

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on August 26, 2010 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 |
| Anthony Pancella | Vice President (Non-officer) |
| Neil H. Tiger | Executive Director/Director of External Affairs |
| Russell Kratoville | Deputy Comptroller |
| Edna Donohue | Corresponding Secretary to the Board |

Also Present:

| | |
|------------------|---|
| David Needham | Chief of Staff |
| Debbie Pfeiffer | Director of Government and Public Affairs |
| Chris Dempsey | Deputy Director of Wagering Operations and Services |
| Kevin Snover | Board Counsel |
| Cathy Rice | Local 237 Teamsters Union Representative |
| James McManmon | Attorney |
| William Shilling | Liaison to Suffolk County Legislature |

The Meeting was called to order by Chairman Feeney at 10:00 A.M.

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS MEETINGS OF July 22, 2010

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of July 22, 2010. Vice Chairman Hemendinger made a motion that the July 22, 2010 Minutes be approved, seconded by Secretary Wynn and passed unanimously.

ITEM #2 JULY HANDLE REPORT

Due to the absence of Comptroller Gazes, Deputy Comptroller Russell Kratoville will present the handle report. Mr. Kratoville stated that net handle for the month of July is down slightly under \$1 million as compared to July 2009 and approximately \$900,000 below budget.

Pages 2 – 4. Qwik Bets continue to be a strong venue for growth. A majority of locations recorded significant increases in July 2010 as compared to July 2009. In conversations with our restaurant/pub vendors, they credit more familiarity with racing and excellent relations with Suffolk OTB staff as the most likely basis. Overall, brick and mortar locations are in line with statewide industry trends which is approximately a 6% decrease. Suffolk though has had a clear migration to the Forum and in speaking with senior Forum staff, they indicated several variances over the past month. Rewards members in the Winner's Circle that may have bet in the neighboring county in the past, seem to prefer Suffolk's higher rewards on NYRA which accounts for the significant uptick in the second quarter. Additionally, many of the Suffolk customers that would travel to Saratoga have not gone. However it appears that a couple of significant bettors appear to be wagering large amounts with unregulated off-shore markets. Internet wagering remains successful despite the lack of marketing. Telephone wagering is suffering with Suffolk's down 30% while Nassau's and New York City's is only down 7%.

Page 5 is a summary of handle by track. NYRA handle is down approximately \$500,000 which is due to fewer race days although handle at Saratoga with the additional days was better than Belmont. Average handle at Saratoga for 2010 is slightly higher than the average daily handle for 2009 again possibly because some of Suffolk's customers did not travel to Saratoga. Out-of-state thoroughbred track decreases are in line with the statewide trend but the Monmouth experience which is less race days/bigger fields does seem to be successful and may result in other tracks following suit. Out-of-state harness tracks are down 14.8% which is greater than the average and primarily due to our changes in hours of operation. However this is an example of how less handle reduces the amount of loss recorded because of the inefficient laws in the State of New York.

Pages 6 and 7 indicate that Suffolk is now in line for the month of July in comparison to most regions. In a discussion with Capital OTB, they indicated a very high increase in internet wagering and better weather with respect to Saratoga which is in their region. Therefore they had a slight increase in handle. Last year due to the bad weather, Capital OTB had decreased handle.

As a preview to August, through the 25th, month-to-date handle is down \$900,000 on a date-to-date comparison with 2009. Significant decreases are noted in the Sunrise, Grand Blvd. and Route 110 branches.

For the second quarter, Suffolk OTB turned over \$507,000 to Suffolk County in surcharge as compared to \$566,000 in 2009.

Vice Chairman Hemendinger inquired if there had been any marketing on the internet to which President Casale answered no but that plans for internet advertising are underway.

ITEM #3 MISCELLANEOUS

i. President Casale announced that it had been an emotional week with employees retiring under the New York State Retirement Incentive Program. The Corporation had a farewell celebration earlier in the week. He then introduced Anthony Pancella, the new Vice President of Suffolk OTB who was welcomed by Chairman Feeney and President Casale.

ii. The Legislature in Albany is not in session and as a result there has been a lull in activity. However important things are happening in connection with New York City OTB with closing branches and of course the change in command there. While it is rumored there have been talks with NYRA, no substantive information has been revealed. Catskill OTB is having a similar problem as Suffolk did with NYRA not granting internet wagering to them. There will be no remedy to the problems of racing in New York State without the distribution formula being revised. Suffolk OTB has cut more expenses than any other region and is still suffering financially. A simple change in the formula would be beneficial. Suffolk is the perfect example of doing everything right and still not being able to get ahead. It is essential to keep an eagle eye on what is happening with New York City OTB and Suffolk OTB will react appropriately when that information comes out.

iii. President Casale then introduced James McManmon to those in attendance. He will serve as General Counsel commencing Monday, August 30th. He will probably work three (3) days a week. With that said, President Casale announced this was Counsel Tiger's last meeting. He has served the Corporation for almost eight years and will be sorely missed. He has been instrumental in drafting legislation, crafting the "Suffolk Plan" presented as a remedy for the ills of the OTBs and the racing industry as well as guiding the regional OTBs and our lobbyists in the efforts to get the changes needed. He thanked Counsel Tiger for having been an outstanding counsel to the Corporation and for his tremendous contributions. Chairman Feeney expressed the sentiments of the Board with respect to Counsel Tiger and Vice Chairman Hemendinger commended all employees for their service to the Corporation and wished them the very best in the future. Secretary Wynn stated that a huge nucleus of the Corporation is retiring and also thanked them for their years of service. In addition to Counsel Tiger, Chris Dempsey, Deputy Director of Wagering Operations and Services, is also retiring after 35 years of service. He has truly been committed to the Corporation and stepped up to the plate without reward when called upon and has developed excellent relations with the other regions not to mention his wealth of knowledge.

iv. President Casale and Chairman Feeney attended the Albany Law Center Conference on racing which is held each year during the Saratoga meet. NYRA's Charlie Hayward, the representative of the harness horsemen and the Chairman of the NYS Racing & Wagering Board were there. Chairman Feeney thought it interesting but thought the OTB regional networking was most beneficial especially with Nassau County OTB's new management and their spirit of cooperation. Mr. Kratoville added he

understands Nassau has adopted the Retirement Incentive Program now offered and will be losing quite a bit of their staff.

v. Debbie Pfeiffer stated that several of the articles included in the Board's packet are updates with respect to the Shinnecock situation and also with the approval of the VLT operator for Aqueduct Racetrack. She and President Casale have discussed setting the legislative agenda and focusing in on three or four issues. They will visit the Legislators early and often in advance of the Session to request their assistance.

vi. Chief of Staff David Needham, reminded those in attendance of the Suffolk OTB Employee Charity Golf Outing on Tuesday, August 31st. There is still room for foursomes. There will be a nice dinner and raffles following the golf. The charities that will benefit this year are the New York Horse Rescue for retired thoroughbred horses and the other is Camp Pacquatuck in Center Moriches, a Summer camp for disabled children sponsored by the Rotary Club.

vii. Deputy Comptroller Kratoville announced there is a regulation that is sunseting which sets the floor for NYRA takeout which is being monitored to see if NYRA requests a lowering of the takeout which could effect how much money the Corporation keeps on wagers.

viii. President Casale asked the Board to approve a resolution authorizing him to enter into an agreement with Counsel Tiger for a period of time so that he would be able to follow through with some of the matters presently in litigation as well as to assist new counsel McManmon during the transition period. The compensation would be quite minimal and will not exceed One Thousand (\$1,000) Dollars per month. Any amount over \$1,000 per month would require further Board approval. Chairman Hemendinger

made a motion to approve the foregoing resolution, seconded by Secretary Wynn and unanimously passed.

Vice Chairman Hemendinger made a motion that the Board go into Executive Session to discuss personnel matters, seconded by Secretary Wynn and unanimously passed.

After reconvening in open session, Counsel Tiger stated during Executive Session there were a number of proposed personnel changes discussed but no actions or votes were taken as a result.

The next meeting of the Board of Directors will be held on September 30, 2010 at 10:00 a.m. at Corporate Headquarters.

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

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 an agreement with Neil H. Tiger for services to be rendered to the Corporation as outside counsel on matters presently in litigation and to assist new General Counsel McManmon during a transition period. Compensation for said services shall be a minimal amount not to exceed \$1,000 per month. Any amount exceeding \$1,000 per month would require further approval by the Board of Directors of the Corporation.

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 26th day of August, 2010.

Secretary