

KENTUCKY HORSE RACING COMMISSION
MINUTES OF THE MEETING

Date: March 22, 2016 at 1:30 PM

Place: Rolex Hospitality Room, Kentucky Horse Park, Lexington, KY

Members Present: Vice-Chairman Tracy Farmer; Commissioner Elizabeth Lavin; Commissioner Burr Travis; Commissioner Clay Patrick; Commissioner J. David Richardson, M.D.; Commissioner John Phillips; Commissioner Neil Howard; Commissioner Steve Stewart; Commissioner Jerry Yon, MD; Commissioner Frank Jones; F. Thomas Conway, Wade Houston, Sr., and Commissioner David Ingordo

Ex-officio Members Present: Secretary David Dickerson, representing the Public Protection Cabinet; and Deputy Secretary Erik Dunnigan, representing the Cabinet of Economic Development

KHRC Staff Participating: Marc A. Guilfoil, Executive Director; Susan B. Speckert, General Counsel; Mary Scollay, DVM, Equine Medical Director; Barbara Borden, Chief State Steward; and Jamie Eads, Director of Incentives and Development

Others Present/Participating: Michael Zeigler, Executive Director of Racing, Churchill Downs

AGENDA ITEM	TRANSCRIPT PAGE NUMBER(S)	DISCUSSION / CONCLUSIONS / RECOMMENDATIONS	ACTION TAKEN
I. Call to Order and Roll Call	2 – 4	Meeting called to order and roll call performed by Vice-Chairman Farmer. A quorum was recognized.	No action taken.
II. New Business Tab 1 Minutes – October, 26, 2015; December 1, 2015 and February 19, 2016	4 – 5	Vice-Chairman Farmer presented and requested a motion to approve the minutes of the October 16, 2015, December 1, 2015 and February 19, 2016 meetings. Commissioner Jones noted the correction of “Thompson” to “Thomason” in the December 1, 2015 Minutes.	Motion to approve the October 16, 2015 and February 19, 2016 Minutes as presented and the December 1, 2015 as corrected by Commissioner Jones. Second by Commissioner Conway. Motion carried

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			with no objections or abstentions.
Tab 2 Ellis Park's 2016 Meet KTDF Allotment Request	5 – 6	<p>Ms. Eads presented Ellis Park's KTDF purse structure request. By letter dated March 8, 2016, Ellis Park requested approval of its KTDF purse structure for the 2016 meet and the ability to payout KTDF purses on eligible horses first through last place.</p> <p>Ellis Park projected to card KTDF purses in the range of \$1,240,000, which is based on a payout of approximately 95% of the amount carded and daily earnings of \$41,328.</p> <p>The KTDF Advisory Committee approved recommendation of Ellis Park's request at its March 8, 2016 meeting. Approval is recommended.</p>	Motion to approve by Commissioner Jones. Motion seconded. Motion carried with no objections or abstentions.
Tab 3 Kentucky Downs' 2016 Meet KTDF Allotment Request	6 – 9	<p>Ms. Eads presented Kentucky Downs' KTDF purse structure request. By letter dated March 4, 2016, Kentucky Downs requested approval of its KTDF purse structure for the 2016 meet and the ability to payout KTDF purses on eligible horses first through last place.</p> <p>Kentucky Downs proposed to card KTDF purses in the range of \$4,200,000 and up to \$75,000 in advertising, which is based on earnings from wagers on historical horse racing. The advertising request is pursuant to the Kentucky Thoroughbred Development Fund regulation, 810 KAR 1:090(3)(7), and a portion will be used to advertise the entire Kentucky circuit.</p> <p>The KTDF Advisory Committee approved recommendation of Kentucky Downs' requests at its March 8, 2016 meeting. Approval is recommended.</p>	Motion to approve. Motion carried with no objections or abstentions.

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<p>Tab 4 Churchill Downs' 2016 September Meet Allotment Request</p>	<p>9 – 10</p>	<p>Ms. Eads presented Churchill Downs' KTDF purse structure request. By letter dated March 8, 2016, Churchill Downs requested approval of its KTDF purse structure for the 2016 September meet and the ability to payout KTDF purses on eligible horses through last place.</p> <p>Churchill Downs projected to card KTDF purses in the range of \$150,000-\$250,000, which is based on a payout of approximately 80% of the amount carded and daily earnings of \$12,850.</p> <p>The KTDF Advisory Committee approved recommendation of Churchill Downs' request at its March 8, 2016 meeting. Approval is recommended. Ms. Eads further explained that because Churchill Downs submitted its request for approval of the September 2016 meet prior to the conclusion of its 2016 spring/summer meet at the request of KHRC staff, if there are any changes in the projected numbers as presented upon conclusion of the spring/summer meet, the KTDF Advisory Committee would review the request again.</p>	<p>Motion to approve by Commissioner Lavin. Motion carried with no objections or abstentions.</p>
<p>Tab 5 Churchill Downs' Backside Improvement Fund Request</p>	<p>10 – 11</p>	<p>Ms. Eads presented Churchill Downs' request dated March 9, 2016 for approval of an additional expenditure of its backside improvement funds to their previous request for \$275,586 in funds that was approved by the Commission at its February 19, 2016 meeting. Additional funds in the amount of \$4,240 are being requested to purchase and install two portable storage sheds near the pony barns to provide covered storage for straw and other items.</p> <p>KHRC staff inspected the proposed additional project and Churchill Downs has provided a detailed description, justification, photographs, and a bid for the additional project.</p>	<p>Motion to approve by Commissioner Jones. Motion seconded. Motion carried with no objections or abstentions.</p>

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		<p>Churchill Downs has a balance of \$477,103.90 in backside improvement funds. Upon completion of all the projects, KHRC staff will inspect the repair work and confirm completion. Copies of all invoices, photographs and communications will be kept on file at the KHRC office.</p> <p>Staff recommends approval.</p>	
<p>Tab 6 KY Mountain Saddle Horse Assoc. Period IV Application Amendment Request</p>	<p>11 – 12</p>	<p>Ms. Eads presented the Kentucky Mountain Saddle Horse Association's (KMSHA) Period IV Application (KMSHA Application) amendment request dated February 23, 2016 for approval to amend their award distribution plan for the 2016 show season. The KMSHA's Application was approved by the Commission on March 23, 2015.</p> <p>The requested amendment would allow the KMSHA to apply double points to two horse shows in an effort to off-set the increased show rental rate. Ms. Eads noted that other approved applicants also offer similar award distribution plans.</p> <p>Staff recommends approval.</p>	<p>Motion to approve by Commissioner Yon. Second by Commissioner Lavin. Motion carried with no objections or abstentions.</p>
<p>Tab 7 Mountain Pleasure Horse Assoc. Period IV Application Amendment Request</p>	<p>12 – 14</p>	<p>Ms. Eads presented the Mountain Pleasure Horse Association's (MPHA) Period IV Application (MPHA Application) amendment request received March 10, 2016 for approval to amend their award distribution plan. The MPHA's Application including the current award distribution plan which allocated 5% of the total funds back to the MPHA was approved by the Commission on January 15, 2015; however, due to a misunderstanding it has come to KHRC staff's attention that the previously approved award distribution plan is not in compliance with the KHRC's regulation.</p>	<p>Motion to approve by Commissioner Jones. Second by Commissioner Lavin. Motion carried with no objections or abstentions.</p>

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		<p>Therefore, at the request of KHRC staff, and in compliance with 811 KAR 2:120, the MPHA requested to amend its award distribution plan so that 100% of the funds allocated are disbursed to the participants.</p> <p>Staff recommends approval.</p>	
<p>Tab 8 Keeneland’s Request to Offer Drive-Through Wagering at the Horse Park for Oaks and Derby</p>	<p>14 – 15</p>	<p>Ms. Speckert presented Keeneland’s request dated March 11, 2016 for approval to amend it legal site description provided in its 2016 race track application to include a portion of the Kentucky Horse Park to be leased by Keeneland in order to offer drive-through betting during the 2016 Oaks and Derby, May 6-7, 2016. The Commission has approved Keeneland’s identical requests since 2012 and a similar request for Breeders Cup in 2015.</p> <p>KHRC staff has confirmed that the request meets the requirements of the statute and recommends approval contingent upon receipt from Keeneland of a copy of the lease agreement between Keeneland and the Kentucky Horse Park and a letter of consent from the Red Mile.</p>	<p>Motion to approve as presented by Commissioner Yon. Motion seconded. Motion carried with no objections or abstentions.</p>
<p>Tab 9 LGC Science Rapid Response Contract Renewal</p>	<p>15 – 23</p>	<p>Dr. Scollay presented the rapid response testing contract with LGC Sports Science (LGC) for renewal. The current rapid response contract with LGC expires on June 30, 2016.</p> <p>The contract is a two-year contract for \$125,000 per year to be utilized for tactical research into emerging threats. Any funds not expended during the contract year will revert back to the Equine Drug Research Council (EDRC).</p> <p>The EDRC unanimously approved renewal of the contract at its March 11, 2016 meeting. Staff recommends approval.</p>	<p>Motion to approve by Commissioner Jones. Motion seconded. Motion carried with no objections or abstentions.</p>

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Tab 10 Churchill Downs' Pick 6 Carryover Request	23 – 29	<p>Mr. Zeigler presented Churchill Downs' request dated March 17, 2016 for approval of its Pick 6 carryover request.</p> <p>Churchill Downs requests that Derby Day feature a \$2 Pick 6 subjected to the traditional Pick 6 rules and fees. Should a carryover from Derby Day occur, the carryover from that day would transition into a \$.20 Single 6 wager. The Single 6 wager will feature a mandatory payout of 50% of the carryover from Derby Day and all the money wagered into the pool that day. Post the mandatory payout, the remaining 50% of the Derby Day carryover would become the jackpot prize for that day's pool and the wager would be subjected to the \$.20 Single 6 rules for the duration of the meet.</p>	<p>Motion to approve by Commissioner Travis. Second by Commissioner Jones. Motion carried with no objections or abstentions.</p>
Tab 11 Kentucky Downs' Request to Offer Jockey 7 Special Wager	N/A	Request and Agenda Item was withdrawn.	No action taken.
Tab 10 Reports a. Thoroughbred Rulings b. Standardbred Rulings c. Veterinary Division d. Pari-Mutuel Wagering Division e. Litigation and Regulations	<p>29</p> <p>30</p> <p>30 – 31</p>	<p>a. Ms. Borden presented the thoroughbred ruling report. She noted updates that Ruling No. 16-0013 has been paid and an extension to pay has been granted for Ruling No. 16-0012.</p> <p>b. Ms. Borden presented the standardbred ruling report on behalf of Mr. Williams. There were no updates to the Standardbred ruling report.</p> <p>c. Dr. Scollay presented the race-related fatality occurrence over time report. She noted that because Turfway Park's meet had not yet concluded, Dr. Howard would present the report for the Turfway meet at the next scheduled Commission meeting.</p>	<p>No action taken. Informational items only.</p>

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		<p>d. Informational reports for historical horse racing for February 2016, and live handle for February 2016 for Turfway Park.</p> <p>e. Status Report on Regulations and Litigation – For Informational Purposes Only.</p>	
III. Other Business	N/A	There was no other business presented or discussed.	No action taken. Information item only.
IV. Executive Session		<p>Vice Chairman Farmer 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>Vice Chairman Farmer requested a motion to return to public session.</p> <p>Upon return to public session: 1) In re: <u>Hiles v. KHRC</u>, Commissioner Conway offered a motion to rescind Stewards' Ruling No. 15-0076 and to enter into an Agreed Order fully resolving the matter; and 2) In re: renewal of Dr. Mary Scollay's employment contract, Commissioner Yon offered a motion to approve the contract.</p>	<p>Motion and second to go into executive session. Motion carried with no objections or abstentions.</p> <p>Motion to return to public session by Commissioner Lavin. Motion seconded. Motion carried with no objections or abstentions.</p> <p>1) Motion by Commissioner Conway. Motion seconded. Motion carried with no objections or abstentions. 2) Motion by Commissioner Yon.</p>

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			Second by Commissioner Lavin. Motion carried with no objections or abstentions.
V. Adjournment		Vice Chairman Farmer requested a motion for adjournment.	Motion and second 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.