

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on January 22, 2015 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 Operations and Customer Service
Kathy Rice	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 DECEMBER, 2015

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of December 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 DECEMBER 2014 HANDLE REPORT

Comptroller Gazes reported the analysis of the December 2014 handle for the month of December was down \$265,672 or 3.6% from December 2013. The year to date handle through December 2014 was down \$ 4,689,200 or 4.3% from 2013. The December handle was up as compared to projected handle by \$141,038 or 2.0%. The year to date handle through December was also up as compared to projected handle by \$5,380,226 or 5.4%.

The total number of QWIKBetz operations as of December 31st was 32, not including the Jon Thomas Inne. We recently received approval from the Gaming Commission for Old Town Tavern in Coram. Their soft opening is scheduled for Tuesday, January 27th. The QWIKBetz locations continue to do well, and the total QWIKBetz handle was up \$102,904 or 16.5% for the month, and the total QWIKBetz handle was up \$1,474,795 or 15.1% for the year. Bapa Cards & Gifts, and Bidy Spratts are still doing exceptionally well. They both exceeded \$1 million in handle for the year!

Internet wagering was down \$60,958 or 10.5% for the month, but was still up for the year \$577,704 or 6.8%. The telephone wagering was up \$ 86,428 or 13.6% for the month, and up \$391,616 or 4.0% year to date. The Racing Forum's handle was up \$130,701 or 6.1% for the month, but is basically flat, up by \$136,590 or 0.4% for the year.

The six regular branch locations' total handle was down \$524,748 or 15.2% for the month, due to the closing of the Sunrise branch. Three of the remaining five regular branches had increases. Commack was up \$147,832 or 41.3%, Route 110 was up \$176,192 or 47.6%, and Airport was up \$100,834 or 15.2%. Some of the increase for Commack and Route 110 is due to being open at night, but not all of it, The Shirley branch was down \$27,506 or 6.1%, and Centereach was down by \$119,273 or 14.6%. The six regular branch locations' total handle was down approximately \$7.2 million or 14.7% for the year. Not counting Sunrise, Centereach is showing the largest decrease of \$1,610,784 or 14.9%. Route 110 showed the largest increase for the year of \$1,336,041 or 29.4%.

The QWIKBetz handle increased from 8.4% of total handle for December 2013 to 10.1% for December 2014. The internet handle increased from 7.8% of total handle for December 2013 to 10.0% for December 2014. The telephone handle decreased from 8.5% of total handle for December 2013 to 7.2% for December 2014. The Racing Forum handle increased from 29.0% of total handle for December 2013 to 31.8% for December 2014. The regular branch handle decreased from 46.4% of total handle for December 2013 to 40.8% for December 2014.

The year to date QWIKBetz handle increased from 8.9% of total handle in 2013 to 10.7% in 2014. The internet handle increased from 7.8% of total handle in 2013 to 9.8% in 2014. The year to date telephone handle decreased from 9.0% of total handle in 2013 to 8.7% in 2014. The Racing Forum handle increased from 28.8% of total handle in 2013 to 30.3% in 2014. The regular branch handle decreased from 45.4% of total handle in 2013 to 40.5% in 2014.

The Aqueduct handle was down \$648,185 or 25.1%, mainly due to 5 fewer racing days than last year. The average daily handle was very close down a little over \$200 or 0.2%. Finger Lakes handle was down \$49,435 or 42.7% with two fewer racing days than last year. The average daily handle for the month was down \$3,269 or 19.8%. The in-state harness handle was down \$88,636 or 24.7%. Every track showed a decrease in total handle, ranging from 11.2% for Monticello to 77.6% for Saratoga Harness, which had 5 less days than last year. Their daily average also decreased by \$1,388 or 40.3%. Yonkers had the largest dollar decrease of \$44,976 or 33.7% with two fewer racing days. Yonkers average daily handle decreased \$2,272 or 20.4%.

The total out of state thoroughbred handle was up \$366,323 or 9.8%. The largest increase of \$307,353 or 36.6% was Gulfstream, which is running at Calder, therefore didn't have any handle as a result; their handle was \$139,681 for December 2013. Parx also had a

large increase of \$202,439 or 135.9% mainly due to 18 racing days versus 9 last year. Their daily average also increased \$2,972 or 18%. Hollywood Park is now closed down, causing a decrease of \$267,170. The CDI tracks' combined handle was down \$153,167 or 26.0%, which most of this can be attributed to Calder not running at all, and Fairground running two less days than last year. CDI tracks combined had 17 less race days than last year 50 versus 33 days. The Monarch tracks' combined handle was up by \$490,461 or 27.6%. Most of that can be attributed to Gulfstream, which by itself had an increase of \$307,353 or 36.6% with 3 more days than last year, 18 versus 15 days again, due to their now using Calder's track. All Monarch tracks combined had 11 more racing days than last year of 81 versus 70 days. The out of state harness handle was also up, \$154,260 or 22.6%. Woodbine had the largest total dollar increase, at \$38,104 or 55.8% partially due to racing 15 days versus 11 days last year. Their daily average also increased by \$884 or 14.2%. Pompano had the largest percentage increase, \$20,488 or 67.6 %. They also had the largest percentage increase in daily average of 42.4%. Harrah's and Maywood had the only decreases of 3.4% and 10.1% respectively despite similar numbers of race days.

The statewide OTB Handle decreased \$2,344,765 or 5.4% for the month. Every region had a decrease except Capital, which increased \$336,999 or 3.6%. They had a large decrease

last year, perhaps weather related. The smallest percentage decrease was Catskill at 1.7% and the largest decrease was Nassau at 12.0%. Nassau also had the largest decrease in dollars of \$1,777,403. Western's handle decreased at \$542,901 or 8.4%. We were right in the middle, 3rd place in both dollars and percentages. The overall statewide year to date OTB handle is down approximately \$43.8 million or 6.6%. The year to date handles through December decreased in every region, from a low of 1.6% for Capital to a high of 10.2% for the Catskill Region. However, Nassau's year to date decrease of \$22,041,633 is the largest in dollars. We had the 2nd smallest year to date decrease in both dollars of \$4,689,201 and percentage of 4.3%.

As of Tuesday, January 20th, handle for the first 20 days of the month is down as compared to last year \$458,047 or 8.6%. This is partially due to timing of dark days and weekends. If the weather holds, we should have a much smaller decrease by the end of the month.

PRESIDENT'S REPORT

President Nolan stated that the Handle Report is still telling the same story for our organization, the adjustments and moves we made have been correct and we will continue to go in those directions. The decline in handle runs across the industry. President Nolan said that fortunately we have a new aspect to our business with the VLT facility project. Unlike the Nassau site, our site is completely different, and should not be problematic. The Suffolk OTB property is a blighted abandoned area, to the north it is the LIE, the east it is all industry and businesses primarily and to the south are the railroad tracks and to our west is a small swath of woods and a very small residential area. If you go to the site and look to the residential area, all you can see is woods. We are confident that we have a great site and our partners agree, we are getting positive feedback from everyone involved in the project. The only enemy we face now is time, we are doing all we can to accelerate things. The New York State Gaming Commission will be our lead agency and we are working with them to retain the professionals to perform the necessary SEQRA work.

President Nolan informed the Board that we are still working on contract issues with the sale of our headquarters building, we are moving forward and we should be in contract shortly and we will be getting a good price. We are considering several rental properties to house our headquarters and telephone room.

VICE PRESIDENT'S REPORT

Vice President Pancella stated that we are in the process of getting a mortgage loan from Gold Coast Bank; he expects to hear today or tomorrow about the status of that loan. Initially the bank had a concern that the money the VLT's will be collecting would be too much for the bank to process. They would have to hire more staff to process that amount of money which would be prohibitive. Vice President Pancella said that he suggested to the bank they could accept what they are able to handle which would be the OTB revenue. Similar to what New York Commercial is doing now. Then we would get another bank to process the VLT revenue. We will hire a third party armored car courier for the delivery to the fed. The goal is to have Gold Coast issue the loan without including 5 Davids Drive in the collateralization of that loan so we can utilize the full proceeds from that sale instead of turning over half to New York Commercial Bank. Comptroller Gazes added that very few banks are prepared to handle that amount of cash every day. President Nolan and Vice President Pancella agreed that SROTB will be able to find a bank when the time comes.

ITEM #3 ELECTIONS OF OFFICERS

A motion was made by Vice Chairman Hemendinger to nominate Dominick Feeney as Chairman. The motion was seconded by Secretary Wynn and carried unanimously.

A motion was made by Chairman Feeney to nominate Herbert Hemendinger as Vice Chairman. The motion was seconded by Secretary Wynn and carried unanimously.

A motion was made by Vice Chairman Hemendinger to nominate Eddie Wynn as Secretary. The motion was seconded by Chairman Feeney and carried unanimously.

ITEM #6 PROCUREMENT POLICY

General Counsel McManmon explained that the Corporation's Procurement Policy as presented is the same as presented last year with no changes.

A motion was made by Vice Chairman Hemendinger to adopt the Procurement Policy for the Corporation for 2015. The motion was seconded by Secretary Wynn and carried unanimously.

ITEM #7 INVESTMENT POLICY

Comptroller Gazes explained that the Investment Policy as presented is the same as presented last year with no changes.

A motion was made by Vice Chairman Hemendinger to adopt the Investment Policy for the Corporation for 2015. The motion was seconded by Secretary Wynn and carried unanimously.

ITEM #8 INDEPENDENT AUDITING SERVICES OF AVZ

Comptroller Gazes referred to the engagement letter received from Albrecht, Viggiano, Zureck & Co. (AVZ), the firm which Suffolk OTB engages as our independent auditors. The letter describes the accounting services and reports which AVZ will provide to Suffolk OTB for the year ending December 31, 2014. Comptroller Gazes noted that he will sign this letter of understanding based on the agreement which Suffolk OTB already has in place with AVZ. The audit is scheduled to start February 18, 2015 and is due at the end of March 2015.

ITEM #9 RENEWAL OF AGREEMENT WITH KEVIN SNOVER ESQ.

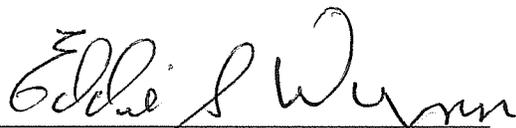
A motion was made by Vice Chairman Hemendinger to extend the agreement with Kevin Snover Esq. for services as Counsel to the Board of Directors at a cost of \$22,000.00 for the year 2015. The motion was seconded by Secretary Wynn and carried unanimously.

President Nolan asked that the Board consider going into Executive Session. A motion was made by Vice Chairman Hemendinger that the Board goes 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.

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday March 5, 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

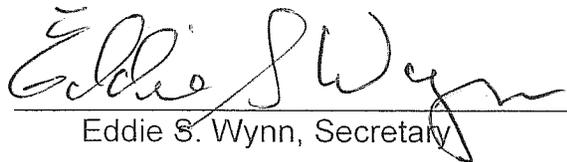
RESOLUTION

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

RESOLVED, that the Corporation's Procurement Policy is hereby adopted
for the year 2015.

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
22nd day of January 2015.



Eddie S. Wynn, Secretary

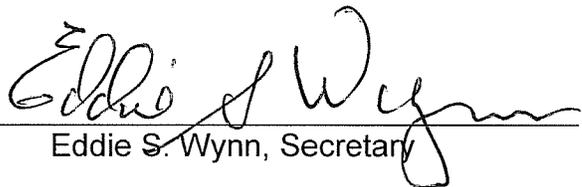
RESOLUTION

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

RESOLVED, that the Corporation's Investment Policy is hereby adopted for the year 2015.

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 22nd day of January 2015.


Eddie S. Wynn, Secretary

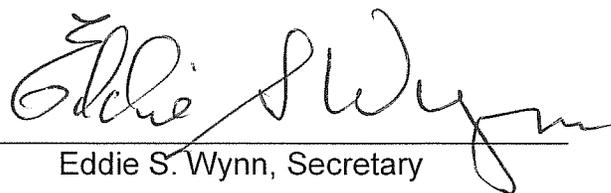
RESOLUTION

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

RESOLVED, that the Board of Directors agrees to extend the agreement with Mr. Kevin Snover Esq. for services as Counsel to the Board of Directors at a cost of \$22,000.00 for the year 2015.

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 22nd day of January 2015.


Eddie S. Wynn, Secretary

