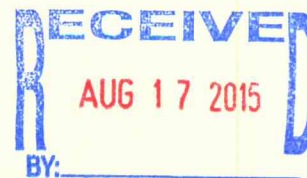


# BROWN SHARLOW DUKE & FOGEL, P.C.

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August 14, 2015

Ira Steingart, Chairman and Members of the  
Board of Directors  
County of Sullivan Industrial Development Agency  
1 Cablevision Center  
Ferndale, New York 12734

RE: Application of Monticello Raceway Management, Inc. to amend certain agreements with the  
County of Sullivan Industrial Development Agency

Dear Chairman Steingart and Members of the Board of Directors:

We represent Monticello Raceway Management, Inc. ("MRMI") and Montreign Operating Company, LLC ("MOC" and together with MRMI collectively, the "Company"), in connection with its application for financial assistance from the County of Sullivan Industrial Development Agency (the "Agency") to undertake the Montreign Resort Casino Development Project (the "Project"). On behalf of the Company, this letter serves as a request to amend certain agreements with the Agency, as discussed below, to proportionally increase the tax benefits to the Company as a result of its significantly increased investment in the Project consistent with the Agency's Uniform Tax Exempt Policy (UTEP) and prior agreements. This request is necessary because, while the agreements pertaining to the Project anticipated some variability in the Project scope, they did not anticipate the significantly increased capital investment proposed by the Company, as discussed herein.

By way of background, on September 3, 2014, the Agency adopted a resolution whereby it appointed the Company as agent of the Agency to undertake the Project and authorized, among other things, the execution of an Agent Agreement, Lease Agreement, Leaseback Agreement, Payment in Lieu of Tax Agreement, and Mortgage and Related Documents (collectively, the "Project Documents"). The Project, as defined in the Project Documents, consists of one of three different versions depending upon which version was ultimately selected and issued a Gaming Facility License by the New York State Gaming Commission (the "NYSGC"). Project A proposed a minimum total capital investment, not including the license fee, of approximately \$450,000,000 if there is no license awarded for a Gaming Facility located in Dutchess or Orange Counties ("Project A"). Project B proposed a minimum total capital investment of approximately \$275,000,000 ("Project B"). Project C proposed a minimum total capital investment of \$170,000,000 ("Project C").

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As you are aware, on December 17, 2014, the Gaming Facility Location Board (the "GFLB") announced the spectacular news that the GFLB would recommend to the NYSGC that a Gaming Facility License be awarded to MOC. Based on this announcement, the Company has not only begun moving forward to begin construction of Project A, but it has revised its plans to increase its anticipated minimum total capital investment in the Project by approximately \$150,000,000 for a total minimum capital investment of approximately \$600,000,000 to create an enhanced Project (the "Enhanced Project"). The Enhanced Project will provide a higher level of amenities to patrons of the Montreign Resort Casino by expanding the size of the gaming floor and hotel rooms, redesigning non-gaming portions and removing the harness horse racetrack and associated facilities.

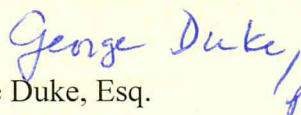
The Company has already obtained the necessary environmental and land use approvals for the Enhanced Project. Specifically, on July 21, 2015, the Town of Thompson Town Board issued its Negative Declaration of Environmental Significance pursuant to the State Environmental Quality Review Act ("SEQRA") for the Enhanced Project. And, on July 22, 2015, the Town of Thompson Planning Board adopted a resolution independently finding that the Company had complied with SEQRA and granting the Final Site Development Plan Approval for the Enhanced Project.

To help the Company maximize its capital investment in the Project, it respectfully requests that the Project Documents be modified to confer additional tax benefits to the Project in a manner proportionately consistent with the current agreements, which already anticipate this kind of Project modification.<sup>1</sup> It is our understanding that because the anticipated proportional increase in benefits will exceed \$100,000 for the Enhanced Project, that a public hearing is required prior to the Agency approving this application. Due to the timing associated with the anticipated issuance of the Gaming Facility License and related development issues, the Company respectfully requests that a special meeting and public hearing be scheduled for the end of August for consideration of this application.

Should you require additional information in support of this Application, please do not hesitate to contact me.

Very truly yours,

BROWN SHARLOW DUKE & FOGEL, P.C.

  
George Duke, Esq.

cc: Steve White, Chief Executive Officer  
Howard Siegel, Agency Project Liaison  
Walter Garigliano, Agency Counsel

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<sup>1</sup> It should be noted that the Closing Conditions Letter, dated September 5, 2014 (the "Closing Conditions Letter"), to which all of the Project Documents are subject, accounted for possible changes in the scope of the Project by indicating that should a hybrid or modified Project other than Project A, Project B, or Project C be selected, the project Documents will be amended, as necessary, to accommodate the changed size and scope of the Project and to proportionally reduce or modify the Agency's fees, rents, employment obligations and Total Value Subject to PILOT as set forth in the Project Documents.