

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 April 2017, and commencing at 10:17 a.m. in the *Robert J. Kane Board Room*, Corporate Headquarters at 8315 Park Road Batavia, New York.

Participating were:

Cattaraugus	Richard E. Haberer
Erie	Beverly A. Mazur
Genesee	Richard E. Siebert
Livingston	Thomas P. Wamp
Monroe	Richard D. Bianchi
Buffalo	Elliott Winter
Orleans	Edward F. Morgan
Oswego	Ronald Darrow
Rochester	Dennis Bassett
Schuylar	Philip C. Barnes
Steuben	John E. Clifford
Wayne	Ken Lauderdale
Wyoming	Susan May

Absent:

Parmer-Garner
Lattimore, Jr.
Hendrickson
Ricci

constituting the Directors of all participating municipalities.

Also participating were: Henry Wojtaszek, President & Chief Executive Officer; Scott Kiedrowski, Vice President Operations; Michael P. Nolan, Chief Operating Officer; William R. White, Vice President – Administration; Jacquelyne Leach, Comptroller; Barbara Mruzek, Deputy Comptroller; Steven Haigh, Internal Auditor; Sean Schiano, Director of Branch Operations; Mark Wolf, General Manager of Gaming; Todd Haight, Director/General Manager Live Racing /Branch Operations Specialist; Ryan Hasenauer, Director of Marketing-WROTB & Video Gaming; Edward Merriman, Manager of Branch Operations; Mark Gabriele, Associate Counsel; James Haas, Communications/Mutuels Manager.

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

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

Chairman Bianchi then asked Director Mazur 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 23, 2017. There being none, a motion was made by Director Bassett and seconded by Director May to approve the March minutes as submitted. The minutes were approved unanimously by a voice vote.

2. Communications:

Mr. Kiedrowski informed the Board of a notice of appreciation from Kay Marcello making her trip to Batavia Downs a lot of fun, complimenting many staff members for their friendly and warm welcome.

Mr. Kiedrowski informed the Board of a notice of thanks from Ken Houseknecht, Executive Director of the Mental Health Association of Erie County, Inc. for the generous donation.

3. Officers' Reports:

There were no Officers reports.

4. Finance Committee Report:

Committee Chairman Lauderdale reported that the Finance Committee meeting was held on Wednesday, April 26, 2017 at 2:53 p.m. and the following business was considered.

Mrs. Leach stated that in accordance with the Investment Policy and Guidelines of the Corporation adopted by the Board of Directors in March 27, 1986, the Corporations 2016 Investment Report was submitted for discussion. Mrs. Leach also provided current information on the Corporation's loan balances. After a brief discussion among the Committee, it was moved by Director Wamp and seconded by Director Darrow, and carried unanimously that the Corporate Investment Report for calendar year 2016 be approved and accepted.

4. Finance Committee Report continued:

Mrs. Leach reviewed the March 2017 Comptroller's Report with Committee members. March produced surcharge for distribution of \$101,049. She discussed the results of operations for Branches and Batavia Downs. She explained that after several adjustments in the first quarter of 2016, the first quarter of 2017 is very comparable to the first quarter of 2016. The first quarter of 2017 is 17% better than plan. She provided a comparison of operating results year to year, for branches, gaming, and administrative expenses.

There are no quarterly earnings available for the first quarter, and none were expected.

This was provided for informational purposes.

The Finance Committee meeting adjourned at 3:13 p.m.

5. Personnel Committee Report:

Committee Chairman Wamp reported the Personnel Committee meeting was held on Wednesday, April 26, 2017 at 1:30 p.m. and the following business was discussed.

Mr. Schiano informed the Committee that two Arbitrations have been settled and he and Mr. Wojtaszek are finalizing settlement to a third without actually having to appear before an Administrative Law Judge. The cost to the corporation will be very minimal for these settlements.

Mr. Schiano informed the Committee that he attended a Genesee County Chamber of Commerce Workshop on Negotiations. The Human Resources staff has attended other free workshops due to the fact that WROTBC is a member of the Chamber. Staff will continue to monitor and attend workshops that are relevant to our corporation.

Mr. Schiano informed the Committee that the next scheduled training for supervisory staff is May 10th and 11th for Leadership and Development Training. Phase II of this training will be supervisory staff choosing two employees from their departments who they see as future leaders for similar training.

Mr. Kiedrowski informed the Committee that staff attended the Job Fair looking to attract new employees. Staff is also planning on hosting their own Job Fair on site.

5. Personnel Committee Report continued:

Mr. Kiedrowski and Mr. Wojtaszek informed the Committee that an Ad Hoc Committee has been formed to advise the company on the possibility of

reduction of costs for healthcare that are over \$4 million dollars a year. The members of this Committee are not charging the corporation for their services.

Committee Chairman corrected the salaries for Director of Food & Beverage Donna Beane and Executive Chef Chris Spina that were incorrectly stated at the March 2017 meeting. Their salaries are \$57,600 and \$ 54,000 respectively. These changes were approved unanimously by the Committee.

6. Legislative Committee Report:

The Committee received reports from our lobbyists including Patricia Lynch of Patricia Lynch Associates and Lisa Marrello and Kevin Bronner of Jackson Lewis, Joel Giambra of Park Strategies, Inc. and Mike Kane, Advisor to President.

Mr. Kane and Mr. Nolan discussed the Tax Parity Bill and are working with State leadership to correct uneven tax rates among gaming facilities that currently threaten Vernon Downs to close and potential job loss at Batavia Downs.

Mr. Kane also mentioned some minor help in budget including keeping Vet costs during the live meet saving close to \$200,000 for Batavia Downs.

Lisa Marrello and Kevin Bronner of Jackson Lewis discussed the renewed push for privatization of NYRA, as well as continued attempts to ease Maintenance of Effort payments. Ms. Marrello added that Mr. Rob Williams is now Deputy Secretary for Racing and Gaming and he understand our position, so may be more sympathetic to our cause on second floor in Albany.

Ms. Patricia Lynch of Patricia Lynch Associates is working with our team and agrees that Rob Williams is good for us but is pushing this as an economic development issue citing the huge workforce in Western New York that could be affected with job losses.

There was discussion regarding the Oneidas opening another casino as well as the rumor that the Seneca's may once again stop making payments to the State.

The Legislative Committee meeting was adjourned at 3:56 p.m.

7. **Insurance Committee Report:**

The Insurance Committee did not meet.

8. **Advertising Committee Report:**

Committee Chairperson Clifford reported the Advertising and Promotions Committee met on Wednesday, April 27, 2017 at 3:15 p.m. and the following business was discussed.

Mr. Todd Haight, Director/General Manager Live Racing delivered a presentation of April's OTB Promotions and all the advertising going into promoting the Kentucky Derby.

Mr. Hasenauer recapped April's Rainmaker promotion. May's major promotion will center on the new Sphinx 3D game and monies given to the marketing department by Spielo/IGT was previewed. Slides showing the crowd at the Zac Brown Tribute Band and the Runaway June concerts were displayed.

Print ads from the Graphics Department were shown.

The Advertising and Promotions Committee meeting adjourned at 3:25 p.m.

9. **Audit Committee Report:**

Committee Chairman Bassett called the meeting to order at 1:55 pm

Bonadio representative, Mr. Peter VanPutte, reviewed the interest rate swap policy analysis that was performed. He indicated that per policy, the audit of the current swap agreement and the interest swap policy is conducted annually. We were in full compliance; therefore there were no recommendations this year.

Mr. Craig Stevens presented the audited financial statement for the year ended December 31, 2016 along with an audit of the marketing expenditures. He highlighted several areas including the Management Discussion and Analysis, Auditor's Communications and Management Letter. The audit of the marketing expenditures was reviewed with the Committee. The audit also showed no exceptions.

9. Audit Committee Report continued:

Upon motion my Director Wamp and seconded by Director Clifford, the Committee entered into Executive Session at 2:36 pm. The Committee returned to regular session at 2:47pm. Director Haberer made a motion to approve the audited financial statement and the audit of the marketing expenditures. The motion was seconded by Director Clifford and pass unanimously.

Associate Counsel Mark Wolf, General Manager of Gaming Gabriele reviewed the revisions to the corporations Anti-Money Laundering Policy and noted that it names the Internal Auditor as the Compliance Officer. Chairman Bassett then read Resolution #08-2017. Director Haberer moved for approval of the resolution and policy. The motion was seconded by Director Morgan and passed unanimously. **(See Resolution #08-2017)**

The Audit Committee meeting adjourned at 2:51 pm.

10. Batavia Downs Operations Committee Report:

Committee Chairman Morgan reported the Batavia Downs Operations Committee met on Wednesday, April 26, 2017 at 4p.m. and the following business was discussed.

Mark Wolf, General Manager of Gaming reported the figures and monthly status report of gaming statistics to the Committee.

Ms. Jacquelyne Leach, Comptroller reported the figures for gaming financials.

Mr. Todd Haight, Director/General Manager Live Racing /Branch Operations Specialist provided Live Racing updates to the Committee including an update on Equine Drug Testing. He informed the Committee that the Breast Cancer Coalition of Rochester Fundraiser will be held on August 2, 2017.

Mr. Henry Wojtaszek, President & CEO Wojtaszek informed the Committee that \$3.5 million in capital awards will be toward valet improvements, Fortunes improvements paddock room updates and buffet equipment to name a few.

Mr. Henry Wojtaszek, President & CEO Wojtaszek informed the Committee that Mr. Tom Fraser attended the Batavia planning Board meeting last night with regards to the paddock plans.

10. Batavia Downs Operations Committee Report continued:

Mr. Michael Nolan informed the Committee that an operations meeting was held with Keeler Construction/Barre Stone Products. The parking lot work will begin on May 1, 2017. The lot will be done in sections to accommodate patrons. A shuttle will also be on hand. Director Morgan clarified the name in the contract for the parking lot to be amended to Barre Stone Products.

Mr. Henry Wojtaszek, President & CEO Wojtaszek informed the Committee that the concert series is moving forward with many efforts from local police, hospitals, volunteers etc., and with the time and effort feels the concert series will bring new customer to our gaming floor. The concerts will be limited to 4500 people.

The Batavia Downs Committee adjourned at 4:35 pm.

11. Branch Operations Committee Report:

Committee Chairperson Mazur reported that the Committee met on Thursday April 27, 2017 at 9:30 a.m. and the following business was discussed.

Mr. Merriman informed the Committee about the relocation of the Webster Branch ATM to the Jefferson Road Branch, as well as the Branch Manager meeting that was held on Tuesday at Batavia Downs. Mr. Merriman informed the Committee that they changed out eh old vending machines at the West Ridge Road location to make room for a new TV wall and mentioned the retirement of Mr. Tom Cwik our Buffalo Maintenance employee that has been here over 33 years.

Mr. Mark Gabriele and Mr. Schiano discussed the sales of the Hudson and Ridge Lea Branch locations with the Committee. They informed the Committee that the Hudson property is scheduled to close on May 15th and Ridge Lea will close towards the end of the month. The Transit Road property has a signed contract and is in due diligence period. The Newark location is still scheduled to also close in May with a lease back period included.

Mr. Schiano informed the Committee that the Livingston Lane E-Z Bet in Livingston County is both open and both had successful Grand Opening parties. Jack Devine's in North Tonawanda, Niagara County, is open. Dewey's 3rd Ward Pub in Seneca Falls, Seneca County and Landon's Pub in Watkins Glen, Schuyler County, have both been approved and staff is working diligently to get both up and running. Jessalyn Gate picked up the E-Z Bet application for Mickey's in Olean and two other potential E-Z Bets are working on their applications, The Dugout in Lockport, Niagara County, and Horseshoe in Medina, Orleans County.

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

Mr. Jim Haas informed the Committee that Batavia Bets was up 13% through the end of March. In April month to date it was down 3%. He also added that all questions were answered for the Hong Kong Contract and submitted. We are awaiting approval for further inquiries.

Mr. Schiano informed the Committee that staff is working diligently to have the branches and employees ready for another Triple Crown season. T-shirts, pins and glasses have all been distributed as well as poster and signs. The District Offices are staffing Branches for maximum efficiency.

The Branch Committee meeting adjourned at 9:42 a.m.

12. **Resolutions:**

08-2017 Anti-Money Laundering Policy

13. **New Business:**

Mr. Wojtaszek informed the Board of the 2017 Annual Saratoga Racing & Gaming Law on August 8 & 9.

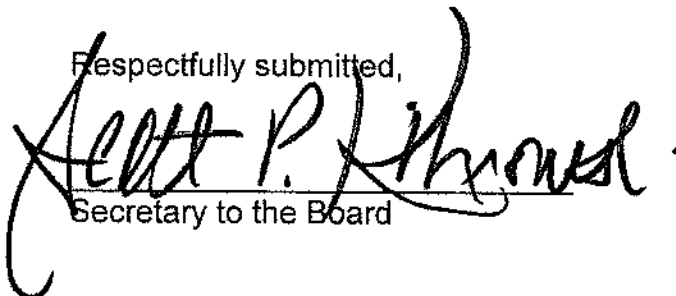
Chairman Bianchi informed the Board that the 2017 Legislatures night will be held on Wednesday, August 30th.

The next Committee and Board meetings are scheduled for May 24 and 25, 2017 respectively.

14. **Adjournment:**

Director Haberer made a motion to adjourn which Director May seconded. The meeting was adjourned at 10:45 a.m.

Respectfully submitted,


Secretary to the Board