

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on March 24, 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
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
Lorraine Pappas	Deputy Chief of Staff
Cathy 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 January 31, 2016

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of January 31, 2016 whereupon a motion that those minutes be approved was made by Vice Chairman Hemendinger, seconded by Secretary Wynn and carried unanimously.

ITEM #2 JANUARY HANDLE REPORT

Celine Gazes, Comptroller reported the analysis of January 2016 handle report. The handle for the month of January 2016 was down \$799,596 or 11.0 % from January 2015. The handle for the month of January 2016 was up compared to projected handle by \$316,609 or 5.2%.

The total number of QWIKBetz operations as of January 31st was 33. Rudi's in Medford had issues with their liquor license so they are reapplying for a new one. Connolly Station in Bay Shore has their applications in SROTB'S Legal Department waiting on documents. We have completed applications and are finalizing the paperwork for Linsatorrs, Shagwong and Giacomo Jacks, Rocky Point Ale House, Village Pub, Village Leprechaun (previously McGovern's), and J&R Steak House are all in the Gaming Commission awaiting approval. The Seagull in West Babylon has a completed application; they are the same owners as Gator Blue. The total QWIKBetz handle was up \$29,565 or 4.2%. The closed locations; Shagwong and Carmody's did a total of \$45,044 in January last year. The Jon Thomas Inne's reopening more than made up for this decrease; they did \$66,298 this year. Bidy Spratt's was up \$29,811 or 41.7% despite The Jon Thomas Inne's now being open across the street. Some of the other large increases included: Jimmy's Pub was up \$23,601 or 42.3%. Southampton Publick House was up \$15,984 or 114.3%. Lily Flanagan's was down \$23,714 or 60.5%. Twisted Shamrock was also down \$28,199 or 52.4%.

The internet wagering was up \$51,777 or 6.3%, and telephone wagering was down \$138,308 or 23.2%. The Racing Forum's handle was down \$159,811 or 7.0%.

The five remaining regular branch locations' total handle was down \$582,820 or 20.5% in January. 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 \$93,881 or 15.3%. The Commack branch was down \$172,830 or 32.9%. Shirley was down \$80,759 or 19.7%. Route 110 was down \$104,595 or 17.3%. The Airport branch was down \$130,755 or 18.9%.

The QWIKBetz handle increased from 9.6% of total handle for January 2015 to 11.3% for January 2016. The internet handle increased from 11.3% of total handle for January 2015 to 13.5% for January 2016. The telephone handle decreased from 8.2% of total handle for January 2015 to 7.1% for January 2016. The Racing Forum handle increased from 31.6% of total handle for January 2015 to 33.0% for January 2016. Regular branch handle decreased from 39.2% of total handle for January 2015 to 35.0% for January 2016. The total in state thoroughbred handle (which consisted solely of Aqueduct) was up \$203,270 or 12.08%, with the same number of racing days as last year (16). The daily average increased by \$12,704.

The total in-state harness handle was down \$55,220 or 16.57%. Monticello and Yonkers and Buffalo were all down. Yonkers had the largest decrease in both dollars and percentage at \$27,063 or 19.6%, despite 2 more race days than last year. Their daily average decreased \$2,461 or 28.6%. The total out of state thoroughbred handle was down \$753,023 or 16.85%. Daily average as a whole for thoroughbred tracks was down by \$24,291.

As previously discussed, we severed our relationship with CDI thoroughbred tracks effective July 24th, 2015 which was just before Saratoga opened. Fairgrounds and Oaklawn were the only CDI thoroughbred track in January 2015, with a total handle of \$467,243. Monarch tracks' combined thoroughbred handle was up by \$42,648 or 1.33%. All Monarch thoroughbred tracks combined had the same number of racing days as last year. The daily average for all Monarch tracks combined increased \$1,376. Among the Monarch tracks, Laurel had the largest increase by far at \$145,314 or 82.8%. They had 4 more race days than last year, but their daily average was also up \$5,424 or 37.1%. Most of the tracks were down this month with similar numbers of race days as last year with the exception of Mahoning Valley which was up \$50,724 or 44.0%, and Sam Houston, which was up \$9,689 or 24.4%, despite one less race day than last year 9 versus 10.

The total out of state harness handle was down \$194,623 or 25.2%. The CDI harness handle last year was \$70,838. Monarch track Meadowlands' handle was down \$117,131 or 43.7% with 7 less racing days. Most of the tracks were down in total this

month, and so were their daily averages. Freehold had the largest increase for the month of \$19,545 or 29.5% with one less racing day. Hawthorne, which didn't run last year, did \$47,633 this year.

The statewide OTB Handle decreased \$3,677,082 or 8.3% for the month of January. Every region except Capital had a decrease. Our decrease of \$799,596 or 11.0% was the third largest due to the reduction in branch hours previously mentioned. Catskill OTB had the smallest dollar decrease of \$641,805. Nassau had the largest dollar decrease with \$1,628,290

As a result of making the decision to reduce branch hours to save labor costs, Comptroller Gazes 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 FEBRUARY HANDLE REPORT

Celine Gazes, Comptroller reported the analysis of February 2016 handle report. The handle for the month of February 2016 was down \$470,938 or 6.9% from February 2015. The handle for the month of Year to date handle through February 2015 was down \$1,270,534 or 9.0% from 2015. The February handle was up as compared to projected handle by \$208,917 or 3.4% Year to date handle through February was up as compared to projected handle by \$525,526 or 4.3%.

The total number of QWIKBetz Operations as of February 29th was 33. Rudi's in Medford had issues with Liquor License so they are reapplying for a new liquor license. Connolly Station in Bay Shore has their applications in SROTB'S Legal Department waiting on documents. We have completed applications and are finalizing the paperwork for Linsatorrs, Shagwong and Giacomo Jacks, Rocky Point Ale House, Village Pub, Village Leprechaun (previously McGovern's), and J&R Steak House are all in the Gaming Commission awaiting approval. The total QWIKBetz handle was up \$45,189 or 6.7% in February. The total QWIKBetz handle was up \$74,755 or 5.5% year to date. The closed QWIKBetz locations Shagwong and Carmody's did a total of \$51,410 in February last year, Jon Thomas more than made up for this decrease by reopening, they did \$68,372. Bidy Spratt's showed a decrease for the first time in recent memory; they were down \$15,490 or 17.1%. However, they are still up year to date by \$14,321 or 8.8%.

Some of the other large increases included: Jimmy's Pub was up \$20,448 or 58.3% for February, and \$44,048 or 48.4% year to date. McGovern's was up \$19,729 or 308.7% for February, and \$17,874 or 68.0% year to date. Bapa Cards & Gifts was also up \$18,153 or 46.0% and up \$15,121 or 14.9% for the year. Lily Flanagan's was down \$33,453 or 68.1% for February and was down \$57,167 or 64.7% year to date. Pete's Place was also down \$17,384 or 64.4% for February and was down \$29,564 or 64.4% year to date. Twisted Shamrock was also down \$16,562 or 27.9% for February and was down \$44,761 or 39.5% year to date.

Internet wagering was up \$34,662 or 4.0% for the month, and up \$86,439 or 5.1% year to date. The telephone wagering was down \$92,812 or 18.1% for the month, and was down \$231,119 or 20.8% year to date. The Racing Forum's handle was down \$40,146 or 1.9% for the month, and was down \$199,957 or 4.5% year to date.

The five remaining regular branch locations' total handle was down \$417,832 or 16.1% in February and down \$1,000,652 or 18.4% 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. Centereach was down \$85,194 or 14.6% for the month, and was down \$179,076 or 15.0% year to date. The Commack branch was down \$33,046 or 7.6% for the month, and was down \$205,876 or 21.5% year to date. The Shirley branch was down \$117,875 or 29.9% for the month, and was down \$198,634 or 24.7% year to date. Route 110 was down \$63,011 or 12.0% for the month, and was down \$167,606 or 14.8% year to date. The Airport branch was down \$118,706 or 18.2% for the month, and was down \$249,461 or 18.6 % year to date.

The QWIKBetz handle increased from 9.9% of total handle for February 2015 to 11.3% for February 2016. The internet handle increased from 12.6% of total handle for February 2015 to 14.1% for February 2016. Telephone handle decreased from 7.5% of total handle for February 2015 to 6.6% for February 2016. The Racing Forum handle

increased from 31.9% of total handle for February 2015 to 33.6% for February 2016. Regular branch handle decreased from 38.1% of total handle for February 2015 to 34.3% for February 2016. The year to date QWIKBetz handle increased from 9.7% of total handle in 2015 to 11.3% for February 2016. The year to date Internet handle increased from 12.0% of total handle in 2015 to 13.8% for February 2016. The year to date telephone handle decreased from 7.9% of total handle for February 2015 to 6.9% for February 2016. The Racing Forum year to date handle increased from 31.7% of total handle in 2015 to 33.3% for February 2016. Year to date regular branch handle decreased from 38.7% of total handle in 2015 to 34.7% for February 2016.

The total in state thoroughbred handle (which again consisted solely of Aqueduct) was up \$118,207 or 8.17% with one more race day than last year. The daily average also increased slightly by \$498 or 0.45% in February. The total in-state harness handle was slightly down from \$1,197 or 0.37%. Buffalo and Monticello were up 17,299 or 77.5% and 9,588 or 6.9% respectively. Yonkers decreased \$28,084 or 17.4%. Their daily average also decreased \$2,246 or 22.2%. The total out of state thoroughbred handle was down \$441,449 or 10.35% for the month of February. The daily averages as a whole for thoroughbred tracks were also down by \$20,475 or 13.4%. As previously discussed, we have not taken any CDI tracks since July 2015. We are currently in negotiations for this year. The total handle for CDI tracks in February 2015 was \$408,408. The Monarch tracks' combined thoroughbred handle was up by \$257,785 or 8.48%. The daily average for all Monarch tracks combined increased \$23,337 or 21.5%. Gulfstream handle was up and had a major increase of 197,024 or 13.4%. The daily

average increased by \$5,877 or 8.0%. Laurel's handle was up also \$64,366 or 52.7%. The daily average increased by \$7,152 or 52.7%. The total out of state harness handle was down \$146,500 or 19.1%. The CDI harness handle last year was \$87,409. The Monarch track Meadowlands' handle was down \$46,639 or 25.1% with five less racing days. However, their daily average increased \$4,395 or 28.4%. Most of the tracks were down in total this month, and so were their daily averages. Freehold had the largest increase for the month of \$12,938 or 17.8% with three less racing day. Hawthorne, which didn't run last year, did \$20,268 this year.

The statewide OTB Handle decreased slightly from \$1111.079 or 0.3%, for the month of February. Every region except Capital had a decrease. Capital handle increased by 821,783 or 7.4%. Our decrease of \$470,938 or 7.4% was the largest. Nassau had the lowest decrease of 45,333 or 0.3% for the month. The statewide OTB handle decreased \$3,788,162 or 4.4% year to date. Capital was the only region with a year to date increase of \$1,077,437 or 5.2%. Among the other regions, Nassau's year to date decrease was the largest in dollars at \$1,673,624 and Western's year to date decrease was the largest percentage of 9.4%.

Comptroller Gazes stated that reducing branch hours will save labor costs, and expects 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. As of Tuesday, March 22nd, handle for the first 22 days of the month is down as compared to last year by \$691,677 or 12.3%.

ITEM #4 PRESIDENT'S REPORT

President Nolan stated that he and Vice President Pancella were requested by Legislator Robert Calarco to appear before the Ways & Means Committee on March 17, 2016. An issue had been raised with regards to our organization transparency, as in the posting of our Board of Director's (BOD) Meeting Minutes and the notification of our monthly Board meetings on our website. The BOD Minutes are posted every month after the BOD makes a motion to approve minutes of the previous month's meeting. President Nolan used the example of this meeting, the minutes from January 31, 2016, have been approved and signed by Secretary Ed Wynn, they will then be posted on our website immediately following the BOD meeting. The Committee was concerned that the minutes were not updated on the SROTB website, we did not have a February BOD Meeting so therefore as of March 17, 2016 the last approved and signed meeting minutes were December 2015.

President Nolan further explained that the Ways & Means Committee were concerned of the BOD Meeting Notices, we advertise every meeting in the legal section of Newsday. We also email the day and time to all appropriate directors of our organization along with both of our Unions Local 237 and 312. President Nolan confirmed to the Committee that we will post the notice of meetings on our website as well as the legal notification in Newsday. President Nolan assured the BOD that we are completely transparent, accurate and in compliance with all rules, regulations, and laws that pertain to us. President Nolan notified Legislator Calarco in writing as to what the facts are with our operation pertaining to the Board of Directors Meetings and Minutes

that the Committee expressed concern, and that this organization is above board. A further note President Nolan added is that the Suffolk County Legislative Clerks office is sent a copy of the BOD Minutes via email as the Minutes are approved and signed.

President Nolan further stated that the session before the legislative Ways & Means Committee lasted about an hour and a half, and noted that he feels that at the end of the day it was quite productive in clearing up misconceptions that the Committee and its members had. The legislators are interested in what the County will receive. The biggest misperception on the part of the legislators that we were able to address and help effect their thinking going forward is explaining that we are still in bankruptcy court and that we report everything to the court. If we have any new deals going forward it must get approval from the bankruptcy court. The guiding principle that we are following as far as changing course from the Medford site is that the deal would have to be better than the deal we have today, President Nolan explained that he made that very clear before the Committee. President Nolan went on to report that there were extensive "Q&A", one of the questions Vice President Pancella said was with regards to a new or "better" deal that President Nolan mentioned. Legislator Fleming needed clarification if that a new or "better" location was based on numbers, what impact would that have on the environment. President Nolan explained that a SEQRA process would be done so that a new location would be approved from an environmental stand point, the choice would be the "better" deal with environmental approval. President Nolan stated that a good deal of the discussion was based on how many dollars the County will get this year with regard to a guarantee of 2 million dollars. President Nolan had to explain that if the VLT location is not opened this year, the County will not receive any monies.

There would be no available money to forward to the County even though an estimate was put in the 2016 budget. President Nolan mentioned that he has no understanding as to why this amount was even put in the budget and that it is not the fault Suffolk OTB that the budget includes these funds. Legislator Calarco, along with the County attorney stated that we had to pay the County as is their understanding of the bankruptcy agreement, regardless if we are open or not. That would be the only justification as to why our contribution would have even been put in the budget under the negative circumstances we have all experienced to date with the opening our the Casino. President Nolan expressed hope that we are doing everything we can to be open and operating the facility in 2016, and that this would be a moot point, so we can produce dollars for the effected agencies.

President Nolan requested that the Board go into Executive Session to discuss litigation matters, after the Vice President's report.

ITEM #VICE PRESIDENT'S REPORT

Vice President Pancella reminded the Board that NYS OTB's as a group cancelled our CDI contracts. CDI did not want to offer us an extension, we asked NYRA to negotiate the terms for the group, and CDI didn't comply at all. NYRA came back through an intermediary that they would do as much as they can to get them back to the table to negotiate. They weren't going to jeopardize their receiving the Derby, which is coming up. We did get an offer from CDI, with a list of rates that were basically the same as from 2015. We all agreed to the rates. With regard to the Keeneland tracks, we did the negotiations for the group, which is a big track with a good amount of handle,

and we got an acceptable rate that is a 3 year deal. So we know where we stand for 3 years at a rate of 3.754% and 4.25%, which everyone agreed is acceptable.

Vice President Pancella stated that we are in receipt of a term sheet from Delaware North for the 2.5 Million operating expense deficit loan that they are going to forward to us. We are in the process of negotiating the terms and it looks good so far. The organization is confident that this advance will get us through operating expense up to the opening of the Casino.

President Nolan added that we have agreed on an extension to the contract with Local Union 237, and asks that the Board vote on the extension at this meeting. President Nolan mentioned that Local 237 has been very helpful to us during difficult times over the last several years and has been an ally at the state level, and in bankruptcy court. We have shared with the union all our numbers and our realities, we both come to the conclusion that the survival of the organization requires cooperation on the part of both parties. President Nolan endorses this extension and requests that the Board consider approval.

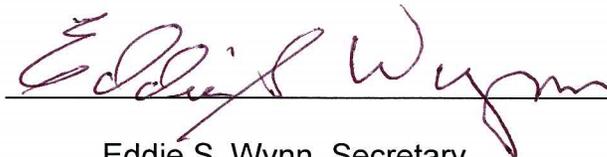
A motion was made by Vice Chairman Hemendinger to approve the Extension of Contract with Local Union 237. The motion was seconded by Chairman Feeney and carried unanimously.

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday April 27, 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 Snover 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

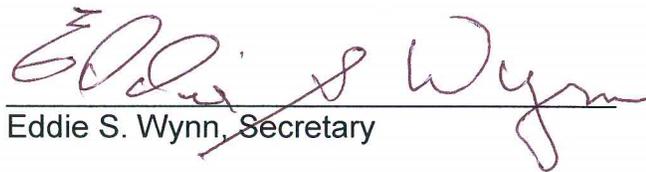
RESOLUTION

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

RESOLVED, that to the Extension of Contract between Local Union 237 and Suffolk Regional Off-Track Betting Corporation is approved.

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 24th day of March 2016.


Eddie S. Wynn, Secretary

