



NORTH DAKOTA RACING COMMISSION

www.ndracingcommission.com

Gunner laCour
Director

NORTH DAKOTA RACING COMMISSION

NDRC Meeting

**Meeting Room A, Comfort Inn, 1030 E. Interstate Avenue, Bismarck, ND
Tuesday, March 17, 2015 – 10:30 a.m. (Central Time)**

Minutes - Corrected

Present: Chairman Jim Ozbun, Commissioner Steve Hartman, Commissioner Ray Trottier, Commissioner Tom Senftner, Commissioner Mary Ann Durick, Director Gunner laCour, Legal Counsel Edward Erickson and Administrative Assistant Gail Allensworth

Others Present: Wayne Slater, Arlie Roller, Mike Schmitz, Levi Otis, Billy Buchholz, Diane Carpentier, Pat Carpentier, Ted Henry, Scott Horst, Lynn Gourneau, Lorne Jay, L.J. Harsche, Charles Bercier, Casey Chapman, John Bubel, Doug Plummer, Leon Glasser, Leigh Backhaus, Kevin Gefroh, and Ron Klein.

Call to Order: Chairman Jim Ozbun called the meeting to order at 10:30 a.m.

AGENDA

1. **Approval of Minutes – February 24, 2015 Meeting**
2. **2015 Race Season**
3. **Awards to Horsemen's Associations**
4. **Any other business which may properly come before the Commission**
5. **Adjournment**

1. **Approval of Minutes – February 24, 2015 meeting**
Previously, all Commissioners had received a copy of the minutes to review.

A motion was made by Commissioner Senftner and seconded by Commissioner Durick to accept the minutes of February 24, 2015, as presented. All Commissioners voted aye and hearing no negative vote the motion passed.

2. 2015 Race Season

Chairman Ozbun gave a brief summary on the discussion of the 2015 race season in Fargo from the February 24 meeting and gave background on the history of the discussion regarding the debt at the Horse Park as follows:

The decision was made to establish the racetrack in Fargo and it has been a great addition to the Fargo community. Putting in the utilities for the racetrack was made by the city of Fargo through a process called TIF (tax increment financing). This process delayed the payment of the taxes for those utilities with the intent of raising money through additional development in that area. The additional development never happened.

As a result, the taxes are still due from the Horse Race North Dakota and the ND Horse Park Foundation and it is a considerable amount. It is the initial amount plus the interest that has accumulated over time. During that period of time, there have been several dates that were established for when it should be paid and it kept moving forward with the intent of developing the property associated with the Horse Park. The development never happened. The last date for payment that the city of Fargo agreed to in the last discussion was March 1, 2015.

The NDRC has known that this would be a problem for a long time. Every effort has been made to figure out how to pay for the debt. Last year the NDRC voted to fund a financial feasibility study which was completed in the fall of 2014.

Also in 2014, the NDRC established a blue ribbon committee on how to handle the debt. The committee was comprised of Senator Tony Grindberg, Bruce Furness, John Cosgriff, Rick Berg, and Pat Weir. They came up with a number of recommendations.

- The first recommendation was merging the ND Horse Park Foundation into Horse Race North Dakota and both entities agreed that it was a good idea. However, Horse Race North Dakota did not want to take on the debt that the ND Horse Park Foundation has as HRND believes that they can handle their debt but not the total debt. This idea is on hold until they resolve on how to take care of the debt.
- The next recommendation was to talk to Fargo city officials to see if the tax payment could be reduced. Senator Tony Grindberg along with Director laCour, Chairman Ozbun, members of HRND met with city officials to talk about this debt. The results of the financial feasibility study were shared with the city officials along with the recommendations of the committee. The ND Horse Park is a real asset to the community and generates a lot of revenue for the city. Following that meeting the officials of Fargo decided they were not going to change anything. The North Dakota Horse Park Foundation and Horse Race North Dakota continue to be responsible for that debt.
- Another recommendation by the committee was to propose state legislation to return the funds that are generated by the NDRC and placed in the General Fund. The money returned to the NDRC would be divided and returned to the two racetracks in North Dakota. The funds would be used to improve the track at Chippewa Downs and to reduce the debt at the North Dakota Horse Park. That legislation did not make it out of the House.
- The last recommendation of the committee was to move towards bankruptcy on the part of the ND Horse Park Foundation and Horse Race North Dakota. It has not happened at the present time. As of today, both the ND Horse Park Foundation and Horse Race North Dakota are in default because they have not made their tax payments to the city of Fargo that were due on March 1.

Chairman Ozbun stated that a lot of time has been spent discussing the situation in Fargo and whether the 2015 race dates should be rescinded. Chairman Ozbun made a motion to rescind the dates for Fargo for 2015. Commissioner Durick seconded that motion and then Chairman Ozbun opened the floor for additional comments.

A motion was made by Chairman Ozbun and seconded by Commissioner Durick to rescind the race dates for HRND for the 2015 race season. Ozbun –Y, Durick –Y, Senftner –Y, Trottier –Y, Hartman –N. Motion passed.

Director laCour provided an update on the current status of tax and TIF payments.

Casey Chapman, representing HRND, provided information on his discussions with officials of the city of Fargo. Mike Schmitz of HRND gave a presentation on behalf of HRND regarding the viability of the 2015 race season.

Questions were asked by the Commissioners and answered by Mike Schmitz of HRND. Mike Schmitz indicated that HRND could pay their taxes and TIF though they were currently late and no payment had yet been made because they wanted to know what happened first. Mike Schmitz stated that their ability to make a payment did not include the ND Horse Park Foundation's taxes and TIF which have also not been paid. Mike Schmitz stated that he believed it would be very hard to come back if the Horse Park had another year of shut-down.

Director laCour reiterated his concern that HRND could not alone support the debt and TIF of the entire Horse Park property. The Foundation property would be foreclosed in October 2017 if payments are not made which would preclude any racing at the Horse Park. Director laCour also reiterated that the Commission did not wish to close the track forever. If a plan could be brought forward that would support the debt in the long term the Commission would be willing to award dates.

Chairman Ozbun discussed that the racing dates were awarded to HRND in November in order to show support for the Horse Park while they were attempting to negotiate with the City and develop a long term solution. However, since that time no long term solution has been presented and the track is facing the same issues it did before this process to address the debt began.

Comments were taken from the meeting attendees.

Director laCour recommended approving six additional days for Chippewa Downs in Belcourt for the 2015 race season. This would change the number of race days to 14 for the 2015 race season. Wayne Slater of ORDA asked for the dates of July 11, 12, 18, 19, 25 & 26 for the additional dates.

A motion was made by Commissioner Senftner and seconded by Commissioner Trottier to approve six additional days (July 11, 12, 18, 19, 25 & 26) for Chippewa Downs for the 2015 race season. Senftner -Y, Trottier -Y, Ozbun -Y, Hartman-Y, Durick -Y. Motion passed.

Director laCour recommended awarding additional funding to ORDA since they now have six additional days of racing. This funding was originally available for HRND if the Horse Park was operating; up to \$200,000 from the Promotion Fund and \$100,000 from the Purse Fund. Based on a review of the last two year's track financial actuals, he recommended another \$150,000 from the Promotion Fund and another \$100,000 from the Purse Fund.

A motion was made by Commissioner Trottier and seconded by Chairman Ozbun to award \$150,000 from the Promotion Fund and \$100,000 from the Purse Fund to Chippewa Downs for the 2015 race season. Trottier -Y, Ozbun -Y, Senftner -Y, Hartman-Y, Durick -Y. Motion passed.

3. **Awards to Horsemen's Associations**

Director laCour recommended awarding \$5,000 to the NDQHRA and \$5,000 to the NDTA from the Promotion Fund. He also recommended awarding \$20,000 to each association from the Purse Fund.

A motion was made by Commissioner Hartman and seconded by Commissioner Senftner to authorize Director laCour to work with the NDQHRA and NDTA to award \$40,000 from the Purse Fund. Hartman -Y, Senftner -Y, Ozbun -Y, Durick-Y, Trottier -Y. Motion passed.

4. **Any other business which may properly come before the Commission**

5. **Adjournment**

A motion was made by Commissioner Senftner and seconded by Commissioner Durick to adjourn the meeting. All Commissioners voted aye and hearing no negative vote the motion passed.

Meeting was adjourned at 12:00 p.m.