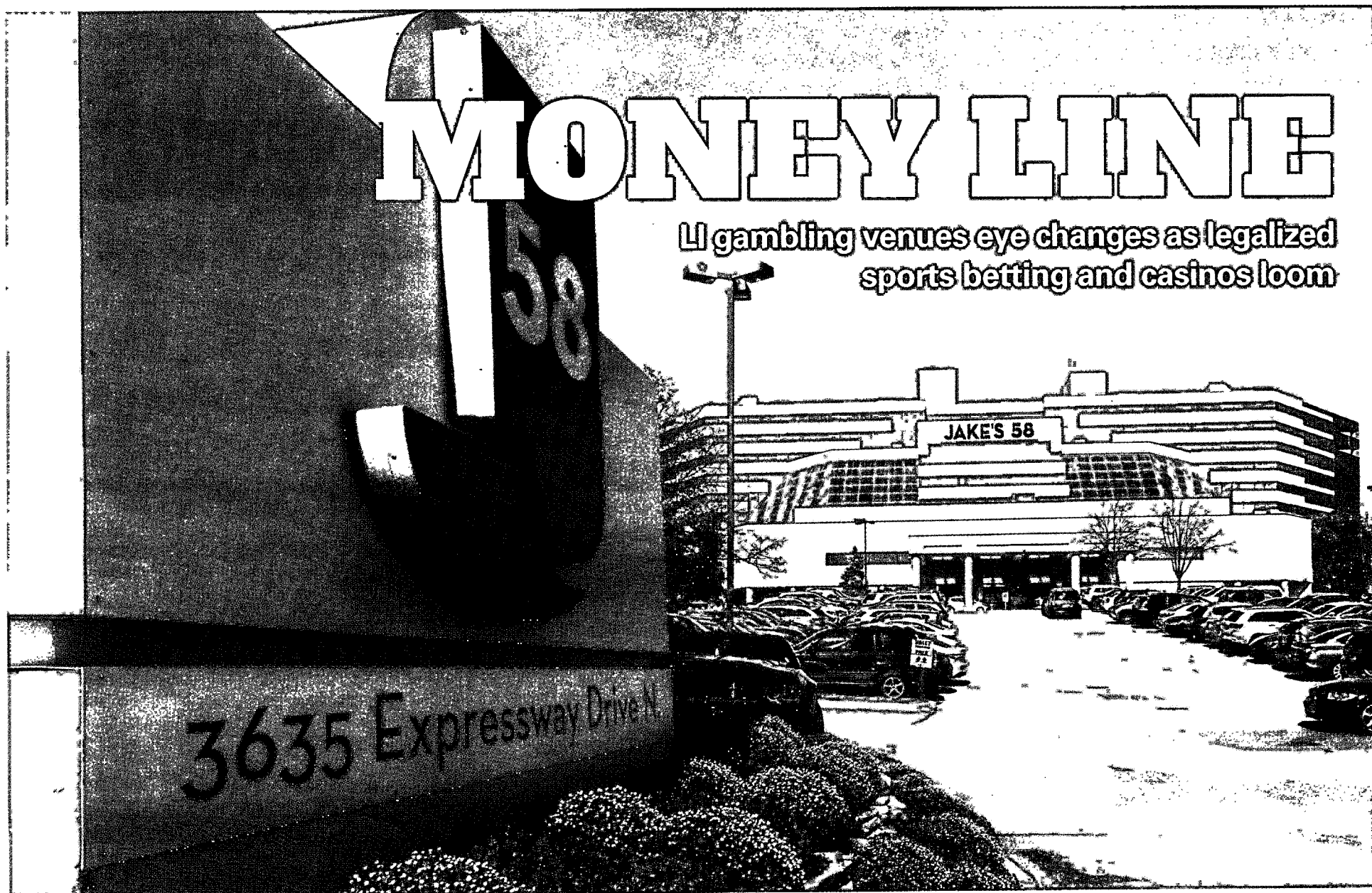


COVERSTORY



Photos by Judy Walker

JAKE'S 58: Islandia casino is the middle of a legal tug-of-war between Suffolk OTB and Delaware North, which has just purchased 10.3 acres of land to expand the property.

By DAVID WINZELBERG

Besides death and taxes, there's another sure thing: People will always spend lots of money on games of chance.

And that's why the agencies that operate Long Island's two biggest gambling venues are making expansion plans in advance of the anticipated legalization of sports betting and the hope to build a full-fledged casino here.

Both Suffolk Regional Off-Track Betting, which has 1,000 video gaming machines at Jake's 58 in Islandia, and the New York Racing Association, which operates horse racing at Belmont Park, are considering big changes that will better position them for future gambling opportunities.

The stakes are huge for Long Island. LIBN has learned of these recent developments:

- **Delaware North, involved in a legal spat with its partner Suffolk OTB, buys land to expand Jake's 58.**
- **Suffolk OTB has revived its plans to build a large casino in Medford.**
- **NYRA has hired a global architecture firm amid growing speculation that Belmont Park may be in the running for gaming operations beyond horse racing.**

Eyes on the prize

The big prize is one of the three downstate casino licenses that are expected to be granted in four years, part of a deal that Gov. Andrew Cuomo and the state legislature made when private casinos were legalized in 2013. The state required that the first four of seven total casino licenses be located upstate in an effort to boost economic development there and put a moratorium on the three additional licenses for downstate until 2023.

Companies such as Sands, MGM and Genting have offered to pay \$500 million to the state and additional money to the upstate casinos, many of which have been underperforming, to get the downstate licenses sooner. So far, the state has resisted those offers, though its Gaming Commission is in the midst of studying the industry in advance of possible changes.

MGM is seeking a casino license for Empire City Casino in Yonkers, which it bought for \$850 million in January and Genting would like to get a license for its Resorts World New York City at Aqueduct in Queens. Sources say Sands officials have been kicking the tires at several sites around the New York metropolitan area, including Long Island, in hopes of locating a future casino.

Though Belmont Park has long been rumored as a possible casino site, Sands officials wouldn't confirm that it's on their short list. Former Gov. David Paterson is a Sands vice president leading the company's New York casino hunt.

MONEY LINE

LI gambling venues eye changes as legalized sports betting and casinos loom

"We have been, and will continue, talking and meeting with stakeholders and local community leaders across the state about the opportunity to bring thousands of union jobs and billions in new revenue to New York with the release of the three additional casino licenses already approved by voters," Paterson said via email.

Coming soon?

And while downstate casino licenses may still be years away, the state is likely to approve statewide legalization of sports betting in the not-too-distant future. Currently, on-site sports betting is only allowed at the four private upstate casinos and the Oneida nation's Turning Stone Casino in Verona, N.Y.

Officials at Suffolk OTB have revived their plans to build a nearly 200,000-square-foot gaming complex on 32 acres it owns in Medford, a plan that initially faced stiff opposition four years ago from nearby residents and the Town of Brookhaven, which would have to give approvals for the project.

A Brookhaven Town spokesman said Supervisor Ed Romaine would not comment on the proposed Medford casino since no formal application has yet been filed.

Suffolk OTB, which has 1,000 gaming machines at Jake's 58, has been lobbying Albany to get an additional 1,000 machines. The agency has revived its Medford plans in anticipation of those additional machines and the possibility of the state making sports

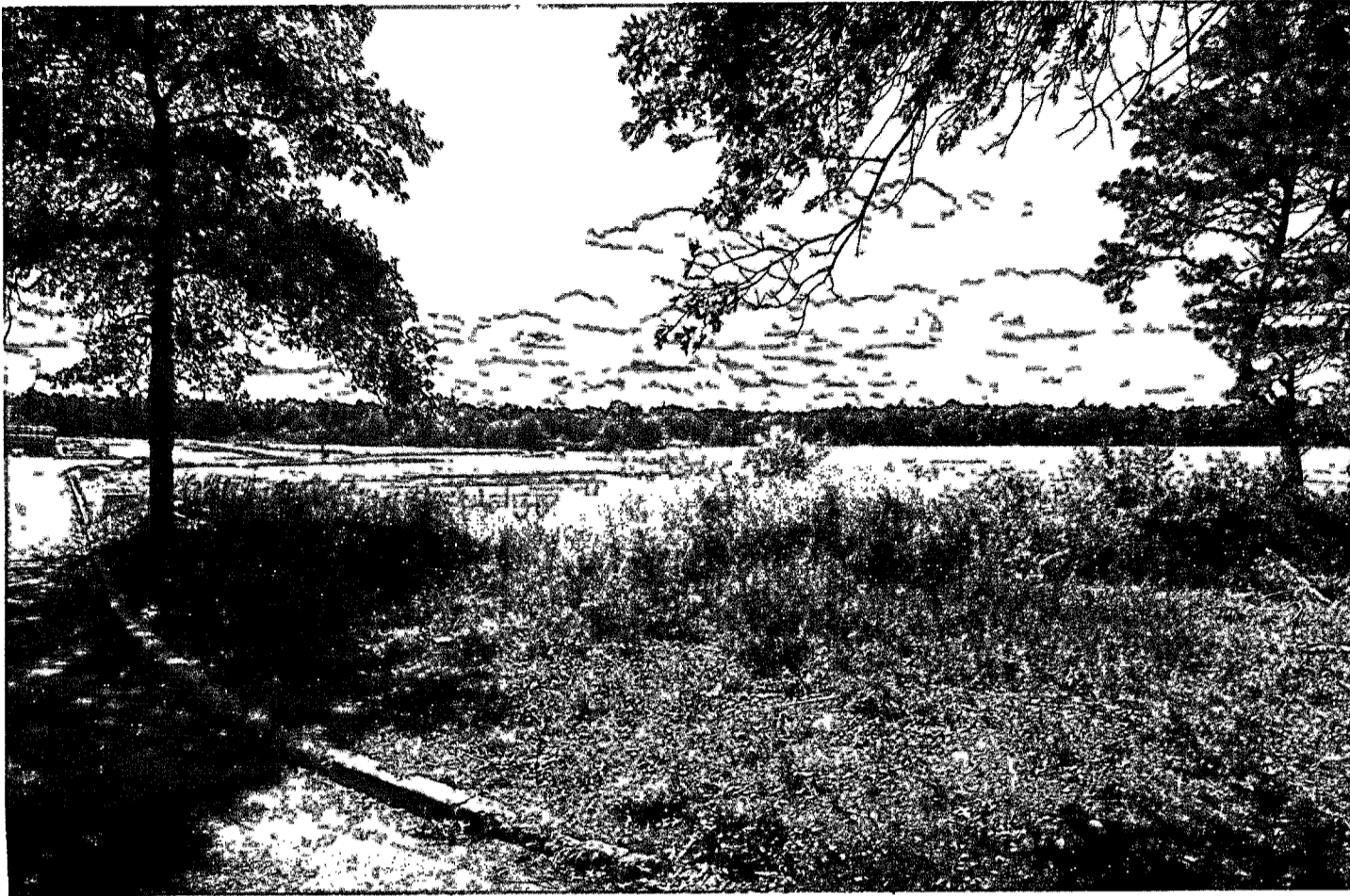
betting legal statewide, which sources say would require more space than is available at the Islandia facility. Sources say Suffolk OTB is also interested in pursuing one of the three downstate casino licenses that will likely be granted by the state in 2023, which would be located at the Medford site if that project moves forward.

Separation anxiety

The operation at Jake's 58 has been wildly successful. In the last six months, almost \$2 billion has been gambled at the Islandia complex, which has reported net winnings during that period of \$114.28 million and an average net winnings per machine of \$625, nearly double the state's average per machine of \$335.

Nevertheless, Suffolk OTB has been trying to break loose from Delaware North, which manages the Islandia facility. Delaware North was chosen as the agency's development and management partner in May 2016. The company purchased the former 279-room Marriott Hotel on 8 acres in Islandia for \$40.415 million in August 2016 and opened Jake's 58 at the property in Feb. 2017.

Sources say Suffolk OTB has offered to buy out the Buffalo, N.Y.-based company's management deal at Jake's to no avail and instead, Suffolk OTB took the firm to court earlier this week in an attempt to terminate their contract. The lawsuit, which also seeks \$5 million in damages, alleges that Delaware North has diverted money from Jake's that



MEDFORD: Suffolk OTB has revived plans for a nearly 200,000-square-foot casino on this 32-acre site.

should have gone to the state and county but instead went to its own hotel and other businesses.

"Suffolk OTB is seeking relief from the courts because we have an obligation to protect taxpayer dollars and stop Delaware North's abuse and self-dealing," Suffolk OTB President and CEO Phil Nolan said in a written statement. "As the complaint outlines, Delaware North has been enriching itself by millions of dollars at the expense of Suffolk County taxpayers."

A Delaware North spokesman countered that the suit contains "contrived allegations of wrongdoing" and will vigorously defend themselves in court.

Coincidentally, Delaware North is also eyeing expansion in Islandia. The company paid \$5.5 million for 10.3 acres of vacant land it purchased from Computer Associates International in July and plans to use some of the property to increase its parking capacity for Jake's 58.

Betting on the future

Meanwhile, NYRA has hired a lead architect for a potential major makeover of Belmont Park's physical plant, which could include space for sports betting.

The prospective Belmont renovations, which are separate from the \$1.3 billion arena/hotel/retail redevelopment currently underway by New York Arena Partners on 43 acres of racetrack property, will be headed by Grimshaw Architects, a London-based global architecture firm with offices in New York, Los Angeles, Australia, United Arab Emirates and Malaysia. The company, which recently served as lead designer and architect of the new grandstand at the Curragh Racecourse in Kildare, Ireland, will oversee architectural planning, programming, design, engineering and permitting services for the potential Belmont project.

According to a confidential request for proposals NYRA issued in Sept. 2018 and

obtained by LIBN, the Belmont renovations could feature some major changes to the 114-year-old racetrack property.

Those include the construction of an underground tunnel from the grandstand to the infield that could accommodate an overflow of people for the annual Belmont Stakes; enclosing much of the 13,000-seat clubhouse and adding heating and cooling to make it suitable for all-season racing; adding 60,000 square feet of office space to prepare for a possible relocation of NYRA's offices from Aqueduct; new infrastructure and outdoor lighting to facilitate future night racing, which would require approval from the state legislature.

The RFP for the potential Belmont reboot, which could cost as much as \$500 million, also mentions new luxury suites, new dining areas and new simulcast and sports entertainment areas, which would provide "hos-

pitality consistent with and superior to other Triple Crown facilities" and possibly space for sports betting once it becomes legal.

NYRA CEO David O'Rourke declined comment for this story.

Though NYRA officials caution that the items mentioned in the RFP aren't set in stone and the potential project is at least a year away from the start of construction, horse racing insiders recognize that improvements to Belmont are long overdue.

Developer Michael Dubb, CEO of Jericho-based Beechwood Organization and a NYRA board member with ownership interests in about 80 thoroughbreds, says the Belmont track needs updating. He added that Belmont has the room and would welcome the opportunity to participate in sports betting.

"We are going to go slow and deliberate in analyzing all of the possibilities in terms

BELMONT HAS THE ROOM AND WOULD WELCOME THE OPPORTUNITY TO PARTICIPATE IN SPORTS BETTING.

of a renovation," Dubb told LIBN. "It (the current grandstand) was built in the 1960s and it was built for a different time and a different era. At that time, horseracing was the only form of legal gambling. Lottery tickets didn't even exist. Now you have much more competition with legalized sports betting and internet betting and everything else so we have to go further and beyond what you would think to get people to physically come to Belmont and to get people to discover the sport of horse racing and hopefully fall in love with it."

Jersey sets the pace

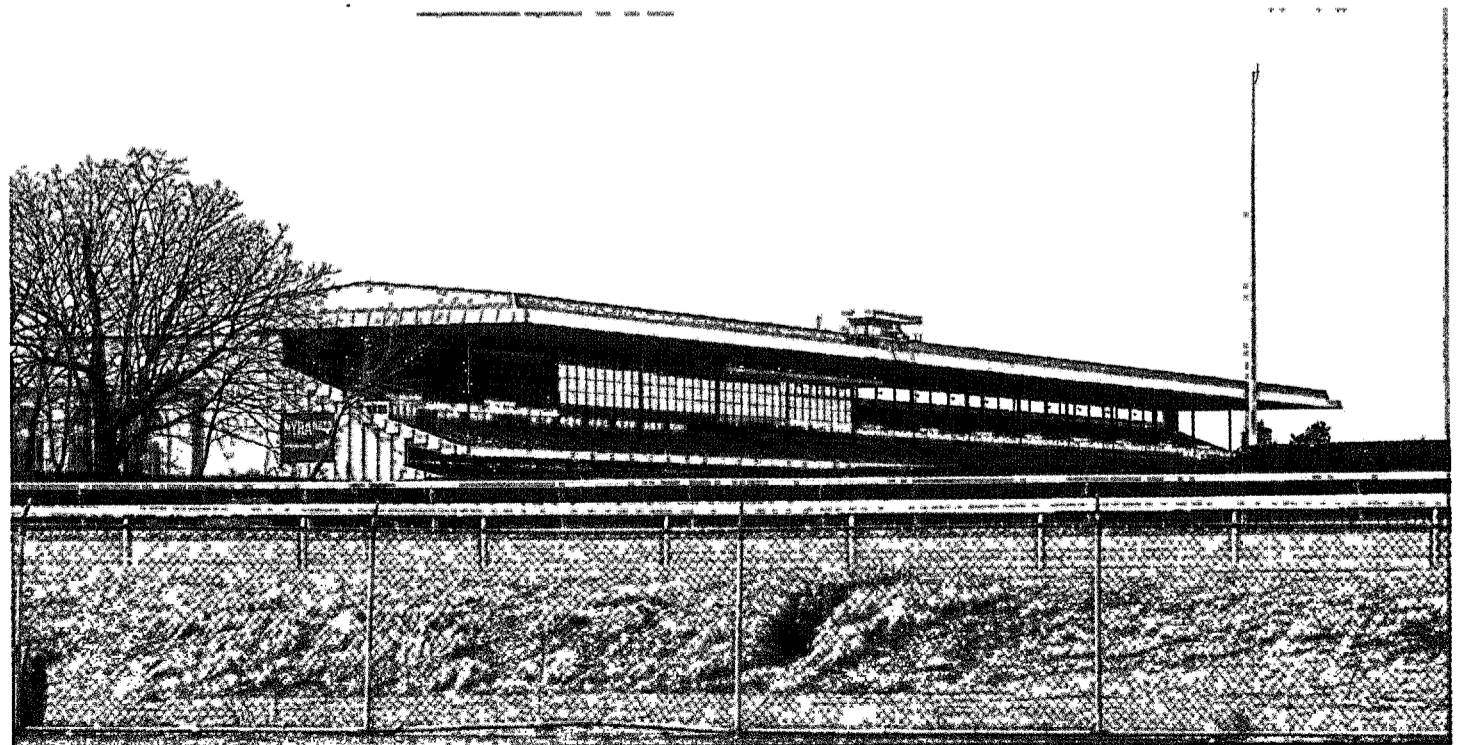
The addition of sports betting could be quite lucrative for NYRA and Belmont, especially if what's happened in New Jersey is any indication.

The Garden State began its legalized sports betting in June 2018 and so far, its most successful venues for sports betting have been its two largest horse racing tracks.

In the first eight months of 2019, the Meadowlands and Monmouth Park race tracks reported on-site sports betting revenue of more than \$21.25 million, which accounted for more than 71 percent of the total on-site sports betting revenue of all 10 New Jersey locations and more than its eight casinos combined, according to statistics from PlayNJ.com, the state's wagering website.

For Belmont, Dubb is looking big picture. "It's our responsibility to look at each and every possibility," he said. "What would happen if there was winter racing, what would happen if there was sports betting. It's our job to look at every possibility in every event so everything is on the table and no decisions have been made."

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BELMONT PARK: The New York Racing Association is mulling plans for renovations that could include sports betting facilities.