

Economic Impact Analysis of the Proposed Nevele Resort, Casino & Spa on the Hudson Valley Region & New York State

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Prepared for:

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EXECUTIVE SUMMARY

Camoin Associates was commissioned by Nevele Investors, LLC (the “Company”) to conduct an economic impact study of a proposed development project to be known as the Nevele Resort, Casino, & Spa (the “Project” and/or the “Nevele”) on the economy of the State of New York and on the regional economy (the “Hudson Valley Region”)¹.

The Project is proposed to be built on 523.4 +/- acres of land located in the Hudson Valley, east of Route 209 and Nevele Road (the “Site” or “Project Site”). The Project will be constructed in two years and includes the renovation of the existing hotel towers, an 18-hole golf course, outdoor ice rink, equestrian facilities and hiking trails, and a fitness center complete with tennis courts. Proposed plans for new construction include 446 hotel rooms, multiple food and beverage venues, and a casino with 2,000 gaming machines and 80 table games.

To account for both construction and operation phases of the Project, this analysis breaks down the anticipated economic and fiscal impacts by year:

- **Years 1-2:** Construction phase.
- **Year 3+:** Completion of construction and full operation of the Nevele.

The expected economic impacts are summarized below.

Statewide Economic Impact

For this analysis, it is assumed that the Nevele would be the only resort-style casino in the Hudson Valley/Catskill region. Please refer to the Introduction of this report for a full explanation of the difference in methodology and underlying assumptions for the statewide and regional analyses.

The table below summarizes the economic impact of the Project on the State of New York’s economy. This impact is the result of new jobs at the Project (the direct effects) and also a result of spending re-circulating throughout the state’s economy as local businesses make additional purchases and employees spend their wages (the indirect effects). Impacts were estimated based on spending by out- of-state gaming visitors coming into New York and in-state residents who would otherwise leave the state to visit gaming facilities elsewhere. Therefore, the figures below include only those dollars that are “new” to New York State from the Nevele capturing the gaming market. Said another way, the figures below specifically exclude resident gamer spending that would have occurred at other gaming establishments in the state regardless of the Nevele.

¹ For the purpose of this analysis, the “regional economy” is defined as the counties of Ulster, Columbia, Delaware, Dutchess, Greene, Orange, and Sullivan. This geography is based on the regional labor shed as detailed in a report completed by Thomas P. Miller and Associates: *Workforce Opportunities and the Nevele*.

Economic Impact of Nevele to New York State			
Out of State	Direct	Indirect	Total
Jobs	1,669	1,201	2,870
Sales	\$197,239,083	\$187,539,387	\$384,778,470
Earnings	\$53,712,648	\$69,289,317	\$123,001,965
In-State Repatriation	Direct	Indirect	Total
Jobs	614	442	1,056
Sales	\$72,861,702	\$69,269,982	\$142,131,684
Earnings	\$19,819,706	\$25,567,420	\$45,387,126
Total	Direct	Indirect	Total
Jobs	2,283	1,643	3,926
Sales	\$270,100,785	\$256,809,369	\$526,910,154
Earnings	\$73,532,354	\$94,856,737	\$168,389,091

Source: Camoin Associates, EMSI, Company

The table above shows impacts in the first year the Project is operational (Year 3, following a 2-year construction period) expressed in 2014 dollars. As shown, the Nevele's impact comprises **3,926 jobs** for New York State, nearly **\$527 million in sales** and over **\$168 million in earnings** in the year 3 (2014 dollars).

The following table shows those impacts over time, adjusted for inflation, over the next twenty years. Note that impacts in year 1 and 2 are associated with the construction of the project itself, whereas operations commence in year 3.

Total Annual Economic Impact Through Year 20+				
Year	Jobs	Inflation Factor	Sales	Earnings
1	901	1.000	\$150,717,159	\$64,113,227
2	1,674	1.030	\$288,299,306	\$122,638,982
3	3,926	1.061	\$558,998,982	\$178,643,987
4	3,926	1.093	\$575,768,952	\$184,003,306
5	3,926	1.126	\$593,042,020	\$189,523,405
6	3,926	1.159	\$610,833,281	\$195,209,108
7	3,926	1.194	\$629,158,279	\$201,065,381
8	3,926	1.230	\$648,033,028	\$207,097,342
9	3,926	1.267	\$667,474,019	\$213,310,263
10	3,926	1.305	\$687,498,239	\$219,709,570
11	3,926	1.344	\$708,123,186	\$226,300,857
12	3,926	1.384	\$729,366,882	\$233,089,883
13	3,926	1.426	\$751,247,888	\$240,082,580
14	3,926	1.469	\$773,785,325	\$247,285,057
15	3,926	1.513	\$796,998,885	\$254,703,609
16	3,926	1.558	\$820,908,851	\$262,344,717
17	3,926	1.605	\$845,536,117	\$270,215,059
18	3,926	1.653	\$870,902,200	\$278,321,510
19	3,926	1.702	\$897,029,266	\$286,671,156
20+	3,926	1.754	\$923,940,144	\$295,271,290
20 yr Total	-	-	\$13,527,662,013	\$4,369,600,289

Source: Camoin Associates

By year 20, the total sales impact has risen to \$924 million and earnings to \$295 million annually. The total economic impact over the 20-year period is \$13.5 billion in sales and \$4.4 billion in earnings.

The above impacts represent the expected “average” case. The low-case and high-case scenarios are provide in the following table (calculated as a 5% range around the average).

Low-Average-High Case: Total Annual Economic Impact to NYS Through Year 20+									
Year	Jobs			Sales			Earnings		
	Low	Average	High	Low	Average	High	Low	Average	High
1	856	901	946	143,181,301	\$150,717,159	\$158,253,017	\$60,907,566	\$64,113,227	\$67,318,888
2	1,590	1,674	1,758	273,884,341	\$288,299,306	\$302,714,271	\$116,507,033	\$122,638,982	\$128,770,931
3	3,730	3,926	4,122	531,049,033	\$558,998,982	\$586,948,931	\$169,711,787	\$178,643,987	\$187,576,186
4	3,730	3,926	4,122	546,980,504	\$575,768,952	\$604,557,399	\$174,803,141	\$184,003,306	\$193,203,472
5	3,730	3,926	4,122	563,389,919	\$593,042,020	\$622,694,121	\$180,047,235	\$189,523,405	\$198,999,576
6	3,730	3,926	4,122	580,291,617	\$610,833,281	\$641,374,945	\$185,448,652	\$195,209,108	\$204,969,563
7	3,730	3,926	4,122	597,700,365	\$629,158,279	\$660,616,193	\$191,012,112	\$201,065,381	\$211,118,650
8	3,730	3,926	4,122	615,631,376	\$648,033,028	\$680,434,679	\$196,742,475	\$207,097,342	\$217,452,209
9	3,730	3,926	4,122	634,100,318	\$667,474,019	\$700,847,720	\$202,644,749	\$213,310,263	\$223,975,776
10	3,730	3,926	4,122	653,123,327	\$687,498,239	\$721,873,151	\$208,724,092	\$219,709,570	\$230,695,049
11	3,730	3,926	4,122	672,717,027	\$708,123,186	\$743,529,346	\$214,985,815	\$226,300,857	\$237,615,900
12	3,730	3,926	4,122	692,898,538	\$729,366,882	\$765,835,226	\$221,435,389	\$233,089,883	\$244,744,377
13	3,730	3,926	4,122	713,685,494	\$751,247,888	\$788,810,283	\$228,078,451	\$240,082,580	\$252,086,709
14	3,730	3,926	4,122	735,096,059	\$773,785,325	\$812,474,591	\$234,920,804	\$247,285,057	\$259,649,310
15	3,730	3,926	4,122	757,148,941	\$796,998,885	\$836,848,829	\$241,968,428	\$254,703,609	\$267,438,789
16	3,730	3,926	4,122	779,863,409	\$820,908,851	\$861,954,294	\$249,227,481	\$262,344,717	\$275,461,953
17	3,730	3,926	4,122	803,259,311	\$845,536,117	\$887,812,923	\$256,704,306	\$270,215,059	\$283,725,812
18	3,730	3,926	4,122	827,357,090	\$870,902,200	\$914,447,310	\$264,405,435	\$278,321,510	\$292,237,586
19	3,730	3,926	4,122	852,177,803	\$897,029,266	\$941,880,730	\$272,337,598	\$286,671,156	\$301,004,713
20+	3,730	3,926	4,122	877,743,137	\$923,940,144	\$970,137,152	\$280,507,726	\$295,271,290	\$310,034,855
20 yr Total				\$12,851,278,912	\$13,527,662,013	\$14,204,045,113	\$4,151,120,275	\$4,369,600,289	\$4,588,080,304

Source: Camoin Associates

Regional Economic Impact

For the analysis of regional economic impacts, it was assumed that the Nevele would be one of two casinos in the Hudson Valley/Catskill region. Please refer to the Introduction of this report for a full explanation of the difference in methodology and underlying assumptions for the statewide and regional analyses.

The table below summarizes the economic impact of the Project on Hudson Valley Region's economy. The impact is a result of the new employment at the Project (the direct effects) and also a result of spending re-circulating throughout the economy, as local businesses make additional purchases and employees spend their wages locally (the indirect effects). The impacts have been projected out over 20 years - the extended life of the expected PILOT agreement - using a 3% annual inflation factor.

Total Annual Economic Impact - Construction Through Year 20+ of Operation				
Year	Jobs	Inflation Factor	Sales (000's)	Earnings (000's)
1	432	1.000	\$54,000	\$24,491
2	803	1.030	\$103,294	\$46,847
3	3,599	1.061	\$502,754	\$152,103
4	3,599	1.093	\$517,836	\$156,666
5	3,599	1.126	\$533,371	\$161,366
6	3,599	1.159	\$549,372	\$166,207
7	3,599	1.194	\$565,854	\$171,194
8	3,599	1.230	\$582,829	\$176,329
9	3,599	1.267	\$600,314	\$181,619
10	3,599	1.305	\$618,323	\$187,068
11	3,599	1.344	\$636,873	\$192,680
12	3,599	1.384	\$655,979	\$198,460
13	3,599	1.426	\$675,659	\$204,414
14	3,599	1.469	\$695,928	\$210,547
15	3,599	1.513	\$716,806	\$216,863
16	3,599	1.558	\$738,311	\$223,369
17	3,599	1.605	\$760,460	\$230,070
18	3,599	1.653	\$783,274	\$236,972
19	3,599	1.702	\$806,772	\$244,081
20+	3,599	1.754	\$830,975	\$251,404
20-yr Total	-		\$11,928,985	\$3,632,751

Source: Camoin Associates

The above regional economic impacts represent the expected “average” case. The low-case and high-case scenarios are provide in the following table (calculated as a 5% range around the average scenario).

Low-Average-High Case: Total Annual Economic Impact to Regional Economy Through Year 20+									
Year	Jobs			Sales			Earnings		
	Low	Average	High	Low	Average	High	Low	Average	High
1	410	432	454	51,300	\$54,000	\$56,700	\$23,266	\$24,491	\$25,715
2	763	803	843	98,130	\$103,294	\$108,459	\$44,505	\$46,847	\$49,190
3	3,419	3,599	3,779	477,616	\$502,754	\$527,891	\$144,498	\$152,103	\$159,708
4	3,419	3,599	3,779	491,944	\$517,836	\$543,728	\$148,833	\$156,666	\$164,500
5	3,419	3,599	3,779	506,703	\$533,371	\$560,040	\$153,298	\$161,366	\$169,435
6	3,419	3,599	3,779	521,904	\$549,372	\$576,841	\$157,897	\$166,207	\$174,518
7	3,419	3,599	3,779	537,561	\$565,854	\$594,146	\$162,634	\$171,194	\$179,753
8	3,419	3,599	3,779	553,688	\$582,829	\$611,971	\$167,513	\$176,329	\$185,146
9	3,419	3,599	3,779	570,298	\$600,314	\$630,330	\$172,538	\$181,619	\$190,700
10	3,419	3,599	3,779	587,407	\$618,323	\$649,240	\$177,714	\$187,068	\$196,421
11	3,419	3,599	3,779	605,029	\$636,873	\$668,717	\$183,046	\$192,680	\$202,314
12	3,419	3,599	3,779	623,180	\$655,979	\$688,778	\$188,537	\$198,460	\$208,383
13	3,419	3,599	3,779	641,876	\$675,659	\$709,442	\$194,193	\$204,414	\$214,635
14	3,419	3,599	3,779	661,132	\$695,928	\$730,725	\$200,019	\$210,547	\$221,074
15	3,419	3,599	3,779	680,966	\$716,806	\$752,647	\$206,020	\$216,863	\$227,706
16	3,419	3,599	3,779	701,395	\$738,311	\$775,226	\$212,200	\$223,369	\$234,537
17	3,419	3,599	3,779	722,437	\$760,460	\$798,483	\$218,566	\$230,070	\$241,573
18	3,419	3,599	3,779	744,110	\$783,274	\$822,437	\$225,123	\$236,972	\$248,821
19	3,419	3,599	3,779	766,433	\$806,772	\$847,110	\$231,877	\$244,081	\$256,285
20+	3,419	3,599	3,779	789,426	\$830,975	\$872,524	\$238,833	\$251,404	\$263,974
20 yr Total				\$11,332,536	\$11,928,985	\$12,525,434	\$3,451,114	\$3,632,751	\$3,814,389

Source: Camoin Associates

INTRODUCTION

Camoin Associates was commissioned by Nevele Investors, LLC (“Company”) to conduct an economic impact study of the proposed Nevele Resort, Casino, & Spa (“Project” or “Nevele”) on the State of New York and the regional economy (Ulster, Columbia, Delaware, Dutchess, Greene, Orange, and Sullivan counties). The Project is proposed to be built on 523.4 +/- acre of land located in the Catskill Mountain Region, east of Route 209 and Nevele Road (“Site” or “Project Site”).

Project Description

The Project is expected to be completed in two years and includes construction of a casino that will feature 2,000 gaming machines and 80 table games. The Project also includes plans for renovating existing features of the property, including the existing hotel towers; 18-hole golf course, outdoor ice rink, equestrian facilities and hiking trails; and a fitness center complete with tennis courts. Proposed plans for new construction include 446 hotel rooms, spa, event and meeting rooms, and multiple food and beverage venues.

Data Sources

The objective of this study is to analyze the impact of the Project on the state and regional economy. Various sources provided information for this study, including:

- The Company provided all information regarding the Project itself, including a description of the planned uses at the Site, construction costs, revenue from golf amenities, property tax records, etc.
- Camoin Associates used the economic input-output model provided by Economic Modeling Specialists Intl. (EMSI) to determine the economic impact of the Project on the local economy.
- The Town of Wawarsing 2012 Budget supplied revenue and expense information for the various departments that provide services to Town residents.
- A report prepared by The Innovation Group provided the economic analysis with casino, golf, and hotel visitation estimates and onsite revenue estimates.
- Offsite visitor spending estimates were generated by Camoin Associates based on local tourism studies and a survey of local visitors.

Statewide vs. Regional Analysis – Explanation of Assumptions

The economic impact analysis to the state and to the region were originally part of two separate studies that served very different purposes. As such, each analysis relies on a different set of assumptions for what classifies as “new” visitor spending and the Nevele’s gaming market capture potential.

The economic impact analysis of the Nevele on the region was originally developed for the Draft Environmental Impact Statement (DEIS) submitted to the Town of Wawarsing. The purpose of this study is to provide the local community an understanding of the expected economic impacts of the project based on the most probable scenario. Considering that several casinos are currently proposed in the Catskills/Hudson Valley Region, it is expected that New York State will choose to license more than one casino in the region. Therefore, for analysis of regional economic impacts, the model developed to estimate visitation and visitor spending assumes

that two casinos are constructed in the Catskill/Hudson Valley Region. This means that the projected visitation rates for the regional economic impact analysis are lower than they would be under a single-casino scenario. Additionally, this region of the state does not currently have a resort-style casino and this type of visitor spending would be “new” to the region. This means that in addition to “gamer” spending, the model also includes spending by non-gamers who would visit and spend money at the golf course, spa, restaurants, and other “new” recreational amenities developed as part of the Project.

Considering impacts of the Project to the State as a whole requires a slightly different series of baseline assumptions. The focus of this analysis is on revenue generated by “new” gamers and excludes spending at the site by non-gamers. This is because it is reasonable to assume that if the project did not occur, these non-gamers would spend their recreational dollars at other locations in the state. The two types of gaming visitors are considered net new are gamers from out of state (“out-of state-visits”) and New York State residents that would otherwise leave the state to visit out of state casinos (“in-state repatriation visits”). Spending by gaming visitors in both of these categories would not otherwise occur in the State of New York, but for the Project. Finally, the statewide economic impact analysis assumes that the Nevele is the sole recipient of a casino license in the Catskills/Hudson Valley Region.

The assumptions described above are summarized in the following chart:

Difference in Economic Impact Scenarios		
Assumption Category	Regional Analysis	Statewide Analysis
Spending by non-gamers (Golf, hotel, spa, food, etc.)	Included	Excluded
Spending by gamers	Included	Only includes in-state repatriation and out-of-state gamers
Scenario	One of two casinos in the Catskill/Hudson Valley Region	Single casino in the Catskill/Hudson Valley Region

STATEWIDE ECONOMIC IMPACT ANALYSIS

The purpose of this economic impact analysis is to determine the amount of new spending that would occur in New York State as a result of the Nevele and specifically exclude any spending that would occur irrespective of the Project. Conversely, the question is **“How much spending would not occur in New York State if the Nevele project did not happen?”** This spending is defined as “net new” and is the foundation for the subsequent impact modeling.

The underlying assumption made for this analysis is that the Nevele is the only casino developed in the Catskill/Hudson Valley region. The economic and fiscal impacts are driven by anticipated “net new” visitor spending in New York State as a result of the Project. The distinguishing factor of the Nevele is the proposed casino and its ability to capture spending by the Hudson Valley/Catskill region’s existing gaming market (known as “in-state repatriation”) and out-of-state gamers. **While the Project will undoubtedly attract non-gamers, the focus of the following analysis is strictly on economic impacts driven by spending by gamers (i.e. “net new” spending).** Spending at the site by non-gamers is not considered “net new” to the State because, if the Project did not occur, this spending would likely occur at other existing recreational amenities in the state.

Please refer to Attachment A for additional information on economic impact analysis methodology.

Impacts of Construction

Jay Shapiro and Associates, Inc. provided construction estimates. Construction of the Nevele will occur over a 2-year period with a total construction cost of nearly \$337 million. Approximately 55% of that cost is attributed to labor and 45% attributed to materials. Net new construction costs are those associated with materials purchased within the region and any labor sourced from within the state. Conservative estimates project that about 85% of the labor will come from regional contractors and 50% of the materials will come from regional suppliers.

Anticipated Net New Construction Spending in NYS	
Total Construction Cost	\$336,763,085
Labor Cost (55%)	\$185,219,697
Regional Personnel Labor (85%)	\$157,436,742
Materials Cost (45%)	\$151,543,388
Materials from Regional Suppliers (50%)	\$75,771,694
Net New Construction Spending	\$233,208,436
Year 1 Spending (35%)	\$81,622,953
Year 2 Spending (65%)	\$151,585,484

Source: Estimates from Jay Shapiro and Associates, Inc.

As shown above, there will be over \$233 million in net new spending associated with the construction of the Project. In addition, indirect impacts occur as dollars from the direct impact cycle through the economy. In other words, the additional construction spending will create new jobs. Those employees will receive wages and in turn spend a portion of those dollars in the state economy for daily needs, housing, and other expenses. A proportion of those dollars are again re-spent in the local economy. The following table summarizes the economic impacts of Project construction.

Annual Economic Impact of Construction on NYS			
	Direct	Indirect	Total
Jobs			
Year 1	437	464	901
Year 2	813	861	1,674
Total	1,250	1,325	2,575
Sales			
Year 1	\$81,622,953	\$69,094,206	\$150,717,159
Year 2	\$151,585,484	\$128,316,755	\$279,902,239
Total	\$233,208,436	\$197,410,962	\$430,619,398
Earnings			
Year 1	\$38,622,426	\$25,490,801	\$64,113,227
Year 2	\$71,727,092	\$25,490,801	\$119,066,973
Total	\$110,349,518	\$50,981,602	\$183,180,200

Source: Company, Camoin Associates, EMSI

We note that the impact model estimates new direct and indirect jobs created by net new construction spending in the State or \$233 million of the total \$337 million construction cost (69.25% of the total). Therefore, the total number of construction jobs are not represented in the model. The Company estimates that in total, construction of the Nevele will generate approximately 1,500 to 2,000 construction jobs over the 2-year construction period.

Gaming Market Capture

The first step in the economic impact analysis is to estimate the number of net new gaming visits the Nevele would generate. Two types of gaming visitors are considered net new:

1. Gamers from out of state (“out-of-state-visits”)
2. New York State residents that would otherwise leave the state to visit out of state casinos (“in-state repatriation visits”).

Spending by gaming visitors in both of these categories would not otherwise occur in the State of New York, but for the Project, and so are considered “direct effects” of the Project.

A report prepared by The Innovation Group estimates total gaming visits and win-per-visit (i.e. gaming revenue) for the primary gaming market and gaming sub-markets, shown under “Gaming Sub-Markets” in the table below. The gaming sub markets are further divided into “in-state” and “out-of-state”. Gaming market estimates were developed by the Innovation Group using a gravity model. Working with these baseline figures, Camoin Associates projected the Nevele’s expected market capture rate.

The second table below shows incremental gaming visits, which are any gamers not captured by the gravity model. These include gaming visits from “out-of-market” visitors (i.e. visitors that reside well outside of the local gaming market, but would visit the Nevele specifically to patronize the casino).

Other incremental gaming visits would occur as a result of planned recreational amenities on-site, specifically the hotel and golf course. These amenities will attract golfers, group tours, corporate meetings, etc. to the site. By virtue of the casino being on the same property, a portion of these visitors will visit the casino, though it is not what attracted them to the Nevele originally. According to The Innovation group, these amenities will “...offer the opportunity to capture additional gamer visits, primarily in the outer markets.” Finally, the gravity model does not recognize gaming visits from the seasonal housing in the region and the Innovation Group conducted additional market research to estimate incremental gaming visits from the seasonal housing market.

Total gaming visits generated by the Nevele, and associated gaming revenue, is summarized in the table below.

Local Gaming Market, Out-of-Market & Incremental Visits and Spending							
Gaming Sub-Markets	Total Gaming Market	Nevele Market Capture	Nevele Gaming Visits	Win per Visit	Gaming Revenue	Overnight Capture	Overnight Gamers
In-State Gaming Markets							
Primary	2,357,620	67.6%	1,592,572	\$79.84	\$127,150,973	0.50%	7,963
Suburban NYC	1,994,696	15.8%	314,165	\$114.21	\$35,880,741	2.01%	6,315
Westchester	3,163,415	3.0%	94,902	\$86.39	\$8,198,623	30.20%	28,661
NYC	15,901,658	2.1%	333,935	\$97.21	\$32,461,804	8.04%	26,848
Long Island	1,686,395	2.3%	37,944	\$111.34	\$4,224,672	10.27%	3,897
Secondary NE	757,870	39.8%	301,253	\$93.05	\$28,031,622	1.34%	4,037
Albany	3,375,167	7.1%	237,949	\$72.05	\$17,144,245	3.35%	7,971
Secondary NW	355,894	10.1%	35,767	\$73.25	\$2,619,958	2.68%	959
Tioga Park	997,133	6.6%	65,811	\$69.57	\$4,578,456	3.35%	2,205
Staten Island	1,042,081	5.1%	53,146	\$95.57	\$5,079,176	3.35%	1,780
Total In-State	31,631,929	9.7%	3,067,445		\$265,370,270	2.95%	90,635
Out-of-State Gaming Markets							
Western CT	5,932,823	4.5%	266,977	\$86.06	\$22,976,044	4.02%	10,732
Southwest CT	2,577,326	9.2%	235,825	\$105.66	\$24,917,304	3.02%	7,122
Western MA	2,226,387	2.0%	43,415	\$79.43	\$3,448,417	4.69%	2,036
Northern PA	254,855	6.2%	15,801	\$68.36	\$1,080,157	3.35%	529
Poconos	369,455	25.7%	94,765	\$92.99	\$8,812,217	1.34%	1,270
Wilkes-Barre	2,732,024	3.6%	98,353	\$57.74	\$5,678,894	3.35%	3,295
Bethlehem	6,258,751	3.6%	225,315	\$72.69	\$16,378,150	3.35%	7,548
Paterson NJ	2,262,236	13.4%	302,009	\$110.66	\$33,420,261	3.02%	9,121
Nothorn NJ	12,087,384	4.2%	507,670	\$95.17	\$48,314,966	3.35%	17,007
Total Out-of-State	34,701,241	5.2%	1,790,130		\$165,026,411	3.28%	58,660
Total Gaming Market	66,333,170	7.3%	4,857,575		\$430,396,681		149,295

Incremental Nevele Visits	Gaming Visits	Win per Visit	Gaming Revenue	Overnight Capture	Overnight Gamers
Out of Market	63,771	\$106.83	\$6,812,640	29.48%	18,800
Hotel	146,500	\$252.70	\$37,020,000	100.00%	146,500
Golf	4,730	\$335.01	\$1,584,614	0.00%	0
Seasonal Housing	3,747	\$118.44	\$443,784	0.00%	0
Total Incremental	218,748		\$45,861,038		165,300

Total Nevele Gaming	5,076,322		\$476,257,719		
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Source: The Innovation Group, Camoin Associates, Company

On-Site Spending

Economic impacts associated with the operation of the Nevele are determined by visitor spending both on-site and, to a limited extent, off-site. The combined visitor spending – referred to as “direct” spending – is used as the inputs for EMSI economic impact model. The EMSI model allows the analyst to break down the total direct spending by NAICS code to get an accurate read for how one dollar spent in a specific industry sector multiplies throughout the local economy in terms of sales, jobs, and earnings.

Most of the visitor spending associated with the Project will occur on-site. According to the Innovation Group report, approximately 57.2% of the on-site spending is considered net new (41.7 percentage points of which are from out-of-state visitors and 15.5 percentage points of which are from in-state repatriation). These rates are used to calculate the gross new gaming revenue, which is subject to 2.5% in promotional allowances (promotional cash-back incentives

on gaming play). Promotional allowances are not considered new revenue and were removed from the total net new gaming revenue estimate.

New On-Site Spending at the Nevele			
	Out-of-State	In-State Repatriation	Total
Total Gaming Revenue			\$476,257,719
New Revenue % of Total Revenue	41.7%	15.5%	57.2%
Gross New Gaming Revenue	\$198,518,621	\$73,793,602	\$272,312,223
Promotional Allowance Rate	2.5%	2.5%	2.5%
Less Promotional Allowances	\$4,962,966	\$1,844,840	\$6,807,806
Net New Gaming Revenue (On-Site)	\$193,555,656	\$71,948,762	\$265,504,418

Source: The Innovation Group, Camoin Associates, Company

Off-Site Visitor Spending

New off-site spending primarily includes spending on transportation (fuel) by gaming visitors to the Nevele. It is also expected that some gamers will patronize local restaurants and perhaps other entertainment venues, such as the theater, during their visit. The initial estimates described below are conservative as it is expected that in the first several years of operation, most visitors to the resort will spend most, if not all, of their time taking part in on-site activities. However, as the Nevele grows in popularity and the local business community responds to the new demand for tourism amenities and attractions, the Ellenville/Wawarsing region and Greater Hudson Valley will likely evolve into a full-service tourism destination and the amount of spending that occurs off-site in the community is apt to increase dramatically.

Considering the nature of Project, it is unlikely that many day-trip visitors to the Nevele will make off-site purchases other than to fill up their vehicles with gas. Therefore, to calculate the transportation spending, the total unique visitor day figures were multiplied by the spending estimate. For the balance of the spending categories described below, per person spending figures were multiplied by the total number of overnight visitors. The table below shows the estimated overnight visits for in-state repatriation from the local gaming market and the total out-of-state overnight visits from the local gaming market, hotel incremental gaming visits, and out of market gamers.

New Overnight Gamers				
Visitor Source	Visitor Type	Total Overnight	% New	New Overnight
Gaming Market	Total In-State Repatriation	90,635	15.5%	14,043
Incremental Gaming Visits	Out-of-State Gaming Market	58,660	100.0%	58,660
	Hotel	146,500	70.500%	103,283
	Out of Market	18,800	65.0%	12,220
	Total Out-of-State (Out-of-State Gaming Market + Incremental)			174,162
Total New Overnight Gamers				188,206

Source: The Innovation Group, Camoin Associates, Company

Visitor spending baskets for off-site spending were developed using base data from a 2010 report entitled *The Economic Impact of Tourism in New York State: Hudson Valley Focus* as well as results of a visitor survey conducted by volunteers at the Walkway Over the Hudson. This information was used to estimate that the average visitor to the region spends approximately \$5

on transportation, \$20 on food and drink, \$9 on entertainment, and \$9 on retail per day.² For the purpose of this analysis, we assume that while the on-site visitor spending will likely be much higher than the average visitor to the region, off-site spending by visitors to the Nevele will likely be much lower than existing per-capita tourism spending, as many visitors will come by bus and the Site offers food and drink, entertainment, and retail options on-site. Therefore, the following off-site spending estimates were used.

The following table summarizes the estimated off-site spending expected to occur as a result of the Project.

Average Annual Off-Site Spending by Gamers				
Spending Category	Spending per Visit	Out-of-State	In-State Repatriation	Total
Transportation	\$1	\$2,115,965	\$786,549	\$2,902,514
Food & Drink	\$3	\$522,487	\$42,130	\$564,618
Entertainment	\$2	\$348,325	\$28,087	\$376,412
Retail	\$4	\$696,650	\$56,174	\$752,824
Total Off-Site Spending	\$10	\$3,683,427	\$912,940	\$4,596,367

Source: Camoin Associates, Walkway Over the Hudson Visitor Survey, The Economic Impact to Tourism in NYS

Projected Statewide Jobs, Sales & Earnings

The following table summarizes the total spending by Nevele gaming visits for out-of-state and in-state gamers.

Total Spending by Nevele Gaming Visits (i.e. Direct Sales)			
	Out-of-State	In-State Repatriation	Total
On-Site Spending	\$193,555,656	\$71,948,762	\$265,504,418
Off-Site Spending	\$3,683,427	\$912,940	\$4,596,367
Total Spending	\$197,239,083	\$72,861,702	\$270,100,785

Source: Camoin Associates

Spending figures are known as direct spending and are the input into the EMSI economic impact model. The EMSI model allows the analyst to break down the spending by NAICS code to get an accurate account of how one dollar spent in a specific industry sector multiplies throughout the local economy (in this case the State of New York). The table below shows the total annual impacts of the Project in terms of jobs, sales, and earnings (unadjusted and expressed in 2014 dollars).

² Per-capita per-day visitor estimates are an average for all visitors to the Hudson Valley region and inclusive of all visitor types - hikers and boaters, families and tour groups, etc.

Economic Impact of Nevele to New York State			
Out of State	Direct	Indirect	Total
Jobs	1,669	1,201	2,870
Sales	\$197,239,083	\$187,539,387	\$384,778,470
Earnings	\$53,712,648	\$69,289,317	\$123,001,965
In-State Repatriation	Direct	Indirect	Total
Jobs	614	442	1,056
Sales	\$72,861,702	\$69,269,982	\$142,131,684
Earnings	\$19,819,706	\$25,567,420	\$45,387,126
Total	Direct	Indirect	Total
Jobs	2,283	1,643	3,926
Sales	\$270,100,785	\$256,809,369	\$526,910,154
Earnings	\$73,532,354	\$94,856,737	\$168,389,091

Source: Camoin Associates, EMSI, Company

Applying an inflation factor of 3% annually, the following table illustrates the projected total economic impacts through Year 21.

Total Annual Economic Impact Through Year 20+				
Year	Jobs	Inflation Factor	Sales	Earnings
1	901	1.000	\$150,717,159	\$64,113,227
2	1,674	1.030	\$288,299,306	\$122,638,982
3	3,926	1.061	\$558,998,982	\$178,643,987
4	3,926	1.093	\$575,768,952	\$184,003,306
5	3,926	1.126	\$593,042,020	\$189,523,405
6	3,926	1.159	\$610,833,281	\$195,209,108
7	3,926	1.194	\$629,158,279	\$201,065,381
8	3,926	1.230	\$648,033,028	\$207,097,342
9	3,926	1.267	\$667,474,019	\$213,310,263
10	3,926	1.305	\$687,498,239	\$219,709,570
11	3,926	1.344	\$708,123,186	\$226,300,857
12	3,926	1.384	\$729,366,882	\$233,089,883
13	3,926	1.426	\$751,247,888	\$240,082,580
14	3,926	1.469	\$773,785,325	\$247,285,057
15	3,926	1.513	\$796,998,885	\$254,703,609
16	3,926	1.558	\$820,908,851	\$262,344,717
17	3,926	1.605	\$845,536,117	\$270,215,059
18	3,926	1.653	\$870,902,200	\$278,321,510
19	3,926	1.702	\$897,029,266	\$286,671,156
20+	3,926	1.754	\$923,940,144	\$295,271,290
20 yr Total	-	-	\$13,527,662,013	\$4,369,600,289

Source: Camoin Associates

Note: The inflation adjustment applies to sales and earnings only, not jobs.

Background Conditions Statewide

The RFA requests a discussion of background conditions assuming economic conditions continue to trend without the proposed project. As described above, the underlying assumption made for the statewide impact analysis is that the Nevele is the only casino developed in the Catskill/Hudson Valley region. The economic impacts are driven by anticipated “net new” visitor spending in New York State as a result of the Project. The distinguishing factor of the Nevele is the proposed casino and its ability to capture spending by the Hudson Valley/Catskill region’s existing gaming market (known as “in-state repatriation”) and out-of-state gamers. While the Project will undoubtedly attract non-gamers, the focus of the analysis is strictly on economic and fiscal impacts driven by spending by gamers (i.e. “net new” spending). Spending at the site by non-gamers is not considered “net new” to the State because, if the Project did not occur, this spending would likely occur at other existing recreational amenities in the State.

Therefore, without the Nevele Project, the 3,926 jobs for New York State, nearly \$527 million in sales and over \$168 million in earnings in the year 3 (2014 dollars) would not occur.

To represent the economic background condition without the Project, we examine the number of jobs expected in the State economy as projected by EMSI. EMSI combines employment data from the Quarterly Census of Employment and Wages (QCEW) produced by the Department of

Labor with data from the Regional Economic Information System (REIS) published by the Bureau of Economic Analysis (BEA) and augmented with County Business Patterns (CBP) and Non-employer Statistics (NES) published by the U.S. Census Bureau. Projections are based on the latest available EMSI industry data combined with past trends in each industry, national growth rates of industries (Bureau of Labor Statistics), and projections and data from the State Department of Labor. The data includes all employment covered by unemployment insurance. Some self-employed, student workers, unpaid family workers, and some agricultural workers are excluded. Unlike the decennial Census, QCEW measures jobs by place of work, not place of residence. This is a strong measure of economic activity taking place in a particular region. Visit www.economicmodeling.com for additional information.

EMSI job projections for NYS as a whole are provided in the following tables. The “Background” column represents the number of jobs in New York State expected if the Project did not occur. The “New Gaming & Other Jobs” column represents the number of jobs generated as a result of the Project. We assume construction occurs over 2015 and 2016 and the Nevele opens in 2017.

Total Jobs Projection, NYS				
Year	Background	New Gaming & Other Jobs	Total Jobs	% Increase
2014	9,690,702	0	9,690,702	0.000%
2015*	9,773,331	901	9,774,232	0.009%
2016*	9,851,597	1,674	9,853,271	0.017%
2017	9,926,674	3,926	9,930,600	0.040%
2018	9,993,164	3,926	9,997,090	0.039%
2019	10,083,861	3,926	10,087,787	0.039%
2020	10,170,779	3,926	10,174,705	0.039%
2021	10,254,419	3,926	10,258,345	0.038%

Source: Camoin Associates, EMSI

* Construction year

REGIONAL ECONOMIC IMPACT ANALYSIS

The purpose of this economic impact analysis is to determine the amount of new spending that would occur in the regional economy (i.e. the Catskill/Hudson Valley region) as a result of the Project and specifically exclude any spending that will occur irrespective of the Project. Conversely, the question is **“How much spending would not occur in the Catskill/Hudson Valley region if the Project did not happen?”** This spending is defined as “net new” and is the foundation for the subsequent impact modeling. Please refer to Attachment A for additional information on economic impact analysis methodology.

As with the Statewide analysis, the analysis of regional economic impacts estimates the one time and permanent (annual) economic impacts of the Project on the regional economy resulting from new jobs being created at the Site. Construction-related impacts are those that occur as a result of the spending associated with the construction at the Site. Permanent impacts are those that occur as a result of visitor spending associated with operations at the Site.

Impacts of Construction

Construction estimates were provide by Jay Shapiro and Associates, Inc. Construction of the Nevele will occur over a 2-year period with a total construction cost of over \$336.7 million. Approximately 55% of that cost is attributed to labor and 45% attributed to materials. Net new construction costs are those associated with materials purchased within the region and any labor sourced from within the region. Conservative estimates project that about 45% of the labor will come from regional contractors and 25% of the materials will come from regional suppliers.

Anticipated Net New Construction Spending	
Total Construction Cost	\$336,763,085
Labor Cost (55%)	\$185,219,697
Regional Personnel Labor (45%)	\$83,348,864
Materials Cost (45%)	\$151,543,388
Materials from Regional Suppliers (25%)	\$37,885,847
Net New Construction Spending	\$121,234,711
Year 1 Spending (35%)	\$42,432,149
Year 2 Spending (65%)	\$78,802,562

Source: Estimates from Jay Shapiro and Associates, Inc.

As shown above, there will be \$121 million in net new spending associated with the construction of the Project. In addition, indirect impacts occur as dollars from the direct impact cycle through the economy. In other words, the additional construction spending sales will create new jobs. Those employees will receive wages and in turn spend a portion of those dollars in the local economy for daily needs, housing, and other expenses. A proportion of those dollars are again re-spent in the local economy. The following table summarizes the economic impacts of Project construction.

We note that the impact model estimates new direct and indirect jobs created by net new construction spending in the region or \$121 million of the total \$337 million construction cost (36% of the total). Therefore, the total number of construction jobs are not represented in the

model. The Company estimates that in total, construction of the Nevele will generate approximately 1,500 to 2,000 construction jobs over the 2-year construction period.

Annual Economic Impact of Construction			
	Direct	Indirect	Total
Jobs			
Year 1	318	114	432
Year 2	590	213	803
Total	908	327	1,235
Sales			
Year 1	\$42,432,149	\$11,568,137	\$54,000,286
Year 2	\$78,802,562	\$21,483,317	\$100,285,879
Total	\$121,234,711	\$33,051,454	\$154,286,165
Earnings			
Year 1	\$20,074,453	\$4,416,380	\$24,490,833
Year 2	\$37,281,075	\$8,201,836	\$45,482,911
Total	\$57,355,528	\$12,618,216	\$69,973,744

Source: Company, Camoin Associates, EMSI

Impacts of Operation

Economic impacts associated with the operation of the Nevele will be determined by visitor spending both on-site and, to a limited extent, off-site. The combined visitor spending - referred to as "direct" spending - is used as the input for the EMSI economic impact model. The EMSI model allows the analyst to break down the total direct spending by NAICS code to get an accurate read for how one dollar spent in a specific industry sector multiplies throughout the local economy in terms of sales, jobs, and earnings.

On-Site Spending

On-site visitor spending includes entertainment spending at the casino, golf course, and other recreational amenities; food and drink spending at full service restaurants and snack bars; lodging at the hotel; and retail and other miscellaneous spending. On-site spending estimates for the casino, golf, food and drink, hotel, and retail and other categories were obtained from a financial pro-forma statement provided by the Company's casino and hotel marketing consultant, The Innovation Group.

Methodology Notes: Year 3+ spending is equal to year 2017 estimates in the pro-form material provided by the Company (originally based on a two-phase construction schedule which has subsequently been modified and accelerated). Note that promotional allowances shown in the pro-forma as revenue were subtracted from the total sales figures shown below, as they do not represent "actual" spending that would cycle through the regional economy.

On-Site Spending at the Nevele	
Spending Category	Total Sales Year 3+
Casino	\$310,449,750
Golf	\$16,786,471
Food & Drink	\$21,992,958
Hotel	\$1,452,073
Retail & Other	\$1,392,948
Total Annual Sales	\$352,074,200

Source: Financial Proforma by Innovation Group, Nevele Investors, LLC

Spending figures are known as direct spending and are the input into the EMSI economic impact model. The EMSI model allows the analyst to break down the spending by NAICS code to get an accurate account of how one dollar spent in a specific industry sector multiplies throughout the local economy (in this case, the Hudson Valley Region). The table below shows the total annual impacts of the Project in terms of jobs, sales, and earnings.

Economic Impact of On-Site Spending			
	Direct	Indirect	Total
Jobs	2,350	1,152	3,502
Sales	\$352,074,200	\$115,779,857	\$467,854,057
Earnings	\$95,249,652	\$45,719,833	\$140,969,485

Source: EMSI, Camoin Associates

Off-Site Spending

Off-site spending primarily includes spending on transportation (fuel) by visitors to the Nevele. It is also expected that some visitors to the Nevele will patronize local restaurants and perhaps other entertainment venues, such as the theater, during their visit. The initial estimates described below are conservative as it is expected that in the first several years of operation, most visitors to the resort will spend most, if not all, of their time taking part in on-site activities. However, as the Nevele grows in popularity and the local business community responds to the new demand for tourism amenities and attractions, the Ellenville/Wawarsing region will likely evolve into a full-service tourism destination and the amount of spending that occurs off-site in the community is apt to increase dramatically. For a detailed description of existing retail businesses and cultural amenities in Ellenville and Wawarsing and a discussion of the anticipated impacts to the local tourism industry, please refer to the section entitled Regional Retail and Cultural Profile near the end of this report.

To estimate the degree of off-site spending, an off-site spending per-day basket was applied to the total number of visitor days. We worked with the Company and its consultant team to determine the total number of visitor days generated by the Nevele. A visitor day is considered to be one visitor spending one day at the resort. For example: a single person visiting the Nevele for 3 days is counted as 3 visitor days.

Visitor days were estimated by type of activity: casino and non-casino golf. To avoid double counting we estimated “unique visitor days” by assuming that if a visitor spends time at the casino as well as another activity in one day, they are counted under the casino visitation. Back to our 3-day visitor example: if this person spends one day at the casino, one day golfing, and one day split between the casino and golf, their visit would be counted as 2 casino days and 1 non-casino golf day. The anticipated number of unique visitor days is summarized in the table below.

Unique Visitor Days	
Visitor Type	Visitor Days
Casino	3,285,571
Non-Casino Golf	17,014
Total Unique Visitor Days	3,302,585

Source: Innovation Report, Company

Visitor spending baskets for off-site spending were developed using base data from a 2010 report entitled *The Economic Impact of Tourism in New York State: Hudson Valley Focus* as well as results of a visitor survey conducted by volunteers at the Walkway Over the Hudson.

This information was used to estimate that the average visitor to the region spends approximately \$5 on transportation, \$20 on food and drink, \$9 on entertainment, and \$9 on retail per day.³ For the purpose of this analysis, we assume that while the on-site visitor spending will likely be much higher than the average visitor to the region, off-site spending by visitors to the Nevele will likely be much lower than existing per-capita tourism spending, as many visitors will come by bus and the Site offers food and drink, entertainment, and retail options on-site. Therefore, the following off-site spending estimates were used.

Average Off-Site Spending per Person per Day	
Spending Category	Spending
Transportation	\$1
Food & Drink	\$3
Entertainment	\$2
Retail	\$4

Source: Camoin Associates, Walkway Over the Hudson Visitor Survey, The Economic Impact to Tourism in NYS

Considering the nature of Project, it is unlikely that many day-trip visitors to the Nevele will make off-site purchases other than to fill up their vehicles with gas. Therefore, to calculate the transportation spending, the total unique visitor day figures were multiplied by the spending estimate. For the balance of the spending categories, per person spending figures were multiplied by the total number of overnight visitors. The table below shows the estimated day and overnight visitor days based on estimates provided by the Company and the Casino and Hotel Market Assessments report by The Innovation Group.

Unique Visitor Days & Overnight Visitor Days	
Total Visitor Days	3,302,585
Overnight Visitor Days	137,821

Source: Camoin Associates, Nevele Investors, LLC

The following table summarizes the estimated off-site spending expected to occur as a result of the Project. As shown, visitors to the Nevele are expected to generate over \$4.5 million in off-site sales.

Average Annual Off-Site Spending	
Spending Category	Spending
Transportation	\$3,302,585
Food & Drink	\$413,463
Entertainment	\$275,642
Retail	\$551,284
Total	\$4,542,974

Source: Camoin Associates, Walkway Over the Hudson Visitor Survey, The Economic Impact to Tourism in NYS

Just as with the on-site spending, the off-site spending estimates are the input into the EMSI model. The following table summarizes the expected impact of the off-site spending.

³ Per-capita per-day visitor estimates are an average for all visitors to the Hudson Valley region and inclusive of all visitor types - hikers and boaters, families and tour groups, etc.

Economic Impact of Off-Site Spending			
	Direct	Indirect	Total
Jobs	84	13	97
Sales	\$4,542,974	\$1,496,395	\$6,039,369
Earnings	\$1,820,051	\$582,416	\$2,402,467

Source: EMSI, Camoin Associates

The sum of on-site and off-site impacts is shown in the table below. Said another way, these figures represent the total annual impact expected as a result of the new visitor spending as a result of the Project.

Economic Impact of Nevele Operation			
	Direct	Indirect	Total
Jobs	2,434	1,165	3,599
Sales	\$356,617,174	\$117,276,252	\$473,893,426
Earnings	\$97,069,703	\$46,302,249	\$143,371,952

Source: EMSI, Camoin Associates

Projected Regional Jobs, Sales & Earnings

A summary of the total annual economic impacts of the proposed Nevele Resort and Casino beginning in the construction phase through the first year of full operation is provided in the table below. As shown, once construction is complete and all of the proposed amenities are operational, the Project is expected to generate \$473 million in sales supporting nearly 3,600 jobs earning \$143 million annually.

Annual Impact of Nevele Resort & Casino - Construction & First Year of Operation (Year 3)									
Year	Construction			Operation			Total Impact		
	Direct	Indirect	Total	Direct	Indirect	Total	Direct	Indirect	Total
Jobs									
1	318	114	432	0	0	0	318	114	432
2	590	213	803	0	0	0	590	213	803
3+	0	0	0	2,434	1,165	3,599	2,434	1,165	3,599
Sales (000's)									
1	\$42,432	\$11,568	\$54,000	0	0	0	\$42,432	\$11,568	\$54,000
2	\$78,803	\$21,483	\$100,286	0	0	0	\$78,803	\$21,483	\$100,286
3+	\$0	\$0	\$0	\$356,617	\$117,276	\$473,893	\$356,617	\$117,276	\$473,893
Earnings (000's)									
1	\$20,074	\$4,416	\$24,491	0	0	0	\$20,074	\$4,416	\$24,491
2	\$37,281	\$8,202	\$45,483	0	0	0	\$37,281	\$8,202	\$45,483
3+	\$0	\$0	\$0	\$97,070	\$46,302	\$143,372	\$97,070	\$46,302	\$143,372

Source: Company, Camoin Associates, EMSI

Applying an inflation factor of 3% annually, the following table illustrates the projected total economic impacts through project Year 20.

Total Annual Economic Impact - Construction Through Year 20+ of Operation				
Year	Jobs	Inflation Factor	Sales (000's)	Earnings (000's)
1	432	1.000	\$54,000	\$24,491
2	803	1.030	\$103,294	\$46,847
3	3,599	1.061	\$502,754	\$152,103
4	3,599	1.093	\$517,836	\$156,666
5	3,599	1.126	\$533,371	\$161,366
6	3,599	1.159	\$549,372	\$166,207
7	3,599	1.194	\$565,854	\$171,194
8	3,599	1.230	\$582,829	\$176,329
9	3,599	1.267	\$600,314	\$181,619
10	3,599	1.305	\$618,323	\$187,068
11	3,599	1.344	\$636,873	\$192,680
12	3,599	1.384	\$655,979	\$198,460
13	3,599	1.426	\$675,659	\$204,414
14	3,599	1.469	\$695,928	\$210,547
15	3,599	1.513	\$716,806	\$216,863
16	3,599	1.558	\$738,311	\$223,369
17	3,599	1.605	\$760,460	\$230,070
18	3,599	1.653	\$783,274	\$236,972
19	3,599	1.702	\$806,772	\$244,081
20+	3,599	1.754	\$830,975	\$251,404
20-yr Total	-		\$11,928,985	\$3,632,751

Source: Camoin Associates

Note: The inflation adjustment applies to sales and earnings only, not jobs.

Background Conditions in the Region

The RFA requests a discussion of background conditions assuming economic conditions continue to trend without the proposed project. As described above, the underlying assumption made for the regional impact analysis is that the Nevele is one of two casinos developed in the Catskill/Hudson Valley region. The economic impacts are driven by anticipated “net new” visitor spending in the region as a result of the Project.

Therefore, without the Nevele Project, the 3,599 jobs for the Catskill/Hudson Valley, nearly \$503 million in sales and over \$152 million in earnings in the year 3 would not occur.

To represent the economic background condition without the Project, we examine the number of jobs expected in the regional economy as projected by EMSI. EMSI combines employment data from the Quarterly Census of Employment and Wages (QCEW) produced by the Department of Labor with data from the Regional Economic Information System (REIS) published by the Bureau of Economic Analysis (BEA) and augmented with County Business Patterns (CBP) and Non-employer Statistics (NES) published by the U.S. Census Bureau. Projections are based on the latest available EMSI industry data combined with past trends in each industry, national growth rates of industries (Bureau of Labor Statistics), and projections and data from the State Department of Labor. The data includes all employment covered by unemployment insurance. Some self-employed, student workers, unpaid family workers, and some agricultural workers are excluded. Unlike the decennial Census, QCEW measures jobs by place of work, not place of residence. This is a strong measure of economic activity taking place in a particular region. Visit www.economicmodeling.com for additional information.

EMSI job projections for the 7-county Catskill/Hudson Valley Region are provided in the following tables. The “Background” column represents the number of jobs in the region expected if the Project did not occur. The “New Gaming & Other Jobs” column represents the number of jobs generated on-site during construction and operation and off-site at businesses in the region as a result of the Project. We assume construction occurs over 2015 and 2016 and the Nevele opens in 2017.

Total Jobs Projection, Catskill/Hudson Valley Region				
Year	Background	New Gaming & Other Jobs	Total Jobs	% Increase
2014	425,472	0	425,472	0.000%
2015*	427,740	432	428,172	0.101%
2016*	429,887	803	430,690	0.187%
2017	431,954	3,599	435,553	0.833%
2018	433,959	3,599	437,558	0.829%
2019	435,991	3,599	439,590	0.825%
2020	438,831	3,599	442,430	0.820%
2021	441,602	3,599	445,201	0.815%

Background includes all sectors, all industries in the regional economy.

Source: Camoin Associates, EMSI

* Construction year

REGIONAL RETAIL AND CULTURAL PROFILE

In a survey of gamers conducted by the American Gaming Association, approximately 53% reported that they “always/usually/sometimes” visit other attractions in the area outside of the casino property.⁴ With over 3 million new visitors attracted to the area annually as a result of the Nevele, there will undoubtedly be a positive impact on the local retail establishments. This section provides a brief summary of how the Nevele will play a role in spurring local economic activity thereby benefitting local and regional businesses. While it is expected that the vast majority of spending by visitors to the Nevele will occur on-site, there will be a portion of spending occurring off-site at local restaurants, convenience stores, gas stations, and at various retailers. This spending will occur as visitors to the Nevele drive through town, are directed to local and regional retailers by the concierge, and begin to explore the region on their own. What follows is a summary of the current retail and cultural offerings in the region and how they will be impacted by the development of the Nevele.



Retail Profile & Anticipated Impact

The current retail base for the Village of Ellenville and the Town of Wawarsing is relatively small. The following tables illustrate the total number of establishments and the total annual sales as provided by Environmental Systems Research Institute (ESRI). The tables include information for the Village of Ellenville, the Town of Wawarsing, and Ulster County.

Retail Profile - Number of Establishments			
Retail Sector	Village of Ellenville	Town of Wawarsing	Ulster County
Motor Vehicle & Parts Dealers	3	7	105
Furniture & Home Furnishings Stores	1	1	64
Electronics & Appliance Stores	1	1	45
Bldg Materials, Garden Equip. & Supply Stores	2	3	82
Food & Beverage Stores	7	12	209
Health & Personal Care Stores	2	4	78
Gasoline Stations	3	4	37
Clothing & Clothing Accessories Stores	2	2	134
Sporting Goods, Hobby, Book & Music Stores	0	5	148
General Merchandise Stores	3	3	26
Miscellaneous Store Retailers	5	9	298
Food Services & Drinking Places	8	17	274
Total	37	68	1,500

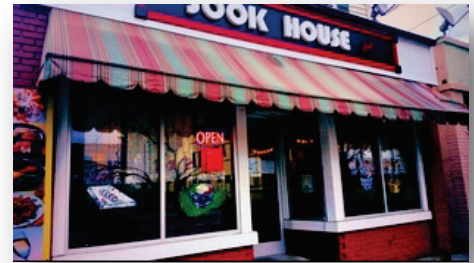
Source: ESRI and Dun & Bradstreet.

⁴ 2013 State of the States, The AGA Survey of Casino Entertainment
http://www.americangaming.org/sites/default/files/uploads/docs/aga_sos2013_fnl.pdf

Retail Profile - Annual Sales			
Retail Sector	Village of Ellenville	Town of Wawarsing	Ulster County
Motor Vehicle & Parts Dealers	\$ 9,470,438	\$ 13,533,087	\$ 364,747,858
Furniture & Home Furnishings Stores	\$ 319,717	\$ 346,360	\$ 35,448,711
Electronics & Appliance Stores	\$ 92,051	\$ 99,722	\$ 45,104,016
Bldg Materials, Garden Equip. & Supply Stores	\$ 826,112	\$ 1,444,346	\$ 68,832,140
Food & Beverage Stores	\$ 7,721,647	\$ 13,632,945	\$ 322,905,044
Health & Personal Care Stores	\$ 4,900,222	\$ 7,442,809	\$ 280,758,329
Gasoline Stations	\$ 721,671	\$ 1,563,620	\$ 199,955,165
Clothing & Clothing Accessories Stores	\$ 265,525	\$ 291,887	\$ 80,272,025
Sporting Goods, Hobby, Book & Music Stores	\$ -	\$ 406,634	\$ 39,566,591
General Merchandise Stores	\$ 1,366,057	\$ 1,690,558	\$ 138,946,773
Miscellaneous Store Retailers	\$ 497,121	\$ 1,169,863	\$ 66,589,659
Food Services & Drinking Places	\$ 1,028,957	\$ 2,463,826	\$ 152,832,442
Total	\$ 27,209,518	\$ 44,085,657	\$ 1,795,958,753

Source: ESRI and Dun & Bradstreet.

The Village of Ellenville is host to 37 retail and service businesses totaling over \$27.2 million in annual sales. The sector with the largest number of establishments in Ellenville is the Food Services & Drinking Places, which includes both full- and limited-service restaurants and bars. The restaurants and eating establishments in Ellenville account for over \$1 million in sales annually. The Food and Beverage Stores bring in over \$7.7 million annually to the Village and the Health and Personal Care Stores generate nearly \$5 million. Ellenville also has 3 Gasoline Stations, which will be able to service visitors to the Nevele along with the other convenience retailers.



The Town of Wawarsing, which includes the Village of Ellenville, has nearly retail business 70 establishments and just over \$44 million in sales annually. Similar to Ellenville, the largest retail sector is the Food Services & Drinking Places category, with 17 establishments and \$2.46 million in sales. The Town also has gasoline stations and other convenience stop retailers that will benefit from visitors to the Nevele.

Some examples of the types of retail and food offerings in the area (primarily in the Village of Ellenville) that would be attractive to a visitors of the Nevele include:

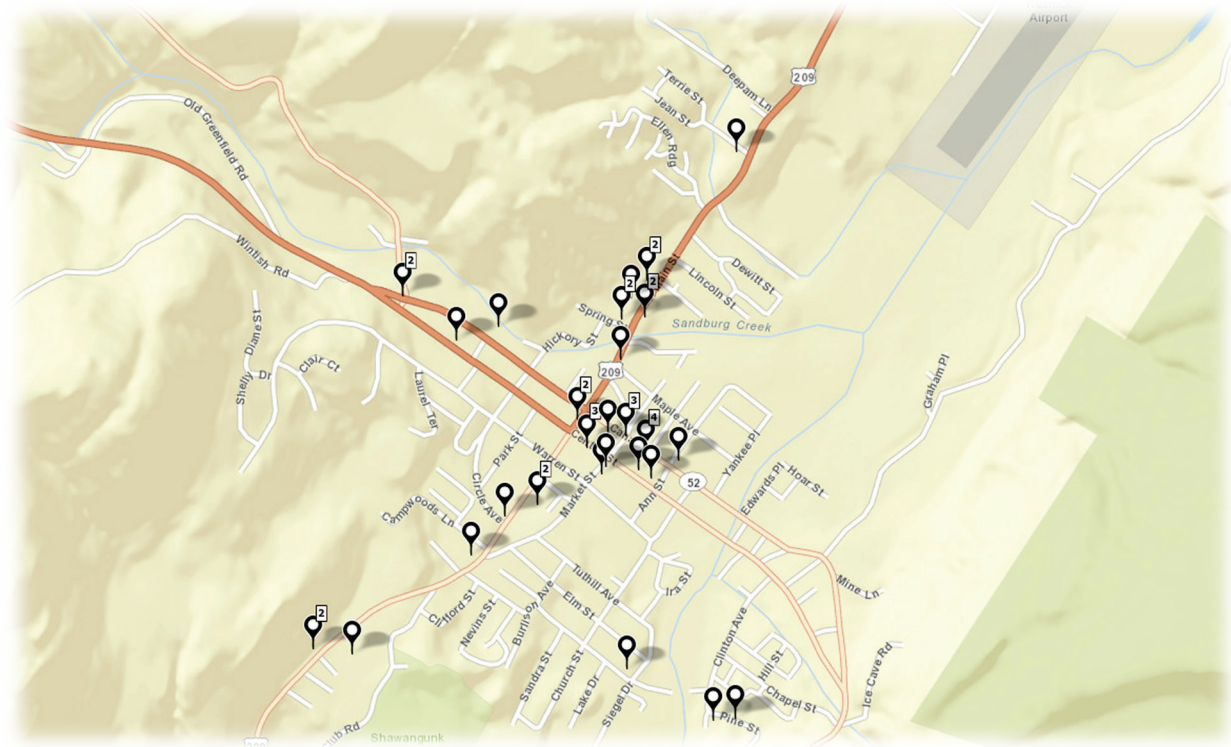
- **Sook House:** a Korean and Japanese restaurant
- **Aroma Thyme Bisto:** the highest Zagat-rated restaurant in the County offering wine, beer, and spirits.
- **Cohen's Bakery:** baked goods
- **Arianna's Restaurant & Pizzeria:** Italian restaurant and pizzeria
- **Stewarts Shops:** gas station, convenience store, and ice cream shop

- **Dollar General:** general merchandise store
- **Gaby's Café:** Mexican cuisine
- **Publik House:** traditional family-oriented pub
- **White Wolf Restaurant & Lounge:** American cuisine



The concentration of retail and commercial development in Ellenville is between Main Street (Route 209) and Maiden Lane along Canal and Centre Street. There is street parking available as well as surface lots near the main establishments. There are currently only a handful of establishments in the Village and Town. However, because the businesses are concentrated in a small attractive downtown setting that is easily accessible, highly visible, with adequate parking, as soon as the Nevele opens, they will capture visitors traveling to and from the Nevele, which will have an immediate positive effect on their bottom line. Additionally, the employees of the Nevele will also patronize the local businesses and improve the overall economic stability of the region.

Retail & Service Businesses in the Village of Ellenville, NY



Business owners will begin to see increased annual sales, a larger customer base, and more opportunities to expand their offerings. The Nevele will result in more people driving through the business district on their way to the Nevele and more people looking for eating, drinking, and shopping options outside of the resort.

Over time, the business district will likely see an increase in the number of successful establishments opening in the district. Examples of the types of stores that are expected to open include convenience stores, limited service restaurants, hobby and novelty gift stores, gas stations, boutiques, and other similar types of stores to meet the demand of patrons and employees of the Nevele.

This increased economic activity will be seen not only in the Town and Village but throughout Ulster County as visitors to the Nevele will travel for unique stores, restaurants, and experiences



to accompany their visit to the Nevele. It is also important to point out that the increased economic activity will not only benefit the visitors to the Nevele and the business owners, but the residents of the Town, Village, and County will also benefit from increased retail options, a more vibrant commercial district, and overall improved economic climate.

Cultural and Recreational Offerings

The Town of Wawarsing and the rest of Ulster County have significant cultural offerings that will benefit from increased visitation by visitors to the Nevele. The Nevele will act as a primary draw for many visitors to the region but some family members may opt for alternative activities, as they would prefer to explore the community. The region's cultural and recreational venues will be able to work with the Nevele to coordinate and increase marketing, promotion, and drive traffic to the various events and facilities throughout the region. Greater awareness, traffic, and visitation will certainly benefit all of the cultural venues in the region and lead to increased support and use. Examples of cultural amenities in the region include:

- **Shadowland Theatre:** Ulster County's only professional not-for-profit Actor's Equity theatre located in the center of Ellenville
- **Ellenville Public Library & Museum:** displaying local history artifacts and exhibits
- **Belleayre Mountain:** winter sport venue
- **Hunter Ski Area:** winter sport venue
- **Windham Ski Area:** winter sport venue
- **Minnewaska State Park:** trail system and state park facility
- **Mohonk Preserve:** expansive nature preserve and trail system



- **Walkway Over the Hudson:** pedestrian bridge and trail over the Hudson River
- **Bethel Woods Performing Arts Center and Museum:** largest summer concert venue in NYS offering a multi-media experience combining film and interactive displays highlighting the Woodstock festival
- **Sullivan County Historical Museum, Art and Cultural Center:** various exhibits
- **O&W Railway Museum:** refurbished caboose of the O&W railway and other artifacts and memorabilia.
- **Bardavon/UPAC:** The oldest continuously operating theatre in New York State and among the oldest in the nation



All of these venues, exhibits, and attractions will benefit from increased visitation to the area resulting from the Nevele.

Sources:

http://commons.wikimedia.org/wiki/File:Buildings_on_Canal_Street,_Ellenville,_NY.jpg

<http://www.ewcoc.com/Pages/default.aspx>

<http://www.cohensbakery.com/Pages/default.aspx>

<http://www.ulstercountyalive.com/landing/arts-and-culture?uext=true>

<http://sookhouse-net.webs.com/>

COMPARISON OF RESULTS TO OBSERVED CONDITIONS

Per the RFA, findings from the economic and fiscal impact analysis of the Nevele Resort Casino & Spa were compared to a report prepared by the Center for Governmental Research (CGR) on the Seneca Niagara Casino, Fiscal & Economic Impact on Niagara Falls, NY (hereafter, the "CGR report").

Overall, the CGR report found that costs of the casino on the City of Niagara Falls is minimal:

*"Costs imposed on the City of Niagara Falls as a consequence of the Casino are also small. While additional traffic for Casino-sponsored events has increased the burden on the Niagara Falls Police Department, a substantial portion of additional staffing costs is reimbursed through an agreement with Seneca Gaming Corporation. The City appears to be earning offsetting revenue from parking violations, however."*⁵

And that the net benefits, greatly outweigh the costs:

*"The Casino has affected the City of Niagara Falls in a number of ways. The Success of the Casino itself highlights the fact that total traffic to the community has increased substantially. Overall, the Casino compliments the Falls and other community attractions, broadening the appeal of the community. The most demonstrable economic impact in the community is the increased employment."*⁶

The following table summarizes the economic and fiscal impacts of the Seneca Casino, as described in the CGR report, to the proposed Nevele. We note that this is not a straight "apples-to-apples" comparison as different assumptions were used for each analysis. Please refer to the footnotes below the table for clarification.

Comparison of Results to Observed Conditions		
	Nevele Resort & Spa ¹	Seneca Casino ²
Slot Machines	2,000	3,238
Table Games	80	97
Annual Patrons (Gamers)	5,076,322	4,300,000
Net Gaming Revenue	\$476,257,719	\$366,685,000
Net Employment	2,283	1,500
Onsite Wages	\$95,249,652	\$55,935,000
Average Earnings per Worker (onsite)	\$41,729	\$37,290
Net New Total Jobs (onsite & offsite) ³	3,599	2,600
Income Tax Revenue to State	\$5,810,408	\$3,107,500
Total Sales Tax	\$5,840,424	\$8,701,000
Sales Tax to Local Governments	\$2,503,039	\$3,853,300
Sales Tax to State	\$3,337,385	\$4,350,500

1. Assumes single-casino in the Catskill/Hudson Valley region and only includes impacts from "new" gamers, including in-state repatriation and out-of-state gamers.

2. Show n in 2014 dollars, where applicable.

3. Nevele case assumes new jobs in NYS as a whole, Seneca case assumes new jobs in adjacent counties.

Source: Camoin Associates, Company, CGR Report: Seneca Niagara Casino Fiscal & Economic Impact on Niagara Falls, NY

⁵ Source: http://www.cgr.org/reports/05_R-1418_SenecaNiagaraCasinoEcon.pdf

⁶ Source: http://www.cgr.org/reports/05_R-1418_SenecaNiagaraCasinoEcon.pdf

ATTACHMENTS

A: What is an Economic Impact Analysis?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial “change in final demand”. To understand the meaning of “change in final demand”, consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells \$1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is \$1 million because dollars are flowing in from outside the United States and are therefore “new” dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the “Direct Effects” of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer’s vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will “leak out”. What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of spending. These sets of industry-to-industry purchases are referred to as the “Indirect Effects” of the change in final demand.

Finally, the widget manufacturer has employees who will naturally spend their wages. As with the Indirect Effects, the wages spent will either be for local goods and services or will “leak out” of the economy. The purchases of local goods and services will then stimulate other local economic activity; such effects are referred to as the “Induced Effects” of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial \$1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects and the Induced Effects. The ratio between Direct Effects and Total Effects (the sum of Indirect and Induced Effects) is called the “multiplier effect” and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar (\$1) of change in final demand, an additional \$1.40 of indirect and induced economic activity occurs for a total of \$2.40.

Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the “local economy” is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the \$1 million of widgets being purchased by Canadians is not causing total North American demand to increase by \$1 million. Presumably, those Canadian purchasers will have \$1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many “new” dollars the producer would be causing to occur domestically.

B. About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. We specialize in market analysis to evaluate the feasibility and impacts of proposed projects. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to Texas; corporations and organizations that include Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$600 million. Our reputation for detailed, place-specific, and accurate analysis has led to projects in twenty states and garnered attention from national media outlets including Marketplace (NPR), Forbes magazine, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. The firm currently has offices in Saratoga Springs, NY, Portland, ME, and Brattleboro, VT.

Our work experience includes economic and fiscal impact studies of:

- Proposed MGM Casino on the City of Northampton, MA
- Erie County Raceway & Casino
- NYS Sire Stakes
- Nassau Coliseum
- Walkway Over the Hudson
- Friends of Old 7 Pedestrian Bridge
- Adirondack Rail Corridor
- Oak Mountain Ski Area
- Fort Stanwix
- Catskill Mountain Rail Trail
- Erie County National Heritage Corridor
- Select County Fairgrounds across New York State (Erie, Dutchess, Washington, Saratoga, and Jefferson)
- And more...

To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter @camoinassociate and on Facebook.