

NORTH DAKOTA RACING COMMISSION
Live and Telephone Meeting
Bismarck Public Library, 515 N 5th Street, Room A, Bismarck, ND
Tuesday, December 14, 2010 – 10:00 a.m. (central time)

Call to Order: Chairman Jim Ozbun called the meeting to order at 10:00 a.m.

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

Not Present: Commissioner Steve Hartman.

Others present: Janelle Mitzel, David Bernsen, J. Curtis Linnell, Ian Meyers, Garry Saundh, Marty Davis, Mike Cichy, L.J. Harsche, John Bubel, Rich Parisien, Jad Breiner, Kevin Hall, Jessica Dorn, Richard Nevins, Scott A. Horst, Blaine Malaterre, Lance Hagen, David Thompson and Gail Hrdlicka.

AGENDA

1. **Approval of Minutes – November 2, 2010 Meeting**
2. **Approval of 2011 Licenses**
 - a. **Totalizator Providers - Renewals**
 - (1) AmTote International, Inc. - Renewal
 - (2) Las Vegas Dissemination Company, Inc. - Renewal
 - (3) Media and Gaming, Inc. - Renewal
 - b. **Simulcast Service Providers – New and Renewals**
 - (1) Lien Games Racing, LLC - Renewal
 - (2) Avatar Ventures, LLC - Renewal
 - (3) Silks Corporation - Renewal
 - (4) WatchandWager.com LLC - Renewal
 - (5) Megatote, LCC - Renewal
 - (6) Source One Technologies, Inc. - New
 - (7) MTPBets Limited - New
 - (8) RaceBook, Inc. - New
 - (9) Global-Wagering, Inc. - New
 - c. **Simulcast Sites (Site Operators/Charities) – Renewals**
 - (1) Development Homes Inc. – Grand Forks
Rumors, Grand Forks
 - (2) Horse Race North Dakota – Fargo
10 N 8th Street, Fargo
 - (3) ND Association for the Disabled, Inc. – Grand Forks
Chips Casino & Lounge, Bismarck
Howard Johnson's Hotel, 301 3rd Ave. N, Fargo
 - (4) Turtle Mountain Band of Chippewa - Belcourt
Skydancer Hotel & Casino, Belcourt
 - (5) American Gold Gymnastics, Fargo
Howard Johnson's Hotel, 301 3rd Ave. N, Fargo
3. **Outdoor Recreation Development Association's 2010 Race Meet Report**

- Live Meet at Chippewa Downs, Belcourt, ND
4. **Live Race Date Requests for 2011**
 - a. **Outdoor Recreation Development Association**

Chippewa Downs – Belcourt
 - b. **Horse Race North Dakota**

ND Horse Park – Fargo

5. **Purse Fund Applications**
 - a. **ORDA**
 - b. **Horse Race North Dakota**
 - c. **ND Quarter Horse Racing Association - \$ 10,000**

6. **Promotion Fund Applications**
 - a. **ORDA**
 - b. **Horse Race North Dakota**
 - c. **ND Quarter Horse Racing Association - \$ 2,500 - 2011 Stallion Auction**
 - d. **ND Thoroughbred Association - \$ 5,000 - 2011 Stallion Auction**
 - e. **ND Thoroughbred Owners and Breeders - \$ 2,500**
 - f. **Management, Clerical & Consulting Services - \$ 2,500 - 2011 Horsemen's Annual Banquet**

7. **Director's Reports**
 - a. **State Auditor's Audit Report for Biennium Ended June 30th, 2009**
 - b. **Proposed Rule Changes Update**
 - c. **White Labels**

8. **Renewal of Director's Contract**

9. **ND Horsemen's Council Issues or Recommendations**

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

11. **Adjournment**

MINUTES

1. Approval of Minutes – November 2, 2010 Meeting

Previously all Commissioners received the November 2, 2010 meeting minutes for review.

A motion was made by Commissioner Maragos and seconded by Commissioner Frederick to accept the minutes of the November 2, 2010 meeting as presented. All Commissioners voted aye and hearing no negative vote the motion passed.

2. Approval of 2011 Licenses

a. Totalizator Providers - Renewals

(1) AmTote International, Inc. – Renewal

Director Satran reported that all the documentation to renew their license has been completed. The results were provided to the Commissioners for their review.

A motion was made by Commissioner Frederick and seconded by Commissioner Senftner to approve a Totalizator Provider license renewal for AmTote International, Inc. for 2011. Roll call was taken: Frederick Y, Senftner Y, Maragos Y and Ozbun Y. Motion passed.

(2) Las Vegas Dissemination Company, Inc. – Renewal

Director Satran reported that all the documentation to renew their license has been completed. A copy of their application was previously provided to the Commissioners for their review.

A motion was made by Commissioner Senftner and seconded by Commissioner Maragos to approve a Totalizator Provider license renewal for Las Vegas Dissemination Company, Inc. for 2011. Roll call was taken: Senftner Y, Maragos Y, Frederick Y and Ozbun Y. Motion passed.

(3) Media and Gaming, Inc. - Renewal

Director Satran reported that they received their initial license in February 2010 and their projected start date was to begin in September 2010. However, some road blocks came about that delayed that starting

date. Director Satran said he has been in contact with Media and Gaming and they are pushing forward to begin in 2011.

A motion was made by Commissioner Maragos and seconded by Commissioner Frederick to approve a Totalizator Provider license renewal for Media and Gaming, Inc. for 2011. Roll call was taken: Maragos Y, Frederick Y, Senftner Y and Ozbun Y. Motion passed.

b. Simulcast Service Providers – New and Renewals

(1) Lien Games Racing, LLC – Renewal

Kevin Hall, with Lien Games Racing, stated the application renewal was completed incorrectly. Mr. Hall reported there have been changes in company ownership and clarified the changes with the Commissioners.

A motion was made by Commissioner Senftner and seconded by Commissioner Frederick to approve a Simulcast Service Provider license renewal for Lien Games Racing, LLC for 2011. Roll call was taken: Senftner Y, Frederick Y, Maragos Y and Ozbun Y. Motion passed.

(2) Avatar Ventures, LLC – Renewal

Director Satran reported that this provider is in Fargo and has experienced significant growth. All their documentation is in order.

A motion was made by Commissioner Maragos and seconded by Commissioner Senftner to approve a Simulcast Service Provider license renewal for Avatar Ventures, LLC for 2011. Roll call was taken: Maragos Y, Senftner Y, Frederick Y and Ozbun Y. Motion passed.

(3) Silks Corporation – Renewal

Director Satran reported that there is some concern with this group regarding the delay in them getting started and their funding. They have been monitored closely by the NDRC office. Director Satran asks the Commission to review Silks Corporation's progress every 3 months. Director Satran does recommend the approval of their license renewal.

A motion was passed by Commissioner Maragos and seconded by Commissioner Frederick to approve a Simulcast Service Provider license renewal for Silks Corporation for 2011 and to have Director Satran review their progress every 3 months. Roll call was taken: Maragos Y, Frederick Y, Senftner Y and Ozbun Y. Motion passed.

(4) WatchandWager.com LLC – Renewal – European Wagering Services Ltd.

David Bernsen, working as their US consultant, reported that the company is ready to go forward and is looking at a January 1, 2011 operation date. Director Satran stated that he had the opportunity to meet with Ed Comins, Chief Operating Officer of European Wagering Services at the Arizona conference.

A motion was made by Commissioner Frederick and seconded by Commissioner Senftner to approve a Simulcast Service Provider license renewal for European Wagering Services for 2011. Roll call was taken: Frederick Y, Senftner Y, Maragos Y and Ozbun Y. Motion passed.

(5) Megatote, LCC - Renewal

Director Satran reported that the necessary documentation is in and he recommends the Commission approve their license renewal.

A motion was made by Commissioner Maragos and seconded by Commissioner Senftner to approve a Simulcast Service Provider license renewal for Megatote, LLC for 2011. Roll call was taken: Maragos Y, Frederick Y, Senftner Y and Ozbun Y. Motion passed.

(6) Source One Technologies, Inc. – New

Director Satran stated that North Dakota is always anxious to welcome in new businesses. He introduced Ian Meyers who was previously employed with Premier Turf Club when they were operating in North Dakota. Mr. Meyers had some financial problems with Premier Turf Club and he has provided the ND Racing Commission with documentation that has cleared up that situation. The NDRC Legal Counsel, Bill

Peterson suggested that a copy of the letter from Mr. Meyers' attorney, stating that the case with Premier Turf Club has been settled, should be in the ND Racing Commission's files. Mr. Meyers said he will provide that letter to Director Satran.

A motion was passed by Commissioner Maragos and seconded by Commissioner Frederick to approve a Simulcast Service Provider license to Source One Technologies, Inc. for 2011. Roll call was taken: Maragos Y, Frederick Y, Senftner Y and Ozburn Y. Motion passed.

(Note: Prior to issuing the 2011 License the application will be presented to the ND Attorney General's office for approval.)

Director Satran asked to talk about a time period when NDRC Chairman, Dr. Jim Ozburn was on the Board of the Theodore Roosevelt Medora Foundation and Director Satran, himself, was employed by the Board. They had some very distinguished board members and one was the Vice Chairman of the Joint Chiefs of Staff. Admiral Owens spoke to the board members about how he has been all over the world and he has supported and represented North Dakota in everything he does all across the United States. Admiral Owens said there is something North Dakota has that he has never discovered anywhere else in the world.

The philosophy for North Dakota is what Admiral Owens was referring to: Spreading the word about North Dakota; about our honesty; our industriousness; and our cooperation to move businesses forward.

Director Satran introduced Mr. Garry Saundh, CSC Global Technologies, Inc. President & CEO from Alberta, Canada and representing MTPBets Limited. MTPBets Limited is one more additional out-of-country company requesting a license to do business in North Dakota.

(7) MTPBets Limited – New (wholly owned subsidiary of CSC Global Technologies)

Mr. Garry Saundh explained his companies desire to establish and operate an online wagering website as well as, operating through one or more service operators in the state of North Dakota, internet delivered wagering kiosks. They would like to place their first United States kiosks in North Dakota. The kiosks are provided by MTPBets Limited to sites at no charge. They are anticipating placing approximately 300 kiosks in area bar establishments. Director Satran stated that their application and background check has been properly completed.

A motion was made by Commissioner Senftner and seconded by Commissioner Maragos to grant MTPBets Limited a Simulcast Service Provider license to operate in North Dakota for 2011. Roll call was taken: Senftner Y, Maragos Y, Frederick Y, and Ozburn Y. Motion passed.

(Note: Prior to issuing the 2011 License the application will be presented to the ND Attorney General's office for approval.)

(8) RaceBook, Inc. – New

Mike Cichy, President of Horse Race ND in Fargo, reported on this entity and its' desire to do business in North Dakota. Director Satran stated that he has spoken with Christian Lopez, Chief Executive Officer of RaceBook Inc. Director Satran recommends that the owners of RaceBook, Inc. and Global-Wagering, Inc. appear before the Commission at the next meeting to present their applications for license.

A motion was made by Commissioner Senftner and seconded by Commissioner Frederick to table the license applications from RaceBook, Inc and Global-Wagering, Inc. until the next ND Racing Commission meeting so that the owners of the companies can appear before the Commission. All Commissioners voted aye, hearing no negative vote the motion passed.

(9) Global-Wagering, Inc. – New

Global-Wagering, Inc is included in the motion made in item (8) (RaceBook, Inc.)

A break was taken

11:30 a.m. meeting reconvenes

c. Simulcast Sites (Site Operators/Charities) – Renewals

(1) Development Homes Inc. – Grand Forks

Rumors, Grand Forks

Director Satran reported that Development Homes Inc. has submitted the necessary paperwork and he recommends the Commission accept their license renewal application request.

A motion was made by Commissioner Frederick and seconded by Commissioner Maragos to approve a Simulcast Site Operator's license renewal for Development Homes Inc. – Grand Forks, ND for 2011. Roll call was taken: Frederick Y, Maragos Y, Senftner Y, and Ozbun Y. Motion passed.

(2) Horse Race North Dakota – Fargo

10 N 8th Street, Fargo

Director Satran reported that the Horse Race North Dakota has provided financial reports showing their current stability and have provided the proper documentation to request a license renewal as a site operator.

A motion was made by Commissioner Maragos and seconded by Commissioner Frederick to approve a Simulcast Site Operator license renewal for Horse Race North Dakota – Fargo, ND for 2011. Roll call was taken: Maragos Y, Frederick Y, Senftner Y, and Ozbun Y. Motion passed.

(3) ND Association for the Disabled, Inc. – Grand Forks

Chips Casino & Lounge, Bismarck

Howard Johnson's Hotel, 301 3rd Ave. N, Fargo

Director Satran reported that the ND Association for the Disabled, Inc. has submitted all the necessary paperwork and he recommends that the Commission approve their request to renew their operating license.

A motion was made by Commissioner Senftner and seconded by Commissioner Frederick to approve a Simulcast Site Operator's license renewal for the ND Association for the Disabled, Inc. – Grand Forks ND for 2011. Roll call was taken: Senftner Y, Frederick Y, Maragos Y, and Ozbun Y. Motion passed.

(4) Turtle Mountain Band of Chippewa - Belcourt

Skydancer Hotel & Casino, Belcourt

Director Satran reported that all the necessary paperwork has been submitted and reviewed. Director Satran recommends that the Commission approve their license renewal request.

A motion was made by Commissioner Frederick and seconded by Commissioner Senftner to approve a Simulcast Site Operator's license renewal for the Turtle Mountain Band of Chippewa – Belcourt, ND for 2011. Roll call was taken: Frederick Y, Senftner Y, Maragos, and Ozbun Y. Motion passed.

(5) American Gold Gymnastics, Fargo

Howard Johnson's Hotel, 301 3rd Ave. N, Fargo

Director Satran reported that they have prepared the renewal application properly and their financial status is acceptable. Director Satran recommends the Commission approve this license renewal request.

A motion was made by Commissioner Maragos and seconded by Commissioner Frederick to approve a Simulcast Site Operator's license renewal for American Gold Gymnastics – Fargo, ND for 2011. Roll call was taken: Maragos Y, Frederick Y, Senftner Y, and Ozbun Y. Motion passed.

3. Outdoor Recreation Development Association's 2010 Race Meet Report

- Live Meet at Chippewa Downs, Belcourt, ND

Blaine Malaterre an ORDA board member handed out a report from the races held in Belcourt in June and July 2010. He discussed the improvements that were made to the race track from grants they received from the ND Racing Commission and others. There was a profit this year; however, to date they may have 1 – 2 bills that have not been submitted. ORDA will provide the Commission with a list of projected needs and improvements for the race track.

Director Satran thanked the ORDA board for their hard work and cooperation in making the race track safer and updating the facilities for more efficient use.

A motion was made by Commissioner Frederick and seconded by Commissioner Senftner to accept the ORDA report as submitted. All commissioners voted aye and hearing no negative vote the motion passed.

Director Satran reported he and the Administrative Staff Officer have been researching and working with the Attorney General 's office regarding the matter of where the a Letter of Credit and Bond that were called by the ND Racing Commission in the 2003 Racing Services Inc. case was deposited.

The ND Treasurer's office informed the ND Racing Commission that the letter of credit with Wells Fargo Bank for \$450,000 and a bond with the Union State Bank for \$50,000 were deposited directly to the General Fund. Director Satran then spoke with the Office of Management and Budget. He and Assistant Attorney General, Bill Peterson, met with the Attorney General's office to discuss the placement of these funds. It was determined that based on the 2003 tax law the remaining dollars will be divided among the General Fund, the Promotion Fund, the Breeders' Fund and the Purse Fund. The amount is unknown at this time.

4. Live Race Date Requests for 2011

a. Outdoor Recreation Development Association (ORDA)

Chippewa Downs – Belcourt

ORDA submitted an application for License to Conduct Horse Racing in North Dakota. The application included races dates as June 11,12,18,19, 25, 26 and July 2, 3, 4.

b. Horse Race North Dakota (HRND)

ND Horse Park – Fargo

HRND has submitted an application for License to Conduct Horse Racing in North Dakota. The application included race dates as July 22, 23, 24, 29, 30, 31; August 5, 6, 7, 12, 13 and 14, 2011.

Chairman Ozburn asked if the Code of Ethics for Horse Race ND have been completed. Director Satran said the NDRC office is currently working with HRND on a third draft. Chairman Ozburn asked for the completion of the Code of Ethics by Horse Race ND by the next commission meeting.

A motion was made by Commissioner Maragos and seconded by Commissioner Frederick to approve Outdoor Recreation Development Association and Horse Race North Dakota's requests for license to Conduct Horse Racing in North Dakota. The Commission also approves the dates of racing requested by both race tracks. Roll Call was taken: Maragos Y, Frederick Y, Senftner Y, and Ozburn Y. Motion passed.

5. Purse Fund Applications

a. ORDA

b. Horse Race North Dakota

c. ND Quarter Horse Racing Association - \$ 10,000

6. Promotion Fund Applications

a. ORDA

b. Horse Race North Dakota

c. ND Quarter Horse Racing Association - \$ 2,500 - 2011 Stallion Auction

d. ND Thoroughbred Association - \$ 5,000 - 2011 Stallion Auction

e. ND Thoroughbred Owners and Breeders - \$ 2,500

f. Management, Clerical & Consulting Services - \$ 2,500 - 2011 Horsemen's Annual Banquet

A motion was made by Commissioner Maragos and seconded by Commissioner Senftner to table the Purse Fund (5) and Promotion Fund (6) applications until the next North Dakota Racing Commission meeting. At which time the Commission will have more information regarding the dollars available in each fund. All Commissioners voted aye hearing no negative vote the motion passed.

7. Director's Reports

a. State Auditor's Audit Report for Biennium Ended June 30th, 2009

Director Satran reported that the 2009 State Auditor's Report recommended the Racing Commission office to make 3 changes to their operation; 1) Provide a Risk Assessment Policy – which was completed this past September; 2) Sustainability of the North Dakota Racing Commission office – Director Satran submitted a response to the Auditor's explaining that as a result with the 2009 tax changes, several new ADW licenses have been granted and will result in more revenue coming into the state; 3) Financial management changes – the office has assigned two people to handle the receipt of money in the office and when one staff member is absent a staff member in the Attorney General's office will assist in the process.

b. Proposed Rule Changes Update

Director Satran reported that at the last meeting Mr. John Ford, Lien Games Racing, LLC, had submitted comments to make changes to the proposed administrative rules. Mr. Ford, Legal Counsel Peterson and Director Satran met to discuss his comments. Mr. Ford withdrew comments 3, 16, 17, 20, 22, 35, 37, 39 and 40.

No further action is necessary.

Director Satran recommended that Mr. Ford's comments 1,14,15,18, 26, 31, 36, 41, 45, 52 and 54 to the proposed rules should not be changed.

A motion was made by Commissioner Maragos and seconded by Commissioner Frederick to recommend no change in response to those comments. Roll call was taken: Maragos Y, Frederick Y, Senftner Y and Ozbun Y. Motion passed.

Director Satran recommended that Mr. Ford's comments 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 19, 21, 23, 24, 25, 27, 28, 29, 30, 32, 33, 34, 38, 42, 43, 44, 46, 47, 48, 49, 50, 51 and 53 would be favorable in changing the general language of the proposed rules.

A motion was made by Commissioner Maragos and seconded by Commissioner Frederick to make changes in response to Mr. Ford's comments as recommended by the Director. Roll call was taken: Maragos Y, Frederick Y, Senftner Y and Ozbun Y. Motion passed.

c. White Labels

Director Satran explained what "white labeling" is in the horse racing industry. The Racing Commission office is in the process of preparing requirements for ADW companies to follow in reporting their usage of white labeling. No further action is necessary at this time.

8. Renewal of Director's Contract

Chairman Ozbun reported that Director Satran has been paying for his own health insurance and retirement. Director Satran's contract with the Racing Commission is coming due and he is asking the Commission to increase his hourly fee with a small monetary increase so that he can offset what he is having to payout for benefits.

The Administrative Staff Officer, Helen Tessmann, commented on the many changes that have taken place in the past seven years that has resulted in many major changes for the Racing Commission office. One significant change was when the legislators made the ND Racing Commission a standalone state agency; the second significant legislative change was the more recent reduction to the tax laws. These changes have changed the role of the director of racing and staff. Ms. Tessmann appreciated the major accomplishments Director Satran and the Commissioners have achieved and thanked them.

A motion was made by Commissioner Maragos and seconded by Commissioner Frederick to approve Director Satran's contract as the Director of Racing and to increase his hourly rate to offset what he has to pay for his own retirement and health insurance beginning July 1, 2011. Roll call was taken: Maragos Y, Frederick Y, Senftner Y and Ozbun Y. Motion passed.

9. ND Horsemen's Council Issues or Recommendations

No issues or recommendations were presented at this time.

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

A question was raised that the Horsemen's Awards Banquet has been scheduled for February 29, 2011. Would the Commission be meeting before that date to consider the application for dollars from the Promotion Fund for the awards' banquet? Chairman Ozbun suggested submitting an itemized statement for the Commission's review at the next meeting.

11. Adjournment

A motion was made by Commissioner Frederick and seconded by Commissioner Maragos to adjourn the meeting at 12:35 pm. All Commissioners voted aye hearing no negative vote the motion passed.