

**Gaming Facility  
Location Board**

**SELECTION OF THE  
NEW YORK GAMING FACILITY  
LOCATION BOARD**

**December 17, 2014**

# INTRODUCTION

In 2012, New York State Governor Andrew M. Cuomo proposed an amendment to the State constitution to permit casino gaming. The constitutional amendment process—passage of legislation by two consecutive Legislatures followed by a public referendum—culminated in November 2013, when voters overwhelmingly approved the constitutional amendment.

Governor Cuomo and the Legislature reasoned that New Yorkers spend more than \$1 billion per year at out-of-state casinos. As those dollars leave the State, so do good jobs, tourism and economic development that could be kept and grown within New York’s borders.

On July 30, 2013, Governor Cuomo signed into law The Upstate New York Gaming Economic Development Act of 2013 (“Act”). The Act authorized up to four Upstate destination gaming resorts with at least one gaming facility located in each of three defined regions of the State: Catskills/Hudson Valley (Region One, Zone Two), Capital (Region Two, Zone Two), and Eastern Southern Tier/Finger Lakes (Region Five, Zone Two). Pursuant to the Act, the New York State Gaming Commission (“Commission”) established the Gaming Facility Location Board (“Board”) to select up to four Applicants, following a competitive bid process, to be considered for a gaming facility license.

On March 31, 2014 the Board issued a Request for Applications to develop and operate a gaming facility in New York State (“RFA”). The RFA required Applicants to specify how they would meet certain criteria as specified in the Act. On June 30, 2014, the Board received 17 Applications seeking to develop and operate commercial gaming facilities in New York State. On August 7, 2014, the Board determined that an Application by Florida Acquisition Corp. for Region Two, Zone Two was substantially non-responsive to the RFA and by unanimous vote eliminated that Applicant from further consideration.

Therefore, the Board evaluated 16 responsive Applications. The Board treated these Applications as public records and has made them available to the public on the Commission’s web site with applicable exemptions pursuant to the Freedom of Information Law. The Applications evaluated, by region, follow on the next page.

**REGION ONE, ZONE TWO (Catskills/Hudson Valley Region):**

APPLICANT	PROPOSED LOCATION
Caesars New York	Woodbury, Orange County
The Grand Hudson Resort & Casino	New Windsor, Orange County
Hudson Valley Casino and Resort	Newburgh, Orange County
Live! Hotel Casino New York	Blooming Grove, Orange County
Mohegan Sun at The Concord	Thompson, Sullivan County
Montreign Resort Casino	Thompson, Sullivan County
Nevele Resort Casino & Spa	Wawarsing, Ulster County
Resorts World Hudson Valley	Montgomery, Orange County
Sterling Forest Resort	Tuxedo, Orange County

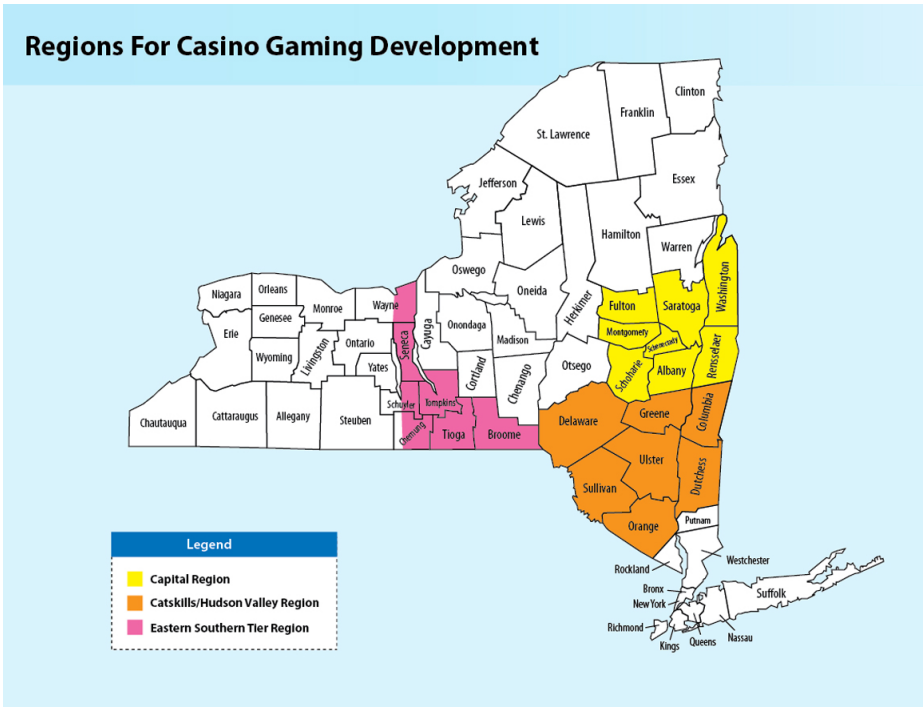
**REGION TWO, ZONE TWO (Capital Region):**

APPLICANT	PROPOSED LOCATION
Capital View Casino and Resort	East Greenbush, Rensselaer County
Hard Rock Hotel & Casino Rensselaer	Rensselaer, Rensselaer County
Howe Caverns Resort and Casino	Cobleskill, Schoharie County
Rivers Casino & Resort at Mohawk Harbor	Schenectady, Schenectady County

**REGION FIVE, ZONE TWO (Eastern Southern Tier/Finger Lakes Region):**

APPLICANT	PROPOSED LOCATION
Lago Resort & Casino	Tyre, Seneca County
Tioga Downs Casino, Racing & Entertainment	Nichols, Tioga County
Traditions Resort & Casino	Union, Broome County

**Regions For Casino Gaming Development**



On September 8 and 9, 2014, each Applicant was required to make an informational introductory presentation of its Application to the Board. The presentation was intended to afford the Applicant an opportunity to provide the Board with an overview of the contents of the Application, explain any particularly complex information and highlight any specific areas it desired. The Board had the opportunity to ask Applicants questions following their presentations.

On September 22, 23 and 24, 2014, the Board convened three 12-hour public comment events in each eligible Region to provide the Board with the opportunity to receive questions and concerns from the public relative to the Applicant proposals, including the scope and quality of the gaming area and amenities, the integration of the gaming facility into the host municipality and nearby municipalities and the extent of required mitigation plans and to receive input from members of the public and impacted communities. The Board heard more than 400 individual speakers at the three public comment events, with approximately 30 percent of the total project-specific comments voicing opposition to a project and approximately 70 percent indicating support.

In addition to the public comment events, the Board received more than 12,000 pieces of unique communications relating to the siting of casinos. Board members also visited proposed sites.

## EVALUATION

The Board reviewed and evaluated the proposals (constituting more than 150,000 pages) submitted in response to the RFA issued on March 31, 2014. The Board was impressed by the strong interest in investing in the development of Upstate New York and appreciates the effort, care, time and skill that went into the preparation of extensive responsive submissions on an aggressive response schedule.

In evaluating the Applications, the Board followed the statutory criteria of Racing, Pari-Mutuel Wagering and Breeding Law (“PML”) section 1320 set forth below, which requires the evaluation of economic activity and business development (70 percent weight), local impact and siting (20 percent weight) and workforce enhancement (10 percent weight) including but not limited to the following factors:

### **Economic Activity & Business Development Factors—70 percent**

- Realizing maximum capital investment exclusive of land acquisition and infrastructure improvements
- Maximizing revenues received by the state and localities
- Providing the highest number of quality jobs in the gaming facility
- Building a gaming facility of the highest caliber with a variety of quality amenities to be included as part of the gaming facility
- Offering the highest and best value to patrons to create a secure and robust gaming market in the region and the state
- Providing a market analysis detailing the benefits of the site location of the gaming facility and the estimated recapture rate of gaming-related spending by residents travelling to an out-of-state gaming facility
- Offering the fastest time to completion of the full gaming facility
- Demonstrating the ability to fully finance the gaming facility
- Demonstrating experience in the development and operation of a quality gaming facility

### **Local Impact and Siting Factors—20 percent**

- Mitigating potential impacts on host and nearby municipalities which might result from the development or operation of the gaming facility
- Gaining public support in the host and nearby municipalities which may be demonstrated through the passage of local laws or public comment received by the board or gaming Applicant
- Operating in partnership with and promoting local hotels, restaurants and retail facilities so that patrons experience the full diversified regional tourism industry
- Establishing a fair and reasonable partnership with live entertainment venues that may be impacted by a gaming facility under which the gaming facility actively supports the mission and the operation of the impacted entertainment venues

## Workforce Enhancement Factors—10 percent

- Implementing a workforce development plan that utilizes the existing labor force, including the development of workforce training programs that serve the unemployed
- Taking additional measures to address problem gambling including, but not limited to, training of gaming employees
- Utilizing sustainable development principles
- Establishing, funding and maintaining human resource hiring and training practices that promote the development of a skilled and diverse workforce and access to promotion opportunities
- Purchasing, whenever possible, domestically manufactured slot machines for installation in the gaming facility
- Implementing a workforce development plan that<sup>1</sup>:
  - Incorporates an affirmative action program
  - Utilizes the existing labor force in the state
  - Includes specific goals for the utilization of minorities, women and veterans on construction jobs
  - Identifies workforce training programs
  - Identifies the methods for accessing employment
- Demonstrating that the Applicant has an agreement with organized labor, including hospitality services, and has the support of organized labor for its Application, which specifies:
  - The number of employees to be employed at the gaming facility
  - Detailed plans for assuring labor harmony during all phases of the construction, reconstruction, renovation, development and operation

In addition to the specific economic activity and business development factors set forth above, the Board developed an additional criterion as permitted under PML section 1306, subdivision 3. This criterion was that the Board consider which proposals best fulfill the intent of the Act in regard to providing economic assistance to disadvantaged areas of the State while enhancing Upstate New York's tourism industry. This additional criterion supports the legislative intent of the Act, namely that selected proposals capitalize on economic development potential, boost economic development, create well-paying jobs, and enhance Upstate tourism. (PML section 1300, subdivisions 3, 5 and 6).

While all of these factors were considered, no single factor was determinative in the Board's evaluation.

The Board received advice and assistance from Commission staff, expert consultants and various State agencies with expertise in particular aspects of the topics covered in the RFA. The Board expresses its gratitude to the Commission staff for their extensive and effective work. Similarly, numerous State agencies provided useful input regarding the Applicants and the Applications, work for which the Board is grateful.

<sup>1</sup>As stated in the Addendum to the RFA, Board recognizes the importance placed upon minority and women-owned business enterprises (MWBE) business participation by the State and encourages contract opportunities for all small businesses including State certified MWBEs. To this end, the Board recommends that the Gaming Commission implement conditions to licensure requiring the three successful Applicants to match or exceed Governor Andrew M. Cuomo's Executive Order establishing a 30 percent goal for MWBE contracting.

The Board received expert analyses regarding the revenue-generating capabilities of the Applicants as well as proposed financing and capital structures, credit support, impacts and mitigation plans. The Board directed expert analyses of revenue projections, potential cannibalization of existing gaming facilities, potential impact of competing new casinos within a single region and qualitative factors that might affect the attractiveness of the new gaming facility, including development and operating experience and project design. In many cases, the Board sought and received more specific analysis as it continued to evaluate the Applications.

In particular, the Board studied projections under various assumptions of gross gaming revenue and impacts to State revenue after accounting for potential cannibalization of revenue from existing video lottery gaming and Native American facilities and the potential impact of competing new casinos within a single region.

The Board considered proposed debt and equity financing structures of the Applicants and the reliability and sustainability of proposed financing plans. The Board considered debt-to-equity ratios, projected earnings relative to proposed debt levels and projected debt service requirements, as well as the sensitivity of earnings potential in various economic climates and in the event of earnings before interest, taxes, depreciation and amortization (EBITDA) margin compression.

Finally, the Board considered the following data provided by the New York State Division of Budget regarding various indicators of economic distress within each of the proposed host counties:

Region One: Catskills/Hudson Valley Region				
Indicator of Economic Distress	New York State Average	Sullivan County	Orange County	Ulster County
Median Family Income	\$80,249.18	\$58,051.67	\$81,470.58	\$75,877.24
Percent with a Bachelor's Degree or Higher	33.2%	25.15%	27.36%	28.8%
Median Home Prices	\$232,610	\$179,110	\$195,090	\$198,470
Unemployment Rate	5.7%	6.4%	5.4%	5.7%
Poverty Rate	15.3%	18.2%	12.5%	13.6%

### Region Two: Capital Region

<b>Indicator of Economic Distress</b>	New York State Average	Rensselaer County	Schenectady County	Schoharie County
Median Family Income	\$80,249.18	\$75,321.64	\$75,398.83	\$71,695.79
Percent with a Bachelor's Degree or Higher	33.2%	31.36%	26.8%	20.81%
Median Home Prices	\$232,610	\$171,750	\$171,250	\$149,160
Unemployment Rate	5.7%	5%	5.2%	5.7%
Poverty Rate	15.3%	11.6%	12.4%	14.4%

### Region Five: Eastern Southern Tier/Finger Lakes Region

<b>Indicator of Economic Distress</b>	New York State Average	Seneca County	Tioga County	Broome County
Median Family Income	\$80,249.18	\$65,752.88	\$70,272.03	\$63,013.65
Percent with a Bachelor's Degree or Higher	33.2%	21.05%	23.7%	30.28%
Median Home Prices	\$232,610	\$146,590	\$107,140	\$112,570
Unemployment Rate	5.7%	5.1%	5.8%	6%
Poverty Rate	15.3%	12.9%	10.2%	17.3%



## SELECTION

After careful evaluation of each Applicant’s proposal, the Board has determined that the selection of three Applicants—one in each region—would maximize prospects for sustained success and be in the best overall interest of the State. The Board has declined to select a fourth Applicant in the belief that a second competing new gaming facility in any of the regions would make it significantly more difficult for any gaming facility to succeed in that region.

The Board selects the following three entities to apply to the Commission for a gaming facility license:

**Region One: Montreign Resort Casino in the Town of Thompson  
proposed by Montreign Operating Company LLC (“Montreign”)**

**Region Two: Rivers Casino & Resort at Mohawk Harbor in the City of Schenectady  
proposed by Capital Region Gaming, LLC (“Rivers”)**

**Region Five: Lago Resort & Casino in the Town of Tyre  
proposed by Lago Resort & Casino, LLC (“Lago”)**

As summarized below, the Board has determined that these three gaming facility proposals each have local support, will provide a good environment for its workforce and are of the desired scope and quality to fulfill the intent of the Act to bring jobs and economic development to long-distressed regions of the State. These gaming facilities will also increase tax revenue to New York State and contribute to its tourism industry. Finally, the Board believes these three gaming facility proposals best meet the statutory criteria for measuring the potential for long term economic growth and sustainability.

The Board expects that before issuing a license in connection with any of these three facility proposals, the Commission will take appropriate steps to ensure that these selected Applicants substantially fulfill the commitments and execute the development plans that the Applicants have presented as part of this competitive process, specifically the Adelaar and Mohawk Harbor projects being constructed as part of the Montreign and Rivers proposals, respectively. Additionally, the Board recommends that the Commission work with Lago to address potential traffic impacts of its facility on the local community. The Board also expects that the Commission will take appropriate steps to ensure that these selected Applicants reach agreements to not take actions to increase debt-to-equity ratios beyond the levels presented in the Applicants’ proposals and/or standard industry practices.

## Region One, Zone Two (Catskills/Mid-Hudson Region)

# MONTREIGN™

Montreign submitted alternative proposals for several potential competitive scenarios. Because the Board is not recommending that a gaming facility be licensed in Orange or Dutchess Counties, the applicable proposal is Montreign's "Preferred Scenario" proposal. The Board selects Montreign to apply to the Commission for a gaming facility license in Region One, Zone Two for its "Preferred Scenario."

### Montreign's Proposed Gaming Facility

Montreign, a subsidiary of Empire Resorts, Inc. ("Empire Resorts"), has proposed to develop the Montreign Resort Casino in a planned destination resort known as Adelaar in the Town of Thompson in Sullivan County. Montreign proposes an 18-story casino, hotel and entertainment complex featuring an 86,300 square-foot casino with 61 gaming tables, 2,150 slot machines, 391 hotel rooms, multiple dining and entertainment options, and several meeting spaces. As presented, Adelaar would also feature an indoor waterpark and hotel, an "entertainment village" with dining and retail outlets, a golf course and significant residential development.

### Board's Evaluation

Montreign's total proposed capital investment is \$630 million. Montreign states that the other components of the Adelaar development, as presented, represent potentially several hundred million dollars in additional capital investment. The Board finds that Montreign's commitment to pay \$1 million in addition to the required \$50 million licensing fee will enhance State revenue accordingly. Montreign projects gross gaming revenues and gaming tax revenues in 2019 of \$301.6 million and \$103.4 million, respectively.

The Board finds that Montreign's location in Sullivan County presents the potential to revive a once-thriving resort destination area that has experienced a significant downturn and has a great need for economic development and well-paying jobs. Montreign's inclusion in the Adelaar development increases prospects for an attractive tourism destination.

Montreign anticipates creating approximately 1,209 full-time and 96 part-time permanent jobs. Montreign also anticipates using New York-based subcontractors and suppliers and has demonstrated strong minority and women business enterprise procurement practices.

The Board finds that the design and amenities of Montreign's gaming facility are strong, especially in combination with the other proposed elements of the Adelaar development. The Board's experts observed that the proposed casino floor configuration is larger, more varied and potentially more interesting than some other competitive proposals.

Moreover, the Board believes the project is designed in a way that will optimize a resort experience that will take advantage of its location within the Catskills. Montreign stated in its Applicant presentation that the inclusion of the Adelaar development was similar to the Camelback Resort in the Poconos (also owned by EPR), where visits are roughly evenly split between gaming and non-gaming purposes.

The Board finds that Montreign's access to the existing player's club program and player database at the affiliated Monticello Casino & Raceway is an asset of the proposal.

The Board notes Montreign's anticipated recapture of a substantial amount of out-of-state gaming revenues. Because of Montreign's location in Sullivan County, the Board believes that Montreign will have a small adverse impact on other New York State racing, VLT and tribal gaming facilities, with the exception of Monticello Casino & Raceway, which is owned and operated by Empire Resorts.

The Board finds that Montreign has proposed a reasonable and credible financing structure. Montreign intends to finance the gaming facility through a combination of equity to be raised by Empire Resorts via a rights offering and institutional third-party debt. Montreign states that an affiliate of the Lim family of Malaysia, which currently owns a majority of Empire Resorts, has committed to fully backstop the rights offering. Montreign also presents a debt commitment letter, subject to certain conditions, from a major institutional lender to evidence the viability of the proposed debt financing.

The Board finds that the executive team at Empire Resorts has substantial experience in developing, constructing and operating casinos and related facilities.

The Board further notes that Montreign presents a sophisticated analysis of the project's infrastructure and service needs and a reasonable mitigation plan of impacts. Montreign demonstrates local support and intends to partner with local businesses and promote regional tourism, including impacted live entertainment venues in the area.

Montreign intends to implement a workforce development program that employs the existing nearby labor force, including those who are currently unemployed. Montreign states that it has experience in recruitment, hiring and retention of local labor that goes beyond equal employment opportunity initiatives. The Board finds that Montreign proposes to establish and implement an affirmative action program that identifies specific goals for the engagement of minorities, women, persons with disabilities and veterans in order to increase the diversity of the gaming industry workforce. Empire Resorts has demonstrated very strong labor-management cooperation, and Montreign has organized labor's support of the project through signed agreements.

The Board is impressed by Montreign's comprehensive measures, consistent with industry best practices, to address problem gambling, including training employees in recognizing problem gambling.

Montreign commits to use sustainable development principles in construction and operation of the gaming facility and to establish robust and well-articulated human resource practices. Montreign also commits to purchase, whenever possible, domestically manufactured slot machines.

## Regarding Other Proposals in Region One, Zone Two

The Board determined that to fulfill the intent of the Act, the one gaming facility license in the region should be awarded to a qualified and desirable Applicant in Sullivan County or Ulster County. While the Board recognizes that an Orange County casino could generate substantial revenues as a result of proximity to New York City, review of other scenarios found any additional facility in Orange County or a second facility in Sullivan County could destabilize the health of a single project in the traditional Catskills area. Therefore, the Board has determined not to recommend the award of a license to any proposal in Orange County or a second facility in the Catskills counties. The Board notes that certain proposals in Orange County had attractive features including strong casino operators, established loyalty programs and supplemental license fees but also had weaknesses, including (depending on the Applicant) local opposition, environmental concerns with proposed sites that threatened to delay their speed to market, traffic issues, and uncertainties about the financial condition of the sponsor and/or proposed financing package. Moreover, because of their proximity to New York City, all of the Orange County proposals resulted in a high level of cannibalization of existing downstate gaming facilities.

In the case of the Nevele proposal, a critical concern is that the proposal required \$240 million of equity financing that is not yet committed. A very substantial share of such equity capital is proposed to come from firms that lack experience in the gaming industry and that did not submit financial statements.

The Board finds the Mohegan Sun proposal to be compelling. However, the Board determined, through an overall comparison of the two, that Montreign is a more comprehensive and well-measured proposal.

While the Board notes there were strengths and weaknesses among all three Catskills Applicants, the Board concludes that Montreign offers the superior proposal based upon consideration of all of the statutory factors.

## Region Two, Zone Two (Capital Region)



The Board unanimously selects Rivers to apply to the Commission for a gaming facility license in Region Two, Zone Two.

### **Rivers' Proposed Gaming Facility**

Rivers, owned by affiliates of casino and real estate developer Neil Bluhm, proposes to develop the Rivers Casino & Resort at Mohawk Harbor on the Mohawk River in the City of Schenectady in Schenectady County. The Rivers facility would reside on a 60-acre waterfront location. The facility is proposed to include a 50,000-square-foot casino featuring 1,150 slot machines and 66 gaming tables (including poker tables), a high-end steakhouse and other casual and light fare restaurants, an entertainment lounge, a banquet facility and a spa. The Rivers facility is part of Mohawk Harbor, a mixed use waterfront development being completed by The Galesi Group, a large and experienced real estate developer, which combines residential, commercial and retail uses as well as a new harbor, riverfront trails and open spaces. Rivers states that The Galesi Group will develop a hotel at Rivers' facility with 150 rooms in addition to another planned 124-room hotel being developed on the northern portion of the Mohawk Harbor project.

### **Board's Evaluation**

Rivers' total proposed capital investment is \$300.1 million. The Board acknowledges the opportunities for enhanced economic impact in the region due to Rivers' inclusion in the Mohawk Harbor development, which is the subject of a separate investment of approximately \$150 million. The Board notes Rivers' commitment to pay the required \$50 million licensing fee. Rivers projects gross gaming revenues and gaming tax revenues in 2019 of \$222.5 million and \$82.1 million, respectively. The Board notes Rivers' assertion that its facility will produce "as much or more revenue" as any of the other proposed facilities in the Capital Region and its observation that the "gravity model" that forms the basis for most market surveys does not take into account the particular abilities of the operator.

Rivers anticipates supporting approximately 877 full-time and 193 part-time jobs in central Schenectady. Another compelling aspect of the Rivers project is that it supports the revitalization of the City of Schenectady by replacing one of the country's oldest brownfield sites.

The Board notes that Rivers proposes to brand the hotel (to be owned by The Galesi Group) with a national hotel flag such as the "Four Points by Sheraton" or "Aloft" flags of Starwood Hotels & Resorts. The Board believes that branding the Rivers hotel with a strong national hotel flag could be advantageous, particularly if the franchise arrangement facilitates Rivers' marketing of its casino to the flag's customer loyalty database.

Rivers presents a reasonable and credible plan to finance its project with a combination of equity from its members and institutional third-party debt. Equity capital of up to 30 percent of the capital structure has been committed by interests of the Bluhm family, which is considered "permanent capital" that does not contemplate

a liquidity event for investors within a fixed term. In response to a question at the Applicant presentation, Mr. Bluhm emphasized that he had the capacity to provide additional equity financing if necessary to complete the project. The Board notes favorably that affiliates of Rivers have successfully raised capital in difficult financial markets and completed other comparable gaming developments on time and on budget. Rivers also indicates that a completion guaranty will be provided if required by the financing arrangements. Rivers provides highly confident letters for the proposed debt financing from multiple major institutional financing sources, each of which covers the full amount of debt financing required for the project.

Gaming operations at Rivers will be overseen by local management and Rush Street Gaming LLC, an affiliate of Rivers. Although Rush Street has not formally been designated as the Operator of the facility, the ownership structure makes clear that Rush Street will be the driving force of Rivers' operations. The Board finds that Rush Street is a gaming company with experience in developing, financing and operating entertainment and gaming destinations on a scale comparable to the proposed Rivers project.

The Board finds that Rivers presents a complete analysis of anticipated local impacts and provides strategies for mitigating those impacts. Rivers demonstrates local support and the Board notes Rivers' commitment to partner with local businesses and promote regional tourism, including impacted live entertainment venues in the area.

Rivers intends to implement a workforce development program that employs the existing nearby labor force, including those who are currently unemployed. Rivers demonstrates organized labor's support of the project through signed agreements.

The Board finds that Rivers presents sufficient measures to address problem gambling, including training employees in recognizing problem gambling.

Rivers commits to using sustainable development principles in construction and operation of the gaming facility and will establish a hiring and training program that promotes a skilled and diverse workforce. The Board finds that Rivers proposes to establish and implement an affirmative action program for the engagement of minorities, women, persons with disabilities and veterans in order to increase the diversity of the gaming industry workforce. Rivers will purchase primarily domestically manufactured slot machines.

### **Regarding Other Proposals in Region Two, Zone Two**

The Board notes that in the case of the Howe Caverns proposal, a critical concern is that the Applicant provided no commitment or highly confident letters for either its equity or debt financing. Unlike all other Applicants, the sponsors of the Howe Caverns proposal stated that it could not propose a capital structure in any level of detail prior to receiving a gaming license. The Board notes that in a supplement to its initial Application, Howe Caverns provided a commitment for one credit facility. However, the Board is unable to verify the financial ability of the lender to satisfy such commitment.

The Board notes that the level of public support for the Capital View project was significantly less than was the case for the other three Capital Region Applicants.

The Board finds the Hard Rock proposal to be compelling. However, the Board determined, through an overall comparison of the two and despite Hard Rock’s revenue projections, Rivers is a more comprehensive and well-measured proposal.

While the Board notes there were strengths and weaknesses among all four Capital Region Applicants, the Board concludes that Rivers offers the superior proposal based upon consideration of all of the statutory factors.

### **Region Five, Zone Two (Eastern Southern Tier/Finger Lakes Region)**



The Board unanimously selects Lago to apply to the Commission for a gaming facility license in Region Five, Zone Two.

#### **Lago’s Proposed Gaming Facility**

Lago, a partnership of Wilmot Gaming, LLC and PGP Investors, LLC, proposes to develop the Lago Resort & Casino in the Town of Tyre in Seneca County. Lago’s facility would include a 94,000 square foot casino with 2,000 slot machines and 85 gaming tables, 207 hotel rooms, multiple restaurants and lounges featuring local fare, and a spa.

#### **Board’s Evaluation**

Lago’s total proposed capital investment is \$425 million. This capital investment far exceeds the proposed capital investment of the other two Applications for this region. The Board notes Lago’s commitment to pay the required \$35 million licensing fee. In addition, even after considering potential cannibalization of existing facilities, the Board observes that Lago’s proposal is projected to generate significantly greater tax revenues to the State than the other Applications for this region. Further, the Board finds Lago will provide many opportunities for enhanced economic impact and increased tourism in the Finger Lakes region. Lago projects gross gaming revenues and gaming tax revenues in 2019 of \$282 million and \$80 million, respectively.

Lago anticipates creating approximately 1,250 to 1,500 jobs. Lago has confirmed in a signed construction manager agreement, a commitment to use a minimum of 95 percent New York-based contractors and 90 percent New York-based suppliers.



The Board finds that Lago proposes a thoughtful and well-designed facility that would provide a leisurely, resort-like atmosphere for guests.

The Board finds that Lago has proposed a reasonable and credible financing structure. Lago proposes to finance the gaming facility through a combination of institutional third-party debt and preferred equity and common equity raised from its members. Lago's three investors have committed to provide a total of \$90 million of cash equity investment to finance the project.

Wilmot Gaming is an affiliate of Wilmorite Inc. and the Wilmot family, which have local real estate development experience. PGP is affiliated with M. Brent Stevens, an experienced casino developer. The gaming facility will be operated by JNB Gaming, LLC, also an affiliate of Mr. Stevens, which the Board finds has extensive and successful experience developing and managing regional casinos similar in size and scope to Lago.

The Board finds that Lago presents a complete analysis of the anticipated local impacts of its facility and provides reasonable strategies for mitigating those impacts. Lago has sufficiently demonstrated local support however the Board is mindful that the proposed facility may create some traffic concerns for its neighbors. The Board recommends that the Commission work with Lago to address those potential impacts to ensure safety and minimize inconvenience to the residents of the Tyre area. Lago intends to partner with local businesses and promote regional tourism, including impacted live entertainment venues in the area.

Lago intends to implement a workforce development program that employs the existing nearby labor force, including those who are currently unemployed. The Board finds that Lago proposes to establish and implement an affirmative action program that identifies specific goals for the engagement of minorities, women, persons with disabilities and veterans in order to increase the diversity of the gaming industry workforce. Lago has organized labor's support of the project through signed agreements.

The Board finds that Lago presents comprehensive measures, consistent with industry best practices, to address problem gambling, including training employees in recognizing problem gambling.

Lago proposes using sustainable development principles in construction and operation of the gaming facility.

### **Regarding Other Proposals in Region Five, Zone Two**

By contrast with the proposed financing of Lago, which includes cash equity commitments of \$90 million, the total amount of the equity contribution of the Tioga Downs project is substantially lower and the total amount of equity contribution (excluding the proceeds of a sale-leaseback transaction) to the Traditions project is similarly low. Lago and Tioga Downs have provided commitment letters for the debt portion of their financing proposals, while the debt portion of the Traditions proposal is backed by a highly confident letter.

While the Board notes there were strengths and weaknesses among all three Applicants in the Eastern Southern Tier/Finger Lakes Region, the Board concludes that Lago offers the superior proposal based upon consideration of all of the statutory factors.



## CONCLUSION

The five members of the Gaming Facility Location Board volunteered to serve on the Board with full appreciation of the importance and gravity that comes with their decisions. Individual opinions on gambling and related issues were set aside and each member applied the statutory criteria to the best of their abilities. They have taken their role very seriously: they have traveled the State, visited locations, heard from hundreds of concerned citizens, consulted with renowned industry experts and thoroughly digested voluminous materials, all while applying their individual and collective experience and expertise to make the best choices for the localities, region and the entire State of New York.

While the majority of Applicants are not moving forward in the process, the Board extends its gratitude to each of the Applicants for their commitment and interest in helping to foster economic development in Upstate New York.

The entities that are moving forward have an important charge at hand. As they have throughout this process, they are expected to act and perform with the utmost integrity and accountability to the State and taxpayers. The Commission has already begun the licensing review process and intends to move promptly to issue licenses so that construction can begin, jobs can be created and the economic climate can improve. The Board congratulates the successful Applicants and wishes them the best success on their developments.