

SUFFOLK COUNTY LEGISLATURE



WILLIAM J. LINDSAY, PRESIDING OFFICER

March 20, 2009

Governor David Paterson
Executive Chambers
New York Capitol
Albany, NY 12224

Dear Governor Paterson:

In the current free-fall economy, it seems like all news is bad news. More and more, the financial news coming out of Washington and Wall Street is playing out to disastrous effect on state and county governments and the communities they represent.

I constantly hear people say 'I never thought that I would see the day'. It is clear to me that they are not only talking about the money side of things. There is a growing sense that venerable institutions are teetering. Some have already fallen. News hounds far beyond the borders of Seattle and Denver, for instance, watched with resignation as longtime media outlets like *The Seattle Post Intelligencer* and *The Rocky Mountain News* stopped their presses after nearly 150 years of business.

The way we do business in the private sector must change to reflect the reality of decreased demand and leaner resources. Those who fail to do so will ultimately fail to flourish. To a large extent, we as elected officials are learning the same hard lessons.

The rule book has changed. What was once the old reliable sales tax revenue stream is not so reliable anymore. Health care costs are devastating Suffolk County's bottom line and it is unclear how much, and with what strings, the federal stimulus funds will arrive on our doorstep.

I am convinced that out of these stresses on state and county governments will come new and innovative opportunities to jump start revenue generators that were once deemed unacceptable by elected officials and those they represent. In conversations with my colleagues on the Suffolk County Legislature, Video Lottery Terminals (VLTs) are front and center when we debate how to move forward in creating new sources of revenue.

Over the past few months, I have met several times with Jeffrey A. Casale, President and CEO of Suffolk Off-Track Betting Corporation. Our larger discussion centered on the precarious position of Suffolk OTB due to the inequitable distribution formulas that require SROTB to make payments to privately owned harness tracks. Added to this financial stress is the downward trajectory of the economy. Suffolk OTB is at the nexus

a perfect storm that threatens its ability to continue providing a reasonable source of revenue for Suffolk County government.

We are faced with the dual challenge of changing State Law to address distribution issues and focusing on initiatives that would generate new funds. Suffolk OTB currently provides more than \$2-million in annual non-tax revenue to the County and employs 350 union workers. A loss of either is simply unacceptable to me.

Opening a VLT Parlor in Suffolk County makes even more sense when you look at the tremendous shot in the arm that VLTs provided to Western OTB when it introduced gaming at Batavia Downs in 2005. Millions of VLT dollars later, gaming has assured Western OTB's financial health and, in the process, enabled it to increase the revenue that it turns over to its host counties. My sense — and this is shared by many of my colleagues on the County Legislature — is that this may be the time for our county to bring a VLT Parlor and its benefits to Suffolk County.

Suffolk OTB is the only OTB region without a track so we do not have the option of adding VLTs to a functioning racetrack. We can, however, create a recreational destination that rivals any of the currently functioning harness track/VLT entertainment complexes.

I envision a single freestanding VLT Parlor that becomes to gaming enthusiasts what the North Fork has become to wine and culinary lovers. A VLT Parlor would complement the leisure and active lifestyle attractions that draw crowds to our beautiful beaches, top flight parks, first class shopping, open space and, as I mentioned above, world-renowned wineries and restaurants. Finally, we can woo back the gaming day trippers who ferry off to Connecticut or drive to Pennsylvania by offering a superior and convenient entertainment experience.

The addition of a superior VLT Parlor in Suffolk would garner our region a designation that few could claim: a tourist tour-de-force.

The positive effects from a Suffolk County VLT Parlor would be immediate and far ranging. Construction trade jobs would number in the hundreds and operation of the VLT Parlor would account for an additional 300 jobs. With the influx of visiting gamers and traditional tourists, the adjacent community's small businesses would enjoy the greatest positive economic spillover. Other businesses in the outlying areas, such as restaurants, gas stations and bed and breakfasts, would also realize an increase in business.

We are already half way there. Suffolk OTB possesses the necessary expertise and organizational structure so there is no need to create an operational infrastructure from the ground up. An appropriate start-up number of VLTs for this venture would fall within the 1,500 to 2,000 range (similar to Saratoga), with a conservative per machine estimate at \$175. The VLT Parlor could be up and running within 9 to 18 months of approval by New York State.

As far as location is concerned, such a complex would require easy access to Sunrise Highway or the Long Island Expressway, as well as sufficient acreage for the facility itself and adequate parking. In general, central to eastern Suffolk County would fit the

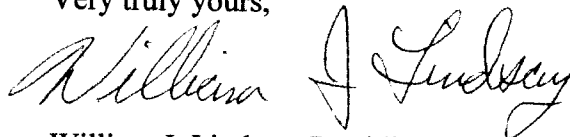
bill, although the exact siting would be a cooperative effort of Suffolk County, Suffolk OTB and the relevant Town Zoning Board.

All of the entities involved in bringing a VLT Parlor to Suffolk County - the County, Suffolk OTB and New York State - would benefit financially. By extension, our school districts, local labor and small businesses all stand to reap the rewards of the construction and operation of a Suffolk VLT Parlor.

Please feel free to phone me at (631) 853-4088. I look forward to sitting down with you and discussing this proposal in more detail.

Thank you.

Very truly yours,

A handwritten signature in cursive script that reads "William J. Lindsay". The signature is written in black ink and is positioned above the typed name and title.

William J. Lindsay, Presiding Officer
SUFFOLK COUNTY LEGISLATURE

WJL:bpm