



MONTANA BOARD OF HORSE RACING

Minutes of Board Meeting: November 8, 2017 - 11 a.m.

Montana Department of Commerce - Room 226

301 South Park Avenue, Helena, MT 59601

MEMBERS IN ATTENDANCE:

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

MEMBERS ON PHONE:

Sue Austin, Kalispell

PUBLIC ON PHONE:

K-Heart Veterinary Service, Russell Kingrey, 2 other people that did not announce their names.

PUBLIC IN ATTENDANCE:

Diane Kottke, Sparky Kottke, Chet Monson, Raleigh Swensrud, Melissa Frazee, Don Richard, Joe Sandoval, Shawn Bird Rattler, Jess Matt,

CALLED TO ORDER:

Chairman John Hayes called the meeting to order at 11:06 a.m. He welcomed those in attendance as well as those on the phone. The Chairman then asked for a roll call. All board members were present along with Member Sue Austin on the phone. Member Shawn Real Bird was also on the phone while driving to the meeting. Mr. Real Bird arrived at approximately 11:40 a.m. Chairman Hayes asked for any corrections or additions to the July 29, 2017 meeting. Hearing none, Member Young moved to accept the minutes with a second from Member Egbert. Motion passed.

Executive Secretary Tom Tucker went over the financials. Current cash position was \$300,000, roughly \$40,000 more than last year's balance at the November meeting. Tucker then reviewed the individual categories, pointing out the \$25,000 distribution to the simulcast network. This amount was set aside to help keep the network operational during a drop in simulcast handles. Tucker then went into the individual parts of the income stream starting with simulcasting, which has shown a 2% drop in the first three quarters of 2017 compared to 2016. Hopefully, things are starting to turn around for simulcasting. The network currently only has 5 locations. Advance Deposit Wagering has picked up the lost revenues from simulcasting as the handles for ADW continue to increase. Part of the reason for the decrease in the simulcast handle is just that, an increase in ADW. Fantasy Sports showed a slight drop in first quarter revenues compared to last year. Vice-Chairman Mahlum moved to accept the financial report, Member Egbert seconded the motion. Motion passed. Member Austin asked if we are getting paid from all the ADW sites. Tucker explained that he felt fairly confident that we are getting paid from the major players, but if any board member sees a new site pop-up on the internet, Tucker will send information to that company about being licensed in the state of Montana before taking wagers from Montana patrons. Chairman Hayes expressed the board's appreciation for Nick Alonzo and his company keeping the simulcast operations open and hoped Mr. Alonzo would continue. Tucker explained that Mr. Alonzo was looking at trying to use the tote machines to also do Fantasy Sports, which could help the bottom line but there were things to work out in regards to contracts with the tote company along with putting together an organization to handle the fantasy sports operations.

Agenda item number 4 was a review of the costs to operate the Great Falls Race Meet. Budget numbers and actual expenses were very close. The net cost to operate Great Falls in 2017 was \$10,549.18.

Chairman Hayes opened the meeting for public comment. On the phone, Russell Kingrey expressed his desire to see Historical Racing come to Montana. Chairman Hayes explained that the board was looking into it, but as now, it looks like it would take legislation to approve the board's use of Historical Racing.

Item 6 on the agenda was a discussion on the current takeout rates for Fantasy Sports and the Montana Lottery. After some discussion, Member Austin moved to have Tucker and Chairman Hayes work together with the Montana Lottery to come up with some reasonable distribution percentages. Member Egbert seconded the motion. Motion passed.

Agenda item 7 was an update on Historical Racing. Tucker told the board that the Montana Attorney General's office issued an opinion that the board DOES NOT have the authority to offer Historical Racing. If the board chooses to pursue this issue, it will need a change in legislation. The board discussed this issue and suggested to Tucker and Chairman Hayes to do more research into the interest by other gaming entities in Montana to work together to bring Historical Racing to Montana.

Item 8 was a discussion in regards to Indian Relay races. Tucker explained that under the current rules for Montana, we are unable to wager on relay races. Wild horse riding is in the statutes, but it is very specific as to what wild horse riding is and the statutes do not match with relay races. Chairman Hayes talked about the possibility of hosting such an event at Great Falls along with the races or maybe the weekend before. Member Austin mentioned the interest from some groups that had contacted her. Sparky Kottke mentioned that if Great Falls were to host an event, it would be the Great Falls Turf Club as the county did not want to be the host. Member Egbert asked questions about the condition of the track early in the summer as well as which entities hosted the event at MetraPark. Member Young thought there were some problems with payment and Chairman Hayes added that MetraPark just leased out the facility and did not co-host the event. Chairman Hayes thought there might be a way to calculate the event.

Item 9 was a discussion on jockey insurance. Both race tracks are getting information to Tucker to look into other ways to handle the jockey insurance. Jockey insurance is one of the highest expenses for the race track.

Item 10 was a discussion of recommending to the Department of Commerce to renew the management contract with IMS Consulting Group, Inc. Tucker explained his companies concerns in regards to liability issues since the agreement between the Department of Commerce and IMS Consulting Group, Inc. is a contract. The responsibilities of the Executive Secretary as defined in the rules leave open liability issues. The board was complementary to the work of IMS Consulting Group, Inc. and Tucker. Member Young offered some suggestions in regards to a future agreement. Vice-Chairman Dale Mahlum moved to inform the Department of Commerce that the board would like to extend the current contract to May 1, 2018, which would give IMS Consulting Group, Inc. time to come up with adjustments for a future agreement. Member Egbert seconded the motion. Motion passed.

Item 11 was a list of the outs tickets from the 2017 season. Tucker will review the track evaluations and let the tracks know where they need to spend the outs ticket money.

Chairman Hayes then asked for public comment. Hearing no public comment, Chairman Hayes asked the group to take a five minute break before proceeding into the 2018 date allocation portion of the meeting. Tucker then presented the date applications for 2018. Miles City requested May 13, 19, 20 and Great Falls requested July 14, 21, 22, 27, 28, 29. Discussion followed in regards to the July 14th request due to the possible conflict with Browning. The Great Falls organization will look into it and get back to the board. Great Falls is working on a possible Futurity and would like to have a 3 week stretch. Member Young discussed changes to the Wyoming horse racing dates and possible conflicts with Montana dates. Member Real Bird commented that he felt this conflict would not be a problem for the Montana dates. The toughest discussion is in regards to the money distributions. Member Real Bird asked Miles City Director of Racing Don Richard if they could run an extra day or an extra weekend for trials. Mr. Richard replied that the money was just not available to cover the additional expenses. The board has a total of \$145,000 (\$20,000 more than 2017) to distribute to the tracks. After a lengthy discussion, Member Sue Austin moved to give Great Falls \$96,000 and Miles City \$49,000 for the 2018 racing season. Member Susie Egbert seconded the motion. Motion passed.

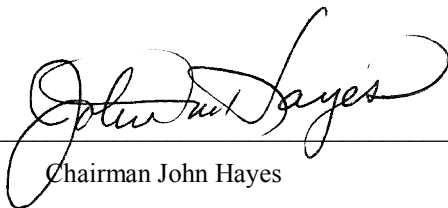
Nothing was offered under old business.

Under new business, Member Ralph Young discussed what is happening in other jurisdictions in regards to "hair testing" on race horses. Some jurisdictions are moving towards using the "hair testing" samples to better detect the use of drugs on horses leading up to race time. Member Young stated that organizations may start requiring the "hair testing" methods in the future. It was decided the board of horse racing should add this to their rule book.

Member Shawn Real Bird talked more on the Indian Relays and what his organization is doing to promote this industry. Member Real Bird felt it would be helpful if they could wager on the relay races. Member Austin felt it would be an added bonus to be able to put the relay races on during the live race meeting. Relay racing is catching on around the country and it could benefit the Montana tracks it promoted along with their race meets.

No public comment followed. It was decided to set the next board meeting which will be a conference call for Wednesday, February 21, 2018 at 10:00 a.m. It was moved and seconded to adjourn the meeting. Meeting adjourned at 1:05 p.m.

The board took a 20 minute lunch break before hearing a contested case by Owner/Trainer Jess Matt. The board rule to keep the stewards ruling in place in regards to race 9 on July 29, 2017 at the Great Falls Race Meet.


Chairman John Hayes

February 21, 2018

Date

