

NORTH DAKOTA RACING COMMISSION
Live and Telephone Meeting
500 North 9th Street, Bismarck, ND
Tuesday, May 29, 2007
10:00 a.m. (central time)

Chairman Arthaud called the meeting to order at 10:02 a.m. central time and asked Administrative Staff Officer Tessmann to take the roll:

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

PRESENT:

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

OTHERS PRESENT:

Jonathan Garaas, David Garaas, Les Schmidt, Mike Cichy, Ken Lien, Kevin Hall, Rob Lynch, Jim Tilton, Richard Nevins, Leon Glasser, Randy Schwartz, Roger Thompson, Janell Cole, Lance Hagen, Kelly Peach, Doug Plummer, Nancy Bayer and Mona Hurt.

1. Approval of Minutes

The copies of the minutes for the previous meeting, April 5, 2007, had been previously provided to the commissioners for their review.

Commissioner Frederick made the motion to approve the minutes of April 5, 2007. Commissioner Clement seconded the motion. Director Arthaud asked for all in favor and all commissioners voted aye. The motion carried.

To accommodate Horse Race ND, Chairman Arthaud announced that agenda item # 10 would be moved between items #2 and #3.

2. Accountant's Reports

- a. 2007 Breeders' Fund Distribution Report (2006 Race Meet)
- b. 2007 Breeders Fund Reconciliation Report (Year End 12/06)
- c. 2007 Purse Fund Reconciliation Report (Year End 12/06)

Roger Thompson presented the three accountant's reports as listed above. Copies of the reports had previously been provided to the commissioners.

10. Commission's records request of Horse Race North Dakota

Jonathan Garass of Garass Law Firm of Fargo, ND spoke on behalf of Horse Race North Dakota and assured the commission that records and documentation would be provided as requested. David Garass, Dr. Jim Tilton and Rob Lynch were also present on behalf of Horse Race North Dakota.

Director Blaseg stated that documentation was required to verify that the provider is reconciling the funds with the charity and that the charity is paying the bettor.

For the record, Commissioner Pladson explained meeting with representatives of Lien Games and with Rob Lynch of Horse Race ND and all want to be able to provide the information that the commission is seeking.

Legal Counsel Bill Peterson explained that North Dakota law requires the charity to conduct gaming and that while the provider can provide service to the charity the service provider under the law can not be conducting the gaming so that is part of what the commission is trying to verify. Further discussions included questions from Commissioner Secret.

Chairman Arthaud asked the Director again to explain what was needed. The Director stated "we need the account showing where the provider has provided the funds to the charity so that the charity can then pay the bettors. We need an accounting of that so that the reconciliation of those funds with the charity showing the charity actually paying the bettors." Further discussions included Commissioner Pladson explaining the process between the charity and the provider including a bank account and Kevin Hall explaining the weekly process between the charity and service provider.

Jonathan Garass stated they would report back in a couple days as to whether more than two weeks would be needed to provide the necessary information.

3. ARCI New Commissioner and Executive Staff Training Seminar

June 21 & 22, Minneapolis, Minnesota

Commissioner Secret made the motion to send Director Blaseg and Commissioner Frederick to the ARCI conference in Minneapolis on June 21 and 22. Commissioner Clement seconded the motion. All voted aye. Motion carried.

Any materials received at the conference will be proved to the commissioner and Legal Counsel.

4. 2007 Legislative Action

Director Blaseg reported HB 1126 - Pari-mutuel Tax bill passed, HB 1180 - restructuring of the Racing Commission failed, HB 1324 dealing with the Breeders Fund which requires the commission to contract with a private firm passed, HB 1509 - Historic Racing failed, SB 2260 dealing with Criminal History Record Checks gives the commission and other agencies a broader BCI background check passed, SB 4011 for the Legislative Council to study the formation of a ND Gaming Commission passed.

5. Disbursement of the Breeders' Awards for the 2007 race season – House Bill #1324

As per HB 1324, "The commission shall contract with a private person to maintain the registry. Through a competitive bidding process, the commission shall award the contract to the lowest responsible bidder. The cost of the contract must be paid from the breeders' fund." The Director will contact the Office of Management and Budget to begin the process to write the bid specs.

6. ORDA's request of \$20,000 from the Promotion Fund

The Director stated Outdoor Recreation Development Association's request for \$20,000 was due to the additional insurance expense.

Commissioner Frederick made the motion to award \$20,000 from the Promotion Fund to Outdoor Recreation Development Association for additional insurance expenses.

Commissioner Clement seconded the motion. After discussion, the Chairman asked the Director to call for the vote:

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

The motion failed.

7. ORDA and Horse Race ND – 2007 Racing Officials

The Director stated that a listing of the officials for each track meet had been previously provided to the commissioners and recommended that the listings be approved.

Commissioner Frederick made the motion to approve the 2007 track meet officials as provided by ND Horse Park and Outdoor Recreation Development Association.

Commissioner Secrest seconded the motion. All voted aye. Motion passed.

8. Horse Race ND Condition Book

- Purse amount for the certified ND Bred Quarter Horse Futurity

Les Schmidt stated that he had no problem with the way the condition book was written. (At 11:23 the commission took a break and returned at 11.31 a.m.) Both Leon Glaser and Les Schmidt spoke in regards to the Purse amounts for the certified ND Bred Quarter Horse Futurity. Legal Counsel Peterson pointed out that the commission does not run the races at Fargo race meet nor does the Commission decide what the purses will be for any race, the Commission does not approve the condition book, the condition book is supplied to the commission under the rules but the commission could encourage the parties to reach an agreement.

8a. Les Schmidt stated that he had been contacted by a few people who raise **Paint horses** who wanted to know if the Quarter Horse races as written in the Condition Book are restricted to only Quarter Horses. Les reported on info he had received from the American Quarter Horse Association, Director Blaseg presented info he had received and Legal Counsel Peterson pointed out the Commission does not write races. Director Blaseg stated “you run the races as the conditions have been written” and “you enter horses in the conditions that have been written”. Legal Counsel Peterson advised that the Horse Park abides by the AQHA rules.

9. Verification of the official ND Bred certification of 2005 Quarter Horse Futurity winner

Director Blaseg stated it appears a horse which was not eligible was certified. Legal Counsel Peterson advised the commission that a determination needs to be made as to whether or not this horse is properly registered in the Breeders Fund, if so determined improper registration, then issue a written order, and the owner of the horse would have an opportunity for a hearing before the Administrative Law Judge. The Administrative Law Judge would give a recommended order to the commission and the commission could adopt that order. Legal Counsel explained why he thought Major Splash Bac Jet was not properly certified under the laws and rules.

Randy Schwartz as previous owner of Major Splash Bac Jet, presented his information regarding the registration.

Commissioner Secrest made the motion to decertify Major Splash Bac Jet. Commissioner Pladson seconded the motion. After a lengthy discussion was held, the Chairman asked for the Director Blaseg to call the roll.

Commissioner Secrest	-	Yes
Chairman Arthaud	-	Yes

Commissioner Pladson	-	Yes
Commissioner Clement	-	No
Commissioner Frederick	-	No

The motion passed. Legal Counsel Peterson stated the order would be prepared.

The commission took a brief break, the Chairman called the meeting back to order at 1:23 p.m.

10. (This agenda item moved between items #2 and #3.)

11. **Commissioners' approval of the draft of revised rules and regulations**

Legal Counsel Peterson gave a preliminary explanation for determining what rules will initiate the disciplinary rule process. This process probably won't be complete until January 2008.

Legal Counsel Peterson also explained that as a result of HB 1126 passing there will be no rules to regulate simulcast and account wagering after July 31, 2007. The Commission has been regulating simulcast and account wagering based on adopted "interim standards". HB 1126 eliminated the authority for interim standards effective August 1, 2007. There will be no authority for the interim standards upon which the Commission is relying to regulate simulcast and account wagering. Without emergency effectiveness there will be no rules to regulate simulcast and account wagering.

The Commission would need to determine if an "imminent peril threatens public...welfare" because, as a result of HB 1125, there will be no rules to regulate simulcast and account wagering after July 31, 2007. If such a determination is made a request for emergency effectiveness of the chapter regarding simulcast and account wagering would be sought from the Governor.

The commission started the review of the rules and regulations and at 4 p.m. adjourned to continue the review at the next meeting.

12. **Any other business which may PROPERLY come before the commission**

13. **Adjournment**

Commissioner Clement made the motion to adjourn the meeting. Commissioner Frederick seconded the motion. By voice vote all said aye. **Motion carried.**

Next meeting was scheduled for June 26th, 2007 at 9:00 a.m.