



Gordon Medenica, Director

August 3, 2010

The Honorable Governor David A. Paterson
State Capitol
Albany, NY 12224

Dear Governor Paterson:

Attached is the report from the Lottery's Evaluation Committee on the selection of a developer and operator for the Video Lottery Facility at Aqueduct Racetrack. It is with genuine enthusiasm that the Committee unanimously recommends Genting New York as the winning vendor. Our strong recommendation, based on the merits of the proposal, was vastly reinforced by Genting's financial offer of \$380 million as an upfront licensing fee.

Genting's proposal was impressive on many levels. They are a vastly experienced and professional gaming company and their proposal reflects a deep and insightful understanding of the opportunity and challenges of Aqueduct. Genting took nothing for granted – they respected the very rigorous selection process that we developed after the missteps of the past. They understood the business risks that a winning bidder is required to accept, and they have a clear and rational plan for navigating the complex construction and operating environment of New York City. In addition, they are highly sensitive to the community issues, labor requirements and social concerns that a project of such scope encompasses.

Genting's proposal was far superior, in concept, scope, detail and execution, to any we have seen in previous rounds of evaluation. It is well known that other bidders, and potential bidders, found the State's requirements too demanding to accept. They made the fatal assumption that the process was still open to maneuvering and negotiation. We acknowledge that the process was tough and the expectations were rigorous, but our requirements were crystal clear. For Genting to emerge from such a grueling process as a strong winner is a testament to the effort, skill and intelligence of their team. Every aspect of their proposal demonstrated the highest standards of professionalism and respect.

The attached report details our process, findings, analysis and scoring of the proposal. Even after we disqualified non-conforming bidders, we still followed the process, as originally outlined, for the remaining bidder. This included an exhaustive vetting of the company, its investors, and key personnel for licensing qualifications, and we found the company and its

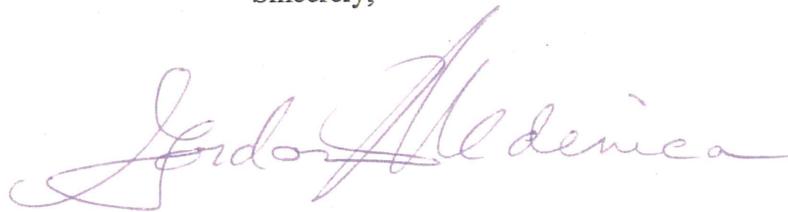
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personnel fully qualified for video gaming licenses. We also retained KPMG to advise the Committee on the financial capability of Genting, and we concluded that Genting was uniquely qualified and highly capable of delivering the substantial financial results we expect from this project.

While you, Governor, have already committed to supporting this recommendation, we urge our legislative leaders to quickly add their support in order for the State to receive, finally, the massive influx of monies that this project will generate. Genting New York was not the only bidder for this project; it was the best bidder for this project. And Genting New York is not the only winner of this process; the people of New York, through jobs, economic activity and aid to education, are the bigger winners.

Sincerely,

A handwritten signature in purple ink, reading "Gordon M. denica". The signature is written in a cursive style with a large, stylized initial "G".