

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on November 18, 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
Kathy Rice	Teamsters Local 237 Representative
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 OCTOBER 23, 2014**

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of October 23, 2014 whereupon a motion that those minutes be approved was made by Vice Chairman Hemendinger, seconded by Secretary Wynn and carried unanimously.

**ITEM #2      OCTOBER 2014 HANDLE REPORT**

Comptroller Gazes reported the analysis of the October 2014 handle for the month of October was down \$ 144,577 or 1.7% from October 2013. The year to date handle through October 2014 was down \$4,060,221 or 4.4% from the same period in 2013. The October handle was up as compared to projected handle by \$915,870 or 12.0%. The year to date handle through October was also up as compared to projected handle by \$ 5,768,246 or 6.9%.

The total number of QWIKBetz operations as of October 31<sup>st</sup> was 33, not including the Jon Thomas Inne. The Old Town Tavern in Coram still in the legal department since October 7, 2014. We are still waiting on approval from the Gaming Commission for Diamond Club in Ronkonkoma. The Harbor Crab in Patchogue is still working on their liquor licensing issues. We have their application in with the Gaming Commission. Once the liquor license is taken care of they will continue with the application process.

The QWIKBetz locations continue to do well. The total QWIKBetz handle was up \$111,313 or 13.4% for the month. Bapa Cards & Gifts, and Biddy Spratts are still continuing to do exceptionally well. The total QWIKBetz handle was up \$ 1,176,162 or 14.1% year to date. Internet wagering was up \$ 87,923 or 13.9% for the month, and also up \$ 705,651 or 9.9% year to date.

Telephone wagering was up \$ 91,920 or 12.2% for the month, and up \$257,548 or 3.1% year to date. The Racing Forum's handle was up \$ 264,385 or 10.6% for the month, and is up \$63,436 or 0.2% year to date. The six regular branch locations' total handle was down \$700,118

or 17.7% for the month. The Commack branch was up \$233,212 or 58.7% and Route 110 was up \$ 163,309 or 41.3% and Airport branch was up 43,846 or 5.5%. Centereach total handle was down by 191,798 or 21.3%. The six regular branch locations' total handle was down approximately \$6.2 million or 14.7% year to date. Centereach is showing a large decrease from \$1,447,042 or 15.7%.

The QWIKBetz handle increased from 9.6% of total handle for October 2013 to 11.1% for October 2014. Internet wagering increased from 7.3% of total handle for October 2013 to 9.9% for October 2014. Telephone Wagering decreased from 8.7% of total handle for October 2013 to 8.4% for October 2014. Racing Forum handle increased from 28.7% of total handle for October 2013 to 32.3% for October 2014. Regular branch handle decreased from 45.7% of total handle for October 2013 to 38.2% for October 2014. The year to date, QWIKBetz handle increased from 9.0% of total handle for October 2013 to 10.7% for October 2014. Year to date, Internet wagering increased from 7.7% of total handle for October 2013 to 9.7% for October 2014. The year to date telephone wagering decreased from 9.0% of total handle in 2013 to 8.8% in 2014. The year to date Racing Forum increased from 28.6% of total handle in 2013 to 30.0% in 2014. Year to date Regular branch decreased from 45.8% of total handle in 2013 to 40.8% in 2014.

Aqueduct and Belmont combined handle was up \$24,575 or 0.8%, with three more race day than last year. The average daily handle decreased \$20,246 or 12.4%. The Finger Lakes handle was down \$52,637 or 17.7% with the same number of racing days as last year. The average daily handle for the month decreased \$2,393 or 17.7%.

In-state harness handle was down \$73,034 or 14.1%. Monticello's handle was down \$29,636 or 17.2%, with one less racing day than last year. The average daily handle for Monticello decreased \$1,181 or 12.4%. Yonkers handle was also down, they decreased \$32,870 or 12.4% with the same number of racing days as last year, and the average daily handle for Yonkers decreased \$1,494 or 12.4%. Saratoga Harness' handle decreased \$9,964 or 17.6%, with one more racing day than last year. The average daily handle also decreased \$739 or 22.2%. The Vernon handle increased \$1,911 or 15.2% with one more race day than last year.

The total out of state thoroughbred handle was up \$26,805 or 0.7%. This is due to Breeders' Cup Friday taking place on Halloween, last year both days were in November. That accounts for the increase of \$166,483 at Santa Anita CDI tracks' combined handle was down \$5,258 or 4.5%. All CDI tracks combined had 16 more race days than last year, 67 versus 51 days.

The Monarch tracks' combined handle was up by \$519,332 or 51.4%. Most of that can be attributed to Gulfstream, which by itself had an increase of \$469,889 or 354.4% with 17 more days than last year 23 versus 8 days. All tracks combined had 11 more racing days than last year with 92 verses 81 days. This can be attributed to the agreement with Calder (a CDI Track) which hasn't been running for the past three months due to a deal with Gulfstream wherein Gulfstream will run 10 months out of the year while Calder can only run for two months until June 2020. Santa Anita is also a Monarch track. The out of state harness handle was down \$70,286 or 8.6%. Woodbine had the largest total dollar increase, at \$26,280 or 50.7%. Pocono had a large total dollar increase, at \$33,968 or 44.5%. Statewide OTB Handle decreased

\$1,310,542 or 2.6% for the month. Every region except Capital, who increased 10.8%, had a decrease. The smallest percentage decrease was Suffolk at 1.7% and the largest was Catskill at 9.0%. Nassau had the largest decrease in dollars of \$1,482,077 and second largest percentage decrease of 8.9%. The overall statewide year to date OTB handle is down approximately \$37.1 million or 6.5%. The year to date handles through October decreased in every region, from a low of 2.0% for Capital to a high of 10.7% for the Catskill Region. We had the 2<sup>nd</sup> smallest year to date decrease in both dollars of \$4,060,222 and percentage of 4.4%.

As of Monday, November 17<sup>st</sup>, handle for the month is down \$601,309 or 11.0% from last year, and \$4,737,377 or 4.8% year to date.

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

President Nolan reported SROTb has closed on the VLT Medford property and that our plan of adjustment has been fully approved by the bankruptcy court. The development plans for the VLT facility are fully underway and the project has started to move in a very serious manner. He further stated that we continue with the possibility of changing banks, which he believes will help the corporation tremendously going forward. We have a loan committee meeting scheduled for tomorrow November 19, 2014. The sale of our headquarters building is on track, as we are negotiating with several possible buyers.

President Nolan stated that we are planning our move to the Town of Brookhaven, we have committed to 2 separate locations at their Town Hall. The lease agreements are currently being reviewed, and President Nolan reported that the deal with the Town is fair and the move

will hopefully be fairly seamless. We are moving towards the profitable areas of our business. The next project we are concentrating on is looking at our current personnel and evaluating their talents and structure of the current positions here at OTB and proposing transfer of qualified employees to the Casino. We consider the transfer of employment to the Casino a great career opportunity as our business grows in that area.

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

Vice President Pancella reported that he had a meeting in New York City with the architects at SOSH to cover the specific designs on the OTB pari-mutual area at the new Casino space. The space is smaller than most of our branches but it has a newer more updated professional look than our current branches. He said that there will be visibility from the expressway and he reports that the design of the branch looks good and we should see an uptick in business in that area. Vice President Pancella reported that Ron Parr of Parr Properties, Inc. is working on our labor agreements, all in consideration with the actual building of the Casino. Vice President Pancella explained that we have been working diligently on our in-house procurement situation. There is a lot to be worked out with so many variables involved going forward with the actual construction of the facility.

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, December 18, 2014 at 11 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