

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on October 24, 2013 at 10:00 A.M. at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York.

The following persons were present:

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| Dominick P. Feeney | Chairman |
| Herbert Hemendinger | Vice Chairman |
| Eddie S. Wynn | Secretary |
| Philip C. Nolan | President |
| Anthony Pancella III | Vice President |
| James McManmon | General Counsel |
| Celine Gazes | Comptroller |
| Kim Edelstein | Director of Wagering Operations & Customer Service |
| Kevin Snover, Esq. | Counsel to the Board of Directors |
| Paulette L. Moses | Corresponding Secretary to the Board |

Also Present:

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| Debbie Pfeiffer | Director of Government and Public Affairs |
| Lorraine Pappas | Deputy Chief of Staff |
| Cathy Rice | Teamster Local 237 Representative |

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

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS
MEETING SEPTEMBER 26, 2013

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of September 26, 2013 whereupon a motion that those Minutes be approved was made by Vice Chairman Hemendinger, seconded by Secretary Wynn and carried unanimously.

ITEM#2 SEPTEMBER HANDLE REPORT

Comptroller Gazes reported the analysis of the September 2013 handle for the month of September was down \$346,970 or 4.0% from 2012. The year to date handle through September was also down \$4,123,975 or 4.7% from 2012. September's handle was up as submitted to New York State Gaming Commission for projected handle by \$30,798 or 0.4% for the month, but year to date was down \$3,718,363 or 4.2%.

The total Qwik Bet handle was down \$123,470 or 16.8% for the month, primarily due to two locations (Bruno's and Dunton Inn) that are no longer open and significant decreases at several other locations; Southampton Publick House was down \$27,788 or 35.7%; Sit n' Sip was down \$24,597 or 50.2%; and Jimmy's Pub was down \$42,554 or 50.5%. On the positive side, we have eight new locations that were not yet operating in October 2012, whose combined handle totaled \$63,754. Year to date through September, Qwik Bet handle is down \$98,509 or 1.3%.

Internet wagering was up \$61,960 or 11.3%, due to the launch of the new website on August 24th. Telephone wagering was down \$51,799 or 6.3%, so overall account wagering handle, which is phone and internet combined, was up \$10,160 or 0.7% for the month of September. Year to date internet handle is also up \$114,579 or 1.8% and year to date telephone handle is down \$762,774 or 9.1%. The combined account wagering handle is down year to date \$648,195 or 4.4%. The Racing Forum's handle for September was down \$50,141 or 2.1% for the month of September, and up \$901,327 or 3.9% year to date.

Overall regular branch handle was down \$183,519 or 4.5% month to date, with Commack and Route 110 again with the largest decreases of \$154,702 or 26.2% for Commack and \$92,108 or 22.3% for Route 110, while Shirley was up \$161,069 or 31.5%. Year to date, regular branch handle is down \$4,284,252 or 10.0%. The only year-to-date increase is Shirley, at \$318,896 or 6.2%. The largest year-to-date decreases are again Commack at \$1,382,099 or 23.0%, and Route 110, at \$1,336,686 or 28.0%. Telephone handle as a percentage of total handle for the month of September decreased from 9.6% in 2012 to 9.4% in 2013. Internet handle increased from 6.4% in September 2012 to 7.4% in September 2013. The telephone and internet handle combined represented 16.0% of the total for September 2012 and 16.8% for September 2013. The handle for the Forum for the month of September as a percentage of total handle increased from 27.9% in 2012 to 28.4% this year. The handle for the regular branches as a percentage of total handle decreased from 47.6% in 2012 to 47.3% in 2013. QWIK betz decreased from 8.6% to 7.4% of total handle for the month.

The Belmont handle was up \$184,015, mainly due to one additional racing day this year. However, the daily average also increased, from \$168,098 in September 2012 to \$169,035 in September 2013. Saratoga handle was down \$345,659 or 42.5%, partially due to one fewer racing day. The daily average also decreased from \$270,923 in September 2012 to \$233,555 in September 2013. Finger Lakes handle was down \$72,739 or 20.6%, despite the same number of race days. The daily average decreased from \$16,847 to \$13,383. In-state harness handle was basically flat, up \$251 or 0.05%. However, Yonkers had a large decrease for the month of \$29,452 or 10.4%, and Monticello was up for the month at \$18,082 or 13.0%, and so was Saratoga Harness at \$9,710 or 17.8%.

Out of state thoroughbred handle was down \$171,980 or 4.92%. Most of the tracks did have decreases, and the ones with increases appear to be due to transferred handle from another track. For example, Calder, which decreased \$225,275 or 61.3%, had a significantly lower number of race days:

13 days versus 22 last year. Most likely this handle was shifted to Churchill, which was not running last year and did \$286,427 this year. Calder is owned by Churchill Downs. Hoosier and Indiana seem to have swapped harness and thoroughbred as compared to last year: Hoosier ran harness this year and thoroughbred last year, and Indiana was the reverse. We still are not able to take Thistledown this month; they did \$80,442 in September 2012. On the up side, we had Gulfstream this year, which had a handle of \$153,729.

Out of state harness handle was up \$59,142 or 8.16%. The net increase of Hoosier/Indiana combined was \$25,404. We do offer higher rewards on out of state harness tracks than on out of state thoroughbred, mainly because of maintenance of effort. Capital recently reported a correction to their July and September handle. They originally reported in July \$14,628,900; the actual handle was \$14,268,900. In September they reported \$20,393,565; the actual handle was \$20,093,565. Overall statewide handle for the month was down 6.8% from last year. Capital decreased this month by the highest percentage (9.6%), and Suffolk had the lowest percentage decrease of 4.0% for the month. Year to date statewide handle is down 5.6%, with Catskill having the highest percentage decrease of 10.5% and Capital the lowest at 3.1%. Suffolk has the second lowest year to date percentage decrease at 4.7%.

Through Tuesday, October 22, 2013 the handle for the month is up by \$222,002 or 3.6%. This increase is expected to be even larger by the end of the month, since we were basically closed the last three days of October 2012 due to Super Storm Sandy.

ITEM #3 PRESIDENT'S REPORT

President Nolan informed the Board that we are due back in Bankruptcy Court in mid November to report on our current status and our future plans that will now include the VLT project. President Nolan reported that eight companies submitted VLT facility proposals. The committee of SROTB and Suffolk County officials have evaluated the proposals and narrowed down the selection to two finalists. The companies will submit their final presentation over the next week and the committee will vote shortly thereafter on the winner. President Nolan expresses that we are at the end of the selection process and are very excited over the future possibilities of the VLT project. He explained that we will try to stay with an extremely aggressive schedule and that the two finalists are aware of our ambitious timeline. Vice President Pancella added that the experts they have consulted with explained that each machine could generate approximately \$500 in gambling revenue a day. This would be our 8% that is ours to distribute. That brings us to almost \$182,000,000 a year. President Nolan further noted that this is substantially more than we had initially anticipated and would result in a monumental change in SROTB's financial status. He noted these are all estimates.

President Nolan stated that the QWIK Betz locations are growing, however we have not seen the numbers we would like just yet because we have had a few hits with losing Jimmy's and Bruno's. He is hopeful that by December we will show a year to date increase. We are hopeful that by next Kentucky Derby we will have opened an additional ten locations.

President Nolan stated that we are counting the ADW and Administrative Legislation relief but we realize that this may be only for one year. We will update that information upon receipt. Vice

President Pancella stated that he is of the understanding that we would experience the relief until we get VLT's.

President Nolan reported that we are now actively moving on the sale of the Sunrise Branch and have secured a new Bay Shore Branch location. Plans are being drawn and we have hard numbers in place and expect the transition to be seamless. We are currently in the process of finding a new bank to partner with on this transaction as well as all our future business. President Nolan stated that even though the handle numbers continue to be negative, we are achieving the goals we set to increase revenue. The VLT approval has been an unexpected success for us. The organization is in the midst of many projects and we continue to move them along.

President Nolan reported that the New York State Gaming Commission came down to meet with SROTB with regards to the VLT'S. They gave us a full briefing and a "Q&A" session; we learned many facts that will help us in the selection process of choosing the right company to build the VLT'S. The meeting was very instructive and the attitude for all parties involved was very positive. President Nolan stated what has become clear is that the Governor's office is setting the tone that New York State wants to become a gambling friendly state and wants these sources of revenue in the future.

ITEM #4 VICE PRESIDENT'S REPORT

Vice President Pancella stated to the Board that yesterday we were awarded a three hour window in which we could remove our furniture and equipment from the Deer Park Branch that was closed. This branch was one of the newest branches we opened so everything that is new can be used for the new Bay Shore branch location. The 10% increase in the QWIKbetz internet handle is a positive sign for the future. We have plans to market the site and the rewards program in 2014 and are expecting a higher increase going forward.

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday, November 21, 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 go into Executive Session. The motion was seconded by Secretary Wynn and carried unanimously.

Upon reconvening in Open Session, Counsel McManmon stated that during Executive Session certain personnel matters and litigation matters were discussed. No motions were made and no votes were taken.

A motion was made by Vice President Hemindinger to approve the sale of the Sunrise Branch for the amount of \$2.7 million dollars subject to the approval of the Federal Bankruptcy Court. The motion was seconded by Secretary Wynn and carried unanimously.

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

RESOLUTION

After a motion having been made, seconded and unanimously carried, it is

RESOLVED, to approve the sale of the Sunrise Branch for the amount of \$2.7 million dollars subject to the approval of the Federal Bankruptcy Court.

CERTIFICATE OF SECRETARY

EDDIE S. WYNN, being the Secretary of Suffolk Regional Off-Track Betting Corporation, does hereby certify that said Resolution has duly passed at a meeting of the Board of Directors of Suffolk Regional Off-Track Betting Corporation held at Hauppauge, New York 11788 on the 24th day of October 2013.

Eddie S. Wynn, Secretary