

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

Corporation was held on September 24, 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:

David Needham	Chief of Staff
Debbie Pfeiffer	Director of Government and Public Affairs
Kevin Snover	Board Counsel
Russ Kratoville	Deputy Comptroller
Paul Edelstein	Director of Wagering Operations and Services
Cathy Rice	Teamsters Local 237 Representative
Mariella Frush	Representative of PERMA

The Meeting was called to order by Chairman Feeney at 10:04 A.M.

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS MEETING OF AUGUST 27, 2009

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors Meeting of August 27, 2009. Vice-Chairman Hemendinger made a motion that the Minutes be approved, seconded by Secretary Wynn and passed unanimously.

ITEM #2 AUGUST HANDLE

Comptroller Gazes reported that handle for the month of August was down 17.4% from the same time in 2008. Year-to-date handle is down 14.1%. We are down on projected handle 14.0% for the month of August and 6% on projected year-to-date handle (not based on revised projection figures).

Page 2 is a summary of handle by branch. The Qwik Bets are up 1.8% due to the additional locations. Most of the branches were down significantly including Commack 29.5%, Southampton 30.6%, Patchogue down 25.5%, Racing Forum down 31.9% and Grand Blvd. down 35.6%. However some branches had increases. Ronkonkoma was up 5.9%, Centereach up 2.9% and Airport up 6.4% with Sunrise basically flat. President Casale added that since the Patchogue branch closing, he has been looking carefully at the handle figures for Shirley and Airport. It appears that perhaps the Patchogue handle has been retained between those two branches. If the figures bear out, then the Corporation made a good decision in closing the Patchogue branch. He expressed the fact that the Qwik-Bet Shagwong in Montauk is doing very well and appears to be new handle and successful.

Page 3 is just a makeup of the handle in total by entity and we are seeing the same trends over the past year with the exception of the Phone Room which was flat. Surcharge revenue has not gone down by as much as handle which calculates as 9.4% versus 17.4%.

Page 5 is handle by track. It is noted that Saratoga 11.8% although it had the same number of racing days. Paul Edelstein, Director of Wagering Operations and Services, was able to add that the fields were very good and the weather good as well. It is mainly an economic result. President Casale stated NYRA is pleased that the handle decline is less than expected and

all the OTB regions report declines in NYRA handle. Finger Lakes was down 13.3%. Overall, in-state harness handle decreased 20.7% mainly due to Yonkers which was down 29.9%. Monticello continues to do well with a handle increase of 10.9%. Out-of-state thoroughbred handle decreased 25.1%. As mentioned previously, several tracks are running fewer races and fewer days. Out-of-state harness handle was down 13.4%.

Page 6 is a summary of statewide OTB handle by region. On average, the OTB regions' handle decreased over 2008 by 10.9% for the month of August. Suffolk's decline of 17.4% was much greater. The year-to-date statewide decrease is 10.7% with Suffolk's being 14.1%. Suffolk's intention to institute internet wagering should help.

Through September 23rd, month-to-date handle was down 9.8% with 8 dark days in 2009 compared to 9 in 2008 in the same period.

ITEM #3 ECONOMIC IMPACT IN SUFFOLK

President Casale stated that Comptroller Gazes was correct in stating that the economy in Suffolk County was hit later than the rest of the State and would seem to be borne out by information furnished by the Long Island Association. In addition, the racing industry is under stress throughout the country. Nothing is being done to bolster the racing industry in New York State and, in his opinion, the Corporation is being prevented from making any long-term plans. Due to the fact lack of legislative relief by the State government, the OTBs are still faced with a dysfunctional distribution formula for the revenue. It is only through the steps taken by the Corporation's staff, that we are still afloat. Some retirements are slated by October and those positions will not be filled. Two managers opting to retire have prevented the necessity of any layoff of managers.

Realizing the need for keeping up in a declining industry, steps are being taken to implement internet wagering. Talks are underway with Scientific Games to institute such a program at a minimum cost. President Casale will keep the Board apprised as to the terms of the contract. Other things being undertaken are a joint handicapping contest with the other OTB regions on October 3rd with a final on October 24th, a Saratoga Pick 6 promotion resulted in some winners and perhaps a Breeders Cup Day Pick 6 promotion, and possibly some type of promotion for the harness tracks in December.

We will continue to push for legislative change. It is expected that the New York State Comptroller's Office will report on their findings through the audits conducted. Approval has been obtained for a rewards program from NYS Racing & Wagering which complimented Suffolk on the program with a good rate of return especially on New York tracks. The start date has not yet been determined.

ITEM #4 REPORT OF OTB PRESIDENTS' MEETING

President Casale reported that he had attended another Presidents' meeting in Albany. Some discussion was had regarding the Task Force that has only met at the State's harness tracks. No member of that Task Force has visited an OTB.

ITEM #5 SHARED SERVICES WITH SCWA

President Casale advised he had had a recent discussion with a high-placed official at the Suffolk County Water Authority regarding the possibility of sharing services, perhaps with respect to courier service and printing services which would result in savings to both. There will be further review of what services can be offered on a shared basis.

ITEM #6 WORKER'S COMPENSATION INSURANCE

With cost savings being a priority, research into companies that provide workers' compensation insurance was undertaken by Chief of Staff, David Needham. He was in communication with Capital OTB regarding their benefit plans and spoke with a company named PERMA. Attending the Board meeting today from PERMA is Mariella Frush to give a brief presentation.

Ms. Frush stated that initially PERMA was not aware they could underwrite for Suffolk OTB. PERMA provides coverage to public entities in New York State only. PERMA is a self-insured group, not a trust, which means that the Corporation would not share the losses of the other members of PERMA. The company has been in business for 27 years and is governed by 7 mayors and supervisors whose communities belong to PERMA and they count among their clients many municipalities and authorities. The Corporation would be assigned a team to assist with any injury claims. The team consists of an RN (called the patient advocate), case analyst, a medical only person, a service specialist and a loss control consultant. That team approach gives timely care for the injured employee and results in savings in premiums. The procedure is that the nurse gets in touch with the injured employee immediately, the supervisor in charge of that employee, the medical staff that's treating the injury to make sure that all tests, all surgeries are done quickly and efficiently and making sure that employee gets the best care they can so that the employees can return to work as soon as possible if only in a diminished capacity. There is a pharmacy program and medical billing program that also result in savings by eliminating duplicate billings. In the event once you have joined PERMA and the Corporation would wish to discontinue with them, a 30-day notice is required and they would continue to process the claims currently in progress. They provide local attorneys for hearings. Claims can be viewed

on-line at any time as well as the availability of the assigned team for discussions. Ms. Frush provided booklets for review containing financial reports and bylaws. Based on the payroll figures and the New York State rates, they have arrived at both annual and bi-annual proposals. Discounts are given for prompt payment. If the Corporation opted for the 2-year plan, the first year premium would be \$143,571 and for the second year, depending on the loss experience, would range from \$123,900 to \$151,000. The experience modification factor would be applicable. In addition, there are quarterly meetings to discuss workplace safety and health issues. Figures will be supplied to Comptroller Gazes which would correspond with the Corporation's fiscal year. The lower payroll figures have already been incorporated in the quote. If the Corporation joins PERMA, there will be an orientation program.

Chief of Staff David Needham reported that the premium quote from the State Insurance Fund has been received and will be reviewed but at first glance appears to be higher than PERMA.

ITEM #7 LEGISLATIVE UP-DATE

Deb Pfeiffer reported that it again time to up-date the Suffolk County Legislature so she is setting up a date with the Ways and Means Committee for sometime in November to give them a presentation.

Vice Chairman Hemendinger made a motion to go into Executive Session, which was seconded by Secretary Wynn and unanimously passed.

Upon reconvening in open session, Counsel Tiger reported that executive session was held to discuss the effect on the Corporation of certain personnel matters. No votes were taken.

The next meeting of the Board of Directors is scheduled for Thursday, October 22, 2009 at 10:00 a.m. at Corporate Headquarter.

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

Secretary