

A Special Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on December 17, 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
Neil H. Tiger	Corporate Counsel
Celine Gazes	Comptroller
Edna Donohue	Corresponding Secretary to Board

Also Present:

William Shilling	Liaison to the Suffolk County Legislature
Debbie Pfeiffer	Director of Government and Public Affairs
David Needham	Chief of Staff
Russ Kratoville	Deputy Comptroller
Tom Kilmartin	Budget Director
Cathy Rice	Local 237 Teamsters Representative
Chris Dempsey	Dep. Director of Wagering Operations and Services

The Meeting was called to order by Chairman Feeney at 10:01 A.M.

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS MEETING OF NOVEMBER 19, 2009

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors Meeting of November 19, 2009. Vice-Chairman Hemendinger made a motion that the Minutes be approved, seconded by Secretary Wynn and passed unanimously.

ITEM #2 NOVEMBER HANDLE REPORT

Comptroller Gazes reported that handle for the month of November followed the same downward trends as have been seen. On a year-to-date basis, handle is down 14%.

Page 2 is a report of handle by branch. Qwik-Bet handle is up 18.4% mainly due to the additional locations. Dunton Inn is doing extremely well with a couple of big bettors in that location. Most of the branches were down significantly with the following having the largest declines: Ronkonkoma, Centereach, Southampton (again due to shorter branch hours). Airport is up due to a shift in handle from Patchogue and Shirley is only down 3.6% also a branch getting the Patchogue handle. President Casale added that Telephone handle is leveling off which he considers a good sign. We can only hope that the other branches will level off as well. Commack was only down slightly as was Riverhead.

Page 3 is an analysis of handle by entity and is repetitious of other months.

Page 5 is a summary of handle by track. Aqueduct is down 24.8% even though they only one less racing day in 2009 compared to 2008. Monticello showed a significant increase of 19.7% and combined with the other in-state harness, there was an overall increase of 10.5%. The cap of \$100 million was reached in November resulting in an extra 2% liability for every dollar of handle on night-time thoroughbred. Out-of-state thoroughbred was down 20.1% for the month. Consideration will be given to not taking nighttime thoroughbred until the end of the year but must be weighed against the handle from some great nighttime racing such as from the California tracks. President Casale stated that nationally, handle is down about 20%. Out-of-state harness was down 23.3%.

Page 6 is a summary of statewide OTB handle by region. Suffolk was again down 14% for the month which was significantly more than the average of 10.2%. It is hoped that once Suffolk gets the internet, some handle can be recouped.

As a preview to December, handle is down 12.2% with one less racing day than in 2008 and a weather-related closing of Aqueduct on the 9th.

Chairman Feeney requested that someone from Operations be present at the meeting to answer any questions regarding tracks, etc.

ITEM #3 VARIOUS RESOLUTIONS

President Casale announced that there are several resolutions for the Board's consideration on the agenda today. The first one is for a contract with an organization named OTBPAY. This company would provide the "cash call" services to Suffolk's telephone wagering customers but with checks only and replaces the old Global Cash and Accurate Cash companies that provided "cash call" services previously. Perhaps sometime in the future charge cards would be allowed but not at this time. Both New York City OTB and Capital OTB use this company and are satisfied with their service. Our customers will be able to refill their telephone accounts rapidly and without hassle. Accordingly, Vice Chairman Hemendinger made a motion to approve the resolution as written authorizing President Casale to enter into and execute a contract with said company, OTBPAY, seconded by Secretary Wynn and unanimously passed.

The next Resolution authorizes the Corporation to enter into a contract with Roberts Communications Network to provide simulcast reception services. This has been previously discussed. The SUNYSAT contract expires February 28, 2010. It is of great financial benefit to

the Corporation to receive the track signals from Roberts Communications Network and will also allow us certain technical improvements. Deputy Director of Wagering Operations and Services, Chris Dempsey, added that it will give the Corporation access to more tracks and eliminate having to accept consensus tracks allowing us to select only what we expressly want. Therefore Vice Chairman Hemendinger made a motion that the resolution to enter into a contract with Roberts Communication Network be approved as written, seconded by Secretary Wynn and unanimously passed.

Thirdly, there is a resolution for consideration for renewal of the contract for computer consulting services with X-ON SYSTEMS (Mark Vinelli). Deputy Comptroller Kratoville explained that Mr. Vincelli has institutional knowledge of over thirty years and is the Corporation's reference for a number of issues in regards to some of the software systems and the integration between them including Scientific Games, Great Plains, payroll, etc. The contract is to have Mr. Vinelli on a monthly retainer of \$250.00. He is available seven days a week for phone calls, advice and assistance to several departments. Vice Chairman Hemendinger made a motion that the resolution authorizing the President to enter into and execute a contract with X-ON SYSTEMS for the period January 1, 2010 through December 31, 2010 under the terms and conditions set forth in said contract, seconded by Secretary Wynn and unanimously passed..

President Casale asked the Board to consider renewing the contract with LECSA (Labor Education & Community Services Agency, Inc.) for employee assistance program services. He stated that the program has been successful and beneficial to the employees who are clearly taking advantage of it and is a good feature to have available to the employees. There is a reduction in the cost to us by 25% because of the fewer employees since the cost is based on a

per capita basis. In general, the experience has been very positive. Vice Chairman Hemendinger made a motion to approve the Resolution authorizing President Casale to enter into a renewal contract with LECSA for the period December 1, 2009 through November 30, 2010 at a cost of approximately \$11,000, which was seconded by Secretary Wynn and unanimously passed.

The last resolution to be considered pertains to a determination by the RWB at a meeting on December 15th and a subsequent OTB Presidents' conference call regarding that determination. The Board determined that Yonkers Raceway is entitled to "Maintenance of Effort" payments during the period of time the Raceway was closed for renovations and not conducting live nighttime harness racing and further that said payment was to be made within sixty days of the decision. The regional OTB Presidents have agreed that the determination must be appealed, it is therefore requested that the Board authorize President Casale to engage and retain outside counsel for the purpose of instituting an Article 78 proceeding against the NYS Racing & Wagering Board appealing the Maintenance of Effort determination. Discussion followed regarding the history preceding the determination. President Casale pointed out that the Board Chairman, Sabini, did argue the OTB position in that matter but was outvoted by the other two members. The liability to the Corporation is approximately \$1.4 million, to Nassau almost \$1.8 million, to Catskill is approximately \$900,000 and to New York City approximately \$2.9 million. Counsel Tiger added that the "maintenance of effort" payments were to insure that if nighttime thoroughbred racing was to be taken, the harness tracks would receive at least an amount equal to what they received in the §1015 payments in 2002. President Casale added that he feels it is just another misinterpretation of the law and bears absolutely no basis in reason or logic. The Racing & Wagering Board's decision, if left standing, could result at best in the

Corporation having to take the radical action of reducing to an entity significantly smaller than it is today and at worst to cease operation entirely. The Racing & Wagering Board has handled this cavalierly, callously, arbitrarily and capriciously, the result of which could well destroy the OTBs and the racing industry in New York State. The group of OTB Presidents has agreed to pursue the appeal and share the cost of outside counsel to that end. President Casale has a scheduled meeting with State Senator Adams regarding this matter and further has been in touch with Senator Foley's office and other State delegation members to ask for new legislation. The other regions are taking similar action. Chairman Feeney asked that everyone contact their elected State officials to educate them. Addressing County Legislature liaison, Bill Shilling, President Casale asked him to relay the call for help to get new legislation so as to not have the racing industry and OTBs destroyed. One alternative is for Suffolk to also file a Chapter 9 and then no monies would be owed as New York City did. Not that he advocates that.

Accordingly, Vice Chairman Hemendinger made a motion to approve the Resolution to engage outside counsel for an Article 78 proceeding, seconded by Secretary Wynn and unanimously passed.

Deputy Comptroller Kratoville added that as a result of the Racing & Wagering Board's ruling on Tuesday, the Corporation lost money on every out-of-state evening wager in 2005 Counsel Tiger added that Mr. Kratoville was assured by Racing & Wagering staff that no payments would be due Yonkers and based on that, the Corporation continued to take nighttime thoroughbred racing.

Following that, Debbie Pfeiffer described a letter being sent to the State Senate and Assembly members that emergency legislation is required at the beginning of the session and if

they don't act on it, Suffolk OTB may be out of business. President Casale added that the language being used is that the Racing & Wagering Board action was arbitrary and capricious. In addition, it was the Racing & Wagering Board that allowed Yonkers to remain licensed during the 18 months they did not race in order to build their Racino. Had the Board suspended the license, the Corporation would not have to make these payments. Capital OTB has a similar problem with Saratoga Harness. President Casale addressing Cathy Rice asked that she relay this information to the Union as we will need their support.

ITEM #4 AUDIT COMMITTEE

Tom Kilmartin stated that an RFP was issued and six responses were received. The committee has met three or four times. They have made a recommendation to President Casale of the top three choices. The Committee's evaluations were based on criteria set forth in the RFP which included experience, history, references and costs. The Audit Committee was composed of Mr. Kilmartin, Vice Chairman Hemendinger, Ralph Aprea and Janice Stamm all of whom concurred on the final recommendation. Vice Chairman Hemendinger commented that the evaluation was very thorough and professional. President Casale is reviewing the findings and will confer with Vice President Seaman and make a decision within a week.

ITEM #5 BUDGET

Mr. Kilmartin stated that a draft of the 2010 budget has been submitted to President Casale. The new budget figures include the new RCN contract amounts as well as other cost reducing items.

ITEM #6 PROPOSED CONTRACT WITH SCIENTIFIC GAMES

President Casale announced he had just received a draft contract for internet services. Internet wagering has been previously discussed. The cost is reasonable. The application has been sent to the Racing & Wagering Board. President Casale is pleased with the progress thus far. President Casale has delegated that issue to Vice President Seaman. Further discussion will be had with the members of the Board.

ITEM #7 PLAYERS' CLUB REWARD PROGRAM

President Casale is pleased to report that the program is working well with advantages to both Corporation and players. Comptroller Gazes stated that at first glance it appears that the rewards money being returned to the players is being “churned” or re-bet which is exactly what was hoped for. As a result of the program certain other promotional expenses have been eliminated. Chairman Feeney announced the passing of a longtime OTB proponent, Buzz Schwenk.

President Casale updated the members of the Board on the rumored merger of Nassau and New York City; he assured the Board that the merger is not going to take place. On-going discussions have been had with New York City OTB’s Board President but President Casale has trepidations due to New York City OTB’s desperate financial situation and continued lack of detail regarding the NYCOTB plan.

The next meeting of the Board will be held on January 21, 2010.

Chairman Feeney wished everyone Happy Holidays.

There being no further business, Vice Chairman Hemendinger made a motion that the meeting be adjourned, seconded by Secretary Wynn and unanimously passed.

Secretary

RESOLUTION

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

RESOLVED, that President Casale is authorized to enter into and execute a contract with OTBPAY for cash call services for telephone account holders for a period of two years which contract shall renew automatically for a successive one year term unless otherwise terminated by either party for cause upon forty-five (45) day written notice as stated in said contract and pursuant to other terms as contained in said contract.

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 meeting of the Board of Directors of Suffolk Regional Off-Track Betting Corporation held at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York, 11788 on the 17th day of December, 2009.

Secretary

RESOLUTION

After a motion having been made, seconded and unanimously carried, it is

RESOLVED, that Jeffrey A. Casale, President of Suffolk Regional Off-Track Betting Corporation, is authorized to enter into a renewal contract with X-ON CORPORATION for computer systems services for the period January 1, 2010 through December 31, 2010 under the terms and conditions of said contract.

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 meeting of the Board of Directors of Suffolk Regional Off-Track Betting Corporation held at Hauppauge, New York 11788 on the 17th day of December, 2009.

Secretary

RESOLUTION

After a motion having been made, seconded and unanimously carried, it is

RESOLVED, that Jeffrey A. Casale, President of Suffolk Regional Off-Track Betting Corporation, is authorized to enter into a contract with ROBERTS COMMUNICATIONS NETWORK to provide simulcast reception services to the Corporation's betting sites for a term of five (5) years commencing March 1, 2010 through February 28, 2015, and subject to such further and additional terms contained in said written contract.

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 meeting of the Board of Directors of Suffolk Regional Off-Track Betting Corporation held at Hauppauge, New York 11788 on the 17th day of December, 2009.

Secretary

RESOLUTION

After a motion having been made, seconded and unanimously carried, it is

RESOLVED, that Jeffrey A. Casale, President of Suffolk Regional Off-Track Betting Corporation, is authorized to enter into a renewal contract with the Labor Education & Community Services Agency, Inc. (LECSA) for the Employee Assistance Program for the period December 1, 2009 through November 30, 2010 for approximately \$11,000 per year.

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 meeting of the Board of Directors of Suffolk Regional Off-Track Betting Corporation held at Hauppauge, New York 11788 on the 17th day of December, 2009.

Secretary

RESOLUTION

WHEREAS the New York State Racing and Wagering Board has by a two to one vote determined that Yonkers Raceway is entitled to “Maintenance of Effort” payments during the period of time it was closed for renovations and not conducting live nighttime harness racing; and

WHEREAS the New York State Racing and Wagering Board has determined that said payment must be made with sixty (60) days: and

WHEREAS the Presidents of the regions affected by this Racing and Wagering Board determination believe it is imperative that it be appealed; now

After a unanimous vote,

THEREFORE LET IT BE RESOLVED that President Casale, is authorized to engage outside counsel for the purpose of instituting an Article 78 proceeding against the New York State Racing and Wagering Board appealing the Maintenance of Effort determination.

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 meeting of the Board of Directors of Suffolk Regional Off-Track Betting Corporation held at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York, 11788 on the 17th day of December, 2009.

Secretary