

MINNESOTA RACING COMMISSION  
FULL COMMISSION MEETING

**MINUTES**

Thursday, January 17, 2008  
4:00 PM

Leatherdale Equine Center, University of Minnesota  
1801 Dudley Avenue  
St. Paul, Minnesota 55108

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

**ROLL CALL:** Present: Commissioners Buhler, Duncanson, Hitesman, Kozitza, Leegard, Overton. Absent: Commissioners McArdle, Preece, Sundberg.

**ADOPTION OF AGENDA:** Chair Hitesman requested that the order of business on the agenda be moved to change item No. 8 (Other Matters) to action item No. 5, while waiting for representatives of Canterbury Park and Running Aces to arrive at the meeting. Commissioner Leegard moved that the agenda be adopted as amended; seconded by Commissioner Kozitza. Motion carried.

**APPROVAL OF MINUTES – December 20, 2007:** There being no changes or additions to the minutes of December 20, 2007, Commissioner Leegard moved that the minutes be approved as presented; seconded by Commissioner Overton. Motion carried.

**OTHER MATTERS – Informational Only:**

**December Licensing Report:** Mr. Krueger presented the licensing report for the month of December, and added that it was available for Commission review in the staff offices. He explained that 8 people had been licensed in December. Mr. Krueger stated that the January licensing report would have more people, since renewals had started for Canterbury Park personnel and other annual licensees.

**Status of Medication Threshold Legislation:** Mr. Krueger that he, Ms. Manney, and Dr. Hovda had met with staff from the Governor's office to discuss the proposed legislative changes. He stated that they would be proceeding with the formal process to initiate legislation through the Governor's process, and that Senator Ann Rest had offered to author the bill. He stated that Representative Atkins was expected to carry the bill in the House. He stated that he would have more information and further updates on this issue at the February Commission meeting. In response to a question from Commissioner Duncanson, Mr. Krueger stated that the bill would likely have to be considered by the Agriculture and Finance Committees in addition to the required review by the Committees overseeing the Racing Commission. In response to the Chair, Mr. Krueger stated that he would keep the Commission informed about whether their presence at the Legislature would be helpful in getting the bill passed. Mr. Krueger stated that he was scheduled to meet with Representative Atkins on January 22nd regarding this issue.

**MRC Staffing Update:** Deputy Director Manney spoke to the Commission about staffing needs and updates with regard to the opening of Running Aces Harness Park, and the upcoming live race meet at Canterbury Park. Ms. Manney explained that it would be necessary to hire a new State Steward for Canterbury Park, inasmuch as David Moore had accepted a full-time position with the Oklahoma Racing Commission and had tendered his resignation to Minnesota. She stated that the position was being announced in the Daily Racing Form, and on the Commission's website.

Ms. Manney stated that RFP's had been posted for Judges and Veterinarians for Running Aces Harness Park, and that copies of the RFP were on the USTA website as a banner ad, and on the Commission's website. She stated that additional advertising for the veterinarians was posted with the AAEP, on the RCI website, the USTA, and would possibly be listed in Blood Horse Magazine. Ms. Manney stated that the licensing clerk position was being posted internally, and that work was progressing on the issue of hiring detention barn technicians. She explained that it had yet to be determined whether the test barn technicians would be employees of Running Aces, or if they would be Commission employees. Ms. Manney stated that a Law Compliance Rep II would be hired for Card Club and Racing Investigations at Running Aces.

Ms. Manney stated that it would probably become necessary to hire a licensing clerk for the Shakopee office, since the current licensing clerk there was expected to bid on the job for the North Metro track. She explained that it was also necessary to hire a veterinary assistant for the vet's office at Canterbury Park, and that Commission staff was working with the Department of Employee Relations on both of these issues.

In response to Commissioner Duncanson, Ms. Manney stated that the test barn technicians were an item that was paid for by the track, regardless of who ended up being the employer, and that it would probably turn out to be advantageous for Running Aces to be the employer of these people. In response to Commissioner Leegard, Ms. Manney explained that January 31, 2008 was the deadline for applications to be received for stewards and veterinarians. In further response to Commissioner Leegard, Ms. Manney stated that Dr. Hovda would oversee the veterinary staffs at both racetracks. Also in response to Commissioner Leegard, Mr. Krueger replied that staff would review the applications and make recommendations to the Commission for the hiring of stewards and veterinarians. In response to Commissioner Duncanson, Mr. Krueger stated that the January 31<sup>st</sup> deadline could be extended if necessary.

Mr. Krueger then provided an update on the status of rulemaking to the Commission. He provided a tentative timeline for the rules currently undergoing formal promulgation, and stated that if all went well, the rules could be effective on June 2, 2008. He informed the Commission that he and staff would be presenting a proposed variance request regarding the proposed rules, so the Commission would be able to begin enforcing the rules before the effective date. He reminded that the Commission had granted rulemaking variances in the past to staff, and that he did not foresee any problem with the issue.

Chair Hitesman cautioned that staff keep the Commission informed about any possible delays or problems with the rules, as she was not comfortable with granting rule variances to rules that might not possibly be adopted as proposed.

## **CONSIDERATION AND ACTION ITEMS:**

### **RUNNING ACES HARNESS PARK REQUEST:**

**Racing Official – Director of Security:** Jim Druck of Running Aces Harness Park introduced Captain Robert Aldrich to the Commission, and requested that he be approved as the Director of Security for Running Aces. He explained that Captain Aldrich had 25 years' experience with the Anoka County Sheriff's Office, and had oversight over all administrative duties in his role with the Sheriff's Office. Mr. Druck added that Captain Aldrich would also be serving as the Director of Surveillance for Running Aces.

Commissioner Kozitza moved that Captain Aldrich be approved as Director of Security for Running Aces, and that the Chair to be authorized to sign a resolution to that effect; seconded by Commissioner Duncanson. In response to Commissioner Overton, Mr. Krueger explained that Captain Aldrich would need to be licensed by the Commission. Commissioner Leegard requested that future submission requests from Running Aces for racing official approval be accompanied by a resume of the individual for whom approval was being sought. Mr. Druck

stated that he would ensure that this was done, and added that his staff had performed a thorough background investigation of Captain Aldrich, and that he would be happy to share that with the Commission. In response to Commissioner Leegard, Executive Director Krueger stated that he had seen the background investigation report and had found nothing bothersome in it. Joan Eichhorst, Commission Legal Counsel, stated that Captain Aldrich was also POST-Board licensed, which included a rigorous background investigation. Following further discussion, the question was called. The motion was voted on and approved.

**Approve Running Aces Card Club Plan of Operation:** Chair Hitesman reminded that the Commissioners had previously received copies of the proposed Plan of Operation, and asked Commission staff whether anything in the Plan had changed since the Commission last reviewed it. Mr. Krueger explained that he and Mark Custer had met with representatives of Running Aces, and that nothing had changed in the Plan since it was submitted to the Commission. Mr. Krueger recommended that the Commission approve the Plan of Operation. Mr. Krueger added that once the Card Club got closer to opening, there would no doubt be revisions and additional requests before the Commission regarding the Plan of Operation. Mr. Druck added that they expected to come in with requests for additional games prior to the opening of the Card Club.

In response to Commissioner Overton, Mr. Druck replied that they were preparing affirmative action plans for the Card Club and Racetrack, and would be submitting them to the Commission shortly. Following discussion, Commissioner Duncanson moved that the Card Club Plan of Operations be approved; seconded by Commissioner Kozitza. Motion carried.

After discussion, Mr. Druck stated that he would bring the agreement between MHRI and Running Aces to the next Work Session of the Commission.

**APPROVAL OF STEWARDS AND CHIEF VETERINARIAN FOR THE CANTERBURY PARK 2008 LIVE RACE MEET:** Mr. Krueger explained that he had prepared draft resolutions for the Commission to consider with regard to approving Hank Mills as Chief Steward, Noble Hay as State Steward for the 2008 live race meet at Canterbury Park, and Dr. Lynn Hovda as Chief Commission Veterinarian. He stated that all three individuals were highly qualified, and had performed their duties at Canterbury Park successfully in the past. Following discussion, Commissioner Leegard moved that the Commission approve the hiring of Hank Mills as Chief Steward and Noble Hay as State Steward for the 2008 race meet at Canterbury Park, and Dr. Lynn Hovda as Chief Commission Veterinarian, and that the Chair be authorized to sign the resolutions signifying approval; seconded by Commissioner Buhler. Motion carried.

Chair Hitesman requested that staff prepare a letter of thanks and commendation to be sent to David Moore, former Minnesota State Steward.

**CANTERBURY CONTRACT APPROVAL:** Mr. Sampson presented a proposed contract to the Commission, requesting Commission approval. He explained that the proposed contract was with Parsons Electric, to provide new lighting on the track and mezzanine levels. He stated that current lighting had not been remodeled since the track was opened, and new technology and more ecologically friendly equipment was deemed necessary. He stated that the amount of the contract, including all add-ons and extras, was \$376,000.00. Following discussion, Commissioner Duncanson moved that the contract between Canterbury Park and Parsons Electric be approved; seconded by Commissioner Leegard. Motion carried.

### **CANTERBURY PARK MATTERS:**

**Status Reports:** Mr. Sampson presented a status report to the Commission. He stated that sales in the Card Club were down 18%, and that casino games sales were down 31%. He stated that simulcasting was down 20% in December, and was down 15% up to the current date in January. He stated that the downturns were a significant concern. He stated that the economy was a factor in the downturn, and added that business at racetracks and card rooms

was down across the nation, and not just at Canterbury Park. He added that the smoking ban in Minnesota had contributed to the downturn, because of the proximity of Mystic Lake Casino, where smoking was still permitted. He stated that they had run some promotions over the holidays, which had helped somewhat.

Mr. Sampson stated that they were in process of finalizing their stakes schedule for 2008, in preparation for getting the condition books ready. He stated that Canterbury did not have a proposed legislative agenda for the 2008 session, but that they would support North Metro's proposed legislation for all-breed simulcasting. Mr. Sampson presented the third quarter affirmative action report, and stated that minorities and females accounted for roughly 50% of the employment force. He stated that 21.7% of their vendors qualified as emerging small business or minority vendors. He explained that the changeover to a Centralized Purchasing System had been helpful in reaching new goals for purchasing.

Chair Hitesman stated that, with respect to the downturns in Card Club and simulcasting revenues, if there was any action the Commission could take that would be helpful, to please let them know. She also cautioned Canterbury Park to not rule out seeking legislative changes if it became necessary.

In response to Commissioner Duncanson, Mr. Sampson replied that 90% of the purses for the live meet come from Card Club and Simulcasting revenues. In further response to Commissioner Duncanson, Mr. Sampson stated that Canterbury had never found it necessary to cut purses in the past, but that if the current downward trend continues that it might be possible that purses would have to be cut. Mr. Sampson explained that law changes in neighboring states, authorizing the use of slot machines at racetracks, was raising the purse level at the competing tracks, further contributing to the downturn at Canterbury.

Mr. Krueger asked whether Canterbury had a marketing plan for promotions, or a strategy, to attract new players. Mr. Sampson stated that they had spent \$100,000 on a billboard campaign to try to attract new players, but that the results were not yet in on whether or not it had been a success.

In response to Commissioner Overton, Mr. Sampson explained that if North Metro's All-Breed Simulcasting legislative initiative was successful, it would help to increase purses at Canterbury by about 10%, which would help to off-set the decline. In response to Mary Manney, Mr. Sampson stated that he expected the simulcast revenues to decline by about 5% when they were required by law to stop simulcasting of standardbred races when Running Aces opened on April 11. He stated that it would have a definite impact on Canterbury.

Following further discussion, Ms. Manney suggested that it would be helpful if a future work session topic could include a discussion on the complexities of revenue sharing under all-breed simulcasting, and its potential impact on both tracks.

**RUNNING ACES HARNESS PARK MATTERS:** Mr. Druck spoke to the Commission. He stated that the project was ahead of schedule and under budget. He stated that about February 1, they would be ready to start moving people into barn one, which would be used for licensing on an interim basis. He stated that they had advertised their available positions in the Forest Lake Paper, the St Paul Pioneer Press, and the Minneapolis Tribune. He stated that they had hired an administrative assistant, an events coordinator, and a card room manager. He stated that Captain Aldrich would be spending time at some of Southwest Casino's and Mountaineer Gaming's other facilities to get acclimated to his duties. Mr. Druck stated that employment offers were pending to a racing secretary, and that they expected to extend offers soon to a general manager, a human resources managers, a marketing manager, and an Executive Chef. He stated that they were in the process of hiring dealers for the card club, and would be starting dealer training in early February.

In response to Chair Hitesman, Rosemary Williams stated that they were comfortable with the way the hiring was going, and that they would be ready to open on April 11. Commissioner Overton questioned whether they would be able to comply with State affirmative action goals, and stated that he hoped their plan would be in place before the hiring was actually completed.

Mr. Druck stated that they were cautiously optimistic about the proposed legislation for all-breed simulcasting. He stated that this was critical if they were to grow the market. In response to Chair Hitesman, Mr. Druck stated that the Commission's endorsement of the proposed legislation would be helpful.

**ANNOUNCE FUTURE MEETINGS:** It was announced that the next Work Session of the Commission was scheduled for February 5, 2008, location to be determined. Mr. Krueger stated that Dr. Stephanie Valberg, of the University of Minnesota, would be at the next work session to discuss a collaborative effort with the Groom Elite Program for 2008.

It was announced that the next full Commission meeting was scheduled for February 21, 2008, location to be determined.

**ADJOURNMENT:** Commissioner Overton moved that the meeting be adjourned at 5:35 PM; seconded by Commissioner Buhler. The motion was carried.

ADOPTED THIS 21st DAY OF JANUARY, 2008 BY THE MINNESOTA RACING COMMISSION