

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on April 15, 2013 at 10:00 A.M. at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York.

The following persons were present:

Dominick P. Feeny	Chairman
Herbert Hemendinger	Vice Chairman
Eddie S. Wynn	Secretary
Philip C. Nolan	President/CEO
Anthony Pancella III	Vice President
Gilda Hidalgo	Deputy Comptroller
Christopher Dempsey	Operations Specialist
Kevin Snover	Counsel to the Board of Directors
Paulette L. Moses	Corresponding Secretary to the Board

Also Present:

Victor Salamone	Chief of Staff
Lorraine Pappas	Deputy Chief of Staff
Debbie Pfeiffer	Director of Government and Public Affairs

The Meeting was called to order by Chairman Feeny at 10:00 A.M.

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS

MEETING MARCH 7, 2013

Chairman Feeny stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of March 7, 2013 whereupon a motion that those Minutes be approved was made by Vice Chairman Hemendinger, seconded by Secretary Wynn and carried unanimously.

ITEM #2 PRESIDENT'S REPORT

President Nolan noted to the Board that James McManmon, General Counsel attended a meeting with Counsel to the creditor's committee in New York City last week which was constructive. We continue to have a good relationship with the creditor's board and feels we are headed in the right direction.

President Nolan stated to the Board that we have a new contract with the lobbying firm, Park Strategies, LLC. They are very aware of Suffolk OTB's issues and have been working on our relations with Nassau County. We have several pieces of legislation being considered in Albany. None of these proposals mention legislation for VLT's. President Nolan feels that allowing VLT's will be a last minute negotiation hopefully to our benefit. President Nolan has received very positive feed back recently related to the VLT issue and is hopeful. Vice President Pancella noted to the Board that Aqueduct had a record month in February generating 76 million dollars of revenue; it is the busiest casino in the United States right now.

President Nolan said that Park Strategies, LLC has arranged a meeting with a new bank for next week and that he would like to discuss this with the Board in Executive Session.

President Nolan expressed that our Qwik Bet applications have increased and Chairman Feeney asked if we had experienced any relief from the NYS Gaming Commission with regard to the application approvals. President Nolan explained that he and Vice President Pancella met with the new Chairman of the NYS Gaming Commission, Mr. Williams. Mr. Williams was very receptive in understanding our issues and he said that they have been directed by the Governor to streamline paper work and processes. When Senator Boyle came to visit President Nolan and Vice President Pancella, they urged the Senator to keep pushing for the simplification of the Qwik Bet application. Stating that it is extremely cumbersome compared to the Lottery application, and reminded Senator Boyle that our Qwik Bet applicants all have liquor licenses. Chairman Feeney noted that it will be interesting to watch how quickly the New York City Qwik Bet applications get through the NYS Gaming Commission. President Nolan commented that with a lighter application the sky will be the limit.

ITEM #3 VICE PRESIDENT'S REPORT

President Nolan asked that Vice President Pancella update the Board on the current status of the Sportech internet platform. Vice President Pancella explained that we had to adjust our launch calendars in the months ahead. We intended to have a soft launch on April 9th and a full launch event on April 27th, a week prior to the Kentucky Derby. Unfortunately, due to some technical difficulties with Sportech, with regard to the ability to provide for the new rewards program for our customers. Including taking into consideration that all these matters must be approved by the NYS Gaming Commission. We have moved the launch now to Travers Day on August 24th, 2013 we will have a marketing plan with promotional events at the three big race days; the Derby, Preakness and Belmont Stakes. We will have the new internet platform fully tested and ready to open and launch on Travers Day. Vice President Pancella is hopeful that the lead up, the promotion and launching on Travers Day will help us get through the dark days of the winter with some extra handle from all the coordinating events. The progress of the new internet program is working out very well overall, however establishing the new rewards program had a few issues to be worked out. Our customers will receive rewards after \$1,500 a month handle as opposed to \$15,000 a month in the past, so we will have a tremendous increase in our rewards customers with the new program. The challenge was tracking the customer's points in the machines and how they were issued rewards by receiving wagering credit and cash. There was some altering of plans to accommodate the new program which the NYS Gaming Commission is reviewing now for approval.

President Nolan wanted the Board to know that Vice President Pancella, Lorraine Pappas and Debbie Pfeiffer have been working tirelessly on the new internet platform and have done an incredible job.

ITEM #5 FEBRUARY HANDLE REPORT

Deputy Hidalgo reported that the handle for the month of February was down \$1,577,840 or 16.9% from 2012. Year to date handle through February was down \$1,678,007 or 9.2% from 2012. The February handle fell short of projected handle as submitted to the NYS Gaming Commission by \$239,161 or 3.0% for the month and \$429,963 or 2.5% year to date. There were 14 dark days in February this year and 7 last year. Aqueduct reduced their schedule, plus there were several weather related cancellations, which probably is the main reason for the large decrease.

Qwik Bets was the only segment that had an increase for the month of February. The total Qwik Bet handle was up \$71,937 or 11.2% for the month. Several locations had significant increases, most notably Dunton Inn by \$61,779 or 191.6% and Signal 8 by \$43,650 or 133%. Of the remaining locations, some had increases, but most had decreases, probably due to twice as many dark days. Internet wagering was down by \$128,478 or 17.2%. Telephone wagering was also down by \$59,243 or 7.2%, so overall account wagering handle (phone and internet combined) was down \$187,722 or 11.9% for the month of February. The Racing Forum's handle for February was down \$341,484 or 14%. Overall regular branch handle is down \$1,120,572 or 23.9% month to date. The percentages ranged from 15.6% at the Commack branch to 37.0% at the Route 110.

The telephone handle as a percentage of total handle for the month of February increased from 8.8% in 2012 to 9.9% in 2013. Internet handle represented 8.0% of total handle for both February 2012 and February 2013. Telephone and internet handle combined represented 16.8% of the total for February 2012 and 17.9% for February 2013. The handle for the Forum for the month of February as a percentage of total handle increased from 26.1% in 2012 to 27.0% this year. The handle for the regular branches as a percentage of total handle decreased from 50.2% in 2012 to 46.0% in 2013. Qwik bets increased from 6.9% to 9.2% of total handle for the month.

Aqueduct handle was down \$965,342 or 32.63%. There were seven less racing day in 2013 due to a reduced schedule and weather related cancellations. The daily average went from \$140,887 in February 2012 to \$142,378 in February 2013. The in-state harness handle was down \$47,617 or 9.97%. Buffalo was down \$1,410 or 5.66%, Monticello was up \$4,940 or 2.8%, and Yonkers had a huge percentage decrease \$51,147 or 18.50%. The daily average for Yonkers decreased as well. The out of state thoroughbred handle was down \$517,206 or 10.3%. The bulk of the decrease came from Gulfstream at \$155,472 or 9.61%, Portland Meadows by \$71,728, Tampa Bay by \$115,086 or 12.91%, and Turfway \$91,733 or 59.44%. However, several of the tracks did have increases, and not just in the total for the month. The average per day also increased for Golden Gate, Laurel, Penn National, Santa Anita, and Turf Paradise. Out of state harness handle was also down \$47,676 or 5.42%

The summary of statewide OTB handle by region. The overall statewide handle for the month was down 14.2% from last year. All the OTB's had a decrease this month could be due to so many NYRA dark days. Catskill was down by the highest percentage at 17.1%. Western OTB's decrease was the smallest at 10.4%. Nassau's handle was down by 15.7%, and Capital had a decrease of 10.5%.

ITEM #5 MARCH 2013 HANDLE REPORT

The Deputy Comptroller, Gilda Hidalgo reported the analysis of the March handle for the month of March was down \$1,227,176 or 12.1% from 2012. The year to date handle through March was down \$2,905,184 or 10.3% from 2012. March's handle fell short of projected handle as submitted to the NYS Gaming Commission by \$613,409 or 6.5 % for the month and \$1,043,372 or 4.0% year to date. There were 13 dark days in March this year and 7 last year due to Aqueduct only running 4 days a week, and Easter fell in March this year.

The total Qwik Bet handle was up \$30,207 or 4.0% for the month, mainly due to the increase in the number of locations (2 closed, 4 new ones). Of the locations that were open in both years, some had increases (most notably, Jon Thomas Inne, whose handle increased by \$31,911 or 45.5%), and some had decreases (most notably Sit n' Sip, whose handle decreased by \$41,914 or 53.9%.) Internet wagering was down by \$22,041 or 3.2%. Telephone wagering was also down \$164,051 or 18.3%, so overall account wagering handle (phone and internet combined) was down \$186,092 or 11.7% for the month of March. The Racing Forum's handle for March was down \$267,259,484 or 9.8%. The overall regular branch handle is down \$804,033 or 16.0% month to date. However, this decrease was not evenly spread amongst the branches. The Shirley branch had the smallest decrease of \$7,677 or 1.3% and the Route 110 branch had the largest decrease of \$244,545 or 38.6%.

Telephone handle as a percentage of total handle for the month of March decreased from 8.9% in 2012 to 8.2% in 2013. Internet handle increased from 6.8% in March 2012 to 7.5% in March 2013. Telephone and internet handle combined represented 15.7% of the total for March 2012 and 15.8 % for March 2013. The handle for the Forum for the month of March as a percentage of total handle increased from 27.0% in 2012 to 27.7% this year. The handle for the regular branches as a percentage of total handle decreased slightly from 49.8% in 2012 to 47.6% in 2013. Qwik bets increased from 7.5% to 8.9% of total handle for the month. Aqueduct handle was down \$798,997 or 23.69%. There were five fewer racing days in March 2013. The daily average also decreased from \$146,643 in March 2012 to \$142,988 in March 2013.

In-state harness handle was down \$71,149 or 13.12%, due to a large decrease at Yonkers (\$93,507 or 29.1%.) The other three in state harness tracks had increases in handle ranging from 1.25% to 42.75%. Out of state thoroughbred handle was down \$263,589 or 5.12%. Several of the tracks did have increases; however, several others (Gulfstream, Parx, Tampa Bay) had decreases significant enough to cause the overall decrease. The out of state harness handle was also down \$93,442 or 8.93%.

The summary of statewide OTB handles by region was down 7.1% from last year. All the OTB's had a decrease this month. Catskill and Suffolk were down by the highest percentage of 12.1%. Nassau's handle was down by 8.2% followed by Western OTB, who had a decrease of 3.3%. Capital was actually down by the lowest percentage at 0.4% for the month. The year to date results is similar with the three "downstate" regions' decreases are far higher than those of Capital and Western OTB. As of Thursday, April 11, 2013 the handle was up for the month by \$709,476.52 or 27.65% due to Easter and Palm Sunday being in March this year verses April last year.

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday, May 23, 2013 at 10 a.m.

President Nolan asked that the Board consider going into Executive Session. A motion was made by Vice Chairman Hemendinger that the Board goes into Executive Session. The motion was seconded by Secretary Wynn and carried unanimously.

Upon reconvening in Open Session, Counsel to the Board of Directors, Kevin Snover stated that during Executive Session certain personnel matters and litigation matters were discussed. No motions were made and no votes were taken.

There being no further business before the Board, a motion was made by Vice- Chairman Hemendinger that the meeting be adjourned. The motion was seconded by Secretary Wynn and carried unanimously.

Eddie S. Wynn, Secretary