

A Special Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on June 18, 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 (via teleconference)
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
Kevin Snover	Board Counsel
Cathy Rice	Local 237 Teamsters Union Representative

The Meeting was called to order by Chairman Feeney at 10:11 A.M.

Chairman Feeney announced that today's meeting was a special meeting of the Board of Directors of Suffolk Regional Off-Track Betting Corporation. Vice Chairman Hemendinger moved that the meeting be opened, seconded by Chairman Feeney and unanimously passed.

**ITEM #1 PURPOSE OF THE SPECIAL MEETING TO CONSIDER THE
NYS RETIREMENT SYSTEM RETIREMENT INCENTIVE**

President Casale thanked the Board for the meeting arranged on short notice but that both he and Vice President Seaman felt it important that the Board consider NYS Retirement System Incentive Program with knowledge of its impact on the Corporation. He then asked Chief of

Staff, David Needham, to explain the incentive program to the Board members and he explained that the Board would be required to adopt both parts A and B.

Chief of Staff Needham began by explaining there are two parts of the Retirement Incentive Part A and Part B. Part A states that anyone eligible would have to be 55 years of age or older with five years of service in the Retirement System or 50 years or older with ten years of service. They must be designated by the Employer as being in a targeted position. All names supplied by the Retirement System hold targeted positions. In addition they must be an active employee as of February 1, 2010; file an application with the Retirement System no less than 14 days and no more than 90 days from their retirement date in order to retire during the open period; they have to file written notice to the Employer at least 21 days before the end of the open period to advise the Employer of their interest in taking advantage of the incentive and they have to retire during the open period. Anyone retiring under Part A will be subject to an expense which the Corporation has elected to pay over a five year period with the first payment being due February 1, 2012.

Part B drops the threshold for retirement with no penalty from 55 years of age with 30 years of service to 55 years of age with 25 years of service. It is important to understand that the employee may not take both parts but must opt for one of the two parts. In Part A, one month will be given for each year of service with a maximum of 36 months. Under Part B, one must be an active employee as of February 1, 2010 and must file an application with the Retirement System no less than 14 days and no more than 90 days as well.

There are 96 eligible employees on the list some of whom will undoubtedly not choose the incentive program as they would suffer a substantial penalty. All on the list however will be

notified and will receive a packet of eligibility. Contact numbers to both the Retirement System and Deferred Compensation are furnished.

President Casale thanked the Chief of Staff for the presentation and added that Mr. Needham will be the primary contact for employees if they have questions regarding the plan and how the Corporation is handling it internally. Human Resource personnel will be helping as well. While employees are not advised to retire, they are encouraged to speak with the NYS Retirement System to discuss their projections. The likelihood of another incentive in the future is improbable.

What will the impact be on the Corporation? Not knowing the exact number of people who will take advantage of the incentive, the Corporation will have to wait and see what impact there will be on the operations, etc. One of the reasons the Board is being asked to adopt the incentive program is the savings that will be realized. Mr. Kratoville explained to the Board the potential savings based upon a number of people the Corporation is fairly sure will retire. The Corporation does not begin paying until February 1, 2012, so for 2011 on a cash basis, the Corporation will see larger savings in 2011. Since the choice was made to spread the cost over 5 years, the salary changes will amount to approximately \$4,350,000, the 5-year cost of the incentive is \$1,115,000 and the net estimated 5-year savings is \$3,235,000. Comptroller Gazes added that after the five years, the cost of the incentive disappears but the savings continues.

Another item that was reviewed was the accrued time owed to the employees on their retirement. That expense exists already on the books. Payment of that time would be made within 120 days of the date of the employees' retirement. Therefore, it will be approximately four months before the Corporation would recoup the buy-out money. Deputy Comptroller

Kratoville added that the policy changes instituted approximately one year ago by management have resulted in savings of \$230,000 in accrued time payout.

Vice Chairman Hemendinger made a motion that the Corporation adopt the NYS Retirement System Incentive Program of 2010, Part A, which was seconded by Secretary Wynn and unanimously passed.

Vice Chairman Hemendinger then made a motion that the Corporation adopt the NYS Retirement System Incentive Program of 2010, Part B, which was seconded by Secretary Wynn and unanimously passed.

The open period for Part A starts July 1st and goes for 62 days with an expiration of August 31st. For Part B it is required to be 90 days so it starts July 1st and ends September 28th.

With one topic remaining to be discussed with the Board regarding negotiations, Vice Chairman Hemendinger made a motion that the Board go into Executive Session, seconded by Chairman Feeney and passed unanimously.

Upon re-convening in open session, Counsel Tiger stated that during Executive Session there was discussion on an explanation of certain mediation events that have occurred with one of the Unions and a continuing of the settlement negotiations with regard thereto and in particular an interesting controversy.

There being no further business to come before the Board, Vice Chairman Hemendinger made a motion to adjourn, seconded by Secretary Wynn and passed unanimously.

Secretary

RESOLUTION

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

RESOLVED, that the Board of Directors of SUFFOLK REGIONAL OFF-TRACK BETTING CORPORATION does hereby elect to provide the benefits of Part B of Chapter 105 of the Laws, 2010, commencing on July 1, 2010 for all eligible employees who retire with an effective date of retirement set during the ninety (90) day period beginning with and immediately following the commencement date and who are otherwise eligible as specified by Part B of Chapter 105, Laws of 2010.

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

Secretary

RESOLUTION

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

RESOLVED, that the Board of Directors of the SUFFOLK REGIONAL OFF-TRACK BETTING CORPORATION does hereby elect to provide the benefits of Part A of Chapter 105 of the Laws, 2010, commencing on July 1, 2010 for all eligible employees who retire with an effective date of retirement set during the sixty-two (62) day period beginning with and immediately following the commencement date and who are otherwise eligible as specified by Part A of Chapter 105, Laws of 2010.

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

Secretary