

**KENTUCKY HORSE RACING COMMISSION**  
**MINUTES OF THE MEETING**

Date: February 19, 2019 at 1:30 PM

Place: Central Kentucky Riding for Hope, 4185 Walt Robertson Drive, 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 Kiki Courtelis; Commissioner Douglas A. Hendrickson; Commissioner Gerald W. Holt; Commissioner Lesley Ann May Howard; Commissioner Kenneth A. Jackson; Commissioner Brereton C. Jones, Jr.; 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; 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; and Barbara Borden, Chief State Steward

Others Participating: Ron Winchell, Manager, and Marc Falcone, Kentucky Racing Acquisitions, LLC; and William A. Hoskins, III, Jackson Kelly PLLC, Counsel for Kentucky Racing Acquisitions, LLC

<i>AGENDA ITEM</i>	<i>TRANSCRIPT PAGE NUMBER(S)</i>	<i>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</i>	<i>ACTION TAKEN</i>
<b>I. Call to Order and Roll Call</b>	4 – 5	Meeting called to order and roll call performed by Chairman Kling. A quorum was recognized.	No action taken.
<b>N/A</b>	5 – 6	Chairman Kling requested a motion from the Commission to go into closed session to discuss pending litigation against the Commission, <u>Kentucky Downs LLC v. Kentucky Horse Racing Commission</u> , Franklin Circuit Court, as permitted by KRS 61.810(1)(c). Motion by Commissioner Bisig. Second by Commissioner Richardson.  <b><u>CLOSED SESSION</u></b>	Chairman Kling called for a vote to approve going into closed session. Motion carried with no objections or abstentions.

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		<p>Chairman Kling requested a motion from the Commission to return from closed session to open session. Motion by Commissioner Courtelis. Second by Commissioner Bell.</p> <p style="text-align: center;"><b><u>RETURN TO PUBLIC SESSION</u></b></p> <p style="text-align: center;"><b>FOR THE RECORD CHAIRMAN KLING NOTED THE ARRIVAL OF COMMISSIONER BELL</b></p>	<p>Chairman Kling called for a vote to return to open session. Motion carried with no objections or abstentions.</p>
<p><b>II. New Business</b>  <b>Tab 1 Minutes from October 30, 2018; November 16, 2018 and December 11, 2018</b></p>	<p>6 – 90 6 – 7</p> <p>7 – 8</p> <p>8 – 9</p>	<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 30, 2018 Commission special meeting. Motion by Commissioner Richardson. Second by Commissioner Brown.</p> <p>Ms. Eads presented the minutes of the October 30, 2018 Commission meeting as outlined in the agenda materials. Staff recommends approval.</p> <p>Chairman Kling requested a motion from the Commission to address the request submitted by KHRC staff to approve the proposed minutes of the November 16, 2018 Commission special meeting. Motion by Commissioner Bisig. Second by Commissioner Cauthen.</p> <p>Ms. Eads presented the minutes of the November 16, 2018 Commission special meeting as outlined in the agenda materials. Staff recommends approval.</p> <p>Chairman Kling requested a motion from the Commission to address the request submitted by KHRC staff to approve the proposed</p>	<p>Chairman Kling called for a vote to approve the minutes as presented. Motion carried with no objections or abstentions.</p> <p>Chairman Kling called for a vote to approve the minutes as presented. Motion carried with no objections or abstentions.</p> <p>Chairman Kling called for a vote to approve the</p>

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		<p>minutes of the December 11, 2018 Commission meeting. Motion by Commissioner Bisig. Second by Commissioner Brown.</p> <p>Ms. Eads presented the minutes of the December 11, 2018 Commission meeting as outlined in the agenda materials. Staff recommends approval.</p>	<p>minutes as presented. Motion carried with no objections or abstentions.</p>
<p><b>Tab 2 Keeneland's 2019 Spring Meet KTDF Purse Structure</b></p>	<p>9 – 9</p> <p>9 – 10</p> <p>10 - 11</p>	<p>Chairman Kling requested a motion from the Commission to address the request submitted by Keeneland Association to approve the proposed 2019 spring meet KTDF purse structure. Motion by Commissioner Brown. Second by Commissioner Jones.</p> <p>Prior to presenting Keeneland Association's (Keeneland) request, Ms. Eads stated that at its January 22, 2019 meeting, the Kentucky Thoroughbred Development Fund (KTDF) Advisory Committee voted to recommend to the Commission that the KTDF registration process continue to be printed in all condition books, as well as requiring a notice of all overnights stating trainers should verify KTDF registration status of any horse that they are entering at the meet, and if not registered, to do so through the official registrar prior to each race pursuant to KRS 230.400(5)(d)presented the request as outlined in the agenda materials.</p> <p>Ms. Eads presented Keeneland's request dated January 16, 2019 as outlined in the agenda materials. Ms. Eads stated that at its January 22, 2019 meeting, the KTDF Advisory Panel approved recommendation of Keeneland's request.</p> <p>Approval of the Advisory Panel's recommendation 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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<p><b>Tab 3 Churchill Downs' 2019 Spring Meet KTDF Purse Structure</b></p>	<p>11 – 12</p>	<p>Chairman Kling requested a motion from the Commission to address the request submitted by Churchill Downs to approve the proposed 2019 spring meet KTDF purse structure. Motion by Commissioner Holt. Second by Commissioner Richardson.</p> <p>Ms. Eads presented Churchill Downs' request dated January 17, 2019 as outlined in the agenda materials. Ms. Eads stated that at its January 22, 2019 meeting, the KTDF the Advisory Panel approved recommendation of Churchill Downs request.</p> <p>Approval of the Advisory Panel's recommendation 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><b>Tab 4 The Red Mile Request for Earlier Post Time September 15, 2019 and September 26-28, 2019</b></p>	<p>13 – 14</p>	<p>Chairman Kling requested a motion from the Commission to address the request submitted by The Red Mile to amend post times to accommodate the Kentucky Sire Stakes championships and the opening 3 days of the Grand Circuit. Motion by Commissioner Holt. Second by Commissioner Jackson.</p> <p>Ms. Eads presented The Red Mile's request dated January 9, 2019 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><b>Tab 5 Keeneland's Proposed Backside Improvement Request</b></p>	<p>14 – 16</p>	<p>Chairman Kling requested a motion from the Commission to address the requests submitted by Keeneland to approve the proposed backside improvement fund expenditure of \$178,095. Motion by Commissioner Bell. Second by Commissioner Cauthen.</p> <p>Ms. Eads presented Keeneland's request dated February 11, 2019 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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<p><b>Tab 6 Churchill Downs' Proposed Backside Improvement Requests (4)</b></p>	<p>16 – 17</p>	<p>Chairman Kling requested a motion from the Commission to address the 4 requests submitted by Churchill Downs to approve the proposed backside improvement expenditure of \$330,315. Motion by Commissioner Brown. Second by Commissioner Jones.</p> <p>Ms. Eads presented Churchill Downs' request dated January 30, 2019 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 request as presented. Motion carried with no objections or abstentions.</p>
<p><b>Tab 7 KHBIF Period V: Request to Updated 2018 Verified Numbers and Applications for Participation in 2019</b></p>	<p>17 – 23</p> <p>17 – 19</p> <p>19 – 21</p>	<p>Chairman Kling noted there were 3 motions under Tab 7.</p> <p>First, Chairmain Kling requested a motion from the Commission to address the request submitted by KHRC staff to approve the Kentucky Horse Breeders' Incentive Fund Advisory Committee's (KHBIF Advisory Committee) proposed adjusted fund distribution numbers for 2018. Motion by Commissioner Cauthen. Second by Commissioner Courtelis.</p> <p>Ms. Eads presented the KHRC staff's request as outlined in the agenda materials.</p> <p>Approval is recommended by KHRC staff.</p> <p>Second, Chairman Kling requested a motion from the Commission to address the request submitted by KHRC staff to approve the KHBIF Advisory Committee's proposed list of applicants for 2019. Motion by Commissioner Hendrickson. Second by Commissioner Howard.</p> <p>Ms. Eads presented the KHRC staff's request 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> <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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	21 – 23	<p>Approval is recommended by KHRC staff.</p> <p>Third, Chairman Kling requested a motion from the Commission to address the recommendation submitted by KHRC staff to deny the Kentucky Mountain Saddle Horse Association’s participation in the 2019 fund distribution. Motion by Commissioner Richardson. Second by Vice-Chairman Simendinger.</p> <p>Ms. Eads presented the KHRC staff’s recommendation as outlined in the agenda materials.</p> <p>Approval is recommended by KHRC staff.</p>	Chairman Kling called for a vote to approve the KHRC staff’s recommendation as presented. Motion carried with no objections or abstentions.
<b>Tab 8 Approval Request of Operational Hours Amendment at Derby City Gaming</b>	24 – 26	<p>Chairman Kling requested a motion from the Commission to address ratification of the KHRC’s Executive Director’s (Executive Director) conditional approval of the request submitted by Churchill Downs to amend the operating hours of Derby City Gaming. Motion by Commissioner Courtelis. Second by Commissioner Bell.</p> <p>Mr. May presented a request to ratify the KHRC’s Executive Director’s December 19, 2018 conditional approval of Churchill Downs’ request as outlined in the agenda materials.</p> <p>Approval is recommended by KHRC staff.</p>	Chairman Kling called for a vote to ratify the Executive Director’s conditional approval of the request as presented. Motion carried with no objections or abstentions.
<b>Tab 9 Approval Request of Operational Hours Amendment at Kentucky Downs</b>	26 – 28	<p>Chairman Kling requested a motion for the Commission to address the KHRC’s Executive Director’s conditional approval of the request submitted by Kentucky Downs to amend the operational hours at Kentucky Downs. Motion by Commissioner Richardson. Second by Commissioner Jackson.</p>	Chairman Kling called for a vote to ratify the Executive Director’s approval of the request as presented. Motion carried with no objections or abstentions.

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		<p>Mr. May presented a request to ratify the KHRC's Executive Director's December 17, 2018 conditional approval of Kentucky Downs' request as outlined in the agenda materials.</p> <p>Approval is recommended by KHRC staff.</p>	
<p><b>Tab 10 Keeneland/Red Mile Request to Offer PariMAX Historical Horse Racing Pari-Mutuel Wagering Pools Version 3.14</b></p>	<p>28 – 32</p>	<p>Chairman Kling requested a motion from the Commission to address the request submitted by Keeneland/Red Mile (KRM Wagering) to offer 3 new PariMAX game themes, and to re-skin Jackpot Blaze into Cosmic Boost and offer 1 new pari-mutuel wagering profile with 1 new entertaining game theme and update PariMax version 3.14. Motion by Commissioner Brown. Second by Commissioner Jackson.</p> <p>Mr. May presented KRM Wagering's request 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 request as presented. Motion carried with no objections or abstentions.</p>
<p><b>Tab 11 Ratification of Ainsworth Game Technology Historical Horse Racing Wager Updates</b></p>	<p>32 – 37</p>	<p>Chairman Kling requested a motion from the Commission to address ratification of the Executive Director's conditional approval of Churchill Downs' request to approve changes to 41 of the Ainsworth Game Technology (Ainsworth) historical horse racing pari-mutuel pools. Motion by Commission Brown. Second by Commissioner Richardson.</p> <p>Mr. May presented a request to ratify the KHRC's Executive Director's January 31, 2019 conditional approval of Churchill Downs' request as outlined in the agenda materials.</p> <p>Approval is recommended by KHRC staff.</p>	<p>Chairman Kling called for a vote to ratify the Executive Director's conditional approval of the request as presented. Motion carried with no objections or abstentions.</p>
<p><b>Tab 12 Consideration of Funding Research Proposal:</b></p>	<p>37 – 43</p>	<p>Chairman Kling requested a motion from the Commission to address the request submitted by the KHRC's Equine Medical Director to</p>	<p>Chairman Kling called for a vote to approve the</p>

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<b>Transcriptomics for the Detection of EPO Micro Dosing</b>		<p>approve the recommendation of the Equine Drug Research Council (EDRC) to fund 75% of the racing medication testing support group study utilizing transit of Darbepoetin for the detection of EPO micro-dosing. Motion by Commission Bell. Second by Commissioner Richardson.</p> <p>Dr. Scollay presented the EDRC's recommendation as outlined in the agenda materials. At its February 19, 2019 meeting, the EDRC voted in support of the funding of this project in an amount not to exceed \$146,506.</p> <p>Approval is recommended by KHRC staff.</p>	EDRC's recommendation as presented. Motion carried with one objection by Commissioner Holt and no abstentions.
<b>Tab 13 Consideration of Funding Levamisole Administration Study</b>	43 – 46	<p>Chairman Kling requested a motion from the Commission to address the request submitted by the KHRC's Equine Medical Director to approve the recommendation of the EDRC to fund a Levamisole administration study to establish withdrawal guidance. Motion by Commissioner Cauthen. Second by Commissioner Howard.</p> <p>Dr. Scollay presented the EDRC's recommendation as outlined in the agenda materials. At its February 19, 2019 meeting, the EDRC voted in favor of funding this study in an amount not to exceed \$60,000.</p> <p>Approval is recommended by KHRC staff.</p>	Chairman Kling called for a vote to approve the EDRC's recommendation as presented. Motion carried with one objection by Commissioner Holt and no abstentions.
<b>Tab 14 Presentation: Historical Horse Racing Facility Update – Turfway Park</b>	47 – 54	Mr. Bach presented an update on Turfway Park's historical horse racing facility and answered questions from the Commissioners.	No action taken. Informational item only.
<b>Tab 15 Keeneland's Proposed 2019 Spring Race Meet Officials &amp; Date Preference System</b>	54 – 55	Chairman Kling requested a motion from the Commission to address the request submitted by Keeneland to approve their proposed 2019 spring meet officials and date preference system. Motion by Commissioner Brown. Second by Commissioner Courtelis.	Chairman Kling called for a vote to approve the request as presented. Motion carried with no



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		<p>Ms. Borden presented Keeneland’s request dated January 28, 2019 as outlined in the agenda materials. All listed officials are ROAP accredited and have previously performed the duties for which they are listed and will be licensed before the meet opening.</p> <p>Approval is recommended by KHRC staff.</p>	objections or abstentions.
<p><b>Tab 16 Churchill Downs’ Proposed 2019 Spring Race Meet Officials and Date Preference System</b></p>	56 – 57	<p>Chairman Kling requested a motion from the Commission to address the request submitted by Churchill Downs to approve their proposed 2019 spring meet officials and date preference system. Motion by Commissioner Hendrickson. Second by Commissioner Holt.</p> <p>Ms. Borden presented Churchill Downs’ request dated January 24, 2019 as outlined in the agenda materials. All listed officials are ROAP accredited and have previously performed the duties for which they are listed and will be licensed before the meet opening.</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.
N/A	57	Before addressing the remaining agenda items, Chairman Kling called for 10 minute break. He noted for the record that during the break Commissions Bisig left the meeting.	No action taken. Informational item only.
<p><b>Tab 17 Consideration of Kentucky Racing Acquisition, LLC’s Proposed Purchase of Kentucky Downs Racetrack and Application for License to Conduct Horse Racing, Simulcasting, and Pari-mutuel Wagering</b></p>	57 – 70	Chairman Kling requested a motion from the Commission to address the request submitted by Kentucky Racing Acquisitions, LLC (KRA) to approve the proposed purchase of Kentucky Downs racetrack and the application for a license to conduct horse racing, simulcasting and pari-mutuel racing contingent upon the surrender of the license to conduct horse racing, simulcasting, and pari-mutuel wagering currently issued to Kentucky Downs. And two, the successful closing of the purchase by KRA of the assets of Kentucky Downs, LLC as	Chairman Kling called for a vote to approve the request and application as presented and contingent upon the conditions as presented. Motion carried with no objections and one

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		<p>proposed by the parties to that transaction. Motion by Commissioner Richardson. Second by Commissioner Hendrickson.</p> <p>Mr. Forgy presented the request and application submitted by KRA as outlined in the agenda materials. Messrs. Winchell, Falcone, and Hoskins addressed questions asked by the Commissioners.</p>	<p>abstention by Commissioner Jackson.</p>
<p><b>Tab 18 Reports</b></p> <p><b>a. Thoroughbred Rulings</b></p> <p><b>b. Standardbred Rulings</b></p> <p><b>c. Veterinary Division</b></p> <p><b>d. Pari-Mutuel Wagering Division</b></p> <p><b>e. Confidential – Litigation and Regulations</b></p>	<p>70 – 90</p> <p>70 – 71</p> <p>71</p> <p>71 – 87</p> <p>87 – 90</p> <p>90</p>	<p>a. Ms. Borden presented the thoroughbred rulings report as outlined in the agenda materials. She noted that Ruling 19-0011 was incorrectly cited as 19-111.</p> <p>b. Chairman Kling noted that there was no Standardbred ruling activity to report.</p> <p>c. Dr. Scollay presented the veterinary division report as outlined in the agenda materials.</p> <p>d. Mr. May presented the pari-mutuel wagering division report as outlined in the agenda materials.</p> <p>e. Litigation and Regulation report is for informational purposes only.</p>	<p>No action taken. Informational items only.</p>
<p><b>N/A</b></p>	<p>90 – 92</p> <p>92</p>	<p>Ms. Eads presented a report on Kentucky Breeders’ Incentive Fund awards paid out.</p> <p>Secretary Russell addressed the Commission.</p>	<p>No action taken. Informational item only.</p> <p>No action taken. Informational item only.</p>

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<b>III. Adjournment</b>	93	Chairman Kling requested a motion to adjourn. Motion by Commissioner Cauthen. Second by Commissioner Richardson. Meeting adjourned.	Chairman Kling called for a vote to adjourn. Motion carried with no 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.