

**KENTUCKY HORSE RACING COMMISSION**  
**MINUTES OF THE MEETING**

Date: September 25, 2014 at 1:30 PM

Place: United States Pony Club, 4041 Iron Works Parkway, Lexington, KY

Members Present: Chairman Robert M. Beck, Jr.; Vice Chairman Tracy Farmer; Commissioner Edward S. "Ned" Bonnie; Commissioner Jerry Yon, M.D.; Commissioner Elizabeth S. Lavin; Commissioner Frank Jones, Jr.; Commissioner Alan J. Leavitt; Commissioner J. David Richardson, M.D.; Commissioner John Phillips; and Commissioner Neil Howard

Ex-officio Members Present: Mr. William Dexter, representing the Tourism, Arts and Heritage Cabinet; and Carolyn Baesler, representing the Cabinet of Economic Development

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

Others Participating/Present: United Tote Representative

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

<b>AGENDA ITEM</b>	<b>TRANSCRIPT PAGE NUMBER(S)</b>	<b>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</b>	<b>ACTION TAKEN</b>
<b>Tab 1 Approve minutes of July 16, 2014</b>	5	Chairman Beck presented the minutes of the July 16, 2014 meeting for approval.	Motion to approve minutes by Commissioner Yon. Second by Commissioner Howard. Motion carried with no objections or abstentions.

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<b>Tab 2 Ratify the Red Miles' request to change the minimum denomination for the Super High Five wager for \$0.10 to \$0.20</b>	5 – 7	<p>Ms. Speckert stated that by email dated July 30, 2014, the Red Mile requested approval to change the minimum denomination for the Super High Five wager from \$0.10 to \$0.20. A review of the request by KHRC staff confirms that the \$0.20 minimum is in compliance with KHRC rules.</p> <p>Due to the timing of the opening of the meet, the Executive Director granted approval of the request pursuant to KRS 230.230 and ratification of the Executive Director's action is recommended.</p>	<p>Motion to approve the recommendation to ratify the action taken by the Executive Director by Commissioner Jones. Second by Commissioner Leavitt. Motion carried with no objections or abstentions.</p>
<b>Tab 3 Ratify Kentucky Downs' request to amend its 2014 race track application to add simulcast sites</b>	7 – 8	<p>Ms. Speckert presented Kentucky Downs' request by letter dated August 25, 2014, for approval to amend its 2014 license application to include additional simulcast sites. Approval letters from the Kentucky Horsemen's Benevolent and Protective Association (KY HBPA) and Kentucky Thoroughbred Owners and Breeders (KTOB) have been received. Staff has reviewed the request and confirmed that the sites are appropriate.</p> <p>Due to the timing of the opening of the meet, the Executive Director granted approval of the request pursuant to KRS 230.230 and ratification of the Executive Director's action is recommended.</p>	<p>Motion to approve the recommendation to ratify the action taken by the Executive Director by Commissioner Jones. Second by Commissioner Howard. Motion carried with no objections or abstentions.</p>
<b>Tab 4 Ratify Churchill Downs' Roster of Racing Officials for the 2014 September Meet</b>	8 – 9	<p>Mr. Guilfoil stated that by letter dated July 23, 2014, Churchill Downs' requested approval of its roster of racing officials and dates preference system for its 2014 September meet. All stewards are ROAP accredited and all officials have previously performed the duties for which they are listed and were licensed by the meet opening.</p> <p>Due to the timing of the opening of the meet, the Executive Director granted approval of the request pursuant to KRS 230.230</p>	<p>Motion to approve the recommendation to ratify the action taken by the Executive Director by Commissioner Jones. Second by Commissioner Lavin. Motion carried with no</p>

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		and ratification of the Executive Director's action is recommended.	objections or abstentions.
<b>Tab 5 Request for Approval of Roster of Racing Officials for Keeneland Association's 2014 Fall Meet</b>	9 – 10	<p>Mr. Guilfoil stated that by letter dated August 21, 2014, Keeneland requested approval of its roster of racing officials and dates preference system for its 2014 Fall meet. All stewards are ROAP accredited and all officials have previously performed the duties for which they are listed and will be licensed by the meet opening.</p> <p>Staff recommended approval.</p>	<p>Motion to approve the recommendation by Commissioner Yon. Second by Commissioner Lavin. Motion carried with no objections or abstentions.</p>
<b>Tab 6 Approve KTDF allotment requests – Churchill Downs September meet and November meet</b>	10 – 14	<p>Ms. Eads presented Churchill Downs' KTDF purse structure request. By letter dated September 2, 2014, Churchill Downs requested to amend its KTDF purse structure for the 2014 September meet previously approved at the July 16, 2014 Commission meeting. Additionally, approval of Churchill Downs' KTDF purse structure for the upcoming 2014 November meet and the ability to payout KTDF purses on eligible horses first through last place was also requested.</p> <p>Churchill Downs ended the spring/summer 2014 meet with a deficit of \$104,576.62. Churchill Downs has requested the following amendments to its September KTDF purse structure request: 1) approval to utilize \$105,000 of its \$300,000 incremental KTDF funding to cover the deficit, rather than reduce purses in the September and November 2014 meets; and 2) approval to use an additional \$75,000 of the incremental funding during the September meet, which would increase KTDF offerings to \$251,900.</p> <p>It is anticipated at the end of the September meeting, Churchill Downs' will have a zero balance of KTDF funds and has requested to utilize the remaining \$120,000 of incremental KTDF funding during the November meet. With the incremental funds and KTDF earnings</p>	<p>Motion to approve the recommendation by Commissioner Lavin. Second by Commissioner Richardson. Motion carried with no objections or abstentions.</p>

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		<p>from the November meet, Churchill Downs projects to card purses in the range of \$600,000 to \$750,000, which is based on KTDF purse offering amounts of \$23,077 to \$28,846 per day.</p> <p>The KTDF Advisory Committee approved recommendation of Churchill Downs' requests at its September 5, 2014 meeting. Approval is recommended.</p> <p>In response to an inquiry by Commissioner Jones, Ms. Eads stated that the November 2014 purse structure was in line with 2013, but without reviewing the records she could not accurately respond about 2012.</p>	
<p><b>Tab 7 Approve KTDF allotment request – Keeneland fall meet</b></p>	<p>14 – 15</p>	<p>Ms. Eads presented Keeneland's KTDF purse structure request. By letter dated September 2, 2014, Keeneland requested approval of its KTDF purse structure for the 2014 Fall meet and the ability to payout KTDF purses on eligible horses first through last place.</p> <p>Staff has confirmed that at the end of the 2014 Spring meet, Keeneland had a KTDF deficit of \$392. Based on a payout percentage of approximately 78% of the amount carded, Keeneland has proposed to card KTDF purses in the amount of \$572,194. \$80,000 to \$100,000 of Keeneland's \$300,000 KTDF incremental funds is anticipated to be utilized during the Fall meet, with the remainder utilized during the 2015 spring meet.</p> <p>The KTDF Advisory Committee approved recommendation of Keeneland's request at its September 5, 2014 meeting. Approval is recommended.</p>	<p>Motion to approve the recommendation by Commissioner Howard. Second by Commissioner Richardson. Motion carried with no objections or abstentions.</p>

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<p><b>Tab 8 Approve KTDF allotment requests – Turfway Park 2014 Holiday meet and 2015 winter/spring meet</b></p>	<p>15 – 17</p>	<p>Ms. Eads presented Turfway Park’s KTDF purse structure request. By letter dated August 14, 2014, Turfway Park requested approval of its KTDF purse structure for the 2014 holiday meet and 2015 winter/spring meet and the ability to payout KTDF purses on eligible horses first through last place.</p> <p>Staff has confirmed that at the end of the 2014 winter/spring meet, Turfway Park had a KTDF surplus of \$532,064. Based on a payout percentage of approximately 75% of the amount carded, Turfway Park has proposed to card KTDF purses in the amount of \$2,139,490. All of Turfway Park’s \$100,000 of KTDF incremental funds is anticipated to be used.</p> <p>In response to an inquiry by Chairman Beck, Ms. Eads responded that in comparison to 2013, these numbers were higher.</p> <p>The KTDF Advisory Committee approved recommendation of Turfway Park’s request at its September 5, 2014 meeting. Approval is recommended.</p>	<p>Motion to approve the recommendation by Commissioner Jones. Second by Commissioner Bonnie. Motion carried with no objections or abstentions.</p>
<p><b>Tab 9 Consider 2015 License Application to Provide Totalizator Services</b></p> <ul style="list-style-type: none"> <li>a. AmTote</li> <li>b. United Tote</li> </ul>	<p>17 – 20</p>	<p>Ms. Speckert presented the 2015 renewal applications to provide totalizator services of AmTote International and United Tote Company.</p> <p>She noted that staff had reviewed the applications internally and that there were no substantive changes in the applications from the applications submitted in prior years. Both applicants had been forthcoming and cooperative and representatives were present at the meeting to answer any questions. Approval of both applications was recommended.</p>	<p>Motion to approve AmTote and United Tote 2015 licensure applications by Commissioner Jones. Second by Commissioner Yon. Motion carried with no objections or abstentions.</p>

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<p><b>Tab 10 Consider amendments to regulations regarding disciplinary measures and penalties, 810 KAR 1:028; 811 KAR 1:095; 811 KAR 2:100</b></p>	<p>20 – 33</p>	<p>Ms. Speckert presented the proposed amendments to 810 KAR 1:028 (Thoroughbred); 811 KAR 1:095 (Harness) and 811 KAR 2:100 (Quarter Horse, Appaloosa and Arabian) regulations governing disciplinary measures and penalties.</p> <p>Ms. Speckert explained that the proposed amendments would make the penalty ranges more consistent with the Association of Racing Commissioners International (ARCI) model rules. The Rules Committee considered the proposed amendments at two public meetings held on June 10 and August 27, 2014 and unanimously approved them at the August meeting.</p> <p>She stated that the KHRC regulations were not identical in every respect to the ARCI model rules and explained the differences. First, under Kentucky law, there is an obligation to consider mitigating and aggravating factors on a case by case basis and fashion a penalty accordingly; therefore, every penalty classification in the KHRC regulations which carries a suspension or fine penalty includes a penalty range. Second, the KHRC regulation of multiple NSAIDS has been changed to be more consistent with science as it evolves, rather than the ARCI model rule which is currently based on old science.</p>	<p>Motion to approve the proposed amendments by Commissioner Yon. Second by Commissioner Leavitt. Motion carried with no objections or abstentions.</p>
<p><b>Tab 11 Reports</b></p> <ul style="list-style-type: none"> <li>a. Thoroughbred Rulings</li> <li>b. Standardbred Rulings</li> <li>c. Veterinary Division</li> <li>d. Pari-Mutuel Wagering Division</li> <li>e. Regulations and Litigation</li> </ul>	<p>33 – 39</p> <p>39 – 40</p> <p>40 – 42</p>	<p>a. Ms. Borden presented the thoroughbred ruling report. She noted updates on the following rulings: Ruling Nos. 14-0042; 14-0046; 14-0062 and 14-0063 have been paid.</p> <p>b. Mr. Guilfoil presented the standardbred ruling report.</p> <p>c. Dr. Farmer presented the report for the Ellis Park 2014 summer meet and Race-related Fatal Injury Occurrence over Time report. Dr. Scollay added that through August 2014, the fatality</p>	<p>No action taken. Informational items only.</p>

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	42 – 43	<p>occurrence was down 32% compared to the prior year and there was a 50% decrease compared to 2007.</p> <p>d. Mr. Lamb presented the reports for historical horse racing at Kentucky Downs and Ellis Park for July and August 2014. Also included was total handle on live races at Ellis Park for July 3 thru September 21, 2014; Bluegrass Downs for June 20 thru July 20, 2014; and the Red Mile for August 3 thru August 31, 2014.</p>	
Other Business	44	e. Status Report on Regulations and Litigation – For Informational Purposes Only.	
	45	No other business.	No action taken. Informational items only.
Executive Session	44 – 47	<p>In response to an inquiry by Commissioner Bonnie, Chairman Beck requested a motion pursuant to KRS 61.810 to go into executive session to discuss proposed or pending litigation against or on behalf of the public agency.</p> <p style="text-align: center;"><b><u>EXECUTIVE SESSION</u></b></p> <p>Chairman Beck requested a motion to return to public session.</p>	<p>Motion to go into executive session by Commission Lavin. Second by Commissioner Richardson. Motion carried with no objections or abstentions.</p> <p>Motion to return to public session by Commissioner Leavitt. Second by Commissioner Richardson. Motion carried with no</p>

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			objections or abstentions.  No further action taken.
<b>Adjournment</b>	47	Chairman Beck requested a motion for adjournment.	Motion to adjourn by Commissioner Yon. Second by Commissioner Leavitt. Motion carried with no objections or abstentions.

**NOTE:** The Agenda materials and any amendments thereto, subject to any applicable exemptions, and the official Transcript are incorporated by reference as if set forth fully herein.