

KENTUCKY HORSE RACING COMMISSION
MINUTES OF THE MEETING

Date: June 18, 2019 at 1:30 PM

Place: Turfway Park, 7500 Turfway Road, Florence, KY 41042

Members Present: Chairman Franklin S. Kling, Jr.; Vice-Chairman Mark Simendinger; Commissioner Larry Bisig; Commissioner Stuart E. Brown, II, DVM; Commissioner Kiki Courtelis; Commissioner Pat Day; Commissioner Douglas A. Hendrickson; Commissioner Kenneth A. Jackson; Commissioner Brereton C. Jones, Jr.; Commissioner Foster Northrop, DVM; 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 K. 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; Bruce Howard, DVM, Chief Racing Veterinarian; and Barbara Borden, Chief State Steward

Others Participating: Mike Ziegler, Executive Director of Racing, Churchill Downs, Inc.; Katherine McKee, Director of Racing Administration, Keeneland; Ron Winchell, Chief Executive for Kentucky Downs; Ted Nicholson, General Manager for Kentucky Downs; Sherry Wessel, Senior Vice-President and General Manager of Caesars Entertainment on behalf of Bluegrass Downs; Shannon Cobb, Chief Operating Financial Officer for The Red Mile; Robert Beck, counsel for Ellis Entertainment, LLC; and Ken Mimmack, a board manager for Ellis Entertainment, LLC

<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 – 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 April 16, 2019	5 – 83 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 April 16, 2019 Commission meeting. Motion by Commissioner Courtelis. Second by Commissioner Bisig.	Chairman Kling called for a vote to approve the proposed minutes as presented. Motion carried with no objections or abstentions.

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		<p>Ms. Eads presented the proposed minutes of the April 16, 2019 Commission meeting as outlined in the agenda materials.</p> <p>Approval was recommended by KHRC staff.</p>	
<p>Tab 2 Ratification of KHRC Executive Director Approval of Increased KTDF Distributions During the Spring Meet at Churchill Downs</p>	<p>6 – 7</p>	<p>Chairman Kling requested a motion from the Commission to address the ratification of the Commission Executive Director’s conditional approval of the request submitted by Churchill Downs Racetrack LLC to increase the Kentucky Thoroughbred Development Fund (KTDF) purse distribution for the second condition book of their Spring meet. Motion by Commissioner Day. Second by Commissioner Richardson.</p> <p>Ms. Eads presented Churchill Downs’ initial request dated May 24, 2019, as outlined in the agenda materials. Due to an increase in dollars generated at Derby City Gaming and a nearly \$230,000 beginning surplus, Churchill Downs’ requests to increase KTDF distributions for the remainder of the Spring 2019 meet.</p> <p>Ratification of the Executive Director’s conditional approval was recommended by KHRC staff.</p>	<p>Chairman Kling called for a vote to ratify the KHRC’s Executive Director’s conditional approval of the request as presented. Motion carried with no objections or abstentions.</p>
<p>Tab 3 Churchill Downs’ Request for Additional Ainsworth Game Technology Historical Horse Racing Wagering Pools</p>	<p>7 – 10</p>	<p>Chairman Kling requested a motion from the Commission to address the request submitted by Churchill Downs Racetrack LLC, by and through its wholly owned subsidiary, Derby City Gaming LLC (Churchill Downs/Derby City), to approve 11 additional Ainsworth Game Technology (AGT) historical horse racing (HHR) pari-mutuel wagering pools, 15 related entertaining game themes, 5 additional entertaining game themes based on AGT’s HHR pari-mutuel pools previously approved by the Commission, and 3 updates of their AGT/HHR system. Motion by Commissioner Hendrickson. Second by Commissioner Brown.</p>	<p>Chairman Kling called for a vote to approve the requests as presented and contingent upon completion of the requirements outlined in the agenda materials. Motion carried with no objections or abstentions.</p>

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		<p>Mr. May presented Churchill Downs/Derby City's request dated May 31, 2019, as outlined in the agenda materials.</p> <p>Approval was recommended by the KHRC staff.</p>	
<p>Tab 4 Keeneland Red Mile and Kentucky Downs Request for Additional Exacta Systems Historical Horse Racing Wagering Pools</p>	<p>10</p>	<p>Chairman Kling announced that Agenda Item 4 had been withdrawn from the agenda.</p>	<p>No action taken.</p>
<p>Tab 5 Keeneland Red Mile Request to Approve PariMAX Version 3.15.1</p>	<p>10 – 13</p>	<p>Chairman Kling requested a motion from the Commission to address the request submitted by KRM Wagering (KRM) to offer PariMAX HHR version 3.15.1 pari-mutuel system exotic wagering pools. Motion by Commissioner Brown. Second by Commissioner Northrop.</p> <p>Mr. May presented the KRM's request dated May 28, 2019, as outlined in the agenda materials.</p> <p>Approval of the request was recommended by KHRC staff.</p>	<p>Chairman Kling called for a vote to approve the request as presented and contingent upon completion of the requirements as outlined in the agenda materials. Motion carried with no objections or abstentions.</p>
<p>Tab 6 Presentations by Racetracks of Proposed Capital Improvements</p>	<p>13 – 39 13 – 14 14 – 19 19 – 21</p>	<p>Chairman Kling announced that the racetracks would make presentations on proposed capital expenditures. He noted that no action would be required from the Commission and the presentations were informational only.</p> <p>Mr. Ziegler presented on behalf of Churchill Downs.</p> <p>Ms. McKee presented on behalf of Keeneland.</p>	<p>Informational item only. No action taken.</p>

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	21 – 25 25 – 30 30 – 38 38 38 – 39	Messrs. Winchell and Nicholson presented on behalf of Kentucky Downs. Ms. Wessel presented on behalf of Players Bluegrass Downs. Ms. Cobb presented on behalf of The Red Mile. Chairman Kling noted that Turfway Park declined to present at this time and that they anticipate having a presentation to him in the next month or so. Chairman Kling noted that Ellis Park will address their proposed capital improvements presentation under Agenda Item #7.	
Tab 7 Consideration of Ellis Entertainment LLC's Proposed Purchase of Ellis Park Racetrack and Application for a License to Conduct Horse Racing, Simulcasting and Pari-Mutuel Wagering	39 – 66 39 – 43	Chairman Kling requested a motion from the Commission to address the requests submitted by Ellis Entertainment, LLC (Ellis Entertainment) to approve: 1) the proposed purchase of Ellis Park Race Course, LLC; 2) the application for a license to conduct horse racing, simulcasting, and pari-mutuel wagering; and 3) authorization to operate 1,200 HHR racing machines. Motion by Commissioner Hendrickson. Second by Commissioner Jackson. Mr. Forgy presented the requests of Ellis Entertainment as outlined in the agenda materials. Mr. Forgy stated that approval of Ellis Entertainment's license would be contingent upon the following: 1) the surrender of the current license issued to Ellis Park Race Course, LLC; and 2) the successful closing of the asset purchase. He further noted that if the asset purchase did not take place, the license would remain in the hands of Ellis Park Race Course, LLC and a license would not be issued to Ellis Entertainment.	Chairman Kling called for a vote to approve the requests as presented and contingent upon the requirements as outlined by Mr. Forgy. Motion carried with no objections or abstentions.

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	43 – 45	Mr. Beck addressed the Commission and introduced Mr. Mimmack to present details of Ellis Park Race Course, LLC's proposed application and requests.	
	45 – 64	Mr. Mimmack addressed the Commission and answered questions from the Commissioners.	
Tab 8 WKY Development's Request to Amend Section O of its 2019 Application to Conduct Live Horse Racing, Simulcasting and Pari-Mutuel Wagering to Shift Race Dates	66 – 69	<p>Chairman Kling requested a motion from the Commission to address the request submitted by WKY Development to approve a proposed amendment to the 2019 association license application. Motion by Commissioner Richardson. Second by Commissioner Northrop.</p> <p>Mr. Forgy presented the request submitted by WKY Development dated May 31, 2019 as outlined in the agenda materials.</p> <p>Approval was 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>
Tab 9 Churchill Downs' Request to Amend Section P of Its 2019 Application to Add to the Track a Non-Contiguous Leased Facility at the Louisville Thoroughbred Society and to Offer Simulcast Pari-Mutuel Wagering at the Leased Facility	69 – 73	<p>Chairman Kling requested a motion from the Commission to address the request submitted by Churchill Downs to approve a proposed amendment to their 2019 association licensing application. Motion by Commissioner Courtelis. Second by Commissioner Jackson.</p> <p>Mr. Forgy presented the request submitted by Churchill Downs dated May 31, 2019 to approve the request as outlined in the agenda materials. Mr. Forgy noted that if the proposal is approved by the Commission, the approval will be contingent upon the completion of acceptable background checks.</p> <p>Approval was 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>
Tab 10 Kentucky Downs' Request for Earlier Post Times at their 2019 Race Meet	73 – 74	<p>Chairman Kling requested a motion from the Commission to address the request submitted by Kentucky Downs to approve a proposed</p>	<p>Chairman Kling called for a vote to approve the request as presented.</p>

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		<p>amendment to their 2019 association licensing application. Motion by Commissioner Day. Second by Commissioner Hendrickson.</p> <p>Ms. Borden presented Kentucky Downs' request dated May 31, 2019 as outlined in the agenda materials. She explained that Kentucky Downs had requested approval to change their post time for the 2019 meet to 12:15 PM.</p> <p>Approval was recommended by KHRC staff.</p>	<p>Motion carried with no objections or abstentions.</p>
<p>Tab 11 Kentucky Downs' Proposed 2019 Race Meet Officials and Date Preference System</p>	<p>74 – 76</p>	<p>Chairman Kling requested a motion from the Commission to address the request submitted by Kentucky Downs to approve the proposed roster of racing officials and the STAR preference system for the 2019 meet. Motion by Commissioner Northrop. Second by Commissioner Richardson.</p> <p>Ms. Borden presented Kentucky Downs' request dated May 21, 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 was 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 12 Churchill Downs' Proposed 2019 September Race Meet Officials and Date Preference System</p>	<p>76 – 77</p>	<p>Chairman Kling requested a motion from the Commission to address the request submitted by Churchill Downs to approve the proposed roster of racing officials and dates preference system for the 2019 September meet. Motion by Commission Day. Second by Commissioner Northrop.</p> <p>Ms. Borden presented Churchill Downs' request dated May 30, 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>Chairman Kling called for a vote to approve the request as presented. Motion carried with no objections or abstentions.</p>

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Tab 13 The Red Mile's Proposed 2019 Race Meet Officials	77 – 78	<p>Chairman Kling requested a motion from the Commission to address the request submitted by The Red Mile to approve the proposed roster of racing officials for their 2019 meet. Motion by Commissioner Jackson. Second by Commissioner Northrop.</p> <p>Ms. Borden presented The Red Mile's request dated May 31, 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 was 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 14 Reports a. Thoroughbred Rulings b. Standardbred Rulings c. Veterinary Division d. Pari-Mutuel Wagering Division e. Confidential – Litigation and Regulations	78 – 83 78 – 79 79 79 – 81 81 – 83 83	<p>Approval was recommended by KHRC staff.</p> <p>a. Ms. Borden presented the thoroughbred rulings report as outlined in the agenda materials.</p> <p>b. Chairman Kling noted that there was no Standardbred ruling activity to report.</p> <p>c. Drs. Howard and 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>	No action taken. Informational items only.
III. Executive Session	83 – 88	Chairman Kling requested a motion from the Commission to go into closed session to deliberate, in its role as a judicial or quasi-judicial	1) Chairman Kling called for a vote to adopt the

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<p>During the meeting on June 18, 2019 the Commission will go into closed session pursuant to KRS 61.810(1)(C) to discuss pending litigation</p>		<p>body, regarding adjudications as permitted under KRS 61.810(1)(j) and proposed or pending litigation against or on behalf of the agency as permitted by KRS Chapter 61.810(1)(c) . Motion by Commissioner Hendrickson. Second by Commissioner Northrop.</p> <p style="text-align: center;"><u>EXECUTIVE SESSION</u></p> <p>Chairman Kling requested a motion from the Commission to return from closed session to open session. Motion by Commissioner Richardson. Second by Commissioner Jones.</p> <p style="text-align: center;"><u>RETURN TO PUBLIC SESSION</u></p> <p>Upon returning to public session, Chairman Kling requested the following motions from the Commission:</p> <p>1) In the administrative matter of <u>Mountain Pleasure Horse Association v. Kentucky Horse Racing Commission</u>, Administrative Action No. KHRC-18-NR-007, to adopt the Findings of Fact, Conclusions of Law and Recommended Order of the hearing officer, including the recommendation that the Mountain Pleasure Horse Association (MPHA) be reinstated to participate in the Kentucky Horse Breeders’ Incentive Fund (KHBIF) with a total of 857 horses. Motion by Commissioner Courtelis. Second by Commissioner Day.</p> <p>2) In the administrative matter of <u>Kentucky Mountain Saddle Horse Association v. Kentucky Horse Racing Commission</u>, Administrative Action No. KHRC-19-NR-001, to approve the agreement between the Kentucky Mountain Saddle Horse Association (KMSHA) and the Kentucky Horse Racing Commission that the KMSHA would dismiss</p>	<p>hearing officer’s Findings of Fact, Conclusions of Law and Recommended Order regarding <u>MPHA v. KHRC</u> as presented. Motion carried with no objections or abstentions.</p> <p>2) Chairman Kling called for a vote to approve the agreement between the KMSHA and the KHRC as presented. Motion carried with no objections or abstentions.</p>

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		its administrative action and would be reinstated to participate in the KHBIF with a total of 6,354 horses. Motion by Commissioner Richardson. Second by Commissioner Simendinger.	
IV. Adjournment	88	Chairman Kling requested a motion to adjourn. Motion by Commissioner Brown. Second by Commissioner Day. 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.