

KENTUCKY HORSE RACING COMMISSION
MINUTES OF THE MEETING

Date: December 12, 2017 at 1:30 PM

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

Members Present: Chairman Franklin S. Kling, Jr.; Vice-Chairman John C. Roach; Commissioner J. Gatewood Bell, Jr.; Commissioner Kerry T. Cauthen; Commissioner Patrick A. Day; Commissioner Douglas A. Hendrickson; Commissioner Gerald W. Holt; Commissioner Lesley Ann May Howard; Commissioner Brereton C. Jones, Jr.; and Commissioner Mark Simendinger

Ex-officio Members Present: Jessica Burke, by proxy and on behalf of Secretary Terry Gill, Cabinet for Economic Development; and Secretary David A. Dickerson, 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; George L. Seay, Jr., Deputy General Counsel; Steve May, Director of Pari-Mutuel Wagering and Compliance; Mary Scollay, DVM, Equine Medical Director; and Barbara Borden, Chief State Steward

Others Participating: Mr. Corey Johnsen, President at Kentucky Downs; Ms. Katherine McKee, Director of Racing Administration at Keeneland; Mr. Ron Geary, President at Ellis Park Racecourse

<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	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 October 17, 2017	6 – 57 4 – 6	Chairman Kling requested a motion to review the proposed minutes of the October 17, 2017 Commission meeting. Motion by Commissioner Day. Second by Commissioner Bell.	Chairman Kling called for a vote to approve the October 17, 2017 minutes as presented. Motion carried with no objections or abstentions.

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Tab 2 2018 meeting schedule and calendar	6 – 7	<p>Chairman Kling requested a motion to review the request submitted by the staff to approve the proposed 2018 meeting dates of the Kentucky Horse Racing Commission (KHRC). Motion by Commissioner Hendrickson. Second by Commissioner Day.</p> <p>Chairman Kling presented the proposed 2018 meeting dates of the KHRC. He noted that the proposed schedule was generated by KHRC staff in conjunction with guidance from Commissioners.</p> <p>Approval is recommended by KHRC staff.</p>	Chairman Kling called for a vote to approve the proposed 2018 KHRC meeting dates as presented. Motion carried with no objections or abstentions.
Tab 3 Recommended Amendments to 811 KAR 1:220 Harness Racing at County Fairs	7 – 9	<p>Chairman Kling requested a motion to review the request from the Kentucky Standardbred Development Fund and the Kentucky Standardbred Breeders’ Incentive Fund (KSDF/KSBIF) Advisory Panel to approve the proposed amendments to 811 KAR 1:220 (Harness Racing at County Fairs). Motion by Commissioner Bell. Second by Commissioner Holt.</p> <p>Ms. Eads presented the proposed amendments as outlined in the agenda materials. The KSDF/KSBIF Advisory Panel reviewed and discussed the proposed amendments as presented at its November 1, 2017 meeting. Approval is recommended by the KSDF/KSBIF Advisory Panel and KHRC staff.</p>	Chairman Kling called for a vote to approve the proposed amendments as presented. Motion carried with no objections or abstentions.
Tab 4 Recommended Amendments to 811 KAR 1:215 Kentucky Standardbred Development Fund and the Kentucky Standardbred Breeders’ Incentive Fund	9 – 11	<p>Chairman Kling requested a motion to review the request from the KSDF/KSBIF Advisory Panel to approve the proposed amendments to 811 KAR 1:215 (Kentucky Standardbred Development Fund and The Kentucky Standardbred Breeders’ Incentive Fund). Motion by Commissioner Hendrickson. Second by Commissioner Day.</p> <p>Ms. Eads presented the proposed amendments as outlined in the agenda materials. The KSDF/KSBIF Advisory Panel reviewed and discussed the proposed amendments as presented at its November</p>	Chairman Kling called for a vote to approve the proposed amendments as presented. Motion carried with no objections or abstentions.

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		1, 2017 meeting. Approval is recommended by the KSDF/KSBIF Advisory Panel and KHRC staff.	
Tab 5 Kentucky Sire Stakes purse distributions and race dates	11 – 15	<p>Chairman Kling requested a motion to review the request from the KSDF/KSBIF Advisory Panel to approve the proposed 2018 Kentucky Sire Stakes purse distributions and race dates. Motion by Commissioner Simendinger. Second by Commissioner Holt.</p> <p>Ms. Eads presented the KSDF/KSBIF Advisory Panel’s request as outlined in the agenda materials. The KSDF/KSBIF Advisory Panel reviewed and discussed the proposed 2018 KYSS purse distributions and race dates at its November 1, 2017 meeting. Approval is recommended by the KSDF/KSBIF Advisory Panel and KHRC staff.</p>	Chairman Kling called for a vote to approve the request as presented. Motion carried with no objections or abstentions.
Tab 6 Kentucky County Fairs: Race dates, officials and payment to the Kentucky Colt Association	15 – 16	<p>Chairman Kling requested a motion to review the request from the Kentucky Colt Association (KCA) to approve the proposed 2018 Kentucky county fair race dates and race officials, and the transfer of the 2017 standardbred unclaimed pari-mutuel ticket money to the KCA for purse distributions. Motion by Commissioner Cauthen. Second by Commissioner Howard.</p> <p>Ms. Eads presented the KCA’s request as outlined in the agenda materials. The dates and officials are the usual and customary race dates and officials for the county fairs and there will be no pari-mutuel wagering at the Kentucky Fair races. KHRC staff confirmed \$52,414.77 has been collected for 2017 un-cashed tickets; however, she noted that the amount may decrease pending any claims and advertising expenses.</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.

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Tab 7 Transfer of funds to the Kentucky Racing Health & Welfare Fund	16 – 18	<p>Chairman Kling requested a motion to review the request from the Kentucky Racing Health & Welfare Fund (KyRHWF) to transfer the 2017 thoroughbred unclaimed pari-mutuel ticket money to the KyRHWF. Motion by Commissioner Day. Second by Commissioner Jones.</p> <p>Ms. Eads presented the KyRHWF’s request dated November 9, 2017 as outlined in the agenda materials. The current amount of funds for the thoroughbred unclaimed pari-mutuel tickets is \$2,373,712.91, less any claims received and advertising expenses, pursuant to KRS 230.374. This amount is the total of tickets sold to bettors between July 1, 2015 and June 30, 2016 and that remained unclaimed as of July 1, 2017. The KyRHWF has submitted the required documents.</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 8 Totalizator 2018 License Applications	18 – 21	<p>Chairman Kling requested a combined motion to review 2018 renewal license applications to provide totalizator services in the Commonwealth of Kentucky submitted by AmTote International, Inc., Sportech Racing, LLC, and United Tote Company. Motion by Commissioner Hendrickson. Second by Commissioner Bell.</p> <p>Mr. May presented the three (3) renewal applications as outlined in the agenda materials, noting that the full applications were available for review at the KHRC offices. He stated that these renewal applications have been reviewed by Chairman Kling and KHRC staff. All applicants have been cooperative and forthcoming with requests for additional information, are in good standing and authorized to do business in Kentucky with the Kentucky Secretary of State. All applicants had no major incident reports related to wagering in Kentucky over the past licensing period, and all have signed an</p>	Chairman Kling called for a vote to approve issuance of a 2018 renewal license to provide totalizator services by each applicant. Motion carried with no objections or abstentions.

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		<p>affidavit indicating the organization will abide by Kentucky Horse Racing Totalizator Standards.</p> <p>Issuance of a renewal license to each applicant to provide totalizator services is recommended by KHRC staff.</p>	
<p>Tab 9 Advance Deposit Wagering 2018 License Applications</p>	<p>23 – 26</p>	<p>Chairman Kling requested a combined motion to review the Advance Deposit Wagering 2018 renewal license applications to offer advance deposit account wagering services in the Commonwealth of Kentucky submitted by AmWest Entertainment; eBet Technologies, Inc.; Horse Races Now, LLC; Lien Games Racing, LLC; NewCo Ventures North America, LLC d/b/a NYRABets; PariBet, LLC; ODS Technologies, L.P. d/b/a TVG Network; Churchill Downs Technology Initiatives Company d/b/a TwinSpires; Watch and Wager, LLC; and Xpressbet, LLC's. Motion by Commissioner Jones. Second by Commissioner by Commission Howard.</p> <p>Mr. May presented the ten (10) renewal applications as outlined in the agenda materials, noting that the full applications were available for review at the KHRC offices. He stated that these renewal applications have been reviewed by Chairman Kling and KHRC staff. All applicants have been cooperative and forthcoming with requests for additional information and all are in good standing and authorized to do business in Kentucky with the Kentucky Secretary of State. There have been no major outstanding occurrences to warrant concern with any applicant.</p> <p>Issuance of a renewal license to each applicant to conduct advance deposit account wagering is recommended by KHRC staff.</p>	<p>Chairman Kling called for a vote to approve issuance of a 2018 renewal license to conduct advance deposit wagering by each applicant. Motion carried with no objections or abstentions.</p>
<p>Tab 10 Advance Deposit Wagering 2018 Conditions to Licensure</p>	<p>21 – 23</p>	<p>Chairman Kling requested a motion to review the request submitted by KHRC staff to approve the proposed 2018 Conditions of Licensure</p>	<p>Chairman Kling called for a vote to approve the 2018 Conditions of</p>

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		<p>for Advance Deposit Account Wagering. Motion by Commissioner Cauthen. Second by Commissioner Hendrickson.</p> <p>Mr. May presented the KHRC staff's request for approval of the proposed 2018 Conditions of Licensure for Advance Deposit Account Wagering as outlined in the agenda materials. The proposed changes have been drafted by staff, along with KHRC Deputy General Counsel.</p> <p>Approval is recommended by KHRC staff.</p>	<p>Licensure for Advance Deposit Wagering as presented. Motion carried with no objections or abstentions.</p>
<p>Tab 11 Request from Keeneland/Red Mile for Amendments to PariMAX wagering pools</p>	<p>26 – 28</p>	<p>Chairman Kling requested a motion to review Keeneland/Red Mile's (KRM) request to offer PariMAX Version 3.6.1 historical horse racing exotic wagering pools. Motion by Commissioner Bell. Second by Commissioner Simendinger.</p> <p>Mr. May presented KRM's request as outlined in the agenda materials. GLI has reviewed and tested all of the changes in the PariMAX platform and confirmed the updates are in compliance with Kentucky statutes and regulations and are pari-mutuel wagering pools.</p> <p>If approved, KRM will submit an exact floor layout and a list of the terminals that will offer wagering on the PariMAX Version 3.6.1 for KHRC staff review and approval. Approval is recommended by KHRC staff.</p>	<p>Chairman Kling called for a vote to approve KRM's request as presented. Motion carried with one objection by Secretary Dickerson and no abstentions.</p>
<p>Tab 12 Request for \$82,000 from restricted EDRC fund for analysis of Etizolam administration samples and analytical method development</p>	<p>28 – 43</p>	<p>Chairman Kling requested a motion to review the request by KHRC Equine Medical Director, Dr. Mary Scollay, for \$82,000 from restricted Equine Drug Research Council (EDRC) fund for analysis of Etizolam administration samples and analytical method development. Motion by Commissioner Hendrickson. Second by Commissioner Jones.</p>	<p>Chairman Kling called for a vote to approve the request as presented and discussed. Motion carried with one objection by</p>

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		<p>Dr. Scollay presented her request as outlined in the agenda materials. She noted that in 2017 Etizolam was identified in material found in the barn area on the grounds of a Kentucky licensed racing association. Etizolam does not have FDA approval, is not legal to possess or administer in the United States, and has been identified as an illicit human substance of abuse. Recognized as a potential threat to the integrity of racing in Kentucky, the EDRC unanimously supports the funding of an administration study to characterize the drug and its metabolites in equine blood and urine in order for the official laboratory to validate its testing methods and add them to the standard drug testing program. Approval is recommended by KHRC staff.</p>	<p>Commissioner Holt and no abstentions.</p>
<p>Tab 13 Reports a. Thoroughbred Rulings b. Standardbred Rulings c. Veterinary Division d. Pari-Mutuel Wagering Division e. Confidential – Litigation and Regulations</p>	<p>43 – 57 43 – 46 46 – 48 48 – 49 49 – 57 57</p>	<p>a. Ms. Borden presented the thoroughbred rulings report. There were no updates to the ruling report.</p> <p>b. Mr. Guilfoil presented the standardbred rulings report. Update to the report included receipt of payment for ruling J2017-029.</p> <p>c. Dr. Scollay presented the veterinary division report.</p> <p>d. Mr. May presented the pari-mutuel wagering division report.</p> <p>e. Litigation and Regulation report is for informational purposes only.</p>	<p>No action taken. Informational items only.</p>
<p>III. Other Business 1. Presentation from the KyHBPA along with Kentucky Downs, Ellis Park & Keeneland/Red Mile</p>	<p>57 – 60</p>	<p>Mr. Johnsen presented a check in the amount of \$381,000 representing Kentucky Downs’ contribution from historical horse racing from January 2017 through November 2017 to the Kentucky Breeders’ Incentive Fund (KBIF).</p>	<p>No action taken. Informational item only.</p>

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		<p>Ms. McKee presented a check in the amount of \$157,069.55 representing Keeneland and The Red Mile's contribution from historical horse racing from 2015 through October 2017 to the KBIF.</p> <p>Mr. Geary presented a check in the amount of \$46,000 representing Ellis Park's contribution from historical horse racing for the period of June 2016 through June 2017 to the KBIF.</p>	
IV. Adjournment	60 – 61	Chairman Kling requested a motion to adjourn. Motion by Commissioner Cauthen. Second by Commissioner Simendinger. Meeting adjourned.	Chairman Kling called for a vote to adjourn. 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.