



- e. ND TOBA \$ 15,000
- 7. **Promotion Fund Applications – 2012 Grant Requests = \$327,200**
  - a. ORDA \$ 177,200
  - b. Horse Race North Dakota \$ 140,000
  - c. ND Quarter Horse Racing Association \$ 2,500
  - d. ND Thoroughbred Association \$ 5,000
  - e. ND TOBA \$ 2,500
  - f. Report on private proposal to support HRND race meet.
- 8. **Director's Reports**
  - a. Recommendation – Additional Fee - Mad Scramble Wager
  - b. Commissioners and Legal Counsel present recommendations following review of first draft of proposed rule changes on “Conduct of Racing” Administrative Rules.
  - c. Presentation of possible rule changes to Breeders, Purse and Promotion Funds
    - Resolve Breeders Fund award issue
  - d. Announcement of Attorney General’s opinion
  - e. Announcement to revise 53-06.2-11
    - (1) Bet payoff formula – uses by licensee of funds in excess of expenses – payment to General Fund
    - (2) Account Wagering
    - (3) Breakage
- 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 – December 15, 2011 Meeting**

Previously, all Commissioners received the December 15, 2011 meeting minutes to review.

**A motion was made** by Commissioner Maragos and seconded by Commissioner Hartman to accept the minutes of December 15, 2011 meeting as presented. All Commissioners voted aye and hearing no negative vote the motion passed.

### **Director’s Report**

- a. Recommendation – Additional Fee - Mad Scramble Wager

David Bernsen, through telephone conferencing, stated that Typhoon Gaming, Inc. is prepared to begin test wagering on the Mad Scramble Wager on March 31, 2012.

### 2. **Simulcast Service Providers – Renewals**

- Silks Corporation

Les C. Rankin and Keith Blackwell of Silks Corporation reported on the financial status of Silks Corporation. Silks has updated their accounting process and has addressed other administrative issues in their company. Mr. Blackwell asked the Commission to reconsider renewing their Service Provider & Account Deposit Wagering license in North Dakota.

NDRC Legal Counsel, Bill Peterson stated that the Commission could rescind their previous decision to deny Silks Corporation their license to operate in North Dakota. Mr. Peterson recommends that in the motion to approve of Silks Corporation’s North Dakota license there should be a condition based on any requirements the Commission wants from Silks Corporation.

**A motion was made** by Commissioner Maragos and seconded by Commissioner Senftner to rescind the Commissions previous denial to renew Silks Corporation's license to operate in North Dakota.

The motion further states that approval to grant Silks Corporation a license to operate as a Service Provider & Account Deposit Wagering Company in North Dakota is based on the condition that Silks Corporation sign an agreement spelling out the conditions of the renewal of the 2012 license drafted by Director Satran and Legal Counsel, Bill Peterson. Roll Call was taken: Maragos-Y, Trottier-Y, Senftner-Y, Hartman-Y and Ozbun-Y. Motion passed.

3. **Hire Independent Auditor**

- Review of 2011 Breeders' Awards

Debbie Eisenhauer has submitted a request to be hired as the Independent Auditor to review the 2011 Breeders' Awards.

**A motion was passed** by Commissioner Maragos and seconded by Commissioner Senftner to approve the hiring of Debbie Eisenhauer to do the audit of the 2011 Breeders' Awards. Roll Call was taken: Maragos-Y, Senftner-Y, Hartman-Y, Trottier-Y and Ozbun-Y. Motion passed.

4. **Live Race Date Requests for 2012**

- a. **Outdoor Recreation Development Association (ORDA)**

Chippewa Downs – Belcourt, ND 10 race dates/5 weekends

Considerable discussion was made by the Commissioners and the audience pertaining to the amount of race dates.

**A motion was made** by Commissioner Senftner and seconded by Commissioner Maragos to approve 4 weekends of horse racing to Chippewa Downs, Belcourt, ND dated: June 9, 10, 16, 17, 23, 24, 30 and July 1, 2012. This approval is based on the stipulation that the Commission receive ORDA's Condition Book 75 days prior to the race. The motion also includes the approval of the license for ORDA to conduct the race meet. Roll Call was taken: Senftner-Y, Maragos-Y, Hartman-Y, Trottier-Y and Ozbun-Y. Motion passed.

- b. **Horse Race North Dakota**

ND Horse Park – Fargo, ND 9 race dates/3 weekends

Considerable discussion was made by the Commissioners and the audience pertaining to the amount of race dates.

**A motion was passed** by Commissioner Senftner and seconded by Commissioner Maragos to approve 2 weekends to Horse Race ND, Fargo, ND dated: July 14, 15, 21 and 22, 2012. This approval is based on the stipulation that the Commission receives HRND's Condition Book 75 days prior to the race and that HRND provide proof of funding for the second weekend of racing for July 21<sup>st</sup> and 22<sup>nd</sup> at the April 5<sup>th</sup> Commissioners' meeting. The motion also includes the approval of the license for Horse Race ND to conduct the race meet. Roll Call was taken: Senftner-Y, Maragos-Y, Hartman-Y, Trottier-Y and Ozbun-Y. Motion passed.

5. **2012 Race Season**

- a. Authorization to hire NDRC's state veterinarian, state steward and licensing staff
- b. Approval of the use of Industrial Laboratories, Wheat Ridge, CO.
- c. Authorization to approve Tote, Photo Finish and Officials
- d. Request tracks to submit electrical and fire safety reports
- e. Request tracks provide proof of insurance
- f. Request tracks to submit Condition Books by 75 days prior to meet.

**A motion was made** by Commissioner Maragos and seconded by Commissioner Hartman to approve each item A-F authorizing the Racing Director, Winston Satran to have authority to make the decisions necessary to conduct the 2012 Race Season. Roll Call was taken: Maragos-Y, Hartman-Y, Senftner-Y, Trottier-Y and Ozbun-Y. Motion passed.

- g. Consider out-of-state points for 2012 Breeders' Awards if no in-state ND Harness Racing is conducted.

**A motion was made** by Commissioner Maragos and seconded by Commissioner Senftner to approve out-of-state points for 2012 Breeders' Award if no in-state ND Harness Racing is available. Director Satran is authorized to advise the harness race owners of the rules that apply and what race dates will qualify for Breeders' awards. Roll Call was taken: Maragos-Y, Senftner-Y, Hartman-Y, Trotter-Y and Ozbun-Y. Motion passed.

**6. Purse Fund Applications – 2012 Grant Requests = \$412,000**

a. <u>ORDA</u>	\$ 192,000
b. <u>Horse Race North Dakota</u>	\$ 180,000
c. <u>ND Quarter Horse Racing Association</u>	\$ 15,000
d. <u>ND Thoroughbred Association</u>	\$ 10,000
e. <u>ND TOBA</u>	\$ 15,000

**A motion was made** by Commissioner Maragos and seconded by Commissioner Trotter to approve disbursement of \$142,000 from the Purse Fund to ORDA to be used at the 2012 Chippewa Downs, Belcourt, ND race meet and \$89,000 from the Purse Fund to Horse Race ND to be used at the 2012 ND Horse Park race meet in Fargo, ND. Although no funds are being distributed to the Associations the race tracks will share purse dollars equally with the ND Associations. The total dollar amount is contingent on any added money that may become added to the purses. Roll Call was taken: Maragos-Y, Trotter-Y, Hartman-Y, Senftner-Y and Ozbun-Y. Motion passed.

**7. Promotion Fund Applications – 2012 Grant Requests = \$327,200**

a. <u>ORDA</u>	\$ 177,200
b. <u>Horse Race North Dakota</u>	\$ 140,000
c. <u>ND Quarter Horse Racing Association</u>	\$ 2,500
d. <u>ND Thoroughbred Association</u>	\$ 5,000
e. <u>ND TOBA</u>	\$ 2,500

**A motion was made** by Commissioner Trotter and seconded by Commissioner Senftner to approve disbursement of \$88,000 from the Promotion Fund to ORDA to be used at the 2012 Chippewa Downs, Belcourt, ND race meet and \$18,000 from the Promotion Fund to Horse Race ND to be used at the 2012 race meet in Fargo, ND. Association requests will be considered at the next Commission meeting. Roll Call was taken: Trotter-Y, Senftner-Y, Hartman-Y, Maragos-Y and Ozbun-Y. Motion passed.

- f. Report on private proposal to support HRND race meet

Wes Heinert, HRND stated there are commitments already made for money to be donated to HRND to operate the race meet the second weekend of racing. The Commission asked Mr. Heinert to have the written commitment(s) provided to the Commission for the April 2012 Racing Commission meeting.

\*\*\*BREAK 12:20 P.M.\*\*\*

\*\*\*RECONVENED 12:40 P.M.\*\*\*

Don Johnson, Heritage Development, LLC, a Wyoming based company, discussed the possibility of assisting Horse Race North Dakota with their financial burdens. Mr. Johnson has a proposal to present, but he wants to discuss different areas of concern with the Associations. Mr. Johnson will have his proposal presentation at the April 2012 ND Racing Commission meeting.

Senator Richard Marcellais, District 9 Belcourt, ND, spoke to the Commission about the importance of everyone to lobby and contact their legislators to promote horse racing in North Dakota.

**8. Director's Reports**

- a. Recommendation – Additional Fee - Mad Scramble Wage

*Item was moved to the beginning of the meeting*

- b. Commissioners and Legal Counsel were handed out a review and suggested language for the changes of the first draft of the proposed rule changes on "Conduct of Racing" Administrative Rules. Changes to be discussed at a later meeting.
- c. Presentation of possible rule changes to Breeders, Purse and Promotion Funds
  - Resolve Breeders Fund award issue

Director Satran reported to the Commission in a letter regarding the Breeders' Fund Administrative Rule **#69.5-01-09-10. Distribution of funds for North Dakota-bred pari-mutuel races. Subsection 5.b.** *The distribution of North Dakota breeders' fund award payments must be as follows: Thirty percent of the scheduled award payment to the owner of the dam of an accredited North Dakota-bred who earns awards; provided that the dam was registered in the North Dakota breeders' fund program as a broodmare at the time the accredited North Dakota-bred was foaled.*

This Rule causes confusion when interpreting it. Gail Hrdlicka, the Breeders' Fund Administrator awarded the broodmare funds to the present owner of the broodmare for offspring that were foaled under a different owner. In the past, all broodmare awards were paid to the owner of the broodmare at the time of foaling. Legal Counsel, Bill Peterson agreed the rule is ambiguous and should be corrected when these rules are revised.

There are 5 owners that are affected by the 2011 Breeders' Fund payments. Director Satran recommended that the owners who received breeders' awards should be allowed to keep the payments and the affected owners of the broodmare at the time of foaling also be paid out of the Breeder's Fund administrative monies for the additional awards totaling \$2,143.57.

In rule **65.5-01-09-03. Administration of North Dakota breeders' fund program.** The Commission can use funds from the administrative portion of the breeders' fund to pay the additional awards without having to recalculate the December 31, 2011 awards.

**A motion was made** by Commissioner Senftner and seconded by Commissioner Hartman to allow the owners that were paid in error to keep those original payments. Approve a total of \$2,143.57 to pay the owners of the broodmare that have been affected from the Administrative portion of the Breeders' fund program. Roll Call was taken: Senftner-Y, Hartman-Y, Trotter-Y, Maragos-Y and Ozburn-Y. Motion passed.

- d. Announcement of Attorney General's opinion concerning account deposit wagering on tribal lands

Director Satran reported that the Attorney General's opinion to not allow ADW's on reservations will not change. The Compact is to be revised in 2013.

\*\*Commissioner Maragos left the meeting at 1:20 P.M.

- e. Announcement to revise 53-06.2-11
  - (1) Bet payoff formula – uses by licensee of funds in excess of expenses – payment to General Fund
  - (2) Account Wagering
  - (3) Breakage

Director Satran stated that all these areas are being reviewed for changes.

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

No recommendations at this time.

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

None

**11. Adjournment**

**A motion was made** by Commissioner Senftner and seconded by Commissioner Hartman to adjourn the meeting at 1:25 P.M. All Commissioners voted aye and hearing no negative vote, the motion passed.