

Minnesota Racing Commission
Full Commission Meeting

MINUTES

Thursday, June 15, 2006

Shakopee Police Department
485 Gorman Street
Shakopee MN 55379

CALL TO ORDER: Chair Hitesman called the meeting to order at 4:00 PM.

ROLL CALL: Present: Commissioners Hitesman, Kozitza, LeDoux, McArdle, McNamara, Preece, Robinson, Sundberg. Absent: Commissioner Leegard. Also present: Darren DeJong, Assistant Attorney General; Richard Krueger and Sharon Beighley, Racing Commission Staff.

ADOPTION OF AGENDA: Commissioner Preece moved that the agenda be adopted as presented; seconded by Commission LeDoux. Motion carried.

APPROVAL OF MINUTES – May 17, 2006: There being no corrections, additions or deletions to the minutes of May 17, 2006, Commissioner McNamara moved that the minutes be approved as presented; seconded by Commissioner Kozitza. Motion carried.

CARD CLUB COMMITTEE REPORT – Commissioner LeDoux: Commissioner LeDoux reported that the Card Club Committee had met to review a suggested language change in the Card Club Plan of Operation, specifically regarding dropped cards. He requested Mark Custer of Commission Staff explain the proposed change to the Commission.

Mr. Custer read the proposed language change, and explained that the purpose of the change was to tighten up the procedure for dealing with situations when cards were dropped on the floor, either deliberately or accidentally. Commissioner Robinson moved that the change be approved; seconded by Commissioner McNamara. Motion carried.

Mr. Custer also explained that at the meeting they had discussed a new reporting form for Canterbury, including procedures for insuring that the incident reports were properly filed with all appropriate departments, including the MRC. He said that the player pool had been discussed, as well as use of cell phones by players at the tables. He explained that, for the time being, cell phones would be allowed unless problems developed.

CANTERBURY PARK MATTERS: Randy Sampson of Canterbury Park spoke to the Commission. He stated that business had been steady for the first nineteen days of the race meet, but that figures for the month of May were down 2% from previous years. He remarked that this was reflective of an industry-wide slowdown across the country, and not specific to Canterbury Park. He stated that competition from internet wagering companies was likely contributing to the downturn.

Regarding live racing, Mr. Sampson said that the backside was nearly full, and that there had been very few problems. He stated that attendance was down 3% for the first nineteen days of the meeting, and that live handle was down 8%. He stated that the Breeders' Fund Advisory Committee had met on June 13, and that there was a significant concern about the amount of money being paid out for purse supplements, in that it was being paid out faster than it was accumulating. He said that one of the reasons was that more Minnesota-breds were racing, and that the money was being diluted because of more participation in the program. He stated

that the industry and the track were cooperating to try to find a solution to the problem this year, since it could prove to be a disincentive to the industry if the purse supplements suffer too much dilution.

Mr. Sampson stated that Simulcasting was flat for the year, again, due to competition from internet wagering.

Nat Wess reported that the Claiming Crown was four weeks away, and encouraged Racing Commissioners to take in as many events as possible.

In response to a question from the Chair, Mr. Sampson stated that there would be five continuous days of racing over the 4th of July weekend, and that fireworks were scheduled for the night of July 3rd.

Mr. Krueger pointed out that he had forwarded a copy of Canterbury Park's Affirmative Action report to the Commissioners.

NORTH METRO HARNESS INITIATIVE MATTERS: Mr. Druck spoke to the Commission and explained that the Concerned Citizens lawsuit had been decided in the Commission's favor by the Minnesota Court of Appeals. He added that an appeal to the Supreme Court was possible, but that the Court had the right to decide whether or not to hear the case. He stated that they were beginning work on the archaeological survey required to be completed on the site. He explained that some Native American artifacts had been discovered, and it was hoped that these items could be displayed on the site after the track was open and running. He explained that they had contracted with Westwood Engineering to perform the survey work. He stated that they were proceeding with plans and specs, and final pricing for the project. He stated that they hoped to be able to finish their financing by the end of October and proceed with construction.

Mr. Druck introduced Tracy Wilson, new Chief Financial Officer for Southwest Casino, and stated that she had begun her duties.

In response to a question from Mr. Krueger, Mr. Druck replied that they had not been contacted by any of the Indian tribes during the 30-day comment period on the archaeological review. In further response to a question from Mr. Krueger, Mr. Druck stated that their Conditional Use Permits would expire in August, so this would be back before Columbus Township officials at that time.

In response to a question from the Chair, Mr. Druck stated that he did not expect any additional lawsuits to be filed in an attempt to delay the start of construction. Commissioner Sundberg asked whether the delays had resulted in additional construction costs for the project. Mr. Druck said that additional financing costs had been incurred but, overall, the cost of the financing package would probably be reduced because of other changes in other parts of the plan, resulting in a net overall cost that was less than the original projected cost of the project.

Budget Report: Mr. Krueger presented the budget report to the Commission. He explained that through the end of May, the Commission was \$19,700 under budget, and he was expecting that the Commission would end the fiscal year close to the budgeted amount. He added that he had prepared an overall budget summary for the Commission, but would be reviewing it with the Administration Committee prior to furnishing it to the Commission.

Other Matters:

Update regarding poisonous plant grant: Dr. Murphy from the University of Minnesota showed the Commissioners a mock-up of the poster that had been designed for the Poisonous Plant

grant. He stated that the information would be available on the website, and that visitors to the Commission's website would be able to link to the University site to access the information. He reminded that the Commission that they had been invited to return to ask for additional funding for the project later in the year, and they intended to have a presentation ready for consideration by the Commission towards the end of the meet.

Internet Wagering: Mr. Krueger stated that he had received a response from Ms. Jennifer Mackanos, one of the attorneys representing an internet wagering company. He stated that the letter restated their opinion that Federal law had precedence over State law in regard to the legality of internet wagering. Mr. Krueger said that copies of the letter would be furnished to the Commission.

Stewards Update: In response to Chair Hitesman, Chief Steward Mills stated that there had been four or five medication overage violations, but that no hearings had been appealed to the Commission at this point in the meet.

Racetrack License Application: In response to Commissioner Sundberg, Mr. Krueger stated that he had received no further contact from the potential Class A license applicant he had spoken about at the previous meeting.

ANNOUNCE FUTURE MEETINGS: Chair Hitesman requested that the Commissioners make an effort to attend the races and other events at Canterbury Park as their schedules permitted. She explained that it was important for the Commissioners to be present whenever they could.

It was announced that the next meeting of the Commission would be held on Thursday, July 20, 2006 at 4:00 PM.

Commissioner McArdle announced that the Racing Committee would meet on Friday, July 14, at 3:00 PM, location to be announced.

Mr. Krueger stated that he was meeting with representatives of the Arabian Racing Association on June 30th to discuss the mechanics of allowing the Arabian Breeders' Fund monies to be used for races in other States.

ADJOURNMENT: There being no further business of the Commission, Commissioner McNamara moved that the meeting be adjourned at 4:45 pm; seconded by Commissioner Robinson. Motion carried.

ADOPTED THIS 20TH DAY OF JULY, 2006 BY THE MINNESOTA RACING COMMISSION