

**NORTH DAKOTA RACING COMMISSION**  
**Live and Telephone Meeting**  
**Bismarck Public Library, 515 N 5<sup>th</sup> Street, Room A, Bismarck, ND**  
**Thursday, April 5, 2012 – 10:30 a.m. (central time)**

**Call to Order:** Chairman Jim Ozbun called the meeting to order at 10:35 a.m.

**Present:** Chairman Jim Ozbun, Commissioner Andrew Maragos, Commissioner Steve Hartman and Commissioner Ray Trottier. Also present were Racing Commission Director, Winston Satran and Administrative Staff Officer, Helen Tessmann.

**Others Present:** John Bubel, Mike Cichy, Ron Klein, Scott A. Horst, Avery Erfle, Janelle Mitzel, Blaine Malaterre, L.J. Harsche, Arlie Roller, Jad Breiner, Leon A. Glasser, Teri Finneman, Wes Heinert, Garry Saundh, Lonelle Moechl, Casey Chapman, Doug Plummer, Richard McCloud, Stan Lafontaine, Connie Schriock, Bob Schriock and Gail Hrdlicka.

**Present by phone:** David Bernsen

**Absent:** Commissioner Tom Senftner and Legal Counsel, Bill Peterson.

**AGENDA**

1. **Approval of Minutes – February 16, 2012 Meeting**
2. **MTPBets USA, Inc.**
  - Request for simulcast wagering
3. **Silks Corporation**
  - Update report – Operation to begin April 30<sup>th</sup>
4. **Office of State Auditor**
  - a. Audit Report – Biennium ended June 30, 2011
  - b. Suggested Code of Ethics revision
  - c. Authorize Level II certification (State Procurement) for NDRC Staff
5. **Outdoor Recreation Development Association**
  - Accept Chippewa Downs' 2012 Condition Book for review
6. **Horse Race ND – 2012 Race Meet**
  - a. Discussion – second weekend of racing in Fargo
  - b. Communication with Fargo City Manager and Finance Officer concerning race meet
  - c. Review organizational progress for race meet
7. **2012 Race Meets (Belcourt and Fargo)**
  - a. Stewards' qualifications
  - b. Medication levels allowed
  - c. Breeders' Fund payment changes for only 2012 awards
  - d. Rules of conduct when transacting business with Licensing Staff, Racing Secretary, Stewards and Veterinarian
  - e. 69.5-01-05-09 Ineligible license applicants (to notify in writing prior to race season)
8. **Promotion Fund Applications – 2012 Grant Requests**

|   |          |
|---|----------|
| a. <u>ND Quarter Horse Racing Association</u> | \$ 2,500 |
| c. <u>ND Thoroughbred Association</u>         | \$ 5,000 |
| d. <u>ND TOBA</u>                             | \$ 2,500 |
9. **Director's Reports**
  - a. Begin discussion on tax law renewal with additions or deletions
  - b. Newsletter to Legislators
  - c. Inform Commissioners of report to Judiciary Committee – April 11<sup>th</sup>
  - d. Progress on Mad Scramble Wager
  - e. Approval of the next phase of Administrative Rule Changes – Mad Scramble Fee

10. **ND Horsemen's Council Issues or Recommendations**
11. **Any other business which may PROPERLY come before the commission**
12. **Adjournment**

## **MINUTES**

### **1. Approval of Minutes – February 16, 2012 Meeting**

Previously, all Commissioners received the February 16, 2012 meeting minutes to review.

**A motion was made** by Commissioner Maragos and seconded by Commissioner Hartman to accept the minutes of February 16, 2012 meeting as presented. All Commissioners voted aye and hearing no negative vote the motion passed.

Chairman Ozbun asked for a motion to approve the Agenda items as listed.

**A motion was made** by Commissioner Maragos and seconded by Commissioner Hartman to approve the agenda items as listed. All Commissioners voted aye and hearing no negative vote the motion passed.

### **2. MTPBets USA, Inc.**

- Request for simulcast wagering

Garry Saundh, President of MTPBets USA, Inc. requested the ND Racing Commission add simulcast wagering to their 2012 license. MTPBets USA, Inc. has opened kiosks in 9 cities in North Dakota so far and plans to add another 10 kiosks in April 2012. An agreement has been signed between MTPBets USA, Inc. and Horse Race North Dakota as a 3<sup>rd</sup> charity.

Mr. Saundh explained the process of obtaining winnings from the kiosks and bars. Mr. Saundh was reminded to have the charities seek local governmental permission before installing kiosks. Mr. Saundh also explained to the Commission an idea to add a button to the kiosk that would allow a winner to donate any coins from wagers to charities.

**A motion was made** by Commissioner Hartman and seconded by Commissioner Maragos to approve MTPBets USA, Inc. adding Simulcast Wagering to their North Dakota license. Roll was taken: Hartman-Y, Maragos-Y, Trottier-Y and Ozbun-Y. Motion passed.

**A motion was made** by Commissioner Trottier and seconded by Commissioner Maragos to approve MTPBets USA, Inc. to have a button added to the kiosk which allows the option for the winner to donate any coins from a wager to the charities. Roll was taken: Trottier-Y, Maragos-Y, Hartman-Y and Ozbun-Y. Motion passed.

### **3. Silks Corporation**

- Update report – Operation to begin April 30<sup>th</sup>

Director Satran reported regarding the beginning of Silks Corporation's operation. Silks Corporation will not be in operation until the end of April or later. Silks Corporation's ownership has signed an agreement with the ND Racing Commission stipulating requirements for further operation.

### **4. Office of State Auditor**

- a. Audit Report – Biennium ended June 30, 2011

The biennium audit has been completed and a copy was previously provided to the Commissioners for their review.

**A motion was made** by Commissioner Maragos and seconded by Commissioner Trottier to approve the State Audit report as presented. Roll call was taken: Maragos-Y, Trottier-Y, Hartman-Y and Ozbun-Y. Motion passed.

b. Suggested Code of Ethics revision

Director Satran prepared a draft of the Horsemen's Code of Conduct and distributed it to the Commissioners for their review and comments at the next NDRC meeting.

c. Authorize Level II certification (State Procurement) for NDRC Staff

Director Satran reported that Helen Tessmann, Administration Staff Officer, will be trained to obtain Level II certification by the State Procurement Division.

**5. Outdoor Recreation Development Association**

- Accept Chippewa Downs' 2012 Condition Book for review

Director Satran reported that NDRC received ORDA's condition book on April 3<sup>rd</sup>. Director Satran stated that he would like to assign a committee to review the ORDA condition book and send comments back to the Racing Commission.

**A motion was made** by Commissioner Maragos and seconded by Commissioner Hartman to assign a committee with the task of reviewing the ORDA Condition Book and to send comments to the ND Racing Commission. The Committee members would be Leon Glasser, Scott Horst, Doug DeMontigny and L.J. Harsche. Roll call was taken: Maragos-Y, Hartman-Y, Trottier-Y and Ozbun-Y. Motion passed.

**6. Horse Race ND – 2012 Race Meet**

- a. Discussion – second weekend of racing in Fargo

Wes Heinert, President of HRND, introduced Lonelle Moechel with IBN, LLC. Ms. Moechel stated that IBN is prepared to donate \$36,000 to Horse Race North Dakota to allow them to operate horse racing for the seconded weekend on July 21<sup>st</sup> and 22<sup>nd</sup>, 2012.

Director Satran asked Ms. Moechel to provide the Racing Commission with their agreement with Horse Race North Dakota wherein they are offering \$36,000 for the operation expenses necessary to run the races at the ND Horse Park in Fargo, ND. Ms. Moechel stated she would provide a copy of the signed agreement to the Commission.

**A motion was made** by Commissioner Hartman and seconded by Commissioner Maragos to approve IBN, LLC's commitment of \$36,000 toward operation expenses to Horse Race North Dakota and authorized a second weekend to race at the ND Horse Park, Fargo, ND on July 21<sup>st</sup> and 22<sup>nd</sup>, 2012. Roll call was taken: Hartman-Y, Maragos-Y, Trottier-Y, and Ozbun-Y. Motion passed.

- b. Communication with Fargo City Manager and Finance Director concerning race meet.

Director Satran reported that a letter should be prepared and sent to the city officials of Fargo re-introducing horse racing back into Fargo and the source of financial commitments for this year's racing.

**A motion was made** by Commissioner Trottier and seconded by Commissioner Hartman to authorize Director Satran to draft a letter to the City Manager, Finance Director and the Fargo-Moorhead Economic Development, introducing horse racing back into Fargo and the source of financial commitments for this year's racing. Roll call was taken: Trottier-Y, Hartman-Y, Maragos-Y and Ozbun-Y. Motion passed.

- c. Review organizational progress for race meet.

Jad Breiner, HRND track manager reported on the progress in preparing the race track for the July race meet. Director Satran asked Mr. Breiner to provide the Commission with a written progress report. Wes Heinert stated that HRND will provide the Commission with the necessary reports by the end of April 13<sup>th</sup>. The Condition book must also be sent to the Commission prior to 75 days of the race.

**7. 2012 Race Meets (Belcourt and Fargo)**

a. Stewards' qualifications

Director Satran reported that he has made contact with several stewards and checked their qualifications. Director Satran recommended that the stewards applying for the state steward position must be accredited and have experience as a steward.

**A motion was made** by Commissioner Trottier and seconded by Commissioner Hartman that stewards applying for the State Steward position be accredited and have experience as a steward. Roll call was taken: Trottier-Y, Hartman-Y, Maragos-Y and Ozbun-Y. Motion passed.

b. Medication levels allowed.

Director Satran reported that the New York Times published an article regarding drug violations being reported in horseracing. Director Satran reported that a letter will be sent to all horsemen in the state explaining the new drug regulations governing medication levels. The majority of states are assenting the model rules set out by RCI. Director Satran recommended to the Commission to accept the RCI model rules for the 2012 race season.

**A motion was made** by Commissioner Hartman and seconded by Commissioner Trottier to approve the adoption of the RCI Model Rules for the 2012 race season. Roll call was taken: Hartman-Y, Trottier-Y, Maragos-Y and Ozbun-Y. Motion passed.

Director Satran recommended to the Commission that an investigator be hired to monitor the 2012 race meets.

**A motion was made** by Commissioner Maragos and seconded by Commissioner Hartman to authorize \$5,000 from the Promotion Fund be used to hire a track investigator to monitor the 2012 race meets. Roll call was taken: Maragos-Y, Hartman-Y, Trottier-Y and Ozbun-Y. Motion passed.

c. Breeders' Fund payment changes for only 2012 awards.

Director Satran asked that the Commission to consider paying breeders awards to ND Bred horses that race in an open race and come in 4<sup>th</sup>, 5<sup>th</sup> or 6<sup>th</sup> place. A formula would be prepared to accommodate this type of race. Director Satran asked for a committee to be put together to review this possibility. After some discussion, a determination was made to give this task to the Horsemen's Council. The Horsemen's Council is currently short a board member and will submit a name to the Commission for appointment to the Horsemen's Council.

d. Rules of conduct when transacting business with Licensing Staff, Racing Secretary, Stewards and Veterinarian.

Director Satran reported that he had drafted rules of conduct for the racetracks. He recommended to the commission that these rules be adopted for the race meets. These rules will be posted throughout the complex and any violations will be reported to the State Steward.

**A motion was made** by Commissioner Trottier and seconded by Commissioner Hartman to approve the adoption of the Horsemen's Code of Conduct rules for the race meets in North Dakota. All violations of these rules will be reported to the State Steward for adjudication. Roll was taken: Trottier-Y, Hartman-Y, Maragos-Y and Ozbun-Y. Motion passed.

e. 69.5-01-05-09 Ineligible license applicants (to notify in writing prior to race season).

Director Satran requests the Commission to authorize the order to disallow Shaun Iorg from receiving a license to race in North Dakota. Mr. Iorg was issued a penalty last year for misuse of an application of medication to horses that resulted in a horse fatality. Mr. Iorg proceeded to use the same application and medication in another horse later that week that resulted in a near fatal reaction. Mr. Iorg has not met the conditions of the Steward's 2011 ruling.

**A motion was made** by Commissioner Hartman and seconded by Commissioner Trottier to allow Director Satran to issue an Order to Shaun Iorg disallowing him a license to race in the State of North Dakota. Roll call was taken: Hartman-Y, Trottier-Y, Maragos-Y and Ozbun-Y. Motion passed.

Break \*\*\*\* 12:05 p.m. \*\*\*\*  
Reconvene \*\*\*\* 12:15 p.m. \*\*\*\*

**\*\*Added to the Agenda:**

**Reconsideration of Previous Purse Fund Grants:**

Director Satran asked the Commission to reconsider the motion made at the February 16, 2012 meeting wherein appropriation of Purse Fund grants were made directly to the race tracks and no grants to the Associations. Director Satran stated that this action should be reconsidered to allocate purse money to the associations for the ND Bred Futurity and Derby races being held in 2012.

**A motion was made** by Commissioner Maragos and seconded by Commissioner Trottier to reconsider the Commission's decision previously made at the February 16, 2012 meeting to fund Purse money to the race tracks only. Roll call was taken: Maragos-Y, Trottier-Y, Hartman-Y and Ozbun-Y. Motion passed.

Further discussion was made regarding the allocation of Purse Fund money to the associations.

**A motion was made** by Commissioner Maragos and seconded by Commission Trottier to amend the commission's previous decision by substituting the appropriation of Purse Fund totals as follows:

|                            |  |                |
|----------------------------|--|----------------|
| Sanctioned Associations:   | North Dakota Quarter Horse Racing Assoc. | \$5,000        |
|                            | North Dakota Thoroughbred Assoc.         | \$5,000        |
| Unsanctioned Associations: | Thoroughbred Owners & Breeders Assoc.    | \$2,500        |
|                            | Grassroots                               | <u>\$2,500</u> |
|                            | Total                                    | \$15,000       |

An application for purse money must be submitted to the Commission by the Grassroots Board, suspending the deadline requirement for this year only. Roll call was taken: Maragos-Y, Trottier-Y, Hartman-Y and Ozbun-Y. Motion passed.

**8. Promotion Fund Applications – 2012 Grant Requests**

|   |    |       |
|---|----|-------|
| a. <u>ND Quarter Horse Racing Association</u> | \$ | 2,500 |
| c. <u>ND Thoroughbred Association</u>         | \$ | 5,000 |
| d. <u>ND TOBA</u>                             | \$ | 2,500 |

**A motion was made** by Commissioner Hartman and seconded by Commissioner Trottier to approve allocations from the Promotion Fund to the associations as follows:

|   |                |
|---|----------------|
| North Dakota Quarter Horse Racing Association | \$3,500        |
| North Dakota Thoroughbred Association         | \$3,500        |
| Thoroughbred Owners & Breeders Association    | <u>\$1,000</u> |
| Total   | \$8,000        |

Roll call was taken: Hartman-Y, Trottier-Y, Maragos-Y and Ozbun-Y. Motion passed.

**9. Director's Reports**

- a. Begin discussion on the tax law renewal

Director Satran reported that the tax law expires June 30<sup>th</sup>, 2013. The ND Racing Commission has begun the tax law renewal. A new tax law will be developed to consider the recruitment and retention of the ADWs.

- b. Newsletter to Legislators

Director Satran reported that Commissioner Maragos had requested the ND Racing Commission send out a newsletter to Legislators informing them of recent developments in horse racing.

c. Inform Commissioners of report to Judiciary Committee – April 11<sup>th</sup>

Director Satran will appear before the Judiciary Committee with an update of the Racing Commission's progress.

d. Progress on Mad Scramble Wager

Director Satran reported that the Mad Scramble Wager is moving forward with continued development of the wager process.

e. Approval of the next phase of Administrative Rule Changes for the Mad Scramble Fee

Director Satran reported that a motion must be made regarding the fee being charged for the use of the Mad Scramble as it was originally determined that the fee would be 1.5% of every dollar wagered. Director Satran asked the Commission to consider reducing that fee to 1.25% on every dollar wagered. The state tax fees will remain at a quarter of a percent.

**A motion was made** by Commissioner Maragos and seconded by Commission Hartman to reduce the Mad Scramble fee from 1.5% to 1.25% on every dollar wagered. Roll call was taken: Maragos-Y, Hartman-Y, Trottier-Y and Ozbun-Y. Motion passed.

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

No report

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

None

**12. Adjournment**

**A motion was made** by Commissioner Hartman and seconded by Commissioner Trottier to approve the adjournment of the ND Racing Commission meeting at 1:05 p.m. All Commissioners voted aye and hearing no negative vote the motion passed.