

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on July 22, 2009 at 12:00 Noon at The Racing Forum, 690 Motor Parkway, Hauppauge, New York.

The following persons were present:

Dominick P. Feeney	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
Russ Kratoville	Deputy Comptroller
Debbie Pfeiffer	Director of Government and Public Affairs
Paul Edelstein	Director of Wagering Operations and Services
William Shilling	Suffolk County Legislative Liaison
Bill Hagelmann	Branch Manager

The Meeting was called to order by Chairman Feeney at 12:05 P.M.

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS MEETING OF JUNE 24, 2009

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors Meeting of June 24, 2009. Vice-Chairman Hemendinger made a motion that the Minutes be approved, seconded by Secretary Wynn and passed unanimously.

ITEM #2 JUNE 2009 HANDLE REPORT

Comptroller Gazes reported that handle for the month of June was down 19.4% from the same time in 2008. On a year-to-date basis handle is down 13% and are down from revised projected handle 0.1% for the month and 5.1% year-to-date.

Page 2 is handle by branch. Qwik-Bet handle is up 6.7% due to the additional locations. Tommy's Place 2 opened on May 27th and Tommy's Place 2 on June 17th. Most of the branches were down and those significantly were as follows: Riverhead 27.8%, Commack down 27.8%, Patchogue down 30.8% and the Racing Forum down 29.6%. Ronkonkoma was down only 2.6% and Sunrise only 1.3%.

Page 3 is a comparison of handle by entity. On a month-to-date basis, phone room handle as a percentage decreased from 12.8% in 2008 to 12.4% in 2009; the Racing Forum as a percentage of total decreased from 27.3% to 23.8%. Handle for the branches as a percentage of total increased from 57.9% in 2008 to 61.0% in 2009. Qwik-Bets have increased from 2.1% to 2.7% of total handle. On a year-to-date basis, the trends in percentages of total handle are similar as those just mentioned. As a result of the increased percentage of handle coming from regular branches and Qwik-Bets, the surcharge revenue decreased for the month only 17.5% while handle decreased 19.4% and year-to-date surcharge revenue is down about 9.3%. A graphical presentation of that is on Page 4. Beginning in July, the report will contain information as to net revenue as opposed to net handle information and perhaps both.

Page 5 is a summary of handle by track. NYRA handle decreased 25.5% with one more dark day in 2009 than in 2008 with a record number of rainy days in June. Belmont Stakes handle was down 15.3%; Finger Lakes handle was down 7.4%. In-state harness handle

increased 2.0% because Monticello continues to do well with their handle increasing 39.8%. They're running in the daytime and on dark days. Yonkers was down 11.7%. Out-of-state thoroughbred handle decreased 19.5% with some tracks having small fields and fewer racing days (Churchill and Hollywood). Out-of-state harness handle decreased 16.4%.

Page 6 is a summary of statewide OTB handle by region. On average, the OTB regions' handle decreased 11.5% from 2008 with Suffolk's decline being 19.4%. On a year-to-date basis, the statewide decrease is 10.8% with Suffolk's being 13.0%.

As a preview to July, through Monday, July 20th, month-to-date handle was down 17.9% compared to 2008.

There has been a change in the Superfecta rule that allows for one less horse in the field and still have a superfecta bet.

ITEM #3 MEETING WITH STATE AUDITOR

President Casale stated that just prior to coming to today's meeting, he, Vice President Seaman, Chairman Feeney, Comptroller Gazes and Deputy Comptroller, Russ Kratoville, had met with the State Comptroller's Office who will be conducting an audit of all the OTBs. New York City's audit has been completed. President Casale thinks the audit is being conducted so that the State can get a handle on what the issues are with all the regional OTBs with respect to revenue, distributions and looking for commonality in the problems being experienced by all regions. They will look at the financials and procedures undertaken to cut costs. The Corporation will certainly welcome any recommendations the auditors will have in terms of helping Suffolk OTB achieve its goal of remaining efficient and reducing expenses. The audit

will begin in approximately two weeks and be based in the HQ building. It should last 2-3 weeks. President Casale intends to share the “Suffolk Plan” with them.

ITEM #4 MEETING AT SARATOGA

President Casale announced that he would be going up to Saratoga for a meeting on the 27th of July for the purpose of attending an OTB Presidents’ meeting and perhaps stay for the Task Force meeting on the 30th. Topics to be discussed will include the state-wide tote. The RFP has been drafted and the meeting will determine when that will be set in motion.

ITEM #5 THE OMNIBUS BILL

President Casale announced that an omnibus bill that Suffolk’s and Capital’s counsels were instrumental in preparing with the Senate Committee on Racing and Wagering addresses many issues including the statutory payments and the amendments we are seeking. Since there was a long delay in the session, no action was taken and the State Legislature is now in recess until September and hopefully the bill will be taken up then. President Casale does not feel the bill goes far enough but is a great first step.

ITEM #6 DEPARTMENT HEAD MEETING

Based upon the declining handle and tanking economy, President Casale stated he had met with the Department Heads just the week before during which meeting he explained that while cost-cutting measures were on-going, it would also be necessary to generate revenue in one way or another. Both President Casale and Vice-President Seaman plan to meet with those Department Heads over the next couple of weeks to see what can be done but he believes it is

time to re-shape the organization in light of what can be described as a changed environment. There needs to be changes at the branch level, a continuation of seeking out possible Qwik-Bet locations in areas where there is no branch to get new racing fans and downsizing the Corporation in general. All steps taken will be with the future of the Corporation and the bottom line in mind.

A lot of creative things are coming up including a state-wide handicapping contest which Paul Edelstein is involved in. The aim is to have the OTBs work together and hopefully increase the revenue at the same time. There will be more cooperative ventures in the future. The branches need to be made friendlier and the Corporation must move to the internet to attract more bettors. Talks are in the works with New York City OTB as well as Capital OTB to perhaps tap into their platforms. President Casale feels that without internet wagering, Suffolk OTB is at a disadvantage. The hurdle is that it costs money to do it so the money will have to be found. Unfortunately, the State does not deem it necessary to regulate the out-of-state ADWs.

Chairman Feeney stated that President Casale, Vice President Seaman as well as the staff are doing a great job and that we must all pull together and help out each other and try to come up with cost-saving measures so that the State will take a look at and realize the Corporation is doing its very best and it is necessary for the State to step up.

The next meeting of the Board will take place on August 27th at 10:00 a.m. at a place to be determined.

With some litigation matters to be discussed, Vice Chairman Hemendinger made a motion to go into Executive Session, seconded by Secretary Wynn and unanimously passed.

Upon re-convening in open session, Corporate Counsel/Executive Director Tiger stated that the Executive Session was held to discuss matters in litigation. There was no action taken other than the Board being briefed on the status of the litigation.

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

Secretary