

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on August 25, 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:

Victor Salamone	Chief of Staff
Lorraine Pappas	Deputy Chief of Staff
Kim Edelstein	Director of Wagering Operations and Customer Service
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 July 28, 2016**

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of July 28, 2016 whereupon a motion that those minutes be approved was made by Chairman Feeney, seconded by Secretary Wynn and carried unanimously.

## ITEM #2 JULY HANDLE REPORT

Celine Gazes, Comptroller reported the analysis of July 2016 handle report. The handle for the month of July 2016 was down \$893,427 or 10.1% from July 2015. The year to date handle through July 2016 was down \$6,641,509 or 0.3% from 2015. The July handle was slightly up as compared to projected handle by \$27,147 or 0.3%. The year to date handle through July was down as compared to projected handle by \$373,493 or 0.7%.

The total number of QWIKBetz operations as of July 31st was 30. The East Side Sports Grill closed on July 26, 2016. The total QWIKBetz handle was down \$62,330 or 6.7% in July. The total QWIKBetz handle was down \$590,602 or 8.6% year to date. Connolly Station in Bay Shore and Doc Ryan's has their applications in SROTBS Legal Department waiting on documents. We have completed applications and are finalizing the paperwork for Linsatorr's, Sea Gull, Giacamo Jack's, Pleasant Inn, and Hinaya Cards and Gifts. The Bays Bar and Grill (formally CB's), Village Pub, Rudi's and Harbor Crab Co. are all upstate with the Gaming Commission. Rudi's is still working on changing their liquor license for the Gaming Commission's approval. Sit n Sip and CB's closed in June 2016; they did \$29,687 and \$74,303 in July 2015 respectively. Southampton Publick House, which closed in April 2016, did \$81,131 in July 2015. Bidy Spratt's has officially closed as of July 21, 2016 and has re-opened with a new owner under the name Uncle Chuck's; they were down \$47,125 or 38.6% for July and \$609,790 or 55.3% year to date. This is due to Jon Thomas being open again. The combined handle for the two locations was up \$34,007 or 27.9% for the month of July, but slightly down at \$10,172 or 0.9% year to date. Some of the other large decreases included Grumpy Jacks,

which was down \$29,397 or 68.4% for July and \$71,883 or 32.2% year to date. Gator Blue was also down \$28,926 or 40.6% for July, however, they are up \$40,390 or 20.2% year to date. Bapa Cards was up \$22,959 or 27.8% for July, and \$98,572 or 20.4% year to date. Savino's was up \$21,116 or 61.5% for July and \$28,108 or 9.3% year to date.

Internet wagering was basically flat, it is up \$2,460 or 0.2% for the month, and was down \$118,493 or 1.7% year to date. Telephone wagering was down \$132,671 or 17.7% for the month, and \$1,432,286 or 28.1% year to date. The Racing Forum's handle was up \$393,303 or 14.7% for the month, and up \$567,738 or 3.1% year to date, probably due to the closing of Commack in mid-June.

The Commack Branch closed on June 13, 2016. The regular branch locations' total handle was down \$1,094,190 or 32.2% in July and down \$5,067,866 or 22.4% 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 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 \$298,827 or 34.7% for the month, and was down \$1,120,761 or 21.9% year to date. The Shirley branch was down \$39,944 or 8.9% for the month, and was down \$589,253 or 18.1% year to date. Route 110 branch was up \$1,255 or 0.2% for the month, due to the closure of Nassau's Farmingdale branch. This is especially impressive when you consider the fact that they were open at night and on Tuesdays last year

and not this year. They were down \$586,342 or 13.3% year to date. The Airport branch was down \$218,111 or 23.3% for the month, and was down \$1,293,388 or 21.8 % year to date. They will be closed effective September 6, 2016, the day after Labor Day.

The QWIKBetz handle increased from 10.5% of total handle for July 2015 to 11.0% for July 2016. The internet handle increased from 11.9% of total handle for July 2015 to 13.3% for July 2016. The telephone handle decreased from 8.5% of total handle for July 2015 to 7.8% for July 2016. The Racing Forum handle increased from 30.5% of total handle for July 2015 to 38.9% for July 2016. Regular Branch handle decreased from 38.6% of total handle for July 2015 to 29.1% for July 2016. The year to date QWIKBetz handle increased from 11.4% of total handle in 2015 to 11.7% for July 2016. The internet handle year to date increased from 11.6% of total handle in 2015 to 12.8% for July 2016. The telephone handle year to date has decreased from 8.5% of total handle for July 2015 to 6.9% for July 2016. The year to date Racing Forum handle increased from 30.7% of total handle in 2015 to 35.6% for July 2016. The regular branch handle year to date decreased from 37.8% of total handle in 2015 to 33.0% for July 2016.

The total in state thoroughbred handle was down \$147,868 or 3.77%. Saratoga handle was up \$351,743 or 27.1% for the month of July with two more race days this year than last year. The daily average was down by \$2,058 or 1.1%. The Belmont handle was down \$453,429 or 19.2% for the month of July with three less race days this year than last year. The daily average was up by \$1,638 or 1.0% in July. The combined NYRA handle was down \$101,687 or 2.8%, with one less racing day. The combined daily average was up \$3,083 or 1.9%. Finger

Lakes were down \$46,181 or 18.0% with one less racing day. The daily average was down \$1,699 or 13.9%. The total in-state harness handle was down \$129,333 or 28.6%. Most of the harness tracks decreased in handle. Buffalo was up by 5,331 or 45.5%, and their daily average was up by \$404 or 55.1%. Monticello and Yonkers were down \$63,729 or 35.8% and \$61,700 or 30.3% respectively. Their daily averages were also down by \$2,225 or 23.7% and 2,805 or 30.3%. The total out of state thoroughbred handle was down by \$375,571 or 10.75% for the month of July. Daily averages as a whole for thoroughbred tracks were down by 12,115 or 10.8%. A significant portion of this decrease can be attributed to the decreased hours and the decision not to take night time out of state thoroughbred wagers Sunday through Thursday to save on "maintenance of effort" costs. The CDI tracks' combined thoroughbred handle was up \$18,826 or 5.15%. This can be attributed to Indiana handle increase by 31,780 or 27.2%. CDI thoroughbred tracks combined had three more race days than last year. Monarch tracks' combined thoroughbred handle was up by \$19,990 or 1.17%. Monarch thoroughbred tracks combined had one more race days than last year. The daily average for all Monarch tracks' combined decreased \$2,775 or 3.42%.

The total out of state harness handle was down \$240,655 or 25.4% for the month of July. Daily averages as a whole for Harness tracks were down by \$7,763 or 25.4%. CDI tracks' combined harness handle was down \$47,902 or 23.97% for the month of July with six more race days than last year. The daily average for all CDI tracks' combined decreased \$4,148 or 41.51%. The Monarch track Meadowlands' handle was down \$26,411 or 18.04% despite one more race day than last year. The daily average decreased \$4,267 or 26.2%. Most of the Out of State Harness tracks were down in total this month, and so were their daily averages, again

due to the elimination of night hours at most branches. Mohawk had the largest decrease for the month of \$76,471 or 39.5% with the same number of race days than last year.

The statewide OTB Handle slightly decreased \$213,130 or 0.4% for the month of July. Every region had a decrease except for Western and Capital. Western and Capital handle increased by \$158,348 or 2.3% and \$1,028,071 or 7.3% respectively. Among the regions that had decreases, our decrease of \$893,427 or 10.1% was the largest in both dollars and percentage due to the reduction in branch hours previously mentioned. Nassau OTB had the smallest decrease of \$241,488 or 1.6%. The statewide OTB Handle decreased \$14,777,897 or 4.2% year to date through July 2016. Capital is still the only region with a year to date increase \$1,687,198 or 1.9%. Although Western and Nassau's year to date decrease were both 4.0%, the dollar decrease for Nassau was \$4,262,257 vs. \$2,020,972 for Western. Our year to date decrease is still the largest in the state, which will probably continue to be the case for the rest of the year.

As a result of the decision to reduce branch hours to save labor costs, we should 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 Sunday, August 21, handle for the first 21 days of the month is down \$807,955 or 12.22%. We are running slightly below projections for the month, but a good Travers could change that.

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

President Nolan stated that latest development with regards to the VLT facility is that the Village of Islandia unanimously approved the Special Use Permit for the Marriot location last week. This decision was preceded by a vote of 8-1, by the Suffolk County Planning Committee to move the decision back to the Village of Islandia therefore no need for a super majority vote on the requested use of the property. President Nolan stated that we are now waiting for an update from Delaware North on the next stage of purchasing the property and the time line going forward. President Nolan stated that he reserves his comments regarding litigation matters for Executive Session.

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

Vice President Pancella stated that we have started discussions of offering a mobile tablet type of wagering device in conjunction with the QWIKBetz. The patrons at the bars and restaurants are a younger demographic and we believe this will expand our customer base. This will give them opportunity to download mobile apps that would allow them to track wagering and compensate the bar owners. We are speaking with vendors who are looking for technical solutions to facilitate the use of mobile devices and or tablets.

Vice President Pancella also stated that we continue to examine how we can cut costs, to help the bottom line numbers. For example, we downsized the company cell phones from 20 to 7 currently. We are looking into changing the branch hours, possibly adding hours at Route

110 to take advantage of the boost we've received in business lately due to the closing of a Nassau branch. Vice President Pancella and his team have had several conference calls regarding daily fantasy sports (DFS), all the regions have been together on this idea. Vice President Pancella said that he spoke with David O'Rourke at NYRA and he agreed that having all the regions working together in a joint effort would be beneficial to all the OTBs. It would be difficult for us to compete with the other larger companies such as Draft Kings and Fan Duel. Fan Duel has a cross marketing agreement with Western OTB. Western is the only OTB not included in the group, the appeal to Fan Duel is that Western has a large marketing budget as a result of their VLT facility. Suffolk OTB should have the same opportunity in the future. We still need the bill to be passed in the state of New York before any of these options can begin. There are smaller, user friendly games that can be played in our own facilities.

General Counsel James McManmon proposed a Corporate Resolution approving the sale of the Airport branch at 300 Knickerbocker Avenue, Bohemia, NY 11716, in the sum of One Million Dollars (\$1,000,000.00).

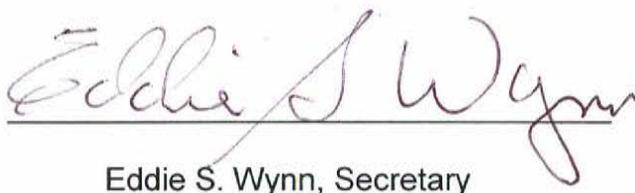
A motion was made by Vice Chairman Hemendinger that the Board approve the Resolution. The motion was seconded by Secretary Wynn and carried out unanimously.

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday, September 22, 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

CERTIFICATE OF CORPORATE RESOLUTION

The undersigned, EDDIE S. WYNN, member of and secretary to the Board of Directors of the SUFFOLK REGIONAL OFF-TRACK BETTING CORPORATION, a New York public benefit corporation, with offices at 425 Oser Avenue, Suite 2, Hauppauge, New York 11788, does hereby certify that at a meeting of said Board of Directors duly called and held on the 25<sup>th</sup> day of AUGUST, 2016, at Hauppauge, New York, the Board of Directors unanimously adopted the following Resolution, which has not been modified or rescinded:

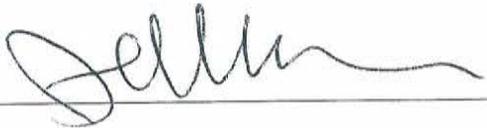
RESOLVED, that the Corporation shall sell the real property owned by said Corporation located at 300 Knickerbocker Avenue, Bohemia, New York 11716, also known as Suffolk County Tax Map Number 0500-193.00-01.00-016.023, to any willing third party for the amount of one million (\$1,000,000.00) Dollars, and further that the president of said Corporation, PHILIP C. NOLAN, is authorized to executed a deed and what other further documents may be required.

IN WITNESS WHEREOF, the undersigned has hereto affixed this hand and the seal of said Corporation this 25<sup>th</sup> day of AUGUST, 2016.

  
EDDIE S. WYNN

STATE OF NEW YORK    )  
                                  ) ss.:  
COUNTY OF SUFFOLK    )

On the 25<sup>th</sup> day of August, 2016, before me the undersigned personally appeared EDDIE S. WYNN, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individuals, or the person upon behalf of which the individual acted, executed the instrument.

  
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NOTARY PUBLIC

**JAMES McMANMON**  
**NOTARY PUBLIC, State of New York**  
**Suffolk County Reg. No. 4991902**  
**Comm. expires Feb. 10, 2018**