

## **Update to del Lago Resort and Casino Written Plan<sup>1</sup>**

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<sup>1</sup> del Lago requests that the information contained within this Written Plan be excepted from disclosure in its entirety pursuant to PBO §87(2)(c) and (d) which permit agencies to withhold records or portions thereof that if disclosed would impair present or imminent collective bargaining negotiations and/or are trade secrets which if disclosed would cause substantial injury to the competitive position of del Lago. del Lago further requests notice of any such request for disclosure of these records and an opportunity to contest any such disclosure under the New York Freedom of Information Law.

***A licensee is required to submit a written plan that describes the manner in which the gaming facility will rebuild its economic infrastructure through the re-hiring of laid-off employees or the creation of new jobs. Such plan shall clearly establish quarterly and annual employment goals of increasing full-time employees.***

## **I. Background**

del Lago Resort & Casino (“del Lago” or “Casino”) opened in February of 2017 with a mission to create jobs and increase economic activity and tourism in the Finger Lakes region. Built in a previously underdeveloped corridor in Seneca County, del Lago is conveniently located at State Thruway Exit 41 in the Town of Tyre near Seneca Falls and Waterloo.

The \$440 million project was awarded a New York State Commercial Casino license in December 2015 and includes a 205-room hotel, spa, casino, banquet facility, seven (7) restaurants, lounges, entertainment center, and other amenities. The Casino’s entertainment center, which is called The Vine, can accommodate up to two thousand four hundred (2,400) attendees and has hosted a variety of performances and acts including nationally known comedy and music acts. This space is complemented by Centrifico, a lounge at the center of the gaming floor that hosts live DJs on Fridays and Saturdays after the theater entertainment.

Since opening, del Lago has continued to innovate, making significant capital improvements to better serve its guests. In August 2019, the Casino opened a new sports betting lounge. This six thousand (6,000) square foot lounge includes twenty-three (23) self-serve betting kiosks and cashier stations, as well as a full-service bar and restaurant with seating for two hundred (200). Sporting events are shown live on one thousand (1,000) square feet of LED video screens, including 16 TV sets. There are also odds boards and a scrolling ticker showing live scores, stats, injury news, and additional player information. In December of 2019, the Casino opened an expanded outdoor smoking patio with two (2) open courtyards, seating, TV sets, and games.

The Casino has received numerous honors and awards both regionally and nationally. The Vine was awarded Showroom of the Year by the 2019 Global Gaming Expo Casino Entertainment Awards. The Casino was also awarded Best Casino by the Rochester Business Journal and the 4th Best Casino Hotel in the United States by USA Today.

**II. Use of Funds**

In conjunction with the granting of the petition and subsequent extension reducing the slot gaming taxes to thirty percent (30%), del Lago plans to continue using said savings in improving gaming facility infrastructure and maintaining and increasing employment at the gaming facility. Churchill Downs Inc. (“CDI”) purchased del Lago in November 2022, allowing for the property to become part of the overall debt structure of CDI. While del Lago did use a small portion of tax savings to service debt during the previous five-year period, del Lago currently has no debt directly associated with the business due to CDI’s acquisition and can direct future tax savings completely to improving infrastructure and employment.

	<b>Investment</b>
Improvements to Facility Infrastructure	\$24,946,182
<u>Maintaining and Increasing Employment</u>	\$29,698,685
Debt Service	\$5,510,828

**A. Improvements to Gaming Facility Infrastructure**

In del Lago’s October 2021 petition, we anticipated using at least twenty-five percent (25%) of the slot tax savings, approximately \$9.7 million over the following five-year period, to reinvest in the property through capital expenditures. In retrospect, del Lago invested approximately \$25M or 56% of the tax savings into improving the facility and expects to continue investing roughly 50% on a go forward basis. We believe that our future capital projects will strengthen del Lago in the marketplace and continue to have a profound impact on del Lago’s ability to serve as an economic driver for the region. Ultimately, these potential projects assist del Lago in driving visitation to the property, increasing employment and growing gaming revenue, which would ensure the benefit of the state and local governments.

del Lago’s actual investment each year exceeded the original projections by over \$15 Million. After CDI purchased the property, the annual investment in the facility increased substantially with upgrades in gaming systems, hotel systems, and facility infrastructure.

Annual minimum capital expenditures expected compared to actuals:

(millions)	Expected	Actual
FYE March 31, 2022	\$1.8	\$2.2
FYE March 31, 2023	\$1.9	\$2.4
FYE March 31, 2024	\$1.9	\$2.2
FYE March 31, 2025	\$2.0	\$10.6
FYE March 31, 2026	\$2.1	\$7.5 (projected)

The Management Team has identified several potential capital expenditure projects that could be undertaken over the next five-year period, which include the following:

- Additional meeting facilities
- New restaurant concepts
- Facility improvements
- New gaming machines

**B. Maintain and Increase Employment at the Gaming Facility**

In del Lago’s October 2021 petition, we committed to using twenty-five percent (25%) of the slot tax savings to maintain and increase employment levels as well as to increase wages and benefits. Over the last five-year period, del Lago exceeded our commitment to increasing employment levels while also increasing wages and benefits for team members. In retrospect, del Lago invested approximately \$30M toward these employment commitments. These increases in employment levels will continue to result in a better service environment, which ultimately increases customer spending and overall revenue.

**Quarterly and Annual Goals**

**Annual Goal:** In the October 2021 petition, del Lago committed to hiring fifteen (15) new full-time employees (“FTEs”) annually or seventy-five (75) new FTEs over the previous five-year period. We anticipate the total FTEs to exceed the commitment by 195.

Fiscal Year Ending FTE commitment and actual hires for each year:

	Commitment (FTE)	Actual (FTE)
FYE March 31, 2022	450	535
FYE March 31, 2023	465	618
FYE March 31, 2024	480	667
FYE March 31, 2025	495	683
FYE March 31, 2026	510	705 (projected)

Over the next five-year period, del Lago commits to hiring ten (10) new FTEs annually or fifty (50) new FTEs overall.

FTE commitments for the next five-year period:

	Commitment (FTE)
FYE March 31, 2027	715
FYE March 31, 2028	725
FYE March 31, 2029	735
FYE March 31, 2030	745
FYE March 31, 2031	755

**Quarterly Goal:** Each year del Lago evaluates its progress toward achieving its FTE goals to establish the quarterly goal for the next year. del Lago anticipates each quarter to increase based on business volume and trends but remains committed to its overall annual FTE increase goal.

For FYE March 31, 2027, del Lago quarterly goals to increase FTEs are:

1Q27	3
2Q27	2
3Q27	2
4Q27	3

del Lago expects the quarterly goals to be similar to the FY2027 increases in subsequent years.

**Wages and benefits:** Although the increase in FTEs and associated costs exceeded twenty-five percent (25%) of the slot tax savings commitment, del Lago also increased wages and benefits. The average wage for a team member has increased 45% from the fiscal year ending March 31, 2020, to the fiscal year ending March 31, 2026. del Lago invested approximately \$30 million over the previous five-year period of tax savings for wages and benefits compared to the commitment of approximately \$9.7 million over that period as compared to spending on wages and benefits immediately prior to the effectiveness of the calculation of the slot tax reduction.

del Lago's commitment to increasing wages and benefits has resulted in substantial wage increases for all hourly and most salary team members over the previous five years. del Lago remains committed to spending over 50% of the tax savings on investing in increasing FTEs, wages, and benefits over the five-year period for the extension.