

Racing and Gaming Committee Minutes
February 9, 2017 – 4:00 p.m.

Present: Chairman Matt Veitch; Supervisors Vince DeLucia, Paul Lent and Peter Martin; Chad Cooke, County Administrator; Jeff Cannizzo, NY Thoroughbred Breeders;

Chairman Veitch called the meeting to order and welcomed all in attendance.

Mr. Veitch announced the appointment of Mr. DeLucia as the Committee Vice-Chair.

On a motion made by Mr. DeLucia, seconded by Mr. Martin the minutes of the July 14, 2016 meeting were approved unanimously.

A motion was made by Mr. DeLucia, seconded by Mr. Martin to oppose the Nassau County OTB - Aqueduct VLT arrangement. Unanimous.

Mr. Veitch introduced Mr. Cannizzo from the NY Thoroughbred Breeders. Mr. Cannizzo distributed two handouts regarding the negative impact of the Genting/Nassau OTB Deal on the Equine Sector. Mr. Cannizzo recently testified at a Senate hearing on the reorganization of NYRA and the handouts were part of what he had prepared for that hearing.

The highlights from Mr. Cannizzo's handout are as follows:

1. The 2016-17 Budget authorized Resorts World Casino to place and operate 1,000 of Nassau County Off-Track Betting Corporation (OTB) video-lottery terminal (VLT) machines at Aqueduct Racetrack. The authorization took place late on the last night of budget process.
2. The New York State Gaming Commission approved a Memorandum of Understanding (MOU) between Genting New York, LLC, which operates Resorts World, and Nassau County OTB.
3. Contrary to legislative intent, no new Resorts World machines have been installed for Nassau OTB. Instead, Resorts World transferred over 460 existing (i.e. racing Industry) VLT machines to Nassau OTB.
4. Genting daily "cherry picks" the best 460 machines to be counted as "Nassau's." The Win Per Machine (WPM) rate for Nassau machines has skyrocketed to unheard of levels (as much as \$1000 a day).
5. "Cherry picking" has resulting in the remaining (i.e. racing industry) VLTs to drop to lowest WPM levels on record.
6. The racing industry only gets paid by the "Nassau" machines if VLT revenue for racing drops below the 2013 level, and the rate paid by "Nassau" is a fractional percentage of the other machines.
7. The arrangement is in Genting's interest: Genting gets paid 8% more (30% vs. 22%) by "Nassau" machines than the others. This Genting is projected to make an additional \$3+ million a year, and Nassau \$25 million a year directly at the expense of the racing industry.

The average win per machine from the 5090 racing machines is \$361, the average win per machine from the 460 Nassau machines is \$739. In comparing the projected figures for 2017 against the actual figures from 2015, Mr. Cannizzo has calculated a projected loss of over \$8.5M for NYRA Capital Funds and Operations, losses of approximately \$1.8M in the breeding fund and over \$9M in purse money. A loss of this magnitude could have a significant impact on Saratoga Racing purses and capital improvements. Mr. Cannizzo said one solution is to stop the cherry picking of the best machines for Nassau, and an additional 1,000 machines should be installed.

Mr. Veitch said that one specific suggestion is to have it handled during the budget process rather than the legislative process. He also said that the Resolution will be sent to all local representatives.

On a motion made by Mr. DeLucia, seconded by Mr. Martin the meeting was adjourned unanimously.

Respectfully submitted,
Therese Connolly
Deputy Clerk of the Board