

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 1st day of December, 2011, and commencing at 10:15 a.m. in the *Robert J. Kane Board Room*, Corporate Headquarters at 8315 Park Road, Batavia, New York.

Participating were:

Buffalo	Maurice Garner
Cattaraugus	Richard E. Haberer
Cayuga	Paul W. Lattimore, Jr.
Chautauqua	Roger E. Ruckman
Erie	Beverly A. Mazur
Genesee	Richard E. Siebert
Livingston	Thomas P. Wamp
Monroe	Richard D. Bianchi
Niagara	Scott Kiedrowski
Orleans	Marcia B. Tuohey
Oswego	Ronald B. Darrow
Rochester	Dennis Bassett
Schuylar	Philip C. Smith
Seneca	Richard L. Ricci
Wyoming	Jim Foley

Absent:

J. Clifford
J. Gallo

constituting the Directors of all participating municipalities. Also participating were Michael D. Kane, President & Chief Executive Officer; Michael P. Nolan, Vice President – Administration; Henry F. Wojtaszek, General Counsel and Secretary; Jacquelyne Leach, Comptroller; Barbara Mruczek, Deputy Comptroller; Mark Wolf, Sr. Director of Video Gaming & Marketing; Cindy DeCarlo, Controller; Steven J. Haigh, Internal Auditor; William White, Director of Human Resources; Edward Merriman, Manager of Branch Operations; Gayle Ashbery, Director of Purchasing; Joann Algier, Director of Real Estate & Property Management; Jim Haas, Communications Manager; Ryan Hasenauer, Director of Marketing-WROTb and Video Gaming and Sean S. Schiano, Director of Branch Operations. Also attending was Matt Surtel, Daily News Reporter.

A roll of the membership of the Board having been called and Chairman Bianchi declared a quorum present.

Chairman Bianchi proceeded to conduct the meeting following the published Agenda.

Chairman Bianchi asked Mr. Richard Ricci to lead the assemblage in the Pledge of Allegiance.

Vice President Mike Nolan informed the Board that the sponsorship contract has been signed with Mr. Thurman Thomas as an ambassador to Batavia Downs. Today at 11:00 a.m. Mr. Thomas introduced to the entire body of the Board.

1. Approval of Previous Minutes:

Chairman Bianchi called for amendments, additions, deletions, or corrections to the minutes of the previous meeting of October 27, 2011. A motion was made by Mr. Foley and seconded by Mr. Bassett to approve the minutes. The motion was carried unanimously by voice vote.

2. Communications:

Mr. Henry Wojtaszek conveyed an e-mail that was sent to Mr. Kane regarding the positive experience a patron had on 11/5/11 at Batavia Downs. The message expressed the high quality of food, a sense of security, the excellent operation of the live racing and the over cleanliness of the facility. Batavia Downs was referred to as "one of the regions's hidden gems...".

Also, a Certificate of Appreciation was awarded to Batavia Downs for providing an opportunity for employment for an individual with a disability and gratitude to Batavia Downs for entering into a workforce partnership with the Genesee ARC. The letter was addressed to Ms. Robin Hilchey, Custodial Services Manager, who is the immediate supervisor of the employee channeled through ARC.

3. Officers' Reports:

There were no Officer's reports.

4. Finance Committee Report:

Committee Vice-Chairman Ron Darrow reported that the Finance Committee meeting was held on Wednesday, November 30, 2011 at 3:16 p.m. and the following business was considered.

a. Comptroller Jacquelyne Leach presented to the Board the October 2011 Comptroller's Report for informational purposes.

4. **Finance Committee Report (continued):**

b. Mrs. Gayle Ashbery advised the Committee that a public bid was held on November 7, 2011 for snowplowing 2011-2012 for the five Niagara county branches.

A motion was made by Mr. Garner and seconded by Mr. Lattimore to award the bid to 3 vendors; J & T Enterprises, United Services, and Global. A roll call vote was taken. Ayes: 15; Nays: 0; Absent: 2, Clifford, Gallo. The motion was carried. **(See Resolution # 34-2011)**

c. Mrs. Gayle Ashbery presented to the Board the results of the snowplowing for Erie county branches to be awarded to four vendors; Global, United Services, Integrated Facilities, and Gardenville.

A motion was made by Mr. Garner and seconded by Mr. Darrow to award the bid for Erie as noted. A roll call vote was taken. Ayes: 15; Nays: 0; Absent: 2, Clifford, Gallo. The motion was carried. **(See Resolution #35-2011)**

d. Mrs. Leach briefed the Committee on the NYS Retirement Systems "Employer Contribution Stabilization Program" which was signed into law 8/11/10. This is in regards to NYS Retirement System Chapter 72 Election. The program gives employers the option to amortize a portion of their annual pension cost over a 10-year period. It is likely the Western will have to amortize the contribution on February 1, 2012. This was provided for information purposes.

e. Mrs. Leach presented the 2012 Operating Plan to the Members. Members of the Board of Directors were invited to an informal meeting earlier in the month to discuss the process of the development of the plan. Mrs. Leach answered several questions addressed to her from Directors Bassett, Siebert, Lattimore, Wamp, and Garner.

A motion was made by Mr. Darrow and seconded by Mr. Lattimore to accept the 2012 Operating Plan. A voice vote was taken. Ayes: 15; Nays: 0, Absent 2, Clifford, Gallo. The motion was carried.

The Committee adjourned at 4:05 p.m.

5. Personnel Committee Report:

Committee Chairman Tom Wamp reported that the Personnel Committee met on Wednesday, November 30, 2011 at approximately 2:30 p.m.

a. Mr. Wamp informed the Board that after review of the Deferred Compensation Plan for Employees of WROTBC at the October meeting, several amendments to the Plan need to be adopted into the original contract. The items mainly addressed the ability to access and/or transfer into Roth/IRA.

A motion was made by Mr. Wamp and seconded by Mr. Lattimore to incorporate the amendments to the original Deferred Compensation Plan. A roll call vote was taken. Ayes: 15; Nays: 0; Absent: 2, Clifford, Gallo. The motion was carried.

b. Mr. Kane informed the Members of the Board of the ongoing work being done on the Employee Performance Evaluation formats. Mr. Wamp indicated that the evaluations are an important part of any operation and/or organization. It is the intension to have the new evaluation platforms in place in 2012.

6. Legislative Committee:

Committee Chairman Haberer reported that the Legislative Committee met on Wednesday, November 30, 2011 at approximately 4:15 p.m. Ms. Lisa Marrello and Mr. Nicholas Antenucci from Wilson Elser Moskowitz Edelman & Dicker, LLP was available via telephone conference.

a. Representatives of Wilson Elser provided the Committee with points of interest to WROTBC regarding the future of gaming and racing in the State. They pointed out that the Governor's Executive Budget is being prepared. They addressed the caucus scheduled regarding gambling in New York State.

b. Messrs. Kane and Wojtaszek discussed the activities pertaining to the New York Gaming Association (NYGA). In January a NYSAC convention will be held with anticipation of NYGA addressing the participants concerning the constitutional convention and Western's interests. . A sample resolution was provided to the Members in relation to full scale gambling games.

c. Mr. Wojtaszek informed the Committee of the recent visits to Assemblymen and Senators in our Districts.

The Committee adjourned with no further action required by the Board.

7. Insurance Committee:

Chairman Paul Lattimore reported that the Insurance Committee met today at 9:30 .am.

- a. The Committee discussed Broker Insurance.
- b. The Commercial Insurance Consultants Agreement for insurance consulting will expire on December 31, 2011. The Agreement requires renewal for a two year period at the same rate.

A motion was then made by Mr. Haberer and seconded by Mr. Ruckman to waive the rules. A voice vote was taken. Ayes: 15; Nays: 0; Absent: 2, Clifford, Gallo.

A motion was made by Mr. Lattimore and seconded by Mr. Ruckman to renew the agreement with Commercial Insurance Consultants for a two year period, January 1, 2012 thru December 31, 2013 providing Western with insurance consulting services for the amount of \$20,000. A voice vote was taken. Ayes: 15; Nays: 0; Absent: 2, Clifford, Gallo. The motion was carried.

8. Advertising Committee:

Committee Chairman James Foley reported that the Committee met on Wednesday, November 30, 2011 at approximately 3:00 p.m.

- a. OTB promotions and events including the Handicapping Tournaments were recapped by Director of Marketing Ryan Hasenauer along with General Manager of Live Racing Todd Haight.
- b. Mr. Ryan Hasenauer discussed with the Committee advertisements for the Breeders Cup and events to help the Mohawk branch.
- c. Mr. Haight also previewed the opening remote which will be conducted at the new Webster Branch on December 9th. Mr. Hasenauer recapped some Live Racing/Video Gaming cross promotions.
- d. Mr. Hasenauer provided a preview of the News Years Eve celebration. The plans for utilizing the Clubhouse for dining on December 9, 10, 16, 17, and 23 were presented.

8. Advertising Committee (continued):

e. Mr. Hasenauer provided a summary of his attendance to the New England Gaming Summit that was held on November 14-15, 2011 at the MGM Grand at Foxwoods in Mashantucket, CT. Director Garner also attended the Summit.

f. Director Ruckman contributed to the discussion with the Committee regarding table games in NYS. Director Siebert shared comments from his family regarding the busy BD parking lot. Director Tuohey commented that recent visitors expressed positive observations.

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

9. Audit Committee:

Chairman Dennis Bassett reported that the Committee met on November 30th, 2011.

a. Comptroller Jackie Leach advised the Committee that NYS Racing & Wagering Board, starting in 2011, is requiring supplemental scheduled be audited and The Bonadio Group, our independent auditors, express an opinion on these. The cost for these additional services has been negotiated.

A motion was made by Mr. Lattimore and seconded by Mr. Garner to increase the previously approved \$57,979 by \$1,800 for the four additional audits. A roll vote was taken. Ayes: 15; Nays: 0; Absent: 2, Clifford, Gallo. The motion was carried.

b. The Committee was provided with a summary of the third quarter gaming audit reports. Upon finalization the reports were sent to the Lottery.

c. The Committee was informed by Mr. Steve Haigh that Western has received the final draft from Ernst & Young. The plan has been submitted to Lottery for approval.

The Committee meeting adjourned at 4:25 p.m.

10. Property/Real Estate Committee

Vice Chairman Phil Smith reported that the Committee met on November 30, 2011 at 4:08 p.m.

- a. Mrs. Algier provided the Committee with a review of the following branches: Corning, Grant, Newark, the new Webster location, the old Webster location, McKinley, Wehrle, and State Street. There were roof leaks at Phoenix, Seneca Falls and Hudson..
- b. At several locations pole lighting has been repaired.

The meeting was adjourned at 4:13 p.m.

11. Batavia Downs Committee:

Committee Chairman Paul Lattimore called the Committee meeting to order on Wednesday, November 30, 2011 at approximately 4:45 p.m. The following items were discussed:

- a. The monthly Status Report with gaming statistics was provided to the Committee by Mr. Mark Wolf.
- b. The Committee was provided with financial statistics by Ms. Cindy DeCarlo.
- c. The Board was briefed on the bid opening for the smoking room expansion which was opened on November 21, 2011.

A motion was made by Mr. Lattimore and seconded by Mr. Garner for the electrical services for the renovation of the smoking room as demonstrated in matrices to Northeast Electric in the amount of \$28,200.00. A roll vote was taken. Ayes: 15; Nays: 0; Absent: 2, Clifford, Gallo. The motion was carried. **(See Resolution # 36-2011).**

A motion was made by Mr. Foley and seconded by Mr. Lattimore for general construction services for the renovation of the smoking room as demonstrated in matrices to DiGuardi Construction in the amount of \$42,487.00. A roll vote was taken. Ayes: 15; Nays: 0; Absent: 2, Clifford, Gallo. The motion was carried. **(See Resolution # 37-2011).**

11. Batavia Downs Committee (continued):

A motion was made by Mr. Lattimore and seconded by Mr. Foley for HVAC construction for the renovation of the smoking room as demonstrated in matrices to Parise Mechanical in the amount of \$42,487.00. A roll vote was taken. Ayes: 15; Nays: 0; Absent: 2, Clifford, Gallo. The motion was carried. **(See Resolution # 38-2011).**

Director Lattimore asked for the timeframe of this project. Mr. Kane indicated that December 27th is the anticipated beginning date for this project. With anticipation of the NYS Racing and Wagering Board's approval this project should be completed in 30 days providing that coordination with the removal of gaming machines in this area by gaming VLT vendors. The machine count will go from 20 to sixty.

d. Mr. Kane provided the Committee with an update of the Capital Award – Downstairs which will be submitted to the Lottery for approval.

e. Mr. Mike Nolan provided the Committee with details of the franchise agreement with Tim Horton's USA, Inc. There were some questions from Directors which were answered by Messrs. Kane and Nolan.

f. Mr. Mike Nolan informed the Board of the significantly increased consumption of food, paper, plastic, and laundry services at Grandstands and the Clubhouse, totaling sixteen entities. The staff requests authority for acquisition of such food from US Food Service in the amounts for the 2012 calendar year as provided in an attachment to the resolution.

A motion was made by Mr. Lattimore and seconded by Mr. Foley to authorize purchases as listed in the amounts as listed. A roll call vote was taken. Ayes: 15; Nays: 0; Absent: 2, Clifford, Gallo. The motion passed. **(See Resolution # 33-2011).**

g. There was discussion regarding the construction of a warehouse area. Mr. Kane indicated that this is a part of the Capital Awards project.

h. The Committee was informed by Mr. Fred Hamilton of the "Serve Safe" seminar which was held on November 7th. The seminar discussed food safety, food handling, sanitation issues and more. Twelve Food & Beverage employees attended the seminar.

i. The Board was informed by Mr. Nolan that the Tim Horton's restaurant will be operating in two weeks.

The Committee meeting adjourned at approximately 5:10 p.m.

12. Branch Operations:

Committee Chairperson Maurice Garner reported that the Committee met on Thursday, December 1, 2011 at approximately 9:30 a.m.

a. Mr. Merriman and Mrs. Algier informed the Committee that the new Webster facility will be opening on December 5, 2011. The liquor license for Rubino's Sports Bar & Grill which is adjacent to the parlor will be forthcoming shortly.

b. Mrs. Joann Algier provided the Committee that a cash offer of \$180,000 for 131 State Street was received with closing at the end of December. This passed the Committee.

A motion was made by Mr. Lattimore and seconded by Mr. Garner to accept the purchase offer. A voice vote was taken. Ayes: 15; Nays: 0; Absent: 2, Clifford, Gallo. The motion passed.

c. Mr. Schiano informed the Committee that Mr. Michael Lattimore has been approved by NYS Racing & Wagering Board to perform as the concessionaire at the Phoenix branch.

d. Mr. Kane informed the Committee that an operational change is recommended. A formal letter to the NYS Racing & Wagering Board to recommend the closing of Dunkirk and Grant Street branches in mid-January 2012 will be drafted shortly.

e. The Committee was informed by Mr. Jim Haas that negotiations regarding the United Tote contract are ongoing.

f. Mr. Jim Haas reported to the Committee pricing for website changes are still pending.

g. Mr. Haas informed the Committee that United Tote is proposing opening a telephone center in Hamburg which will possibly be able to run our ADW account. Further information will follow.

h. Mr. Jim Haas presented the Committee with an update on the Tote Contract changes.

The meeting adjourned at approximately 9:55 a.m.

13. Resolutions:

- # 33-2011 Food & Beverage Purchases for 2012
- # 34-2011 Snowplowing for Niagara County Branches
- # 35-2011 Snowplowing for Erie County Branches
- # 36-2011 Smoking Room Expansion - Electric
- # 37-2011 Smoking Room Expansion – General Construction
- # 38-2011 Smoking Room Expansion – HVAC
- # 40-2011 Deferred Compensation Amendments

14. Unfinished Business:

There was no unfinished business.

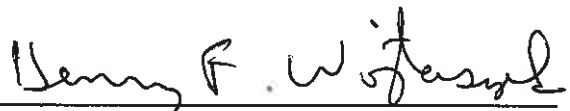
15. New Business:

The next Committee and Board meetings will be held on January 18 and January 19, 2012 respectively.

16. Adjournment:

A motion was by Mr. Ruckman to adjourn the meeting which was seconded by Mr. Darrow at 11:02 a.m.

Respectfully submitted,



Henry F. Wojtaszek
Secretary to the Board

HFW/dmf