



## MONTANA BOARD OF HORSE RACING

Minutes of Board Meeting: CONFERENCE CALL – February 17, 2016 – 2 p.m.  
Conference Call

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### MEMBERS ON PHONE:

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

### MEMBERS ABSENT

None

### PUBLIC ON PHONE:

Sparky Kottke, Diane Kottke

### CALLED TO ORDER:

Chairman John Hayes called the meeting to order at 2:10 p.m. He welcomed those that had taken the time to call in. Chairman Hayes asked for roll call and all board members were present on the phone. Also on the phone were Sparky and Diane Kottke from the Great Falls Turf Club. Chairman Hayes asked for any corrections or additions to the November 5, 2015 meeting minutes in Helena. Ralph Young moved to accept the minutes and Sue Austin seconded the motion. Motion passed.

First item on the agenda was the financial review and update. Tucker gave a breakdown of the cash position currently held by the board of horse racing at \$339,277.00. He then went through the financial comparison report for periods July 1 to current date. A drop in revenues from ADW as well as Fantasy Sports was explained and discussed. A raise in breeder and owner bonus expense was pointed out. In general, the report showed an approximate decline in revenues of \$10,000 which can easily be erased in the remaining 4½ months. Member Sue Egbert moved to accept the financials and Member Sue Austin seconded the motion. Motion passed.

Tucker went on to review the detail of the three areas of revenue for the board of horse racing. Simulcasting showed some improvement starting in the 3<sup>rd</sup> quarter of 2015. Both Tucker and Nick Alonzo, owner of the Montana Simulcast Racing LLC are hopeful the trend will continue. Advance Deposit Wagering has seen a slight drop due to the closure of Social Gaming and the 32+ terminals providing wagering around the state. The board should see a decrease in revenues from Social Gaming of approximately \$15,000. Hopefully other ADW's will increase their handles this year to pick up some of the lost funds. Fantasy Sports and the Montana Lottery have changed their method and timing of licensing and therefore, the current revenue figures do not reflect all locations that will be licensed this year. Comparing numbers from the previous year, Montana Lottery believes this year should be fairly similar to the previous year.

No public comment was produced under agenda item number 4.

Chairman John Hayes asked Tucker about the Montana GIA meeting he attended last week and their discussion on Fantasy Sports. Tucker stated that the talk was mainly on how the other states have now taken the national fantasy sports companies to court and have declared the game illegal. Nothing specific was talked about in regards to the Montana Fantasy Sports games. Member Austin asked how other states handled fantasy sports. Tucker replied that currently only 4 states have fantasy sports on their books and he was not aware of any state actually trying to do something similar to Montana in regards to pari-mutuel fantasy sports. Nevada does have some new fantasy games coming on line and the board should look at those examples.

Agenda item number 5 was an update on Fantasy Sports. Tucker met with the Montana Lottery and Intralot the day before in Helena. Intralot had another fantasy game to introduce and presented it to Tucker and the Montana Lottery staff. Though the game had some interesting possibilities, Tucker stated that it still wasn't what he had in mind when it came to fantasy sports. Tucker and Director Angela Wong requested pricing from Intralot to implement the game and will wait to receive those numbers before making a decision. Wong will also have their legal people start work on a new agreement with the board to conduct Fantasy Sports.

Agenda item number 6 was an update on the ADW meetings with Gambling Control. With the passage of new legislation in 2015, illegal ADW gambling activity also falls under the gambling statutes in Montana as well as the Montana Board of Horse Racing statutes. In a meeting with Gambling Control and the Montana Attorney General's office, a discussion took place on how to move forward in regards to companies that are currently taking wagers out of Montana illegally. The Montana AG will review and proceed as it deems necessary.

Item number 7 on the agenda was a quick discussion of the current appointments to the board of horse racing. All members whose terms are up have asked to be reappointed. Vice-Chairman Dale Mahlum has contacted the appointment secretary for Governor Bullock's office and has confirmed that all members will be reappointed and that a backlog of appointments has slowed the process.

Tucker then discussed the breeders and owners bonus awards for 2015. With an increase in ADW money, the breeders and owners bonus money also increased. For 2015, the Montana Board of Horse racing distributed \$6,956.91 in Montana breeder bonuses and \$6,956.91 in Montana owner bonuses. That is a total of \$13,913.82 in bonus money. Compared to 2013 when the board distributed \$2,765.80 for each category or a total of \$5,531.60 shows an increase of nearly 200% in two years. Tucker stated that if the ADW money continues to grow, which it should, bonus money for Montana bred and Montana owned horses should increase.

Under old business, Member Egbert asked Chairman Hayes about jockey insurance for 2016. Chairman Hayes stated they were able to get the policy reduced approximately 20%, but the insurance costs are still extremely high. Great Falls and Miles City continue to look for a lower rate. Tucker mentioned he has discussed this problem with AQHA Director of Racing but found nothing to report. Tucker also mentioned that he had some other people to contact to see if there were any suggestions that might be considered when dealing with jockey insurance. Chairman Hayes said that every jurisdiction is different and when you throw in the option of workers compensation policies, it gets crazier.

Member Egbert then asked if Tucker and the tracks had come up with some solutions to the security issues mentioned at the previous meeting. Tucker said he made some suggestions to Great Falls, but the bottom line is that Montana has two different race tracks with facility differences that don't allow for a single solution. Tucker will work with the stewards to try to address these issues for the 2016 summer meets.

Under new business, Vice-Chairman Mahlum thanked Tucker for the work being done with the board and its finances. Tucker responded that everyone involved has worked hard to keep things moving forward, from the board members and their contributions in time and finances to officials, race tracks and their organizations. Vice-Chairman Mahlum asked about the status of Billings. Tucker felt that until there was a group willing to put in the time to meet with county and MetraPark officials, the issue of racing in Billings was a non-issue. Chairman Hayes asked if anyone has heard additional information on the Crow Nation race meeting schedule for June of 2016. Tucker stated he had not heard anything more on the race meeting. Member Young understood Crow Nation was attempting to get approval from the AQHA in regards to their quarter horse racing. Member Young also mentioned that the current AQHA Director of Racing, Trey Buck was being replaced and his replacement was to be named in the next few weeks.

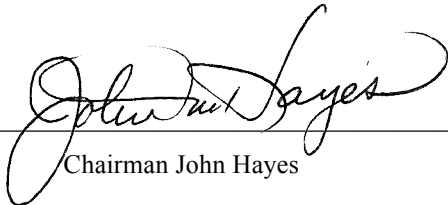
Member Austin discussed the issues of the HIV outbreak at Sunland Park and Turf Paradise. She stated Montana needed to be aware of this and any horsemen and horses coming to Montana this summer should be looked at in terms of where they have arrived from. Member Austin was hoping the quarantine at Turf Paradise would be lifted in the next few days, but the issue has been a serious one.

Member Young mentioned that many of the racing jurisdictions are taking steps to ban Clenbuterol and should Montana take any steps along this line. Member Austin mentioned that only Bute and Lasix are allowed in Montana. Tucker also stated the same and that Montana is probably one of the few jurisdictions that allow only Bute and Lasix.

Next agenda item was public comment. Diane Kottke complimented Tom Tucker on receiving the Cowboy and Cowgirl Heritage Award from the Montana Pro Rodeo Hall and Wall of Fame Organization last week. Members of the board added their compliments as well.

The last item on the agenda was setting the meeting for July. Vice-Chairman Mahlum moved to have the meeting in Great Falls on Saturday, July 30<sup>th</sup> at 10:00 a.m. Member Egbert seconded the motion. Motion passed.

Chairman Hayes asked for any more business. Vice-Chairman Mahlum moved to adjourn the meeting and Member Egbert seconded the motion. Motion passed. Meeting adjourned at 3:20 p.m.

  
Chairman John Hayes

July 30, 2016

Date

