

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on January 21, 2016 at 10 A.M. at Corporate Headquarters, 425 Oser Avenue, 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
Paulette L. Moses	Corresponding Secretary to the Board

Also Present:

Jack Luquer	Executive Director of Corporate Facilities
Victor Salamone	Chief of Staff
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 DECEMBER 22, 2015

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of December 22, 2015 whereupon a motion that those minutes be approved was made by Vice Chairman Hemendinger, seconded by Secretary Wynn and carried unanimously.

ITEM #2 DECEMBER HANDLE REPORT

Celine Gazes, Comptroller reported the analysis of December 2015 handle report. The handle for the month of December 2015 was down \$881,439 or 12.3 % from December 2014. The handle for the month of December 2015 was down \$881,439 or 12.3% from December 2014. The year to date handle through December 2015 was down \$4,341,462 or 4.2% from 2014. The December handle was down as compared to projected handle by \$ 571,496 or 8.3%. The year to date handle through December was down as compared to projected handle by \$2,762,739 or 2.7%.

The total number of QWIKBetz operations as of December 31st was 33. Rudi's in Medford is still up at the Gaming Commission, there is an issue with the liquor license that they are trying to sort out. Connolly Station in Bay Shore has their applications in SROTB'S Legal Department and is waiting on some documents. We have completed applications and are finalizing the paperwork for five more QWIKBetz to send them to SROTB legal; Rocky Point Ale House, Village Pub, Linsatorrs, and J&R Steak House. The Seagull in West Babylon has a completed application they are the same owner as Gator Blue. The total QWIKBetz handle was down \$126,175 or 17.4% in December. The total QWIKBetz handle is slightly up \$82,046 or 0.7% year to date. Most of the QWIKBetz had decreases; closed locations Shagwong and Carmody's did a total of \$49,979 in December last year, and are down a total of \$589,261 for the year. Some of the other large decreases included: Dunton Inn was down \$58,766 or 76.6% for December, and \$482,306 or 54.7% year to date. Lily Flanagan's is down \$25,917 or

72.5% for December and was down \$242,932 or 43.9% year to date. Savino's was down \$12,776 or 42.2% for the month, however, they were up \$20,924 or 4.5% for the year. Bapa Cards & Gifts was also down \$279,813 or 22.5% for the year.

Internet wagering was up \$47,111 or 6.5% for the month, and was up \$1,377,528 or 13.4% year to date. The telephone wagering was down \$98,400 or 18.9% for the month, and down \$893,975 or 9.9% year to date. The Racing Forum's handle was down \$186,280 or 17.4% in December, and they are down \$252,115 or 0.8% year to date.

The five remaining regular branch locations' total handle was down \$517,695 or 17.6% in December, and down \$4,654,947 or 11.0% year to date. Some of this is attributable to the reduction in branch hours, effective 12/13/2015 they are all day branches during the week and are closed on Tuesdays. An analysis was done which determined that the total handle generated by these branches on weeknights and dark Tuesdays was not enough to justify the cost of staying open. The savings in labor costs will far exceed the lost revenue. Therefore the net impact on our "bottom line" will be an improvement despite the reduction in handle. The Centereach branch was down \$161,092 or 23.0% in December, and is down \$734,886 or 8.0% year to date. The Commack branch was down \$117,001 or 23.1% in December, but only down \$129,341 or 1.9% year to date. The Shirley branch was down \$85,038 or 20.2% in December, and down \$809,414 or 13.1% year to date. Route 110 branch was down \$14,160 or 2.6% in December, and up \$1,523,640 or 25.9% year to date. The Airport branch was down by \$140,403 or 18.4% in December, and up \$325,810 or 3.4% year to date.

The QWIKBetz handle decreased from 10.1% of total handle for December 2014 to 9.5% for December 2015. The internet handle increased from 10.0% of total handle for December 2014 to 12.2% for December 2015. Telephone handle decreased from 7.2% of total handle for December 2014 to 6.7% for December 2015. The Racing Forum handle decreased from 31.8% of total handle for December 2014 to 33.3% for December 2015. Regular branch handle increased from 40.8% of total handle for December 2014 to 38.3% for December 2015. The year to date QWIKBetz handle increased from 10.7% of total handle in 2014 to 11.3% in 2015. The year to date internet handle increased from 9.8% of total handle in 2014 to 11.6% in 2015. The telephone handle year to date decreased from 8.7% of total handle for December 2014 to 8.1% for December 2015. The Racing Forum year to date handle increased from 30.3% of total handle in 2014 to 31.3% in 2015. The year to date regular branch handle decreased from 40.5% of total handle in 2014 to 37.6% in 2015.

The total in state thoroughbred handle was up \$307,516 or 15.39%. Aqueduct handle was up \$284,085 with four more racing day this year than last year. The daily average decreased by \$12,166 or 9.4% in December. Finger Lakes was up \$23,431 or 35.3% with two more race days than last year. The average daily handle was down \$445 or 3.4%. The total in-state harness handle was down \$13,730 or 5.08%. Monticello and Yonkers were both down. Yonkers had the largest dollar decrease of \$22,033 or 24.9%. They also both had decreases in their daily averages of \$1,212 or 11.9% and \$540 or 6.1% respectively. Batavia and Saratoga were both up, with Saratoga having the largest dollar increase of \$13,094 or 212.6% with four more race

days than last year. They also had increased daily averages of \$668 or 70.2% and \$697 or 34.0% respectively. The total out of state thoroughbred handle was down \$882,400 or 21.58% for the month of December. The daily average as a whole for thoroughbred tracks was also down by \$30,428.

As previously discussed, we severed our relationship with CDI thoroughbred tracks effective July 24th which was just before Saratoga opened. Fairgrounds were the only CDI thoroughbred track in December 2014, with a total handle of \$264,657. The Monarch tracks' combined thoroughbred handle was down by \$119,654 or 5.28%. All Monarch thoroughbred tracks combined had five more racing days than last year. The daily average for all Monarch tracks combined decreased \$21,867 or 22.19%. Most of the tracks were down this month with similar numbers of race days as last year. The total out of state harness handle was down \$292,825 or 35.0%. CDI harness handle last year was \$89,648. The Monarch track Meadowlands' handle was down \$54,644 or 34.5% with one less racing day. Most of the tracks were down in total this month, and so were their daily averages. The only two out of state harness tracks with increases were Freehold of \$1,388 or 6.2% and Harrah's Philadelphia a/k/a Chester Downs at \$3,120 or 9.4%. They both had the same number of race days as 2014.

Statewide OTB Handle decreased \$2,239,866 or 5.4% for the month of December. Every region had a decrease. Our decrease of \$881,439 or 12.3% was the largest due to the reduction in branch hours previously mentioned. Western OTB had the smallest dollar decrease of \$111,899. They were tied with Capital for the smallest

percentage decrease at 1.9%. The overall statewide OTB handle was down approximately \$29 million or 4.7% for 2015. Capital remained the only region with a year to date increase of \$2,733,447 or 1.8%. Among the rest, Suffolk had the smallest year to date decrease in both dollars and percentage of \$4,341,462 or 4.2%. Nassau's year to date decrease of \$16,107,740 or 8.2% was the largest.

As of Tuesday, January 19, handle for the first 19 days of the month is down \$575,389 or 12.1%. Because we have made the decision to reduce branch hours to save labor costs, I expect to see slightly larger decreases for the next 12 months. However, as previously mentioned, the savings in labor costs will far exceed the lost revenue.

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 #4 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 2016. The motion was seconded by Secretary Wynn and carried unanimously.

ITEM #5 INVESTMENT POLICY

Comptroller Gazes explained that the Investment Policy as presented is the same as presented last year with one change on page 3, VII Designation of Depositories; we have a new bank First National Bank of Long Island.

A motion was made by Vice Chairman Hemendinger to adopt the Investment Policy for the Corporation for 2016. The motion was seconded by Secretary Wynn and carried unanimously.

ITEM #6 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 2016. 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.

PRESIDENT'S REPORT

President Nolan stated that most of his report involves litigation and he will reserve comments for the Executive Session. President Nolan stated that we went before the Bankruptcy Judge in court last week, to discuss a few new matters that were important to report to her at this time. President Nolan reported to the Board that the Town of Brookhaven submitted our VLT plans to the Suffolk County Planning Commission, they were not complete, we knew that the plans were incomplete and they were submitted anyway. It was understood that we were submitting for discussion only. President Nolan had no explanation as to why the Town submitted incomplete plans; perhaps it was just a mistake. In any case, the plans have been returned to us and we'll complete them and resubmit the plans and will possibly be in front of the County Planning Commission in February.

President Nolan announced to the Board that our Budget Director Thomas Kilmartin has resigned from Suffolk OTB and accepted a position at the Town of Brookhaven. We wish him good luck, and he served this organization well for a long time. We are working with Celine and her department on how we will proceed to cover Mr. Kilmartin duties. The Board recognized all Mr. Kilmartin's hard work and is thankful for his hard work and commitment to the corporation.

VICE PRESIDENT'S REPORT

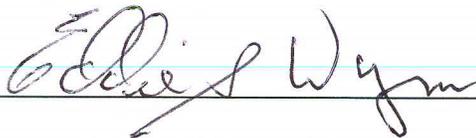
Vice President Pancella stated he and his team have had extensive talks with the entire New York State region OTBs, to have NYRA negotiate terms for the CDI agreement. The state wants us to have one rate so we thought NYRA would be our best representative. As of this date this strategy has not been proven successful.

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday March 3, 2016 at 10 am, at headquarters in the conference room.

A motion was made by Secretary Wynn that the Board goes into Executive Session. The motion was seconded by Chairman Feeney 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.

There being no further business before the Board, a motion was made by Secretary Wynn that the meeting be adjourned. The motion was seconded by Chairman Feeney and carried unanimously.



Eddie S. Wynn, Secretary

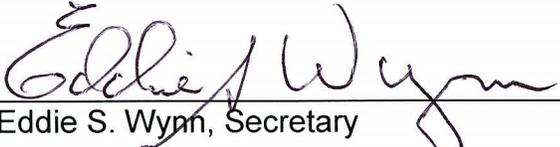
RESOLUTION

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 2016.

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 21st day of January 2016.


Eddie S. Wynn, Secretary

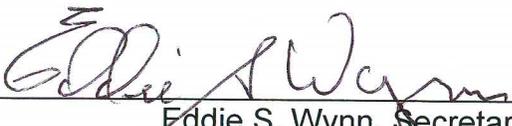
RESOLUTION

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 2016.

CERTIFICATE OF SECRETARY

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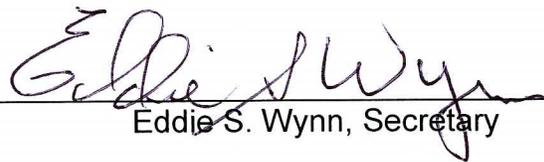
RESOLUTION

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 2016.

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