

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on July 22, 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
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

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

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS MEETINGS OF JUNE 18TH AND JUNE 24TH, 2010

Chairman Feeny stated that the first item on the Agenda was to approve the Minutes of the Special Board of Directors Meeting of June 18th, 2010 and the Board of Directors' Meeting of June 24th, 2010. Vice Chairman made a motion that both Minutes be approved, seconded by Secretary Wynn and passed unanimously.

ITEM #2 JUNE HANDLE REPORT

Comptroller Gazes stated that handle for the month of June was basically flat and only down 0.7% for the month. On a year-to-date basis, handle is down 11.0% from 2009. June's handle exceeded projected handle by 0.1% and on a year-to-date basis 11.4% from budget. There were 10 dark days in June 2010 compared to 11 in 2009.

Qwik-Bet handle is up 32.6% because of the additional locations and that some of the locations open in 2009 are up. Specifically Sit n' Sip, Dunton Inn and Tommy's Place I and II. Phone Room handle was down 15.9%. Although there has been a shift to the Internet of some handle when combined, the Phone Room and Internet total an increase of 5.8%. President Casale added that internet handle has already exceeded \$1 million. It appears that the Hauppauge branch handle has shifted to the Commack branch which had an increase of 43.3% and also to the Racing Forum which had an increase of 9.3%. Many branches were down significantly compared to the average, but the branches that were down the most compared to 2009 were Route 110 at 11.2%, Sunrise at 14.3% and Grand Blvd. at 15.8%. Riverhead was up 6.6% and Southampton 14.3%. Airport and Shirley were also up which is the result of a shift of handle from the Patchogue branch.

Page 3 is an analysis of handle by entity. Telephone handle decreased from 12.4% in 2009 to 10.5% in 2010; Racing Forum handle as a percentage of total was up from 23.8% to 26.2%; regular branches as a whole went down from 61.0% in 2009 to 56.7% in 2010; Qwik-Bets increased from 2.7% to 3.7% of total handle and internet wagering comprised 2.7% of total handle.

Page 5 is a summary of handle by track. NYRA handle increased 4.8% in 2010 compared to 2009 with 1 more racing day; Finger Lakes decreased 11.3%; in-state harness handle

decreased 13.5%. However the decrease is not evenly distributed as several of the tracks had small increases, namely: Tioga, Vernon and Yonkers. Saratoga Harness was down considerably. Out-of-state thoroughbred handle was flat at 0.4%. Out-of-state harness handle was down 13.3% but there were several tracks that had increases, namely: Chester Downs, Hoosier, Meadows, Mohawk and Pocono Downs. Counsel Tiger added that there are Racing & Wagering Board regulations which must be strictly adhered to. Monmouth is doing very well due to the large purses and large fields compared to NYRA.

Page 7 is a summary of statewide OTB handle by region. On average the OTB regions' handle was down 7.7%. Suffolk was only down 0.7% which was significantly better than average.

As a preview to July, through the 20th, month-to-date handle is down 10.5% with 6 dark days in the first 20 days of this year compared to 5 in 2009. NYRA has had more than average number of dark days in July. Hopefully August will be a good month.

ITEM #3 MISCELLANEOUS

i. President Casale announced that several people have already taken advantage of the retirement incentive. Three managers, all of whom are long-term employees with the Corporation, have indicated their intention to retire. In addition, several headquarters employees have indicated their intention to retire. Among these are Corporate Counsel Neil Tiger, Chris Dempsey, Rose Mucerino and Kathy Beck.

Vice President Marietta Seaman is also retiring. Her leaving is a loss to the Corporation. She has been a full, effective partner in all the changes and reforms that have been made without which the Corporation might have folded. He went on to laud Vice President Seaman's tenure not only for the high quality of her work but also for her ability to learn a very complicated

business very rapidly. He thanked her for all of her efforts. Chairman Feeney joined in on the sentiments and she then thanked the Board for their support and assistance during her time with the Corporation and stressed how important that effort by the Board will be needed to carry the Corporation on into the future.

ii. With respect to New York City OTB, there has been a dramatic turn of events within the last several weeks. President Ray Casey who was very well respected in the racing community has resigned. He has been a strong ally, innovator and proponent of the legislative changes the OTBs have been proposing on behalf of the taxpayers. He was also a driving force for a state-wide internet platform which unfortunately has not yet come to fruition. New York City OTB is also losing their Executive Vice President and General Counsel, Ira Block, who, President Casale praised as one of the most brilliant people he had ever worked with. His contributions to the legislative efforts were phenomenal. The new interim President is Greg Rayburn who is an unknown quantity to President Casale. Mr. Rayburn's salary is \$125,000 a month. The State Comptroller's audit and the report of the Task Force have reached the same conclusions the OTBs have been espousing for years that the laws should regarding statutory payments need to be changed. Yet to this point nothing has changed as the Governor and Legislature have chosen to ignore the findings. It would appear that despite all its flaws and failings that NYRA remains in a favorable light with the Albany powers that be. Will NYRA be allowed to take over New York City OTB and how detrimental that would be to the suburban OTBs remains an unanswered question. Discussion followed concerning the effect of a limited NYRA takeover of NYC OTB's telephone account wagering and internet accounts. President Casale expressed the opinion that such a move would damage the racing industry in New York State. Suffolk OTB will certainly oppose any action towards that end. He stated that the steps

taken in Suffolk to lower expenses and increase individual employee productivity have helped keep the corporation afloat. But more must be done. The solution lies with legislative change to allow the OTBs to compete on a level playing field with increased gaming opportunities and decreased gaming public participation.

ITEM #4 UPDATE ON THE PRESS

Debbie Pfeiffer stated that apart from NYRA and New York City OTB the gaming industry has been relatively quiet. Suffolk County Legislature's Presiding Officer, Bill Lindsay, has signed a letter to the Governor urging the Governor not to sign pieces of legislation that would be a detriment to the Corporation. He has been very helpful and supportive. Unfortunately those bills passed in the flurry of the last days of the session when the budget was the only concern.

The Canine Companions for Independence business was the recipient of fund raising held by Suffolk OTB. They brought the puppy we named "Trotter" here today to meet the Board members and have a picture taken with them.

The next meeting of the Board of Directors will be held on August 26th, 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