

MINUTES

NEW YORK STATE RACING AND WAGERING SPECIAL BOARD

MEETING OF FEBRUARY 17, 2000

A meeting of the New York State Racing and Wagering Board was held on Thursday, February 17, 2000 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 11:40 a.m.

In Attendance Were:

Michael J. Hoblock, Jr., Chairman

Joseph Neglia, Member

Bennett Liebman, Member

Edward Martin, Executive Director

Nicole Thuillez, Secretary to the Board

Robert Feuerstein, General Counsel

Tom Casaregola, Director of Audits and Investigations

Joe Lynch, Chief of Racing Operations

Also in Attendance Were:

Dianne Landor, NYSR&WB

Nicole Robilotto, NYSR&WB

Rick Goodell, NYSR&WB

Heather Bennett, Bennett Firm

Bill Heller, Thoroughbred Times

Bill Crowell, Hinman, Straub, Pigors & Manning, P.C.

Tom Precious, Blood Horse/Buffalo News

PUBLIC COMMENTS: No public comments were made.

A. The Board approved the minutes of the Board meeting held on January 21, 2000

B. ITEMS PREVIOUSLY APPROVED, DENIED OR DEFERRED BY THE CHAIRMAN

1. BUFFALO RACEWAY REQUEST TO SIMULCAST FREEHOLD RACEWAY

For entry into the minutes, on January 25, 2000, approval was granted for the request by Buffalo Raceway to simulcast Freehold Raceway in New Jersey.

This approval covers both Freehold race meetings contested during the year 2000.

2. BUFFALO RACEWAY REQUEST TO EXPORT SIMULCAST TO WESTERN OTB

For entry into the minutes, on January 25, 2000, approval was granted for the request for the three-month Buffalo Raceway simulcast contract with the Western Regional Off-Track Betting Corporation.

This contract is in effect through March 31, 2000 and is effective upon live racing commencing at Buffalo Raceway on January 28, 2000.

3. NEW YORK CITY OTB REQUEST FOR ADDENDUM TO CONTRACT WITH BAY MEADOWS

For entry into the minutes, on January 25, 2000, approval was granted for the request by New York City OTB, dated January 12, 2000, to amend an existing contract to simulcast the initial thoroughbred meeting from Bay Meadows Racetrack in California. The Bay Meadows Racetrack simulcasts began on January 20th and conclude on March 28th.

This approval extends through the initial 2000 race meeting at Bay Meadows only. This is the date specified in the federally required horsemen's letter of permission. To continue with Bay Meadows simulcasts after the first race meeting of the current year, new letters of permission must be filed with the Board.

The Bay Meadows simulcasts, generally a "bridge" simulcast signal, may be imported whenever permitted under the Racing Law. This approval also extends to Capital, Catskill and Western Regional OTB.

4. NEW YORK CITY OTB REQUEST TO SIMULCAST HIPPODROME de PARIS

For entry into the minutes, on January 27, 2000, approval was granted for the request by New York City OTB, dated January 25, 2000, to simulcast harness races from the Hippodrome de Paris-Vincennes in France on Sunday morning, January 30, 2000. Under Section 523(7) of the Racing Law, these harness races from France will be "special events".

This approval extends to all other regional OTB corporations in New York State should they choose to simulcast such races.

5. SARATOGA HARNESS REQUEST TO IMPORT SIMULCAST FROM VARIOUS OUTLETS IN 2000

For entry into the minutes, on January 31, 2000, approval was granted for the request by Saratoga Harness, received January 13, 2000, to participate in all three future pools of the year 2000 Kentucky Derby to be contested at Churchill Downs. It is understood that the first period of wagering will be from noon (EST) on Thursday, February 17th through 4:30 p.m. (EST) on Sunday February 20, 2000.

The second period will be March 9th through March 12th. The third period will be April 13th through April 16th. Notification to the Board is required if Saratoga Harness decides not to participate in all three period pools.

Also approved is the importation of the Freehold Raceway simulcast signal whenever in accordance with the Racing Law.

* For entry into the minutes, on February 11, 2000, approval was granted for the request by Saratoga Harness for the importation of the Oaklawn Park (Arkansas) simulcast signals that will be utilized mainly as a "bridge" simulcast.

6. SARATOGA HARNESS REQUEST TO EXPORT SIMULCAST TO VARIOUS OUTLETS IN 2000

For entry into the minutes, on January 31, 2000, approval was granted for the request by Saratoga Harness for the export of simulcast signals from Saratoga Harness to Suffolk Downs and its satellites of the Maine OTB's at the John Martin Manor Restaurant and Millers Restaurant, the Lakes Region Greyhound Park in New Hampshire and the Raynham Greyhound Park in Raynham, Massachusetts.

Also approved was the Saratoga Harness contract with Vernon Downs for the year 2000 Saratoga Harness racing season.

* For entry into the minutes, on February 11, 2000, approval was granted for the request by Saratoga Harness for the exportation of simulcasts from Saratoga Harness to Plainridge Racecourse (Massachusetts), located in a contiguous state.

* For entry into the minutes, on February 14, 2000, approval was granted for Saratoga Harness to export its simulcast signal to Garden State Park, the New Jersey Sports and Exhibition Authority (The Meadowlands and Monmouth Park), all of which are located in the contiguous state of New Jersey.

Also approved were agreements with the in-state harness racetracks of Monticello and Yonkers Raceway.

These approvals are effective immediately.

7. VERNON DOWNS REQUEST TO IMPORT SIMULCASTS FROM VARIOUS OUTLETS IN 2000

For entry into the minutes, on January 31, 2000, approval was granted for the request by Vernon Downs allowing the importation of simulcast signals from Buffalo Raceway, Saratoga Harness, Oaklawn Park in Arkansas and Bay Meadows in California.

The approval for Bay Meadows extends through March 26, 2000 only, as this is the date specified in the federally required letter of permission provided by the Thoroughbred Owners of California (TOC), the representative horsemen's group at Bay Meadows.

8. SUFFOLK OTB REQUEST FOR ELECTRONIC POSTING OF RACING PROGRAMS

For entry into the minutes, on January 31, 2000, approval was granted for the request by Suffolk OTB to install a new system for the distribution and the display of pertinent racing information as supplied by Racetrack Graphic Systems, Inc.

Required by the Board is adherence to Board Rules 5205.4 and 5206.3:

5205.4 Posting of results.

The results of each race, and the winnings thereon, shall be posted in the public area of each OTB branch office and teletheater immediately after each race, and remain so posted until the conclusion of the next business day. Each such OTB facility shall maintain therein for public inspection a record of the results,

winnings and refunds for each race card for a period of not less than 30 days following the race.

5206.3 Posting of entries.

The corporation shall post in the public area of each branch office a schedule of entries and projected closing times for wagers in each pool for which off-track wagers are accepted. Any revision of the aforementioned racing information shall be posted immediately and announced orally to patrons.

9. SUFFOLK OTB REQUEST TO HOLD HANDICAPPING CHALLENGE OF 2000

For entry into the minutes, on February 1, 2000, approval was granted for the request by Suffolk OTB, dated January 24, 2000, to conduct the 2000 Suffolk OTB Handicapping Challenge on Saturday, February 26, 2000, as outlined in the official rules and regulations.

Although there may be future handicapping contests this year at Suffolk OTB, as it states under PENN NATIONAL RULES that "the person who accumulates the most winning contest money in the three designated contests..", approval is specific to a one-day contest on February 26, 2000.

10. NYRA REQUEST TO OFFER WAGERING ON PICK 6 POOL - SANTA ANITA

For entry into the minutes, on February 3, 2000, approval was granted for the request by the New York Racing Association to allow their on-track and telephone customers to wager into the special one million dollar guaranteed pick-six pari-mutuel pool at Santa Anita on Saturday, February 5, 2000. The New York Racing Association will not offer any wagering other than the pick-six on any races after 7:30 p.m.

It is understood that if no one, anywhere, participating in this pick-six pool has all six winners on Saturday, NYRA patrons may also participate in the carry-over pool on Sunday, February 6, 2000.

11. FINGER LAKES REQUEST TO SIMULCAST FROM OAKLAWN PARK & BAY MEADOWS

For entry into the minutes, on February 11, 2000, approval was granted for the request by Finger Lakes to accept simulcast signals and conduct wagering on the thoroughbred track of the Oaklawn Park in Arkansas and Bay Meadows in California. These simulcast signals may be used whenever permitted under the Racing Law.

The Bay Meadows approval extends through March 26, 2000 only, the dates specified in the representative horsemen's group permission letter from the

Thoroughbred Owners of California (TOC). The Finger Lakes-Bay Meadows contract runs through November 12, 2000. Should Finger Lakes decide to handle Bay Meadows simulcasts on "dark days" or cancellation days after March 26th, a new permission letter from the Thoroughbred Owners of California must be filed with the Board.

12. MONTICELLO RACEWAY REQUEST TO EXPORT VARIOUS OUTLETS FOR 2000

For entry into the minutes, on February 11, 2000, approval was granted for the request by Monticello Raceway for the exportation of the simulcast signal from Monticello Raceway to the eight named casinos/resorts in Atlantic City, New Jersey, a contiguous state.

* For entry into the minutes, on February 14, 2000, approval was granted for the request by Monticello Raceway for the exporting of the Monticello Raceway simulcast signal to the racetracks of The Meadowlands and Monmouth Park that are operated by the New Jersey Sports and Exhibition Authority. This approval is effective immediately.

The NJSEA contract is valid for an indefinite period of time, or until a time when written notice is given by either party to the other, specifying an ending date to this agreement. Should such notice be given, it is expected that the Racing and Wagering Board will immediately be contacted and informed of such.

13. VERNON DOWNS REQUEST TO AMEND RACE DATES & FIRST POST TIMES

For entry into the minutes, on February 11, 2000, approval was granted for the request by Vernon Downs for the adjustment in the year 2000 racing schedule. The following changes from the originally approved dates and post times will now be scheduled:

- In May, Sunday, May 28th and Monday, May 29th will be dropped.
- In June, all Sundays will be matinees with a 1:45 p.m. first post.
- In July, a program will be added on Sunday the 2nd and all five Sundays will be matinees with a first post of 1:45 p.m.
- In August, the previously scheduled Sundays of the 6th, 20th & 27th will be dropped while Saturday the 19th will now be a matinee-evening doubleheader.

- In September, Sunday the 3rd, and all four Wednesdays will be discontinued.
- In October, the Mondays of the 9th, 16th, 23rd & 30th will be new.
- In November, racing will be conducted on the 2nd, 3rd, 4th, 10th and closing night the 11th.

14. YONKERS RACEWAY REQUEST TO IMPORT SIMULCASTS FROM SARATOGA HARNESS

For entry into the minutes, on February 11, 2000, approval was granted for the request by Yonkers Raceway for the importation of the in-state simulcasts from Saratoga Harness.

15. CAPITAL OTB REQUEST TO ADD NEW CONCESSIONAIRE - UTICA

For entry into the minutes, on February 11, 2000, approval was granted for the request by Capital OTB for the appointment of Michael Ursi as the concessionaire at the Charleston branch of the Capital District Regional OTB.

16. CAPITAL OTB REQUEST TO RELOCATE BRANCH - SARANAC LAKE

For entry into the minutes, on February 11, 2000, approval was granted for the request by Capital OTB for the relocation of the Capital District Regional OTB branch located in Saranac Lake to a new location at 73 Broadway.

This simulcast branch will replace the branch currently located at 34½ Broadway in Saranac Lake.

Before opening this relocated branch at 73 Broadway, Capital will file the temporary certificate of occupancy with the Board.

17. NEW YORK CITY OTB REQUEST AMENDMENT TO PLAN OF OPERATION

For entry into the minutes, on February 11, 2000, approval was granted for the request by New York City OTB for the conversion of the New York City OTB branch located within the George Washington Bus Terminal in upper Manhattan into a simulcast branch.

Approval is effective immediately.

18. NEW YORK CITY OTB REQUEST FOR NEW CONTRACT WITH SPORTS EYE, INC.

For entry into the minutes, on February 11, 2000, approval for the request by New York City OTB for the contract with Sports Eye, Inc. to provide official daily programs to New York City OTB through June 30, 2002.

Approval is effective immediately.

19. BUFFALO RACEWAY REQUEST TO CANCEL PROGRAMS IN MARCH - THURSDAYS

For entry into the minutes, on February 16, 2000, approval was granted for the request by Buffalo Raceway to cancel all five scheduled Thursday race programs during the month of March in the year 2000.

It is expected that Thursday racing will resume again during April 2000.

20. NEW YORK CITY OTB REQUEST TO SIMULCAST FROM CHURCHILL DOWNS

For entry into the minutes, on February 17, 2000, approval was granted for the request by New York City OTB, received February 16, 2000, to participate in all three future pools on the year 2000 Kentucky Derby to be contested at Churchill Downs. The first period of wagering will be from noon (EST) on Thursday, February 17th through 4:30 p.m. (EST) on Sunday, February 20, 2000.

The second period will be March 9th through March 12th. The third period will be April 13th through April 16th. Notification to the Board is required if New York City OTB decides not to participate in all three period pools.

This approval also extends to Capital, Catskill, Nassau, Suffolk and Western Regional Off-Track Betting Corporations.

21. MONTICELLO RACEWAY REQUEST TO SIMULCAST FROM CHURCHILL DOWNS

For entry into the minutes, on February 17, 2000, the approval was granted for the request by Monticello Raceway, received February 11, 2000, to participate in all three future pools on the year 2000 Kentucky Derby to be contested at Churchill Downs. The first period of wagering will be from noon (EST) on Thursday, February 17th through 4:30 p.m. (EST) on Sunday, February 20, 2000.

The second period will be March 9th through March 12th. The third period will be April 13th through April 16th. Notification to the Board is required if Monticello decides not to participate in all three period pools.

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

1. MATTER OF ANTHONY CAVALLO

The Board approved Hearing Officer Brittell's recommendation that the failure to appear to testify at a Board hearing on October 27, 1999, in violation of Board Rules 4119.7(d) and 4119.8(g) was not willful and that the Order to Show Cause be dismissed with prejudice.

2. MATTER OF ALAN SACCO

The Board approved Hearing Officer Brittell's recommendation that the failure to appear to testify at a Board hearing on October 27, 1999, in violation of Board Rules 4119.7(d) and 4119.8(g) was not willful and that the Order to Show Cause be dismissed with prejudice.

3. MATTER OF JOSEPH DELEO, JR.

The Board approved Hearing Officer Liebman's recommendation of the following:

That DeLeo be found guilty of violating Board Rules 4119.7(a)(3), 4119.9(a), 4120.2(f) and 4120.4 and that his license to participate in harness racing be revoked;

That this matter be referred to appropriate law enforcement officials for review;

That it was not proved DeLeo had used Jeffrey Lerner as a "front" for the DeLeo horses at Yonkers Raceway or that DeLeo violated Board rules governing a licensee's duty to cooperate with an investigation; and

That the equine drug positive violation charged to trainer Robert Hiel (Samcor Hanover, Yonkers Raceway on December 12, 1998) be expunged from Hiel's record;

That any other or continuing rights of respondent, Joseph DeLeo, Jr. to participate in harness racing pursuant to State Administrative Procedure Act § 401 or otherwise, be, and hereby are, terminated and revoked immediately, based upon the findings that the public safety and welfare imperatively require this action.

That the NYS Racing & Wagering Board requests that all horse racing tracks, as required by 9(E) NYCRR 4119.8, shall take immediate steps by whatever means are reasonably required to expel Mr. DeLeo from their tracks.

4. MATTER OF IAN KAUFMAN

The Board approved Hearing Officer Brittell's recommendation that Mr. Kaufman violated Board Rule 4117.1 for failure to drive IN THE PIPES to the finish in the 5th race on August 4, 1999. However, the Board has determined that the penalty of fifteen days assessed by the presiding judge be increased to twenty days based upon a finding that the specific conduct creates and fosters a negative public image of pari-mutuel harness racing and warrants an increased penalty commensurate with the need to deter such conduct.

5. MATTER OF THE DISQUALIFICATION OF TEXAS CHEER

The Board approved Hearing Officer Brittell's recommendation that the disqualification of TEXAS CHEER from first place for interference in the 5th race at Vernon Downs on September 2, 1999 and the suspension of driver Clint Galbraith for eight (8) days for violation of Board Rule 4117.4(a) be confirmed.

6. NYRA REQUEST TO INSTALL "SMART BUTTON" ON WEBSITE

The Board approved the "smart button software" to the NYRA Internet site.

It is understood that up-to-the second information involving entries, changes, win odds, multiple and exotic payoff possibilities and results with pari-mutuel prices will be available. Furthermore, there is neither live video nor methodology for wagering directly through the use of the NYRA Internet site.

7. NYRA REQUEST FOR RENOVATIONS AT BELMONT

The Board issued a permit pursuant to Section 239 of the Racing, Pari-Mutuel Wagering & Breeding Law for the alteration of the Belmont Room Annex at Belmont Park pursuant to the January 27, 2000 request.

8. NYRA - APPROVAL OF INDEPENDENT AUDITORS - ERNST & YOUNG

The Board deferred the approval of a qualified independent certified public accountant for the New York Racing Association fiscal year ended December 31, 1999 and a special audit of the internal controls of NYRA's mutuel department and money room pending receipt of an engagement letter between NYRA and Ernst & Young.

Pursuant to Section 231-a of the Racing Law, NYRA has submitted its selection of Ernst & Young, as its independent certified public accountant.

9. NYRA REQUEST FOR PERMISSION TO GRANT EASEMENT

The Board approved The New York Racing Association, Inc. ("NYRA") written request of NYRA's plan to grant a certain easement for minimal legal consideration.

The easement would be across a twenty-foot wide parcel located near Aqueduct Race Track. The purpose of the easement would be to permit a local builder to install water and sewer lines beneath the parcel. The parcel (identified on the attached map as Tax Lot 8 on Tax Block 11561) is located between two lots on which the builder intends to construct homes.

10. SARATOGA HARNESS REQUEST TO WITHDRAW FROM CIF - \$228,711.15

The Board approved the Saratoga Harness request for withdrawal from the Capital Improvement account of the \$50,000 that had been deferred at the January 20, 2000 Board meeting.

11. YONKERS RACEWAY REQUEST TO WITHDRAW FROM CIF - \$200,000

The Board approved the Yonkers Raceway request, dated January 24, 2000, to withdraw the \$100,000 from the Capital Improvement Fund that had been deferred at the January 20, 2000 Board meeting.

12. CAPITAL OTB REQUEST TO ADD AN E-Z BET LOCATION IN WATERVLIET

The Board approved, with Member Liebman abstaining, the request by Capital OTB to amend their simulcast plan of operation to include a new wagering facility. The E-Z Bet location will be operated by the Beer Joint, Inc. d/b/a Muddy's in Watervliet (Albany County). Mary and Morris Hoffman are the principals of the Beer Joint, Inc. and operate Muddy's.

13. NYRA REQUEST FOR FANTASY CHALLENGE ON WEBSITE - BELMONT

The Board approved the request by NYRA to conduct Belmont Park Fantasy Challenge via the official NYRA website.

E. ITEMS FOR BOARD INFORMATION/DISCUSSION

1. BUFFALO RACEWAY - ANNUAL CIF INSPECTION - 02/00-05-E

2. FINGER LAKES - ANNUAL CIF INSPECTION - 02/00-06-E

3. SARATOGA HARNESS - 02/00-18-D

Notice to continue participation in Capital Improvement Fund.

4. SARATOGA HARNESS - ANNUAL CIF INSPECTION - 02/00-25-E

5. YONKERS RACEWAY - 2000 TRACK & SIMULCAST LICENSES - 11/99-45 & 46-D Fire inspection report was sent on 1/27/00. Chairman approved license on 1/27/00.

6. WESTERN OTB - INCIDENT REPORT - 12/99-17-E

Break-in at Dunkirk branch on 11/23/99

Meeting was adjourned at 1:10 p.m.