

AGENDA
NORTH DAKOTA RACING COMMISSION
500 North 9th Street, Bismarck, ND
Friday, February 25, 2005 - 10:00 a.m.

1. LEGISLATIVE UPDATE
2. LIVE RACE TRACK REPORTS FOR 2004
 - ORDA - Belcourt
 - Horse Race North Dakota - Fargo
3. BREEDERS FUND DISTRIBUTION FOR 2004
 - a. Approval of payment of 2004 Breeders Fund Awards
 - b. Replenishment of Breeders Administrative Fund
 - c. Advice of counsel regarding point system
Consideration of Double and Triple Point Awards - 2004 Breeders' Fund Awards
4. REQUEST FOR A VARIANCE FOR THE 2005 CERTIFIED BRED RACES BY ND THOROUGHBRED AND ND QUARTER HORSE RACING ASSOCIATIONS ALLOWING ASSOCIATION TO WITHHOLD ADMINISTRATIVE FEES
5. REQUEST OF JOCKEY INCENTIVE BY HORSE RACE NORTH DAKOTA
 - \$2,000 for 2004
 - \$2,000 for 2005
6. PURSE/BREEDERS' FUND REQUESTS
 - a. ORDA - \$128,000
 - b. Horse Race North Dakota
 - \$ 350,000 - Purse Fund
 - \$ 125,000 - Breeders' Fund
 - \$ 10,000 - First Lady's Cup
 - Total \$ 485,000

Horse Race North Dakota (Harness Meet)

 - \$ 35,000 - Purse Fund
 - \$ 7,500 - Breeders Fund
 - Total \$ 42,500

- c. ND Harness Racing Association
 - \$ 43,500 - Purse
 - \$ 15,000 - Breeders
 - \$ 58,500

- d. Grass Roots Stallion Stakes
 - \$ 5,000 - Futurity
 - \$ 5,000 - Derby
 - Total \$ 10,000

- e. ND Quarter Horse Racing Assn
 - \$ 5,000 - 2007 Stallion Stakes
 - \$ 5,000 - 2008 Derby
 - \$ 10,000

7. PROMOTION FUND REQUESTS

- a. Outdoor Recreation Development Assn (ORDA)
 - \$ 100,000 - Operating
 - \$ 40,000 - Track Improvement
 - Total \$ 140,000

- b. Horse Race North Dakota
 - \$ 431,000 - Operating

- c. Horse Race North Dakota (Harness Meet)
 - \$ 51,000 - Operating

- d. ND Harness Racing Association
 - \$ 10,000

- e. ND Quarter Horse Racing Assn
 - \$ 5,000 - Stallion Season Service Auction

- f. ND Thoroughbred Assn
 - \$ 5,000 - Stallion Season Auction

- g. Pembina County Fair Association
 - \$ 15,000

- h. Personalized Management Services
 - \$ 2,500

- i. Development Homes Inc
 - \$ 5,000

- j. Team Makers Club - West Fargo
 - \$ 1,500 - Promotional Items
 - \$ 2,000 - Media Ads
 - \$ 3,500

- k. Williston Convention & Visitors Bureau
\$ 4,000
- l. Fair Circuit Horse Racing Association
\$ 5,000
- m. ND Association for the Disabled
\$ 3,500

8. ADDITIONAL BUSINESS

- a. Horse Race North Dakota - Howard Johnson Turf Club
Site Inspection Report
- b. Purchase of Trophies & Engraving for 2004
- c. ND Harness Racing Association - Request date change from
May 29 to May 28, 2005.
- d. Approval of Inspector
- e. Authority for Director to appoint veterinarian and steward for 2005 race meet
- f. Licensing at tracks and contracted staff for 2005 meets
- g. 2003 - 2005 Biennium Staff Salaries
- h. South Dakota Commission Meeting - March 16, 2005
- i. NAPRA Spring Conference - April 15-17, 2005
- j. Kenneth Groce's request for Paint Horse Futurity and Paint Horse Derby
- k. Doug DeMontigny's letter regarding licensing of track personnel

9. Any other business which may properly come before the Commission

10. Adjournment

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If you plan to attend the meeting and will need special facilities or assistance relating to a disability, please contact the Racing Commission at 701-328-4633.

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NORTH DAKOTA RACING COMMISSION
Live Meeting
500 North 9th Street, Bismarck, ND
Friday, February 25, 2005
10:00 a.m. (central)

PRESENT:

Chairman James Boehm, Commissioners James Arthaud, James Clement, Clarence Frederick, DeAnn Pladson, Director Dean Meyer, Administrative Officer Helen Tessmann, Legal Counsel Bill Peterson and Auditor Roger Thompson.

OTHERS PRESENT:

Randy Blaseg
Leslie Schmidt, Horse Race North Dakota
Tracy Fugere, ND Public Radio
Jim Tilton, Horse Race North Dakota
Blaine Decoteau, ORDA
Mike Cichy, Lien Games
Glen Thompson, Horse Race North Dakota
Norman Glinz, ND Harness Association
Eric Wondrasek, ND Harness Association
Kris Moen, ND Thoroughbred Association
Terry Reed, Horse Race North Dakota
Harlene Davis, Chippewa Downs, ORDA
Pete Davis, Chippewa Downs, ORDA
Doug DeMontginy, ORDA
Blaine Malaterre, ORDA
Duane Longie, ORDA
Debbie Longie
Bill Maulding
Tim Leppert, ND Thoroughbred Association
John Bubel
Doug Plummer
Leon Glasser, ND Quarter Horse Racing
Senator David O'Connell
Chuck Fleming

Chairman Boehm called the meeting to order at 10:10 a.m. central time. Chairman Boehm asked the Director Meyer to take the roll call as indicated below:

Commissioner Arthaud	-	Here
Commissioner Clement	-	Here
Commissioner Frederick	-	Here
Commissioner Pladson	-	Here
Chairman Boehm	-	Here

Chairman Boehm asked the individuals in the audience that when you speak please mention your name and which organization you represent. He proceeded to announce the first item was Legislative Update by Director Dean Meyer.

Agenda Item #1

1. LEGISLATIVE UPDATE

Director Meyer reported that there were five bills.

House Bill No. 1389 - was the tax reduction bill brought in by Lien Games to reduce the tax substantially after we wagered eleven million dollars. Last year we wagered 5.2 million in the year so if things stay the same we probably are at 10 or 10.5 million wagered so it wouldn't make any difference unless something changes that probably won't affect us. That bill has passed the House and now is over in the Senate. One thing it did do that maybe not everyone is aware of it they have put a sunset clause on it because there were feelings that maybe this isn't do any good and to get it to pass out of committee, the sunset clause is a two year bill then the tax would go back to the way it currently is.

The other bill that was brought in by Lien Games, the instant racing machine bill, House Bill No. 1390, a lot of horsemen supported it and we probably could have gotten passed if it would have gotten promoted a little earlier and had all the Fargo legislators and the horsemen could have contacted their legislators. What it was a bill that let you bet on historical races, races that have already taken place. It failed by one vote in the house and then they tried to bring it back the next day and then it was 3 votes short. So I think that one is done for two years. There was talk of trying to put it on to another bill. Really isn't anything there that would fit putting it on to and to bring up a controversial issue like that is kind of hard to do. I think one of the things that bill would have had a better chance was at the same time they were debating two or three different poker bills and lot of gaming issues were up and there was a lot of nervousness about that. But I think that one is probably done.

The property tax exemption bill, I forget the number on that, for the track in Fargo allowing them not to pay the property tax. That failed in the Senate. We weren't real involved in it. I went and testified on behalf of it. It is not a real big issue but it could be depending upon how much tax levied at one time. I think one time they were talking \$30,000.00. It is too bad that it was failed. It just got caught up in a battle from a year or two ago I guess.

The fee, fine and license bill, Senate Bill No. 2344, which would allow the commission to retain license, registration fees, fines that are levied would allow us to put that into our operating budget. That passed the Senate. There was a do not pass out of the same committee that the property tax bill was in the Senate Finance and Tax Committee but that did pass on the floor and the hearing is March 2nd at 10:00 a.m. That one can be pretty important because it allows us to keep money and we wouldn't have to use some of the fund money to operate. It saves us a few dollars and I think one thing we could do, if we can retain that money, at some time we could look at raising the registration fees and putting that money into the Breeders' fund rather than mess around with a \$10.00 fee, on these Broodmares make it a \$100 and put that money back in the Breeders' fund, and maybe raise the colts' fee, and perpetuate those funds a little bit.

Director Meyer continued stating the other bill that we were involved in, Senate Bill No. 2352, removed us from the Attorney General's office and we would be a stand alone commission. This was introduced on behalf of the Attorney General. Senator Bowman from Bowman introduced the bill for Attorney General Stenehjem. The reason was that he thinks it is a much cleaner deal if they go to investigate anything that the racing commission is involved in if we are a separate agency and he is investigating something that is under his umbrella. He didn't feel

that he should be in charge of us since he can't hire or fire me and he doesn't appoint the commissioners. So he could see no reason why we are there. One of the things that did happen on that bill, and one of the things both Helen and I were concerned about is that we did not want an office of just two people to have the check writing authority when we are dealing with the kind of dollars that we are dealing with. That would probably stay with OMB. The way it sounds there would still be checks and balances to maintain the integrity of this office. One of the things that did happen on that bill which was just brought to my attention by Charlie Soiseth, last Monday he e-mailed me, some of you know Charles, he said what happens to your budget when you remove you from the Attorney General's office, then your budget is still in the AG's office. I said I hadn't really thought of that so I contacted Kathy Roll over at the AG's office and said she said boy there should be a bill to move the money with you. We can't hardly move you out and keep your money here. So that will be an amendment put on that bill. The hearing for that is March 4th at 9:30 a.m. in the House Ag Committee. I have already e-mailed Senator Bowman about the amendment and I talked to Gene Nicholas who is the Chairman of the Committee and told him we would be there with an amendment to handle the money.

Director Meyer continued that is all I really have on the legislature. There are a couple of other issues that I was just going to set the tone of the meeting. I am just going to give a quick report as to what our Breeders, Purse and Promotion Funds has been done in the last year. I think anybody that is here today, if you go away happy the commission didn't do their job. I don't think anybody is going to get what they ask for and I have to explain a little bit why. Some of you have been involved in this a lot longer than I have.

Just in the last year, 2004, the Breeders' Fund has gone from 2.3 million down to 1.9 million. The Promotion Fund has dropped from 1.9 million to 1.4 million with another \$300,000 committed. The Purse Fund has gone from 2.4 million down to 2 million. When I read back over the minutes last year, and the year before, I mean everybody has been concerned about it and hoping things would turn around. One of the jobs I have is looking at the simulcast and seeing what is happening and watching for verifications. Just looking this morning, on the year to date, there has been \$571,000 wagered and at this time a year ago it was \$678,000. So we are probably drop, if that continues we are going to be down another half a million dollars or \$600,000 compared to what we had last year when we had 5.2. The gaming is not supporting our spending habit. With that, Mr. Chairman, are there are any questions on the legislature.

Les Schmidt asked when you say you are going to be moved out from under the jurisdiction of the Attorney General's office, this would be a permanent move and so after this biennium than your office would be solely supported by the Horse Industry? Director Meyer answered no we would still go in for appropriation just as we do now.

Director Meyer added it really doesn't change. We would still be physically here and like right now we pay \$7,700 a year rent to the Attorney General's office. That would stay the same. We pay for attorneys when we use them now. It is all in our budget. So really it is not a big switch other than the name of it. They have been trying to make us self funding the last two sessions. They have started taking money out of the three funds to fund us and we haven't been able to stop that. Maybe if we were alone maybe we would even have a better chance and not a part of a 19 million dollar budget.

Chairman Boehm announced the second item on the agenda was the Live Race Track Reports. Director Meyer stated Doug DeMontigny would give a report on the Chippewa Downs meet and stated previously a hand out was given to the commissioners of their financial statement.

Agenda Item #2

**2. LIVE RACE TRACK REPORTS FOR 2004
- ORDA – Belcourt**

Doug DeMontigny reported you have already seen the financial report. We ended up running three weekends, six days last summer. The last two years I guess under the same arrangement where we were pretty much on our own as no race commission presence involved up there. We ran the six days, produced 55 races, produced an average daily handle just a hair under \$10,000 a day. We started 399 horses in the race meet for a total 7.25 horses per race with an 8 horse meet. I think it was a credit to our race secretary partially who did a nice job running the races because the people sure wanted to run. We can house about 239 horses up at Chippewa Downs and we had an over flow when we first set up panels for the extra stalls. We also had a large number of horses that were stalled off the grounds within the area. There were an awful lot of horses up there. Probably saw 250 horses that were actually at the track. We used Bob Nokes for the second year, a steward out of Winnipeg, Canada and Mr. Nokes was granted complete variance authority, not granted but I guess required to have by terms of our agreement. So that seems like it worked out real well. We used Gary Flaman as the racing secretary. He again is out of Winnipeg. Murray Kettler was our vet. One of the main races run was the Grass Roots Stallion races. We were granted \$140,000 total dollars from the racing commission last year. We saw an over all grand total budget of \$211,000 so about \$60,000 came from our tribe and we were will supported by the local structure. We paid out \$100,157 in Purse monies. Do you have any questions?

Chairman Boehm thanked Doug for his report.

- Horse Race North Dakota - Fargo

Director Meyer announced that Jim Tilton would be reporting for Horse Race North Dakota in Fargo and stated that his financial statement had been handed out.

Jim Tilton stated I am President of Horse Race North Dakota and from the Fargo area. I also brought along a summary sheet that you also were given that gives you a little clear illustration of what we went thorough last year as far to the different activities. I think I decided to do it this way rather than writing it down. It allowed me to make a comparison between 2003 and 2004. What we have is 19 days of racing, we had almost a 100% increase in the number of horses, we went from 210 Thoroughbred and Quarter Horses to 350, harness horses we went from 60 – 120. For 2004 our gate receipts was \$29,880.94. We sold \$16,232 worth of programs. We had an estimated attendance of 36,500 which was a drop in attendance from the previous year and I think most of you realize that difference was first year we just had outstanding weather patterns and last year we were not quite as lucky as far as weather was concerned. But overall it turned out fairly well. We actually did not get rained out. We had to terminate early one night due to lightning but otherwise we were able to run the races. It shows the beverages sales, the concessions sales, promotions sales, all of those things. The pari-mutual handle was down a little bit from last year. It was \$367,516 so we had a pretty successful year. We were also able to go out and seek sponsorship and raise approximately \$11,500 for added money for stakes races. I gave you an illustration of our costs and these certainly are not all of them but it does give you some idea as far as to what the costs are for operating this. \$24,000 was for gate crews. The security is \$21,000, tote systems - \$22,000. These are just round figures that I am giving you here and not actual figures. You can see these figures mount up pretty fast. We also had a significant figure as far as the EMT there was quite a significant increase as we were

asked to have an EMT, a unit on the track every day that we had even the practice sessions and I did not put that down here I couldn't come up with that exact figure.

Jim Tilton continued the Purse Funds we had over \$475,000, \$29,000 for mixed and that harness figure is the figure we used for operating the harness races. Les has a few comments to make so I will let Les finish. If there are any question for him or I after he has finished we will handle it that way.

Les Schmidt, Track Manager, stated last year we had what we call a very successful second meet. Everything that we had control of took place in good fashion. The only thing that we couldn't control was weather and believe me the weather did a number on us in the year 2004. The number of horses available like Jim said for the race meet was up. In 2003 we had 210 and in 2004 we 350 plus we probably had another 75 to 80 ship ins from Winnipeg and from Canterbury Downs. The North Dakota people supported our race track extremely well from all over the state of North Dakota and we are very happy for that. The main reason for the increase in horse numbers I feel was the lengthening of our race meet from four to five weekends which was a very important factor. Especially the factor from our local people and most especially the ship in people, people from Canterbury and Winnipeg had a better chance to participate in our meet. A higher purse will bring quality horses to the race track. No doubt about that. The horsemen will go where the money is. The main thing I think that is the most important changes that we need in Fargo is a new pari-mutual provider. I may put it a little blunt but it is time we get out of the dark ages and take advantage of today's technology by providing the public with the latest in wagering equipment. Now I notice I was reading some comments from Mr. Meyer and he was comparing costs of years and how much it should be for the following year, and things like that. If we do have a difference simulcast provider we will have about another \$14,000 in costs to go to a modern day simulcast provider. The jockey insurance has jumped 10%, Doug is probably well aware of that if he has applied for that, at least 10% or more. The general liability insurance has jumped 10%; workman's compensation has almost doubled from the year before. Those are things that we have to put up with. Horse Race North Dakota will aggressively pursue funding of our own so that we can do some of the needed things that are not in the budget. Although advertising is in the budget the amount is not nearly enough. So we will be raising funds to in order to increase our exposure there and Jim has got his plan and ready to work on that. Each year it becomes harder to get an association vet for only what they can earn. We may have to start paying a vet to come. There just basically is not enough at the track for the average earnings of a vet per day to come to our race tracks. So if we have to start paying a vet to come to our track there is more funds needed there. The drug testing I have already been told will be higher for the year 2005. After many hours of preparing the proposed budget by me and President Tilton we feel that we have presented the commission with a fair and equable budget request.

Chairman Boehm asked for any questions.

Director Meyer stated this is probably for Jim. I know when you stopped here a month or so ago you had your advertising for a Financial Manager or someone to help raise money. Did you get any response on that? Jim Tilton answered yes we have. We had 10 applicants for that position and the closing date actually is today and so we will be screening those applicants. Now this person's job will actually be more in form as a General Manager of the track. He will take and work with the Executive Board and with Les to more or less manager the track over all. His responsibilities are in a major way is to take and work to improve the funding, develop sponsorships and things like that for the track per se. We are going to lay that out fairly straight forward that this is the role of this individual is funding access.

Director Meyer asked is the funding for that position is this budget? Jim Tilton answered that actually the funding for that position is not in this budget. We have the funding. We didn't have this idea soon enough to impact this budget. We had to have this budget in by October 1st and so we actually have enough carry over funds from last year to take and fund this position plus do some of the other things. We have a couple facility improvements that we would like to work on and I think we are fairly safe that we can do things without impacting too much on the funds we are request right now.

Chairman Boehm asked how much is your carry over funds? Jim Tilton answered approximately \$50,000. Chairman Boehm asked for any further questions and there were none.

Agenda Item #3

- 3. BREEDERS FUND DISTRIBUTION FOR 2004**
 - a. Approval of payment of 2004 Breeders Fund Awards**
 - b. Replenishment of Breeders Administrative Fund**

Director Meyer explained the third item on the agenda was the Breeders' Fund distribution for 2004. He asked the commissioners to look at the year end balance sheet for the Breeders' Fund (which previously had been provided to them) and the ending fund balance as of December 31, 2004 is \$1,939,451.67. By rule we give an eighth and withhold five percent of that eighth for costs to the Administrative Fund.

Legal Counsel Bill Peterson advised that it was not a rule but a motion would be needed. The commission has to decide if they are going to give an eighth of the fund.

Commissioner Arthaud asked if that was what was given in the past and that does not include any given at the races.

Director Meyer answered that it hasn't before that it has just been an eighth of the balance and I don't know how long that goes back.

Commissioner Arthaud thought that that eighth was drawn up when it was decided wanting the fund to last eight years. Director Meyer stated that that would have been about 2001 or 2002 when it was when they started using that figure to make the fund last eight years. It is getting a little less each year because the total sum is getting smaller.

Legal Counsel Bill Peterson stated that your motion last year was to approve the disbursement of one eighth of the breeders' fund balance as of December 31, 2003 and to allow five percent transfer of the disbursed amount for the purpose of administration costs.

Director Meyer said the administrative fund I think Roger said there is roughly \$20,000. Roger Thompson replied that the eighth started in 1995 when we had monies that were available. The funds started growing substantially. The eighth started back then due to the fact they did not want to drain the fund. Director Meyer said you gave all the money each year until you went to the eighth. Roger reported the administrative fund right now has a balance of \$21,000. That administrative fund is to pay auditor fees, other fees, and supplies. Director Meyer added like the money used to send out the certified letters.

Commissioner Arthaud asked what does an eighth come out to and the answer was estimated at \$242,000. Director Meyer announced that for those who don't know Roger Thompson is our auditor. He audits Lien Games, monthly. Commissioner Arthaud asked, what is the five percent for administrative cost off the \$242,000?

Commissioner Clement added that the five percent would be a little over \$12,000 for administrative costs. Roger stated about \$8,000 were used for expenses last year.

Commissioner Jim Arthaud moved to approve the disbursement of one eighth of the breeders' fund balance as of December 31, 2004 and to allow five percent transfer of the disbursed amount for the purpose of administration costs. Commissioner Jim Clement seconded the motion.

Chairman Jim Boehm asked for further discussion and with no further discussion asked Director Meyer to call the roll.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

Chairman Boehm announced the next item on the agenda was item C for consideration of double and triple points for the 2004 Breeders' Fund awards.

**c. Advice of counsel regarding point system
Consideration of Double and Triple Point Awards - 2004 Breeders' Fund Awards**

Director Meyer announced the part "C" of the Breeders' Fund distribution was advice of legal counsel regarding point system and that kind of goes back to the same rule that was put in there last year. The rule the way it is written authorizes the double points and triple points given on out-of-state races and then when the major track was built the Breeders' Fund money was just given out on horses run in North Dakota. We need a motion each year to do that.

Legal Counsel Bill Peterson stated I think if you are going vary from the rule which doesn't allow double or triple points for in state you have to make a variance to the rule but in the same way I stated last year at this time you have to use variances from the rule with reluctantly. You can't keep varying from the rule if you are going to do it you should change the rule. As of now you would have a variance from the rule, the requirements for making a variance to rule are that you need to find that circumstances exist that without such wavier modification or activity, the health or safety of any person or horse races adversely affected by the due conduct or best interest of pari-mutuel horse racing in North Dakota is adversely impaired.

Commissioner Arthaud asked, what is the process for a rule change?

Legal Counsel Peterson stated you have to decide to make the change, you have to give thirty day notice and have a hearing on the rule, then there is a thirty day comment period after that, then the rule is reviewed by the Attorney General's office for legality and now maybe there are some new additions for requirements from this legislature and then the rule becomes effective thirty days after the first day it is published in the administrative code. Process takes a bare minimum of five months and cost in excess of a \$1,000.

Director Meyer stated he had a question for the counsel. If we have got the money in the budget now, for this next to promogate the simulcast rules which haven't been done since 1989, and there are lots of rule changes there, is this something we could do at the same time. Bill Peterson answered yes.

Commissioner Arthaud asked what are the pros and cons. Director Meyer answered the pros are because we are granting this variance every year because we are not awarding breed money for out of state and the bad side of this is if we run out of money in two or three years and we start awarding breeders' money to out of state races again like we used to where 60 percent went out of state and 40 percent in state then we would have to have a rule change again. But that is going to be up to the commission.

Bill Peterson stated that actually the rule change you are talking about, I mean the variance from the rule is not concerning the 60/40. What the variance is whether or not you want to award the double points for purses of \$10,000 or more, triple points for purses of \$25,000 or more or quadruple points for purses of \$50,000 or more for in state races. They do not get breeders points any more for out of state.

Chairman Boehm asked if we used it last year and asked what kind of amounts. Roger Thompson answered that the double and triple points came when it was changed to all in state last year. Last year we did use the double and triple points. The pros and cons of the double and triple points is under the point system that we use to figure out the 100 points awards. If you give double points then you have got more wins which reduces the win pool which in turn reduces the 100 point award.

Les Schmidt, Track Manager, stated there were four races at the \$30,000 and there were two at ten for North Dakota bred. I think this is a very important thing to have to try and get people to increase the quality of horsemanship in the state of North Dakota.

Legal Counsel Peterson added that it does not change the amount of money you pay out.

Commissioner Arthaud asked are the tracks and the horsemen are all in agreement with this. Is that correct? Is there any opposition to the double or triple points?

Doug DeMontigny stated that he is not directly affect by this and there are some individuals who are not here today and I am against any retroactive changes as to what is being done. In other words I certainly am in favor of this being the same as it was last year and then changing for the future but not having all the races run under certain assumptions and then turn around and not do it that way. I don't think that would be right.

Director Meyer stated I don't think we are doing that. We are looking at staying the same in 2005 as we did in 2004. Doug replied I am speaking in support of your intentions.

Kris Moen, President of the ND Thoroughbred Association, stated we would like it left the same as it was last year. Just a brief history of it is that it is a tool to make sure breeders are compensated if they are breeding horses that are capable of running at a higher level so the win in a \$1,000 race isn't as good as a race for a higher dollar value. The idea behind is to encourage people to breed better horses, to bring better stallions and mares into the state and improve the breeds within the state. I would be in favor of it.

Director Meyer said the question is what is the difference in entry fees when you are entering a \$1,200 race versus a \$10,000 race? Kris Moen answered I don't have hard numbers but you always have to have a different nomination schedule and payments for the bigger races.

Les Schmidt stated on your over night races there are no fees unless it is in your stake races and you have a series of payment. If the Racing Commission grants us breeders fund money to put into the stake race, if it is \$19,000 and we have a \$30,000 race, the other \$11,000 came from the horsemen. Kris Moen added I would roughly say that it would be between \$500 to \$600 that the horsemen are putting in entry fees to get those purses up to that \$25,000 level.

Les Schmidt stated that last year we had a couple of races that didn't quite make it and our horsemen associations come forward with some funding to make sure that we did reach those levels. I want to compliment them for that.

Commissioner Arthaud asked Legal Counsel Peterson if we tried to make this permanent rule change and did it in conjunctions with the promo grate of the rules, and we didn't get there in time would the option still be available for the variance say in June before anybody starts racing. Bill Peterson answer I have got a feeling you would get there in time. You would need to do a variance and start working on the rule change for the next season after that. Commissioner Clement stated the variance we are discussing right now would address the 2004 season. Bill answered you are doing the variance for 2004 at this meeting.

Bill stated your motion last year was to modify the rule for 2003 and re-look at the rule for 2004.

Commissioner Arthaud made the motion to grant the variance for 2004 and for the upcoming year 2005 and get a permanent rule in place for a purse of \$10,000 or more but less than \$25,000 for double points, purses \$25,000 or more but less than \$50,000 for triple points and purses of \$50,000 or more is worth quadruple points for in state races. Commissioner Clement seconded the motion.

Chairman Boehm asked for further discussion and with no further discussion asked Director Meyer to call the roll.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

Chairman Boehm announced agenda item #4 was a request from the ND Thoroughbred and ND Quarter Horse Racing Associations for a variance to withhold administrative fees.

Agenda Item #4

4. REQUEST FOR A VARIANCE FOR THE 2005 CERTIFIED BRED RACES BY ND THOROUGHBRED AND ND QUARTER HORSE RACING ASSOCIATIONS ALLOWING ASSOCIATION TO WITHHOLD ADMINISTRATIVE FEES

Legal Counsel, Bill Peterson stated that 69.5-02-01-09 concerning the Stake Race provisions, subsection 6, "no deductions may be made for clerical or any other expenses from nomination or sustaining payments or from added money." You want to be able to make deductions for clerical and any other expenses, is that the idea?

Randy Blaseg stated I think that earlier in this wording you will see where they had to submit their process of collecting fees and how it is going to be handled. That has to be approved. Once that is approved then after that money has been put together you can not deduct from that. That will declare that there will be a cost deducted for administrative fee. Can't deduct them twice that is what it is saying.

Legal Counsel, Peterson stated that it would be best to table this and let me figure out what is going on here and at a future meeting I will be able give you adequate advise instead of guessing.

Commissioner Frederick made the motion to table the request by the ND Thoroughbred and ND Quarter Horse Racing Associations to allowing the association to withhold administrative fees for the 2005 certified bred races. Commissioner Arthaud seconded the motion.

Chairman Boehm asked for all in favor of the motion to signify by saying aye. All commissioners voted aye. The motion carried.

Director Meyer stated for the next item we will turn to Les (Schmidt) for the jockey incentive request and I think we are dealing with two years, right Les.

Agenda Item #5

5. REQUEST OF JOCKEY INCENTIVE BY HORSE RACE NORTH DAKOTA
- \$2,000 for 2004
- \$2,000 for 2005

Les Schmidt, Horse Race North Dakota, stated we started a jockey incentive program to hopefully help get better or more qualified jockeys into our race track. It is a \$4,100 program, the race track puts in \$2,100 and the racing commission in the past had in the first year put in \$2,000 and last year for some reason or other the \$2,000 request did not get in on time or I was told it would be granted and it never did get done. So we are requesting that. The incentives have been paid out and we paid it out of our own funding. So we are requesting the same amount again for 2005, the \$2,000 from the racing commission from the Promotion Fund to help with our jockey incentive program. And the track will put in \$2,100 for a total of \$4,100 jockey incentive. The jockey incentives have been paid.

Commissioner Arthaud made the motion to pay the \$2,000 for 2004 and \$2,000 for 2005 out of the Promotion Fund to Horse Race North Dakota for the jockey incentive program. Commissioner Clement seconded the motion.

Chairman Boehm called for discussion and with none asked the Director to take the roll.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

Agenda Item #6

Chairman Boehm announced agenda item #6 was the Purse/Breeders' Fund Requests.

Director Meyer stated to the commissioners that there is a hand out in your packet for the Purse and Breeders' Fund. Director Meyer gave a summary what was given the previous year, the requests for 2005 and his recommendations.

Director Meyer stated the 2005 request from ORDA is \$128,000 for 8 days of races. Horse Park asked for \$485,000 for flat races and \$42,500 for the harness races. ND Harness Racing is asking for \$58,500, Grass Roots is asking for \$10,000 and the Quarter Horses is asking for \$10,000 for a total \$734,000. Roughly \$200,000 was granted last year. The first on the list is ORDA, Chippewa Downs with Doug.

6. PURSE/BREEDERS' FUND REQUESTS

a. ORDA - \$128,000

Doug DeMontigny, for ORDA (Outdoor Recreation Development Association) stated our request is I think pretty simple and pretty straight forward. We were granted 8 days of racing, licensed for that, average of \$2,000 purse, 64 races at \$2,000 purse is \$128,000 and that is where our request came from.

Chairman Boehm asked for any questions. Chairman Boehm stated so Dean you were recommending \$80,000. Director Meyer stated I recommend the same as last year. What I tried not to do in my recommendations, I handed a sheet out, was not to grant anybody any more than they got last year. Even though they had more race days, I thought that was the decision they can make if they want to cut back on race days and save us some money. But again my recommendations came out with an added \$20,000 for the harness racing in Bottineau. I came out with \$20,000 more money than we spent last year. We went down, you know, 4 or 5 hundred dollars in each of the funds last year. I think everybody has to realize that we have got to look at this down the road two, three, four years. Whether you want to run for a little less money now and run a little longer or stay the same and run out of money quicker. Unless something dramatic happens here and we are going the wrong way. Last year on our simulcast we took in 5.2 million. If you look at these funds it is hard when you talk about 5

million or 10 and 11 million dollars being bet or wagered how much is going into the funds. Last year the purse fund brought in \$26,000 without the live tracks. There would have been another \$2,000 roughly. About \$28,000 went into the Purse Fund last year and we took out over half a million. It does not last too long like that.

Commissioner Arthaud made the motion to grant ORDA for a total of \$60,000 with \$45,000 from the Purse Fund and \$15,000 from Breeders' Fund. Commissioner Pladson seconded the motion.

Commissioner Frederick stated I would say we are going backward from last year instead of going forward. Commissioner Arthaud answered, I agree. We are going less than last year but my reasoning is we are just depleting our funds and not getting anything in. Clarence, my personal opinion at looking at everything, if I make a motion, you are going to see everybody reduced from last year. I just made the motion for discussion. Commissioner Clement stated your motion was for what? Commissioner Arthaud repeated, total of \$60,000, \$45,000 coming from Purse and \$15,000 coming from Breeders' Fund.

Chairman Boehm added and there is a rule that says "purse shall be supplemented by the Breeders' Fund". "Shall" and not just may but shall be.

Director Meyer stated I guess my concern is that we do it as little as possible from the Breeders Fund because if we run out of money they can find ways to supplement the purse fund but in the Breeders' Fund the only place money can go in is out of the tax. In 2, 3 or 4 years down the road the Breeders' Fund if it keeps going like this the guy that just buy the stud and going to have colts next year so that we protect that fund as long as we can.

Chairman Boehm asked for any further discussion.

Commissioner Frederick stated \$80,000 is short from last year and then they added two more days. Commissioner Pladson added we just need to think long term.

Norman Glinz stated, Mr. Chairman, I realize that the harness people have been making a mistake. We don't put in for enough money or enough races so now we have to cut down just because we ask for some extra races in Bottineau. I was on the advisory committee for the horsemen. I made two trips to Jamestown and Paul Bowlinger wrote Leon a letter and said what can we do for the harness people because they are not getting their share of the racing. Well, they came up with nothing and I didn't say anything but then in the end we put in for two weeks of racing in Bottineau. Now we want to get cut down on that too. Commissioner Arthaud added you haven't been cut down yet. Norman added I don't know, we will go to Fargo and race for a week and they say Winnipeg might pay for one week of racing down here. But I don't know I have my doubts on that. We would still go to Fargo but we would like to have the racing in Bottineau too. Les just got done saying that if the purses are big we can get horses from all over. Sure we can get him more horses. We did get a couple more guys that want to start racing harness horses. Commissioner Arthaud stated we are just doing one line at a time.

Director Meyer stated, Chairman, I called Senator O'Connell wanted to speak for that track, so Norman could wait until Senator O'Connell is coming down to address that too. I just called him, so if we could just hold yours until David gets here.

Leon Glasser stated I just want to clarify that I never received letter from Paul Bowlinger in reference to what Norman just said.

Doug DeMontigny stated I appreciate very much the proposal. Even if we would cut back to 6 days of racing and we are down to only 50 races run we would be looking at purse at only \$1,200. It wouldn't take a whole lot of money to help us a bunch. I guess as long as we are in reach of this thing. Even if we could get in the \$70,000 range would make a tremendous difference from the bottom line on the purses to attract horses.

Director Meyer added I think one thing, Mr. Chairman, you have to have purses of at least a \$1,000 for get Breeders' points. Even a \$10,000 consideration greater, that what was proposed would be very helpful. Chairman Boehm asked the question, what are we going to do 3 years from now when there is no money.

Pete Davis stated you know when we got into this whole thing about horse racing, our tribe, the chairman and the governor we got something called the gaming compact. Now in that compact there is some language in there that says that there shouldn't discriminate as far as distribution of money. Well what you are doing here is that you are discriminating because we are getting \$13,000 a day last year, and Fargo got \$30,500 a day to distribute purse money. If you want to look at it that way from what you gave, that is a big variance. That is flat out discrimination according to our compact. It is clear language in the compact. The tribe is in a position where we can generate a lot of money. We are working with Lien Games in doing that right now. And that money is going to go into Promotion money and into the Breeders' money. Like Les Schmidt said in order to create horse racing we need to have dollars to do it. We put in for \$128,000 but \$80,000 looks pretty good right now.

Jim Tilton stated I would just like to make a commend just to show you how these things happen and it really does created some real concerns and some real problems because I really have a problem with the fact that maybe we're are not all as horsemen and horse people interested in the same thing here. A good example of this and the example I am going to give you is Senate Bill 2352. We went for a tax exemption from the race track at Fargo for 2352. Well, what happened on that situation is the fact that we laid it out simple as everything. Our initial tax bill last year was \$33,000. Well \$33,000 we have got to come up with, that is what we are spending Racing Commission money for. Now since that time we have added the bathrooms. That bathroom was a \$128,000 deal well you know what this is going to do for your personal property tax. We are looking at for the ND Horse Park Foundation is at is looking at adding about \$125,000 barn that we raise funds thorough different activities. Well that is going to increase our tax bill and so we are looking at potentially a tax bill of \$40,000. And the situation is what really does kind of brother you is in this situation is that the people that voted against it. The senators that voted against because as horsemen we were not out there, there were not enough of us talking about. So if you go back and look at how the vote went on that situation and how vote in committee went it really does make you really concerned about this situation because we are potentially have to use a \$40,000 of our money just to pay our taxes and I know that is not true with regard to the other race situations in the state.

The Chairman recognized Eric Wondrasek.

I am Eric Wondrasek with the ND Harness Racing Association. I don't know if right now is the correct time but we got into the issue and maybe it would be a good time to mention something. First of all about horsemen working together and I want to say that I spoke with Mr. Meyer on the phone the other day and I told him my intentions that I would like to see us work together and now we have dealt on some issues in how we are doing to divide up the pie, am I following this correctly. I would like to point out something that I see going on before we get down to our line. We didn't have a request in the previous year. For a couple of years we haven't any

racing since 2002 and of course Les Schmidt now is with a different organization and when he was up there did an excellent job in helping us put on our races. I think that they have been considered fairly successful. Handle and so forth on the betting maybe weren't but a pretty successful meet and a lot of that had to come to the good work he did. I was helping put on races 24 years ago up in our area. One thing that I have seen over the last number of years, if it comes out as negative it isn't meant this way, your predecessor Roger Reule and this organization really actually made it so difficult for us to put on races back in those days and we did not have a lot of money anyhow that we actually are limiting our races more and more and now we are going to run into this financial crunch. I completely understand where you are coming from on trying to make all the places go. And I don't want to say one thing at all negative against Fargo and in fact they put on a nice meet for us down there last year but we do get to a number of issues here. We don't even qualify for any double or triple when we were dealing with that issue earlier because there is none of those races run for us. Our organization is down in numbers in horses. By the way I looked at the charter at one time I see that maybe we should have a representative, I think your charter speaks to that about which industry should be represented. I know for a fact 30 years ago we had more people in racing in our little organization up there in the Souris River loop than there is racers present. Now we didn't quit because we wanted too really. A lot of people that kind of got forced out as to the way things went. You can look in your history and you can look up even some of the things that were done when Roger was in office and you will find out that there were some real negatives. So my point in saying any of this is that I want you to know that Harness Racers want to promote and stick with what Fargo is doing. We want to see racing continue but yet from our point of view we do see that there is going to be cuts made that will hurt us as well. We have had racing up in Bottineau since 1904. We have some periods where there were there was a break in the action both world wars and a couple times recently. So you see there is some humor supposedly in that statement. So I am hoping that, we jump off the little bit of the subject here, of about how we are going to divide this up. That is a real issue when we come down a little further in the line thought maybe now was a good time to say that there are things for our industry isn't working and I go back to your mission statement promoting horse racing in North Dakota. I noticed you address that in your notes here. We can't be divided. So if these issues come up and I sound just a little bit divisive it is not that it is just I have been around long enough.

Commissioner Frederick made a substitute motion to grant \$55,000 from Purse Fund and \$15,000 from the Breeders Fund for a total \$70,000 for ORDA. Commissioner Clement seconded the motion.

Chairman Boehm asked for further discussion. Discussion was held as to whether or not to grant all the requests which were made and then all the money would be gone in a one and half years. A statement was made to work with what dollars you have and not work with what you are dreaming of getting. Also disappointment was shared in the property tax bill failed for the Fargo horse park. Also stated was that the city of Fargo was in favor of the bill and the bill did not hurt the state.

(Senator David O'Connell entered the meeting at this.)

Chairman Boehm recognized Senator O'Connell. Senator O'Connell stated I will deliver a message to Representative Merle Boucher that we are fighters for the racing industry at Belcourt and Bottineau. We hope we can keep everybody on a level playing field. I will deliver the message to Merle. I really appreciate the board allowing the Commissioner (the director) to come up to the hill and keeping us informed.

Legal Counsel, Bill Peterson informed the commission that you have two motions on the table. It was determined the second motion would be to amend the first motion.

Director Meyer stated the amended motion was to amend the original motion to grant \$55,000 from the Purse Fund and \$15,000 from the Breeders' Fund for a total of \$70,000 versus a total of \$60,000.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	No
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	No
Chairman Boehm	-	No

The motion failed.

Chairman Boehm stated we now have the original motion before us for a total of \$60,000.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	No
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion passed.

b. Horse Race North Dakota
\$ 350,000 - Purse Fund
\$ 125,000 - Breeders' Fund
\$ 10,000 - First Lady's Cup
Total \$ 485,000

Horse Race North Dakota (Harness Meet)
\$ 35,000 - Purse Fund
\$ 7,500 - Breeders Fund
Total \$ 42,500

Director Meyer stated the next item was Horse Race North Dakota. Last year they received \$457,500 and that included \$43,500 for the Harness Meet. My recommendation was the same as last year \$457,500 that would include the harness meet and the flat racing. I will just address that just a second while we are talking about that. There was several people had contact with the office in the last six weeks that I have been here that thought we should just having the harness racing at one place or the other rather than at both. I really didn't care and wasn't sure where it should be. I talked to Jim Tilton early about it and we weren't sure and I thought that maybe Bottineau would be the best place to do and then we had several calls from Manitoba and from Minnesota urging us to continue the racing at Fargo. They say said they had it on their schedules already and they had some sponsorships raised for their harness meet at Fargo. I was concerned about getting too many harness racing dates dealing with breed points and I guess we will talk to Eric about that when we get to the next thing. But then we did have a letter

that came just this morning, I guess I tell Les about this because we talked about 6 days of harness racing at Fargo if you would get \$100,000 from Winnipeg. There is a letter that came this morning that Manitoba urges us to continue the meet at Fargo but they have two conditions, one was on the track surface be changed to make it safer and the other that you waive the fees for the stalls and the bedding stalls. So that was the stipulations that came with that and I didn't think that was anything we should address.

Les Schmidt announced that he would be meeting with those people tomorrow night.

Commissioner Arthaud made the motion to grant Horse Race North Dakota a total of \$412,500 with \$283,250 from the Purse Fund and \$129,250 from the Breeder's Fund which includes Harness racing. The motion was seconded by Commissioner Clement.

Chairman Boehm asked for discussion.

Commissioner Arthaud explained his motion was to include the \$42,500 for harness racing is included in the total \$412,500 and if the harness racing was not held in Fargo and if it goes something else the \$42,500 would be removed from the total of \$412,500.

Commissioner Frederick stated if we cut one place 25% we should cut both places 25%.

It was clarified that the First Lady's Cup is a thoroughbred race each year with three year olds and up and 7 furlongs.

Director Meyer explained that the Quarter Horse has a \$10,000 request and that balances out with the First Lady's Cup. The Grass Roots got \$10,000. There was questions earlier as to how comes the Thoroughbred didn't get any. They get the \$10,000 in the First Lady's Cup.

Les Schmidt, Track Manager for the Fargo race track, stated last year we were cut from our request and by doing so we had to cut racing to 6 races on Friday and 8 races on Saturday and Sunday. Now if we are cut further than that that means we are probably going to have to cut some days of racing in order to get the quality of racing that has brought the quality of horses in the racing that there is in the Fargo race track this year. We are talking about strictly Purse Fund, in order to get back up to where we were our first year with 7 races on Friday and 9 races on Saturday and Sunday, what we requested for purse money is definitely not out of line. I have a problem with Mr. Arthaud's motion in the fact that not so much the cut, but we are cutting the horse racing to the Thoroughbred and Quarter Horse people a percentage but we are not cutting the harness meet any. In other words, if we don't have a harness meet you want us to give \$42,500 of this money back. Now if we are going to have to give money back of what you appropriate us then you cut our Thoroughbred request by 40% how could we give back \$42,500 if we didn't have harness racing. And your request right now is a strong 40% reduction in purse money. So I think I will go along with Mr. Frederick's request of only a 25% reduction. We are trying to make something as good as horse racing is liable in the state of North Dakota. The state of North Dakota has done a tremendous job in promoting horse racing and the racing commission has done a tremendous job of promoting racing. Regardless of the funds that we have and whether we know we are going to run them out we just can't go backwards in racing. The best way I know to go backwards racing is to not give the horsemen who may of you who are sitting in this room any money to run it.

Commissioner Arthaud stated I think the money is very appropriate. Does your surrounding state give you this kind of money in your races? Do you have those kinds of purses in those

surrounding states? Les stated the South Dakota and Montana purses are smaller than Fargo purses. They are not the envy of the racing industry. A question was asked to explain the maiden races. Les stated the maiden races are a race for horses who have never won a race in their life time. Les continued now if you want to compare the tracks, Winnipeg just increase their bottom purse to \$6,000. I believe Canterbury bottom purse is \$8,500 this year. So we are in the middle of that. By having that we are able draw good quality horses from those other tracks. With the purse structure we have had for the last two years we were able to draw many of those horses into our track. My major concern with the request is deducting \$42,500 if we don't have a harness race.

Commissioner Arthaud stated the total granted last year was \$457,500 for everything. Director Meyer stated the request for this year is \$485,000 plus \$42,500 so total request this year is \$527,500 so what I am recommending is \$412,500. Commissioner Arthaud stated that your total granted last year a total of \$457,500 for everything. What I am recommending is \$412,500 for everything but I am saying that if you don't have the harness racing you don't have liability do you? A reduction of \$45,000 from last year's grant. Still end up with the \$412,500 but reduce the purse for the harness racing the same as the thoroughbred and quarter horse.

Eric Wondrasek stated he wanted to make just a couple comments on the motion or on this issue. What if the harness association doesn't want to take any harness racing out of Fargo? When we start talking about promotion, what type of money are we already asking for per race, it is the least of anybody. You can not cut proportionally when we have such low figures for our races already. You won't have people coming. We pay the same fees as everybody else and we have one weekend of racing. We don't get the same opportunity to build points; we don't get the same opportunity for double, triple, so I don't know if we are being unreasonable in what we are asking for. But we don't want to detract from Fargo and from harness racing in Fargo. You can't get under a \$1,000 races and expect harness to come down.

Chairman Boehm stated the first thing we have to decide is do we want harness racing in Fargo and we will have to address that issue. If we do, then let's fund it. Kris Mben stated I would like to muddy the waters a little further. There seems to be this thing about fairness and equality. It just can't be 88% of the money that everybody is asking for and is fighting about is generated on the backs of the thoroughbred race horses that run outside the state of North Dakota. That is where this money comes from. The other 12% is raised with a majority on dogs and the rest is quarter horse and standard bred racing. And if you look at other states the proportion of money that goes to thoroughbred racing is much higher because they are the ones that generate the handle. I understand some of this stuff about the trotters wanting or thinking that they are being slighted but for people like me who race thoroughbred most of my two-year olds they are not ready to run in June when Chippewa Downs is running unless you are going to spend top money to go out of state to get them ready. At best we get one start or maybe two starts at the whole meet in Fargo and even if you are talking about older horses if you run them three times that is the limit. Where the trotters run their horses more than once a day, two to three times in one day. This isn't going to help you decide what you are trying to decide but as I see it we need to send a message to these race tracks that they are going to have to stand alone because your money is running out and they need to generate their own dollars and do the best they can. But as far as the fairness goes, the thoroughbred community is the one that is being slighted if anybody is being slighted.

Chairman Boehm stated the majority of the money is brought in by the thoroughbred and it is not the quarter horse so you are absolutely right.

Commissioner Arthaud asked what were the total harness purses last year in the state. We just ran in Fargo, right. Les answered \$43,500 for three days. We requested 6 racing dates. We are only requesting funding for three of those six racing dates. The reason for that was Casinos of Winnipeg, it is very possible that, I was asked the question how much does it cost to put on a weekend of racing, harness racing in Fargo, North Dakota and I said \$100,000 that would cover all expenses. They said if they come up with \$100,000 from the Casinos of Winnipeg would you put on an extra weekend of racing and I said yes we would but without their funding there will be definite only three days of harness racing in Fargo.

Commissioner Frederick stated when we approved the dates at our last meeting someone made the comment if Bottineau racing we are not going to have it in Fargo. Jim Tilton added that that statement was made and we held with that statement but the situation is that we have been approached by Winnipeg, by Minnesota, all these different places absolutely just begging us to have these harness races. We were going to step aside. And if you go back to the original situation two years ago is the commission came to us and asked us if we would run harness races. We said that we would. Since that time because of the harness races we ran it is the urging of the outside people like Minnesota all of these people that want these races. They are not really interested in coming into the state unless the races are run at Fargo.

Director Meyer stated I have the same calls as you did from the harness racers from Manitoba and a couple from Minnesota. If that purse was cut back substantially would those guys help fund that the purse even without the other weekend. Les Schmidt answered I can't answer that question. I don't believe they would.

Chairman Boehm stated Senator O'Connell would like to say a few words.

Senator David O'Connell, Senate Minority Leader, this was always what I was always scared of one bred that was going to get pitted against the other. I am disappointed in hearing this today. I was on the original negotiations when we started about building a track in Fargo. I was in favor of it, the deal or whatever you want to call it, the agreement made for a better word, Representative Merle Boucher and myself was Bottineau would have two days and Eric help me if I say something wrong, Bottineau would be guarantee two days, and Belcourt would be guarantee two to three days for the harness racing. Our feeling was that it wasn't for the harness racers Fargo would never happen and to make Fargo work you are going to need all of us to make Fargo work. So we all are in this pie together so I don't mean to sound upset but I am. I didn't want to see one breed going against the other. And there was deals made in the past and I hope we can stick to it. Purse money or whatever I think can be worked out by a gentlemen's agreement. I have to get back to the floor but I appreciate amount of this time and I have always enjoyed working with you.

Chairman Boehm asked are there was any questions for Senator O'Connell. Chairman Boehm added, do something about that tax bill. The Senator replied I don't know why that failed. It got to be a big argument about tax exemption. Fargo right now has about 54% of their property tax exempt. So when it comes to school they are over 300 mills. I think that was the first time I ever voted for tax exemption on property and probably won't be the last time. I will talk to Representative Boucher and hopefully maybe we can get the house side to operate in on a delayed bill. We will try something before the day is over. Chairman Boehm stated if something comes up and you need our help, you should let us know. I think everybody here is in favor of it.

Commissioner Arthaud stated I have a motion on the table for \$283,250 for Purse and \$129,250 for Breeders and including the harness meet for a total of \$412,500.

Chairman Boehm asked for any further discussion. Director Meyer said I have a question of Les for the Breeders Fund money of \$129,250. How are those treated separately from Purse money when you get the Breeders' money? Les replied last year when these amounts were granted \$100,000 to the futurities and derbies and the balance in breeders' daily races, over night races. Now this year that is going to have to be cut because we are going to be cut considerably. Instead of \$19,000 added to each quarter horse or thoroughbred futurity and derby. We will still have a nice \$20,000 - \$25,000 race but we are going to have to cut those races. Director Meyer stated I hate to see any of the Breeders' dollars used in case we run out so that we would have Breeders Fund dollars down the road. I would rather see more Purse dollars used. Les stated he would rather see more Breeders Fund dollars than the Purse fund because that money goes directly to the horse people.

Chairman Boehm asked for any further discussion and with none asked the Director to call the roll. Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	No
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion passed.

At 12:10 p.m. Chairman Boehm recessed the meeting for a five minute break.

c. ND Harness Racing Association

\$ 43,500 - Purse
\$ 15,000 - Breeders
\$ 58,500 (4 days)

Commissioner Arthaud made the motion to deny any funding for North Dakota Harness Racing Association in Bottineau. The motion was seconded by Commissioner Pladson.

Chairman Boehm asked for discussion.

Commissioner Clement asked what is being proposed for the meet in May. Eric Wondrasek explained what had been requested, that harness racing has traditional been run in the off season, had requested for a date change due to a conflict with graduation date and that their meet did not interfere with ORDA. We asked for roughly \$1,200 for Purse money per race. Eight races a day.

Director Meyer stated why I put down some money maybe buying friends for political reasons. We saw what happened on Fargo's tax bill when we don't have allies on your deal, and we saw what happened two years ago when we weren't going to fund Belcourt. In some of these little races, I mean Fargo is very fortunate I think all the horsemen here take their horses to Fargo and ORDA but if we cut out these little, harness racing in Bottineau, or horse racing in Belcourt probably just as important to them in the small town as to the big track in Fargo is to Fargo. And for a few dollars you might have a friend in the legislature when we need a horse racing vote or

something. I just think for twenty or thirty thousand dollars sometime that can buy 400 or 500 thousand if you need it. Commissioner Arthaud replied with all the friends we should be at a million two. I understand your realities of it but are we charged here to buy friends.

Eric Wondrasek asked if Fargo didn't have harness racing would we be able to get money at that time or if we didn't have harness racing would that help harness racing. I tell you I don't want you people buying political friends. But I know we get the short end of the stick.

Commissioner Clement when you look at the disbursements of the Breeders' Fund awards this year was there \$242,000, how is that distributed? Director Meyer replied that in 2004 the trotters probably got between 5 and 10 percent. Commissioner Clement added that I think it makes a difference in the Breeders Funds awards if we licensed another 16 races. Where it ends up I don't know.

At 12:30 p.m. Chairman Boehm announced that a 45 minute break would be taken for lunch and would reconvene at 1:15 p.m.

Chairman Jim called the meeting about to order at 1:19 p.m. Director Meyer announced that the next agenda item was "C", ND Harness Racing with a motion by Commissioner Arthaud to not fund at all and we had a second.

Commissioner Clement stated as we go into the future and the reality is the dollars are very limited and I guess I would ask Jim if he would consider perhaps of amending his motion to where we could actually appropriate some funds for this meet, say matching funds, we would put up dollars for dollars, or something like that if the community would come up with dollars that would actually created a successful race meet but we wouldn't fund it all but perhaps a portion of it.

Commissioner Pladson asked would it be up to a certain amount. Commissioner Clement replied, right. Commissioner Pladson asked what amount were you thinking. Commissioner Clement answered certainly the ceiling on the amount would be what the request is but not necessarily. Say if we would match, if you had 16 races, what would the minimum purse need to be per race to make it successful. Eric answered \$1,200 but you should be higher than that. Les Schmidt added that you would have to look at 32 races not 16. Eric added that he was asking a couple of gentlemen here where it came from that there could only be harness races either in one place or the other. We don't want to say we don't want to have racing in Bottineau we certainly would be open to running a two-day meet, a one day meet. Something we have had in our community for years. Something we would like to try and continue and yet does that mean that we can't have racing in Fargo or are we going to be the organization, going to be the horsemen that helped open a can of worms. We are just trying to keep our little sport going.

Commissioner Arthaud stated what I am concerned about is not where it is run but what I am concerned about is trying to get the total dollars that we have been expending prior to come down off those so we continue to have racing of some sort in North Dakota. My only concern about it being split between two places if you have two successful meets if you take those dollars and split them. My concern is that you are gong to hurt both meets instead of having one good meet.

Eric Wondrasek stated my final point of discussion here when you mentioned and I see your point if we have races in two places do we damage both. I am a little bit concerned about if we cut down harness racing in Fargo, in the purse fund, to a certain level, are we going to still be

able to attract people. I mean \$42,000 in purse money isn't much. I don't know that you can dedicate money to two places. I still kind of hold back and without wanting to actually say it, I rather see one place than have two of us not able to offer something that works. We have to attract, and again I don't know if this is the purpose of ND Racing Association but we have to attract harness people from other areas to put on a good race. They are going to come from Canada and Minnesota.

Commissioner Arthaud added I am just trying to do it as a plus or minus and try to work it out and to try to keep emotions out of it. Eric added I just don't want to see our style of racing completely cut out. Commissioner Arthaud I think it was successful last year wasn't it in Fargo or not, Eric. Eric added I think they had a very good race.

Les Schmidt replied we double the number of harness races but we also did it with the purses. Now with what you grant us in Fargo we would have \$1,400 to \$1,500 average purse per race. Les added we had about \$300 more for purse per race.

Commissioner Clement asked are you suggesting that more of an effort be made placed in trying to run a successful harness meet in one location. Eric stated in lieu of us getting nothing I prefer to see Fargo gets adequate funding harness racing. Discussion was continued as to what purses are offered in Canada. Eric added we don't qualify for double or triple points or anything like that and yet we are paying the same registration fees.

Director Meyer stated my concern is what we addressed before we all want to support Fargo, we want to support Belcourt, we want to support Bottineau and we don't want to jeopardize one or the other but my idea was these other races you can support them locally best. We don't want to take away from Fargo. Commission Arthaud added but if you give them \$10,000 bucks what does that get you.

Commissioner Clement added what I am hearing is that you are suggesting that we focus on one good harness meet and that let be in Fargo. Is that what you are saying, Eric? Eric stated we have never really thought to get together with some of our neighbors over in ORDA and go that route but you see there is always this problem over tracks. We have had some discussions over surfaces. Quite frankly we have done some improvements in our track since two years ago. We have one corner in our track that raised some problems, Les or anybody that was there knows about it, a couple little serious minor incidents. It is tough for these guys to get their track prepared and I think ORDA is basically for quarter horse/thoroughbred type racing. We have this hard track requirement. Wherever we are going to have race at somebody has got quite frankly bust their butt to get their track in the right kind of shape. It has got to be hard and I don't know how big the complaints were but there were couple complaints. Les start Sunday afternoon when the thoroughbred races were over and we work until your first race. Water and pack it, water and pack it. Jim Tilton added that we have to actually spend quite a bit of money to bring in extra packers, we don't have the packers, we rent the packers to come in and we will run two different types of packers and we will run those things almost every day all day in order to get that track packed.

Eric added so what I am suggesting is that I guess for the harness races we would like to see a little better meet for us somewhere and we would be real satisfied with that in lieu of having the money. Chairman Boehm asked do you think in Fargo what we appropriate for Fargo would be sufficient. Eric stated I think it is a little short that is what I think. Director Meyer asked if we put Fargo up to where they were last year and left you guys out. Eric answered I suppose if worst comes to worst. You are putting me in a spot here. Commissioner Clement said I think it is

commendable to where you are willing to make a compromise for the good of your industry, for the future and I think that is what everybody needs to do.

Tim Leppert stated it comes to the final basic issue here. You don't have enough money period to support one track unless you generate some revenue someplace else. You are going to have to serious look at getting some betters back in here. Eric stated I think and I did not think of this but somebody said we have either got to have good races or no races. That is what I am afraid of we aren't going to get good harness racers to come. Do the thoroughbred and quarter horse guys race for the kind of money that we race for and we take the poor dates. That is the reality. It makes it tough to turn a decent handle, you know, because of the way we take the dates.

Chairman Boehm asked to call the question. Director Meyer repeated that the motion was to not fund any purse or breeders' fund money at Bottineau. Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

Commissioner Arthaud asked is now the time we readdress the issue at hand. Chairman Boehm answered yes.

Commissioner Arthaud made the motion to restore harness racing funding back to the original figure by adding an additional \$4,143.75 from the Purse Fund to the Horse Race North Dakota for a total \$42,500 for harness racing. Commissioner Pladson seconded the motion.

Chairman Boehm asked for discussion.

Commissioner Clement asked how do we prorate. Commissioner Arthaud answered 9.7 percent. Take \$42,500 x 9.7 (\$4,143.75) and add that on to \$412,250 for a total of \$416,393.75 with \$42,500 for harness racing.

Eric asked what if they (ND Horse Park) don't have the harness racing. Commissioner Arthaud answered if they don't they won't have a very good reception here next year. If there is an unforeseen circumstance comes up. Discussion was held to as to "what ifs" if Fargo would not have the harness meet and would deal with that at the time. With no further discussion Chairman Boehm asked the Director to call the question.

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

Director Meyer announced the next agenda item was Grass Roots Stallion.

d. Grass Roots Stallion Stakes

	\$	5,000	- Futurity
	\$	5,000	- Derby
Total	\$	10,000	

Doug explained the intent being to create a market for ND bred prodigies.

Commissioner Clement made the motion to approve \$10,000 to fund the Grass Roots Stallion Stakes out of the Purse Fund. Commissioner Frederick seconded the motion.

Chairman Boehm asked for discussion and with none asked the Director to call the roll.

Commissioner Arthaud	-	No
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	No
Chairman Boehm	-	No

The motion failed.

Director Meyer stated the next item was ND Quarter Horse Racing Association's request for \$10,000.

e. ND Quarter Horse Racing Association

\$	5,000	- 2007 Stallion Stakes
\$	5,000	- 2008 Derby
\$	10,000	

Leon Glasser gave brief explanation of their request. Discussion was held whether this item could be tabled and it was determined it could not. Discussion was also held to fund both the Grass Roots and the Quarter Horse Association equal amounts to be used at their discretion.

Commissioner Arthaud made the motion to grant from the Purse Fund \$5,000 to Outdoor Recreation Development Association for the Grass Roots Stallion Stakes and \$5,000 to the ND Quarter Horse Racing Association to be used at their discretion. Commissioner Frederick seconded the motion.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

Director Meyer gave a review as to what had been done in the past out of the Promotion Fund. This fund has gone from 1.9 million of January 1st, 2005 down to 1.4 million, with \$300,000 committed at \$100,000 a year. This fund brought in about \$50,000 this year. Last year we spent \$545,984 grants plus other cost of salaries and NAPRA dues. Requests this year \$679,600 and my recommendation is for \$483,000 which is about \$80,000 less than last year.

7. PROMOTION FUND REQUESTS

- a. Outdoor Recreation Development Assn (ORDA)
 - \$ 100,000 - Operating
 - \$ 40,000 - Track Improvement
 - Total \$ 140,000

Doug DeMontigny stated we have all been asked to contribute to make this work. We would be prepared to at this time instead of asking for \$140,000, if we could get \$60,000 to use at our discretion and have the personal there to do it. One thing we did do out of this is last year we had to hire a vet and steward.

Commissioner Frederick made the motion to grant from Promotion Fund \$60,000 to Outdoor Recreation Development Association to be used at their discretion. Commissioner Clement seconded the motion.

Discussion was held as to how long the Promotion Fund will last. Discussion also included what expenses were to run a track per day. Commissioner Clement suggested that before the next meeting where we allocate fund that all the stake holders get together and talk about what the future is going to be and we have to think outside the box and figure out how do we get money back into the system. Commissioner Arthaud stated the thing is if you run this thing out in two years and a state that runs on biennium then you are going into your third year with nothing. If we stay at this rate there is no money the third year. The third year is that you hope you can go into the session and do something.

Mike Cichy stated one thing we still do have is one bill alive in legislature, the tax bill. If we get that through at least it would give us some breathing room to get to the next session. It might not solve all our problems but our hope it does. Maybe we don't get all the big betters back but we get enough handle in there to fund the Promotion Fund and get us into the next biennium and survive. The other side of it is if the tax bill goes thorough the biggest share of the money is going to go to the track and so I would hope they are not going to be here with their hands out next year saying they need more money because they are going to have their own revenue as the charity operating a site.

Chairman Boehm asked the director to repeat the motion. Director Meyer stated the motion was to grant \$60,000 from the Promotion Fund to ORDA to be used at their discretion for either operations or track improvement. Chairman Boehm asked the director to take the roll.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	No
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	No
Chairman Boehm	-	No

The motion failed.

Commissioner Arthaud made the motion to grant \$ 50,000 from the Promotion Fund to ORDA. Commissioner Pladson seconded the motion.

Chairman Boehm asked the director to take the roll.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

- b. Horse Race North Dakota
\$ 431,000 - Operating
- c. Horse Race North Dakota (Harness Meet)
\$ 51,000 – Operating

Director Meyer stated Horse Race North last year received \$470,484 that included \$85,000 for the restrooms. The chief steward and vet were paid out of that money. This year the request was for \$482,000 and where I came up with was \$382,000 is I went back to the minutes of this same meeting a year ago where there was \$85,000 that went for the construction of the restrooms. The reason for funding that is that that was going to save us \$18,000 a year. So the \$18,000 for not having to rent the restrooms off the \$400,000 came to \$382,000.

Les Schmidt, Track Manager, explained the anticipated increases that would include an increase for the ambulance service went from \$8,000 to \$14,000, because of the rules that there has to be an ambulance on the grounds every day that there is a horse on the race track. Our jockey insurance went from \$14,000 to \$19,000. Our general liability went from \$29,000 to \$32,000. Workmen's Compensation went from \$9,800 to \$20,000. So the \$18,000 saved by not having restrooms rentals was eaten up double fold by just normal expenses. A question was asked why did workmen's compensation more than double and the answer was that more employees by losing volunteers. And we are well support by ORDA both thorough racing and employment. 50 - 60 percent of the gate crew are ORDA people and we appreciate the fact that they come down and work with us and they are good hard workers.

Commissioner Arthaud made the motion to grant Horse Race North Dakota \$382,000 from the Promotion Fund. Commissioner Clement seconded the motion.

Chairman Boehm called for discussion. With no further discussion, Chairman Boehm asked the director to take the roll.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
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Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

d. ND Harness Racing Association
\$ 10,000

Commissioner Arthaud made the motion not to any grant funding from the Promotion Fund to the ND Harness Racing Association. Commissioner Clement seconded the motion.

Chairman Boehm called for discussion. With no further discussion, Chairman Boehm asked the director to take the roll.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

Director Meyer's recommendation was for \$5,000 each for the ND Quarter Horse Racing Association and ND Thoroughbred Association.

e. ND Quarter Horse Racing Association
\$ 5,000 - Stallion Season Service Auction

f. ND Thoroughbred Association
\$ 5,000 - Stallion Season Auction

Leon Glasser explained is where we get the money to have the stallion auction. These races not just good for horsemen but for the race track. Here is what we are faced with and I don't want the commission to take this wrong. Just you are trying to run this like a business we have to run our association like a business. Explained how the money was used. Les Schmidt added that this money is used for putting on the auction.

Chairman Boehm asked Kris Moen to speak on behalf of the ND Thoroughbred Association. Our request is to help defray costs of our auction which included printing of the catalogue and national advertising to the out-of-state horsemen. Our auction is our only fund raiser. We have already spent this is for last year's auction in December.

Commissioner Arthaud made the motion to grant \$3,000 from the Promotion Fund to ND Quarter Horse Racing Association and \$3,000 to the ND Thoroughbred Association for the Stallion Auction. Commissioner Clement seconded the motion.

Chairman Boehm called for discussion. With no further discussion, Chairman Boehm asked the director to take the roll.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

Director Meyer asked is anyone was present for Pembina County Fair Association and no one was present. I did not recommend any fund for them.

g. Pembina County Fair Association
\$ 15,000

Commissioner Arthaud made the motion to deny any funding to the Pembina County Fair Association. Commissioner Clement seconded the motion.

Chairman Boehm called for discussion. With no further discussion, Chairman Boehm asked the director to take the roll.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

h. Personalized Management Services
\$ 2,500

Director Meyer stated that Personalized Management Services they put on the awards banquet for the horsemen. It used to be called Dorothy Elvum. This is Nancy Bayer is secretary for the ND Quarter Horse and ND Thoroughbred Association and is who Personalized Management Services is. Leon Glasser gave a brief history of the horsemen's award banquet.

Commissioner Arthaud made the motion to deny funding to Personalized Management Services for the horsemen's banquet. Commissioner Pladson seconded the motion.

Chairman Boehm called for discussion. With no further discussion, Chairman Boehm asked the director to take the roll.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
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Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

Director Meyer stated that items "i" through "m" have been treated equally before and their request did vary a little bit. I recommend \$3,000 each. Sky Dancer did not get in a completed application. They got one in early but did not get a completed application in. They use it largely for advertising.

- i. Development Homes Inc
\$ 5,000

- j. Team Makers Club - West Fargo
\$ 1,500 - Promotional Items
\$ 2,000 - Media Ads
\$ 3,500

- k. Williston Convention & Visitors Bureau
\$ 4,000

- l. Fair Circuit Horse Racing Association
\$ 5,000

- m. ND Association for the Disabled
\$ 3,500

Commissioner Arthaud made the motion to grant \$2,000 per site to each Charity. Commissioner Pladson seconded the motion.

Chairman Boehm called for discussion. Commissioner Clement stated he was going to recommend nothing be granted because if you do the math on \$15,000 and if you look at 1.5% that comes to justify or break even on the \$15,000 they would have to generate a million dollars in handle. Discussion was held in regards to the handle of each charity. Commissioner Clement added the question is would they do as well if they didn't advertise. In the businesses I have been associated with it's really, really a dilemma to figure out where your bang is for your buck when you advertise. It is really difficult. We throw a lot of money at things that we think are effective advertising when they really are not. Mike Cichy stated he has not been able to find a director correlation between advertising and the handle.

Commissioner Arthaud stated he would withdraw the previous motion and Commissioner Pladson withdrew her second to the motion. Commissioner Frederick made the motion not to grant funding from the Promotion Fund to the charities. Commissioner Clement seconded the motion.

Chairman Boehm called for discussion. With no further discussion, Chairman Boehm asked the director to take the roll.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

Agenda Item #8

8. ADDITIONAL BUSINESS

- a. Horse Race North Dakota - Howard Johnson Turf Club
Site Inspection Report

Director Meyer stated under additional business we go to Horse Race North Dakota - Howard Johnson Turf Club site inspection report. If you remember, before I came on board last month, the commission had approved a site for Horse Race North Dakota pending site inspection. I went down to look at that and what they had done was move one of their, I don't know what you call it, their instant teller machines, self bet upstairs where it was more handicap accessible. But at that time they decided to leave that with Fair Circuit who had the charity down stairs and this was just in the bar up above it to make it so that some of the elder betters could bet upstairs. I don't know if it has ever been used since then and we had to do some checking to make sure it was alright as there is another charity that operates the black jack and the pull tabs in that establishment to see if that would matter and I checked with counsel and over at the gaming at the Attorney General's office and that is alright but they haven't used it since then. So that is still Fair Circuit, everything at Howard Johnson's.

Last week after the agenda went out Jim Tilton and Mike Cichy called seeking site approval for a place called Rooters. I didn't think we would have time to discuss it today but I thought we would put it on the agenda so the commission was aware of it. Possibly we could look for a motion to approve it pending application process and site inspection and stuff again. Maybe just take it from there and explain what it is, Jim.

Jim Tilton, Horse Race North Dakota, what we are trying to do and I am sure you can appreciate this is that we are looking for difference ways of funding. We just have to come up with alternate funding procedures. We are actually working on quite a few significant things as far as funding is concerned. The General Manager is one of those situations as I spoke earlier that is a fund raiser is what it really comes down too. We have other people now that are working quite heavily on the corporative sponsorships. Mike had an acquaintance at Rooters, of course it was something that he did long ago, you know, that was in his college days that he happened to fall into that bar. Director Meyer added I was hoping he just spelt Hooters wrong as I was looking forward to site inspection. Jim Tilton continued but anyway the situation is that what we are looking at there is to form a corporative relationship with Rooters' bar. They have a pretty good setup. I have the application with me and we have this ready to submit. But the thing of it is that it is going to be a little bit different type and I want to ask Mike to just take a minute to describe the situation for you.

Mike Cichy of Lien Games stated that first of all going back to the approval for the bar upstairs. If that goes then that is the type of thing when the Kentucky Derby hits, will if it is in an approved area for a site, then if Fair Circuit is still in there, will man that and will take the overflow of that and generate some business which is what we are all about. Mike handed out three copies of "Horse Wizard" which is a simplified wagering machine. Director Meyer asked is this the machine that sits down there. Mike answered yes; it is a variation that is concept. The machine is Andy Stronach's setup, the intellipick machines that they have been at; it is not what you saw. It is not the devices. This is a pari-mutual wagering. It is a self bet. Commissioner Frederick asked if this was the kind used at Canterbury Downs. Mike stated I would be guessing because I have never been to Canterbury Downs. Basically the machine is a self bet. Andy Stronach's dad own Mega Entertainment Corporation with umpteen tracks. He wants to test this particular concept up here and we need a bar with a twenty foot ceiling because of the LEV on the top of the machines. I think it is by rule show we need to show a video signal for every race so we hook the machines up and the wagers go on track and when the race goes off the appropriate race appears on the screen above. We have got a half dozen machines in Fargo and we would move them to Rooters which is an under utilized bar in downtown Fargo. They are all in trouble because of the 2 a.m. closing in Minnesota and 1 a.m. closing in Fargo and there is nobody in there. John Krein was the social chairman of the fraternity that I belong to in college. He knows how to handle these things. Andy was been down there and has met John Krein and he was pretty excited about the location. They tried to keep it at Howard Johnson's but the only facilities is the upstairs' conference room and rented for graduations, weddings, right into July so there is not other place to run the test. So that is the plan. We have got the application in the application process. When we get the machines on line and everything is ready to go like we have at Howard Johnson's, then somebody representing the commission will be there to do the inspection and attend to all details so that we don't make a federal case out of it.

Director Meyer stated I have talked to Bill about this and we haven't seen the new application. We asked them to file a new application and I think what we should do, in the essence of time, is take this and Bill and I could thorough it next week and go down and inspect the site and schedule a conference call to inform the commission.

Mike Cichy stated we are not looking at opening this thing up tomorrow. We are four weeks out before we have the machines set up because my experience with inspections over years has been live machines, live money, live track, live video signal and we are not ready for that yet. I guess that was my point. We are doing the paperwork but the technology has to be ready to go before we get one foot in front of the other. In discussions with our financial troubles here, it is guys like Stronach and his muscle with the racing industry that is going to drive this time and if we can make the machines work, then we get this stuff out at the track, and we will set up an international hub because he wants to put the machines all over the place.

Commissioner Arthaud asked Legal Counsel Bill Peterson do you agree with that process. Bill answered as I understand it, it is an application by the service provider for a new site and that requires the board's approval. They have to make application and there are certain things that are necessary under the rule to get that approval. Commissioner Arthaud asked this machine doesn't require anything different? Bill Peterson answered as far as I know it is the same as simulcast except different site. Mike Cichy added and replaces the teller. Actually if you pull off the front end of the machine and get rid of all the bells and whistles it is a self bet terminal. And the difference is that those cards that were handed around, instead of a voucher you go to a teller, you pay the money, the teller holds the card and so you have a plastic voucher instead of a paper voucher. Bill added I don't think this is not what was originally in the legislature of that bill. It is actually is simulcast which you already been approved by the legislature. Mike added

on live races. Discussion was held on the number of sites in Fargo. Mike added that if there was space at Howard Johnson's we wouldn't even be here but the fact is there are two things: Andy requested a relationship with the live track. He wants the money to go to the track and he is prepared to support it with his money. And number two, the only facility in town that has a twenty foot ceiling that was available was Rooters because everything else is booked.

Commissioner Arthaud made the motion to give the authority to review the application and complete a site inspection for Rooters Bar in Fargo and to report back to the commission. Commissioner Clement seconded the motion.

Chairman Boehm asked for discussion and with none asked for all in favor of the motion say aye. **All commissioners voted aye and with no opposition the motion passed.**

b. Purchase of Trophies & Engraving for 2004

Director Meyer stated the next item on the agenda is the purchase of trophies and engraving for 2004. I think \$250.00 was appropriated last year for 2003 which engraving hasn't been done, so if we could get a motion approving \$250.00 for 2004 we could have 2003 and 2004 engraving all done at once.

Commissioner Arthaud made the motion to approve up to \$250.00 for engraving of the 2004 trophies payable out of the Promotion Fund. Commissioner Frederick seconded the motion.

Chairman Boehm asked for discussion and with none asked for all in favor of the motion say aye. **All commissioners voted aye and with no opposition the motion passed.**

Director Meyer announced the next item on the agenda was the ND Harness Racing Association's request for a change of date and I don't think that is an issue any more. Commissioner Clement suggested the date change be given should something change.

c. ND Harness Racing Association - Request date change from
May 29 to May 28, 2005

Commissioner Clement made the motion to approve the date change from May 29 to May 28, 2005 for the ND Harness Racing Association. The motion was seconded by Commissioner Frederick.

Chairman Boehm asked for further discussion and with none asked for all in favor of the motion say, aye. **All commissioners voted aye and with no opposition the motion passed.**

d. Approval of Inspector

Director Meyer stated in reviewing the rules there was one item that we may do and that is we may inspect all mares in the state and have to inspect out of state mares and get a vet's certificate when they foal. I reviewed the budget with Kathy Roll in Finance and there is \$14,000 left in professional services monies to use this biennium. I went ahead and contracted with a friend of mine Lee Morast from Halliday to go out and identify the out of state owners with mares in the state. He will come in next Monday depending commission approval and we will draw up a circuit where he can go and see all those mares plus what North Dakota mares he can fit on that schedule and do it in five to ten days. The contract was for \$280 per day. He is

a contract guy. There is no mileage, no expenses, and no rooms, that all comes out of his money. We do not have to do any with withholdings or anything since he is a contracted personnel. We have got a copy of the contract that the state uses for things like this. One of the things he is going to do along with this is take application blanks along when he inspect mares, and I have done some of them in the Mandan area, and check to make sure that a breeder that has got his mares, ones that he thinks are in the fund, are actually in, he has paid them up and then we have got it on record here, so we are missing some. Then he is going to take those vet's certificates and give those to those out of state guys so when that mare foals then I think they have got ten days to have a local vet come and inspect the colt and send us a deal verifying it was born in North Dakota. It is something that hasn't been done and the vet inspection is actually required. So we are asking for approval to do that and also we have hired Loretta who came in this week to work and is going to work three hours a day. She has been helping with getting the mailings out for the breeders' awards and that will also come out of that fund thorough Command Labor which is kind of like a Kelly girl and we need authority to pay those two things. She is like \$10.00 per hour and I think Command Labor gets two of it. Lee would be like a couple thousand dollars and her's if we stay to the end of biennium it would be \$2,000.

Commissioner Arthaud made the motion to approve the hiring of Lee Morst and Loretta Valentin. The motion was seconded by Commissioner Clement.

Chairman Boehm stated there was a motion and a second and asked for further discussion. **All commissioners voted aye and with no opposition the motion passed.**

Kris Moen stated he has a question for the Director and the Commission. What are we going to do with the horses that you find are not North Dakota bred and don't have a vet certificate with the inspection that are already stamped? What are you doing to do with horses that are stamped, certified North Dakota bred, but when you go to their file they don't have a vet's certificate of inspection when it is in our rules that they need to? Director Meyer stated no this is going to be the first time anyone has done one. Tim Leppert added so what you are saying there is a direct violation of the rule of law that has never been followed. Director Meyer stated no one has ever required a vet's certificate on those out of state mares before and as you say it is a rule I thought we better start now and I don't know how to go back. Kris stated my feelings on it is that the rule is in the rule that they have to have vet's certificate if they came from out of state and if their stamped and you go to their file and it isn't in there and in my mind that horse does not qualify for breed fund.

Legal Counsel, Bill Peterson, stated that when you find a violation then we will deal with the violation and see what the rules and laws require.

Kris said, ok but what I am saying is the breed fund checks are going out in a week or two so are you going to look for vet inspections before those checks go out or are those checks going to be mailed to people without having followed proper procedure. Because it appears to me that there has been rules that have been enforce iron handedly such as the late payment rule which I paid \$3,000 in because I missed the date.

Legal Counsel, Bill Peterson said I am having a hard time finding this vet inspection. Director Meyer stated it is in the Breeders Fund rules, I guess is what we would have to do if we find someone in violation and we paid them we would have to ask them to refund the money and they would be done. Hear is the part - subsection #4 of 69.5-01-09-02; letter G of the ND Breeders Fund rules. "The foal of a mare registered in the North Dakota breeders' fund

program, but owned by an out-of-state individual or corporation, will be required to be inspected by a state-licensed veterinarian at the expense of the owner.”

Director Meyer added I don't know how many it affects or how many are in there. There is not a lot. When the Broodmares are registered now, when we went thorough the list, I think we had 16 or 18. There isn't a great amount.

Legal Counsel Bill Peterson stated we do not know if we have violated the law yet and if we find we have we will deal with it accordance with the law.

Commissioner Clement stated it does not say when they need to be inspected and it doesn't say at foaling. It implies foaling but it doesn't say that.

e. Authority for Director to appoint veterinarian and steward for 2005 race meet

Director Meyer stated the next agenda item was the “e” for the authority for the Director to appoint the state veterinarian and state steward for the 2005 race meet. What I would like to do is find a vet and steward, I don't know if it is possible, to work both meets. We would work with Doug and Les and find someone who could do both meets. We would withhold the funds to pay them. Whether we will find anyone who would do that I don't know but I think if we are going to license and give money we should have the authority to do the hiring of the steward and the vet like we did last year. Les Schmidt added that the state racing commission has always hired the vet and steward. Director Meyer added we haven't at Belcourt and just saying we do the same at both.

(Chuck Fleming representing Pembina County Fair Association entered the meeting at this time.)

Commissioner Arthaud stated I think it worked out fine last year the way we had it. Myself personally, I am comfortable with Randy doing the job he did at Fargo. We were in front of some administrative appeals on some of his decisions and they were upheld. I know no other stewards.

Director Meyer stated what I would like to do is advertise the position in Montana, Wyoming and Minnesota to see if there are others and I would welcome Randy to apply.

Commissioner Arthaud made the motion to hire Randy Blaseg as the Chief Steward and Dr. Allen Hoverson as the state veterinarian for the Fargo track season. Commissioner Pladson seconded the motion.

Chairman Boehm called for discussion. Chairman Boehm asked the Fargo track people was there a problem last year.

Les Schmidt stated we were very well satisfied with the professional attitude of this man (Randy Blaseg). I would say the same with the vet (Dr. Allen Hoverson) we had. I would say I would believe Jim (Tilton) that the executive committee would back on that. Jim answered yes I think so. Chairman Boehm asked if he would be available and Les answered yes, he has already contacted me and had asked me to contact the Racing Commission that he would be available. Jim Tilton added what you have to realize is that we had a state vet and an association vet. Chairman Boehm added that there are three stewards. One appointed by the commission and other two by appointed by the track.

Director Meyer asked how did this work for Belcourt then. Commissioner Arthaud stated they said they had good luck with their steward last year who came down out of Canada, wouldn't you say that Doug. Doug DeMontigny replied yes he is subject to your approval. State Racing Commission had to approve these individuals, our vet and our steward. I called Paul Bowlinger last fall and he said he had no issues before you folks so apparently things worked fairly well. Chairman Boehm asked if he is available. Doug replied as far as I know yes. Director Meyer stated the guy, the head steward from Montana would be available to do your too.

Chairman Boehm called for any further discussion and with none asked the director to take the roll.

Director Meyer called the roll as follows:

Commissioner Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Yes
Chairman Boehm	-	Yes

The motion carried unanimously.

Doug DeMontigny stated that along these lines one thing that was really helpful to us was the authority to grant variances to the stewards. Director Meyer said but that can come at the next meeting. Last year it was much later than this like at the May meeting. It was determined that there was still time to do that.

f. Licensing at tracks and contracted staff for 2005 meets

Director Meyer stated last year we were granted authority to hire the licensing personal. Last year we did not license at Belcourt and I think we should if we are giving money we should do the licensing. The horsemen have been upset because they had to buy a tribal license and when they got to Fargo they had to buy a state license. And also when I visited with Eliason and Blaseg earlier we thought maybe we could have them sell some licenses even when they are selling in down Fort Pierre and Aberdeen just to get that many out of the way before we get to ours.

Commissioner Frederick asked why we did not sell the license last year at Belcourt. It was stated it is not just the matter of selling a license, it is clear it is a matter of them applying and being approved. Doug DeMontigny stated we did have a license application procedure but clearly we have to have licensed participants otherwise we have no control over individuals if somebody is not following the rules of racing. If you don't have a license to jeopardize or taken away you have no control. It is just the last two years that we have been responsible for our own.

Commissioner Clement made the motion to approve funding for personnel to be licensing at Fargo and Belcourt. Commissioner Frederick seconded the motion.

Chairman Boehm stated there was a motion and a second and asked for further discussion. With no further discussion Chairman Boehm asked for all in favor say aye. **All commissioners voted aye and with no opposition the motion passed.**

g. 2003 - 2005 Biennium Staff Salaries

Director Meyer stated the next thing is staff salaries and that has been taken care of. I thought we needed a motion to transfer some promotional funds which isn't needed.

h. South Dakota Commission Meeting - March 16, 2005

Director Meyer stated we have been invited to attend the South Dakota Commission Meeting which is March 16, 2005 at Deadwood.

i. NAPRA Spring Conference - April 15-17, 2005

Director Meyer stated he was not interested in going to NAPRA conference. Chairman Boehm asked if any the commissioners or if the Administrative Officer wanted to go to the conference should let him know. Les Schmidt stated he had attended a NAPRA conference in the past and it was a very, very informative meeting. For anyone who would like to go to it, it was a very educational meeting.

j. Kenneth Groce's request for Paint Horse Futurity and Paint Horse Derby

Director Meyer stated the office had received a letter from Ken Groce and I think that got forwarded to Les asking about the Paint Horse Futurity and Derby. Chairman Boehm asked if anyone was in attendance for the Paint Horse Association. No one was. Les explained the lack of getting three horses for the race.

Commissioner Frederick made the motion to deny the request from the Paint Horse Futurity and Paint Horse Derby. Commissioner Arthaud seconded the motion.

Chairman Boehm called for further discussion and with none asked for all in favor say aye. **All commissioners voted aye and with no opposition the motion passed.**

k. Doug DeMontigny's letter regarding licensing of track personnel

Director Meyer stated the next item was a letter from Doug DeMontigny who was denied an owner's license at Fargo and he asked to be on the agenda. Some of the same personal that was hired at Fargo was hired at Chippewa Downs and thought was there could be a conflict of interest having an owner's license to run at Fargo. Now Montana kind of had the same problem. Some of the track owners are some of the biggest horse owners in the country. To me it is a cleaner neater deal to admit that Les or Doug owned a horse in a race than to not. Doug stated it is probably even less about me than it is more about ORDA board members. It clearly would make it more difficult for us to have personnel on our board if they can't be licenses. Les Schmidt stated that his request for owner's license was also denied.

Legal Counsel Bill Peterson stated well let me suggest this; first of all I don't know that it is fact owners of race tracks of other places also own horses. We don't know how, somebody said that once and somehow developed into a fact for sure it is. It is great for you to say that but you don't know what their rules are or any like that and what is their connecting is with hiring the personal at the track. In any case if they are a large race track they may not have any connection with the hiring of personnel. And I am not arguing against that by the way but I am pointing out this should be taken seriously. If you are talking about the person that hires, the people that maintain the track, the people that weigh the horses, that do the gates, many ways

that owners could potentially affect the out come of races. I am not saying that anybody would or anything like that I am just saying that there is potential for this. And again you are talking about a variance to the rule that you have already promulgated. I don't think any of you were on the commission at that time. Also you have to look at who you are protecting, you are not protecting the horse owners, and you are protecting the people who will have to have confidence in you that these races are being run fairly so it becomes appearance of fairness as well. I think you know maybe a middle ground on this and again I really don't care what you do, I just want to make sure you look at this from both sides. Maybe the middle ground on this is that a person can be licensed as an owner of a horse at a track where he isn't the manager. Like in the case of Doug there where he could run at Fargo and still manage the track in Belcourt. You know something like that but I think you should look at this closely.

Director Meyer stated what Montana is doing is that Montana is proposing that their commission hire all three stewards so that the track manager isn't hiring the steward. We had a deal that we just discovered yesterday at Fargo. Not saying that a steward owned a horse but it looks pretty suspicious when we are doing the Breeders' pay off. The horse was sold the last week in July and then the first week in September the transfer was voided by one of the stewards. Bill Peterson said well maybe then you have to take appropriate action. Director Meyer stated no, it is not illegal. Bill asked what isn't. Dean replied well he sold the horse at the end of July before the Fargo meet started and then bought the horse back on September 8th or 10th. Bill then asked who do you think gets the Breeders' fund. Dean answered well the guy who had him leased. He had him bought for five weeks of the Fargo race meet. Bill added I don't the facts but of this situation but in the Breeders Fund rules it would negate that the person is being able to receive Breeders Fund if they are deceiving the commission. Director Meyer stated this stuff just yesterday when we are paying off the Breeders Fund and Helen is very careful on these. You know who own the horse at the time of running. So I look and I say well this guy owns it. Well, she says who owns it now and I said well that guy does and I said well that is funny you would sell a horse for five weeks. The AQHA transfer that was signed and then September 9th or 10th it was voided. To me that kind of thing more suspect than opening license someone watching them. Commissioner Arthaud unless you just happen to have a person that got his back door before a race that is the manager and owns the horse and is in a bind and throws the race. Director Meyer replied well that is why I say the commission pays all the stewards and let them guys run. Commissioner Arthaud asked what do the stewards' think of what Montana is suggesting.

Randy Blaseg stated there are different states that have several different methods. You have a lot of states that have two state stewards. It is a good system.

Dean Meyer added I hate to shut a volunteer board member out from running who worked a year long to put on a horse race. Bill Peterson added you have also got a rule that you should appoint one of the three stewards at a horse race meeting. Dean added but it doesn't say we can't appoint two or three. Jim Tilton said I would like to speak in oppression to that. First of all we have a lot of people that spend a lot of time doing volunteer work for our organization and I realize that you can come into situations like you spoke of and unless you can really show that there was something underhand there and I don't think you really can. But I see what you are saying. I am sure the same thing is true at ORDA. You have a lot of people that give a lot of time and one of the thing you that we can do to keep those people involved in things and working with this is take and have them be the assistant steward to the main steward hired by the Racing Commission. I guess I would ask your forbearance to not name all three. To allow the track manager the opportunity to name two of those so they can utilize the people that have been involved in making the track a success that it is. Director Meyer stated I have no problem

with that but I have a problem that we don't let a volunteer board member to run at their own meet. Jim Tilton replied I have nothing to say about that. Director Meyer said I guess I would ask this then to try to get a compromise position let the state hire all since under Bill's proposal you are going to let Doug or his board members could run at Fargo but not ORDA and Les could run at his horse at Belcourt but not a Fargo. Let the state hire all three stewards. I hate to lose that volunteer board running their horses at a meet that they work all year to put on. How many guys up there Doug that affect guys that own horses are on your board? Doug replied all of them. Jim Tilton said if the rule is not in there I have no problem with the track manager or anybody associated with the track running their horse there. It is the job of the chief steward that you hire to make sure that it is run correctly.

Glen Thompson stated I think you are looking into something that really isn't there. I don't think there is a problem and if there somebody wants to run a horse he could have the horse in his wife's name, in his cousin's name, I mean there are all kinds of ways of getting around it. I think you are just creating a hazard that you wouldn't have to do. You would be spending more money hiring more stewards.

Commissioner Clement asked who is prohibited from running, just track managers. Bill answered you can't have conflicting licenses and you also can't be employed part-time or full-time employment with a government or private employer in any work in which a conflict exists with the interests and objectives of a licensed employees. Commissioner Clement added so if you had a volunteer board member they wouldn't be prohibited. Director Meyer added to me if we license them that is the end of the argument. I have no problem licensing them. Mike Cichy stated if I am on the payroll than I can't run a horse there. Randy Blaseg added the whole reason this conversation is taking place is very simply is a variance to the rule that prevents them from being licensed. And either we are going have to work with it or something. Commissioner Arthaud asked what is that rule number. Bill stated 69.5-01-05-09. (Sub 5 & 6).

(Chairman Boehm had to leave the meeting at this time, 3:45 p.m. and Commissioner Arthaud presided as Chairman.)

Les Schmidt stated is there something the Racing Commission could grant a variance.

Commissioner Arthaud stated like Bill said we should not get in the habit granting variances either change the rule or don't I think that is what you are recommending, Bill. Bill Peterson stated when I wrote this memo I did it in confirmation of Les wanting to own a horse and race in Fargo. That is why I gave this advice at that time. Perhaps now that they mention that their volunteer board at ORDA I don't think that subsection six wouldn't apply to them because they are not employed. Also subsection five might not apply to them because I think the only license they would be holding is an owner's license. I don't think the board members are licensed for any reason. Doug replied no we are appointed. Bill said actually if I had to give you an opinion right now I don't think this would apply to Doug but to Les. Dean said but Les could still go to Belcourt if he wanted. Bill answered I don't know if he could go to Belcourt right now as with the rule. Commissioner Arthaud said well he could become a volunteer. Les replied I am pretty close to that now. Commissioner Frederick stated the key is you have got to be employed. Bill added either part-time or full-time employment.

Commissioner Arthaud stated I can guarantee you if we said Les go ahead and do it you would have a conflict come pay out time of Breeders' Fund or something by the way that rule is read. Les said I like the idea that my horse is going to win.

Agenda Item #9 and #10

9. Any other business which may properly come before the Commission

Director Meyer asked for any other business. The only other thing I have I think touch on that was that gaming revenue is down a \$100,000 so far this year on the simulcast. It was about \$680,000 last year at this time and now we are down to about \$570,000.

Mike Cichy said I have a couple items. You and I talked about this stuff but so this gets in the minutes and doesn't get lost in the shuffle. Permanent rules for phone betting, internet wagering, telephone account wagering, I think we are still operating under the interim rules. When we get into the process of permanent I would like the opportunity get some technical comments in there so that we don't end up getting locked into something that we are technically not capable of doing or end up illegal, in violations of the rules. So as soon as we can get those going, they would be useful because we are starting to expand in that direction. The other things, we talked partners. We are going to come up some partners, big players that are going to come in here, we are assuming the legislation is going to pass and we would do a contract subsequent to approval by the Racing Commission and the AGs office. But if we could get some sort of format for that so that our future partners would know where to go with this it would help. Also along the lines of policy, we are throwing this out because not directed at us but there is a huffing and puffing in the business how big a players will the Commission and the Attorney General's office allows in the state without doing background checks on them and for money that we take from over seas off shore wherever, how much depth does the Racing Commission want on where that money comes from, how the bets were placed, how they got in here to the charity, in this case North Dakota Horse Park, or Turtle Mountain who you guys regulate. This is hypothetical in a sense but in real short order it will have to be practical. It is kind of a big deal, I need to convey why it is a big deal there is all kinds of this, that and the other thing. There is talk well we need to know who all your players are and the guys are going back and saying are you going to check everybody who comes up to the window. This is where Naira, Mega, and CDSM are ahead us as we speak. Our plan is to bring the big players in here. My plan anyways and some of these guys want to be partners and that is what is driving the legislation. They are hot to trot.

Commissioner Arthaud asked do we do background checks on people who make big bet in North Dakota. Mike answered we haven't no. Bill also answered no but I don't know what is in the works or anything. Mike said I don't like secrets. Director Meyer said we don't either. Mike said we had this federal case that we went thorough some of us more than others that came of secrets.

Mike Cichy stated I going to give you some information now that it is in the minutes. Then I will let my tote company, that kind of stuff that you got, know where we are headed with this so that when people ask me does your commission know what is going on, are you trying to do this and I will say yes it was brought up at a meeting and here where we are going with it.

Director Meyer stated one thing while you are up there Mike, I would like to send Roger to the hub, our auditor, to the hub and just see what happens at that end. One thing the stuff we have to audit we get mostly from Lien Games. See the stuff that is coming from the hub to where it is going to see if it happens at the illegal site in North Dakota. If we could see what is coming from Maryland to North Dakota. I would like to have the auditor go to Maryland to the hub site and work with what they have so that we can get something in a form that I can better

understand. I think we have money left over in our travel budget. It wouldn't do me much good because I wouldn't know what the hell I was looking at anyway but Roger would understand it.

Mike stated outside the service provider the commission should be getting their hands on these reports without the service provider knowing what is going on. I will get the information to Bill. Dean you have got the e-mails from AmTote and I will tell AmTote that you got the e-mails and that you guys are looking into it. And I have been on my tote company and I am real happy with them because they seem to think they want to regulate and I tell them that is not the way it is suppose to be but the commission regulate.

Roger Thompson stated the deal with the hub; Lien Games is in other states right now. The hub is the only place to get that information. The hub puts in everything for North Dakota but at the hub there is everything for that particular company is there. You just have to know how to get it out. Les Schmidt asked if you go to the hub will you learn how to take all of the information out for every state. Roger said I know how to do it already it is just a matter of coordinate the information from other states. Mike Cichy added we really just need him in there deeper so that he has as much understanding of what is going on as the tote guy does. The second week in May would be the time to go.

Commissioner Frederick made the motion to authorize Roger Thompson to travel to the hub site in Maryland. Commissioner Clement seconded the motion.

Chairman Arthaud asked all in favor signify by saying aye. **All commissioners voted aye and with none opposing motion passed.**

Chairman Arthaud asked if there was anything else. Director Meyer noted that Chuck Fleming from the Ag department was here to see what happened to the money for Pembina. Chuck Fleming stated I just got a call from the President of the Pembina County Fair Board telling me that his representative that was going to be here informed him that she was not here today and wanted me to find the status of their request and I guess Mr. Chairman and members if there are some questions that you have or some concerns that you had that might change your mind. I know what the nature of your discussion was. Director Meyer explained that the discussion was that everybody got cut a whole bunch and since yours wasn't a pari-mutuel site which we license and we were cutting everybody else we couldn't give you any money basically what it came down to. Bottineau didn't get any and everybody else got cut a \$100,000, the charities didn't get any. Chuck asked if I could just have one minute for the opportunity to let you know that Pembina County Fair was founded in 1894, it is the oldest continuous fair and it is the 112 year coming and every year we had harness racing and in my 59 years I have been there every year except three years. In my memory two years we got rained out but we have always had it on the schedule. I know the board appreciates what you guys have done in the past for them.

10. Adjournment

Chairman Arthaud announced with no further business to come before the Commission asked for a motion to adjourn.

Commissioner Frederick made the motion to adjourn the meeting. The motion was seconded by Commissioner Clement. All commissioners voted aye. Motion passed.

Meeting adjourned at 4:00 p.m. (central time).