

Minnesota Racing Commission
Full Commission Meeting

MINUTES

Thursday, August 17, 2006
4:00 PM

Shakopee Police Department
475 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, Leegard, McArdle, McNamara, Preece, Robinson, Sundberg. Absent: Commissioner LeDoux. Also Present: Richard Krueger, Sharon Beighley, Commission Staff; Darren DeJong, Assistant Attorney General.

ADOPTION OF AGENDA: Chair Hitesman recommended that items 7 and 8 on the agenda be switched, to facilitate Power Point presentations. Commissioner McNamara moved that the agenda be adopted as amended; seconded by Commissioner McArdle. Motion carried.

APPROVAL OF MINUTES – July 20, 2006: There being no additions, deletions, or corrections to the minutes of July 20, 2006, Commissioner McNamara moved that the minutes be approved as presented; seconded by Commissioner Leegard. Motion carried.

REPORT FROM THE AD HOC COMMITTEE FOR RECRUITMENT AND RECOMMENDATION OF DEPUTY EXECUTIVE DIRECTOR: Chair Hitesman reported that the Ad Hoc Committee had met twice, and had focused mostly on the nature of the job, and qualifications, and the timeframe for advertising the position. She reported that the next meeting of the Committee was scheduled for September 20 at 2:00 PM. The Chair reported that meetings of the Ad Hoc Committee were open to the public at the present time, and that Commission legal counsel would be researching data privacy laws to insure that that the privacy rights of applicants were followed as the time came to schedule interviews for the position.

Chair Hitesman stated that the position would be open for application between August 25th and September 15th. She requested that if individual Commissioners were contacted by individuals interested in the position, they should be referred to the Executive Director. In response to a question from Commissioner Leegard, Chair Hitesman stated that the Committee was hoping to have a recommendation to hire an individual before the Commission at its October meeting.

ACTION ITEMS:

Funding Request, U. of M., Extension Division, Plants Poisonous to Horses Publication – Ms. Krishona Martinson: Ms. Martinson stated that the poster on plants poisonous to horses, which had been funded by the Commission, had been very successful. She stated that copies had been purchased by Cargill and Nutrena, as well as other well-known feed companies. Ms. Martinson said that they wanted to develop individual fact sheets for each of the plants shown on the poster, and added that the fact sheets would be available on the University's website for download.

In response to a question from the Chair, Mr. Krueger stated that the Commission had approved and spent \$1850.00 for the poster project to date, and that the additional request was in the amount of \$7,955.00 to cover the cost of preparing and distribution of the accompanying fact

sheets. Mr. Krueger informed the Commission that there was currently \$21,000.00 in the equine research account to fund projects of this type. He also reminded that half of these monies were dedicated to the College of Veterinary Medicine and the remainder had to be used for other types of equine education and research.

In response to a question from Commissioner Robinson, Ms. Martinson stated that there was a fee for the posters the University was selling, and that this fee would offset future printing costs for the posters. In further response to Commissioner Robinson, Ms. Martinson said that the poster had been copyrighted by the University.

Following further discussion, Commissioner McArdle moved that the grant request of \$7,955.00 for preparation of individual fact sheets be approved; seconded by Commissioner Preece. Motion carried.

Adoption of Commission Position on Racing/Legislative Issues: Commissioner Sundberg spoke to the Commission regarding this issue. She stated that the Administration Committee had been working to develop a policy dealing with the appropriate response to requests for Commission backing of Legislative proposals. She stated that a proposed policy statement had been developed for inclusion in the Commissioner's Manual. She then explained that the suggested procedures would require the Administration Committee to conduct a pre-legislative session review of proposed legislation that may be pursued by the Commission or others, and that the Committee would research the issue and make a recommendation to the full Commission. She requested that any industry groups or individuals outside the Commission with legislative requests bring the requests to the Administration Committee for review. Commissioner Sundberg also stated that the policy contained a procedure for individual Commissioners to refer requests for support or non-support of an issue to the Executive Director, and that the Commissioner should inform the Executive Director of the contact.

In response to a question from the Chair, Commissioner Sundberg suggested that staff could prepare a log sheet of issues that the Commission had taken positions on in the past, as well as a log of issues that the Commission had declined to provide support.

Following further discussion, Commissioner McArdle moved that the policy statement be approved for inclusion in the Commissioners' Manual; seconded by Commissioner Robinson. Motion carried.

CANTERBURY PARK MATTERS:

Randy Sampson spoke to the Commission. He stated that business in the Card Club was soft, and was down 7% in July 2006 from the previous month in 2005. He said that they were adding some promotions, and trying other venues to stimulate interest in the Card Club. He stated that it was having a negative impact on the purses for live racing. He stated that preparations were underway for the Fall Poker Classic, which was coming up in October, and they were planning to conduct a charity event on September 8th.

With regard to live racing, Mr. Sampson stated that there had been some weather issues, related to the hot weather, but that they had been able to handle the situation. He said that on July 30th the post time had been delayed until 5:00 PM because of the heat, and that no serious problems or heat-stroking had occurred. In response to Chair Hitesman, Mr. Sampson stated that no fan or patron issues had come up because of the heat. He stated that during the 55 days so far of the live meet, attendance was up, but that total live handle was down 3% compared to last year. He added that out-of-state handle continued to do well. He stated that all races were filled for the Festival of Champions on the 20th, and that over 100 horses had entered for the eleven race schedule. Mr. Sampson stated that many trainers were in the process of leaving for Remington Park in Oklahoma, which was making it difficult to fill races as

the meet winds down. He then reported that a Canterbury patron had won the Mystery Mutuels \$1,000,000 voucher which was part of a national promotion held every year. He added that this was the first time someone had won the \$1,000,000 prize, and that it had provided great publicity for the track.

Mr. Sampson said that there was no good news to report in the simulcasting area. He stated that the last eight weeks had seen a downturn compared to the same time period last year. He added that the corporation continued to remain profitable, and that they had filed their 10Q report for the second quarter. In response to Commissioner Sundberg, Mr. Sampson said that internet wagering was having a definite impact on the simulcast handle. He stated that a significant number of younger fans were moving to the internet, and that the high cost of gasoline was also having an impact on people decided to stay home and wager from home.

PRESENTATION BY SCIENTIFIC GAMES REGARDING TRANSFERRING OF DATA

CENTER HUB: Ms. Jennifer Konning, Executive Vice President of Scientific Games, made a presentation to the Commission on the new Quantum Data Centers they were opening up. She explained that the data centers would be replacing the tote hubs now located throughout the country. She explained that for Canterbury Park, the Quantum Data Center in Sacramento, California would be the primary processing center, with the Mt. Laurel, New Jersey facility providing back-up support. The presentation consisted of slides showing the layout of the Data Centers, the security features, and other aspects of migrating the data from the existing tote hubs to the Data Centers.

There were no questions from the Commission.

NORTH METRO HARNESS INITIATIVE MATTERS:

Mr. Druck spoke to the Commission, stating that they were refining their plans and confirming financial arrangements. Mr. Scott McClendan from Oppenheimer & Company stated that they were very excited about moving forward with the financing for the racetrack. He stated that they were in the final stages of structuring \$40,000,000 in financing for the project, and that there would be three or four investors in the project. Commissioner Sundberg asked Mr. Druck if they were concerned about their projections, in light of the recent flat revenues reported by Canterbury. Mr. Druck stated that they would not have the competition issues that Canterbury faced from nearby Casinos. He added that their track would be the only gambling venue in the north metro area, and as such they would be developing a whole new market.

Mr. Tom Fox presented a Power Point presentation to the Commission. He showed slides depicting the site location, site plan, the main entry, view from the main drive, trackside apron, grandstand main level and 2nd level, the view from the restaurant at the third turn, the indoor apron area, and the backstretch layout. He stated that they were planning to decorate with a Roaring Twenties theme.

Mr. Fox discussed the revised financial plan with the Commission. He stated that the estimated cost of construction was now \$55,000,000 as compared with \$47,250,000 for the original estimates. He explained that the increase was because of the delay in construction start-up resulting from the litigation. Mr. Fox explained that, because each of the partners had increased their up-front contribution by \$5,000,000, they had been able to get a better interest rate which would make the project more economical than had been previously expected. He explained that they would not need to use the costly method of mezzanine financing. In response to Commissioner McArdle, Mr. Fox explained that the motel and training center costs were not included in these figures, and that those details were still being worked out. In response to a question from Patrice Underwood of the HBPA, Mr. Fox stated that he did not know the percentage of revenues that would be dedicated to purses, but that it would remain consistent with previous estimates.

In response to a request from the Chair, Mr. Fox stated that he would revise the estimates to show what would happen without all-breed simulcasting, or without all-breed simulcasting and the waiver of the 50 day racing requirement before start-up of a card club, and provide the Commissioners with those figures.

Mr. Druck then announced that North Metro was going to conduct a contest to name the New Track. He stated that residents of Columbus Township and members of the Harness Racing Association would be eligible to participate, and that the prize would be \$500.00.

Mr. Halpern spoke to the Commission, stating that they were planning an event in Cannon Falls on August 20th, in conjunction with the harness races being held there. He invited the Commissioners to attend, and added that three bus-loads of supporters from Columbus Township would also be attending the event.

BUDGET UPDATE FISCAL YEAR 2006 AND 2007: Mr. Krueger stated that he had furnished the Commissioners with budget updates for fiscal years 2006 and 2007, and added that FY 2006 had closed with the Commission within budget. He explained that he was working with Commissioner Kozitza on the format of the budget reports for the reimbursement accounts.

In response to Commissioner Sundberg, Mr. Krueger stated that he hoped to have a combined budget report ready for review by the Administration Committee at its next meeting.

ANNOUNCE FUTURE MEETINGS: It was announced that the September meeting of the Commission would be held on Wednesday, September 20th, at 4:00 PM. It was announced that the October meeting was scheduled for October 18th at 4:00 PM. Chair Hitesman asked if the October meeting could be rescheduled for the following week, on October 25th. She explained that this would give the Ad hoc Committee more time to complete its work on recommendations for the Assistant Executive Director position.

Commissioner Preece asked whether it would be possible for the Commission to continue with its Thursday meeting schedule on an all-year basis. Chair Hitesman requested that this be discussed as an agenda item at the September meeting.

Following discussion, it was decided to move the October meeting from October 18th to October 25th.

ADJOURNMENT: There being no further business of the Commission, Commissioner McNamara moved that the meeting be adjourned at 5:50 pm; seconded by Commissioner McArdle. Motion carried.

ADOPTED THIS 25th DAY OF OCTOBER, 2006 BY THE MINNESOTA RACING COMMISSION