

Racing Committee Minutes
February 4, 2021 – 3:00 p.m.

Present: Chairman Benny Zlotnick; Committee Members Ed Kinowski, Jack Lawler, Bill Peck, Dan Pemrick, Sandra Winney; Chairman of the Board Todd Kusnierz; Steve Bulger, Audra Hedden, County Administrator; Hugh Burke, County Attorney; Jason Kemper, Planning; Skip Carlson, Saratoga Casino Hotel.

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

On a motion made by Ms. Winney, seconded by Mr. Peck, the minutes of the August 10, 2020 meeting were approved unanimously.

Mr. Zlotnick announced the appointment of Mr. Peck as Committee Vice Chair.

Mr. Zlotnick introduced Mr. Carlson from the Saratoga Casino Hotel to present to the committee. Mr. Carlson thanked the committee for allowing him to attend today. The Saratoga County Board of Supervisors as a very soft spot in his heart because the Casino would not exist without the Saratoga County Board of Supervisors action. Mr. Carlson said that he has four items to discuss today.

A motion was made by Ms. Winney, seconded by Mr. Peck, to support Saratoga Casino Hotel request to return to their original hours of operation. Unanimous.

Mr. Carlson gave an overview of where they stand right now. Like everyone, 2020 was a very difficult year for Saratoga Casino Hotel, both on a personal and professional level, and very humbling. They never thought that they would be closed down for seven months, and layoff hundreds of people. They had 600 people employed and are now employing about 325 people. They were closed from the end of March until early September, the casino was closed, and the casino is the economic engine that runs everything. They were able to open mid-September, with restrictions. The restrictions were mostly operational, besides the COVID protocols that they operate on. They operate at 25% of capacity, the most they can have in the Casino is 800. What has affected them most negatively is that in late October their opening hours were limited and they must now close at 10pm. This probably affects the gross gaming revenue by about 15%.

Mr. Carlson said that they are working on other levels to try to get the hours increased. Food and beverage wise, they can still keep it the same 10pm, all food and beverage operations have to cease. Mr. Peck said that 10pm is the restaurant timeline, and asked if the Casino was grouped into the same category as restaurants. Mr. Peck said that to him, it was an arbitrary time all along and should be eliminated if you follow the rules. Mr. Carlson said that they would be willing to stop serving food and beverage at 10pm, as they are not looking to have an advantage over other food and beverage establishments, they just want to keep the casino open after that. 10pm and 1am hours are excellent hours for the Casino. Mr. Carlson said that prior to COVID their hours were 9am to 5am. Commercial Casinos can operate 24 hours.

Mr. Carlson said that the most important things they operate right now are health, safety and cleanliness. Health of team members, health of guests, they take their safety and cleanliness protocols very seriously.

Mr. Lawler asked how the hotel is doing. Mr. Carlson said the hotel is operating at about 35% to 40% capacity, and everything considered, they are very happy with that. Mr. Lawler asked if the Governor allowed the casino to continue business past 10 pm, understanding that food and beverage would be shut down past 10pm, does Mr. Carlson have an estimate of how many employees they may be able to bring back to work. Mr. Carlson estimated between 20-30 employees. The main issue however, is that they would be able to make additional revenue for the people that share revenue. 90% of the Horsemen's purses are earned through gaming revenue. The Casino would earn an additional 15% by staying open. The Horsemen would benefit, the State Education Fund would benefit, and also, keeping fingers crossed, that the County and City also share VLT revenues. Mr. Carlson said it is not all about the casino, it's about the additional employees, the horsemen, and all the other folks that share the tax revenue generated by VLT revenues. Mr. Carlson said that they always have a New York Gaming Commission representative on site. They also have 390 cameras to provide surveillance that can back up the fact that they are in compliance. Mr. Lawler said that he believes this is a great resolution, because we have got to do a better job of getting our economy back on track. Mr. Lawler said that he cannot think of another organization, other than SPAC, that requires large crowds to be financially successful, and complimented Mr. Carlson and his management team, for finding their way through this pandemic.

For his second item, Mr. Carlson said it is regarding sport wagering, mobile sports wagering in particular. If mobile sports wagering comes about, they would love to be a part of it in some way, shape, or form. If there is an expansion of sports wagering into the mobile side, they would like to be a part of it, whether it's the Governor's, or the commercial casinos. Because if not, they will be at a significant disadvantage. In New Jersey for example, 90% of the wagering that is done in New Jersey is done on mobile apps. Mr. Carlson said that mobile sports is going to be a significant game changer.

Mr. Carlson said that regarding the purse subsidy with Rivers, this is a complicated question. This goes back to the constitutional amendment that was passed seven years ago, to allow commercial casinos in New York. Part of that, that they all bid on, and Mr. Carlson's company did two different bids on this, they bid on the license. Everybody knew going in that whoever was going to win this license in our region was going to have to agree to subsidize purses. Studies have shown that we were going to lose 30% to 40% of our business when the new casino came into the market. So that would mean 30% to 40% of purse reduction. Whoever was writing the legislation, that you are going to have to pay a certain purse subsidy based on 2013 levels. For example, say if purses were \$10 million, they took 30% of business, purses went from \$10M to \$7M million. Our contribution, Rivers, or whoever got the license would have to make up the difference of \$3M. Everybody knew this going in, but what they didn't plan on was being closed for seven months. Rivers is saying they should not have to pay for the time they were closed, not making any revenue. So there's a hopefully a reasonable solution can be brought to this problem. If we can't come up with a solution, the Legislature will probably do it for us. But right now it's the horsemen are the ones that are affected. Saratoga Casino are basically a pass through, the money is paid to the

Casino, those funds are placed in a purse account and manage the purse account for the horsemen. The horsemen and Rivers have been talking back and forth on what is reasonable and fair, and hopefully they will come to a solution on that. Nobody ever put that into the legislation if the Casinos close for seven months, here's what's going to happen.

Mr. Carlson said that the harness track was closed for about three or four months. They started racing in June without fans, on a limited basis. They had planned on racing 170 days, and Mr. Carlson believes they were able to race 130 days, and then going forward 132 days planned for 2021. Obviously, lost quite a few days because they don't have the horses and the purse money. They raced without fans from June to November. Raced two days a week with anywhere from 11 to 13 races a day, but the Horsemen took a big hit. The purses were down about 30% - 40%, and instead of racing four days, they raced only two days. Mr. Zlotnick asked if Mr. Carlson has a number on what the economic effects would be if this was to be withdrawn. Horses, horsemen related industries obviously, feed and equipment. Mr. Carlson said that in going back going back two years before the pandemic, their purses were almost \$16M. They have an economic multiplier where you figure, maybe two to three times that, that's \$50M that that goes through the industry in terms of feed, training bills, etc. It also has a negative impact on the industry. When there is uncertainty in an industry, people buying horses, less people are owning horses, less people are getting into the industry, because of the uncertainty of the purses, that uncertainty has effect. Mr. Carlson said that to put it into economic terms this is a \$50 million industry in Saratoga Springs and if we've been impacted by as much as \$20M to \$25M. That is directly affected through goods and services purchased, and that trickle-down effect. It has affected employees, the only way you can bet now is through a mobile app. Mr. Peck questioned if River's transactional payment that they are making as part of their license, is it a percentage of their revenue, or is it a set amount? Mr. Carlson said that it is a set amount, but what is not addressed is the timing of the payments. In the past, they would pay quarterly to make up the difference in what the purses were in 2013. Rivers are saying that they should have a waiver for when they were closed. Mr. Carlson said that the casinos did not close until March. So they actually owe the first quarter of 2020. That has not been paid yet. Mr. Carlson said that it's two issues, money and timing. Mr. Carlson said that hopefully it can be resolved, because Saratoga are actually the only casino racetrack that's affected. In retrospect, everybody knew the rules going in. Mr. Kemper asked if Mr. Carlson had an exact number that was due for the first quarter of 2020. Mr. Carlson said that he will get that figure to Mr. Kemper.

A motion was made by Mr. Peck, seconded by Ms. Winney, to urge Governor Cuomo and the State Legislature to restore VLT Impact Aid to the County of Saratoga and the City of Saratoga Springs. Unanimous.

Mr. Carlson said that the final item he is speaking on today is the VLT revenues that go to the City and County. They really do not have nothing to do with that other than producing the revenue, hand the revenue to the State to divvy out. Mr. Carlson said that this is not the first time this has happened and hopes that the City and County are successful in getting the funds reallocated. Mr. Veitch said that the City of Saratoga Springs Council are planning to get ready to testify at the State Gaming Committee at their upcoming meeting. Mr. Veitch said that NYSAC has also taken a position on this, opposing the cuts of VLT aid. Mr. Kemper said that this issue is also being prepared for Legislative & Research Committee.

On a motion by Ms. Winney, seconded by Mr. Peck, meeting was adjourned unanimously.

Respectfully submitted,
Therese Connolly
Deputy Clerk of the Board