

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on July 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
Kevin Snover, Esq.	Counsel to the Board of Directors
Paulette L. Moses	Corresponding Secretary to the Board

Also Present:

Lorraine Pappas	Deputy Chief of Staff
Cathy Rice	Teamsters Local 237 Representative

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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 June 23, 2016**

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of June 23, 2016 whereupon a motion that those minutes be approved was made by Chairman Feeney, seconded by Secretary Wynn and carried unanimously.

## ITEM #2 JUNE HANDLE REPORT

Celine Gazes, Comptroller reported the analysis of June 2016 handle report. The handle for the month of June 2016 was down \$1,700,186 or 17.7% from June 2015. The year to date handle through June 2016 was down \$5,748,082 or 11.2% from 2015. A significant portion of this decrease is attributable to the reduction in operating hours and the closure of the Commack branch right after the Belmont Stakes. The year to date handle through June 2016 was down \$ 5,748,082 or 11.2% from June 2015. June handle was also down as compared to projected handle by \$834,451 or 9.5%. Most of this stems from the decrease in Belmont Stakes handle due to no Triple Crown possibility. Nyquist, the horse that won the Kentucky Derby, didn't even run in the Belmont Stakes due to illness. Year to date handle through June was down as compared to projected handle by \$400,640 or 0.9%.

The total number of QWIKbetz operations as of June 30th was 33, and we are now down to 32 due to several recent closures. Total QWIKbetz handle was down \$339,981 or 26.5% in June, and down \$528,272 or 9.0% year to date. Sit n' Sip has closed down and their last day was 6/5/2016, as well as CB's on 6/15/2016. East Side Grill has just closed due to a change in ownership their last day was 7/25/2016. Uncle Chuck's, formerly known as Bidly Spratt's was recently approved by the Gaming Commission so there was no down time between the two. They were down \$131,782 or 66.6% for the month of June, and \$562,665 or 57.4% year to date, seemingly due to a shift to the Jon Thomas Inne, which reopened last August. The QWIKbetz location at Southampton

Publick House that closed on 4/11/2016 did a total of \$159,541 in June last year. Most of the locations had decreases, but there were several that had increases; these included Gator Blue, which was up \$17,622 or 53.2% for June, and \$69,316 or 54.0% year to date. Tommy's was up \$15,183 or 100.8% for June and \$105,026 or 387.0% year to date. Signal 8 was up \$7,381 or 14.0% for June, and down \$12,876 or 5.2% year to date. Village Pub, and Rudi's are upstate with the Gaming Commission. Rudi's is still working on changing their liquor license for the Gaming Commission's approval. Connolly Station in Bay Shore has their application in SROTB'S Legal Department waiting on documents. We have completed applications and are finalizing the paperwork for Linsatorr's Place, Doc Ryan's, Shanahan's Bar & Grill, and Railroad Café. The Seagull in West Babylon has a completed application they are the same owner as the Gator Blue QWIKbetz. Shagwong's in Montauk has had another change in ownership and withdrew their application.

Internet wagering was down \$151,407 or 14.1% for the month, and was down \$120,953 or 2.1% year to date. Telephone wagering was down \$215,001 or 28.7% for the month, and was down \$1,299,615 or 29.9% year to date. The Racing Forum's handle was up \$124,248 or 4.3% for the month, and was up \$174,434 or 1.1% year to date. The five remaining regular branch locations' total handle was down \$1,118,046 or 30.9% in June and down \$3,973,677 or 20.6% year to date. As previously mentioned, the Commack branch closed right after Belmont Stakes. Some of this is also attributable to the previously discussed reduction in branch hours, effective 12/13/2015. These are all day branches during the week and are closed on Tuesdays. The Centereach branch

was down \$251,448 or 30.4% for the month, and was down \$821,934 or 19.3% year to date. Commack branch was down \$393,670 or 63.1% for the month, and was down \$939,560 or 27.5% year to date. Shirley was down \$74,176 or 14.4% for the month, and was down \$549,309 or 19.6% year to date. The Route 110 branch was down \$94,955 or 14.3% for the month, and was down \$587,597 or 15.5% year to date. Airport was down \$303,797 or 30.8% for the month, and was down \$1,075,277 or 21.5 % year to date.

QWIKbetz handle decreased from 13.3% of total handle for June 2015 to 11.9% for June 2016. The internet handle slightly increased from 11.2% of total handle for June 2015 to 11.7% for June 2016. Telephone handle decreased from 7.8% of total handle for June 2015 to 6.7% for June 2016. The Racing Forum handle increased from 30.1% of total handle for June 2015 to 38.1% for June 2016. The regular branch handle decreased from 37.6% of total handle for June 2015 to 31.6% for June 2016.

The year to date QWIKBetz handle increased from 11.5% of total handle in 2015 to 11.8% for June 2016. The internet handle year to date increased from 11.5% of total handle in 2015 to 12.7% for June 2016. The year to date telephone handle decreased from 8.5% of total handle for June 2015 to 6.7% for June 2016. The Racing Forum handle increased from 30.8% of total handle in 2015 to 35.0% for June 2016. The year to date regular branch handle decreased from 37.7% of total handle in 2015 to 33.7% for June 2016. The total in state thoroughbred handle was down \$802,561 or 16.62%.

Belmont handle, not including the Belmont Stakes was down \$115,852 or 3.7% for the month of June with the same number of race days as last year. Belmont Stakes was down \$664,061 or 47.1%. Finger Lakes handle was down \$22,649 or 8.9% with one less race day than last year. The average daily handle was slightly down \$525 or 4.5%. Total in-state harness handle was down \$92,632 or 24.37%. Most of the harness tracks decreased in handle. Buffalo was up by \$4,062 or 37.1% despite 1 less racing day than last June. Their daily average was up by \$316 or 46.3%. Monticello and Yonkers were down \$49,615 or 26.7% and 43,537 or 32.7% respectfully. Their daily averages were also down by \$3,155 or 30.5% and 1,984 or 22.3%.

The total out of state thoroughbred handle was down by \$582,716 or 17.01% for the month of June. Daily averages as a whole for thoroughbred tracks were down by 19,424 or 17.0%. CDI tracks' combined thoroughbred handle was down \$65,927 or 11.05%. This can be attributed to all of the tracks being down except for Thistledown's handle which increased by 18,142 or 17.8%. CDI thoroughbred tracks combined had the same amount of race days than last year. Monarch tracks' combined thoroughbred handle was down by \$79,117 or 5.24%. The daily average for all Monarch tracks' combined decreased \$4,164 or 5.24%. Pimlico had an increase of 228,659 or 449.7%. The daily average increased by \$521 or 3.1%. This is due to the increase of race days. Santa Anita decreased by \$144,461 or 38.9%. Their daily average was down by \$9,029 or 38.9%.

The total out of state harness handle was down \$222,277 or 22.6% for the month of June. Daily averages as a whole for Harness tracks were down by \$7,409. CDI tracks' combined harness handle was down 80,900 or 33.02% for the month of June. The Daily averages for all CDI tracks' combined decreased 3,112 or 33.02%. Monarch track Meadowlands' handle was down \$44,738 or 30.20% with the same amount of race days as last year. Most of the out of state Harness tracks were down in total this month, and so were their daily averages. Northfield Park had the largest decrease for the month of \$50,938 or 37.1% with one less race day than last year. Statewide OTB Handle decreased \$6,108,639 or 11.2% for the month of June. Every region had a decrease. Our decrease of \$1,700,186 or 17.7% was the largest percentage decrease due to the reduction in branch hours and Commack closure previously mentioned. Nassau had the largest dollar decrease of \$2,406,127. Western OTB had the smallest decrease of \$316,579 or 4.2%. Year to date statewide OTB handle through June was down \$14,564,767 or 4.9%. Capital still has a net year to date increase of \$659,127 or 0.9%. We again showed the largest decrease as previously discussed due to 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.

As of Tuesday, July 26<sup>th</sup>, handle for the first 26 days of the month is down \$1,222,679 or 16.3%.

### **ITEM #3 PRESIDENT'S REPORT**

President Nolan stated that the numbers in the handle report for June did not offer any good news. He made a point for the record that we continue to take cost reducing measures, some of which contribute to the decline in handle, but positive for the organization on a business decision basis. Several branches have been closed as previously reported; the last branch to close was Commack. While these closings result in a minor drop in handle it is actually better for our bottom line, due to savings from reduced operating expenses.

President Nolan stated that he reserves the rest of his comments for Executive Session.

### **ITEM #4 VICE PRESIDENT'S REPORT**

Vice President Pancella stated that we are in contract negotiations with the attorneys for the purchase of the Airport branch property. The sale of that property is in our financial projections that Delaware North is using for our cash management purposes. Vice President Pancella believes that we got a good price relative to the current market, as confirmed by real estate professionals. This deal is going forward and Vice President Pancella said that we hope to close by October 1, 2016; we will have an update by the next Board meeting.

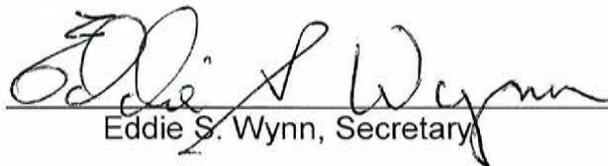
Vice President Pancella further stated that we are in negotiations on an offer for the Medford property and we seem to be coming to terms on the sale for more money than we paid for it. This money will not come to the company for operational purposes but it will decrease our Delaware North debt substantially.

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday, August 25, 2016, 2016 at 10:00 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