

Written Testimony before the New York State Senate Standing Committee on  
Racing, Gaming and Wagering

Before the Honorable State Senator John J. Bonacic and Members of the Standing  
Committee on Racing, Gaming and Wagering

To Discuss the Future of Online Poker in New York State

September 9, 2015

At the:

Van Buren Hearing Room A, Legislative Office Building, 2<sup>nd</sup> Floor,  
Albany, New York

Presented by:

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Wilmorite Chairman and Director of Lago Resort & Casino

Mr. Chairman and Committee Members, on behalf of Lago Resort & Casino, I want to thank you for this opportunity to present these comments concerning online poker in New York State.

This hearing comes at a significant time in New York State's development of gaming. In December 2014, Lago, along with Rivers Casino and Montreign Resort Casino were chosen by the Gaming Facility Location Board to be the first three Destination Casinos ever in the history of New York State. All three are now before the Gaming Commission expecting to be issued licenses so that we can begin construction and deliver upon our commitments to bring jobs and needed economic development to this State, specifically the Upstate New York economies.

I speak specifically for Lago, but I also believe my fellow Destination Casino colleagues would agree with my next comment: We firmly view ourselves as partners with New York State.

We were selected by the State to deliver upon our promises, and we are firmly, and unequivocally, committed to doing so. The State however, made a series of promises to us that served as critical factors when we made our financial commitments, and it is those promises I want to focus on.

Collectively, the Destination Casinos have committed more than \$1.5 billion in project investments to New York State. We did so based on specific circumstances, factors, and known competition, all carefully and diligently factored into our respective bids.

- We knew that if we had certain Video Lottery Operations within our defined regions, we were legally obligated to make the operators and affected horsemen financially whole, based on a 2013 baseline.
- We knew that certain Native American gaming operations had exclusivity as part of their landmark negotiations with the State which was later codified in the enabling legislation adopted by the State Legislature.
- We knew that the State offered certain Lottery games.

Those were the promises made by the State that we relied on when we submitted our bids and when we made our financial commitments to the State.

Mr. Chairman, you and your colleagues were instrumental in working with the Executive and the State Assembly to bring us to this critical juncture to finally have Destination Casinos in New York State. The enabling legislation designed to revive the economies of Upstate New York became a reality in November 2013 when New York's voters approved the ballot initiative approving destination casinos for New York. Shortly thereafter, Executive branch members initiated the process by which the State's Gaming Commission, through the Casino Location Board, began work on a process that would select the casino projects capable of enhancing the efforts to revitalize the economic outlook of Upstate New York.

The three casinos selected by the Location Board are poised to begin construction on three of the largest tourist and entertainment centers ever seen in the upstate region. In selecting the winning applicants, the Board placed understandable importance on overall capital expenditures, each project's revenue projections, and the certainty of the project financing. The financing commitments secured by the applicants were key to their selection and will be essential to developing the vision of the applicant and the State.

Although it is all a matter of public record, it is worth a moment to consider the process the casino applicants have gone through and the money they have expended and promised to the State during the selection, development, and operational stages of this process. Due within thirty days of licensure, we will each pay the State a licensing fee of \$50 million and 10% of each project's anticipated capital investment, the sum total of which falls between \$130 to \$150 million dollars. Key to meeting these commitments, as expressed in the project applications, are the financial backers for each project whose commitments were based on the stability of the New York gaming market and the applicant's ability to achieve their revenue projections. Setting aside the economic impact and employment provided during their development, the above

projects expect to collectively support more than 3,200 full-time jobs and generate \$265 million in tax revenues.

As you know, access to affordable capital is based on sophisticated modeling of the gaming market. Moving forward, the financing essential to the timely development of the anticipated facilities will hinge on the stability of that gaming market. The introduction of online poker into the State at this time could significantly alter the model. At the very least, the introduction of online poker prior to licensing and commencement of full operations of the respective Destination Casinos inserts unnecessary instability into the State's gaming market.

There may well be a time when online poker should be introduced in the State's gaming landscape. If it is, online poker must only be offered by licensed and regulated casinos which have invested in the State's economic vitality.

We would urge caution at this critical juncture as the Destination Casinos become licensed and commence construction. We are committed to our promises of jobs and investments, and we implore the State to keep the promises it made that served as critical factors when we made our financial projections.