

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

Corporation was held on October 22, 2009 at 10:00 A.M. at Corporate Headquarters, 5 Davids

Drive, 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:

Debbie Pfeiffer	Director of Government and Public Affairs
Kevin Snover	Board Counsel
Russ Kratoville	Deputy Comptroller
Tom Kilmartin	Budget Director
Paul Edelstein	Director of Wagering Operations and Services

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 OF SEPTEMBER 24, 2009

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

ITEM #2 SEPTEMBER HANDLE REPORT

Comptroller Gazes reported that handle for the month of September was down 10.6% from 2008 and year-to-date down from 2008 13.8%. Handle for September was down from projected 6.9% and 6.1% from projected year-to-date.

Page 2 is a report of handle by branch. Qwik-Bet handle is up 54.9% both due to the new locations and the return of a big bettor at one of the locations. Most of the branches were down significantly as follows: Phone Room down 14.5%, Commack down 21.2%, Route 110 down 30%, Southampton down 37.6%, Patchogue down (and now closed) 63.9%, Racing Forum down 16.9% and Grand Blvd. down 15.9%. Branches that were up were Huntington at 9.0%, Riverhead at 2.9%, Shirley 28.6% and Airport 23.9%. From the figures for both Shirley and Airport, it would appear that the handle was retained from the closed Patchogue branch was retained.

Page 3 is an analysis of handle by entity. Phone Room handle as a percentage of total month-to-date handle decreased from 14.1% in 2008 to 13.4% in 2009; the Forum went from 25.5% to 23.7%; branch handle increased from 58.6% to 59.6% in 2009 and Qwik-Bets have increased from 1.9% to 3.3% of total handle due to the additional locations. On a year-to-date basis, handle for these categories as a percentage of total year-to-date handle show the same trends we've been seeing all year.

As a result of the increased percentage of handle coming from regular branches and Qwik-Bets, the surcharge revenue decreased for the month by 8.9% despite the 10.6% decrease in handle.

Page 4 is a graphical representation of handle by branch.

Page 5 is a summary of handle by track. NYRA handle increased in total by 5.1% compared to 2008 with 2 additional racing days and the fact that Saratoga ended later this year. Finger Lakes handle was down 19.3%. Overall, in-state harness handle decreased 13.3%, mainly due to Yonkers which was down 24.6%. Monticello continues to do well with a handle increase of 12.7%. Out-of-state thoroughbred handle decreased 19.8%. Several tracks are running fewer days and with smaller fields. Out-of-state harness handle decreased 19.8%.

Page 6 is a summary of statewide OTB handle by region. On average the OTB regions' handle decreased over 2008 by 4.6% for the month of September with Suffolk's decline being 10.6% which was higher than the average. Other regions fared much better no doubt due to internet wagering and cash rewards.

As a preview to October, through the 20th, month-to-date handle was down from 2008 15.0% with 6 dark days in the first 20 days of October in 2009 versus the same period in 2008.

ITEM #3 BLEAK FINANCIAL OUTLOOK

President Casale stated that the handle report speaks for itself, handle decline continues. The Corporation continues to reduce expenses.. Meetings are scheduled for every Monday with regard to the budget and expense control. Now we also need to expand our efforts to revenue generation. The difficulty is that there is only limited funding for promotions to increase the revenue. President Casale believes there are options which will require some expenditure but which will increase the revenue. One of the options is the internet wagering. A decision has been made to go with Scientific Games for a very basic system very similar to Capital OTB's system. Paul Edelstein, Director of Wagering Operations and Services, has been working on that project and he stated that once Scientific Games is advised we are approved by NYS Racing &

Wagering, the time frame will be 8 to 10 weeks to implement the system but they will work on some of the program concurrently with the efforts to get approval.

At the same time is the rollout of the rewards program previously approved by the Board. Vice President Seaman has been proactive with those efforts and she outlined the various procedures undertaken to launch the Rewards program. Reward Program packets will be sent out next week. Advertising campaigns are being designed. The hope is to increase the customer base and therefore revenue. The initial monthly charge by our tote company is \$7,000 per month which would necessitate generating \$70,000 in handle.

President Casale has been monitoring the Corporation's financials subsequent to the closing of the Patchogue branch and is confident the decision to close that branch location was a good one. It appears that the handle has been retained. It also helped with branch staff scheduling. Deputy Comptroller Kratoville stated the monthly savings derived from eliminating the Patchogue Branch was \$40,000 per month. An analysis will be done with respect to perhaps closing other locations if it is practical.

In discussing the branches, President Casale brought up the Huntington branch location and the high rent we are paying for that site. The Director of Buildings, Grounds and Security, Jack Luquer, has been out searching for possible re-location sites in that area. We must stay in that area to retain the customer base. Discussion was had about ways in which a re-location could be made at minimal cost.

ITEM #4 STATE ISSUES

The situation remains the same. Deb Pfeiffer has provided in the packet alerts to both the County Legislature as well as the State delegation largely discussing the Task Force formed

earlier this year. It is ironic that while they have been charged with the duty of making a recommendation on the future of the OTBs, they never once met anywhere near an OTB nor visited one. Additionally that group issued an edict instructing the OTBs not to enter into any long-term contracts. Unfortunately President Casale feels they don't understand the problems especially when it is clear it is the dysfunctional distribution of revenue statutes and the racing industry itself. Discussion followed regarding a conversation President Casale had had with one of the Task Force Board members citing specifically a discussion about Corporation Counsel.

ITEM #5 MEETING WITH NEW YORK CITY OTB BOARD CHAIRMAN

President Casale announced he had recently met with the Chairman of the Board of New York City OTB along with Don Groth, President of Catskill OTB, and John Signor, President of Capital OTB. Also attending that meeting was Sylvia Hamer, Deputy Secretary to the Governor on Racing issues who is going to be extremely involved with whatever results with New York City and their Chapter 9 filing. The purpose of the meeting was to keep the other OTBs in the loop since whatever happens with New York City OTB will have a definite impact on the other regions. Since there will undoubtedly be some sort of legislative action needed, President Casale pitched the Plan which has been promulgated for resolving many of the issues involving the OTBs and the revenue distribution.

ITEM #6 OTHER MATTERS

President Casale stated there was the final of the NYS OTB Handicapping Contest scheduled for Saturday the 24th at Capital OTB's teletheater in Albany. Paul Edelstein, Director of Wagering Operations and Services will be on hand at that event.

The RFP for auditing services has been sent out and is returnable the 20th of November with a decision on the award due the middle of December and engagement thereafter. Budget Director Kilmartin stated that one of the members of the Board is asked to be on the Committee. With that being said, Vice Chairman Hemendinger volunteered to sit on the Committee to select the auditors.

Chairman Feeney inquired as to the State Auditor's report. Comptroller Gazes was contacted and a meeting will be scheduled. The draft report is due out the week of October 26th and the auditor will go over it with them at the meeting. President Casale stated he had had a discussion with the auditors when they had completed the field work here and one of the things mentioned was the serious issue of the distribution issue. President Casale hopes that whatever global report issued as a result of the audits of the OTBs will be focused on the issues of the way in which the OTBs are required to hand out the money.

With the economy so depressed, it is clear that the entertainment industry in general and more specifically the gaming industry has been hard hit. We are hopeful that internet wagering will help the financial picture although some expenditure may have to be made to market it.

With the business at a conclusion, Chairman Feeney requested an Executive Session whereupon Vice Chairman Hemendinger made a motion that the Board go into Executive Session which was seconded by Secretary Wynn and unanimously passed.

Upon reconvening in open session, Counsel Tiger stated that in Executive Session certain personnel and financial matters were discussed with no votes taken.

Vice Chairman Hemendinger made a motion that the meeting be adjourned, seconded by Secretary Wynn and unanimously passed.

Secretary