

KENTUCKY HORSE RACING AND GAMING CORPORATION
MINUTES OF THE SPECIAL MEETING

Date: July 1, 2024, at 10:30 a.m.

Place: Kentucky Horse Racing and Gaming Corporation Conference Room, 4047 Iron Works Parkway, Lexington, Kentucky 40511

Board Members Present: Chair Jonathan Rabinowitz, Vice-Chair Charles O’Connor, Dr. Tiffany Daniels, Michael F. Dudgeon, Terry Finley, Frank Shoop, Greg Harbut, Kerry Harvey, Lesley Howard, William L.S. Landes, William H. May, Catherine Parke, James E. Worley

Ex-officio Members Present: Chad Thompson for Secretary Ray Perry and Secretary Jeff Noel

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<p>I. Call to Order and Roll Call</p>	<p>4 - 5</p>	<p>Chair Rabinowitz called the meeting of the Kentucky Horse Racing and Gaming Corporation (KHRGC) to order and performed the roll call. A quorum was recognized.</p>	<p>No action taken.</p>
	<p>5 - 6</p>	<p>Chair Rabinowitz thanked Jennifer Wolsing for her service to the Kentucky Horse Racing Commission stating that she gave sound advice and recognized that she was a strong advocate and did a great job. Jennifer is now headed over to the Public Protection Cabinet after being here for at least four years.</p> <p>Chair Rabinowitz welcomed the latest board member, Kerry Harvey, who will also be helping with the transition committee.</p> <p>Chair Rabinowitz announced that there is a new director of sports wagering, Hannah Simms, who is a graduate of the University of Kentucky law school and previously worked at UK. She is going to present recent data on sports wagering.</p> <p>Lastly, Chair Rabinowitz publicly congratulated Rules Committee member, Kenny McPeak, who is the third ever trainer to win the Kentucky Oaks and Derby in the same year</p>	

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		stating that they are super proud of him and glad that they were both Kentucky-bred horses.	
II. New Business Tab 1: Approve minutes of the April 23, 2024 Kentucky Horse Racing Commission Special Meeting	6 - 22 6 - 7	<p>Chair Rabinowitz requested a motion from the Board to approve minutes of the April 23, 2024 Kentucky Horse Racing Commission Special Meeting. Motion by Mr. Landes and second by Mr. O'Connor.</p> <p>KHRGC President Jamie Eads was assigned the floor and explained that behind tab one were the minutes from the April 23, 2024 meeting. KHRGC staff recommended approval.</p>	Chair Rabinowitz called for a vote to approve minutes of the April 23, 2024 Kentucky Horse Racing Commission Special Meeting. Motion carried with no objections or abstentions.
Tab 2: President's Update	7 - 11	<p>KHRGC President Jamie Eads explained that behind the second tab is an update about what has been going on the last few months since the passing of Senate Bill 299. The leadership team has been meeting with the Governor's office and other state agencies to get a better understanding of the framework and discussing what to do to implement Senate Bill 299.</p> <p>One of the first things is going to be to vote on some memorandums of agreement that the board has already seen. Bill May was asked to be the chair of the Transition Committee and he has agreed; that committee includes Dr. Tiffany Daniels, Michel Dudgeon, Terry Finley, Bill Landes, and Ed Worley.</p> <p>There is also a hiring and compensation committee that Kerry Harvey has agreed to chair, and that committee includes Mike Berry, Lesley Howard, and Frank Shoop.</p>	No action taken.

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		<p>The Commission would usually appoint the KHBIF, the Sire Stakes, the Quarter Horse Development Fund, Thoroughbred Breeders' Incentive Fund, and the Thoroughbred Development Fund, so those materials are included and are the same as usual. Then business as usual over the last three months with Keeneland being wrapped up; then the staff went to Churchill. Next is Ellis Park. The Kentucky Derby and Oaks winners were both KBIF and the breeders received \$50,000 each – which is the biggest award given.</p> <p>Hannah Sims started in June. The standardbred population is running at Oak Grove with field staff present.</p> <p>There have been three or four county fair races and the participation has been so strong that it has resulted in 24 races on the events, which is huge. Dr. Mundy and the Safety Steward, Beth Bungert, are working with HISA on a deviated schedule for rule 2121.</p> <p>Lastly, Jennifer Wolsing's last day was Friday and her position is looking to be filled.</p> <p>Chair Rabinowitz recognized Jamie's hard work along with her team for the heavy lift to get where we are today as well as the Governor's office and the executive branch.</p>	
<p>Tab 3: Financial Position and Proposed Budget Amendment</p>	<p>11 - 14</p>	<p>Chair Rabinowitz requested a motion from the Board to approve the proposed budget. Motion by Ms. Howard and second by Mr. O'Connor.</p> <p>KHRGC Deputy Executive Director, Waqas Ahmed, was assigned the floor and explained that the KHRGC is funded through a combination of tax revenues, general fund allotments, and the fees generated from assessments as well as licensing activities. There has been record development in Historical Horse Racing</p>	<p>Chair Rabinowitz called for a vote to approve the KHRGC's proposed budget.</p> <p>Motion carried with no objections or abstentions.</p>

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		and the implementation of Sports Wagering. The only change for 2025 is a 3% salary increment for all employees.	
Tab 4: Memorandums of Agreement for Short Term HR, Fiscal and IR Services with PPC and Personnel	14 - 17	<p>Chair Rabinowitz requested a motion from the Commission to ratify the memorandums of agreement with PPC and the Personnel Cabinet. Motion by Mr. May and second by Mr. Dudgeon.</p> <p>KHRGC Interim General Counsel, Travers Manley, was assigned the floor and explained that Senate Bill 299 established the corporation effective today. On June 28, Jamie Eads signed four memorandums of agreement to allow business at the corporation to continue operations while we transition from an agency under the Public Protection Cabinet to an independent, de jure municipal corporation of the Commonwealth.</p> <p>There are three MOAs with PPC and one with the Personnel Cabinet. The MOA with Personnel regards the provision of Human Resources, payroll and benefit processing services, and HR functionality with KHRIS. The MOA is effective through at least September 30, 2024 and the fee is \$10.20 per full time employee per month. The MOAs with PPC are for IT, fiscal and budget operations, as well as HR and communication services. For the IT MOA, PPC will continue maintenance of the sports wagering license database and portal and perform website services. For the fiscal and budget MOA, PPC will assist the corporation in the performance of several fiscal operations and also provide budget operations. For the HR and communications MOA, PPC will provide regulatory services related to HR policies and federal laws such as the ADA and FMLA.</p> <p>The KHRGC staff recommended ratification of President Eads' approvals of the MOAs with PPC and Personnel.</p>	<p>Chair Rabinowitz called for a vote to ratify the memorandums of agreement with PPC and the Personnel Cabinet. Motion carried with no objections or abstentions.</p>

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<p>Tab 5: Ratification of Executive Director's Approval of the Kentucky Proud Series and Early Sire Stakes Changes</p>	<p>17 - 20</p>	<p>Chair Rabinowitz requested a motion from the Board to ratify Executive Director's approval of the Kentucky Proud Series and Early Sire Stakes changes. Motion by Mr. May and second by Mr. O'Connor.</p> <p>KHRGC Incentives & Development Director Drew Conners was assigned the floor and explained that Jamie Eads approved a change to the date of the Mayfield Purchase District Fair from June 1 to June 2 due to inclement weather; also during that time the date of the Christian County/Western Kentucky State Fair at Oak Grove changed from Tuesday, June 18 to Wednesday, June 19. On or about June 14, Jamie Eads also approved flexibility for the remainder of the meet at Oak Grove if there was an overabundance of entries for the two- and three-year-old Early Sire Stakes series races to move the overflow to the next day. These changes were supported by the Kentucky Harness Association and the Kentucky Harness Horseman's Association. KHRGC Staff recommended ratification of Jamie Eads' approval and date changes.</p>	<p>Chair Rabinowitz called for a vote to ratify Executive Director's approval of the Kentucky Proud Series and Early Sire Stakes changes. Motion carried with no objections or abstentions.</p>
<p>Tab 6: Kentucky Downs LLC's proposed 2024 race meet officials and date preference system</p>	<p>20 - 21</p>	<p>Chair Rabinowitz requested a motion from the Board to approve Kentucky Downs LLC's proposed 2024 race meet officials and date preference system. Motion by Ms. Parke and second by Mr. O'Connor.</p> <p>KHRGC Chief State Steward Barbara Borden was assigned the floor and shared the letter of requested racing officials for the September meet at Kentucky Downs. All of the Stewards have been accredited by ROAP and are current. There are a few new</p>	<p>Chair Rabinowitz called for a vote to approve Kentucky Downs LLC's proposed 2024 race meet officials and date preference system. Motion carried with no objections or abstentions.</p>

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		<p>racing officials on the roster this year, all of them are either working in Kentucky or performing the same duties at other tracks around the country. The date preference system is also included and there has been no change from past years. Approval is recommended by the staff.</p>	
<p>Tab 7: Lexington Trots Breeders' Association, LLC's Proposed 2024 race meet officials</p>	<p>21 - 22</p>	<p>Chair Rabinowitz requested a motion from the Board to approve Lexington Trots Breeders' Association, LLC's Proposed 2024 race meet officials. Motion by Mr. Shoop and second by Mr. May.</p> <p>KHRGC Chief State Steward Barbara Borden was assigned the floor and shared a letter from the Lexington Trots Breeders' Association requesting approval of the roster of racing officials. The judges are all ROAP accredited, and the racing officials will be licensed by the first day of the meet. Approval is recommended by staff.</p>	<p>Chair Rabinowitz called for a vote to approve Lexington Trots Breeders' Association, LLC's Proposed 2024 race meet officials. Motion carried with no objections or abstentions.</p>
<p>Division Reports</p> <p>a. Thoroughbred Rulings</p> <p>b. Standardbred Rulings</p> <p>c. Quarter Horse Rulings</p>	<p>22 - 38 22 - 23</p> <p>23 - 24</p> <p>24 - 25</p>	<p>Chief State Steward Barbara Borden presented two reports, the first of which were rulings by category from the first of the year through June 13. The second report showed rulings that have been issued since the last meeting.</p> <p>Chief State Steward Barbara Borden presented the Standardbred Rulings for Patricia Cooksey and explained that there were only a couple of unpaid fines. People with outstanding fines have been contacted and a suspension date was set for fines not received in time.</p> <p>Chief State Steward Barbara Borden presented the Quarter horse rulings report from the 2024 Sandy Ridge meet at the Red Mile stating there were quite a few rulings issued and several</p>	<p>No action taken. Informational purposes only.</p>

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<p>d. Veterinary Division</p>	<p>25 - 33</p>	<p>outstanding fines. Everyone has been contacted and they are trying to get it cleaned up and hope to have updates by the next meeting.</p> <p>Chief Racing Veterinarian Dr. Nick Smith was assigned the floor and explained that he had two reports to share with the first one being from the Keeneland Spring meet with 1,306 starters. There were 366 post-race samples, 47 total veterinary scratches, 37 were pre-race and 10 were on track, 5 of those on track were for soundness-related and 5 were gate or paddock injuries. A total of 69 horses were put on the vet's list and 18 were post-race injuries, lame in the test barn or lame post-race. There were 4 ambulance runs for the meet and 1 racing fatality that was musculoskeletal.</p> <p>Conversation about the decreased fatalities and special thanks to the Veterinarians and horsemen were given. Mr. Finley remarked on the morning training and asked if there is a benefit from the oversight in the mornings. Dr. Smith shared that there is an increased presence at the track of veterinarians and there are reduced injuries so far.</p> <p>The next report shared by Dr. Smith was from Churchill Downs' Spring meet. There were 3,432 total starts, 1,015 post-race samples, 103 veterinary scratches of which 80 were pre-race and 23 were on track. Of those scratches, 13 were for soundness and 10 for gate or paddock injuries. During the meet, 157 horses were put on the vet's list, and there were 43 racing injuries or post-race lame and test barn lame. There were 8 horses treated for physical distress, 13 total ambulance runs, and 2 fatalities both of which were musculoskeletal.</p>	

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<p>e. Pari-mutual Wagering & Compliance</p>	<p>33 - 36</p>	<p>Mr. Finley inquired about the backside and the overall vibe as it related to HISA. Dr. Smith shared that everyone has noticed an increased level of safety in the race horses on a daily basis and that everyone is working together.</p> <p>Discussion regarding a super test ensued; Dr. Smith shared that the testing is the same across the board regardless of the level of the race and that there have been great improvements in testing since he has been around since 2011.</p> <p>KHRGC Director of Pari-Mutuel Wagering and Compliance, Andy Conway, presented wagering reports for the months of March, April, May, and fiscal year 2024. There were \$43.4 million wagered on track at Kentucky tracks representing a 5% increase from May last year. Fiscal year totals were comparable to last year at \$95.6 million.</p> <p>Red Mile and Oak Grove both saw significant growth in May simulcast wagers with a 60% increase from May 2023 to May 2024. For the fiscal year, Oak Grove has seen a 26% increase from May of last year. TVG saw \$13.3 million wagered on Kentucky tracks, helped out by the Derby representing a nearly \$3 million increase from last May.</p> <p>Historical horse racing wagers for the fiscal year through May have seen an 18% increase from last year representing an additional \$1.3 billion wagered for total of \$8.835 billion. This is due in part to the opening of Sandy's Racing and Gaming as well as Derby City Gaming downtown.</p> <p>Hannah Simms, the new Sports Wagering Director, presented that she has hit the ground running since joining the KHRGC. She</p>	

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f. Sports Wagering	36 - 38	has met with key stakeholders, reviewed comprehensive and regulatory framework, and looked at existing operational procedures and seeing where they can move forward. Her report consisted of numbers from September through May and that they are still working on reconciliations. To date the total dollars wagered through May is at \$1.9 billion in sports wagering and the preliminary excise tax is \$32 million.	
IV. Adjournment	38	With no other business, Chair Rabinowitz requested a motion from the Board to adjourn the July 1, 2024 special meeting. Motion by Ms. Parke and second by Mr. Shoop. Meeting adjourned.	Chair Rabinowitz called for a vote to adjourn. Motion carried with no objections or abstentions.

NOTE: The meeting 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.