

NORTH DAKOTA RACING COMMISSION

Live and Telephone Meeting

500 North 9th Street, Bismarck, ND

Wednesday, November 29, 2006

9:00 a.m. (central time)

Chairman Arthaud called the meeting to order at 9:10 a.m. central time.

All commissioners were present: Chairman Arthaud, Commissioners Clement and Secret were in attendance and Commissioners Pladson and Frederick attended by phone.

PRESENT:

Chairman Jim Arthaud, Commissioners Jim Clement, Clarence Frederick, DeAnn Pladson, Tom Secret, Legal Counsel Bill Peterson, Director Randy Blaseg and Administrative Staff Officer Helen Tessmann.

OTHERS PRESENT:

Kenneth Lien, Mike Cichy, Scott Horst, Les Schmidt, Doug DeMontigny, Blaine DeCoteau, Roger Thompson, David Wisdom, Leon Glasser, Doug Plummer, Barbara Nelson, Rob Lynch, and Malcolm Brown.

Agenda

1. **Approval of Minutes** – May 25, 2006 Commission Meeting
2. **Approval of 2006 Licenses**
 - a. **State Service Provider**

Lien Games Racing, LLC
Premier Turf Club, LLC

(1) Lien Games Racing, LLC request for change in ownership.
 - b. **Tote Provider**

AmTote International
Autotote Enterprises Inc.
 - c. **Simulcast Sites**

(1) Development Homes Inc. – Rumors, Grand Forks
(2) Horse Race North Dakota – Fargo
Howard Johnson's Hotel
ND Horse Park
(3) ND Association for the Disabled, Inc. – Chips Casino & Lounge, Bismarck
(4) Turtle Mountain Band of Chippewa – Skydancer Hotel & Casino, Belcourt
(5) Williston CVB – El Rancho Club
3. **Live Race Date Requests**
 - a. **Outdoor Recreation Development Association**

Chippewa Downs - Belcourt
(6 race dates)
June 9 & 10, 16 & 17, 23 & 24

b. Horse Race North Dakota

ND Horse Park – Fargo
(20 race dates)
July 26, 27, 28, 29,
August 3, 4, 5, 10, 11, 12, 17, 18, 19, 24, 25, 26, 31
September 1, 2, 3

Harness Meet
(6 race dates)
September 7, 8, 9, 14, 15, 16

Total = 26 race dates

4. Accountant's Reports

- a. April 2006 Breeders' Fund Distribution Report (2005 Race Meet)
- b. June 2006 report of the Breeders Fund Reconciliation (Year End 12/05)
- c. June 2006 report of the Purse Fund Reconciliation (Year End 12/05)
- d. Audit of 2006 Chippewa Downs Race Meet (Belcourt)
- e. Audit of 2006 ND Horse Park Race Meet (Fargo)

5. Director's Reports

- a. Approval of Director's attendance at the 2006 Symposium on Racing, December 4 - 8, 2006, Tucson, Arizona
- b. Approval of the 2007 ARCI Membership Dues
- c. Review and approval of the 2007-09 Budget
- d. Proposed 2007 legislative items
- e. Recommendations on changes to the rules and regulations

6. Director of Racing's Probationary Status

- a. Review of Director of Racing's Probationary Status
- b. Consideration of 4% salary increase effective July 1, 2006

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

8. Adjournment

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500 North 9th Street, Bismarck, ND

Wednesday, November 29, 2006

9:00 a.m. (central time)

1. **Approval of Minutes** – May 25, 2006 Commission Meeting

All commissioners had previously received a copy of the May 25th commission meeting minutes.

Commissioner Secret made the motion to approve the minutes of the May 25th meeting as presented and Commissioner Clement seconded the motion. All commissioners voted aye and motion carried.

2. **Approval of 2006 Licenses**

a. **State Service Provider**

Lien Games Racing, LLC

Premier Turf Club, LLC

- (1) Lien Games Racing, LLC request for change in ownership.

Lien Game Racing LLC

The Lien Games Racing, LLC application for license was to be considered with the change in ownership.

Chairman Arthaud asked if there were any questions for Lien Games Racing. With no questions, the Chairman asked for the motion to approve their application with the new ownership reflected on the application.

Commissioner Secret made the motion to approve the 2007 license application for Lien Games Racing LLC. Commissioner Pladson seconded the motion. Chairman Arthaud asked the Director to take the roll:

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

The motion carried.

Premier Turf Club LLC

Mike Cichy presented the application for Premier Turf Club LLC. After questions had been answered, Chairman Arthaud asked for the motion.

Commissioner Pladson made the motion that Premier Turf Club will be licensed pending the amended application to see the structure of the LLC and all background checks with all the proprietor people. Commissioner Secret seconded the motion. Chairman Arthaud asked the Director to take the roll:

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

The motion carried.

Chairman Arthaud announced the next item on the agenda was licensing the Tote Providers.

b. Tote Provider

AmTote International
Autotote Enterprises Inc.

AmTote International has been the current Tote Provider.

Commissioner Clement made the motion to approve the AmTote International application.

Commissioner Frederick seconded the motion. Chairman Arthaud asked the Director to take the roll:

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

The motion carried.

Autotote Enterprises Inc.

Director Blaseg presented the application for Autotote Enterprises Inc. Chairman Arthaud asked for questions and with none asked for the motion.

Commissioner Secrest made the motion to approve the Autotote Enterprises Inc. application.

Commissioner Clement seconded the motion. Chairman Arthaud asked the Director to take the roll:

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

The motion carried.

c. Simulcast Sites

- (1) Development Homes Inc. – Rumors, Grand Forks
- (2) Horse Race North Dakota – Fargo
Howard Johnson's Hotel
ND Horse Park
- (3) ND Association for the Disabled, Inc. – Chips Casino & Lounge, Bismarck
- (4) Turtle Mountain Band of Chippewa – Skydancer Hotel & Casino, Belcourt
- (5) Williston CVB – El Rancho Club

Chairman Arthaud explained that the applications for the simulcast sites were all renewals and none of the sites were new. Chairman Arthaud asked for questions and with none asked for the motion.

Commissioner Frederick made the motion to approve applications for Development Homes Inc., Horse Race North Dakota, ND Association for the Disabled, Inc., Turtle Mountain Band of Chippewa, and Williston Convention and Visitors Bureau.

Commissioner Clement seconded the motion. Chairman Arthaud asked the Director to take the roll:

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

The motion carried.

3. Live Race Date Requests

a. Outdoor Recreation Development Association

Chippewa Downs - Belcourt
(6 race dates)
June 9 & 10, 16 & 17, 23 & 24

Doug DeMontigny represented Outdoor Recreation Development Association and stated the live race date request was for three weekends instead of four weekends as in the previous year.

Commissioner Frederick made the motion to approve the 2007 race dates for Outdoor Recreation Development Association for Chippewa Downs in Belcourt. Commissioner Clement seconded the motion. Chairman Arthaud asked the Director to take the roll:

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

The motion carried.

c. Horse Race North Dakota

ND Horse Park – Fargo
(20 race dates)
July 26, 27, 28, 29,
August 3, 4, 5, 10, 11, 12, 17, 18, 19, 24, 25, 26, 31
September 1, 2, 3

Harness Meet
(6 race dates)
September 7, 8, 9, 14, 15, 16

Total = 26 race dates

Rob Lynch, representing the Horse Race North Dakota, stated the request for live race dates was similar to the previous year with the addition of Thursday to the opening weekend which will be the five year anniversary celebration and requested an additional weekend for the harness races.

Commissioner Secrest made the motion to approve the 2007 race dates for Horse Race North Dakota for the ND Horse Park in Fargo. Commissioner Clement seconded the motion. Chairman Arthaud asked the Director to take the roll:

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

The motion carried.

Commissioner Secrest made the motion to grant 2007 licenses to Outdoor Recreation Development Association and Horse Race North Dakota. Commissioner Clement seconded the motion. Chairman Arthaud asked the Director to take the roll:

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

The motion carried.

4. Accountant's Reports

- f. April 2006 Breeders' Fund Distribution Report (2005 Race Meet)
- g. June 2006 report of the Breeders Fund Reconciliation (Year End 12/05)
- h. June 2006 report of the Purse Fund Reconciliation (Year End 12/05)
- i. Audit of 2006 Chippewa Downs Race Meet (Belcourt)
- j. Audit of 2006 ND Horse Park Race Meet (Fargo)

Roger Thompson presented the reports as listed above which had previously been provided to all commissioners.

Commissioner Pladson left the meeting at 10:00 a.m. during the agenda item number 4, j.

Commissioner Clement made the motion to approve the accountant's reports as presented.

Commissioner Secret seconded the motion. Chairman Arthaud asked the Director to take the roll:

Chairman Arthaud	-	Yes
Commissioner Clement	-	Yes
Commissioner Secret	-	Yes
Commissioner Frederick	-	Yes
Commissioner Pladson	-	Absent

The motion carried.

The Chairman recessed the meeting at 10:05 a.m. and the meeting was reconvened at 10:20 a.m. Commissioner Pladson returned to the meeting.

Chairman Arthaud announced the next item was agenda item # 6.

6. Director of Racing's Probationary Status

- a. Review of Director of Racing's Probationary Status
- b. Consideration of 4% salary increase effective July 1, 2006

Chairman Arthaud made the recommendation to place Randy Blaseg on permanent status as Racing Director.

Commissioner Secret made the motion to remove Randy Blaseg, the Racing Director from probationary status and to be placed on permanent status. **Commissioner Frederick seconded the motion.** Chairman Arthaud asked the Director to take the roll:

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

The motion carried.

Chairman Arthaud stated the next item was the four percent salary increase which was granted to all state employees at the last legislative session which was to be retroactive to July 1. Chairman Arthaud asked for a motion to grant this increase to Director of Racing, Randy Blaseg.

Commissioner Secret made the motion to grant the four percent salary increase to Randy Blaseg retroactive to July 1, 2006. **Commissioner Clement seconded the motion.** Chairman Arthaud asked the Director to take the roll:

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

The motion carried

Chairman Arthaud apologized for missing agenda item number five.

5. Director's Reports

- a. Approval of Director's attendance at the 2006 Symposium on Racing, December 4 - 8, 2006, Tucson, Arizona.

Director Blaseg explained the items being covered at the 2006 Symposium on Racing. Chairman Arthaud reported the estimated cost of attending the symposium was \$2,017.72. Chairman Arthaud and Commissioner Pladson both recommended the director attending this symposium.

Commissioner Pladson made the motion to approve the Director attending the 2006 Symposium on Racing. Commissioner Secret seconded the motion. Chairman Arthaud asked the Director to

take the roll:

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

The motion carried.

- b. Approval of the 2007 ARCI Membership Dues

Chairman Arthaud explained the structure of the ARCI membership dues. He also explained that the increase in dues from \$ 2,500 for the 2006's dues to \$ 5,000 for 2007 is due to the increase in pari-mutuel handle.

Commissioner Secret made the motion to approve the membership dues to the Association of Racing Commissioners International, Inc. for the year 2007 for \$5,000. Commissioner Clement seconded the motion. Chairman Arthaud asked the Director to take the roll:

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

The motion carried

- c. Review and approval of the 2007-09 Budget

The Chairman Arthaud tabled this item for the next meeting until the Director provided hand outs to the commissioners.

- d. Proposed 2007 legislative items

Chairman Arthaud explained there was one major item that of the tax structure that will sunset June 30, 2007. Discussion was held on the possible tax bill that should be introduced to the legislative session. Director Blaseg gave a summary of what the tax bill should be.

Commissioner Secret made the motion to approve the proposed tax structure bill as it has been described to be written by legal counsel. Commissioner Clement seconded the motion. Chairman Arthaud asked the Director to take the roll:

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

The motion carried

Chairman Arthaud informed the commissioners that conversation has been held with the Attorney General's and the Governor's office in regards to drafting some legislation to give the commission some assistance on regulatory, investigating and auditing duties in regards to pari-mutuel betting. Legal counsel will draft this bill and the Racing Commission has had some input to this bill.

e. Recommendations on changes to the rules and regulations

Chairman Arthaud stated the commissioners had all received a draft of the Director's recommendation to the rules and regulations and asked that the commissioners review the recommendations.

Legal counsel suggested the first step was for the commissioners to review, and then decide if there would be any additions, deletions, changes, other than what is recommended. Commission members should submit in writing their suggestions to the director, and then the director could incorporate those suggestions into another draft of the rules.

At some point the commission is going to have to meet to decide to go ahead with the rule making process, basically adopt the rules as drafted, then there is notice and hearing on the rules, a comment period, approval by the Attorney General's office and ultimately filed with legislative council. There is also a hearing before the Administrative Rules Committee of the Legislative Council. It is about a five to six month process before the rules become effective. But the first step is for the commissioners to review the rules and to make any comments. Legal counsel also informed the commissioners that there might be changes in the law during this legislative session that might affect the rules. It was suggested the commissioners make their comments in writing by December 15th to the Director and if any, the Director will provide those comments to all commissioners.

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

Malcolm Brown appeared before the commission on behalf of the Fair Circuit Horse Racing Association. He gave a background on the contract between Fair Circuit Horse Racing Association and Lien Games Racing.

Legal Counsel, Bill Peterson, read the Kelly Peach President of Fair Circuit Horse Racing Association's request for assistance in resolving their contract dispute with Lien Games Racing, Simulcast Provider. Mr. Peterson then read his memo of February 17, 2006 to the Director of Racing, Randy Blaseg verbatim. In Mr. Peterson's letter it was stated "state administrative agencies have only such authority as is granted to them by the Legislature. There is no provision in law that would authorize the commission to provide an interpretation of a contract or order any party to "abide by the contract and pay moneys due to each entity". And it further read "The Commission cannot resolve the contract dispute between Fair Circuit Horse Racing Association and Lien Games Racing."

Legal Counsel also advised that the commission has not received a formal complaint against any licensee. An explanation was also given as to what the process would be once a complaint was received.

Chairman Arthaud stated that since both parties had agreed to arbitration why hasn't that been done? He added I highly recommend arbitration and if a formal complaint comes before the commission it will be investigated.

Chairman Arthaud stated since there was no need for a meeting within a week it was determined the next meeting will be December 20, 2007 at 10:00 a.m. central time. A couple items for that meeting would be Rob Lynch's presentation on Historic Races and finalization of Premier Turf Club's license.

8. Adjournment

Chairman Arthaud called for a motion to adjourn the meeting. **Commissioner Secrest made the motion to adjourn the meeting. Commissioner Clement seconded the motion. All commissioners said aye.** Meeting adjourned at 11:36 a.m.