

Minnesota Racing Commission

Full Commission Meeting

Thursday, September 20, 2007

4:00 P.M.

**Canterbury Park
President's Suite
1100 Canterbury Road
Shakopee, Minnesota 55379**

MINUTES

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

CALL ROLL: Present: Commissioners Buhler, Duncanson, Hitesman, Kozitza, Overton, Sundberg, Preece. (Note: Commissioner Preece participated by telephone.) Absent: Commissioners Leegard, McArdle.

ADOPTION OF AGENDA: There being no additions or deletions to the proposed agenda, Commissioner Overton moved that the agenda be approved as presented; seconded by Commissioner Kozitza. Motion carried.

APPROVAL OF MINUTES – August 15, 2007: There being no corrections, deletions, or additions to the minutes of August 15, 2007, Commissioner Kozitza moved that the minutes be approved as presented; seconded by Commissioner Sundberg. Motion carried.

INTRODUCTION OF NEW COMMISSIONERS: Chair Hitesman extended a welcome to the newly appointed Commissioners. She introduced Commissioner Kernal C. Buhler, whose term was effective September 10, 2007 with an expiration date of June 30, 2013. She stated that Commissioner Buhler brought a background in marketing, business development, and management to the Commission and would be a welcome addition. The Chair introduced Commissioner Jacqueline Duncanson, of Mapleton, Minnesota. She stated that Ms. Duncanson's background included raising and breeding quarterhorses, as well as a regulatory experience from having been a member of the Minnesota Pollution Control Agency. She added that Ms. Duncanson's term was effective on September 10, 2007 and would expire on June 30, 2013. Chair Hitesman then introduced Commissioner Jesse Overton. She explained that Commissioner Overton had been involved with the racetrack and racing related issues since the early 1980's, and was thoroughly familiar with the operations at Canterbury Park and with horse racing in general. She stated that Mr. Overton's term was effective September 10, 2007 and would expire on June 30, 2013.

Chair Hitesman stated that there had been a lot of qualified applicants, that she had an opportunity to visit with the applicants, and that she was pleased with the talents and qualifications the three new Commissioners would bring to the Commission.

REVIEW AND DISCUSSION REGARDING THE CANTERBURY PARK SECOND QUARTER AFFIRMATIVE ACTION/SMALL BUSINESS REPORT:

Mr. Krueger gave a brief overview of the history of the affirmative action efforts at Canterbury Park. He stated that the first Racing Commission was appointed in 1983, and that in 1984 the first Affirmative Action Committee of the Commission met, and formed an Advisory Task Force to advise the Commission about goal-setting and statutory affirmative action requirements relating to the track. He explained that as a result of those early efforts, the licensees were required to obtain a Certificate of Compliance with affirmative action requirements set by the State of Minnesota every two years, and to provide quarterly reports to the Commission on

actions taken to achieve those goals. Mr. Krueger reminded the Commission that they had been furnished with copies of Canterbury Park's Second Quarter Report.

Commissioner Overton stated that he had been involved in those early efforts, and that steps had been taken to insure that the racetrack got off on the right foot with regards to affirmative action and small business opportunities. He stated that because of those efforts, the track had been successful in achieving its affirmative action goals, and in maintaining a very high level of participation by minorities and small business vendors.

Randy Sampson spoke to the Commission, and extended a welcome to the three new members. He thanked Commissioner Overton for his comments, adding that Commissioner Overton had been a big help from the beginning, and would provide lots of help and assistance in the coming years. He briefly summarized the second quarter report for the Commission, explaining that the report laid out several different categories of reporting. Mr. Sampson stated that Canterbury Park was very serious about its affirmative action efforts, and the reports indicated success in recruiting and maintaining a diverse work force.

Mr. Sampson then summarized the report dealing with purchasing from ESB vendors and affirmative action efforts in the area of purchasing. He stated that current purchasing levels reflected that over 20% of Canterbury's purchasing was directed to small and emerging small business vendors. He added that the implementation of a centralized purchasing system had been critical to this effort.

In response to a question from Chair Hitesman, Mr. Sampson stated that the report covered only Canterbury's contracts and purchases with prime vendors and contractors, and did not include entities that may have subcontracts with those vendors or contractors. Commissioner Overton commended Canterbury Park on their efforts, and in going above and beyond what was required in Statute.

OVERVIEW AND REVIEW OF COMMISSIONER'S MANUAL: Commissioner Sundberg explained, for the new Commissioners, that a Commissioners' Manual had been prepared by Commission staff, to provide information on procedures, hearings, and other matters that regularly come before the Commission. She explained that updated pages had been prepared for the Manual, and were being distributed at this meeting to tenured Commissioners, adding that the Manuals provided to the new Commissioners were already updated. Commissioner Sundberg thanked Sharon Beighley, Commission Staff, for her work on the Manual.

Chair Hitesman stated that the Commission would be going through the manual, taking one section at a time, in upcoming work session meetings of the Commission. She explained that the chapters would be discussed, and Commissioners would have an opportunity to ask questions and provide new insights for material to be added to the Manual.

CHAIR'S REPORT: Chair Hitesman reported that she was glad to have the Commission operating at full strength again. She stated that Commissioner input would be helpful and crucial inasmuch as the Commission faced an aggressive work schedule in the coming months with the planned opening of Running Aces Harness Park in April, 2008. She reported that the Commission had conducted a couple of Appeal Hearings within the past month, and that they had proceeded smoothly and without incident.

STEWARDS' REPORT: Mr. Hank Mills, Chief State Steward, welcomed the new Commissioners on behalf of the Board of Stewards. He reported that during the 2007 race meet, 73 rulings had been issued. He explained that, of those 73 rulings, 23 were licensing related issues, 23 were for medication overages, 6 were for conduct, and 7 for ineligible horses. He stated that there were two drug-related suspensions, and that the rest of the incidents were minor. He stated that this was a very low number of violations considering the length of the meet, and the number of horses on the grounds.

Mr. Mills explained that there were new personnel in the Racing Office in 2007, and that things had worked smoothly. He stated that the ambulance crew worked well, and that people on the starting gate performed well. He added that only one race was lost to weather-related conditions. Mr. Mills stated that several meetings had been held with track management and Commission officials to insure that "Extreme Day" racing and the camel/ostrich races were conducted without incident.

Mr. Mills expressed his appreciation to Canterbury Park for deciding to let riders participate at Canterbury, even though they were facing disciplinary sanctions for unspecified violations in other jurisdictions. He stated that the willingness of people to work together to find solutions to problems was very gratifying, and made Canterbury Park a special place to race.

VETERINARIAN'S REPORT: Dr. Hovda spoke to the Commission. She stated that it had been a quiet year from a veterinary standpoint, and that she would have statistics tabulated and ready for Commission review in November. She explained that there were well over 1400 horses on the backside during the meet. She added that the three Commission vets had watched 55 timed workouts, and that 3,000 samples had been collected in the test barn. She stated that the most common medication violation was for overage of bute, followed by DMSO overages. She stated that the horse ambulance had been used on 37 occasions. She stated that 17 horses died at the track during the meeting, 9 of which were catastrophic racing-related injuries, and three were colics. She reported that Commission Veterinarian, Dr. Klatt, was in the process of submitting Minnesota's information to the National Committee dealing with racing related injuries.

Dr. Hovda explained that work was continuing with the race horse rehabilitation program, and that her department had worked with the Groom Elite Program in 2007. She stated that special events at the track, i.e., wiener dog races, and Extreme Day events, had gone well. Dr. Hovda added that she would be teaching classes at the University of Minnesota over the winter months, and had recently attended a conference on snake/snail/scorpion venom and their effects on race horses.

In response to a question from Commissioner Preece, Dr. Hovda stated that there were no pool-related incidents during the meet. In response to Commissioner Overton, Dr. Hovda stated that there were no medication repeat violators.

CANTERBURY PARK MATTERS: Mr. Randy Sampson spoke to the Commission. With regard to Card Club activities, he stated they were preparing for the Fall Poker Classic to be held in October. He stated that activities in the Casino Game Room were down significantly since that area had become non-smoking, and expressed concern about the effects of the statewide smoking ban which would go into effect on October 1st. He explained that simulcasting revenues were down a few percent from the same time period last year, and added that the upcoming smoking ban would have an impact on those revenues also. He explained that they were in the process of erecting a tent area outside the clubhouse area where smokers would be able to go, but stated that the ban would still have a negative impact.

Mr. Sampson stated that attendance during the live meet in 2007 was up, which was encouraging. He stated that attendance on Thursday nights was especially good, and attributed it to a surge of interest among younger bettors and race enthusiasts. He explained that education was key to insuring that the younger bettors would continue to have an interest in racing and coming out to the track. He stated that the average attendance at the track was 5500 per day, and that the on-track handle was down about 3-1/2%, partially attributable to the Claiming Crown being held in Kentucky this year.

Mr. Sampson stated that there had been some issues with the track surface, and that it had been a difficult year partly because of the drought, followed by too much rain. He stated that discussions had been held with consultants on the turf issue, and that artificial turf had been

discussed. He stated there were no near-term plans to install artificial turf. Mr. Sampson stated that they were planning their 2008 race days request, and added that it could be more interesting this year because of two tracks submitting race day requests. He stated that he was hopeful the two licensees could work together to improve the future of horse racing in Minnesota.

In response to a question from Commissioner Overton, Mr. Sampson replied that the availability of horses for next years' meet was an issue, as it was every year. He stated that it was always a challenge to get horses, and with other tracks offering higher purses because they had slot machines to supplement the purses, the competition was more intense for the horses. He stated that some stables had indicated they would not be back in 2008, and that it would be a challenging issue to attract quality horses.

In response to Commissioner Duncanson, Mr. Sampson stated that Canterbury Park provided as many incentives as they could to attract the horsemen, including providing everything free on the backside. He added that there was nothing that prohibited them from offering incentives to attract trainers and stables. He added that the training track and the pool were also incentives for trainers to come to Canterbury. In further response to Commissioner Duncanson, Mr. Sampson stated that purses were the biggest incentives for the horsemen.

RUNNING ACES HARNESS PARK MATTERS: Mr. Snook reported that construction of the facility was proceeding on or ahead of schedule, and that the grandstand building could be seen from the freeway. He said construction work on the exterior was being completed, and work on the interior, including mechanical/electrical rough-ins and framing was being done. He stated that the track subsurface was in, but that the final racing surface would not be put down until construction was completed and all the heavy equipment was off the site. He stated that two barns were up, and that construction was starting on the other two remaining barns. Mr. Snook stated that they were beginning to plan for their first racing season, and stated that they were in the process of working on their racing days request.

Mr. Jeff Halpern spoke to the Commission. He stated that they were conducting tours of the track on an almost daily basis, and invited the Commissioners to tour the facility. He stated that meetings were being held with the harness racing industry representatives in Minnesota. He reminded the Commission of the statutory requirement that 50 days of live racing be conducted before a licensee could operate a card room. He explained that they would be approaching the 2008 Legislature with a request to waive this requirement, explaining that card club revenues would bolster the purses for the live race meet. Mr. Halpern explained that talks were underway regarding all-breed simulcasting, and that this was another segment that was crucial to the success of Running Aces Harness Park. He explained that some discussions had been held with Canterbury Park officials about joint efforts to resist legislative efforts to impose additional taxes on card rooms.

Mr. Halpern stated that City of Columbus residents were solidly behind the track, and that there had been lots of people interested in touring the track and seeing the proposed layout. Commissioner Overton asked what Running Aces' alternative plans were in the event that all-breed simulcasting was not approved. Mr. Halpern stated that it would not be a death-blow, but that it was a multi-million dollar item for them. In further response to Commissioner Overton, Mr. Halpern stated that Running Aces was in negotiations with Canterbury Park about a revenue-sharing agreement for all-breed simulcasting.

BUDGET REPORTS: Mr. Krueger presented the Commissioners with budget reports, including final figures for Fiscal Year 2007. He explained that the Commission had spent more than budgeted in the reimbursement account because of additional costs association with testing of samples by Truesdail Testing Laboratories. He added that an increased number of farm inspections for the Breeders' Fund had also resulted in additional costs but that those costs had been absorbed by the balance forwarded from the previous year.

Mr. Krueger stated that the Commission was significantly under budget for Running Aces, largely because of the technical upgrades that were being installed.

OTHER MATTERS: Mr. Krueger reported a conversation with Mr. Paul Bowlinger, of RCI. He stated that RCI was interested in the technical upgrades Minnesota was doing with the pari-mutuel system. He stated that Mr. Bowlinger and Mr. Oelschlager of the Nebraska Racing Commission planned to be in attendance at the Commission's October meeting to receive updates on the technical upgrades.

Mr. Krueger stated that the October Work Session meeting would include a review of the proposed rules that the Commission had reviewed in August, and also some new additions that had been requested by Dr. Hovda.

Mr. Krueger reminded that Running Aces was required to run fifty days of live racing prior to opening their card club. He suggested that, even though the Commission had received the proposed Card Club Plan of Operations for Running Aces, they not act on it until they had received the actual request for racing days from Running Aces. Commissioner Kozitza suggested that perhaps it could be approved pending approval of the race days request. Commissioner Overton stated that Mr. Krueger's suggestion was logical, and would keep things in proper order. Chair Hitesman reassured that the Commission did not intend to delay action on the racing days request or approval of the Card Club Plan of Operations, and that actions would be taken when appropriate to do so.

AUGUST LICENSING REPORT: Mr. Krueger stated that the August licensing report was available for review by the Commissioners. In response to a question from the Chair, Mr. Krueger stated that plans were underway to start licensing at Running Aces in time for the meet to begin in the spring. He stated that the necessary computer upgrades and technology connections would be in place.

ANNOUNCE FUTURE MEETINGS: It was announced that the next work session of the Commission would be held on October 2, 2007 at 4:00 PM in the President's Suite at Canterbury Park. It was announced that the next Commission meeting was scheduled for October 18, 2007 at Canterbury Park. It was announced that the November work session (November 6) and full Commission Meeting (November 15) would be held in Columbus.

Chair Hitesman asked the Commissioners to keep staff informed as to their availability for Commission meeting. She stated that staff was making extra efforts to insure that Commissioners were informed of any changes in the meeting date schedule or place.

ADJOURNMENT: There being no further business of the Commission, Commissioner Duncanson moved that the meeting be adjourned at 5:40 p.m.; seconded by Commissioner Kozitza. Motion carried.

ADOPTED THIS 18th DAY OF OCTOBER, 2007 BY THE MINNESOTA RACING COMMISSION