

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on April 29, 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:

Victor Salamone	Chief of Staff
Lorraine Pappas	Deputy Chief of Staff
Thomas Kilmartin	Budget Director
Cathy Rice	Teamsters Local 237 Representative
Sue	

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 MARCH 26, 2015

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of March 26, 2015 whereupon a motion that those minutes be approved was made by Vice Chairman Hemendinger, seconded by Secretary Wynn and carried unanimously.

ITEM #2 APPROVAL OF A RESOLUTION TO ACCEPT THE 2015 BUDGET

Budget Director Thomas J. Kilmartin presented the proposed 2015 Operating Budget to the Board. Mr. Kilmartin explained that Section 524.4 of the New York State Racing, Pari-Mutuel and Breeding Law requires that each Regional Corporation shall submit a copy of the corporation's annual budget to the Board no later than twenty days following approval of such budget by the corporation's board of directors. The business plan and supporting operating budget and cash flow projections were originally developed during the 3rd quarter of 2014 and they have been subjected to numerous modifications since the approval of the Bankruptcy confirmation plan, October 30, 2014, in an effort to reduce costs, maximize profits and increase cash on hand. Significant changes in assumptions to include the timing of the sale of Headquarters, Forum and Airport facilities; revised revenue, distribution and expense projections and the development of the Video Lottery Terminal facility have impacted the budget development. Mr. Kilmartin requests that the Board of Directors make a motion to approve the draft 2015 budget. A final budget will be submitted for review and approval, once the significant assumption impacts, identified above have been resolved.

Vice Chairman Hemendinger made a motion to authorize submission of the proposed budget in accordance with Section 524.4 of the New York State Racing, Pari-Mutuel and Breeding Law. The motion was seconded by Secretary Wynn and carried unanimously.

ITEM # 3 MARCH 2015 HANDLE REPORT

Comptroller Gazes Hidalgo reported the analysis of March 2015 handle for the month of March was down \$1,705,421 or 18.7% from March 2014. The year to date handle through March 2015 was down \$ 2,482,216 or 10.4% from 2014. The March handle was down as compared to projected handle by \$1,641,808 or 18.2%. The year to date handle through March was down as compared to projected handle by \$2,420,352 or 10.1%. NYRA only ran 13 days in March 2015, versus 23 last March. This obviously significantly affected handle. The projections were done before NYRA issued their 2015 calendar.

The total number of QWIKbetz operations as of March 31st was 32, not including the Jon Thomas Inne. Connolly Station of Bay Shore has an application in OTB Legal and Island Farms' application has been sent to the Gaming Commission for approval. Old Town Tavern in Coram had their soft opening on March 5th. The QWIKBetz locations were down this month; and the total QwikBetz handle was down \$109,343 or 12.5% for the month. The total Qwik Bet handle is down \$102,662 or 4.6% year to date. Bidly Spratts, Grumpy Jacks and Pub 347 were up for the month. Bidly Spratt's is benefiting from transfer of handle from the Sunrise branch.

Internet wagering was down \$310,798 or 35.7% for the month, and down for the year \$613,617 or 26.9%. Telephone wagering was up \$ 192,701 or 13.2% for the month, and up \$527,388 or 25.9% year to date. The Racing Forum's handle was up \$297,895 or 11.7% for the month, and up \$46,686 or 0.7% year to date. The six regular branch locations' total handle was down \$1,090,086 or 27.0% for the month. One of the remaining five regular branches had increase. Route 110 was up \$194,908 or 43.6%, of which approximately \$59,000 was bet at

night. Shirley was down \$47,194 or 9.6%, Centereach was down by \$96,365 or 12.3%, Airport was down \$185,367 or 21.4%, Commack was down \$24,350 or 4.7%, despite the fact that they are now open at night. The manager stated that Commack in particular fares much worse on dark days, and they have lost at least one big bettor. The five regular branch locations' total handle was down approximately \$2,340,011 or 21.8% year to date. This is not counting Sunrise, and Centereach is showing the largest decrease of \$317,692 or 14.5%. Route 110 showed the largest increase for the year of \$620,516 or 53.9%, of which approximately \$190,000 was bet at night.

The comparative handle by branch of March 2015 versus 2014 Qwik Bet handle increased from 9.6% of total handle for March 2014 to 10.4% for March 2015. The internet handle increased from 9.6% of total handle for March 2014 to 11.9% for March 2015. The telephone handle decreased from 8.5% of total handle for March 2014 to 7.6% for March 2015. The Racing Forum handle increased from 27.9% of total handle for March 2014 to 30.3% for March 2015. Our regular branch handle decreased from 44.3% of total handle for March 2014 to 39.8% for March 2015. The year to date QWIKBetz handle increased from 9.4% of the total handle in 2014 to 10.0% in 2015. Our year to date internet handle increased from 9.5% of total handle in 2014 to 11.9% in 2015. Telephone year to date handle increased from 8.5% of total handle in 2014 to 7.8% in 2015. The Racing Forum's year to date handle increased from 27.8% of total handle in 2014 to 31.3% in 2015. The year to date regular branch handle decreased from 44.8% of total handle in 2014 to 39.1% in 2015.

Aqueduct handle was down \$1,263,018 or 43.2%, with ten less racing days than last year. The average daily handle was flat at 682 or 0.5%. In-state harness handle was down \$98,008 or 18.4%. Buffalo Saratoga and Yonkers showed a decrease in total handle, ranging from 33.6% 32.7% and 23.1% respectively. Monticello was up 2,173 or 1.5%. Their daily average also increased \$1,256 or 15.1%. Yonkers had the largest dollar decrease of \$67,170 with one more racing day. Yonkers average daily handle decreased from \$3,494 or 26.5%. The total out of state thoroughbred handle was down \$329,042 or 6.8%. We took Delta Downs and Mahoning this year which gave us an increase of \$204,357 for Mahoning and \$67,358 for Delta Downs. CDI tracks' combined thoroughbred handle was down again this month \$203,311 or 26.8%. Most of this can be attributed to Calder not running at all. CDI thoroughbred tracks combined had 20 less race days than last year, 45 versus 65 Monarch tracks' combined thoroughbred handle was also down by \$186,706 or 5.9%. Most of that can be attributed to Santa Anita, which by itself had a decrease of \$70,345 or 15.3%, and Turf Paradise, which had a decrease of \$65,680 or 31.2%.

All Monarch thoroughbred tracks combined had 1 less racing day than last year. Out of state harness handle was down \$15,353 or 1.8%. Meadowlands, a Monarch track, had by far the largest decrease of \$73,383 or 32.4%, due to racing only 8 days this year versus 12 last year. Their daily average actually increased by \$266 or 1.4%. This was offset by increases at several other harness tracks. Woodbine had the largest total dollar increase at \$21,631 and Maywood had the largest percentage increase, at 64.2%% partially due to racing 3 more days than last year. Their daily average also increased slightly. The statewide OTB Handle decreased from \$9,841,672 or 17.9% for the month. Capital had the smallest decrease at

\$1,258,550 or 10.1% and Nassau had the largest decrease at \$4,255,890 or 23.4%. We had the next largest decrease in both percentage of 18.7% and in dollars at \$1,705,421. Overall statewide year to date OTB handle is down approximately \$14.1 million or 9.7%. The year to Date handle through March decreased in every region, from 2.8% for Capital to 14.4% for Nassau. Catskill's year to date decrease exceeded ours in percentage of 12.2% versus 10.4%, but not in dollars at \$2,293,148 versus \$2,482,216. As of Monday, April 27th, handle for the first 27 days of the month is up as compared to last year by approximately \$214 thousand or 2.9%. This is partially due to the timing of Easter and Palm Sunday as compared to last year. Palm Sunday fell in March this year, and Easter was much later in April last year. However, this is still pretty good considering Sunrise was still open last year.

ITEM # 4 REVIEW OF DRAFT STATEWIDE OTB AUDIT 2015

Mr. Kilmartin reviewed the New York State Comptroller's Draft Statewide New York State Audit Report, titled "Financial Condition of New York State Regional Off Track Betting Corporations". The statewide audit is in addition to each Regional Audit and the observations and recommendations are similar in nature.

The report outlines a brief history of Pari-Mutuel Wagering and Breeding Law and the creation of the six original Regional Off Track Betting Corporations. The report covers a five year period, 2009 – 2014, and documents the decline of Handle, Operating Revenue and Net Operating Revenue.

The audit recognizes the decline of handle and the impacts of external conditions on the deteriorating financial condition on each corporation. The audit also notes that the all the recommendations from the previous Statewide audit issued in 2009 were implemented.

There were four recommendations for the boards of directors and two for New York State policymakers.

Board of Directors Recommendations:

1. To explore cost cutting measures.
2. Efforts to increase revenues through innovative marketing
3. To analyze the cost/benefits of branch and remote locations.
4. To negotiate collectively for track rates.

State policymakers should:

1. Review the formula used to calculate the Corporations' payments to harness tracks, as required by the 2003 Hold Harmless Law.
2. Examine the formulas used to calculate the Corporations' upfront statutory and surcharge payments to balance the State's revenue objectives with the Corporations' financial viability.

Suffolk Region took the initiative to coordinate a joint response.

PRESIDENT'S REPORT

President Nolan stated that we are actively entertaining the bids and proposals for the sale/lease back of the Forum building as well as marketing Airport Branch building on Knickerbocker Avenue in Bohemia.

We are currently packing our headquarters in anticipation of moving after the Kentucky Derby, the week of May 4th. Our new location is around the corner at 425 Oser Avenue. President Nolan stated that we are looking forward to a successful Derby Day and we have all our head quarter's employees working in the branches and QWIKbetz locations to help our customers place their bets.

President Nolan stated our marketing group continues to accelerate their efforts to grow the QWIKBetz business, having more than doubled that part of our business in the last two years. These locations are essential for the long term health of the core business of Suffolk OTB.

VICE PRESIDENTS REPORT

Vice President Pancella reported that we have negotiated CDI track rates as a group with all the state OTBs. NYRA took a role as a state entity. It went back and forth several times and was over all productive, as we are accepting the same rates as 2014 to include additional payments from last year.

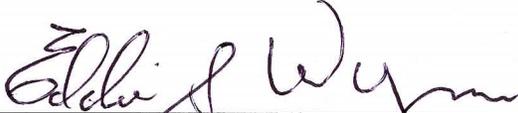
Vice President Pancella stated that he met with Walter Hilbert from the Suffolk County Department of Health at the request of Delaware North with regards to the new facilities sewer requirements. It was determined by the calculations of the size and use of the new building that even under the most stringent of calculations we do not have to hook up to the sewer system we can use a septic system. A meeting will be scheduled soon with all parties involved to go over this item along with several new issues that need to be discussed.

President Nolan asked that the Board consider going into Executive Session to discuss litigation matters. 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.

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday May 28, 2015 at 10 am, at our new headquarter location.

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.

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

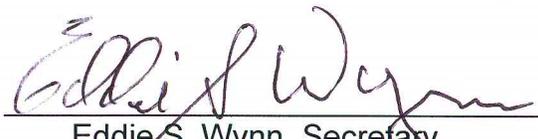
RESOLUTION

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

RESOLVED, to approve the Proposed Operating Budget as presented be submitted to the State for review.

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 29th day of April 2015.



Eddie S. Wynn, Secretary

