

Going the Distance: UK Women of Churchill Downs Inc.

By
Linda Perry

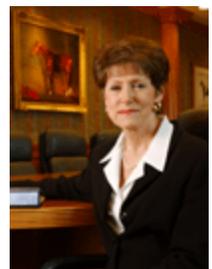
The name 'Churchill Downs' conjures up glamorous images: the Kentucky Derby, twin spires, majestic Thoroughbreds, and sipping the traditional mint julep. A factor most of us wouldn't connect with Churchill Downs is the University of Kentucky. But the corporate structure of Churchill Downs Incorporated (CDI) shows five of the 14 officers who lead the organization are UK graduates — three being women. Vicki Schroerlucke Baumgardner '75 BE is vice president, finance and treasurer; Jean Jones Keats '68 EDU is vice president of human resources; and Rebecca Casey Reed '79 AS, '82 LAW is senior vice president, general counsel and secretary.

Carl Pollard is chairman of CDI and a 1960 graduate of the Gatton College of Business and Economics. Alex Waldrop, a 1985 graduate from the UK College of Law, is the senior vice president, Kentucky operations for Churchill Downs Management Company and president and general manager of Churchill Downs Racetrack. Waldrop was general counsel at Churchill Downs when he hired Rebecca Reed as associate counsel. Today Reed is thought to be one of the senior-most women in the horse racing industry.

While preparation for the May 4th running of the 128th Kentucky Derby accelerates, meet three UK women who work behind the scenes resolving the day-to-day operating issues at one of the world's most famous racing venues.

Jeanne Jones Keats '68 ED Churchill Downs Inc. Vice President, Human Resources

Working at historic Churchill Downs provides employees with many memorable experiences, but for Jeanne Jones Keats, vice president of human



resources at CDI, the 1984 Kentucky Derby stands out as an unusually exciting day. Keats watched that race on a house television in the president's office on the third floor of the Clubhouse with legendary trainer Woody Stephens and sportswriter Billy Reed.

“We were the only three people in the room when Mr. Stephens' horse, Swale, won the Derby and the rest is history. If Mr. Stephens were alive, he would not remember that I was there, but I will never forget,” she says.

While a typical workday for Keats is not *quite* as exciting as that day in 1984, Keats says the day she was named Director of Human Resources and was given the opportunity to literally create the position from scratch ranks right up there. Back then, in the late 1980s, Churchill Downs had approximately 100 employees. Today, due to mergers and acquisitions, her department provides services for more than 1,000 employees located at 15 CDI facilities around the country.

“We are no different than any other type of public corporation in terms of the kind of people we employ. We employ people in the major functions, such as sales and marketing, finance, communications and operations, human resources, etc.,” says Keats. Also, our business units employ unique positions, such as outriders, valets, mutual tellers, starters, buglers, clockers, horse identifiers, racing officials and chefs.” And while it's typical to equate the name Churchill Downs with the Kentucky Derby, the organization is not seasonal, has become a year-round operation with its offsite wagering facilities and other business holdings.

Keats didn't know she was slated for what has turned into a 25-year career in the horse racing industry when she started her professional life after UK. As a high school teacher in Jefferson County, she taught business education courses and later, when her family moved, earned a master's degree at the University of Wisconsin in 1974. She returned to teaching when she came back to Kentucky in the late '70s, but that stint didn't last long when she answered an ad for Churchill Downs and was hired into sales and marketing.

Keats who is now married to Bob Keats and has a stepson, Josh, at UK, held various positions at the 700 Central Avenue location of Churchill Downs, eventually transitioning into a human resources capacity. “In the late ’70s the company was very small. Our primary product was live racing, with the Kentucky Derby being the jewel in the crown. As the company started to grow I was working closely with the CEO of CDI, Thomas H. Meeker — who is still CEO — and we recognized that we really needed someone to be involved in the personnel piece of the business. There really wasn’t anybody overseeing that function,” says Keats. Meeker spoke with Keats on numerous occasions about the growth of the company and who should manage personnel issues, develop policy, and oversee benefits. Keats attended seminars on these issues to determine if human resources was something she wanted to pursue. She discovered it was a good fit for her, combining her training from UK and the University of Wisconsin.

Today, one of the biggest challenges of working with the growing workforce of the CDI facilities across the country is the integration of business cultures, she said. “You would think that every racetrack is identical, but that’s certainly not the case. Each racetrack has grown up with a different set of policies, standards and set of operations. The company has an ongoing branding initiative, as we have acquired other companies, so that ultimately when you go into a Churchill Downs facility you will recognize it as a Churchill Downs facility. We’ve also tried to brand our employment relationship so that when you come to work for a Churchill Downs facility, you know what to expect in terms of benefits, atmosphere, and policies,” says Keats.

A typical day for Keats might include performing research on an issue in employment or benefits, counseling a manager regarding an employee relations issue, or administering an element of an executive benefit plan. The decisions coming out of her office impact a large workforce, so she keeps in mind an important business lesson she learned early on.

“I hear it from my employees all the time, ‘I want to see my manager walk the talk,’” says Keats. “That’s so important. They want honesty. They want to see you do what you say you are going to do — or what you tell others that they should be doing.”

Vicki Schroerlucke Baumgardner ’75 BE
Churchill Downs Inc.
Vice President, Finance and Treasurer

“Everybody’s life changes at Derby,” says Vicki S. Baumgardner, vice president, finance and treasurer of CDI “This is our showcase event to the community, the state, and to a degree, the country.”

Baumgardner, a native of Louisville who earned a master’s degree in accounting from UK in 1975, says that on Kentucky Derby Day it’s typical to jump in and do whatever still needs to be done: take guests on tours, do a radio interview, or sweep up after someone’s spill. But the most unusual experience she remembers from a Derby Day occurred in the early 1990s when she got a call from Tom Meeker, CDI president and CEO. He wanted her to bring some cash to the Turf Club for singer Rod Stewart to exchange for English pounds. “I don’t remember who won the Derby that year,” says Baumgardner. “That overshadowed everything.”

Baumgardner’s present-day career with treasury and risk management issues at CDI began with a part-time job at the *Kentucky Kernel*. “It was my first real accounting job and it was fun,” she says. After graduating, she was a certified public accountant with Deloitte & Touche and Ernst & Young. In 1981 she joined Kentucky Fried Chicken’s international division in the finance department and held a variety of positions in finance and strategic planning. After nine years that included a lot of traveling for KFC, a job opening at CDI sounded enticing. Baumgardner, who has three daughters and is married to Ron McGinley, saw it as a wonderful opportunity to work for another of Kentucky’s landmark institutions.



“This is going to sound like motherhood and apple pie, but I’m very proud of the fact that I’ve been in responsible positions at two of Kentucky’s major companies, KFC and Churchill Downs,” says Baumgardner. “They are represented outside our state. People know these companies. And I’m very proud that I’ve had an active management role in both of them.

“At KFC I worked with multiple units and we were the headquarters that managed those distant operating units,” she says. “Churchill has now grown into the same kind of company. I don’t have to deal with language barriers, which I did at KFC, but I think that experience at KFC probably benefited me a lot now that Churchill has grown into the company it is.”

Because CDI acts as an umbrella company for all six of its racetracks and its offsite wagering facilities, money from those individual businesses is funneled to one bank. Baumgardner, who now has 13 years with CDI, is responsible for monitoring this cash flow and ensuring that bills get paid on time. Her treasury duties also include the company’s ancillary services, for example, evaluating the rate of return CDI receives on any ATMs located on its properties.

Another major portion of her position deals with risk management. Risk management is basically about protecting assets against any number of things that could occur, says Baumgardner, and in some fashion, can be likened to a form of gambling. To protect Churchill Downs’ assets, she works with insurance brokers who deal with the insurance companies. Baumgardner coordinates the information they need from Churchill Downs and later reviews what is offered in terms of coverage and costs. “Right now we are looking at the same issues that every other company in America is looking at,” she says. Even before September 11, the cost of insurance had increased, in part, Baumgardner says, due to the stock market downturn. “After September 11, insurance prices increased dramatically.”

Baumgardner says no day is typical for her. Although there are certain reports she prepares throughout each month, what she does from day to day

changes depending on the time of year. Right now she is concentrating on property, general liability, and worker compensation insurance policies that all come up for renewal in March — topics that aren't even close to the glamorous side of racing.

“We're in the entertainment business. People come here to enjoy themselves,” says Baumgardner. “That can be very uplifting. If you're having a bad day in the office and you walk outside and see that people are having fun, it just makes you feel good.”

Rebecca Casey Reed '79 AS, '82 LAW
Churchill Downs Inc.
Senior Vice President, General Counsel and Secretary

Rebecca Casey Reed, senior vice president, general counsel and secretary for CDI can attest from her eight years of experience with her company that no workday is typical, particularly Derby Day.

“There are so many things that happen that are just sort of quirky because you've got a combination of such interesting personalities — people who are very passionate about the business — and significant dollars are involved.”

As an example, Reed, who earned a bachelor's degree in English from UK in 1979 followed by a UK Law degree in 1982, tells of the days leading up to the 1999 Kentucky Derby and the controversy that developed over which horses would start. Only 20 horses start in the Derby, and that year Valhol, winner of the Arkansas Derby, would have been the 20th horse based on total previous earnings. But because Valhol's jockey may have used an inappropriate device to spur the horse to victory, the Arkansas Racing Association had not paid out the purse money. “So the guy who had the 21st horse wanted us *not count* the money, and the guy who owned Valhol wanted us *to count* the money . . . fortunately we had rules that basically said they had to actually have received the money . . . so Valhol's owner went to



court to compel the Arkansas Racing Commission to advance the money. Then it was clear the horse could start in the race.”

That episode was more high profile than most that Reed has to monitor on a daily basis. Reed, who has one daughter and is married to Richard Reed, who also attended UK, joined the company in 1994 after having been vice president, corporate counsel and assistant secretary for Farm Credit Bank in Louisville. Today, as the top legal officer for CDI, she oversees all of the company’s legal and regulatory needs and the management of key legislative initiatives relating to its strategic plans. She also spends a lot of time fielding questions from the Churchill Downs facilities across the nation. These inquiries cover a wide variety of topics, including environmental, operational, regulatory and contractual issues. Because laws vary from state to state, CDI also uses outside counsel, when necessary, in the jurisdictions where it conducts business.

“This is such a diverse job with so many different aspects to the business,” says Reed. “One morning you’re doing something at the corporate level dealing with shareholders, the board of directors, or stock market related issues, since we are publicly traded. In the afternoon you can be dealing with things related to horses and how they’re regulated, how races are run, and how purses are paid. The next minute you’re dealing with crowd control, unions, security related issues, promotion and marketing, and the sales aspect.”

Reed has to negotiate many contracts, like those with NBC and ESPN for Derby coverage. Drafting a contract, she says, can be explained very simply. “It’s hearing one person’s side and another person’s side and helping them come up with the rules of the game: how they are going to do things, who’s going to do what, and how they are going to play the game. If they later get into a disagreement . . . it’s helping them work it out, helping them figure out who’s right and who’s wrong so they can get back to playing the game by the rules,” she says.

Her biggest challenge on the job has been keeping up and balancing the workload with the ongoing integration of the different facilities CDI has acquired. “The work really has grown exponentially. When I first started, CDI was a Louisville, Ky., company with 99 percent of its assets in Louisville. CDI was traded as a small cap company . . . we didn’t have the more complex securities-related issues because of the thin trading. It’s really been in the past four years that we’ve added five other racetracks and those tracks are in major markets, like Miami, Chicago, and L.A. And at least two of them are in states with the most complex legal framework of any states in the union: Florida and California.”

Reed says she doesn’t suffer much heartburn over some of the decisions that have to be made on a daily basis. “I’m a very task-oriented person and so my focus is typically, ‘Okay, what do we need to do to figure this out and get it done?’” She says this particularly applies to issues dealing with the Derby.

“You know that come the first Saturday in May it’s all got to be worked out . . .the whole company is focused on what we need to do to have a smooth, entertaining, enjoyable Derby.”