

KENTUCKY HORSE RACING COMMISSION
MINUTES OF THE MEETING

Date: April 18, 2017 at 1:30 PM

Place: Fasig-Tipton Sales Company, 2400 Newtown Pike, Lexington, KY 40511

Members Present: Chairman Franklin S. Kling, Jr.; Vice-Chairman John C. Roach; Commissioner Stuart E. Brown, II, DVM; Commissioner Douglas A. Hendrickson; Commissioner Brereton C. Jones, Jr.; Commissioner Foster Northrop, DVM; Commissioner Gerald W. Holt; Commissioner James Gatewood Bell, Jr.; Commissioner Kiki Courtelis; Commissioner Kerry T. Cauthen; Commissioner Patrick A. Day; Commissioner Kenneth A. Jackson; Commissioner Lesley Ann May Howard; Commissioner Mark Simendinger; and Commissioner J. David Richardson, M.D.

Ex-officio Members Present: Secretary Don Parkinson, Tourism, Arts, and Heritage Cabinet; Caroline Baesler, by proxy and on behalf of Secretary Terry Gill, Cabinet for Economic Development; and Gail Russell, by non-voting proxy on behalf of Secretary David A. Dickerson, Public Protection Cabinet

KHRC Staff Participating/Present: Jamie Eads, Deputy Executive Director and Director of Division of Incentives and Development; John L. Forgy, General Counsel; George L. Seay, Jr., Deputy General Counsel; Steve May, Director of Pari-Mutuel Wagering; Mary Scollay, DVM, Equine Medical Director; Bruce Howard, DVM, Chief Racing Veterinarian; and Barbara Borden, Chief State Steward

Others Participating: None.

<i>AGENDA ITEM</i>	<i>TRANSCRIPT PAGE NUMBER(S)</i>	<i>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</i>	<i>ACTION TAKEN</i>
I. Call to Order and Roll Call	4 – 5	Meeting called to order and roll call performed by Chairman Kling. A quorum was recognized.	No action taken.
N/A	5 – 6	Mr. Forgy introduced new hire as Deputy General Counsel, George L. Seay, Jr.	No action taken. Informational item only.
	6 – 7	Chairman Kling commended the KHRC staff for providing the meeting’s agenda books to Commissioners in response to his requested timeframe. He noted that the staff will continue to strive to provide all future books within the same timeframe.	No action taken. Informational item only.

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<p>II. New Business</p> <p>Tab 1 Minutes from February 21, 2017</p>	<p>7 – 24</p> <p>7 – 9</p>	<p>Chairman Kling requested a motion to approve the minutes of the February 21, 2017 Commission meeting. Chairman Kling requested the following amendments: (1) Tab 2, “Action Taken” column, following “as” delete “presented” and insert “amended;” (2) Tab 4, “Action Taken” column, following “as” delete “amended” and insert “presented;” (3) Tab 5, “Discussion/Conclusions/Recommendations” column, in the first and second paragraphs following “officials” delete “and dates preference system;” (4) Tab 9, “Discussion/Conclusions/Recommendations” column, in the third paragraph delete “Gamily” and insert “Gaming;” and (5) Tab 11, “Discussion/Conclusions/Recommendations” column, in the first sentence following “Mr.” delete the word “Johnson” and insert “Johnsen.”</p>	<p>Motion to approve as amended by Commissioner Brown. Second by Commissioner Northrop. Motion carried with no objections or abstentions.</p>
<p>Tab 2 Ellis Park’s Proposed 2017 Summer Meet Officials & Dates Preference System</p>	<p>9 – 10</p>	<p>Chairman Kling requested a motion to approve Ellis Park’s proposed 2017 Summer meet racing officials and dates preference system.</p> <p>Ms. Borden presented Ellis Park’s request dated April 10, 2017 for approval of its roster of racing officials and dates preference system for the 2017 Summer meet. All stewards are ROAP accredited and all officials have previously performed the duties for which they are listed and will be licensed before the meet openings. Staff recommends approval.</p>	<p>Motion to approve by Commissioner Cauthen. Second by Commissioner Northrop. Motion carried with no objections or abstentions.</p>
<p>Tab 3 Bluegrass Downs’ Proposed 2017 Meet Officials</p>	<p>10 – 11</p>	<p>Chairman Kling requested a motion to approve Bluegrass Down’s proposed 2017 meet racing officials.</p> <p>Ms. Borden presented Bluegrass Down’s request dated April 6, 2017 for approval of its roster of racing officials for the 2017 meet. All judges are ROAP accredited and all officials have previously</p>	<p>Motion to approve by Commissioner Bell. Second by Commissioner Cauthen. Motion carried with no objections or abstentions.</p>

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		performed the duties for which they are listed and will be licensed before the meet openings. Staff recommends approval.	
Tab 4 Kentucky Horse Breeders' Incentive Fund: Change in Award Distribution Plans	11 – 13	<p>Chairman Kling requested a combined motion to approve the requests from the Kentucky Saddlebred Owners and Breeders Association (KSOBA) and the Rocky Mountain Horse Kentucky Breeders' Incentive Affiliate (RMHKBIA).</p> <p>Ms. Eads presented changes to the award distribution plans submitted by Kentucky affiliates participating in the Kentucky Horse Breeders' Incentive Fund (KHBIF). By letter dated January 26, 2017, the KSOBA requested to remove funding from the Bluegrass Futurity due to lack of participation. By letter dated January 30, 2017, the RMHKBIA requested to move the trail component from the American Competitive Trail Horse Association (ACTHA) to the Extreme Cowboy Association since ACTHA was no longer operating.</p> <p>The KHBIF Advisory Panel reviewed the requests and approval was recommended.</p>	<p>Combined motion to approve as presented by Commissioner Courtelis. Second by Commissioner Day. Motion carried with no objections or abstentions.</p>
Tab 5 Kentucky Downs' 2017 September Meet KTDF Allotments	13 – 15	<p>Chairman Kling requested a motion to approve Kentucky Downs' proposed 2017 September meet KTDF allotments.</p> <p>Ms. Eads presented Kentucky Downs' request dated March 28, 2017 for approval of its KTDF purse structure for the 2017 September meet and the ability to pay out KTDF purses on eligible horses first through last place.</p> <p>Kentucky Downs has proposed KTDF purses of \$4.2 million and up to \$75,000 in advertising. Kentucky Downs is also requesting approval to transfer \$300,000 of KTDF funds earned from wagers on historical horse races to Ellis Park for their summer meet. Their proposal is</p>	<p>Motion to approve as presented by Commissioner Hendrickson. Second by Commissioner Courtelis. Motion carried with no objections or abstentions.</p>

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		<p>based on a 42% growth in historical horse racing wagers and an anticipated payout of 92%.</p> <p>The KTDF Advisory Committee approved recommendation of Kentucky Downs' request at its April 4, 2017 meeting. Approval is recommended.</p>	
<p>Tab 6 Ellis Park 2017 Summer Meet KTDF Allotments</p>	<p>15 – 16</p>	<p>Chairman Kling requested a motion to approve Ellis Park's proposed 2017 Summer KTDF allotments.</p> <p>Ms. Eads presented Ellis Park's request dated March 20, 2017 for approval of its KTDF purse structure for the 2017 Summer meet. Ellis Park has proposed KTDF purses in the range of \$1.6 million which includes the \$300,000 transfer from Kentucky Downs and is based on a daily earnings of \$52,249 and a payout of 95%.</p> <p>The KTDF Advisory Committee approved recommendation of Ellis Park's request at its April 4, 2017 meeting. Approval is recommended.</p>	<p>Motion to approve by Commissioner Brown. Second by Commissioner Bell. Motion carried with no objections or abstentions.</p>
<p>Tab 7 Backside Improvement Fund request: Ellis Park</p>	<p>16 – 17</p>	<p>Chairman Kling requested a motion to approve Ellis Park's request for expenditure of its backside improvement funds.</p> <p>Ms. Eads presented Ellis Park's request dated April 7, 2017 for approval to use funds in the Backside Improvement Fund for two projects: 1) clean and sanitize 25 dorm rooms for mold and mold prevention; and 2) remodel area inside track kitchen for use by track chaplain for services. Both of the projects have been approved by the Kentucky Horsemen's Benevolent and Protective Association.</p> <p>KHRC staff has reviewed the proposals and invoices, and confirmed that Ellis Park has a balance of \$24,507.67 in backside improvement funds. Upon completion of all the projects, KHRC staff will inspect the</p>	<p>Motion to approve as presented by Commissioner Day. Second by Commissioner Bell. Motion carried with no objections or abstentions.</p>

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		repair work and confirm completion. Copies of all invoices, photographs and communications will be kept on file at the KHRC office. Staff recommends approval.	
Tab 8 Revised pricing on support of 3 horses at Kentucky Equine Research	17 – 19	<p>Chairman Kling requested a motion to approve the proposed revised pricing for support of three horses at the Kentucky Equine Research (KER) facility.</p> <p>Dr. Scollay presented the proposed revised pricing. She noted that at its February 2017 meeting the Commission approved pricing for three horses at the KER facility for the purpose of administration studies and generation of double-blind proficiency samples at a per diem of \$25 per head, plus an additional \$75 per day when the horses were engaged in administration studies. Following the approval, Dr. Joe Pagan, President of KER, suggested a flat rate per diem of \$30 per head instead of the originally approved \$25/\$75 per diem. The revised proposed rate would limit the KER staffs' duties to bringing horses in for sampling and turning them back out post-sampling.</p> <p>The Equine Drug Research Council unanimously approved the revised pricing at its April 4, 2017 meeting and approval is recommended.</p>	Motion to approve as presented by Commissioner Bell. Second by Commissioner Howard. Motion carried with no objections or abstentions.
Tab 9 KHRC Uniform Drug, Medication, and Substance Classification Schedule	19 – 22	<p>Chairman Kling requested a motion to approve the proposed revised KHRC Uniform Drug, Medication and Substance Classification Schedule (KHRC Schedule).</p> <p>Dr. Scollay presented the proposed revisions to the KHRC Classification Schedule. She noted that a working group of the EDRC (EDRC Group) was assigned to conduct an extensive review of the KHRC's Classification Schedule and reconcile it with the Association of Racing Commissioners International's (ARCI) Uniform Classification of Foreign Substances (ARCI Schedule). A subcommittee of the Racing Medication and Testing Consortium</p>	Motion to approve as presented by Commissioner Brown. Second by Commissioner Jones. Motion carried with no objections or abstentions.

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		<p>(RMTC Committee) also reviewed the ARCI Schedule. The EDRC Group and the RMTC Committee shared information and each made recommendations to the other.</p> <p>The recommended changes to the ARCI Schedule have been adopted. Approval of the recommended changes to the KHRC Schedule would result in harmonization between the two documents and national uniformity in penalty classifications and the EDRC voted to adopt the proposed changes at its April 4, 2017 meeting. Approval is recommended.</p>	
Tab 10 EDRC statement in support of screening limits	22 – 24	Dr. Scollay read into the record the EDRC’s statement in support of screening limits.	No action taken. Informational item only.
Tab 11 Reports Rulings a. Thoroughbred b. Standardbred Rulings c. Veterinary Division d. Pari-Mutuel Wagering Division e. Confidential – Litigation and Regulations	24 – 25 25 25 – 26 26 – 34 34	a. Ms. Borden presented the thoroughbred rulings report. She noted that the report includes unresolved 2017 rulings and new rulings since the last report. There were no updates to the ruling report. b. Chairman Kling presented the Standardbred rulings report. There were no updates to the ruling report. c. Dr. Howard presented the veterinary report. d. Mr. May presented the pari-mutuel wagering division report. e. Litigation and Regulation report is for informational purposes only.	No action taken. Informational items only.
III. Other Business	N/A	None.	Not applicable.

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IV. Adjournment	50	Chairman Kling requested a motion to adjourn.	Motion to adjourn by Commissioner Cauthen. Second by Commissioner Jackson. 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.