

DATE

WAYS & MEANS COMMITTEE

OF THE

SUFFOLK COUNTY LEGISLATURE

MINUTES

A meeting of the Ways & Means Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on May 8, 2014 at 12:30 p.m.

MEMBERS PRESENT:

Leg. Steven H. Stern, Chairman
Leg. William Spencer, Vice Chair
Leg. Robert Calarco
Leg. John M. Kennedy, Jr.

NOT PRESENT:

Leg. Kate M. Browning - Excused

ALSO IN ATTENDANCE:

Presiding Officer DuWayne Gregory, 15th Legislative District
George M. Nolan, Counsel to the Legislature
Sarah Simpson, Assistant Counsel to the Legislature
Robert Lipp, Director/Budget Review Office
Lora Gellerstein, Chief Deputy Clerk of the Legislature
Laura Halloran, Budget Review Office
Philip C. Nolan, President/CEO OTB
Anthony Pancella III, Vice President/OTB
James McManmon, General Counsel/OTB
Tom Vaughn, County Executive's Office
Amy Keyes, Aide to County Executive
Deborah Harris, Aide to Leg. Stern
Lynne Bizzaro, County Attorney's Office
William Shilling, Aide for Leg. Calarco
And all other interested parties

MINUTES TAKEN BY:

Diana Flesher, Court Reporter

(THE MEETING WAS CALLED TO ORDER AT 12:46 PM)

CHAIRMAN STERN:

Ready? Good afternoon everyone. Welcome to the Committee of the Ways and Means; ask everybody to please rise and join us in the Pledge of Allegiance led by Legislator Spencer.

SALUTATION

Please take a moment of silence to keep in our thoughts and prayers our colleague, Bob Knight, who passed away. And, of course, all of our brave men and women fighting for our freedoms overseas.

MOMENT OF SILENCE OBSERVED

Thank you. Why don't you come on up and have a seat at the table.

MOMENT OF SILENCE OBSERVED

Again, good afternoon, everyone. Thank you for being with us today. It is a pleasure to welcome Phil Nolan, President and CEO of OTB and members of his team joining us today to give us an overview and really bring us up-to-date on how things are going with the new project. And colleagues, I'm sure, are going to have questions for you. But, Mr. Nolan, it's good to see you.

MR. PHILIP NOLAN:

Good to see you. I think I'll do this chronologically, just the update portion and mention the high points, of course, and any questions we'll be happy to do our best to answer.

I came to OTB July 1st, 2012, coming up on two years. Obviously the organization was in bankruptcy from before I got there, March 2011. And we've been working with everyone who has a stake in this to keep the organization afloat sometimes literally day-to-day managing our cash. Basic approach I've taken is a simple one. Done my best to execute it. Constrain costs and enhance revenues. Toward restraining costs, we have -- several vacancies occurred in the last two years. We have not refilled those positions. We've delegated their duties to existing employees. Everything we could do to constrain costs we have. And any suggestions I'm more than open to listen to them.

On the revenue side, the major portion of our business has always been the actual wagering at the bricks and mortar facilities around the County. That is in severe decline across the industry, across all the OTBs of New York State. Essentially what has happened in the last 12 to 13 years is that it went from over \$200 million to less than 110 last year. And it's a precipitous fall that has been virtually impossible to meet with reductions in our operations as evidenced by the fact that we're in bankruptcy.

In the last several years we've reduced the amount of money per year that we're losing very significantly. We've severely cut expenses. On the revenue side in the last two years, we've gone, I believe, from 15 Quick Bets around the County to over 30. These are profitable centers. These are essentially OTB facilities in existing bars. And actually we have a couple now in card shops. We're just looking for anyplace where it'll make sense where the owner's willing to partner with us and make a go of it. It's happening and it's going pretty well.

We've also this year and last year undertaken a complete revamp of our internet platform, which has been accomplished, albeit with some bugs still being worked out. Our phone room operation we're currently at this very moment looking to submit a bill to NYRA, New York Racing Association, to handle their phone room to generate more revenue, possibly get more phone calls handled with our existing envelope, which we think there's some capacity. It's a hard match to make because essentially what we have is a situation where our employees come to work in the phone room and they'll sit for fifteen minutes doing nothing except reading and waiting for calls to come in. Five, six

minutes before race time, off we go. We're very busy.

So analyzing exactly how much capacity we can effectively utilize in taking on NYRA's phone business, it's not a simple equation. But we will be submitting an aggressive approach to this. And we think that if we win that business, it'll earn us money on a recurring basis.

We've also in order to stay afloat had to sell assets. We recently, I believe it was last week, closed on the sale of the Sunrise facility in Bay Shore. The facility was appraised at \$2.1 million. Due to the buyer's need, we got \$2.7 million. It helps, again, but short term; not reoccurring revenue. The basic model has to be broadened. The real panacea for us -- or, it's not even a panacea, it's a survival mechanism, is the VLT facility. Last year we were fortunate to have the New York State Government grant us a thousand VLTs in Suffolk County. Nassau County OTB received the same arrangement. And for the past, I believe, since last August we've been actively working first to secure a partner, because we needed someone to come in and manage it and also finance it. We were able to get quite a bit of competition for our business. The marketplace feels very strongly that it will be very lucrative and successful.

So they -- we selected -- and I want to thank the County Executive's office for their participation -- it was the County Purchasing Department, which did the RFP itself, developed it, wrote it, worked out details with us. And two members of the County Executive's Office served on our selection committee. We went through a rigorous and vigorous exercise of analyzing what was in front of us. And the selection of Delaware North was made by a five to zero vote, which I was very pleased with. We all agreed it was clearly the best. And we've received nothing but positive feedback on the selection. And, frankly, I work with them pretty much every day. Extremely honorable people to work with, which means a lot to me and to us. And we're proceeding with them.

In the meantime, again, County Executive's Office suggested the idea of an alternate financing mechanism in place of the loan we were going to receive from Delaware North at interest rates of 4. -- I believe 4.5 going to 5.25 -- no. 4.75, 5.5, 6.25 and 7 first four years; and then it remains there for three more years. Fairly reasonable rate, the best one we had at the time.

We've now gone to the bond markets and so on. And I've been authorized by my Board to proceed albeit with a lot of care associated with it. And we're looking for the best interest rate and the best terms. And we're in the middle of that process. And I'm cautiously optimistic we're going to do better than Delaware North's numbers, which at the end of the day, will produce more money for the County. Short-term as well as long-term.

I think that's -- I think I'll stop there. And if there are questions or -- actually one thing I would like if -- with your indulgence, I have my attorney Jim McManmon in here. And he has been involved -- and in fact was in Bankruptcy Court yesterday. So I'd like him to just let you know exactly what occurred there yesterday because that's the most recent information.

CHAIRMAN STERN:

I know that we're looking forward to having that conversation, but I think we're going to do that offline in a few minutes. Before we get there, I know that my colleagues have some questions. Let's go to Legislator Spencer; and then Legislator Kennedy.

LEG. SPENCER:

Hi. It's good to see you, Phil.

MR. PHILIP NOLAN:

Thank you.

LEG. SPENCER:

I just had a chance, I think, to do some preliminary understanding. But I've been -- I think it's important to have this conversation on the record to just understand basically OTB operation. And I'm just going to ask a few very basic questions. And I appreciate your indulging me. Some of these I think I knew the answer to, but I'm not 100% sure.

So when we talk about off track betting, then the way that OTB is set up is that there are different venues across the State of New York that have races. And there are people that come locally to those venues to bet. And this OTB basically has relationships with a lot of different venues. And you're offered the ability to bet on those races. Is that correct?

MR. PHILIP NOLAN:

Yes, it is.

LEG. SPENCER:

As I stated it. Now, as a result of doing this, is there any licenses or authorizations that you have to have or -- to be able to do that with the particular venue? And is there a percentage of money that goes back? Can you tell me is that the same for every venue or each venue there's a different type of contract?

MR. PHILIP NOLAN:

No, they're not the same. First of all, we have contracts with everyone to -- essentially we are the marketing arm, is the way I describe it, I don't know if anybody has a better one, but we're the marketing arm of horse racing.

LEG. SPENCER:

Okay.

MR. PHILIP NOLAN:

It gives someone the opportunity to walk into a building in Suffolk County where there's not a race within 50 miles going on, but they can bet on simulcasted or televised races. And we have contracts with all of them. It's an extremely detailed situation. I mean, it's -- we have files and files and files. But, yes, that's the way it basically works.

We just went through -- your question is so timely. About a week and a half ago we were contacted by Churchill Downs, CDI, Churchill Downs with their demands for exorbitant usury increases in what we have to pay to run the Kentucky Derby. Now, we didn't make any money Saturday. Okay? We had -- our buildings were filled. We booked big numbers of bets, la de da, over \$2 million in handle. And we didn't make any money. Why's that? Well, it's because these folks at CDI put a gun to our head essentially and said "this is it, take it or leave it." It was virtually -- what was it, about 60, 70% increase from last year? 65% increase from last year, just with no reason except they could and they did.

And we're in a position where we pretty much can't do without carrying the Kentucky Derby. I mean it's one of the premiere products on earth. We've been working -- I kind of focused in on this. We put a meeting together last year to try to bring all of New York State's racing industries, the tracks, the OTBs and NYRA together. Because NYRA has the best racing product on earth. Okay. It's much broader and deeper, longer running than what Churchill Downs has. Okay, Churchill Downs has formed essentially a cartel with a whole bunch of other tracks. And there's another group called the Monarch Group that has done the same thing. So they packaged together their product. And they simply say, "here are your new rates. Make it work. We don't care."

And we just went through this. And we capitulated because we had to. But we aim to try to bring the industry together to address this problem. I've already asked -- reached out to various people in the industry. I've been on the phone with the other OTBs. And you raise an issue, I don't know

if your intention was to go into this particular area but we got taken -- you know, we got taken pretty badly and very, I believe, needlessly, purely a greedy grab by the -- by CDI, but they got us because it was the week before the Derby and what are you going to do? You can't just put a sign in front of the OTBs and in front of the Quick Bet locations, instead of saying, you know, "Bet the Derby" you have to now put up "We don't have the Derby."

So we ran it. We pretty much broke even for the day because we need to service our clientele, but that's a problem we're going to have to address in a very business-oriented manner.

LEG. SPENCER:

And I think that's my concern, is that it seems that the position of the OTB is almost just like a regular private company out there, an industry where you're actually representing in a sense, or you are, a government sort of agency. You know, they're affiliated. It seems that there should be -- so I guess what -- I'm going from the basic premise that -- I couldn't understand why OTB would be going bankrupt. And I've looked at it. I'm like, "the house always wins," you know, so -- so when you look at a race and you say there's 100 people there that are betting, and if a certain number of people start to bet on a particular horse, the odds change so that the payout always results in that -- still there's some in -- if 99 people bet on one horse, then you get long shots. And you calculate the odds.

So let me ask you with your audience, when they're calculating the odds at the track on a particular race, the odds that you're paying out is the local odds that's displayed at the track, are they taking the bettors into consideration? Or do you have your own odds that are separate? That's what I couldn't --

MR. PHILIP NOLAN:

Let me turn this over to Tony. I would say basically the question of how does an OTB lose money, very simple answer is there's too many hands taking too much out before we ever have an opportunity to either make money or break even. It's the formulas. And they've been talked about since long before I was here. But Tony's been here. And he'd like to speak to this. Tony Pancella.

MR. PANCELLA:

I'm Anthony Pancella, III, Vice President of Suffolk OTB. There are statutory payments that we are obligated to make. And those statutory payments are burdensome. They were initiated with the thought that OTBs, when they were originated, would detract from the tracks. That isn't the case. Most of these entities that we send these really ridiculous payments to, they're entities that are -- they're private entities. We're sending money that theoretically would come to the taxpayers, but they're entities that now have VLTs in their own facilities and making millions and millions of dollars, yet these formulas remain.

But what you're talking about, the parimutuel pool of wagers, that's -- that has nothing to do with revenues generated by OTB. So that OTB, if someone hit a big race, they wouldn't make -- we don't make any money from that. What we have is their surcharge. And we have one -- every region in New York State is obligated to have one teletheatre which presents -- gives track odds. That's the -- our teletheatre is the forum in Hauppauge. Everything else we're obligated to pay both the negotiated rates that Phil alluded to earlier that we make with the track and the groups and then the statutory rates.

And some of these rates, to be honest with you, are -- an example is a Maintenance Of Effort payment, a MOE payment that we're obligated to pay. We have to pay the tracks based on handle for nighttime racing that they would have received in 2002, which was the highest year of racing. We were doing about \$220 million. We still pay them at that rate, yet we're making about \$100 million in handle. So we're making plenty of money but just everyone is taking it. And that's different. And it's not related to the parimutuel pool, though.

LEG. SPENCER:

Question for our Counsel. And, George, for what we're describing here, are these statutes and payments prescribed by State law?

P.O. GREGORY:

(Nodding head yes)

LEG. SPENCER:

So the State has an agency that has essentially gone bankrupt. How come they don't change the -- I mean I'm scratching my head here to, you know, we're a State agency. What is it -- does it take so long? You're talking about 2002. Do our Legislators in Albany know this and say "this agency's gone bankrupt, we gotta make it -- " I'm not -- it should -- but we gotta make it fair. I mean, you're going bankrupt, you're saying you're paying rates based on 2002. So what happens? Is there something political that prevents it from happening? Why do you go bankrupt if you're a State agency and a lot of your proceeds do a lot of good?

MR. PHILIP NOLAN:

First of all, you're speaking to the choir. We love hearing this. Okay. The reality is I ran into an Assemblyman in Saratoga at a conference thing that was going on. And I had known him previously. And I just reintroduced myself. And I said to him that -- he said "what are you doing here?" I said "I'm President of Suffolk OTB." And his response was "oh, you're in Bankruptcy." And very, very, very off-putting. But I'm a big boy. It's okay. I looked at him, I said "by the way, do you know that when we take a dollar wager in Monticello, we pay out a dollar six by statute? Do you know that?" And he had stopped looking at me. I was here and he was looking this way. And he went like this, "oh, we'll have to rectify that."

Now he'd been sent that probably, you know, 25 times in writing over the years. The problem we have, I really believe, comes down to the fact that the folks who are getting all that money, they're big entities. They have -- you know, they have their lobbyists and the horsemen, there's a lot of affiliations in place. And it's difficult to get people to really focus in on this issue in any kind of a detailed manner when you have Mayor Bloomberg having once said "OTB is the only bookie in town that's losing money." Very good glib remark, but detached from any kind of realities that are causing it.

So, you know, we'll bring the facts to anyone who wants to see them. Okay, our books are so open it's transparency to the max. We're dealing with a set of cards that, you know, or a set of factors, I shouldn't use any gambling terms because I'm talking about horse racing, but we have -- you know, the variables in front of us, the only way we're going to wind up surviving, frankly, is because of VLTs. Because the model for OTB with the current statutory configurations of where the money goes, it's impossible to make it even balance.

LEG. SPENCER:

It is. It's tough. And again because just knowing you the person, who I have an utmost respect for, it's tough when you look at an agency such as OTB that by design should be a way that we're able to get money and to be profitable; and then we're here looking at these sorts of agreements for bankruptcy. I'm like, "no, no, you guys should be bringing in the money." I mean I understand it, but it's, you know, it's definitely -- it makes me take pause. But I'll yield. I'm sorry.

MR. PHILIP NOLAN:

Can I just say one thing, just one point? You know, we pay -- we're in bankruptcy. We're losing X millions of dollars, you know. We send, I think it \$87,000 a month to the County. We send them -- and we send -- you know, it's germane because I'm in a County hearing. Okay. I want to send that money to the County. We were created as a vehicle for that. But our ability to send more money is undercut by the fact that we are caused and forced to live with regulations that were put in place 10, 12 years ago that no longer exist. And if anybody really wants -- this is not going

to be a short live to battle if you want to try to change this stuff. We've been working on it through any vehicle we know of. And we have not made a whole lot of progress.

The only thing -- we get into areas that -- I could say something right now that I never knew existed until I got this position. It's called AWD. Advance Deposit Wagering. Now you have out-of-state entities who don't pay anybody anything. They just take bets, pay out the winning bets and keep all the rest of the money. We went to Albany last year. We met with Ben {Laben}, who's the Governor's person on this. And he drafted legislation. And it changed this field. All it did was even the field between these out-of-state offshore ADWs and us, the OTBs. It just evened them. We're getting money. We're going to get money from them because they really kind of have an unfair advantage they shouldn't have. Guess what they -- that CDI move I started off talking about, about the rates last week, what do you think that was about? Because they're an ADW. See, we took from them something they shouldn't have had, which is an unfair advantage. We evened that playing field. So what do they do? They move over here and they get the money back and then some by changing the formulas that we have to -- or the percentages we have to pay them right out of the front gate.

MR. PANCELLA:

It's kind of important to note that we're in bankruptcy. We were the first to file. But our performance last year was in the -- you know, out of all the OTB regions, New York City went bankrupt completely. But out of all the OTB regions we're right in the middle of the pack. We were outperforming some and slightly underperforming others. So it's not like our performance is any different than -- it's a State problem. And it's -- 99% of it is based on the formulas. That's the problem.

LEG. SPENCER:

I had one quick question on something. I know my Presiding Officer's got his mike close to him. And so does Mr. Kennedy. Just as far as -- just when you talk about operations, one quick question for me is that I hear -- when you say you got a room full of people on phones, they get busy seven minutes before the race. And so when you think about a race, it seems like there is a venue, a horse, a wager. Why isn't that automated? I mean shouldn't it just be like a couple of phone prompts and you can take dozens of calls depending on your computer system. Why are there people sitting around taking hard bets?

MR. PANCELLA:

We do offer an IVR, a touch-tone wagering that you can wager without going through a call center. But, you know, many of our customers -- and we handle the calls for Nassau County OTB also. So we have -- we're taking the calls. Many of the customers demand speaking to a live person. And the unfortunate necessity is that to staff that properly, to accommodate, you know, the wagering, there are downtimes. And most people, especially an astute wagerer because the odds change right up 'til race time, they wait towards the end. So at the end you have to have enough people to cover it.

LEG. SPENCER:

Okay.

MR. PANCELLA:

And Nassau is very happy with our service. We've been doing it, I believe, since 1980. And now we're, you know, going to offer that service to NYRA. And our dropped call rate, which is something that the industry uses, is less than 1% when the average call rate -- dropped call rate is about two, two and-a-half percent dropped calls. So we're effectively -- whoever wants to gamble, they're able to get their wagers in. And that's representing us and the County we work for very well.

LEG. SPENCER:

Thank you, Mr. Chairman. I'll yield.

CHAIRMAN STERN:

Legislator Kennedy; then Presiding Officer.

LEG. KENNEDY:

Thank you, Mr. Chairman, and thank you both to yourself and to the Presiding Officer for inviting OTB to come in. It's always an informative discussion. And, you know, Phil, to your credit, you stepped in with a challenge with a capital C. There's admission. Tony, I know you've been there longstanding and, you know, you can only filet or slice or peel the onion so far when you talk about the cost-cutting issues. And to your credit, you've done that, not only with contribution on the part of your personnel for health benefits, this, that and the other thing, elimination of cars, all the things we talk about, you've actually shuttered bricks and mortar locations that were non-performing locations and tried to consolidate, so. No question here on my part or our part that you've taken, you know, very significant measures in order to go ahead and fine tune and reduce the operation's expense side.

But I -- I was going to say I don't want to beat a dead horse but -- (laughter) because none of us want to see a dead horse. But my oldest son lives up in Rochester. And so we go to visit sometimes. And we take that Southern Tier Expressway and we go past the place called Tioga Downs. And Tioga Downs is probably almost the size of this North Complex, if not more. Tons of cars, horse track, casino, always packed. And I've gone past there, you know, five o'clock in the afternoon and five AM in the morning. And that place always has traffic and activity and everything like that. And I think that they do fairly well. They make money. But I also thought that I heard that you guys send them money; is that true?

MR. PANCELLA:

Yes, they are considered a regional track. So we make hold harmless payments to them as if, you know, our entity is taking -- like someone would drive from Suffolk to Tioga to make a wager. So that's compensating them for that. And that's made to numerous tracks by all of your regions across the State.

LEG. KENNEDY:

That's just mind-numbing; absolutely mind-numbing.

MR. PHILIP NOLAN:

A lot of these tracks were in trouble: Tioga Downs. You know, you had the Harness at -- Yonkers Raceway was ghost town. There was a flea market there. Then they got the VLTs. And the VLTs have changed the dynamics of these places from one to a million. Yet -- yet we still send them all this money. It's just, you know, a very, very difficult reality to deal with.

LEG. KENNEDY:

Let me pose this to you. And I'm just throwing it out there in the abstract. So all the cost-cutting measures that you've done, we're still confronted with a truly archaic non-relevant State set disbursement schedule, an industry that on a whim can basically hold you up without a gun and say, "vig just went up, you're going to pay triple. Pay it or lose it." There's gotta be similar consortiums of racetracks throughout the Country. I mean you put on races from California, from Florida, from pretty much all over, right? If Churchill Downs figured it out, that's going to travel like wildfire.

MR. PHILIP NOLAN:

I mentioned Monarch before is another cartel.

LEG. KENNEDY:

Sure. My concern here is, is that we're poised on the cusp of something that, in fact, actually seems to be like it will be revenue-positive with the VLTs. But yet the balance of the organization is still subject to these entities out there that maybe in six months from now are going to say "you

paid double. Now you're going to pay quadruple." Will VLT and the horse racing general collections be commingled? Or are we going to be able to put a bite line between the two? Because these guys will suck out all the VLT, too.

MR. PHILIP NOLAN:

No, it's one entity. It's all OTB. That's answer to number one. I spoke to this before. We need to come up with a more effective strategy of doing battle with these cartels and with all of these issues. But they're complex fights and they're not easy fights. We actually contemplated not taking the Kentucky Derby. It would have cost Churchill Downs a lot of money. We were talking to all five OTBs across the State. We discussed it. We all realized -- well, first of all, there was not unanimity to do it. We couldn't -- if we don't all do it, we can't just do one without even one. At the end of the day we just can't do that. And the business we're in we had to have the product. But we're discussing, you know, getting together, as you said, and, you know, mirroring their groups and saying, "okay, well, we're over here so you're going to have to deal with us and we're going to do this to you." This is just a battle that's been ongoing, but it's getting worse and worse to us. And we have to become better and more effective in going to our Legislators both State and County and saying "here's the reality, this is what we need you to do." NYRA, like I said before, we all believed that the NYRA package, the strength of the product they market is the best racing product in the world. That's a New York State asset.

In my mind, and I'm a little politically-oriented, I would think that when you have that asset, you have the ability to do battle in this arena. We need to get them, you know, on the same page with us. But last February when we sat down -- and I was the one who put the meeting together. It was all the OTBs, all the tracks and NYRA for the first time ever at the table. We all sat down. And we decided to pursue -- to pursue ADW legislation. It was the only thing we could agree on. See, because NYRA doesn't pay the same rates that we do. And the tracks -- everybody's got different rate structures. And everywhere you go, there's another collision with a wall that said "oh, we can't go that way. Let's try this." Boom, another thing pops up. Because it's incredibly -- it's very complex and it's to some degree arcane. And crosscurrents all over the place, which -- that specific example, when we talked about other things that day -- "oh, no, can't do that because I don't pay the rate you --" you know, and then you don't have unanimity. It's complicated, but we have to get better. And the key to it is NYRA being with us as New York State racing and wagering. We gotta put it together. Once we do that, and I believe that the monetary forces are such that we will, that entity becomes a lot more effective in this whole discussion that we've just been in the midst of for the last 45 minutes -- 20 minutes.

LEG. KENNEDY:

Well, I would imagine that, you know, as you talk about the collaboration and the purchasing power, if, you know, Churchill Downs is to go ahead and to hold Suffolk OTB hostage, it's different than the whole State of New York or whatever your reach is.

MR. PANCELLA:

But your concern, Legislator, about them getting the VLT revenue, you know, that's what -- I think the main concern, that's enabled the legislation --

LEG. KENNEDY:

What's the firewall? That's what I'm asking you. What's the firewall?

MR. PANCELLA:

There's a different formula.

LEG. KENNEDY:

Okay.

MR. PANCELLA:

VLT revenues, 45% of the revenues go to the State Education.

LEG. KENNEDY:

U-huh.

MR. PANCELLA:

Ten percent go to the State Gaming Commission, who run and own the machines -- the actual machines. And all -- that's why it's not a slot machine, it's a video lottery terminal, because the processing of all those wagerings through the machines is done in Schenectady at a central location. Then we have 5% go to the horsemen; 10% is a marketing budget to market your product, which is a use-it-or-lose-it-number; and 30% is OTB. That's the OTB revenue that's generated. So it's a different formula.

LEG. KENNEDY:

But --

MR. PANCELLA:

It's not based at the track.

LEG. KENNEDY:

Okay, that's fine, that's fine. But if we're sitting there now looking at 2013 and where we went with OTB and its operations, and we're still on the bankruptcy, and we're going to have the bankruptcy conversation, too, in a different forum but -- so, there was the expense; there was the revenue; there were the other things. And you came to December 31st and you looked at the books and, I don't know, whatever they showed. You know, maybe you were 100 grand down; maybe you were 100 grand up. If you added VLT to that now, and VLT through a million plus, now at the end of 2014, you're still going to be 100 grand better or more down on the nags, but you're always going to be up on the VLT. You're not going to have to go ahead and true up on the nag side from the VLT, are you?

MR. PHILIP NOLAN:

Yes.

MR. PANCELLA:

Yes, sir.

LEG. KENNEDY:

What do you mean yes?

MR. PHILIP NOLAN:

We're one entity. Your point is correct.

MR. PANCELLA:

The legislation mandates that we be an OTB entity. The license is given to the Suffolk County Regional Off Track Betting.

MR. PHILIP NOLAN:

If your point, John -- Legislator, if I might just --

LEG. KENNEDY:

Yeah, yeah, go ahead.

MR. PHILIP NOLAN:

-- I hear you're saying, is that if we're going to lose the money here on our OTB side, our traditional

OTB mission --

LEG. KENNEDY:

Yeah.

MR. PHILIP NOLAN:

And we're -- let's say we lose a million dollars in a year there and we would have made \$9 million on VLTs, instead of sending 9 million to the County from VLTs, it'll be eight. Is that your concern?

LEG. KENNEDY:

Yes.

MR. PHILIP NOLAN:

It's correct.

LEG. KENNEDY:

Okay. So --

MR. PHILIP NOLAN:

But recognize that the legislation that's going to allow us to have the VLTs is tied directly to OTB. So we're kind of joined at the hip.

LEG. KENNEDY:

I understand, it's the umbrella organization. And the commonality is wagering or gaming. We're talking about it in different forms of venues. One is with a horse; one is with an individual who goes with the machine.

MR. PHILIP NOLAN:

Just so you know, we're going to -- once we have the VLT operation in place, we've been working on charts and so on to -- oh, I'm sorry -- to -- I don't know -- I can't repeat what I just said. I forgot already.

LEG. KENNEDY:

All right, I didn't hear it either. I didn't turn on my hearing aid. Don't worry about it. It's like the gang that couldn't shoot straight.

LAUGHTER

MR. PHILIP NOLAN:

It's this aging process.

Anyway, the -- we're continuing to look at streamlining of our organization. We have people in our headquarters. We have a purchasing operation. We have accounting operations. We went to {Davia} Downs, for instance, and we learned definitively that the accounting function and the -- the accounting function of OTB is far more complicated than VLT.

LEG. KENNEDY:

Okay.

MR. PHILIP NOLAN:

So we believe we'll be able to incorporate certain things from the VLTs into our existing organization and get more bang for the buck. So in other words, we'll be sort of -- if you look at OTB, we'll be loading salaries there.

LEG. KENNEDY:

Okay.

MR. PHILIP NOLAN:

And that money is the 30% O and M money, which is a lot of money. It's going to pay the electric bill for a thousand energy-consuming machines.

LEG. KENNEDY:

Sure.

MR. PHILIP NOLAN:

It's going to fully, you know, heat the place. It's going to personnel this place as well. But it's a large amount of money. And I'm very hopeful that if we run it very, very well and we got the best partner in the world to do this, we won't spend all 30%. And that money -- remember, any money that OTB hits a bottom line with us, comes to the County. You know, so anything we get as far as economies of scale and so on will accrue to you. OTB is guaranteed a certain amount of money per year, but even that money, if it's profit, will come to the County.

LEG. KENNEDY:

Yes.

MR. PHILIP NOLAN:

There's a lot sublets to this thing.

LEG. KENNEDY:

No doubt about it, no doubt about it. That part I get. There's just one other item I wanted to go to, but I want to ask Counsel --

(SIDEBAR CONVERSATION)

LEG. KENNEDY:

Gentlemen, I'm just going to go for one other question in a general form sensitive to the ongoing negotiations and things like that. And I'm going to turn to Counsel in particular. And, Counsel, we had a little bit of a conversation before when we spoke specifically about the financing mechanism that's going to go on with underwriting this new VLT entity. And it's your understanding that for the purpose of letting the bond, that the County, in fact, is not backstopping it; I was erroneous in my understanding. I had thought that it would be the full faith and credit of the County of Suffolk that backed the bonds. Can you explain a little bit to me about that?

MR. McMANMON:

Absolutely. Legislator Kennedy, as a matter of fact, there's specific legislation, which is contained in Article 5 of the New York State Racing and Wagering Law, which insulates the County from any liabilities of these off track betting corporations.

As for how we're going to finance the VLT facility, whether it's through Delaware North with a traditional business loan or whether it's through a bond offering to the general public, in any event the bonds will be issued by Suffolk Regional Off Track Betting Corporation with no liability attaching to the County.

Now, having said that, just as an aside, I might add that were the County to step up and say yes, we'll guarantee these bonds, we might be able to get a much more favorable rate and put more money on the bottom line which ultimately goes to the County. But that may be a discussion for another day.

LEG. KENNEDY:

That's it, Mr. Chair. Thank you. Thank you, Counsel, very much. Thank you.

CHAIRMAN STERN:

Presiding Officer.

P.O. GREGORY:

Thank you, Mr. Chair. A lot of what I want to ask or put on the record was stated, but, I guess, for redundancy I will state again because I'm a former OTB employee so I've heard the mantra and understand it. Pretty much I equate it to -- or if I could do an analogy, it's similar to what the farming industry has done. You know, we've seen farms, now they're doing a lot more shows and productions and things like that, because -- just to kind of sustain their profitability. The racing industry was a dying industry. To support the industry, they came up with this formula which is now antiquated to support the industry so they wouldn't, you know -- racetracks all throughout the state. But now some of those racetracks, or a lot of them have VLTs so they're not in dire financial straits that they were in. And now it's the OTBs who have dying -- excuse me -- aging clientele. Wages are down. And they're trying to stick to an antiquated formula. The breeders have their hand in the pockets. No one -- you know.

So out of \$10 you may get \$2 back and your expenses or 3, 2.50, you know, just to use an example. So it sort of infuriates me when you see comments in the paper of people saying, "oh, well, you know, they're" -- "they're the only bookie that's ever gone broke." No, they're statutorily, legally put into bankruptcy because of the formulas. And it's really unfortunate.

So hopefully with the VLTs, it's a new source of revenue, that will kind of get around the unfair statutory scheme, you know, hopefully that -- I guess we'll talk a little bit about that process a little bit in Executive Session. But I guess the question I will pose to you guys, to you, gentlemen, thank you for coming here today is, and I think Legislator Kennedy alluded to it a little bit, you know, as of right now the formulas for VLTs are favorable to OTBs. But do you foresee at some point in the future where they say, "hey, wait a minute, you know, let's get our hands in this. You know, this is" -- you know. Because I imagine there's a probability that those that are receiving monies can say, "well, if we have an opportunity to get more money, why not go into -- you know, somehow into the VLT portion of the OTB's funding stream." Do you see that as any -- have you heard any rumors or -- I know there's always rumors in the industry. No?

MR. PHILIP NOLAN:

Can you give me a little more --

P.O. GREGORY:

Maybe the breeders want more of the --

MR. PHILIP NOLAN:

Well, actually the horsemen get 5%.

P.O. GREGORY:

Horsemen, right, right. Maybe the --

MR. PHILIP NOLAN:

That's just all by law now, that breakout. It's the education, the County -- rather the horsemen, education, operations and maintenance, you know, it's all broken up specifically already. Gaming Commission gets 10% of the profit because they provide all the machines.

P.O. GREGORY:

Right.

MR. PHILIP NOLAN:

And they audit it all -- which I'm very happy they're going to take that and do that out of Troy, New York. It's very -- it cleanses the whole process. There's no potential for trouble there.

P.O. GREGORY:

But the horsemen are getting 5% now --

MR. PHILIP NOLAN:

They get 5%.

P.O. GREGORY:

-- it doesn't mean that they won't get 6% or a lobby to get 6% at a later point.

MR. PHILIP NOLAN:

They'll lobby for more if they see there's a lot of money there. I imagine. I could see that happening. But we'll apprise you of that when they start with that.

MR. PANCELLA:

But unfortunately for us in this current scenario, changing those formulas and the legislation has been very, very difficult to accomplish.

P.O. GREGORY:

Yes.

MR. PANCELLA:

So we haven't heard any rumor in the industry that that's something anyone is worried about. And it manifested itself by a private company like Delaware North willing to give us up to 65, \$70 million because they feel very confident that the formulas are good formulas that will allow us to generate revenue.

P.O. GREGORY:

Great, great. And I want to thank you guys for all that you've done to -- you know, you've done away with cars, you've done a lot of cutbacks, attrition, you know, and I think healthcare and all of the things that we all have to face. So I'm grateful for that. You've done the penny pinching that you can. And hopefully this new revenue stream will allow you to see the results of a lot of the work that you've been doing. You know, unfortunately because it's statutory limitations, you can't see it. But I hope that with the VLTs we'll be able to see that by jobs and help the local economy. So thank you for coming here today.

MR. PHILIP NOLAN:

We appreciate it. I want to say that I appreciate you guys bringing us in and allowing us to keep you guys apprised of where we're at. And I think it's a very good exchange. And at any time that you'd like to, you know, have us back, we welcome the opportunity.

LEG. KENNEDY:

Mr. Chair, just one more quick question. Phil, just generally --

MR. PHILIP NOLAN:

I should have left well enough alone.

LEG. KENNEDY:

Yeah, you should have, you should have. You know that. (Laughter) I fell like Columbo, right? Timeline, give me an estimate of timeline. When will we actually -- what's our ribbon-cutting door opening estimate at this point?

MR. PHILIP NOLAN:

Very difficult. I'm not going to give you a date. I can't. I'd be just pulling a date out of the sky. We're doing everything to be open as quickly as possible. Delaware North very late in our negotiations and so on with them, they told us they're not breaking ground. This is when they were

going to finance it. Not going to break ground until we're out of bankruptcy. Profound, profound statement. Very good that we've now -- looking at these other options because they'll get us out -- they'll get a shovel in the ground faster.

LEG. KENNEDY:

I see.

MR. PHILIP NOLAN:

I would say our ballpark, ballpark, and I'm not going to be held to this because on the record I don't know for sure.

LEG. KENNEDY:

And I'm not -- listen, I'm not trying to find something that I can say, you know, in 18 months from now, "aha, you see." No, just curious.

MR. PHILIP NOLAN:

I'm very hopeful 18 months is further than it's going to be.

LEG. KENNEDY:

Okay.

MR. PHILIP NOLAN:

But it could be that.

LEG. KENNEDY:

Okay.

MR. PHILIP NOLAN:

It's going to take 8 to 10 months to build it. We gotta get out of bankruptcy. We got to put the financing deal together. We haven't even bought the property yet, but we're close on that. That's something, I think, we're close on. There's a couple of finalists and -- very close.

LEG. KENNEDY:

Suffolk County OTB will be actually the owner. Fee title? He's going to take fee title absolute?

MR. PHILIP NOLAN:

Yeah, that was one of the key things that Delaware North brought to us was the fact we'll actually wind up owning the property and the land.

LEG. KENNEDY:

So they'll be a tenant to you.

MR. PANCELLA:

Yes.

LEG. KENNEDY:

Okay.

MR. McMANMON:

Actually they won't be a tenant. They'll simply be the on-premises manager.

MR. PANCELLA:

Right, they're the manager.

MR. McMANMON:

They will have 7 employees on premises. And the rest of the employees and personnel there will be Suffolk Off Track betting employees. So it essentially will be an owner-operated facility.

LEG. KENNEDY:

And I'll yield to the Chairman at this point because we'll talk a little bit more about probably some of the rest of this. Thank you.

CHAIRMAN STERN:

Legislator Calarco.

LEG. CALARCO:

Thank you. I just had a couple of questions. And actually the Presiding Officer, I think, through his line answered some of them for me. But so I understand this correctly -- I mean I understood that we were paying out a lot to all these different entities in regards to the racing end of things. So we're actually going to have to pay out as well on the VLT end of things as well? These different entities are going to take a cut of whatever we generate on the VLTs?

MR. PHILIP NOLAN:

No, no. The horse tracks -- the only place that direct money is going is to the horsemen, the entity, the horsemen, the Horsemen's Association, whatever, they get 5%. The big numbers if we gross -- let's just use one dollar just for arithmetic. We gross a dollar. We pay out 92 cents through the machines in winning bets. That leaves 8 cents. The 8 cents sounds like nothing, but it's going to be an enormous amount of dollars to go through the machinery. We start with 8% of the gross that's bet. From there -- that's our profit in a sense. 45% to education?

MR. PANCELLA:

Correct.

MR. PHILIP NOLAN:

Forty-five percent to education; 5% to the horsemen; 10% to the Gaming Commission; 30% to O and M, which goes to us to run the place; and 10% for marketing, all statutorily defined.

LEG. CALARCO:

So in getting to some of the questions Legislator Kennedy was asking earlier, if we start getting hit harder on the wagering end of things in terms of the amount of money we have to pay out to the tracks for the racing end of things, right, there's a potential there that we're going to have to pay out of our VLT profits to subsidize that?

MR. McMANMON:

Legislator, we're confident that by the time we get the VLT facility up and running, we will be able to minimize our losses on the wagering side to the extent that we will at worst break even. So I do not see any drain coming off the VLT revenues and going towards the tracks. Right now we have a business model which includes offering a wide array of wagering options; for instance, this past weekend the Kentucky -- the Kentucky Derby, despite the fact that we lost money on it, once we have a VLT operation in place, we will be required by statute to maintain an OTB operation. But there is no requirement that we continue to be held hostage by some of the out-of-state tracks which are causing so much damage now.

LEG. CALARCO:

Well, I guess that was getting into what my next question was going to be is, is if we're going to continue to have these entities, like the folks at Churchill Downs continue to hammer us for more and more, and we're starting to see some pretty good profits coming into the VLTs, could we just back out of the racing end of things and just say, "you know what? It's not worth it. We don't need -- we don't need your business and we'll just go elsewhere." Because at the end of the day,

you know, this is all about the money back and forth. And that the entities are -- if we're saying we're not going to play the game, they're not getting our money. And if we're putting out big bucks for them, they're not going to -- you know, maybe they'll give us some leverage.

MR. PHILIP NOLAN:

It's exactly -- Tony just said the word "leverage" in my ear. Yeah, once we get stronger, we're going to have a better bargaining position. And also I mentioned before we're trying to get together -- we're trying to put together a more effective voice being New York Racing with NYRA, all the OTBs. You know, we have a lot of clout. We need to know how to use it. And it hasn't been done in the past and we're moving in that direction. We gotta get it done because --

LEG. CALARCO:

But we won't be able to get out of the racing -- altogether. We have to maintain some form at OTB that supports our tracks here in New York State.

MR. McMANMON:

Absolutely. It is a statutory requirement for us to operate the VLT facility to also concurrently operate an OTB facility.

LEG. CALARCO:

But that only has to be an OTB facility that is supporting the New York Racing --

MR. McMANMON:

Correct.

LEG. CALARCO:

-- Association and associated network of all the other affiliations in the State.

MR. McMANMON:

We're also required to take bets on NYRA racetracks. We're not required to take bets on any other racetracks. We make a profit on the NYRA bets we take. So there may come a day when it makes good business sense to take bets only on NYRA racetracks. Make a profit on them and provide the statutory framework for us to allow -- to operate a VLT facility.

LEG. CALARCO:

Okay. Thank you.

P.O. GREGORY:

And, if I can, just to add to what you just, I won't say advocated, that's too strong of a word, that's exactly what the tracks that we're paying fees to did that, you know, when we try to subsidize them to them keep them afloat, they got VLTs, they say, "wait a minute," they're staying -- some of them are staying open the statutory minimum requirement, you know, I don't know, say, 45 days a year and have a full-time VLT operation. And we're still paying them. And they realize that to run the racetrack, it's not profitable for them, but they have a full fledge VLT operation. That's the screwiness of this whole statutory scheme.

MR. PANCELLA:

The recent ADW legislation that Phil referred to earlier is a sign that there is some push back by the industry. And it's even extended to organizations like ours in other states that are having problems with the tracks, bullying the tracks. Because the tracks not only are -- we're agents to deliver the racing for the tracks and distribute their product, but -- regards to internet wagering, they're actually competitors of ours. So that's creating a, you know, a dynamic that didn't exist in the past.

And as far as our internet, we're underperforming. We had an antiquated internet system, you know, a setup, internet platform. We've upgraded that and there's huge growth potential there.

So that coupled with some of the changes in the legislation, we're -- approximately \$500,000 a year is coming to our organization, our split of the ADW legislation, the result of that. So as that grows, there's more money coming to us. And I think the environment is ripe. It's gone this way so long that changes are soon to occur.

CHAIRMAN STERN:

Very good. Thank you, gentlemen. At this time I am going to make a motion to go into Executive Session for purposes of discussing the pending litigation regarding OTB. We will then remain in Executive Session as there are other pending matters of litigation before us to consider as well with the County Attorney's Office. At the conclusion of the discussion of all the pending litigation matters, we will then resume and go through the remainder of the agenda. Okay, second by Legislator Spencer. All in favor? Any opposed? Any abstention? We will adjourn for Executive Session. Thanks.

(EXECUTIVE SESSION FROM 1:42 PM - 3:02 PM)

CHAIRMAN STERN:

Okay, thank you for your patience, everyone, out there. We are back on the record having come back from Executive Session having concluded our discussions and having approved a settlement in the matter of Philip Datz v the County of Suffolk. Okay.

Moving on then, with the agenda.

Tabled Resolutions

First before the Committee is Tabled Resolutions. ***IR 1043 - Adopting Local Law No. -2014, A Local Law to strengthen policy against dual public salaries (Cilmi)***. Public Hearing has been closed here. Okay, motion to table by Legislator Calarco.

LEG. SPENCER:

Second.

CHAIRMAN STERN:

Second by Legislator Spencer. All in favor? Any opposed? Any abstention?

LEG. KENNEDY:

Opposed:

CHAIRMAN STERN:

Note one in opposition. ***IR 1043 tabled. (VOTE: 3-1-0-1. LEG. KENNEDY OPPOSED. LEG. BROWNING NOT PRESENT)***

Introductory Resolutions

Moving onto Introductory Resolutions, ***IR 1323 - Adopting Local Law No. -2014, A Local Law to streamline procedures for filling Presiding Officer and Deputy Presiding Officer vacancies (Gregory)***. This needs to be tabled for Public Hearing. I'll make a motion to table.

LEG. SPENCER:

Second.

CHAIRMAN STERN:

Second by Legislator Spencer. All in favor? Any opposed? Any abstentions? ***IR 1323 is tabled for Public Hearing. (VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)***

IR 1326 - Authorizing certain technical corrections to Adopted Resolution No. 107-2014 (Co. Exec.) I'll make a motion to approve and place on the Consent Calendar; second by Legislator Spencer. All in favor? Any opposed? Any abstentions? **1326 is approved and placed on the consent calendar. (VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1327 - Authorizing certain technical corrections to Adopted Resolution No. 108-2014 (Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1332 - Authorizing certain technical corrections to Adopted Resolution No. 163-2014 (Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1333 - Approving payment to General Code Publishers for Administrative Code Pages (Pres. Off.). I'll make the motion to approve; second by Legislator Spencer. All in favor? Any opposed? Any abstentions? **IR 1333 is approved. (VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1338 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Angelina Equities Corp. (SCTM No. 0100-083.00-02.00-095.000)(Co. Exec.). Motion to approve by Legislator Spencer. I'll second for the Consent Calendar. All in favor? Any opposed? Any abstentions? **IR 1338 is approved and placed on the Consent Calendar. (VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1339 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Frank Caracciola and Mary Caracciola, his wife (SCTM No. 0900-214.00-04.00-013.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1340 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Jonathan Paravate (SCTM No. 0200-446.00-03.00-041.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1341 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Maralar, LLC (SCTM No. 0900-022.00-01.00-066.013)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1342 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Margarita A. Martinez (SCTM No. 0500-046.00-04.00-014.000)(Co. Exec.) Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**. Madam Deputy Clerk, you still good?

MS. GELLERSTEIN:

Yes.

CHAIRMAN STERN:

All right, just want to make sure you're with us. Exactly, the new girl, the new girl. (Laughter)

IR 1343 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Sara Villatoro and Cristian P. Quitoizaca Curillo, Jr., tenants in common (SCTM No. 0500-183.00-02.00-003.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1344 - Sale of County-owned real estate pursuant to Local Law No. 13-1976 V & C Holding Corp. (SCTM No.0200-684.00-01.00-013.000). (Co. Exec.). I'll make a motion to approve; second by Legislator Spencer. All in favor? Any opposed? Any abstentions? **IR 1344 is approved. (VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1345 - Sale of County-owned real estate pursuant to Local Law No. 13-1976 V & C Holding Corp. (SCTM No. 0200-684.00-01.00-017.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1349 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Beit Shemesh, LLC (SCTM No. 0900-123.00-02.00-001.005)(Co. Exec.). I'll make a motion to approve and place on the Consent Calendar; second by Legislator Spencer. All in favor? Any opposed? Any abstention? **IR 1349 is approved and placed on the Consent Calendar. (VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1350 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Patricia A. Carney, Jacqueline M. Mamone, Vincent Mamone and Richard Mamone, as heirs to the Estate of Richard Mamone and Jacqueline Mamone (SCTM No. 0500-094.00-02.00-055.000). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1351 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Ernestine Brown (SCTM No. 0500-367.00-01.00-003.000). Same motion, second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1352 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Kevin C. McKenna and Susan McKenna (SCTM No. 0500-456.00-02.00-034.000). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1253 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Richard T. Wild and Karen S. Wild, his wife (SCTM No. 0100-062.00-03.00-002.000)(Co. Exec.) Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1354 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Selma Phillips (SCTM No. 0300-102.00-07.00-009.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1362 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act James G. Rice (SCTM No. 0600-033.00-02.00-015.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1363 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Stable Living I, LLC (SCTM No. 0900-351.00-01.00-025.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1364 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Oscar Cuevas (SCTM No. 0500-160.00-02.00-014.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

4-0-0-1. LEG. BROWNING NOT PRESENT)

IR 1365 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Veronica Barnaby (SCTM No. 0900-233.00-02.00-018.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1368 - Sale of County-owned real estate pursuant to Local Law No. 13-1976 John Padilla and Nancy Padilla, his wife (SCTM No. 0500-102.00-01.00-110.000)(Co. Exec.). I'll make a motion to approve and place on the Consent Calendar; second by Legislator Spencer. Oh, Okay. I'll make a motion to approve, not to place on the Consent Calendar. And that motion is seconded by Legislator Spencer. All in favor? Any opposed? Any abstentions? **IR 1368 is approved. (VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1369 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Bonnie Devito and Life Estate of Joseph Keller and Joyce Keller (SCTM No. 0500-234.00-01.00-005.002)(Co. Exec.). I'll make a motion to approve and place on the Consent Calendar; second by Legislator Spencer. All in favor? Any opposed? Any abstentions? **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1370 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act David Donohue, Gregory Morgese, David P. Donohue and Joseph P. Morgese, as Nominees (SCTM No. 0900-232.00-03.00-015.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1371 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Sanford Pines as President of Kap Homebuilders, Inc. (SCTM No. 0500-450.00-01.00-009.002)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1373 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Joseph Farugio and Patrick Farugio, as Joint Tenants with Rights of Survivorship (SCTM No. 0500-162.00-02.00-074.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1374 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Donna G. Richards (SCTM No. 0500-154.00-04.00-018.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1375 - Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Annabelle Scott (SCTM No. 0100-054.00-04.00-019.001)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

Madam Clerk, you good? All right.

IR 1413 - Authorizing the transfer of certain properties to Suffolk County Department of Public Works (SCTM Nos. 0100-058.00-01.00-060.000 and 0100-058.00-01.00-061.000)(Co. Exec.). I'll make the motion to approve; second by Legislator Spencer. Anybody on the motion? Everybody good? I'll call the vote. All in favor? Any opposed? Any abstentions? **IR 1413 is approved. (VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1417 - Sale of County-owned real estate pursuant to Local Law No. 13-1976 MHC Greenwood Village, LLC (SCTM No. 0200-677.10-01.00-083.000)(Co. Exec.). I'll make the motion to approve; second by Legislator Spencer. Everybody good? All in favor? Any opposed? Any abstentions? **IR 1417 is approved. (VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1418 - Sale of County-owned real estate pursuant to Local Law No. 13-1976 MHC Greenwood Village, LLC (SCTM No. 0200-677.10-01.00-040.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1419 - Sale of County-owned real estate pursuant to Local Law No. 13-1976 MHC Greenwood Village, LLC (SCTM No. 0200-677.10-01.00-031.000)(Co. Exec.). Same motion, same second, same vote. **(VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1430 - Authorizing the re-conveyance of County-owned real estate pursuant to Section 215, New York State County Law to Andra Matera and Joseph Matera (SCTM No. 0102-015.00-02.00-037.000)(McCaffrey). This is a hardship redemption. The time to redeem as of right had expired; \$126,952 paid in back taxes, fees and penalties. My understanding is that based on the facts does seem to rise to the level of a 215 hardship waiver. So I will make the motion to approve.

LEG. SPENCER:
Second.

CHAIRMAN STERN:
Second by Legislator Spencer. All in favor? Any opposed? Any abstentions? **IR 1430 is approved. (VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

IR 1450 - Legalizing and validating certain acts of the Smithtown Fire District in connection with the construction of a substation on Plymouth Boulevard, Smithtown, and the expenditure of funds for said purpose from a Capital Reserve Fund (Kennedy).

LEG. KENNEDY:
Motion to table, Mr. Chair, based on the fact that the Public Hearing still has to be had.

CHAIRMAN STERN:
Okay. So motion to table by Legislator Kennedy. I'll second. All in favor? Any opposed? Any abstentions? **IR 1450 stands tabled. (VOTE: 4-0-0-1. LEG. BROWNING NOT PRESENT)**

Okay, that concludes our agenda. Let me just note for the record that our colleague Legislator Browning is not with us today. She has an excused absence. Just one second. Madam Clerk?

MS. GELLERSTEIN:
What about 1451?

MR. NOLAN:
1451 was reassigned to Public Works.

CHAIRMAN STERN:
Okay. Everybody good? Thank you. We are adjourned.

(THE MEETING CONCLUDED AT 3:14 PM)

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Ways and Means 5-8-14