

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on March 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
Paul Edelstein	Director, Wagering Operations and Services

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

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS MEETING OF FEBRUARY 22, 2007

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors Meeting of February 22, 2007. Vice-Chairman Hemendinger made a motion that the Minutes be approved, seconded by Secretary Byrne and passed unanimously.

ITEM #2 PROJECT UP-DATES

COMMACK

President Casale advised that construction of the new Commack Branch is underway. A meeting was held two days prior to discuss the finishing work in the interior. The Corporation is

responsible for that work. Some of the work will be from contractors who are on the County list and bids will be let for other work, if necessary. Ralph Aprea is compiling a list of what is necessary for the project. The work will be in compliance with our procurement policy and practice. We are currently on a month-to-month status in the current location.

DEER PARK

The new location now referred to as “Grand Boulevard” was issued a building permit which will allow the Landlord to commence the renovations in accordance with the plans. In the present location, the other tenants have vacated their premises resulting in some security issues with respect to the employees and customers which are being addressed. Counsel Tiger added that negotiations were conducted which will allow us to remain in the current location until mid-June which will encompass the Triple Crown Races. Consideration for this arrangement is a payment in addition to the regular rents for the months of April and May. There will be no charge for the days we remain in June.

There might be a short period of down time from the closing of the old branch before the new location is completed. Customers will be encouraged to go to other Suffolk OTB branches in the area during that downtime with perhaps a small incentive offered to compensate the customers for the inconvenience.

HUNTINGTON

One of the top priorities is re-locating the Huntington branch and as previously discussed, a suitable site has been identified. Negotiations are underway with the Landlord for an existing building with proper zoning and sufficient parking. President Casale will keep the Board posted as to any new developments.

President Casale announced that the Corporation is actively seeking possible Qwik-Bet sites in areas where there is no exposure. The Corporation is also sponsoring a live Qwik-Bet set up at the Bartender's Ball on March 26th. Hopefully, this will result in some good prospects.

ITEM #3 UP-DATE ON FRANCHISE MATTER

President Casale stated he wished to up-date the Board on the NYRA franchise matter. He advised that the new Governor is reviewing the current bids received as well as entertaining new bids from interested parties. In addition to the three known bidders, an Australian group, a group with Steve Wynn as a principal and Catskill OTB have submitted proposals.

One of the chief concerns with any of the bids submitted is the future of the OTBs which President Casale believes are responsible for keeping racing alive in New York. He stated that no input has been sought from the OTBs by the bidding entities despite the millions of dollars of revenue generated. While changes are inevitable, President Casale continues to express his desire to have input in the process and a lengthy document has been prepared which outlines the Corporation's opinion as to which direction should be taken. He added that some legislative consideration will be had. The Governor hopes to have a decision made before the end of the current session in late May. Some discussion followed with respect to the make-up of the NYS

Racing & Wagering Board and the fact that it may well be replaced by a Gaming Commission. President Casale will keep the Board apprised.

ITEM #4 CONTRACT NEGOTIATIONS

President Casale stated that negotiations are on-going with the Unions with respect to labor contracts and he will keep the Board apprised of any new developments.

ITEM #5 EXPENSE FOR CORPORATION'S SOFTBALL TEAM

Another item on the agenda today to be considered is approval of the expense for the Corporation's softball team. They won the championship in 2006. The team was strongly supported by the staff and it has been good for morale. The Board is asked to approve the sum of \$1,350.00 which is the ABA Sports of Long Island League fee of \$1,225.00 and the cost of the forfeit bond of \$125.00. Accordingly, Vice-Chairman Hemendinger made a motion to approve the allocation of the sum of \$1,350.00 for the softball team to participate for the year 2007, seconded by Secretary Byrne and unanimously passed.

ITEM #6 FEBRUARY HANDLE REPORT

Comptroller Gazes distributed a chart showing a comparison of surcharge from winnings for February for the 2006 and 2007 which will illustrate a point she will make later in her report.

As can be seen on Page 1, handle for the month of February was down 2.4% from 2006. There were 8 dark days in both 2006 and 2007 but one additional cancellation day in 2007. February's handle did exceed the projected handle by 2.3%.

The newest Qwik-Bet, Sit-N-Sip opened December 19, 2006 and their handle is so much greater this month than the other locations. The overall Qwik-Bet handle increased 133.9% over February 2006.

Despite the overall decline in handle, several branches were up from 2006. They were the Racing Forum, the Phone Room and Riverhead. On Page 3, the pie chart shows that the Forum and the Phone Room each have a larger percentage of the handle compared to the regular branches. The Forum is non-surcharge and a significant portion of Phone Room handle is surcharge free. President Casale questioned what the distribution of the Forum admission fees is and Comptroller Gazes will furnish that information although it is believed the majority goes to the State as admission tax. Attention was turned to the Surcharge Chart which indicates the winnings income. An example she pointed out was that in February 2006 Suffolk OTB's customers won approximately \$11 million of which 64.2% was subject to surcharge and 35.8% was not. In the same period this year, the winnings are only slightly less but the percentages went from 64.2% to 61.2% surcharged. That has a direct impact on the bottom line. She feels focus should be placed on directing customers into the regular or surcharge branches.

President Casale added that was an interesting point and was quite a demonstration. It is understandable since the Forum is a much nicer place to go but plans are underway for some improvements at the smaller branches. There will be a meeting scheduled to discuss some promotions for the smaller branches. The new Commack and Deer Park branches are surcharge branches. Discussion followed about ways to determine the net revenue derived from the big bettors at the Forum. Mr. Edelstein stated that player tracking is done on a daily basis. On a month-to-date basis, as a percentage of total handle the Forum increased from 23.7% to 26.4%,

the Phone Room increased from 13.7% to 14.3% and the branches declined from 62.3% to 58.4% while Qwik-Bet handle went from 0.4% to 0.9% of total handle.

Page 5 is a summary of handle by track. NYRA handle decreased 10.8% partially due to 2 cancellations in February 2007 versus one in 2006. Aqueduct (NYRA) shut down 4 days this month already and some discussion followed whether it was necessary and how financially it impacts the OTBs and ultimately the taxpayers.

In-state harness handle has increased 130% due to Yonkers being open and Monticello had a nice increase as well. Out-of-state harness had a decrease 3.9% which is believed to be a shift to Yonkers primarily from Meadowlands.

Out-of-state thoroughbred has declined 2% and is basically in line with the average decline of 2.4%. There were a lot of cancellations due to weather and Gulfstream had less harness. Fairgrounds, closed last year, is now open which may account for the decrease in Gulfstream.

In comparison to the other State regional OTBs, it is noted that for the month of February Suffolk had the smallest decline in handle at 2.4%. President Casale stated the figures are encouraging and the effort put forth by the staff has resulted in improving the bottom line. He feels the problems with the declines in the other regions are poor economy and casino/racino competition. President Casale mentioned the tote company problems experienced of late and Mr. Edelstein's diligence in dealing with them and staying on top of the attempts to remedy the situation. Comparisons in regional handle over the years was thereafter discussed. Gas prices on the rise again may have an impact on our future handle. President Casale stated that the VLTs at the harness tracks have contributed to the decline in handle.

ITEM #7 MARCH HANDICAP CONTEST

Paul Edelstein, Director of Wagering Operations and Services announced that the contest on March 24th is full. Some of the entrants are from former contests. A former winner went on to the Challenge in Las Vegas where he came in 7th and won approximately \$14,000. About 50% of the entrants are coming from outside Suffolk County and as a result an increase in handle should be realized that day.

The next meeting of the Board of Directors will be Thursday, April 19, 2007 at 10:00 a.m.

The Board retired to Executive Session for a discussion relating to legal and personnel matters 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 11:50 a.m.

Secretary

RESOLUTION

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

RESOLVED, that the Corporation is authorized to sponsor the Corporation's softball team and expend the sum of \$1,350.00 which is the ABA Sports of Long Island League fee of \$1,225.00 and the cost of the forfeit bond of \$125.00.

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 March, 2007.

Secretary