

KENTUCKY HORSE RACING COMMISSION

MINUTES OF THE SPECIAL MEETING

Date: November 16, 2018 at 1:30 PM

Place: The Central Kentucky Riding for Hope Center, 4158 Walt Robertson Drive, Lexington, KY 40511

Members Present: Chairman Franklin S. Kling, Jr.; Vice-Chairman Mark Simendinger; Commissioner James Gatewood Bell, Jr.; Commissioner Larry Bisig; Commissioner Stuart E. Brown, II, DVM; Commissioner Kerry Cauthen; Commissioner Kiki Courtelis; Commissioner Pat Day; Commissioner Douglas A. Hendrickson; Commissioner Lesley Ann May Howard; Commissioner Kenneth Jackson; Commissioner Brereton C. Jones, Jr.; Commissioner Foster Northrop, DVM; and Commissioner J. David Richardson, M.D.

Ex-officio Members Present: Secretary Don Parkinson, Tourism, Arts & Heritage Cabinet; Jessica Burke, by proxy and on behalf of Secretary Terry Gill, Cabinet for Economic Development; and Acting 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

Others Participating: Kevin Flanery, President, Churchill Downs Racetrack, and Senior Vice President, Churchill Downs Incorporated and Vince Gabbert, Vice President and Chief Operating Officer, Keeneland Association, Inc., on behalf of WKY Development; Matt Knipp, Vice President Development, Caesar's Entertainment Corporation, and Dan Real, Regional President-South, Caesars Entertainment Corporation, on behalf of Players Bluegrass Downs; and Corey Johnsen, President, Kentucky Downs, on behalf of Kentucky Downs Partners, LLC, and Ronald Winchell, Manager, and Marc Falcone, Managing Member, on behalf of Kentucky Racing Acquisition, 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	3 – 4	Meeting called to order. Roll call was performed by Chairman Kling. A quorum was recognized.	No action taken.
II. New Business A. Consideration of applications for an initial license to conduct live horse racing,	4 – 89 5 – 6	Chairman Kling explained the parliamentary procedures under which the follow-up presentations of the three (3) pending applications for an additional license to conduct live horse racing, simulcasting, and pari-mutuel wagering would be conducted.	Chairman Kling called for a vote on the motion as made by Commissioner Jackson and read by Mr.

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<p>simulcasting and pari-mutuel wagering</p>	<p>7 – 34</p> <p>34 – 63</p> <p>63 – 80</p> <p>80</p> <p>80 – 82</p>	<p>Additionally, he thanked the Commission staff, particularly Mr. Forgy and Mr. Chapman, for all the work that was performed to process and review the applications. He also recognized the Commission members who contributed to the review of the three (3) applications.</p> <p>Mr. Flanery and Mr. Gabbert presented on behalf of WKY Development, LLC as outlined in the agenda materials and answered questions posed by the Commissioners.</p> <p>Mr. Real and Mr. Knipp presented on behalf of Ceasars Entertainment and Players Bluegrass Downs as outlined in the agenda materials and answered questions posed by the Commissioners.</p> <p>Mr. Johnsen, Mr. Winchell and Mr. Falcone presented on behalf of Kentucky Downs, LLC as outlined in the agenda materials and answered questions posed by the Commissioners.</p> <p>Chairman Kling called for a 10 minute break.</p> <p>Upon returning from the break, Commissioner Jackson made a motion to accept the application and grant the license to WKY Development, LLC (“WKY”) and deny the other two applications. Second by Commissioner Brown. Commissioner Jackson requested that Mr. Forgy outline the motion to ensure that all factors necessary were included in the motion. Mr. Forgy then proposed the following language for Commissioner Jackson’s motion:</p> <p>“I make a motion that the Commission, first, find that WKY Development, LLC meets all of the requirements of KRS Chapter 230, including KRS 230.280 and</p>	<p>Forgy. Motion carried 11-3 with objections by Chairman Kling, Commissioner Day and Commissioner Bisig. There were no absentions.</p> <p>Chairman Kling called for a vote to approve the motion as made by Commissioner Jones. Motion carried 13-1 with an objection by Vice-Chairman Simendinger. There were no abstentions.</p>

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	82 – 89	<p>230.300, the requirements of Title 811 KAR Chapter 1, including 811 KAR 1:037, and the requirements of all other applicable statutes and regulations to be granted a license to conduct horse racing, simulcasting as may be permitted by statute, and parimutuel wagering;</p> <p>Second, to grant a license to WKY Development, LLC to conduct horse racing, simulcasting as may be permitted by statute, and parimutuel wagering for 2019 at the proposed location in Christian County, Kentucky with the license subject to the regular conditions of licensure imposed on all licensed associations;</p> <p>Third, to deny the license applications of Kentucky Downs, LLC and Players Bluegrass Downs, LLC to conduct horse racing, simulcasting as may be permitted by statute, and pari-mutuel wagering for 2019 at the proposed location in Christian County, Kentucky with said denials to be reduced to a final order signed by the Chairman within 30 days.”</p> <p>After proposing this motion language, Commissioner Jackson confirmed to Mr. Forgy that the proposed language as read by Mr. Forgy conformed to his motion.</p> <p>Commissioner Jones requested to add an additional condition to the motion. Commissioner Jackson stated that he preferred that that the condition not be part of his existing motion as read by Mr. Forgy.</p> <p>Mr. Forgy stated to Commissioner Jones that following the vote on the existing motion, he could propose a motion to add the condition.</p> <p>Following the vote, Commissioner Jones made the motion to include the condition to the granted license of WKY Development, LLC that WKY shall make good faith efforts to cooperate with the condition,</p>	

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		and any other interested parties, to effect whatever statutory and regulatory changes is necessary, to modify the current laws that govern simulcasting, development funds and anything pertaining to historical horse racing. Second by Commissioner Richardson.	
N/A	89	Mr. Guilfoil expressed condolences on the passing of former KHRC Commissioner, Mr. Johnny Jones, Jr.	Informational item only. No action taken.
	89 – 90	For the record, Commissioner Bisig expressed the reasoning for his “yes” vote of granting the license to WKY.	Informational item only. No action taken.
III. Adjournment	90	Motion to adjourn by Commissioner Cauthen. Second by Commissioner Jackson.	No vote was taken on the motion. Meeting adjourned.

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.