

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on July 26, 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 (via teleconference)
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:

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

The Meeting was called to order by Chairman Feeney at 10:04 A.M.

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS
MEETING OF JUNE 21, 2007

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors Meeting of June 21, 2007. Vice-Chairman Hemendinger made a motion that the Minutes be approved, seconded by Secretary Byrne and passed unanimously.

ITEM #2 APPROVAL OF PROPOSED RESOLUTIONS TO DECLARE SURPLUS PROPERTY

President Casale stated next on the agenda are a couple of housekeeping items. In the packet there are proposed resolutions for the Board's consideration which describe certain items of property to be declared surplus on the recommendation of William Majuk, Director of Strategic Planning/Corporate Services. In order to either sell or dispose of those items they must be declared surplus and accordingly Vice-Chairman Hemendinger moved that upon the recommendation of William Majuk Director of Strategic Planning/Corporate Services and Kevin Reilly, PC Systems Administrator the items on the attached sheet are hereby declared damaged and/or antiquated computer equipment of no current value and that said equipment be disposed of, seconded by Chairman Feeney and unanimously passed.

The next items to be declared surplus are from the print shop and are no longer of use. Accordingly, Vice Chairman Hemendinger moved that that upon the recommendation of William Majuk Director of Strategic Planning/Corporate Services and the descriptions of items of equipment and supplies which no longer have useful purposes or function by John Badenhoop, Printing & Distribution Manager, the following items no longer have useful purposes and are hereby declared excess to be disposed of through auction or if of zero value to be disposed of, seconded by Secretary Byrne and unanimously passed.

ITEM #3 APPROVAL OF ADDITIONAL HOURS FOR CONSULTANT, BOB HAMMER

President Casale stated that due to the institution of the new accounting system and the integration of inventory into the system, he would ask the Board to approve an additional five (5) days of consulting to be furnished by Bob Hammer, the former Purchasing Agent who has

certain expertise in that area. Accordingly, Vice-Chairman Hemendinger moved that the Corporation is authorized to retain the services of Bob Hammer for an additional five (5) days, seconded by Secretary Byrne and unanimously passed.

ITEM #4 CORPORATE BRANCH PROJECTS

Commack

President Casale updated the Board as to the progress of the new building. We are awaiting approvals from Racing & Wagering. At this time, Vice-President Seaman announced that a whole days' events are planned for the Grand Opening of that branch scheduled for Friday, September 7th. That date is also the opening of Fall meet at Belmont. The New York State Lottery will be participating with free Quick-Draw plays for the first 500 people; upon approval by the RWB the first 500 people will also get a free \$2.00 voucher; second chance drawings on non-winning wagering bets; and giveaways of hot dogs, popcorn, pretzels and lemonade for the entire day. B103 radio station will be on-site for 2 hours and the week before that there will be an advertising campaign on the station giving away a free gift pack. There will be a full-page ad in the Clipper magazine for a free gift (travel mug). President Casale asked the Board Members if they would like to attend the festivities that day but he will arrange for a walk-through for the Board prior to that opening.

Deer Park

President Casale stated that progress is being made on the new Deer Park location. He advised that there is scaffolding up to re-do the façade on the building which appears to be half done at this time. The project appears to be on schedule for an October opening.

Huntington

The re-location of the Huntington branch is still up in the air. After careful review and concerns about receiving all necessary approvals the Corporation opted out of the lease agreement for the old pool hall facility. Discussion on the pros and cons of the Chinese restaurant near the Huntington Town House was discussed. It would make an ideal restaurant branch if a partner for the restaurant could be found.

Accounting Project

President Casale announced that excellent progress has been made as far as the accounting project is concerned. He commended Russ Kratoville, Tom Kilmartin and Comptroller Gazes on their professional and thorough handling of the project. There will be a special presentation for the Board to demonstrate the features and he is extremely pleased with the information being generated at this time.

Tom Kilmartin spoke from the budget perspective and stated that only 52% of the projected yearly budget has been spent. All the software was purchased upfront. Regarding the implementation of the budget planning stage, of the \$270,000 allotted, only 35% has been spent with more than 55% implemented. He sees savings in the project in that some steps are being taken internally. The system has been live since the beginning of July but does not have all the second quarter data entered. From there, the budget process will proceed and will be presented to the Board. It is intended to do payroll in house at a tremendous savings. Many reports are now available for analysis on a daily basis. The total cost of maintenance for the program software is about \$13,000 per year which will pay for itself just in the savings realized by the Corporation preparing its own payroll.

Russ Kratoville added that having live reports will be a tremendous aid in running the Corporation whether it be a project or internal expenses. President Casale complimented the entire staff on their willingness to adapt.

ITEM #5 INTERNET WAGERING

President Casale announced that the matter is not resolved. There is a proposed contract, the terms of which are not acceptable at this time. Negotiations continue. President Casale stated his disappointment that the process is taking such a long time.

ITEM #6 ALBANY LAW SCHOOL SEMINAR

President Casale reminded the Board that the officers and other personnel would be attending the Albany Law School Conference. They will bring back the information. There will be an OTB Presidents' Meeting. The networking opportunities at this Conference are invaluable.

ITEM #7 NYRA FRANCHISE

President Casale stated that Governor Spitzer is still soliciting bids for the NYRA franchise with a deadline of August 7th with the Governor's recommendation to be made on or around September 4, 2007. That recommendation will then have to pass in the Legislature.

ITEM #8 JUNE HANDLE REPORT

Comptroller Gazes substituted a page in the Handle Report because there was an error in the formula on the handle by track page.

Handle for the month of June was down 3.6% from 2006 and fell short of projected handle by \$599,812. The decrease is primarily due to the Deer Park branch closing. On a year-to-date basis handle through June 30th is down \$4,058,750 from 2006 and 2.4% short of projected yearly handle.

Qwik Bet handle is up 3.1% even with one less location. Branches that were significantly down were Deer Park (closed June 10th), Phone Room down 7.2%, Commack down 25.8%, Hauppauge 8.6% and Airport down 6.6%. Riverhead, Route 110 and Southampton had increases. Also several branches had increases in handle; Ronkonkoma 13.2%, Centereach 8.9%, Shirley 9.2%, Southampton 6.4% and Sunrise 6.3%. Surcharge revenue is only down 1.6%. Mention is made that a great effort was expended to let the Deer Park customers know that until the new location is open, there are other branches to visit. Some of the increases in other branch handles may be a shift from Deer Park.

Page 3. Telephone handle as a percentage of total month-to-date handle decreased from 15.4% to 14.8%; month-to-date handle for the Racing Forum increased from 24.9% to 25.8% of total monthly handle. Handle for the branches as a percentage of total decreased from 59.1% to 58.7% mainly due to Deer Park. Some discussion was had that Commack's handle may be down because the landlord put a large sign in the window. On a year-to-date basis, telephone handle increased from 14.0% to 14.9% with the corresponding decrease seen as the branches declined from 60.1% to 58.3% of total year-to-date handle.

Page 5 is a summary of handle by track. She refers those present to the new page. NYRA's handle decreased 5.1%. Yonkers has re-opened increasing in-state harness handle 120.5%. Out of state harness handle declined 12.7%. Out-of-state thoroughbred is down 7.8%.

Page 6 is a summary of statewide OTB handle by region. On average, the OTB regions' handle decreased over 2006 by 0.3% for the month of June. New York City is up 1.7% compared to the other regions. Suffolk's decrease is just slightly less than Nassau's perhaps due to the closing of the Deer Park branch.

As a preview to July, through the 18th month-to-date handle was down 8.0% and down from projected handle 2.5%. There were six dark days in the first 18 days of July and Delaware cancelled on the 25th due to extreme heat.

The next meeting of the Board of Directors will be Thursday, August 16, 2007 at 10:00 a.m.

Upon motion duly made by Vice-Chairman Hemendinger, seconded by Secretary Byrne and unanimous vote, the Board retired to Executive Session.

Upon reconvening in open session , a motion to adjourn was made by Vice-Chairman Hemendinger, seconded by Secretary Byrne and unanimous vote, the meeting was adjourned at 11:22 p.m.

Secretary

RESOLUTION

LET IT BE RESOLVED that upon the recommendation of William Majuk Director of Strategic Planning/Corporate Services and Kevin Reilly, PC Systems Administrator the items on the attached sheet are hereby declared damaged and/or antiquated computer of no current value and that said equipment be disposed of.

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 26th day of July, 2007.

Secretary

RESOLUTION

LET IT BE RESOLVED that upon the recommendation of William Majuk Director of Strategic Planning/Corporate Services and the descriptions items of equipment and supplies which no longer have useful purposes or function by John Badenhoop, Printing & Distribution Manager, the following items no longer have useful purposes and are hereby declared excess to be disposed of through auction or if of zero value to be disposed of.

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 26th day of July, 2007.

Secretary