

MONTANA BOARD OF HORSE RACING MEETING
2:00 P.M., July 17, 2009
PADDOCK CLUB, MONTANA EXPOPARK, GREAT FALLS, MT

APPROVED MINUTES

ATTENDANCE:

Al Carruthers	Chairman	Topper Tracy	Vice Chairman
Susan Egbert	Board Member	Sue Austin	Board Member
Ryan Sherman	Executive Secretary	Sherry Meador	Legal Counsel

PUBLIC IN ATTENDANCE: Val Crossland, Randy Fozzard, Eric Spector, Lisa Bracco, Joe Briggs, Ron Reed, Bill Schmitt, Chester Monson, Amber Flom, R.C. Forster, Tom Williams, Larry Jordon, Amelia Steffes, Burton Farley, Maxine Carruthers, Bryan Krone, Meritt Pride, Jim Hillyard, Dave Wheeler, Norman Poppelton, Donna Looman, Buckshot Nelson, Rick Cole, Bill Salina, Bob Crystal, Bill Weatheriand, Kelly Manzer

CALLED TO ORDER: Chairman Carruthers called the meeting to order at 2:00 pm

MINUTES: Member Tracy moved to approve June 29th and May 13th minutes. Member Egbert seconded the motion. Motion passed

NEW BUSINESS:

- A. Executive Secretary's Report – Ryan provided monthly report which will also be available on the Board website and is emailed to the Board's interested party list. Live racing handle to date includes Miles City meet – 3 days at \$101,087. First time MC has handled over \$100,000 in several years. Two companies licensed to offer Advance Deposit Wagering in Montana handled \$703,498 (\$3,090.28 for the Board, \$ 24,722.25 for purses). Simulcast Wagering handled \$1,713,475.20 (\$17,134.75 to the Board, \$5181.81 to Miles City, \$19,850.81 to Great Falls, \$26,776.17 to Billings) over the past 16 weeks since ME has been in operation. Fantasy Sports, with 17 weeks of NASCAR and 2008 Football, handled \$172,089.86 (\$37,534.39 to the Board). Ryan clarified that, by statute, purses are distributed according to the prior year's track handle.
- B. ADW Update -- Ryan explained spreadsheet for ADW – monthly reporting by company, and distribution to Board, Purses, Breeders, and Owners.
- C. Fantasy Sports Update -- Ryan explained NASCAR 2009 spreadsheet provided by Montana Lottery. After 19 weeks of racing, NASCAR handled 84,582.70 (\$13,533.24 to the Board, \$5,074.96 to ML, \$3,383.30 to the sites). NASCAR will continue through November 22nd (36 races total). ML also provided a report on the plan for the second season of Fantasy Football. Differences include a weekly updated roster, and improvements in the length of playslip wagering time. Also, wagering on post season games will be available this year.

Fantasy Football and Fantasy NASCAR will run simultaneously between September 10th and November 22nd.

- D. Simulcast – Ryan provided a spreadsheet identifying weekly handles from Montana OTB sites (averaging \$107,092 per week); totals by week for purses and for MBOHR administration

BOARD BUDGET and FISCAL YEAR-END: Ryan provided DOL's report on the budget. Cash on hand for May 31st is \$35,687. Livestock is still figuring up fiscal year end accounting (6/30). Estimated on hand as of 7/17 is \$46,000. Chairman Carruthers commented that he was still not happy with DOL's accounting reports. Member Tracy noted that it is a little better than it had been. Ryan pointed out that October 4th, 2008 DOL said MBOHR would have to be shut down because it was \$8000 in the whole, now it is \$46,000 ahead.

RULES COMMITTEE UPDATE: Ryan reported that two board members have volunteered for the rules committee – Chairman Carruthers and Member Egbert. The rule book was last updated in 2006 and need to be brought up to date what we need regionally and nationally with the model rules. Ryan requested representatives from the horsemen, the track, a steward, and state vet to be on the committee. Randy Fozzard, Amelia Steffes, Kelly Manzer and Dave Wheeler volunteered to be on the rules committee. Ryan will organize the rules committee and get them started.

Ryan discussed the Board's intent to uncouple horses for betting purposes. Rules were published for comment on the 16th. Sherry reviewed the time periods and said, if no hearing was requested and no significant changes requested by comment, the rules should be in effect by the Billings race meet.

RACE DATE APPLICATION DISCUSSION: This agenda item was moved to the next board meeting.

LEGISLATIVE AUDIT UPDATE: Chairman Carruthers informed the public that that the Fantasy Sports rules and process of applying those rules were being audited by the legislative audit division, he assumed, by request of Rep. McChesney. Ryan read the Legislative Auditor's letter to the Board. The letter provided that based on their risk assessment, they believe a performance audit is warranted on how the Board implemented the Fantasy Sports legislation. They've scheduled an entrance interview with Ryan and anyone else the Board would like to invite at the end of the month. In the letter, the legislative auditor noted that they don't expect the audit to be very long. Sherry added that the legislative will come up not with mandates but with recommendations to the legislative audit committee and to the Board. Chairman Carruthers emphasized that the horsemen know that all the board was trying to do was raise money for the support of horseracing.

OTHER BUSINESS: Member Tracy commented on the need for a track to open up to train in the spring of the year to attract more trainers/horsemen. The money will come for purses. We need to decide if we really do need horseracing in Montana. Horseracing is important to that state and we need to make a commitment to opening a single track or multiple tracks and commit to operating them the way they should be operated – earlier and with sufficient training days. If we don't have these tracks then there is

no reason to be concerned with all this other stuff – simulcast, ADW, fantasy sports. Chairman Carruthers commented that the two Cascade County commissioners that have been working with the Board and Fair Manager have bent over backwards to get racing up for this meet and believed the horsemen should really appreciate their efforts.

Member Egbert asked what the status was for the future of Great Falls racing – was it a day to day thing. Lisa Bracco responded that they would see how the races go this weekend. There have been many challenges in the transition of the race meet operators but they anticipate a good race meet. Bracco added that they are developing a feasibility study to determine the long range plans for the fair. Member Egbert asked Eric Spector how it went with working with the Great Falls commission. Spector responded that they worked well together and appreciated their hard work in getting the track open. Chairman Carruthers pointed out the need for Spector to have someone there earlier in getting the track ready for the meet. He said it has been chaos and doesn't want to have to go through this again. Member Egbert added that there has been a lot of frustration on the part of the board. It was a big decision to give Montana Entertainment the simulcast license. She stressed that she looked Spector directly and said he better not let the horsemen down. Member Egbert said it's only gone down hill since then, and she was under the impression that after Spector got the simulcast license he backed off on everything that was promised. Spector responded that he believed there was a level of expectation of what was wanted from them that did not match the level of what they could do. He said no other track was operating and offering 60 days of training. He said the track was open with the equipment that was already here. He said there was a lot of people trying to trip them up which made things difficult, and he admitted that there were things that went wrong because of their own accord. ME is in active discussions with other counties to open up other tracks and get more race dates in Great Falls and overall. Simulcast efforts will develop purses for next year. He introduced Randy Fozzard as the manager of the facility who just came there. Chairman Carruthers said that while Fozzard may be good, ME brought him in too late, and that not enough has been done to improve the simulcast facilities. He said he could no longer count on Spector's word and all agreements shall be in writing. Spector countered that they've been spending a lot of money on the simulcasting and have done everything they could since April. Would like to see how this meet goes and go forward from there. Further problems with getting the gate were discussed.

PUBLIC COMMENT: Chairman Carruthers opened the meeting for public comment. Bill Schmitt commented that there wouldn't be a race meet if it wasn't for the County. You don't arrive one week before a race meet, and bring a crew, and try to put one on. Member Egbert asked Spector what was his job and what was the Commissioners' job. Spector said the lease specified what each would do. He added that the county stepped forward and did more than they were obligated to. Discussions for next year would include exactly what was needed when. For now, he didn't know all the specifics that were expected of him. Training didn't include a gate. The race meet is fully staffed. Need to discuss how they'll do it differently next year.

Chairman Carruthers emphasized that not one person was here during training and that is understaffed for a training facility. He further emphasized that the simulcast license does not exist without live

racing. Brian Kone commented on the lack of staff in the racing office (only one person) and how that is negatively affecting the work that needs to get done. Specter said he agreed with him and is having a discussion with the racing secretary right now.

Member Austin commented on the need for a gate as part of a training facility. A member of the public believed that the simulcast license should have been tied to a written commitment. Chairman Carruthers responded that the simulcast license is only for one year and may not be renewed if there isn't evidence of a commitment to live racing. Specter commented that the original 8 days applied for belonged to the county, and that the number of days ME applied for was based on the purses available. Chairman Carruthers countered that ME committed to the eight days after they knew the purse structure and didn't follow through. Specter went through how much purses were available (\$80,000) with added money for stakes race and how many overnights were available. He asked what was a fair bottom purse.

Dick Forester commented on how it was the worst meet start ever. He said more horses weren't there for training because nobody knew about it and it wasn't adequately staffed. Second, he further commented on the problem with the rainout rule. The horsemen have all their money in it and to give half their purse money to a track because of a rain out is wrong. Member Tracy agreed. Commissioner Carruthers said the issue will be put on the agenda.

Commissioner Carruthers asked the horsemen what was the bottom purse they were willing to run for. There was a comment that a bottom of \$2000 was appropriate. A public member asked when ME was responsible for the training facility. Specter said May. She further commented that the horsemen were frustrated that training wasn't started earlier and that's why the barn isn't full.

There was further comments by the public that ME didn't improve the facilities as was promised.

Chairman Carruthers said we need to work together in order to keep horseracing going.

Member Austin asked about the responsibility of advertising. There were comments that there were no radio advertisements, and no newspaper ads except for one late notice in the sports section that it was free to get in the grandstands that day. Specter said they were looking at a different strategy -- interviews, tour groups, publicity. Chairman Carruthers noted that if the grandstands aren't full tomorrow then the fault is lack of advertising. It was noted that there were ads last year in the Helena papers and they had a great attendance. Bracco noted that there would be ads for horseracing in the fair publications.

There was a question about how much money is spent there and that employees weren't being paid. Specter countered that new employees were paid on a 2 week cycle and not everyday. He assured the public that they were investing a significant amount of money. There was further discussion of lack of staff to handle financial issues.

There was a comment about Billings' problem with the County in opening the track for training. Member Carruthers emphasized the financial gain to the county by having horsemen there. Member Egbert said the positive side was that we have five days and that was better than what it looked like at one point. She concluded that they will give ME their support.

Commissioner Salina said they thanked the public present for their kind words and that they've tried to do the best for their community by providing a racing and training facility with a good staff. They do not, however, want to manage races. They will see how the Specter organization goes through this meet and how they terminate this current agreement. They'll take a measurement of what happens and will sit down on October 15th and will hopefully work out an agreement in six months what was done this year in six weeks. The Commissioners would like the people in the horse racing business to bring information on what is needed to them so that the commissioners can see what can be done.

Larry Jordon commented on the need to have race plans set by November 1st. It was noted that in 2008, there were many unknown funding issues and that no one was willing to commit to dates. The board expects the 2010 race schedule to be better handled.

In conclusion, Tom Williams noted the negativity of everyone's expectations as to whether or not racing will survive or happen at a particular area. He stressed the need for the horsemen to have a better attitude about how things can happen, and then, it'll be more likely to happen.

Member Egbert asked if simulcasting was going well. Specter said there was an issue with having a simulcast site at the Billings meet that was brought up during the last board meeting. The issue has been addressed. Ryan said Ben Carlson concluded that running his own simulcast site was price prohibited and that he and Specter will work it out. Member Egbert asked the manager of Lucky Strike about how things were going. The manager said that she's having a difficult time getting enough support from ME. It was noted that Randy Fozzard will oversee the OTB sites in Montana and provide the needed support. Specter commented that the manager at the Lucky strike was doing well.

Jim Hillyard asked about the NCAA. Ryan reported that the NCAA will hold a final vote on Montana's fantasy sports later in August, and that the AG's office said it was a non-issue.

TENTATIVE BOARD MEETING DATE/LOCATION for SEPTEMBER: Ryan said the next meeting would be at the Billings race meet, September 12th.

Member Austin moved that the meeting be adjourned. Member Egbert seconded. Motion passed.

The meeting was adjourned at 3:30 p.m.

Signature

Date