

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Minutes of the regular meeting of Board of Directors of the Western Regional Off-Track Betting Corporation, held on the 28th day of April 2016, and commencing at 10:37 a.m. in the *Robert J. Kane Board Room*, Corporate Headquarters at 8315 Park Road Batavia, New York.

Participating were:

Cattaraugus	Richard Haberer
Erie	Beverly A. Mazur
Livingston	Thomas P. Wamp
Monroe	Richard Bianchi
Niagara	Scott Kiedrowski
Orleans	Edward Morgan
Oswego	Ronald B. Darrow
City of Rochester	Dennis Bassett
Schuyler	Philip C. Barnes
Seneca	Richard L. Ricci
Steuben	John E. Clifford
Wayne	Kenneth Lauderdale
Wyoming	Susan May

Absent:

Michelle Parmer-Garner
Paul Lattimore, Jr.
Allan Hendrickson
Richard Siebert

constituting the Directors of all participating municipalities.

Also participating were: Michael D. Kane, President & Chief Executive Officer; Michael P. Nolan, Executive Vice President / COO; William R. White, Vice President - Administration; Jacquelyne Leach, Comptroller; Henry Wojtaszek, General Counsel; Barbara Mruzek, Deputy Comptroller; Mark Wolf, Director of Video Gaming; Steven Haigh, Internal Auditor; Sean Schiano, Director of Branch Operations; Edward Merriman, Manager of Branch Operations; James Haas, Communications/Mutuels Manager; Todd Haight, Director/General Manager Live Racing /Branch Operations Specialist; Jessalyn Gate, Administrative Assistant/Marketing; Jim Krencik, Batavia Daily News; Mike Pettinella, Buffalo News; Rory Collins of Phocus Insurance.

A roll of the membership of the Board having been called, Mr. Wojtaszek declared a quorum present.

Chairman Bianchi proceeded to conduct the meeting following the published Agenda for this regular meeting.

Chairman Bianchi then asked Ms. Ashbery to lead the assemblage in the Pledge of Allegiance.

1. **Approval of Previous Minutes:**

Chairman Bianchi called for amendments, additions, deletions, or corrections to the minutes of the previous meeting of March 31st, 2016. There being none, a motion was made by Director Lauderdale and seconded by Director May to approve the March minutes as submitted. The minutes were approved unanimously by a voice vote.

2. **Communications:**

There were no Communications.

3. **Officers' Reports:**

There were no Officer's reports.

4. **Finance Committee Report:**

Committee Chairman Lauderdale reported that the Finance Committee meeting was held on Wednesday, April 27, 2016 at 1:45 p.m. and the following business was considered.

Mrs. Leach presented Resolution #08-2016 stating that the staff has been researching alternative time and attendance programs to replace the Corporation's current manual paper timekeeping system. She discussed the benefits to the Corporation, including an immediate monthly savings of approximately \$2,041 per month which includes paper savings, reduction in man-hours an elimination of human errors involved with the paper process.

There is a one-time fee associated with the implementation setup of the software in the amount not to exceed \$7,500. There is also a one-time cost associated with the purchase of the biometric clocks (maximum thirty-five) and computers to be located in each of the corporation's twenty-five OTB branch offices, both totaling a not to exceed cost of 46,682. The computers are recommended to be purchased through Staples, Inc. The implementation fee and hardware totaling \$54,182 will be funded through the Corporation's Capital acquisition fund.

Staff recommends the Board's approval to enter into an agreement with InfiniSource Corporation for the purchase and implementation of a payroll time and attendance program for a no-to exceed on-time cost of \$45,432 and an annual maintenance charge of \$15,504. An additional not-to exceed cost of \$8,750 for the purchase of twenty-five computers from Staples, Inc. will also be incurred.

4. **Finance Committee Report continued:**

Upon motion by Director Lauderdale and seconded by Director Darrow, a roll call vote was taken Ayes: 13; Nays: 0; Absent 4, Parmer-Garner, Lattimore, Hendrickson, Siebert. The motion carried to enter into a two-year agreement with InfiniSource Corporation for a time and attendance program for payroll. **(Resolution #06-2016).**

Mrs. Leach stated that in accordance with the Investment Policy and Guidelines of the Corporation adopted by the Board of Directors on March 27, 1986, the Corporation's 2015 Investment Report was submitted for discussion. Mrs. Leach also provided current information on the Corporation's loan balances.

After the report was reviewed and discussed among the Committee, it was moved by Mr. Darrow, seconded by Mr. Barnes and carried unanimously that the Corporate Investment Report for calendar year 2015 be approved.

Mrs. Leach reviewed the March 2016 Comptroller's Report with Committee members. March produced surcharge for distribution of \$110,000 and earnings of approximately \$307,000. She discussed the results of operations for Branches and Batavia Downs. Quarterly distribution of operational earnings to participating municipalities totaled \$166,754 for the first quarter of 2016.

This was provided for informational purposes only.

The Finance Committee meeting adjourned at 2:25 p.m.

5. **Personnel Committee Report:**

Committee Chairman Wamp reported the Personnel Committee meeting was held on Wednesday, April 27, 2016 at 1:30 p.m. and the following business was discussed.

Mr. White informed the Committee that he and Mr. Nolan will be attending the National Conference on Gambling in Tarrytown this year.

Mr. Wojtaszek updated the Committee on an EEOC Complaint and the position papers that have been submitted.

5. Personnel Committee Report continued:

Mr. Kane informed the Committee that his retirement is scheduled for the end of July. He will be making recommendations on the transition of his retirement to the Board next month.

Mr. Kane informed the Committee that there are continuing Collective Bargaining Agreement discussions regarding the Batavia Downs Gaming Contract. A letter has been sent to employees updating them on the status of the current offer. The designation of a fact finder for the contract was announced today.

The Personnel Committee meeting was adjourned at 1:41p.m.

6. Legislative Committee Report:

Committee Chairman Barnes reported the Legislative Committee met on Wednesday, April 27, 2016 at 3:54 p.m. and the following business was discussed.

Mr. Nicholas Antenucci and Mr. Kevin Bronner from Wilson Elser Moskowitz Edelman & Dicker, LLP and Mr. Paul Tokasz from Patricia Lynch Associates and Mr. Richard Winter from Richardson Management were available via telephone conference.

The Legislative Committee meeting was adjourned at 4:18 p.m.

7. Insurance Committee Report:

Committee Chairman Ricci reported the Insurance Committee met on Wednesday April 27, 2016 at 4:00 p.m.

Mr. Rory Collins and Mr. Mark Garland of Nelson Financial Services presented the 2016-2017 Policy recommendations to the Committee.

Upon motion by Director Ricci and seconded by Director Barnes to accept the services presented by Mr. Collins and Mr. Garland a roll call vote was taken. Ayes: 13; Nays; 0, Absent: Parmer-Garner, Lattimore, Hendrickson, and Siebert. The motion passed.

The Insurance Committee meeting adjourned at 4:25 p.m.

8. Advertising Committee Report:

Committee Chairman Clifford reported the Advertising and Promotions Committee met on Wednesday, April 27, 2016 at 2:35 p.m. and the following business was discussed.

Mr. Haight delivered a presentation of past and upcoming OTB events including the battle of the Branches winner being the Wehrle Branch. Previews of the upcoming Triple Crown ads were shown as well as June's handicapping contest was previewed.

Mr. Hasenauer recapped April's IPAD giveaways and previewed the May's Anniversary drawings. Slides showing the recently held Jimmy Walker Show, the upcoming golf tournament and Employee morale initiatives were presented. Director Bassett discussed the importance of tracking a return on events taking place inside of the Paddock room.

The Advertising and Promotions Committee meeting adjourned at 3:01 p.m.

9. Audit Committee Report:

Committee Chairman Bassett reported the Audit Committee met on Wednesday, April 28, 2016 at 9 a.m. and the following business was discussed.

Mr. Haigh informed the Committee of the status of the Micros inventory system implementation.

Committee Chairman Bassett asked staff provide monthly updates on the Micros progress.

Representatives of Bonadio & Co. Mr. Pete VanPutte and Mr. Craig Stevens were in attendance. Mr. VanPutte reviewed the interest swap audit that was performed. He indicated that per policy, the audit of the current swap agreement and the interest swap policy is conducted annually and is in full compliance. Mr. Stevens presented the audited financial statements for the year ended December 31, 2015 along with an audit of the marketing expenditures.

Upon motion by Director Bianchi and seconded by Director Haberer to approve and the audited financial statement and the audit of the marketing expenditures by Bonadio & Co. a voice vote was taken. Ayes: 13; Nays: 0; Absent: 4; Parmer-Garner, Lattimore, Hendrickson, and Siebert. The motion passed.

The Audit Committee meeting adjourned at 9:55 a.m.

10. Batavia Downs Operations Committee Report:

Committee Chairman Morgan called the meeting to order at 3:05 p.m. and the following business was discussed.

Committee Chairman Morgan reported the figures and monthly status report with gaming statistics which was provided to the Committee by Mr. Mark Wolf, General Manager of Gaming.

Mr. Haight reported to the Committee that the purse account increased this year. He reported the track is to be resurfaced on May 16, 2016.

Mr. Nolan reported to the Committee that the Town of Batavia did not receive federal grant money for Park Rd reconstruction. They are looking at other available options.

Mr. Haas reported to the Committee the new phone system upgrade is complete and ran much smoother than expected.

Mr. Kane reported to the Committee that the reconciliation of free play has been changed from every 6 months to annually, a very positive step.

Mr. Kane reported to the Committee the relocation of the Security Camera system needed has been approved.

Mr. Haight reported to the Committee that Ralph Horton, Track Superintendent is retiring on July 21, 2016. Mr. Peter Arrigenna is recommended to be contracted at \$50,000 May 16, 2016 through December 10, 2016 to fulfill those duties.

Upon motion by Director Morgan and seconded by Director Wamp to approve and accept the contract with Peter Arrigenna, Track Superintendent at the price of \$50,000. A roll call vote was taken. Ayes: 13; Nays: 0; Absent: 4; Parmer-Garner, Lattimore, Hendrickson, and Siebert. The motion passed.

Mr. Nolan reported to the Committee that the Hotel is moving right along. The lobby work is to be cosmetically done by Derby Day. The opening is scheduled in August.

The Batavia Downs Committee meeting adjourned at 3:53 p.m.

11. Branch Operations Committee Report:

Committee Chairperson Mazur reported that the Committee met on Thursday, April 28, 2016 at 10:04 a.m. and the following business was discussed.

Mr. Merriman informed the Committee that the Wehrle Branch won the Battle of the Branches and the party is scheduled for tomorrow at the Wehrle Branch. Alex Giammarva, Rochester District Office Manager will be leaving after the Kentucky Derby day. The deck is open at the Seneca Falls branch and the customers seem to be enjoying it. A new substitute has been assigned in Seneca County. A manager's meeting was held on Tuesday, April 26, 2016 where 24 of 26 Branch Managers attended.

Mr. Wojtaszek informed the Committee that the sale of Bullshead property is scheduled for Friday, April 29, 2016. The parking lot drilling at the Newark property will begin on May 2, 2016. Discussions continue and are moving forward regarding the environmental issues with the potential buyer of the Newark property. Mr. Wojtaszek asked for Board approval for the drop in price for the Ridge Lea property from \$2.5 million to \$2.3 million.

Upon motion made by Ms. Mazur and seconded by Mr. Morgan to except the drop in price from \$2.5 million to \$2.3 million for the sale of Ridge Lea a voice vote was taken. Ayes; 12, Nays; 1, Clifford, Absent; Parmer-Garner, Lattimore, Hendrickson, Siebert.

Ms. Gates informed the Committee that the E-Z Bets year to date handle is up \$63,000. She informed the Committee that two E-Z Bet applications have been submitted to the NYS Gaming Commission, Save-On Beverage Center located in Orleans County and Letchworth Pines located in Wyoming County. She will be visiting E-Z Bet locations beginning this Friday for pre Derby promotions.

Ms. Gates informed the Committee that she and John Hamm from United Tote has installed the new G Series terminals in fifteen (15) E-Z Bet locations with no complaints or return service calls. The installation and training will continue on the remaining E-Z Bet and Branch locations after the Kentucky Derby.

Mr. Merriman informed the Committee that the Wehrle concessionaire is delinquent on payment. He informed the Committee that the Ridge Lea concessionaire is interested in operating the food service at the Wehrle Branch along with continuing at the Ridge Lea location.

11. Branch Operations Committee Report continued:

Mr. Haas informed the Committee that the year to date for Batavia Bets is \$2.8 million. He is continuing to pursue a contract with Hong Kong Racing.

The Branch Committee entered into Executive Session at 10:20 a.m. to discuss various items. The Committee came out of Executive Session at 10:30 a.m.

The Branch Operations meeting adjourned at 10:30 a.m.

12. Unfinished Business:

No unfinished business

13. New Business:

The next Committee and Board meetings are scheduled for May 25, and 26, 2016 respectively.

14. Resolutions:

Resolution #07-2016 Track Superintendent (Trackman) Peter Arrigenna

Resolution #08-2016 InfiniSource Time & Attendance

15. Adjournment:

Director May made a motion to adjourn which Director Bassett seconded. The meeting was adjourned at 10:39 a.m.

Respectfully submitted,

Secretary to the Board

/pma