

NORTH DAKOTA RACING COMMISSION

Live and telephone Meeting

**Bismarck Public Library, 515 N 5th Street, Room A, Bismarck, ND
Tuesday, February 15th, 2011 – 10:30 a.m. (central time)**

Call to Order: Chairman Jim Ozburn called the meeting to order at 10:40 a.m.

Each Commissioner was introduced and talked about their experiences in the horse racing industry.

Present: Chairman Jim Ozburn, Commissioner Clarence Frederick Sr., Commissioner Andrew Maragos, Commissioner Tom Senftner and Commissioner Steve Hartman. Also present were Legal Counsel, Bill Peterson, Director of Racing, Winston E. Satran and Administrative Staff Officer, Helen Tessmann.

Others present: Leon Glasser, Peter Davis, Jad Breiner, Wes Heinert, John Bubel, Roger Thompson, Joe Magdaleno, Christian Lopez, Mike Cichy, Robert Herman, L.J. Harsche, Blaine Malaterre, Lorne Jay, Mike Malaterre, John Ford, Edward Comins, Scott A. Horst and Marty Davis.

AGENDA

1. **Approval of Minutes** – December 14th, 2010 Meeting
2. **Consideration of 2011 Simulcast Service Providers' License Applications**
 - a. RaceBook, Inc.
 - b. Global-Wagering, Inc.
3. **Accountant's 2010 Breeders' Fund Distribution Report**
4. **Hire an Independent Auditor**
- Debbie Eisenhauer, CPA - Review the 2010 Breeders' Fund awards
5. **Purse Fund Applications**

a. ORDA		\$172,800
b. Horse Race North Dakota		144,000
c. ND Quarter Horse Racing Association		10,000
d. ND Thoroughbred Association		<u>10,000</u>
Total		\$336,800
6. **Promotion Fund Applications**

a. ORDA		\$109,000
b. Horse Race North Dakota		200,000
c. ND Quarter Horse Racing Association		2,500
d. ND Thoroughbred Association		5,000
e. ND Thoroughbred Owners and Breeders		5,000
f. Management, Clerical & Consulting Services		<u>2,500</u>
Total		\$324,000

- 2011 Horsemen's Annual Banquet
7. **Director's Reports**
 - a. Proposed Rule Changes Update
 - b. December 2010 Symposium on Racing – Tucson, Arizona
 - c. January 10, 2011 House Appropriations Committee Hearing
 - d. Proposed 2011 Legislative Issues
 - e. Authorization to hire 2011 Race Meets State Veterinarians, State Stewards and Licensing Staff
 - f. Approval of the Industrial Laboratories for 2011 Race Meets

- g. **Turtle Mountain Band of Chippewa Indians – Attorney General’s Opinion**
 - h. **Horse Race ND – Code of Ethics policy**
 - i. **Review Background Examination Contract Proposal**
 - Thoroughbred Racing Protective Bureau
8. **European Wagering Services Ltd.**
 - Mr. Ed Comins, Chief Operating Officer – Progress Report
9. **ND Horsemen’s Council Issues or Recommendations**
10. **Any other business which may PROPERLY come before the commission**
11. **Adjournment**

MINUTES

1. Approval of Minutes

Previously all Commissioners received the December 14th, 2010 meeting minutes for review.

A motion was made by Commissioner Maragos and seconded by Commissioner Frederick to accept the minutes of the December 10, 2010 meeting as presented. All Commissioners voted aye and hearing no negative vote the motion passed.

2. Consideration of 2011 Simulcast Service Providers’ License Applications

a. RaceBook, Inc.

Christian Lopez and Joe Magdaleno from RaceBook, Inc. spoke about their business and what it will accomplish by being licensed in the state of North Dakota. Director Satran asked several questions concerning the business structure of their companies. Director Satran advised the Commission that all the documentation has been completed and a copy of the application was previously provided to the Commissioners for review.

A motion was made by Commissioner Frederick and seconded by Commissioner Maragos upon approval from the Attorney General to approve a Simulcast Service Provider license for RaceBook, Inc. Roll call was taken: Frederick Y, Senftner Y, Maragos Y, Hartman Y, and Ozbun Y. Motion passed.

b. Global-Wagering, Inc.

Christian Lopez and Joe Magdaleno of Global-Wagering talked about their business and the business goals of Global-Wagering, Inc. if approved for a license in the state of North Dakota. Prior to the meeting, the Commissioners were provided a copy of the application for review.

A motion was made by Commissioner Maragos and seconded by Commissioner Frederick that upon approval from the Attorney General to approve a Simulcast Service Provider license for Global-Wagering, Inc. Roll call was taken: Maragos Y, Frederick Y, Hartman Y, Senftner Y, and Ozbun Y. Motion passed.

3. Accountant’s 2010 Breeders’ Fund Distribution Report

This report had previously been provided to the Commissioners for their review. Roger Thompson read the 2010 Breeders’ Fund distribution report.

A motion was made by Commissioner Maragos and seconded by Commissioner Senftner to approve the Accountant’s 2010 Breeders’ Fund Distribution Report as presented. All Commissioners voted aye and hearing no negative vote the motion passed.

4. Hire an Independent Auditor

- Debbie Eisenhauer, CPA – Review the 2010 Breeders’ Fund awards.

Debbie Eisenhauer submitted a letter to the Director of Racing, applying for re-appointment to audit the 2010 Breeders’ awards.

A motion was made by Commissioner Senftner and seconded by Commissioner Maragos to approve hiring Debbie Eisenhauer's to conduct an audit of the 2010 Breeders' Fund awards. Roll call was taken: Senftner Y, Maragos Y, Hartman Y, Frederick Y, and Ozbun Y. Motion passed.

5. Purse Fund Applications

a. ORDA

Outdoor Recreation Development Association (ORDA) submitted a Purse Fund grant application in the amount of \$172,800 for the 2011 Chippewa Downs race meet.

A motion was made by Commissioner Frederick and seconded by Commissioner Maragos to grant \$160,000 from the Purse Fund to ORDA for the 2011 Chippewa Downs Race Meet to be held in Belcourt, North Dakota. Roll call was taken: Frederick Y, Maragos Y, Senftner Y, Hartman Y and Ozbun Y. Motion passed.

Commissioner Senftner asked if there was a procedure and formula in place when considering requests for funds. Director Satran stated that guidelines have been prepared.

A motion was made by Commissioner Senftner and seconded by Commissioner Hartman to utilize the guidelines when considering granting any state funds to any organization. Roll call was taken: Senftner Y, Hartman Y, Frederick Y, Maragos Y, and Ozbun Y. Motion passed.

b. Horse Race North Dakota

Horse Race North Dakota requested purse money in the amount of \$144,000. HRND's president, Mike Cichy stated that Horse Race North Dakota was in no position to run a race meet this year. He withdrew their application for funds.

A motion was made by Commissioner Senftner and seconded by Commissioner Hartman to accept Horse Race North Dakota's withdrawal of the Purse Fund application for \$144,000. Roll call was taken: Frederick Y, Maragos Y, Senftner Y, Hartman Y and Ozbun Y. Motion passed.

c. ND Quarter Horse Racing Association

An application from the ND Quarter Horse Racing Association was submitted for \$10,000 from the Purse Fund for 2011 races.

A motion was made by Commissioner Maragos and seconded by Commissioner Senftner to grant North Dakota Quarter Horse Racing Association \$5,000 from the Purse Fund for 2011 races. Roll call was taken: Maragos Y, Senftner Y, Frederick Y, Hartman Y and Ozbun Y. Motion passed.

d. North Dakota Thoroughbred Association

North Dakota Thoroughbred Association submitted an application for Purse Fund money in the amount of \$10,000 for the 2011 races.

A motion was made by Commissioner Maragos and seconded by Commissioner Hartman to grant North Dakota Thoroughbred Association \$5,000 from the Purse Fund for 2011 races. Roll call was taken: Maragos Y, Hartman Y, Frederick Y, Senftner Y and Ozbun Y. Motion passed.

6. Promotion Fund Applications

a. ORDA

Outdoor Recreation Development Association (ORDA) submitted an application requesting \$109,000 from the Promotion Fund to assist with racing in 2011 at Chippewa Downs, Belcourt, ND. Blaine Matatterre, representing ORDA, explained to the Commission that an error had been made in completing the application and the amount applied for should have read \$163,500. The Commissioners discussed the availability of funds from the Promotion Fund.

A motion was made by Commissioner Maragos and seconded by Commissioner Frederick to allocate \$135,000 from the Promotion Fund to Outdoor Recreation Development Association for the operation of the 2011 race meet at Chippewa Downs Race Track, Belcourt, ND. Roll call was taken: Maragos Y, Senftner Y, Frederick Y, Hartman Y and Ozbun Y. Motion passed.

b. Horse Race North Dakota

Horse Race North Dakota withdrew the application request for Promotion Fund monies for \$200,000 as no race meet will be held in Fargo in 2011. However, they would like assistance for the utilities they are using on a daily basis.

A motion was made by Commissioner Maragos and seconded by Commissioner Senftner to table Horse Race North Dakota's request for promotion funds monies until an amended application has been submitted. All Commissioners voted aye and hearing no negative vote the motion passed.

c. ND Quarter Horse Racing Association

North Dakota Quarter Horse Racing Association submitted an application for Promotion Fund money in the amount of \$2,500 to assist with the Stallion Auction costs.

A motion was made by Commissioner Senftner and seconded by Commissioner Maragos to allocate \$2,500 to the North Dakota Quarter Horse Racing Association from the Promotion Fund towards the Stallion Auction costs. Roll call was taken: Senftner Y, Maragos Y, Frederick Y, Hartman Y and Ozbun Y. Motion passed.

d. ND Thoroughbred Association

North Dakota Thoroughbred Association submitted an application for Promotion Fund money in the amount of \$5,000 to assist with the Stallion Auction costs.

A motion was made by Commissioner Maragos and seconded by Commissioner Frederick to allocate \$2,500 to the ND Thoroughbred Association from the Promotion Fund towards the Stallion Auction costs. Roll Call was taken: Maragos Y, Frederick Y, Hartman Y, Senftner Y and Ozbun Y. Motion passed.

e. ND Thoroughbred Owners and Breeders

North Dakota Thoroughbred Owners and Breeders submitted an application for Promotion Fund money in the amount of \$5,000 to assist with the Stallion Auction costs.

A motion was made by Commissioner Maragos and seconded by Commissioner Frederick to table the request from the ND Thoroughbred Owners and Breeders from the Promotion Fund until the Commission is supplied with a list of their membership. All Commissioners voted aye and hearing no negative vote the motion passed.

f. Management, Clerical & Consulting Services

Management, Clerical and Consulting Services submitted an application for Promotion Fund money in the amount of \$2,500 to be used towards the ND Horsemen's Annual Awards Banquet costs. Gail Hrdlicka of Management, Clerical and Consulting Services presented to the Commission an estimated breakdown of the banquet expenditures.

A motion was made by Commissioner Maragos and seconded by Commissioner Senftner to allocate \$2,500 from the Promotion Fund to Management, Clerical and Consulting Services towards the ND Horsemen's Annual Awards Banquet. Roll call was taken: Maragos Y, Senftner Y, Hartman Y, Frederick Y and Ozbun Y. Motion passed.

At 12:15 p.m. Commissioner Maragos left the meeting.

7. **Director's Reports**

a. Proposed Rule Changes Update

Director Satran gave an update on the proposed rule changes.

b. December 2010 Symposium on Racing – Tucson, Arizona

Director Satran gave a report on the 2010 Symposium on Racing and stated he had the opportunity to listen to Bob Evan's, President of Churchill Downs, presentation on the future of horse racing in the United States.

c. January 10, 2011 House Appropriations Committee Hearing
Director Satran reported that the Appropriations Committee was supportive. The questions were positive with concern of the future of horse racing in North Dakota.

d. Proposed 2011 Legislative Issues
Director Satran reported on the hearings held regarding 2011 Legislative issues and with the breakage issue limited to 20 million dollars to stimulate more ADW business activity.

e. Authorization to hire 2011 Race Meet's State Veterinarian, State Steward and Licensing Staff.
Director Satran requested the Commissioner's authorization to hire the State Veterinarian, State Steward and licensing staff for the 2011 Race Meet in Belcourt, ND.

A motion was made by Commissioner Frederick and seconded by Commissioner Hartman granting the Director of Racing, Winston Satran, authorization to hire the 2011 Race Meet's State Veterinarian, State Steward and Licensing Staff. Roll call was taken: Frederick Y, Hartman Y, Senftner Y and Ozbun Y. Motion passed

f. Approval of the Industrial Laboratories for 2011 Race Meets

A motion was made by Commissioner Senftner and seconded by Commissioner Frederick to approve Industrial Laboratories for the 2011 Race Meet. Roll call was taken: Senftner Y, Frederick Y, Hartman Y and Ozbun Y. Motion passed.

g. Turtle Mountain Band of Chippewa Indians – Attorney General's Opinion
The opinion from the Attorney General is being researched and formulated at the present this time.

h. Horse Race ND – Code of Ethics policy
Mike Cichy, President of Horse Race ND, reported that the policy is almost completed and then will be signed by Horse Race ND and presented to the Commission.

ORDA Chairman, Peter Davis, stated that the ORDA's Constitution does contain a Code of Ethics. Director Satran asked that a copy be provided to the ND Racing Commission office.

i. Review Background Examination Contract Proposal
- Thoroughbred Racing Protective Bureau –
Director Satran reported that the Commission is working with Thoroughbred Racing Protective Bureau to improve North Dakota racing community's credibility with the Bureau. In reviewing the proposal, the Commission had several questions and instructed the Director to contact TRPB for the answers and to present the additional information at the next commission meeting.

8. European Wagering Services Ltd.

- Mr. Ed Comins, Chief Operating Officer – Progress Report
Ed Comins updated the Commission regarding the payment methods that will be offered by European Wagering Services in opening an account. This includes credit card deposits and bank wires from US clients.

9. ND Horsemen's Council Issues or Recommendations

No report was available.

10. Any other business which may PROPERLY come before the commission

None.

11. Adjournment

Meeting adjourned at 1:00 p.m.

A motion was made by Commissioner Frederick and seconded by Commissioner Senftner to adjourn the meeting at 1:00 p.m. CST. All Commissioners voted aye and hearing no negative vote the motion passed.