

February 15, 2019

To Whom It May Concern,

J&J Equine, LLC ("AZ Downs"), holder of a temporary permit to operate a racetrack in Yavapai County, Arizona, has proposed the following rule ("Proposed Rule") to the Arizona Racing Commission (the "ARC") for adoption:

"R19-2-419(K)

Provided that the receiving permit holder is not in default under its contract with the sending track, the Department shall not permit the simulcast of any simulcast race or racing program conducted at tracks or facilities located outside the State of Arizona unless the out-of-state simulcast race or program is made available at the same signal rate to all Arizona permit holders willing to receive and pay the same signal rate for the race or program. In order for an Arizona permitted racetrack to offer its simulcast signal to locations out of state it must first offer its signal to all permitted racetracks and off track betting locations within the state of Arizona at rates equal to its pricing to out-of-state locations."

AZ Downs has also submitted that the Proposed Rule is exempt from the rule adoption procedures required under A.R.S. § 41-1001 – 41-1057 (the "Administrative Procedures Act"), pursuant to A.R.S. § 41-1005(A)(16).

During its 667<sup>th</sup> Regular Meeting, held on February 14, 2019, the ARC discussed the proposed language, including the extent or limitations of the ARC's authority in the adoption of such rules, as well as the applicability of A.R.S. § 41-1005(A)(16) and the Administrative Procedures Act. Audio recording of the February 14 Meeting can be found [here](#). As a result of these discussions, the ARC determined that it is both necessary and appropriate to allow for all stakeholders potentially affected by any such proposition to comment on the matter.

**The ARC requests that interested parties provide legal briefs** advocating for or against the proposed rule, the applicability of any relevant statutes, and any other pertinent legal arguments that may assist the ARC in further discussion of this issue. **Briefs should be delivered to the ARC no later than Friday, March 1, 2019.**

Thank you.