



MONTANA BOARD OF HORSE RACING

Minutes of Board Meeting: CONFERENCE CALL – February 21, 2017 – 10 a.m.
Conference Call

MEMBERS ON PHONE:

Chairman: John Hayes, Great Falls
Member: Sue Austin, Kalispell
Member: Shawn Real Bird, Hardin
Member: Ralph Young, Columbus
Executive Secretary: Tom Tucker, Corvallis

MEMBERS ABSENT:

Susan Egbert, Helena
Vice Chairman: Dale Mahlum, Missoula

PUBLIC ON PHONE:

Raleigh Swensrud, Ron Reed, Whitey Kaul, John Iverson, Taylor Alonzo, Nick Alonzo, Sparky Kottke, Diane Kottke, Russell Kingrey, Frank Marcie.

CALLED TO ORDER:

Chairman John Hayes called the meeting to order at 10:05 a.m. He welcomed those on the call and asked for roll call. All board members were present except for Vice Chairman Dale Mahlum, Missoula and Susan Egbert, Helena. Also noted was Susan Egbert's proxy vote on agenda items the board was scheduled to vote on. Hearing no corrections or additions to the November 8, 2017 meeting in Helena, Member Austin moved to approve the minutes as mailed, Member Real Bird seconded the motion, Motion passed.

The financial report presented by Executive Secretary Tucker consisted of a look at the current income and expenses along with a breakdown of simulcasting, advance deposit wagering and fantasy sports. Current cash position in the bank was noted at \$365,000 with distributions to the tracks coming in the spring and summer. Comparing revenues of 2016 to 2017: simulcasting up 9.4%, ADW up 88%, and Fantasy Sports down 1%. After the presentation, Member Austin moved to approve the financials and Member Young seconded the motion. Motion passed.

Chairman Hayes asked for any public comment. None being, the board moved onto the change in percentages for the Montana Lottery-Fantasy Sports agreement. Members generally supported the changes to the distributions and hoped the Montana Lottery would continue improving on their past successes. Member Real Bird moved to change distribution numbers of handle to: 5% to retailer, 8% to Montana Lottery, 14% to Montana Board of Horse Racing. Second was accepted. Motion passed.

Hair testing is something many jurisdictions are implementing. Member Young described what the AQHA and the lab at U.C. Davis were doing in regards to hair sample testing. Tucker mentioned some concerns from Dr. Manzer, Montana's state veterinarian, but the overall feeling was that the board should get something in the rules regarding hair sample testing. Tucker will put together some rules for the July meeting and it can then be reviewed for November.

A report on the Big Sky Select Breeder's Sale shows 14 Quarter Horses and 16 Thoroughbreds. State Fair Race Meet is hoping to get 2 and 3 trials respectively for their opening day of racing in July. Member Real Bird expressed his support for this venture and that in the future, the board may want to help with sponsorship.

Agenda item 8 was talk about the current simulcast network providing fantasy sports on their tote terminals. Montana Simulcast Racing LLC is trying to put together a fantasy sports program for their simulcast sites. Higher than expected costs along with additional equipment and development of software to promote the league have been some of the hurdles to overcome. They hope to introduce something in the fall. MSRLLC wants a multi-year contract, similar in length to the Montana Lottery to help spread out start-up costs. Tucker is working with the company in regards to that contract. Board members questioned Taylor Alonzo and Nick Alonzo. Member Young asked if different sports than what the lottery is doing are possible. Taylor answered yes. It was moved and seconded to enter into a multi-year contract with MSRLLC to provide fantasy sports at their simulcast sites (currently 6 in the state). Tucker and Chairman Hayes will finalize the agreement. Motion passed.

Virtual Racing is computer generated images on a tv screen with horse or greyhound racing based on historical race information. It's almost a cross between historical racing and simulcasting. The potential is for horse or greyhound racing action combined with a large reduction in costs due to no signal fees and decoder charges. Virtual Racing is new to the United States but the current Montana simulcast network is interested in its potential. This would most likely require new legislation.

In public comment, White Kaul asked the board to support historical horse racing for Montana. He said - "All you have to do is look at what it is doing for Wyoming". A general discussion then took place in regards to ideas Montana could use to get this type of wagering into Montana. The Montana Attorney General gave his opinion that it is illegal in Montana. The board continued into item 11. Exact Systems, a company that provides historical racing had written a letter to the board in regards to providing historical racing in the state. After discussion, it was moved and seconded to continue to look at bringing historical racing to Montana, possibly through legislation. Tucker will put together some numbers and examples of how historical racing might be implemented in the state. It will be on the agenda in July to review and maybe hold a hearing if the board decides to do that. Motion carried.

Item 12 was approval by the board of the summer short-term workers. Ron Reed, Raleigh Swensrud, Chet Monson were approved as Stewards. Roger Jenson and David Stukey were approved as State Security and Licensing Clerk. Dr. Kelly Manzer's contract was approved for 2018. With the board's current financial situation looking more positive, the board approved to reinstate payment for the per-diem for summer short-term officials.

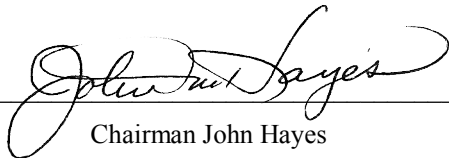
Item 13 was approval of the IMS Consulting Group contract to provide management for the board of horse racing. The Department of Commerce hires the Executive Secretary with the approval of the board. The board expressed their desire to continue to work with IMS Consulting Group, Inc. and Tom Tucker. Executive Secretary Tucker will pass that along to the Department of Commerce.

No old business. No public comment.

Member Young asked how Great Falls will do with the extra weekend. Member Austin was concerned about the Sunday that Great Falls starts up and conflicting with the racing in Browning. Sparky Kottke said they have been in touch with the people in Browning and felt confident Browning's activities would be done by Saturday, the day before. Member Austin also asked about relay racing and the possibilities of having them at the horse races. Chairman Hayes said they had talked with the group that provides relay racing and they couldn't match up the days which would work for both groups.

Chairman Hayes went on to explain the situation with the grandstands in Great Falls. They will have to make adjustments as the grandstand will no longer be able to be used in the same capacity. The Great Falls Turf Club is involved in the discussions of how best to handle these changes in 2018. It's not ideal, but the club is working hard to keep the facility as horse racing friendly as possible.

It was moved by Member Austin to adjourn at 11:52 a.m. Seconded by Member Real Bird. Motion passed.


Chairman John Hayes

July 28, 2018

Date

