

June 10, 2026

Montana Board of Horseracing
C/O Executive Secretary Gary Koeplin
[Sent Via Email to gary.koeplin@mt.gov]

RE: Legal Advice regarding the Great Falls Turf Club Inc. and Contract #25-78-MBOHR-01 including amendments A through B; Legal advice regarding BHS, Inc and Contract #25-78-MBOHR-01

Dear Montana Board of Horseracing:

On January 3, 2025, the MBOHR entered a contract with the Great Falls Turf Club Inc. (Turf Club) to provide \$47,500 for capital improvements and operations of the racetrack in Great Falls. On April 23, 2025, the contract was amended. The Turf Club was awarded an additional \$60,000 solely for purse distributions related to the 2025 Great Falls race meets.

On December 2, 2025, the contract was amended again. The Turf Club was awarded an additional \$40,000 for operations and capital improvements. These funds were distributed to the Turf Club. An additional \$60,000 was authorized for purse distributions for the 2026 races. Because the Turf Club canceled the 2026 races, the club is not entitled to any of those funds under the contract.

The Turf Club was required to submit reports that include an itemized list of all contractor's names and addresses paid for purchases, rentals, and services and corresponding receipts or proof of payment for each. That report was due within 60 days of completing the scope of work. The Turf Club failed to submit the itemized reports required by the contracts for the \$147,500 which was distributed to them, including \$87,500 for operations and capital improvements and \$60,000 for the 2025 race meet purses.

The Turf Club has asked for additional funds from the MBOHR to pay outstanding bills. The Commerce legal bureau conferred on this matter and it is our opinion that the MBOH is NOT authorized to distribute any additional funds to the Turf Club under the contract.

In a related matter, the contract with BHS, Inc. for Miles City race meets also requires it to submit a report that includes an itemized list of all contractor's names and addresses paid for purchases, rentals, and services and corresponding receipts or proof of payment for each. That report is also due within 60 days of completing the scope of work.

Commerce legal team recommends that the MBOH convene a public meeting to address contract requirements which have not been met and take further action to ensure that the MBOHR meets its duty to verify that funds were actually spent only on the items required by the contracts.

Agenda items for the public meeting should include the following legal recommendations:

1. A letter should be sent to the Turf Club requiring submission of the itemized reports required by the contract within a specific period of time. The letter should warn the Turf Club that the MBOHR has the right to seek reimbursement of any funds that were not distributed according to the specific terms of the contract. If the Turf Club is unable to produce the report which includes receipts and proof of payment for each expenditure to explain how the grants were actually spent, we will recommend that the MBOHR seek reimbursement of funds.
2. The Turf Club's request for additional funds should be denied as stated above.
3. The Contract should be terminated because the 2026 race meets were canceled and no further funds can be distributed.
4. Discuss whether BHS, Inc. has submitted itemized reports required by its contract for Miles City race meets. If it has not, then a letter should be sent to BHS, Inc. requiring submission of those reports within a specific period of time.

Members of the Commerce legal team will be available during the public meeting to offer advice regarding the agenda items. Thank you for your consideration.

Sincerely,



April Armstrong

Attorney

Montana Department of Commerce

Cc: Mandy Rambo, Deputy Director, Montana Department of Commerce
Brenda Elias, Chief Legal Counsel