

KENTUCKY HORSE RACING COMMISSION
MINUTES OF THE MEETING

Date: February 20, 2018 at 1:30 PM

Place: Central Kentucky Riding for Hope, Kentucky Horse Park, 4185 Walt Robertson Drive, Lexington, KY 40511

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

Ex-officio Members Present: Jessica Burke, by proxy and on behalf of Secretary Terry Gill, Cabinet for Economic Development; Leigh Powers, by proxy and on behalf of Secretary Don Parkinson, Tourism, Arts, and Heritage Cabinet ; and Deputy Secretary Gail Russell, by proxy and on behalf of 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: Kevin Flanery, Churchill Downs; and Chip Bach, Turfway Park

AGENDA ITEM	TRANSCRIPT PAGE NUMBER(S)	DISCUSSION / CONCLUSIONS / RECOMMENDATIONS	ACTION TAKEN
I. Call to Order and Roll Call	4 – 5	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 December 12, 2017	5 – 87 5 – 6	Chairman Kling requested a motion from the Commission to address the request submitted by KHRC staff to approve the proposed minutes of the December 12, 2017 Commission meeting. Motion by Commissioner Bell. Second by Commissioner Day. Approval is recommended by KHRC staff.	Chairman Kling called for a vote to approve the December 12, 2017 minutes as presented. Motion carried with no objections or abstentions.

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Tab 2 Keeneland's Spring Meet KTDF Allotments	6 – 7	<p>Chairman Kling requested a motion from the Commission to address the request submitted by Keeneland for approval of its proposed Kentucky Thoroughbred Development Fund (KTDF) purse structure for the 2018 Spring meet. Motion by Commissioner Hendrickson. Second by Commissioner Bell.</p> <p>Ms. Eads presented Keeneland's request dated January 8, 2018 as outlined in the agenda materials. The KTDF Advisory Committee reviewed, discussed and approved recommendation of Keeneland's request at its January 31, 2018 meeting.</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 3 Churchill Downs' Spring Meet KTDF Allotments	7 – 8	<p>Chairman Kling requested a motion from the Commission to address the request submitted by Churchill Downs for approval of its proposed KTDF purse structure for the 2018 Spring meet. Motion by Commissioner Richardson. Second by Commissioner Northrop.</p> <p>Ms. Eads presented Churchill Downs' request dated January 12, 2018 as outlined in the agenda materials. The KTDF Advisory Committee reviewed, discussed and approved recommendation of Churchill Downs' request at its January 31, 2018 meeting.</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 4 KHBIF (non-race) Period V Applications	8 – 11	Chairman Kling requested a motion from the Commission to address the request submitted by KHRC staff for approval of the Kentucky Horse Breeders' Incentive Fund (KHBIF) Advisory Committee's recommendation to approve the proposed applicants to participate in the KHBIF for 2018. Motion by Commissioner Jones. Second by Commissioner Northrop.	Chairman Kling called for a vote to approve the request as presented. Motion carried with no objections or abstentions.

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		<p>Ms. Eads presented the proposed eleven applications submitted as outlined in the agenda materials. The KHBIF Advisory Committee reviewed, discussed and recommended for approval the following 10 applications for the 2018 calendar year: Kentucky Appaloosa Owners Association, Inc.; Kentucky Arabian and Half Arabian Breeders Alliance; Kentucky Miniature Horse Breeders Club; Kentucky Mountain Saddle Horse Association of Kentucky; Kentucky Paint Horse Club; Kentucky Quarter Horse Association; Kentucky Saddlebred Owners and Breeders Association; Kentucky Walking Horse Association; Rocky Mountain Horse Kentucky Breeders Association; and Kentucky South Central Hackney Association. Additional information from the Mountain Pleasure Horse Association (MPHA) was necessary and has been requested. The KHBIF Advisory Committee recommended approval of MPHA's application pending KHRC's staff receipt and review of the requested information.</p> <p>Approval of the KHBIF Advisory Committee's recommendations are recommended by KHRC staff.</p>	
<p>Tab 5 Keeneland's Proposed Backside Improvement Request</p>	<p>11 – 14</p>	<p>Chairman Kling requested a motion from the Commission to address the request submitted by Keeneland for approval of the proposed expenditure of \$178,775 from the Backside Improvement Fund. Motion by Commissioner Day. Second by Commissioner Northrop.</p> <p>Ms. Eads presented Keeneland's request dated December 21, 2017 as outlined in the agenda materials. KHRC staff has inspected and confirmed the necessity of the proposed backside improvements. Keeneland has further requested discretion with the amount allocated to each project and the time to complete each project.</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>KHRC staff has reviewed the proposals and invoices, and confirmed that Keeneland has a balance of \$185,085 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>Approval is recommended by KHRC staff.</p>	
N/A	14	Chairman Jessica Burke, proxy for Secretary Gill, arrived.	Informational item only.
<p>Tab 6 Request from Kentucky Downs for Amendments to Exacta Systems Wagering Pools</p>	14 – 21	<p>Chairman Kling requested a motion to address the request submitted by Kentucky Downs for approval to offer two new Exacta Systems (TRM2100 and TRM3005) wagering pools, along with four games for each of the two new pools. Motion by Commissioner Northrop. Second by Commissioner Richardson.</p> <p>Mr. May presented Kentucky Downs’ request dated January 23, 2018 as outlined in the agenda materials. The requested wagering pools underwent independent testing by Gaming Laboratories International (GLI) and GLI has affirmed that each complies with applicable Kentucky statutes and regulations.</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 and one abstention by Ms. Russell.</p>
N/A	16	Chairman Kling noted the arrival of Commissioner Brown.	Informational item only.
<p>Tab 7 Request from Keeneland/Red Mile for Amendments to PariMAX Wagering Pools</p>	21 – 25	<p>Chairman Kling requested a motion to address the request submitted by Keeneland/The Red Mile (KRM) to offer three new PariMAX game themes. Motion by Commissioner Jackson. Second by Commissioner Northrop.</p> <p>Mr. May presented KRM’s request dated January 26, 2018 as outlined in the agenda materials. The requested new game themes</p>	<p>Chairman Kling called for a vote to approve the request as presented. Motion carried with no objections and one abstention by Ms. Russell.</p>

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		<p>underwent testing by GLI and GLI has affirmed that each complies with applicable Kentucky statutes and regulations.</p> <p>Approval is recommended by KHRC staff.</p>	
<p>Tab 8 Revision to 2018 Advance Deposit Account Wagering Conditions of Licensure</p>	<p>25 – 29</p>	<p>Chairman Kling requested a motion to address the request submitted by KHRC staff for approval of proposed amendments to the Conditions of Advance Deposit Account Wagering Licensing for 2018 (2018 ADW Conditions). Motion by Commissioner Hendrickson. Second by Commissioner Richardson.</p> <p>Mr. May presented the KHRC staff’s proposed amendment to the 2018 ADW Conditions as outlined in the agenda materials. The proposed amendment would reduce the minimum surety bond or letter of credit amount for an initial advance deposit account wagering licensee from a \$100,000 to a \$50,000 minimum for qualifying applicants.</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 one objection by Commissioner Holt and no abstentions.</p>
<p>Tab 9 Presentation: Historical Horse Racing Facility Update – Churchill Downs & Turfway Park</p>	<p>29 – 47 29 – 37 37 – 47</p>	<p>Mr. Flanery addressed the Commission and presented an update on the status of Churchill Downs’ historical horse racing facility.</p> <p>Mr. Bach addressed the Commission and presented an update on the status of Turfway Park’s historical horse racing facility.</p>	<p>No action taken. Informational items only.</p>
<p>Tab 10 Amendments to the Out-of-Competition Testing Regulation</p>	<p>47 – 64</p>	<p>Chairman Kling requested a motion to address the request submitted by KHRC staff to approve the proposed amendments to the out-of-competition regulations. Motion by Commissioner Cauthen. Second by Commissioner Brown.</p>	<p>Chairman Kling called for a vote to approve the request as amended. Motion carried with no</p>

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		<p>Mr. Forgy presented the proposed amendments to the out-of-competition testing regulation. The KHRC Rules Committee reviewed and discussed the proposed amendments at its January 16, 2018 and February 7, 2018 meetings. The amendments as presented were approved by the KHRC Rules Committee at the February 7, 2018 meeting.</p> <p>Approval is recommended by the KHRC Rules Committee and KHRC staff.</p>	<p>objections or abstentions.</p>
<p>Tab 11 Amendments to the Claiming Regulation</p>	<p>64 – 73</p>	<p>Chairman Kling requested a motion to address the request submitted by KHRC staff to approve the proposed amendments to the voided claim provision of the claiming regulation. Motion by Commissioner Simendinger. Second by Commissioner Brown.</p> <p>Mr. Forgy presented the proposed amendments to the claiming regulation as outlined in the agenda materials. The proposed amendments add a provision for a claim to be voided by the stewards and sets out the conditions under which the stewards shall do so.</p> <p>Approval is recommended by the KHRC Rules Committee, KHRC Safety and Welfare Committee, and 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>Tab 12 Keeneland's Proposed 2018 Spring Race Meet Officials and Date Preference System</p>	<p>74 – 75</p>	<p>Chairman Kling requested a motion to review the request by Keeneland of its proposed 2018 Spring meet racing officials and dates preference system. Motion by Commissioner Day. Second by Commissioner Simendinger.</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>Ms. Borden presented Keeneland’s request dated February 1, 2018 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 openings.</p> <p>Approval is recommended by KHRC staff.</p>	
<p>Tab 13 Churchill Downs’ Proposed 2018 Spring Race Meet Officials and Date Preference System</p>	<p>75 – 76</p>	<p>Chairman Kling requested a motion to review the request by Churchill Downs of its proposed 2018 Spring meet racing officials and dates preference system. Motion by Commissioner Day. Second by Commissioner Hendrickson.</p> <p>Ms. Borden presented Churchill Downs’ request dated January 16, 2018 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 openings.</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>Tab 14 Reports</p> <p>a. Thoroughbred Rulings</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>76 – 87</p> <p>76 – 78</p> <p>78</p> <p>78 – 83</p> <p>83 – 87</p> <p>87</p>	<p>a. Ms. Borden presented the thoroughbred rulings report. There were no updates to the ruling report.</p> <p>b. There were no updates to the ruling report.</p> <p>c. Drs. Scollay and Howard 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>

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III. Other Business	87 – 92 87 87 – 92	<p>Chairman Kling made an announcement that KHRC Deputy Counsel, George Seay, would be leaving and thanked him for his service.</p> <p>Ms. Burke noted that the Cabinet for Economic Development (Cabinet) had been approached by an individual expressing concerns related to some race tracks, like Churchill Downs, owning their own advance deposit account wagering companies. She noted that the Cabinet did not have a position on the issue, but wanted to relay the concern for the Commissioners’ consideration.</p> <p>At Commissioner Simendinger’s request, Mr. Flanery addressed Churchill Downs’ internal process for determining distribution of its signal.</p>	No action taken. Informational items only.
IV. Executive Session 1. Confidential – Graham Motion v. KHRC 2. Confidential – KHRC <i>et al v. The Family Foundation of Kentucky, Inc.</i>	92	Chairman Kling requested a motion to go into executive session to discuss proposed or pending litigation against or on behalf of the public agency as permitted by KRS 61.810(1)(c). <p style="text-align: center;"><u>EXECUTIVE SESSION</u></p>	No action taken. Informational item only.
V. Adjournment	92 – 93	Upon returning to open session, Chairman Kling requested a motion to adjourn. Motion by Commissioner Cauthen. Second by Commissioner Jackson. 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.