

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Minutes of the regular meeting and regular meeting of Board of Directors of the Western Regional Off-Track Betting Corporation, held on the 25th day of April, 2013, and commencing at 10:15 a.m. in the *Robert J. Kane Board Room*, Corporate Headquarters at 8315 Park Road, Batavia, New York.

Participating were:

Absent:

Buffalo	Maurice L. Garner
Cattaraugus	Richard E. Haberer
Cayuga	Paul W. Lattimore, Jr.
Chautauqua	Roger E. Ruckman
Erie	Beverly A. Mazur
Genesee	Richard E. Siebert
Livingston	Thomas P. Wamp
Monroe	Richard D. Bianchi
Niagara	Scott Kiedrowski
Orleans	Marcia B. Tuohey
Oswego	Ronald B. Darrow
Schuyler	Philip C. Smith
Seneca	Richard L. Ricci
Steuben	John E. Clifford
Wayne	Ken Lauderdale
Wyoming	James A. Foley

D. Bassett

constituting the Directors of all participating municipalities.

Also participating were: Michael D. Kane, President & Chief Executive Officer; Michael Nolan, Executive Vice President/COO; Henry F. Wojtaszek, General Counsel and Secretary; Jacquelyne A. Leach, Comptroller; Barbara Mruczek, Deputy Comptroller; Steven J. Haigh, Internal Auditor; Edward Merriman, Manager of Branch Operations; Sean Schiano, Director of Branch Operations; William R. White, Vice President - Administration; Todd Haight, General Manager of Live Racing; Cindy DeCarlo, Controller; Gayle Ashbery, Director of Purchasing; Ryan Hasenauer, Director of Marketing-WROTB and Video Gaming and Jim Haas, Mutuels Manager. Also attending was Jim Krencik, Daily News Reporter

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

Chairman Bianchi then asked Director Foley 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 meetings of March 21, 2013. There being none, a motion was made by Mr. Garner and seconded by Mr. Haberer 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 Ken Lauderdale reported that the Finance Committee meeting was held on Wednesday, April 24, 2013 at 2:41 p.m. and the following business was considered.

Mrs. Gayle Ashbery advised the Committee of the bid opening results for lawn care services for Erie, Niagara and Monroe counties which was held on April 11, 2013.

a. A motion was made by Mr. Garner and seconded by Mr. Darrow to award the Erie County lawn care services contract to Clean Cut Lawn Care as noted in the attached supporting document. A roll call vote was taken. Ayes: 16, Nays: 0; Absent: 1, Bassett. The motion to approve the resolution was carried unanimously. **(See Resolution # 32-2013)**

b. A motion was made by Mr. Lauderdale and seconded by Mr. Foley to award the Niagara County lawn care services contract to Henry Services as noted in the attached supporting document. A roll call vote was taken. Ayes: 16, Nays: 0; Absent: 1, Bassett. The motion to approve the resolution was carried unanimously. **(See Resolution # 33-2013)**

c. A motion was made by Mr. Garner and seconded by Mr. Lattimore to award the Monroe County lawn care services contract to CPM Property, Inc. as noted in the attached supporting document. A roll call vote was taken. Ayes: 16, Nays: 0; Absent: 1, Bassett. The motion to approve the resolution was carried unanimously. **(See Resolution # 34-2013)**

4. Finance Committee Report (continued):

d. Mrs. Leach stated that in accordance with the Investment Policy and Guidelines of the Corporation adopted in 1986, the Corporation's 2012 Investment Report was submitted for discussion.

A motion was made by Mr. Lattimore and seconded by Mr. Darrow to approve the Investment Report as presented. A voice roll vote was taken. Ayes: 16, Nays: 0; Absent: 1, Bassett. The motion to approve the resolution was carried unanimously.

e. Mrs. Leach provided an update of the Corporation's progress securing financing for the Batavia Downs Casino capital project. Mr. Kane signed the commitment letter approximately three weeks ago. Mrs. Leach noted that First Niagara Bank has committed to \$10m of the total \$33m to be borrowed. Anticipated closing date is May 24th.

f. Mrs. Leach provided the February and March 2013 Comptroller's report. Participating municipalities 1st Quarter Earnings distributions will be done by the end of the month.

5. Personnel Committee Report:

Committee Chairperson Wamp reported the Personnel Committee met on Wednesday, April 24, 2013 at 1:30 p.m.

a. Messrs. White and Nolan briefed the Committee on the Casino Operations staffing report. Quarterly reports will be presented to the Committee which shows the hours worked for departments and the wages paid. Mr. Nolan emphasized the customer service will be a priority for all employees.

b. Mr. Kane spoke on an opportunity for unlicensed (off-site) OTB employees of the ability to play the video gaming machines at Batavia Downs Casino.

5. Personnel Committee Report (continued):

b. A motion was made by Mr. Garner and seconded by Mr. Ruckman to grant Mr. Kane to communicate with New York Gaming Commission (Lottery) requesting permission for unlicensed OTB Employees the ability to game. Mr. Garner voiced that he has been approached by several employees regarding the request which had communicated to him. A voice vote was taken. Ayes: 16, Nays: 0; Absent: 1, Bassett. The motion to approve the resolution was carried unanimously.

6. Legislative Committee:

Committee Chairman Scott Kiedrowski reported that the Legislative Committee met on Wednesday, April 24, 2013 at 4:15 p.m. Nicholas Antenucci from Wilson Elser Moskowitz Edelman & Dicker, LLP was available via telephone conference.

a. On April 9, 2013 Mr. Henry Wojtaszek attended a NYGA meeting in Albany in Mr. Kane's place. Some of the highlights were provided to the Committee.

b. A summary of the NYRA meeting in Albany on April 18th was provided by Mr. Mike Kane.

c. Discussion was led by Mr. Kane regarding the possibility of having the casino open on Palm Sunday.

7. Insurance Committee:

Director Lattimore reported that the Insurance Committee did not meet.

8. Advertising Committee:

Chairman Clifford reported that the Committee met on Wednesday, April 24, 2013 at 3:15 p.m.

a. The Battle of the Branches was reviewed with the Committee by Mr. Hasenauer and Mr. Haight.

8. Advertising Committee (continued):

- b. The Batavia Bets ads which are currently running were addressed by Mr. Hasenauer.
- c. The April "Fort Knox" and "Family Feud" promotions were recapped.
- d. In-house graphic samples were provided to the Committee.
- e. On May 8th Batavia Downs Casino will hold Anniversary drawings and Mystery Vouchers will be given.
- f. New promotional pint glasses were distributed to Directors to deliver to EZ Bets or bars in their areas.

No action was required by the Board.

9. Audit Committee:

Vice Chairman Haberer noted that the Audit Committee met at 3:30 p.m. on Wednesday, April 24, 2013 and continued discussions on Thursday, April 25th.

- a. A presentation of the 2012 Audited Financial Statements was provided by Mr. Craig Stevens from The Bonadio Group. This included the Marketing Financial Expenses Statement and the WROTBC Financial Statement.
- b. The Committee entered into executive session at 4:47 p.m. to discuss the Financial Statement and Marketing Expenditure Audit and reconvened at 4:56 then adjourned.
- c. On April 25, 2013 the Audit Committee held a second meeting at approximately 9:15 a.m. They entered into executive session to discuss the Financial Statements at 9:15 until 9:46 a.m. and then adjourned.

9. Audit Committee (continued):

c. A motion was made by Mr. Haberer and seconded by Mr. Ruckman to accept the 2012 Audited Financial Statements and Marketing Expenditure Audit as presented. A voice vote was taken. Ayes: 16, Nays: 0; Absent: 1, Bassett. The motion to approve the resolution was carried unanimously.

10. Batavia Downs Committee:

Chairman Lattimore reported to the Board that the Batavia Downs Committee met on Wednesday, April 24, 2013 at approximately 2:30 p.m.

a. The monthly Status Report with gaming statistics was provided to the Committee by Ms. Cindy DeCarlo.

b. Mr. Mike Nolan reported the status of the renewals for the smoking room waivers for Batavia Downs.

c. Mrs. Leach provided an update on the status of financing for the project.

d. General Counsel Wojtaszek informed the Committee of the Article 78 Decision.

e. Chairman Lattimore informed the Committee that Resolutions 40, 42 and 43 require the rules to be waived and consider doing so in one motion.

A motion was made by Mr. Lattimore and seconded by Mr. Siebert to waive the rules for Resolution Numbers 40, 42 and 43. With a voice vote the motion was carried.

f. Mr. Kane informed the Committee of the necessary labor and materials for the relocation of the MGAM equipment to the first floor under the Capital Awards Project.

10. Batavia Downs Committee (continued):

A motion was made by Director Garner and seconded by Director Tuohey to authorize materials and labors provided by MGAM for relocation for the sum of \$113,000. A roll call vote was taken. Ayes: 16, Nays: 0; Absent: 1, Bassett. The motion to approve the resolution was carried unanimously. **(See Resolution # 35-2013)**

g. Mr. Kane provided the Committee with the findings of the FlexTech Report dated April 24th.

h. Mr. Mike Kane advised the Committee of the recommendation by Mr. Tom Fraser for carpeting to be purchased via state contract under the Capital Awards Program.

A motion was made by Mr. Lattimore and seconded by Mr. Ruckman to approve the purchase of various types of flooring which included materials, labor and installation by Corporate Floors U.S.A. in the amount of \$208,606.59 with a 10% contingency. A roll call vote was taken. Ayes: 15, Nays: 1, Clifford; Absent: 1, Bassett. The motion to approve the resolution was carried unanimously. **(See Resolution # 36-2013)**

i. Mr. Mike Kane advised the Committee of the request to purchase a new Cummins-Allison iFX 400 9-pocket counting machine.

A motion was made by Mr. Lattimore and seconded by Mr. Siebert to approve the purchase of a Cummins-Allison money counting machine for the sum of \$41,992.00. A roll call vote was taken. Ayes: 16, Nays: 0; Absent: 1, Bassett. The motion to approve the resolution was carried unanimously. **(See Resolution # 37-2013)**

j. Mr. Kane presented the request for approval of the purchase of four (4) ticket redemption kiosks Model CXC4.0 from Western Money in the bid amount of \$43,300 each.

A motion was made by Mr. Ruckman and seconded by Mr. Siebert to approve the purchase of a Cummins-Allison money counting machine for the sum of \$173,200.00. A roll call vote was taken. Ayes: 16, Nays: 0; Absent: 1, Bassett. The motion to approve the resolution was carried

unanimously.

(See Resolution # 38-2013)

10. Batavia Downs Committee (continued):

k. Mrs. Gayle Ashbery advised the Committee of the results of the bid for Security, Surveillance and Access Controls for labor and materials as part of the Capital Awards Project.

A motion was made by Mr. Lattimore and seconded by Mr. Ruckman to award the bid results for labor and materials for the Surveillance, Security and Access Controls to Hewitt Young Electric in the amount of \$1,480,000.00 with a 10% contingency. A roll call vote was taken. Ayes: 16, Nays: 0; Absent: 1, Bassett. The motion to approve the resolution was carried unanimously. **(See Resolution # 39-2013)**

l. Mr. Jim Haas presented the results of the bid which was publically opened on April 19, 2013 for audio and video components as per annexed to this resolution.

A motion was made by Mr. Lattimore and seconded by Mr. Darrow to approve the purchase by Staff to Advanced AV Solutions in the amount of \$262,660.51 with a 10% contingency. A roll call vote was taken. Ayes: 15, Nays: 1, Clifford; Absent: 1, Bassett. The motion to approve the resolution was carried unanimously. **(See Resolution # 40-2013)**

m. Mr. Kane briefed the Committee of the need to purchase the hardware from Bally's Casino Marketplace for player tracking.

A motion was made by Mr. Lattimore and seconded by Mr. Lauderdale to approve purchasing necessary hardware for player tracking from Bally in the amount of \$136,634.24 as part of the Capital Awards Project. A roll call vote was taken. Ayes: 16, Nays: 0; Absent: 1, Bassett. The motion to approve the resolution was carried unanimously. **(See Resolution # 41-2013)**

n. The Committee was informed by Mr. Kane of the recommendation to purchase flooring material from Centiva Luxury Vinyl Flooring for the first floor. This was recommended by Fraser Engineering & Design Services due to a savings of approximately \$24,000 by using suggested sole source vendor.

10. Batavia Downs Committee (continued):

n. A motion was made by Mr. Lattimore and seconded by Mr. Garner to purchase flooring materials from Centiva Luxury Vinyl Flooring in the amount of \$123,792.00 with a 10% contingency as annexed to the resolution. A roll call vote was taken. Ayes: 13, Nays: 3, Clifford, Darrow, Tuohey, Absent: 1, Bassett. The motion to approve the resolution was carried unanimously. **(See Resolution # 42-2013)**

o. Mr. Kane briefed the Committee with the recommendation from Fraser Engineering and Design Services. The certified installer of Centiva flooring is Corporate Floors USA. The installation cost for the flooring is \$42,792.00 with a 10% contingency as annexed to this resolution. A roll call vote was taken.

A motion was by Mr. Lattimore and seconded by Mr. Ruckman to approve the installation by Corporate Floors USA. A roll call vote was taken. Ayes: 13, Nays: 3, Clifford, Darrow, Tuohey, Absent: 1, Bassett. The motion to approve the resolution was carried unanimously. **(See Resolution # 43-2013)**

11. Branch Operations Committee:

Chairman Maurice Garner reported that the Committee met on April 25, 2013 at 9:40 a.m.

a. An update of EZ Bets was provided by Messrs. Sean Schiano and EJ Merriman. Four new EZ Bet locations have been approved and will be opened within the next two months.

b. Mr. Jim Haas provided the Members of the Committee with the progress of BataviaBets. It is running but we are not able to get back any data yet.

c. Mr. Hass informed the Committee that the CDI contract has been signed with the same rate as last year.

d. General Counsel Wojtaszek informed the Committee of the sale of Newark OTB has temporarily stalled.

11. Branch Operations Committee (continued):

- e. General Counsel Wojtaszek informed the Committee that the closing date for State Street is 2-3 weeks away.
- f. Mr. Schiano briefed the Committee of the status regarding the concessionaires for the Auburn and Military branches.
- g. Messrs. Haas and Schiano informed the Committee that shortly every branch will have the capability to print on their own Ricoh printers.
- h. Mr. Schiano reported that preparations for the Kentucky Derby are being finalized. The race will be held on May 4th. Volunteers from Corporate will assist in 18 of the 31 branches.

12. Resolutions:

- 32-2013 Erie County Lawn Moving Service
- 33-2013 Niagara County Lawn Moving Service
- 34-2013 Monroe County Lawn Moving Service
- 35-2013 MGAM Relocation to First Floor
- 36-2013 Corporate Floors USA for First Floor
- 37-2013 Cummins-Allison iFX Money Counter
- 38-2013 Western Money Ticket Redemption Kiosks
- 39-2013 Surveillance, Security & Access Controls
- 40-2013 Audio & Video Components
- 41-4013 Bally Hardware & Installation
- 42-2013 Centiva Flooring Purchase
- 43-2013 Installation of Centiva Flooring

13. Unfinished Business:

There was no unfinished business.

14. New Business:

Ms. Tuohey expressed birthday wishes to Ms. Mazur.

14. New Business (continued):

The next Committee and Board meetings will be held on May 22 and May 23, 2013 respectively.

15. Adjournment:

A motion was made by Mr. Lauderdale and seconded by Mr. Haberer to adjourn the meeting. The meeting was adjourned at 10:42 a.m.

Respectfully submitted,

Secretary to the Board