

Kentucky Horse Racing Commission



2010 Annual Report

Calendar year except as noted

4063 Iron Works Parkway
Building B
Lexington, KY 40511
(859) 246-2040

khrc.ky.gov



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LETTER from CHAIRMAN BECK

The Honorable Steven L. Beshear
Commonwealth of Kentucky
700 Capitol Avenue
Frankfort, Kentucky 40601

Dear Governor Beshear:

On behalf of the Kentucky Horse Racing Commission (KHRC), it is my privilege to submit to you the Commission's Annual Report for 2010, pursuant to KRS 230.270. This report presents a summary of the Commission's and the agency's activities and accomplishments, as well as statistical data related to horse racing and pari-mutuel wagering in the Commonwealth.

As the state agency charged with regulating and overseeing Kentucky's horse racing industry, KHRC overcame many challenges while continuing to pursue various safety and integrity initiatives for both horses and participants in Kentucky horse racing. Many of the agency's achievements are detailed in this report and we look forward to building on to this success in the future.

My fellow Commissioners and the KHRC staff appreciate your continued support of the KHRC and the horse racing industry and look forward to working with you to address the challenges that confront one of the Commonwealth's signature industries. Despite an ever-changing landscape, it is my belief that by working together, we will strengthen both the agency's and the industry's positions as leaders on the local, national and international level, in order to ensure that Kentucky remains the "Horse Capitol of the World."

Sincerely,

Robert M. Beck, Jr.
Chairman
Kentucky Horse Racing Commission

EXECUTIVE DIRECTOR'S COMMENTS

As Executive Director I have been privileged to work with an outstanding group of individuals, the members of the Kentucky Horse Racing Commission (KHRC). I would like to thank those board members for their work. I have been aided by a professional staff dedicated to ensuring the safety and integrity of the Commonwealth's horse racing industry. Governor Steve Beshear strongly supported and advocated the best interest and goals of the horse racing industry by giving his time, thought and good judgment to the growing challenges facing the industry. Likewise, Public Protection Cabinet Secretary Robert Vance and KHRC Chairman Robert Beck, along with members of the KHRC, have given greatly of their time, thought and good judgment in providing leadership to the horse racing industry in Kentucky.

We have a very active Commission, and an active committee structure helps us to analyze and make recommendations on specific issues. A review of "Advisory Committees and Working Groups" summarizes the issues that have been tackled over the last year.

The steps KHRC took to improve racing in calendar year 2010 were many and varied. Here are a few of the highlights:

- The KHRC developed and approved historical horse racing regulations which were filed with the Legislative Research Commission on July 20, 2010.
- The Kentucky legislature was the first major legislative body in a racing jurisdiction to adopt the Interstate Racing and Wagering Compact, which will help maintain state control over horse racing while promoting uniformity in racing rules across the states.
- KHRC entered into a contract to use the services of Horseracing Forensic Laboratory (HFL) as its official laboratory. The location of the HFL laboratory in Lexington, Kentucky has improved both communication and turnaround time of testing. HFL began providing services in 2011 and will ultimately create approximately 50 high-tech jobs in central Kentucky.
- KHRC approved an out-of-competition- medication testing rule to enhance integrity in Kentucky races. Testing was conducted at the Breeders' Cup World Championships and The Red Mile Grand Circuit and no violations were detected.
- For the first time in Kentucky, pre-race hardware testing was conducted on the totalizator system prior to the beginning of each meet in Kentucky to protect wagering integrity.

- New regulations became effective for licensing individuals and licensing associations. These regulations provide a more comprehensive regulatory structure.
- The Equine Drug Research Council (“EDRC”) and KHRC approved funding for 5 equine research projects at the University of Kentucky.
- An integrity hotline and webpage were established.
- Many of the recommendations made by the Governor’s Task Force on the Future of Horse Racing were implemented.

The year 2010 was an exciting year for the racing fans who attended Kentucky’s racetracks. Churchill downs held a Derby week which drew huge crowds and record wagering and then continued with great night racing on Friday nights. It then hosted a record setting Breeders’ Cup weekend featuring the classic meeting of Zenyatta and Blame. Keeneland set attendance records and had great racing with large fields. As an indicator of the industry’s interaction with other equine sports, Kentucky hosted an Arabian horse race to tie in with the World Equestrian Games being held at the Kentucky Horse Park. The Red Mile continued to host the Kentucky Sire Stakes, harness races richest finals in North America with purses of 2.4 million dollars.

Kentucky’s other tracks continued to operate for the benefit of the horse industry and racing enthusiasts. While some aspects of the year set new positive records, there are other aspects of the industry facing difficult times. Kentucky is the horse capital of the world and a large number of Kentucky residents rely on the horse industry for their livelihood. We need to do what we can to maintain a vibrant industry here in Kentucky.

In conclusion, I would like to say thank you again to the Governor, all of the KHRC members, staff and all those who helped to move the agency forward during 2010. The Kentucky Horse Racing Commission addressed many concerns and demonstrated leadership on many safety and integrity issues, including matters related to thoroughbred racing, standardbred racing, Breeders’ Incentive Funds, and the future of horse racing in the Commonwealth. We will continue to work diligently on these issues.

Respectfully submitted,

Lisa E. Underwood
Executive Director
Kentucky Horse Racing Commission



2010 MEETING DATES

The Kentucky Horse Racing Commission monthly meetings were open to the public.

January 5

February 2 - cancelled

March 16

April 5

May 11

June 8

July 20

August 10

September 7

October 26

December 13

KENTUCKY HORSE RACING COMMISSION MEMBERS

The Kentucky Horse Racing Commission is an independent agency of state government charged with the responsibility of regulating the conduct of horse racing and pari-mutuel wagering on horse racing and related activities within the Commonwealth.

The Commission is composed of fifteen gubernatorial appointees along with the Secretary of the Tourism, Arts and Heritage Cabinet, the Secretary of the Public Protection Cabinet, and the Secretary of Economic Development serving as ex-officio members of the Commission.

The KHRC is honored to have the following racing industry and community leaders serve as voting members of the Commission, appointed by Gov. Steve Beshear on July 3, 2008:

Robert M. Beck, Jr. – Chair

Mr. Beck is a transactional lawyer and a member of Stites & Harbison, PLLC. He has represented both domestic and foreign clients in the purchase, sale and syndication of bloodstock. Mr. Beck also regularly provides corporate and financing legal counsel to equine industry participants, including banks, horse farms, trainers, and organizers of multiple ownership arrangements for racing and breeding syndicates.

Mr. Beck is a licensed thoroughbred owner and breeder.

Tracy Farmer – Vice Chair

Mr. Farmer owns Shadowlawn Farm near Midway, Kentucky. He also owns automobile dealerships and is involved in banking and commercial real estate development and building management. Mr. Farmer is a member of The Jockey Club and the Thoroughbred Owners and Breeders Association (TOBA). He was the recipient of the 2006 W.T. Young Humanitarian Award sponsored by the Kentucky Thoroughbred Owners and Breeders and was honored as a person in the industry “who recognizes and promotes the human endeavor.”

Mr. Farmer is a licensed thoroughbred owner and breeder.

Edward S. Bonnie

Mr. Bonnie, an attorney for Frost, Brown, Todd, LLC, concentrates his practice in the area of equine law. He acts as counsel for owners, trainers, veterinarians, jockeys, feedmen, blacksmiths and others in the horse business.

Mr. Bonnie and his wife own, break, train, and ride hunters, jumpers and steeplechasers, and own and operate a 530-acre horse and cattle farm in Oldham County, Kentucky.

Mr. Bonnie is a licensed thoroughbred owner and breeder.

F. Thomas Conway

Mr. Conway is a sole practitioner focusing mainly on litigation practice in personal injury, products liability and medical malpractice.

Tom Conway is a licensed thoroughbred owner and breeder and has been involved in the thoroughbred industry for thirty years.

Thomas Gaines (appointment expired on June 30, 2010)

Mr. Gaines is a founding partner in Gaines-Gentry Thoroughbreds, a leading breeder and commercial seller in the thoroughbred industry. He serves as president of KBC International, a worldwide horse equipment company.

Mr. Gaines is a partner in several other businesses including one of the largest thoroughbred sales consignors, Eaton Sales. Additionally he serves on the board of members and trustees of The Breeders' Cup Limited.

Mr. Gaines is actively involved in many aspects of the thoroughbred business.

Allan Wade Houston, Sr.

Mr. Houston is executive vice-president of Houston-Johnson, Inc., a logistics provider and warehouse management entity that coordinates specific just-in-time activities. Mr. Houston was a partner in JHT Holdings, the second largest minority-owned company in the United States and the largest minority-owned transportation company in North America.

Mr. Houston is a horse racing enthusiast.

Frank Jones, Jr.

Mr. Jones is owner of Recreonics Corporation of Louisville, Ky.

In 1997, he was appointed to the Kentucky Racing Commission where he served 2 terms as the Commission's vice-chair. He is the vice-president of the Kentucky Horsemen's Benevolent & Protective Association (Kentucky HBPA) and serves on the board of directors of the Kentucky Racing Health & Welfare Fund. He has experience in contracts and legislative activities on behalf of Thoroughbred owners.

Mr. Jones is a licensed thoroughbred owner.

Franklin S. Kling, Jr. (appointed July 1, 2010)

Mr. Kling is chairman and chief executive officer of FK Holdings, Inc. a multi-state / multi-national holding company headquartered in Cincinnati, Ohio. The company's principal business activity is the design, importation and distribution of home fashion products to major retailers in the United States and Canada.

Mr. Kling received a B.A. in Accounting from Thomas More College.

Mr. Kling and his wife Susan reside in Villa Hills, Kentucky.

Mr. Kling serves on a number of business and community boards and organizations, including SKU, Inc., Cincinnati/ Northern Kentucky International Airport, and Thomas More College. He is a former member of the Kentucky Horse Racing Authority.

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Mr. Kling is a thoroughbred breeder and a licensed Thoroughbred owner.

Elizabeth S. Lavin

Mrs. Lavin and her husband, well-known Kentucky equine veterinarian, A. Gary Lavin, own and operate Longfield Farm, a commercial breeding and boarding operation.

Mrs. Lavin previously served on the Kentucky Racing Commission from 1993-1997 during which time she was the KRC advisor to the Kentucky Racing Health & Welfare fund and representative to the Association of Racing Commissioners International (RCI).

Mrs. Lavin is a thoroughbred breeder and a licensed Thoroughbred owner.

Alan J. Leavitt

Mr. Leavitt is the president and general manager of Walnut Hall Ltd., Lexington, Ky., which is owned by his wife, Meg Jewett. Mr. Leavitt campaigned Deweycheatunhowe, 2008 Dan Patch award winner for Trotter of the Year.

Mr. Leavitt is a director of the Hambletonian Society and the RMTC and president of the Kentucky Standardbred Breeders Association. Mr. Leavitt was inducted into the Harness Racing Hall of Fame during 2009.

Mr. Leavitt is a standardbred breeder and a licensed standardbred owner.

Tom Ludt

Mr. Ludt is the president of Vinery Ltd., a full service farm in Lexington, Ky., and Ocala, Fla., that stands stallions, boards mares, sells bloodstock, prepares stock for sale, breaks and trains young horses and maintains an active racing stable.

Mr. Ludt serves on the board of members and trustees of The Breeders' Cup Limited, TOBA, and the Thoroughbred Retirement Fund. Mr. Ludt served as chairman of the Blue Ribbon Panel of the Jockey's Workers' Compensation Insurance Committee and served as chairman of the committee on International Wagering Hubs for Kentucky Horse Racing Commission, formerly Kentucky Horse Racing Authority.

Mr. Ludt is a thoroughbred breeder and a licensed thoroughbred owner.

Dr. Foster Northrop

Dr. Northrop is an equine veterinarian with his own practice, Northrop Equine PLLC, practicing primarily on thoroughbred racehorses at Churchill Downs, Keeneland and Palm Meadows in Boynton Beach, Fla.

Dr. Northrop serves as vice chairman of the Racing Committee for the American Association of Equine Practitioners and served on the Grayson Jockey Club Research Advisory Committee.

Michael Pitino

Mr. Pitino is the chief operating officer and founding partner of Alliance Group in Louisville, Ky. Alliance Group is a private equity investment firm which makes financial investments into middle market companies across the country. Alliance Group also serves as a business brokerage, helping sellers identify private investors to purchase their companies.

Mr. Pitino is a racing enthusiast.

Burr Travis

Mr. Travis is a partner with the law firm of Busald, Funk and Zevely, P.S.C. of Florence, Ky.

Mr. Travis has previously served on the board of directors of the Kentucky HBPA.

Mr. Travis is a thoroughbred breeder and a licensed thoroughbred owner.

John T. Ward, Jr.

Mr. Ward is a life-long trainer who trained Monarchos, winner of the 2001 Kentucky Derby and advised on the purchase and provided early training for Fusaichi Pegasus, winner of the 2000 Kentucky Derby.

He was a founding member of the KTOBA and has served with the KTA, KTOB, the Kentucky Racing Commission, Kentucky Equine Drug Research Council, RMTC, Sales Integrity Task Force and on the National Thoroughbred Racing Association (NTRA) panel formed to examine jockey insurance.

Mr. Ward is an equine advisor and licensed thoroughbred trainer.

Dr. Jerry Yon

Dr. Yon is a self-employed physician in Lexington.

On July 9, 2008, Gov. Steve Beshear named Dr. Yon to chair the Kentucky Equine Drug Research Council (EDRC) and when that term expired, Dr. Yon was re-appointed chair to serve for a term expiring August 1, 2012.

Dr. Yon is a horse racing enthusiast and actively involved in equine medication and drug testing research and policies and procedures.

The KHRC is honored to have the following Cabinet secretaries serve as non-voting members of the Board:

Robert D. Vance

Robert D. Vance is currently Secretary of the Kentucky Public Protection Cabinet, overseeing the Department of Financial Institutions, Department of Insurance, Housing, Buildings, and Construction, Kentucky Horse Racing Commission, Alcoholic Beverage Control, Department of Charitable Gaming, Board of Tax Appeals, and Board of Claims/Crime Victims Compensation Board. Vance served on all of the subcommittees of the Governor's Task Force on the Future of Horse Racing in Kentucky.

A native of Grant County, he earned business and law degrees at the University of Kentucky. He also is a graduate of the Stonier Graduate School of Banking at Rutgers University and the Executive Banking Institute at the University of Louisville.

Mr. Vance, of Maysville, has spent most of his career in banking serving as chairman or senior officer of a number of banking institutions across Kentucky as well as Ohio and Indiana. He also has worked as an agricultural

lender for Farm Credit Services, a trust examiner for the Comptroller of the Currency and a stockbroker for Bache & Company.

Mr. Vance has served as president of the Maysville-Mason County Chamber of Commerce, board chairman of the Kentucky Bankers Association School of Banking, vice chairman of the Maysville-Mason County Industrial Authority and is a past board member of the Kentucky Gateway Museum Center, the Hayswood Foundation and UK Law School Alumni.

Larry Hayes

Secretary Hayes currently serves as secretary of the Kentucky Cabinet for Economic Development where he is responsible for the development and administration of executive policies designed to support and promote economic development within the Commonwealth.

Secretary Hayes was appointed cabinet secretary after serving in a dual role as Governor Steve Beshear's Executive Cabinet secretary and interim secretary for the Cabinet for Economic Development.

Prior to joining the Beshear administration in December 2007, Secretary Hayes served as both deputy mayor and secretary of the Finance and Administration Cabinet in the City of Louisville.

Secretary Hayes' extensive career also includes experience in the private sector including ownership of Midwest Construction, Inc. in Lexington and partial interests in a warehousing and distribution business in Elizabethtown.

Additionally, Secretary Hayes was involved in the creation of what is now known as Greater Louisville, Inc., the state's largest regional economic development partnership, serving as its first president from 1987-1988.

Prior to his work in Louisville, Secretary Hayes was the executive assistant to the Kentucky State Senate President for six years before joining Governor Martha Layne Collins' administration as both the secretary of the executive cabinet and the state budget director from 1983 through 1987.

In his absence, George R. Burgess, Jr. serves as Secretary Hayes' designee.

George R. Burgess, Jr.

Mr. Burgess, Jr. is the executive director for the Office of Administrative Services in the Cabinet for Economic Development.

He had previously served as commissioner of the Department for Existing Business Development which is the primary state agency charged with business expansion and for encouraging communities' job retention and creation efforts.

Before joining the Cabinet for Economic Development, Mr. Burgess served as executive director of The Office of Financial Management until July 2004.

He has also served as vice-president in commercial lending for Farmers Bank and Capital Trust Company in Frankfort.

Marcheta Sparrow

Secretary Sparrow serves as the secretary of the Kentucky Tourism, Arts and Heritage Cabinet and has more than 30 years of tourism industry experience in both the public and private sector. Before her appointment as cabinet secretary, she served for nine years as president and chief executive officer of the Kentucky Tourism Council where she managed a 575-member statewide association representing all sectors of Kentucky's travel industry.

She previously worked in various tourism positions in Kentucky and began her career as a tour guide at the state Capitol in Frankfort.

In her absence, William R. Dexter serves as Ms. Sparrow's designee.

William R. Dexter

Mr. Dexter is executive director of the Office of Legal Affairs for the Tourism, Arts and Heritage Cabinet, which includes the Kentucky Horse Park and the Department of Tourism and Travel. Before his appointment, Mr. Dexter was in private law practice in Owensboro, Ky.

KHRC STAFF



Lisa E. Underwood, Executive Director

Ms. Underwood assumed leadership of KHRC on Oct. 2, 2006, and has continued to implement changes to enhance KHRC's ability to fulfill its regulatory mission. Ms. Underwood supervises the Commission's staff and overall operations. Ms. Underwood serves on several advisory committees and working groups within the KHRC.

Ms. Underwood serves on the Board of Directors and the Executive Committee of the Association of Racing Commissioners International (RCI). She also serves on the RCI Model Rules Committee, RCI Drug Testing Standards and Practices Committee and RCI Wagering Security Systems Committee. Ms. Underwood is also on the national steering committee for the Interstate Racing and Wagering Compact.

In 2009, Ms. Underwood was the recipient of the Len Foote Award from RCI for outstanding achievements and contributions to the racing industry.

Ms. Underwood began practicing law in 1984. Prior to working for the KHRC, Ms. Underwood was a partner with Wyatt Tarrant and Combs and later Senior Counsel for Mason & Hanger Corporation, a defense contractor based in Lexington, Ky.

Marc A. Guilfoil, Deputy Executive Director

Mr. Guilfoil was appointed as division director of the Harness Racing Commission in 1988. At that time he served as director of Standardbred Racing, chief presiding judge, and director of Standardbred Development Fund/Kentucky Sire Stakes. He was appointed deputy executive director in July 2007 and now assists the executive director in various matters pertaining to the overall operations of the Kentucky Horse Racing Commission, specifically Standardbred racing, enforcement actions and investigative activities.

John Veitch, Chief State Steward

Mr. Veitch serves as Kentucky's Chief State Steward and oversees the thoroughbred racing industry at live racing meets in Kentucky. Mr. Veitch, a longtime horseman and trainer, was elected into the 2007 Thoroughbred Racing Hall of Fame in Saratoga, NY, following in the footsteps of his father Sylvester Veitch. Mr. Veitch trained *Alydar*, whose rivalry with Triple Crown Winner *Affirmed* is legendary.

Rich Williams, Chief State Judge

Mr. Williams is a native of Richmond, Ind. A third generation horseman, Rich has been a racing official for 16 years. He served as associate judge for the Indiana Racing Commission at Hoosier Park and Indiana downs from 1997 until 2005, presiding judge for the Ohio Racing Commission for 2006 and 2007 at Raceway Park, and has been an associate judge for the Delaware County fair home of The Little Brown Jug from 2007 to the present and associate judge for the Indiana State Fair from 1995 to the present. Mr. Williams has also served as a racing official in thoroughbred racing at Hoosier Park and Sportsman's Park in Chicago. He has been the chief judge, overseeing the regulation of standardbred racing for the Kentucky Horse Racing Commission since 2008.

Dr. Mary Scollay, Equine Medical Director

Dr. Scollay has served as a consultant to the KHRC on matters pertaining to equine health, welfare, safety, and medication since 2008. Dr. Scollay also serves as a resource to the Stewards when medication violations are declared in post-race testing samples.

She has more than 20 years of racing regulatory veterinary experience. She currently serves on the following committees: AAEP Racing Committee, AAEP Professional Conduct and Ethics Committee, Grayson Jockey Club Research Advisory Committee, the RCI Regulatory Veterinarians' Committee, and the Jockey Club Equine Injury Database Scientific Advisory Committee. She is a member of the International Group of Specialist Racing Veterinarians and an associate member of the European Horseracing Scientific Liaison Committee.

Dr. Bryce Peckham, Chief Racing Veterinarian

Dr. Peckham was appointed chief racing veterinarian on Oct. 14, 2008. Dr. Peckham had spent the prior twelve years as the chief racing veterinarian for the Kansas Racing and Gaming Commission. Dr. Peckham is an active member of the American Association of Equine Practitioners (AAEP) and the AAEP's practice group of racing regulatory veterinarians. In 2009, Dr. Peckham was made a member of the Breeders' Cup International Veterinary Panel.

Jamie H. Eads, Director of the Incentives and Development

Ms. Eads was appointed on Sept. 1, 2008, as the director for the Division of Incentives and Development at the Kentucky Horse Racing Commission. Ms. Eads began her career in the horse industry at the National Thoroughbred Racing Association and Breeders' Cup Limited working on both the NTRA Legislative Action Campaign and Political Action Campaign. After the separation of the two companies, she joined the Breeders' Cup Racing division to assist with the BC Challenge *Win & You're In*, BC Stakes Program and the World Championships.

Susan B. Speckert, General Counsel

Ms. Speckert was appointed as general counsel in February of 2010. In September of 2010 she was appointed the first chair of the Association of Racing Commissioner's International Racing Regulatory Counsel Committee.

Ms. Speckert is married to thoroughbred trainer, Christopher Speckert, trainer of 1992 Horse of the Year and Older Male Eclipse Award winner, Pleasant Tap, and 1991 Two-year old Filly Eclipse Award winner, Pleasant Stage. They own several race horses.

Prior to her appointment, Ms. Speckert was a prosecutor with the Fayette Commonwealth's Attorney's Office and was an associate at the law offices of Stoll Keenon Ogden. Ms. Speckert graduated from the Loyola University New Orleans School of Law, magna cum laude, in May 2003. While in law school, Ms. Speckert was Editor-in-Chief of the Loyola Law Review, a William Crowe, Sr. Scholar and participated on the Willem C. Vis International Commercial Moot Arbitration Team.

Tim West, Assistant General Counsel

Mr. West graduated from the University of Vermont with a B.A. in History/English in 1995 and graduated from the University Of Cincinnati College Of Law in 2002. Mr. West left private practice in January of 2010 to become Assistant General Counsel to the KHRC. He helps to address all of the KHRC's legal needs including, drafting and amending the administrative regulations governing the horse industry in Kentucky, drafting and reviewing service and research contracts, monitoring civil litigation to which the KHRC is party, handling administrative appeals to which the KHRC is a party and offering legal advice to the KHRC on many regulatory initiatives.

Greg Lamb, Supervisor of Pari-mutuel Wagering

Mr. Lamb's involvement with racing began in 1969 as a summer job while attending Lake Forest College. His time at Lake Forest was interrupted briefly by active and reserve duty in the U.S. Marine Corps. Upon graduation with a degree in political science, he continued working at the race tracks in Colorado holding various positions from mutuel teller to assistant mutuel manager to head cashier. Mr. Lamb was asked to join the Colorado Racing Commission in 1991. He started in the field as a compliance officer and worked up to the head auditor position for the Commission in 2005. In 1995 as a member of the Colorado Totalisator Standards Committee, he helped Colorado become the first state in the country to adopt Totalisator Standards. In May of 2000, he completed the requirements for certification as a fraud examiner and that status is currently active. He was appointed supervisor of Pari-mutuel Wagering of KHRC on Dec. 1, 2009.

Christopher Clark, Director of Licensing

Mr. Clark was appointed to the KHRC on June 16, 2010. He oversees the Division of Licensing, ensuring that all horse racing participants are licensed with the KHRC. Mr. Clark serves as a member of the KHRC License Review Committee. The Licensing Division has field offices at all Kentucky Thoroughbred and Standardbred tracks, as well as the KHRC main office at the Horse Park. Mr. Clark also assists the KHRC Enforcement Division with investigations and field operations.

Mr. Clark previously served the Commonwealth for 10 years as a Kentucky State Trooper. In his duties with the State Police, Mr. Clark investigated crimes against children while being a detective for 3.5 years. Clark was a member of the Kentucky State Police rifle team and in 2008 was awarded the Troopers Medal. Clark has a bachelor's degree from the University of Louisville.

Mr. Clark replaced Steve Estep who resigned on April 15, 2010 to accept a position in his family's business. For additional information related to Mr. Estep, see the Kentucky Horse Racing Commission's 2008-2009 Biennial Report.

Patricia J. Cooksey, Director of Public Relations

Beginning in 1978 as a groom at Waterford Park in West Virginia, Patricia “PJ” Cooksey became assistant trainer of a 30-horse stable and later became a jockey. In September 2002, Ms. Cooksey was inducted into the “*Kentucky Athletic Hall of Fame*” and in November of the same year received the “*Vince Lombardi Symbol of Courage Award*” from Georgetown University Medical Center in Washington, D.C. She retired from race riding on June 24, 2004 with 2,137 wins from 18,268 mounts, making her the third winningest female jockey in the history of Thoroughbred racing. Ms. Cooksey has worked in the publicity department at Churchill Downs. In September 2005, Ms. Cooksey was appointed deputy executive director of the Kentucky Horse Racing Authority. On July 1, 2007, she resigned that position and was appointed director of Public Relations to the Kentucky Horse Racing Commission, where she currently serves.

Patrick Adams, Director of Security and Enforcement

Mr. Adams was appointed director of Enforcement of KHRC on Dec. 16, 2009. Adams, who previously served nearly eight years as assistant director of security for the Indiana Racing Commission, fills a position with KHRC that was left vacant for nearly two years due to budget constraints. He oversees the enforcement division, performs professional-level work in commission investigations, and coordinates investigative services at Kentucky’s Thoroughbred and Standardbred tracks. Adams served as chief of the Knightstown, Ind., Police Department for four years. He is in the process of obtaining his steward accreditation from the University of Louisville Equine Industry program.

FULL-TIME OFFICE AND FIELD STAFF

Administrative Staff

Jamie Doom, System Support Technician
Amber Hobbs, Auditor II
Kendra Shoop, Executive Assistant
Gwen Webb, Executive Secretary
Margi Wintz, Paralegal

Veterinary and Detention Barn Staff

Dr. Will Farmer, Racing Veterinarian
Dr. Michael Hardy, Racing Veterinarian (until April 5, 2010)
Dr. Brent Cassady, Racing Veterinarian (since Dec. 1, 2010)
Jenna Hardy, Veterinary Technician (until March 28, 2010)
Patricia Ludwig, Veterinary Technician (since Sept. 1, 2010)
John Asbury, Detention Barn Assistant
Greg Berry, Administrative Specialist
Burnis Caudill, Detention Barn Assistant
Victor Mendoza, Detention Barn Assistant

Enforcement Staff

Danny Hyland, Investigator
Don Kolioutas, Investigator

Incentives and Development Staff

Soledad Smith, Administrative Specialist
Angela Trosclair, Program Coordinator
Rick Williams, Assistant Director

Licensing Staff

Jackie Herbstreit, Racing License Administrator
Trudy Koenig, Program Coordinator
Betty Moran, Racing License Administrator
Alan Slayback, Program Coordinator
Bill Vest, Racing License Administrator

ADVISORY COMMITTEES and WORKING GROUPS

Several committees and working groups were appointed by the Governor or Chairman Beck and met throughout 2010 to advise Commission members on issues pertinent to the duties of the KHRC. In some instances, persons from the industry served on the committee or working group who were not Commission members. The advisory committee and working group members listed below were serving as of Jan. 1, 2010. For a list of current KHRC committees, go to <http://khrc.ky.gov/Pages/committees.aspx>.

Kentucky Equine Drug Research Council

The Kentucky Equine Drug Research Council (EDRC) deliberated on, and made recommendations to the KHRC regarding out of competition testing for prohibited substances and post-race sampling and testing protocols. The EDRC also solicited research proposals related to drug testing, testing research and equine health, conducted the proposal review process, and made funding recommendations to the KHRC. The EDRC facilitated the refinement of the necropsy protocol for race related equine fatalities and approved the purchase of a digital radiography system to further enhance the information obtained from these cases.

The members of the Equine Drug Research Council are:

Chair: Jerry L. Yon, M.D.

Members:

W.B. Rogers Beasley

Rick Hiles

A. Gary Lavin, D.V.M.

Frank Dwayne Marcum, D.V.M.

Andrew M. Roberts, D.V.M.

Hollie I. Swanson, Ph.D.

Sen. Damon Thayer

Art Zubrod

2010 MEETING DATES

The EDRC met on the following dates in 2010:

January 5

March 16

May 11

July 20

September 2

October 26

December 13

The following are some highlights of EDRC activities for 2010:

- EDRC Research Advisory group convened monthly meetings and teleconferences.
- After a review by the EDRC Research Advisory group, EDRC recommended to the KHRC funding of 5 research proposals submitted by investigators from the University of Kentucky.
- Necropsy committee met and refined racing-injury specific procedures.
- Approved use of digital radiography system by KHRC veterinarians for emergency purposes at Ellis Park. Performed radiography of limbs associated with necropsy cases.
- Deliberated on and made a recommendation to KHRC on out of competition testing regulation. Commission adopted the recommendation on September 7, 2010.
- Deliberated on and made a recommendation to KHRC on post-race sampling selection and testing regulation. The Commission adopted the recommendation on September 7, 2010.

Safety and Welfare Committee

The members of the Safety and Welfare Committee are

Chair: Elizabeth Lavin

Members:

Edward S. Bonnie

Dr. Foster Northrop

Tom Ludt

Daisy Phipps-Pulito

The Safety and Welfare Committee met on May 5 and also conducted public meetings at Churchill Downs and Keeneland to address questions and concerns regarding amendment to safety vest regulations

Rules Committee

This committee reviewed the regulatory structure of the KHRC and made recommendations regarding regulations governing the horse industry. The committee members were instrumental in updating various regulations.

Members:

Edward S. Bonnie (Chair)

F. Thomas Conway
Burr Travis, Jr.

The Rules Committee met on the following dates in 2010:

February 22

May 11

June 3

September 7

September 30

November 30

The following are some highlights of the Rules Committee activities for 2010:

- Finalized with Non-Race Advisory Board the recommendation for International Walking Horse Association (IWHA) to be available for Kentucky Walking Horse Breeders' Incentive Fund (KWH-BIF) incentive earnings.
- Deliberated on and made recommendations to the KHRC on the frivolous appeals regulation.
- Deliberated on and made recommendations to the KHRC on amendments to the regulation regarding timing of purse distribution.
- Deliberated on and made recommendations to the KHRC on amendments to the regulation regarding jockey advertising.
- Deliberated on and made recommendations to the KHRC on amendments to the regulation concerning the licensing of individuals participating in quarter horse, appaloosa and Arabian racing.
- Deliberated on and made recommendations to the KHRC on a new regulation regarding out of competition testing.
- Deliberated on and made recommendations to the KHRC on amendments to the regulation regarding horses (electronic foal papers and certain clean up matters)
- Deliberated on and made recommendations to the KHRC on amendments to the regulation regarding entries, subscriptions and declarations (electronic foal papers and certain clean up matters).

License Review Committee

The License Review Committee is composed of commissioners and staff members who review license applications that require more detailed scrutiny and background research than a routine application. For additional detail, see the section in this report titled "Licensing Division."

Members:

Edward S. Bonnie

F. Thomas Conway

Burr Travis, Jr.

Lisa E. Underwood

Marc A. Guilfoil

Steven Estep (until April 15)

Chris Clark (beginning June 16)

The License Review Committee met on the following dates:

February 25

April 5

June 8

August 26

September 30

Wagering Integrity Working Group

This working group was charged with the responsibility of investigating wagering integrity and security issues and making recommendations to the KHRC.

Chair: Franklin S. Kling

Members:

Edward S. Bonnie

Steven Estepp

Marc A. Guilfoil

Greg Lamb

Tom Ludt

Lisa E. Underwood

Secretary Robert D. Vance

Rick Williams

Mike Maloney

The Wagering Integrity Working Group met on the following dates in 2010:

October 4

October 11

November 19

November 30

The Wagering Integrity Committee met four times during 2010. During those meetings, the committee took comments from stakeholders as it considered a new regulation to license entities that offer advance deposit account wagering. This committee finalized price calculation rules and recommended them to the Commission. These rules allow for consistency in the calculation of payoffs among the various breeds and from racetrack to racetrack.

Kentucky Thoroughbred Development Fund Advisory Committee

KTDF money supplements purses in stakes, handicap, allowance and non-claiming maiden events in Kentucky through a portion of the pari-mutuel tax. Only registered Kentucky-sired, Kentucky-foaled horses are eligible to share in Fund purse supplements. Funds that are reverted to the KTDF are a result of non-eligible horses placing in the designated race receiving those funds. These monies are not distributed to the owner since the horse is not eligible or KTDF registered, but returned to the association for distribution on another designated race. For additional information regarding the Kentucky Thoroughbred Development Fund, go to: <http://www.kta-ktob.com>.

A five-member Advisory Committee is appointed on July 1st of each year to advise and assist the KHRC with the implementation of this program.

Chair: Dr. J. David Richardson, representing the Kentucky Thoroughbred Owners and Breeders Association (KTOB)

Members:

Cliff Reed, representing the licensed associations (January 1-June 30, 2010)

W.B. Rogers Beasley, representing the licensed associations (July 1-June 30, 2011)

Bill Landes, representing Thoroughbred breeders (KTOB)

Tom Ludt, representing the KHRC

Pete Salmen, representing the Kentucky Horsemen's Benevolent and Protective Association (KYHBPA)

The Thoroughbred Development Fund Advisory Committee met on the following dates in 2010:

February 17

April 19

August 18

November 23

Money from the KTDF is allocated to each licensed association in an amount equal to the amount the association contributed to the fund. This fund is used for purses and advertising. The KTDF receives an amount which is .75 percent of all wagers from Thoroughbred racetracks on live races and 2 percent of all wagers on simulcast races. It is an incentive program that seeks to encourage owners to buy from Kentucky markets, to board and breed mares on Kentucky farms, to mate them with Kentucky stallions, then to race the Kentucky-foaled horse at Kentucky tracks. This program was created in 1978 and placed under the general jurisdiction of the KHRC.

The following chart documents the amounts offered by, paid out by and reverted to the Kentucky Thoroughbred Development Fund in 2010:

KY Thoroughbred Development Fund (KTDF) Calendar Year 2010

Track/Meet	Offered	Paid Out	Reverted
<u>Turfway Park</u>			
Winter/Spring	\$ 953,900	\$ 785,820	\$ 168,080
<u>Turfway Park</u>			
Fall	\$ 277,300	\$ 217,077	\$ 60,223
<u>Turfway Park</u>			
Holiday	\$ 326,300	\$ 272,659	\$ 53,641
<u>Keeneland</u>			
Spring	\$ 629,100	\$ 445,756	\$ 183,344
<u>Keeneland</u>			
Fall	\$ 466,800	\$ 316,392	\$ 150,408
<u>Churchill Downs</u>			
Spring	\$1,517,800	\$ 1,195,511	\$ 322,289
<u>Churchill Downs</u>			
Fall	\$ 714,100	\$ 608,913	\$ 105,187
<u>Ellis Park</u>			
Summer	\$ 953,500	\$ 845,481	\$ 108,019

Kentucky Standardbred Development Fund Advisory Committee

This committee assisted and advised the KHRC on distribution of revenues for the Standardbred Development Fund. The money deposited in the Kentucky Standardbred Breeders' Incentive Fund is allocated to the Kentucky Standardbred Development Fund and used to administer the fund and provide rewards for owners of Kentucky-bred Standardbred horses through the Kentucky Sires Stakes Program. In 2010, the KHRC hosted the Kentucky Sire Stakes at The Red Mile showcasing the top 2 and 3 year old Kentucky-sired Standardbred trotters and pacers. In November 2010, the Advisory Panel recommended donating \$140,000 to the Kentucky Colt Association to assist with 2011 purse money for Kentucky Fairs. The recommendation was approved by the full Commission in December 2010.

For additional information regarding the Sires Stakes program, see the section in this report titled "Incentives and Development, Kentucky Standardbred Breeders' Incentive Fund."

Chair: Alan Leavitt

Members:

Joe Costa

Carter Duer
Marc A. Guilfoil
Ken Jackson
Bobby Stewart
Art Zubrod

The Standardbred Development Fund Advisory Committee met on the following dates in 2010:
November 18

Kentucky Horse Breeders' Incentive Fund Advisory Committee

This committee advised, assisted and made recommendations to the Commission regarding the structure and operation of the Kentucky Horse Breeders' Incentive Fund, the first development fund in the country to address the non-race breeds.

On July 1, 2010 the KHRC chairman, Robert Beck, appointed the following KHBIF Advisory Committee members: Commissioner Edward S. Bonnie, Mary Anne Cronan and Frank Penn. They will serve on the committee until June 30, 2011 or the appointment of any successor.

From Jan. 1, 2010 – June 30, 2010 the members of the KHBIF Advisory Committee were:
Edward S. Bonnie
Mary Ann Cronan
Frank Penn

The Horse Breeders' Incentive Fund Advisory Committee met on the following dates in 2010:
February 10
August 17

For additional information regarding the Horse Breeders' Incentive Fund, see the section in this report titled "Incentives and Development, Kentucky Horse Breeders' Incentive Fund."

Kentucky Thoroughbred Breeders' Incentive Fund Advisory Committee

This committee reviewed 810 KAR 1:070 to determine whether any changes to the regulation were necessary to ensure the regulation was accomplishing the mission and purpose of the fund. The fund had originally been established in 2005. The committee met twice in 2010.

Members:

Headley Bell – Breeder, Mill Ridge Farm
Lori Chappell – Breeder, Three Chimneys Farm
David Hager – Breeder, Idle Hour Farm
Wade Houston – Commissioner, Kentucky Horse Racing Commission
Neil Howard – Breeder, Gainesway Farm
Frank L. Jones, Jr. – Commissioner, Kentucky Horse Racing Commission
Matthew Koch – Breeder, Shawnee Place
John Phillips – Breeder, Darby Dan Farm
Robert (Bobby) B. Trussell – Breeder, Walmac Farm

The Thoroughbred Breeders' Incentive Fund Advisory Committee met on the following dates in 2010:

October 21

November 22

For additional information regarding the Thoroughbred Breeders' Incentive Fund, see the section in this report titled "Incentives and Development, Kentucky Thoroughbred Breeders' Incentive Fund."

Race Dates Committee

This committee reviewed the racetrack license applications and the race dates requests for 2011 at a meeting held on Oct. 26, 2010 and made a recommendation to KHRC.

Chair: Robert M. Beck

Members:

Elizabeth Lavin
Dr. Foster Northrop
Frank Jones, Jr.
Tom Ludt
John T. Ward, Jr.

The Race Dates Committee met on the following dates in 2010:

October 26

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Kentucky Racing Health and Welfare Fund

The Kentucky Racing Health & Welfare Fund is a charitable, non-profit organization that helps certain eligible individuals in the Kentucky Thoroughbred racing industry who demonstrate need. It was founded in 1978 by an act of the Kentucky legislature and receives funding from un-cashed

pari-mutuel tickets that are over one year old. It provides funding toward the payment of medical, hospital, vision and funeral expenses for backstretch workers. It is not an insurance company and does not provide insurance benefits.

The Fund provides benefits for off-the-job injuries and illnesses which are not covered by union health and welfare plans, worker's compensation, social security, public welfare, military benefits, veterans' benefits or any other type of health, medical, dental or accident insurance. Richard Riedel is the Executive Director of the Fund.

The Health and Welfare board members met four times in 2010. For additional information, regarding the *Health and Welfare Fund*, please visit www.kyracinghealth.org.

Chair: Donald Ball

Members:

Rick Hiles, Vice-President

Dr. Randy Scheen, Treasurer

Carol Hebel, Secretary

Peter Salmen, Member, representing KYHBPA

**Thoroughbred Unclaimed Pari-mutuel Tickets
Remitted to KY Health and Welfare Fund**

Fiscal year 2011

<u>Racing Facility</u>	<u>Amount</u>	<u>Amount claimed</u>	<u>Advertising Paid</u>	<u>Total Due</u>
Bell County OTB	\$5,778.82	\$0.00	\$326.80	\$5,452.02
Churchill Downs	\$1,065,894.20	\$12,180.67	\$854.24	\$1,052,859.29
Ellis Park	\$149,957.53	\$0.00	\$53.96	\$149,903.57
Keeneland	\$704,599.50	\$0.00	\$611.00	\$703,988.50
Kentucky Downs	\$109,726.37	\$0.00	\$232.00	\$109,494.37
Mason County OTB	\$28,382.09	\$0.00	\$143.12	\$28,238.97
Russell County OTB	\$20,300.79	\$0.00	\$138.00	\$20,162.79
Turfway Park	\$214,996.95	\$5.40	\$70.52	\$214,921.03
Whitley County OTB	\$9,770.02	\$0.00	\$248.64	\$9,521.38
Totals	\$2,309,406.27	\$12,186.07	\$2,678.28	\$2,294,541.92

County Fair Purse Fund

The Kentucky Colt Association, also known as Kentucky Fair Racing, has been in existence for several years and is considered one of the best fair circuits in the nation. Purses for Kentucky fair races are funded by Standardbred unclaimed pari-mutuel tickets. In 2010, the Standardbred Development Fund donated \$140,000 to the County Fair Purse Fund. In 2010, there were races at eight fairs throughout the Commonwealth of Kentucky. The races begin in May and end in August. There was also a fair final at the end of the eight circuits. There were separate divisions for two and three year old trotters and pacers and separate divisions for fillies and colts at each fair as well as in the finals.

Horses that are eligible for the fair races must have been nominated and owned wholly or in part by Kentucky residents. For additional information regarding the county fairs, go to <http://www.kentuckycoltassociation.com/>.

Standardbred Unclaimed Pari-mutuel Tickets Remitted to KY Colt Racing Association

Fiscal year 2011

<u>Racing Facility</u>	<u>Amount</u>	<u>Amount claimed</u>	<u>Advertising Paid</u>	<u>Total Due</u>
Pikeville OTB	\$15,884.80	\$0.00	\$252.00	\$15,632.80
Players Bluegrass Downs	\$32,438.56	\$0.00	\$145.78	\$32,292.78
The Red Mile, Inc.	\$34,770.36	\$0.00	\$592.20	\$34,178.16
Thunder Ridge	\$24,215.97	\$2.25	\$504.00	\$23,709.72
U-Bet	\$15,438.71	\$0.00	\$235.14	\$15,203.57
Totals	\$122,748.40	\$2.25	\$1,729.12	\$121,017.03

FINANCIAL ANALYSIS

The following are the KHRC receipts and expenditures for the fiscal year ended June 30, 2010.

KHRC RECEIPTS AND EXPENDITURES	FY 2010 Amount
Balance Carry forward	\$89,078
Receipts:	
Track Reimbursements	\$330,300
General Fund Allotment	2,663,100
License Fees	1,501,494
Fines	35,964
Interest	1,042
Other	<u>40,548</u>
Total Receipts	\$4,572,448
Non revenue receipts	(216,800)
Balance	\$4,444,726
Expenditures:	
Personnel	\$2,500,000
Operating	606,800
Capital Outlay	<u>-</u>
Total Expenditures	\$3,106,800
Balance	<u>\$1,337,926</u>

Discussion of Financial Analysis

For the fiscal year ended June 30, 2010, the KHRC started the year with a balance carry-forward of \$89,078 and received funding from the following sources: Track reimbursements; General Fund allotments; and Participant licensing fees, fines, and other. The carry-forward and receipts were reduced during the fiscal year by non-revenue receipts (i.e., governmental transfers for support services) in the amount of \$216,800 resulting in net current receipts of \$4,444,726 for the KHRC.

These total funds were reduced by \$3,106,800 of Personnel and Operating Expenditures for the current year. This left the agency with a balance of \$1,337,926 as of June 30, 2010.

For fiscal year 2010, the KHRC received a General Fund allotment of \$2,663,100 for its operating budget. This amount is 50 percent (\$2,663,100/\$5,327,539) of the amount of pari-mutuel excise tax that went into the General Fund and 20 percent (\$2,663,100/\$13,308,919) of the total amount of pari-mutuel excise tax collected.

The Kentucky Horse Racing Commission thanks all of those involved in obtaining a special appropriation of \$2,663,100 for fiscal year 2010. With the special appropriation, KHRC had a budget of \$4.59 million for fiscal year 2010. This additional funding has been greatly needed for years in order for the KHRC to fulfill its statutory mandates.

It is essential that the Kentucky Horse Racing Commission continue to receive additional funding in order to ensure the integrity and safety of the Commonwealth's horse racing industry in the coming years.

DIVISION OF VETERINARY SERVICES

The Chief Racing Veterinarian supervised the operations of the test barn including the collection of urine and blood samples for testing, preparation and documentation of the biologic samples to be transported to the laboratory and management of retained samples. The Chief Racing Veterinarian also coordinated regulatory veterinary services associated with live racing—pre-race examinations; on-track monitoring of horses; triage of racing injuries; management of the veterinarians' list of horses ineligible to race due to illness, injury, or unsoundness; record keeping; and staff scheduling. 2010 Veterinary division staffing for thoroughbred racing included three full-time veterinarians, two part-time veterinarians, one veterinary technician, one test barn administrator, and three test barn technicians. Additional interim employees were utilized as required for major events such as the Kentucky

Derby/Oaks and Breeders' Cup. Staffing for standardbred racing included one interim veterinarian and the diversion of a Thoroughbred test barn technician for the 6 month season.

The KHRC veterinarians examined horses for soundness and racing fitness to ensure the health and safety of every horse, jockey and driver. On race day, each entered thoroughbred was evaluated by KHRC veterinarians in the morning at the pre-race exam, while in the saddling paddock, and during the pre-race warm-up. For the 2010 Kentucky Derby, Kentucky Oaks and Breeders' Cup Championship races, horses were monitored at exercise and in their stalls by KHRC veterinarians during the week preceding the races. This protocol afforded the opportunity to identify and address concerns specific to any given horse in advance of race day. This practice was well received by horsemen and practicing racetrack veterinarians. KHRC veterinarians maintained permanent exam records for all thoroughbred horses that compete at each race meet thus allowing for a comparison of a horse's condition from one race start to the next. Standardbred horses were assessed for racing soundness by a KHRC veterinarian during their warm-up trips.

KHRC veterinarians were attendant in the paddock, at the starting gate, in the test barn and at the horse ambulance during live thoroughbred racing in Kentucky. For standardbred racing, the KHRC veterinarian attended the test barn and was trackside for each race. If a horse sustained an injury or was otherwise determined to be unfit to race at any time prior to the start of the race, the KHRC veterinarian recommended to the chief state steward or presiding judge that the injured horse be scratched from participating in the race for the protection, safety and health of every horse and rider or driver.

KHRC test barn technicians were responsible for the collection of post-race equine urine samples to be sent to the KHRC official laboratory for analysis. KHRC veterinary technicians performed post-race and pre-race TCO₂ blood sample collection as well as assisting with urine collection and Test Barn administrative duties.

In thoroughbred racing for all races other than graded stakes, the winner and one other horse selected by the stewards were subjected to post race blood and urine collection. For graded stakes, the top four finishing horses were subjected to post race testing. In standardbred racing, all winners were tested. Additional horses were tested at the discretion of the Stewards/Judges. Horses working for release from the veterinarian's list—having been previously declared to be unfit for competition due to injury or unsoundness—were subjected to post-work blood sampling to ensure that a horse's medication status did not obscure the KHRC veterinarian's ability to

perform an accurate assessment of its suitability for return to racing.

KHRC veterinarians entered data relevant to race related injuries of thoroughbreds into the Jockey Club Equine Injury Database. All horses that died or were euthanized as a result of a condition sustained during the running of a race were submitted for necropsy at the University of Kentucky, Veterinary Diagnostic Laboratory (VDL). A specialized Racing Necropsy Group at the VDL performed an in depth evaluation in addition to the standard necropsy protocol. This in-depth examination of the injured limb and its uninjured counterpart included digital radiography and, when possible, magnetic resonance imaging (MRI) was performed at Rood and Riddle Equine Hospital.

Pre-race blood samples were collected for TCO₂ analysis. This testing was intended to identify horses that were administered an alkalinizing substance which by neutralizing the buildup of lactic acid in the athlete delays the onset of fatigue—and thus enhancing performance. All horses in graded stakes were tested. All horses in randomly selected overnight races were tested. For thoroughbred racing, TCO₂ testing was analyzed post-race (within 120 hours of sample collection) at the KHRC official laboratory. For standardbred racing, TCO₂ sampling and analysis was performed on site by the KHRC veterinarian or licensed veterinary technician. Analysis was completed prior to post time for the race in which the sampled horse was entered.

For standardbred racing, and at the request of the Kentucky Harness Horsemen's Association, KHRC veterinarians administered race day furosemide (Salix) and approved adjunct anti-bleeder medications. A fee of \$15 for furosemide only or \$25 for furosemide and adjunct anti-bleeder medications was assessed by the commission and collected by the KHRC licensing administrator at the racetrack. The administration of approved race day medications by KHRC veterinarians generated revenues of approximately \$29,049 in fiscal year 2010. These revenues covered the expense of medication, administration supplies; KHRC labor associated with administration and provided assistance in defraying expenses associated with KHRC's regulation of standardbred racing in Kentucky.

Kentucky initiated Out of Competition testing (OOCT) in 2010. Sixty horses pre-entered for the 2010 Breeders' Cup at Churchill Downs, were subjected to OOCT in the weeks prior to their races. Sampling was performed in Kentucky by KHRC veterinarians, and in other states through the cooperation of other racing regulatory agencies. Five horses associated with the Red Mile Grand Circuit race meet also underwent OOCT. All testing was conducted by the Florida Racing Laboratory and all test results were negative for the prohibited blood doping agents erythropoietin (EPO) and

darbepoetin.

KHRC Uniform Drug and Medication Classification Schedule, utilized for the purpose of medication regulation, categorizes medications and foreign substances into various classifications. A description of each classification follows:

Class “A” Medications are those that have no legitimate therapeutic indication in the equine athlete and have not been approved for use in the horse by the U.S. Food and Drug Administration (FDA). Their potential to influence performance is high based on their presence in Classes 1, 2 or 3 in the Racing Commissioners International Uniform Classification of Foreign Substances. Many of the Class “A” drugs are not approved for use in any species by the FDA.

Class “B” Medications are those that may have a legitimate therapeutic indication in the equine athlete but also have a high potential to influence performance based on their presence in Classes 2 or 3 in the Racing Commissioners International Uniform Classification of Foreign Substances. Also in Class “B” are drugs which may have a lower potential to influence performance based on their residence in Class 4 in the Racing Commissioners International Uniform Classification of Foreign Substances but that have not been approved for use in the horse by the FDA and recognized therapeutic alternatives to these drugs are widely available. Potential contaminant substances are included in this category to provide flexibility pending the outcome of an investigation into the origin of the positive test.

Class “C” Medications are those that have a therapeutic indication in the horse and have a low potential to influence performance based on their presence in Classes 4 and 5 of the Racing Commissioners International Uniform Classification of Foreign Substances.

Class “D” Medications include those therapeutic medications for which concentration limits have been established by the racing jurisdictions as well as certain miscellaneous agents such as dimethylsulfoxide (DMSO) and other medications as determined by the regulatory bodies.

Drug Testing Costs

Calendar Year 2010

Breed	# Race Starts	# Horses Samples Post-race	Post Race Sample: Blood Only @ \$125	Post Race Sample: Blood & Urine @ \$175	Pre Race TCO2 Tests: Tbred @ \$10 & Sbred @ \$6.25	Out of Competition Tests: Blood Only @ \$125	Post Work Tests: Blood Only @ \$50	Total cost by breed
Thoroughbred	18,168	4,188	205	3,983	4,350	60	16	\$ 774,450
Standardbred	4,926	765	125	640	1,536	5	0	137,850
Quarter Horse	33	10	1	9	-	0	0	1,700
Arabian	10	2	0	2	-	0	0	350
Total	23,137	4,965	331	4,634	5,886	65	16	-
Total Costs by test			\$ 41,375	\$ 810,950	\$ 53,100	\$ 8,125	\$ 800	\$ 914,350

Thoroughbred Veterinary Report

Calendar Year 2010

Track	# Days Raced	# Starts	Ambulance Runs	Non-fatal Injuries/ Conditions	Fatalities	Horses Vet Listed	KHRC Vet Scratches
Churchill Downs	63	5,604	31	8	12	101	44
Ellis Park	27	2,491	26	8	5	78	29
Kentucky Downs	4	279	0	0	0	0	0
Keeneland Association	32	2,755	8	2	3	29	14
Turfway Park	74	7,038	27	5	8	104	67
Total	200	18,168	92	23	28	312	154

Standardbred Veterinary Report

Calendar Year 2010

Track	# Days Raced	# Starts	Ambulance Runs	Non-fatal Injuries/ Conditions	Fatalities	Horses Vet Listed	KHRC Vet Scratches
Players Bluegrass Downs	15	935	0	0	0	2	2
The Red Mile	29	2,250	0	0	0	5	2
Thunder Ridge	24	1,041	0	0	0	4	4
Total	68	4,926	0	0	0	11	8

Quarter Horse Veterinary Report

Calendar Year 2010

Track	# Days Raced	# Starts	Ambulance Runs	Non-fatal Injuries/ Conditions	Fatalities	Horses Vet Listed	KHRC Vet Scratches
The Red Mile	1	33	0	0	0	0	0

Arabian Horse Veterinary Report

Calendar Year 2010

Track	# Days Raced	# Starts	Ambulance Runs	Non-fatal Injuries/ Conditions	Fatalities	Horses Vet Listed	KHRC Vet Scratches
Keeneland Association	1	10	0	0	0	0	0

DIVISION OF SECURITY AND ENFORCEMENT

The primary duty of the Enforcement Division is to investigate and detect any violations of the laws as they pertain to horseracing in Kentucky. The Enforcement Division is made up of an acting Director of Enforcement and two Investigators.

To protect the integrity of horse racing, the Enforcement Division conducts investigations into license applicants who the Division learns, from intelligence or otherwise, may have a criminal history or a history of racing related infractions.

The Division uses records and information from the Association of Racing Commissioners International (RCI), Thoroughbred Racing Protective Bureau (TRPB), the United States Trotting Association (USTA), Standardbred Canada, the KHRC database, security and enforcement divisions in other jurisdictions, federal, state, and local law enforcement and the court systems to gain information for criminal background checks and the suitability for licensure.

Alleged or actual criminal offenses are investigated including human drug violations, assault on association grounds, burglary, theft, forgery and disorderly conduct. Investigations are also conducted regarding a vast array of other potential violations, such as hidden ownership, claims violations and pari-mutuel concerns. Barn and vehicle searches are conducted as necessary.

RACING DIVISION - STEWARDS and JUDGES

The stewards and judges exercise immediate supervision, control and regulation of live racing at each licensed race meeting on behalf of the Kentucky Horse Racing Commission. The powers of the stewards and judges include: authority over all horses and all persons, licensed or unlicensed, on association grounds during each race meeting as to all matters relating to racing and the determination of all questions, disputes, protests, complaints or objections concerning racing which arise during a race meeting. Additionally in Standardbred racing, the judges are placing judges; they verify the order of finish in each race.

As a matter of course Kentucky stewards review the films of each race from three different camera angles before the results are posted “official.” The chief state steward and the presiding judge are employees of the KHRC. The other two stewards and judges are employees of each racing association. For additional information regarding Thoroughbred, Standardbred and Quarter Horse stewards and judges rulings, go to: <http://khrc.ky.gov/Pages/rulings.aspx>.

DIVISION of LICENSING

Per KRS 230.310, all persons wishing to participate in horse racing in the Commonwealth of Kentucky are required to be licensed with the Kentucky Horse Racing Commission. The agency may issue a license if it finds that the financial responsibility, age, experience, reputation, competence, and general fitness of the applicant to perform the activity permitted by the license are consistent with the best interest of the honesty, integrity, and high quality of Kentucky racing. The license shall be valid for the calendar year in which it is issued (i.e. – all licenses expire December 31) and is valid at all horse race meetings in the Commonwealth during the period for which it is issued unless suspended or revoked under administrative regulations promulgated by the Commission (See 810 KAR and 811 KAR).

The Licensing Division maintains a central office located at the Kentucky Horse Park in Lexington and is present on all association grounds prior to and during the opening of live race meetings in order to process license applications and collect fees.

The following chart shows the total number of licenses issued and the corresponding dollar amount of fees collected by calendar year.

**THOROUGHBRED
LICENSES ISSUED**

LICENSE TYPE	2010 Number of licenses issued	Amount
Association Employee	1,345	\$ 33,625
Assistant Trainer	298	44,700
Authorized Agent	92	2,300
Blacksmith	81	8,100
Claiming	3	450
Dental Technician	19	1,900
Equine Therapist	19	950
Exercise Rider	10	100
Farm Manager / Agent	35	1,750
Jockey	207	31,050
Jockey Agent	58	8,700
Jockey Apprentice	17	1,700
Mutuel	715	35,750
Occupational	2,910	72,735
Occupational/Vendor Employee (Special)	224	2,240
Owner	5,097	764,550
Owner/Trainer	1,114	167,100
Racing Official	167	16,700
Special Mutuel	994	9,940
Stable Employee	4,855	48,550
Temporary Owner	322	48,300
Trainer	195	29,250
Vendor	74	3,700
Vendor Employee	595	14,875
Veterinarian	129	19,350
Veterinarian Assistant	32	1,600
Totals	<u>19,607</u>	<u>\$ 1,369,965</u>

**STANDARD BRED
LICENSES ISSUED**

LICENSE TYPE	2010 Number of licenses issued		Amount
Amateur Driver	1	\$	125
Association Employee	29		725
Blacksmith	1		100
Dental Technician	1		100
Driver	27		3,375
Driver/Trainer	50		6,250
Mutuel	25		1,250
Occupational	1		25
Owner	779		97,375
Owner/Driver	16		2,000
Owner/Trainer	117		14,625
Owner/Trainer/Driver	205		25,625
Racing Official	11		1,100
Stable Employee	360		1,800
Temporary Owner	1		125
Trainer	26		3,250
Vendor	1		50
Vendor Employee	3		75
Veterinarian	15		1,875
Veterinarian Assistant	5		250
Totals	<u>1,674</u>	<u>\$</u>	<u>160,100</u>

**QUARTER HORSE
LICENSES ISSUED**

LICENSE TYPE	2010 Number of licenses issued		Amount
Assistant Trainer	2	\$	70
Jockey	14		490
Mutuel	1		20
Owner	35		1,225
Owner/Trainer	14		980
Racing Official	23		805
Stable Employee	22		110
Trainer	14		490
Totals	<u>125</u>	<u>\$</u>	<u>4,190</u>

Division of Incentives and Development

The Kentucky Breeders' Incentive Fund was established in 2005. Tax incentives were included in the plan to ensure the strength and growth of the various breeds of the horse industry. The Breeders' Incentive Funds are financed through the 6 percent sales tax paid on Kentucky stallion stud fees. Most of the contributions into this fund are paid by the tax from thoroughbred stud fees.

Kentucky Thoroughbred Breeders' Incentive Fund (KTBF)

The Kentucky Thoroughbred Breeders' Incentive Fund is financed through 80 percent of the receipts collected from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky, together with any other money contributed, appropriated or allocated to the fund from all other sources. The money deposited in the Kentucky Thoroughbred Breeders' Incentive Fund is used to administer the fund and provide rewards for breeders of horses bred and foaled in Kentucky.

To qualify for the program, the mare must have been covered by a Kentucky stallion registered with the KTDF and the mare must also remain in Kentucky from the time of first cover until foaling. For each breeding season, the intended breeder of record is required to register the unborn foal with the KHRC before Aug. 1 of the cover year, plus pay a filing fee of \$60 for each mare. Foals born in 2006 and prior years were grandfathered into the KBIF program if the foal was eligible for the KTDF.

The Thoroughbred Breeders' Incentive Fund paid awards to registered Kentucky-bred winners of horses racing in Kentucky races in the following categories: maiden special weight (MSW); allowance (ALW); stakes; and graded stakes. The KBIF paid awards to registered Kentucky-bred winners of horses racing in states other than Kentucky in the following categories: MSW; ALW for two, three and four olds; and graded stakes. Awards were also paid to Kentucky-bred winners of group pattern races in Canada, England, Ireland and France.

In 2010, the Kentucky Thoroughbred Breeders Incentive Fund received 8,907 nominations. Registrations can be made through the end of the yearling year, so additional registrations for the 2010 breeding season are still arriving in the KHRC office and could continue up to Dec. 31, 2012 for the 2010 breeding season.

Type of registration:	Number of registrations	Total dollars
Mare registrations received prior to 8/1 for a foal of 2011:	8,873	\$ 532,380
Weanling registrations:	32	24,000
Yearling registrations:	2	3,000
TOTAL:	8,907	\$ 559,380

Awards paid in 2010 went to eligible Kentucky-bred horses winning an eligible race in 2009. Kentucky-bred horses won 3,804 races in 2009 that qualified for incentives totaling \$13,409,571 to 1,597 Kentucky breeders for an average check of \$3,525 per breeder. In 2010, Kentucky-bred horses won 3,159 races that qualified for incentives totaling \$10,000,000 for an average check of \$3,166. Races won in 2010 will be paid in 2011. For additional information regarding the Kentucky Thoroughbred Breeders' Incentive Fund, please visit: <http://khrc.ky.gov/Pages/KBIF.aspx>.

KBIF THOROUGHBRED STATISTICS		
	2009	2010
Total money awarded	\$13,409,571	\$10,000,000
Total awarded on races in KY	\$5,712,863	\$4,468,282
Total awarded to races outside KY	\$7,696,708	\$5,531,718
<i>Total races awarded</i>	<i>3,804</i>	<i>3,158</i>
<i>Average award per race</i>	<i>\$3,525</i>	<i>\$3,167</i>

STATISTICS RELATED TO ELIGIBLE RACES IN KENTUCKY		
	2009	2010
Total number of races paid in KY	599	521
Average award for races won in KY	\$9,537	\$8,576
Average award for a MSW, ALW, AOC in KY	\$6,781	\$6,313
KY Stakes races		
<i>Average award per race</i>	<i>\$9,279</i>	<i>\$8,361</i>
<i>Total number of races</i>	<i>24</i>	<i>29</i>
KY Grade I races (excluding Oaks & Derby)		
<i>Award per race</i>	<i>\$27,640</i>	<i>\$25,000</i>
<i>Total number of races</i>	<i>9</i>	<i>9</i>
KY Grade II & III races (excluding Oaks & Derby)		

<i>Award per race</i>	\$27,640	\$23,693
<i>Total number of races</i>	49	35
Kentucky Derby	\$110,559	\$100,000
Kentucky Oaks	\$110,559	\$100,000
KY Claiming Component	\$221,118	\$200,000

STATISTICS RELATED TO ELIGIBLE RACES OUTSIDE KENTUCKY BUT IN THE USA

	2009	2010
Total number of races paid outside KY	3,163	2,601
Average award for races won outside KY	\$2,362	\$2,089
Non-KY Gr. I races, U.S. only		
<i>Award per race</i>	\$5,381	\$5,000
<i>Total number of races</i>	72	50
Non-KY Gr. II, III races, U.S. only		
<i>Award per race</i>	\$5,381	\$2,483
<i>Total number of races</i>	186	161

STATISTICS RELATED TO ELIGIBLE RACES IN CANADA, ENGLAND, FRANCE & IRELAND

	2009	2010
International Gr. I (Can, Eng, Fr, Ire)		
<i>Award per race</i>	\$5,381.49	\$5,000.00
<i>Total number of races</i>	8	4
International Gr. II, III (Can, Eng, Fr, Ire)		
<i>Award per race</i>	\$5,381.49	\$2,483.17
<i>Total number of races</i>	34	32

Kentucky Standardbred Breeders' Incentive Fund (KSBIFF)

The Kentucky Standardbred Breeders' Incentive Fund is financed through 13 percent of all receipts collected from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky, together with any other money contributed, appropriated, or allocated to the fund from all other sources. The money deposited in the Kentucky Standardbred Breeders' Incentive Fund is used to administer the fund and provide rewards for breeders or owners of Kentucky-sired standardbred horses through the KSDF.

In 2010, the premier event of standardbred racing in Kentucky, the Kentucky Sire Stakes (KYSS) was conducted at The Red Mile showcasing the United States' and Canada's top competitors. The KYSS distributes over \$2.4 million, contested over a total of 8 races with purses of \$300,000 per division for two-and-three year-old pacers and trotters. For information regarding the Sire Stakes program, visit <http://khrc.ky.gov/Pages/KYSS.aspx>.

KENTUCKY SIRE STAKES LEADING MONEY WINNERS CALENDAR YEAR 2010:			
2 YEAR OLDS			
TWO YEAR OLD COLT PACER	BEACH BOY TIGER	\$	152,550
TWO YEAR OLD FILLY PACER	JOE'S MISS DAISY	\$	172,500
TWO YEAR OLD COLT TROTTER	AUDITION	\$	165,000
TWO YEAR OLD FILLY TROTTER	SCREAMING AWESOME	\$	165,000
3 YEAR OLDS			
THREE YEAR OLD COLT PACER	TOP GEAR	\$	153,750
THREE YEAR OLD FILLY PACER	BESTOFBOTHWORLDS	\$	165,000
THREE YEAR OLD COLT TROTTER	VICTOR'S FUTURE	\$	161,250
THREE YEAR OLD FILLY TROTTER	NANNINA	\$	172,500

Kentucky Horse Breeders' Incentive Fund (KHBIF)

The non-race breed awards are funded under the Kentucky Horse Breeders' Incentive Fund, through 7 percent of all receipts collected from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky, together with any other money contributed, appropriated or allocated to the fund from all other sources. The money deposited in the KHBIF is used to administer the fund and provide rewards for owners and breeders of horses bred and foaled in Kentucky.

Kentucky Non-Race Breeder's Incentive Fund Results

	<u>Number</u>	<u>Breed</u>	<u>%</u>	<u>\$</u>
	4,602	Kentucky Appaloosa Owners Association, Inc.	3.39%	\$28,079
	8,086	Kentucky Arabian & Half Arabian Breeders Alliance	5.95%	\$49,337
	5,726	Kentucky Miniature Horse Breeders Club	4.21%	\$34,937
	1,225	Kentucky Morgan Horse Association	0.90%	\$7,474
	10,318	Kentucky Paint Horse Club	7.59%	\$62,955
	1,487	Kentucky Paso Fino Horse Association	1.09%	\$9,073
	36,616	Kentucky Quarter Horse Association	26.94%	\$223,412
	7,484	Rocky Mountain Horse Association	5.51%	\$45,664
	10,925	Kentucky Saddlebred Owners and Breeders Association	8.04%	\$66,659
	1,505	South Central Hackney Association	1.11%	\$9,183
	34,923	Kentucky Walking Horse Breeders Incentive Fund	25.70%	\$213,082
<i>*estimate</i>	<i>13,000</i>	<i>Mountain Horse Breeders Incentive Fund</i>	<i>9.57%</i>	<i>\$79,319</i>
TOTAL:	135,897		100.00%	\$829,174

*At this time, money allocated to the Mountain Horse Breeders' Incentive Fund is an estimate due to litigation. Pending the outcome, the money will be allocated appropriately. For additional information related to the Kentucky Horse Breeders' Incentive Fund, go to:
<http://khrc.ky.gov/Pages/khbif.aspx>.

Division of Pari-mutuel Wagering

2010 marked the first full year of pari-mutuel wagering oversight by the KHRC's Division of Pari-mutuel Wagering.

The Division of Pari-mutuel Wagering initiated pre-meet hardware tests for all tracks conducting live racing within the Commonwealth. The test reviews the following areas to ensure they are operating properly prior to the start of the meet:

1. Steward/Judge's Terminal
2. Toteboard
3. Sellers' wagering terminals
4. Self-Activated Terminals (SAMs)/Touch Totes
5. Emergency Backup Power Supply (UPS)
6. Tote room STOP WAGERING device
7. Log Printer
8. Tote room screen displays
9. Video Displays from DOC (Digital Odds Controller)
10. Data Storage Devices

The Division of Pari-mutuel Wagering also created a Net Pool Pricing Verification Package that allows the Division to verify prices produced by the tote system. Random races from all Kentucky tracks are audited throughout the year for correct prices.

A wager monitoring system was obtained from BetFair which allows the Division of Pari-mutuel Wagering to look at wagers being placed through TVG on Kentucky races at near real time. If a member of the Division sees unusually large wagers being placed on a horse, he or she can notify investigators at the track, so the investigators can pay more attention to that entry.

The Division of Pari-mutuel Wagering created a number of forms to help standardize the auditing process:

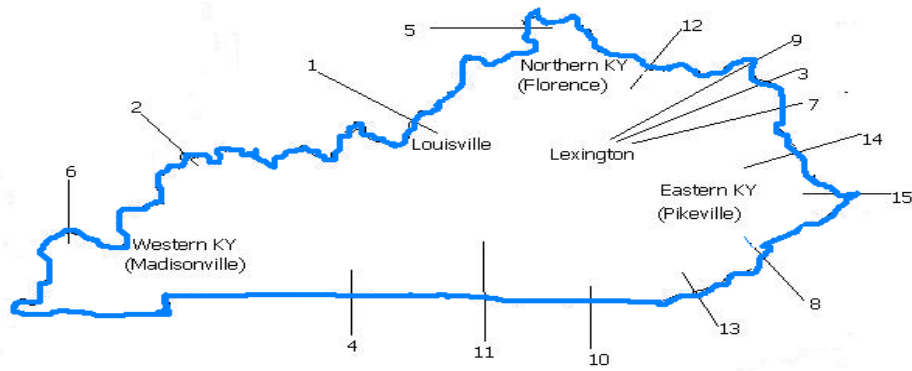
1. Key Systems Configuration Checkpoints
2. Record of Tests Conducted
3. Communications Testing Form
4. Procedures for Hardware Tests
5. KHRC Tote Room Worksheet
6. OTB/Simulcast Worksheet
7. Final Merge Worksheet
8. Standardized Incident Report Form for Mutuels/Tote/Video

Greg Lamb, head of the Division of Pari-mutuel Wagering, attended the RCI Auditors' Conference in Indianapolis, Indiana. Mr. Lamb also completed Continuing Professional Education Credits to maintain Certified Fraud Examiner status and attended an Association of Certified Fraud Examiners webinar of spreadsheet manipulation.

In July 2010, the Division of Pari-mutuel Wagering hosted a meeting of Mutuel Managers and tote company representatives with the purpose of developing a standardized price package for all racing associations in the Commonwealth. That package was approved by the Wagering Integrity Working Group in November 2010 and approved by the Commission in December 2010.

The Division of Pari-mutuel Wagering began working with CHRIMS to obtain daily handle information from United Tote during 2010.

Kentucky Licensed Racing and Simulcast Facilities



1. Churchill Downs (TB)
700 Central Ave
Louisville, KY 40208
(502) 636-4400
www.churchilldowns.com
2. Ellis Park (TB)
3300 US Highway 41 North
Henderson, KY 42420
(800) 333-8110
www.ellisparkracing.com
3. Keeneland Association (TB)
4201 Versailles Rd.
Lexington, KY 40588
(859) 254-3412
4. Kentucky Downs (TB)
5629 Nashville Rd.
Franklin, KY 42134
(270) 586-7778
www.kentuckydowns.com
5. Turfway Park (TB)
7500 Turfway Rd.
Florence, KY 41042
(859) 371-0200
www.turfway.com
6. Players Bluegrass Downs (SB)
150 Downs Dr.
Paducah, KY 42002
(270) 444-7117
7. The Red Mile (SB)
1200 Red Mile Rd.
Lexington, KY 40504
(859) 255-0752
www.theredmile.com
8. Thunder Ridge
164 Thunder Road
Prestonsburg, KY 41653
(606) 886-7723
9. Kentucky Off-Track Betting LLC
The Thoroughbred Center
3380 Paris Pike
Lexington, KY 40511
(859) 293-6084
10. Corbin OTB
57 Summit Drive
Corbin, KY 40701
(606) 523-2808
11. Jamestown OTB
628 North Main St.
Jamestown, KY 42629
(270) 343-3939
12. Maysville OTB
24 East 2nd St.
Maysville, KY 41056
(606) 564-8030
13. Pineville OTB until May 14
Route 7, US 60 East
Pineville, KY 40977
(606) 337-7473
14. Hazard U-Bet Simulcasting
100 Veterans Drive
Hazard, KY 41701
(606) 487-9050
15. Pikeville Simulcasting until June 30
220 South Mayo Trail
Pikeville, KY 41501
(606) 437-7600

Conditions of Track Licensure

The Kentucky Horse Racing Commission is charged with regulating five (5) Thoroughbred racetracks in Kentucky which raced 200 days in 2010; and three (3) Standardbred racetracks which raced 69 days in 2010, including 1 day of Quarter Horse racing. As one initiative, the KHRC adopted Conditions of Licensure. The Conditions of Licensure had been recommended by the Wagering Integrity Working Group for racetracks applying for licensure in 2010.

On Oct. 26, 2009, the KHRC approved conditions of track licensure for the licensed racing associations and OTB (Off –Track Betting) establishments that were applying for licenses for 2010.

As a condition of the issuance by the KHRC of a license to conduct horse racing and to operate as a Kentucky OTB during the 2010 racing year, each Kentucky racing association and Kentucky OTB was required to certify that it would comply with the following requirements:

1. Each racing association and OTB shall notify the KHRC of any communication, report or investigation conducted by the Thoroughbred Racing Association (TRA) or Thoroughbred Racing Protective Bureau (TRPB) or any state or federal regulatory agency that relates to the safety, integrity or security of the racing association or OTB, and its participants, or that would reasonably be deemed to affect public confidence in the racing association or OTB. Each racing association and OTB shall further send a copy of any TRA, TRPB or governmental communications, correspondence or reports relating to any such report or investigation to the KHRC within 24 hours of receipt by the racing association or OTB. This paragraph shall not be construed to include information delivered to racing association officials acting in the capacity of members of the board of directors of TRA or TRPB.
2. Each racing association and OTB shall send a copy of any self-reporting documents, forms, or correspondence to the KHRC at the same time they are filed with the TRA, TRPB, state or federal regulatory agency with the exception of any information that is proprietary to the racing association or OTB or has no relevance to the safety, integrity, or security of the racing association or OTB. The racing association or OTB shall identify to the KHRC any information the racing association or OTB considers proprietary or irrelevant to the safety, integrity, or security of the racing association or OTB.

3. Each racing association and OTB is required to notify the KHRC if it becomes aware of a wagering anomaly related to racing conducted at that association or related to a race imported for simulcast wagering at the association or OTB, even if a report has not been filed with the TRA or TRPB. Wagering anomalies include incidents such as:
 - (a) Past posting, cancel delay and other instances when wagering occurs after the horses have left the gate
 - (b) Off-shore and Account wagering fraud
 - (c) Suspected manipulation through computerized robotic wagering
 - (d) Odds manipulation
 - (e) Win pool odds manipulation
 - (f) Arbitrage
 - (g) Quick pick or random pick malfunction
 - (h) Unusually large wagers (especially right as the betting stops)
 - (i) Unusually large cancellation of wagers (especially right as the betting stops)
 - (j) Outlets that are habitually late getting into the pools
 - (k) Manual merges
 - (l) Unusual payoffs
 - (m) Forgetting to remove a scratched horse from the pools (which would then require a re-calculation of payoffs)

The list of wagering anomalies above is not meant to be all inclusive. It is illustrative of the types of situations that warrant notification to the KHRC.

4. Each racing association shall record the date and time (in hours, minutes, and seconds) on all live video feeds originating from a Kentucky track. Each racing association shall be responsible for recording (in hours, minutes, and seconds) the start/off time of each race. Further, each racing association shall require the tote company with whom it does business to certify, and provide evidence of such certification, to the Chief State Steward of the time (in hours, minutes, and seconds) of the closing of the betting windows for each race. Records shall be retained for two years after the date of the race. Records shall be submitted to KHRC upon request.
5. Each racing association, OTB and tote company shall require that each of the timing systems mentioned in #4 be synchronized with the US Naval Observatory Clock at the beginning of each race day.

6. Effective Oct. 27, 2009, each association and OTB is required to authorize their tote vendor to share any and all wagering data requested with the KHRC.
7. No later than Nov. 15, 2009, each association and OTB is required to post policies and procedures related to pari-mutuel wagering, including the refund policy, on the association or OTB's website.
8. In the event a racing association and/or OTB do not comply with the requirements of this condition, the KHRC has the authority and will assess fines and/or penalties.
9. All notices required to be given to the KHRC under these conditions to licensure shall be emailed to the Executive Director and Deputy Executive Director of the KHRC promptly and in no event later than 48 hours of the event triggering the notice requirement. At the time a supervisor of pari-mutuel betting is hired, that person shall also be included in any e-mail notifications promptly and in no event later than 48 hours of the event triggering the notice requirement. In addition, the Executive Director and supervisor of pari-mutuel betting (when hired) shall be notified by phone promptly and in no event later than 48 hours of the event triggering the notice requirement.

2010 RACETRACK MEETING DATES

Thoroughbred

Keeneland Spring

April 2, 3, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 21, 22, 23

Total racing days – 15

Keeneland Fall

October 8, 9, 10, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 27, 28, 29, 30

Total racing days – 17

Churchill Spring

April 24, 25, 28, 29, 30

May 1, 6, 7, 8, 9, 13, 14, 15, 16, 20, 21, 22, 23, 27, 28, 29, 30, 31

June 4, 5, 6, 10, 11, 12, 13, 17, 18, 19, 20, 24, 25, 26, 27

July 1, 2, 3, 4

Total racing days – 42

Churchill Fall

October 31

November 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 17, 18, 19, 20, 21, 24, 25, 26, 27, 28

Total racing days – 21

Ellis Park

July 10, 11, 16, 17, 18, 23, 24, 25, 30, 31

August 1, 6, 7, 8, 13, 14, 15, 20, 21, 22, 27, 28, 29

September 3, 4, 5, 6

Total racing days – 27

Turfway Park Winter/Spring

January 1, 2, 3, 8, 9, 10, 15, 16, 17, 22, 23, 24, 29, 30, 31

February 5, 12, 13, 14, 19, 20, 21, 26, 27, 28

March 4, 5, 6, 7, 11, 12, 13, 14, 18, 19, 20, 21, 25, 26, 27, 28

Total racing days – 41

Turfway Park Fall

September 9, 10, 11, 12, 16, 17, 18, 19, 23, 24, 25, 26, 30

October 1, 2, 3

December 2, 3, 4, 5, 9, 10, 11, 12, 17, 18, 19, 26, 27, 28, 29, 30, 31

Total racing days – 33

Kentucky Downs

September 11, 13, 18, 20

Total racing days – 4

Standardbred

The Red Mile

August 15, 19, 22, 23, 26, 29

September 2, 5, 6, 9, 12, 13, 16, 19, 23, 26, 27, 30

October 3, 4, 7, 13, 14, 15, 16, 20, 21, 22, 23

Total racing days – 29

Thunder Ridge

June 10, 11, 12, 17, 18, 19, 24, 25, 26

July 1, 2, 3, 8, 9, 10, 15, 16, 17, 22, 23, 24, 29, 30, 31

Total racing days – 24

Players Bluegrass Downs

April 29, 30

May 1, 6, 7, 8, 13, 14, 15, 20, 21, 22, 27, 28, 29

Total racing days – 15

Quarter Horse

The Red Mile

July 17

Total racing days – 1

KENTUCKY THOROUGHBRED RACING and WAGERING STATISTICS

The tables and charts on the following pages illustrate purses, attendance and handle for Kentucky's licensed Thoroughbred associations for the calendar year 2010.



2010 Total Thoroughbred Purses and Attendance

Track	Days of racing	Purses	Attendance
Churchill Downs	63	\$ 53,162,786	923,541
Keeneland	32	\$ 17,893,453	468,191
Turfway Park	74	\$ 9,278,603	94,187
Ellis Park	27	\$ 4,614,971	99,257
Kentucky Downs	4	\$ 785,000	2,991
Total	200	\$ 85,734,813	1,588,167

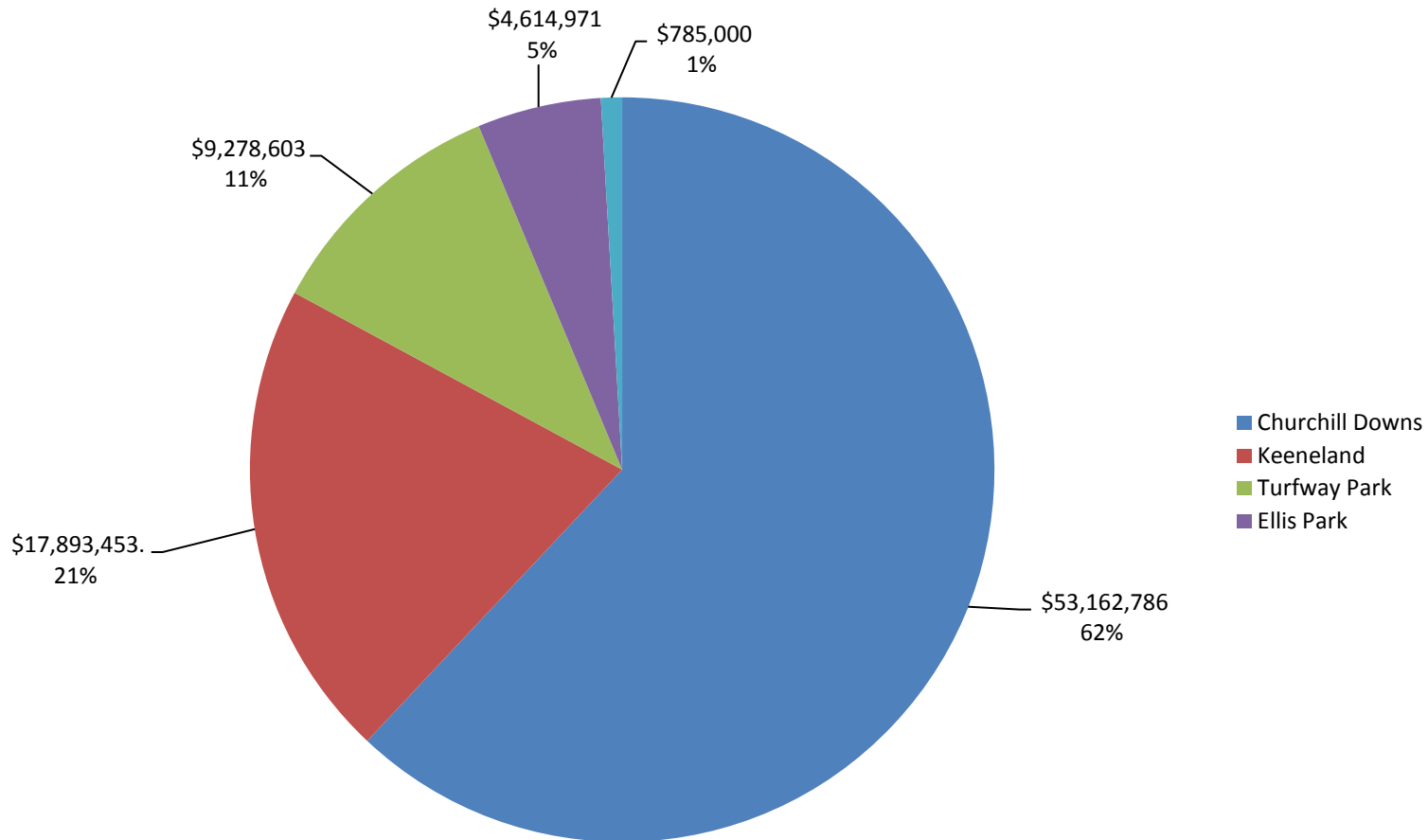
Daily Averages

Track	Days of racing	Purses	Attendance
Churchill Downs	63	\$ 843,854	14,659
Keeneland	32	\$ 559,170	14,631
Turfway Park	74	\$ 125,387	1,273
Ellis Park	27	\$ 170,925	3,676
Kentucky Downs	4	\$ 196,250	748

Note: Thoroughbred Purse and Attendance data provided by the licensed associations.

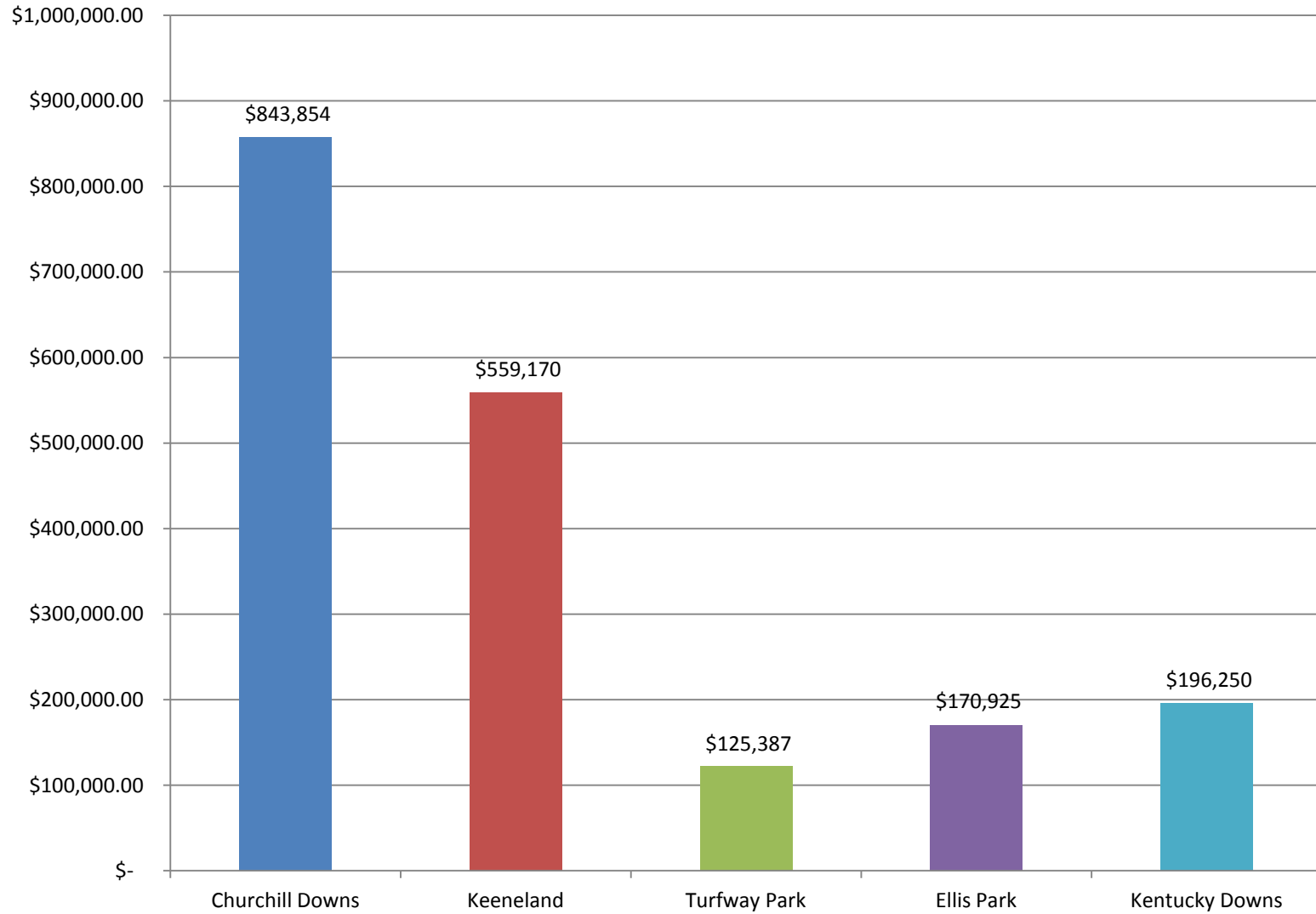
2010 Total Thoroughbred Purses

Purse data provided by the licensed associations



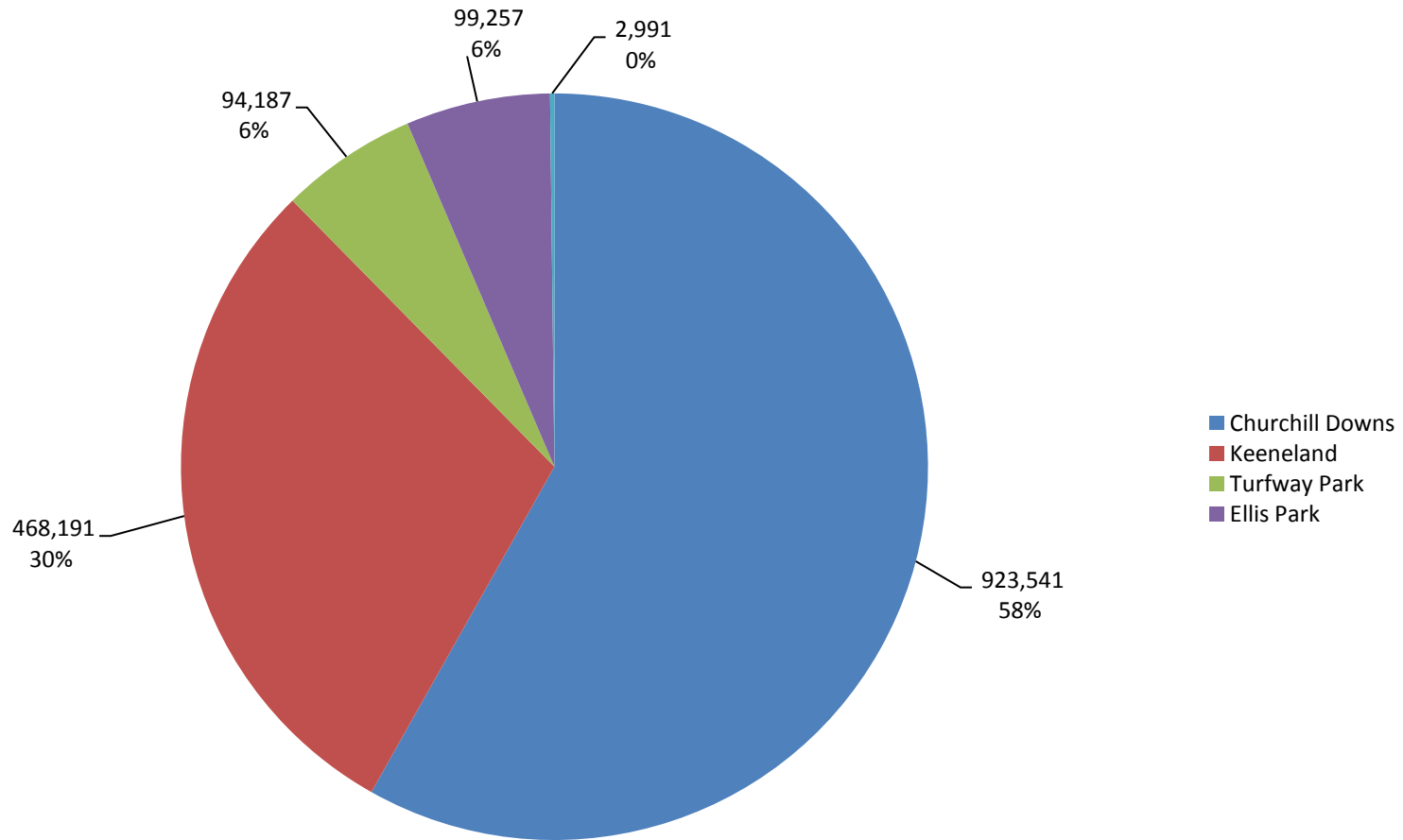
2010 Daily Average Thoroughbred Purses

Purse data provided by the licensed associations



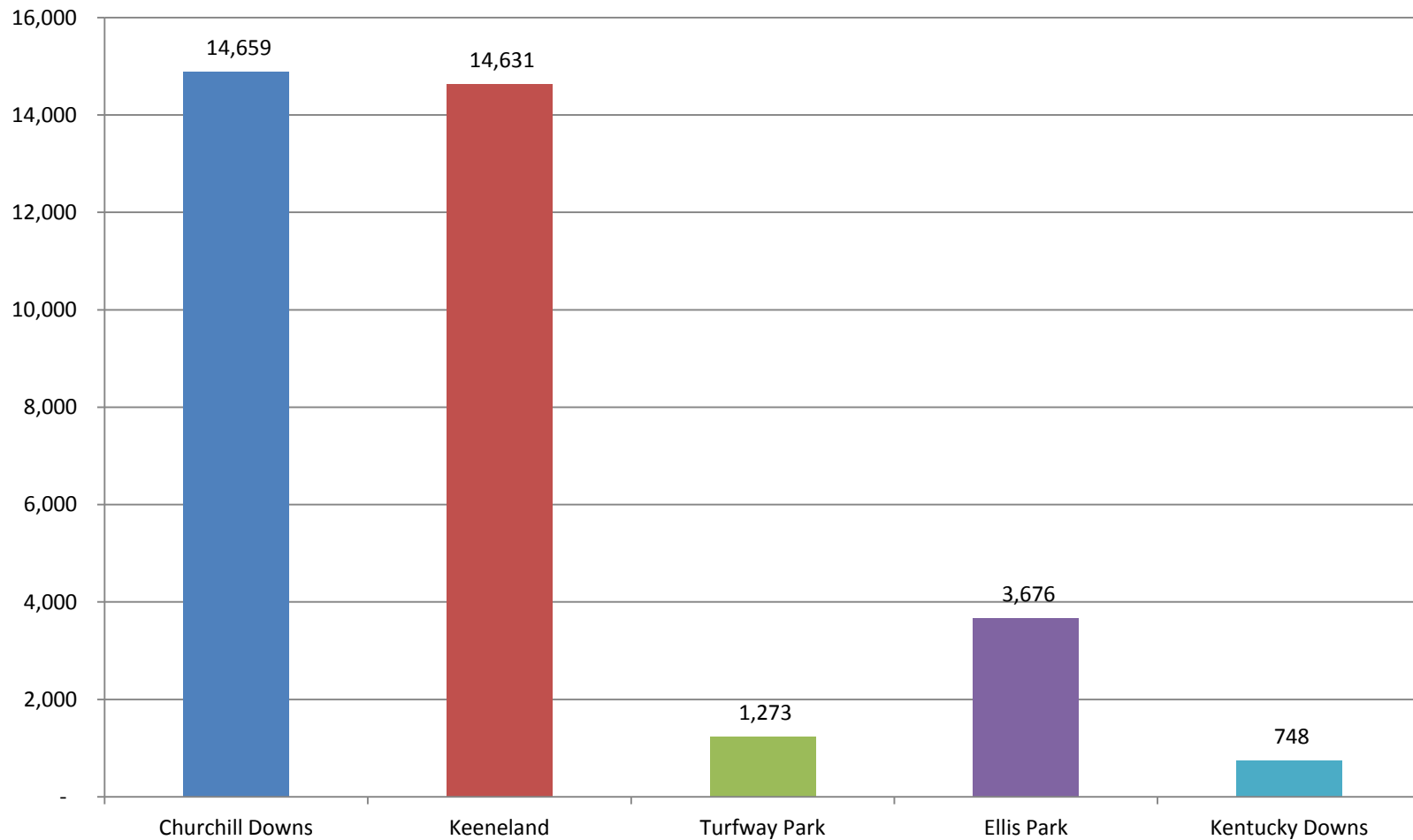
2010 Total Thoroughbred Attendance

Attendance data provided by the licensed associations



2010 Daily Average Thoroughbred Attendance

Attendance data provided by the licensed associations



2010 Total Thoroughbred Handle Summary

Track	Days of racing	Live, On-track Handle	Off-Track Handle	Total
				All Sources Handle
Churchill Downs	63	\$ 101,179,707	\$ 598,180,548	\$ 699,360,255
Keeneland	32	36,763,710	188,622,801	225,386,511
Turfway Park	74	8,924,644	151,825,842	160,750,486
Ellis Park	27	5,942,978	37,811,474	43,754,452
Kentucky Downs	4	294,469	4,163,926	4,458,395
Total	200	\$ 153,105,508	\$ 980,604,591	\$ 1,133,710,099

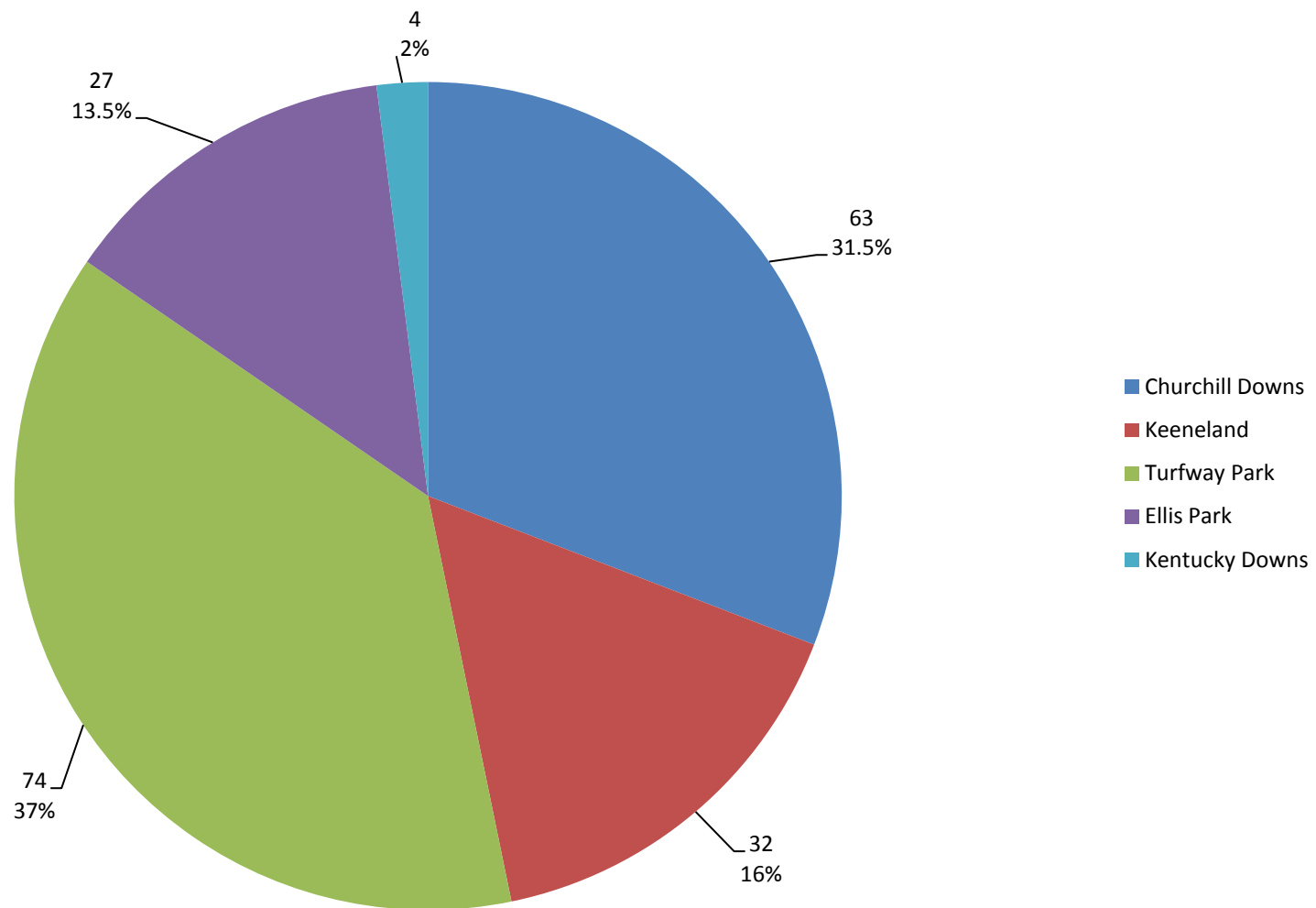
Daily Averages

Track	Days of racing	Live, On-track Handle	Off-Track Handle	Total
				All Sources Handle
Churchill Downs	63	\$ 1,606,027	\$ 9,494,929	\$ 11,100,956
Keeneland	32	1,148,866	5,894,463	7,043,328
Turfway Park	74	120,603	2,051,701	2,172,304
Ellis Park	27	220,110	1,400,425	1,620,535
Kentucky Downs	4	\$ 73,617	\$ 1,040,982	\$ 1,114,599

Note: Wagering data provided by the licensed associations.

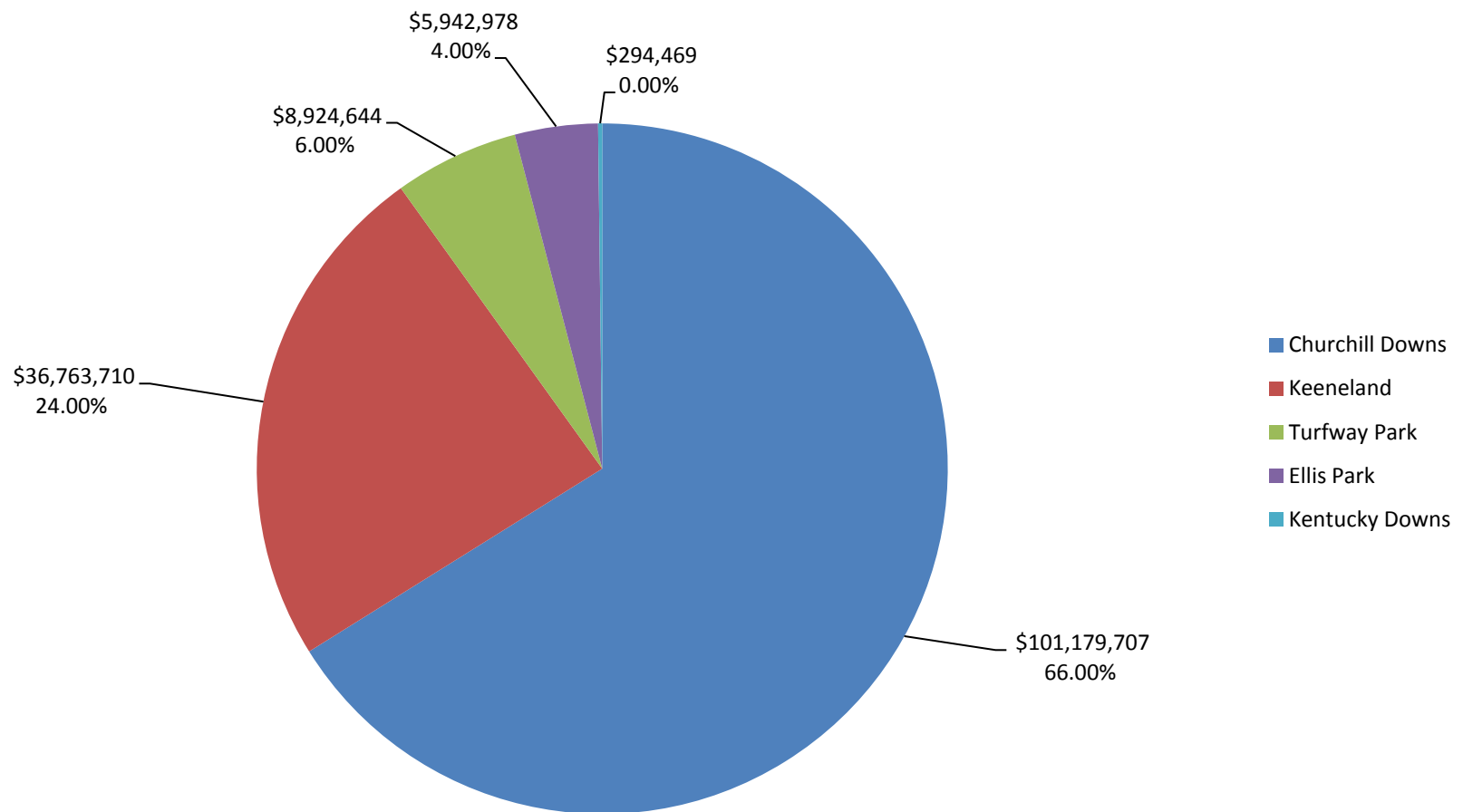
2010 Thoroughbred Days of Racing

Days of racing provided by the licensed associations.



2010 Live, On-track Handle on Thoroughbred Racing

Handle Data provided by the licensed associations



Churchill Downs, Inc.

Contact information:
Churchill Downs, Inc.
Kevin Flannery, President
700 Central Avenue
Louisville, KY 40208
(502) 636-4400

For additional information regarding Churchill Downs, go to <http://www.churchilldowns.com>.

2010 Takeout Rates:

Win, Place, and
Show: 16%
Exotics: 19%

Breakdown of Purses:

Association Purses	\$	26,083,365
KTDF Purses	\$	1,804,425
Breeders' Cup	\$	23,266,500
Horseman's Fees	\$	2,008,496
<hr/>		
Total Purses	\$	53,162,786

Churchill Downs

On-track wagering on live product

Wagering data provided by the licensed associations

Type Bet	Spring Meet	Fall Meet	TOTAL
Win	\$17,460,790	\$8,217,647	\$25,678,437
Place	7,339,319	3,399,610	10,738,929
Show	6,324,913	2,819,895	9,144,808
Total Win, Place and Show wagers	\$31,125,022	\$14,437,152	\$45,562,174
Double	\$1,549,101	\$1,035,822	\$2,584,923
Exacta	14,821,720	8,095,026	22,916,746
Trifecta	10,591,373	5,766,593	16,357,965
Superfecta	3,616,565	2,515,961	6,132,526
Pick 3	2,002,689	1,606,003	3,608,692
Pick 4	1,229,247	1,204,125	2,433,371
Pick 6	592,400	743,340	1,335,740
Super Hi 5	164,013	83,557	247,570
Total Exotic wagers	\$34,567,108	\$21,050,427	\$55,617,533
Total Wagers	\$65,692,130	\$35,487,579	\$101,179,707

Note: Breeder's Cup is included in the Fall Meet figures.

Churchill Downs

Total All Sources on live product

Wagering data provided by the licensed associations

Type Bet	Spring Meet	Fall Meet	TOTAL
Win	\$97,207,123	\$56,844,604	\$154,051,727
Place	33,829,130	19,571,842	53,400,972
Show	23,161,939	13,855,589	37,017,528
Total Win, Place and Show wagers	<u>\$154,198,192</u>	<u>\$90,272,035</u>	<u>\$244,470,227</u>
Double	\$13,268,337	\$10,662,583	\$23,930,920
Exacta	97,617,411	67,538,412	165,155,823
Trifecta	83,070,685	51,425,288	134,495,973
Superfecta	32,149,262	26,372,238	58,521,500
Pick 3	16,832,246	14,545,629	31,377,875
Pick 4	12,944,645	12,655,481	25,600,126
Pick 6	6,111,307	7,164,474	13,275,781
Super Hi 5	1,706,858	825,172	2,532,030
Total Exotic wagers	<u>\$263,700,751</u>	<u>\$191,189,277</u>	<u>\$454,890,028</u>
Total Wagers	<u>\$417,898,943</u>	<u>\$281,461,312</u>	<u>\$699,360,255</u>

Note: Breeder's Cup is included in the Fall Meet figures.

Ellis Park

Contact information:

Ron Geary, Owner and President
3300 U.S. Highway41
North Henderson, KY 42420
(812) 425-1456 Fax (812) 425-0353

For additional information regarding Ellis Park, go to www.ellisparkracing.com.

2010 Takeout Rates:

Win, Place, and

Show: 17.5%

Exotics: 22.0%

Breakdown of Purses:

Association Purses	\$3,709,515
KTDF Purses	845,481
Breeders' Cup	25,000
Horseman's Fees	34,975
Total Purses	\$4,614,971

Ellis Park

On-track wagering on live product

Wagering data provided by the licensed associations

Type Bet	Summer Meet	TOTAL
Win	\$1,614,972	\$1,614,972
Place	758,722	758,722
Show	621,990	621,990
Total Win, Place and Show wagers	\$2,995,684	\$2,995,684
Double	\$164,945	\$164,945
Exacta	1,167,993	1,167,993
Trifecta	949,789	949,789
Superfecta	381,868	381,868
Super High Five	8,072	8,072
Pick 3	193,818	193,818
Pick 4	74,749	74,749
Pick 6	6,060	6,060
Total Exotic wagers	\$2,947,294	\$2,947,294
Total Wagers	\$5,942,978	\$5,942,978

Ellis Park

Total All Sources on live product

Wagering data provided by the licensed associations

Type Bet	Summer Meet	TOTAL
Win	\$10,202,432	\$10,202,432
Place	4,858,355	4,858,355
Show	2,534,144	2,534,144
Total Win, Place and Show wagers	\$17,594,931	\$17,594,931
Double	\$2,311,116	\$2,311,116
Exacta	8,862,294	8,862,294
Trifecta	7,582,724	7,582,724
Superfecta	2,735,656	2,735,656
Pick 3	2,932,044	2,932,044
Pick 4	1,162,586	1,162,586
Pick 6	337,989	337,989
Super Hi 5	235,112	235,112
Total Exotic wagers	\$26,159,521	\$26,159,521
Total Wagers	\$43,754,452	\$43,754,452

Keeneland Association, Inc.

Contact information:

Keeneland Association, Inc.

Nick Nicholson, President and Chief Executive Officer

4201 Versailles Road

Lexington, KY 40510

(859) 254-3412

For additional information regarding Keeneland, go to www.keeneland.com.

2010 Takeout Rates:

Win, Place, and

Show: 16%

Exotics: 19%

Breakdown of Purses:

Association Purses	\$16,206,354
KTDF Purses	762,149
Breeders' Cup	98,000
Horseman's Fees	<u>826,950</u>

Total Purses \$17,893,453

Keeneland

On-track wagering on live product

Wagering data provided by the licensed associations

Type Bet	Spring Meet	Fall Meet	TOTAL
Win	\$4,414,690	\$4,382,104	\$8,796,794
Place	\$2,100,415	\$2,223,027	\$4,323,442
Show	\$1,937,639	\$2,116,772	\$4,054,411
Total Win, Place and Show wagers	\$8,452,744	\$8,721,903	\$17,174,647
Double	\$426,034	\$408,713	\$834,747
Exacta	\$3,911,814	\$4,032,146	\$7,943,960
Trifecta	\$2,765,871	\$2,960,057	\$5,725,928
Superfecta	\$1,144,402	\$1,527,974	\$2,672,376
Straight Flush	\$42,808	\$44,839	\$87,647
Pick 3	\$610,346	\$654,446	\$1,264,792
Pick 4	\$495,858	\$466,095	\$961,953
Pick 6	\$56,482	\$41,178	\$97,660
Total Exotic wagers	\$9,453,615	\$10,135,448	\$19,589,063
Total Wagers	\$17,906,359	\$18,857,351	\$36,763,710

Keeneland

Total All Sources on live product

Wagering data provided by the licensed associations

Type Bet	Spring Meet	Fall Meet	TOTAL
Win	\$25,108,934	\$25,450,100	\$50,559,034
Place	\$8,978,648	\$9,776,697	\$18,755,345
Show	\$5,702,078	\$6,245,226	\$11,947,304
Total Win, Place and Show wagers	\$39,789,660	\$41,472,023	\$81,261,683
Double	\$4,221,235	\$4,815,651	\$9,036,886
Exacta	\$25,847,286	\$28,663,366	\$54,510,652
Trifecta	\$17,988,614	\$19,801,355	\$37,789,969
Superfecta	\$8,576,835	\$11,234,820	\$19,811,655
Straight Flush	\$239,157	\$274,250	\$513,407
Pick 3	\$5,494,821	\$5,851,881	\$11,346,702
Pick 4	\$5,214,396	\$5,259,570	\$10,473,966
Pick 6	\$381,448	\$260,143	\$641,591
Total Exotic wagers	\$67,963,792	\$76,161,036	\$144,124,828
Total Wagers	\$107,710,643	\$117,588,220	\$225,386,511

Kentucky Downs

Contact information:

Kentucky Downs

Corey Johnsen, President

P.O. Box 405

Franklin, KY 42135

(270) 586-7778

For additional information regarding Kentucky Downs, go to www.kentuckydowns.com.

2010 Takeout Rates:

Win, Place, and Show: 17.5%

Exotics: 22.0%

Breakdown of Purses:

Association Purses	\$785,000
KTDF Purses	\$0
Breeders' Cup	\$0
Horseman's Fees	\$0
Total Purses	\$785,000

Kentucky Downs

On-track wagering on live product

Wagering data provided by the licensed associations

Type Bet	Fall Meet	TOTAL
Win	\$73,260	\$73,260
Place	\$29,965	\$29,965
Show	\$23,883	\$23,883
Total Win, Place and Show wagers	\$127,108	\$127,108
Double	\$7,172	\$7,172
Exacta	\$64,423	\$64,423
Trifecta	\$55,480	\$55,480
Superfecta	\$24,787	\$24,787
Pick 3	\$9,938	\$9,938
Pick 4	\$5,561	\$5,561
Pick 6	\$0	\$0
Total Exotic wagers	\$167,361	\$167,361
Total Wagers	\$294,469	\$294,469

Kentucky Downs

Total All Sources on live product

Wagering data provided by the licensed association.

Type Bet	Fall Meet	TOTAL
Win		
Place		
Show		
Total Win, Place and Show wagers		
Double		
Exacta		
Trifecta		
Superfecta		
Pick 3		
Pick 4		
Pick 6		
Total Exotic wagers		
Total Wagers	\$4,458,395	\$4,458,395
Note: Kentucky Downs did not submit a breakdown by pool type		

Turfway Park

Contact information:

Turfway Park

Bob Elliston, President and Chief Executive Officer

7500 Turfway Road

Florence, KY 41042

(859) 371-0200 or (800) 733-0200

For additional information regarding Turfway Park, go to www.turfway.com.

2010 Takeout Rates:

Win, Place, and

Show: 17.5%

Exotics: 22.0%

Breakdown of Purses:

Association Purses	\$7,776,971
KTDF Purses	\$1,275,557
Breeders' Cup	\$50,000
Horseman's Fees	<u>\$176,075</u>
Total Purses	\$9,278,603

Turfway Park

On-track wagering on live product

Wagering data provided by the licensed associations

Type Bet	Spring Meet	Fall Meet	Winter Meet	TOTAL
Win	\$1,307,206	\$401,085	\$429,365	\$2,137,656
Place	\$576,668	\$183,569	\$202,297	\$962,534
Show	\$422,352	\$134,972	\$148,298	\$705,622
Total Win, Place and Show wagers	\$2,306,226	\$719,626	\$779,960	\$3,805,812
Double	\$143,643	\$42,230	\$60,658	\$246,531
Exacta	\$1,150,777	\$337,091	\$404,206	\$1,892,074
Trifecta	\$950,950	\$289,790	\$372,414	\$1,613,154
Superfecta	\$466,838	\$156,909	\$222,160	\$845,907
Pick 3	\$183,127	\$57,140	\$84,459	\$324,726
Pick 4	\$98,045	\$28,997	\$51,113	\$178,155
Pick 6	\$6,802	\$1,326	\$1,299	\$9,427
Super High Five	\$5,161	\$1,656	\$2,041	\$8,858
Total Exotic wagers	\$3,005,343	\$915,139	\$1,198,350	\$5,118,832
Total Wagers	\$5,311,569	\$1,634,765	\$1,978,310	\$8,924,644

Turfway Park

Total All Sources on live product
*Wagering data provided by the licensed
associations*

Type Bet	Spring Meet	Fall Meet	Winter Meet	TOTAL
Win	\$19,378,026	\$5,627,768	\$7,726,775	\$32,732,569
Place	\$6,715,158	\$2,069,443	\$2,811,002	\$11,595,603
Show	\$3,477,903	\$1,108,378	\$1,553,741	\$6,140,022
Total Win, Place and Show wagers	<u>\$29,571,087</u>	<u>\$8,805,589</u>	<u>\$12,091,518</u>	<u>\$50,468,194</u>
Double	\$2,208,435	\$766,063	\$1,265,459	\$4,239,957
Exacta	\$24,604,212	\$7,293,153	\$10,693,820	\$42,591,185
Trifecta	\$19,928,941	\$6,058,463	\$8,383,983	\$34,371,387
Superfecta	\$11,214,114	\$3,633,903	\$5,263,233	\$20,111,250
Pick 3	\$2,683,417	\$986,527	\$1,515,201	\$5,185,145
Pick 4	\$1,729,568	\$647,693	\$1,054,869	\$3,432,130
Pick 6	\$76,316	\$18,920	\$16,738	\$111,974
Super High Five	\$122,863	\$63,630	\$52,771	\$239,264
Total Exotic wagers	<u>\$62,567,866</u>	<u>\$19,468,352</u>	<u>\$28,246,074</u>	<u>\$110,282,292</u>
Total Wagers	<u>\$92,138,953</u>	<u>\$28,273,941</u>	<u>\$40,337,592</u>	<u>\$160,750,486</u>

Kentucky Off-Track Betting, LLC

Kentucky Off-Track Betting, LLC owns and operates four off-track betting sites in various parts of Kentucky. The locations of the sites are Corbin, Jamestown, Maysville and Pineville. One percent of the handle goes back to the city and county in the communities which they are located.

For the year ending December 31, 2010
Handle and attendance data provided by Kentucky Off-track Betting, LLC.

<u>2010 Handle</u>	<u>Corbin</u>	<u>Jamestown</u>	<u>Maysville</u>	<u>Pineville</u>	<u>Total</u>
Kentucky races	\$ 988,911	\$ 953,139	\$ 797,740	\$188,874	\$ 2,928,664
Out -of-state					
races	\$4,160,913	\$2,672,757	\$2,345,858	\$676,117	\$ 9,855,645
Total	<u>\$5,149,824</u>	<u>\$3,625,896</u>	<u>\$3,143,598</u>	<u>\$864,991</u>	<u>\$12,784,309</u>

<u>2010 Attendance</u>	<u>Corbin</u>	<u>Jamestown</u>	<u>Maysville</u>	<u>Pineville</u>	<u>Total</u>
	12,165	12,421	7,715	2,191	34,492

Note: The Pineville location closed May 2010.

KENTUCKY STANDARDBRED RACING AND WAGERING STATISTICS

The tables and charts on the following page illustrate purses, attendance and handle for Kentucky's licensed Standardbred associations for calendar year 2010.



2010 Total Standardbred Purses and Attendance

Track	Days of racing	Purses	Attendance
The Red Mile	30	\$ 9,818,225	13,082
Players Bluegrass Downs	15	\$215,320	5,474
Thunder Ridge	24	\$256,900	2,693
Total	69	\$10,290,445	21,249

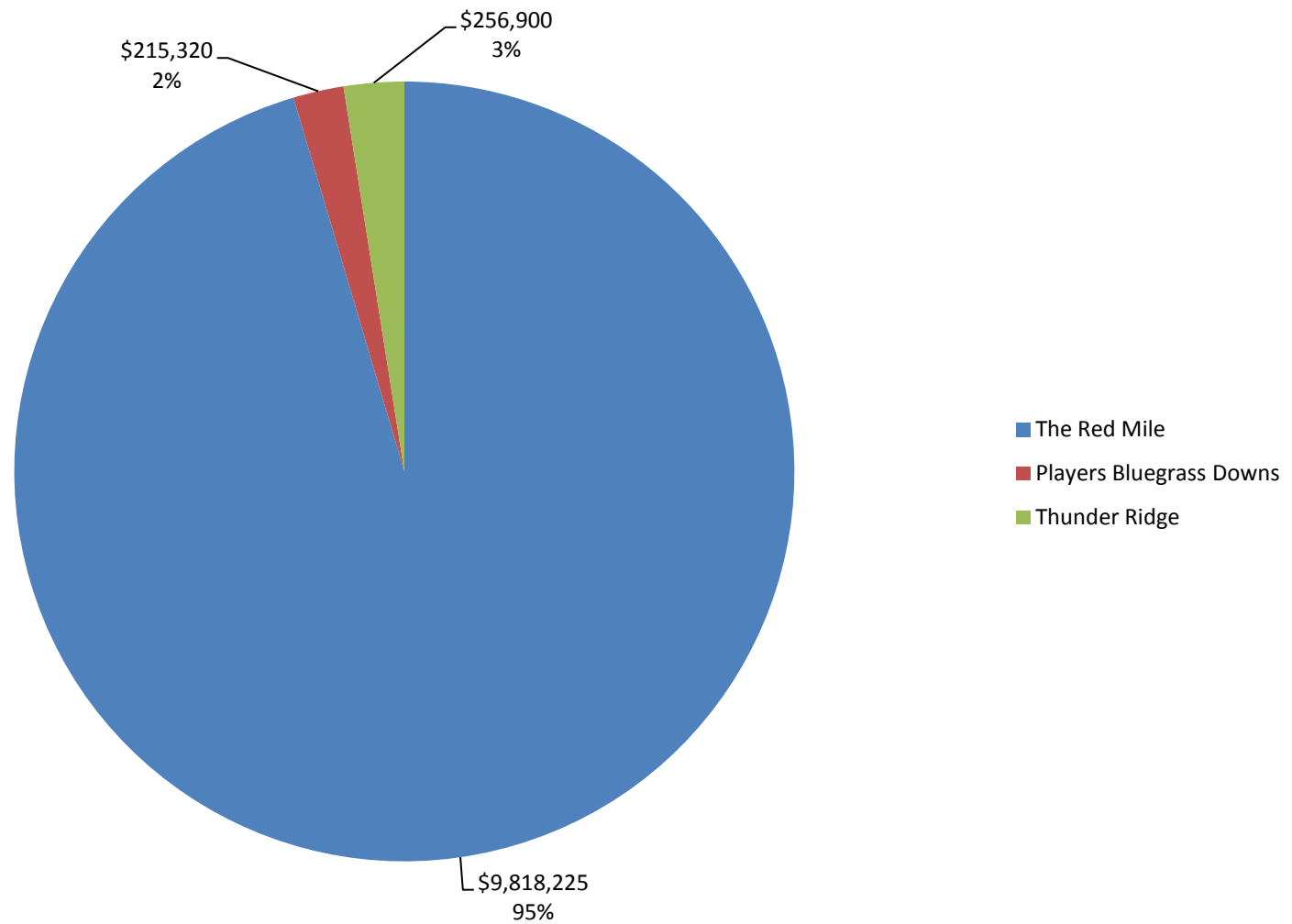
Daily Averages

Track	Days of racing	Purses	Attendance
The Red Mile	30	\$327,274	436
Players Bluegrass Downs	15	\$14,355	365
Thunder Ridge	24	\$10,704	112

Note: Standardbred purse and attendance data provided by the licensed associations.

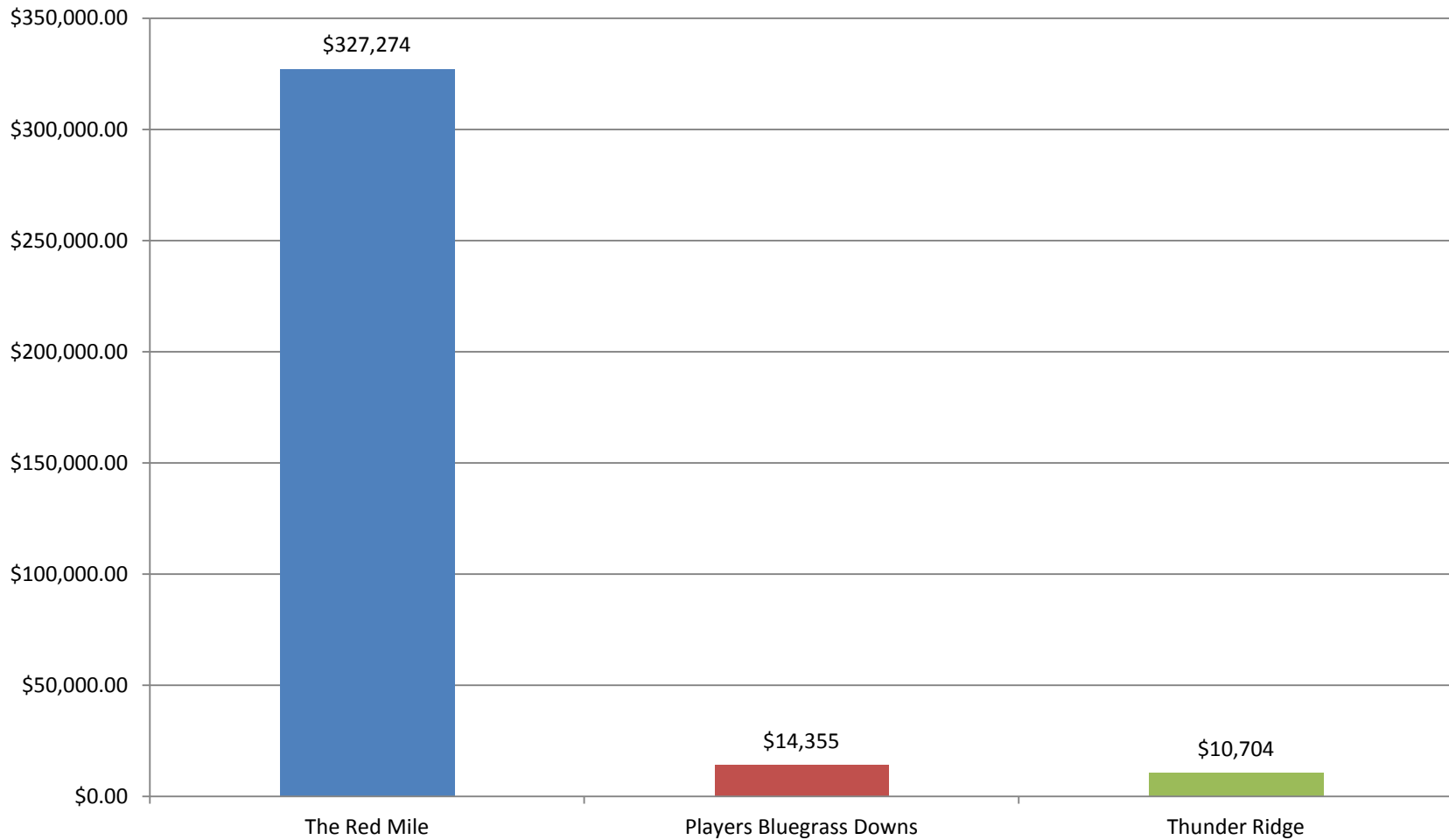
2010 Total Standardbred Purses

Purse data provided by the licensed associations



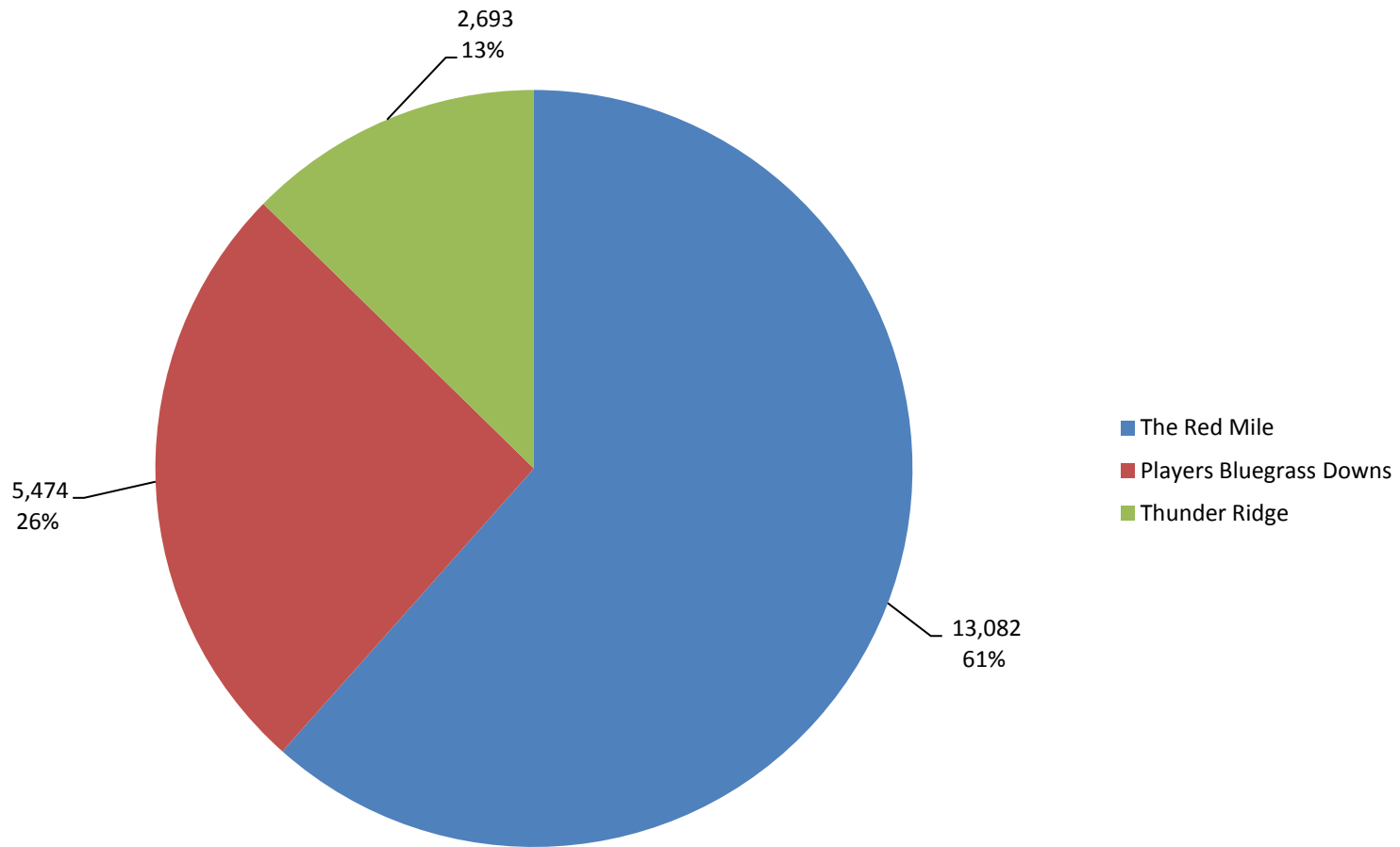
2010 Daily Average Standardbred Purses

Purse data provided by the licensed associations



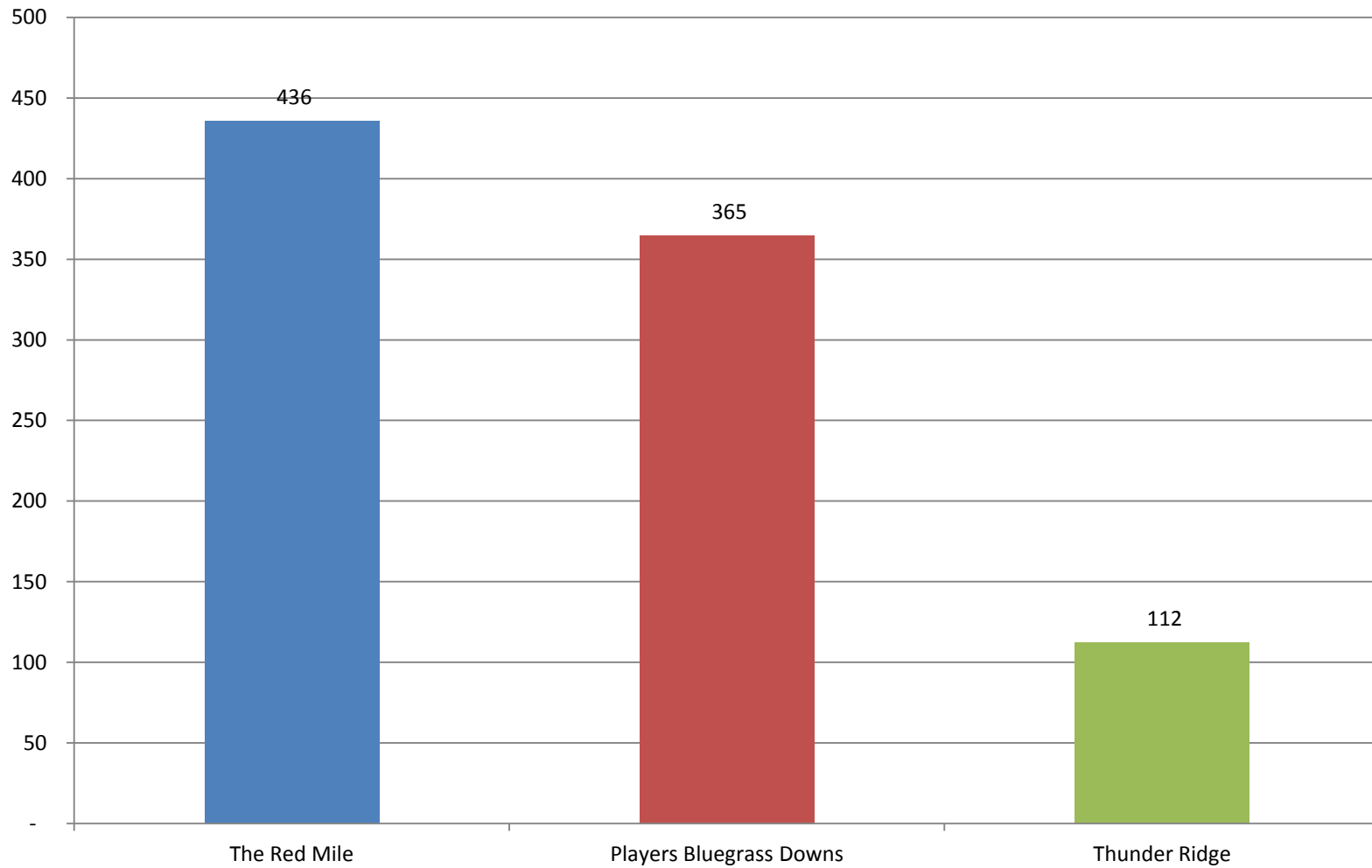
2010 Total Standardbred Attendance

Attendance data provided by the licensed associations



2010 Daily Average Standardbred Attendance

Attendance data provided by the licensed associations



2010 Total Standardbred Handle Summary

Track	Days of racing	Live, On-track Handle	Off-Track Handle	Total All Sources Handle
The Red Mile	30	\$1,454,403	\$7,724,695	\$9,179,098
Players Bluegrass Downs	15	\$40,854	\$0	\$40,854
Thunder Ridge	24	\$8,665	\$0	\$8,665
Total	69	\$1,503,922	\$7,724,695	\$9,228,617

Daily Averages

Track	Days of racing	Live, On-track Handle	Off-Track Handle	Total All Sources Handle
The Red Mile	30	\$48,480	\$257,490	\$305,969.94
Players Bluegrass Downs	15	\$2,724	\$0	\$2,724
Thunder Ridge	24	\$361	\$0	\$361

Note 1: The Red Mile ran one day of Quarter Horse racing on which \$50,362 was wagered live, on-track. This is not included in the

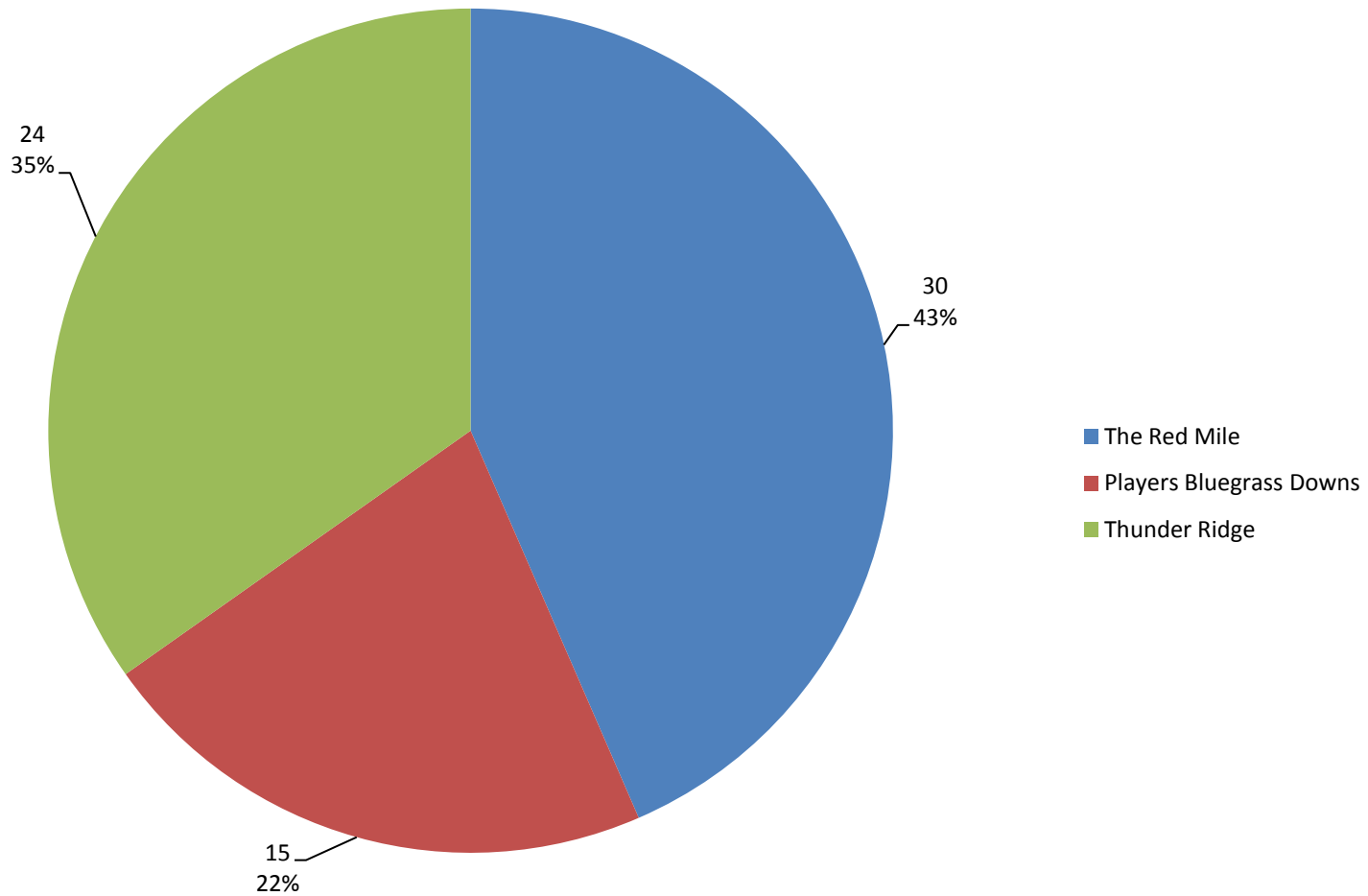
live, on-track figure listed above and there were no wagers made off-track on the Quarter Horse races.

Note 2: There is no off-track wagering on Players Bluegrass Downs or Thunder Ridge because they do not simulcast their signals.

Note 3: Wagering data provided by the licensed associations.

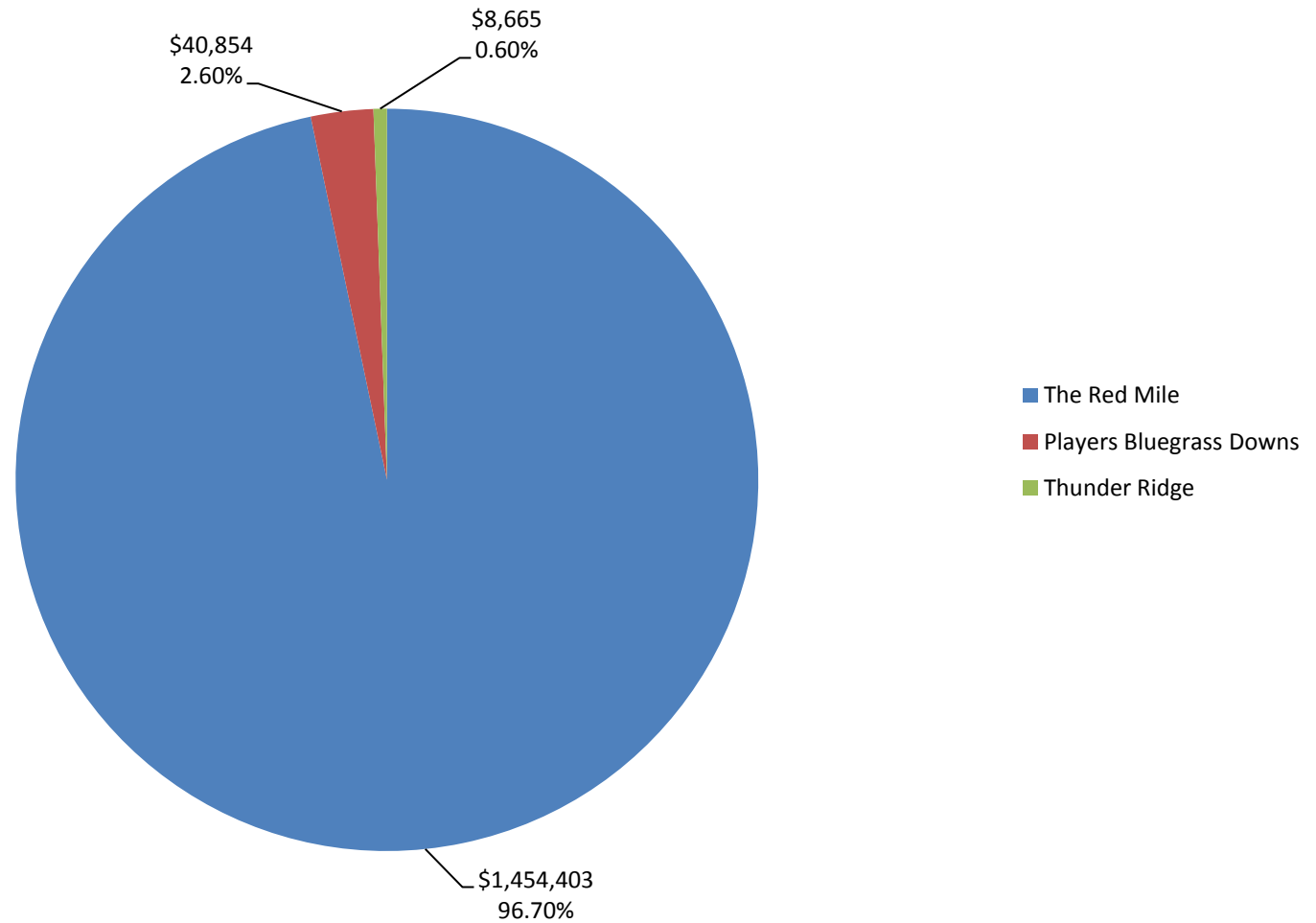
2010 Standardbred Days of Racing

Days of racing provided by the licensed associations



2010 Live, On-track Handle on Standardbred Racing

Handle Data provided by the licensed associations



The Red Mile

Contact information:

Joe Costa, President and Chief Operating Officer
1200 Red Mile Road
Lexington, KY 40588
(859) 255-0752

For additional information regarding the Red Mile, go to www.theredmile.com.

2010 Takeout Rates:

Win, Place, and

Show: 18%

Exotics: 25%

Breakdown of Purses:

Association Purses	\$9,818,225
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The Red Mile

On-track wagering on live product

Wagering data provided by the licensed associations

Type Bet	Summer/Fall Meet	TOTAL
Win	\$269,850	\$269,850
Place	\$93,182	\$93,182
Show	\$70,409	\$70,409
Total Win, Place and Show wagers	\$433,441	\$433,441
Double	\$19,035	\$19,035
Exacta	\$315,350	\$315,350
Trifecta	\$423,176	\$423,176
Superfecta	\$202,076	\$202,076
Pick 3	\$19,892	\$19,892
Pick 4	\$41,433	\$41,433
Total Exotic wagers	\$1,020,962	\$1,020,962
Total Wagers	\$1,454,403	\$1,454,403

Note 1: The Red Mile ran one day of Quarter Horse racing on which \$50,362 was wagered live, on-track. This is not included in the live, on-track figure listed above and there were no wagers made off-track on the Quarter Horse races.

The Red Mile

Total All Sources wagering on live product

Wagering data provided by the licensed associations

Type Bet	Summer/Fall	TOTAL
Win	\$1,510,493	\$1,510,493
Place	\$542,168	\$542,168
Show	\$549,918	\$549,918
Total Win, Place and Show wagers	\$2,602,579	\$2,602,579
Double	\$117,536	\$117,536
Exacta	\$2,225,542	\$2,225,542
Trifecta	\$2,609,625	\$2,609,625
Superfecta	\$1,404,555	\$1,404,555
Pick 3	\$89,129	\$89,129
Pick 4	\$130,132	\$130,132
Total Exotic wagers	\$6,576,519	\$6,576,519
Total Wagers	\$9,179,098	\$9,179,098

Note 1: The Red Mile ran one day of Quarter Horse racing on which \$50,362 was wagered live, on-track. This is not included in the live, on-track figure listed above and there were no wagers made off-track on the Quarter Horse races.

Players Bluegrass Downs

Contact information:

Jerry Bradley, President and Chief Executive Officer

PO Box 7907

Paducah, KY 42002

(270) 444-7117

Note: no website

2010 Takeout Rates:

Win, Place, and Show:	18.0%
Exotics:	25.0%

Bluegrass Downs

On-track wagering on live product

Wagering data provided by the licensed associations

Type Bet	Spring Meet	TOTAL
Win	\$9,327	\$9,327
Place	\$5,396	\$5,396
Show	\$4,937	\$4,937
Total Win, Place and Show wagers	\$19,660	\$19,660
Double	\$764	\$764
Exacta	\$11,120	\$11,120
Trifecta	\$9,310	\$9,310
Superfecta	\$0	\$0
Pick 3	\$0	\$0
Pick 4	\$0	\$0
Total Exotic wagers	\$21,194	\$21,194
Total Wagers	\$40,854	\$40,854

Note: Players Bluegrass Downs offers only live, on-track wagering.

Thunder Ridge

Appalachian Racing, LLC dba Thunder Ridge
Anita Ratliff, General Manager
164 Thunder Road
Prestonsburg, KY 41653
(606) 886-7223
Note: no website

2010 Takeout Rates:

Win, Place, and

Show: 18%

Exotics: 25%

Thunder Ridge

On-track wagering on live product

Wagering data provided by the licensed associations

Type Bet	Summer	TOTAL
Win	\$3,219	\$3,219
Place	\$564	\$564
Show	\$620	\$620
Total Win, Place and Show wagers	\$4,403	\$4,403
Double	\$80	\$80
Exacta	\$2,885	\$2,885
Trifecta	\$1,297	\$1,297
Superfecta	\$0	\$0
Pick 3	\$0	\$0
Total Exotic wagers	\$4,262	\$4,262
Total Wagers	\$8,665	\$8,665

Note: Thunder Ridge offers only live, on-track wagering.