

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 25th day of February 2016, and commencing at 10:11 a.m. in the *Robert J. Kane Board Room*, Corporate Headquarters at 8315 Park Road Batavia, New York.

Participating were:

|                   |                     |
|-------------------|---------------------|
| Cayuga            | Paul Lattimore, Jr. |
| Chautauqua        | Allan Hendrickson   |
| Erie              | Beverly A. Mazur    |
| Genesee           | Richard E. Siebert  |
| Livingston        | Thomas P. Wamp      |
| 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           |

Absent:

Michelle Parmer-Garner  
Richard Haberer  
Richard Bianchi  
John Clifford

constituting the Directors of all participating municipalities.

Also participating were: Michael D. Kane, President & Chief Executive Officer; Michael P. Nolan, Executive Vice President / COO; 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; Gayle Ashbery, Director of Purchasing; Jim Krencik, Batavia Daily News; Mike Pettinella, Buffalo News; Broker's Rory Collins & Mark Garland.

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

Vice-Chairman Wamp proceeded to conduct the meeting following the published Agenda for this regular meeting.

Vice-Chairman Wamp then asked Director Barnes to lead the assemblage in the Pledge of Allegiance.

Vice-Chairman Wamp asked for a moment of silence in memory of Philip C. Smith former Schuyler County Director who passed away on February 22, 2016.

1. **Approval of Previous Minutes:**

Vice-Chairman Wamp called for amendments, additions, deletions, or corrections to the minutes of the previous meeting of January 21, 2016. There being none, a motion was made by Director Lauderdale and seconded by Director Kiedrowski to approve the January 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, February 24, 2016 at 1:46 p.m. and the following business was considered.

Upon motion to waive the rules pertaining to the cleaning services bid by Director Lauderdale and seconded by Director May, Mrs. Ashbery presented Resolution #05-2016 stating a bid opening was held on February 16, 2016 for cleaning services of the Erie and Niagara County branches. Only one bid was received from ABC Cleaning Services at the monthly rate of \$14,839.00.

Upon motion by Director Lauderdale and seconded by Director Hendrickson, a roll call vote was taken. Ayes: 13; Nays: 0; Absent: 4, Parmer-Garner, Haberer, Bianchi, Clifford. The motion carried to accept ABC Cleaning Services for the Erie and Niagara Branches (**Resolution #05-2016**).

Mrs. Leach reviewed the December 2015 Comptroller's Report with the Committee members. She provided a brief summary of 2015 operations.

Mrs. Leach presented the January 2016 Comptroller's Report to the Committee. January produced surcharge for distribution of \$96,172. She discussed the results of operations for Branches and Batavia Downs.

This was provided for informational purposes only.

The Finance Committee meeting adjourned at 2:15 p.m.

**5. Personnel Committee Report:**

Committee Chairman Wamp reported the Personnel Committee meeting was held on Wednesday, February 24, 2016 at 1:30 p.m. and the following business was discussed.

Mr. Wojtaszek proposed a new Social Media Policy to the Board that will be voted on at the March meeting.

Mr. Wojtaszek proposed a new Ethics Policy to the Board that will be voted on at the March meeting.

Mr. Schiano informed the Committee that the Branch contracts went into effect on February 8, 2016. The Gaming Contract is close but the Union is still planning on going into fact finding.

Mr. Nolan informed the Committee about a new Management Training Program that begins in March that is paid in part via a state grant.

The Personnel Committee meeting was adjourned at 1:46 p.m.

**6. Legislative Committee Report:**

Committee Chairman Barnes reported the Legislative Committee met on Wednesday, February 24, 2016 at 3:40 p.m. and the following business was discussed.

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.

Mr. Kane discussed ongoing legislative efforts that were being pursued and noted a recent report from Moody's noting the negative effort that the opinions of Lago Casino would have on existing gaming facilities.

Mr. Wojtaszek informed the Board of the recent NYGA Legislative event in Albany that he attended along with Mr. Hasenauer and Thurman Thomas as representatives of Western.

The Legislative Committee meeting was adjourned at 3:55 p.m.

**7. Insurance Committee Report:**

Committee Chairman Ricci reported the Insurance Committee met on Wednesday, February 24, 2016 at 4:00 p.m.

Chairman Ricci reported that Mr. Rory Collins and Mr. Mark Garland informed the Committee of the Broker's status report.

**8. Advertising Committee Report:**

Committee Vice-Chairman Lauderdale reported the Advertising and Promotions Committee met on Wednesday, February 24, 2016 at 2:30 p.m. and the following business was discussed.

Todd Haight, Director of Live Racing delivered a presentation of past and upcoming OTB events including the battle of the Branches. Director Siebert asked about un-cashed tickets. A discussion was held including where the money goes and if the Corporation could retain those monies in the future.

Mr. Hasenauer recapped February's TV Giveaways and previewed the March daily progressive cash drawings. Slides showing the recently held autograph show with many former Buffalo Bills were shown. Details on this weekend's GLOW Wedding Expo were given. Director Morgan asked about the cost associated with putting on the Autograph/Sports show. It was explained that it is a room rental and that the costs involved are the time spent by staff prepping the room and marketing the event.

Print ads from the Graphics Department were shown.

The Advertising and Promotions Committee meeting adjourned at 2:55 p.m.

**9. Audit Committee Report:**

Committee Chairman Bassett reported the Audit Committee met on Wednesday February 24, 2016 at 4:38 p.m. and the following business was discussed.

Mr. Haigh provided the fourth quarter gaming audit summary to the Directors for their review. It was noted how compliance with procedures has improved over the years that we have been operating gaming.

**9. Audit Committee Report continued:**

Mr. Haigh provided the Committee with NYS Gaming Commission audits which included family play audit, which explanations were provided and accepted. Also included were audit of drop and count with only one concern of camera coverage in the count room and a request has been submitted for an exemption to alter our procedure that will maintain good controls while providing better camera views.

Audit of officer expense voucher and credit card expenditure for the fourth quarter of 2015 were performed and documented.

The Audit Committee adjourned at 4:48 p.m.

**10. Batavia Downs Operations Committee Report:**

Committee Chairman Morgan called the meeting to order at 3:04 p.m. and the following items were discussed.

Mr. Wolf reviewed Gaming financials for December and January. He also reported that there are five new games operating on the gaming floor for a total of 793. Mr. Wolf noted that he may request an additional eighteen (18) games be allowed on the gaming floor.

Mr. Haight reported to the Committee that there has been approval from the NYS Gaming Commission from capital improvement funds for repair items around the track. He reported the purse account has been reviewed and is quite healthy. He presented the 2016 Sire Stakes schedule. He reported new whipping regulations are being proposed by the NYS Gaming Commission.

Mr. Nolan reported to the Committee that there will be a hearing on the Park Road closing with full support from the Town of Batavia.

Mr. Hasenauer reported to the Committee that the Event Planning Software demonstration held last week will help with communication between departments for events in the facility.

Mr. Kane reported to the Committee that the NYS Gaming Commission is creating a statewide self exclusion program that will encompass all wagering & gaming locations in New York State.

The Batavia Downs Committee meeting adjourned at 3:42 p.m.

**11. Branch Operations Committee Report:**

Committee Chairperson Mazur reported that the Committee met on Thursday, February 25, 2016 at 9:30 a.m. and the following business was discussed.

Mr. Merriman informed the Committee that staff has picked up seventy (70) personal flat screen T.V.'s for installation.

Mr. Kane informed the Committee the Monarch negotiations are ongoing. CDI negotiations however are not progressing well, to the point where Western Regional Off-Track Betting and other New York State entities are already discussing possibly booking the Kentucky Derby ourselves with permission from the Gaming Commission.

Mr. Haas informed the Committee that the Batavia Bets is down about \$100,000 year to date, although Mr. Haas mentioned that January 2015 was a phenomenal month for Batavia Bets.

Mr. Haas informed the Committee that he has received the contract for Hong Kong Racing and he is reviewing it.

Mr. Schiano informed the Committee that the handle is flat year to date for the E-Z Bets, averaging slightly over \$10,300 per day. He reported he is looking into new sites for E-Z Bet facilities.

Mr. Schiano informed the Committee that the last day of operation for the Albion Branch will be February 27, 2016. The Branch was budgeted to close at the end of February and is already 21% below year to date projections.

Mr. Wojtaszek informed the Committee that a large crude pipeline was found underneath the Ridge Lea property. The prospective buyers are still trying to make this deal work. The Bullshead sale should close in the coming weeks. The Newark Environmental Study is submitting a plan that should cost between twenty and thirty thousand to resolve the situation.

Mrs. Ashbery informed the Committee that a Resolution was needed for the paper and janitorial products on an as needed basis from W.B. Mason Co. Inc.

Upon motion by Director Mazur and seconded by Director Bassett a roll call vote was taken. Ayes: 13; Nays: 0; Absent: 4; Parmer-Garner; Haberer; Bianchi; Clifford. The motion was approved to award the paper and janitorial products from W.B. Mason Co. Inc. (**Resolution #04-2016**).

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

Director Darrow made a motion that the Committee enter into Executive Session at 10:00 a.m., seconded by Director Morgan. The Committee discussed real estate issues and came out of Executive Session at 10:08 a.m. Mr. Morgan made a motion to move forward with the sale of the Hudson Avenue property, seconded by Mr. Bassett and approved by the entire Committee.

The Branch Operations Committee meeting adjourned at 10:24 a.m.

**12. Unfinished Business:**

No unfinished business

**13. New Business:**

Upon motion by Director Morgan and seconded by Director Bassett the Board approved out of state travel as requested by Mr. Kane for the Host Training in Las Vegas in July for three members of the Marketing staff.

The Board approved out of state travel as requested by Mr. Kane for Mr. Nolan to attend the USHWA in Ft. Lauderdale March 4-6, 2016.

The next Committee and Board meetings are scheduled for March 30, and 31, 2016 respectively.

**14. Resolutions:**

**Resolution #04-2016** W.B. Mason Co. Inc.

**Resolution #05-2016** ABC Cleaning Services

**15. Adjournment:**

Director Hendrickson made a motion to adjourn which Director Lauderdale seconded. The meeting was adjourned at 10:11 a.m.

Respectfully submitted,



Secretary to the Board