
- Sleep Inn & Suites Airport, Louisville

Louisiana
- Hilton Garden Inn French Quarter, New Orleans
- Bentley Hotel, Alexandria
- Alexander Fulton Hotel & Convention Center, Alexandria
- Proposed Extended Stay Hotel, Slidell

Maryland
- Proposed Sonesta Hotel, Baltimore
- Proposed Westin, Issue

Minnesota
- Fairfield Inn & Suites, Saint Cloud
- Country Inn & Suites, Rochester

Missouri
- Elms Resort & Spa, Excelsior Spring

New Jersey
- Crowne Plaza Clark, Newark
- Homestead Studio Suites Hanover, Parsippany
- Homestead Studio Suites Secaucus Meadowlands
- Homestead Studio Suites Meadowlands, East Rutherford
- Proposed Residence Inn, Woodbridge
- Radisson, Cartaret

New York
- Proposed Hotel Buffalo Niagara Medical Campus
- Proposed Fairfield Inn and Suites, Ithaca
- Proposed Hampton Inn, Cheektowaga
- Marriott Buffalo Niagara, Amherst
- Crosby Street Hotel, New York
- Proposed Hotel, Watertown
- Ritz-Carlton New York Battery Park, New York
- Ritz-Carlton Central Park, New York
- Verve Hotel Ascend Collection, Long Island City
- Hampton Inn & Suites Rochester, Victor
- Proposed Limited Service Hotel, Buffalo
- Proposed Home2Suites by Hilton, Liverpool
- Extended StayAmerica Lon Island, Melville
- Extended StayAmerica White Plains, Elmsford
- Extended StayAmerica Long Island, Bethpage

New York (continued)
- Proposed LaGuardia Hotel, Flushing
- Holiday Inn, Plainview
- Proposed Limited Service Hotel, Westbury
- Sheraton LaGuardia East, Flushing

Ohio
- Residence Inn Youngstown Boardman, Poland
- Fairfield Inn Ontario, Mansfield
- Residence Inn, Canton

Oklahoma
- Crowne Plaza Tulsa

Pennsylvania
- Proposed Warner Hotel, West Chester
- Wingate, Mechanicsburg
- Holiday Inn Select Bucks County, Trevose
- Proposed Hotel, Wilkes-Barre

Tennessee
- Sleep Inn and Suites, Smyrna
- Fairfield Inn & Suites Nashville, Smyrna

Texas
- Courtyard, Lubbock
- Fairfield Inn & Suites, Midland
- Fairfield Inn College Station, Bryan

France
- Hotel du Louvre, Paris

Virgin Islands
- Caneel Bay Resort, Saint John

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INSERT COLOR PAGE HERE

Submit as Exhibit VIII. C.7.e. a description, including square footage, any proposed spa, fitness and pool facilities for the hotel(s). If a pool is proposed, describe plans, if any, to mitigate water and energy (for heating) resource demands.

VIII.C.7.e. SPA AND POOL AREA

Lago Resort & Casino's hotel will include a full-service spa and pool area.

Lago Resort & Casino Spa

This 9,942 square foot facility will offer a full-service spa experience for guests. The Spa will include private rooms for services including massage, facials, wraps, as well as a nail salon, styling salon and relaxation lounge. Approximate capacity of the Spa will be 45.

Pool Area

Lago's pool area will cover about 40,000 square feet including a pool bar. This beautiful space is reserved for hotel, spa and invited guests for special events. Approximate capacity of the pool area is 900.

Conservation

Lago Resort & Casino will use these strategies for an efficient pool design:

- Solar pool cover
- Variable speed high efficiency pump with timer
- High efficiency water heater - 95% efficient
- Water temperature control - recommend design to 78 degrees, each degree increase adds 10% more energy
- Wind blocks around pool – to reduce pool evaporation

As part of Lago Resort & Casino's commitment to conservation, project design includes storm water retention and a plan to use recycled storm water for irrigation.

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Specify in Exhibit VIII. C.7.h. whether linen supply, housekeeping, and laundry will be outsourced or retained within the Gaming Facility operations.

VIII.C.7.h. OUTSOURCING OF LINEN, HOUSEKEEPING AND LAUNDRY

Lago Resort & Casino will manage housekeeping, linens and laundry for the hotel property and spa.

It is likely that Manager will enter into an agreement with a local vendor to supply linens for events and restaurants and some uniform laundry service for chef's uniforms.

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Submit as Exhibit VIII. C.8.a. a description of any proposed meeting and convention spaces, including attached back of house and catering facilities, by square footage and approximate participant capacity of each space.

VIII. C.8.a. MEETING AND CONVENTION SPACE

The Vine

The Vine is a flexible space that will be sold as meeting and event space through Group Sales. The second you enter, you can feel the vibe, the excitement. The Vine serves as an entertainment room (38,735 square feet, capacity of up to 1,700), meeting space (23,474 square feet) with capacity of approximately 800 people and has a small, specialty restaurant inside. The restaurant covers 2,900 square feet (back of house) and can serve patrons inside the Vine. For larger groups, Farmer's Market Buffet's working kitchen will be used. Back of House access is planned accordingly, with extra-wide service hallways between the kitchen and The Vine.
The event center/meeting space floor plans are included in this exhibit.

Pool Area

Lago's pool area will cover about 40,000 square feet including a pool bar. This beautiful space is reserved for hotel, spa and invited guests. Small groups may book the pool area for special events. When food is required for private parties, it will be prepared in the Farmer's Market Buffet kitchen. Maximum capacity of the pool area for special events is approximately 400.

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Submit as Exhibit VIII. C.9.a. a description of the entertainment venues proposed for the Project Site whether located inside or outside the Gaming Facility, the square footage and patron capacity of each (minimum/maximum), admission charges/price, the contemplated frequency of events (e.g., number of entertainment events and entertainment days), and uses/types of entertainment to which the venues will be dedicated. Describe and provide copies of any arrangements or agreements with promoters, artists, or performance companies or troupes. Substantiate (e.g., by comparison to analogous projects) the bases for such plans and estimates.

VIII.C.9.a. DESCRIPTION OF ENTERTAINMENT VENUE

The Vine

Lago's showroom The Vine is accessed from the gaming floor. This 38,519 square foot venue is designed to seat 1,500 or hold up to 1,700 for standing room only shows. This adult only venue will host about 160 nights of entertainment each year. The Vine is home to casino gaming and is an intimate venue for a full range of entertainment including nationally touring acts, comedy, dueling pianos and themed dance club nights. This venue is as comfortable as it is versatile. Designed to offer premier seating and tiered levels including standing room only, reserved seating, booths or table seating, and VIP suites, ticket prices will vary depending on the type of show and show cost.

Projected Ticket Prices

Wednesday Night Comedy [redacted]

Dance Club, themed

Regional Acts, Specialty

National Touring Acts

This showroom capitalizes on its intimate design which allows each guest to be no more than 120 feet from the performer. The state of the art audio/video and light system helps provide the venue that large acts command and that makes every show a great experience.

This venue is based on Manager's previous operation in Dubuque, Iowa. The Mississippi Moon Bar hosted more than 150 nights of entertainment each year with essentially the same ticket scale. The venue drove incremental visits and trial from the outer market especially when nationally touring acts performed at the venue.

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Submit as Exhibit VIII.C.9.b a description of how the entertainment venues proposed for the Project Site are distinguished (whether by design or intended use) and intended to complement the impacted live entertainment venues identified pursuant to Item IX.B.2

VIII. C.9.b DESCRIPTION OF PROPOSED ENTERTAINMENT VENUE COMPLIMENTS EXISTING

Lago is located at least 32 miles to the closest entertainment venue and more than 40 miles away from all major population centers in the area. Lago Resort & Casino truly makes this facility a destination. With that in mind, The Vine had to differentiate itself. The items which differentiate this facility are:

- VIP Suites for players allows Lago to provide a level of service to guests that previously they would have to travel to either Las Vegas, or Atlantic City to experience. This allows Lago to reach and attract players from the outer Market as well as to keep players that would otherwise be traveling for a similar experience.
- The Event Facility will be brand new and state of the art with every inch of space being used to enhance guest experience. From the lighting, audio, and seating layouts that put every guest within 120 feet of the stage.

Lago Resort & Casino has made a $1,800,000 commitment to support existing Entertainment venues over the first 10 years of operation. This money will be used to help spur initiatives at facilities, buy advertising, sponsorship, and tickets for our guests to experience other, existing Entertainment Facilities in the Region.

Canandaigua Music and Art Center- Located on the Fingerlakes Community College Campus at 3355 Marvin Sands Drive, Canandaigua, NY and is a NY not-for-profit 501(c)(3). According to their website "Newly renovated in 2006, this $13.5 million facility is the result of a privately-funded undertaking through the sale of 54 VIP boxes. Constellation Brands secured the naming rights. This state-of-the-art facility nurtures the arts for our community and provides the ultimate venue for music and entertainment. CMAC features 5,000 covered seats and lawn seating for up to 10,000 guests. In recent years, CMAC has attracted sold out shows and top-notch musical performers such as: Dave Matthews, Kenny Chesney, Sugarland, Lady Antebellum, Bob Dylan, Mumford & Sons, Kid Rock, Snoop Dogg, The Allman Brothers and Lynyrd Skynyrd. CMAC also accommodates musical theatre, dance, ballet and children's activities in addition to being the summer home of the Rochester Philharmonic Orchestra." CMAC is approximately 30 miles from our site and is the closest impacted facility.

On June 19, 2014 Lago Resort and Casino signed an MOU with Canandaigua Music and Arts Center, "CMAC," the deal points are:

- [redacted]

Ithaca State Theatre, Landmark Theatre, Clemens Center, Rochester Broadway and Theatre Leagues, and the Forum Theatre are within the region ranging from 42- 94 miles away from Lago

Resort & Casino. Fair Game Coalition is the selected representative for the Ithaca State Theatre, Landmark Theatre, Clemens Center, and The Forum Theatre. Lago Resort & Casino has been working with the Fair Game Coalition since May 13, 2014 to come to an agreement. As of the date this Application was submitted, Lago Resort & Casino is still awaiting response from the Fair Gaming Coalition regarding an MOU. Lago with continue to work in good faith and leadership believes that an agreement will be reached between both parties and that the terms will include financial support, ticket purchases and partnership similar to the partnership with CMAC.

Ways that Lago will complement other Entertainment Venues in the area:

- Lago Rewards Players Club Members earn hundreds of thousands of dollars in points each year. Lago Rewards Club Members may use their points to buy tickets at all regional entertainment venues that participate in Lago Rewards Business Partnership. Lago Rewards Business Partners participate free of charge. Lago pays 100% of advertising, promotion and to administrate the program.
- Entertainment Venues that are Lago Rewards Business Partners' upcoming events will be included at least 1 time per quarter in Lago's direct mail. Plus, their schedule of events and other information will remain current on Lago's website, included in Lago's social media sites and more.
- The Vine Showroom shall make efforts not to conflict with schedules of the Supported Entertainment Venues as announced from time to time and in particular will use best efforts to avoid conflicts with the nights when the Supported Entertainment Venues have large acts performing similar to the schedules now kept by the Supported Entertainment Venues.
- The Vine Showroom will not prohibit any of its acts from playing in the Supported Entertainment Venues within the region. Therefore avoiding any exclusivity issues that could arise.

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Submit as Exhibit VIII. C.9.c. a description of the extent to which entertainment venues and plans are contemplated to be used for casino and/or other marketing. Include the manner in which the Gaming Facility will enhance entertainment venues already existing in the Host Municipality and nearby municipalities.

VIII.C.9.c. DESCRIPTION EXTENT TO WHICH ENERTAINMENT VENUES WILL BE USED

Lago Resort & Casino's entertainment venues are designed to add to the overall destination. Right sized between the large Finger Lakes venue and smaller, limited use facilities, The Vine is perfectly positioned in the middle of the market.

The unique advantages of The Vine include:

- VIP Suites for player development and group sales. These well- appointed suites come with full service food and beverage, private VIP level restrooms and premium seating. Providing loyal players or small groups (up to 200) the opportunity to see the show in VIP comfort.
- Bar seating in view of the stage, makes this a one-of-a-kind stop for nationally touring entertainers. As close as bands can get to a surprise visit to a local club, this venue provides close-up experience for every fan in the room. This experience will help Lago attract fans from the outer market and beyond.
- Reserved Seating for comedy, dueling pianos and shows will be available online, making it easy for outer market visitors to plan their trip.
- The Vine is available for fundraising events which benefit local non-profit groups.
- Group Sales will book meetings and private events in The Vine.
- Nationally touring acts will be used to induce trial. By advertising national acts, comedy and other entertainment, Lago will help attract visitors year round, which helps combat traditional seasonality tourism.

Lago will complement other Entertainment Venues in the area by:

- The Vine Showroom shall make efforts not to conflict with schedules of the Supported Entertainment Venues as announced from time to time and in particular will use best efforts to avoid conflicts with the nights when the Supported Entertainment Venues have large acts performing similar to the schedules now kept by the Supported Entertainment Venues.
- The Vine Showroom will not prohibit any of its acts from playing in the Supported Entertainment Venues within the region. Therefore avoiding any exclusivity issues that could arise.
- Lago Rewards Players Club Members earn hundreds of thousands of dollars in points each year. Lago Rewards Club Members may use their points to buy tickets at all regional entertainment venues that participate in Lago Rewards Business Partnership. Lago Rewards Business Partners participate free of charge. Lago pays 100% of advertising, promotion and to administrate the program.
- Entertainment Venues that are Lago Rewards Business Partners' upcoming events will be included at least 1 time per quarter in Lago's direct mail. Plus, their schedule of events and other information will remain current on Lago's website, included in Lago's social media sites and more.

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Submit as Exhibit VIII. C.10.a. a description of:

1. *The proposed restaurants, including the approximate number, square footage and patron capacity, types and themes and the identity of any restaurateurs the Applicant anticipates will operate the restaurants.*
2. *The proposed retail spaces, including the approximate number, square footage and types of retail shops and how such retail development will serve the general community.*
3. *The proposed lounges and bars, including the approximate number, square footage and patron capacity and types.*
4. *Any proposed recreation facilities.*
5. *Any other proposed and related facilities or amenities.*

If any of the above amenities are not proposed to be operated by the Applicant or the Manager, indicate the names of the proposed operators and provide copies of any contracts, agreements or understandings between the Applicant and/or the Manager and such operator.

VIII. C.10.a PROPOSED AMENITIES

Proposed Restaurants

Lago Resort & Casino will feature everything from a NY Pizza stand to the finest steak and seafood restaurant in the region. One thing remains consistent in all of these restaurants, the house wine will all be local! This assortment of restaurants was carefully selected to appeal to target markets including locals, destination tourists, groups and motorists on the nearby Thruway.

portico

Portico

Bask in the warm glow of hospitality paired with exceptional cuisine. Premium steaks cooked to juicy perfection and the freshest, most succulent seafood are the hallmarks of success at Lago – where the ambiance rivals the exquisitely prepared signature dishes.

This is a contemporary interpretation of charming lakeside eatery. Inspired by the sparkling waters of the Finger Lakes Wine Country, the finishes and furnishings reflect a sense of relaxation and luxury being adjacent to the pool area.

The bar area at the front facade features an expansive custom wine bottle display wall. The wall is double-sided and can be seen from the dining room, bar, and casino. LED lights wash the display cases and illuminate the bottles. The bar is clad in cream travertine. Barstools are covered in ocean blue fabric with light teak wood frames. The back bar features two LCD TVs and a polished chrome bottle tower. Lighting over the bar will consist of custom designed pendants. Accents of teakwood and cream are found at the ceiling and surrounding walls. The flooring will be a warm plank wood at the bar and entry.

There will be a continuance of fresh colors throughout the dining area. The dining space will include an inviting fireplace, comfortable seating, and luxurious booths for a fine dining experience. Custom lighting will be placed throughout at the ceiling, creating the ambiance and mood for the space. The flooring will be a custom designed carpet inspired by the Wine Country. There will be an area for celebration and private dining beyond the dining room for patrons as well.

The front facade is a custom medium satin warm aluminum metal framework with clear glass, glass entry doors with custom handles, the walls clad in a combination of cream travertine, warm teakwood, and a combination of cream and light camel fabric. Entries will include two overhead metal and glass internally illuminated signs, one above each entry. Custom pendant lights of warm cream glass installed at the front facade of the restaurant.

The overall square footage of this space is a generous 5,960 SF with a seating capacity of 140 total seats. Portico includes a terrace with additional seating during spring, summer and fall.

Farmers Market Buffet

The finest locally sourced produce, fruits, dairy products, meats and more play a starring role in this bountiful buffet. Come fill up on a wide variety of comfort foods served in a truly friendly atmosphere where you'll always feel "at home."

Walking into a fresh open Italian marketplace sets the tone for the buffet. The facade will reveal light wood and brick architecture reminiscent of walking thru the streets of an Italian village. The furniture and seating will be a collection of outside cafe style seating. The food stations will be designed in a variety of combinations of reclaimed wood, stone tops, and a combination of brickwork and Mediterranean-style tile. The space will hold an emphasis on fresh, farm to market style food offerings and displays. The buffet space is 13,500sf, with a seating capacity of 275.

Food Court

Lago will offer a food court with three types of vendors provides an array of selections such as burgers, pizza, fresh salads and more. All three food court vendors share a festival style dining area. At this time, it is likely that the three "vendors" in the food court will be owned and operated by Applicant. The Food Court is located close to the main entrance with 6,500 square feet of space and seating capacity for up to 150 people.

THE VINE

The Vine
The second you enter, you can feel the vibe, the excitement. The electricity in the air. Welcome to entertainment central, where you'll always experience the hottest big name entertainment, the coolest drinks, fresh, fun food and A-list clientele. The Vine will be an eclectic mixture of Italian gothic architecture meets New Orleans French Quarter.

The space will be a combination of dining and event center venue offering pure entertainment with live music. The interior of the space will be an eclectic vibe with a bohemian feel, giving the patron a sense of a lively and authentic atmosphere. The flooring will be wood at the entrance and bar, and carpet in the event center. Drapery and railing will separate the bar from the venue space, and tones of chocolate browns, warm reds, and light butterscotch colors set the mood. Furniture will include touches of button tufting, metal accents and a combination of wood finishes. This space includes 38,375 SF and 1500 seats.

Proposed Retail Spaces
Designed to feature quality locally made food, wine and merchandise, the retail spaces at Lago Resort & Casino will offer goods that will appeal to local shoppers and visitors alike.

Savor NY

Savor New York
Taste the just-picked freshness of Up State New York. At Savor NY, local vendors bring the region directly to Lago Resort & Casino's guests with a wide variety of fruits, cheeses, and irresistibly delicious baked goods and other area specialties. Savor NY will have flexible, high traffic space to allow a large variety of sampling, displays and live cooking demonstrations or events. Featured vendors will be rotated monthly. Savor New York will be adjacent to the food court and have 2,500 square feet of retail space.

Shop New York
The place to pick up Lago Resort & Casino gear, the casino gift shop will feature quality merchandise, gifts and products made in New York and more. The casino gift shop includes about 2,000 square feet and will be open 24/7 for customer's convenience.

Spa Gift Shop
Lago Spa will include retail space to provide opportunity for patrons to purchase spa products, Lago Resort gear and personal care items. Square footage will be approximately 900 square feet of the spa's total 9,942 square feet.

Proposed Lounges and Bars
This mix of lounges and bars are inviting meeting places for locals and visitors alike.

The Vine
The second you enter, you can feel the vibe, the excitement. The electricity in the air. Welcome to fun, where you'll always experience the hottest big name entertainment, the coolest drinks, and a menu complete with fun food. The Vine serves as an entertainment room (38,735 square feet, capacity of up to 1,700, meeting space (23,474 square feet) with capacity of approximately 800 people and has a small, specialty restaurant inside. The restaurant covers 2,900 square feet (back of house) and can serve patrons inside the Vine.

Centrifico
Can you say, "Magnifico?" This is the center of it all, literally. The place to meet, mix, mingle and stir up the best of times serving popular drinks and bar snacks. Enhanced by a towering waterfall, Centrifico is not to be missed. This feature bar is located in the middle of the gaming floor, has a capacity of about 90 people and covers 3,075 square feet including a service bar.

Proposed Recreation Facilities
Lago Resort & Casino will be home to a full-service spa and a pool.

Lago Resort & Casino Spa
This 9,942 square foot facility will offer a full-service spa experience for guests. The Spa will include private rooms for services including massage, facials, wraps, as well as a nail salon, styling salon and relaxation lounge. Approximate capacity of the Spa will be 25.

Pool Area
Lago's pool area will cover about 40,000 square feet including a pool bar. This beautiful space is reserved for hotel, spa and invited guests. Approximate capacity of the pool area is 900.

Business Center
For the guests' convenience, Lago Resort &Casino will have a business center in its hotel. It will be equipped with at least two desktop computers with internet access and a professional version of Microsoft Office, and a printer with copying, faxing and scanning capabilities. There will be paper, stapler, pens and other business center supplies. This area may be accessed by hotel guests with their room key. It will be accessible 24 hours a day, seven days a week and is a complimentary guest service.

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Submit as Exhibit VIII. C.19. a detailed construction budget showing the total costs of the Gaming Facility project including hard costs (e.g., land acquisition, site preparation, remediation of environmental conditions or hazardous materials; excavation, grading and earth works; foundation; erection of structures; materials and labor; equipment HVAC; electrical; plumbing; furnishings; landscaping; and site improvements, including infrastructure in direct relation to both construction and operations), construction soft costs (e.g., architectural, engineering, consulting fees; real estate commissions; recordation fees and transfer taxes; insurance; contingency reserve, etc.), financial and other expenses (e.g., financing fees; interest; legal; etc.) and pre-opening expenses (e.g., training; pre-opening marketing; and initial working capital), and timing of such expenditures, together with a construction cash flow analysis.

EXHIBIT VIII.C.19. CONSTRUCTION BUDGET

The total cost of the Lago Resort & Casino including hard costs, construction soft costs, financial and other expenses, and pre-opening expenses is $425,000,000. A detailed breakdown by construction division as well as a cash flow analysis by construction division is included in this exhibit.

Exhibit VIII.C.19. CONSTRUCTION BUDGET

Lago Resort & Casino		
CONSTRUCTION HARD COSTS		
Division 01: General Requirements	$	1,549,612
Division 02: Existing Conditions	$	-
Division 03: Concrete	$	14,603,675
Division 04: Masonry	$	3,445,714
Division 05: Metals	$	13,228,709
Division 06: Wood, Plastics, and Composites	$	10,029,917
Division 07: Thermal and Moisture Protection	$	7,025,614
Division 08: Openings	$	7,519,204
Division 09: Finishes	$	27,077,091
Division 10: Specialties	$	2,165,950
Division 11: Equipment	$	48,713,326
Division 12: Furnishings	$	23,661,366
Division 13: Special Construction	$	2,268,984
Division 14: Conveying Equipment	$	3,512,480
Division 21: Fire Suppression	$	3,041,191
Division 22: Plumbing	$	5,082,117
Division 23: HVAC	$	14,741,558
Division 26: Integrated Automation	$	15,362,717
Division 27: Electrical	$	18,046,188
Division 28: Communications	$	3,161,820
Division 31: Electronic Safety and Security	$	6,651,567
Division 32: Earthwork	$	10,621,401
Division 33: Exterior Improvements	$	7,960,621
Division 34: Utilities	$	8,078,994
Division 48: Electrical Power Generation	$	5,512,148
Subtotal	**$**	**263,061,964**
CONSTRUCTION SOFT COSTS		
Design & Engineering	$	8,000,000
Construction Management Design Administration	$	6,466,082
Insurance	$	1,929,540
Contingency	$	10,685,914
Land Acquisition	$	600,000
Plan Check, Inspection, & Public Works	$	3,570,777
Predevelopment / Chase Costs	$	4,019,902
Subtotal	**$**	**35,272,215**
FINANCIAL & OTHER EXPENSES		
Legal	$	750,000
External Audit	$	325,500
Host Community Agreement	$	1,000,000
License Fee	$	50,000,000
Application Fee	$	1,000,000
Finance Fee	$	8,920,439
Interest Reserve	$	34,602,188
Development Fee	$	3,000,000
Host Community Agreement Pre-Funding	$	2,000,000
Construction Management Fee	$	4,594,628
Subtotal	**$**	**106,192,755**
PRE-OPENING EXPENSES		
Pre-Opening	$	8,339,552
Base Stock	$	2,681,820
Inventory	$	951,694
Bankroll	$	8,500,000
Subtotal	**$**	**20,473,066**
TOTAL PROJECT COST	**$**	**425,000,000**

VIII.C.19. CONSTRUCTION BUDGET

Lago Resort & Casino, LLC

Description				UNIT COST	Total Project Costs	MINIMUM CAPITAL INVESTMENT	BREAKOUT CONSTRUCTION: Construction	Hard FF & E	AV
HOTEL									
GUESTROOM TOWER: Suite Mix at	126,596	*Key=*	**208 @ $152,329**	$250	31,684,349	31,684,349	25,738,150	5,515,400	430,799
LOBBY, FRONT DESK & PUBLIC	8,195	SF		$496	4,066,475	4,066,475	3,388,207	597,556	80,712
CENTRAL HOUSEKEEPING & BOH	4,838	SF		$241	1,164,977	1,164,977	1,164,977	-	-
SPA & FITNESS CENTER	9,942	SF	**9 Treatment Rooms**	$500	4,974,387	4,974,387	4,299,941	540,161	134,284
POOL & RECREATION AREA	40,000	SF		$68	2,724,778	2,724,778	2,248,499	431,500	44,779
CASINO FLOOR & CIRCULATION	94,001	SF	**2,000 Slots**	$422	39,683,851	39,683,851	34,724,596	4,107,989	851,266
GAMING SUPPORT	16,911	SF	**80 Tables**	$516	8,733,812	8,733,812	7,850,938	653,782	229,092
RESTAURANTS	31,895	SF	**713 Seats**	$478	15,241,820	15,241,820	13,515,285	1,555,695	170,840
BARS	3,773	SF	**28 Seats**	$635	2,396,237	2,396,237	1,987,426	256,359	152,451
EVENT CENTER	40,028	SF	**1,800 Seats**	$402	16,085,741	16,085,741	11,817,807	3,074,337	1,193,597
RETAIL	3,997	SF		$323	1,291,224	1,291,224	1,160,328	113,172	17,725
BACK OF HOUSE	59,111	SF		$216	12,772,876	12,772,876	11,514,319	1,050,510	208,047
SHELL (UNASSIGNED)	3,731	SF		$84	314,317	314,317	314,317	-	-
PARKING GARAGE	733	Car		$20,303	14,881,962	14,881,962	14,616,747	87,800	177,415
CENTRAL PLANT					512,148	512,148	512,148	-	-
SITE	60	Acre		$395,223	23,695,569	23,695,569	23,524,834	-	170,735
	2,345	Car	**(Surface Parking in Site)**		-	-			
DAY CARE CENTER	4,500	SF		$185	834,172	834,172	759,172	75,000	-
GREEN INFRASTRUCTURE					5,000,000	5,000,000	5,000,000	-	-
OFFSITE					6,952,500	Not Inlcuded	6,952,500	-	-
	403,018	**SF**	**Enclosed Program**	**SUBTOTAL**	**193,011,195**	**186,058,695**	**171,090,191**	**18,059,262**	**3,861,743**
ADDITIONAL HARD COST									
				DESIGN & ENGINEERING	8,000,000	8,000,000			
				SIGNAGE	2,165,950	2,165,950			
				KITCHEN & BAR EQUIPMENT	3,515,460	3,515,460			
				CONSTRUCTION & DESIGN ADMINISTRATION	6,466,082	6,466,082			
				INSURANCE	1,929,540	1,929,540			
				PLAN CHECK, INSPECTION, & PUBLIC WORKS FEES	3,570,777	3,570,777			
				TESTING & COMMISIONING	1,072,412	1,072,412			
				LEGAL	750,000	Not Inlcuded			
				EXTERNAL AUDIT	325,500	Not Inlcuded			
				SUBTOTAL	**27,795,721**	**26,720,221**			
HARD COST CONTINGENCY					**10,000,000**	**10,000,000**			
FF & E OPERATIONS CONTINGENCY					**685,914**	**685,914**			
OPERATIONS "SOFT" FF & E COSTS					**63,296,949**	**63,296,949**			
				SUBTOTAL	**294,789,778**	**286,761,778**			
OTHER COSTS									
				PRE-OPENING	8,339,552	5,161,879			
				BASE STOCK	2,681,820	2,681,820			
				INVENTORY	951,694	951,694			
				BANKROLL	8,500,000	Not Inlcuded			
				LAND	600,000	Not Inlcuded			
				HOST COMMUNITY AGREEMENT FEE	1,000,000	Not Inlcuded			
				PREDEVELOPMENT/ CHASE COST	3,219,902	Not Inlcuded			
				CONSTRUCTION MANAGEMENT FEE	4,594,628	4,594,628			
				HCA PRE-FUNDING	2,000,000	Not Inlcuded			
				LICENSE FEE	50,000,000	Not Inlcuded			
				APPLICATION FEE	1,000,000	Not Inlcuded			
				INTEREST RESERVE	34,602,188	Not Inlcuded			
				FINANCE FEE	8,920,438	Not Inlcuded			
				OTHER CHASE COSTS	800,000	200,000			
				DEVELOPMENT FEE	3,000,000	3,000,000			
				SUBTOTAL OTHER COSTS	**130,210,222**	**16,590,021**			
PROJECT GRAND TOTAL					**425,000,000**	**303,351,799**			

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Submit as Exhibit VIII.C.21. a table indicating by trade and calendar quarter the number of construction hours, the average daily number of full time equivalent ***("FTE's")*** *workers expected to work on the project, the average monthly compensation and benefits per FTE, the average monthly total labor cost per FTE (compensation plus benefits). Provide overall and by trade the total construction hours, FTE's, compensation, benefits, and labor cost for the entire construction period.*

Exhibit VIII.C.21. CONSTRUCTION JOBS

Lago Resort & Casino will create approximately 1,238 on site construction full time equivalents (FTE's). The attached report is broken out by construction trade. The report calculates by calendar quarter the number of construction hours, the average daily number of full time equivalent workers expected to work on the project, the average monthly compensation and benefits per FTE, and the average total labor cost per FTE. The overall total construction hours, FTE's, compensation, benefits, and labor costs for the entire construction period is provided in the exhibits and is broken down by each trade.

The attached report are based on Quarter 1 starting on day 1 of construction. Actual dates are not included since anticipated start date of the construction is based on the Gaming License award. We project Quarter 1 to start within 7 days of Gaming License award. The anticipated construction schedule is based on 18 months with an accelerated 14 month Casino construction schedule.

The burdened hourly construction rate used for calculations in this are the Prevailing Wage Rates for Seneca County, last published on June 1, 2014. Actual rates for each trade will follow the applicants Project Labor Agreement (PLA) which are in line with the listed Prevailing Wage Rates. The Prevailing Wage Rates for Seneca County are attached to this exhibit.

Introduction to the Prevailing Rate Schedule

Information About Prevailing Rate Schedule

This information is provided to assist you in the interpretation of particular requirements for each classification of worker contained in the attached Schedule of Prevailing Rates.

Classification

It is the duty of the Commissioner of Labor to make the proper classification of workers taking into account whether the work is heavy and highway, building, sewer and water, tunnel work, or residential, and to make a determination of wages and supplements to be paid or provided. It is the responsibility of the public work contractor to use the proper rate. If there is a question on the proper classification to be used, please call the district office located nearest the project. District office locations and phone numbers are listed below.

Prevailing Wage Schedules are issued separately for "General Construction Projects" and "Residential Construction Projects" on a county-by-county basis.

General Construction Rates apply to projects such as: Buildings, Heavy & Highway, and Tunnel and Water & Sewer rates.

Residential Construction Rates generally apply to construction, reconstruction, repair, alteration, or demolition of one family, two family, row housing, or rental type units intended for residential use.

Some rates listed in the Residential Construction Rate Schedule have a very limited applicability listed along with the rate. Rates for occupations or locations not shown on the residential schedule must be obtained from the General Construction Rate Schedule. Please contact the local Bureau of Public Work office before using Residential Rate Schedules, to ensure that the project meets the required criteria.

Paid Holidays

Paid Holidays are days for which an eligible employee receives a regular day's pay, but is not required to perform work. If an employee works on a day listed as a paid holiday, this remuneration is in addition to payment of the required prevailing rate for the work actually performed.

Overtime

At a minimum, all work performed on a public work project in excess of eight hours in any one day or more than five days in any workweek is overtime. However, the specific overtime requirements for each trade or occupation on a public work project may differ. Specific overtime requirements for each trade or occupation are contained in the prevailing rate schedules.

Overtime holiday pay is the premium pay that is required for work performed on specified holidays. It is only required where the employee actually performs work on such holidays.

The applicable holidays are listed under HOLIDAYS: OVERTIME. The required rate of pay for these covered holidays can be found in the OVERTIME PAY section listings for each classification.

Supplemental Benefits

Particular attention should be given to the supplemental benefit requirements. Although in most cases the payment or provision of supplements is for each hour worked, some classifications require the payment or provision of supplements for each hour paid (including paid holidays on which no work is performed) and/or may require supplements to be paid or provided at a premium rate for premium hours worked.

Effective Dates

When you review the schedule for a particular occupation, your attention should be directed to the dates above the column of rates. These are the dates for which a given set of rates is effective. The rate listed is valid until the next effective rate change or until the new annual determination which takes effect on July 1 of each year. All contractors and subcontractors are required to pay the current prevailing rates of wages and supplements. If you have any questions please contact the Bureau of Public Work or visit the New York State Department of Labor website (www.labor.state.ny.us) for current wage rate information.

Apprentice Training Ratios

The following are the allowable ratios of registered Apprentices to Journey-workers.

For example, the ratio 1:1,1:3 indicates the allowable initial ratio is one Apprentice to one Journeyworker. The Journeyworker must be in place on the project before an Apprentice is allowed. Then three additional Journeyworkers are needed before a second Apprentice is allowed. The last ratio repeats indefinitely. Therefore, three more Journeyworkers must be present before a third Apprentice can be hired, and so on.

Please call Apprentice Training Central Office at (518) 457-6820 if you have any questions.

Title (Trade)	Ratio
Boilermaker (Construction)	1:1,1:4
Boilermaker (Shop)	1:1,1:3
Carpenter (Bldg.,H&H, Pile Driver/Dockbuilder)	1:1,1:4
Carpenter (Residential)	1:1,1:3
Electrical (Outside) Lineman	1:1,1:2

Electrician (Inside)	1:1,1:3
Elevator/Escalator Construction & Modernizer	1:1,1:2
Glazier	1:1,1:3
Insulation & Asbestos Worker	1:1,1:3
Iron Worker	1:1,1:4
Laborer	1:1,1:3
Mason	1:1,1:4
Millwright	1:1,1:4
Op Engineer	1:1,1:5
Painter	1:1,1:3
Plumber & Steamfitter	1:1,1:3
Roofer	1:1,1:2
Sheet Metal Worker	1:1,1:3
Sprinkler Fitter	1:1,1:2

If you have any questions concerning the attached schedule or would like additional information, please contact the nearest BUREAU of PUBLIC WORK District Office or write to:

New York State Department of Labor
Bureau of Public Work
State Office Campus, Bldg. 12
Albany, NY 12240

District Office Locations:	Telephone #	FAX #
Bureau of Public Work - Albany	518-457-2744	518-485-0240
Bureau of Public Work - Binghamton	607-721-8005	607-721-8004
Bureau of Public Work - Buffalo	716-847-7159	716-847-7650
Bureau of Public Work - Garden City	516-228-3915	516-794-3518
Bureau of Public Work - Newburgh	845-568-5287	845-568-5332
Bureau of Public Work - New York City	212-775-3568	212-775-3579
Bureau of Public Work - Patchogue	631-687-4882	631-687-4904
Bureau of Public Work - Rochester	585-258-4505	585-258-4708
Bureau of Public Work - Syracuse	315-428-4056	315-428-4671
Bureau of Public Work - Utica	315-793-2314	315-793-2514
Bureau of Public Work - White Plains	914-997-9507	914-997-9523
Bureau of Public Work - Central Office	518-457-5589	518-485-1870

Seneca County General Construction

Boilermaker 06/01/2014

JOB DESCRIPTION Boilermaker **DISTRICT** 6

ENTIRE COUNTIES
Cayuga, Clinton, Cortland, Franklin, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, Seneca, St. Lawrence, Tompkins

WAGES

Per hour:	07/01/2013	01/01/2014
Boilermaker	$ 29.00	$ 29.13

SUPPLEMENTAL BENEFITS

Per hour paid:		
Journeyman	$ 23.39	$ 24.41

*IMPORTANT NOTE (Portion of supplemental benefits per hour paid at same premium as shown for overtime.)

Journeyman	$ 22.20*	$ 23.22*

OVERTIME PAY
See (B,E,Q) on OVERTIME PAGE.

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6, 15, 25) on HOLIDAY PAGE
Note: When a holiday falls on Sunday, the day observed by the State or Nation shall be observed. When Christmas Day and New Year's fall on Saturday, Friday will be observed as the holiday.

REGISTERED APPRENTICES
WAGES per hour:

Six month terms at the following percentage of Journeyman's wage.

	1st 65%	2nd 65%	3rd 70%	4th 75%	5th 80%	6th 85%	7th 90%	8th 95%
07/01/2013	$18.85	$18.85	$20.30	$21.75	$23.20	$24.65	$26.10	$27.55
01/01/2014	18.93	18.93	20.39	21.85	23.30	24.76	26.22	27.67

SUPPLEMENTAL BENEFITS per hour paid:

	1st	2nd	3rd	4th	5th	6th	7th	8th
07/01/2013	$18.07	$18.07	$18.83	$19.59	$20.34	$21.11	$21.88	$22.64
01/01/2014	18.73	18.73	19.54	20.35	21.15	21.98	22.80	23.61

*IMPORTANT NOTE (Portion of supplemental benefits per hour paid at same premium as shown for overtime.)

	1st	2nd	3rd	4th	5th	6th	7th	8th
07/01/2013	$16.88*	$16.88*	$17.64*	$18.40*	$19.15*	$19.92*	$20.69*	$21.45*
01/01/2014	17.54*	17.54*	18.35*	19.16*	19.96*	20.79*	21.61*	22.42*

6-175

Carpenter - Building 06/01/2014

JOB DESCRIPTION Carpenter - Building **DISTRICT** 5

ENTIRE COUNTIES
Cayuga, Seneca, Yates

WAGES

Per hour	07/01/2013	06/01/2014 Additional	06/01/2015 Additional
Building:			
Carpenter	$ 24.00	$ 1.38	$ 1.43
Floorlayer	24.00	1.38	1.43
Piledriver	24.25	1.38	1.43
Certified Welder	25.00	1.38	1.43

Hazardous Waste Worker*	25.50	1.38	1.43
Diver-Wet Day**	61.25		
Diver-Dry Day	25.00	1.38	1.43
Diver Tender	25.00	1.38	1.43

*Hazardous site requiring protective gear

**Diver rate applies to all hours worked on the day of the dive.

Depth pay for diver:

0' to 80'	No additional fee.
81' to 100'	An additional $ 0.50 per foot
101' to 150'	An additional $ 1.00 per foot
151' and deeper	An additional $ 1.25 per foot .

Penetration pay for diver:

0' to 50'	No Additional fee
51' to 100'	An additional $ 0.75 per foot
101' and deeper	An additional $ 1.00 per foot .

For Hazardous Waste Work an additional $ 1.50 per hour.

Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour paid:

Journeyman	$ 15.50

OVERTIME PAY
See (B, E, E2, Q) on OVERTIME PAGE
*Note-Saturday may be used as a make-up day at straight time when an employee has a unexcused absence during the week.

HOLIDAY

Paid:	See (1) on HOLIDAY PAGE
Overtime:	See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
(1) year terms at the following percentage of journeyman's wage.

1st	2nd	3rd	4th
50%	60%	70%	80%

Supplemental Benefits per hour paid:

Appr. 1st year	$ 9.25
Appr. 2nd year	9.25
Appr. 3rd year	11.68
Appr. 4th year	11.68

5-277B-Cay

Carpenter - Building / Heavy&Highway **06/01/2014**

JOB DESCRIPTION Carpenter - Building / Heavy&Highway **DISTRICT** 1

ENTIRE COUNTIES
Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Cortland, Delaware, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Montgomery, Niagara, Oneida, Onondaga, Ontario, Orleans, Oswego, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Sullivan, Tioga, Tompkins, Ulster, Warren, Washington, Wayne, Wyoming, Yates

WAGES
Wages per hour:

	07/01/2013	07/01/2014
		An Additional
Carpenter - ONLY for		

Artificial Turf/Synthetic Sport Surface Installer	$ 27.96	$ 0.73*

Note - Does not include the operation of equipment. Please see Operating Engineers rates.

(*)To be allocated at a later date.

SUPPLEMENTAL BENEFITS

Per hour Paid:

	07/01/2013
Journeyman	$ 18.14

OVERTIME PAY

See (B, E, Q) on OVERTIME PAGE

HOLIDAY

Paid: See (2, 17) on HOLIDAY PAGE
Overtime: See (5, 6, 16) on HOLIDAY PAGE
Notes:
When a holiday falls upon a Saturday, it shall be observed on the preceding Friday. Whan a holiday falls upon a Sunday, it shall be observed on the following Monday.
An employee taking an unexcused day off the regularly scheduled day before or after a paid Holiday shall not receive Holiday pay.

REGISTERED APPRENTICES

Wages per hour:

One year terms at the following percentage of Journeyman's wage:

1st	2nd	3rd	4th
50%	60%	70%	80%

Supplemental Benefits per hour paid:

	07/01/2013
Carpenter	
1st year term	$ 9.29
2nd year term	9.29
3rd year term	11.89
4th year term	11.89

1-42AtSS

Carpenter - Heavy&Highway 06/01/2014

JOB DESCRIPTION Carpenter - Heavy&Highway **DISTRICT** 5

ENTIRE COUNTIES

Cayuga, Seneca, Yates

WAGES

Per hour:	07/01/2013	07/01/2014 Additional
Heavy/Highway		
Carpenter	$ 27.88	$ 0.96
Piledriver	27.88	0.96
Millwright	29.38	0.96
Diver-Dry Day	28.88	0.96
Diver-WetDay	62.50	
Effluent & Slurry		
Diver-Wet Day	93.75	
Dive Tender	28.88	0.96
Certified Welder	29.13	0.96

For Hazardous Waste Work an additional $ 1.50 per hour.

Note: Diver rate applies to all hours worked on the day of the dive.

Depth pay for divers:
0' to 80' no additional fee
81' to 100' an additional $ 0.50 per foot
101' to 150' an additional $ 0.75 per foot
151' and more an additional $ 1.25 per foot.

Penetration pay divers
0' to 50' no additional fee
51' to 100' an additional $ 0.75 per foot

101' and more an additional $ 1.00 per foot.

Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Friday, provided the project duration is more than forty (40) hours.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 17.95

OVERTIME PAY
See (B, E, Q) on OVERTIME PAGE

HOLIDAY

Paid:	See (2, 17) on HOLIDAY PAGE
Overtime:	See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
(1) year terms at the following percentage of journeyman's wage.

1st.	2nd.	3rd.	4th.
50%	60%	70%	80%

Supplemental Benefits per hour worked:

1st year term	$ 9.25
2nd year term	9.25
3rd year term	11.85
4th year term	11.85

5-277HH-Cay

Electrician 06/01/2014

JOB DESCRIPTION Electrician **DISTRICT** 6

ENTIRE COUNTIES

PARTIAL COUNTIES
Cayuga: Only the Township of Genoa.
Schuyler: Only the Townships of Cayuta, Catherine, and Hector.
Seneca: Only the Townships of Lodi and Covert.
Tioga: Only the Townships of Spencer and Candor.
Tompkins: Entire county except the Township of Groton.

WAGES

Per hour:	07/01/2013	06/01/2014 *Additional
Electrician	$31.90	$1.15

*To be allocated at a later date.

Additional $1.00 per hour for work from trusses, scaffolds, frames, ladders, etc. 40 feet or more from ground floor or in underground mines or tunnels. Work done from personal lift equipment that complies with OSHA requirements are excluded.

Additional $2.00 per hour when required to work under compressed air, on radio towers, on asbestos abatement projects which require the use of a respirator, work of a hazardous nature, work where gas masks are required or work requiring use of protective arc flash suits.

NOTE: THE FOLLOWING RATES WILL APPLY ON ALL CONTRACTING AGENCY MANDATED MULTIPLE SHIFTS OF EIGHT (8) HOURS FOR AT LEAST (5) DAYS DURATION WORKED. WHEN TWO (2) SHIFTS OR THREE (3) SHIFTS ARE WORKED:

1ST SHIFT	8:00 AM to 4:30 PM	$31.90
2ND SHIFT	4:30 PM to 12:30 AM	37.42
3RD SHIFT	12:30 AM to 8:30 PM	41.92

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$23.05 plus 3% of hourly wage paid

NOTE: The 3% is based on the hourly wage paid, straight time rate or premium rate.

OVERTIME PAY
See (B, Q) on OVERTIME PAGE
On Saturday the first 8 hours worked are at 1 1/2 times the rate. All additional hours are at 2 times the rate.

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
WAGES: Half year terms at the following percentage of Journeyman's wage.

1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
45%	45%	55%	55%	65%	65%	75%	75%	85%	85%
$14.36	$14.36	$17.55	$17.55	$20.74	$20.74	$23.93	$23.93	$27.12	$27.12

SUPPLEMENTAL BENEFITS per hour worked:

1st thru 4th terms	$ 10.30	Plus 3% of hourly wage paid (for all terms).
5th & 6th terms	17.62	SEE NOTE ABOVE
7th & 8th terms	18.74	
9th & 10th terms	19.86	

6-241

Electrician 06/01/2014

JOB DESCRIPTION Electrician **DISTRICT** 5

ENTIRE COUNTIES
Yates

PARTIAL COUNTIES
Cayuga: All Townships except Genoa, Ira, Sterling, Victory, Locke, Sempronius and Summerhill
Onondaga: Townships of Elbridge and Skaneateles
Ontario: Townships of Canandaigua, Farmington, Geneva, Gorham, Hopewell, Manchester, Phelps and Seneca
Seneca: All Townships except Covert and Lodi
Wayne: Townships of Arcadia, Galen, Lyons, Savannah and Village of Newark.

WAGES

Per Hour	07/01/2013	06/01/2014
Audio/Sound/TV/Teledata	$ 30.00	$ 30.00
Work from 4:30PM to 1:00AM*	34.50***	34.50***
Work from 12:30Am to 9:00AM*	37.50***	37.50***

* Applies when shift work is mandated either in job specification or by the contracting agency.

** IMPORTANT NOTICE - EFFECTIVE 04/01/2009 **
Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

***Working above floor:
0' to 49' An additional $ .00 per foot per hour.
50' to 99' An additional $ 1.00 per foot per hour.
100' and over An additional $ 2.00 per foot per hour.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 17.52*	$ 18.52*
	*Plus 3% of wage	

OVERTIME PAY
See (B, E, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
hourly term at the following percentage of journeyman's rate

1st term (0-1000 hrs)	40%	4th term (3501-5000 hrs)	60%
2nd term (1001-2000 hrs)	45%	5th term (5001-6500 hrs)	70%
3rd term (2001-3500 hrs)	50%	6th term (6501-8000 hrs)	80%

Supplemental Benefits per hour worked

Appr. 1st and 2nd	$ 9.00*	$ 9.00*
All others	17.52*	18.52*

* Plus 3% of wages.

5-840 Teledata

Electrician 06/01/2014

JOB DESCRIPTION Electrician **DISTRICT** 5

ENTIRE COUNTIES
Yates

PARTIAL COUNTIES
Cayuga: All Townships except Genoa, Ira, Sterling, Victory, Locke, Sempronius and Summerhill
Onondaga: Townships of Elbridge and Skaneateles
Ontario: Only the Townships of Canadaigua, Farmington, Geneva, Gorham, Hopewell, Manchester, Phelps and Seneca
Seneca: All townships except Covert and Lodi
Wayne: Only the Townships of Arcadia, Galen, Lyons, Savannah and Village of Newark.

WAGES

Per Hour	07/01/2013	06/01/2014
Electrician	$ 30.00	$ 30.00
Work From 4:30pm to 1:00am*	34.50***	34.50***
Work from 12:30am to 9:00am*	37.50***	37.50***

*Applies when shift work is mandated either in the job specification or by the contracting agency.

**IMPORTANT NOTICE- EFFECTIVE 04/01/2009 **
Four(4), ten(10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.

NOTE- In order to use the 4 Day/10 Hour Work Schedule, form PW30R; additionally, there must be a dispensation of hours in place on the project.

***Working above the floor:

0'to49'	An additional $ .00 per foot per hour.
50'to99'	An additional $ 1.00 per foot per hour.
100' and over	An additional $ 2.00 per foot per hour.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 17.52*	$ 18.52*

* Plus 3% of wage.

OVERTIME PAY
See (B, E, Q) on OVERTIME PAGE

HOLIDAY

Paid:	See (1) on HOLIDAY PAGE
Overtime:	See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
hourly term at the following percentage of journeyman's rate

1st term (0-1000 hrs)	40%	4th term (3501-5000 hrs)	60%
2nd term (1001-2000 hrs)	45%	5th term (5001-6500 hrs)	70%
3rd term (2001-3500 hrs)	50%	6th term (6501-8000 hrs)	80%

Supplemental Benefits per hour worked

Appr. 1st and 2nd	$ 9.00*	$ 9.00*
Appr. All others	$ 17.52*	$ 18.52*

* Plus 3% of wage

5-840 Z1

Elevator Constructor 06/01/2014

JOB DESCRIPTION Elevator Constructor **DISTRICT** 5

ENTIRE COUNTIES
Chemung, Livingston, Monroe, Ontario, Schuyler, Seneca, Steuben, Wayne, Yates

WAGES

Per hour worked:	07/01/2013	01/01/2014
Elevator Constructor	$42.915	$ 43.535
Helper (70%)	30.04	30.47

** IMPORTANT NOTICE - EFFECTIVE 04/01/2009 **
Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked:

Elevator Constructor / Helper	$ 25.485*	$ 27.085*

*Add 8% of regular hourly rate for all hours worked

OVERTIME PAY
See (D, O) on OVERTIME PAGE

HOLIDAY
Paid: See (5, 6, 15, 16) on HOLIDAY PAGE
Overtime: See (5, 6, 15, 16) on HOLIDAY PAGE

REGISTERED APPRENTICES
850 hour terms at the following percentage of journeyman's wage.

1st	2nd	3rd	4th	5th	6th	7th	8th
50%	55%	65%	65%	70%	70%	80%	80%

Supplemental Benefits per hour worked:

	07/01/2013	01/01/2014
Apprentices	$ 25.485*	$27.085*

*Add 6% of regular hourly rate for all hours worked

5-27

Glazier 06/01/2014

JOB DESCRIPTION Glazier **DISTRICT** 5

ENTIRE COUNTIES
Jefferson, Lewis, Livingston, Monroe, Ontario, Seneca, St. Lawrence, Wayne, Yates

WAGES

Per hour:	07/01/2013
Glazier	$ 24.25

Additional $ .50 per hr for all swing stagework, belt work, open steel or scaffolding 25' or more from ground, floor or roof levels.

** IMPORTANT NOTICE - EFFECTIVE 04/01/2009 **
Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 18.00

OVERTIME PAY
See (B, E*, E2, Q**, Note) on OVERTIME PAGE.

Note: * Double time after 8 hours on Saturday.
** Emergency work on Sunday is 1 1/2 times the hourly rate.

HOLIDAY

Paid:	See (1) on HOLIDAY PAGE
Overtime:	See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
1000 hours terms at the following percentage of journeyman's wage.

1st.	2nd.	3rd.	4th.	5th.	6th.	7th.	8th.
50%	55%	60%	65%	70%	75%	80%	90%

Supplemental Benefits per hour worked:

Appr. 1st & 2nd term	$ 13.15
Appr. 3rd term	16.06
Appr. 4th term	16.30
Appr. 5th term	16.55
Appr. 6th term	16.79
Appr. 7th term	17.03
Appr. 8th term	17.52

5-677.1

Insulator - Heat & Frost 06/01/2014

JOB DESCRIPTION Insulator - Heat & Frost **DISTRICT** 6

ENTIRE COUNTIES
Broome, Cayuga, Chemung, Chenango, Cortland, Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, Otsego, Schuyler, Seneca, St. Lawrence, Tioga, Tompkins

WAGES
Per hour: 07/01/2013

Insulation Installer (On mechanical systems only)	$30.15

NOTE: THE FOLLOWING RATES WILL APPLY ON ALL CONTRACTING AGENCY MANDATED SHIFTS WORKED.

1ST SHIFT	$30.15
2ND SHIFT	34.68
3RD SHIFT	37.69

** IMPORTANT NOTICE - EFFECTIVE 04/01/2009 **
Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked:

	07/01/2013
Journeyman	$18.33

OVERTIME PAY
See (*B1, Q) on OVERTIME PAGE
* Note: First 10 hours on Saturday

HOLIDAY

Paid:	See (1) on HOLIDAY PAGE
Overtime:	See (4,6) on HOLIDAY PAGE. Also Easter. Triple time for Labor Day if worked.

REGISTERED APPRENTICES
WAGES: One year terms at the following percentage of Journeyman's wage

1st	2nd	3rd	4th
50%	60%	70%	80%
$15.08	$18.09	$21.11	$24.12

SUPPLEMENTAL BENEFITS per hour worked:

1st & 2nd years	$16.33
3rd & 4th years	18.33

6-30-Syracuse

Ironworker 06/01/2014

JOB DESCRIPTION Ironworker **DISTRICT** 6

ENTIRE COUNTIES
Broome, Cayuga, Cortland, Onondaga, Oswego, Seneca, Tioga, Tompkins

PARTIAL COUNTIES
Chenango: Only the Townships of Lincklaen, Otselic, Pitcher, Pharsalia, German, McDonough, Preston, Norwich, Smithville, Oxford, Guilford, Greene, Coventry, Bainbridge and Afton.
Jefferson: Only the Townships of Alexandria, Theresa, Clayton, Orleans, Cape Vincent, Lyme, Brownville, Pamelia, LeRay, Hounsfield, Watertown, Rutland, Adams, Henderson, Rodman, Ellisburg, Lorraine and Worth.
Madison: Only the Townships of Sullivan, Lenox, Lincoln, Fenner, Smithfield, Cazenovia, Nelson, DeRuyter and Georgetown.
Schuyler: Only the Townships of Cayuta, Catherine, Hector and Montour.
Wayne: Only the Townships of Galen, Savannah, Rose, Butler, Huron and Wolcott

WAGES

Per hour:	07/01/2013	05/01/2014 *Additional	05/01/2015 *Additional
Structural/Reinf/Rebar	$27.50	$1.20	$1.20
Mach Mover & Rigger	27.50	1.20	1.20
Ornamental & Curtain Wall, Window Wall	27.50	1.20	1.20
Pre-glazed metal framed windows attached to steel or masonry including caulking	27.50	1.20	1.20
Fence Erector (Chain Link/Security)	27.50	1.20	1.20
Sheeter/Bridge rail	27.50	1.20	1.20
Pre-Cast erector	27.50	1.20	1.20
Stone Derrickman	27.50	1.20	1.20
Pre-Engineered Bldg Erector	27.50	1.20	1.20

*To be allocated at a later date.

NOTE: Shift work mandated by the project owner. All shifts will be (8) hours

1st Shift	$27.50
2nd Shift	30.25
3rd Shift	31.63

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeymen	$21.85

OVERTIME PAY
See (B, E, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
WAGES: One year terms at the following rates.

1st	2nd	3rd	4th
$15.00	$17.00	$19.00	$21.00

SUPPLEMENTAL BENEFITS per hour worked:

1st year	$9.55
2nd year	16.17
3rd year	17.11
4th year	18.06

6-60

Laborer - Building 06/01/2014

JOB DESCRIPTION Laborer - Building **DISTRICT** 5

ENTIRE COUNTIES
Genesee, Livingston, Monroe, Ontario, Orleans, Seneca, Wayne, Wyoming, Yates

WAGES

Per Hour	07/01/2013
Building Laborer:	
Basic	$ 24.44
Blaster	25.77
Powder Monkey	25.31
Air Track Driller	24.84
Asphalt Raker	24.84
Chuck Tenders	24.64
Jackhammers, Mortar Mixer	24.74
Pipelayers, Burners, Cutters	24.74
Concrete Vibrators	24.88

Asbestos removal $1.00 over basic rates.

New Chimney Work:	
Base to 100 feet	$25.44
101 to 150 feet	25.69
151 to 200 feet	25.94
201 to 250 feet	26.19
251 and higher	26.44

For hazardous waste work see Heavy/Highway rates.

There shall be a twelve (12) month carryover from the bid date of the posted proposal wage and benefit rate. However, if the project documents contain multiyear rate schedules, the Employer shall be obligated to pay wage rates therein as they become effective.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 15.53

OVERTIME PAY
See (B, E, E2, Q) on OVERTIME PAGE

HOLIDAY

Paid:	See (1) on HOLIDAY PAGE
Overtime:	See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
1000 hr terms at the following wage.

1st term	$15.70
2nd term	19.70
3rd term	20.45
4th term	20.16

Supplemental Benefits per hour worked:

Appr. 1st year	$ 8.18
Appr. 2nd year	8.18
Appr. 3rd year	11.43
Appr. 4th year	15.71

5-435

Laborer - Heavy&Highway 06/01/2014

JOB DESCRIPTION Laborer - Heavy&Highway **DISTRICT** 5

ENTIRE COUNTIES
Genesee, Livingston, Monroe, Ontario, Orleans, Seneca, Wayne, Wyoming, Yates

WAGES
GROUP A: Flagperson.

GROUP B: Basic, Chain saw, Concrete aggregate bin, Concrete bootmen, Gin buggy, Hand or Machine vibrator, Jack hammer, Mason tender, Mortar mixer, Pavement breaker, Handlers of steel mesh, Small generators for Laborer's tools, Installation of bridge drainage pipe, Vibrator type rollers, Tamper, Drill doctor, Tail or Screw operator on asphalt paver, Water pump operators (1 1/2" & single Diaph.) Nozzle (asphalt, seeding & sandblasting), Laborers on chain link fence, Rock splitter & Power unit, Pusher type concrete saw, All other Gas, Electric, Oil and Air tool opers., Form setters, Stone or Granite curb setters, Relining of Existing Pipe.

GROUP C: All Rock or Drilling machine operators (Except Quarry master and Similar type), Acetylene torch operators, Powderman, Gunite nozzleman, Pipe layer, Wrecking laborer, Asphalt rakers (Top only).

GROUP D: Blasters.

12 month carry over from bid date of the wage rates effective at the time of bid.

WAGES (per hour)	07/01/2013
Heavy/Highway	
Laborer:	
Group A	$ 26.46
Group B	27.16
Group C	27.36
Group D	28.19

Hazardous Waste $1.50 over basic rate.

There will be an additional $1.75 for mandated night work. This amount is not subject to overtime premiums.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 17.05

OVERTIME PAY
See (B, E, Q) on OVERTIME PAGE

HOLIDAY

Paid:	See (5, 6) on HOLIDAY PAGE
Overtime:	See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
1000 hr.terms at the following wage.

1st term	$ 17.59
2nd term	21.94
3rd term	22.79
4th term	22.96

Supplemental Benefits per hour worked:

Appr. 1st term	$ 8.42
Appr. 2nd term	8.42
Appr. 3rd term	11.92
Appr. 4th term	16.10

5-435H

Laborer - Tunnel 06/01/2014

JOB DESCRIPTION Laborer - Tunnel **DISTRICT** 5

ENTIRE COUNTIES

Genesee, Livingston, Monroe, Ontario, Orleans, Seneca, Wayne, Wyoming, Yates

WAGES

GROUP A :Change House Man.

GROUP B :Miners and all machine men, Safety miner, All Shaftwork and Caisson work, Laborer, Pit/Dumpmen, Chuck tender, Brakeman, Powderman,Drilling, Blowpipe, All Air tools, Trigger scaling, Nipper, Gunniting from pot to nozzle, Bit grinder, Signal men, Concrete men, Shield driven Tunnels & Mixed face and Soft ground liner plate tunnels in free air.

GROUP C :Cement finisher, Blaster.

GROUP D :Hazardous/Waste Work.

There shall be a twelve (12) month carryover from the bid date of the posted proposal wage and fringe benefit rates. However, if the project documents contain multiyear wage rate schedules, the Employer shall be obligated to pay the wage rates therein as they become effective.

WAGES (per hour)	07/01/2013
Tunnel Laborer:	
Group A	$ 29.81
Group B	30.01
Group C	31.01
Group D*	34.01

*Work site required to be designated by State/Federal as hazardous waste site and relevant regulations require employees to use personal protection before rate applies.

SUPPLEMENTAL BENEFITS

Per hour worked:

Journeyman	$ 16.13

OVERTIME PAY

See (B, E, Q) on OVERTIME PAGE

HOLIDAY

Paid:	See (5, 6) on HOLIDAY PAGE
Overtime:	See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES

1000 hr terms at the following wage.

1st term	$ 18.61
2nd term	23.21
3rd term	24.55
4th term	25.12

Supplemental Benefits per hour worked:

Appr. 1st term	$ 8.85
Appr. 2nd term	8.85
Appr. 3rd term	12.10
Appr. 4th term	16.13

5-435 T

Lineman Electrician 06/01/2014

JOB DESCRIPTION Lineman Electrician **DISTRICT** 6

ENTIRE COUNTIES

Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Cortland, Delaware, Dutchess, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Montgomery, Niagara, Oneida, Onondaga, Ontario, Orange, Orleans, Oswego, Otsego, Putnam, Rensselaer, Rockland, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Sullivan, Tioga, Tompkins, Ulster, Warren, Washington, Wayne, Wyoming, Yates

WAGES

Per hour:

NOTE: Includes Teledata Work within ten (10) feet of High Voltage Transmission Lines

Below rates applicable on all overhead and underground distribution and maintenance work, and all overhead and underground transmission line work and the installation of fiber optic cable where no other construction trades are or have been involved. (14.01.01)

	07/01/2013	05/05/2014	05/04/2015
Lineman, Technician	$44.12	$45.51	$46.90
Crane, Crawler Backhoe	44.12	45.51	46.90
Welder, Cable Splicer	44.12	45.51	46.90
Digging Machine Operator	39.71	40.96	42.21
Tractor Trailer Driver	37.50	38.68	39.87
Groundman, Truck Driver	35.30	36.41	37.52
Mechanic 1st Class	35.30	36.41	37.52
Flagman	26.47	27.31	28.14

Additional $1.00 per hour for entire crew when a helicopter is used.

Below rates applicable on all electrical sub-stations, switching structures, fiber optic cable and all other work not defined as "Utility outside electrical work". (14.02.01-A)

Lineman, Technician	$44.12	$45.51	$46.90
Crane, Crawler Backhoe	44.12	45.51	46.90
Cable Splicer-Pipe Type Cable	48.53	50.06	51.59
Cert. Welder-Pipe Type Cable	46.33	47.79	49.25
Digging Machine Operator	39.71	40.96	42.21
Tractor Trailer Driver	37.50	38.68	39.87
Mechanic 1st Class	35.30	36.41	37.52
Groundman, Truck Driver	35.30	36.41	37.52
Flagman	26.47	27.31	28.14

Additional $1.00 per hour for entire crew when a helicopter is used.

Below rates apply on switching structures, maintenance projects, railroad catenary install/maintenance third rail installation, bonding of rails and pipe type cable and installation of fiber optic cable. (14.02.01-B)

Lineman, Technician, Welder	$45.40	$46.80	$48.20
Crane, Crawler Backhoe	45.40	46.80	48.20
Digging Machine Operator	40.86	42.12	43.38
Tractor Trailer Driver	38.59	39.78	40.97
Groundman, Truck Driver	36.32	37.44	38.56
Mechanic 1st Class	36.32	37.44	38.56
Flagman	27.24	28.08	28.92
Cert. Welder-Pipe Type Cable	47.67	49.14	50.61
Cable Splicer-Pipe Type Cable	49.94	51.48	53.02

Additional $1.00 per hour for entire crew when a helicopter is used.

Below rates applicable on all overhead and underground transmission line work & fiber optic cable where other construction trades are or have been involved. This applies to transmission line work only, not other construction. (14.03.01)

Lineman, Technician, Welder	$46.62	$48.02	$49.41
Crane, Crawler Backhoe	46.62	48.02	49.41
Cable Splicer	46.62	48.02	49.41
Digging Machine Operator	41.96	43.22	44.47
Tractor Trailer Driver	39.63	40.82	42.00
Groundman, Truck Driver	37.30	38.42	39.53
Mechanic 1st Class	37.30	38.42	39.53
Flagman	27.97	28.81	29.65

Additional $1.00 per hour for entire crew when a helicopter is used.

** IMPORTANT NOTICE **
Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.
*Effective 05/06/2013, Tuesday thru Friday may be worked with no make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked including holidays listed below:

The following SUPPLEMENTAL BENEFITS apply to all classification categories of CONSTRUCTION, TRANSMISSION and DISTRIBUTION.

$19.00 *plus 7.5% of hourly wage	$19.75 *plus 7.5% of hourly wage	$20.50 *plus 7.5% of hourly wage

*The 7.5% is based on the hourly wage paid, straight time rate or premium rate.

OVERTIME PAY
See (B, E, Q,) on OVERTIME PAGE. *Note* Double time for all emergency work designated by the Dept. of Jurisdiction.

NOTE: THE FOLLOWING RATES WILL APPLY ON ALL CONTRACTING AGENCY MANDATED MULTIPLE SHIFTS OF AT LEAST FIVE (5) DAYS DURATION WORKED BETWEEN THE HOURS LISTED BELOW:

1ST SHIFT	8:00 AM to 4:30 PM	REGULAR RATE
2ND SHIFT	4:30 PM to 1:00 AM	REGULAR RATE PLUS 17.3 %
3RD SHIFT	12:30 AM to 9:00 AM	REGULAR RATE PLUS 31.4 %

HOLIDAY

Paid	See (5, 6, 8, 13, 25) on HOLIDAY PAGE plus Governor of NYS Election Day.
Overtime	See (5, 6, 8, 13, 25) on HOLIDAY PAGE plus Governor of NYS Election Day.

SUPPLEMENTS for holidays paid at straight time

REGISTERED APPRENTICES
WAGES: 1000 hour terms at the following percentage of Journeyman's wage.

1st	2nd	3rd	4th	5th	6th	7th
60%	65%	70%	75%	80%	85%	90%

SUPPLEMENTAL BENEFITS: Same as Journeyman

6-1249a

Lineman Electrician - Teledata 06/01/2014

JOB DESCRIPTION Lineman Electrician - Teledata **DISTRICT** 6

ENTIRE COUNTIES
Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Cortland, Delaware, Dutchess, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Montgomery, Niagara, Oneida, Onondaga, Ontario, Orange, Orleans, Oswego, Otsego, Putnam, Rensselaer, Rockland, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Sullivan, Tioga, Tompkins, Ulster, Warren, Washington, Wayne, Westchester, Wyoming, Yates

WAGES
Per hour:

FOR OUTSIDE WORK.

	07/01/2013	01/01/2014
Cable Splicer	$28.55	$29.12
Installer, Repairman	27.10	27.64
Teledata Lineman	27.10	27.64
Technician, Equipment Operator	27.10	27.64
Groundman	14.37	14.66

NOTE: EXCLUDES Teledata work within ten (10) feet of High Voltage (600 volts and over) transmission lines. For this work please see LINEMAN.

SUPPLEMENTAL BENEFITS
Per hour worked:

$ 4.43 *plus 3% of wage paid	$ 4.43 *plus 3% of wage paid

*The 3% is based on the hourly wage paid, straight time rate or premium rate.

OVERTIME PAY
See (B, E, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6, 16) on HOLIDAY PAGE

6-1249LT - Teledata

Lineman Electrician - Traffic Signal Lighting 06/01/2014

JOB DESCRIPTION Lineman Electrician - Traffic Signal Lighting **DISTRICT** 6

ENTIRE COUNTIES
Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Cortland, Delaware, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Montgomery, Niagara, Oneida, Onondaga, Ontario, Orleans, Oswego, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Sullivan, Tioga, Tompkins, Warren, Washington, Wayne, Wyoming, Yates

WAGES
Lineman/Technician shall perform all overhead aerial work and make all electrical connections.

A Groundman/Groundman Truck Driver shall: Build and set concrete forms, handle steel mesh, set footer cages, transport concrete in a wheelbarrow, hand or machine concrete vibrator, finish concrete footers, mix mortar, grout pole bases, cover and maintain footers while curing in cold weather, operate jack hammer, operate hand pavement breaker, a tamper, concrete and other motorized saws, as a drill helper, operate and maintain generators, water pumps, chain saws, sand blasting, operate mulching and seeding machine, air tools, electric tools, gas tools, load and unload materials, hand shovel and/or broom, prepare and pour mastic and other fillers, assist digger operator equipment operator in ground excavation and restoration, landscape work and painting. Only when assisting a lineman technician, a ground man/truck driver may install conduit, pipe, cables and equipment.

A flagger's duties shall consist of traffic control only.

Per hour:

	07/01/2013	05/05/2014	05/04/2015	05/02/2016 *Additional
Lineman, Technician	$39.19	$40.12	$41.04	$2.00
Crane, Crawler Backhoe	39.19	40.12	41.04	2.00
Certified Welder	41.15	42.13	43.09	2.00
Digging Machine	35.27	36.11	36.94	2.00
Tractor Trailer Driver	33.31	34.10	34.88	2.00
Groundman, Truck Driver	31.35	32.10	32.83	2.00
Mechanic 1st Class	31.35	32.10	32.83	2.00
Flagman	23.51	24.07	24.62	2.00

* To be allocated at a later date.

Above rates applicable on all Lighting and Traffic Signal Systems with the installation, testing, operation, maintenance and repair of all traffic control and illumination projects, traffic monitoring systems, road weather information systems and the installation of Fiber Optic Cable.

** IMPORTANT NOTICE **
Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.
*Effective 05/06/2013, Tuesday thru Friday may be worked with no make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked including holidays listed below:

All classifications	$19.00 *plus 7.5% of hourly wage	$19.75 *plus 7.5% of hourly wage	$20.50 *plus 7.5% of hourly wage

*The 7.5% is based on the hourly wage paid, straight time rate or premium rate.
Supplements paid at STRAIGHT TIME rate for holidays.

OVERTIME PAY
See (B, E, Q) on OVERTIME PAGE. *Note* Double time for all emergency work designated by the Dept. of Jurisdiction

NOTE: THE FOLLOWING RATES WILL APPLY ON ALL CONTRACTING AGENCY MANDATED MULTIPLE SHIFTS OF AT LEAST FIVE (5) DAYS DURATION WORKED BETWEEN THE HOURS LISTED BELOW:

1ST SHIFT 8:00 AM TO 4:30 PM REGULAR RATE

2ND SHIFT	4:30 PM TO 1:00 AM	REGULAR RATE PLUS 17.3%
3RD SHIFT	12:30 AM TO 9:00 AM	REGULAR RATE PLUS 31.4%

HOLIDAY

Paid	See (5, 6, 8, 13, 25) on HOLIDAY PAGE plus Governor of NYS Election Day.
Overtime	See (5, 6, 8, 13, 25) on HOLIDAY PAGE plus Governor of NYS Election Day.

REGISTERED APPRENTICES

WAGES: 1000 hour terms at the following percentage of Journeyman's wage.

1st	2nd	3rd	4th	5th	6th	7th
60%	65%	70%	75%	80%	85%	90%

SUPPLEMENTAL BENEFITS: Same as Journeyman

6-1249a-LT

Lineman Electrician - Tree Trimmer 06/01/2014

JOB DESCRIPTION Lineman Electrician - Tree Trimmer **DISTRICT** 6

ENTIRE COUNTIES

Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Cortland, Delaware, Dutchess, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Montgomery, Niagara, Oneida, Onondaga, Ontario, Orange, Orleans, Oswego, Otsego, Putnam, Rensselaer, Rockland, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Sullivan, Tioga, Tompkins, Ulster, Warren, Washington, Wayne, Wyoming, Yates

WAGES

Per hour:

Applies to line clearance, tree work and right-of-way preparation on all new or existing energized overhead or underground electrical, telephone and CATV lines. This also would include stump removal near underground energized electrical lines, including telephone and CATV lines.

	07/01/2013
Tree Trimmer	$ 22.08
Equipment Operator	19.48
Mechanic	19.48
Truck Driver	16.46
Groundman	13.51
Flag person	9.62

SUPPLEMENTAL BENEFITS

Per hour worked including holidays listed below:

$ 8.30
*plus 3% of
hourly wage

* The 3% is based on the hourly wage paid, straight time rate or premium rate.

OVERTIME PAY

See (B, E, Q) on OVERTIME PAGE

HOLIDAY

Paid:	See (5, 6, 8, 15, 16, 25) on HOLIDAY PAGE
Overtime:	See (5, 6, 8, 15, 16, 25) on HOLIDAY PAGE

6-1249TT

Mason - Building 06/01/2014

JOB DESCRIPTION Mason - Building **DISTRICT** 5

ENTIRE COUNTIES

Genesee, Livingston, Monroe, Ontario, Seneca, Wayne, Wyoming, Yates

WAGES

Per Hour	07/01/2013	07/01/2014 Additional	07/01/2015 Additional
Building:			
Bricklayer	$ 28.02	$ 1.26	$ 1.26
Cement Finish (Bldg)	28.02	1.26	1.26
Plasterer	28.02	1.26	1.26

Tuck Pointer	28.02	1.26	1.26
Stone Mason	28.02	1.26	1.26

Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman $ 18.81

OVERTIME PAY
See (B, E, E2, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
Per hour worked:

1st, 2nd and 3rd term 1500 hours and 4th term 1525 hours.

Rates per (1) year term:

1st.	2nd.	3rd.	4th.
$ 16.02	$ 17.54	$ 20.54	$24.10

Supplemental Benefits per hour worked:

1st	2nd	3rd	4th
$ 7.24	$ 10.43	$ 12.15	$ 13.30

5-3B - Z1

Mason - Heavy&Highway 06/01/2014

JOB DESCRIPTION Mason - Heavy&Highway **DISTRICT** 5

ENTIRE COUNTIES
Allegany, Broome, Chautauqua, Chemung, Chenango, Cortland, Delaware, Genesee, Livingston, Monroe, Ontario, Orleans, Otsego, Schuyler, Seneca, Steuben, Tioga, Tompkins, Wayne, Wyoming, Yates

PARTIAL COUNTIES
Cattaraugus: Entire county except in the Township of Perrysburg and the Village of Gowanda only the Bricklayer classification applies.
Erie: Only the Bricklayer classification applies.
Niagara: Only the Bricklayer classification applies.

WAGES

Per hour:	07/01/2013	06/01/2014 Additional	06/01/2015 Additional
Cenment Mason	$29.36	$1.26	$1.26
Bricklayer	29.36	1.26	1.26

Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.g scaffold suspended from bridges.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman $ 17.71

OVERTIME PAY
See (B, E, E2, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
Wages per hour:

1500 hour terms at the following percentage of Journeyman's wage:

1st	2nd	3rd	4th
50%	60%	70%	80%

Supplemental benefits per hour worked:

Appr. 1st term	$ 10.21
Appr. 2nd term to 4th term	17.71

5-3h

Mason - Tile Finisher 06/01/2014

JOB DESCRIPTION Mason - Tile Finisher **DISTRICT** 5

ENTIRE COUNTIES
Genesee, Livingston, Monroe, Ontario, Seneca, Wayne, Wyoming, Yates

WAGES
Per hour: 07/01/2013

Building

Tile Finisher	$ 24.26

Marble, Slate, Terrazzo and Tile

Mason Finisher	24.26

Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked: $ 14.15

OVERTIME PAY
See (B, E, E2, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
Wages per hour:

1700 hrs for 1st and 2nd term, 1600 hrs for 3rd term.

1st	2nd	3rd
$11.25	$15.80	$21.16

Supplemental benefits per hour worked:

1st	2nd	3rd
$ 3.92	$ 7.12	$ 9.50

5-3TF - Z1

Mason - Tile Setter 06/01/2014

JOB DESCRIPTION Mason - Tile Setter **DISTRICT** 5

ENTIRE COUNTIES
Genesee, Livingston, Monroe, Ontario, Seneca, Wayne, Wyoming, Yates

WAGES

Per hour	07/01/2013	07/01/2014 Additional	07/01/2015 Additional
Building:			
Tile Setter:	$ 29.02	$ 1.26	$ 1.26

Marble, Slate, Terrazzo and Tile

Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman Setter	$ 18.62

OVERTIME PAY
See (B, E, E2, Q) on OVERTIME PAGE

HOLIDAY

Paid:	See (1) on HOLIDAY PAGE
Overtime:	See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
1000 hours per term at the following wage.

1st.	2nd.	3rd.	4th.	5th.	6th.	7th.	8th.
$ 14.37	$ 16.36	$ 17.74	$ 19.43	$ 21.17	$ 22.75	$ 26.40	$ 27.86

Supplemental Benefits per hour worked:

1st.	2nd.	3rd.	4th.	5th.	6th.	7th.	8th.
$ 9.29	$ 9.70	$ 10.72	$ 11.42	$ 12.08	$ 12.90	$ 14.05	$ 17.38

5-3TS - Z1

Millwright 06/01/2014

JOB DESCRIPTION Millwright **DISTRICT** 5

ENTIRE COUNTIES
Cayuga, Seneca, Yates

WAGES

Per Hour	07/01/2013	07/01/2014 Additional
Building and Heavy Highway:		
Millwright	$ 24.00	$ 1.11
Certified welder	25.25	1.11
Hazardous	25.25	1.11

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 16.17

OVERTIME PAY
See (B, E, E2, Q) on OVERTIME PAGE

HOLIDAY

Paid:	See (1) on HOLIDAY PAGE
Overtime:	See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
(1)year terms at the following percentage of journeyman's wage.

1st	2nd	3rd	4th
60%	70%	80%	90%

Supplemental Benefits per hour worked:

Appr. 1st year	$ 8.15
Appr. 2nd year	13.76
Appr. 3rd year	14.57
Appr. 4 th year	15.37

5-1163 Zone 2

Operating Engineer - Building 06/01/2014

JOB DESCRIPTION Operating Engineer - Building **DISTRICT** 6

ENTIRE COUNTIES
Cayuga, Cortland, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, Seneca, St. Lawrence, Tompkins

WAGES

If a prime contract is let for site work only, meaning no buildings are involved in their site contract, the Heavy/Highway rates would be applicable.

When a prime contract is let for site work and building excavation is part of that contract, the Building rates would be applicable for the Operators classification.

NOTE: If a second employee is required by the employer for operation of any covered machine, they shall be an Oiler (Class C).

CLASSIFICATION A: Air Plako, Asphalt & Blacktop Roller, Automated Concrete Spreader (CMI or equivalent.), Automated Fine Grade Machine (CMI), Backhoe, Barrell Shredder, Belt Placer, Blacktop Spreader (such as Barber Greene & Blaw Knox), Blacktop Plant (automated), Blast or Rotary Drill (Truck or Cat mounted), Boom Truck, Burning Plant Operator, Cableway, Caisson Auger, Central Mix Plant (automated), Concrete Pump, Crane, Crusher (Rock), Derrick, Dewatering Press, Diesel Power Unit, Dirt Filter Press-Operation Equipment, Dragline, Dredge, Dual Drum Paver, Elevating Grader (self propelled or towed), Elevator Hoist-Two Cage, Excavator-all purpose hydraulically operated, Fork Lift (Loed/Lull and other terrain type), Front End Loader (4 c.y. and over), Gradall, Grader (Power), Head Tower (Saurman or equal), Hoist (2 or 3 Drum), Hydroblaster (Laser Pump), Work Boat Operator including LCM's, Light Plants-Compressors and Generators, Locomotive, Maintenance Engineer, Maintenance Welder, Mine Hoist, Mucking Machine or Mole, Overhead Crane-fixed permanent, Pile Driver, Quarry Master or Equivalent, Refrigeration Equipment (for soil stabilization), Scraper, Sea Mule, Shovel, Side Boom, Slip Form Paver, Straddle Buggy (Ross Carrier, Lumber Carrier), Tractor Drawn Belt Type Loader (Euclid Loader), Trenching Machine (digging capacity of over 4ft. depth), Truck Crane Operator, Truck or Trailer Mounted Log Chipper (self-feeder), Tug Operator (Manned, rented equipment excluded), Tunnel Shovel, Vibro or Sonic Hammer Controls (when not mounted in proximity to Rig Operator).

CLASSIFICATION B: "A" Frame Truck, Back Dumps, Blacktop Plant (non-automatic), Boring Machine, Bulldozer, Cage-Hoist, Central Mix Plant (non-automated), Compressor, Pump, Generator or Welding machine (when used in battery of not more than five (5)), Concrete Paver (single drum over 16S), Core boring machine, Drill Rigs-tractor mounted, Elevator-as material hoist, Farm Tractor (with or without accessories), Fork Lift over 10 ton (with or without attachments), Front End Loader (under 4 c.y.), Grout Pump, Gunite Machine, High Pressure Boiler (15 lbs. & over), Hoist (one drum), Hydraulic Breaking Hammer (drop hammer), Kolman Plant Loader (screening gravel), Maintenance Grease Man, Mixer for stabilized base-self propelled (Seaman Mixer), Monorail Machine, Parapet Concrete or Pavement Grinder, Parts Man, Post Driver (truck or tractor mounted), Post Hole Digger (truck or tractor mounted), Power Sweeper (Wayne or similar), Pump-Crete or Squeeze-Crete, Road Widener (front end of Grader or self propelled), Roller, Self contained hydraulic bench drill, Shell Winder (motorized), Skid steer (Bobcat) type loader, Snorkel (over head arms), Snowblower control man, Tractor (with or without accessories), Trenching Machine (digging capacity of 4 ft. or less), Tugger Hoist, Vacuum Machine (self-propelled or mounted), Vibro Tamp, Well Drill Well Point System (Submersible pumps when used in lieu of well-point system), Winch (Motor driven), Winch Cat, Winch Truck

CLASSIFICATION C: Compressor (Up to 500 c.f.), Concrete Paver or Mixer (under 16S), Concrete Pavement Spreaders & Finishers (not automatic),
Conveyor (over 12 ft), Electric Submersible Pump (4" and over), Fine Grade Machine (non-automated), Fireman, Fork Lift ("with or without" attachments) 10 ton and under, Form Tamper, Generator (2,500 watts and over), Hydraulic Pump, Mechanical Heaters-More than two (2) mechanical heaters or any mechanical heater or heaters whose combined output exceeds 640,000 BTU's per hour (manufacturer's rating) plus one self contained heating unit (i.e. Sundog or Air Heat type, New Holland Hay Dryer type excluded), Mulching Machine, Oiler, Power Driven Welding Machine-300 amp and over (other than all electric). One Welding Machine under 300 amp will not require an engineer unless in a battery, Power Heaterman (hay dryer), Pumps-water and trash, Revinus Widener (road widener), Single Light Plant, Steam Cleaner or Jenny.

Per Hour:

	07/01/2013	01/01/2014	07/01/2014	01/01/2015
Building:				
Master Mechanic	$33.20	$33.45	$33.95	$34.20
Asst. Master Mechanic	32.03	32.28	32.78	33.03
Class A	31.43	31.68	32.18	32.43
Class B	29.55	29.80	30.30	30.55
Class C	25.79	26.04	26.54	26.79
Pile Dr. w/Bm/Ld 100ft+	33.18	33.43	33.93	34.18
Tower Crane (Plus boom length premium)	32.93	33.18	33.68	33.93
Crane/Derrick w/boom:				
" 150 ft to 199 ft add	$1.75	$1.75	$1.75	$1.75
" 200 ft to 299 ft add	$2.75	$2.75	$2.75	$2.75
" 300 ft and over add	$3.75	$3.75	$3.75	$3.75

NOTE: THE LENGTH PREMIUM IS IN ADDITION TO THE CRANE TONAGE PREMIUM LISTED BELOW.

ALL CRANES FROM 30 TO 64 TON - CLASS A RATE PLUS $ .50
ALL LATTICE BOOM CRANES 65 TON CAPACITY & OVER - CLASS A RATE PLUS $ 1.75
ALL HYDRAULIC CRANES 65 TON TO 79 TON CAPACITY - CLASS A RATE PLUS $ 1.10
ALL HYDRAULIC CRANES 80 TON TO 99 TON CAPACITY - CLASS A RATE PLUS $ 1.25

ALL HYDRAULIC CRANES 100 TON CAPACITY AND OVER - CLASS A RATE PLUS $ 1.75

ADDITIONAL $2.00 per hr. if work requires Level A,B,C of Personal Protective Equipment listed in the Occup. Saf. & Health Guidance Manual for Hazardous Waste Site Activities. Paper dust masks are excluded from coverage in this section.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$22.10	$22.10	$23.10	$23.10

OVERTIME PAY
See (B, E, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (5, 6) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
WAGES: 1000 hour terms

	07/01/2013	01/01/2014	07/01/2014	01/01/2015
1st term	$18.86	$19.01	$19.31	$19.46
2nd term	20.43	20.59	20.92	21.08
3rd term	22.00	22.18	22.53	22.70
4th term	25.14	25.34	25.74	25.94

SUPPLEMENTAL BENEFITS per hour worked: Same as Journeyman

6-545b.s

Operating Engineer - Heavy&Highway 06/01/2014

JOB DESCRIPTION Operating Engineer - Heavy&Highway **DISTRICT** 6

ENTIRE COUNTIES
Cayuga, Cortland, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, Seneca, St. Lawrence, Tompkins

WAGES
NOTE: If a second employee is required by the employer for operation of any covered machine, they shall be an Oiler (Class C).

CLASS A: Asphalt Paver 100 h.p. and over (fixed screed 10' width and over), Extend a-mat paver, Automated Concrete Spreader, Automatic Fine Grader, Backhoe (except tractor-mounted, Blacktop Plant (automated) Boom Truck, Blacktop Roller (10,000 lb and over), Caisson Auger, Central Mix Conc. Plant (automated), Hydraulic crane (over 5 ton capacity), Concrete Curb Machine (Self-propelled, Slipform), Crane, Directional Boring/Drilling Machine and Locator, Derricks, Dragline, Dredge, Excavator (all purpose-hydraulic-Gradall or similar), Front End Loader (4c.y.& over), Head Tower (Sauerman or equal), Hoist (two or three drum), Hydrodemolition Equipment (self contained), Maintenance Engineer, Mine Hoist, Mucking Machine or Mole, Overhead Crane (Gantry or Straddle Type), Pavement Profiler (300 h.p. and over), Pile Driver, Power Grader, Road widener, Scraper, Shovel, Side Boom, Slip Form Paver, Trencher (over 75 h.p.), Truck Crane, Truck or Trailer mounted Chipper (self-feed), Tug Operator (craft over 26'), Tunnel Shovel, Vermeer Saw (over 75 h.p.), Welder.

CLASS B: Asphalt Paver under 100 h.p. (under 10 ft width), Automated slope paving machine, Backhoe (Tractor-Mounted), Belt loader, Tractor Drawn Belt Type Loader, Blacktop Plant (non-automated), Blacktop Roller (under 10,000 lb), Blast or Rotary Drill (Truck or Tractor Mounted), Boring Machine, Bridge deck finishing machine, Cage Hoist, Central Mix Plant (Non Automated), All Concrete Batching Plants, Concrete pump, Hydraulic crane (5 tons & under), Compressors (4 or less exceeding 2,000 c.f.m. combined capacity), Concrete Paver over 16S, Belt Placer, Cableway, Core Drill (skid, trk mtd or track), Crusher, Diesel Pwr Unit, Drill Rigs (Self Contained, Self Propelled or Hydrolic), Drill Rigs (Truck/Tractor mounted), Fork Lift, F.E.Loader(under 4 cy), Hi-Press Boiler(15 lbs & over), Hoist(One Drum), Hydro Axe, Kolman Plant Loader & similar type loaders, Locomotive, Lubrication Eng/Greaseman, Material Handling Knuckle Boom Truck 5 ton & over, Mixer (for stabilized base-self propelled), Pavement Profiler (under 300 h.p.), Plant Engineer, Pump crete, Refrigeration Equipment (for soil stabilization), Roller (above sub grade) under 10,000lb, Sea Mule, Skid Steer Bobcat Type Loader, Self-propelled rubbleizer, Stationary central compressed air plant (5000cfm and up), Telehandler, Tractor with Dozer and/or Pusher, Trencher (under 75 h.p.), Tugger Hoist, Vermeer Saw (ride-on)under 75 h.p., Winch and Winch Cat, Log Skidder, Hydra-spiker (ride on), All ride-on Tie Extractors, Tie Handlers, Tie Inserters, Tie spacers and Track Liners, Work Boat Operator including LCM's

CLASS C: Aggregate Plant, A Frame Truck, Ballast Regulator (ride-on), Boiler (used in conjunction with production), Cement & Bin operator, Compressors (4 under 2,000 cfm combined capacity, or 3 or less with more than 1200 cfm but not to exceed 2,000 c.f.m), Compressors (any size but subject to other provisions for compressors-Dust Collectors, Generators, Pumps, Welding Machines, Concr Paver or Mixer (16s & under), Conc Saw (self propelled), Concrete Pavement Spreaders and Finishers, Conveyor, Drill Locator, Electric Pump Used in Conjunction with Well Point System, Span Saw (Ride on), Farm Tractor with accessories, Form Tamper, Grout Pump, Gunite Machine, Hammers (hydraulic-self propelled), Hydraulic Pump (jacking system), Light plants, Mulching Mach., Oiler, Parapet concrete or pavement grinder, Post Hole Digger & Post Driver, Power Sweeper, Power Heaterman, Roller (grade & fill), Scarifier (ride-on), Shell Winder, Steam Cleaner Tamper (ride-on), Submersible Electric Pump (when used in lieu of well point system), Tractor, Material Handling Knuckle Boom Truck (under 5 ton), Vacuum machine (self propelled) Vibratory Compactor, Well point.

SINGLE IRREGULAR WORK SHIFT:

A single irregular work shift can start any time from 5:00 PM to 1:00 AM. All employees who work a single irregular work shift on governmental mandated night work shall be paid an addtl $2.00 per hour. Sect 10 will be effective for work bid on or after July 1, 2001.

Wages per hour:

	07/01/2013	07/01/2014
Master Mechanic	$35.80	$37.15
CLASS A	34.45	35.80
CLASS B	33.57	34.92
CLASS C	30.29	31.64

PIPELINE: Master mechanic, Class A and Class B rates apply. NO CRANE PREMIUM ON PIPELINE WORK

NOTE:
All cranes and boom trucks, 49 tons and under, or with boom and jib working length under 115 ft. = Class "A" rate and $1.00 per hour.
All cranes and boom trucks 50 tons and over, or with boom and jib working length of 115 ft. through 149 ft. = Class "A" rate and $2.50 per hour.
All cranes and boom trucks 50 tons and over, and with boom and jib working length 150 ft.and over = Class "A" rate and $3.50 per hour.

Tower Crane - additional $2.00 per hour.

Additional $3.00 per hour for EPA or DEC classified toxic or hazardous waste work OR where an employee is required by regulations to use or wear personal protection.

SUPPLEMENTAL BENEFITS
Per hour worked:

	07/01/2013	07/01/2014
Journeyman	$23.70	$24.45

OVERTIME PAY
See (B, E, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (5, 6) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
WAGES: 1000 hour terms at the following percentage based on the "B" rate class

1st	2nd	3rd	4th
60%	70%	80%	90%

SUPPLEMENTAL BENEFITS: same as Journeyman

6-545h

Operating Engineer - Marine Construction 06/01/2014

JOB DESCRIPTION Operating Engineer - Marine Construction **DISTRICT** 4

ENTIRE COUNTIES
Albany, Allegany, Bronx, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Cortland, Delaware, Dutchess, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Kings, Lewis, Livingston, Madison, Monroe, Montgomery, Nassau, New York, Niagara, Oneida, Onondaga, Ontario, Orange, Orleans, Oswego, Otsego, Putnam, Queens, Rensselaer, Richmond, Rockland, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Suffolk, Sullivan, Tioga, Tompkins, Ulster, Warren, Washington, Wayne, Westchester, Wyoming, Yates

WAGES
Per Hour:

DREDGING OPERATIONS	07/01/2013
CLASS A	
Operator, Leverman, Lead Dredgeman	$ 32.89
CLASS A1 Dozer,Front Loader Operator	To conform to Operating Engineer Prevailing Wage in locality where work is being performed including benefits.
CLASS B	
Spider/Spill Barge Operator, Tug Operator(over1000hp), OperatorII, Fill Placer, Derrick Operator, Engineer, Chief Mate, Electrician, Chief Welder, Maintenance Engineer	$ 28.49
Certified Welder, Boat Operator(licensed)	$ 26.84
CLASS C	
Drag Barge Operator, Steward, Mate, Assistant Fill Placer,	$ 26.14
Welder (please add)$ 0.06	
Boat Operator	$ 25.29
CLASS D	
Shoreman, Deckhand, Rodman, Scowman, Cook, Messman, Porter/Janitor	$ 21.09
Oiler(please add)$ 0.09	

SUPPLEMENTAL BENEFITS
Per Hour:
THE FOLLOWING SUPPLEMENTAL BENEFITS APPLY TO ALL CATEGORIES

	07/01/2013
All Classes A & B	$ 8.45 plus 7% of straight time wage overtime hours add $ 0.63
All Class C	$ 8.10 plus 8% of straight time wage overtime hours add $ 0.48
All Class D	$ 7.85 plus 8% of straight time wage overtime hours add $ 0.33

OVERTIME PAY
See (B, F, R) on OVERTIME PAGE

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6, 8, 15, 26) on HOLIDAY PAGE

4-25a-MarConst

Operating Engineer - Survey Crew **06/01/2014**

JOB DESCRIPTION Operating Engineer - Survey Crew **DISTRICT** 6

ENTIRE COUNTIES
Albany, Allegany, Broome, Cayuga, Chemung, Chenango, Clinton, Columbia, Cortland, Essex, Franklin, Fulton, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Montgomery, Niagara, Oneida, Onondaga, Ontario, Oswego, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Tioga, Tompkins, Warren, Washington, Wayne, Yates

PARTIAL COUNTIES
Dutchess: : The Northern portion of the county from the Northern boundry line of the City of Poughkeepsie north.
Genesee: Only that portion of the county that lies east of a line down the center of Route 98 to include all area that lies within the City of Batavia

WAGES
Per hour:

SURVEY CLASSIFICATIONS:

Party Chief- One who directs a survey party.
Instrument person- One who runs the instrument and assists the Party Chief.
Rod person- One who holds the rods and, in general, assists the Survey Party.

	07/01/2013	07/01/2014	07/01/2015
Party Chief	$ 34.02	$ 35.49	$ 36.53
Instrument person	31.16	32.53	33.46
Rod person	22.75	23.83	24.46

Additional $3.00 per hr. for work in a Tunnel.
Additional $2.50 per hr. for EPA or DEC certified toxic or hazardous waste work

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 22.25	$ 22.75	$ 23.75

OVERTIME PAY
See (B, E, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (5, 6) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
WAGES: One year or 1000 hour terms at the following wage rates.

	07/01/2013	07/01/2014	07/01/2015
1st year	$ 13.65	$ 14.30	$ 14.68
2nd year	15.93	16.68	17.12
3rd year	18.20	19.06	19.57

SUPPLEMENTAL BENEFITS per hour worked:

	$ 22.25	$ 22.75	$ 23.75

6-545 D.H.H.

Operating Engineer - Survey Crew - Consulting Engineer 06/01/2014

JOB DESCRIPTION Operating Engineer - Survey Crew - Consulting Engineer **DISTRICT** 6

ENTIRE COUNTIES
Albany, Allegany, Broome, Cayuga, Chemung, Chenango, Clinton, Columbia, Cortland, Essex, Franklin, Fulton, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Montgomery, Niagara, Oneida, Onondaga, Ontario, Oswego, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Tioga, Tompkins, Warren, Washington, Wayne, Yates

PARTIAL COUNTIES
Dutchess: The northern portion of the county from the northern boundry line of the City of Poughkeepsie north.
Genesee: Entire county except that portion of the county that lies west of a line down the center of Route 98 excluding that area that lies within the City of Batavia.

WAGES
Per hour:

Feasibility and preliminary design surveying, line and grade surveying for inspection or supervision of construction when performed under a Consulting Engineer Agreement.

SURVEY CLASSIFICATIONS:

Party Chief- One who directs a survey party.
Instrument person- One who runs the instrument and assists the Party Chief.
Rod person- One who holds the rods and in general, assists the Survey Party.

	07/01/2013	07/01/2014	07/01/2015
Party Chief	$34.02	$35.49	$36.53
Instrument person	31.16	32.53	33.46
Rod person	22.75	23.83	24.46

Additional $3.00 per hr. for work in a Tunnel.
Additional $2.50 per hr. for EPA or DEC certified toxic or hazardous waste work

SUPPLEMENTAL BENEFITS
Per hour worked:

$22.25	$22.75	$23.75

OVERTIME PAY
See (B, E, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (5, 6) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

6-545 DCE

Operating Engineer - Tunnel 06/01/2014

JOB DESCRIPTION Operating Engineer - Tunnel **DISTRICT** 5

ENTIRE COUNTIES
Albany, Allegany, Broome, Cayuga, Chemung, Chenango, Clinton, Columbia, Cortland, Essex, Franklin, Fulton, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Montgomery, Oneida, Onondaga, Ontario, Oswego, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Tioga, Tompkins, Warren, Washington, Wayne, Yates

PARTIAL COUNTIES
Dutchess: Northern part of Dutchess to the northern boundary line of the City of Poughkeepie then due east to Route 115 to Bedelt Road then east along Bedelt Road to VanWagner Road then north along VanWagner Road to Bower Road then east along Bower Road to Rte. 44 east to Rte. 343 then along Rte. 343 east to the northern boundary of the Town of Dover Plains and east along the northern boundary of the Town of Dover Plains to Connecticut.
Genesee: Only that portion of the county that lies east of a linedrawn down the center of Route 98 and the entirety of the City of Batavia.

WAGES
Crane 1: All cranes, including self erecting to be paid $4.00 per hour over the Class A rate.
Crane 2: All Lattice Boom Cranes and all other cranes with a manufacturer's rating of fifty (50) ton and over to be paid $3.00 per hour over Class A rate.
Crane 3: All hydraulic cranes and derricks with a manufacturer's rating of forty nine (49) ton nad below, including boom trucks, to be paid $2.00 per hour over Class A rate.

MASTER MECHANIC/CHIEF TUNNEL ENG.:

CLASS A: Automatic Concrete Spreader (CMI Type); Automatic Fine Grader; Backhoe (except tractor-mounted,rubber tired); Belt Placer (CMI Type); Blacktop Plant (Automated); Cableway; Caisson Auger; Central Mix Concrete Plant (Automated); Concrete Curb Machine (Self-propelled slipform) Concrete Pump (8" or over); Dredge; Dual Drum Paver; Any Mechanical Shaft Drill; Excavator (all purpose-hydraulic-Gradall or Similar); Fork Lift (factory rated 15 ft and over); Front End Loader (4 c.y & over); Gradall; Head Tower (Sauerman or Equal), Hoist Shaft; Hoist (two or three Drum); Mine Hoist; Maintenance Engineer (Shaft and Tunnel) ; Mine Hoist; Mucking Machine or Mole, Overhead Crane (Gantry or Straddle Type); Pile Driver; Power Grader; Remote Controlled Mole or Tunnel Mach.; Scraper; Shovel; Side Boom; Slip Form Paver (If a second man is needed, he shall be an Oiler); Tractor Drawn Belt Type Loader; Tripper/Maintenance Eng.(Shaft & Tunnel); Truck or Trailer Mounted Log Chipper (self-feeding); Tug Operator (Manned rented equip. excluded); Tunnel Shovel; Mining Machine(Mole and Similar Types).

CLASS B: Automated Central Mix Concrete Plant; Backhoe Trac-Mtd, Rubber Tired); Backhoe (topside); Bitum. Spred. & Mixer, Blacktop Plant non-automated); Blast or Rotary Drill (Truck or Tractor Mounted); Boring Machine; Cage Hoist; Central Mix Plant(NonAutomated) and All Concrete Batching Plants; Compressors (4 or less exceeding 2,000 c.f.m. combined capacity); Concrete Pump; Crusher; Diesel Power Unit; Drill Rigs (Tractor Mounted); Front End Loader (under 4 c.y.); Grayco Epoxy Machine; Hoist (One Drum); Hoist 2 or 3 Drum (Topside); Kolman Plant Loader & Similar Type Loaders (if Employer requires another person to clean the screen or to maintain the equipment, he shall be an Oiler); L.C.M. Work Boat Operator; Locomotive; Maint. Eng. (Topside); Grease Man; Welder; Mixer (for stabilized base-self propelled); Monorail Machine; Plant Eng.; Personnel Hoist; Pump Crete; Ready Mix Concrete Plant; Refrigeration Equipment (for soil stabilization); Road Widener; Roller (all above sub-grade); Sea Mule; Shotcrete Mach.; Shovel (Topside); Tractor with Dozer and/or Pusher; Trencher; Tugger Hoist; Tunnel Locomotive; Winch and Winch Cat.

CLASS C: A Frame Truck; Ballast Regulator (ride-on); Compressors (4 under 2,000 cfm combined capacity; or 3 or less with more than 1200 cfm. but not to exceed 2,000 cfm); Compressors (any size but subject to other provisions for compressors-Dust Collectors, Generators, Pumps, Welding Machines, Light Plants-4 of any type or combination); Concrete Pavement Spreaders and Finishers; Conveyor; Drill (core); Drill well; Elec Pump Used in Conjunction with Well Point System; Farm Tractor with Accessories; Fine Grade Machine; ForkLift (under 15 ft); Grout Pump (over (5) cu. ft.; Gunite Machine; Hammers (hydraulic- self propel.); Hydra-Spiker-Ride on; Hydra-Blaster; Hydra Blaster (water); Motorized Form Carrier; Post Hole Digger & Post Driver; Power Sweep; Roller grade & fill); Scarifer (Ride on); Span-Saw (Ride-on); Submersible Electric Pump (when used in lieu of well point system); Tamper (Ride-on); Tie-Extractor, Tie Handler, Tie Inserter, Tie Spacer and Track Liner (Ride-on); Tractor (with towed accessories); Vibratory Compactor; Vibro Tamp, Well Point.

CLASS D: Aggregate Plant; Cement & Bin Operator; Compressors(3 or less not to exceed 1,200 c.f.m. combined capacity); Compressors(any size, but subject to other provisions for compressors-Dust Collectors, Generators, Pumps, Welding Machines, Light Plants-3 or less-any type or combination); Concrete Saw (self propelled); Fireman; Form Tamper; Hydraulic Pump (jacking system); Light Plants; Mulching Machine; Oiler; Parapet Concrete or Pavement Grinder; Power Broome towed; Power Heaterman; Revinius Widener; Shell Winder; Steam Cleaner and Tractor; Greaseman; Junior Engineer.

Per hour:	07/01/2013	07/01/2014
Crane 1	$ 42.48	$ 43.68
Crane 2	41.48	42.68
Crane 3	40.48	41.68
Master Mechanic	40.61	41.81
CLASS A	38.48	39.68
CLASS B	37.26	38.46
CLASS C	34.47	35.67
CLASS D	31.46	32.66

On hazardous waste work bid, on a state or federally designated hazardous waste site, where the Operating Engineer is in direct contact with hazardous material and when personal protective equipment is required for respiratory, skin and eye protection, the Operating Engineer shall receive the hourly wage plus $5.00 per hour. Fringe benefits will be paid at the contractual hourly wage.

SUPPLEMENTAL BENEFITS

Per hour paid:

Journeyman	$ 23.65	$ 24.55

OVERTIME PAY

See (B, B2, E, Q) on OVERTIME PAGE

HOLIDAY

Paid:	See (5, 6) on HOLIDAY PAGE
Overtime:	See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES

(1000) hours terms at the following percentages.

1st term	60% of Class D
2nd term	65% of Class C
3rd term	70% of Class B
4th term	75% of Class A

Supplemental Benefits per hour paid:

	$ 23.65	$ 24.55

5-832TL.

Painter 06/01/2014

JOB DESCRIPTION Painter **DISTRICT** 3

ENTIRE COUNTIES
Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Cortland, Delaware, Erie, Genesee, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Niagara, Oneida, Onondaga, Ontario, Orleans, Oswego, Otsego, Schuyler, Seneca, St. Lawrence, Steuben, Tioga, Tompkins, Wayne, Wyoming, Yates

WAGES

Per hour:	07/01/2013	05/01/2014 Additional	05/01/2015 Additional
Bridge*	$ 36.95	$ 2.00	$ 2.25
Tunnel*	36.95	2.00	2.25
Tank*	34.95	2.00	2.25

For Bridge Painting Contracts, ALL WORKERS on and off the bridge (including Flagmen) are to be paid Painter's Rate; the contract must be ONLY for Bridge Painting.

Tank rate applies to indoor and outdoor tanks, tank towers, standpipes, digesters, waste water treatment tanks, chlorinator tanks, etc. Covers all types of tanks including but not limited to steel tanks, concrete tanks, fiberglass tanks, etc.

* Note an additional $1.00 per hour is required when the contracting agency or project specification requires any shift to start prior to 6:00am or after 12:00 noon.

SUPPLEMENTAL BENEFITS
Per hour worked:
$ 22.00

OVERTIME PAY
Exterior work only See (B, E4*, F, R) on OVERTIME PAGE.
All other work See (B, F, R) on OVERTIME PAGE.

* Note - Saturday is payable at straight time if the employee misses work, except where a doctor's or hospital verification of illness is produced Monday through Friday when work was available to the employee.

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
Wages per hour:

750 hour terms at the following percentage of Journeyman's wage rate:

1st	2nd	3rd	4th	5th	6th
50%	55%	60%	65%	75%	85%

Supplemental benefits per hour worked:

1st & 2nd terms	$ 3.02
3rd & 4th terms	5.02
5th & 6th terms	6.02

3-4-Bridge, Tunnel, Tank

Painter 06/01/2014

JOB DESCRIPTION Painter **DISTRICT** 6

ENTIRE COUNTIES
Cayuga, Herkimer, Madison, Oneida, Onondaga, Seneca

PARTIAL COUNTIES
Lewis: Only the Townships of High Market, Lewis, Leyden, Lyondale, Osceola, Turin and West Turin.
Ontario: The City and Township of Geneva.
Oswego: Only the Townships of Amboy, Constantia, Williamstown and Oneida Lake.

WAGES

Per hour:	07/01/2013	05/01/2014	05/01/2015 *Additional
Brush, Roller, Wallcovering	$23.00	$23.00	$1.10
Sign painting	23.00	23.00	1.10

Parking Lot, Hwy Striping	23.00	23.00	1.10
Lead base paint abatement	23.00	23.00	1.10
Drywall Taper, Finisher	23.00	23.00	1.10
Drywall Machine Operator	23.50	23.50	1.10
Spray	23.50	23.50	1.10
Epoxy (Brush-Roller)	23.50	23.50	1.10
Epoxy (Spray)	23.50	23.50	1.10
Sandblasting (Operator)	23.50	23.50	1.10
Boatswain Chair	23.50	23.50	1.10
Swing Scaffold	23.50	23.50	1.10
Structural Steel (except bridges,tunnels,tanks)	23.50	23.50	1.10
Coal Tar epoxy	24.50	24.50	1.10
Asbestos related work	25.20	25.20	1.10

*To be allocated at a later date.

NOTE: FOR ANY SHIFT WHICH STARTS PRIOR TO 6:00 AM OR AFTER 12:00 NOON ALL EMPLOYEES WHO WORK A SINGLE IRREGULAR WORK SHIFT ON GOVERNMENTAL MANDATED WORK SHALL BE PAID AN ADDITIONAL $2.00 PER HOUR ABOVE THE APPLICABLE WAGE SCALE.

** IMPORTANT NOTICE - EFFECTIVE 04/01/2009 **
Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$17.19	$18.09

OVERTIME PAY
See (B, E2, F, R) on OVERTIME PAGE
NOTE: In Nuclear Power Plants - Double time where the other trades are receiving double time.

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
As of 05/01/2012

WAGES: 750 hour terms at the following percentage of Journeyman's basic wage rate:

1st	2nd	3rd	4th	5th	6th	7th	8th
50%	55%	60%	65%	70%	75%	80%	90%

SUPPLEMENTAL BENEFITS per hour worked:

Appr	50% & 55%	$5.20	$5.25
Appr	60% & 65%	5.20	5.25
Appr	70% & 75%	6.38	6.43
Appr	80% & 90%	7.54	7.59

GRANDFATHERED APPRENTICES:

Painter	Wage	Supplements
4001-5000 hrs:	$16.10	$6.38
5001-6000 hrs:	17.25	6.38
6001-7000 hrs:	18.40	7.54
7001-8000 hrs:	20.70	7.54

Taper/Finisher	Wage	Supplements
3001-4000 hrs:	$15.11	$5.20
4001-5000 hrs:	17.44	6.38
5001-6000 hrs:	19.76	6.38

6-31

Painter - Metal Polisher 06/01/2014

JOB DESCRIPTION Painter - Metal Polisher **DISTRICT** 8

ENTIRE COUNTIES
Albany, Allegany, Bronx, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Cortland, Delaware, Dutchess, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Kings, Lewis, Livingston, Madison, Monroe, Montgomery, Nassau, New York, Niagara, Oneida, Onondaga, Ontario, Orange, Orleans, Oswego, Otsego, Putnam, Queens, Rensselaer, Richmond, Rockland, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Suffolk, Sullivan, Tioga, Tompkins, Ulster, Warren, Washington, Wayne, Westchester, Wyoming, Yates

WAGES

	07/01/2013
Metal Polisher	$ 27.15
Metal Polisher**	$ 28.24
Metal Poilsher***	$ 30.65

**Note: Applies on New Construction & complete renovation
*** Note: Applies when working on scaffolds over 34 feet.

SUPPLEMENTAL BENEFITS

Per Hour:	07/01/2013
Journeyworker:	
All classification	$ 13.61

OVERTIME PAY
See (B, E, E2, P, T) on OVERTIME PAGE

HOLIDAY
Paid: See (5, 6, 11, 15, 16, 25, 26) on HOLIDAY PAGE
Overtime: See (5, 6, 9, 11, 15, 16, 25, 26) on HOLIDAY PAGE

REGISTERED APPRENTICES
Wages per hour:
One (1) year term at the following wage rates:

1st	2nd	3rd
$11.00	$12.50	$15.50

Supplentals benefits:
Per hour paid:

1st	2nd	3rd
$ 9.94	$10.31	$10.51

8-8A/28A-MP

Plumber 06/01/2014

JOB DESCRIPTION Plumber **DISTRICT** 5

ENTIRE COUNTIES
Livingston, Monroe, Ontario, Yates

PARTIAL COUNTIES
Allegany: Only the Townships of Alfred, Almond, Andover, Birdsall, Burns, Grove, Independence, Ward, Wellsville, W. Almond, Willing, Scio east of RT. 19.
Genesee: Only the Townships of Bergen, Bethany, Byron, Leroy, Pavillion and Stafford.
Orleans: Only the Townships of Albion, Barre, Carlton, Clarendon, Gaines, Kendall and Murray.
Seneca: Only the Townships of Fayette, Junius, Ovid, Romulus, Seneca Falls, Tyre, Varick and Waterloo.
Steuben: Only the Townships of Avoca, Cameron, Canisteo, Cohocton, Dansville, Freemont, Greenwood, Harsville, Hornell, Hornellville, Howard, Jasper, Pulteney, Prattsburg, Rathbone, Troopsburg, Tuscarora, W. Union, Wayland, Wheeler and Woodhull.
Wayne: Only the Townships of Arcadia (Newark), Galen (Clyde), Huron, Macedon, Marion, Lyons, Ontario, Palmyra, Rose, Sodus, Walworth and Williamson.

WAGES

Per hour	07/01/2013	07/01/2014 Additional
Plumber	$ 31.73	$ 1.25
Steamfitter	31.73	1.25

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 19.23*

*NOTE-$ 2.00 of this amount must be paid at the same premium as the wage.

OVERTIME PAY
Site work & New const. See (B*, E,E2,Q)on OVERTIME PAGE.

All other work See (B*, E, Q)on OVERTIME PAGE.

*Time and one half for work on the day after Thanksgiving.

HOLIDAY

Paid:	See (1) on HOLIDAY PAGE
Overtime:	See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
(1) year terms at the following percent of Journeyman's wage.

1st.	2nd.	3rd.	4th.	5th.
40%	50%	59%	66%	75%

Supplemental Benefits per hour worked:

Appr. 1st year	$3.85*
Appr. 2nd, 3rd & 4th years	12.88*
Appr. All other years	13.88*

*NOTE-$ 1.00 of this amount must be paid at the same premium as the wage.

5-13-SF

Plumber 06/01/2014

JOB DESCRIPTION Plumber **DISTRICT** 6

ENTIRE COUNTIES
Chemung, Cortland, Onondaga, Schuyler, Tompkins

PARTIAL COUNTIES
Madison: Only the Townships of Sullivan, Cazenovia and De Ruyter.
Seneca: Only the Townships of Covert and Lodi.
Steuben: Only the Townships of Addison, Bath, Bradford, Campbell, Canton, Corning, Erwin, Hornby, Lindley, Pulteney, Rathbone, Thurston, Tuscarora, Urbana and Wayne.
Tioga: Only the Townships of Barton, Berkshire, Candor, Richford, Spencer, Nichols and Tioga.

WAGES

Per hour:	07/01/2013	05/01/2014 *Additional
Plumber/Steamfitter	$30.36	$1.55
Pipefitter/Welder/HVAC	30.36	1.55
Refrigeration	30.36	1.55

*To be allocated at a later date.

NOTE: THE FOLLOWING RATES WILL APPLY ON ALL CONTRACTING AGENCY MANDATED SHIFTS FOR AT LEAST FIVE (5) DAYS DURATION WORKED BETWEEN THE HOURS LISTED BELOW:

1st Shift	7:30 AM to 4:00 PM	$ 30.36
2nd Shift	4:00 PM to 12:00 AM	ABOVE RATE PLUS 15%
3rd Shift	12:00 AM to 7:30 AM	ABOVE RATE PLUS 20%

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$22.07

OVERTIME PAY
Time & 1/2 for 9th & 10th hours Monday thru Friday and first 10 hours on Saturday. All other O.T. hours are double-time.

HOLIDAY

Overtime:	See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
WAGES: One year terms

1st - $15.18	2nd - $16.70	3rd - $18.22	4th - $21.25	5th - $25.81

SUPPLEMENTAL BENEFITS per hour worked:

1st - $10.30	2nd - $19.71	3rd - $19.97	4th - $20.49	5th - $21.29

6-267-SF

Roofer 06/01/2014

JOB DESCRIPTION Roofer **DISTRICT** 6

ENTIRE COUNTIES
Cayuga, Cortland, Franklin, Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, Seneca, St. Lawrence

WAGES

Per hour	07/01/2013
Roofer, Waterproofer	$26.05
Green Roofing **	26.30
Addtl per hr for Pitch Removal & Application	.90
Addtl per hour for Asbestos Abatement	1.20

NOTES:
Does not include metal flashing, gravel stop and metal roofing; see Sheetmetal Worker wage schedule.

* To be allocated at a later date
** Green Roofing is any component of green technology or living roof above the roof membrane. Including but not limited to the fabric, dirt and plantings.

WHEN MANDATED BY THE OWNER OR AGENCY FOR HOURS WORKED AFTER 5:30 PM AND BEFORE 5:30 AM, THERE WILL BE AN ADDITIONAL $3.75 PER HR PREMIUM.

SUPPLEMENTAL BENEFITS
Per hour worked:

	$16.52
Additional contribution on any Asbestos Abatement work.	.75

OVERTIME PAY
See (B, E,*,Q) on OVERTIME PAGE
* Saturday may be paid at straight time if it is the 5th day worked, unless it was a previously scheduled work day. If a holiday falls in that week and 32 hours were worked, Saturday will be paid at 1 1/2 times the rate.

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
WAGES: 1000 hour terms

1st term (0 to 1000)	$14.33
2nd term (1001 to 2000)	16.93
3rd term (2001 to 3000)	19.54
4th term (3001 to 4000)	22.14

Additional per hour:

Green Roofing	$.25

Pitch Removal & Appl.	.90
Asbestos Abatement	1.20

SUPPLEMENTAL BENEFITS per hour worked:

1st & 2nd term	$13.07
3rd term	15.52
4th term	16.52

Additional contribution on any Asbestos Abatement work	.75

6-195

Sheetmetal Worker 06/01/2014

JOB DESCRIPTION Sheetmetal Worker **DISTRICT** 5

ENTIRE COUNTIES
Livingston, Monroe, Ontario, Seneca, Wayne, Yates

WAGES

Per hour	07/01/2013
Sheetmetal Worker	$ 31.05
Work from 4:00pm to 12:30 am*	35.40
work from 12:00 am to 8:30 am*	37.26

*Applies when shift work is mandated either in the job specification or by the contracting agency.

To include metal standing seam roofing, flashing and gravel stop.

** IMPORTANT NOTICE - EFFECTIVE 04/01/2009 **
Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Friday.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 21.83

OVERTIME PAY
See (B, E, Q) on OVERTIME PAGE

HOLIDAY

Paid:	See (1) on HOLIDAY PAGE
Overtime:	See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
(1/2) year terms at the following wage.

1st.	2nd.	3rd.	4th.	5th.	6th.	7th.	8th.	9th.	10th.
$ 13.30	$ 14.30	$ 15.30	$ 16.29	$ 17.96	$ 19.29	$ 20.62	$ 21.95	$ 24.94	$ 27.93

Supplemental Benefits per hour paid:

1st.	2nd.	3rd.	4th.	5th.	6th.	7th.	8th.	9th.	10th.
$ 9.65	$ 10.68	$ 14.76	$ 14.89	$ 17.08	$ 17.19	$ 17.35	$ 17.46	$ 17.71	$ 17.95

5-46

Sprinkler Fitter 06/01/2014

JOB DESCRIPTION Sprinkler Fitter **DISTRICT** 1

ENTIRE COUNTIES

Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Cortland, Delaware, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Montgomery, Niagara, Oneida, Onondaga, Ontario, Orleans, Oswego, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Tioga, Tompkins, Warren, Washington, Wayne, Wyoming, Yates

WAGES

Per hour	07/01/2013
Sprinkler	$ 29.83
Fitter	

SUPPLEMENTAL BENEFITS

Per hour worked

Journeyman	$ 20.52

OVERTIME PAY

See (B, E, Q) on OVERTIME PAGE

HOLIDAY

Paid:	See (1) on HOLIDAY PAGE
Overtime:	See (5, 6) on HOLIDAY PAGE

Note: When a holiday falls on Sunday, the following Monday shall be considered a holiday and all work performed on either day shall be at the double time rate. When a holiday falls on Saturday, the preceding Friday shall be considered a holiday and all work performed on either day shall be at the double time rate.

REGISTERED APPRENTICES

Wages per hour

For Apprentices HIRED PRIOR TO 04/01/2010:

One Half Year terms at the following wage

1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
$ 15.08	$ 15.08	$ 16.26	$ 17.77	$ 19.28	$ 20.79	$ 22.29	$ 23.80	$ 25.31	$ 26.82

Supplemental Benefits per hour worked

	07/01/2013
1st & 2nd Terms	$ 8.60
3rd Term	14.87
4th Term	14.91
5th Term	20.21
6th Term	20.25
7th Term	20.30
8th Term	20.34
9th Term	20.39
10th Term	20.43

For Apprentices HIRED ON OR AFTER 04/01/2010:

One Half Year terms at the following wage

1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
$ 13.57	$ 15.08	$ 16.26	$ 17.77	$ 19.28	$ 20.79	$ 22.29	$ 23.80	$ 25.31	$ 26.82

Supplemental Benefits per hour worked

	07/01/2013
1st Term	$ 8.56
2nd Term	8.60
3rd Term	14.87
4th Term	14.91
5th Term	15.46
6th Term	15.50
7th Term	15.55
8th Term	15.59
9th Term	15.64
10th Term	15.68

1-669

Teamster - Building / Heavy&Highway **06/01/2014**

JOB DESCRIPTION Teamster - Building / Heavy&Highway **DISTRICT** 6

ENTIRE COUNTIES
Cayuga, Cortland, Seneca, Tompkins, Yates

PARTIAL COUNTIES
Allegany: Only the Townships of Almond, Alfred, Burns and West Almond.
Steuben: Only the Townships of Avoca, Canisteo, Cohocton, Dansville, Freemont, Greenwood, Hartsville, Hornell, Howard, Jasper, Prattsburg, Pulteney, Troupsburg, West Union and Wheeler.

WAGES
Per hour:

GROUP 1: Warehousemen, Yardmen, Truck Helpers, Pickups, Panel Trucks, Flatboy Material Trucks (straight jobs), Single Axle Dump Trucks, Dumpsters, Material Checkers & Receivers, Greasers, Truck Tiremen, Mechanics Helpers and Parts Chasers, Tandems & Batch Trucks, Mechanics, Semi-Trailers, Low-boy Trucks, Asphalt Distributor Trucks, and Agitator, Mixer Trucks and Dumpcrete type vehicles, Truck Mechanic, Fuel Trucks.

GROUP 2: Specialized Earth Moving Equipment- Euclid type, or similar off- highway equipment, where not self-loading, Straddle (Ross) Carrier, and self-contained concrete mobile truck, Off-highway Tandem Back-Dump, Twin Engine Equipment and Double-Hitched Equipment where not self-loading.

	07/01/2013	07/01/2014	07/01/2015
GROUP #1	$21.74	$22.47	$23.23
GROUP #2	21.94	22.67	23.43

For work bid on or after April 1, 1982 there shall be a 12 month carry over of the negotiated rate in effect at the time of bid.

** IMPORTANT NOTICE - EFFECTIVE 04/01/2009 **
Four (4), ten (10) hour days may be worked at straight time during a week.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour paid:

$20.33	$21.10	$21.84

OVERTIME PAY
See (B, E2, J) on OVERTIME PAGE

HOLIDAY
Paid: See (5, 6) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

6-317bhh

Welder **06/01/2014**

JOB DESCRIPTION Welder **DISTRICT** 1

ENTIRE COUNTIES
Albany, Allegany, Bronx, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Cortland, Delaware, Dutchess, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Kings, Lewis, Livingston, Madison, Monroe, Montgomery, Nassau, New York, Niagara, Oneida, Onondaga, Ontario, Orange, Orleans, Oswego, Otsego, Putnam, Queens, Rensselaer, Richmond, Rockland, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Suffolk, Sullivan, Tioga, Tompkins, Ulster, Warren, Washington, Wayne, Westchester, Wyoming, Yates

WAGES
Per hour 07/01/2013

Welder (To be paid the same rate of the mechanic performing the work)

OVERTIME PAY

HOLIDAY

1-As Per Trade

Seneca County Residential

Electrician - Residential 06/01/2014

JOB DESCRIPTION Electrician - Residential **DISTRICT** 6

ENTIRE COUNTIES

PARTIAL COUNTIES
Cayuga: Only the Township of Genoa.
Schuyler: Only the Towns of Cayuta, Catherine, and Hector.
Seneca: Only the Townships of Lodi and Covert.
Tioga: Only the Townships of Spencer and Candor.
Tompkins: Entire county except the Township of Groton.

WAGES

	07/01/2013
Residential-Rehab	
Electrician	$23.93

SUPPLEMENTAL BENEFITS
Per hour worked:

$8.31 plus
3% of hourly wage paid*

*Note: The 3% is based on the hourly wage paid, straight time rate or premium rate.

OVERTIME PAY
See (B, E, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

6-241 r

Electrician - Residential 06/01/2014

JOB DESCRIPTION Electrician - Residential **DISTRICT** 5

ENTIRE COUNTIES
Yates

PARTIAL COUNTIES
Cayuga: All Townships except Genoa, Ira, Sterling, Victory, Locke, Sempronius and Summerhill
Onondaga: Townships of Elbridge and Skaneateles
Ontario: Townships of Canadaigua, Farmington, Geneva, Gorham, Hopewell, Manchester, Phelps and Seneca
Seneca: All Townships except Covert and Lodi
Wayne: Townships of Arcadia, Galen, Lyons, Savannah and Village of Newark.

WAGES
IMPORTANT NOTE: These rates apply only to projects involving construction, alteration or repair of single-family houses or apartment buildings of no more than four (4) stories in height, including all incidental items such as site work, parking areas, utilities, and sidewalks.

Per hour:	07/01/2013
Electrician	$ 19.50
Work from 4:30 PM-1:30AM	22.43*
Work from 12:30 AM-9:00 AM	24.38*

* Applies when shift work is mandated either in job specification or by the contracting agency.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 4.75	Plus 3% of Wage

OVERTIME PAY
See (B, Q) on OVERTIME PAGE
Note-Time and one half shall be paid for work in excess of five (5) days per week.

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

5-840 R

Laborer - Residential 06/01/2014

JOB DESCRIPTION Laborer - Residential **DISTRICT** 5

ENTIRE COUNTIES
Genesee, Livingston, Monroe, Ontario, Orleans, Seneca, Wayne, Wyoming, Yates

WAGES
IMPORTANT NOTE: Residential work shall consist of one and two family homes, townhouses, or apartments, four (4) stories and under (plus basement).

Per hour	07/01/2013
Residential:	
Laborer-Bldg*	$ 18.82**

* 12 month carry over from start of contract. However, if the project documents contain multiyear rate schedules, the Employer shall be obligated to pay wage rates therein as they become effective.

** All Asbestos Removal - $1.00 over base rate.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 12.03

OVERTIME PAY
See (B, E, E2, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (5, 6) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES

5-435r

Mason - Building - Residential 06/01/2014

JOB DESCRIPTION Mason - Building - Residential **DISTRICT** 5

ENTIRE COUNTIES
Genesee, Livingston, Monroe, Ontario, Seneca, Wayne, Wyoming, Yates

WAGES

Per hour	07/01/2013
Building:	
Bricklayer	$ 25.25
Cement Finish (Bldg)	25.25
Plaster	25.25
Tuck Pointer	25.25
Stone Mason	25.25

The masonry portion of wood-framed building primarily used for residences not to exceed four (4) stories.

Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 8.85

OVERTIME PAY
See (B, E, E2, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
One year terms at the following rates:

1st.	2nd.	3rd.	4th.
$ 12.24	$ 14.84	$ 17.44	$ 20.05

Benefits per hour worked:

1st.	2nd.	3rd.	4th.
$ 4.65	$ 5.49	$ 6.33	$ 7.17

5-3B - Z1R

Mason - Tile Finisher - Residential 06/01/2014

JOB DESCRIPTION Mason - Tile Finisher - Residential **DISTRICT** 5

ENTIRE COUNTIES
Genesee, Livingston, Monroe, Ontario, Seneca, Wayne, Wyoming, Yates

WAGES

Per hour:	07/01/2013
Tile Finisher: Marble, Slate, Terrazzo and Tile	$ 19.06
Mason finisher:	19.06

The masonry portion of wood-framed building primarily used for residences not to exceed four (4) stories.

Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked: $ 8.89

OVERTIME PAY
See (B, E, E2, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
One year term at the following rates:

1st.	2nd.	3rd.
$ 9.15	$ 11.12	$ 15.10

Benefits per hour worked:

1st.	2nd.	3rd.
$ 4.67	$ 5.52	$ 7.20

5-3TF - Z1R

Mason - Tile Setter - Residential 06/01/2014

JOB DESCRIPTION Mason - Tile Setter - Residential **DISTRICT** 5

ENTIRE COUNTIES
Genesee, Livingston, Monroe, Ontario, Seneca, Wayne, Wyoming, Yates

WAGES

Per hour:	07/01/2013
Tile Setter: Marble, Slate, Terrazzo and Tile	$ 25.43

The masonry portion of wood-framed building primarily used for residences not to exceed four (4) stories.

Four (4), ten (10) hour days may be worked at straight time during a week, Monday thru Thursday. Friday may be used as a make-up day.

NOTE - In order to use the '4 Day/10 Hour Work Schedule,' you must submit an 'Employer Registration for Use of 4 Day/10 Hour Work Schedule,' form PW30R; additionally, there must be a dispensation of hours in place on the project.

SUPPLEMENTAL BENEFITS
Per hour worked: $ 9.26

OVERTIME PAY
See (B, E, E2, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
One year term at the following rate:

1st.	2nd.	3rd.	4th.
$ 12.38	$ 14.99	$ 17.60	$ 20.21

Benefits per hour worked:

1st.	2nd.	3rd.	4th.
$ 4.81	$ 5.70	$ 6.59	$ 7.48

5-3TS - Z1R

Operating Engineer - Residential 06/01/2014

JOB DESCRIPTION Operating Engineer - Residential **DISTRICT** 6

ENTIRE COUNTIES
Cayuga, Cortland, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, Seneca, St. Lawrence, Tompkins

WAGES
Per hour:

IMPORTANT NOTE: Applies to all rehabilitation work on residential structures. "Rehabilitation" shall be defined to include all work, including demolition, repair and alteration on any existing structure which is intended for residential use. On new housing, applicable only to site construction of all new work done by the Employer on one family, two family, row housing and garden type homes or apartments which are not more than four (4) stories above ground level and are used as dwellings.

	07/01/2013	01/01/2014	07/01/2014	01/01/2015
Residential				
Operating Engineer	$25.79	$26.04	$26.54	$26.79

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$16.58	$16.58	$17.33	$17.33

OVERTIME PAY
See (B, E2, *H) on OVERTIME PAGE
*If Labor Day is worked, the rate of pay shall be at double time rate.

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

6-545r

Plumber - Residential 06/01/2014

JOB DESCRIPTION Plumber - Residential **DISTRICT** 5

ENTIRE COUNTIES
Livingston, Monroe, Ontario, Yates

PARTIAL COUNTIES
Allegany: Only the Townships of Alfred, Allen,, Alma, Almond, Amity, Andover, Angelica, Birdsall, Burns, Granger, Grove, Independence, Scio, Ward, Wellsville, W. Almond and Willing.
Genesee: Only the Townships of Bergen, Bethany, Byron, Leroy, Pavillion and Stafford.
Orleans: Only the Townships of Albion, Barre, Carton, Clarendon, Gains, Kendall and Murray.
Seneca: Only the Townships of Fayette, Greenwood, Junius, Ovid, Romulus, Seneca Falls, Tyre, Varick and Waterloo.
Steuben: Only the Townships of Addison, Avoca, Bath, Cameron, Canisteo, Cohocton, Dansville,Freemont, Greenwood, Hartsville, Hornell, Homellville, Howard, Jasper, Lindley, Pulteney, Prattsburg, Rathbone, Thurston, Troopsburg, Tuscarora, Urbana, Wayland, West Union Wheeler, and Woodhull.
Wayne: Only the Townships of Arcadia (Newark), Galen (Clyde), Huron, Macedon, Marion, Lyons, Ontario, Palmyra, Rose, Sodus, Walworth and Williamson.

WAGES

Per Hour	07/01/2013
Plumber	$ 20.50

Residential wood framed structures up to and including four (4) stories.

SUPPLEMENTAL BENEFITS
Per hour worked

JOURNEYMAN	$ 10.00

OVERTIME PAY
See (*B, E, E2, Q) on OVERTIME PAGE
*Time and one half on the day after Thanksgiving.

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
(1) year terms at the following rates.

1st.	2nd.	3rd.
$14.00	$ 15.00	$ 16.00

Supplemental Benefits per hour worked.

1st.	2nd.	3rd.
$ 8.90	$ 8.90	$ 8.90

5-13-SFR

Sheetmetal Worker - Residential 06/01/2014

JOB DESCRIPTION Sheetmetal Worker - Residential **DISTRICT** 5

ENTIRE COUNTIES
Livingston, Monroe, Ontario, Seneca, Wayne, Yates

WAGES

Per hour:	07/01/2013
Sheetmetal	$ 21.89

* Work shall be further defined as applying to work on any single family dwelling or mutiple famlty housing unit not more than three (3) stories of living space plus a basement.

SUPPLEMENTAL BENEFITS
Per hour worked:

Journeyman	$ 8.15

OVERTIME PAY
See (B, B2, Q) on OVERTIME PAGE

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE

REGISTERED APPRENTICES
(1/2) year terms at the following percentage of journeyman's wage..

1st.	2nd.	3rd.	4th.	5th.	6th.	7th.	8th.
58%	62%	66%	70%	74%	78%	82%	86%

Supplemental Benefits per hour worked:

1st.	2rd.	3rd.	4th.	5th.	6th.	7th.	8th.
$ 7.10	$ 7.10	$ 7.10	$ 7.10	$ 7.10	$ 7.10	$ 7.10	$ 7.10

5-46r

Sprinkler Fitter - Residential 06/01/2014

JOB DESCRIPTION Sprinkler Fitter - Residential **DISTRICT** 1

ENTIRE COUNTIES
Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Cortland, Delaware, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Montgomery, Niagara, Oneida, Onondaga, Ontario, Orleans, Oswego, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Tioga, Tompkins, Warren, Washington, Wayne, Wyoming, Yates

WAGES
IMPORTANT NOTE: "Residential fire protection work" is applicable to one or two family dwellings, all multiple family dwelling units which are permitted to have a single exterior up to and including four stories, townhouses with units stacked vertically up to and including four stories and group residential care facilities and protective care homes (sheltered housing), not to include nursing homes or ambulatory care facilities.

Per hour

	07/01/2013
Sprinkler Fitter	$ 22.37

SUPPLEMENTAL BENEFITS
Per hour worked

Journeyman	$ 20.52

OVERTIME PAY
See (B, H) on OVERTIME PAGE

HOLIDAY
Paid: See (1) on HOLIDAY PAGE
Overtime: See (5, 6) on HOLIDAY PAGE
Note: When a holiday falls on Sunday, the following Monday shall be considered a holiday and all work performed on either day shall be at the double time rate. When a holiday falls on Saturday, the preceding Friday shall be considered a holiday and all work performed on either day shall be at the double time rate.

1-669r

Overtime Codes

Following is an explanation of the code(s) listed in the OVERTIME section of each classification contained in the attached schedule. Additional requirements may also be listed in the HOLIDAY section.

(B1)	Time and one half of the hourly rate for the 9th & 10th hours week days and the 1st 8 hours on Saturday. Double the hourly rate for all additional hours
(A)	Time and one half of the hourly rate after 7 hours per day
(AA)	Time and one half of the hourly rate after 7 and one half hours per day
(E3)	Between November 1st and March 3rd Saturday may be used as a make-up day at straight time when a day is lost during that week due to inclement weather, provided a given employee has worked between 16 and 32 hours that week
(B)	Time and one half of the hourly rate after 8 hours per day
(S1)	Two and one half times the hourly rate the first 8 hours on Sunday or Holidays One and one half times the hourly rate all additional hours.
(E5)	Double time after 8 hours on Saturdays
(B2)	Time and one half of the hourly rate after 40 hours per week
(C)	Double the hourly rate after 7 hours per day
(C1)	Double the hourly rate after 7 and one half hours per day
(D)	Double the hourly rate after 8 hours per day
(D1)	Double the hourly rate after 9 hours per day
(E)	Time and one half of the hourly rate on Saturday
(E1)	Time and one half 1st 4 hours on Saturday Double the hourly rate all additional Saturday hours
(E2)	Saturday may be used as a make-up day at straight time when a day is lost during that week due to inclement weather
(E4)	Saturday and Sunday may be used as a make-up day at straight time when a day is lost during that week due to inclement weather
(F)	Time and one half of the hourly rate on Saturday and Sunday
(G)	Time and one half of the hourly rate on Saturday and Holidays
(H)	Time and one half of the hourly rate on Saturday, Sunday, and Holidays
(I)	Time and one half of the hourly rate on Sunday
(J)	Time and one half of the hourly rate on Sunday and Holidays
(K)	Time and one half of the hourly rate on Holidays
(L)	Double the hourly rate on Saturday
(M)	Double the hourly rate on Saturday and Sunday
(N)	Double the hourly rate on Saturday and Holidays
(O)	Double the hourly rate on Saturday, Sunday, and Holidays
(P)	Double the hourly rate on Sunday
(Q)	Double the hourly rate on Sunday and Holidays
(R)	Double the hourly rate on Holidays
(S)	Two and one half times the hourly rate for Holidays, if worked

(T) Triple the hourly rate for Holidays, if worked

(U) Four times the hourly rate for Holidays, if worked

(V) Including benefits at SAME PREMIUM as shown for overtime

(W) Time and one half for benefits on all overtime hours.

NOTE:BENEFITS are PER HOUR WORKED,for each hour worked, unless otherwise noted

Holiday Codes

PAID Holidays:

Paid Holidays are days for which an eligible employee receives a regular day's pay, but is not required to perform work. If an employee works on a day listed as a paid holiday, this remuneration is in addition to payment of the required prevailing rate for the work actually performed.

OVERTIME Holiday Pay:

Overtime holiday pay is the premium pay that is required for work performed on specified holidays. It is only required where the employee actually performs work on such holidays. The applicable holidays are listed under HOLIDAYS: OVERTIME. The required rate of pay for these covered holidays can be found in the OVERTIME PAY section listings for each classification.

Following is an explanation of the code(s) listed in the HOLIDAY section of each classification contained in the attached schedule. The Holidays as listed below are to be paid at the wage rates at which the employee is normally classified.

(1)	None
(2)	Labor Day
(3)	Memorial Day and Labor Day
(4)	Memorial Day and July 4th
(5)	Memorial Day, July 4th, and Labor Day
(6)	New Year's, Thanksgiving, and Christmas
(7)	Lincoln's Birthday, Washington's Birthday, and Veterans Day
(8)	Good Friday
(9)	Lincoln's Birthday
(10)	Washington's Birthday
(11)	Columbus Day
(12)	Election Day
(13)	Presidential Election Day
(14)	1/2 Day on Presidential Election Day
(15)	Veterans Day
(16)	Day after Thanksgiving
(17)	July 4th
(18)	1/2 Day before Christmas
(19)	1/2 Day before New Years
(20)	Thanksgiving
(21)	New Year's Day
(22)	Christmas
(23)	Day before Christmas
(24)	Day before New Year's
(25)	Presidents' Day
(26)	Martin Luther King, Jr. Day
(27)	Memorial Day

INSERT COLOR PAGE HERE

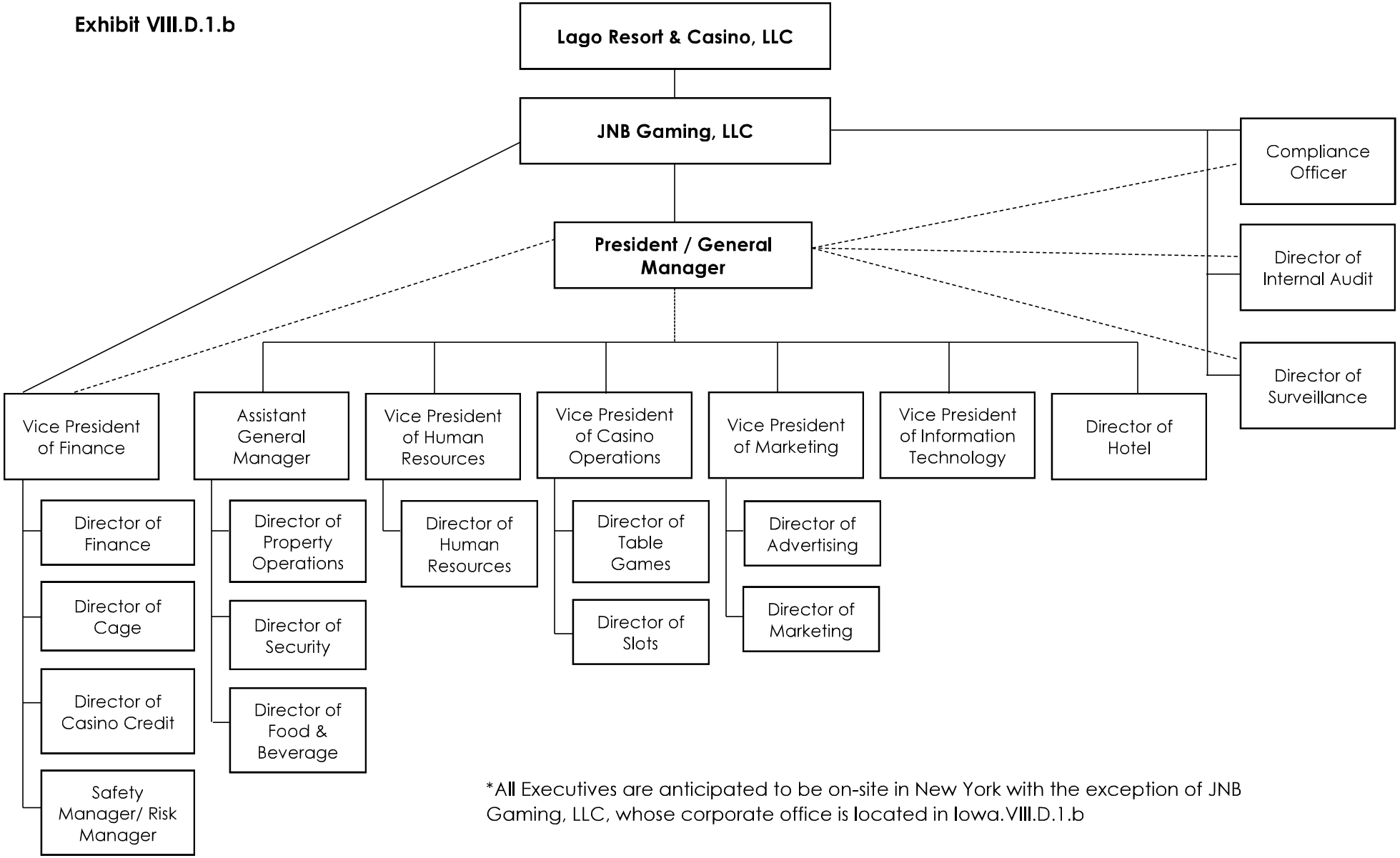
Submit as Exhibit VIII. D.1.b. a projected table of organization for the entire project. For compliance, accounting, audit (both financial and internal control), security, and surveillance show additional detail that includes staffing levels and identifies the critical departments of detailed organization charts for each control/risk management related activity (e.g., positions in compliance, accounting, cage, cashiering, count room(s), credit issuance, credit collection, asset management, and income control), data processing, internal audit, compliance and security, and surveillance. Show staffing levels for each position. If risk management/control is vested in other departments, functions or activities, identify them and describe their role. Indicate which staff position(s) would be responsible for communications with the Commission.

VIII.D.1.b INTERNAL CONTROLS AND SECURITY SYSTEMS - PROJECTED TABLE OF ORGANIZATION

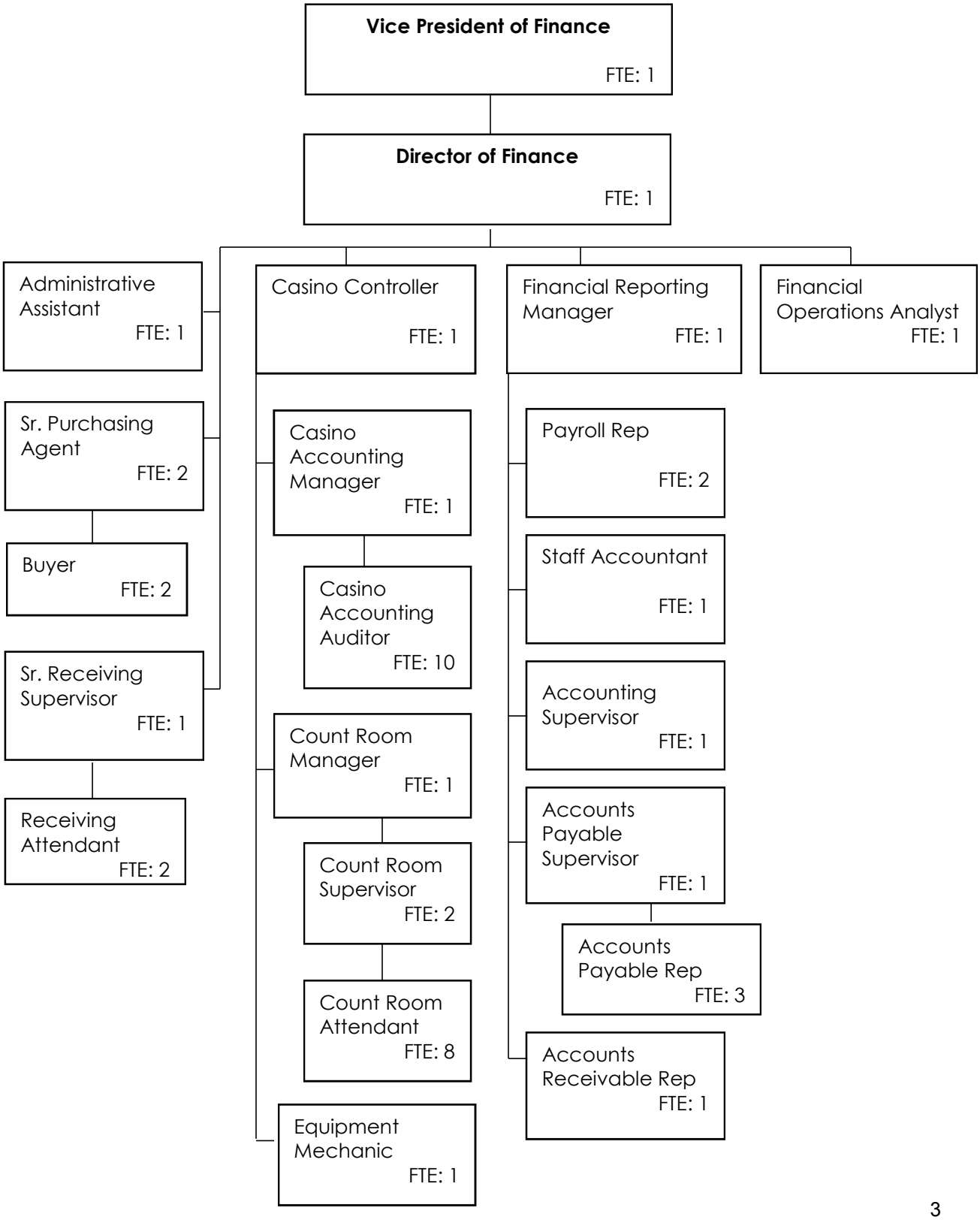
Following as Exhibit VIII.D.1.b are the projected organizational tables for the entire project, as requested.

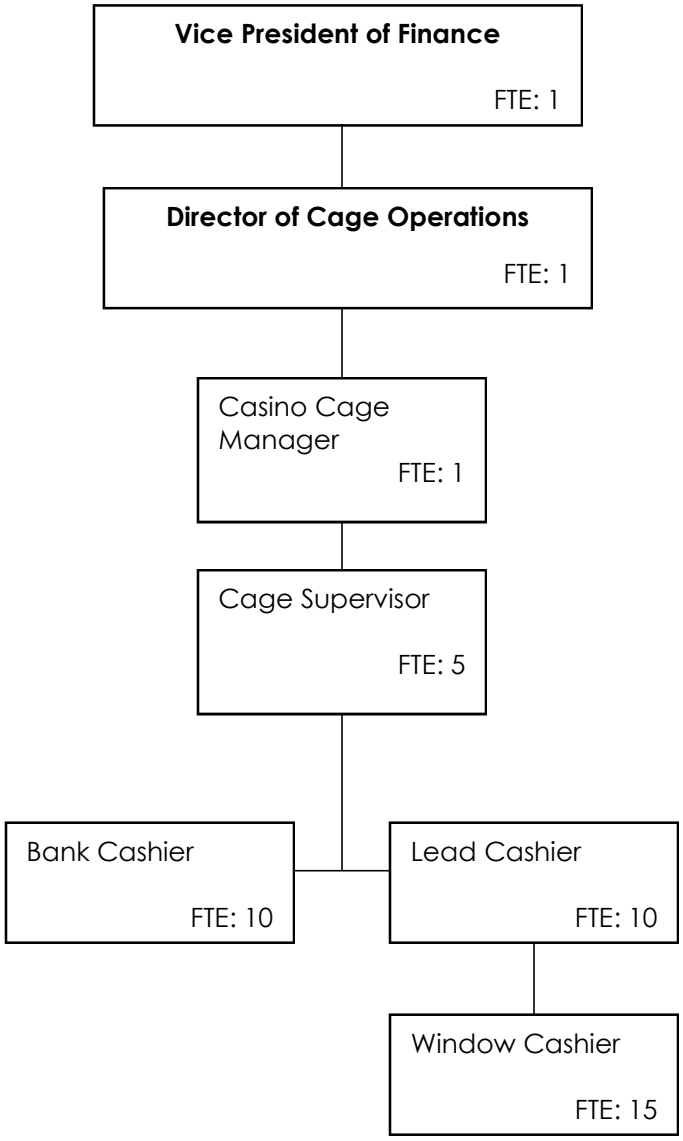
The staff position primarily responsible for Communications with the Commission will be the President/General Manager.

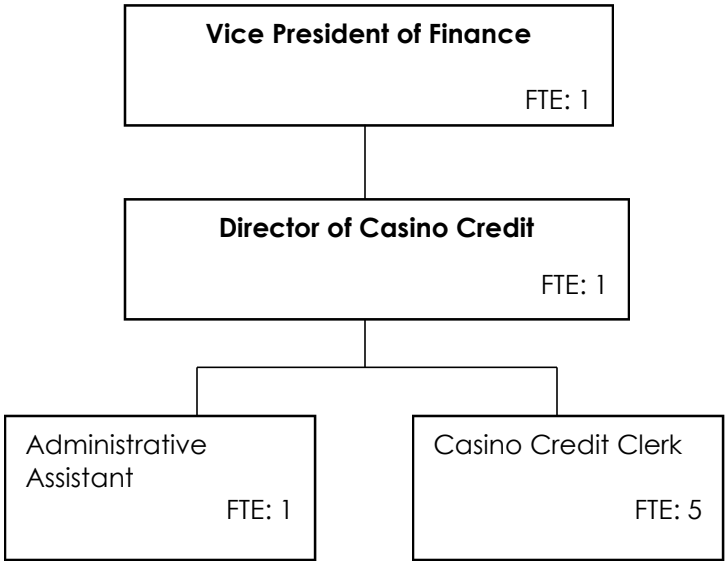
Exhibit VIII.D.1.b

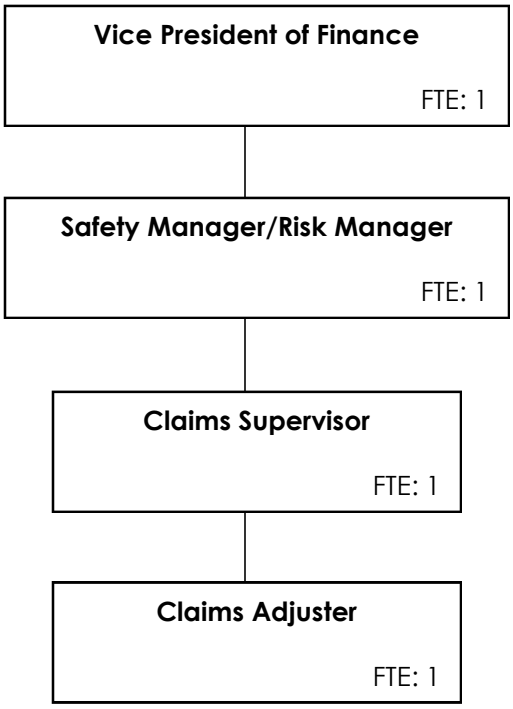


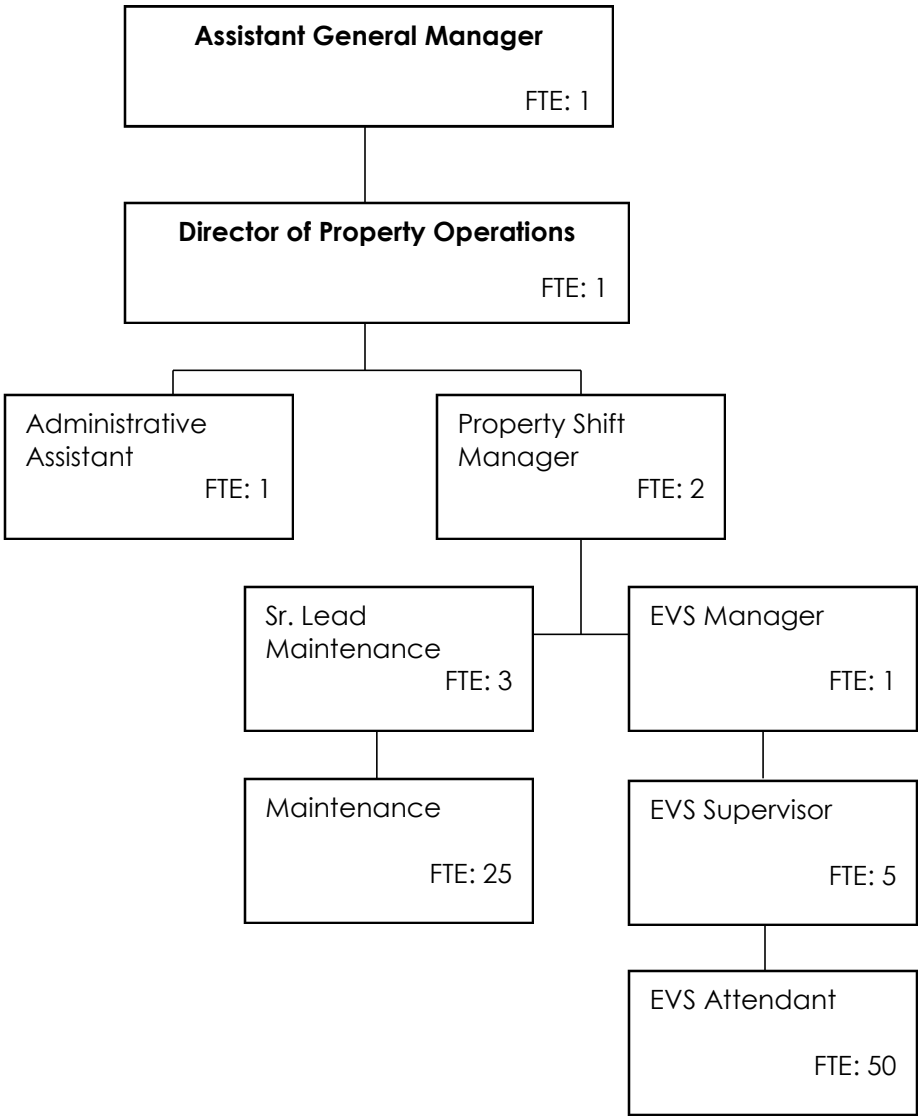
*All Executives are anticipated to be on-site in New York with the exception of JNB Gaming, LLC, whose corporate office is located in Iowa.VIII.D.1.b

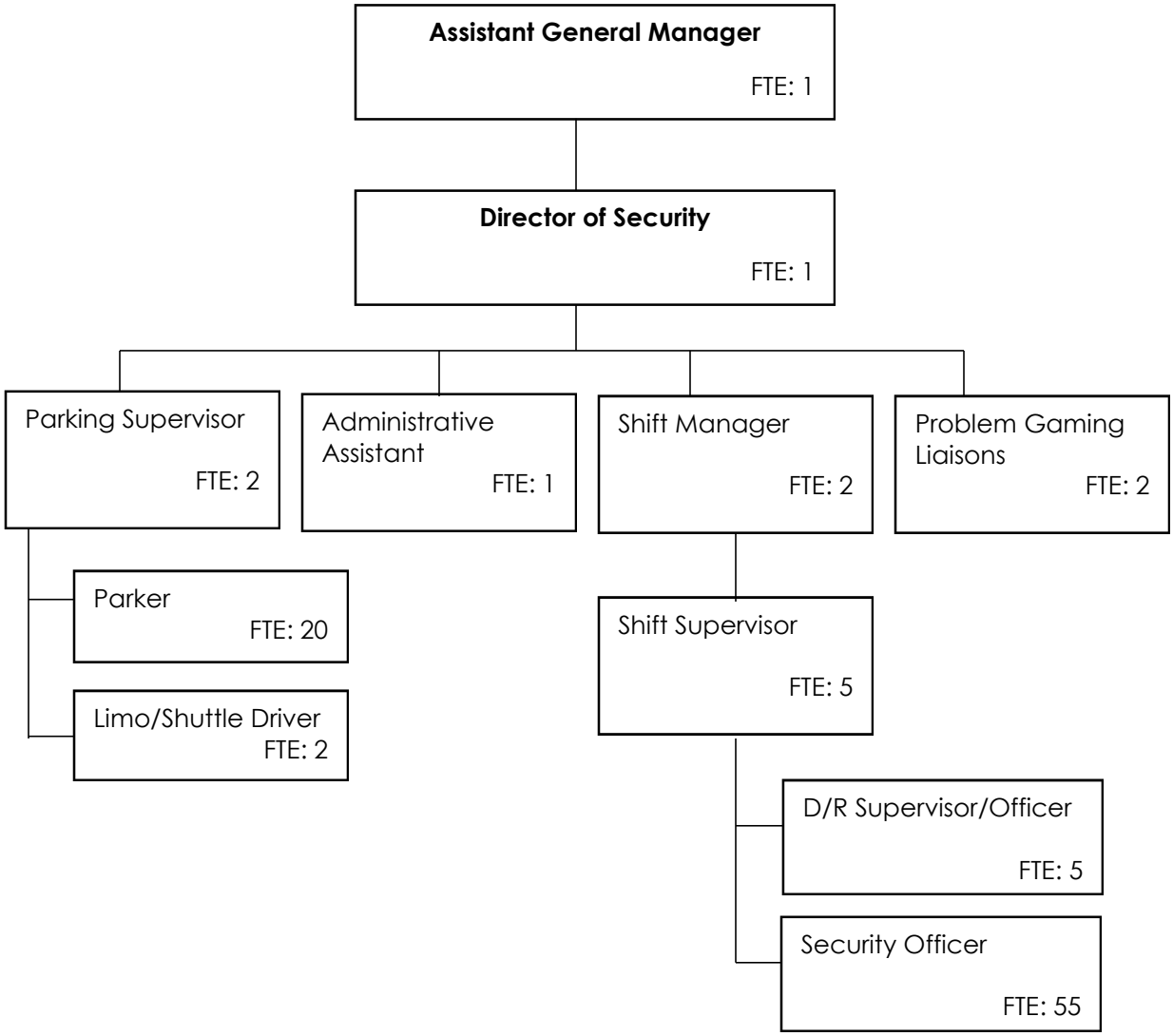

Vice President of Finance
FTE: 1
Director of Finance
FTE: 1
Administrative Assistant
FTE: 1
Sr. Purchasing Agent
FTE: 2
Buyer
FTE: 2
Sr. Receiving Supervisor
FTE: 1
Receiving Attendant
FTE: 2
Casino Controller
FTE: 1
Casino Accounting Manager
FTE: 1
Casino Accounting Auditor
FTE: 10
Count Room Manager
FTE: 1
Count Room Supervisor
FTE: 2
Count Room Attendant
FTE: 8
Equipment Mechanic
FTE: 1
Financial Reporting Manager
FTE: 1
Payroll Rep
FTE: 2
Staff Accountant
FTE: 1
Accounting Supervisor
FTE: 1
Accounts Payable Supervisor
FTE: 1
Accounts Payable Rep
FTE: 3
Accounts Receivable Rep
FTE: 1
Financial Operations Analyst
FTE: 1

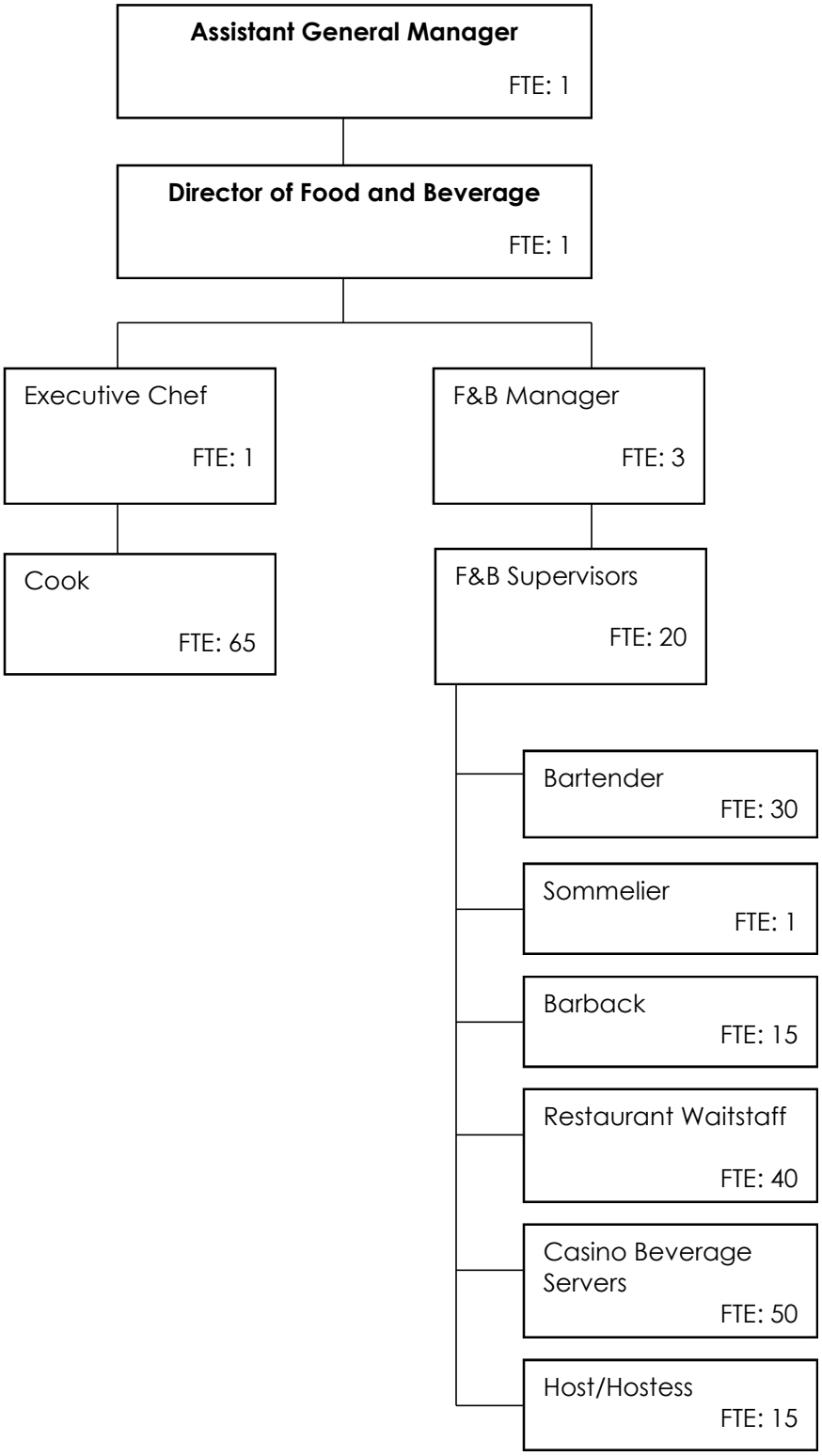

Vice President of Finance
FTE: 1
Director of Cage Operations
FTE: 1
Casino Cage Manager
FTE: 1
Cage Supervisor
FTE: 5
Bank Cashier
FTE: 10
Lead Cashier
FTE: 10
Window Cashier
FTE: 15

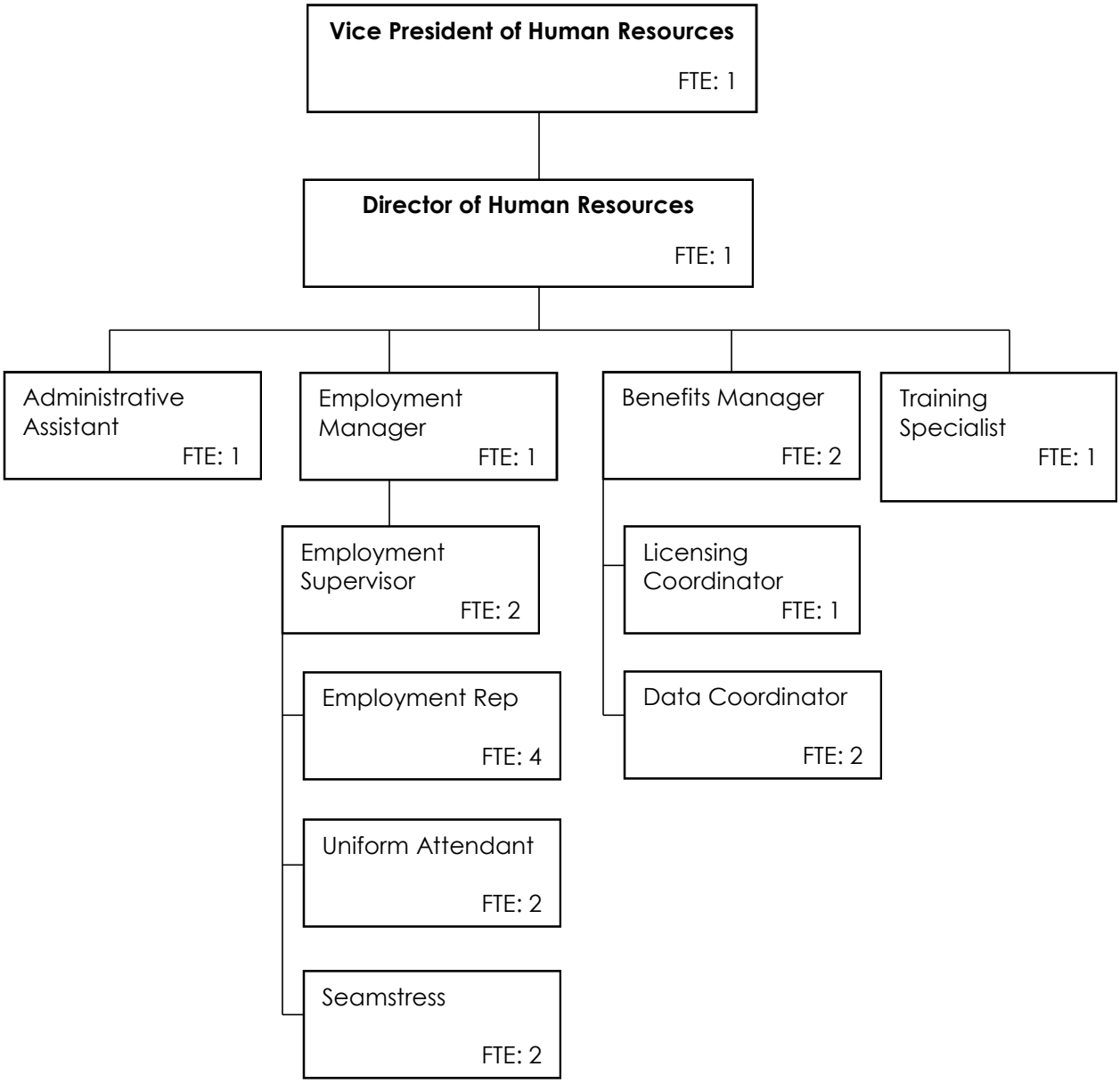

Vice President of Finance
FTE: 1
Director of Casino Credit
FTE: 1
Administrative Assistant
FTE: 1
Casino Credit Clerk
FTE: 5

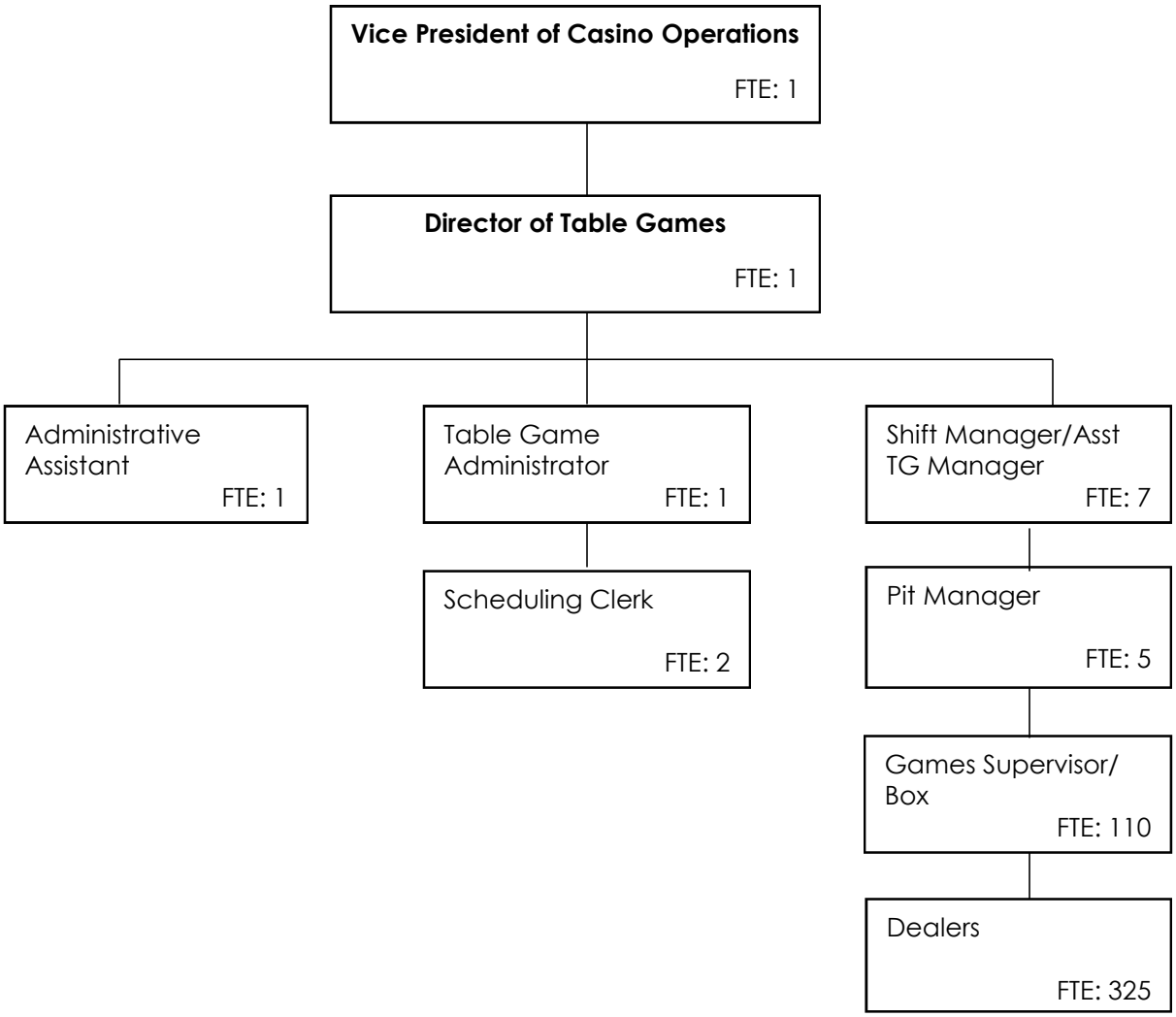

Vice President of Finance
FTE: 1
Safety Manager/Risk Manager
FTE: 1
Claims Supervisor
FTE: 1
Claims Adjuster
FTE: 1

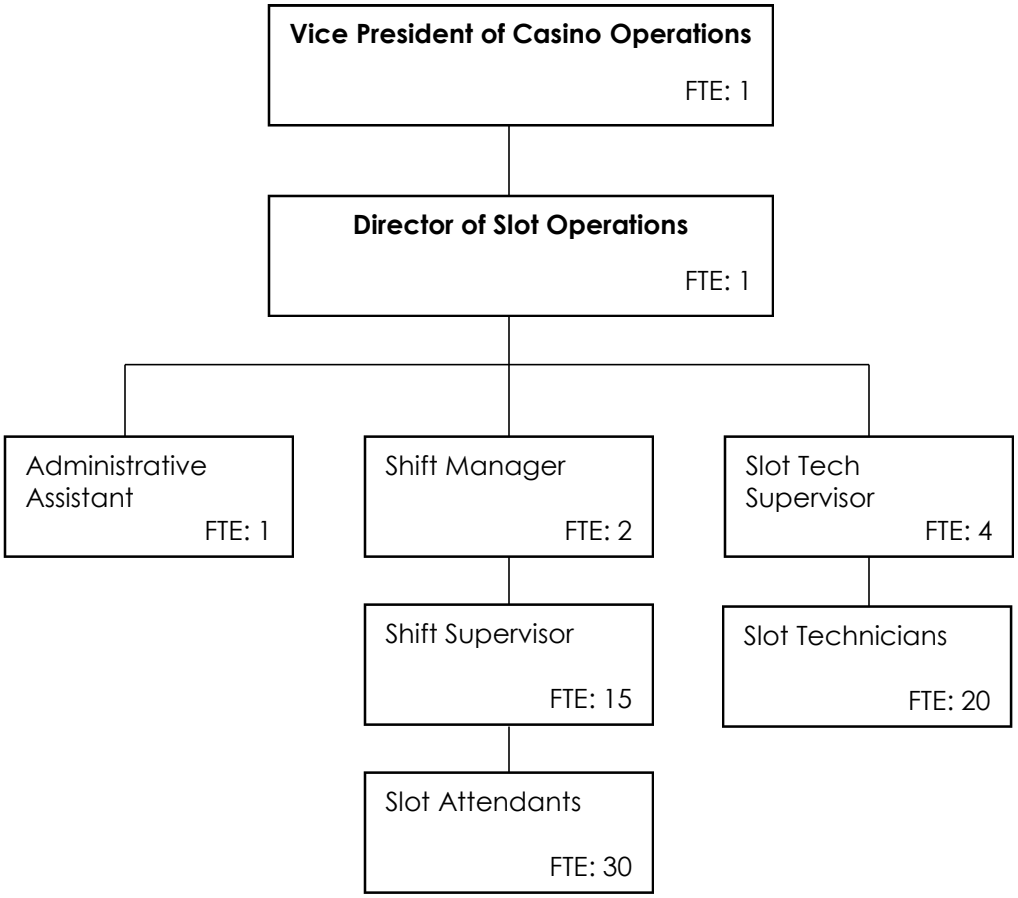

Assistant General Manager
FTE: 1
Director of Property Operations
FTE: 1
Administrative Assistant
FTE: 1
Property Shift Manager
FTE: 2
Sr. Lead Maintenance
FTE: 3
EVS Manager
FTE: 1
Maintenance
FTE: 25
EVS Supervisor
FTE: 5
EVS Attendant
FTE: 50

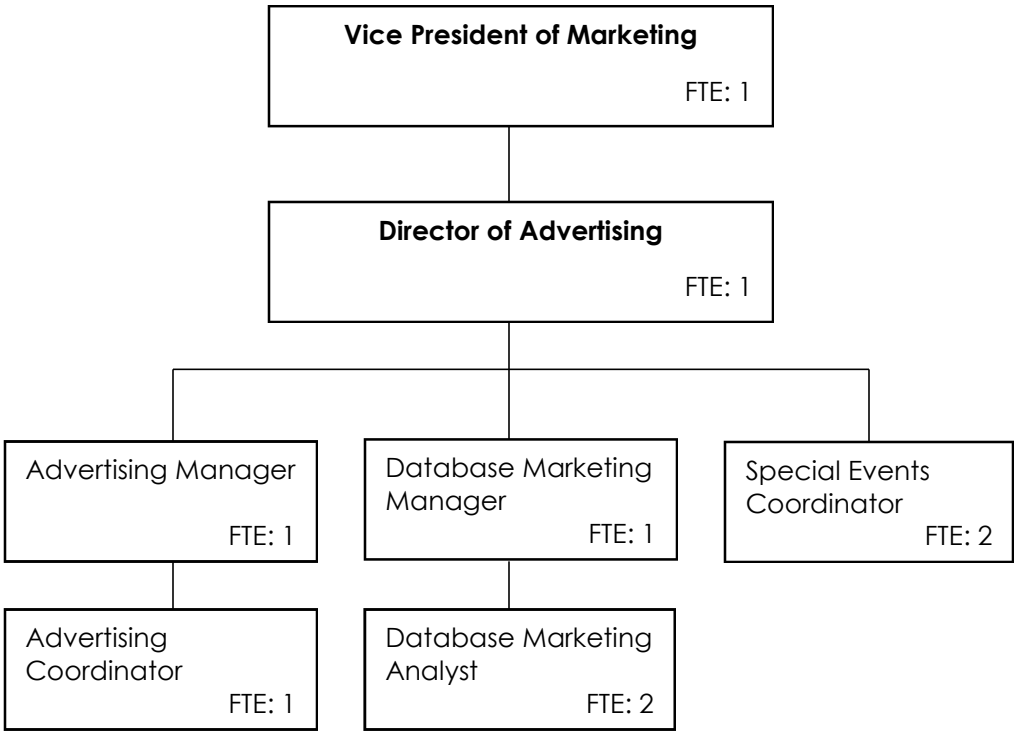

Assistant General Manager
FTE: 1
Director of Security
FTE: 1
Parking Supervisor
FTE: 2
Administrative Assistant
FTE: 1
Shift Manager
FTE: 2
Problem Gaming Liaisons
FTE: 2
Parker
FTE: 20
Limo/Shuttle Driver
FTE: 2
Shift Supervisor
FTE: 5
D/R Supervisor/Officer
FTE: 5
Security Officer
FTE: 55

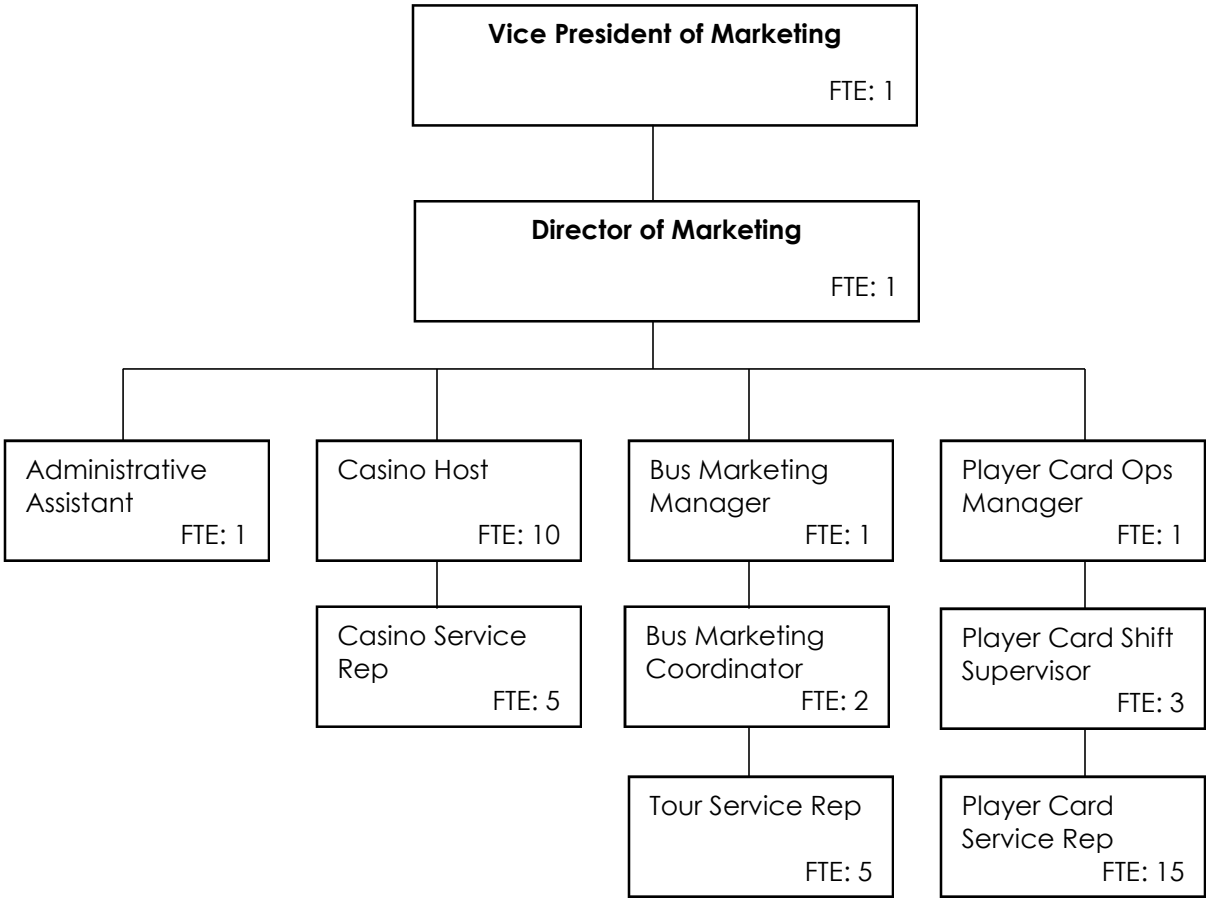

Assistant General Manager
FTE: 1
Director of Food and Beverage
FTE: 1
Executive Chef
FTE: 1
F&B Manager
FTE: 3
Cook
FTE: 65
F&B Supervisors
FTE: 20
Bartender
FTE: 30
Sommelier
FTE: 1
Barback
FTE: 15
Restaurant Waitstaff
FTE: 40
Casino Beverage Servers
FTE: 50
Host/Hostess
FTE: 15

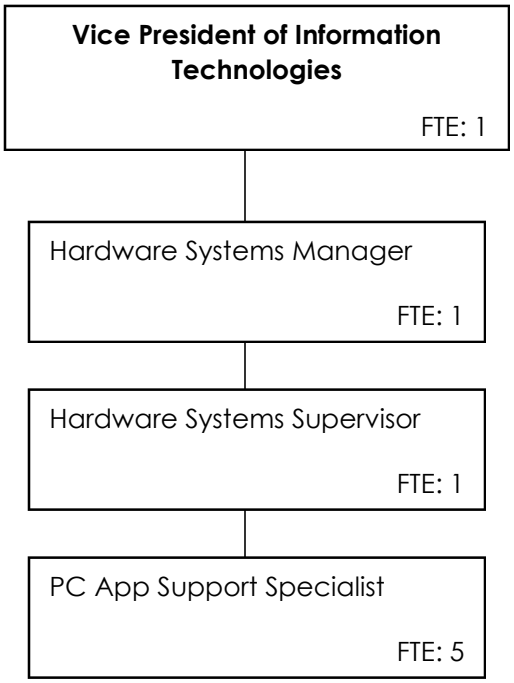

Vice President of Human Resources
FTE: 1
Director of Human Resources
FTE: 1
Administrative Assistant
FTE: 1
Employment Manager
FTE: 1
Benefits Manager
FTE: 2
Training Specialist
FTE: 1
Employment Supervisor
FTE: 2
Licensing Coordinator
FTE: 1
Employment Rep
FTE: 4
Data Coordinator
FTE: 2
Uniform Attendant
FTE: 2
Seamstress
FTE: 2

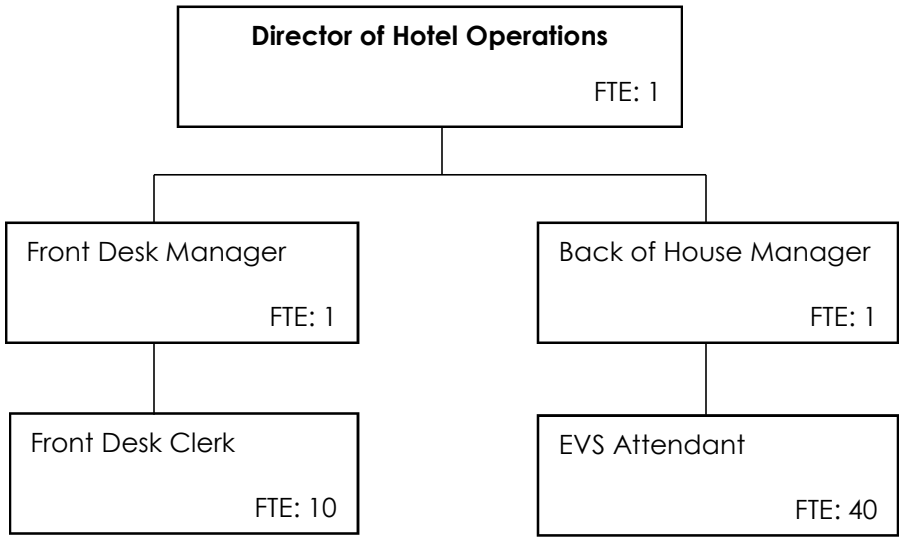

Vice President of Casino Operations
FTE: 1
Director of Table Games
FTE: 1
Administrative Assistant
FTE: 1
Table Game Administrator
FTE: 1
Shift Manager/Asst TG Manager
FTE: 7
Scheduling Clerk
FTE: 2
Pit Manager
FTE: 5
Games Supervisor/ Box
FTE: 110
Dealers
FTE: 325

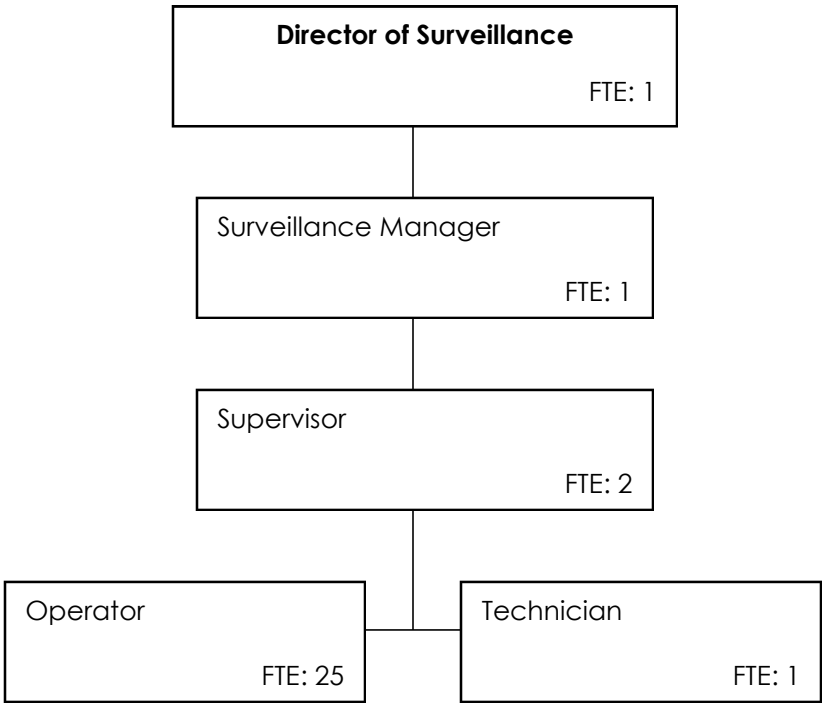

Vice President of Casino Operations
FTE: 1
Director of Slot Operations
FTE: 1
Administrative Assistant
FTE: 1
Shift Manager
FTE: 2
Slot Tech Supervisor
FTE: 4
Shift Supervisor
FTE: 15
Slot Technicians
FTE: 20
Slot Attendants
FTE: 30

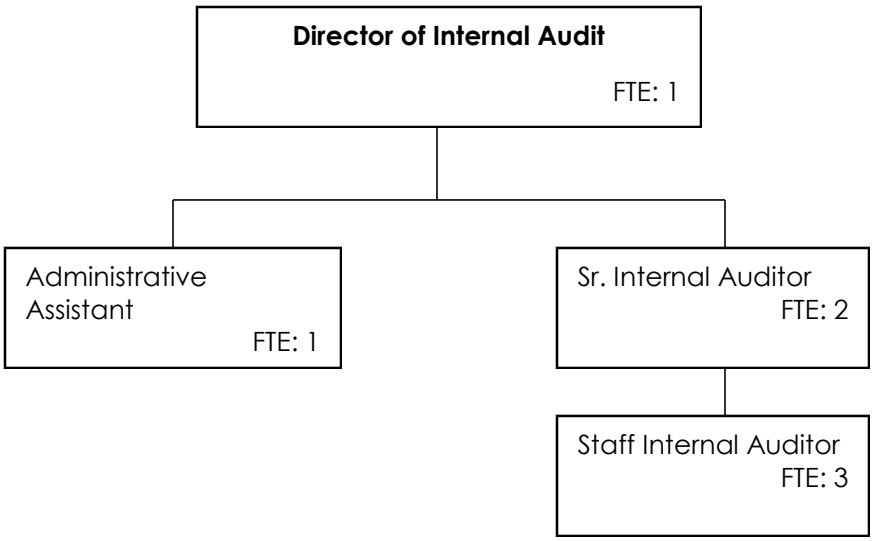

Vice President of Marketing
FTE: 1
Director of Advertising
FTE: 1
Advertising Manager
FTE: 1
Database Marketing Manager
FTE: 1
Special Events Coordinator
FTE: 2
Advertising Coordinator
FTE: 1
Database Marketing Analyst
FTE: 2


Vice President of Marketing
FTE: 1
Director of Marketing
FTE: 1
Administrative Assistant
FTE: 1
Casino Host
FTE: 10
Bus Marketing Manager
FTE: 1
Player Card Ops Manager
FTE: 1
Casino Service Rep
FTE: 5
Bus Marketing Coordinator
FTE: 2
Player Card Shift Supervisor
FTE: 3
Tour Service Rep
FTE: 5
Player Card Service Rep
FTE: 15


Vice President of Information Technologies
FTE: 1
Hardware Systems Manager
FTE: 1
Hardware Systems Supervisor
FTE: 1
PC App Support Specialist
FTE: 5


Director of Hotel Operations
FTE: 1
Front Desk Manager
FTE: 1
Back of House Manager
FTE: 1
Front Desk Clerk
FTE: 10
EVS Attendant
FTE: 40


Director of Surveillance
FTE: 1
Surveillance Manager
FTE: 1
Supervisor
FTE: 2
Operator
FTE: 25
Technician
FTE: 1


Director of Internal Audit
FTE: 1
Administrative Assistant
FTE: 1
Sr. Internal Auditor
FTE: 2
Staff Internal Auditor
FTE: 3