

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 April 2018, 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:

Cattaraugus	Richard E. Haberer
Cayuga	Paul W. Lattimore
Chautauqua	Allan Hendrickson
Erie	Beverly A. Mazur
Genesee	Richard E. Siebert
Livingston	Thomas P. Wamp
Monroe	Richard D. Bianchi
Niagara	Elliott Winter
Orleans	Edward F. Morgan
Oswego	Ronald B. Darrow
Rochester	Dennis Bassett
Schuyler	Philip C. Barnes
Seneca	Richard Ricci
Steuben	John E. Clifford
Wayne	Ken Lauderdale
Wyoming	Susan May

Absent:

Parmer- Garner

constituting the Directors of all participating municipalities.

Also participating were: Henry Wojtaszek, President & CEO; Michael P. Nolan, Chief Operating Officer; Scott Kiedrowski, Vice President Operations; William R. White, Vice President – Administration; Jacquelyne Leach, Comptroller; Mark Gabriele, Associate Counsel; Mark Wolf, General Manager of Gaming; Barbara Mruczek, Deputy Comptroller; Steven Haigh, Internal Auditor; Sean Schiano, Director of Branch Operations; Ryan Hasenauer, Director of Marketing-WROTB & Video Gaming; Cindy DeCarlo, Controller; James Haas, Communications/Mutuels Manager; Todd Haight, General Manager Live Racing; Gayle Ashbery, Director of Purchasing; Edward Merriman, Manager of Branch Operations and Brian Quinn, The Batavia Daily News.

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 22, 2018. There being none, a motion was made by Director May and seconded by Director Hendrickson to approve the March minutes as submitted. The minutes were approved unanimously by a voice vote.

2. **Communications:**

There were no communications.

3. **Officers' Reports:**

There were no Officers reports.

4. **Personnel Committee Report:**

Committee Chairman Wamp reported the Personnel Committee meeting was held on Wednesday April 25 at 1:04 p.m. and the following business was discussed.

Mr. William R. White, Vice President – Administration informed the Committee of a need to fix the Corporate Salary Ranges for a number of Personnel Classifications as well as unifying these similar positions within the OTB and Gaming classifications. A motion was made by Director May to accept these changes, seconded by Director Haberer and passed unanimously.

A number of new positions were introduced by Mr. White and Mr. Nolan. The majority of the positions were approved with separate motions. All positions will be posted.

- Assistant Director of Buildings & Grounds – it was noted that if a current member in a Union Skilled Maintenance position was awarded this job, that that Union position would not be replaced. A motion to approve this position was made by Director Ricci, seconded by Director May and passed unanimously.

4. Personnel Committee Report continued

- Player Tracking Manager – Video Gaming Operations – A motion was made to approve this position by Director May, seconded by Chairman Bianchi and carried unanimously.
- Gaming Host Supervisor and Player Tracking Supervisor – Video Gaming Operations – A motion was made to approve these positions by Vice-Chairperson Winter, seconded by Director May and carried unanimously.
- Master Plumber – Substitute – It was clarified by Mr. White that this is a Substitute position that would not be more than 8 to 10 hours weekly, but is necessary for upcoming capital improvement projects. A motion was made to approve this position by Director Haberer, seconded by Vice-Chairperson Winter and carried unanimously.
- Assistant Track Supervisor – It was noted that this is a temporary position that will work no more than 29 days to grade the track at a rate of \$250 per day. A motion was made to approve this position by Director Ricci, seconded by Vice-Chairperson Winter and carried unanimously.
- Senior Staff Accountant – A motion was made to approve this position by Director Clifford, seconded by Director Ricci and carried unanimously.

Mr. White informed the Committee of four (4) needed Title Changes for the clarification in a number of Departments. A motion was made by Director Clifford, seconded by Director Vice Chairperson Winter and carried unanimously to approve these Title Changes.

Mr. Steven Haigh, Internal Auditor, and Mr. White informed the Committee of revisions to the Harassment Policies that consisted of adding a Compliance Committee to review complaints against senior staff to avoid any conflicts of interest. A motion was made by Chairman Bianchi, seconded by Director Ricci to approve these revisions and passed unanimously.

Mr. Sean Schiano, Director of Branch Operations informed the Committee that the Gaming negotiations are in final revisions and should be going to the rank and file for ratification. He is hoping to bring it to the Board at the May meeting for final ratification. The Branch contracts will have their next meeting on May 8, 2018.

4. **Personnel Committee Report continued:**

Mr. Henry Wojtaszek, President & CEO brought up a few items that were not on the agenda for discussion. He informed the Committee that staff will be reviewing the need for a Gift Shop Supervisor and will bring a recommendation in May. He mentioned the Manager's meeting and the difficult environment that the OTB's in New York live in. He discussed the Beer Fest that initially had some issues but due to staff's hard work turned out to be a positive event. He mentioned the great employees and the work they do being empowered by the senior staff.

A motion was made by Director Ricci to enter in to Executive Session at 1:50 p.m., seconded by Vice-Chairman Winter. The Committee came out of Executive Session and the meeting adjourned at 1:56 p.m.

The Personnel meeting adjourned at 3:15 p.m.

5. **Finance Committee Report:**

Committee Chairman Lauderdale, called the meeting of the Finance Committee to order at 2:04 p.m. on Wednesday April 25, 2018 and the following business was discussed.

Mrs. Jacquelyne Leach, Comptroller stated that in accordance with the Investment Policy and Guidelines of the Corporation adopted by the Board of Directors on March 27, 1986, the Corporation's 2017 Investment Report was submitted for discussion. Mrs. Leach also provided current information on the Corporation's loan balances.

After review and a discussion among the Committee, upon motion by Committee Chairman Lauderdale and seconded by Director Winter, the motion carried unanimously by voice vote that the Corporate Investment Report for the calendar year 2017 be approved and accepted.

Mrs. Leach provided a brief overview of the new Investment Policy, and compared differences between the current policy and the new investment policy. After the policy was reviewed and discussed among the committee, upon motion by Committee Chairman Lauderdale and seconded by Director Darrow, the motion carried that the proposed investment policy be approved and accepted.

5. Finance Committee Report continued:

Mrs. Leach reviewed the March 2018 Comptroller's report with Committee members. March produced surcharge of \$96,064. She discussed the results of operations for Branches and Batavia Downs. She explained that the first quarter of 2018 operating results were better than the first quarter of 2017. The first quarter of 2018 is 46% better than plan. Mrs. Leach, Mr. Schiano, Mr. White, Mr. Nolan and Mr. Wojtaszek, provided a comparison of operating results year to year and to plan, for branches, gaming, and administrative expenses. There are no Quarterly earnings available for the first quarter, and none were expected in the 2018 operating plan.

Mrs. Leach and Mr. Wojtaszek reviewed the NYGA Weekly Numbers with the Committee members.

This was provided for informational purposes only.

The Finance Committee meeting adjourned at 2:52 p.m.

6. Advertising Committee Report:

Committee Vice-Chairman May reported the Legislative Committee meeting was held on Wednesday, April 25, 2018 at 2:45 p.m. and the following business was discussed.

Mr. Todd Haight, Director/General Manager Live Racing /Branch Operations Specialist delivered a presentation of past and upcoming OTB Events including recaps on wagers in relation to the upcoming Kentucky Derby and the upcoming trio of Kentucky Derby parties. The marketing plan for promotion of the Kentucky Derby across all of Western OTB's Branches and EZ Bets was shown.

Mr. Ryan Hasenauer, Director of Marketing-WROTB & Video Gaming recapped the new direct mail promotion and showed a new Business to Business mailing that will assist the sales staff with generating bookings for the facility. Photos from the recently held Brew Fest were shown. Upcoming events including this weekend's Wine Fest and RV drawing were previewed.

A discussion was held regarding the Buffalo Football Suite that Batavia Downs uses for guests.

6. Advertising Committee Report:

Upon motion by Committee Chairman Clifford and seconded by Director Hendrickson to renew the Buffalo Football Suite for one year, a voice vote was taken Ayes: 15; Nays:1 Haberer; Absent: 1 Parmer-Garner. The motion passed.

The Advertising and Promotions Committee adjourned at 3:50 p.m.

7. Legislative Committee Report:

Committee Chairman Barnes reported the Legislative Committee meeting was held on Wednesday, April 25, 2018 at 3:50 p.m. and the following business was discussed.

The Legislative Committee received a conference call from Mr. Patrick McCarthy for Mercury who updated the Committee on the Tax Parity fight that was not successful. This was mainly due to Saratoga and Delaware North pushing at the end to keep their already much better rates, as well as Del Lago pushing for better parity than they already have. Mr. McCarthy also discussed the sports betting legislation, and how he expects two separate bills from the two legislative bodies in Albany.

The sports betting conversation continued with three of the possible locations that we can affiliate with including Rush Street out of Chicago who is affiliated with Rivers, Tioga owned by Jeff Gural, and Del Lago, owned by Tom Wilmot. There was a discussion about the intricacies of the deposit and betting procedures and how the OTB's would be beneficial as partners.

Mr. Michael P. Nolan, Chief Operating Officer gave a brief update of his work with Vladis on the grants, mentioning the Solar Liberty Panels for the back maintenance building, the Twin City Glass grant for windows, and the \$170,000 grant for the upcoming paddock work.

The Legislative Committee meeting adjourned at 4:15 p.m.

8. Insurance Committee Report:

The Insurance Committee did not meet.

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 Thursday, April 26, 2018 at 9:00 a.m. and the following business was discussed.

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

Ms. Cindy DeCarlo, Controller reported the figures for gaming financials.

Mr. Todd Haight, General Manager Live Racing reported Live Racing updates. Mr. Haight also discussed the upgrade to the Live Racing Video Analog System which has been in place since 2002 to a digital system which features three robotic cameras with a cost increase of \$7,241.00 per year and a total cost of \$150,555.

Upon motion by Director May to waive the rules and seconded by Director Winter for the Live Racing Broadcast Digital System upgrade at a total cost of \$150,555 a voice vote was taken. Ayes: 16; Nays: 0; Absent: 1; Parmer-Garner. The motion passed.

Upon motion made by Committee Chairman Morgan and seconded by Director May to approve the Live Racing Broadcast Digital System at a total cost of \$150,555. A roll call vote was taken. Ayes: 16; Nays: 0; Absent: 1; Parmer-Garner. The motion passed.

Mr. Wojtaszek updated the Committee on the Capital Awards Paddock Room project moving along well. All bids will be out this month and will be presented at the May meeting.

Upon motion by Director Haberer to waive the rules and seconded by Director Hendrickson to the Resolution #14-2018 needed for the construction of paddock barn in the amount of \$89,530.00 as part of the Capital project. A voice vote was taken and passed.

10. Batavia Downs Operations Committee Report continued:

Upon motion made by Committee Chairman Morgan and seconded by Director Hendrickson a roll call vote was taken. Ayes: 16; Nays: 0; Absent: 1; Parmer-Garner. The motion was approved to accept the bid from Extreme Contracting for the construction of the paddock barn in the amount of \$89,530.00 as part of the Capital project. **(see Resolution #14-2018).**

Upon motion by Director Morgan to waive the rules and seconded by Director Hendrickson for the Resolution #15-2018 to accept the bid from JW Danforth needed for HVAC for the driver's lounge in the amount of \$66,500 as part of the Capital project. A voice vote was taken and passed unanimously.

Upon motion made by Committee Chairman Morgan and seconded by Director May a roll call vote was taken. Ayes: 16; Nays: 0; Absent: 1; Parmer-Garner. The motion was approved to accept the bid from JW Danforth for the HVAC for the driver's lounge in the amount of \$66,500 as part of the Capital project. **(see Resolution #15-2018).**

Mr. Nolan introduced to the Committee, Mr. Richard Kline of Cardinal Energy Solutions Group who presented to the Committee an online energy reverse bid auction.

Upon motion by Committee Chairman Morgan and seconded by Director Haberer to allow the Corporation to enter into the online reverse bid auction. A voice vote was taken. The motion passed unanimously.

Mr. Nolan presented to the Committee the Resolution #12-2018 to award the paper and plastic products bid to Hill and Markes for 2018 in the amount not to exceed \$125,000.

Upon motion made by Committee Chairman Morgan and seconded by Director Winter a roll call vote was taken. Ayes: 16; Nays: 0; Absent: 1; Parmer-Garner. The motion was approved to accept the bid from Hill and Markes for the year 2018 not to exceed \$125,000. **(see Resolution #15-2018).**

The Batavia Downs Committee adjourned at 4:32 a.m.

11. **Branch Operations Committee Report:**

Committee Chairperson Mazur reported that the Committee met on Thursday April 26, 2018 at 9:40 a.m. and the following business was discussed.

Mr. Edward Merriman, Manager of Branch Operations mentioned the annual Branch manager meetings and the Battle of the Branches that was won by the Military Road Branch. The Lyell/Broad Branch celebrated their 25th anniversary at the location; Rochester maintenance did a great job of sprucing the Branch up for the anniversary. Mr. Merriman also mentioned that staff is prepping at all locations for the Kentucky Derby. Mr. Schiano informed the Committee about the Phoenix smoking room waiver and the new Auburn outdoor patio.

Mr. James Haas, Communications/Mutuels Manager let the Committee know that Batavia Bets continues to do remarkable. March was up 24% or over \$198,500. April, month to date is up 20% or \$128,500. Year to date Batavia Bets is up over \$308,000 or 13%.

Mr. Schiano informed the Committee that Carey Lake E-Z Bets who are changing ownership, including Harry's and Stroh's, as well as the relocation of the TC Hooligans Restaurant. Ms. Jessalyn Gates is visiting every E-Z Bet location prior to the Derby for promotions and how to bet events.

Mr. Schiano presented the Resolution #10-2018 needed for the Empire Blvd. location lease extension at the annual rent of \$47,880.00.

Upon motion made by Committee Chairperson Mazur and seconded by Director Morgan a roll call vote was taken. Ayes: 16; Nays: 0; Absent: Parmer-Garner. The motion was approved for the lease extension at Empire Blvd. location. **(see Resolution #10-2018).**

Mr. Schiano presented the Resolution #11-2018 needed for the repairs of the HVAC at the Wehrle Drive location not to exceed the amount of \$30,000.00.

Upon motion made by Committee Chairperson Mazur and seconded by Director May a roll call vote was taken. Ayes: 16; Nays: 0; Absent: Parmer-Garner. The motion was approved for HVAC repairs at the Wehrle Drive location. **(see Resolution #11-2018).**

The Branch Committee meeting adjourned at 9:40 a.m.

12. New Business:

Director Bassett requested permission for Steven Haigh, Internal Auditor to travel to Tacoma, Washington June 21 and 22, 2018 to attend the Regional Washington AML Seminar & Workshop. Director Clifford asked that Mr. Haigh report back to the Board regarding the Seminar and workshop.

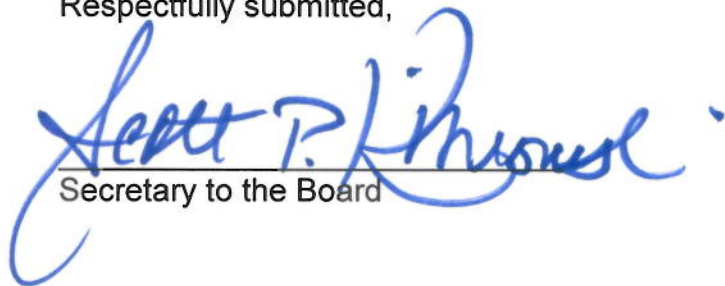
Upon motion by Director Clifford and seconded by Director Haberer for Mr. Haigh to travel, a voice vote was taken. The motion carried unanimously.

The next Committee and Board meetings are scheduled for May 30 and 31 respectively.

13. Adjournment:

Director Haberer made a motion to adjourn which Director Hendrickson seconded. The meeting was adjourned at 10:48 a.m.

Respectfully submitted,


Secretary to the Board

/pma