

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on January 25, 2007 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
Patrick E. Byrne, Jr.	Secretary
Jeffrey A. Casale	President/CEO
Marietta M. Seaman	Vice President
Neil H. Tiger	Corporate Counsel/Executive Director of External Affairs
Celine Gazes	Comptroller
Edna Donohue	Corresponding Secretary to Board

Also Present:

Paul Edelstein	Director of Wagering Operations and Services
Tom Kilmartin	Special Assistant to the President for Budget Systems

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The Meeting was called to order by Chairman Feeney at 10:03 A.M.

**ITEM #1      APPROVAL OF MINUTES OF THE SPECIAL BOARD OF DIRECTORS MEETING OF DECEMBER 21, 2006**

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Special Board of Directors Meeting of December 21, 2006. Vice-Chairman Hemendinger made a motion that the Minutes be approved, seconded by Secretary Byrne and passed unanimously.

**ITEM #2      UP-DATE ON BRANCH RE-LOCATIONS**

President Casale, stating he had to leave the meeting early, advised with respect to the new Commack branch, progress is being made. The building's foundation is in and hopefully the framing will begin shortly. We are currently on a month-to-month tenancy at the current location.

Regarding Deer Park, President Casale stated he had attended the Town of Babylon Zoning Board meeting and that the Corporation's application for special use was granted. The landlord is ready to start the renovations as soon as the building permits are issued which should be in the very near future.

The President then stated that high priority was being given to finding a new site to replace the current Huntington location. The building located in a shopping center is approximately 4,000 to 4,500 square feet and should suit our purposes should the parking be sufficient. Contact is being made to initiate a discussion with the landlord. If all goes well, there will be consideration given to a new style of branch.

**ITEM #3      INTERNET WAGERING**

President Casale announced that as of January 23, 2007, internet wagering went into effect in New York State. President Casale has been meeting with the other regional OTBs and interviewing potential vendors and has seen some presentations from providers of internet wagering platforms. One of the most critical considerations is cost and there are variations among the providers. The cost will be a percentage of handle. President Casale is strongly in favor of the OTB regions acting as one in connection with the selection of a provider and sharing the cost and profits. There is another meeting scheduled for January 26<sup>th</sup> in Manhattan on this

subject. When a decision is made on a recommendation, he will come back to the Board for approval. President Casale also expressed his opinion that internet wagering would not be an instant money maker but rather a slow growing process that would require marketing but it is important to be in the game.

Chairman Feeny inquired if there would be a conflict with a provider of the internet wagering system and our tote company but it is thought not to be a problem. Comptroller Gazes asked about the current track contracts but Counsel Tiger added that some of the track contracts already include video streaming, etc.

President Casale expressed to the Board his displeasure overall with Scientific Games due to technical problems that have arisen subsequent to their move to New Jersey. These problems have resulted in loss of handle as well as public relations damage with our customers. To that end, President Casale announced that a meeting with Scientific Games has been scheduled for February 1<sup>st</sup> to discuss these latest problems and ways to resolve them.

#### **ITEM #4      SCREENS AT THE RACING FORUM**

President Casale reminded the Board of a discussion and proposal regarding changing the screens at the Racing Forum. After much research and cost analysis, it was determined that the prior plan was not to be implemented at this time. Instead, a demonstration was held which would be a vast improvement of the TV screens at the Forum. The pictures would be clearer and brighter which would result in customer satisfaction. The price of the new projectors is affordable and the Corporation would be able to proceed off the State contract alleviating the need to go out for a bid. At the present time, it would appear to cost from \$26,000 to \$30,000. The large middle screen may also be increased 2 feet in size on each side.

**ITEM #5      GROSSMAN PUBLIC RELATIONS CONTRACT**

President Casale announced that the current contract with Grossman expired. While he is not at the present time recommending renewing the contract until further analysis can be made, he suggests keeping the public relations firm on a month-to-month basis for four months. Accordingly, Vice-Chairman Hemendinger made a motion that the President be authorized to continue the Grossman contract on a month-to-month basis for a term not to exceed four (4) months, which was seconded by Secretary Byrne and unanimously passed.

**ITEM #6      CORPORATE INVESTMENT POLICY**

Comptroller Gazes advised that it was time to renew the Corporation's investment policy, a copy of which is in the packet. The only changes are that two of the banks have changed. Long Island Commercial Bank is now New York Commercial Bank and in place of Bank of New York, the Corporation now uses State Bank of Long Island as authorized depositories. Thereafter, Vice-Chairman Hemendinger made a motion that the Investment Policy be approved as presented for the year 2007, seconded by Secretary Byrne and unanimously approved.

**ITEM #7      PROCUREMENT POLICY**

Comptroller Gazes stated that the proposed Procurement Policy is the same as 2006 verbatim. Vice-Chairman Hemendinger made a motion that the Procurement Policy and Procedure be approved for the year 2007, seconded by Secretary Byrne and unanimously approved.

At this point, the President announced he would have to leave the meeting. Secretary Byrne asked that he remain so that he could pass on a compliment from the Tax Commission convened to review the County revenue. The members were very impressed and the President may be asked to speak to the Commission in the future. The meeting was turned over to the Vice President, Marietta Seaman.

**ITEM #8      DECEMBER HANDLE REPORT**

Comptroller Gazes stated that in view of the fact that the Handle Report had been distributed prior to the meeting, she would limit her comments to the highlights. She stated there is a new Qwik-Bet location that opened December 19<sup>th</sup> but that Radio Grill had closed.

Huntington and Deer Park have declines in handle as has been the trend over the past year. Those branches are slated for re-location. Hauppauge branch was also down and might be the result of the loss of the runner who would bring in bets from the location which is now the new Qwik-Bet. The shift of handle from the branches to the Racing Forum and Phone Room continues. Centereach continues to do well as does Southampton. Riverhead had a decline.

In-state harness handle has risen due to Yonkers Raceway being open now.

Comparing handle on a regional basis, Suffolk's decline was considerable. Comptroller Gazes stated that once she has finished closing out the year 2006, she will have annual figures for the Board.

Counsel Tiger expects approval of another Qwik-Bet at the February Racing & Wagering Board meeting.

**ITEM #9      CORPORATE MANAGEMENT SYSTEM AND BUDGET**

Mr. Kilmartin is present at the meeting today to give an up-date on the status of the new management system. He stated that the business process analysis had been concluded. The provider, AKA, will now formulate a work plan which will set the agenda for training and implementation of the new system. It is hoped to do the General Ledger and modules in the second quarter and payroll in the third quarter of 2007. The computer system has been up-dated by Dell itself and then AKA installed the software. Staff training is scheduled for the next two quarters. Key people will be trained directly with a payroll module set for training here on premises. A considerable savings is projected due to the fact that work has been done here already and training can be accomplished at the lowest possible cost.

He added that if the next Board meeting will be held in the new Conference Room, Comptroller Gazes will be able to show the financial figures on the screen.

**ITEM #10      MISCELLANEOUS**

Vice President Seaman stated she wanted to up-date the Board on the projects she has been overseeing along with the Marketing and Operations Departments to raise awareness of Suffolk OTB and increase handle and somehow promote the Corporation. Lottery has been introduced in Centereach and Ronkonkoma branches. The instant Lottery machines should be installed in the near future. We intend to do some advertising on the NYRA profiles to defray the cost of printing. The Corporate vans that go out everyday on the road are going to be painted with a horse and jockey and our website as a form of advertising. Marketing is trying to promote more Qwik-Bets. The Corporation is intending to be a sponsor at the Bartenders' Ball with a live

Qwik-Bet outside the Ball to entice the bar owners. The B103 Super Bowl party is scheduled for Sunday, February 4<sup>th</sup> at 5:30 at the Forum.

The next meeting of the Board of Directors is scheduled for Thursday, February 22<sup>nd</sup>, 2007 at 10:00 a.m.

There being no further business to come before the meeting, upon motion of Vice Chairman Hemendinger, seconded by Secretary Byrne and unanimously passed, the meeting was adjourned.

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Secretary

## RESOLUTION

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

RESOLVED, that JEFFREY A. CASALE, President/CEO of Suffolk Regional Off-Track Betting Corporation is hereby authorized to continue the existing contract with Grossman for public relations on a month-to-month basis for a term of four (4) months.

## CERTIFICATE OF SECRETARY

PATRICK E. BYRNE, JR. being the Secretary of Suffolk Regional Off-Track Betting Corporation, does hereby certify that said Resolution has duly passed at a regular meeting of Suffolk Regional Off-Track Betting Corporation held at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York 11788 on the 25<sup>th</sup> day of January, 2007.

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Secretary

## RESOLUTION

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

RESOLVED, that the Investment Policy currently in effect for Suffolk Regional Off-Track Betting Corporation is hereby approved and shall continue in effect for the year 2007.

## CERTIFICATE OF SECRETARY

PATRICK E. BYRNE, JR. being the Secretary of Suffolk Regional Off-Track Betting Corporation, does hereby certify that said Resolution has duly passed at a regular meeting of Suffolk Regional Off-Track Betting Corporation held at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York 11788 on the 25<sup>th</sup> day of January, 2007.

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Secretary

## RESOLUTION

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

RESOLVED, that the Procurement Policy and Procedure currently in effect for Suffolk Regional Off-Track Betting Corporation is hereby approved and shall continue in effect for the year 2007.

## CERTIFICATE OF SECRETARY

PATRICK E. BYRNE, JR. being the Secretary of Suffolk Regional Off-Track Betting Corporation, does hereby certify that said Resolution has duly passed at a regular meeting of Suffolk Regional Off-Track Betting Corporation held at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York 11788 on the 25<sup>th</sup> day of January, 2007.

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Secretary