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RECOMMENDATION OF THE KHRC RULES COMMITTEE:

KENTUCKY HORSE BREEDERS INCENTIVE FUND ("KHBIF")

The Kentucky Horse Racing Commission ("KHRC") Rules Committee held a hearing on Thursday, February 25, 2010, to entertain applications from three (3) Horse Industry Organizations ("HIO") who desired to replace the Horse Protection Commission ("HPC"). The HPC had to withdraw as one of the HIOs previously approved by the KHRC because one of its leading participants had to retire from active management of the HIO due to increased family responsibilities.

With the withdrawal of the HPC, all eligible HIOs interested in administering the conduct of Tennessee Walking Horse shows in Kentucky were invited to apply.

On Thursday, February 25, 2010, a quorum of the Rules Committee heard presentations from the International Walking Horse Association ("IWHA"), the KY-HIO, and SHOW-HIO. Each group presented written and oral materials in support of their request to be designated as an HIO eligible to be selected by a KWH-BIF affiliated show. Photographs of padded walking horses, pictures of 2009 scar rule violations reported to the USDA and APHIS were introduced. Letters from exhibitors and interested parties were introduced as well as statistics from Tennessee Walking Horse shows, and records of violations of HPA rules were received by the Rules Committee.

After listening to the witnesses for each of the HIOs and examining the written material submitted at the hearing, the Rules Committee recommends that the International Walking Horse Association (IWHA) be substituted immediately for the Horse Protection Commission (HPC) which can no longer fulfill the responsibilities to the KHBIF and KWH-BIF.

The KHRC continues to reserve the right to (a) monitor and control the eligibility requirements for horses to participate in the incentive program including, but not limited to, age, nomination and membership fees, etc. to insure the broadest opportunities for owners of Tennessee Walking horses, (b) require detailed periodic financial reports from the KWH-BIF and (c) audit said financial reports.

Further the Rules Committee recommends that IWHA, as well as any other KHRC approved HIO, including Friends of Sound Horses (FOSH) and National Walking Horse Association (NWAHA), be responsible for reporting the following information to the KHBIF:



1. The HIO responsible for KWH-BIF eligible shows must submit any Horse Protection Act (HPA) violations along with dates of suspensions and owner name, horse name and registration number, to KHBIF after the completion of each show where breeder incentive points were awarded.
2. The HIO responsible for KWH-BIF eligible shows must submit, after each show, the name and address of the show and the names of the DQPs that served the HIO after the completion of each show.
3. It is the responsibility of the HIOs to maintain the integrity of the program and be consistent with the recommendations of the AAEP White Paper. Any individuals submitted as earning points while serving a HPA suspension will result in a penalty and possibly expulsion from the incentive fund. The penalty and/or expulsion can be applied to the individual and/or the HIO.
4. KHBIF and the KHRC, reserve the right to exclude any of the approved HIOs if it is determined the HIO is not sufficiently monitoring the shows eligible for breeder incentive funds, as well as, the right to include additional HIOs if it is determined the HIO is sufficiently monitoring shows.
5. Points earned from January 1, 2009 – December 31, 2009 are not eligible for breeder incentive money. Breeder incentive money for the year 2009 will be escrowed and distributed along with 2010 breeder incentive money during the year 2011. Points earned beginning January 1, 2010 – December 31, 2010 are eligible for breeder incentive money.

The deadline for filing for eligibility for breeder incentive fund is June 1, 2010. This deadline supersedes the previous Final Order, passed September 8, 2009. All other items referenced in the Final Order, with the exception of the above deadline and the approval of HPC, remain effective.