



NEW YORK STATE SENATOR

Martin J. Golden

Senator Golden Introduces Legislation to Select Aqueduct Vlt Vendor

MARTIN J. GOLDEN March 24, 2010

New Open Process Would Restore Public Trust; Bring Decade Long Ordeal to an End

In an effort to restore public trust and bring a decade-long ordeal to an end, New York State Senator Marty Golden (R-C-I, Brooklyn) today announced he has introduced legislation to establish open, transparent and expedited process to select a video lottery gaming operator to develop and operate a VLT gaming facility at Aqueduct Raceway in Queens.

Earlier this year, the Governor joined with the Democrat leaders of the Senate and Assembly to announce the selection of Aqueduct Entertainment Group (AEG) to operate the VLTs at Aqueduct Raceway. The deal fell apart amid questions of a sweetheart political deal and after the Division of the Lottery said they could not issue AEG a gaming license.

The circumstances surrounding the awarding of the VLT contract to AEG is currently being investigated by the state Inspector General, and three top Senate Democrats – Conference Leader John Sampson, Temporary President Malcolm Smith and Senate Majority Leader Pedro Espada – have been issued subpoenas seeking documents related to the questionable selection.

“The selection of AEG to run the VLTs at Aqueduct was made behind closed doors after a secretive, politically-influenced process with no public input or review of the submitted proposals,” said Senator Golden. “This is the latest in a series of missteps that have delayed the installation of VLTs at Aqueduct and cost New York State hundreds of millions of dollars in lost revenue. My legislation will put an efficient, transparent process in place so we can ensure the best vendor is chosen as soon as possible.”

Under the legislation, the time frame for submission of proposals would remain open, and all proposals previously submitted would be viable, with the exception of AEG. The minimum upfront payment to the state would be \$300 million dollars. The bill also establishes a timetable for selection of a new vendor:

- > New submissions and amending of previously submitted proposals – 10 business days after the effective date;
- > State Comptroller recommends one of the big four accounting firms to conduct the review and make recommendations – 10 business days after the effective date;
- > Selection of a third-party reviewer by Governor, Speaker, and Temporary President – 20 business days after the effective date;
- > Submission of proposals from potential vendors for review – 25 business days after the effective date;
- > Recommendation made by reviewer to Governor, Speaker, and Temporary President, and the recommendation, as well as the reasons for it, will be made public – 40 business days after the effective date.

Within ten days after the recommendation is made, a joint public hearing will be held by the Senate and Assembly in Albany. The Governor, Speaker and Temporary President would make the final selection within fifteen days following the joint public hearing.

The legislation authorizing VLTs at Aqueduct and other race tracks across the State was passed in 2001 in order to generate funds for education and encourage economic development in communities surrounding the tracks. Currently, every other authorized VLT location is operational with the exception of Aqueduct.

AEG was the second vendor to be chosen to operate the VLTs at Aqueduct. The first, Delaware North, was selected in 2008 but later pulled out of the deal citing financial concerns related to the national economic recession.

Senate Republicans have continually called for public hearings on the selection of a VLT vendor for Aqueduct. When Delaware North was chosen in 2008, Senate Republicans called for a public forum to be held in Queens. After the selection of AEG, we once again called for a public hearing to investigate allegations of political influence and determine if they had truly submitted the best bid for the project.

“New York is in a fiscal crisis, and each day we delay the implementation of VLTs at Aqueduct, we are losing millions of dollars in potential revenue,” said Senator Golden. “This process has taken far too long – it’s clear we need an expedited, fair and open process to get the best vendor in place as soon as possible. Resolving this issue will bring in revenues to help us close the massive budget deficit, and create hundreds of much-needed jobs for New York City residents.”