



## MONTANA BOARD OF HORSE RACING

Minutes of Board Meeting CONFERENCE CALL: March 19, 2015 – 1 p.m.  
Conference Call

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### MEMBERS ON CONFERENCE CALL:

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

**DID NOT CALL IN**  
Member: Alan Fisher, Ashland

### PUBLIC ON CONFERENCE CALL:

Raleigh Swensrud, Ron Reed, Garrett Norcott, Sparky Kottke, Diane Kottke, Michael McGovern, John Bracaglia, and Sherry Meador.

### CALLED TO ORDER:

Chairman Dale Mahlum called the meeting to order at 1:10 p.m. He welcomed those that had taken the time to listen in on the board meeting as well as the board members. Performing roll call, all board members were present except for Allen Fisher, Shawn Real Bird and Sue Austin. Members Real Bird and Austin joined directly after roll call. Member Allen Fisher was never on the conference call. Chairman Mahlum instructed the other board members that he had talked with the Governor's office and that Vice Chairman John Hayes will be reappointed. The Governor's office is also looking to fill the position left by member Allen Fisher's term expiring, which is District 1 located on the eastern part of the state. Chairman Mahlum then asked if there were any corrections or additions to the minutes. Hearing none, it was moved by Sue Egbert and seconded by Ralph Young to approve the minutes. Motion passed.

Item 3 on the agenda was the financial review. Tucker presented the Financial Report showing a cash position of \$270,000 with the racing season approaching. Approximately \$150,000 will be used during the live racing season. A year-to-year comparison showed an increase in ADW money while a slight decrease in collected simulcast revenue. Fantasy sports indicated more locations and sales for the 2015 fiscal period. In regards to the cash position, the report showed approximately a \$50,000 increase over last year. In detailing the simulcast operation, Tucker pointed out the decrease in handle over the 2013 year. As the ADW grows, the simulcasting continues to drop. After some discussion, Member Young moved that Tucker talk with the major vendors of the simulcast network to see if there is anything that can be done to hold the fees or lower the costs to help the simulcast network stay operating. Member Egbert seconded the motion. Motion carried.

Tucker then went through the numbers for ADW as well as Fantasy Sports. Both areas showed improvement over the previous year's operations. Tucker gave a brief report on the meeting the Montana Lottery and their vendor which will start in 2016. Board member John Hayes and Tucker met the Lottery staff, Intralot as well as a sports gaming company to see what can be done with the current Fantasy Sports games.

Tucker went on to talk about SocialGaming Technologies Inc operations in the state and how they are reaching areas that are not feasible for the simulcasting network. COO Michael McGovern explained that the company would like to look at the other areas that have been put on hold in regards to installing their equipment. Tucker stated he would talk with Nick Alonzo of the Montana Simulcast Racing LLC. Also, John Bracaglia, President of SGT, Inc. explained how his company can work supporting the racing industry in the state. Tucker then reviewed the Breeders and Owners bonuses for 2014. Montana saw a 600% increase in the funds being distributed to this program, due to the fact that ADW participation has increased. Chairman Mahlum expressed his delight in seeing this for owners and breeders of Montana horses. It was moved and seconded to accept the financial report. Motion passed. Member Sue Egbert added that she was happy with the report formats and that she felt she had a better understanding of the money position as well as income vs expenses for the board's operations.

Item 4 was public comment. Sparky Kottke asked the board that if the board decided to help the simulcasting network financially, would that effect the distribution for summer racing. Tucker stated that all money for the 2015 season has been set aside, so the quick answer is 'no'. But, for 2016, depending on the situation, it could affect the distribution.

Item 5 was a review of the RMTTC (Racing Medication & Testing Consortium) website. Dr. Kelly Manzer, State Veterinarian, made some suggestions of what should be posted under Montana heading. It was moved and seconded by the board to post withdrawal times for Clenbuterol (zero tolerance in Montana) as well as Furosemide & Phenylbutazone. Motion passed. Member Young discussed his trip to the National AQHA meeting and the emphasis the organization is putting on testing and reducing the use of illegal drugs as well a reduction in legal drugs. Montana is probably on the conservative side of the medication issue and Member

Young suggested that Montana stays where they are as other jurisdictions are looking at reducing the number of legalized medications in their states. States are also tackling suspensions and staggered rulings.

Agenda item 6 was a quick review of the walkie-talkies for the summer of 2015. Tucker told the members that the Department of Commerce, with the help of Deputy Director Doug Mitchell purchased 12 walkie-talkies and will lease them back to the board of horse racing for use during the summer. The equipment is of high quality and should help with communications between all the officials at the track.

Item 7 was an update on the legislation the board currently has working through the legislature. HB 577 defines illegal activity when it comes to companies taking wagers from Montana without being licensed. The activity will be enforceable by Gambling Control and the Montana Attorney General's office.

Item 8 was a review of the current management contract with IMS Consulting Group, Inc. Tucker explained that at the July meeting, the board had not voted on extending the current contract for another year. Also, Tucker explained that he would like to explore options available to IMS Consulting Group, Inc. in regards to re-working the contract to add more liability protection. After some discussion, Sue Austin moved and Sue Egbert seconded a motion to ask the Department of Commerce to review options in regard to the hiring of IMS Consulting Group, Inc. as the management company and the liability concerns of the company. One option could be just to hire Tucker as an employee. Motion passed. After further discussion, Sue Austin moved and Sue Egbert seconded a motion to extend the management contract through May 1, 2015. This should give the Department of Commerce time to have some other options. Also, Chairman Mahlum has the authority to work with Tucker and the Department of Commerce to make slight adjustments to the contract. At that time, the contract could be extended through the end of July 2015. At the July 2015 meeting, the board then can review the changes and decide at that time if they want to renew it for the 2015-2016 year. Motion passed.

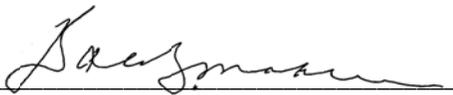
Item 9, under Old Business, Tucker asked Great Falls for an update on their search for a Director of Racing. Member John Hayes explained the number of candidates they have talked with ending in still no hires. However, the Great Falls Turf Club is not sitting back and waiting. They are managing by committee and continue to work on getting things done. They will continue to look for someone to serve as Director of Racing and be the contact for the Montana Board of Horse Racing. Great Falls Turf Club President Sparky Kottke added information on the progress the club is making in getting the race meet ready. Member Ralph Young asked the problems that could arise without a Director of Racing. Tucker explained they could appoint someone from the club, but the race meet would be best served with someone having both racing and business experience.

Item 10, under New Business, Tucker pointed out the new website for the Montana Board of Horse Racing. The Department of Commerce completely redid the website and it has a very professional look to it. The address for the MBOHR website continues to be the following: <http://commerce.mt.gov/horseracing>. Tucker then discussed the article written by Cathy Moser that just came out in the "Montana – The Magazine of Western History". Ms. Moser did an excellent job in capturing the racing and breeding industry in Montana during the 1880-1900's. Three prominent men put Montana on the map and proved that horses bred and raised in Montana could compete with the likes of New York, Kentucky or California. Member Egbert said she had read the article and was proud of the history behind the industry in Montana.

Item 11, Chairman Mahlum asked for more public comment. None was given.

Agenda item 12 was to set the next meeting. Tucker suggested Saturday, July 25<sup>th</sup> in Great Falls. This date is during the State Fair. The meeting will once again be held at the Holiday Inn on 10<sup>th</sup> Avenue South. It was moved and seconded to accept Tucker's recommendation. Motion passed.

It was then moved and seconded to adjourn at 2:34. Motion passed.



Chairman Dale Mahlum

July 25, 2015

Date

