

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting

Corporation was held on June 21, 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, Wagering Operations and Services
Barbara Lomoriello	Liaison from Suffolk County Legislature
Tom Kilmartin	Special Assistant to the President/Budget Management
Russ Kratoville	Special Assistant to the President/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 BOARD OF DIRECTORS**  
**MEETING OF MAY 24, 2007**

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors Meeting of May 24, 2007. Vice-Chairman Hemendinger made a motion that the Minutes be approved, seconded by Secretary Byrne and passed unanimously.

**ITEM #2      APPROVAL OF EXPENDITURE FOR SOFTBALL TEAM**

President Casale stated the next item on the agenda is an expenditure on behalf of the Corporate-sponsored softball team for shirts. The team won the championship in 2006. Originally thought not necessary, a request by Team Captain O’Leary for team shirts is to be considered. The cost is \$350.00. Vice Chairman Hemendinger made a motion to approve the expenditure of \$350.00 for softball team shirts, seconded by Secretary Byrne and unanimously passed.

**ITEM #3      APPROVAL OF EXPENDITURE FOR ALBANY LAW SCHOOL  
SPONSORED SARATOGA INSTITUTE OF RACING AND GAMING  
LAW CONFERENCE**

President Casale stated that as in the past the Albany Law School would be presenting a symposium on Racing, Wagering and Gaming in Saratoga on August 6, 2007. He indicated that generally the regional Presidents’ hold a meeting during the conference. The importance of learning of changes in the Racing Industry as well as the networking opportunities during the conference are invaluable. He requested that the Board approve the expenditure for the officers, Comptroller, Counsel, Chiefs of Staff and Director of Operations to attend that symposium and to include overnight lodging. No figure was available as to total cost. However he assured the Board that the lodging was selected due to an excellent Government rate. He asked if the Board members were interested in attending. Accordingly, a motion was made by Vice Chairman Hemendinger to approve the expenditure for the group to attend the symposium, seconded by Secretary Byrne and unanimously approved.

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**ITEM #4      MAY 2007 HANDLE REPORT**

Comptroller Gazes stated that handle for the month of May was down 1.6% from 2006 and fell short of projected handle 0.9%. It was noted there was one less dark day and one more Thursday in 2006. It is undoubtedly a result of the economy with gas prices rising and less entertainment money available. Poor racing fields are another factor. On track attendance is down considerably nationwide. Year to date handle is down 11.2% from 2006 and is short of projected handle by 5.9%.

Page 2 is Handle by Branch. Qwik-Bet handle is up 4.2% and comment was made about the good showing by Sit-N-Sip. Phone Room handle is up 21.7% probably because customers are wagering on the phone due to rising gas prices.

The Commack Branch had a decrease in handle which could be a result of a large bettor there betting on a phone account. Also Route 110, Airport and Sunrise had declines and the Racing Forum was down 5.6% from 2006, all possibly due to a shift in handle to the Phone room.

Page 3 is a graphic presentation of the breakdown in handle by branch type. On a month-to-date basis, Phone Room handle increased from 13.2% to 16.4% of total with a corresponding decrease in the branches from 60.4% to 58.2%, the Forum decreased from 25.6% to 24.6% and Qwik-Bet handle was basically the same.

Page 5 is a summary of handle by track. NYRA's handle increased \$83,218 due to one less dark day. However, average handle per racing day declined from \$283,303 in May 2006 to \$274,208 in May 2007. In-state harness increased 109.8% due to the re-opening of Yonkers and

out-of-state harness declined 24.4% over 2006. Out-of-state thoroughbred handle is down \$376,287.

Page 6 is a summary of handle by OTB region and is noted that Suffolk was down 1.6% with the only other regions doing better for the month were Western and New York City. The statewide average decrease was 5.5%. On a year-to-date basis, Suffolk is down only 4.1%.

Comptroller Gazes distributed a breakdown showing handles from the Triple Crown Races over the past years and it was noted that 2007 while excellent, total was better in 2004 and 2005. There was no potential Triple Crown winner in 2007.

**ITEM #5 SUFFOLK COUNTY LEGISLATURE LIAISON**

President Casale introduced Barbara Lomoriello who is the liaison from the Suffolk County Legislature. She will be attending the Board meetings in the future.

**ITEM #6 LAWSUIT AGAINST MONTICELLO RACEWAY**

President Casale reminded the Board of the on-going lawsuit against Monticello Raceway. He stated that the commissions which are the subject of the litigation are being held in escrow pending resolution and interpretation of the governing statute. As a result of a recent Court appearance, it is proposed that the Corporation attempt to negotiate a settlement.

Authorization to enter into such a negotiation is sought from the Board. ~~Final settlement, if any,~~ will be brought to the Board. ~~Accordingly,~~ Vice Chairman Hemendinger made a motion to authorize President Casale and Corporate Counsel Tiger to enter into negotiations for the settlement of the lawsuit against Monticello Raceway, seconded by Secretary Byrne and unanimously passed.

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**ITEM #7      UP-DATES ON CORPORATION PROJECTS**

President Casale advised that the construction of the new Commack Branch is proceeding and it is expected that a formal grand opening can be scheduled for the first week in September 2007.

The Deer Park branch was closed as scheduled. While the new location is not ready for occupancy, the Marketing Department spent the final week in the Deer Park branch educating the customers about the nearby alternative branch locations and providing them with the status of the construction of the new branch location. The rendering of the new branch is very attractive and designed along the same style as Belmont Racetrack, while previous branch constructions were inspired by Churchill Downs. Coincidentally, the proposed Tanger Outlet Site will be named "The Arches".

**ITEM #8      CORPORATE EVENT AT CITIBANK PARK (DUCK STADIUM)**

President Casale stated that the Corporation had sponsored an event at Citibank Park, stadium where the Ducks play. Towels with the Corporate logo were given away to the first 1500 customers. Long-time Suffolk OTB employees threw out the first pitch and also participated in a song and running races with the team mascot, Quacker. The cost was nominal while the publicity factor was high. Both the President and Vice Presidents' purchase of tickets allowed attendance by some of the employees and a good time had by all. With a view towards the next year, President Casale said perhaps the participation could be expanded.

**ITEM #9     TENTH ANNIVERSARY CELEBRATION AT AIRPORT BRANCH**

President Casale stated there had recently been a Tenth Anniversary celebration at the Airport Branch.

**ITEM #10    END OF STATE LEGISLATURE SESSION**

President Casale noted that the State Legislature's session is about to end without passing the legislation necessary to bolster the racing industry in New York. He feels that much progress has been made in raising awareness of the issues OTB is confronting. He reminded the Board of the recent presentations to the County Legislature with the various committees and he mentioned particularly Assemblyman Sweeney and his efforts on our behalf. Both Assemblymen Boyle and Thiele are also supportive and Assemblywoman Fields has indicated her willingness to assist. All efforts will be continued in the next Session.

**ITEM #11    FRANCHISE STATUS**

President Casale stated he had little to announce about the awarding of the NYRA franchise. He did state that the Governor mentioned a possible bifurcation with NYRA continuing the control of the racetracks and another entity the Video Lottery Terminals. It is hoped that the uncertainty will be resolved before the end of the year.

**ITEM #12    APPROVAL FOR HIRING AN ACTUARY**

Comptroller Gazes stated that due to the new GASBE 45 regulation about reporting the cost of post-retirement benefits to future retirees, it will be necessary to retain the services of an

actuary. An RFP was issued and responses are coming in. Authorization is required from the Board so once a selection is made on who to retain, the President will seek said authorization.

**ITEM #13 INTERNET WAGERING**

President Casale had a recent meeting with Nassau and Catskill OTBs to discuss a possible wagering platform for internet wagering. All these regions use the same tote company. No final decision has been made. Nassau OTB is going to prepare and issue an RFP which Suffolk will join in on. By acting together, expenses will be shared. The goal ideally is to have all the regions together to avoid competition, however having different tote systems is a consideration.

**ITEM #14 CAPITAL OTB DIFFICULTIES**

President Casale cited the recent publicity about the problems Capital OTB is having and the punitive action by the Racing & Wagering Board regarding Capital's practices. Such action makes this Corporation review its procedures and practices to make sure that the Corporation is in compliance in all respects and which is done on an on-going basis.

**ITEM #15 ACCOUNTING SYSTEM**

Tom Kilmartin reported that the new accounting/management system is going to go live on July 1<sup>st</sup> on schedule. Training of the departments is underway. He outlined the schedule for implementation of the segments of the new system. Russ Kratoville noted the personnel changes and the good cooperation and adaptation of the HQ employees. Payroll will be scheduled for October 1<sup>st</sup>. In reference to the shifting of personnel in the departments, it is noted there were no

new hires. President Casale noted the leaving of his assistant, DuWayne Gregory, who will be missed.

The next meeting of the Board of Directors will be Thursday, July 26, 2007 at 10:00 a.m.

Upon motion to adjourn by Vice-Chairman Hemendinger, seconded by Secretary Byrne and unanimous vote, the meeting was adjourned at 10:58 p.m.

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Secretary

**RESOLUTION**

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

RESOLVED, that the Corporation is authorized to expend the sum of \$350.00 for team shirts for the Corporate-sponsored softball team.

**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 21st day of June, 2007.

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Secretary

**RESOLUTION**

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

RESOLVED, that the Corporation is authorized to expend a sum of money for the Corporate officers, Comptroller, Counsel, Chiefs of Staff and Director of Operations to attend the Albany Law School sponsored Saratoga Institute of Racing and Gaming Law Conference and to include overnight lodging.

**CERTIFICATE OF SECRETARY**

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Secretary

**RESOLUTION**

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

RESOLVED, that the Corporation's President and Counsel are authorized to enter into negotiations for settlement of the lawsuit against Monticello Raceway.

**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 21<sup>st</sup> day of June, 2007.

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Secretary