

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on June 24, 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:

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

The Meeting was called to order by Chairman Feeny at 10:02 A.M.

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS MEETING OF MAY 24, 2010

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

ITEM #2 MISCELLANEOUS

President Casale stated that so far in June handle is up very slightly on a day v. day basis and hopefully a sign of things to come and perhaps things are leveling off. Belmont Stakes was less than in 2009.

i. On Tuesday, the 22nd, Chairman Feeney and President Casale met with the new Nassau OTB management and Capital OTB's President. It was an informal get to know one another and encourage Nassau OTB to participate in the joint venture agreement along with the other regions. President Casale is hoping they will join in and John Signor, President of Capital also encouraged their joining. Among the items discussed was the failure of the Assembly and State Senate to consider any of the recommendations of our legislative package. The meeting with Nassau went well. Chairman Feeney agreed that they were very forthright.

ii. President Casale explained that labor counsel, Jeff Naness, was unable to appear at the meeting today due to a family matter. He will be available at a later Board meeting to respond to any questions the Board may have.

iii. There has been no response from the Union as to the counterproposal made. He will keep the Board informed.

iv. President Casale is aware that many employees have made appointments with the NYS Retirement System with respect to the State's Early Retirement Incentive Program. The objective in adopting the Incentive Program is to reduce the Corporation's expenses. It is still too early to tell what the impact on the Corporation will be. Once it is determined how many employees will be leaving, careful decisions with regard to job functions will be made.

vi. Another item discussed with Capital OTB was a joint promotional event. Chris Dempsey, Deputy Director of Operations, reported that he has been in touch with Capital's marketing person, Shannon. President Casale stated the joint effort would be another example of

the regions working jointly for the good of the industry. He was hopeful that Nassau might also join this Saratoga promotion. Counsel Tiger stated the promotion is aimed at the telephone wagering account customers and had as an additional goal an increase in those accounts for each participating region. Debbie Pfeiffer will be involved in that project. The event will require a handicapper and take place during the Saratoga meet in August. In addition, the signal from Capital's TV station will be piped into Suffolk's branches. Vice Chairman Hemendinger complimented Deb Pfeiffer on her ability with public relations.

ITEM #3 MAY HANDLE REPORT

Comptroller Gazes reported that handle for the month of May 8.6% compared to 2009 and for the year to date was down 13%. May's handle fell short of the projection 7.0% and 13.5% on a year-to-date compared to 2009.

Page 2 is an analysis of handle by branch. Qwik-Bets are up slightly 2.6% mainly due to the additional locations. Many of the locations had significant decreases but Main St. Pub and Sit N Sip were up. Internet wagering is doing very well. While Hauppauge was closed mid-March, the amount shown was future betting on the Derby. From the increase in Commack, the Racing Forum and Ronkonkoma, it would appear the handle has definitely shifted to those branches and been retained. Most of the branches had decreased handle. Huntington was down 16.9%, Riverhead down 16.0% and Route 110 down 20.0%. Southampton was up 50.6%. Deputy Director of Operations, Chris Dempsey, will speak with the managers at Sunrise to try and determine if there are any problems.

Page 3 is an analysis of handle by entity. Telephone handle as a percentage of total decreased from 11.3% in 2009 to 11.0% in 2010; Racing Forum handle as a percentage of total

was up from 23.9% to 24.8%; regular branches as a whole decreased from 61.2% in 2009 to 57.9% in 2010 and the Qwik-Bets went from 3.5% to 3.9% of total handle; internet wagering comprised 2.4% of total handle.

Page 5 is a summary of handle by track. NYRA handle is down 4.8% for the month of May. Finger Lakes decreased 18.5% with two fewer racing days. In-state harness handle was down 5.8% however there was an increase in handle at Yonkers. Despite a similar number of race days, excluding the Triple Crown, out-of-state thoroughbred handle was down 11.9%. Overall, Triple Crown handle was down 4.47% with the Derby handle basically flat and Preakness handle down 13.1% due to no Triple Crown contender. Out-of-state harness handle was down 12.1%. Some tracks are having fewer racing days. So far in June, through the 22nd, on a month-to-date basis, handle is down 1.3% with the same number of dark days.

Page 7 is a summary of statewide OTB handle by region. On average the OTB regions' handle was down 11.4% for the month of May. Suffolk's getting back to being more average.

Deputy Comptroller, Russ Kratoville, announced that Monmouth has increased their handle 100%. They are running fewer race days with bigger fields and purses which seems to be paying off. NYRA is looking at a similar option. And in addition, an analysis shows that closing those two branches has improved the "bottom line".

ITEM #4 UPDATE BY DEB PFEIFFER

While there is not much happening, there has been some news regarding the loan to NYRA and the resignation of Sandy Frucher from New York City OTB's Board. President Casale added that there are indications that the Legislature is not engaged in the racing industry apart from the NYRA bailout. Despite that, he stated that Suffolk's efforts would be stepped up

to raise the awareness of both the State and County Legislatures. Larry Schwartz, Secretary to the Governor, is currently serving as New York City OTB's Chairman of the Board. It is vital that we continue to explain the steps Suffolk OTB has undertaken as a Corporation to become leaner and more efficient and reduce our expenses. NYRA continues to hammer away at the OTBs despite its own failures such as its bankruptcy and the bailout by the State with taxpayer monies. There is an obvious predisposition against the OTBs throughout the racing industry. Ultimately, it will be the taxpayers who suffer.

Vice Chairman Hemendinger inquired if there was a central website for the OTBs. President Casale replied that was one of the topics discussed with Nassau and Capital (Empire State OTB website). Catskill was recently approved for internet wagering. As a result, there will be four regional OTBs who will participate in the website. Chairman Feeney expressed his concerns about the lack of support from the County Legislature and County Executive. For many years Suffolk OTB was able to turn \$6 million annually to the County, but more recently that annual amount has been reduced to \$2 million. It doesn't make sense that they're not screaming. All of the information has been supplied to them. At the meeting, Nassau was also asked to obtain support from their County officials. Vice Chairman Hemendinger said the important message is that the OTB doesn't cost them anything. Deputy Comptroller Kratoville informed the Board that he had done an analysis of commissions paid to Yonkers and Monticello. Mr. Kratoville stated that in 2009, Suffolk OTB paid Yonkers and Monticello for races run at their tracks \$420,000. The commissions paid to them for races run at other tracks was \$1.2 million, three times as much! Moreover, Yonkers and Monticello had a profit of \$263 million from their VLT operations.

At the request of Chairman Feeney, Vice Chairman Hemendinger made a motion to go into Executive Session which was seconded by Secretary Wynn and unanimously passed.

When re-convened in open session, Counsel Tiger announced that during Executive Session there was a discussion of certain matters pertaining to benefits and current negotiations with a Union which might be affected by any change in benefits. During the course of that session, Jeff Naness, the Corporation's outside labor counsel, arrived to respond to any specific legal questions in regard to the benefits issue. No business or other determinations were made.

The next meeting of the Board of Directors will be held on July 22, 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