

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on April 28, 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
James McManmon	General Counsel
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
Kim Edelstein	Director of Wagering & Operations, Customer Service
Cathy Rice	Teamsters Local 237 Representative
Sue Baschuk	Teamsters Local 237 Representatives

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 24, 2016

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of March 24, 2016 whereupon a motion that those minutes be approved was made by Vice Chairman Hemendinger, seconded by Secretary Wynn and carried unanimously.

ITEM #2 MARCH HANDLE REPORT

Celine Gazes, Comptroller reported the analysis of March 2016 handle report. The handle for the month of March 2016 was down \$775,443 or 10.5 % from March 2015. The year to date handle through March 2015 was down \$ 2,045,978 or 9.5% from 2015. March handle was down as compared to projected handle by \$35,660 or 0.5%. The year to date handle through March was up as compared to projected handle by \$489,867 or 2.6%.

The total number of QWIKbetz Operations as of March 31st was 32. McGovern's closed 3/21/2016, but their successor, The Village Idiot, was just approved by the Gaming Commission to reopen. J&R Steak House in Calverton has also just been approved by the Gaming Commission. Rocky Point Ale House and Village Pub are in the Gaming Commission awaiting approval. We have completed applications and are finalizing the paperwork for Linsatorrs, Shagwong and Railroad Café (Previously known as Giacomo Jacks). The Seagull in West Babylon has a completed application; they are the same owners of Gator Blue. Connolly Station in Bay Shore has their applications in SROTB'S Legal Department waiting on documents. Rudi's in Medford had issues with Liquor License so they are reapplying for a new liquor license. Bidy Spratt's was down \$151,688 or 75.9% for March, they were closed for one week and had a transition to new management. Some of their larger wagering customers have gone to the Jon Thomas Inne. Also, they are being sold, but the buyer wants to continue being a

QWIKbetz location. DJ Pearsall is trying to facilitate the transition to minimize the down time.

The QWIKbetz closed locations Shagwong, Carmody's, and Smithtown Napper Tandy's did a total of \$54,937 in March last year; Jon Thomas more than made up for this decrease \$67,005 being open this year. Dunton Inn was also down \$29,129 or 54.6% for March and was down \$28,272 or 27.9% year to date. Some of the large increases included: Cavanaugh's up \$21,293 or 190.2% for March, and \$33,352 or 84.0% year to date. Lily Flanagan's was up \$26,745 or 140.2% for March but was down \$30,422 or 28.3% year to date. Bapa Cards was up \$16,367 or 32.1% for March, and \$31,487 or 20.6% year to date.

The total QWIKbetz handle was down \$44,142 or 5.8% in March. The total QWIKbetz handle was up \$30,612 or 1.4% year to date. The internet wagering was up \$21,852 or 2.5% for the month, and was up \$108,291 or 4.2% year to date. Telephone wagering was down \$170,979 or 30.6% for the month, and was down \$402,099 or 24.1% year to date.

The Racing Forum's handle was up \$178,241 or 7.9% for the month, but was slightly down \$21,716 or 0.3% year to date. The five remaining regular branch locations' total handle was down \$760,415 or 25.8% in March and down \$1,761,067 or 21.0% year to date. Some of this is attributable to the reduction in branch hours; effective 12/13/2015 they are all day branches and are closed on Tuesdays. An analysis was done which determined that the total handle generated by these branches at night 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 \$192,370 or 28.1% for the month, and was down \$371,445 or 19.8% year to date. Commack was down \$128,742 or 26.1% for the month, and was down \$334,618 or 23.0% year to date. The Shirley branch was down \$131,396 or 29.4% for the month, and was down \$330,030 or 26.4% year to date. Route 110 was down \$172,118 or 26.8% for the month, and was down \$339,723 or 19.2% year to date. Airport was down \$135,790 or 20.0% for the month, and was down \$385,251 or 19.0 % year to date.

The QWIKbetz handle increased from 10.4% of total handle for March 2015 to 10.9% for March 2016. The internet handle increased from 11.9% of total handle for March 2015 to 13.6% for March 2016. Telephone handle decreased from 7.6% of total handle for March 2015 to 5.9% for March 2016. The Racing Forum handle increased from 30.3% of total handle for March 2015 to 36.6% for March 2016. The regular branch handle decreased from 39.8% of total handle for March 2015 to 33.0% for March 2016. The year to date Qwikbetz handle increased from 10.0% of total handle in 2015 to 11.2% for March 2016. Year to date internet handle increased from 11.9% of total handle in 2015 to 13.8% for March 2016. The year to date telephone handle decreased from 7.8% of total handle for March 2015 to 6.5% for March 2016. Year to date Racing Forum handle increased from 31.3% of total handle in 2015 to 34.4% for March 2016. Regular branch year to date handle decreased from 39.1% of total handle in 2015 to 34.1% for March 2016.

The total in state thoroughbred handle was up \$103,895 or 6.25%. Aqueduct handle was up \$103,895 with three more race day this year than last year. The daily average was down by \$17,482 or 13.67% in March. Total in-state harness handle was down \$20,875 or 4.81%. Buffalo and Saratoga Harness were up 8,991 or 41.6% and 4,741 or 10.4% respectively. Yonkers decreased \$33,850 or 15.2%. They also had decreases in their daily averages of \$1,815 or 18.7%. Monticello was also down slightly \$756 or 0.50%. Total out of state thoroughbred handle was down \$656,440 or 14.66% for the month of March. Daily averages as a whole for thoroughbred tracks were down by \$21,881. Monarch tracks' combined thoroughbred handle was slightly down - \$14,893 or 0.50%. The daily average for all Monarch tracks combined decreased \$3,929 or 3.82%. The tracks were still down this month even though there was one more race day than last year. Laurel handle was down and had a decrease of 31,466 or 18.1% due to 3 fewer racing days. Their daily average actually increased by \$1,978 or 12.5%. Golden Gate increased by \$16,970 or 21.7% with the same number of racing days. The daily average increased by \$1,061. Total out of state harness handle was down \$202,024 or 24.5%. CDI harness handle last year was \$133,298. Monarch track Meadowlands' handle was down \$26,921 or 17.6% with the same number of racing days as last year. Most of the tracks were down in total this month, and so were their daily averages. Pompano had the largest increase for the month of \$41,377 or 114.4% with two more racing days. Their daily average also increased by \$1,954 or 91.9%.

The statewide OTB Handle decreased \$1,692,736 or 3.9% for the month of March. Every region with the exception of Nassau had a decrease. Nassau handle increased \$133,221 or 1.0%. Among the rest, our decrease of \$775,444 or 10.5% was the largest due to the reduction in branch hours previously mentioned, and Catskill OTB had the smallest decrease of \$206,340 or 1.8%.

As a result of the decision to reduce branch hours to save labor costs, Comptroller Gazes 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 Friday, April 8th, Suffolk has signed a contract with CDI and we will be taking racing from all CDI Contracted Tracks. As of Tuesday, April 26th, handle for the first 26 days of the month is down \$808,138 or 10.9%. However, due to calendar timing and the final decrease for April will be closer to 6.5%, which is better than the projected decrease of 10%.

ITEM #3 VICE PRESIDENT'S REPORT

Vice President Pancella stated that the reduction in branch hours continues to be cost effective; the savings on labor costs far exceed the lost revenue. There is an increase at the Racing Forum and the internet which shows that we are not losing the handle, the savings in reduced expenses is a definite improvement. Vice President Pancella explains that we continue to look for ways to cut expenses. We are developing new ways to cut expenses as the Bankruptcy Court, the creditors and Delaware North,

our lenders, will be demanding it going forward, Vice President Pancella stated that it is prudent business to do so.

Vice President Pancella further stated that the negotiations for the CDI tracks have culminated in agreements. All of the state OTBs are in agreement with everything and we continue to work together as a unit. Vice President Pancella thanked Kim Edelstein, Laura Sanseverino and Chris Thorstensen on all of their hard work to finalize the agreements. We will be advertising in Newsday for the Triple Crown again this year. The advertising cost has not increased and Vice President Pancella stated that this is money well spent.

Vice President Pancella received news from Comptroller Gazes that the state is increasing their regulatory fee by .1%, this is a 20% increase, and it was .5 and is now .6%. Vice President Pancella explained that in last year's State Comptroller report it showed how difficult it is for OTBs to make money, and another increased fee is certainly not going to help us. It is a statewide increase and we will be paying it.

Vice President Pancella had one more item to report; the Airport Branch on Knickerbocker Avenue is still on the market. We are getting a new appraisal to have it priced accordingly. There has been some interest but the price maybe too high.

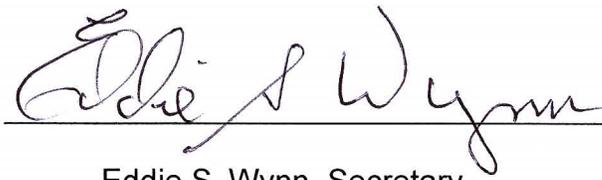
Vice President Pancella requested that the Board go into Executive Session to discuss litigation matters.

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday May 26, 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.

A handwritten signature in cursive script, reading "Eddie S. Wynn", is written over a horizontal line.

Eddie S. Wynn, Secretary