

MINUTES

NEW YORK STATE RACING AND WAGERING BOARD

MEETING OF JANUARY 23, 2002

A meeting of the New York State Racing and Wagering Board was held on Wednesday, January 23, 2002 at 11:30 a.m. at the Racing & Wagering Board's Albany Office located at 1 Watervliet Avenue Extension, Albany, New York.

The meeting was called to order at 11:38 a.m.

In Attendance Were:

Michael J. Hoblock, Jr., Chairman

Cheryl Buley, Member

Edward Martin, Executive Director

Sheila Osterhout, Secretary to the Board

Robert Feuerstein, General Counsel

Thomas Casaregola, Director of Audits & Investigations

Joe Lynch, Chief of Racing Operations

Also in Attendance Were:

Dianne Landor, NYSR&WB

Stacy Walker, NYSR&WB

M. Steadman, representing Catskill OTB

Jason Wheatley, NYS Senate

Charlie Coppola, Coppola, Ryan & McHugh

Mark Lieberman, Nassau OTB

Martin Tuczinski, Capital OTB

Justice Cheney, Vernon Downs

Jim Wise, Vernon Downs

OPEN COMMENT PERIOD: None

A. The Board approved the minutes of the Board meeting held on December 20, 2001.

B. ITEMS PREVIOUSLY APPROVED OR DEFERRED BY THE CHAIRMAN.

1. **BUFFALO RACEWAY REQUEST FOR VARIOUS SIMULCAST LOCATIONS IN 2002**

For entry into the minutes, on December 31, 2001, approval was granted for the request by Buffalo Raceway to amend their simulcast plan of operation enabling the import of thoroughbred simulcasts from Turf Paradise in Phoenix, Arizona.

This approval is effective immediately and this simulcast may be accepted whenever permitted under the current Racing Law through May 19, 2002.

* For entry into the minutes, on January 2, 2002, approval was granted for the request by Buffalo Raceway to amend their simulcast plan of operation enabling the import of thoroughbred simulcasts from Pimlico Racecourse and Laurel Park in Maryland.

This approval is effective immediately and this simulcast may be accepted whenever permitted under the current Racing Law through March 31, 2002, that is the timeframe specified within the federally required letter of permission issued by the State of Maryland Department of Labor, Licensing and Regulation, Maryland Racing Commission.

2. **MONTICELLO RACEWAY REQUEST FOR VARIOUS SIMULCAST LOCATIONS FOR 2002**

For entry into the minutes, on December 31, 2001, approval was granted for the request by Monticello Raceway to amend their simulcast plan of operation enabling the import of simulcast signals from Gulfstream Park in Florida, The Maryland Jockey Club racetracks of Laurel and Pimlico, Lebanon Raceway in Ohio, Northville Downs in Michigan and the Meadowlands in New Jersey.

* For entry into the minutes, on January 7, 2002, approval was granted for the request by Monticello Raceway to amend their simulcast plan of operation enabling the import of simulcast signals from Golden Gate Fields, a thoroughbred racetrack in California effective immediately. Although the contract is valid through December 22, 2002, this approval is valid only through March 31, 2002.

On file with the Board are permission letters from the California Horse Racing Board and from the Thoroughbred Owners of California (TOC) that expire after the racing of March 31, 2002. To continue on this contract with any Golden Gate Fields simulcasts past March 31, 2002, new permission letters must be filed with the Board.

These simulcasts may be imported whenever permitted under the Racing Law.

3. MONTICELLO RACEWAY REQUEST TO CHANGE POST-TIME

For entry into the minutes, on December 31, 2001, approval was granted for the request by Monticello Raceway to amend their plan of operation by changing the first post time on all Tuesdays, Wednesdays & Thursdays in January, February & March of 2002 to 1:10 p.m. (currently the post time is 1:05 p.m.)

4. SARATOGA HARNESS REQUEST TO CHANGE POST-TIME

For entry into the minutes, on December 31, 2001, approval was granted for the request by Saratoga Harness to amend their plan of operation enabling a new first post time on all Saturday and Sunday matinee programs.

The new first post will be 12:20 p.m. rather than the previously approved 12:45 p.m. first post time. This approval is effective immediately.

5. YONKERS RACEWAY REQUEST FOR VARIOUS SIMULCAST LOCATIONS IN 2002

For entry into the minutes, on December 31, 2001, approval was granted for the request by Yonkers Raceway to amend their simulcast plan of operation enabling the export of simulcast harness racing programs to The Meadowlands in New Jersey, The Greyhound Channel, LLC in Oregon, Ocean Downs in Maryland, Scioto Downs in Ohio, Suffolk Downs in Massachusetts, Hinsdale Greyhound Park in New Hampshire, River Downs in Ohio, Rosecroft Raceway in Maryland, Rockingham Park in New Hampshire, Northfield Park in Ohio, Saratoga Harness, Pompano Park in Florida and Monticello Raceway during the calendar year of 2002.

This approval expires after the December 31, 2002 Yonkers Raceway racing program. This approval is effective with the initial year 2002 Yonkers Raceway program.

* For entry into the minutes, on January 3, 2002, approval was granted for the request by Yonkers Raceway to amend their simulcast plan of operation enabling the export of simulcast harness racing programs to Autotote Enterprises, Inc. d/b/a Connecticut Off-Track Betting in Connecticut, a contiguous state.

This approval is effective immediately.

6. CAPITAL OTB REQUEST TO RELOCATE BRANCH – PLATTSBURGH

For entry into the minutes, on January 7, 2002, approval was granted for the request by Capital OTB to amend their plan of operation enabling the closing and relocation of the Clinton County off-track betting simulcast facility located on 380 State Route 3 in Ticonderoga and its transfer to the new location at #12 Skyway Plaza on U.S. Avenue in the same city.

This approval is effective immediately.

7. NASSAU OTB REQUEST FOR VARIOUS LOCATIONS FOR 2002

For entry into the minutes, on January 7, 2002, approval was granted for the request by Nassau OTB to amend their simulcast plan of operation enabling the import of simulcasts from the harness tracks of Balmoral Park and Maywood Park in Illinois, Woodbine & Mohawk Race Tracks in Ontario and Northfield Park in Ohio.

Also approved were the import of simulcasts from the thoroughbred tracks of Oaklawn Park in Arkansas and Philadelphia Park in Pennsylvania whenever permitted under the Racing Law.

* For entry into the minutes, on January 8, 2002, approval was granted for the request by Nassau OTB to amend their simulcast plan of operation enabling the import of simulcasts from The Meadows in Pennsylvania, The Maryland Jockey Club racetrack of Laurel Park (through March 31st), Suffolk Downs in Massachusetts and Turfway Park in Kentucky (through April 4th) whenever permitted by the Racing Law.

The federally required approval letters from Maryland denote approval from their horsemen through June 30, 2002 and from their Commission through March 31, 2002. To continue on during 2002 with these imported simulcasts from the Maryland Jockey Club, new letters must be filed with the Board.

The federally required letters from the Kentucky Racing Commission and from the Kentucky division of the Horsemen's Benevolent and Protective Association, Inc. (H.B.P.A.), both specify approval for the " Winter-Spring" meet only. To continue on during 2002 with these imported simulcasts from Turfway Park past April 4, 2002, new approval letters must be filed with the Board.

8. VERNON DOWNS REQUEST TO SIMULCAST VARIOUS LOCATIONS FOR 2002

For entry into the minutes, on January 9, 2002, approval was granted for the request by Vernon Downs to amend their simulcast plan of operation enabling the import of simulcast signals from Gulfstream Park in Florida, The Maryland Jockey Club racetracks of Laurel and Pimlico, Santa Anita in California, the Fair Grounds in Louisiana, Freehold Raceway in New Jersey and Tampa Bay Downs in Florida.

* For entry into the minutes, on January 18, 2002, approval was granted for the request by Vernon Downs to amend their simulcast plan of operation enabling the import of simulcasts from Oaklawn Park in Arkansas during the year 2002, whenever permitted under the current Racing Law.

9. SARATOGA HARNESS REQUEST TO SIMULCAST VARIOUS LOCATIONS FOR 2002

For entry into the minutes, on January 10, 2002, approval was granted for the request by Saratoga Harness to amend their simulcast plan of operation enabling the import of simulcast signals from the thoroughbred racetrack known as Santa Anita Park in California.

The approval of the amendment also allows for Saratoga Harness to export its simulcast signals to the in-state harness tracks of Vernon Downs and Monticello Raceway. Additionally, approved are the agreements allowing for export to Plainridge Racecourse in Massachusetts and to the New Jersey Sports and Exhibition Authority d/b/a The Meadowland and Monmouth Park in New Jersey. All approvals are in conjunction with Board' s policy of having licensees file all import simulcast contracts and all export agreements to any in-state or contiguous state entity. These simulcast signals may be imported whenever in accordance with the Racing Law.

The Board further acknowledges receipt of the agreements providing for the export of the Saratoga Harness signal to entities located in states other than contiguous states including Northfield Park and Thistledown in Ohio and Lewiston in Maine.

* For entry into the minutes, on January 15, 2002, approval was granted for the request by Saratoga Harness to amend their simulcast plan of operation enabling the import of simulcast signals from the thoroughbred racetrack known as Gulfstream Park in Florida.

The approval of the amendment also allows for Saratoga Harness to import the simulcast signals from the Meadowlands harness meeting in New Jersey and from Balmoral Park in Illinois. These simulcast signals may be imported whenever in accordance with the Racing Law.

* For entry into the minutes, on January 18, 2002, approval was granted for the request by Saratoga Harness to amend their simulcast plan of operation enabling the import of the simulcast signals from the Magna Entertainment Corporation harness racetrack known as The Meadows in Pennsylvania.

Also approved is the Saratoga Harness export of its simulcast to the Meadows, under the Board' s policy of simulcast licensees filing all export contracts that are new or with an in-state or contiguous state entities.

10. FINGER LAKES REQUEST TO CONDUCT HANDICAPPING CONTESTS

For entry into the minutes, on January 17, 2002, approval was granted for the request by Finger Lakes, dated January 7, 2002, to conduct three Simulcast Handicapping Challenges.

The challenges will be contested on the weekends of January 26th & 27th, February 23rd & 24th, and March 23rd and 24th in 2002. The finals comprising a field of contestants as outlined in the submitted rules will be contested on April 6, 2002.

All weekend contests will be conducted as outlined in the official rules and regulations as submitted to the Board.

C. ITEMS PREVIOUSLY APPROVED, DENIED OR DEFERRED BY THE BOARD

1. NYRA REQUEST FOR APPROVAL OF AUDITOR FOR 2001

For entry into the minutes, on December 28, 2001, approval was granted for the request by NYRA to approve Arthur Anderson as the independent auditors for the year ended December 31, 2001.

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

1. IN THE MATTER OF JOHN NICOLO

The Board approved Hearing Officer Baller's recommendation that the appeal be considered abandoned and the conclusion that the State Stewards determination at Finger Lakes Race Track, which suspended Mr. Nicolo's license for sixty (60) days and imposed a \$1,000 fine based upon rule violations associated with two post-race equine positives for the drug clenbuterol, be upheld.

2. BATAVIA DOWNS/WESTERN OTB TRACK LICENSE APPLICATION FOR 2002

The Board deferred the Batavia Downs year 2002 track and simulcast license applications pending receipt of a fully executed contract with the Western New York Harness Horsemen's Association covering at least the 2002 racing season.

3. BATAVIA DOWNS/WESTERN OTB SIMULCAST LICENSE APPLICATION FOR 2002

See Board item number 2.

4. BUFFALO RACEWAY TRACK LICENSE APPLICATION FOR 2002

The Board approved the Buffalo Raceway year 2002 track and simulcast license applications.

The 2002 simulcast license is conditioned upon compliance with all applicable provisions of the Racing, Pari-Mutuel Wagering and Breeding Law, Board rules and regulations, and the requirements set forth in the simulcast license application. The 2002 simulcast license is, among other items, conditioned on the requirement that all simulcast contracts entered into in 2002 provide that the Board shall have the authority to have access to and/or audit any wagering involving Buffalo Raceway at any out-of-state racetrack pari-mutuel system and/or hub. Attention is drawn to the language in paragraph 11(c) of the simulcast license application. The Board has issued this license on the additional condition that if contracts do not contain the required authority to access and audit language, by accepting this license Buffalo Raceway has agreed to provide the Board with access to the necessary information. Further, if such access at the out-of-state race track or the hub is sought and declined, Buffalo Raceway has agreed to immediately cease simulcasts with that site upon written notice from the Board.

5. BUFFALO RACEWAY SIMULCAST LICENSE APPLICATION FOR 2002

See Board item number 4.

6. FINGER LAKES TRACK LICENSE APPLICATION FOR 2002

The Board approved the Finger Lakes year 2002 track and simulcast license applications.

The 2002 simulcast license is conditioned upon compliance with all applicable provisions of the Racing, Pari-Mutuel Wagering and Breeding Law, Board rules and regulations, and the requirements set forth in the simulcast license application. The 2002 simulcast license is, among other items, conditioned on the requirement that all simulcast contracts entered into in 2002 provide that the Board shall have the authority to have access to and/or audit any wagering involving Finger Lakes at any out-of-state racetrack pari-mutuel system and/or hub. Attention is drawn to the language in paragraph 11(c) of the simulcast license application. The Board has issued this license on the additional condition that if contracts do not contain the required authority to access and audit language, by accepting this license Finger Lakes has agreed to provide the Board with access to the necessary information. Further, if such access at the out-of-state race track or the hub is sought and declined, Finger Lakes has agreed to immediately cease simulcasts with that site upon written notice from the Board.

7. FINGER LAKES SIMULCAST LICENSE APPLICATION FOR 2002

See Board item number 6.

8. NYRA SIMULCAST LICENSE APPLICATION FOR 2002

The Board approved the New York Racing Association' s year 2002 simulcast license application.

The 2002 simulcast license is conditioned upon compliance with all applicable provisions of the Racing, Pari-Mutuel Wagering and Breeding Law, Board rules and regulations, and the requirements set forth in the simulcast license application. The 2002 simulcast license is, among other items, conditioned on the requirement that all simulcast contracts entered into in 2002 provide that the Board shall have the authority to have access to and/or audit any wagering involving NYRA at any out-of-state racetrack pari-mutuel system and/or hub. Attention is drawn to the language in paragraph 11(c) of the simulcast license application. The Board has issued this license on the additional condition that if contracts do not contain the required authority to access and audit language, by accepting this license NYRA has agreed to provide the Board with access to the necessary information. Further, if such access at the out-of-state race track or the hub is sought and declined, NYRA has agreed to immediately cease simulcasts with that site upon written notice from the Board.

9. VERNON DOWNS TRACK LICENSE APPLICATION FOR 2002

The Board deferred the Vernon Downs year 2002 track and simulcast license applications until April 1, 2002.

The Board directed that Vernon Downs submit, no later than close of business on February 8, 2002, a financial plan for the period through March 31, 2002, as well as a plan for the remainder of the year 2002.

10. VERNON DOWNS SIMULCAST LICENSE APPLICATION FOR 2002

See Board item number 9.

11. SYRACUSE MILE TRACK LICENSE APPLICATION FOR 2002

The Board deferred until the April 2002 Board Meeting, the Syracuse Mile year 2002 track license application pending the licensing of one of its operators, Mid-State Raceway (Vernon Downs) for the calendar year 2002.

The application of Vernon Downs was deferred at this same Board meeting and will be considered again in April of 2002.

12. CAPITAL OTB SIMULCAST LICENSE APPLICATION FOR 2002

The Board approved the Capital District Regional OTB year 2002 simulcast license application.

The 2002 simulcast license is conditioned upon compliance with all applicable provisions of the Racing, Pari-Mutuel Wagering and Breeding Law, Board rules and regulations, and the requirements set forth in the simulcast license application. The 2002 simulcast license is, among other items, conditioned on the requirement that all simulcast contracts entered into in 2002 provide that the Board shall have the authority to have access to and/or audit any wagering involving Capital District Regional OTB at any out-of-state racetrack pari-mutuel system and/or hub. Attention is drawn to the language in paragraph 11(c) of the simulcast license application. The Board has issued this license on the additional condition that if contracts do not contain the required authority to access and audit language, by accepting this license Capital District Regional OTB has agreed to provide the Board with access to the necessary information. Further, if such access at the out-of-state race track or the hub is sought and declined, Capital District Regional OTB has agreed to immediately cease simulcasts with that site upon written notice from the Board.

13. CATSKILL OTB SIMULCAST LICENSE APPLICATION FOR 2002

The deferred the Catskill OTB year 2002 simulcast license application for one month pending resolution of issues concerning the distribution of revenues to the participating Catskill OTB counties.

14. NASSAU OTB SIMULCAST LICENSE APPLICATION FOR 2002

The Board approved the Nassau OTB year 2002 simulcast license application.

The 2002 simulcast license is conditioned upon compliance with all applicable provisions of the Racing, Pari-Mutuel Wagering and Breeding Law, Board rules and regulations, and the requirements set forth in the simulcast license application. The 2002 simulcast license is, among other items, conditioned on the requirement that all simulcast contracts entered into in 2002 provide that the Board shall have the authority to have access to and/or audit any wagering

involving Nassau OTB at any out-of-state racetrack pari-mutuel system and/or hub. Attention is drawn to the language in paragraph 11(c) of the simulcast license application. The Board has issued this license on the additional condition that if contracts do not contain the required authority to access and audit language, by accepting this license Nassau OTB has agreed to provide the Board with access to the necessary information. Further, if such access at the out-of-state race track or the hub is sought and declined, Nassau OTB has agreed to immediately cease simulcasts with that site upon written notice from the Board.

15. NEW YORK CITY OTB SIMULCAST LICENSE APPLICATION FOR 2002

The Board approved the New York City OTB year 2002 simulcast license application.

The 2002 simulcast license is conditioned upon compliance with all applicable provisions of the Racing, Pari-Mutuel Wagering and Breeding Law, Board rules and regulations, and the requirements set forth in the simulcast license application. The 2002 simulcast license is, among other items, conditioned on the requirement that all simulcast contracts entered into in 2002 provide that the Board shall have the authority to have access to and/or audit any wagering involving New York City OTB at any out-of-state racetrack pari-mutuel system and/or hub. Attention is drawn to the language in paragraph 11(c) of the simulcast license application. The Board has issued this license on the additional condition that if contracts do not contain the required authority to access and audit language, by accepting this license New York City OTB has agreed to provide the Board with access to the necessary information. Further, if such access at the out-of-state race track or the hub is sought and declined, New York City OTB has agreed to immediately cease simulcasts with that site upon written notice from the Board.

16. MONTICELLO RACEWAY REQUEST TO WITH DRAW FROM CIF - \$15,690.10 (\$5,000)

The Board denied without prejudice the request by Monticello Raceway, dated September 27, 2001, to withdraw \$5,000 from its Capital Improvement Fund for reimbursement of Advertising and Promotional Expenditures relating to its annual fireworks show.

The Board determined that expenditures for backstretch improvements and other budgeted CIF items must be increased substantially before this request will be reconsidered

17. MONTICELLO RACEWAY REQUEST TO WITH DRAW FROM CIF - \$85,461.22

The Board approved the request by Monticello Raceway, dated November 19, 2001, to withdraw \$85,461.22 from its Capital Improvement Fund for reimbursement of capital improvement expenditures.

Backstretch

Materials to repair stalls – Barns AA & H \$ 1,109.50

Blacktopping backstretch 28,390.00

Barn door and stall repairs – Barns I & J 667.68

Roof repairs to Barns M 840.00

Total Backstretch Items \$31,007.18

Other

International garbage truck \$33,000.00

Mack Dump truck with plow/wing 12,500.00

Electrical work from lightning damage 4,246.29

Hoist to repair/replace grandstand windows 1,160.23

Air Conditioner for announcer booth 181.89

Weed trimmer 470.75

DVD player 181.86

Computer for mutuels 1,249.76

Printer for Computer 243.96

Two VCR' s for judges 213.60

25" TV for horsemen' s paddock 278.19

Supplies to paint grandstand 727.51

Total Other Items \$54,454.04

Total Approved \$85,461.22

18. VERNON DOWNS REQUEST TO WITH DRAW FROM CIF - \$18,934.18

The Board approved the request by Vernon Downs to withdraw \$18,934.18 from its Capital Improvement Fund for capital improvement expenditures.

Capital Improvement Expenditures

Backstretch (53%)

Resurface ½ mile Training Track \$10,060.63

Total: Backstretch \$10,060.63

Other (47%)

Clubhouse Elevator \$ 8,873.55

Total: Other \$ 8,873.55

Total Approved \$18,934.18

19. CAPITAL OTB REQUEST TO ADD E-Z BET LOCATION - GOUVENEUR

The Board approved the request by Capital District Regional OTB, dated November 15, 2001, to conduct wagering and display simulcasts at the Clearview Restaurant in Gouverneur, New York (St. Lawrence County). The Clearview Restaurant is located at 1180 A US Highway 11. At this new E-Z Bet location, all wagering is self-service and initiated using a winning ticket or voucher only. The amount limit in the issuance of any voucher to a customer at any one time will be five hundred dollars (\$500).

In addition, it is expected that Capital OTB, using its own security (North Country Division) and audit employees, will inspect the Clearview Restaurant E-Z Bet facility and certify that all rules and laws concerning the conduct of wagering in New York State, are being followed. A copy of the results of all Capital Security checks involving E-Z Bet locations must be filed with the Board in a timely manner.

The Secretary to the Board must be immediately notified in writing should a change in any operating procedure become effective at this approved E-Z Bet facility.

20. CAPITAL OTB REQUEST FOR ISSUANCE OF A NOTE - ALBANY TELETHEATER

The Board approved the request by Capital District Off-Track Betting Corporation, dated January 4, 2002, concerning the execution of a \$270,000 note with Trustco Bank pursuant to Section 508 of the New York Racing, Pari-Mutuel Wagering and Breeding Law.

21. TAX & FINANCE CERTIFICATION OF YEAR 2001 RACING DATES

The Board hereby certifies pursuant to Section 228 (3)(b)(ii) and Section 318 (5)(b)(ii) of the Racing, Pari-Mutuel Wagering and Breeding Law that, Buffalo Raceway, Finger Lakes Racetrack, Monticello Raceway, The Syracuse Mile and Yonkers Raceway did conduct during the year 2001 at least 90% of program/races in 1985 or 1986 (whichever year had the fewer).

Regarding Saratoga Harness and Vernon Downs, the Board has found that it would be uneconomical or impractical for these associations to have been assigned the prescribed number and that such finding entitles them to be considered as if they did comply with such requirements. Regarding Batavia Downs, the Board did not grant a license and no racing dates were assigned in 2001.

This certification is made for the purpose of confirming the pari-mutuel tax rate, which was established for 2001 for each racetrack.

22. TAX & FINANCE CERTIFICATION OF YEAR 2002 RACING DATES

The Board certified that the remaining harness tracks (not certified in December 2001) within the State of New York continue to be eligible for tax relief in the year 2002.

E. ITEMS FOR BOARD INFORMATION/DISCUSSION

1. GAMES OF CHANCE – BINGO REGISTRATION NUMBERS –
DECEMBER/JANUARY - 01/02-07-E List of Games of Chance and Bingo Registration
Numbers authorized/denied by the Charitable Gaming Unit between December 18, 2001 -
January 10, 2001.

2. GAMES OF CHANCE – BELL JAR TICKETS – DECEMBER/JANUARY - 02/02-06-E
List of bell jar tickets authorized/denied by the Charitable Gaming Unit between December 18,
2001 - January 10, 2002.

The meeting was adjourned at 12:40 p.m. and reconvened at 1:31, at which time Board items 9,
10 and 11 were voted on. The meeting was adjourned at 1:34 p.m.