



# Montana Board of Horse Racing

January 19, 2013 – 11:00 a.m.  
Capitol Building – Room 350 (3rd Floor)  
1301 East 6th Avenue  
Helena, MT

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**ATTENDANCE:**

Chairman: Dale Mahlum, Missoula  
Vice Chairman: Shawn Real Bird, Hardin  
Member: John Hayes, Great Falls  
Member: Susan Egbert, Helena  
Member: Ralph Young, Billings  
Executive Secretary: Tom Tucker, Corvallis

**ABSENT**

Member: Alan Fisher, Ashland

**CHAIRMAN EXCUSED ABSENT**

Member: Sue Austin, Kalispell

**PUBLIC IN ATTENDANCE:**

Mike Taylor, Mike Smith, Tom Williams, Don Richard, Ben Carlson, Ron Thibert, Kim Mower, Melissa Frazee, Jim Espy, Martin Eike, Tim Quinn, Don Bentson, Dan Young, Sherry Meador, Kelly Manzer, Brad Clark, Senator Cliff Larsen, Senator Bradley Hamlett, Josie Stavers, Toni Hinton.

**CALLED TO ORDER:** Chairman Dale Mahlum called the meeting to order at 11:00 a.m. Chairman Mahlum welcomed all the attendees and expressed the board's appreciation for the industry's support and patience. Roll call was conducted with 5 board members present and 2 absent. First item on the agenda was an explanation of the minutes that were not kept at the September 19, 2012 meeting due to a mix-up in who was taking the minutes. Chairman Mahlum expressed disappointment but promised improvements in the board operations.

Agenda items number 3 and 4 were combined as Executive Secretary Tom Tucker presented the financials and an update on activities of simulcasting, advance deposit wagering and fantasy sports. Financial review showed an account balance of \$44,078.60 in ADW and fantasy sports, \$79,075.03 in simulcasting and \$30,656.52 in fund 02181 debt reduction. Estimating revenues through June 30 and subtracting the \$62,842.70 yearly debt payment would give the board approximately \$204,455. Estimated board operating costs were \$37,553.80, thereby giving the board \$166,901 for the summer racing season. Tucker continued with estimated costs for officials and testing at the live race meets totaling \$78,771. This would give the board approximately \$88,130 for distribution to the live race meets for support in the 2013 racing season. Tucker went on to explain the three revenue producing entities and their progress. Simulcasting is improving each week under the new management of Nick Alonzo and Montana Simulcast Racing LLC of Missoula. Advance Deposit Wagering needs to generate more for distribution and Tucker explained some of the ideas that have been discussed. First step is to get more ADW companies signed up and licensed in the state. Fantasy Sports is doing very little compared to the hopes of the industry when the legislation was past. This is an item the board very much wants to improve this summer.

Chairman Mahlum then opened the floor to public comment. Discussion was brought up by Don Richard that fantasy sports doesn't have enough winners and that more people would be interested if payouts were more like going to the race tracks. Member Egbert asked about the legality of adding new games and could the board work with the Montana Lottery to explore that possibility. Tucker stated that would be something they approach the Lottery with this summer. Dr. Manzer asked about the status of moving the Board of Horse Racing from the Department of Livestock and Chairman Mahlum stated that there was a bill to do just that. Member Egbert asked Tucker how the working relationship with the Department of Livestock was coming and Tucker commented it was good. Ron Thibert asked Chairman Mahlum how the appropriations to the tracks would work for this money being raised and Mr. Mahlum gave the group a short explanation.

Jockey insurance was an item brought up in the public comment with many of the tracks applying for dates concerned about finding affordable insurance. It was stated that \$4,500 - \$5,000 per race day seems to be a going rate. Chairman Mahlum continued on the agenda with Tucker reporting on the set up the office for the Montana Board of Horse Racing. Montana Board of Horse Racing is currently located at: P.O. Box 551, Corvallis, MT 59828. Telephone number is: (406) 961-5422 and email address is: mbohr1965@gmail.com. Website development is underway with the idea that the entire Montana racing industry will be able to use it for comments, promotion, stakes scheduling and much more. Accounting for the board is still being done by the Department of Livestock, with periodic updates supplied to Executive Secretary Tom Tucker. Financial monitoring will also be posted on the future board website to keep everyone informed of the progress and finances of the board.

Before the date review, Tucker explained the costs for the Board of Horse Racing in regards to putting on a race meeting. Twenty years ago, the handles at the tracks covered state official costs along with testing requirements and licensing operations at the tracks. Today, the track handles cover approximately 17% of the costs to operate a day of racing. Tucker presented the NET COST to the Montana Board of Horse Racing to operate the following days of racing at the Montana tracks that applied for dates in 2013. Miles

City (3 days) - \$10,638, Great Falls (6 days) - \$19,059, Kalispell (5 days) - \$17,196, Missoula (3 days) - \$8,093, Billings (8 days) - \$23,785. All of these costs included travel per diem estimates of approximately 65% of payroll. Until the officials are actually hired, the board needs to estimate the costs. This cost could be reduced if more officials are hired locally. For example, many officials live in the Billings area and per diem for them should be reduced and therefore overall costs curtailed.

Chairman Mahlum then moved on to the date applications. Each track was asked to talk about their applications. Member Young stressed the point that confirmation of days needed to be done by now. They should be done as soon as possible but he realized the board's current situation. Member Hayes stressed the point that each group needed to work closely with their county or city organizations in the date application process. Member Young again added the point that everything should be decided by the start of the year and February 1 is the absolute latest possible. Member Egbert stated that normally dates were completed in November and December and February is late. Great Falls Turf Club (Dr. Kelly Manzer) was asked by Member Egbert to review their application. Dr. Manzer said they were completing their budget work and preparing for a meeting with the Cascade County Commissioners. They didn't plan on offering any stakes that required payments. She noted that support to bring racing back to Great Falls was growing and the Great Falls Turf Club members were working very hard. Member Young asked Dr. Manzer about their budget and she stated they were working with Tom Tucker on preparing the final budget. She also explained that their turf club wanted to work closely with the county commissioners so the "event" was part of the State Fair. Chairman Mahlum then stated that it was important for the board members to see all the budgets from race meets that haven't recently run to make sure they are aware of the costs of operating a race track.

Vice Chairman Shawn Real Bird emphasized the importance of the communities to get involved in putting on their race meets. He added that all the counties that have racing need to realize the importance and the local turf clubs need to make sure people are aware of the value that racing brings to their communities and from that, receive support back from the businesses located there. "It's important for the Board of Horse Racing to support these types of efforts". Chairman Mahlum agreed and stated "every effort needs to be put into the effort to offer as many days of racing as possible across the state". Member Young reviewed the need for the race date process to be as early as possible and that for the 2014 season, an effort needs to be made to have the dates decided upon at the end of 2013. Member Egbert agreed with Member Young on the need for early allocation of race dates to help in securing and developing stakes races for horses in Montana.

Jim Espy from Yellowstone Downs in Billings discussed part of their date application. He was concerned with a shortened schedule and funding from the state. Also, without a stable number of days, Mr. Espy was concerned with horse populations. He is seeing it around the county that tracks are having trouble filling races. It is important to set dates early to give the tracks the opportunity to "make a go of it". Mr. Espy felt that Yellowstone Horse Racing Alliance has been putting on a race meet for some time and has more expertise than most of the date applicants and would hope that helps in their date process. Vice Chairman Shawn Real Bird added to the discussion the need to keep national organizations informed of what is happening in Montana. Organizations like the AQHA and others have resources that can be of some help to the state.

Ron Thibert of the Kalispell All Breeds Turf Club stated they have not yet started their fund raising but felt they had some sources for donations identified. Since the group is fairly new to the process, any help the board could give them would be appreciated. They haven't set down yet with the county fair manager or county commissioners, but felt they would be receptive to bringing back horse racing to the fairgrounds. Mr. Thibert added that they would appreciate some more time to put together their budget and line up some financing.

Next up was Don Richard of Miles City. The Miles City Bucking Horse Sale Race Meet was the only race meet in 2012. Mr. Richard stated "we want as much money from the board as possible". Mr. Richard outlined their projected meet for 2013, racing 3 days and offering numerous stakes for the horsemen. He felt their community support was excellent. The race meeting is extremely important to the success of the nationally known "Bucking Horse Sale". Mr. Richard even offered the board some help in picking up an official or two if needed, but the Miles City group plans to race "no matter what". All the board members praised Mr. Richard for working so hard to operate the 2012 race meeting without financial support from the Montana Board of Horse Racing.

Toni Hinton then spoke on the Western Montana Turf Club and their efforts in Missoula. With the fairgrounds completing a master plan, it has been difficult for the turf club to secure any commitments from Missoula County and the fair advisors. The turf club has been told that it will be at least two years before anything is touched on the fairgrounds. Hinton stated that "it is very important for Kalispell, Missoula, and Great Falls to work together" as the race meets could draw from the same horse populations. She also stated that they have talked with the Missoula County Tavern Owners Association and the possibility of them coming on board to help the turf club put on a race meeting. Things have started to move a little late for the Western Montana Turf Club, but they continue to support live racing in the state and still hope to be able to put on a meet in 2013. Chairman Mahlum detailed what roles the Missoula County Commissioners play in regards to the Western Montana Fair and fairgrounds.

Ben Carlson, Director of Racing, Yellowstone Downs then addressed the board. "We're done.. we can't run 8 days with the money available". He then went on to explain that with all the other days up in the air, it didn't give Yellowstone Horse Racing Alliance enough solid information to plan their race meeting. All the board members agreed the date process was a couple of months behind and hoped that next year it would be started earlier. If the board was going to require more information from the tracks applying for

dates, Mr. Carlson agreed to hold off until he saw the final date numbers to make a decision. He felt that 8 days would be the minimum but left it open until after the deadline for all information to be into the board. The board continued to discuss the possibility of extending the final date allocation until more information could be gathered from the turf clubs in regards to budgets, county/city agreements and fund raising. Member Young said that "February 1" is the latest possible deadline. Member Hayes felt that Great Falls could not meet board's requirements by that time. Vice Chairman Realbird stated "we need to be flexible this year and work with the tracks to try and get as many tracks to race in 2013".

Chairman Mahlum asked Member Young if he felt February 15th for a drop dead date for all information to be into the board was to late. Member Young stated that could work. Members Egbert and Young then discussed the reasons for trying to allocate all dates at the meeting today. It primarily hinged on getting solid information out to the horsemen so they could plan their summer racing schedules. "The sooner the horsemen know, the better chance we have of keeping some of these horses in the state" – Member Young. Member Egbert then asked Ben Carlson of Yellowstone Horse Racing Alliance if a March 1 drop dead date was schedule, would that extend his time before making a decision not to run in Billings. Mr. Carlson said he "could work with that".

Member John Hayes moved to require tracks to supply to the board by the end of February, (1) a completed budget (2) answers to additional questions provided by the board in regards to their 2013 proposed race meet and (3) some type of proof showing the county/city/fairgrounds is in agreement (or working on an agreement) with the organization applying for the race dates and putting on the race meet. Member Young seconded the motion. Motion carried.

The actual dates applied for were then reviewed. Members Young and Egbert expressed concern over the conflicting dates between Kalispell and Billings. The available horse numbers were a large concern with the board members. Mr. Thibert felt they could draw from Washington and if Missoula raced, they would be available for Kalispell as well. Toni Hinton felt if the purses were high enough, they could draw horses to western Montana.

It was moved and seconded to approve all 25 race dates applied for during the 2013 season by the 5 race tracks contingent upon a review of the information to be sent to the board's Executive Secretary by the end of February. Overlapping dates could be addressed at that time if they still exist. Motion carried. A conference call will be lined up on Saturday, March 2nd to review the information and finalize all dates.

In a short discussion led by State Veterinarian Dr. Kelly Manzer, she stated that Montana's procedures were good as we follow national standards and guidelines. "We should continue to monitor changes in the industry and make sure Montana is on the same playing field as the rest of the industry" – Dr. Manzer stated. Member Ralph Young stated Montana needs to keep up with all drug standards.

Chairman Mahlum opened the meeting to public comment: Ron Thibert stated we need to try and get the younger generation involved while Jim Espy stated that all the tracks in Montana need to work together to make racing in Montana supportable. Toni Hinton mentioned their turf club's Facebook page and information available to the industry. Also, a fair board advisory committee meeting will be held in Missoula January 28th and the turf club would love everyone's support. Chairman Mahlum handed out to the members of the board a study by the "Economic Affairs Interim Committee" that was not very kind to the board and the racing industry. A short discussion on the board's previous 3 years took then took place.

No old business was discussed. Under new business, Vice Chairman Shawn Real Bird gave a report on the State Tribal Economic Development Commission (Mr. Realbird is Chairman). He stated that this commission would like to work with all the tracks to help the horse racing industry. This commission contains members from all over the state. Many of the Indian Nations in Montana are in support of horse racing and "we need to work together". The Crow Tribe is working on adopting the Montana Board of Horse Racing's rule book and conducting racing under those same rules. Other states have tracks operated by tribal members and Montana might want look to do the same. With the tribal councils ability to offer "racino" type economic models on their own land, potential for racing operations exist. "Everyone needs to work together" was Mr. Realbird's point of emphasis.

Chairman Mahlum expressed his concerns to stay within budget and that the board would most likely only meet face to face, twice a year. The board then discussed the need to set a minimum limit for the contracts with Advance Deposit Wagering companies. Member Egbert moved to set the limit at 4.5% of handle Member Young seconded the motion. Motion carried.

It was decided to hold a conference call on Saturday, March 2nd to finalize the 2013 race dates. Member Egbert moved to adjourn. Member Young seconded the motion. Motion carried. Meeting adjourned at 3:35 p.m.



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Chairman Dale Mahlum

March 2, 2013

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Date