

KENTUCKY HORSE RACING COMMISSION
MINUTES OF THE MEETING

Date: February 21, 2017 at 1:30 PM

Place: Rolex Hospitality Room, 4089 Iron Works Parkway, 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; and Commissioner J. David Richardson, M.D.

Ex-officio Members Present: Leigh Powers, by proxy and on behalf of Secretary Don Parkinson, Tourism, Arts, and Heritage Cabinet

KHRC Staff Participating/Present: Marc A. Guilfoil, Executive Director; Drew Conners, Program Coordinator, Division of Incentives and Development, on behalf of Jamie Eads, Director; John L. Forgy, General Counsel; and 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	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 November 22, 2016	5	Chairman Kling requested a motion to approve the minutes of the November 22, 2016 Special Commission meeting.	Motion to approve as presented by Commissioner Northrop. Second by Commissioner Hendrickson. Motion carried with no objections or abstentions.

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Tab 2 Minutes from December 13, 2016	5 – 6	Chairman Kling requested a motion to approve the minutes of the December 13, 2016 Commission meeting with the following revision: Under Tab #3 on page 2 of 8, replace “page 2 of 3” with “page 2 of 5.”	Motion to approve as amended by Commissioner Cauthen. Second by Commissioner Jackson. Motion carried with no objections or abstentions.
Tab 3 Keeneland’s Proposed 2017 Spring Meet Officials & Dates Preference System	6 – 7	Chairman Kling requested a motion to approve Keeneland’s proposed 2017 Spring meet officials and dates preference system. Ms. Borden presented Keeneland’s request dated February 7, 2017 for approval of its roster of racing officials and dates preference system for the 2017 Spring 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.	Motion to approve by Commissioner Bell. Second by Commissioner Brown. Motion carried with no objections or abstentions.
Tab 4 Churchill Downs’ Proposed 2017 Spring Meet Officials & Dates Preference System	7 – 8	Chairman Kling requested a motion to approve Churchill Down’s proposed 2017 Spring meet officials and dates preference system. Ms. Borden presented Churchill Down’s request dated February 14, 2017 for approval of its roster of racing officials and dates preference system for the 2017 Spring 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.	Motion to approve as presented by Commissioner Courtelis. Second by Commissioner Day. Motion carried with no objections or abstentions.
Tab 5 Thunder Ridge’s Proposed 2017 Meet Officials	8 – 9	Chairman Kling requested a motion to approve Thunder Ridge’s proposed 2017 Spring meet officials. Ms. Borden presented Thunder Ridge’s request dated February 14, 2017 for approval of its roster of racing officials for the 2017 Spring meet. All are ROAP accredited and all officials have previously	Motion to approve as presented by Commissioner Cauthen. Second by unidentified Commissioner. Motion

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		performed the duties for which they are listed and will be licensed before the meet openings. Staff recommends approval.	carried with no objections or abstentions.
Tab 6 Keeneland's 2017 Spring Meet KTDF Allotments	9 – 10	<p>Chairman Kling requested a motion to approve Keeneland's proposed 2017 Spring KTDF allotments.</p> <p>Mr. Conners presented Keeneland's request dated January 25, 2017 for approval of its KTDF purse structure for the 2017 Spring meet and the ability to pay out KTDF purses on eligible horses first through last place.</p> <p>Keeneland has projected to card KTDF purses of approximately \$1,224,000, which is based on a payout of 80% of the amount carded and daily earnings of \$22,137. KHRC staff has confirmed a surplus of \$394,395 at the end of the 2016 Fall meet and KRM earnings of approximately \$400,000.</p> <p>The KTDF Advisory Committee approved recommendation of Keeneland's request at its January 30, 2017 meeting. Approval is recommended.</p>	<p>Motion to approve by Commissioner Hendrickson. Second by Commissioner Day.</p> <p>Motion carried with no objections or abstentions.</p>
Tab 7 Churchill Downs' 2017 Spring Meet KTDF Allotments	11 – 12	<p>Chairman Kling requested a motion to approve Churchill Downs' proposed 2017 Spring KTDF allotments.</p> <p>Mr. Conners presented Churchill Downs' request dated January 25, 2017 for approval of its KTDF purse structure for the 2017 Spring meet and the ability to pay out KTDF purses on eligible horses first through last place.</p> <p>Churchill Downs has projected to card KTDF purses in the range of \$1,000,000-\$1,300,000, which is based on a payout of 83% of the amount carded and daily earnings of \$26,300. KHRC staff has confirmed a surplus of \$22,760 at the end of the 2016 Fall meet.</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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		The KTDf Advisory Committee approved recommendation of Keeneland's request at its January 30, 2017 meeting. Approval is recommended.	
Tab 8 Report on Dismissal of Dextrophan Medication Positives in December, 2016	13 – 28	Dr. Scollay made a presentation reporting on the dismissal of dextrophan medication positives in December, 2016.	No action taken. Informational items only.
Tab 9 Request by Keeneland/Red Mile for Approval of Version 2.8 Game Themes	28 – 33	<p>Chairman Kling requested a motion to approve the request of KRM Wagering, LLC (KRM) to offer PariMAX Version 2.8 pari-mutuel system exotic wagering pools.</p> <p>Mr. May presented KRM's request dated February 14, 2017 to amend its Request to Offer Exotic Wagering on Historical Horse Races to offer PariMAX Version 2.8 pari-mutuel system exotic wagering pools and outlined the changes in Version 2.8.</p> <p>Mr. May stated that the PariMAX system had undergone testing at Gaming Laboratories International (GLI) and GLI affirmed the system complies with applicable Kentucky law. KHRC staff and legal counsel have reviewed KRM's request and also confirm its compliance with Kentucky law.</p> <p>All of the actual game specifications are available for review by the Commissioners in the KHRC office and approval is recommended.</p>	Motion to approve as presented by Commissioner Bell. Second by Commissioner Richardson. Motion carried with no objections or abstentions.

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<p>Tab 10 Reports</p> <p>Rulings</p> <p>a. Thoroughbred</p> <p>b. Standardbred Rulings</p> <p>c. Veterinary Division</p> <p>d. Pari-Mutuel Wagering Division</p> <p>e. Confidential – Litigation and Regulations</p>	<p>32 – 33</p> <p>33 – 35</p> <p>35 – 42</p> <p>42 – 45</p> <p>45</p>	<p>a. Ms. Borden presented the thoroughbred rulings report. Updates include: for 2016, payment has been received of the fine under Ruling No. 16-0105; and for 2017, payment has been received of the fines under Ruling Nos. 17-0009 and 17-0017.</p> <p>b. Mr. Guilfoil presented the Standardbred rulings report. He noted that two rulings from September 2016 are listed due to a delay at the laboratory conducting the split sample testing.</p> <p>c. Dr. Howard and Dr. Scollay presented the veterinary 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</p> <p>Tab 11 Kentucky Downs & KyHBPA present historical horse racing contribution to KBIF</p>	<p>45 – 47</p>	<p>Mr. Johnsen and Mr. Maline presented a check in the amount of \$352,000 to the Kentucky Breeders’ Incentive Fund (KBIF). The funds presented represent Kentucky Downs’ contribution to the KBIF of historical racing funds under its agreement with the KyHBPA.</p>	<p>Not applicable.</p>
<p>IV. Executive Session</p> <p>Tab 12 Confidential – Otabek Umarov v. Kentucky Horse Racing Commission</p>	<p>47 – 48</p>	<p>Chairman Kling requested a motion to go into executive session to: 1) deliberate in a role as a judicial or quasi-judicial body regarding individual adjudications as permitted by KRS 61.810(1)(j); and 2) to discuss proposed or pending litigation against or on behalf of the public agency as permitted by KRS 61.810(1)(c).</p> <p style="text-align: center;"><u>EXECUTIVE SESSION</u></p>	<p>Motion to go into executive session by Commissioner Cauthen. Second by Commissioner Northrop. Motion carried with no objections or abstentions.</p>

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	48 – 49	Chairman Kling requested a motion to return to public session.	Motion to return to public session by Commissioner Brown. Second by Commissioner Jackson. Motion carried with no objections or abstentions.
	49 – 50	Following the return to public session, a motion to adopt the Proposed Agreed Order on Disposition in the matter of <u>Umarov v. KHRC</u> , Administrative Action No. KHRC-16-TB-002, as presented and considered during the Executive Session was offered by Vice-Chairman Roach.	Motion to adopt the Proposed Agreed Order on Disposition by Vice-Chairman Roach and Commissioner Richardson. Second by Commissioner Cauthen. Motion carried with no objections or abstentions.
V. 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.