

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on February 22, 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

The Meeting was called to order by Chairman Feeney at 10:12 A.M.

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS MEETING OF JANUARY 25, 2007

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors Meeting of January 25, 2007. Vice-Chairman Hemendinger made a motion that the Minutes be approved, seconded by Secretary Byrne and passed unanimously.

ITEM #2 ADVERTISING ON CORPORATE VAN

Vice-President Seaman announced to the Board that one of the corporate vans had been painted and now had a beautiful picture of a horse and jockey as well as the Corporation's

website. It will serve as wonderful advertising for Suffolk OTB. President Casale stated it is getting rave reviews. The Directors will take a look after the meeting.

ITEM #3 JANUARY HANDLE REPORT

Comptroller Gazes announced that handle for the month of January was down 4.2% from January 2006 and \$303,325 or 2% down from projected handle for the month. The primary reason for the decline was Gulfstream where there was an issue which arose between the horsemen and the track which resulted in all the state regional OTBs not taking the track for the first half of the month. Comptroller Gazes went on to say that the annual projection had been prepared by Tom Kilmartin and Russ Kratoville, special assistants to the President on the budget.

In reviewing handle by branch, she notes that the newest Qwik-Bet location, Sit-N-Sip, is doing extremely well. The Qwik-Bet principals are very motivated with respect to horse racing and it certainly is revealed in the handle figures. With respect to the branches, Huntington, Centereach and Southampton all had increases in handle. The decline in handle in the Phone Room is attributed to the Gulfstream situation. The Racing Forum had an increase as well. President Casale noted that Centereach continues to do well and there will be some cosmetic improvements made in that branch with TVs, etc. Counsel Tiger added there also were some problems with the tote company in January which may have had an impact on the handle.

Page 3 is the chart showing the comparison of the branches, Racing Forum, Phone Room and Qwik-Bets to total handle. On a month-to-date basis, the Racing Forum increased 4.4% to 27.1% of total handle, the branches were down 7.1% to 58.4% of total and the Phone Room down 8.7% to 13.8% of total handle and the Qwik-Bets up 57.8% to 0.7% of total. Page 4 is a graphical presentation of the comparison.

Page 5 is a handle comparison by track. Comptroller Gazes states that a review of the Gulfstream handle shows it to be \$937,288.00 less than in 2006 with many less racing days. That decline more than accounts for the total handle decline from 2006. President Casale stated that New York City OTB by Ray Casey and Ira Bloch, negotiated on behalf of the regional OTBs to successfully resolve the issue.

Comptroller Gazes stated that with Yonkers reopened, in-state harness handle just at that track was up \$329,254.

Counsel Tiger asked to speak with respect to the Gulfstream situation so that the Board understood what happened. He stated that under the provisions of the Interstate Horse Racing Act, the horsemen group at each track has a veto over simulcasting contracts. While the Gulfstream contract was not a new one (it was in the second year of a 3 or 4 year contract), the horsemen were looking for more money and looked to the OTB contracts to pick up the additional monies. He further stated that New York State has always been able to negotiate a fairly discounted rate on simulcasting due to the weight of the handle. With the advent at Gulfstream of slot machines and additional revenue to the horsemen from them, the horsemen now looked for more ways of increasing revenue. Hence they went after the OTB contracts. After much pressure was applied, a compromise was reached and the matter was resolved. Unfortunately, he added this may now become a much more frequent occurrence with the other tracks as well as the onset of the internet wagering.

Continuing on, Comptroller Gazes stated that there were the same number of dark days in 2007 as there were in 2006.

Page 6 shows the handle comparison of the OTB regions. Suffolk did better percentage wise than the other regions except Western.

As a preview to February, through February 21st, handle is down 2.2% from projection and there was one more dark day this year compared to 2006.

ITEM #3 HEADQUARTERS RENOVATIONS

President Casale advised that for the most part, renovations on the Headquarters building are complete. Buildings & Grounds are finishing up on the Ladies' bathroom and the last project will be the kitchen. He complimented Jack Luquer and his staff as well as Ralph Aprea for his design work. Their efforts resulted in a great savings in labor costs.

President Casale said in addition to the corporate van already painted, there are two more slated to be painted.

ITEM #4 UP-DATE ON INTERNET WAGERING

President Casale announced that the selection process for an internet wagering platform has been tedious and slow. No decision has been reached as yet on a vendor from any of the presentations and interviews conducted. There are basically three finalists. Another meeting is to be scheduled that will hopefully result in a final selection and with all six regions acting as one. Discussion followed regarding the advantages and disadvantages of the various companies.

ITEM #5 LINE OF CREDIT

President Casale stated that after discussions with the Vice-President, Counsel Tiger and Comptroller Gazes, it was decided that the Corporation should have an available Line of Credit for emergency purposes or in the event a quick decision had to be made. He then requested that Comptroller Gazes present the details to the Board and she distributed a chart she had prepared

showing a summary of the terms she received from various banks. After consideration of the costs, the favorable interest rate and the collateral requested by the bank, she is recommending New York Commercial Bank. The Corporation's experience with that institution as its primary bank has been excellent. The bank provides many, many services free of charge. Comptroller Gazes stated she may use the Line of Credit in connection with some upcoming projects as well as the Disaster Recovery Plan. She asks the Board for permission to proceed to set up the Line of Credit the final agreement of which will be subject to Board approval.

Vice-Chairman Hemendinger made a motion to approve the recommendation of Comptroller Gazes that a Line of Credit be established for the Corporation with New York Commercial Bank subject to the terms and conditions herein stated and final approval by the Corporation's Board of Directors with respect to the agreement, which motion was seconded by Secretary Byrne and unanimously passed.

ITEM #6 UP-DATE ON BRANCH MATTERS

DEER PARK

President Casale announced that while we must vacate the existing location, work progresses on the new site. However since it will not be ready for the Triple Crown, it is hoped that the existing branch may remain where it is. Further discussion to be had in Executive Session.

HUNTINGTON

President Casale announced that a new site has been located on Jericho Turnpike in a small shopping center. It appears to have enough parking including in an adjacent lot and the site has been previously used for entertainment purposes. The landlord at this time seems

agreeable. Since it is an existing structure, it may move along quickly after approval by the Town.

COPIAGUE

President Casale announced that a site has been identified in Copiague very close to Sunrise Highway which looks promising. It is a very large building not near any residences, schools or churches. There is a possibility of the Corporation having a tenant to share the large space. Many years ago, there was a very successful branch in Copiague. Some study with respect to feasibility of locating a branch in that area will be conducted.

ITEM #7 INSURANCE ANALYSIS

President Casale stated that the Corporation's insurance policies and coverages had been recently reviewed. Insurance broker, BWD, sought rates with other carriers and that has resulted in a premium savings for all liability coverages of \$197,000.00 for the coming year.

ITEM #8 CONSULTANT CONTRACT

President Casale stated that while Bob Hammer had officially retired from the Corporation as the Purchasing Agent, the knowledge he possesses needs to be imparted to his successor. At the present time, he is training Duwayne Gregory on the entire purchasing procedure and re-vamping that procedure to integrate with the new accounting system. Therefore, it is the Corporation's desire to have Mr. Hammer stay on as an independent consultant for 6 months at a cost not to exceed \$15,000.44.

Accordingly, Vice-Chairman Hemendinger made a motion to approve the Independent Consulting Contract with Robert Hammer effective February 1, 2007 for a period of

6 months at a cost not to exceed \$15,000.44 for the training and transition of his successor as Purchasing Agent, which was seconded by Secretary Byrne and unanimously approved. For accounting purposes, he will bill the Corporation for the time he spends.

ITEM #9 OUTSIDE COUNSEL FOR COLLECTION MATTER

Counsel Tiger advised the Board of the delinquency of the current vendor who has ATM machines in some of the Suffolk OTB branches. Presently, there is an RFP to obtain a new vendor. The arrears are approximately \$50,000-60,000. Demand has been made for an accounting and payment. Counsel Tiger requested that the Board approve an expenditure to retain outside counsel who specializes in collections for the purpose of seeking recovery of said arrears. Accordingly, Vice-Chairman Hemendinger made a motion to approve the retention of outside counsel for the purpose of pursuing the ATM delinquency, seconded by Secretary Byrne and unanimously approved. The Board will be advised of said outside counsel's name.

ITEM #10 NYRA FRANCHISE

Chairman Feeney inquired if anyone had been awarded the racing franchise. President Casale informed him that just that morning there was an article in the paper that Governor Spitzer would be reviewing the recommendation of the Ad Hoc Committee. So it is unsure which entity will be the franchisee.

The next meeting of the Board of Directors will be Thursday, March 22, 2007 at 10:00 a.m.

The Board retired to Executive Session upon motion of Vice Chairman Hemendinger, seconded by Secretary Byrne and unanimous vote.

Upon reconvening in open session, upon motion to adjourn by Vice-Chairman Hemendinger, seconded by Secretary Byrne and unanimous vote, the meeting was adjourned at 11:18 a.m.

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 may establish a Line of Credit for the Corporation with New York Commercial Bank subject to the terms and conditions as detailed and final approval by the Corporation's Board of Directors with respect to the agreement.

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 22nd day of February, 2007.

Secretary

RESOLUTION

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

RESOLVED, that the Independent Consulting Contract between the Corporation and Robert Hammer effective February 1, 2007 for a period of 6 months at a cost not to exceed \$15,000.44 for the training and transition of his successor as Purchasing Agent is approved.

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 22nd day of February, 2007.

Secretary

RESOLUTION

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

RESOLVED, the Corporation is authorized to expend monies to retain outside counsel for the purpose of pursuing collection of the ATM delinquency due the Corporation.

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 22nd day of February, 2007.

Secretary