

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

Date: October 17, 2017 at 1:30 PM

Place: United States Dressage Federation, 4051 Iron Works Parkway, 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 Kiki Courtelis; Commissioner Patrick A. Day; Commissioner Douglas A. Hendrickson; Commissioner Gerald W. Holt; 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: Leigh Powers, by proxy on behalf of Secretary Don Parkinson, Tourism, Arts, and Heritage Cabinet; Jessica Burke, by proxy and on behalf of Secretary Terry Gill, Cabinet for Economic Development; and 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: None.

<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>	3 – 4	Meeting called to order and roll call performed by Chairman Kling. A quorum was recognized.	No action taken.
<b>II. New Business Tab 1 Minutes from August 15, 2017</b>	4 – 39 4 – 5	Chairman Kling requested a motion to review for approval the minutes of the August 15, 2017 Commission meeting. Commissioner Bell noted that he was not included in the Members Present and requested an amendment to show that he was in attendance at the August 15, 2017 meeting. Motion by Commissioner Hendrickson. Second by Commissioner Richardson.	Chairman Kling called for a vote to approve the August 15, 2017 minutes as amended. Motion carried with no objections or abstentions.

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<p><b>Tab 2 Approve Conditions of Racing Association Licensing for 2018</b></p>	<p>5 – 7</p>	<p>Chairman Kling requested a motion to review the proposed Conditions of Racing Association Licensing for 2018. Motion by Commissioner Northrop. Second by Commissioner Richardson.</p> <p>Mr. May presented the proposed conditions for 2018. He noted that the major change would require racing associations to submit to the KHRC a reconciliation of purse activity for all the different forms of wagering that an association offers in order to allow KHRC staff to reconcile that against the purses being distributed at the associations.</p> <p>Staff recommended approval.</p>	<p>Chairman Kling called for a vote to approve the proposed Conditions of Racing Association Licensing for 2018 as presented. Motion carried with no objections or abstentions.</p>
<p><b>Tab 3 Approve Conditions to Conduct Historical Horse Races for 2018</b></p>	<p>7 – 9</p>	<p>Chairman Kling requested a motion to review the proposed Conditions to Conduct Historical Horse Races for 2018. Motion by Commissioner Northrop. Second by Commissioner Richardson.</p> <p>Mr. May presented the proposed conditions for 2018 for racing associations that offer historical horse race wagering. He noted that the major change would require racing associations to submit to the KHRC a reconciliation of purse activity for all the different forms of wagering that an association offers in order to allow KHRC staff to reconcile that against the purses distributed at the associations.</p> <p>Staff recommended approval.</p>	<p>Chairman Kling called for a vote to approve the proposed Conditions to Conduct Historical Horse Races as presented. Motion carried with no objections or abstentions.</p>
<p><b>Tab 4 Approve Racing Association Applications and Race Dates for 2018</b></p>	<p>9 – 16</p>	<p>Chairman Kling requested a motion to review the submitted applications for a license to conduct live horse racing, simulcasting, and pari-mutuel wagering for 2018 and the proposed race dates and host status for 2018. Motion by Commissioner Day. Second by Commissioner Courtelis.</p>	<p>Chairman Kling called for the following three separate votes to approve:</p> <p>1) The proposed race dates and host status for</p>

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		<p>Mr. Forgy presented the eight applications for a license to conduct live horse racing, simulcasting, and pari-mutuel wagering for 2018, including proposed race dates and host status. He noted that by letter received October 17, 2017, Thunder Ridge officially withdrew its application from consideration.</p> <p>Mr. Forgy stated that all applications were carefully reviewed and each applicant racing association notified of any issues and corrective measures necessary to be timely completed. He noted that The Red Mile had reached an agreement with the Kentucky Harness Horseman’s Association (KHHA) concerning simulcast dates and an executed contract would be forthcoming. Additionally, Bluegrass Downs requested until December 15, 2017 to submit a schedule for the necessary repairs and improvements and provided assurance that every effort would be made to complete all necessary repairs and improvements by opening day of live racing on May 25, 2018. Approval of The Red Mile’s application was recommended contingent upon receipt of the executed agreement with the KHHA. Approval of Bluegrass Downs’ application is contingent upon receipt of the schedule of repairs and improvements by December 15, 2017 and completion of the repairs and improvement by May 25, 2018. The proposed race dates of all five of the thoroughbred racing associations have received approval from the Kentucky Horsemen’s Benevolent and Protective Association (KyHBPA) and the Kentucky Thoroughbred Owners and Breeders Association (KTOBA).</p> <p>Complete copies of all racing association’s applications are available for review at the KHRC office. All seven applications and requested race dates and host status as presented and discussed were recommended for approval by the staff.</p>	<p>2018 as presented. Motion carried with no objections or abstentions.</p> <p>2) The proposed licenses to conduct live horse racing, simulcasting and pari-mutuel wagering for: Churchill Downs Racetracks, LLC; Ellis Park Racecourse, LLC; Keeneland Association, Inc.; Kentucky Downs, LLC; The Lexington Trot Breeders Association, LLC d/b/a The Red Mile; and Turfway Park, LLC, and requested schedules of simulcast signal for the year 2018 as presented. Motion carried with no objections or abstentions.</p> <p>3) A conditional license to conduct live horse racing, simulcasting and pari-mutuel wagering for Players Bluegrass Downs,</p>

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			Inc. and requested schedule of simulcast signal for the year 2018 as discussed. Motion carried with no objections or abstentions.
<b>Tab 5 Churchill Downs' Backside Improvement Proposal</b>	16 – 17	<p>Chairman Kling requested a motion to review Churchill Downs' request for expenditure of its backside improvement funds. Motion by Commissioner Day. Second by Commissioner Simendinger.</p> <p>Ms. Eads presented Churchill Downs' request dated August 11, 2017 for approval to use funds in the Backside Improvement Fund for two projects: 1) replacement of backside tack room heater and dorm window units for an estimated cost of \$19, 939; and 2) backside A/C restroom install for an estimated cost of \$17, 123.</p> <p>KHRC staff has confirmed the necessity of the projects, that the projects comply with the statutory requirement, and that Churchill Downs has the Backside Improvement funds available.</p> <p>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>Staff recommended approval.</p>	Chairman Kling called for a vote to approve Churchill Downs' request as presented. Motion carried with no objections or abstentions.
<b>Tab 6 Churchill Downs' Proposed 2017 Fall Meet KTDF Allotments</b>	17 – 19	Chairman Kling requested a motion to review Churchill Downs' request for approval of its proposed 2017 Fall meet KTDF allotments. Motion by Commissioner Simendinger. Second by Commissioner Jackson.	Chairman Kling called for a vote to approve Churchill Downs' request as presented. Motion carried with no

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		<p>Ms. Eads presented Churchill Downs' request dated September 29, 2017, for approval of its KTDF purse structure for the 2017 Fall meet and for authority to pay out KTDF purses on eligible horses first through last place.</p> <p>Churchill Downs has proposed KTDF purses in the range of \$250,000 to \$350,000. Churchill Downs' projections are based on a payout of 78% of the amount carded and daily earnings of \$13,029. Staff has confirmed that at the end of the 2017 September meet, Churchill Downs had a deficit of \$9,026.</p> <p>The KTDF Advisory Committee approved recommendation of Churchill Downs' request at its October 5, 2017 meeting. Committee and staff recommended approval.</p>	<p>objections or abstentions.</p>
<p><b>Tab 7 Turfway Park's Proposed 2017 Holiday Meet &amp; 2018 Winter Spring Meet KTDF Allotments</b></p>	<p>19 – 20</p>	<p>Chairman Kling requested a motion to review Turfway Park's request for approval of its proposed 2017 Holiday meet and 2018 Winter/Spring meet KTDF allotments. Motion by Commissioner Jones. Second by Commissioner Northrop.</p> <p>Ms. Eads presented Turfway Park's request dated September 29, 2017 for approval of its KTDF purse structure for the 2017 Holiday meet and 2018 Winter/Spring meet and for authority to pay out KTDF purses on eligible horses first through last place.</p> <p>Turfway Park has proposed KTDF purses of \$812,330. Their projections are based on a payout of approximately 65% of the amount carded. Staff has confirmed that Turfway Park will begin the meet with a deficit of \$16,479.</p>	<p>Chairman Kling called for a vote to approve Turfway Park's request as presented. Motion carried with no objections or abstentions.</p>

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		The KTDf Advisory Committee approved recommendation of Churchill Downs' request at its October 5, 2017 meeting. Committee and staff recommended approval.	
<b>Tab 8 Ratification of Keeneland's Request for Approval of Keeneland/New York Pick 4 Wager</b>	20 – 21	<p>Chairman Kling requested a motion to review for ratification Keeneland's request to offer an all-stakes Pick 4 wager in conjunction with the New York Racing Association. Motion by Commissioner Brown. Second by Commissioner Richardson.</p> <p>Mr. May presented Keeneland's request dated September 22, 2017. The New York Gaming Commission approved NYRA's request to offer the wager on September 27, 2017. KHRC staff has reviewed the wager and confirmed that it is appropriate. Because the wager was due to be offered prior to the next Commission meeting, Executive Director Guilfoil approved the request pursuant to the authority granted in KRS 230.230(1) and ratification of the Executive Director's action was recommended.</p>	Chairman Kling called for a vote to ratify the Executive Director's approval of Keeneland's request. Motion carried with no objections or abstentions.
<b>Tab 9 2017 Advance Deposit Wagering Application for Horse Races Now, LLC</b>	22 – 23	<p>Chairman Kling requested a motion to review the request of Horse Races Now, LLC's (HRN) initial application for licensure to conduct advance deposit account wagering in Kentucky. Motion by Commissioner Brown. Second by Commissioner Simendinger.</p> <p>Mr. May presented HRN's initial application for licensure to conduct advance deposit account wagering in Kentucky for the remainder of calendar year 2017. As a new ADW, HRN will be required to secure a \$100,000 surety bond as a condition of licensure.</p> <p>KHRC staff, along with Chairman Kling, have reviewed HRN's application and HRN has been cooperative and forthcoming with requests for additional information. Staff recommended approval.</p>	Chairman Kling called for a vote to approve HRN's initial application to conduct advance deposit account wagering in Kentucky for the remainder of 2017 as presented and discussed. Motion carried with no objections or abstentions.

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<p><b>Tab 10 Request from Keeneland/Red Mile for additional PariMAX wagering profile</b></p>	<p>23 – 26</p>	<p>Chairman Kling requested a motion to review the request from Keeneland/Red Mile Wagering, LLC (KRM) to offer PariMAX Version 3.4.1 pari-mutuel system exotic wager pools. Motion by Commissioner Brown. Second by Commissioner Holt.</p> <p>Mr. May presented KRM’s request for approval to offer PariMAX Version 3.4.1 and the associated exotic wagering pools and entertaining game themes. The PariMAX wagering system is currently utilized on 396 out of 902 of KRM’s terminals. PariMAX Version 3.4.1 underwent testing by Gaming Laboratories International (GLI) and been determined to comply with applicable Kentucky statutes and regulations. If approved, KRM will submit an exact floor plan layout and a list of the terminals that it will offer to KHRC staff for review. Staff recommended approval.</p>	<p>Chairman Kling called for a vote to approve KRM’s request as presented. Motion carried with one objection by Secretary Dickerson and no abstentions.</p>
<p><b>Tab 11 Request from Kentucky Downs for additional wagering theme</b></p>	<p>26 – 28</p>	<p>Chairman Kling requested a motion to review Kentucky Downs’ request to offer an additional entertaining game theme and six modifications to nine previously-approved entertaining game themes. Motion by Commissioner Brown. Second by Commissioner Courtelis.</p> <p>Mr. May presented Kentucky Downs’ request to offer the “Hot Shot Triple Pay” entertaining game theme, utilizing pari-mutuel wagering pool TRM1033 and for authorization for graphical upgrades to other existing entertaining game themes. No other changes to the wagering pool have been requested. GLI has tested and reviewed the entertaining game theme and affirmed its compliance with Kentucky statutes and regulations. The graphical upgrades requested also comply with Kentucky statutes and regulations and do not affect the pari-mutuel pools.</p>	<p>Chairman Kling called for a vote to approve Kentucky Downs’ request as presented. Motion carried with two objections by Secretary Dickerson and Commissioner Holt and no abstentions.</p>

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		If approved, Kentucky Downs will submit a final terminal mix to the KHRC staff. Staff recommended approval.	
<b>Tab 12 Request to Allocate \$25,000 of EDRC funds for the Analysis of Environmentally Sourced Samples</b>	28 – 37	<p>Chairman Kling requested a motion to review the request by KHRC Equine Medical Director, Dr. Mary Scollay, to allocate \$25,000 of the Equine Drug Research Council’s (EDRC) funds for the analysis of environmentally-sourced samples. Motion by Commissioner Hendrickson. Second by Commissioner Jones.</p> <p>Dr. Scollay presented her request. She noted that the only North American peer-reviewed journal article examining the presence of regulated substances in the racetrack environment was recently discredited by its author, Dr. Steve Barker, in testimony presented in a Kentucky medication case. As a result, there is now no credible science that investigates the presence of regulated substances that may be present in a horse’s environment. Also, because environmental contamination has become a key defense strategy, it is necessary to have a factual, rather than speculative, basis for discussion. The EDRC voted unanimously to support sampling to see to what extent regulated or prohibited substances may be present in horses’ environment at Kentucky racetracks. After sampling and analysis in consultation with LGC Laboratory, a manuscript will be prepared for submission to a peer-review journal. Staff recommended approval.</p>	<p>Chairman Kling called for a vote to approve the request to allocate \$25,000 of EDRC funds for the analysis of environmentally-sourced samples as presented and discussed. Motion carried with one objection by Commissioner Holt and no abstentions.</p>
<b>Tab 13 Turfway Park 2017 Holiday Meet &amp; 2018 Winter Spring Meet Race Officials</b>	37 – 39	<p>Chairman Kling requested a motion to review Turfway Park’s proposed 2017 Holiday meet and 2018 Winter/Spring race meet, racing officials and dates preference system. Motion by Commissioner Simendinger. Second by Commissioner Brown.</p> <p>Ms. Borden presented Turfway Park’s request dated September 21, 2017, for approval of its roster of racing officials for the 2017 Holiday race meet and 2018 Winter/Spring race meet. All stewards are</p>	<p>Chairman Kling called for a vote to approve Turfway Park’s request as presented. Motion carried with no objections or abstentions.</p>



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		ROAP accredited and all officials have previously performed the duties for which they are listed and will be licensed before the meet opens. Staff recommended approval.	
<b>Tab 14 Reports</b> <b>a. Thoroughbred Rulings</b> <b>b. Standardbred Rulings</b> <b>c. Veterinary Division</b> <b>d. Pari-Mutuel Wagering Division</b> <b>e. Confidential – Litigation and Regulations</b>	39 – 49 39 – 40  40 – 41  41 – 42 42 – 49  49	a. Ms. Borden presented the thoroughbred rulings report. There were no updates to the ruling report.  b. Mr. Guilfoil presented the standardbred rulings report. Updates to the report included receipt of payment for rulings J2017-001; 003; 007; 011; 013; 016; 017; 018; 019; 020; 023; 028; 030; and 031.  c. Dr. Scollay presented the veterinary division report.  d. Mr. May presented the pari-mutuel wagering division report.  e. Litigation and Regulation report is for informational purposes only.	No action taken. Informational items only.
<b>III. Adjournment</b>	49 – 50	Chairman Kling requested a motion to adjourn. Motion by Commissioner Brown. Second by Commissioner Northrop. 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.