



MONTANA BOARD OF HORSE RACING

Minutes of Board Meeting: ZOOM CALL

Tuesday - November 10, 2020 – 10:00 a.m.

MEMBERS ON ZOOM CALL:

Chairman: John Hayes, Great Falls
Vice Chairman: Dale Mahlum, Missoula
Member: Gary Koepplin, Florence
Member: Shawn Real Bird, Hardin
Executive Secretary: Tom Tucker, Corvallis

Member: Jody Smith, Miles City
Member: Barry Stang, Helena
Member: Ralph Young, Columbus

MEMBERS ABSENT:

None

PUBLIC ON PHONE:

John Iverson, Angela Nunn, Neil Peterson, Ronda Wiggers, Dan Fuchs, Cindy Johnson, Jessica Blumberg, Dr. Kelly Manzer, Robert Tooke, Scott Powell, Sparky Kottke, Diane Kottke, Jeff Franklin, Don Richard, David Stukey, Raleigh Swensrud, Beth Deganhart

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 zoom call. Minutes from the August 31 and September 24 zoom meetings were reviewed. Member Young moved to accept the minutes. Member Koepplin seconded the motion. Motion passed.

Executive Secretary Tucker then reviewed the financials. Advance Deposit Wagering has shown a major improvement this summer due to the lack of a simulcasting network and Covid-19. Fantasy Sports is down close to 60% but most of that is due to no sports to wager on. License sales have been relatively the same. The overall financial picture for the board is good. With \$750,000 in the bank, the board has retired all their debt and is preparing for a good 2021 racing season. Member Young asked the question about how we track ADW money. Tucker explained how his office currently tracks wagers. Member Koepplin moved to accept the financial report with Member Mahlum seconding the motion. Motion passed.

Agenda item number 3 was a short discussion on historical horse racing legislation. In September, the Economic Affairs Interim Committee voted 5 to 5 for a motion to move the board's historical horse racing legislation on to the legislature. A 5 to 5 vote defeats the motion. Dan Fuchs mentioned that he has a senator from Miles City - Kenneth Bogner who will carry the HHR bill for the Montana horsemen's organization. Nothing has specifically changed with the legislation but Mr. Fuchs mentioned they do have meetings setup with the new administration to discuss it. They are working on some items and hope to be close to a final draft in mid-December. A discussion followed with comments and questions from Member Koepplin and Member Young. Mr. Fuchs hopes with the new Attorney General and new administration, they will be open to the idea of historical horse racing machines. A question was asked by Cindy Johnson about the latest ruling concerning sports wagering and the need for a liquor license. Will that help in the efforts to pass HHR legislation? John Iverson from Montana Tavern Association answered that the ruling wouldn't have any effect. Mr. Iverson went on to explain the Tavern Association still opposes historical horse racing machines.

Ronda Wiggers from Montana Coin Machine Operators then discussed the sports wagering bill they are bringing before the legislature. It hasn't changed from our previous meeting. Senator Blasdel has indicated he would be interested in carrying the legislation. Wiggers stated they have received positive feedback from other legislators and as a point of emphasis, it is in their legislation that you must have a liquor and gaming license to participate in the sports wagering.

After the discussion of both legislative items: historical horse racing and the coin operator's sports wagering, Executive Secretary Tucker addressed the board. He informed the board that the legal counsel for the Department of Commerce (which is also the board's legal counsel) has advised Tucker that the board cannot take formal action on the two legislative proposals until the new administration takes over and an indication of support comes from the governor's office regarding legislation the board of horse racing may be interested in. With that said, Tucker then outlined some pros and cons of both legislative proposals. On a positive note, both legislative items direct some of the proceeds to be used by the board for support of live horse racing. HHR's have been successful in other states, but none like Montana, where gaming is so entrenched. All three of the top gaming vendors in the state oppose the introduction of historical horse racing machines along with the Tavern Association and the Montana Gaming Industry Association. Tucker mentioned that the board needs to keep in mind that back in the 1980's, not working with the gaming industry in Montana turned out to be a disaster for horse racing. Also, many tavern owners sponsor horse racing and are huge supporters of the industry in Montana. There is concern that the funding from either bill could be pulled away at the last minute and the board could be left out in the cold. Tucker told the board that in a month or so and depending on the feedback from the new administration, the board will most likely have to revisit the question of support on these two legislative bills.

Under public comment, Neil Peterson with Montana Gaming Industry Association told the board that sports betting is an area of untapped potential. The current Montana sports wagering game is questionable when it comes to whether they are even making money. He stated the Montana Gaming Industry is still opposed to historical horse racing machines. He encouraged the board of horse racing to get behind the sports wagering bill, which in his words, has a lot of support around the state.

Member Young stated he is concerned about the chances of board money being stripped from the bill. Mr. Peterson responded there wasn't any guarantees the money from HHR's will make it to the board of horse racing. Member Koepplin questioned what the board's next step was. Tucker told the board that a meeting may be needed once we hear from the Governor's office in terms of these legislative bills.

Agenda #5 Tucker told the board we need to find legislators to carry a bill to help change the way owner and breeder money is calculated from the funds collected from advance deposit wagering. Tucker will work with Chairman Hayes.

Item #6. It was moved by Member Koepplin and seconded by Member Young to return the \$350 licensing fee from 2020 to the two race tracks since both race meets were cancelled due to Covid-19. Motion passed.

Item #7. In election of officers, Chairman John Hayes was re-elected Chairman for another year unanimously. Vice-Chairman Dale Mahlum was re-elected Vice-Chairman for another year unanimously. Tucker mentioned that the terms of Chairman Hayes and Member Jody Smith are up on January 1, 2021 and both will need to re-apply with the new administration. Other members terms are up on January 1, 2022

Item #8 was discussion of extending the IMS Consulting Group management contract to May 1 so Tucker can help get the board through the legislative process. Tucker said after the 2021 legislature, he will meet with the Department of Commerce to discuss future management of the board of horse racing. Member Koepplin moved to ask the Department of Commerce to extend the IMS management contract through to May 1, 2021. Member Stang seconded the motion. Member Real Bird suggested an amendment to allow flexibility in extending the contract beyond the May 1 deadline. After some discussion, it was decided to leave the motion as moved. Motion passed.

Public comment included an introduction of Beth Deganhart, President of the newly formed Billings Turf Club. Ms. Deganhart told the board they are working on ways to bring racing back to the Billings area. Ms. Deganhart answered a couple of questions from the board regarding the turf club's progress and hopes for the future.

The board of horse racing adjourned at 11:10 AM and went directly into allocation of race dates for the 2021 horse racing season in Montana.

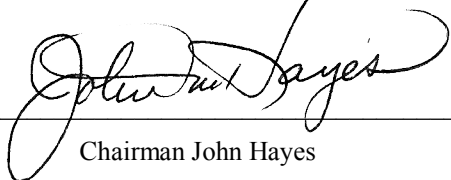
Tucker then went through the date applications from the Great Falls Turf Club and the Miles City Bucking Horse Sale Race Meet group. Both organizations completed their applications on time and complete. Don Richard from Miles City discussed their application and the reason for them applying for Saturday - May 1. The BHS group is currently working on securing the ability to simulcast the Kentucky Derby. If that falls through, it's possible they won't open on May 1, so their application is provisional in that sense. They would like to run a full card of races on Saturday, May 1 along with the Churchill Downs full card, giving everyone plenty to wager on as well as an extra week for the trial horses to come back for the finals. Member Young mentioned that Gillette will be racing at that time. *(It has been confirmed Gillette will open on May 22 and therefore not conflict with the racing in Miles City).*

Member Real Bird asked about the improvements in Miles City and Great Falls. Both Sparky Kottke and Robert Tooke talked about the improvements they are making to their respective tracks. In Great Falls, barns are being repainted, the rodeo barn has a new roof, outside fencing is being replaced, work on new water line, jockeys room improvements to shower area as well as other areas. In Miles City, they have purchased a new float for the track, working on inside rail improvements, replaced their paddock a few years back, picking rocks off the track, hoping to purchase a rock picker, adding an event center to the grounds, expanding the stewards stand and improvements to the beer garden area. Mr. Kottke also added they have plenty of other needs in Great Falls: new shaker harrow, tires for the harrows, horse ambulance repair and more.

Both race track organizations stressed the amount of time and money they are putting back into their facilities with the hopes the board could distribute a little more funds. Member Jody Smith asked why there is a difference in money to the tracks (2020: Great Falls-\$100,000 while Miles City-\$50,000). Three main reasons: (1) Number of raced days, (2) Purses paid (not including horsemen money) and (3) Handle at the track. After some more discussion, Member Koepplin moved to distribution \$110,000 to Great Falls, \$65,000 to Miles City and set aside \$5,000 for each track to draw upon for equipment or other facility improvements. Member Young seconded the motion. Motion passed.

2021 Race Dates: Miles City: May 1, 9, 15, 16. Great Falls: July 24, 25, 30, 31, August 1.

Meeting adjourned at 11:59 AM


Chairman John Hayes

February 15, 2021

Date

