

7870.0500 CONTRACT APPROVAL.**Subpart 1. Contracts and subcontracts subject to prior commission approval.**

A. All contracts entered into, renewed, or extended by Class A, B, and D licensees and their contractors for goods, services, and events are subject to prior approval by the commission.

B. Contracts must include a current Certificate of Compliance, if applicable, issued by the Minnesota Department of Human Rights. Contracts must include a statement by the contractor affirming compliance with the ADA, if applicable.

C. All Class A, B, and D licensees must submit as soon as practicable to the commission the name and the address of the contractor or subcontractor, amount and duration of the contract or subcontract, and a description of the goods or services provided.

D. The commission shall determine whether the contract or subcontract may affect the integrity of pari-mutuel racing or card playing, and the commission shall notify the licensee whether the commission intends to review and approve or disapprove the contract or subcontract.

E. In making a determination that a contract or subcontract may affect the integrity of racing, the commission shall consider:

- (1) the amount and duration of the contract;
- (2) the extent to which the contractor or subcontractor will be on the premises of the licensee;
- (3) the relationship of the contract or subcontract to security;
- (4) opportunity for contact between the contractor or subcontractor and horses, horsepersons, patrons, pari-mutuel wagering operations, card-playing operations, or the information technology operations of the licensee;
- (5) opportunity for the contractor or subcontractor to influence the management and conduct of pari-mutuel racing or card playing;
- (6) contact with admission, pari-mutuel, concession, purse, or card-playing money; and
- (7) whether the commission has reason to believe that the contractor or subcontractor is incompetent, financially irresponsible, or not of good character.

F. If notified of the commission's intention to review and approve or disapprove a contract or subcontract, the licensee shall promptly submit to the commission copies of any written contracts or subcontracts as well as any documentation, records, or information the commission may request with regard to the contract. If the commission notifies a licensee of the commission's intention to review and approve or disapprove a contract or subcontract, the contract or subcontract is not valid, nor is either of the parties bound by the contract until it has been approved by the commission.

G. The commission shall approve or disapprove contracts and subcontracts within 30 days, as computed pursuant to Minnesota Statutes, section 645.15, after submission.

Subp. 2. **Waiver of review.** The commission, by application of the criteria in subpart 1 to contract information received, may determine that contracts and subcontracts of certain types, amounts, or durations will not affect the integrity of pari-mutuel racing and need not be reviewed. If the commission so concludes, it shall give written notice to affected licensees of the types, amounts, or durations of contracts and subcontracts which will not be reviewed and affected licensees need not thereafter submit the information required in subpart 1 for those contracts or subcontracts. The commission, at any time, may by written notice to affected licensees, rescind its decision not to review contracts and subcontracts of certain types, amounts, or durations and require submission of the information required in subpart 1 if it determines that the integrity of pari-mutuel racing is affected.

Subp. 3. **Information required.** If the commission notifies a licensee of its intention to review and approve or disapprove a contract or subcontract, and the contract or subcontract is in an amount more than \$100,000 or of a duration longer than 30 days, a Class A, B, or D licensee also must submit to the commission:

- A. The name, address, and telephone number of the contractor or subcontractor.
- B. The name and address of every director, officer, general partner, or other policymaker and holder of a direct or indirect record or beneficial ownership or other voting interest or control, whether absolute or contingent, of five percent or more in the contractor or subcontractor and the nature and extent of such interest or control. If a nonindividual holds more than a 25 percent interest or control of a contractor or subcontractor, the disclosure required by this item must be made of policymakers and holders of interests or control of ten percent or more in that entity.
- C. A description of any contract, agreement, or understanding entered into by an individual or other entity identified in item B with regard to performance of the contract or subcontract or its benefits.
- D. Descriptions of the most recent five contracts or subcontracts performed or being performed, date, and for whom.
- E. Claims of delay or failure in meeting tax, financial, or other obligations, including bankruptcy proceedings, and any other litigation or administrative proceedings in which the contractor or subcontractor was a party during the past five years.
- F. The signature, name, address, and title of an individual providing the information.
- G. The licensee must make its best effort to notify the commission promptly of any change in the information required by items A, B, C, D, and E before performance is completed.

Subp. 4. **Basis for commission approval.** The commission shall approve the contract or subcontract if it determines that approval will not adversely affect racing, pari-mutuel wagering, card playing, or the public interest, is in accordance with applicable laws and rules, and will not adversely affect the public health, safety, and welfare. In making that determination, the commission must consider the contractor's or subcontractor's competence, experience, reputation, record of law abidance, and financial responsibility.

Subp. 5. **Rescission of approval.** The commission, after notice and an opportunity to be heard, may rescind its approval of a contract or subcontract during its performance if the commission determines that the contractor or subcontractor no longer meets the criteria in subpart 4.

Subp. 6. [Repealed, 17 SR 7]

Subp. 7. [Repealed, 17 SR 7]

Subp. 8. [Repealed, 17 SR 7]

Subp. 9. [Repealed, 17 SR 7]

Subp. 10. [Repealed, 17 SR 7]

Statutory Authority: *MS s 240.03; 240.13; 240.15; 240.16; 240.19; 240.23; 240.24*

History: *9 SR 2527; 17 SR 7; 19 SR 2307; 24 SR 1568; 34 SR 1759; 42 SR 1258; 46 SR 6*

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