



MONTANA BOARD OF HORSE RACING

Minutes of Board Meeting: November 5, 2015 – 10:00 a.m.
Montana Department of Commerce Building – Room 504A
301 South Park Avenue, Helena, MT 59601

MEMBERS IN ATTENDANCE:

Chairman: John Hayes, Great Falls
Vice Chairman: Dale Mahlum, Missoula
Member: Susan Egbert, Helena
Executive Secretary: Tom Tucker, Corvallis

MEMBERS ON PHONE

Sue Austin, Kalispell

MEMBERS ABSENT

Ralph Young, Columbus
Shawn Real Bird, Hardin

PUBLIC IN ATTENDANCE:

Sparky Kottke, Diane Kottke, Don Richard, Chet Monson, Sherry Meador, Gary Koepplin

PUBLIC ON PHONE:

Ben Carlson, Raleigh Swensrud, Lou Wojciechowski, John Iverson

CALLED TO ORDER:

Chairman John Hayes called the meeting to order at 10:00 a.m. He welcomed those that had driven to Helena as well as those on the conference call. Chairman Hayes asked for any corrections or additions to the July 25, 2015 meeting minutes in Great Falls. Dale Mahlum moved to accept the minutes and Sue Egbert seconded the motion. Motion passed.

Chairman Hayes excused Executive Secretary Tom Tucker and Vice-Chairman Dale Mahlum to attend a legislative audit committee hearing. The committee hearing was scheduled for the day before but change at 4:00 p.m. November 4th. Cathy Melin-Moser had been scheduled to give a brief history on Thoroughbreds arrival to Montana Territory. Cathy has been doing research into the breeding industry at the turn of the 19th century and has written articles detailing the industry. Meeting was adjourned until Tucker & Mahlum could return.

The meeting was reconvened at 11:42 a.m. Tucker & Mahlum explained that their presence would be required again at 12:30 as the audit committee never did call upon the two of them. Chairman Hayes then asked for the financial report, expressing the need to move through the items quickly so the board could get to what everyone was at the meeting for: race date allocations.

Tucker first reviewed the financial report showing a comparison of 2014 and 2015. Source market fees from Advance Deposit Wagering should come in roughly 20% higher than last year. Fantasy Sports (Montana Lottery) has changed the way they license businesses and therefore, the revenues are running behind of last years, but by the fiscal year end (June 2016), should be fairly close to the previous year. Simulcast had a slight drop in handle in 2015 but should end up within 3-4% of 2014. On the expense side of the financial report, the only major change in expenses was the distribution of funds to the tracks (\$90,000 in 2014 and \$108,000 in 2015) as well as an increase in Owners & Breeders Bonus Money (\$6,613.60 in 2014 compared to \$12,259 in 2015).

Member Sue Austin asked about the progress on ADW companies that are currently taking wagers from Montana and not paying a source market fee. Tucker explained that with the new legislation, he is working with Gambling Control to draft responses and then take action in regards to companies that are illegally taking wagers out of Montana. Chairman Hayes asked for a motion to accept the financial report. Member Egbert moved to accept the financial report and Member Austin seconded the motion. Motion passed.

Chairman Hayes then asked for public comment. Lou Wojciechowski asked about the \$20,000 Tucker had said should be set aside to help simulcasting if needed. Wojciechowski asked – 'where will the money come from'. Tucker responded that it comes from the money that the board sets aside each year in an effort to build up some reserves for future use. Wojciechowski then requested that the simulcasting network bring in Turf Paradise as many people in Billings have requested it. Tucker explained some of the history behind selecting signals but told Lou Wojciechowski the best course of action would be to have the simulcast site director in Billings call Montana Simulcast Racing LLC directly and request the signal or find out what could be done to bring in the signal.

Agenda item 6, Tucker then reviewed the costs to the board for the Great Falls race meeting. The average daily cost is \$2,350 as compared to \$3,835 for Miles City. Tucker explained Miles City had fewer race days in a two week period but also travel costs for officials are higher for Miles City. Steward Chet Monson and Steward Raleigh Swensrud explained the problems they had with jockeys and the jocks room. Tucker also added there is a need to review security procedures for backsides of Miles City and Great Falls and discuss possible solutions with Directors of Racing. Tucker will work with track manager and the stewards to address the issues of the Great Falls race meet during the winter months.

Agenda item 7 is listing of outs tickets. Miles City has \$3,623.40 and Great Falls has \$5,583.80. The tracks will work with Tucker to suggest ideas to the board for capital improvements and investment of the outs funds for the race meet. Agenda item 8 was public comment. No public comment was received.

Chairman Hayes decided to adjourn the meeting for lunch as Tucker and Member Mahlum were required to be back at the capitol building for the legislative audit hearing at 12:30. The meeting would reconvene at 1:30p.m.

Agenda item 9 was discussion and assignment of the 2016 race dates. Tucker went through the check list of items for the date applications. Miles City applied for May 8, 15, 21, 22 – Great Falls applied for July 23, 24, 30, 31 - Missoula applied for August 5, 6, 7. Miles City may adjust due to funds and Missoula may adjust to August 4, 5, 6. All applications were filed on time, license fees were included. Missoula's did not contain an agreement with the Missoula County Commissioners but they are currently working on that. Great Falls was complete. Miles City did not have a bank statement. Don Richard, Director of Racing for Miles City explained they would run an extra day with an additional \$10,000-\$15,000 in funding. Mother's Day is a must and that is May 8. Bucking Horse Sale is May 21, 22 and to avoid horsemen from just sitting around 2 weeks, he would like to run the fourth day being May 15th. Member Mahlum then asked about the progress in Missoula. Director of Racing Gary Koepplin explained the makeup of their organization (Western Montana Turf Club), the review of the facility, meetings and progress with the Missoula County Commissioners. They are modeling their approach after the success of Great Falls. Mahlum added that the money the fairgrounds will get from admissions, beer sales and concessions would more than cover the race meet costs to the county. Member Egbert asked if the amount the county will contribute will be contained in the contract. Yes, was the answer. Member Egbert also stressed the importance of reviewing the facility and costs to bringing it up to speed. Member Egbert pointed out there was no conflicts of dates, therefore approval of dates could be done. Distribution of funds would require more discussion.

Tucker then reviewed the funds. Anticipated cash position at the end of the year is \$138,000. Member Mahlum warned the board of overspending and the progress that has been made over the past 3 years. Most of the discussion aligned with the length of time to allow Missoula to get their contract with the county. Everyone agreed the sooner the better. After some more discussion, Tucker suggested the board distribute the same amount of funds to the 2 tracks that ran in 2015 and set aside \$30,000 for Missoula. More discussion on that took place. Member Sue Egbert then moved to give Miles City 4 days, Great Falls 4 days and Missoula 3 days. Miles City and Missoula would have time to make adjustments after the funds have been decided upon. Miles City could drop back to three days if no more money is received and Missoula could start on Thursday and run their 3 days if that fit their fair better. Member Mahlum seconded the motion. Chairman Hayes asked for a vote. Motion passed unanimously.

Next, Member Egbert moved that Miles City and Great Falls receive the same amount of distribution as they did in 2015. Miles City \$40,200, Great Falls \$67,800 with the understanding that if Missoula does not complete their MOU (Memorandum of Understanding) with Missoula County by a date set by the Board of Horse Racing, Miles City and Great Falls can share in additional funding. Missoula will receive up to \$30,00 from the board if they file with the Board of Horse Racing by Friday, December 4, 2015 an MOU between Western Montana Turf Club and the Missoula County Commissioners detailing the amount of money Missoula County will pay for the 3 day race event and the working relationship between the two organizations. The amount up to \$30,000 will be a matching amount equal to the funds paid by the Missoula County Commissioners for the race meeting as detailed in their MOU. Member Austin seconded the motion. Motion passed unanimously. (Note: December 30 – Missoula County Commissioners voted down the agreement with the WMTC and WMTC turned their dates back to the board of horse racing).

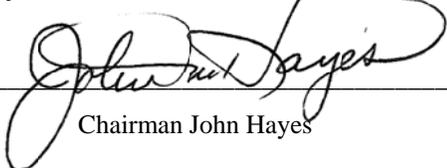
Chairman Hayes addressed the jockey insurance issue. He explained that he was working with another insurance carrier to get some pricing so that they have a choice of carriers for 2016. He believes the industry might be able to save some money in 2016. Jockey insurance has been increasing astronomically the last few years due to one or two claims and the small amount of racing in Montana.

Under old business – none.

Under new business – (1) Tucker mentioned that Industrial Labs out of Denver (MBOHR's lab) passed the RMTC Proficiency testing for 2015 with flying colors. (2) Board members Mahlum, Austin, Young and Real Bird's terms are up in January 2016. Member Austin and Mahlum stated they would like to be reappointed. Tucker will contact Young and Real Bird. Don Richard from Miles City mentioned Dave Smith of Miles City for the vacant position. Member Mahlum will add him to the list when Member Mahlum contacts the governor's office in regards to the appointments.

Public comment – none.

It was decided the next board meeting would be a call-in meeting on Wednesday, February 17th at 1:00 p.m. Member Egbert moved to adjourn. Member Mahlum seconded the motion. Motion passed. Meeting adjourned at 3:20 p.m.


Chairman John Hayes



February 17, 2016

Date