

KENTUCKY HORSE RACING COMMISSION
MINUTES OF THE MEETING

Date: May 17, 2016 at 1:00 PM

Place: Capitol Annex Building, Room 129, Frankfort, KY

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

Ex-officio Members Present: Secretary David Dickerson, representing the Public Protection Cabinet; and Deputy Secretary Erik Dunnigan, representing the Cabinet of Economic Development; and Secretary Don Parkinson, representing the Tourism, Arts & Heritage Cabinet

KHRC Staff Participating: Marc A. Guilfoil, Executive Director; John L. Forgy, General Counsel; Mary Scollay, DVM, Equine Medical Director; Barbara Borden, Chief State Steward; Jamie Eads, Director of Incentives and Development; Rich Williams, Standardbred Presiding Judge; Bruce Howard, DVM, Chief Veterinarian; Chris Clark, Director of Licensing and Enforcement; and Steve May, Director of Pari-Mutuel Wagering and Compliance

Others Present/Participating: Michelle Fisher, Vice President of Sales and Business Development, Americas for Sportech; and Brad Cummings, Chief Executive Officer, EquiLottery

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| I. Swearing in of New Commission Members | 2 – 5 | Honorable Laurance B. VanMeter, Kentucky Court of Appeals Judge, administered the Constitutional oath of office to the following new commission members: Chairman Franklin S. Kling, Jr.; Vice Chairman John C. Roach; Stuart E. Brown, II; Kerry T. Cauthen; Patrick A. Day; Douglas A. Hendrickson; Gerald W. Holt; Lesley Ann May Howard; Kenneth A. Jackson; Brereton C. Jones, Jr.; J. David Richardson, M.D.; and Mark Simendinger. | Informational item only. No action taken. |
| II. Call to Order and Roll Call | 5 – 6 | Meeting called to order and roll call performed by Chairman Kling. A quorum was recognized. | No action taken. |

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| III. New Business Tab 1 Welcome and Overview of Agency | 6 – 46 6 - 7 7 – 8 8 – 9 9 – 10 10 – 11 11 11 – 12 12 – 13 13 – 14 | Mr. Guilfoil welcomed the new commission members and commended the Governor on their appointments. He stated that staff team members would follow with introductions and overviews of their responsibilities. Mary Scollay, D.V.M., Equine Medical Director, presented. Bruce Howard, D.V.M., Chief Racing Veterinarian, presented. Chris Clark, Director of Licensing and Director of Enforcement, presented. Barbara Borden, Chief State Steward, presented. Rich Williams, Chief Judge, presented. Steve May, Director of Pari-Mutuel Wagering and Compliance, presented. John Forgy, General Counsel, presented. Jamie Eads, Director for the Division of Incentives and Development, presented. | Informational item only. No action taken. |
| Tab 2 Minutes from March 22, 2016 Meeting | 14 | Chairman Kling requested a motion to approve the minutes of the March 22, 2016 meeting. | Motion to approve by Vice Chairman Roach. Second by Commissioner Richardson. Motion carried with no objections |

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| | | | or abstentions. |
| Tab 3 Ethical Guidelines for Members of Executive Branch Boards and Commissions | 15 – 17 | Mr. Forgy presented a summary of certain ethical standards for members of the policymaking and regulatory boards and commissions in state government as established by executive order by Governor Beshear in 2008. | Informational items only. No action taken. |
| Tab 4 Proposed Amendments to Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development Fund: 811 KAR 2:190 | 17 – 19 | <p>Ms. Eads presented the proposed amendment to 811 KAR 2:190, the Kentucky Quarter Horse, Paint Horse, Appaloosa, and Arabian Development.</p> <p>Ms. Eads noted that the regulation had just previously been through a lengthy amendment process and following becoming effective a discrepancy in the yearling nomination deadline date was discovered. Two different dates (December 15 and December 31) were referenced as the deadline dates. The proposed amendment would reconcile that discrepancy and amend the December 15 date to December 31 as was the original intention.</p> <p>Staff recommends approval.</p> | Motion to approve by Commissioner Vice Chairman Roach. Second by Commissioner Simendinger. Motion carried with no objections or abstentions. |
| Tab 5 Proposed Amendments to Jockey Mount Fees: 810 KAR 1:009 Section 8 | 19 – 21 | <p>Mr. Guilfoil presented the proposed amendment to 810 KAR 1:009, the Jockeys and apprentices regulation in connection with jockey mount fee schedule.</p> <p>Mr. Guilfoil stated that the proposed amendments were the consensus of several industry representatives over multiple meetings. He noted a special thank you to former Commissioner Frank Jones; Marty Maline and Rick Hiles representing the Kentucky Horsemen’s Benevolent and Protective Association (KyHBPA); Chauncey Morris representing the Kentucky Thoroughbred Association (KTA) and Kentucky Thoroughbred</p> | Motion to approve by Commissioner Simendinger. Second by Commissioner Richardson. Motion carried with no objections or abstentions. |

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| | | <p>Owners and Breeders Association (KTOBA); and Ms. Joqskill, Terry Meeks, Mindy Coleman and Jeff Johnston representing the Jockey's Guild.</p> <p>Staff recommends approval.</p> | |
| <p>Tab 6 Application to Provide Totalizator Services Sportech Racing</p> | <p>21 – 28</p> | <p>Mr. May presented the application of Sportech Racing to provide totalizator services and introduced Michelle Fisher, Vice President of Sales and Business Development for the Americas for Sportech.</p> <p>Mr. May and Ms. Fisher answered questions from and addressed concerns expressed by the Commissioners.</p> <p>Vice Chairman Roach offered a motion to approve granting of a probationary license until the end of the year and then to provide Sportech with the opportunity to apply for a full license during that probationary period before the expiration of the end of the year of the probationary license.</p> | <p>Motion to approve as discussed by Vice Chairman Roach. Second by Commissioner Richardson. Motion carried with no objections or abstentions.</p> |
| <p>Tab 7 Ellis Park's Proposed 2016 Race Meet Officials</p> | <p>28 – 29</p> | <p>Ms. Borden presented Ellis Park's request dated May 10, 2016 for approval of its roster of racing officials and dates preference system for the 2016 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 opening. KyHBPA and KTA approval of the requested dates preference system has been confirmed.</p> <p>Staff recommends approval.</p> | <p>Motion to approve by Commissioner Hendrickson. Second by Commissioner Day. Motion carried with no objections or abstentions.</p> |

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| Tab 8 Bluegrass Downs' Proposed 2016 Race Meet Officials | 29 – 31 | <p>Mr. Williams presented Bluegrass Downs' request dated April 12, 2016 for approval of its roster of racing officials for the 2016 harness meet. All judges, with the exception of Jim Mitchell who is attending ROAP classes in June to obtain accreditation, are ROAP accredited, and all officials have previously performed the duties for which they are listed and will be licensed before the meet opening.</p> <p>Staff recommends approval.</p> | Motion to approve as presented by Commissioner Jackson. Second by Commissioner Richardson. Motion carried with no objections or abstentions. |
| Tab 9 Reports a. Thoroughbred Rulings b. Standardbred Rulings c. Veterinary Division d. Pari-Mutuel Wagering Division e. Litigation and Regulations | <p>31</p> <p>31 – 32</p> <p>32 – 34</p> <p>34 – 36</p> <p>36 – 44</p> | <p>a. Ms. Borden presented the thoroughbred ruling report. She noted updates that Ruling Nos. 16-0018, 16-0019 and 16-0039 have been paid.</p> <p>b. Mr. Williams presented the standardbred ruling report. There were no updates to the Standardbred ruling report.</p> <p>c. Dr. Scollay presented the veterinary report for the 2016 Kentucky Derby and Kentucky Oaks and commended the veterinary staff for having done an excellent job.</p> <p>Dr. Howard presented the veterinary report for Turfway Park's Spring meet and answered questions from Commissioners.</p> <p>d. Mr. May presented the pari-mutuel wagering reports for live racing for April 2016 for Thunder Ridge and Keeneland. Also presented were informational reports for historical horse racing for April 2016. Mr. May answered questions from Commissioners.</p> | No action taken. Informational items only. |

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| | 44 – 46 | <p>Commissioner Simendinger requested a breakdown of the total handle, such as live racing handle and ADW handle, etc. Mr. May stated that information could be incorporated into the pari-mutuel wagering report and suggested that the Pari-Mutuel Wagering Committee consider the matter.</p> <p>e. Mr. Forgy presented the Status Report on Litigation and Regulations – For Informational Purposes Only.</p> | |
| <p>IV. Other Business 1. EquiLottery Presentation</p> | 46 – 67 | <p>Mr. Brad Cummings, founder and CEO of EquiLottery presented an overview of the basic structure of EquiLottery, a lottery game that combines live horse racing with the ease and convenience of the lottery terminal. Following the presentation, Mr. Cummings addressed questions from the Commissioners.</p> | <p>No action taken. Informational item only.</p> |
| <p>V. Executive Session</p> | 67 | <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>Return to public session.</p> | <p>Motion to go into executive session by Vice Chairman Roach. Second by Mr. Dickerson. Motion carried with no objections or abstentions.</p> <p>Motion to return to public session by Commissioner Simendinger. Motion carried with no objections or abstentions.</p> |

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| | | <p>Upon return to public session: 1) In re: <u>Veitch v. KHRC</u>, Vice Chairman Roach offered a motion to adopt the Revised Final Order as presented and discussed during the Executive Session; 2) In re: <u>Frederick v. KHRC</u>, Vice Chairman Roach offered a motion to adopt the proposed Final Order as presented and discussed during the Executive Session; and 3) In re: <u>KHRC v. McCauley</u>, Vice Chairman Roach offered a motion to adopt the material terms of the settlement agreement as presented and discussed during the Executive Session.</p> | <p>1) Motion by Vice Chairman Roach. Second by Mr. Dunnigan. Motion carried with no objections or abstentions. 2) Motion by Vice Chairman Roach. Second by Mr. Dickerson. Motion carried with no objections or abstentions. 3) Motion by Vice Chairman Roach. Second by Mr. Dickerson. Motion carried with no objections and abstentions by Commissioner Jones and Commissioner Cauthen.</p> |
| VI. Adjournment | | Motion for adjournment. | Motion to adjourn by Chairman Kling. Second by Mr. Dunnigan. Meeting adjourned. |

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.