

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting

Corporation was held on August 27, 2009 at 10:00 A.M. at Corporate Headquarters, 5 Davids

Drive, Hauppauge, New York.

The following persons were present:

Dominick P. Feeny	Chairman
Herbert Hemendinger	Vice Chairman
Eddie S. Wynn	Secretary
Jeffrey A. Casale	President/CEO
Marietta M. Seaman	Vice President
Neil H. Tiger	Corporate Counsel
Celine Gazes	Comptroller
Edna Donohue	Corresponding Secretary to Board

Also Present:

David Needham	Chief of Staff
Debbie Pfeiffer	Director of Government and Public Affairs
Kevin Snover	Board Counsel
Paul Edelstein	Director of Wagering Operations and Services
Cathy Rice	Teamsters Local 237 Representative

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The Meeting was called to order by Chairman Feeny at 11:00 A.M.

**ITEM #1      APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS MEETING OF JULY 22, 2009**

Chairman Feeny stated that the first item on the Agenda was to approve the Minutes of the Board of Directors Meeting of July 22, 2009. Vice-Chairman Hemendinger made a motion that the Minutes be approved, seconded by Secretary Wynn and passed unanimously.

**ITEM #2      JULY HANDLE**

President Casale stated that handle for the month of July was just horrible. He feels we have lost a lot of the casual bettors and Director of Wagering Operations, Paul Edelstein, confirmed that the “big” bettors are also betting less and not as often. President Casale added that there is clear evidence that while other areas are showing signs of an economic recovery, Suffolk was hit later and therefore will probably recover later. He has reviewed the economic summary provided by the Long Island Association. He added that unfortunately the Corporation has not seen the boost in handle that racing at Saratoga normally brings. There is just a general decline in the horse racing industry with tracks as well as the OTBs having problems. The Corporation is working diligently to adapt to the changes.

**ITEM #3      WORKER’S COMPENSATION INSURANCE**

With the rising costs of worker’s compensation insurance, the Corporation is seeking to perhaps change carriers and obtain a lower premium. One company that the Corporation is considering is PERMA. At a recent OTB Presidents’ Meeting, insurance rates were discussed and PERMA was one of the companies mentioned. Vice President Seaman is familiar with PERMA. When a quote is received, it will be presented to the Board of Directors for their review and determination. Mr. Needham explained that the Corporation will be assigned a committed team consisting of a nurse to review claims, a safety officer to assist with training and an administrator. Vice Chairman Hemendinger commented that he says the Corporation is doing a great job in cutting expenses. Comptroller Gazes reported that the Corporation’s cost-cutting measures through June 30<sup>th</sup> have resulted in savings of \$700,000 with more to be seen in the next few months with several retirements expected.

**ITEM #4      UPDATE BY PRESIDENT**

President Casale reported that he had attended several meetings since the last Board meeting both in Saratoga and Albany. In Saratoga, he and the other Presidents attended the Albany Law Center conference. Charles Hayward of NYRA made one of the most irresponsible and unfortunate comments that President Casale thought the statement insulting, wrong, offensive and counter-productive to having discussions about how to solve the problems in the racing industry. President Casale also visited with several newspapers in that area to try and clear the record. The record is that 80% of handle comes from OTB customers. Much of the information floated out there is irresponsible. He met with three other regions, Capital, Catskill and Western with respect to responding to the erroneous comments. Just recently President Casale has met and interviewed several public relations firms to represent the four regions previously mentioned. The purpose was to find out how much it would cost the OTBs collectively to use such a firm to make a rapid response to the incorrect information being floated. John Signor, President of Capital OTB, recently did an op-ed piece for a paper in Schenectady, a copy of which will be furnished to the Directors, in response to the criticisms using an analogy of NYRA v. General Motors citing bankruptcy, government bailout, etc. including the indictment of NYRA. The privately held tracks could care less about the taxpayers of Suffolk County or any other local government who would benefit from the profits from their regional OTB. He will keep the Board informed.

**ITEM #5      RESULTS OF STATE AUDIT**

President Casale reported that the State Auditors were here for approximately two weeks. The headquarters staff provided whatever information was requested. The informal exit interview was held with President Casale and Comptroller Gazes. The auditors had no findings and no criticisms. They noted the Corporation is operating at a loss due to the statutory payments. The auditors will comment that those payments are saddling all the OTBs with tremendous debt as their findings are similar in every OTB they went to. Suffolk pays out 84% of their revenue with less and less going to the taxpayers. The auditors stated the Corporation should continue doing what we're doing. As soon as their written report is received, copies will be sent to the Directors directly from the State Comptroller's Office and perhaps a meeting will be called to discuss a response if necessary. Once those results are in, President Casale intends to request a meeting with Comptroller DiNapoli to explain that unless legislative relief is forthcoming, the OTBs cannot survive.

**ITEM #6      PRESENTATION BY UBET**

A presentation was made to the OTB Presidents at their meeting by UBet, a subsidiary of United Tote, of their internet wagering platform. President Casale stressed the need for Suffolk to set up an internet wagering program which it is hoped will be a convenience to our customers and attract some younger bettors. UBet is working on a proposal for us. On the other hand Catskill, Western, Capital and Suffolk may do a joint venture using Capital's wagering platform. Cost will be a consideration and all programs are being considered. Since time is of the essence, it was requested that the Board authorize the President to enter into negotiations. Accordingly, Vice Chairman Hemendinger made a motion to authorize Jeffrey A. Casale, President, to enter

into negotiations and sign an agreement in the event a suitable internet wagering platform is approved and which must be submitted to the NYS Racing and Wagering Board for approval, seconded by Secretary Wynn and unanimously passed. Capital's internet wagering program is approved by the Racing & Wagering Board.

**ITEM #7      THE TASK FORCE ON THE FUTURE OF OTBS**

President Casale announced that he is working with the NYS Associate of Counties to try and get their support with respect to the Task Force on the Future of the OTBs in New York. They are willing to prepare a report on the fiscal impact of OTBs on various counties. The current status on that Task Force is unknown. President Casale stated he had appeared at a meeting of the Task Force along with some of the other Presidents and outlined the Suffolk Plan. There was a recent Senate hearing held in Manhattan on the future of New York City OTB whose projections are grim. Our lobbying firm attended that meeting. Their report will be furnished to the Board. Nassau's President, Dino Amoroso, appeared at the hearing and did a great job in countering the attacks against OTBs.

**ITEM #8      EQUIBASE**

Corporation Counsel Neil Tiger stated about two weeks ago, the Print Shop who receive the profiles from a third party company and then tweak them for the benefit of both Suffolk and Nassau, was denied the information by Equibase. Bill Majuk, Director who oversees the Print Shop, spoke to Equibase and apparently there is a requirement to have a license from them for the raw data. This was not previously known to us as the principals who had arranged for the import of the data are since retired from the company. Negotiations were had and an agreement

reached, a copy of which is in the packet. Profiles on the website would cost \$2,500 per month so we have opted to discontinue putting them on our website. Links have been set up so the customers can get the information directly from any track. We must advise Equibase of any new additional branches or deletions of branches. Further discussion was had with regard to the third party provider who took the raw data and made a profile out of it. Neil will prepare an agreement for signature by Nassau of the understanding they will be responsible for \$20.00 per month. Since the matter of Equibase is urgent, Vice Chairman Hemendinger made a motion that the agreement between Equibase and Suffolk Regional Off-Track Betting Corporation be approved, seconded by Secretary Wynn and unanimously approved.

**ITEM #9      JULY HANDLE REPORT**

Comptroller Gazes stated that handle for the month of July was down 16.8% for the month compared to 2008 and 1.6% from the revised projection.

Page 2 is a summary of handle by branch. Qwik-Bets are up slightly due to the additional locations. The older Qwik Bets' handle is down compared to the same period in 2008. Some branches down significantly were Commack, Riverhead, Patchogue, Racing Forum with the Phone Room's handle basically flat. President Casale is hoping that the Phone Room's July handle is an indicator that the figures will be flat rather than in more of a decline. Nassau's telephone handle is down as we think there has been a shift to their internet. That may impact the payments that Nassau makes to us for the Phone Room expenses.

Handle by track. There were less racing days at Saratoga in August this year. There is an error which Comptroller Gazes will correct. Yonkers is down due to less racing days. DelMar

has 6 less days. More tracks are closing more days to try and save money. Out-of-state thoroughbred handle is down 21%. Out-of-state harness is also down and Hawthorne did not race at all this year. That points out the fact that there is less product available. Meadowlands is down significantly.

Regional handle analysis. For July, Suffolk is the worse this month in percentage of decline. The recession hit Suffolk later so it may take longer to come out of it. Comparison was made with the 2008 figures.

An executive session is necessary to discuss of a potential litigation matter. Accordingly, Vice Chairman Hemendinger made a motion that the Board go into Executive Session, seconded by Secretary Wynn and unanimously passed.

Upon reconvening in open session, a date of September 24<sup>th</sup> at 10:00 a.m. at Corporate Headquarter was set for the September meeting.

Thereafter, Vice Chairman Hemendinger made a motion to adjourn, seconded by Secretary Wynn and unanimously passed.

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Secretary

**RESOLUTION**

After a motion was made, seconded and a majority vote, it is hereby

RESOLVED, that Jeffrey A. Casale, President/CEO, is hereby authorized to enter into negotiations and sign an agreement in the event a suitable internet wagering platform is approved which must then be submitted to the NYS Racing and Wagering Board for approval.

**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 special meeting of Suffolk Regional Off-Track Betting Corporation held at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York 11788 on the 22<sup>nd</sup> day of August, 2009.

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Secretary

**RESOLUTION**

After a motion was made, seconded and a unanimous vote, it is hereby

RESOLVED, that the agreement between Equibase and Suffolk Regional Off-Track Betting Corporation be approved and executed.

**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 regular meeting of Suffolk Regional Off-Track Betting Corporation held at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York 11788 on the 22<sup>nd</sup> day of August, 2009.

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Secretary