

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on December 17, 2013 at 11:00 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
Philip C. Nolan	President
Anthony Pancella III	Vice President
Celine Gazes	Comptroller
Kevin Snover, Esq.	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 Public and Government Affairs
Thomas Kilmartin	Budget Director
Sue Baschuk	Teamsters 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 NOVEMBER 21, 2013

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of November 21, 2013 whereupon a motion that those Minutes be approved was made by Vice Chairman Hemendinger, seconded by Secretary Wynn and carried unanimously.

ITEM#2 NOVEMBER HANDLE REPORT

Comptroller Gazes reported the analysis of the November 2013 handle was up \$658,651 or 8.1% from 2012, mainly because last year we lost handle in early November due to Superstorm Sandy. The year to date handle through November was down \$2,898,158 or 2.8% from 2012. November's handle was down compared to projected handle as submitted to the New York Gaming Commission by \$249,694 or 2.8% for the month, and year to date was down \$3,795,803 or 3.6%.

The total QWIK betz handle was up \$101,912 or 14.7% for the month, primarily due to the new locations (especially Bapa Cards & Gifts, which actually had the 4th highest handle of all the QWIK betz locations) and significant increases at several other locations –Tommy's in Port Jefferson (\$35,450 or 210.3%); Dunton Inn (\$29,161 or 118.0%), and the Shamrock (\$18,915 or 131.0%). These increases were offset by a large decrease at Jimmy's Pub of \$107,236 or 72.5%. Year to date through November, Qwik Bet handle is up \$215,931 or 2.4% despite huge decreases at Sit n' Sip (\$432,876 or 54.4%) and the loss of Vincenzo's and Bruno's.

Internet wagering was up \$115,326 or 17.8%, Telephone wagering was up \$132,986 or 18.7%, so overall account wagering handle (phone and internet combined) was up \$248,311 or 18.3% for the month of November. Year to date internet handle is also up \$248,676 or 3.3% and year to date telephone handle is down \$672,634 or 6.8%. Combined account wagering handle is down year to date \$423,958 or 2.4%. The Racing Forum's handle for November was up \$501,042 or 22.3%, and is up \$1,575,309 or 5.7% year to date.

The overall regular branch handle was down \$192,615 or 5.1% month to date, with Shirley having by far the largest decrease of \$112,127 or 20.8%. The only regular branches with increases were Airport, at \$32,784 or 4.4%, and Sunrise with a very slight increase of \$6,285 or 0.7%. Year to date, regular branch handle is down \$4,265,439 or 8.5%. The only year-to-date increase is Shirley, at \$320,803 or 5.2%. The largest year-to-date decreases are again Commack at \$1,481,688 or 21.4%, and Route 110, at \$1,406,515 or 25.2%.

The telephone handle as a percentage of total handle for the month of November increased from 8.8% in 2012 to 9.6% in 2013. Internet handle increased from 8.0% in November 2012 to 8.7% in November 2013. Combined they represented 16.8% of the total for November 2012 and 18.3% for November 2013. The handle for the Forum for the month of November as a percentage of total handle increased from 27.8% in 2012 to 31.5% this year. Handle for the regular branches as a percentage of total handle decreased from 46.8% in 2012 to 41.1% in 2013. QWIK betz increased from 8.6% to 9.1% of total handle for the month. Aqueduct handle was up \$346,273, with one additional race day. The daily average also increased, from \$132,669 in November 2012 to \$143,349 in November 2013. Finger Lakes handle was down \$48,876 or 15.3%, with two fewer days of racing. The daily average decreased from \$14,559 to \$13,571. The averages for the total rows are being computed differently now. They are now computed as average handle per day for the category over the whole month (in this case 30 days).

In-state harness handle was up \$16,960 or 3.3%. Monticello had the largest dollar increase, at \$11,093 or 7.5%, Saratoga Harness had the largest percentage increase of 10.5% or \$6,166, and Batavia once again was down \$2,415 or 15.9%. The out of state thoroughbred handle was up \$330,238 or 8.3%, mainly due to Breeders' Cup (Santa Anita), which was adversely impacted by Sandy last

year. The remainder of the increase seems to be coming from Gulfstream, which did \$238,865 this year and did not run last year. However, many of the tracks did have decreases, mainly related to fewer racing days, most significantly Calder, which decreased \$230,469 or 56.7%, and whose daily average also decreased from \$18,474 to \$11,730. We still are not able to take Thistledown this month—they did \$45,657 in November 2012. (Delta Downs actually had a \$0.10 bet which was a Sportech error because we told them to block wagers for that track, as was Los Alamitos.) Out of state harness handle was up \$14,056 or 1.9%, primarily due to Meadowlands, which did not run last year, and the switch of Hoosier from Thoroughbred to Harness.

Overall statewide handle for the month was up 4.4% from last year. Catskill, Western and Capital decreased this month by 5.1%, 1.7%, and 1.2% respectively. However, the increases at Nassau of 14.3% and Suffolk at 8.1% were large enough to cause the statewide increase. The other regions were not nearly as affected by Sandy last year. Year to date statewide handle is down 4.2%, with Catskill having the highest percentage decrease of 9.3% and Suffolk the lowest at 2.8%. This is the first time this year that our year to date percentage change is the best statewide, albeit still a decrease.

Through Sunday, December 15, handle for the month is down by \$817,969 or 18%. This trend should hopefully improve somewhat before the end of the month, since NYRA is not closing down for 8 days leading up to Christmas like they did last year, although they did close for snow once so far this month.

ITEM #3 PRESIDENT'S REPORT

President Nolan stated that the downtrend of figures reported by Comptroller Gazes in the Handle Report is stabilizing and our organization is holding its own and performing better than others. However, there still remains no future in the racing handle, as he has stated repeatedly.

President Nolan informed the Board that he, along with Tony Pancella, Jim McManmon and Jack Luquer will be meeting with the Delaware North organization in Buffalo this week to discuss the contract and review site possibilities. President Nolan requested that Counsel to the Board of Directors, Kevin Snover, review the contract. He noted that Counsel McManmon and Janet Ford, Assistant County Attorney, have reviewed the contract and it appears to be as represented with no differences compared to what had been discussed. President Nolan is confident that a contract will be in place and hopefully executed by mid to late January.

President Nolan stated that the search for the site of the new VLT location is being actively pursued by our organization from various leads but, predominantly, Delaware North and the Innovation Group have been out in the field narrowing down prospects. President Nolan said that no decision has been made as of yet but we are very excited that we are getting close to determining where the new site will be. He explained that we are very anxious to get the VLT operation open as soon as possible and we want to avoid any unnecessary delays under our control. The President noted that we need to continue improving our financial situation everyday because we are still in the red; fortunately we will start to receive payments upon the signing of the Delaware North contract and in increments going forward as the project continues. We are very hopeful that in one year from now our organization will be in significantly better fiscal health.

ITEM #4 VICE PRESIDENT'S REPORT

Vice President Pancella reported that we had a Sportech meeting that included high ranking executives to discuss the current problems we are experiencing with their company and unfortunately we have not seen any improvements. The internet numbers are slightly up and our rewards program is much more aggressive and he has a feeling that although the numbers are up in handle we have not made enough to pay for some of the rewards and this is creating a problem for us. The site is not up where we expected. We are experiencing problems on the tote side as well. We will have to determine very soon on a corporate level what can be done to rectify the issues with Sportech. Vice President Pancella noted that he is meeting with another totalizer company to explore a possible alternative.

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday January 23, 2014 at 10 am.

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