

KENTUCKY HORSE RACING COMMISSION
MINUTES OF THE MEETING

Date: December 11, 2018 at 1:30 PM

Place: Rolex Hospitality Room, 4089 Iron Works Parkway, Kentucky Horse Park, Lexington, KY 40511

Members Present: Chairman Franklin S. Kling, Jr.; Vice-Chairman Mark Simendinger; Commissioner J. Gatewood Bell, Jr.; Commissioner Larry Bisig; Commissioner Stuart E. Brown, II, DVM; Commissioner Kerry Cauthen; Commissioner Patrick A. Day; Commissioner Gerald W. Holt; Commissioner Kenneth A. Jackson; Commissioner Brereton C. Jones, Jr.; Commissioner Foster Northrop, DVM; and Commissioner J. David Richardson, M.D.

Ex-officio Members Present: Leigh Powers, by proxy and on behalf of Secretary Don Parkinson, Tourism, Arts & Heritage Cabinet; Jessica Burke, by proxy and on behalf of Secretary Terry Gill, Cabinet for Economic Development (arrived after Roll Call performed); and Acting Secretary Gail Russell, Public Protection Cabinet

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

Others Participating: Chip Bach, General Manager, Turfway Park; Justin Paul, Vice President, Associate General Counsel, Churchill Downs; and Richard Riedel, Executive Director, Kentucky Racing Health & Welfare Fund

<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.
II. New Business Tab 1 Minutes from August 21, 2018, September 28, 2018 and October 16, 2018	5 – 98 5 – 6	Chairman Kling requested a motion from the Commission to address the request submitted by KHRC staff to approve the proposed minutes of the August 21, 2018 Commission meeting. Motion by Commissioner Bisig. Second by Commissioner Cauthen. Ms. Eads presented the minutes of the August 21, 2018 Commission meeting as outlined in the agenda materials.	Chairman Kling called for a vote to approve the request as presented. Motion carried with no objections or abstentions.

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	6 – 7	<p>Chairman Kling requested a motion from the Commission to address the request submitted by KHRC staff to approve the proposed minutes of the September 25, 2018 Commission special meeting. Motion by Commissioner Richardson. Second by Commissioner Bell.</p> <p>Ms. Eads presented the minutes of the September 25, 2018 Commission special meeting as outlined in the agenda materials.</p>	<p>Chairman Kling called for a vote to approve the request as presented. Motion carried with no objections or abstentions.</p>
	7 – 8	<p>Chairman Kling requested a motion from the Commission to address the request submitted by KHRC staff to approve the proposed minutes of the October 16, 2018 Commission meeting. Motion by Commissioner Jackson. Second by Commissioner Richardson.</p> <p>Ms. Eads presented the minutes of the October 16, 2018 Commission meeting as outlined in the agenda materials</p>	<p>Chairman Kling called for a vote to approve the request as presented. Motion carried with no objections or abstentions.</p>
Tab 2 2019 Meeting Schedule and Calendar	8 – 9	<p>Chairman Kling requested a motion from the Commission to address the recommendation of the KHRC staff to approve the proposed 2019 meeting dates for the Commission. Motion by Commissioner Brown. Second by Commissioner Jones.</p>	<p>Chairman Kling called for a vote to approve the recommendation as presented. Motion carried with no objections or abstentions.</p>
	8	<p style="text-align: center;">CHAIRMAN KLING ACKNOWLEDGED FOR THE RECORD THE ARRIVAL OF COMMISSIONER BROWN.</p> <p>Chairman Kling presented the KHRC's recommendation as outlined in the agenda materials. Mr. Guilfoil stated that approval is recommended by KHRC staff.</p>	
Tab 3 2019 Sire Stakes Purse Distributions and Race Dates	9 – 12	<p>Chairman Kling requested a motion from the Commission to address the recommendation submitted by the Kentucky Standardbred Development Fund and Kentucky Standardbred Breeders' Incentive Fund Advisory Panel (Advisory Panel) to approve the proposed 2019</p>	<p>Chairman Kling called for a vote to approve the recommendation as presented. Motion</p>

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		<p>Kentucky Sire Stakes purse distributions and race dates. Motion by Commissioner Jackson. Second by Commissioner Day.</p> <p>Ms. Eads presented the Advisory Panel’s recommendation as outlined in the agenda materials.</p> <p>Approval of the Advisory Panel’s recommendation is recommended by the KHRC staff.</p>	<p>carried with no objections or abstentions.</p>
<p>Tab 4 Kentucky County Fairs: Race dates, Race Officials and Payment to the Kentucky Colt Association for Purse Distributions</p>	<p>12 – 13</p>	<p>Chairman Kling requested a motion from the Commission to address the request submitted by the Kentucky Colt Association (KCA) to approve the proposed 2019 Kentucky County Fair race dates, race officials, and the transfer of 2018 Standardbred unclaimed pari-mutuel ticket funds to the KCA for purse distributions Motion by Commissioner Holt. Second by Commissioner Jackson.</p> <p>Ms. Eads presented the KCA’s request as outlined in the agenda materials.</p> <p>Approval of the request is recommended by the KHRC staff.</p>	<p>Chairman Kling called for a vote to approve the request as presented. Motion carried with no objections or abstentions.</p>
<p>Tab 5 Transfer of funds to the Kentucky Racing Health & Welfare Fund</p>	<p>13 – 15</p>	<p>Chairman Kling requested a motion from the Commission to address the request submitted by Kentucky Racing Health & Welfare Fund (KRHWF) to transfer funds from the 2018 thoroughbred unclaimed pari-mutuel ticket account to the KRHWF. Motion by Commissioner Day. Second by Commissioner Holt.</p> <p>Ms. Eads presented the KRHWF’s request as outlined in the agenda materials.</p> <p>Approval of the request is recommended by KHRC staff.</p>	<p>Chairman Kling called for a vote to approve the request as presented. Motion carried with no objections or abstentions.</p>

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Tab 6 Proposed Conditions to Conduct Advance Deposit Account Wagering for 2019	15 – 17	<p>Chairman Kling requested a motion from the Commission to address the proposed recommendation submitted by KHRC staff to approve the proposed conditions of Advanced Deposit Account Wagering for 2019. Motion by Commissioner Richardson. Second by Commissioner Brown.</p> <p>Mr. May presented the KHRC staff’s request as outlined in the agenda materials.</p> <p>Approval is recommended by KHRC staff.</p>	Chairman Kling called for a vote to approve the request as presented. Motion carried with no objections or abstentions.
Tab 7 Requested Approval of Advance Deposit Account Wagering Licenses for 2019	17 – 21	<p>Chairman Kling requested a motion from the Commission to address the nine 2019 renewal license applications to conduct advanced deposit account wagering in the Commonwealth of Kentucky submitted by AmWest Entertainment, LLC; eBet Technologies, Inc.; Lien Games Racing, LLC; NYRABets, LLC; PariBet, LLC; ODS Technologies, L.P. d/b/a TVG; Churchill Downs Technology Initiatives Company d/b/a TwinSpires; Watch and Wager.com, LLC; and Xpressbet LLC. Motion by Commissioner Brown. Second by Commissioner Bisig.</p> <p>Mr. May presented the nine 2019 renewal license applications to conduct advanced deposit account wagering in the Commonwealth of Kentucky as outlined in the agenda materials.</p> <p>KHRC staff recommends approval of each of the nine renewal applications as presented.</p>	Chairman Kling called for a vote to approve the nine 2019 renewal license applications as presented. Motion carried with no objections or abstentions.
Tab 8 Requested Approval of Totalizator Licenses for 2019	21 – 23	Chairman Kling requested a motion from the Commission to address the three 2019 renewal license applications to provide totalizator services in the Commonwealth of Kentucky submitted by AmTote International, Inc.; Sportech Racing, LLC; and United Tote Company.	Chairman Kling called for a vote to approve the three 2019 renewal applications as presented. Motion

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		<p>Motion by Commissioner Cauthen. Second by Commissioner Richardson.</p> <p>Mr. May presented the three renewal applications to provide totalizator services in the Commonwealth of Kentucky as outlined in the agenda materials.</p> <p>KHRC staff recommends approval of each of the three renewal license applications as presented.</p>	<p>carried with no objections or abstentions.</p>
<p>Tab 9 Churchill Downs Request to Amend Historical Horse Racing Wagering Profile</p>	<p>24 – 36</p>	<p>Chairman Kling requested a motion for the Commission to address the request submitted by Churchill Downs to approve an updated version of the Ainsworth Historical Racing System, AINS14661KY, including HHR Wagering System Central Server, BGGame Terminal, HHR Management Terminal, and HHR Trust Report, Churchill Downs request to approve an updated version of the entertaining game theme Pac-Man Wild to utilize a new race set data base and adjustments to the payoff configurations, and the KHRC staff's request to conditionally approve up to 63 additional updated versions of previously approved wager profiles subject to ratification at the February 2019 commission meeting. Motion by Commissioner Brown. Second by Commissioner Day.</p> <p>Mr. May and Mr. Paul presented the requests as outlined in the agenda materials.</p> <p>Approval is recommended by KHRC staff.</p>	<p>Chairman Kling called for a vote to approve the requests as presented. Motion carried with no objections or abstentions.</p>
<p>Tab 10 Penalty Classification for Cannabidiol, Tetrahydrocannabinol (THC) and Cardarine</p>	<p>36 – 50 36 – 39</p>	<p>Chairman Kling requested a motion from the Commission to address the recommendation submitted by Equine Drug Research Council (EDRC) to classify Cannabidiol as a Class B drug on the KHRC's Uniform Drug, Medication, and Substance Classification Schedule</p>	<p>Chairman Kling called for a vote to approve the EDRC's recommendation as presented. Motion carried with no</p>

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	39 – 48	<p>and to add Cannabidiol to the KHRC's Uniform Drug, Medication, and Substance Classification Schedule by regulatory amendment pursuant to KRS Chapter 13A. Motion by Commissioner Richardson. Second by Commissioner Day.</p> <p>Dr. Scollay presented the EDRC's recommendation as outlined in the agenda materials. At its November 26, 2018 meeting, the EDRC voted unanimously in support of the recommendation.</p> <p>Approval is recommended by KHRC staff.</p> <p>Chairman Kling requested a motion from the Commission to address the recommendation submitted by the EDRC to classify Tetrahydrocannabinol (THC) as a Class A drug on the KHRC's Uniform Drug, Medication, and Substance Classification Schedule and to add THC to the KHRC's Uniform Drug, Medication, and Substance Classification Schedule by regulatory amendment pursuant to KRS Chapter 13A. Motion by Commissioner Cauthen. Second by Commissioner Holt.</p>	<p>objections or abstentions.</p> <p>Chairman Kling called for a vote to approve the EDRC's recommendation as presented. Motion carried with no objections or abstentions.</p>
	48 – 50	<p>Dr. Scollay presented the EDRC's recommendation as outlined in the agenda materials. At its November 26, 2018 meeting, the EDRC voted unanimously in support of the recommendation.</p> <p>Approval is recommended by KHRC staff.</p> <p>Chairman Kling requested a motion from the Commission to address the recommendation of the EDRC to classify Caradine as a Class A drug on the KHRC's Uniform Drug, Medication, and Substance Classification Schedule and to add Cardarine to the KHRC's Uniform Drug, Medication, and Substance Classification Schedule by</p>	<p>Chairman Kling called for a vote to approve the EDRC's recommendation as presented. Motion carried with no</p>

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		<p>regulatory amendment pursuant to KRS Chapter 13A. Motion by Commissioner Bisig. Second by Commissioner Richardson.</p> <p>Dr. Scollay presented the EDRC's recommendation as outlined in the agenda materials. At its November 26, 2018, the EDRC voted unanimously in support of the recommendation.</p> <p>Approval is recommended by KHRC staff.</p>	<p>objections or abstentions.</p>
<p>Tab 11 Characterizing Compositional and Mechanical Changes of Equine Proximal Sesamoid Bones Associated with Catastrophic Race Failure</p>	<p>50 – 57</p>	<p>Chairman Kling requested a motion from the Commission to address the recommendation submitted by the EDRC to approve the proposed expenditure of \$50,000 of EDRC funds in order to underwrite a pilot project to verify that certain imaging methods can be utilized to evaluate equine bone. Motion by Commission Day. Second by Commissioner Jackson.</p> <p>Dr. Scollay presented the EDRC's recommendation as outlined in the agenda materials. At its November 26, 2018 meeting, the EDRC voted to approve funding of this project with five votes in favor and one abstention.</p> <p>Approval is recommended by KHRC staff.</p>	<p>Chairman Kling called for a vote to approve the EDRC's recommendation as presented. Motion carried with no objections or abstentions.</p>
<p>Tab 12 Installation of Moisture Sensors on Grooming Harrows for Temporal and Spatial Analysis of Moisture Content on a Dirt Racing Surface</p>	<p>57 – 64</p>	<p>Chairman Kling requested a motion from the Commission to address the recommendation submitted by the EDRC to approve the proposed expenditure of \$40,000 of EDRC funds in order to underwrite a harrow mounted moisture sensor project. Motion by Commission Day. Second by Commissioner Brown.</p> <p>Dr. Scollay presented the EDRC's recommendation as outlined in the agenda materials. At its November 26, 2018 meeting, the EDRC voted unanimously to approve funding of this project upon the conditions outlined in the agenda materials.</p>	<p>Chairman Kling called for a vote to approve the EDRC's recommendation as presented. Motion carried with no objections or abstentions</p>

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Tab 13 Presentation: Historical Horse Racing Facility Update – Turfway Park	64 – 90	Mr. Bach presented an update to the Commissioners on Turfway Park’s historical horse racing facility and addressed questions and concerns of the Commissioners.	No action taken. Informational item only.
Tab 14 Reports a. Thoroughbred Rulings b. Standardbred Rulings c. Veterinary Division d. Pari-Mutuel Wagering Division e. Confidential – Litigation and Regulations	90 – 98 90 – 91 91 91 – 95 95 – 98 98	a. Ms. Borden presented the thoroughbred rulings report as outlined in the agenda materials. She noted an update in the rulings report to include the payment of the fine for Ruling No. 18-0107 and noted correction of a mathematical error in the total of fines assessed in 2018 to \$27,100. b. Mr. Guilfoil presented the Standardbred rulings report as outlined in the agenda materials. There were no updates to the rulings report. c. Drs. Howard and Scollay presented the veterinary division report as outline in the agenda materials. d. Mr. May presented the pari-mutuel wagering division report as outline in the agenda materials. e. Litigation and Regulation report is for informational purposes only.	No action taken. Informational items only.
III. Other Business 1. Contributions to the Kentucky Breeders’ Incentive Fund	98 – 99	Ms. Eads presented a report on contributions received by Kentucky racetracks offering historical horse racing wagering to the Kentucky Breeders’ Incentive Funds.	No action taken. Informational item only.
IV. Adjournment	99 – 55	Chairman Kling requested a motion to adjourn. Motion by Commissioner Cauthen. Second by Commissioner Jackson. Meeting adjourned.	Chairman Kling called for a vote to adjourn. Motion carried with no

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			objections or abstentions.

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