

MINUTES
SPECIAL BOARD MEETING OF FEBRUARY 18, 1998
NEW YORK STATE RACING AND WAGERING BOARD

A meeting of the New York State Racing and Wagering Board was held on Wednesday, February 18, 1998, in the Executive Office, located at 1 Empire State Plaza, Suite 1201, Albany, New York 12223.

In Attendance Were:

Michael J. Hoblock, Jr., Chairman
Edward Martin, Executive Director
Stephanie L. Donato, Secretary to the Board
Frank Massimo, Manager of Licensing
George Dranichak, Director of Racing Officials
John Signor, Deputy Director of Audits and Investigations
Robert Feuerstein, General Counsel
James Gallagher, Director of Racing Operations

In Attendance Via Telephone Conference Were:

Joseph Neglia, Member
Bennett Liebman, Member

Also in Attendance Were:

Kyle Hughes, Gannett News
Tom Precious, Blood Horse

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The meeting was called to order at 12:10 p.m.

D. ITEMS TO BE APPROVED, DENIED OR DEFERRED BY THE BOARD

1. CONSIDERATION OF THE MID-STATE RACEWAY 1998 TRACK LICENSE

The Board extended the Mid-State Raceway 1998 Track License through March 4, 1998. No later than March 4, 1998, the following action is required on the part of Mid-State Raceway:

1. All of the issues described in the January 12, 1998 letter of Stephanie Donato need to be addressed completely. A copy of the Secretary to Board's letter is attached. With regard to Item five, the following directors still need to submit occupational applications with State and federal fingerprint cards-Thomas Fiore, Tarky Lombardi, Jr., David Slyman, Sr. and Neil Wager. In addition, the Board requires an occupational application from Frank White, Jr.;
2. Provide a legal opinion regarding the title of property held by the corporation and the ability of the corporation to convey clear title;
3. If a plan for capital infusion is submitted, furnish a proposed work out plan for debt and operations;
4. Provide a written explanation of the current status of the Capital Improvement Account, including details with regard to the failure to make deposits to the account and failure to obtain authorization for any capital projects undertaken.

Further, the Board remains extremely concerned over the late payment of purses which occurred at the end of 1997 meet, the issuance of rebates through a holiday voucher scheme, in contravention of Board direction, as well as irregularities in the filing of W2G's (and possibly 1099's) regarding the cashing of pari-mutuel tickets. Any one of these issues could affect the prospective licensure of a racing corporation, and reflect negatively on Vernon Downs' existing status. The Board will be actively investigating and pursuing information on these matters in the next two weeks.

The Board will assist Vernon Downs in any means possible; however, the requirements set forth above for Vernon Downs must be satisfied prior to March 4, 1998 so the Board can finally determine whether to continue the track license and assign live racing dates in 1998. This matter must be brought to a conclusion for the benefit of all parties, including the horsemen, the shareholders, and the industry in general.

The above was incorporated in a letter sent to Vernon Downs dated February 18, 1998.

The Meeting was adjourned at 12:55 p.m.