

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 May 2017, and commencing at 10:04 a.m. in the *Robert J. Kane Board Room*, Corporate Headquarters at 8315 Park Road Batavia, New York.

Participating were:

Buffalo	Michelle Parmer-Garner
Cattaraugus	Richard E. Haberer
Chautauqua	Allan Hendrickson
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
Schuyler	Philip C. Barnes
Seneca	Richard L. Ricci
Steuben	John E. Clifford
Wayne	Ken Lauderdale
Wyoming	Susan May

Absent:

Lattimore, Jr.

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 Mruczek, 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;

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 Parmer-Garner 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 April 27, 2017. There being none, a motion was made by Director Haberer and seconded by Director Barnes to approve the April minutes as submitted. The minutes were approved unanimously by a voice vote.

2. **Communications:**

Mr. Kiedrowski informed the Board of a notice of appreciation for Batavia Downs generosity from the Byron Fire Department Ladies Auxiliary for a donation for their Annual Chinese Auction.

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, May 25, 2017 at 1:30 p.m. and the following business was discussed.

Mr. Wojtaszek informed the Committee of the ongoing arbitrations, two of which we are awaiting the outcome. One was settled in our favor and the fourth is still pending. Staff is working to make sure that the number of arbitrations is kept to a minimum.

Mr. Schiano informed the Committee of the most recent Experiential Team Building Training. The second phase of this training will have two member forms each department including OTB Branch employees.

Mr. Kiedrowski informed the Committee of the upcoming Job Fair being held at Batavia Downs for all departments trying to build up our files for possible good candidates for employment.

Mr. Wojtaszek informed the Committee of the \$3.2 million dollar cost for healthcare in the past year and the Ad Hoc Committee that is trying to better understand what options are available. Workers Comp was also discussed and the high cost of same, even though there are only a few claims against the Corporation. Staff will be performing a study to see if it is more beneficial to be self insured.

5. Personnel Committee Report continued:

Mr. Wojtaszek informed the Committee of the retirement of Dave Pero, Assistant Director of Buildings & Grounds and staff is investigating how to best accommodate his upcoming job vacancy.

Mr. Wojtaszek led a discussion based on the Six Sigma Training on the benefits of having all new employees receive a physical as well as drug testing prior to their employment.

Upon motion by Director Wamp and seconded by Director Hendrickson a voice vote was taken to accept Drug testing and a Physical for all new hired employees for one year trial at a cost not to exceed \$15,000. Ayes: 16; Nays: 0; Absent: 1; Lattimore. The motion passed.

Mr. Wojtaszek informed the Committee of the mandatory ½ hour lunch required by the Department of Labor. Thusly, all employees that work 8 hours must be scheduled for 8 1/2 hours daily.

The Personnel Committee meeting adjourned at 2:11 p.m.

6. Legislative Committee Report:

Committee Chairman Barnes reported the Legislative Committee meeting was held on Wednesday, May 25, 2017 at 3:15 p.m. and the following business was discussed.

The Committee received reports from Nick Antenucci of Jackson Lewis, who discussed the ongoing OTB push on Maintenance of Effort payments, as well as the buzz created by Jeff Gural's push to help Vernon Downs. The Uncashed Ticket issue is still on the table as well.

Mr. Nolan added that in his discussions, they may have come up with a possible solution for the Maintenance of Effort payments. Changing the year from 2002 to the previous year may be enough to entice the horsemen. Mr. Kane added that the Vendor bill passed the Finance Committee in the Senate and approved in first committee in Assembly but need to go through two more committees, which he believes will not be a problem. Mr. Kane also added that the biggest issue for the viability of OTB Corporations remains the statutory payments made to NYRA, which with NYRA.

The Legislative Committee meeting was adjourned at 3:35 p.m.

7. Insurance Committee Report:

Committee Chairman Ricci reported the Insurance Committee met on Wednesday, May 25, 2017 at 4:00 p.m. and the following business was discussed.

Mr. Wojtaszek informed the Committee of the healthcare update.

Mr. Wojtaszek informed the Committee of the Garland Liability and Property Insurance Proposal.

A motion was made by Director Ricci and seconded by Director Bassett to approve the Liability coverage at a cost of \$479,000 with Garland Insurance. The motion was unanimously approved by voice vote.

The Insurance Committee then adjourned.

8. Advertising Committee Report:

Committee Chairperson Clifford reported the Advertising and Promotions Committee met on Wednesday, May 25, 2017 at 2:45 p.m. and the following business was discussed.

Mr. Todd Haight, Director/General Manager Live Racing delivered a presentation of Kentucky Derby number, Preakness numbers and the recent success of Batavia Bets. Pictures from the Battle of the Branches Party and a Belmont Party preview were shown.

Mr. Hasenauer previewed June's promotion and recapped reactivation and retention direct mail efforts that have had good success. Efforts are being made to ensure great success moving forward. A new mailing scheduled for July was previewed. A group sales postcard being sent to Genesee County businesses will be sent out to capture more local business.. If successful, the program will be expanded to surrounding counties. Pictures from last week's golf tournament were shown, with plans to improve the experience for fall's golf tournament.

The Advertising and Promotions Committee meeting was adjourned.

9. Audit Committee Report:

The Audit Committee did not meet.

10. Batavia Downs Operations Committee Report:

Committee Chairman Morgan reported the Batavia Downs Operations Committee met on Wednesday, May 24, 2017 at 4:15p.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. DeCarlo reported the figures for gaming financials.
Mr. Haight, Director/General Manager Live Racing /Branch Operations Specialist provided Live Racing updates to the Committee.

Director Morgan updated the Committee on the parking lot status.

Mr. Wojtaszek updated the Committee of the upcoming concert series which will begin on June 4 with Lonestar.

Upon motion by Director Morgan and seconded by Director Barnes for management to implement a policy for Security purposes prior to the June 4 start of the concert series. The motion was approved unanimously by voice vote.

Mr. Wojtaszek and Mr. Kane updated the Committee of the total anticipated cost of \$2.2 million for a new Paddock. The Committee rejected the anticipated cost.

Upon motion by Director Morgan to reject the new Paddock cost by and seconded by Director Clifford. The motion was approved unanimously by voice vote.

Mr. Haight informed the Board the contract with Shane Hoehn, Assistant Race Secretary and Program Director in the amount of \$18,325 for the upcoming Live Racing meet.

Upon motion by Director Morgan and seconded by Director Siebert to approve and accept the contract with Shane Hoehn, a roll call vote was Ayes: 16; Nays; 0; Absent: 1, Lattimore, the motion passed. (**Resolution #09-2017**).

Mr. Haight informed the Board the contract between WROTB and Joe Zambito , Race Secretary in the amount of \$42,350 for the upcoming Live Racing meet.

Upon motion by Director Morgan and seconded by Director Winter to approve and accept the contract with Joe Zambito, a roll call vote was Ayes: 16; Nays; 0; Absent: 1, Lattimore, the motion passed. (**Resolution #10-2017**).

10. Batavia Downs Operations Committee Report continued:

Mr. Wojtaszek informed the Committee of the additional purchase of supplies needed from Falcone Electric for the remainder of the year at a cost of \$10,000.

Upon motion by Director Morgan and seconded by Director Winter a roll call vote was taken. Ayes: 16; Nays: 0; Absent: Lattimore. The motion was approved to purchase the additional supplies from Falcone Electric for the remainder of 2017 not exceed \$10,000. **(See Resolution #11-2017).**

Upon motion by Director Lauderdale and seconded by Director Haberer to waive the rules pertaining to Resolution number # 12-2017 a voice vote was taken. The motion was approved unanimously.

Ms. Glor informed the Committee of the May 18 bid opening for the Hot/Cold Serving Counter as the lowest bid was in the amount of \$41,200 to Joseph Flihan Co.

Upon motion by Director Morgan and seconded by Director Siebert a roll call vote was taken. Ayes: 16; Nays: 0; Absent: Lattimore. The motion was approved to the low bid of \$41,200 from Joseph Flihan Co. **(See Resolution # 12-2017).**

The Batavia Downs Committee adjourned at 4:35 pm.

11. Branch Operations Committee Report:

Committee Chairperson Mazur reported that the Committee met on Thursday May 25, 2017 at 9:31 a.m. and the following business was discussed.

Mr. Schiano discussed the ongoing work that is being done to get the new Monroe County Branch up and Running. The vacant Skilled Maintenance position for the Buffalo District Office was filled this past Monday. He is already very busy cleaning out Ridge Lea and moving the District Office. Summer help started in Rochester on Monday and we will be adding another employee next week – both will be assisting in Rochester and Buffalo. Mr. Schiano also updated the Committee on the Kentucky Derby and Preakness handles.

Mr. Gabriele informed the Committee that the Hudson branch sale is closed, and Ridge Lea will close on Friday. Newark should be closing soon and Seneca Falls still has no offers. Mr. Schiano asked the Committee for a motion to approve the sale of Transit Road, Lockport, Niagara County Branch for \$950,000. A motion was made by Director Morgan, seconded by Director Darrow and carried unanimously.

11. Branch Operations Committee Report continued:

Mr. Schiano informed the Committee that staff is working on getting both Dewey's in Seneca Falls and Landon's Pub in Watkins Glen opened and running. Satellites are installed and we now are waiting on United Tote to get their equipment in. Mickey's application in Olean, Cattaraugus County has been submitted. We are still working on the application form Orleans County and a possible new location in Rochester. Jack Devine's Grand Opening is scheduled for Friday, June 9, 2017. Mr. Schiano informed the Committee that the Dugout in Lockport, Niagara County and Horseshoe in Medina, Orleans County are finishing applications. Donselaar's will be closing on Wednesday, May 31, 2017. They are down 53%, handling only \$8,500 year to date.

Mr. Schiano informed the Committee on a new Money Laundering Policy that was sent as a requirement. It was needed to better keep track of new sign ups. Batavia Bets handle was down \$23,000 in April at \$876,000, but still up year to date. Through May of 2016 handle was \$4.3 million, and with 8 days left in May the handle is already up \$44,000.

Mr. Wojtaszek discussed his branch visits in Monroe, Erie and Niagara Counties so far with the Committee. He is happy with the branches on a whole and does want to improve the ones that we have but informed the Committee that costs should not be extravagant.

The Branch Committee meeting adjourned at 9:55 a.m.

12. Resolutions:

**#09-2017 Assistant Race Secretary Shane Hoehn
#10-2017 Race Secretary Joe Zambito
#11-2017 Supplemental Falcone Electric
#12-2017 Hot/Cold Serving Counter Joseph Flihan Co.**

13. New Business:

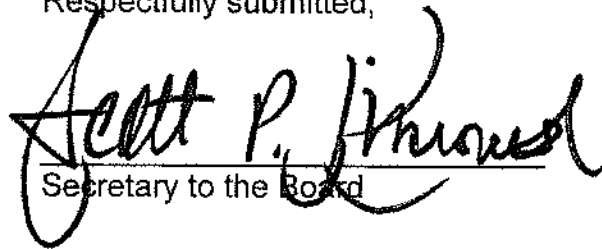
A summer mixer is scheduled for July 12, 2017 at 4:30 p.m. on the track apron/Paddock room.

The next Committee and Board meetings are scheduled for June 21 and 22, 2017 respectively.

14. **Adjournment:**

Director Hendrickson made a motion to adjourn which Director May seconded.
The meeting was adjourned at 10:47 a.m.

Respectfully submitted,


Secretary to the Board

/pma