

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on February 18, 2010 at 10:00 A.M. at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York.

The following persons were present:

Dominick P. Feeny	Chairman
Herbert Hemendinger	Vice Chairman
Eddie S. Wynn	Secretary
Jeffrey A. Casale	President/CEO
Marietta M. Seaman	Vice President
Neil H. Tiger	Executive Director/Director of External Affairs
Celine Gazes	Comptroller
Edna Donohue	Corresponding Secretary to the Board

Also Present:

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

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

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS MEETING OF JANUARY 21, 2010

Chairman Feeny stated that the first item on the Agenda was to approve the Minutes of the Board of Directors Meeting of January 21, 2010. Vice-Chairman Hemendinger made a motion that the Minutes be approved, seconded by Secretary Wynn and passed unanimously.

ITEM #2 JANUARY HANDLE REPORT

Comptroller Gazes reported that handle for the month of January was down 14.9% from 2009 and from projected handle by 16.6%. The projection figure is from the old budget so the figure may be adjusted.

On Page 2, Qwik-Bet handle is up 106.2% because of the additional locations as well as the two big bettors at the Dunton Inn. Most of the branches were down significantly, especially Ronkonkoma 29.0%, Riverhead 24.0%, Commack 22.2% and Route 110 81.4% (that branch was closed for more than two weeks due to incident there), and Southampton 25.0%. Grand Blvd. was up 27.4% for the month possibly due to a shift of the bettors from the closed Route 110 branch. Phone Room handle which had been decreasing all last year was basically in line with the average company-wide decrease.

Page 3 is an analysis of handle by entity. On a month-to-date basis, Phone Room handle as a percentage of total was flat from 2009 to 2010; the Racing Forum decreased very slightly from 25.3% to 25.2%; and for the regular branches decreased from 58.8% in 2009 to 54.4% in 2010. Qwik-Bets have increased from 3.2% to 7.8% of total handle.

Page 5 is a summary of handle by track. NYRA handle decreased 13.0% over 2009 with the same number of racing days. There were some weather issues. In-state harness handle increased 7.4% basically due to Yonkers which had one additional racing day; helpful with respect to the maintenance of effort matter. Out-of-state thoroughbred handle decreased 16.3% largely due to the decision not to take nighttime thoroughbred racing on Mondays and Tuesdays this year. There will be a shift in handle from out-of-state tracks. Out-of-state harness handle decreased 20.9% despite more racing days and mainly due to Meadowlands down \$106,454.

Page 6 is a summary of statewide OTB handle by region. On average the OTB regions' handle decreased over 2009 by 8.0 for the month of January with Suffolk's worse than average at 14.9%. It is hoped that internet wagering will help. Be mindful that hours in some branches have been cut.

As a preview to February, through the 17th handle was down 25.9% partially attributable to the fact that we closed on February 10th due to snow. There were 6 dark days in the first 17 days of February which was the same in 2009. As a reminder, she stated that lower handle does not necessarily mean lower profitability.

President Casale added that the figures are so obviously worse than the other regions and that will be looked into. He feels the economy has a great deal to do with the handle issues in Suffolk. A committee will be formed with an emphasis on increasing revenue and the Board members are welcome to participate.

Discussion followed regarding some thoughts about customer service and motivational training for branch personnel.

ITEM #3 INSURANCE UPDATE

Present at the meeting today is Lowell Sand, insurance administrator. President Casale announced that Mr. Sand wished to speak regarding the broker, BWD.

Mr. Sand stated that on February 1st the business insurance package was renewed. Those coverages include the buildings, all equipment in branches and headquarters, fixtures, satellite dishes, EDP equipment, phone room equipment, general and umbrella liability, multi-peril coverage and vehicles. In 2009, an extensive RFP process was undertaken and based on best price and service, the BWD group was chosen. Additionally, BWD has proven extremely

knowledgeable with other areas of insurance which has been beneficial to the Corporation. During that process, President Casale requested that the broker provide a 2-year quote. He then handed out a packet containing a letter from Travelers dated about one year ago indicating the two year premium based on no material changes in our operation and a loss ratio of less than 40% for 09-10. He briefly went through the packet. Last year, the premium for the insurance package was \$179,903 and for 2010 is \$173,101, a savings of \$6,800. A large portion of that is attributable to the reductions made in the Corporation's operations as well as the low liability rating with no sacrifice in coverage. There being no questions, Mr. Sand left the meeting. President Casale complimented Mr. Sand on the job he has done with the Corporation's insurance.

ITEM #4 ROBERTS COMMUNICATIONS

Good news, the transition to the Roberts Communications dishes and decoders is nearly completed and expected to result in savings of more than \$300,000. The SUNY equipment is being returned. The changeover will be beneficial to the branches in that there will be better pictures and more signals available.

ITEM #5 STATUS UPDATE ON NEW YORK STATE MATTERS

There has been much action with respect to the efforts to effect legislative change in New York. President Casale announced a recent meeting with Assemblyman Brodsky who co-chaired the recent hearing concerning the plight of New York City OTB. Assemblyman Brodsky had obtained a copy of the original "Suffolk Plan" through the auspices of Assemblyman Sweeney

which have now resulted in several conversations. New York City OTB has announced that if it does not get assistance from the State by March 31st, they will close the doors. President Casale feels that we need to step up our efforts since whatever occurs with respect to New York City OTB should include all the OTBs. Toward that end, Suffolk together with Catskill, Capital and Western, have fine-tuned the “Suffolk Plan” and have now created the “Suburban Plan”.

President Casale is pleased with the joint venture plans that will deal with many of the efficiency issues addressed by the State, as well as growing the business and supporting the industry. The Plan contains many excellent proposals including creating a State Racing Council aimed at drawing individuals from all the “racing” entities together to resolve the problems. He reminded the Board of their approval at the January meeting authorizing him to execute a joint venture agreement which he will provide to the Board members. The Plan will never succeed without the long-sought legislative change in the “formula”. The OTB regions, with the exception of Western which has a Racino and track, are suffering financially so he feels that something should be done before March 31st. Counsel Tiger indicated that the agreement language is being reviewed and will be ready for signature next week. The proposed bill will address the “dark day” payments, maintenance of effort payments and Palm Sunday, among other items. All entities will have their lobbyists involved with a meeting to be scheduled in Manhattan. If legislative relief is not obtained, the fate of the OTBs is uncertain since the State has not acted and a crisis has arisen. As pointed out, the Legislative package is a blend of the most advantageous aspects of the City Plan, the “Suburban Plan”, and the Task Force recommendations. Wilson, Elser is meeting with Legislative staff and electeds to review the proposal. President Casale commented on the Task Force report which was favorable to the

OTBs and contained many of the items that we have proposed. New York City OTB's bankruptcy meeting is scheduled for February 22nd.

ITEM #6 THE CORPORATION'S BUDGET

President Casale stated that this is the third year of preparing an annual budget under the direction of Tom Kilmartin. He asked Mr. Kilmartin to provide the Board members with more details.

Mr. Kilmartin began with the statement that the process is a difficult one since the Corporation is unable to increase the cost of a wager. Handle projections are much lower than originally anticipated. Despite the huge reductions in expenses over the past five years the Corporation is struggling under the yoke of unrealistic and unfair statutory payments. Retired employee positions have been left vacant creating a larger workload for those who remain. While the Union contract employees have received raises, headquarters personnel have not.

Despite the efforts to reduce expenses and the implementation of an expansion of the EZ bet program, the pending implementation of internet wagering and the incentives to wager with the Player Rewards program, without statutory changes the Corporation may have to be re-structured. On the plus side, the Task Force Report and the audit have spoken to the fact that Suffolk is the only region able to produce budget to expense report on a monthly basis and present them to the audit team. Discussion followed about specific steps taken with respect to manning branches, utility expenses, etc.

Suffolk continues its obligation to the County and President Casale attributes the current condition to the staff's efforts. Another branch is slated to be closed with staff to be re-assigned and every effort made to retain handle. In effect, the Corporation is down sizing the

infrastructure in order to meet the demands of the economic stagnation. In closing, President Casale suggested that the Board members look over the Preliminary Budget and let him know if any further explanation is needed.

Vice Chairman Hemendinger added that the Board members are aware that everything is being done and that he thinks the creation of a committee to delve into increasing revenue is a great idea.

ITEM #7 INTERNET WAGERING PROGRAM

Vice President Seaman announced that the application for the Internet Wagering program is currently on file with the New York State Racing & Wagering Board. Russ Kratoville has been in contact with them to make sure that the application is complete and it is anticipated that it will be approved by the Racing and Wagering Board at its March meeting. Weekly or bi-weekly conferences with SciGames have kept the project on schedule. Plans are being made for a marketing campaign and it is hoped to have it on-line in early April.

Vice Chairman Hemendinger made a motion to go into Executive Session to discuss a matter in litigation, seconded by Secretary Wynn and unanimously passed.

Upon re-convening in open session Counsel Tiger stated that during the Executive Session, President Casale and Counsel Tiger reviewed with the Board the receipt on the 17th of a Summons and Complaint from Yonkers Racing Corporation vs. Suffolk Regional Off-Track Betting as well as Catskill and Nassau regions. The gist of the complaint is similar in nature to

the Article 78 proceeding that was instituted on our behalf by the Albany law firm of McNamee, et al. Given the close relationship between that Article 78 proceeding and this complaint brought against us by Yonkers Corporate Counsel advised that the Board should retain outside counsel, specifically the McNamee firm, due to the close relationship between the Article 78 proceeding and the Yonkers plenary action.

Accordingly, Vice Chairman Hemendinger made a motion to approve the recommendation of retaining the law firm of McNamee, et al to represent Suffolk Regional Off-Track Betting Corporation with respect to the lawsuit brought by Yonkers Racing Corporation against Suffolk OTB, et al, seconded by Secretary Wynn and unanimously passed.

The next meeting of the Board of Directors will be held on March 18th, 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 was made, seconded and a unanimous vote, it is hereby

RESOLVED, that the President, Jeffrey Casale, is authorized to enter into an agreement to retain the services of the McNamee law firm to represent the Corporation in the matter of Yonkers Racing Corporation v. Suffolk Regional Off-Track Betting, et al.

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 special meeting of Suffolk Regional Off-Track Betting Corporation held at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York 11788 on the 18th day of February, 2010.

Secretary