

KENTUCKY HORSE RACING COMMISSION
MINUTES OF THE SPECIAL MEETING

Date: October 30, 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 Pat Day; Commissioner Douglas A. Hendrickson; Commissioner Gerald W. Holt; 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: Leigh Powers, by proxy and on behalf of 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; 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; Dan Real, Regional President-South, Caesars Entertainment Corporation; Rick Moore, Vice President and General Manager, Hoosier Park Race Course; David Wolkoff, Vice President of Strategic Finance, Caesars Entertainment Corporation; Tom Aronson, President, Racing Resource Group; Corey Johnsen, Jay Ingle, Jackson Kelly PLLC;

<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. Roll call was performed by Chairman Kling. A quorum was recognized.	No action taken.
II. New Business Tab A Consideration of applications for an initial license to conduct live horse racing,	5 – 217 5 – 8	Chairman Kling provided the Commissioners with a background summary regarding the 3 initial applications for a license to conduct live horse racing, simulcasting, and pari-mutuel wagering submitted by WKY Development, LLC, Players Bluegrass Downs, LLC and	

<i>AGENDA ITEM</i>	<i>TRANSCRIPT PAGE NUMBER(S)</i>	<i>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</i>	<i>ACTION TAKEN</i>
<p>simulcasting and pari-mutuel wagering.</p>	<p>8 – 69</p> <p>69 – 142</p> <p>142 – 187</p> <p>188 – 189</p>	<p>Kentucky Downs, LLC. He noted that all 3 applicants would make a presentation and answer questions. He further explained the process and conditions under which the presentations would be conducted.</p> <p>Mr. Flanery and Mr. Gabbert presented on behalf of WKY Development as outlined in the agenda materials.</p> <p>Mr. Real and Mr. Knipp presented on behalf of Ceasars Entertainment as outlined in the agenda materials.</p> <p>Mr. Johnsen, Mr. Aronson and Mr. Ingle presented on behalf of Kentucky Downs LLC as outlined in the agenda materials.</p> <p>Mr. Forgy noted that by letter dated October 26, 2018 from Jackson Kelly PLLC (Jackson Kelly), counsel for Kentucky Downs, LLC, a full due process hearing was requested and that that request was denied. He stated another letter was received dated October 29, 2018 setting out objections to various aspects of this proceeding. Additionally, an amendment to Kentucky Downs and the Kentucky Harness Horsemen’s Association’s agreement was also received. He recommended that that these submission be allowed to be entered in the record.</p> <p>Mr. Forgy further noted that a third letter dated October 29, 2018 was received from Jackson Kelly addressing various issues related to the historical horse racing system currently in place at Churchill Downs/Derby City facility. He recommended that that letter be excluded from the record as it was not relevant to this meeting’s agenda matters.</p>	

<i>AGENDA ITEM</i>	<i>TRANSCRIPT PAGE NUMBER(S)</i>	<i>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</i>	<i>ACTION TAKEN</i>
	189 – 217	<p>Chairman Kling then requested a motion to address the request submitted by KHRC staff to approve the applicants' proposed race and simulcast dates conditioned upon being issued a license to conduct horse racing in 2019 and upon compliance with all applicable statutes and regulations. Motion by Commissioner Richardson. Second by Commissioner Northrop.</p> <p>Chairman Kling then requested a motion to defer a vote to issue a license to one of the applicants to a future date on or before November 20, 2018. Motion by Commissioner Hendrickson. Second by Commissioner Richardson.</p> <p>Vice-Chairman Simendinger then asked to make a motion to defer a decision on selecting a license until a later date. Second by Commissioner Day.</p> <p>Chairman Kling then requested a motion with respect to dates for a meeting at which to consider whether to issue a license. Commissioner Jones made a motion to have a meeting within 30 days to consider whether to issue a license. Second by Commissioner Day.</p>	<p>Chairman Kling called for a vote to approve the 3 applications contingent on the conditions as discussed. Motion carried with no objections or abstentions.</p> <p>Before Chairman Kling announced the motion carried, Commissioner Hendrickson withdrew his motion.</p> <p>Motion carried as announced by Chairman Kling, with no abstentions.</p> <p>Motion carried, with no abstentions. Vice-Chairman Simendinger and Commissioners Bisig, Brown and Northrop objecting.</p>

<i>AGENDA ITEM</i>	<i>TRANSCRIPT PAGE NUMBER(S)</i>	<i>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</i>	<i>ACTION TAKEN</i>
III. Adjournment	217	Motion to adjourn by Commissioner Cauthen. There was no second of the motion.	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.