

KENTUCKY HORSE RACING COMMISSION
MINUTES OF THE MEETING

Date: December 12, 2012 at 1:30 PM

Place: Rolex Hospitality Room, Kentucky Horse Park, Lexington, KY

Members Present: Chairman Robert M. Beck, Jr.; Vice-Chairman Tracy Farmer; Commissioner Edward S. "Ned" Bonnie; Commissioner Elizabeth Lavin; Commissioner Frank Jones, Jr.; Commissioner Franklin S. Kling, Jr.; Commissioner Alan J. Leavitt; Commissioner Jerry Yon, M.D.; Commissioner John Phillips; Commissioner Neil Howard; Commissioner Wade Houston; and Commissioner Tom Conway

Ex-officio Members Present: Mr. Robert D. Vance, representing the Public Protection Cabinet; Mr. William Dexter, representing the Tourism, Arts and Heritage Cabinet; and Mr. George Burgess, representing the Cabinet of Economic Development

KHRC Staff Participating: John T. Ward, Jr., Executive Director; Marc A. Guilfoil, Deputy Executive Director; Susan B. Speckert, General Counsel; Michael T. Davis, Deputy General Counsel; Mary Scollay, DVM, Equine Medical Director; Will Farmer, DVM, Chief State Veterinarian; Jamie Eads, Director of Breeders Incentives and Development; Greg Lamb, Supervisor of Pari-Mutuel Wagering; Barbara Borden, Acting Chief State Steward; and Rich Williams, Chief Judge

Others Participating: Mr. Richard Riedel, Kentucky Racing Health and Welfare Fund (KyRHWF)

Meeting called to order and roll call performed by Chairman Beck. A quorum was recognized.

<i>AGENDA ITEM</i>	<i>TRANSCRIPT PAGE NUMBER(S)</i>	<i>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</i>	<i>ACTION TAKEN</i>
Tab 1 Approve minutes of October 23, 2012	6 – 7	Chairman Beck presented the minutes of the meeting of October 23, 2012 for approval. Ms. Speckert noted the following two amendments that were made to the Minutes: 1) Commissioner Conway was removed from "Members Present" on page 1, as he was not present for the meeting; and 2) "Other business" on page 10 was corrected to identify Commissioner Kling as the speaker and not Commissioner Jones.	Motion to approve as amended by Commissioner Leavitt. Second by Commissioner Lavin. Motion carried with no objections or abstentions.

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<p>Tab 2 Renewal of Memorandum of Understanding with HFL Sport Science, Inc.</p>	<p>8 – 15</p>	<p>Mr. Davis presented the proposed draft of the Second Addendum to the Memorandum of Understanding with HFL Sport Science, Inc. (HFL). Mr. Davis explained that, in addition to revisions that improved or clarified the wording of existing provisions, the Addendum 1) extended the MOU for an additional 2 years; 2) revised some of the per sampling pricing for various testing services; 3) tightened up the current requirements regarding approval for extensions of turn-around time for reporting test results; 4) tightened up confidentiality provisions; and 5) added significant quality assurance control requirements.</p> <p>He noted one additional change on page 4 in the last sentence of, paragraph 5 to insert the word “written” directly before “report that the sample(s) are negative.”</p> <p>He stated that the EDRC considered the Second Addendum at its meeting held just prior to the Commission meeting and recommended approval.</p> <p>In response to an inquiry by Chairman Beck, Mr. Ward and Dr. Scollay stated that the staff has been very satisfied with the lab’s performance.</p>	<p>Motion to approve recommendation by Commissioner Yon. Second by Commissioner Kling. Motion carried with no objections or abstentions.</p>
<p>Tab 3 Approve 2013 ADW Conditions to Licensure</p>	<p>15 – 19</p>	<p>Ms. Speckert presented the 2013 ADW Conditions for Licensure. Ms. Speckert explained that the conditions address wagering integrity and reporting matters.</p> <p>The proposed conditions were considered and approved for recommendation by the ADW License Review Committee on October 17, 2012 and the ADW applicants have agreed to comply with them.</p> <p>In response to an inquiry by Vice Chairman Farmer, Mr. Ward stated that the question of how the industry in Kentucky was being impacted by sport betting outside Kentucky is an issue that the staff would be examining more deeply and would report its findings to the Commission.</p>	<p>Motion to approve recommendation by Commissioner Bonnie. Second by Commissioner Lavin. Motion carried with no objections or abstentions.</p>

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Tab 4 Approve 2013 ADW License Applications	19 – 21	<p>Ms. Speckert explained that there were nine (9) ADW applicants for 2013. Two (2) new applicants, Avatar Ventures and Lien Games Racing, and seven (7) renewal applicants, AmWest Entertainment; Ebet; Premier Turf Club; Racing 2 Day; TVG; TwinSpires and Xpressbet. After conducting a thorough review of each application, the ADW License Review Committee voted unanimously to recommend approval of each at its October 17, 2012 meeting. A representative from each of the applicants was present at October 17, 2012 meeting to answer questions.</p>	<p>Motion to approve the 2013 ADW license applications by Commissioner Bonnie. Second by Commissioner Leavitt. Motion carried with no objections or abstentions.</p>
Tab 5 Approve 2013 Sire Stakes Races and Purse Distribution	21 – 22	<p>Ms. Eads presented the proposed race dates for the 2013 Kentucky Sire Stakes to be held at The Red Mile. For two-year olds, Leg 1 will be held on August 11, 2013 and Leg 2 on August 22, 2013. For three-year olds, Leg 1 will be held on August 15, 2013 and Leg 2 on August 24, 2103. The Finals for two and three-year olds will be held on September 1, 2013. Legs have been allocated at \$30,000 or \$15,000 splits and the finals at \$250,000. The Advisory Panel recommended approval.</p> <p>Ms. Eads stated that the Advisory Panel also recommended approval to transfer \$140,000 to the Kentucky County Fairs to be used for purse allocations on fairs in Kentucky. She noted that only horses nominated to the Kentucky Sire Stakes Development Fund were eligible to run for the purse money at the Kentucky Fairs.</p>	<p>Motion to approve recommendation by Commissioner Lavin. Second by Commissioner Jones. Motion carried with no objections or abstentions.</p>
Tab 6 Approve Kentucky Racing Health and Welfare Fund request for payment of unclaimed pari-mutuel tickets	22 – 24	<p>Ms. Eads presented a request from the KyRHWF for payment of unclaimed pari-mutuel tickets in the amount of \$2,235,126.23, less any claims made and advertising expenses, pursuant to KRS 230.374. The amount requested is the total of tickets sold to bettors between July 1, 2010 and June 30, 2011 that remained uncashed as of July 1, 2012. Ms. Eads stated that the staff worked with United Tote to independently verify the dollar amount submitted by each thoroughbred racing association. The KyRHWF has submitted the required documents and approval to release the funds was requested.</p>	<p>Motion to approve recommendation by Commissioner Jones. Second by Commissioner Leavitt. Motion carried with no objections or abstentions.</p>

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Tab 7 Keeneland Backside Improvement Fund Reimbursement Request	24 – 25	<p>Ms. Eads stated that by letter dated November 9, 2012, Keeneland requested reimbursement for completed backside improvement projects that were approved by the Commission on February 15, 2012. Reimbursement is requested in the amount of \$196,651.01 for the following completed projects:</p> <ol style="list-style-type: none"> 1. Barn shed row replacements; 2. Asphalt repair in barn and horse path areas; 3. Replacement of tack room heaters (gas); 4. Replacement of tack room heaters (electric-60 units); and 5. Barn fire sprinkler piping repairs. <p>KHRC staff confirmed the projects have been completed, Keeneland is eligible to receive the funds and the available dollars in Keeneland’s Backside Improvement Fund match the request. Ms. Eads also stated that all invoices, photographs and communications are on file at the KHRC office and approval was recommended.</p>	<p>Motion to approve recommendation by Commissioner Lavin. Second by Commissioner Phillips. Motion carried with no objections or abstentions.</p>
Tab 8 Substance Abuse Pilot Program at Turfway Park	25 – 30	<p>Ms. Eads introduced the implementation of a new program in partnership with the KyRHWF. The purpose of the program is to provide drug and alcohol treatment for horsemen and their KHRC licensed employees working at Turfway Park. If the program proved to be successful, it would continue to be implemented at other thoroughbred race tracks beginning at the Keeneland spring meet. The program is funded by the KyRHWF.</p> <p>The program was developed with the assistance of Commissioner Travis, Mr. Don Ball and Mr. Richard Riedel of the KyRHWF, Mr. Chip Bach of Turfway Park and the Awareness & Discovery Group of Northern Kentucky.</p> <p>Ms. Eads and Mr. Riedel answered questions from the Commissioners and explained how the program would work.</p>	<p>No action taken. Informational item only.</p>

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		<p>Chairman Beck commended Commissioner Travis for approaching the KyRHWF about such a program and thanked Mr. Reidel for the KyRHWF's efforts to implement it.</p>	
<p>Tab 9 Ratify Turfway Park's KTDF Holiday Meet Allotment Request</p>	<p>30 - 31</p>	<p>Ms. Eads stated that by letter dated November 1, 2012, Turfway Park requested approval of its KTDF purse structure for the 2012 Holiday Meet. Turfway Park requested to card KTDF purses in the amount of \$325,000 and to be able to pay out KTDF purses on eligible horses first through last place. KHRC staff has confirmed that Turfway Park had a surplus of \$221,081 at the end of the Fall Meet.</p> <p>The KTDF Advisory Committee approved recommendation of Turfway Park's request at its November 5, 2012 meeting and KHRC Executive Director, John Ward, approved the recommendation. Ratification of the Executive Director's approval was requested.</p>	<p>Motion to ratify approval of the Executive Director by Commissioner Jones. Second by Commissioner Kling. Motion carried with no objections or abstentions.</p>
<p>Tab 10 Approve Turfway Park's KTDF Winter Meet Allotment Request</p>	<p>31 - 32</p>	<p>Ms. Eads stated that by letter dated November 1, 2012, Turfway Park requested approval of its KTDF purse structure for the 2013 Winter/Spring Meet. Turfway Park requested to card KTDF purses in the amount of \$950,000 and to be able to pay out KTDF purses on eligible horses first through last place. KHRC staff has confirmed that the estimated surplus and earnings are reflective of previous winter/spring meets at Turfway Park as well as the estimated historical wagering figures from Kentucky Downs had a surplus of \$221,081 at the end of the Fall Meet. The KTDF Advisory Committee approved Turfway Park's request at its November 5, 2012 meeting and approval was recommended.</p>	<p>Motion to approve recommendation by Commissioner Bonnie. Second by Commissioner Leavitt. Motion carried with no objections or abstentions.</p>
<p>Tab 11 Approve Turfway Park's Request for New Years' Eve Post Time Change</p>	<p>32 - 33</p>	<p>Mr. Guilfoil stated that by letter dated November 23, 2012, Turfway Park requested approval to change post time on New Year's Eve (December 31, 2012) from 5:30 pm to 3:00 pm. The change is requested to accommodate patrons and horsemen due to other simulcast outlets closing early for the holiday. The Kentucky Horsemen's Benevolent and</p>	<p>Motion to approve recommendation by Commissioner Bonnie. Second by Commissioner Jones. Motion carried</p>

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		Protective Association has approved the change and the staff recommends approval.	with no objections or abstentions.
<p>Tab 12 Approve Research Request from Dr. David Horohov</p> <p>and</p> <p>Tab 13 Approve Research Request from Dr. Laurie Lawrence</p>	<p>33 – 34</p> <p>34 – 35</p> <p>35 – 36</p>	<p>Chairmen Beck stated that Tab 12 and Tab 13 would be considered together.</p> <p>Mr. Davis presented a request for approval of the research proposal submitted by Dr. David Horohov (Tab 12). The project, entitled <i>“The effect of exercise on pro-inflammatory cytokine expression in the young racehorse and its impact on training-related injuries,”</i> is a 2-year contract in the amount of \$189,297. The proposed research project had been vetted through an internal and external review process and the EDRC unanimously approved recommendation of the project for funding.</p> <p>Commissioner Yon, Chairman of the EDRC, noted that the EDRC was excited about this type of research project and that it was the type of research the KHRC needed to be funding.</p> <p>Mr. Davis presented a request for approval of the research proposal submitted by Dr. Laurie Lawrence (Tab 13). The project, entitled <i>Dietary mitigation of antibiotic-induced changes in equine hindgut bacteria,”</i> is a 2-year contract in the amount of \$86,471. Mr. Davis noted that this research project had also been vetted through an internal and external review process and the EDRC unanimously approved recommendation of the project for funding.</p>	<p>Motion to approve recommendation for both research projects by Commissioner Yon. Second by Ms. Lavin. Motion carried with no objections or abstentions.</p>
<p>Tab 14 Reports</p> <p>a. Thoroughbred Rulings</p> <p>b. Standardbred Rulings</p> <p>c. Veterinary Division</p>	<p>36 – 37</p> <p>37</p>	<p>a. Ms. Borden presented the thoroughbred ruling report. She noted one update to the report as provided; being the fine imposed in Ruling No. 12-0127 had been paid.</p> <p>b. Mr. Williams presented the standardbred ruling report. Mr. Williams noted that, with the exception of Ruling Nos. J2012-037 and 038 which are currently under appeal, that all fines had been paid or individuals suspended pending payment of the fines.</p>	<p>No action taken. Informational item only.</p>

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<p>d. Pari-Mutuel Wagering Division</p> <p>e. Regulations and Litigation</p>	<p>37 – 39</p> <p>39 – 42</p> <p>42 – 43</p> <p>43</p>	<p>c. Dr. Farmer presented the veterinary report for the Churchill Downs Fall 2012 Meet and the Keeneland Fall 2012 Meet. In response to an inquiry from Commissioner Leavitt, Dr. Farmer stated that currently data in connection with horses euthanized during training hours is not included in the report, but that he would include that data going forward.</p> <p>Dr. Scollay presented the third quarter (7/1-9/30/12) drug testing report for thoroughbred racing; the 2012 year-end report for standardbred racing; and race-related fatal injury occurrence over time for all Kentucky racetracks report. She noted an update for November to include 5 fatalities during that month.</p> <p>d. Mr. Lamb presented the report for historical horse racing at Kentucky Downs and Ellis Park for October and November 2012 and live handle report for Churchill Downs (October 28-November 25, 2012), Keeneland (October 5-27, 2012) and The Red Mile (October 4-7, 2012). He noted the 55% decrease from 2011 reflected for Churchill Downs was probably because Churchill Downs hosted the Breeders Cup in 2011 and did not in 2012.</p> <p>e. Status Report on Regulations and Litigation – For Informational Purposes Only.</p>	
<p>Other Business</p>	<p>43 – 63</p>	<p>Chairman Beck noted that, as a result of the problems that had been experienced in connection with the implementation of the new requirement set out in the amendment to 810 KAR 1:018 that race day Lasix be administered only by a Commission veterinarian, a committee comprised of Commissioners Kling and Jones was assigned to investigate the incidents, evaluate protocols and submit recommendations to correct the problems.</p> <p>Commissioners Kling and Jones reported their findings and recommendations.</p>	<p>No action taken. Informational item only.</p>

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Adjournment	66	Chairman Beck requested a motion to adjourn.	Motion to adjourn by Commissioner Yon. Motion carried with no objections or abstentions.

NOTE: A copy of all materials provided in the Agenda Book, and any amendments thereto, subject to any applicable exemptions are attached hereto and incorporated herein.