



MONTANA BOARD OF HORSE RACING

Minutes of Board Meeting: CONFERENCE CALL – February 12, 2019 – 10 a.m.
Conference Call

MEMBERS ON PHONE:

Chairman: John Hayes, Great Falls
District 1: Jody Smith, Miles City
District 2: Shawn Real Bird, Hardin
District 4: Barry Stang, Helena
District 5: Gary Koepplin, Florence
Racing Industry: Ralph Young, Columbus
Executive Secretary: Tom Tucker, Corvallis

MEMBERS ABSENT:

Vice Chairman: Dale Mahlum, Missoula

PUBLIC ON PHONE:

Raleigh Swensrud, Chet Monson, Dan Fuchs, Earl Sallee, Sparky Kottke, Diane Kottke, Taylor Alonzo, Nick Alonzo, John Iverson, Neil Peterson, Garrett Norcott and 3 other people that did not announce their names.

CALLED TO ORDER:

Chairman John Hayes called the meeting to order at 10:03 a.m. He welcomed those on the phone. The Chairman then asked for a roll call. All board members were present except for Vice Chairman Dale Mahlum, excused to attend a funeral. Chairman Hayes asked for any corrections or additions to the November 7, 2018 meeting. Hearing none, Member Young moved to accept the minutes with a second from Member Koepplin. Motion passed.

Executive Secretary Tom Tucker quickly went over the financials. Current cash position was \$412,000, roughly \$47,000 more than last year's balance at the February conference call. Tucker then reviewed the individual budget categories. Most items on the year-to-year comparison were similar to the previous year. Montana Lottery showed a drop in sales but with the changes in percentages of take-out, this should not affect the board's bottom line. Tucker then went into the individual parts of the income stream, first with simulcasting, which showed a 13.9% increase in 2018 over 2017. Advance Deposit wagering dropped 7%. Tucker pointed out that ADW & simulcasting seem to work opposite of each other, when one's up, the other seems to drop off. Fantasy Sports through Montana Lottery continues to be very consistent, delivering roughly \$55,000 worth of revenues to the board on a yearly basis. Tucker also mentioned how the Montana Lottery is redesigning the Fantasy Sports displays and it should add some excitement to the games. Member Koepplin moved to accept the financial report, the motion was seconded by Member Young. Motion passed. In conjunction with the financial report, Tucker mentioned that both Great Falls and Miles City are purchasing equipment for their race meeting and financial assistance would be appreciated. After a short discussion, Member Young moved to give each track \$2,500 for equipment upgrades or purchases once the track sends in a receipt of the equipment. Member Koepplin seconded the motion. Motion passed. Tucker then reviewed the debt owed to the Department of Administration. Only two payments remain and he asked the board for a motion to make a payment in May and then if everything went well through the summer, the last payment in November or December. Member Koepplin moved to make two payments in 2019 if Tucker thinks the finances show a solid cash position. Member Smith seconded the motion. Motion passed.

Under public comment, Sparky Kottke mentioned the Great Falls Turf Club was thinking about a second shaker harrow but had put that on the back burner because of other expenses for 2019. Now, this money could help them get this second shaker harrow.

Item number 5 was discussion on a method for calling into the board's conference calls. This item was tabled for the July meeting

Agenda item 6 was discussion on plaques and invitations for previous board members Sue Austin & Susie Egbert. After discussion, Member Stang moved to get plaques and pay for the rooms for the past board members to attend the races in Great Falls July 26 & 27. Member Koepplin seconded the motion. Motion passed.

Agenda item 7 was a discussion on the historical racing legislation. MBOHR's attorney Garrett Norcott explained to the board his take on the resolutions and that he didn't feel they were needed due to concerns regarding any legislation that might change and cause the board problems with the resolutions. Other members voiced their concerns. Dan Fuchs explained that the board could put in a disclaimer about the resolutions if they felt it was needed. It was also mentioned that the historical racing bill (SB183) could change at any time. The intent of the bill was to give the board a two-year window to develop a plan to implement HHR's and then come back to the legislature in 2021. Another concern voiced by members was the people viewed this as implementing the plan before a review by the legislature. It was suggested that the board suggest an amendment to require the board of horse racing to get final approval by the 2021 legislature to start using HHR machines.

Tucker then mentioned that the numbers are very tight when budgeting for the HHR machines and a lot of work is needed to see if they will be successful in Montana. But, that is the reason for the SB183, to see what kind of plan can be put together. Member Koeplin voiced his concerns that it is somewhat vague and more detail in the legislation would be good. He also stated concern for opposition from other groups. Other members expressed concern about the need to add something to make everyone feel at ease with the requirement that the board has to come back to the 2021 legislature.

Attorney Norcott again advised the board that it was their duty to collect this information and make informed decisions. The board could take one of three possible positions: for, against or neutral. Chairman Hayes had a concern that we are going to be asking people to accept these machines into their business, when at the same time, the business is opposing them. Dan Fuchs added he has talk to a number of tavern owners that are interested in what the machines can do for their business. Executive Director for Montana Tavern Owners Association, John Iverson stated they have taken multiple votes on support/against the historical racing machines. The latest one in January of 2019 re-affirmed that the tavern association is against these machines.

Neil Peterson with GIA stated his organization is also against these machines. His members know exactly how these machines work.

Member Koeplin supports the HHR but would like to see more information on how they will fit into the gaming industry. Member Stang stated that he was a little perplexed on how people can come out against the machines when they haven't seen any type of plan to implement them. Member Stang also stated that it's important for the board to let this bill run its course so the board can see what people disagree with. Member Young supported that stance and that the board needs to start somewhere to generate more revenues. If amendments are needed, then let's do that but we need to get ready for the 2021 legislature.

Member Young moved that the board be a proponent for SB183. Member Stang seconded the motion. An amendment was then offered to suggest to the committee that an amendment be added to require the board to come back to the legislature in 2021. The amendment passed. Member Stang called for the question on the original motion. Motion passed.

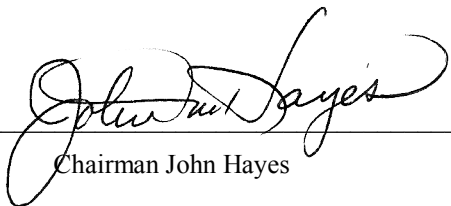
The second piece of legislation is HB475 Parimutuel Sports Wagering using the tote system. Taylor Alonzo and Nick Alonzo were both on the conference call. Tucker ran through the legislation which will allow the simulcasting network to conduct sports wagering using the current tote machines. John Iverson from Tavern Owners and Neil Peterson from GIA both stated their organizations will be supporting this legislation along with other sports wagering legislation this year. Both Taylor Alonzo and Nick Alonzo believe the sports wagering would help the simulcast network and return revenues to the board of horse racing that can be used to support more horse racing in the state. Dan Fuchs also stated his organization supports HB475. Tucker stated that as soon as HB475 is completed, the board will need to have a short meeting to take a position on the bill.

Agenda item number 8 was approval of the officials for the 2019 season. Tucker listed the officials he would like to hire for this summer: State Steward-Raleigh Swensrud, Associate Steward-Chester Monson, Associate Steward-Tim Doughty, State Security-Roger Jenson, Licensing Official-Dave Stukey and State Veterinarian-Dr. Kelly Manzer. Member Koeplin moved to approve these officials. Member Young seconded the motion. Motion passed.

Tucker mentioned he has asked the board's attorney to look into the possibility of using Gary Koeplin to help work at some of the race meetings. Since Mr. Koeplin is a board member, there might be conflicts, but Garrett Norcott said he would look into it for a future meeting.

Tucker mentioned the next regularly scheduled board meeting will be July 27th at the Fairgrounds in Great Falls - Turf Club. Chairman Hayes mentioned Tucker should confirm that as they are tearing a lot of buildings down at the fairgrounds. Tucker will look into it.

Motion to adjourn was made at 11:27. Motion passed.


Chairman John Hayes

May 28, 2019

Date

