Exhibit VIII.A.2.a Applicant's Minimum Capital Investment for its Gaming Facility

Exhibit VIII.A.2.a Calculation of Applicant's Minimum Capital Investment for its Gaming Facility

Applicable Capital Investment for Region One (1) **$350 million**

Applicant's items comprising the defined "Minimum Capital Investment"

EXISTING BUILDING ABATEMENT AND REMOVAL	$1,000,000
NEW BUILDING	
• CASINO AND HOTEL TOWER	$300,447,000
• EVENT CENTER	$25,801,000
SIGNAGE	$2,300,000
FOOD SERVICE EQUIPMENT	$5,000,000
LAUNDRY EQUIPMENT	$1,500,000
PARKING GARAGE	$44,000,000
WINTER ENTERTAINMENT FEATURE	$1,500,000
SITEWORK	$23,961,000
UNKNOWN SITE CONDITIONS (ALLOWANCE)	$1,500,000
THEMING	$1,500,000
	$408,509,000
CONSTRUCTION CONTINGENCY	$40,851,000
DESIGN - A/E FEES	$34,723,000
OTHER SOFT COSTS	$8,170,000
FURNITURE, FIXTURES AND EQUIPMENT (FF&E)	$10,000,000
GAMING RELATED EQUIPMENT	$51,095,000
IT SYSTEMS (SERVERS, COMPUTERS, POINT OF SALE, ETC.)	$2,500,000
OWNER DECOR (PAINTINGS, FLAT SCREEN TV'S, PLANTS, ETC.)	$3,000,000
UNIFORMS AND SMALL WARE	$1,000,000
OWNER CONTINGENCY	$10,000,000
TOTAL - MINIMUM CAPITAL INVESTMENT	**$569,848,000**

The table above reflects the Applicant's initial estimate of the defined Minimum Capital Investment for a project in Orange County. The above table does not include pre-opening expenses, pre-opening bankroll, legal fees, other items associated with the Applicant's Host Municipality Agreement, land/lease acquisition costs, carried interest and any other non-property specific costs.

Exhibit VIII.A.2.b Any Capital Investment made by the Applicant

Exhibit VIII.A.2.b description of any capital investment made by the Applicant prior to the Effective Date

The Applicant made no capital investment prior to the Effective Date. Items (ii), (iii) and (iv) are not applicable.

Exhibit VIII.A.3 Market/Revenue Study

Exhibit VIII.A.3 Study completed by an independent expert assessing the size of the potential gaming market for the proposed Gaming Facility. Include annual projections of gaming patronage (e.g. by gaming visitor count) and gaming revenues (including itemization of slot, table and gross revenues) annually for a period of at least the first ten (10) years after opening for gaming on a high-, average- and low-case basis

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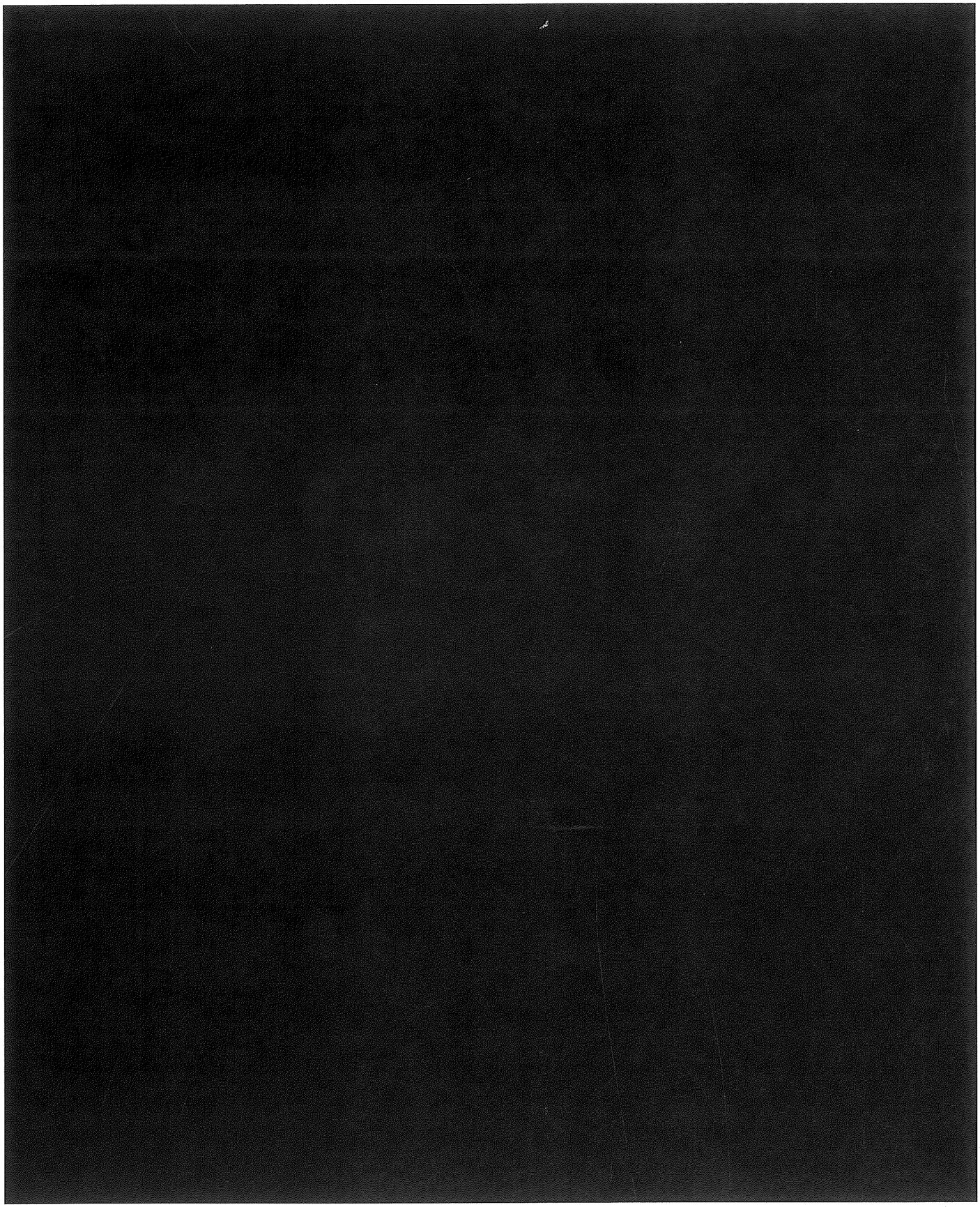

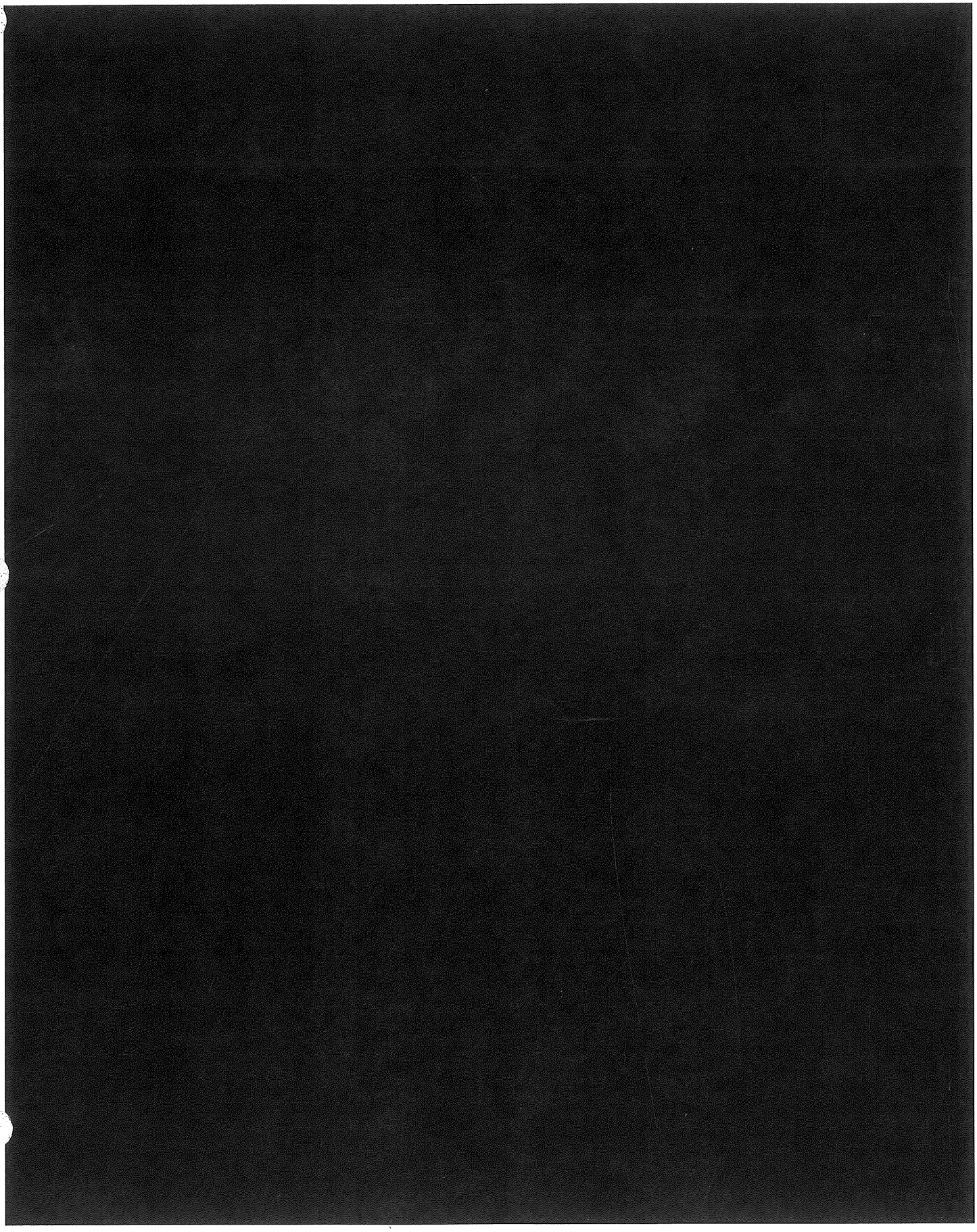

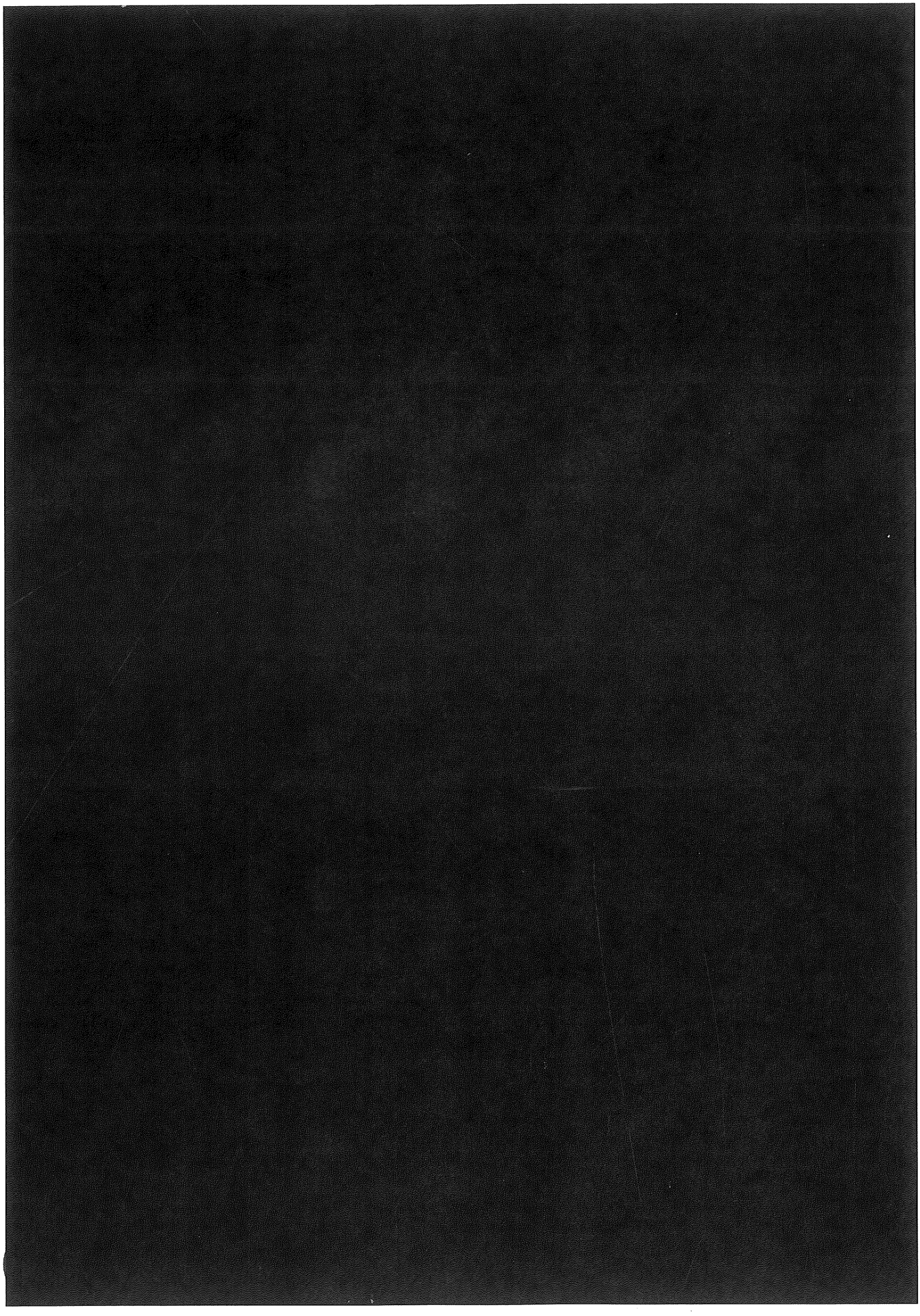

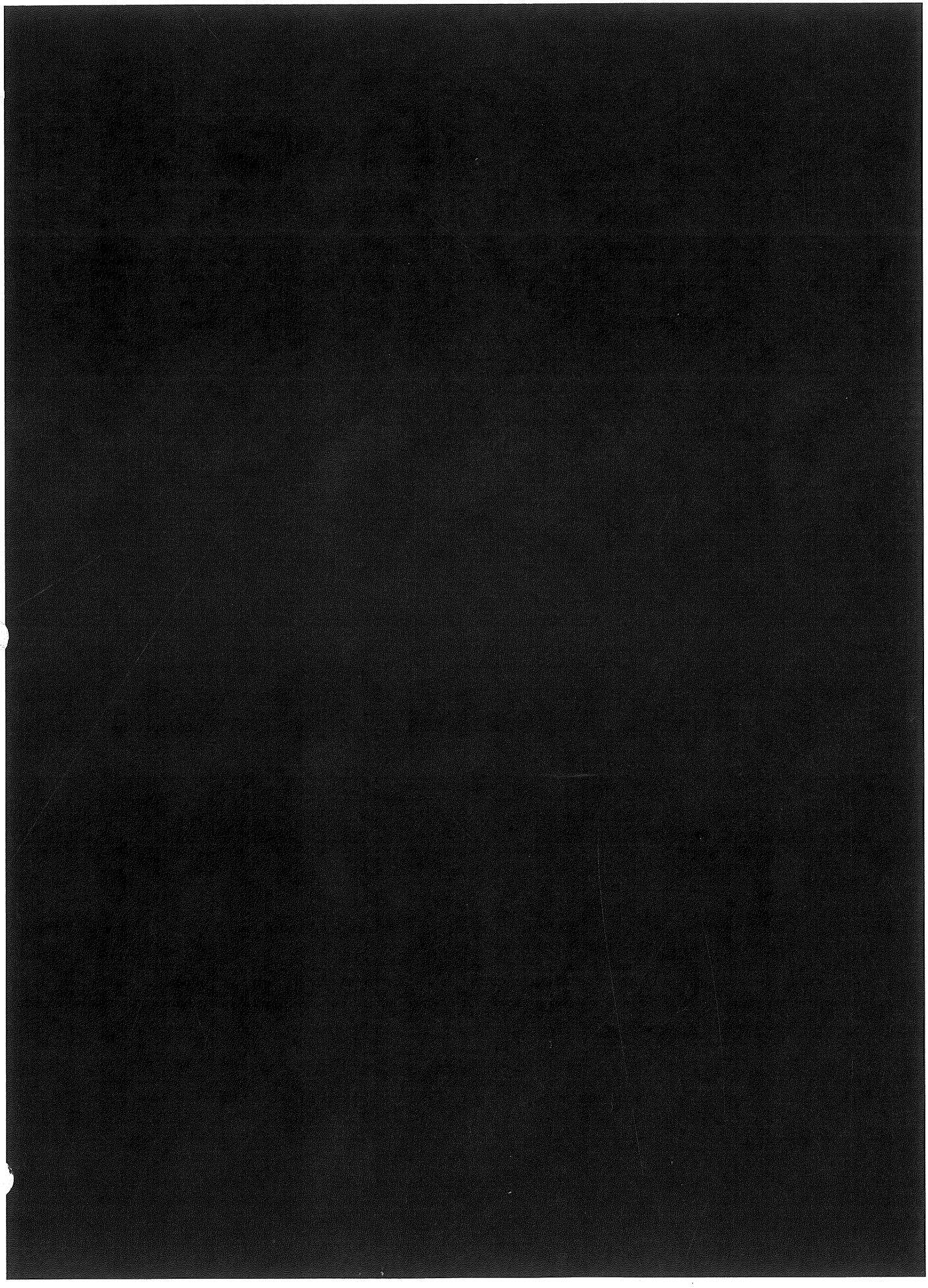

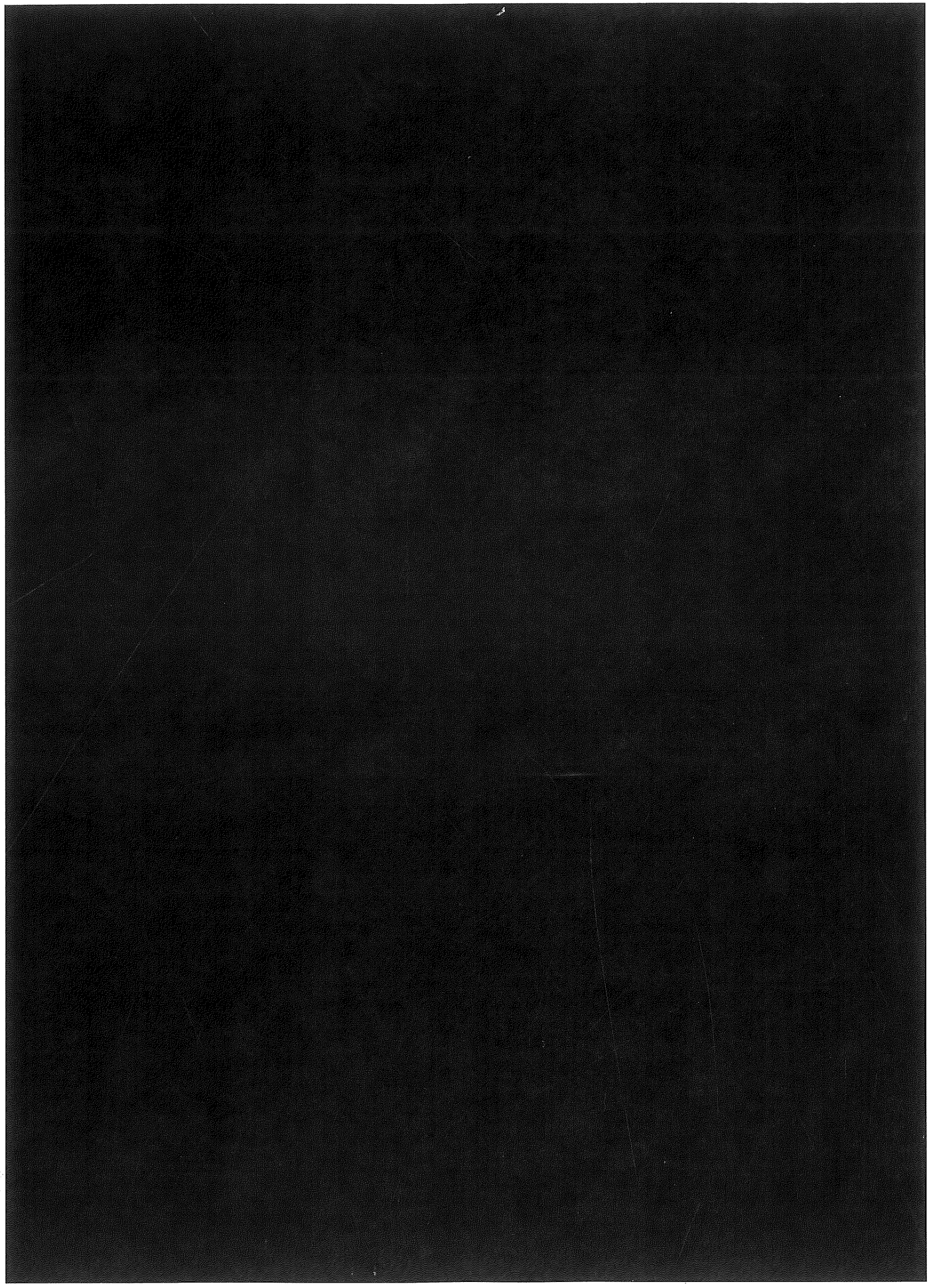

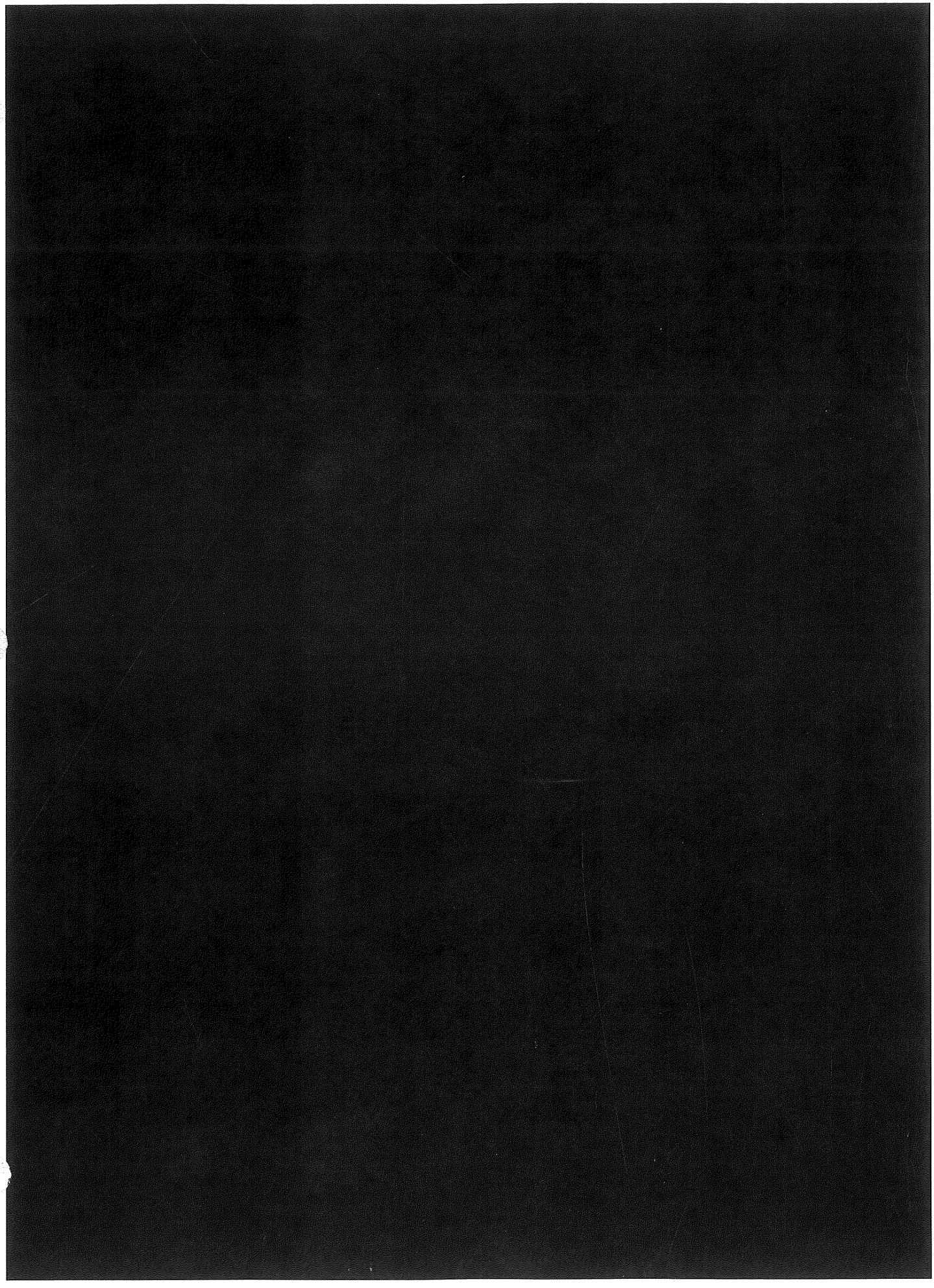

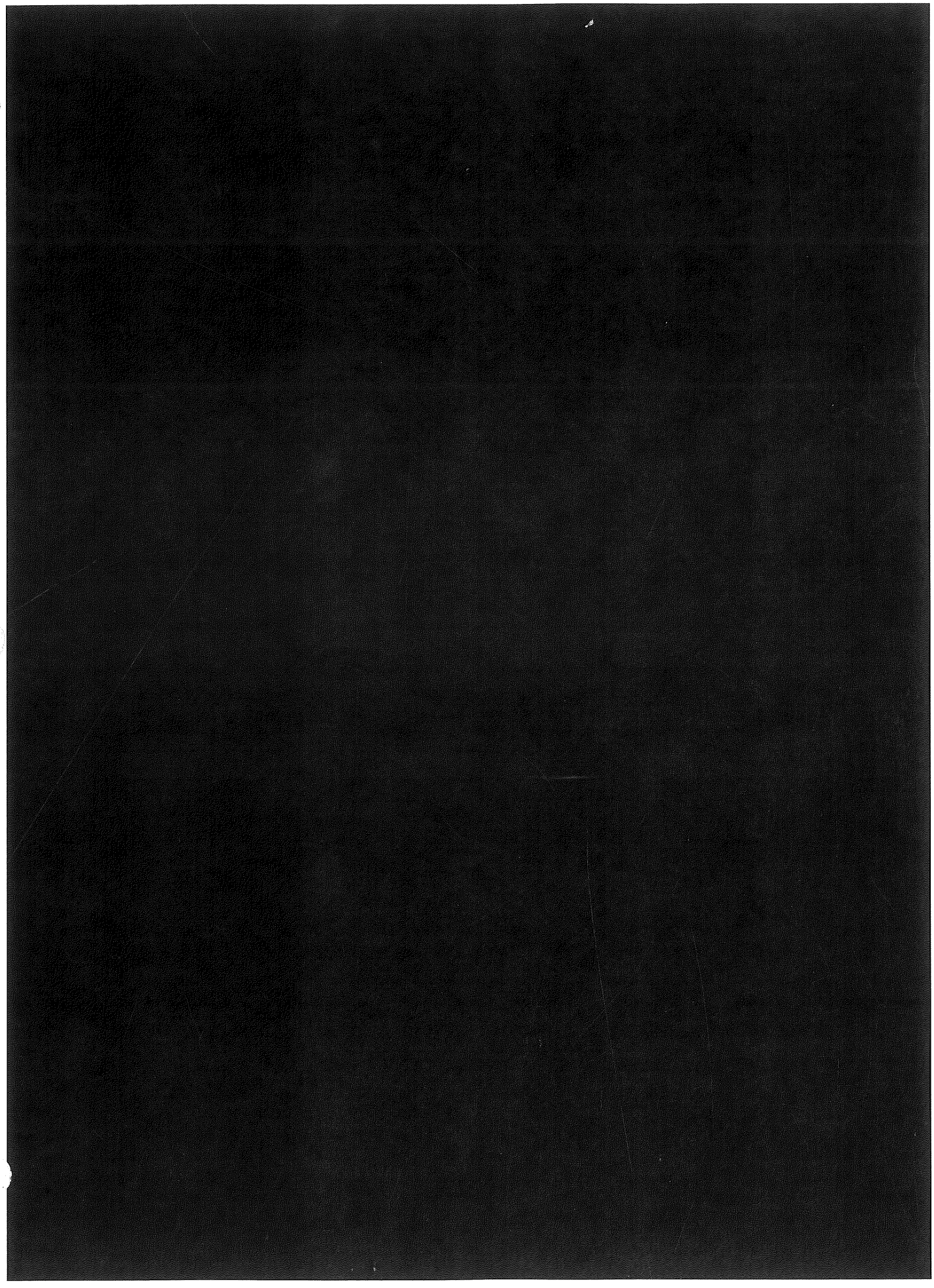

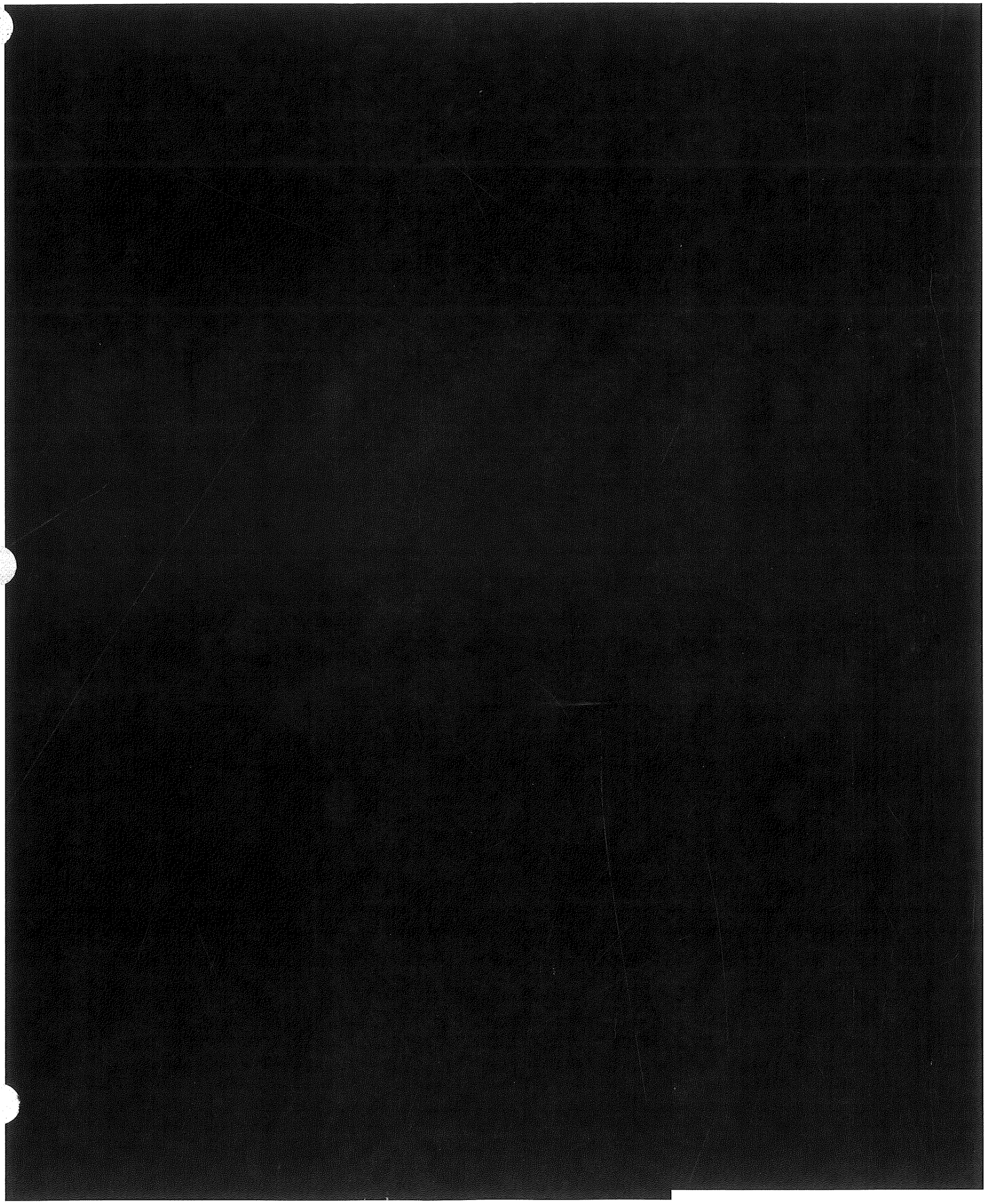

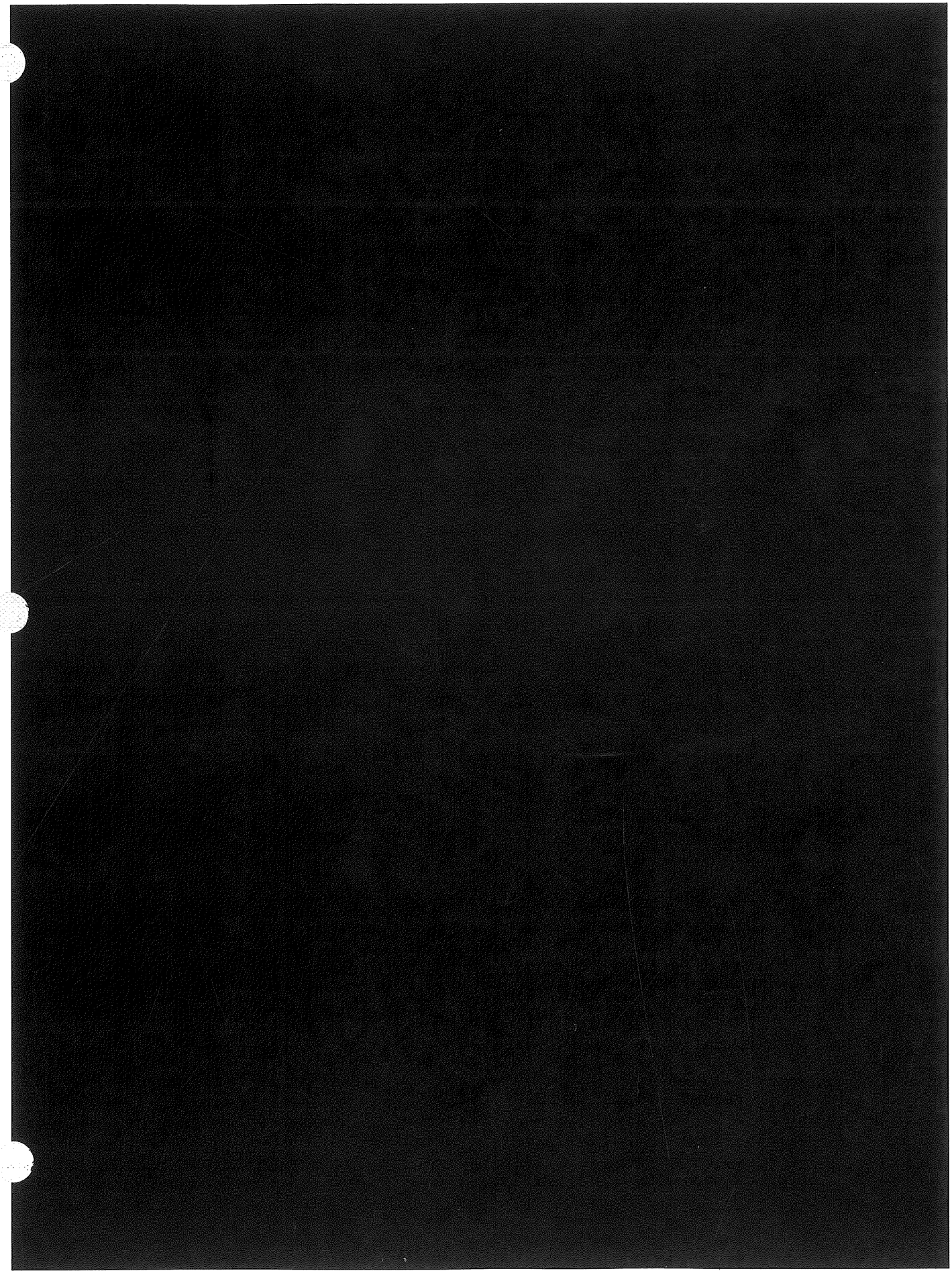

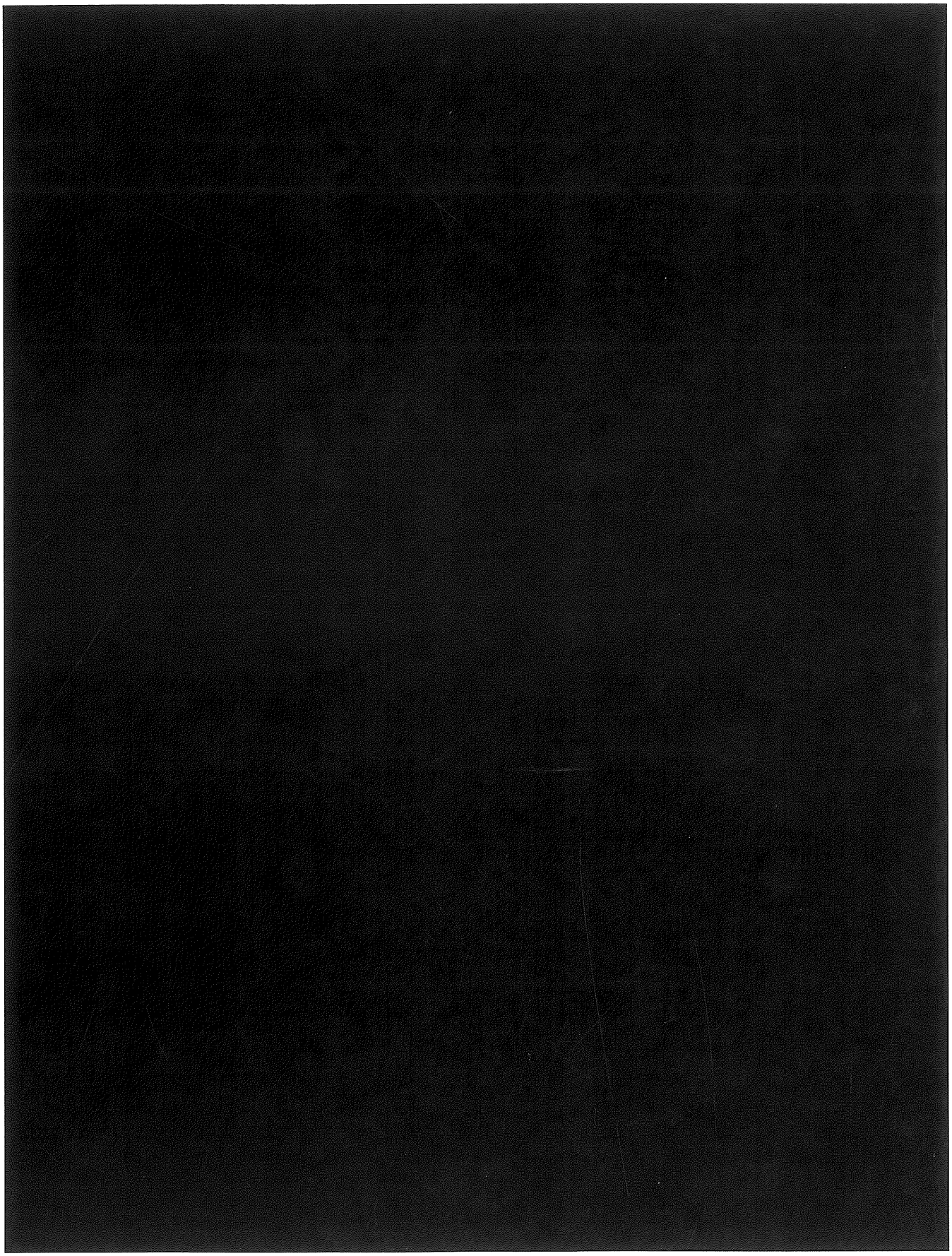

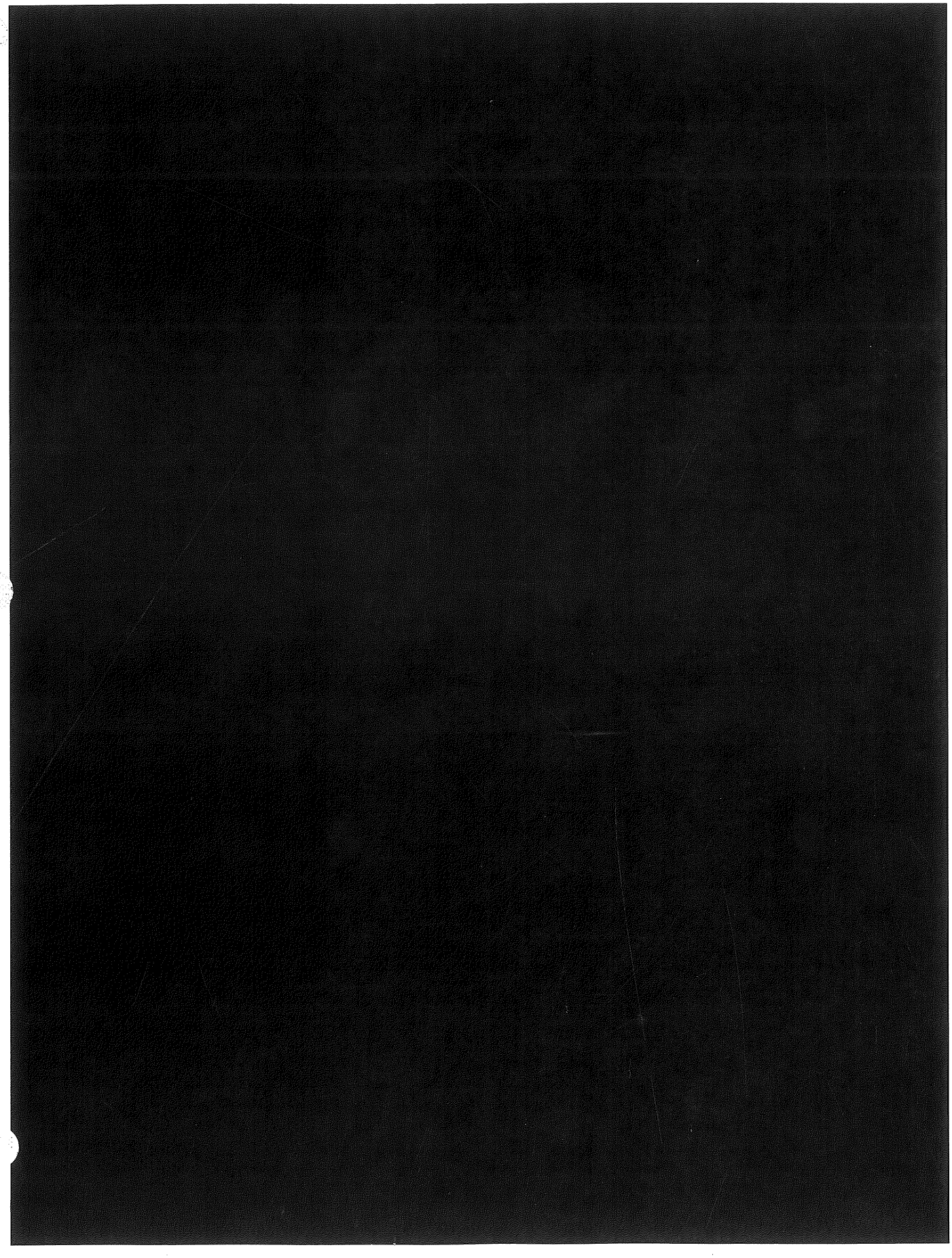

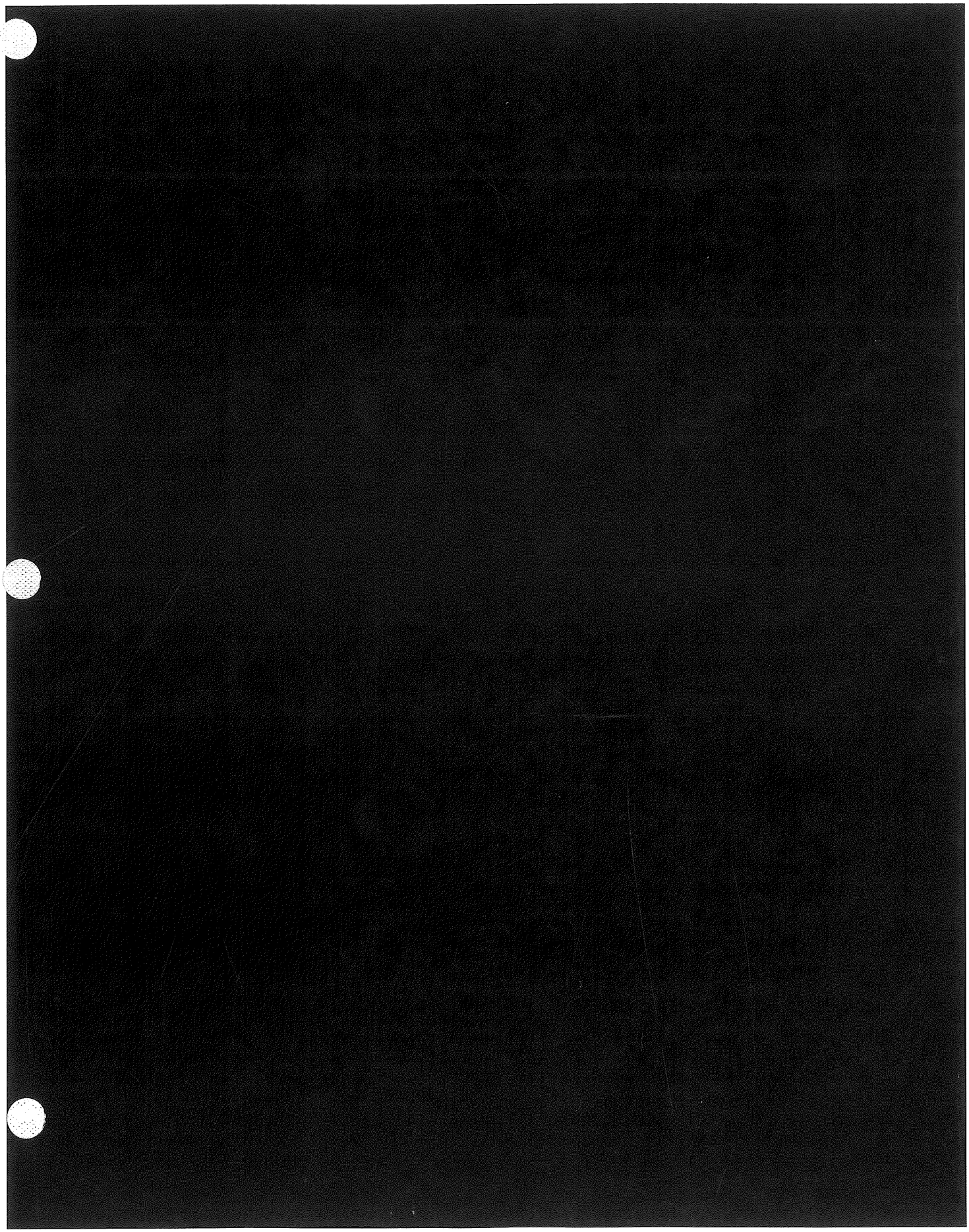

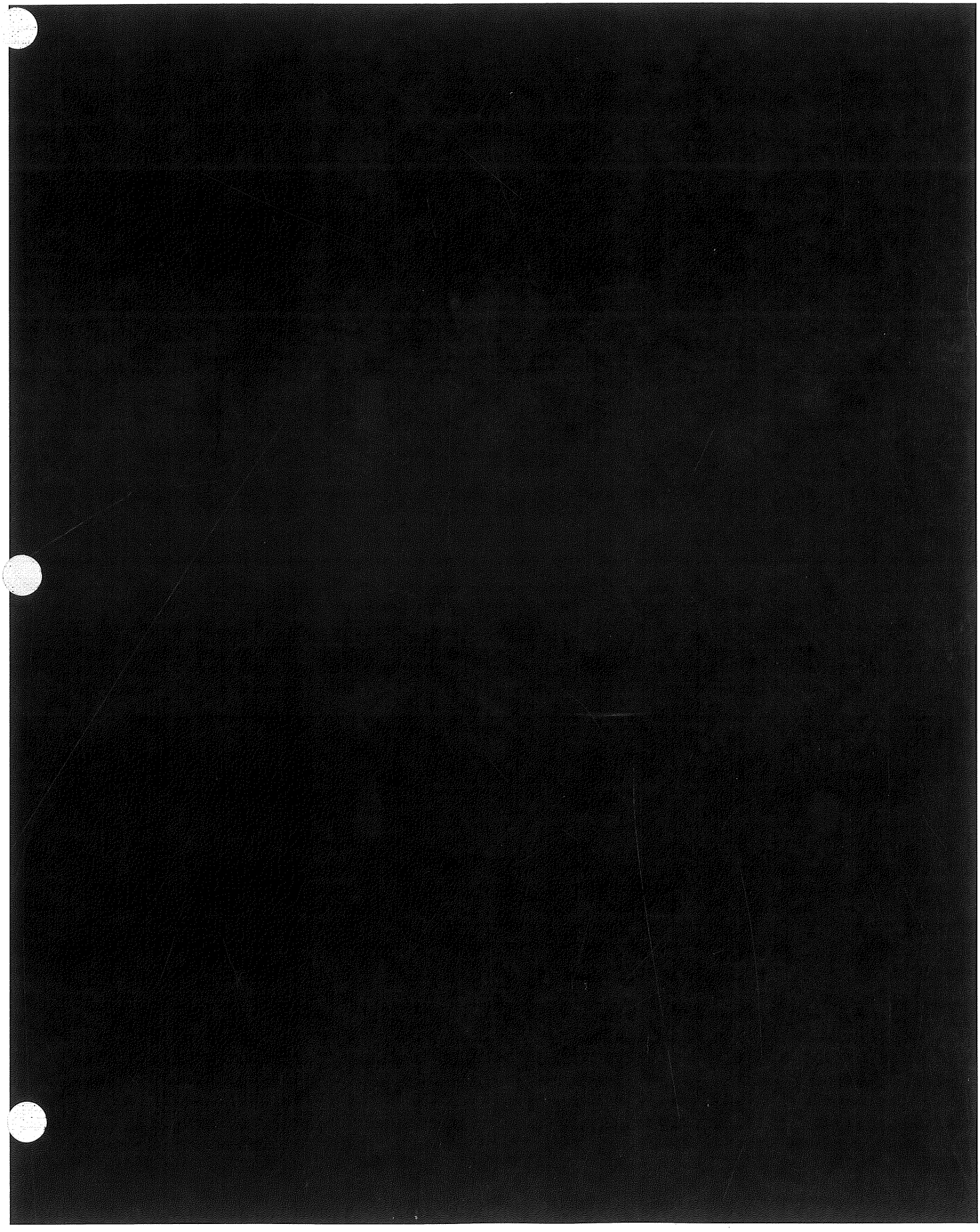

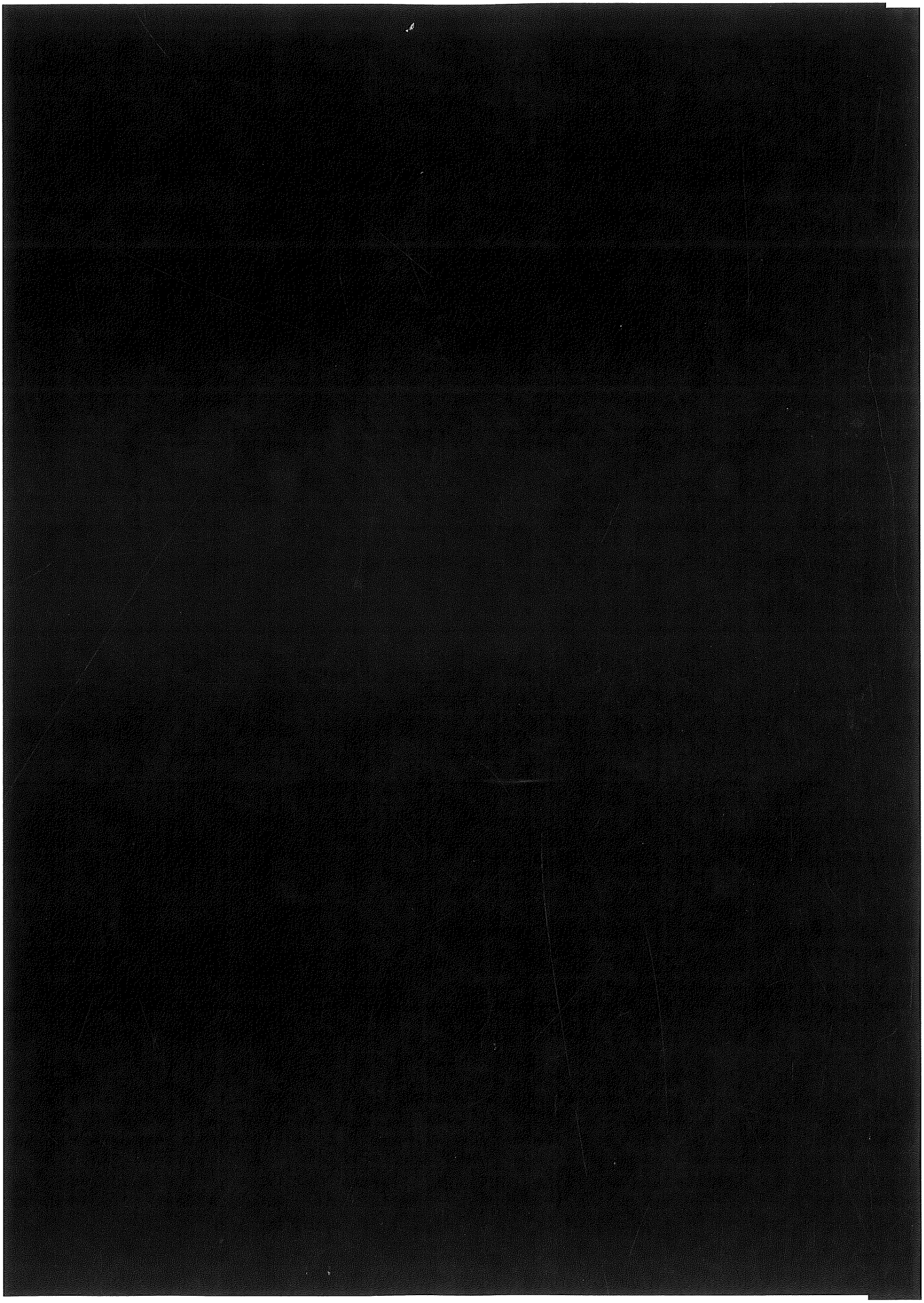

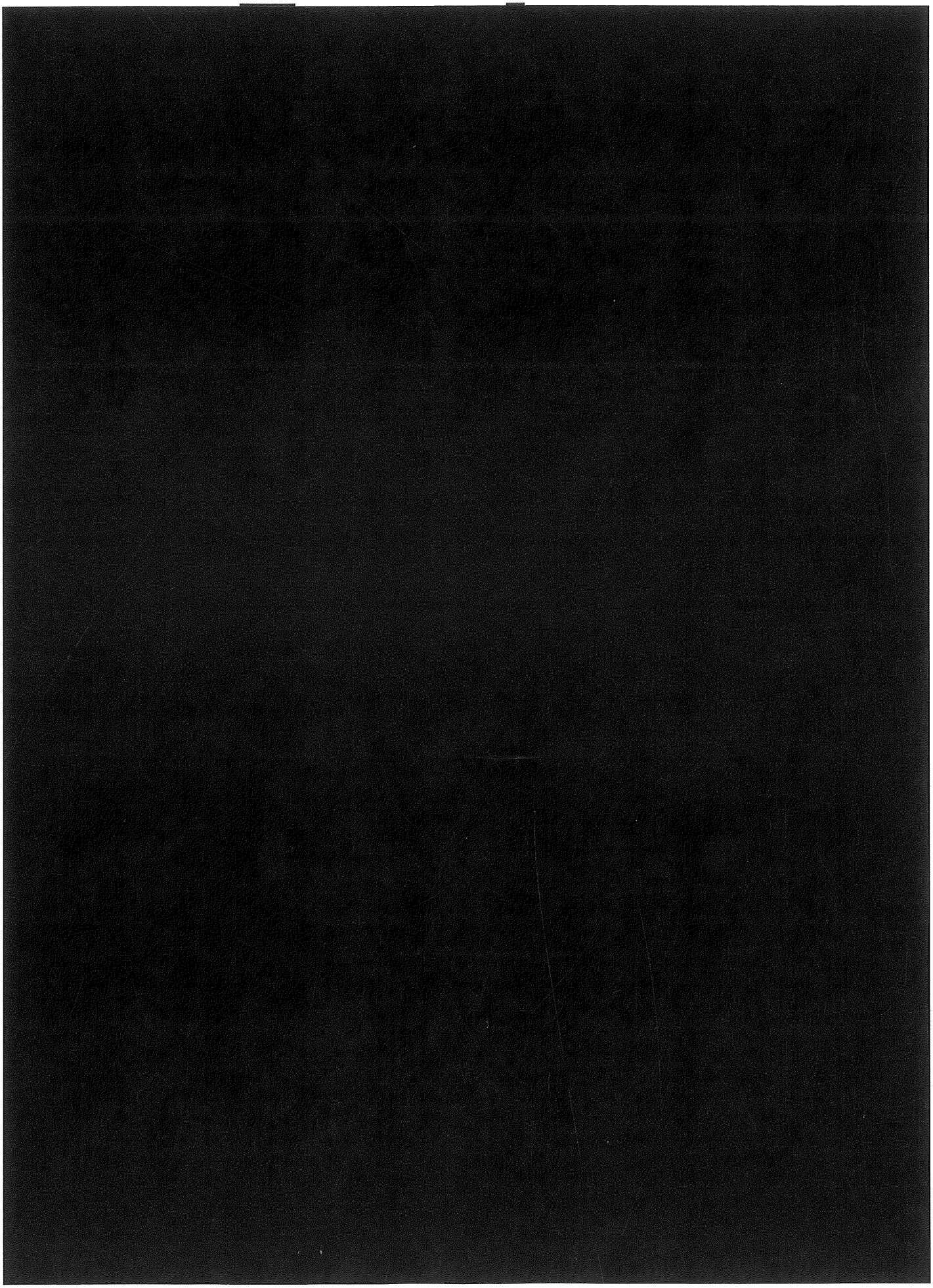

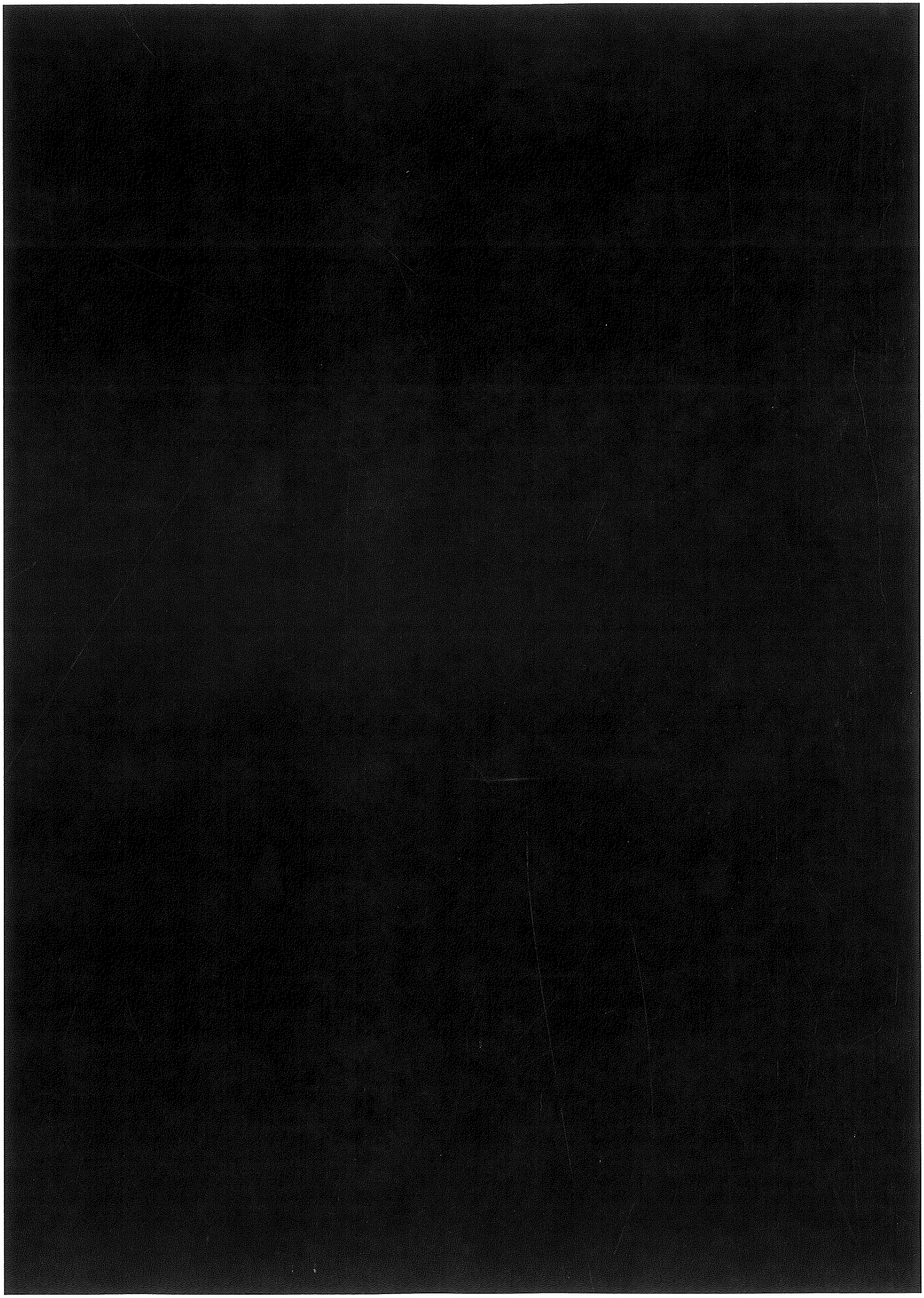

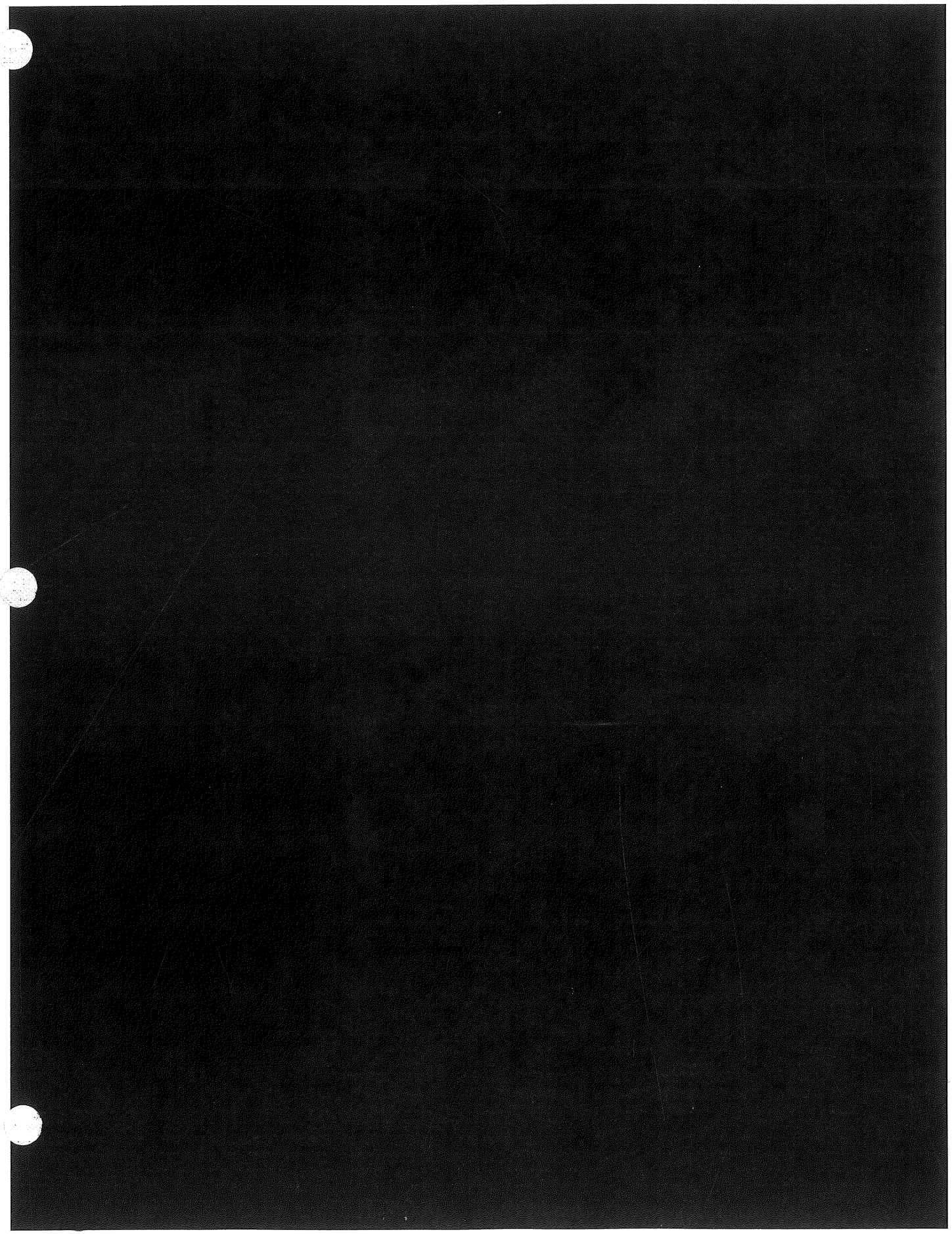

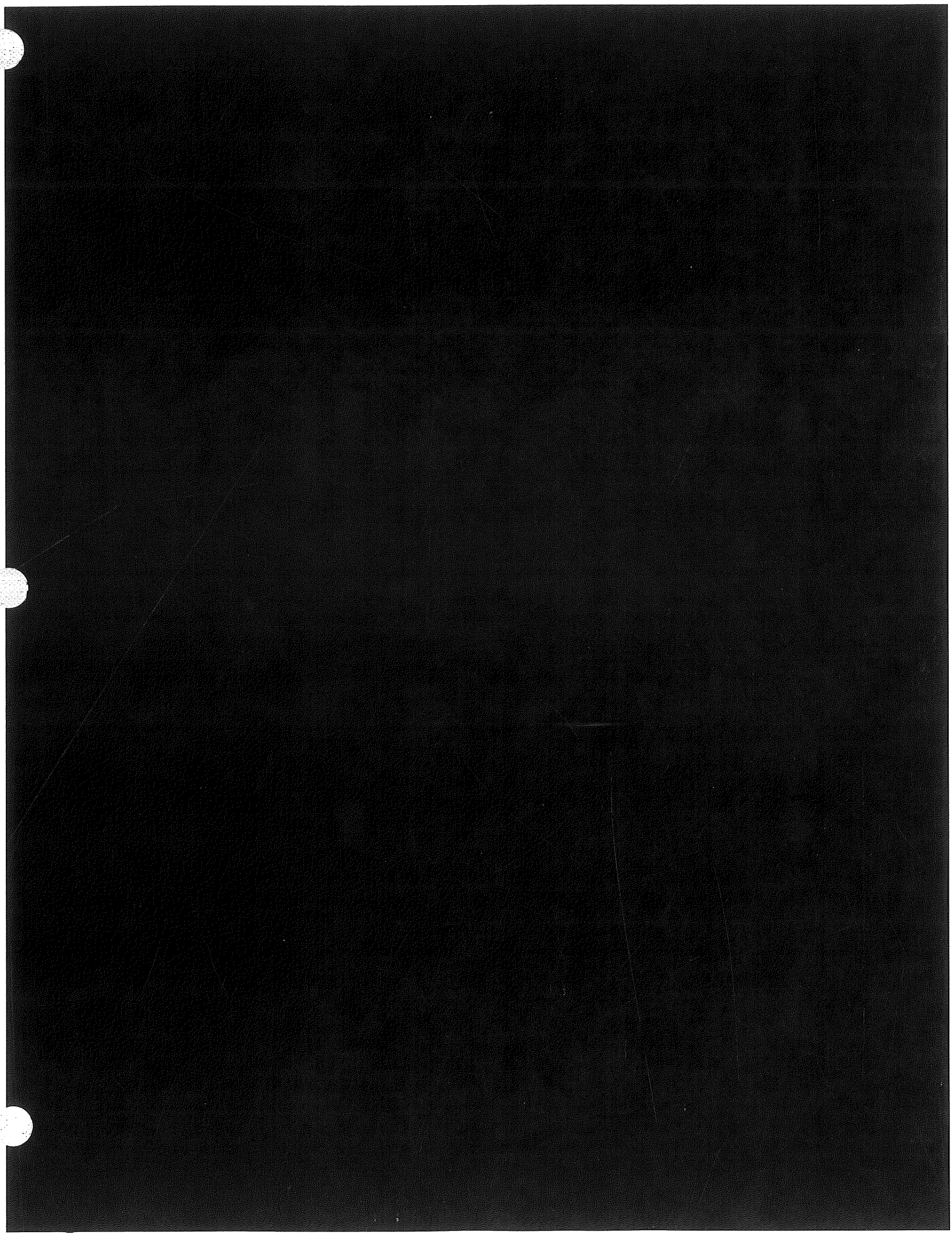

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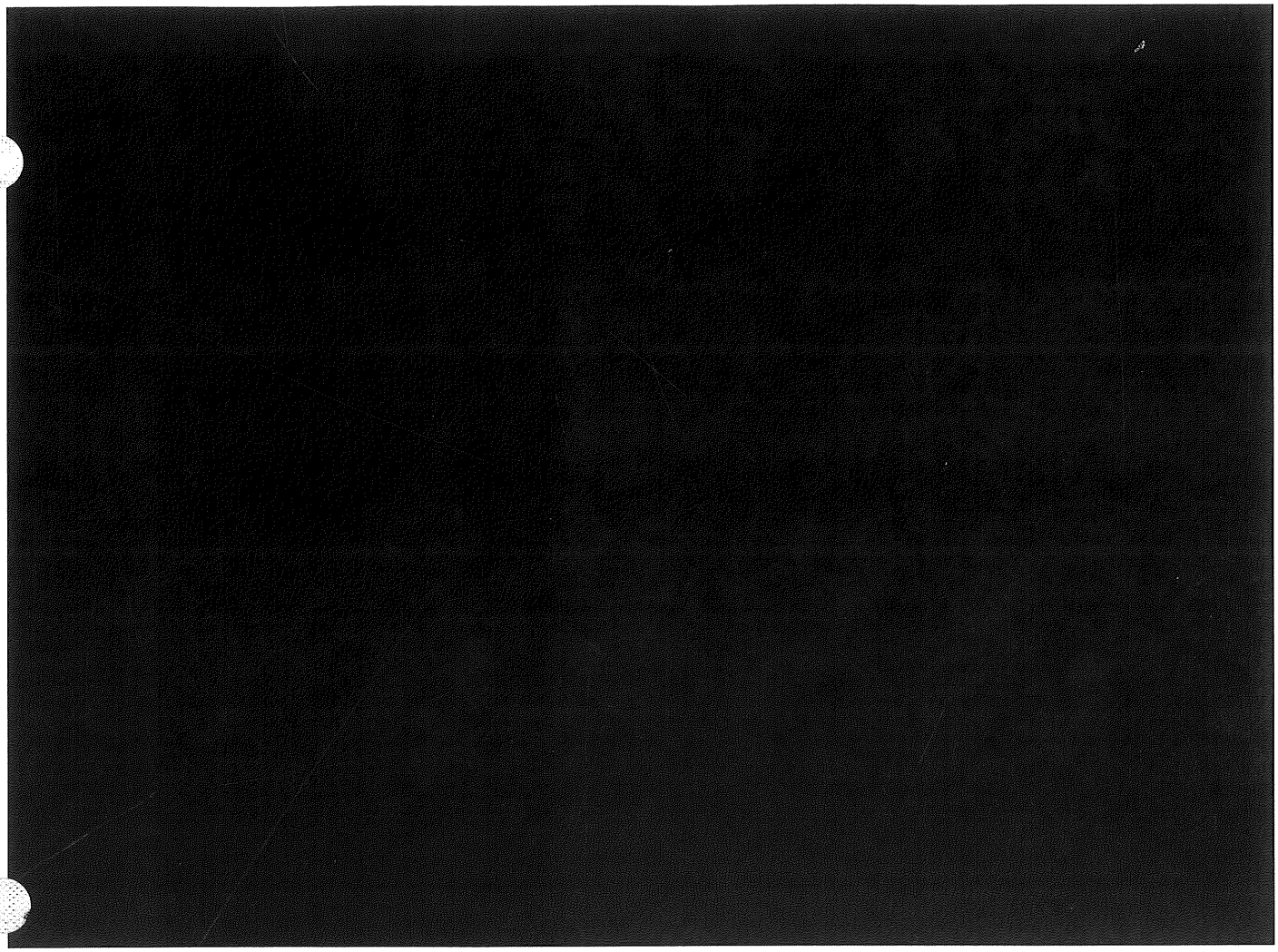

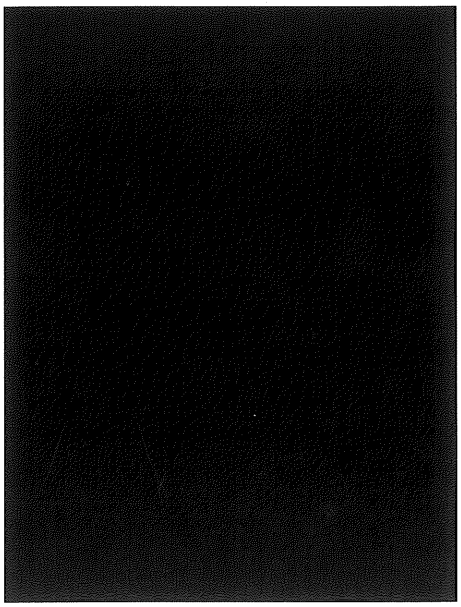

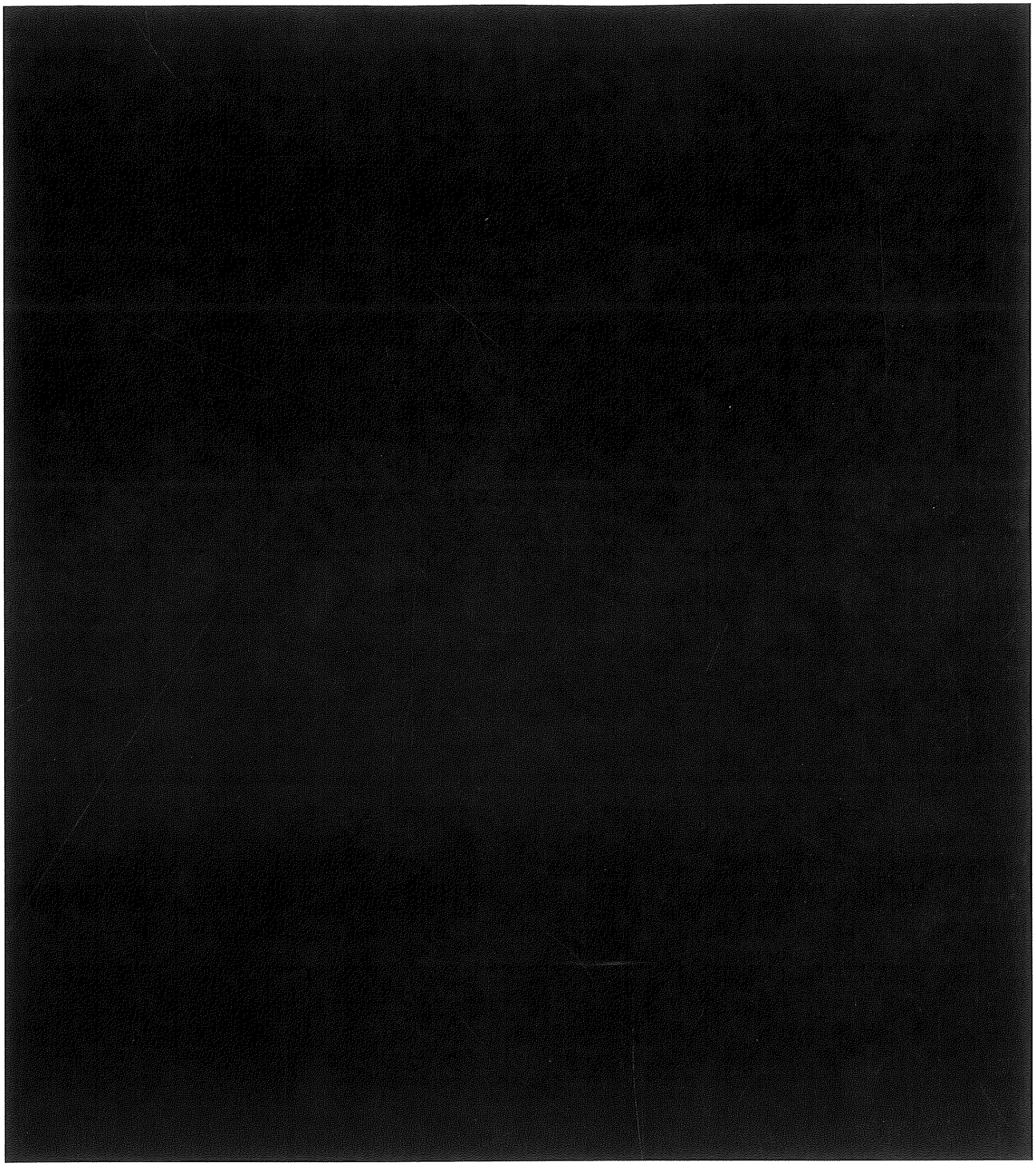

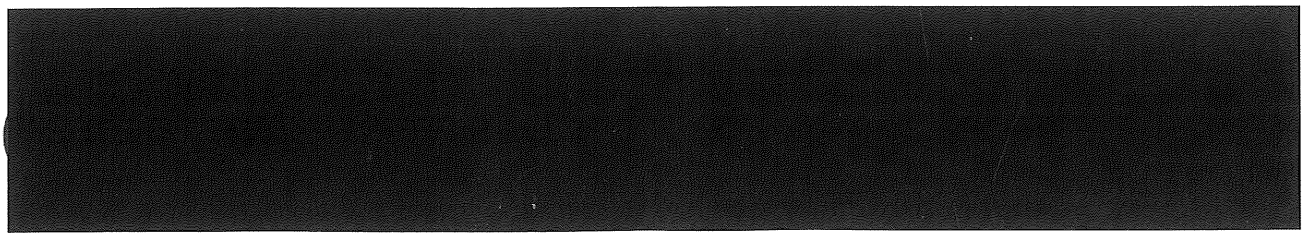

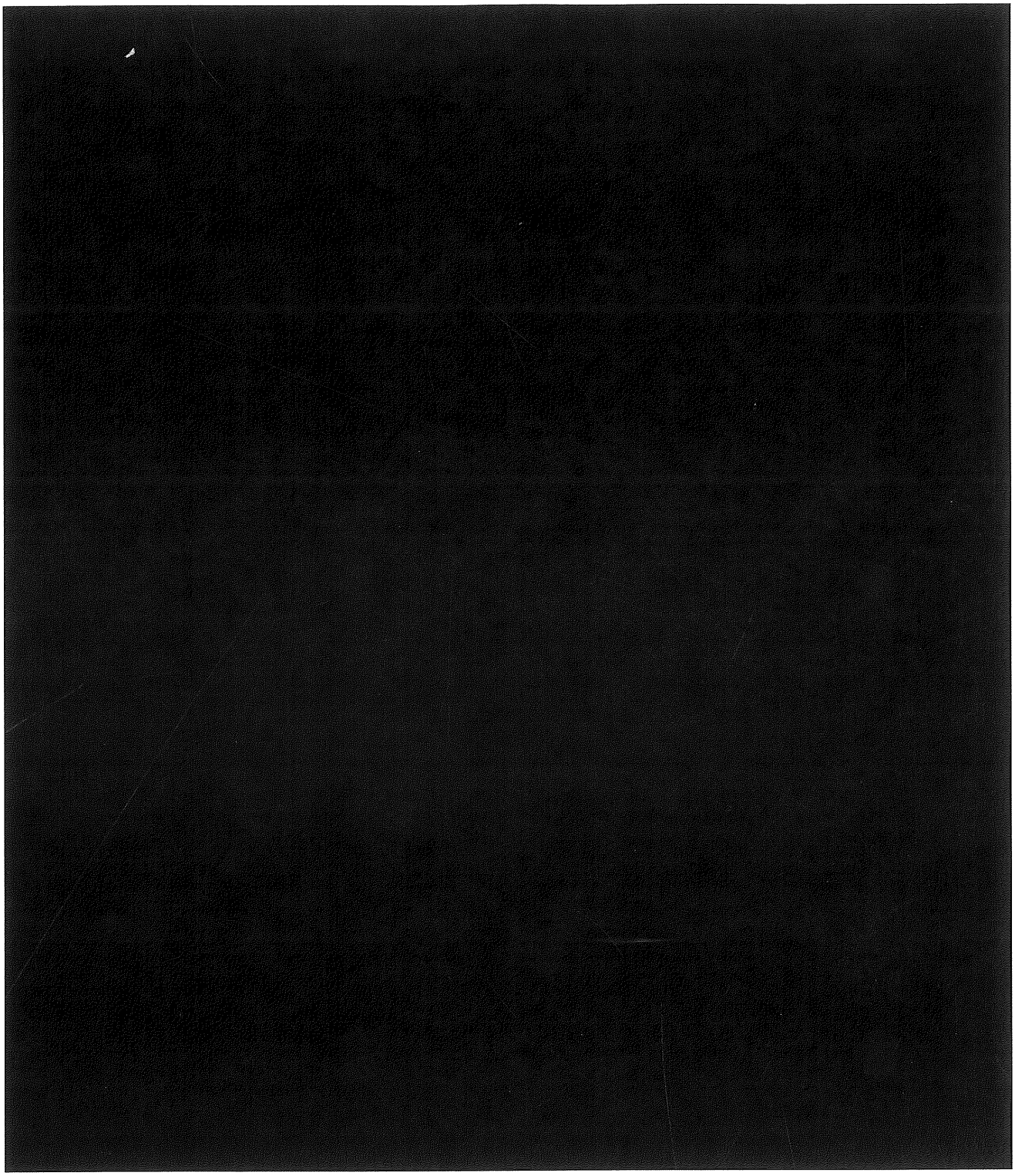

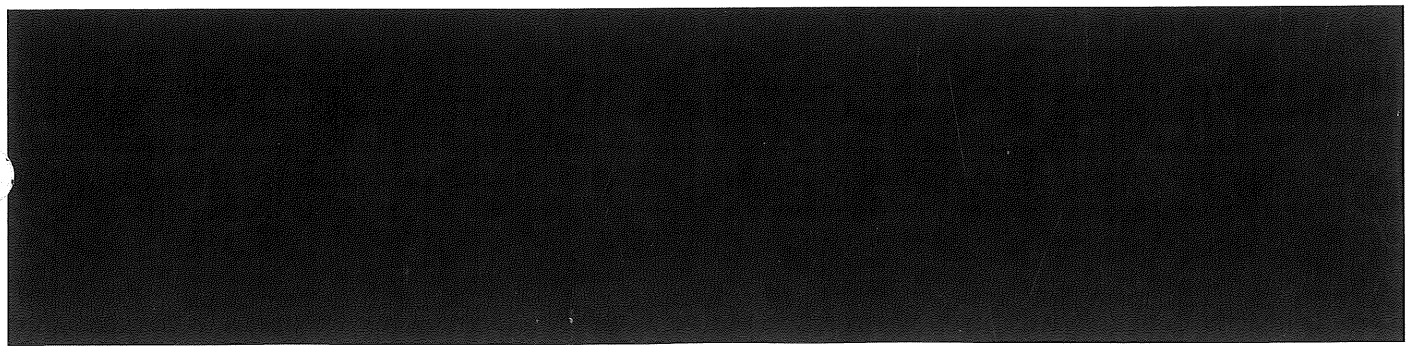

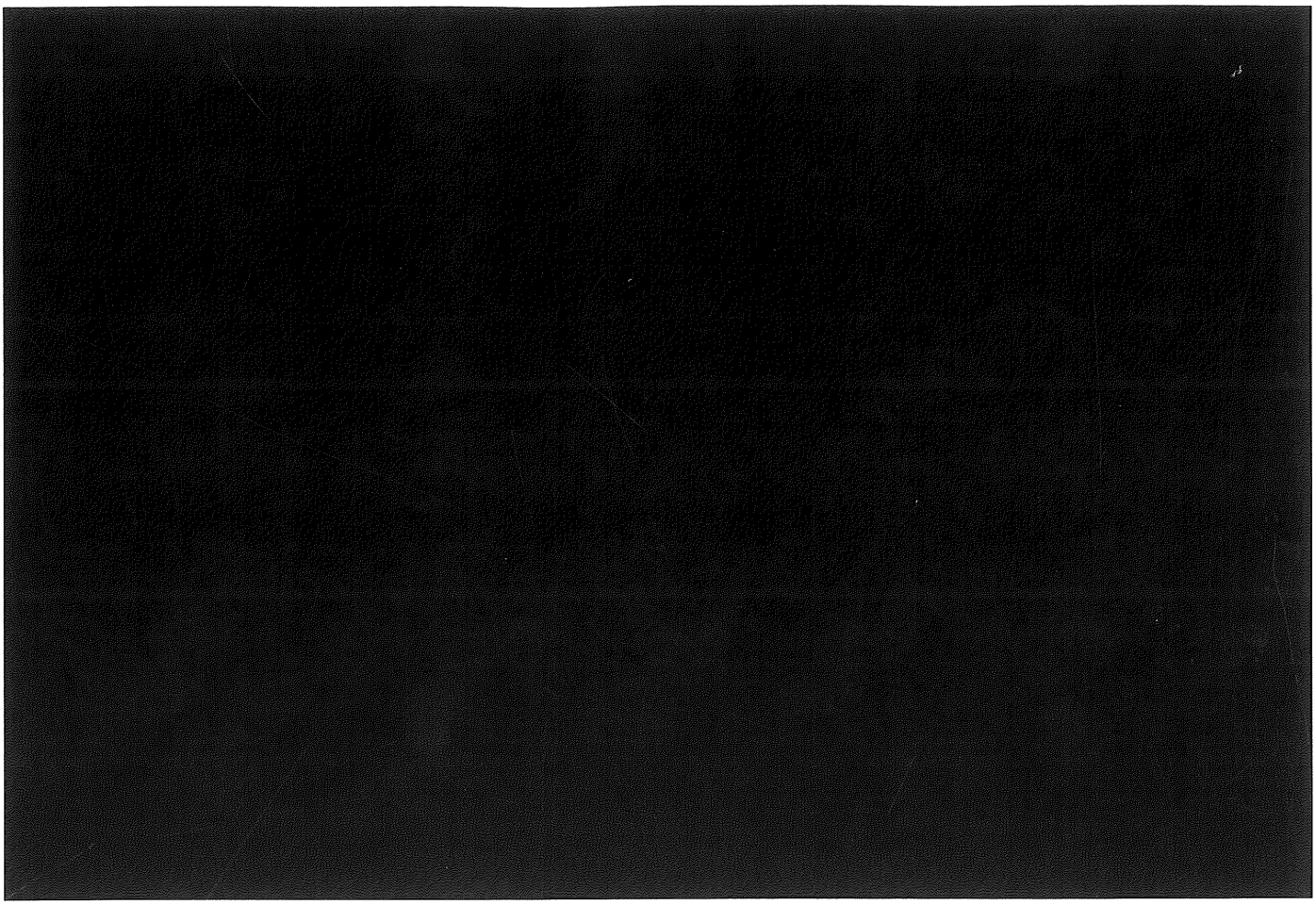

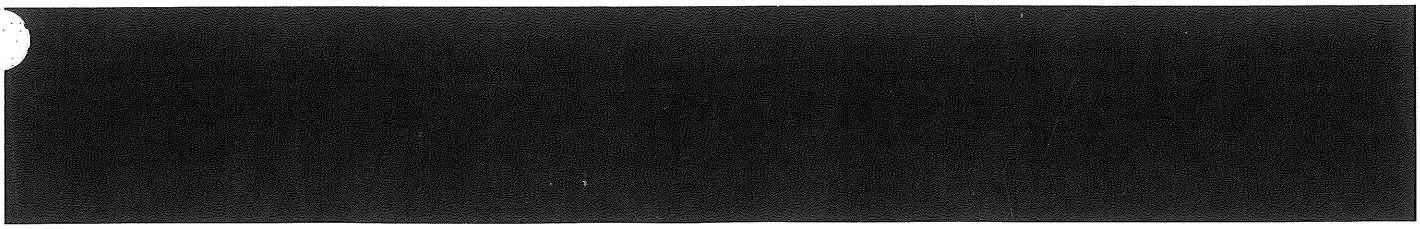

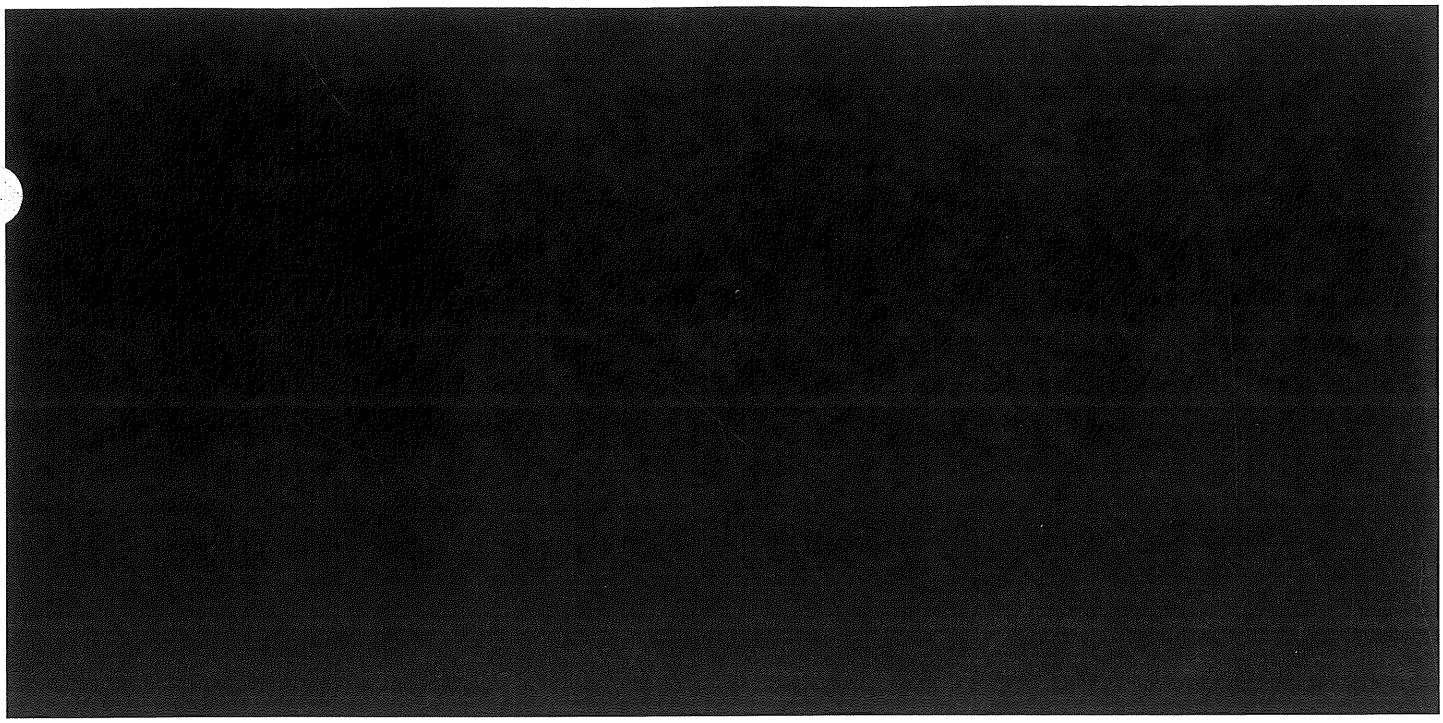

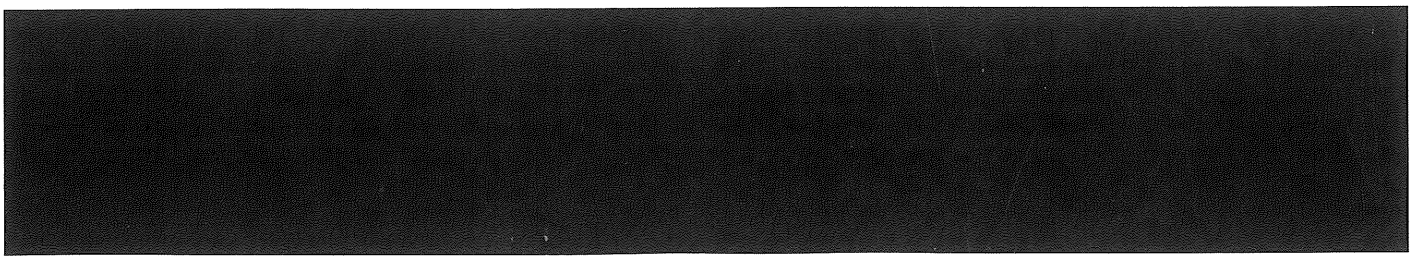

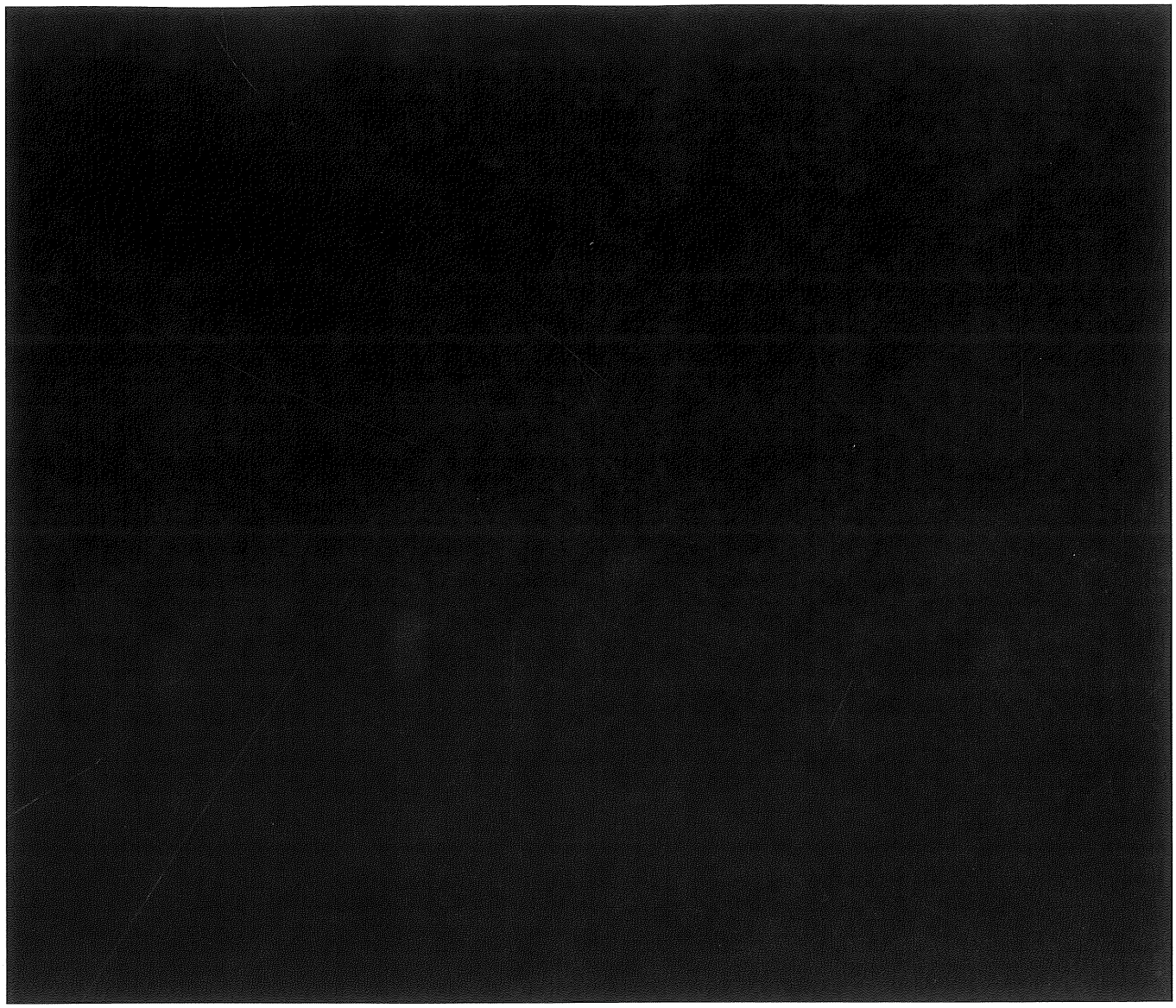

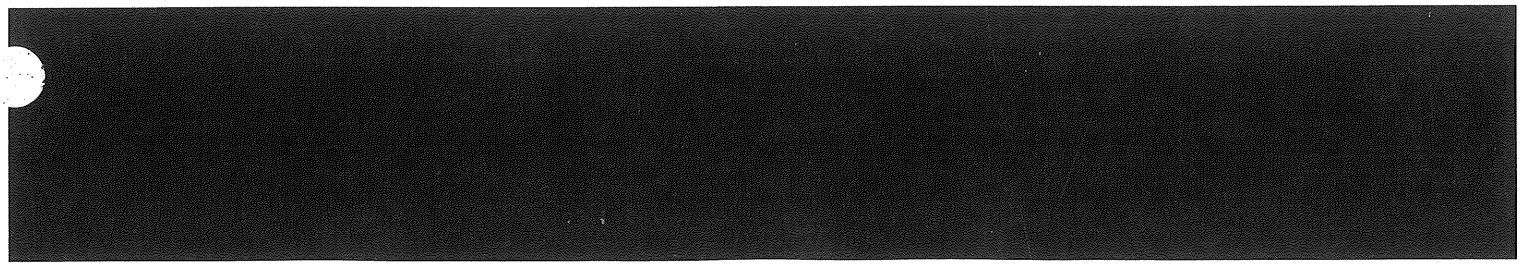

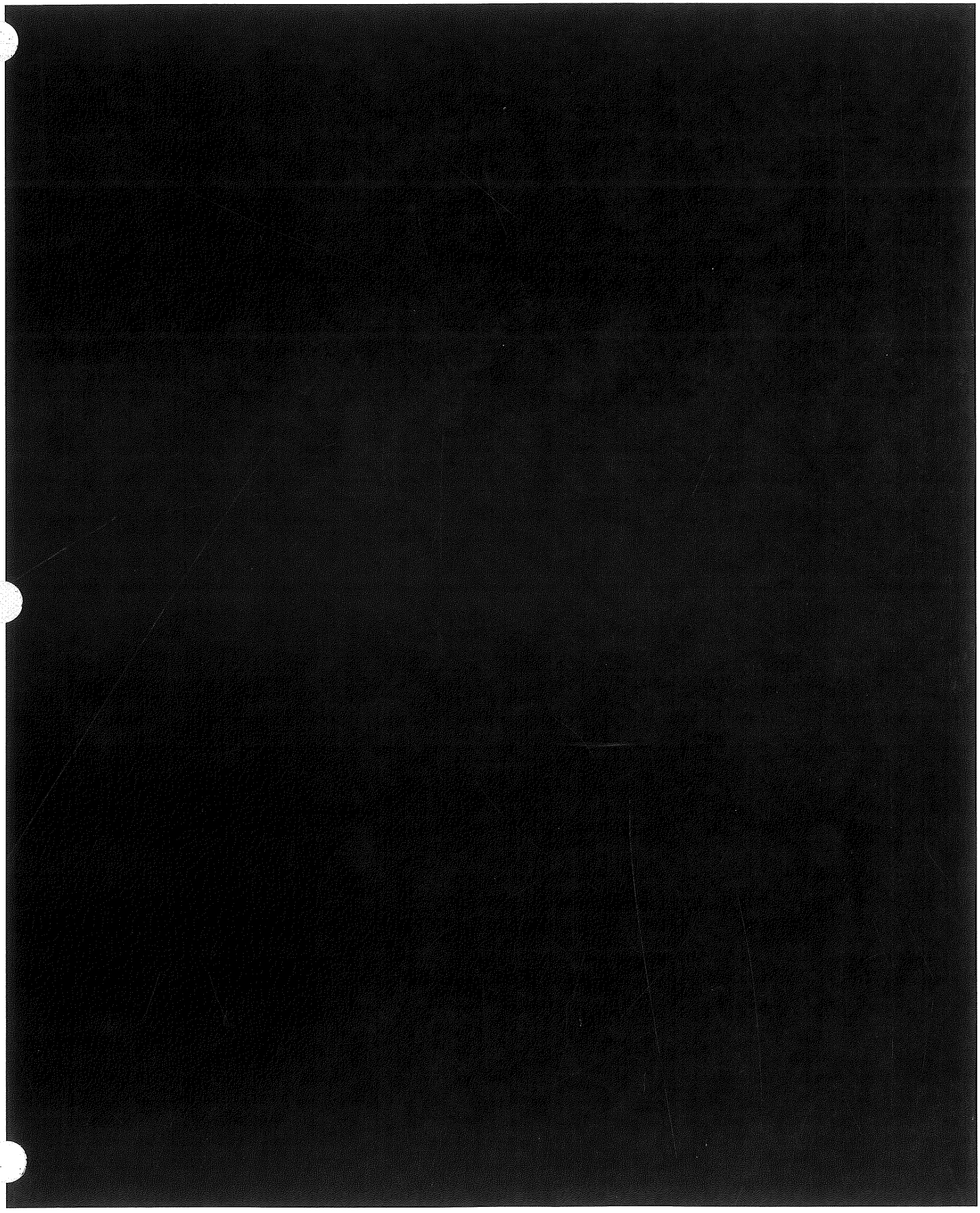

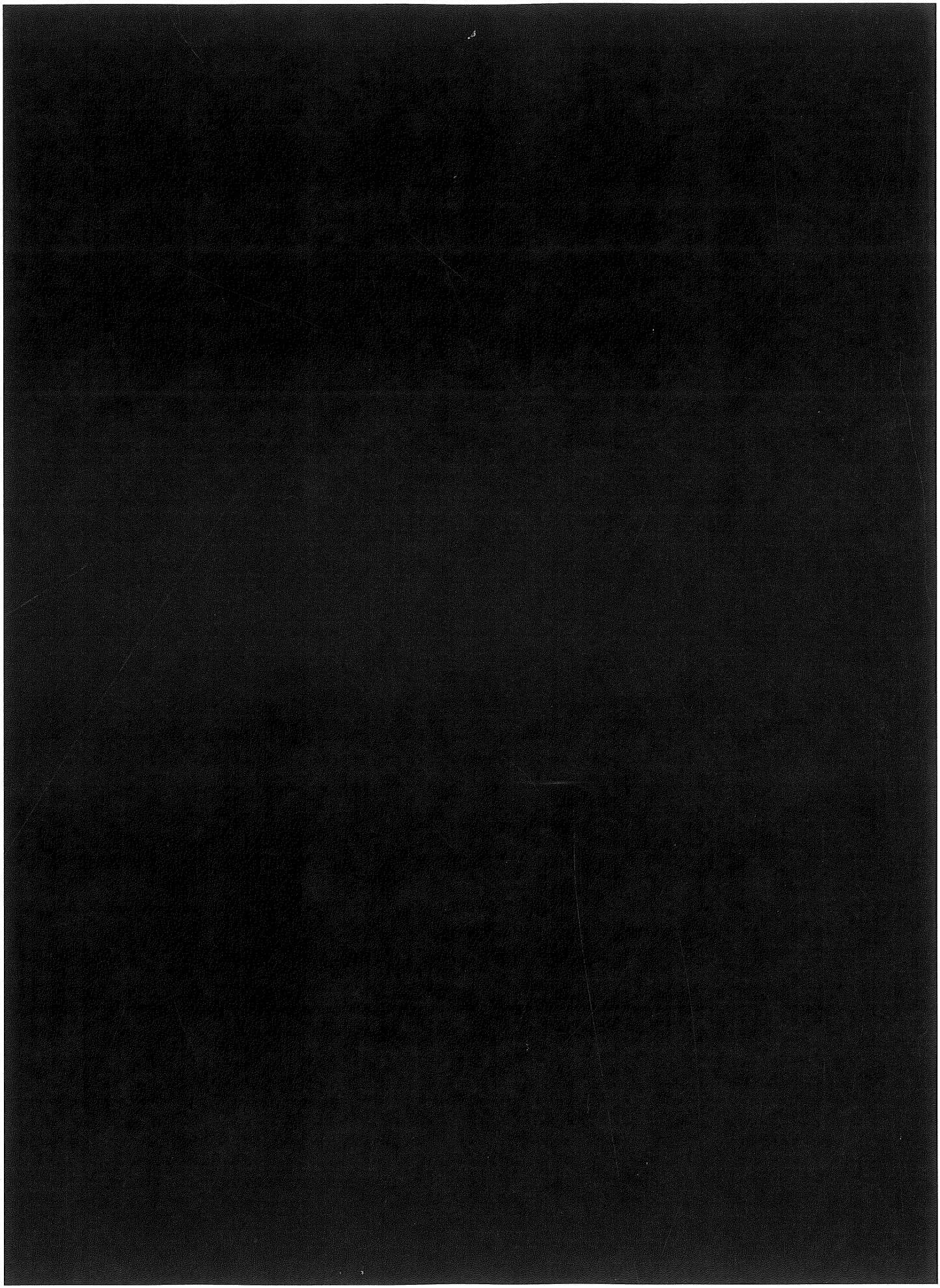

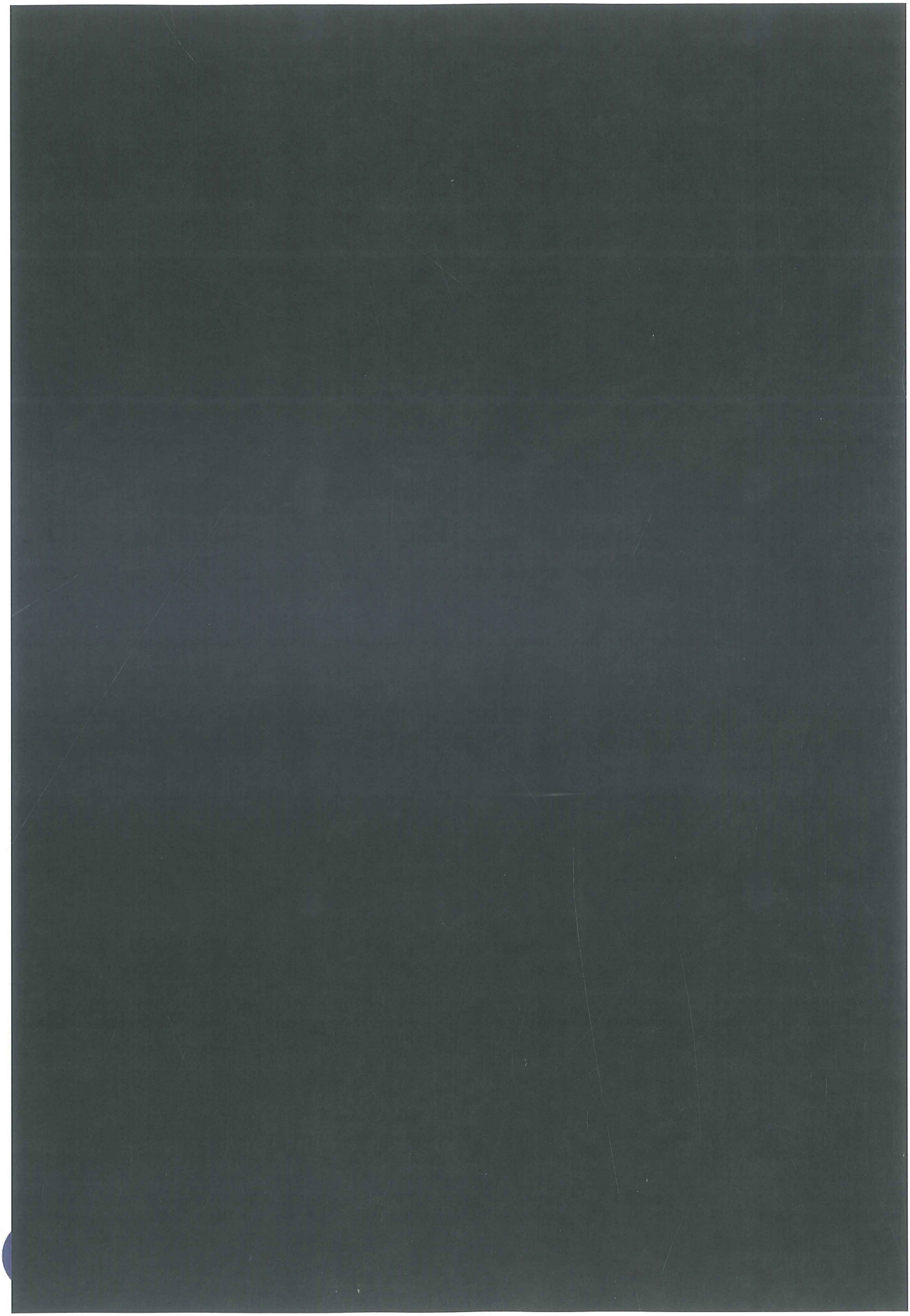

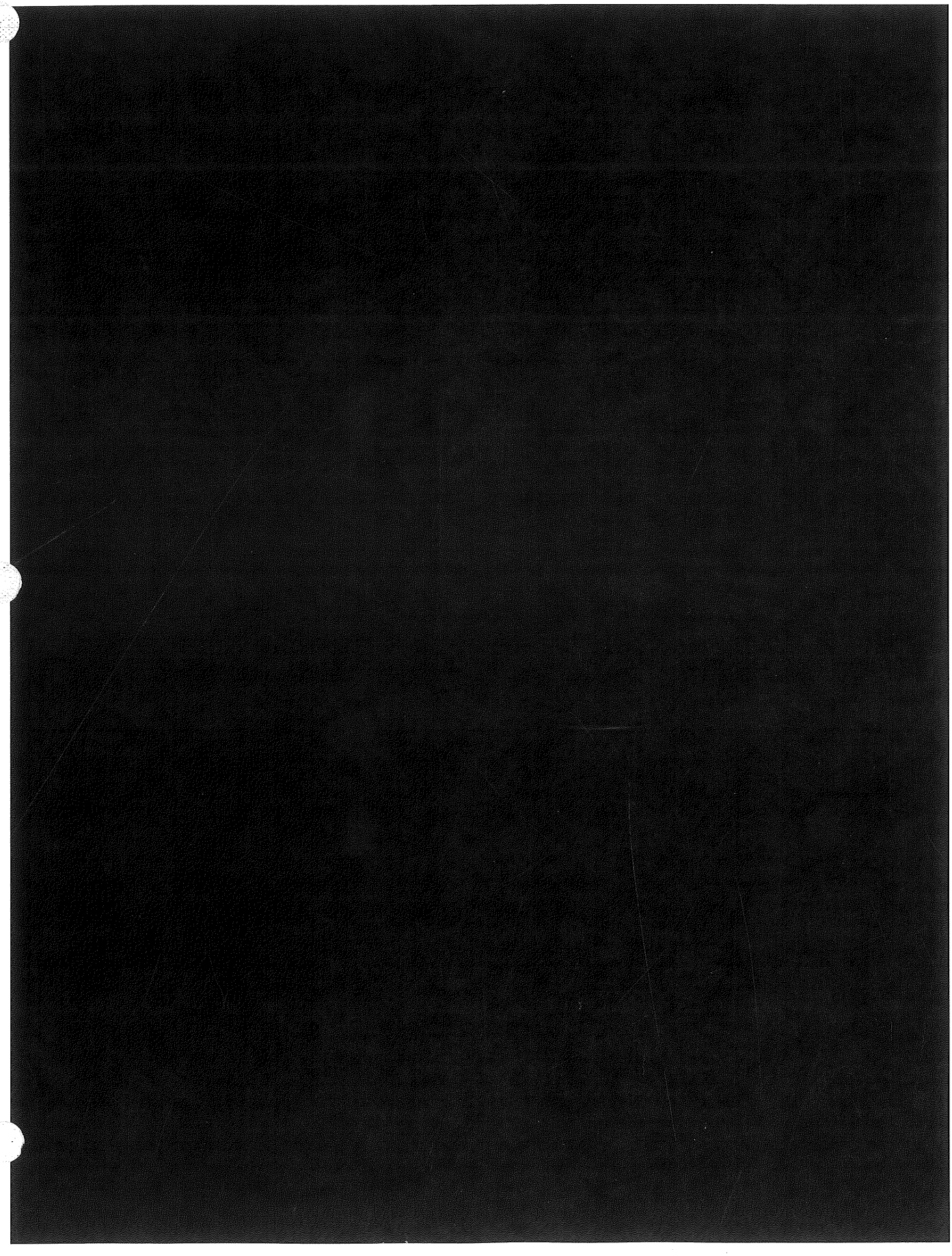

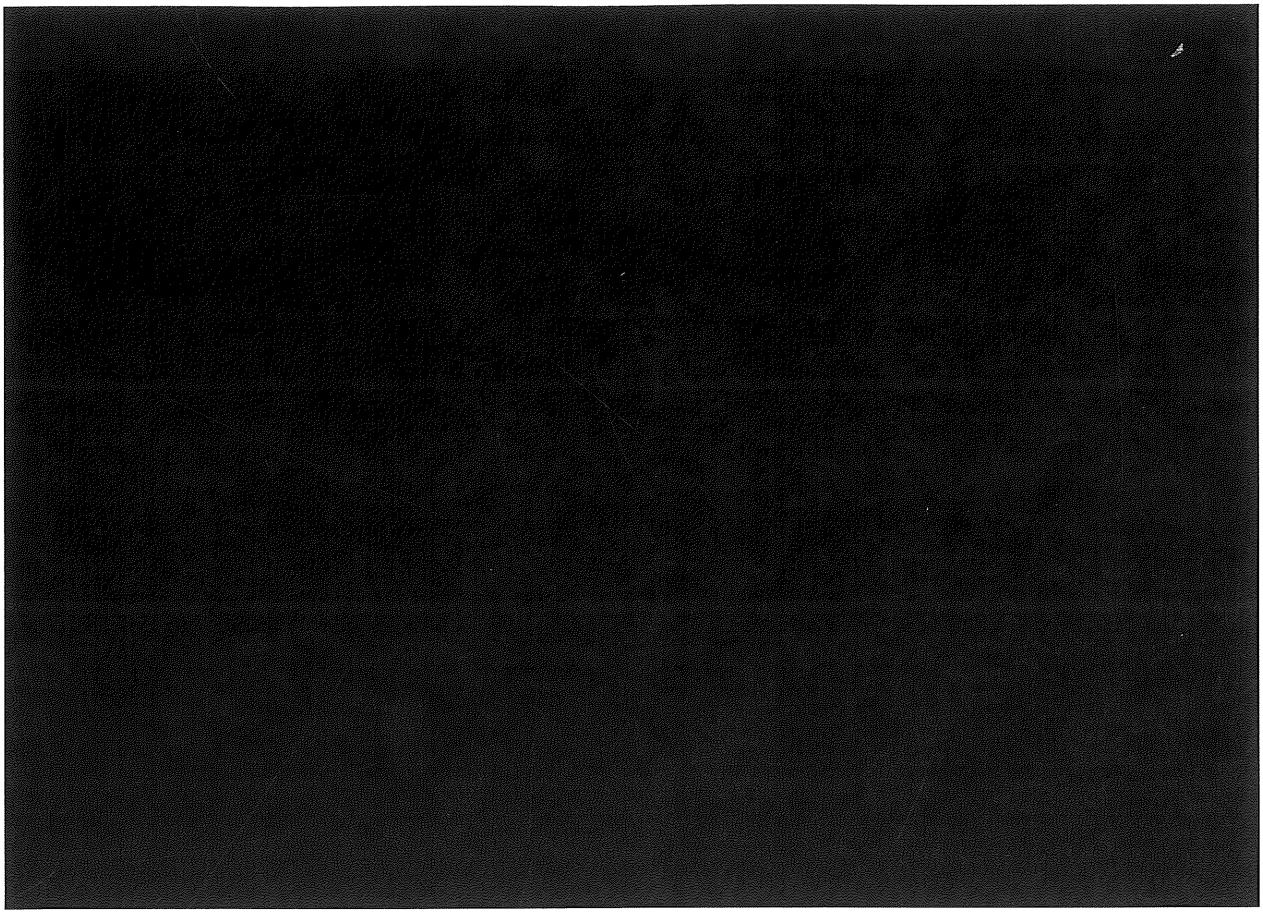

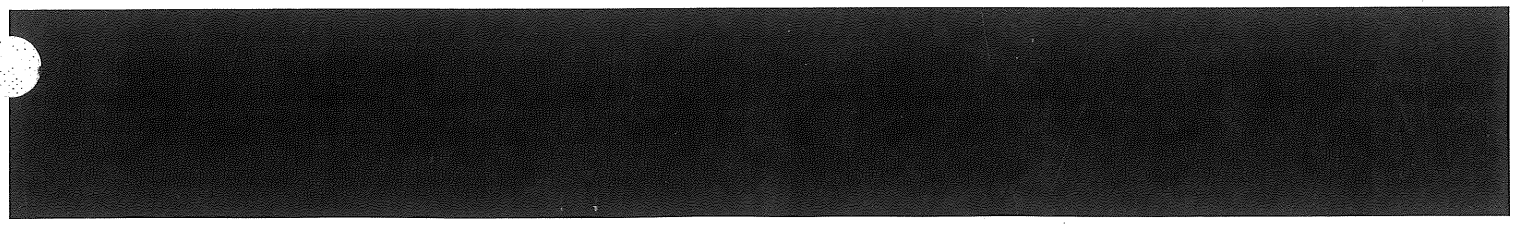

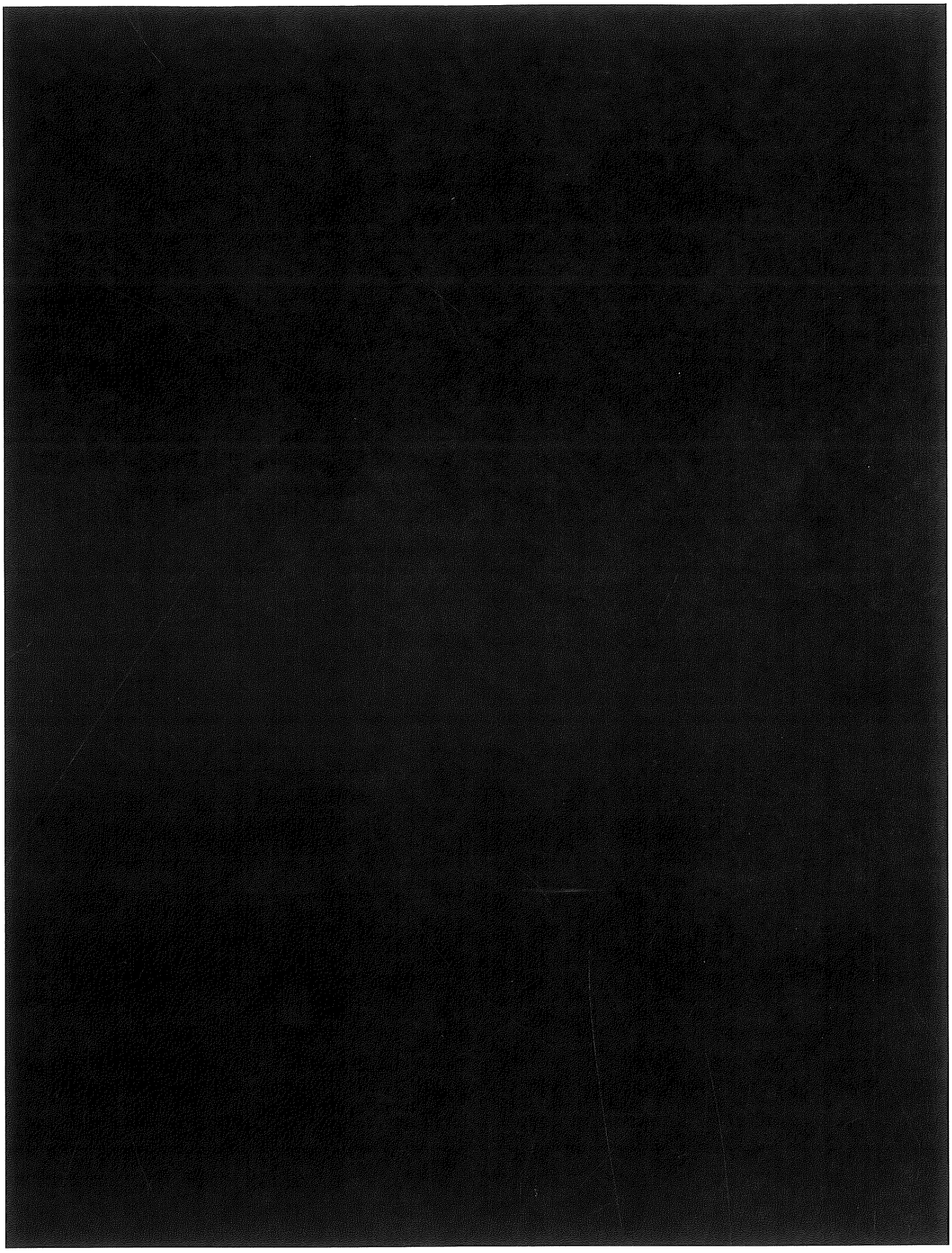

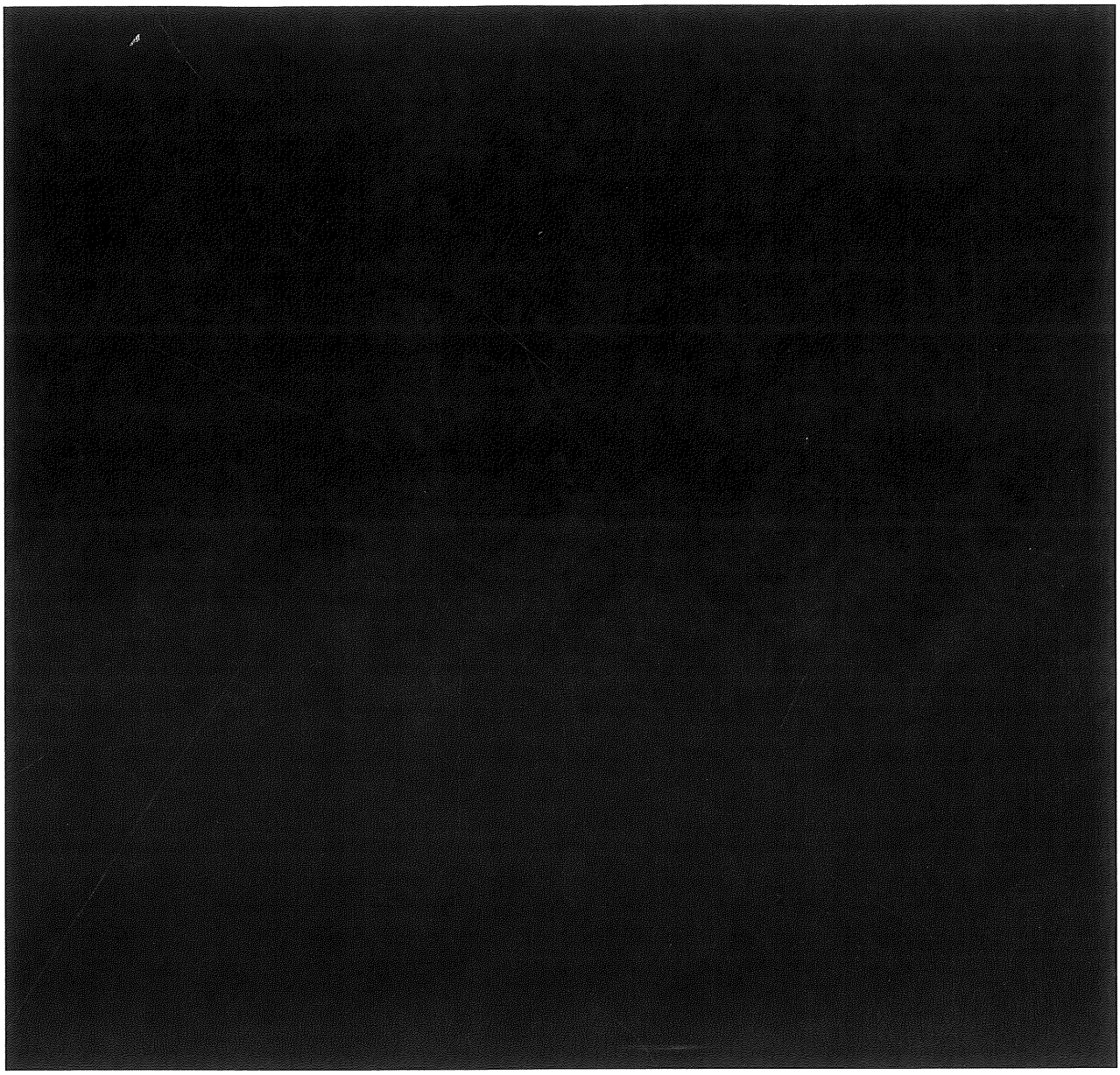

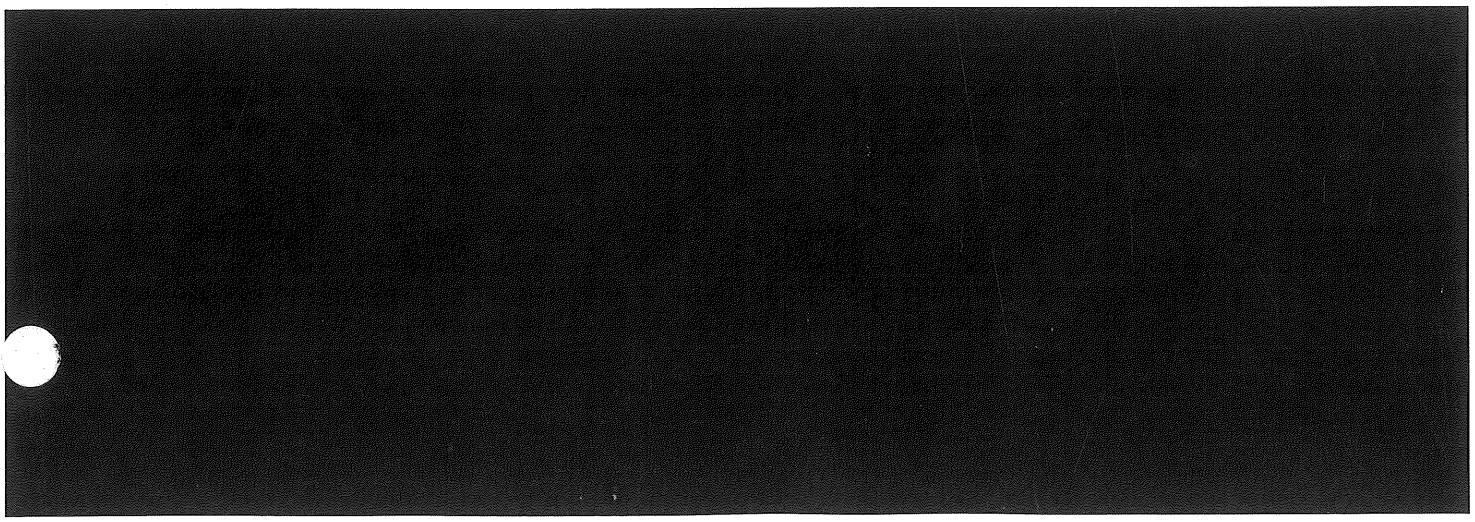

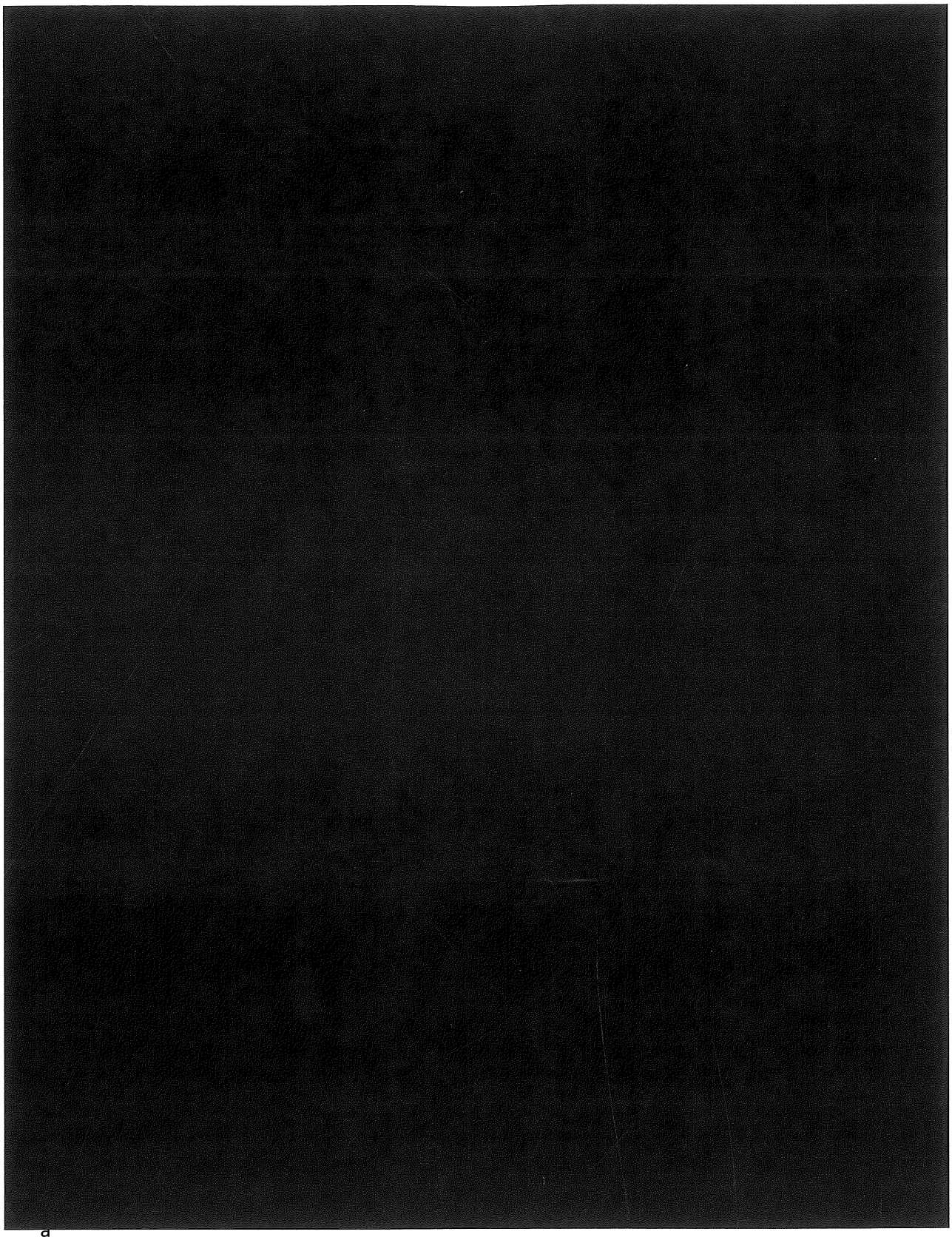

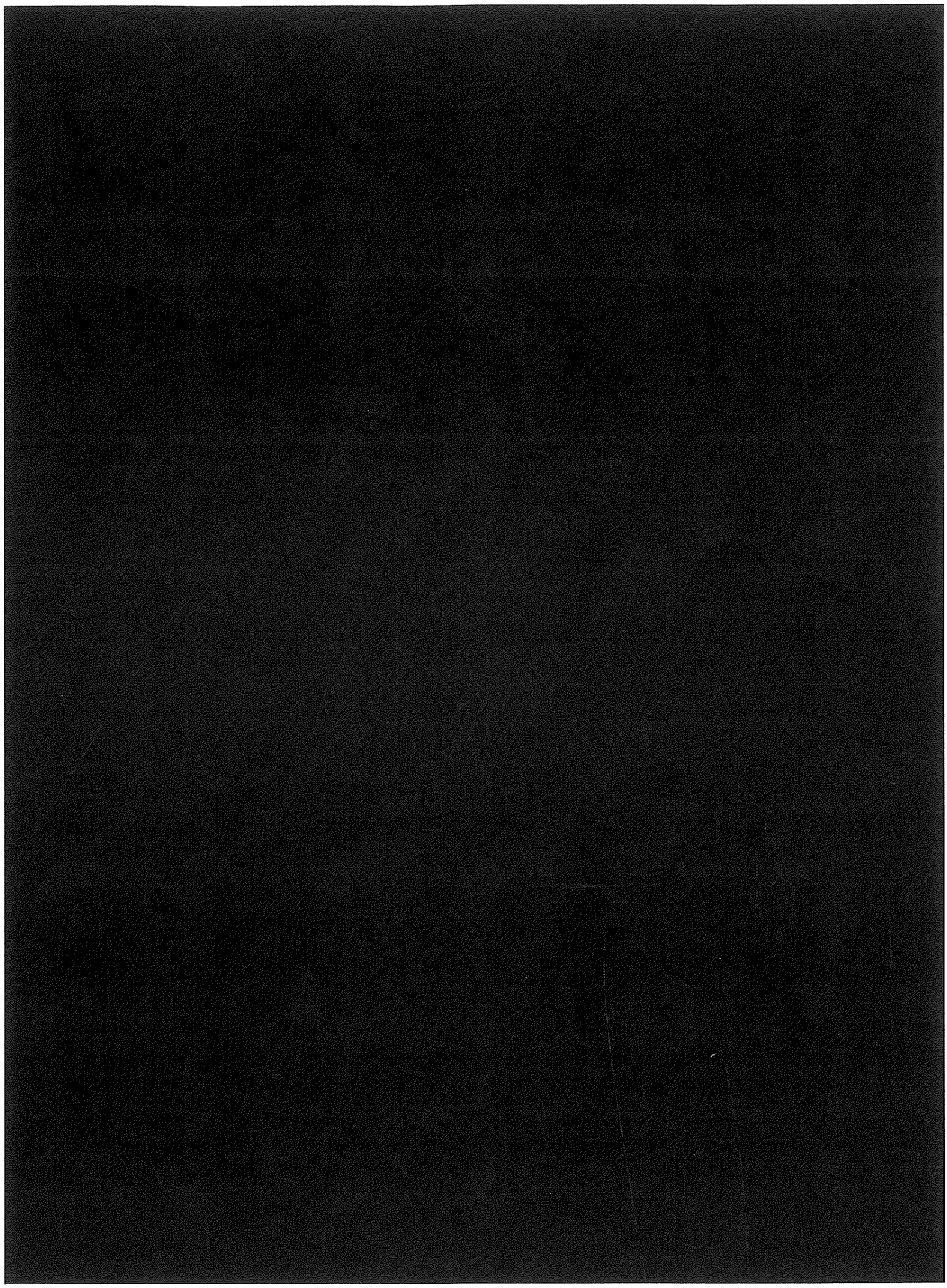

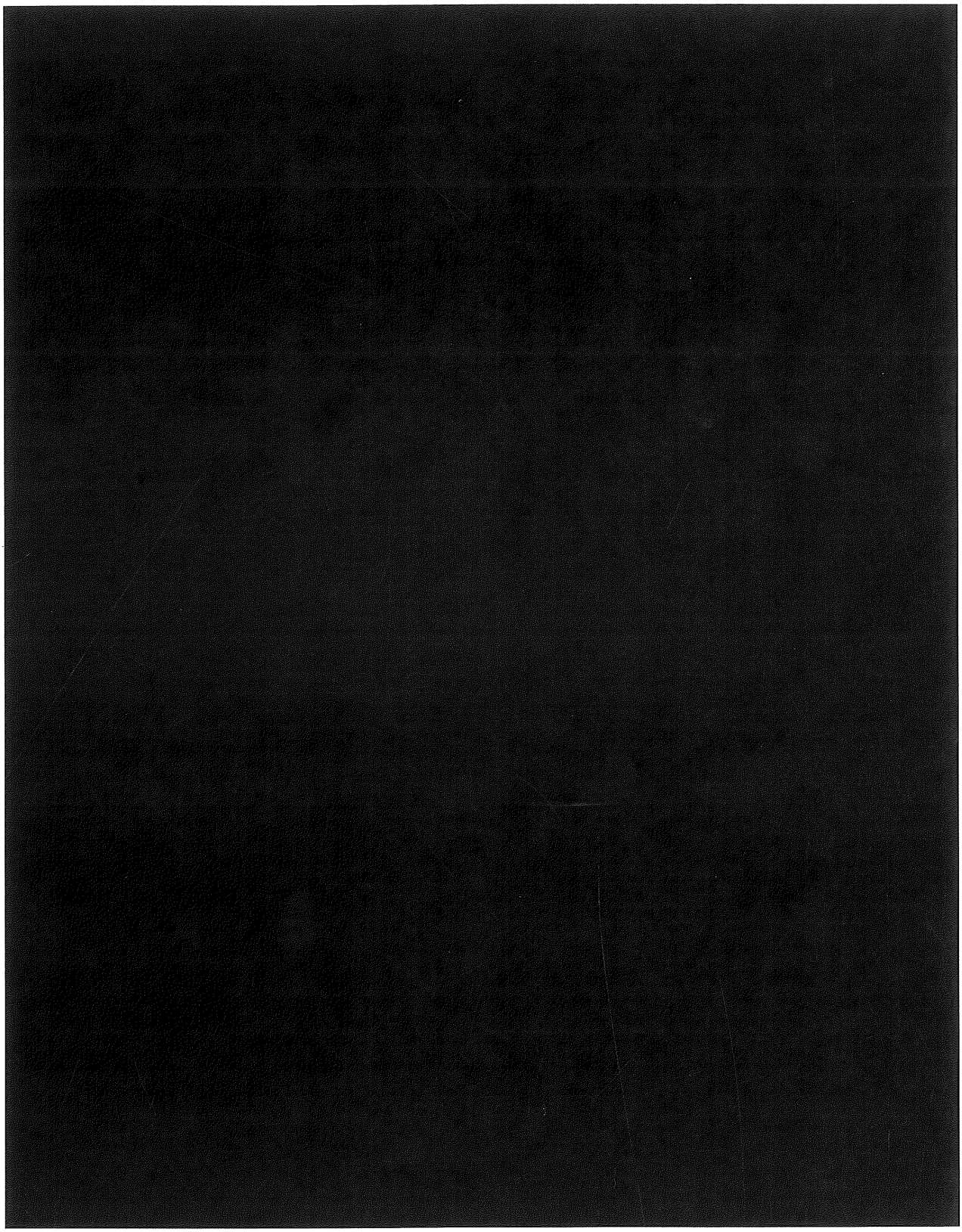

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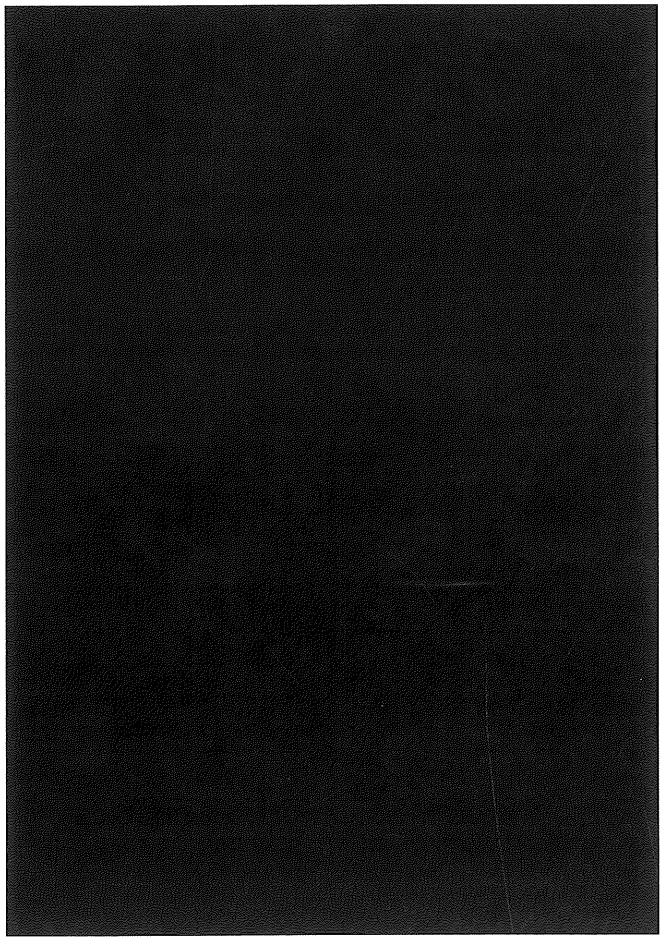

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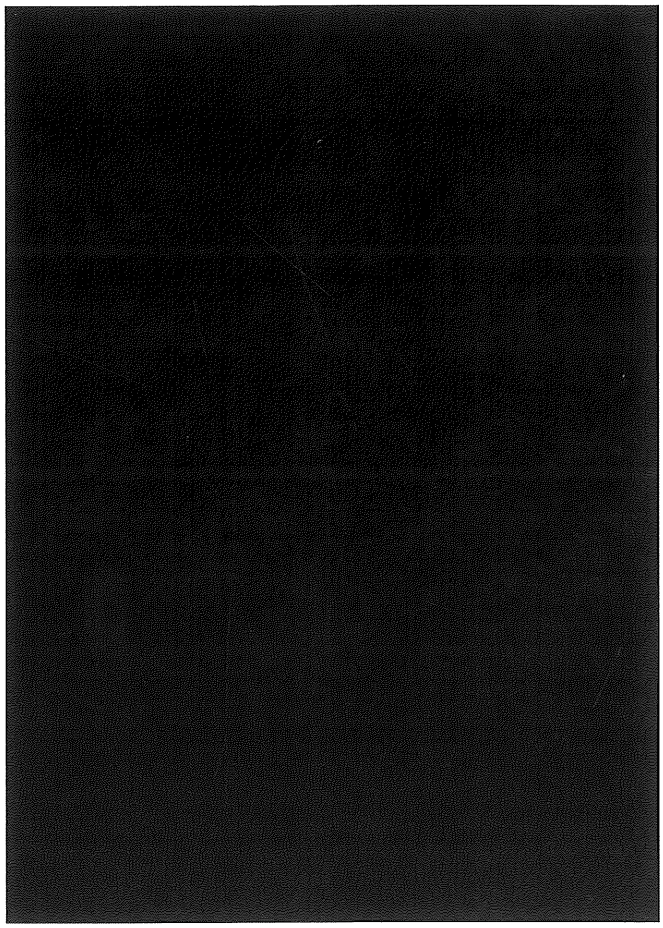

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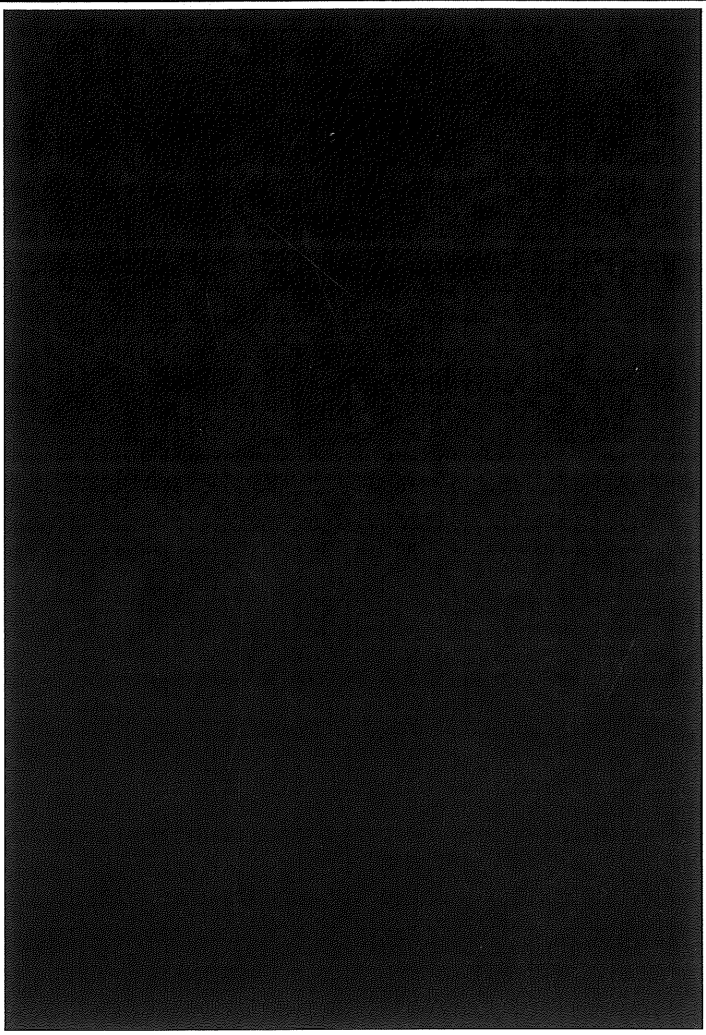

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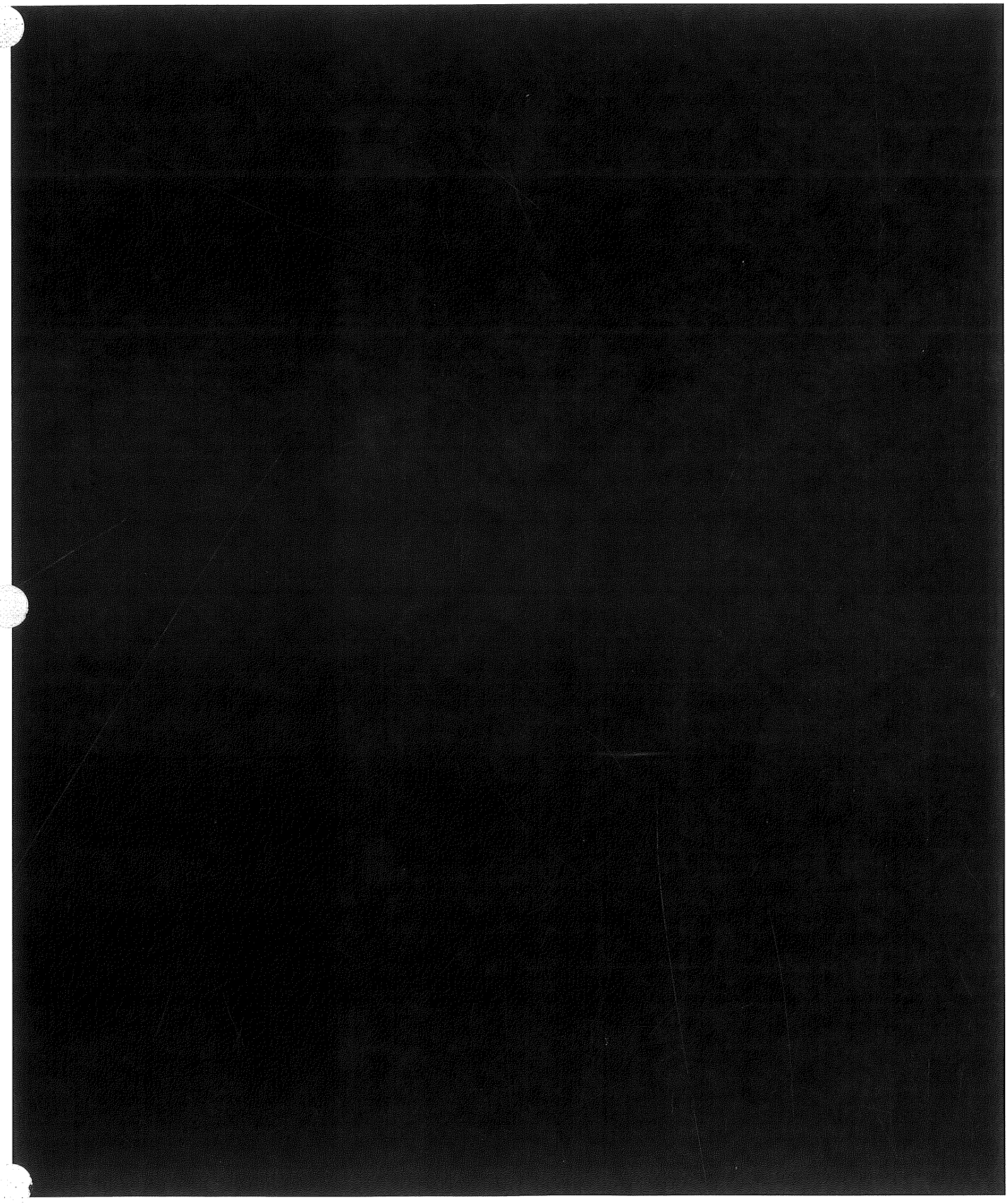

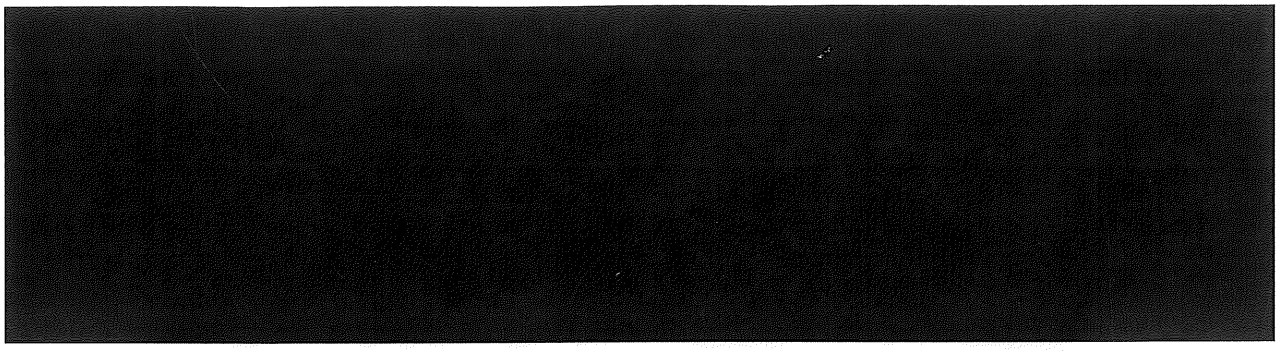

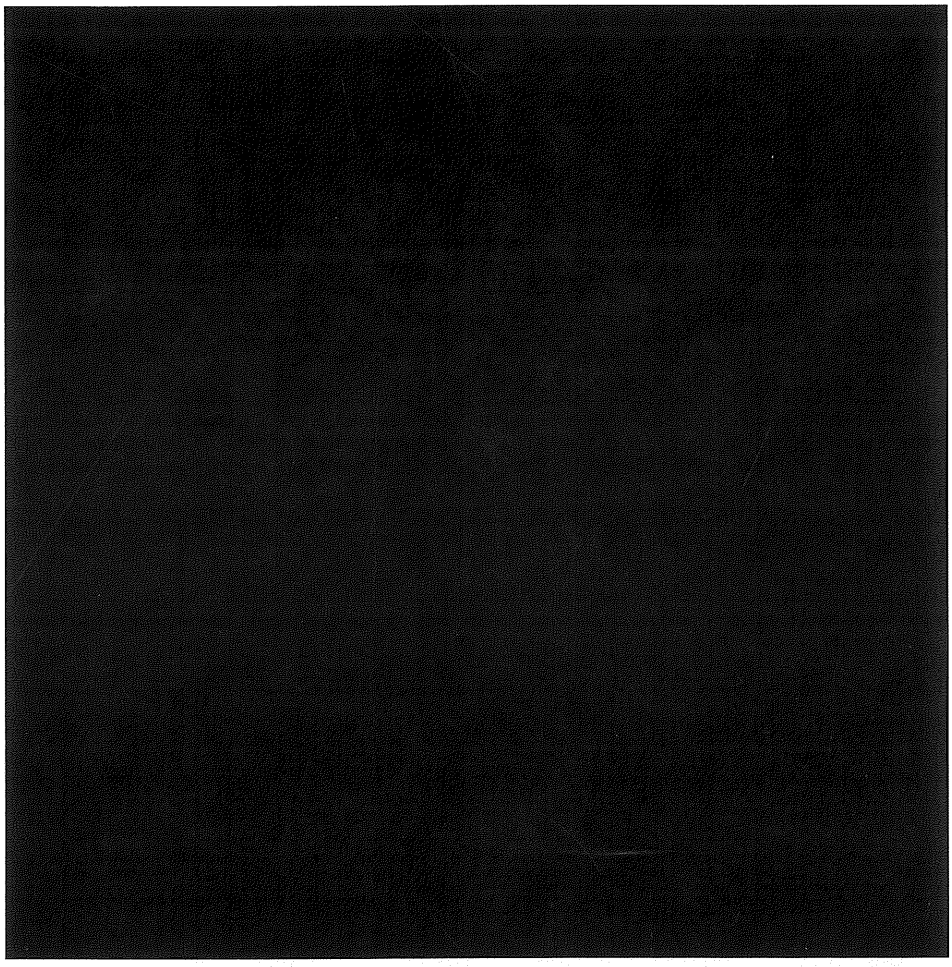

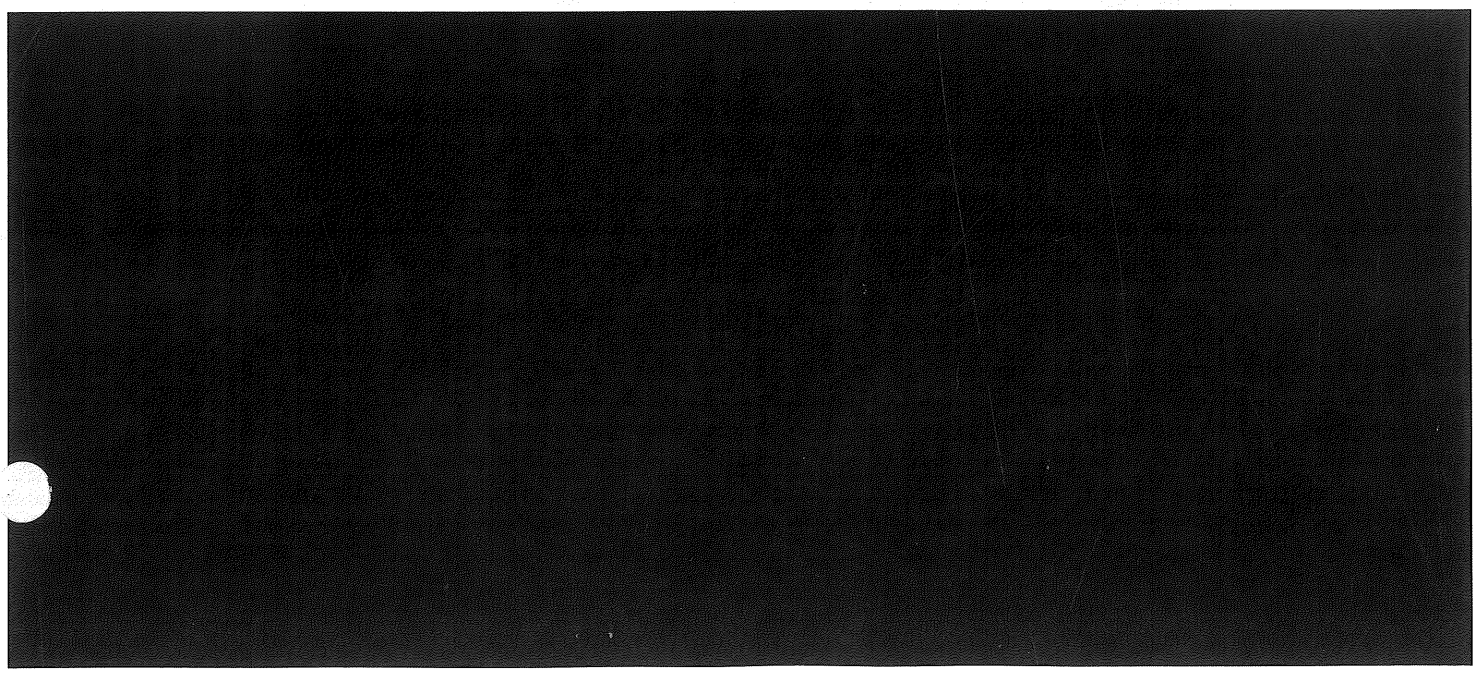

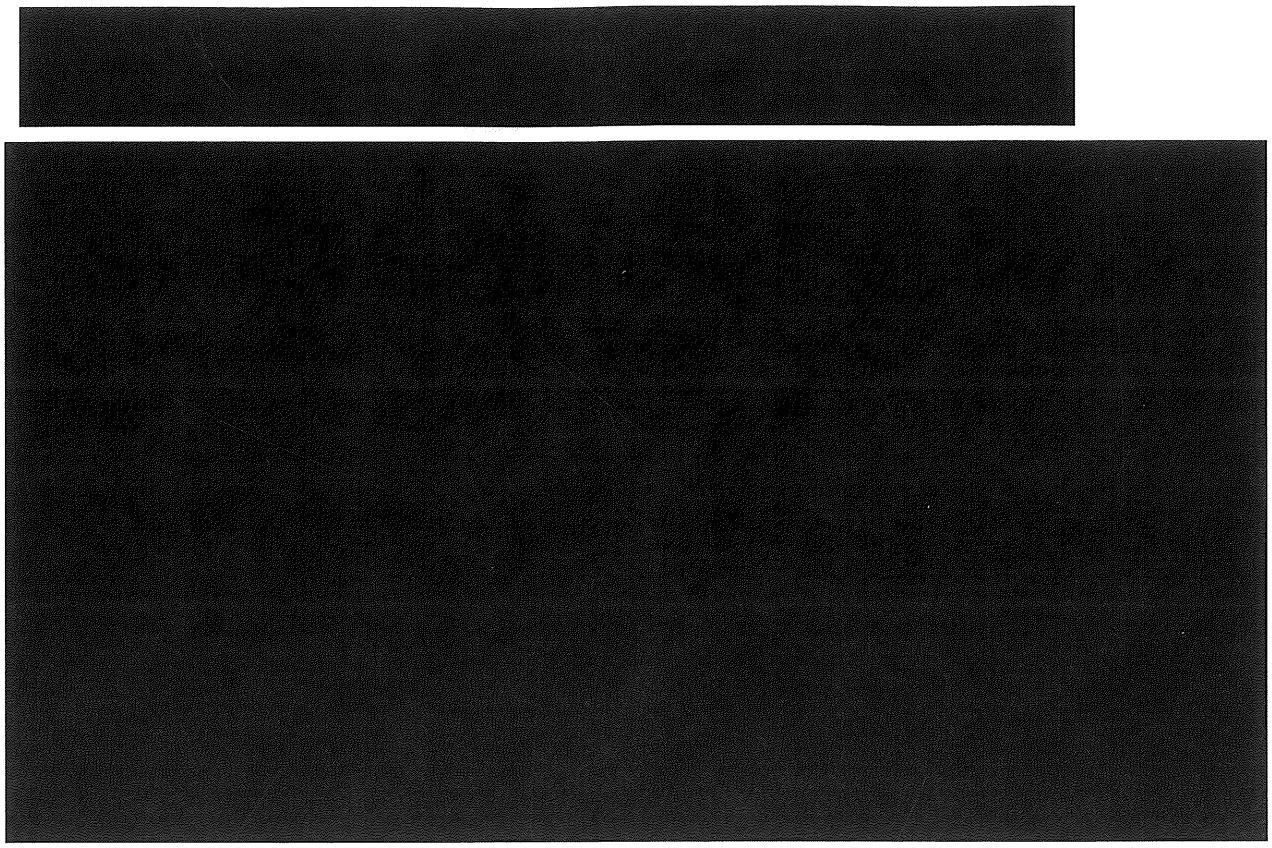

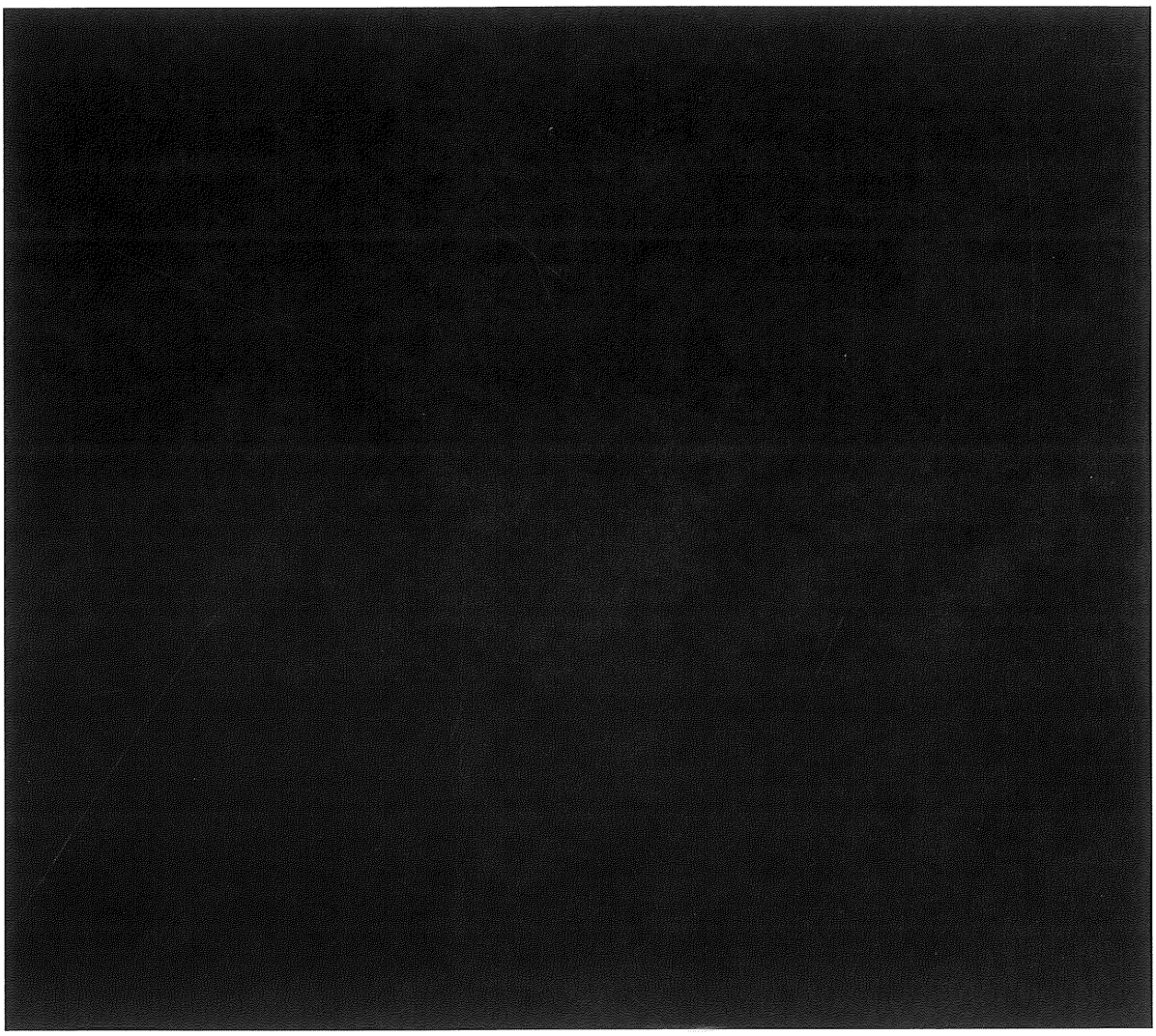

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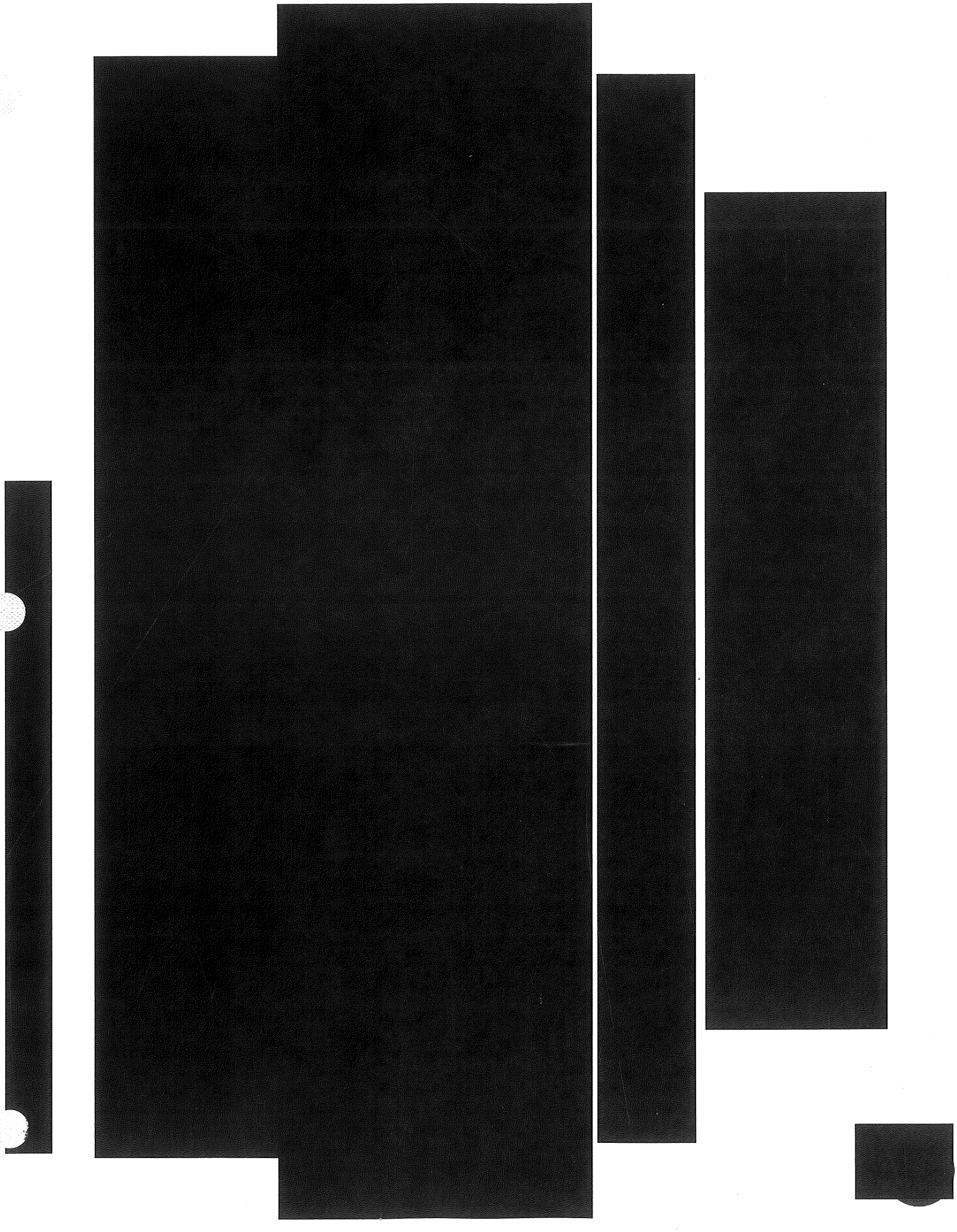

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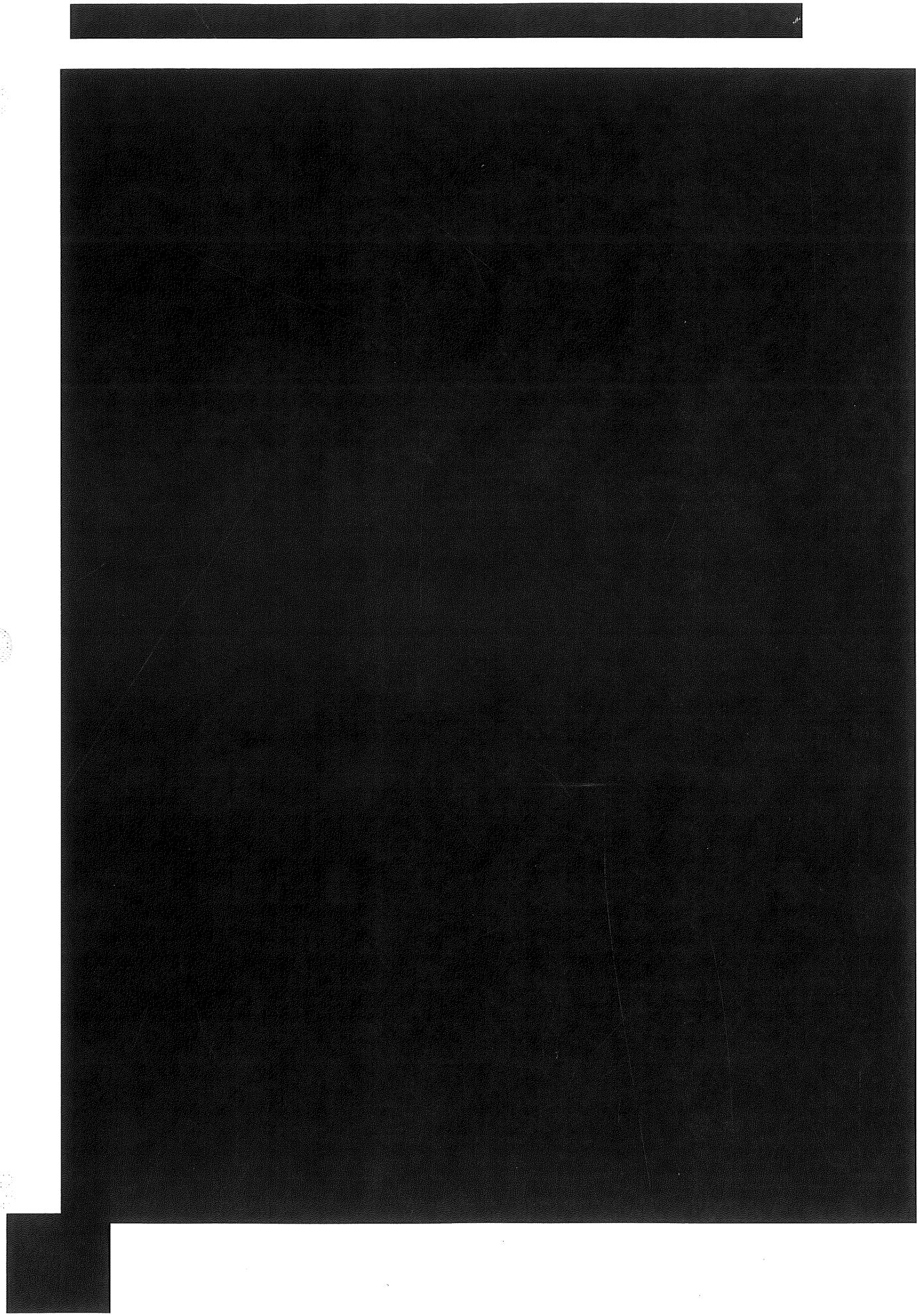

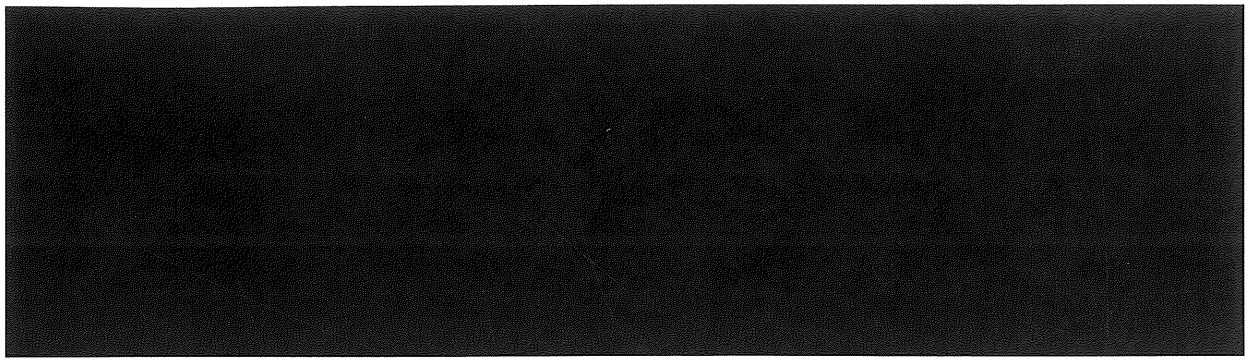

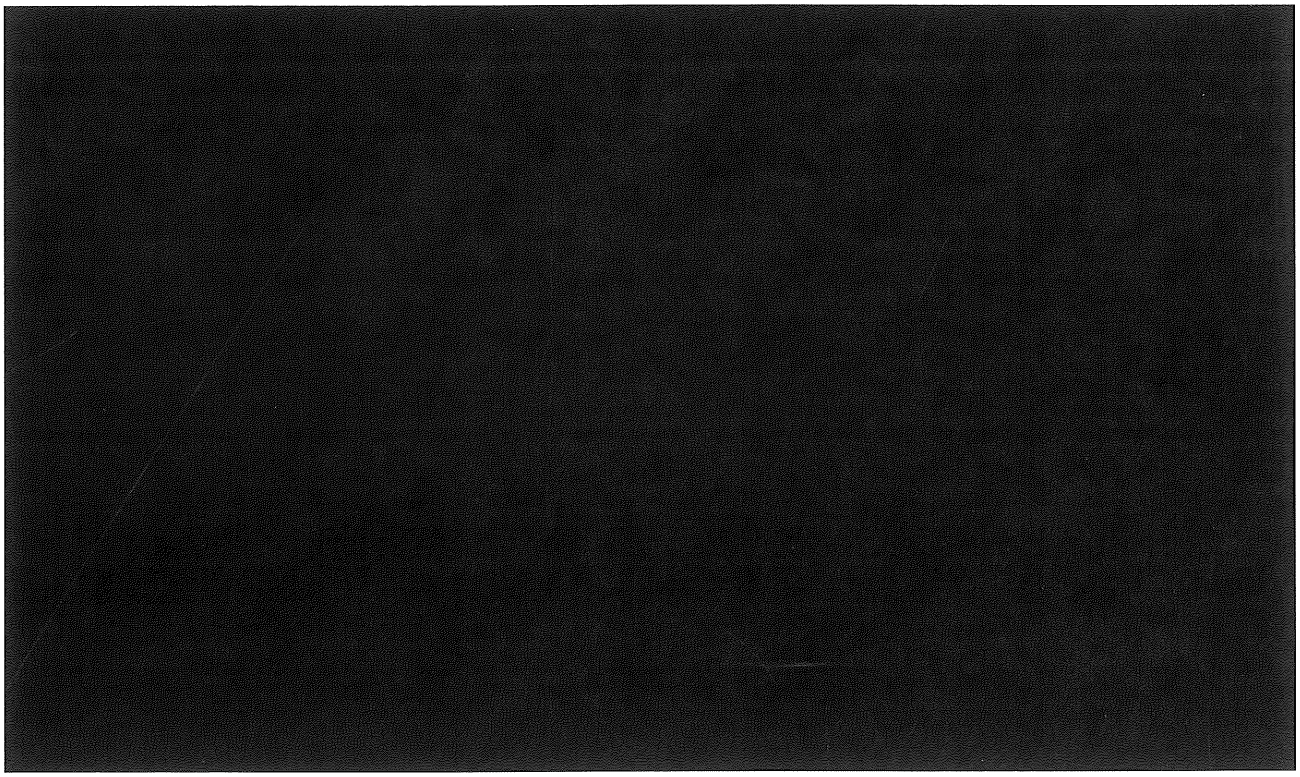

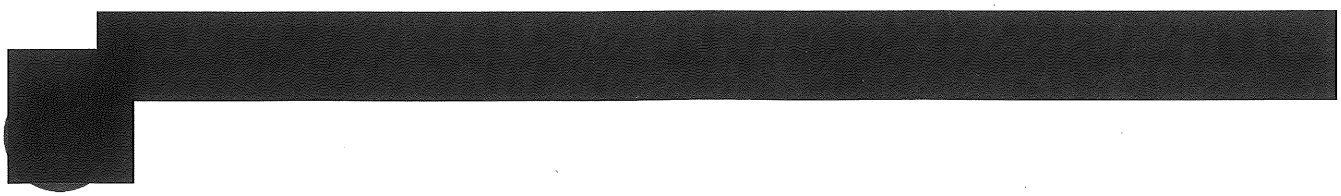

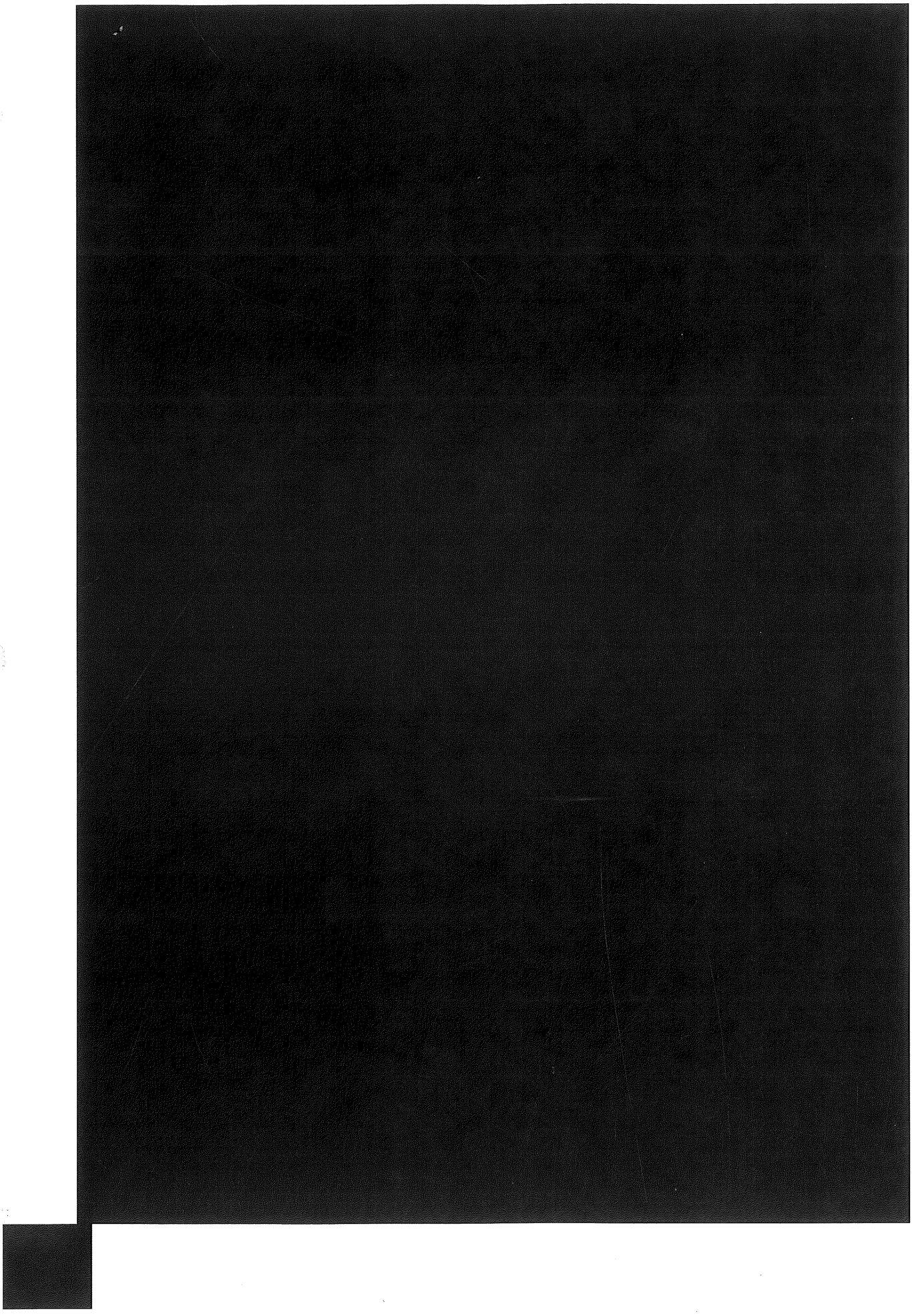

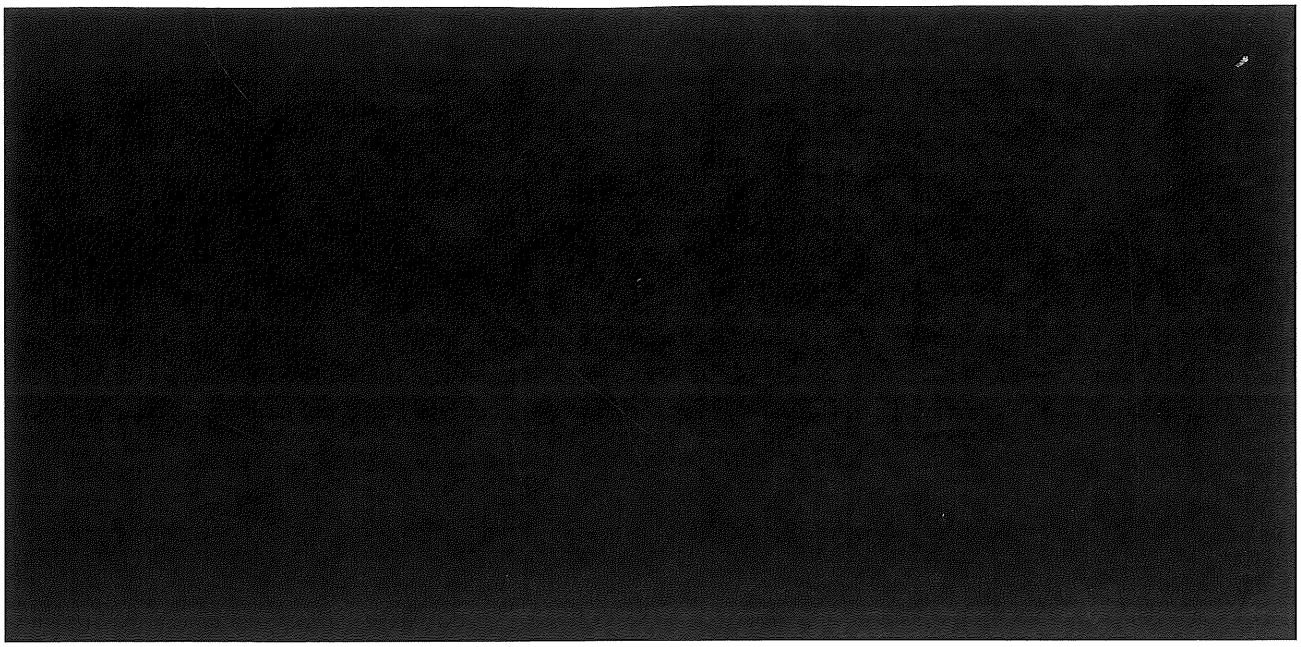

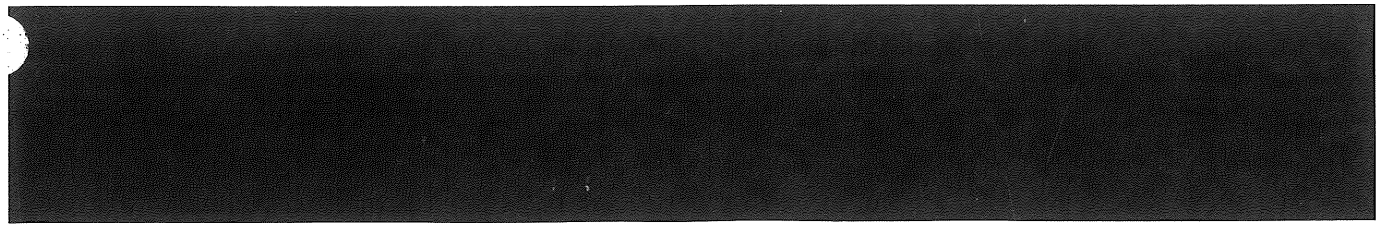

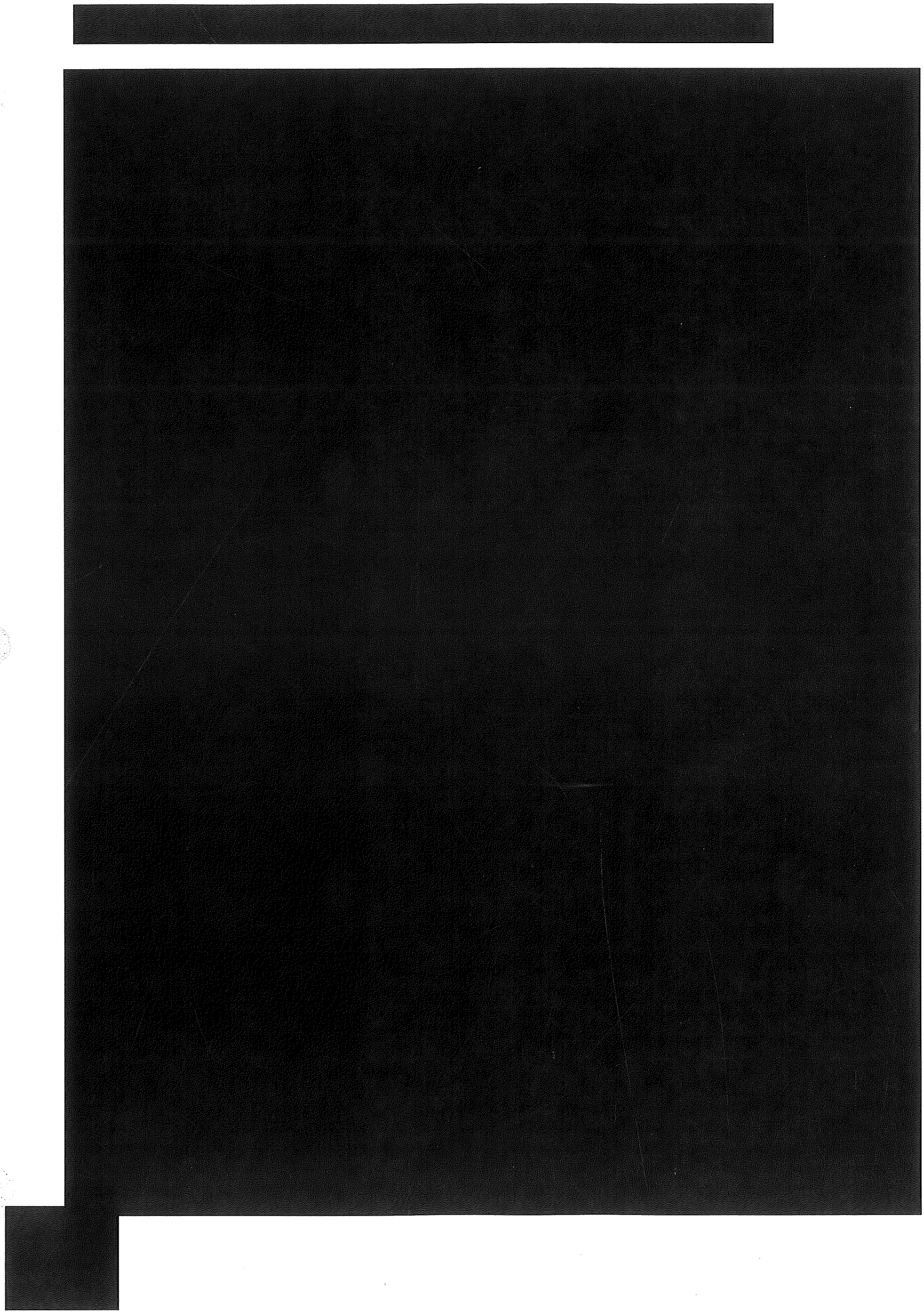

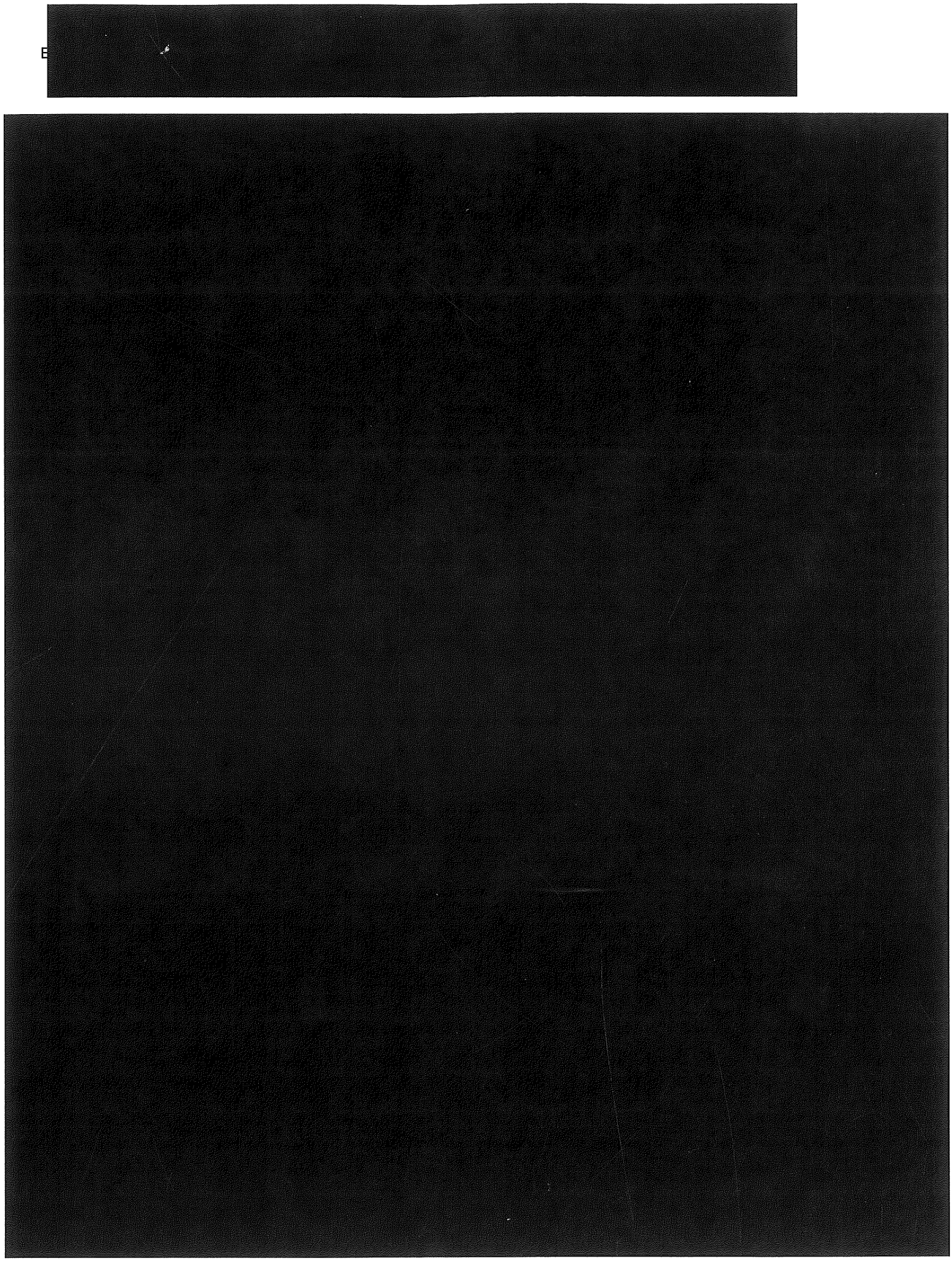

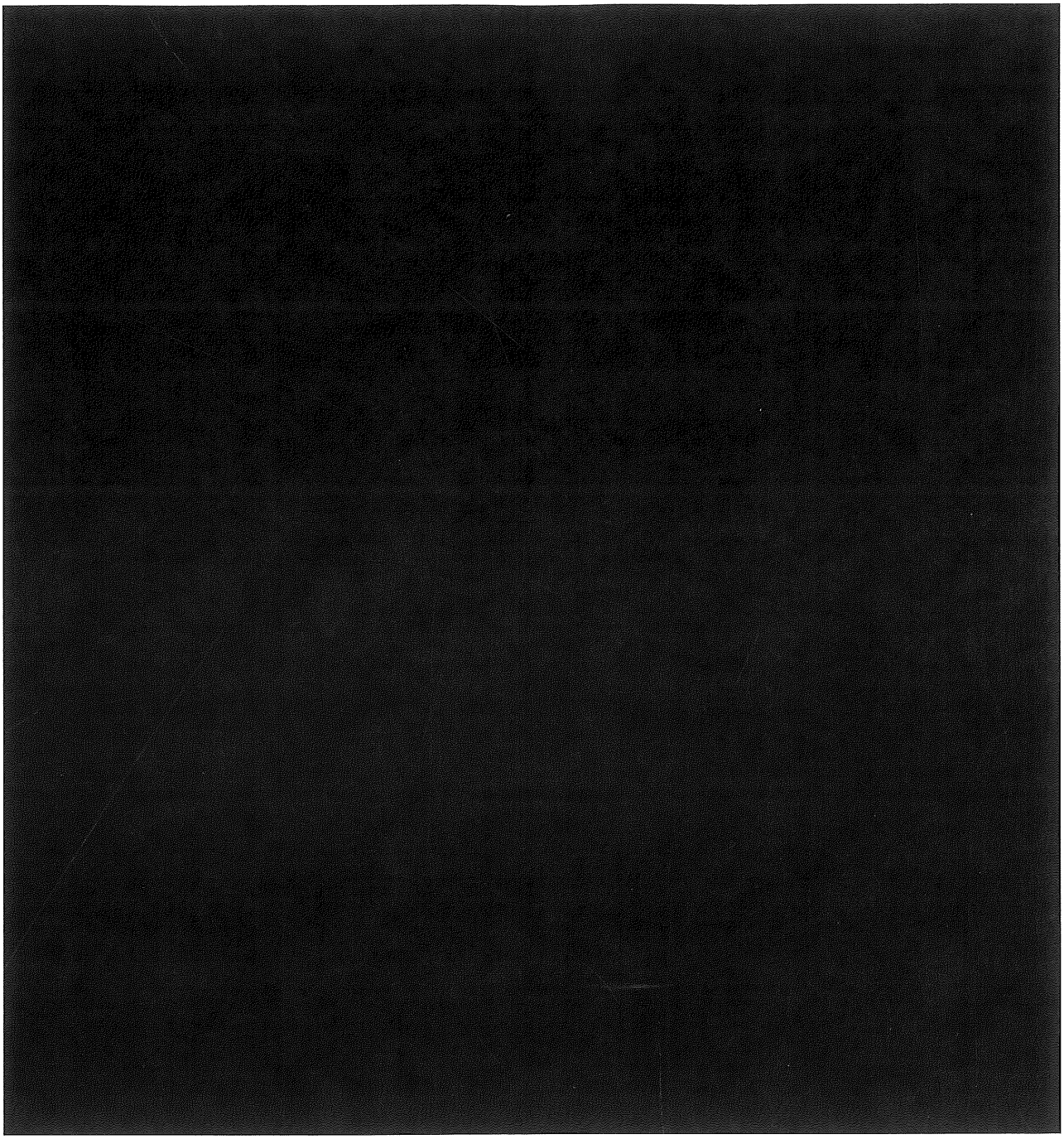

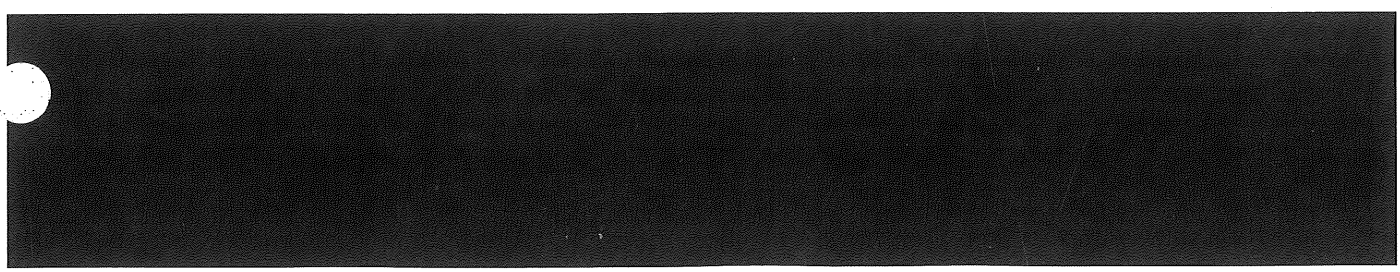

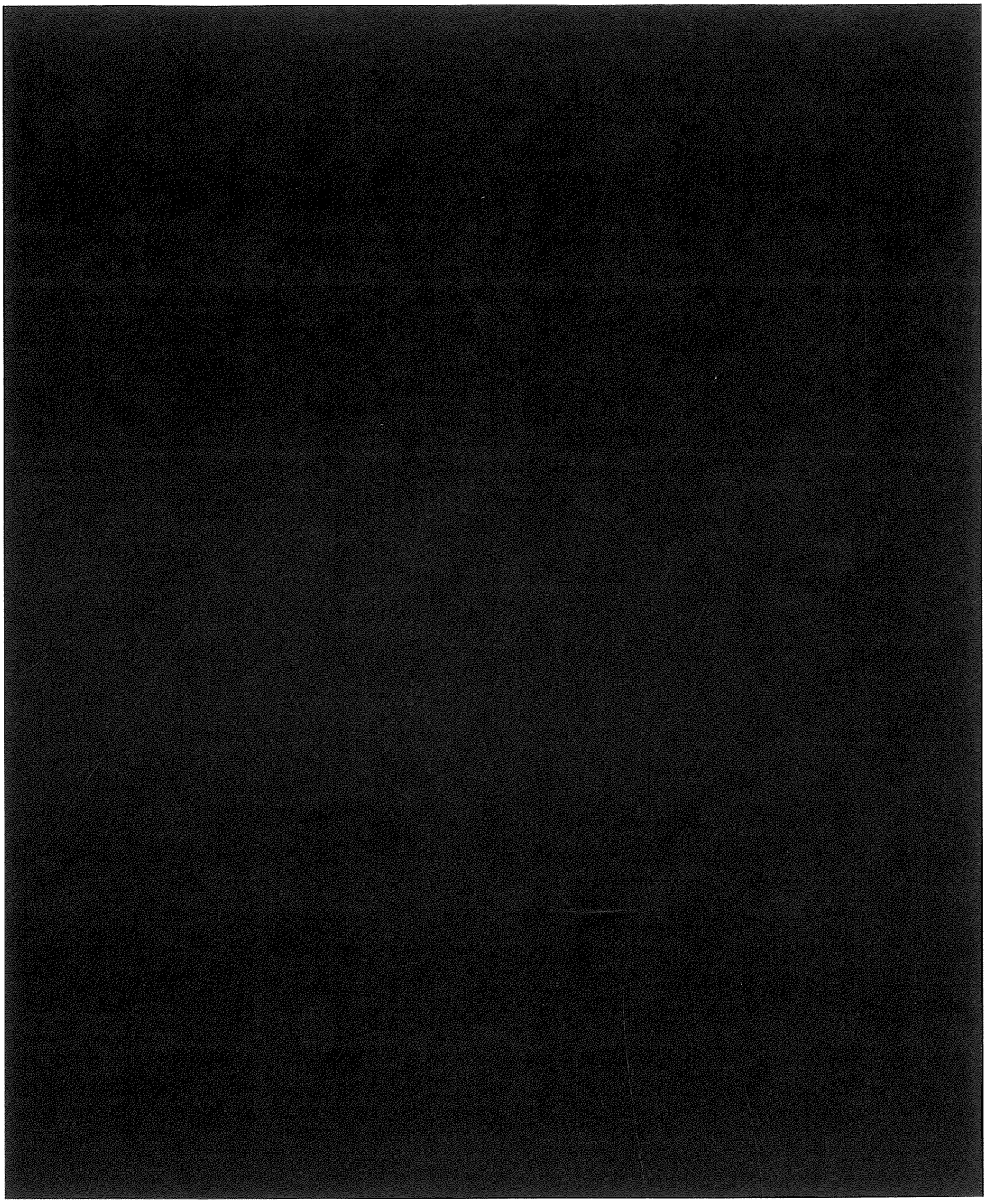

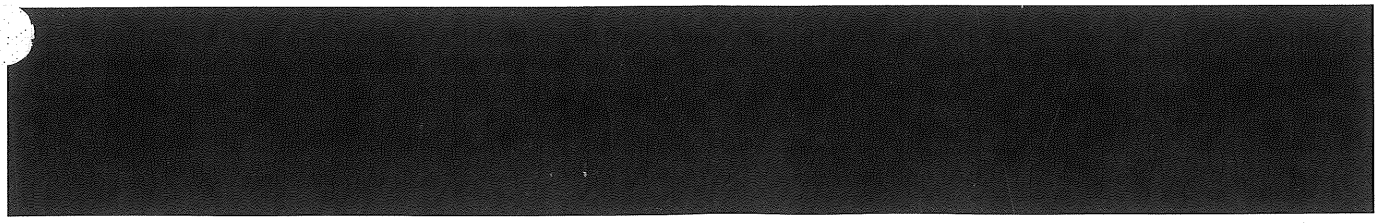

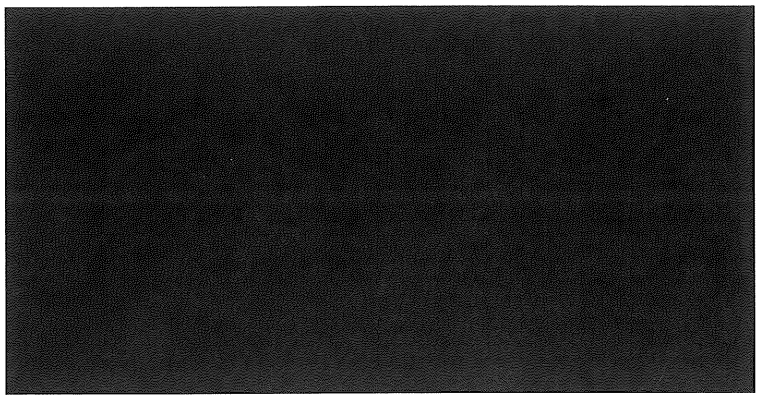

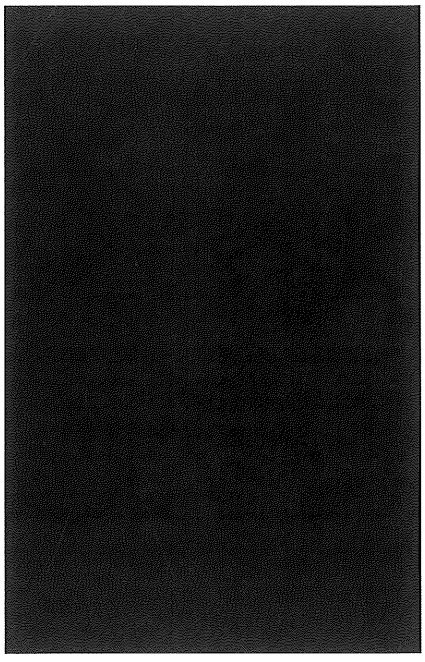

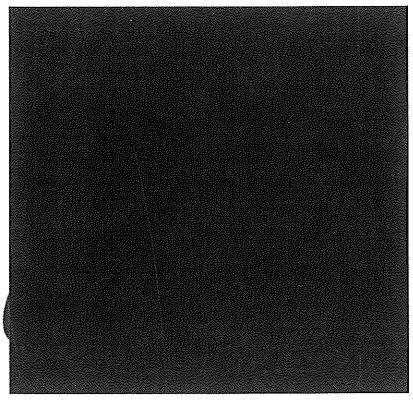

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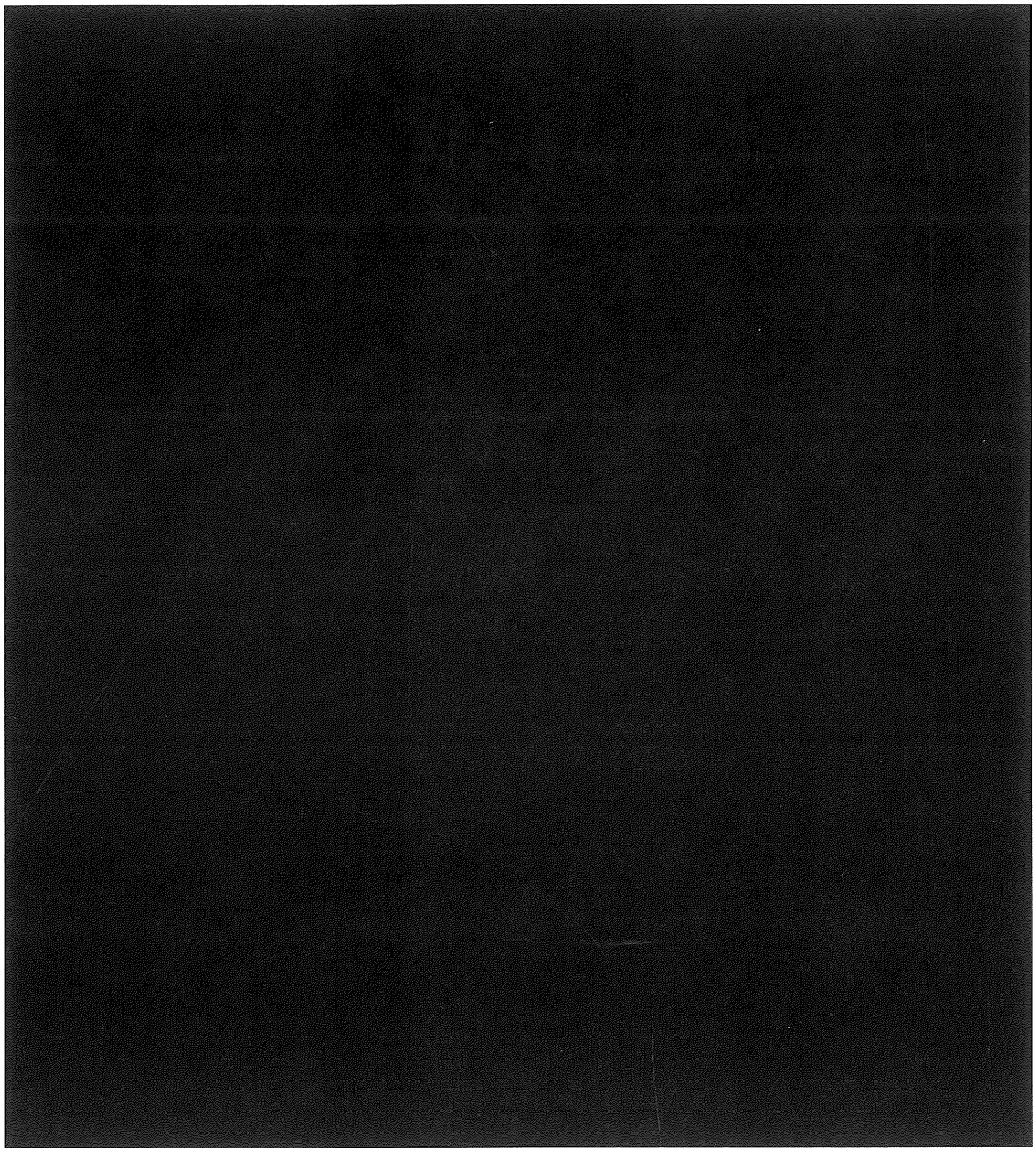

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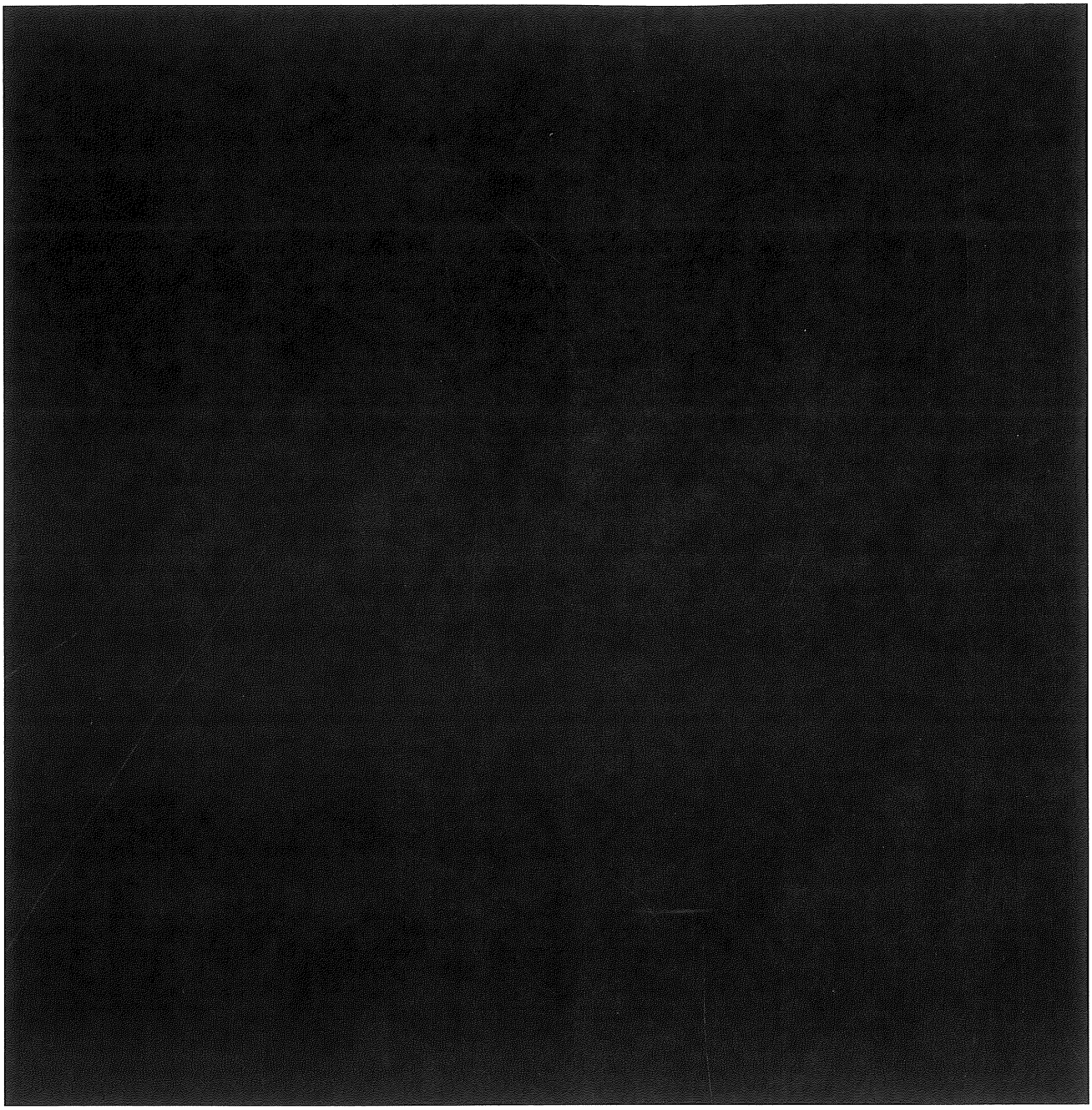

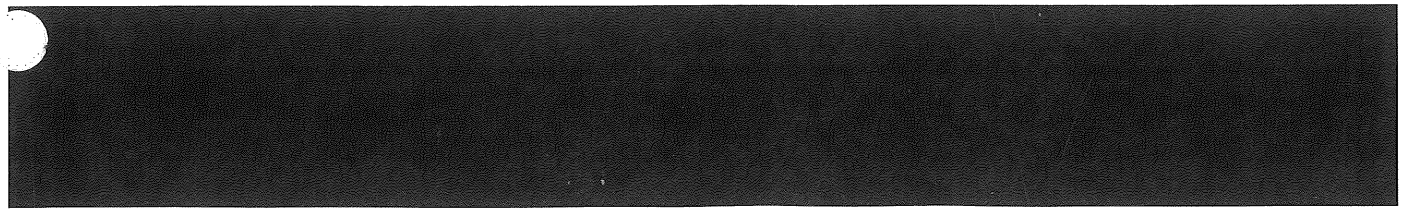

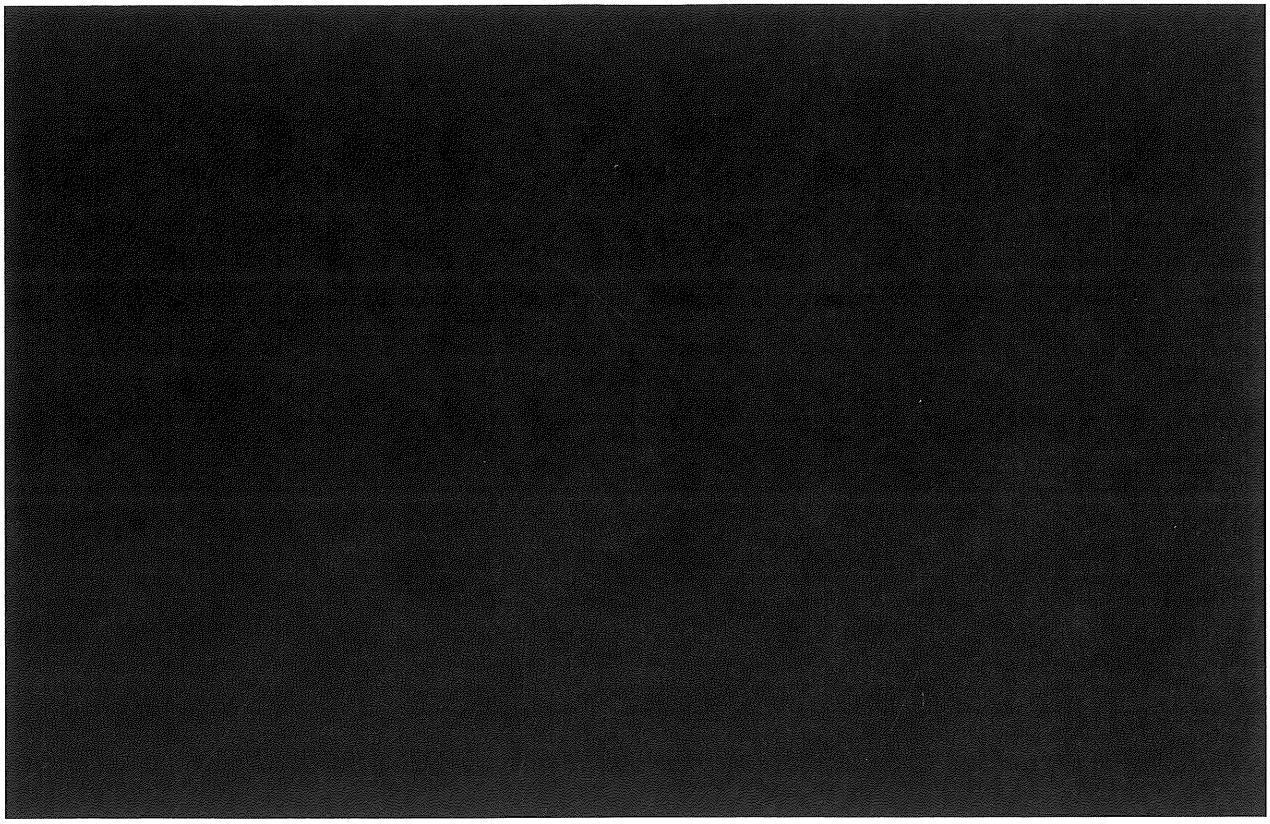

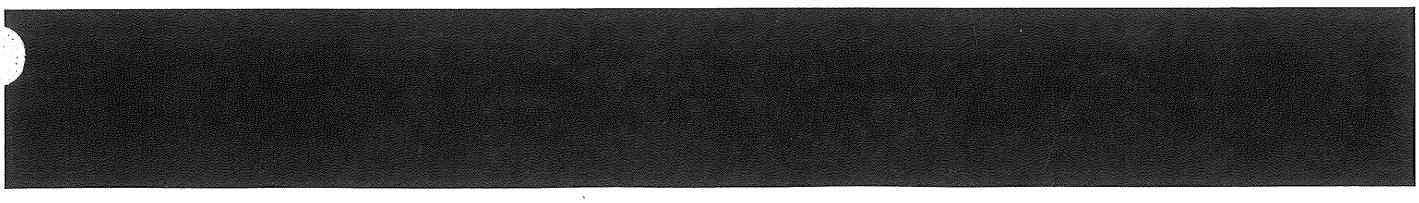

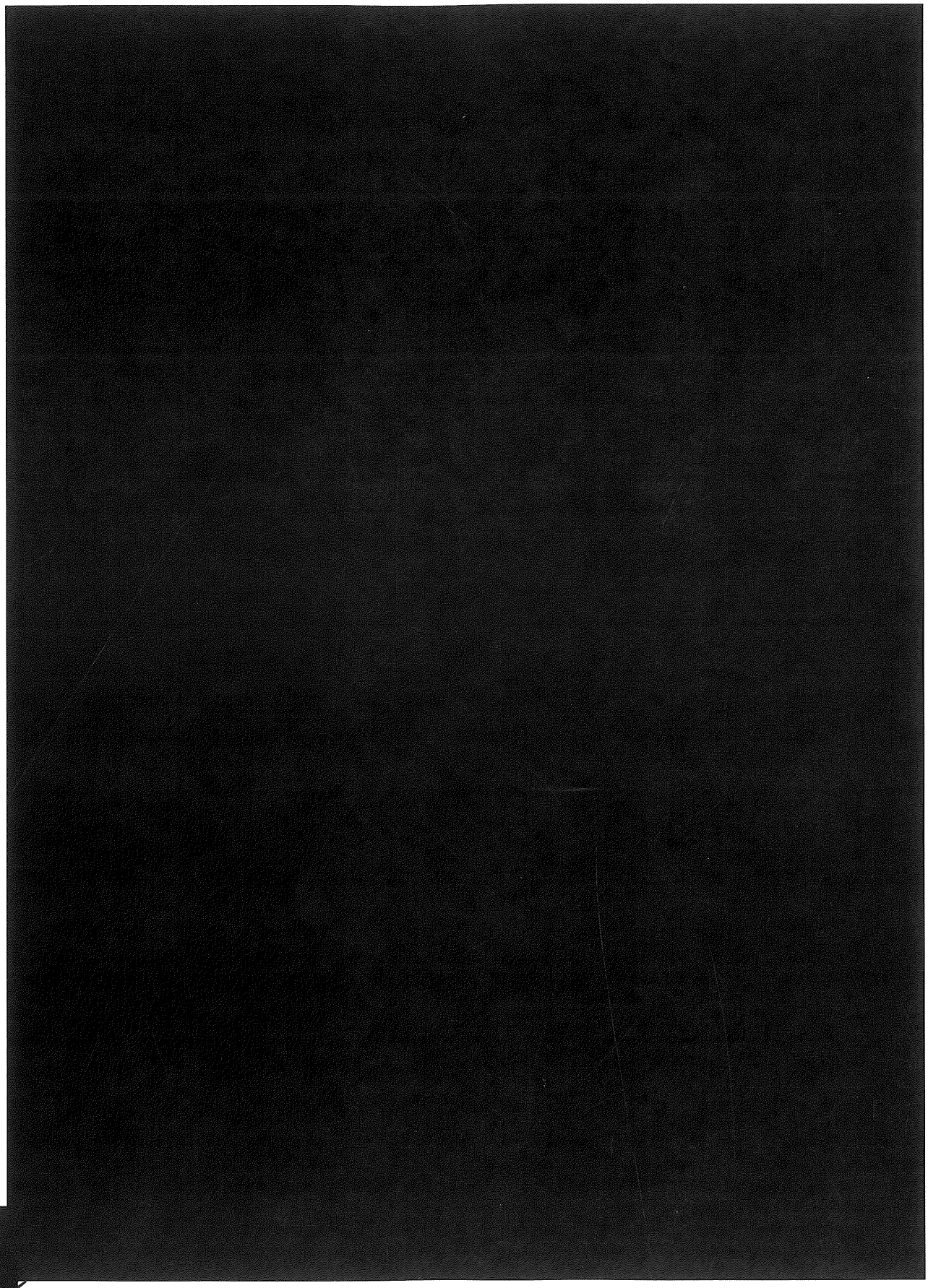

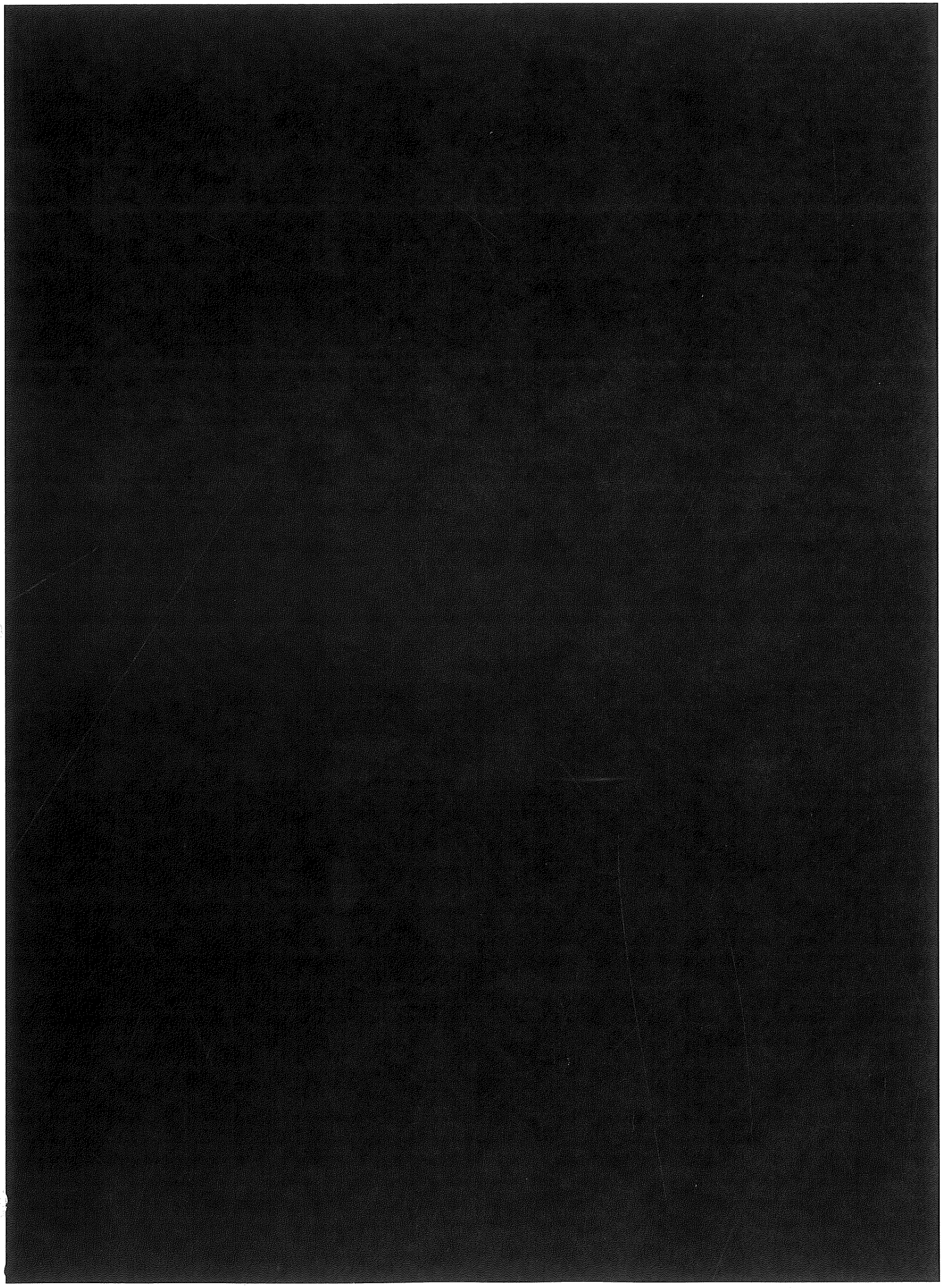

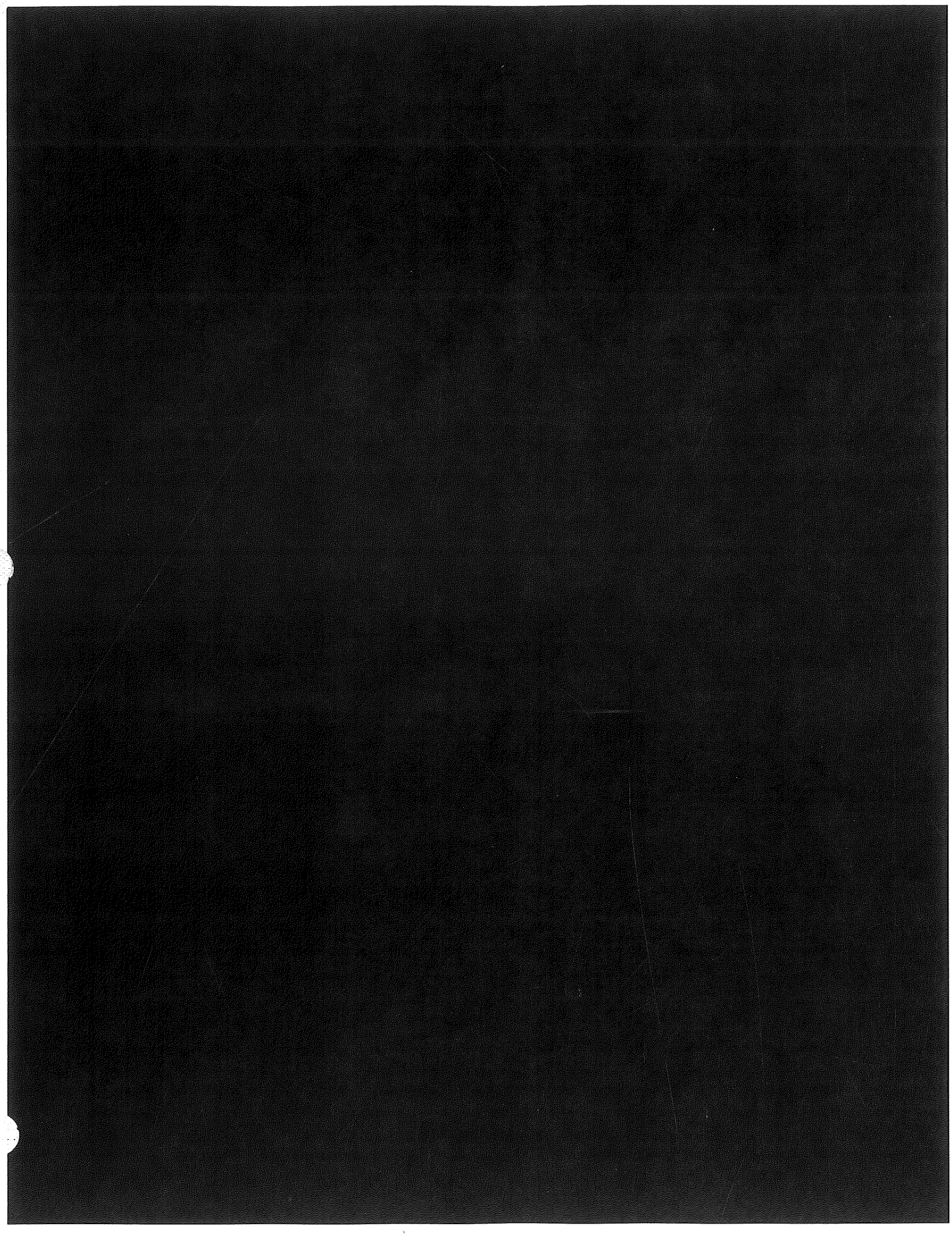

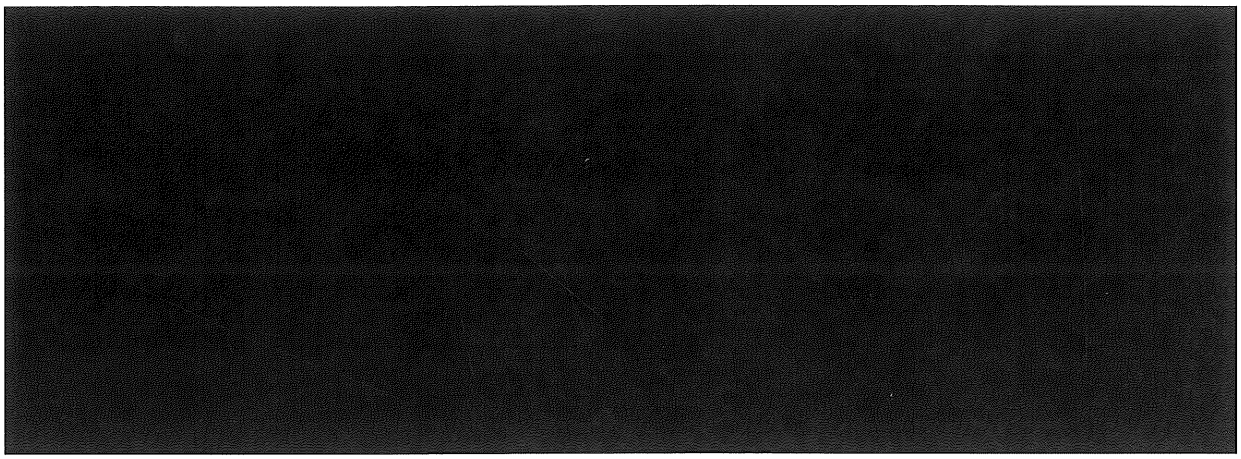

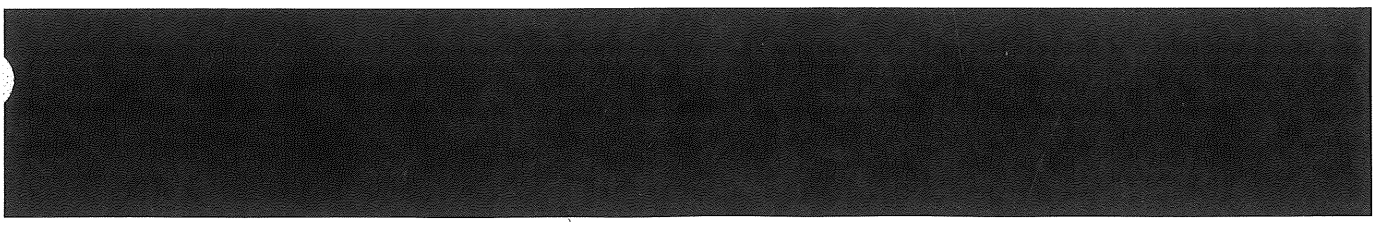

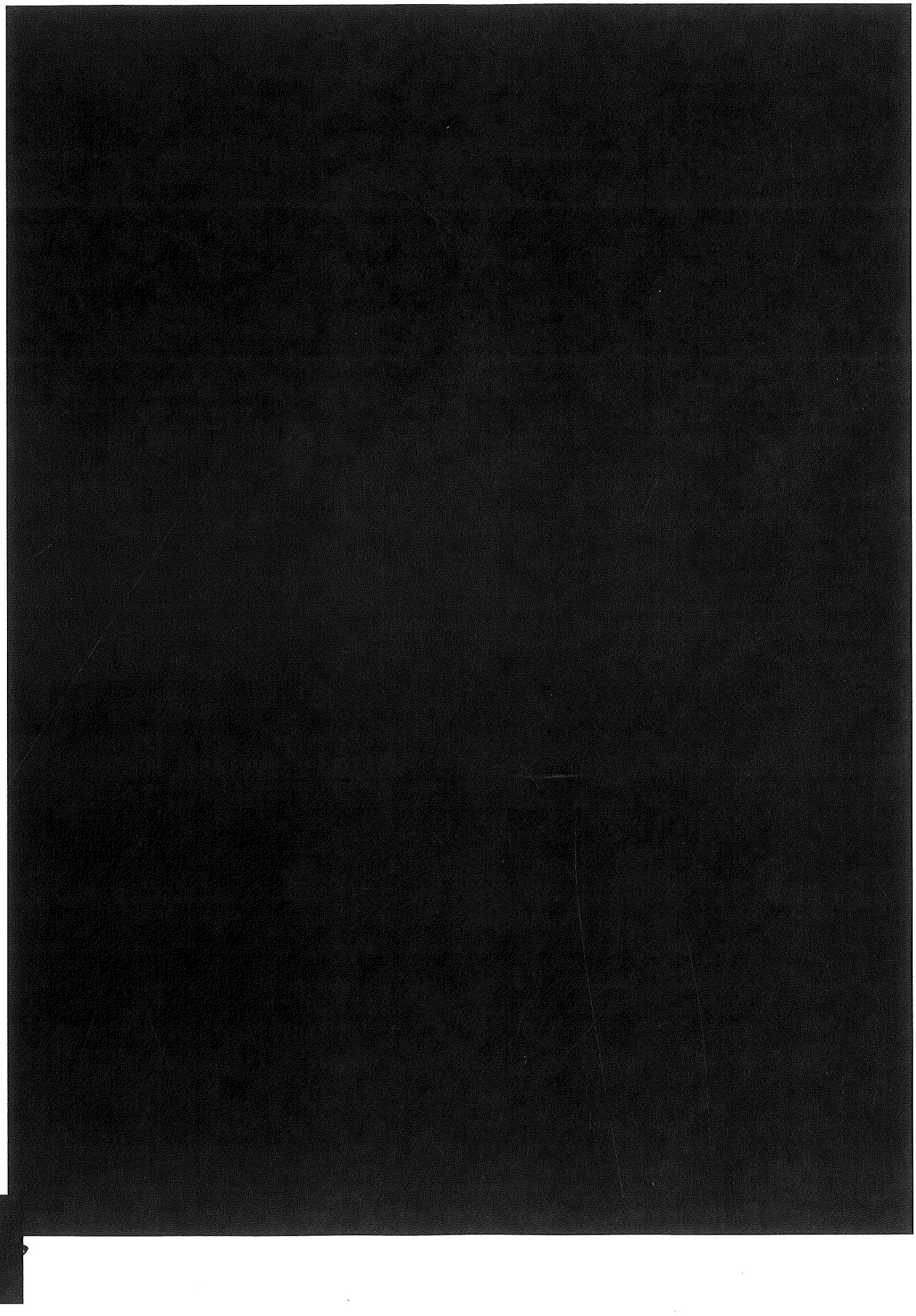

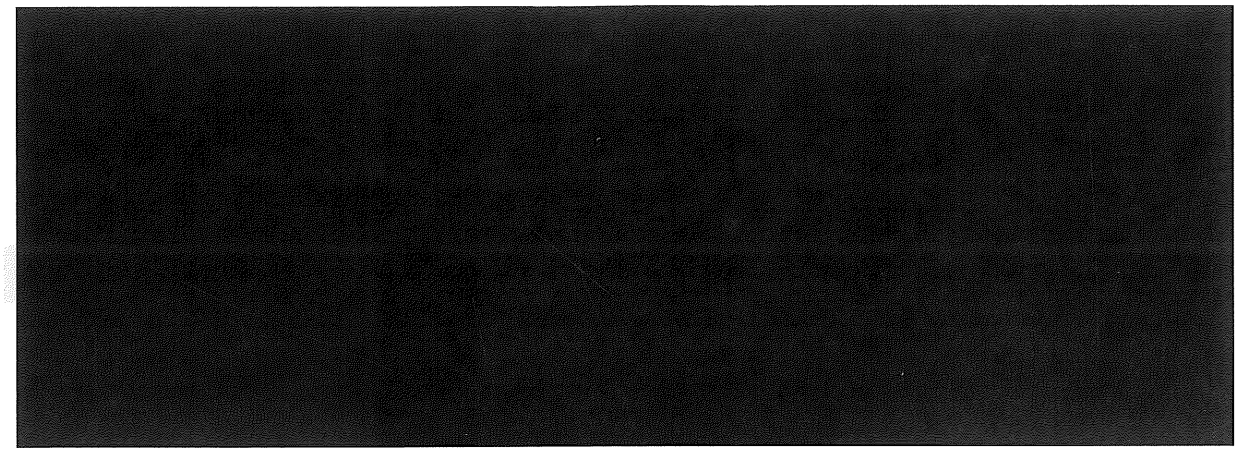

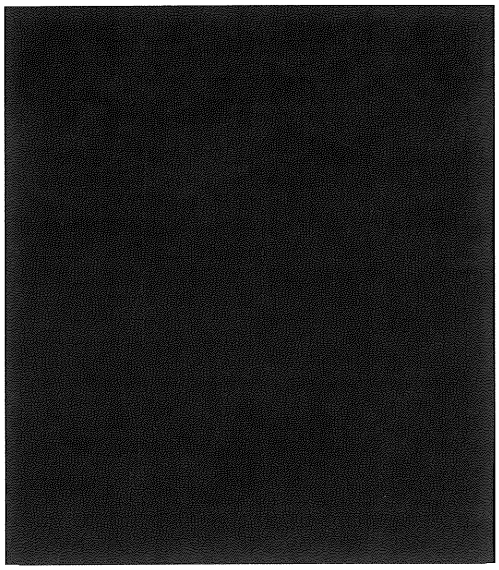

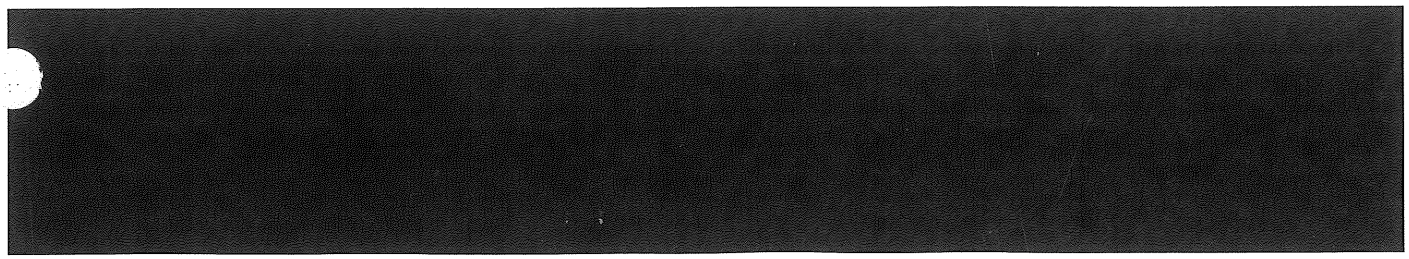

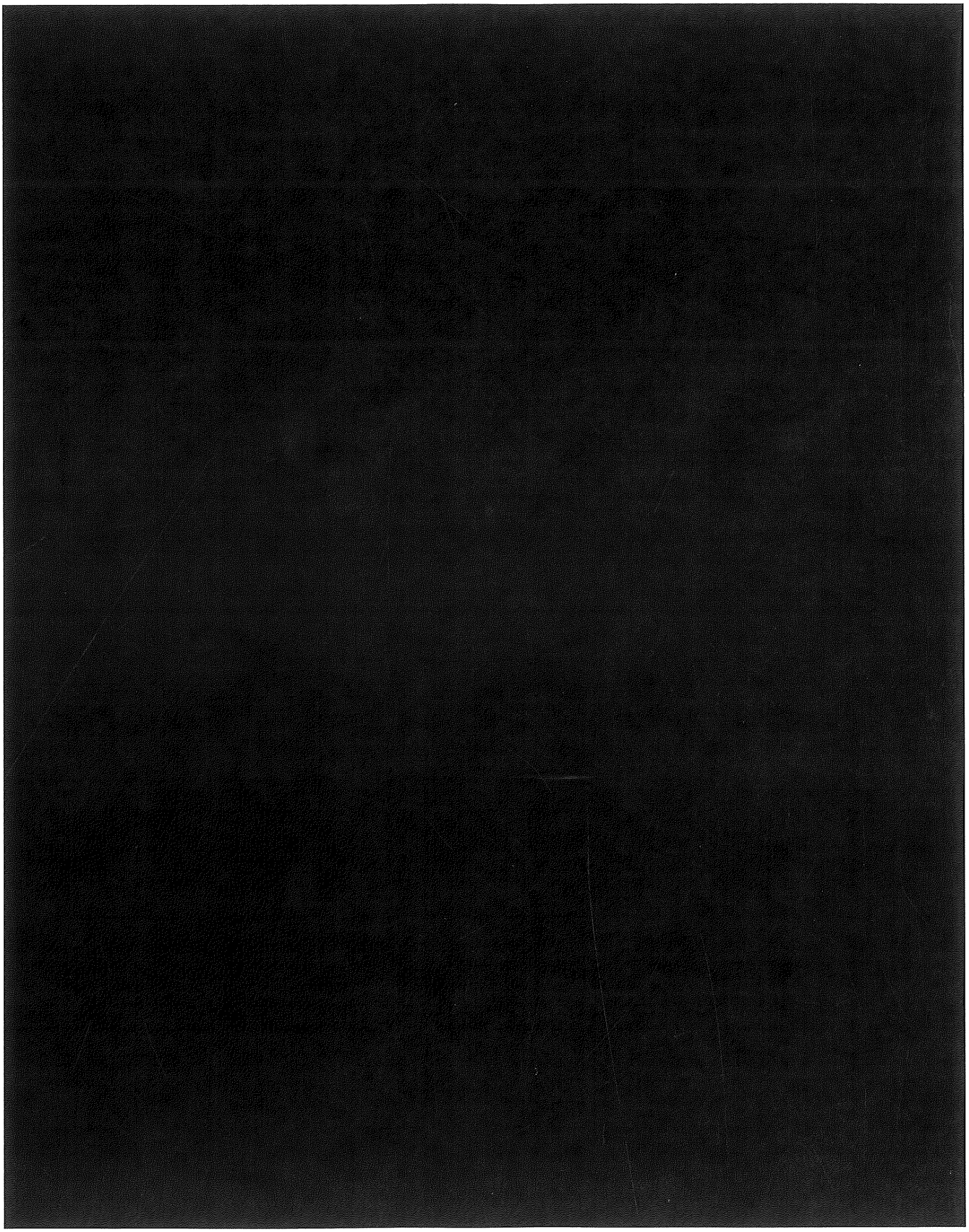

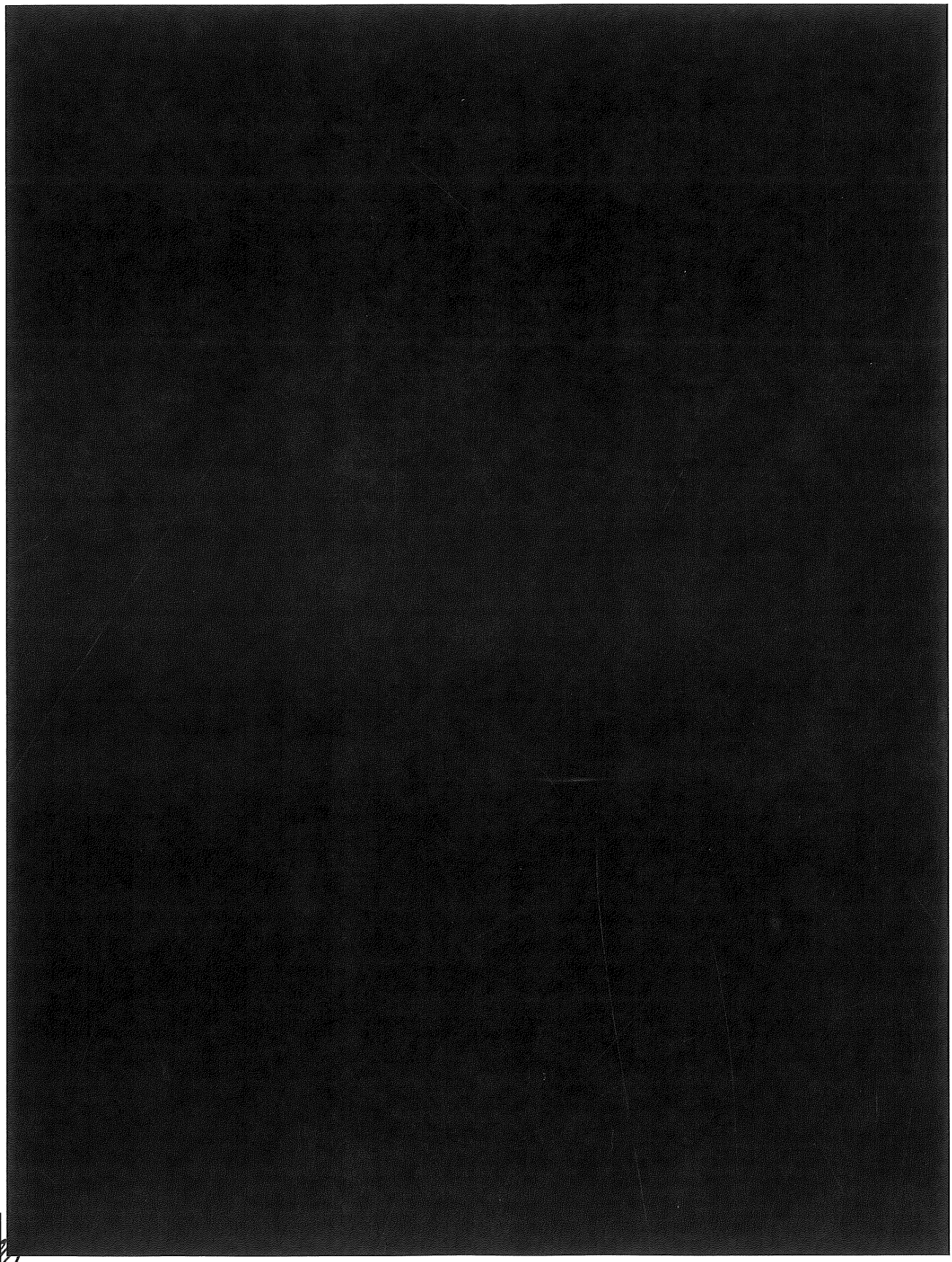

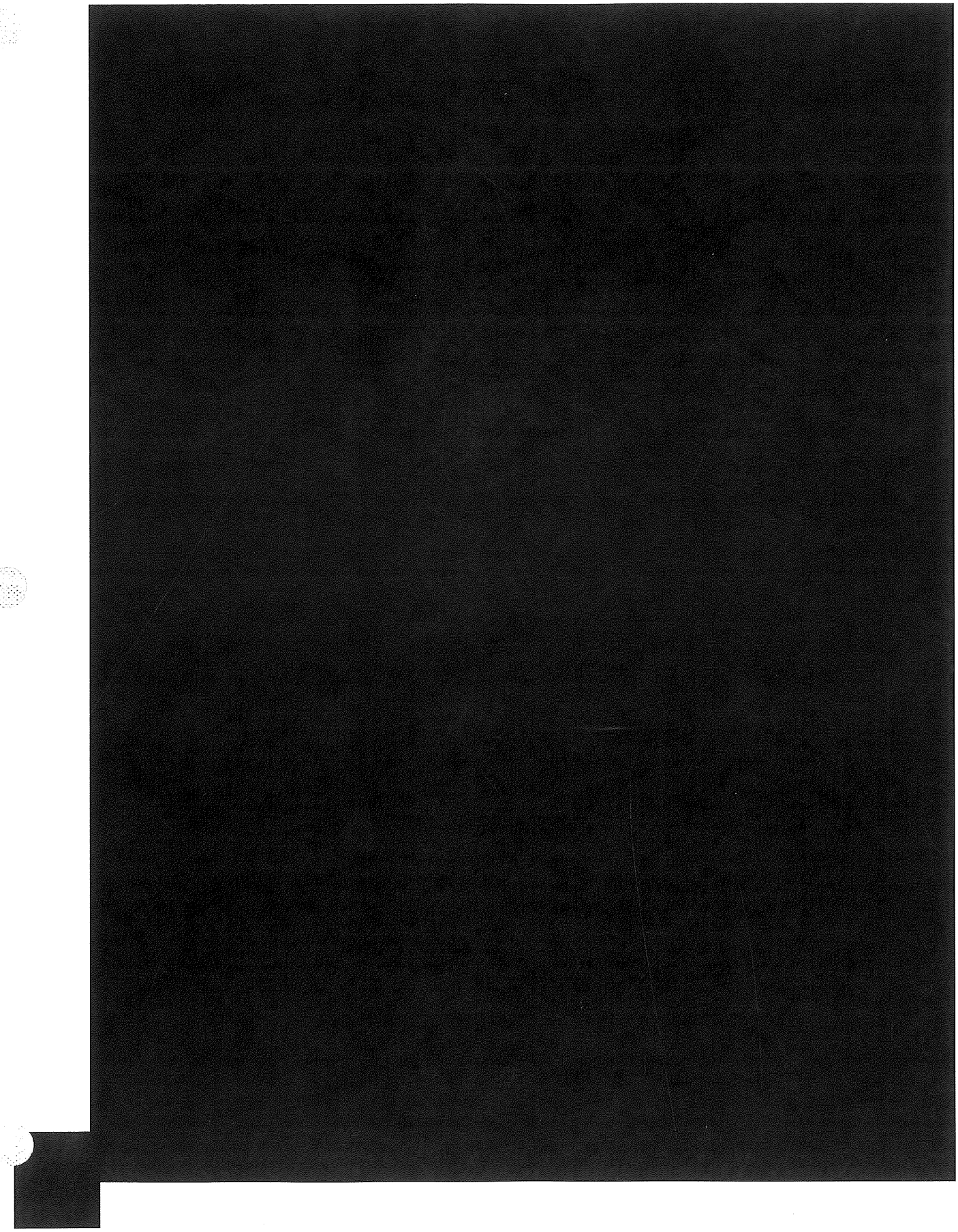

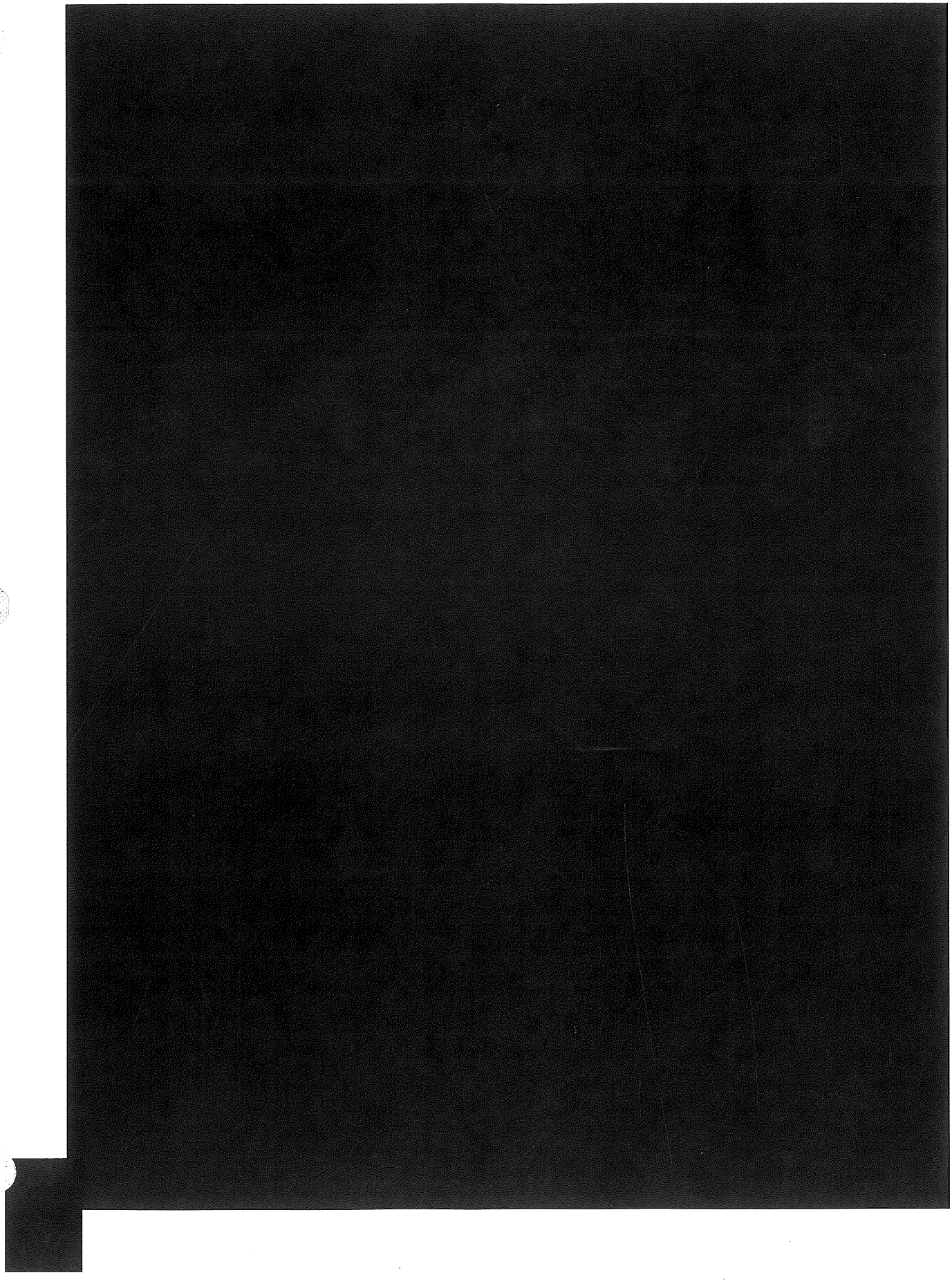

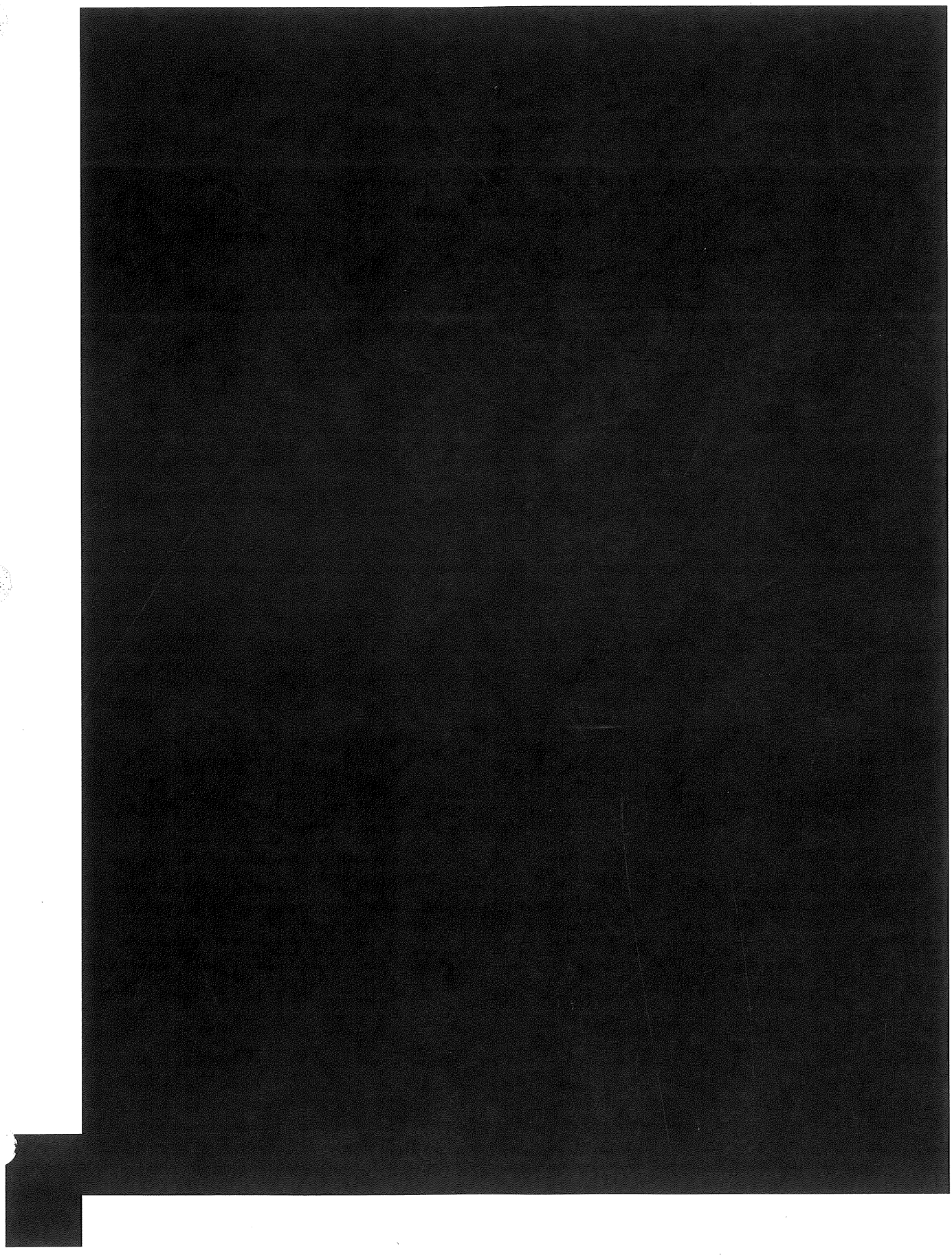

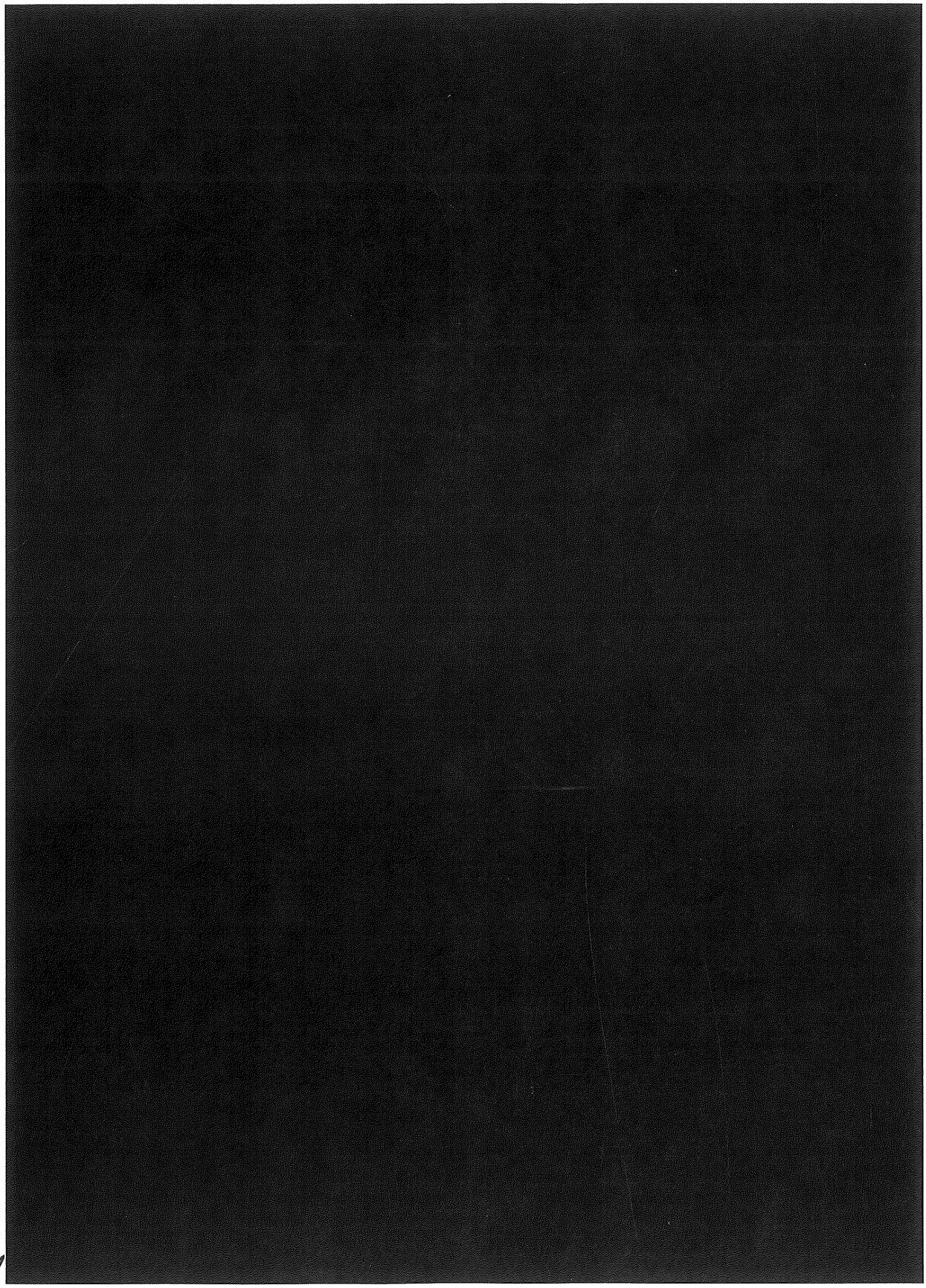

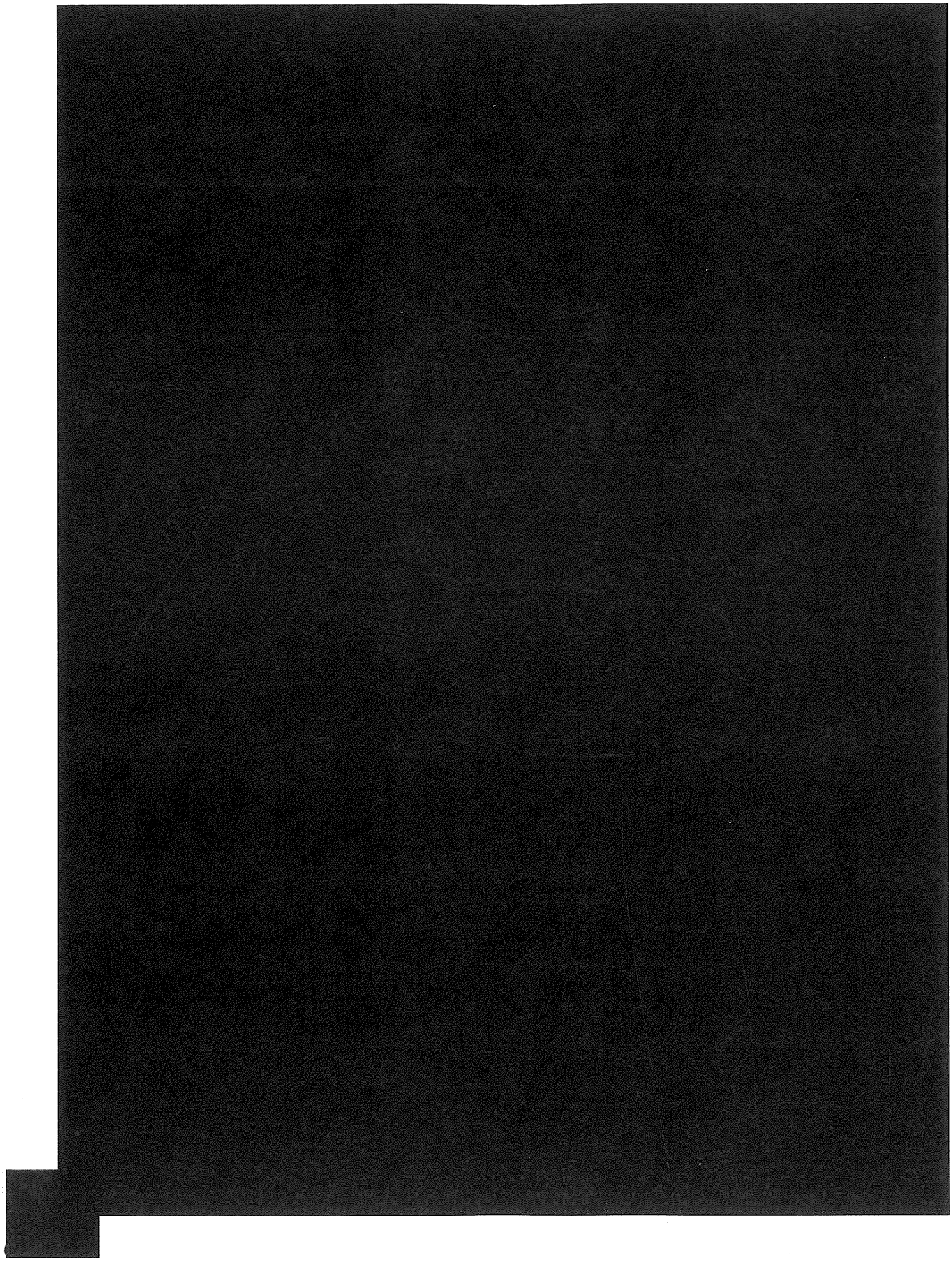

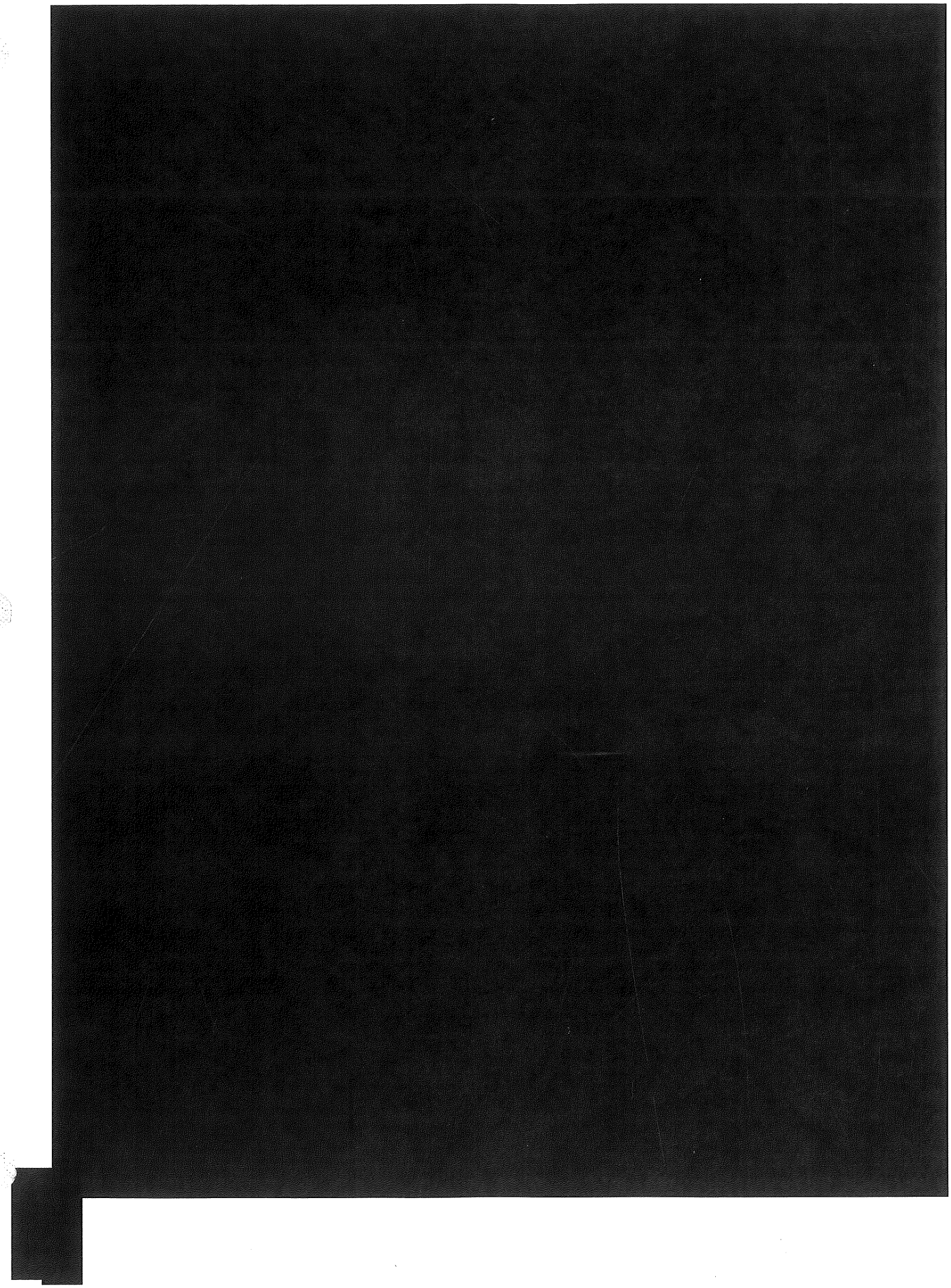

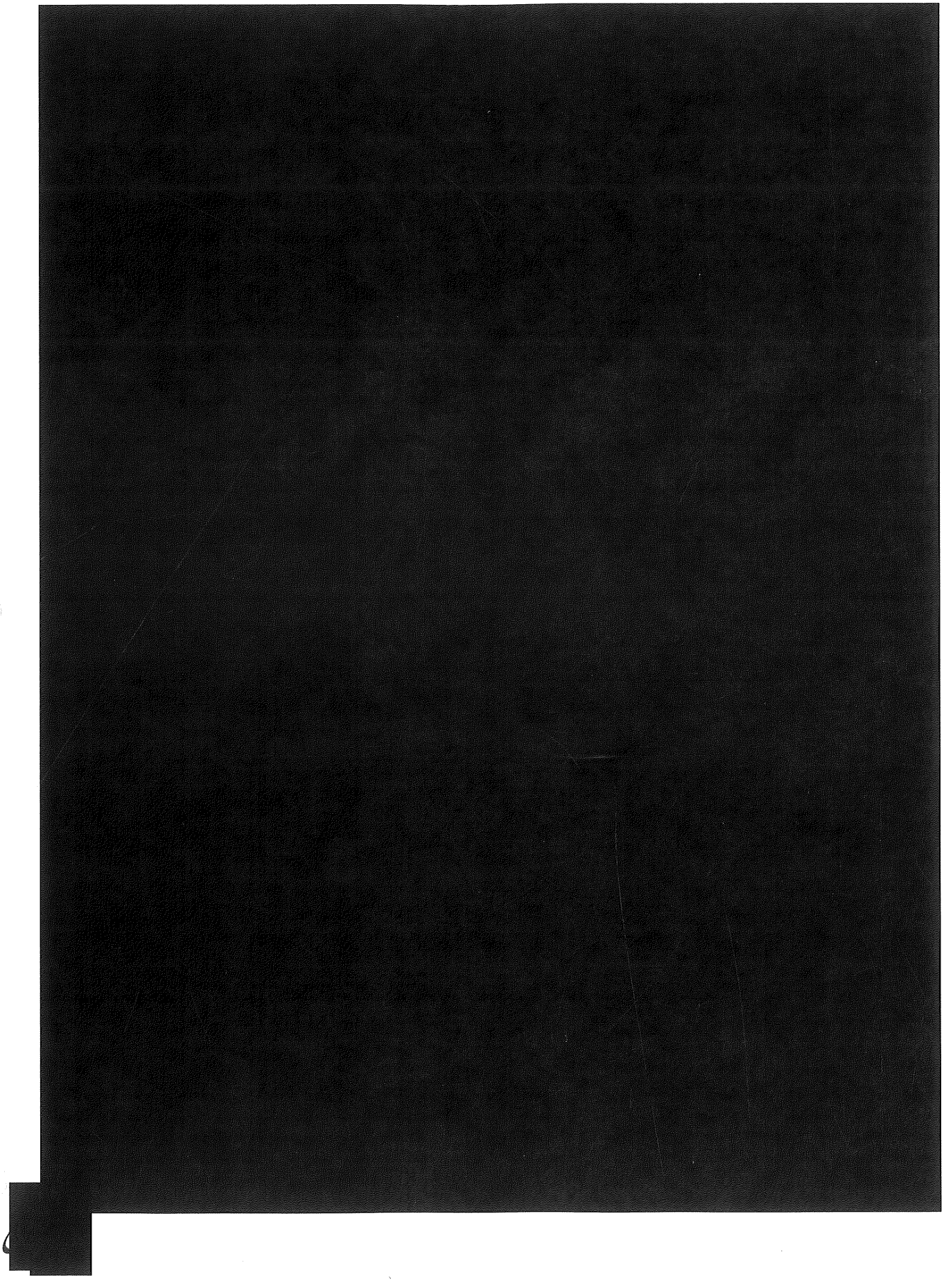

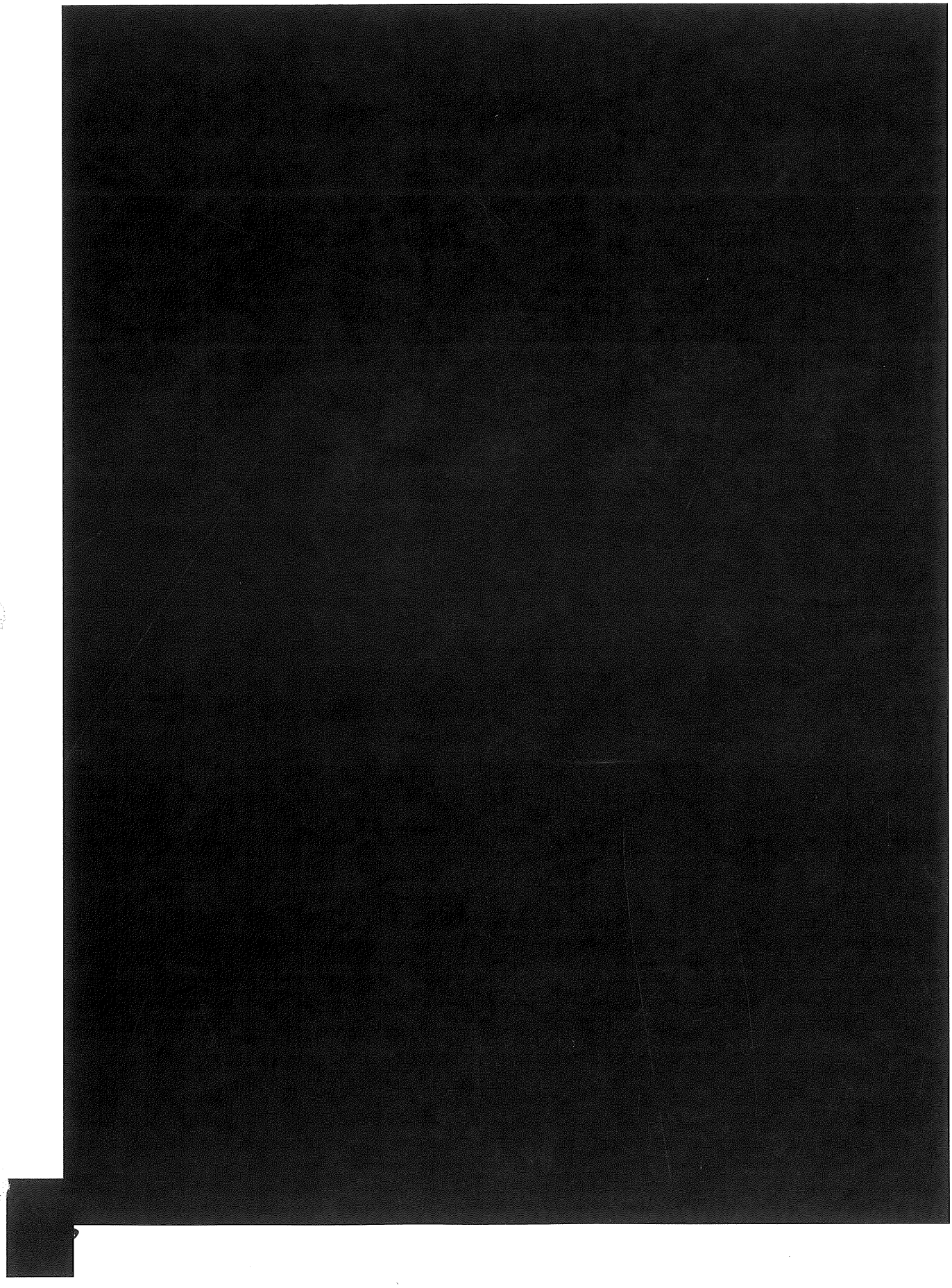

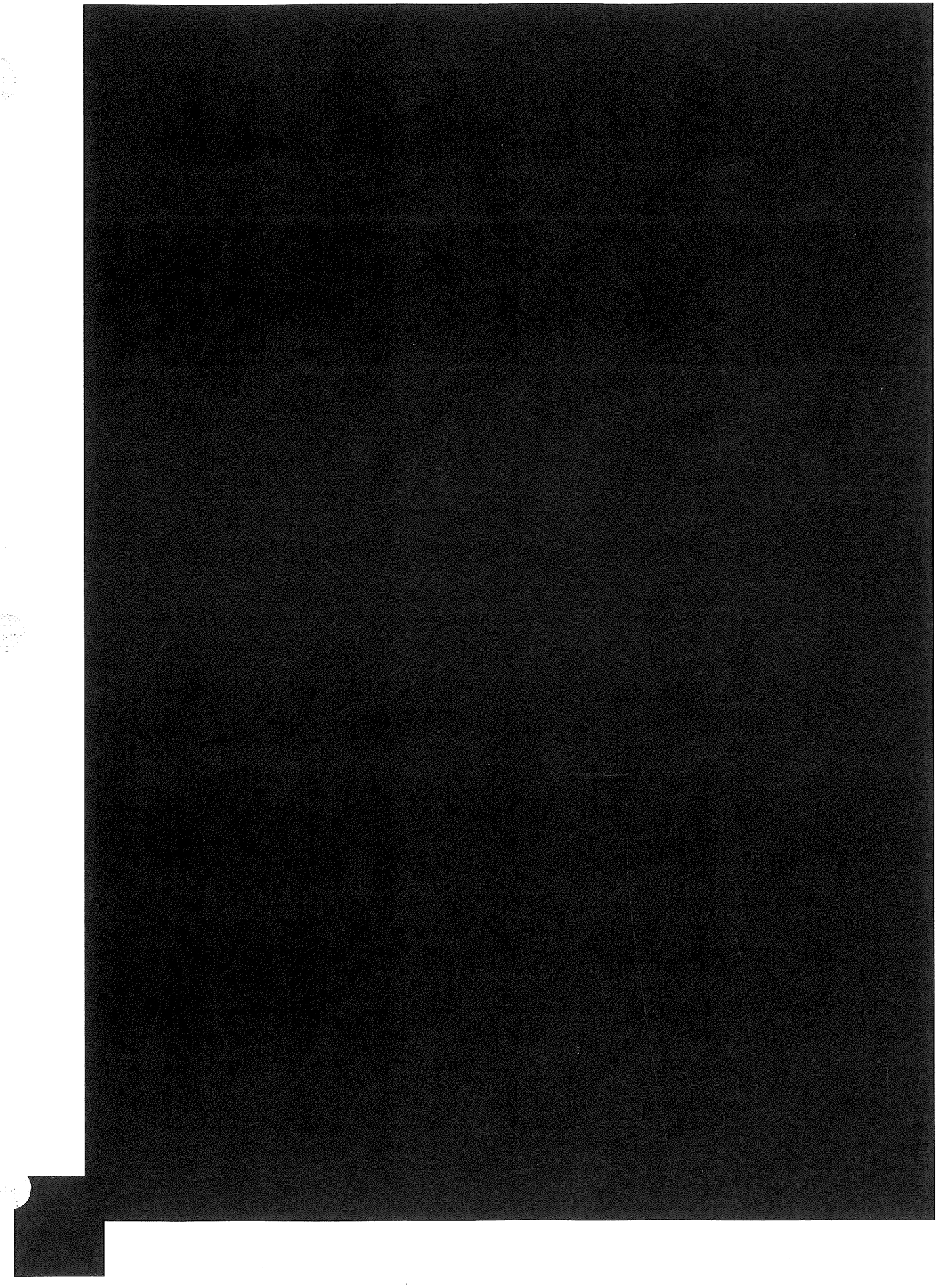

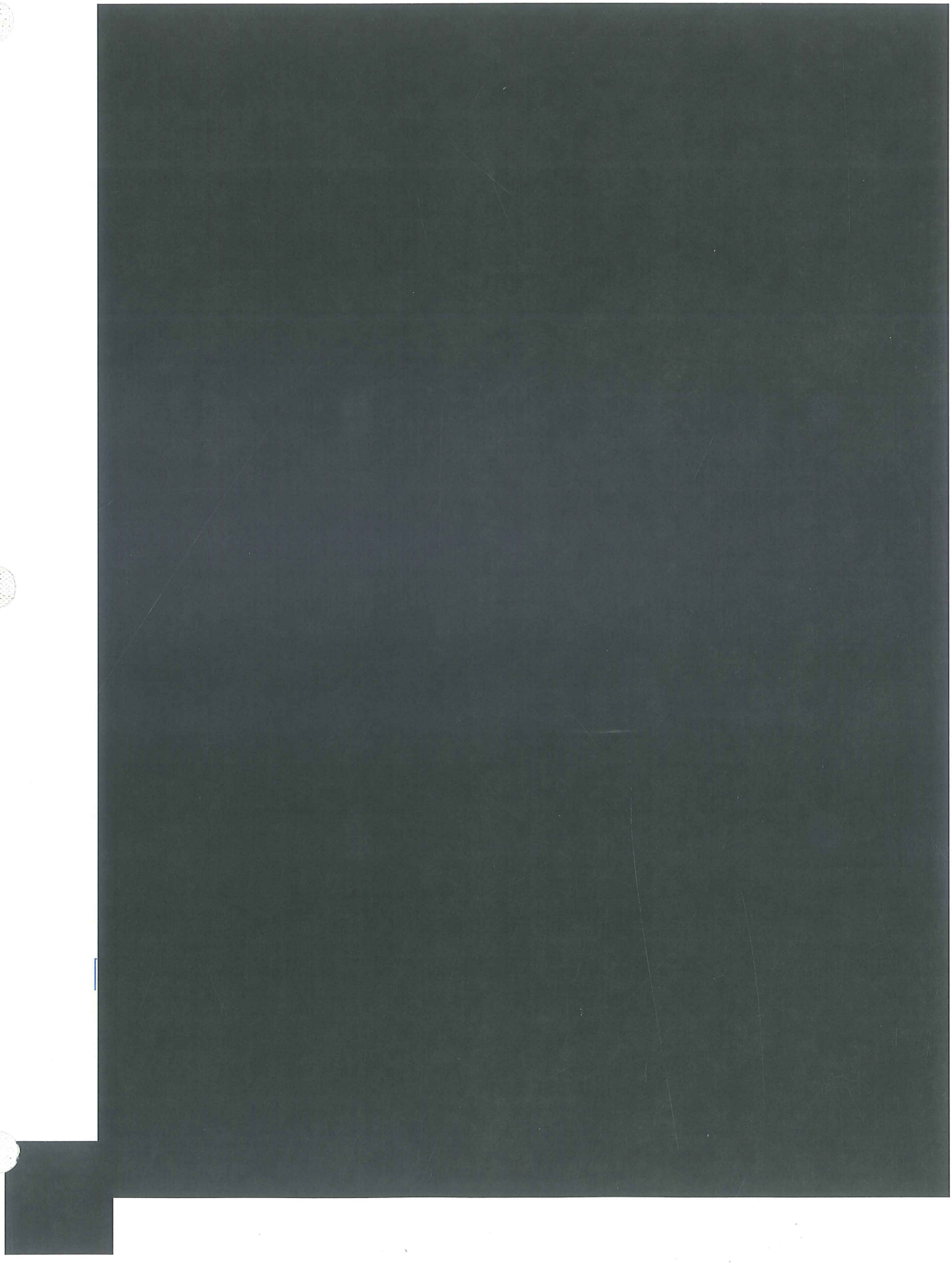

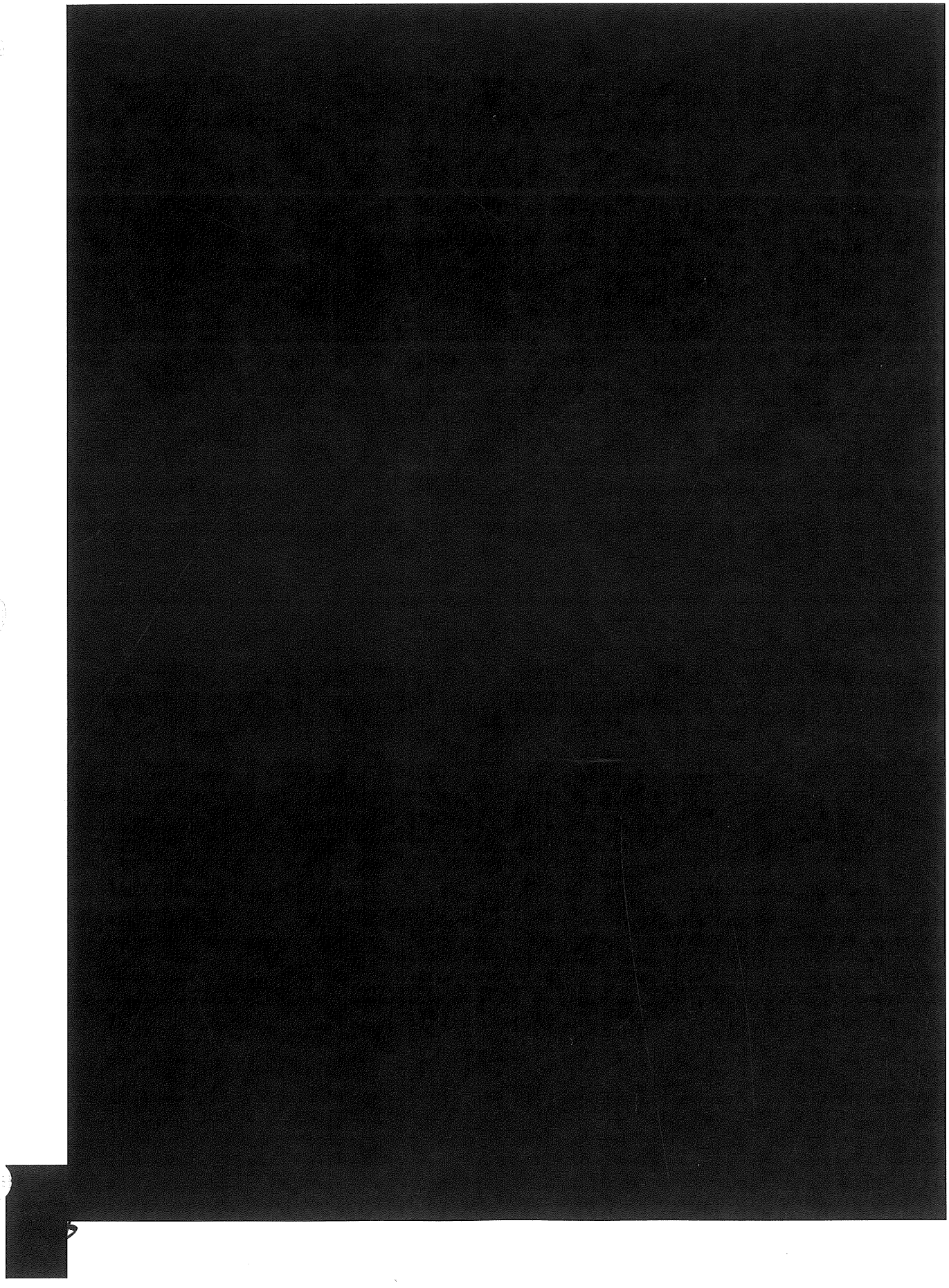

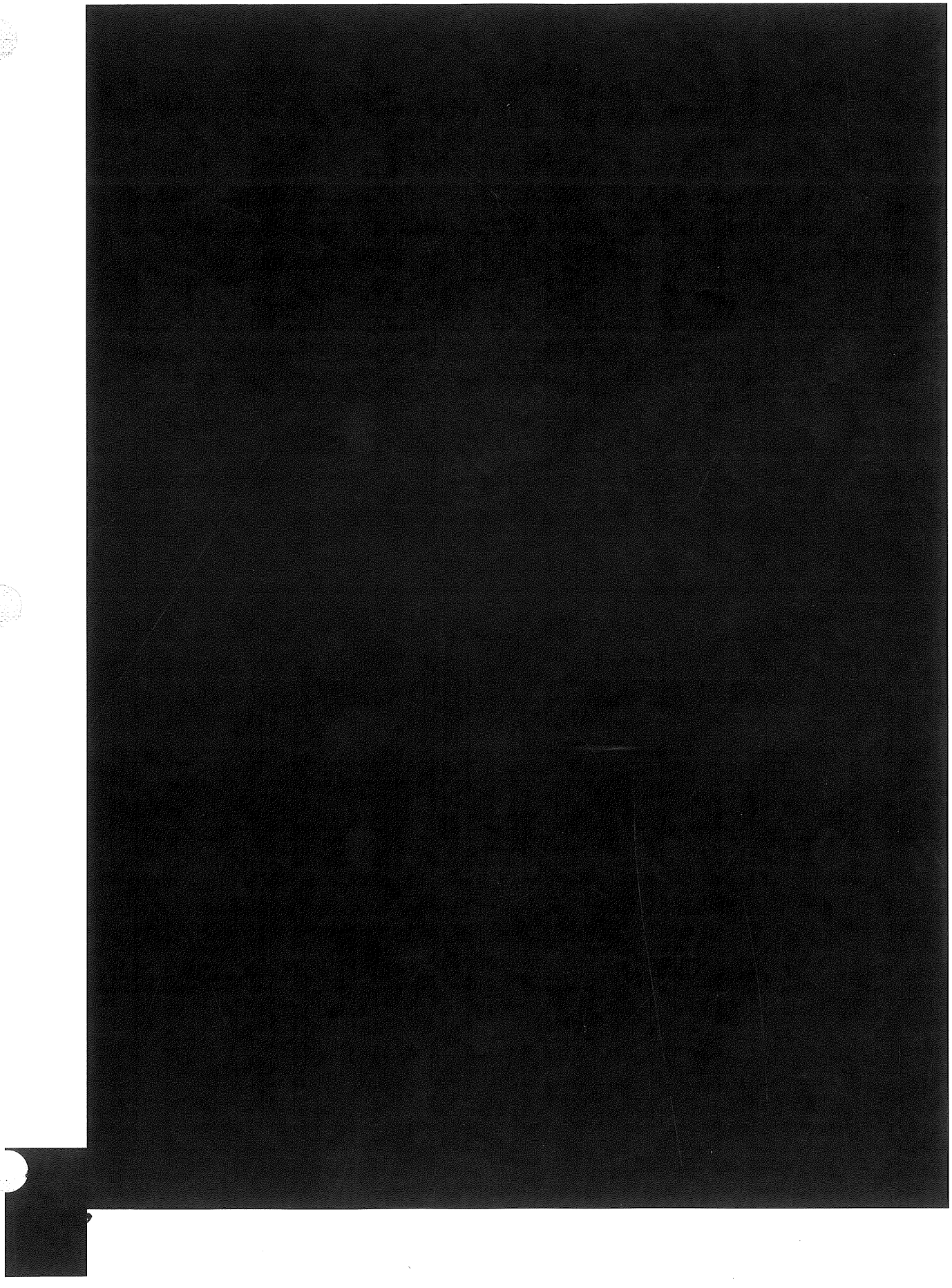

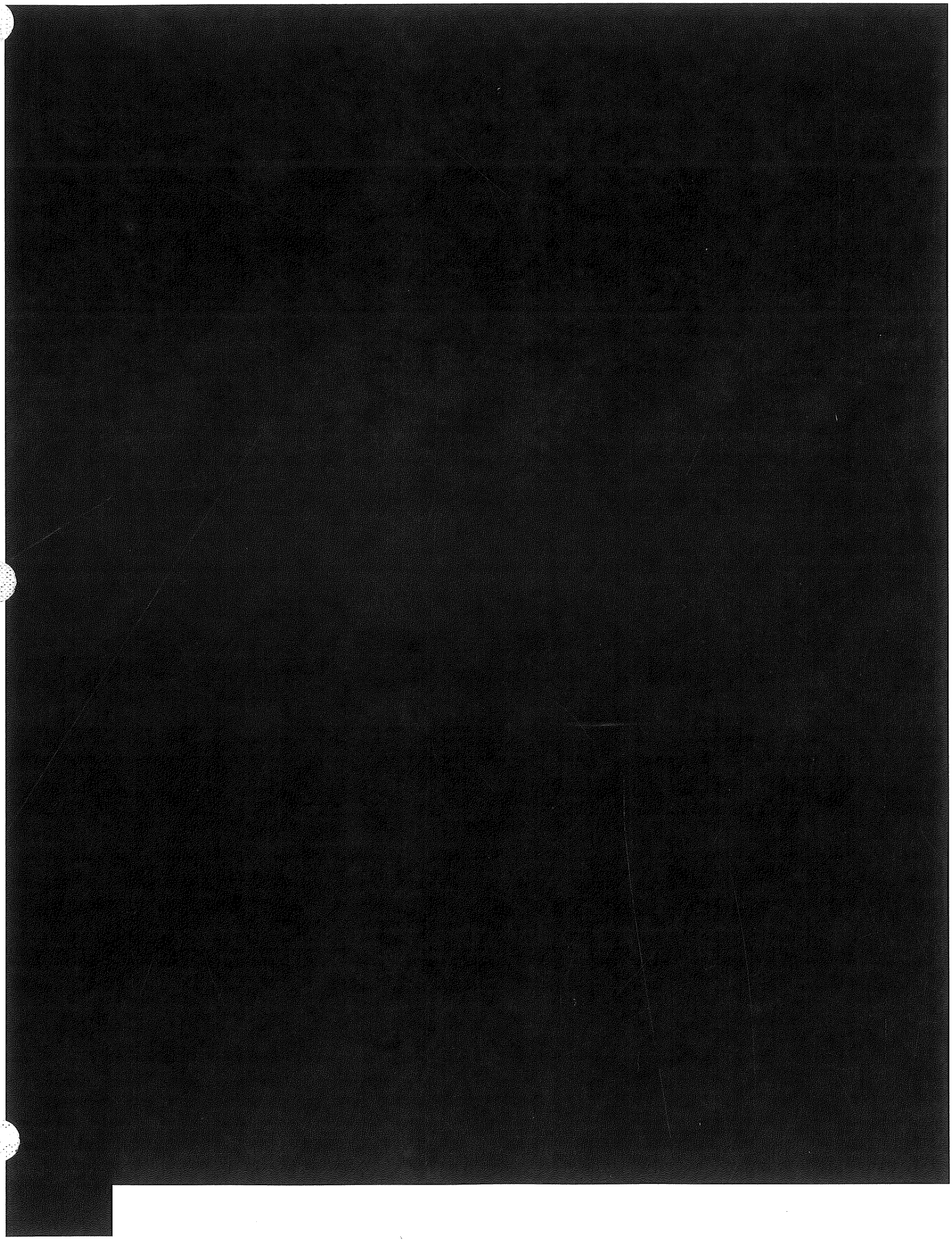

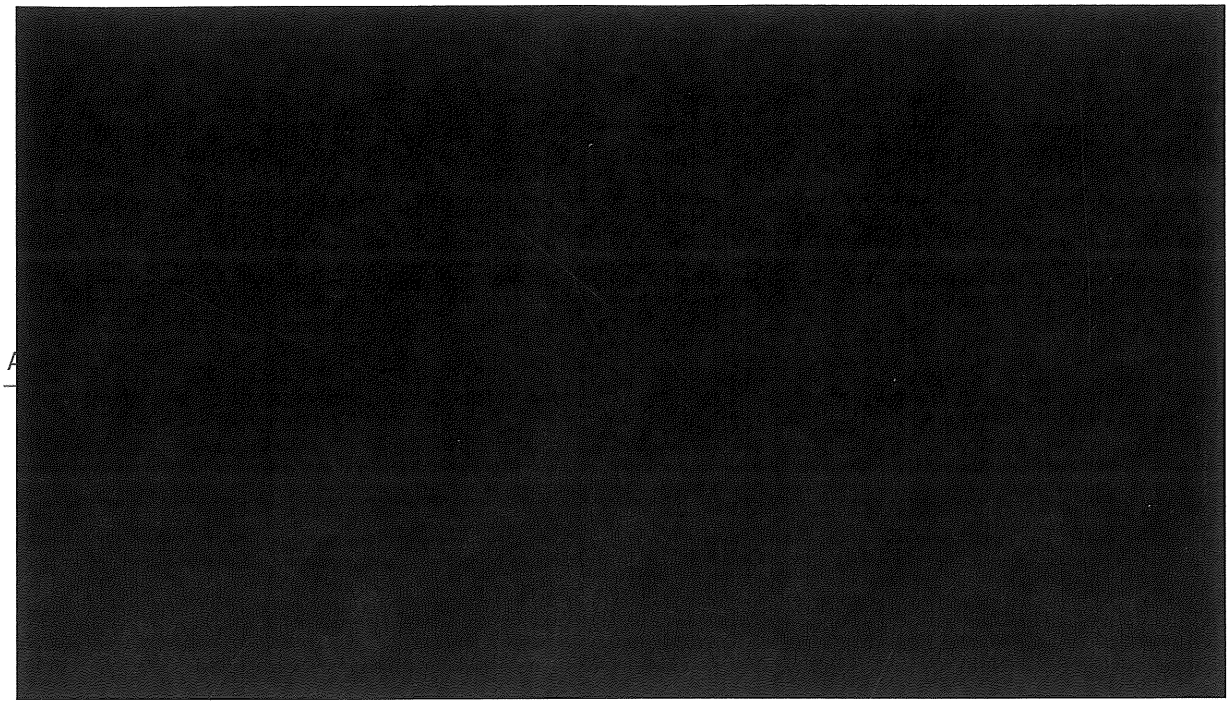

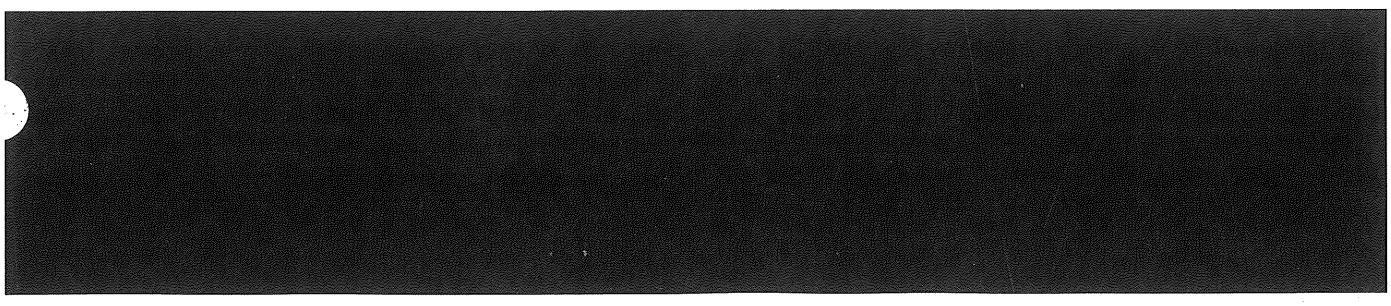

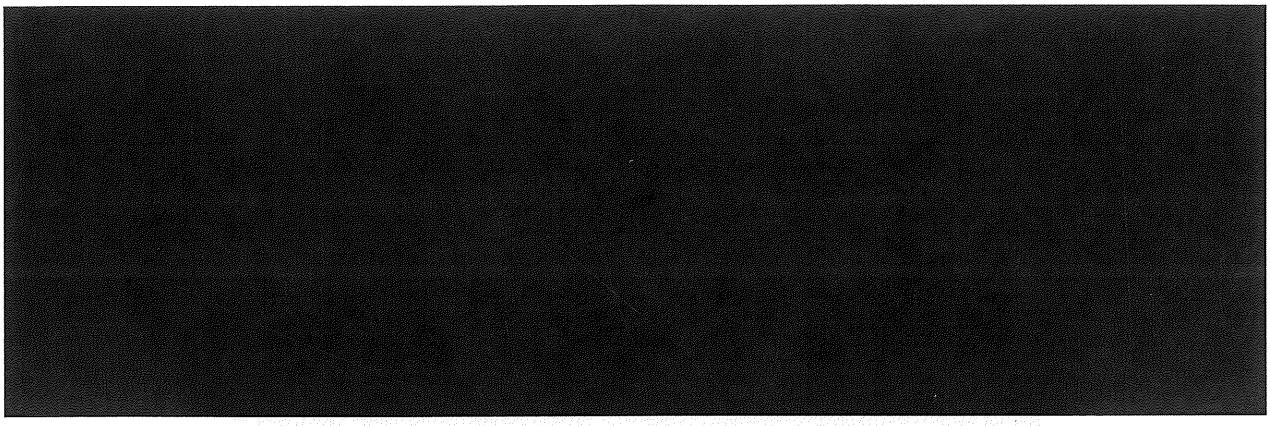

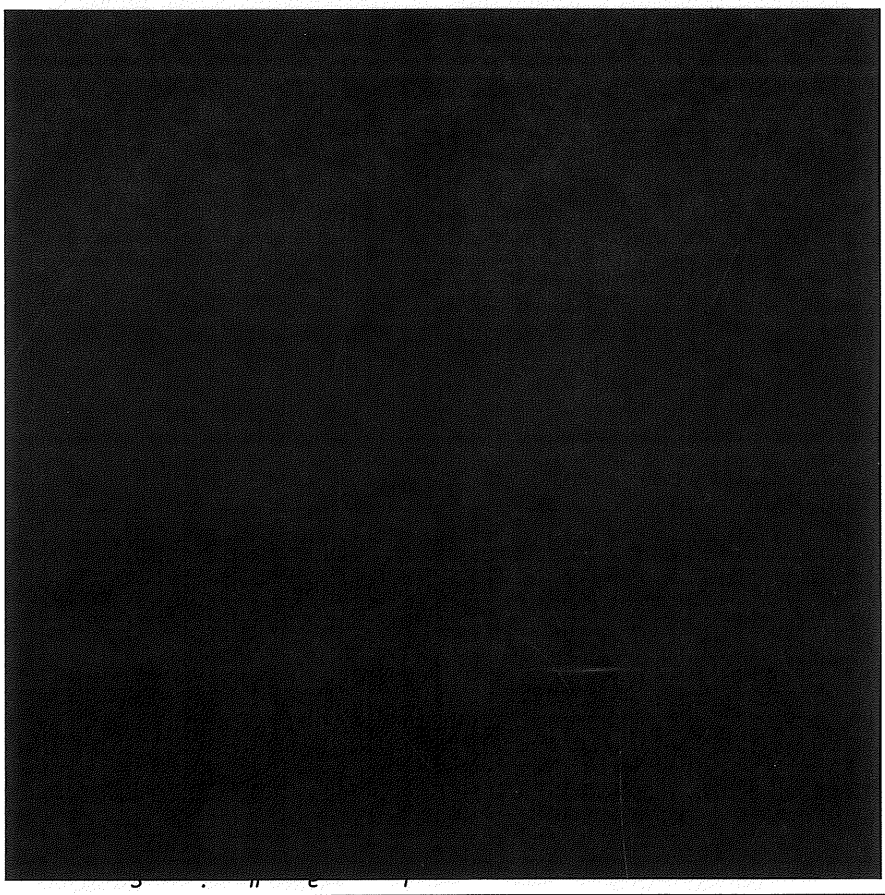

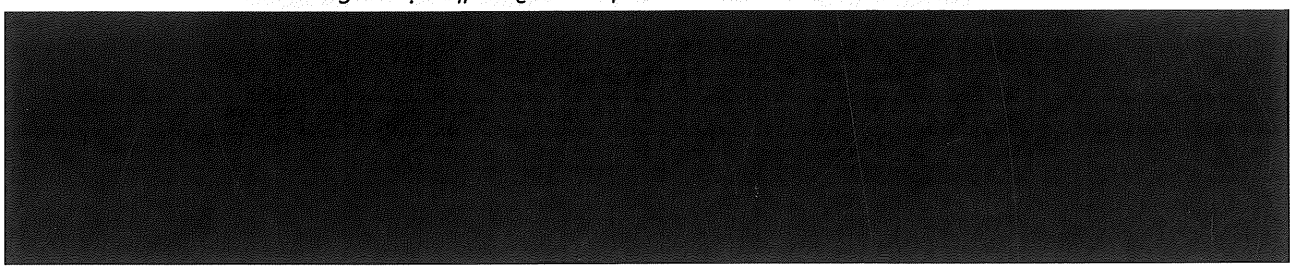

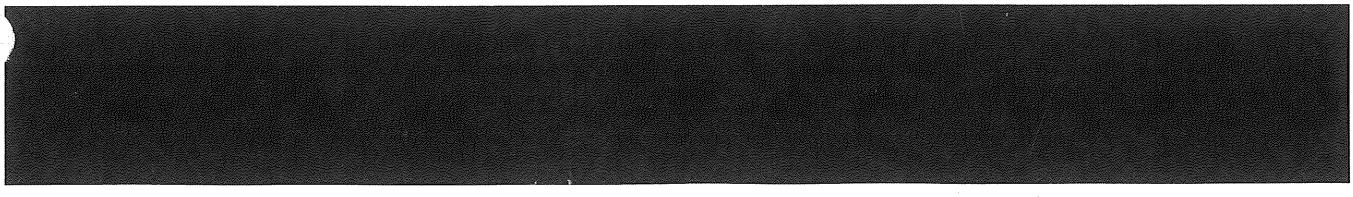

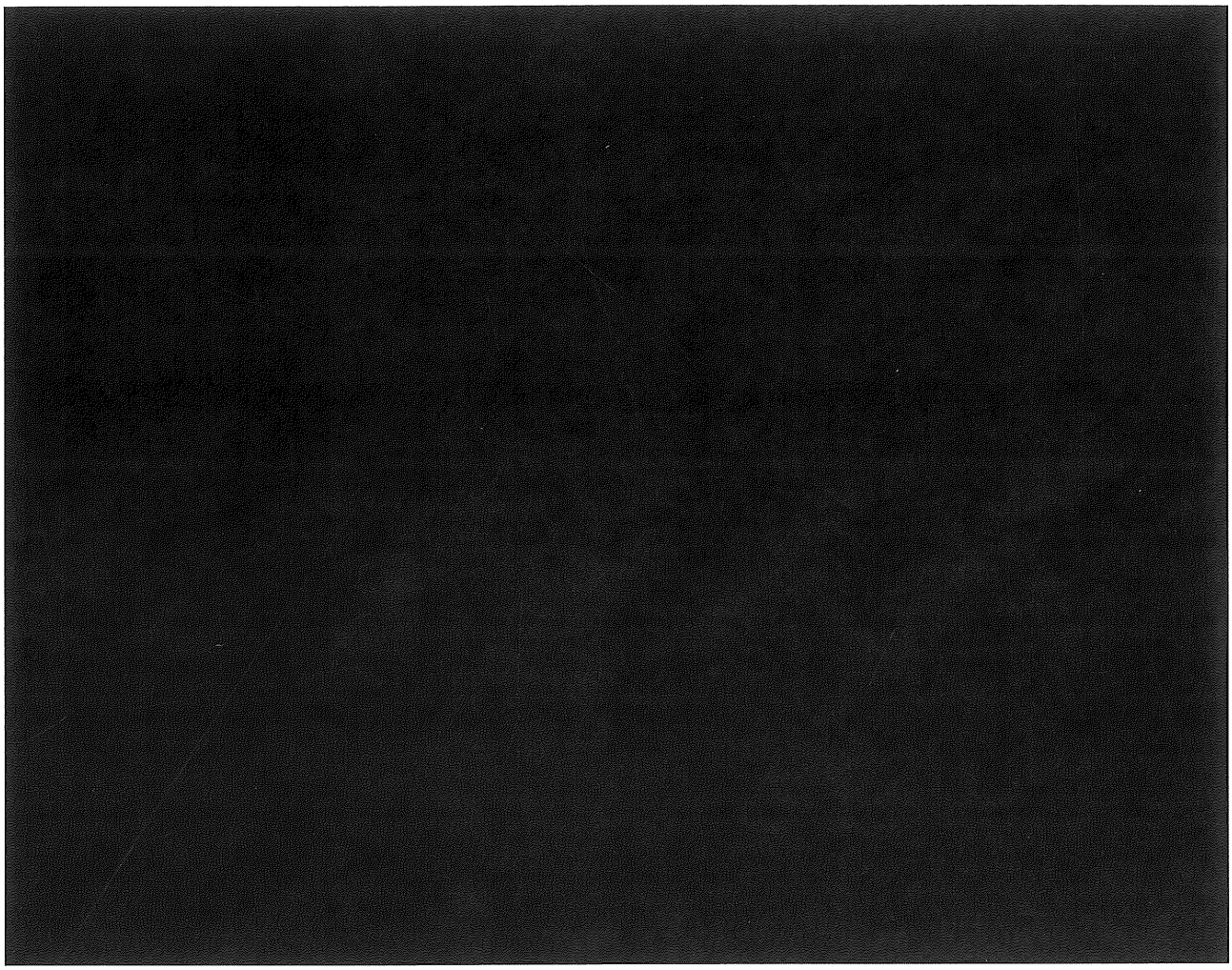

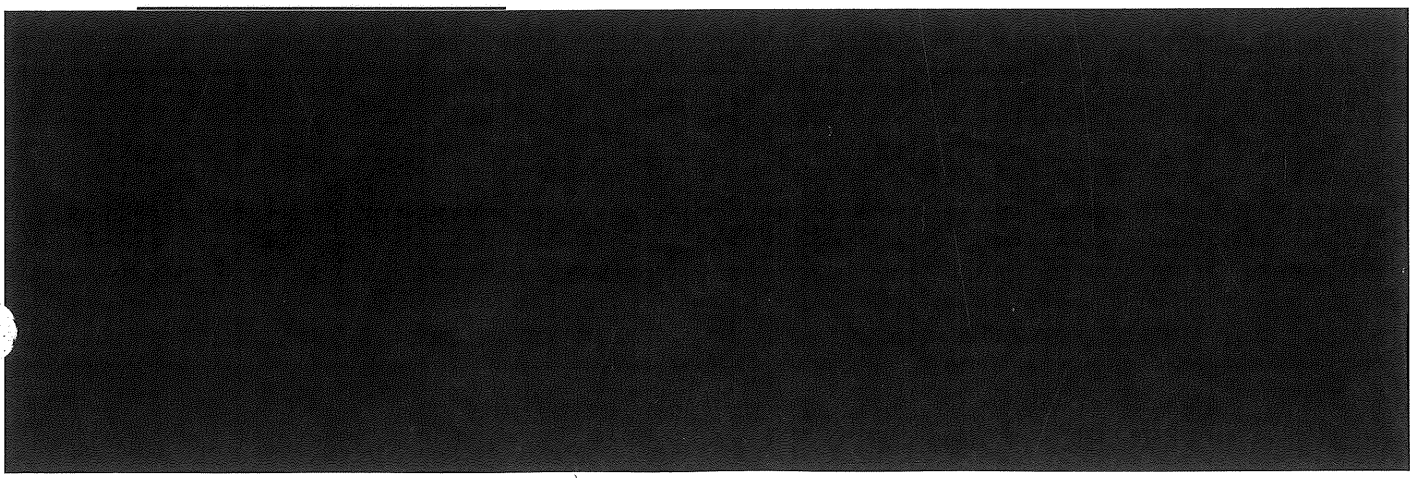

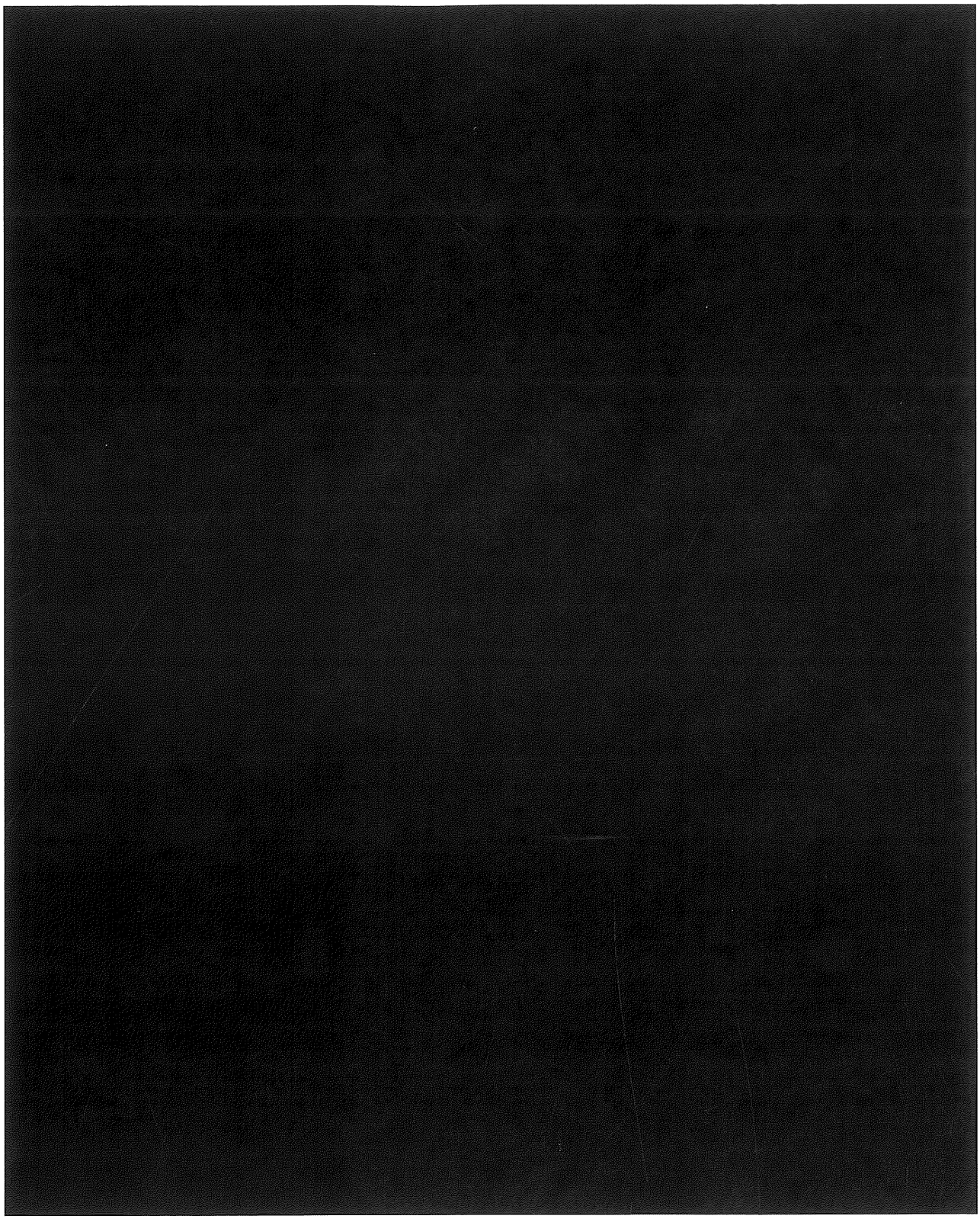

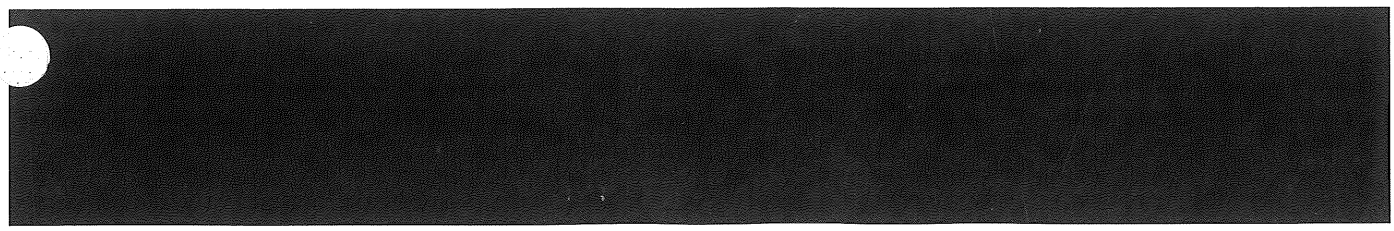

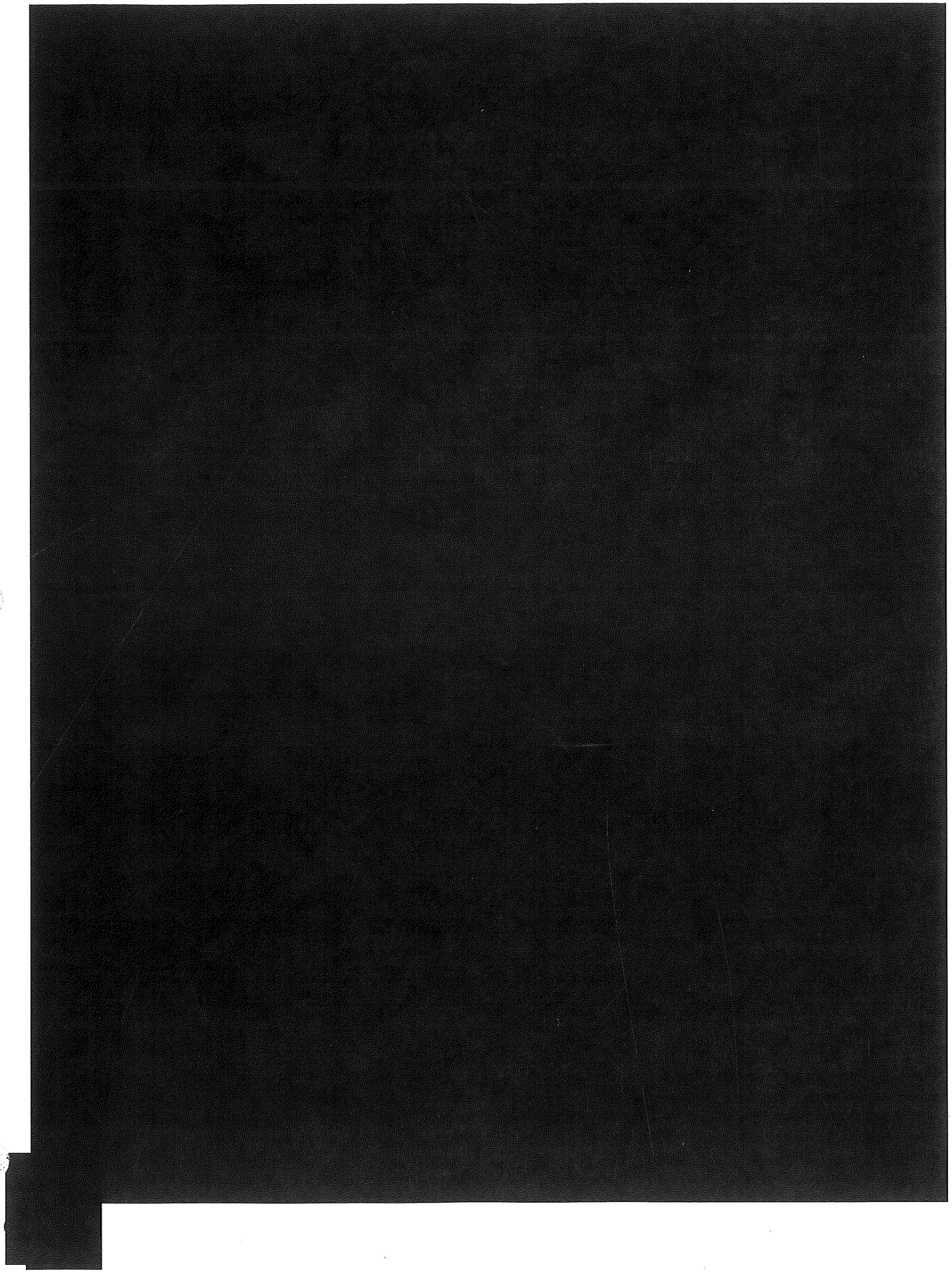

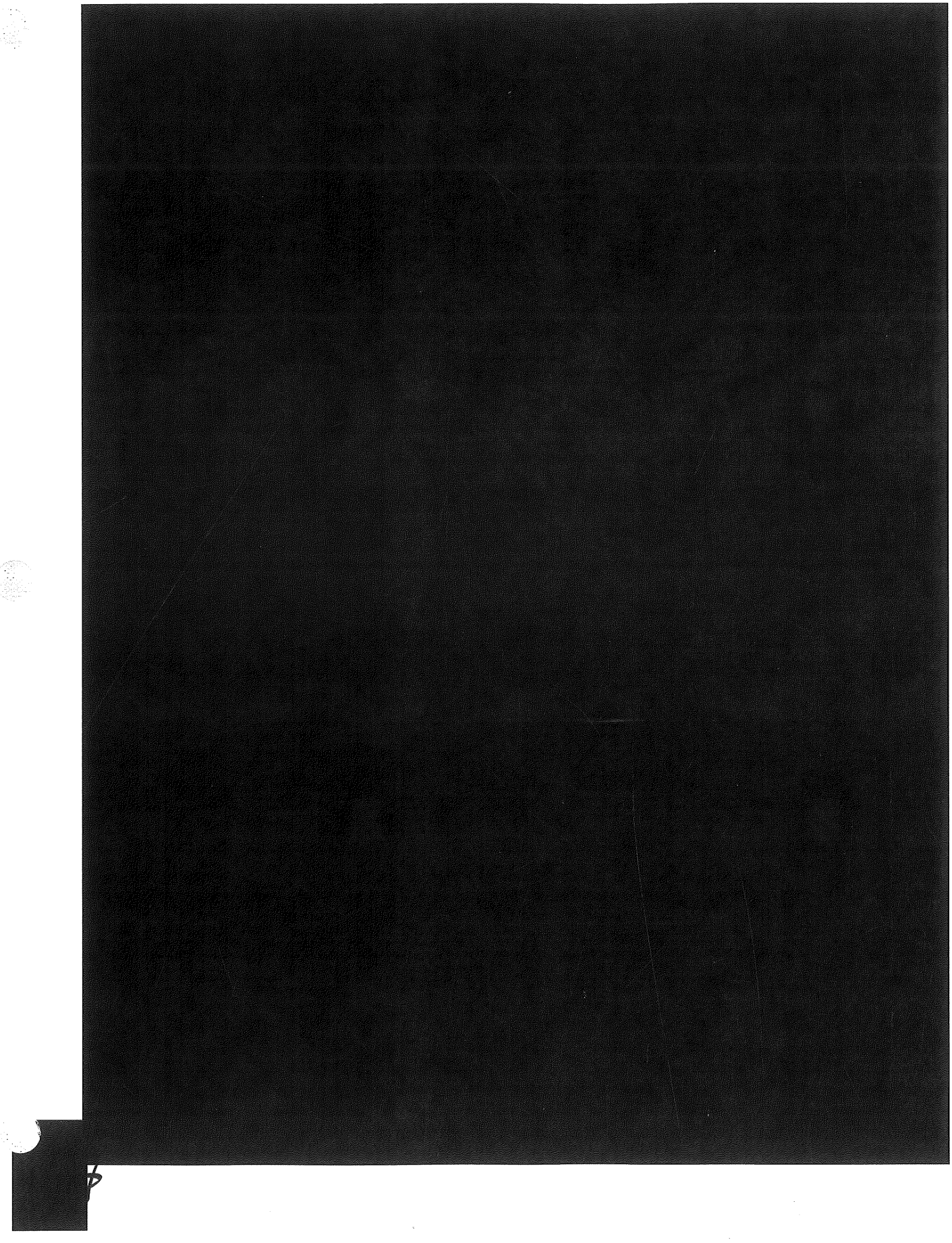

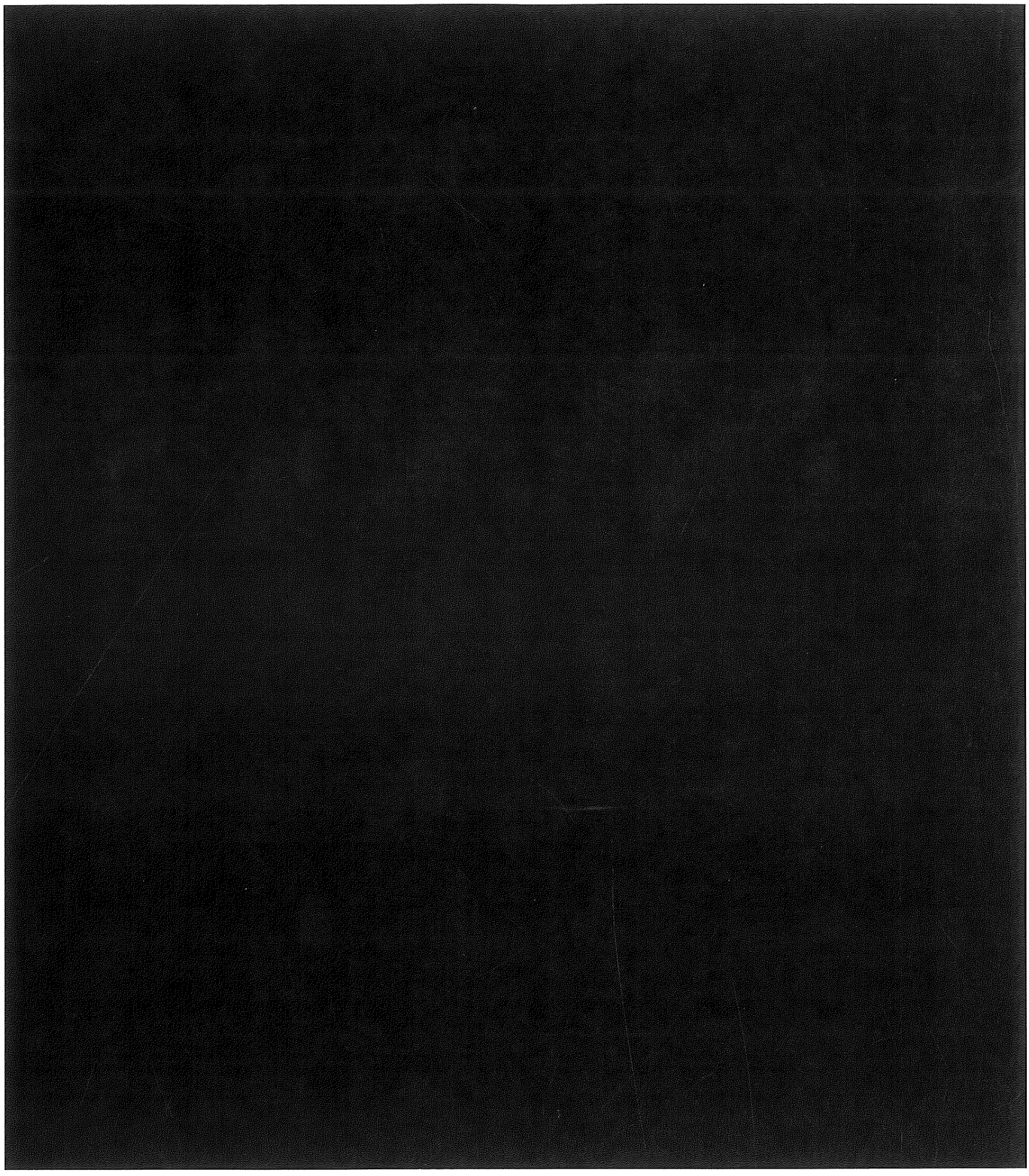

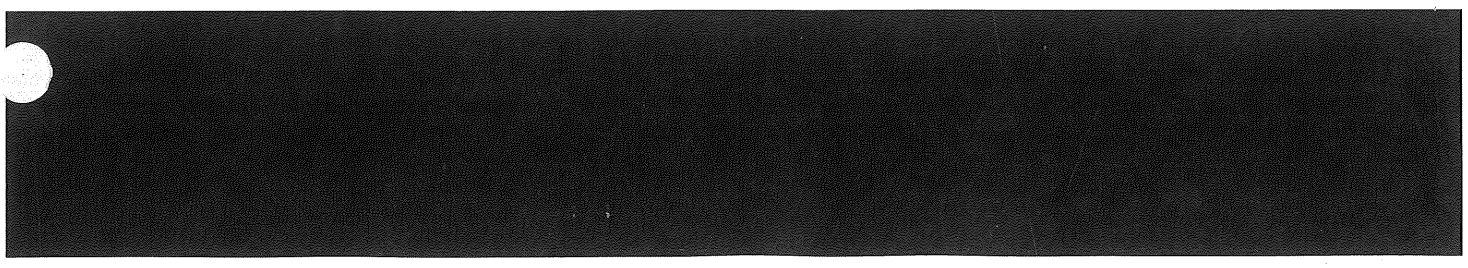

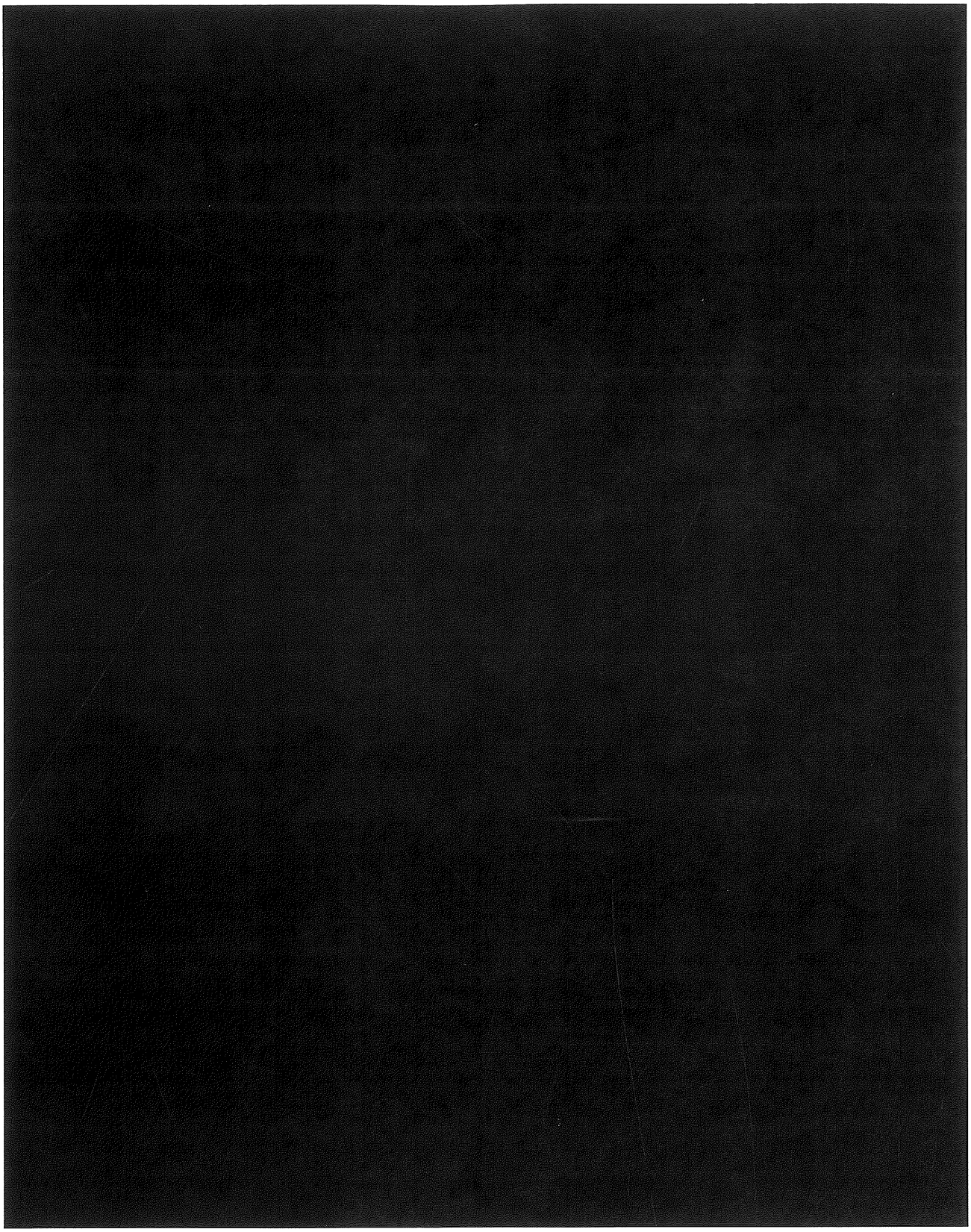

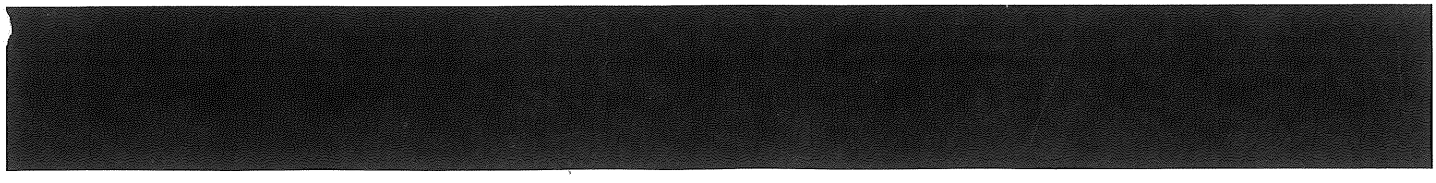

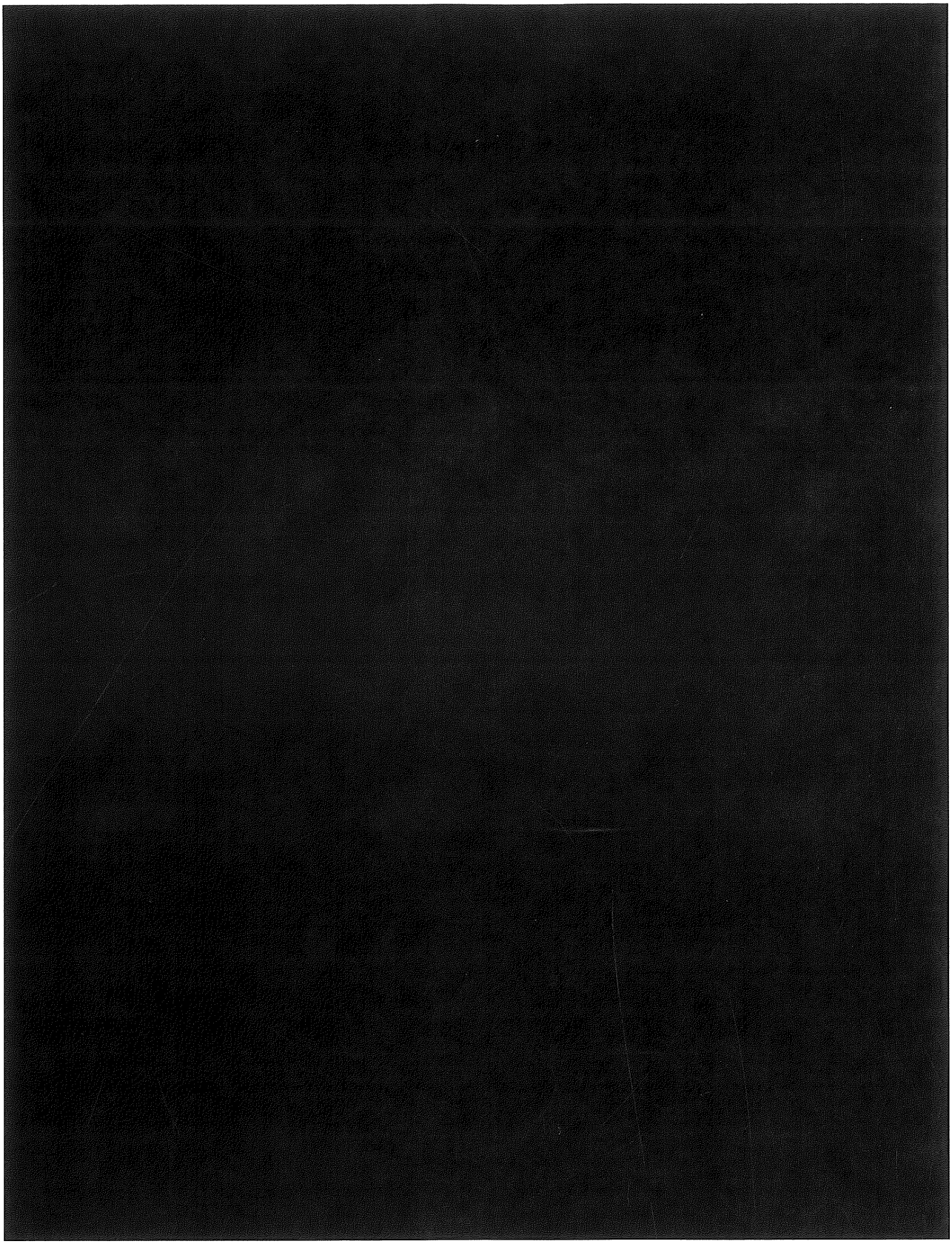

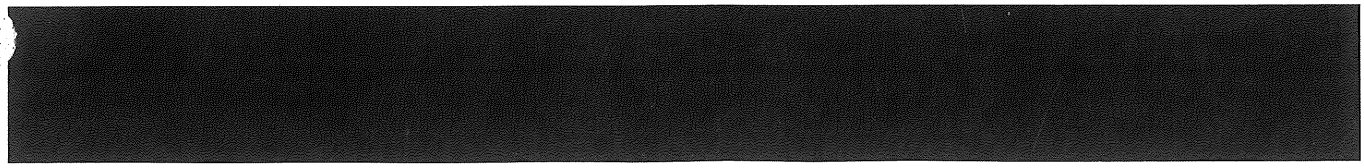

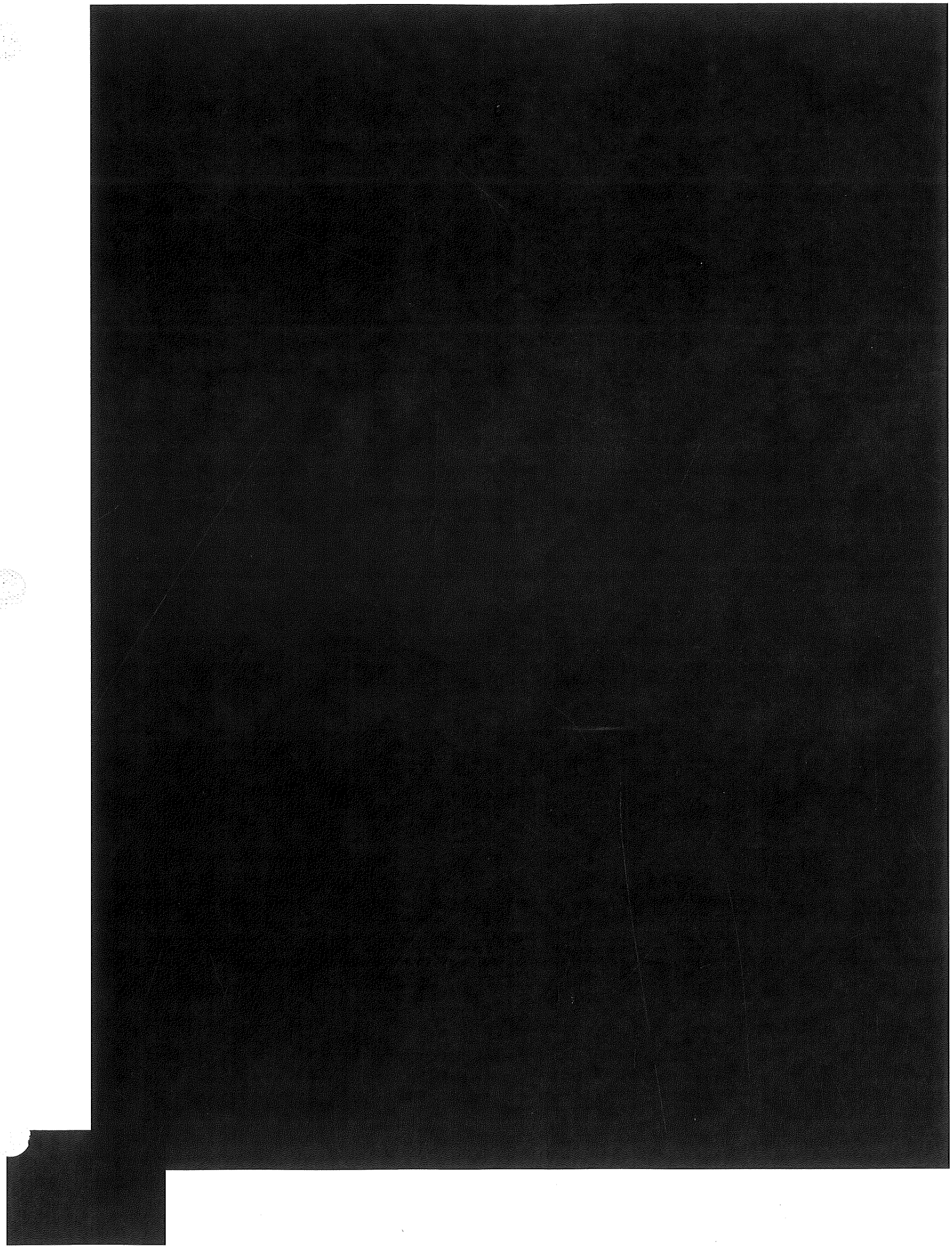

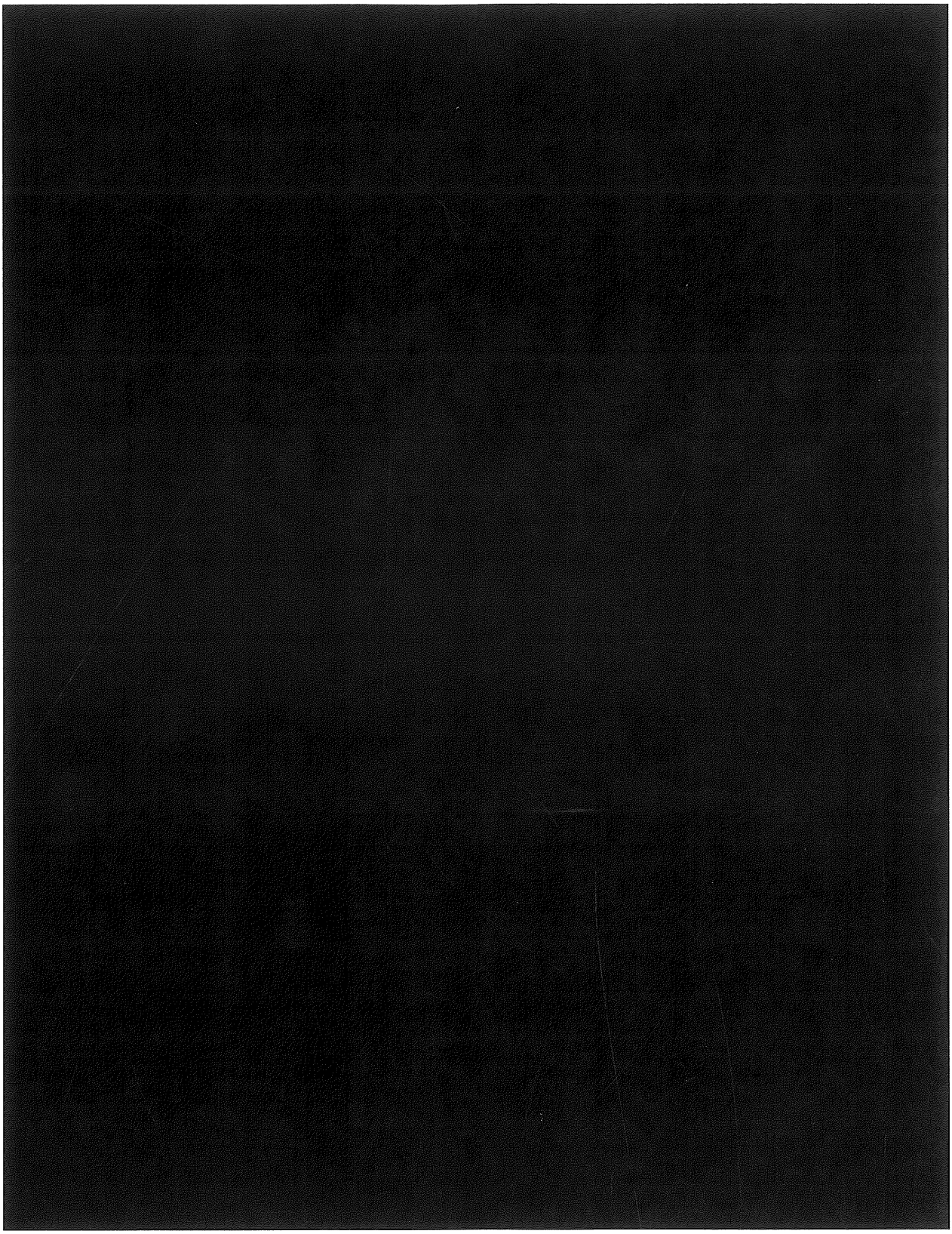

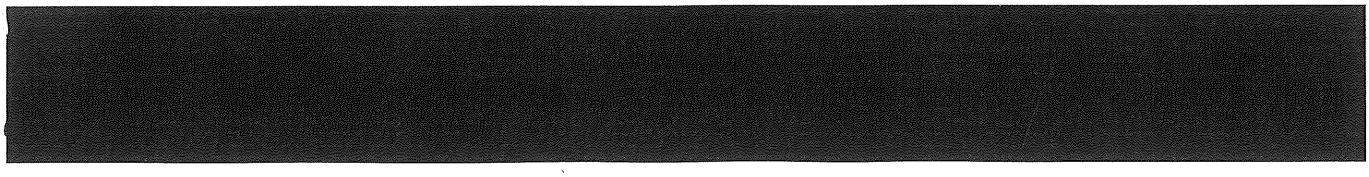

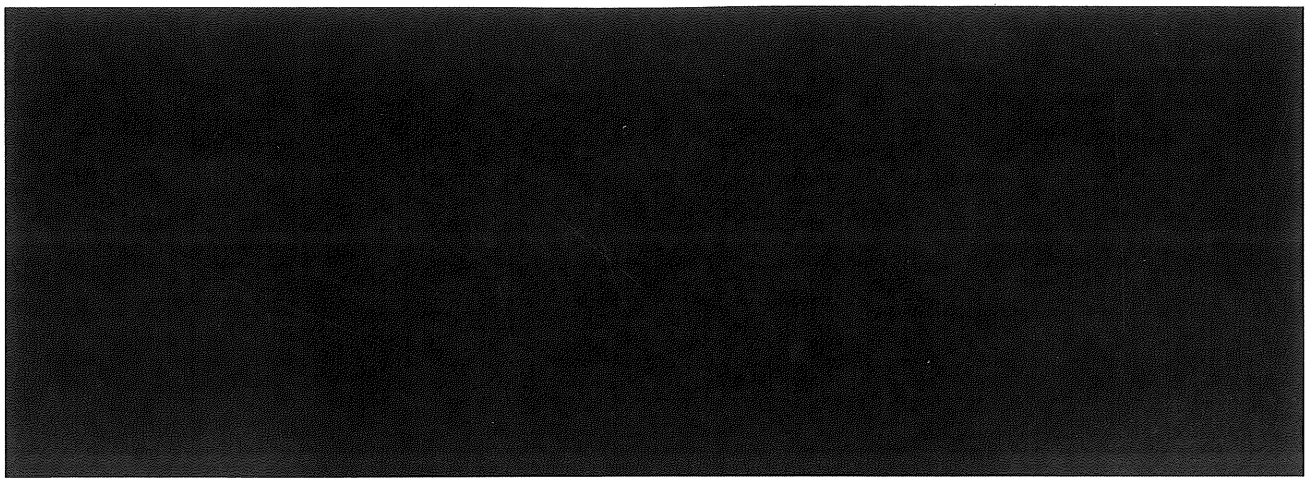

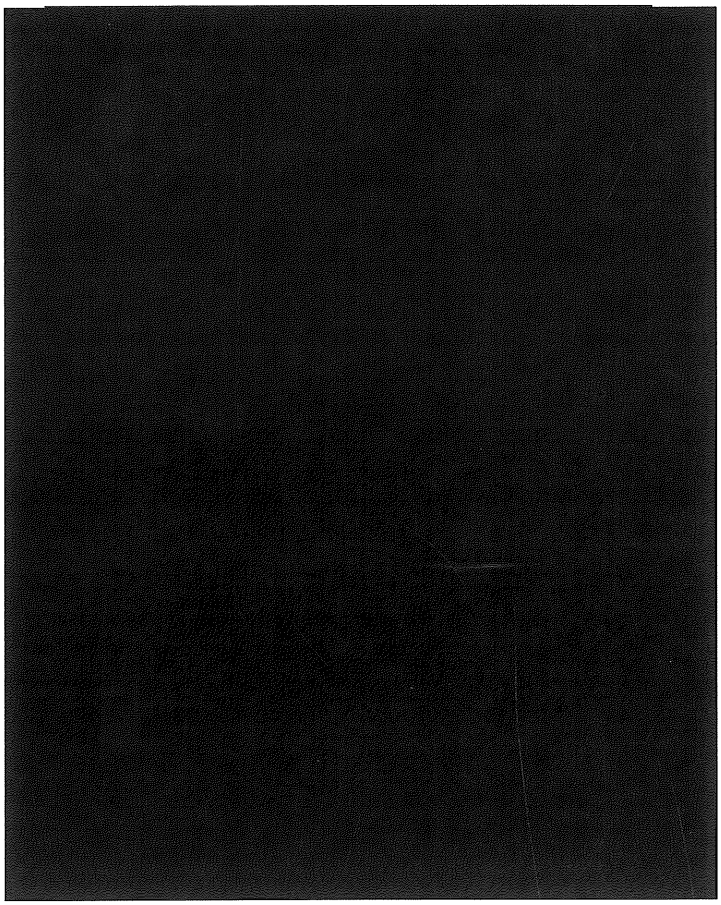

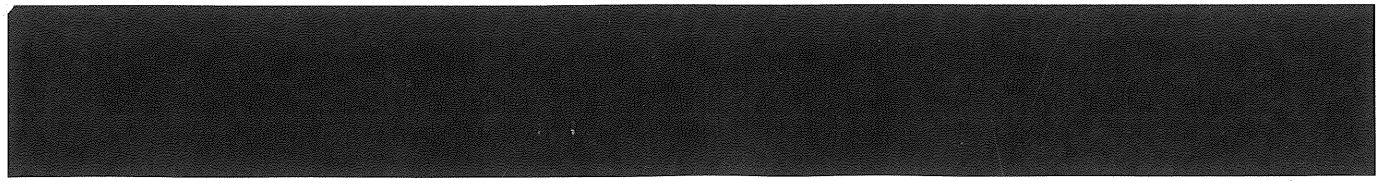

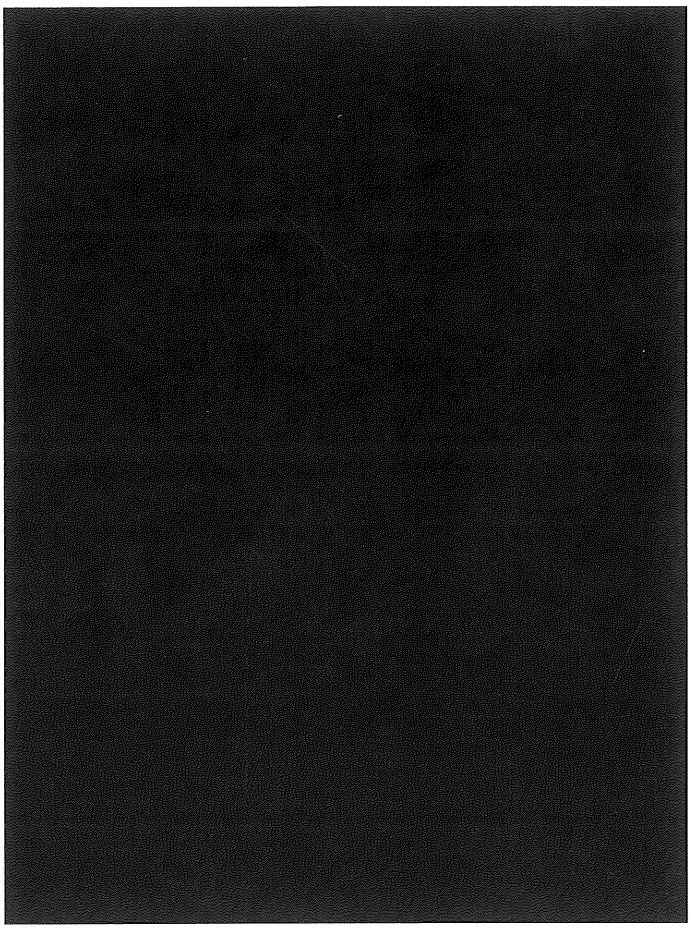

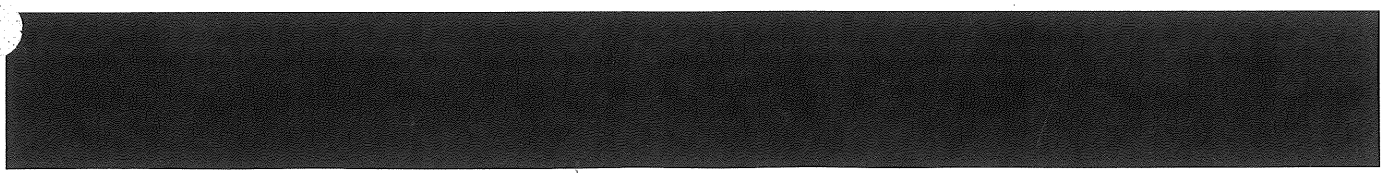

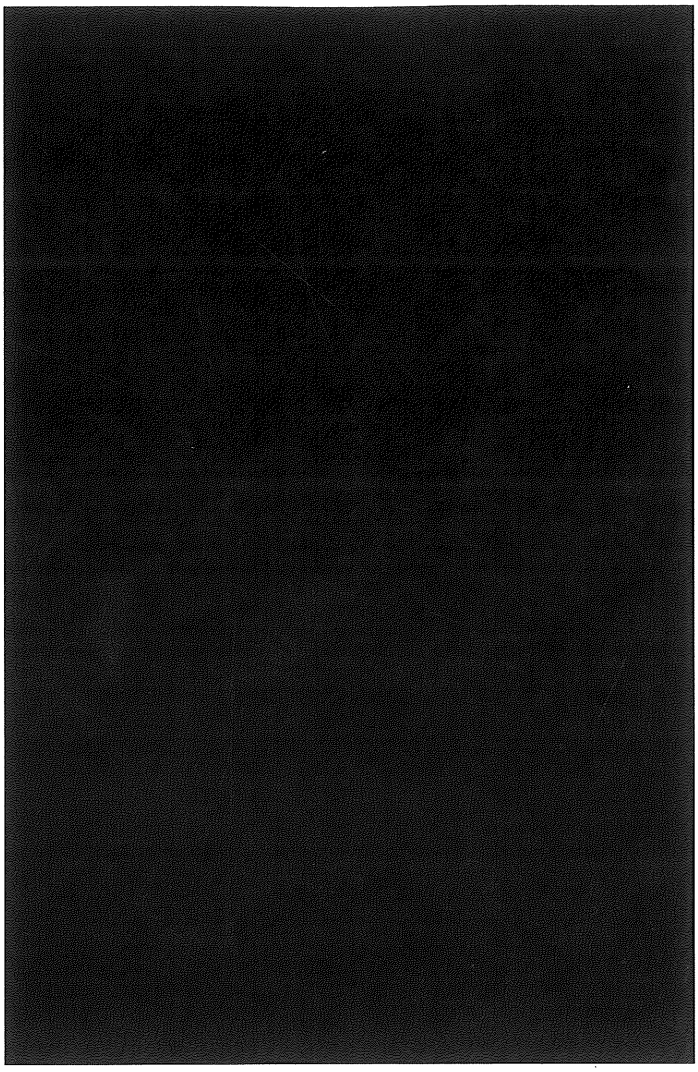

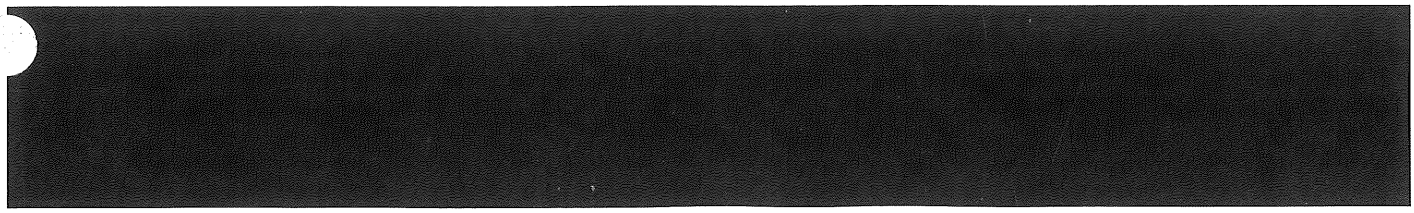

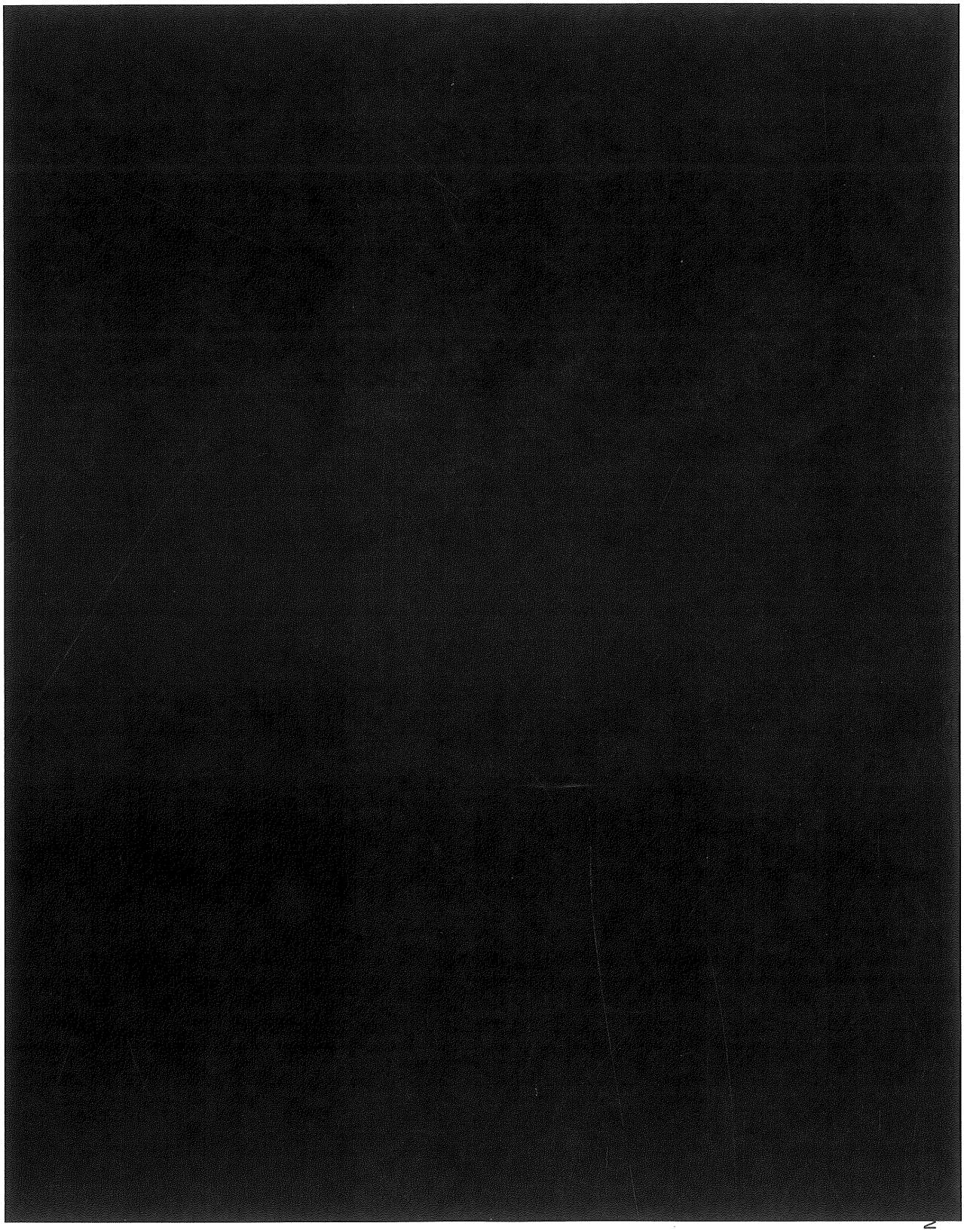

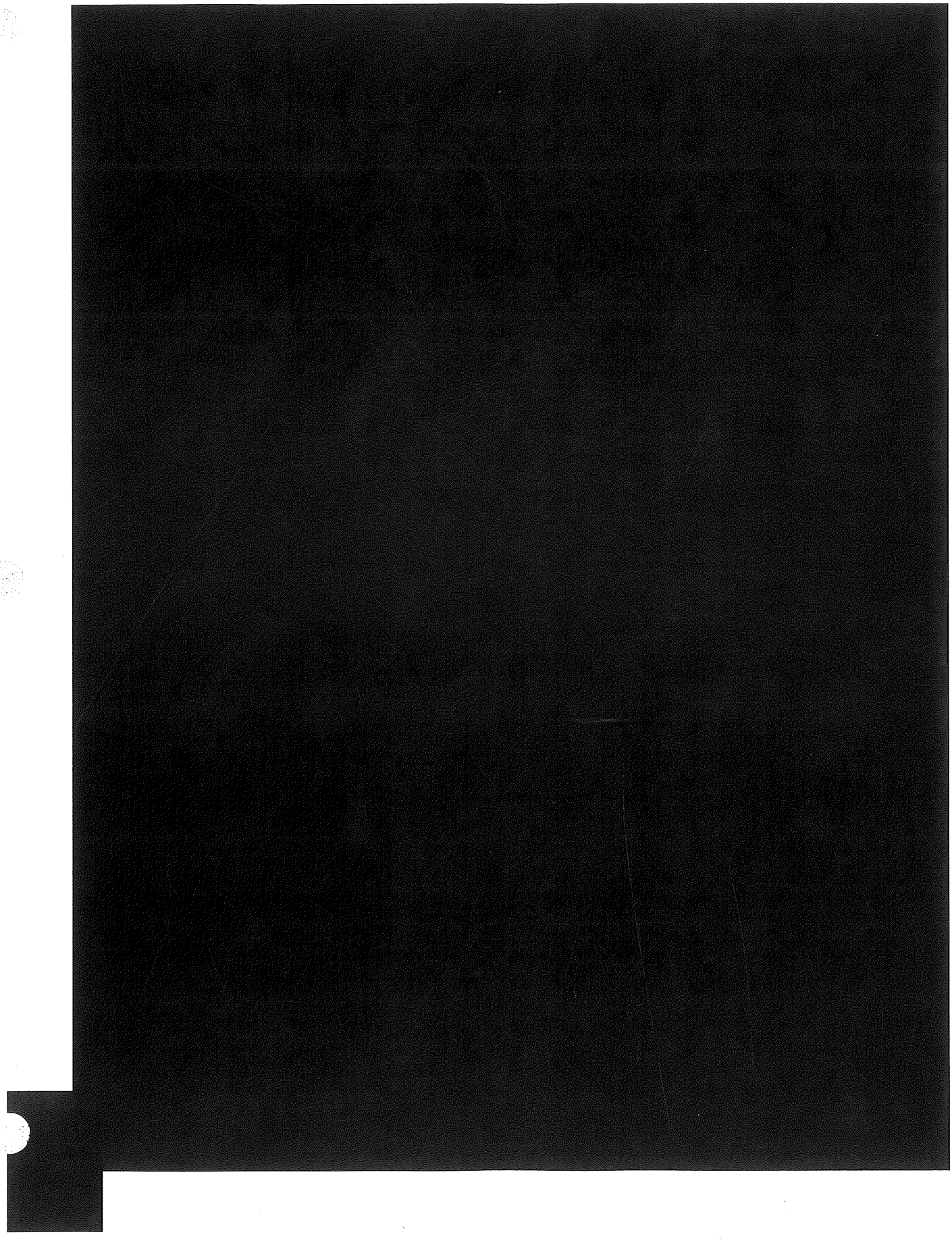

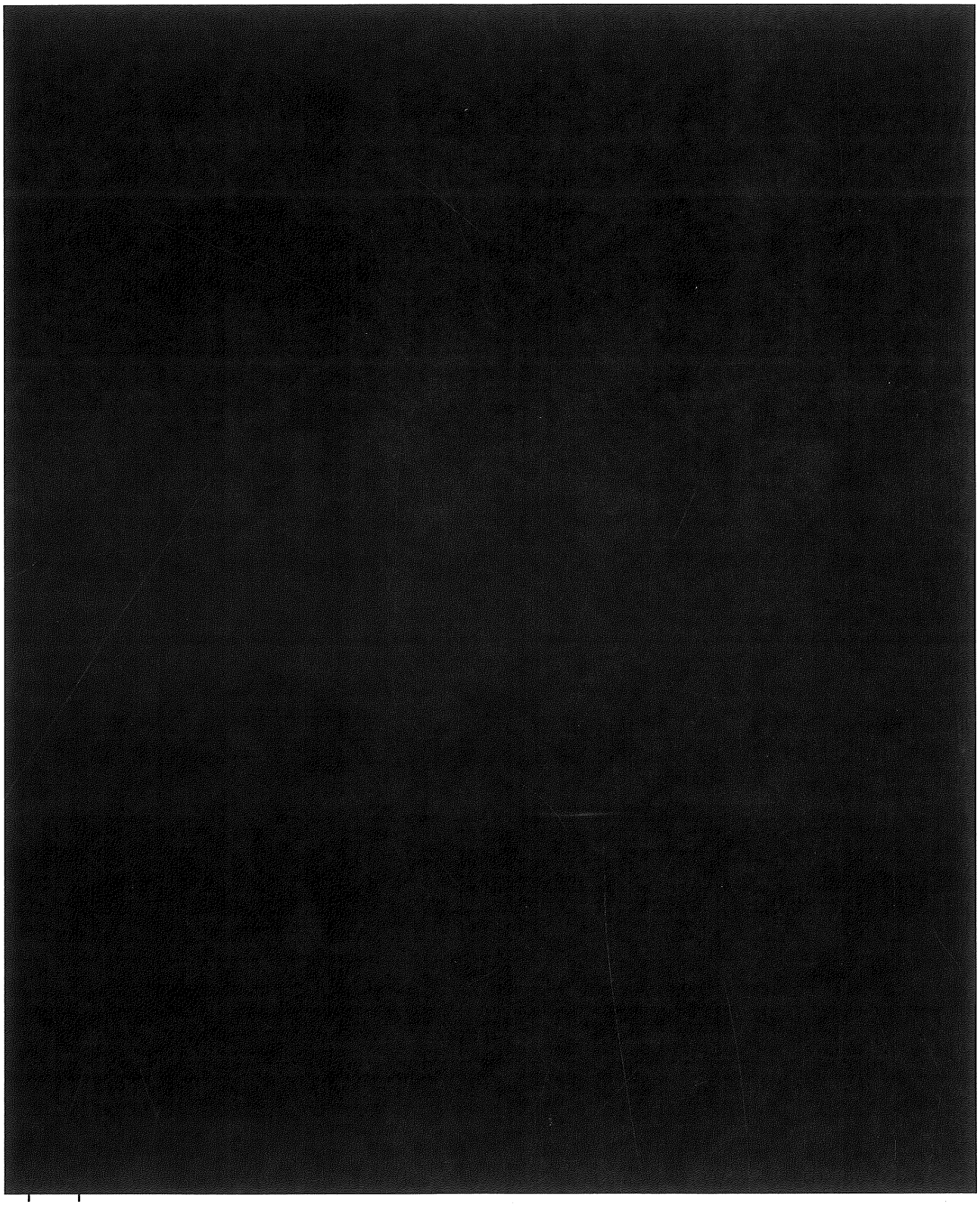

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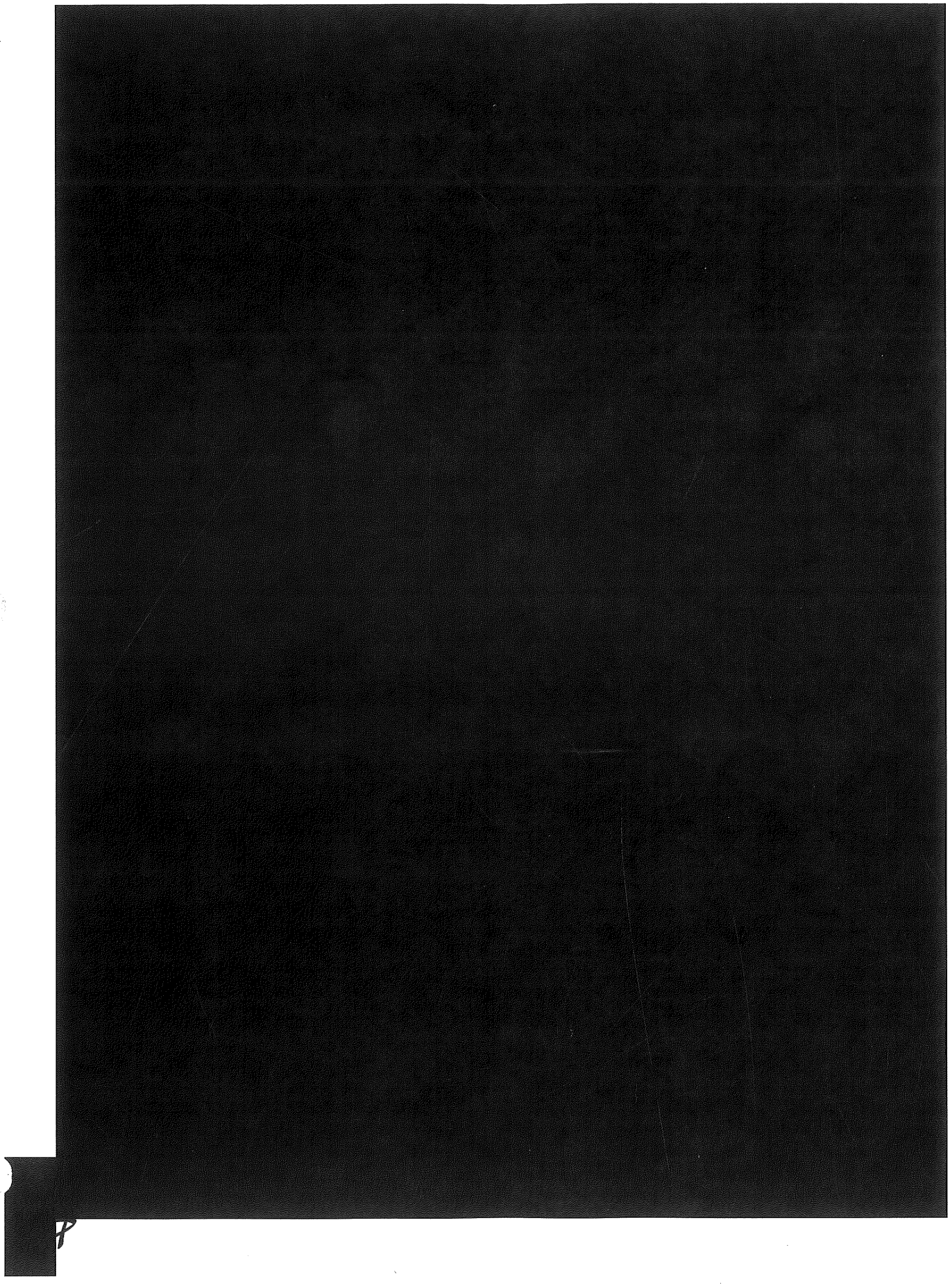

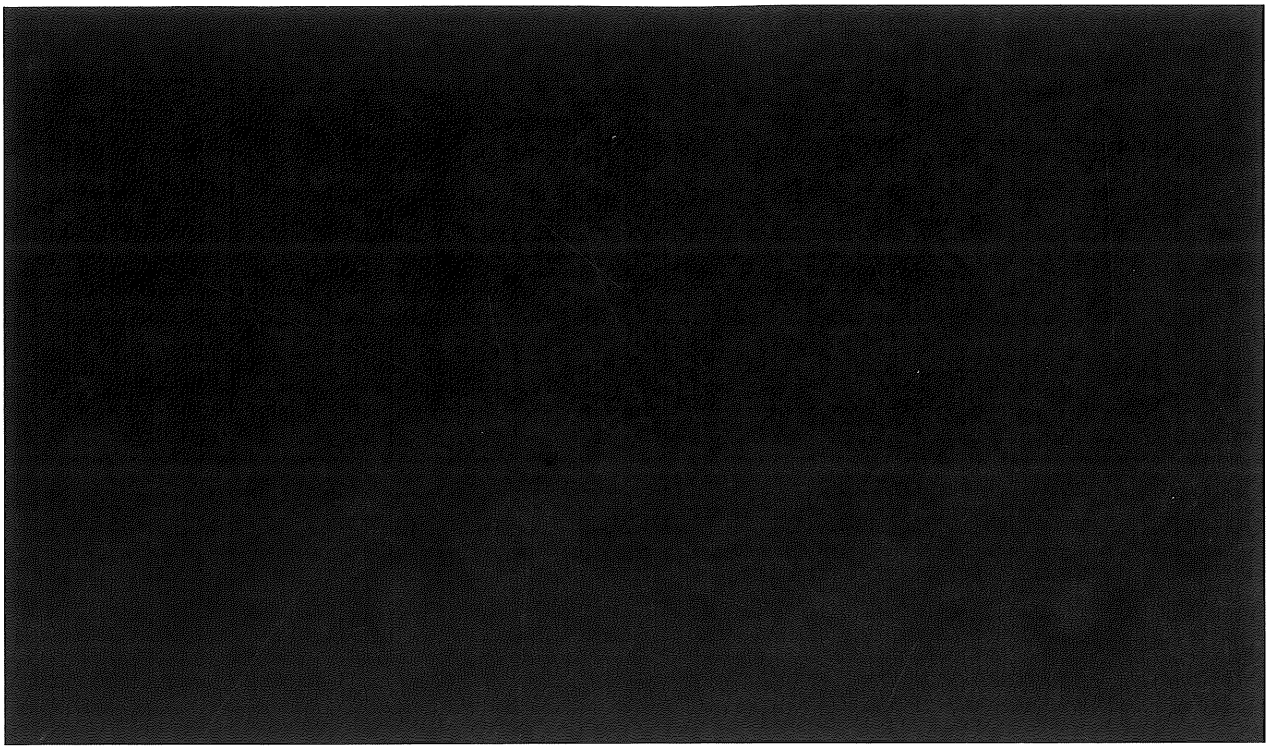

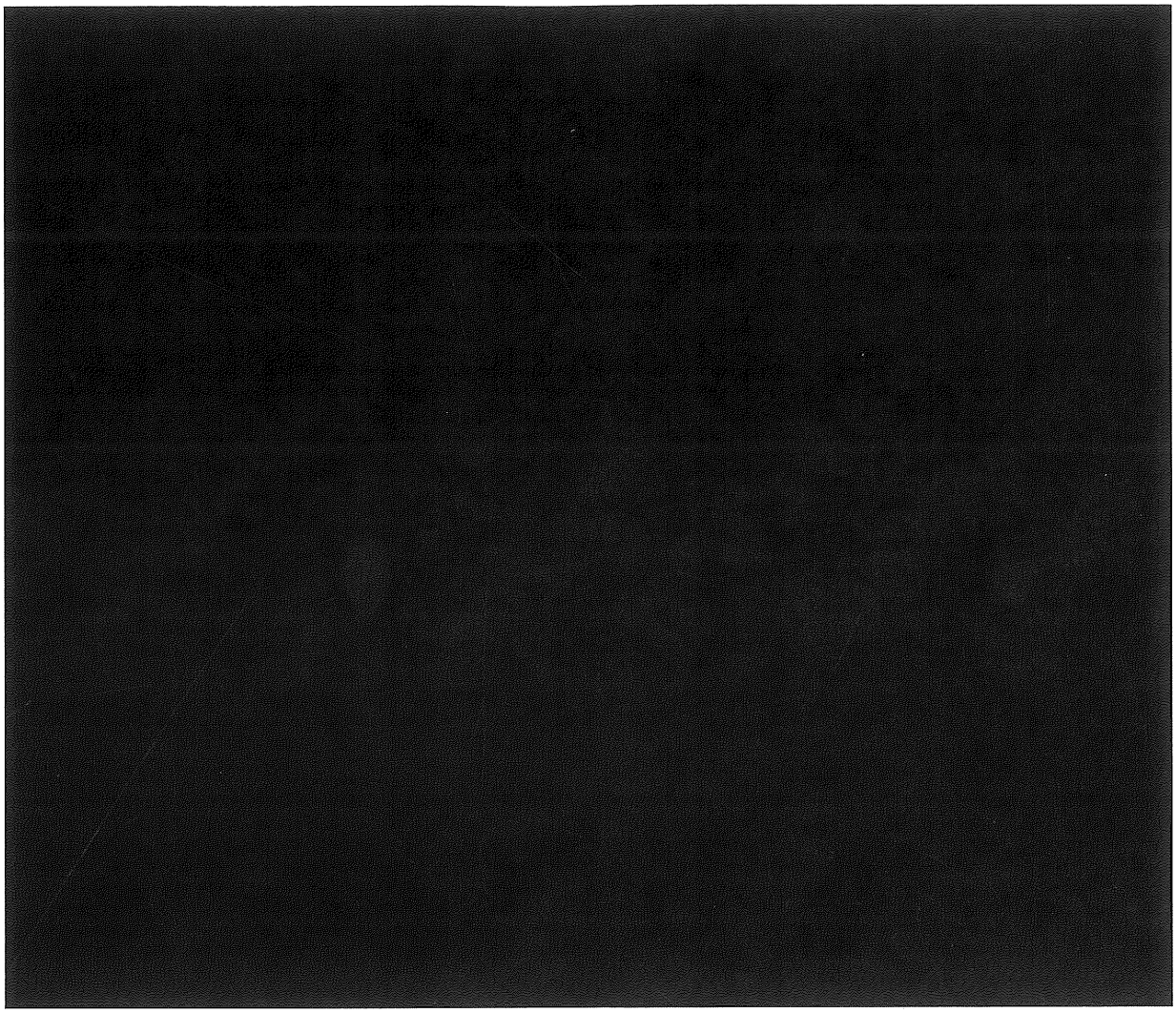

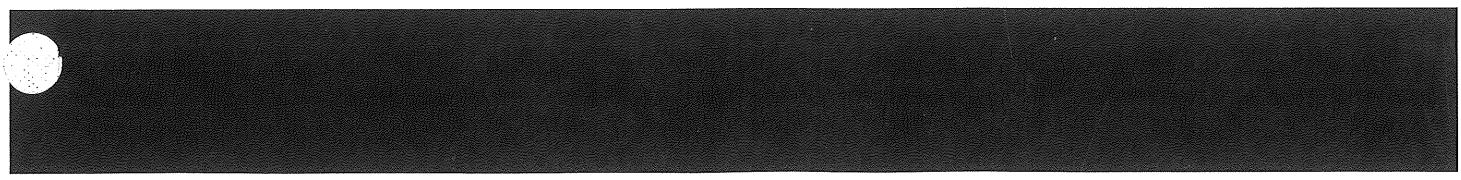

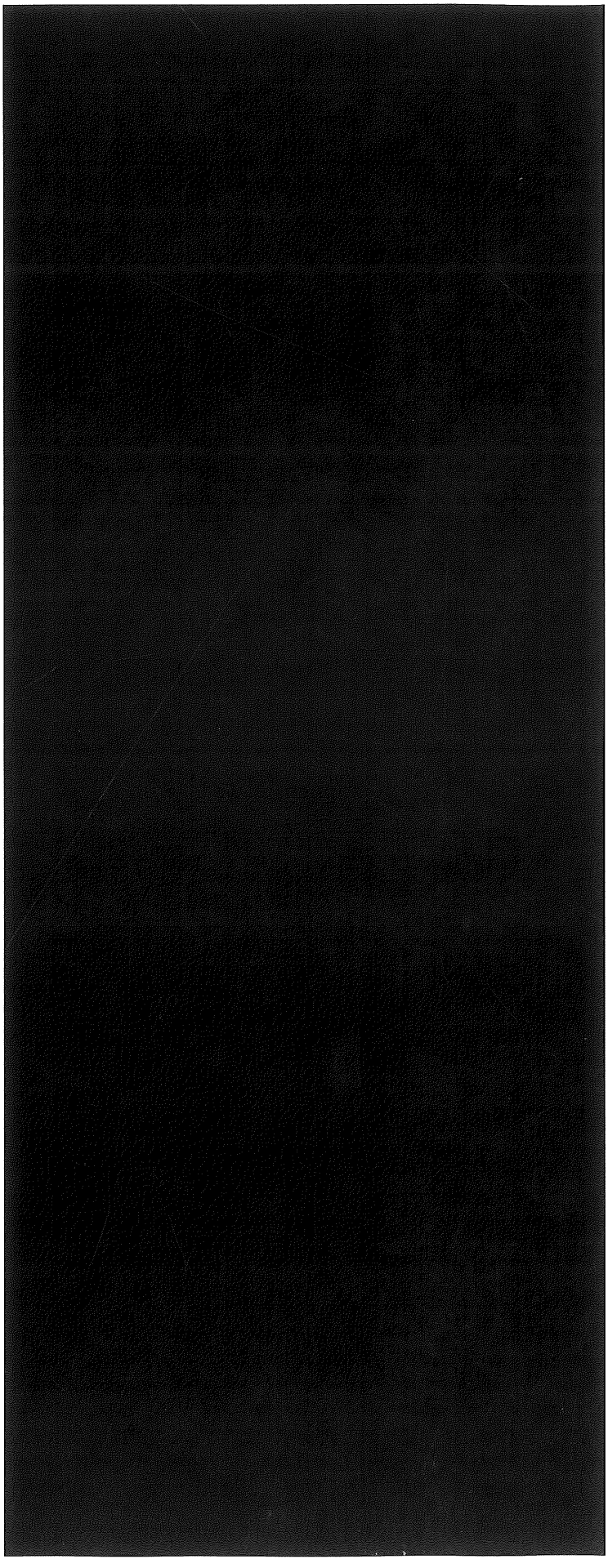

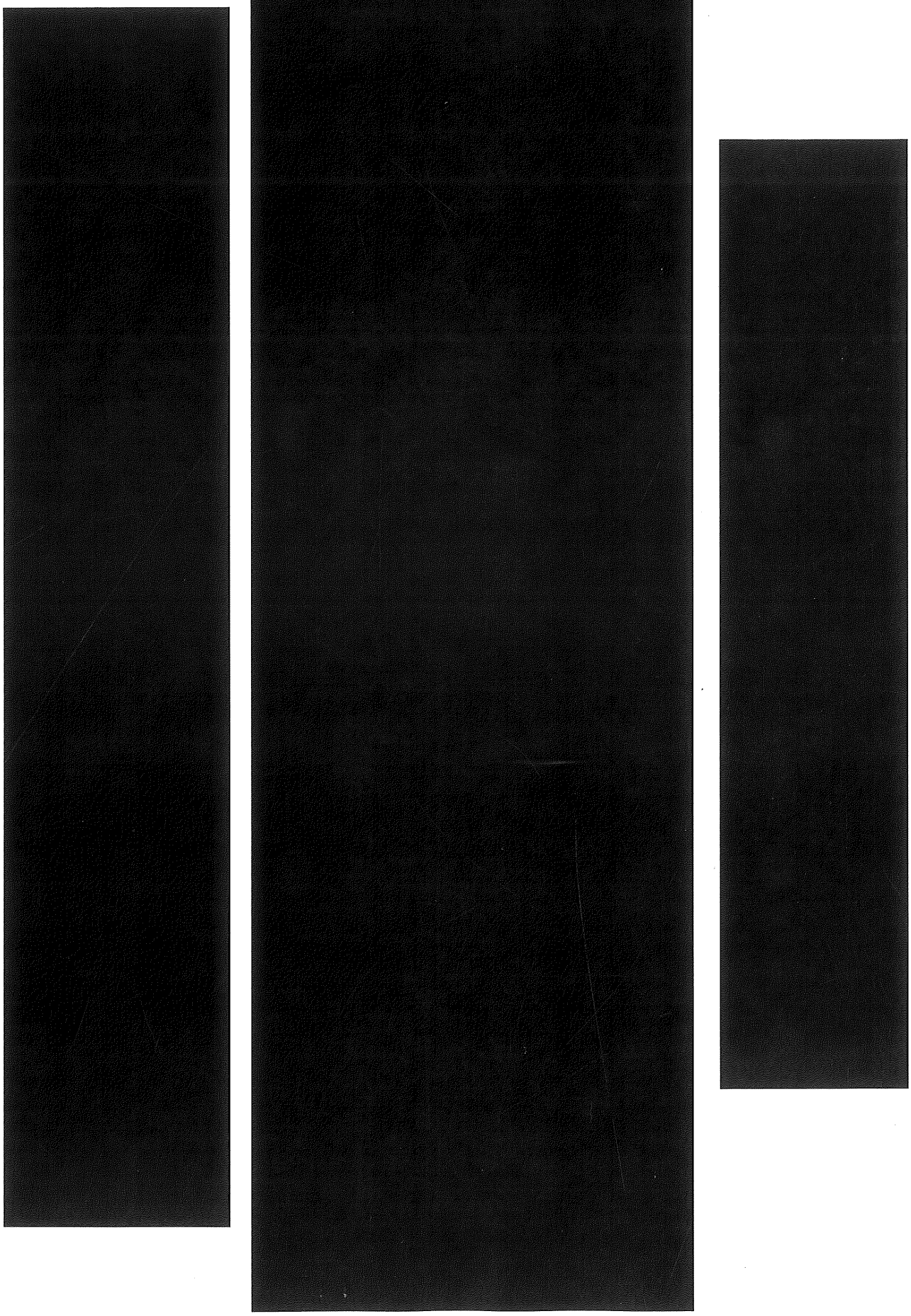

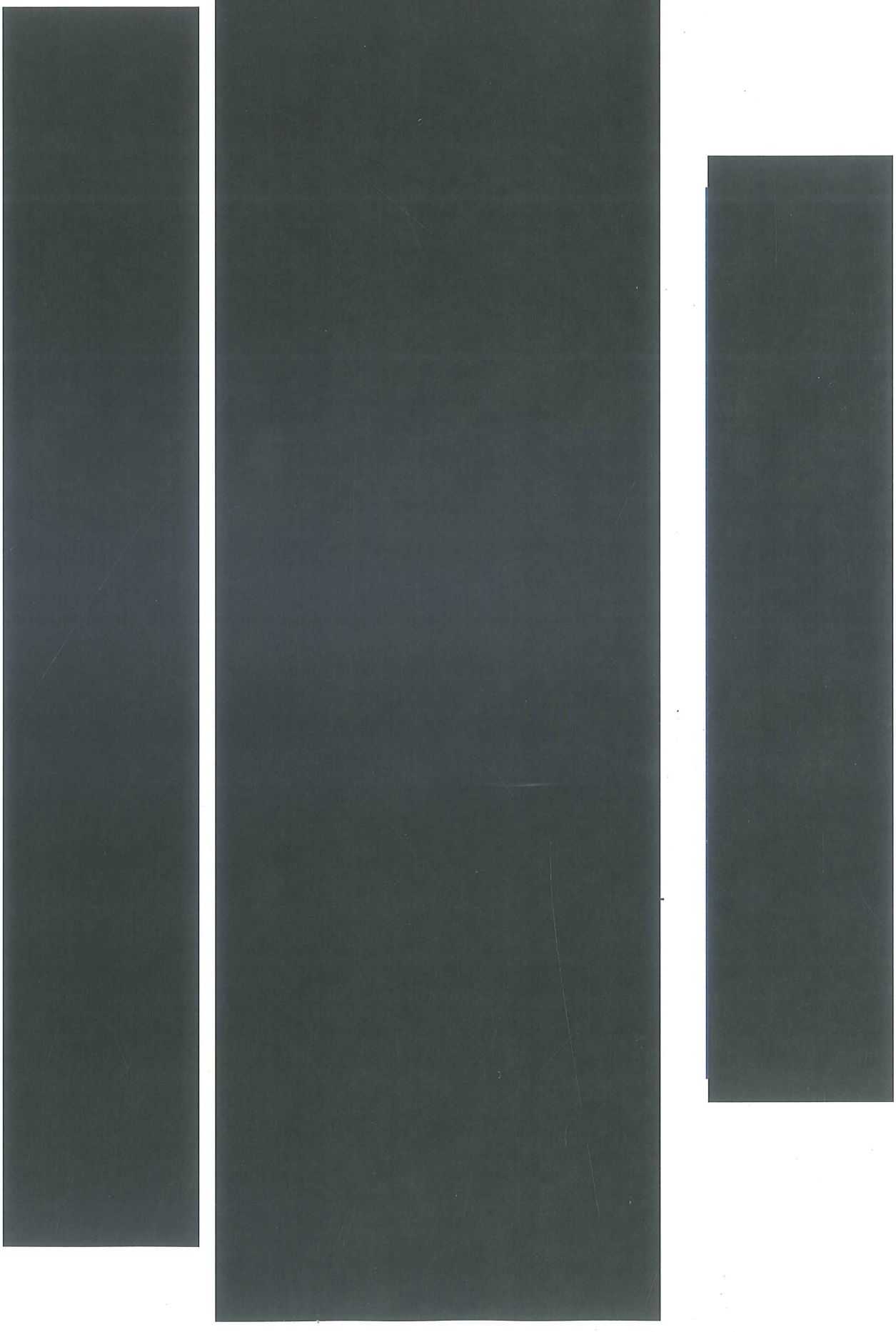

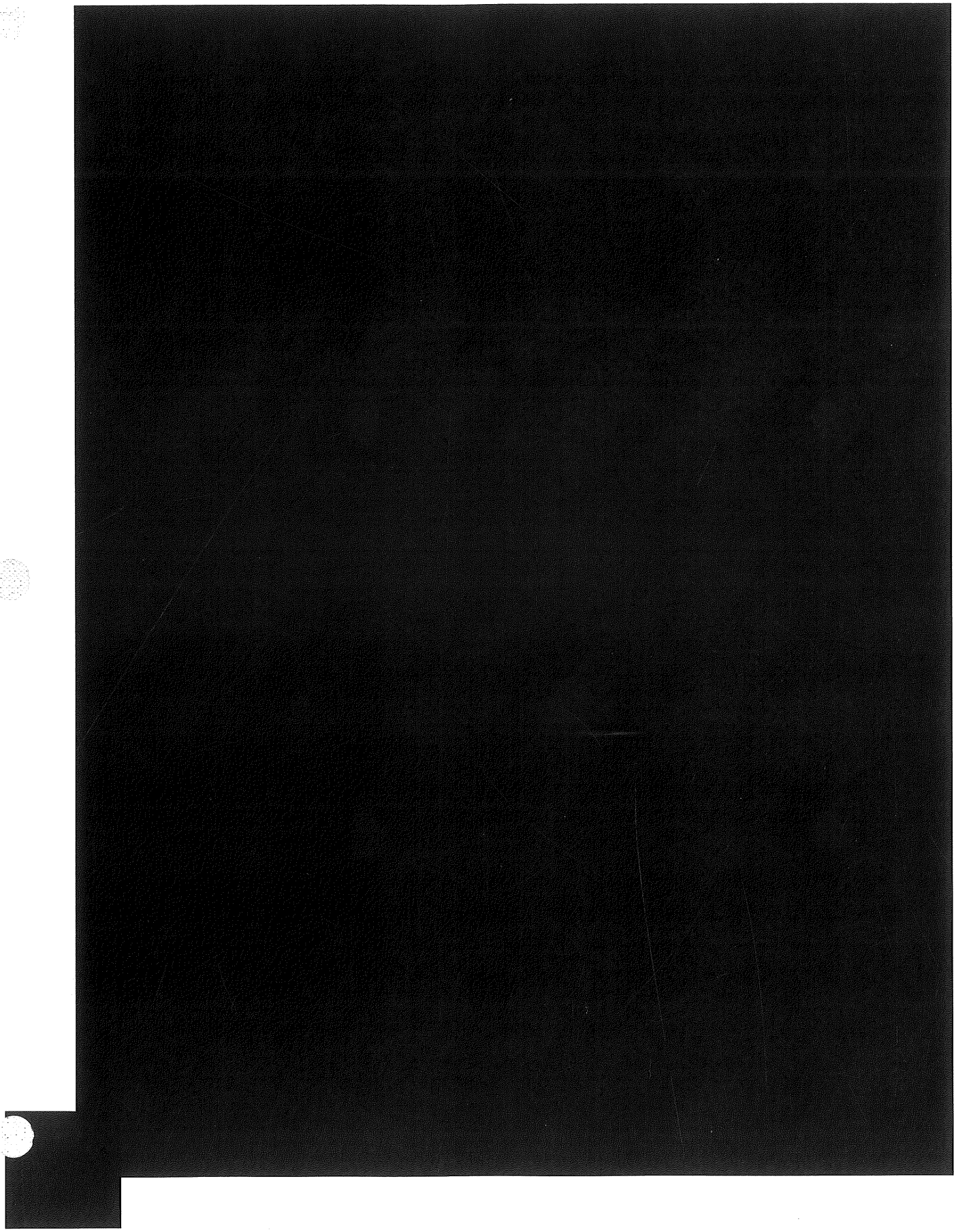

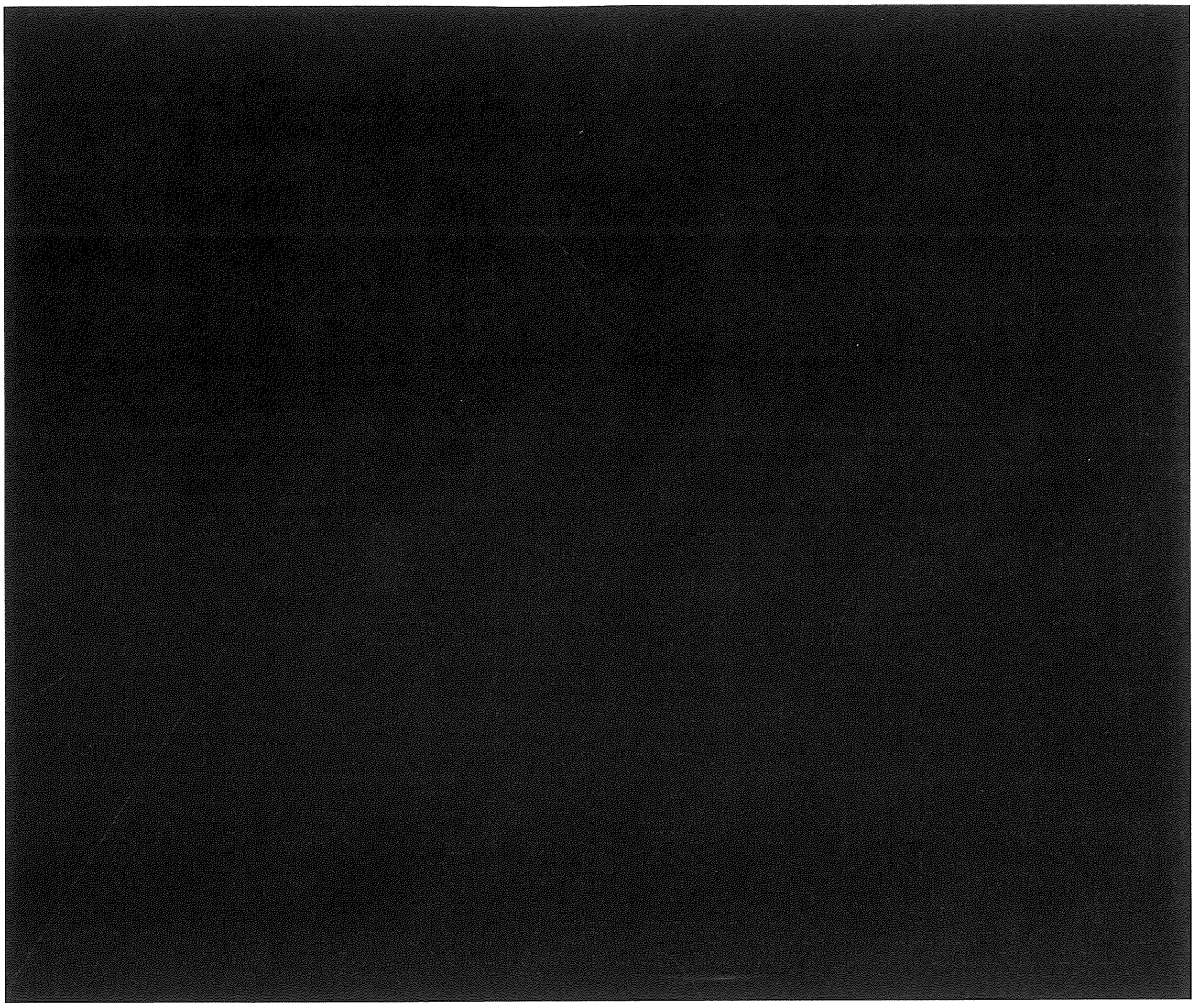

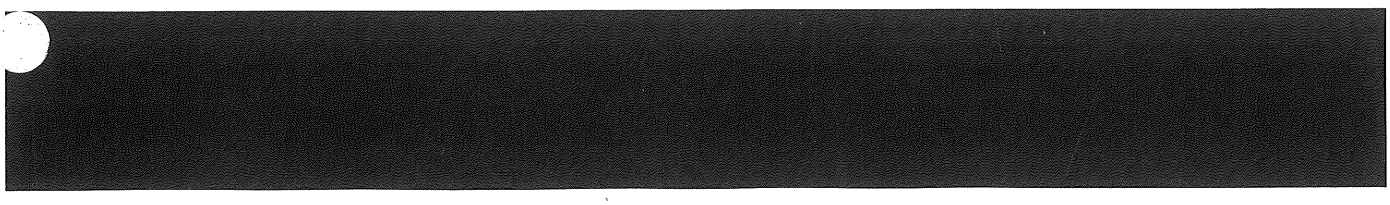

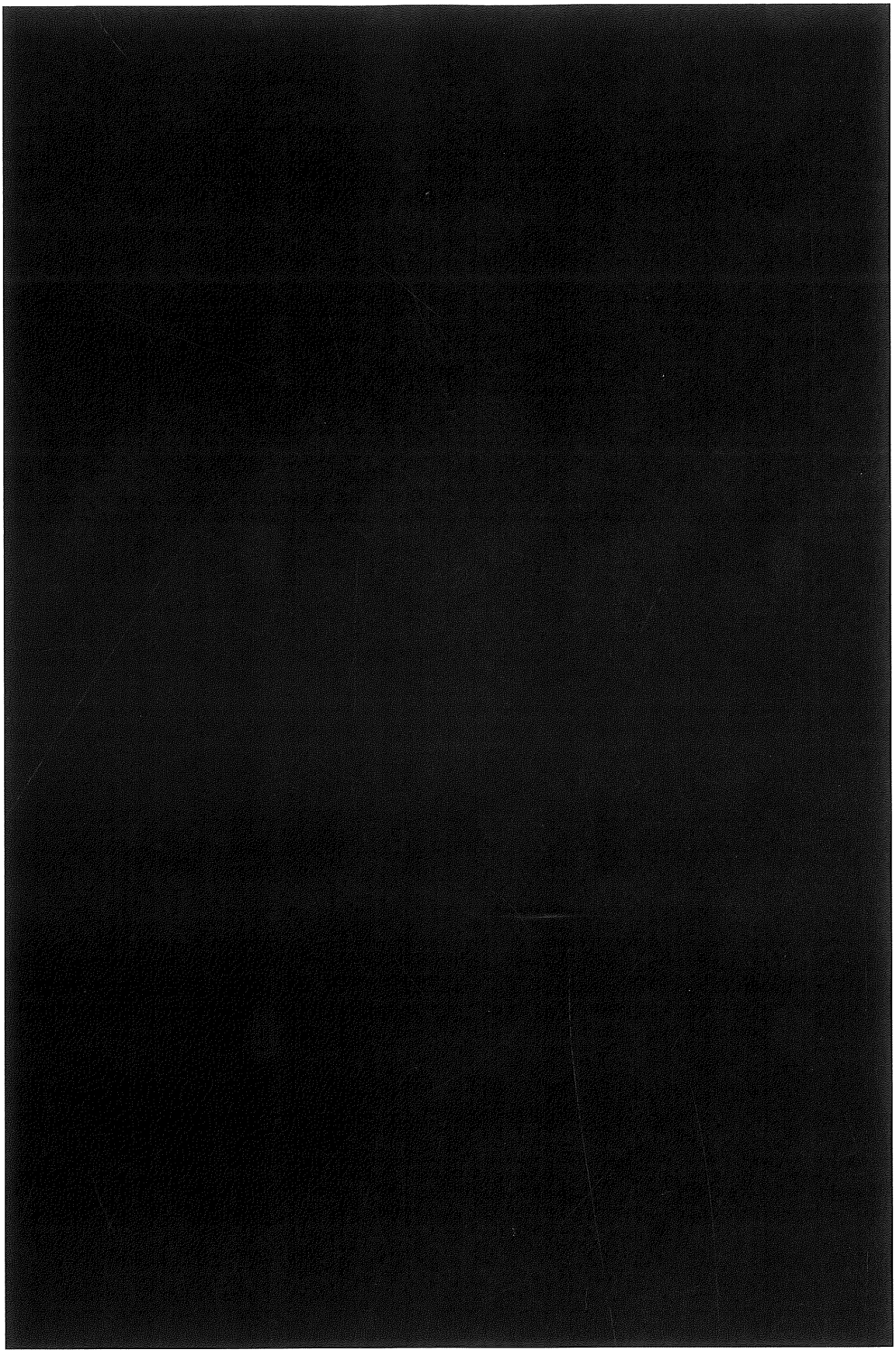

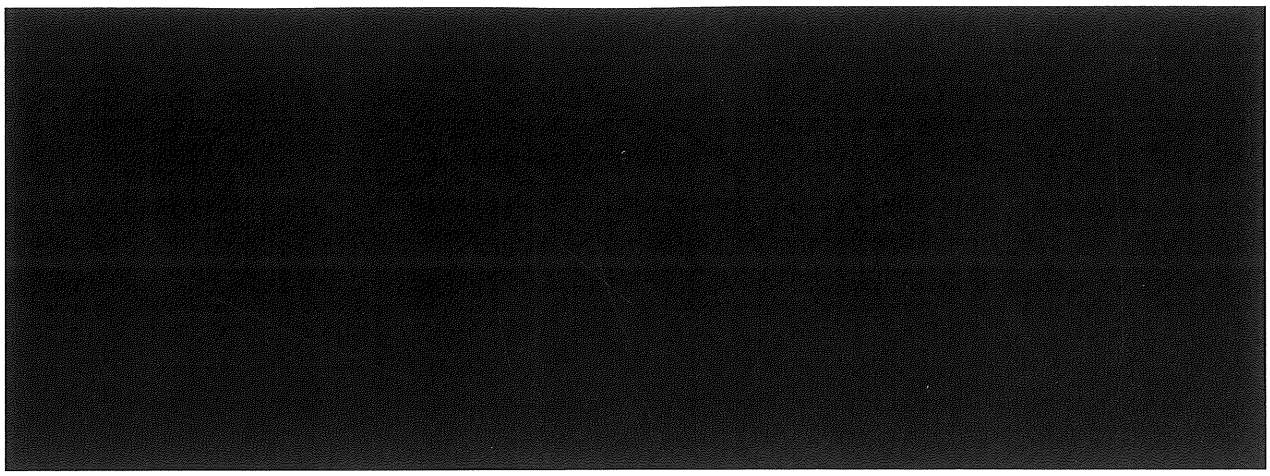

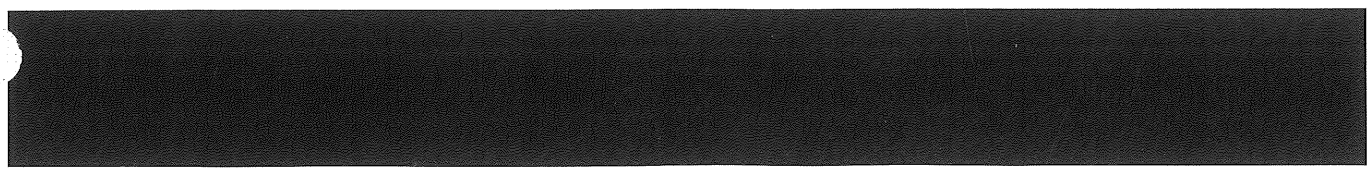

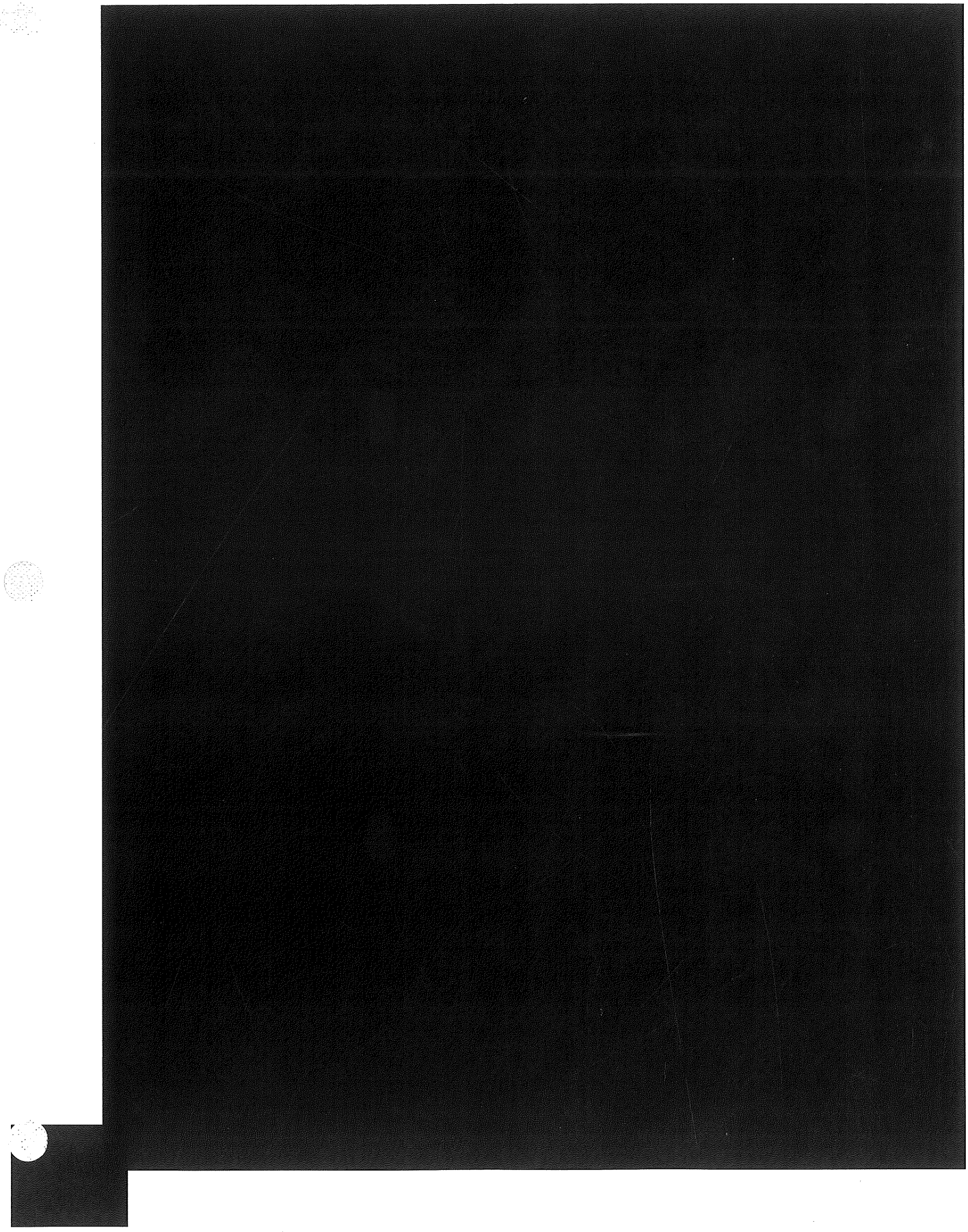

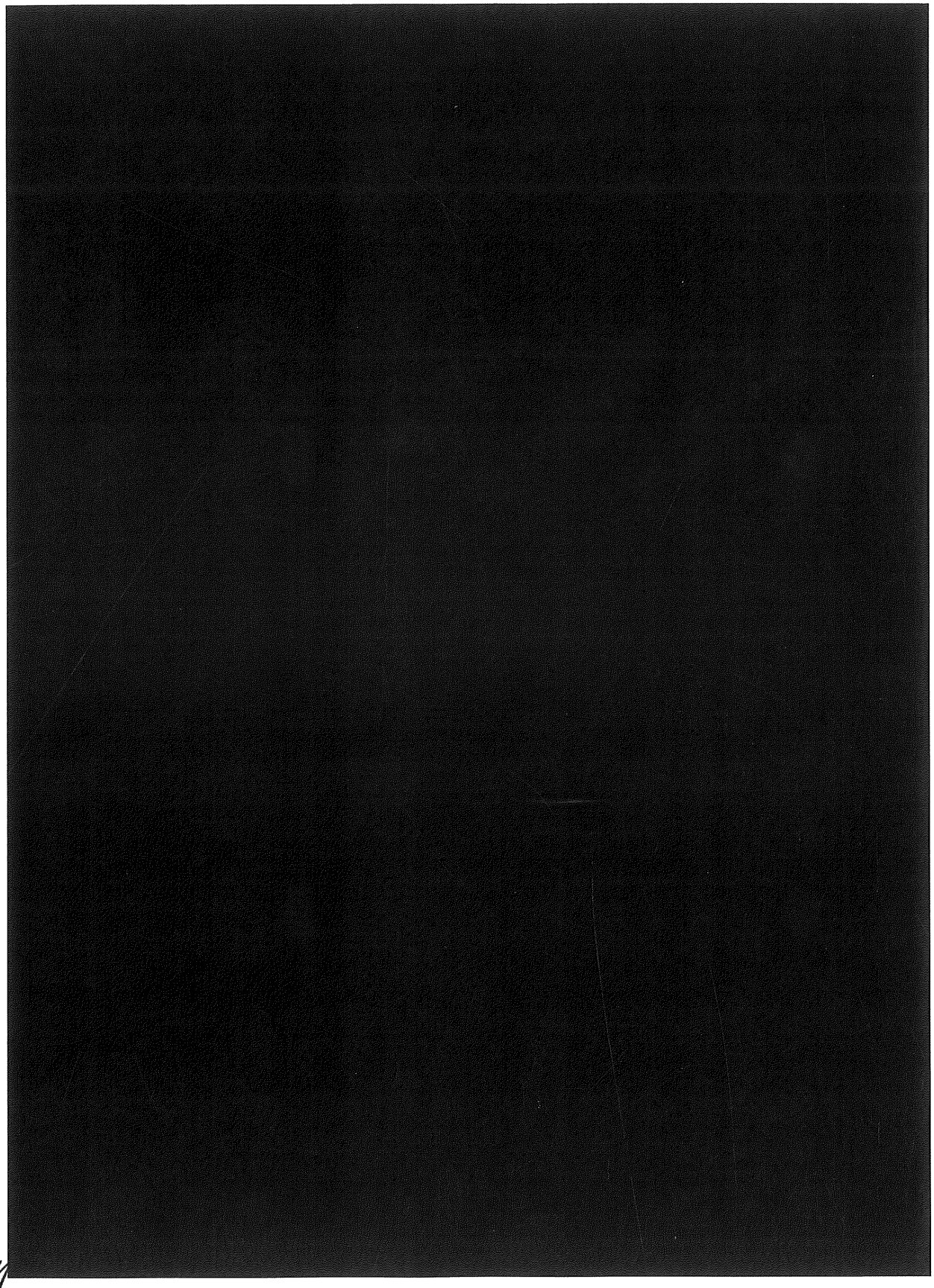

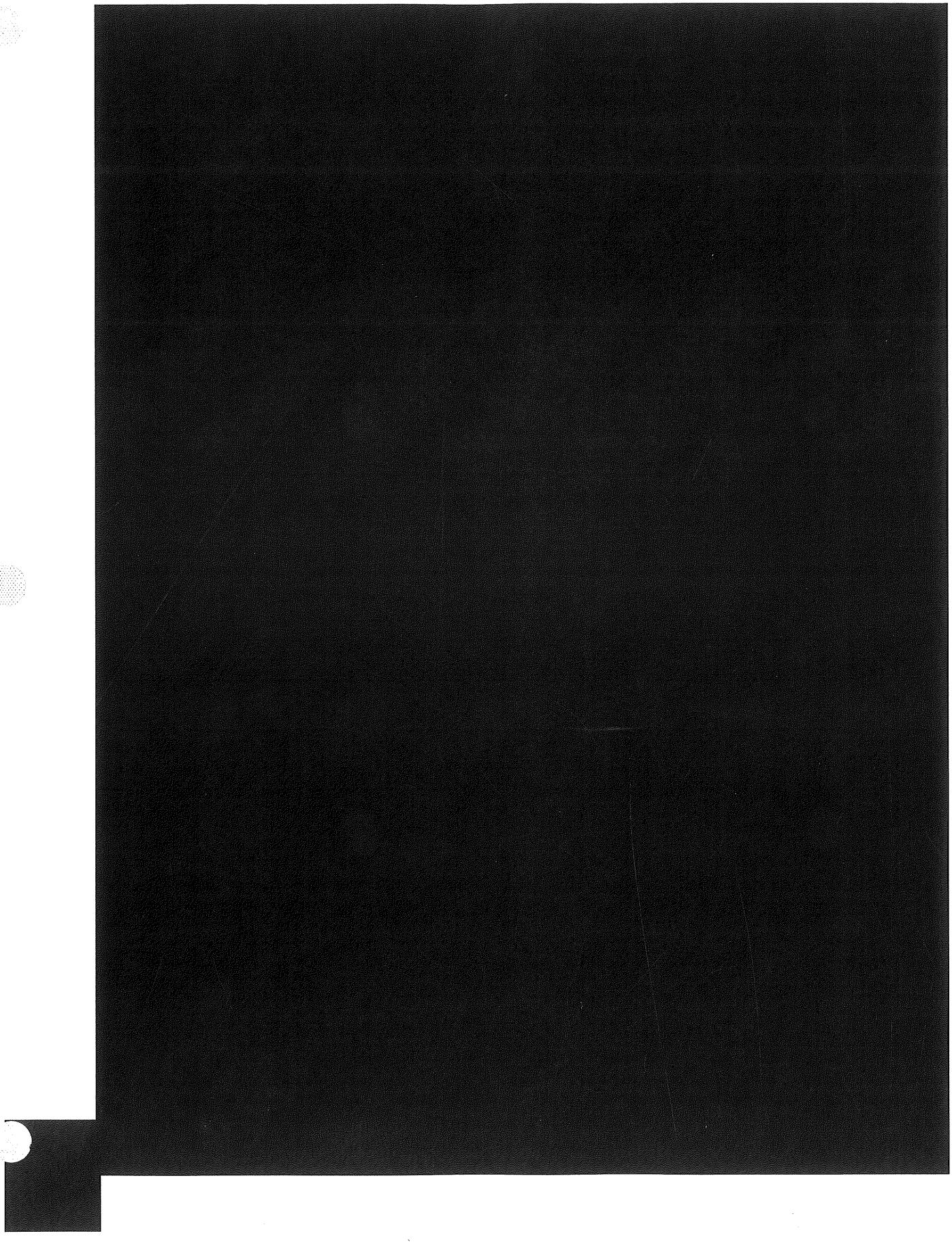

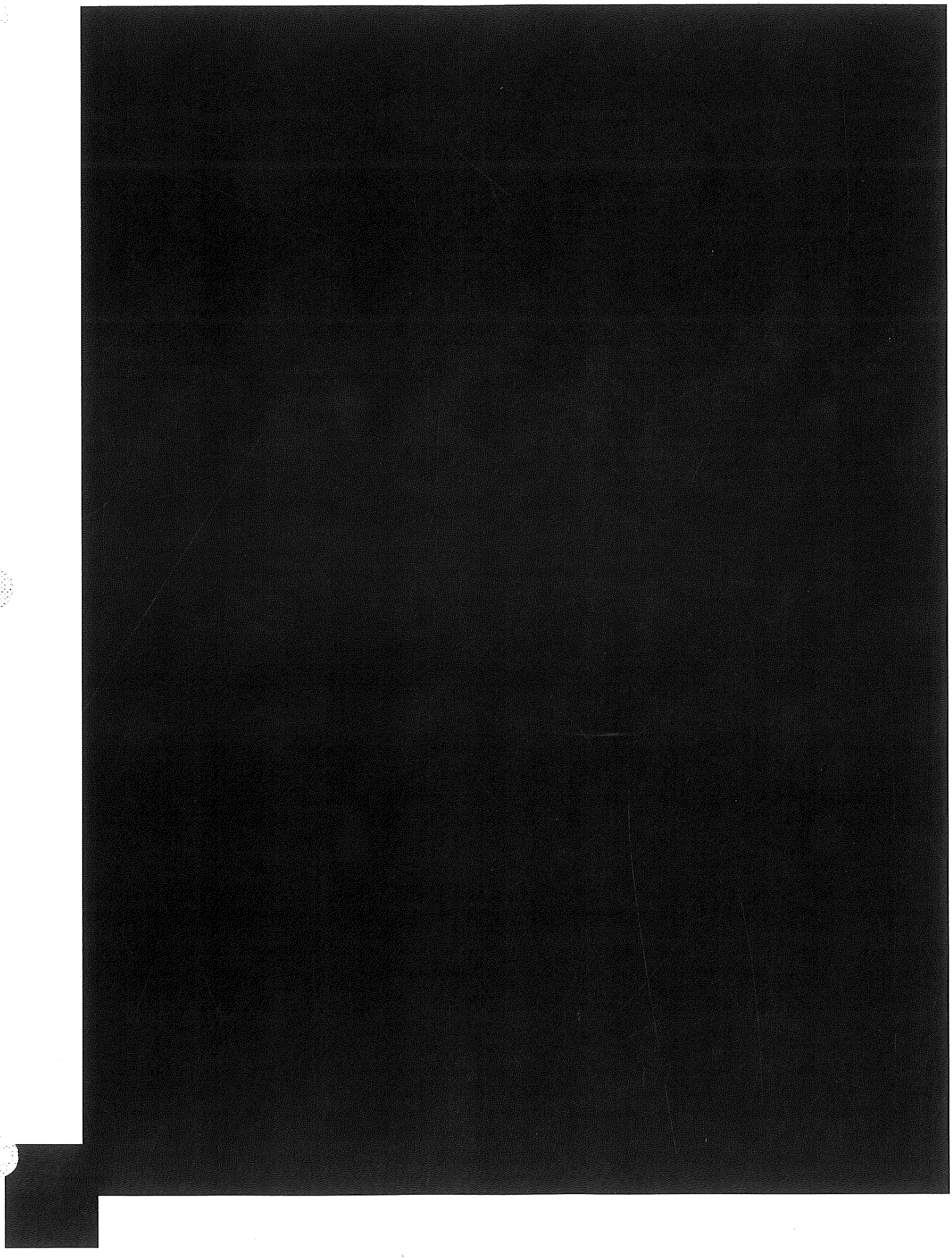

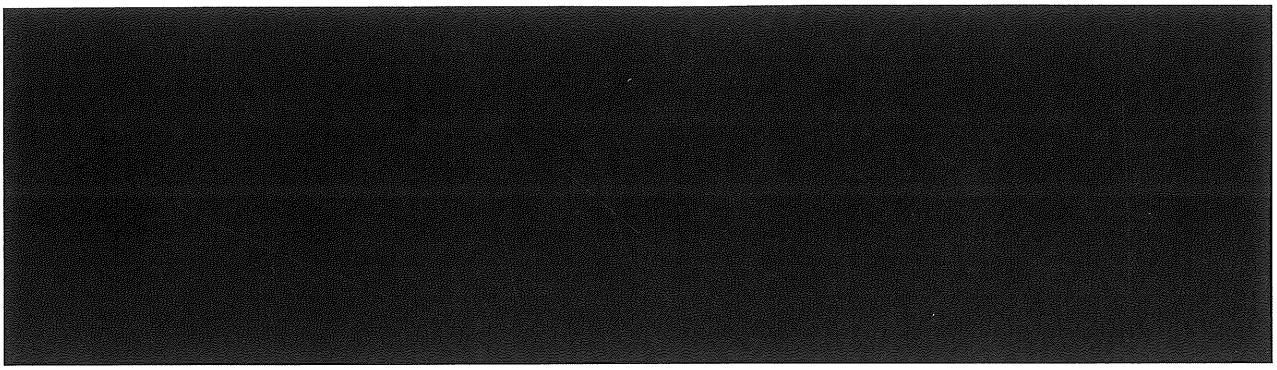

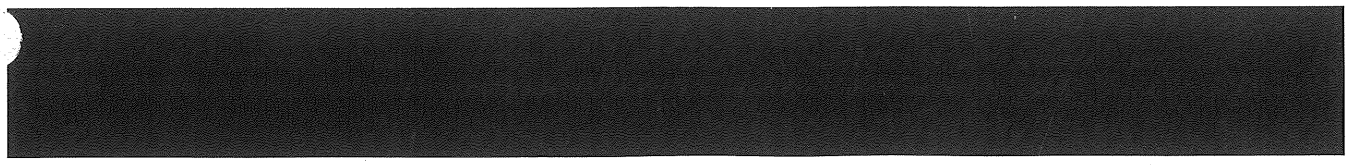

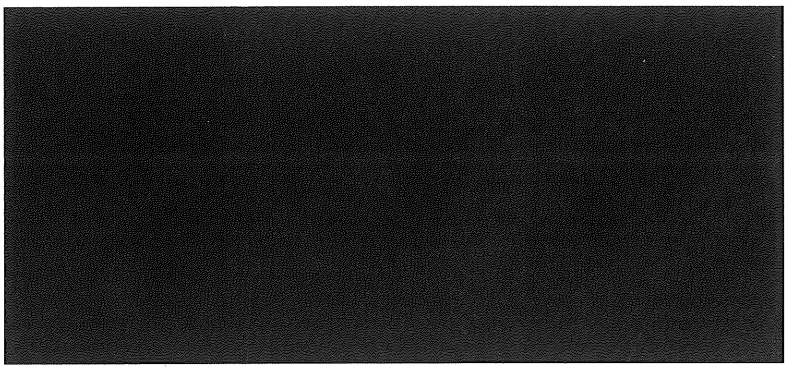

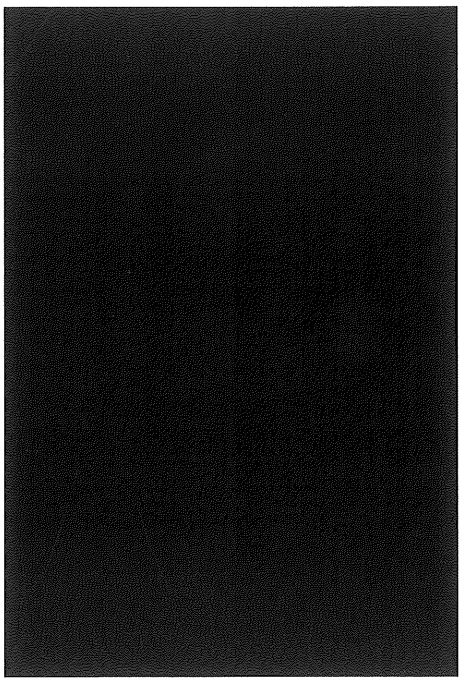

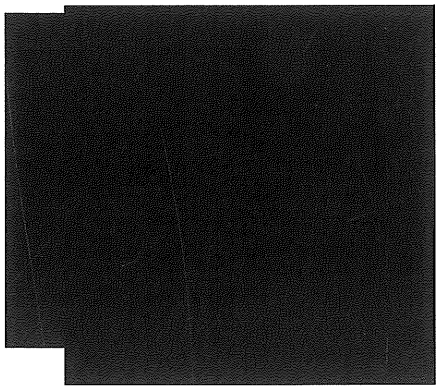

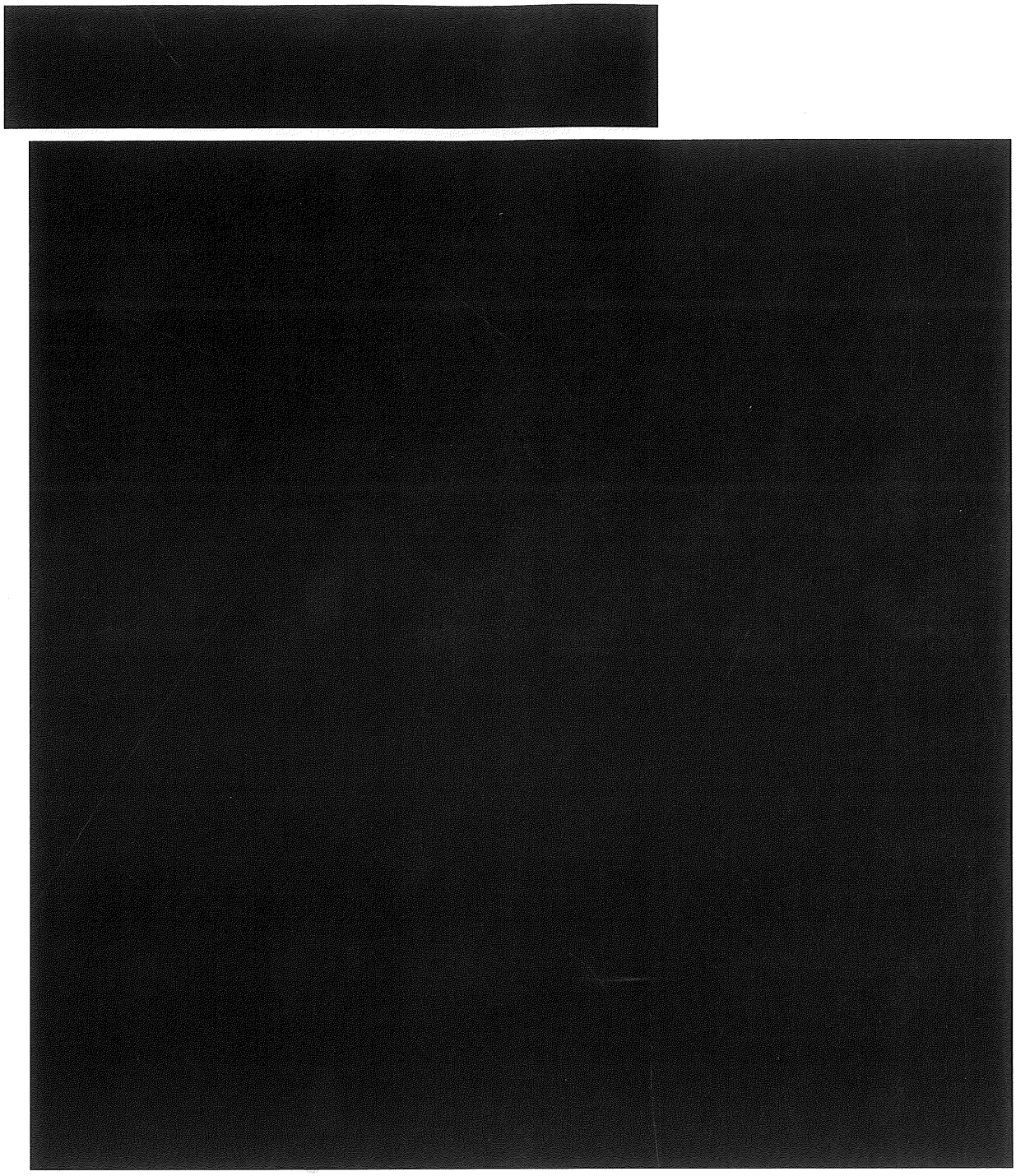

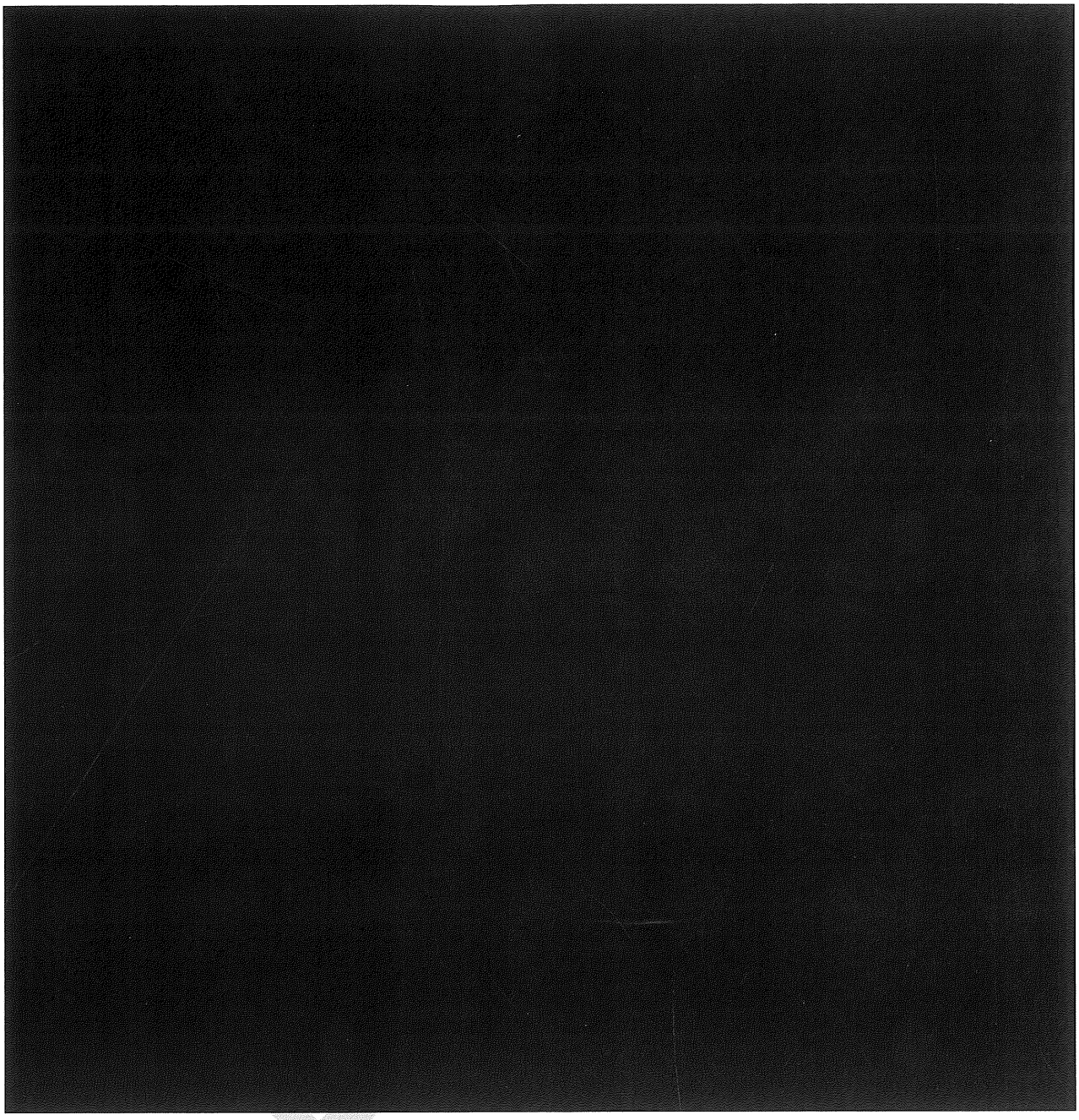

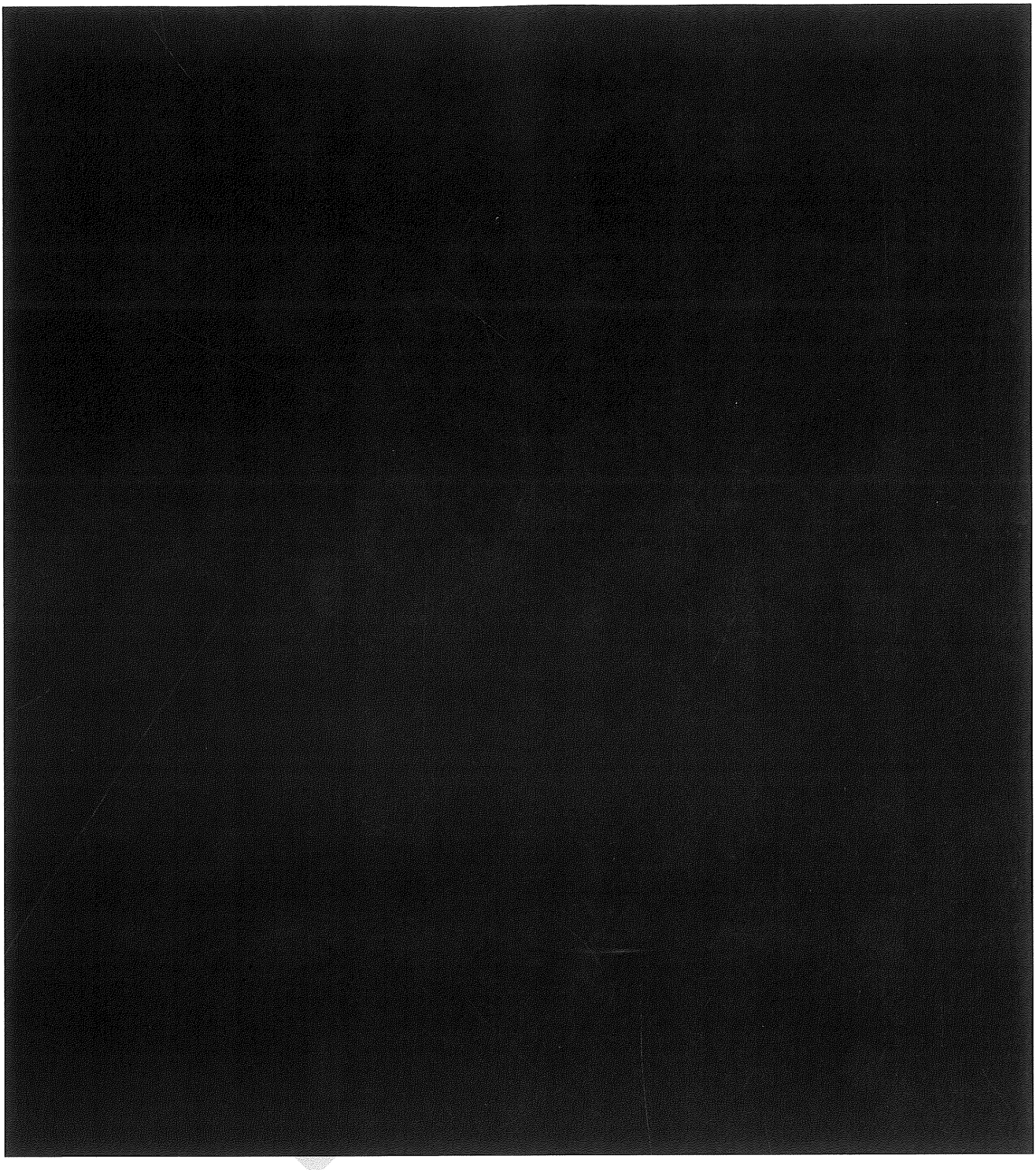

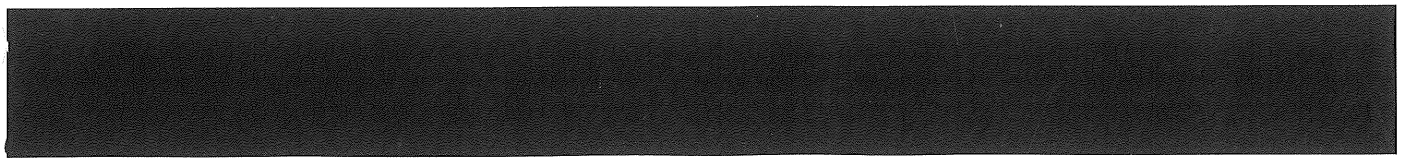

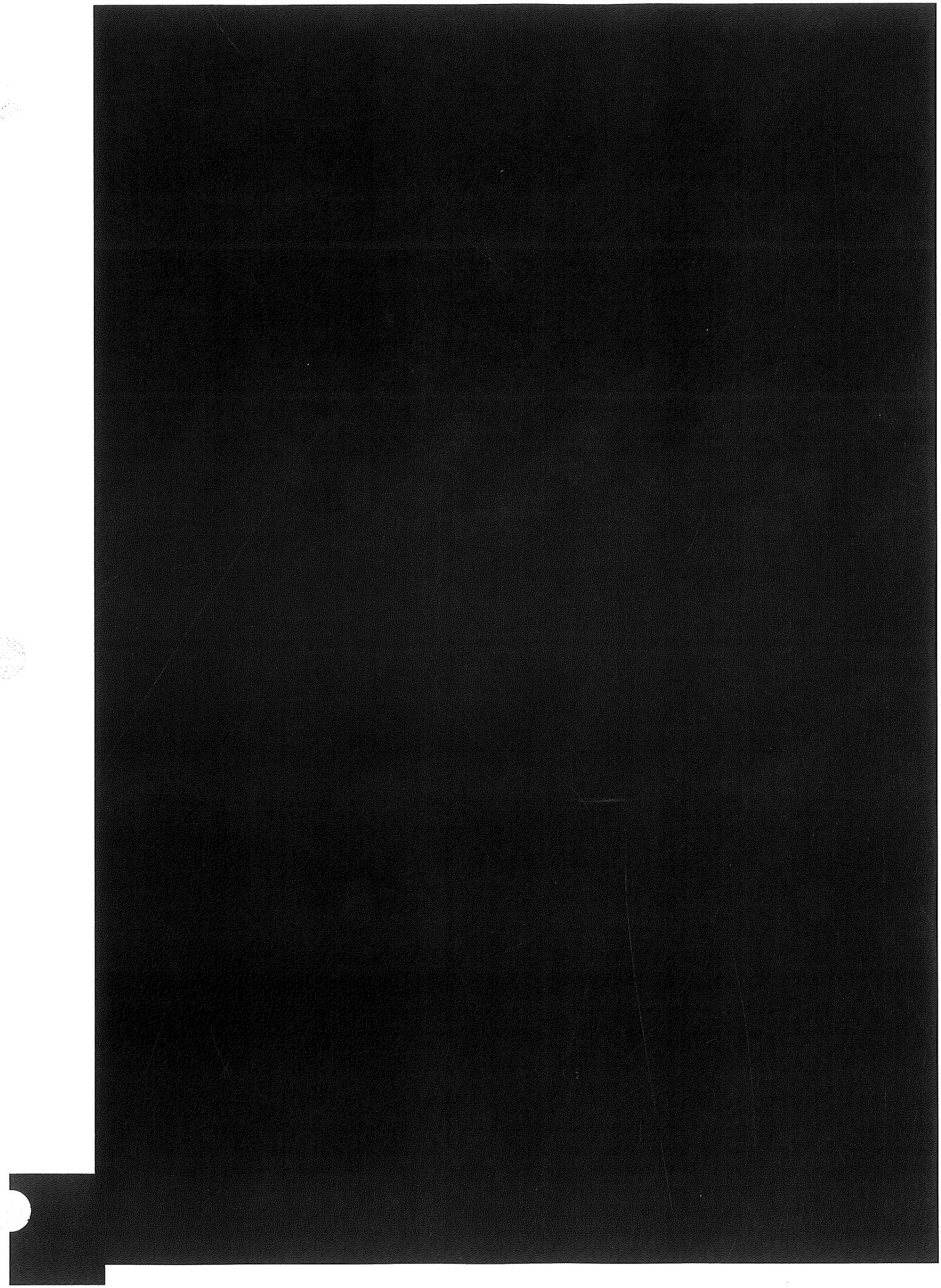

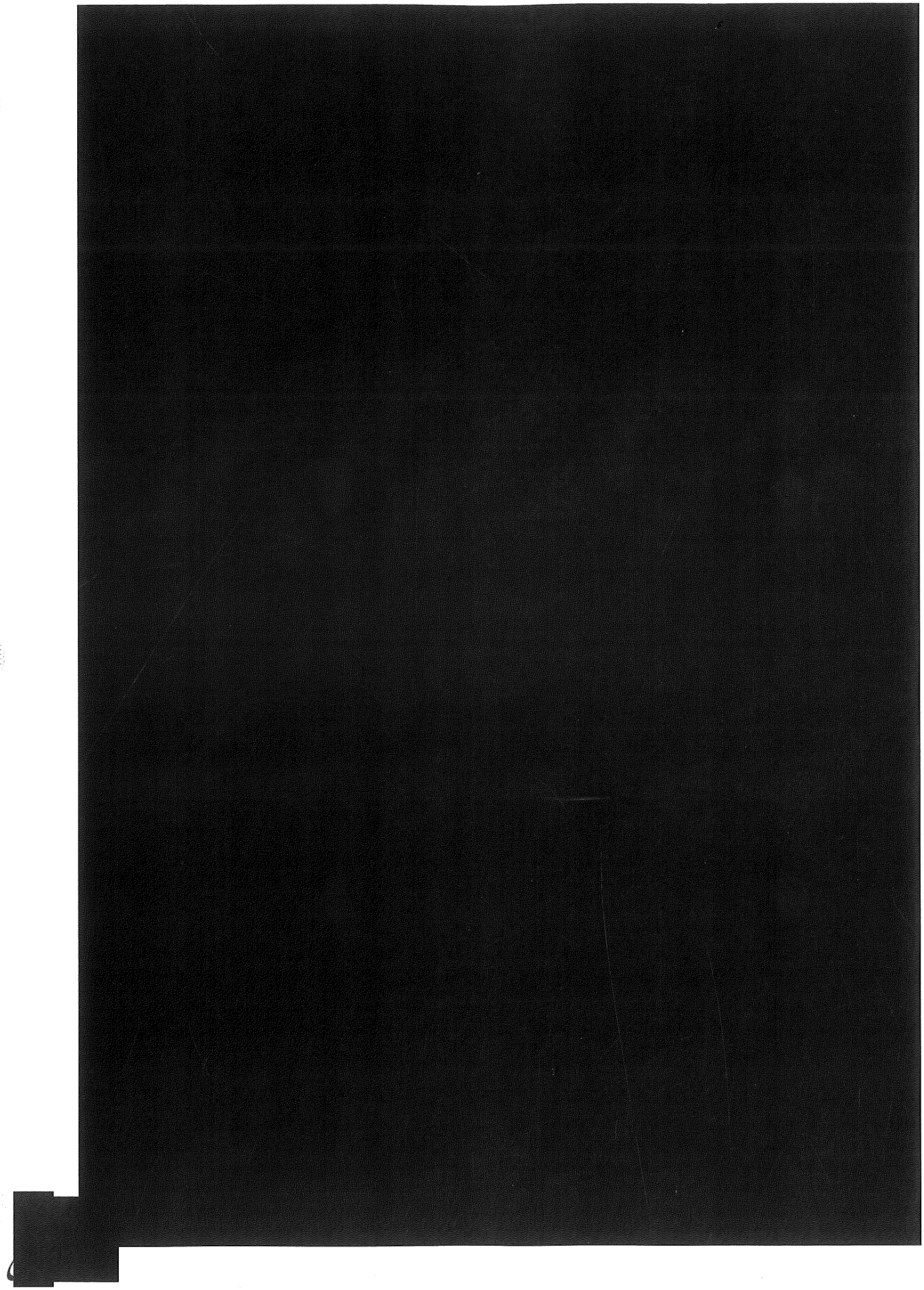

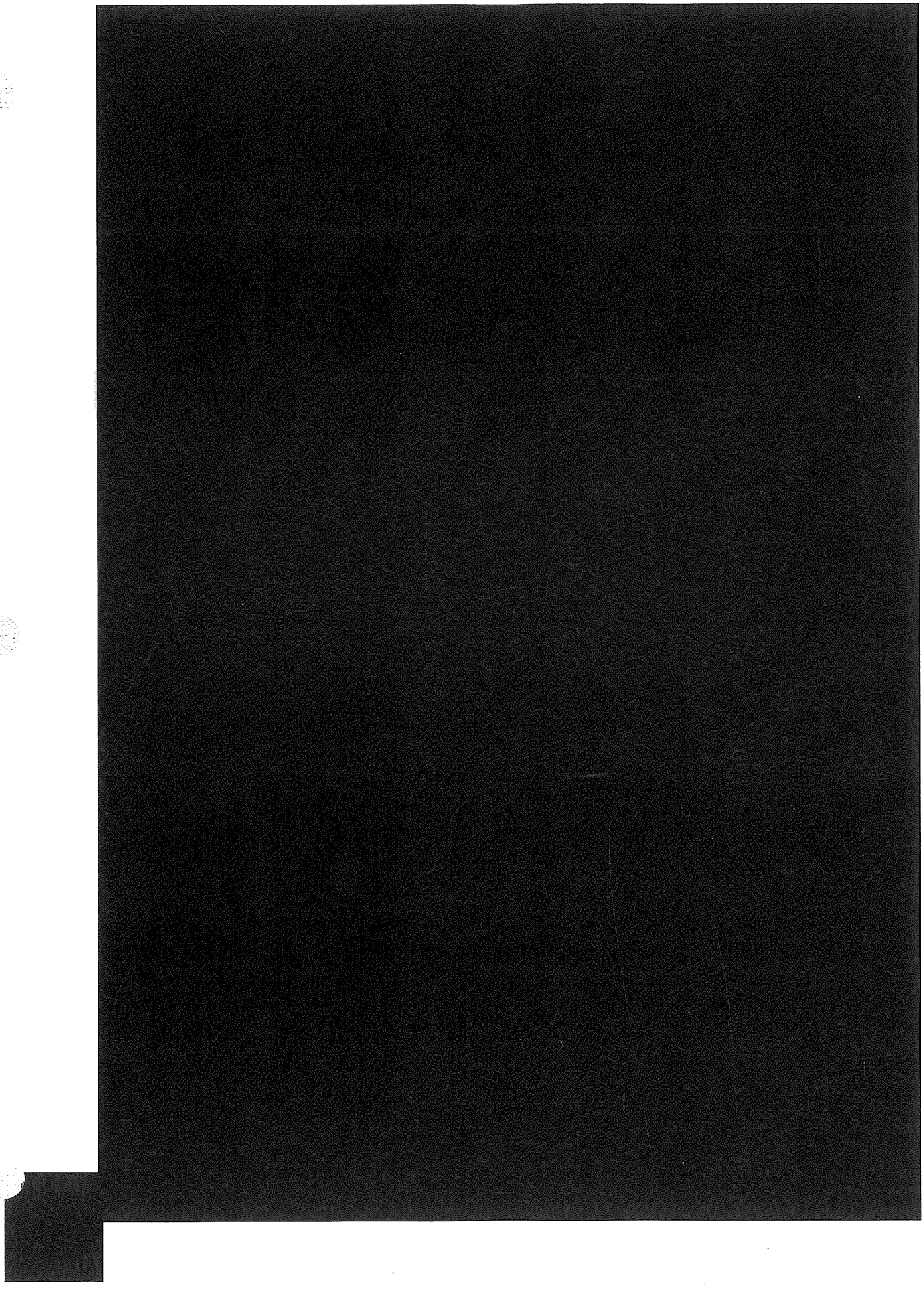

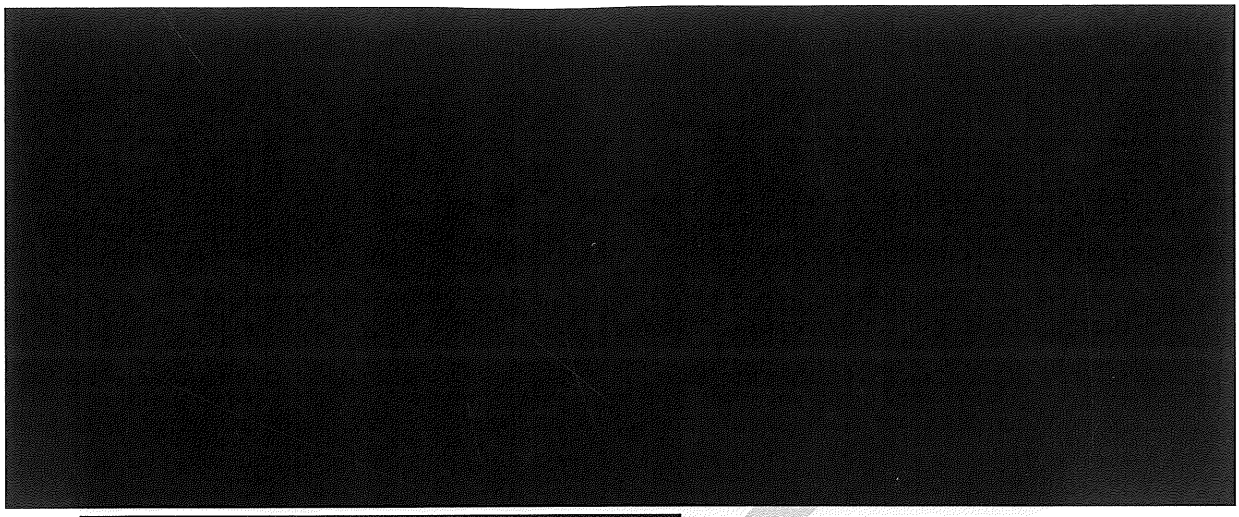

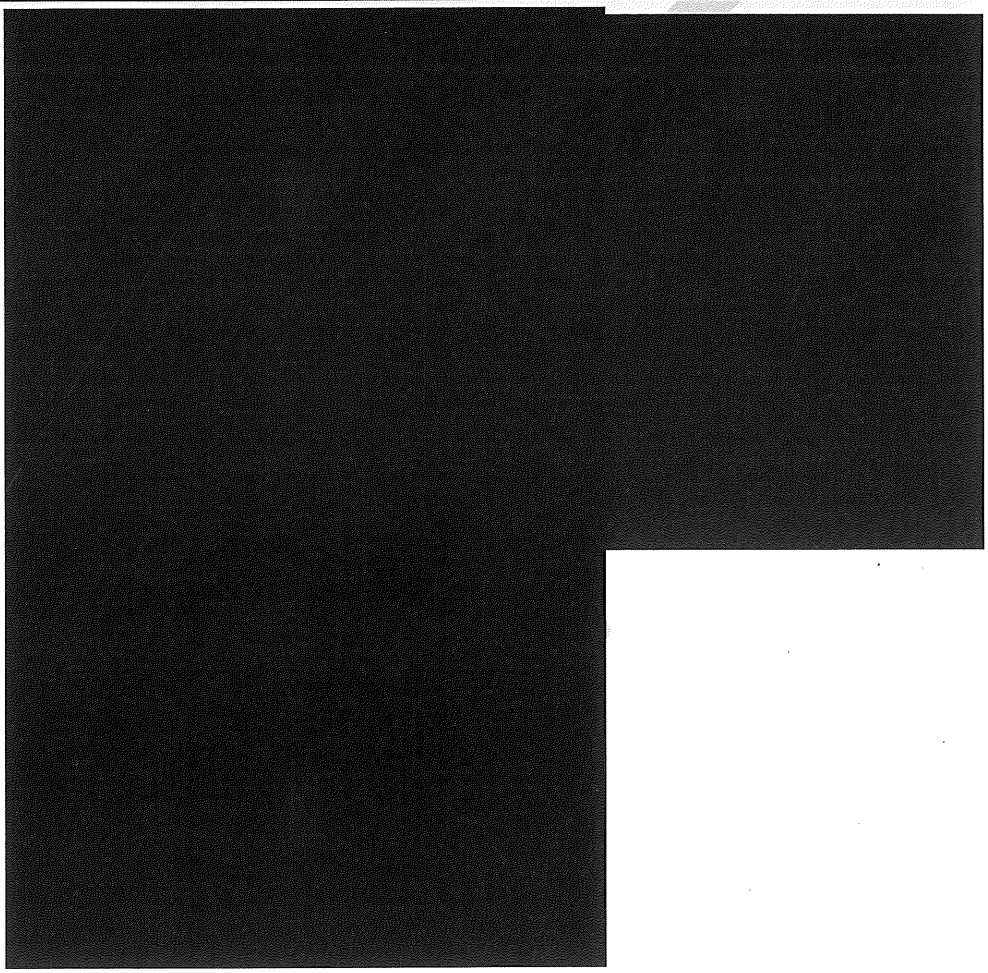

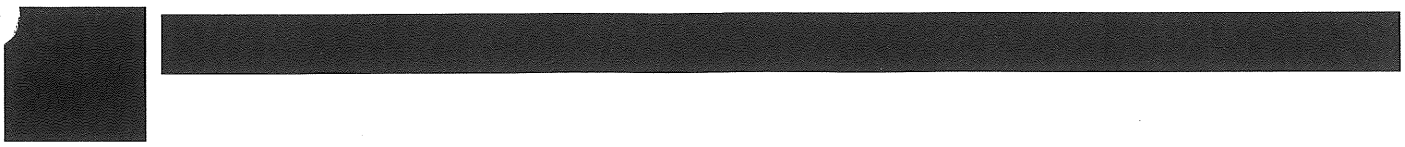

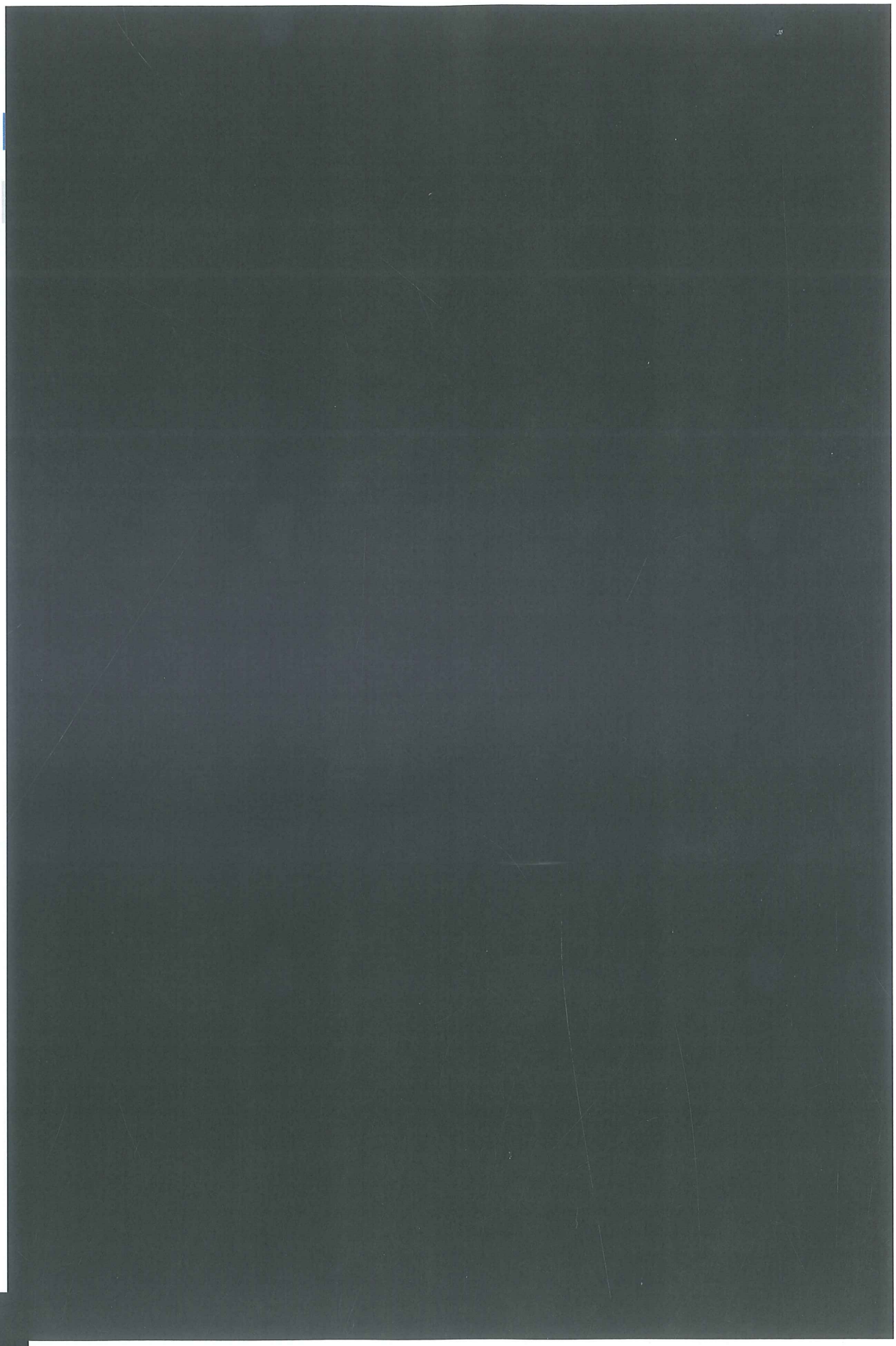

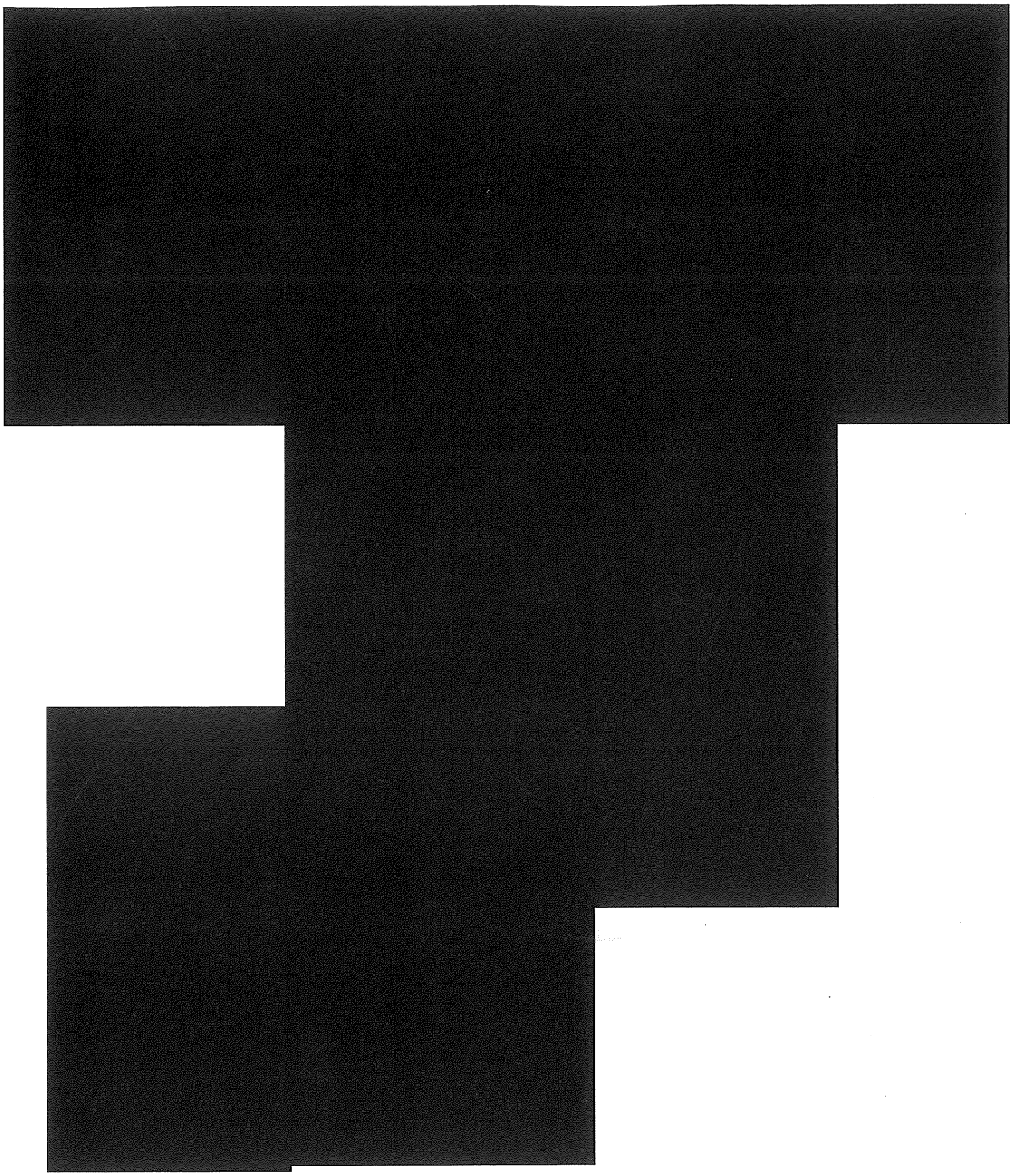

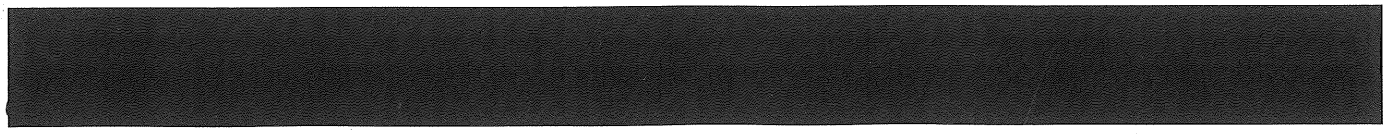

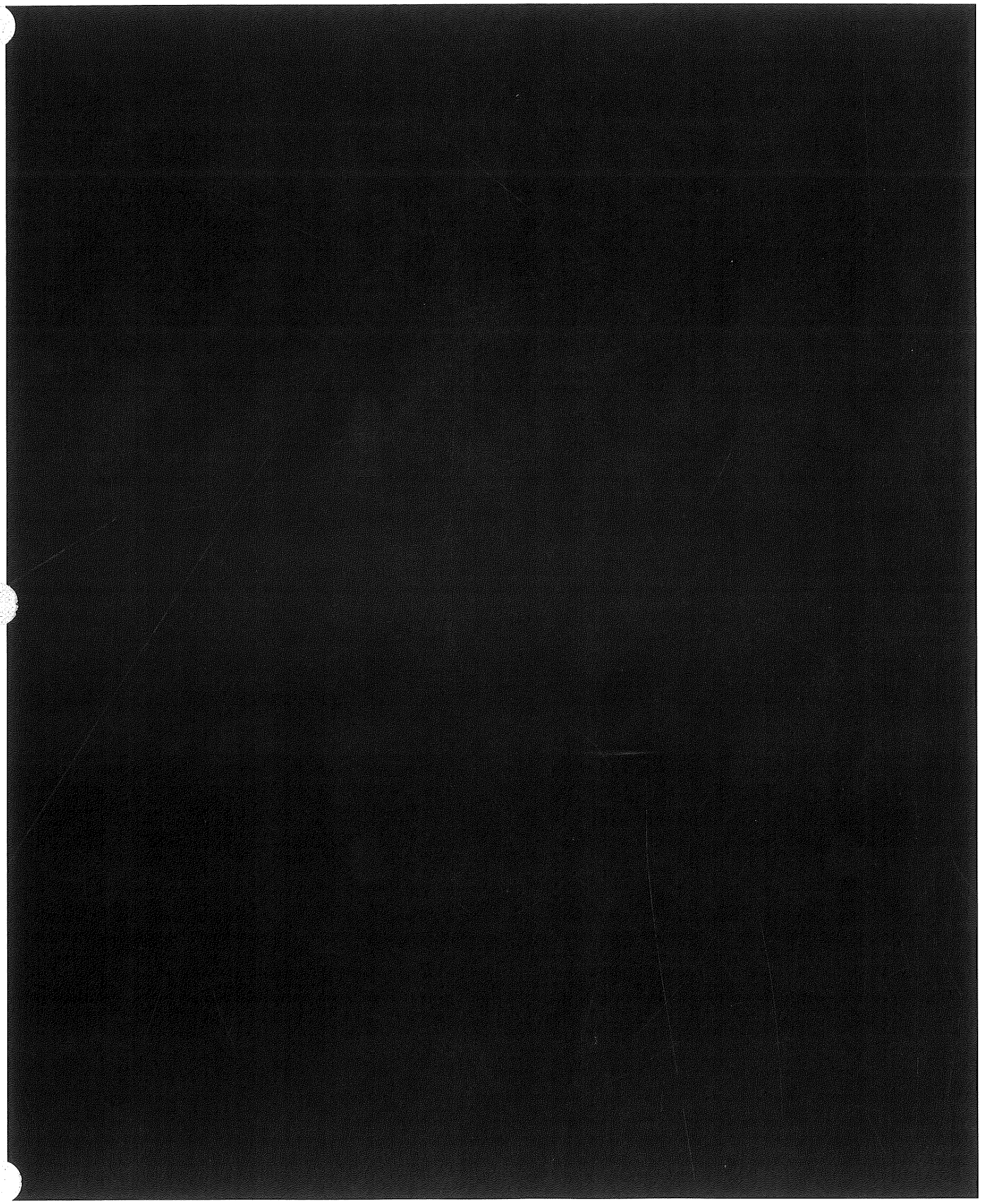

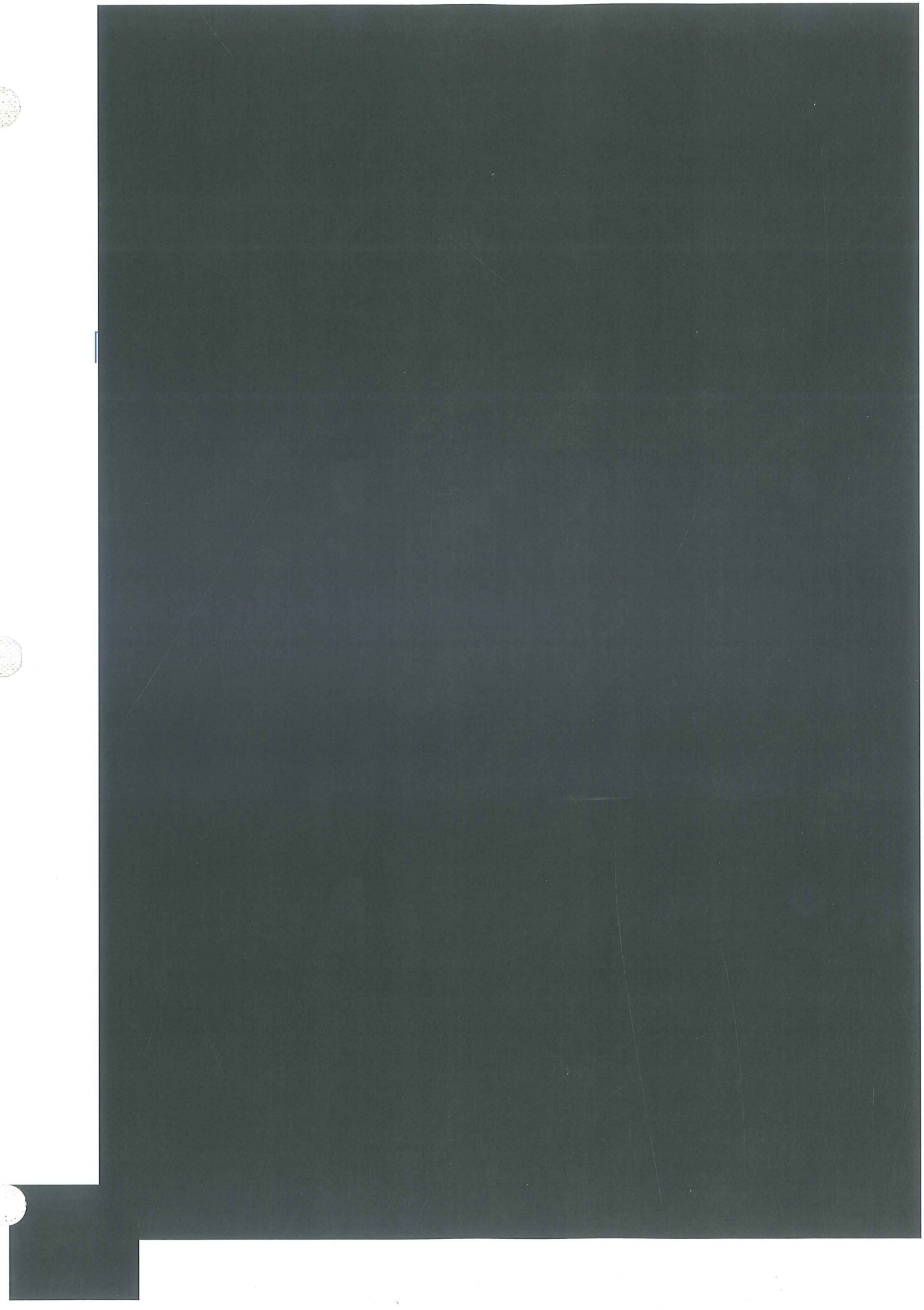

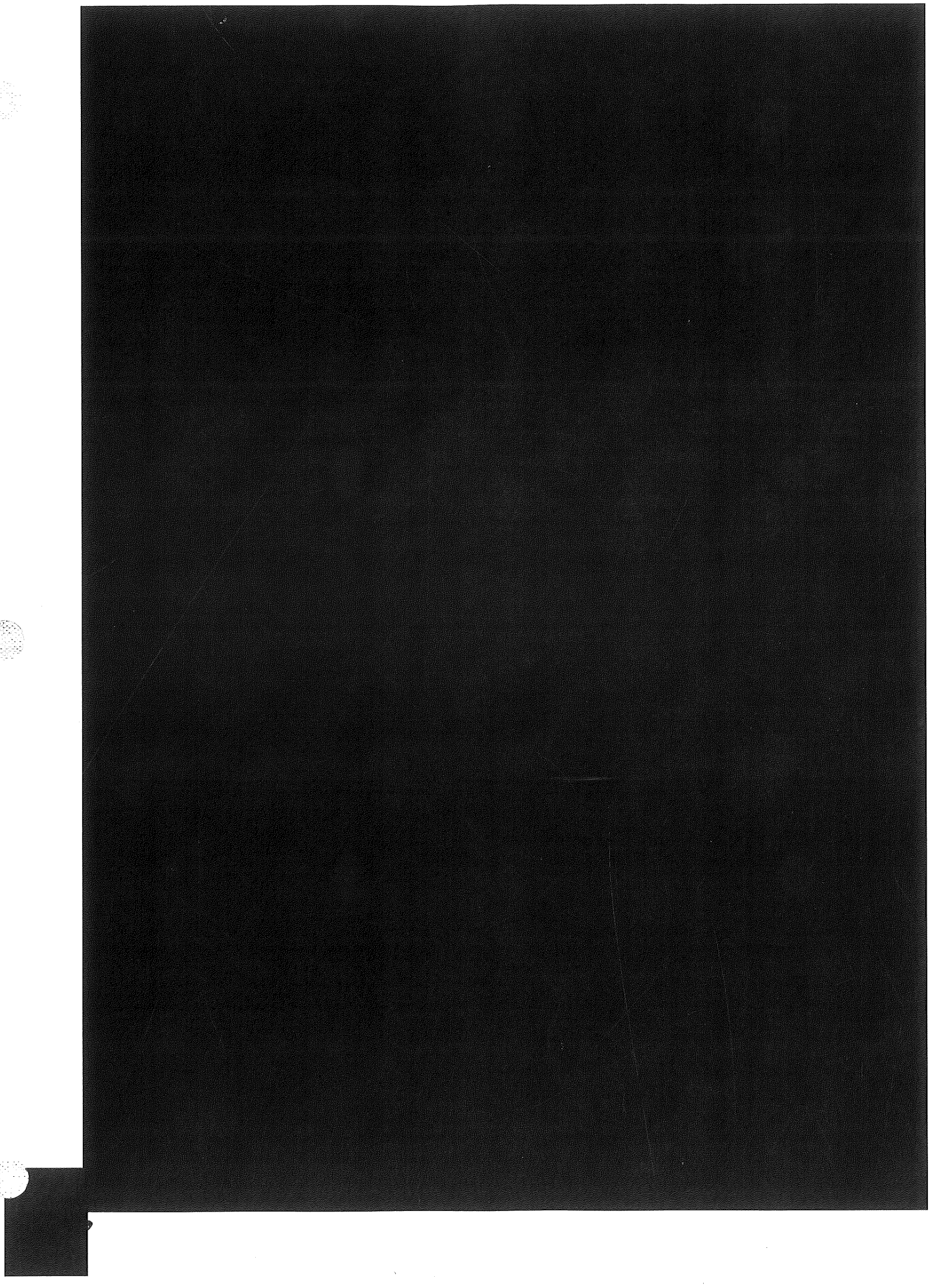

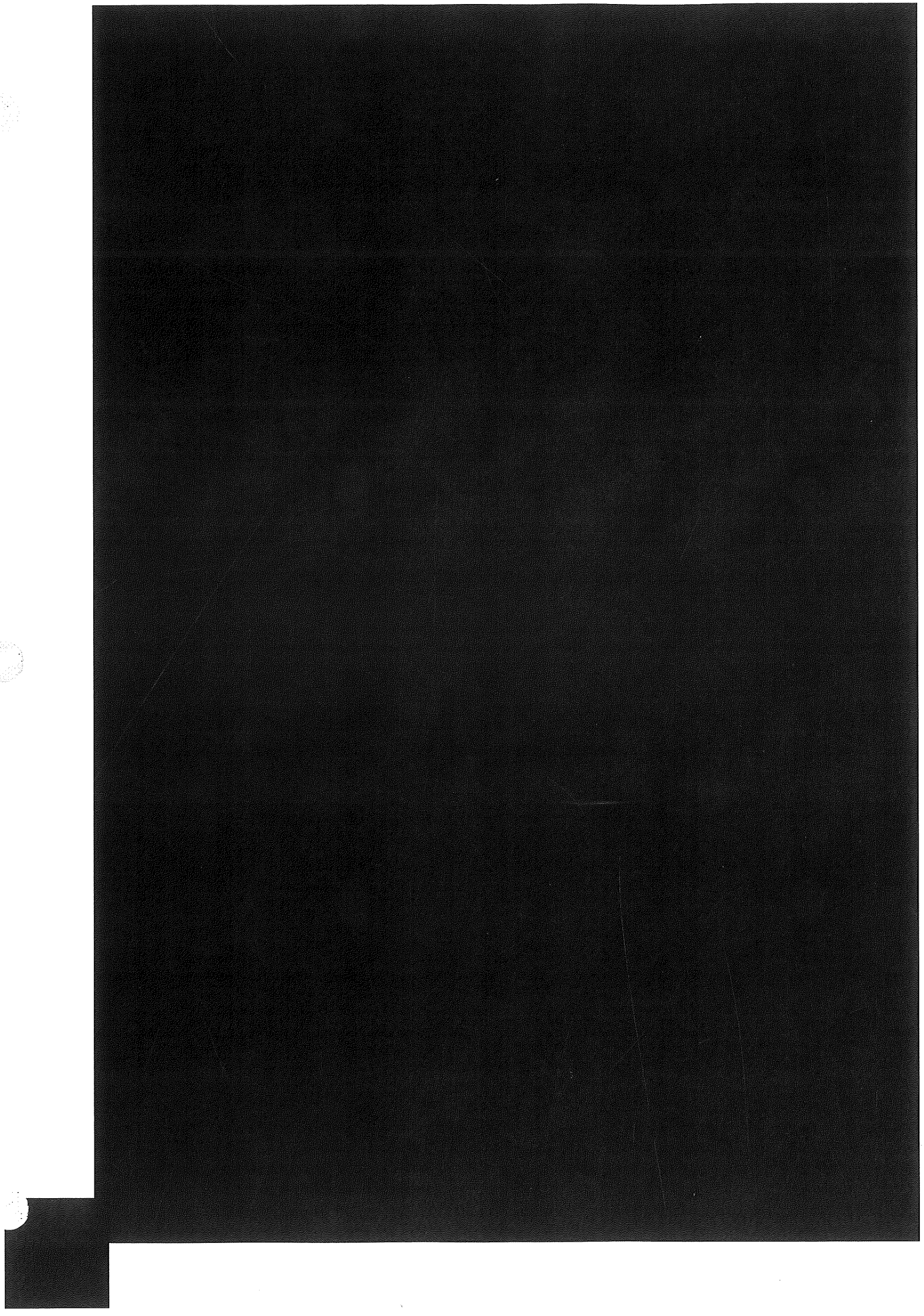

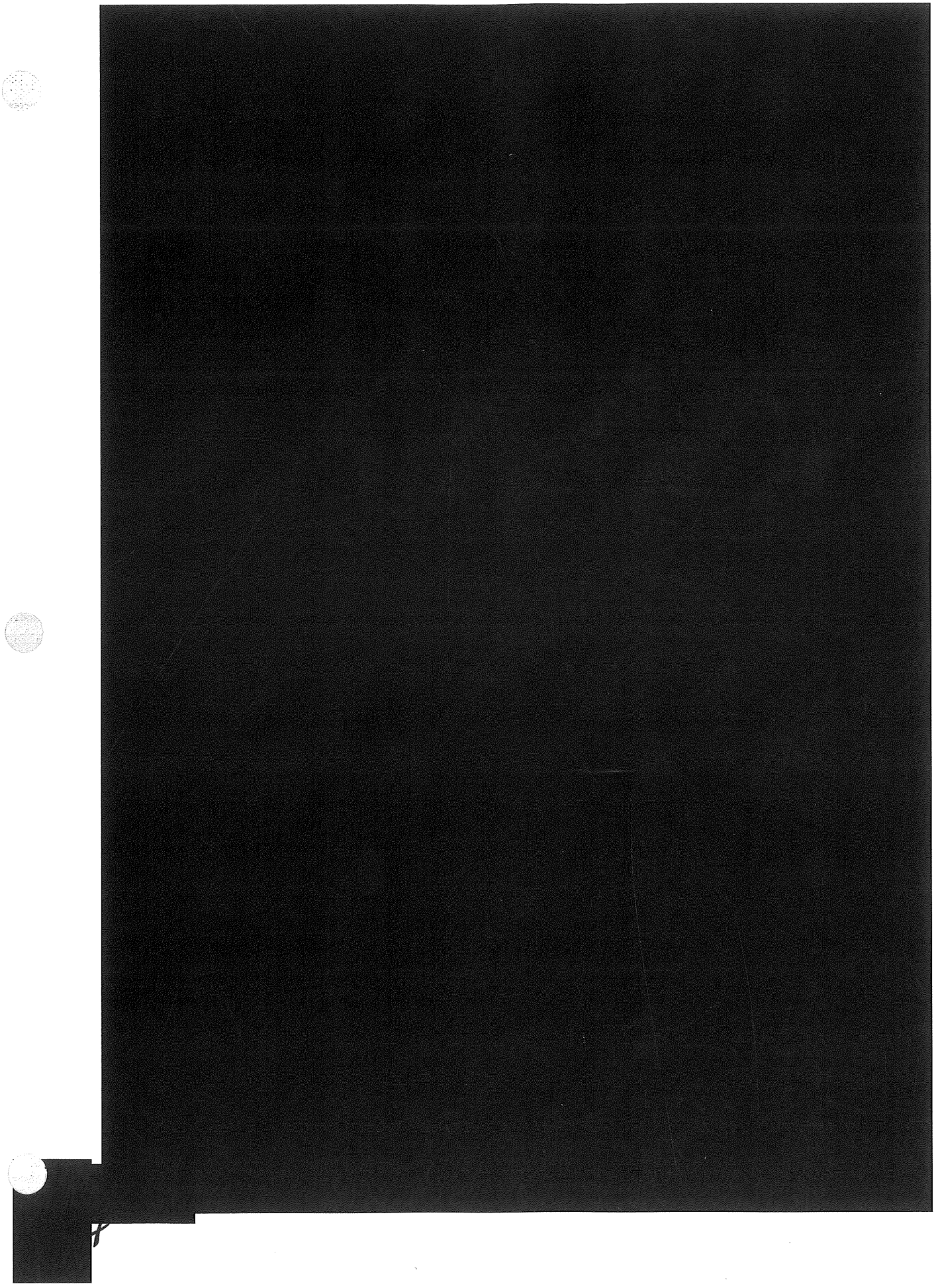

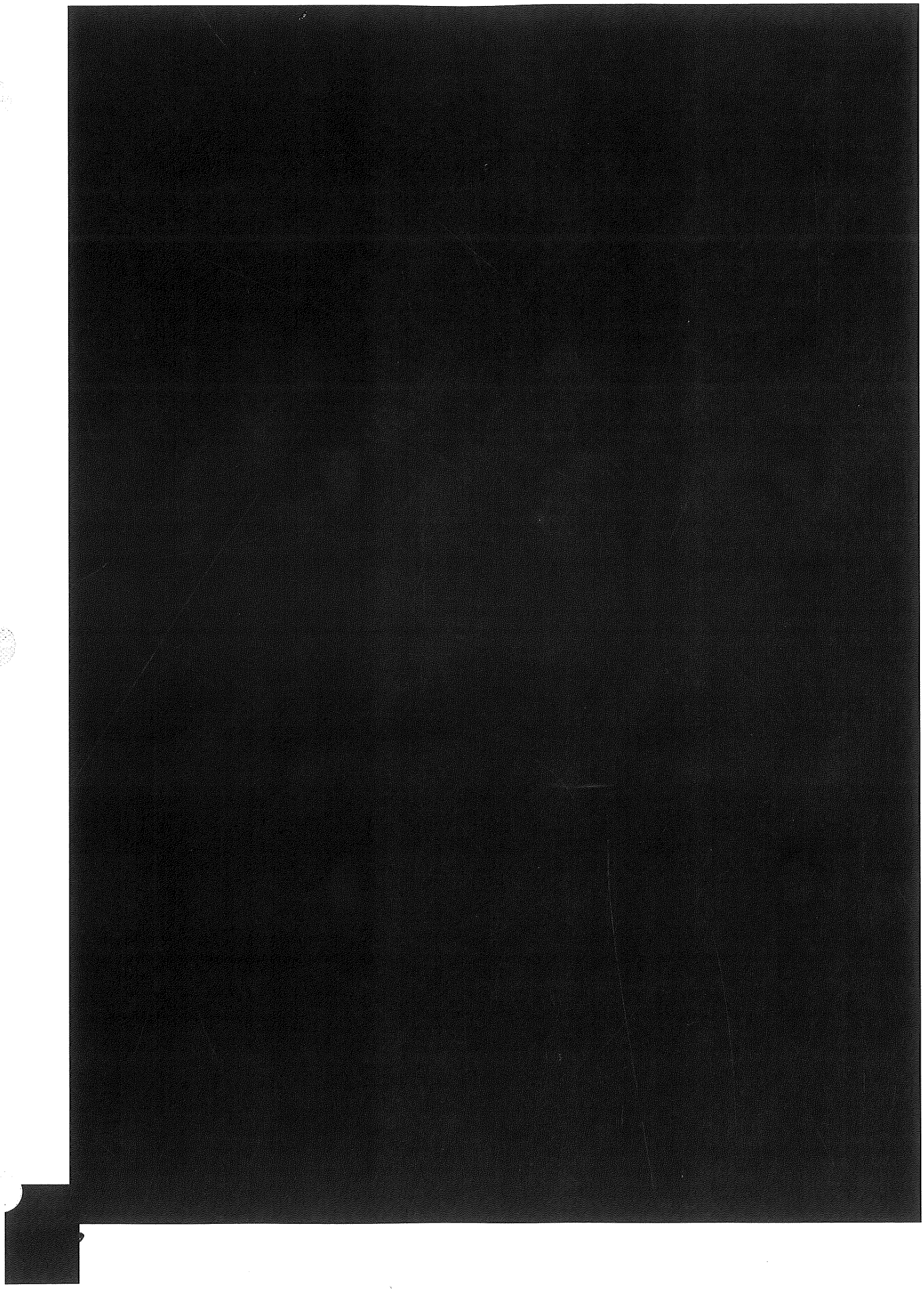

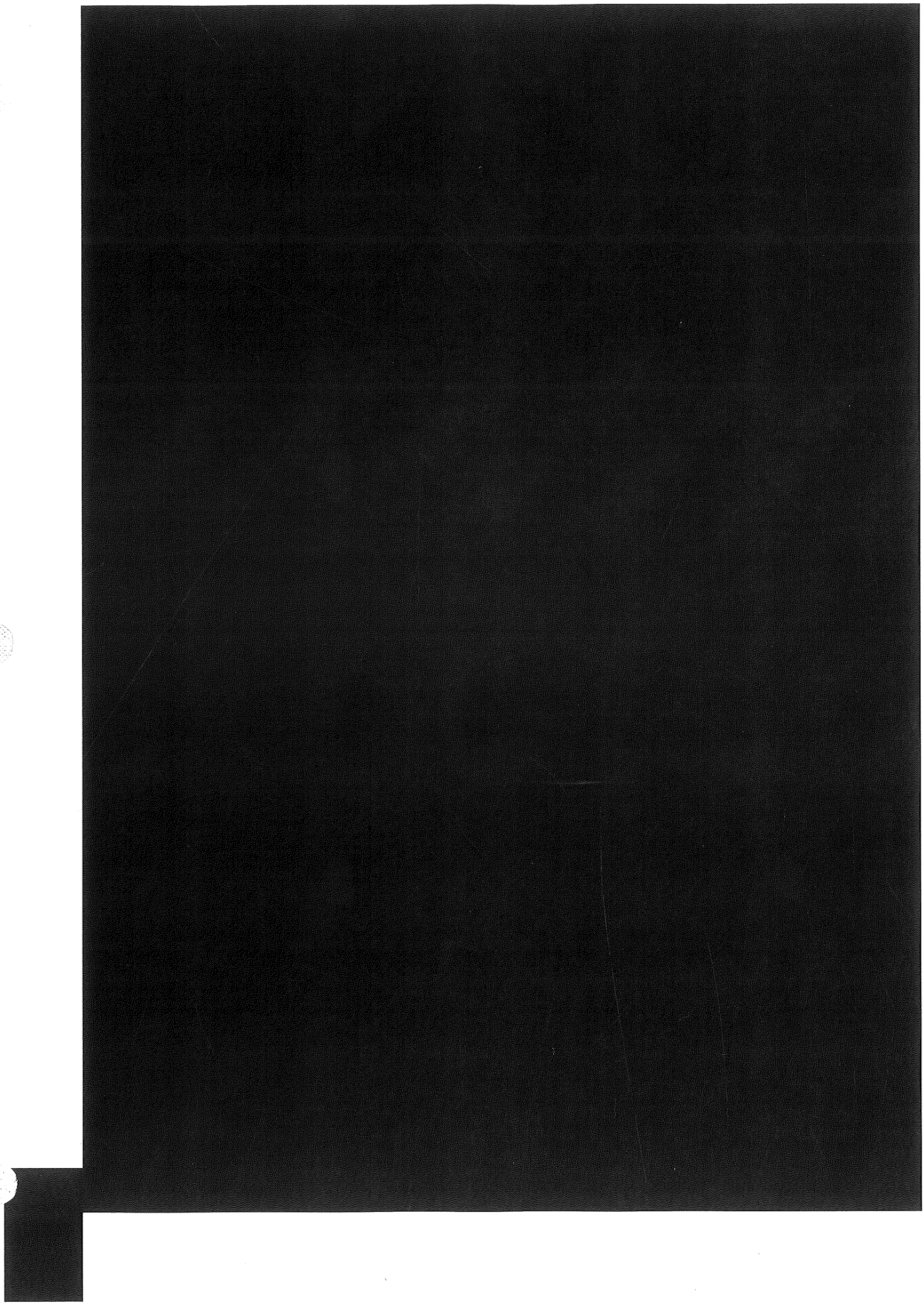

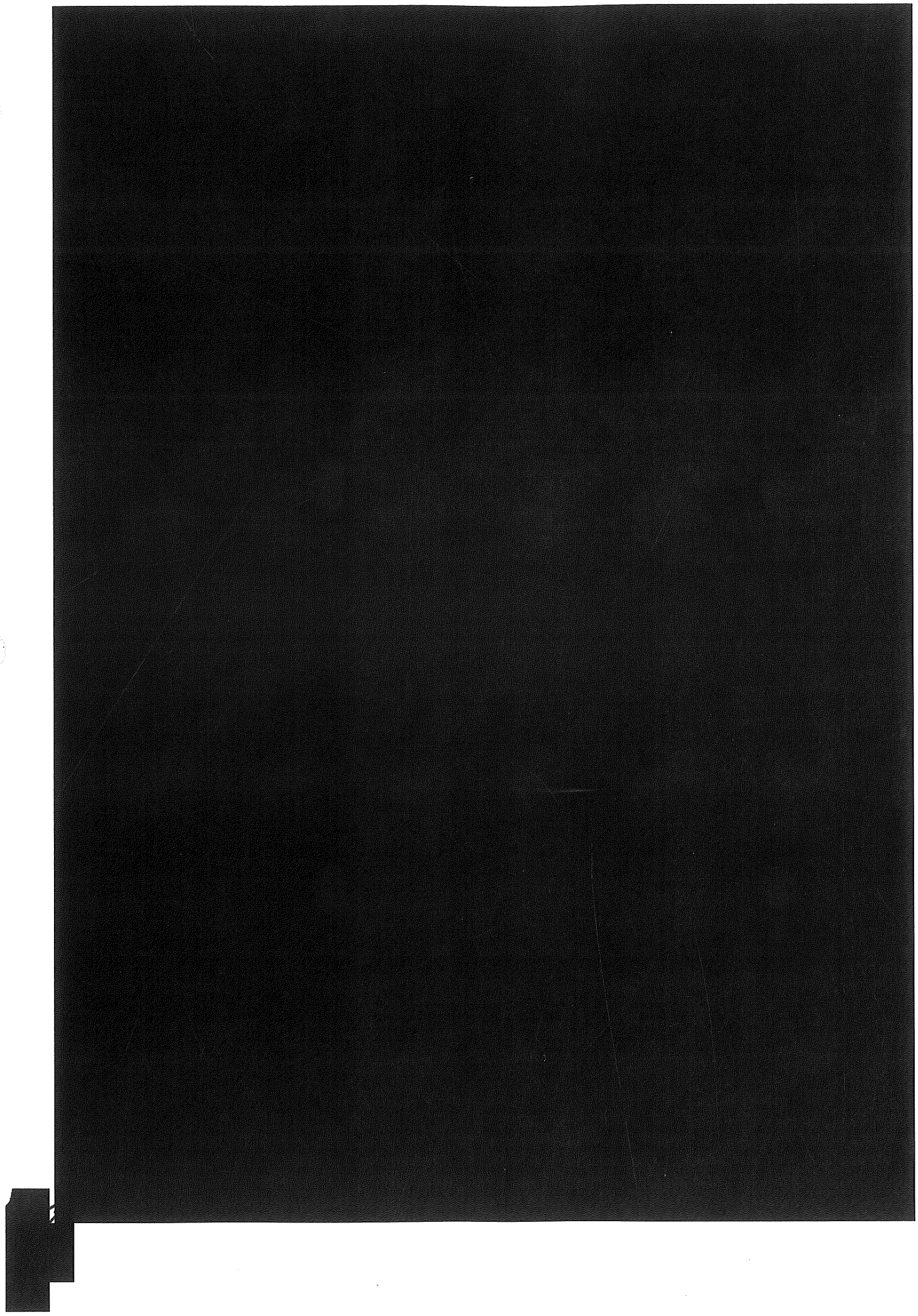

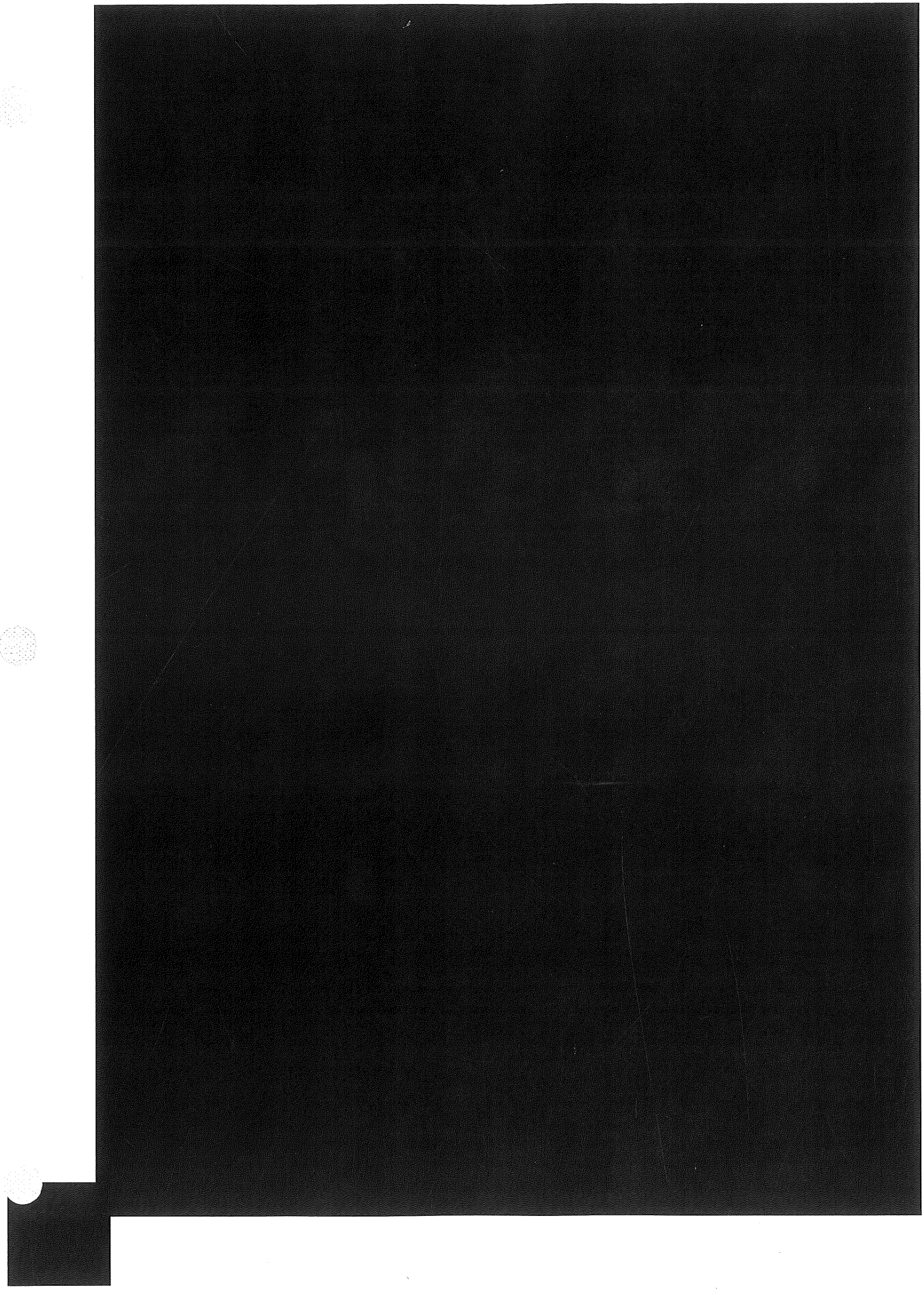

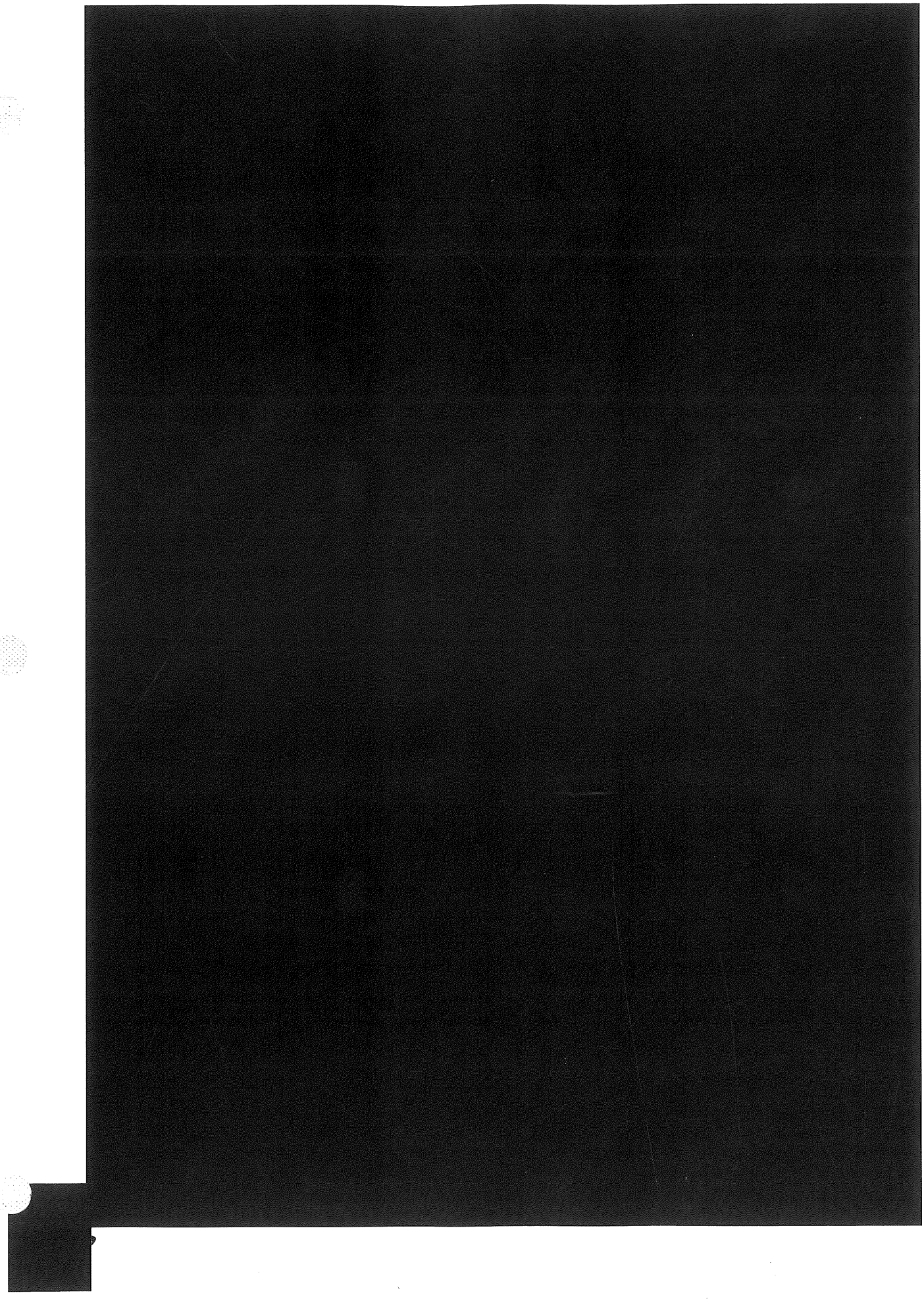

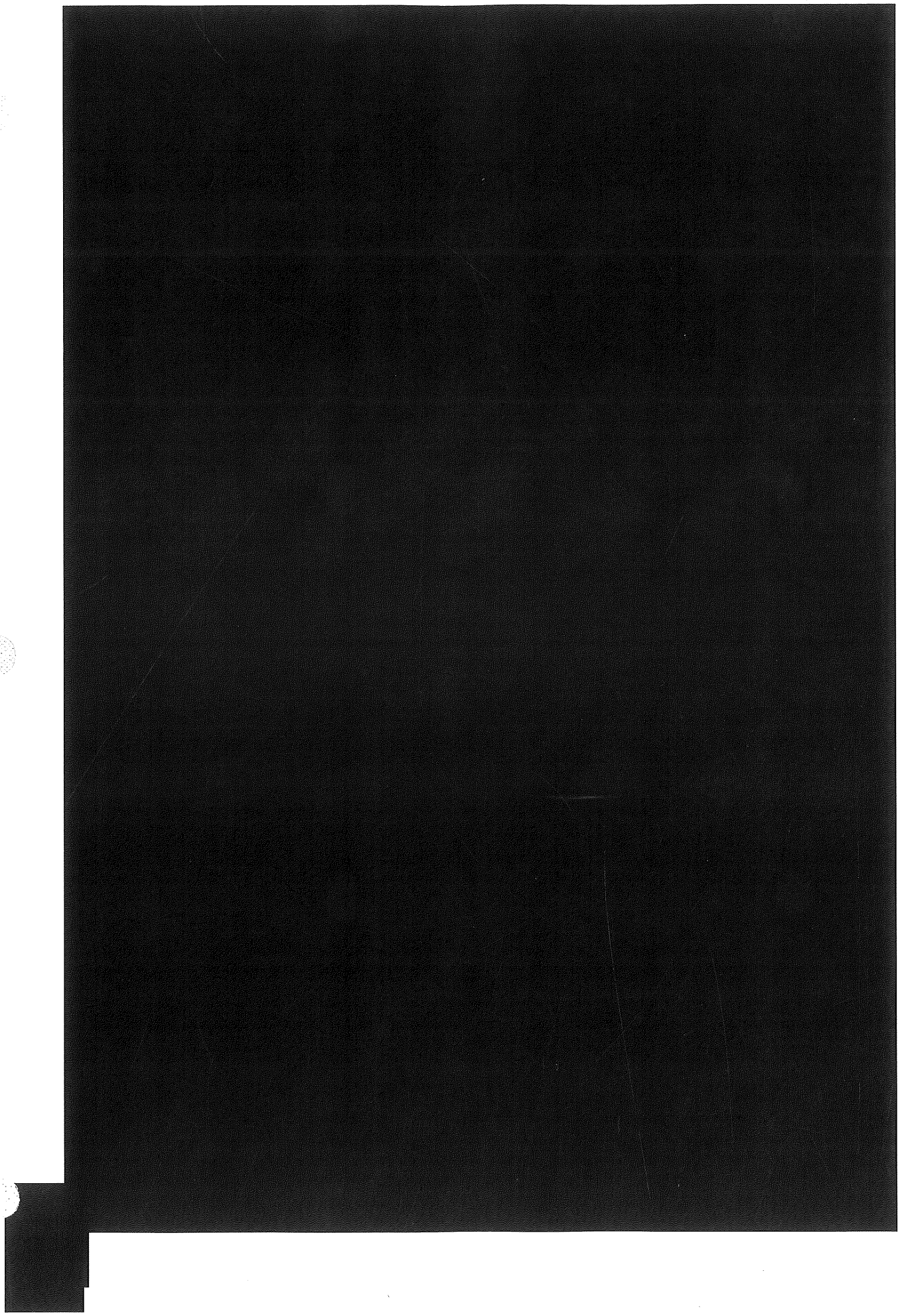

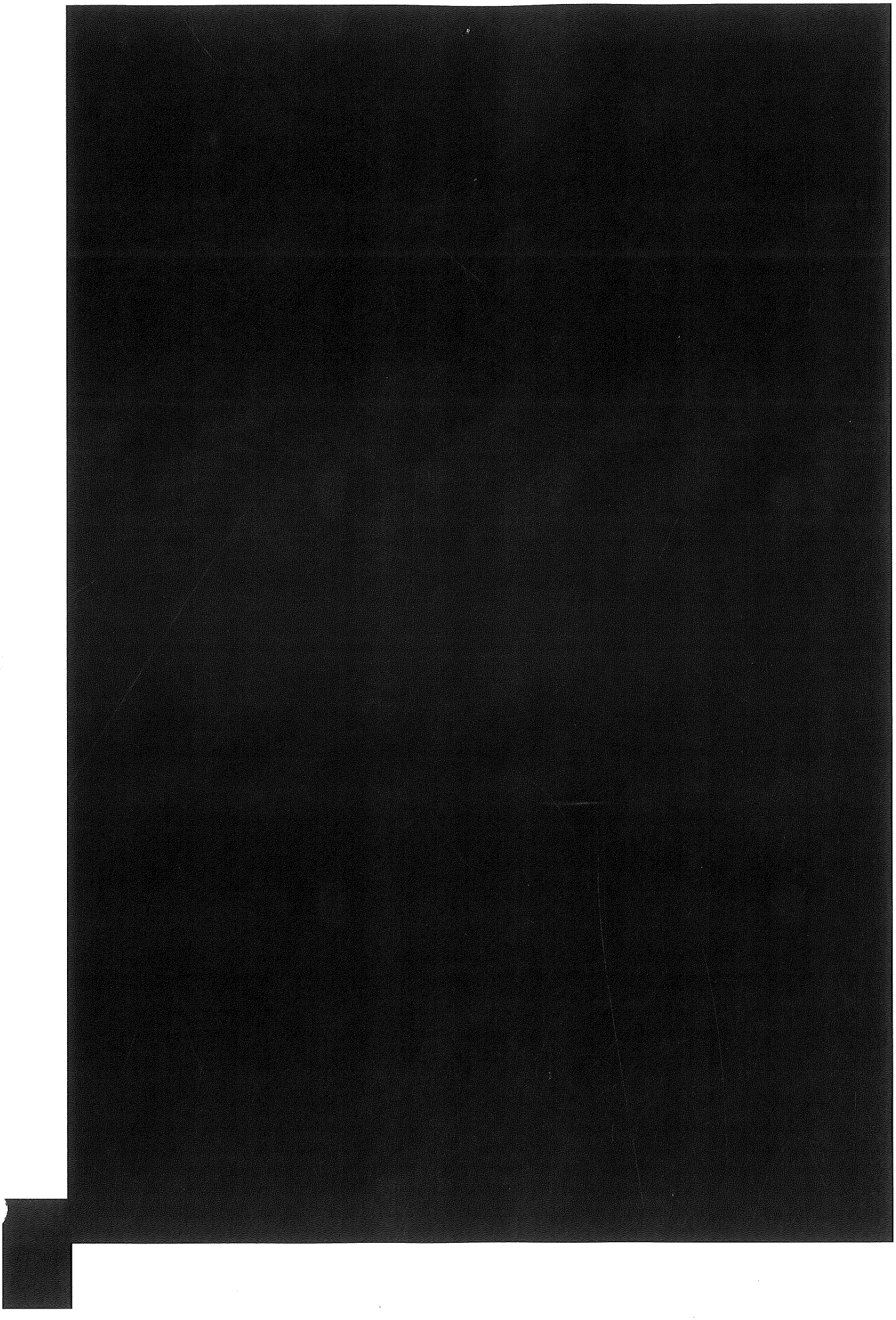

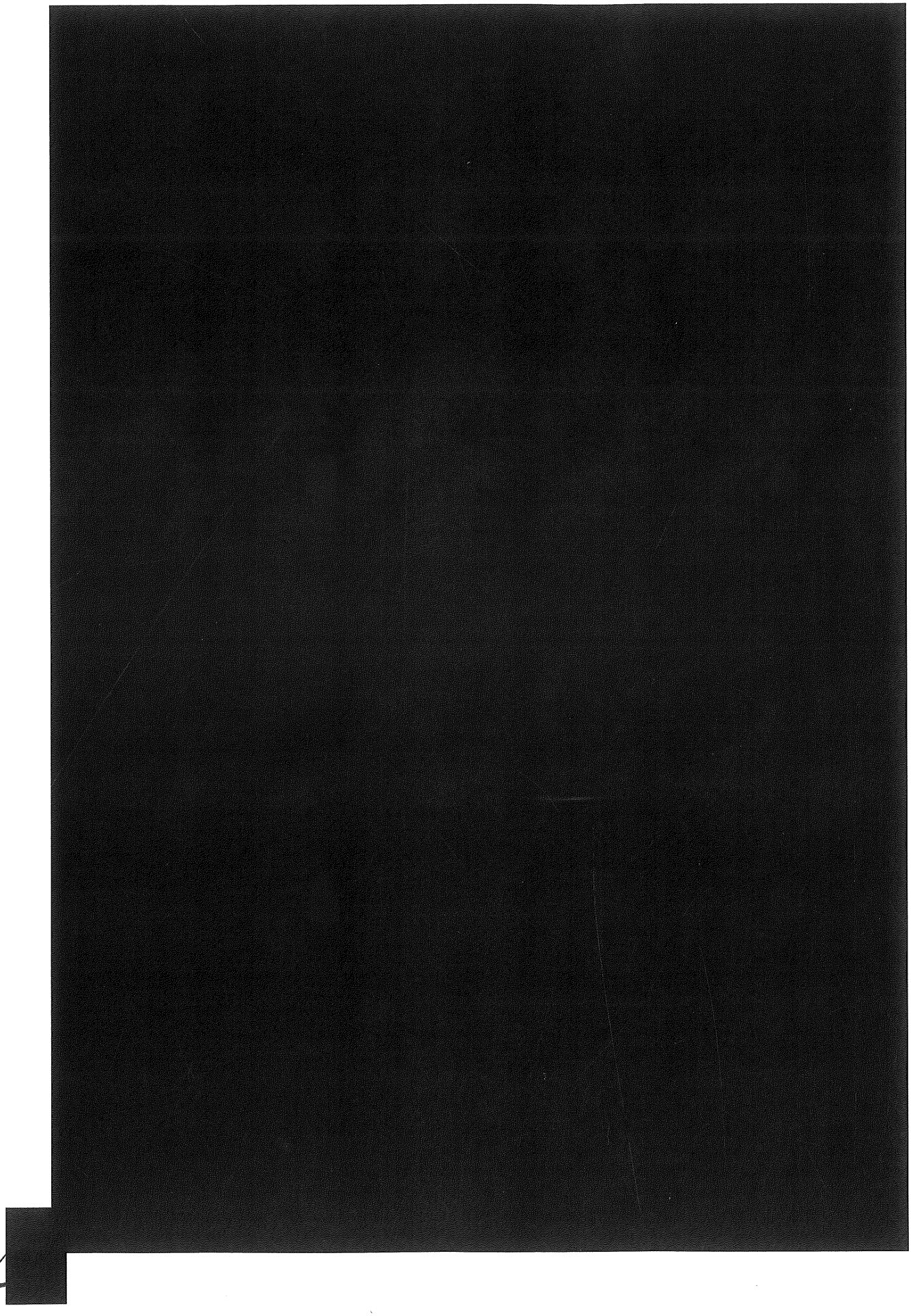

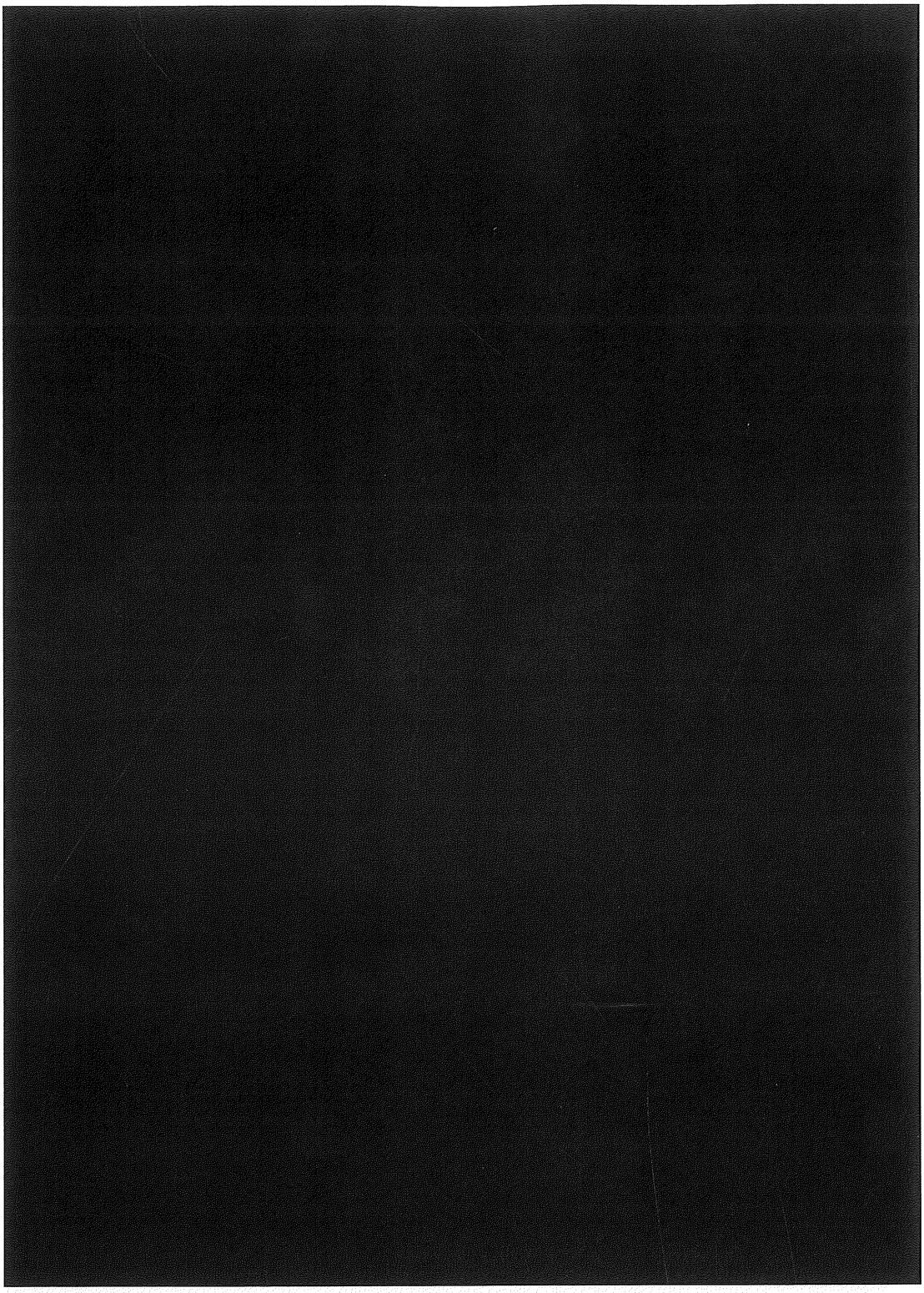

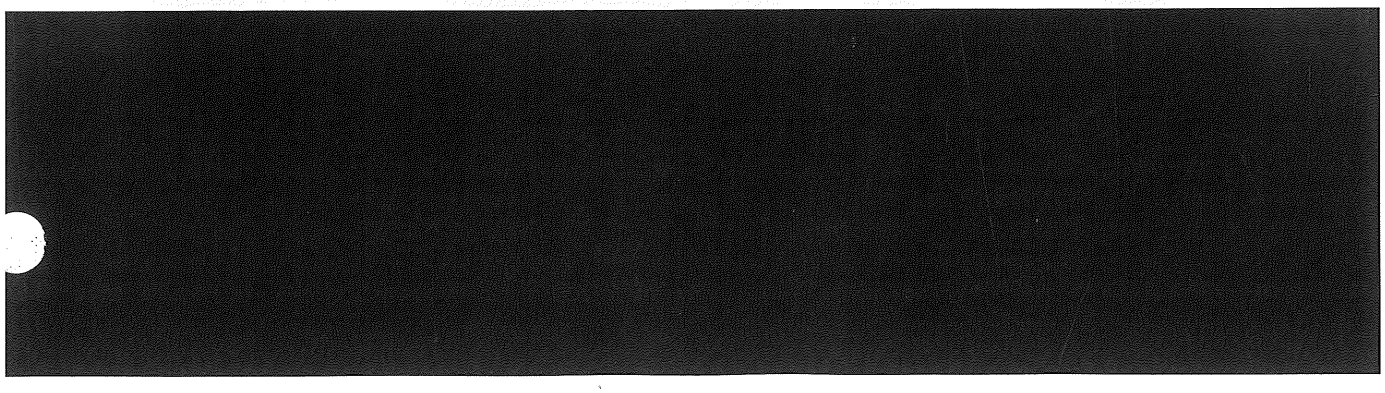

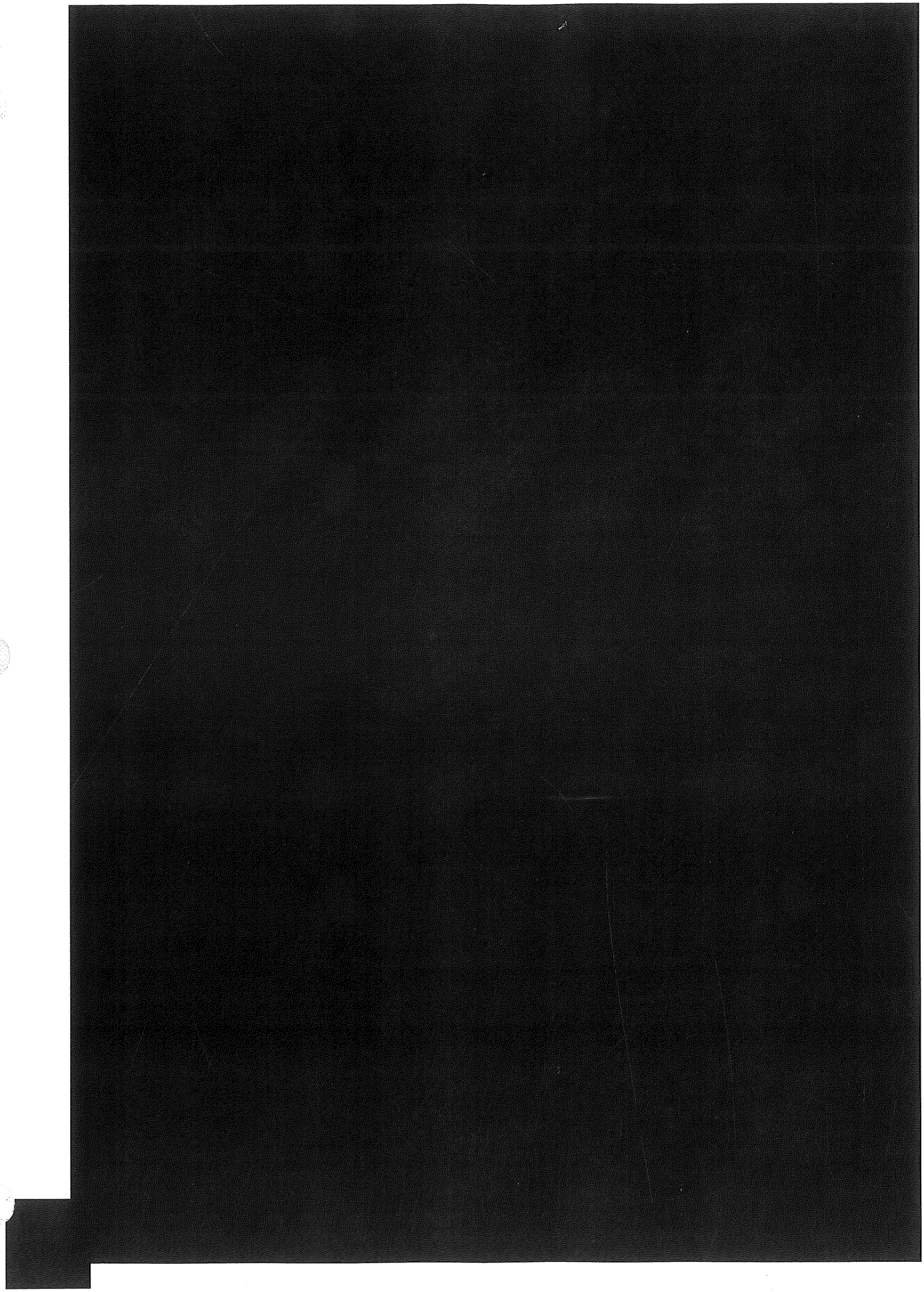

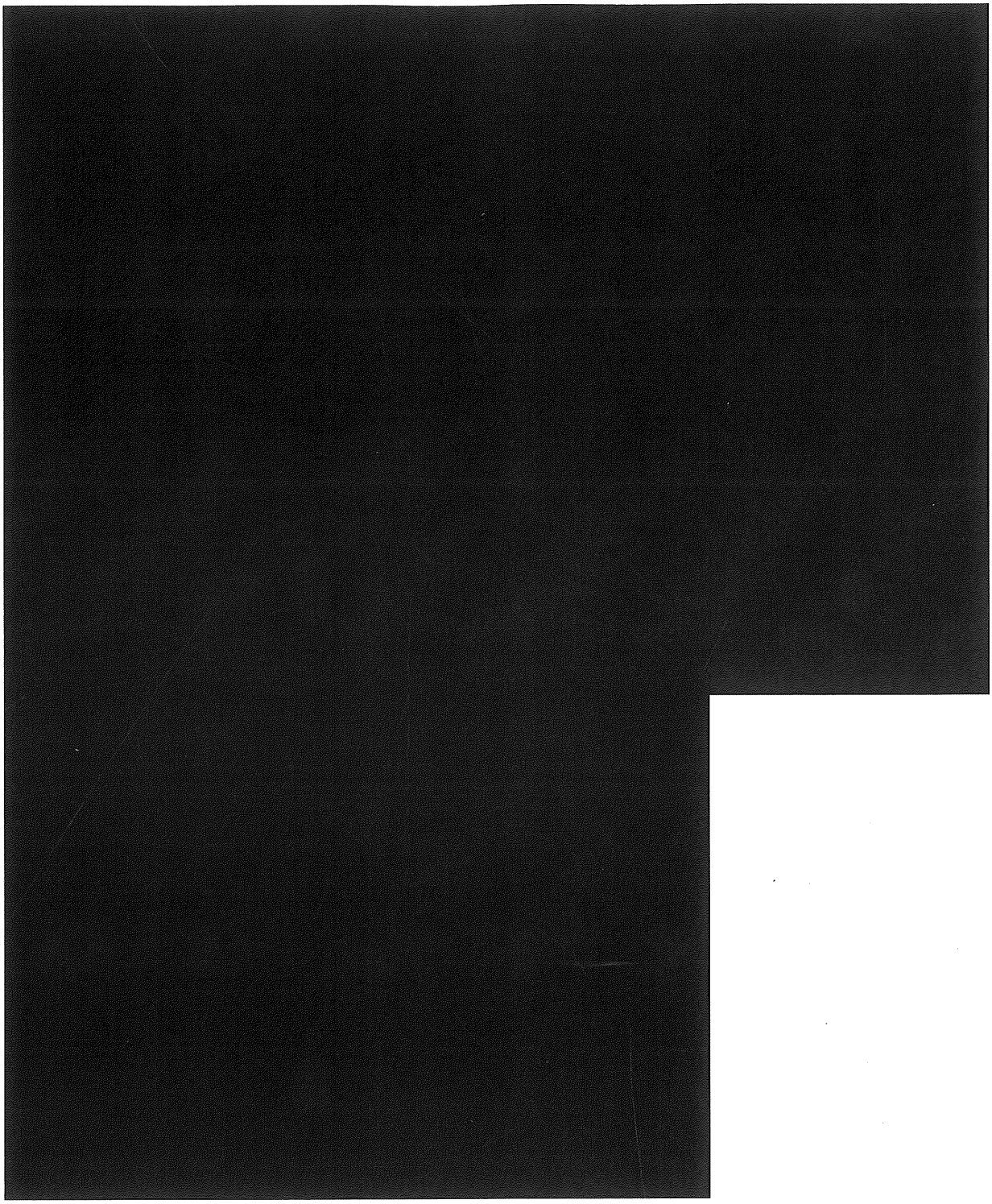

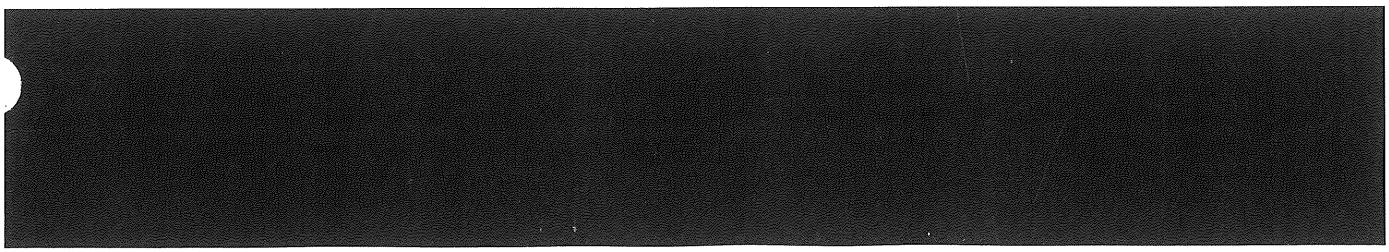

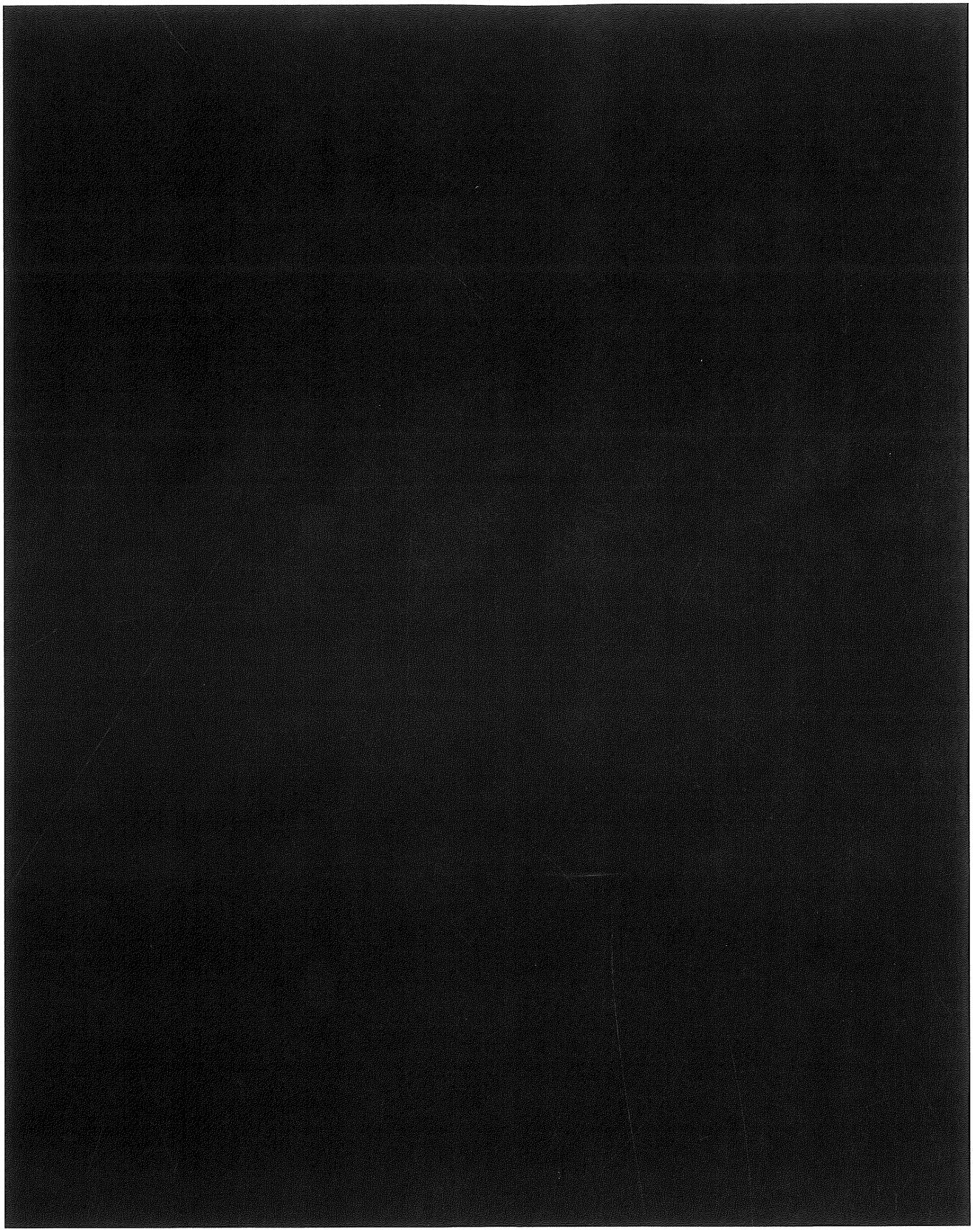

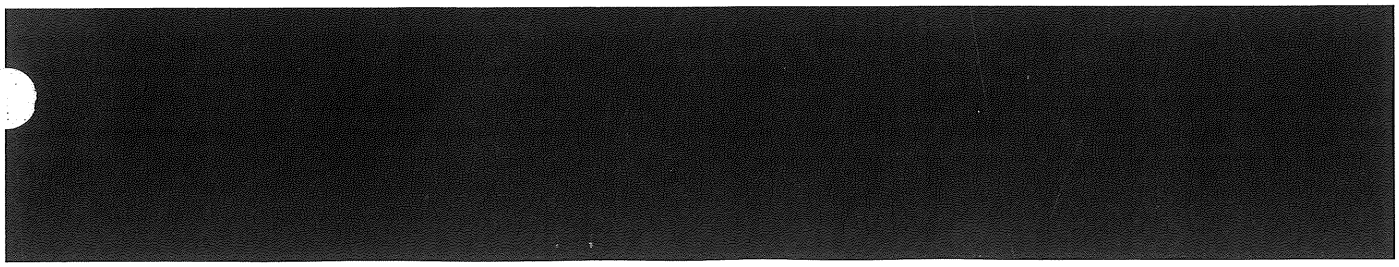

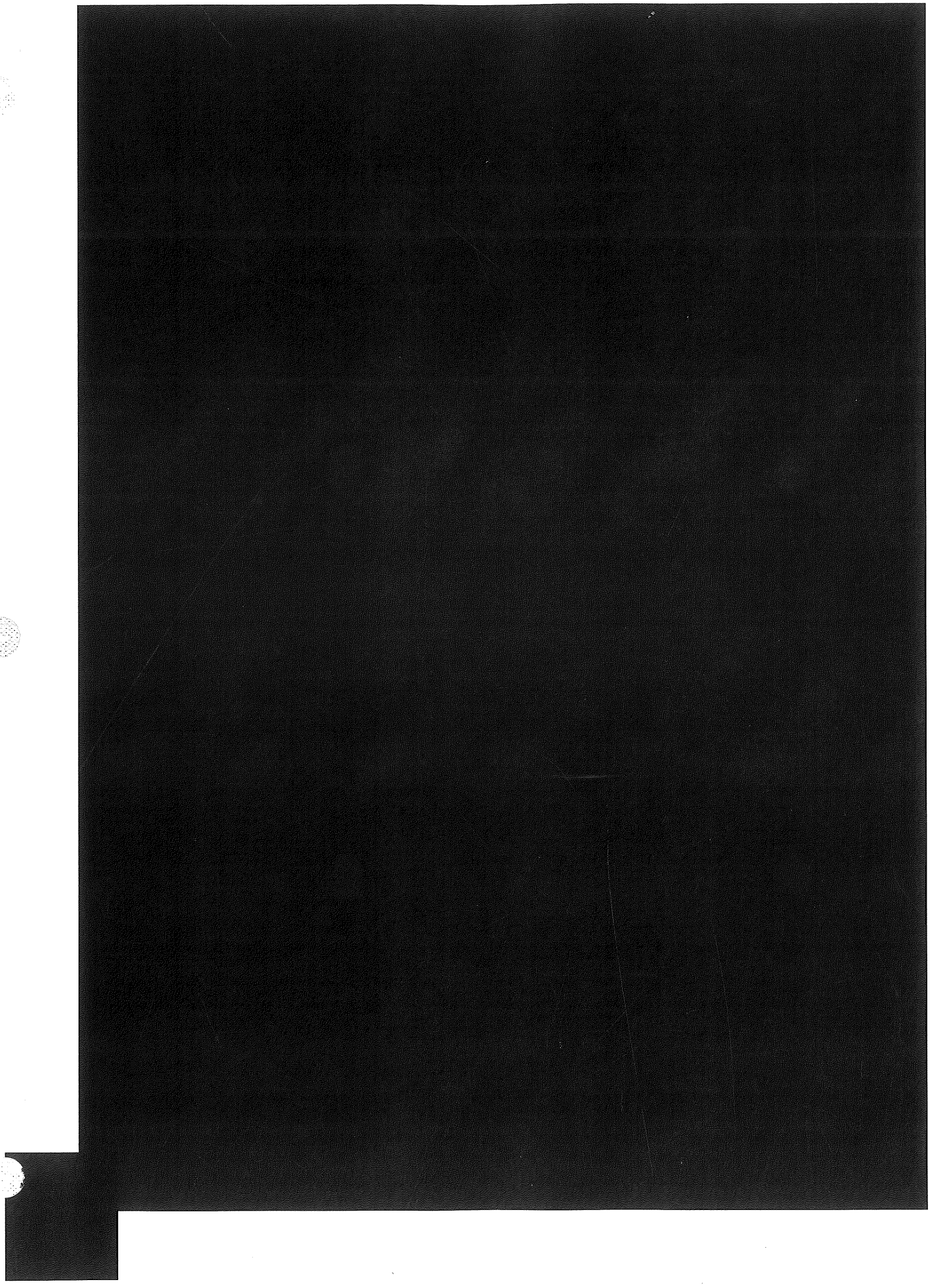

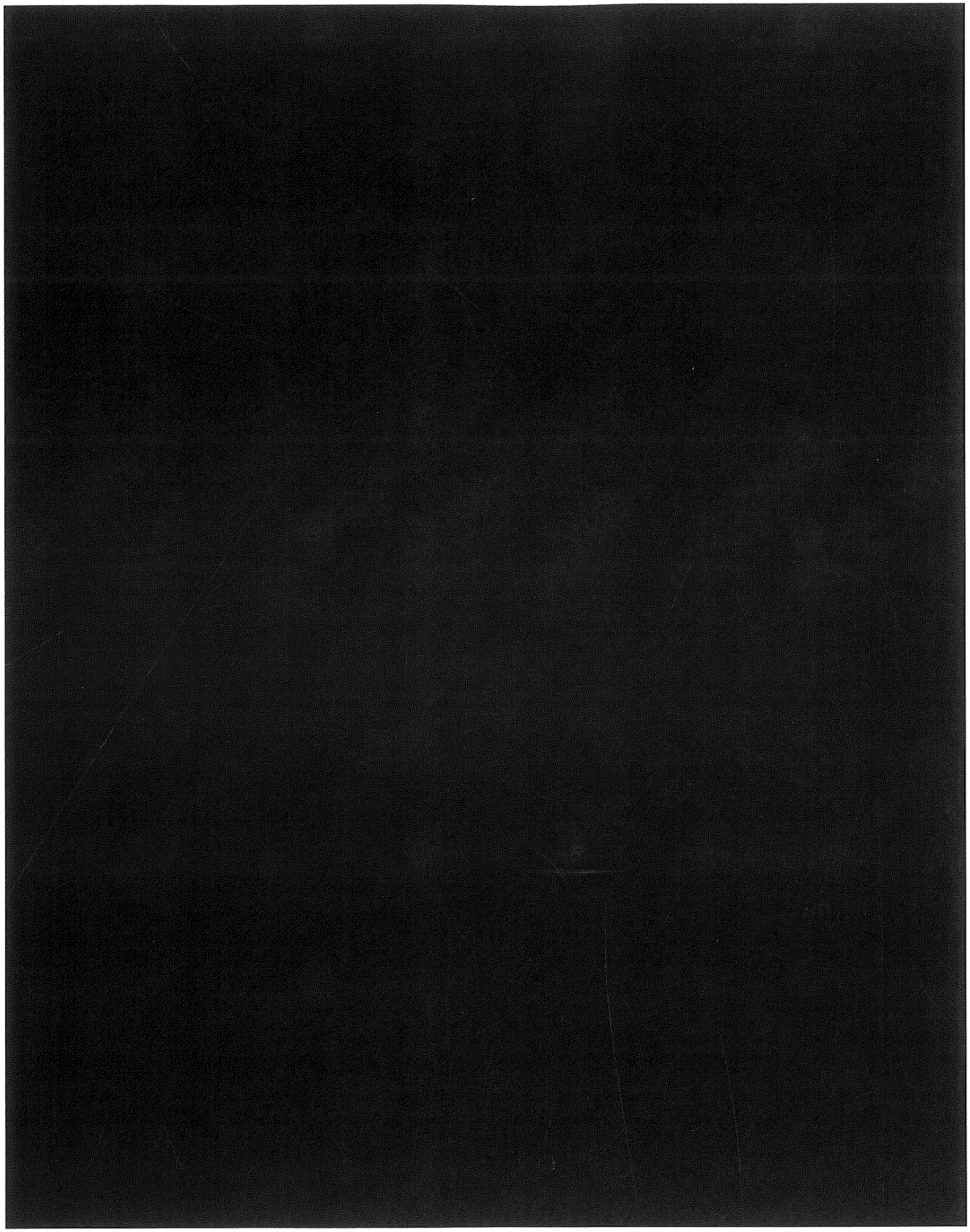

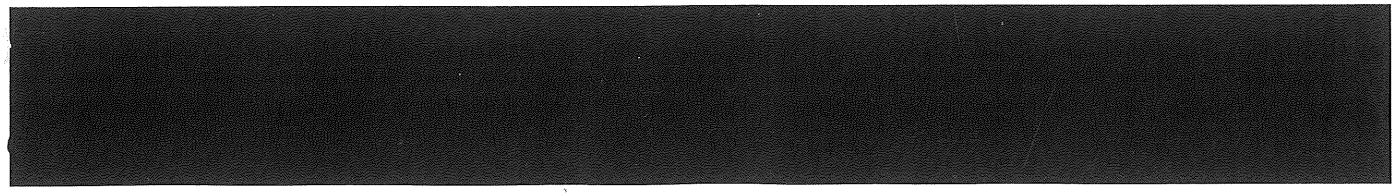

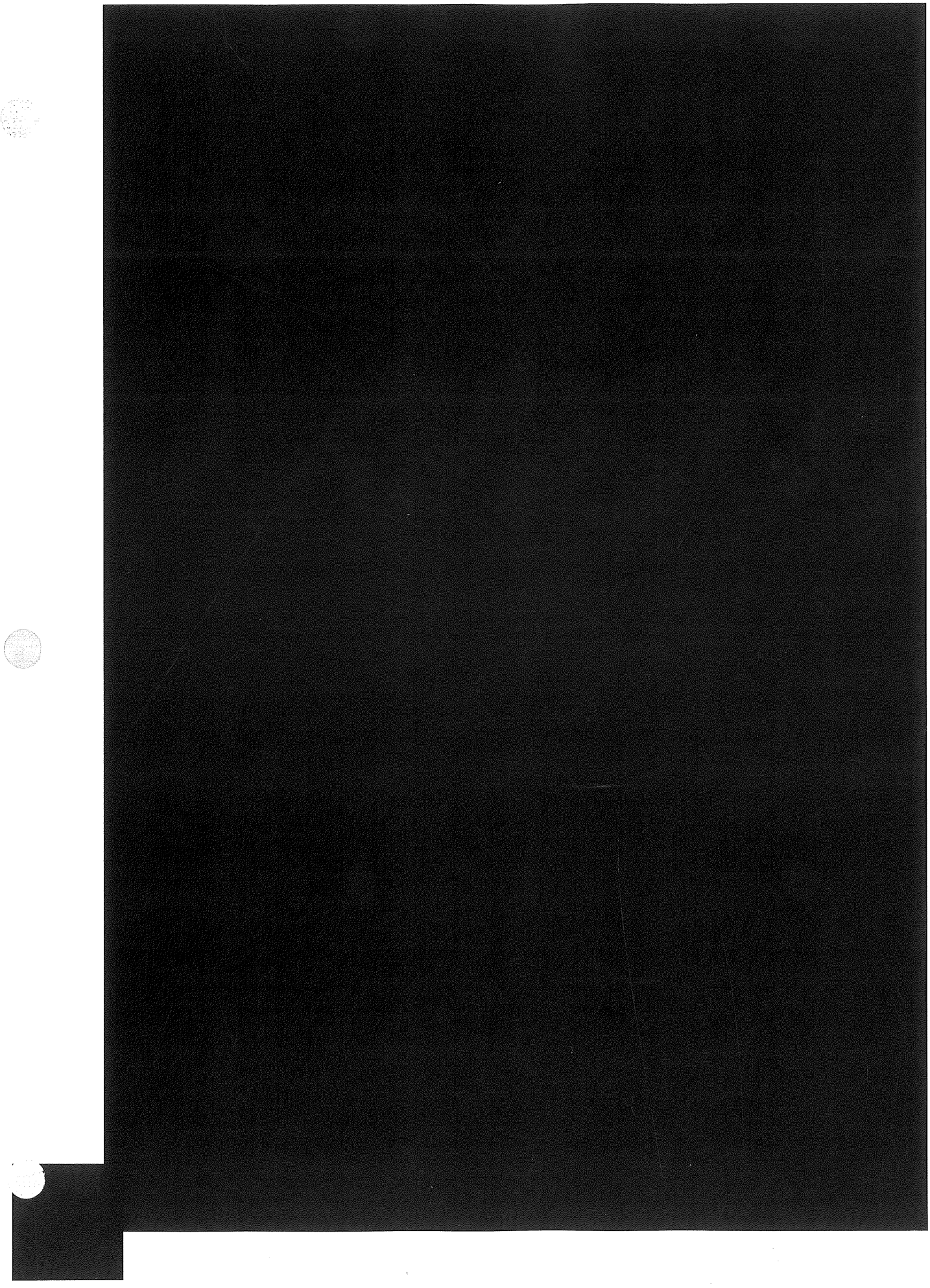

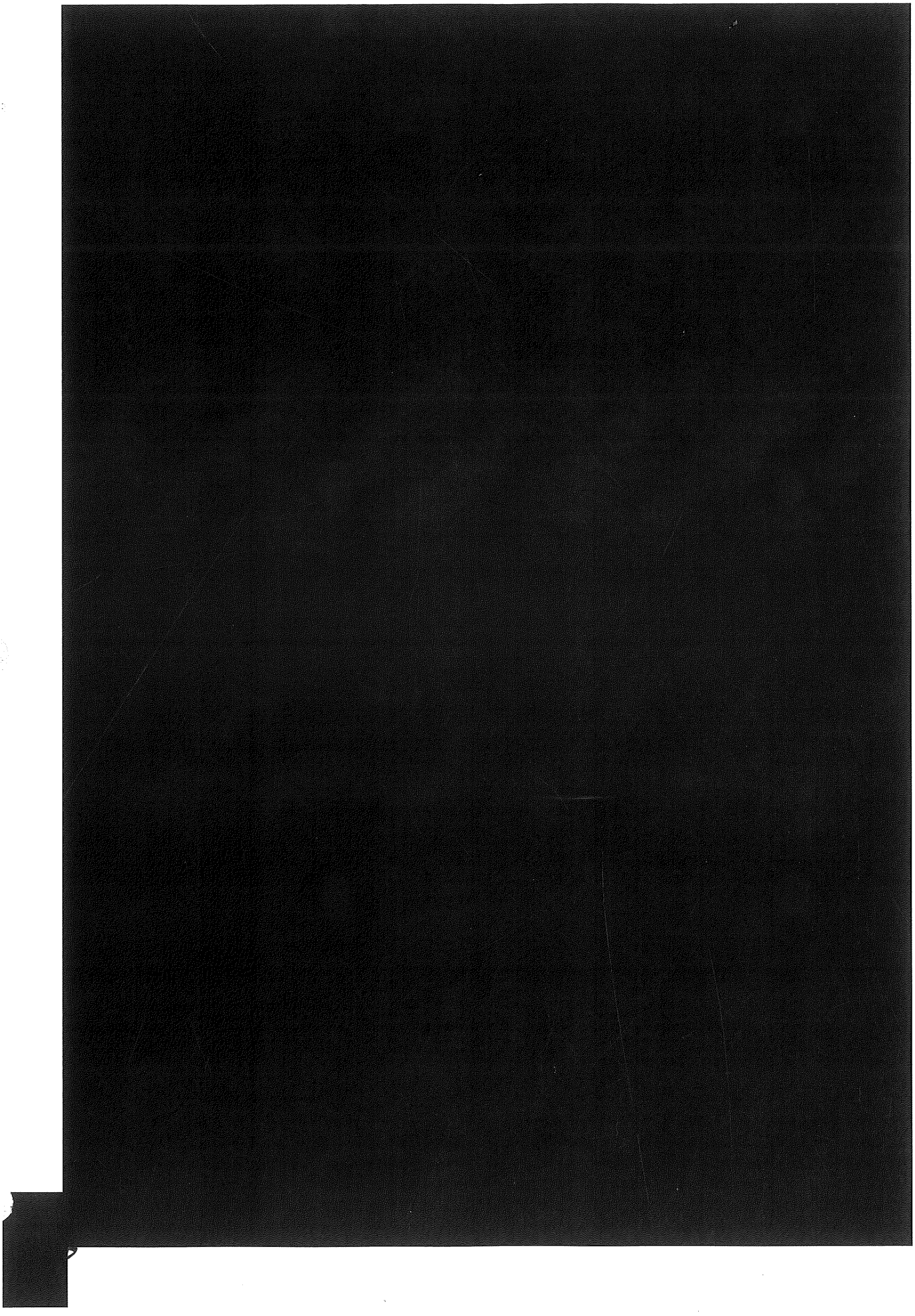

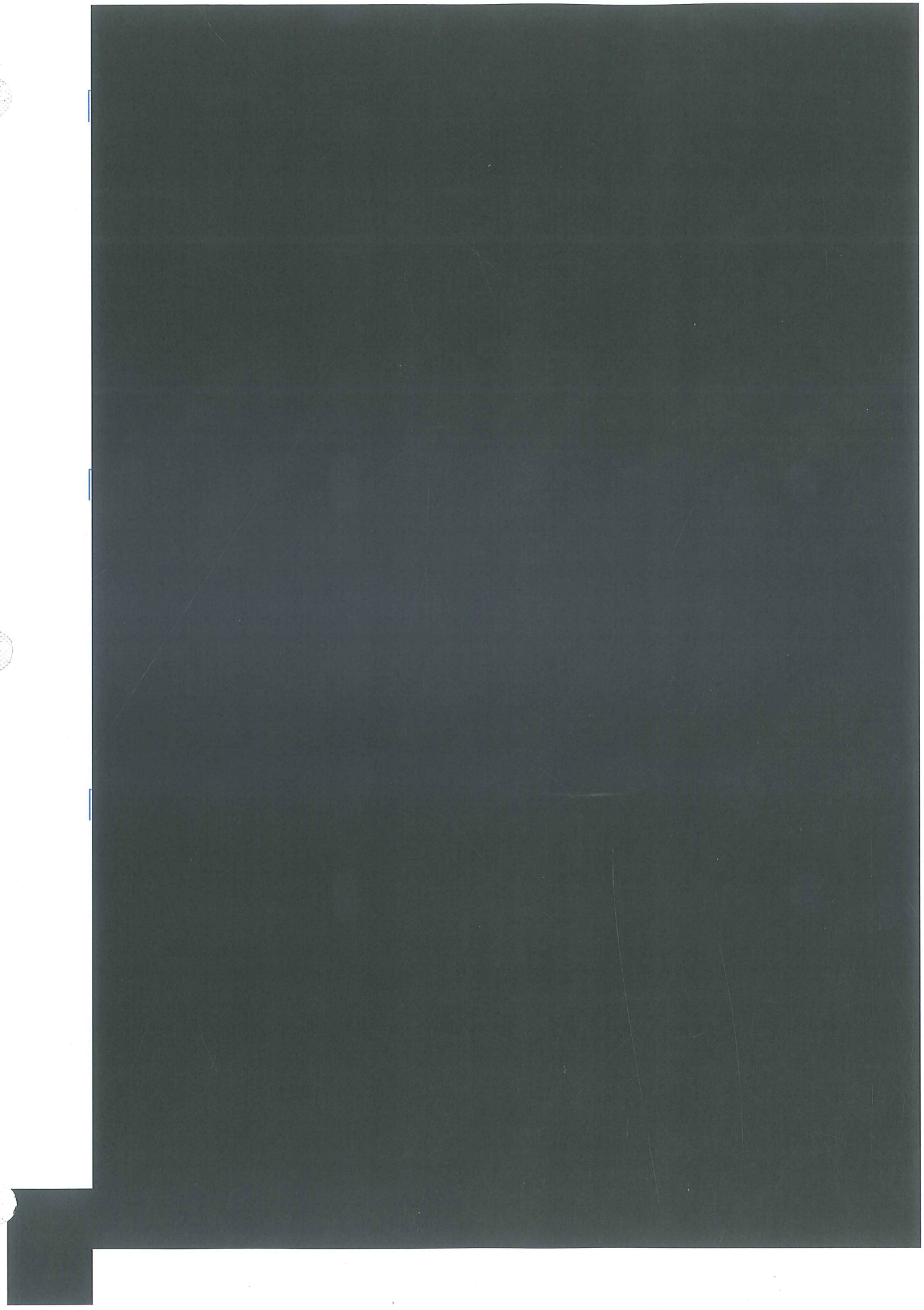

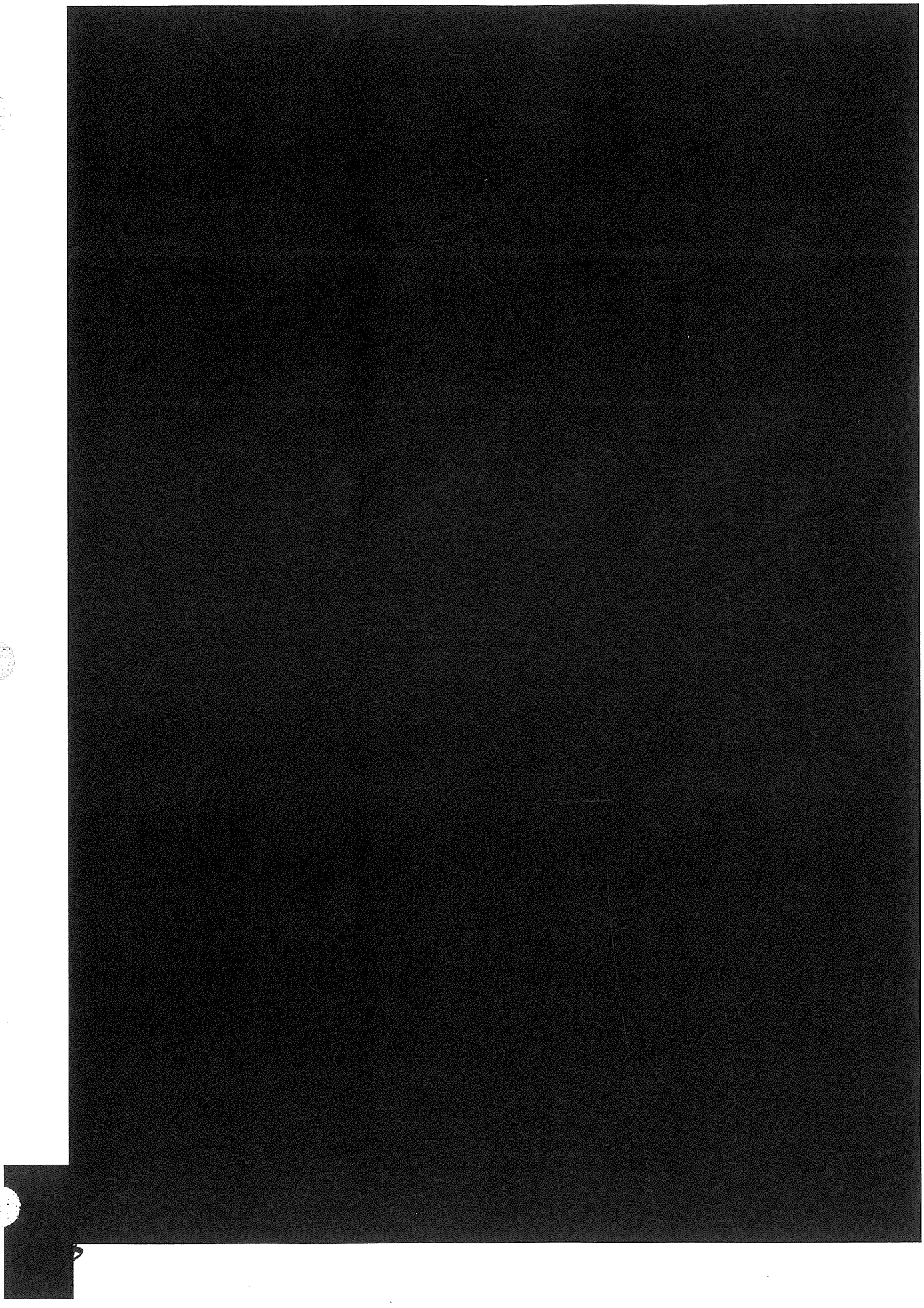

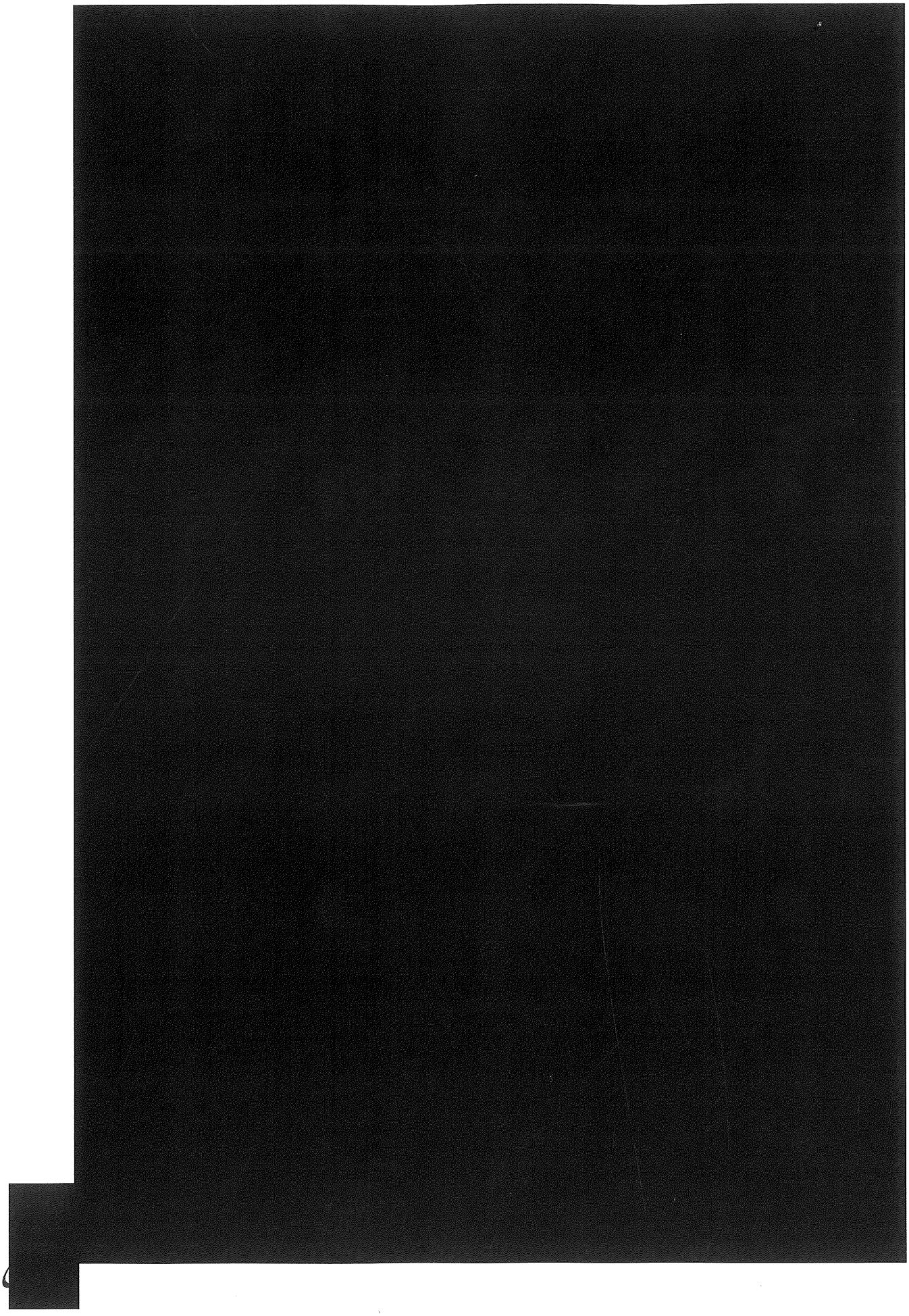

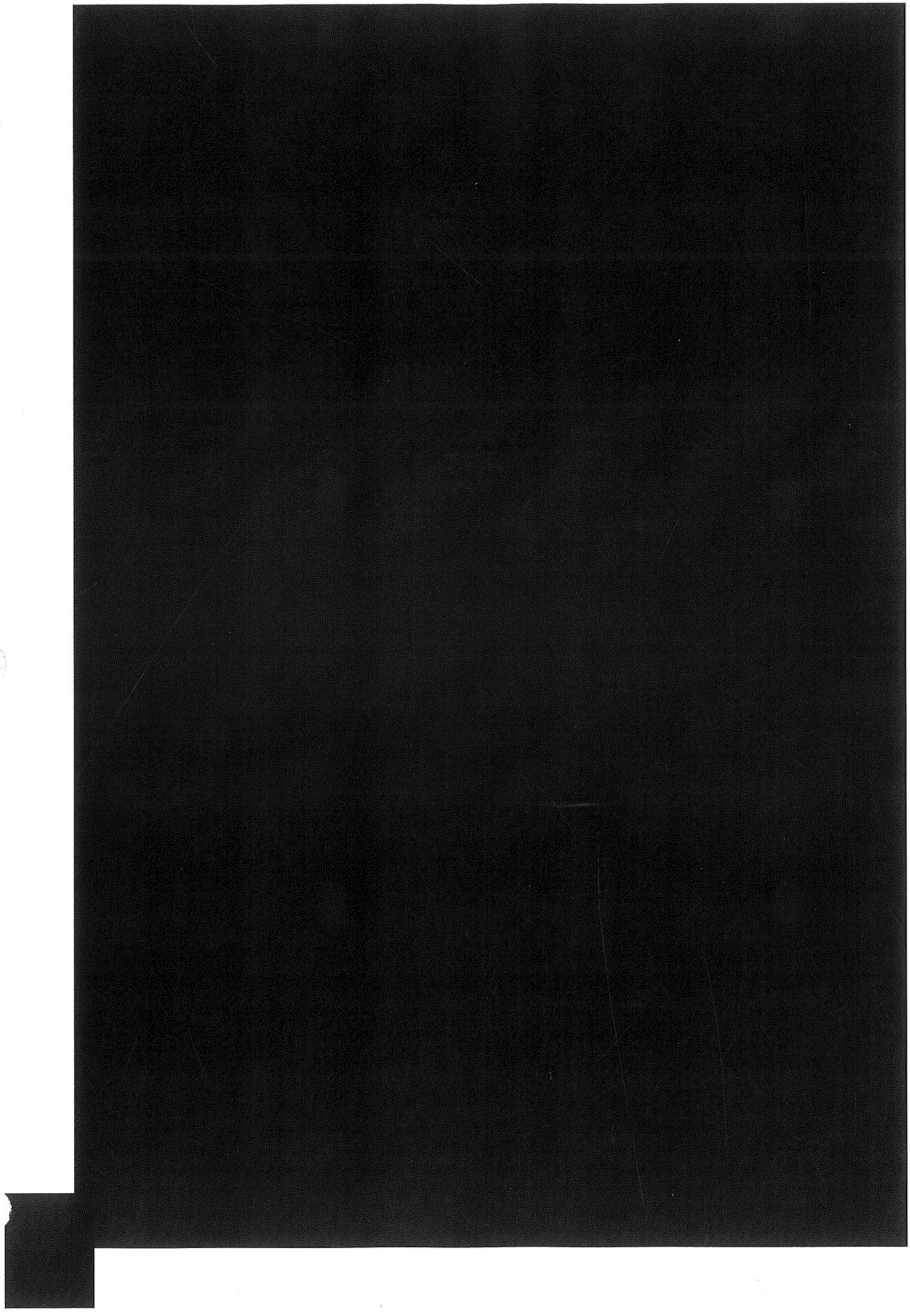

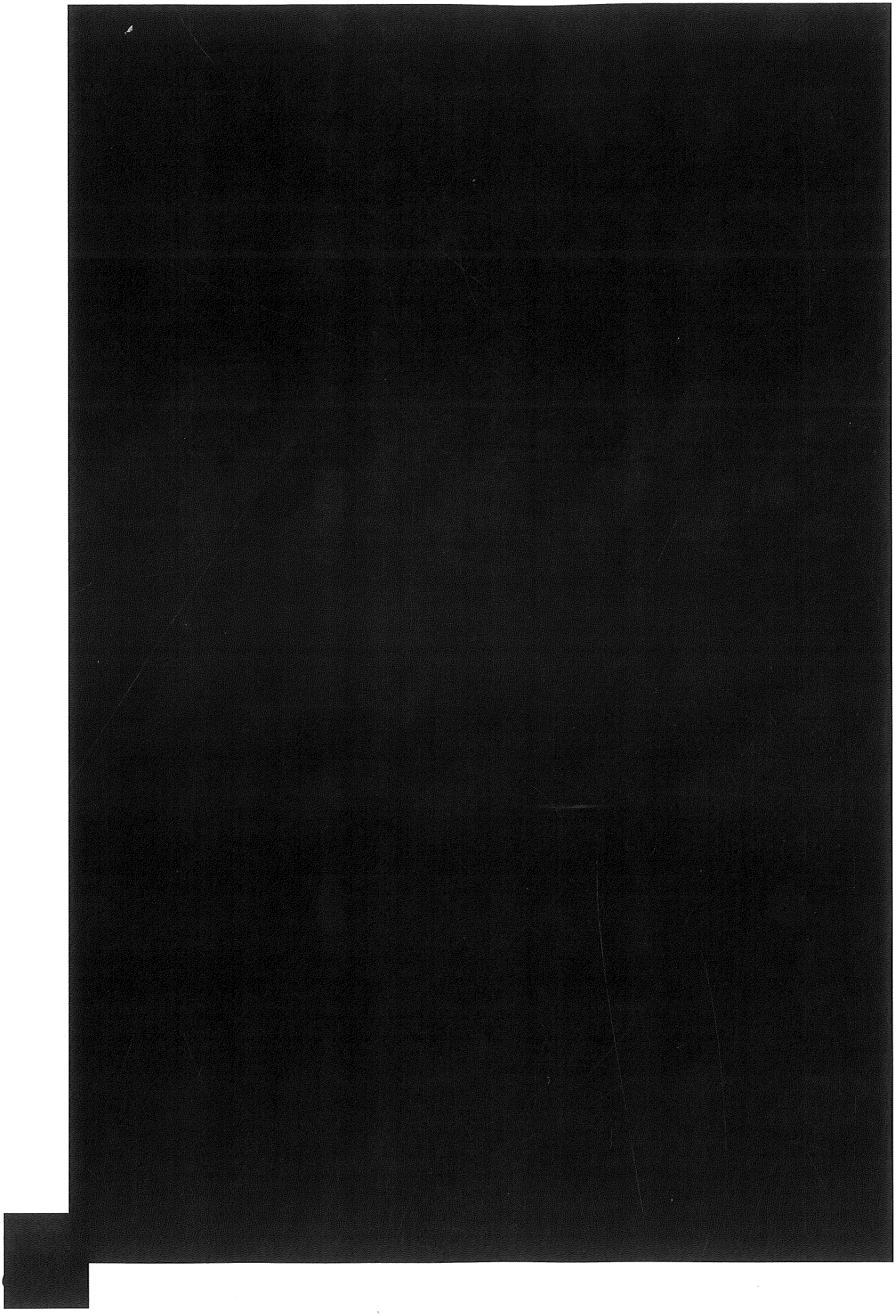

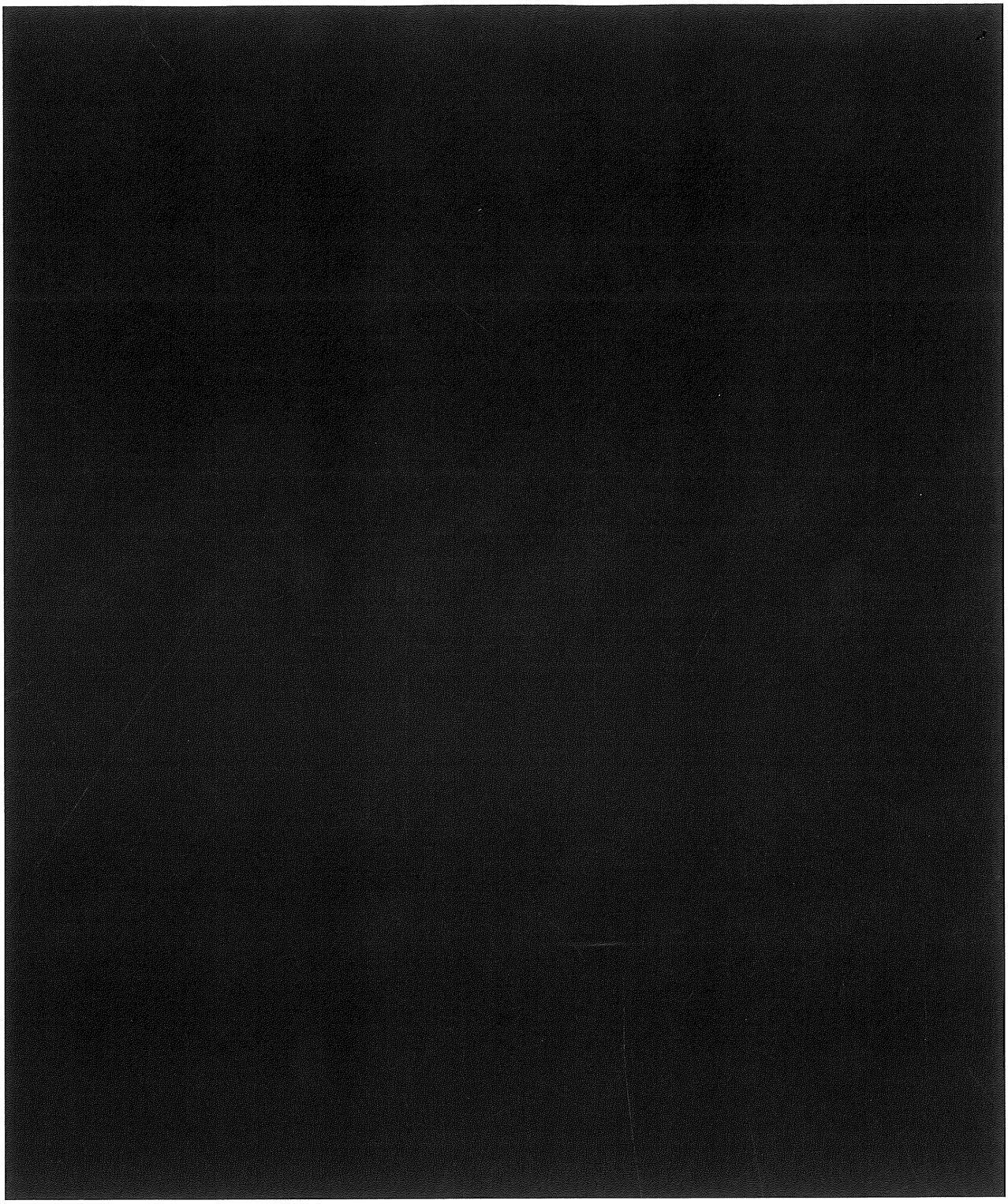

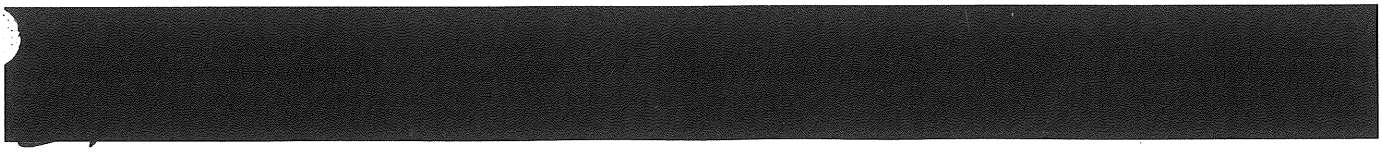

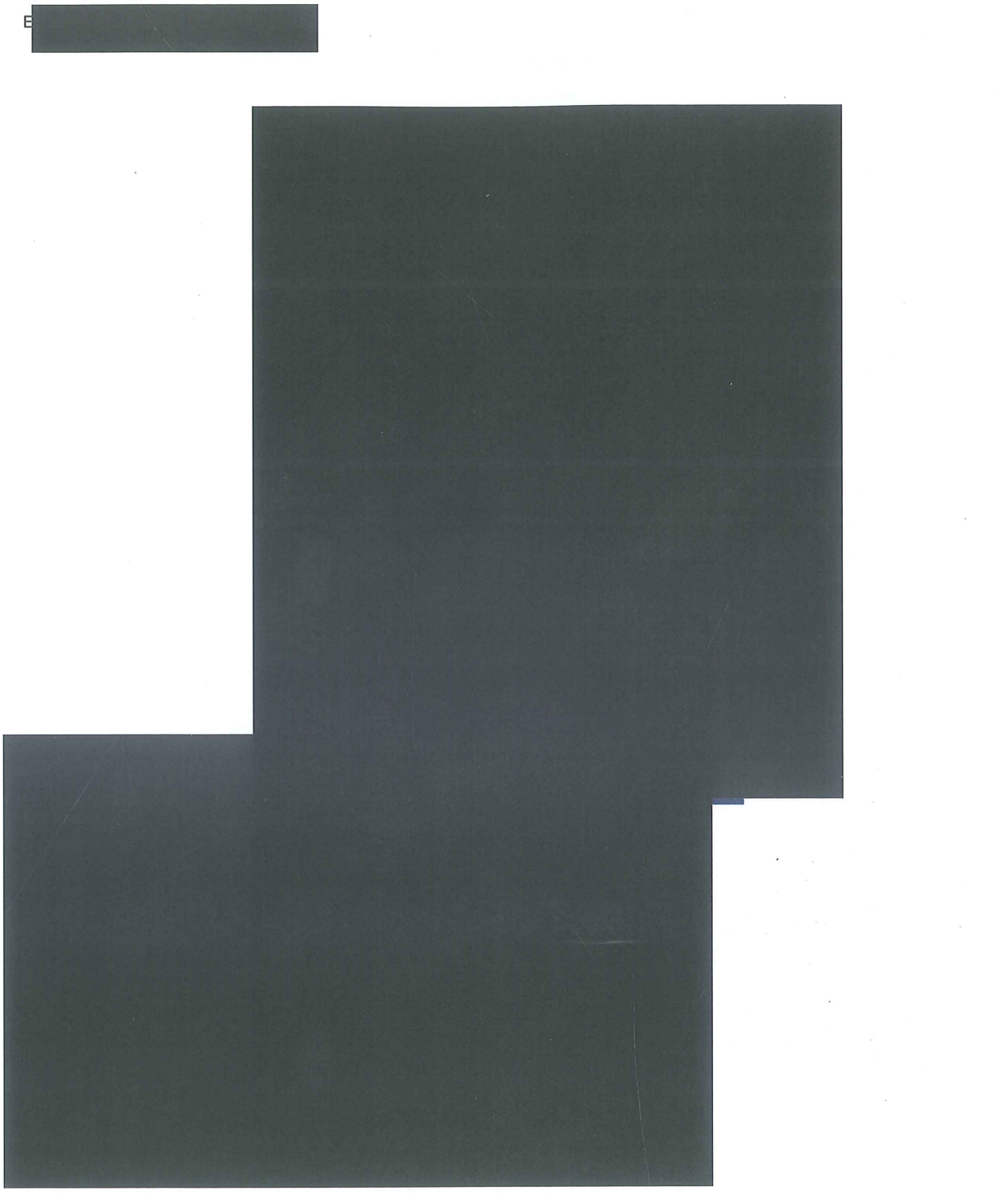

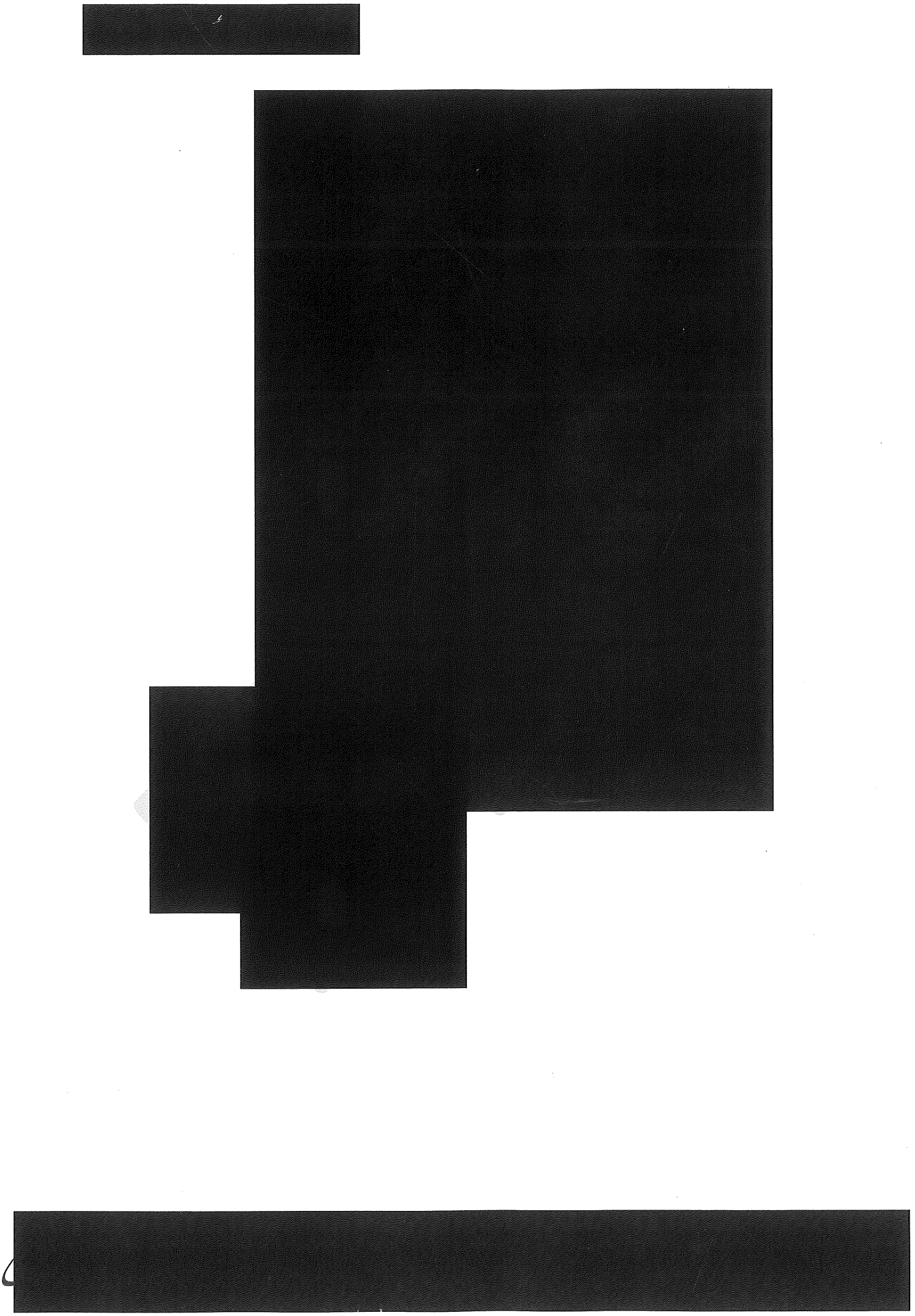

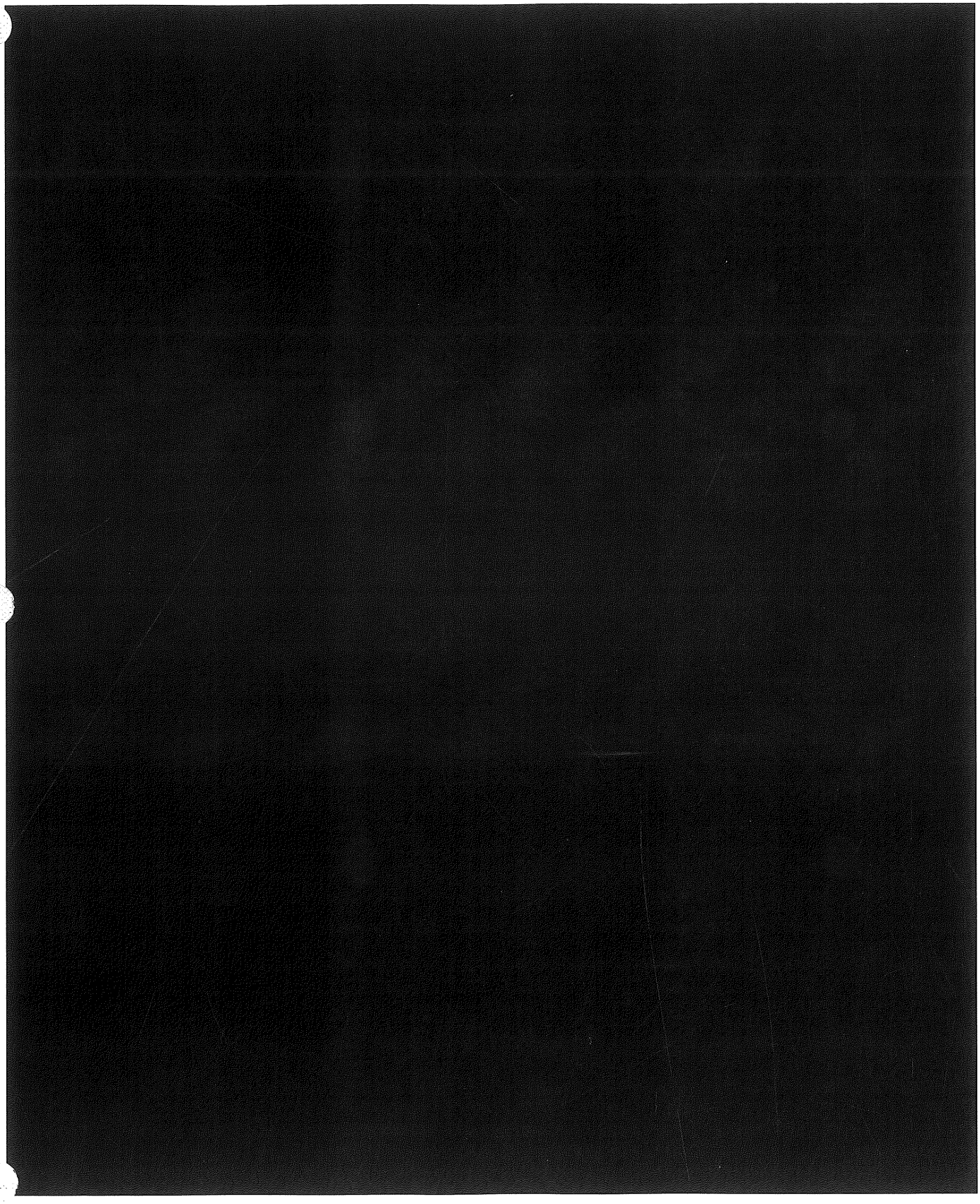

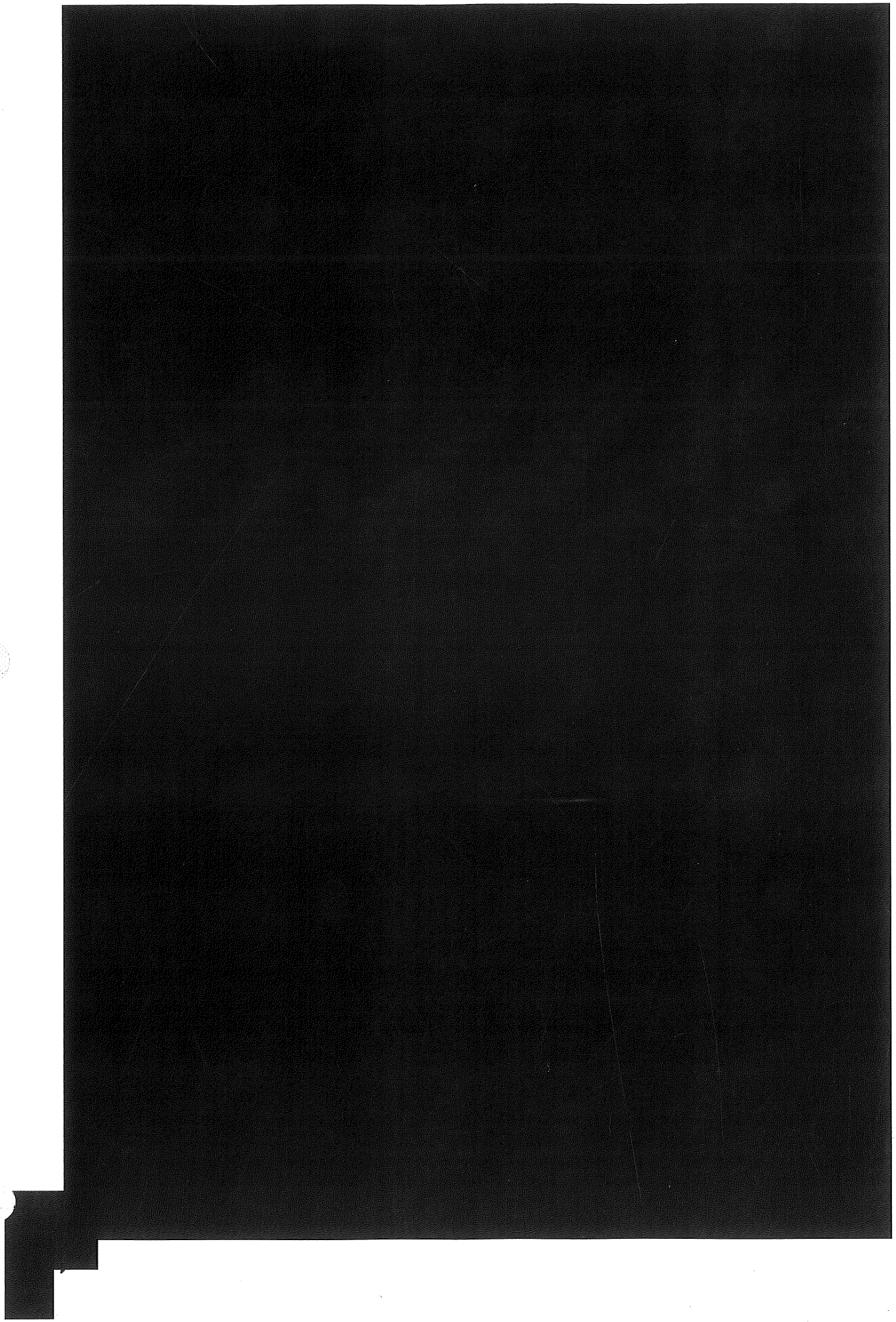

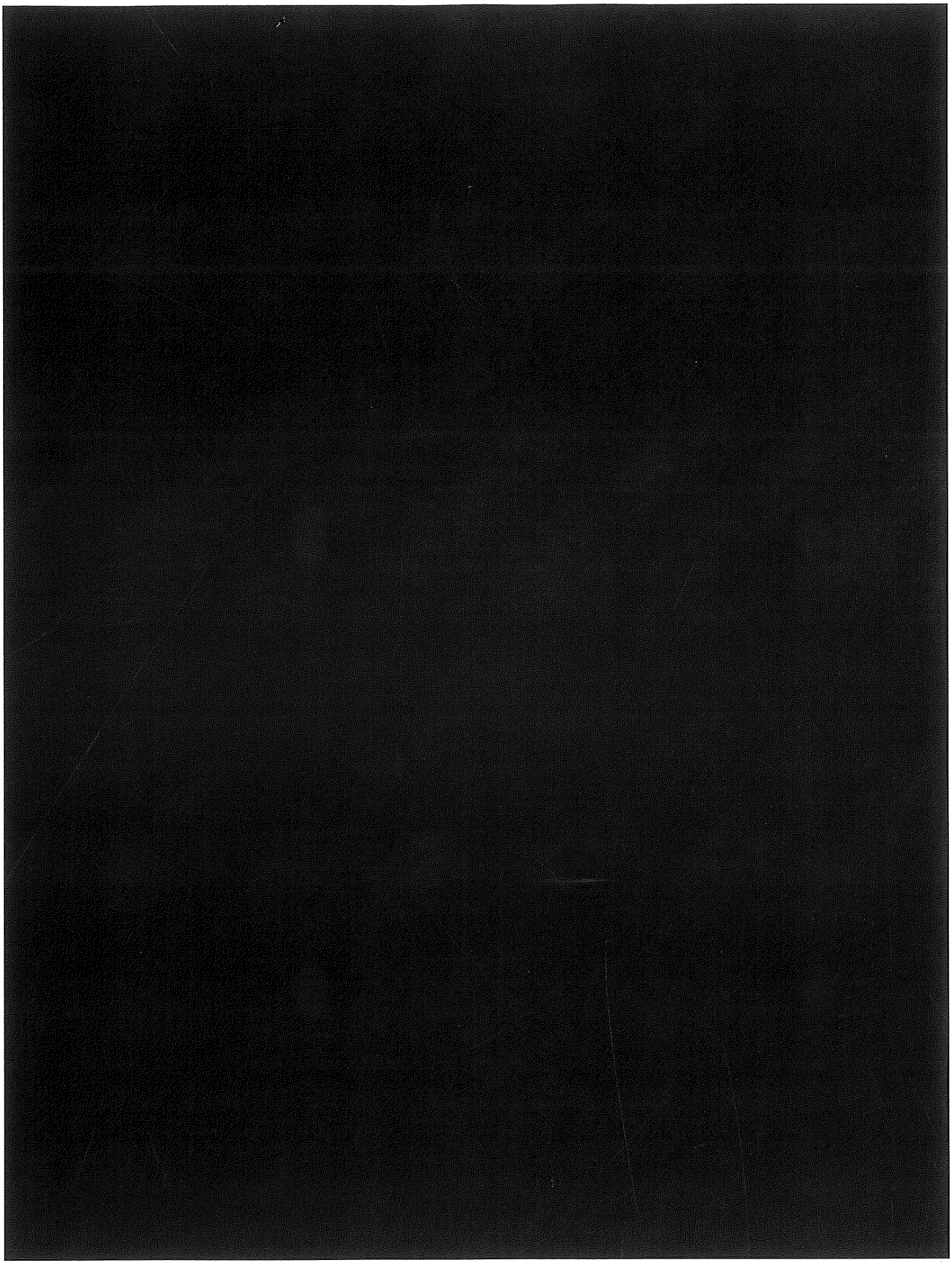

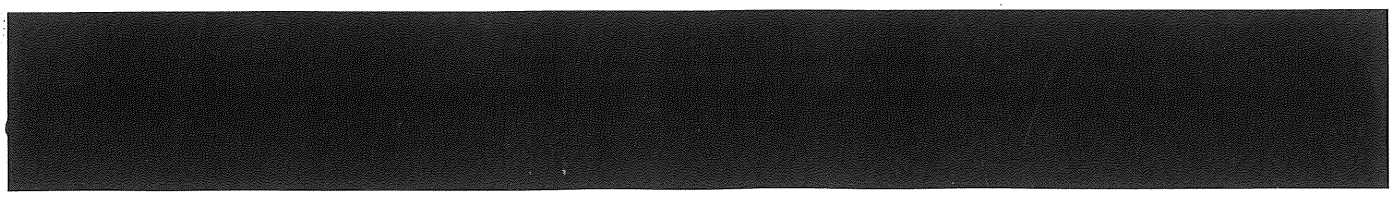

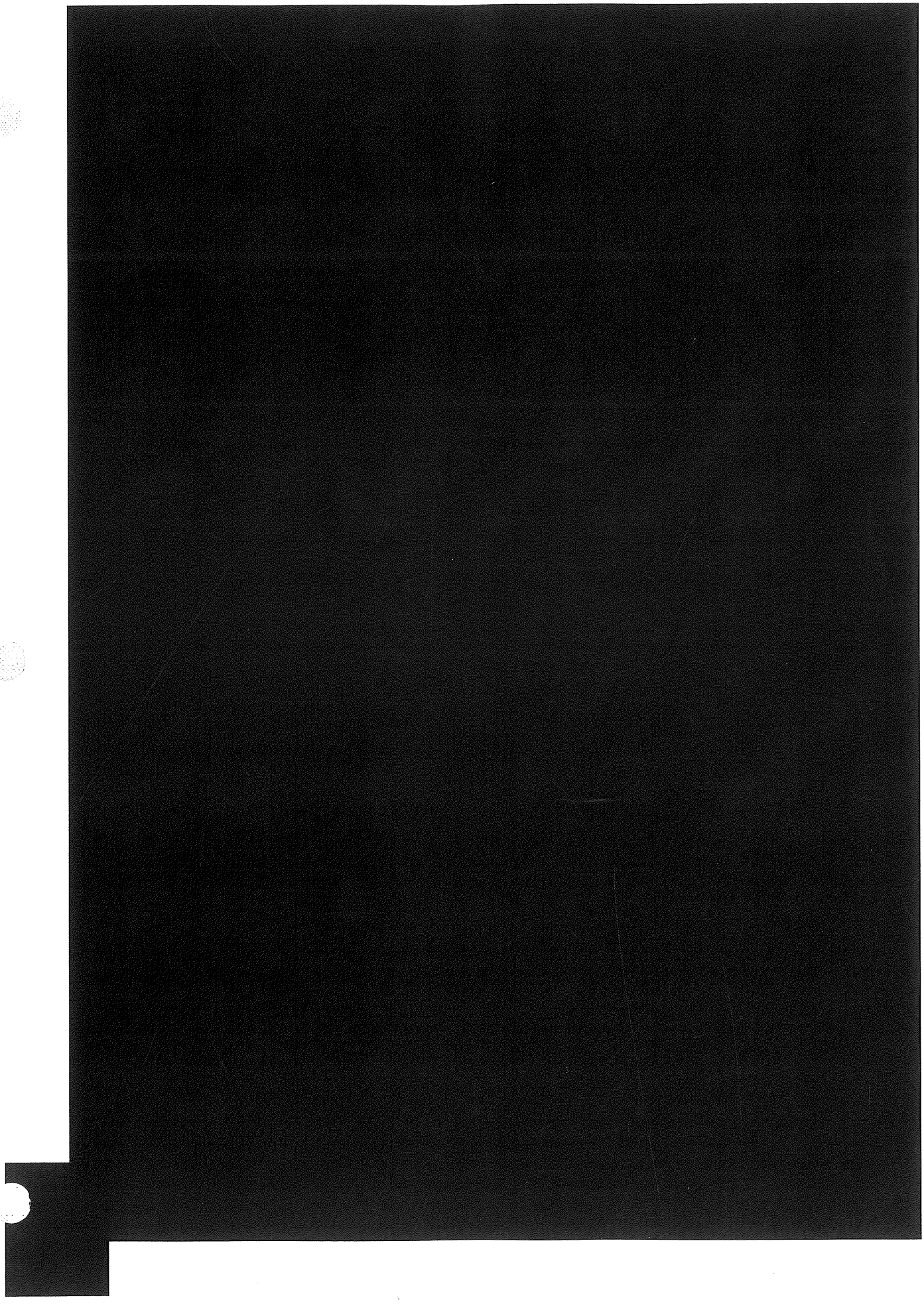

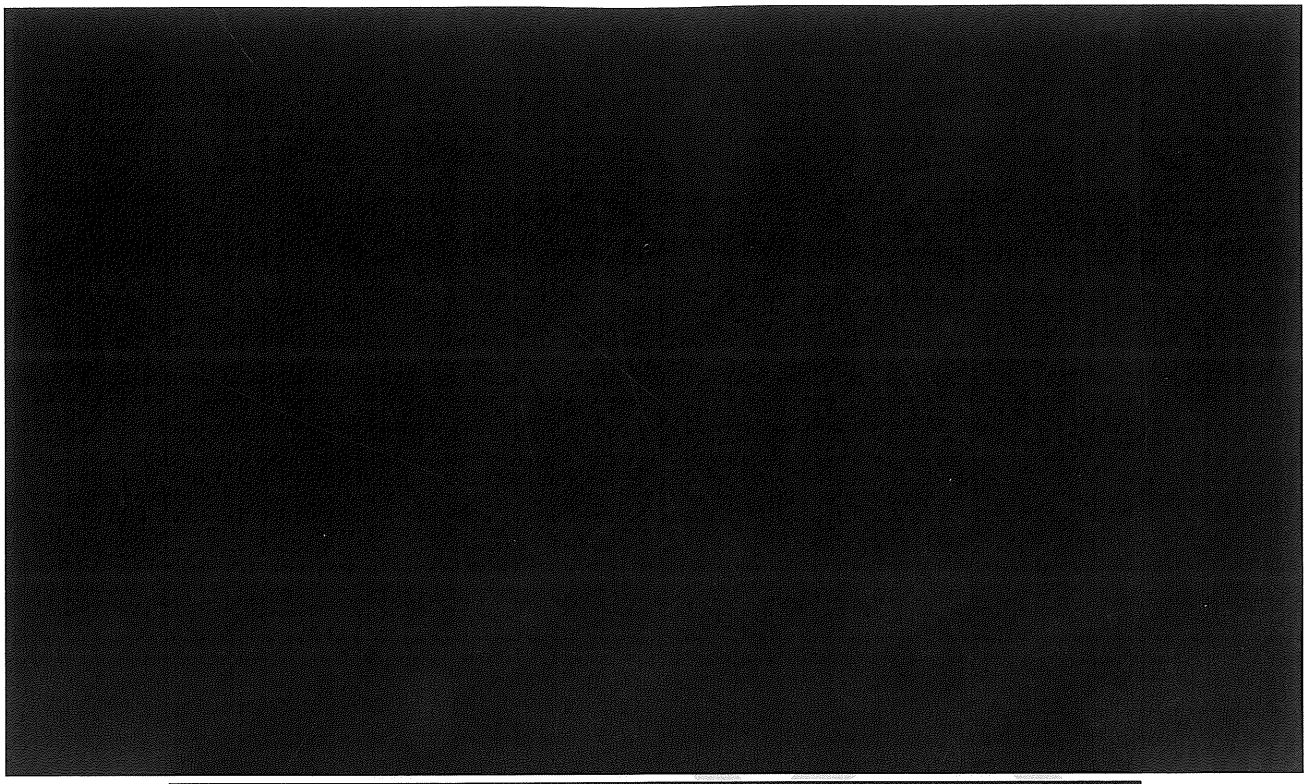

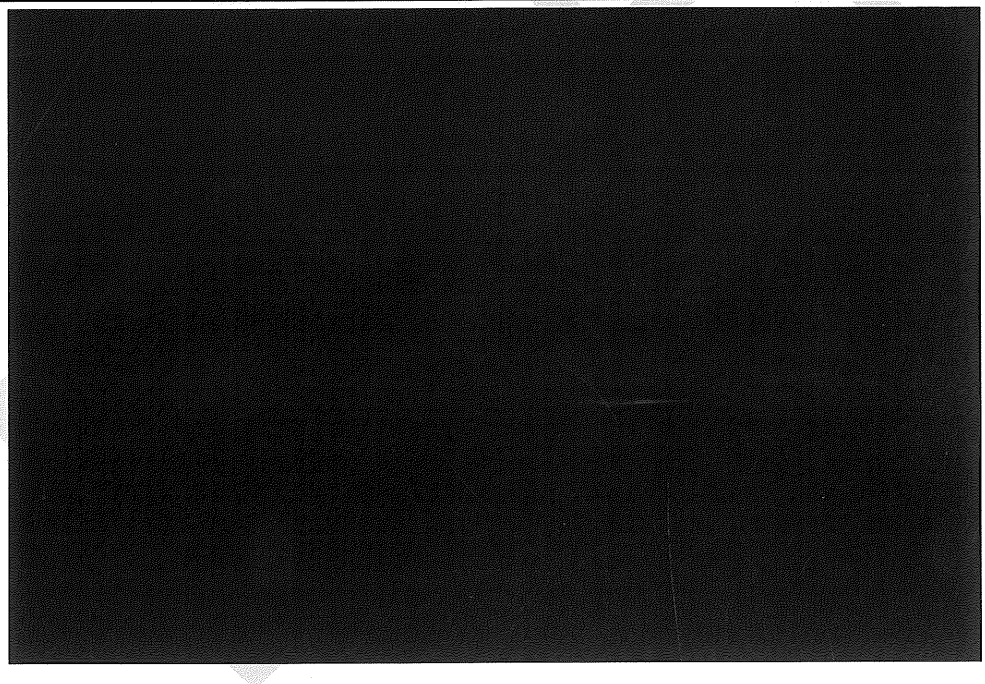

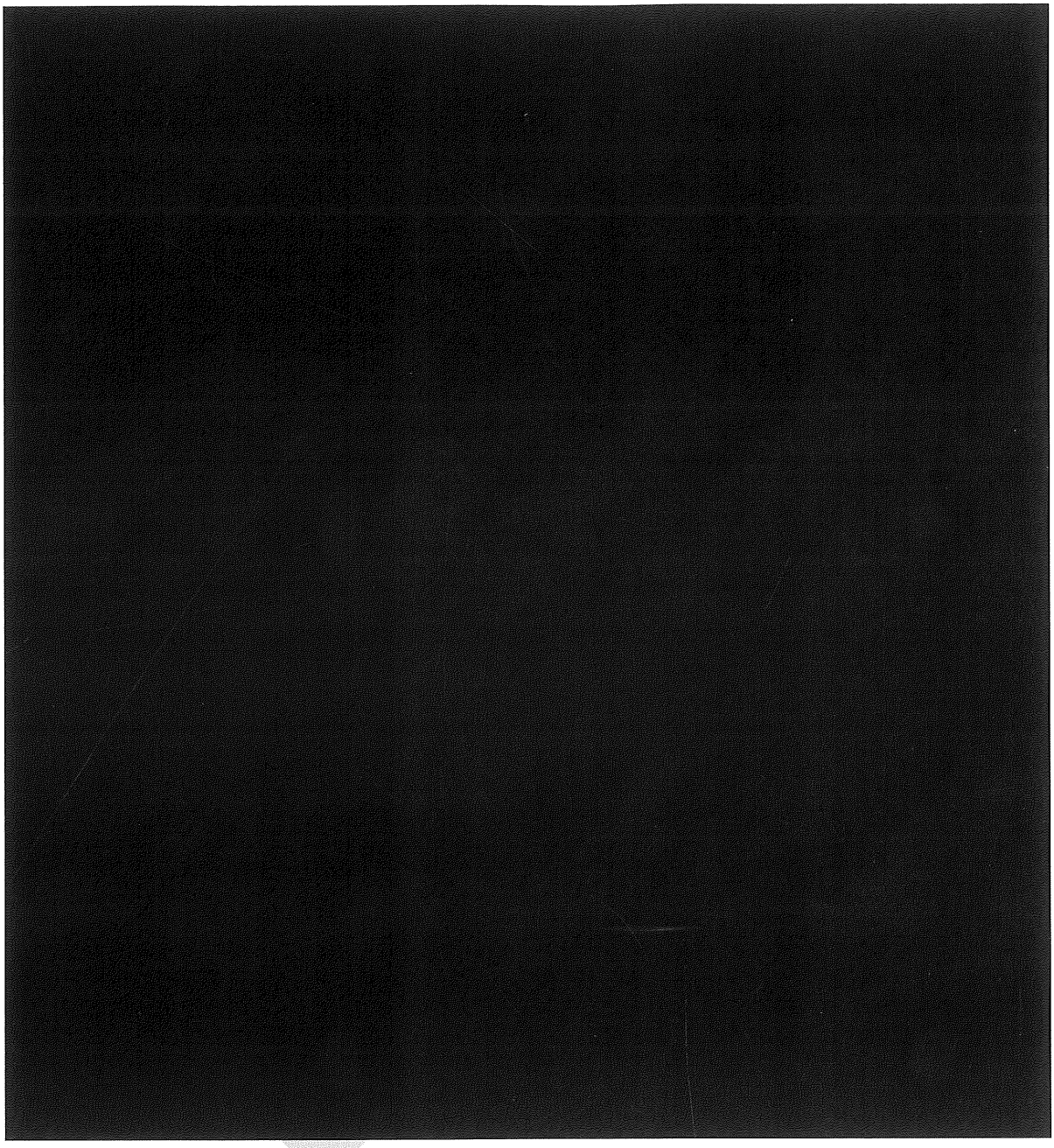

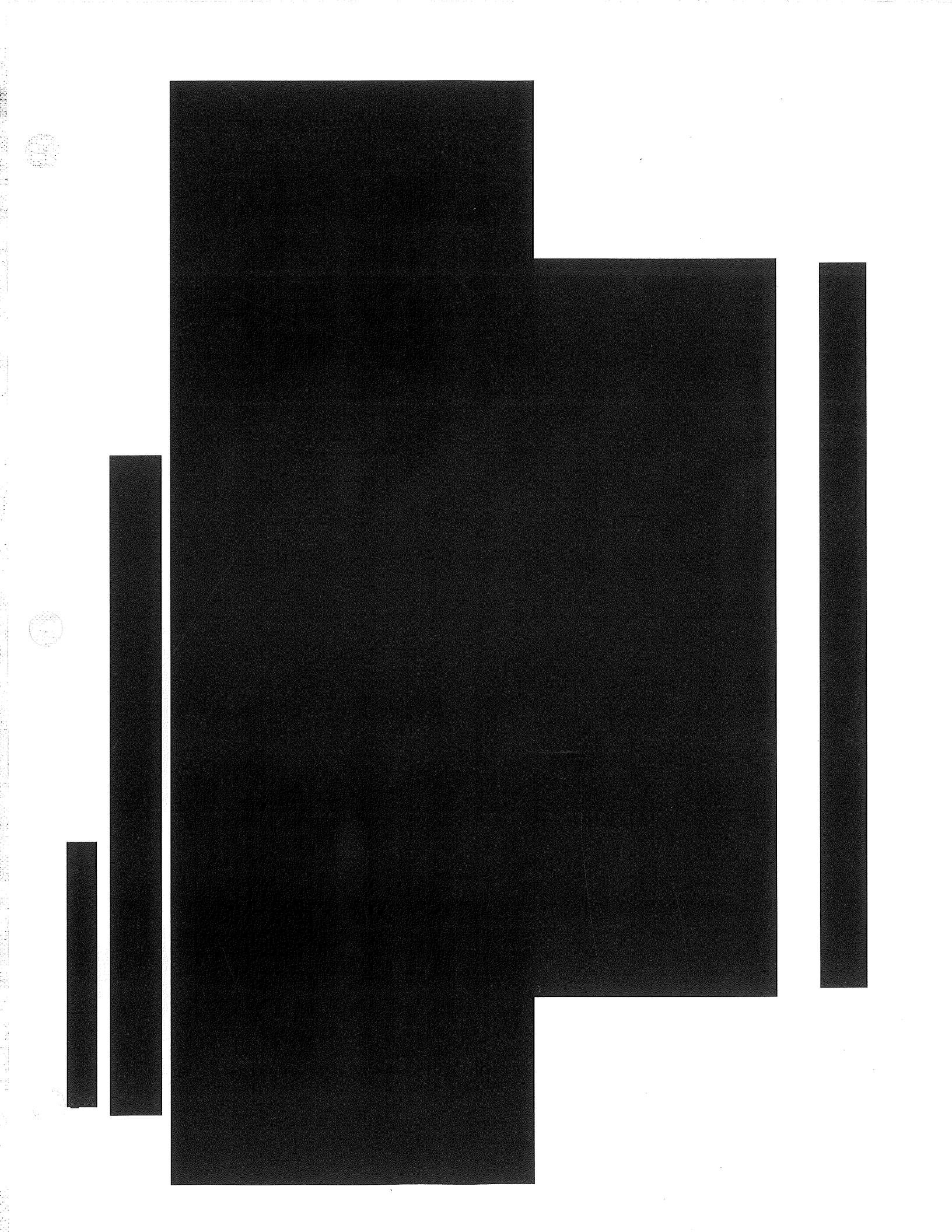

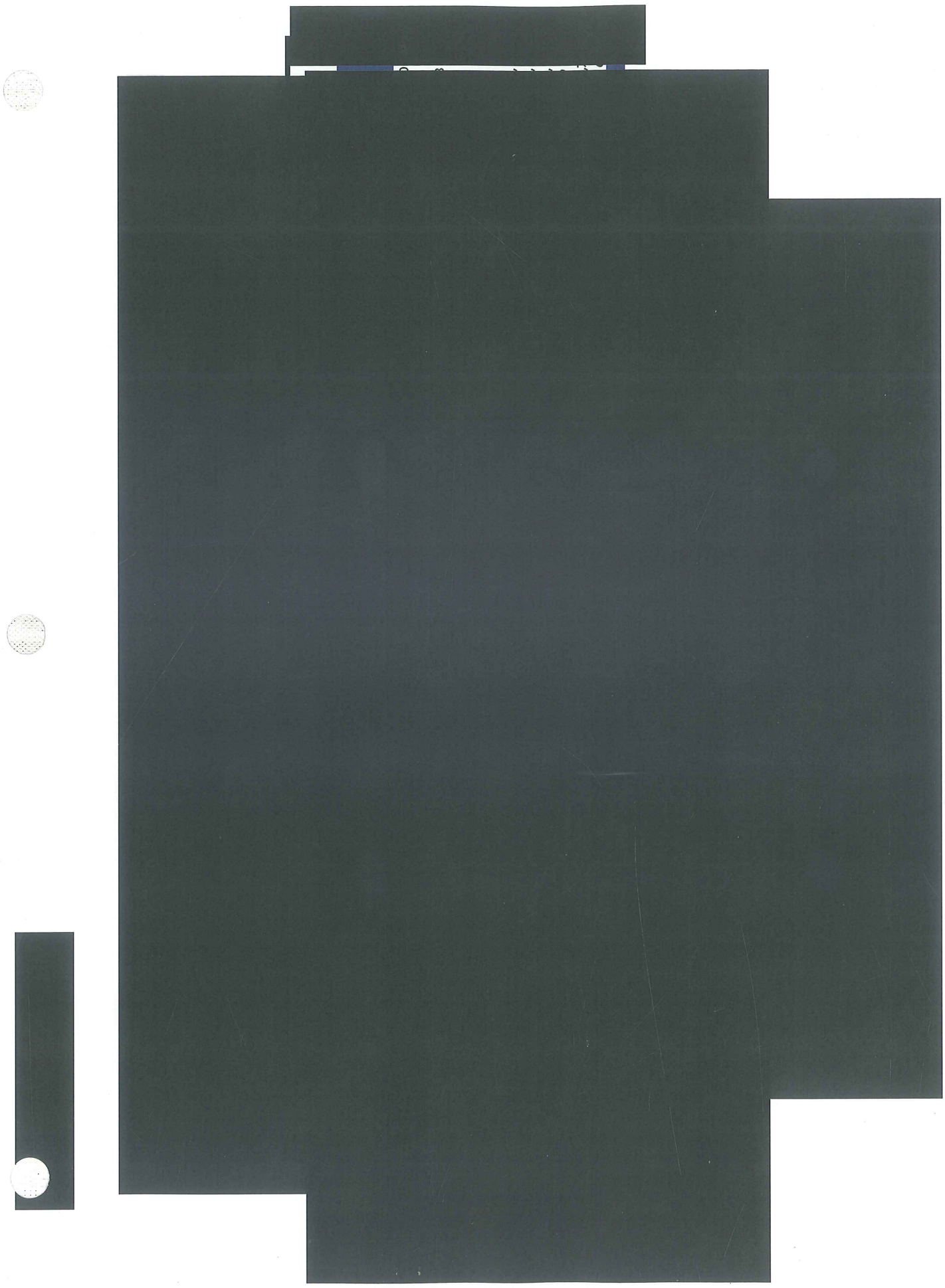

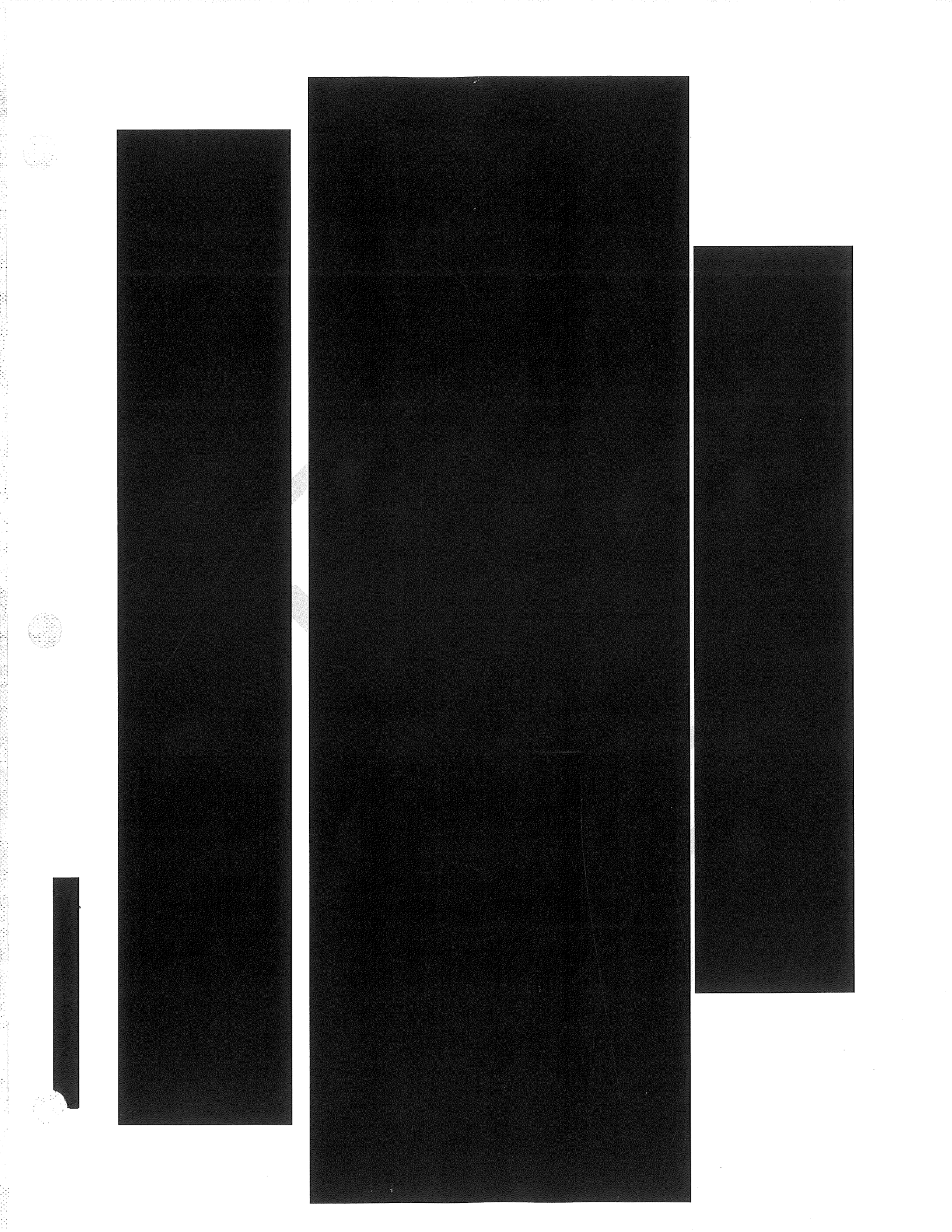

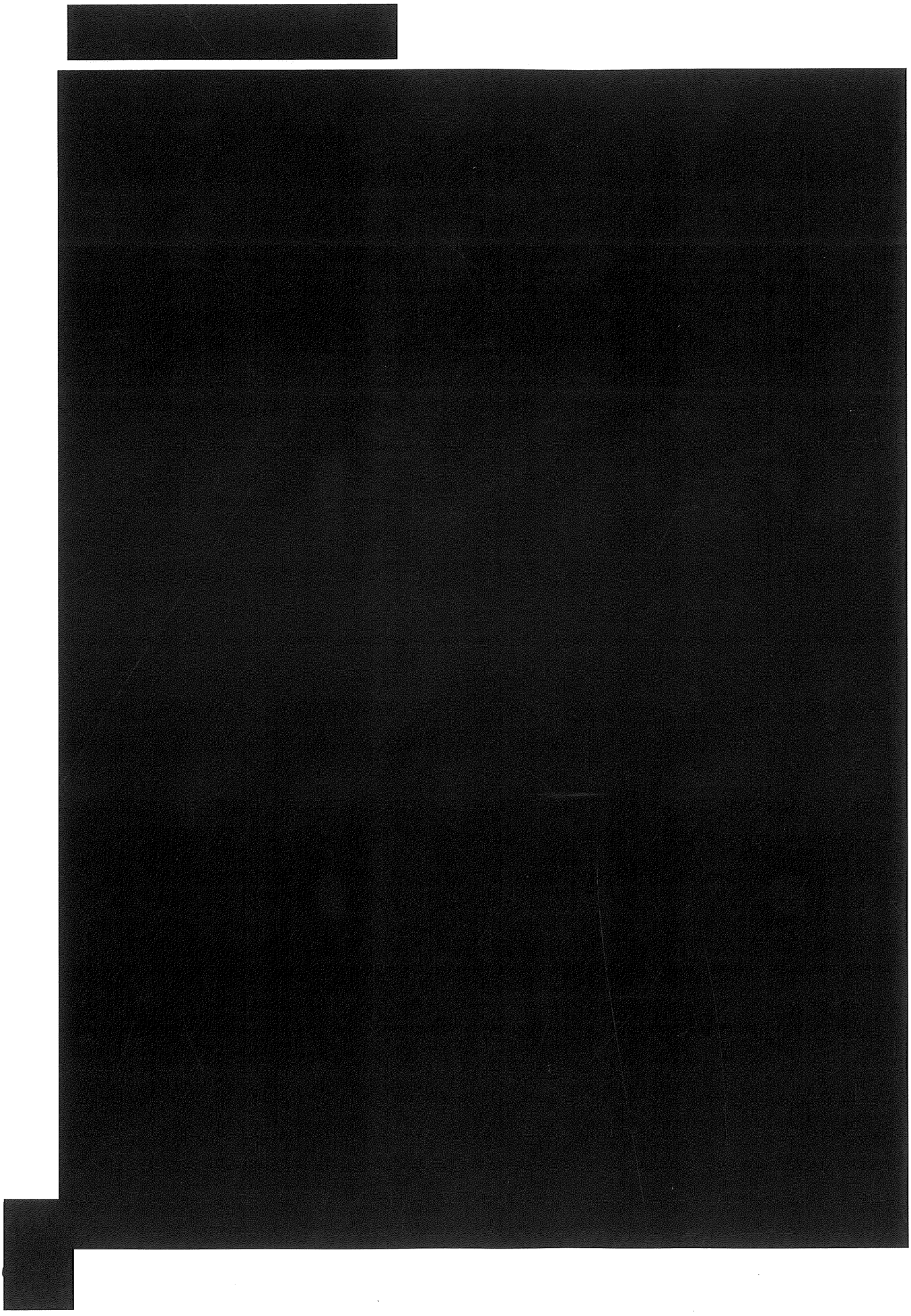

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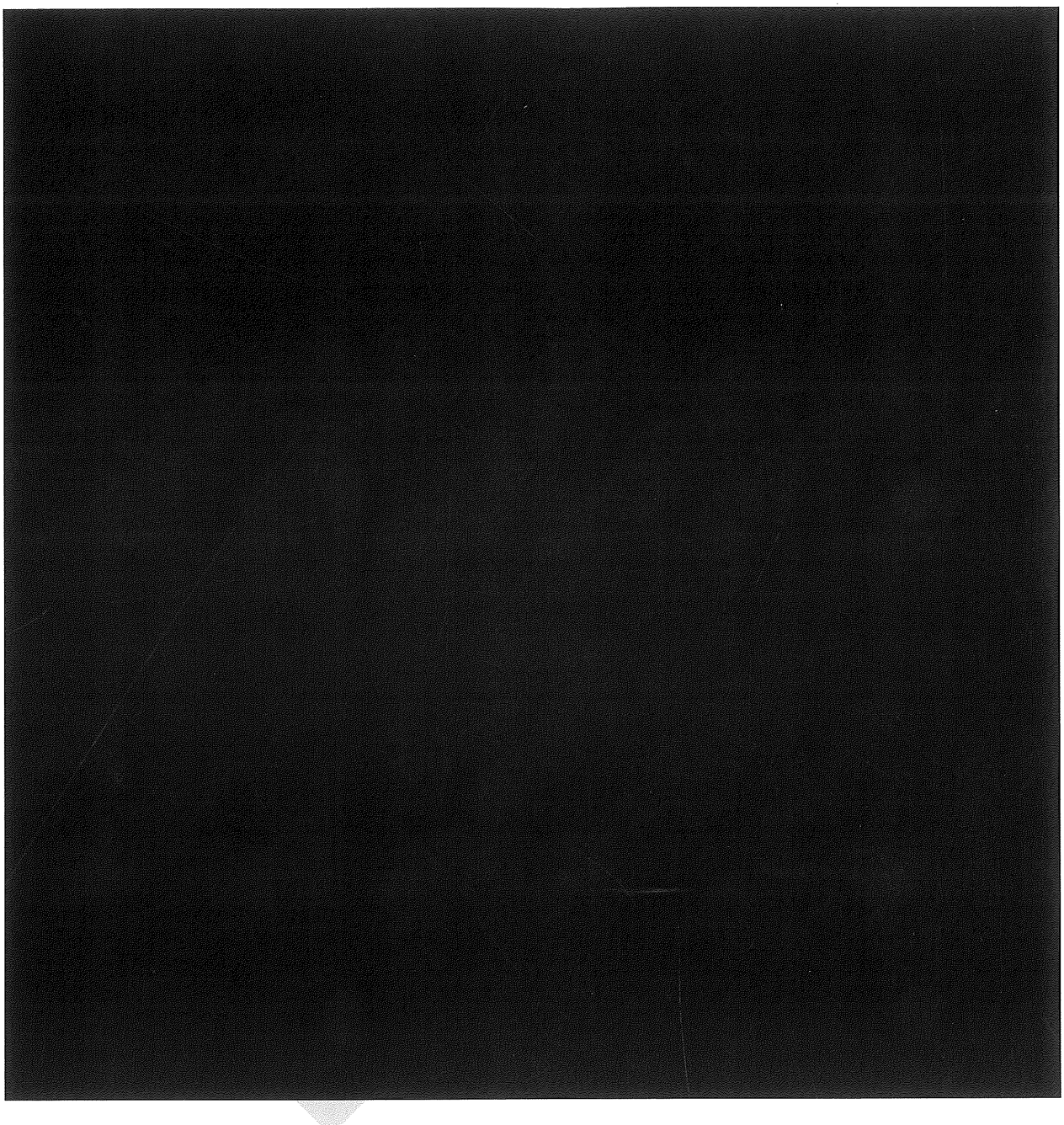

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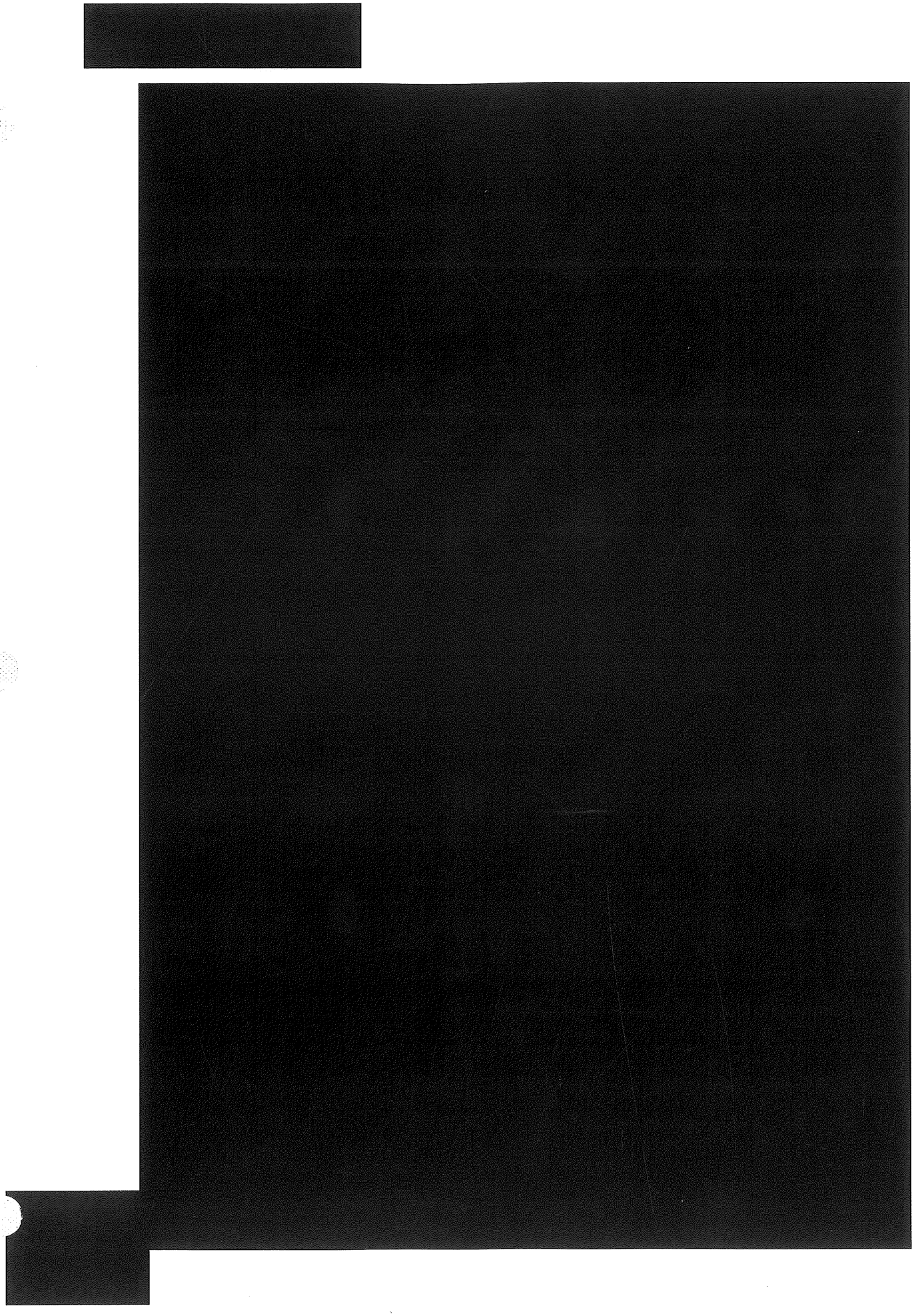
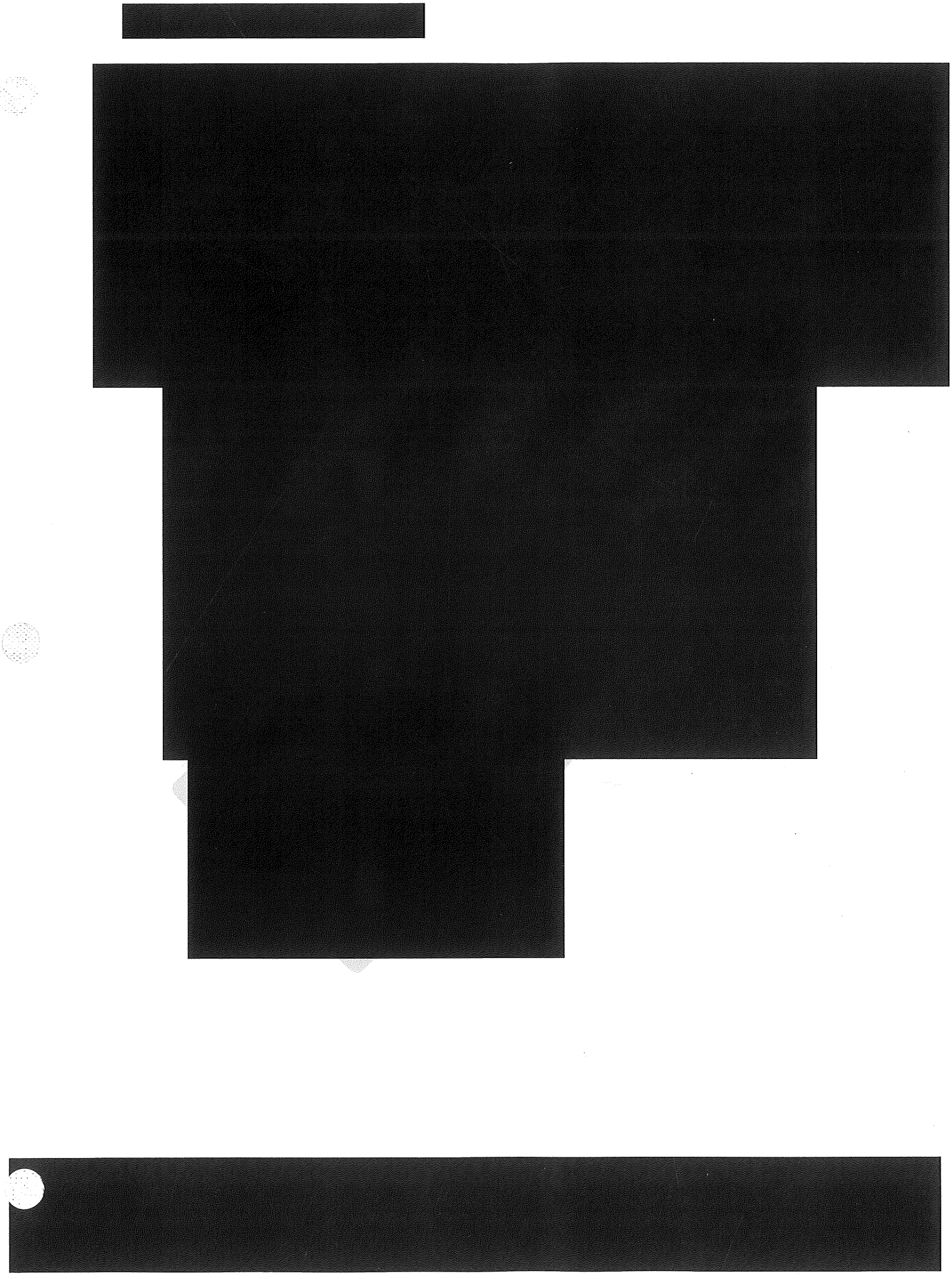
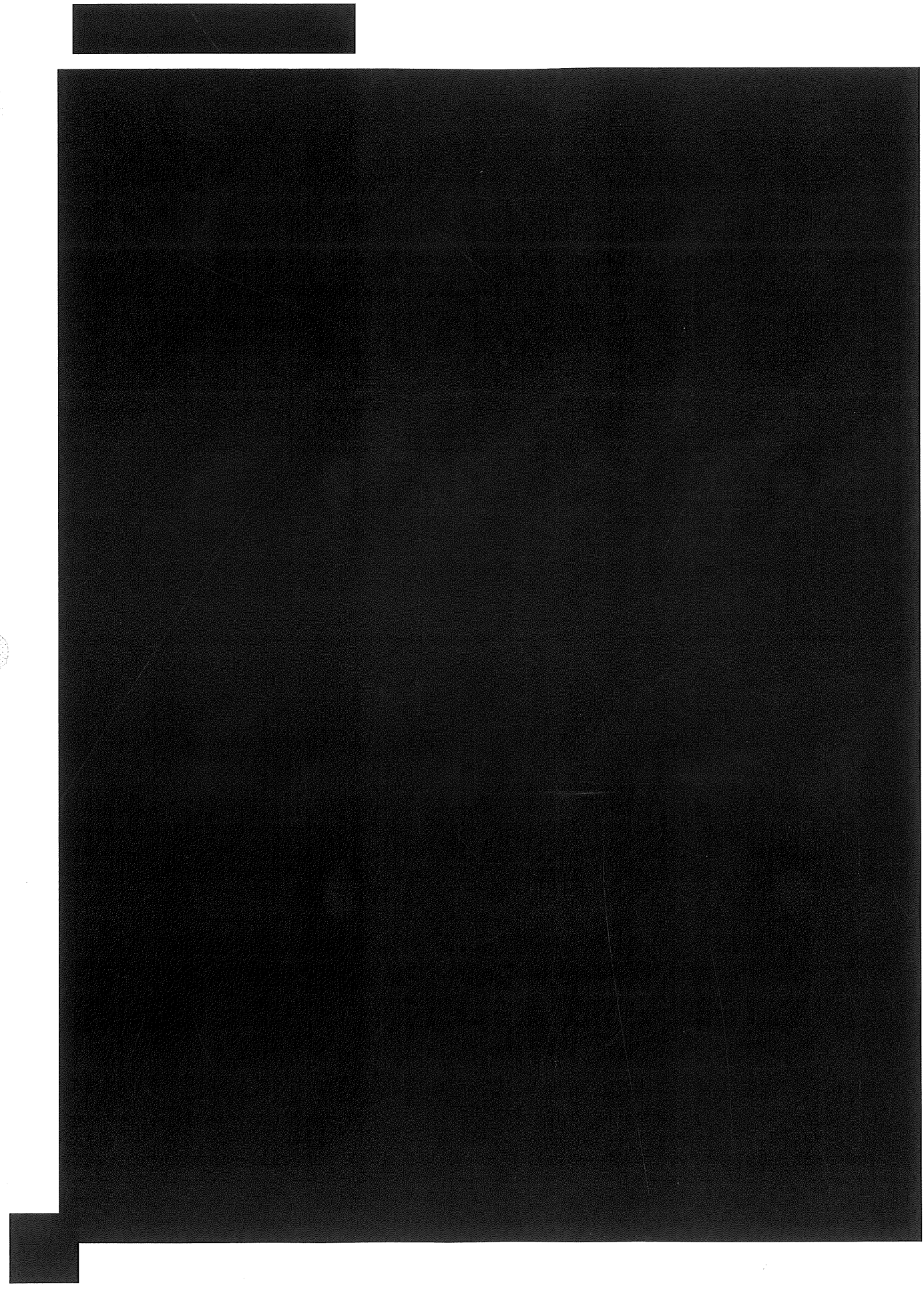
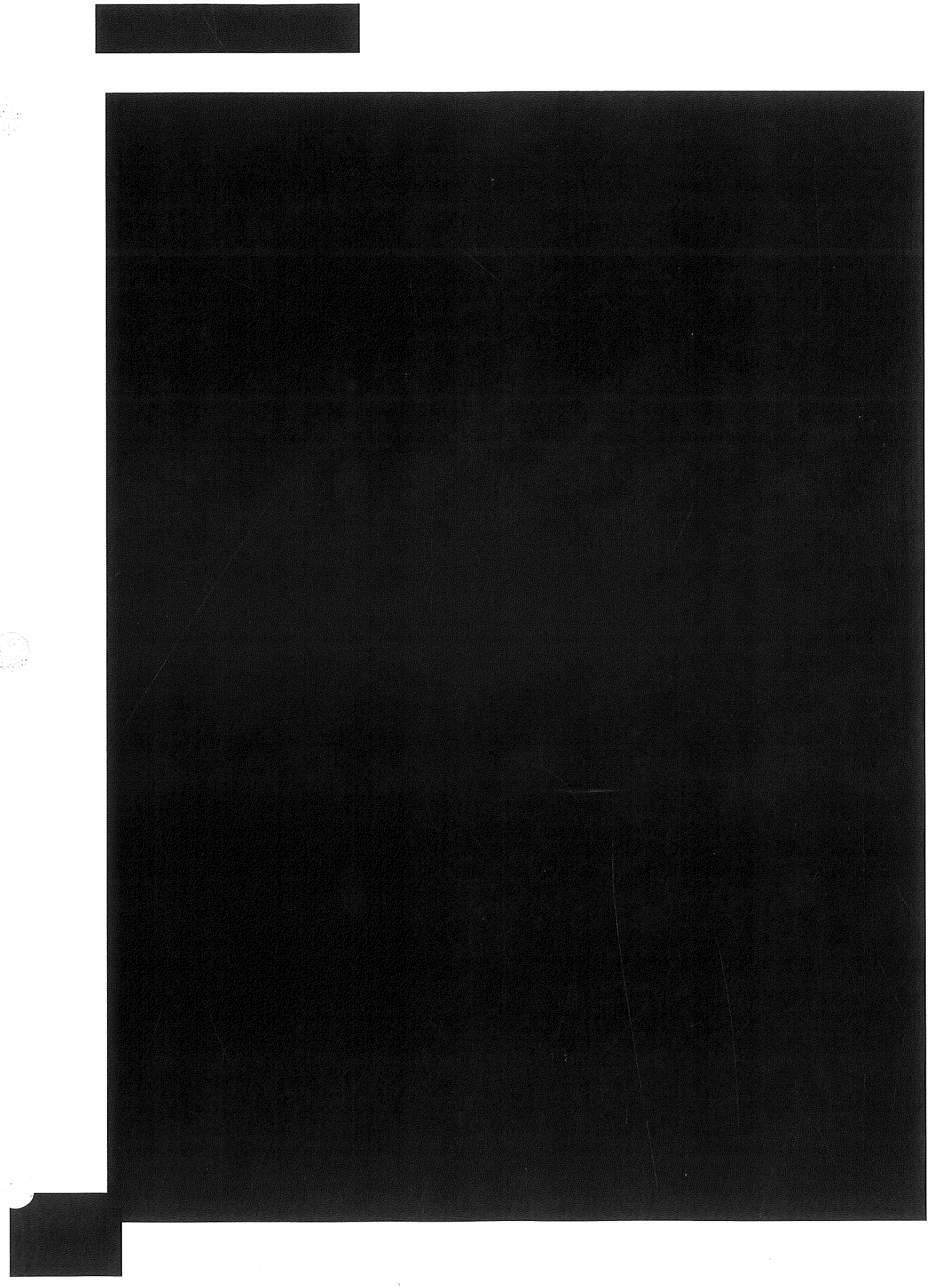
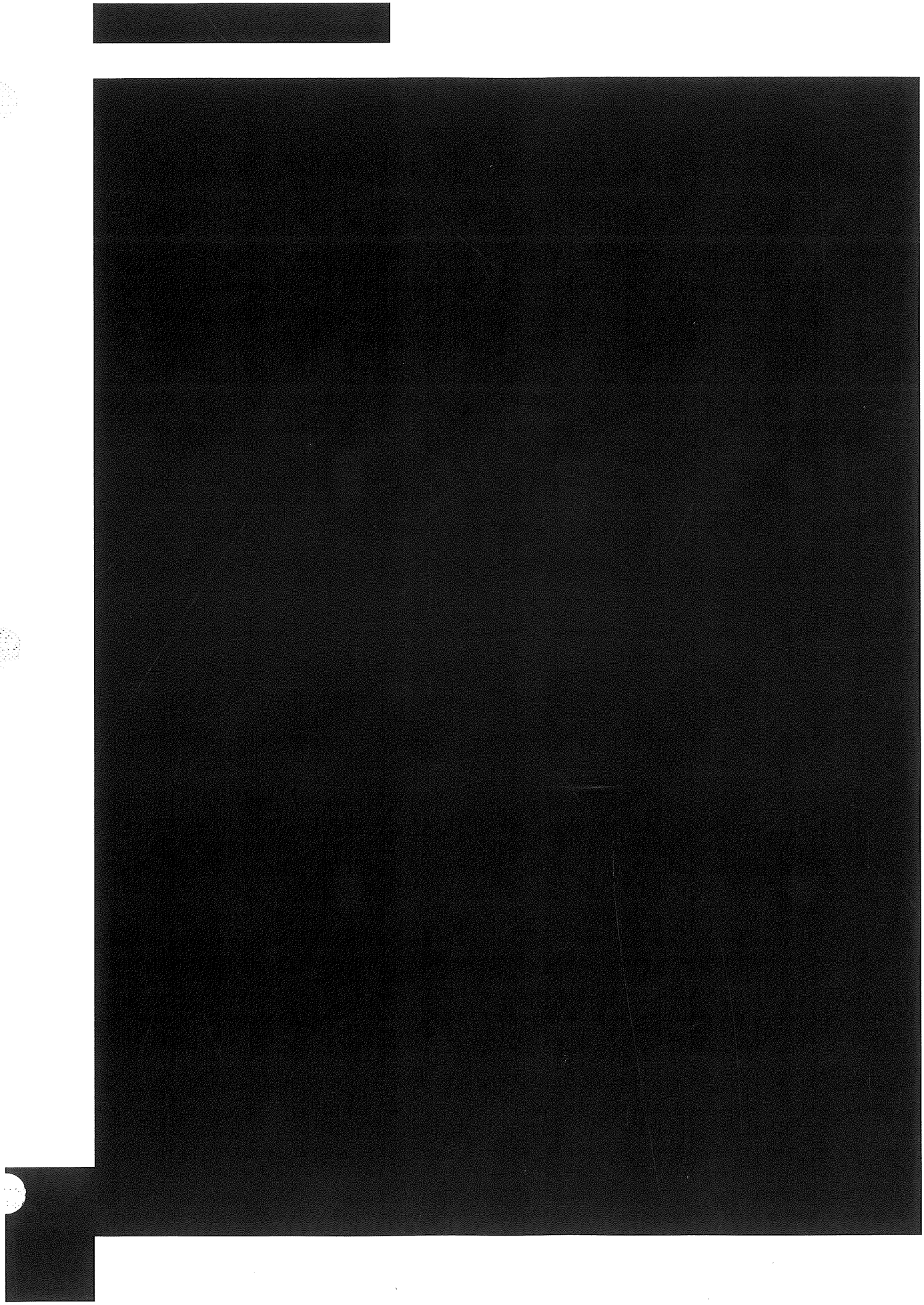
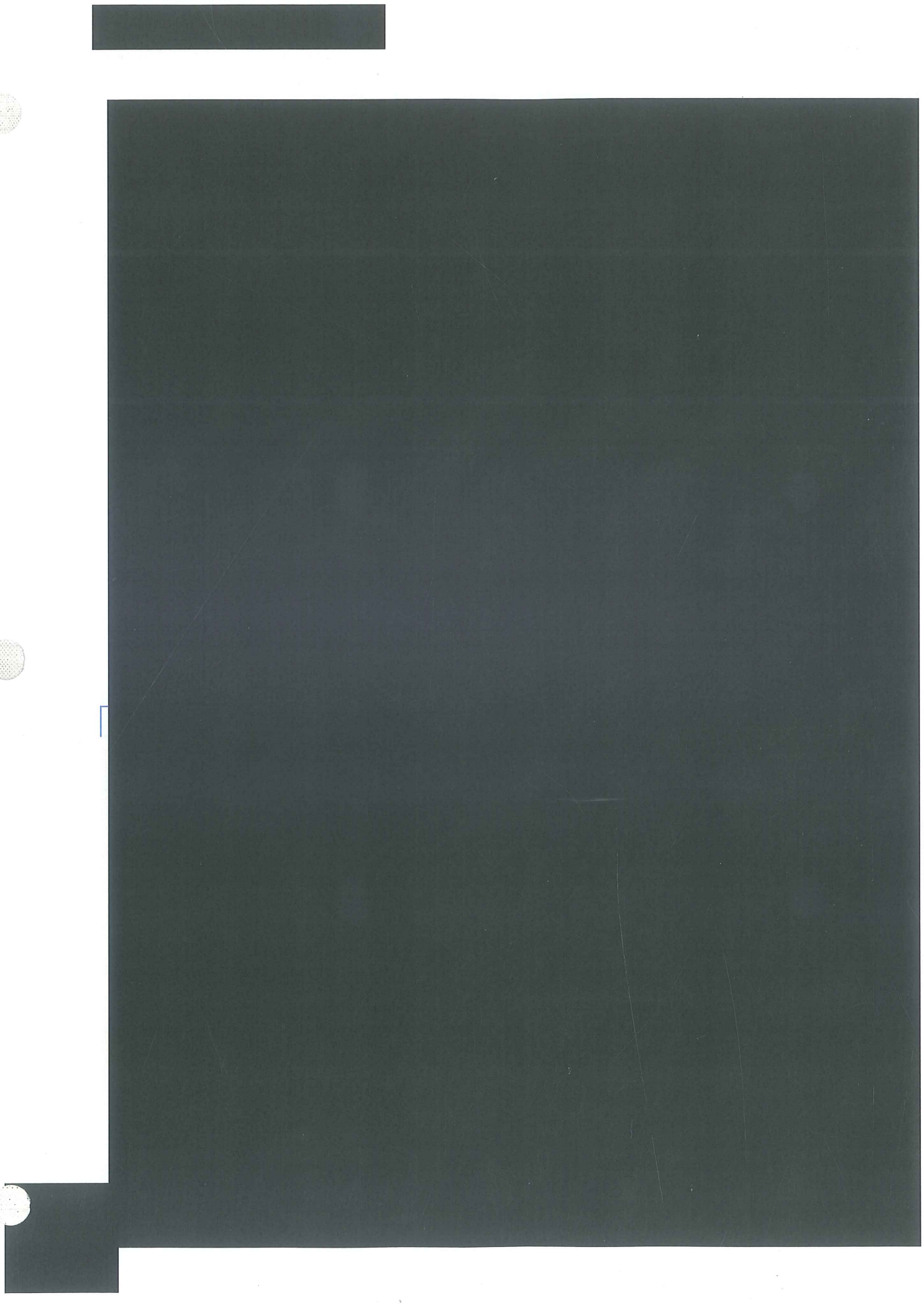


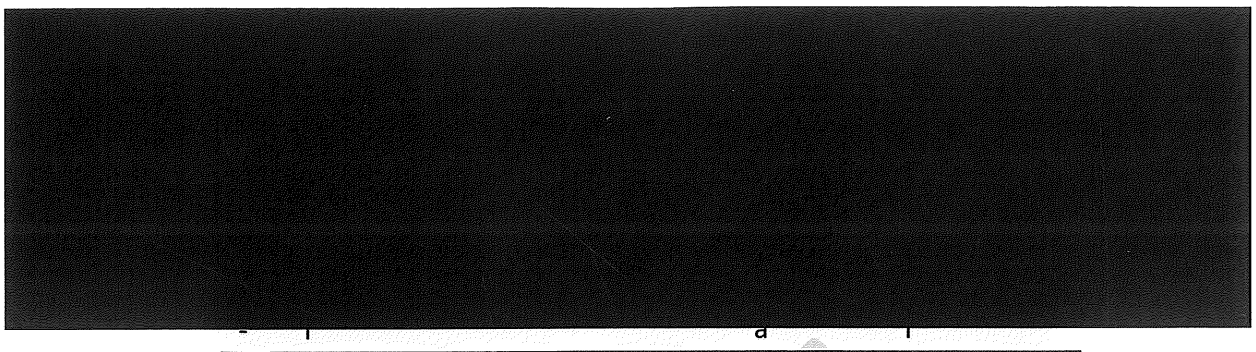


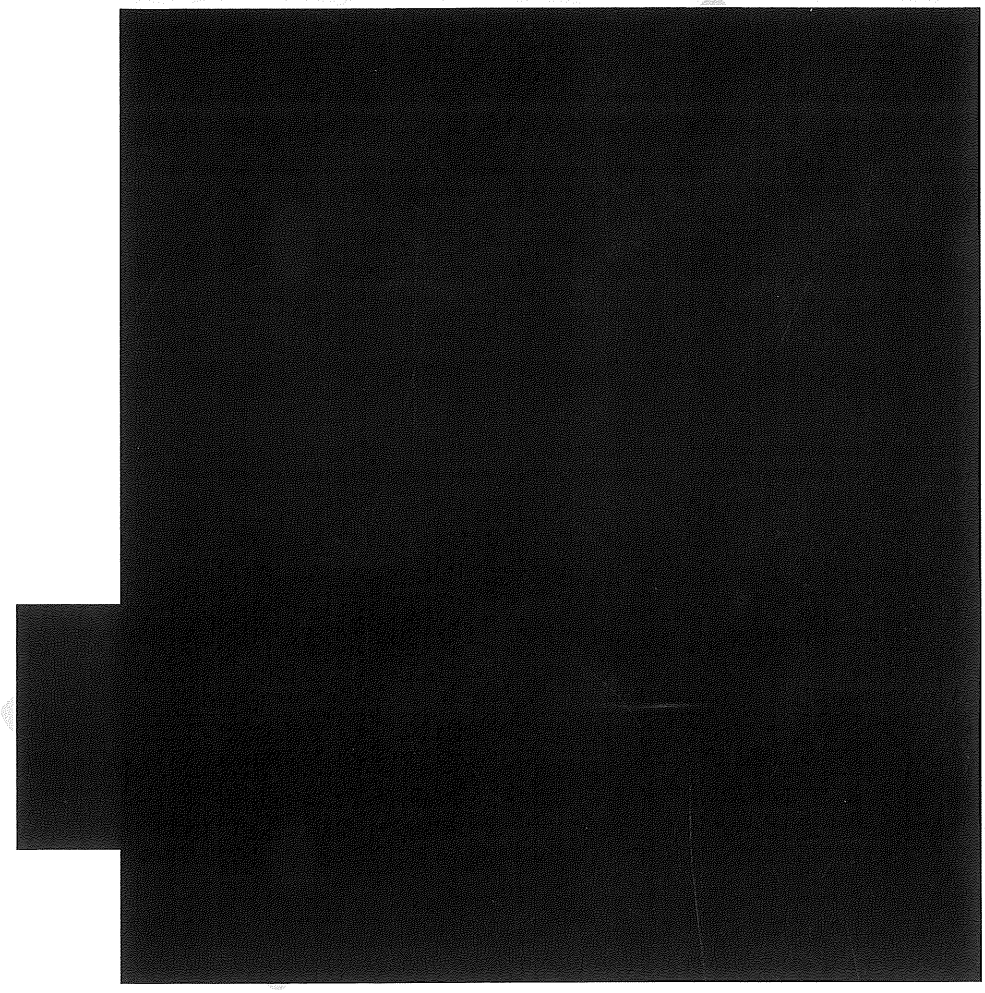












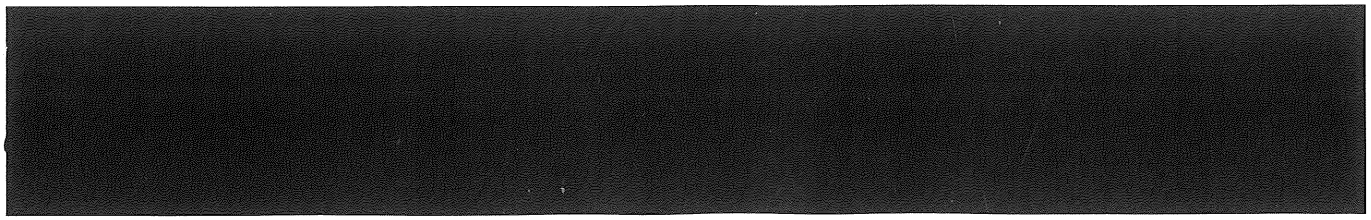
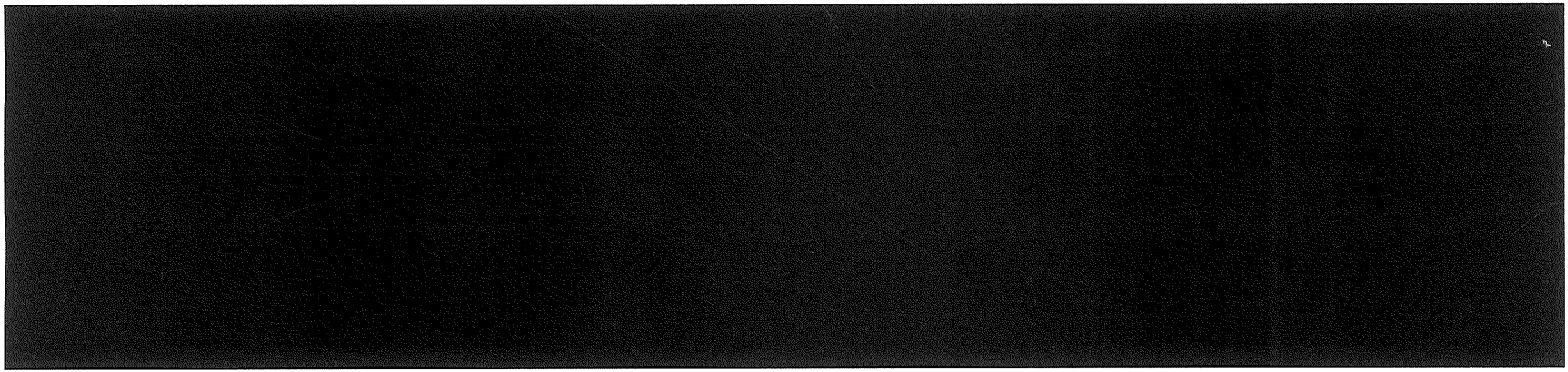


Exhibit VIII.A.4 Pro Forma Financial Information

Exhibit VIII.A. 4 Submit for the proposed Gaming Facility, a detailed financial forecast in the form of a pro-forma (i) statement of material revenue lines, material expense categories, EBITDA and net income, (ii) balance sheet and calculation of debt-to-equity ratio, and (iii) statement of cash flows, each, annually for a period of at least the first ten (10) years after opening for gaming on a high-, average- and low-case basis. The high-, average- and low-case pro-forma forecasted financial information should be presented for the high-, average- and low- case revenue and gaming patronage projections for such years that are reported in the independent expert's gaming market study provided pursuant to Item VIII. A.3. of this RFA

Detail all assumptions relevant to the pro-forma forecasted financial information and relevant projected operating statistics, including but not limited to: (i) operating margins; (ii) liquidity; (iii) margins; (iv) growth; (v) revenue; (vi) visitation; (vii) win per day; (viii) hold percentages; (ix) number of slot and table positions; and (x) customer database growth. Substantiate the bases and reasonableness of all such assumptions, for example, by comparison to the Applicant's other gaming facilities currently in operation or by comparison to the most comparable gaming facilities for which data are available

I.



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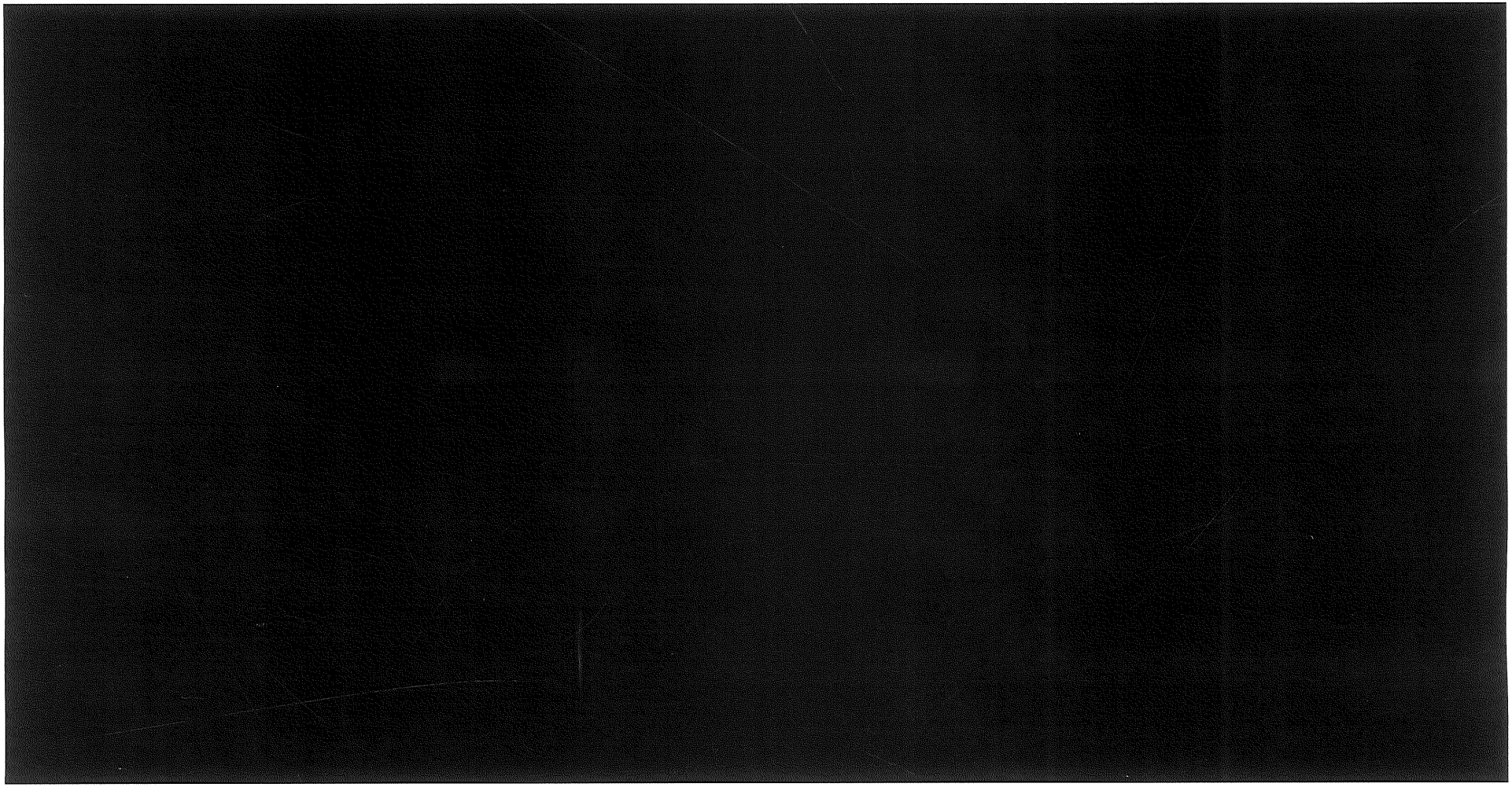
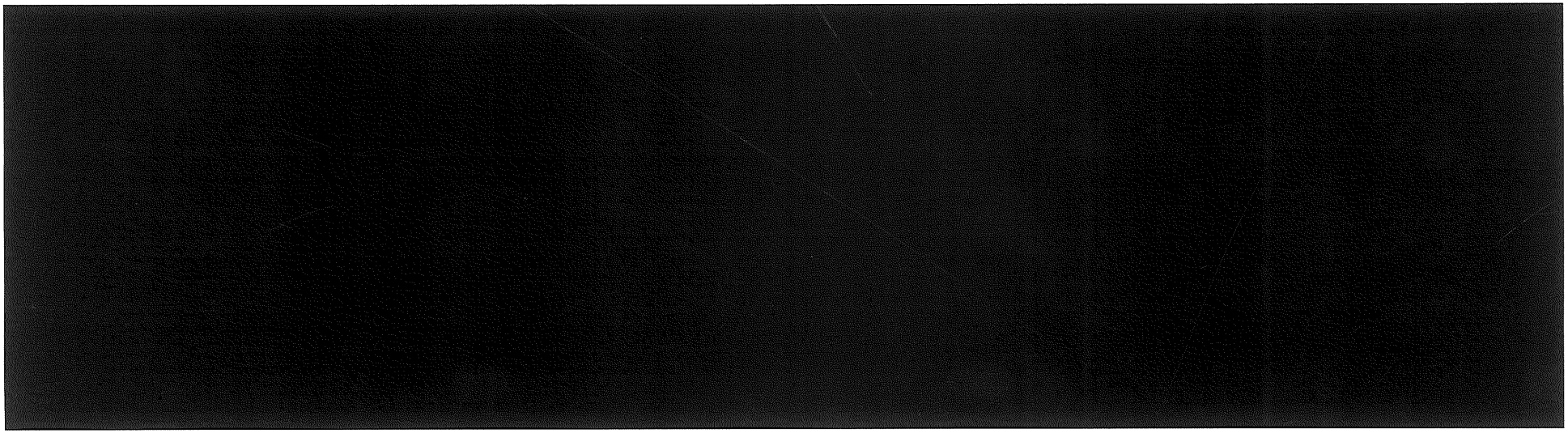
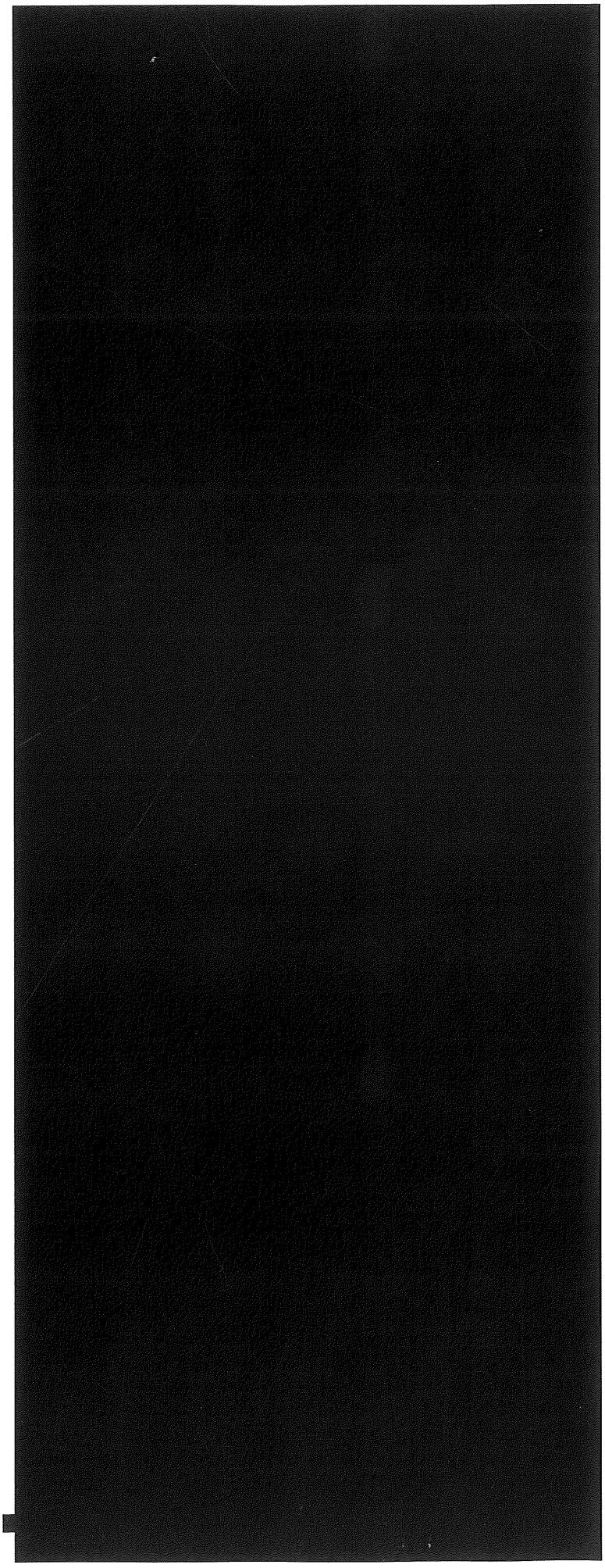
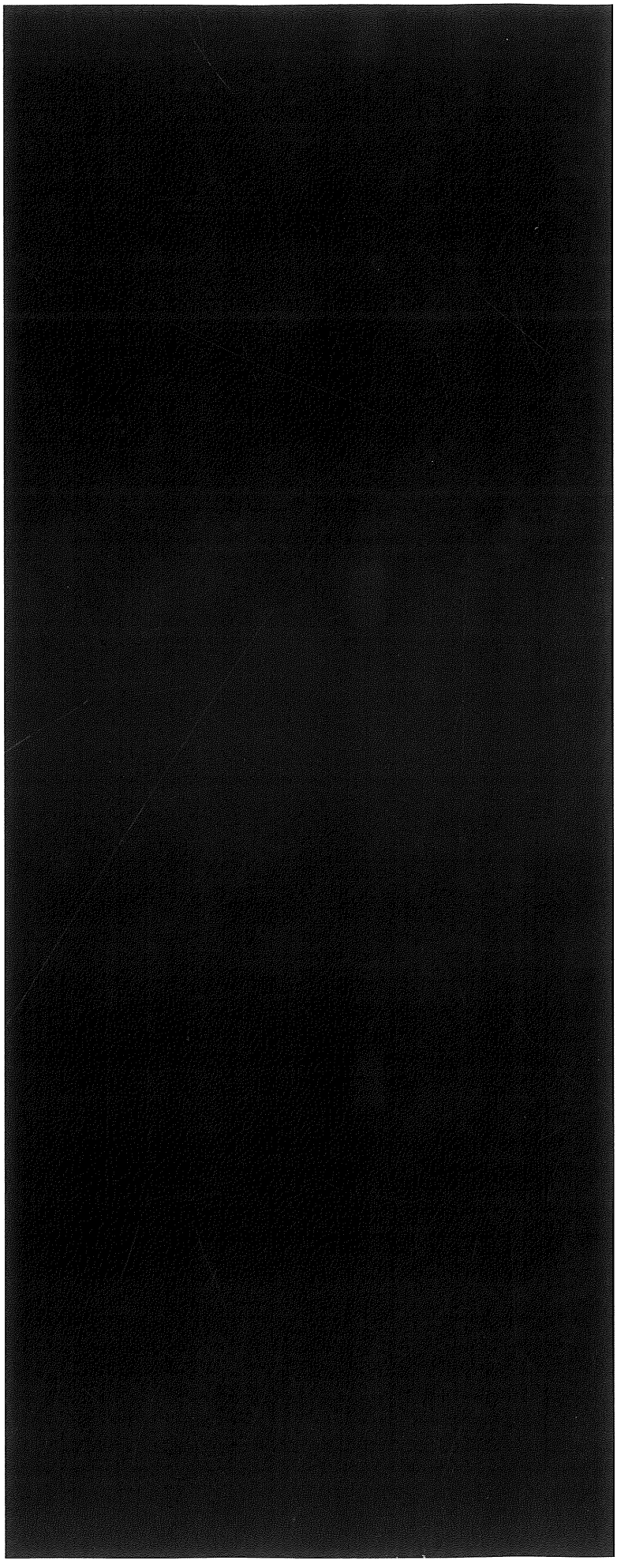
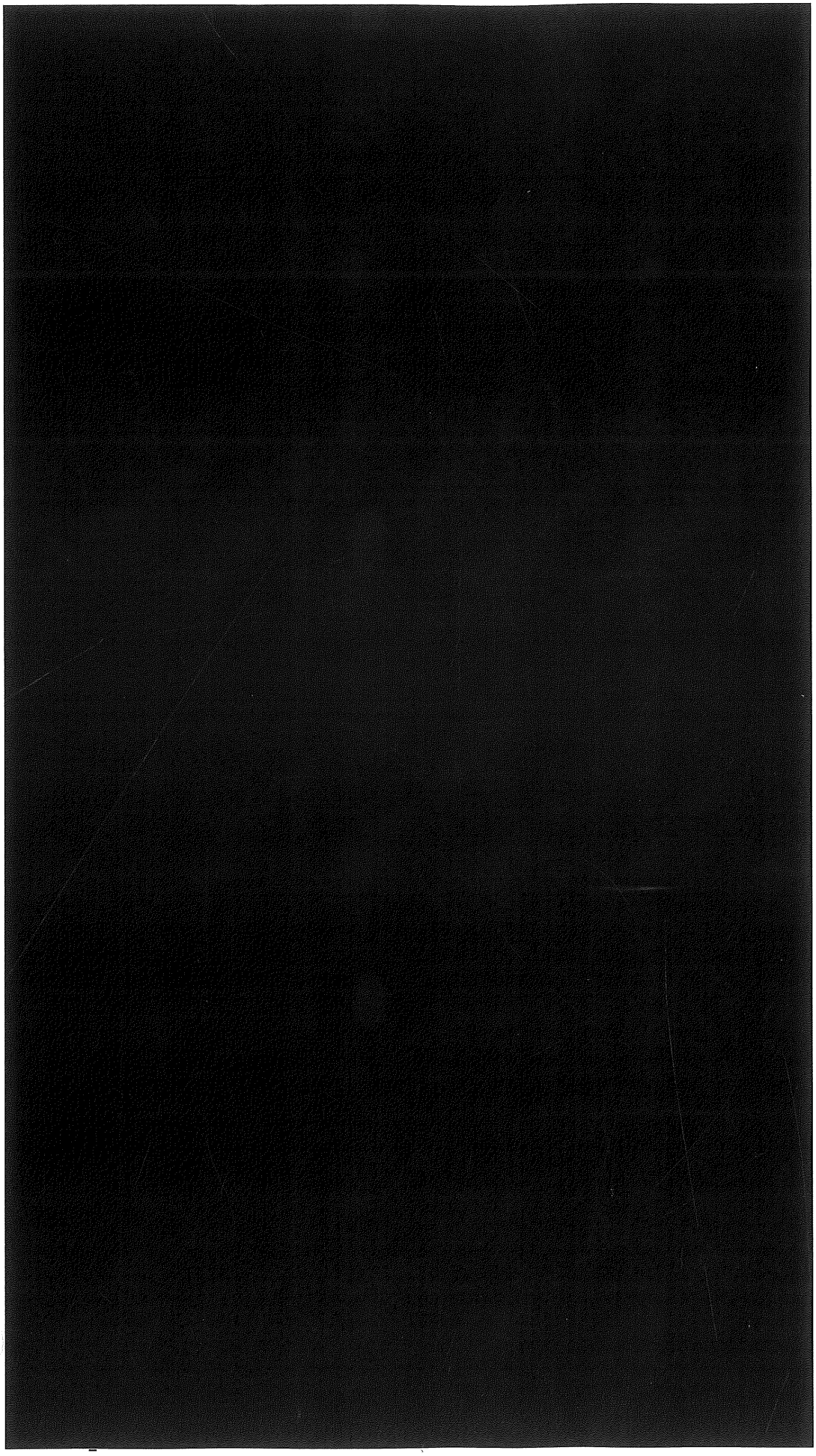
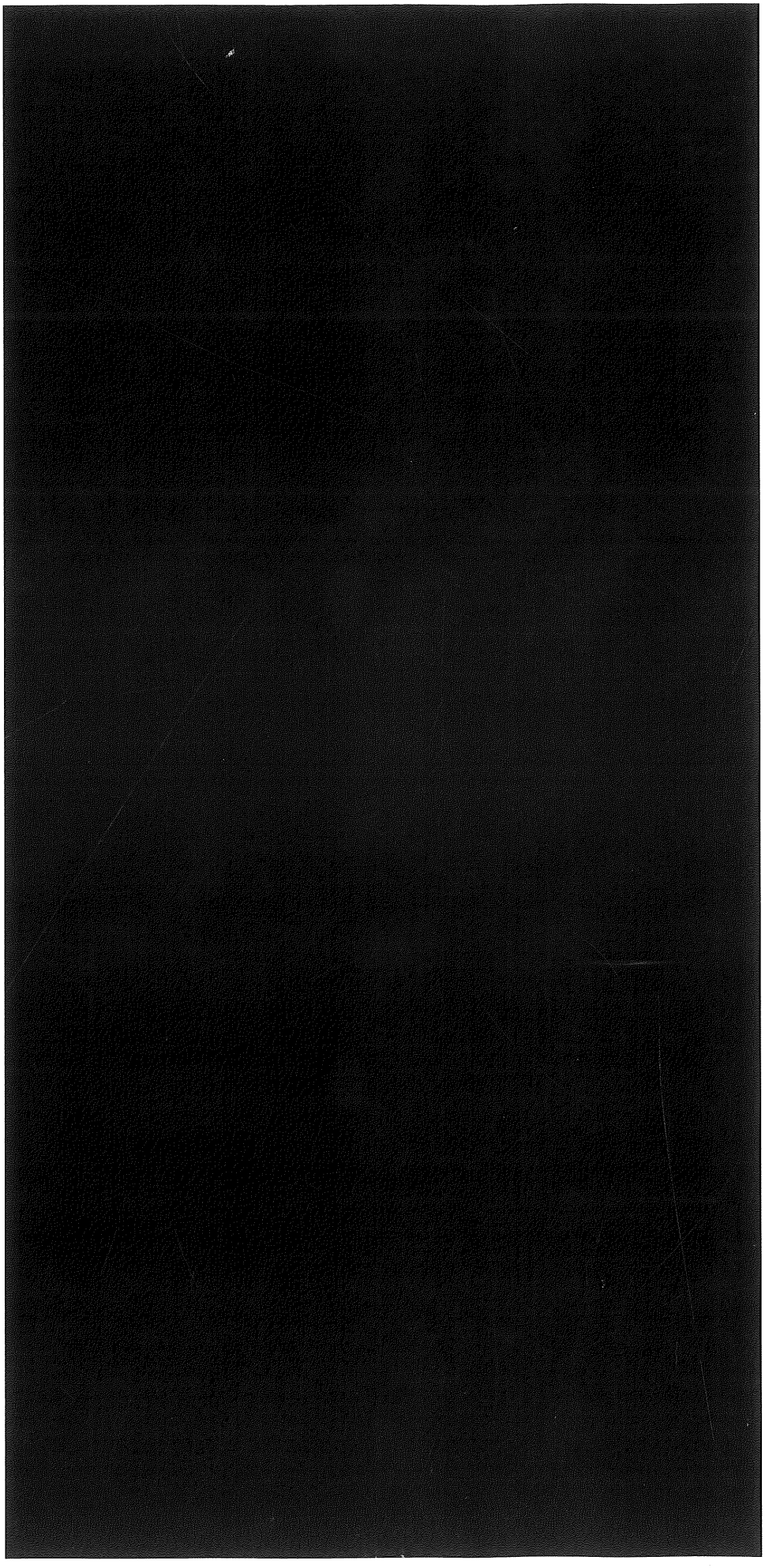


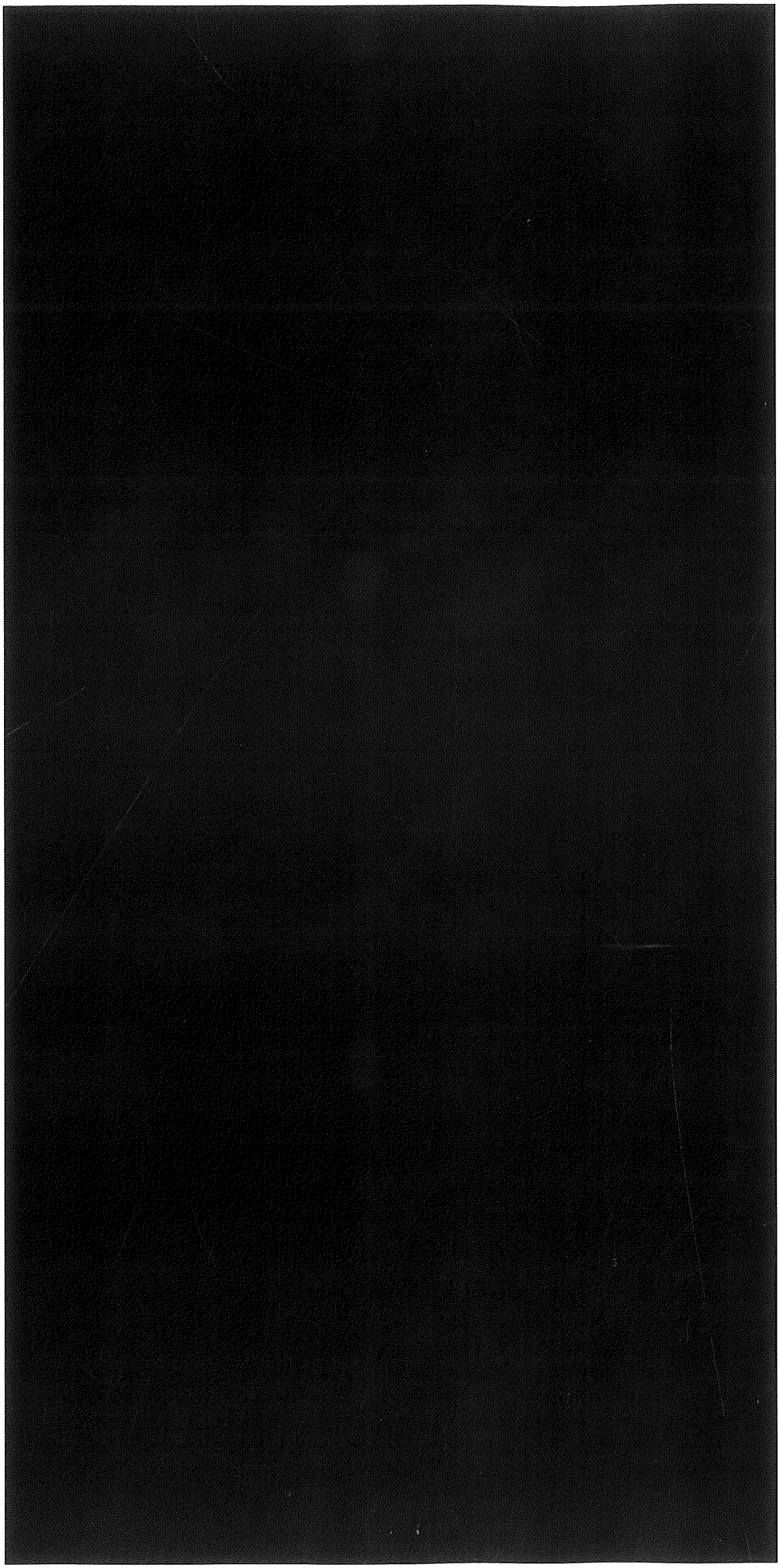


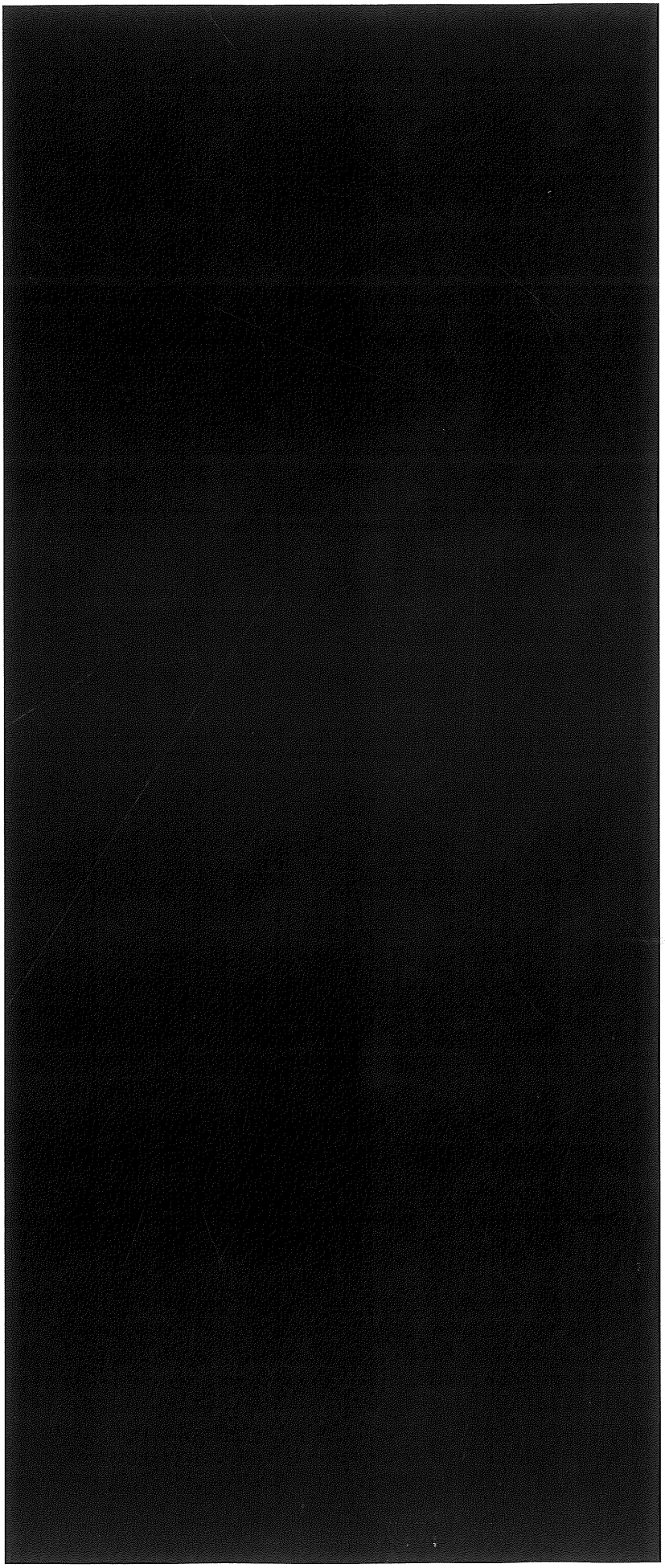


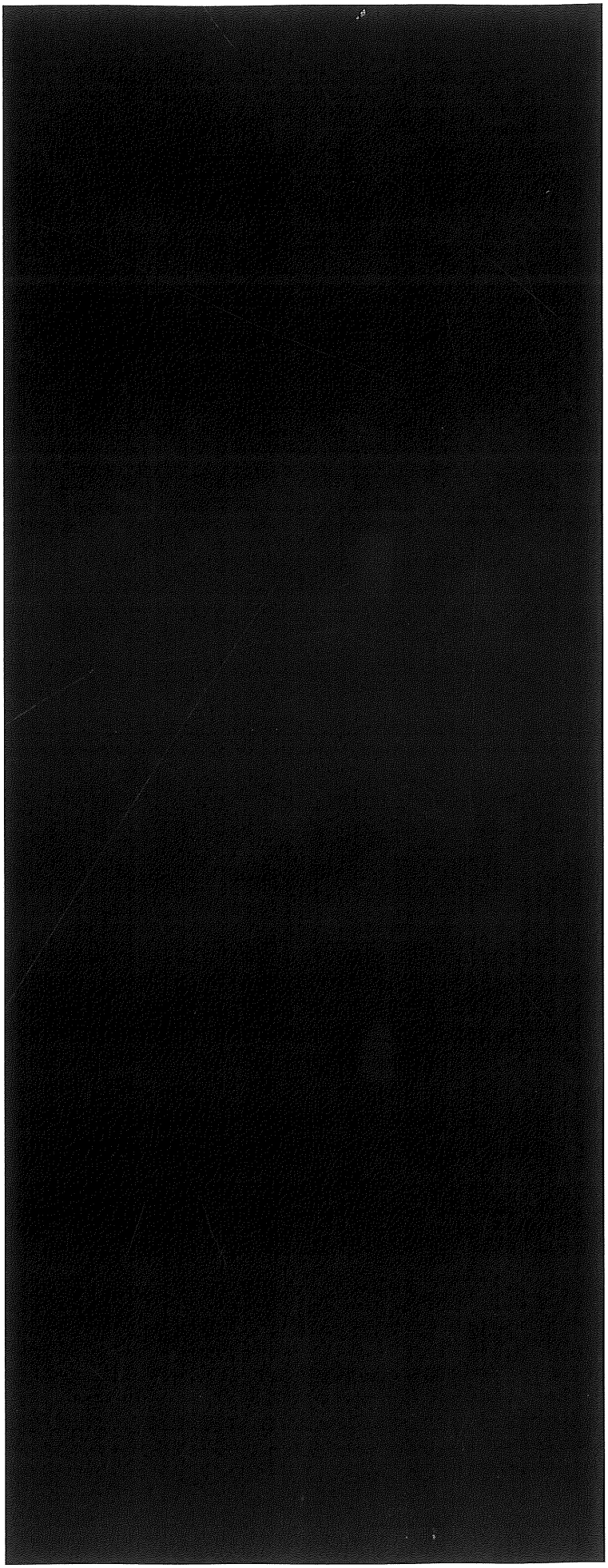


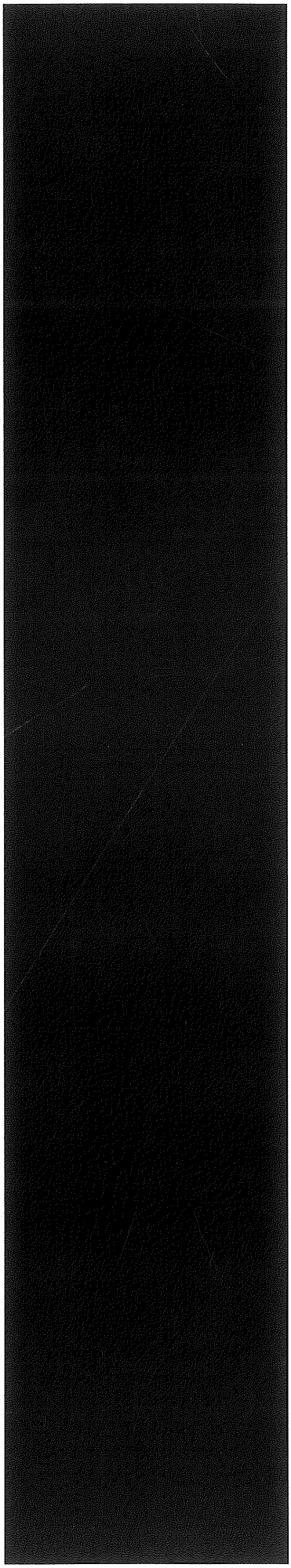


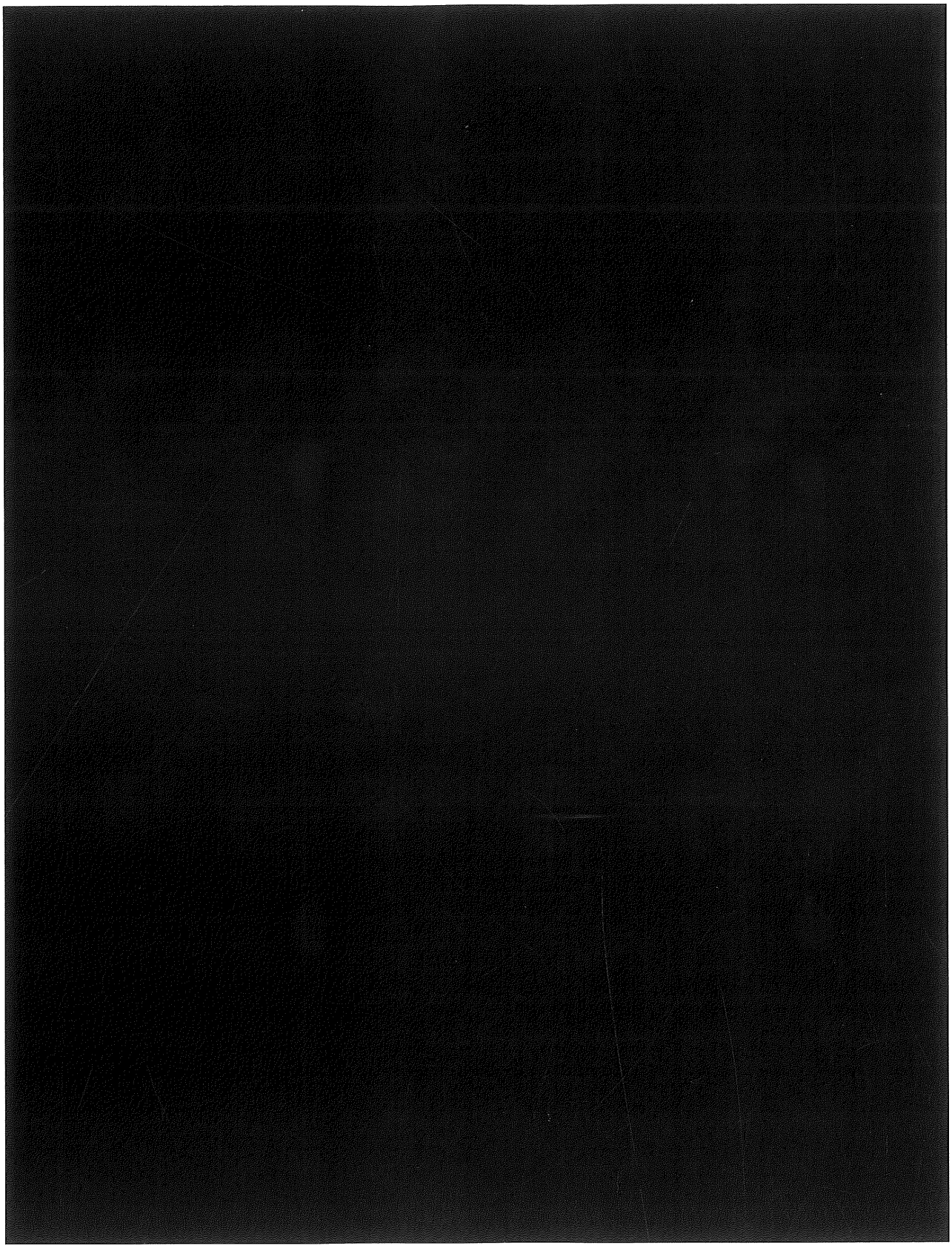


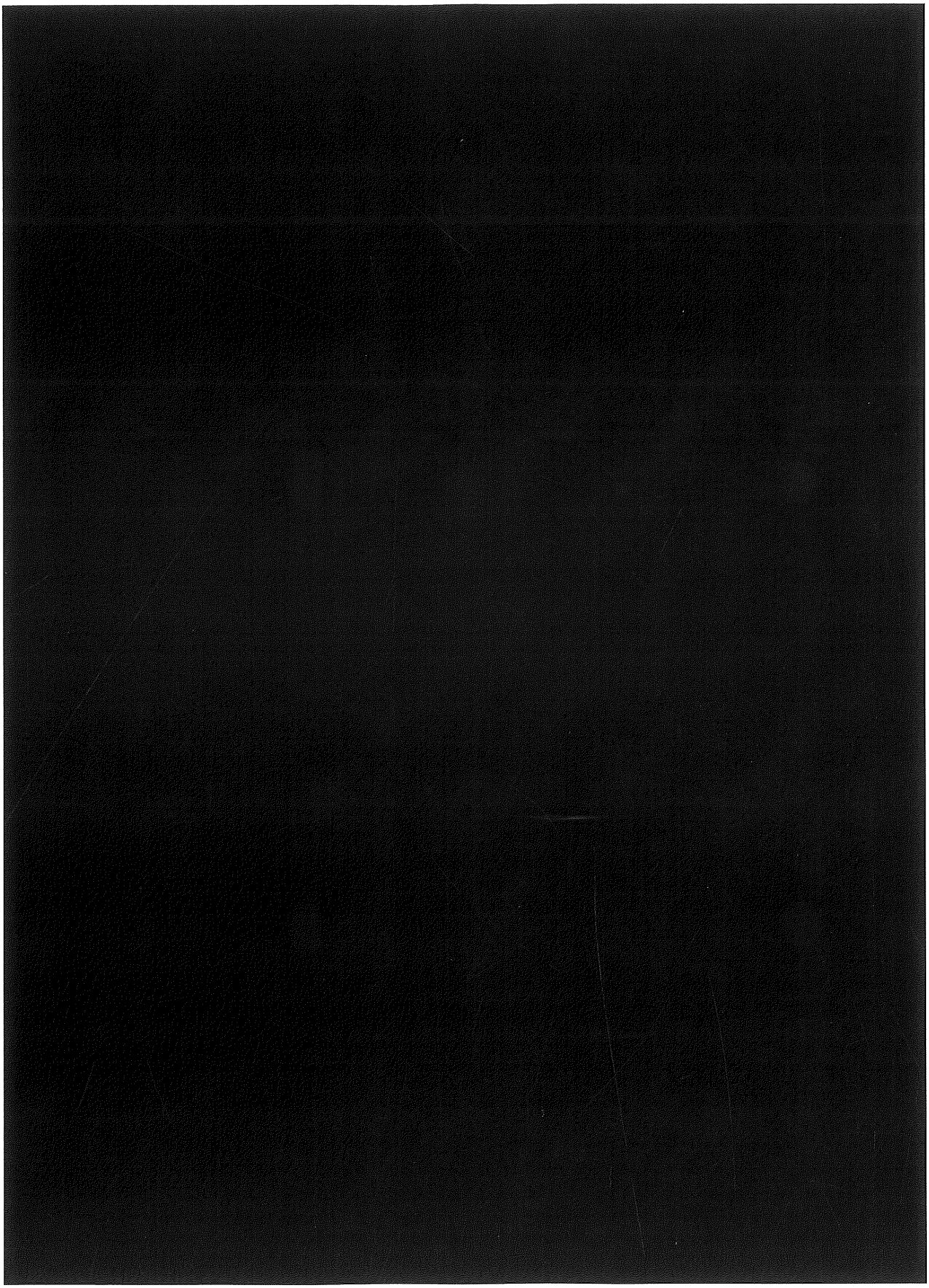












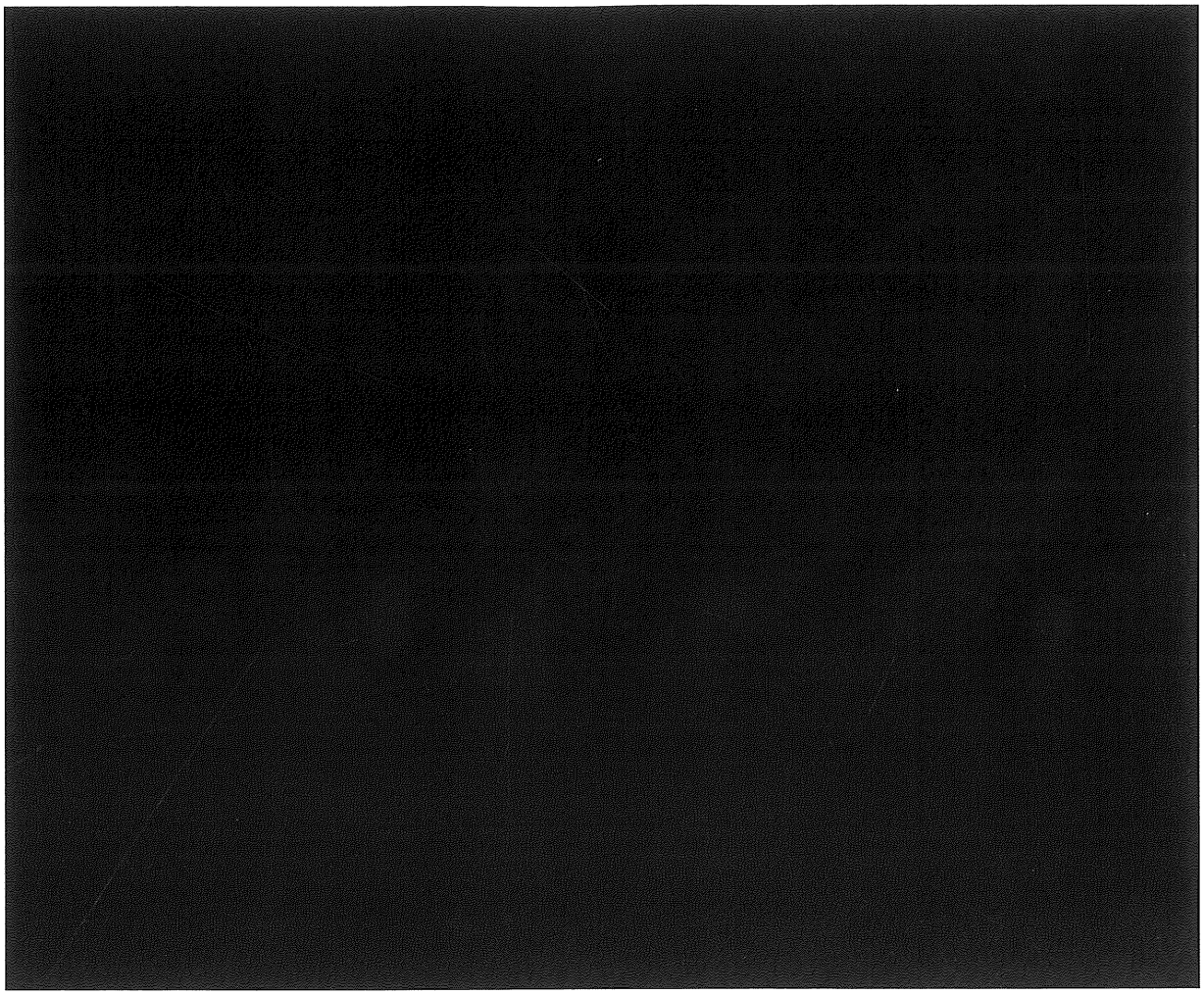
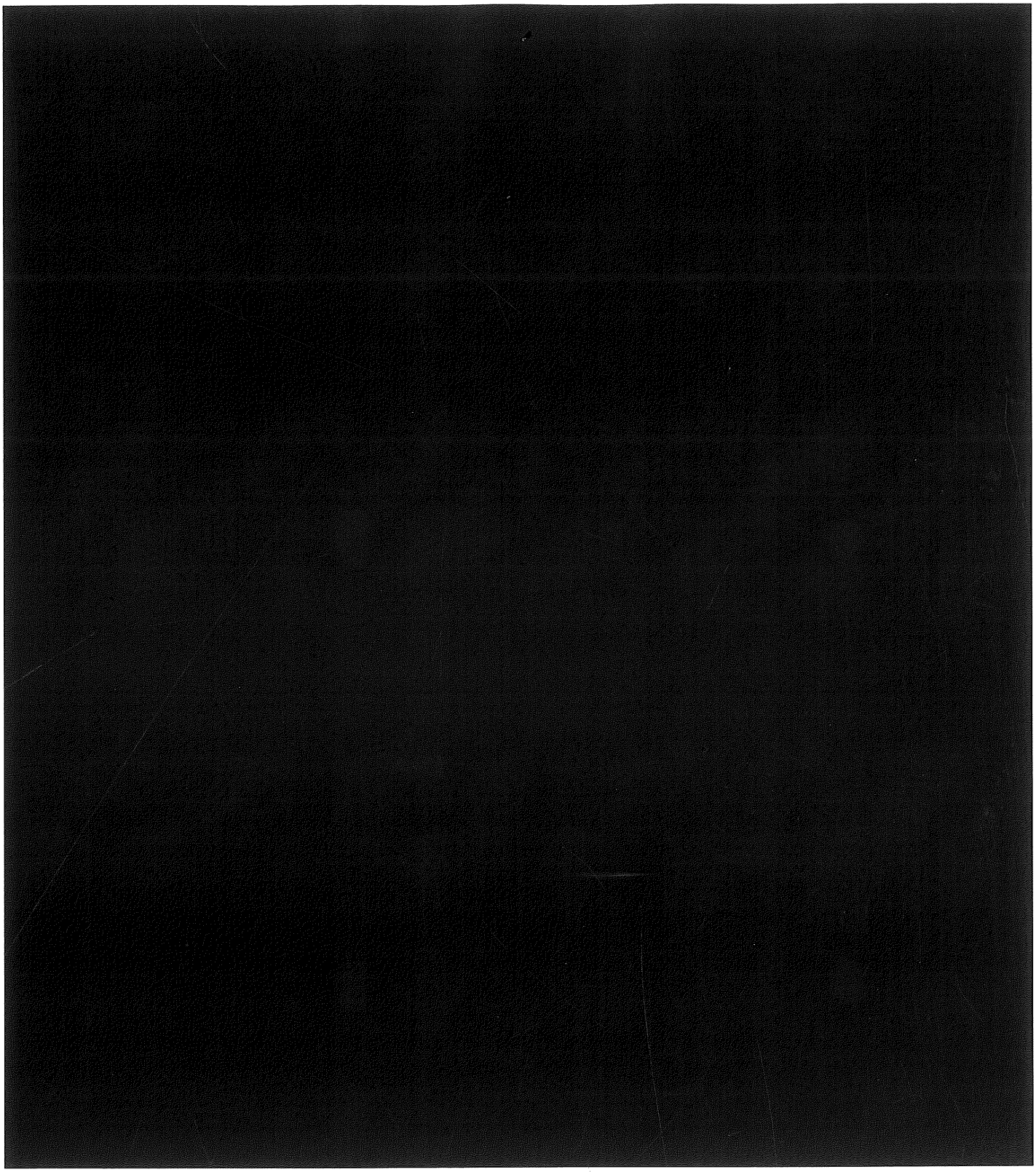
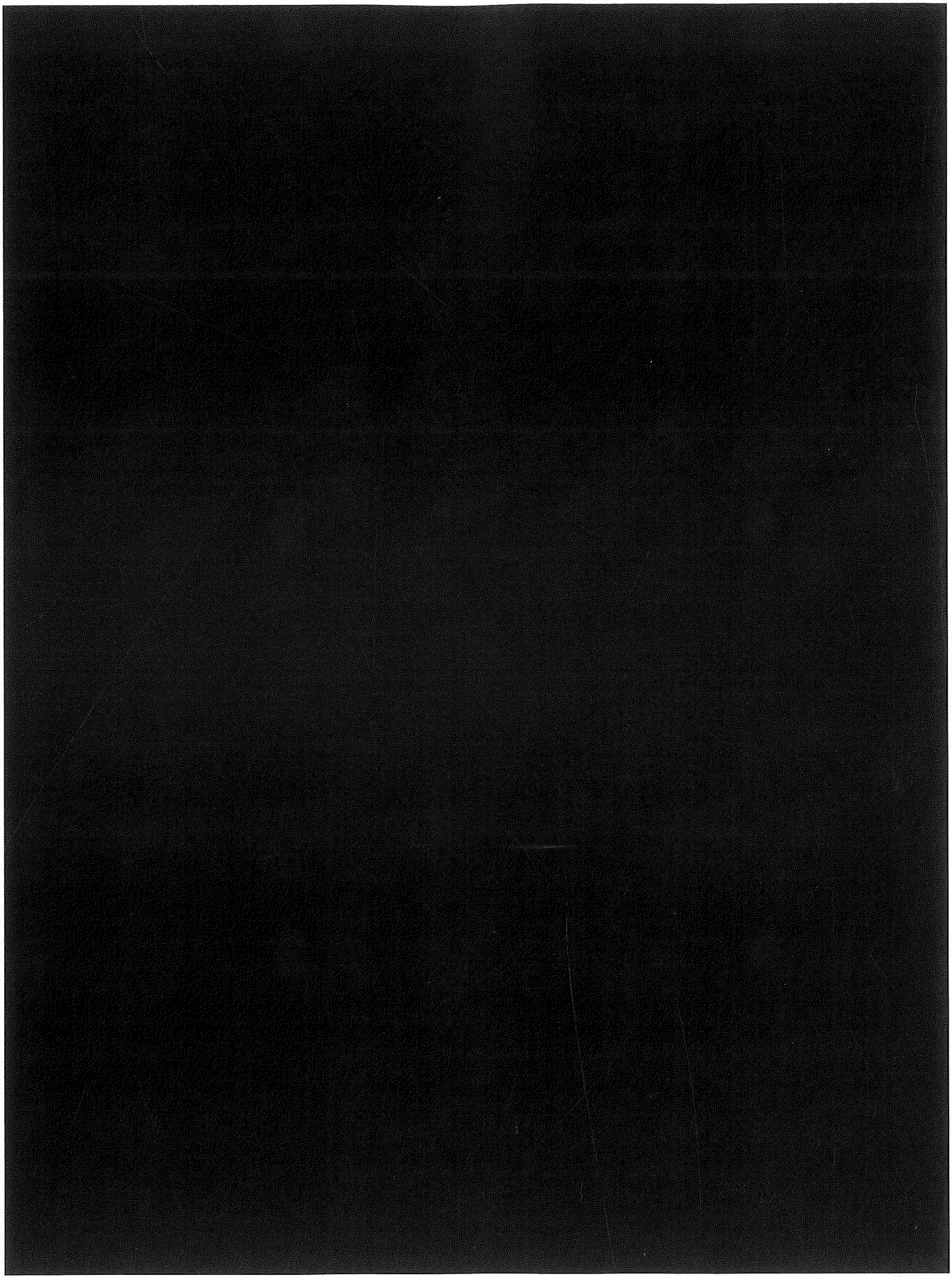
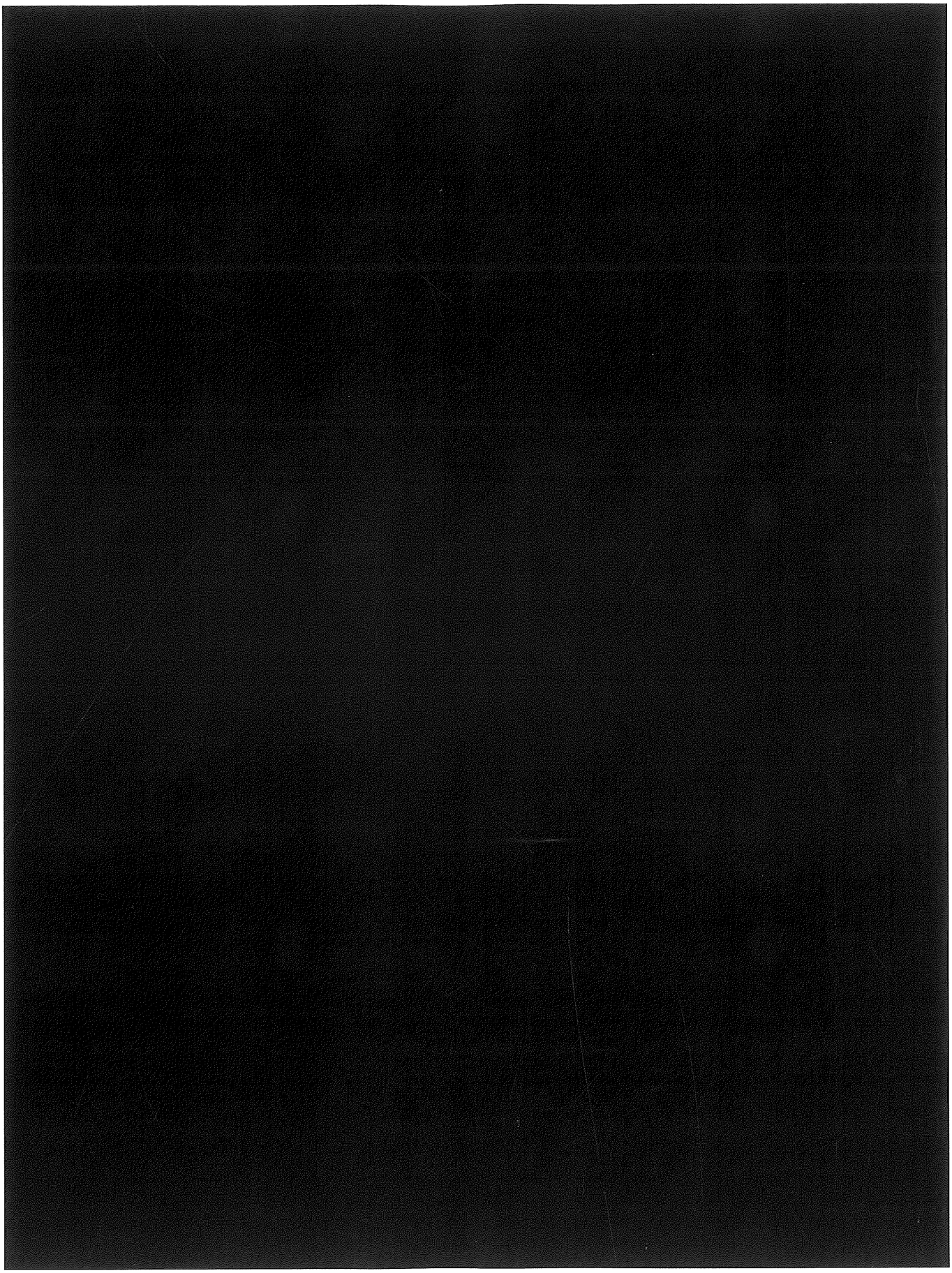
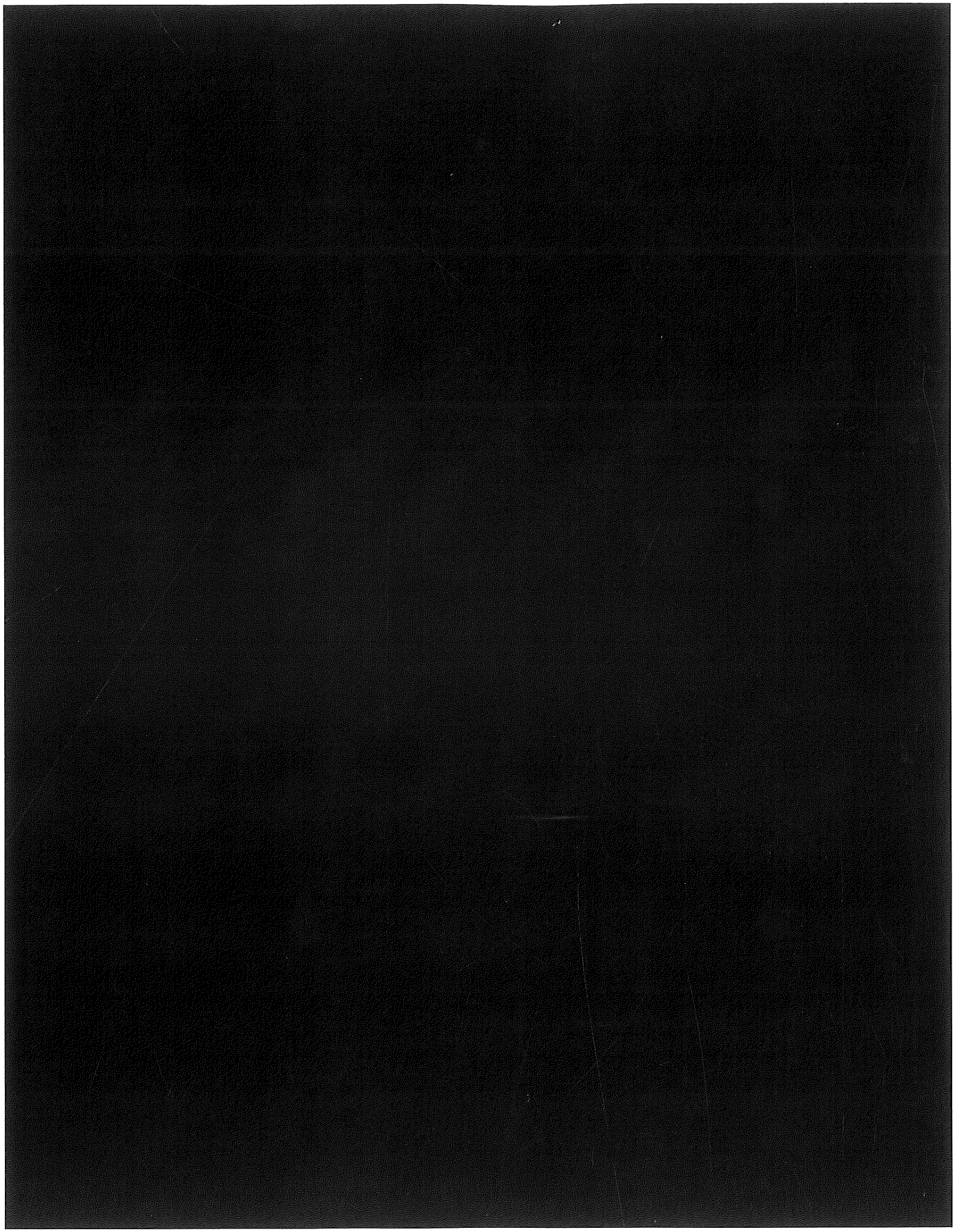


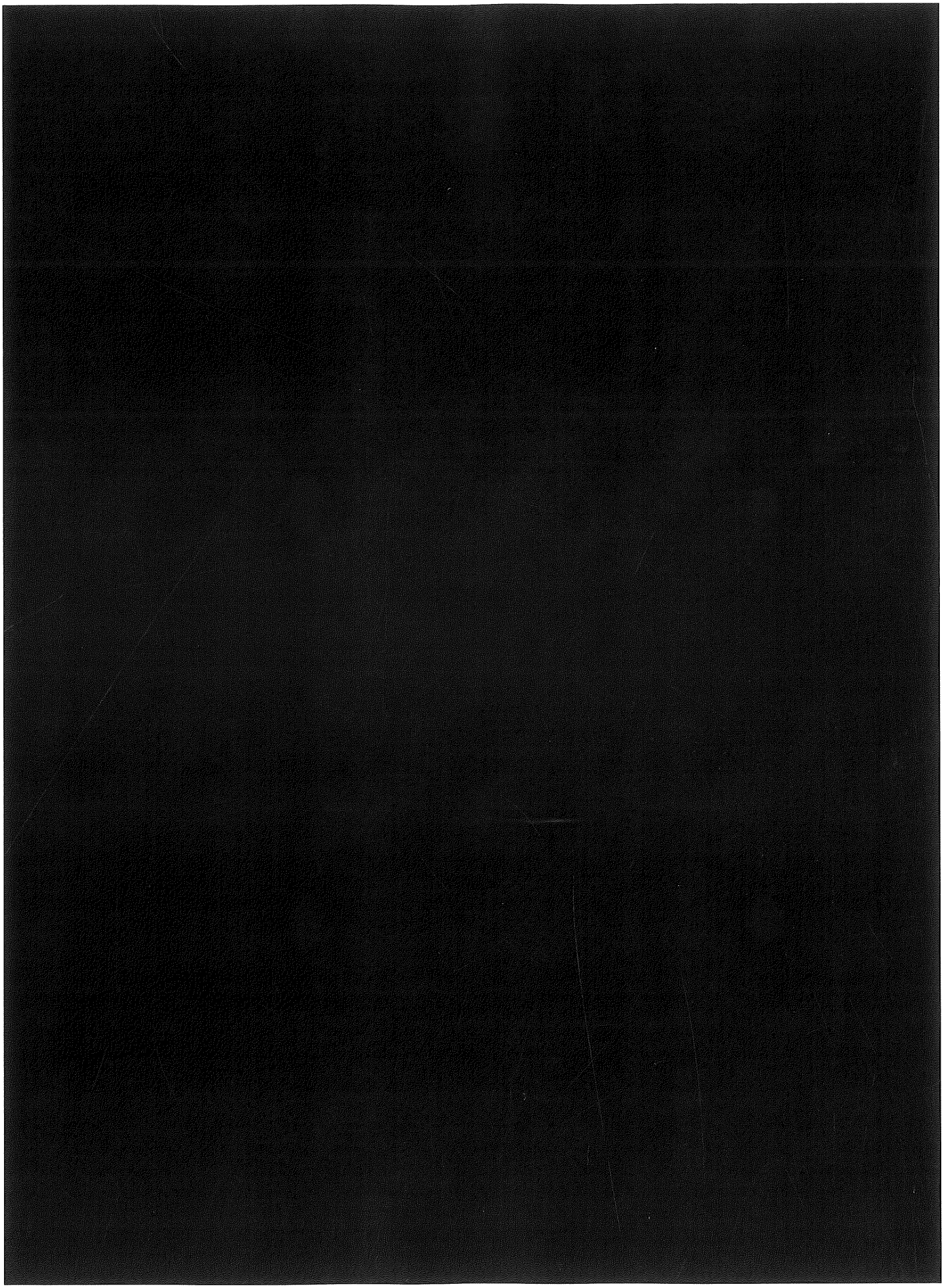
Exhibit VIII.A.5 A Qualitative Five (5) Year Business Plan for the Proposed Gaming Facility Describing, at least, the Components and Projected Results of the Material Revenue Lines and Expense Categories of the Proposed Gaming Facility, the Applicant's Sources and Availability of Financing, the Principal Business and Financing Risks of the Proposed Gaming Facility and Plans to Mitigate those Risks

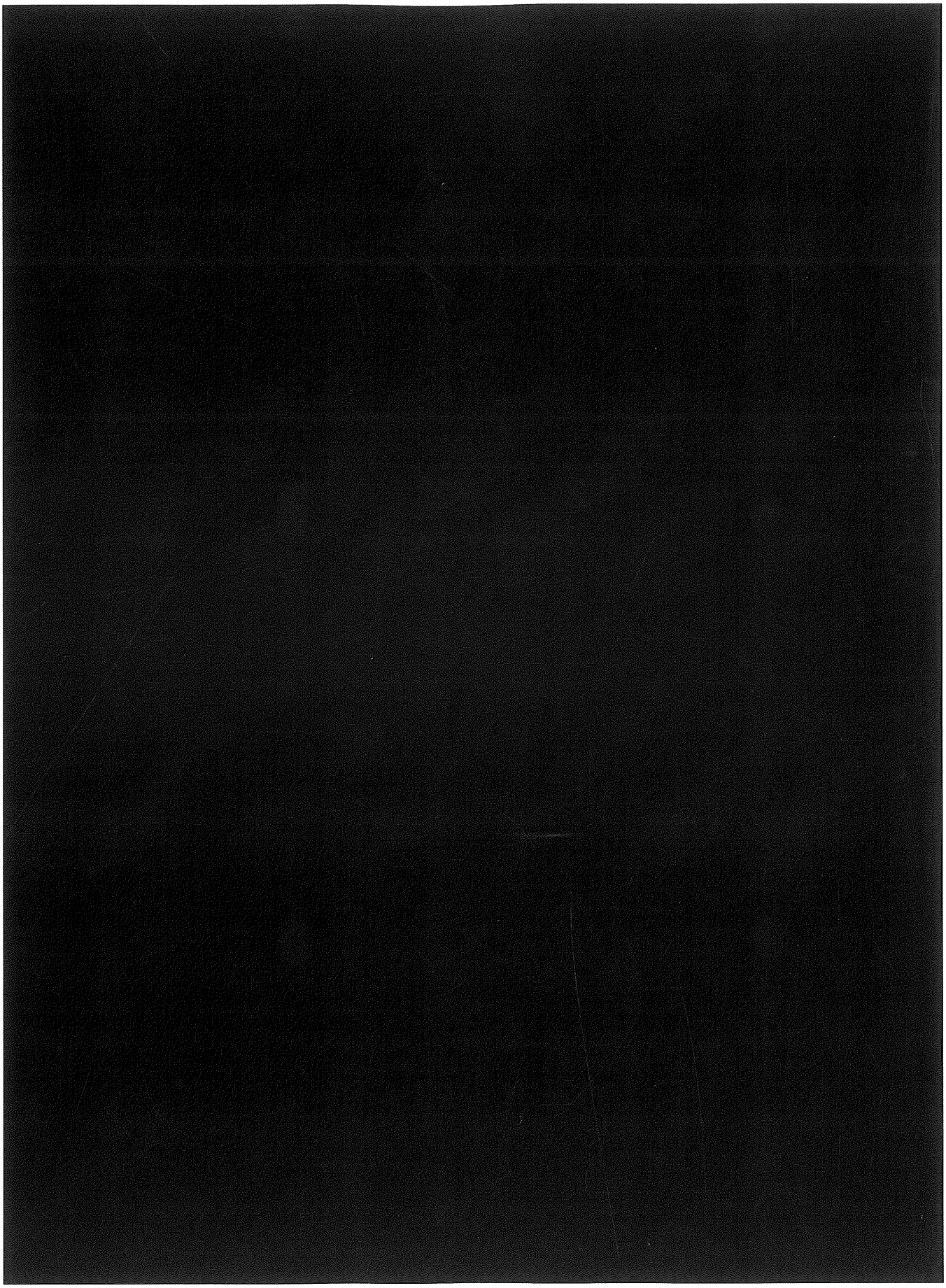


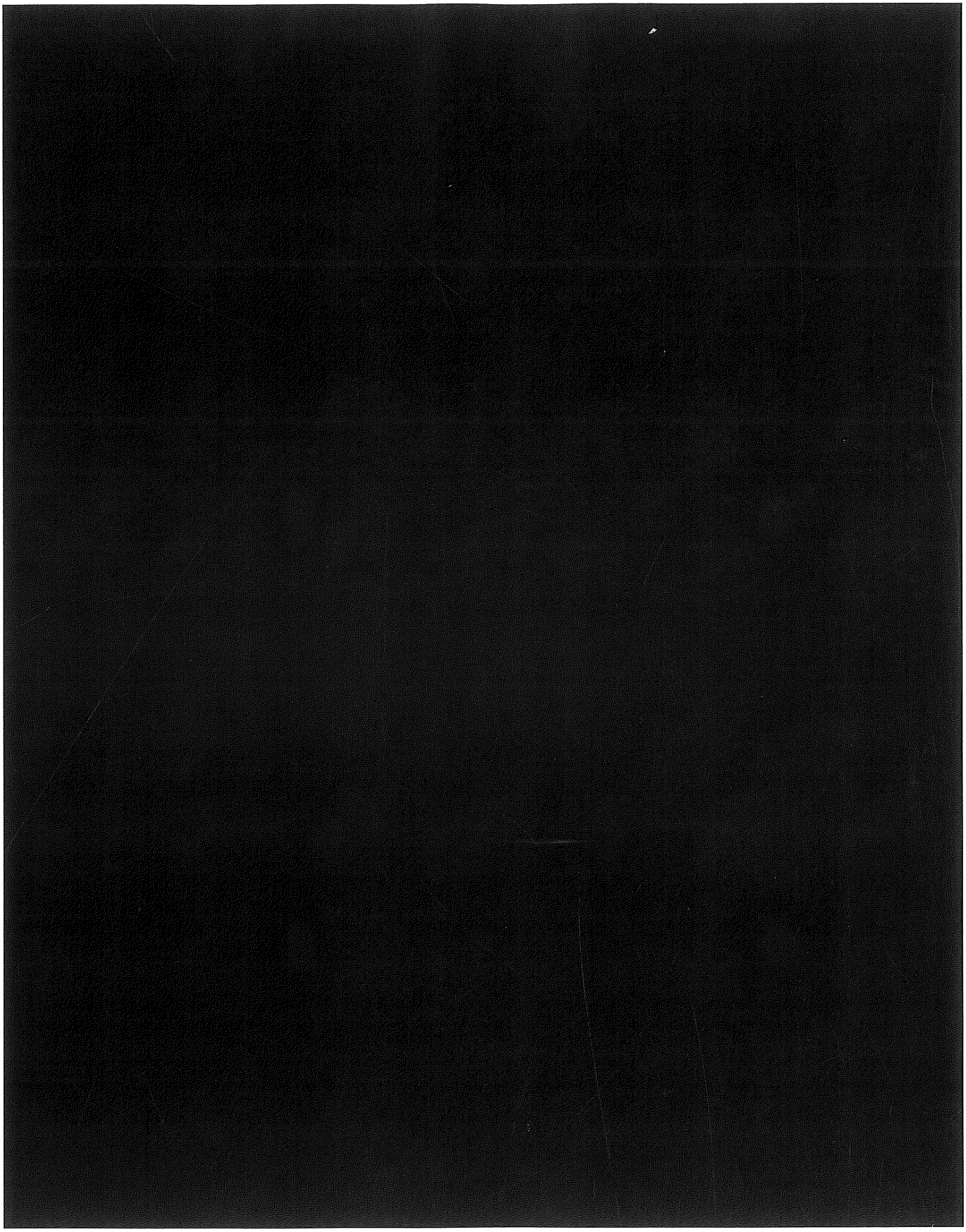


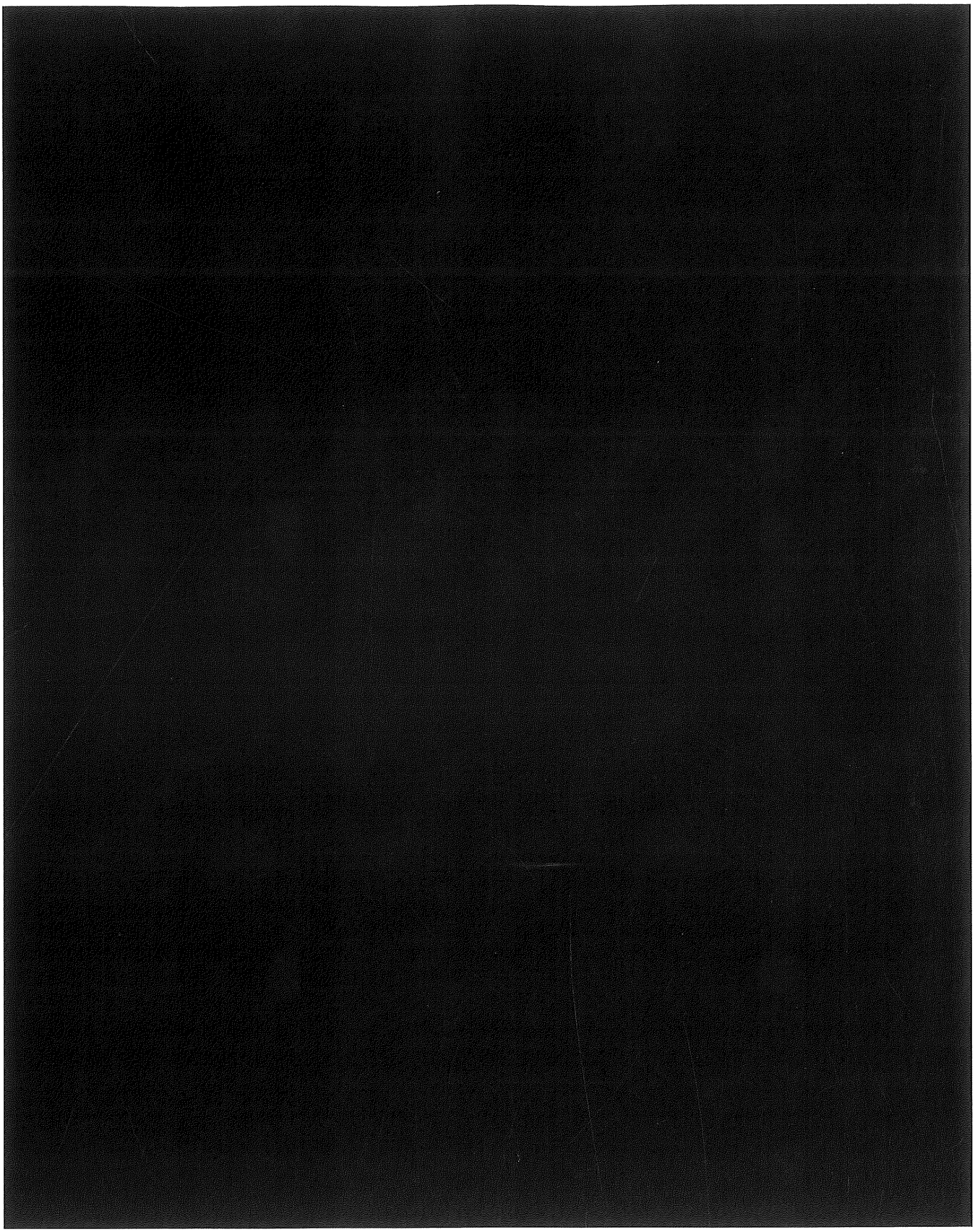


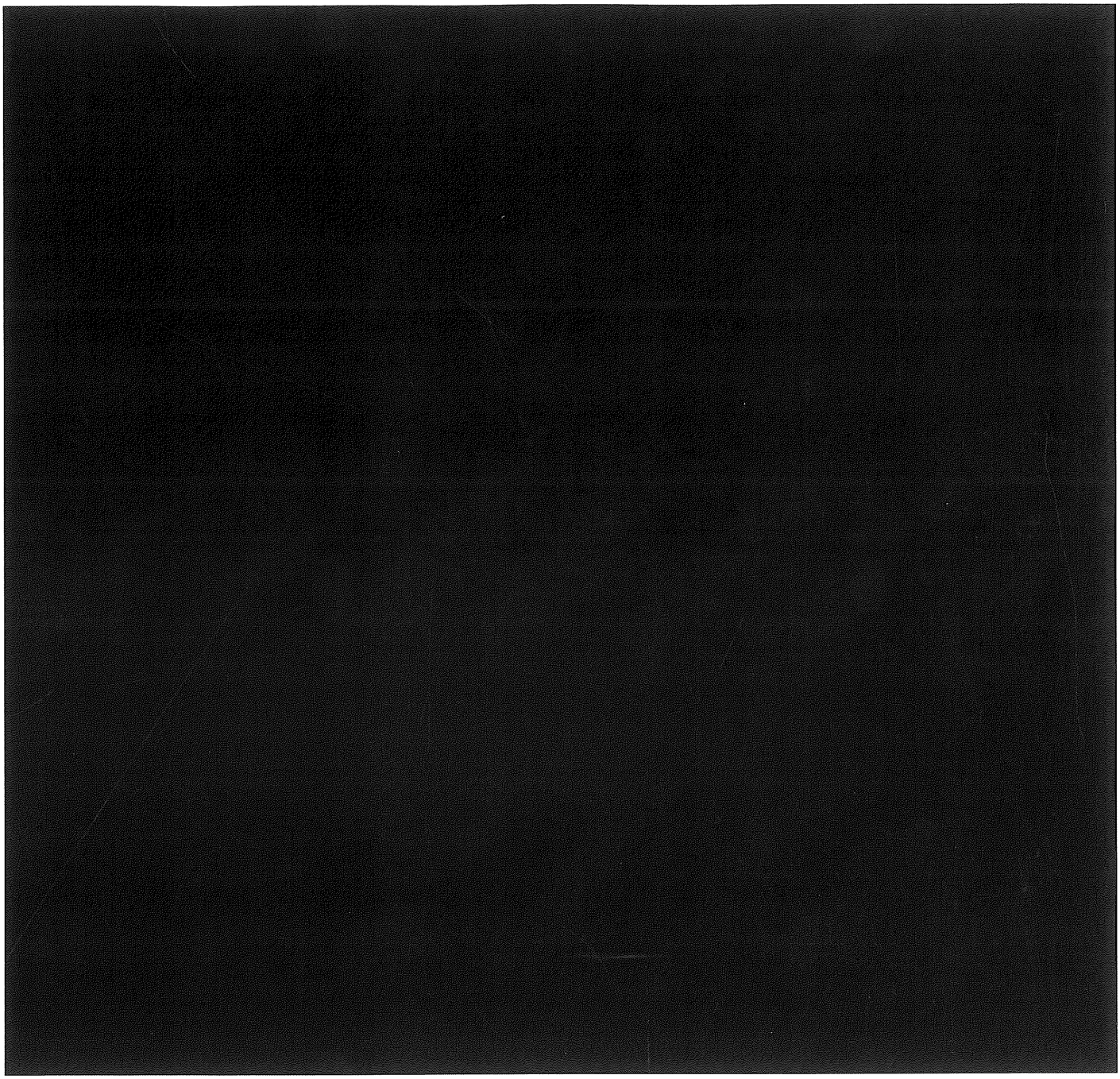


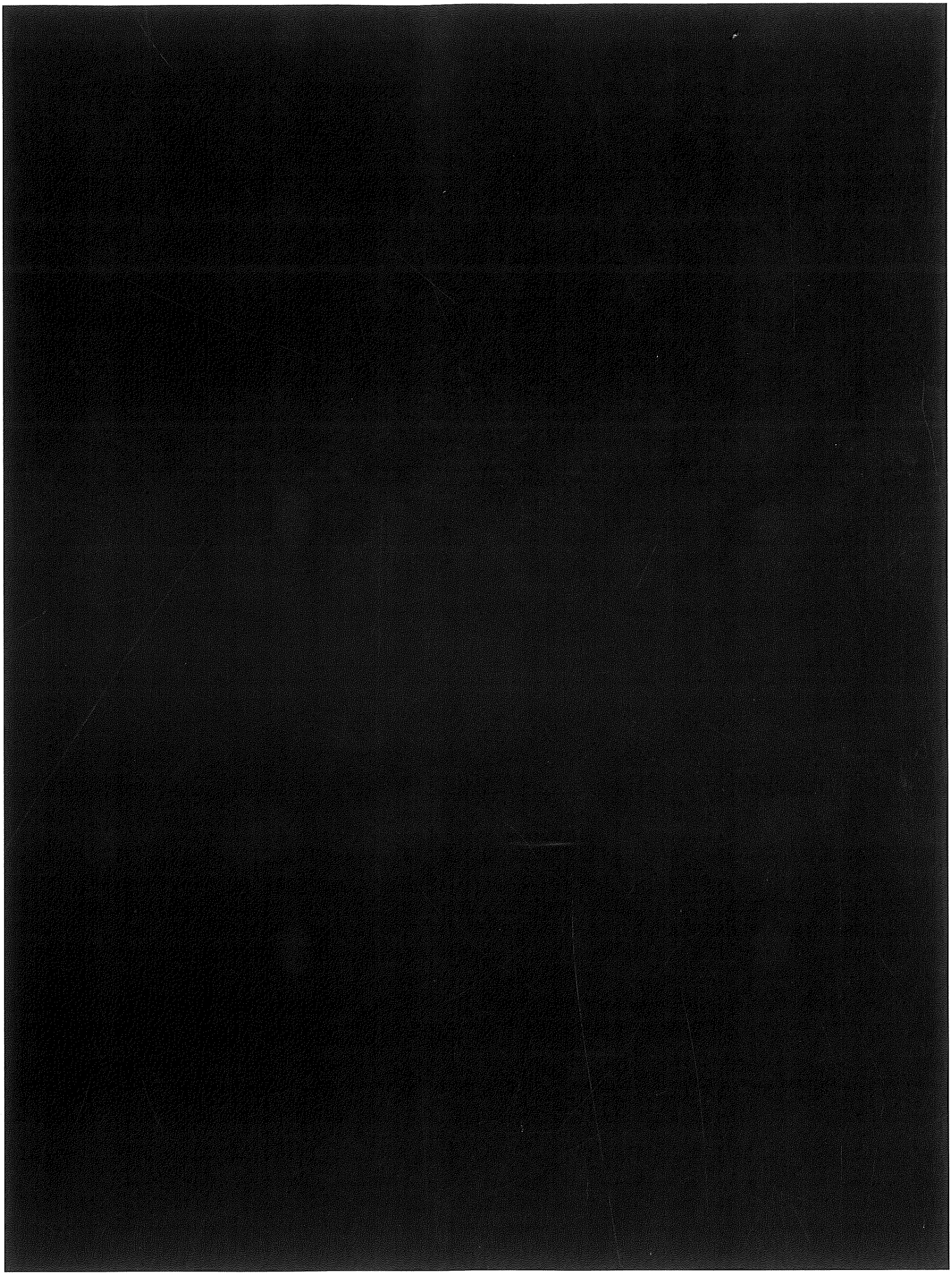


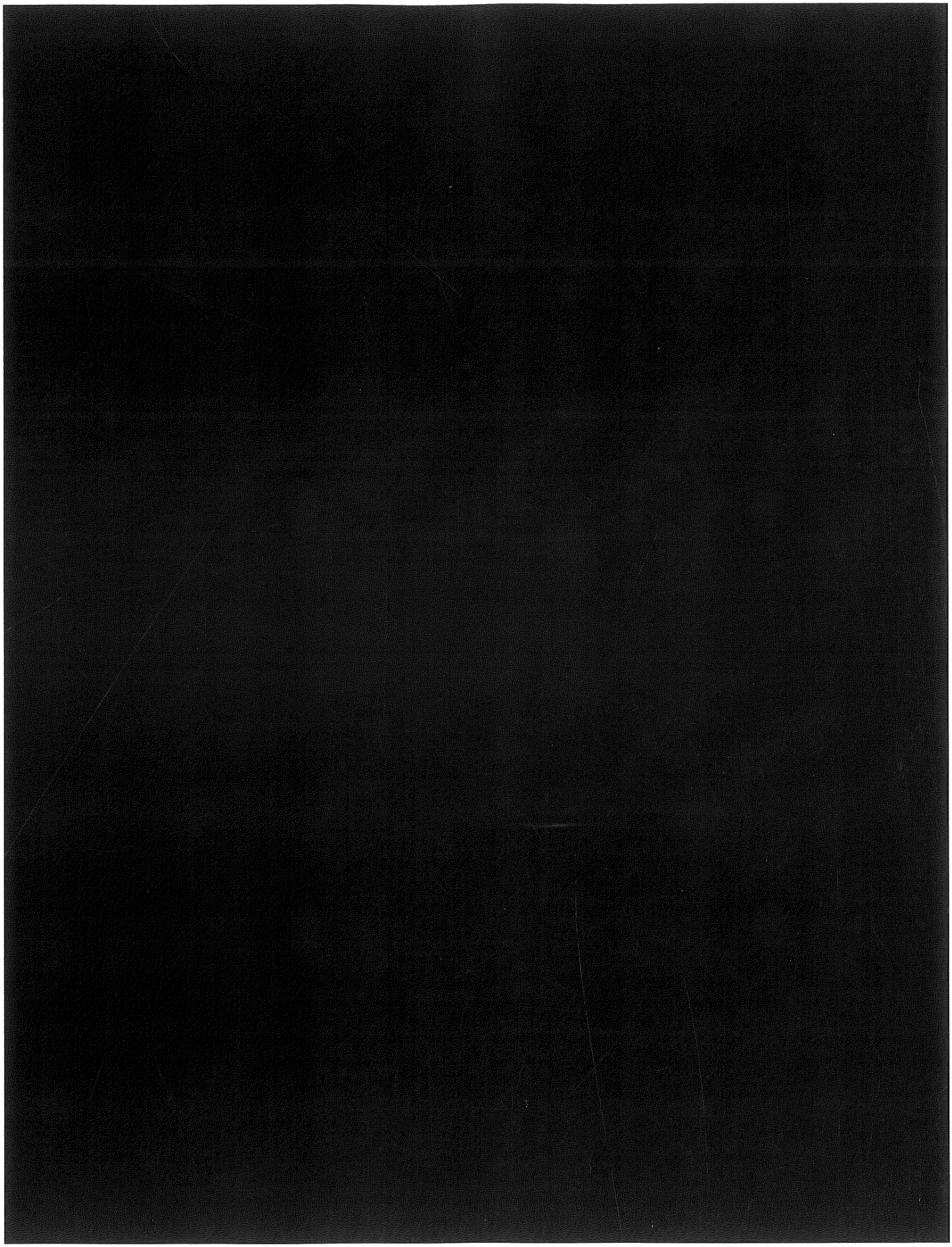


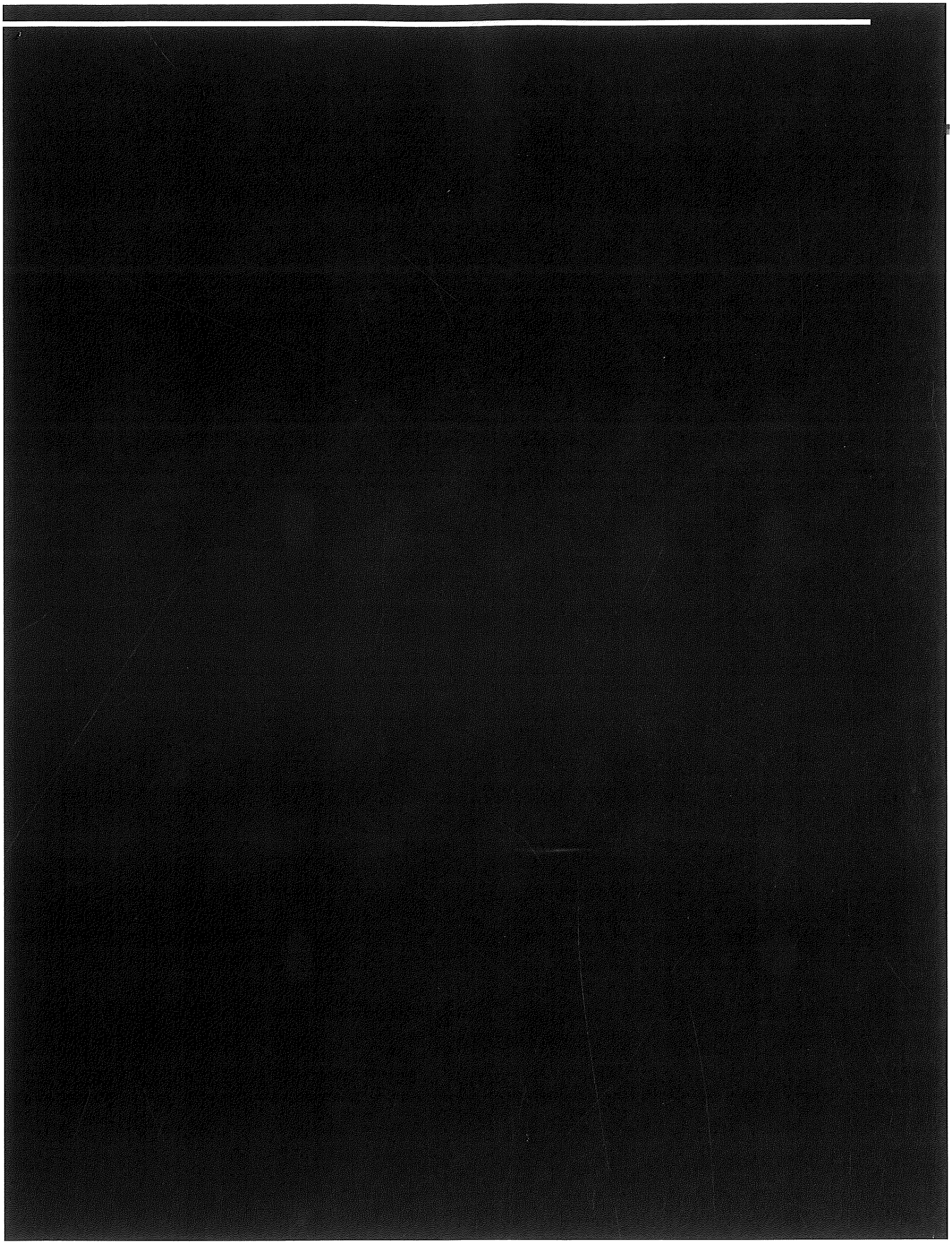


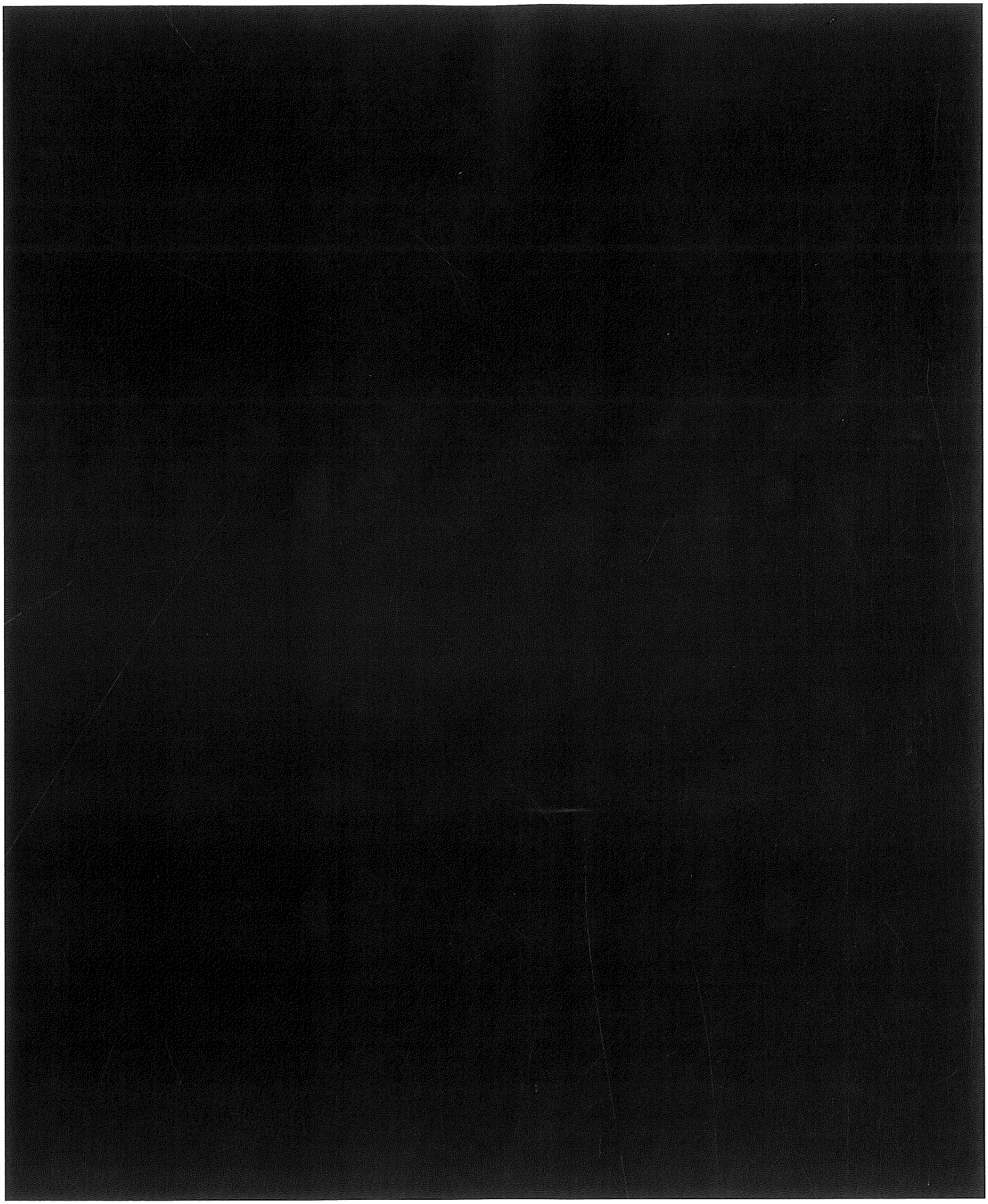


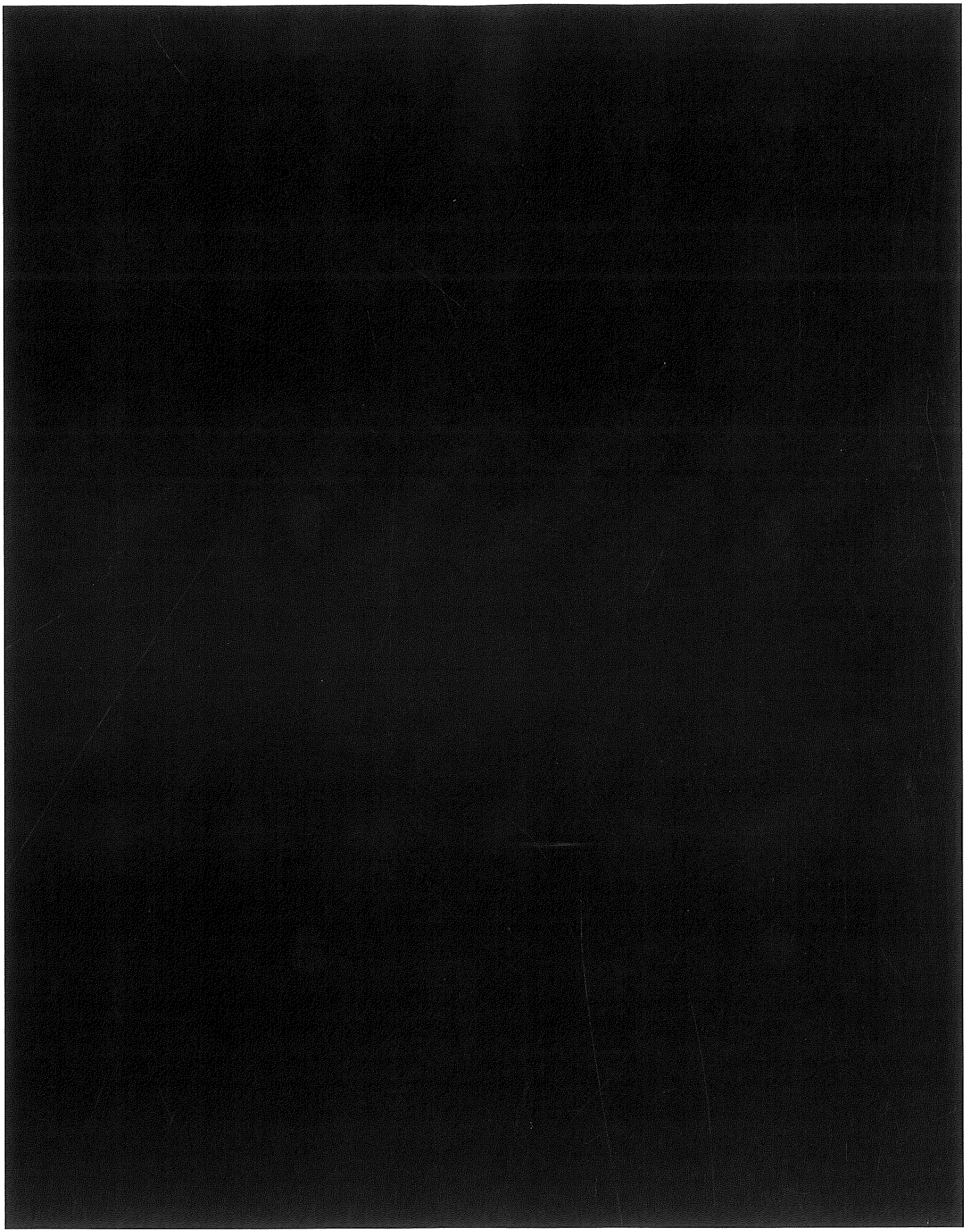


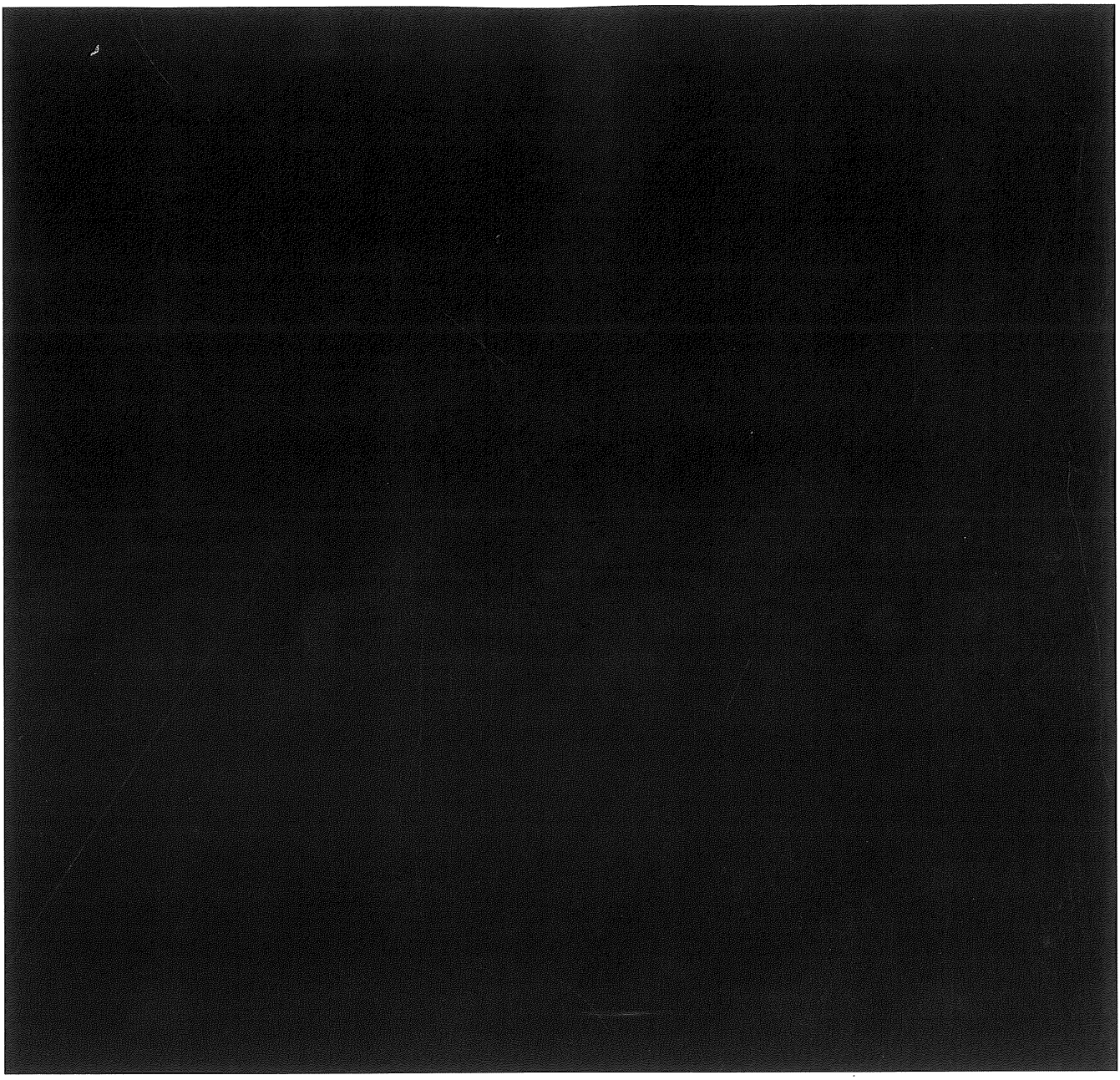


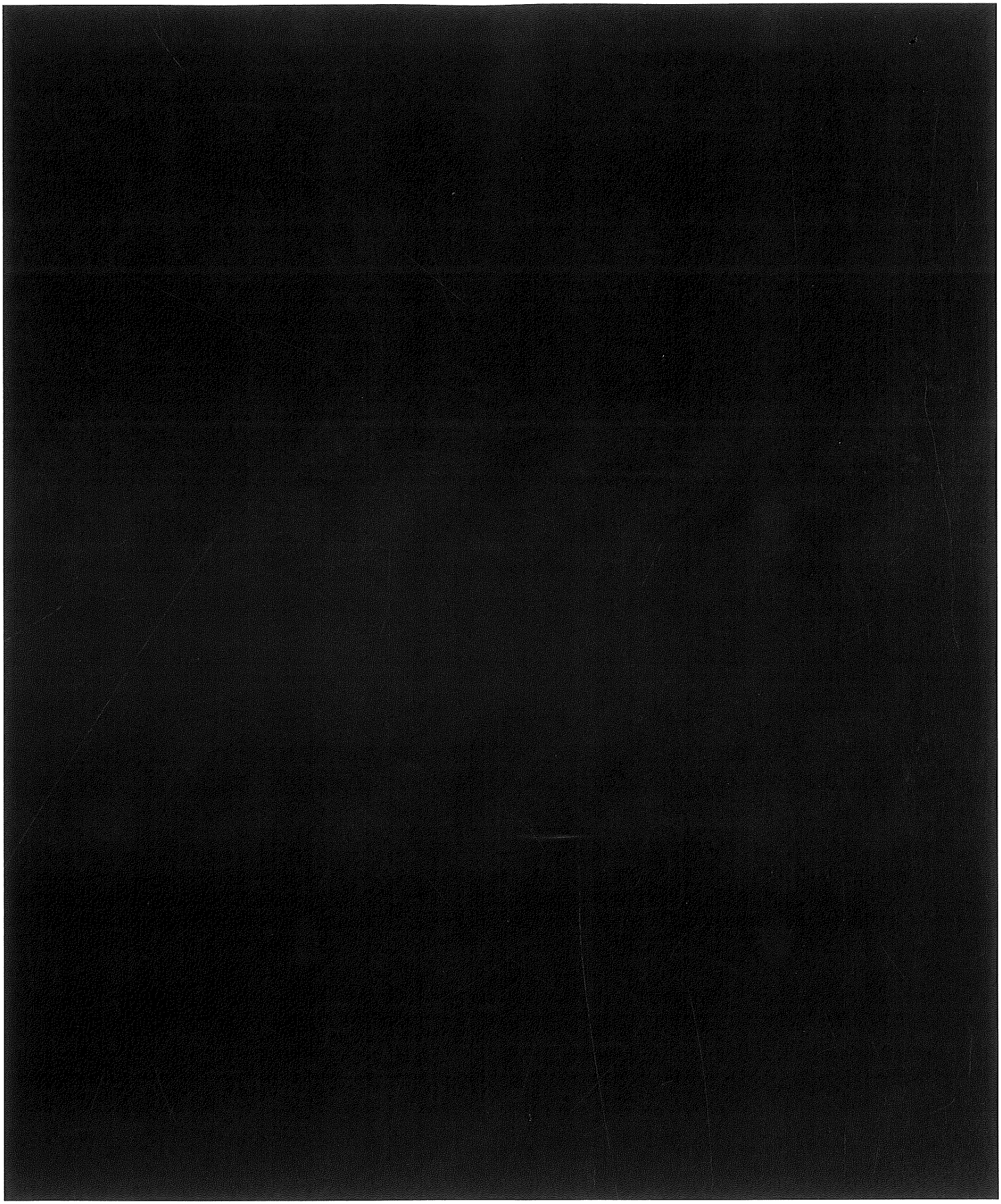


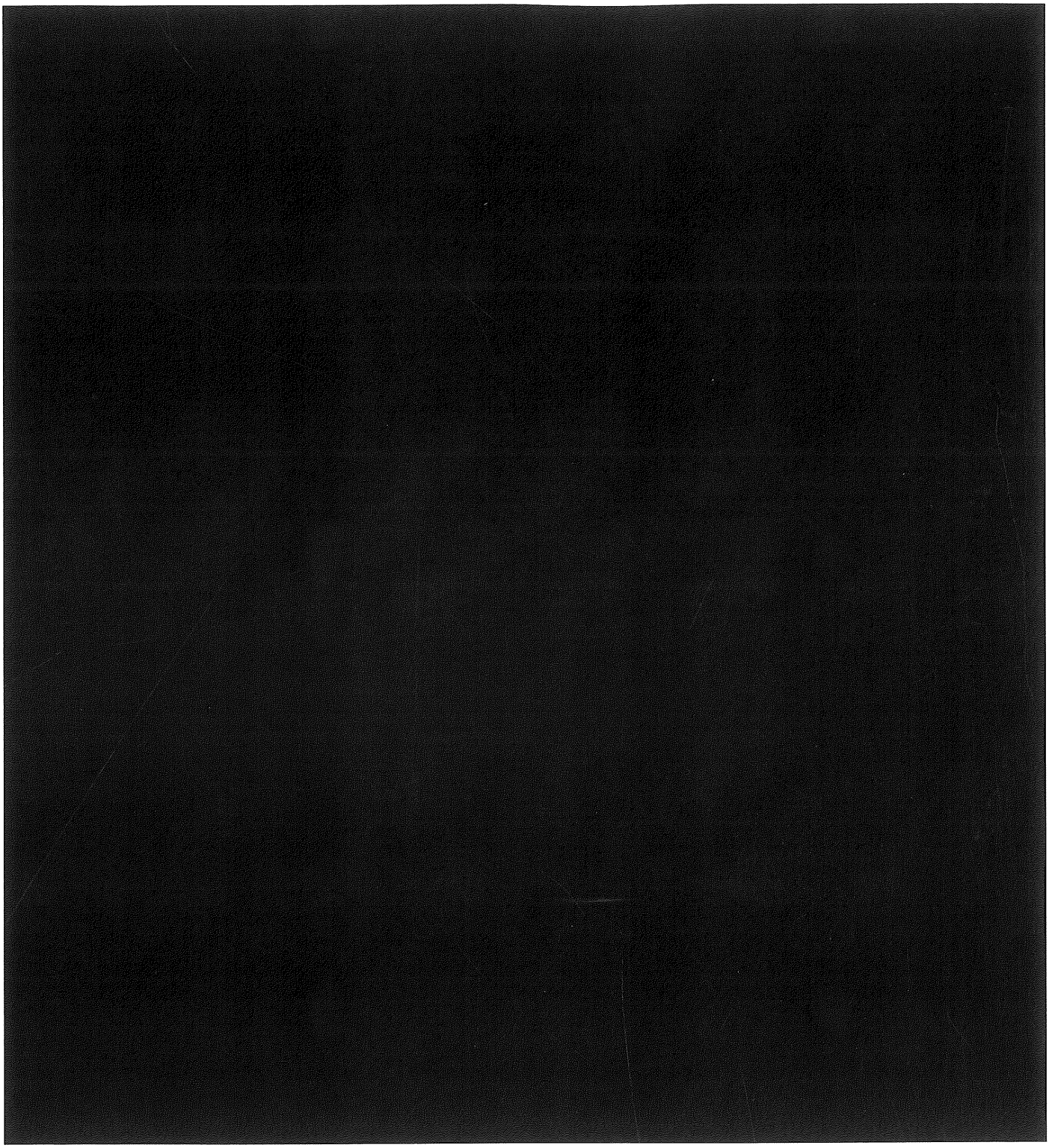


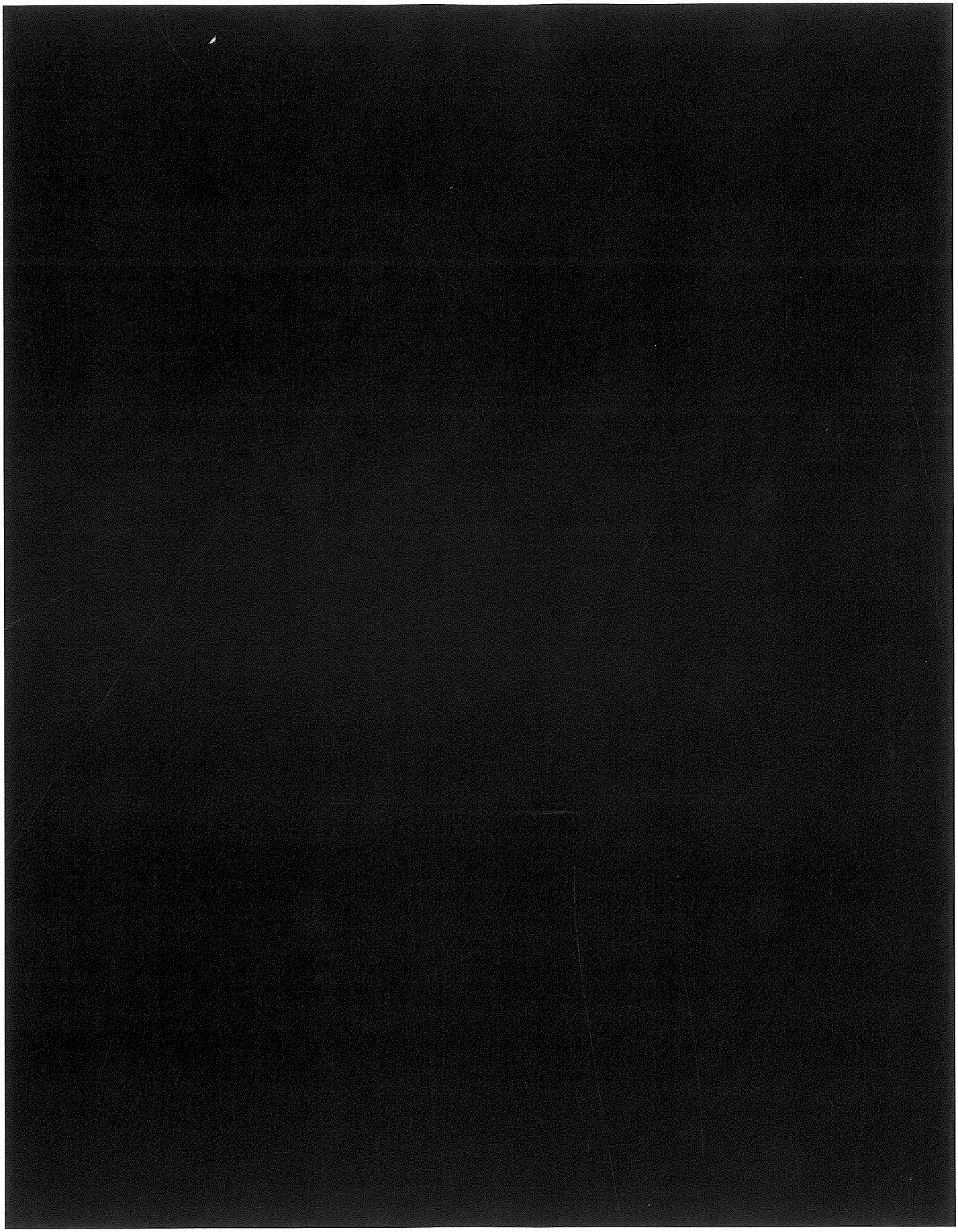


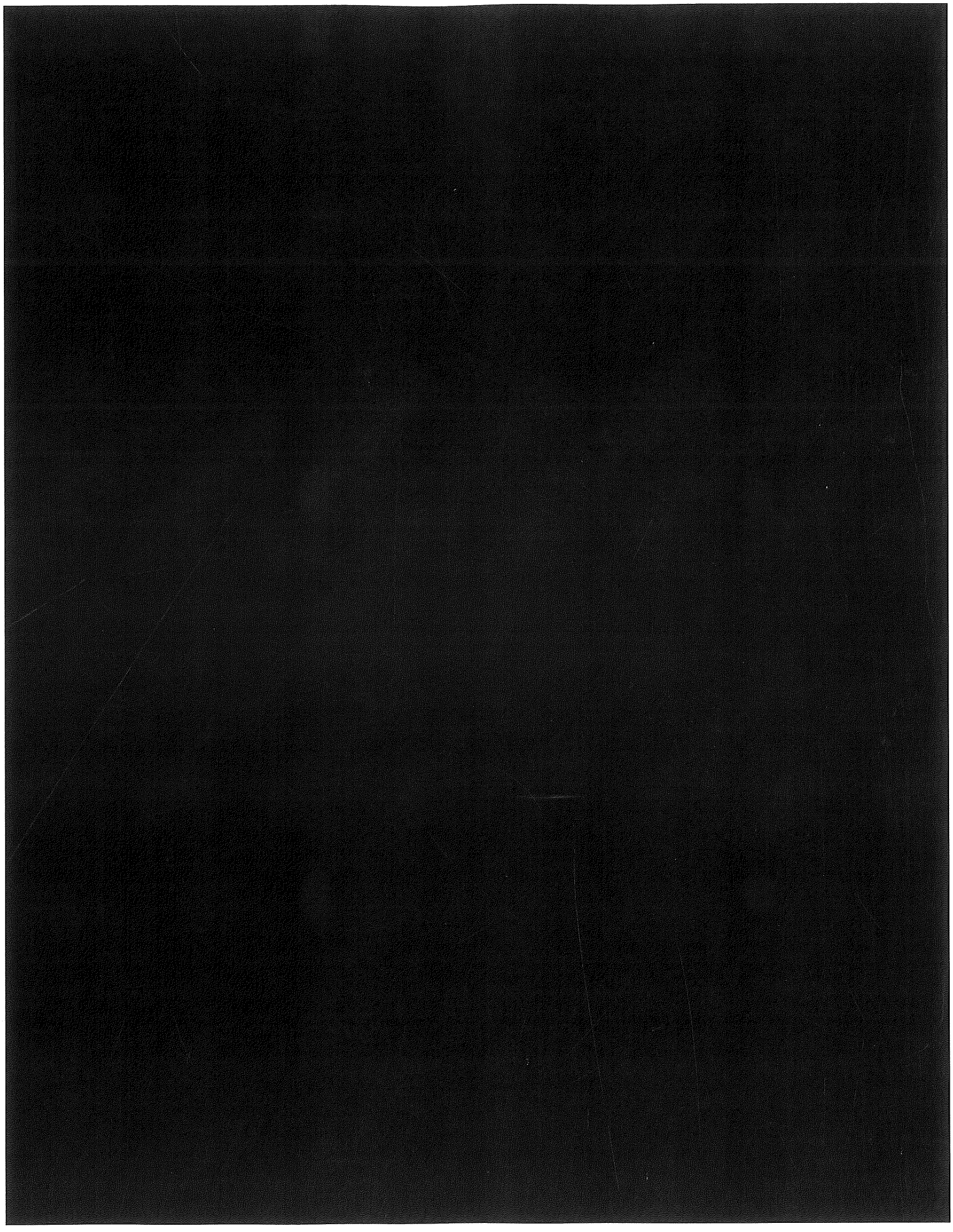


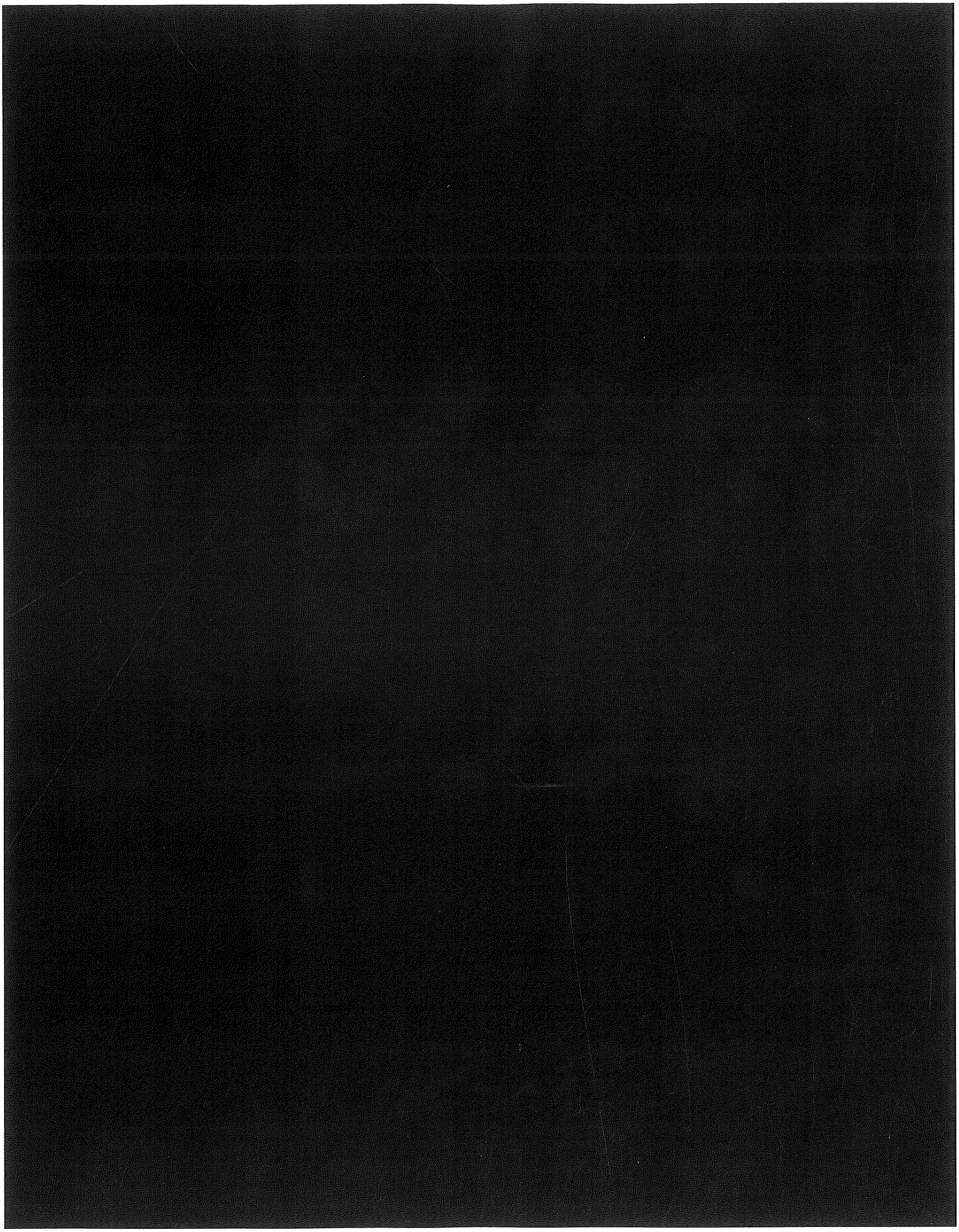


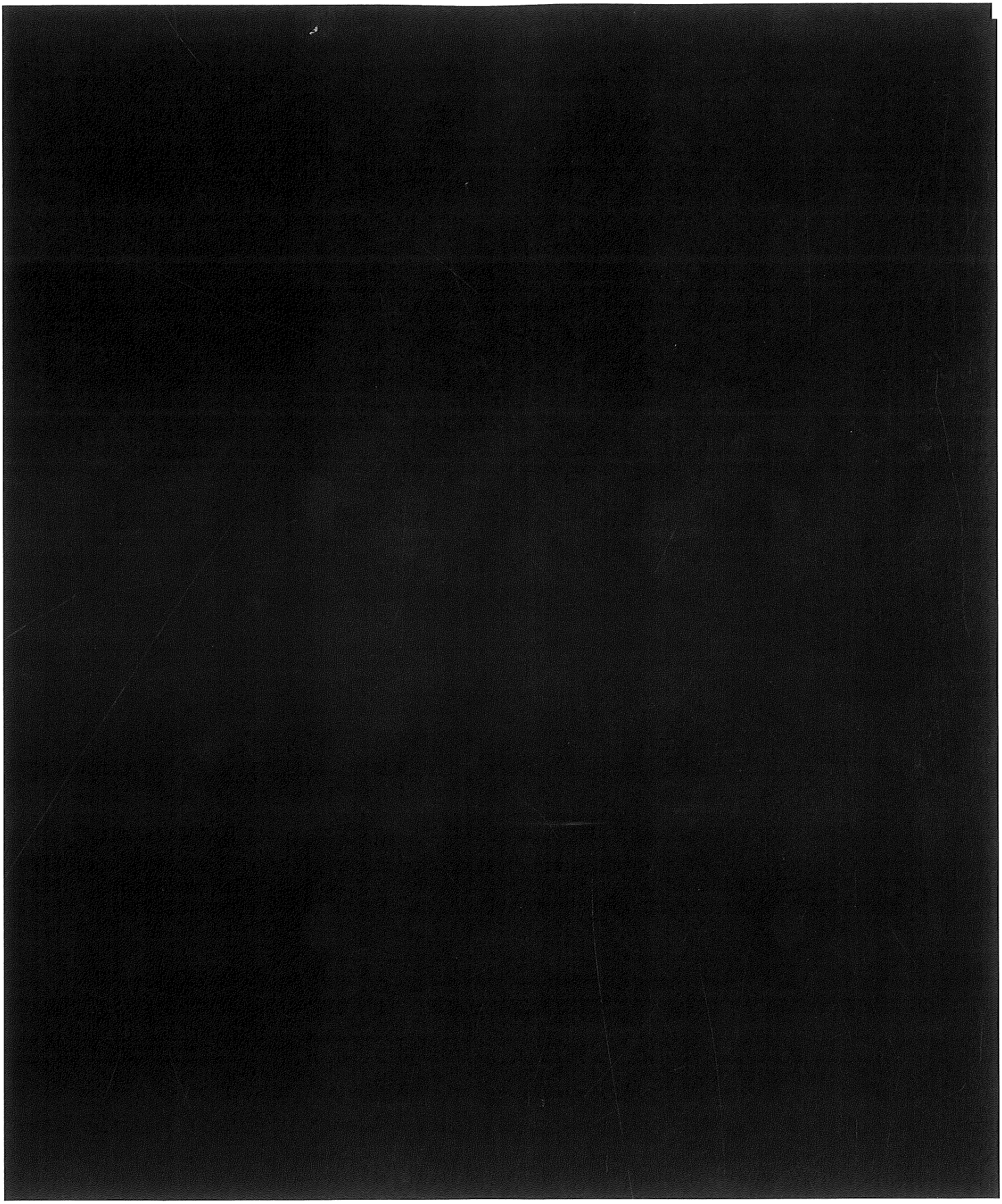


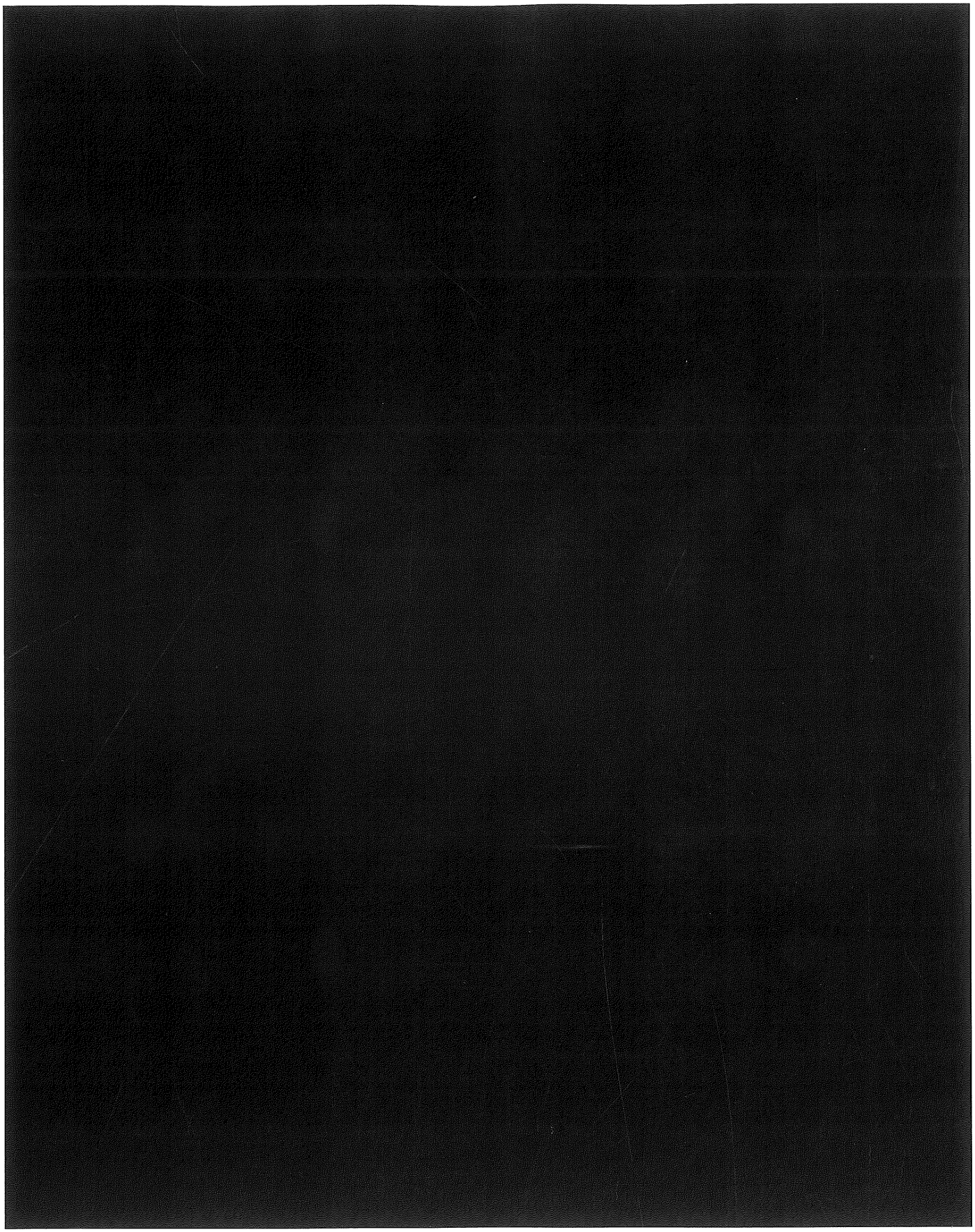


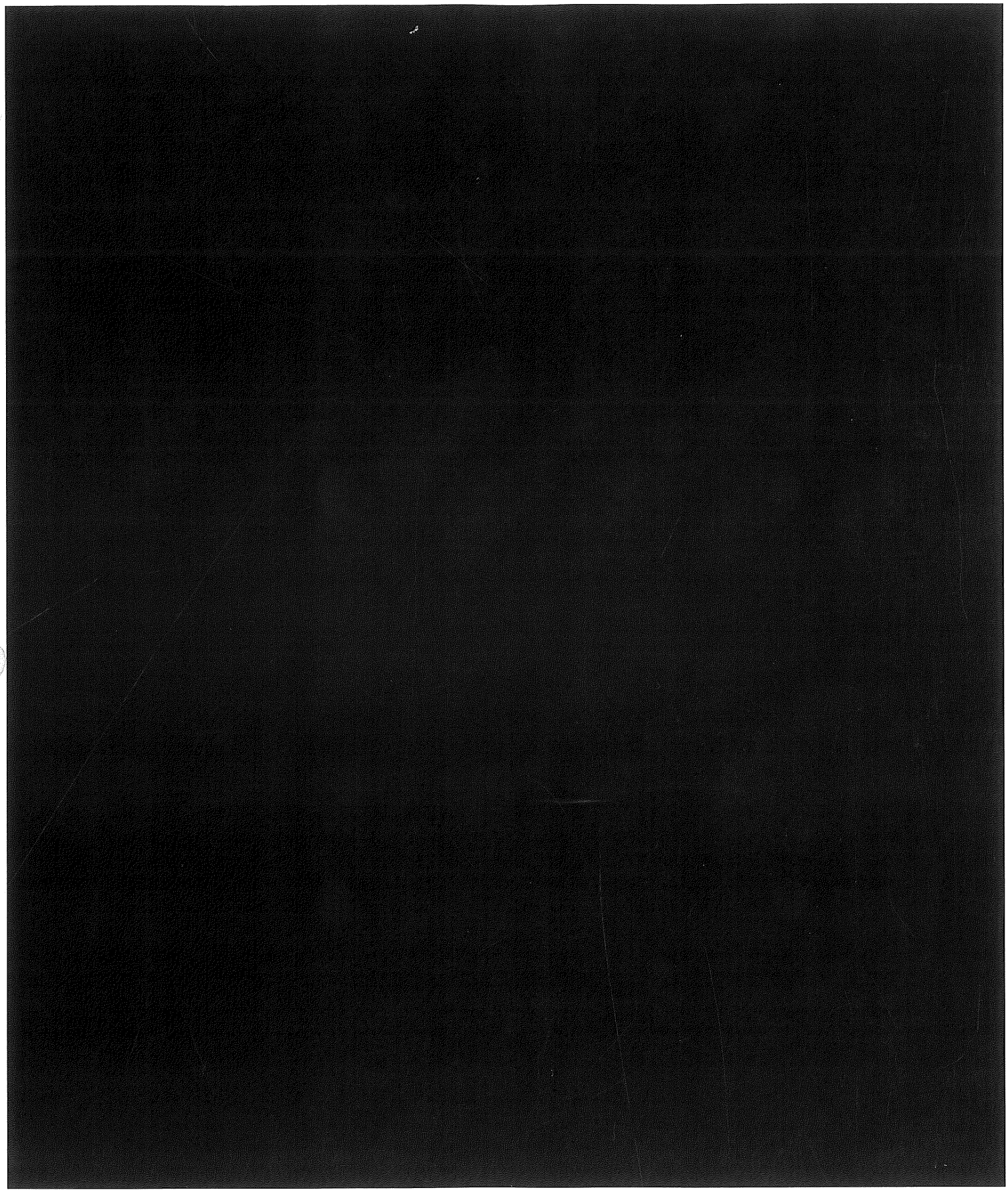


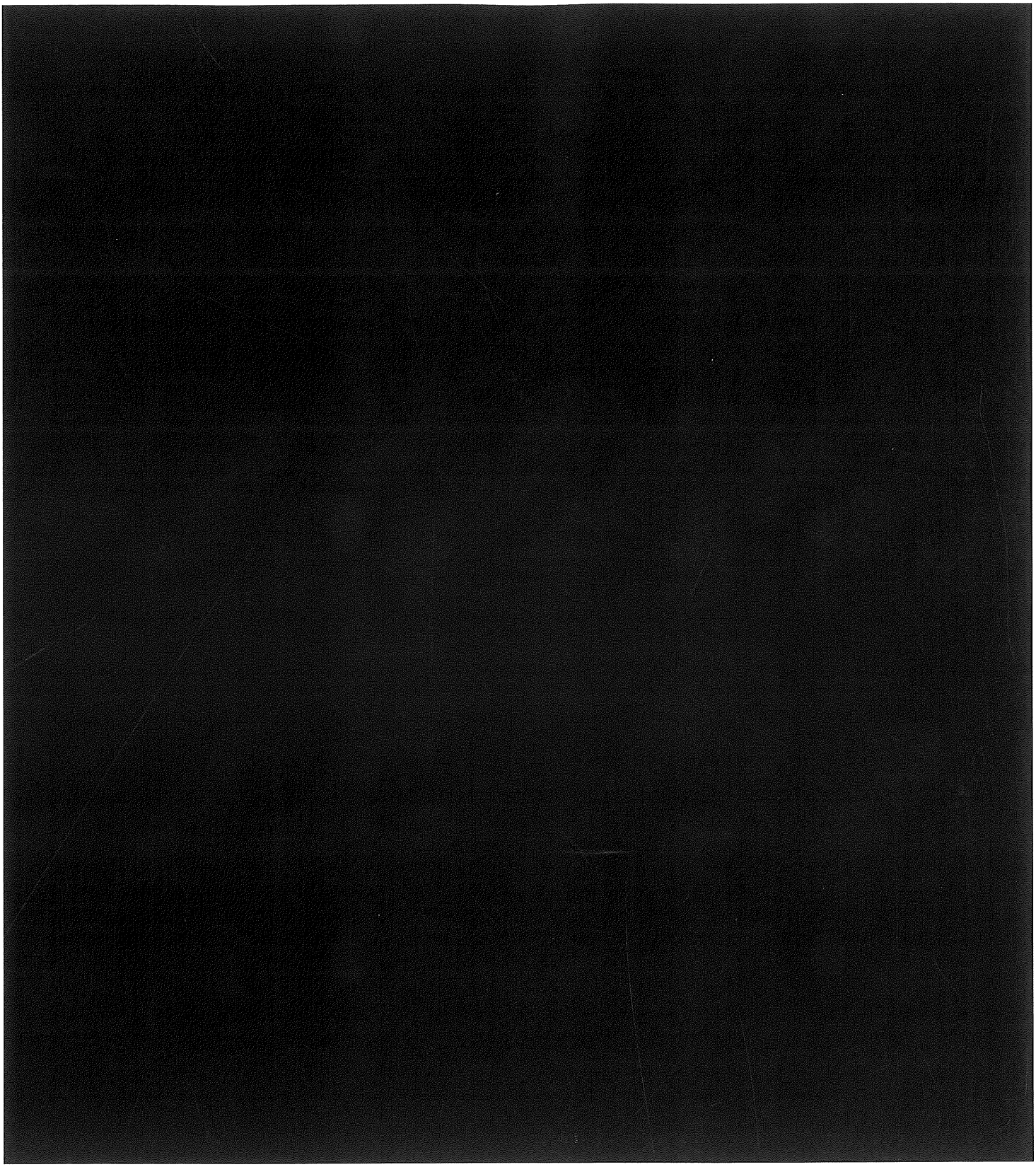


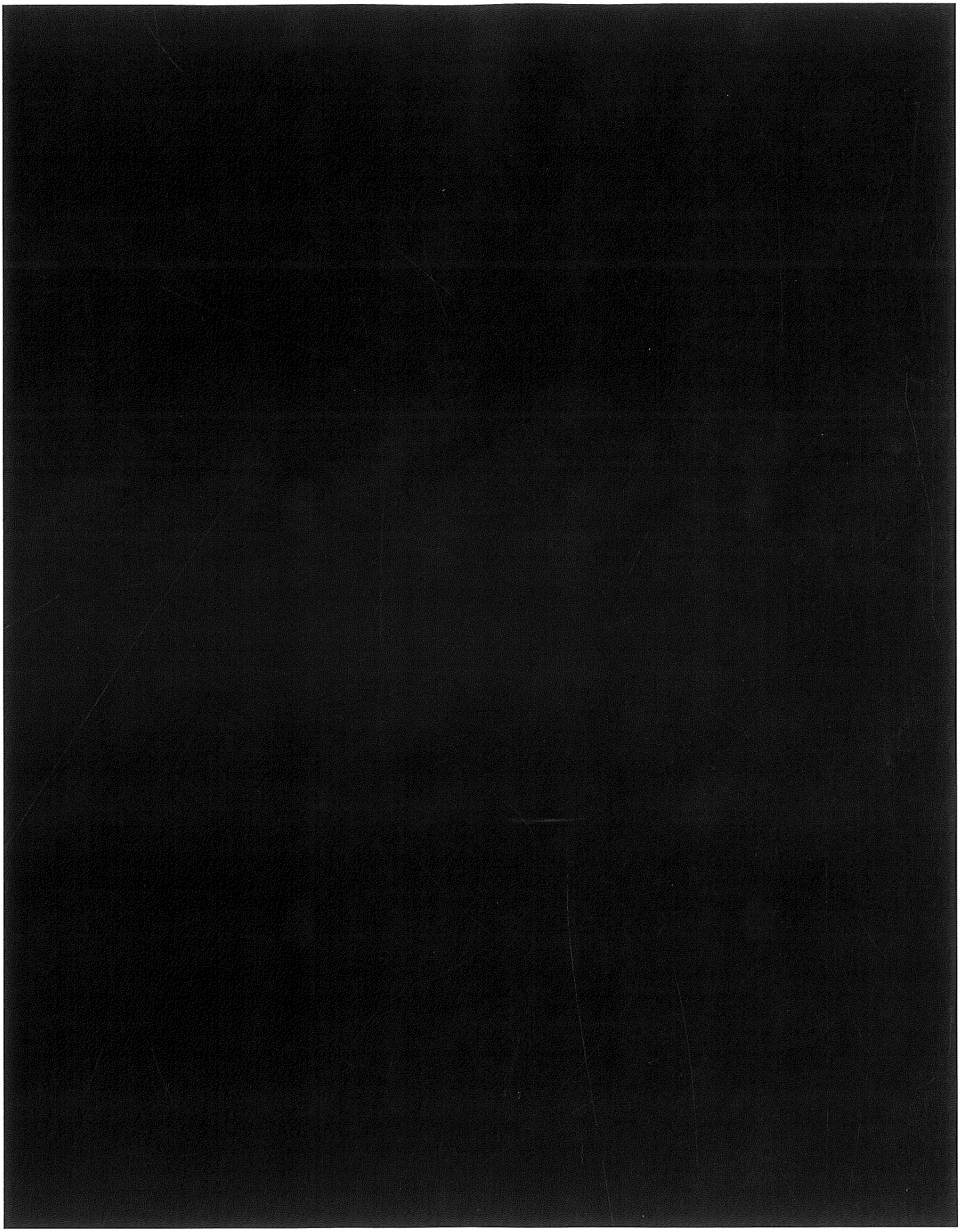


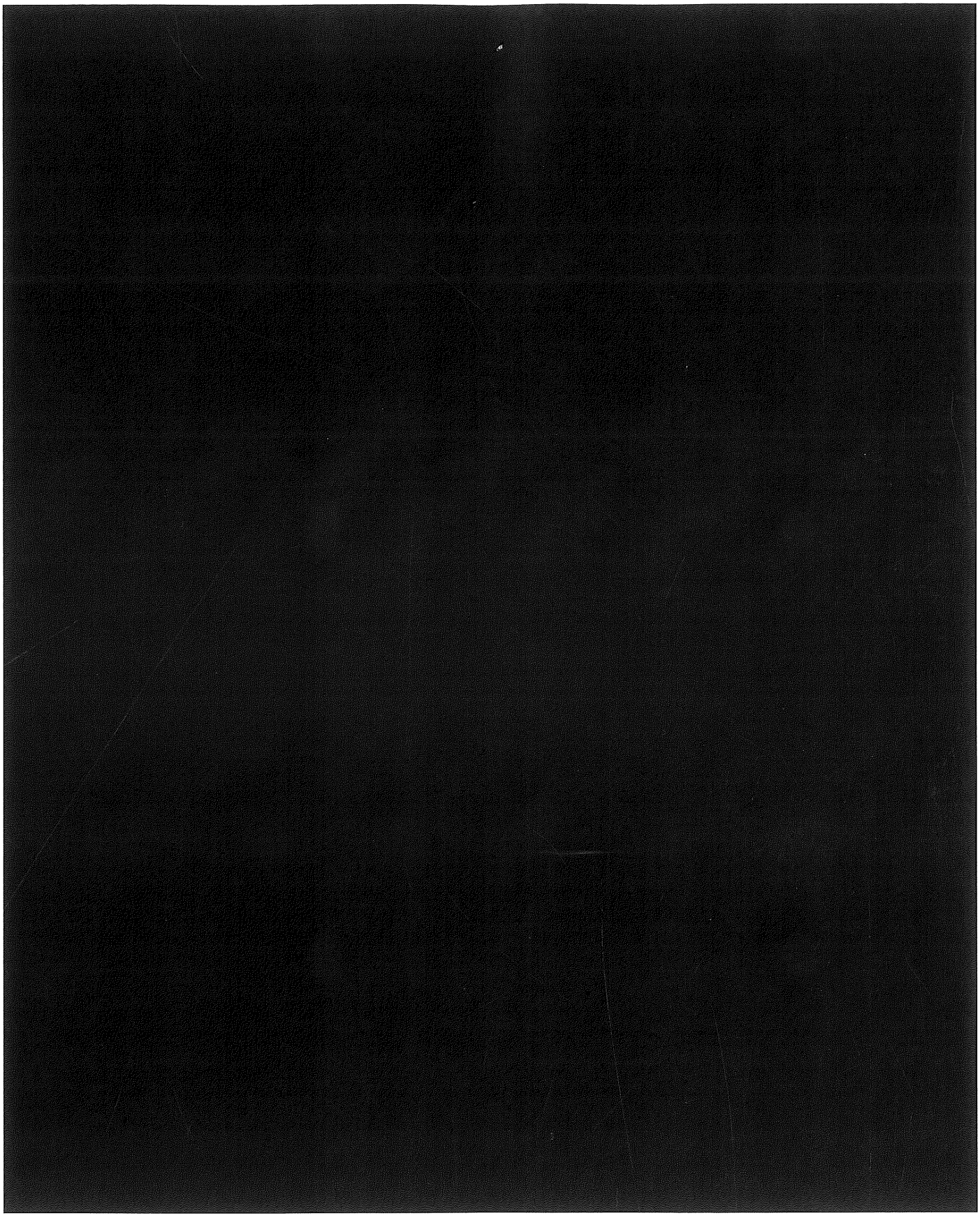


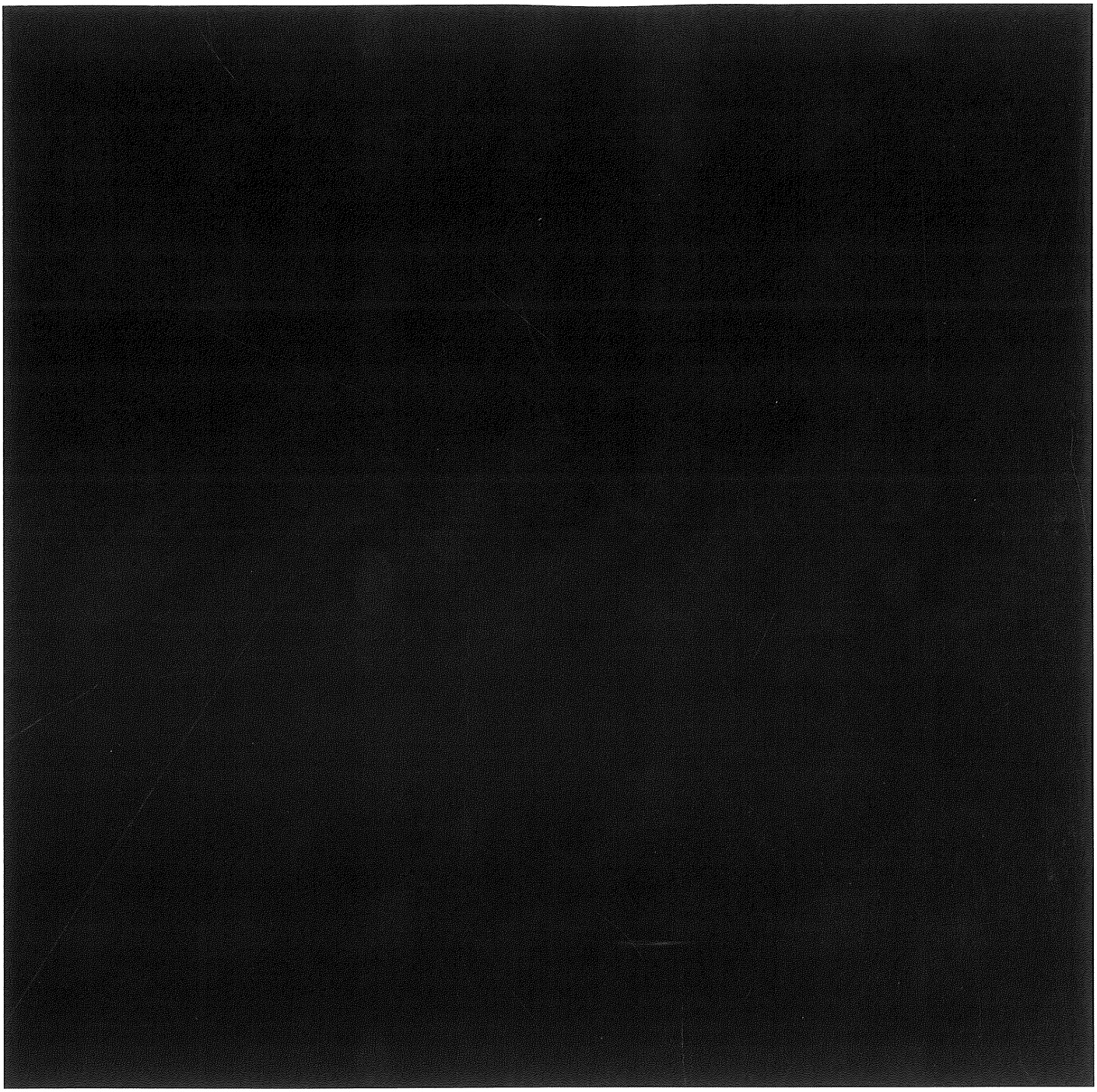


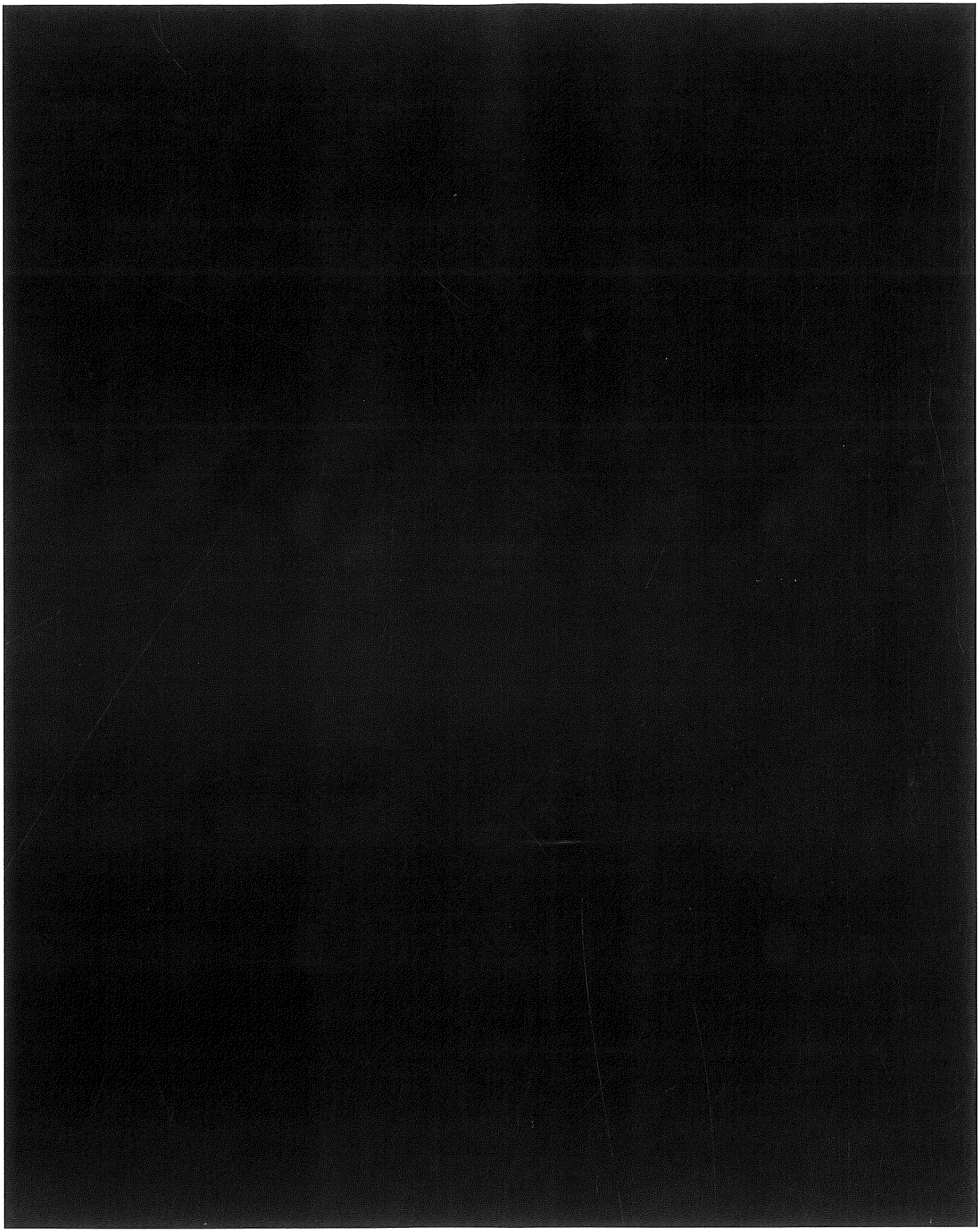


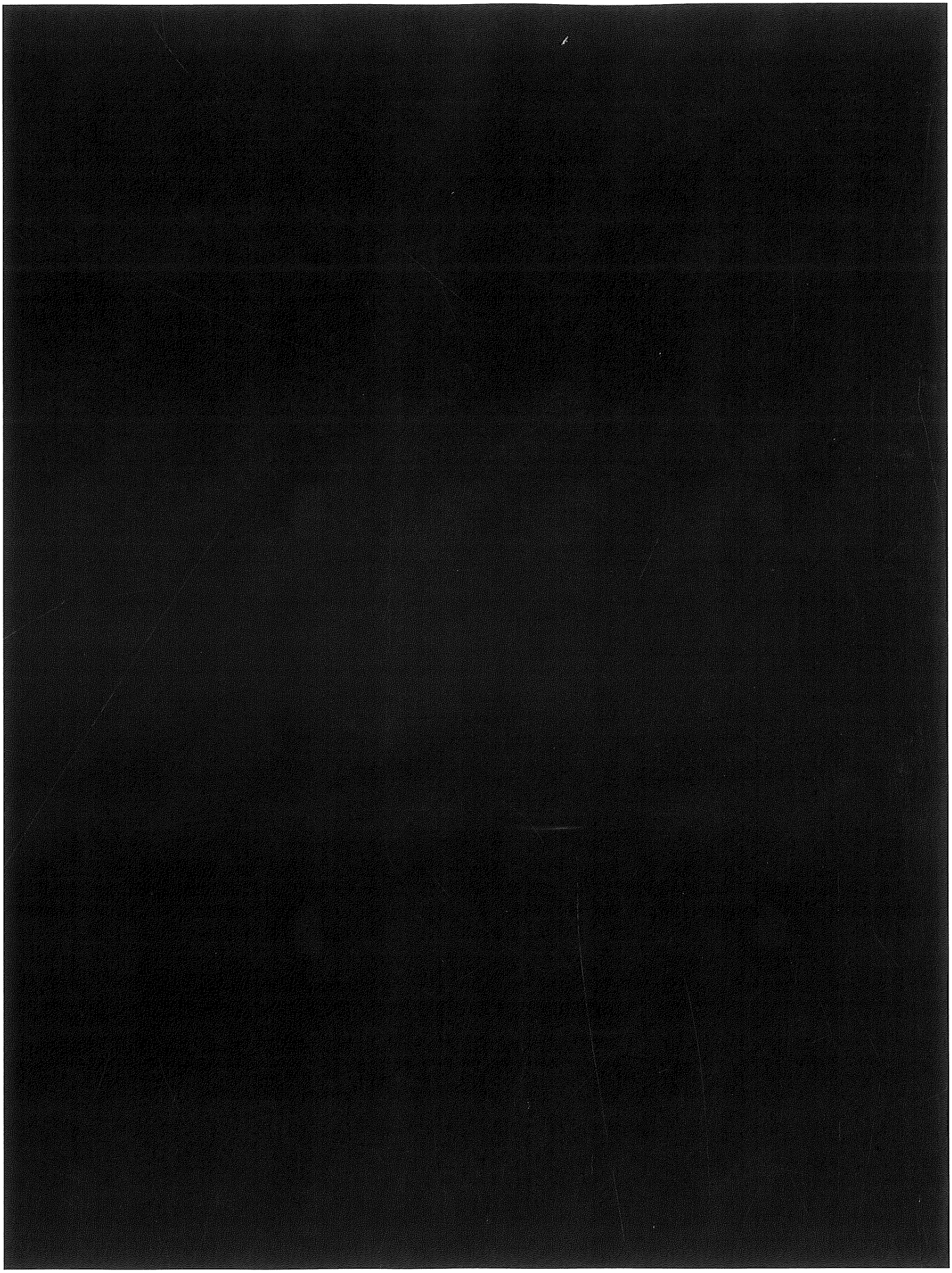


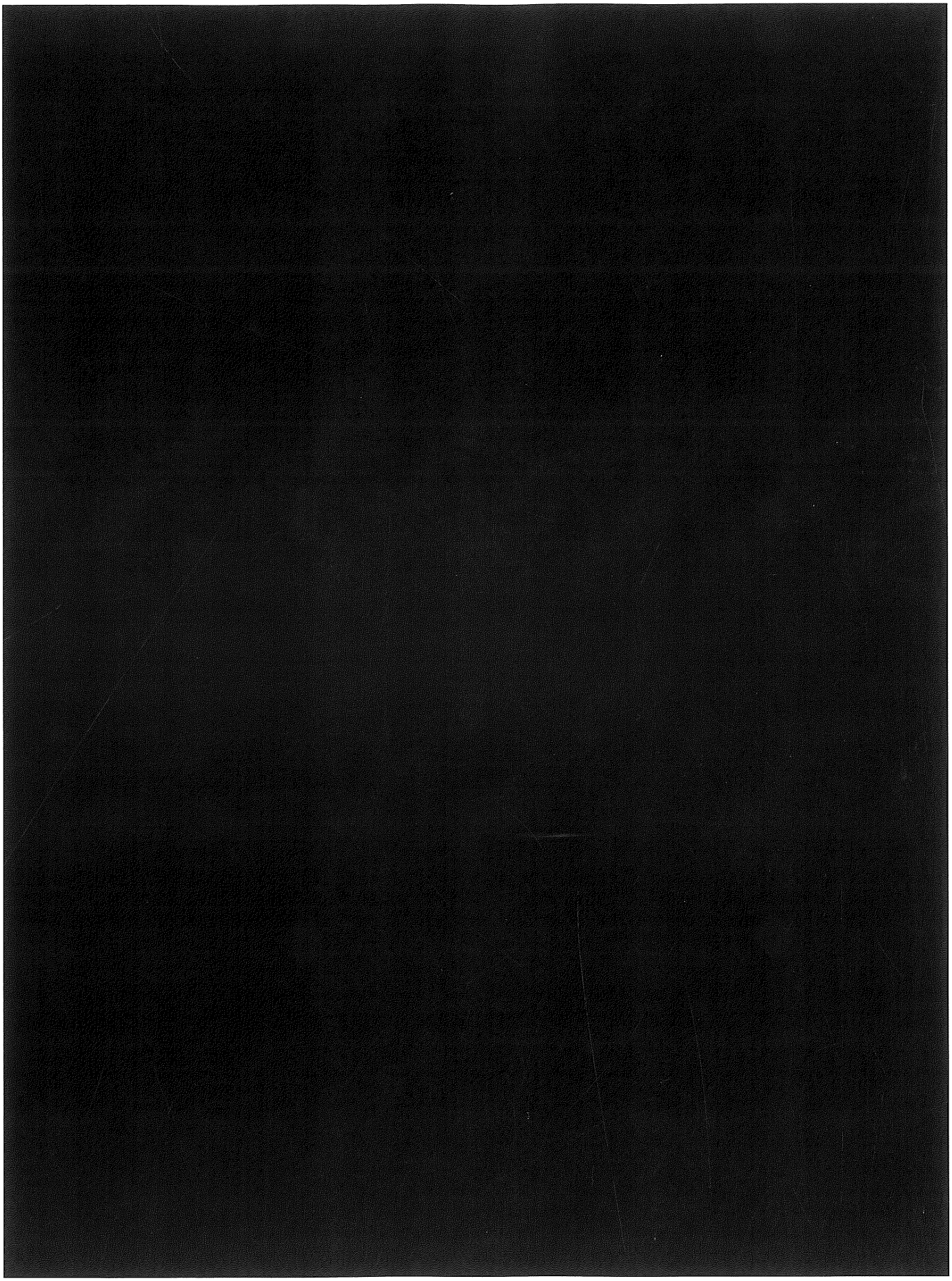


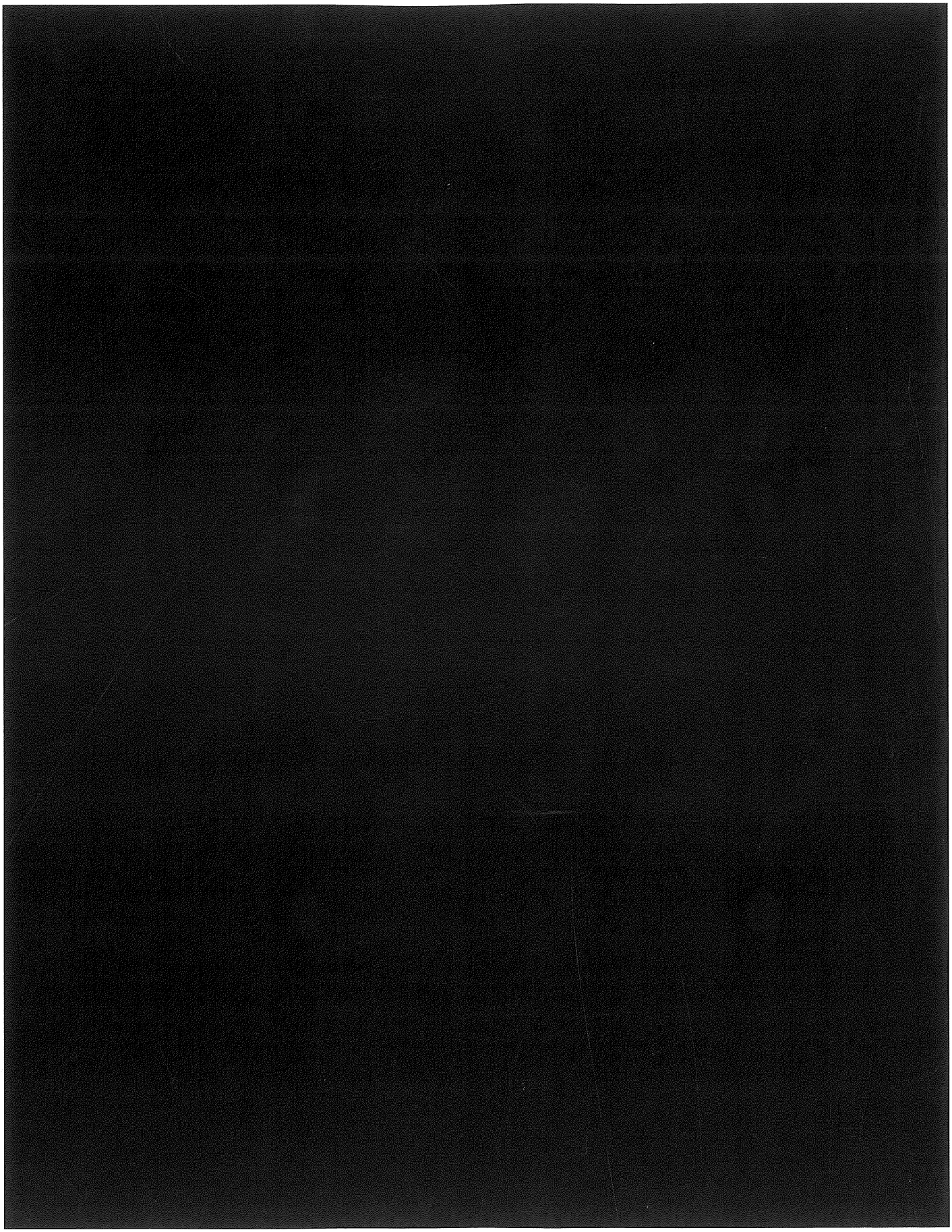


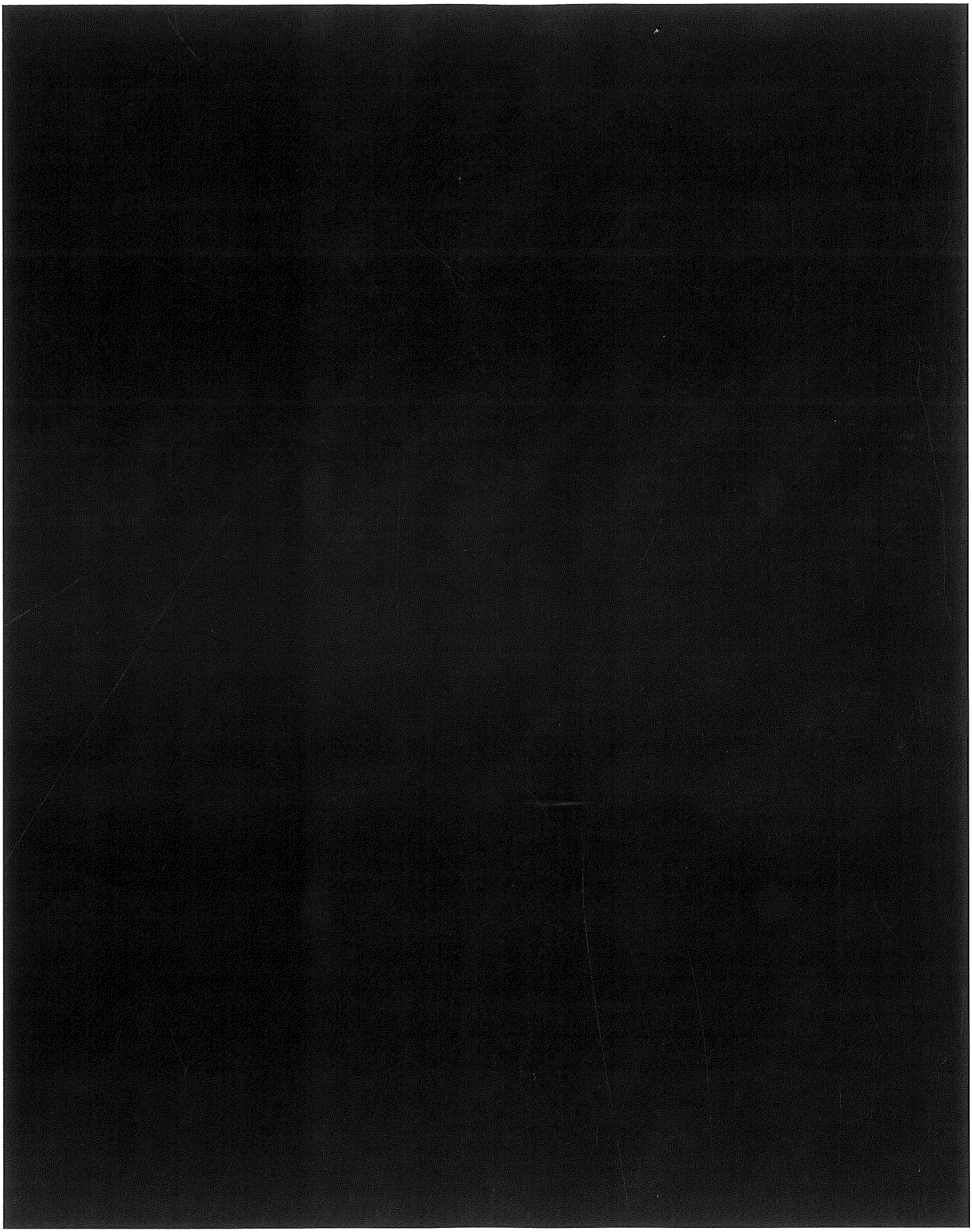


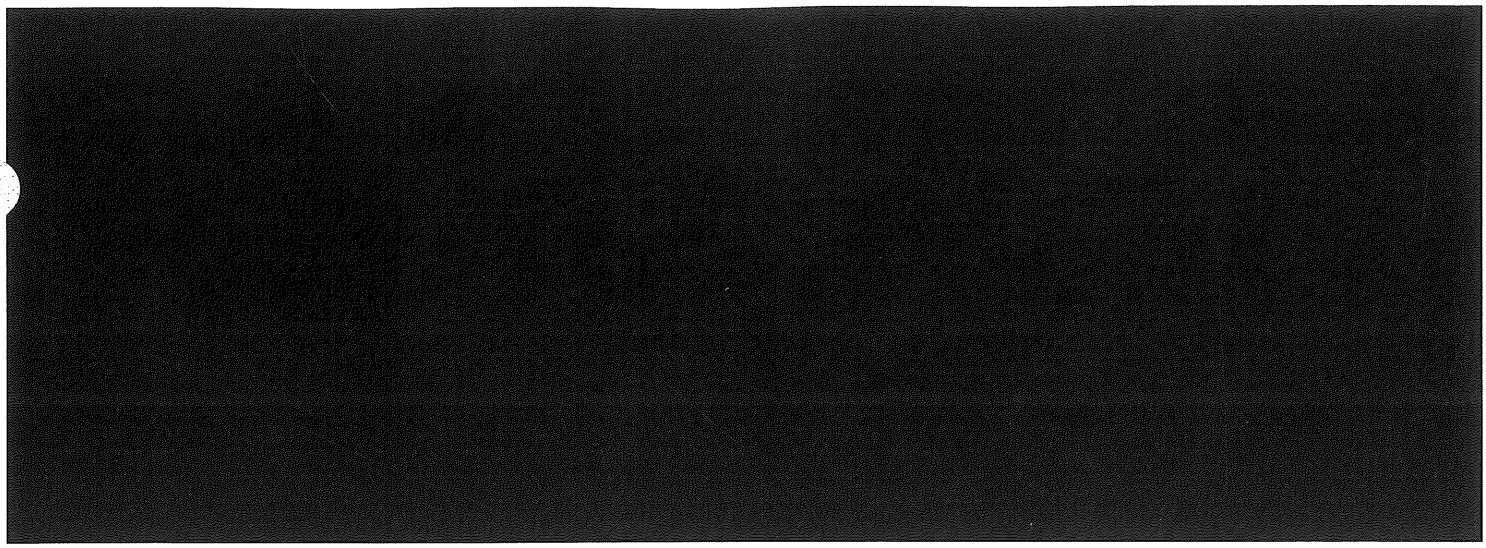


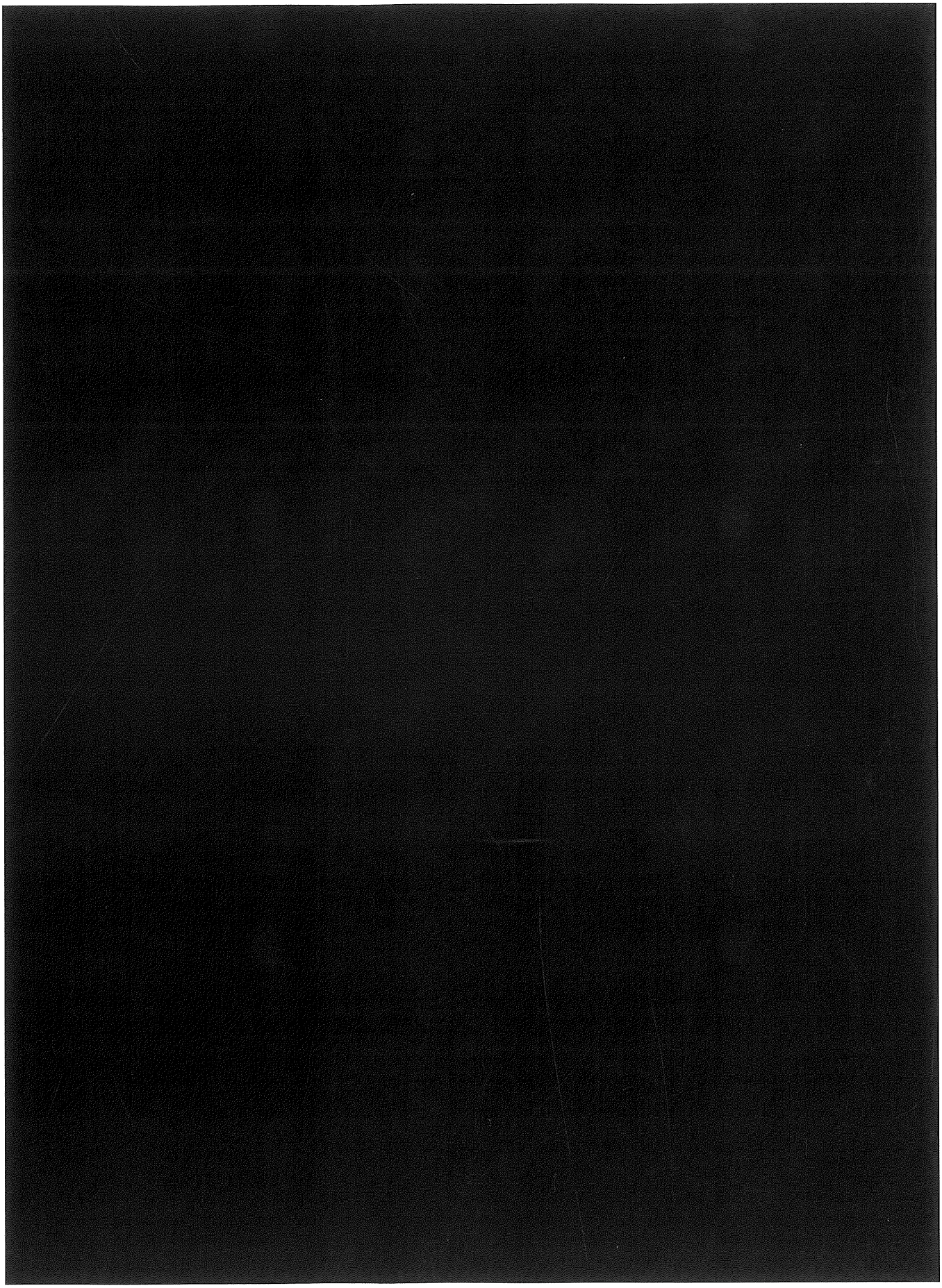


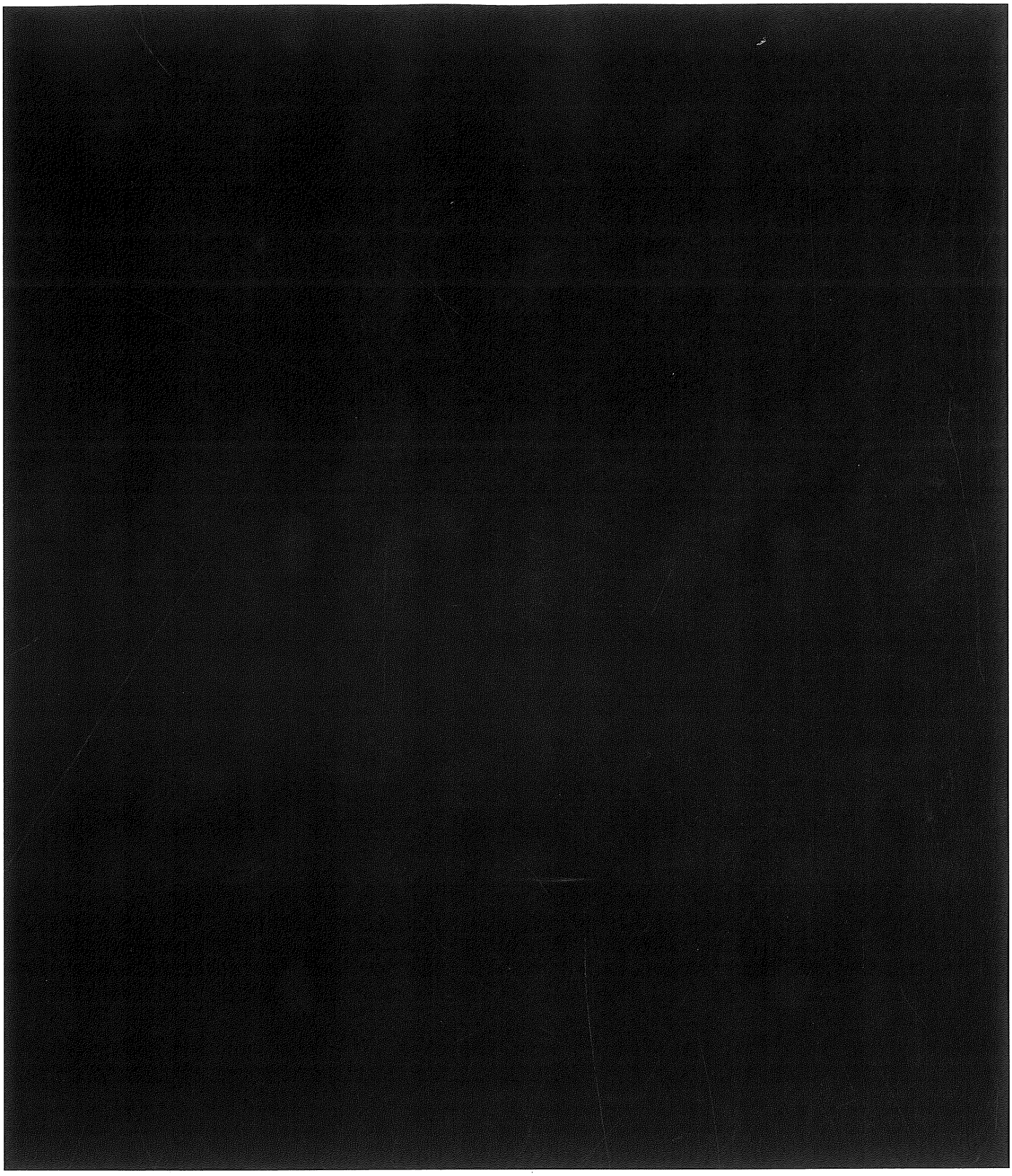


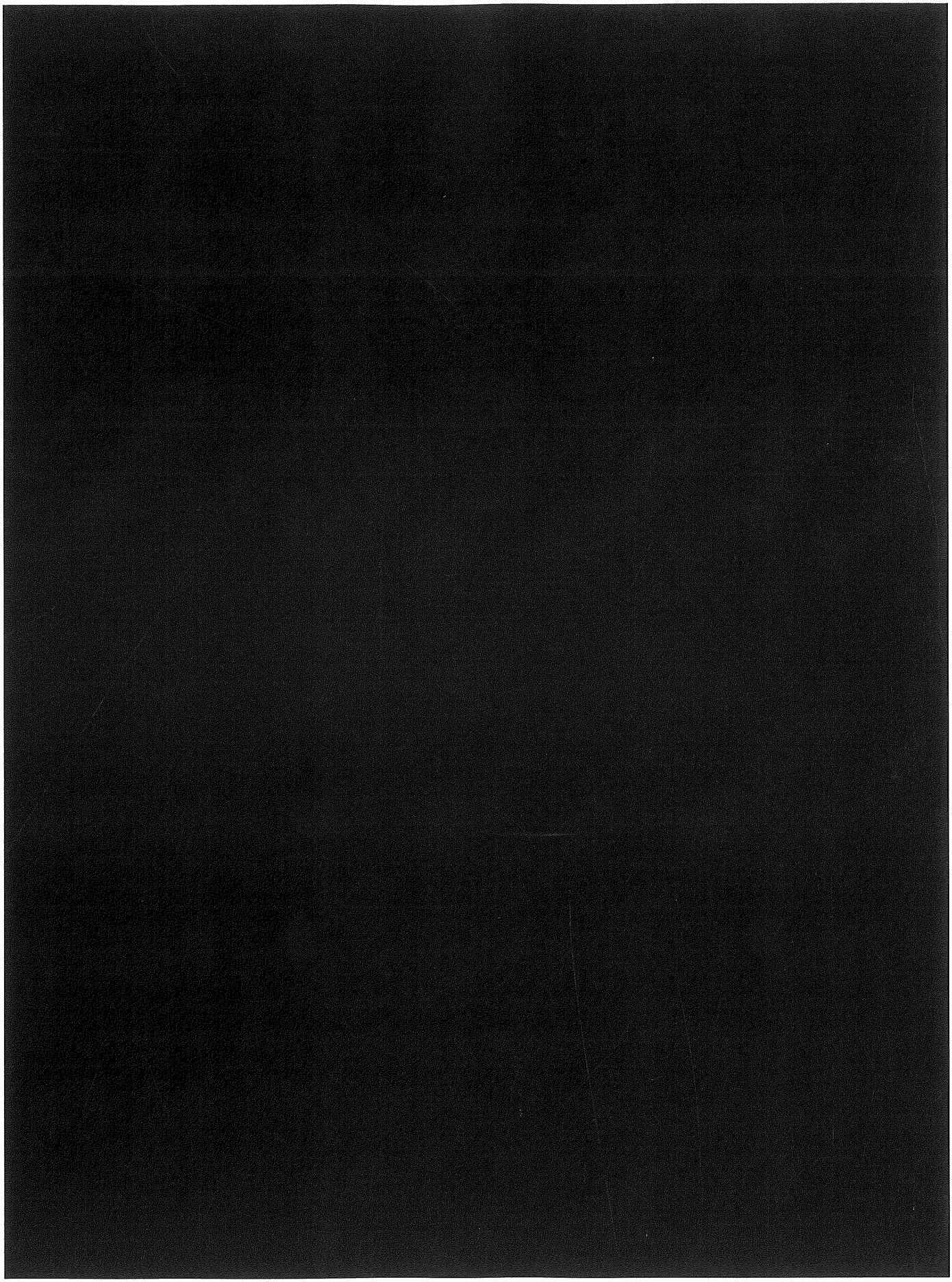


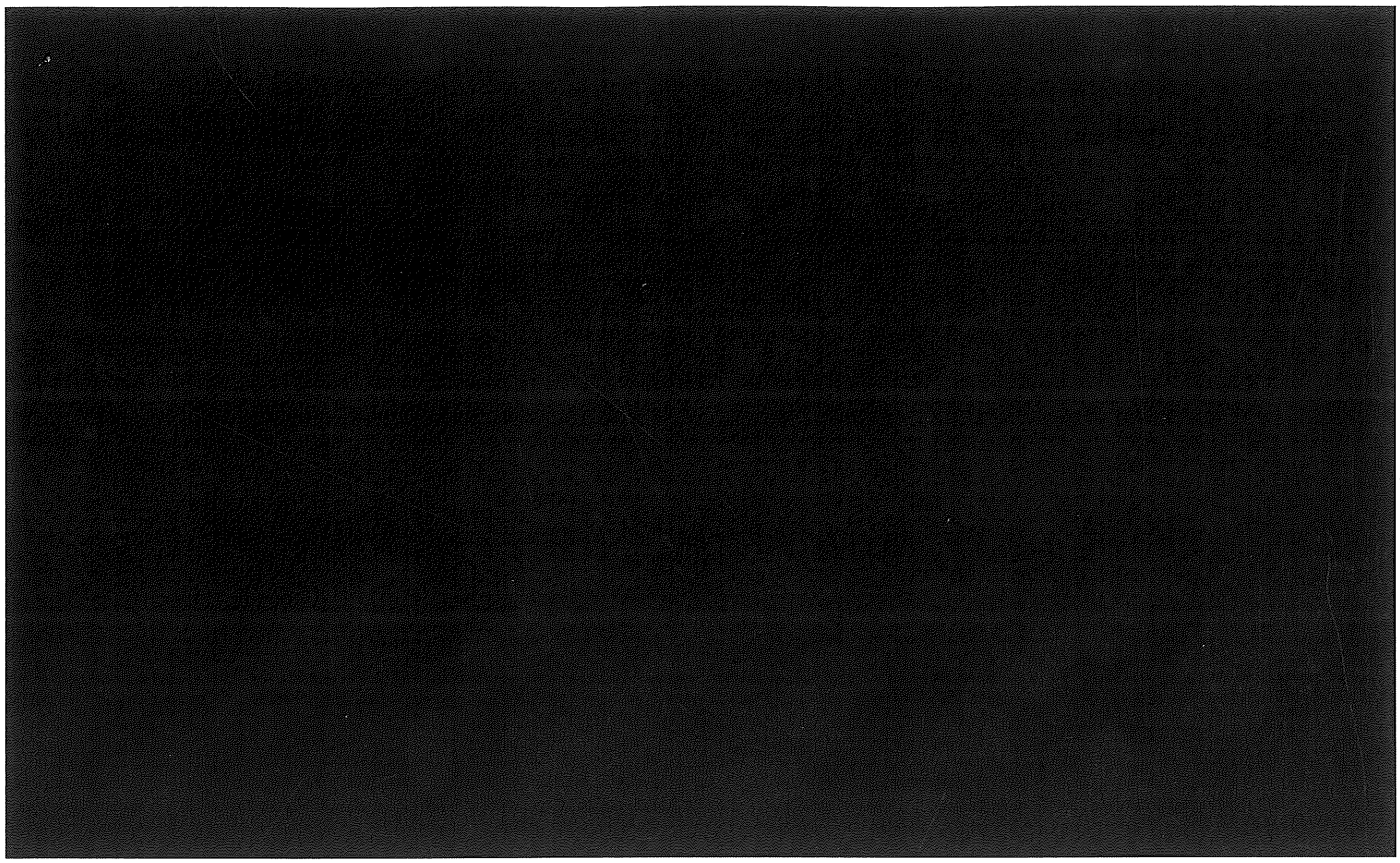


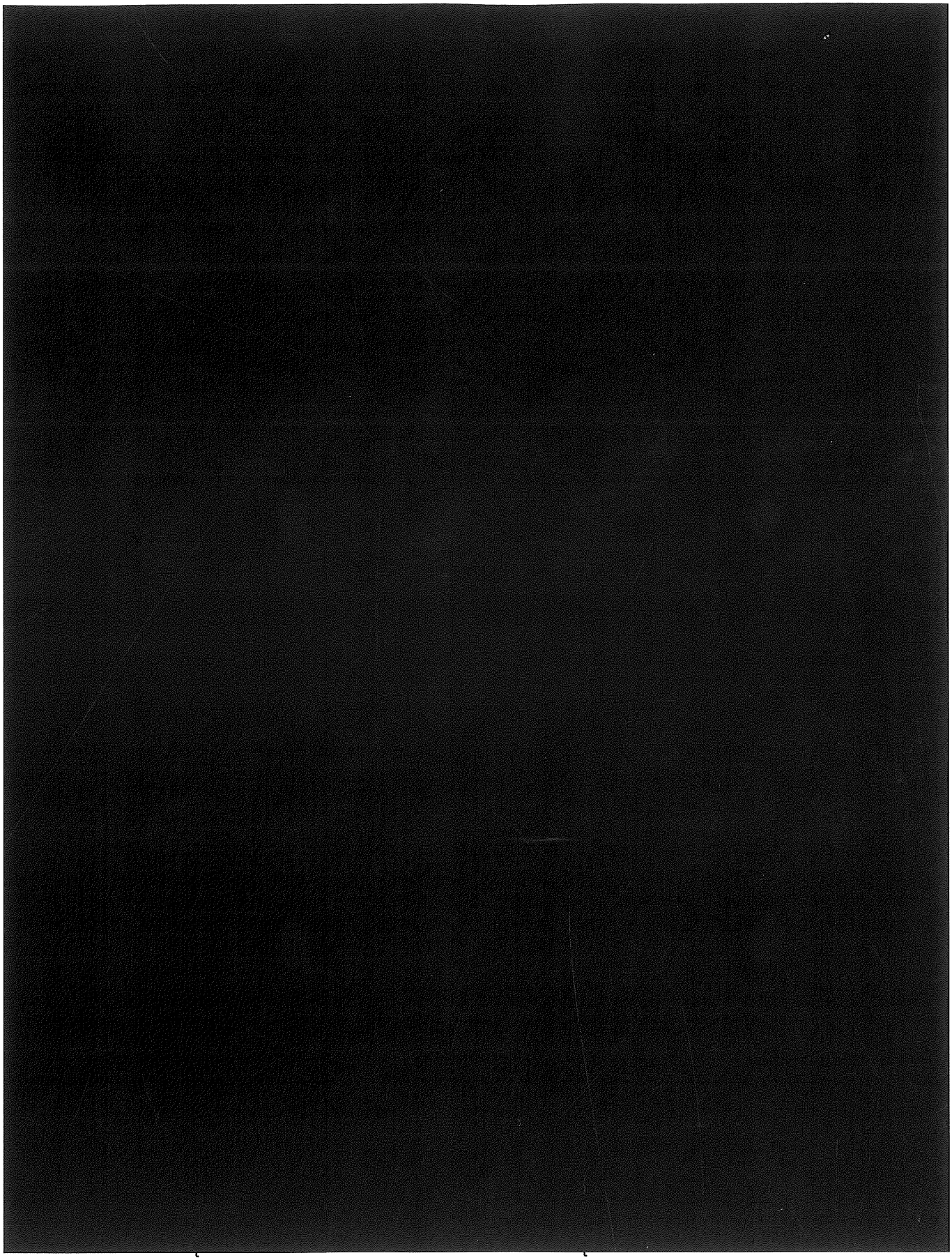


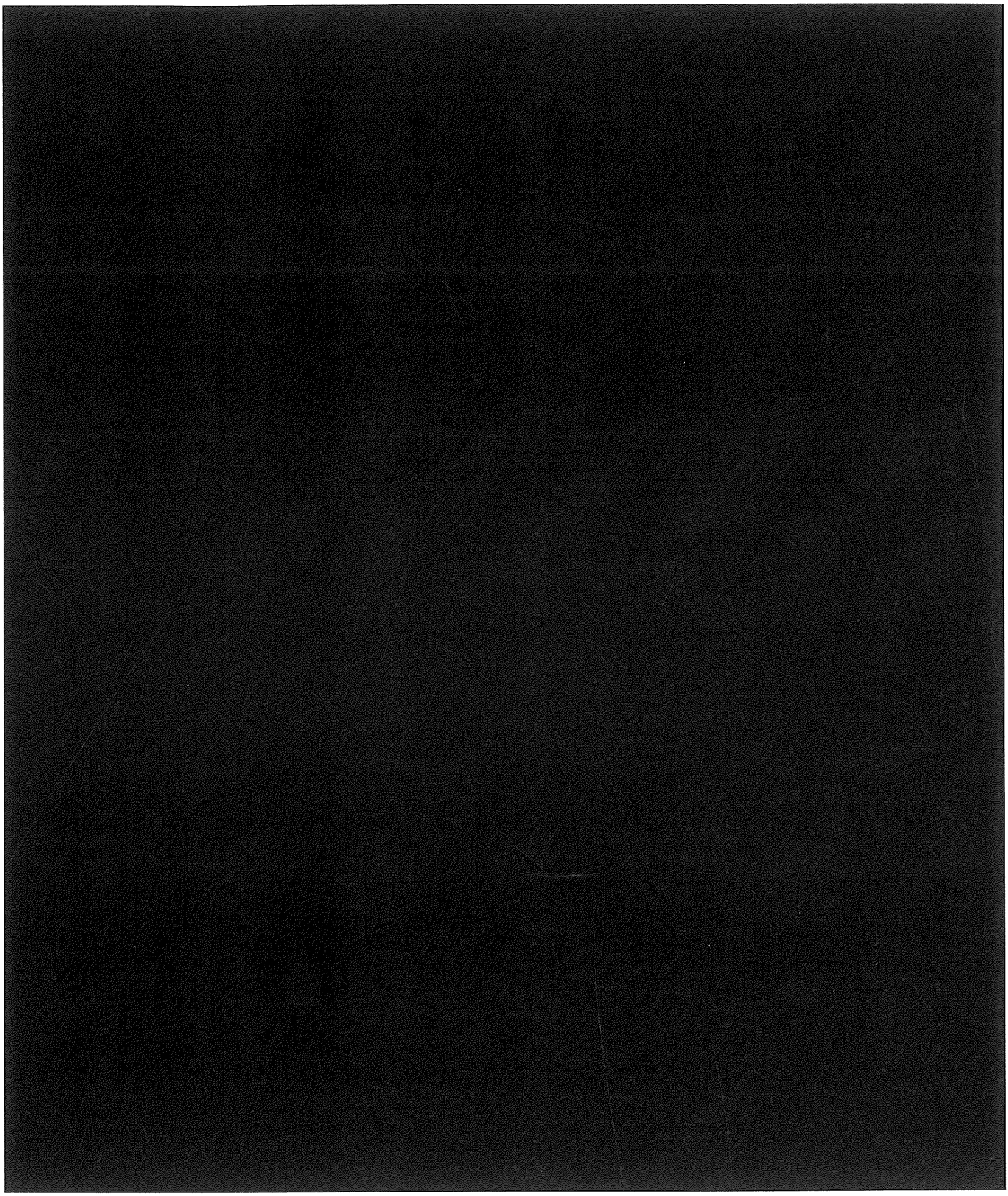


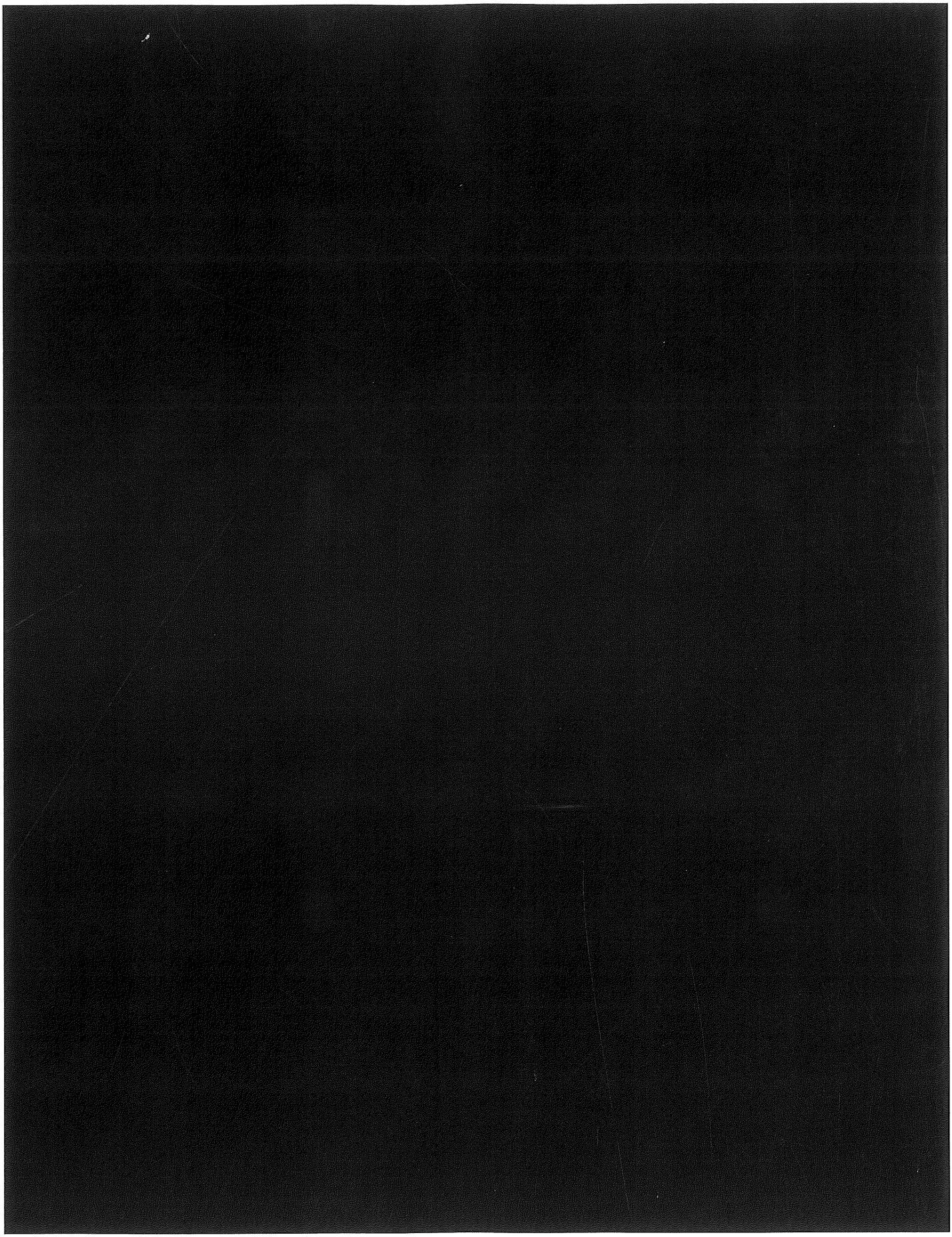


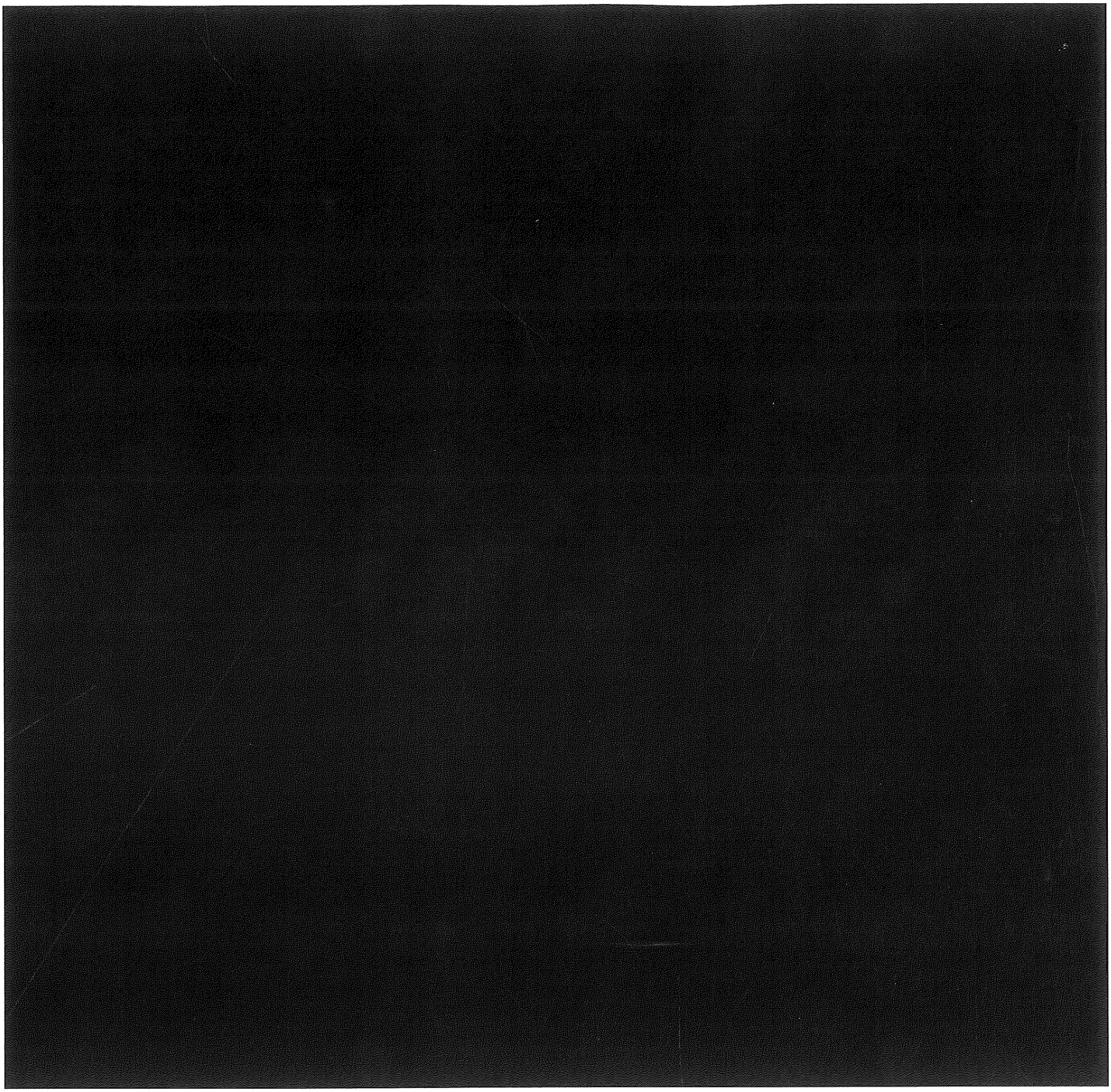


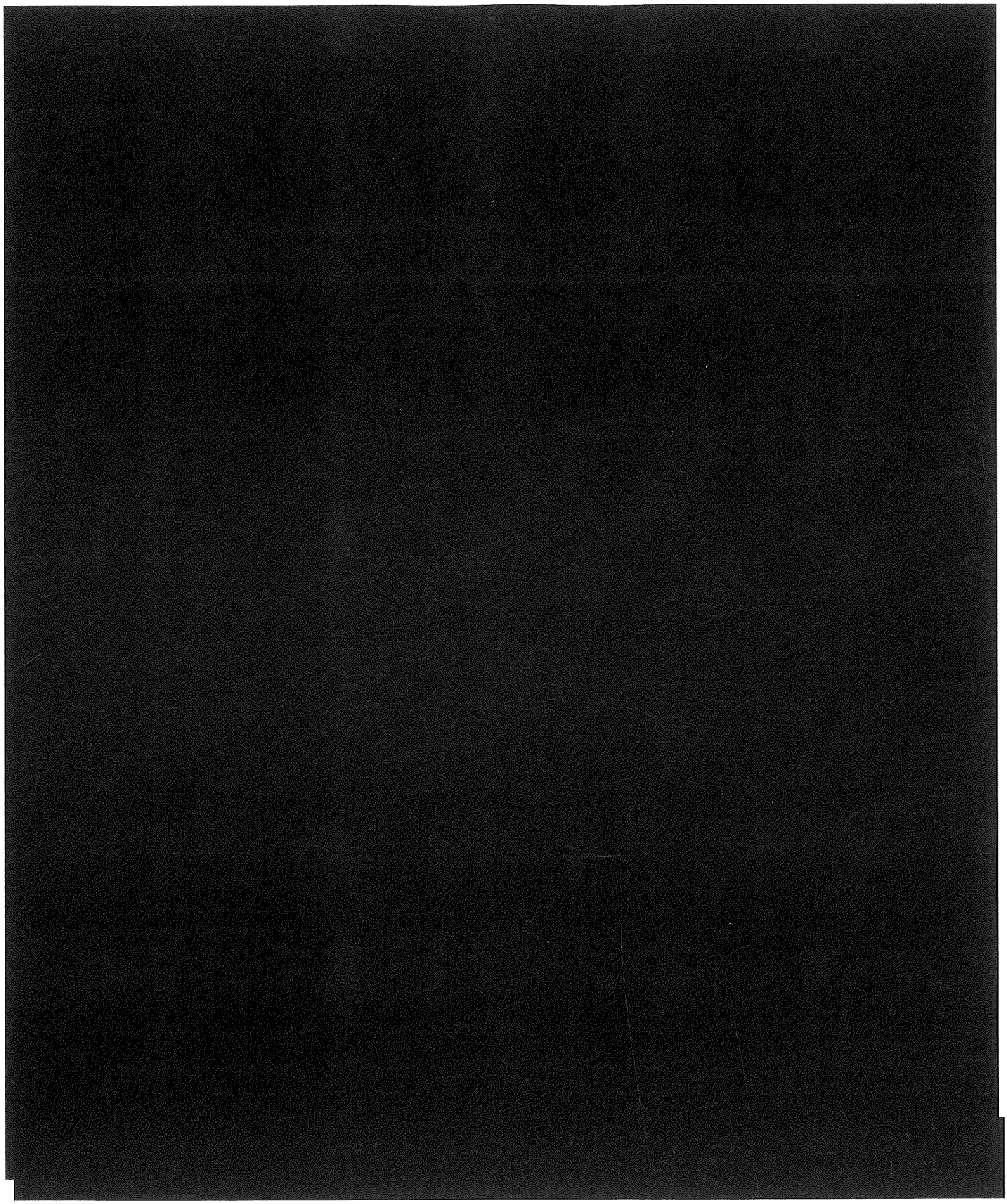


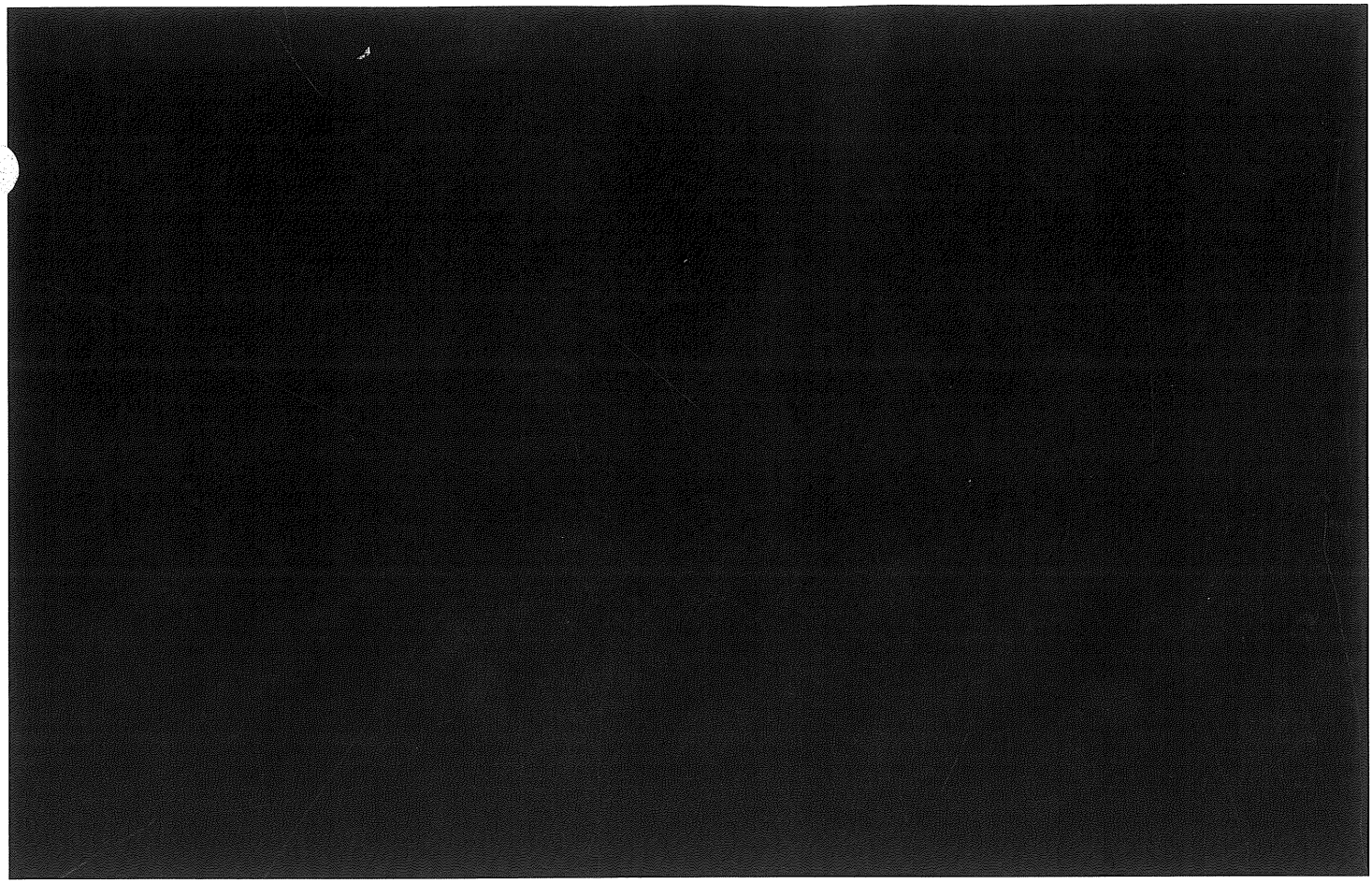












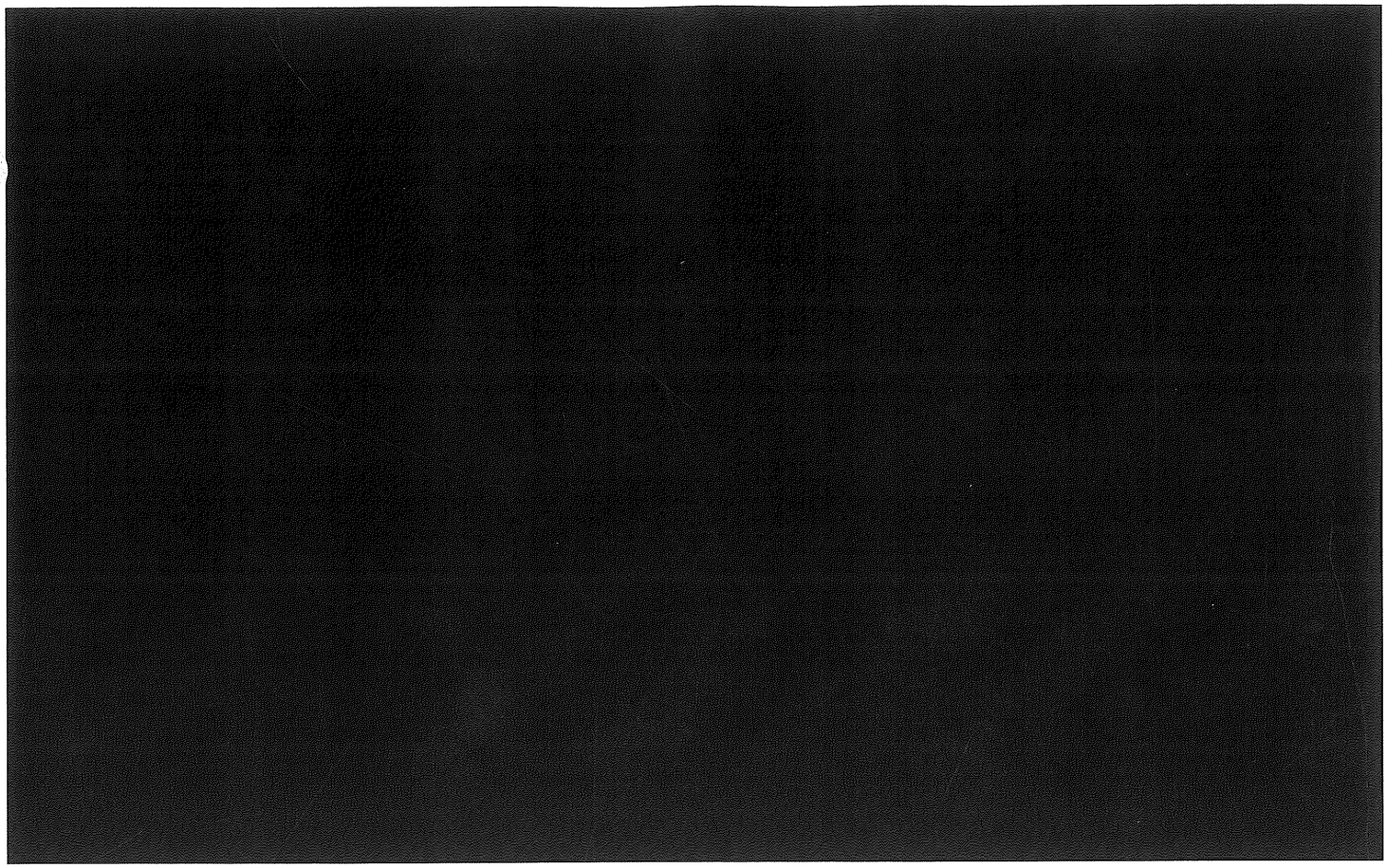
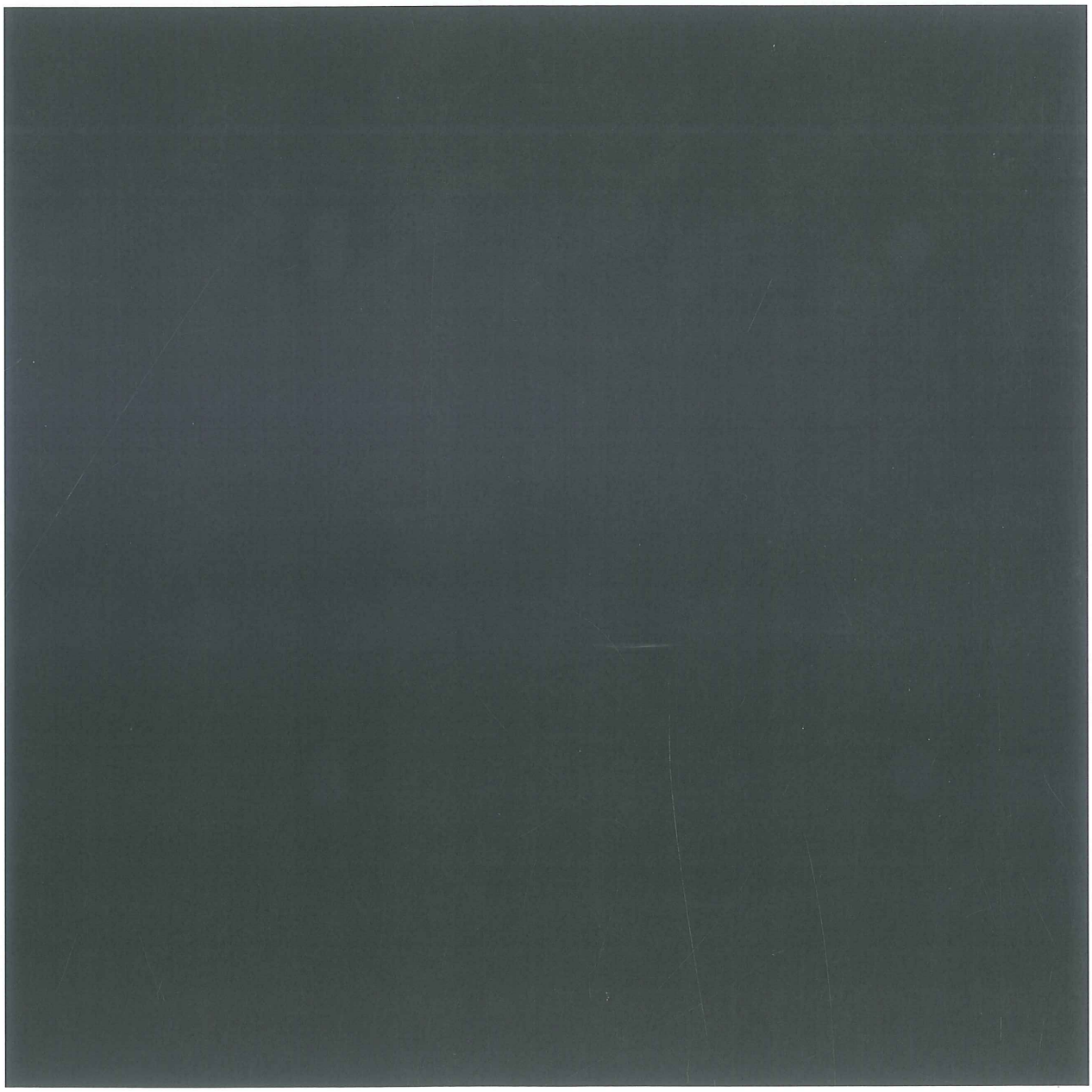
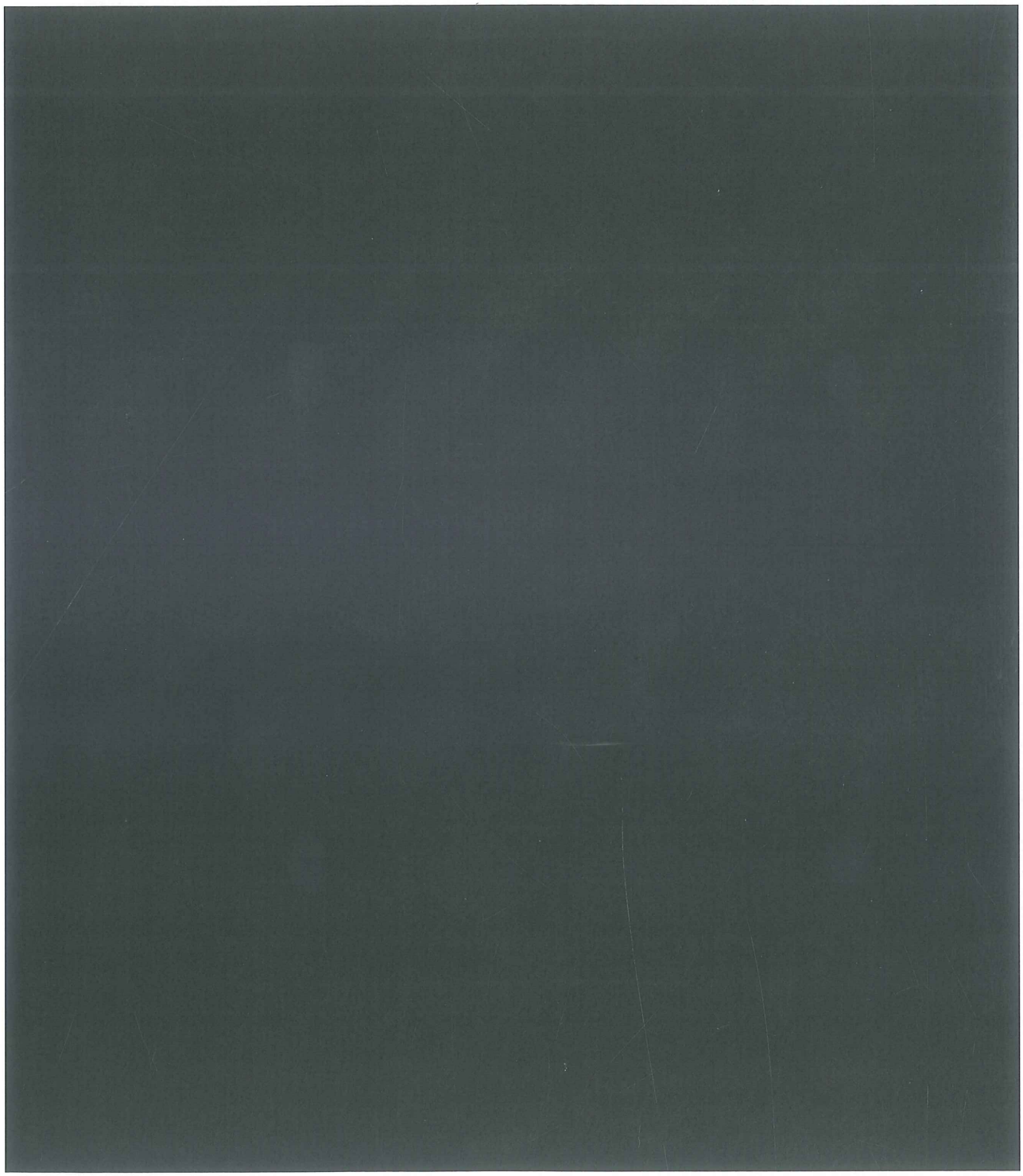


Exhibit VIII.A.6.a Business Plan

Exhibit VIII. A.6.a. Submit a schedule for each Financing Source that is an entity, describing such entity's current capital structure, including secured debt, unsecured debt, and equity. Indicate maturity dates, interest rates, preferred dividends or distributions and key covenants. For each Financing Source that is a trust or individual, provide evidence of financial wherewithal to participate in the proposed financing. Describe and quantify any other material financial commitments, obligations and guarantees that would materially impact such wherewithal

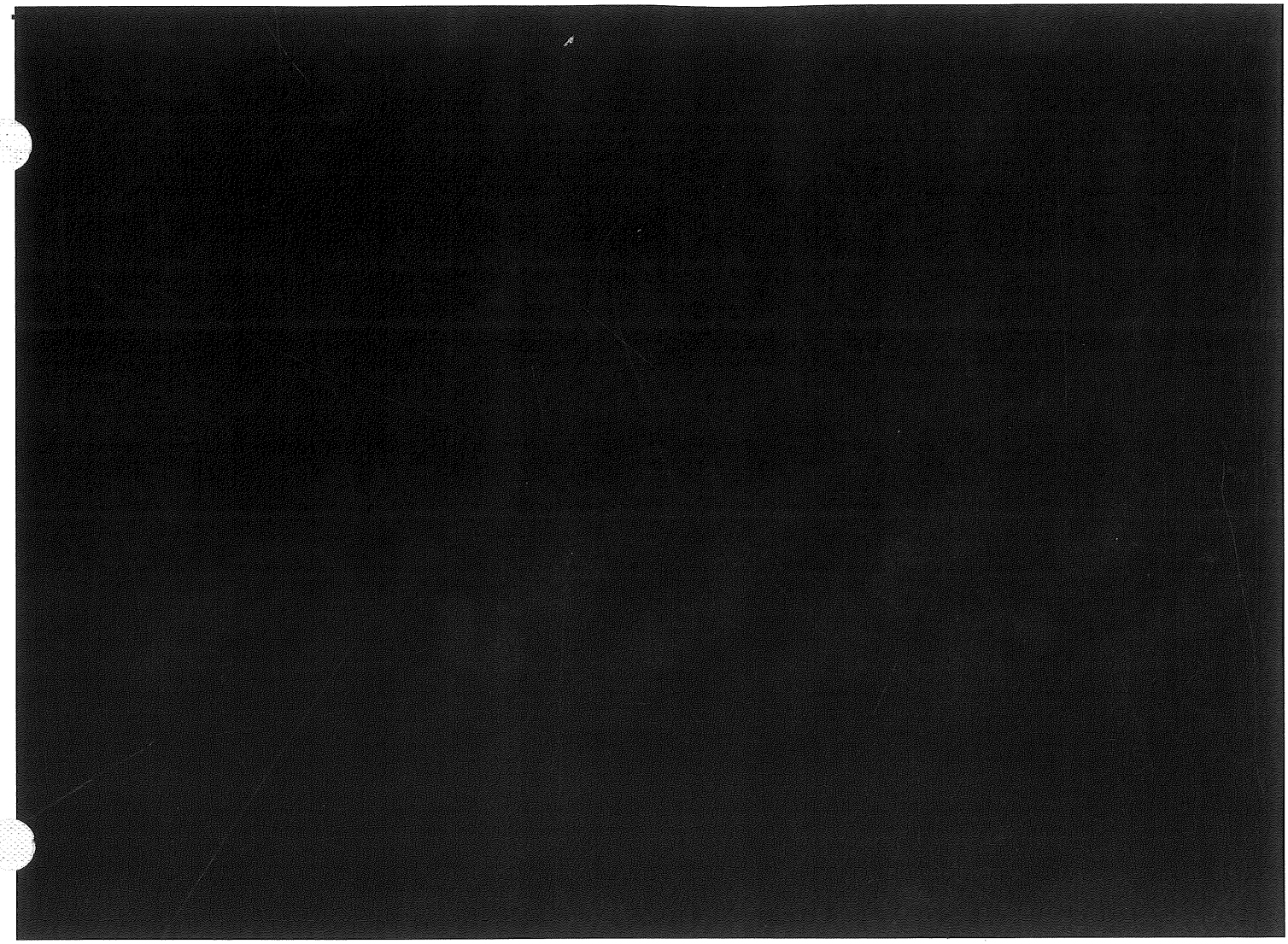




New Windsor Resort & Casino, LLC

Sub-Binder 1:
A. Finance and Capital Structure

Exhibit VIII.A.6.a Business Plan



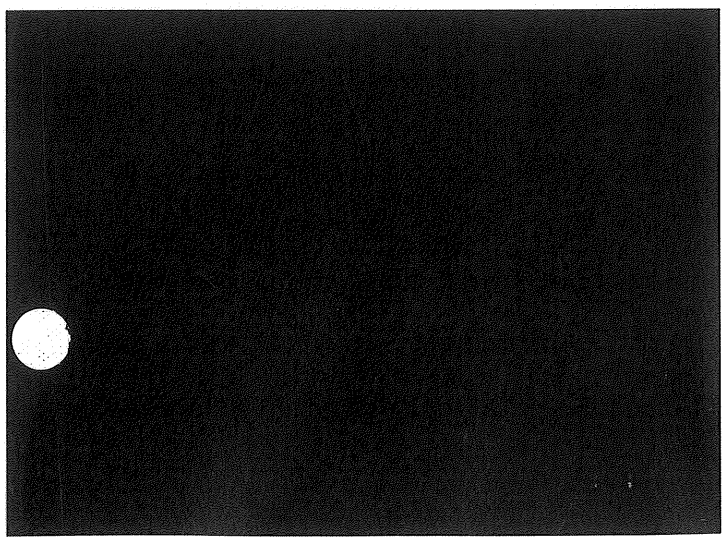


Exhibit VIII.A.6.b Detailed Project Finance Description

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

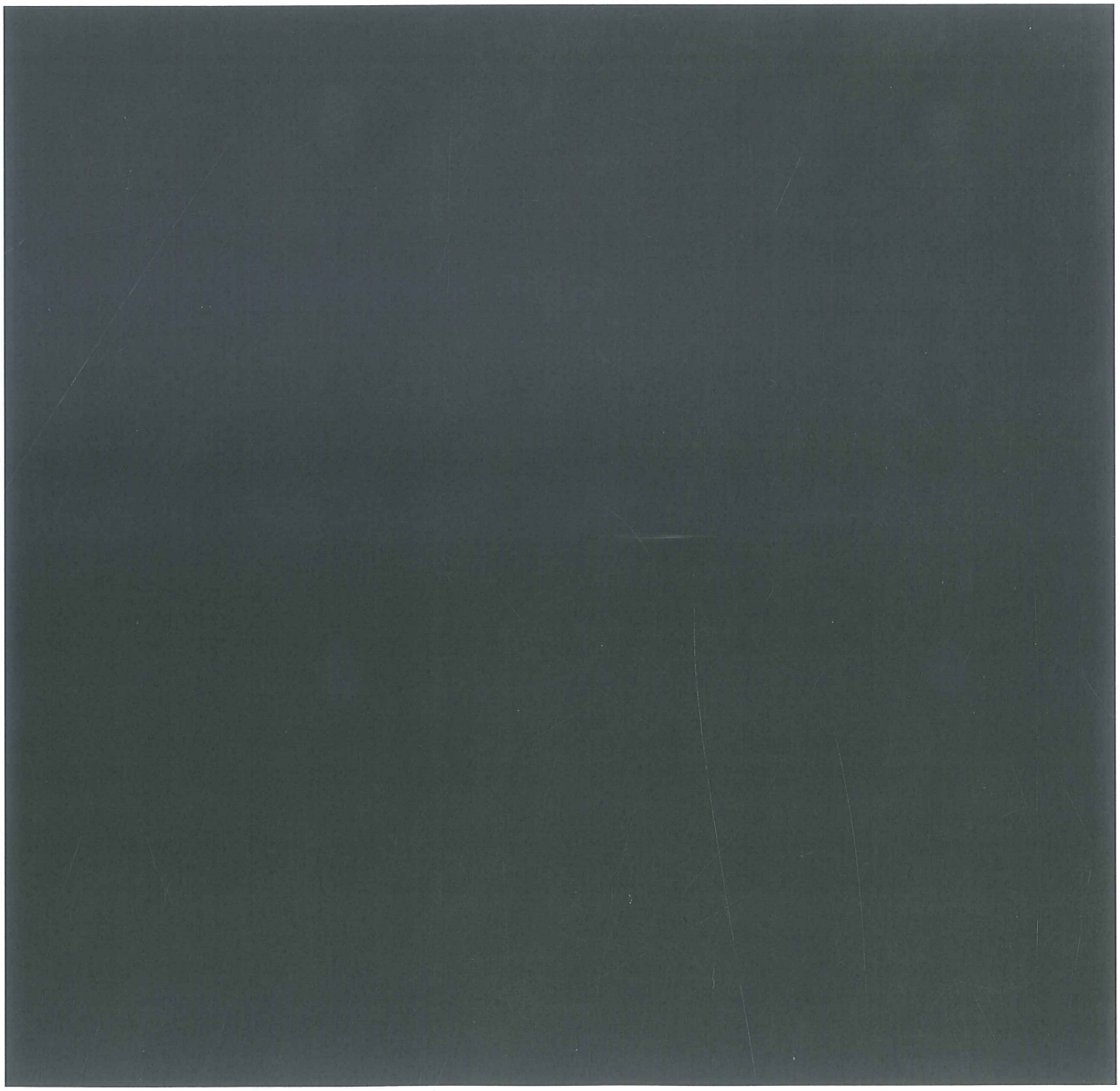
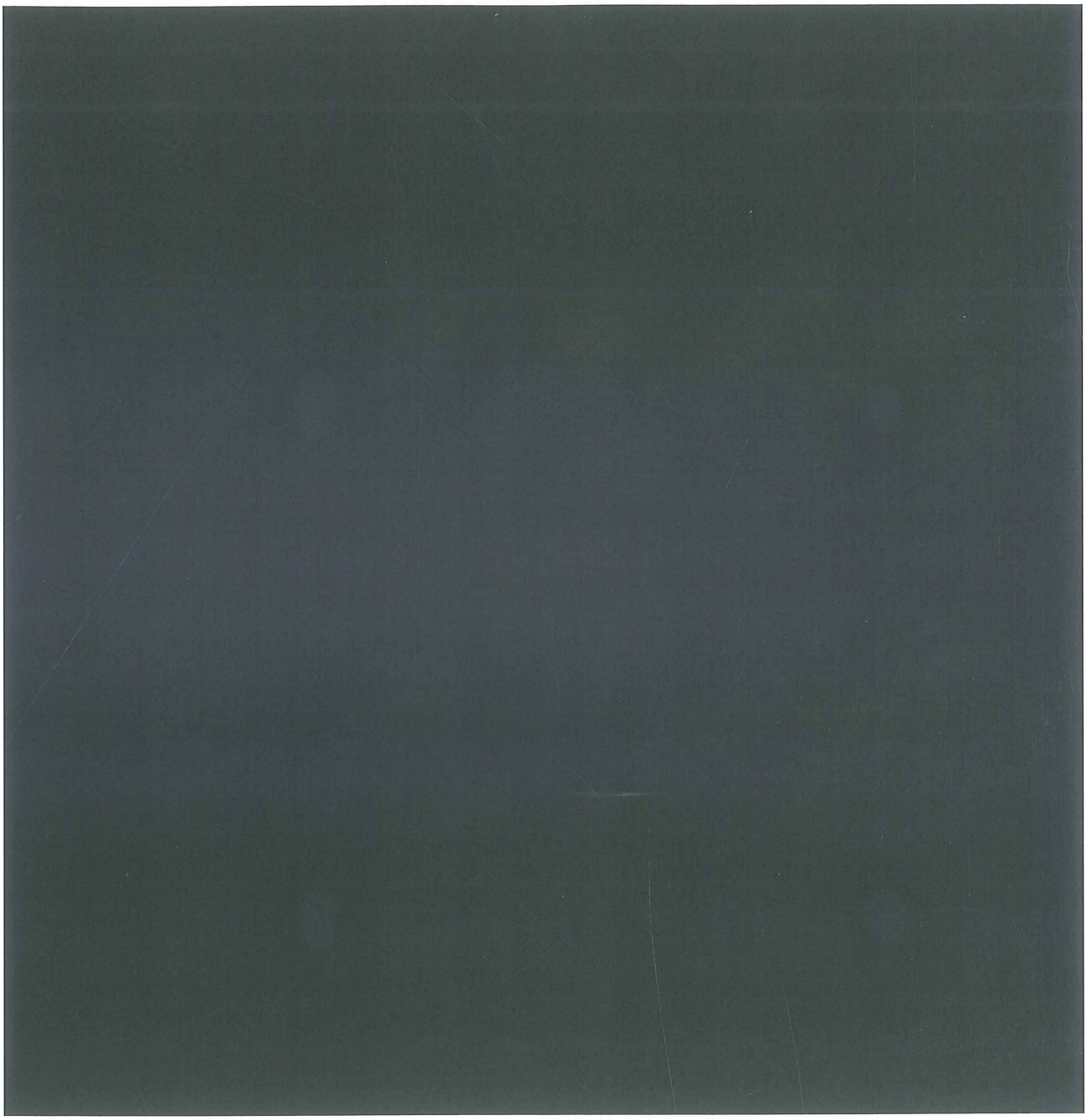


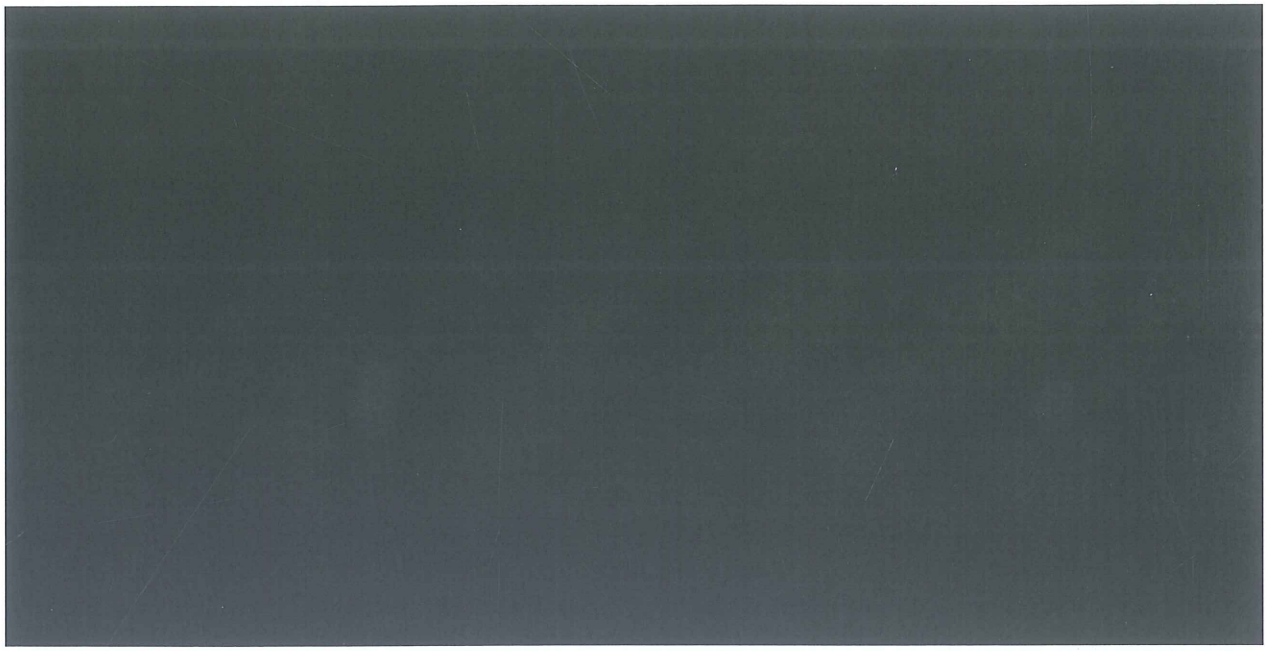
Exhibit VIII.A.6.b Detailed Project Finance Description



New Windsor Resort & Casino, LLC

Sub-Binder 1:
A. Finance and Capital Structure

Exhibit VIII.A.6.b Detailed Project Finance Description



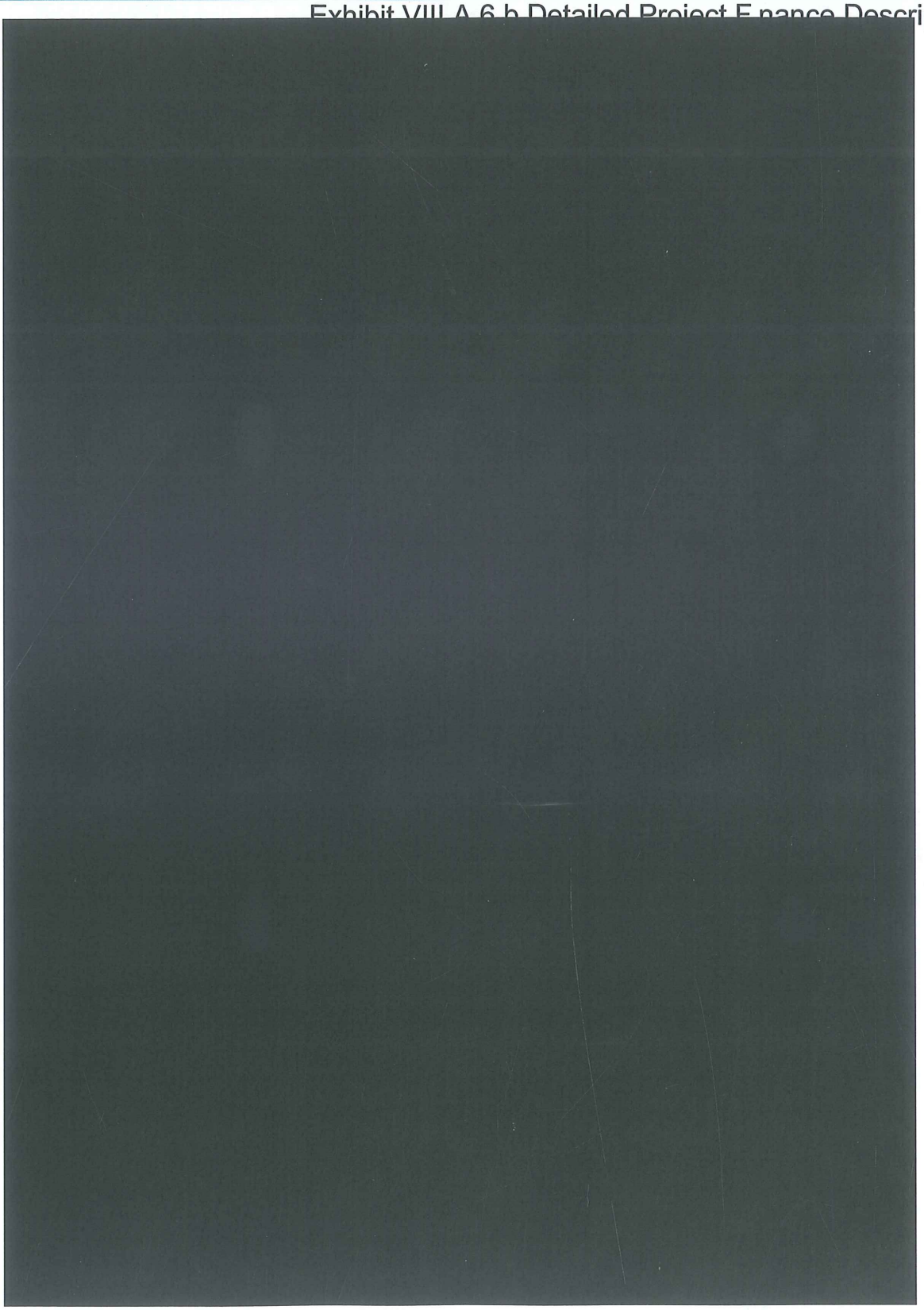
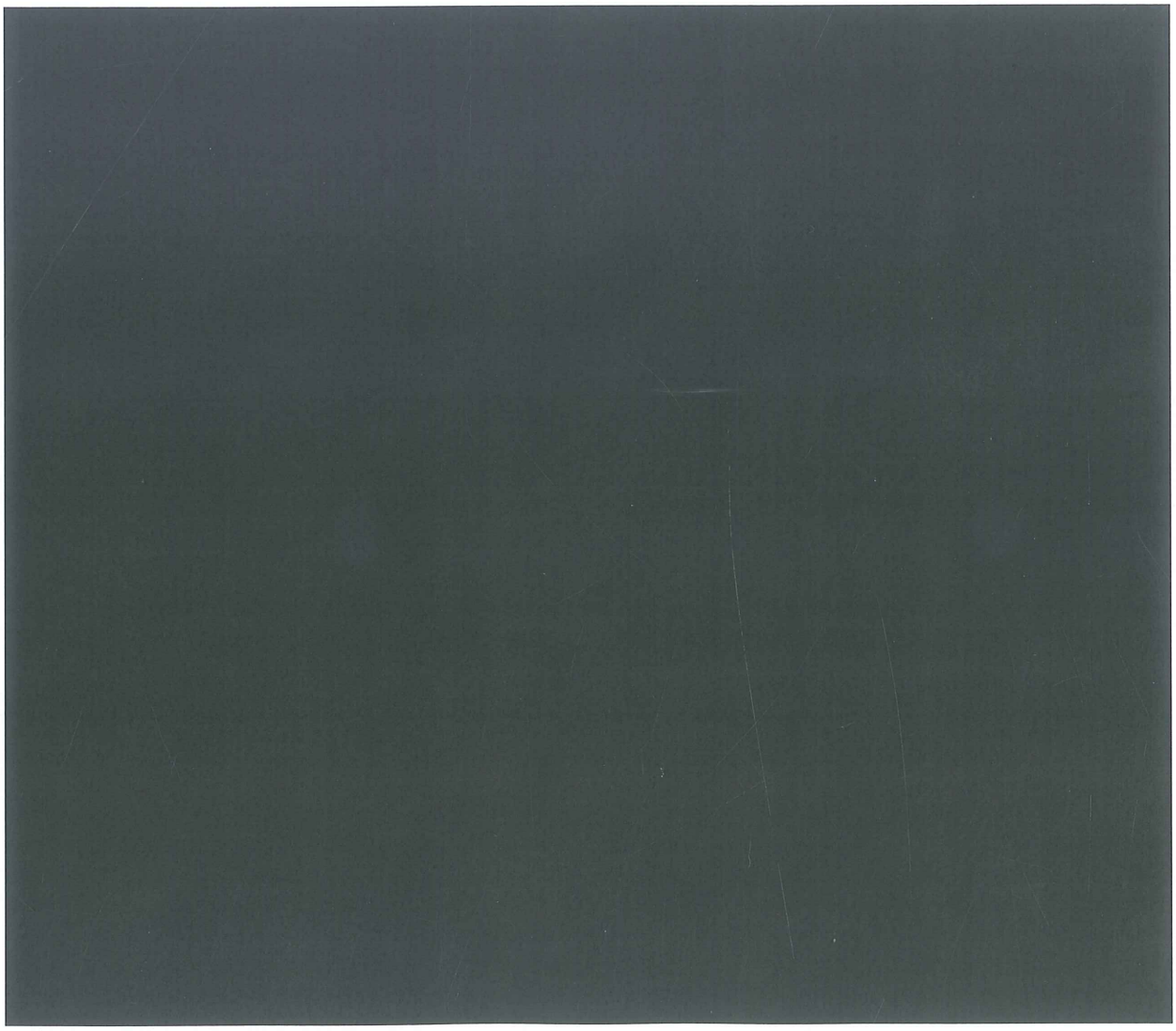


Exhibit VIII.A.6.c Description of Financing Plans

Exhibit VIII. A.6.c. Submit a description of the financing plans, arrangements and agreements for the Application fee, Application and suitability investigation expenses, license fee, capital investment deposit, construction and first three (3) years of operation of the gaming facility. For debt financing, describe the material terms, conditions and covenants of any debt commitment letter or debt financing facility agreement that the Applicant has entered into or, if not providing such letters and/or agreements, the anticipated material terms, conditions and covenants of the anticipated debt financing arrangements. Provide a copy of each debt commitment letter and debt facility agreement. For equity other than common equity, describe the material terms and economic rights of each class and series of equity. Provide a copy of each legal document defining such terms and economic rights. Provide a copy of any term sheets, offering documents or similar documents describing the material terms of any current or contemplated public or private offering of equity the proceeds of which may be used to finance the construction and first three (3) years of operation of the proposed Gaming Facility. Provide copies of any highly confident or other similar letters or representations from financial advisors describing the likely availability of debt and equity financing for the application fee, Application and suitability investigation expenses, license fee, capital investment deposit, construction and first three (3) years of operation of the proposed Gaming Facility.



New Windsor Resort & Casino, LLC

Sub-Binder 1:
A. Finance and Capital Structure

Exhibit VIII.A.6.c Description of Financing Plans

[redacted]

Exhibit VIII.A.6.d Financing's Sources Compliance

Exhibit VIII. A.6.d. Submit an analysis of how the financing plans for the Application fee, Application and suitability investigation expenses, license fee, capital investment deposit, construction and first three (3) years of operation of the proposed Gaming Facility will affect each Financing Source's compliance with the financial covenants under its current financing arrangements.

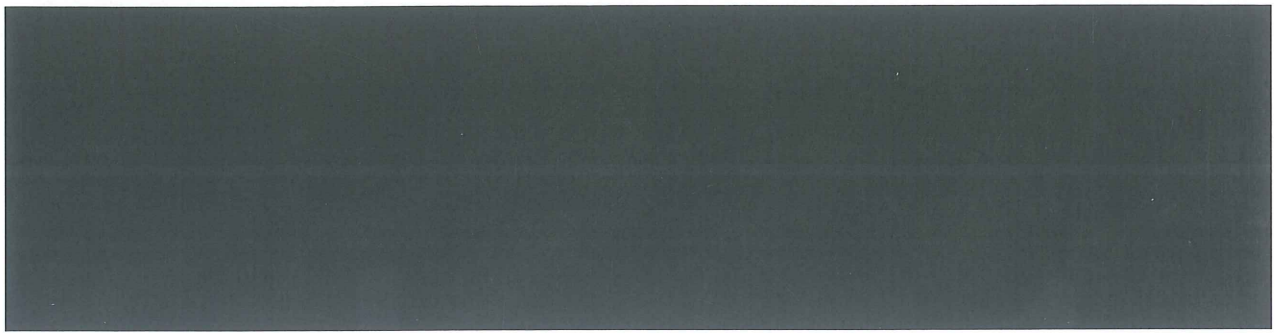


Exhibit VIII.A.6.e Financing's Anticipated Capital Structure

Exhibit VIII. A.6.e. Submit a schedule of the Financing Sources' anticipated capital structure after construction and first three (3) years of operation of the proposed Gaming Facility, including secured debt, unsecured debt, and equity. Provide an analysis supporting the Financing Source's ability to service their contemplated post- opening capital structure and material financial commitments, obligations and guarantees.

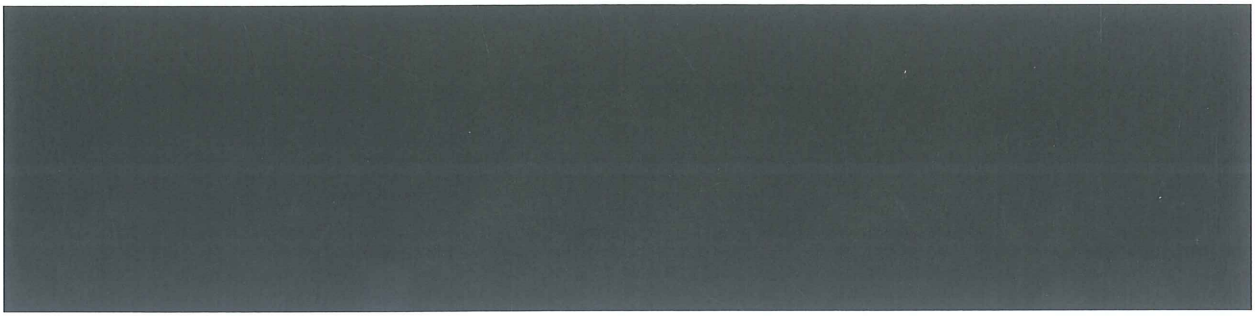


Exhibit VIII.A.7.a Financing Source

Exhibit VIII.A.7.a Submit as Exhibit VIII. A.7.a. for the Applicant and each Financing Source, (i) audited annual financial statements prepared by an independent registered public accounting firm in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") for each of the last five (5) fiscal years; and (ii) for any fiscal quarter(s) of the current fiscal year that have ended before the date Applications are due, unaudited quarterly financial statements. If, for any entity, audited annual financial statements are unavailable for any given period, provide unaudited annual financial statements prepared in accordance with GAAP. For any individual, provide annual financial statements along with an attestation by such individual that such statements are true and accurate.

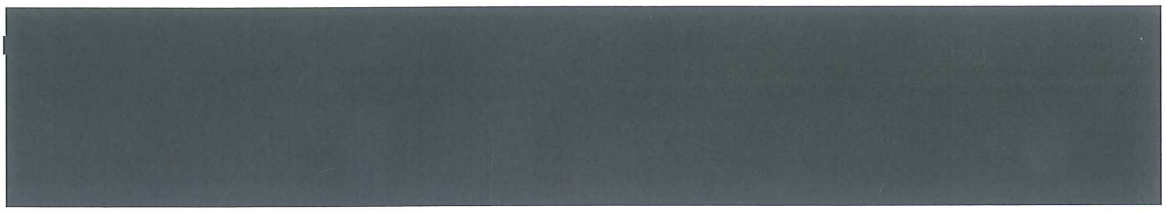


Exhibit VIII.A.7.b Audit Report

Exhibit VIII.A.7.b. Submit as Exhibit VIII. A.7.b. for the Applicant, an independent audit report of all financial activities and interests including, but not limited to, the disclosure of all contributions, donations, loans or any other financial transactions to or from a gaming entity or operator in the past five (5) years.

[redacted]

Exhibit VIII.A.8.a Documentation of Financial Suitability and Responsibility

Exhibit VIII. A.8.a. Submit any bank references, business and personal income and disbursement schedules, tax returns and other reports filed with government agencies and business and personal accounting check records and ledgers pursuant to PML Section 1320.1.(e).

[redacted]

Exhibit VIII.A.8.b Three Financial References

b. Submit as Exhibit VIII. A.8.b. at least three (3) financial references from banks or other financial institutions attesting to each Financing Source's creditworthiness.

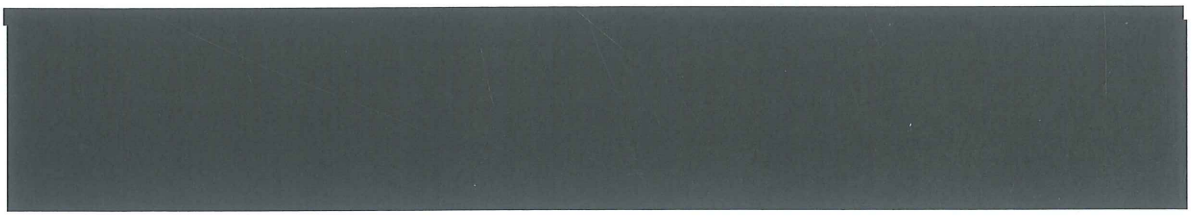


Exhibit VIII.A.8.c Securities and Analysts Reports

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

[redacted]

Exhibit VIII.A.9 Securities and Exchange Commission Filings

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

Please find the appropriate link to all Securities and Exchange filings for Full House Resorts, Inc.

http://www.sec.gov/cgi-bin/browse-edgar?company=Full+House+Resorts&CIK=&filenum=&State=&SIC=&owner=include&action=getcompany

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

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

There are no pending actions against the Applicant (New Windsor Hotel & Casino, LLC) nor against its member, New Windsor Developer, LLC. One of the Applicant's members, Greenetrack, Inc., is involved in several civil law suits, all of which are identified in Attachment Form 27 of its Entity Application. In addition, attached as Exhibit VIII.A.10 are summaries provided by local counsel of three of these civil matters together with their respective opinions that such claims are either unmeritorious and/or lack merit. The Manager (Full House Resorts, Inc.) is a public company and all reportable actions are set forth in the Company's public disclosure documents located at the following website:

http://www.sec.gov/cgi-bin/browse-edgar?company=Full+House+Resorts&CIK=&filenum=&State=&SIC=&owner=include&action=getcompany.

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

There have been no settled actions against the Applicant (New Windsor Hotel & Casino, LLC) nor against its member, New Windsor Developer, LLC. Greenetrack, Inc., a member of the Applicant, has had several civil matters dismissed as identified on Attachment Form 27 of its Entity Application. Any settled matters involving the Manager which are reportable are set forth in the Company's public disclosure documents located at the following website:

http://www.sec.gov/cgi-bin/browse-edgar?company=Full+House+Resorts&CIK=&filenum=&State=&SIC=&owner=include&action=getcompany.

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

Neither the Applicant, nor any of its members, have had any judgments filed against it within the past ten (10) years. To the extent the Manager has any such judgments during the past ten (10) years, they are fully disclosed in the Company's public disclosure documents located at the following website:

http://www.sec.gov/cgi-bin/browse-edgar?company=Full+House+Resorts&CIK=&filenum=&State=&SIC=&owner=include&action=getcompany.

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

N/A, unless otherwise disclosed in the Manager's public disclosure documents located at the following website:

http://www.sec.gov/cgi-bin/browse-edgar?company=Full+House+Resorts&CIK=&filenum=&State=&SIC=&owner=include&action=getcompany.

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

Neither the Applicant, nor any of its members, or the Manager have been indicted, arrested or convicted of a crime or was the subject of a grand jury or criminal investigation during the past ten (10) years. Luther Winn, CEO of Greenetrack, Inc., (a member of the Applicant) as the result of a peaceful political protest which occurred on June 30- July 1, 2010, was arrested along with a state senator, the Greene County Commission Chairman, a County Commissioner, and 12 other citizens. The public officials, citizens, and Mr. Winn were protesting the former Governor's refusal to recognize the authority of the Greene County Sheriff to regulate bingo games in Alabama, as well as the Governor's violation of voting rights (an ongoing issue in Alabama). The Task Force which filed the charge later refused to prosecute the matters and the charge was dismissed by the Greene County District judge.

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

Neither the Applicant, nor any of its members, or the Manager, has been the subject of any order, judgment or decree of any court, administrative body or other tribunal of competent jurisdiction permanently or temporarily enjoining it from or otherwise limiting its participation in any type of business, practice or activity during the past ten (10) years.

Sirote

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Attorney at Law
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Tel: 205-930-5320
Fax: 205-212-3859

June 27, 2014

New York State Gaming Commission
1 Broadway Center
Schenectady, NY 32301-7500

Re: **Summary of Current Litigation Involving Greenetrack, Inc.**

Ladies and Gentlemen:

We are currently serving as litigation counsel to Greenetrack, Inc., an Alabama corporation ("Greenetrack"), in the defense of two pending lawsuits that have been brought against Greenetrack and certain other related parties. This letter is being delivered to you at the request of Greenetrack to provide a brief summary of both such lawsuits and our opinion of the overall strength of the claims brought by the respective plaintiffs.

Our opinions set forth below are the best judgment of counsel at this point in time; however, it is important to recognize that no discovery has been undertaken in the *Harris* shareholder derivative suit summarized below, and little discovery has been undertaken by the parties in the *Beverly Green* lawsuit summarized below. If and to the extent discovery proceeds in either such case, facts and legal issues could later be discovered that may change our opinions set forth below.

A. **Summary of First Lawsuit.** Deborah Harris, Addie Lee, Ronnie Lavender, Harvey Jones and Dorothy Bowden, Individually and for the use and benefit of Greenetrack, Inc. v. Luther Winn, Jr., Emma Sugars, Jimmie Paster, Rodney Pham, Elizabeth Byrd, and Greenetrack, Inc., et al., Circuit Court of Greene County, Alabama Civil Action No. CV: 2013-90008

The *Harris* lawsuit is an Alabama state court shareholder derivative action that alleges both derivative claims, on behalf of the shareholder class, and individual causes of action. Plaintiffs contend that the Defendants, directors and officers of Greenetrack, abused their fiduciary positions for their own benefit to the detriment of Greenetrack's shareholders.

Greenetrack denies all of Plaintiffs' allegations. In response to the complaint, in April of 2013 the Defendants filed an extensive Motion To Dismiss based upon six primary defenses: (1) the Plaintiffs do not meet the requisite qualifications to serve as Rule 23.1 representatives for the Class of Greenetrack Shareholders or for the Company; (2) the Plaintiffs failed to make a demand of the directors or shareholders prior to instituting this action as required by Rule 23.1; (3) the Plaintiffs'

derivative claims are barred by the applicable statute of limitations; (4) the Plaintiffs' individual actions are barred by the applicable statute of limitations; (5) the Plaintiffs' individual claims are due to be dismissed because the relief sought is for the benefit of all shareholders and not the Plaintiffs individually; and 6) the action is due to be dismissed because of Plaintiffs' failure to add a known indispensable party. The parties argued the Motion to Dismiss in April of 2014 and it is currently under consideration by the Court.

Due to the pending motion to dismiss, no discovery has taken place. Nevertheless, investigations to date reveal that the Plaintiffs are all disgruntled former Greenetrack employees who have had disputes with Greenetrack over the years. They have previously lodged multiple unsuccessful individual claims against Greenetrack, including proceedings challenging the propriety of their terminations. In all cases the governing tribunals determined that the terminations were based upon legitimate business reasons. Although expressed in the form of a shareholder derivative suit, some of the Plaintiffs' allegations indicate that they are using the litigation as a vehicle to continue to dispute their terminations of employment. Others of the Plaintiff's appear to be motivated by personal financial losses resulting from their own actions. Greenetrack and the other defendants contend that the Plaintiffs' claims are unique, *sui generis* and too personal to be representative of the concerns of the large class of Greenetrack shareholders. Significantly, Plaintiffs state in their complaint that they were aware of certain allegations complained about as early as 2003 and 2004, yet they did not disclose the wrongdoing in any way until the filing of their lawsuit in 2013 despite several opportunities to do so, including at annual shareholders' meetings attended by them. Corporate records show that Plaintiffs voted to re-elect the members of the board of directors made defendants in the case after they claim to have discovered the misconduct alleged by them. These factors militate against a finding that the Plaintiffs are appropriate Rule 23.1 Class Representatives or that the action was brought to protect the interests of Greenetrack.

Rule 23.1 of the Alabama Rules of Civil Procedure also requires that Plaintiffs make a demand that the board of directors of Greenetrack address and correct alleged improprieties prior to initiating a lawsuit or set forth with specificity in the complaint why a demand would have been unavailing, including the efforts the Plaintiffs made to attain corrective action. The Plaintiffs' verified complaint acknowledges that they did not make the required demand. Furthermore, Plaintiffs did not appear to satisfy the Rule 23.1 requirement of detailing why a demand would have been futile. Not only did Plaintiffs fail to make a demand on the defendant members of the board of directors, but they also failed to disclose and make a demand for corrective action on the other Greenetrack directors who were not named as defendants or accused of any wrongdoing or complicity in the Plaintiffs' complaint.

The statute of limitations for the derivative claims and individual claims is two years under Alabama law. Based upon the sworn averments of the Plaintiffs in their complaint, the Plaintiffs had knowledge of much of the misconduct alleged as early as 2003 or 2004. Accordingly, since their action to vindicate shareholder rights was not brought by as late as 2006, Greenetrack and the other defendants contend the Plaintiffs' causes of action should be time barred. Moreover, under Alabama law if all shareholders would be affected by the alleged wrongdoing of the directors, a remedial complaint can only be brought as a derivative action, and an individual claim cannot be sustained on the same basis. Thus, Plaintiffs individual claims based upon the same grounds as the claims supporting their derivative action should not be viable and should ultimately be dismissed on this basis as well.

The Court has taken Greenetrack's Motion to Dismiss under review and we await its ruling. If the Court denies in part or in whole the Defendants' Motion to Dismiss, the Defendants will request that the Court stay all discovery except as to the adequacy of the named Plaintiffs who seek to serve as the Rule 23.1 derivative Plaintiffs. If discovery is allowed to proceed, as with any lawsuit, it may reveal facts and information currently unknown to us that could change the analysis as set forth above. Nevertheless, our investigation to date does not reveal evidence that supports the allegations of the Plaintiffs' complaint.

B. **Summary of Second Lawsuit**. Beverly Green, Magnolia Dill, and Ernestine Young v. Greenetrack, Inc.,et al., Circuit Court of Greene County, Alabama Civil Action No. CV: 2009-900042

The *Beverly Green* lawsuit was filed against Greenetrack on October 7, 2009 and later amended to add Magnolia Dill and Ernestine Young as Plaintiffs. The Complaint alleges that Greenetrack and fictitious parties designed, manipulated, and/or controlled electronic bingo games to favor Larry Langford (then Mayor of Birmingham, Alabama). The Complaint further alleges that Plaintiffs played bingo at Greenetrack on September 25, 2009, but did not win any jackpots and were thereby damaged ostensibly based upon the Defendants' alleged misconduct. The Plaintiffs allege breach of contract; negligent, wanton and/or reckless operation of bingo; fraudulent misrepresentation; fraudulent suppression; and violation of the Alabama Deceptive Trade Practices Act, 8-19-1, *et seq.* Ala. Code (1975).

Greenetrack denies all of Plaintiffs' allegations. Greenetrack filed a Motion to Dismiss based on the following grounds: (1) the contract claim fails because Plaintiffs would be unable to establish "what certain sum of money" would be paid to them or what "uncertain event" would trigger the payoff, which are both necessary elements to establish the formation of a gambling contract; (2) the contract claim is unsustainable because Plaintiffs cannot prove their damages with certainty; (3) the Plaintiffs cannot prove that Greenetrack owed them a duty on their negligence claims, and they cannot establish damages which are also necessary to establish a negligence claim; (4) the Plaintiffs' fraud

and misrepresentation claims are due to be dismissed for failure to identify the particular individual who allegedly made the misrepresentations upon which they detrimentally relied; (5) Plaintiffs cannot establish a fraudulent suppression claim because Greenetrack did not have a confidential relationship with them which required it to disclose information; (6) Plaintiffs' allegations of wrongdoing are not recognized as unlawful trade practices under the Alabama Deceptive Trade Practices Act ("ADTPA"), nor do they constitute the kind of prohibited conduct contemplated by the statutory scheme; (7) Plaintiffs' claims under the ADTPA are barred as untimely; and (8) Plaintiffs' claims are due to be dismissed for failure to add former Mayor Larry Langford as an indispensable party.

During the hearing on Greenetrack's Motion to Dismiss, Plaintiffs' counsel withdrew the Plaintiffs' fraud and ADTPA claims, but the Court denied the motion as to the other causes of action because no discovery had been conducted. After discovery commenced, disputed issues immediately arose resulting in a September 20, 2010 hearing. After oral arguments, the parties submitted proposed orders pursuant to the Court's request, but as of June 2014 the discovery issues remain pending.

Greenetrack's investigation to date has not revealed evidence to support the Plaintiffs' allegations.

C. **Opinion of the Overall Strength of the Claims Brought by the Respective Plaintiffs.**

While we are mindful that litigation is inherently unpredictable, based upon our investigations to date, it is our opinion that Greenetrack has strong, substantive legal defenses to both actions described above and that the respective claims of both sets of Plaintiffs above are unmeritorious.

D. **General Qualifications.**

The above opinions are only expressions of professional judgment regarding the legal matters addressed and are not guarantees that any court will reach any particular result. Our opinions are rendered as of the date of this letter and we express no opinion as to circumstances or events, including without limitation the discovery of other facts and circumstances, which occur after that date, nor do we assume or accept any obligation to supplement or amend this letter if we become aware of any facts or circumstances after the date hereof that might change the opinions expressed herein. This letter is presented to the addressee hereof solely for use in connection with the application filed with the addressee by Greenetrack or its affiliates. No other party may rely upon this letter or the opinions expressed herein without our prior written consent.

No attorney-client relationship exists or has existed by reason of this opinion letter between our firm and any addressee hereof or other person or entity except for Greenetrack.

Sincerely,

Gaile Pugh Gratton
FOR THE FIRM

GPG/wlh

Hill Hill Carter

Charlanna W. Spencer
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Montgomery, Alabama 36104

Telephone: 334.834.7600
www.HillHillCarter.com

June 27, 2014

Mr. Luther Winn, Jr.
Greenetrack, Inc.
Post Office Box 471
Eutaw, Alabama 35462

Re: Greenetrack, Inc. v. Tim Russell, et al.
In the Circuit Court of Greene County, Alabama
Civil Action No.: CV-09-900048

Alabama Department of Revenue v. Greenetrack, Inc.
In the Circuit Court of Greene County, Alabama
Civil Action No.: CV-11-1500

Dear Mr. Winn:

Attached is a copy of our analysis in connection with certain existing civil matters referenced above. We understand that you intend for this letter and the attachments to be included in an application for a gaming license in the State of New York submitted on behalf of Greenetrack, Inc. As explained more fully in the summary, the two tax liens filed by the Department of Revenue are procedurally defective and would likely not withstand judicial review. First, the liens were filed before a final assessment in violation of the Alabama Taxpayer Bill of Rights and Department of Revenue Regulations. Second, the Department of revenue failed to properly apply a statutory exemption for bingo proceeds. Third, the Department of Revenue's calculation of the amount of the tax lacked a rational basis because it was based on the gross amount wagered rather than the net receipts. Fourth, Greenetrack complied with the rules and regulations established by the sole regulatory authority designated by the constitutional amendment authorizing bingo in Greene County and properly distributed the proceeds in accordance with applicable law.

Even if a court should later determine that the Sheriff's regulations constituted an unwarranted expansion of his constitutional authority, Greenetrack's good faith reliance and compliance with those duly promulgated regulations prohibit the retroactive application of the tax to Greenetrack. (*See* State of Alabama Department of Revenue Administrative Law Division Opinion dated February 1, 2012, Case No. s. 10-379) (holding that tax could not be assessed retroactively where the taxpayer "openly operated electronic bingo machines during the period in issue under the legal auspices of the Sheriff, and with the approval of two Circuit Judges."). Therefore, based upon the foregoing,

Greenetrack should not be liable for the full amount of the tax liens recorded against it because the tax should not be applied retroactively, and any prospective application would be beyond the audit period.

Please see the attached summary for a more detailed explanation of Greenetrack's position. If you have any questions or need additional information, please do not hesitate to call.

Sincerely,

Hill, Hill, Carter, Franco, Cole & Black, P.C.

Charlanna

Charlanna W. Spencer

CWS/lmr

GREENE COUNTY TAX LIENS

Greenetrack, Inc. v. Tim Russell, CV-2009-900048, Circuit Court of Greene County

Alabama Dep't of Revenue v. Greenetrack, Inc., CV-2011-000015, Circuit Court of Greene County

These two pending lawsuits involve a dispute that began when the Department of Revenue unlawfully filed tax liens against Greenetrack without first, as the law requires, issuing Final Assessments. These two lawsuits are not a dispute with the State of Alabama over the gaming activities of Greenetrack, its gaming operations, or equipment. Rather, the Department of Revenue has taken the position that Greenetrack, acting as agent for certain nonprofit organizations licensed by the Sheriff of Greene County, incurred sales tax liabilities in connection with bingo proceeds and receipts which are not subject to sales tax. Both lawsuits resulted from the same Final Assessments. Alabama law provides that Final Assessments may be appealed to an administrative law judge and/or by direct appeal to the Circuit Court. Greenetrack filed appeals with both the administrative law judge (*Greenetrack, Inc. v. Tim Russell*, CV-2009-900048, Circuit Court of Greene County) and the Circuit Court (*Alabama Dep't of Revenue v. Greenetrack, Inc.*, CV-2011-000015, Circuit Court of Greene County).

By way of background, Greenetrack and the nonprofit organizations entered into a contract which comported with the structure authorized by the Sheriff who, pursuant to the constitutional amendment authorizing bingo in Greene County, is the sole regulator of bingo in Greene County. The Sheriff issued rules and regulations relating to the licensing and operation of bingo in the county pursuant to the authority conferred by the constitutional amendment – and the Sheriff has certified that Greenetrack "is in full compliance with Amendment 743 and the Rules of the Operation of Bingo Games in Greene County Alabama and has been at all pertinent times." (*See* Attached Letter). The State takes the position that the statutory sales tax exemption is inapplicable on account of the structure of the contract – notwithstanding the Sheriff's

approval of the structure, as evidenced by the Sheriff's certification in this regard. Further, even assuming the proceeds and receipts at issue were subject to sales tax, the liens are procedurally-deficient and invalid by virtue of the State's failure to issue Final Assessments to Greenetrack prior to filing the tax liens and, moreover, the State's amount of tax asserted due by the State is at best arbitrary and without a rational basis.

In December 2009, Greenetrack filed the first suit against the State of Alabama Department of Revenue and its then-Commissioner for filing two tax liens against it in the civil probate court of Greene County. In March of 2011, Greenetrack filed the second suit - an appeal from a Final Assessment by the Alabama Department of Revenue. The underlying controversy at the heart of this matter is a dispute between the State of Alabama and the Sheriff of Greene County as to who has the authority to regulate bingo in Greene County and the Department of Revenue's basis and formula for calculation of the taxes.

According to Amendment 743 to the Alabama Constitution, the Sheriff is authorized by the Alabama Legislature and the people of Greene County to be the sole regulatory authority for the conduct and operation of bingo games in Greene County: "The sheriff shall promulgate rules and regulations for the licensing, permitting, and operation of bingo games within the county." Amendment 743 allowed the nonprofit organizations operating bingo games in Greene County to contract with a third-party to lease the premises and the equipment used in the operation of bingo games. The Sheriff promulgated regulations based upon the authority vested in him by Amendment 743 which established the procedures for licensing nonprofit organizations and the regulatory framework for contracting with third-parties for leasing equipment, employees, and premises. Certain nonprofit organizations licensed by the Sheriff contracted with Greenetrack to lease premises, equipment, and employees pursuant to those regulations.

Greenetrack and the licensed nonprofit organizations have and continue to adhere to the regulations promulgated by the only constitutionally recognized regulatory authority – the Sheriff. No state agency has alleged that Greenetrack or the licensed nonprofit organizations failed to comply with the Sheriff's regulations; there is **no** criminal proceeding against

Greenetrack by the Sheriff or the State – and there never has been. Greenetrack and the licensed nonprofit organizations operated in this fashion without challenge or complaint for more than five years and at all relevant time during the audit period.

On August 5, 2009, The Alabama Department of Revenue served Greenetrack with a subpoena for certain documents and materials. The subpoena also commanded Greenetrack to appear and produce the documents at the Tuscaloosa Taxpayer Service Center in Tuscaloosa, Alabama. Prior to the issuance of the subpoena, Greenetrack had voluntarily produced over 3,500 documents to the State of Alabama Department of Revenue. Greenetrack filed a Motion to Quash the August 5, 2009 subpoena in the Circuit Court of Greene County, Alabama. The Department never filed a response to Greenetrack's Motion to Quash. Instead, Greenetrack contends, the Department of Revenue unlawfully and illegally filed two Certificates of Lien For Taxes: Lien No. 172882944, in the amount of $712,294.88, and Lien No. 1009712128, in the amount of $71,976,944.88 (collectively, the "Liens"), in the Offices of the Alabama Secretary of State and the Judge of Probate of Greene County, Alabama.

The Alabama Department of Revenue filed the Certificates of Lien for Taxes in Greene County without first issuing a Preliminary Assessment to Greenetrack, a Final Assessment, or otherwise providing Greenetrack with prior notice of its claim for taxes or its intention to file Certificates of Lien For Taxes in violation of the Alabama Taxpayer Bill of Rights and Uniform Revenue Procedures Act (*Ala. Code* § 40-2A-1 et seq.).

The Preliminary Assessments were entered only after Greenetrack and its counsel stated publicly that the Liens had been filed prior to any tax bill, Preliminary Assessment, Final Assessment, and in bad faith and in violation of Alabama law. Moreover, the Notices of Preliminary Assessment were entered after the press questioned why the Liens had been filed before any assessment had been entered when the Department's own regulations provide otherwise. *See* Alabama Department of Revenue, Revenue Procedure 2000-02 (July 31, 2000).

In March 2011, Greenetrack filed an administrative appeal with the Alabama Department of Revenue and a direct appeal to the Greene County Circuit Court challenging the Final

Assessment entered by the Alabama Department of Revenue for the sales and use taxes assessed by the Revenue Department. This was the Final Assessment which came two years after the unlawful filing of the Liens. The Department of Revenue seeks to tax the gross receipts from bingo games operated by the licensed nonprofit organizations at Greenetrack's facility. Greenetrack and the licensed nonprofit organizations contend that the gross receipts from electronic bingo are not subject to the sales tax of Alabama or any political subdivision pursuant to Ala. Code § 40-23-4(a)(44), which provides, in pertinent part, the following sales tax exemption:

> gross receipts derived from all bingo games and operations which are conducted in compliance with validly enacted legislation authorizing the conduct of such games and operations, and which comply with the distribution requirements of the applicable local laws.

Greenetrack contends, and the Sheriff has never determined otherwise, that Greenetrack and the licensed nonprofit organizations complied with the "validly enacted legislation" i.e., Amendment 743 and the Sheriff's regulations. Since Greenetrack complied with Amendment 743 and the Sheriff's Regulations thereunder, Greenetrack has asserted to both the Administrative Law Judge and to the Greene County Circuit Court that it should be entitled to the statutory exemption against any sales or use taxes for the conduct of bingo games under Alabama law. The Department of Revenue has moved to dismiss the appeal and the case is still pending. As stated in the attached letter of Alabama counsel, Greenetrack's likelihood of success is high.

Even if Greenetrack is not entitled to the statutory exemption, Greenetrack contends that the Department of Revenue's basis and formula for determining how to calculate "gross receipts" is incorrect. The Department of Revenue's arbitrary calculation of "gross receipts" is premised upon a definition of that term used in Mississippi for slot machine gaming, not electronic bingo games and, for that reason and others, is without a rational basis. The Department of Revenue has refused to produce a number of documents in discovery related to its method of calculation and has claimed as privileged numerous items of correspondence which indicate that the assessments and the unlawful filing of the Liens were politically motivated by

the then-Governor of Alabama who sought to shutter electronic bingo operations in the state. When then-Governor Bob Riley unsuccessfully attempted to have legislation adopted to stop electronic bingo operations, documents produced in discovery and the deposition testimony of the former Commissioner of the Department of Revenue indicate that the former Governor's agents communicated with the Department of Revenue in violation of the Taxpayer Bill of Rights to encourage the Department of Revenue to investigate and initiate proceedings against Greenetrack.

Greenetrack has asked the Greene County Circuit Court to order that the Liens be released and expunged. Greenetrack has also requested that the Greene County Circuit Court find that the statutory exemption applies, that the sales and use taxes were improperly assessed, and to quash the Final Assessment. As stated in the attached letter of Alabama counsel, Greenetrack's likelihood of success is high.

WALKER CO. ENTERTAINMENT, LLC d/b/a HIGHWAY 13 CHARITY BINGO AND ITS MEMBERS, CHRISTOPHER SHAWN FELLOWS, AND JIMMY RAY WILLIAMS 55864 HIGHWAY 13 ELDRIDGE, AL 35554-3608,	§	STATE OF ALABAMA DEPARTMENT OF REVENUE ADMINISTRATIVE LAW DIVISION
Taxpayers,	§	DOCKET NO. S. 10-379
v.	§	
STATE OF ALABAMA DEPARTMENT OF REVENUE.	§	

OPINION AND PRELIMINARY ORDER

This case involves a disputed final assessment of State sales tax entered against the above Taxpayers for October 2008 through August 2009.[1] The final assessment is based on the estimated "gross receipts" derived by the Taxpayer from the operation of electronic "bingo" machines in Walker County, Alabama during the subject period. A pre-hearing conference was conducted on February 24, 2011. Josh Watkins and Sam McCord represented the Taxpayers. Assistant Counsel Wade Hope represented the Department.

The parties agreed at the conference that the Administrative Law Division should decide two legal issues before conducting an evidentiary hearing in the case. This Order addresses those issues.

The first issue involves the sales tax bingo exemption at Code of Ala. 1975, §40-23-4(a)(43). That statute exempts from sales tax the gross receipts from bingo games conducted by certain charitable organizations that comply with legislation authorizing such games, and that properly distribute the game proceeds in accordance with applicable local

[1] The LLC and its members are hereafter referred to collectively as "Taxpayers." The LLC, individually, is hereafter referred to as "Taxpayer."

laws. The specific issue is whether the §40-23-4(a)(43) exemption could ever apply to the Taxpayer's gross receipts during the assessment period, given that the Walker County Circuit Court subsequently ruled on October 26, 2009 that the electronic bingo machines operated by the Taxpayer and others in Walker County constituted an illegal lottery, and not bingo. That issue turns on whether the Circuit Court's ruling should be applied retroactively to the assessment period in issue, or prospectively only.

The second issue concerns how the term "gross receipts," as used in Code of Ala. 1975, §40-23-2(2) for purposes of the gross receipts sales tax, should be defined. The Department contends that the term includes the total proceeds paid by the players to operate the electronic machines, without subtracting or netting out the winnings returned to the players. The Taxpayers argue that only the net amount or "hold" received and retained by the Taxpayer should be taxed.

The parties filed briefs and reply briefs concerning the above issues, with the final brief, the Taxpayers' Response to the ADOR's Supplemental Brief, submitted on November 14, 2011.

A brief overview is needed to understand the case.

Section 40-23-2(2) levies a sales tax on the gross receipts derived from the operation of public places of amusement. In *State v. Crayton*, 344 So.2d 771 (Ala. Civ. App. 1977), cert. denied 344 So.23d 775 (Ala. 1977), the Court of Civil Appeals held that a taxpayer that operated bingo games open to the public was liable for the gross receipts sales tax on its bingo receipts, even though at the time all bingo, paper or otherwise, constituted an illegal lottery. See also, Dept. Reg. 810-6-1-.24; *Fraternal Order of Eagles v. White*, 447 So.2d 783 (Ala. Civ. App. 1984).

Beginning in 1980, the Alabama Constitution was amended several times to allow legal bingo in various counties in Alabama.[2]

The Alabama Legislature enacted the §40-23-4(a)(43) bingo exemption by Act 90-671, effective June 1, 1990. That statute exempts from sales tax the gross receipts derived from bingo games "conducted in compliance with validly enacted legislation authorizing the conduct of such games and operations, and which comply with the distributional requirements of the applicable local laws, . . . [t]he exemption provided for in this section shall be limited to those games and operations by organizations," exempt under various subsections of 26 U.S.C. §501(c), or as defined in 26 U.S.C. §501(d).

In 1992, the Legislature enacted Act 92-526, which proposed a constitutional amendment that would legalize bingo in Walker County, Alabama outside the City of Jasper. The Legislature subsequently passed Act 92-574, which provided for the implementation and regulation of bingo in Walker County outside of the City of Jasper. The proposed amendment was ratified in November 1992, and became Amendment 549 to the Alabama Constitution. The Amendment provides that the operation of bingo games by certain nonprofit organizations for charitable, educational, or other lawful purposes shall be legal in Walker County outside of the City of Jasper, subject to any resolution by the County governing body.

The Walker County Commission adopted a resolution in February 1993 authorizing and regulating the operation of bingo games in Walker County outside the City of Jasper.

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[2] See, Amendment 356 (1980 Jefferson County), Amendment 387 (1980 Madison County), Amendment 413 (1982 Montgomery County), Amendment 440 (1984 Mobile County), Amendment 506 (1990 Etowah County), and Amendment 508 (1990 Calhoun County).

The resolution included various requirements, limitations, and restrictions relating to the operation of legal bingo in Walker County. For example, it specified that the Sheriff of Walker County would issue bingo permits for a fee to those charitable organizations that met the various requirements for operating legal bingo games in the County.

Several entities apparently began operating electronic bingo halls in Walker County in March 2007. At least 18 such businesses opened in the next few months.

In November 2007, the Walker County District Attorney and the Walker County Sheriff filed a declaratory judgment action in Walker County Circuit Court. See, *Baker, et al. v. Walker County Bingo, et al.,* CV2007-0400. Various entities that operated electronic bingo halls in the County were named as defendants. The complaint sought a declaratory ruling as to whether electronic "bingo" machines constituted the type of bingo authorized by Amendment 549, and also "whether the operation of the (bingo halls) concerning the electronic bingo and/or loosely grouped or combined organizations operating the games meets the legal definitions of (Act 92-526) and (Act 92-574)."

The original circuit judge assigned to the case issued a temporary restraining order ("TRO") on November 16, 2007 barring new bingo permits, then recused himself. The next circuit judge, Braxton Kittrell, amended the TRO on March 14, 2008 to allow for the annual renewal of existing permits. The Taxpayer in this case apparently had been issued a bingo permit by the Sheriff before the initial TRO was entered. Consequently, according to the Taxpayers' representatives, the Taxpayer renewed its bingo permit after Judge Kittrell amended the TRO to allow renewal of existing permits. Judge Kittrell subsequently recused himself, and Circuit Judge Robert Vance took over the case.

In mid-2009, Judge Vance ordered all existing electronic bingo operators in Walker County to restructure their operations to comply with existing law. The County Commission also doubled the bingo permit fee. The Taxpayer reorganized as directed by Judge Vance, and also paid the higher permit fee. It consequently continued operating electronic bingo in Walker County in compliance with Judge Vance's guidelines until Judge Vance ruled on October 26, 2009 that electronic bingo constituted an illegal lottery, and not bingo within the purview of Amendment 549. The Taxpayer ceased operating at that time.

The Department subsequently estimated the Taxpayer's bingo gross receipts for the period in issue. It then entered the final assessment in issue for the sales tax due. This appeal followed.

Issue (1). Should Judge Vance's Order be applied retroactively to the assessment period in issue?

The Taxpayers argue that Judge Vance's October 26, 2009 Order should be applied prospectively only, and that they should be allowed to prove at an evidentiary hearing that the Taxpayer is entitled to the §40-23-4(a)(43) exemption, i.e., that the Taxpayer complied with the requirements of Amendment 549, the applicable laws, and the Walker County resolution, during the period in issue. The Taxpayers cite *McCullar v. Universal Life Insurance Co., et al*, 6878 So.2d 156 (Ala. 1996), in support of their position.

In *McCullar*, the Alabama Supreme Court recognized that retroactive application of a judicial holding was the norm. It also explained, however, that prospective only application was appropriate under certain circumstances, citing U.S. Supreme Court precedent.

> The United States Supreme Court has suggested consideration of the following factors in choosing whether to apply a judicial decision prospectively.

> First, the decision to be applied nonretroactively must establish a new principle of law, either by overruling clear past precedent on which litigants may have relied, (cite omitted) . . . or by deciding an issue of first impression whose resolution was not clearly foreshadowed, (cite omitted). Second, it has been stressed that "we must . . . weight the merits and demerits in each case by looking to the prior history of the rule in question, its purpose and effect, and whether retrospective operation will further or retard its operation." (cite omitted). Finally, we have weighed the inequity imposed by retroactive application, for "where a decision of this Court could produce substantial inequitable results if applied retroactivity, there is ample basis in our cases for avoiding the 'injustice or hardship' by a holding of nonretroactivity."

McCullar, 687 So.2d at 165, quoting *Chevron Oil Co. v. Huson*, 404 U.S. 97, 106-07, 30 L. Ed. 2d 296, 92 S. Ct. 349 (1971).

The Taxpayers argue that the three requirements specified in *McCullar* for prospective only application of Judge Vance's ruling are present in this case. The Department does not dispute that a judicial ruling may be applied prospectively only. It contends, however, that the three factors in *McCullar* are not present in this case. I agree with the Taxpayers.

The first *McCullar* factor is that the ruling must have overruled past precedent or decided an issue of first impression whose resolution was not clearly foreshadowed. No court before Judge Vance's October 2009 ruling had ever decided the issue of whether electronic bingo machines constituted bingo within the purview of Amendment 549. Judge Vance's ruling thus clearly decided an issue of first impression.[3]

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[3] It could also be argued that Judge Kittrell's Order altering the TRO and allowing existing bingo operators to renew their permits and continue operating, and Judge Vance's Order allowing bingo operators to restructure and continue operating, constituted past judicial precedent allowing electronic bingo that was overturned by Judge Vance's October 26,

(continued)

The ruling also could not be reasonably foreseen and was not clearly foreshadowed. There certainly was a disputed issue of public interest before Judge Vance's October 2009 ruling as to whether electronic bingo machines constituted legal bingo in Walker County (and elsewhere). But there was no consensus that electronic bingo was an illegal lottery and not legal bingo. To the contrary, the Walker County Sheriff issued a bingo permit only after his office investigated and determined that the applicant was engaging in legal bingo in accordance with Amendment 549 and the applicable Walker County resolution. The Sheriff thus clearly must have believed and recognized that the electronic bingo machines operated by the Taxpayer, and others, constituted legal bingo. Given those facts, Judge Vance's ruling that electronic bingo was an illegal lottery was not "clearly foreshadowed."

The second *McCullar* factor requires a review of the purpose and effect of the ruling, and "whether retroactive application will further or retard its operation." *McCullar*, 87 So.2d at 165. The case decided by Judge Vance was a declaratory judgment action seeking a ruling as to whether electronic bingo machines constituted bingo in accordance with Amendment 549. Judge Vance ruled that electronic bingo was not bingo as envisioned by the Amendment, and enjoined the bingo operators from using the electronic machines in the future. Applying Judge Vance's ruling retroactively would not further or aid that purpose, or the intended prospective injunctive relief provided by the Order. The ruling was not intended to punish or to hold the bingo operators liable for their actions before the

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2009 Order. The better view, however, is that Judge Vance's Order declaring electronic bingo to be an illegal lottery decided an issue of first impression.

ruling was issued.[4] That would result if the ruling is applied retroactively.

The third *McCullar* factor involves the "inequity imposed by retroaction application" of the Order. *McCullar*, 87 So.2d at 165. That is, a ruling should not be applied retroactively if doing so would produce inequitable results and hardship. Given the facts in this case, this factor is the strongest in favor of prospective only application of Judge Vance's ruling.

As discussed, the Walker County Sheriff permitted and re-permitted the Taxpayer during the subject period as a legal bingo operator in accordance with Amendment 549 and the applicable Walker County resolution. The Taxpayer reasonably relied on the Sheriff's actions, and thus had good reason to believe that its activities constituted legal bingo. It would be inequitable to now treat the Taxpayer's operations before Judge Vance's Order as an illegal lottery, in which case the §40-23-4(a)(43) sales tax exemption could never apply, even if the Taxpayer otherwise qualified for the exemption.

The Department argues that the Taxpayers should have known that legitimate "'charitable organizations' were not operating the bingo halls," and also that it would not be inequitable to apply Judge Vance's ruling retroactively because "[i]t is well-settled law that the State can tax an illegal activity." Department's Supplemental Brief at 4, 6.

The Taxpayer may not have been operated by legitimate charities or otherwise complied with the requirements to operate legal bingo in Walker County, but that is not the current issue in dispute. The present issue is whether Judge Vance's Order should be

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[4] Retroactive application of the ruling would also bring into question the legality of the actions of the Sheriff and perhaps others that sanctioned and allowed the Taxpayer and others to operate electronic bingo machines during the period in question.

applied prospectively only, thereby giving the Taxpayer the opportunity to prove that it complied with all laws and resolutions concerning legal bingo. If the Taxpayer is unable to do so, as argued by the Department, then the §40-23-4(a)(43) exemption will not apply.

There is also no question that the Department can tax an illegal activity, or even legal bingo. But again, the present issue is whether the Taxpayers should be allowed the opportunity to prove that they operated according to the law, and consequently qualified for the bingo exemption at §40-23-4(a)(43). In fairness they should, given that they operated with the approval of the Walker County Sheriff and two Circuit Judges during the assessment period.

The Taxpayers also argue that the Department should be estopped from arguing that Judge Vance's ruling should be applied retroactively to the assessment period in issue.

The Alabama Supreme Court has held as a general rule that the Department cannot be estopped from assessing and collecting a tax that is legally due based on erroneous advice given by the Department or its employees. *Community Action Agency of Huntsville, Madison County, Inc. v. State*, 406 So.2d 890 (Ala. 1981). The Court has also held, however, "that the State may be estopped from asserting that a taxpayer failed to timely appeal 'where the untimeliness of the filing of their appeal was caused by misinformation furnished by the State's offices and relied on by the (taxpayer) to their detriment.'" *Home Depot USA, Inc. v. State*, Docket S. 06-1079 (Admin. Law Div. P.O. 5/2/2007), quoting *Ex parte Four Seasons, Ltd.*, 450 So.2d 110, 112 (Ala. 1984).

In *Ex parte Four Seasons*, the county tax assessor erroneously notified the petitioners that the county board of equalization had ruled on their appeal on October 20, 1982. The board had actually ruled on October 4, 1982. The petitioners appealed within

the 30 day appeal deadline from October 20, but after 30 days from October 4. The trial court and the Court of Civil Appeals dismissed the petitioners' appeal as untimely. The Supreme Court reversed.

> In the case before us, the secretary's active misrepresentation of the date of the board's decision is being used in an attempt to deny the taxpayers, who relied on it, their right to an appeal to a court of law. Such a result would obviously work a serious injustice. Furthermore, the public's interest would not be unduly damaged by the imposition of estoppel in this case.

Ex parte Four Seasons, 450 So.2d at 112.

The equities reflected in *Ex parte Four Seasons* apply equally in this case. The Taxpayer openly operated the electronic bingo machines during the period in issue under the legal auspice of the Sheriff, and with the approval of two Circuit Judges. For the government, through the Department, to now argue that the Taxpayer had operated illegally during the period, and thereby deny the Taxpayer the opportunity to prove that it complied with the requirements of the §40-23-4(a)(43) exemption, "would obviously work a serious injustice." *Ex parte Four Seasons*, 450 So.2d 110, 112.

Issue (2) The "gross receipts" issue.

This issue, which primarily involves a question of law, need not be addressed at this time. The parties should present evidence at the later evidentiary hearing concerning how the electronic machines operated during the period in issue. That is, did the players put money directly into the machines and directly receive money back from the machines if they won, or did the players pay money to an employee of the Taxpayer, who in turn gave the players tokens or credits which the players used to operate the machines.

A pre-hearing conference is scheduled in the case for **10:00 a.m., March 15, 2012**

at the Business Center of Alabama Building, 2 North Jackson Street, Suite 301, Montgomery, Alabama. The purpose for the conference is to identify the "validly enacted legislation" and the "applicable local laws" that the Taxpayer was required to comply with to be exempt under §40-23-4(a)(43). The Taxpayers should also identify the qualified §501(c) and/or 501(d) organization or organizations that they claim operated the bingo games during the assessment period. The intent of the conference is to ensure that both parties are aware of the other parties' positions/arguments before an evidentiary hearing is conducted in the case.

After the pre-hearing conference but before the evidentiary hearing, the Administrative Law Division may also require the parties to submit a list of their expected witnesses, with a general summary of the expected testimony of each witness. Again, the intended purpose would be to ensure that both parties are fully aware of the evidence to be submitted by the opposing party at the evidentiary hearing.

This Opinion and Preliminary Order is not an appealable Order. The Final Order, when entered, may be appealed to circuit court within 30 days pursuant to Code of Ala. 1975, §40-2A-9(g).

Entered February 1, 2012.

BILL THOMPSON
Chief Administrative Law Judge

bt:dr
cc: Margaret Johnson McNeill, Esq.
Joshua M. Watkins, Esq.
Samuel R. McCord, Esq.
Joe Walls
Mike Emfinger

Exhibit VIII.A.11 Bankruptcy and Other Insolvency Matters

Exhibit VIII.A.11 Submit a description of any bankruptcies (voluntary or involuntary), assignments for the benefit of creditors, appointments of a receiver or custodian or similar insolvency proceedings made, commenced or pending during the past ten (10) years by or involving any Applicant Party. Provide the name of the parties, the case number, the name of the court, and a description of the matter and its status.

Neither the Applicant, nor any of its members, nor the Manager, has been the subject of any bankruptcies (voluntary or involuntary), assignments for the benefit of creditors, appointments of a receiver or custodian or similar insolvency proceedings made, commenced or pending during the past ten (10) years.

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

Neither the Applicant, nor any of its members, nor the Manager has breached or defaulted on any contract, loan agreement or during the past ten (10).

Exhibit VIII.A.13 Submit a description of any delinquencies in the payment of or in dispute over the filings concerning or the payment of any fees or tax required under any Federal, state or municipal law within the past ten (10) years by an Applicant Party.

Neither the Applicant, nor any of its members, nor the Manager has had any delinquencies in the payment of or in dispute over the filings concerning or the payment of any fees or tax required under any Federal, state or municipal law within the past ten (10) years.

Exhibit VIII.A.14.a Licenses in Other Jurisdictions

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

Applicant:

New Windsor Resort & Casino, LLC

1. No licenses in other jurisdictions

New Windsor Resort & Casino, LLC has never had a gaming related license denied, suspended, withdrawn or revoked, nor is there any pending proceeding that could lead to a suspension or revocation.

Greenetrack

1. Greenetrack, Inc. holds a pari-mutuel license issued by the Greene County Racing Commission on January 1, 2010 that will expire December 31, 2014. Parimutuel racing in Greene County was approved by the Alabama Legislature in 1975 by Act of Alabama No. 75-376. Greenetrack, Inc. first opened in September 1977 with live greyhound racing. Greenetrack has been continuously licensed by the Greene County Racing Commission since that time. The licensed issued by the Greene County Racing Commission is for a four-year term and authorizes Greenetrack to conduct simulcast greyhound and thoroughbred racing.

2. Pursuant to the "Rules and Regulations for the Operation of Bingo within Greene County, Alabama" dated January 21, 2011, Greenetrack is an "Authorized Bingo Facility." An "Authorized Bingo Facility" is defined as: "A facility in which Bingo games are operated by non-profit organizations as provided in this Article. As long as non-profit organizations are operating the Bingo games, the Bingo facility may be owned or operated by an individual, partnership or for-profit organization." Pursuant to a written lease agreement, Greenetrack leases facilities, equipment, machines, and employees to the nonprofit organizations who, in turn, conduct the bingo games. The Regulator for this facility – the Greene County Sheriff – has certified that Greenetrack, Inc. at all times during his tenure is an excellent corporate citizen and has fully complied with all regulations issued by his office pursuant to Alabama Constitutional Amendment No. 743. (See **Exhibit VIII.A.14.a-1**)

Greenetrack has never had a gaming related license denied, suspended, withdrawn or revoked, nor is there any pending proceeding that could lead to a suspension or revocation.

Manager: Full House Resorts, Inc.

1. Full House Resorts holds a gaming license in Indiana that was issued on April 1, 2011 for the purchase of the Rising Star Casino in Rising Star, Indiana. The license is subject to renewal annually.

2. Full House Resorts holds a gaming license in Nevada that was issued on January 31, 2007 for the purchase of Stockman's Casino in Fallon, Nevada. The gaming license is required to be renewed annually.

3. Full House purchased the assets of the Grand Lodge in Incline Village, Nevada on September 1, 2011. Full House entered into a 5-year lease with Hyatt Equities LLC for the casino space in the Hyatt Regency Resort, Spa and Casino in Incline Village, Nevada on the north shore of Lake Tahoe. The lease has been extended through August 1, 2018. The license from the Nevada Gaming Commission and Control Board and renews annually.

4. Full House Resorts holds a gaming license in Mississippi issued on July 2012 for the purchase of the Silver Slipper in Bay St. Louis, MS. The license is subject to renewal in July 2015.

5. Full House Resorts holds a gaming license issued by Buffalo Thunders Gaming Commission in May 2011 for the right to advise on the operations of the Buffalo Thunder Casino and Resort ("Buffalo Thunder") in Santa Fe, New Mexico. The license expires upon termination of the agreement, Sept. 2014.

Full House Resorts, Inc. has never had a gaming related license denied, suspended, withdrawn or revoked, nor is there any pending proceeding that could lead to a suspension or revocation.

GREENE COUNTY

P.O. BOX 109
400 MORROW AVE
EUTAW, AL 35462

PHONE: (205) 372-3242
FAX: (205) 372-4600
GCSHERIFF@GREENECOAL.NET

JONATHAN M. BENISON
SHERIFF

April 10, 2014

To Whom It May Concern:

Pursuant to the authority delegated to me by the Constitution of Alabama and the people of Greene County, I serve as the regulatory authority responsible for overseeing the conduct and operations of bingo games in Greene County, Alabama. I hereby certify that Greenetrack, Inc. is in full compliance with Amendment 743 and the Rules and Regulations for the Operation of Bingo Games in Greene County, Alabama and has been at all pertinent times. I am attaching hereto a copy of two letters from me to vendors who placed electronic bingo games at Greenetrack's facilities beginning in March 2011. I am also attaching a copy of the certification which has been displayed on the entrance to Greenetrack's facilities since it was issued by my office in August 2011. At all times during my tenure in office, Greenetrack has been an excellent corporate citizen and has fully complied with all regulations issued by my office pursuant to Amendment 743 to the Constitution of Alabama, 1901.

Sincerely,

Jonathan M. Benison

Sheriff Jonathan M. Benison

GREENE COUNTY

P.O. BOX 109
400 MORROW AVE
EUTAW, AL 35462

PHONE: (205) 372-3242
FAX: (205) 372-4600
GCSHERIFF@GREENECOAL.NET

JONATHAN M. BENISON
SHERIFF

CERTIFICATION

Pursuant to the authority vested in the Sheriff of Greene County by Amendment 743, I have inspected the bingo equipment in operation on these premises.

I hearby certify that the bingo equipment complies with Amendment 743 and the Regulations for the operations of Bingo Games in Greene County promulgated by my Office.

I also hereby certify that the electronic bingo games on these premises are being operated by the Greene County E-911 Communciation District pursuant to a valid license issued by my Office.

Any interesed person with questions or comments may contact my Office.

DONE THIS 30th DAY OF AUGUST, 2011.

Jonathan M. Benison

Sheriff Jonathan M. Benison

Exhibit VIII.A.14.b Description of any disciplinary action brought against an Applicant Party by any gaming licensing authority during the past five (5) years.

Applicant: **Greenetrack**

None

Affiliate: **MJM Enterprises Development Company**

None

Manager: **Full House Resorts, Inc.**

Full House's Indiana subsidiary, Gaming Entertainment (Indiana) LLC has been subject to non-material regulatory actions and has reached settlement agreements in lieu of disciplinary actions from the Indiana Gaming Commission for their operations at the Rising Star Casino. The settlements reached a total of $53,000.

2011	$21,500
2012	$ 7,000
2013	$24,500

Exhibit VIII.A.15.a Applicant/Manager's Expertise

Exhibit VIII.A.15.a Submit a description of the Applicant's and, if applicable, the Manager's experience, training and expertise in developing, constructing and operating casinos and related facilities (e.g., hotels, restaurants and entertainment facilities). For each such project, include the name and location, the total dollar investment, number of gaming devices, number of hotel rooms, amenities, total gaming revenues for the last three (3) years, total non-gaming revenues for the last three (3) years, number of full-time employees, and approximate size of the site on which the project is located. For any such project no longer owned or operated, include a description of the disposition of the project or termination of its operations.

Detroit Casino Development - As a partner with NAG, the Applicant, Malik directed a ballot effort to bring casino gaming to Detroit, Michigan. In 1996, NAG teamed with Atwater Entertainment to support the passage of a Michigan statewide proposal facilitating the development of three commercial casinos in Detroit. The passage of the proposal established Detroit as the first urban area in the country to open commercial casinos. Following passage of the proposal, Malik worked with state elected officials to negotiate and implement the regulatory oversight framework for the Detroit casinos.

Malik was a partner in the casino group Detroit Entertainment, which included Marian Ilitch and more than 130 local partners. Detroit Entertainment selected Mandalay Bay Group as casino operator, and Malik worked with them on the development of the casino project now called MotorCity Casino. Malik helped MotorCity Casino secure one of the best management teams in the country and his efforts have resulted in an entertainment industry in Detroit that today exceeds $1.3 billion per year.

Native American Gaming - Malik helped develop a casino for the Little River Band of Ottawa Indians in Manistee in northwest Michigan. He was responsible for site selection and land acquisition, construction firm selection, management selection, assistance in obtaining a gaming compact, and establishing casino operations. Today the Little River Casino is the third most profitable Indian owned and operated casino of the 19 located in Michigan. Malik also assisted in the development of two casinos, a hotel and a golf course for the Bay Mills Indian Tribe in Brimley, Michigan. He assisted the Tribe with the legislative approval process for obtaining the first gaming compact in Michigan.

Malik is currently working with the Bay Mills Tribe to develop a casino in Port Huron, Michigan. Malik is managing partner in the casino development group BarWest L.L.C., and is working with the Los Coyotes Band from San Diego County, California to construct and operate a world-class casino complex in Barstow, California.

The Applicant's Manager, Full House Resorts and its Board of Directors, which previously included Lee Iacocca, brings a history of success. The management team has tremendous depth of experience in casino gaming and its own track record of success. The first phase of its vision has already been implemented by the disciplined purchase of Stockman's Casino, a very successful local casino and continued with the acquisition of the Rising Star Casino Resort.

The January 2007 acquisition of Stockman's Casino in Fallon, NV started the first prong of this approach. The property is without doubt the market leader, which was acquired at a reasonable price. Full House is actively seeking acquisitions of additional local casinos at moderate multiples. Full House's strategy is to locate market leading properties with strong management which can be acquired at an appropriate earnings multiple to be immediately accretive to our bottom line. Gaming revenues at Stockman's for the last three years ending 2013 was $6.2 million, $6.2 million and $5.3 million, non-gaming revenues for the same period was $1.8 million, $1.7 million and $1.5 million. Stockman's is one of Full Houses' smaller properties and total headcount averaged 98 employees over the last three years.

Exhibit VIII.A.15.a Applicant/Manager's Expertise

As of April 2011, Full House acquired the Grand Victoria Casino & Resort in Rising Sun, IN, which is now the Rising Star Casino Resort, carrying the host city's name to new levels of excitement and enjoyment. This full scale riverboat casino exemplifies the broad operational base we strive for. The Rising Star has 40,000 square feet of gaming space with almost 1,300 slot and video poker machines and 37 table games. The property includes a 201-room hotel with spa, pool, meeting space and a pavilion with five food and beverage outlets, including a fine dining restaurant, buffet, sports bar, quick service restaurant and coffee shop and a large, multi-purpose Grand Theater for concerts and performance events as well as meetings and conventions. The 300-acre grounds also contain an 18-hole Scottish links golf course with full-service clubhouse. The property is conveniently located within driving distance of Indianapolis and Cincinnati, and near Lexington and Louisville. Gaming revenues at the Rising Star for the last three years ending 2013 was $64.2 million, $80.5 million and $63.9 million, non-gaming revenues for the same period was $4.7 million, $5.8 million and $5.2 million. Total headcount averaged 653 employees over the last three years.

As of September 1, 2011, Full House assumed the operations of the Grand Lodge Casino in Incline Village, NV on the north shore of Lake Tahoe. As part of the Hyatt Regency Resort, Spa and Casino complex, the casino offers a full spectrum of casino gaming from slots to all forms of table games, poker and a sports book. It is the key adjunct to making the resort a full service spa resort. Since assuming the operations Full House has increased gaming and non-gaming revenues $.6 million and $.3 million during the last two years. Total headcount averaged 120 employees over the last two years.

The second prong of Full House's business strategy is well-represented by the management of FireKeepers Casino in Battle Creek, MI, which opened in August 2009 and was managed by GEM, a joint venture in which the Full House owned a fifty percent stake. The casino, developed on behalf of the Nottawaseppi Huron Band of Potawatomi is located between Chicago and Detroit on 78 acres of land, right at Exit 103 on I 94. The casino caters to over six million adults within 100 miles of its location and features over 3,000 Las Vegas style gaming positions including 2,680 state of the art slot machines, 78 table games and a 120 seat poker room. As development manager, Full House brought the construction project in under budget and on time. Under Full House management, in its first year of operations, the casino was named the best casino in southern Michigan and continues its outstanding performance. Effective on March 30, 2012, the company sold its interest in the management contract to the Band, but continue to advise on the development of a 240-room hotel and events/convention center.

Effective September 23, 2011, Full House commenced a three-year management of the gaming facilities of the Pueblo of Pojoaque in Santa Fe, New Mexico. These facilities include the Buffalo Thunder Casino and Resort which has approximately 1,200 slot machines, 18 table games and a poker room. The casino is part of a resort consisting of a 300 room hotel, spa, golf course and variety of dining outlets. Also included is the Cities of Gold Casino, consisting of 575 slots, table games, hotel, buffet and casual dining restaurant, and the Cities of Gold Sports Bar, with 150 slots and a sports book.

Those properties, though geographically diverse, have several factors in common: they all cater to a local customer base, they have good to great demographics and they have easy accessibility, together a recipe for success.

Exhibit VIII.A.15.b Public Gaming Announcements

Exhibit VIII.A.15.b Submit a brief description of any destination casino resort or other gaming projects that the Applicant and, if applicable, the Manager, has publicly announced that it is in the process of acquiring, developing or proposing to acquire or develop. For each such project, include the name and location, the estimated total dollar investment, number of gaming devices, number of hotel rooms, amenities, and the timeframe within which Applicant or Manager expects to acquire or develop such project.

Applicant: **New Windsor Casino & Resort, LLC**

None

Manager: **Full House Resorts, Inc.**

First, we opened new 104-room hotel tower at Rising Star, which has been named the North Star Tower. The Hotel tower opened in November of 2013 and increased our capacity by approximately 50%. The tower has received rave reviews and we continue to ramp the hotel to optimize our mix of customers in the facility.

Second, we broke ground on a 142-room hotel tower at the Silver Slipper in September of 2013 and expect delivery in late 2014 or early 2015. We firmly believe the addition of a hotel, on one of the most beautiful stretches of beach in the Gulf Coast, will greatly enhance the property's ability to attract and retain customers and drive profitability at the facility.

Third, we recently announced the acquisition of Fitzgerald's Casino in Tunica, Mississippi which we expect to close on in the third quarter of 2014. The Fitz Casino which has approximately 1,100 slot and video poker machines, 20table games, a 506-room hotel with 68 suites, a fine dining restaurant, buffet, quick service restaurant, two casino bars and an 8,100 square foot multi-purpose event center on 53 acres. The property has a strong customer base and draws heavily from the Memphis, Tennessee market and benefits from approximately 14 million people living within a 250 mile radius of the property and fits perfectly into our growing portfolio.

And lastly, we have tremendous opportunities in the state of Kentucky, an emerging gaming market. We have a letter of intent that provides for an exclusive option to purchase the license at Thunder Ridge Raceway in Prestonsburg, Kentucky. We anticipate receiving approval to transfer this license to a yet to-be-constructed quarter horse racetrack near Corbin, Kentucky which would be 75% owned by Full House Resorts and 25% by Keeneland. Corbin is roughly equidistant to both Lexington, Kentucky and Knoxville, Tennessee on the heavily traveled Interstate 75 corridor. There are approximately 2.2 million adults living within 100 miles of Corbin, Kentucky. Schedule is subject to regulator and local approvals.

Exhibit VIII.A.16 Additional Financial Commitments

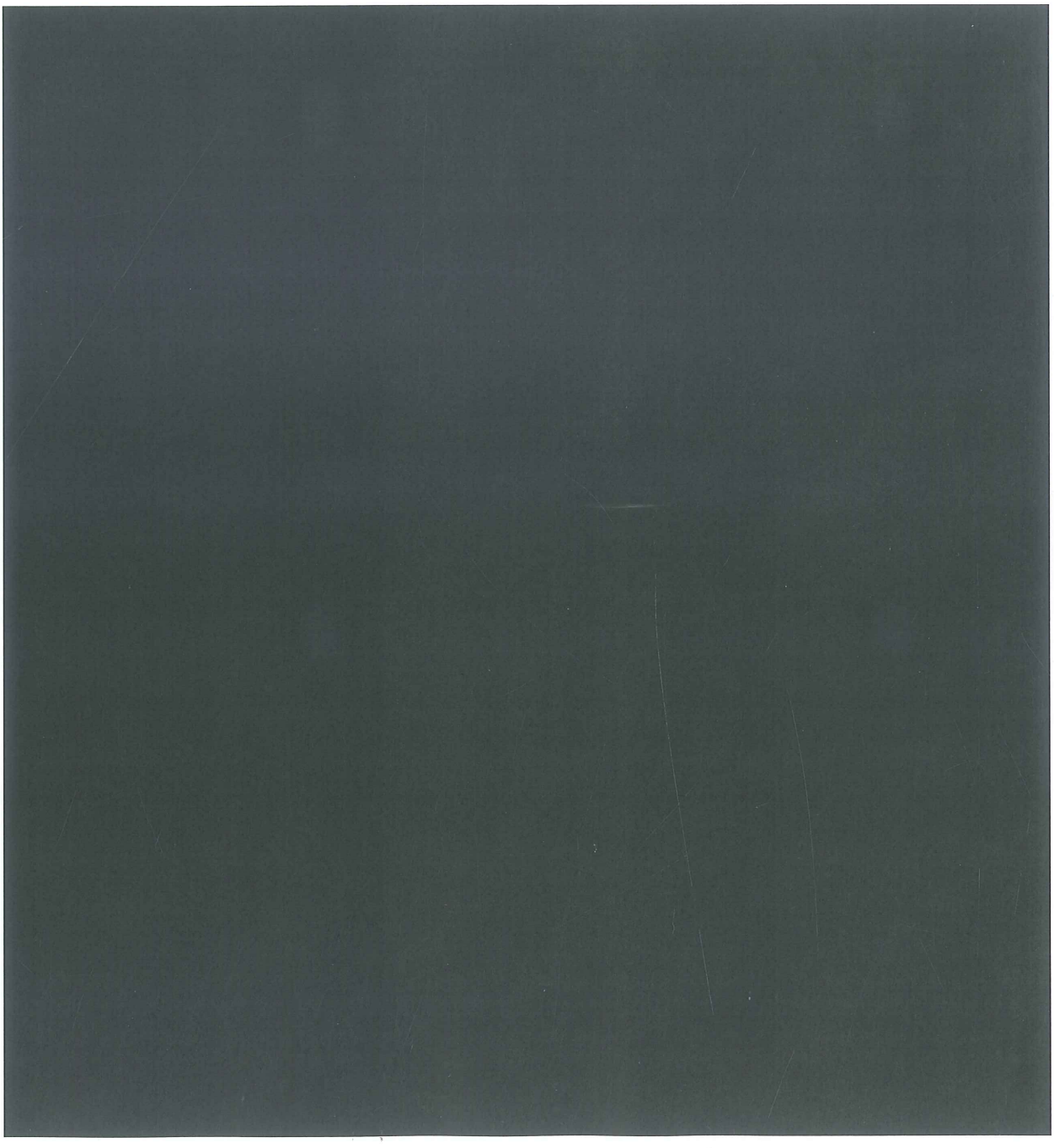
Exhibit VIII.A.16 Submit a description of all financial commitments and guarantees the Applicant or, if applicable, the Manager, or its Affiliates is prepared to provide to the Commission over and above the deposit or bond required by PML Section 1315.1 to ensure that the Gaming Facility is completed, license conditions are fulfilled and sufficient working capital is available to allow continuous operation in manner described in the Applicant's financial forecasts. Include examples of letters of credit, construction completion guaranties, performance bonds, keep-well agreements, MOUs or other agreements or commitments the Applicant, the Manager or their Affiliates commit to provide in connection with the Gaming Facility.

The Applicant, the Applicant's Members and its affiliates, is not prepared to provide to the Commission any deposit over and above the deposit or bond required by PML Section 1315.1 at this time.to ensure that (i) the Gaming Facility is completed, (ii) license conditions are fulfilled, and (iii) sufficient working capital is available to allow continuous operation in manner described in the Applicant's financial forecasts. Notwithstanding the foregoing, the Applicant fully intends to proceed with the Project as required by law and regulation and will fully comply with such to insure the proper and professional operation of the Gaming Facility.

Although still in the preliminary stages of negotiation, the Applicant's financing structure will most likely require some type of construction completion guarantee and keep-well agreement. The extent of these agreements cannot be determined at this time. However, the Applicant will keep the Board advised of any changes and commitments agreed to prior to license award.

Exhibit VIII.B.1 Market analysis showing the benefits of the site location of the Applicant's Gaming Facility and the estimated recapture rate of gaming-related spending by New York residents travelling to out-of-state gaming facilities

Exhibit VIII.B.1.a the components of the Applicant's marketing plan that focus on out-of-state visitors and the anticipated gaming and non-gaming gross revenues the Applicant anticipates from out-of-state visitors during each of the first five (5) years of the Gaming Facility's operations on a low-, average- and high-case scenario and clearly explain how this recapture rate was determined



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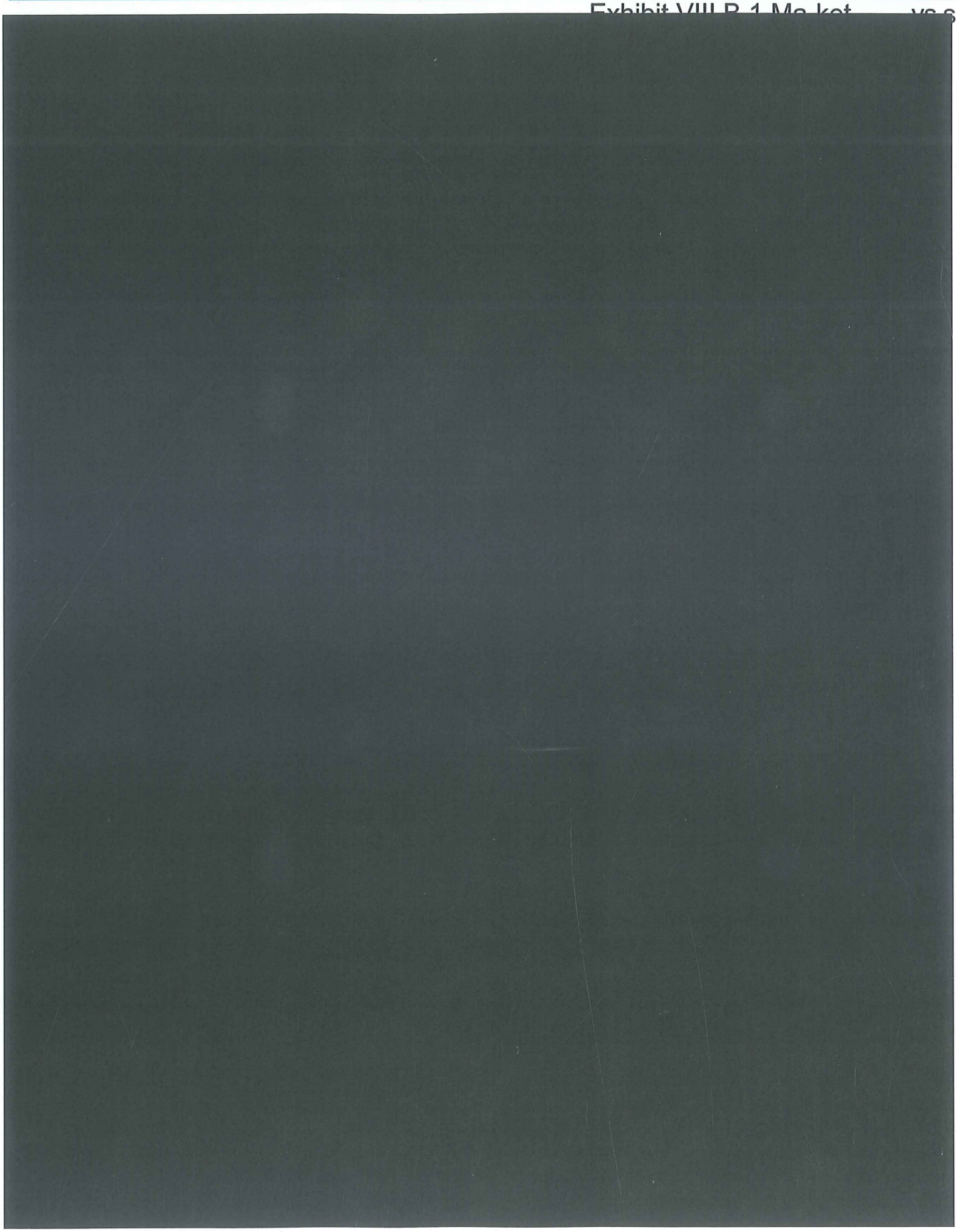
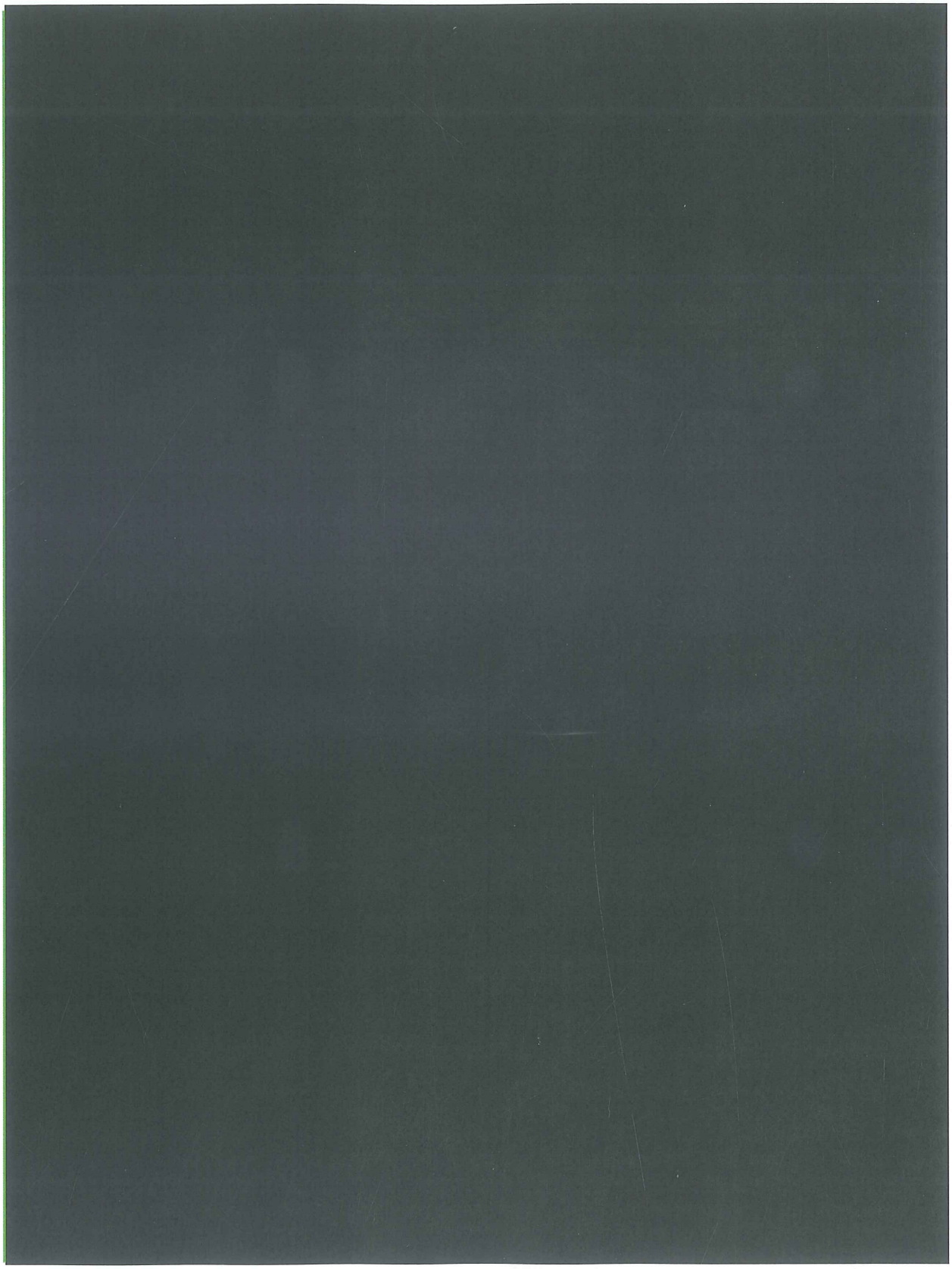


Exhibit VIII.B.1 Market Analysis



New Windsor Resort & Casino, LLC

Sub-Binder 1:
B. Economics

Exhibit VIII.B.1 Market Analysis

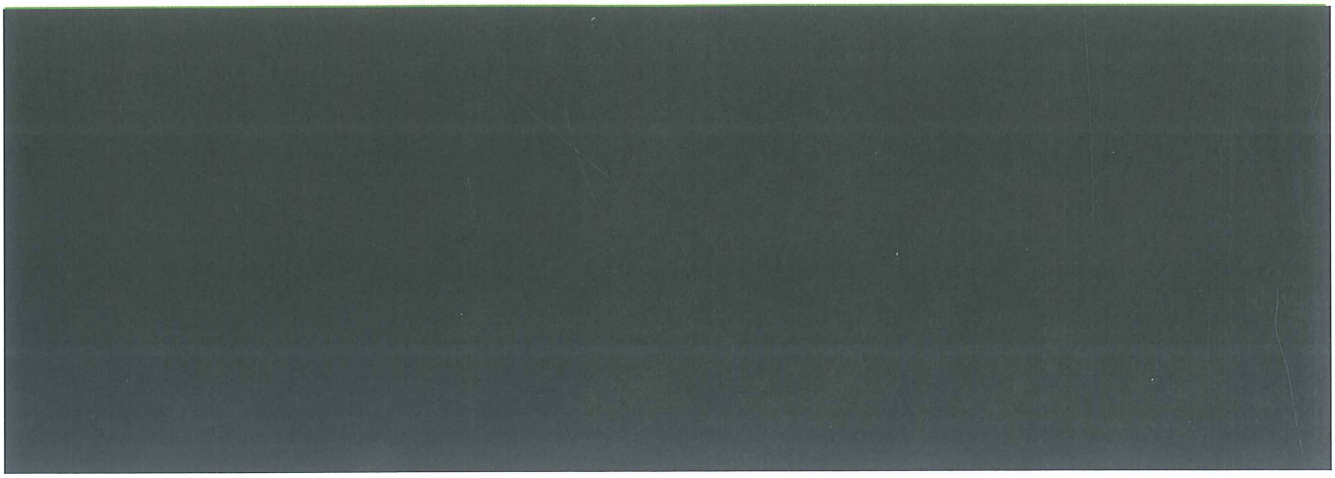


Exhibit VIII.B.2 Player Database and Loyalty Program

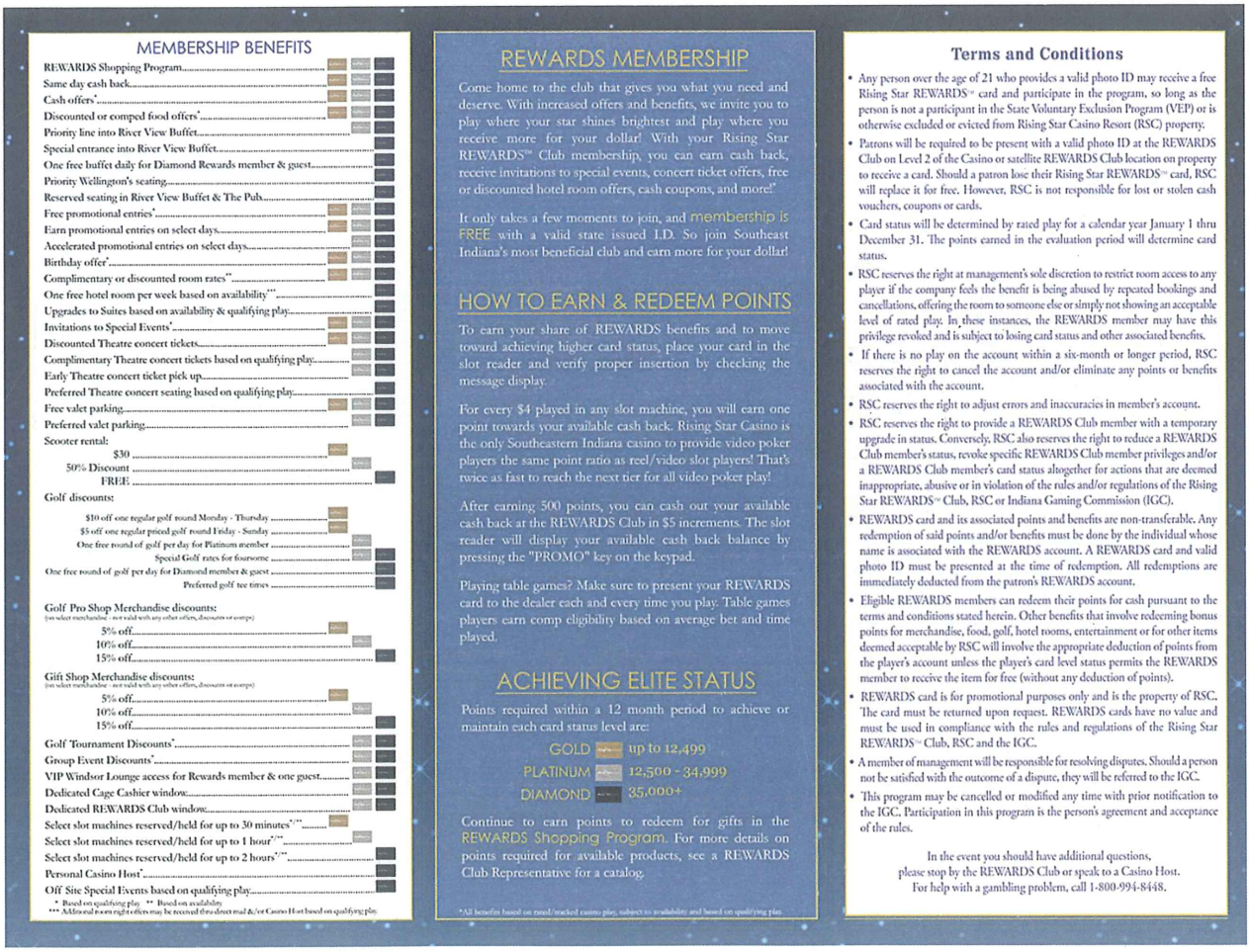
Exhibit VIII.B.2.a Describe any loyalty, reward or similar frequent player program (a "Program") maintained by the Applicant or, if applicable, the Manager for any casino the Applicant or Manager owns, operates or manages

Full House Resorts, Inc. ("Operator" or "Manager") operates five casino properties in the United States. Each casino property operates with a casino management system and electronic player rewards program and each was designed and tailored to meet the needs of the market as detailed below.

Rising Star Casino Resort – Rising Sun, IN

The Rising Sun Casino Resort operates with Bally Technologies' ACSC casino management system. ACSC is a very sophisticated casino management system that allows a casino to monitor frequency of visitation, recency of visitation and monetary value.

Rising Sun's reward program is branded as Rising Star Rewards. The program offers a three tiered rewards program that recognizes and rewards those players with higher levels of gaming activities with additional benefits.



MEMBERSHIP BENEFITS

REWARDS Shopping Program
Same day cash back
Cash offers*
Discounted or comped food offers*
Priority line into River View Buffet
Special entrance into River View Buffet
One free buffet daily for Diamond Rewards member & guest
Priority Wellington's seating
Reserved seating in River View Buffet & The Pub
Free promotional entries*
Earn promotional entries on select days
Accelerated promotional entries on select days
Birthday offer*
Complimentary or discounted room rates**
One free hotel room per week based on availability**
Upgrades to Suites based on availability & qualifying play
Invitations to Special Events*
Discounted Theatre concert tickets
Complimentary Theatre concert tickets based on qualifying play
Early Theatre concert ticket pick up
Preferred Theatre concert seating based on qualifying play
Free valet parking
Preferred valet parking
Scooter rental:
$30
50% Discount
FREE
Golf discounts:
$10 off one regular golf round Monday - Thursday
$5 off one regular priced golf round Friday - Sunday
One free round of golf per day for Platinum member
Special Golf rates for foursome
One free round of golf per day for Diamond member & guest
Preferred golf tee times
Golf Pro Shop Merchandise discounts:
(on select merchandise - not valid with any other offers, discounts or comps)
5% off
10% off
15% off
Gift Shop Merchandise discounts:
(on select merchandise - not valid with any other offers, discounts or comps)
5% off
10% off
15% off
Golf Tournament Discounts*
Group Event Discounts*
VIP Windsor Lounge access for Rewards member & one guest
Dedicated Cage Cashier window
Dedicated REWARDS Club window
Select slot machines reserved/held for up to 30 minutes*/**
Select slot machines reserved/held for up to 1 hour*/**
Select slot machines reserved/held for up to 2 hours*/**
Personal Casino Host*
Off Site Special Events based on qualifying play

* Based on qualifying play ** Based on availability
*** Additional room night offers may be received thru direct mail &/or Casino Host based on qualifying play

REWARDS MEMBERSHIP

Come home to the club that gives you what you need and deserve. With increased offers and benefits, we invite you to play where your star shines brightest and play where you receive more for your dollar! With your Rising Star REWARDS™ Club membership, you can earn cash back, receive invitations to special events, concert ticket offers, free or discounted hotel room offers, cash coupons, and more!*

It only takes a few moments to join, and membership is FREE with a valid state issued I.D. So join Southeast Indiana's most beneficial club and earn more for your dollar!

HOW TO EARN & REDEEM POINTS

To earn your share of REWARDS benefits and to move toward achieving higher card status, place your card in the slot reader and verify proper insertion by checking the message display.

For every $4 played in any slot machine, you will earn one point towards your available cash back. Rising Star Casino is the only Southeastern Indiana casino to provide video poker players the same point ratio as reel/video slot players! That's twice as fast to reach the next tier for all video poker play!

After earning 500 points, you can cash out your available cash back at the REWARDS Club in $5 increments. The slot reader will display your available cash back balance by pressing the "PROMO" key on the keypad.

Playing table games? Make sure to present your REWARDS card to the dealer each and every time you play. Table games players earn comp eligibility based on average bet and time played.

ACHIEVING ELITE STATUS

Points required within a 12 month period to achieve or maintain each card status level are:

GOLD up to 12,499
PLATINUM 12,500 - 34,999
DIAMOND 35,000+

Continue to earn points to redeem for gifts in the REWARDS Shopping Program. For more details on points required for available products, see a REWARDS Club Representative for a catalog.

*All benefits based on rated/tracked casino play, subject to availability and based on qualifying play.

Terms and Conditions

- Any person over the age of 21 who provides a valid photo ID may receive a free Rising Star REWARDS™ card and participate in the program, so long as the person is not a participant in the State Voluntary Exclusion Program (VEP) or is otherwise excluded or evicted from Rising Star Casino Resort (RSC) property.
- Patrons will be required to be present with a valid photo ID at the REWARDS Club on Level 2 of the Casino or satellite REWARDS Club location on property to receive a card. Should a patron lose their Rising Star REWARDS™ card, RSC will replace it for free. However, RSC is not responsible for lost or stolen cash vouchers, coupons or cards.
- Card status will be determined by rated play for a calendar year January 1 thru December 31. The points earned in the evaluation period will determine card status.
- RSC reserves the right at management's sole discretion to restrict room access to any player if the company feels the benefit is being abused by repeated bookings and cancellations, offering the room to someone else or simply not showing an acceptable level of rated play. In these instances, the REWARDS member may have this privilege revoked and is subject to losing card status and other associated benefits.
- If there is no play on the account within a six-month or longer period, RSC reserves the right to cancel the account and/or eliminate any points or benefits associated with the account.
- RSC reserves the right to adjust errors and inaccuracies in member's account.
- RSC reserves the right to provide a REWARDS Club member with a temporary upgrade in status. Conversely, RSC also reserves the right to reduce a REWARDS Club member's status, revoke specific REWARDS Club member privileges and/or a REWARDS Club member's card status altogether for actions that are deemed inappropriate, abusive or in violation of the rules and/or regulations of the Rising Star REWARDS™ Club, RSC or Indiana Gaming Commission (IGC).
- REWARDS card and its associated points and benefits are non-transferable. Any redemption of said points and/or benefits must be done by the individual whose name is associated with the REWARDS account. A REWARDS card and valid photo ID must be presented at the time of redemption. All redemptions are immediately deducted from the patron's REWARDS account.
- Eligible REWARDS members can redeem their points for cash pursuant to the terms and conditions stated herein. Other benefits that involve redeeming bonus points for merchandise, food, golf, hotel rooms, entertainment or for other items deemed acceptable by RSC will involve the appropriate deduction of points from the player's account unless the player's card level status permits the REWARDS member to receive the item for free (without any deduction of points).
- REWARDS card is for promotional purposes only and is the property of RSC. The card must be returned upon request. REWARDS cards have no value and must be used in compliance with the rules and regulations of the Rising Star REWARDS™ Club, RSC and the IGC.
- A member of management will be responsible for resolving disputes. Should a person not be satisfied with the outcome of a dispute, they will be referred to the IGC.
- This program may be cancelled or modified any time with prior notification to the IGC. Participation in this program is the person's agreement and acceptance of the rules.

In the event you should have additional questions, please stop by the REWARDS Club or speak to a Casino Host. For help with a gambling problem, call 1-800-994-8448.

Exhibit VIII.B.2 Player Database and Loyalty Program

Silver Slipper Casino
The Silver Slipper Casino operates with the Konami Casino Management system. The Konami system is a very flexible and sophisticated casino management system that allows the management to monitor player gaming activities on an infinite number of criteria including frequency of visitation, recency of visitation and monetary value. The system awards players with free slot play, comp dollars as well as other premiums based on their gaming activity and value to the property.

The Grand Lodge at Hyatt Regency Lake Tahoe
The Grand Lodge at the Hyatt Regency Lake Tahoe operates with the Aristocrat casino management system. It too is a very sophisticated rewards program that allows management to monitor players' gaming activity, in particular frequency of visitation, recency of visitation and monetary value. The rewards program offers a three-tiered program in which players who achieve higher levels of gaming activity are issued premium level cards, which accords them higher levels of service and benefits. Players earn a variety of benefits including free slot play, complimentaries and other benefits.

The Stockman's Casino
The Stockman's Casino in Fallon, NV operates with the Aristocrat casino management system. Like the Grand Hyatt, the Stockman's Casino offers a three-tiered program in which players who achieve higher levels of gaming activity are issued premium level cards that accords them higher levels of service and benefits.

Buffalo Thunder Resort and Casino
Full House Resorts operates the Buffalo Thunder Resort and Casino on behalf of the Pueblo Pojoaque Indian Tribe. The Lightening Rewards Players Club operates on the Aristocrat casino management system platform and is identical those found at other Full House properties, offering identical capabilities.

Exhibit VIII.B.2.b State whether the Applicant or, if applicable, the Manager maintains a casino customer relationship management system and database (a "Database") that tracks the play of its Program members

Full House Resorts, as manager of the proposed Grand Hudson Hotel & Casino, maintains a casino customer relationship management system and database that tracks the play of its Program members. It does so at all of the casinos it operates and will do so at the Grand Hudson Hotel and Casino.

Exhibit VIII.B.2.c Indicate whether the Program and Database will be available for the marketing, promotion and advertising of the Gaming Facility and whether they are "exclusive" to the Applicant and/or, if applicable, the Manager

The entire database of Full House Resorts, comprised of 1,574,667 accounts, will be available to the marketing team at the Hudson Grand Hotel & Casino. The use of the database is exclusive to the Manager of the Gaming Facility.

Exhibit VIII.B.2.d Indicate the number of "active" (those who have played within the past 12 months) and "inactive" (those who have played over 12 months ago) members in the Database

The Full House database is comprised 1,574,667 accounts. The active database (activity within the last 12 months) contains 308,868 accounts. 1,265,799 accounts are inactive.

Exhibit VIII.B.2 Player Database and Loyalty Program

Exhibit VIII.B.2.e Indicate the number of rated players included in the Database that are located within 50-, 100-, 150- and 200-miles of the proposed Gaming Facility

The vast majority of accounts reside within a 100 mile radius of their preferred Full House casino property. Since none of Full House casinos are located within 100 miles of the Hudson Grand Hotel & Casino, a negligible number reside within 100 miles of the Gaming Facility.

Exhibit VIII.B.2.f describe how the Database and Program will be used to market, promote and advertise the Gaming Facility

Members of Full House Resorts' player reward programs will receive a series of communications comprised of a mix of email, mail and text messaging, informing them of the upcoming resort casino's opening. Select members will also receive invitations to the grand opening as well as a series of room and room/gaming offers in order to encourage those members to visit the Hudson Grand Hotel & Casino.

The Hudson Grand Hotel & Casino will construct a "Visit New York and the Hudson Valley" vacation program for members of its database. Based on the value of individual customers, offers may include a room discount; room and gaming package as well as a room, food, gaming and air transportation package to the Hudson Grand Hotel & Casino.

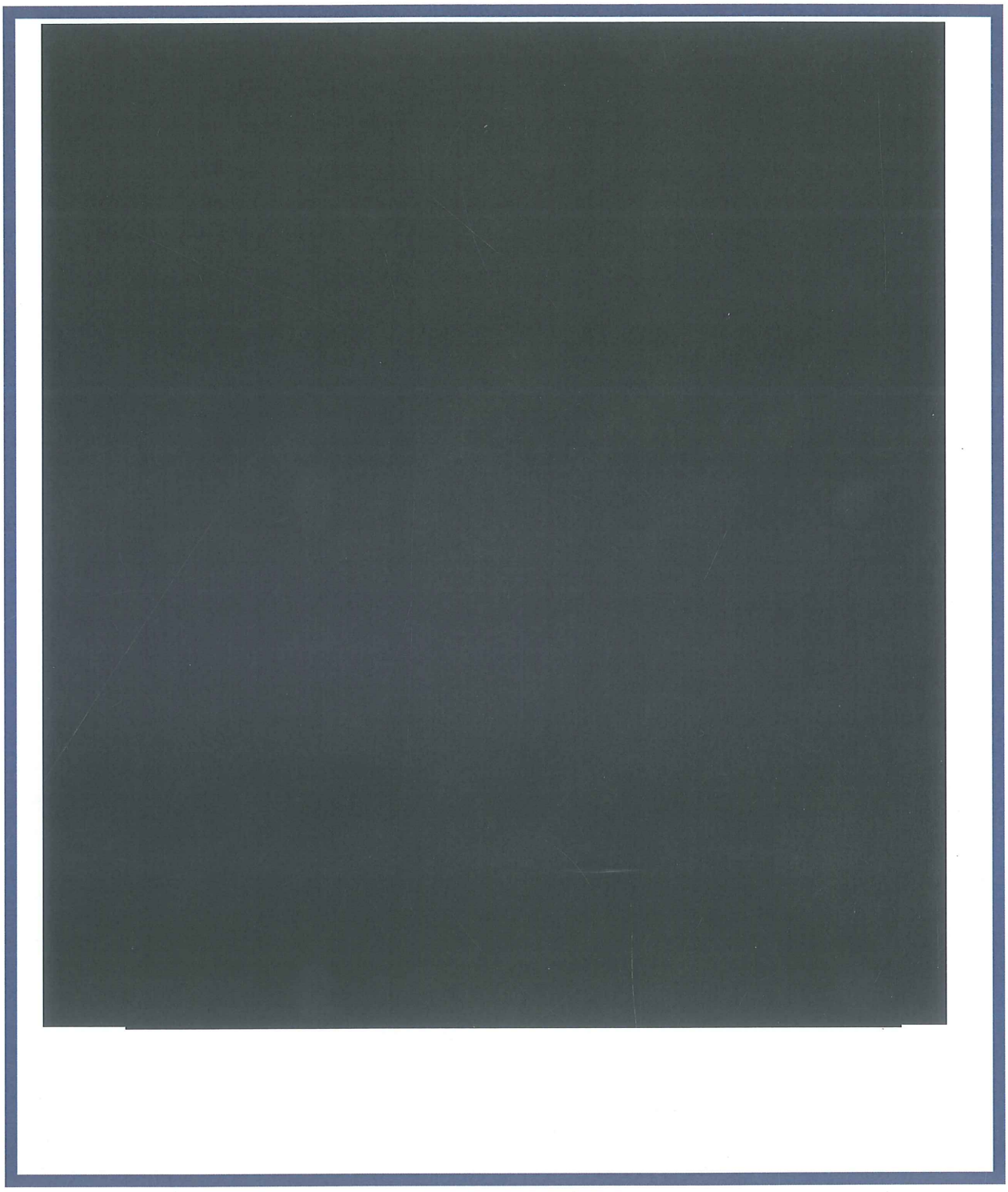
Exhibit VIII.B.3.a Economic impact studies completed by an independent expert showing the proposed Gaming Facility's overall economic incremental benefit to the Region, the State, and the Host Municipality and nearby municipalities including the manner in which the facility will generate new revenues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

[redacted]

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

[redacted]

Exhibit VIII.B.3.a Economic Impact Studies Completed by an Independent Expert



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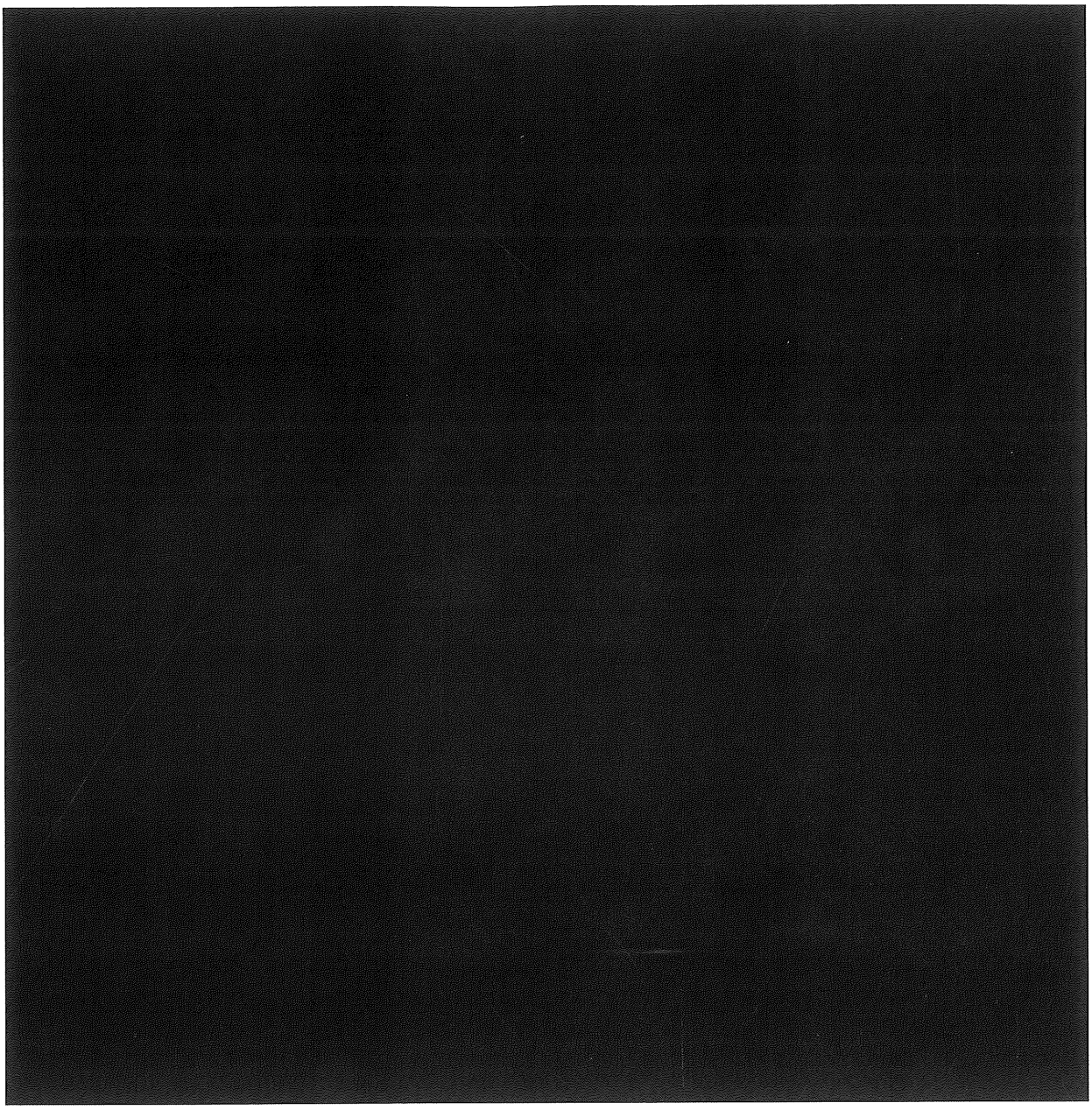

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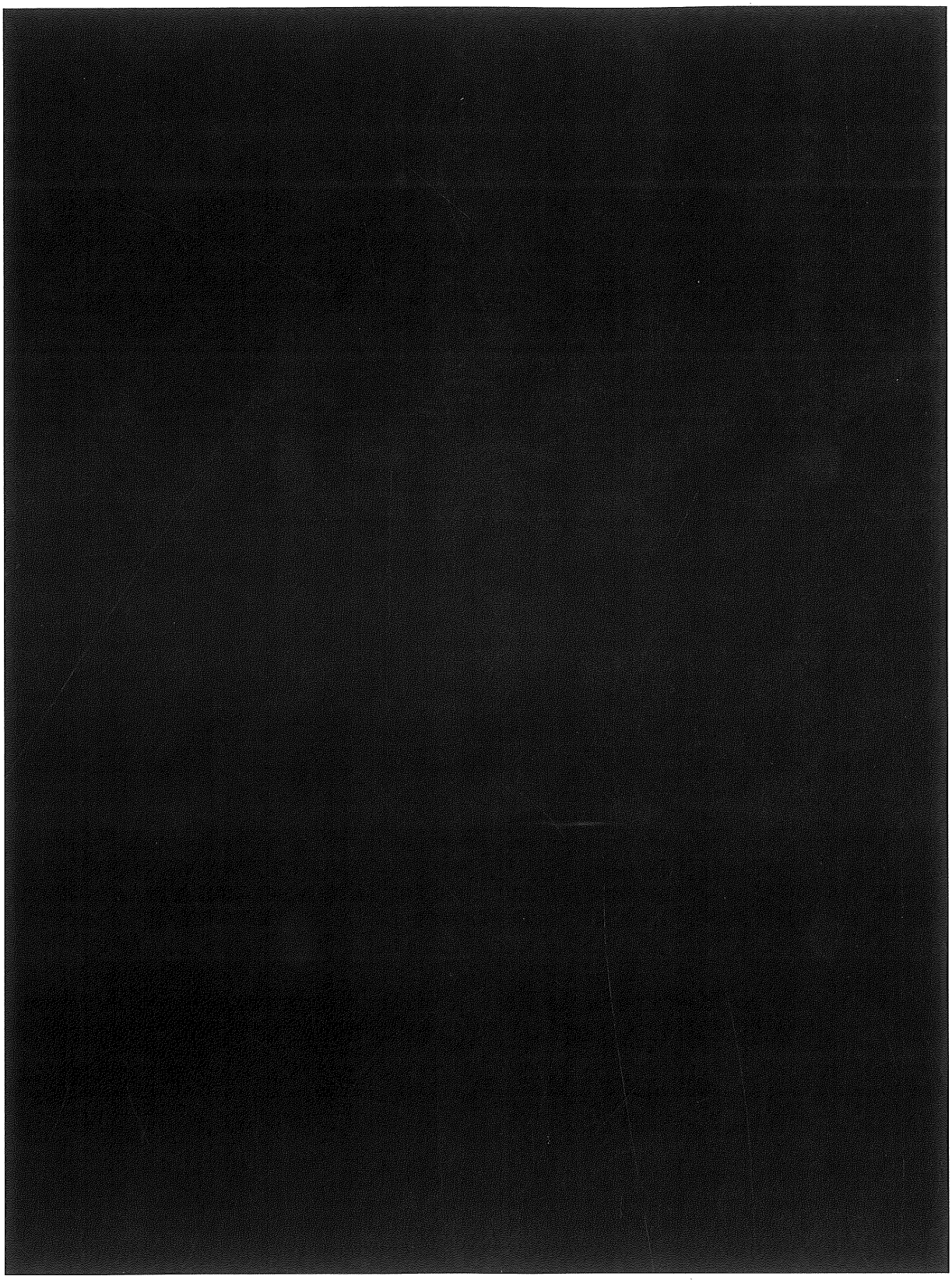

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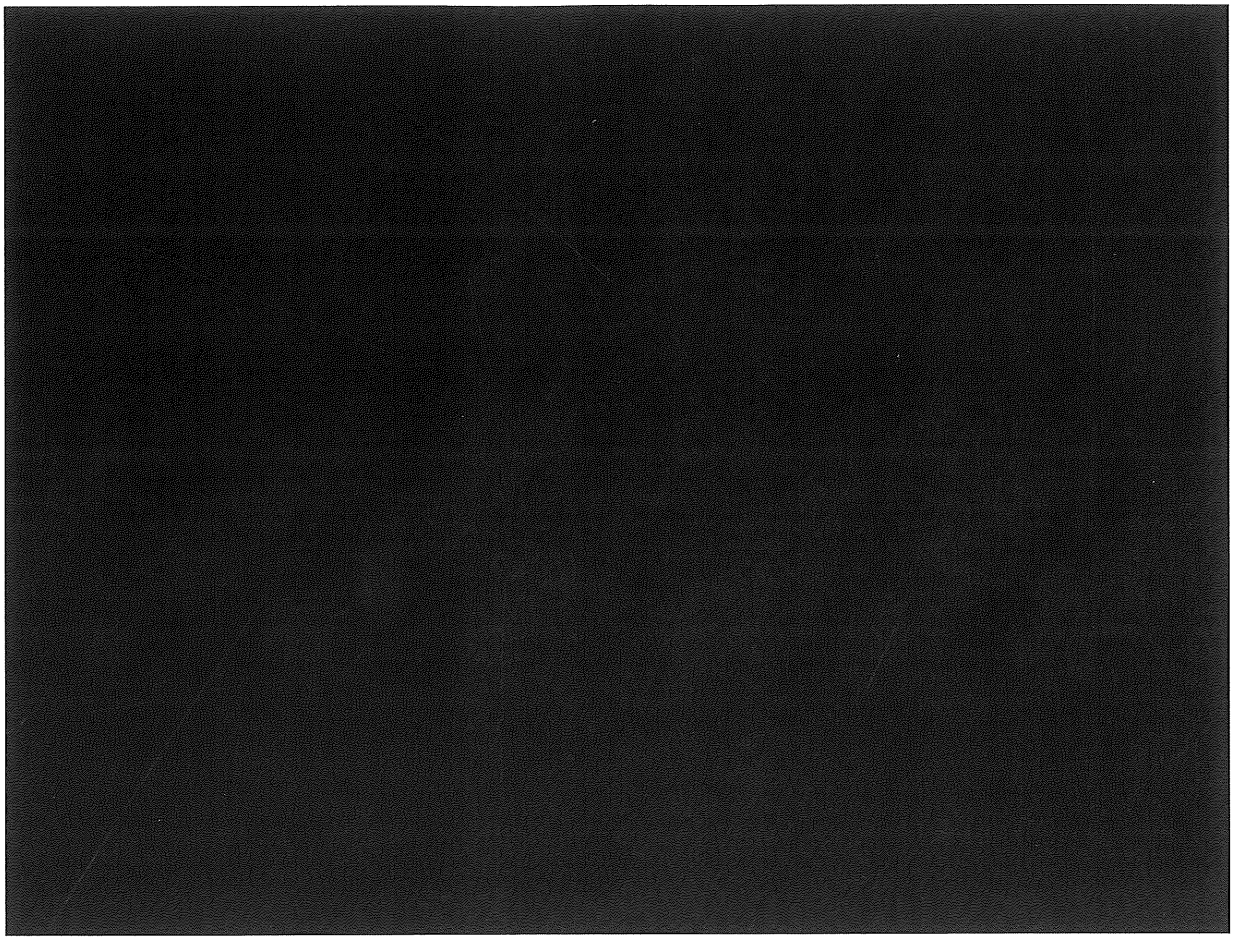

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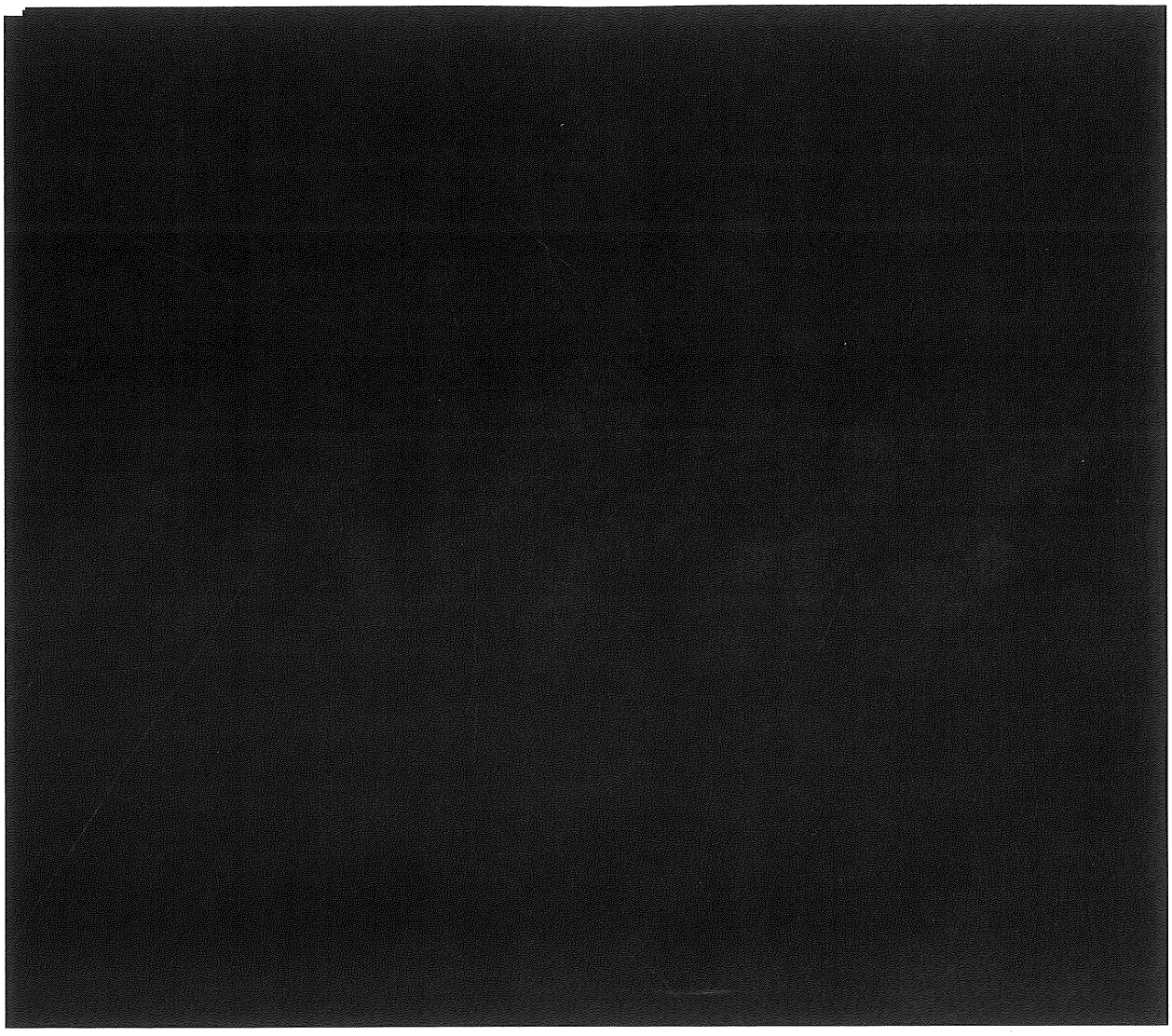

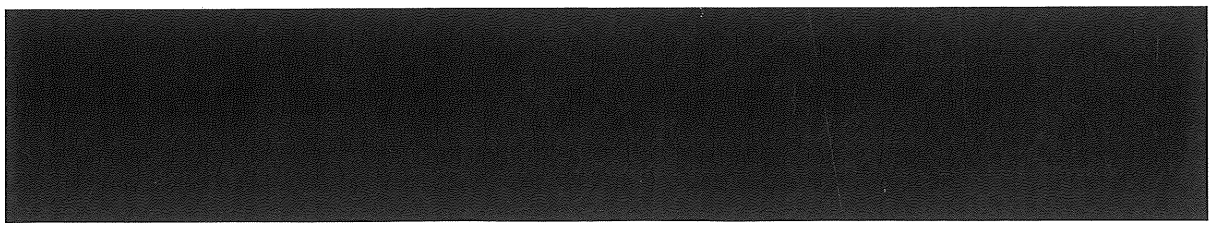

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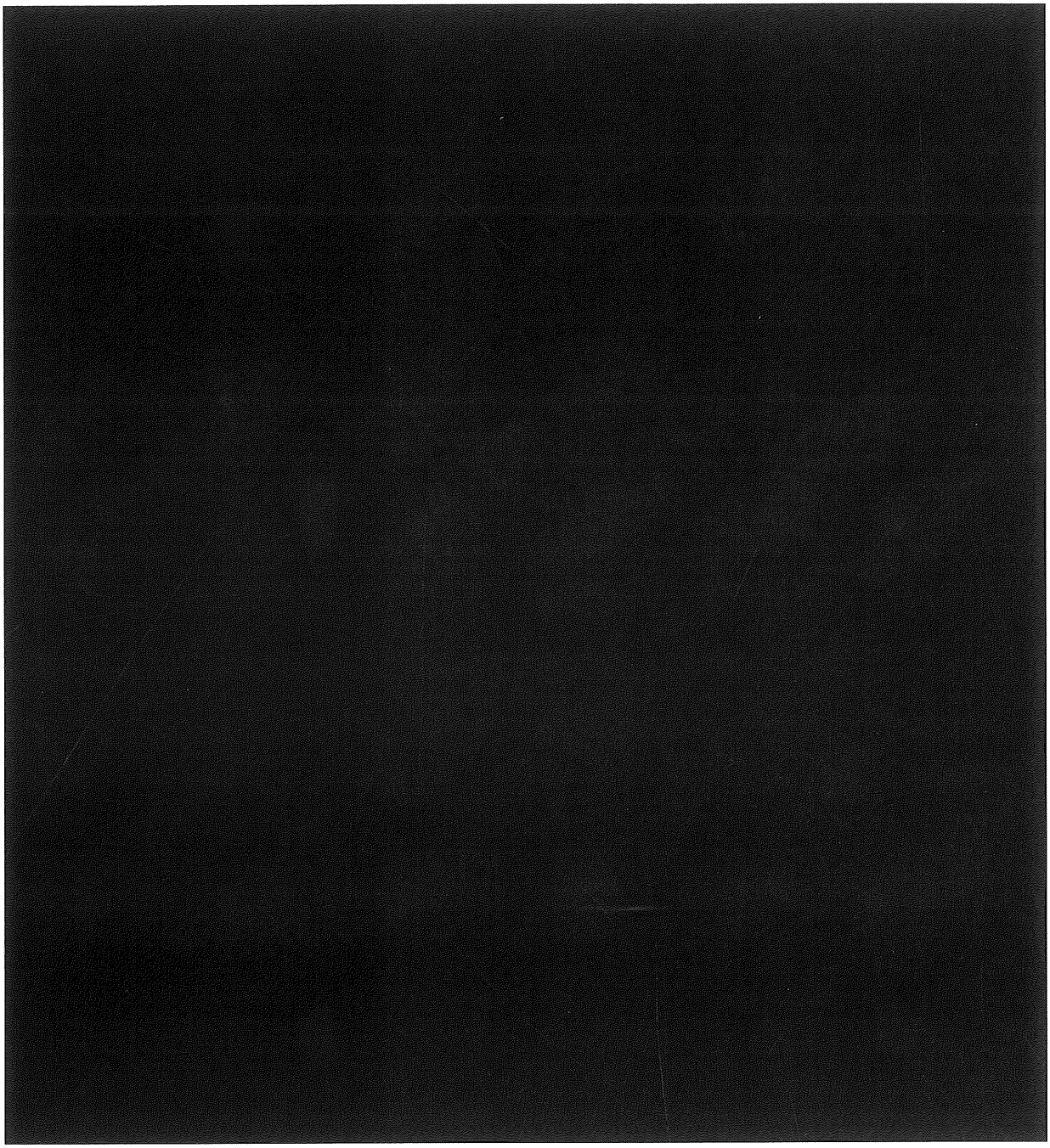

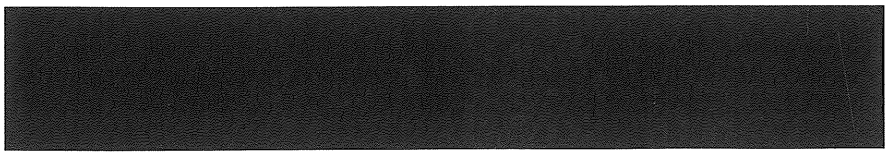

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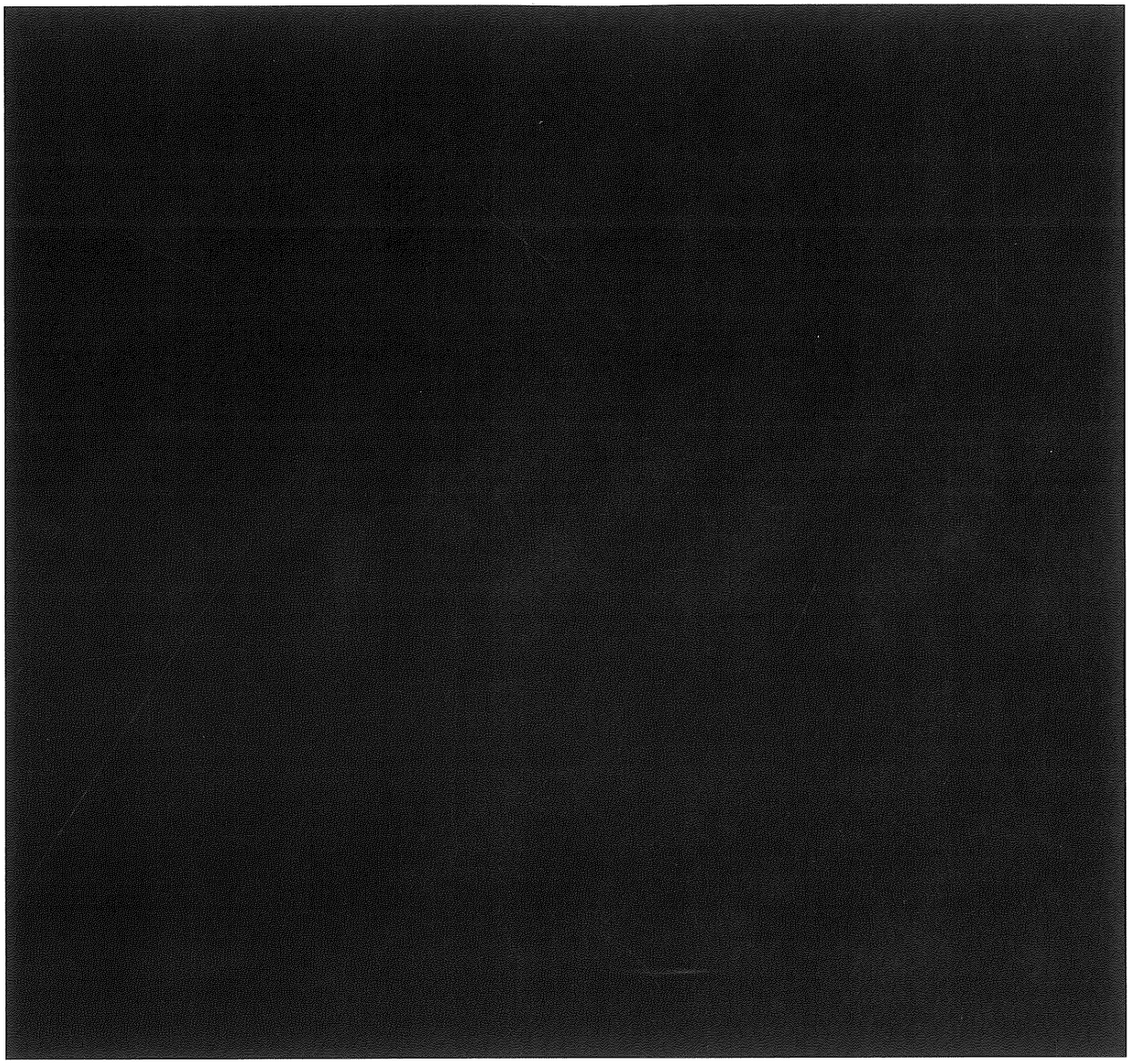

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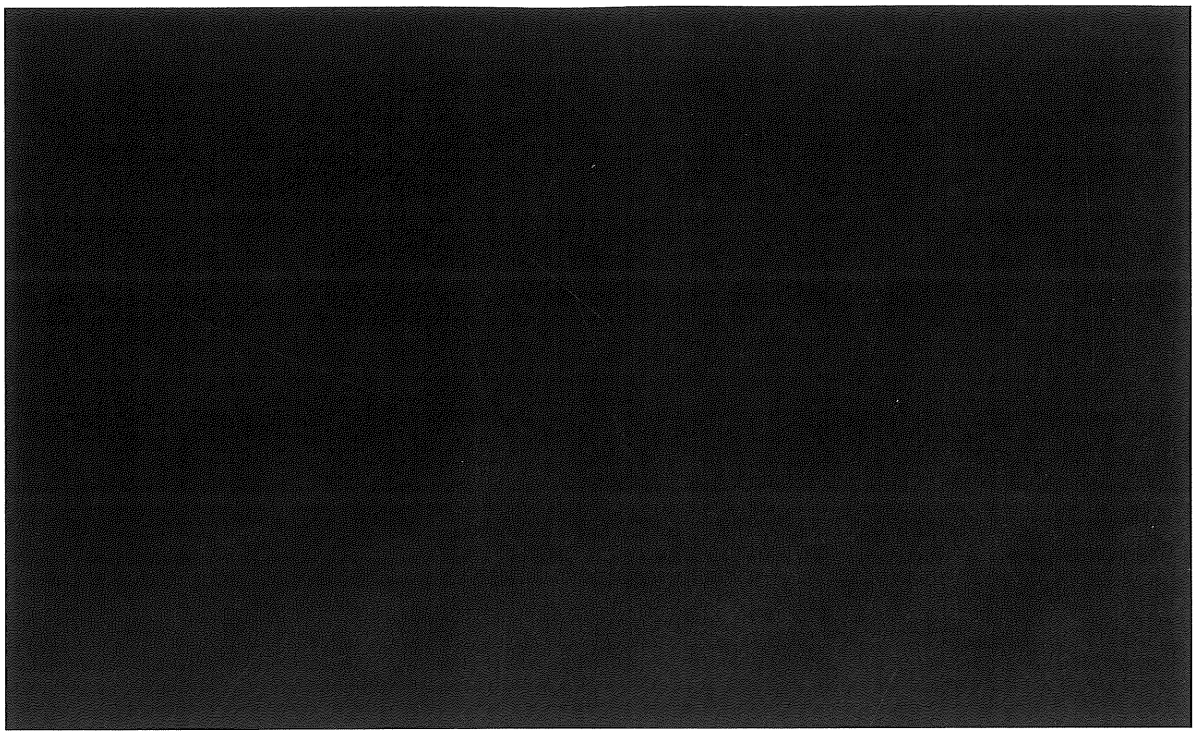

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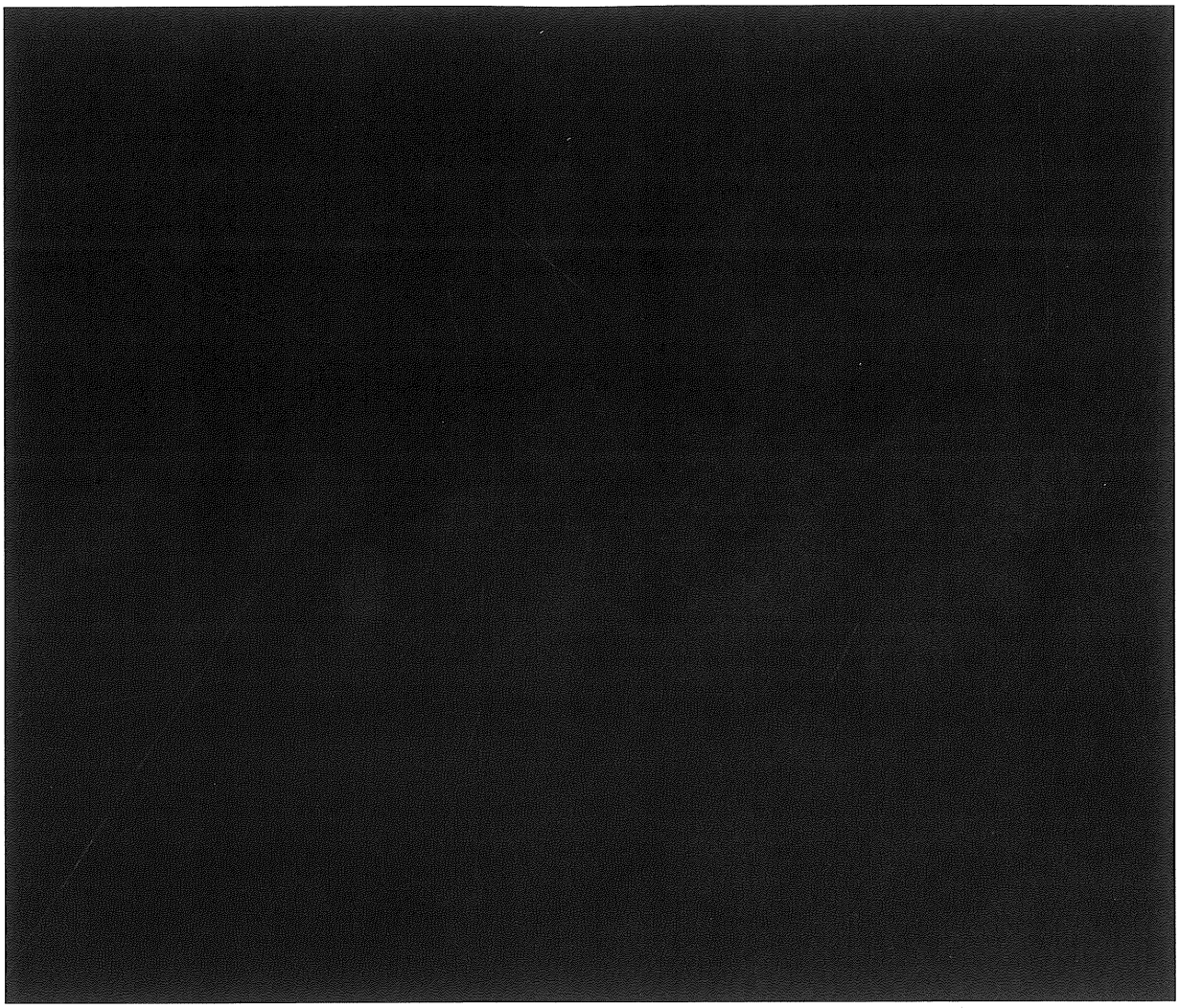

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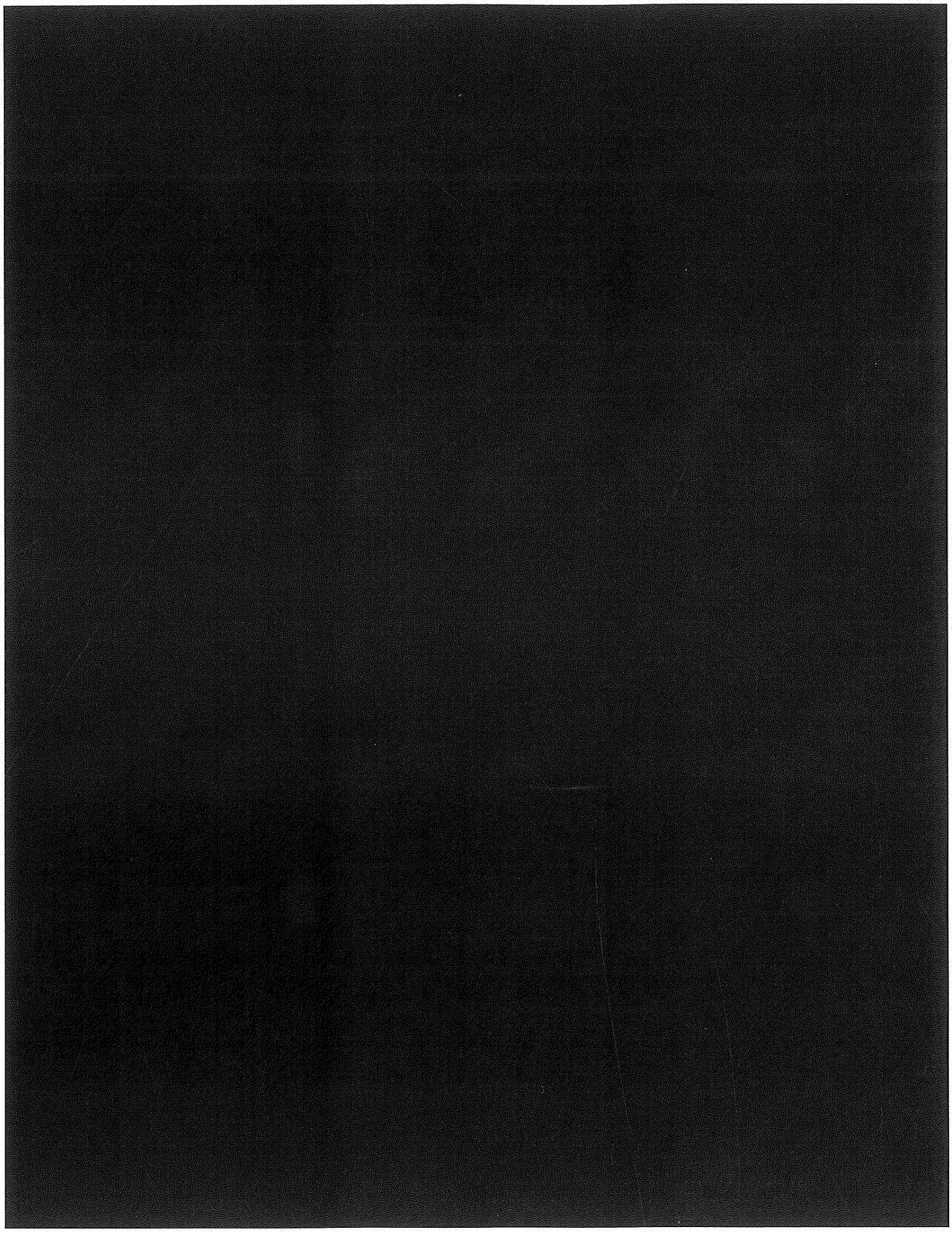

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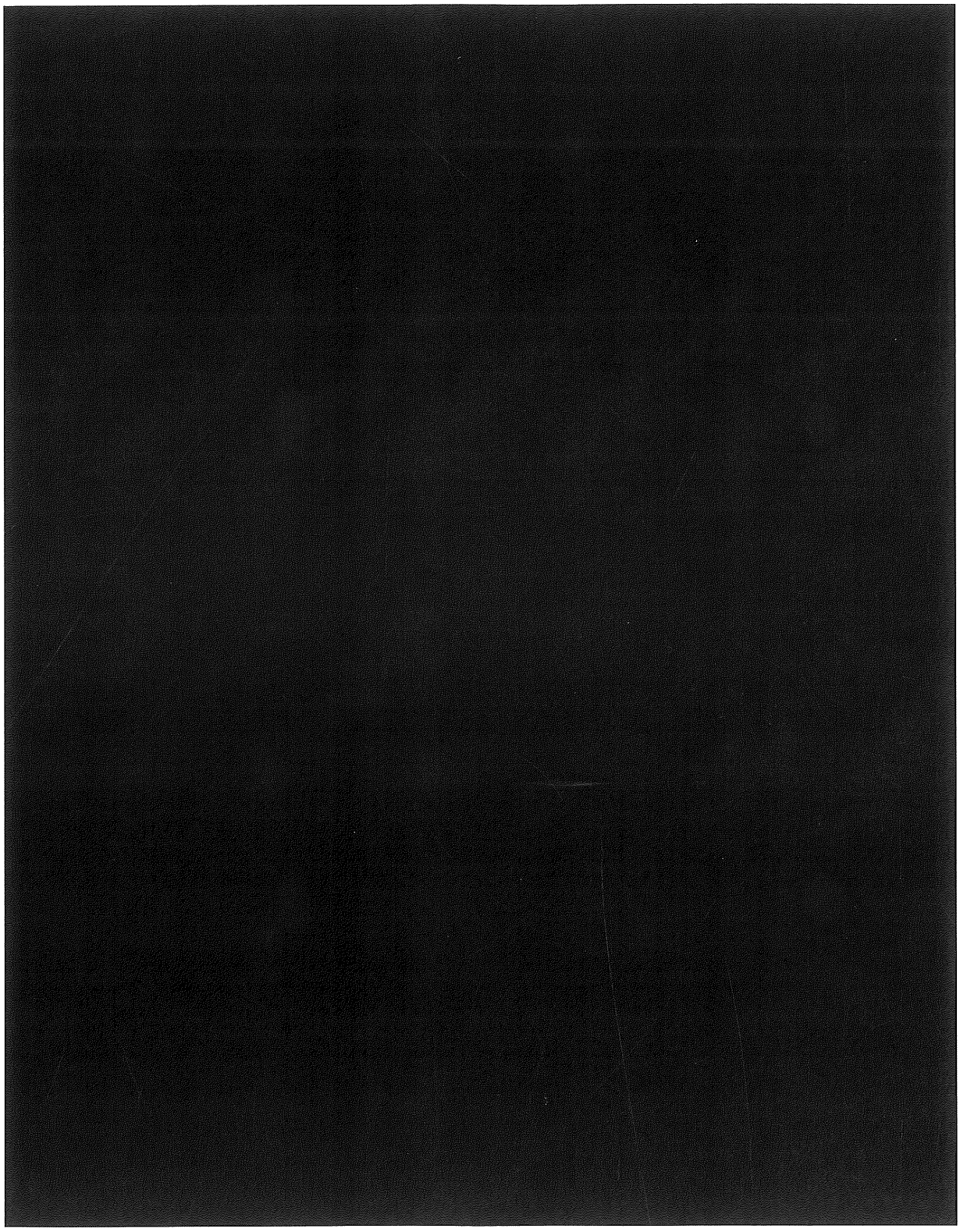

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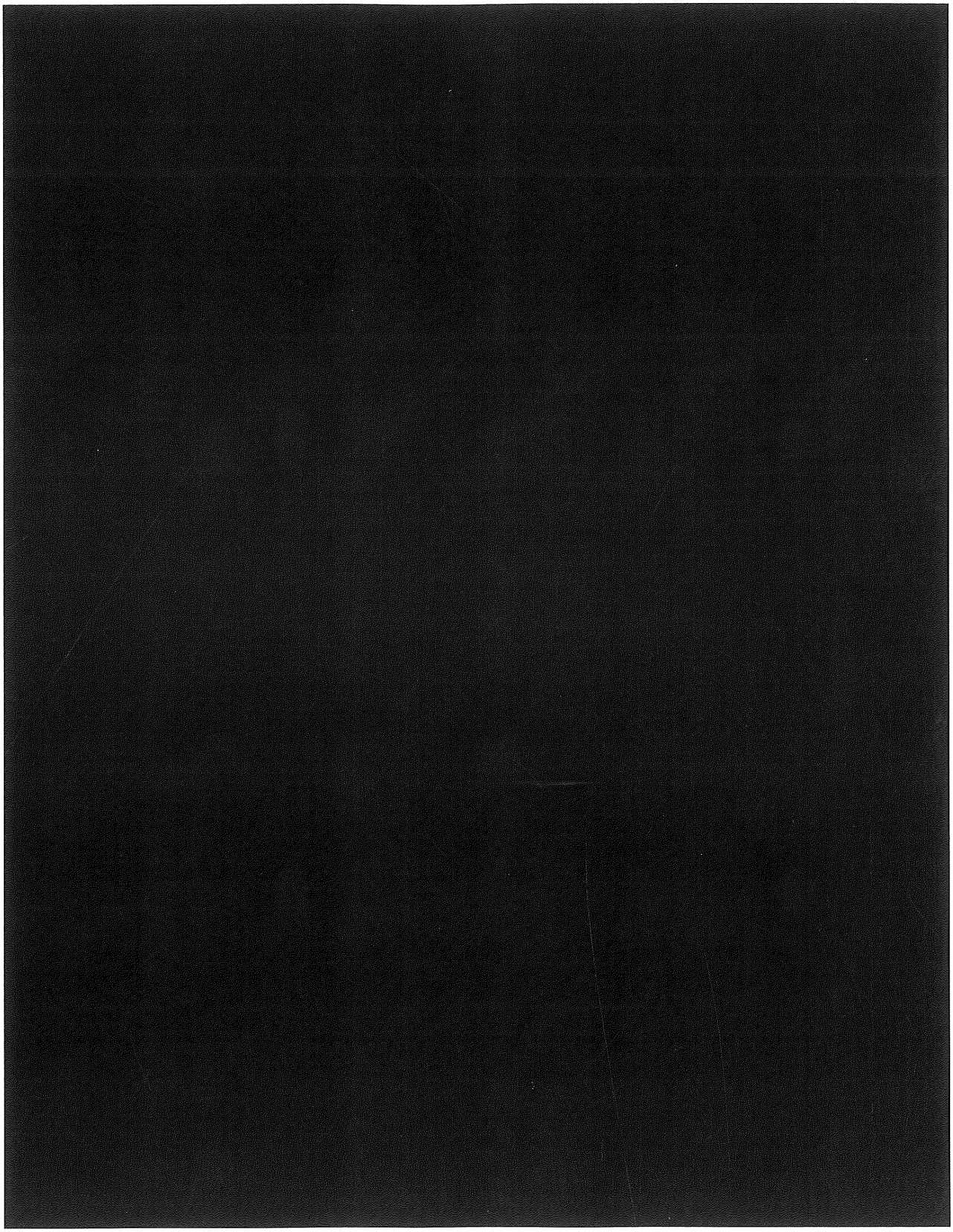

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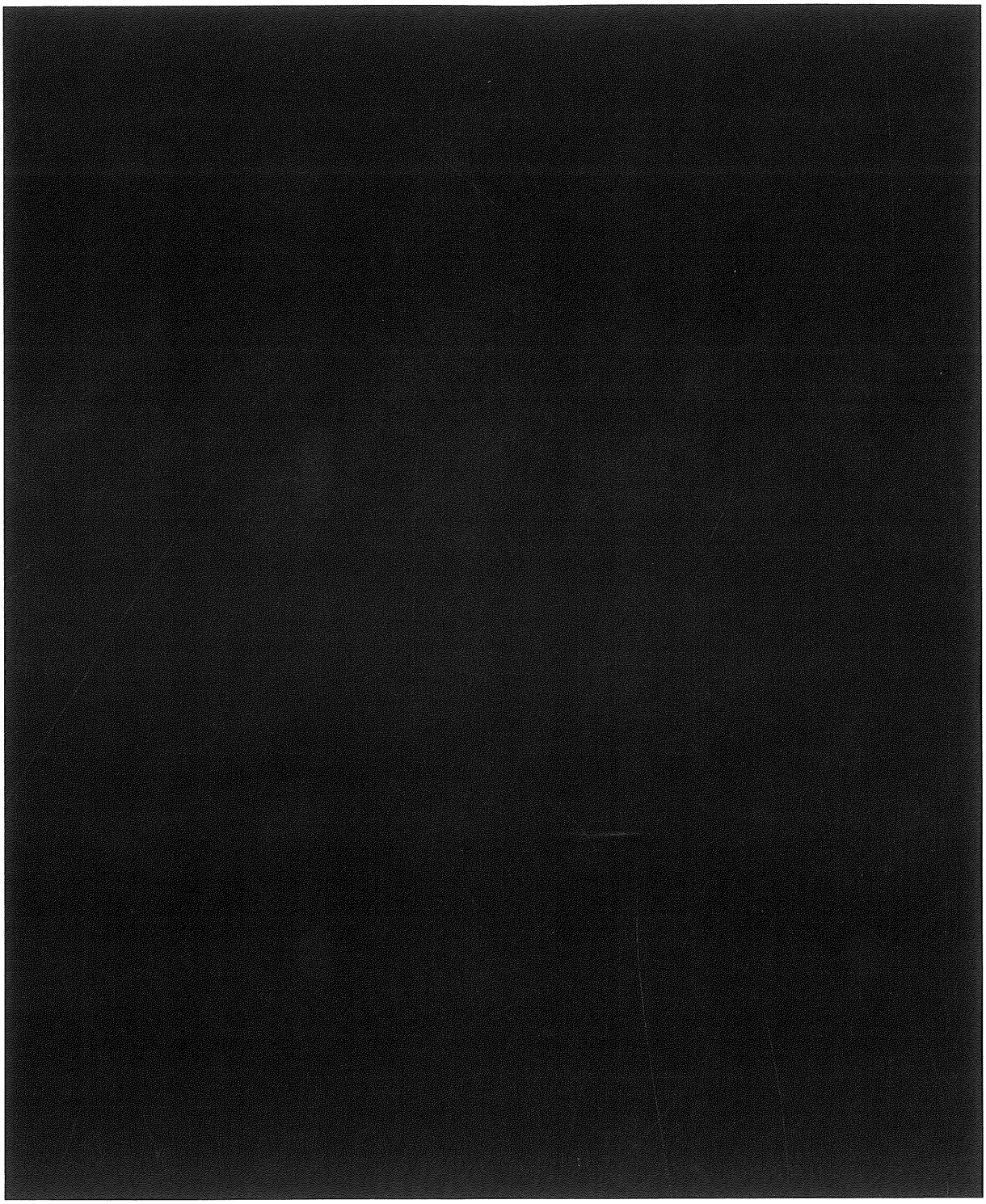

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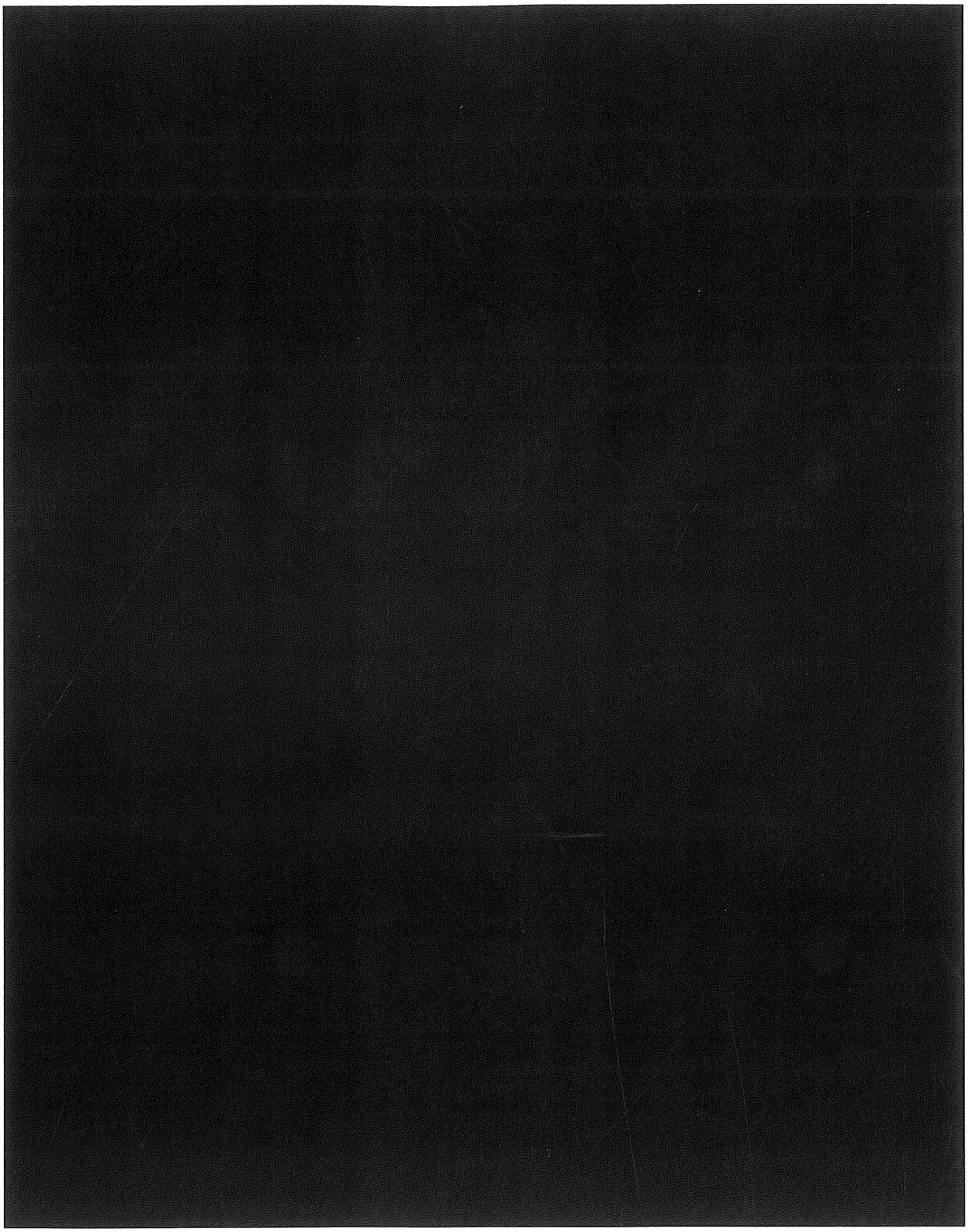

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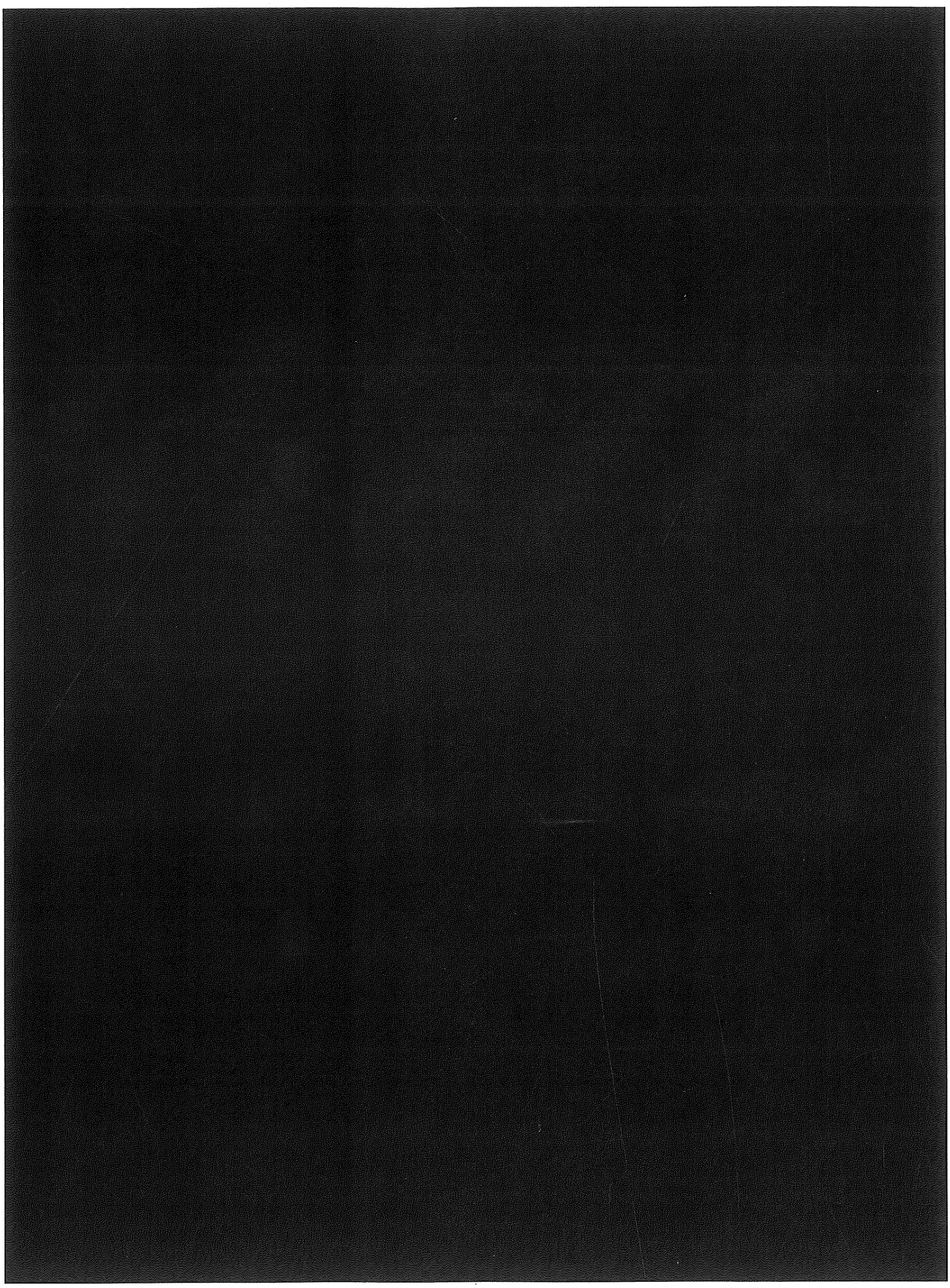

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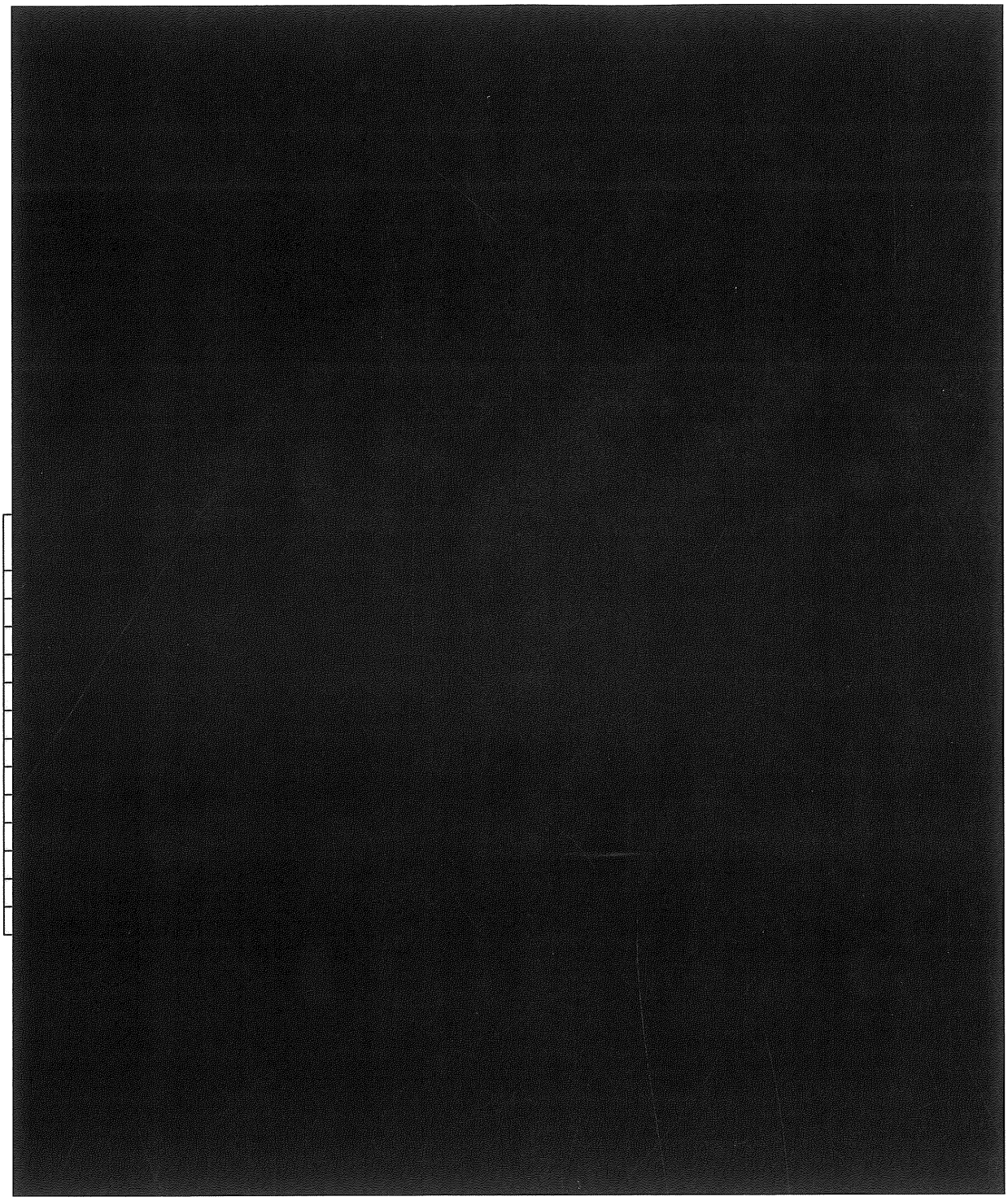

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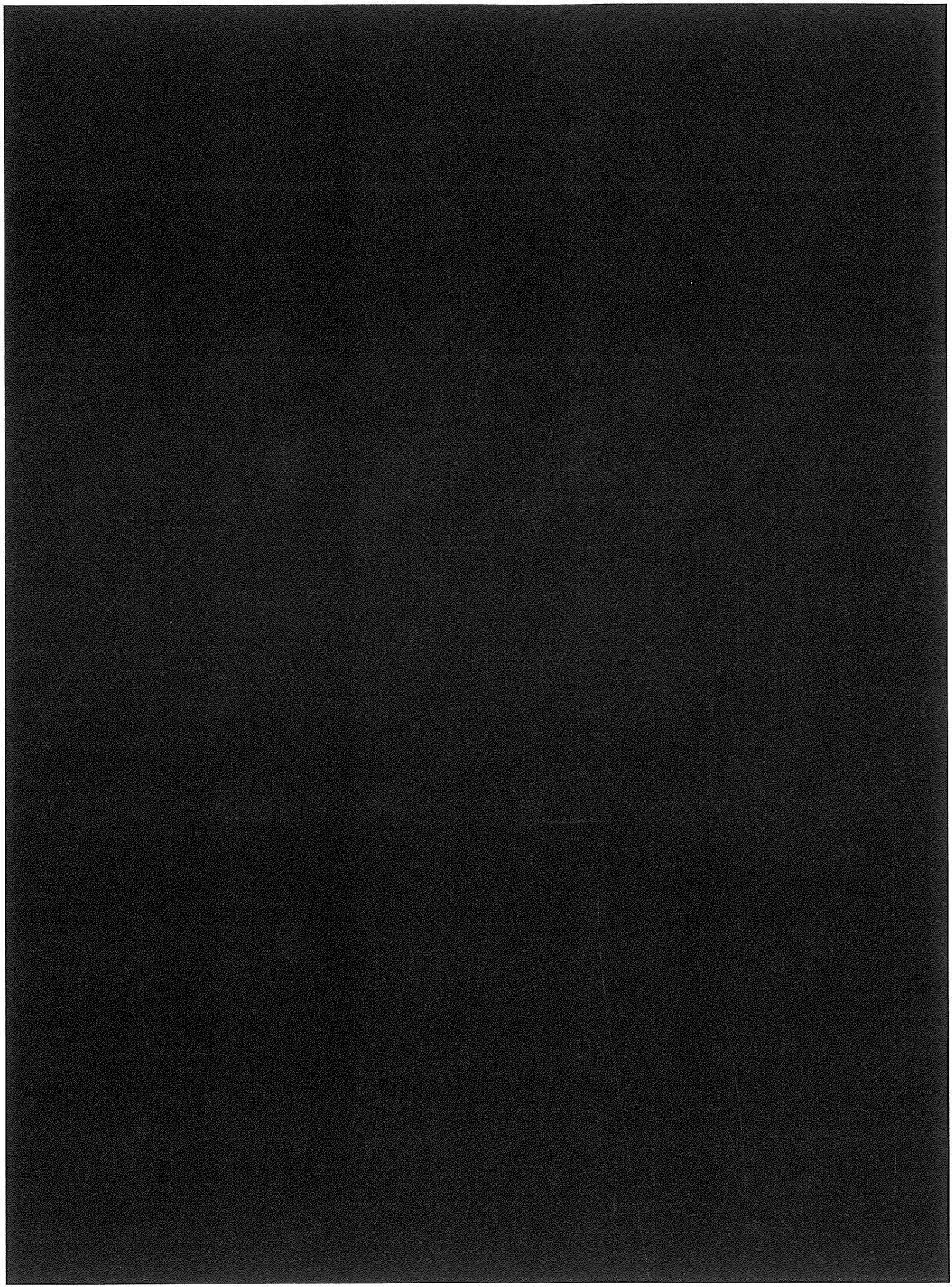

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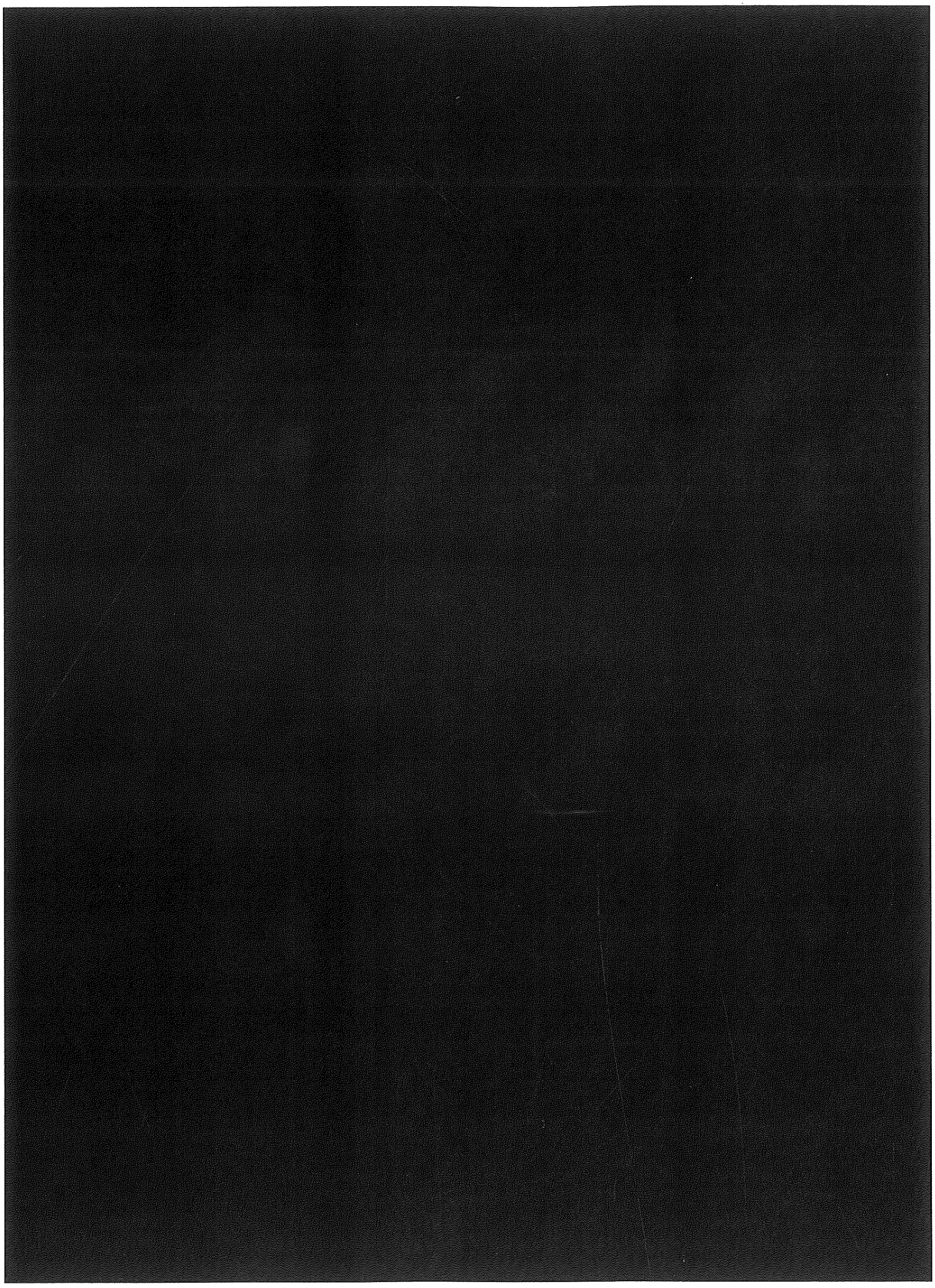

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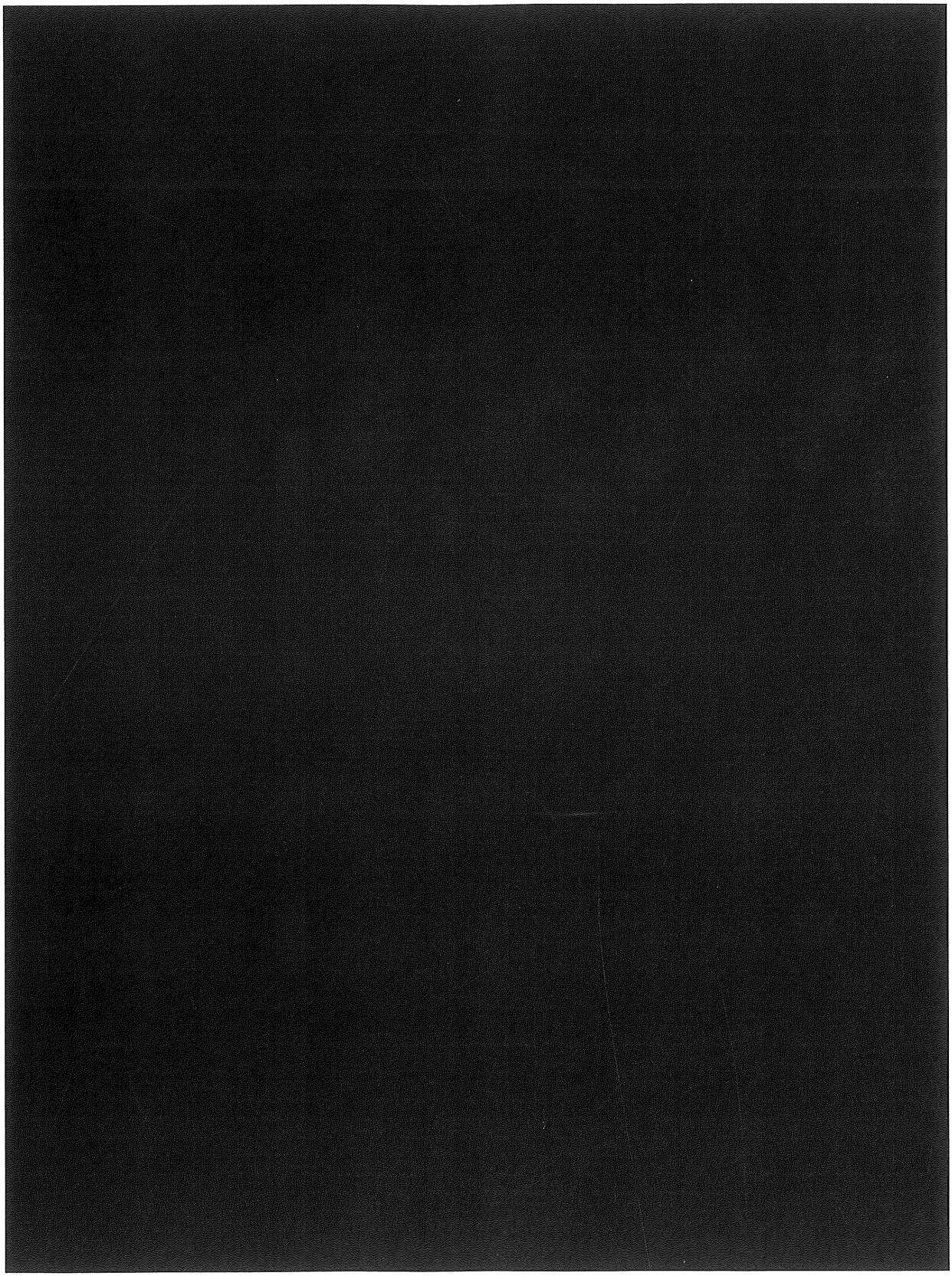

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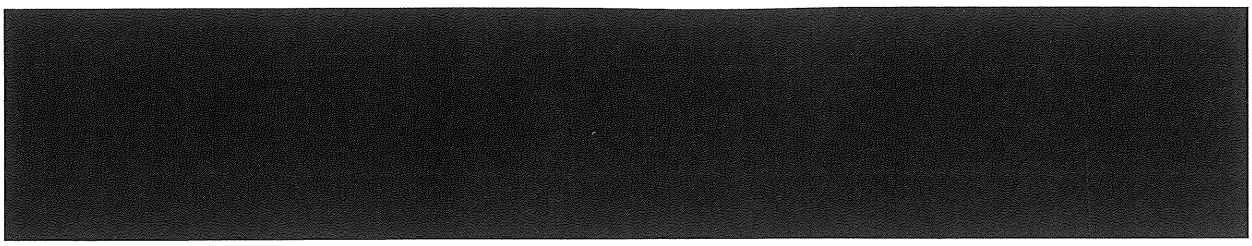

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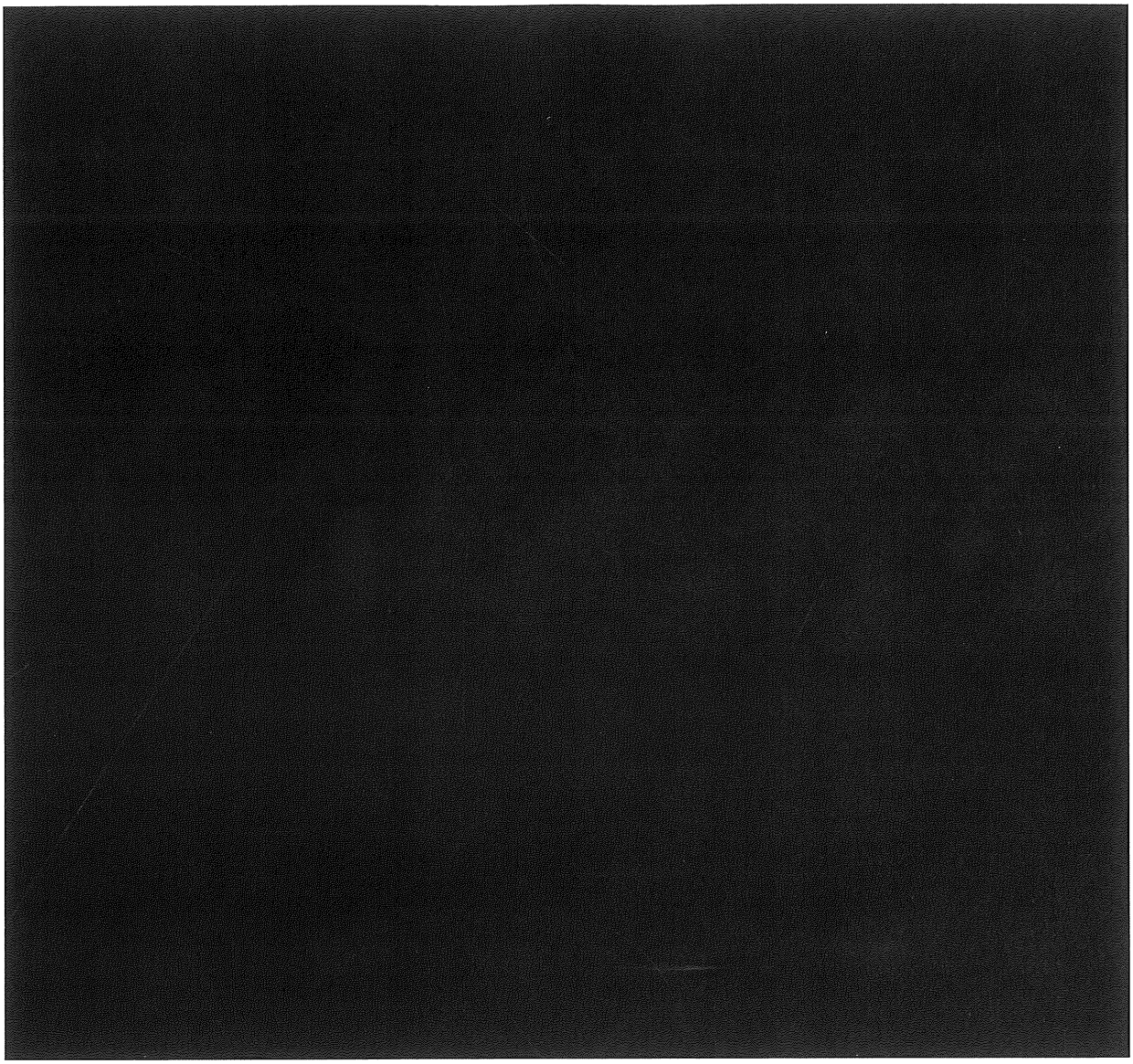

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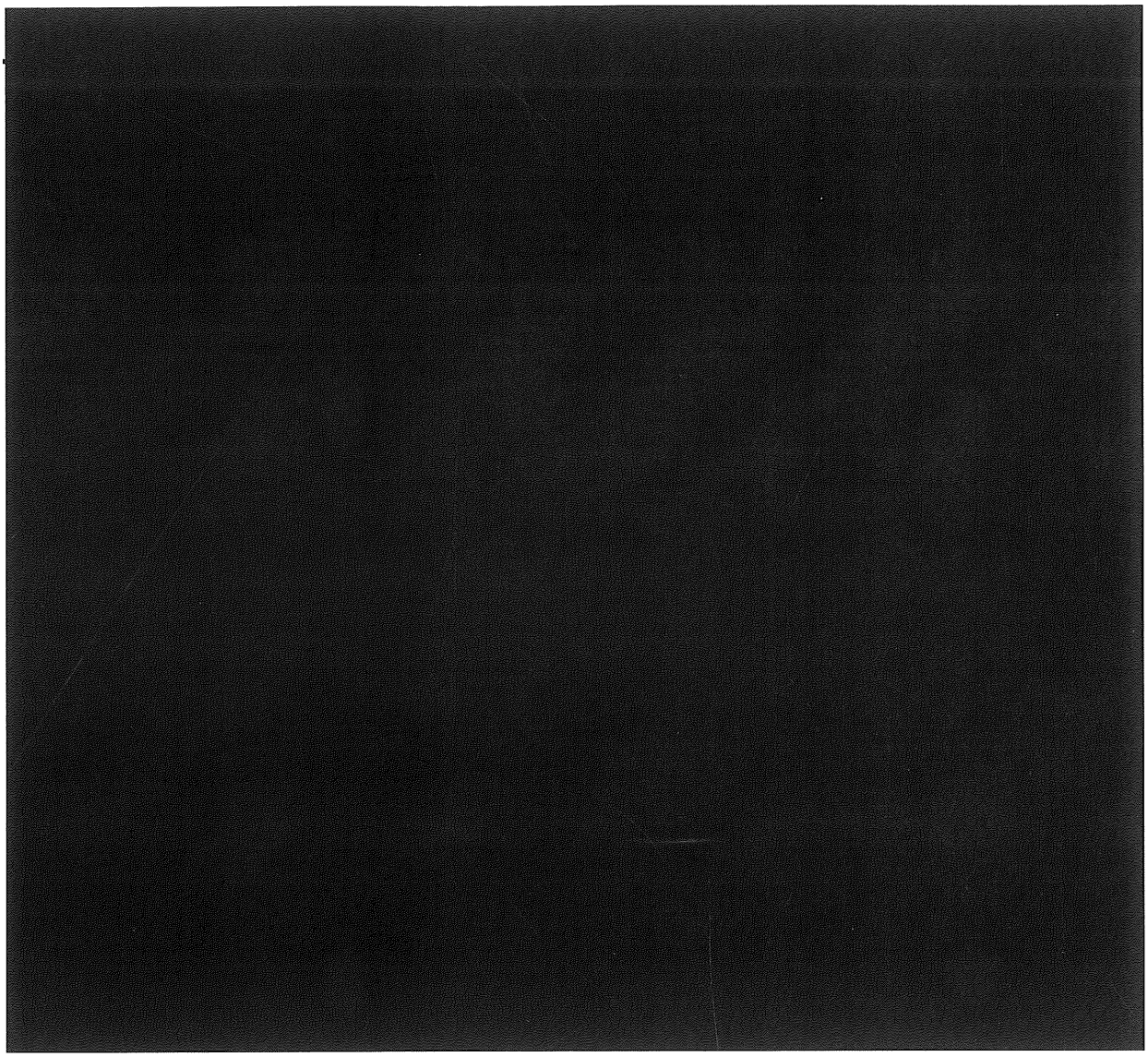

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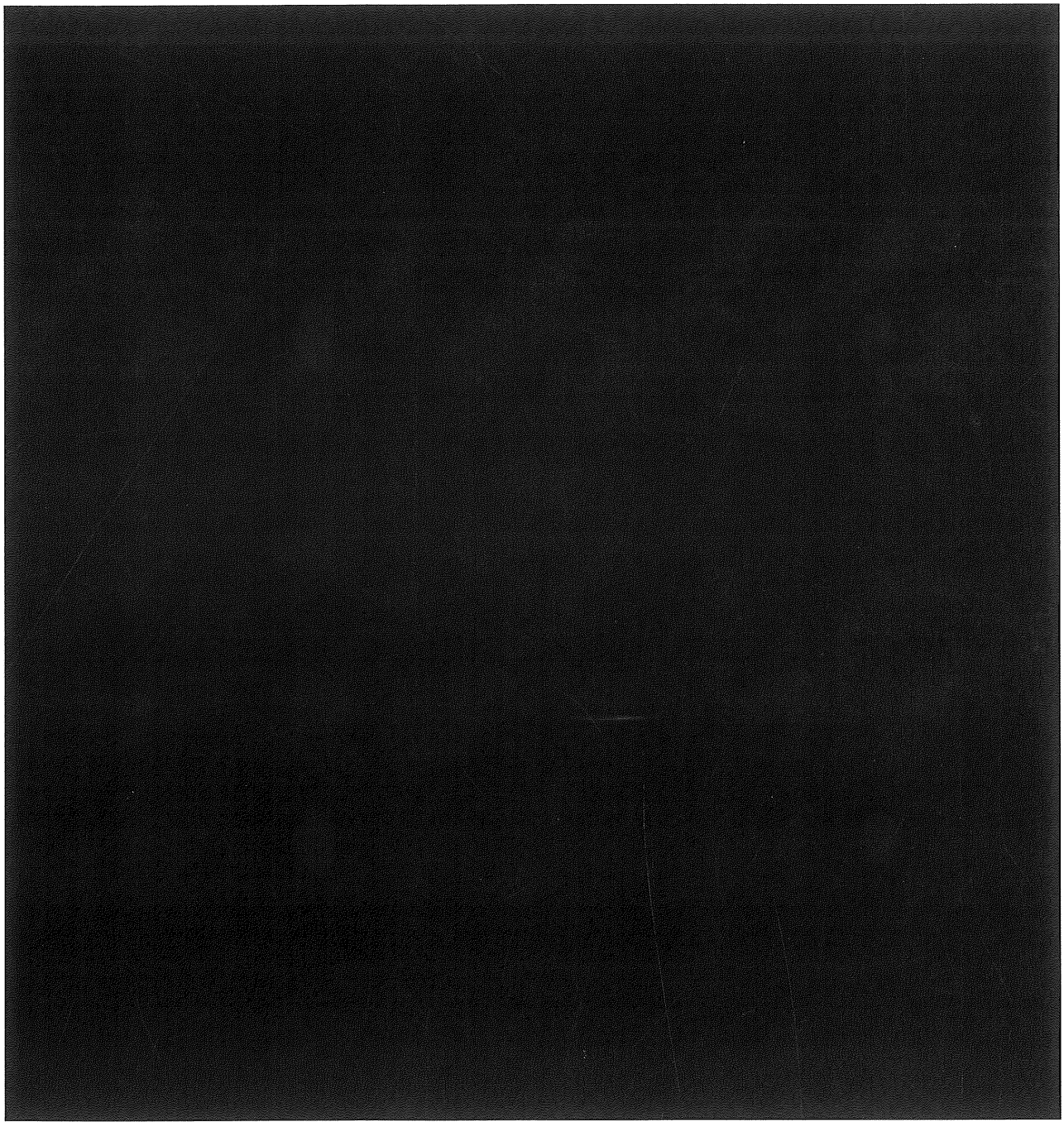

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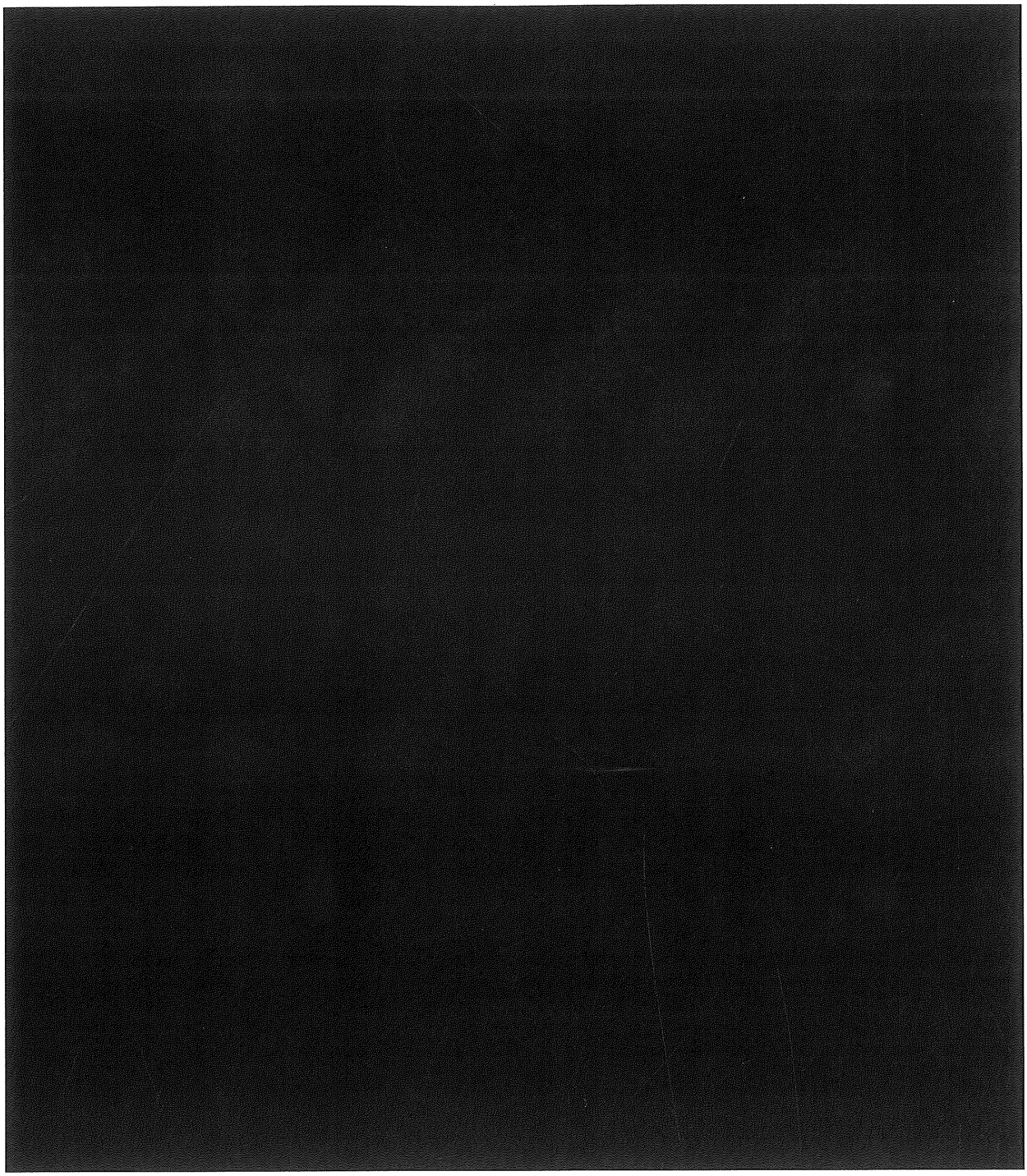

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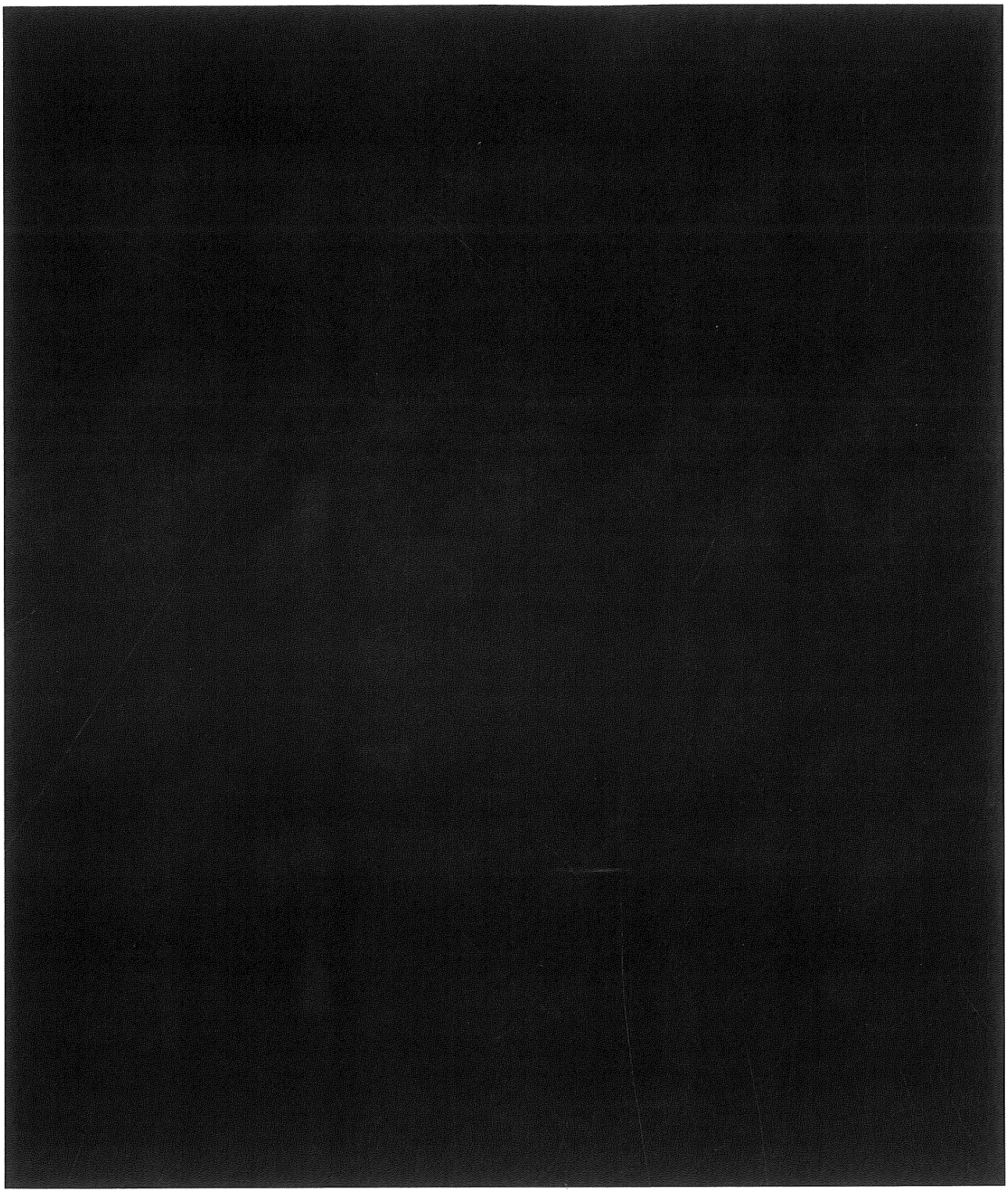

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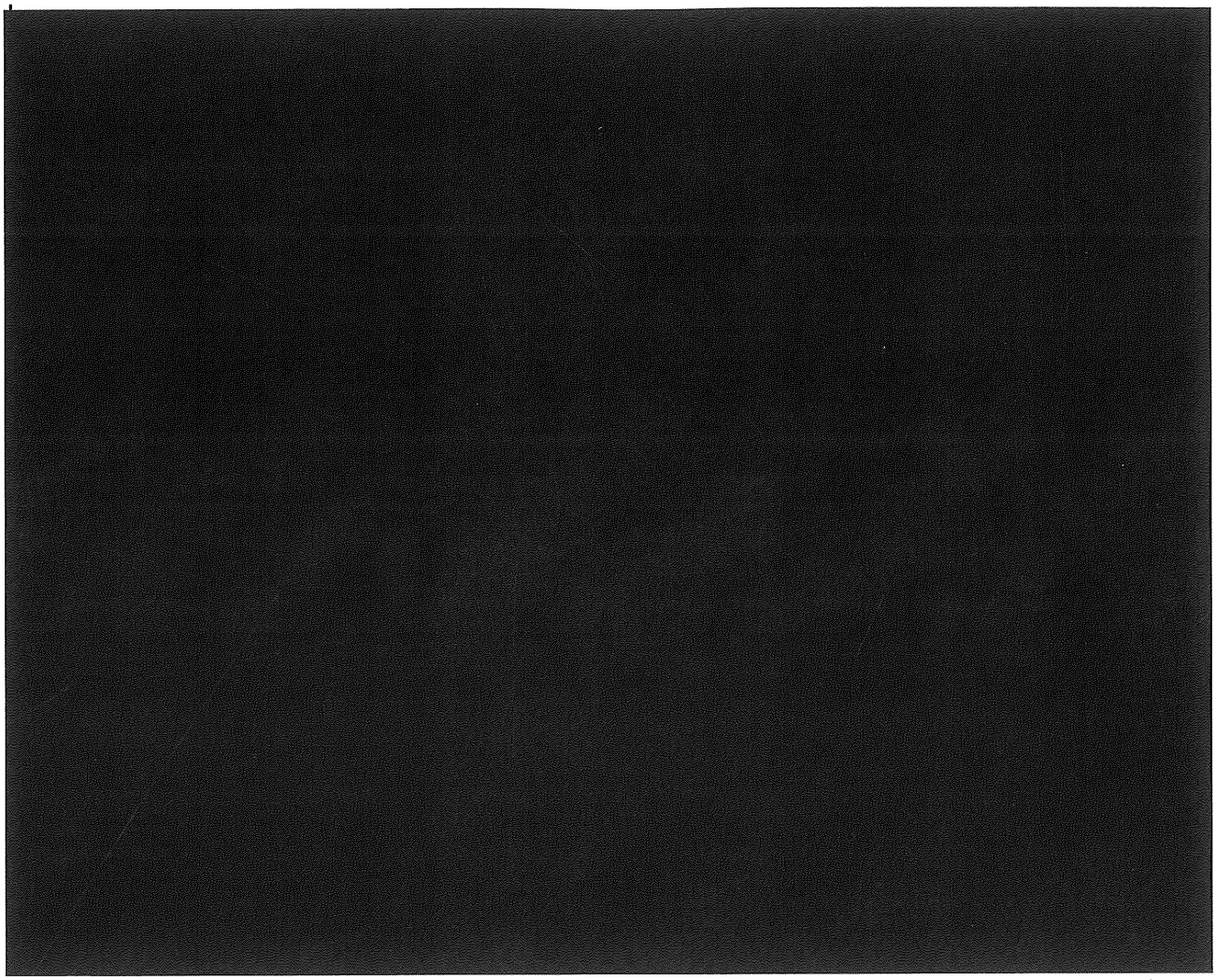

Exhibit VIII.B.3.b Economic impact studies completed by an independent expert showing the proposed Gaming Facility's positive and negative impacts on the local and regional economy, and on the host and nearby municipalities including impacts on incremental job creation, unemployment rates, cultural institutions and small businesses.

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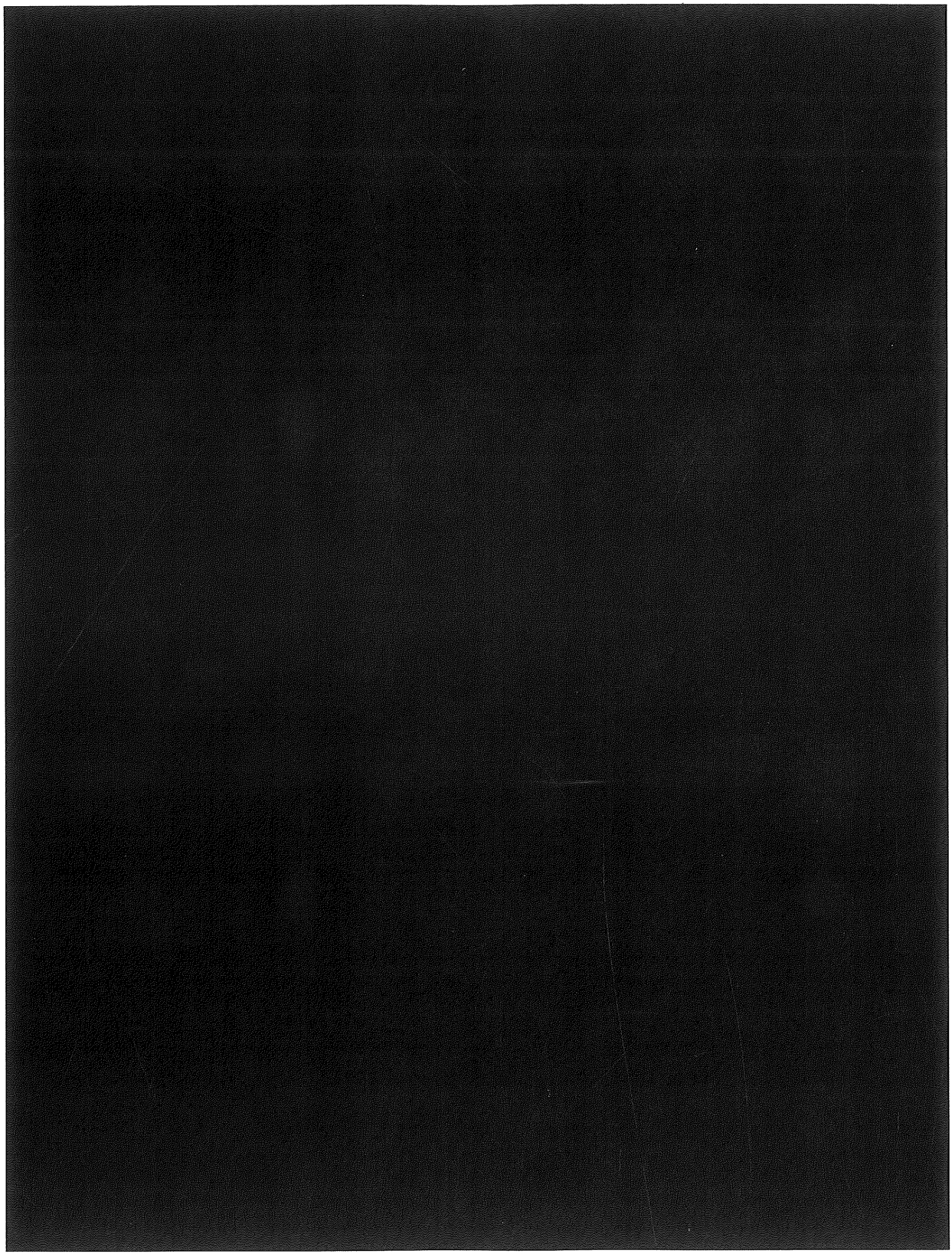
Exhibit VIII.B.3.b Economic Impact Studies Completed by an Independent Expert Showing Positive and Negative Impacts



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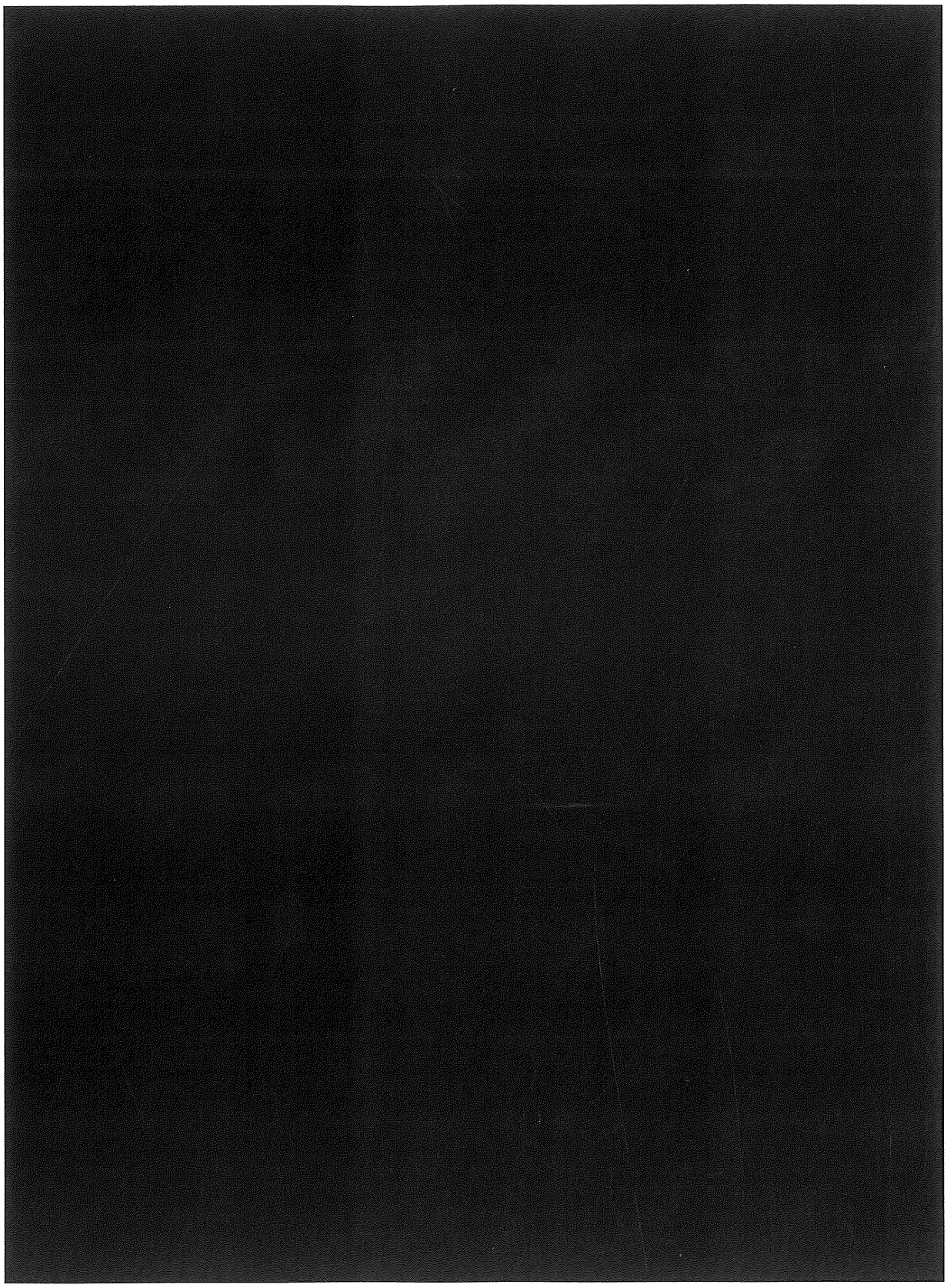

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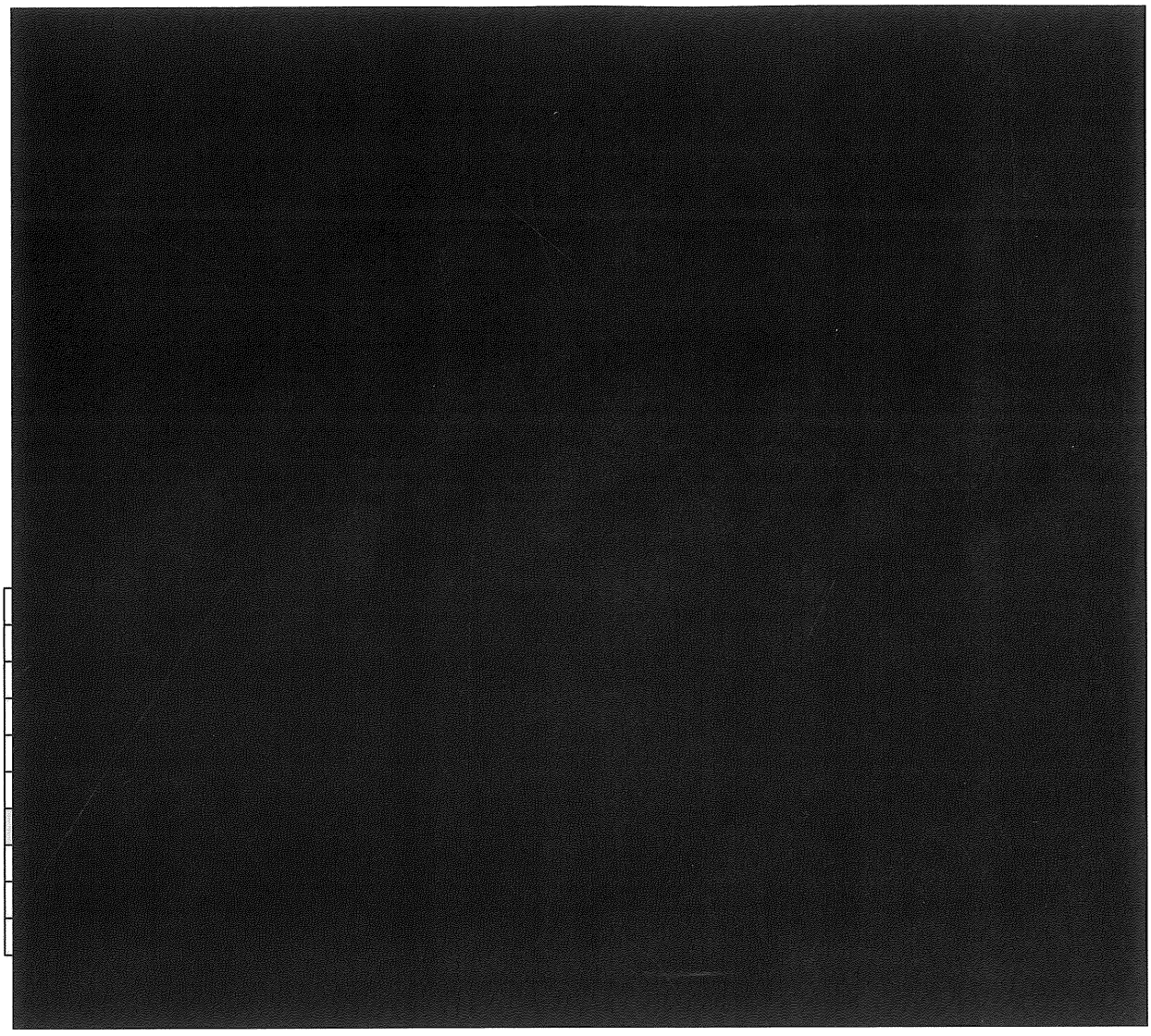

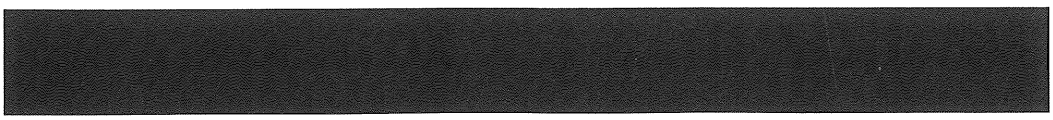

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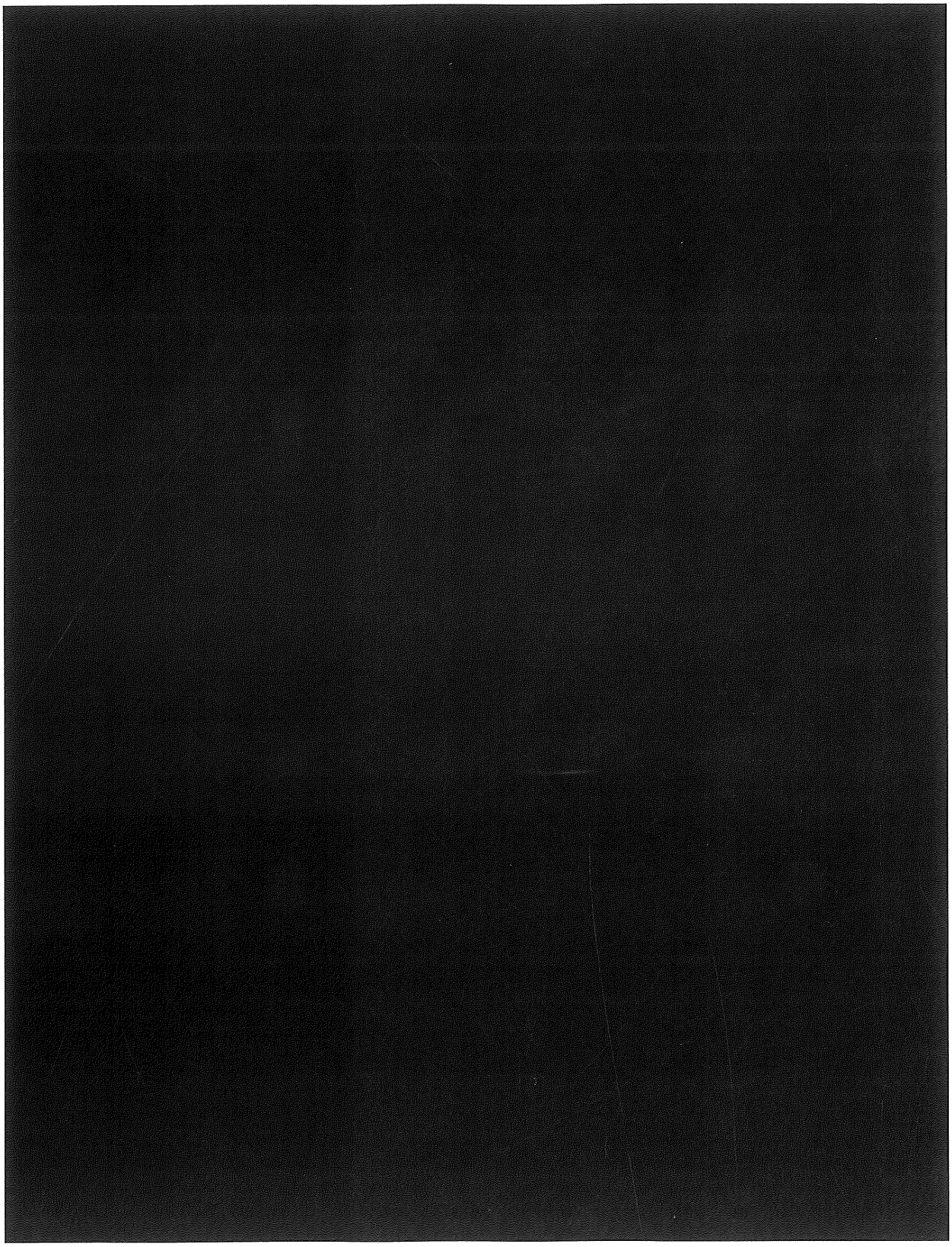

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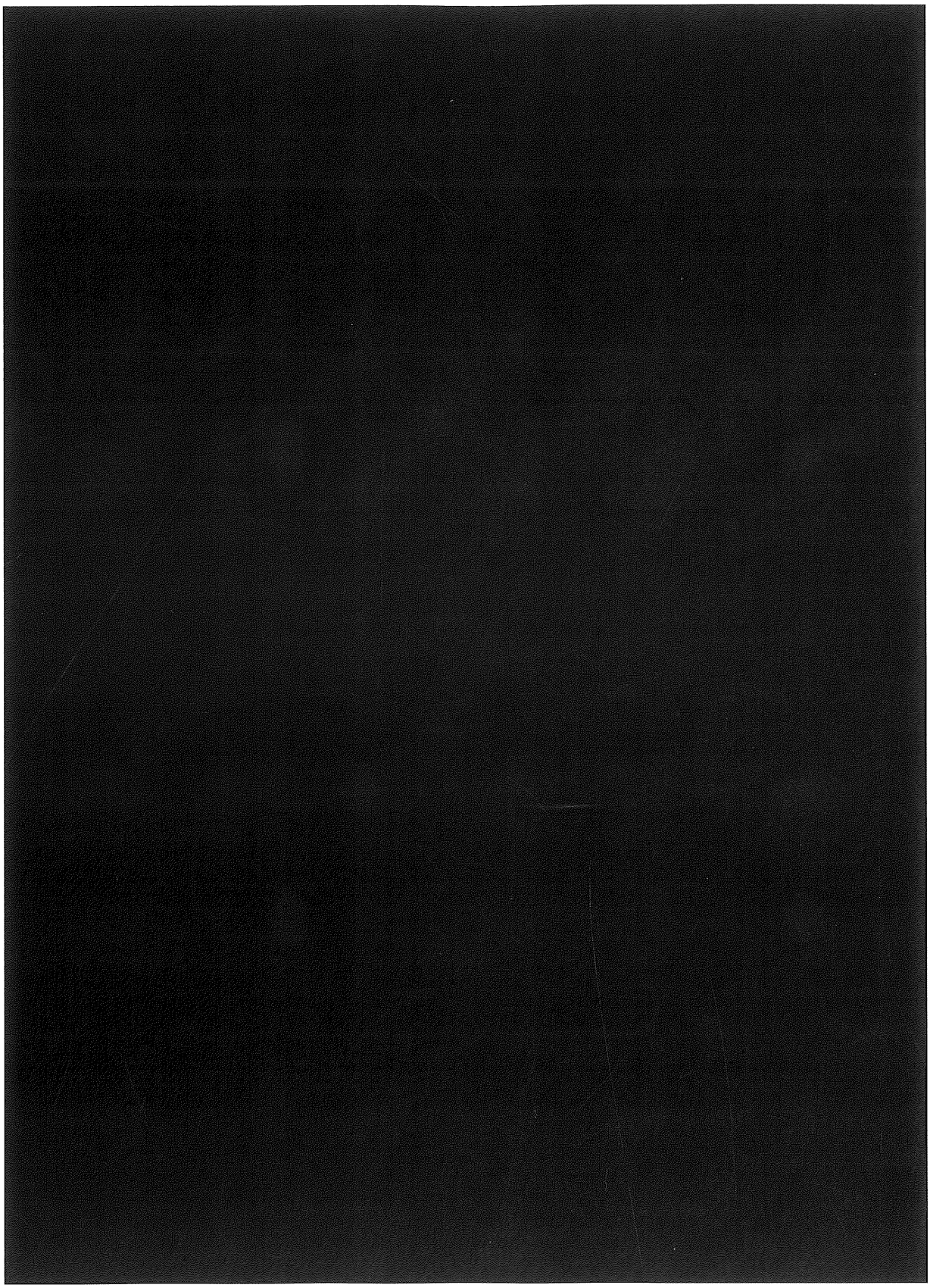

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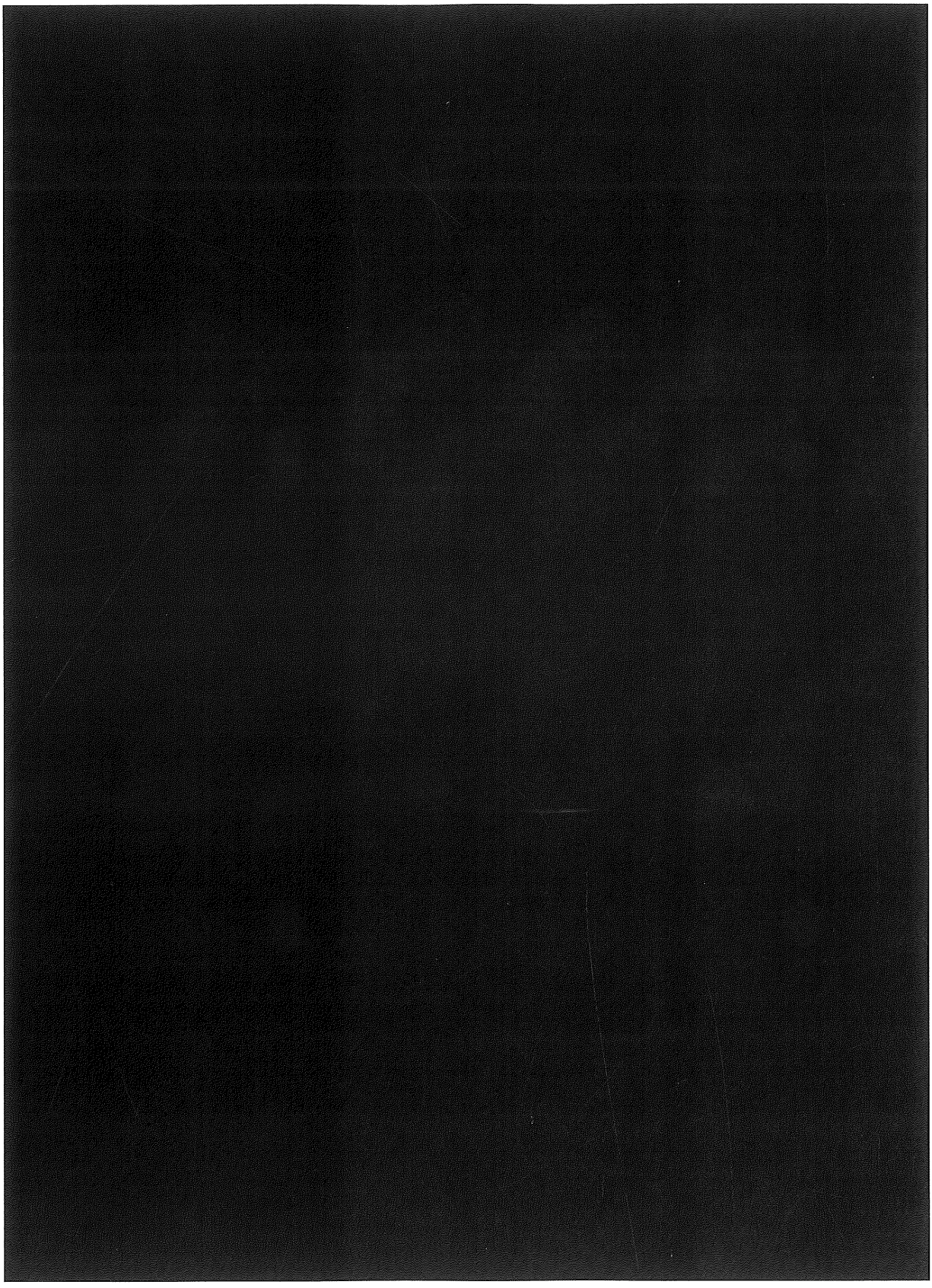

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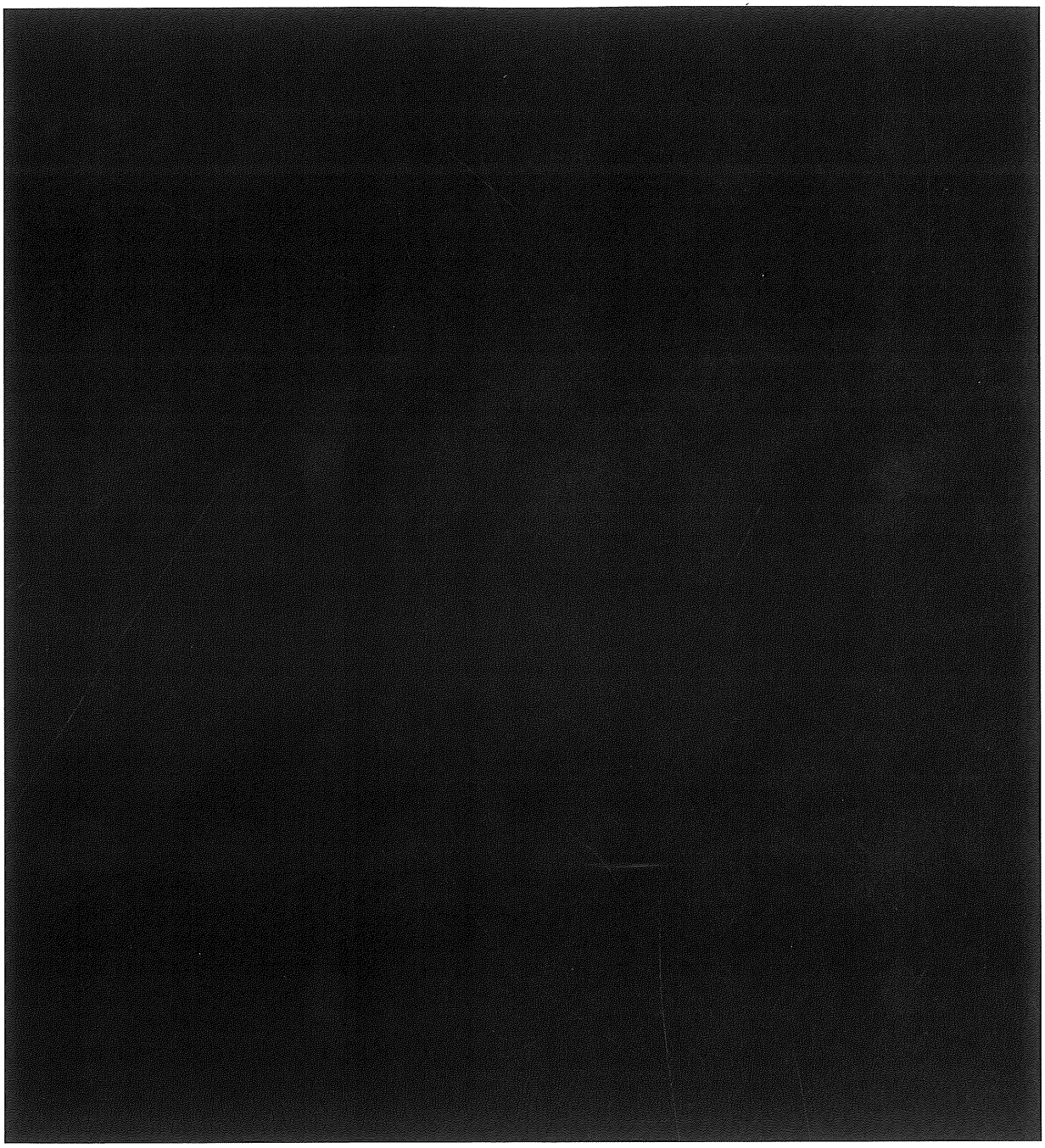

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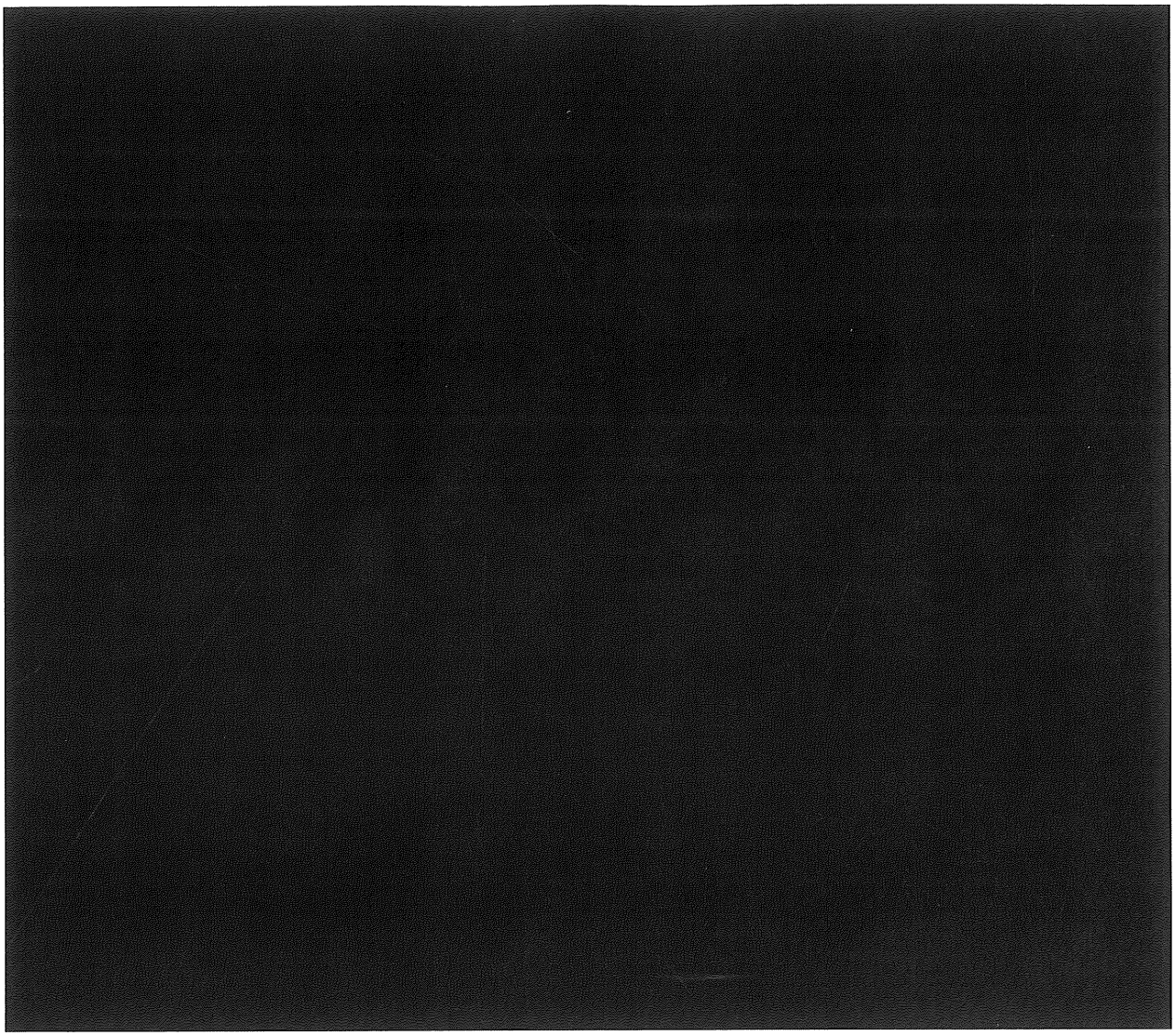

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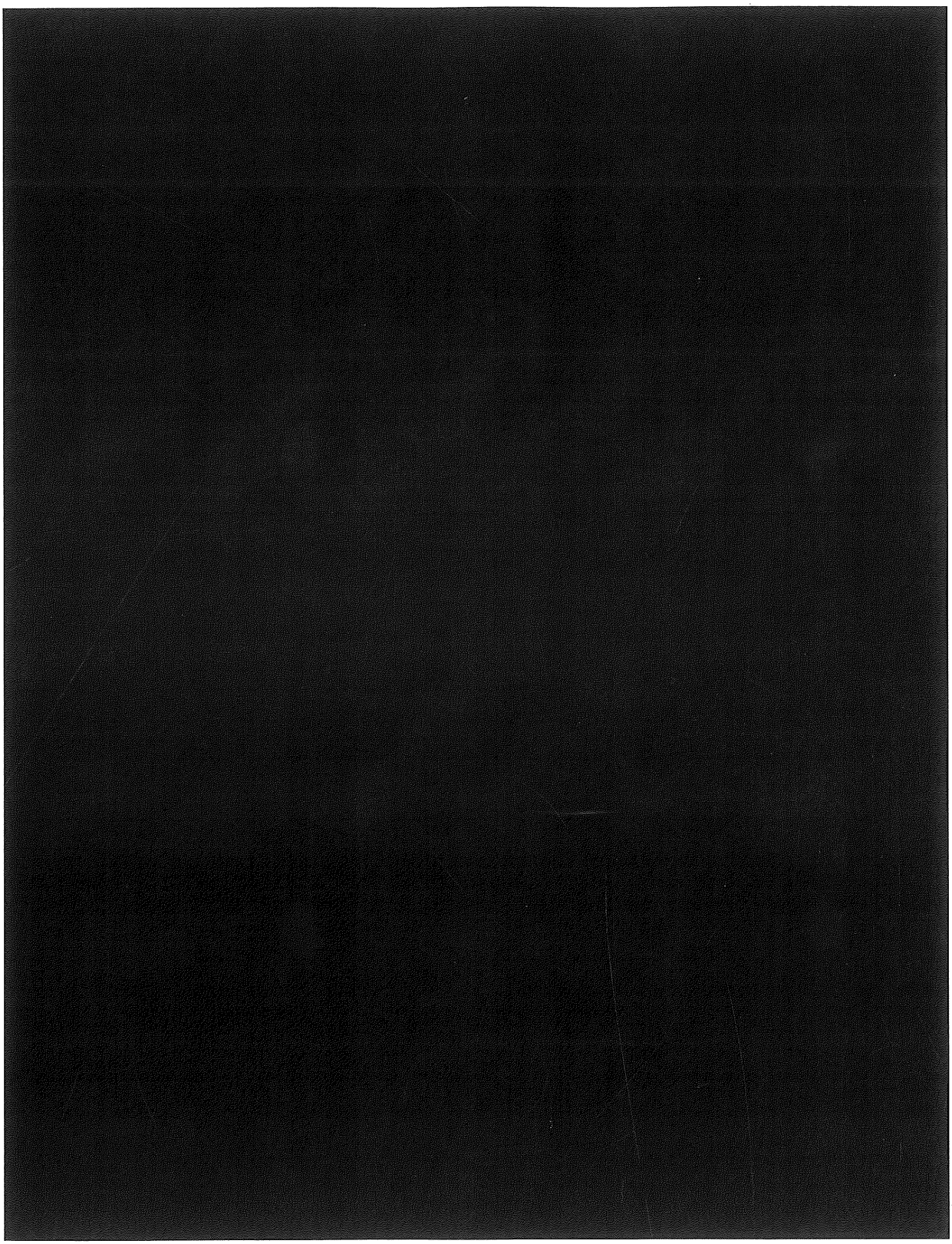

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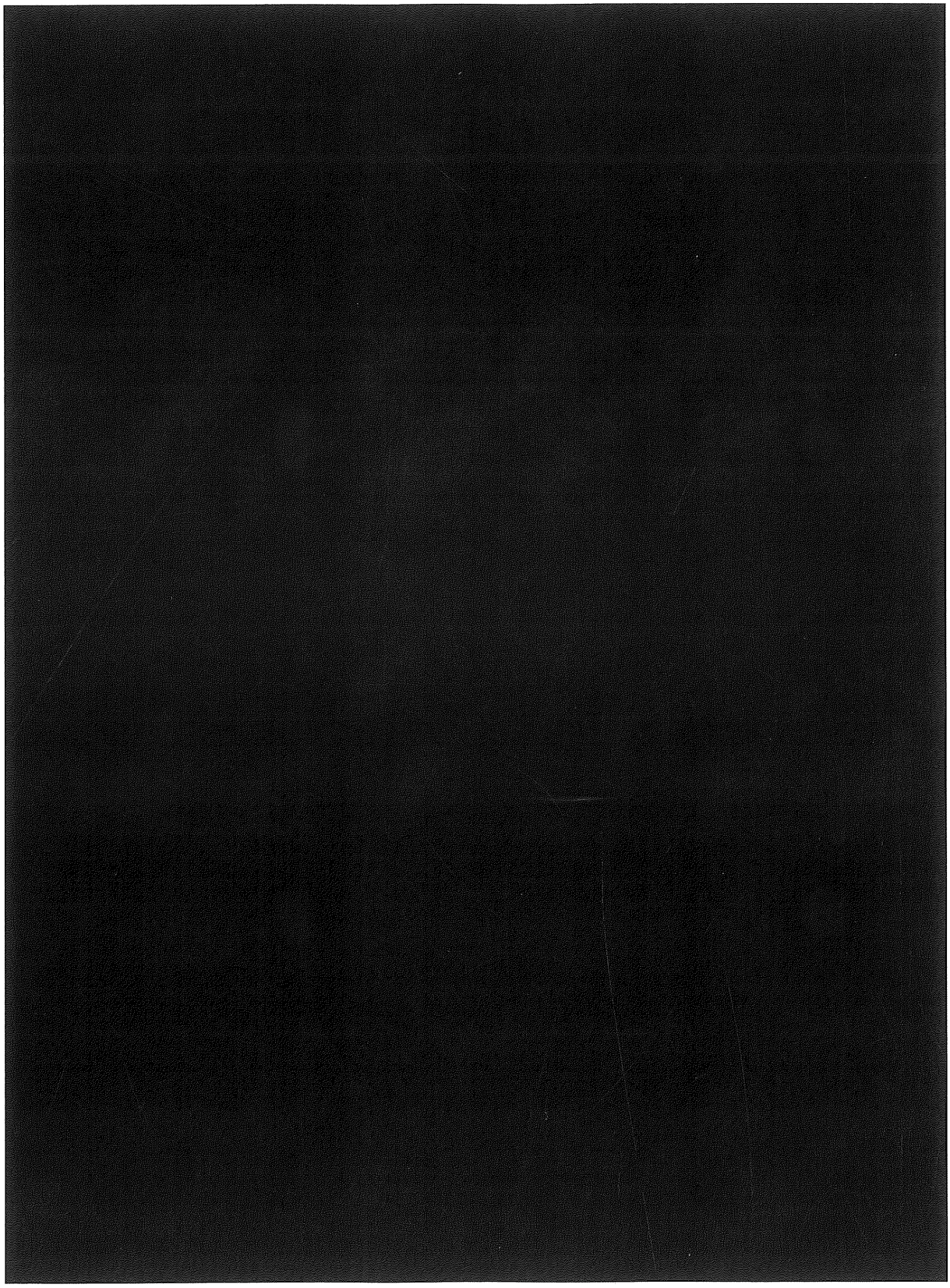

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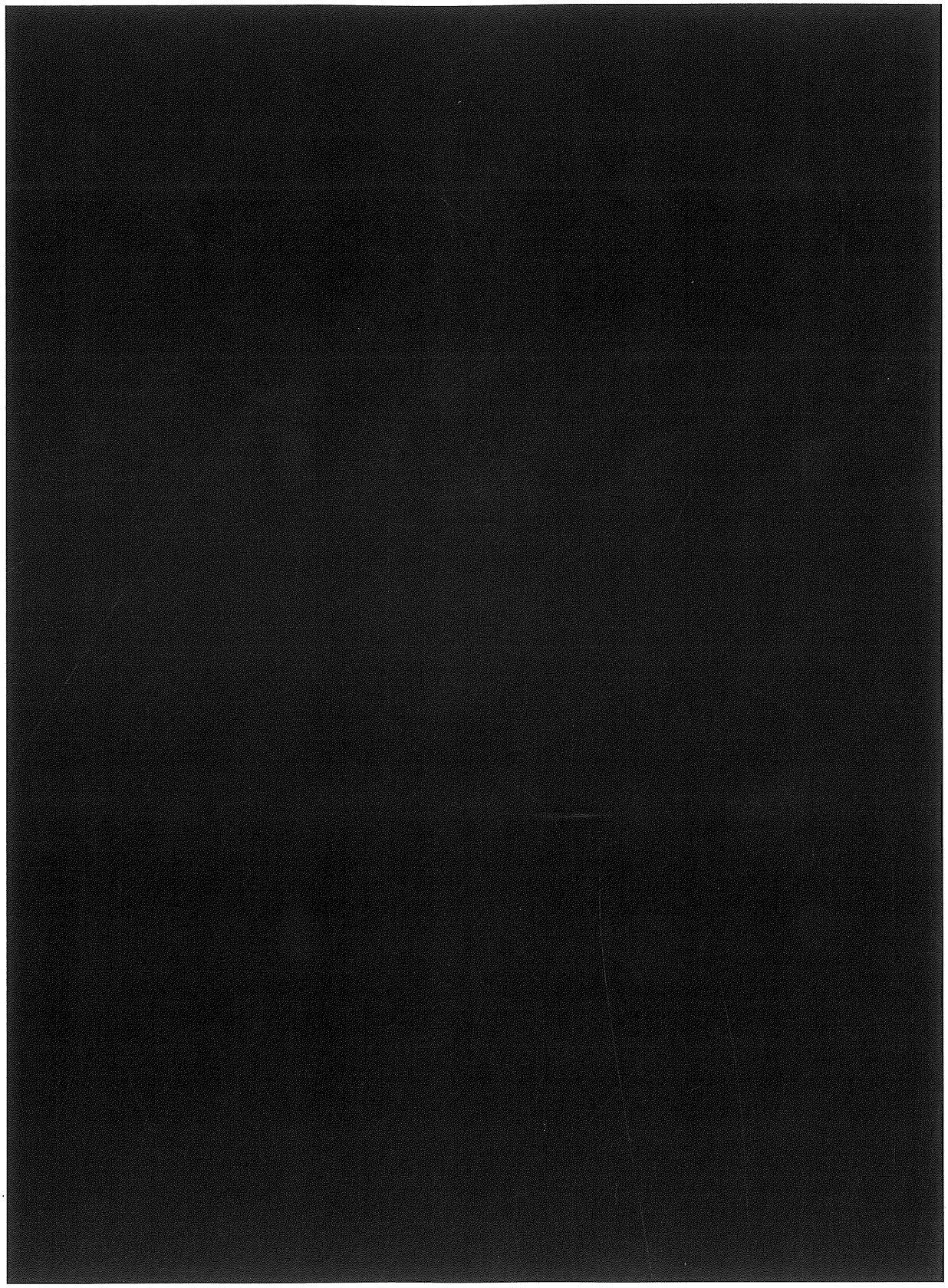

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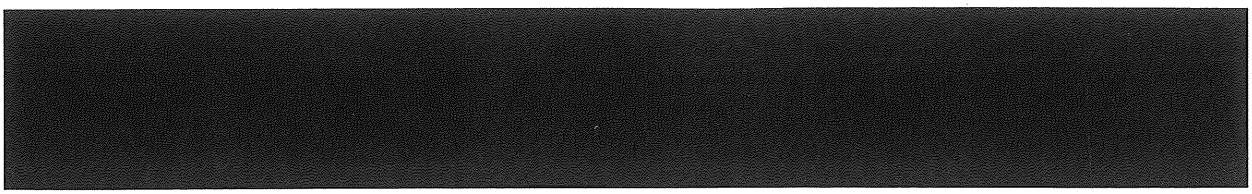

Exhibit VIII.B.4 Projected Tax Revenue to the State

Exhibit VIII.B.4 Study completed by an independent expert providing projections for all estimated State, county and local tax revenue (e.g., gaming, sales, income, real estate, hotel, entertainment and other taxes) for a period of at least the first five (5) years of operations on a high-, average- and low-case basis, identifying the source of each element of these tax revenues

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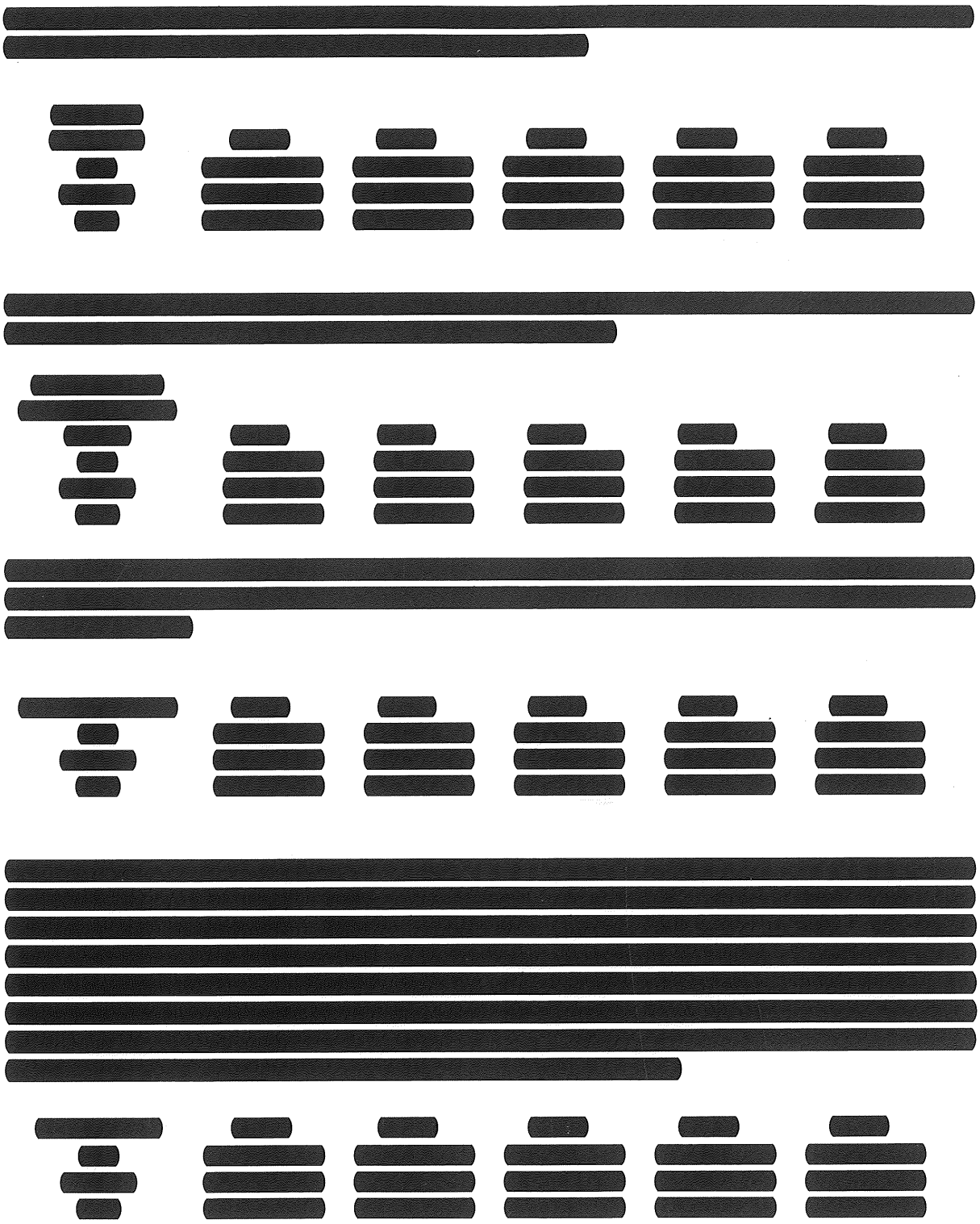

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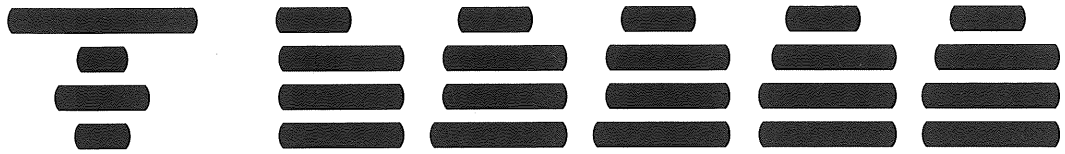

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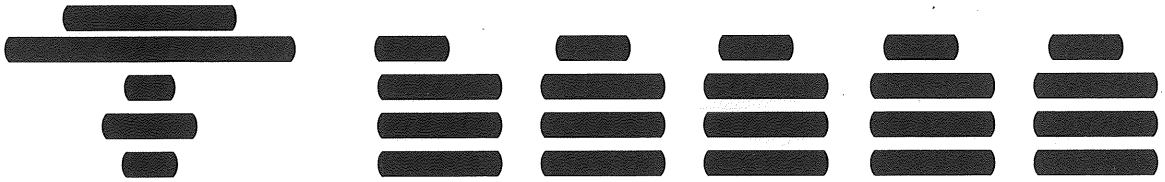

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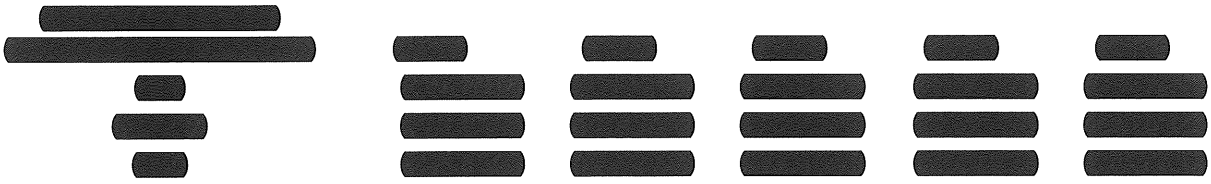

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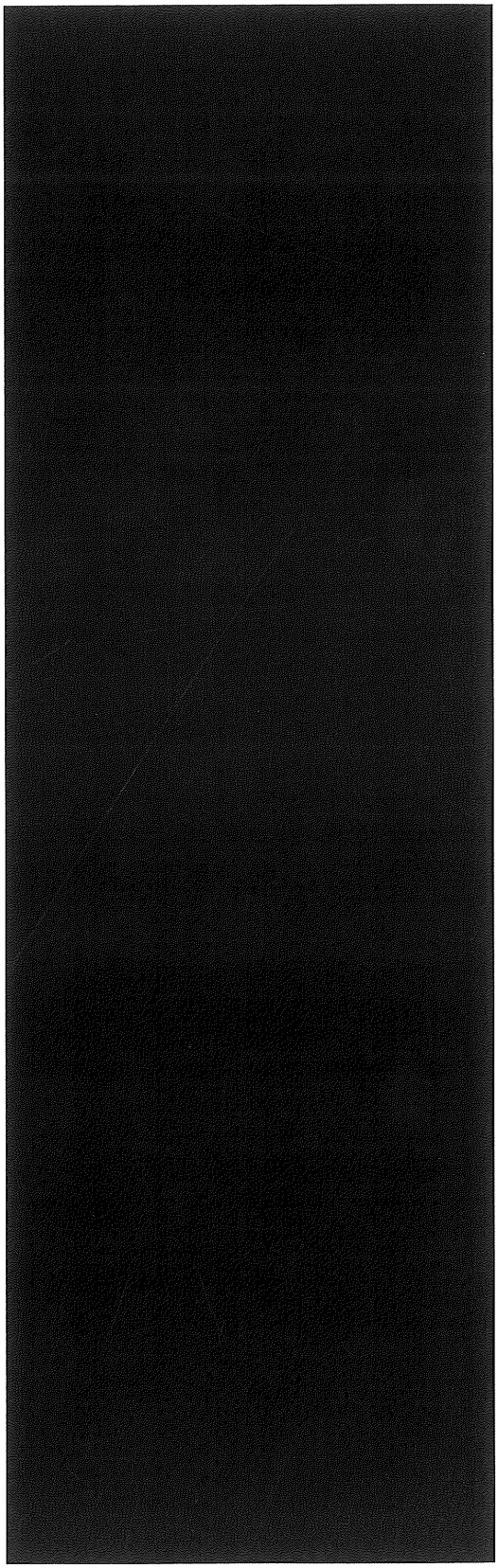

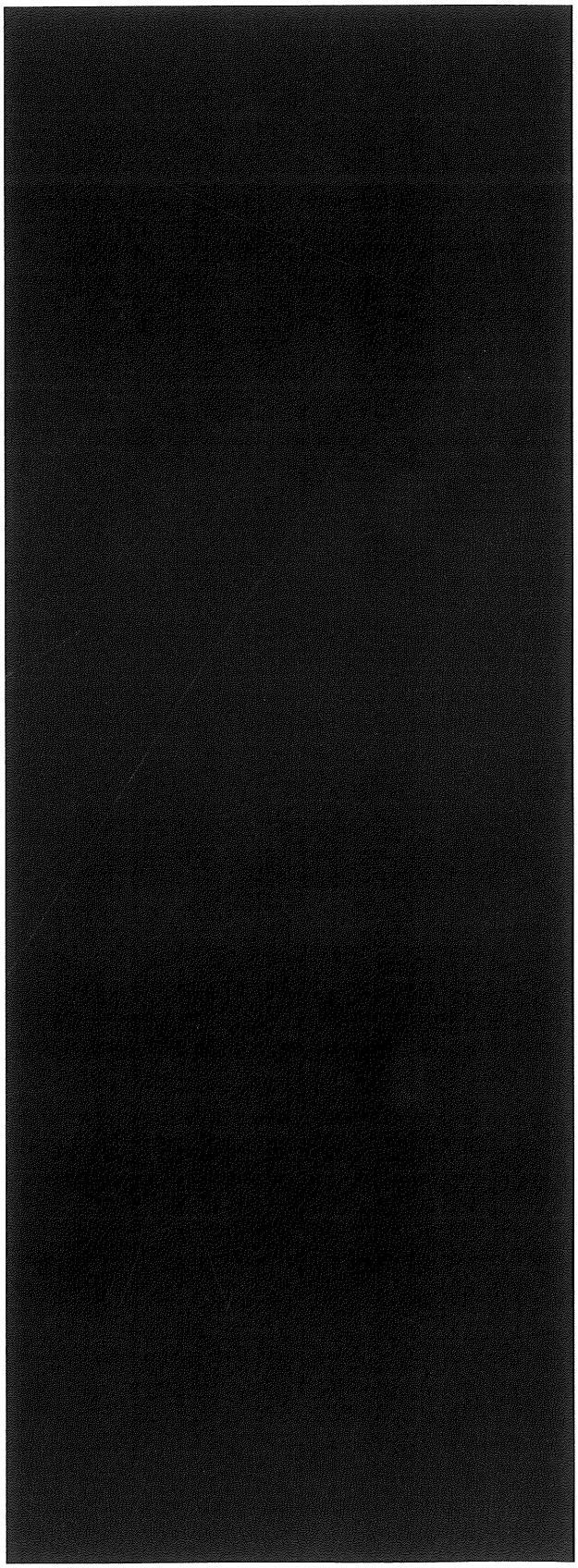

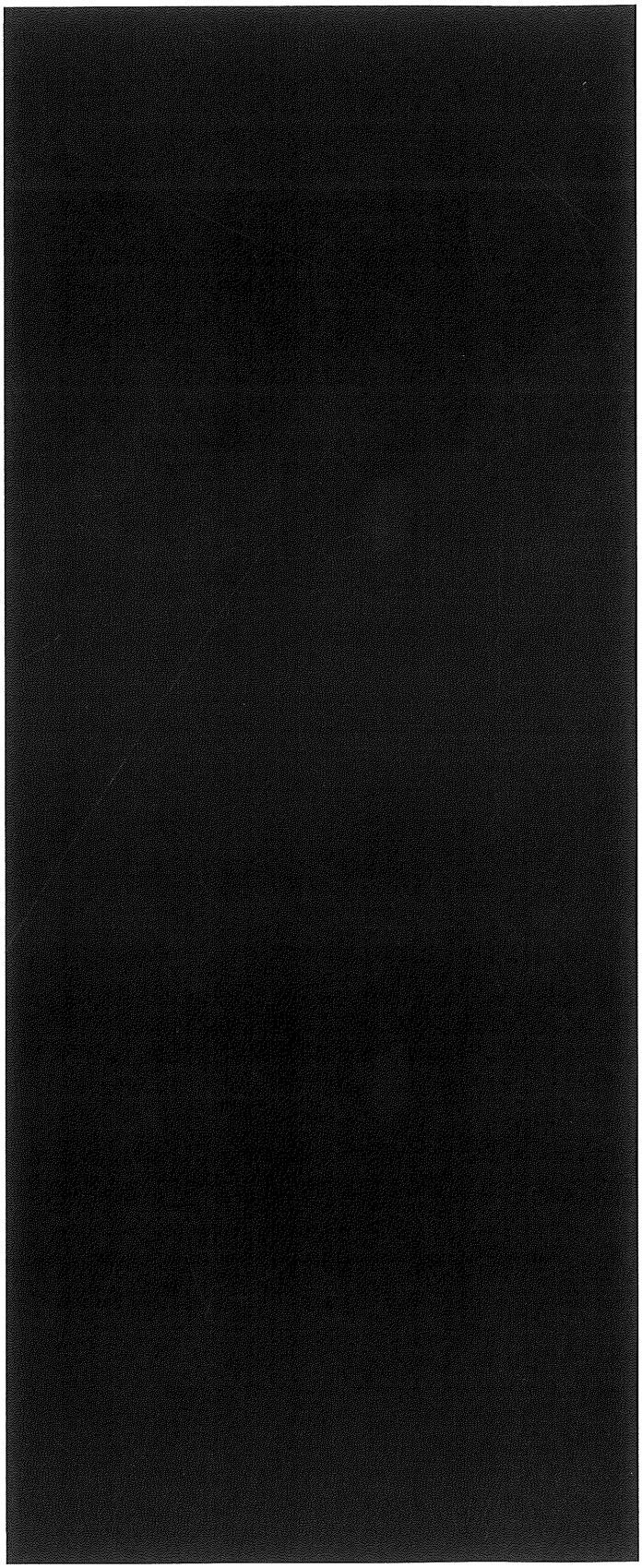

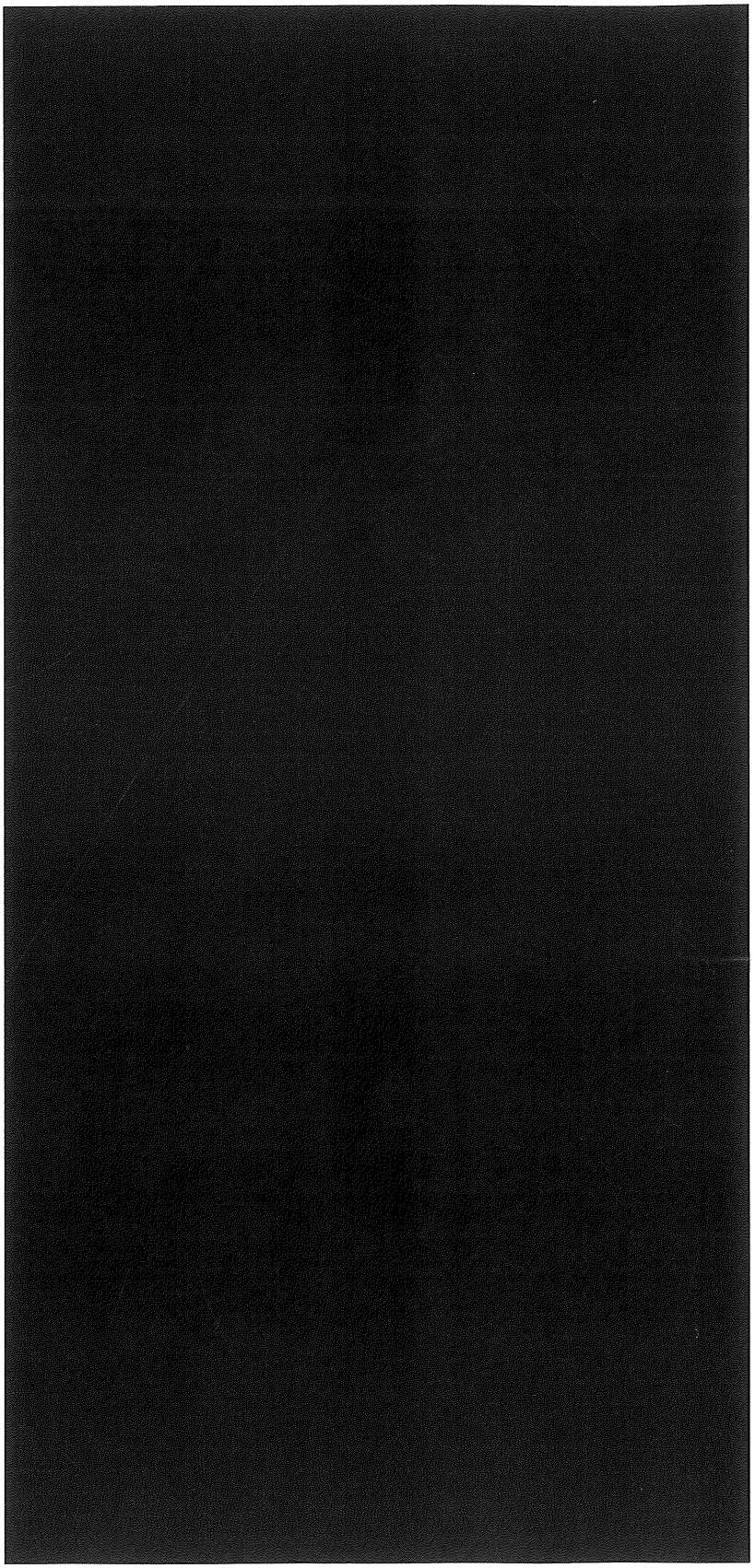

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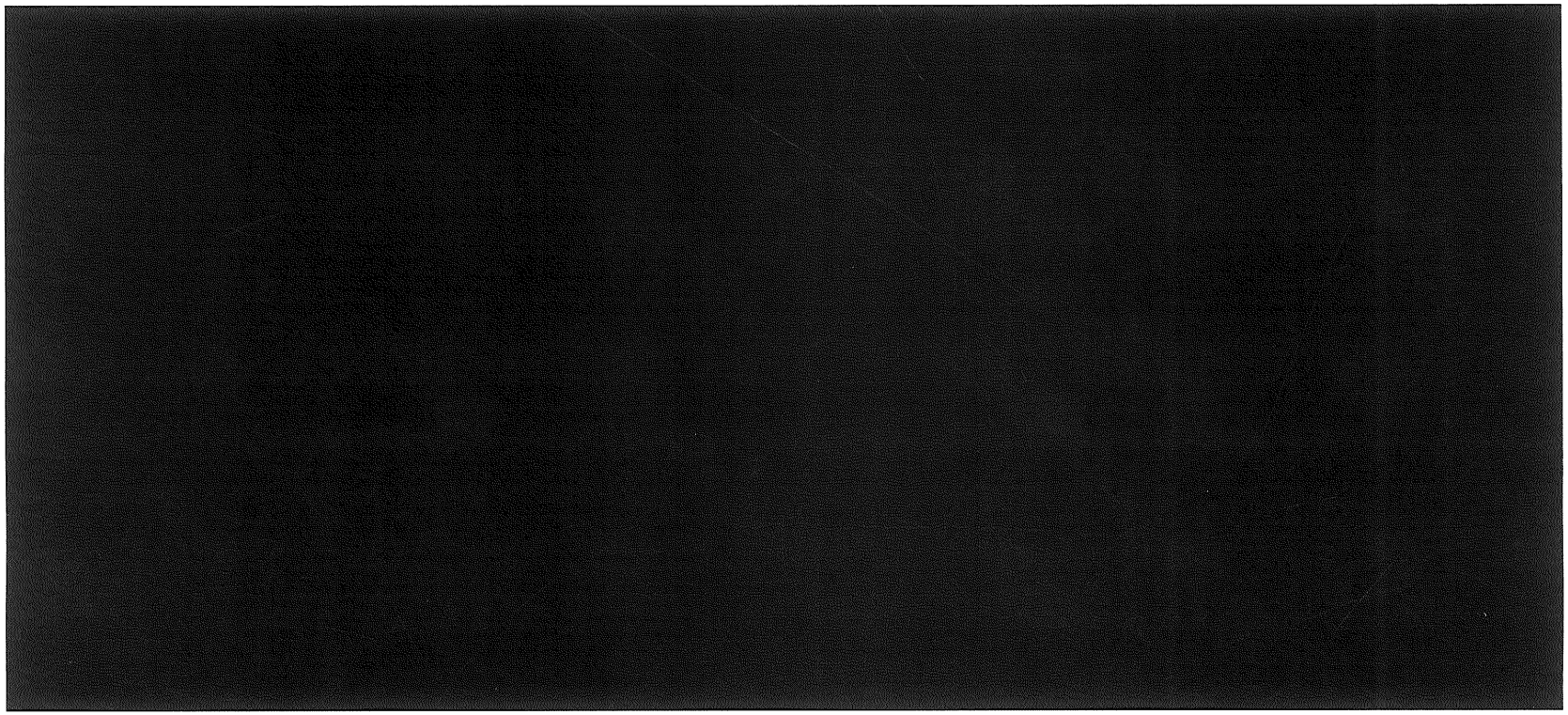

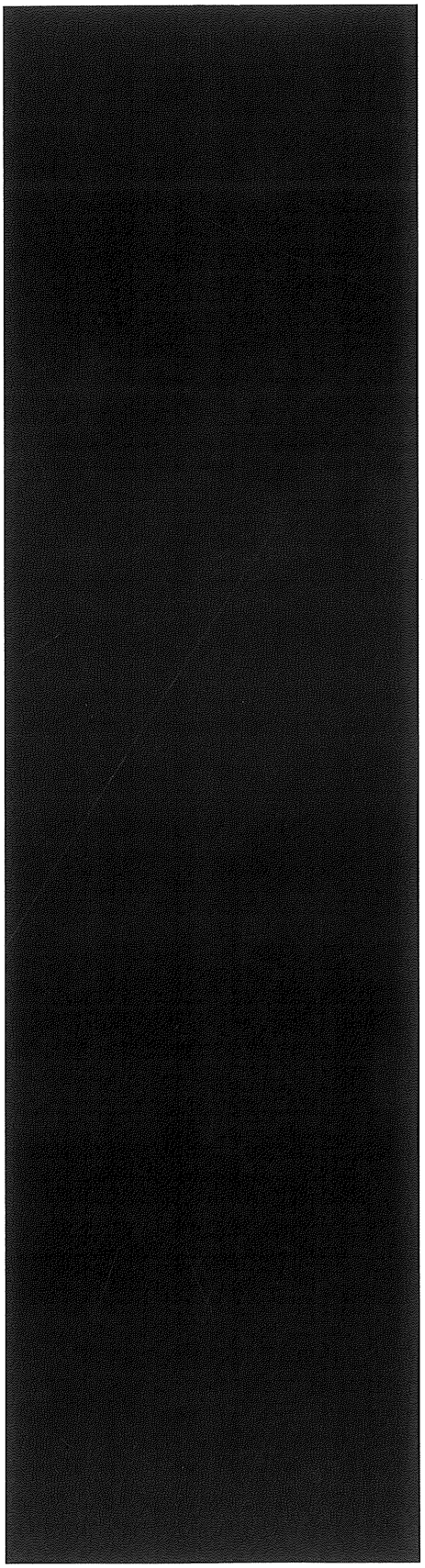

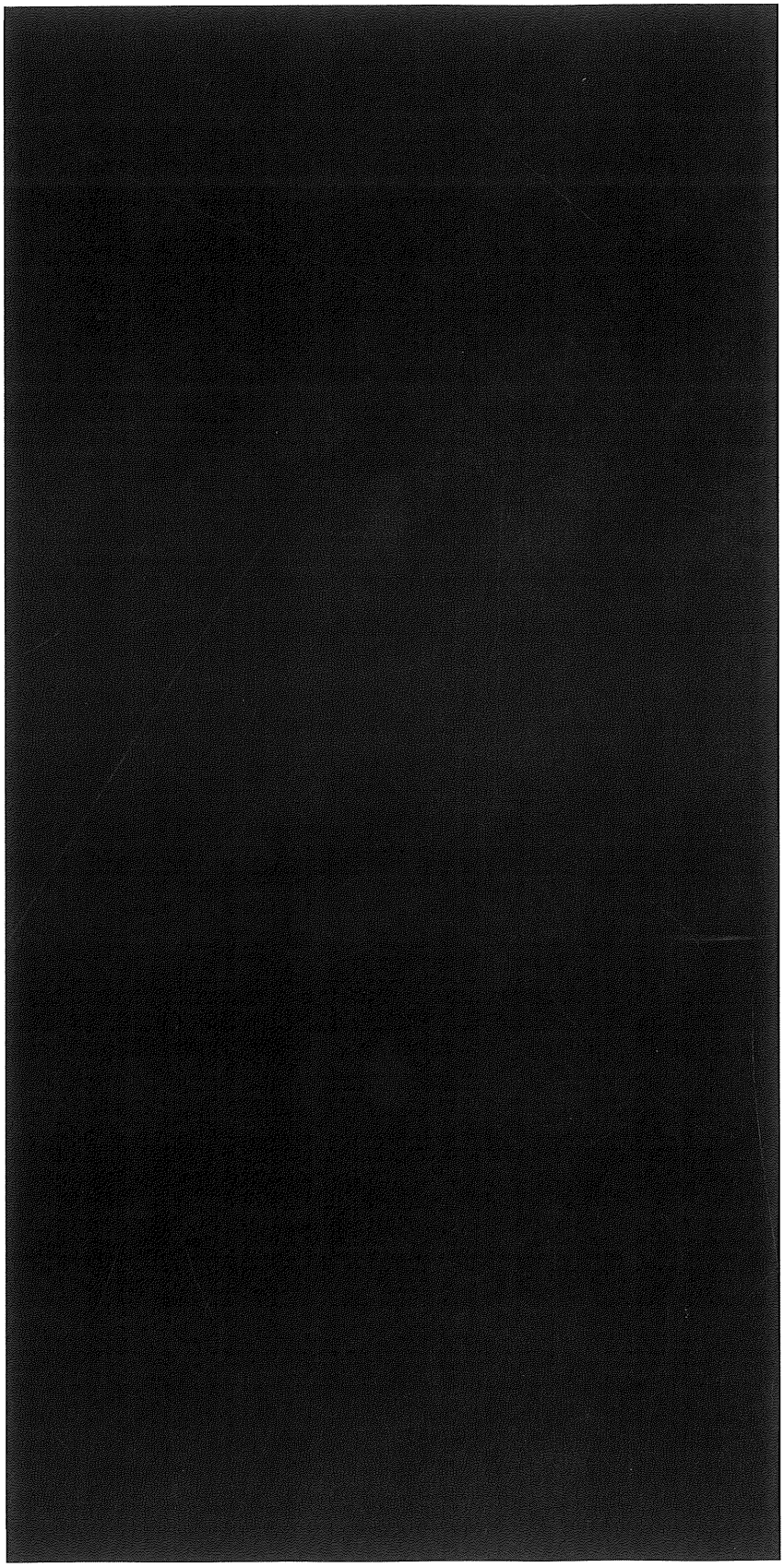

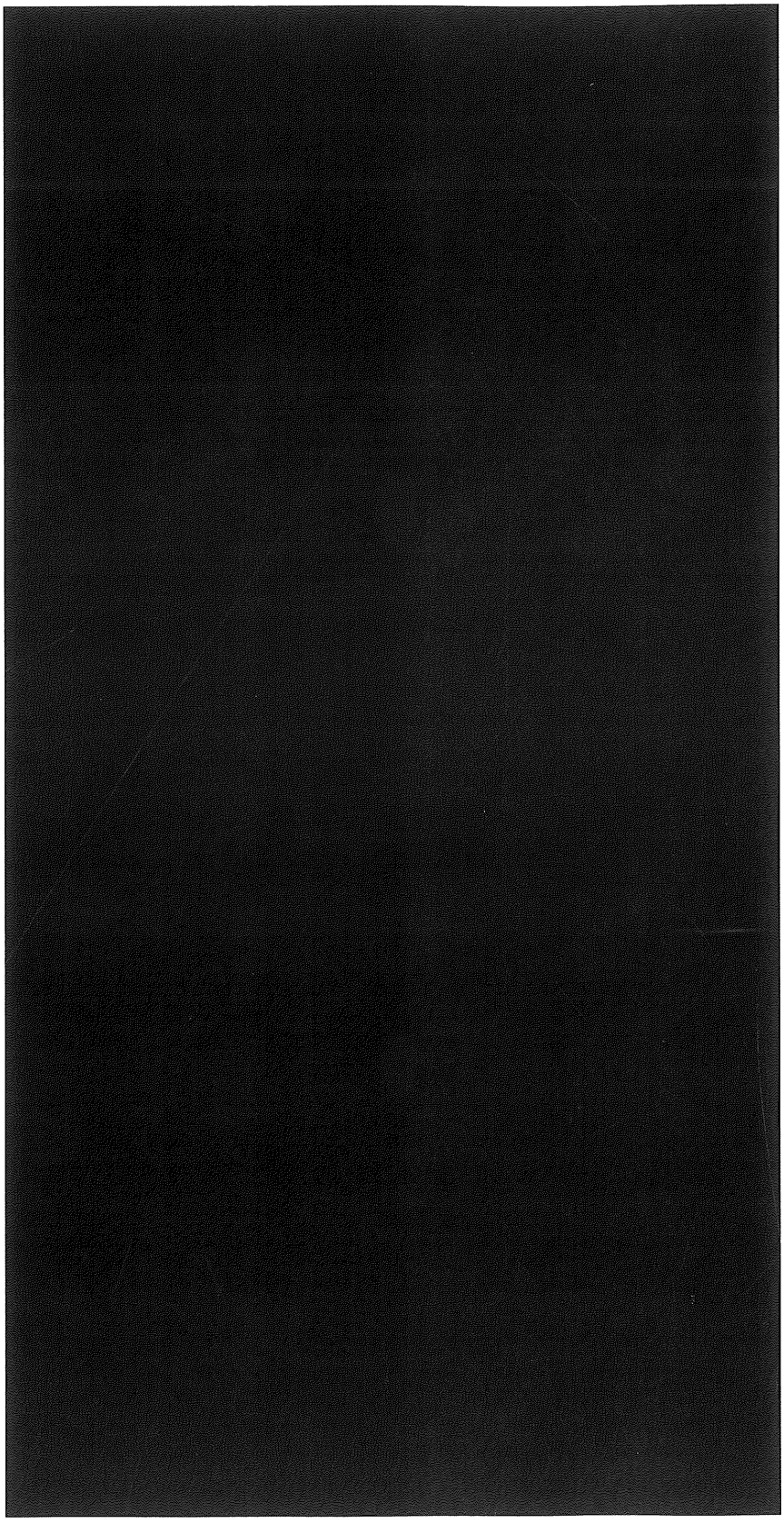

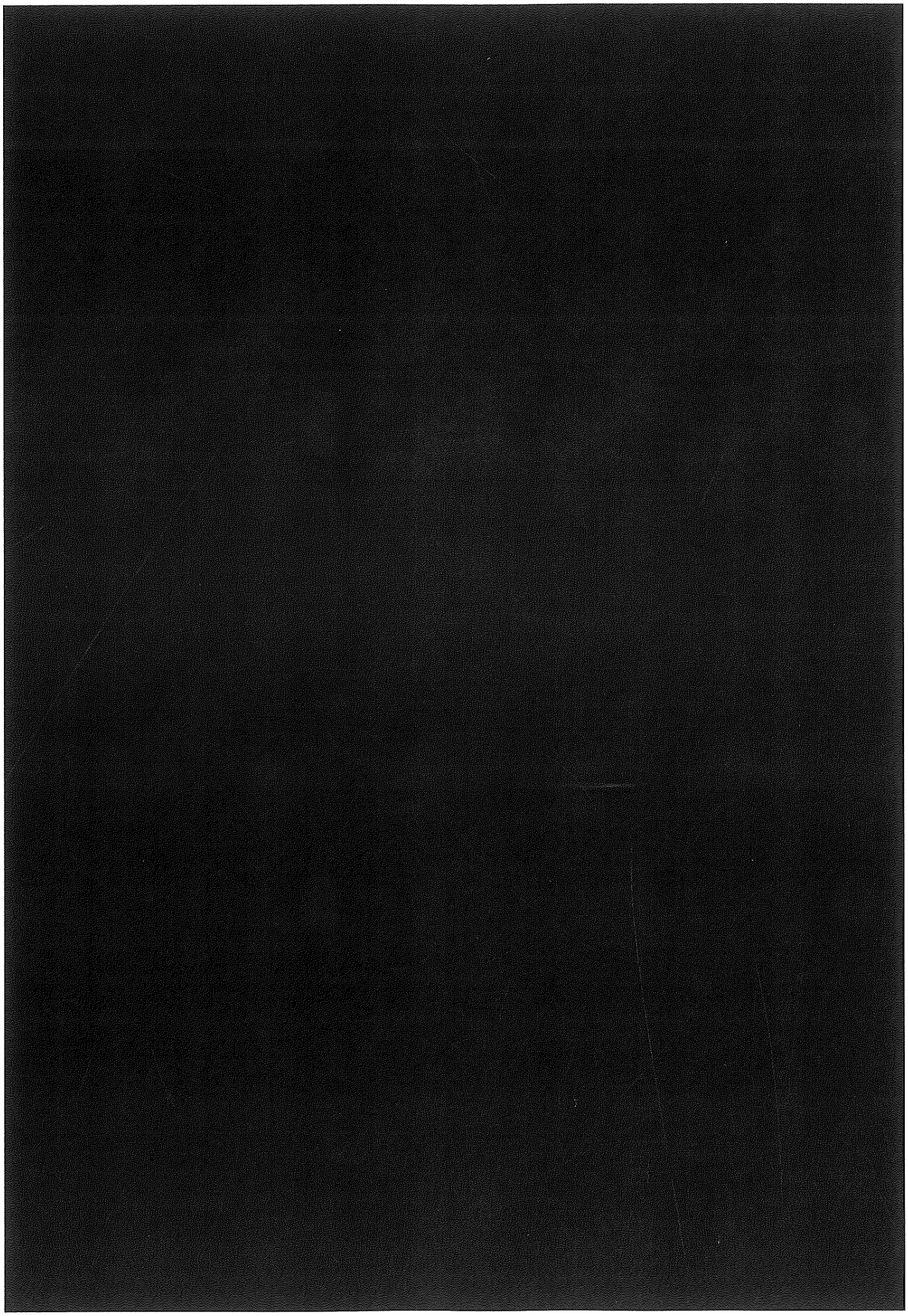

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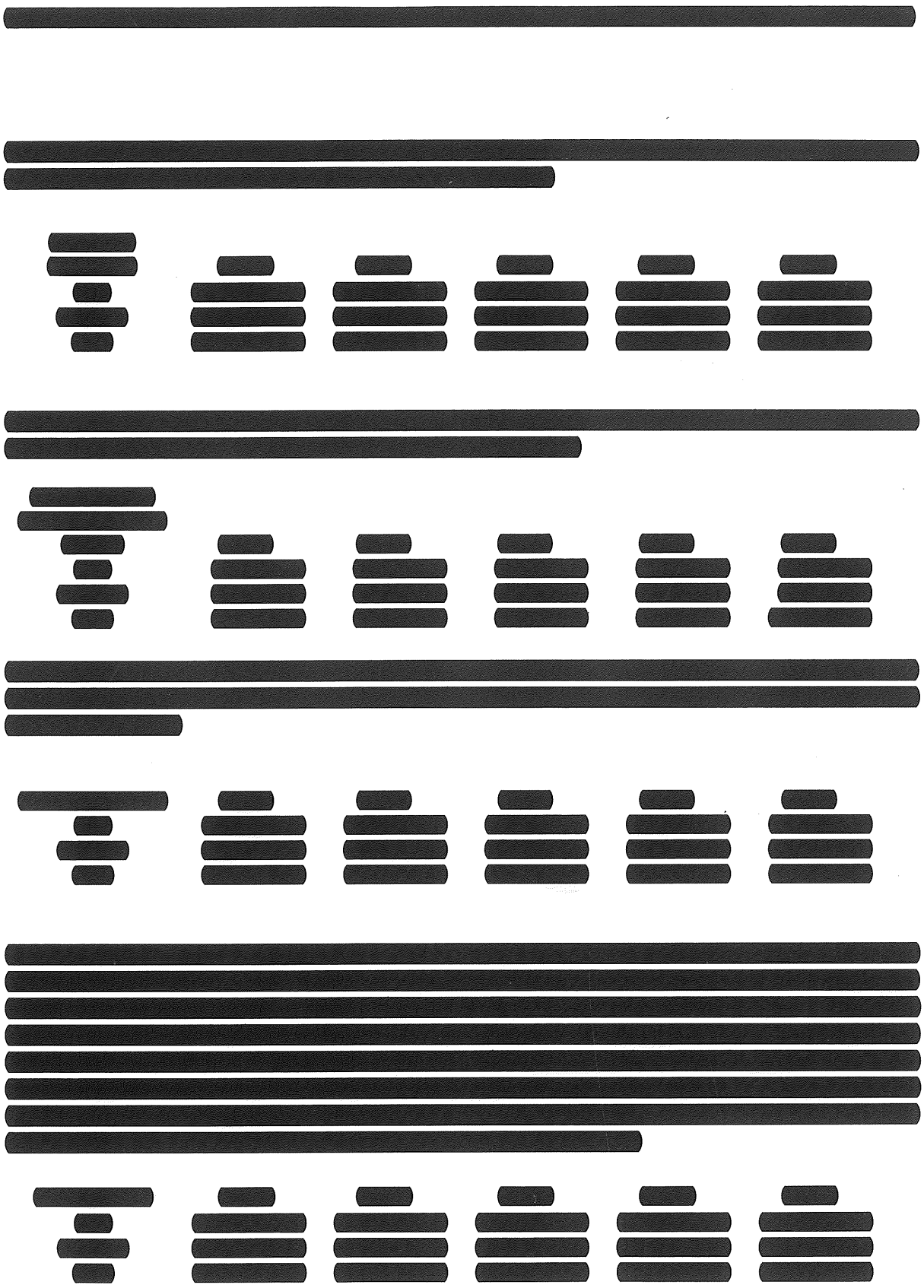

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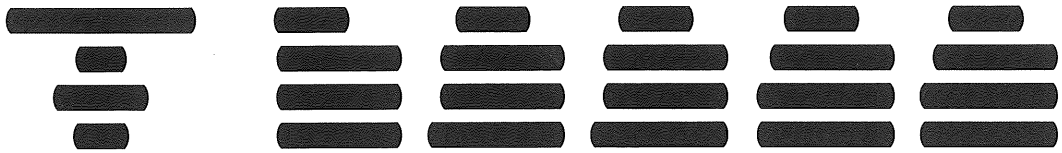

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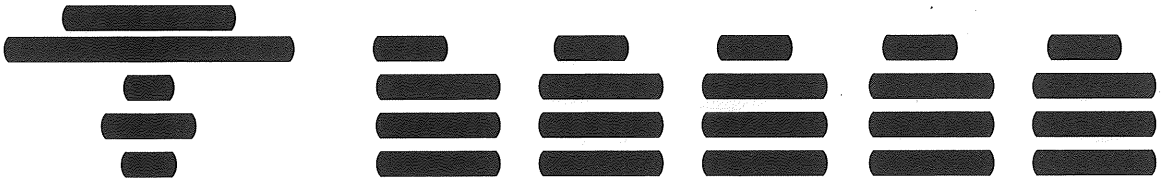

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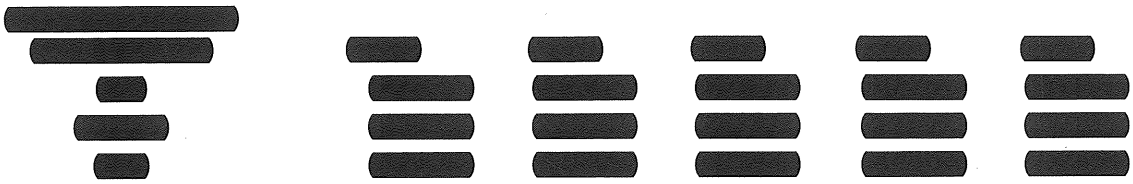

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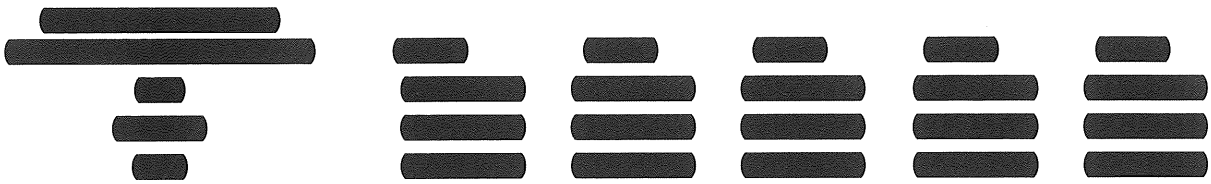

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Exhibit VIII.B.5 Regional Economic Plan Coordination

Exhibit VIII.B.5. Submit a statement as to whether the Applicant's proposed Gaming Facility is part of a regional or local economic plan, and, if yes, provide documentation demonstrating the Applicant's inclusion within, and coordination with, regional economic plans

The Mid-Hudson Regional Economic Development Council Strategic Plan identified several needs of the Mid-Hudson Valley Region. The Plan defines the Mid-Hudson region of New York State as consisting of seven distinct and unique counties (Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, and Westchester). The Plan embraces the following 15 goals:

- Target job-creation investments in the region's developing technology-based industries such as biotechnology, high-tech manufacturing, and information technology with a "clustering" strategy.
- Undertake initiatives to retain and stimulate more mature industries such as distribution, financial and professional services, food and beverage, and health care.
- Leverage the region's outstanding natural resources, its tourism industry, and agriculture in a "natural infrastructure" strategy that protects agriculture and the environment and recognizes these as important to tourism and as quality of life attributes that are critical to attracting and retaining high-quality jobs for all key industry sectors.
- Improve key regional infrastructure to make the region more business-ready.
- Foster housing investment to attract jobs to the region, create construction jobs, and support the overall health of the regional economy through a vibrant housing market.
- Support the revitalization of our urban centers as engines of regional prosperity.
- Enhance the region's talent pipeline through its colleges and universities, One-Stop Career Centers, BOCES, school systems, public libraries and library systems, and child care system.
- Promote entrepreneurship, start-ups, and small businesses through a variety of measures that will make it easier to access public- and private-sector resources for access to capital, workforce training, and business and technical consulting.
- Make the region and New York State more business friendly by adopting appropriate tax and administrative policies.
- Develop non-mandated programs that encourage, educate, and foster green development projects as part of developing a green Hudson Valley economy.
- Embrace inter-regional partnerships that leverage cross-region resources.
- Make the Mid-Hudson region more attractive to young educated professionals in order to stop "youth flight" and "brain drain" in the region.
- Build on the unique location of the Hudson Valley (situated between the majestic Hudson River, the Delaware River, and Long Island Sound) and promote waterfront development in order to enhance tourism, recreation, and trade.
- Support MWBEs (Minority and Women Business Enterprises).

- Align public-private support to ensure implementation of the regional Plan and consideration of new opportunities.

The Goals and Supporting Strategies identified in the report also include a goal of encouraging the creation of destination hotels to capitalize on and enhance existing attractions and support more overnight stays that would lead to greater and longer tourist visitation from outside of the region and greater local expenditure. The report notes that "where appropriate, the viability of casino gambling should also be considered."

The Applicant's project is consistent with the goals of the Councils' Strategic Plan in many respects - target job-creation, creating construction jobs, supporting the overall health of the regional economy through a vibrant housing market, improving regional infrastructure, revitalize the urban centers of Newburgh, Middletown and Port Jervis, partnering with local universities, tutoring programs for needy students, creating a green – LEED certified facility, promoting waterfront development and supporting MWBEs, including the member of the Applicant (Greenetrack, Inc.) which is the only MBE certified gaming entity in NY. Finally, as evidenced by the letters and petitions of support, the Project, support for The Grand Hudson project – from Dutchess County to Orange County – is overwhelming.

Exhibit VIII.B.6 New York Based Suppliers

Exhibit VIII.B.6 Submit a description of the Applicant's plans and minimum commitments (expressed in terms of annual biddable spend) for use of New York-based suppliers and materials both in the construction and furniture, fixtures, and equipment furnishing phase of the Applicant's project and in the operational phase of Applicant's project. Provide copies of any contracts, agreements or understandings evidencing such plans or commitments.

Greenetrack has engaged several New York State based firms as part of its Design, Marketing, Legal and Pre-construction team. Construction labor forces will be nearly 100% New York State residents and an all- union workforce, see Project Labor Agreement at Exhibit X.B.5-1. Our project bid specifications will emphasize NYS based vendors and suppliers for construction materials, furniture, fixtures and equipment. During operations we will utilize local businesses for facility support services and strive to purchase supplies from NYS based companies. We are committed to utilizing New York based suppliers, contractors during all phases of the development.

Exhibit VIII.B.7.a Tables for each Low-, Average-, and High-Revenue Cases Modeled in the Revenue Study and Financial Forecasts

Exhibit VIII.B.7.a Tables for each Low-, Average-, and High-Revenue Cases Modeled in the Revenue Study and Financial Forecasts

The following table illustrates projected number of employees by functional area and the related average pay scale for each of the low, average and high revenue projection model. This information is based on historical knowledge of similar sized gaming properties and substantial experience in the gaming business. On average we would expect slightly over 92% of the staffing positions to be filled by NY state residents with the majority of these positions being filled by residents in the immediate surrounding municipalities.

Payroll Summary			
Functional Area	Low Case	Average Case	High Case
General & Administrative			
Full-Time Equivalent Employees			
Based on 1500 hours annually	68	68	68
Full Time Employees	67	67	67
Part-Time Employees	2	2	2
% of positions filled by locals	67.86%	67.86%	67.86%
Average Hourly Rate	$17.75	$17.75	$17.75
Average Salary	$120,363	$120,363	$120,363
Total Burden as a %	28.46%	28.46%	28.46%
Gaming			
Full-Time Equivalent Employees			
Based on 1500 hours annually	871	874	882
Full Time Employees	821	824	831
Part-Time Employees	70	70	70
% of positions filled by locals	87.07%	87.07%	87.07%
Average Hourly Rate	$13.05	$13.06	$13.05
Average Salary	$74,062	$74,062	$74,062
Total Burden as a %	37.64%	37.65%	37.67%
Retail			
Full-Time Equivalent Employees			
Based on 1500 hours annually	25	25	25
Full Time Employees	22	22	22
Part-Time Employees	4	4	4
% of positions filled by locals	100.00%	100.00%	100.00%
Average Hourly Rate	$13.12	$13.12	$13.12
Average Salary	$52,190	$52,190	$52,190
Total Burden as a %	36.58%	36.58%	36.58%

Continued on following page

Exhibit VIII.B.7.a Tables for each Low-, Average-, and High-Revenue Cases Modeled in the Revenue Study and Financial Forecasts

Continued Payroll Summary			
Functional Area	Low Case	Average Case	High Case
Cage, Credit & Collections			
Full-Time Equivalent Employees			
Based on 1500 hours annually	49	49	49
Full Time Employees	49	49	49
Part-Time Employees	0	0	0
% of positions filled by locals	85.71%	85.71%	85.71%
Average Hourly Rate	$15.01	$15.01	$15.01
Average Salary	$52,615	$52,615	$52,615
Total Burden as a %	37.18%	37.18%	37.18%
Facilities			
Full-Time Equivalent Employees			
Based on 1500 hours annually	107	107	108
Full Time Employees	107	107	108
Part-Time Employees	0	0	0
% of positions filled by locals	100.00%	100.00%	100.00%
Average Hourly Rate	$17.10	$17.10	$17.10
Average Salary	$53,080	$53,080	$53,080
Total Burden as a %	40.12%	40.12%	40.12%
Security & Surveillance			
Full-Time Equivalent Employees			
Based on 1500 hours annually	174	174	175
Full Time Employees	165	165	166
Part-Time Employees	12	12	12
% of positions filled by locals	96.54%	96.54%	96.54%
Average Hourly Rate	$14.90	$14.90	$14.91
Average Salary	$48,777	$48,777	$48,777
Total Burden as a %	38.27%	38.27%	38.28%
Marketing			
Full-Time Equivalent Employees			
Based on 1500 hours annually	84	84	84
Full Time Employees	84	84	84
Part-Time Employees	0	0	0
% of positions filled by locals	92.86%	92.86%	92.86%
Average Hourly Rate	$13.50	$13.50	$13.50
Average Salary	$57,066	$57,066	$57,066
Total Burden as a %	36.92%	36.92%	36.92%

Continued on following page

Exhibit VIII.B.7.a Tables for each Low-, Average-, and High-Revenue Cases Modeled in the Revenue Study and Financial Forecasts

Continued Payroll Summary			
Functional Area	Low Case	Average Case	High Case
Hotel			
Full-Time Equivalent Employees			
Based on 1500 hours annually	130	130	131
Full Time Employees	126	126	127
Part-Time Employees	6	6	6
% of positions filled by locals	100.00%	100.00%	100.00%
Average Hourly Rate	$12.18	$12.18	$12.18
Average Salary	$43,668	$43,668	$43,668
Total Burden as a %	37.98%	37.98%	37.99%
Food and Beverage			
Full-Time Equivalent Employees			
Based on 1500 hours annually	989	992	1000
Full Time Employees	863	866	874
Part-Time Employees	175	175	175
% of positions filled by locals	99.50%	99.50%	99.50%
Average Hourly Rate	$10.02	$10.01	$10.01
Average Salary	$42,445	$42,445	$42,445
Total Burden as a %	36.35%	36.36%	36.38%
TOTAL Full-Time Equivalent Employees	**2,498**	**2,504**	**2,522**
TOTAL Full Time Employees	**2,304**	**2,310**	**2,328**
TOTAL Part-Time Employees	**269**	**269**	**269**

Source: GMA

Exhibit VIII.B.7.b Description of how the Applicant Proposes to Ensure that it Provides a High Number of Quality Jobs in the Gaming Facility

Exhibit VIII.B.7.b Description of how the Applicant Proposes to Ensure that it Provides a High Number of Quality Jobs in the Gaming Facility

In order to be successful, a property of this magnitude requires certain levels of staffing in order to operate. To be successful, a gaming business is all about providing exceptional guest services. Without certain levels of staffing, the business will not be successful. The Applicant intends to staff the property accordingly, taking care not to overstaff too much right at opening so as to minimize post opening lay-offs. Each and every department requires the level of staffing as indicated in Exhibit VIII.B.7.a in order to effectively perform its function. Without the appropriate staffing, service levels suffer which in turn impact operating results. The Applicant is committed to providing the required number of positions, both full and part time, not only upon opening, but beyond. This is consistent with the record of the Applicant at its property in Alabama and of the Manager at its varied properties in the United States.

TOTAL COMMITTED POSITIONS UPON OPENING

	RANGE	
FULL TIME	2050	2425
PART TIME	256	282
FTE'S	2379	2629

Exhibit VIII.B.8 Description of the Competitive Environment in which the Applicant Anticipates the Proposed Gaming Facility will operate over the Ten (10) Years after Opening

Overview of Competitive Environment

The Grand Hudson will open in a very mature and competitive environment. While the addition of this full-service casino resort will grow the overall gaming market, the property will still need to compete with other full-service casino resorts for its share of the region's gaming market.

Full-service resort casinos in Connecticut and Pennsylvania have well established databases and well-tested marketing programs. While the Grand Hudson Casino Resort will have a locational advantage over other resort casinos and a far superior gaming and entertainment environment that that which is available at racinos today, the Company does not take the competition lightly and will need to spend considerable resources to carve out its share of the market. This exhibit examines the regional gaming competition, evaluates each property's strengths and weaknesses and provides the reader with insights into how the Grand Hudson will maintain a competitive advantage over its regional completion. It concludes with strategies that the Company will employ to compete in this market.

Leadership of the Grand Hudson defines its primary competition as full-service casino resorts that target the primary markets of the New York Metropolitan area. The primary competition is further delineated based on driving distance. Secondary competitors are comprised of racinos that offer convenience-based gaming for gamers residing in and around New York City. Given that those properties are very dependent on area residents for their lion's share of their gaming revenue and those properties focus on VLT gaming, the Hudson Grand views NYS racinos as secondary competitors.

Casino Resort Competition

The table below lists the project's primary competitors and their driving distances from central Manhattan.

Resort Casinos Distance Comparison		
Casino	Miles from NYC	Miles from Site
Grand Hudson	71	*
Ulster County Casino	96	45
Sands Bethlehem	81	126
Mount Airy	89	106
Pocono Downs	124	90
Mohegan Sun	133	143
Foxwoods	141	150
Source: MapPoint		

Sands Bethlehem

The Sands Bethlehem Casino Resort is owned and operated by Las Vegas Sands Corporation, one of the largest gaming operators in the world. The resort is located on the former Bethlehem Steel plant on the south side of the city of Bethlehem, PA, 81 miles outside New York City.

Due to the enormous site clean-up efforts, the project opened in phases. The investment into and quality of the resulting casino resort is a testament to Las Vegas Sands' commitment to compete at any price. The casino opened in May 2009, table games began operation in July 2010 and the hotel opened the following May (2011). As it continues to add attractions, Sands Bethlehem has become Pennsylvania's premier gaming destination. Sands Bethlehem generates $460 million annually in gaming revenues.

Exhibit VIII.B.8 Competitive Environment

Sands Bethlehem has been very successful in cultivating the Asian-American gaming segment, particularly those residents residing in and around Flushing, NY. The continued penetration into this market has come at the expense of both Foxwoods and Mohegan Sun, both of whom had long relied on this market for their mass market and premium table game play. Asian-American gamers are time/distance sensitive and commuting times play an important role in their decision making process. With a location that is 50-60 miles closer than the Connecticut casinos, Sands Bethlehem has been able to capture a considerable amount of play from this market.

The Grand Hudson intends to capitalize on its locational advantage by offering this market a more convenient gaming destination that offers a full complement of Asian-oriented table games as well as non-gaming amenities such as food and in-language hosting services. While the Grand Hudson will offer a location that is ten miles closer, its advantage is enhanced in that the commute time from Flushing is considerably quicker, given traffic congestion into, through and out of Manhattan.

Casino

- 3,008 slot machines
- 147 table games
- 37 poker tables

Hotel & Attractions

- 302 rooms and suites
- Spa
- Event Center

Food & Beverage

- Burgers And More (BAM) by Emeril Lagasse
- Emeril's Chop House
- Emeril's Italian Table
- Carnegie Deli
- Steelworks Buffet and Grill
- St. James Gate Irish Pub and Carvery
- The Market Gourmet Express (Food Court): Bananas, Green Leaf's, South Philly Steaks & Fries, Villa Fresh Italian Kitchen, Mo' Burger, Far East, Casa Java
- Chopstick Asian Cuisine
- Coil Lounge
- Infusion Lounge
- Molten Lounge
- Vision Bar

Retail

The Outlets at Sands Bethlehem – 24 stores with recognizable brands such as Coach, Under Armour, and Tommy Hilfiger

Strengths

- Driving distance from New York City
- Wealth of gaming and non-gaming amenities
- Excellent mix of dining
- Outlet mall
- Excellent management team

Weaknesses

- Urban location in downtown Bethlehem detracts from the resort experience
- Gamers residing on Long Island must navigate New York traffic to reach property

Mount Airy Casino Resort
Mount Airy Casino Resort sits in the heart of Pennsylvania's Pocono Mountains, in Mount Pocono, PA and is located on the site of the former Mount Airy Lodge, which has since been demolished and replaced with the new casino resort.
Much like the Catskills, this Pocono retreat has history dating back to the turn of the century and fell on troubled times in the 1980's. Mount Airy went into foreclosure in November 1999 and closed in October 2001.

An investment company, Oaktree Capital Management, bought the resort in 2000 and sold the resort to Louis DeNaples in 2004. The old resort was completely demolished and a completely new $412 million, 188 room hotel and casino were erected from the ground up in the same location as the old lodge. The new casino resort officially opened in October 2007. Mount Airy generates $187 million annually in gaming revenues.

Despite having been completely rebuilt the Mount Airy Casino Resort is not a particularly luxurious property. It is at best a 3 ½ star hotel and casino with only a nominal mix of non-gaming amenities. Its location is also somewhat remote, requiring driving five miles along rural roads. The casino attracts the lion's share of its business from the I-80 corridor in Eastern Pennsylvania and western New Jersey.

Casino
- 1,875 slot machines
- 65 table games
- 9 poker tables

Hotel & Attractions
- 188 Rooms
- Mount Airy Golf Club
- The SPA at Mount Airy

Food, Beverage & Retail
- Gypsies Night Club and Lounge
- Red Steakhouse
- Le Sorelle Cucina
- Betty's Diner
- The Buffet
- Starbucks

Strengths
- Convenient to residents of northwest New Jersey

Weaknesses
- Location requires driving several miles from Interstate 80
- Limited appeal to higher worth gamers

Mohegan Sun at Pocono Downs
Mohegan Sun Tribal Gaming Authority owns and operates a gaming and entertainment facility known as Mohegan Sun at Pocono Downs, located on a 400-acre site in Plains Township, PA. While technically a racino, it has evolved into a full-service casino resort offering table games, lodging and multiple dining options.

In November 2006 Mohegan Sun at Pocono Downs became the first location to offer slot machine gaming in the Commonwealth of Pennsylvania when Phase I of its gaming and entertainment facility opened.

In July 2008 a major expansion was completed, which included increased gaming, restaurant and retail space. In July 2010 Mohegan Sun at Pocono Downs opened its table game and poker operations, including additional non-smoking sections and a high-limit gaming area.

A $50 million hotel expansion project located adjacent to the Mohegan Sun at Pocono Downs casino opened to the public on November 15, 2013. This expansion included a 238-room hotel and an approximately 20,000-square-foot convention center. The hotel is comprised of a combination of standard guest rooms and suites and features rooms with exclusive views of the race track, as well as a fitness center, an indoor pool and spa and a bistro serving breakfast and light fare. The convention center is located adjacent to the hotel and can accommodate a number of different sized groups, including up to 800 for seated banquets. This space also can be converted into a 1,500-seat concert venue. Mohegan Sun at Pocono Downs generated $280 million in gaming revenues in 2013.

Mohegan Suns at Pocono Downs offers a superior gaming/resort experience than Mount Airy. Like that property, its serves eastern Pennsylvania as well markets north into the Southern Tier region of New York.

Casino

- 2,330 slot machines
- 66 table games
- 18 poker tables
- Live harness racing
- Simulcast and off-track wagering

Hotel

- 238 rooms
- Convention center

Food, Beverage & Retail

- Ruth's Chris Steakhouse
- Pearl Sushi Bar
- Rustic Kitchen Bistro and Bar
- Bar Louie, a casual bar and restaurant
- Timbers Buffet
- Food Court, including: Johnny Rockets, Wok 8, Puck Express by Wolfgang Puck and Ben & Jerry's Ice Cream
- Five retail shops
- Sunburst Bar – Center Bar
- Breakers Night Club

Mohegan Sun

Mohegan Sun in Uncasville CT, opened in 1996 and is owned and operated by the Mohegan Tribal Gaming Authority. The destination resort currently has 350,000 square feet of gaming space with 5,529 slot machines, 284 table games, 40 poker tables, 1,176 hotel rooms, 36 restaurants, three entertainment venues and a myriad of retail shops.

In August of 2008 Mohegan Sun opened the $130 million Casino of the Wind, the first part of its Project Horizon expansion. The 64,000 square foot expansion featured 45,000 square feet of gaming space offering 650 slot machines, 28 table games and a 40-table poker room. The space also featured multiple food & beverage outlets including a 16,000 square foot, two-level Jimmy Buffet's Margaritaville.

The next phase of the expansion was to include a 920-room hotel, additional food & beverage and retail space. Originally slated to be completed in 2010, the Mohegan Tribal Gaming Authority halted the remainder of Project Horizon, citing the economic recession. After an impairment charge of $58.1 million in late 2010, Project Horizon was terminated.

In June of 2013 the Mohegan Tribal Gaming Authority announced plans to build 200,000 square feet of additional retail, dining and entertainment space. The $50 million "Downtown District" will feature a New England-themed food pavilion; a 14-screen Marquee Cinemas multiplex; an upscale bowling-and-dining facility; and a promenade of retail shops whose tenants will include Coach, Tiffany, Sephora, Tommy Bahama, Puma and others.

Three Casinos (Earth, Sky, Wind)

- 5,529 slot machines
- 284 table games
- 42 poker tables
- Race book

Hotel

- 1,176 Rooms
- Elemis Spa
- 100,000 sq. ft. convention center

Food, Beverage & Retail

- Seasons Buffet
- Asian themed Food Court
- Bobby Flay's Bobby's Burger Palace
- Bow & Arrow Sports Bar
- Ballo Italian Restaurant & Social Club,
- Frank Pepe Pizzeria Napoletana
- Hash House a Go Go and
- Two traditional food courts
- Todd English's Tuscany
- Bobby Flay's Bar Americain
- Landsdowne Irish Pub
- Vista Lounge
- Jimmy Buffett's Margaritaville Restaurant
- Sol Toro Mexican Restaurant
- Michael Jordan's Steakhouse
- Michael Jordan's 23 Sports Bar
- Jasper White's Summer Shack
- Virgil's BBQ

Entertainment & Retail

- Wolf Den Entertainment Lounge
- Cabaret Entertainment Lounge
- 10,000 seat arena
- Shops at Mohegan Sun – Mall consisting of 30 upscale retail shops
- Kid's & Cyberquest

Strengths

- Excellent lodging product
- Multiple entertainment options

- One of the most visually stimulating gaming environments in North America
- Well established database
- Excellent suite of gaming and non-gaming amenities

Weaknesses

- Remote location from key feeder markets
- Very high operating costs
- Very high player reinvestment rate

Foxwoods

Owned and operated by the Mashantucket Pequot Tribe, Foxwoods Resort Casino in Ledyard, CT is one of the world's largest hotel-casinos as measured by floor space for gaming (344,000 sq. ft.). The entire destination resort comprises 4.7 million square feet. The property currently has 353 table games, 97 poker tables, 5,832 slot machines, as well as a 3,600-seat bingo hall and keno lounge. There are 38 restaurants and bars including a Hard Rock Café, California Pizza Kitchen and Carnegie Deli. Foxwoods has four hotels featuring a total of 2,241 hotel rooms and a two-story arcade.

In May of 2008 the tribe and MGM Resorts opened the MGM-Grand at Foxwoods adjacent to the existing Foxwoods Casino. The agreement allowed Foxwoods to use the MGM Grand brand trademark at the property. The $700 million project included 1,400 slot machines, 50 table games and a 26-story hotel featuring 825 suites. The property also features a 21,000 square foot spa, meeting and convention space, a 4,000-seat entertainment venue as well as various retail and restaurant outlets. In November of 2013 Foxwoods terminated its licensing agreement with MGM.

In 2013 Foxwoods began construction on a 312,000 square foot outlet mall that will connect Foxwoods' Grand Pequot Hotel to MGM Grand at Foxwoods. It is being developed, owned and managed by a partnership between Tanger Factory Outlet Centers of Greensboro, N.C., and Gordon Group Holdings of Greenwich, and will include some 80 outlet stores.

Recently leadership of Foxwoods announced that it was closing its Rainmaker Casino midweek in order to reduce operating costs. This midweek closure reflects the property's state as having too much gaming capacity for current demand.

Casino

- 5,832 slot machines
- 350 table games
- 100 poker tables
- High limit room
- High limit lounge

Hotels

- Four separately branded hotels
  - 2,230 standard rooms (oversized)
  - 324 suites
  - 23 Villas
- 150,000 square feet of convention and meeting space
- Norwich Spa at Foxwoods
- G Spa
- Wedding planning service

Dining

- Fine dining
  - Paragon – AAA Four Diamond French Restaurant
  - Al Dente - Italian
  - Alta Strada - Italian
  - Cedar's Steak House
  - Craftsteak
  - David Burke Prime – Steakhouse
  - Red Lantern – Asian

- Casual sit-down dining
  - California Pizza Kitchen
  - Comix – Appetizers and finger foods
  - Golden Dragon - Asian
  - Hard Rock Café - American
  - High Rollers – American
  - Junior's – New York comfort food
  - Matches Tavern – American
  - The Grill at Two Trees – New England comfort food
  - Scorpion Bar - Mexican
  - Veranda Café – Three Meal cafe
- Buffet
  - Festival Buffet
- Quick serve dining
  - Boar's Head
  - Dunkin' Donuts
  - Einstein Brothers
  - Fay Da Bakery
  - Fox Deli
  - Fuddruckers
  - Gelato Café
  - Lucky 7
  - Noodles
  - Panera Bread
  - Pequot Bay
  - Pequot Café
  - Phillips Seafood
  - Regina Pizzeria
  - Sbarro
  - Subway
  - The Grill Shack

Entertainment

- 4,000 seat Theater
- 1,400 seat Fox Theater
- Atrium Lounge – live performances
- Center Bar
- Halo Bar
- High Rollers – bowling and billiards
- Paragon Lounge – Champagne Bar
- Comix Comedy Club
- Shrine Nightclub

Other Amenities

- Lake Isles Golf Club – championship golf course
- Outdoor venues set in manicured gardens
- 2-story arcade for teens and children
- Foxwoods shopping mall

Strengths

- Multiple lodging products allows it to attract diverse groups of gamers
- Well established database
- Excellent suite of gaming and non-gaming amenities
- Positioned as an entertainment superstore

Weaknesses

- Remote location from key feeder markets
- Very high operating costs
- Very high player reinvestment rate

Emerging Competition – Ulster County Casino

The regional gaming market will also see the addition of a second full-service casino resort in Ulster County. The Ulster County Casino will represent Grand Hudson's primary competitor. While its precise location and operator have yet to be determined as well as its mix of amenities, leadership of the Hudson Grand recognizes that this project will be a formidable competitor.

While the Grand Hudson will have a locational advantage based on access to the regional highway network, the Ulster County casino will offer a four-season resort experience and will also attract patrons from Rockland County, a primary target market and one that will ultimately emerge as a battleground region.

Racino Competition

Racino competition is comprised of racetracks in New York State that provide patrons with convenience-based gaming experiences. Their primary gaming products are video lottery terminals and non-gaming amenities consist primarily of quick-serve dining. None of these properties offer particularly attractive gaming environments and they attract gamers from within relatively compact catchment areas. The table below lists the primary racino competitors and their distances from Manhattan.

NYS Racinos
Distance Comparison

Casino	Miles from NYC	Miles from Site
Grand Hudson	71	*
Resorts World NY	14	78
Empire Slots	18	64
Monticello Casino	96	45

Source: MapPoint

Monticello Raceway

Monticello Casino and Raceway is a racino facility located in Monticello, NY, 45 miles west of the Grand Hudson Casino Resort. The facility offers 1,110 video slot machines ("VLT's"), 2 electronic roulette machines, a race and sports book, live harness racing, and three dining options. For the 12 months ended December 2013, Monticello generated $63 million in video gaming revenues. Monticello is a fairly pedestrian facility. For a market that had historically been accustomed to full service casinos located in Atlantic City, Connecticut and now Pennsylvania, Monticello is not competitive.

Casino & Gaming
- 1,110 electronic gaming devices
- Harness race track
- Race book
- Sports book

Food & Beverage
- Mighty M Food Court
- The Terrace Restaurant
- Winner's Circle Buffet

Strengths
- Established local customer base
- Convenient access from Route 17

Weaknesses
- Poor surface parking
- Limited dining options
- Dearth of amenities for higher worth gamers
- No table games

Empire City at Yonkers Raceway
Empire City Casino at Yonkers Raceway is a racino located in Yonkers, NY, just north of Manhattan and 64 miles south of the Grand Hudson. The facility offers more than 5,300 VLT's, electronic roulette and electronic craps, live harness racing and simulcast, and a small variety non-gaming amenities.

Although the facility is relatively new, the build-out and theming already appears dated (in comparison to Resorts World), a result of constrained capital investment. Perhaps one of the greatest inhibitors to potential gaming revenue at Empire City is its inconvenient parking. All surface parking requires gamers to take a shuttle bus from the parking lot to the casino entrance. This significantly detracts from its relative attractiveness. In addition, as it is located in Yonkers just north of Bronx, traffic frequently makes this venue difficult to reach. Despite these shortcomings, Empire City generated $560 million in video gaming revenues with a win per unit per day of $288 in 2013.

Casino & Gaming
- 5,327 electronic gaming devices (including electronic table games)
- Harness racetrack
- Simulcast theater

Food & Beverage
- Pinch – gourmet dining from renowned Chef Alan Ducasse
- Empire Terrace - American serves lunch and dinner
- Grand Victorian Bar
- International Food Court
- Grab-n-Go
- Nonno's Trattoria - Italian
- Winner Circle Bar
- Entertainment Bar

Parking
- Surface parking lot
- Valet parking

Strengths
- Location adjacent to I-87 just north of the Bronx
- Dense population surrounding the facility

Weaknesses
- Poor surface parking
- Limited non-gaming amenities
- No table games

Resorts World New York

Resorts World Casino New York City is located on the grounds of the Aqueduct Raceway in Queens, NY, 78 miles south of the Grand Hudson. Resorts World is a wholly-owned subsidiary of Genting Malaysia Berhad, one of the world's largest destination resort operators with Resorts World branded properties located in Malaysia, Singapore, Manila and New York City.

Resorts World offers more than 5,000 VLT's and electronic roulette as well as other electronic versions of table games. The facility is new, opening in the fall of 2011 and is considered the best of New York's racinos, exemplifying Genting's commitment to become a major resort and casino operator in the United States.

Although the Aqueduct Raceway is adjacent and serves as an added attraction, Resorts World clearly distances themselves from the NYRA (New York Racing Authority) operated thoroughbred raceway, as they neither promote, nor even mention the attraction on their website.

For the twelve months ended December 2013, Empire City generated $785 million in video gaming revenues with a win per unit per day of $430 (the single highest win per unit in the country for facilities with more than 5,000 slots).

Casino
- 5,004 electronic gaming devices (including electronic roulette, craps, and sic-bo)

Food & Beverage
- RW Prime Steakhouse and Wine Bar
- Genting Palace – Full service Chines
- Food Court: Haagen-Dazs, Artichoke - Basille's Pizza, Cups N' Cones, Popeye's, Queens Burgers, Stage Deli, Subway
- Bar 360 – Entertainment Bar

Parking
- Surface parking lot
- Valet parking

Aqueduct Raceway
- Thoroughbred horse racing adjacent to the casino

Strengths
- Direct pedestrian access to the NYC subway system
- Only gaming property serving residents of Long Island

Weaknesses
- Limited non-gaming amenities
- No table games

Future Downstate Competition

The enabling legislation authorized up to seven resort casinos in New York State with four licenses issued to sites in upstate New York. Casinos would be banned in New York City and downstate suburbs for a period of five years after upstate casinos open in order for those casinos to gain market share, build their databases and develop loyalty among the region's gamers.

No casino sites have been identified for the three remaining downstate licenses. As such, it is impossible to determine the impact that those casinos will have on the project.

Competitive Business Strategy

The regional gaming market is and will remain very competitive. As new competition emerges in the region, both in the Catskills as well as the Capital region and western Massachusetts, all casinos (resort casinos and racinos) will be forced to increase the amount of money that they spend on marketing, advertising and player reinvestment.

Casinos, like all businesses compete by employing one of two basic strategies: price or differentiation. Businesses that compete on price strive to offer the lowest price. They do so by reducing the costs of production in order to deliver a product or service at a price that is lower than the competition. Businesses whose products and services are superior and clearly differentiated can adopt a differentiation strategy, charging more for those products or services. Consumers in turn recognize the higher value of the differentiated product and are willing to pay more for it.

Casinos are no different. They too compete on either price or differentiation. Pricing in a casino is comprised of a rather complex array of pricing tactics. These include cash rebates (same-day cash-back or free play for points); the kinds and values of offers sent in the mail; the hold percentage on a casino's slot machines; table game rules (which affects table game hold); the types and costs of promotions; how much a casino pays for buses (and bus customers); as well as the prices it charges for food and lodging. Typically a casino with fewer amenities, such as a slot parlor or racetrack casino would gravitate towards a pricing strategy while a full-service casino with hotel, spa and multiple food & beverage outlets, would adopt a differentiation strategy. In the latter, a customer would be willing to pay more, whether in the form of less advantageous table game rules, less generous mail offers or a smaller cash back rebate rate, in order to enjoy the atmosphere and amenities available in a full-service resort

While casino resorts, particularly Foxwoods and Mohegan Sun, were designed with a differentiation strategy in mind, their competitive strategies have long devolved into pricing strategies. Collectively, these properties have some of the most generous rebate rates in the nation. At Foxwoods, $135 coin-in earns $1 in comps while at Mohegan Sun $125 coin-in earns $1 in comps. Their direct mail programs are equally as generous. These two casinos were forced to resort to a pricing strategy as more convenient racinos opened in New York and Rhode Island. They needed to give people reasons to drive two more hours in order to gamble and they did so with generous rebate programs and direct mail offers. They will continue to over-spend in order to maintain a share of the regional gaming market.

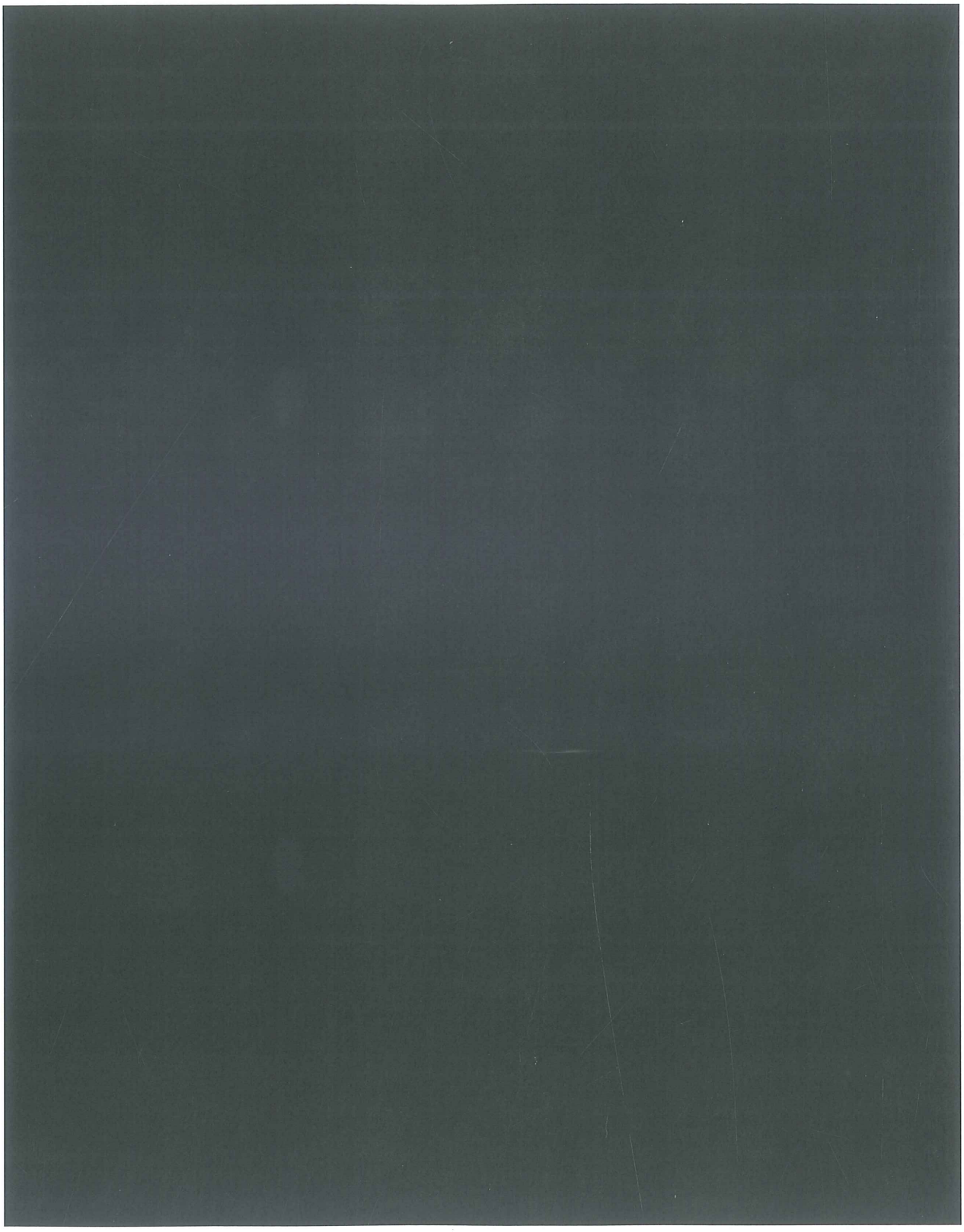
The Sands Casino also has resorted to a pricing strategy. Since Pennsylvania does not tax free play nor limit how much free play a casino can issue, the Sands Casino issues an inordinate amount of free play through its mail program. According to the Pennsylvania Gaming Control Board, 33.8% of every dollar cycled through their machines was free play. To compensate, Sands Bethlehem maintains a very high slot hold on their machines.

Grand Hudson expects that, given the nuances of the tax regime in Pennsylvania, both Mohegan Sun at Pocono Downs and Mount Airy will also rely more and more on pricing tactics in the form of generous free play offers in order to compete. They will compensate by increasing their hold percentages on their machines, thereby negating the gaming value that free play could offer.

Exhibit VIII.B.8 Competitive Environment

The Grand Hudson will employ a differentiation strategy. Rather than rely on pricing tactics, primarily in the form of free play to drive visitation, the Grand Hudson will provide a superior gaming, lodging, entertainment and lifestyle experience that will be clearly differentiated from convenience-based racino properties and regional resort casinos. Grand Hudson will also capitalize on its convenient access from key feeder markets. While leadership understands that comps, free play and mail offers play an important role in how gamers choose one casino over another, it adheres to the principle that superior products and services are the key elements to foster loyalty. The Grand Hudson will also offer a better wagering experience on its slot floor by offering more generous slot hold percentages than its primary resort competitors.

Exhibit VIII.B.9.a Target Market Segments



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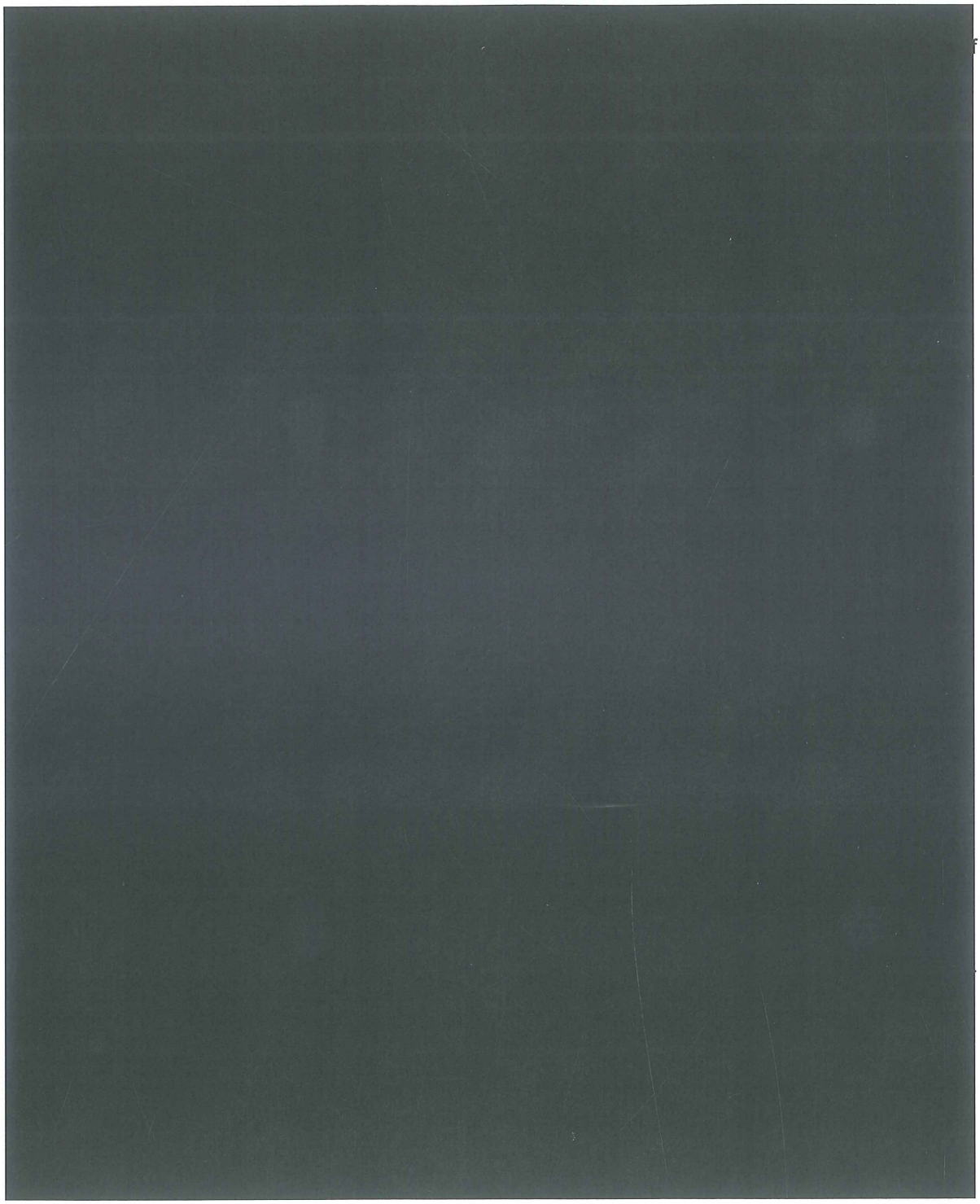

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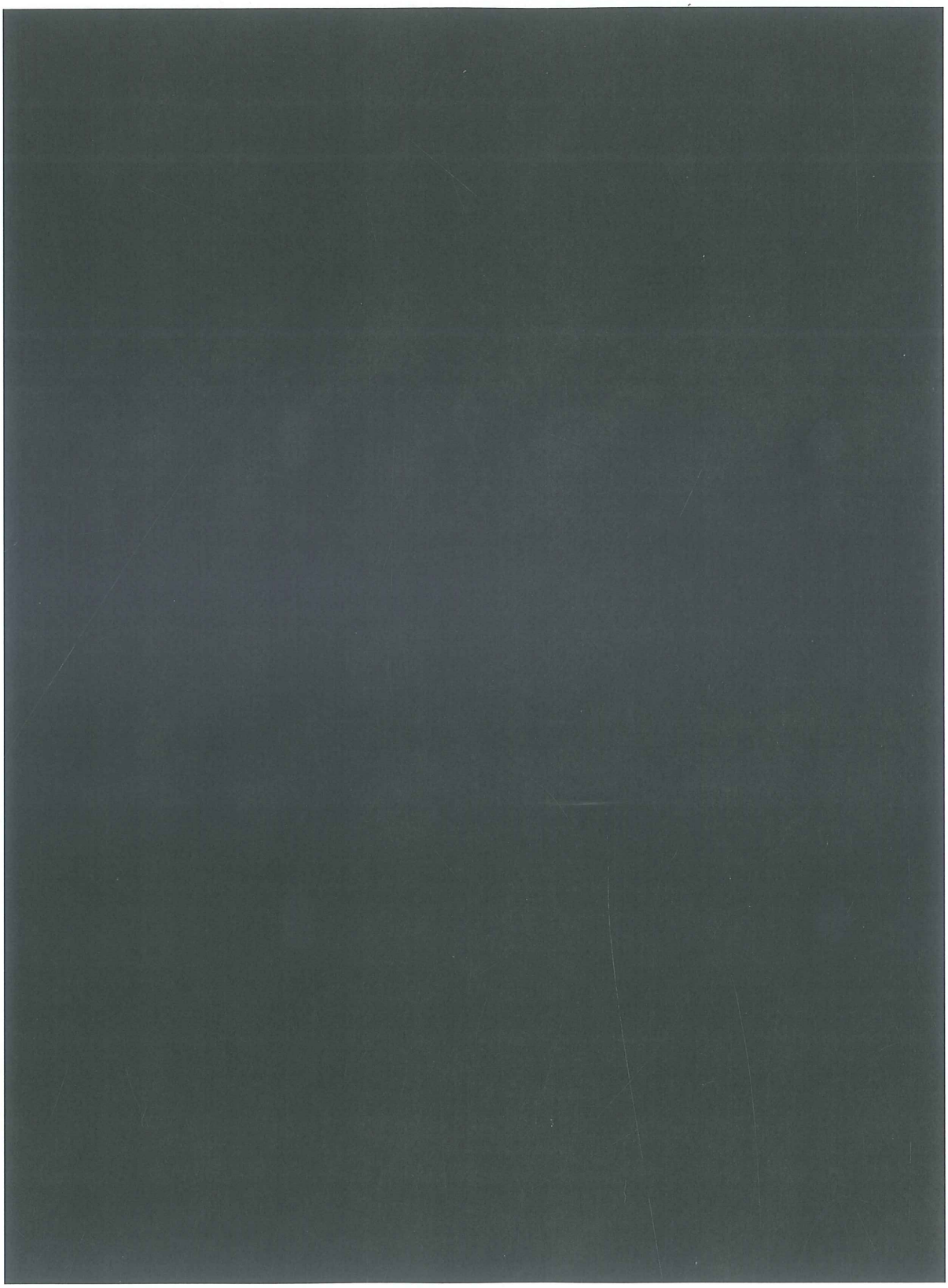

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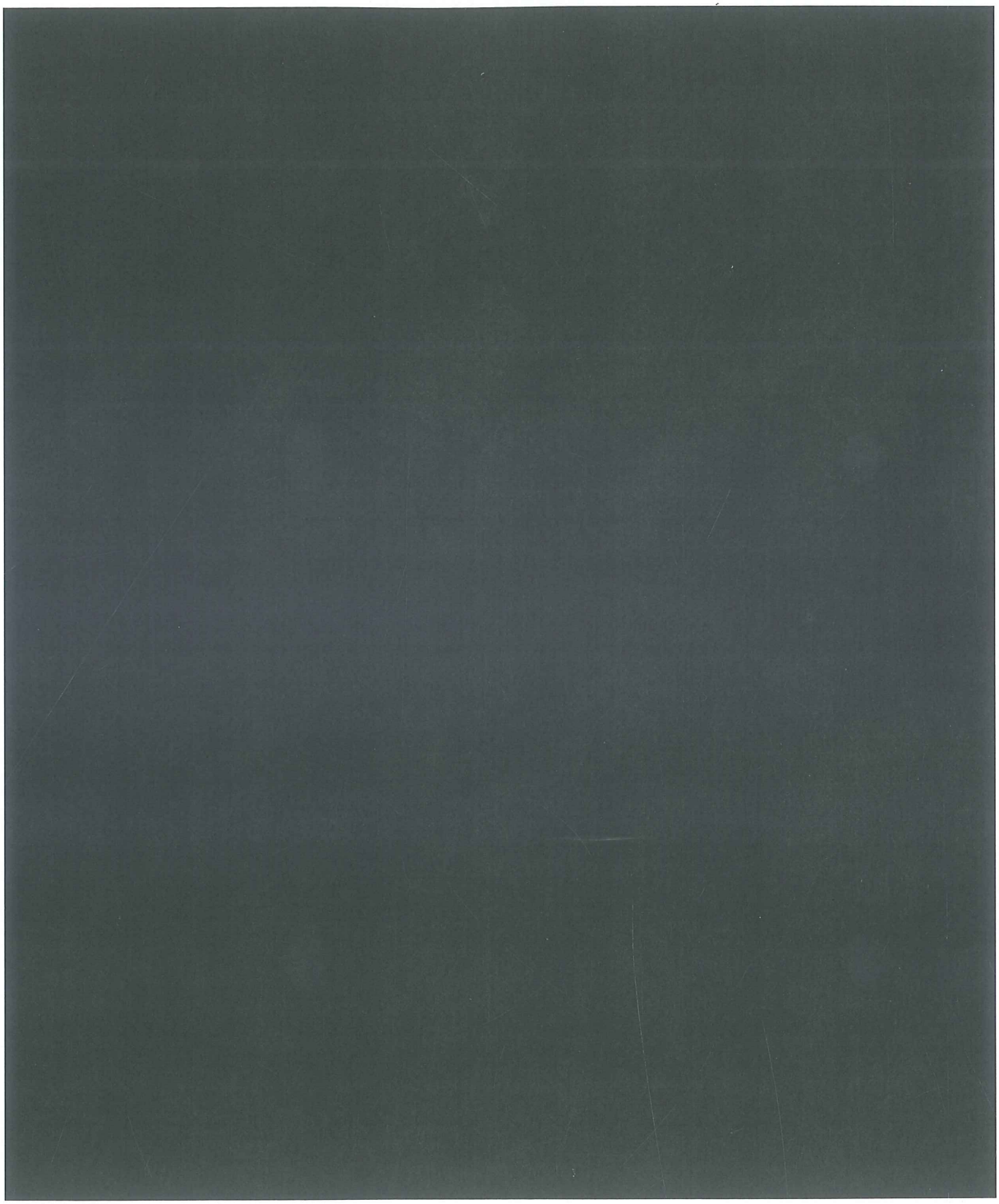

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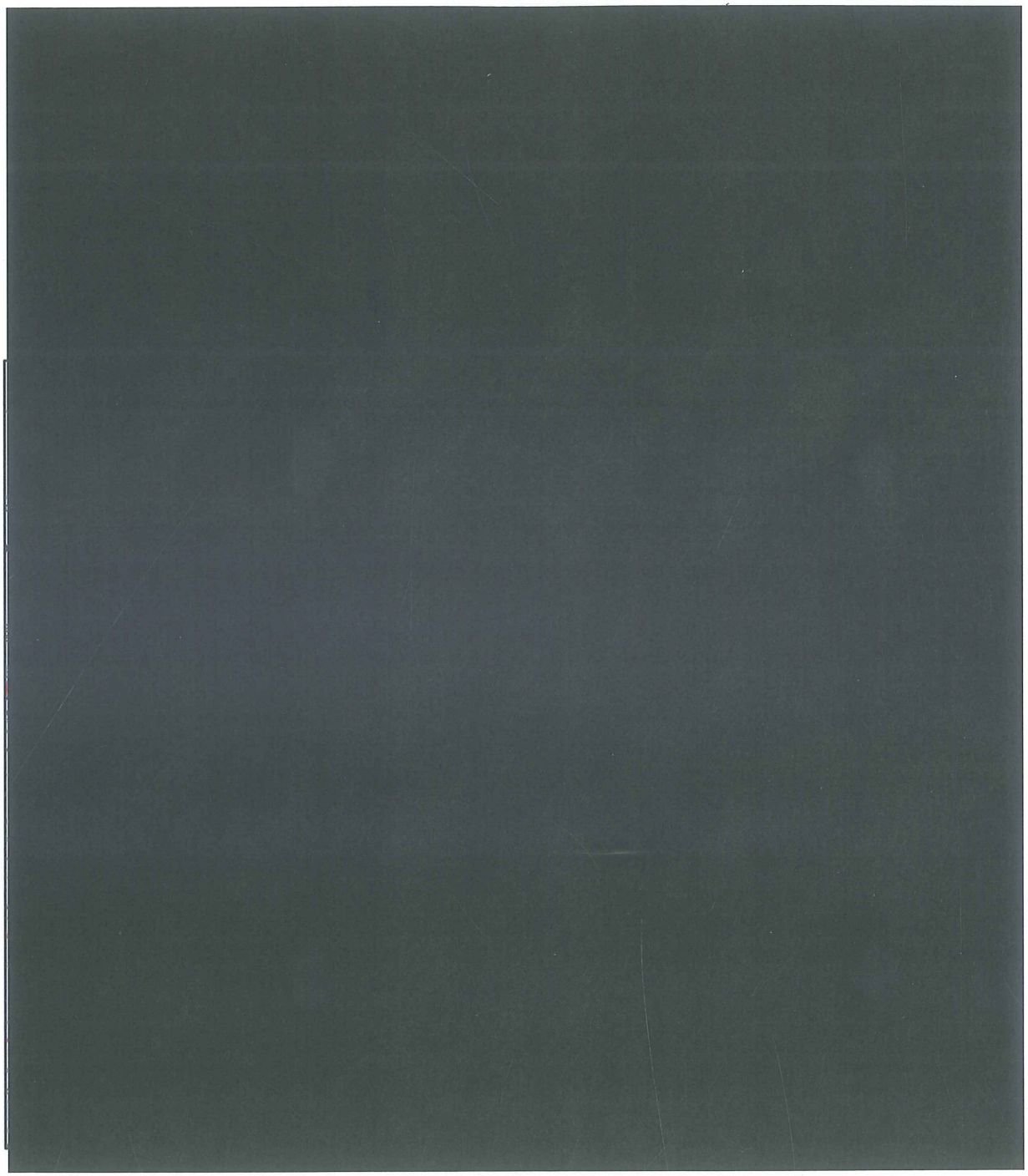

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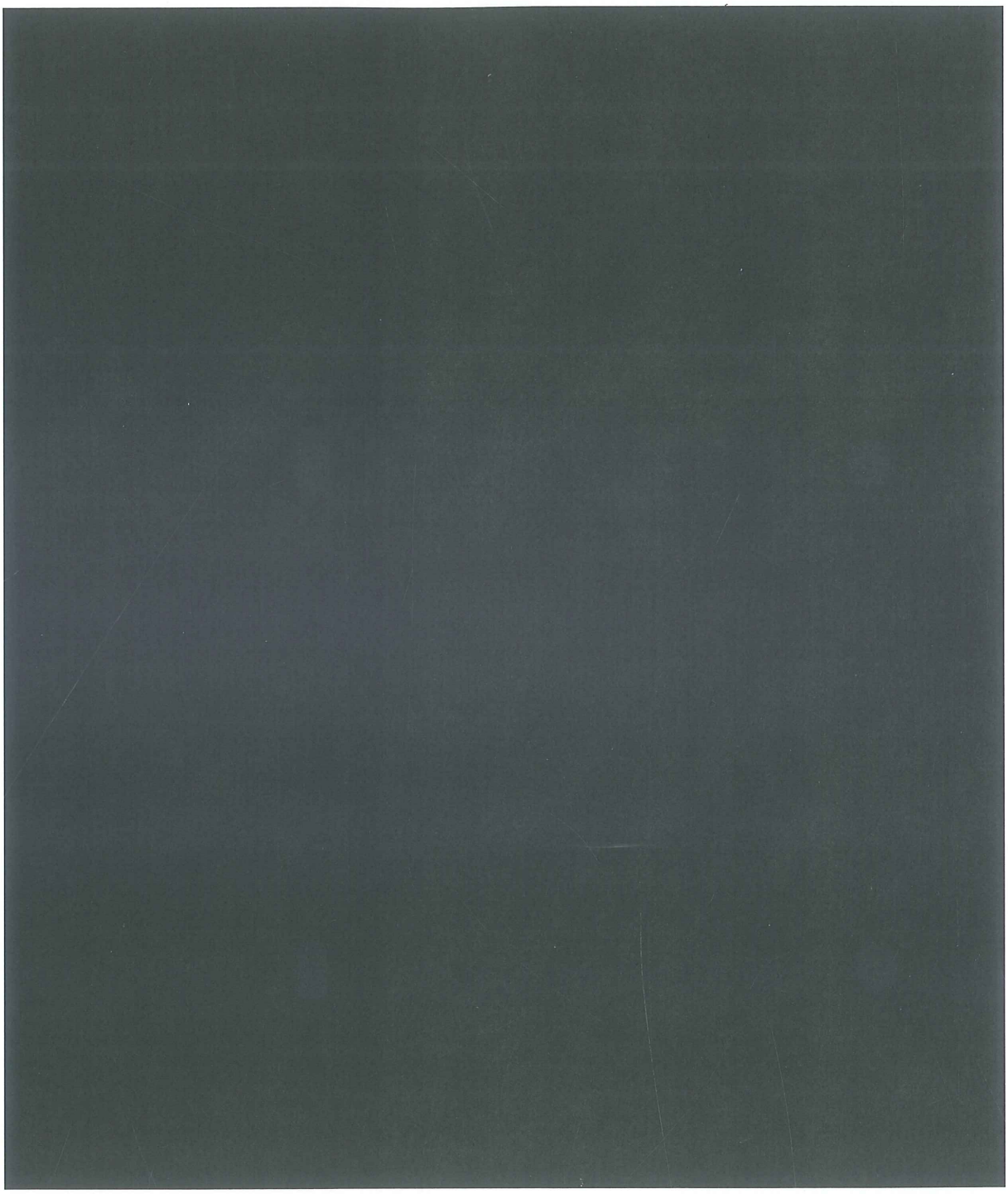

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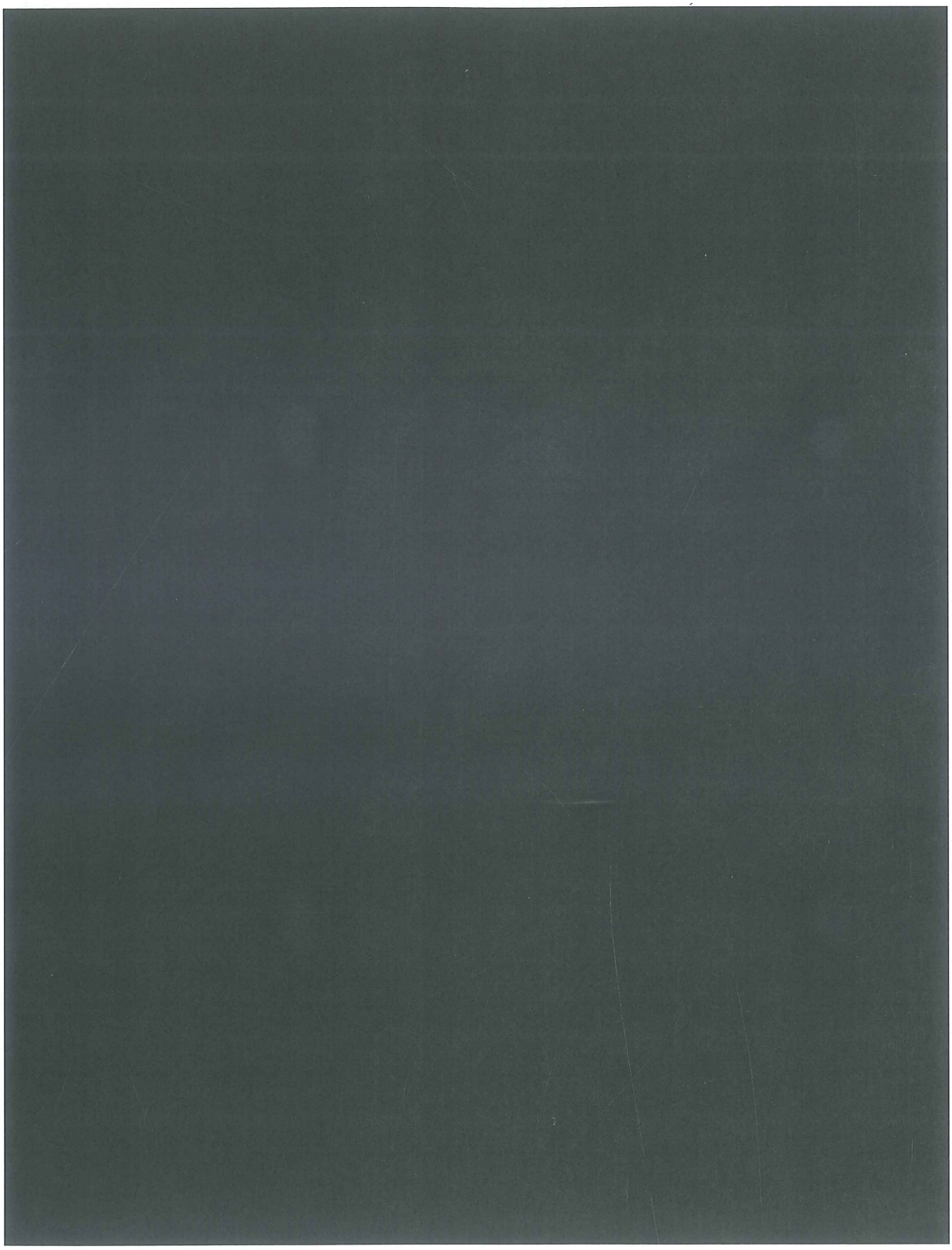

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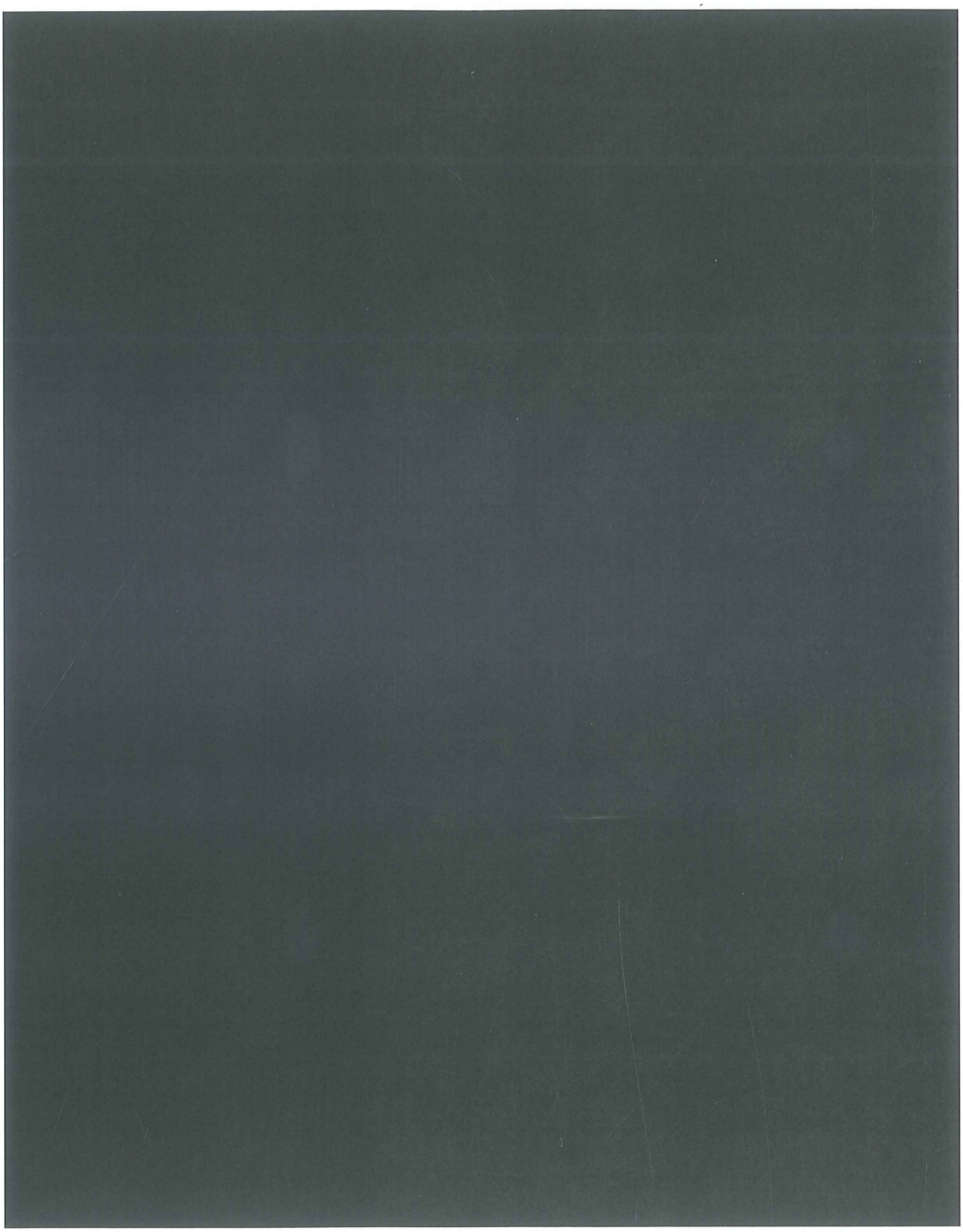

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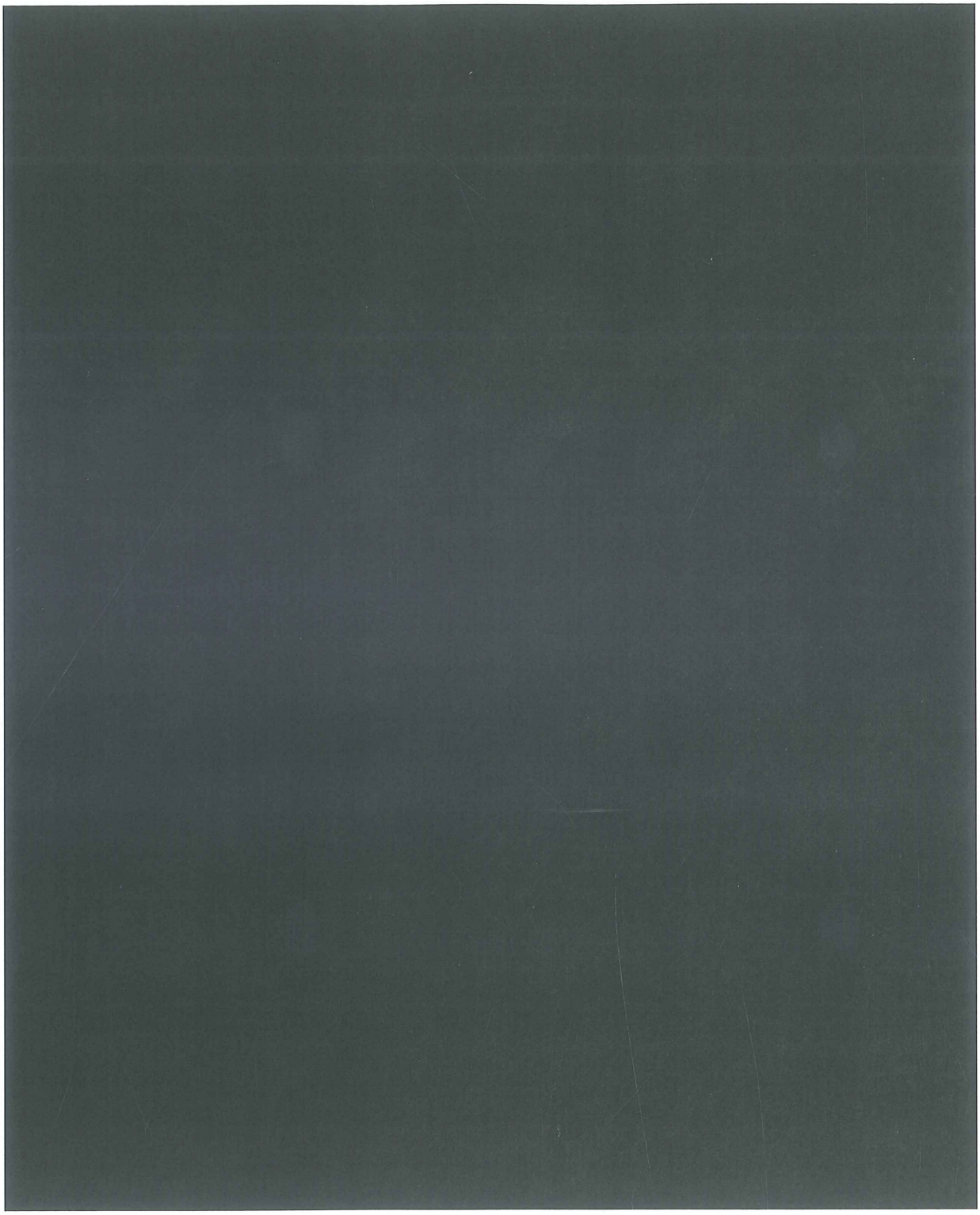

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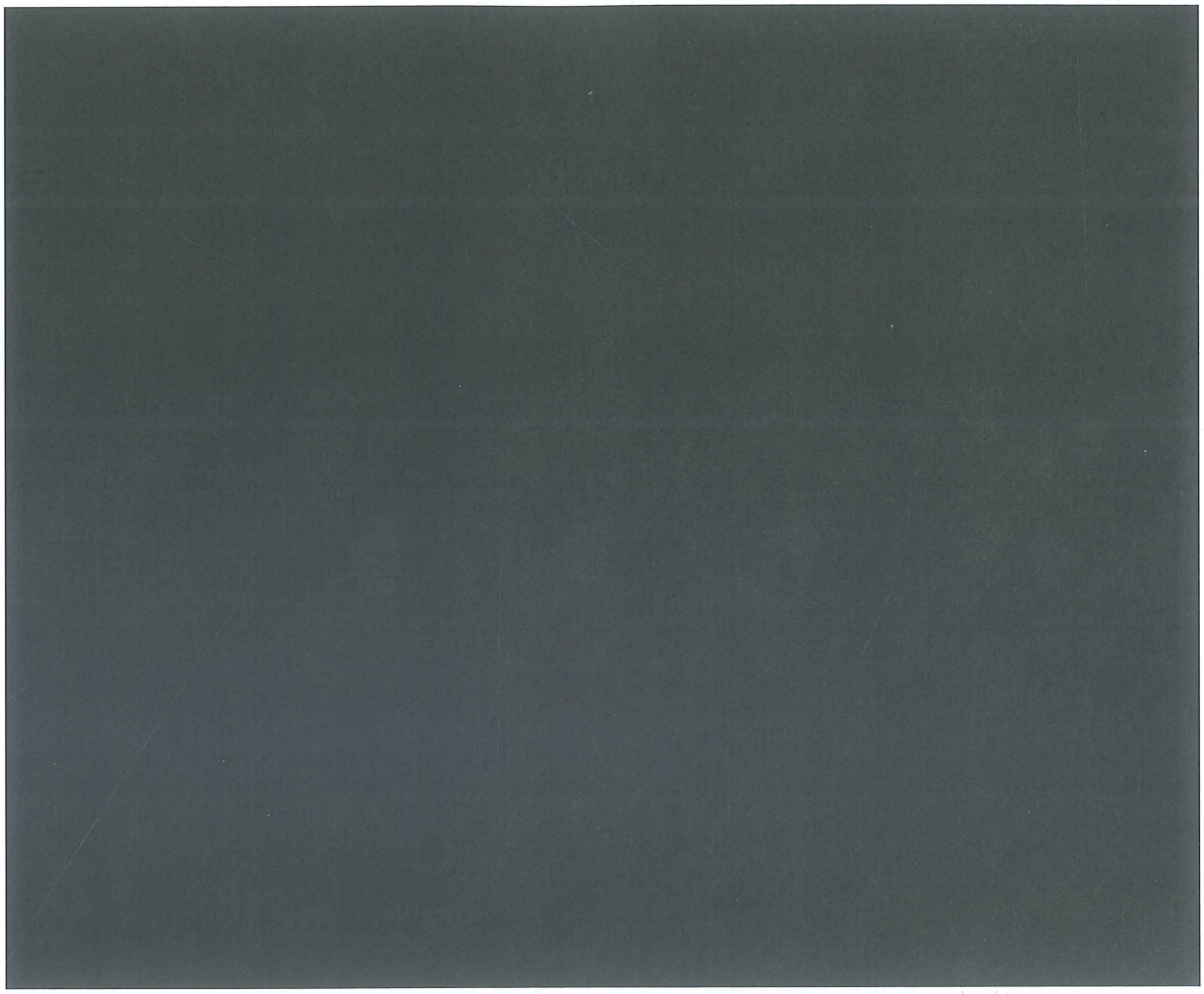

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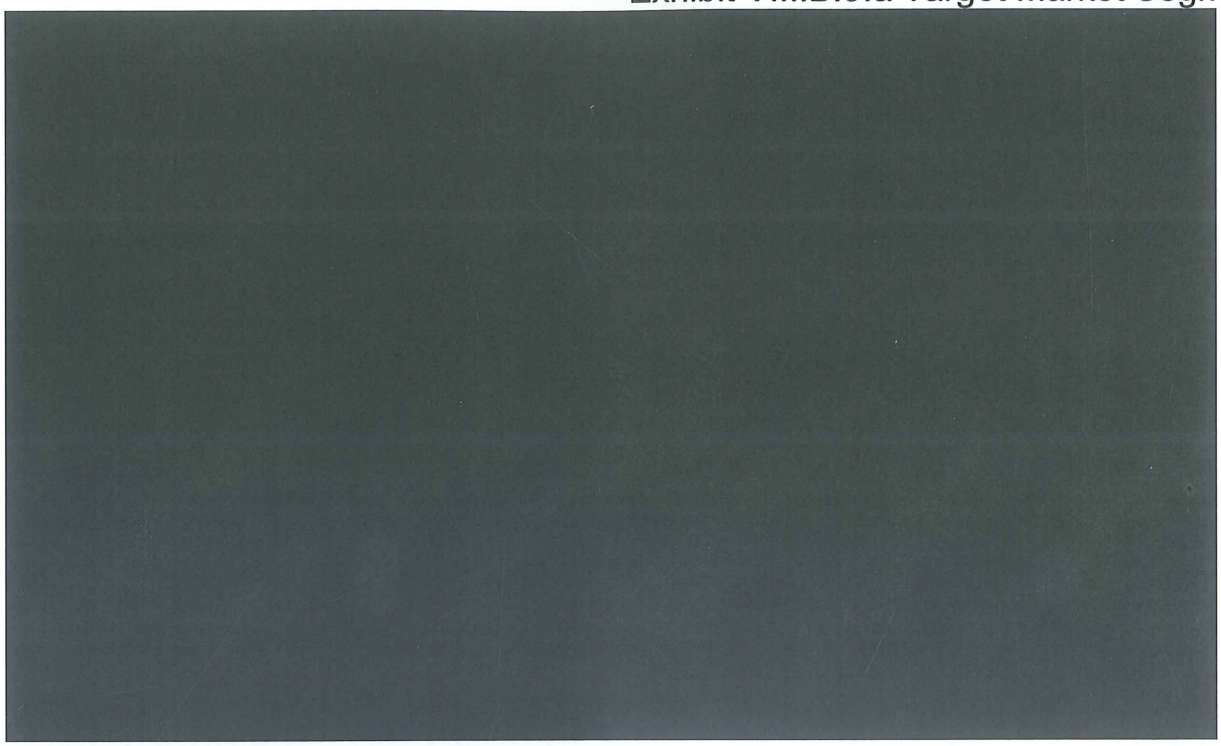

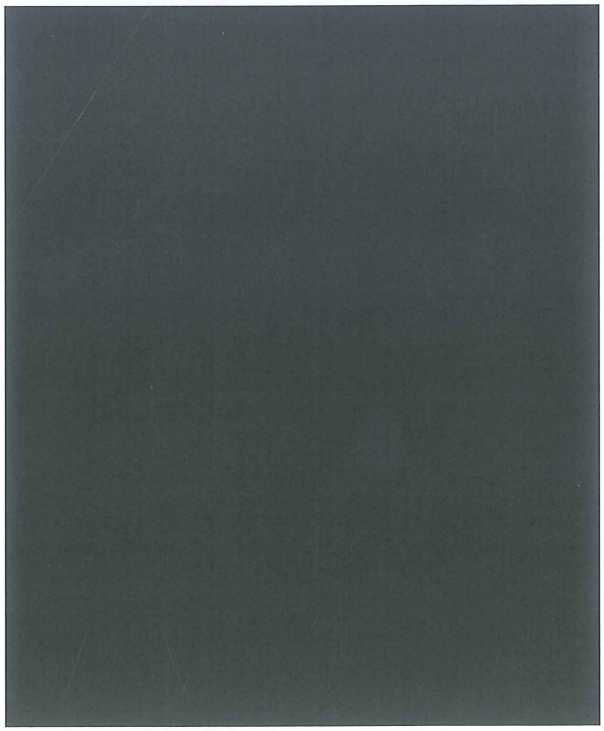

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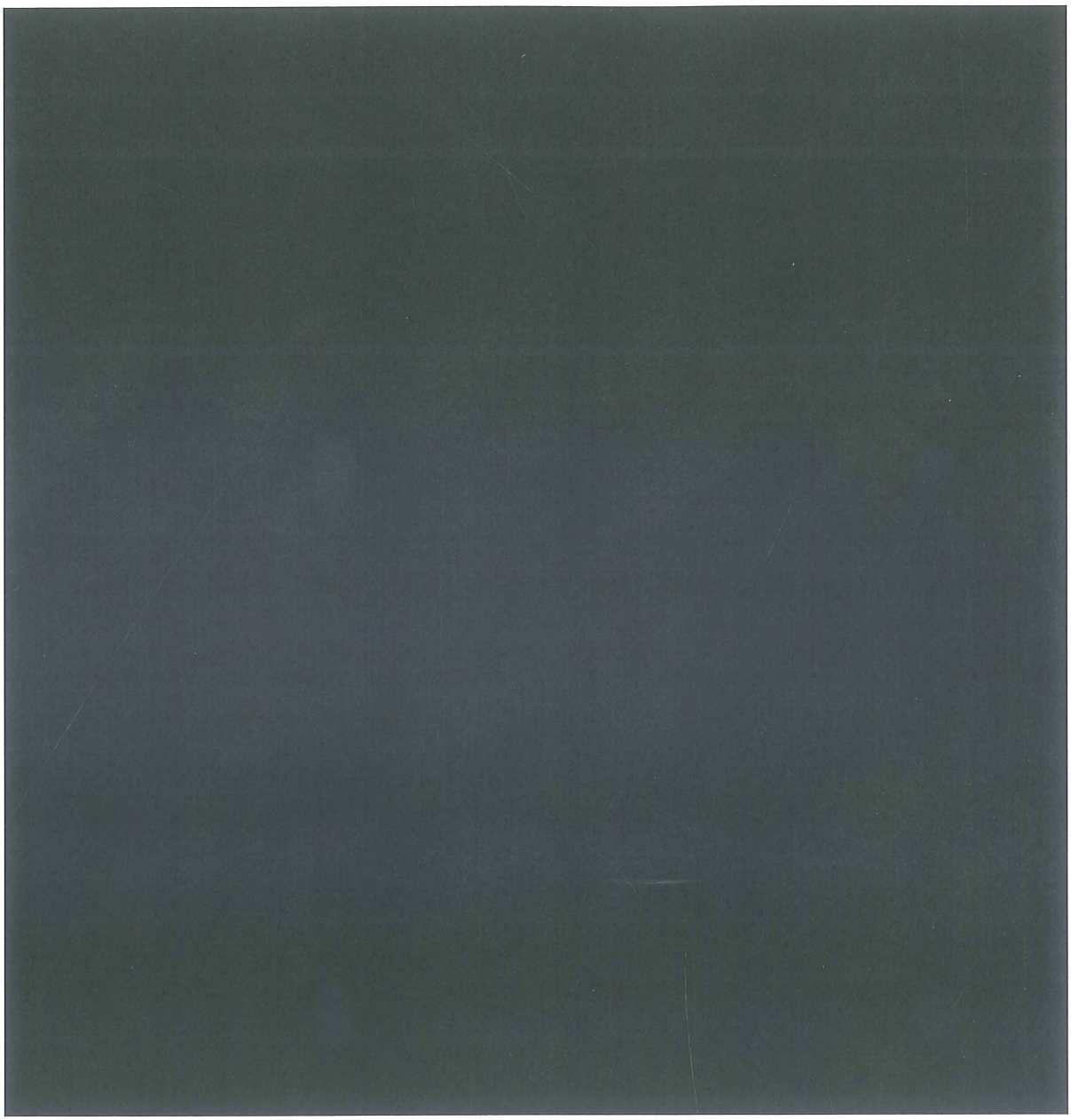

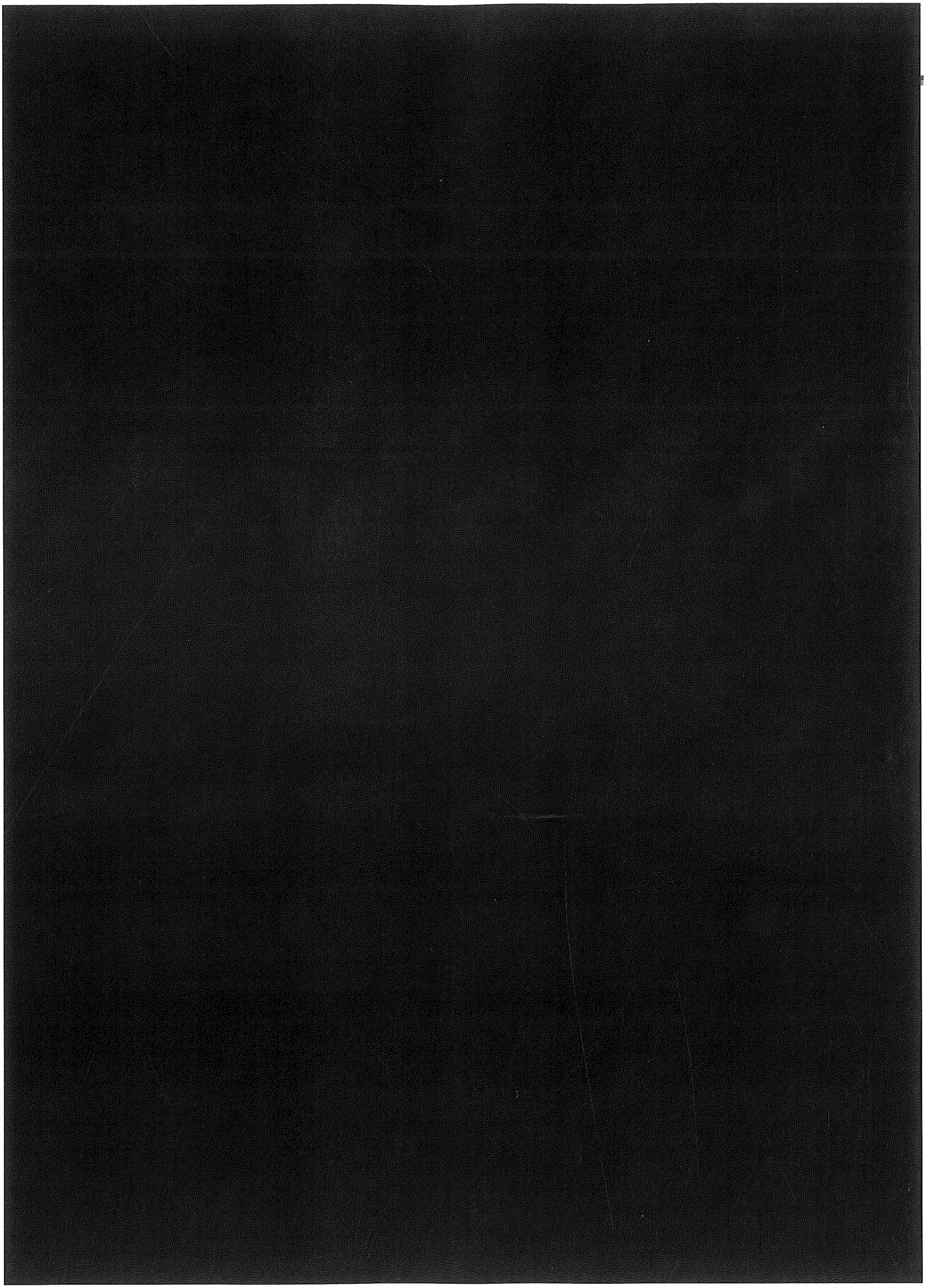

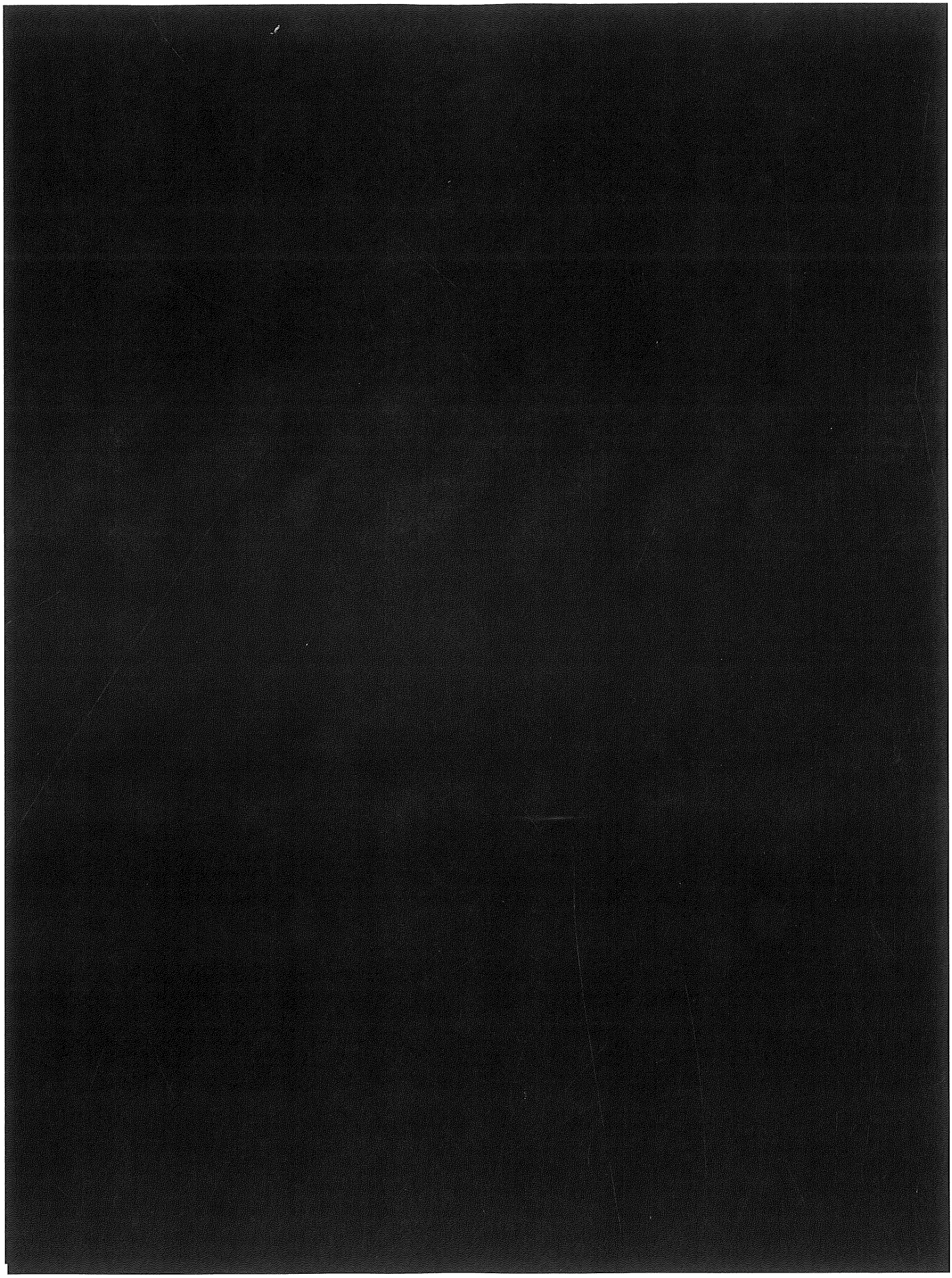

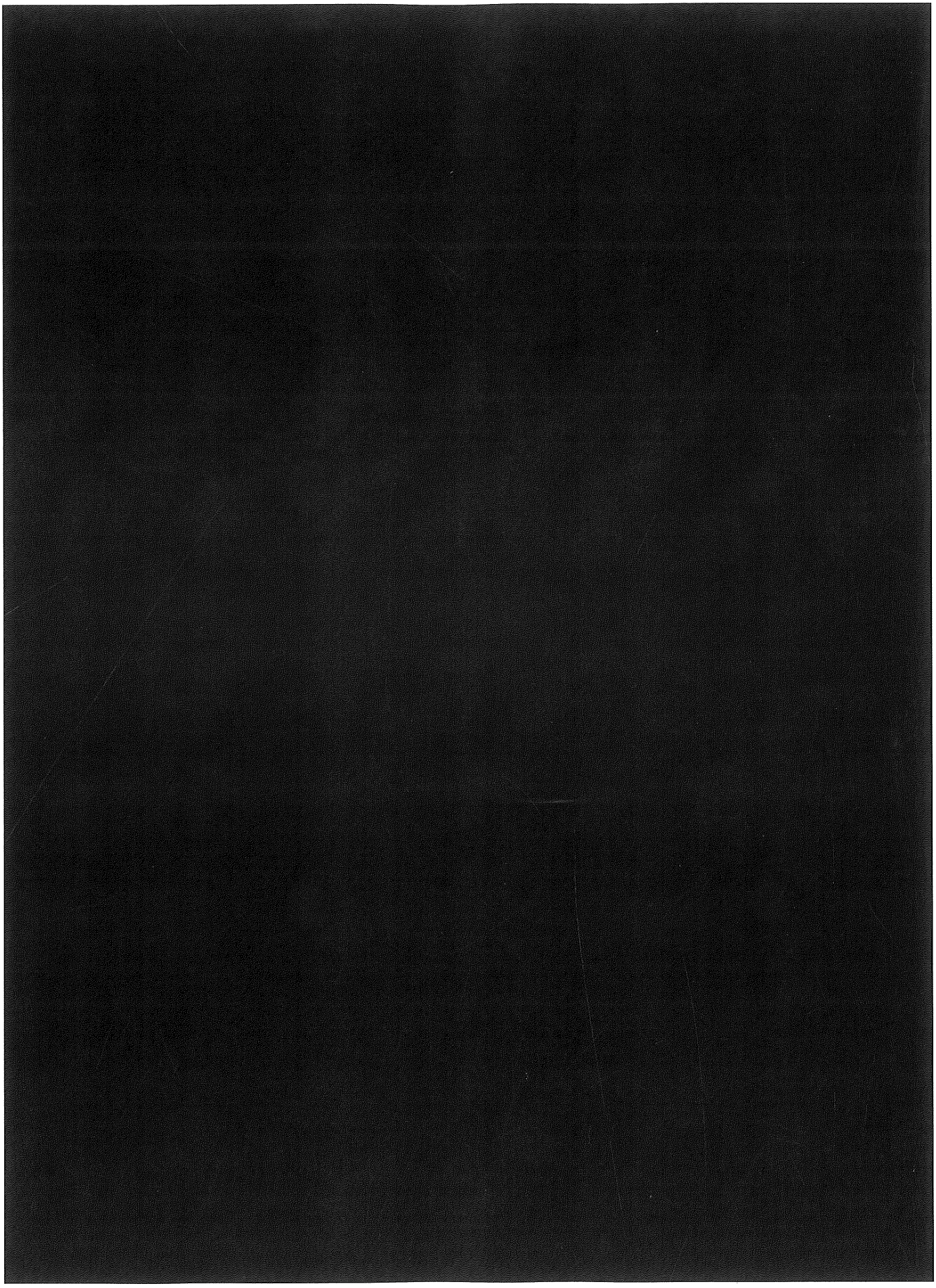

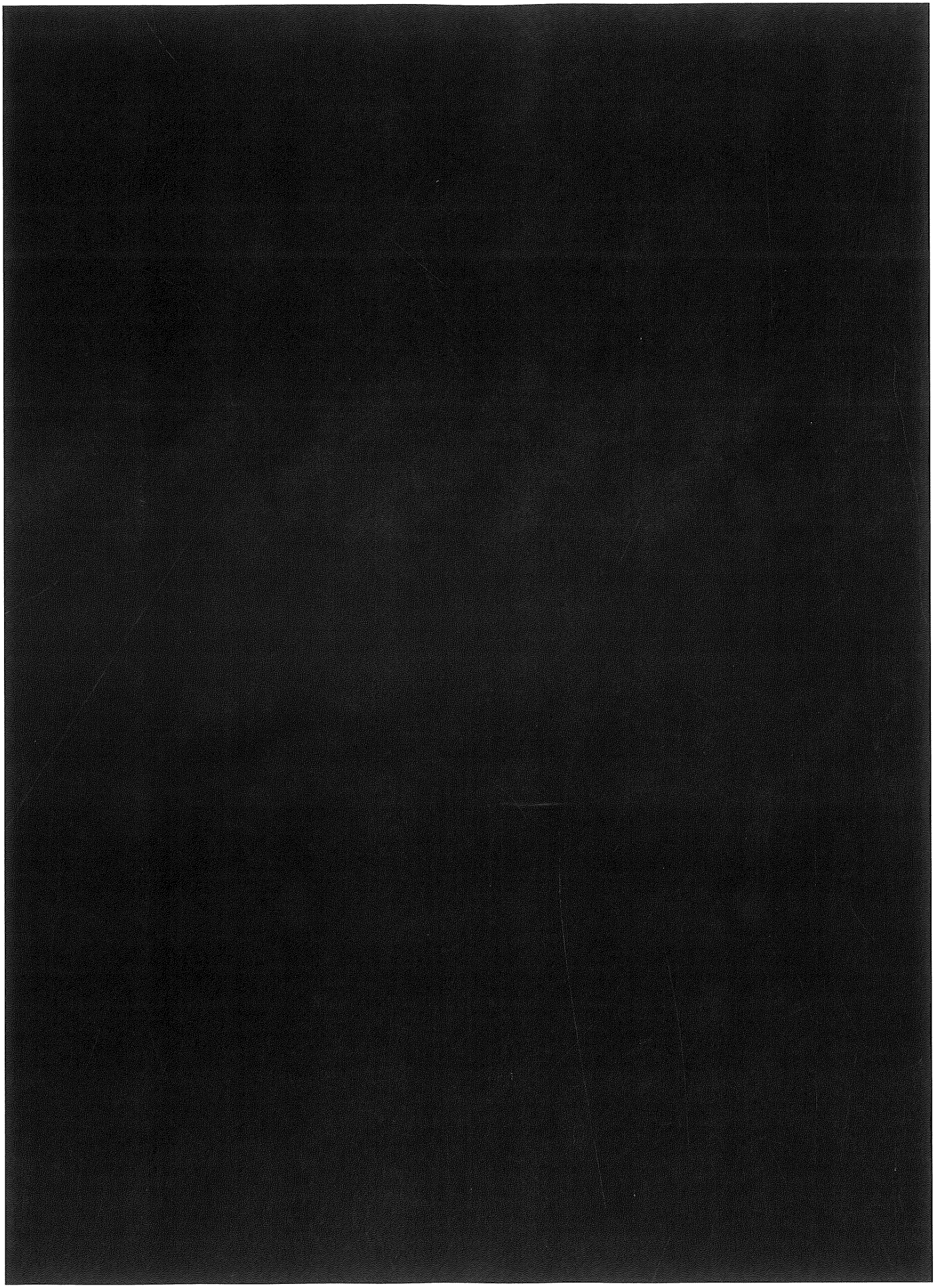

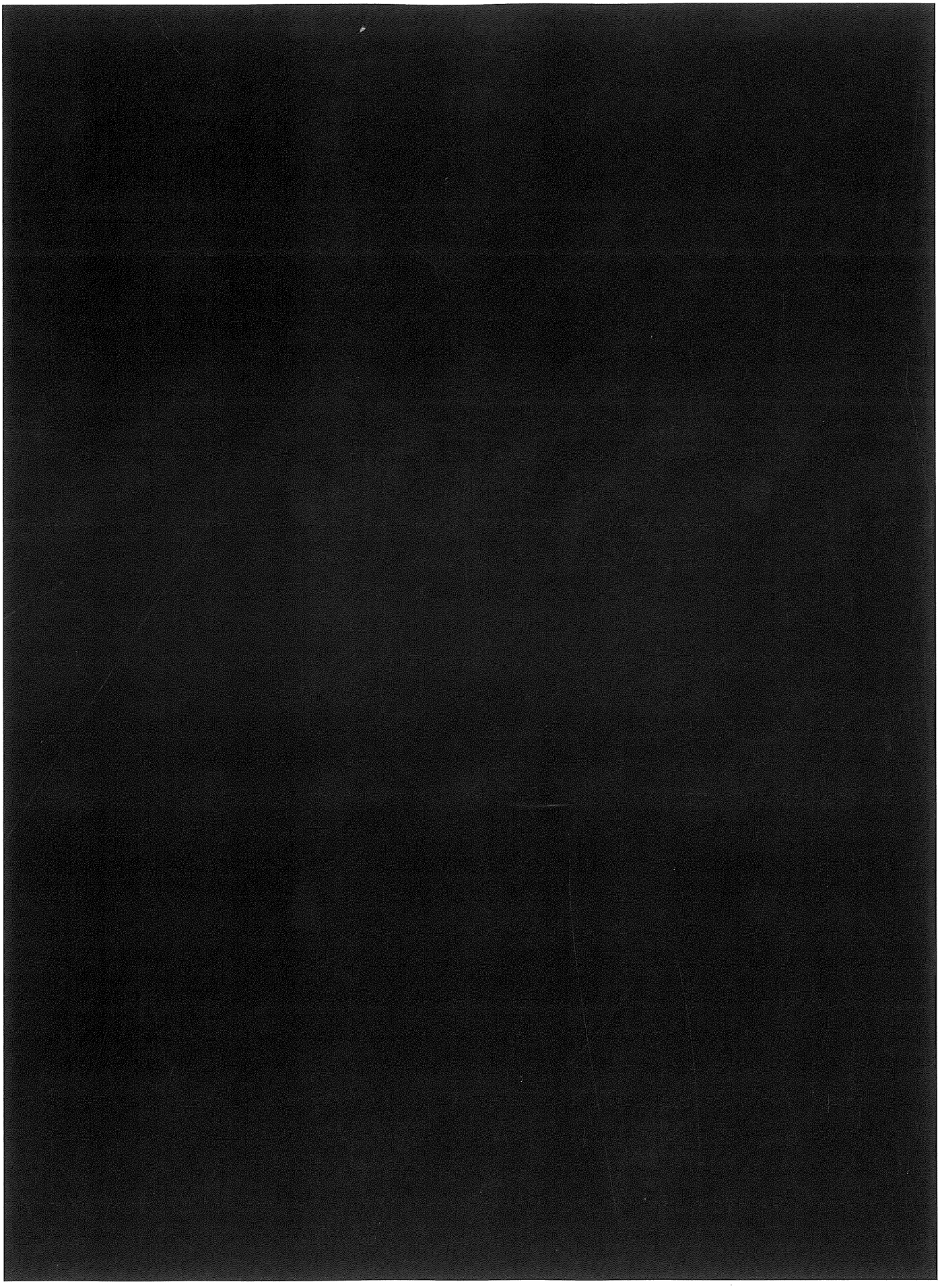

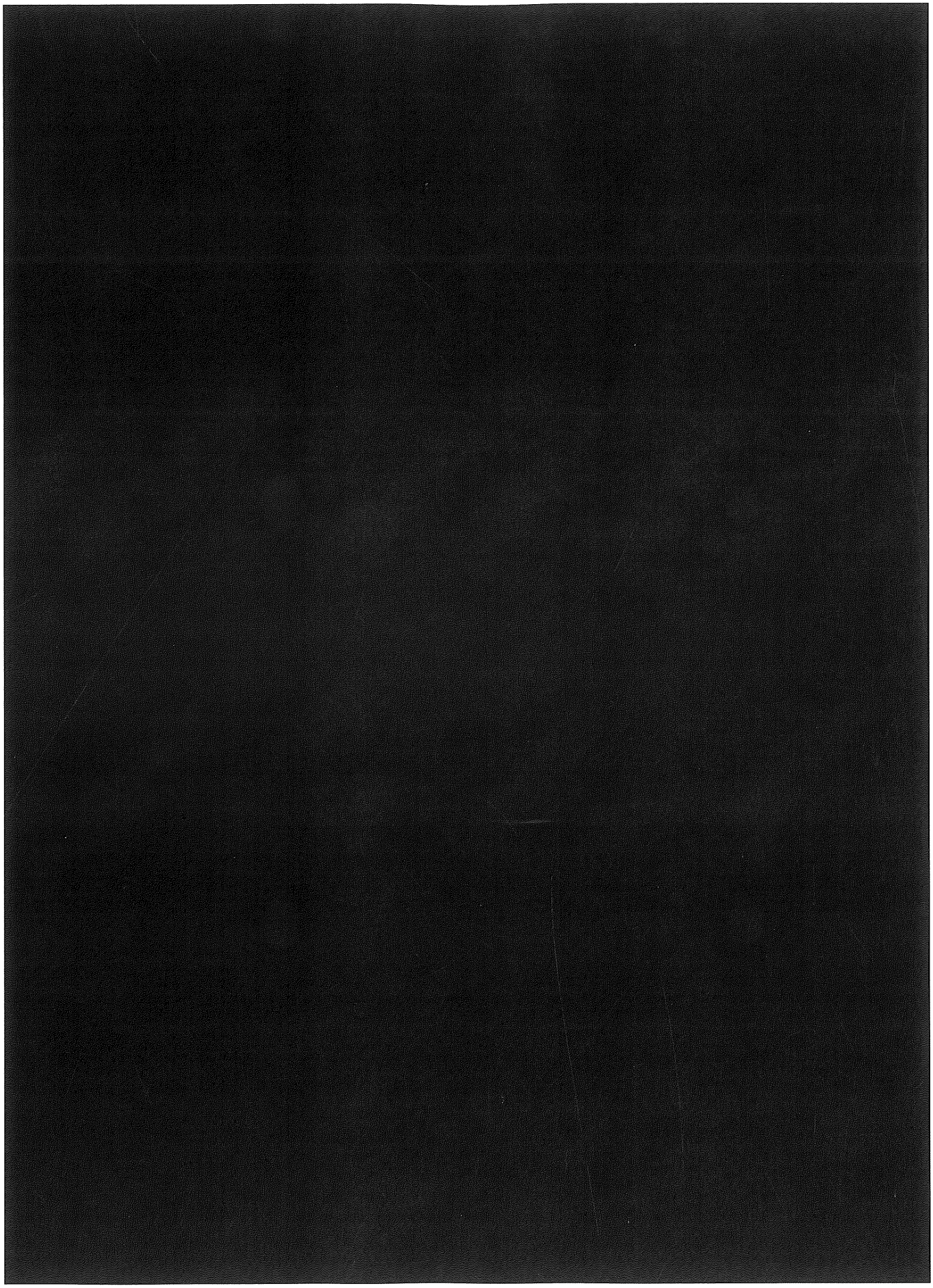

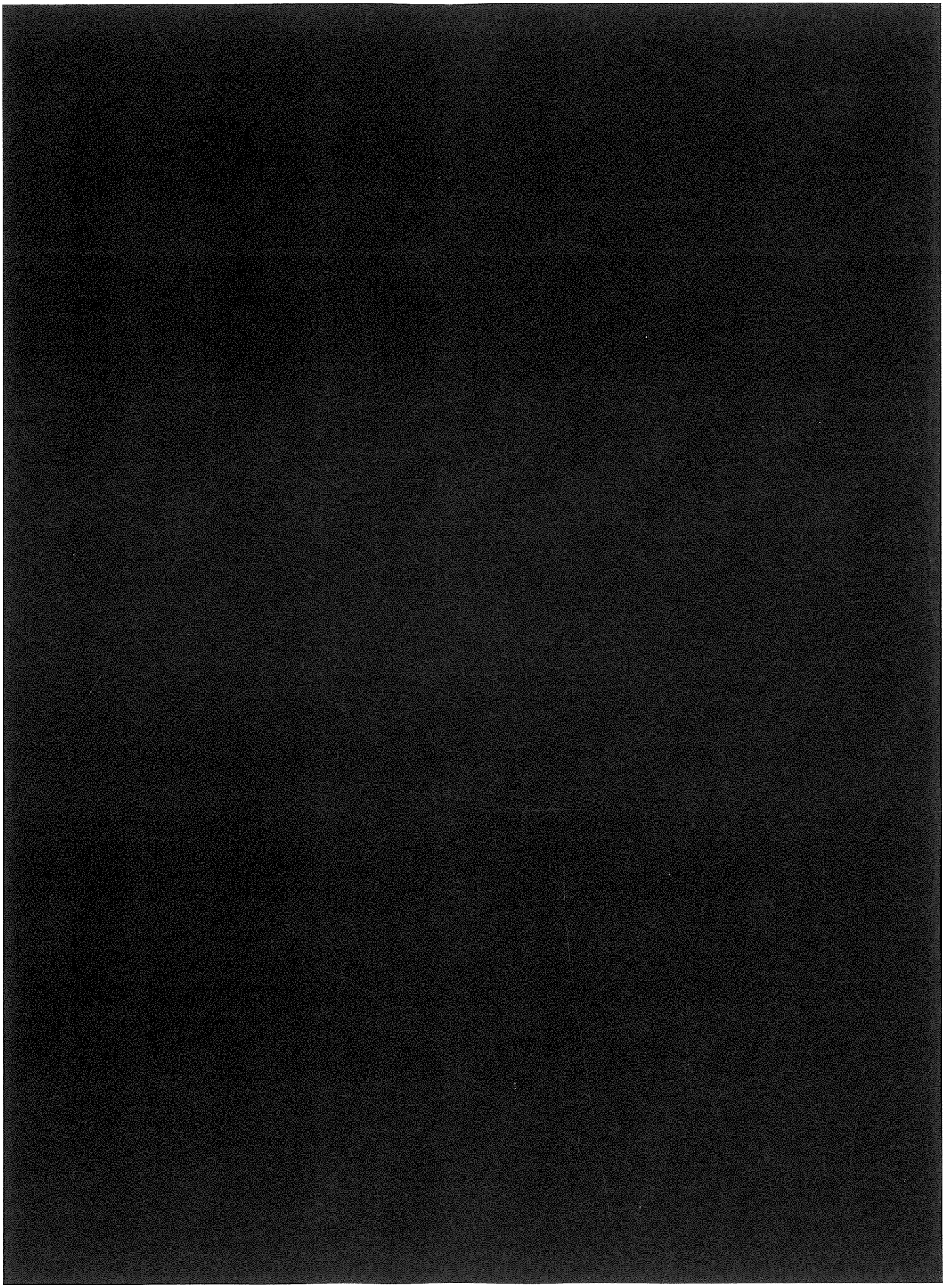

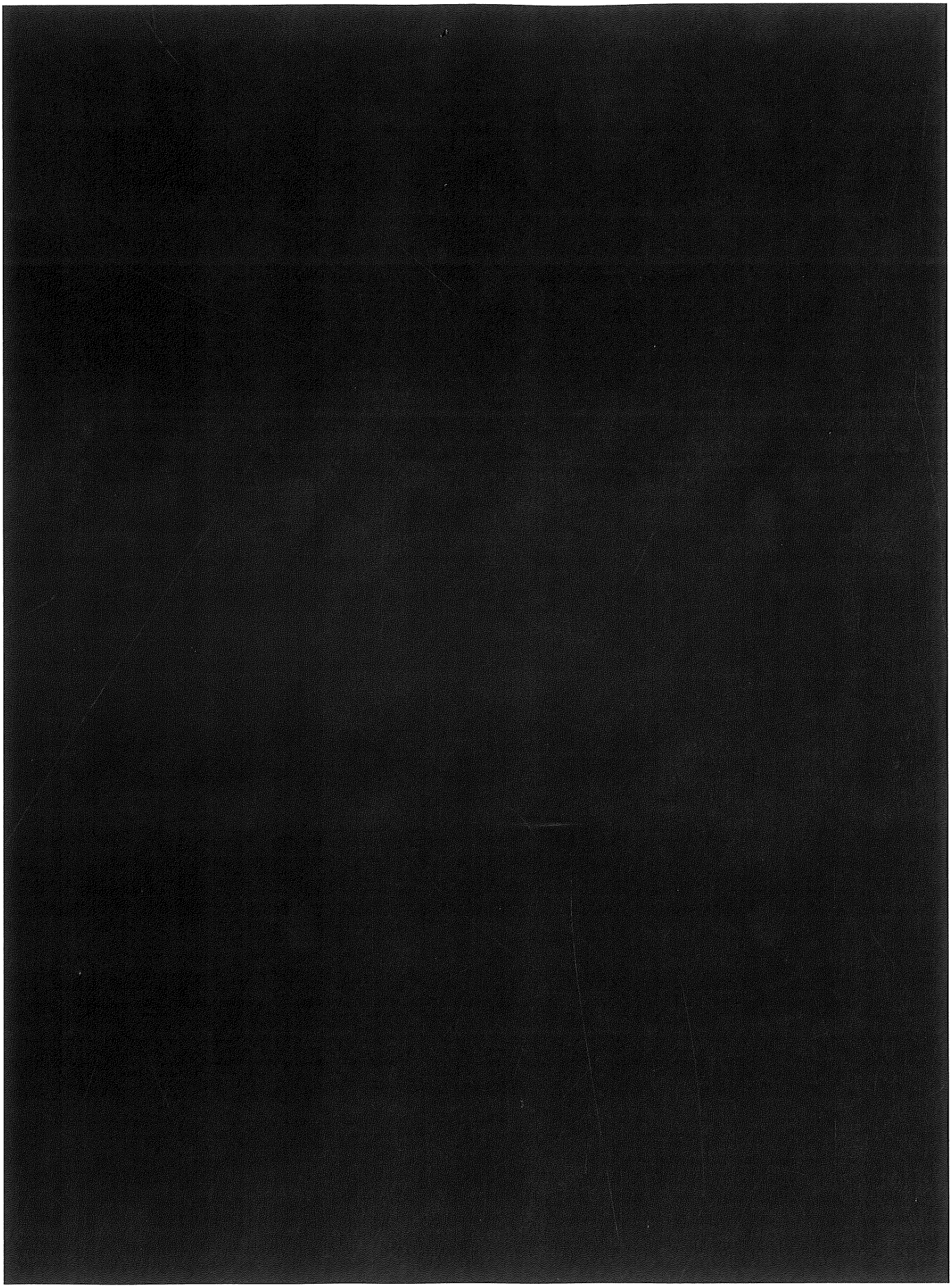

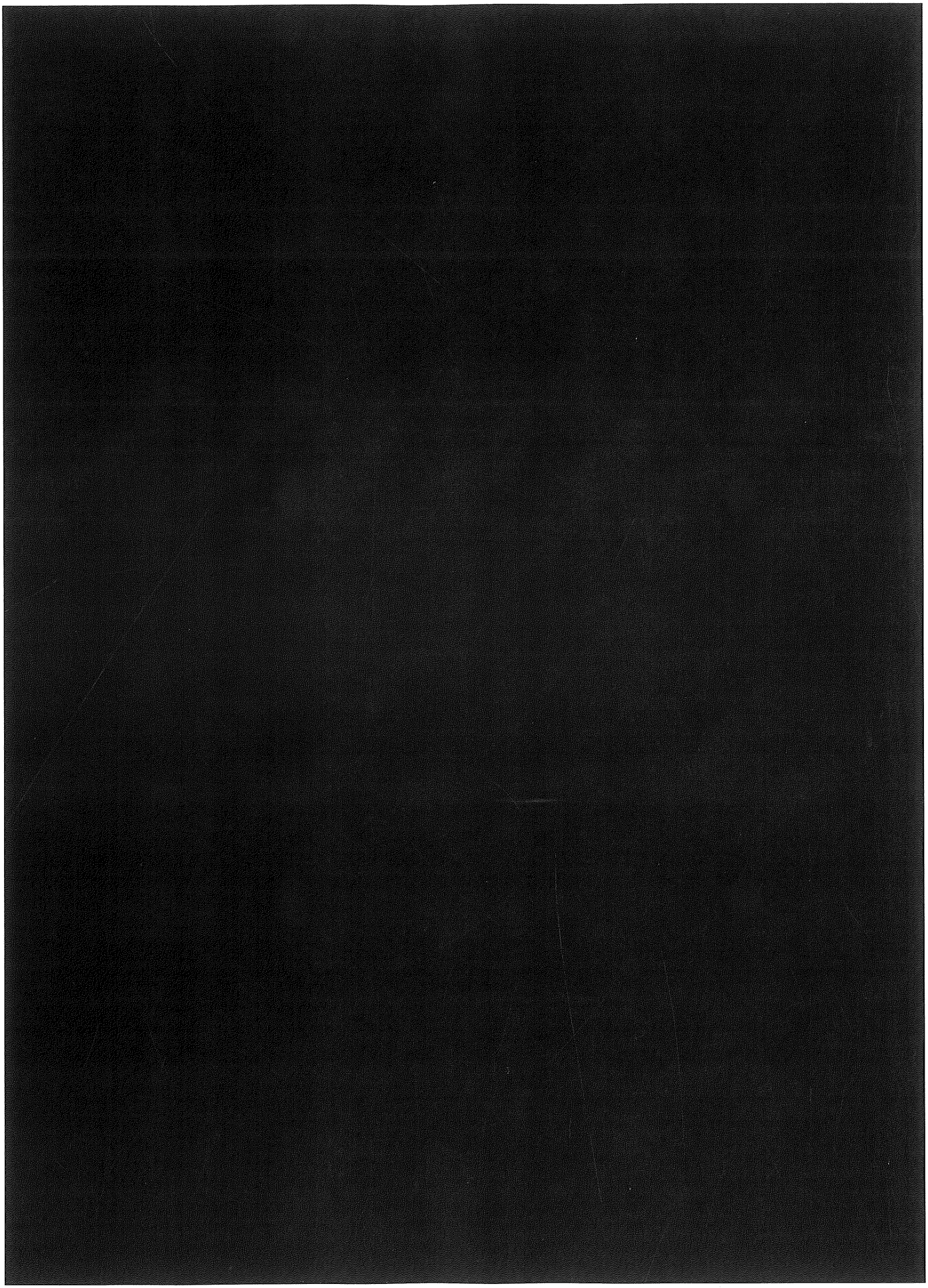

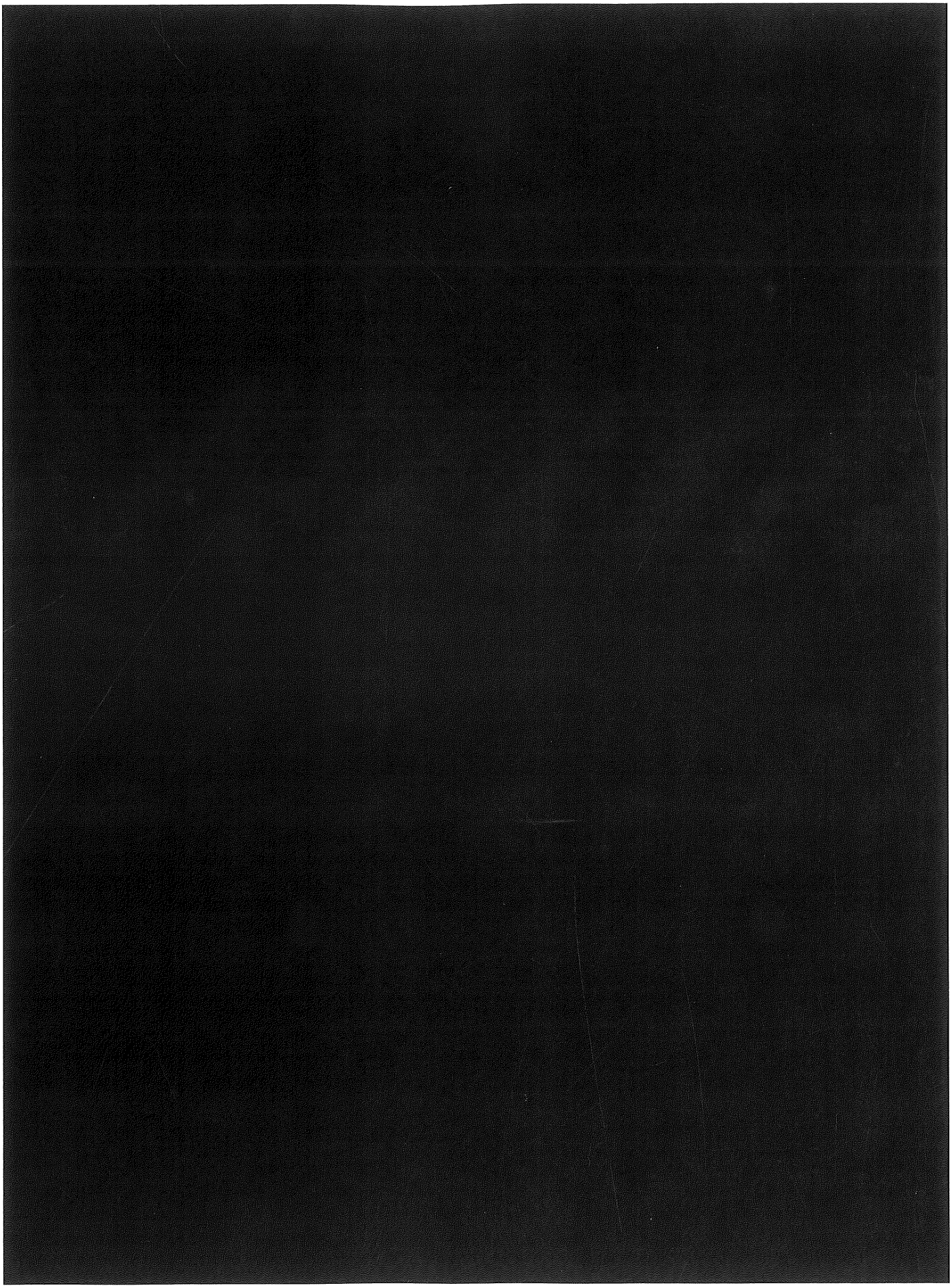

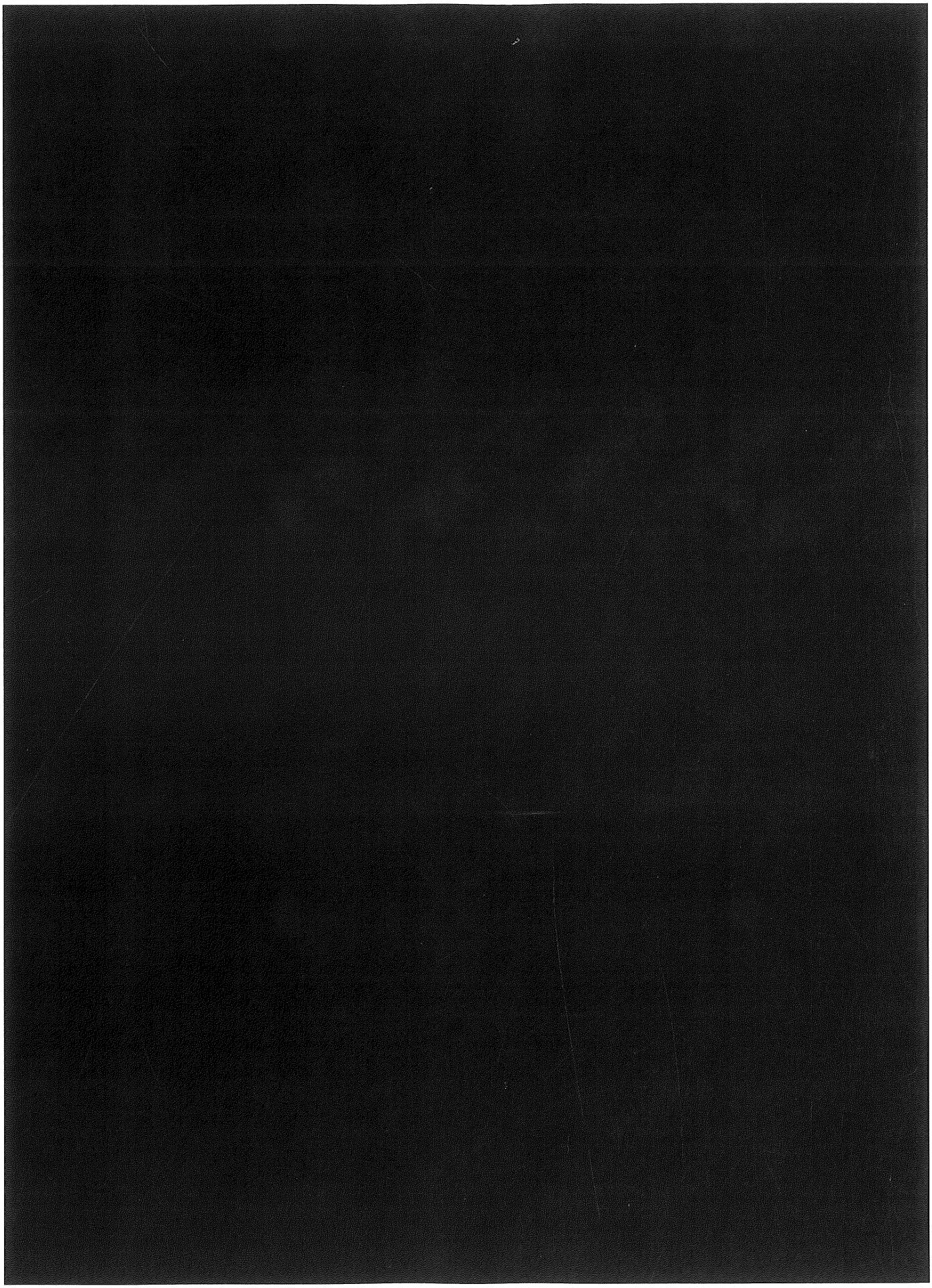

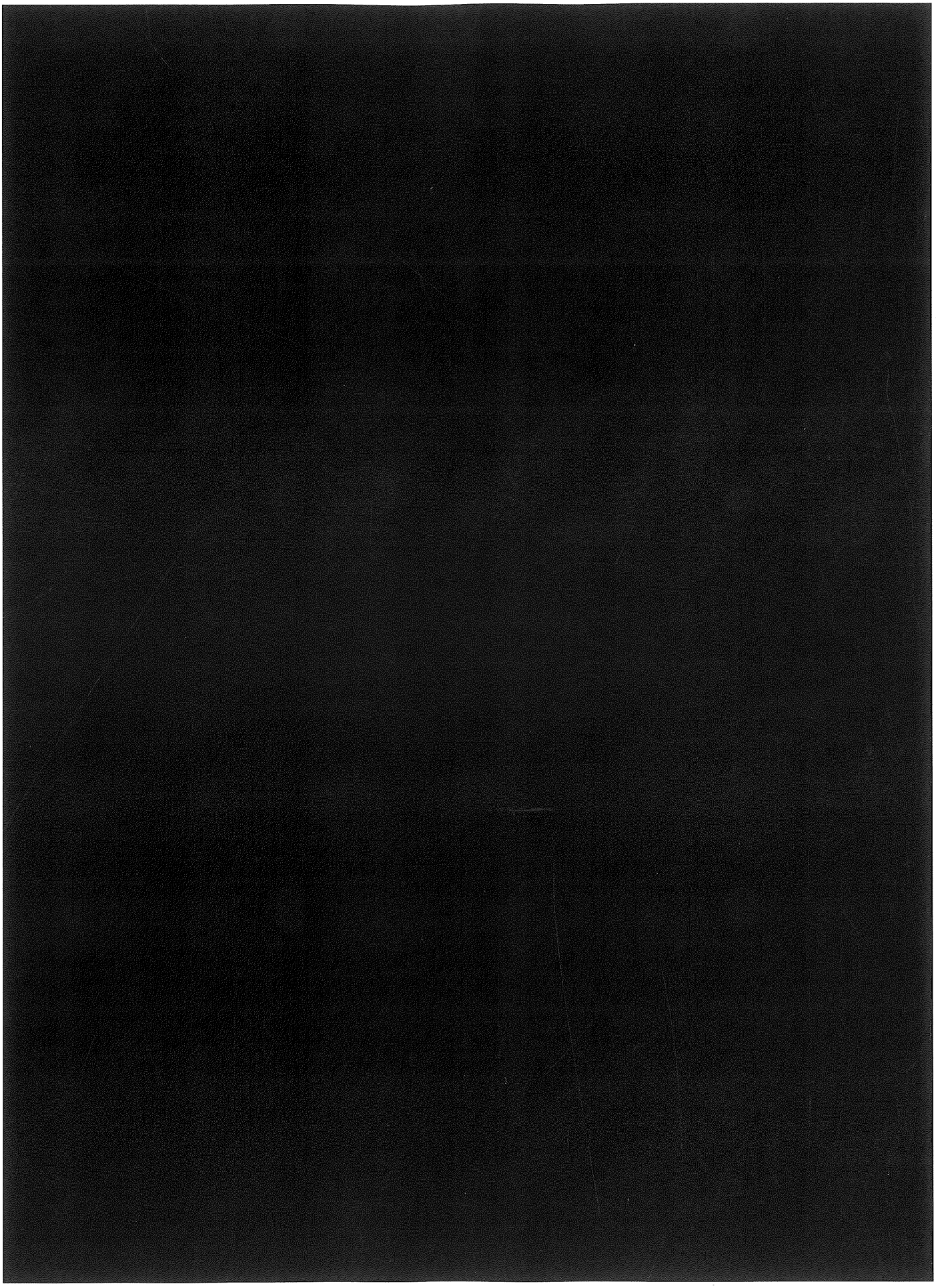

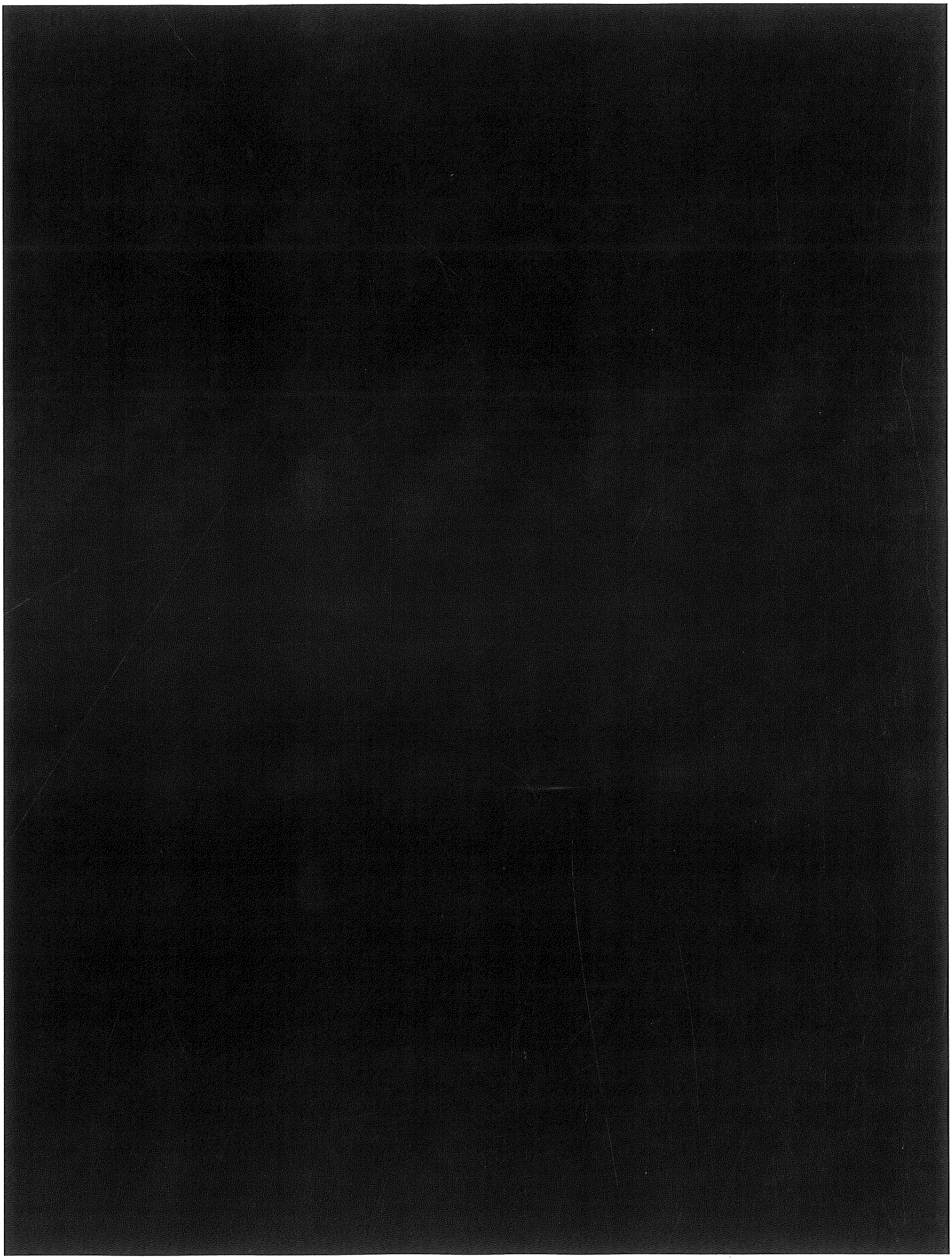

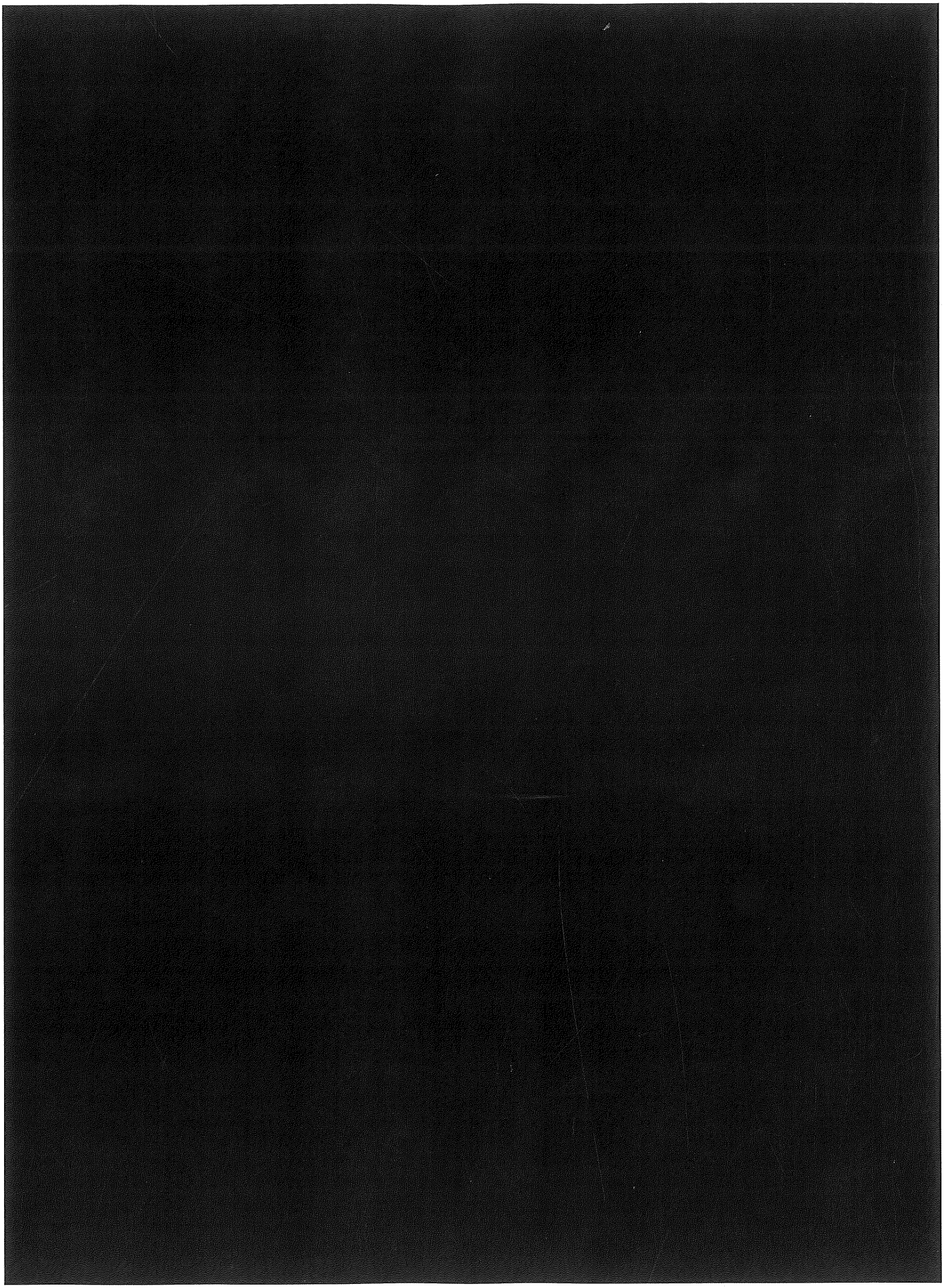

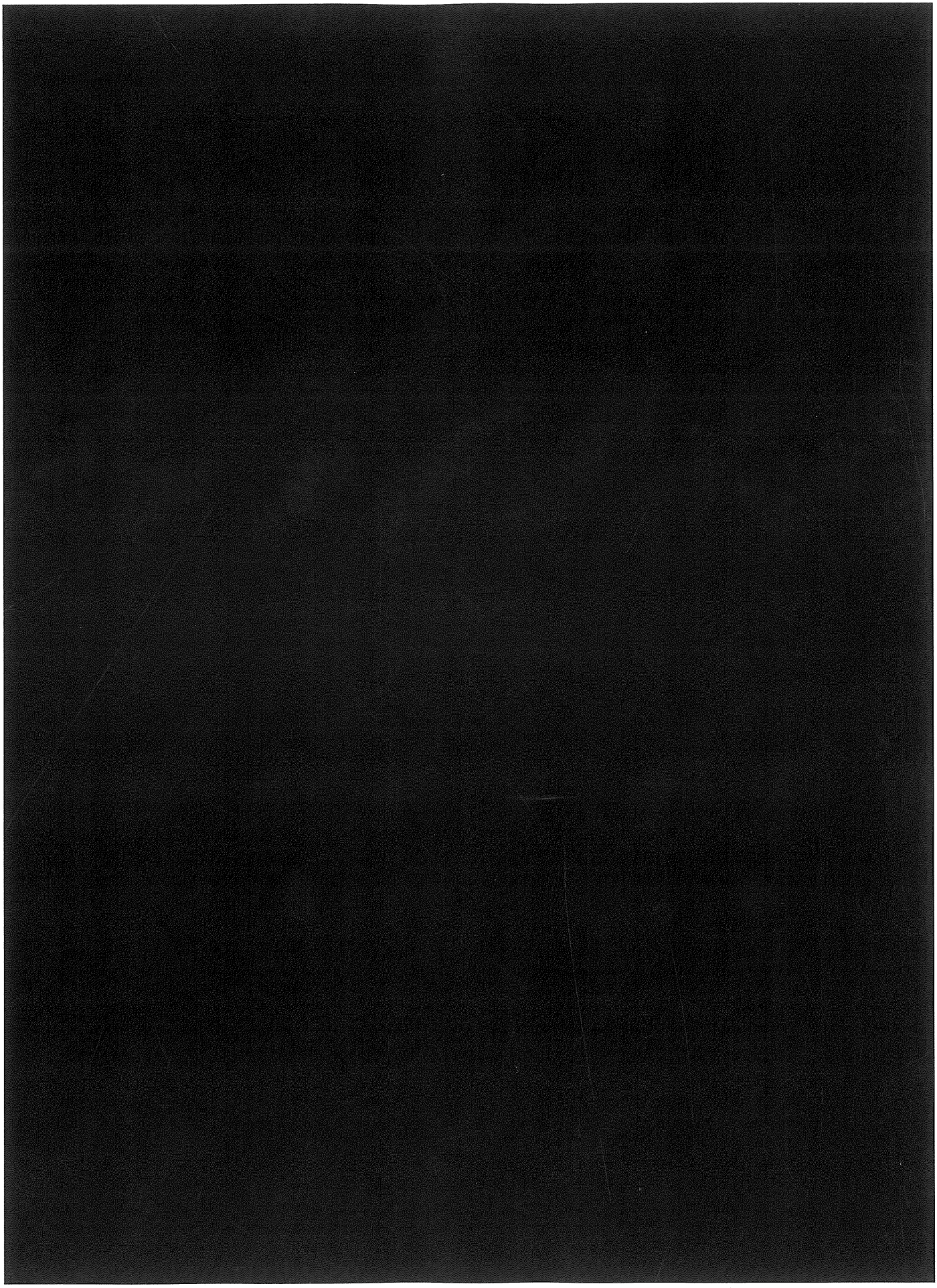

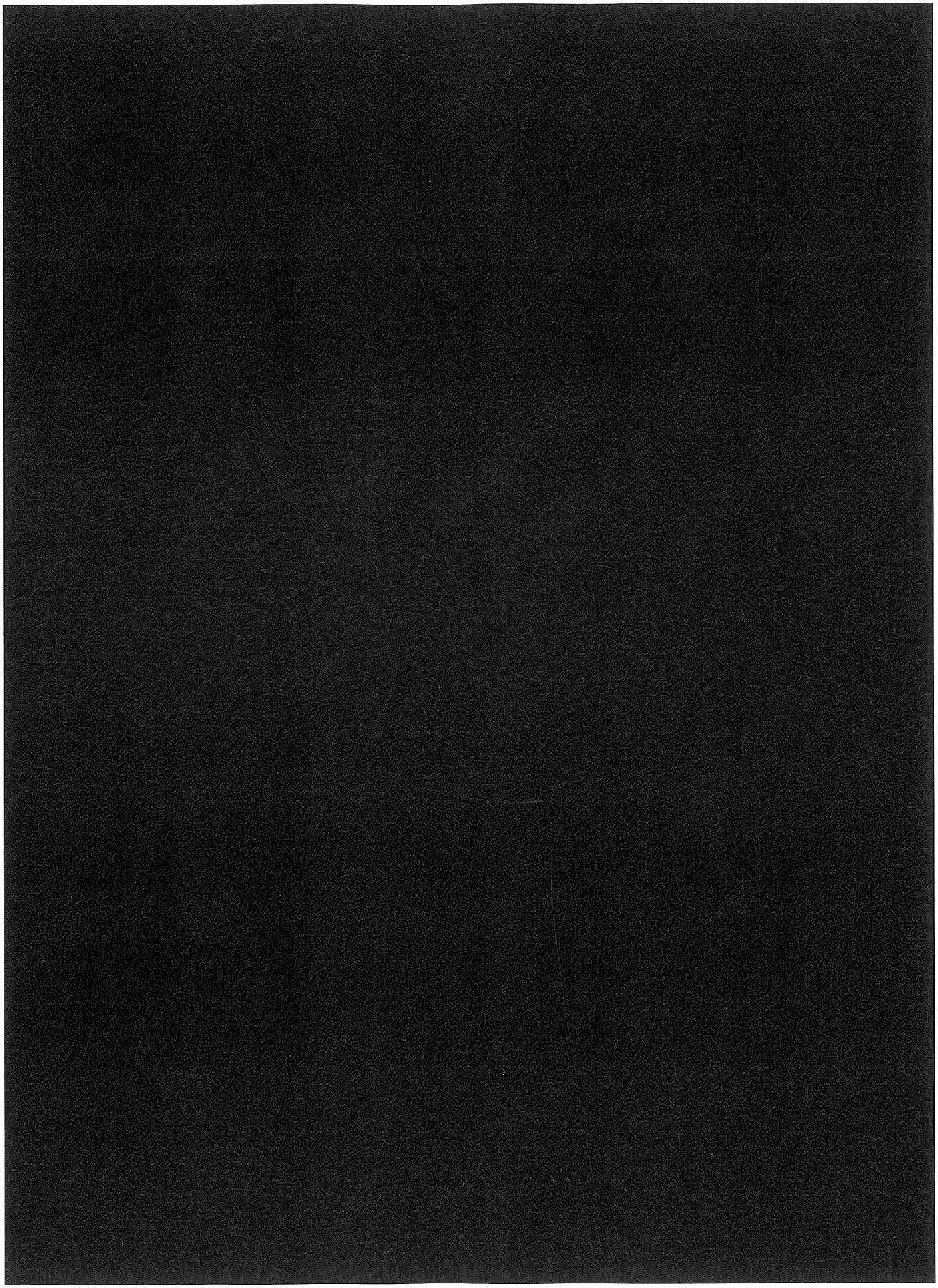

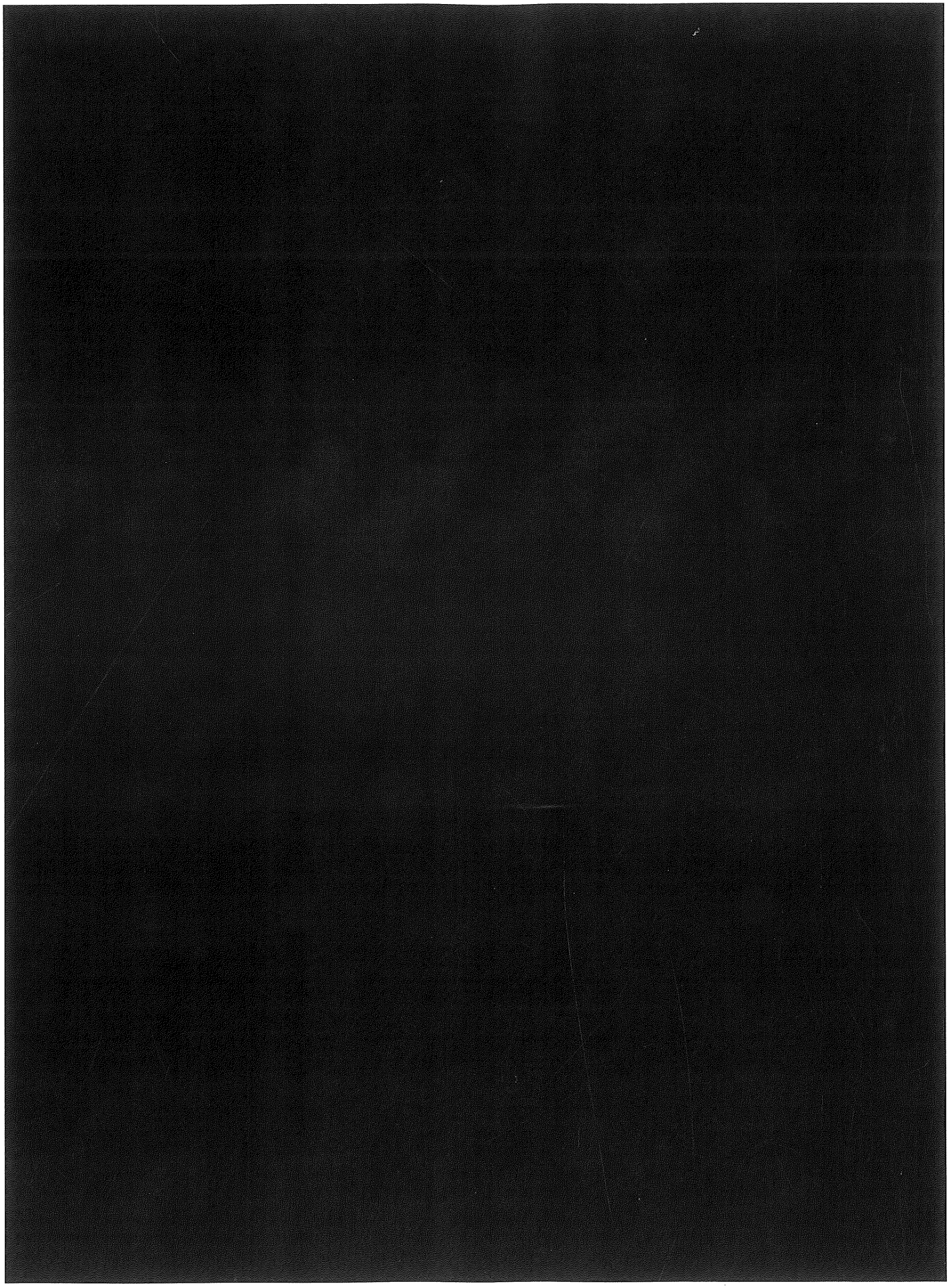

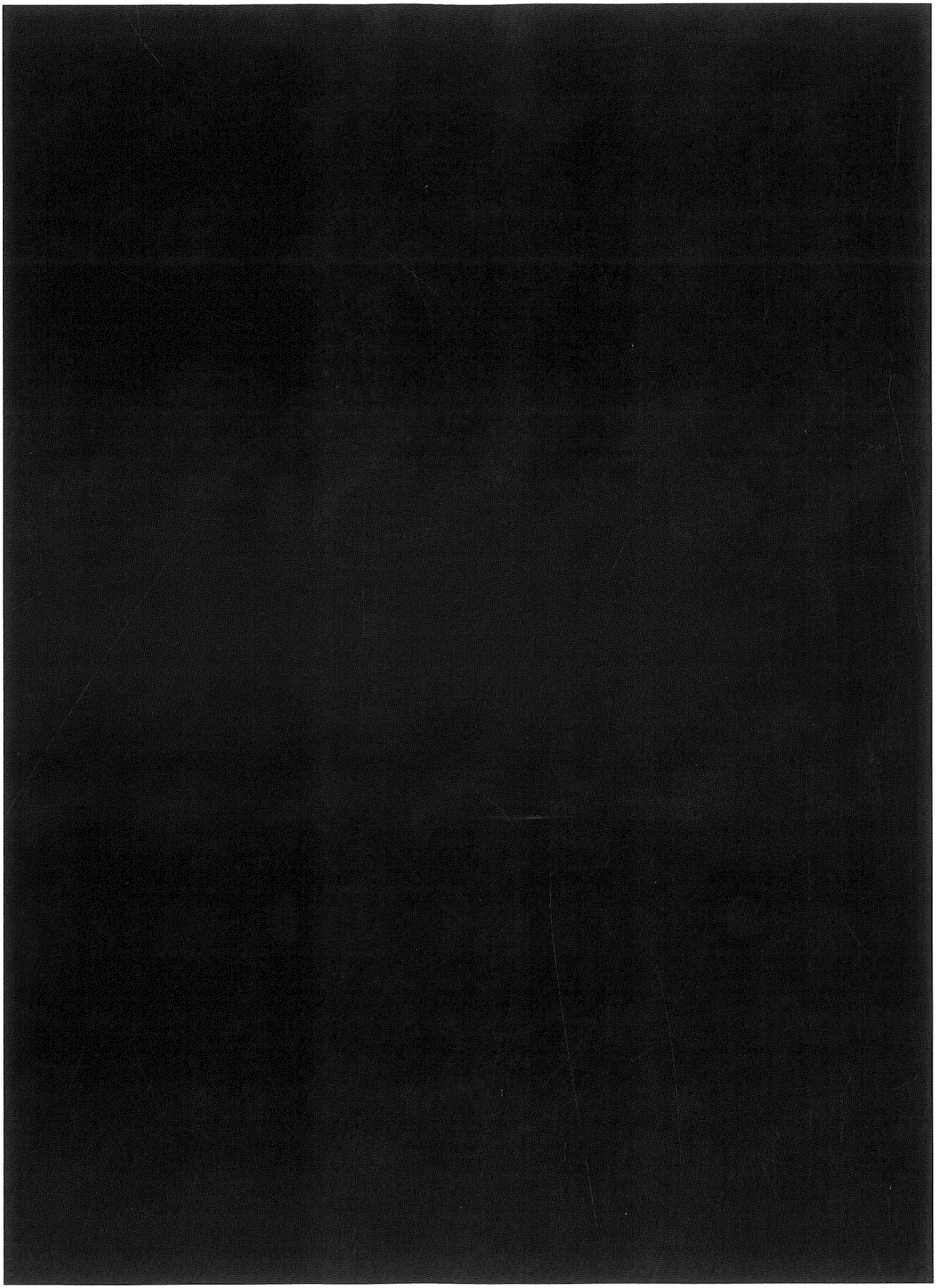

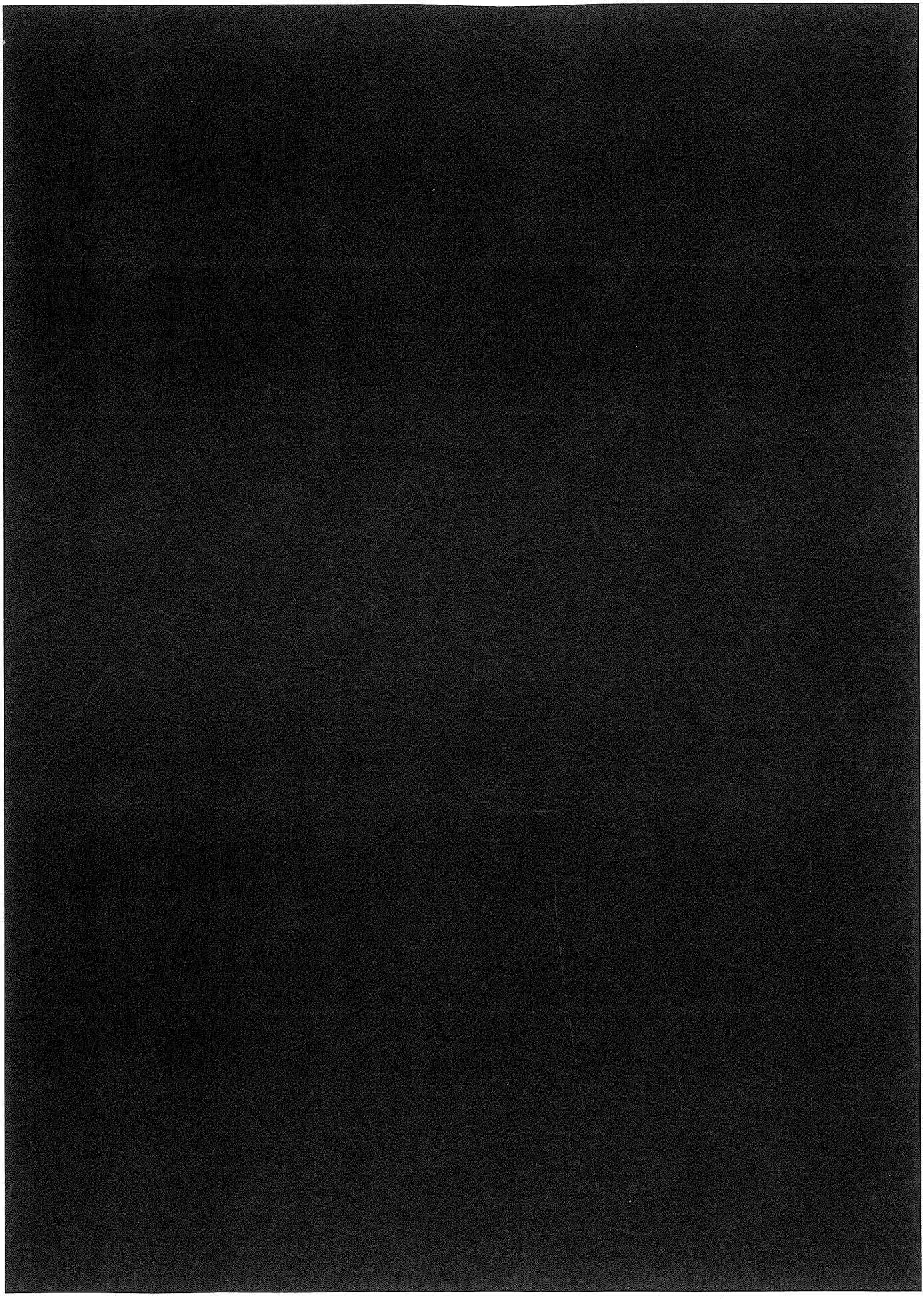

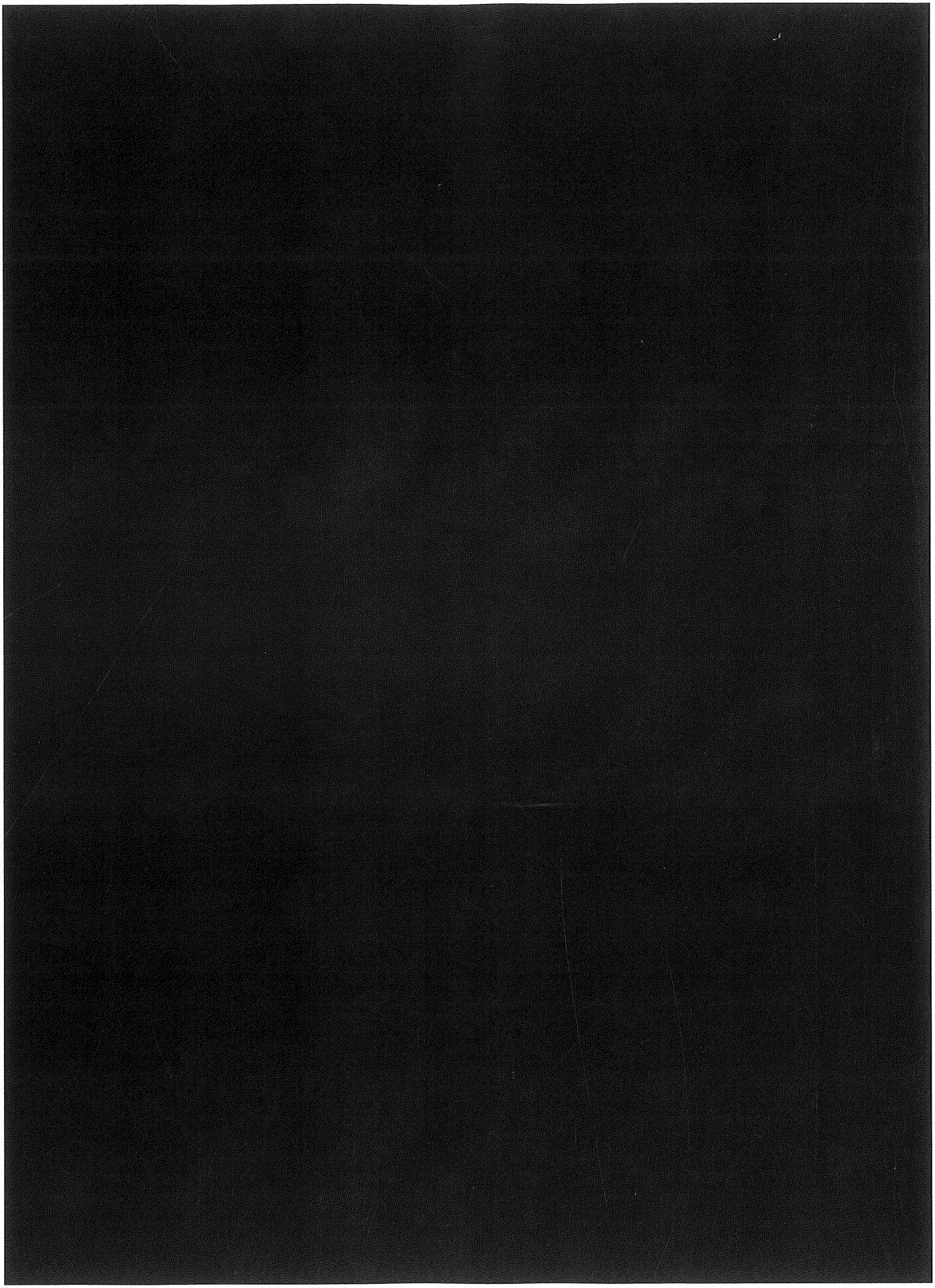

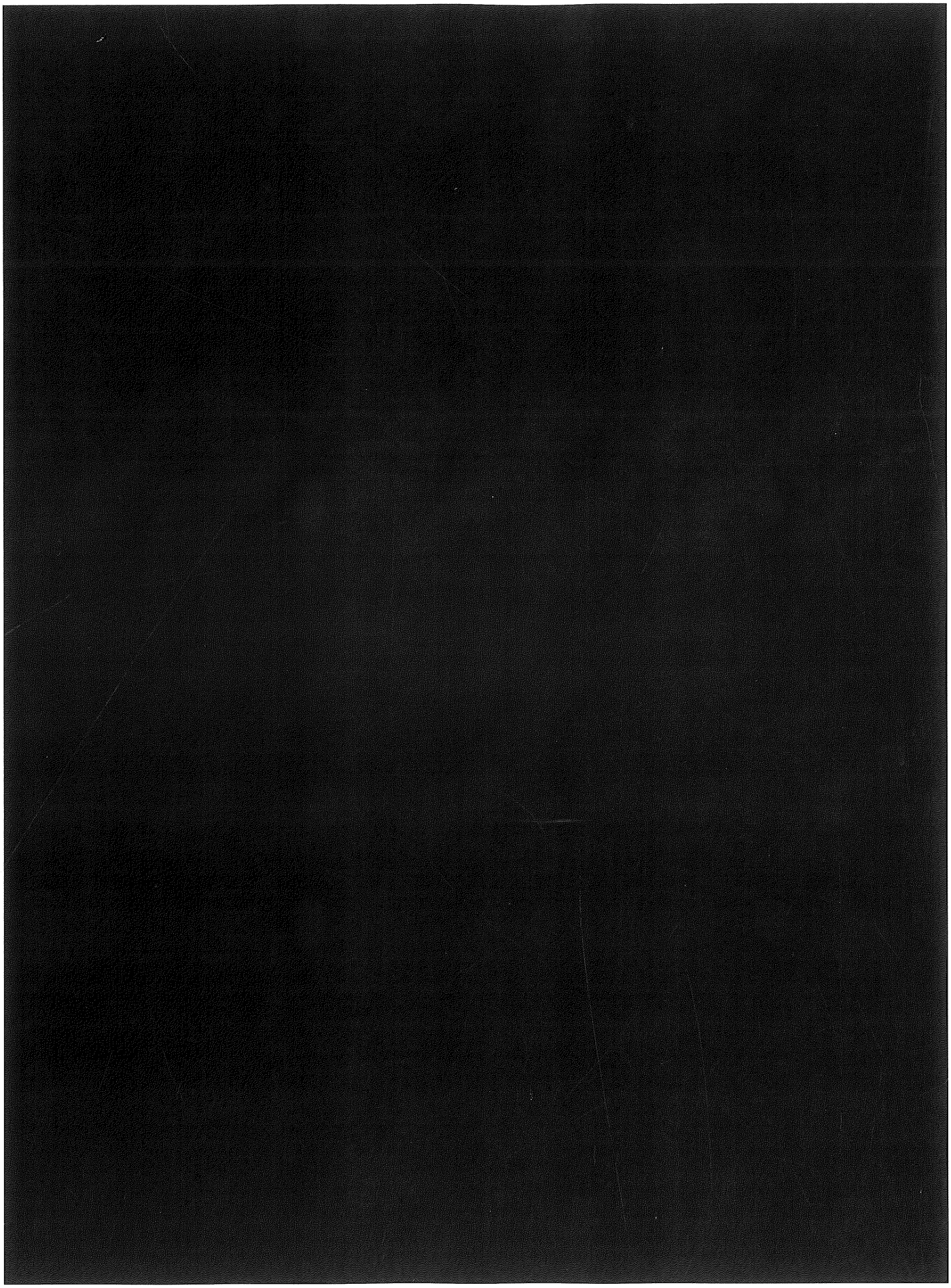

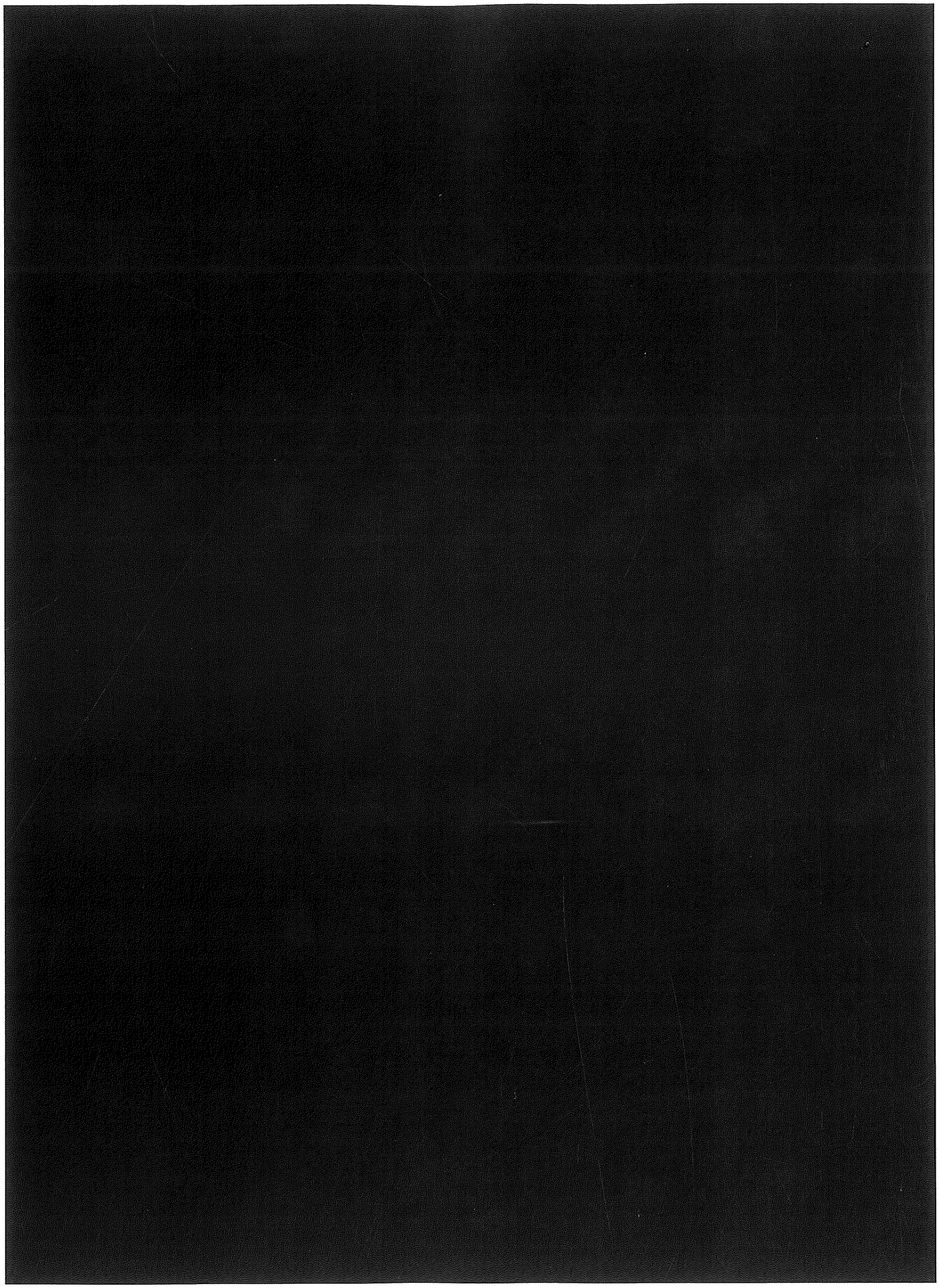

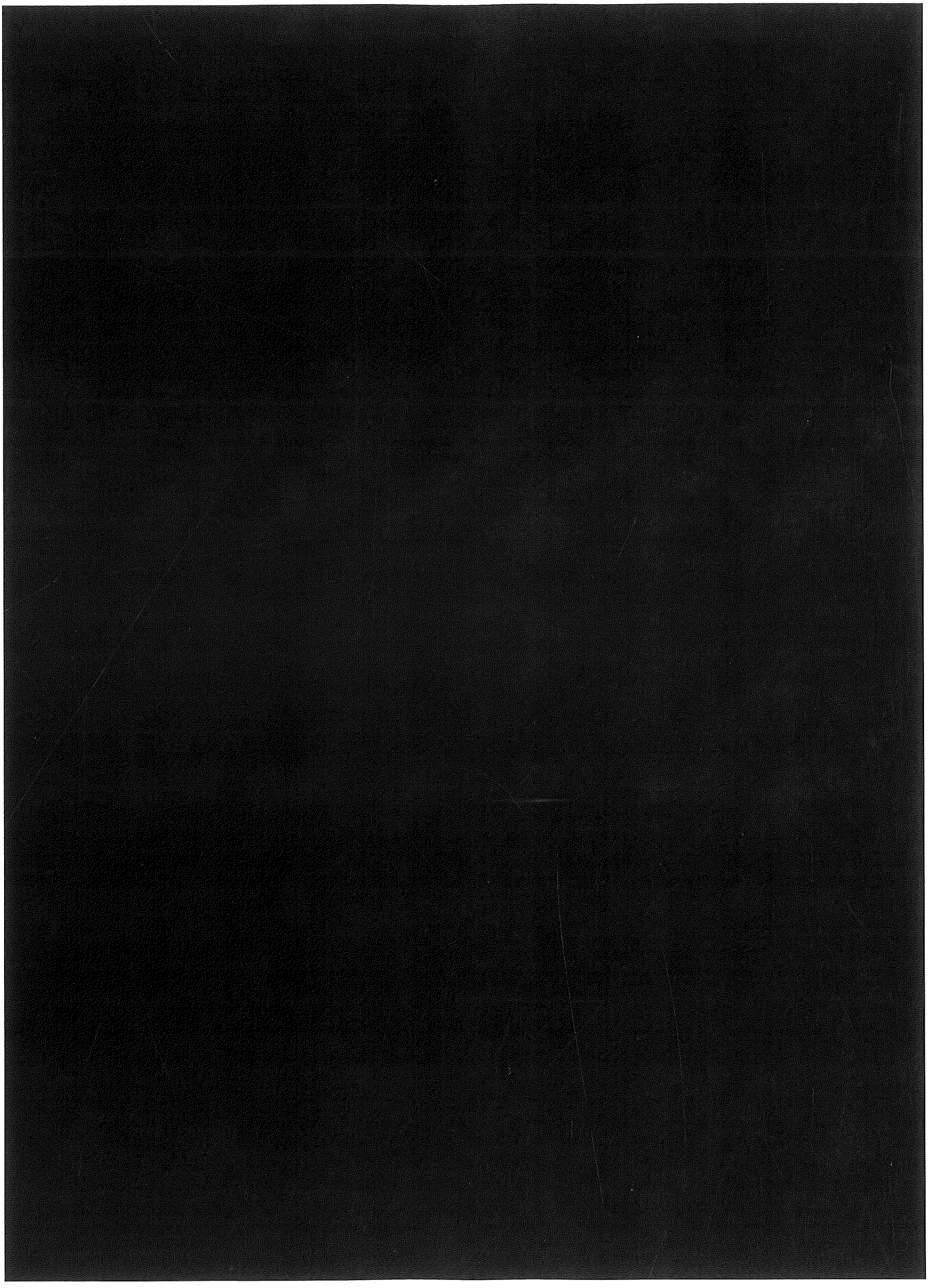

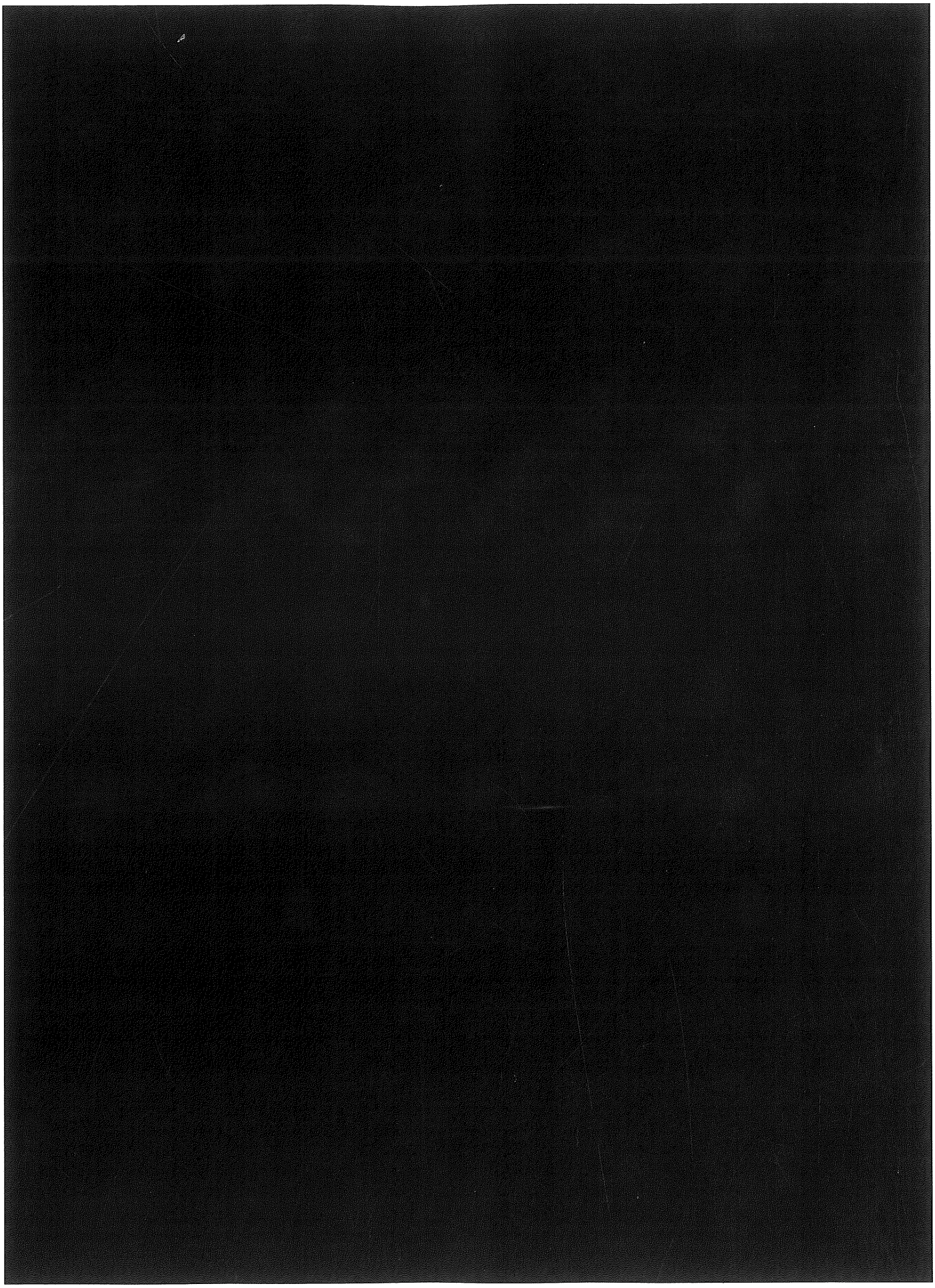

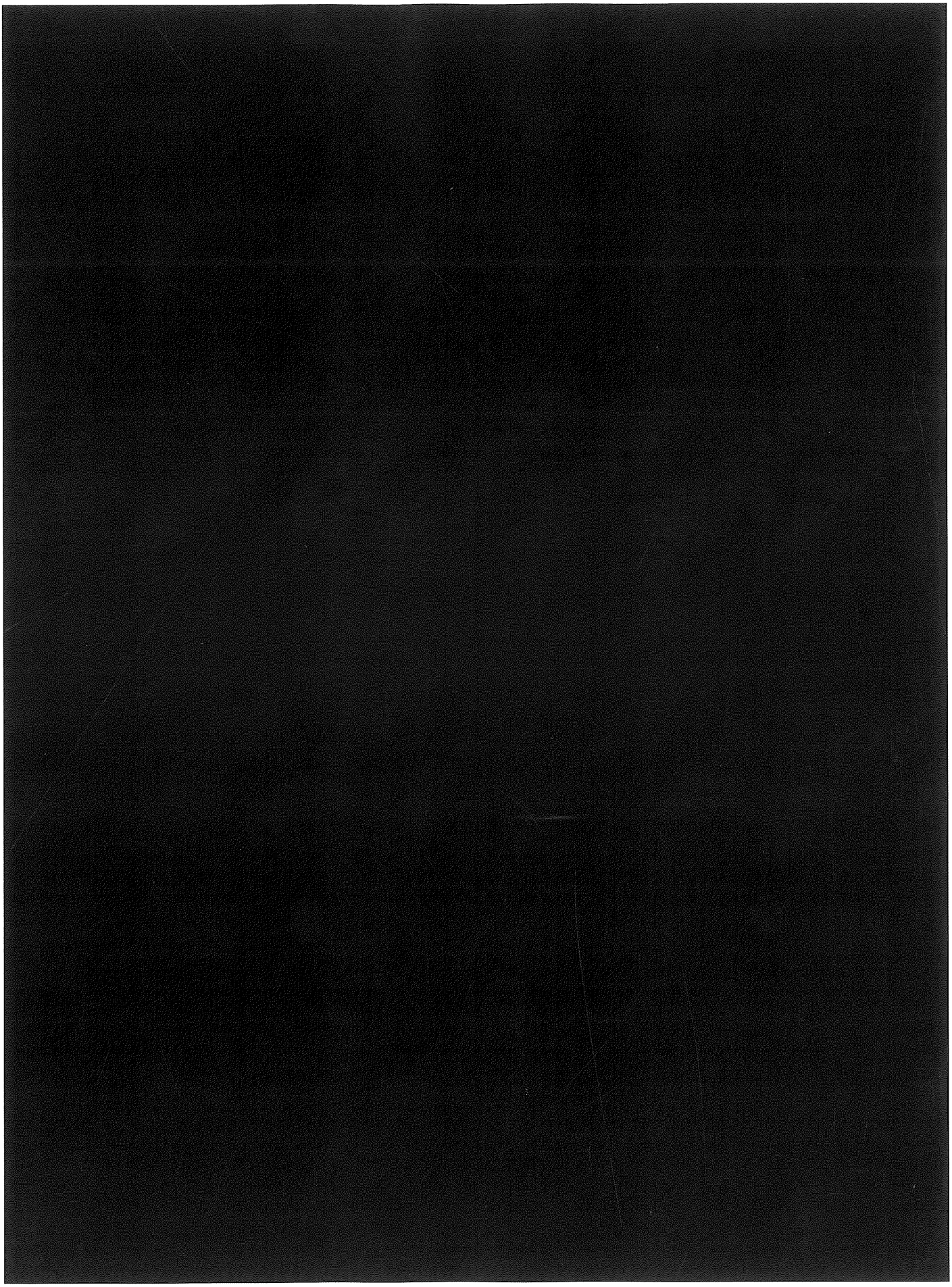

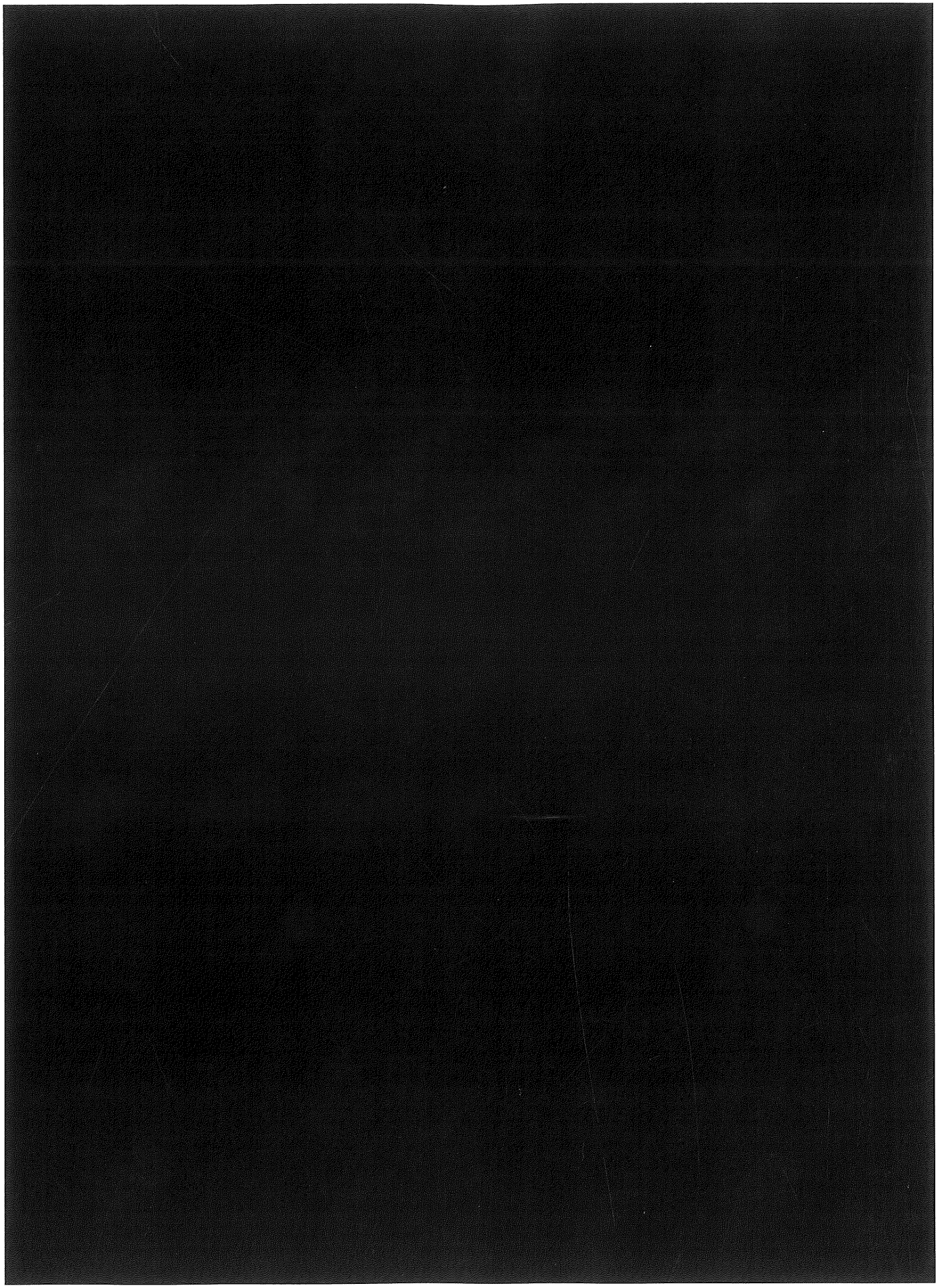

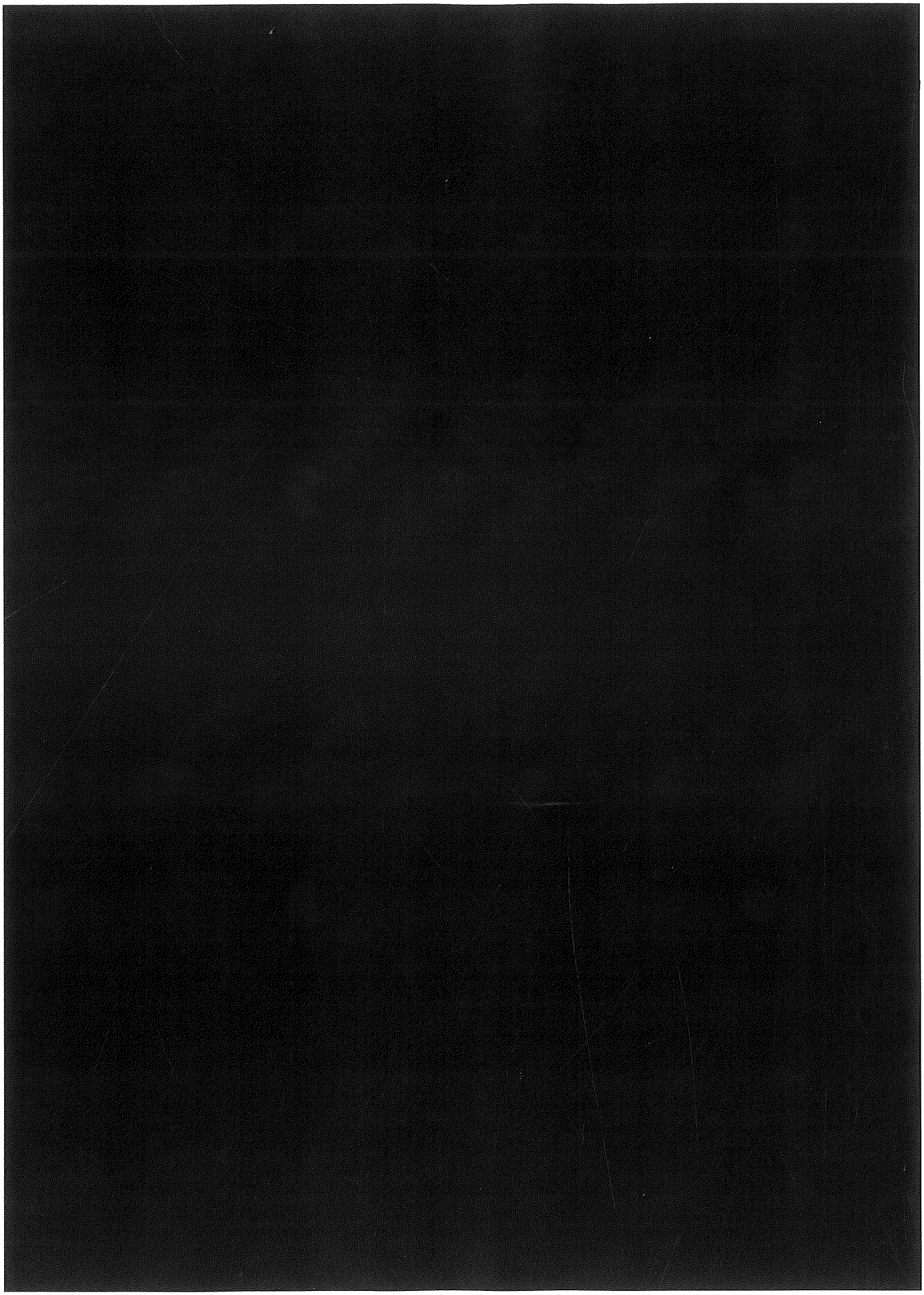

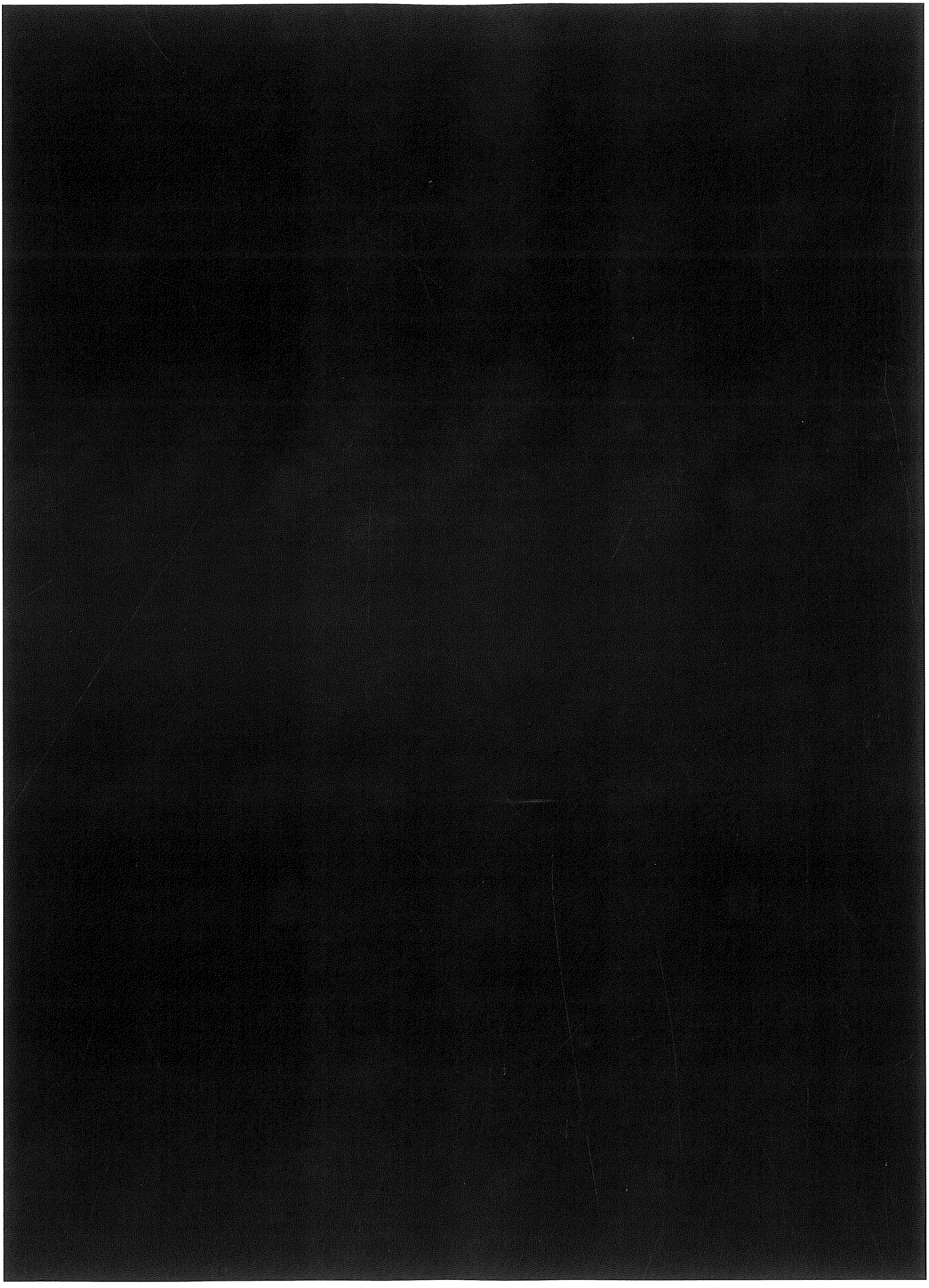

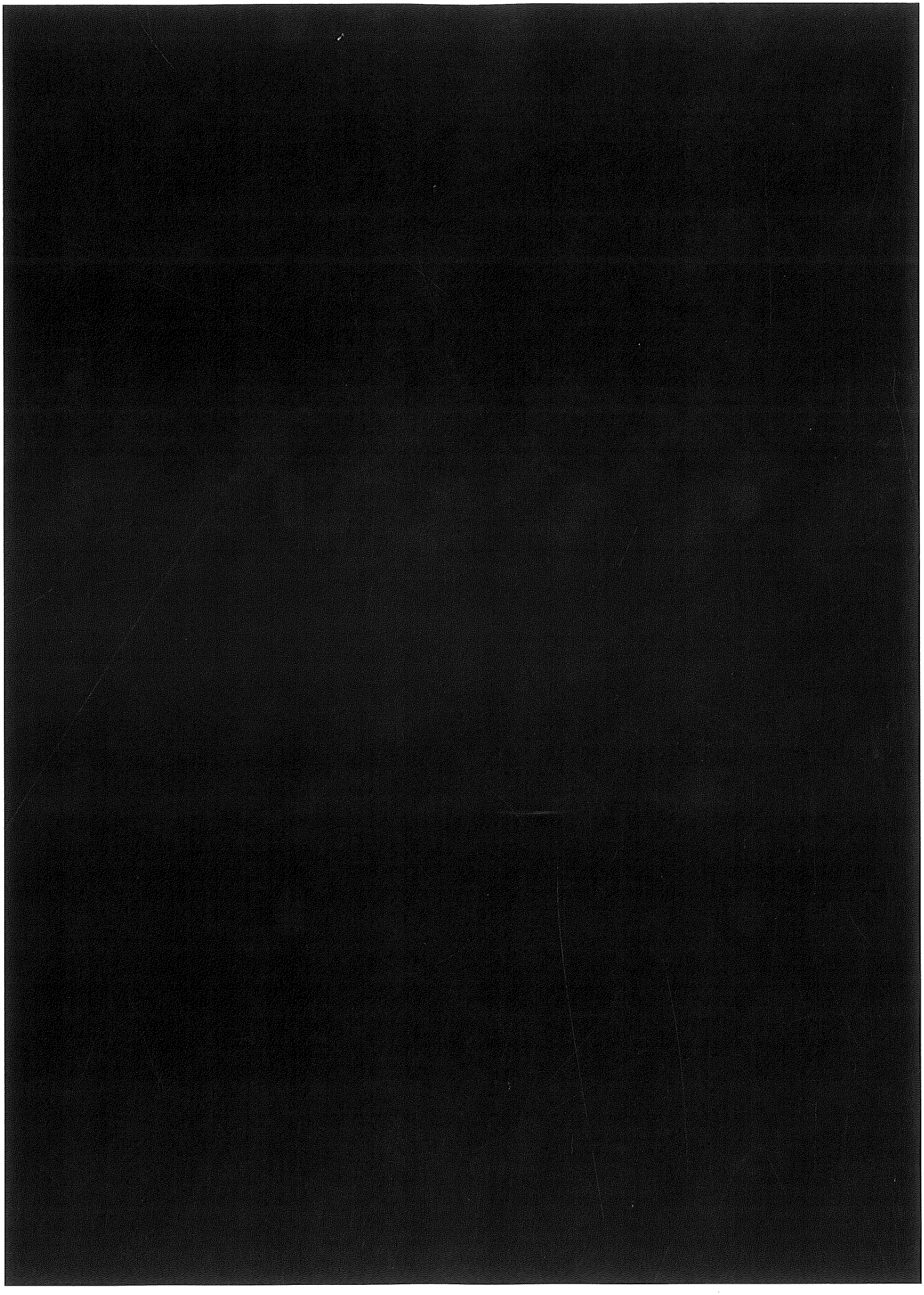

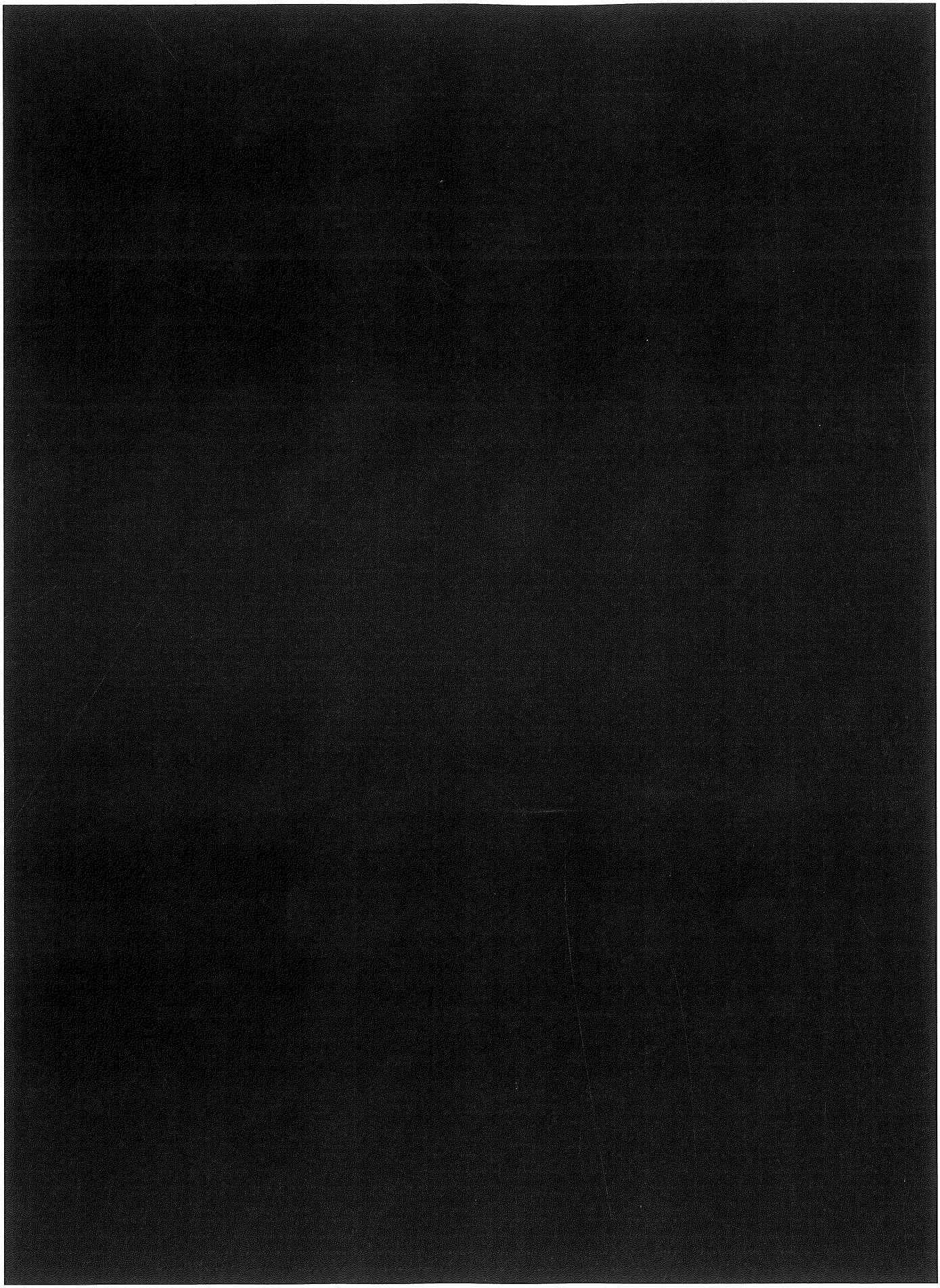

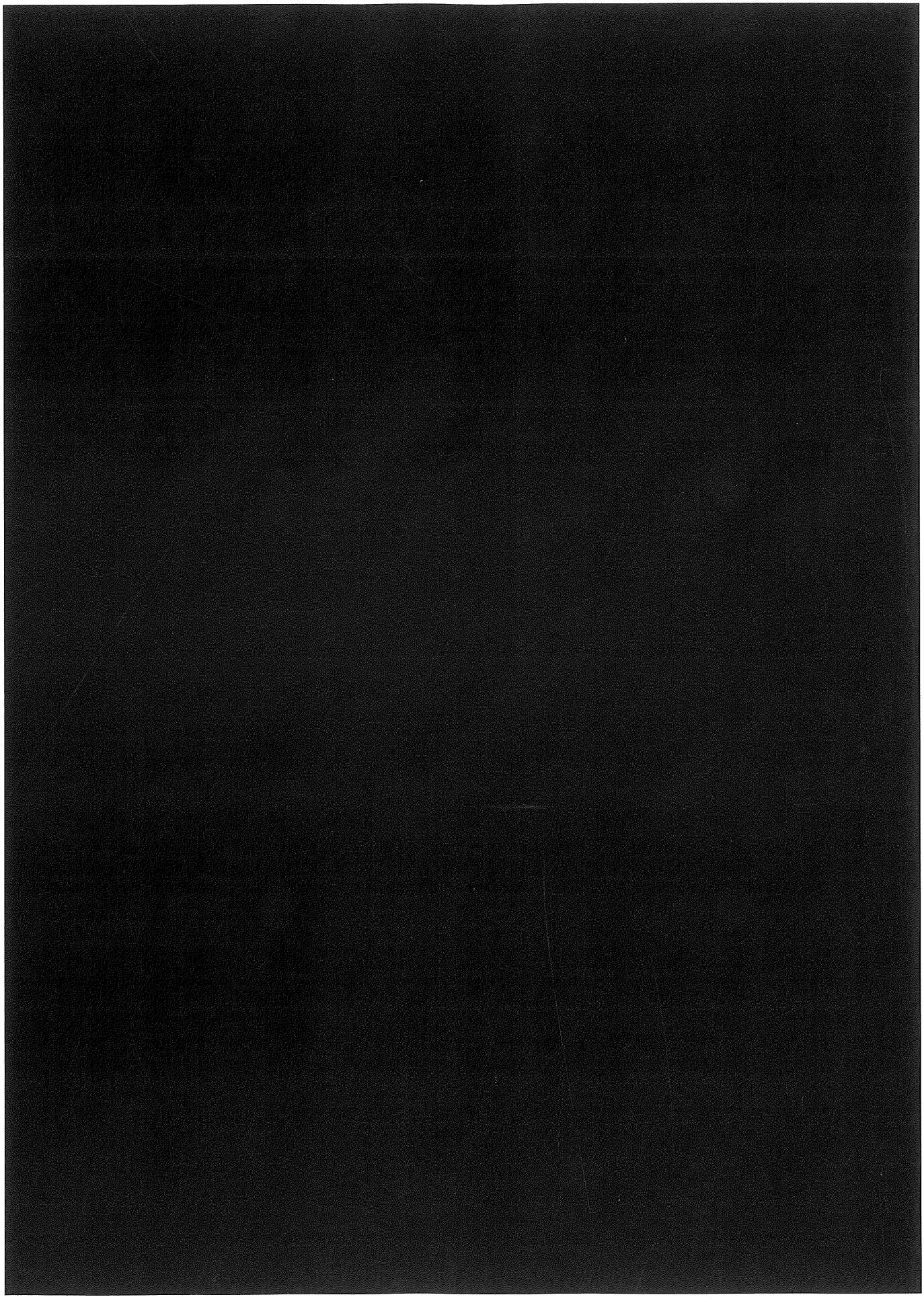

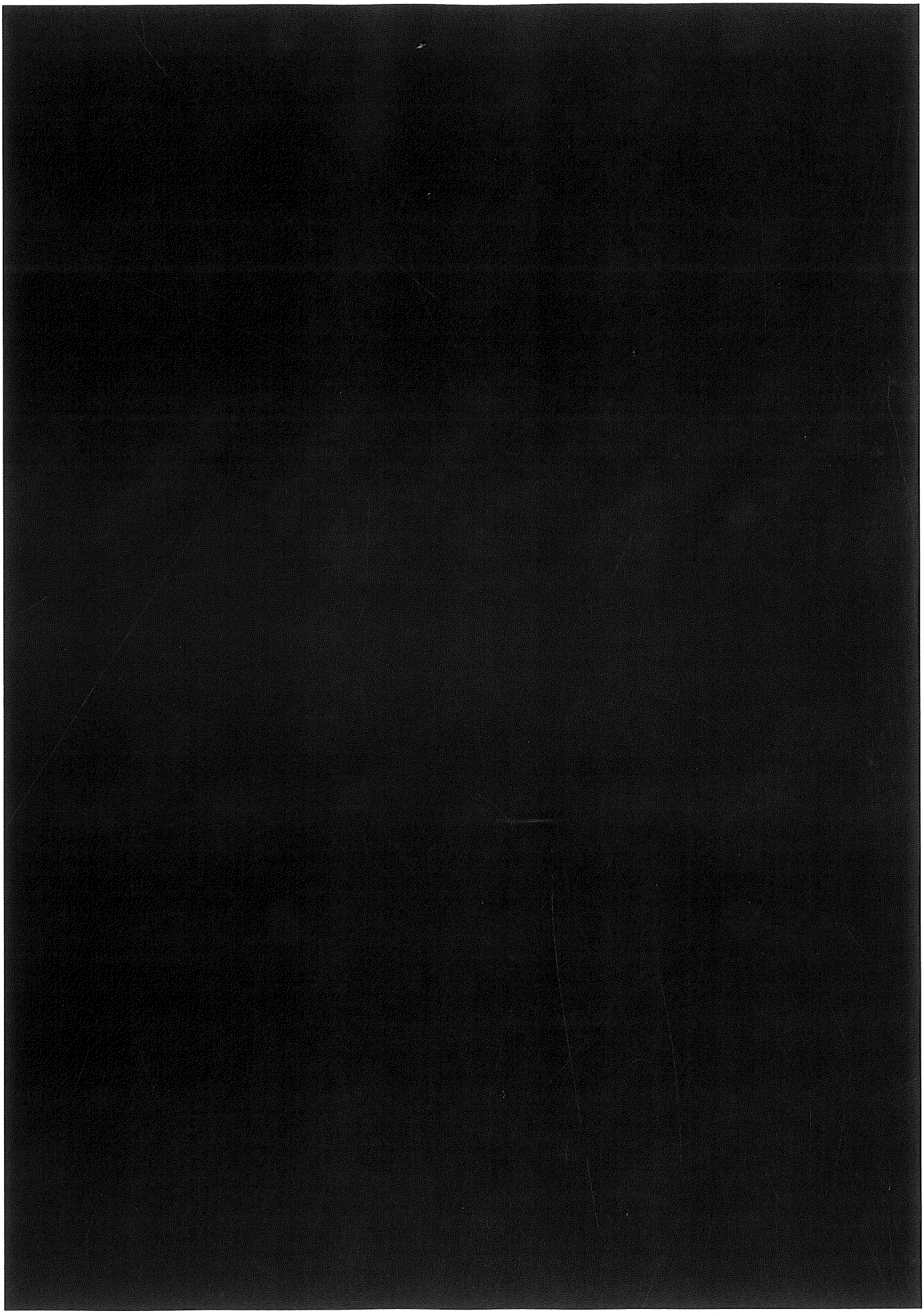

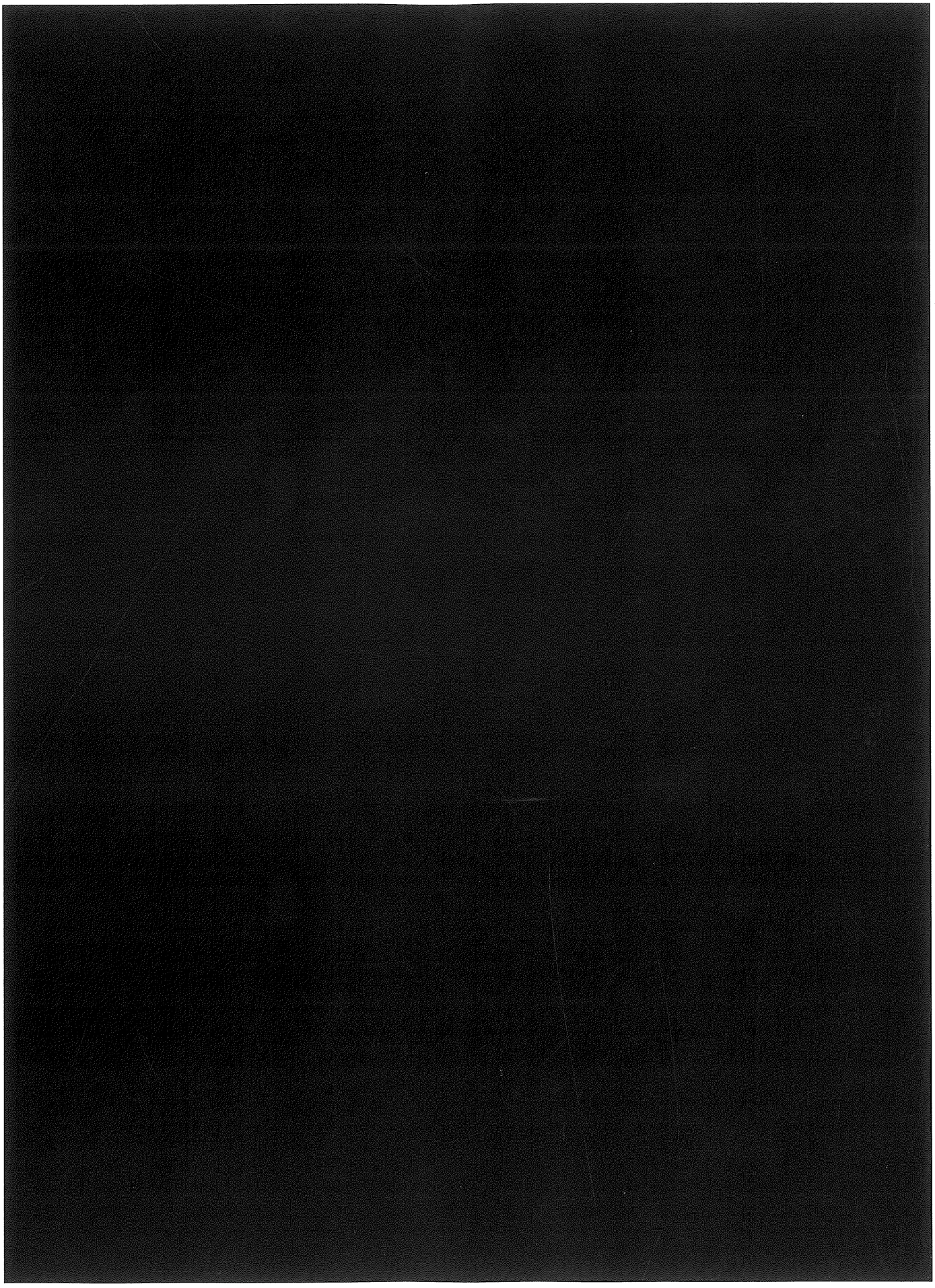

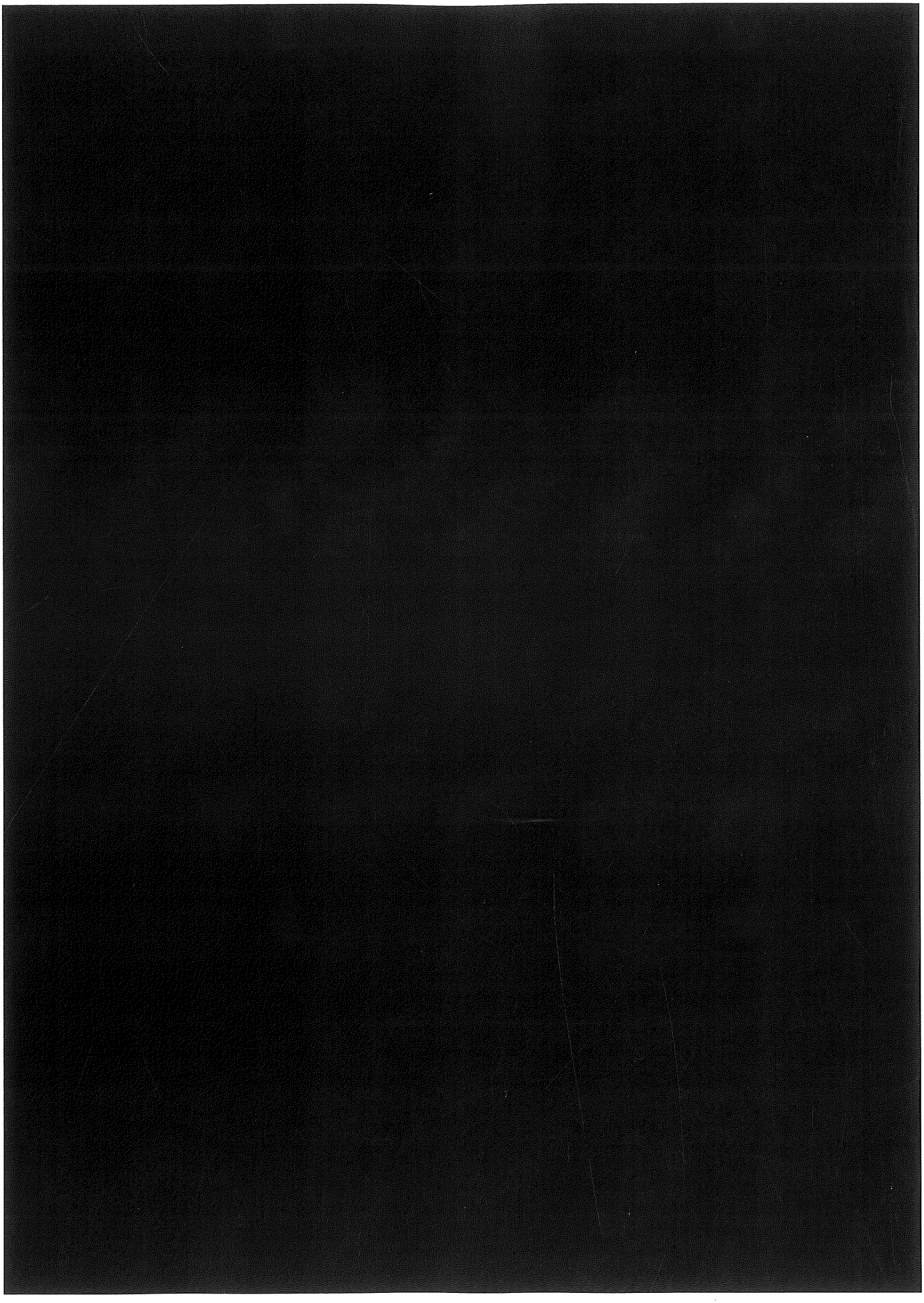

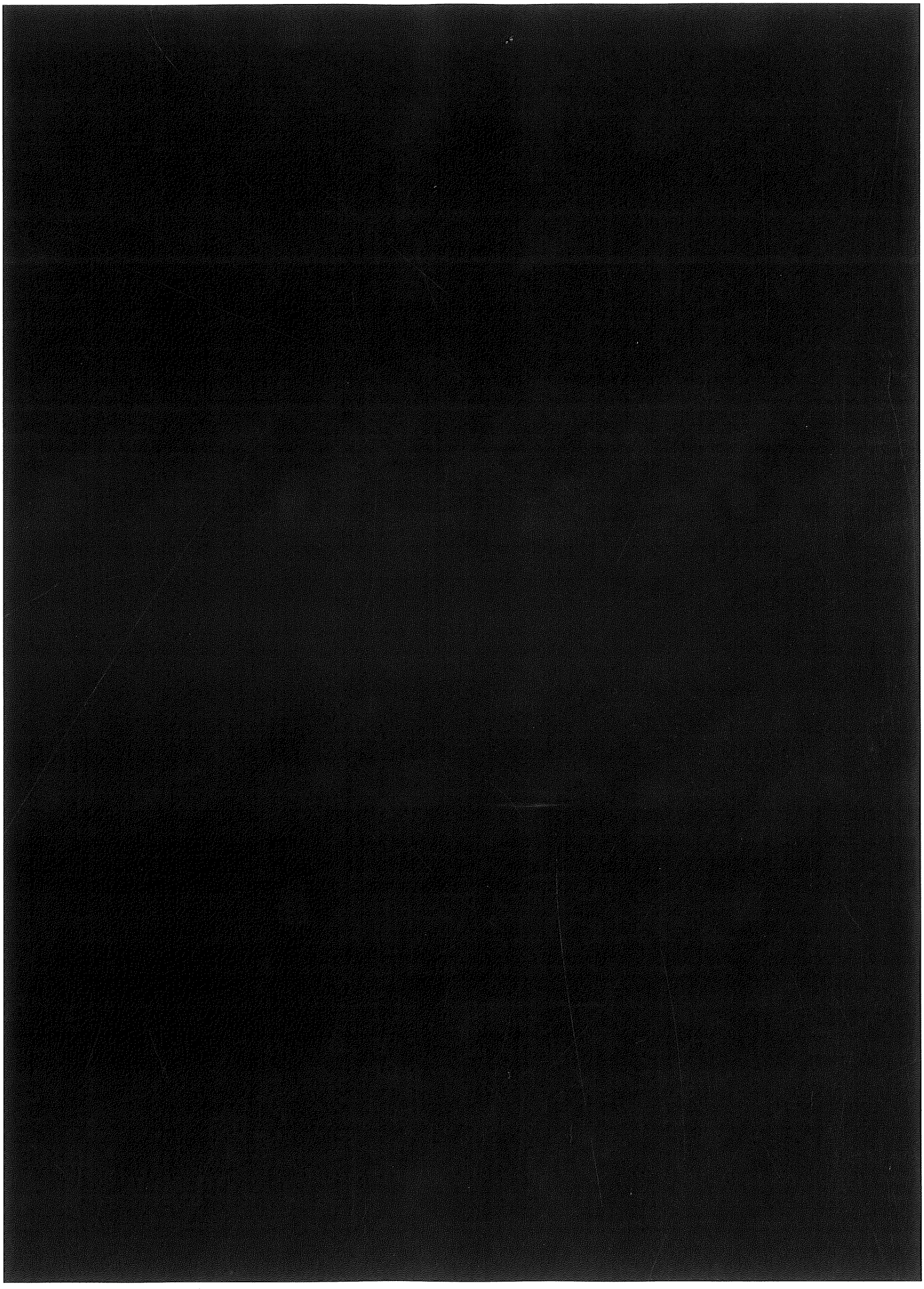

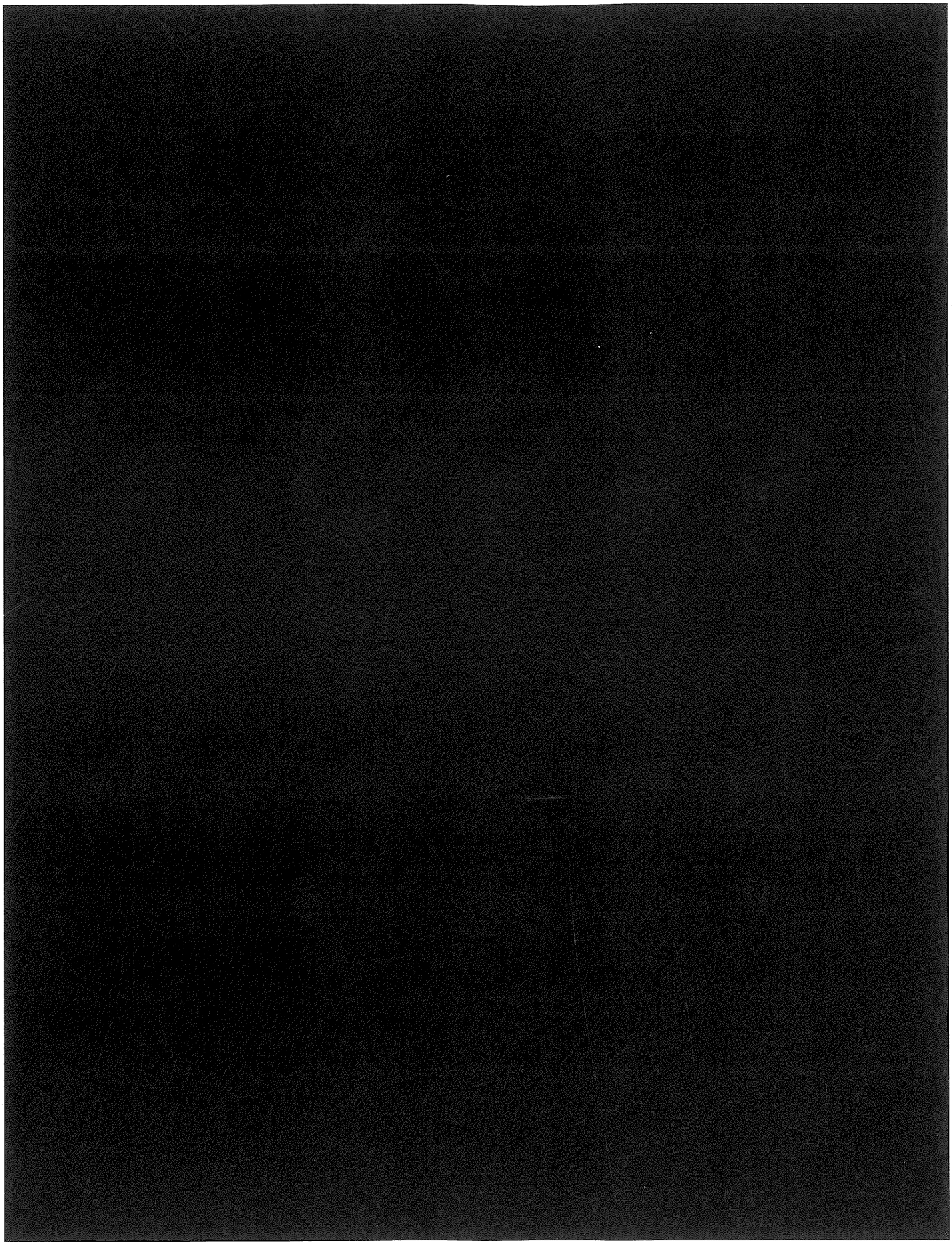

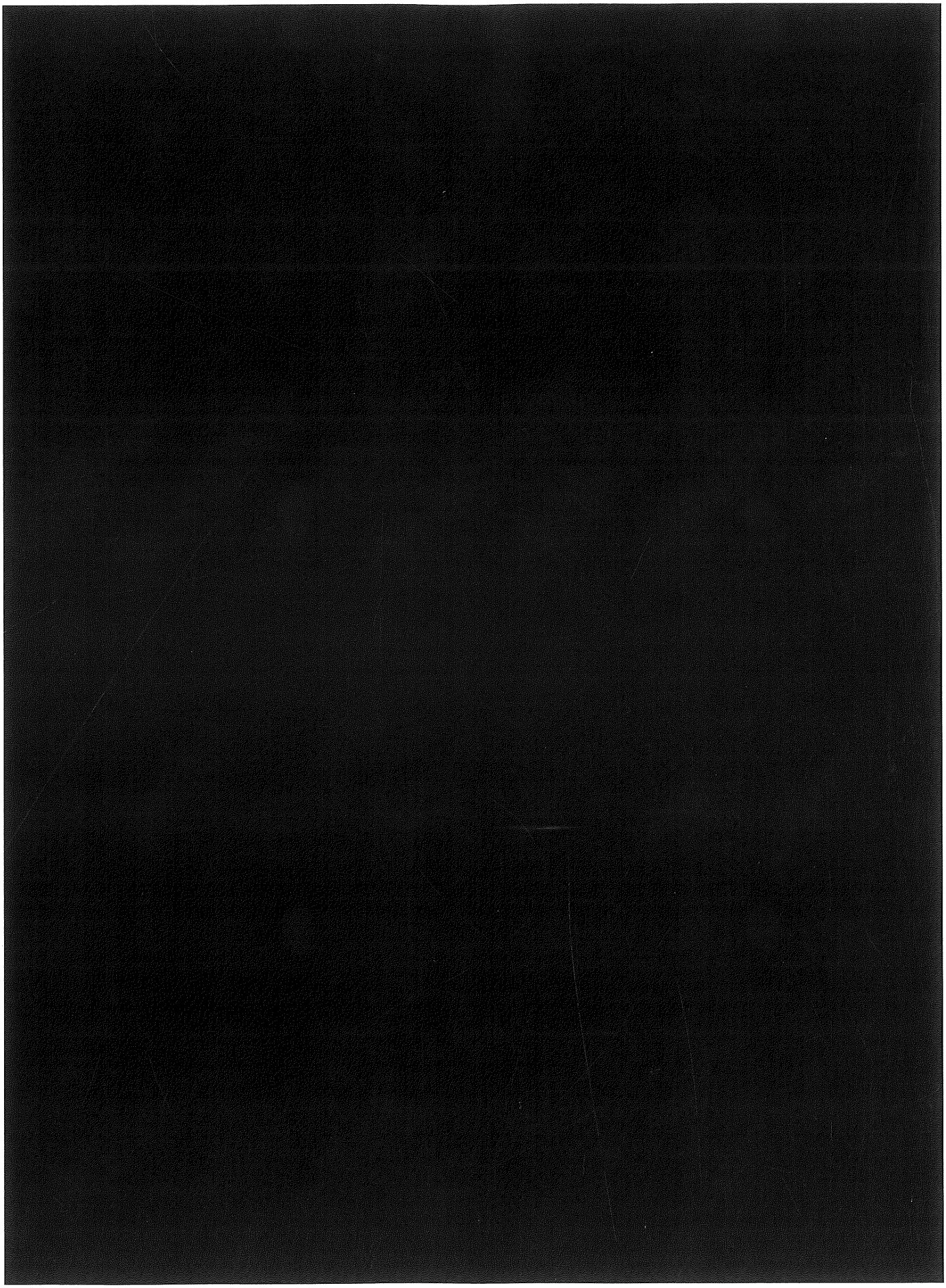

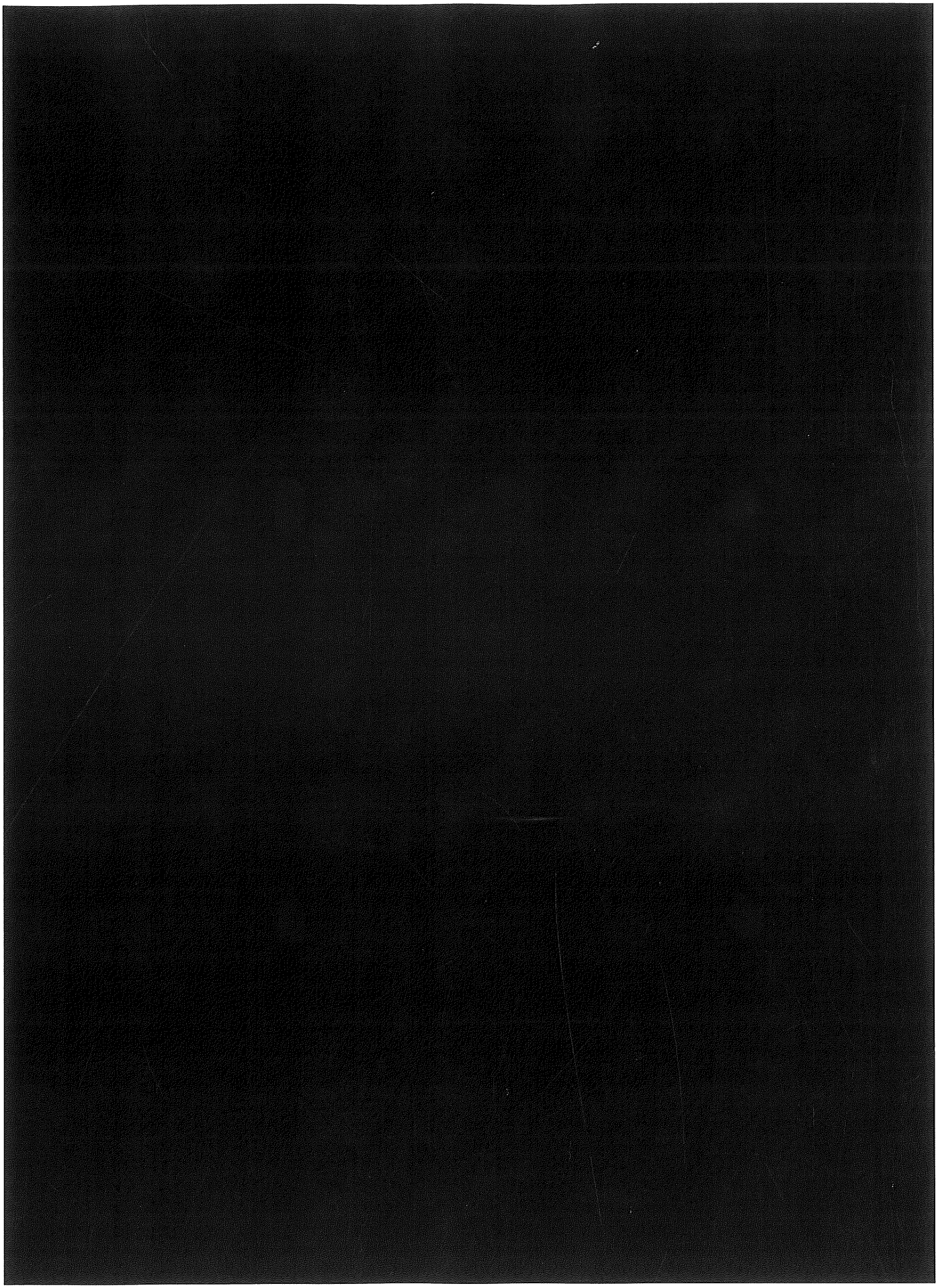

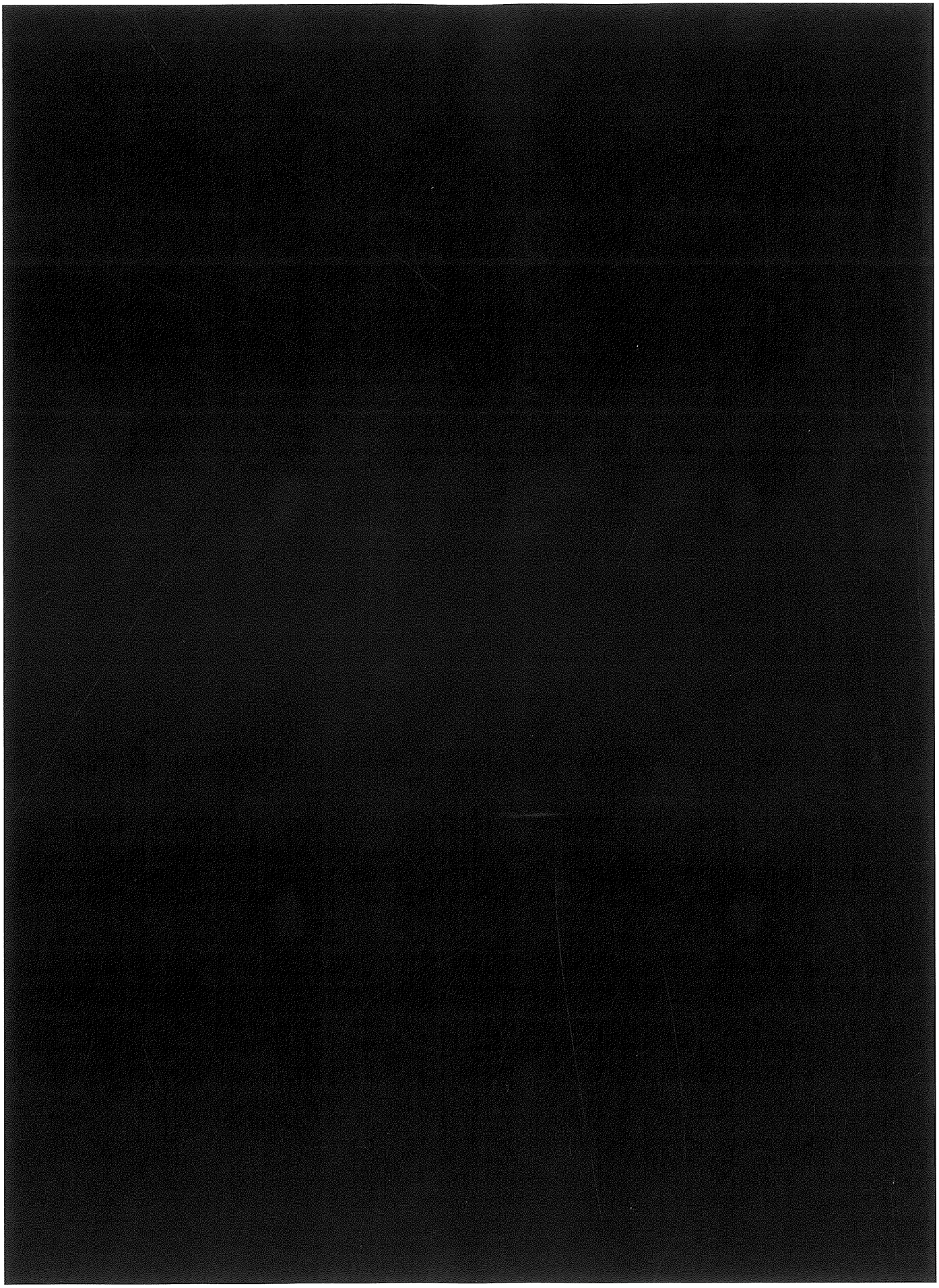

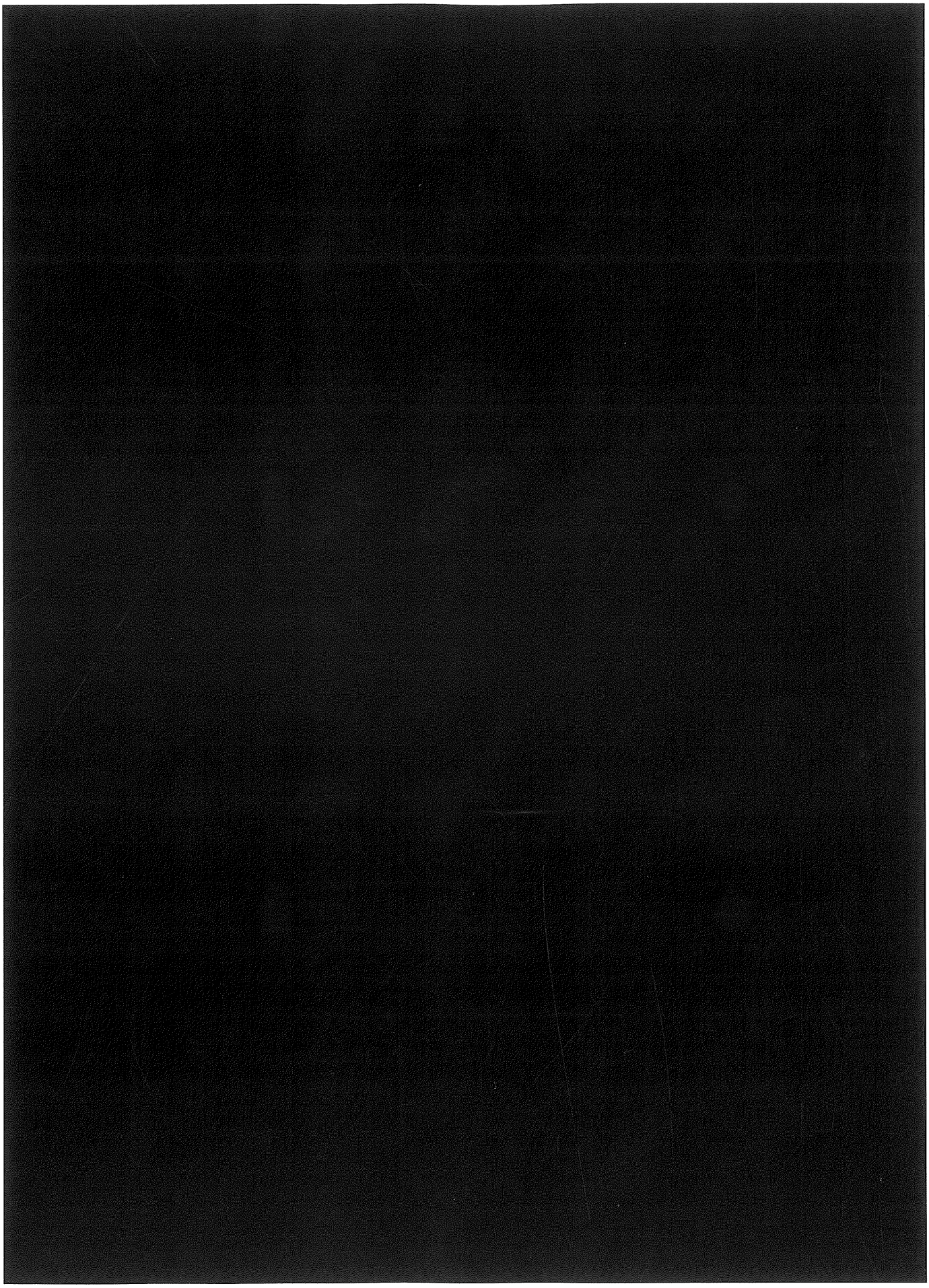

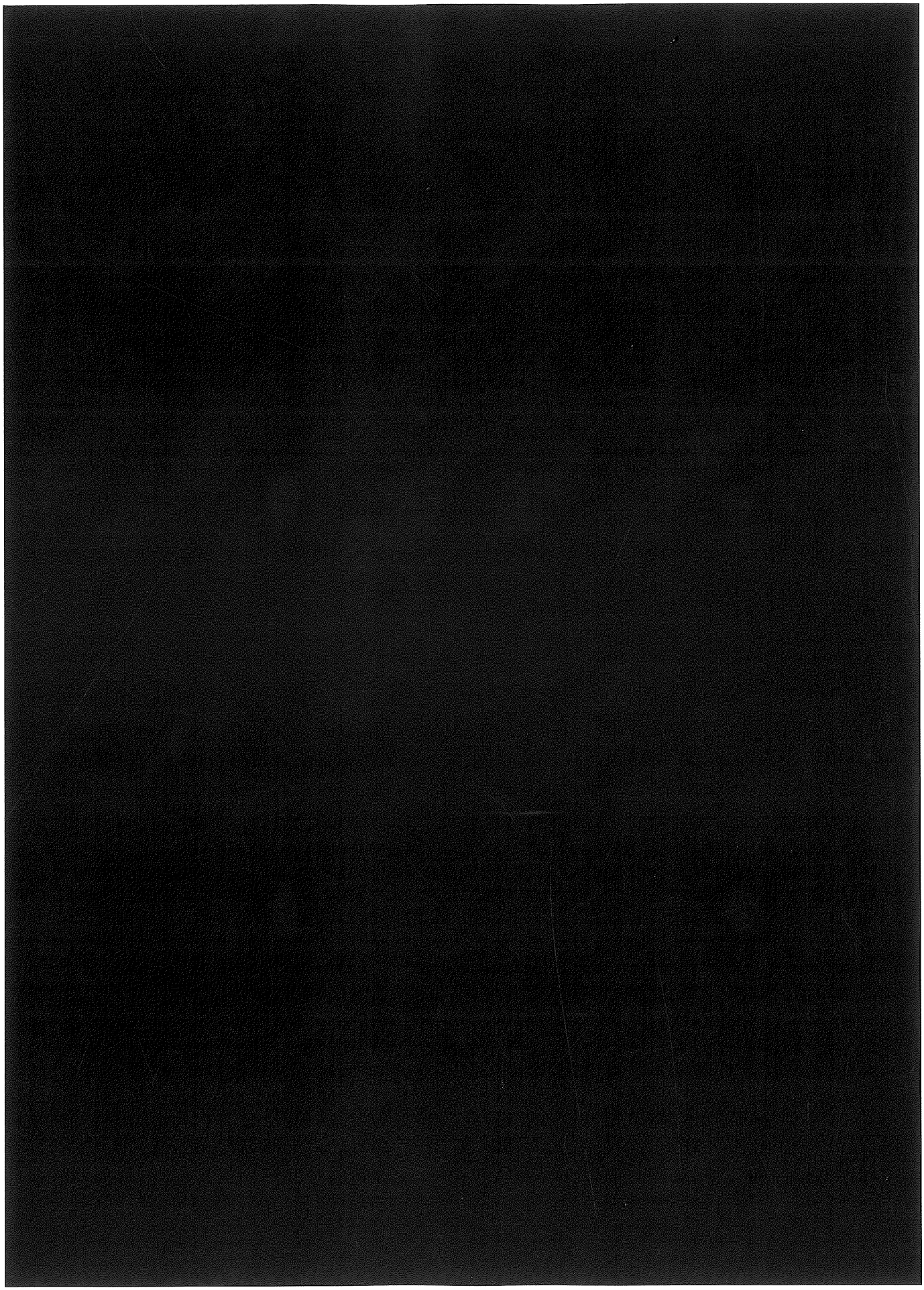

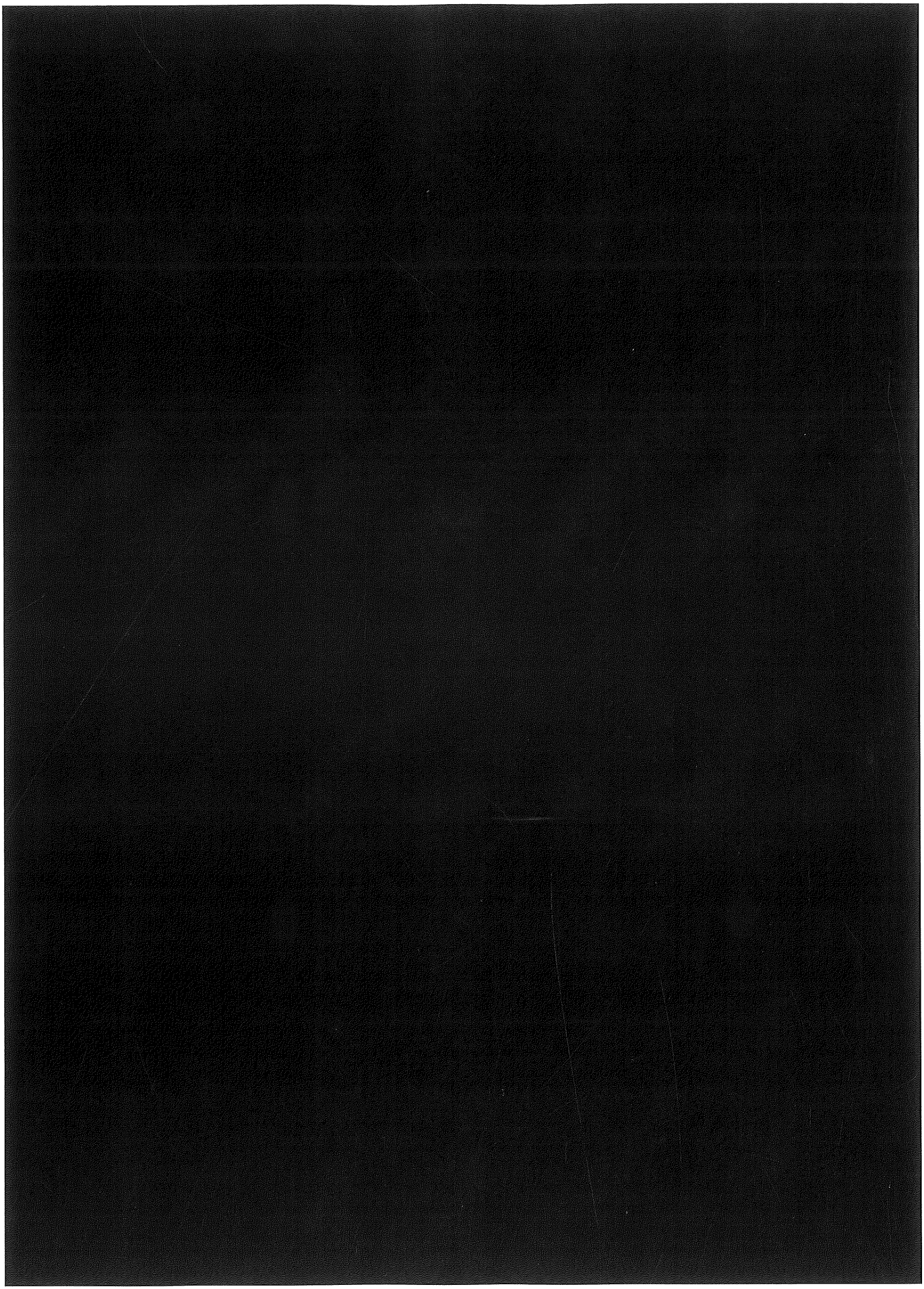

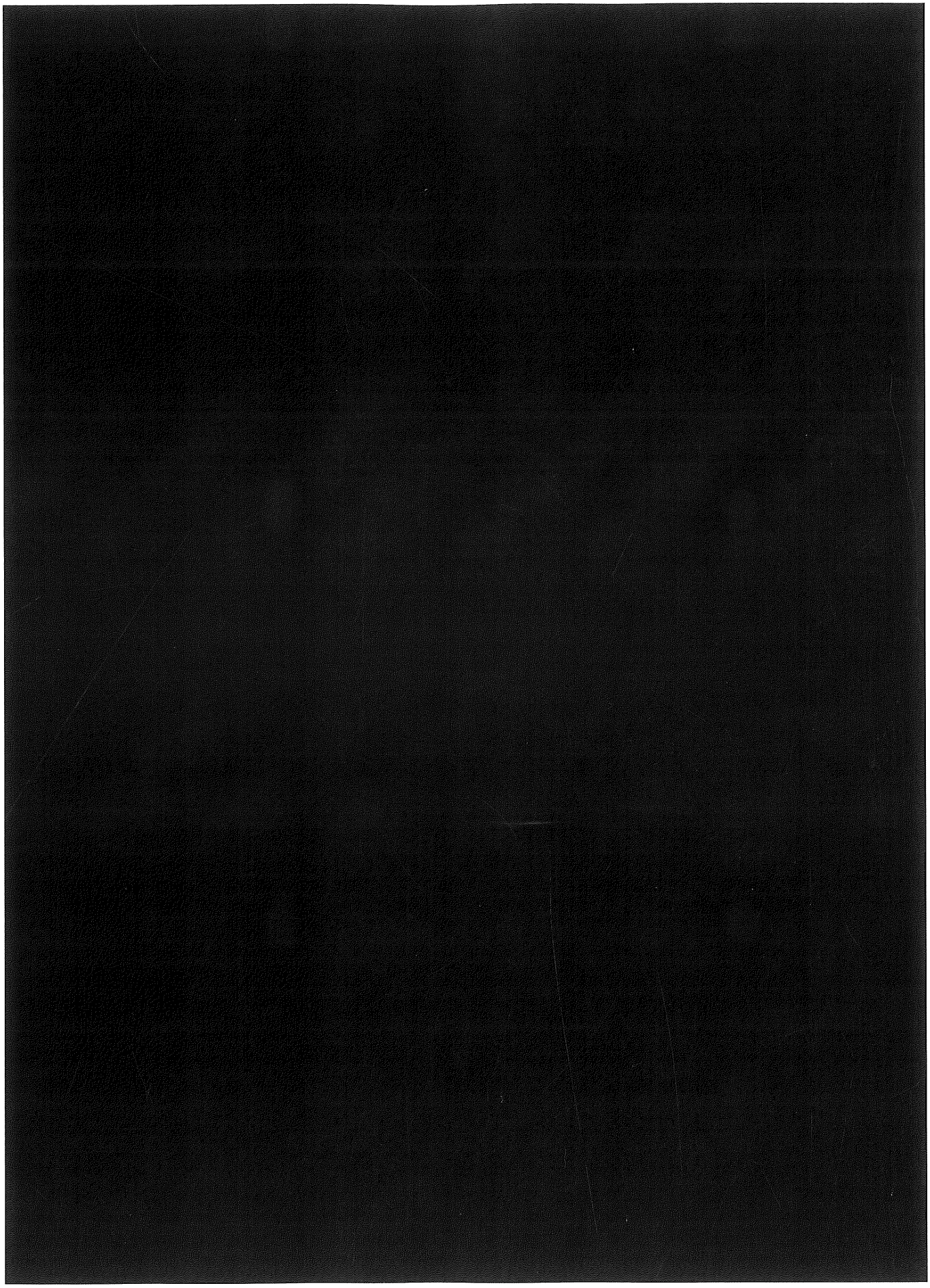

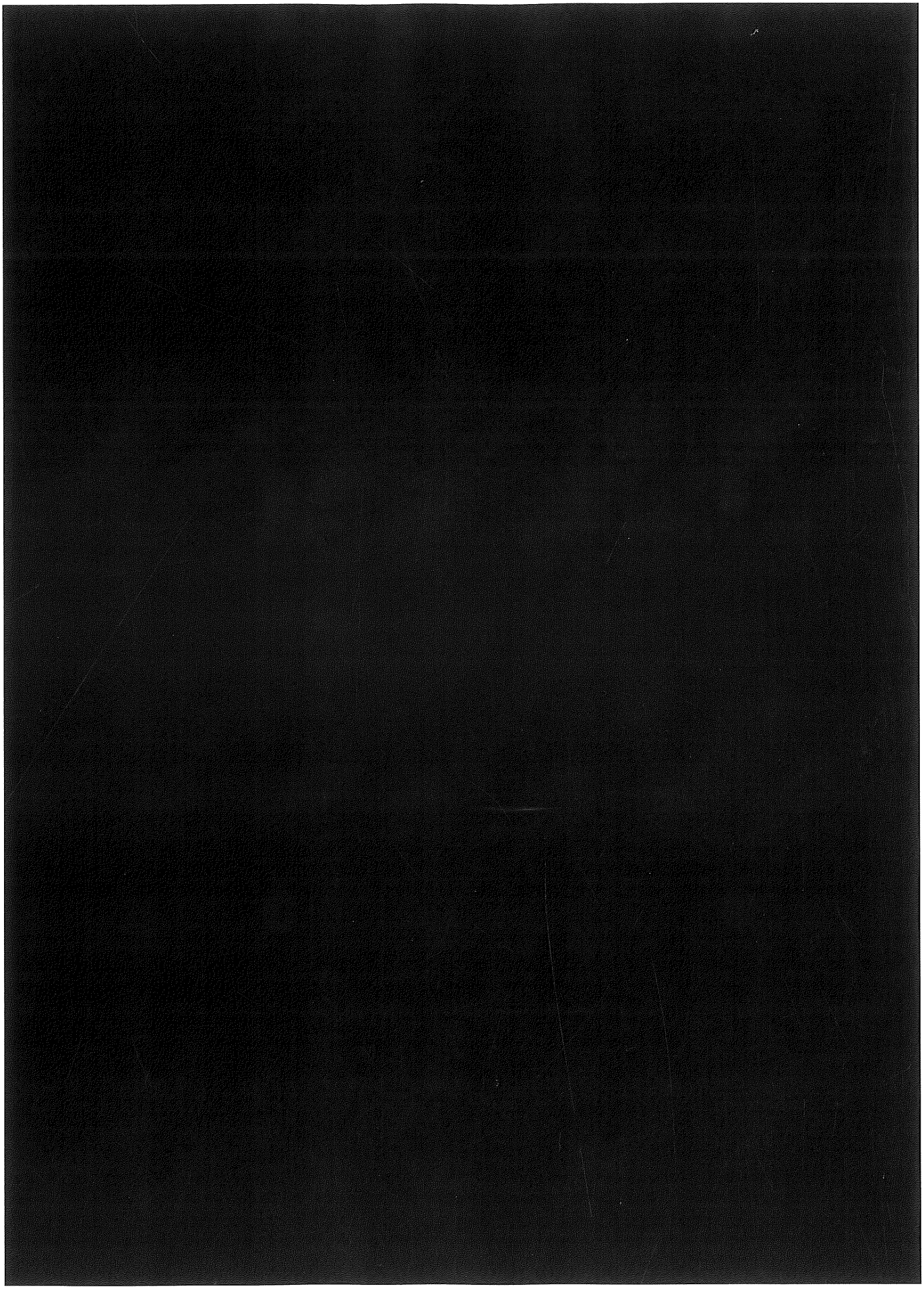

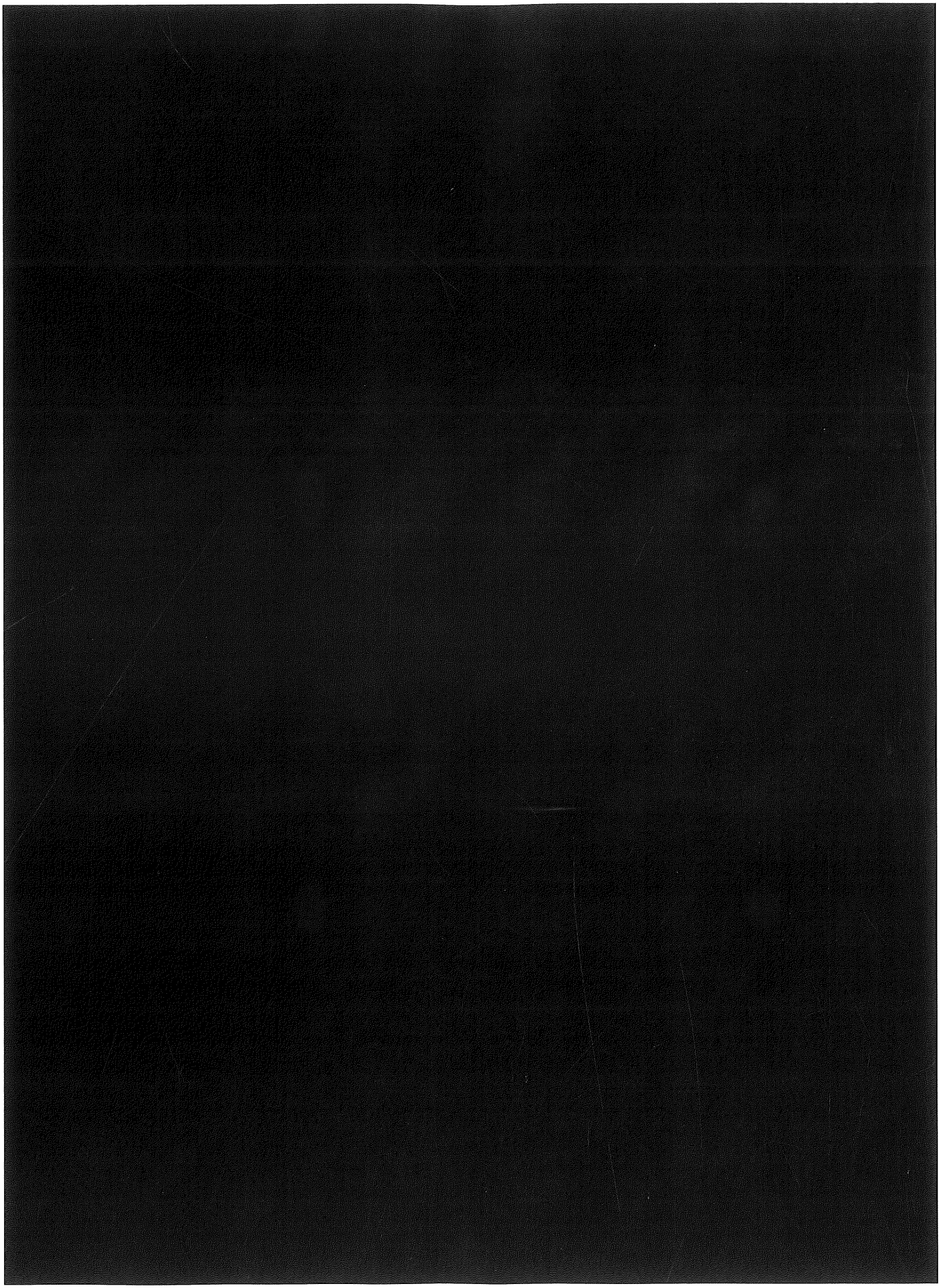

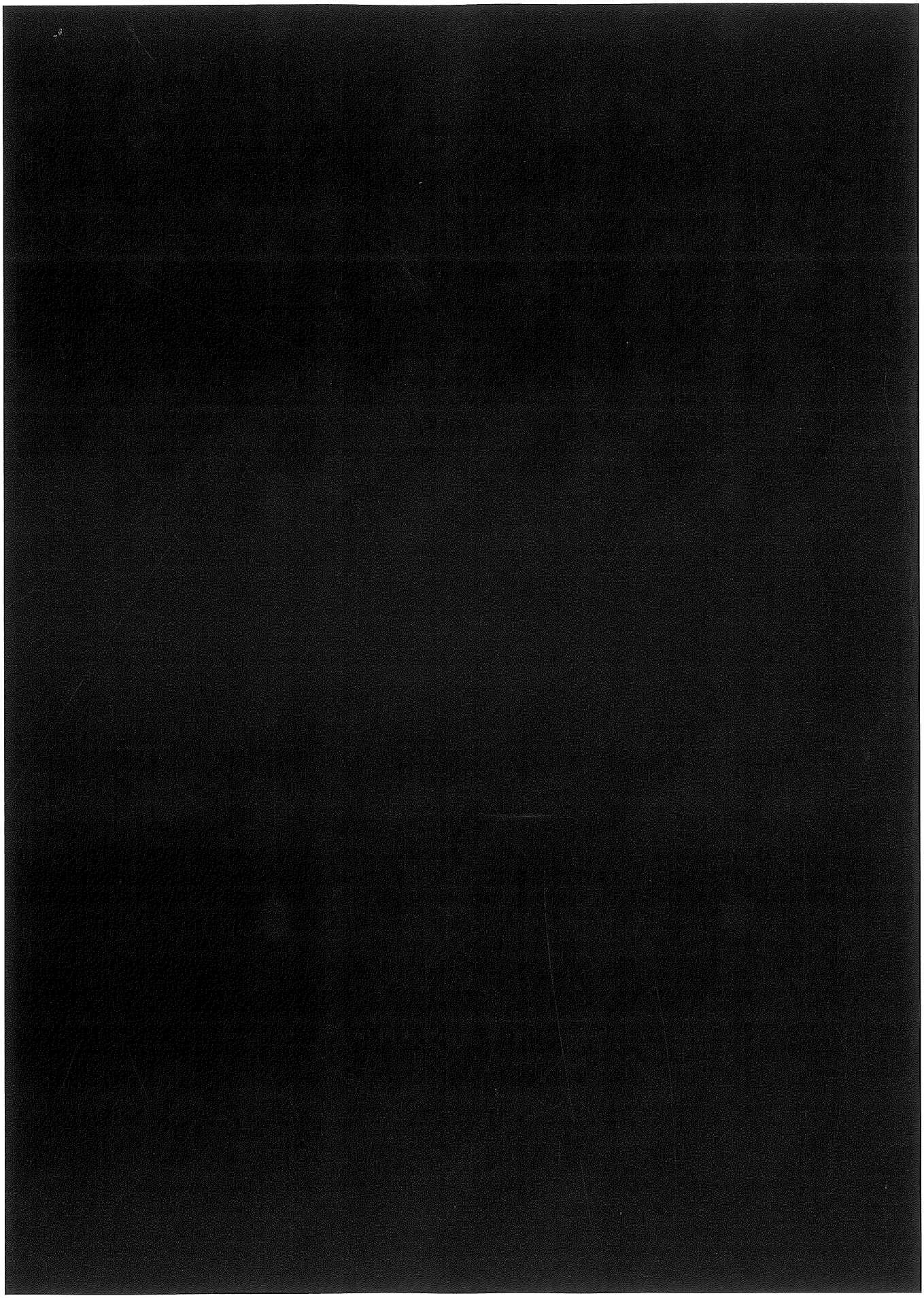

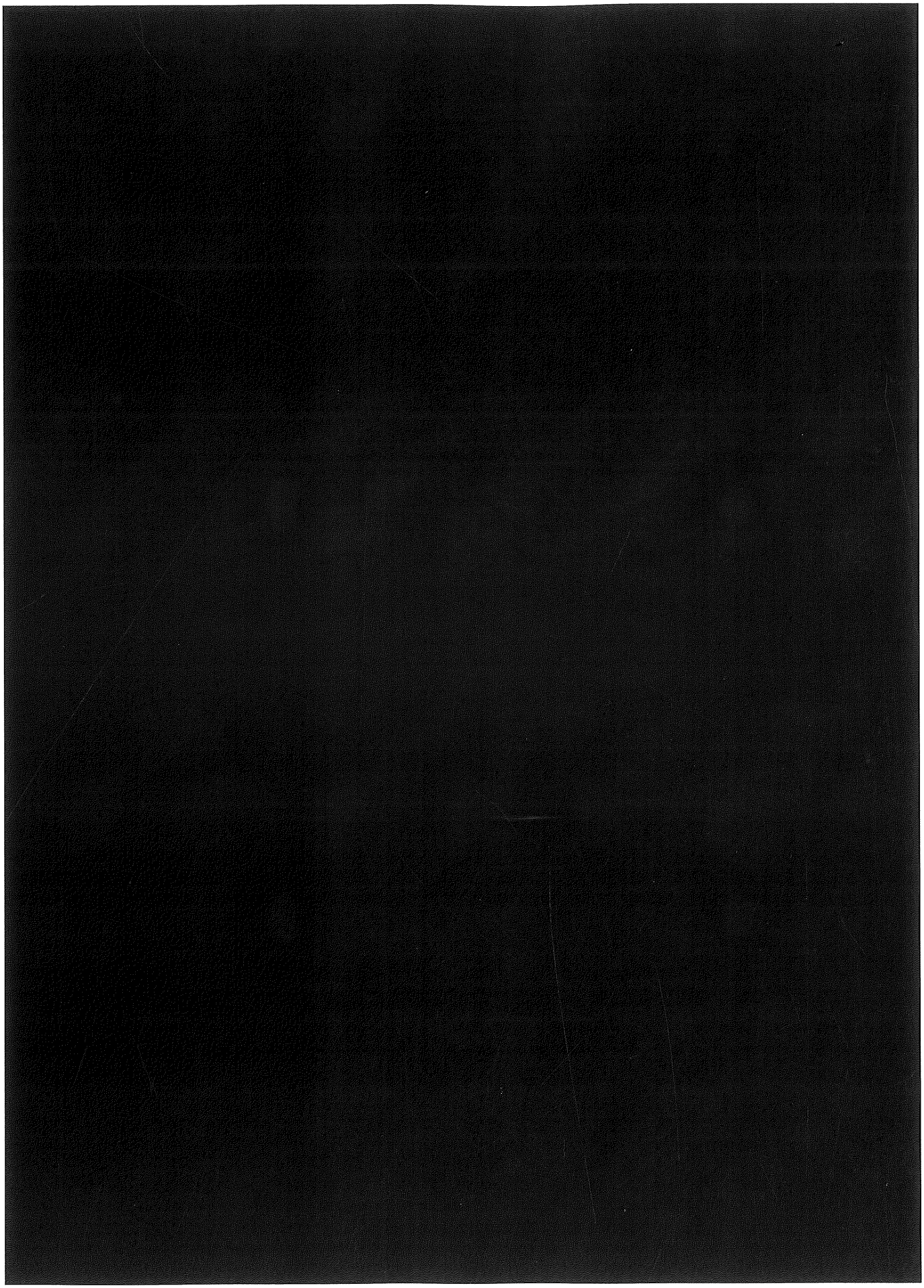

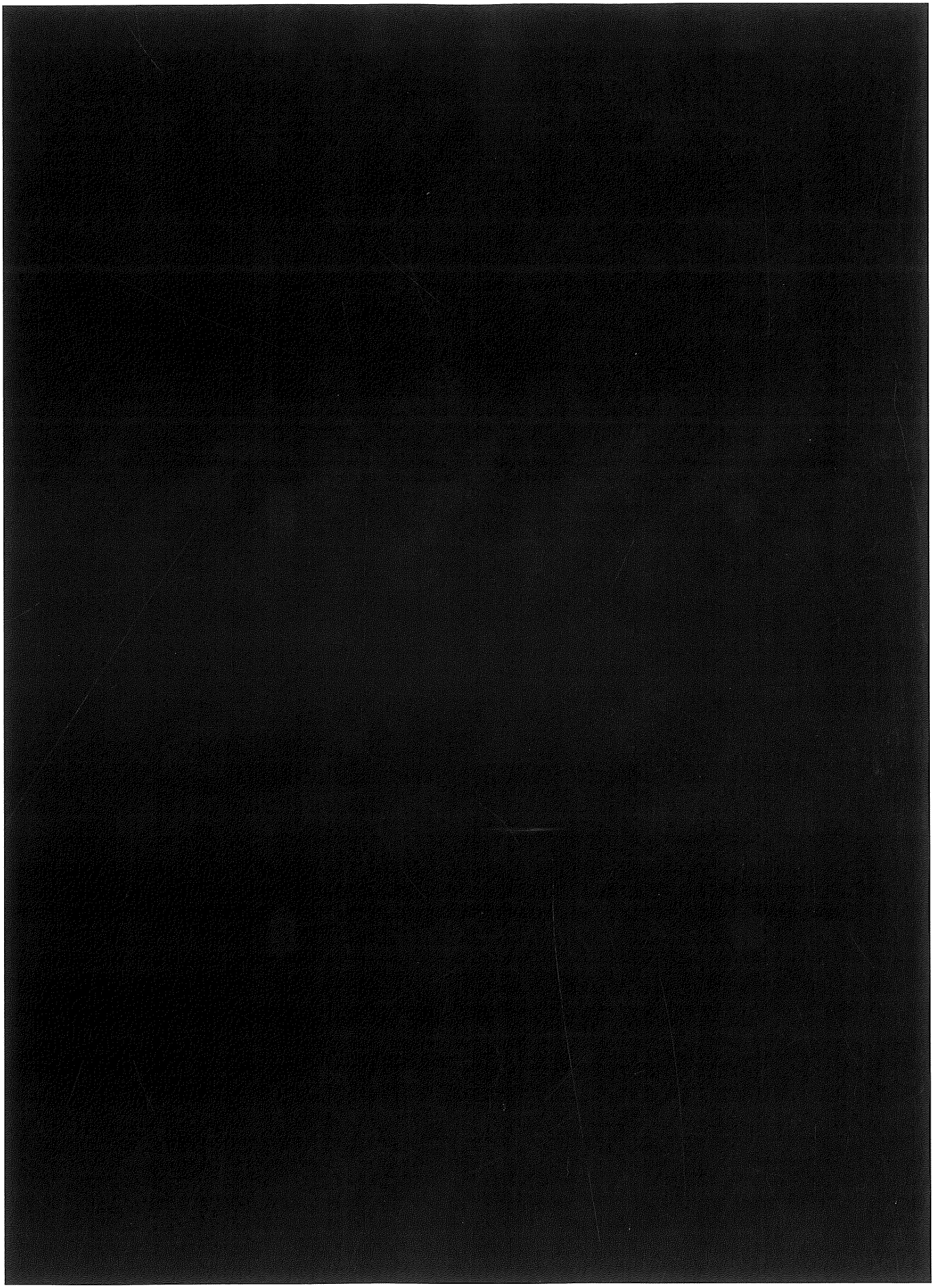

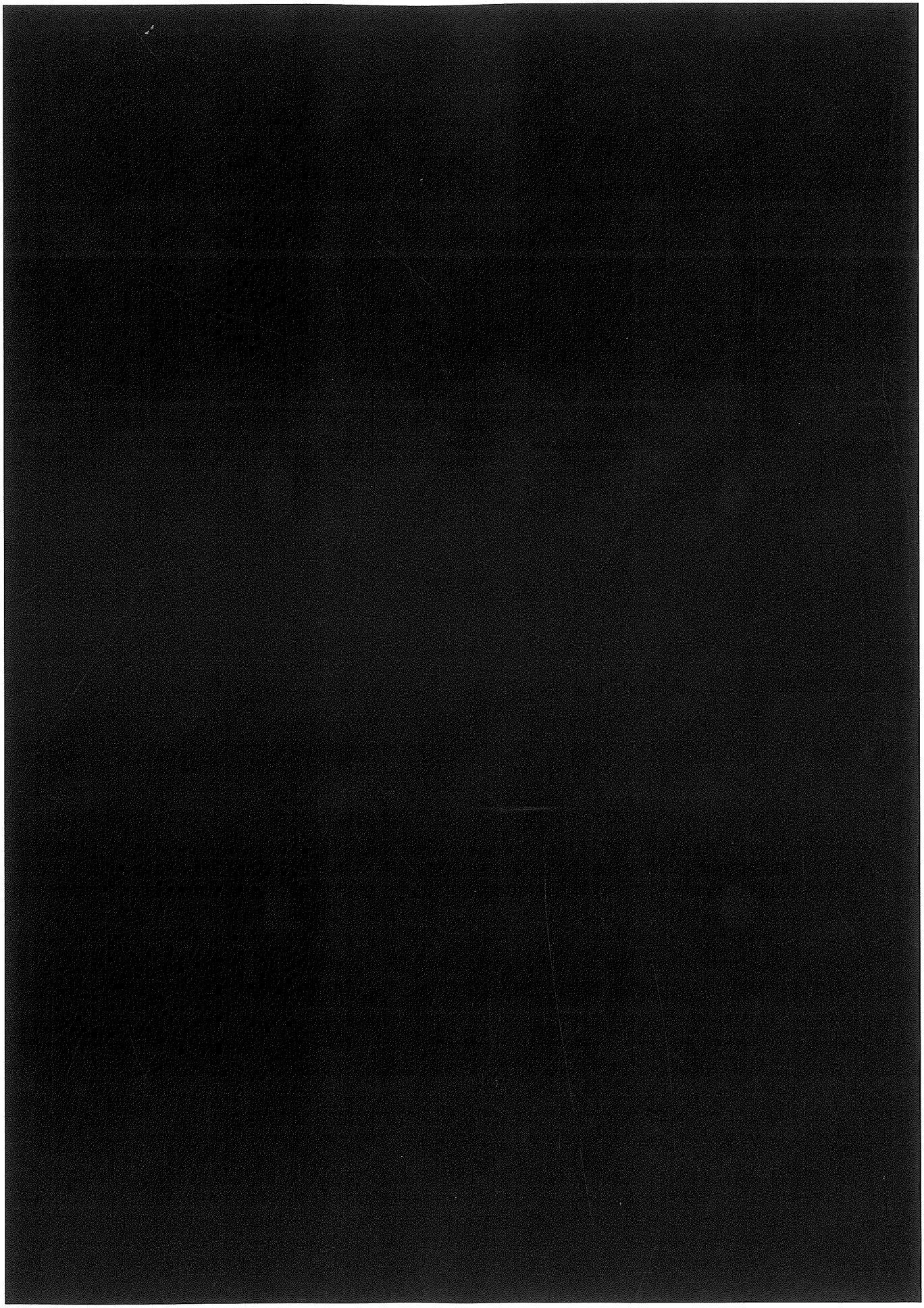

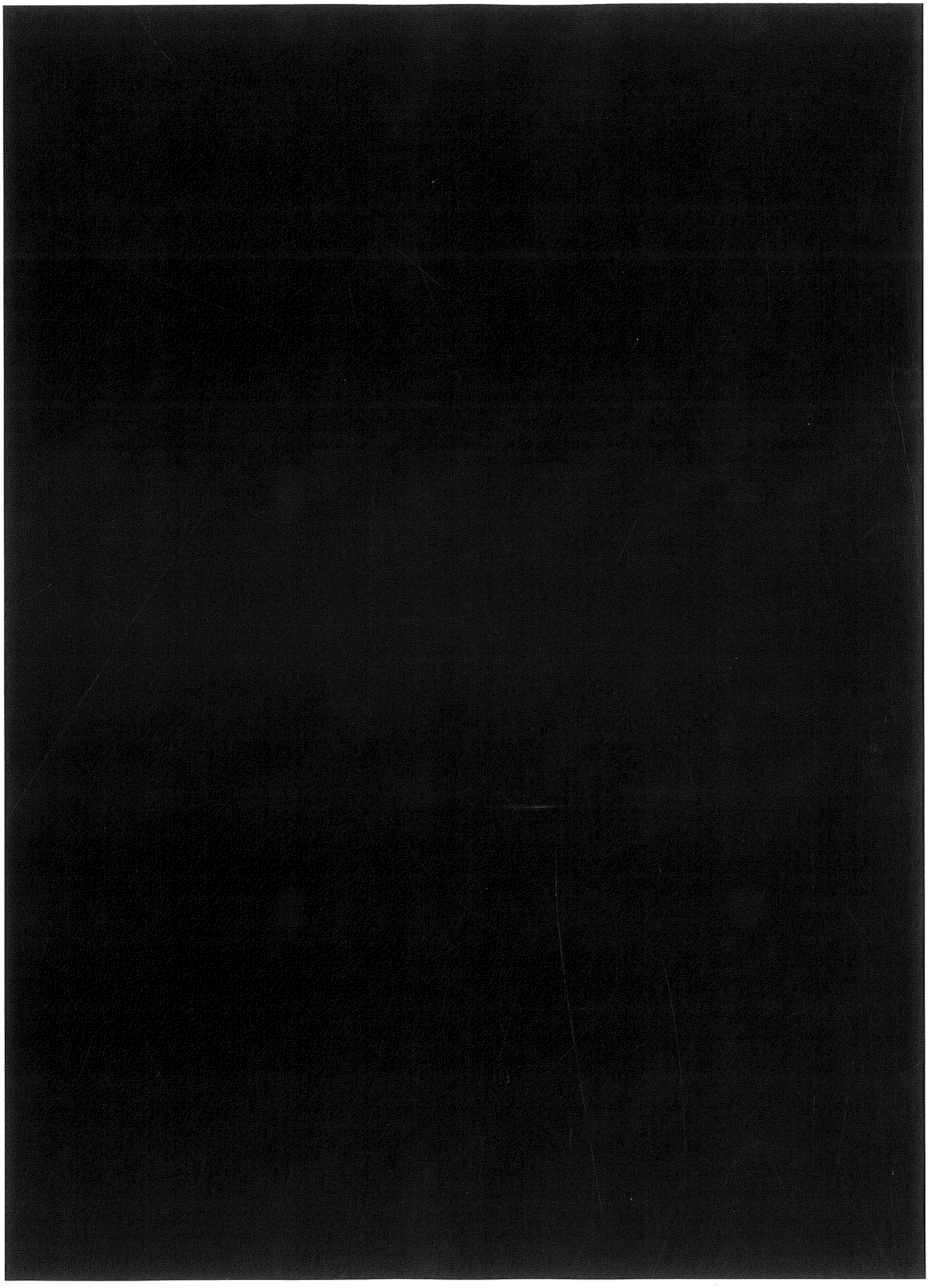

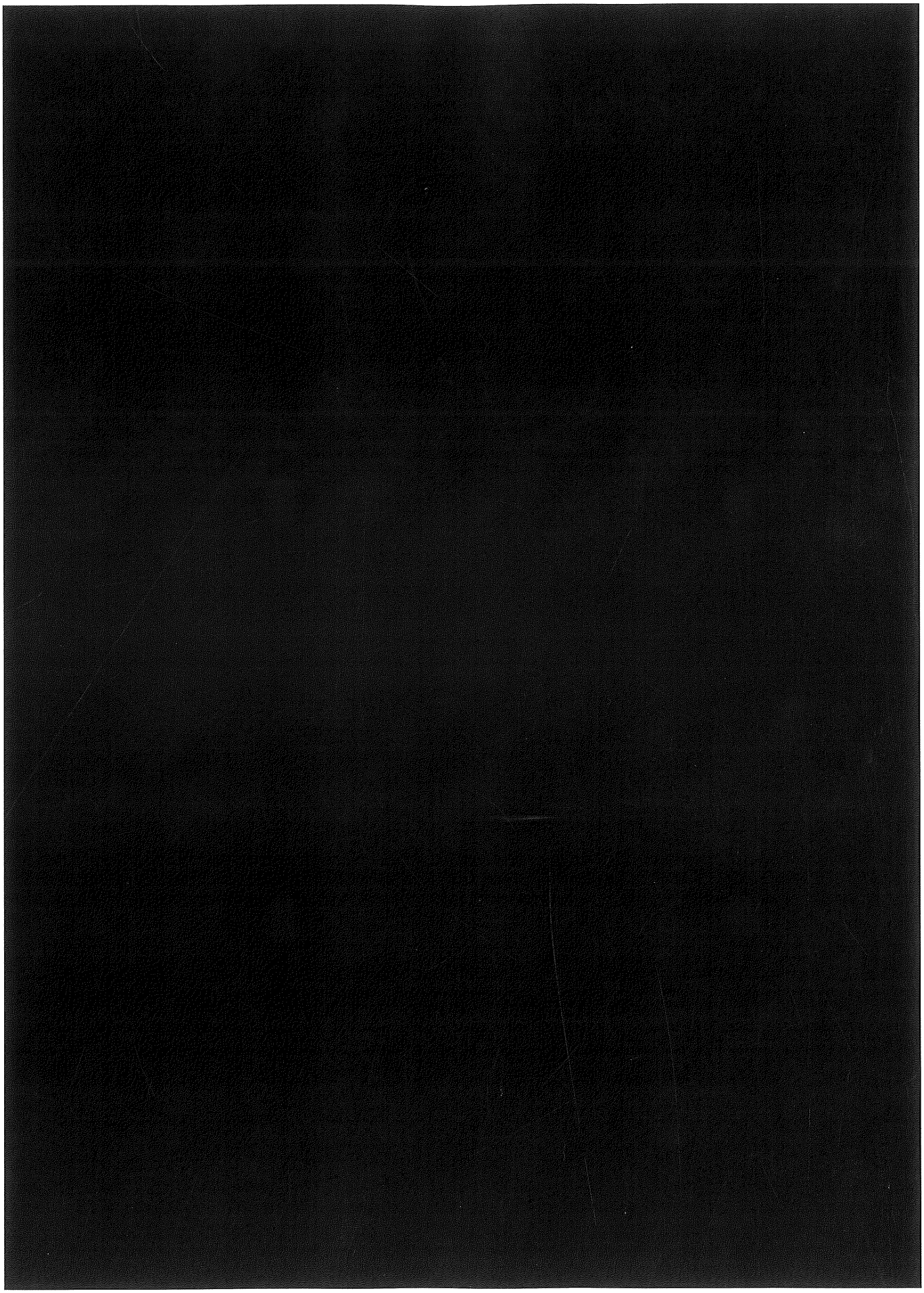

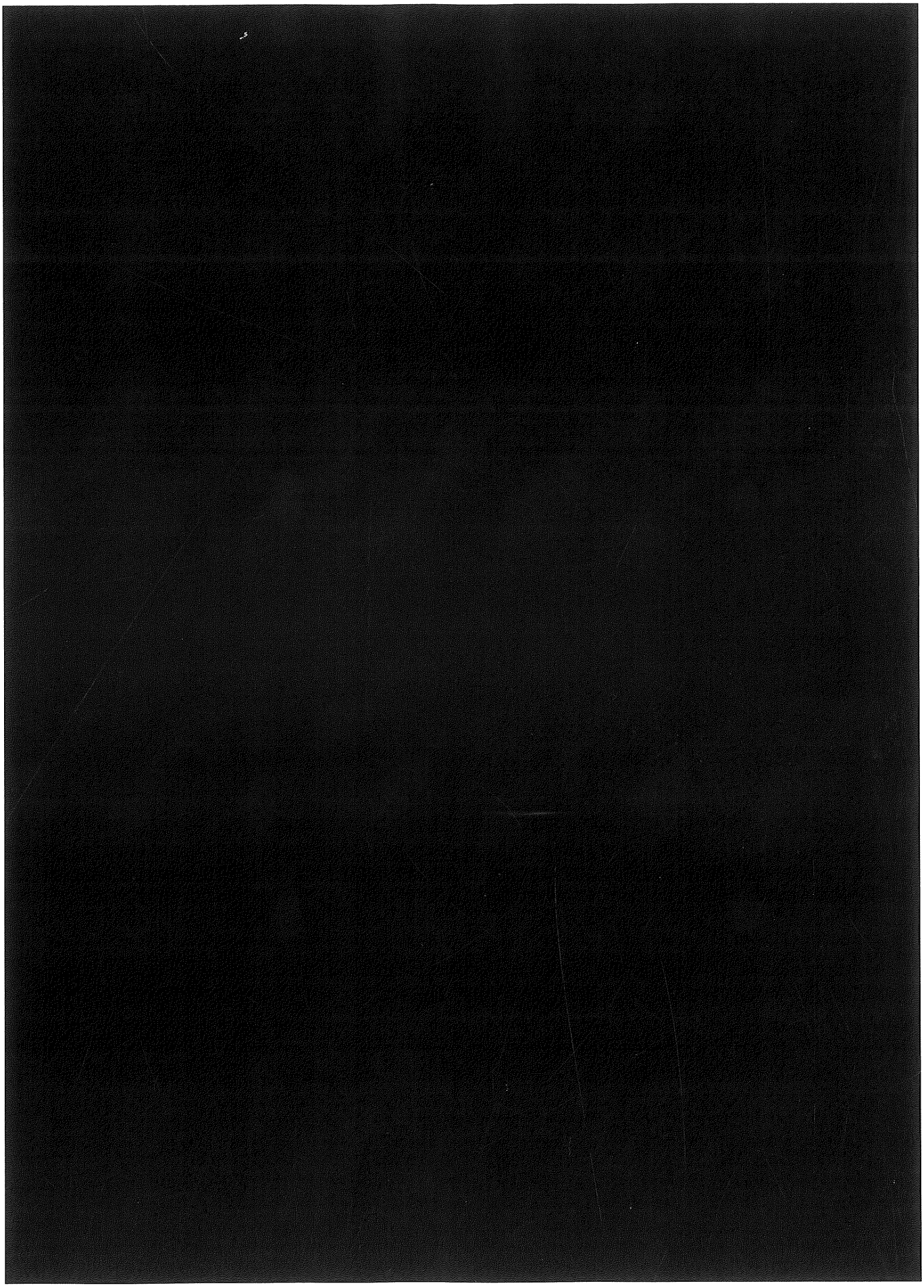

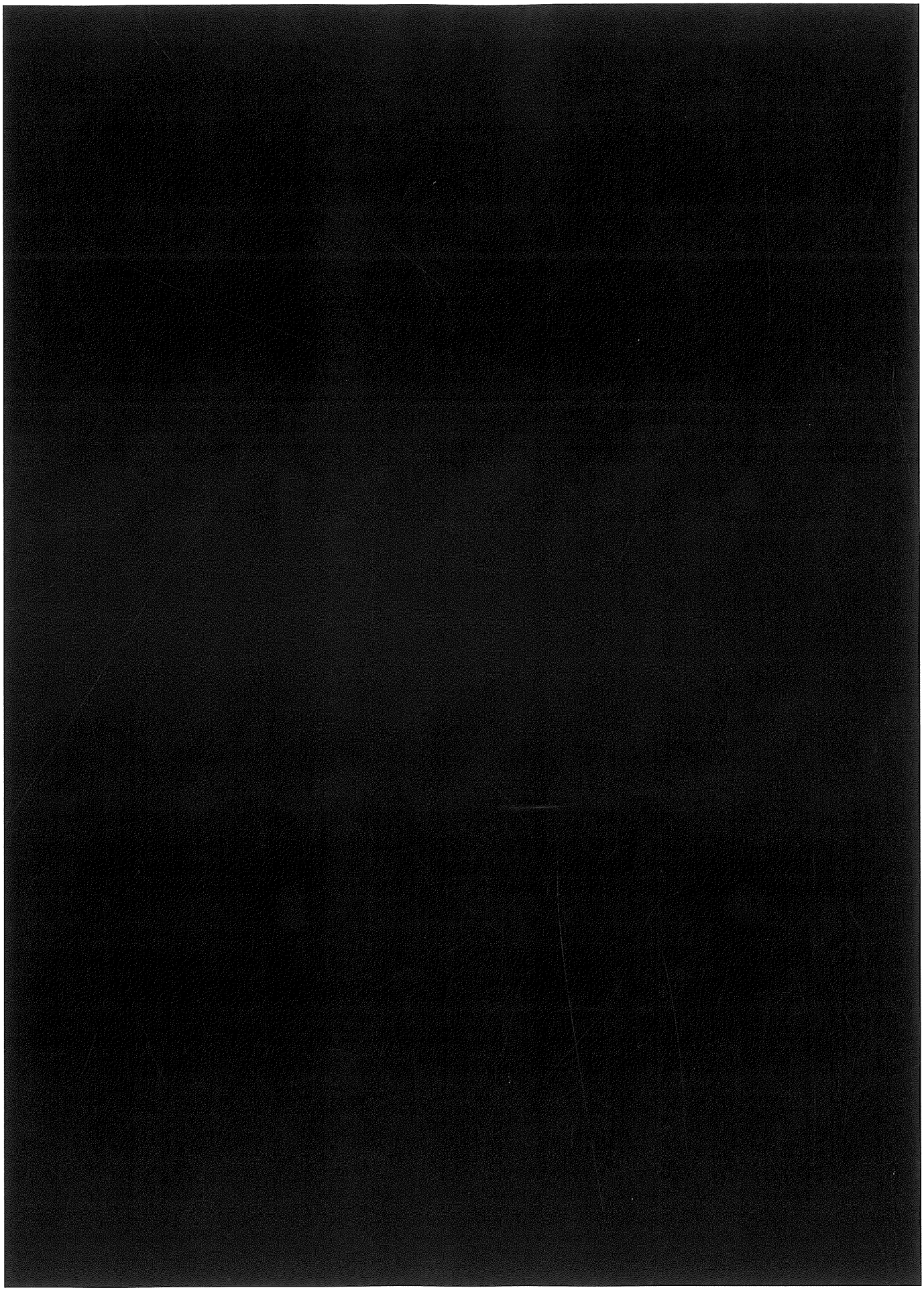

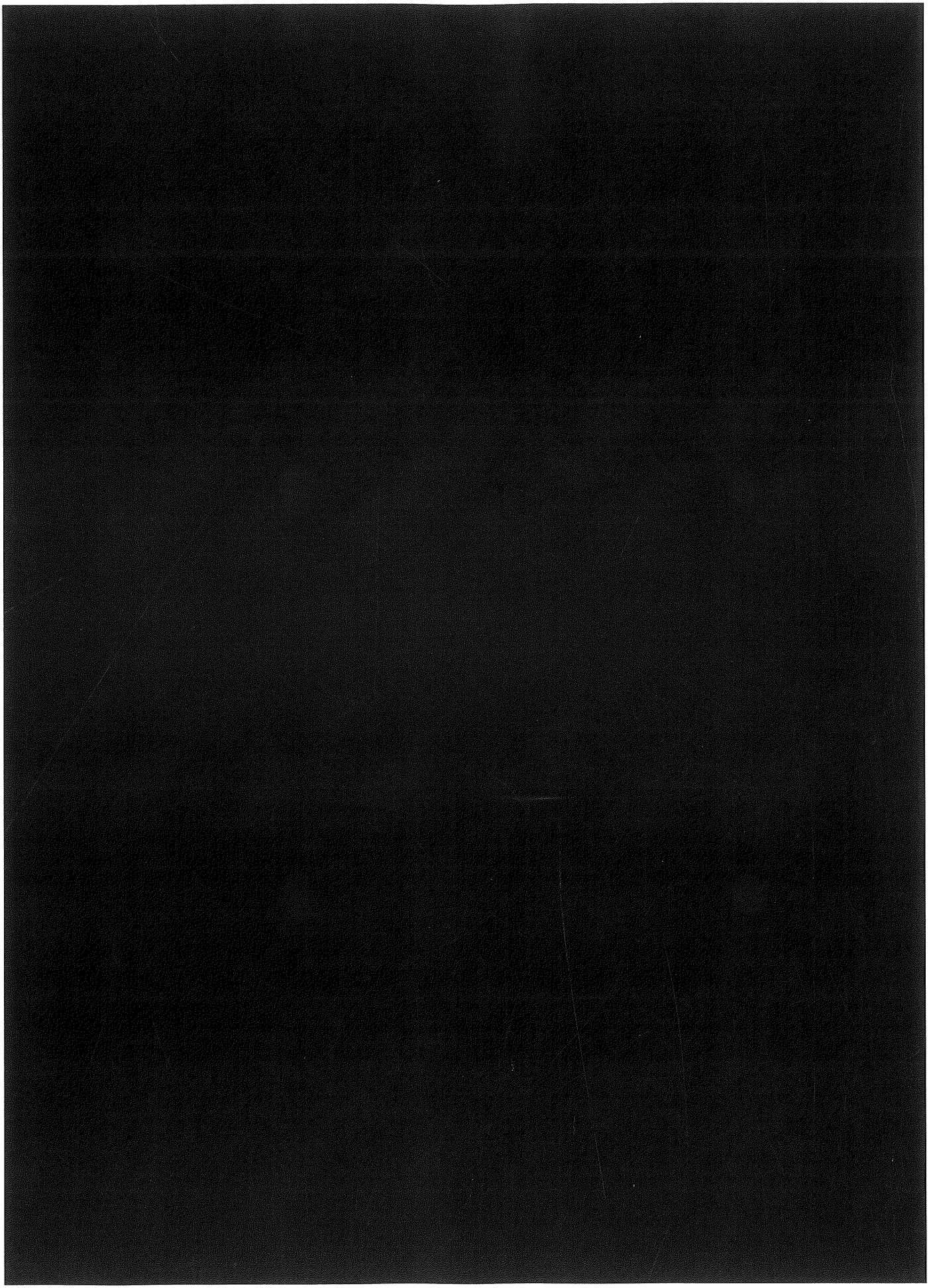

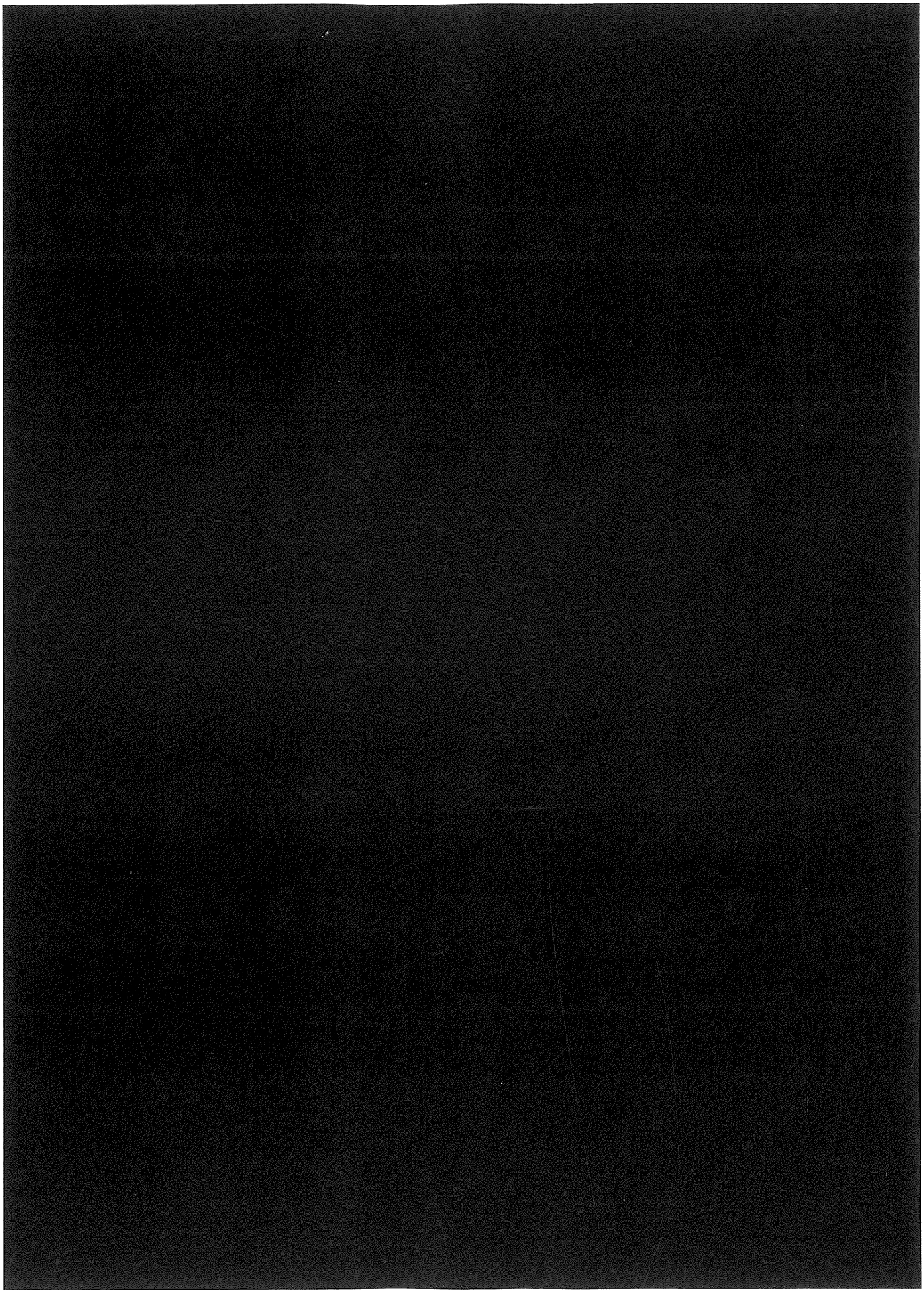

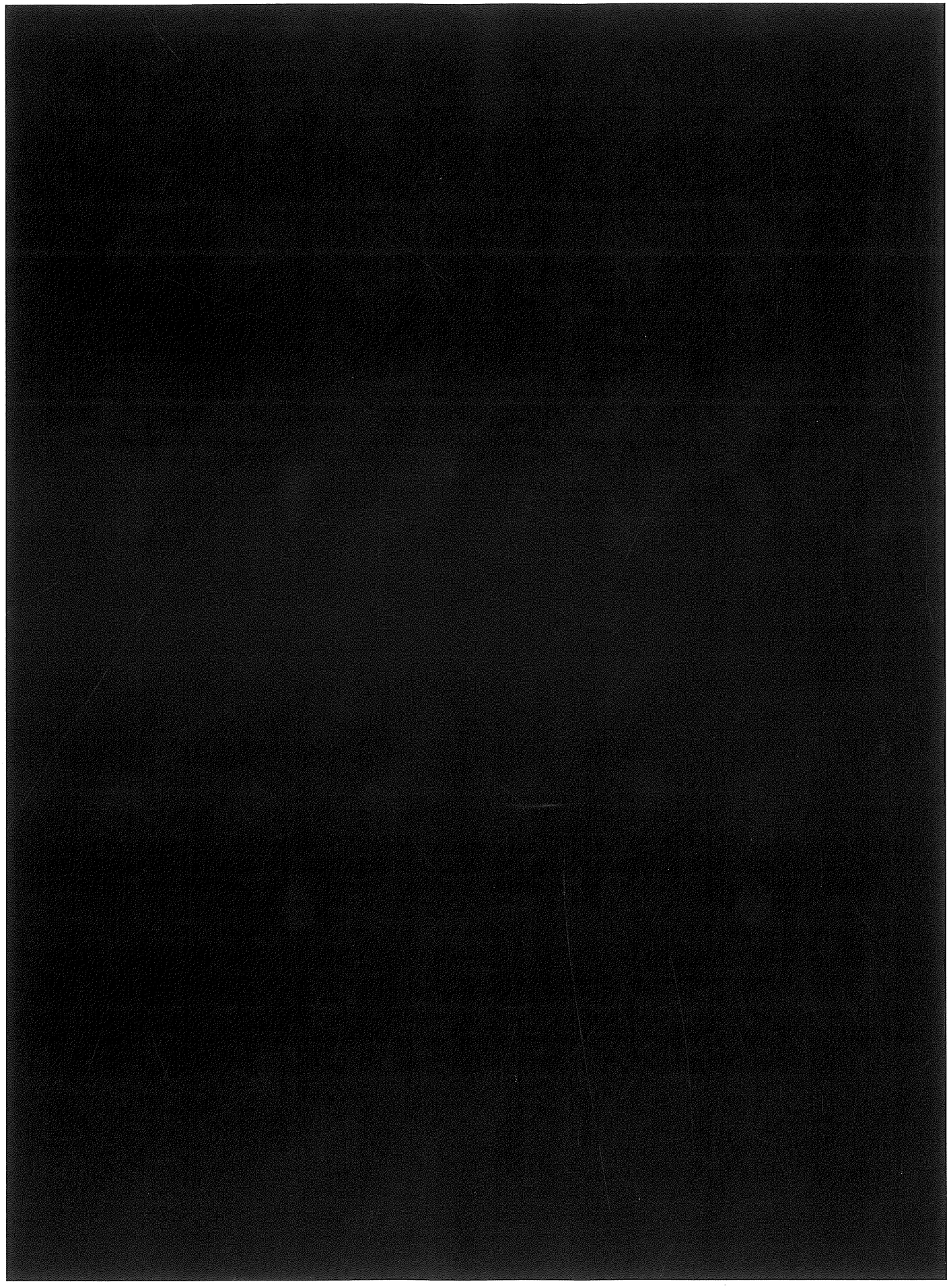

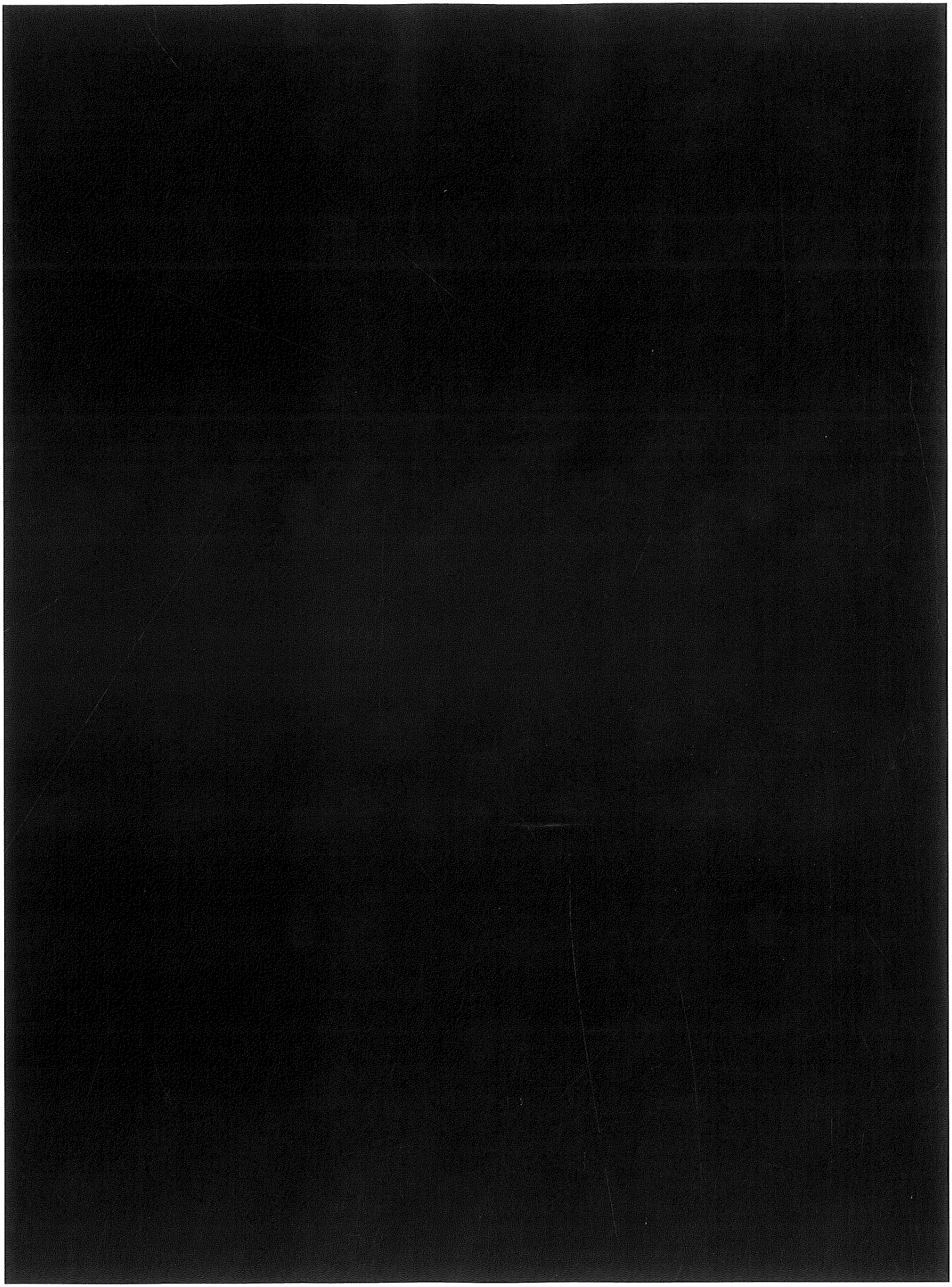

Exhibit VIII.B.9.c Description of the strategies to be used by the Applicant to deal with the cyclical/seasonal nature of tourism demand and ensure maximum use of the Gaming Facility project throughout the entire calendar year

Rationale

While an attractive and vibrant tourism destination, the Hudson Valley is susceptible to seasonal business cycles. Tourism peaks in the summer from Memorial Day to Labor Day. September-October represents a secondary peak season, driven by falls colors, harvest season, and cooler falls temperatures. April through May is the primary shoulder season. November-March, with the exception of the Christmas-New Year holiday period are inherently slow months due to colder winter temperatures. While regional ski areas do generate a reasonable amount of tourism demand, that demand tends to be clustered during weekend periods. Winter is a challenging period for all tourist-oriented businesses in the Catskills and Hudson Valley.

The Full House database offers a unique marketing opportunity for the Grand Hudson Hotel & Casino. Players in those databases can be enticed to visit the Grand Hudson if they are offered a convenient and low-cost charter air package.

Strategies

- Partner with the Hudson Valley and Catskills visitors authorities and build an off-season marketing plan
- Establish partnerships with local wineries and area restaurants and build an "Escape to Hudson Valley" advertising campaign
- Develop ski and stay packages with area ski resorts
- Develop a transportation plan that offers New York City residents convenient bus transportation with a strong emphasis on off-season travel
    - Offer bus operators subsidies during the slow season so they can offer gamers reduced fares
    - Create a generous day-trip gamer package for bus patrons
- Develop a charter airline program that targets gamers from other Full House properties in Southern Indiana/Cincinnati, New Mexico, Nevada and Louisiana, flying in gamers directly into Stewart International Airport

Exhibit VIII.B.10 Supplemental Tax Payment

Exhibit VIII.B.10 Statement as to whether the applicant agrees to pay a binding supplemental fee if the applicant is awarded a license. If yes, describe the amount of the binding supplemental fee. Any agreement to pay a binding supplemental fee will become a condition to the license. If the applicant does not agree to pay a binding supplemental fee, it should explicitly state such

The Applicant does not agree to pay a binding supplemental fee in excess of its current commitments already made to the Host Municipality.

Exhibit VIII.B.11 Supplemental Tax Payment Agreement

Exhibit VIII. B.11 - If an Applicant agrees to pay a licensing fee in excess of the fee set forth above for its proposed Gaming Facility, the Applicant shall submit a statement as to the Applicant's agreement to pay a licensing fee in excess of the amount set forth above and state the amount Applicant agrees to pay. If an Applicant agrees to pay only the licensing fee set forth above for its proposed Gaming Facility, then the Applicant shall so state.

The Applicant is prepared to pay a minimum license fee of $70 million within thirty (30) days after the award of a License. The Applicant will not pay a licensing fee above the requirement set forth in Section VIII.B.11 of the Request For Applications.