

KENTUCKY HORSE RACING COMMISSION
MINUTES OF THE MEETING

Date: June 5, 2013 at 1:30 PM

Place: Grand Prix Seminar Room, United States Dressage Federation, Kentucky Horse Park, Lexington, KY

Members Present: Chairman Robert M. Beck, Jr.; Vice-Chairman Tracy Farmer; Commissioner Edward S. "Ned" Bonnie; Commissioner Burr Travis; Commissioner Franklin S. Kling, Jr.; Commissioner Alan J. Leavitt; Commissioner Neil Howard; Commissioner Elizabeth Lavin; Commissioner Foster Northrop, DVM; and Commissioner Frank Jones, Jr.

Ex-officio Members Present: Mr. Robert D. Vance, representing the Public Protection Cabinet; and Ms. Hollie Spade, representing the Cabinet for Economic Development; and Mr. William Dexter, representing the Tourism, Arts and Heritage Cabinet

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

Others Participating: None

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> |
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| Tab 1 Approve minutes of April 9, 2013 | 5 – 6 | Chairman Beck presented the minutes of the meeting of April 9, 2013 for approval. Ms. Speckert noted a non-substantive amendment to the Minutes as provided in the Agenda materials to correct a typographical error. | Motion to approve as amended by Commissioner Travis. Second by Commissioner Kling. Motion carried with no objections or abstentions. |

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| <p>Tab 2 Approve 2013 Kentucky County Fair Dates</p> | <p>6 – 7</p> | <p>Ms. Eads stated that by letter dated April 22, 2013, the Kentucky Colt Association submitted a proposed list of the 2013 County Fair race dates. She stated that the dates requested were the usual and customary dates for the Country Fair races, except that the finals would be held at The Red Mile.</p> <p>Ms. Eads noted that because the Ballard County Fair was held on June 1, 2013, pursuant to KRS 230.230, the Executive Director approved the County Fair race dates and ratification of the Executive Director's approval is recommended.</p> | <p>Motion to ratify the Executive Director's approval by Commissioner Leavitt. Second by Commissioner Lavin. Motion carried with no objections or abstentions.</p> |
| <p>Tab 3 Approve KTDF Purse Structure for Ellis Park Summer Meet</p> | <p>8 – 9</p> | <p>Ms. Eads stated that by letter dated May 16, 2013, Ellis Park requested approval of its KTDF purse structure for its 2013 Summer meet and the ability to payout KTDF purses on eligible horses first through last place. Ellis Park is projecting to pay KTDF purses in the range of \$895,000 with an expected payout percentage of 80% and projected daily earnings of \$31,000. KHRC staff has confirmed that Ellis Park distributed \$986,792 in KTDF purses last year.</p> <p>The KTDF Advisory Committee approved Ellis Park's request at its May 22, 2013 meeting and approval is recommended.</p> | <p>Motion to approve the recommendation by Commissioner Travis. Second by Commissioner Lavin. Motion carried with no objections or abstentions.</p> |
| <p>Tab 4 Approve KTDF Purse Structure for Kentucky Downs September Meet</p> | <p>9 – 10</p> | <p>Ms. Eads stated that by letter dated March 21, 2013, Kentucky Downs requested approval of its KTDF purse structure for its 2013 September meet and the ability to payout KTDF purses on eligible horses first through last place. Kentucky Downs requested to card KTDF purses in the range of \$1,600,000 with an expected KTDF payout percentage of 87%. KHRC staff has confirmed that at the beginning of 2013, Kentucky Downs had a zero KTDF balance and that the 2012 KTDF earnings at Kentucky Downs was over \$1.4 million.</p> <p>The KTDF Advisory Committee approved Kentucky Downs' request at its May 22, 2013 meeting and approval was recommended.</p> | <p>Motion to approve the recommendation by Commissioner Jones. Second by Commissioner Leavitt. Motion carried with no objections or abstentions.</p> |

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| <p>Tab 5 Information on the Drug and Alcohol Abuse Program – Review of Turfway Park and Implementation at Churchill Downs</p> | <p>10 – 13</p> | <p>Ms. Eads presented a review of the Drug & Alcohol Abuse Program conducted at Turfway Park from January 2013 thru March 2013 and implemented at Churchill Downs for the Spring/Summer meet. She noted that at their April 18, 2013 meeting, the Kentucky Racing Health & Welfare Fund (KyRHWF) agreed to fund implementation of the program for the entire calendar year; therefore, the program would be implemented at Ellis Park, Keeneland and The Thoroughbred Center in the summer.</p> <p>Chairman Beck expressed what a wonderful program it was and thanked Commissioner Travis, Ms. Eads and the KyRHWF for all their efforts.</p> | <p>Dr. Yon moved to approve the recommendation as approved by the EDRC. Second by Commissioner Lavin. Motion carried with no objections or abstentions.</p> |
| <p>Tab 6 Approve Backside Improvement Fund: Ellis Park Reimbursement</p> | <p>13 – 14</p> | <p>Ms. Eads stated that by letter dated May 24, 2013, Ellis Park requested approval for reimbursement in the amount of \$29,601.75 for backside improvement projects.</p> <p>Staff has confirmed that the backside improvement projects were previously been approved by the Commission in 2005 and the documentation regarding the projects is on file at the KHRC offices. Staff has also confirmed that Ellis Park is current on all payments to the Backside Improvement Fund.</p> <p>Staff recommends approval.</p> | <p>Commissioner Bonnie moved to approve the recommendation. Second by Commissioner Travis. Motion carried with no objections or abstentions.</p> |
| <p>Tab 7 Approve Bluegrass Downs Roster of Racing Officials for the 2013 Summer Meet</p> | <p>14 – 15</p> | <p>Mr. Guilfoil stated that by letter dated May 24, 2013, Bluegrass Downs requested approval of its roster of racing officials for the 2013 Summer meet. All judges are ROAP accredited and all officials have previously performed the duties for which they were listed and will be licensed by the start of the meet.</p> <p>Staff recommends approval.</p> | <p>Commissioner Leavitt moved to approve the recommendation. Second by Commissioner Jones. Motion carried with no objections or abstentions.</p> |

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| | <p data-bbox="522 930 562 959">28</p> <p data-bbox="495 1317 594 1346">28 – 29</p> | <p data-bbox="737 240 1623 461">obtaining paired samples and commended the veterinary staff on achieving an exceptional rate of collection. In response to an inquiry from Mr. Ward, Dr. Scollay explained that a “paired sample” was a collection of blood and urine from a horse at one time and stated that paired samples were important because they allowed the laboratory to test to the full spectrum of its abilities.</p> <p data-bbox="737 509 1623 691">Commissioner Northrop commended Dr. Scollay on Kentucky’s paired sample rate collection and noted that Kentucky’s paired sample collection percentage was reported as the highest in the country in an article about testing as part of a series about doping of racehorses being run by TVN.</p> <p data-bbox="737 740 1623 883">Dr. Scollay reported that 1st quarter total testing expenditures were \$86,438. She noted that the 2013 1st quarter reports of findings were the lowest frequency since she has been with the Kentucky Horse Racing Commission (KHRC).</p> <p data-bbox="695 932 1623 1273">d. Ms. Hobbs presented the reports for historical horse racing at Kentucky Downs and Ellis Park for April and May 2013, amounts wagered by Kentucky residents thru ADWs for 1st quarter 2013, and live handle for Keeneland and Thunder Ridge for April 2013. She noted that the report in the agenda materials for ADWs incorrectly read “2012” and should read “2013.” Mr. Ward noted that the drop in numbers for historical horse racing during April had also occurred the prior year and that seemed to be a trend that might be attributable to tax filing in April.</p> <p data-bbox="695 1321 1623 1386">e. Status Report on Regulations and Litigation – For Informational Purposes Only.</p> | |

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| Other Business | <p>7 – 8 and 29</p> <p>22 – 25</p> | <p>Chairman Beck announced that Michael Pitino had submitted his letter of resignation as a Commissioner on the KHRC. He stated that Mr. Pitino’s resignation was due to his recent move to Florida and that he was no longer a resident of Kentucky. Chairman Beck read Mr. Pitino’s letter of resignation submitted to the Governor.</p> <p>Commissioner Bonnie requested a report with respect to security during Derby weekend from the KHRC’s Director of Enforcement, Chris Clark. Commissioner Bonnie commended Mr. Clark and his staff on their successful efforts during Derby weekend. Mr. Ward noted that because of Mr. Clark’s success during Derby weekend, he had been invited by NYRA to work with the Belmont racetrack team. Chairman Beck requested that a report by Mr. Clark be included on the agenda for the next meeting.</p> | No action taken. Informational items only. |
| Executive Session | <p>29 – 30</p> <p>30</p> <p>31 – 32</p> | <p>1) Chairman Beck requested a motion for the Commission to go into executive session to deliberate in its role as a quasi-judicial body as permitted by KRS 61.810(1)(j) and to discuss proposed or pending litigation against or on behalf of the agency as permitted by KRS 61.810(1)(c).</p> <p style="text-align: center;"><u>EXECUTIVE SESSION</u></p> <p>2) Chairman Beck requested a motion for the Commission to return to open session.</p> <p>3) In the matter of <i>John D. Campbell v. KHRC</i>, Administrative Action No. KHRC-SB-12-014, the Final Order as prepared by the staff adopting and incorporating the Findings of Fact, Conclusions of Law and Recommended Order (Recommended Order) of the Hearing Officer affirming the ruling of the judges was approved.</p> <p>Commissioner Leavitt noted his objection to the Judges’ Ruling.</p> | <p>1) Motion to go into executive session by Vice-Chairman Tracy. Second by Commissioner Travis. Motion carried with no objections or abstentions.</p> <p>2) Motion to return to open session by Commissioner Lavin. Second by Commissioner Travis. Motion carried with no objections or abstentions.</p> |

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| | 32 – 33 | <p>4) In the matter of <i>Carol Cobb v. KHRC</i>, Administrative Action No. KHRC-TB-11-004, the Final Order as prepared by the staff adopting and incorporating the Findings of Fact, Conclusions of Law and Recommended Order (Recommended Order) of the Hearing Officer affirming the ruling of the stewards was approved.</p> <p>Commissioner Travis excused himself from the discussion of this matter during the Executive Session and abstained from the vote on the motion upon returning to Open Session.</p> | <p>3) Motion to adopt the Hearing Officer’s Recommended Order and approve the Commission’s Final Order incorporating the Recommended Order by Commissioner Travis. Second by Commissioner Lavin. Motion carried with Commissioner Leavitt opposing and no abstentions.</p> <p>4) Motion to adopt the Hearing Officer’s Recommended Order and approve the Commission’s Final Order incorporating the Recommended Order by Commissioner Bonnie. Second by Commissioner Kling. Motion carried with no objections and one abstention by Commissioner Travis.</p> |

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| Adjournment | 33 | Prior to requesting a motion to adjourn, Chairman Beck asked if there was any further business. Mr. Ward announced that there would be a meeting of the Safety and Welfare Committee at 3:00 PM at the KHRC offices. | Motion to adjourn by Commissioner Jones. Second by Commissioner Leavitt. Motion carried with no objections or abstentions. |

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