

**ORANGE COUNTY ECONOMIC DEVELOPMENT GAMING COMMITTEE
MINUTES**

**TUESDAY, SEPTEMBER 25, 2018
12:00 P.M.**

PRESENT: Michael Amo, Chairman
Katie Bonelli, Kevin W. Hines, James Kulisek,
Kevindaryan Lujan, John S. Vero, James D. O'Donnell

ALSO

PRESENT: L. Stephen Brescia, Chairman
Antoinette Reed, Legislative Counsel
Donald Groth, President/CEO, Catskill Regional Off-Tracking Betting Corp.
Andrew Winchell, Chief of Staff for Senator Bonacic
Charlie Degliomini, Executive Vice President, Empire Resorts, Inc.

Chairman Amo opened the meeting at 12:15 p.m. and asked everyone to stand for the Pledge of Allegiance. All committee members were present.

Chairman Amo welcomed committee members and guest. He explained that he invited Mr. Degliomini to attend the meeting to provide an update on the Resorts World Catskills project and specifically on the impact to Orange County.

Mr. Degliomini stated that they currently have 1,671 employees and 27% are Orange County residents. The county has already received substantial payments from them, a one-time fee which is a portion of their licensing fee and ongoing revenue payments from their gaming revenue.

Mr. Hines noted that he saw the article about the significant loss, but he believed it was due to debt service. He asked if Orange County gets a cut of the revenue, not a cut of the profits.

Mr. Degliomini replied that he was correct. Orange County gets a percentage of GGR, (Gross Gaming Revenue). He is aware that the Times Herald Record reports how the casino is struggling to perform, they are not meeting their projections. There are \$490 million in equity and there is a person on the other side of the world who wrote a check for \$490 million and believes in this project. No business, whether it is a hotdog stand or resort casino is stable within the first six months of operation. They are finishing up the amenities at the casino and in December they will open their Entertainment Village and in mid-March they will open their indoor family waterpark hotel. Over the past month they had seven helicopter landings. They are just getting started and need some time to make everything work.

Mr. Amo noticed that when he compares Resorts World Catskills to other casinos around, the buy-in at a lot of his tables are more expensive than at other casinos.

Mr. Degliomini explained that they do not have any tables that are lower than \$15 per hand and that is by design. That is how they make a profit. Throughout the day, depending on the day and time of day, the table minimum goes up and down.

Mr. Amo stated that as Legislators, they represent 400,000 people in Orange County and their constituents talk to them, so they hear things and thought it would be valuable to share with him, it's not that they are complaining. If he heard from a constituent that they do not want to go there because it is too expensive, what should he tell them.

Mr. Degliomini stated that it is not for everyone.

Mr. Kulisek asked if they were still looking for help.

Mr. Degliomini responded that they just signed a labor agreement and have found there are more people that now want to come work for them. Things improved from last year when they were really struggling to hire people.

Mr. Hines mentioned that he has been to Resorts World many times and he talks to the dealers. One of the dealers made so many mistakes and he told him over and over to stop and to slow down. The dealer told him that he was hurting because he was studying tile games for four hours that morning and was on his twelfth hour, so in total he was doing math for sixteen hours which was why he was making so many mistakes. He asked why such a big push to get trained so fast, turns out it was for his benefit. The dealer told him that after he gets six months and four games he is leaving, they were all getting hired in Massachusetts and Rhode Island.

Mr. Degliomini stated that they lost about thirteen people to Springfield, Massachusetts.

Mr. Hines added that the reason why that dealer wanted to leave was because he was not making the \$45,000-\$50,000 that he was promised.

Mr. Degliomini stated that their base salary in Springfield is a little bit higher. He added that the dealer may have said they were "all" leaving and going to Massachusetts, it was only thirteen.

Mr. Degliomini explained that people leave to chase a better rate at another casino, it happens all the time. As of now, they have a good and stable workforce and they have been approached that their base rates have gone up a little bit because of their signed contract with the hotel trades council.

Mr. Kulisek noted how crowded it was at the casino when they had the \$1 million give away.

Mr. Degliomini pointed out that there were a lot of winners from Orange County. On his way to the \$1 million give away, a woman from Newburgh won \$25,000.

Mr. Kulisek asked if there were plans to build a theater.

Mr. Degliomini explained that they were constrained because one of the things that they agreed to as part of the licensing process would not negatively impact the non-for-profits and of course Bethel Woods.

Mr. Degliomini stated that they have a heliport pad and have been flying people in. The high rollers do not want to be inconvenienced even though Sullivan County Airport is about 20 minutes away, but they want point to point transportation. These are the types of things they need to do to activate the high-end business. He added that they lease the helicopters and believe it or not, some of these people have their own.

Chairman Amo mentioned that there were questions as to how much money did Orange County receive from the casino's one-time licensing fee and the answer is \$1,876,770.40. The next question was how much Orange County has received so far as its portion of the casino's ongoing revenues and that answer is \$552,405.86.

Chairman Amo asked Mr. Degliomini if he can provide more accurate information regarding revenue to help them understand, it would be appreciated.

Mr. Degliomini acknowledged the request and stated that he understood, and it is difficult to do. You could go on the Gaming Commission website every week and they report what the revenue is. He added that there was most likely someone in the County's Budget Department that could figure out the math to see if the County is above or below projections. He believed projecting \$2.5 million was the way to go.

Chairman Amo introduced Mr. Andrew Winchell, Chief of Staff for Senator Bonacic's office.

Mr. Winchell explained that under the current law and under the Senator's proposed Legislation, the state's cut would come in as GGR. The current law is 10% for all non-slot revenue, which includes sports betting. The Senator's bill is 8.5% but there are other pieces that come off that. This bill is not passed yet. The amount that the counties gets, does not matter how much of the gaming tax was generated from tables, once the tax is applied and money has been paid to the state, it did not matter whether it came from table games, sports betting, or slots, it is getting paid out under a formula.

Chairman Amo asked when Mr. Winchell thought sports betting would happen.

Mr. Winchell replied that the Gaming Commission, right now, has the authorization to allow in person sports betting, on premises. Supposedly they had regulations ready or almost ready to go at the end of the Legislative Session. The Gaming Commission met yesterday and did not act on anything.

Mr. Kulisek asked if they planned to come back in session and act.

Mr. Winchell did not know, he was not sure if there would be a special session, but he was leaning towards, no. The only way to get this done quickly would be if the Governor decided to put it in his budget for next year. That would mean it would be put off until the third week in January and eventually passed by the end of March. This also depends on who wins for Governor. He felt there were a lot of false numbers out there. Many people believe the money is much bigger than it is.

Mr. Degliomini stated that if it is on premises only and they do not get to the point where it is on your phone, the economics are narrow. It all depends on how it is done. His building is authorized to do sports book betting. They received the regulations, they waited the 60-day comment period, so they could be in business conducting a sports book, on premises. What will happen in January during the budget process, it will allow them to use OTBs.

Chairman Amo asked for the definition of "sports" in sports betting.

Mr. Winchell stated that under the current law, the definition of allowable sports is all professional sports that does not involve a New York team and does not take place in New York. Traditionally, the NCAA has prohibited tournament events to be held in any state where sports betting is allowed on those events.

Mr. Winchell concluded by stating that overall, there is significant revenue, but it is not life changing revenue.

Mr. Groth stated that the Governor, so far, has not been friendly to this. He wrote a few letters and wanted to address the issues in his letter. We need to show the New York State Legislature that the Orange County Legislature supports OTB and sports betting. If OTB is not going to have sports betting there probably will not be an OTB much longer because people want to bet on sports. Nowadays, people do not think about horses. Unfortunately, the state has not provided for them to promote sports betting through advertising, promotions, etc. He felt there should be a constitutional amendment to have OTB run sports betting.

Chairman Amo stated that he read Mr. Groth's letters and asked if he ran the numbers in his operations for Catskill Regional Off-Track Betting. If, as of January 1st he was to be an affiliate, how much would that mean for Catskill OTB annually and what impact would it have to his budget.

Mr. Groth replied that it would be in the millions, but they cannot calculate it because they do not know the rules and they do not know who the people are that will be voting on the legislation. The only way Orange County would receive any proceeds from this would be if they get it from OTB. They do not know what the statute will say or what the constitution will say. If he gets his way, it will be re-written and will not apply to just casinos.

Mr. Amo stated that Mr. Groth's organization must have some sense as to what percentage of a race sports book would have on the counties.

Mr. Groth explained that he heard what Mr. Degliomini and Mr. Winchell had to say, but they do not really know. He knows it will be in the millions if sports betting is running by OTB. Mr. Groth stated that if Orange County is going to get something out of this, he wants the county to get the word out that they support it and the state will be guided by that enthusiasm. In Albany, they either listen to the lobbyist or they listen to the counties. Orange County is a long-standing off-track betting county and deserves respect from Albany. If Orange County passed a resolution or sends a letter of support, there is a better chance of something happening.

Mr. Amo mentioned that the reason why Mr. Groth reports to Orange County is because Catskill Regional Off-Track Betting Corporation gives the county money every year, and that number has dropped off.

Mr. Groth stated that Mr. Degliomini mentioned he did not think they would put any casinos in New York without the consideration for Catskill Resorts; but nobody considered Catskill OTB when they all said they were going to plow ahead with the casino. To date, there is still no chance of them putting in an OTB at the casino, they are the only OTB in this territory. If they want horses in the casino, they need Catskill OTB in that casino.

Mr. Winchell explained that the Gaming Commission has the opinion that horse racing is not a casino game, so casinos do not have the right to run it. However, a lot of casino legislation requires any casino that previously owned a track, they were not allowed to abandon the track, they needed to continue to make payments and continue racing at the race track, which is a money losing proposition. So maybe, the casino would have the right, since they own a racetrack, to show racing in their facility and Senator Bonacic's bill reflects that opinion. It acknowledges that if casinos want to do sports betting, they cannot do horse racing unless they partner with the Regional OTB in that region, except if the casino was required under sections of law to keep running the racetrack they own, they can do horse racing under their existing licensing.

Mr. Kulisek asked if that was why Monticello Raceway was still open.

Mr. Winchell responded that was correct. They are legally required to maintain the track to keep their casino license. If you are already required under existing legislation to run a horse race track, you already have the right as a horse track owner.

Mr. Groth stated that Orange County was very key to the start of Catskill OTB. In fact, John Bonacic was a County Legislator and they call him the "Father of OTB" in Orange County, although he does not accept that title. He again urged the Orange County Legislature to send their support to Albany. He noted that this is also a way for Orange County to get revenue from sports betting.

Mr. Kulisek asked what the receipts for Orange County look like from OTB.

Mr. Groth replied that it was as high as \$3 million a year, now it is down to just under \$300,000. This can go back up in an instant with legislation. He pointed out that their handle has dropped 60% since the racinos started.

Chairman Brescia advised Chairman Amo if he wanted to put something together and move forward with a resolution, they can have a joint meeting with the Rules, Enactments and Intergovernmental Relations Committee.

Chairman Amo stated they can talk about it and have a joint meeting.

On the motion of Ms. Bonelli, seconded by Mr. Kulisek, the meeting adjourned at 2:15 p.m.

