

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 3rd day of December 2015, and commencing at 10:07 a.m. in the *Robert J. Kane Board Room*, Corporate Headquarters at 8315 Park Road Batavia, New York.

Participating were:

Absent:

City of Buffalo	Michelle Parmer-Garner	John Clifford
Cattaraugus	Richard E. Haberer	
Cayuga	Paul Lattimore, Jr.	
Chautauqua	Allan Hendrickson	
Erie	Beverly A. Mazur	
Genesee	Richard E. Siebert	
Livingston	Thomas P. Wamp	
Monroe	Richard D. Bianchi	
Niagara	Scott Kiedrowski	
Orleans	Edward Morgan	
Oswego	Ronald B. Darrow	
City of Rochester	Dennis Bassett	
Schuyler	Philip C. Barnes	
Seneca	Richard L. Ricci	
Wayne	Kenneth Lauderdale	
Wyoming	Susan May	

constituting the Directors of all participating municipalities.

Also participating were: Michael D. Kane, President & Chief Executive Officer; Henry Wojtaszek, General Counsel; Michael P. Nolan, Executive Vice President / COO; William R. White, Vice President – Administration; Jacquelyne Leach, Comptroller; Barbara Mruczek, Deputy Comptroller; Cindy DeCarlo, Controller; Mark Wolf, Director of Video Gaming; Ryan Hasenauer, Director of Marketing-WROTB & Video Gaming; Steven Haigh, Internal Auditor; Sean Schiano, Director of Branch Operations; Edward Merriman, Manager of Branch Operations; James Haas, Communications/Mutuels Manager; Gayle Ashbery, Director of Purchasing; Jim Krencik, Batavia Daily News; Mike Pettinella, Buffalo News.

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. Mruczek 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 October 22, 2015. There being none, a motion was made by Director May and seconded by Director Barnes to approve the October minutes as submitted. The minutes were approved unanimously by a voice vote.

2. **Communications:**

The New York Council on Problem Gambling thanked Mr. Kane and Mr. Nolan for attending the 2015 Conference dedicated to raising awareness of problem gambling.

A notice of Thanks was sent from Oksana Gordon to Ms. Hughson, Gopal Persaud and the Cashier's for their high standard for customer service.

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, December 2, 2015 at 3:01 p.m. and the following business was considered.

Ms. Leach presented the final proposed 2016 Operating Plan to the Committee highlighting Plan assumptions and certain revenues and expenses. The Plan projects net revenue available to municipalities before post-employment benefits of \$4,602,128.

A motion was made by Director Lauderdale, seconded by Director Darrow and carried unanimously to accept the 2016 Operating Plan as presented.

Ms. Leach presented the October 2015 Comptroller's Report to the Committee. October results were very positive, producing surcharge of \$122,000 and operating revenue of \$185,000. This was provided for informational purposes only.

Upon motion by Director Ricci and seconded by Director Barnes, the Finance Committee meeting adjourned at 3:15 p.m.

5. Personnel Committee Report:

Committee Chairman Wamp reported the Personnel Committee meeting was held on Wednesday, December 2, 2015 at 1:30 p.m. the following business was discussed.

Mr. Kane informed the Committee that four (4) part-time employees have been made full-time and this staffing will help better serve the front line.

Mr. Kane informed the Committee that staff is investigating employees who may be "double-dipping" in health insurance coverages. This is in coordination with the Affordable Care Act and could save the Corporation in health care costs.

Mr. Schiano informed the Committee that the two (2) Branch Contracts are tentatively agreed upon and awaiting ratification by the rank and file members. Another Gaming session will be held on Tuesday, December 8, 2015.

Mr. Schiano informed the Committee that an error was found by Human Resources and Payroll and with the help of the following employees, Melissa Landers, Kaitlyn Warren, Fran Mruczek and Danielle Perry. Sixty-three employees were erroneously charged for union dues during their probationary period. They will be reimbursed by UPSEU.

Mr. Wojtaszek informed the Committee that he is preparing a new Social Network Policy and will be asking for Board approval at a future meeting on a version of a policy that has already been approved by the National Labor Relations Board.

Director Mazur made motion to enter into Executive Session to discuss a personnel matter at 1:42 p.m. The motion was seconded by Director Ricci. The Committee came out of Executive session and the meeting was adjourned at 2:55 p.m.

Director Hendrickson made motion to enter into Executive Session to discuss a personnel matter at 10:13 a.m. The motion was seconded by Director Haberer.

6. Legislative Committee Report:

Director Kiedrowski reported the Legislative Committee met on Wednesday, December 2, 2015 at 3:30 p.m.

Mr. Nicholas Antenucci 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.

6. Legislative Committee Report continued:

Mr. Winter reported that he is continuing to initiate conversations with Sears and with the Town of Batavia on the Park Road closure.

Mr. Kane informed the Board the Palm Sunday Legislation was adopted. He thanked Senator Ranzenhofer, Assemblymen Pretlow, and Patricia Lynch for their efforts.

Mr. Kane informed the Board that staff has recommended the contract with Wilson Elser be renewed through December 31, 2016 as it expires December 31, 2015.

Upon motion by Director Lattimore and seconded by Director May, a roll call vote was taken. Ayes: 15; Nays: 0; Abstain: 1, Kiedrowski; Absent: 1, Clifford. The motion carried to approve the renewal contract with Wilson Elser through December 31, 2016.

Mr. Kane informed the Board that staff recommended the contract with Richardson Management be renewed for a six month period at the same rate.

Upon motion by Director Lattimore and seconded by Director Morgan, a voice vote was taken. Ayes: 15; Nays: 0; Abstain: 1, Kiedrowski; Absent: 1, Clifford. The motion carried to approve the renewal contract with Richardson Management.

The Legislative Committee meeting was adjourned at 3:45 p.m.

7. Insurance Committee Report:

No Insurance meeting was held.

8. Advertising Committee Report:

Committee Vice-Chairman Lauderdale reported the Advertising and Promotions Committee met on Wednesday, December 2, 2015 at 3:16 p.m.

Ryan Hasenauer, Director of Marketing-WROTB & Video Gaming and Todd Haight, Director/General Manager Live Racing delivered a presentation of past and upcoming OTB events including some EZ Bet promotions and the Breeder's Cup. For Live Racing, a preview of year end celebrations.

8. Advertising Committee Report continued:

Mr. Hasenauer discussed recent communications with other NY State Gaming facilities to discuss best practices and compare notes. He recapped November's Weekend Cash Drawings and provided December's eight (8) Rooms of the Holiday Season promotion using Lottery's Lapsed Prize funds. A discussion was held regarding Director Bassett's question about the best and worst promotions of 2015.

A recap of a recent donation to the Food Bank of WNY was shown. A reminder of the upcoming Employee Holiday party was discussed. Director Siebert praised Todd Haight, General Manager Live Racing / Branch Operations Specialist for taking care of his group in the Clubhouse on a particularly busy night recently.

The Advertising and Promotions Committee meeting adjourned at 3:40 p.m.

9. Audit Committee Report:

Committee Chairman Bassett reported the Audit Committee met on Thursday, December, 2015 at 9:13 a.m. the following business was discussed.

Committee Chairman Bassett informed the committee that The Bonadio Group will be performing an audit of the 2015 Financial Statements and the 2015 Marketing Expenditures. Mr. Craig Stevens and Mr. Stephen Vandale, of the Bonadio Group were introduced for their presentation.

Mr. Stevens informed the Committee of the timing of the work to be performed. He reviewed the responsibilities of the auditors, management and the Audit Committee. He informed the Committee that a strong internal control structure is the best way to prevent fraud, noting that historically, Western has maintained a strong internal control structure.

The Audit Committee meeting adjourned at 9:38 a.m.

10. Batavia Downs Operations Committee Report:

Committee Chairman Morgan reported the Batavia Downs Committee met Wednesday, December 2, 2015 at 3:05p.m. 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.

10. Batavia Downs Operations Committee Report continued:

Mr. Nolan informed the Board of the ground breaking ceremony for the Hotel. The estimated opening date is June of 2016.

Committee Chairman Morgan reported to the Board that Mr. Kane and Mr. Nolan reported the Town of Batavia is moving toward with the closing of Park Road.

Committee Chairman Morgan reported to the Board that staff recommends the purchase of necessary products from Palmer Foods in the amount of \$50,000 for the remainder of 2015.

Upon motion by Director Lattimore and seconded by Director Morgan a roll call vote was taken. Ayes: 16; Nays: 0; Absent: 1; Clifford. The motion was approved to purchase the necessary products from Palmer Foods in the amount of \$50,000 for the remainder of 2015. **(Resolution #21-2015)**.

Committee Chairman Morgan reported to the Board that staff recommends the purchase of necessary products from Southern Wine & Spirits, Inc. in the amount not to exceed \$15,000 for the remainder of 2015.

Upon motion by Director Lattimore and seconded by Director May a roll call vote was taken. Ayes: 16; Nays: 0; Absent: 1; Clifford. The motion was approved to purchase the necessary products from Southern Wine & Spirits in the amount of \$15,000 for the remainder of 2015. **(Resolution #22-2015)**.

Committee Chairman Morgan reported to the Board that staff recommends the purchase of necessary products from Maines Paper & Food in the amount not to exceed \$50,000 for the remainder of 2015.

Upon motion by Director Lattimore and seconded by Director Morgan a roll call vote was taken. Ayes: 16; Nays: 0; Absent: 1; Clifford. The motion was approved to purchase the necessary products from Maines Paper & Food in the amount not to exceed \$50,000 for the remainder of 2015. **(Resolution #23-2015)**.

Committee Chairman Morgan reported to the Board that staff recommends the purchase of necessary products from Empire Merchants in the amount not to exceed \$15,000 for the remainder of 2015.

Upon motion by Director Haberer and seconded by Director Darrow a roll call vote was taken. Ayes: 16; Nays: 0; Absent: 1; Clifford. The motion was approved to purchase the necessary products from Empire Merchants in the amount not to exceed \$15,000 for the remainder of 2015. **(Resolution #24-2015)**.

10. Batavia Downs Operations Committee Report continued:

Committee Chairman Morgan reported to the Board that staff recommends the purchase of quality Food and Beverage services for the necessary products for the 2016 year.

The Food & Beverage Department Resolution # 25-2015 for 2016 are as follows:

Boston's Best	\$ 30,000
CH Wright	\$ 150,000
Jacob Kern	\$ 40,000
Mark's Pizzeria	\$ 35,000
Palmer Foods	\$ 250,000
Pepsi	\$ 125,000
Sanzo	\$ 55,000
Sysco	\$ 70,000
US Foods	\$ 175,000
Will Poultry	\$ 250,000
Empire Merchants	\$ 90,000
Hill & Markes	\$ 125,000
Maines	\$ 400,000
Southern Wine & Spirits	\$ 90,000
Tarantino Foods	\$ 50,000
Tenney Coin Laundry	\$ 42,000

Upon motion by Committee Chairman Morgan and seconded by Director Lattimore a roll call vote was taken. Ayes: 16; Nays: 0; Absent: Clifford. The motion was approved to accept the Food & Beverage services for 2016. **(Resolution #25-2016).**

The Batavia Downs Committee then adjourned at 3:55 p.m.

11. Branch Operations Committee Report:

Committee Chairperson Mazur reported that the Committee met on Thursday, December 3, 2015 at 9:42 a.m. and the following items were discussed.

11. **Branch Operations Committee Report continued:**

Mr. Merriman informed the Committee that the Marway Branch parking lot has been paved and the McKinley Branch parking lot will be scheduled in the near future. Rochester Maintenance has cleared out the Bullhead location and moved any documents that need further storage to the Wehrle warehouse. Tom Balk, Director of Building & Grounds Balk is working with staff to finish the Military Rd. concessions, still awaiting final permit from Niagara County.

Mr. Wojtaszek informed the Committee that there are further complications with the Newark sale due to the recent environmental study. He also informed the Committee that we have an official offer and down payment from the Ridge Lea prospective buyers. Staff will have a full analysis prepared for the next Board meeting. Mr. Schiano asked for a motion to approve the final sale of the Bullshead location to the City of Rochester for \$140,000. Director Bassett made the motion, seconded by Chairman Bianchi and it was carried unanimously.

Mr. Haas informed the Committee that all the bids were much higher than prices found online and asked for a motion to reject the bid and buy sets only online when needed. A motion was made by Chairman Bianchi, seconded by Director Bassett and carried unanimously.

Mr. Haas informed the Committee that staff is working with Draft Day and Sportech to be prepared for the approval of Fantasy Sports. Batavia Bets was up \$200,000 for the month of October, \$130,000 for the month of November and year to date \$1.4 million or 23%. Mr. Haas informed the Committee that staff is researching the possibility of once again taking nighttime Thoroughbreds and believes it would be beneficial especially with Batavia Bets, during our live race meet.

Mr. Schiano informed the Committee that through November, twenty-seven (27) E-Z Bets have handled \$4.3 million dollars or 5.3% of the total handle. He and Ms. Gates are continuing the search for new E-Z Bets in Medina, Orleans County, Mt. Morris, Livingston County, as well as possible new locations in Seneca, Oswego, Schuyler and Monroe Counties.

Mr. Schiano informed the Committee of the upcoming holiday visits within the week of December 14, 2015. He also informed the Board that staff will be reaching out to all Directors' prior to visiting branches in their counties. Mr. Kane informed the Committee that the OTB's are having NYRA negotiate both the Monarch and CDI contracts.

11. **Branch Operations Committee Report continued:**

Staff believes that the synergy between NYRA and OTB can only be beneficial to both sides. Mr. Kane also informed the Committee that there could be an issue with the live video streaming on all New York State ADW accounts due to Buffalo Raceway objections.

The meeting was adjourned by Chairperson Mazur at 10:05 a.m.

12. **Unfinished Business:**

No unfinished business

13. **New Business:**

The next Committee and Board meetings are scheduled for January 20, and 21 2016 respectively.

14. **Resolutions:**

#21-2015 Palmer Foods
#22-2015 Southern Wine & Spirit
#23-2015 Maines Paper & Food
#24-2015 Empire Merchants
#25-2015 Food & Beverage 2016

15. **Adjournment:**

Director Darrow made a motion to adjourn which Director Haberer seconded. The meeting was adjourned at 10:59 a.m.

Respectfully submitted,


Secretary to the Board