

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Minutes of the annual organizational meeting and regular meeting of Board of Directors of the Western Regional Off-Track Betting Corporation, held on the 27th day of January, 2011, and commencing at 10:00 a.m. in the *Robert J. Kane Board Room*, Corporate Headquarters at 8315 Park Road, Batavia, New York.

Participating were:

Buffalo	Maurice L. Garner
Cattaraugus	Richard E. Haberer
Cayuga	Paul Lattimore
Chautauqua	Roger E. Ruckman
City of Rochester	Dennis Bassett
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
Schuyler	Philip C. Smith
Seneca	William R. White
Steuben	John Clifford
Wayne	Joseph Gallo
Wyoming	James A. Foley

constituting the Directors of all participating municipalities. Also participating were: Martin C. Basinait, President & Chief Executive Officer; Michael D. Kane, Vice-President of Operations & Live Racing; Henry F. Wojtaszek, General Counsel and Secretary; Jacquelyne A. Leach, Comptroller; Barbara Mruczek, Deputy Comptroller; Mark Wolf, Sr. Director of Video Gaming & Marketing; Ryan Hasenauer, Director of Marketing-WROTBC & Video Gaming; Jim Haas, Communications Manager; Cindy DeCarlo, Controller; Steven J. Haigh, Internal Auditor; Joann Algier, Director of Real Estate & Property Management; Edward Merriman, Buffalo District Branch Manager; Sean Schiano, Rochester, District Branch Manager; and Gayle Ashbery, Director of Purchasing. Also attending was James Kellogg, New York State Racing & Wagering Board; Patrick T. Murphy, Consultant and Tom Rivers, Daily News Reporter.

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

Chairman Siebert introduced Mr. Kellogg to all present.

Chairman Siebert proceeded to conduct the meeting following the published Agenda for this annual organizational meeting.

Mr. Siebert asked Director Joe Gallo to lead the assemblage in the Pledge of Allegiance.

1. Chairman Richard Siebert indicated that a copy of the Rules of Order will be send to Board Members by the new chairman for review and adoption at the next board meeting.

Mr. Siebert proceeded to thank the Directors for their support and cooperation as well as the fine job each has been doing.

Mr. Siebert indicated that after having discussion with Director Philip Smith and General Counsel he would continue as Temporary Chairman. Therefore, Mr. Siebert asked the Board if there would be any disagreement with members if he were to continue as Temporary Chairman. There being none, Mr. Siebert continued to conduct the annual nomination proceedings for Chairman and Vice-Chairman of the Board.

2. Mr. Siebert asked for nominations from the floor for the position of Chairman of the Board of Directors. Mr. Wamp nominated Mr. Richard Bianchi. The motion was seconded by Mr. White. The result was 9 Aye votes for Bianchi: Garner, Lattimore, Mazur, Wamp, Bianchi, Kiedrowski, Bassett, White, Clifford; 8 Nay votes: Haberer, Ruckman, Siebert, Tuohey, Darrow, Smith, Gallo, and Foley.
3. Newly elected Chairman Bianchi asked if there nominations from the floor for Vice Chairman. Mr. Ruckman proceeded to say that the person that he wishes to nominate has the intellect, inter-personal management skills for the job, and most importantly the demeanor and character for the position. Mr. Ruckman nominated Ms. Marcia Tuohey for the position. The motion was seconded by Director James Foley. There being no other nominations made from the floor, nominations were closed. Ayes 10: Haberer, Ruckman, Siebert, Kiedrowski, Tuohey, Darrow, Bassett, Smith, Gallo and Foley. Nays 7: Garner, Lattimore, Mazur, Wamp, Bianchi, White and Clifford.

4. **Approval of Previous Minutes:**

Chairman Bianchi called for amendments, additions, deletions, or corrections to the minutes of the previous meeting of December 2, 2010. There being none, a motion was made by Mr. Lattimore and seconded by Mr. Ruckman to approve the minutes as submitted. The minutes were approved unanimously by a voice vote.

5. Communications:

General Counsel Wojtaszek reported one communication. A media release noting that Batavia Downs employees donated \$1,035.00 for a relaxed dress code on Fridays throughout 2010 was read. A family of four referred by Community Action, received gifts valued over \$365. A donation of \$200 was made to an employee whose house was severely damaged by fire. Three other charities received monies.

6. Officers' Reports:

Mr. Martin Basinait indicated to the Board members that within their individual packets they would find his report.

7. Finance Committee Report:

Committee Chairman Joseph Gallo reported that the Finance Committee meeting was held on Wednesday, January 26, 2011 at 4:20 p.m. and the following business was considered.

a. Mrs. Gayle Ashbery reviewed with the Committee the results of the public bid which was held on January 21, 2011. (See attachment to Resolution # 2-2011). Recommendation by staff and Fraser Engineering recommends to the Board the award of the bid to Pro Construction.

A motion was made by Mr. Gallo and seconded by Mr. Smith to award the repair of the floors at the Ridge Lea OTB Branch to Pro Construction in the base amount of \$38,550.00 with an Alternate One Price of \$7,500.00 for a total of \$46,050.00. A roll call vote was taken. Ayes: 17, Nays: 0. The motion to approve the resolution was carried unanimously.

b. Mrs. Jackie Leach presented the November and December 2010 Comptroller's Report to the Committee for informational purposes only.

The Committee adjourned at 4:57 p.m. with no further actions required from of the Board.

10. Personnel Committee Report:

Committee Chairperson Tuohey reported the Personnel Committee met on Wednesday, January 26, 2011 at 2:30 p.m.

a. Ms. Tuohey indicated that the Committee discussed the ratified tentative SEIU Batavia Downs Casino Employee Collective Bargaining Agreement. The net cost to the Corporation in year one is estimated less than the estimate of the previous tentative agreement and to be the same in years two and three.

A motion was made by Ms. Tuohey and seconded by Mr. Ruckman to approve the Collective Bargaining Agreement as modified. A roll call vote was taken. Ayes: 17, Nays: 0. The motion to approve the Agreement was carried unanimously.

b. Ms. Tuohey reported to the Board that the Search Committee has completed their search for President/CEO of the Corporation.

A motion was made by Ms. Tuohey and seconded by Mr. Ruckman to appoint Michael D. Kane to the position effective upon Martin Basinait's retirement, as of March 1st, 2011 with a salary of \$125,000.00. A roll call vote was taken. Ayes: 17, Nays: 0. The motion to appoint Mike Kane was carried unanimously.

Director Maurice Garner commented that the Search Committee made a fine choice. He feels that Mr. Kane is a very capable, confident person. At this time of transition there needs to be a steady hand at the tiller for the Corporation to go forth.

11. Legislative Committee:

Committee Chairman Haberer reported that the Legislative Committee met on Wednesday, January 26, 2011 at 3:30 p.m. He noted the Committee went directly into executive session to discuss contracts.

a. The Committee submitted for Board's approval to enter into a Lobbyist's contract with Wilson Elser Moskowitz Edelman & Dicker LLP for an eleven (11) month pro-rated amount with expenses relating to telephone, postage, reproduction and computer not to exceed 6% of the retainer fee (\$2750.00); with the exception of unusual travel, if needed, there must be Staff or Board's approval is necessary.

A motion was made by Director Haberer and seconded by Director Lattimore. A roll call vote was taken. Ayes: Haberer, Lattimore, Ruckman, Mazur, Siebert, Tuohey, Darrow, Smith, White, Gallo, Foley; Nays: Wamp, Bianchi, Kiedrowski, Bassett, Clifford; Abstain: Garner. The motion was carried.

11. Legislative Committee (continued):

b. Mr. Basinait discussed with the Committee the closure of New York City's OTB and the potential impact on Western.

c. The Committee discussed the possibility of the consolidation of regional New York State OTB Corporations. Chairman Haberer indicated that a Resolution has been prepared to send to each of the seventeen participating municipalities' legislatures as well as to each elected Officials within the state.

Director Siebert introduced Resolution # 4-2011 to the Board. Chairman Haberer made a motion to propose the opposition of the State taking over Western's participating municipality's assets. The motion was seconded by Director Gallo. A roll call was taken. Ayes: 17; Nays: 0; Abstain: 0. The motion was carried. **(See Resolution #4-2011)**

Director Richard Siebert added that at Genesee County Legislative Meeting, the State Senator representing Genesee County has been appointed to the NYS Racing & Wagering Committee.

12. Insurance Committee:

Chairman Paul Lattimore reported that the Insurance Committee met on Thursday, January 27, 2011 at 9:15 am. to discuss the Corporation's contract with Commercial Insurance, Inc. for insurance consulting services and that there would be a compensation reclassification categories of our policy which would provide a substantial savings for the Corporation. This was for informational purposes only.

Chairman Lattimore indicated that the committee has studied the possibility of purchasing a Crime Coverage Policy.

A motion was made by Mr. Lattimore and seconded by Mr. Haberer to purchase Crime Coverage through Commercial Insurance Consultants. A roll call vote was taken. Ayes: 17, Nays: 0. The motion was carried unanimously.

13. Advertising Committee:

Vice Chairperson Roger Ruckman reported that the Committee met on Wednesday, January 26, 2011 at 2:45 p.m.

a. A summary regarding OTB advertisement and the Media/Advertising Plan for 2011 was presented to the Committee. The Rochester and Buffalo branches have provided Self Vending Terminal training to their customers.

13. Advertising Committee (continued):

b. The New Year's Eve celebration was recapped. Promotions for February and the February mailer were presented to the Committee.

c. The Committee discussed with staff members the possibility of local print advertising in Orleans County.

d. The staff was asked if the over-expenditures of the Marketing Department have been recovered. Staff reported that almost all of the monies have been recovered from the over-expenditures of \$4,000 in 2010.

The committee meeting adjourned at 3:40 p.m. No action was required by the Board.

14. Audit Committee:

Chairperson William White indicated that the Committee did not meet.

15. Ethics Committee:

Ethics Committee Chairman Ruckman reported that the Ethics Committee met on January 26, 2011. The Committee discussed the need to adopt a Procurement Disclosure Policy to meet the requirements of state statutes.

A motion was made by Mr. Ruckman and seconded by Mr. Darrow to adopt the annexed Procurement Disclosure Policy to conform Western's procurement process as needed. **(See Resolution # 1-2011)** A roll call was taken. Ayes: 17; Nays: 0; Abstain: 0. The motion was carried.

16. Batavia Downs Committee:

Committee Chairperson Richard E. Siebert reported to the Board that the Batavia Downs Committee had met on Wednesday, January 29, 2010 at approximately 3:30 p.m.⁶

a. The monthly Status Report with gaming statistics was provided to the Committee by Mark Wolf.

b. The Committee was provided with financial statistics.

16. Batavia Downs Committee (continued):

c. Mr. Mike Kane provided the Committee with an update on Batavia Downs which included the end of winter stabling and the 2011 racing schedule

d. The result of the preliminary design for the expansion of the south smoking room which was conducted by Tom Fraser was provided to the Committee.

e. Lastly, information from the Security Department regarding employee training and new security identification and notification upgrade.

No action was required by the Board.

f. General Counsel Henry Wojtaszek briefed the Board that a change due to Mr. Basinait's retirement effective March 1, 2011 is required for signatures on checks. It is requested for Board's consideration to authorize Michael D. Kane as President and CEO and Jacquelyne A. Leach as Comptroller on all checks and instruments.

A motion to suspend the rule (#19) to consider the late request for Board approval for change regarding officer's signatures on checks was made by Mr. Haberer and seconded by Mr. Lattimore. The motion was carried unanimously by a voice vote.

A motion was then made by Mr. Haberer and seconded by Mr. Garner to approve the signatures on checks as noted. A voice vote was taken. Ayes: 17; Nays: 0. **(See Resolution # 3-2011)**

17. Branch Operations:

Committee Chairman Richard Bianchi reported that the Committee met on Thursday, January 27th at approximately 9:15 a.m.

a. Messrs. Kane, Schiano and Merriman provided branch operations to the Committee.

No action required by the Board.

18. Resolutions:

- # 1-2011 Procurement Disclosure Policy
- # 2-2011 Ridge Lea Floor Replacement
- # 3-2011 Michael D. Kane/Jacquelyne Leach Signatures on checks
- # 4-2011 Oppose State taking Western's Participating Municipality's Assets

19. Unfinished Business:

Mr. Garner acknowledged the retirement of executive Martin C. Basinait.

Mr. Garner suggested that a possible task force or committee be formed to review branch activities, study, evaluate and explore closing of any branch with strong affirmative action. Mr. Bianchi assured Mr. Garner and the Board that these concerns have been addressed and continued research will be performed by Messrs. Schiano and Merriman along with reporting to staff regarding the decline in revenue with a next six month timeframe. Mr. Basinait commented that it will be an extremely tough year for the Corporation and we need to change the way that we do business on the OTB side and that business will never come back. The industry is a failing business. Mr. Basinait said if it were him, he would not wait 6 month. We need to forestall the situation. The Board needs to take a serious and close look at the situation. Mr. Garner agreed with Mr. Basinait's comments.

Also according to area newspapers, Tom Wilmot a Monroe County area developer may be developing a Racino package together to conduct video gaming. Mr. Basinait suggested that someone within the Corporation reach out to them due to the fact that we are one of the few successful OTB operations left in the State. Perhaps, this could be done as a management company contract for casino and liver race operations with certain restrictions.

Mr. Basinait added that there has been some talk about government reducing the revenue in horsemen's purses. His feels are that this could possibly effect the race nights.

Mr. Lattimore and Mr. Bianchi expressed gratitude to Mr. Richard Siebert for working diligently this past year and that he has done a wonderful job as Chairman.

20. New Business:

The next Committee and Board meetings will be held on February 23 and February 24, 2011 respectively.

21. Adjournment:

Mr. Haberer made a motion to adjourn which was seconded by Mr. Ruckman. The meeting was adjourned at 10:47 a.m.

Respectfully submitted,


Secretary to the Board

HFW/dmf