

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on October 23, 2014 at 10 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
James McManmon	General Counsel
Celine Gazes	Comptroller
Kevin Snover, Esq.	Counsel to the Board of Directors (Conference Call)
Paulette L. Moses	Corresponding Secretary to the Board

Also Present:

Thomas Kilmartin	Budget Director
Victor Salamone	Chief of Staff
Lorraine Pappas	Deputy Chief of Staff
John Luquer	Executive Director Corporate Facilities
Kim Edelstein	Director of Wagering and Operating Services
Sue Baschuk	Teamsters Local 237 Representative

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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 25, 2014**

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of September 25, 2014 whereupon a motion that those minutes be approved was made by Vice Chairman Hemendinger, seconded by Secretary Wynn and carried unanimously. Chairman Feeney took a moment to

sincerely thank and congratulate President Nolan, Vice President Pancella and their executive staff members for all the hard work they accomplished the last few months, with the challenges of the Bankruptcy issues and the VLT negotiations. He stated that in all his thirty years he has never before witnessed such committed members of this organization come together for one common goal.

**ITEM #2      SEPTEMBER 2014 HANDLE REPORT**

Comptroller Gazes reported the analysis of the September 2014 handle for the month of September was down \$348,604 or 4.2% from September 2013. The year to date handle for the month of September 2014 was down from September 2013. The year to date handle through September 2014 was down \$3,915,644 or 4.6% from the same period in 2013. The September handle was up as compared to projected handle by \$689,100 or 9.6%. The year to date handle through September was also up as compared to projected handle by \$ 4,852,376 or 6.4%.

The total number of QWIKBetz Operations as of September 31<sup>st</sup> was 33, not including the Jon Thomas Inne. We just submitted an application for Old Town Tavern in Coram to legal October 7, 2014. We are still waiting on approval from the Gaming Commission for Diamond Club in Ronkonkoma. The Harbor Crab in Patchogue is working on fixing their liquor licensing issues. We have their application in with the Gaming Commission, and once the liquor license is taken care of they will continue with the application process. The QWIKBetz locations continue to do well; total QWIKBetz handle was up \$277,683 or 45.3% for the month. Bapa Cards & Gifts, and Bidy

Spratts are still continuing to do exceptionally well. Total QWIKBetz handle was up \$1,064,849 or 14.2% year to date. Internet wagering was up \$ 40,732 or 6.7% for the month, and also up \$ 617,728 or 9.5% year to date. Telephone wagering was up \$55,821 or 7.2% for the month, and up \$165,628 or 2.2% year to date. The Racing Forum's handle was up \$179,922 or 7.7% for the month, but is still down \$200,949 or 0.8% year to date. The six regular branch locations' total handle was down \$902,761 or 23.2% for the month which is 6.9% more than last month. Comptroller Gazes believes we are starting to see the effects of the Sunrise branch closing. Commack and Route 110 combined are absorbing about a third of Sunrise branch, and as a result they are both up for the month. Commack was up \$169,655 or 39.0%, and Route 110 was up \$217,423 or 67.9%. The six regular branch locations' total handle was down approximately \$5.5 million or 14.4% year to date. The Sunrise branch closing caused it to have the largest decrease of \$4,397,838 or 47.7%. Centereach Branch is also showing a large decrease of \$1,255,244 or 15.1%.

Qwik Bet handle increased from 7.4% of total handle for September 2013 to 11.3% for September 2014. Internet wagering increased from 7.4% of total handle for September 2013 to 10.5% for September 2014. Telephone wagering decreased from 9.4% of total handle for September 2013 to 8.2% for September 2014. The Racing Forum handle increased from 28.4% of total handle for September 2013 to 32.0% for September 2014. Regular branch handle decreased from 47.3% of total handle for September 2013 to 38.0% for September 2014. The year to date, QWIKBetz handle increased from 8.9% of total handle for September 2013 to 10.7% for September 2014. Year to date, Internet wagering increased from 7.7% of total handle for September 2013

to 9.7% for September 2014. Year to date Telephone wagering decreased from 9.1% of total handle in 2013 to 8.9% in 2014. Year to date Racing Forum increased from 28.6% of total handle in 2013 to 29.7% in 2014. Year to date Regular branch decreased from 45.8% of total handle in 2013 to 41.1% in 2014. Belmont handle was up \$51,491 or 1.8%, with one more race day than last year. The average daily handle decreased \$6,530 or 3.9%. Saratoga handle was down \$223,233 or 47.8%, with one less race day than last year. The average daily handle increased \$10,322 or 4.4%. Finger Lakes handle was up \$15,909 or 5.7% with one more racing day than last year. The average daily handle was basically flat (slight increase of \$115 or 0.9%.) In-state harness handle was down \$46,097 or 9.2%. Monticello's handle was down \$17,172 or 10.9%, despite one more racing day than last year. The average daily handle for Monticello decreased \$1,467 or 15.9%. Yonkers handle was also down – they decreased \$5,592 or 2.2% with one more racing day than last year, and the average daily handle for Yonkers decreased \$804 or 6.6%. Saratoga Harness' handle decreased \$32,640 or 50.7%, with five less racing days than last year. The average daily handle also decreased \$1,143 or 30.2%. Tioga's handle increased \$3,179 or 148.3% with the same number race days as last year. Vernon handle increased \$4,555 or 48.3% with one more race day than last year. The total out of state thoroughbred handle was down \$149,865 or 4.5%. CDI tracks' combined handle was down \$195,980 or 20.7%. This can be attributed to Calder, which hasn't been running for the past three months due to a deal with Gulfstream. Gulfstream will run 10 months out of the year while Calder can only run for two months until June 2020. All CDI tracks combined had 7 more race days than last year (107 vs. 100) Monarch tracks' combined handle was up by \$336,011 or 36.2%.

Most of that can be attributed to Gulfstream, which by itself had an increase of \$323,899 or 210.7% with 6 more days than last year 16 verses 10. All tracks combined had 3 more racing days than last year 76 versus. 73 Out of state harness handle was up \$3,192 or 0.4%. Mohawk had the largest total dollar increase, at \$29,104 or 21.7%. Hoosier had a large total dollar increase, at \$18,659 or 17.5%. Overall we took four less track since last year, but increased our harness handle. Statewide OTB Handle decreased \$4,323,732 or 8.8% for the month. Every region had a decrease. The smallest percentage decrease was Capital at 0.6% and the largest was Nassau at 16.4%. We had the 2<sup>nd</sup> smallest decrease in both dollars of \$348,604 and a percentage 4.2%. Overall statewide year to date OTB handle is down approximately \$35.8 million or 6.9%. The year to date handle through September decreased in every region, from a low of 3.2% for Capital to a high of 10.9% for the Catskill Region. We had the second smallest year to date decrease in both dollars of \$3,915,64 and percentage 4.6%. As of Tuesday, October 21<sup>st</sup>, handle for the month is down \$415,211 or 6.65% from last year, and \$4,406,702 or 4.9% year to date. The Breeders Cup will start October 31<sup>st</sup> and hopefully we will see a good ending for the month.

### **ITEM #3      PRESIDENT'S REPORT**

President Nolan reported that the Bankruptcy Court approved our plan of adjustment at the hearing on October 22, 2014. He stated that this is the first major step in getting us out of bankruptcy. President Nolan thanked Chairman Feeney for his compliments and stated that our accomplishments were a team effort from the entire

staff and is grateful to the Board for all their support during some very difficult times. Everyone worked toward the common goal and kept the communication open as to where we were at each step of the way.

President Nolan reported that yesterday was a good day for us and it represented a huge hurdle that we have successfully cleared. We had to go head to head with the State Comptroller's office and their issues during the hearing that lasted over three hours. He complimented our attorneys including the bankruptcy attorneys and stated that the creditors' committee was helpful, as well. The Teamsters stepped up and were very helpful, they spoke and represented the employees whose interests were important to the Judge. President Nolan explained that all these factors together were very important, especially the Judge deeming Vice President Pancella's testimony "credible". The Delaware North Companies executives that attended the hearing were very pleased that the Judge approved the adjustment plan, and are eager to now move forward and close on the property of the new VLT facility.

#### **ITEM #4 VICE PRESIDENT'S REPORT**

Vice President Pancella only had to add today that one of the second or third biggest producing QWIKBetz locations, Publick House in Southampton, was planning on pulling out of QWIKBetz. He explained that we made an adjustment in his compensation and he is willing to keep it in right now.

A motion was made by Vice Chairman Hemendinger that the Board goes into Executive Session. The motion was seconded by Secretary Wynn and carried out unanimously.

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

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday, November 19, 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.

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Eddie S. Wynn, Secretary