

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on December 18, 2014 at 11 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
Kathy Rice	Teamsters Local 237 Representative
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 18, 2014

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of November 18, 2014 whereupon a motion that those minutes be approved was made by Vice Chairman Hemendinger, seconded by Secretary Wynn and carried unanimously.

ITEM #2 NOVEMBER 2014 HANDLE REPORT

Comptroller Gazes reported the analysis of the November 2014 handle for the month of November was down \$363,307 or 4.2% from November 2013. The year to date handle through November 2014 was down \$4,423,528 or 4.3% from the same period in 2013. The November handle was up as compared to projected handle by \$179,887 or 2.2%. The year to date handle through November was also up as compared to projected handle by \$5,239,188 or 5.7%.

The total number of QWIKBetz operations as of November 31st was 32, not including the Jon Thomas Inne. Bidy Spratt's is preparing an application for a new location in Bay Shore that is in the renovation process now. The Old Town Tavern in Coram is waiting on approval from the Gaming Commission. The Gaming Commission has requested additional information from the Diamond Club in Ronkonkoma. The Harbor Crab in Patchogue is still working on their liquor licensing issues. The QWIKBetz locations continue to do well; total QWIKBetz handle was up \$195,729 or 24.6% for the month. Bapa Cards & Gifts and Bidy Spratts are still continuing to do exceptionally well. The total QWIKBetz handle was up \$1,371,891 or 15.0% year to date.

Our internet wagering was down \$66,989 or 8.8% for the month, and up \$638,662 or 8.1% for the year to date. Telephone wagering was up \$ 47,640 or 5.7% for the month, and up \$305,188 or 3.3% year to date. The Racing Forum's handle was down \$57,548 or 2.1% for the month, but is basically flat; it is up \$5,889 or less than 0.1% for the year to date. The six regular branch locations' total handle was down \$482,139 or 13.4% for the month, due to the closing of the Sunrise branch. Three of the remaining five regular branches had increases. The Commack

branch, which is open at night now, was up \$158,506 or 39.4%, the Route 110 branch is also open at night, was up \$207,112 or 58.4%, and Shirley was up \$113,110 or 26.4%. The Airport branch was down \$50,427 or 6.5%, and Centereach branch was down by \$44,469 or 5.83%. The six regular branch locations' total handle was down approximately \$6.7 million or 14.6% year to date. Centereach is showing a large decrease of \$1,491,511 or 14.9%..

QWIKBetz handle increased from 9.1% of total handle for November 2013 to 11.8% for November 2014. The internet handle increased from 8.7% of total handle for November 2013 to 10.6% for November 2014. Our telephone handle decreased from 9.6% of total handle for November 2013 to 8.3% for November 2014. The Racing Forum handle increased from 31.5% of total handle for November 2013 to 32.1% for November 2014. Regular branch handle decreased from 41.1% of total handle for November 2013 to 37.1% for November 2014. The year to date QWIKBetz handle increased from 9.0% of total handle in 2013 to 10.8% in 2014. The internet handle increased from 7.8% of total handle in 2013 to 9.8% in 2014. Year to date telephone handle decreased from 9.1% of total handle in 2013 to 8.8% in 2014. The Racing Forum year to date handle increased from 28.8% of total handle in 2013 to 30.1% in 2014. The Regular branch year to date handle decreased from 45.4% of total handle in 2013 to 40.5% in 2014.

Aqueduct handle was up \$187,604 or 6.5%, with three more race days than last year. The average daily handle decreased \$10,541 or 7.4%. Finger Lakes handle was down \$72,615 or 26.8% with the same number of racing days as last year. The average daily handle for the month was down \$3,631. In-state harness handle was down \$147,807 or 28.0%. Every track

showed a decrease in total handle, ranging from 20.9% for Monticello and to 66.3% for Vernon Downs. Yonkers had the largest dollar decrease of \$93,266 with the same number of race days. Yonkers average daily handle decreased \$4,441. Vernon only ran one day this year versus four last year, their average daily handle actually increased \$211 or 34.9%. The total out of state thoroughbred handle was down \$331,530 or 7.7%, partially due to timing of the Breeders' Cup, which took place October 31st and November 1st of this year, causing part of the handle to be reported in October versus November. The CDI tracks' combined handle was down \$417,393 or 39.8%, which can be attributed to Calder and Churchill. Calder didn't run at all, mainly because Gulfstream is now using their track most of the time. All CDI tracks combined had 11 less race days than last year 50 days versus 39. Monarch tracks' combined handle was up by \$598,418 or 40.5%. Most of that can be attributed to Gulfstream, which by itself had an increase of \$484,919 or 203.0% with 14 more days than last year, 24 days versus 10, this is due to their now using Calder's track. All Monarch tracks combined had 26 more racing days than last year 86 days versus 60 days.

Out of state harness handle was basically flat compared to last year, it is up \$1,041 or 0.1%. The Meadowlands had the largest total dollar and percentage increase, at \$50,501 or 103.7% due racing 6 days versus 3 last year. Harrah's had the largest total dollar decrease, at \$15,319 or 22.5% and Maywood had the largest percentage decrease of 40.3%. The daily average handles ranged from a decrease of \$1,631 or 100% for Plainridge, who didn't run this year, to an increase of 811 or 25.0% for Freehold.

The statewide OTB Handle decreased \$4,356,502 or 8.3% for the month. Every region had a decrease. The smallest percentage decrease was Capital at 0.6% and the largest was Western at 13.5%. Nassau had the largest decrease in dollars \$2,179,980 and second in percentage of 12.5%. Suffolk OTB had the 2nd smallest decrease in both dollars and percentages. The overall statewide year to date OTB handle is down approximately \$41.5 million or 6.7%. The year to date handles through November decreased in every region, from a low of 1.9% for Capital to a high of 10.7% for the Catskill Region. However, Nassau's year to date decrease of \$20,264,229 is the largest in dollars. We had the 2nd smallest year to date decrease in both dollars at \$4,423,529 and a percentage of 4.3%. As of Monday, December 15th, handle for the first 15 days of the month is basically flat compared to last year which is down \$1,965 or 0.05%, and down \$4,501,340 or 4.3% for the year to date.

ITEM #3 PRESIDENT'S REPORT

President Nolan reported that this month's Handle Report is showing the same patterns as the last several months. Our shift in the business model is proving to be on target moving away from bricks and mortar to QWIKBetz, Phone Room and Internet has shown signs improvement. However, we continue to lose Handle however are running our business as best we can at this point, with the changes we have pursued.

President Nolan updated the Board on the sale of our headquarters building; we have accepted a new offer from a different entity than he reported last month. This new entity is offering a better deal for us and we expect to close more rapidly with this purchaser.

President Nolan stated that we continue to work on our relationship with our partner, Delaware North Company in the building of the new VLT facility. There are many facets and issues that we are working hard to agree on and move forward with. He explained that we will be meeting with Delaware North later today to organize the many decisions need to be made on the construction plan. We are anxious to move forward, we own the property in Medford now, and on our way out of bankruptcy. The money is starting to flow and we need to make hard decisions on business relationships, for example with contractors and architects. President Nolan explained that this raises issues to be worked out now on a daily basis. We are going in the right direction with positive stride and can say that the VLT project is now finally a reality.

ITEM #4 VICE PRESIDENT'S REPORT

Vice President Pancella reported that the agreement with new purchasers of the headquarters building is, as President Nolan stated a more profitable deal for us, and the on or about closing date is February 15, 2015. Therefore we need to accelerate our efforts to clear out of this building and get it ready to sell and vacate. This means we are pressed now to confirm our new location at Town of Brookhaven Town Hall and Castle Trucking premises' and prepare them to accept us in a timely manner.

Vice President Pancella proposed a Resolution to the Board, to convey a 50 foot wide buffer portion of the Medford property to the Town of Brookhaven. The buffer is figured into our green space calculations. The Town has requested this and will have no effect on our project. This conveyance is necessary in our permit process and he requests that the Board allow this resolution. A motion was made by Vice Chairman Hemendinger to approve the conveyance of

the 50' buffer property to the Town of Brookhaven. The motion was seconded by Secretary Wynn and carried out unanimously.

President Nolan proposed a Resolution to the Board, to enter into an agreement to retain the law services of Germano & Cahill, PC, as consultant attorneys for the procurement process of the VLT facility construction process. A motion was made by Vice Chairman Hemendinger that the Board approve an agreement with Germano & Cahill, PC as consultants. The motion was seconded by Secretary Wynn and carried out unanimously.

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, January 22, 2015 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

RESOLUTION

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

RESOLVED, that a portion of land from the Medford property be conveyed as a 50' buffer to the Town of Brookhaven.

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 18th day of December 2015.

Eddie S. Wynn, Secretary

RESOLUTION

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

RESOLVED, that the Corporation enter into agreement with the law firm of Germano & Cahill, PC.

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 18th day of December 2014.

Eddie S. Wynn, Secretary