

**NORTH DAKOTA RACING COMMISSION**  
**Monday, November 19, 2007 Meeting**  
**3:00 p.m. (central time)**  
**500 North 9<sup>th</sup> Street, Bismarck, ND**

**Call to Order:**

Chairman, James Clement, called the meeting to order at 3:02 p.m. Roll call was taken by Director Blaseg and all commissioners were present.

**Present:**

Commission Members: James Clement, Mandan; Clarence Frederick, Belcourt; DeAnn Pladson, Fargo; Tom Secrest, Hettinger; Patrick Weir, Medora; Director of Racing, Randy Blaseg; Legal Counsel Bill Peterson and Administrative Staff Officer Helen Tessmann.

**Others Present:**

Janell Cole, Mike Cichy, Joseph Riddell, John Ford, Kevin Hall, Roger Thompson, Deb Harsche, Nancy Buechler, Richard Nevins, John Bubel, Randal Schwartz, Lance Hagen and Leon Glasser.

Chairman Clement announced there was a possibility the commission would go into Executive Session for agenda item # 6 and #9. He also added an item under agenda item #7.

**1. Approval of Minutes – October 2, 2007 Meeting**

**A motion was made** to approve the minutes of the October 2, 2007 meeting.  
(Pladson/Frederick/unanimous) Motion passed.

**2. Approval of the 2008 ARCI Membership Dues**

**A motion was made** to approve the payment of the 2008 ARCI Membership Dues of \$ 7,000.00.  
(Pladson/Frederick/unanimous) Motion passed.

**3. Appoint ND Horsemen's Council committee**

ORDA Representative

Commissioner Frederick **made the motion** and Commissioner Pladson seconded the motion to nominate Doug Demontigny to represent ORDA on the ND Horsemen's Council Committee.

Commissioner Secrest made the motion to nominate Blaine Malaterre. No second.

Chairman Clement asked for a show of hands on the vote for Doug Demontigny. (Clement-Y, Pladson-Y, Frederick-Y, Secrest-Y, Weir-not voting.) Motion passed.

Horse Race North Dakota

Commissioner Secrest **made the motion** to nominate Les Schmidt to represent Horse Race North Dakota on the ND Horsemen's Council committee. Commissioner Weir seconded the

motion. The Chairman asked for a show of hands. (Secret-Y, Pladson-Y, Frederick-Y, Weir-Y) (Clement not voting.) Motion passed.

ND Thoroughbred Association

Commissioner Secret **made the motion** to nominate Curt Rohweder to represent ND Thoroughbred Association on the ND Horsemen's Council committee. Commissioner Weir seconded the motion. The Chairman then called for a show of hands. (Clement-Y, Pladson-Y, Frederick-Y, Secret-Y, Weir-Y) Motion passed.

ND Quarter Horse Racing Association

Commissioner Pladson **made the motion** to nominate Leon Glasser to represent ND Quarter Horse Racing Association on the ND Horsemen's Council committee. Commissioner Weir seconded the motion. Leon Glasser declined the nomination. (Pladson/Weir withdrew their motion/second)

Commissioner Secret **made the motion** to nominate Randy Schwartz to represent ND Quarter Horse Racing Association on the ND Horsemen's Council committee. Commissioner Weir seconded the motion. (Secret-Y, Frederick-Y, Pladson-Y, Clement-Y, Weir-Y) Motion passed.

ND Harness Racing Association

Commissioner Weir **made the motion** to nominate Dale Lagerquist to represent ND Harness Racing Association on the ND Horsemen's Council committee. Commissioner Pladson seconded the motion. (Secret-Y, Frederick-Y, Pladson-Y, Clement-Y, Weir-Y) Motion passed.

**A motion was made** to appoint Doug Demontingy of ORDA, Les Schmidt of Horse Race North Dakota, Curt Rohweder of the ND Thoroughbred Association, Randy Schwartz of the ND Quarter Horse Racing Association and Dale Lagerquist of the ND Harness Racing Association to the **ND Horsemen's Council committee**. (Pladson/Secret/unanimous) Motion passed.

The Director was instructed to give the new council committee a list of topics to discuss prior to the next commission meeting and ask them to report back to the commission. The Commission Office will assist only in the committee meeting notices but not in any other clerical duties.

**4. Approval of 2008 Licenses**

**a. State Service Provider**

- Lien Games Racing, LLC
  - Report on account wagering
- Premier Turf Club, LLC
  - Report on account wagering

**b. Tote Provider**

AmTote International

**c. Simulcast Sites**

- (1) Development Homes Inc.
  - Rumors, Grand Forks (simulcast)
- (2) Horse Race North Dakota – Fargo
  - Howard Johnson's Hotel (simulcast and account wagering)
  - ND Horse Park (live racing and simulcast)
  - Horse Race ND at NP site (simulcast and account wagering)
- (3) ND Association for the Disabled, Inc.
  - Chips Casino & Lounge, Bismarck (simulcast)
- (4) Turtle Mountain Band of Chippewa
  - Skydancer Hotel & Casino, Belcourt (simulcast)

- (5) Williston Convention and Visitors Bureau  
El Rancho Club (simulcast)

**A motion was made** to grant the 2008 Licenses to:  
Lien Games Racing, LLC, as Service Provider  
Premier Turf Club, LLC, as Service Provider

AmTote International, as the Tote Provider

Development Home, Inc. Simulcast Site Operator (1 site)  
Horse Race North Dakota Simulcast Site Operators (3 sites)  
ND Association for the Disabled, Inc. Simulcast Site Operators (1 site)  
Turtle Mountain Band of Chippewa Simulcast Site Operators (1 site)  
Williston Convention and Visitors Bureau Simulcast Site Operators (1 site)

(Secret/Weir/unanimous) Motion passed.

**Joseph Riddell of Premier Turf Club** gave a presentation of his company's interest in looking at the possibility of creating a Central Betting Hub/Exchange in the state of North Dakota for one reason due to the technology available in North Dakota.

**5. Skydancer's Account Wagering Request**

Legal Counsel stated that the request for account wagering needed to address as to whether this account wagering request meets the Addendum to the Gaming Compact and why the compact allows for account wagering.

(At 4:10 p.m. the commission took a ten minute break.)

**6. Review of Request for Proposals (RFP) (11/06/07 bid deadline to OMB's Procurement Office)**

The Commission did not find it necessary to go into Executive Session. The Director explained the Proposal Evaluation process.

**a. Simulcast Pari-Mutuel and ND Breed Fund Dispersal Auditor**

(Monthly auditing services for simulcast pari-mutuel, annually audits live race meets and annually issues Breeders' award checks and 1099 forms.)

Only one bid was received that being from Roger Thompson.

**A motion was made** to grant the bid for the Simulcast Pari-Mutuel and ND Breed Fund Dispersal Auditor to Roger Thompson. (Pladson/Frederick/unanimous) Motion passed.

**b. Administrative Services for the ND Bred Registry and ND Breeders' Fund**

(Registration of a North Dakota bred horse for qualification for breeders' fund awards or purse supplements and annual tabulation of breeders' awards.)

Since there were two bidders for the Administrative Services for the ND Bred Registry and the ND Breeders' Fund, the commission completed the Proposal Evaluation for each bidder. The two bidders were: the Staiger Consulting Group and Personal Management Services.

Commissioners Pladson and Weir shared what a cumbersome process this has become and we should be prepared to voice our objections to the Procurement Office. Commissioners Secret asked if Commissioner Weir would draft a letter to that affect and have the commission send this letter to the Procurement Office with copies going to each House of the Legislature.

The score for the Staiger Consulting Group (Bonnie Staiger) was 384 and the score for the Personal Management Services (Nancy Buechler) was 367.

**A motion was made** to grant the bid to the Staiger Consulting Group for the Administrative services for the ND Bred Registry and ND Breeders' Fund. (Frederick/Pladson/unanimous) Motion passed.

**c. Independent Auditor**

(Annually accounting of the Breeders' Fund program.)

There was only one bid for the Independent Auditor, that being from the Staiger Consulting Group.

The commission felt that since the previous bid was awarded to Staiger Consulting Group that this bid could not be awarded to Staiger Consulting Group because of a conflict of interest between the two duties.

**A motion was made** based on Legal Counsel's advice to request the Director to contact the Procurement Office that there is a conflict of interest in the sole bidder for the Independent Auditor because the sole bidder was granted the bid for the Administrator of the ND Breeders' Fund. Also to ask, if the commission could hire an independent auditor, under a \$2,500 contract, without going thorough the bid process. Request that the Procurement Office's reply be submitted in writing. (Weir/Secret/unanimous) Motion passed.

**A motion was made** to pay from the Breeders' Fund to Staiger Consulting Group 60% of the final bid amount of \$11,520.00 upon completion of vendor determining who was eligible to receive awards. The remaining 40% due at the end of the annual contract. (Total bid being \$ 11,520.00.) (Secret/Frederick/unanimous) Motion passed.

**7. Breeders' Fund Distribution for 2007 Race Season**

**a. Approval of payment of the 2007 Breeders' Fund Awards**

**A motion was made** to pay the \$104,795.18 from the Breeders' Fund to the Breeders' Administration Fund for the 2007 Breeders' Awards based on the Breeders' Fund October 1<sup>st</sup> balance of \$838,361.45. (Secret/Frederick/unanimous) Motion passed.

**b. Replenishment to the Breeders' Administrative Fund**

**A motion was made** to replenish the Breeders' Administrative Fund \$ 5,239.76 out of the \$104,795.18 for administrative costs. (Secret/Weir/unanimous) Motion passed.

**c. Consideration of Double and Triple Point Awards**

**A motion was made** to approve the paying of double and triple points for the 2007 in state Certified Bred Races. (Secret/Pladson/unanimous) Motion passed.

**d. 2006 Breeders' Fund Awards**

Chairman Clement stated that several 2006 breeders' award checks had been held and not sent out. Director Blaseg explained that this was due to individuals submitting late applications and his seeking if payment could be made.

**A motion was made** to not award the 2006 late applications and to reallocate the dollars to the 2006 award recipients as soon as possible. (Weir/Secret/unanimous) Motion passed.

Roger Thompson reported he has several award checks which have not been cashed. He was instructed to contact individuals involved and reissue new checks as checks are void if not cashed within 90 days.

**8. Promotion Fund**

- **Estimated 2008 Promotion Fund requests**

Director Blaseg informed the commission that the Promotion Fund applications for 2008 came in at an estimated \$530,000.

- **Projected new estimated AG's legal fees**

Director Blaseg reported the commission is now being billed monthly for the Assistant Attorney General's legal fees since the commission is now a stand alone state agency.

**A motion was made** by Commissioner Pladson and seconded by Commissioner Secrest to pay from the Promotion Fund \$ 7,394.36 to the Attorney General's office for the July – October Assistant Attorney General's legal fees. (Note: Average monthly bill is \$1,900.)

Discussion was held.

*(Commissioner Secrest stepped out of the meeting for a few minutes.)*

Director Blaseg was asked to take the vote. (Pladson-Y, Frederick-Y, Clement-Y, Weir-Y, Secrest-Absent) Motion passed.

- **Projected new estimated AG's fees for auditing the simulcast sites**

Director Blaseg reported due to new legislation the commission could be billed in the future should the Attorney General's office complete any auditing of the simulcast sites. This could amount to as much as \$60,000 per biennium. At a later date this will be clarified should any billings occur.

It was suggested to ask if Director Keith Lauer of the Gaming Division could report at the next commission meeting regarding whether their division audits the simulcast sites.

The commission took a five minute break at 5:55 p.m.

**A motion was made** to pay any monthly Assistant Attorney General's legal bills out of the Promotion Fund. (Pladson/Weir/unanimous) Motion passed.

**9. Legal Counsel's update on the Major Splash Bac Jet issue**

- **Possible Executive Session**

Legal Counsel recommended the commission go into Executive Session for him to consult with the commission on legal issues and to seek direction regarding the Major Splash Bac Jet.

The Chairman announced "the next item on the agenda is the matter of Peach and Schwartz. This item will be discussed in an executive session. The legal authority for closing this portion of the meeting is North Dakota Century Code section (s) 44-04-19.1. The topic or purpose of this executive session is attorney consultation.

At this time, a motion would be in order to discuss the next topic in executive session rather than in an open meeting. Is there such a motion? "

**Commissioner Pladson made a motion** to go into **Execution Session** in regards to Legal Counsel's request to seek commission's direction regarding the Major Splash Bac Jet issue. Commissioner Secrest seconded the motion.

The Chairman continued "Any discussion on the motion?" and with none asked the Director to call the roll.

(Clement-N/Secest-Y/Weir-Y/Pladson-Y/Frederick-Y) Motion passed.

The Chairman continued "The executive session will be recorded and all members of the governing body are reminded to limit their discussion during the executive session to the announced topic. Any collective decision, collective commitment, or other final action by the governing body must occur after it reconvenes in an open meeting, unless final action is specifically required by law to be taken during the executive session. The prohibition on taking final action during the executive session does not apply to providing guidance or instructions to our attorney or negotiator.

We will now ask the members of the public who are attending the meeting to leave the room. We anticipate adjourning the executive session, and reconvening the open portion of the meeting, in approximately 30 minutes."

The executive session began at 6:07 p.m. and attended by Chairman Clement, Commissioners Pladson, Weir, Frederick, Secrest, Legal Counsel Bill Peterson and Director of Racing Randy Blaseg. The executive session was adjourned at 6:37 p.m.

The public was invited to return to the meeting room and the commission meeting was back in open session.

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

No other business.

**11. Adjournment**

(Weir/Pladson/unanimous) Motion carried.

The meeting was adjourned at 6:40 p.m.