

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on July 25, 2013 at 10:00 A.M. at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York.

The following persons were present:

Dominick P. Feeney	Chairman
Herbert Hemendinger	Vice Chairman
Eddie S. Wynn	Secretary
Anthony Pancella III	Vice President
James McManmon	General Counsel
Celine Gazes	Comptroller
Kim Edelstein	Director of Wagering Operations & Customer Service
Jack Luquer	Executive Director of Corporate Facilities
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 Feeney at 10:05 A.M.

**ITEM #1      APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS**  
**MEETING JUNE 27, 2013**

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of June 27, 2013 whereupon a motion that those Minutes be approved was made by Vice Chairman Hemendinger, seconded by Secretary Wynn and carried unanimously.

**ITEM#2      JUNE 2013 HANDLE REPORT**

Comptroller Gazes reported the analysis of the June 2013 handle was down \$395,787 or 3.8% from 2012. Year to date handle through June was also down \$3,015,735 or 5.1% from 2012. The Belmont Stakes Day overall handle was down this year by \$53,775 or 3.7%. June's handle fell short of projected handle, as submitted to the New York State Gaming Commission by \$409,949 or 3.9% for the month and \$3,530,234 or 5.9% year to date.

The total Qwik Bet handle was down \$155,848 or 14.8% for the month. Of the locations that were open in both years, some had increases. Most notable increases are Dunton Inn, whose handle increased by \$20,681 or 62.8%, and Tommy's was up \$17,863 or 56.1%. Some had decreases, most notably Sit n' Sip, whose handle decreased by \$60,502 or 62.7%. Year to date through June, the Qwik Bet handle is up \$250,813 or 4.9%. Internet wagering was up \$142,062 or 20%. Telephone wagering was down \$109,558 or 11.1%, so overall account wagering handle, that is phone and internet combined was up \$32,504 or 1.9% for the month of June. Year to date internet handle is up \$75,615 or 1.8% and telephone handle is down \$502,431 or 9.3%. The combined account wagering handle is down year to date \$426,816 or 4.4%. The Racing Forum's handle for June was up \$294,179 or 11.2%, and up \$415,040 or 2.7% year to date. Overall regular branch handle was down \$566,622 or 11.1% month to date. However, this decrease was not evenly spread amongst the branches. All the regular branches decreased, with Commack having the largest decrease \$206,378 or 28.5% and Route 110 decreasing significantly at \$147,476 or 28.4%. The year to date, regular branch handle is down \$3,260,425 or 11.2%. The smallest year to date decrease is Shirley, at \$33,120 or 0.9%. The largest is Route 110, at \$946,971 or 28.7%.

The telephone handle as a percentage of total handle for the month of June decreased from 9.4% in 2012 to 8.7% in 2013. The internet handle increased from 6.8% in June 2012 to 8.4% in June 2013. The telephone and internet handle combined represented 16.2% of the total for June 2012 and 17.1% for June 2013. Handle for the Forum for the month of June as a percentage of total handle increased from 25.0% in 2012 to 28.9% this year. The handle for the regular branches as a percentage of total handle decreased from 48.7% in 2012 to 45.0% in 2013. Qwik bet decreased from 10.0% to 8.9% of total handle for the month. The Belmont handle was up \$178,090 or 3.93%. There was one more racing day in June 2013 versus 2012. However, the daily average for NYRA decreased from \$226,426 in June 2012 to \$224,124 in June 2013. Finger Lakes handle is down \$67,386 or 17.17%. There was one less racing day, but the daily average also decreased from \$17,839 to \$15,480.

The in-state harness handle was down \$36,355 or 8.69%. Yonkers was down for the month at \$42,166 or 23.58%, and Monticello was up for the month \$10,540 or 6.86%. There was a large percentage increase at Buffalo again this month \$5,987 or 67.65%, however the other three in-state harness tracks had decreases in handle. Out of state thoroughbred handle was down \$466,290 or 11.01%. Several of the tracks did have significant decreases like Calder & Parx, for example. Also, we still could not take Thistledown due to regulatory issues on their end. Thistledown did \$96,938 in June 2012. Hollywood had the highest increase of \$66,056 or 21.46%. Out of state harness handle was also down \$3,845 or .42%

Overall statewide handle for the month was down 8.6% from last year. Catskill decreased this month by the highest percentage at 12.9%. All of the other regions also had decreases this month ranging from 3.8% to 9.6% with Suffolk having the lowest percentage decrease for the month. Year to

date statewide handle is down 5.4% – the three “downstate” regions’ decreases are significantly higher than Western OTB and Capital.

Through Wednesday, July 24, 2013 the handle for the month is down by \$522,820 or 7.2%. The bulk of the decrease came from thoroughbred tracks. In-state thoroughbred is down \$173,304 or 5.5%, and out of state thoroughbred is down \$338,505 or 11.6%. The number of track race days in total is down by 9 through yesterday.

### **ITEM #3      VICE PRESIDENT’S REPORT**

Vice President Pancella acknowledged and thanked President Nolan before the Board for his efforts in reenergizing and refocusing the company collectively to accomplish the latest success we have experienced with the new legislation.

Vice President Pancella stated that the handle report is still down at 5% with the fewer branches that we have open. The branch numbers are higher then they had been and our profitability therefore per branch is up. He explained that as of now it is indicated that we have the right number of brick and mortar open at this point. Although we are experiencing some problems with Route 110 and Commack, we adjusted the hours at these branches so the cost to run them is less than it had been.

Comptroller Gazes alluded in her report that we are getting new approvals for the Qwik Bets locations. The Qwik Bets are generating on an average of \$50,000 per location that is the end of the year profit. We would like to thank the New York State Gaming Commission for working with us getting the approvals through. We understand that the Commission was under transition for some time and we believe now internally they are working with us in getting the paperwork organized and

approved in a timely manner. Our Qwik Bets staff here at SROTB has been working very hard in the process of scouting and opening new locations. Laura Sanseverino has been doing an outstanding job of organizing the applications on our end, reviewing with our General Counsel, James McManmon, and getting them in for approval from the Commission.

Vice President Pancella explained that we have been running a Poker Tournament, which is approved by the state. The players do not put their own money into it however to date over 250 players have played in the game. Many are customers and even new customers on a slow day we have seen an increase in the numbers on these specific days. Capitol OTB has run these tournaments as well and have had success. We have suspended the Tournament right now due to a legal issue within the ownership of the company that is running it. We will hope to have the Tournament up and running again within 30 days, with the existing company or their competitor.

President Nolan, Vice President Pancella and James McManmon, General Counsel had a meeting at the Suffolk County Executive's office with regards to the VLT process going forward. We will have a conference call with the New York State Gaming Commission to discuss the rules and regulations. A Request For Proposal ("RFP") has been drafted that we will be using to hire a consultant who can spearhead the feasibility report.

Vice President Pancella stated that additionally we are waiting to get the finalized word on the ADW legislation that was entered in this session which has been passed. Comptroller Gazes estimate is somewhere in the area of \$750,000 to a million per year on the ADW side alone.

Vice President Pancella announced that as of yesterday the Qwikbetz.com proposal has been approved by the New York State Gaming Commission. We are just waiting for the final stamp from

the Chairman of the Commission. The launch for Qwikbetz.com is on for Travers Day, August 24, 2013 at the Racing Forum. We are looking forward to our new state of the art internet platform, and he thanked Lorraine Pappas and Debbie Pfeiffer for their endless commitment to seeing this through.

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday, August 22, 2013 at 10 a.m.

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