



MONTANA BOARD OF HORSE RACING

Minutes of Board Meeting: ZOOM CALL

Monday - August 31, 2020 – 10:00 a.m.

MEMBERS ON ZOOM CALL:

Chairman: John Hayes, Great Falls
Member: Ralph Young, Columbus
Member: Gary Koepplin, Florence
Member: Barry Stang, Helena
Member: Jody Smith, Miles City
Executive Secretary: Tom Tucker, Corvallis

MEMBERS ABSENT:

Member: Shawn Real Bird, Hardin
Vice Chairman: Dale Mahlum, Missoula

PUBLIC ON PHONE:

John Iverson, Angela Nunn, Neil Peterson, Ronda Wiggers, Justin McPherson, Tim Yelton, Jessica Blumberg, David Stuke, Dr. Kelly Manzer, Robert Tooke

CALLED TO ORDER:

Chairman John Hayes called the meeting to order at 10:00 a.m. He welcomed all those on the zoom call. The Chairman then asked for a roll call. All board members were on the call except Vice-Chairman Dale Mahlum and Member Shawn Real Bird. Gary Koepplin moved to accept the minutes from the April 28, 2020 conference call and Ralph Young seconded the motion. Motion passed.

Executive Secretary Tom Tucker reviewed the financials. The cash position of the board is \$650,000. In a breakdown of the individual revenues, Fantasy Sports income was down about 2.5% over the previous year. The simulcasting network closed on December 31, 2019, and therefore, there wasn't any simulcast numbers to report. Advance Deposit wagering showed an increase of over 100% over the previous year-to-date due to the fact that the simulcasting network was closed as well as Covid-19 has kept many people from going out of the house. The board of horse racing is also debt free. After little discussion Member Koepplin moved to accept the financials with Member Smith seconding the motion. Motion passed.

Chairman Hayes asked for public comment. None was heard so he moved on to item #5, update on the historical horse racing legislation work. Tucker explained his presentation before the Economic Affairs Interim Committee on July 1. At the July meeting the proposed legislation was opposed by Montana Tavern Association, Gaming Industry Association of Montana and Montana Coin Machine Operators Association. The three organizations stressed to the EAIC the problems with introducing and combining the historical horse racing machines with the current gambling industry in Montana. After some discussion, the EAIC told Tucker to work with staff attorney, Jameson Walker to get some proposed legislation so the committee members would have a better understanding of what historical horse racing would do. This proposed legislation will be reviewed by the EAIC at their September 10 meeting. Neil Peterson then addressed the board and pointed out issues and problems with HHR's (historical horse racing machines) and the current gambling climate in Montana. He also addressed some of the issues they have seen in Wyoming as well. Following Mr. Peterson was John Iverson representing Tavern Owners and Ronda Wiggers with Coin Operators. They stressed many of the same issues concerning the HHR's along with gaming payout limits and wagering limits. The progressive nature of HHR's was also an issue. All three members of the gaming industry stressed the fact they would like to see horse racing continue and would support another mechanism of funding, such as sports wagering.

Administrator Angela Nunn was on the zoom call and made the board aware she was there for any questions but couldn't really comment on anything until the actual legislation has been written.

The board then discussed the HHR's and moving forward. Member Koepplin noted that with these three organizations opposing this legislative proposal, maybe the board should look elsewhere for additional funding. Member Stang thought it would be a hard sell to the legislature. Chairman Hayes felt we should always keep our options open to all funding possibilities. Member Young stated he joined the board to save the industry and HHR's have done just that in other states. He wants to see the legislation put down and address this issue more after the September 10 EAIC hearing. Member Smith asked if there was any way to reconfigure these HHR machines to remove some of the concerns brought up today by the three organizations against HHR's. Tucker stated he would look into it, but felt the parimutuel portion as well as the higher payouts is what makes HHR's attractive. Member Koepplin stated it's important to be realistic and try to get some legislation passed that will help fund the industry. Mr. Peterson added that the current sports wagering in Montana has not been successful and the board has the opportunity to get involved in some new legislation. After some more discussion, Member Koepplin moved to have Executive Secretary Tucker talk more with the three groups represented here today and see if there are issues that can be resolved regarding

the HHR machines and work with the EAIC's staff attorney to put on paper the basics of this legislation. The board would then meet after the September 10 meeting to discuss what to do next. Member Stang seconded the motion. Member Young added it was his opinion to continue on with the HHR legislation as the board currently doesn't have any other options, just some ideas. Member Smith agreed. Motion passed.

Agenda item 6a was a discussion on sports wagering. It was discussed earlier but Tucker told the board he would keep in contact with the Montana Coin Machine Operators regarding the legislation they are working on for the 2021 legislature.

Agenda item 6b was a discussion on changing a statute dealing with setting aside 10 percent of advance deposit wagering revenues for the Montana Owner and Breeder bonus program. Without simulcasting, the board needs the flexibility to distribute funds in an equitable way, but statute 23-4-302 (c) forces the board to set aside a certain amount for the fund. After discussion, Member Young moved to change the wording in the statute from 'must' to 'may' and give the board some flexibility. Member Koeplin seconded the motion. Motion passed.

Agenda item 7 Chairman John Hayes gave the board a quick update on the status of reopening the simulcast network. The Great Falls Turf Club was looking at doing just that before Covid-19 hit the country. Everything has been put on hold until the economy gets back closer to normal. In March of this year, the Great Falls Turf Club had secured contracts and had three locations around the state lined up before the virus took over. Chairman Hayes said even if things get back to normal, running the simulcasting network would be a tough issue and the bottom line would have to be watched extremely close as the only simulcasting site to make money was Katie O'Keefes in Missoula.

The next meeting will be set of sometime in September, after the September 10th, EAIC meeting.

It was moved to adjourn the meeting. Meeting adjourned at 11:25 a.m.

Chairman John Hayes

Date

