

# Kentucky Horse Racing Commission



## 2008/2009 Biennial Report

Calendar year except as noted

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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 Biennial Report for years 2008 and 2009, 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**

On July 3, 2008, Gov. Beshear signed an Executive Order reorganizing and renaming the Kentucky Horse Racing Authority to become the Kentucky Horse Racing Commission. As Executive Director I have been privileged to work with two outstanding groups of individuals, the members of the Commission and the Authority. I would like to thank those board members for the work they have done. I have been aided by a professional staff dedicated to ensuring the safety and integrity of the Commonwealth's horse racing industry. Governor Beshear, Secretary Vance and Chairman Beck strongly support the Commission and the industry.

The last two years have continued to be busy years at the KHRC. We have made progress on many fronts but there is more work to be done. We have had a very active Commission, with an active committee structure. A review of "Advisory Committees and Working Groups" will give you an idea of the many regulations and issues that have been tackled over the last two years.

Governor Beshear appointed the Governor's Task Force on the Future of Horse Racing during 2008 and that Task Force provided superb guidance to the industry and the KHRC. Many of the recommendations made by the Task Force have already been implemented by the KHRC. Please see "Governor's Task Force on the Future of Horse Racing" for a summary.

The steps taken by KHRC in calendar years 2008 and 2009 to improve racing were many and varied. The following are just a few of the highlights of the last two years:

- The KHRC was understaffed and underfunded and stated so numerous times. In December 2008, the *Governor's Task Force on the Future of Horse Racing* delivered the same message. That message was heard and answered by Governor Beshear and the General Assembly. During a special session held in the summer of 2009 the General Assembly provided the funding necessary to allow the KHRC to continue operating for the remainder of fiscal year 2010. Looking to the future, it is our hope since the various branches of government understand what the KHRC needs to properly operate that our funding will continue at appropriate levels.
- Housekeeping legislation was approved by the general assembly which gives the KHRC jurisdiction over important areas of the industry such as the totalizator companies and advance deposit wagering companies.
- The KHRC adopted a ban on the use of anabolic steroids for horses in competition.

- The KHRC adopted a ban on the use of front shoe toe grabs.
- The KHRC promulgated a rule changing the use of whips in Standardbred racing. The changes banned all one-handed whipping and the use of a whip with a “snapper.”
- The KHRC implemented a regulation requiring everyone on horseback on association grounds to wear an accredited safety helmet.
- The KHRC initiated discussions to locate a major independent laboratory in Kentucky to perform the medication testing for racing in Kentucky. The laboratory is scheduled to begin operations in 2011.
- KHRC hired its first equine medical director, Dr. Mary Scollay, and first supervisor of pari-mutuel wagering, Greg Lamb. Dr. Scollay and Greg Lamb have brought a great deal of expertise to the Commission.
- KHRC has a more active role in Racing Commissioners International.
- KHRC implemented routine breathalyzer tests of jockeys during the race day.
- The wagering integrity group recommended and the KHRC approved conditions to licensure of the racing associations which provide certain measures to verify when a race has begun and when wagering stopped. Clocks and video feed are now required to be synchronized. Tracks are now required to report wagering anomalies to the KHRC. Other racing states are now adopting those same protocols.
- The KHRC sent a message that it will not tolerate frivolous appeals. In two instances suspensions were doubled when appeals to the commission level appeared to be frivolous.
- The KHRC demonstrated its commitment to the humane treatment of all horses, including the non-race breeds that participate in the Kentucky Breeders’ Incentive Fund program. The KHRC approved certain recommendations of the rules committee due to concerns over the enforcement of the Horse Protection Act.

In conclusion, I would like to say thank you again to all of the board members, staff and others who helped to move the agency forward during two years of change. Despite funding and staffing challenges, the Kentucky Horse Racing Commission addressed many concerns and took the lead 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.

Respectfully submitted,

Lisa E. Underwood  
Executive Director  
Kentucky Horse Racing Commission



## **2008 MEETING DATES**

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

January 28 - canceled  
February 25  
March 24  
April 21  
May 19  
June 16  
July 9  
July 14  
August 25  
September 22  
October 27  
November 17  
December 15

## **2009 MEETING DATES**

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

January 6  
February 10  
March 10  
April 7  
May 12  
June 9  
July 7  
August 4  
September 8  
September 29  
October 27  
December

## **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.

On April 28, 2008, Governor Steve Beshear appointed Robert M. Beck, Jr. to the Kentucky Horse Racing Authority and designated him as Chair. Also on April 28, 2008, Gov. Beshear appointed the following members to fill vacancies and expired terms: Edward S. Bonnie, Elizabeth Lavin, Alan Leavitt, and Dr. Foster Northrop.

On July 3, 2008, Gov. Beshear signed an Executive Order reorganizing and renaming the Kentucky Horse Racing Authority to become the Kentucky Horse Racing 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. 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**

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.

On April 28, 2008, Mr. Gaines' term on the Kentucky Horse Racing Authority expired. On July 3, 2008, Gov. Beshear appointed Mr. Gaines to the KHRC.

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



### **Allan Wade Houston**

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 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.

### **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 licensed Thoroughbred owner and breeder.

### **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 licensed Standardbred owner and breeder.

### **Tom Ludt**

Mr. Ludt is the president of Vinery Ltd., a full service farm standing stallions, boarding mares, sales, breaking and training and a renowned racing stable with farm locations in Lexington, KY and Ocala, FL.

Mr. Ludt serves on the board of members and trustees of The Breeders' Cup Limited, the Thoroughbred Owners and Breeders Association (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 licensed Thoroughbred owner and breeder.

### **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, FL.

Dr. Northrop serves as vice chairman of the Racing Task Force 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 licensed Thoroughbred owner and breeder.

**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 Kentucky Thoroughbred Owners and Breeders Association (KTOBA) and has served with the Kentucky Thoroughbred Association (KTA), Kentucky Thoroughbred Owners and Breeders (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 a licensed Thoroughbred trainer and equine advisor.

**Dr. Jerry Yon**

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

On July 9, 2008, Governor 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**

Secretary Vance was appointed Secretary of the Environmental and Public Protection Cabinet (EPPC) in December, 2008 and continues as Secretary of the Public Protection Cabinet (PPC) following a reorganization of EPPC in June, 2008.

### **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.

On July 3, 2008, Gov. Steve Beshear signed an Executive Order reorganizing and renaming The Kentucky Horse Racing Authority to become The Kentucky Horse Racing Commission. The members of the former Kentucky Horse Racing Authority who served from Jan. 1, 2008 to July 2, 2008 were:

Voting members:

William Street, Chair

Constance Whitfield, Vice-Chair

Kerry Cauthen

Thomas Gaines

Dell Hancock

Doug Hendrickson

Franklin Kling

Richard Knock

Tom Ludt

Kenneth Alan Jackson

Larry F. Telle

Dr. Jerry Yon

NOTE: There was one vacancy from January 1, 2008 to April 27, 2008.

Non-voting members:

Robert D. Vance

John Hindman

Marcheta Sparrow

For additional information regarding the members of the former Kentucky Horse Racing Authority, go to the Kentucky Horse Racing Authority's [2006 – 2007 Biennial Report](#).

## **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, including the staff of the Breeders' Incentive Funds. Ms. Underwood serves on several advisory committees and working groups within the KHRC.

Ms. Underwood was elected to the Board of Directors of the Association of Racing Commissioners International (RCI) in March of 2008 and will serve as regional representative for a 2 year term. She was also appointed to the RCI executive committee. Ms. Underwood also serves on the RCI Model Rules Committee, RCI Drug Testing Standards and Practices Committee and RCI Wagering Security Systems Committee. She is also on the national steering committee for the National Racing Compact.

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

Prior to working with KHRC, Ms. Underwood practiced law beginning in 1984. 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. 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. Dr. Peckham replaced Dr. Lafe Nichols who resigned on Sept. 26, 2008. For additional information related to Dr. Nichols, see the Kentucky Horse Racing Authority's [2006 – 2007 Biennial Report](#).

### **Jamie H. Eads, Director of the Incentives and Development**

Ms. Eads was appointed on September 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. Her time was spent 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 & the World Championships. Ms. Eads replaced Jamie Haydon who resigned on May 30, 2008. For additional information



related to Mr. Haydon, see the Kentucky Horse Racing Authority's [2006 – 2007 Biennial Report](#).

### **General Counsel**

The General Counsel position was vacant at the end of 2009. John Forgy served as general counsel for the KHRC during 2008 until he resigned on July 31, 2009. For additional information related to Mr. Forgy, see the Kentucky Horse Racing Authority's [2006 – 2007 Biennial Report](#).

### **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.

### **Steven Estepp, Director of Licensing**

Mr. Estepp was appointed director of Licensing on Aug. 16, 2009. Prior to his appointment, he helped compile the report of Governor's Task Force on the Future of Horse Racing in Kentucky, the 2008 Annual Report and various other research and reporting projects for the agency.

In addition to his duties at the Kentucky Horse Racing Commission, Mr. Estepp served as the Chairman of Licensing subcommittee of the Association of Racing Commissioners' International (RCI).

Mr. Estepp replaced Leesa Moorman who resigned on July 15, 2009 to accept a position with another state agency. For additional information related to Ms. Moorman, see the Kentucky Horse Racing Authority's [2006 – 2007 Biennial Report](#).

### **Dr. Mary Scollay, Equine Medical Director**

Dr. Scollay was hired on May 19, 2008 and serves as a consultant to the KHRC on matters pertaining to equine health, welfare, safety, and medication. Dr. Scollay also serves as a resource to the Stewards when medication violations are declared in post-race testing samples.

Dr. Scollay is a 1984 graduate of the University of Illinois, College of Veterinary Medicine. 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.

### **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**

Kendra Shoop, Administrative Coordinator

Gwen Webb, Executive Secretary

Margi Wintz, Paralegal (beginning Aug. 1, 2009)

Jamie Doom, System Support Technician (beginning Oct. 16, 2009)

### **Veterinary and Detention Barn Staff**

Dr. Will Farmer, Racing Veterinarian (beginning April 30, 2008)

Dr. Michael Hardy, Racing Veterinarian (beginning Aug. 1, 2008)

Dr. Nate Koval, Racing Veterinarian (until Oct. 16, 2009)

Dr. Catherine Radtke, Racing Veterinarian (until May 31, 2008)

Jenna Hardy, Veterinary Technician (beginning full-time June 16, 2009)

John Asbury, Detention Barn Assistant

Greg Berry, Administrative Specialist

Burnis Caudill, Detention Barn Assistant

Victor Mendoza, Detention Barn Assistant

### **Enforcement Staff**

Don Kolioutas, Investigator

Danny Hyland, Investigator (beginning full-time June 16, 2008)

### **Incentive Development Staff**

Angela Trosclair, Program Coordinator

Rick Williams, Assistant Director

Krista Hayden, Administrative Specialist (until Sept. 30, 2008)

April Chapman, Program Coordinator (beginning Feb. 16, 2009 until Aug. 7, 2009)

Soledad Smith, Administrative Specialist (beginning Dec. 16, 2009)

### **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

## **GOVERNOR'S TASK FORCE on the FUTURE of HORSE RACING**

Gov. Steve Beshear announced in July 2008 the formation of a blue-ribbon Governor's Task Force on the Future of Horse Racing. The task force brought together leading figures in Kentucky's racing industry to analyze and make recommendations on some of the critical issues facing Kentucky horse racing today. While this was not a KHRC initiative, a description is included in the KHRC biennial report because many of the observations and recommendations affect the KHRC and involve the KHRC. In addition, the KHRC provided administrative support to the Task Force.

### **Members of the Governor's Task Force on the Future of Horse Racing**

Chair: Tracy Farmer

Members:

Ed Ashcraft

Robert M. Beck, Jr.

Edward S. Bonnie

Joe Costa

Ron Geary

Ellen Heslen

Brian Lavin

Dr. Robert Lawrence

Nick Nicholson

J. Duncan Pitchford

Steve Sexton

Robert Vance

The task force was organized into four subcommittees: Industry Financial Matters, Proper Funding and Staffing Levels of the KHRC, Integrity of Racing and All Pari-mutuel Activities, and Laboratory Facilities in Kentucky.

The task force, chaired by industry leader Tracy Farmer, promptly set about gathering information and conducting meetings. The task force invited a wide range of experts to provide their insight and expertise. Over the following four months, the subcommittees held numerous meetings and reviewed hundreds of pages of documents as part of their information-gathering process. The subcommittees then developed their recommendations.

The following is a discussion of the recommendations made by the task force as well as a status report outlining the accomplishments.

**Determine funding mechanisms that will allow the Kentucky Horse Racing Commission to be more properly funded and staffed.**

During the 2009 Special Session, the KHRC received additional funding from the general fund that allowed the KHRC to be more properly funded and staffed until the end of the biennium. This was not a permanent source of funding for the KHRC. The Governor's Task Force Report helped convey the message to the legislature that the KHRC has been understaffed and underfunded for years.

**It was recommended that KHRC hire 10 new full-time staff members consisting of two state stewards, two auditors, one paralegal, a staff attorney, two investigators, a racing veterinarian, and a veterinary technician. It was also recommended that KHRC fill current vacancies in the positions of Supervisor of Pari-Mutuel Wagering, Director of Enforcement and Investigator and hire additional interim personnel as needed.**

The Pari-mutuel Wagering Supervisor and the Director of Enforcement began working for KHRC on Dec.1, 2009 and Dec.16, 2009, respectively. Additionally, as of Dec. 31, 2009, one paralegal and one veterinary technician were added to the staff.

**Put all three Thoroughbred stewards and Standardbred judges on the KHRC payroll.**

The legislature amended a statute in the 2009 general session to provide for two Thoroughbred stewards and two Standardbred judges to be on the KHRC payroll. The regulations have been promulgated to authorize this change.

**Submit a budget request for a pari-mutuel information monitoring system as a capital project.**

The KHRC submitted a budget request for an integrated agency database and information system (which includes a pari-mutuel wagering monitoring component) as a capital project to the Capital Planning Advisory Board. The KHRC's proposal was designated as "High Priority" and was included in the 2010-2016 Capital Plan that was presented to the Legislature. This system would have improved the efficiency and effectiveness of the agency's operations, both overall and by division. Initiatives addressed through this project included:

- (1) Acquisition, storage and marriage of pari-mutuel wagering data, racing data, licensing data and Kentucky Breeders' Incentive Fund data.
- (2) Wagering Monitoring.
- (3) Electronic Foal Papers.
- (4) Access to Horsemen's Bookkeeping accounts for ownership verification.
- (5) Digital fingerprinting and on-line licensing.
- (6) Horse Injury database.
- (7) Improved reliability and speed of system.

This project was declined due to budgetary constraints.

### **Obtain Comprehensive Horse Racing Information Management System (CHRIMS).**

When the Task Force report was presented, CHRIMS was thought to be a sole source provider for a pari-mutuel wagering accounting system that the KHRC needed. However, since then, the KHRC determined that CHRIMS was not a sole source provider. Therefore, the KHRC distributed a Request for Proposal for a pari-mutuel wagering accounting system. After a review of various proposals, the KHRC selected the vendor CHRIMS to provide these services during 2010.

**Require a track to record the exact time of races on all video feeds originating from Kentucky, require a tote company to certify the exact time of the closing of betting windows, require all tracks, tote companies, and video providers to synchronize their time systems, and require tracks to provide a tote company with written permission for KHRC to receive handle and wagering information directly from the tote company.**

The KHRC addressed most of these requirements through Conditions of Licensure as part of the Racetrack License Application approval process. In addition, tracks and OTB sites are also required to notify KHRC of communications, reports or investigations by any state or federal regulatory agencies.

### **Establish a Kentucky Horse Racing Integrity Hotline.**

The KHRC developed a Kentucky Horse Racing Integrity Hotline whereby individuals can provide the agency with tips either through a secure website or via a toll-free number. The hotline became available Dec. 30, 2009.

**Continue efforts to verify and regulate wagering into Kentucky pools; Monitor the progress of national efforts regarding the early closing of pools; and Establish regulations regarding past posting, cancel delay, late odds changes and unusually low payoffs.**

During the first quarter of 2009, Chairman Beck created a Wagering Integrity Subcommittee and tasked this group with reviewing the issues mentioned above and making recommendations to the full Commission. This group has been actively researching and meeting in order to be able to make recommendations to the full Commission that will help address wagering integrity issues. As part of the KHRC housekeeping legislation passed in 2009, the Commission now has the authority to license and regulate totalizator companies and Secondary Pari-mutuel Wagering Organizations (SPMOs).

**Establish a non-profit, world class research and drug testing institute with a significant accreditation status.**

Discussions with HFL, a world class lab located in Newmarket, England were conducted during 2009 relating to establishing a laboratory in Lexington, Kentucky. On March 16, 2010, a contract was entered into with HFL whereby HFL will establish a laboratory in Kentucky. The laboratory will become accredited after it is operational. The contract contemplates the laboratory being operational Jan. 31, 2011.

## **KHRC HOUSEKEEPING LEGISLATION**

The KHRC had needed to update several provisions throughout the statutes governing horse racing in Kentucky. In addition, many of these proposed amendments were designed to promote the integrity of the sport. Several of the amendments were recommended by the Governor's Task Force on the Future of Horse Racing. The KHRC staff worked with the Governor's Office, the legislature and the Legislative Research Commission (LRC) to shepherd through the housekeeping legislation which became law on June 25, 2009. The following is a brief description of some of the highlights:

### **Definitions**

- Provided definitions for advance deposit account wagering, advance deposit wagering licensee and secondary pari-mutuel organization (SPMO) which the KHRC is proposing to license.
- Amended the definition of principal to include stockholders who own 5 percent or more of the entity. Disclosure of stockholders will be required at the 5 percent level and background checks will be required at the 10 percent level.

#### Stewards and Judges

- Provided that two stewards and two judges will be employed by the Commission. The other steward and judge will be employed by the race track.

#### Clarified Jurisdictional questions

- This amendment clarified that the KHRC is vested with jurisdiction over the following: SPMO's, totalizator companies, manufacturers or vendors of any equine medication which is purchased by or delivered to a licensee or other person participating in Kentucky horse racing, and horse training centers or facilities that record official timed workouts for publication.
- The KHRC may investigate any person owning a horse or performing services regulated by this chapter on a horse registered to participate in a breeders' incentive fund under the jurisdiction of the KHRC.

#### Ability to Fine

- KRS 230.260 was amended to clarify that the KHRC has the ability to fine. The other available sanctions were also more clearly stated.

#### Production of documents

- KRS 230.260 was amended to clarify that the KHRC may issue a subpoena for documents and equipment.

#### Equine Drug Research Council

- KRS 230.265 was amended to provide more flexibility in the use of the money derived from the pari-mutuel tax and to be dedicated to financing research. The language continues to provide that the money is to be used in Kentucky. The types of research for which the money can be used were expanded to include equine medical research and equine health research. Expenditures are to relate to the racing industry.

#### Licensing

- The class of licensee can now be expanded by administrative regulation. The LRC had encouraged this amendment. This will help the KHRC maintain more accurate records of the classifications of people who are licensees.

#### Licensing Race Tracks

- Provided KHRC with the authority to charge a filing fee to an applicant for a race track license. This was meant to cover the cost of processing the application –especially for a new track.



### Background Checks

- The KHRC may require an applicant for a license for an SPMO, a totalizator company or race track principal to submit to and pay for a background check.

### Application for a stay

- The standard was changed to provide that on a finding of good cause, the executive director or his designee may grant or deny a stay. An appeal process was built into the language. The appeal from a commission order regarding a stay will be heard in the Circuit Court of the county in which the cause of action arose.

### Frivolous Appeals

- If the KHRC finds an appeal is frivolous
  - That factor can be considered an aggravating circumstance in assessing a penalty
  - The licensee can be required to reimburse the KHRC for the cost of the investigation and the adjudication of the appeal.

## **ADVISORY COMMITTEES and WORKING GROUPS**

Several committees and working groups were appointed by the Governor or Chairman Beck and met throughout 2008 and 2009 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 the Dec. 31, 2009. For a list of current KHRC committees, go to

<http://www.khrc.ky.gov/aboutus/committees.htm>.

### **Kentucky Equine Drug Research Council**

The Kentucky Equine Drug Research Council (EDRC) made recommendations to the KHRC regarding equine racing medication rules and policies, with the most notable recommendation of 2008 being a ban on anabolic steroids for Thoroughbred and Standardbred racing. The EDRC has working committees researching several industry issues, including the use of anabolic steroids, and necropsies which will be discussed in more detail below.

### **2008 MEETING DATES**

The EDRC met on the following dates in 2008:

May 20  
June 16  
August 14  
December 15

### **2009 MEETING DATES**

The EDRC met on the following dates in 2009:

February 10  
March 10  
April 7  
May 12  
June 9  
July 7  
September 8  
October 27  
December 1

The following provides a summary of EDRC activities for 2008 and 2009.

On July 9, 2008, Gov. Beshear named Dr. Jerry Yon to chair the EDRC, and reappointed Dr. Yon to chair the Council on Sept. 22, 2008, to serve a term expiring Aug. 1, 2012.

On Aug. 14, 2008, the EDRC recommended that the KHRC adopt a ban on anabolic steroids.

On Aug. 25, 2008, the KHRC approved the EDRC's recommendations to ban anabolic steroids for Thoroughbred and Standardbred racing and requested that Governor Beshear adopt the changes in state law through an emergency regulation.

Under the amendment to the drug regulation, anabolic steroids cannot be administered to a horse that is in competition. In addition, the presence of any naturally occurring anabolic steroid in a racehorse that is above natural levels will constitute a violation of the drug rule. The rule set forth naturally occurring physiological levels for boldenone, nandrolone, and testosterone which can be given for therapeutic reasons, but only under certain conditions. The proposed regulation stated that a horse would be ineligible to race in Kentucky until at least 60 days after administration of a therapeutic anabolic steroid.

In addition, the EDRC recommended strengthening the penalties for detection of anabolic steroids and the KHRC acted on the recommendation by placing all anabolic steroids in the Class B Category when assessing penalties. A violation involving a Class B medication may carry a penalty of up to 60 days suspension. Under the previous drug rule, those steroids were treated as Class C medications, carrying a penalty of up to 10 days suspension.

The KHRC also approved the following EDRC recommendations relating to anabolic steroids to:

- Establish a 90-day grace period which started Sept. 5, 2008 in conjunction with Gov. Beshear signing the anabolic steroid ban into law, noting the KHRC would begin sending notices of positives to trainers and owners after the first 30 days of the grace period.
- Provide the capability for persons who claim a horse to be able to request that the horse be tested for anabolic steroids at the time the claim form is filed with the racetrack. The claimant will bear the cost of the test, but if the test results are positive, the claimant may void the claim.
- Provide the capability for trainers who ship horses to Kentucky shortly before the race to either follow the reporting requirements set forth in the regulation, certify that the horse has not received anabolic steroids in the last 60 days, or if the trainer cannot certify that the horse has not had anabolic steroids because they recently took the horse under their care, then the trainer must acknowledge and accept responsibility if a positive test result is returned for anabolic steroids.

Gov. Beshear supported the KHRC's decision with the following statement:

***"I fully support the action taken today (Sept. 5, 2008) by the Kentucky Horse Racing Commission to ban anabolic steroids in Thoroughbred and Standardbred racing. The vote reflects our shared commitment to strengthening horse racing in the Commonwealth. As a result, I will deem this issue an emergency so that the regulation can go in effect as quickly as possible. I appreciate the commission's quick and aggressive action that will help preserve the integrity of Kentucky's signature industry."***

During 2008 and 2009, other notable accomplishments of the EDRC were as follows:

- Under Dr. Yon's direction, the EDRC recommended and the KHRC approved that the University of Florida Equine Medication Testing Laboratory (University of Florida) be awarded the contract to become the official equine medication testing laboratory for the KHRC and Kentucky horse racing. University of Florida became the official

testing laboratory on March 4, 2009. As a result of this new contract, all post race samples are now tested to the specifications set forth by the American Graded Stakes Committee of the Thoroughbred Owners and Breeders Association. Despite this expanded scope of testing, the cost of testing on a per sample basis was reduced from \$235 with the previous laboratory's contract to \$175 with the Florida Racing Laboratory contract.

- Quarterly results of lab testing were presented to the EDRC.
- A committee appointed by Dr. Jerry Yon, investigated and made recommendations regarding the McKinsey Report. The report provides a method for selective submission of samples for drug testing which allows for equal or increased sampling but fewer tests to be run. This allows us to be "smarter" about the tests to be run while providing the tracks with the added benefit of saving money on the drug testing costs. The EDRC recommended and the KHRC approved testing protocols based on the McKinsey Report.
- A research working group was appointed by Dr. Yon and recommended the approval of six research projects to be funded by the KHRC. The research projects flowed through the University of Kentucky Equine Initiative. The proposal to work with the University of Kentucky Equine Initiative was made by Dr. Nancy Cox.
- The Necropsy committee met throughout both years and provided updates to the EDRC.
  - Discussed development of standardized protocol for performing necropsies; with input from the necropsy committee, the protocol was standardized by pathologists at the Livestock Disease Diagnostic Center.
  - Added MRI exam of limbs of deceased horses to necropsy protocol.
  - Recommended to the KHRC approval of the purchase of digital imaging unit to increase the quantity and quality of data collected in the racing necropsy protocol.
  - Identified strategies for improved information management.
- During 2009, discussed "housekeeping bill" before Legislature that would expand scope of research that could be authorized by KEDRC.
- Dr. Richard Sams discussed corticosteroid research being performed by RMTC (Racing Medication and Testing Consortium). EDRC informally decided to await that research information before making a recommendation to KHRC about corticosteroids.
- Reviewed data regarding track fatalities.
- Received a report regarding Kentucky participation in RMTC research on NSAIDs (non-steroidal anti-inflammatory drugs) research (no expense to KEDRC).

- Discussed the regulation of hyperbaric oxygen chambers. Dr. Northrop presented the position of the AAEP Racing Committee.
- Dr. Scollay provided an update regarding visit by Dr. Mick Peterson and John Deere engineers to Churchill and Keeneland.
- During 2009, Dr. Jim Morehead provided a report on compounding medications and pharmacies.

On Sept. 22, 2008, Gov. Beshear appointed the following members to the Kentucky Equine Drug Research Council to serve for terms expiring Aug. 1, 2012:

- Hollie I. Swanson, of Lexington, is a professor at the University of Kentucky. She represents pharmacologists.
- W.B. Rogers Beasley, of Lexington, is the Director of Racing for the Keeneland Association. He represents licensed racing associations.
- Frank Dwayne Marcum, of Versailles, is a veterinarian in private practice and president of ArthroDynamic Technologies, Inc. He represents veterinarians.
- Andrew M. Roberts, of Lexington, is a veterinarian in private practice. He represents Kentucky Harness Horsemen's Association.
- John A. Cashman, of Lexington, is the retired president of Castleton Farms. He represents the harness racing industry. Mr. Cashman was replaced by Arthur B. Zubrod on Dec. 29, 2009. Mr. Zubrod represents the harness racing industry and will serve for a term expiring Aug. 1, 2012.
- Gary Lavin, of Goshen, is a veterinarian in private practice. He represents Thoroughbred breeders.
- Damon Thayer, of Georgetown, is a senator. He represents the legislators.

The Governor also reappointed the following members to the council to serve for terms expiring Aug. 1, 2012.

- Jerry L. Yon, of Lexington, is a physician in private practice. He represents the Kentucky Horse Racing Commission and will chair the council.
- Rick Hiles, of Louisville, is a Thoroughbred horse owner and trainer. He represents horsemen.

From Jan. 1, 2008 to July 8, 2008, the Council chair was Connie Whitfield. On July 9, 2008, Gov. Beshear named Dr. Jerry Yon to chair the EDRC, and reappointed Dr. Yon to chair the Council on Sept. 22, 2008, to serve a term expiring Aug. 1, 2012. From Jan. 1, 2008 to Sept. 22, 2008, the Council members were:

Dr. Fairfield Bain  
Susan Bunning  
Alice Chandler  
Dr. Gary Lavin  
Alan Leavitt  
William Napier  
John T. Ward, Jr.

During the course of 2008, the EDRC formed three subcommittees to address pertinent issues, including necropsies, anabolic steroids and out-of-competition testing.

#### Necropsy Subcommittee

At the May 20, 2008 EDRC meeting, the Necropsy Subcommittee was formed. This subcommittee advises the EDRC on issues related to necropsies and is in the process of developing standard protocol for racing fatality necropsies.

Chair: Dr. Mary Scollay

Members:

Dr. Craig Carter  
Dr. Cynthia Gaskill  
Dr. Bryce Peckham  
Dr. Kim Sprayberry  
Dr. Neil Williams

#### Anabolic Steroid Subcommittee

Also at the May 20, 2008 EDRC meeting, the Anabolic Steroid Subcommittee was formed. This subcommittee made recommendations to the EDRC regarding anabolic steroid regulations. The KHRC approved this committee's recommendations on Aug. 25, 2008. Governor Beshear signed the ban on anabolic steroids into law by emergency regulation on September 5, 2008. Upon accomplishing the sole objective of this committee, enacting an anabolic steroid rule, the committee was disbanded.

Chair: Dr. Jim Smith

Members:

Dr. Kevin Dunlavy  
Dr. David Nash  
Dan Rosenberg  
Dr. Mary Scollay

#### Out-of-Competition Testing Subcommittee

This subcommittee advised the EDRC on issues related to out-of-competition testing, especially regarding blood doping, commonly referred to as EPO and d-EPO.

Chair: Alan Leavitt

Members:

Daisy Phipps

Dr. Mary Scollay

#### **Safety and Welfare Committee**

At the May 19, 2008, KHRC meeting Chairman Robert Beck appointed the following members to the Safety and Welfare Committee:

Chair: Elizabeth Lavin

Members:

Edward S. Bonnie

Dr. Foster Northrop

Tom Ludt

Dell Hancock (served until July 2, 2008)

At the July 14, 2008 KHRC meeting, the committee recommended the adoption of the amendment to the Thoroughbred regulation to provide for the ban on the use of front shoe toe grabs and the amendment was approved by the Commission. Based upon the RCI model rule, this change reflected the Commission's commitment to the prevention of racing related injuries.

On Sept. 15, 2008, the committee recommended, and the Commission approved, changes in racing rules governing the use of whips in Standardbred racing. The changes banned all one-handed whipping and the use of a whip with a "snapper" in Standardbred racing in Kentucky. These changes demonstrated the Commission emphasis on ensuring the safety and welfare of both human and equine participants in horse racing and established the KHRC as a leader in this area. Other jurisdictions have since followed Kentucky's lead by adopting similar rules.

In response to these changes, Alan Leavitt noted,

***"These reforms make Kentucky the first racing jurisdiction in North America to ban abusive whipping in Standardbred racing . . . and this great step forward was made possible by the unanimous approval of the board of the Kentucky Harness Horsemen's Association."***

At the Dec. 1, 2008 meeting, the Safety and Welfare Committee approved recommendation of an amendment to the regulation governing the use of the Thoroughbred riding crop, which was subsequently approved by the KHRC at the Commission's Jan. 6, 2009 meeting. The amendment was consistent with a recently adopted RCI Model rule. Ms. Lavin, the Committee's chair, noted that at the Sept. 15, 2008 meeting, the jockeys agreed to test the new riding crops at Keeneland, Churchill Downs and Turfway Park. This provided the Committee the opportunity to hear the comments of the jockeys.

On July 31, 2009 a new rule went into effect regarding safety helmets which required a helmet to be worn meeting certain safety standards by anyone mounted on a horse or stable pony at a location under the jurisdiction of KHRC.

In addition, this committee also recommended an update of the jockey safety vest rule to the full commission. The safety vest rule requires any person mounted on a horse or stable pony at a location under the jurisdiction of KHRC to wear an approved safety vest. The Association of Racing Commissioners International (ARCI) followed KHRC's lead with a model rule of its own based on Kentucky's safety vest rule.

During 2008 and 2009, the committee discussed other issues related to the safety and welfare of the horse and the participants, including but not limited to, track surfaces, the use of shockwave therapy machines and the equine injury database and equine and human protocols.

### **Rules Committee**

This committee reviewed the regulatory structure of the KHRC and made recommendations regarding regulations governing the racing industry. The committee members were instrumental in updating Standardbred and Thoroughbred regulations and continue to update the regulations. Multiple meetings were held during the last two years.

The Rules Committee recommended a substantial revision to the individual licensing regulation which was approved by the KHRC on July 14, 2008. The KHRC approved amendments to the Thoroughbred and Standardbred licensing regulations, 810 KAR 1:025 and 811 KAR 1:070, respectively. The amended regulations moved toward conformity with the Association of Racing Commissioners International (RCI) Model rule on licensing, as part of a drive toward uniformity across all racing jurisdictions.

The Rules Committee also recommended a substantial revision to the regulation governing the licensing of racing associations which includes an application form. The new racing association regulation provides the KHRC with more detailed information regarding the associations for purposes of making licensing and race date allocation decisions. The association licensing regulation was filed by emergency regulation on Sept. 30, 2009.



The Rules Committee also recommended and the KHRC approved amendments to the following regulations with the following effective dates:

- Standardbred sire stakes entry fees - effective on June 5, 2009.
- Kentucky Horse Breeders' Incentive Fund - effective July 6, 2009.
- Standardbred microchip identification - filed Nov.2, 2009.
- Thoroughbred microchip identification - effective June 5, 2009.
- Standardbred judges and Thoroughbred stewards regulations were amended to provide that KHRC shall hire 2 judges and stewards and the associations shall hire 1 judge and steward – effective Dec. 4, 2009.

At the Feb.10, 2009 Commission meeting, the Kentucky Walking Horse Breeder Incentive Fund application was referred to the Rules Committee. Specifically, the Rules Committee was charged with investigating the conduct of the KWH-BIF and the effectiveness of the Horse Protection Act (HPA). For further detail, see the section in this report titled "Division of Incentives and Development – Kentucky Horse Breeders' Incentive Fund."

Members:

Edward S. Bonnie  
F. Thomas Conway  
Burr Travis, Jr.

From Jan. 1, 2008 to July 2, 2008, the committee members were:

Chair: Douglas Hendrickson

Members:

Ken Jackson  
Larry Telle  
Ben Walden  
Connie Whitfield

### **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. Multiple meetings were held during 2008 and 2009. For additional detail, see the section in this report titled "Licensing Division."

Members:

Edward S. Bonnie  
F. Thomas Conway  
Burr Travis, Jr.  
Lisa Underwood  
Marc A. Guilfoil

Steven Estepp

From Jan. 1, 2008 to mid-July, the committee members were:

Lisa Underwood

Marc A. Guilfoil

Leesa Moorman

Bill Vest

### **Wagering Integrity Working Group**

This working group was formed in late 2007. The group was charged with the responsibility of investigating wagering integrity and security issues and make recommendations to the KHRC. During 2008, this group visited several race tracks to inspect tote systems and gather information from various sources related to wagering integrity issues. The group also researched potential remedies for the betting windows being left active after the starting gate was opened. The group also recommended “Conditions to Licensure” which the KHRC utilized in connection with the race track applications and approval of the request for race dates for racing in 2009.

Chair: Tom Ludt

Members:

Edward S. Bonnie

Frank Kling

Steven Estepp

Marc Guilfoil

Greg Lamb

Lisa Underwood

Secretary Robert D. Vance

Rick Williams

Mike Maloney

The following are some of the 2009 activities for this committee:

- In January, Lisa Underwood, executive director of the KHRC, and Ned Bonnie met with representatives of United Tote at their River Road facility to discuss tote issues.
- Held informal educational meetings during 2009 and discussed wagering integrity issues with industry representatives such as the licensed associations, tote companies and RCI.
- During 2009, the KHRC submitted a Request for Proposals (RFP) for a system to provide pari-mutuel data processing and reporting. The Supervisor of Pari-mutuel Wagering and information technology person will be in charge of this initiative.
- Made the following three recommendations to Commission in the fall of 2009:

- The windows be closed at zero minutes to post;
- Bets be booked by the association if a wager is accepted by the association, a ticket is sold and the wager is not merged into the pool; and
- Approval of race track license application should be conditioned on the tracks meeting and agreeing to meet certain conditions.

The Commission approved adding the conditions of licensure as a condition to issuing a racetrack application. The commission asked for additional review on the other two recommendations before taking action.

### **Kentucky Thoroughbred Development Fund Advisory Committee**

This committee advised and assisted the KHRC in the supplemental purse program funded by a portion of the pari-mutuel tax. The committee meets on a regular basis to approve purse schedules for each association. There were three KTDF Advisory Committee meetings in calendar year 2008 and four in calendar year 2009. For additional information regarding the Kentucky Thoroughbred Development Fund, go to: <http://www.kta-ktob.com>.

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

Members:

Cliff Reed, representing the licensed associations

Bill Landes, representing Thoroughbred breeders (KYTOBA)

Tom Ludt, representing the KHRC

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

From Jan. 1, 2008 to July 2, 2008, the KHRC was represented on the KTDF Advisory Committee by Douglas Hendrickson and from Jan. 1, 2008 to June 30, 2008, the licensed associations were represented on the KTDF Advisory Committee by Ron Geary and from July 1, 2008 to June 30, 2009, by Scott Graff.

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.

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. KTDF money supplements purses in stakes, handicap, allowance and non-claiming maiden events in Kentucky. 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-Kentucky bred 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. The following chart documents the amounts offered by, paid out by and reverted to the Kentucky Thoroughbred Development Fund in 2008 and 2009:

**KY Thoroughbred Development Fund (KTDF)      Calendar Year 2008**

<u>Track/Meet</u>	<u>Offered</u>	<u>Paid Out</u>	<u>Reverted</u>
<u>Turfway Park</u>			
Winter/Spring	\$1,400,000	\$ 807,462	\$ 592,538
<u>Turfway Park</u>			
Fall	\$ 670,000	\$ 592,800	\$ 77,200
<u>Turfway Park</u>			
Holiday	\$ 545,100	\$ 445,810	\$ 99,290
<u>Keeneland</u>			
Spring	\$ 822,600	\$ 602,385	\$ 220,215
<u>Keeneland</u>			
Fall	\$ 598,100	\$ 454,395	\$ 143,705
<u>Churchill Downs</u>			
Spring	\$2,106,700	\$ 1,643,145	\$ 463,555
<u>Churchill Downs</u>			
Fall	\$ 968,200	\$ 750,610	\$ 217,590
<u>Ellis Park</u>			
Summer	\$ 879,000	\$ 747,550	\$ 131,450

**KY Thoroughbred Development Fund (KTDF)      Calendar Year 2009**

<u>Track/Meet</u>	<u>Offered</u>	<u>Paid Out</u>	<u>Reverted</u>
<u>Turfway Park</u>			
Winter/Spring	\$1,067,100	\$ 870,202	\$ 196,898
<u>Turfway Park</u>			
Fall	\$ 457,900	\$ 425,000	\$ 32,900
<u>Turfway Park</u>			
Holiday	\$ 366,000	\$ 312,730	\$ 53,270
<u>Keeneland</u>			
Spring	\$ 511,000	\$ 367,750	\$ 143,250
<u>Keeneland</u>			
Fall	\$ 651,402	\$ 511,419	\$ 139,983
<u>Churchill Downs</u>			
Spring	\$1,802,800	\$1,204,470	\$ 598,330
<u>Churchill Downs</u>			
Fall	\$1,058,400	\$ 696,530	\$ 361,870
<u>Ellis Park</u>			
Summer	\$ 830,500	\$ 569,625	\$ 260,875

### **Kentucky Standardbred Development Fund Advisory Committee**

The 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 both 2008 and 2009, the KHRC hosted the "Unbridled Evening of Champions" at the Red Mile showcasing the top 2 and 3 year old Kentucky-sired Standardbred trotters and pacers.

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 Guilfoil

Ken Jackson

Bobby Stewart

Art Zubrod

From Jan. 1, 2008 to July 2, 2008, Ken Jackson was chair of the Kentucky Standardbred Development Fund Advisory Committee.

### **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. On Nov.1, 2008 the Committee began reviewing applications to ensure each breed complied with the rules and regulations. The Kentucky Horse Breeders' Incentive Fund is discussed in more detail under the section of this report titled *Kentucky Breeders Incentive Funds*. Also, for additional information related to the Kentucky Horse Breeders' Incentive Fund, go to:

<http://www.khrc.ky.gov/incentives/nonrace.htm>

On July 1, 2009 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, 2010 or the appointment of any successor.

From Jan.1, 2008 until July 2, 2008 the members of the KHBIF Advisory Committee were:

Frank Kling  
Thomas Gaines  
Frank Penn

From July 2, 2008 until July 1, 2009 the members of the KHBIF Advisory Committee were:

Thomas Gaines  
Wade Houston  
Frank Penn

Since July 2, 2009 the members of the KHBIF Advisory Committee were:

Edward S. Bonnie  
Mary Ann Cronin  
Frank Penn

### **Race Dates Committee**

This committee reviewed the racetrack license applications and the race dates requests for 2010 at a meeting held on Oct. 26, 2009 and made a recommendation to KHRC.

Chair: Robert M. Beck

Members:

Thomas Gaines  
Elizabeth Lavin  
Dr. Foster Northrop

### **Sprint Racing New Track Application Committee**

This committee was charged with analyzing the application of Sprint Partners, LLC, to establish a new race track facility in Laurel County near London, KY filed April 2, 2007. This committee was charged with analyzing the application of Sprint Partners, LLC, to establish a new race track facility in Laurel County near London, KY. New members will need to be appointed if this application revives.

Chair: Jerry Yon

Members: New members will be appointed if this application is revived.

From Jan.1, 2008 to July 2, 2008, the committee members were:

Chair: Larry Telle

Members:

Douglas Hendrickson

Ken Jackson

Franklin Kling

Jerry Yon

### **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. 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 both 2008 and 2009. For additional information, regarding the *Health and Welfare Fund*, please visit [www.kyracinghealth.org](http://www.kyracinghealth.org).

Chair: Donald Ball

Members:

Rick Hiles, Vice-President

Dr. Randy Scheen, Treasurer

Carol Hebel, Secretary

Frank Jones, Member



The Health and Welfare Fund receives funding from un-cashed pari-mutuel tickets that are over one year old. Pursuant, to KRS 230.362, any reported pari-mutuel ticket that has not been claimed within one (1) year from the time the ticket became payable is presumed to be abandoned. Each year, any person or association holding any unclaimed tickets presumed abandoned as of July 1 of that year (in other words, any person holding on July 1 any tickets that have not, as of that date, been claimed for a year or more) is required to create a list of the tickets. The list, which records the amount of each ticket, is then submitted to the commission by September 1 of the same year. Between November 1 and November 15, the person or association then turns over to the commission the sum represented by the tickets as reported.

**Thoroughbred Unclaimed Pari-mutuel Tickets**

**Remitted to KY Health and Welfare Fund**

**Fiscal year 2008**

Tracks/OTB	Amount Unclaimed	Amount Claimed	Advertising	Total Paid
Churchill Downs	\$1,007,264	\$4,407	\$849	\$1,002,008
Ellis Park	\$154,303	\$0	\$0	\$154,303
Keeneland Association	\$754,661	\$0	\$349	\$754,312
Kentucky Downs	\$132,285	\$0	\$0	\$132,285
Turfway Park	\$230,196	\$0	\$64	\$230,132
Bell County OTB	\$8,589	\$0	\$175	\$8,414
Mason County OTB	\$33,033	\$0	\$419	\$32,614
Russell County OTB	\$31,054	\$0	\$110	\$30,944
Whitley County OTB	\$19,640	\$0	\$0	\$19,640
<b>TOTAL</b>	<b>\$2,371,025</b>	<b>\$4,407</b>	<b>\$1,966</b>	<b>\$2,364,652</b>

**Thoroughbred Unclaimed Pari-mutuel Tickets**

**Remitted to KY Health and Welfare Fund**

**Fiscal year 2009**

Tracks/OTB	Amount Unclaimed	Amount Claimed	Advertising	Total Paid
Churchill Downs	\$1,216,589	\$9,920	\$862	\$1,205,807
Ellis Park	\$181,802	\$0	\$0	\$181,802
Keeneland Association	\$804,071	\$0	\$529	\$803,542
Kentucky Downs	\$139,545	\$0	\$144	\$139,401
Turfway Park	\$213,205	\$22,173	\$39	\$190,993
Bell County OTB	\$10,541	\$0	\$0	\$10,541
Mason County OTB	\$24,843	\$0	\$1,073	\$23,770
Russell County OTB	\$33,024	\$0	\$362	\$32,662
Whitley County OTB	\$10,146	\$0	\$249	\$9,897
<b>TOTAL</b>	<b>\$2,633,766</b>	<b>\$32,093</b>	<b>\$3,258</b>	<b>\$2,598,415</b>

## **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 2008, there were races at nine 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 nine 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.

In 2009, there were races at eight fairs throughout the commonwealth of Kentucky. Races began in May and finished on August 2 at the Fair Finals held at The Red Mile. 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 2008**

Tracks/OTB	Amount Unclaimed	Advertising	Total Paid
Players Bluegrass Downs	\$29,535	\$0	\$29,535
The Red Mile	\$38,732	\$337	\$38,395
Thunder Ridge	\$21,072	\$46	\$21,026
Pikeville OTB	\$16,461	\$255	\$16,206
Hazard U-Bet	\$21,192	\$72	\$21,120
<b>TOTAL</b>	<b>\$126,992</b>	<b>\$710</b>	<b>\$126,282</b>

### **Standardbred Unclaimed Pari-mutuel Tickets**

#### **Remitted to KY Colt Racing Association**

**Fiscal year 2009**

Tracks/OTB	Amount Unclaimed	Amount Claimed	Advertising	Total Paid
Players Bluegrass Downs	\$23,211	\$0	\$133	\$23,078
The Red Mile	\$38,404	\$0	\$505	\$37,899
Thunder Ridge	\$15,300	\$35	\$375	\$14,890
Pikeville OTB	\$16,722	\$0	\$756	\$15,966
Hazard U-Bet	\$19,719	\$0	\$208	\$19,511
<b>TOTAL</b>	<b>\$113,356</b>	<b>\$35</b>	<b>\$1,977</b>	<b>\$111,344</b>

## FINANCIAL ANALYSIS

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The following statement is the actual operating budget for the KHRC for the fiscal year ended June 30, 2008 and June 30, 2009.

<i>KHRC RECEIPTS AND</i>	<b>FY2008</b>	<b>FY2009</b>
<i>EXPENDITURES</i>	<b>Amount</b>	<b>Amount</b>
<i>Balance Carryforward</i>	1,958,444	758,847
<i>Receipts:</i>		
<i>Track Reimbursements</i>	7,000	234,800
<i>General Fund Allotment</i>	504,200	406,800
<i>License Fees</i>	1,141,299	1,564,515
<i>Fines</i>	60,736	68,705
<i>Interest</i>	969	1,571
<i>Other</i>	<u>48,058</u>	<u>44,659</u>
<i>Total Receipts</i>	1,762,262	2,321,050
<i>Non revenue receipts</i>	(211,800)	(206,800)
<i>Balance</i>	3,508,906	2,873,097
<i>Expenditures:</i>		
<i>Personnel</i>	2,040,094	2,209,182
<i>Operating</i>	672,347	574,837
<i>Capital Outlay</i>	<u>37,618</u>	<u>-</u>
<i>Total Expenditures</i>	2,750,059	2,784,019
<i>Balance</i>	<u>758,847</u>	<u>89,078</u>

## **Discussion of Financial Analysis**

For the fiscal year ended June 30, 2008, the KHRC started the year with a balance carry-forward of \$1,958,444 and received funding from the following three 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 \$211,800 resulting in net current receipts of \$1,550,462 for the KHRC. With these net current receipts and the balance carry-forward the agency had \$3,508,906 in total funds for fiscal year 2008.

These total funds were reduced by \$2,750,059 of Personnel and Operating Expenditures for the current year. This left the agency with a balance of \$758,847 as of June 30, 2008.

For the fiscal year ended June 30, 2009, the KHRC started the year with a balance carry-forward of \$758,847 and received funding from the following three 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 \$206,800 resulting in net current receipts of \$2,114,250 for the KHRC. With these net current receipts and the balance carry-forward the agency had \$2,873,097 in total funds for fiscal year 2009.

These total funds were reduced by \$2,784,019 of Personnel and Operating Expenditures for the current year. This left the agency with a balance of \$89,078 as of June 30, 2009.

It is important to note that in Fiscal year 2008, current expenditures of \$2,750,059 were greater than current net receipts of \$1,550,462 and in Fiscal year 2009, current expenditures of \$2,784,019 were greater than current net receipts of \$2,114,250. Obviously, without the balance carry-forward in both years, the agency would not have had sufficient funding to operate.

In the 2006 audit by the Auditor of Public Accounts, it was illustrated that the KHRC has been chronically understaffed and underfunded. The KHRC is the entity charged with protecting the integrity of horse racing in Kentucky. However, the KHRC has not been fully provided the financial resources to hire the staff necessary to fulfill that statutory mandate.

The 2006 APA Audit found that “the total operating expenditures for KHRC are lower, on average, than most other states surveyed.” (Page 34 of the APA Audit)

This concept was also addressed by the Report of the Governor's Task Force on the Future of Horse Racing.

***“In comparing the resources on a per-race day basis to ensure integrity of other major racing jurisdictions – New York, California, Florida, Pennsylvania and New Jersey – we find that Kentucky instead of being first is last”...“While some states have committed as many as six people to wagering security and made arrangements for independent monitoring, Kentucky has yet to commit one.” - Ed Martin, testimony on Sept 18, 2008, before the Subcommittee on Funding and Staffing of the Governor's Task Force on the Future of Horse Racing.***

Mr. Martin's testimony was in reference to the charts included below. The chart titled “Comparison of Regulatory Resources” was compiled from a survey of racing jurisdictions which was independently completed and compiled by the Association of Racing Commissioners' International, of which Mr. Martin is President. The bar charts that follow the “Comparison of Regulatory Resources” extracted from the information and data that is included in “Comparison of Regulatory Resources” chart.

It is important to note that at 2008-2009 staffing levels, the KHRC had far fewer personnel than most other major racing jurisdictions (New York, California, etc.) both in terms of overall numbers and by specific, critical divisions. Additionally, at current staffing levels, as mentioned above, the KHRC was projected to not have the necessary funding to operate in the coming years.

So, not only was the agency underfunded at its previous staffing levels, but when compared to other jurisdictions, the KHRC was understaffed. Therefore, if the agency were on par with its peers, as it related to resources committed, the anticipated budget deficits would be larger.

The charts below illustrate how Kentucky compares to other states in areas such as resources, budget, and personnel. These charts were originally compiled by the Association of Racing Commissioners International (ARCI) and submitted for the *Report of the Governor's Task Force on the Future of Horse Racing* on Sept.18, 2008.

## COMPARISON OF REGULATORY RESOURCES

Prepared by the Association of Racing Commissioners International, submitted September 18, 2008

Amounts represent most recent calendar or fiscal year as reported by relevant jurisdiction

Race Days	Kentucky	New York	California	Pennsylvania	New Jersey	Florida
Total	351	1374	793	850	490	507
Thoroughbred	271	402	444	415	147	349
Standardbred	78	972	141	435	343	148
Quarter Horse	2		208			

Handle	\$	1,413,316,709.00	\$	3,054,560,741.00	\$	4,378,778,214.00	\$	934,200,853.00	\$	1,400,000,000.00	\$	1,480,427,370.00
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Purses (Calendar 2007 for KY)	\$	95,682,401.00	\$	229,687,871.00	\$	170,038,461.00	\$	127,344,002.00	\$	80,000,000.00	\$	73,018,769.00
Breeder Incentives				separate agency		16,286,236.00		61,126,678.00				

### Functionality: (# of employees by function)

Administrative	6	3 racing + 15 shared	18	15	10	15
Wagering Security	0	6	3	1	4 ft/ 4 pt	5 + monitoring system
Investigations	2	14	18	15	4	17
Licensing	6	15	10	25	7	13
Legal	1	7	1 plus AG		AG (\$330,000)	3 lawyers/ 1 lgl asst
Horse ID	provided by track	TB tracks provide	provided by track	provided by track	provided by track	provided by track
Equine Med Director	1 (UK Contract)	1 (Cornell Contract)	1 (UofC contract)	1		1
Veterinarians	4 + 1 Vet tech	9 per diem	6-8 daily/ 5 hourly		7 ft/ 11 pt	5 hourly

### Funding: (Racing Regulation Only)

General Funds	\$	504,000			\$	-	
Assessments				Tax on Handle	\$	8,300,000	\$ 22,960,118
License Fees	\$	1,141,000			\$	500,000	\$ 4,419,400
Other	\$	1,055,000	Reg fee on handle		\$	1,000,000	\$ 179,877

(FY 2008 for KY)

### Racing Commission Budget Allocation:

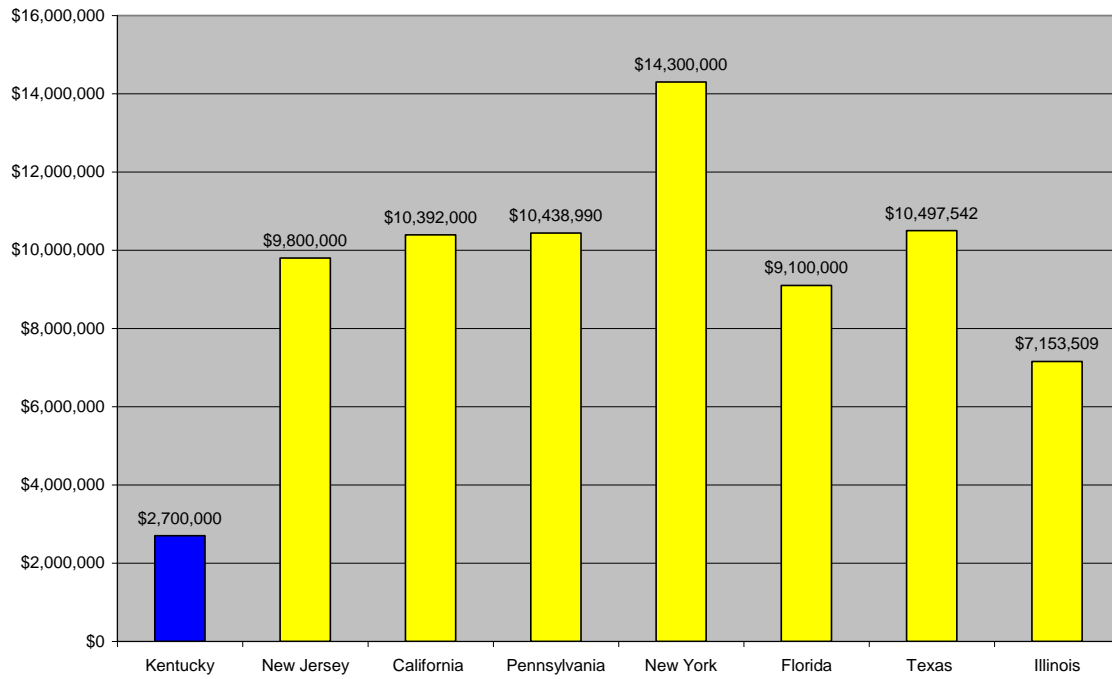
Total:	\$	2,700,000	\$	14,300,000	\$	10,392,000	\$	10,438,991	\$	9,800,000	\$	9,100,000
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Actual FY 2008 Amount:

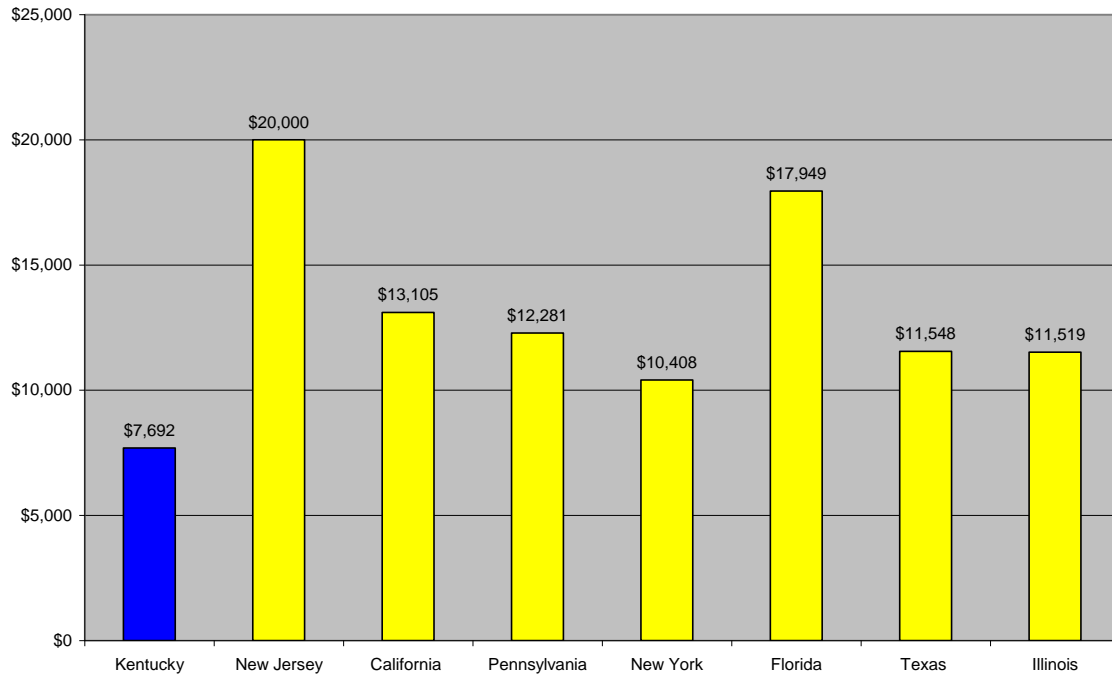
\$2,750,059.44

PER RACE DAY	Kentucky		New York		California		Pennsylvania		New Jersey		Florida	
Resources Committed	\$	7,692	\$	10,408	\$	13,105	\$	12,281	\$	20,000	\$	17,949

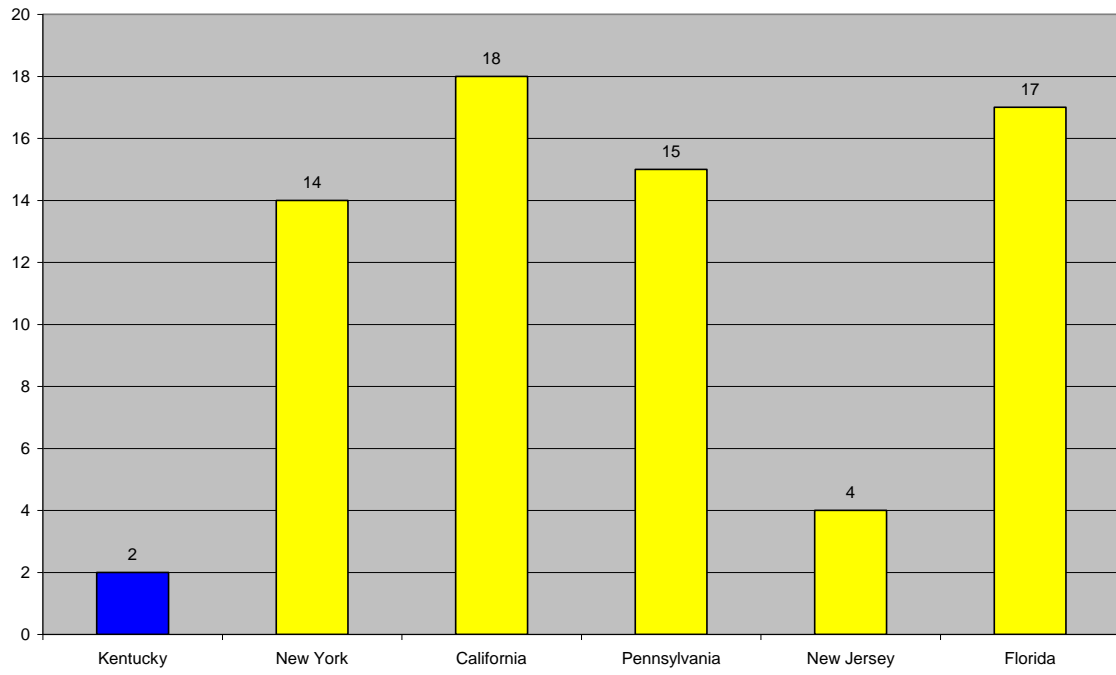
Total Annual Budget Allocations



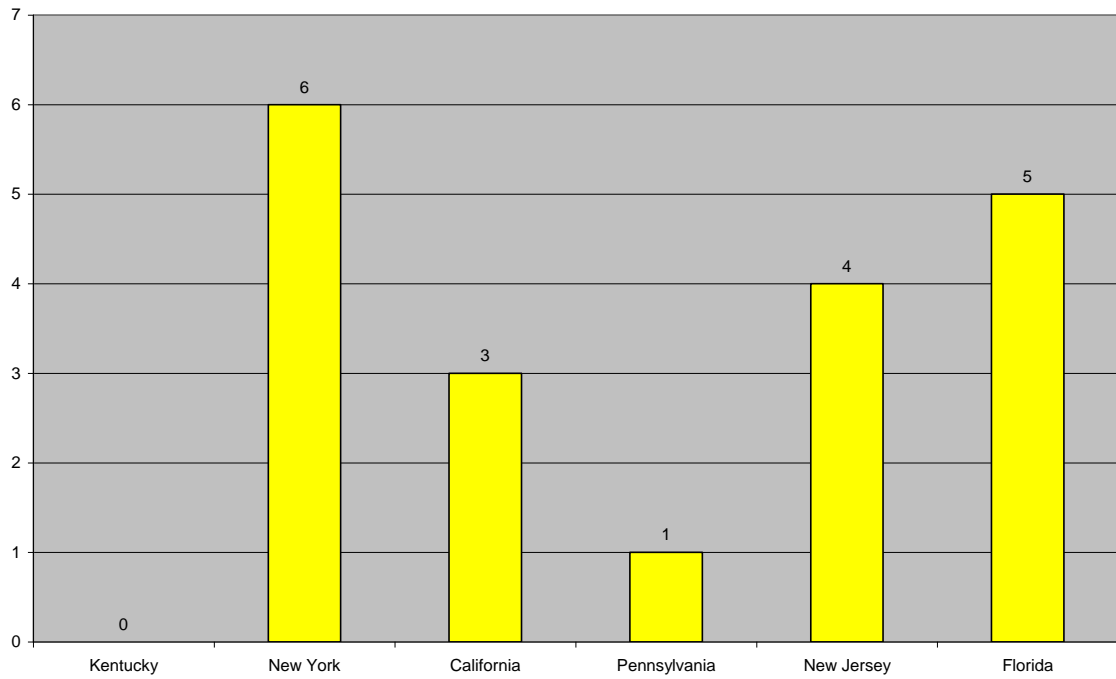
Resources Committed per race day



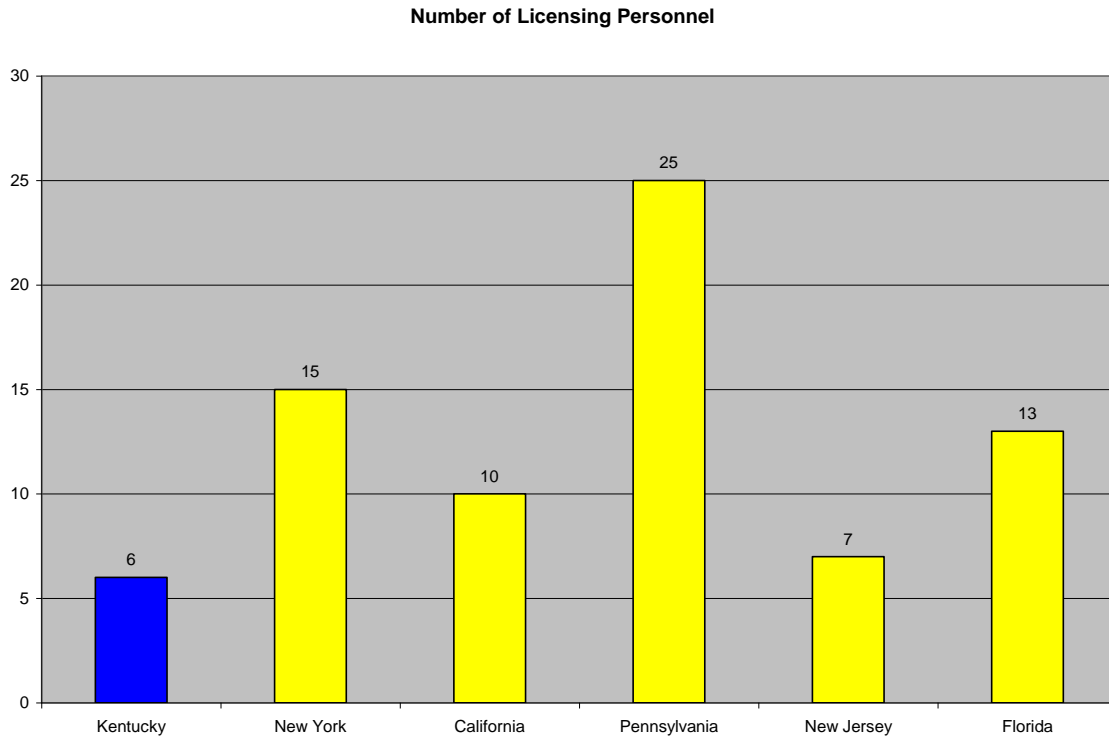
**Number of Investigation Personnel**



**Number of Wagering Security Personnel**







For fiscal year 2008, the KHRC received a General Fund allotment of \$504,200 for its operating budget. This amount is 9.46 percent ( $\$504,200/\$5,327,539$ ) of the amount of pari-mutuel excise tax that went into the General Fund and 3.78 percent ( $\$504,200/\$13,308,919$ ) of the total amount of pari-mutuel excise tax collected.

For fiscal year 2009, the KHRC received a General Fund allotment of \$406,800 for its operating budget. This amount is 9.27 percent ( $\$406,800/\$4,387,515$ ) of the amount of pari-mutuel excise tax that went into the General Fund and 3.37 percent ( $\$406,800/\$12,083,459$ ) of the total amount of pari-mutuel excise tax collected. The KHRC had a total budget of \$2.8 million for fiscal year 2009 which prevented the commission from hiring the key people needed in order to be properly staffed.

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 the agency 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.

The Chief Racing Veterinarian supervises the operations of the test barn, the collection of urine and blood samples for testing, preparation and documentation of the biologic samples that are transported to the laboratory and management of retained samples. The Chief Racing Veterinarian also coordinates regulatory veterinary services associated with live racing—pre-race examinations, on-track monitoring, triage of racing injuries, management of the veterinarians' list of horses ineligible to race due to health or soundness issues, record keeping, and staff scheduling.

The KHRC official veterinarians examine horses for soundness and racing fitness to ensure the health and safety of every horse, jockey and driver. On race day, each entered Thoroughbred is evaluated by KHRC veterinarians in the morning at the pre-race exam, while in the saddling paddock, and during the pre-race warm-up. Standardbred horses are evaluated during the warm-up trips. KHRC veterinarians maintain permanent soundness 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. In 2008 the pre-race exam protocol was expanded to include assessment of each horse out of its stall and in motion.

KHRC veterinarians are present in the paddock, at the starting gate, in the test barn and on the horse ambulance during live Thoroughbred racing in Kentucky. For Standardbred racing, the KHRC veterinarian attends the test barn and is trackside for each race. If a horse sustains an injury at any time prior to the start of the race, the KHRC veterinarian shall recommend 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 veterinarians enter 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, Livestock Disease Diagnostic Center (LDDC). A specialized Racing Necropsy Group at the LDDC was established to perform an in depth evaluation of the injured limb, and its uninjured counterpart. This evaluation also includes magnetic resonance imaging that is performed at Rood and Riddle Equine Hospital. In November 2009, the Equine Drug Research Council approved the purchase of a digital radiography system. Radiography is to be incorporated into the necropsy protocol in 2010.

In September 2008, the KHRC enacted a regulation to eliminate the use of anabolic steroids in horses training and competing in races in Kentucky.

Testing for anabolic steroids began in October 2008. From the inception of testing and through 2009, only three positive tests have occurred.

Beginning in 2008, 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 accurate assessment of its suitability for return to racing.

The KHRC test barn technicians are responsible for the collection of post race equine urine samples to be sent to the KHRC official laboratory for analysis. In 2008, licensed veterinary technicians were added to the test barn staff. These individuals also perform blood sampling associated with post-race testing or pre-race TCO<sub>2</sub> analysis.

In Thoroughbred racing, the winner and one other horse selected by the stewards were submitted to post race blood and urine collection. In Standardbred racing, all winners were tested. Additional horses were tested at the discretion of the Judges.

TCO<sub>2</sub> blood gas testing was conducted pre-race on a random basis to detect the level of carbon dioxide. This testing is 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 enhances performance. For Thoroughbred racing TCO<sub>2</sub> testing is analyzed at the KHRC official laboratory on a post-race basis and within 120 hours of sampling. For Standardbred racing TCO<sub>2</sub> sampling and analysis is performed on site by the KHRC veterinarian or licensed veterinary technician. Analysis is completed prior to post time for the race in which the sampled horse is entered.

For Standardbred racing and at the request of the Kentucky Harness Horsemen's Association, KHRC veterinarians administer 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 is 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 \$27,400 in 2008 and \$27,595 in 2009. 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.

For the 2009 Kentucky Derby and Kentucky Oaks, 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.

For the 2008 and 2009 Breeders' Cups, the KHRC collaborated with the California Horse Racing Board in out of competition blood sampling of horses housed in Kentucky and intended to race at Santa Anita in the Breeders' Cup. All testing was conducted by California's official laboratory and test results were negative for the prohibited blood doping agents Erythropoietin (EPO) and Darbypoeitin.

### **KHRC Uniform Drug and Medication Classification Schedule**

For the purpose of medication regulation, medications and foreign substances are categorized 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 "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.

**Medication Violations (by Penalty Classification and frequency)  
Calendar Years 2008-2009**

Medication Violations*		Calendar Year 2008
Type Drug	Drug Classification	Positives
Caffeine	Class-B	4
Clenbuterol	Class-B	1
Chlorothiazide	Class-C	1
Flunixin	Class-C	3
Furosemide	Class-C	2
Methocarbamol	Class-C	1
Naproxen	Class-C	1
Phenylbutazone/Oxyphenbutazone	Class-C	7
Trichlormethiazide	Class-C	1
TCO2	N/A	0
Total Medication Violations		21

\*Excluded were:

Reports of findings associated with quality control samples

Anabolic steroid findings determined to be non-violations when horse's gender was correctly identified

Findings generated during the anabolic steroid regulation grace period

## Medication Violations\*

Calendar Year 2009

Type Drug	Drug Classification	Positives
Tramadol	Class-A	2
Acepromazine/Promazine	Class-B	2
Boldenone	Class-B	1
Clenbuterol	Class-B	1
Diclofenac	Class-B	1
Glycopyrrolate	Class-B	4
Ipratropium	Class-B	3
Nandrolone	Class-B	1
Testosterone	Class-B	1
Aminocaprioc acid	Class-C	1
Dexamethasone	Class-C	2
Flunixin	Class-C	7
Isoflupredone	Class-C	1
Ketoprofen	Class-C	2
Phenylbutazone	Class-C	22
Prednisolone	Class-C	1
Tranexamic acid	Class-C	1
Triamcinolone acetonide	Class-C	6
Cimetadine	Class-D	1
DMSO	Class-D	13
Guaifenesin	Class-D	1
Omeprazole	Class-D	12
Ranitidine	Class-D	4
TCO2	N/A	0
Total Medication Violations	Class-A	2
	Class-B	14
	Class-C	43
	Class-D	31

\*Excluded were:

Reports of findings associated with quality control samples

Anabolic steroid findings determined to be non-violations when horse's gender was  
Correctly identified

## THOROUGHBRED AND STANDARDBRED VETERINARY REPORTS

### Thoroughbred Veterinary Report

Calendar Year 2008

Track	#Days Raced	# Horses Raced*	Ambulance Runs	Heat Strokes**	Fatal Injuries	Non-Fatal Injuries
Turfway Park	105	9953	53	5	21	18
Keeneland	33	2996	13	1	2	6
Churchill Downs	78	6512	42	5	11	16
Ellis Park	39	2985	39	16	3	12
KY Downs	6	414	0	0	0	0
Total	261	22860	147	27	37	52

### Thoroughbred Veterinary Report

Calendar Year 2009

Track	#Days Raced	# Horses Raced*	Ambulance Runs	Heat Strokes**	Fatal Injuries	Non-Fatal Injuries
Turfway Park	105	9032	31	1	11	8
Keeneland	32	2834	9	2	3	3
Churchill Downs	73	5769	34	3	10	15
Ellis Park	28	2272	12	2	6	3
KY Downs	3	372	0	1	0	1
Total	241	20279	86	9	30	30

\*Number of horses raced reported by Equibase

\*\*Cases requiring the administration of emergency medications

## Drug Testing Report for Thoroughbred Racing

### Post-race Sample Submission Report

Calendar Year 2008

Track	Blood Only	Paired (Blood/Urine)	TOBA*	TCO2
Turfway Park	154	1910	90	633
Keeneland	33	520	186	1108
Churchill Downs	94	1407	262	1095
Ellis Park	54	734	30	0
KY Downs	10	80	8	0
Total	345	4651	576	2836

### Post-race Sample Submission Report

Calendar Year 2009

Track	Blood Only	Paired (Blood/Urine)	TOBA*	TCO2
Turfway Park	133	1996	N/A	2120
Keeneland	30	553	N/A	717
Churchill Downs	85	1337	N/A	1547
Ellis Park	25	490	N/A	544
KY Downs	5	45	N/A	41
Total	278	4421	0	4969

\*From March 4, 2009 onward, all samples were tested to TOBA American Graded Stakes Committee specifications. There were no Graded Stakes run prior to March 4; as a result, there were no TOBA tests performed in the interval from January 1 through March 3, 2009.

### **Drug Testing Report for Standardbred Racing Calendar Years 2008-2009**

#### **Post-race Sample Submission Report**

Calendar Year 2008

<b>Track</b>	<b>Blood Only</b>	<b>Paired (Blood/Urine)</b>
Players Bluegrass Downs	61	100
Thunder Ridge	85	93
Red Mile	89	500
<b>Total</b>	<b>235</b>	<b>693</b>

On site TCO<sub>2</sub> sampling and testing was performed on approximately 2,128 horses.

#### **Post race Sample Submission Report**

Calendar Year 2009

<b>Track</b>	<b>Blood Only</b>	<b>Paired (Blood/Urine)</b>
Players Bluegrass Downs	84	96
Thunder Ridge	74	103
Red Mile	63	434
<b>Total</b>	<b>221</b>	<b>633</b>

On site TCO<sub>2</sub> sampling and testing was performed on approximately 2280 horses.

### **Drug Testing Report for Quarter Horse Racing Calendar Years 2008-2009**

#### **Post-race Sample Submission Report for Quarter Horse Racing**

<b>Year</b>	<b>Track</b>	<b>Blood Only</b>	<b>Paired (Blood/Urine)</b>
2008	Red Mile	5	13
2009	Red Mile	2	29



## **DIVISION OF SECURITY AND ENFORCEMENT**

The primary duty of the Division of Security and Enforcement is to investigate and detect any violations of the laws as they pertain to Thoroughbred, Standardbred and Quarter Horse racing. The Enforcement Division is made up of an acting director of Enforcement and two investigators.

The Enforcement Division conducts investigational interviews with applicants who indicate on their license application that they have a criminal record and/or conviction for a public offense or a suspension of or revocation of a license for any racing related infraction.

The Division utilizes records and information from the ARCI, 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.

As an example of the type of work engaged in by the Enforcement Division, on Oct. 1, 2008, KHRC investigators searched two vehicles owned by the veterinarians as they were treating horses at The Red Mile. The investigators seized records and unidentified substances. Following a hearing, Chief State Judge Rich Williams ruled that the two had violated state regulations by failing to properly label medications and imposed a six month suspension and a fine of \$10,000 on each of the licensees. They also possessed substances that did not follow FDA procedures for compounded medicines.

***“These strict penalties underscore our determination to protect the racing industry,” said Lisa Underwood, KHRC executive director. “Because other racing jurisdictions will honor our enforcement actions, these suspensions bar them from practicing veterinary medicine at any race track for six months.”***

In November 2008, KHRC investigators uncovered an issue related to the fabrication and use of fraudulent identification. As of the end of the year, the enforcement staff continues to assist city, state, and federal authorities, specifically the Louisville Metro Police Department and Immigration and Naturalization Services, regarding the investigation involving the use of fraudulent identification. The efforts of the KHRC investigators led to the confiscation of machinery used to

fraudulently create passports and to the arrest of several individuals in Jefferson County.

In October 2009, KHRC purchased a breathalyzer and initiated blood alcohol testing and drug screening of jockeys.

There were numerous individual race betting analyses conducted in conjunction with the TRPB as a result of informant information and customer complaints.

Numerous investigations occurred during 2008 and 2009. For example, there was an alleged horse-sponging case at Turfway Park involving the search of an assistant trainer in possession of injectables. This search resulted in a \$1,000 fine and 3 suspensions.

Likewise, KHRC investigators assisted the Churchill Downs security and the Louisville Police K-9 divisions in three “health and welfare” checks in the Churchill Downs barn area. They reported seizure of bootleg operation that dealt in alcohol and phone card sales and also seized \$16,000 in cash and \$50,000 in Western Union wire receipts. There were several arrests and ejections.

## **RACING SUPERVISION - 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 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. 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://www.khrc.ky.gov/racing/rulings.htm>.

## **DIVISION of LICENSING**

Kentucky state law requires all persons wishing to participate at Kentucky racetracks and facilities under the jurisdiction of the KHRC to be licensed by the KHRC. The KHRC 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. A license is valid for the calendar year in which it is issued (i.e. – all licenses expire on December 31) unless suspended or revoked under administrative regulations promulgated by the Commission.

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.

For additional information regarding the licensing process related to participate in horse racing in Kentucky, see the Commission’s website at [www.khrc.ky.gov](http://www.khrc.ky.gov). Also, applications for licensure may be downloaded from the KHRC web site at [www.khrc.ky.gov](http://www.khrc.ky.gov).

During 2008 and 2009, the Licensing Division implemented the following initiatives:

- Lengthened license office hours and increased the number of dates license offices were opened prior to the Keeneland and Churchill Downs race meets.
- Implemented the ability to accept credit card payments and faxed applications as a potentially more convenient option for license applicants.
- Developed improved cash handling policies and procedures.
- Developed improved program review.
- Developed improved background check procedures, including checks with the British Jockey Club for international license applicants.
- The License Review Committee met throughout each year as needed. The committee reviewed license applications referred to it by the stewards or KHRC management. It also made recommendations regarding licensing regulatory matters to the Commission.
- Reallocated staff assignments to better utilize personnel and decrease travel expenses.
- Worked with the Rules committee and the KHRC to update licensing regulations.
- Conducted a customer service survey. The survey asks participants about their contacts with all divisions of KHRC and seeks to determine whether there are areas in which KHRC can be more responsive to the needs of the racing community while implementing its regulatory mandates.
- Began an update of licensing information in database to insure that RCI background checks have been performed on all license applicants; and that the correct mailing and contact information is in the database.
- Changed the process relating to persons applying for licensing through the National Racing compact which has resulted in a much more efficient process.
- Reviewed the costs and benefits of digital fingerprinting and associated background checks.
- Developed and implemented a policy and procedures manual for the Licensing Division titled “Internal Controls, Procedures related to the Handling and Safeguarding State Monies, and Workplace Procedures.”
- Investigators, stewards and judges, and licensing division personnel attended Immigration and Customs Enforcement (ICE) training. Establish policies and procedures for identification based on ICE representatives training.

The following charts document the numbers and types of licenses issued by breed (Thoroughbred, Standardbred, and Quarter Horse) and the dollar amount of fees collected:

**TOTAL LICENSES ISSUED BY BREED**

		<b>Number Issued</b>	<b>Dollar Amount</b>
<b>Thoroughbred</b>			
	2008	18,419	\$1,073,195
	2009	<u>18,127</u>	<u>\$1,455,835</u>
Difference		(292)	\$382,640
<b>Standardbred</b>			
	2008	2,023	\$152,460
	2009	<u>1,809</u>	<u>\$165,745</u>
Difference		(214)	\$13,285
<b>Quarter Horse</b>			
	2008	213	\$6,740
	2009	<u>263</u>	<u>\$8,530</u>
Difference		50	\$1,790

*NOTE: The total dollar amount of licenses listed in this section is slightly different than the amount listed in the Financial Analysis section because this section is based on calendar year and the Financial Analysis section is based on fiscal year, as well as the timing of receipts. It is also important to note that licensing fees increased beginning with the 2009 renewal year.*

In order to provide a more comprehensive trend analysis, the following comparative summary illustrates how various license categories have shown significant decreases over the past four years.

**NOTE: The following comparative summary is for selected categories for Thoroughbred and Standardbred racing**

*This table compares the total number of licenses issued by certain categories and for calendar years 2006 to 2009. The number change and percentage change is based on 2006 totals compared to 2009 totals.*

	2006 to 2009					
Calendar Year Totals	2006	2007	2008	2009	# change	% change
<b>Thoroughbred</b>						
Owners and Owner/Trainers	7404	6747	6361	6979	(425)	-5.74%
Trainer (does not include O/T)	328	253	220	199	(129)	-39.33%
Assistant Trainer	306	302	303	248	(58)	-18.95%
Jockey	197	190	201	183	(14)	-7.11%
Jockey Agent	48	50	51	40	(8)	-16.67%
Stable Employee	3188	3121	4249	2759	(429)	-13.46%
Mutuel	711	833	768	675	(36)	-5.06%
<b>Standardbred</b>						
Owners	883	853	804	795	(88)	-9.97%
Owner/Trainer/Driver *	362	379	358	375	13	3.59%
Stable Employee	487	418	463	419	(68)	-13.96%

\* includes all combinations of Owner, Trainer and/or Driver

The charts on the following pages are organized by year and breed and list the number of licenses issued and the dollar amount of fees collected by license category.

**THOROUGHBRED****LICENSES ISSUED COMPARISON**

<b>LICENSE TYPE</b>	<b>2008 Number of licenses issued</b>	<b>Amount</b>	<b>2009 Number of licenses issued</b>	<b>Amount</b>
Associate Employee	1,179	\$ 29,475	1,237	\$ 30,925
Assistant Trainer	303	\$ 32,100	248	\$ 37,150
Authorized Agent	131	\$ 3,275	104	\$ 2,600
Blacksmith	78	\$ 7,800	84	\$ 8,400
Claiming	12	\$ 1,200	4	\$ 600
Dental Technician	26	\$ 1,450	15	\$ 1,500
Exercise Rider	1	\$ 100	24	\$ 240
Farm Manager / Agent	20	\$ 1,000	28	\$ 1,400
Jockey	201	\$ 22,000	183	\$ 27,450
Jockey Agent	51	\$ 5,700	40	\$ 6,000
Jockey Apprentice	15	\$ 1,150	25	\$ 2,500
Mutuel	768	\$ 38,400	675	\$ 33,750
Occupational	2,064	\$ 51,600	3,122	\$ 68,735
Owner	5,243	\$ 569,350	5,819	\$ 872,620
Owner/Trainer	1,118	\$ 123,150	1,160	\$ 174,000
Racing Official	159	\$ 15,900	137	\$ 13,700
Special Mutuel	963	\$ 9,630	1,055	\$ 10,550
Stable Employee	4,249	\$ 42,490	2,759	\$ 27,590
Steeplechase Jockey	13	\$ 1,300	-	\$ -
Temporary Owner	536	\$ 54,050	455	\$ 68,250
Trainer	220	\$ 23,050	199	\$ 29,850
Vendor	65	\$ 3,250	76	\$ 3,800
Vendor Employee	847	\$ 21,175	505	\$ 12,625
Veterinarian	124	\$ 12,950	42	\$ 2,100
Veterinarian Assistant	33	\$ 1,650	131	\$ 19,500
Totals	<u>18,419</u>	<u>\$ 1,073,195</u>	<u>18,127</u>	<u>\$ 1,455,835</u>

**STANDARD BRED****LICENSES ISSUED COMPARISON**

<b>LICENSE TYPE</b>	<b>2008 Number of licenses issued</b>	<b>Amount</b>	<b>2009 Number of licenses issued</b>	<b>Amount</b>
Associate Employee	59	\$ 1,475	66	\$ 1,650
Blacksmith	1	\$ 100	1	\$ 100
Dental Technician	1	\$ 50	1	\$ 50
Driver	43	\$ 4,300	35	\$ 4,375
Driver/Trainer	67	\$ 6,700	50	\$ 6,200
Mutuel	48	\$ 2,400	17	\$ 850
Occupational	6	\$ 150	3	\$ 75
Owner	798	\$ 80,150	105	\$ 12,900
Owner 2009	6	\$ 2,375	690	\$ 86,250
Owner/Driver	11	\$ 1,100	17	\$ 2,100
Owner/Trainer	111	\$ 11,100	133	\$ 16,600
Owner/Trainer/Driver	236	\$ 23,600	225	\$ 28,075
Racing Official	15	\$ 1,500	16	\$ 1,600
Stable Employee	463	\$ 2,410	419	\$ 2,095
Temporary Owner	87	\$ 8,700	-	\$ -
Trainer	38	\$ 3,800	6	\$ 750
Vendor Employee	4	\$ 100	6	\$ 150
Veterinarian	19	\$ 1,950	13	\$ 1,625
Veterinarian Assistant	10	\$ 500	6	\$ 300
Totals	<u>2,023</u>	<u>\$ 152,460</u>	<u>1,809</u>	<u>\$ 165,745</u>

**QUARTER HORSE****LICENSES ISSUED COMPARISON**

<b>LICENSE TYPE</b>	<b>2008 Number of licenses issued</b>	<b>Amount</b>	<b>2009 Number of licenses issued</b>	<b>Amount</b>
Assistant Trainer	2	\$ 70	2	\$ 70
Jockey	18	\$ 630	16	\$ 560
Occupational	2	\$ 20	2	\$ 10
Owner	86	\$ 3,010	74	\$ 2,590
Owner/Trainer	17	\$ 1,190	20	\$ 1,400
Racing Official	22	\$ 770	63	\$ 3,010
Stable Employee	42	\$ 210	45	\$ 225
Trainer	23	\$ 805	18	\$ 630
Veterinarian	1	\$ 35	1	\$ 35



Totals	213	\$	6,740	241	\$	8,530
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## **Division of Incentives and Development**

The Kentucky Breeders' Incentive Fund was established in 2005. Included in the plan were tax incentives 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 taxes paid on stallion stud fees, most of which is contributed based on the tax from Thoroughbred stud fees.

### **Kentucky Thoroughbred Breeders' Incentive Fund (KBIF)**

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 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 in Maiden Special Weight (MSW), Allowance (ALW), Stakes Races and Grade I, II, and III, and in other states outside of Kentucky in MSW, ALW for two, three and four olds and Grade I, II and III races. Awards are also paid in Group I, II and III races in Canada, England, Ireland and France.

In 2008, 10,875 mares were registered by Kentucky Thoroughbred breeders. Registrations can be made through the end of the yearling year, so additional registrations for the 2008 breeding season are still arriving in the KHRC office and could continue up to Dec. 31, 2010 for the 2008 breeding season. In 2009, 9,806 mares were registered by Kentucky Thoroughbred breeders. Registrations for foals of 2010 could continue until Dec. 31, 2011 for the 2009 breeding season.

In 2008, Kentucky-bred horses won 4,119 races that qualified for incentives totaling \$15,253,911 to 1,730 Kentucky breeders for an average check of \$3,703 per race. In 2009, Kentucky-bred horses won 3,804 races that qualified for incentives totaling \$13,409,571 to 1,724 breeders for an average check of \$3,525. For additional

<b>KBIF Statistics</b>		
	<b>2008</b>	<b>2009</b>
Total money awarded	\$15,253,911	\$13,409,571
Total awarded on races in KY	\$6,733,924	\$5,712,863
Total awarded to races outside KY	\$8,519,987	\$7,696,708
<i>Total races awarded</i>	<i>4,119</i>	<i>3,804</i>
<i>Average award per race</i>	<i>\$3,703</i>	<i>\$3,525</i>

information regarding the Kentucky Thoroughbred Breeders' Incentive Fund, please visit: <http://www.khrc.ky.gov/incentives/kbif.htm>.

<b>Statistics related to eligible races in Kentucky</b>		
	<b>2008</b>	<b>2009</b>
Total number of races paid in KY	728	599
Average award for races won in KY	\$9,250	\$9,537
Average award for a MSW, ALW, AOC in KY	\$6,884	\$6,781
KY Stakes races		
<i>Average award per race</i>	<i>\$22,940</i>	<i>\$24,368</i>
<i>Total number of races</i>	<i>98</i>	<i>84</i>
KY Grade I, II, III Stake races (not including Oaks & Derby)		
<i>Award per race</i>	<i>\$28,750</i>	<i>\$27,639</i>
<i>Total number of races</i>	<i>57</i>	<i>58</i>
Kentucky Derby	\$115,000	\$110,558
Kentucky Oaks	\$115,000	\$110,558
KY Claiming Component	\$230,000	\$221,117

Statistics related to eligible races outside Kentucky but in the United States		
	2008	2009
Total number of races paid outside KY but in the United States	3,351	3,163
Average award for races won outside KY but in the United States	\$2,474	\$2,361
Non-KY Gr. I races, U.S. only		
<i>Award per race</i>	<i>\$5,600</i>	<i>\$5,381</i>
<i>Total number of races</i>	<i>57</i>	<i>72</i>
Non-KY Gr. II, III races, U.S. only		
<i>Award per race</i>	<i>\$5,600</i>	<i>\$5,381</i>

Statistics related to eligible races in Canada, England, Ireland & France		
	2008	2009
International Gr. I (Can, Eng, Fr, Ire)		
<i>Award per race</i>	<i>\$5,600</i>	<i>\$5,381</i>
<i>Total number of races</i>	<i>8</i>	<i>8</i>
International Gr. II, III (Can, Eng, Fr, Ire)		
<i>Award per race</i>	<i>\$5,600</i>	<i>\$5,381</i>
<i>Total number of races</i>	<i>32</i>	<i>34</i>
<i>Total number of races</i>	<i>169</i>	<i>186</i>

### **Kentucky Standardbred Breeders' Incentive Fund (KSDF)**

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-bred Standardbred horses through the KSDF.

In 2008, world champion trotting sire Ponder relocated to Kentucky from Pennsylvania, and stood at Peninsula Farm. Walnut Hall Ltd. announced in 2008,

Deweycheatumnhowe, three-year-old Champion Trotter, and Southwind Lynx, earning over \$1.4 million as a two-year-old, would both stand the 2009 breeding season making their foals eligible to the rich Kentucky Sire Stakes.

In both 2008 and 2009, the premier event of Standardbred racing in Kentucky, the Kentucky Sire Stakes (KYSS) “Unbridled Evening of Champions” was conducted at the Red Mile showcasing the U.S. 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 [www.khrc.ky.gov/incentives/ksdf-sires.htm](http://www.khrc.ky.gov/incentives/ksdf-sires.htm).

**KENTUCKY SIRE STAKES LEADING MONEY WINNERS CALENDAR YEAR 2008:**

**2 YEAR OLDS**

TWO YEAR OLD COLT PACER	CARNIVORE	\$	172,500
TWO YEAR OLD FILLY PACER	SHAGHAI LIL	\$	178,000
TWO YEAR OLD COLT TROTTER	WIZARD TIME	\$	155,000
TWO YEAR OLD FILLY TROTTER	DANCING FILLY	\$	168,750

**3 YEAR OLDS**

THREE YEAR OLD COLT PACER	BLUE CLAW	\$	200,000
THREE YEAR OLD FILLY PACER	BTWNYURHEARTNMINE	\$	181,250
THREE YEAR OLD COLT TROTTER	SHAMAN HALL	\$	170,750
THREE YEAR OLD FILLY TROTTER	BODY SURFING	\$	2,225,000

**KENTUCKY SIRE STAKES LEADING MONEY WINNERS CALENDAR YEAR 2009:**

**2 YEAR OLDS**

TWO YEAR OLD COLT PACER	HIGH DEF Z TAM	\$	172,500
TWO YEAR OLD FILLY PACER	ULTIMATE BEST	\$	161,800
TWO YEAR OLD COLT TROTTER	VICTOR'S FUTURE	\$	172,500
TWO YEAR OLD FILLY TROTTER	FELICITY HALL	\$	170,000

**3 YEAR OLDS**

THREE YEAR OLD COLT PACER	SHEER DESIRE	\$	182,500
THREE YEAR OLD FILLY PACER	PALAZZO PRINCESS	\$	154,000
THREE YEAR OLD COLT TROTTER	UP FRONT PRAYER	\$	166,800
THREE YEAR OLD FILLY TROTTER	DANCING FILLY	\$	177,000

## **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. On Monday, April 16, 2007, the Kentucky Horse Racing Authority, on the recommendation of the Horse Breeders' Incentive Fund Advisory Committee, approved nine applications for the fund.

The Department of Revenue collected and transferred \$1,315,708 for the fiscal year 2008 and \$1,156,535 for the fiscal year 2009.

## **Kentucky Non-Race Breeder's Incentive Fund Results**

<b>Fiscal Year 2008</b>				
<b>Allocation of \$1,315,708</b>				
	<b><u>Number</u></b>	<b><u>Breed</u></b>	<b><u>%</u></b>	<b><u>\$</u></b>
	5,182	Kentucky Appaloosa Owners Association, Inc.	4.49%	\$59,130
	1,420	Kentucky Morgan Horse Association	1.23%	\$16,203
	13,902	Mountain Horse*	12.06%	\$158,631
	9,706	Kentucky Paint Horse Club	8.42%	\$110,752
	1,190	Kentucky Paso Fino Horse Association	1.03%	\$13,579
	37,590	Kentucky Quarter Horse Association	32.60%	\$428,927
	1,381	South Central Hackney Association	1.20%	\$15,758
	12,320	Kentucky Saddlebred Owners and Breeders' Association	10.68%	\$140,580
	32,614	Kentucky Walking Horse Breeders' Incentive Fund	28.28%	\$372,148
<b>TOTAL</b>	<b>115,305</b>		<b>100.00%</b>	<b>\$1,315,708</b>

\*The Mountain Horse breed was reduced by 25 percent to account for the numerous organizations participating in the KHBIF. United Mountain Horse received 20 percent of the funding and the remaining was split 56 percent to Kentucky Mountain Saddle Horse Association and 44 percent to Rocky Mountain Horse Association.

On Nov. 1, 2008, KHBIF began accepting applications for Period II. Period II covers calendar years 2009, 2010 & 2011. On Tuesday, Feb. 10, 2009 the Kentucky Horse Racing Commission approved ten applications, deferred one and denied five applications for the fund. New breeds participating during Period II include the Kentucky Miniature Horse Association and the Kentucky Arabian & Half-Arabian Breeders Association.

Fiscal Year 2009				
Allocation of \$1,156,535				
	<u>Number</u>	<u>Breed</u>	<u>%</u>	<u>\$</u>
	4,602	Kentucky Appaloosa Owners Association, Inc.	3.39%	\$39,152
	8,086	Kentucky Arabian & Half Arabian Breeders Alliance	5.95%	\$68,793
	5,726	Kentucky Miniature Horse Breeders Club	4.21%	\$48,715
	1,225	Kentucky Morgan Horse Association	0.90%	\$10,422
	10,318	Kentucky Paint Horse Club	7.59%	\$87,782
	1,487	Kentucky Paso Fino Horse Association	1.09%	\$12,651
	36,616	Kentucky Quarter Horse Association	26.94%	\$311,515
	7,484	Rocky Mountain Horse Association	5.51%	\$63,671
	10,925	Kentucky Saddlebred Owners and Breeders Association	8.04%	\$92,946
	1,505	South Central Hackney Association	1.11%	\$12,804
	34,923	Kentucky Walking Horse Breeders Incentive Fund	25.69%	\$297,112
<i>*13B Hearing</i>	<i>44</i>	<i>Kentucky Shagya Arabian Horse Association</i>	<i>0.03%</i>	<i>\$374</i>
<i>*13B Hearing</i>	<i>13,000 (estimate)</i>	<i>Mountain Horse Breeders Incentive Fund</i>	<i>9.56%</i>	<i>\$110,599</i>
<b>TOTAL</b>	<b>135,941</b>		<b>100.00%</b>	<b>\$1,156,535</b>

\*Due to the denied applications, the Kentucky Shagya Arabian Horse Association and Mountain Horse Breeders' Incentive Fund requested a 13B Hearing pursuant to 811 KAR: 2:120.

On February 10, 2009 the Commission deferred the Kentucky Walking Horse Breeder Incentive Fund application to the Rules Committee for further review due to concerns over the enforcement of the Horse Protection Act (HPA). After numerous interviews with representatives of the United States Department of Agriculture (USDA) representatives of the American Association of Equine Practitioners (AAEP) and others with knowledge of the facts; and having heard from representatives of the KWH-BIF and the Kentucky Walking Horse Association, the Rules Committee proposed the *Recommendations of the Rules Committee* which was voted on and approved by the full Commission on Sept. 8, 2009. In December 2009, at the annual AAEP convention, the Commission was commended for initiating firm standards to further protect the health and welfare of the Walking Horse.

The denied applicants were the following: The Mountain Horse Breeders Incentive Fund, which includes American Gaited Mountain Horse Association/United Mountain Horse Association, Kentucky Mountain Saddle Horse Association and Mountain Pleasure Horse Association as well as the Kentucky Shagya Arabian Breeders Incentive Fund. The denied applicants have each requested 13B hearings pursuant to 811 KAR: 2:120. The hearings are currently scheduled to take place in the summer of 2010.

For additional information related to the Kentucky Horse Breeders' Incentive Fund, go to: <http://www.khrc.ky.gov/incentives/nonrace.htm>.

## KENTUCKY LICENSED ASSOCIATIONS

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### **Conditions of Track Licensure**

The Kentucky Horse Racing Commission is charged with regulating five (5) Thoroughbred racetracks in Kentucky which raced 261 days in 2008 and 241 days in 2009; and three (3) Standardbred racetracks which raced 78 days in both 2008 and 2009. As one initiative, the KHRC adopted Conditions of Licensure. The Conditions of Licensure had been recommended by the Wagering and Integrity working group for racetracks applying for licensure in 2008 and 2009.

On Dec. 15, 2008, the KHRC approved conditions of track licensure for the licensed racing associations and OTB (Off –Track Betting) establishments that were applying for licenses for 2009. As a condition to the issuance of a license by the KHRC, the racing associations and OTB's were required to comply with the following requirements:

1. Each racing association and OTB shall promptly notify the KHRC in writing of any communication, report or investigation conducted by the Thoroughbred Racing Associations of North America, Inc. (TRA) or the 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. Each racing association and OTB shall further send a copy of any TRA or TRPB communications, correspondence, or reports relating to any such report or investigation to the KHRC promptly upon receipt by the racing association or OTB. This paragraph shall not be construed to include the information delivered to racing association officials acting in the capacity of members of the board of directors of TRA or TRPB.
2. The 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 or TRPB, 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. On or before Jan. 1, 2009, each racing association shall record the date and time (detailing the hour, minutes, and seconds) on all live video feeds originating from a Kentucky track. 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 following:
  - a. the official start/off-time of each race and
  - b. the closing of the betting windows
4. On or before January 1, 2009, each racing association shall require that each of the timing systems mentioned in #3 be synchronized with the US Naval Observatory Clock at the beginning of each race day.
5. In the event technology is not available on January 1, 2009 for the contracted tote company to meet the requests of the live racing association as set forth herein, each racing association shall request the tote company with whom it does business to develop technology to meet such requirements on or before July 1, 2009.
6. 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. At the time a supervisor of pari-mutuel betting is hired that person shall also be included in any email notifications.

The Wagering Integrity Working Group recommended, and the KHRC approved, conditions to licensure in 2009 for applications for racing in 2010. In connection with the application for racing for 2010, 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



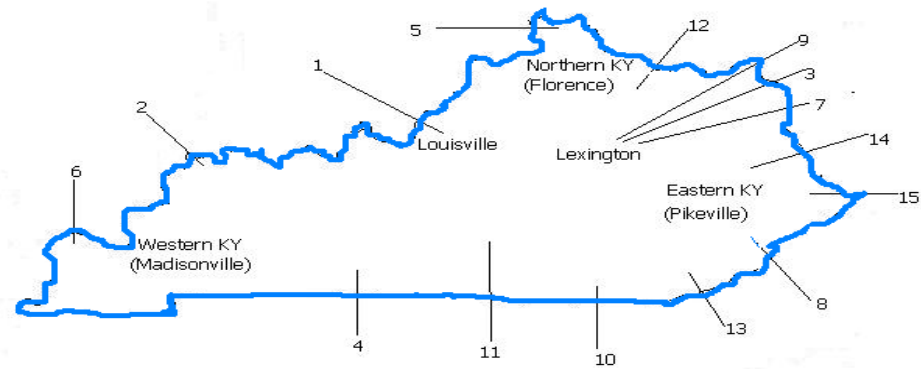
construed to include information delivered to racing association officials acting in the capacity of members of the board of directors of TRA or TRPB.

- 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 October 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 November 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 does 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.

## Kentucky Licensed Racing and Simulcast Facilities



1. Churchill Downs (TB)  
700 Central Ave  
Louisville, KY 40208  
(502) 636-4400  
[www.churchilldowns.com](http://www.churchilldowns.com)
2. Ellis Park (TB)  
3300 US Highway 41 North  
Henderson, KY 42420  
(800) 333-8110  
[www.ellisparkracing.com](http://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](http://www.kentuckydowns.com)
5. Turfway Park (TB)  
7500 Turfway Rd.  
Florence, KY 41042  
(859) 371-0200  
[www.turfway.com](http://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](http://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 2<sup>nd</sup> St.  
Maysville, KY 41056  
(606) 564-8030
13. Pineville OTB  
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  
220 South Mayo Trail  
Pikeville, KY 41501  
(606) 437-7600

## **2008 RACETRACK MEETING DATES**

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### **Thoroughbred (Scheduled – does not include cancellations)**

#### **Keeneland Spring**

April 4, 5, 6, 9, 10, 11, 12, 13, 16, 17, 18, 19, 20, 23, 24, 25

Total racing days – 16

#### **Keeneland Fall**

October 3, 4, 5, 8, 9, 10, 11, 12, 15, 16, 17, 18, 19, 22, 23, 24, 25

Total racing days – 17

#### **Churchill Spring**

April 26, 27, 29, 30

May 1, 2, 3, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 21, 22, 23, 24, 25, 26, 29, 30, 31

June 1, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 18, 19, 20, 21, 22, 25, 26, 27, 28, 29

July 2, 3, 4, 5, 6

Total racing days – 52

#### **Churchill Fall**

October 26, 29, 30, 31

November 1, 2, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 19, 20, 21, 22, 23, 26, 27, 28, 29

Total racing days – 26

#### **Ellis Park**

July 4, 5, 6, 9, 10, 11, 12, 13, 16, 17, 18, 19, 20, 23, 24, 25, 26, 27, 30, 31

August 1, 2, 3, 6, 7, 8, 9, 10, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 27, 28, 29, 30, 31

September 1

Total racing days – 44

\*Ellis Park canceled 5 days, racing only 39 days in 2008.

#### **Turfway Park Winter/Spring**

January 1, 3, 4, 5, 6, 9, 10, 11, 12, 13, 16, 17, 18, 19, 20, 23, 24, 25, 26, 27, 30, 31

February 1, 2, 3, 6, 7, 8, 9, 10, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 27, 28, 29,

March 1, 2, 5, 6, 7, 8, 9, 12, 13, 14, 15, 16, 19, 20, 21, 22, 26, 27, 28, 29, 30

April 2, 3,

Total racing days – 66

**Turfway Park Fall**

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

October 1, 2

Total racing days – 22

**Turfway Park Holiday**

November 30

December 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 17, 18, 19, 20, 21, 26, 27, 28, 29, 30, 31

Total racing days – 22

\* Turfway canceled 5 days in 2008, racing only 105 days.

**Kentucky Downs**

September 13, 15, 16, 20, 22, 23

Total racing days – 6

**Standardbred (Scheduled – does not include cancellations)**

**The Red Mile**

July 27, 28, 31

August 3, 4, 7, 10, 11, 14, 17, 18, 21, 24, 25, 28, 31

September 1, 4, 7, 8, 11, 14, 15, 18, 23, 24, 25, 26, 27, 30

October 1, 2, 3, 4

Total racing days – 34

**Thunder Ridge**

May 28, 30, 31

June 4, 6, 7, 11, 13, 14, 18, 20, 21, 25, 27 and 28

July 2, 4, 5, 9, 11, 12, 16, 18 and 19

Total racing days – 24

**Players Bluegrass Downs**

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

May 1, 2, 3, 8, 9, 10, 15, 16, 17

Total racing days – 18

**Quarter Horse (Scheduled – does not include cancellations)**

**The Red Mile**

July 18, 19

Total racing days – 2

## 2009 RACETRACK MEETING DATES

### **Thoroughbred** (Scheduled – does not include cancellations)

#### **Keeneland Spring**

April 3, 4, 5, 8, 9, 10, 11, 15, 16, 17, 18, 19, 22, 23, 24

Total Racing Days – 15 days

#### **Keeneland Fall**

October 9, 10, 11, 14, 15, 16, 17, 18, 21, 22, 23, 24, 25, 28, 29, 30, 31

Total Racing Days – 17 days

#### **Churchill Spring**

April 25, 26, 28, 29, 30

May 1, 2, 6, 7, 8, 9, 10, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 28, 29, 30, 31

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

July 1, 2, 3, 4, 5

Total racing days – 52 (*revised*)

#### **Churchill Fall**

November 1, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 18, 19, 20, 21, 22, 24, 25, 26, 27, 28

Total racing days – 21

#### **Ellis Park**

July 11, 12, 16, 17, 18, 19, 23, 24, 25, 26

August 1, 2, 7, 8, 9, 14, 15, 16, 21, 22, 23, 28, 29, 30

September 4, 5, 6, 7

Total racing days – 28 (*revised*)

#### **Turfway Park Winter/Spring**

January 1, 2, 3, 4, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 25, 28, 29, 30, 31

February 1, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 16, 18, 19, 20, 21, 22, 25, 26, 27, 28

March 1, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 16, 18, 19, 20, 21, 22, 25, 26, 27, 28, 29

April 1, 2

Total racing days – 69

#### **Turfway Park Fall**

September 9, 10, 11, 12, 13, 16, 17, 18, 19, 20, 23, 24, 25, 26, 27, 30

October 1, 2, 3, 4, 7, 8

Total racing days - 22

### **Turfway Park Holiday**

November 29

December 2, 3, 4, 5, 6, 9, 10, 11, 12, 13, 16, 17, 18, 19, 20, 26, 27, 28, 29, 30, 31

Total racing days – 22 (revised)

\*Turfway canceled 8 days in 2009, racing only 105 days.

### **Kentucky Downs**

September 19, 21, 26, 28

Total racing days – 4 (*revised*)

\*Kentucky Downs canceled 1 day in 2009, racing only 3 days.

## **Standardbred (Scheduled – does not include cancellations)**

### **The Red Mile**

August 2, 3, 6, 9, 10, 13, 16, 17, 20, 23, 24, 27, 30, 31

September 3, 6, 7, 10, 13, 14, 17, 20, 21, 24, 29, 30

October 1, 2, 3, 6, 7, 8, 9, 10

Total racing days – 34

### **Thunder Ridge**

May 24, 27, 28, 29, 30

June 3, 4, 10, 12, 13, 17, 18, 19, 20, 24, 26, 27

July 1, 2, 3, 4, 8, 10, 11

Total racing days – 24

### **Players Bluegrass Downs**

April 9, 10, 11, 16, 17, 18, 23, 24, 25, 30

May 1, 2, 7, 8, 9, 14, 15, 16,

Total racing days – 18

## **Quarter Horse (Scheduled – does not include cancellations)**

### **The Red Mile**

July 17, 18

Total racing days – 2

### **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 calendar years 2008 and 2009.





## 2008-2009 Comparative Thoroughbred Statistics

Track	Race Days		Difference	Percentage
	2008	2009		
Churchill Downs	78	73	(5)	-6.41%
Ellis Park	39	28	(11)	-28.21%
Keeneland	33	32	(1)	-3.03%
Kentucky Downs	6	3	(3)	-50.00%
Turfway Park	105	105	0	0.00%

<b>TOTAL</b>	<b>261</b>	<b>241</b>	<b>(20)</b>	<b>-7.66%</b>
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Site	Purses		Difference	Percentage
	2008	2009		
Churchill Downs	\$32,631,235	\$29,554,101	(\$3,077,134)	-9.43%
Ellis Park	\$5,234,644	\$3,844,075	(\$1,390,569)	-26.56%
Keeneland	\$20,754,355	\$19,379,311	(\$1,375,044)	-6.63%
Kentucky Downs	\$1,345,000	\$659,000	(\$686,000)	-51.00%
Turfway Park	\$14,256,291	\$12,972,784	(\$1,283,507)	-9.00%

<b>TOTAL</b>	<b>\$74,221,525</b>	<b>\$66,409,271</b>	<b>(\$7,812,254)</b>	<b>-10.53%</b>
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Site	Attendance		Difference	Percentage
	2008	2009		
Churchill Downs	815,005	808,038	(\$6,967)	-0.85%
Ellis Park	117,847	103,547	(\$14,300)	-12.13%
Keeneland	482,723	432,966	(\$49,757)	-10.31%
Kentucky Downs	*5,308	not provided		
Turfway Park	184,270	185,672	\$1,402	0.76%

<b>TOTAL</b>	<b>1,599,845</b>	<b>1,530,223</b>	<b>(\$69,622)</b>	<b>-4.35%</b>
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\*Kentucky Downs attendance not included in TOTAL due to lack of 2009 number

NOTE: Purse and attendance data provided by licensed associations

## 2008-2009 Comparative Thoroughbred Statistics

Track	Live, On-track Handle		Difference	Percentage
	2008	2009		
Churchill Downs	\$96,855,856	\$80,616,588	(\$16,239,268)	-16.77%
Ellis Park	\$6,871,601	\$5,758,102	(\$1,113,499)	-16.20%
Keeneland	\$40,395,521	\$36,581,162	(\$3,814,359)	-9.44%
Kentucky Downs	\$435,807	\$226,625	(\$209,182)	-48.00%
Turfway Park	\$13,236,860	\$11,379,662	(\$1,857,198)	-14.03%

<b>TOTAL</b>	<b><u>\$157,795,645</u></b>	<b><u>\$134,562,139</u></b>	<b>(\$23,233,506)</b>	<b>-14.72%</b>
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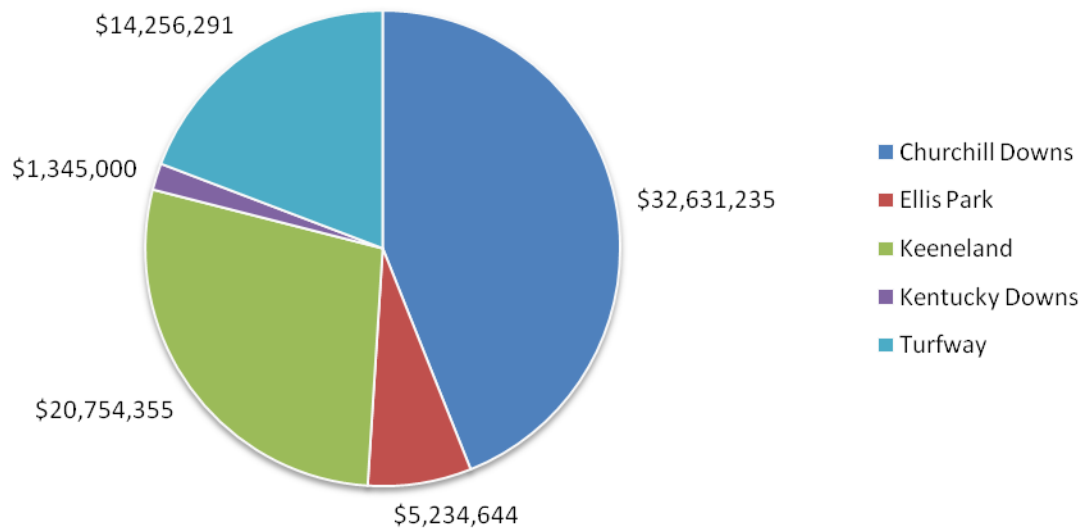
Site	Off-Track Handle on Live		Difference	Percentage
	2008	2009		
Churchill Downs	\$545,815,585	\$461,813,781	(\$84,001,804)	-15.39%
Ellis Park	\$71,358,398	\$33,398,918	(\$37,959,480)	-53.20%
Keeneland	\$214,663,061	\$199,408,715	(\$15,254,346)	-7.11%
Kentucky Downs	\$7,945,784	\$3,710,541	(\$4,235,243)	-53.30%
Turfway Park	\$238,354,790	\$197,617,013	(\$40,737,777)	-17.09%

<b>TOTAL</b>	<b><u>\$1,078,137,618</u></b>	<b><u>\$895,948,968</u></b>	<b>(\$182,188,650)</b>	<b>-16.90%</b>
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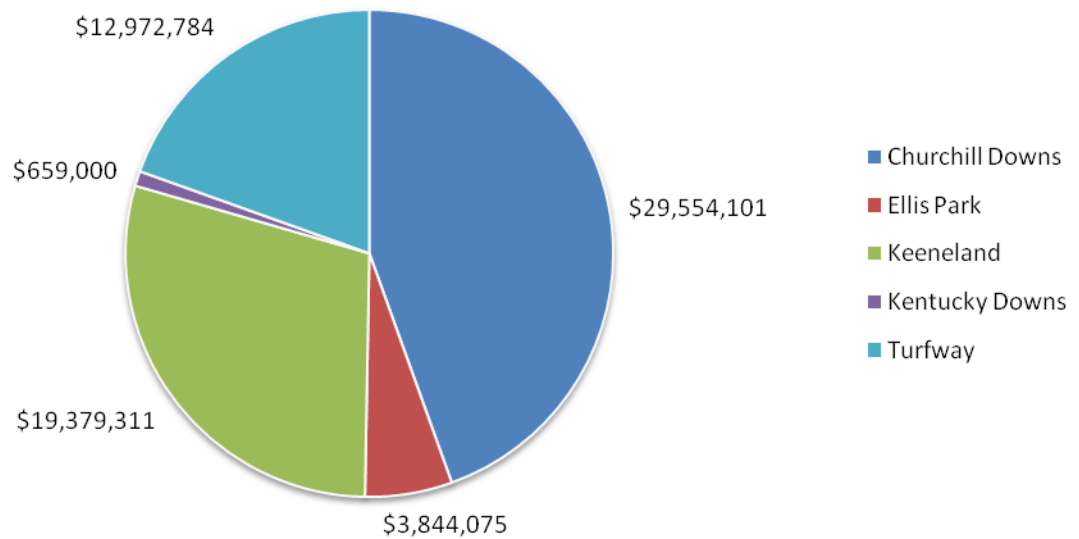
Site	Total All Sources Handle on Live		Difference	Percentage
	2008	2009		
Churchill Downs	\$642,671,441	\$542,430,369	(\$100,241,072)	-15.60%
Ellis Park	\$78,229,999	\$39,157,020	(\$39,072,979)	-49.95%
Keeneland	\$255,058,582	\$235,989,877	(\$19,068,705)	-7.48%
Kentucky Downs	\$8,381,591	\$3,937,166		
Turfway Park	\$251,591,650	\$208,996,675	(\$42,594,975)	-16.93%

<b>TOTAL</b>	<b><u>\$1,235,933,263</u></b>	<b><u>\$1,030,511,107</u></b>	<b>(\$200,977,731)</b>	<b>-16.26%</b>
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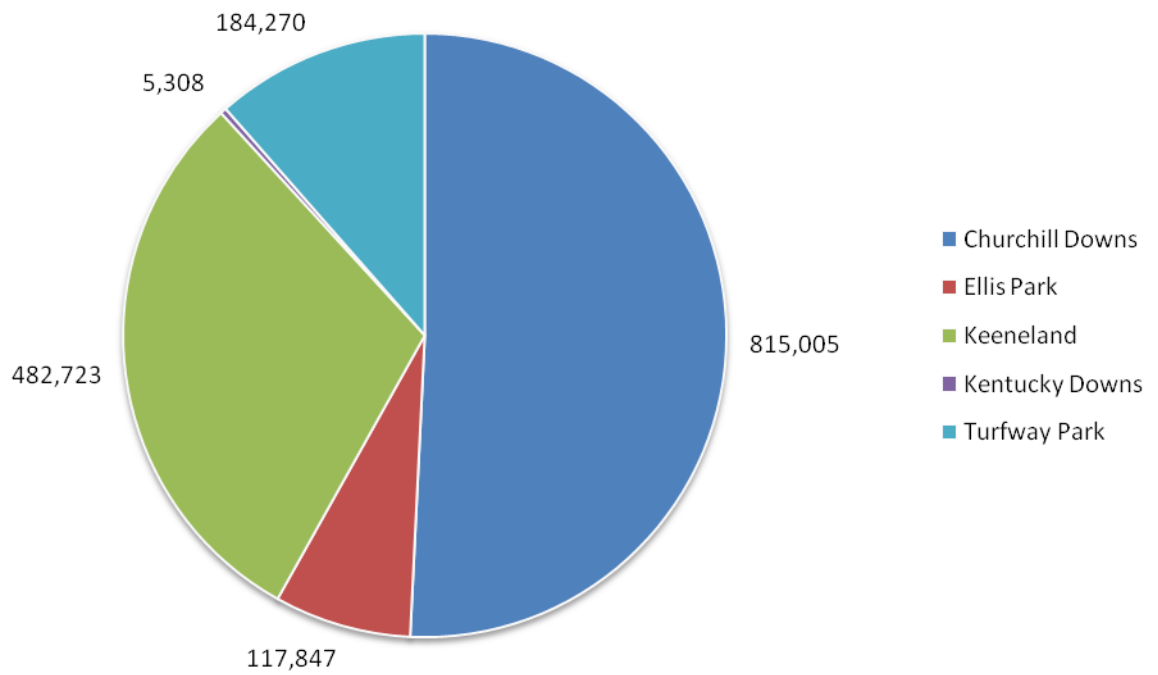
## 2008 Thoroughbred Purses



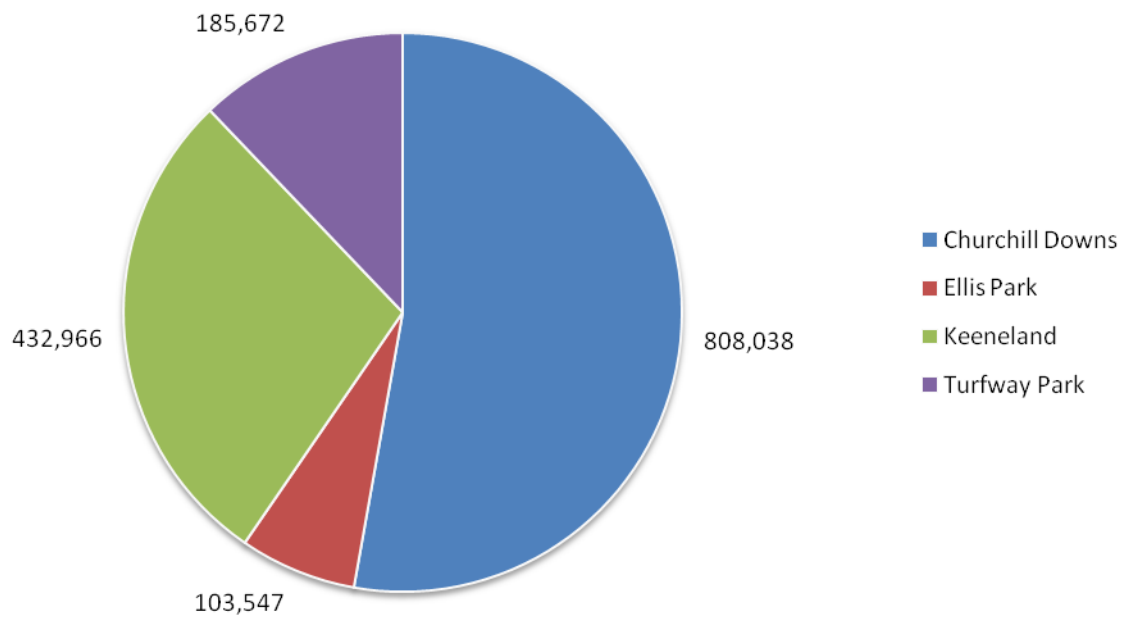
## 2009 Thoroughbred Purses



## 2008 Thoroughbred Attendance

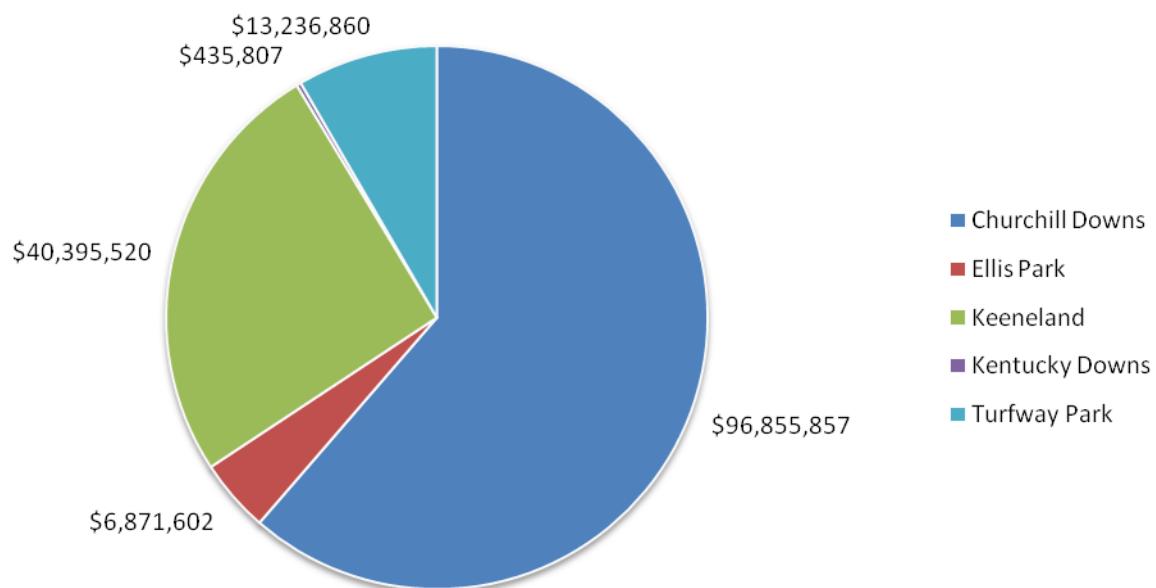


## 2009 Thoroughbred Attendance

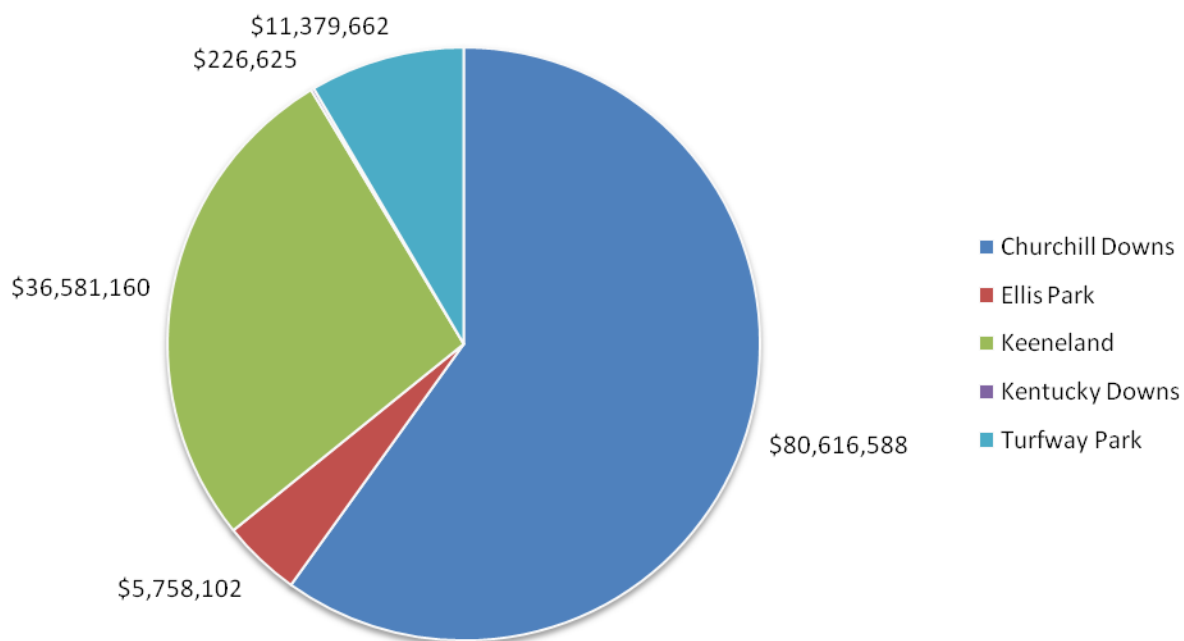


NOTE: Wagering data is provided by the licensed associations.

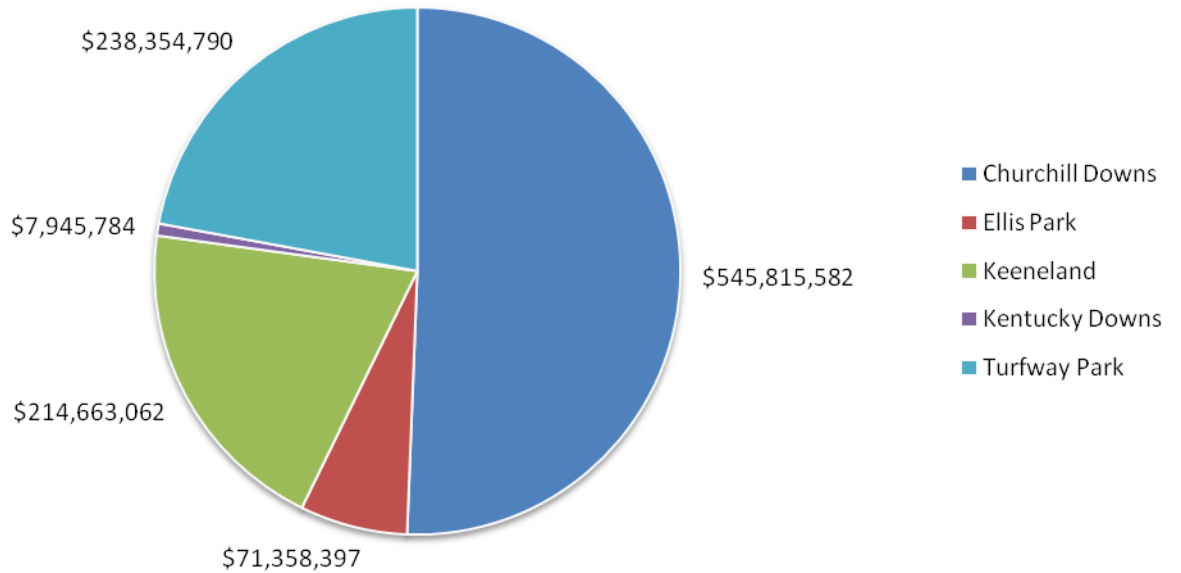
## 2008 Live on Track Handle Thoroughbred



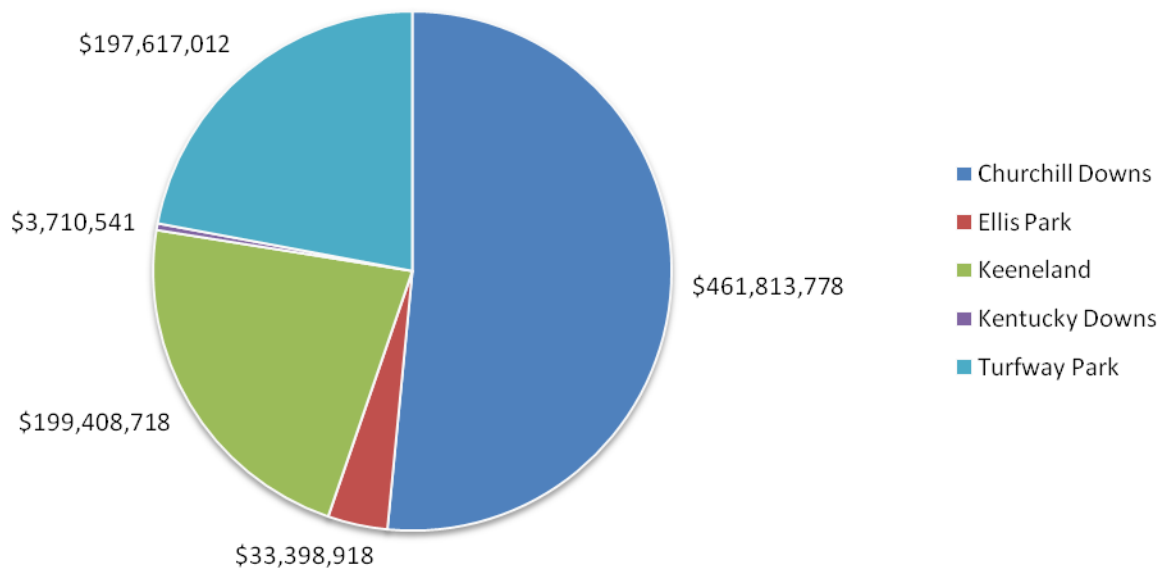
## 2009 Live On Track Handle Thoroughbred



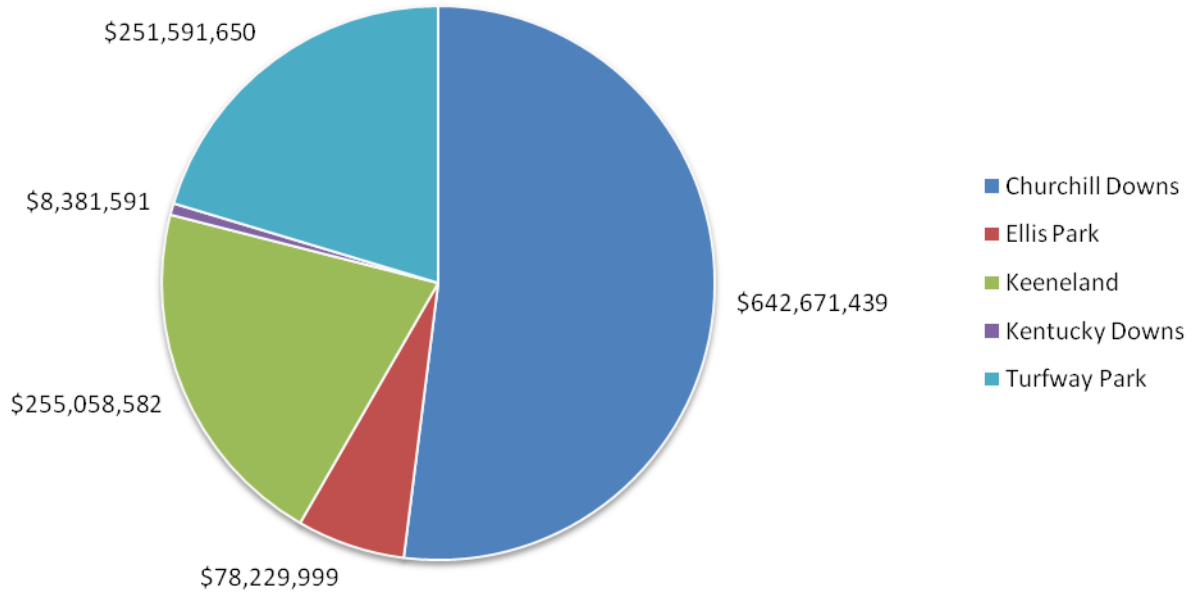
### 2008 Off Track Handle on Live Thoroughbred



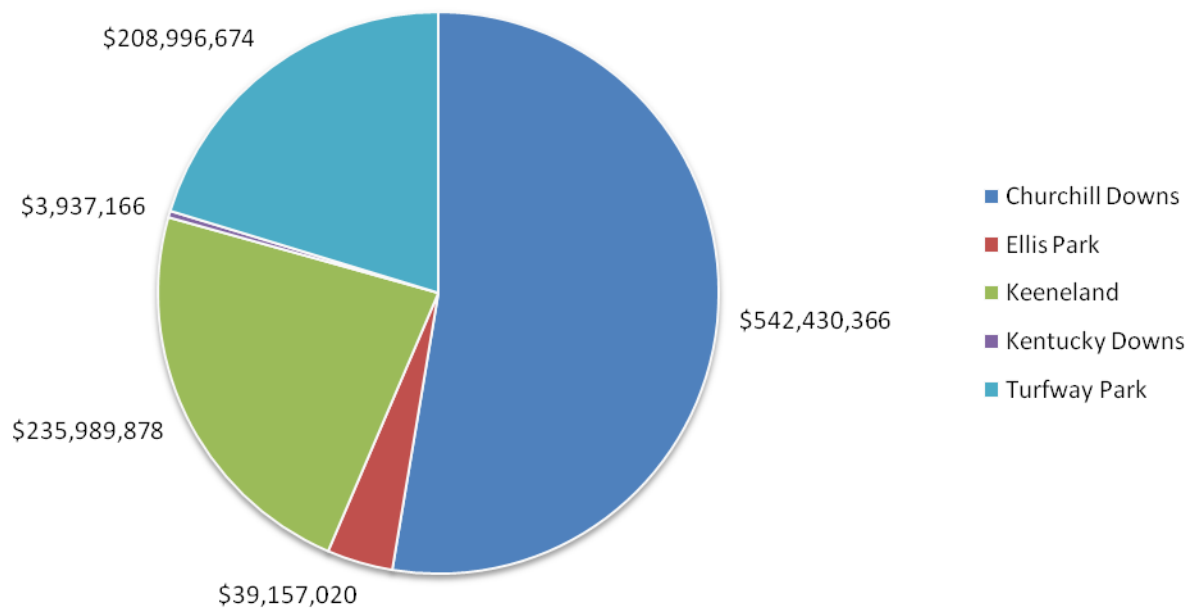
### 2009 Off Track Handle on Live Thoroughbred



### 2008 Total All Sources on Live Thoroughbreds



### 2009 Total All Sources on Live Thoroughbreds



## Churchill Downs, Inc.

Contact information:

Robert Evans, President & Chief Operating Officer

700 Central Avenue

Louisville, Kentucky 40208

(502) 636-4400

For additional information regarding Churchill Downs, go to:

<http://www.churchilldowns.com>

### 2009 Takeout Rates:

Win, Place, Show: 16%

Exotics: 19%

### 2008 Takeout Rates:

Win, Place, Show: 16%

Exotics: 19%

## **CHURCHILL DOWNS PURSE ANALYSIS**

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horsemen's Fees	Other (specify)	Total Purses
2008	\$28,018,430		\$2,393,755	\$131,750	\$2,087,300		\$32,631,235
2009	\$25,586,428		\$1,901,000	\$150,000	\$1,916,673		\$29,554,101
Difference	(\$2,432,002)		(\$492,755)	\$18,250	(\$170,627)		(\$3,077,134)
Percentage	-8.68%		-20.59%	13.85%	-8.17%		-9.43%

Association purses: derived from a portion of the Association's takeout percentage & added money

KTDF Purses: added to purses from KTDF (derived from 0.75 percent of money wagered on live races at a Thoroughbred track on live races and 2.0 percent from simulcast races)

Breeders' Cup: contribution from the Breeders' Cup Association

Horsemen's fees: derived from entry fees



Churchill Downs

On-track wagering on live product

*Wagering data provided by the licensed association*

Type bet	2008 Spring Meet	2009 Spring Meet	Difference	Percentage
Win	\$19,700,848	\$17,006,386	(\$2,694,462)	-13.68%
Place	\$8,401,137	\$7,165,764	(\$1,235,373)	-14.70%
Show	<u>\$7,182,035</u>	<u>\$6,209,666</u>	(\$972,369)	-13.54%
Total Win, Place and Show wagers	<u><u>\$35,284,020</u></u>	<u><u>\$30,381,816</u></u>	(\$4,902,204)	-13.89%
Double	\$2,019,222	\$1,688,128	(\$331,094)	-16.40%
Exacta	\$18,158,116	\$15,668,290	(\$2,489,826)	-13.71%
Trifecta	\$13,294,156	\$11,125,050	(\$2,169,106)	-16.32%
Superfecta	\$4,102,319	\$3,656,831	(\$445,488)	-10.86%
Pick 3	\$2,656,246	\$2,055,990	(\$600,256)	-22.60%
Pick 4	\$1,461,345	\$1,298,231	(\$163,114)	-11.16%
Pick 6	\$420,368	\$439,750	\$19,382	4.61%
Super Hi-Five	\$778,946	\$273,349	(\$505,597)	-64.91%
Other - Over/Under	<u>\$109,879</u>	<u>\$0</u>	(\$109,879)	-100.00%
Total Exotic Wagers	<u><u>\$43,000,597</u></u>	<u><u>\$36,205,619</u></u>	(\$6,794,978)	-15.80%
Type bet	2008 Fall Meet	2009 Fall Meet	Difference	Percentage
Win	\$4,087,568	\$3,159,805	(\$927,763)	-22.70%
Place	\$1,845,971	\$1,519,824	(\$326,147)	-17.67%
Show	<u>\$1,395,459</u>	<u>\$1,195,457</u>	(\$200,002)	-14.33%
Total Win, Place and Show wagers	<u><u>\$7,328,998</u></u>	<u><u>\$5,875,086</u></u>	(\$1,453,912)	-19.84%

Double	\$648,017	\$425,155	(\$222,862)	-34.39%
Exacta	\$4,598,690	\$3,473,579	(\$1,125,111)	-24.47%
Trifecta	\$3,222,920	\$2,351,121	(\$871,799)	-27.05%
Superfecta	\$1,219,064	\$928,915	(\$290,149)	-23.80%
Pick 3	\$891,146	\$545,750	(\$345,396)	-38.76%
Pick 4	\$458,179	\$310,858	(\$147,321)	-32.15%
Pick 6	\$33,026	\$72,936	\$39,910	120.84%
Super Hi-Five	\$171,199	\$45,753	(\$125,446)	-73.27%
Other - Over/Under	<u>\$0</u>	<u>\$0</u>	\$0	#DIV/0!

Total Exotic Wagers	<u><u>\$11,242,241</u></u>	<u><u>\$8,154,067</u></u>	(\$3,088,174)	-27.47%
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Type bet	2008 Total	2009 Total	Difference	Percentage
Win	\$23,788,416	\$20,166,191	(\$3,622,225)	-15.23%
Place	\$10,247,108	\$8,685,588	(\$1,561,520)	-15.24%
Show	<u>\$8,577,494</u>	<u>\$7,405,123</u>	(\$1,172,371)	-13.67%

Total Win, Place and Show wagers	<u><u>\$42,613,018</u></u>	<u><u>\$36,256,902</u></u>	(\$6,356,116)	-14.92%
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Double	\$2,667,239	\$2,113,283	(\$553,956)	-20.77%
Exacta	\$22,756,806	\$19,141,869	(\$3,614,937)	-15.89%
Trifecta	\$16,517,076	\$13,476,171	(\$3,040,905)	-18.41%
Superfecta	\$5,321,383	\$4,585,746	(\$735,637)	-13.82%
Pick 3	\$3,547,392	\$2,601,740	(\$945,652)	-26.66%
Pick 4	\$1,919,524	\$1,609,089	(\$310,435)	-16.17%
Pick 6	\$453,394	\$512,686	\$59,292	13.08%
Super Hi-Five	\$950,145	\$319,102	(\$631,043)	-66.42%
Other - Over/Under	<u>\$109,879</u>	<u>\$0</u>	(\$109,879)	

Total Exotic Wagers	<u><u>\$54,242,838</u></u>	<u><u>\$44,359,686</u></u>	(\$9,883,152)	-18.22%
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Total Wagers	\$96,855,856	\$80,616,588	(\$16,239,268)	-16.77%
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Churchill Downs

Total All Sources wagering on live product

*Wagering data provided by the licensed association*

Type bet	2008 Spring Meet	2009 Spring Meet	Difference	Percentage
Win	\$114,592,487	\$97,296,220	(\$17,296,267)	-15.09%
Place	\$40,159,629	\$34,474,224	(\$5,685,405)	-14.16%
Show	<u>\$24,429,388</u>	<u>\$23,226,968</u>	(\$1,202,420)	-4.92%
Total Win, Place and Show wagers	<u>\$179,181,504</u>	<u>\$154,997,412</u>	(\$24,184,092)	-13.50%
Double	\$14,429,599	\$13,394,381	(\$1,035,218)	-7.17%
Exacta	\$122,387,140	\$102,011,245	(\$20,375,895)	-16.65%
Trifecta	\$107,050,705	\$85,609,325	(\$21,441,380)	-20.03%
Superfecta	\$36,820,780	\$33,249,192	(\$3,571,588)	-9.70%
Pick 3	\$16,537,749	\$15,603,982	(\$933,767)	-5.65%
Pick 4	\$10,813,334	\$12,041,694	\$1,228,360	11.36%
Pick 6	\$2,651,090	\$2,254,411	(\$396,679)	-14.96%
Super Hi-Five	\$5,071,512	\$4,551,628	(\$519,884)	-10.25%
Other - Over/Under	<u>\$130,386</u>	<u>\$0</u>	(\$130,386)	-100.00%
Total Exotic Wagers	<u>\$315,892,295</u>	<u>\$268,715,858</u>	(\$47,176,437)	-14.93%
Type bet	2008 Fall Meet	2009 Fall Meet	Difference	Percentage
Win	\$30,215,106	\$23,666,521	(\$6,548,585)	-21.67%
Place	\$11,275,910	\$8,967,406	(\$2,308,504)	-20.47%
Show	<u>\$5,797,080</u>	<u>\$5,009,299</u>	(\$787,781)	-13.59%
Total Win, Place and Show wagers	<u>\$47,288,096</u>	<u>\$37,643,226</u>	(\$9,644,870)	-20.40%
Double	\$5,507,991	\$4,527,238	(\$980,753)	-17.81%
Exacta	\$40,003,693	\$30,881,373	(\$9,122,320)	-22.80%
Trifecta	\$29,753,082	\$22,654,792	(\$7,098,290)	-23.86%

Superfecta	\$14,704,874	\$12,325,448	(\$2,379,426)	-16.18%
Pick 3	\$6,087,537	\$4,894,501	(\$1,193,036)	-19.60%
Pick 4	\$3,299,220	\$4,268,305	\$969,085	29.37%
Pick 6	\$173,308	\$457,777	\$284,469	164.14%
Super Hi-Five	\$779,841	\$1,064,439	\$284,598	36.49%
Other - Over/Under			\$0	
Total Exotic Wagers	<u>\$100,309,546</u>	<u>\$81,073,873</u>	(\$19,235,673)	-19.18%
Type bet	<b>2008 Total</b>	<b>2009 Total</b>	Difference	Percentage
Win	\$144,807,593	\$120,962,741	(\$23,844,852)	-16.47%
Place	\$51,435,539	\$43,441,630	(\$7,993,909)	-15.54%
Show	<u>\$30,226,468</u>	<u>\$28,236,267</u>	(\$1,990,201)	-6.58%
Total Win, Place and Show wagers	<u>\$226,469,600</u>	<u>\$192,640,638</u>	(\$33,828,962)	-14.94%
Double	\$19,937,590	\$17,921,619	(\$2,015,971)	-10.11%
Exacta	\$162,390,833	\$132,892,618	(\$29,498,215)	-18.16%
Trifecta	\$136,803,787	\$108,264,117	(\$28,539,670)	-20.86%
Superfecta	\$51,525,654	\$45,574,640	(\$5,951,014)	-11.55%
Pick 3	\$22,625,286	\$20,498,483	(\$2,126,803)	-9.40%
Pick 4	\$14,112,554	\$16,309,999	\$2,197,445	15.57%
Pick 6	\$2,824,398	\$2,712,188	(\$112,210)	-3.97%
Super Hi-Five	\$5,851,353	\$5,616,067	(\$235,286)	-4.02%
Other - Over/Under	<u>\$130,386</u>	<u>\$0</u>	(\$130,386)	
Total Exotic Wagers	<u>\$416,201,841</u>	<u>\$349,789,731</u>	(\$66,412,110)	-15.96%
Total Wagers	\$642,671,441	\$542,430,369	(\$100,241,072)	-15.60%

## Ellis Park

### Contact Information:

Ron Geary, Owner & President  
330 U.S. Highway 41  
North Henderson, KY 42420  
(812) 425-1456 Fax (812) 425-0353

For additional information regarding Ellis Park, go to:  
[www.ellisparkracing.com](http://www.ellisparkracing.com).

### 2009 Takeout Rates

Win, Place, Show: 17.50%  
Exotics: 22.00%

### 2008 Takeout Rates

Win, Place, Show: 17.50%  
Exotics: 22.00%

## ELLIS PARK PURSE ANALYSIS

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horsemen's Fees	Other (specify)	Total Purses
2008	\$4,384,994		\$747,550	\$43,900	\$58,200		\$5,234,644
2009	\$3,233,800		\$569,625	\$10,000	\$30,650		\$3,844,075

Difference	(\$1,151,194)	(\$177,925)	(\$33,900)	(\$27,550)	(\$1,390,569)
Percentage	-26.25	-23.80%	-77.22%	-47.34%	-26.56%

Association purses: derived from a portion of the Association's takeout percentage & added money

KTDF Purses: added to purses from KTDF (derived from 0.75 percent of money wagered on live races at a Thoroughbred track on live races and 2.0 percent from simulcast races)

Breeders' Cup: contribution from the Breeders' Cup Association

Horsemen's fees: derived from entry fees

Ellis Park

On-track wagering on live product

*Wagering data provided by the licensed association*

Type bet	2008 Spring Meet	2009 Spring Meet	Difference	Percentage
Win	\$1,943,284	\$1,607,481	(\$335,803)	-17.28%
Place	\$838,749	\$735,323	(\$103,426)	-12.33%
Show	<u>\$622,812</u>	<u>\$582,209</u>	(\$40,603)	-6.52%
Total Win, Place and Show wagers	<u>\$3,404,845</u>	<u>\$2,925,013</u>	(\$479,832)	-14.09%
Double	\$188,174	\$153,592	(\$34,582)	-18.38%
Exacta	\$1,399,588	\$1,160,835	(\$238,753)	-17.06%
Trifecta	\$1,143,901	\$899,258	(\$244,643)	-21.39%
Superfecta	\$429,084	\$384,106	(\$44,978)	-10.48%
Pick 3	\$201,279	\$155,232	(\$46,047)	-22.88%
Pick 4	\$73,869	\$68,243	(\$5,626)	-7.62%
Pick 6	\$15,187	\$4,600	(\$10,587)	-69.71%
Super Hi-Five	\$15,675	\$7,224	(\$8,451)	-53.91%
			\$0	
Total Exotic Wagers	<u>\$3,466,757</u>	<u>\$2,833,090</u>	(\$633,667)	-18.28%
Total Wagers	\$6,871,602	\$5,758,103	(\$1,113,499)	-16.20%

Ellis Park

Total All Sources wagering on live product

*Wagering data provided by the licensed associations*

Type Bet	2008 Summer Meet	2009 Summer Meet	Difference	Percentage
Win	\$20,809,180	\$9,201,900	(\$11,607,280)	-55.78%
Place	\$8,683,530	\$3,995,359	(\$4,688,171)	-53.99%
Show	<u>\$6,328,807</u>	<u>\$2,012,008</u>	(\$4,316,799)	-68.21%
Total Win, Place and Show wagers	<u>\$35,821,517</u>	<u>\$15,209,267</u>	(\$20,612,250)	-57.54%
Double	\$2,033,980	\$2,193,426	\$159,446	7.84%
Exacta	\$17,601,750	\$8,277,132	(\$9,324,618)	-52.98%
Trifecta	\$15,254,850	\$7,165,416	(\$8,089,434)	-53.03%
Superfecta	\$5,006,720	\$2,393,578	(\$2,613,142)	-52.19%
Pick 3	\$2,112,210	\$2,937,776	\$825,566	39.09%
Pick 4	\$86,052	\$822,297	\$736,245	855.58%
Pick 6	\$164,283	\$158,128	(\$6,155)	-3.75%
Super Hi-Five	<u>\$148,637</u>		(\$148,637)	
Total Exotic wagers	<u>\$42,408,482</u>	<u>\$23,947,753</u>	(\$18,460,729)	-43.53%
Total Wagers	\$78,229,999	\$39,157,020	(\$39,072,979)	-49.95%

## Keeneland Association, Inc.

Contact Information:

Nick Nicholson, President & CEO

4201 Versailles Road

Lexington, KY 40510

(859) 254-3412

For additional information regarding Keeneland, go to: [www.keeneland.com](http://www.keeneland.com)

### 2009 Takeout Rates

Win, Place, Show: 16%

Exotics: 19%

### 2008 Takeout Rates

Win, Place, Show: 16%

Exotics: 19%

## **KEENELAND PURSE ANALYSIS**

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horsemen's Fees	Other (specify)	Total Purses
2008	\$18,372,375		\$1,056,780	\$182,000	\$1,143,200		\$20,754,355
2009	\$17,365,660		\$878,751	\$103,500	\$1,031,400		\$19,379,311
Difference	(\$1,006,715)		(\$178,029)	(\$78,500)	(\$111,800)		(\$1,375,044)
Percentage	-5.48%		-16.85%	-43.13%	-9.78%		-6.63%

Association purses: derived from a portion of the Association's takeout percentage & added money

KTDF Purses: added to purses from KTDF (derived from 0.75 percent of money wagered on live races at a Thoroughbred track on live races and 2.0 percent from simulcast races)

Breeders' Cup: contribution from the Breeders' Cup Association

Horsemen's fees: derived from entry fees



Keeneland

On-track wagering on live product

*Wagering data provided by the licensed association*

Type bet	2008 Spring Meet	2009 Spring Meet	Difference	Percentage
Win	\$5,102,999	\$4,689,852	(\$413,147)	-8.10%
Place	\$2,467,892	\$2,207,772	(\$260,120)	-10.54%
Show	<u>\$2,285,683</u>	<u>\$2,026,358</u>	(\$259,325)	-11.35%
Total Win, Place and Show wagers	<u><u>\$9,856,574</u></u>	<u><u>\$8,923,982</u></u>	(\$932,592)	-9.46%
Double	\$348,531	\$486,908	\$138,377	39.70%
Exacta	\$4,400,309	\$4,057,268	(\$343,041)	-7.80%
Trifecta	\$3,359,903	\$3,029,614	(\$330,289)	-9.83%
Superfecta	\$1,679,003	\$1,387,969	(\$291,034)	-17.33%
Pick 3	\$720,319	\$54,542	(\$665,777)	-92.43%
Pick 4	\$568,465	\$657,686	\$89,221	15.70%
Pick 6	\$327,622	\$549,042	\$221,420	67.58%
Super Hi-Five	<u>\$68,977</u>	<u>\$96,904</u>	\$27,927	40.49%
Total Exotic Wagers	<u><u>\$11,473,129</u></u>	<u><u>\$10,319,933</u></u>	(\$1,153,196)	-10.05%
Type bet	2008 Fall Meet	2009 Fall Meet	Difference	Percentage
Win	\$4,544,079	\$3,899,970	(\$644,109)	-14.17%
Place	\$2,275,801	\$1,948,580	(\$327,221)	-14.38%
Show	<u>\$2,147,825</u>	<u>\$1,911,030</u>	(\$236,795)	-11.02%
Total Win, Place and Show wagers	<u><u>\$8,967,705</u></u>	<u><u>\$7,759,580</u></u>	(\$1,208,125)	-13.47%
Double	\$304,765	\$406,745	\$101,980	33.46%

Exacta	\$4,121,658	\$3,596,772	(\$524,886)	-12.73%
Trifecta	\$3,017,357	\$2,717,581	(\$299,776)	-9.94%
Superfecta	\$1,487,020	\$1,524,704	\$37,684	2.53%
Pick 3	\$573,409	\$69,665	(\$503,744)	-87.85%
Pick 4	\$419,688	\$621,770	\$202,082	48.15%
Pick 6	\$84,670	\$522,266	\$437,596	516.83%
Super Hi-Five	<u>\$89,546</u>	<u>\$118,164</u>	\$28,618	31.96%
Total Exotic Wagers	<u>\$10,098,113</u>	<u>\$9,577,667</u>	(\$520,446)	-5.15%

Type bet	2008 Total	2009 Total	Difference	Percentage
Win	\$9,647,078	\$8,589,822	(\$1,057,256)	-10.96%
Place	\$4,743,693	\$4,156,352	(\$587,341)	-12.38%
Show	<u>\$4,433,508</u>	<u>\$3,937,388</u>	(\$496,120)	-11.19%
Total Win, Place and Show wagers	<u>\$18,824,279</u>	<u>\$16,683,562</u>	(\$2,140,717)	-11.37%

Double	\$653,296	\$893,653	\$240,357	36.79%
Exacta	\$8,521,967	\$7,654,040	(\$867,927)	-10.18%
Trifecta	\$6,377,260	\$5,747,195	(\$630,065)	-9.88%
Superfecta	\$3,166,023	\$2,912,673	(\$253,350)	-8.00%
Pick 3	\$1,293,728	\$124,207	(\$1,169,521)	-90.40%
Pick 4	\$988,153	\$1,279,456	\$291,303	29.48%
Pick 6	\$412,292	\$1,071,308	\$659,016	159.84%
Super Hi-Five	\$158,523	\$215,068	\$56,545	35.67%
Total Exotic Wagers	<u>\$21,571,242</u>	<u>\$19,897,600</u>	(\$1,673,642)	-7.76%
Total Wagers	\$40,395,521	\$36,581,162	(\$3,814,359)	-9.44%

Type bet	2008 Spring Meet	2009 Spring Meet	Difference	Percentage
Win	\$32,475,216	\$27,166,063	(\$5,309,153)	-16.35%
Place	\$12,134,138	\$9,953,274	(\$2,180,864)	-17.97%
Show	<u>\$6,788,997</u>	<u>\$5,926,891</u>	(\$862,106)	-12.70%
Total Win, Place and Show wagers	<u>\$51,398,351</u>	<u>\$43,046,228</u>	(\$8,352,123)	-16.25%
Double	\$3,301,974	\$4,662,758	\$1,360,784	41.21%
Exacta	\$35,327,915	\$28,210,415	(\$7,117,500)	-20.15%
Trifecta	\$25,734,056	\$19,704,280	(\$6,029,776)	-23.43%
Superfecta	\$13,363,702	\$9,724,071	(\$3,639,631)	-27.24%
Pick 3	\$7,054,687	\$5,482,027	(\$1,572,660)	-22.29%
Pick 4	\$5,722,696	\$5,171,676	(\$551,020)	-9.63%
Pick 6	\$3,287,143	\$679,113	(\$2,608,030)	-79.34%
Super Hi-Five	<u>\$380,504</u>	<u>\$254,668</u>	(\$125,836)	-33.07%
Total Exotic Wagers	<u>\$94,172,677</u>	<u>\$73,889,008</u>	(\$20,283,669)	-21.54%
Type bet	2008 Fall Meet	2009 Fall Meet	Difference	Percentage
Win	\$25,711,331	\$25,471,930	(\$239,401)	-0.93%
Place	\$9,846,240	\$9,661,768	(\$184,472)	-1.87%
Show	<u>\$5,710,658</u>	<u>\$5,895,570</u>	\$184,912	3.24%
Total Win, Place and Show wagers	<u>\$41,268,229</u>	<u>\$41,029,268</u>	(\$238,961)	-0.58%
Double	\$2,165,145	\$4,715,788	\$2,550,643	117.80%
Exacta	\$27,352,348	\$28,896,511	\$1,544,163	5.65%
Trifecta	\$19,089,973	\$20,057,356	\$967,383	5.07%

Superfecta	\$9,815,973	\$11,459,063	\$1,643,090	16.74%
Pick 3	\$4,776,231	\$5,600,442	\$824,211	17.26%
Pick 4	\$3,889,019	\$5,637,777	\$1,748,758	44.97%
Pick 6	\$722,875	\$1,336,868	\$613,993	84.94%
Super Hi-Five	<u>\$407,761</u>	<u>\$321,568</u>	(\$86,193)	-21.14%

Total Exotic Wagers	<u>\$68,219,325</u>	<u>\$78,025,373</u>	\$9,806,048	14.37%
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Type bet	2008 Total	2009 Total	Difference	Percentage
Win	\$58,186,547	\$52,637,993	(\$5,548,554)	-9.54%
Place	\$21,980,378	\$19,615,042	(\$2,365,336)	-10.76%
Show	<u>\$12,499,655</u>	<u>\$11,822,461</u>	(\$677,194)	-5.42%
Total Win, Place and Show wagers	<u>\$92,666,580</u>	<u>\$84,075,496</u>	(\$8,591,084)	-9.27%

Double	\$5,467,119	\$9,378,546	\$3,911,427	71.54%
Exacta	\$62,680,263	\$57,106,926	(\$5,573,337)	-8.89%
Trifecta	\$44,824,029	\$39,761,636	(\$5,062,393)	-11.29%
Superfecta	\$23,179,675	\$21,183,134	(\$1,996,541)	-8.61%
Pick 3	\$11,830,918	\$11,082,469	(\$748,449)	-6.33%
Pick 4	\$9,611,715	\$10,809,453	\$1,197,738	12.46%
Pick 6	\$4,010,018	\$2,015,981	(\$1,994,037)	-49.73%
Super Hi-Five	\$788,265	\$576,236	(\$212,029)	-26.90%

Total Exotic Wagers	<u>\$162,392,002</u>	<u>\$151,914,381</u>	(\$10,477,621)	-6.45%
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Total Wagers	\$255,058,582	\$235,989,877	(\$19,068,705)	-7.48%
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## Kentucky Downs

Contact Information:

Corey Johnsen, Owner & President

P.O. Box 405

Franklin, KY 42135

(270) 586-7778

For additional information regarding Kentucky Downs, go to:  
[www.kentuckydowns.com](http://www.kentuckydowns.com).

### 2009 Takeout Rates

Win, Place, Show: 17.5%

Exotics: 22.0%

### 2008 Takeout Rates

Win, Place, Show: 17.5%

Exotics: 22.0%

## **KENTUCKY DOWNS PURSE ANALYSIS**

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horsemen's Fees	Other (specify)	Total Purses
2008	\$1,270,000	\$75,000					\$1,345,000
2009	\$659,000	0					\$659,000

Difference (\$611,000) (\$75,000) (\$686,000)

Percentage -48.11% -100.00% -51.00%

Association purses: derived from a portion of the Association's takeout percentage & added money

Kentucky Downs  
On-track wagering on live  
product  
*Wagering data provided by the licensed  
associations*

Type Bet	2008 Fall Meet	2009 Fall Meet	Difference	Percentage
Win	\$112,819	\$55,723	(\$57,096)	-50.61%
Place	\$50,029	\$27,667	(\$22,362)	-44.70%
Show	<u>\$31,953</u>	<u>\$20,865</u>	(\$11,088)	-34.70%
Total Win, Place and Show wagers	<u><u>\$194,801</u></u>	<u><u>\$104,255</u></u>	(\$90,546)	-46.48%
Double	\$9,660	\$5,386	(\$4,274)	-44.24%
Exacta	\$91,949	\$46,240	(\$45,709)	-49.71%
Trifecta	\$83,795	\$40,318	(\$43,477)	-51.88%
Superfecta	\$35,125	\$17,883	(\$17,242)	-49.09%
Pick 3	\$14,972	\$7,846	(\$7,126)	-47.60%
Pick 4	\$5,471	\$4,697	(\$774)	-14.15%
Pick 6	<u>\$34</u>	<u>\$0</u>	(\$34)	-100.00%
Total Exotic wagers	<u><u>\$241,006</u></u>	<u><u>\$122,370</u></u>	(\$118,636)	-49.23%
Total Wagers	\$435,807	\$226,625	(\$209,182)	-48.00%

Kentucky Downs

Total All Sources on live  
product

*Wagering data provided by the licensed  
associations*

<b>Type Bet</b>	<b>2008 Fall Meet</b>	<b>2009 Fall Meet</b>	<b>Difference</b>	<b>Percentage</b>
Win	N/A	N/A		
Place	N/A	N/A		
Show	N/A	N/A		
Total Win, Place and Show wagers	<u>\$0</u>	<u>\$0</u>	\$0	
Double	N/A	N/A		
Exacta	N/A	N/A		
Trifecta	N/A	N/A		
Superfecta	N/A	N/A		
Pick 3	N/A	N/A		
Pick 4	N/A	N/A		
Pick 6	N/A	N/A		
Total Exotic wagers	<u>\$0</u>	<u>\$0</u>	\$0	
Total Wagers	\$8,381,591	\$3,937,166	(\$4,444,425)	-53.03%

## Turfway Park

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Contact information:

Bob Elliston, President and CEO

7500 Turfway Rd.

Florence, KY 41042

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

For additional information regarding Turfway Park, go to [www.turfway.com](http://www.turfway.com)

### 2008 Takeout Rates

Win, Place, and Show: 17.5%

Exotics: 22.0%

### 2009 Takeout Rates

Win, Place, and Show: 17.5%

Exotics: 22.0%

## TURFWAY PARK PURSE ANALYSIS

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horsemen's Fees	Other (specify)	Total Purses
2008	\$11,887,986		\$1,973,330	\$75,000	\$319,975		\$14,256,291
2009	\$10,951,366		\$1,680,568	\$75,000	\$265,850		\$12,972,784
Difference	(\$936,620)		(\$292,762)	\$0	(\$54,125)		(\$1,283,507)
Percentage	-7.88%		-14.84%	0.00%	-16.92%		-9.00%

Association purses: derived from a portion of the Association's takeout percentage & added money

KTDF Purses: added to purses from KTDF (derived from 0.75 percent of money wagered on live races at a Thoroughbred track on live races and 2.0 percent from simulcast races)

Breeders' Cup: contribution from the Breeders' Cup Association

Horsemen's fees: derived from entry fees



Turfway Park  
On-track wagering on live  
product  
*Wagering data provided by the licensed  
associations*

<b>Type Bet</b>	<b>2008 Spring Meet</b>	<b>2009 Spring Meet</b>	<b>Difference</b>	<b>Percentage</b>
Win	\$1,880,318	\$1,697,731	(\$182,587)	-9.71%
Place	\$824,938	\$755,415	(\$69,523)	-8.43%
Show	<u>\$576,376</u>	<u>\$525,972</u>	(\$50,404)	-8.74%
Total Win, Place and Show wagers	<u><u>\$3,281,632</u></u>	<u><u>\$2,979,118</u></u>	(\$302,514)	-9.22%
Double	\$255,185	\$194,457	(\$60,728)	-23.80%
Exacta	\$1,725,364	\$1,500,332	(\$225,032)	-13.04%
Trifecta	\$1,412,820	\$1,242,789	(\$170,031)	-12.03%
Superfecta	\$762,704	\$667,717	(\$94,987)	-12.45%
Pick 3	\$331,139	\$252,436	(\$78,703)	-23.77%
Pick 4	\$128,421	\$94,552	(\$33,869)	-26.37%
Pick 6	\$9,181	\$4,076	(\$5,105)	-55.60%
Super Hi-Five	<u>\$0</u>	<u>\$14,890</u>	\$14,890	
Total Exotic wagers	<u><u>\$4,624,814</u></u>	<u><u>\$3,971,249</u></u>	(\$653,565)	-14.13%
	<b>2008 Fall Meet</b>	<b>2009 Fall Meet</b>		
Win	\$685,012	\$553,011	(\$132,001)	-19.27%
Place	\$281,760	\$234,685	(\$47,075)	-16.71%
Show	<u>\$184,239</u>	<u>\$156,546</u>	(\$27,693)	-15.03%
Total Win, Place and Show wagers	<u><u>\$1,151,011</u></u>	<u><u>\$944,242</u></u>	(\$206,769)	-17.96%
Double	\$78,382	\$70,620	(\$7,762)	-9.90%
Exacta	\$542,930	\$469,213	(\$73,717)	-13.58%

Trifecta	\$458,553	\$395,522	(\$63,031)	-13.75%
Superfecta	\$242,821	\$206,978	(\$35,843)	-14.76%
Pick 3	\$114,556	\$86,594	(\$27,962)	-24.41%
Pick 4	\$49,103	\$40,122	(\$8,981)	-18.29%
Pick 6	\$1,632	\$1,625	(\$7)	-0.43%
Super Hi-Five	<u>\$3,605</u>	<u>\$2,512</u>	<u>(\$1,093)</u>	<u>-30.32%</u>

Total Exotic wagers	<u>\$1,491,582</u>	<u>\$1,273,186</u>	<u>(\$218,396)</u>	<u>-14.64%</u>
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	<b>2008 Winter Meet</b>	<b>2009 Winter Meet</b>		
Win	\$596,784	\$515,142	(\$81,642)	-13.68%
Place	\$281,397	\$231,661	(\$49,736)	-17.67%
Show	<u>\$191,667</u>	<u>\$162,581</u>	<u>(\$29,086)</u>	<u>-15.18%</u>

Total Win, Place and Show wagers	<u>\$1,069,848</u>	<u>\$909,384</u>	<u>(\$160,464)</u>	<u>-15.00%</u>
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Double	\$91,054	\$69,953	(\$21,101)	-23.17%
Exacta	\$569,733	\$464,185	(\$105,548)	-18.53%
Trifecta	\$492,740	\$399,724	(\$93,016)	-18.88%
Superfecta	\$296,257	\$227,453	(\$68,804)	-23.22%
Pick 3	\$127,364	\$96,587	(\$30,777)	-24.16%
Pick 4	\$33,059	\$38,778	\$5,719	17.30%
Pick 6	\$3,422	\$4,633	\$1,211	35.39%
Super Hi-Five	<u>\$4,344</u>	<u>\$1,170</u>	<u>(\$3,174)</u>	<u>-73.07%</u>

Total Exotic wagers	<u>\$1,617,973</u>	<u>\$1,302,483</u>	<u>(\$315,490)</u>	<u>-19.50%</u>
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	<b>2008 TOTAL</b>	<b>2009 TOTAL</b>		
Win	\$3,162,114	\$2,765,884	(\$396,230)	-12.53%
Place	\$1,388,095	\$1,221,761	(\$166,334)	-11.98%
Show	\$952,282	\$845,099	(\$107,183)	-11.26%

Total Win, Place and Show wagers	<u>\$5,502,491</u>	<u>\$4,832,744</u>	<u>(\$669,747)</u>	<u>-12.17%</u>
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Double	\$424,621	\$335,030	(\$89,591)	-21.10%
Exacta	\$2,838,027	\$2,433,730	(\$404,297)	-14.25%
Trifecta	\$2,364,113	\$2,038,035	(\$326,078)	-13.79%
Superfecta	\$1,301,782	\$1,102,148	(\$199,634)	-15.34%
Pick 3	\$573,059	\$435,617	(\$137,442)	-23.98%
Pick 4	\$210,583	\$173,452	(\$37,131)	-17.63%
Pick 6	\$14,235	\$10,334	(\$3,901)	-27.40%
Super Hi-Five	<u>\$7,949</u>	<u>\$18,572</u>	\$10,623	133.64%

Total Exotic wagers	<u>\$7,734,369</u>	<u>\$6,546,918</u>	(\$1,187,451)	-15.35%
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Total Wagers	\$13,236,860	\$11,379,662	(\$1,857,198)	-14.03%
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#### Turfway Park

Total All Sources wagering on live product

*Wagering data provided by the licensed association*

Type bet	2008 Spring Meet	2009 Spring Meet	Difference	Percentage
Win	\$32,546,425	\$23,981,896	(\$8,564,529)	-26.31%
Place	\$11,375,488	\$8,462,234	(\$2,913,254)	-25.61%
Show	<u>\$5,536,468</u>	<u>\$4,057,374</u>	(\$1,479,094)	-26.72%

Total Win, Place and Show wagers	<u>\$49,458,381</u>	<u>\$36,501,504</u>	(\$12,956,877)	-26.20%
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Double	\$4,129,253	\$2,865,321	(\$1,263,932)	-30.61%
Exacta	\$39,686,218	\$29,237,891	(\$10,448,327)	-26.33%
Trifecta	\$32,721,693	\$23,670,565	(\$9,051,128)	-27.66%
Superfecta	\$17,474,797	\$12,786,687	(\$4,688,110)	-26.83%
Pick 3	\$4,268,578	\$257,755	(\$4,010,823)	-93.96%
Pick 4	\$2,821,626	\$3,135,261	\$313,635	11.12%
Pick 6	\$112,009	\$1,829,916	\$1,717,907	1533.72%
Super Hi-Five	<u>\$0</u>	<u>\$57,848</u>	\$57,848	

Total Exotic Wagers	<u>\$101,214,174</u>	<u>\$73,841,244</u>	(\$27,372,930)	-27.04%
	2008 Fall	2009 Fall		

Type bet	Meet	Meet	Difference	Percentage
Win	\$9,125,184	\$8,509,485	(\$615,699)	-6.75%
Place	\$3,266,348	\$3,017,583	(\$248,765)	-7.62%
Show	<u>\$1,494,908</u>	<u>\$1,541,106</u>	\$46,198	3.09%
Total Win, Place and Show wagers	<u>\$13,886,440</u>	<u>\$13,068,174</u>	(\$818,266)	-5.89%
Double	\$1,161,478	\$1,121,185	(\$40,293)	-3.47%
Exacta	\$10,648,689	\$10,195,842	(\$452,847)	-4.25%
Trifecta	\$9,138,977	\$8,383,070	(\$755,907)	-8.27%
Superfecta	\$5,192,793	\$4,838,859	(\$353,934)	-6.82%
Pick 3	\$1,397,453	\$53,752	(\$1,343,701)	-96.15%
Pick 4	\$1,069,646	\$1,286,234	\$216,588	20.25%
Pick 6	\$22,743	\$961,895	\$939,152	4129.41%
Super Hi-Five	<u>\$77,815</u>	<u>\$24,392</u>	(\$53,423)	-68.65%
Total Exotic Wagers	<u>\$28,709,594</u>	<u>\$26,865,229</u>	(\$1,844,365)	-6.42%
Type bet	<b>2008 Winter Meet</b>	<b>2009 Winter Meet</b>	Difference	Percentage
Win	\$11,637,176	\$11,545,719	(\$91,457)	-0.79%
Place	\$4,318,139	\$4,221,216	(\$96,923)	-2.24%
Show	<u>\$2,170,861</u>	<u>\$2,182,370</u>	\$11,509	0.53%
Total Win, Place and Show wagers	<u>\$18,126,176</u>	<u>\$17,949,305</u>	(\$176,871)	-0.98%
Double	\$1,642,742	\$1,704,980	\$62,238	3.79%
Exacta	\$15,725,945	\$15,892,534	\$166,589	1.06%
Trifecta	\$12,357,577	\$12,590,935	\$233,358	1.89%
Superfecta	\$7,571,214	\$7,485,430	(\$85,784)	-1.13%
Pick 3	\$1,843,362	\$58,404	(\$1,784,958)	-96.83%
Pick 4	\$946,421	\$1,856,092	\$909,671	96.12%

Pick 6	\$25,635	\$1,101,710	\$1,076,075	4197.68%
Super Hi-Five	<u>\$83,989</u>	<u>\$81,134</u>	(\$2,855)	-3.40%
Total Exotic Wagers	<u>\$40,196,885</u>	<u>\$40,771,219</u>	\$574,334	1.43%
	<b>2008 Total</b>	<b>2009 Total</b>		
Type bet			Difference	Percentage
Win	\$53,308,785	\$44,037,100	(\$9,271,685)	-17.39%
Place	\$18,959,975	\$15,701,033	(\$3,258,942)	-17.19%
Show	\$9,202,237	\$7,780,850	(\$1,421,387)	-15.45%
Total Win, Place and Show wagers	<u>\$81,470,997</u>	<u>\$67,518,983</u>	(\$13,952,014)	-17.13%
Double	\$6,933,473	\$5,691,486	(\$1,241,987)	-17.91%
Exacta	\$66,060,852	\$55,326,267	(\$10,734,585)	-16.25%
Trifecta	\$54,218,247	\$44,644,570	(\$9,573,677)	-17.66%
Superfecta	\$30,238,804	\$25,110,976	(\$5,127,828)	-16.96%
Pick 3	\$7,509,393	\$369,911	(\$7,139,482)	-95.07%
Pick 4	\$4,837,693	\$6,277,587	\$1,439,894	29.76%
Pick 6	\$160,387	\$3,893,521	\$3,733,134	2327.58%
Super Hi-Five	\$161,804	\$163,374	\$1,570	0.97%
Total Exotic Wagers	<u>\$170,120,653</u>	<u>\$141,477,692</u>	(\$28,642,961)	-16.84%
Total Wagers	\$251,591,650	\$208,996,675	(\$42,594,975)	-16.93%

## **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 years 2008 and 2009.





## 2008-2009 Comparative Standardbred Statistics

TRACK		Race days		Difference	Percentage
	<u>2008</u>		<u>2009</u>		
Players					
Bluegrass Downs	18		18	0	0.00%
The Red Mile *	36		36	0	0.00%
Thunder Ridge	24		24	0	0.00%
<b>TOTAL</b>	<b>78</b>		<b>78</b>	<b>0</b>	<b>0.00%</b>

\*includes (2) quarter horse race days

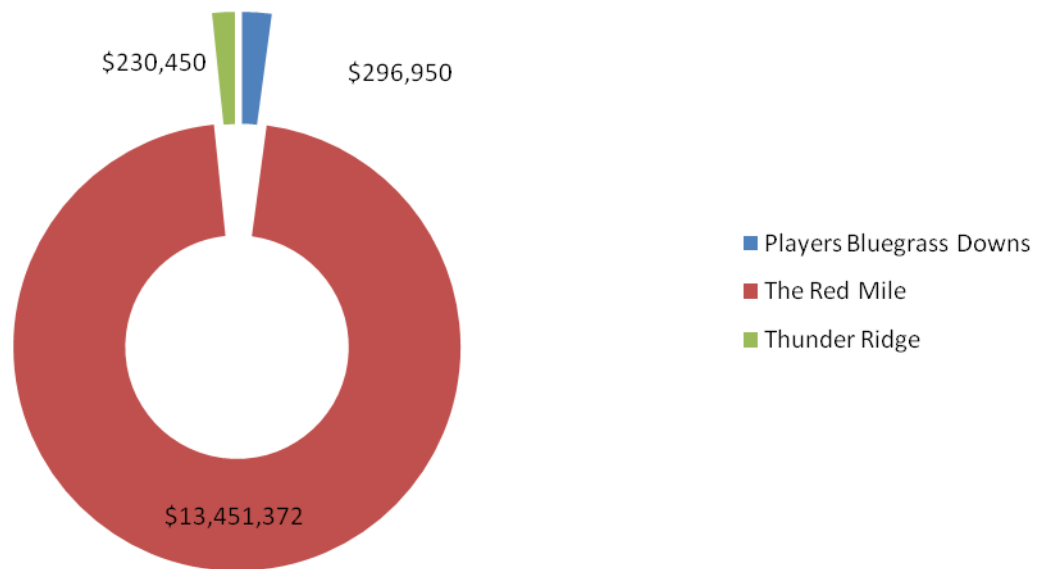
TRACK		Purses		Difference	Percentage
	<u>2008</u>		<u>2009</u>		
Players					
Bluegrass Downs	\$296,950		\$271,450	(\$25,500)	-8.59%
The Red Mile*	\$13,451,372		\$11,596,944	(\$1,854,428)	-13.79%
Thunder Ridge	\$230,450		\$229,800	(\$650)	-0.28%
<b>TOTAL</b>	<b>\$13,978,772</b>		<b>\$12,098,194</b>	<b>(\$1,880,578)</b>	<b>-13.45%</b>

TRACK		Attendance		Difference	Percentage
	<u>2008</u>		<u>2009</u>		
Players					
Bluegrass Downs	5,556		5,718	162	2.92%
The Red Mile	14,998		13,254	(1,744)	-11.63%
Thunder Ridge	3,130		2,222	(908)	-29.01%
<b>TOTAL</b>	<b>23,684</b>		<b>21,194</b>	<b>(2,490)</b>	<b>-10.51%</b>

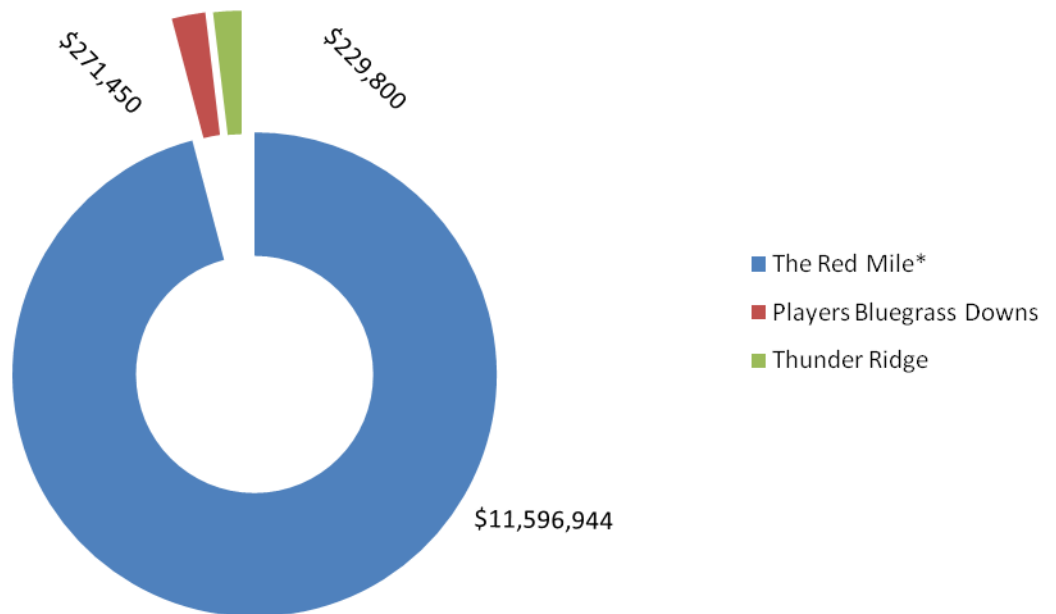
The Red Mile includes ALL races.

*Data provided by the licensed association/*

## 2008 Standardbred Purses



## 2009 Standardbred Purses





## 2008-2009 Comparative Standardbred Statistics

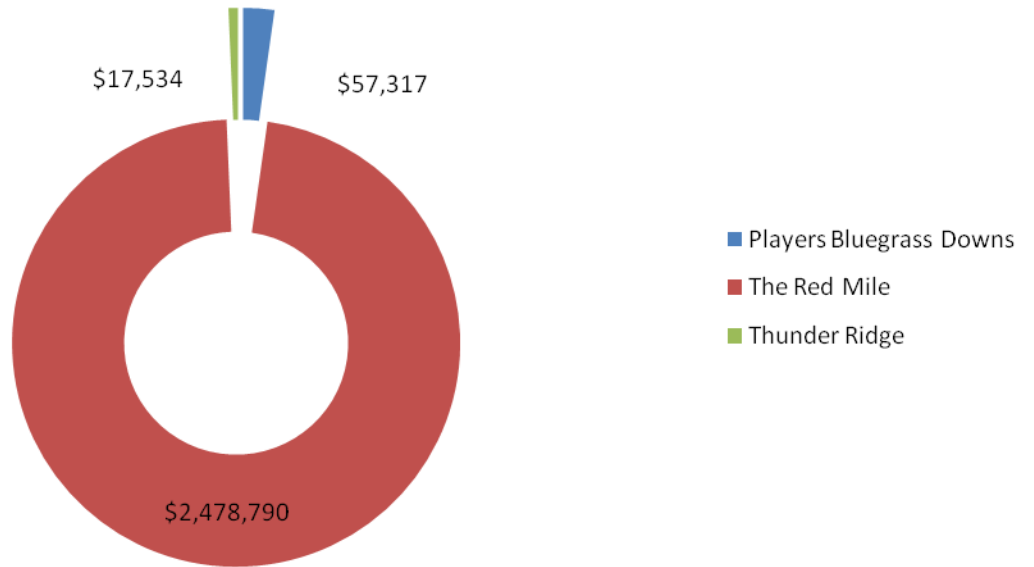
TRACK	Live, On-Track Handle		Difference	Percentage
	<u>2008</u>	<u>2009</u>		
Players Bluegrass				
Downs	\$57,317	\$60,663	\$3,346	5.84%
The Red Mile	\$2,478,790	\$1,701,131	(\$757,660)	-30.81%
Thunder Ridge	\$17,534	\$13,828	(\$3,706)	-21.14%
<b>TOTAL</b>	<b>\$2,533,641</b>	<b>\$1,775,621</b>	<b>(\$758,020)</b>	<b>-29.92%</b>

TRACK	Off-Track Handle on Live		Difference	Percentage
	<u>2008</u>	<u>2009</u>		
Players Bluegrass				
Downs	Signal not distributed			
The Red Mile	\$17,215,569	\$10,671,752	(\$6,543,817)	-38.01%
Thunder Ridge	Signal not distributed			
<b>TOTAL</b>	<b>\$17,215,569</b>	<b>\$10,671,752</b>	<b>(\$6,543,817)</b>	<b>-38.01%</b>

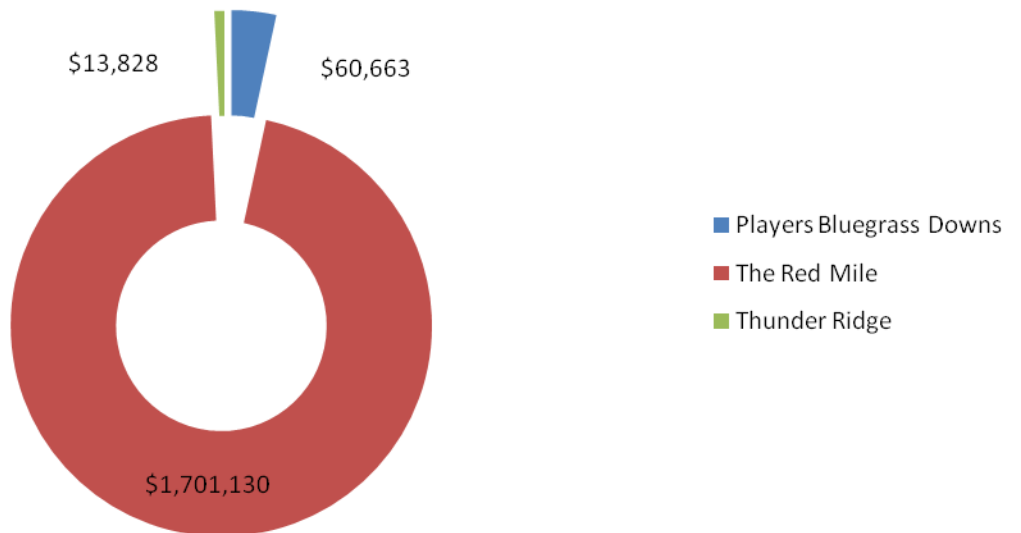
TRACK	Total All Sources Handle on Live		Difference	Percentage
	<u>2008</u>	<u>2009</u>		
Players Bluegrass				
Downs	\$57,317	\$60,663	\$3,346	5.84%
The Red Mile	\$19,674,359	\$12,372,882	(\$7,301,477)	-37.11%
Thunder Ridge	\$17,534	\$13,828	(\$3,706)	-21.14%
<b>TOTAL</b>	<b>\$19,749,210</b>	<b>\$12,447,373</b>	<b>(\$7,301,837)</b>	<b>-36.97%</b>

*data provided by the licensed association*

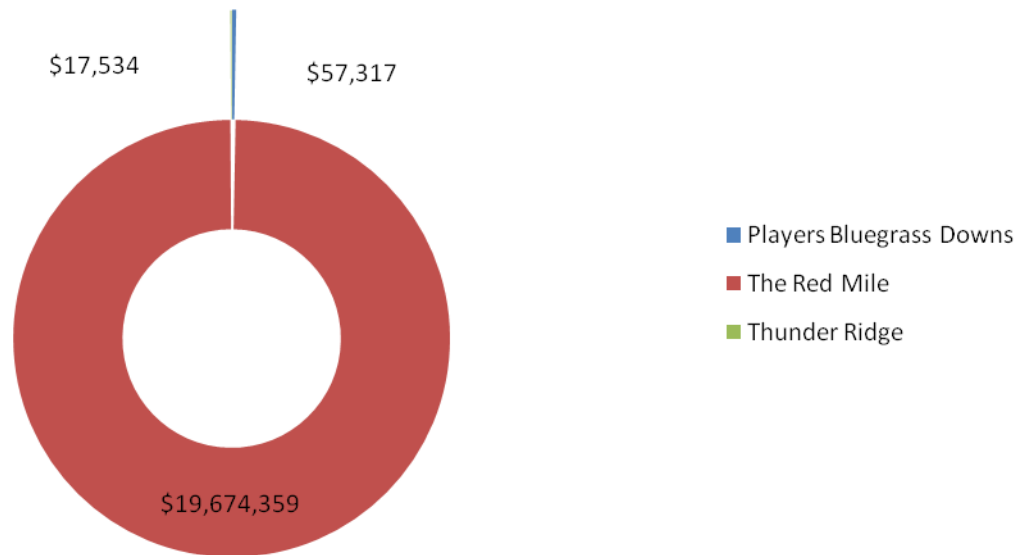
### 2008 Live On Track Handle



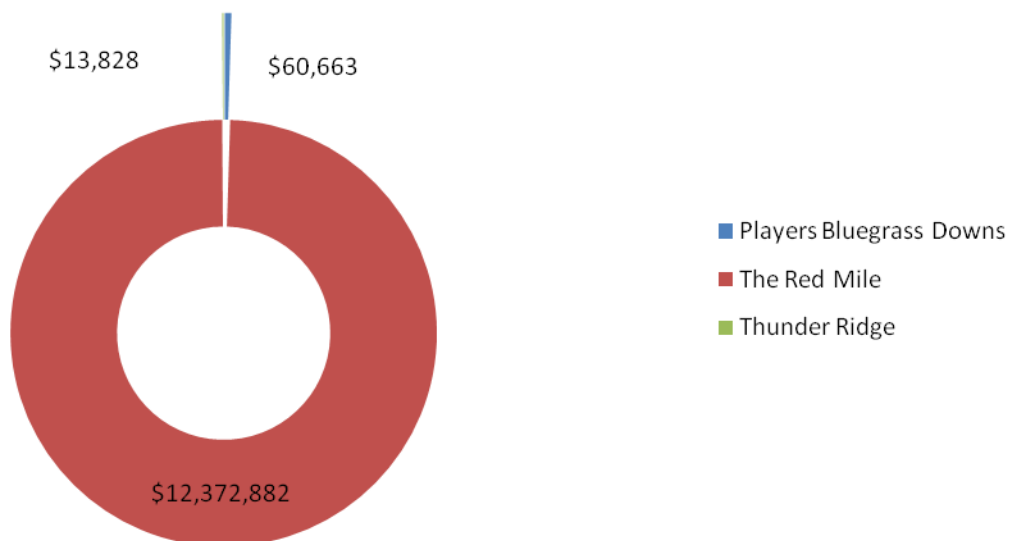
### 2009 Live On Track Handle



## 2008 Total All Sources Handle



## 2009 Total All Sources Handle



## The Red Mile

Contact Information:

Joe Costa, President & CEO

1200 Red Mile Road

Lexington, KY 40588

(859) 255-0752

For additional information regarding The Red Mile, go to:

[www.theredmile.com](http://www.theredmile.com)

### 2009 Takeout Rates

Win, Place, and Show: 18.0%

Exotics: 25.0%

### 2008 Takeout Rates

Win, Place, and Show: 18.0%

Exotics: 25.0%

## **THE RED MILE PURSE ANALYSIS**

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horsemen's Fees	Notes	Total Purses
2008	\$13,451,372						\$13,451,372
2009	\$11,596,944						\$11,596,944

Difference (\$1,854,428) (\$1,854,428)

Percentage -13.79% -13.79%

Association purses: derived from a portion of the Association's takeout percentage & added money

KSDF Purses: added to purses from KSDF (derived from 1.0 percent of money wagered on live races at a Standardbred track and 2.0 percent from simulcast races)

Breeders' Cup: contribution from the Breeders' Cup Association

Horsemen's fees: derived from entry fees

The Red Mile

On-track wagering on live product

*Wagering data provided by the licensed association*

Type bet	2008 Summer/Fall Meet	2009 Summer/Fall Meet	Difference	Percentage
Win	\$482,302	\$295,894	(\$186,408)	-38.65%
Place	\$166,656	\$113,892	(\$52,764)	-31.66%
Show	<u>\$168,013</u>	<u>\$84,602</u>	(\$83,411)	-49.65%
Total Win, Place and Show wagers	<u><u>\$816,971</u></u>	<u><u>\$494,388</u></u>	(\$322,583)	-39.49%
Double	\$22,425	\$18,203	(\$4,222)	-18.83%
Exacta	\$624,282	\$426,189	(\$198,093)	-31.73%
Trifecta	\$643,282	\$446,744	(\$196,538)	-30.55%
Superfecta	\$282,614	\$241,030	(\$41,584)	-14.71%
Pick 3	\$89,216	\$74,577	(\$14,639)	-16.41%
Total Exotic Wagers	<u><u>\$1,661,819</u></u>	<u><u>\$1,206,743</u></u>	(\$455,076)	-27.38%
Total Wagers	\$2,478,790	\$1,701,131	(\$777,659)	-31.37%

The Red Mile

Total All Sources on Live

Product

*Wagering data provided by the licensed association*

Type bet	2008 Summer/Fall Meet	2009 Summer/Fall Meet	Difference	Percentage
Win	\$3,190,804	\$1,992,019	(\$1,198,785)	-37.57%
Place	\$1,202,743	\$704,820	(\$497,923)	-41.40%
Show	<u>\$1,842,329</u>	<u>\$796,940</u>	(\$1,045,389)	-56.74%
Total Win, Place and Show wagers	<u>\$6,235,876</u>	<u>\$3,493,779</u>	(\$2,742,097)	-43.97%
Double	\$149,423	\$115,984	(\$33,439)	-22.38%
Exacta	\$4,904,221	\$3,101,951	(\$1,802,270)	-36.75%
Trifecta	\$5,386,481	\$3,342,806	(\$2,043,675)	-37.94%
Superfecta	\$2,503,151	\$1,967,210	(\$535,941)	-21.41%
Pick 3	\$495,207	\$351,152	(\$144,055)	-29.09%
Total Exotic Wagers	<u>\$13,438,483</u>	<u>\$8,879,103</u>	(\$4,559,380)	-33.93%
Total Wagers	\$19,674,359	\$12,372,882	(\$7,301,477)	-37.11%

The Red Mile

Total All Sources wagering on live product

**Quarter Horse**

	2008	2009	Difference	Percentage
Type Bet				
Win	N/A	\$51,330		
Place	N/A	\$19,108		
Show	N/A	\$17,945		
<b>Total WPS</b>		<b>\$88,383</b>		
Double	N/A	\$1,546		
Exacta	N/A	\$29,267		
Trifecta	N/A	\$25,338		
Superfecta	N/A	\$9,242		
Pick 3	N/A			
<b>Total Exotic Wagers</b>		<b>\$65,393</b>		
<b>Total Wagers</b>	<b>132,586</b>	<b>\$153,776</b>	\$21,190	15.98%

2008 detailed information was not provided by this racing association.

## **Players Bluegrass Downs**

Contact Information:

Jerry Bradley, President & CEO

P.O. Box 7907

Paducah, KY 42002

(270) 444-7117

No website

2009 Takeout Rate

Win, Place and Show: 18.0%

Exotics: 25.0%

2008 Takeout Rate

Win, Place and Show: 18.0%

Exotics: 25.0%



Blue Grass Downs

On-track wagering on live product

*Wagering data provided by the licensed associations*

<b>Type Bet</b>	<b>2008 Summer/Fall Meet</b>	<b>2009 Summer/Fall Meet</b>	<b>Difference</b>	<b>Percentage</b>
Win	N/A	N/A		
Place	N/A	N/A		
Show	N/A	N/A		
Total Win, Place and Show wagers	<u>\$0</u>	<u>\$0</u>		
Double	N/A	N/A		
Exacta	N/A	N/A		
Trifecta	N/A	N/A		
Superfecta	N/A	N/A		
Pick 3	N/A	N/A		
Total Exotic wagers	<u>\$0</u>	<u>\$0</u>		
Total Wagers	\$57,317	\$60,663	\$3,346	5.84%

Detailed information was not provided by this association.

## **THUNDER RIDGE**

Contact Information:

Appalachian Racing, LLC dba Thunder Ridge

Anita Ratliff, General Manager

164 Thunder Road

Prestonsburg, KY 41653

(606) 886-7223

No website

### 2009 Takeout Rates

Win, Place and Show: 18.0%

Exotics: 25.0%

### 2008 Takeout Rates

Win, Place and Show: 18.0%

Exotics: 25.0%

## **THUNDER RIDGE PURSE ANALYSIS**

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horsemen's Fees	Notes	Total Purses
2008	\$230,450						\$230,450
2009	\$229,800						\$229,800

Difference (\$650) (\$650)

Percentage -.28% -.28%

Association purses: derived from a portion of the Association's takeout percentage & added money

KSDF Purses: added to purses from KSDF (derived from 1.0 percent of money wagered on live races at a Standardbred track and 2.0 percent from simulcast races)

Breeders' Cup: contribution from the Breeders' Cup Association

Horsemen's fees: derived from entry fees

Thunder Ridge  
On-track wagering on live  
product  
*Wagering data provided by the licensed  
associations*

Type Bet	2008 Summer Meet	2009 Summer Meet	Difference	Percentage
Win	\$4,825	\$4,260	(\$565)	-11.71%
Place	\$1,793	\$1,984	\$191	10.65%
Show	<u>\$1,474</u>	<u>\$1,161</u>	(\$313)	-21.23%
Total Win, Place and Show wagers	<u>\$8,092</u>	<u>\$7,405</u>	(\$687)	-8.5%
Double	\$104	\$76	(\$28)	-26.92%
Exacta	\$7,644	\$4,684	(\$2,960)	-38.72%
Trifecta	\$1,694	\$1,663	(\$31)	-1.83%
Total Exotic wagers	<u>\$9,442</u>	<u>\$6,423</u>	(\$3,019)	-31.97%
Total Wagers	\$17,534	\$13,828	(\$3,706)	-21.14%

## **Kentucky Off-Track Betting, LLC**

The following Kentucky corporations: Churchill Downs Incorporated, Keeneland Association, Turfway Park Racing Association, Inc, and Ellis Park Race Course, Inc. formed a Limited Liability Company (LLC) to operate Kentucky Off-Track Betting, LLC. This entity 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 in which they are located.

### **KENTUCKY OFF-TRACK BETTING, LLC**

<b>KY RACES</b>				
Site	2008	2009	Difference	Percentage
Corbin	\$994,583	\$793,592	(\$200,991)	-20.21%
Jamestown	\$1,374,286	\$1,110,651	(\$263,635)	-19.18%
Maysville	\$1,255,275	\$985,712	(\$269,563)	-21.47%
Pineville	<u>\$623,178</u>	<u>\$512,909</u>	<u>(\$110,269)</u>	-17.69%
<b>TOTAL</b>	<b><u>\$4,247,322</u></b>	<b><u>\$3,402,864</u></b>	<b>(\$844,458)</b>	<b>-19.88%</b>

<b>OUT OF STATE RACES</b>				
Site	2008	2009	Difference	Percentage
Corbin	\$3,942,176	\$3,708,914	(\$233,262)	-5.92%
Jamestown	\$3,641,240	\$3,363,623	(\$277,617)	-7.62%
Maysville	\$3,671,434	\$2,921,211	(\$750,223)	-20.43%
Pineville	<u>\$2,701,247</u>	<u>\$2,521,156</u>	<u>(\$180,091)</u>	-6.67%
<b>TOTAL</b>	<b><u>\$13,956,097</u></b>	<b><u>\$12,514,904</u></b>	<b>(\$1,441,193)</b>	<b>-10.33%</b>

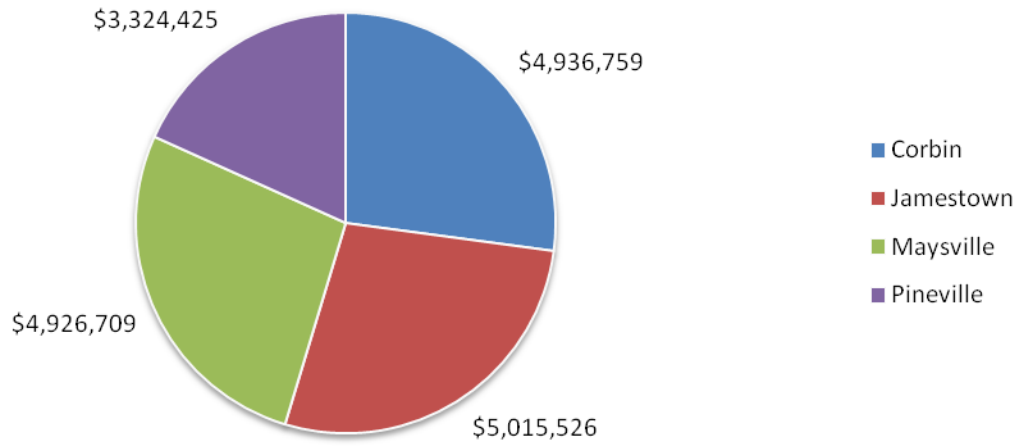
<b>TOTAL HANDLE</b>				
Site	2008	2009	Difference	Percentage
Corbin	\$4,936,759	\$4,502,506	(\$434,253)	-8.80%
Jamestown	\$5,015,526	\$4,474,274	(\$541,252)	-10.79%
Maysville	\$4,926,709	\$3,906,923	(\$1,019,786)	-20.70%
Pineville	<u>\$3,324,425</u>	<u>\$3,034,065</u>	<u>(\$290,360)</u>	-8.73%

<b>TOTAL WAGERS</b>	<b><u>\$18,203,419</u></b>	<b><u>\$15,917,768</u></b>	<b>(\$2,285,651)</b>	<b>-12.56%</b>
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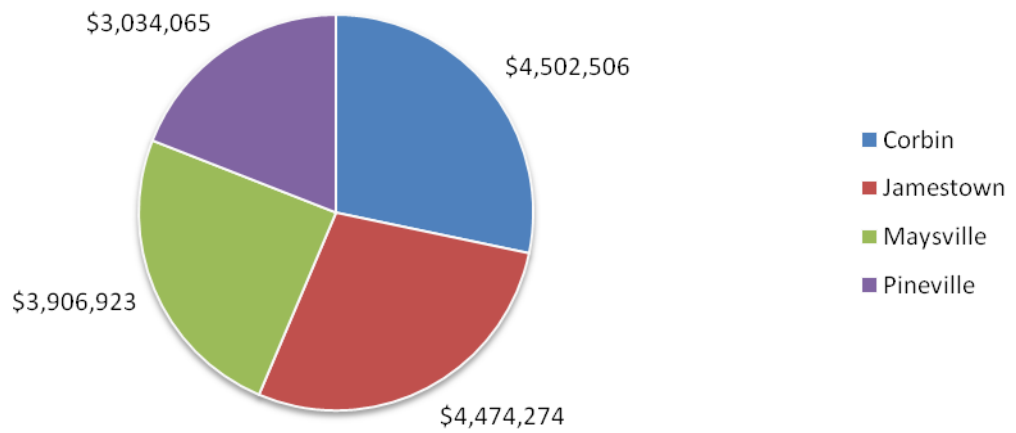
	<b>ATTENDANCE</b>			
Site	2008	2009	Difference	Percentage
Corbin	\$12,834	\$12,146	(\$688)	-5.36%
Jamestown	\$15,227	\$14,216	(\$1,011)	-6.64%
Maysville	\$8,317	\$8,175	(\$142)	-1.71%
Pineville	<u>\$6,320</u>	<u>\$5,910</u>	(\$410)	-6.49%

<b>TOTAL</b>	<b><u>\$42,698</u></b>	<b><u>\$40,447</u></b>	<b>(\$2,251)</b>	<b>-5.27%</b>
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### 2008 KOTB Handle



### 2009 KOTB Handle



## Total Wagered at Kentucky Facilities in 2008 & 2009

<u>Association</u>	On-track on Live Racing <u>2008</u>	On-track on Live Racing <u>2009</u>	<u>Difference</u>	<u>Percentage</u>
Churchill Downs	\$96,855,857	\$80,616,588	(\$16,239,269)	-16.77%
Keeneland	\$40,395,520	\$36,581,160	(\$3,814,360)	-9.44%
Turfway Park	\$13,236,860	\$11,379,662	(\$1,857,198)	-14.03%
Ellis Park	\$6,871,602	\$5,758,102	(\$1,113,500)	-16.20%
Kentucky Downs	\$435,807	\$226,625	(\$209,182)	-48.00%
<b>Thoroughbred Total</b>	<b>\$157,795,646</b>	<b>\$134,562,137</b>	<b>(\$23,233,509)</b>	<b>-14.72%</b>
Players Bluegrass Downs	\$57,317	\$60,663	\$3,346	5.84%
The Red Mile	\$2,478,790	\$1,701,130	(\$777,660)	-31.37%
Thunder Ridge	\$17,534	\$14,817	(\$2,717)	-15.50%
<b>Standardbred Total</b>	<b>\$2,553,641</b>	<b>\$1,776,610</b>	<b>(\$777,031)</b>	<b>-30.43%</b>
<b>Grand Total</b>	<b>\$160,349,287</b>	<b>\$136,338,747</b>	<b>(\$24,010,540)</b>	<b>-14.97%</b>
<u>Association</u>	On-track on Other Signals <u>2008</u>	On-track on Other Signals <u>2009</u>	<u>Difference</u>	<u>Percentage</u>
Churchill Downs	\$79,346,157	\$68,019,108	(\$11,327,049)	-14.28%
Keeneland	\$75,875,488	\$62,912,307	(\$12,963,181)	-17.08%
Turfway Park	\$49,502,733	\$41,301,223	(\$8,201,510)	-16.57%
Ellis Park	\$22,336,368	\$24,538,223	\$2,201,855	9.86%
Kentucky Downs	\$24,378,177	\$21,468,660	(\$2,909,517)	-11.93%
<b>Thoroughbred Total</b>	<b>\$251,438,923</b>	<b>\$218,239,521</b>	<b>(\$33,199,402)</b>	<b>-13.20%</b>
Players Bluegrass Downs	\$5,903,210	\$5,779,613	(\$123,597)	-2.09%
The Red Mile	\$40,201,021	\$36,317,474	(\$3,883,547)	-9.66%
Thunder Ridge	\$4,638,158	\$4,602,869	(\$35,289)	-0.76%
<b>Standardbred Total</b>	<b>\$50,742,389</b>	<b>\$46,699,956</b>	<b>(\$4,042,433)</b>	<b>-7.97%</b>
Hazard	\$2,916,552	\$3,587,841	\$671,289	23.02%
Pikeville	\$5,971,763	\$2,337,754	(\$3,634,009)	-60.85%
KY Off-track Betting	\$18,203,419	\$15,917,768	(\$2,285,651)	-12.56%
<b>OTB Total</b>	<b>\$27,091,734</b>	<b>\$21,843,363</b>	<b>(\$5,248,371)</b>	<b>-19.37%</b>
<b>Grand Total</b>	<b>\$329,273,046</b>	<b>\$286,782,840</b>	<b>(\$42,490,206)</b>	<b>-12.90%</b>

<u>Association</u>	Total wagered <u>On-track 2008</u>	Total wagered <u>On-track 2009</u>	<u>Difference</u>	<u>Percentage</u>
Churchill Downs	\$176,202,014	\$148,635,696	(\$27,566,318)	-15.64%
Keeneland	\$116,271,008	\$99,493,467	(\$16,777,541)	-14.43%
Turfway Park	\$62,739,593	\$52,680,885	(\$10,058,708)	-16.03%
Ellis Park	\$29,207,970	\$30,296,325	\$1,088,355	3.73%
Kentucky Downs	\$24,813,984	\$21,695,285	(\$3,118,699)	-12.57%
<b>Thoroughbred Total</b>	<b>\$409,234,569</b>	<b>\$352,801,658</b>	<b>(\$56,432,911)</b>	<b>-13.79%</b>
Players Bluegrass Downs	\$5,960,527	\$5,840,276	(\$120,251)	-2.02%
The Red Mile	\$42,679,811	\$38,018,604	(\$4,661,207)	-10.92%
Thunder Ridge	\$4,655,692	\$4,617,686	(\$38,006)	-0.82%
<b>Standardbred Total</b>	<b>\$53,296,030</b>	<b>\$48,476,566</b>	<b>(\$4,819,464)</b>	<b>-9.04%</b>
Hazard	\$2,916,552	\$3,587,841	\$671,289	23.02%
Pikeville	\$5,971,763	\$2,337,754	(\$3,634,009)	-60.85%
KY Off-track Betting	\$18,203,419	\$15,917,768	(\$2,285,651)	-12.56%
<b>OTB Total</b>	<b>\$27,091,734</b>	<b>\$21,843,363</b>	<b>(\$5,248,371)</b>	<b>-19.37%</b>
<b>Grand Total</b>	<b>\$489,622,333</b>	<b>\$423,121,587</b>	<b>(\$66,500,746)</b>	<b>-13.58%</b>