

KENTUCKY HORSE RACING COMMISSION
MINUTES OF THE MEETING

Date: May 6, 2015 at 1:30 PM

Place: Phoenix Room, Grandstand Fourth Floor, Keeneland Race Track, Lexington, KY

Members Present: Chairman Robert M. Beck, Jr.; Vice Chairman Tracy Farmer; Commissioner Edward S. “Ned” Bonnie; Commissioner Thomas Conway; Commissioner Elizabeth Lavin; Commissioner Allan Wade Houston, Sr.; Commissioner Burr Travis; Commissioner Alan J. Leavitt; Commissioner John Phillips; Commissioner Neil Howard; and Commissioner Foster Northrop, DVM; Commissioner Frank Jones, Jr.; and Commissioner J. David Richardson, M.D.

Ex-officio Members Present: Secretary Ambrose Wilson, representing the Public Protection Cabinet; William Dexter, representing the Tourism, Arts and Heritage Cabinet; and Caroline Baesler, representing the Cabinet of Economic Development

KHRC Staff Participating: John T. Ward, Jr., Executive Director; Mary Scollay, Equine Medical Director; Susan B. Speckert, General Counsel; Katherine M. Paisley, Deputy General Counsel; Greg Lamb, Supervisor of Pari-Mutuel Wagering; Barbara Borden, Chief State Steward; Rich Williams, Chief Judge; Will Farmer, Chief Racing Veterinarian; and Jamie Eads, Director of Incentives and Development

Others Participating: Shannon B. Arvin, Stoll Keenon Ogden PLLC on behalf of Keeneland

Meeting called to order and roll call performed by Chairman Beck. A quorum was recognized.

AGENDA ITEM	TRANSCRIPT PAGE NUMBER(S)	DISCUSSION / CONCLUSIONS / RECOMMENDATIONS	ACTION TAKEN
Tab 1 Ratify Churchill Downs’ request to offer Lucky 7 Wager	4 – 9	<p>Mr. Lamb presented Kentucky Downs’ request dated April 2, 2015 for approval to offer a Lucky 7 wager. Rules for the wager were received by electronic mail dated April 21, 2015.</p> <p>The Lucky 7 wager involves picking the winner in each of seven consecutive races and features a 15% takeout along with a \$0.10 minimum wager, 70% of the pool to be paid out with a 30% carryover, unless there is a single winner in which case 100% to be paid to the single winner.</p>	<p>Motion to approve by Commissioner Travis. Second by Commissioner Jones. Motion carried with no objections or abstentions</p>

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Tab 2 Approve KTDF allotment request – Ellis Park summer meet	9 – 10	<p>Ms. Eads presented Ellis Park’s request dated April 27, 2014 (sic) for approval of its KTDF allotment for its 2015 summer meet. Ellis Park proposes KTDF purses in the range of \$1,000,000 and projections are based on an expected payout percentage of 90% and daily earnings of \$28,721. KHRC staff has confirmed that at the end of the 2014 summer meet, Ellis Park paid KTDF purses in the amount of \$1,083,086 and ended the meet with a \$31,071 surplus.</p> <p>The KTDF Advisory Committee approved recommendation of Ellis Park’s request at its May 4, 2015 meeting.</p>	<p>Motion to approve by Commissioner Travis. Second by Commissioner Lavin. Motion carried with no objections or abstentions.</p>
Tab 3 Approve KTF allotment – Kentucky Downs September meet	10 – 11	<p>Ms. Eads presented Kentucky Downs’ request dated April 27, 2015 for approval of its KTDF allotment for its 2015 September meet. Kentucky Downs proposes KTDF purses in the range of \$4,200,000 and projections are based on an expected payout percentage of 85% and wagers on historical horse racing balance of \$3,500,000. KHRC staff has confirmed that at the end of the September 2014 meet, Kentucky Downs paid KTDF purses in the amount of \$1,811,022 and ended the meet with a \$969,730 surplus.</p> <p>Additionally, pursuant to 810 KAR 1:090(3)(6), Kentucky Downs requested the ability to spend up to \$50,000 in advertising to promote the KTDF purses.</p> <p>The KTDF Advisory Committee approved recommendation of Kentucky Downs’ request at its May 4, 2015 meeting.</p>	<p>Motion to approve by Commissioner Conway. Second by Commissioner Richardson. Motion carried with no objections or abstentions.</p>
Tab 4 Approve payment to the Kentucky Colt Association for the county fair	11 – 12	<p>Ms. Eads presented the Kentucky Colt Association’s (KCA) request received April 28, 2015 for payment of the standardbred un-cashed ticket money (\$84,597.12) and the KCA’s allocated portion of the tax taken in by the Kentucky Off Track Betting parlors (\$48,057.46) in the total amount of \$132,554.58. Staff has confirmed the amount requested and approval is recommended.</p>	<p>Motion to approve by Commissioner Leavitt. Second by Commissioner Lavin. Motion carried with no objections or</p>

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<p>Tab 5 Ratify Keeneland's request to amend its legal site description to offer drive-through betting for Oaks/Derby</p>	<p>12 – 14</p>	<p>Ms. Speckert presented Keeneland's request by letters dated April 3, 2015 for approval to amend the legal site description provided in its 2015 race track application to include a portion of the Kentucky Horse Park (KHP), which will be leased, and a portion of the Thoroughbred Center, which Keeneland owns, in order to facilitate offering drive-through betting at these locations on Oaks and Derby days, May 1-2, 2015. Similar requests from Keeneland have been approved in 2012, 2013 and 2014 for Oaks and Derby and at KHP for Breeders' Cup in 2014.</p> <p>The staff has confirmed that Keeneland has met the requirements of the statute and all required documentation has been provided.</p> <p>Due to time constraints and that the identical request has been repeatedly approved by the Commission, the request was approved by the KHRC Executive Director. Staff recommends ratification of the Executive Director's action.</p>	<p>abstentions.</p> <p>Motion to ratify action of the Executive Director by Commissioner Richardson. Second by Commissioner Lavin. Motion carried with no objections or abstentions.</p>
<p>Tab 6 Approve Keeneland's request to amend its legal site description to conduct simulcasting of Thoroughbred races at the Red Mile</p>	<p>14 – 22</p>	<p>Ms. Arvin presented Keeneland's request dated April 27, 2015 for approval to amend the legal site description provided in its 2015 license application to include a portion of the Red Mile's grandstand, which Keeneland will lease, in order to offer simulcasting of and pari-mutuel wagering on thoroughbred races at the Red Mile.</p> <p>Under the lease agreement between Keeneland and the Red Mile, Keeneland will lease a specifically described portion of the Red Mile. Betting windows will be specifically identified as a Keeneland window or as a Red Mile window. Only wagers placed on thoroughbred races will be accepted by Keeneland and only wagers placed on standardbred races will be accepted by the Red Mile.</p>	<p>Motion to approve by Commissioner Leavitt. Second by Commissioner Lavin. Motion carried with no objections or abstentions.</p>

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		<p>Statutory and regulatory authority permits both race tracks to accept wagers on quarter horse races. Wagers on quarter horse races would go to whichever race track where the wager was placed.</p> <p>Keeneland has met the statutory requirements for approval of this request. Staff recommends approval.</p>	
<p>Tab 7 Approve Contract Renewal between The KHRC and Gaming Laboratories International, LLC</p>	<p>22 – 24</p>	<p>Ms. Speckert presented the Fourth Addendum to the contract between the KHRC and Gaming Laboratories International, LLC to serve as the KHRC's official testing laboratory for historical horse racing wagers and terminals.</p> <p>The proposed Fourth Addendum renews the term of the current contract which expires on July 31, 2015 for three (3) years beginning August 1, 2015 through June 30, 2018. No other amendments are proposed.</p> <p>Staff recommends approval.</p>	<p>Motion to approve by Commissioner Richardson. Second by Commissioner Travis. Motion carried with no objections or abstentions.</p>
<p>Tab 8 Review concentration level in 810 KAR 1:300 Section 3 International medication protocol as a condition of race</p> <p>a. 811 KAR 1:300 Section 3</p> <p>b. 811 KAR 2:300 Section 3</p>	<p>24 – 54</p>	<p>Dr. Scollay presented the proposed amendment to Section 3 of the proposed new regulations 810 KAR 1:300 (thoroughbred), 811 KAR 1:300 (harness), and 811 KAR 2:300 (quarter horse, appaloosa and arabian) – International medication protocol as a condition of race. These proposed new regulations were previously approved by the Commission at its March 23, 2015.</p> <p>The proposed regulations as approved set a threshold for furosemide of 100 picograms per milliliter in serum. Upon completion in April 2015 of the statistical analysis of the results of a 20-horse administration study conducted at the Kentucky Equine Research Center a threshold of 1,000 picograms per milliliter in serum was determined. As a result, approval to amend the</p>	<p>Motion to approve by Vice Chairman Farmer. Second by Commissioner Richardson. Motion carried with two (2) objections by Commissioner Travis and Commissioner Jones and one (1) abstention by Commissioner Conway.</p>

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		<p>threshold for furosemide set out in Section 3 of the proposed regulations from 100 picograms per milliliter in serum to 1,000 picograms per milliliter in serum is recommended to provide additional protection for horsemen.</p> <p>Following the vote, Commissioner Conway made a motion that the change in the level for furosemide from 100 picograms per milliliter in serum to 1,000 picograms per milliliter in serum be referred to the Equine Drug Research Council (EDRC) for a report to the Commission. A second was made by Commissioner Richardson. Commissioner Conway noted that although he agreed with the change in the level, he believed procedurally the proposed amendment should have been brought before the EDRC to make a recommendation to the Commission. Following a discussion, Chairman Beck asked the EDRC to convene and discuss the level change and Commissioner Conway withdrew his motion.</p>	
<p>Tab 9 Reports</p> <ul style="list-style-type: none"> a. Thoroughbred Rulings b. Standardbred Rulings c. Veterinary Division d. Pari-Mutuel Wagering Division e. Regulations and Litigation 	<p>55 – 57</p> <p>57</p> <p>57 – 62</p>	<p>a. Ms. Borden presented the thoroughbred ruling report. She noted the following updates: Ruling No. 15-0021 fine has been paid and suspension lifted; Ruling Nos. 15-0029, 15-0031 and 15-0033 has been suspended for non-payment of fines; and Ruling Nos. 15-0050 and 15-0051 have been appealed.</p> <p>b. Mr. Williams presented the Standardbred ruling report.</p> <p>c. Dr. Farmer presented the veterinary division report for the Turfway Park winter/spring 2015 meet and Keeneland spring 2015 meet. Dr. Scollay presented the 1st Quarter 2015 (January 1 – March 31, 2015) drug testing summary for thoroughbred racing. No Standardbred racing was conducted during the 1st Quarter.</p> <p>In response to an earlier inquiry by Commissioner Bonnie, Dr.</p>	<p>No action taken. Informational items only.</p>

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	<p>62 – 66</p> <p>66</p>	<p>Scollay reported that the laboratory is meeting its contractual requirements.</p> <p>d. Mr. Lamb presented the reports for: 1) ADW wagers by Kentucky residents for 2014; 2) historical horse racing at Kentucky Downs and Ellis Park for March and April 2015; and 3) total live handle for Turfway Park for March 2015; Keeneland for April 2015; and Thunder Ridge for April 2015. In response to an inquiry by Commissioner Bonnie, Chairman Beck requested that a report comparing the gross numbers for on track wagers and gross number for wagers through ADW's by Kentucky residents on Kentucky races be generated and presented to the Commission.</p> <p>e. Status Report on Regulations and Litigation – For Informational Purposes Only.</p>	

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Other Business	66 – 69	<p>Chairman Beck requested that each Commissioner present sign and return to Linda the tobacco policy acknowledgement form.</p> <p>Chairman Beck commended the staff for a great job in preparation for and running of the races on Oaks and Derby Days.</p> <p>As a member of the Kentucky Thoroughbred Development Fund (KTDF) Advisory Committee, Commissioner Lavin pointed out the importance of the contributions to purses from historical racing. She noted that a member of the state legislature had attended a KTDF Advisory Committee meeting and had no idea of what was going on. She suggested that a better job needed to be done of getting information to the legislature.</p>	No action taken. Informational items only.
Adjournment	69	Chairman Beck requested a motion for adjournment.	Motion to adjourn by Commissioner Richardson. Second by Commissioner Travis. 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.