

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 27th day of June, 2013, and commencing at 10:16 a.m. in the *Robert J. Kane Board Room*, Corporate Headquarters at 8315 Park Road, Batavia, New York.

Participating were:

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
Rochester	Dennis Bassett
Schuyler	Philip C. Smith
Seneca	Richard L. Ricci
Steuben	John E. Clifford
Wayne	Ken Lauderdale
Wyoming	James A. Foley

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 Mruzek, Deputy Comptroller; 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; Jim Haas, Communication Manager; Ryan Hasenauer, Director of Marketing-WROTB; Steph Underhill, Marketing Graphics Specialist; and Video Gaming and Mark Wolf, Director of Video Gaming. 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 Darrow 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 May 23, 2013. There being none, a motion was made by Mr. Lauderdale and seconded by Mr. Wamp to approve the May minutes as submitted. The minutes were approved unanimously by a voice vote.

2. **Communications:** Secretary Wojtaszek read a letter of gratitude from Mr. Drew Castanza for exceptional customer service given to his mother provided by Cindy DeCarlo on the gaming floor.

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, June 26, 2013 at approximately 2:30 p.m. and the following business was considered.

a. Mrs. Leach discussed in great detail the Corporation's progress securing financing for the Batavia Downs Casino capital project.

Mr. Rick Ganci, Financial Advisor from Capital Markets Advisors and Mr. Robert Fuller, Interest Swap Advisor of Capital Markets Management discussed interest rate swaps to be used on conjunction with the financing with the Committee.

Mr. Fuller reviewed a printed handout highlighting the following:

In the initial 10 year term loan period, WROTB will take a 10 year "fixed-payer" interest rate swap equal to the original loan amount. This will, in effect, convert the variable rate debt to a fixed-rate liability.

This agreement will supply WROTB with a fixed interest rate over the 10 year loan period allowing management to budget for annual interest costs, while not being exposed to variable rate risk.

When WROTB closes on the loan, the swap (which is a separate instrument) will also be established and the interest rate will be established on that date.

4. Finance Committee Report (continued):

The swap works as follows: On agreed payment dates, the difference between the fixed rate and the variable rate is paid to whichever party owes the other. Since fixed rates are generally higher than variable rates, it is assumed that WROTB will owe the bank. Together, the loan and swap create a fixed-rate liability over the 10 year loan and swap and WROTB controls the interest rate.

Mr. Fuller stressed that this is a safe, efficient and conservative method to establish a fixed rate liability over the term of the loan. He discussed specifically how the swap works, and reviewed in detail an example \$17.4m swap transaction with a 4.15% fixed rate amortizing along with the 10-year loan.

The presentation was followed by a thorough question and answer session with Board members, reviewed possible risks, such as default, swap termination and failure of First Niagara Bank. These possibilities will not affect WROTB as long as the Corporation is performing (making payments) according to the swap agreement.

b. Mrs. Leach provided the April 2013 Comptroller's report.

5. Personnel Committee Report:

Committee Chairperson Wamp reported the Personnel Committee met on Wednesday, June 26, 2013 at 1:30 p.m.

a. Mr. White briefed the committee on several unemployment issues and indicated that the payroll department was investigation on several items.

b. The Committee entered into executive session at 1:40 and reconvened at approximately 2:00 p.m. and then adjourned.

6. Legislative Committee:

Committee Chairman Scott Kiedrowski reported that the Legislative Committee met on Wednesday, June 26, 2013 at 3:50 p.m. Lisa Marrello from Wilson Elser Moskowitz Edelman & Dicker, LLP and Paul Tokasz from Patricia Lynch Associates were available via telephone conference.

6. Legislative Committee (continued):

a. Due to the recent activities related to Batavia Downs Gaming the Lobbyists discussed issues regarding the Casino Resort Act 2013 in great length. Mr. Kane assured the Committee that the Governor's committee will be meeting with WROTBC representatives to discuss any differences.

Mr. Kane informed the Committee that the Agreement with Richardson Management will expire on June 30, 2013. A new agreement has been proposed with no changes at a monthly rate of \$3,000 for representation in Albany and locally. This was approved by the Committee.

A motion was then made by Mr. Kiedrowski and seconded by Mr. Siebert to enter into an agreement with Richardson Management for representation with legislative matters for the next year with an option of termination with a thirty day notice payable at the amount of \$36,000 each or a monthly rate of \$3,000 each. A roll call vote was taken. Ayes: 16; Nays: 1, Clifford; Abstain: 1, Garner. The motion passed. **(See Resolution # 60-2013).**

b. The Seneca Memorandum of Understanding was also discussed. Several questions were answered by Mr. Kane.

c. Mr. Kane informed the Committee of the highlights of the NYRA Administrative Relief.

d. Mr. Kane provided status of the Palm Sunday bill.

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, June 26, 2013 at 1:50 p.m.

a. The events and ads were recapped by Mr. Hasenauer.

b. Mr. Haight provided previews of some of the upcoming OTB & Live Racing events

8. Advertising Committee (continued):

- c. Graphic samples from the graphics staff were displayed.

9. Audit Committee:

Chairman Bassett informed the Board that the Audit Committee did not meet.

10. Batavia Downs Committee:

Chairman Lattimore reported to the Board that the Batavia Downs Committee met on Wednesday, June 26, 2013 at approximately 3:00 p.m.

- a. The monthly Status Report with gaming statistics was provided to the Committee by Mr. Mark Wolf.
- b. Ms. DeCarlo provided Gaming information from the month of May.
- c. Preparations for the 2013 Racing Season were provided by Mr. Todd Haight.
- d. Mr. Tom Balk provided the status of the Park Road project and the Construction Project.
- e. Mr. Kane reported that there will be accessibility changes from the parking lot to Batavia Downs via an addition crossing area.
- f. Mr. Todd Haight summarized the request for a contract renewal with Virginia Rosenfeld in regards to duties as Assistant Race Secretary.

A motion was then made by Mr. Lattimore and seconded by Mr. Ruckman to accept the contract for Virginia Rosenfeld as Assistant Race Secretary with a contract price of \$31,348.00. A roll call vote was taken. Ayes: 17; Nays: 0; Absent: 0. The motion passed unanimously. **(See Resolution # 55-2013).**

- g. Mr. Haight informed the Committee of the need to accept the bid for Grooms Quarters for the 2013. A bid for five rooms from July 22 thru December 7 for \$25,250.00 has been submitted by Days Inn.

10. Batavia Downs Committee (continued):

A motion was made by Mr. Lattimore and seconded by Ms. Tuohey to award the bid to the Days Inn in the amount of \$25,250.00 as noted. A roll call vote passed the motion unanimously. Ayes: 17; Nays: 0; Absent: 0. The motion passed unanimously. **(See Resolution # 54-2013).**

h. Mr. Dan Maloney recapped the recent visit of the Raceway Park officials to observe security methods used at this track.

i. Mr. Kane provided information regarding the request to approve the surveillance maintenance contract provided by TYCO for a 3-month agreement reflected by State Bid Contract for \$17,550.00.

A motion was made by Mr. Lattimore and seconded by Mr. Foley to waive the rules. A voice vote was taken. Ayes: 17; Nays: 0; Absent: 0. The motion was carried.

A motion was made by Mr. Lattimore and seconded by Mr. Ruckman to award the bid to TYCO in the amount of \$17,550.00 as noted. A roll call vote passed the motion unanimously. Ayes: 17; Nays: 0; Absent: 0. The motion passed unanimously. **(See Resolution # 59-2013).**

j. Mr. Kane provided an update on the FlexTech project.

k. Mr. Kane informed the Board on the G2E convention to be held September 23-26, 2013 in Las Vegas, NV. A request for out-of-state travel for Messrs. Hasenauer and Wolf to attend the convention was requested of the Board.

A motion was made by Mr. Lattimore and seconded by Mr. Foley to approve out-of-state travel to the G2E. A voice vote was taken. Ayes: 17; Nays: 0; Absent: 0. The motion passed unanimously.

11. Branch Operations Committee:

Chairman Maurice Garner reported that the Committee met on Thursday, June 27, 2013 at 9:30 a.m.

a. Mr. Sean Schiano provided and EZ Bet update.

11. Branch Operations Committee (continued):

b. Messrs Ryan Hasenauer and Jim Haas provided an update on the Batavia Bets Up. Information was given regarding the rewards program and the status of the website.

c. General Counsel Wojtaszek informed the Committee of the sale of Newark OTB. Tentatively, on 7/1 or 7/2 further information regarding the sale will be available.

d. General Counsel Wojtaszek informed the Committee of the status of the sale of State Street OTB.

e. Mr. Schiano informed the group of the offer McKinley property for \$2.3 million. The property has been appraised recently for \$550,000. Staff is been actively looking for a rental location.

A motion was made by Director Garner and seconded by Director Ruckman to move forward on the sale of State Street property. A voice vote was taken. Ayes: 17; Nays: 0; Absent: 0. The motion passed unanimously.

f. Mr. Schiano noted that the Central Square lease begins July 1. Notation was made that this branch has increased wagering 16% since 2012.

g. The branch printers have been installed and six branches are on line. Additional software has recently been installed.

h. Mr. Schiano informed the Committee that Mr. Fraser discussed changes that need to be made to get this facility up to code to open a restaurant.

12. Resolutions:

54-2013	Days Inn Agreement for Groomsmen
55-2013	Virginia Rosenfeld Agreement
56-2013	Interest Rate Swamp Policy Approval
57-2013	Bank of Castile to Authorize Signature Michael Kane to Sign
58-2013	First Niagara Bank to Authorize Signature Michael Kane to Sign
59-2013	Tyco-ADT Agreement Approval
60-2013	Richardson Management Agreement Approval

13. Unfinished Business:

There was nothing to report.

14. New Business:

As a reminder, Mr. Haight announced that the Breast Cancer Coalition of Rochester Fund Raiser will be held on July 24, 2013.

A memorial race for Russ DiBella and Patrick Murphy, former employees, will be held on August 9, 2013.

The next Committee and Board meetings will be held on July 24 and July 25, 2013 respectively.

15. Adjournment:

A motion was made by Mr. Lattimore and seconded by Ms. Tuohey to adjourn the meeting. The meeting was adjourned at 10:47 a.m.

Respectfully submitted,

Secretary to the Board