

KENTUCKY HORSE RACING COMMISSION

March 19, 2021

SPECIAL MEETING AGENDA

**Location: Kentucky Horse Racing Commission
403 Iron Works Parkway, building B
Lexington, KY 40511**

Time: 2:00 pm

I. Call to Order and Roll Call

II. New Business

1. Churchill Downs Racetrack, LLC Request to Offer New Entertaining Game Themes, Pari-Mutuel Pools and System Components.....(Pgs. 1-8)
(Pari-Mutuel Wagering and Compliance Director Waqas Ahmed Presenting)
2. Kentucky Downs, LLC Request to Offer New Entertaining Game Themes and Pari-Mutuel Pools.....(Pgs. 9-12)
(Pari-Mutuel Wagering and Compliance Director Waqas Ahmed Presenting)
3. KRM Wagering, LLC Request to Offer New Entertaining Game Themes and Pari-Mutuel Pools.....(Pgs. 13-17)
(Pari-Mutuel Wagering and Compliance Director Waqas Ahmed Presenting)
4. Proposed Classification Process for Historical Horse Racing Administrative Requests.....(Pgs. 18-20)
(General Counsel Jennifer Wolsing and Pari-Mutuel Wagering and Compliance Director Waqas Ahmed Presenting)

IV. Adjournment



Andy Beshear
Governor

Ray Perry
Deputy Secretary

Public Protection Cabinet
Kentucky Horse Racing Commission
4063 Iron Works Parkway, Building B
Lexington, KY 40511
Telephone: (859) 246-2040
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Kerry B. Harvey
Secretary

Marc Guilfoil
Executive Director

Jonathan Rabinowitz
Chairman

March 16, 2021

To: Kentucky Horse Racing Commission
From: Waqas Ahmed Director of Pari-Mutuel Wagering and Compliance
Re: Churchill Downs Racetrack, LLC Request to Offer New Entertaining Game Themes,
Pari-Mutuel Pools and System Components

On March 16, 2021, the Kentucky Horse Racing Commission ("KHRC") received a letter from Churchill Downs Racetrack, LLC d/b/a Derby City Gaming, LLC ("DCG"), requesting to offer new Ainsworth Game Technology ("Ainsworth"), International Game Technology ("IGT"), and Konami Gaming, Inc. ("Konami") entertaining game themes, pari-mutuel pools, and system components.

Submitted with this letter were certification reports published by Gaming Laboratories International ("GLI") and BMM International ("BMM"), two (2) independent, third-party testing laboratories under contract with the KHRC.

GLI has certified nine (9) new Ainsworth entertaining game themes and pari-mutuel pools as compliant with all applicable Kentucky statutes and regulations. KHRC staff has reviewed these certification reports and believes that all requested Ainsworth components offer pari-mutuel wagering on historical horse racing under Kentucky statutes and regulations.

BMM has certified nine (9) new IGT entertaining game themes and pari-mutuel pools as compliant with all applicable Kentucky statutes and regulations. KHRC staff has reviewed these certification reports and believes that all requested IGT components offer pari-mutuel wagering on historical horse racing under Kentucky statutes and regulations.

In its letter, DCG also requested approval for five (5) new Konami entertaining game themes and two (2) new pari-mutuel pools. This is the first request to offer Konami entertaining game themes, pari-mutuel pools, and system components that the KHRC has

received from any licensed association operating under its jurisdiction. Konami operates through totalizator services provided by Ainsworth Game Technology. As such, the pari-mutuel wagering and accounting is similar to that of previously approved pari-mutuel pools operated by Scientific Games, Inc., IGT, and Ainsworth. GLI has certified all Konami entertaining game themes and pari-mutuel pools as well as other pertinent software required to operate these components.

If approved by the KHRC, DCG staff will transition the affected HHR terminals to the new entertaining game themes, pari-mutuel pools, and system components in a secure manner, with guidance from KHRC staff. Please see the enclosed component list for a description of all changes proposed by DCG. A copy of the certification reports will be made available to the Commissioners upon request.

KHRC staff recommends approval of this DCG request to offer new Ainsworth, IGT, and Konami entertaining game themes, pari-mutuel pools, and system components.

COMMISSION ACTION

_____ APPROVE

_____ DENY

_____ DEFER

Component List

- Ainsworth Game Technology
 1. New pari-mutuel pool to operate the following entertaining game theme:
 - Afterburner 7s v2020.8.25.8
 2. New pari-mutuel pool to operate the following entertaining game theme:
 - Magic Wheel 7s v2020.8.24.8
 3. New pari-mutuel pool to operate the following entertaining game theme:
 - Hao Yun Ingots v2020.7.8.8
 4. New pari-mutuel pool to operate the following entertaining game theme:
 - Grand Dragon v2020.1.218
 5. New pari-mutuel pool to operate the following entertaining game theme:
 - Super Charged 7s Classic v2020.12.3.8
 6. New pari-mutuel pool to operate the following entertaining game theme:
 - Reel Hot 7s Classic v2020.12.3.8
 7. New pari-mutuel pool to operate the following entertaining game theme:
 - Arabian Fire v2020.11.4.8
 8. New pari-mutuel pool to operate the following entertaining game theme:
 - Bueno Suerte v2020.12.11.8
 9. New pari-mutuel pool to operate the following entertaining game theme:
 - Ming Warrior v2021.1.28.8
 10. System Component:
 - HHRGameInfo v9.0.2.51
- International Game Technology
 1. New pari-mutuel pool to operate the following entertaining game theme:
 - Triple Fortune Dragon Spitfire GAME020009MMDT01
 2. New pari-mutuel pool to operate the following entertaining game theme:
 - Triple Fortune Dragon Unleashed GAME020009MMET01
 3. New pari-mutuel pool to operate the following entertaining game theme:
 - Aztec Temple GAME020001MMIT01
 4. New pari-mutuel pool to operate the following entertaining game theme:
 - Temple of Fire GAME020001MMKT01
 5. New pari-mutuel pool to operate the following entertaining game theme:
 - Golden Goddess Valeria GAME020009MMBT01
 6. New pari-mutuel pool to operate the following entertaining game theme:
 - Golden Goddess Tullia GAME020009MMCT01
 7. New pari-mutuel pool to operate the following entertaining game theme:
 - Elephant King GAME020001MMGT001
 8. New pari-mutuel pool to operate the following entertaining game theme:
 - Majestic Gorilla GAME020001MMLT01
 9. New pari-mutuel pool to operate the following entertaining game theme:
 - Wheel of Fortune Cash Link Exotic Far East GAME020001MMFT01

- Konami Gaming, Inc.
 1. New pari-mutuel pool to operate the following entertaining game themes:
 - a. China Shores Great Stacks KGI_M786DSH024HR00
 - b. Mayan Chief Great Stacks KGI_M787DSH024HR00
 2. New pari-mutuel pool to operate the following entertaining game themes:
 - a. Star Watch Fire KGI_M852DSH022HR00
 - b. Star Watch Jungle KGI_M854DSH022HR00
 - c. Star Watch Magma KGI_M853DSH022HR00
 3. System Components
 - a. KGI_MLPSYSC037HR3
 - b. KGI_MWPGCMA232HR0F3
 - c. KGI_NWPSYSC030XX1
 - d. KGI_MW8KP3C030XX1



Patrick Duggan
Derby City Gaming, LLC
4520 Poplar Level Rd
Louisville, KY 40213
Patrick.Duggan@derbycitygaming.com
502-961-7680

March 16th, 2021

Mr. Marc A. Guilfoil
Executive Director
Kentucky Horse Racing Commission
4063 Iron Works Parkway, Bldg. B
Lexington, KY 40511

Request to the Kentucky Horse Racing Commission (the “Commission”) to Offer New Entertaining Game Themes and Pools.

Dear Mr. Guilfoil:

Churchill Downs Racetrack, by and through its wholly owned subsidiary Derby City Gaming, LLC respectfully requests the Commission’s approval of the following additional entertaining game themes and new pari-mutuel wagering pools to be offered at Historical Horse Racing Facilities in the Commonwealth of Kentucky, including at our Derby City Gaming, Oak Grove Racing and Gaming, and Newport Racing and Gaming locations. The games would be operated on terminals from their respective manufacturer and report all pari-mutuel wagering pools through a technology vendor agreement using the Ainsworth Game Technology Historical Horse Racing Pari-Mutuel Wagering System (the “Ainsworth System”).

1. Nine (9) International Game Technology (IGT) entertaining game themes and eight (9) new pari-mutuel wagering pools.
 - One new pari-mutuel pool to operate the following the entertaining game theme: **Triple Fortune Dragon Spitfire GAME020009MMDT01¹**.
 - One new pari-mutuel pool to operate the following the entertaining game theme: **Triple Fortune Dragon Unleashed GAME020009MMET01²**.
 - One new pari-mutuel pool to operate the following the entertaining game theme: **Aztec Temple GAME020001MMIT01³**.

- One new pari-mutuel pool to operate the following the entertaining game theme: **Temple of Fire GAME020001MMKT01⁴**.
 - One new pari-mutuel pool to operate the following the entertaining game theme: **Golden Goddess Valeria GAME020009MMBT01⁵**.
 - One new pari-mutuel pool to operate the following the entertaining game theme: **Golden Goddess Tullia GAME020009MMCT01⁶**.
 - One new pari-mutuel pool to operate the following the entertaining game theme: **Elephant King GAME020001MMGT001⁷**.
 - One new pari-mutuel pool to operate the following the entertaining game theme: **Majestic Gorilla GAME020001MMLT01⁸**.
 - One new pari-mutuel pool to operate the following the entertaining game theme: **Wheel of Fortune Cash Link Exotic Far East GAME020001MMFT01⁹**.
2. Five (5) Konami Gaming, Inc (Konami) entertaining game themes and two (2) new pari-mutuel wagering pools.
- One new pari-mutuel pool to operate the following the entertaining game themes: **China Shores Great Stacks KGI_M786DSH024HR00¹⁰** and **Mayan Chief Great Stacks KGI_M787DSH024HR00¹⁰**
 - One new pari-mutuel pool to operate the following the entertaining game themes: **Star Watch Fire KGI_M852DSH022HR00¹¹**, **Star Watch Jungle KGI_M854DSH022HR00¹¹** and **Star Watch Magma KGI_M853DSH022HR00¹¹**
3. We request approval to use the following terminal software from Konami in conjunction with any approved game themes. A description of the components can be found within the GLI certification letter.
- KGI_MLPSYSC037HR¹²
 - KGI_MWPGCMA232HR0F¹²
 - KGI_NWPSYSC030XX¹⁰
 - KGI_MW8KP3C030XX¹⁰
4. Nine (9) Ainsworth Game Technology entertaining game themes and nine (9) new pari-mutuel wagering pools
- One new pari-mutuel pool to operate the following the entertaining game theme: **Afterburner 7s v2020.8.25.8¹³**.

- One new pari-mutuel pool to operate the following the entertaining game theme: **Magic Wheel 7s v2020.8.24.8**¹⁴.
- One new pari-mutuel pool to operate the following the entertaining game theme: **Hao Yun Ingots v2020.7.8.8**¹⁵.
- One new pari-mutuel pool to operate the following the entertaining game theme: **Grand Dragon v2020.1.218**¹⁶.
- One new pari-mutuel pool to operate the following the entertaining game theme: **Super Charged 7s Classic v2020.12.3.8**¹⁷.
- One new pari-mutuel pool to operate the following the entertaining game theme: **Reel Hot 7s Classic v2020.12.3.8**¹⁸.
- One new pari-mutuel pool to operate the following the entertaining game theme: **Arabian Fire v2020.11.4.8**¹⁹.
- One new pari-mutuel pool to operate the following the entertaining game theme: **Bueno Suerte v2020.12.11.8**²⁰.
- One new pari-mutuel pool to operate the following the entertaining game theme: **Ming Warrior v2021.1.28.8**²¹.
- Approval of HHRGameInfo versions up to and including the latest HHRGameInfo 9.0.2.51²¹ which is required to utilize these themes.

¹BMM Report for Triple Fortune Dragon Spitfire GAME020009MMDT01 – IGTU21151KY

²BMM Report for Triple Fortune Dragon Unleashed GAME020009MMET01 – IGTU21141KY

³BMM Report for Aztec Temple GAME020001MMIT01 – IGTU21381KY

⁴BMM Report for Temple of Fire GAME020001MMKT01 – IGTU21391KY

⁵BMM Report for Golden Goddess Valeria GAME020009MMBT01 – IGTU21131KY

⁶BMM Report for Golden Goddess Tullia GAME020009MMCT01 – IGTU21271KY

⁷BMM Report for Elephant King Free Games GAME020001MMGT001 – IGTU21731KY

⁸BMM Report for Majestic Gorilla Free Games GAME02001MMLT01 – IGTU21741KY

⁹BMM Report for WOF Cash Link Exotic Far East GAME020001MMFT01 – IGTU21921KY

¹⁰GLI Report for China Shores Great Stacks, Mayan Chief Great Stacks as well as terminal software – MO-399-KON-20-01, MO-399-KON-20-08, MO-399-KON-20-09, MO-399-KON-20-10, MO-399-KON-20-11, MO-73-KON-19-103, MO-399-KON-21-01, MO-399-KON-21-02

¹¹GLI Report for Star Watch Fire, Star Watch Jungle, and Star Watch Magma – MO-399-KON-20-12, MO-399-KON-21-03, MO-399-KON-21-04, MO-399-KON-21-05

¹²GLI Report for terminal components KGI_MLPSYSC037HR and KGI_MWPGCMA232HR0F – MO-399-KON-20-13, MO-399-KON-20-14

¹³GLI Report for Afterburner 7s v2020.8.25.8 – MO-399-AWG-20-30

- ¹⁴GLI Report for Magic Wheel 7s v2020.8.24.8 – MO-399-AWG-20-29
- ¹⁵GLI Report for Hao Yun Ingots v2020.7.8.8 – MO-399-AWG-20-28
- ¹⁶GLI Report for Grand Dragon v2020.1.218 – MO-399-AWG-20-19
- ¹⁷GLI Report for Super Charged 7s Classic v2020.12.3.8 – MO-399-AWG-21-02
- ¹⁸GLI Report for Reel Hot 7s Classic v2020.12.3.8 – MO-399-AWG-21-03
- ¹⁹GLI Report for Arabian Fire v2020.11.4.8 – MO-399-AWG-20-34
- ²⁰GLI Report for Bueno Suerte v2020.12.11.8 – MO-399-AWG-20-36
- ²¹GLI Report for Ming Warrio v2021.1.28.8 – MO-399-AWG-21-08

BMM Testlabs (“BMM”) and Gaming Laboratories International (“GLI”), are both independent, third party testing laboratories that provides contractual services for the KHRC. They have tested all of the requested historical horse racing pari-mutuel wagering pools and entertaining game themes against current Kentucky statutes and regulations.

For the reasons set forth herein, Churchill Downs respectfully requests the Commission’s approval of the entertaining game themes included in this letter. If approved, each property that would like to utilize the entertaining game themes will submit a final floor layout and pool commingling list to KHRC staff for review and approval prior to any changes.

Sincerely,



Patrick Duggan
Senior Director of Gaming Operations – Derby City Gaming

cc: Waqas Ahmed, KHRC
Justin Paul
Tim Bryant
David Boehm
Rick Williams



Andy Beshear
Governor

Ray Perry
Deputy Secretary

Public Protection Cabinet
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Secretary

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Executive Director

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Chairman

March 16, 2021

To: Kentucky Horse Racing Commission
From: Waqas Ahmed Director of Pari-Mutuel Wagering and Compliance
Re: Kentucky Downs, LLC Request to Offer New Entertaining Game Themes and Pari-Mutuel Pools

On March 16, 2021, the Kentucky Horse Racing Commission ("KHRC") received a letter from Kentucky Downs, LLC ("KYD"), requesting to offer new AGS, LLC ("AGS") entertaining game themes and pari-mutuel pools. AGS, LLC is a historical horse racing ("HHR") manufacturer that utilizes totalizator services provided by Exacta Systems, LLC.

Submitted with this letter were certification reports published by Gaming Laboratories International ("GLI"), an independent, third-party testing laboratory under contract with the KHRC.

GLI has certified two (2) new AGS entertaining game themes and pari-mutuel pools as compliant with all applicable Kentucky statutes and regulations. KHRC staff has reviewed these certification reports and believes that all requested AGS components offer pari-mutuel wagering on historical horse racing under Kentucky statutes and regulations.

If approved by the KHRC, KYD staff will transition the affected HHR terminals to the new entertaining game themes and pari-mutuel pools in a secure manner, with guidance from KHRC staff. Please see the enclosed component list for a description of all changes proposed by KYD. A copy of the certification reports will be made available to the Commissioners upon request.

KHRC staff recommends approval of this KYD request to offer new AGS entertaining game themes and pari-mutuel pools.

COMMISSION ACTION

_____ APPROVE

_____ DENY

_____ DEFER

Component List

- New pari-mutuel pool to operate the following entertaining game theme:
 1. Rakin Bacon
 2. Shou Hu Shen
 3. Winter of the Dragons XJP
 4. Wolf Queen XJP
- New pari-mutuel pool to operate the following entertaining game theme:
 1. Fu Bao Bei
 2. Lucky Lil Devils

March 16, 2021

Marc Guilfoil
Executive Director
Kentucky Horse Racing Commission
4063 Ironworks Parkway, Building B
Lexington, KY 40511

Dear Mr. Guilfoil,

Enclosed you will find the specifications for two new AGS pari-mutuel pools. AGS has informed us that the Gaming Laboratories International (GLI) has tested and confirmed that the submitted AGS pari-mutuel pools and game themes comply with the requirements set forth in the Kentucky regulations. GLI letter #399MO-399-CAD-20-28-399.

The "Pool Split/Seed Pool/Minimum Pay" section provided in each specification contains confidential and proprietary information, "which if openly disclosed would permit an unfair commercial advantage to competitors." KRS § 61.878(1)(C)(1). As such, all pages in the "Pool Split/Seed Pool/Minimum Pay" sections have been designated as "Confidential."

At this opportunity, we would like to request permission to incorporate to our game library:

- A new pari-mutuel pool to operate the following entertainment game themes:
 - Fu Bao Bei
 - Lucky Lil's Devils
- A new pari-mutuel pool to operate the following entertainment game themes:
 - Rakin Bacon
 - Shou Hu Shen
 - Winter of the Dragons XJP
 - Wolf Queen XJP

Once the KHRC Commission has granted approval, we will coordinate with Mr. Waqas Ahmed the rest of the requirements before putting them online.

Best regards,


Valeria Strafe
VP Of Operations



Andy Beshear
Governor

Ray Perry
Deputy Secretary

Public Protection Cabinet
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Chairman

March 16, 2021

To: Kentucky Horse Racing Commission

From: Waqas Ahmed Director of Pari-Mutuel Wagering and Compliance

Re: KRM Wagering, LLC Request to Offer New Entertaining Game Themes and Pari-Mutuel Pools

On October 1, 2020, the Kentucky Horse Racing Commission ("KHRC") received a letter from KRM Wagering, LLC ("KRM"), requesting to offer Amtote PariMax Wagering System versions 3.25, 3.26, and 3.27. Subsequently, on March 16, 2021, the KHRC received another letter from KRM, requesting to offer Amtote PariMax ("PariMax") Wagering System versions 3.28 and 3.29.

Submitted with these letters were certification reports published by Gaming Laboratories International ("GLI"), one of the two independent, third-party testing laboratories under contract with the KHRC.

GLI has certified PariMax system versions 3.25, 3.26, 3.27, 3.28, and 3.29 as compliant with all applicable Kentucky statutes and regulations. KHRC staff has reviewed this certification report and believes that all requested PariMax system versions offer pari-mutuel wagering on historical horse racing under Kentucky statutes and regulations.

If approved by the KHRC, KRM and PariMax staff will securely transition the affected HHR terminals to the new entertaining game themes and pari-mutuel pools, with guidance from KHRC staff. The previous PariMax version's configurable options will not be implemented without prior notice to the KHRC staff and subsequent approval. Please see the enclosed modifications list for a description of all changes proposed in the requested system versions. A copy of the certification report will be made available to the Commissioners upon request.

KHRC staff recommends approval of this KRM request to offer new Amtote PariMax entertaining game themes and pari-mutuel pools.

COMMISSION ACTION

_____ APPROVE

_____ DENY

_____ DEFER

Modifications Overview

- Release 3.25
 - Very Cherry updated to support 1920x1080 display cabinets and the optional touch-panel digital bet button display
 - LED default light strip color defined for Nordic Fortune 2
- Release 3.26
 - The latest update to PariMAX includes a new entertaining game theme and pari-mutuel pool, and one bug fix to Scattered Diamonds
 - Wunderstein Wild on the new 'WP-Parimax_P3P5_PLUS.P2P5_PLUS_WW' pari-mutuel pool
- Release 3.27
 - Introduces communication to the operator's floor management system via common industry protocols, as well as a fix to several portrait mode entertaining game themes
- Release 3.28
 - The latest update to PariMAX includes new entertaining game themes and updates to existing entertaining game themes:
 - Witch Doctor's JuJu Jackpot on the existing 'WP-PariMAX_P3P5_PLUS.P2P5_PLUS_FF' pari-mutuel pool
 - Simon's Wild Castle on the existing 'WP-P6P3_Plus.P2P5_Plus' pari-mutuel pool
 - Bug fixes to existing entertaining game themes
- Release 3.29
 - The latest update to PariMAX includes new entertaining game themes and updates to existing entertaining game themes:
 - Night on the Strip, a new game cloned on the existing 'WP-P6.P3P5_PLUS.P2P5_PLUS_QPP' pari-mutuel pool
 - Classic Charge, a new game cloned on the existing 'WP-P3P5_PLUS.P2P5_PLUS_FF' pari-mutuel pool

REDMILE

KRM Wagering, LLC

October 1, 2020

Mr. Marc Guilfoil, Executive Director
Kentucky Horse Racing Commission
4063 Ironworks Pkwy, Building B
Lexington, KY 40511

Re: Approval request for PariMAX releases 3.25, 3.26 and 3.27

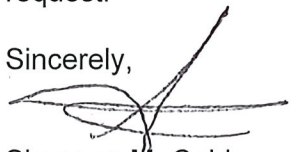
Dear Mr. Guilfoil:

KRM Wagering would like to request approval for the following PariMAX releases at the upcoming October commission meeting:

- Release 3.25 updates the Very Cherry theme to support 1920 X 1080 display cabinets and optional touch panel bet button, and also adds an LED default light strip color for the Nordic Fortune 2 theme.
- Release 3.26 includes a new game theme and wager profile: Wunderstein Wild on WP-Parimax_P3P5_PLUS.P2P5_PLUS_WW, as well as one bug fix to the Scattered Diamonds theme.
- Release 3.27 introduces communication to the operator's floor management system via common industry protocols, as well as a fix to several portrait mode theme titles.

I have attached the various release notes for each of these requests, and I will forward the individual wager profile and game specifications separately, due to file sizes. It is my understanding that GLI has sent reports on these releases directly to the KHRC. Please let me know if additional information is needed regarding this request.

Sincerely,



Shannon M. Cobb
Chief Operating and Financial Officer

Cc: Vince Gabbert
Joe Costa
Steve Jimenez

Frank Kling, KHRC
David Brown, KHRC
Waqas Ahmed, KHRC

Lexington Trots Breeders Assn., llc * 1200 Red Mile Road * Lexington, KY 40504
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KRM Wagering, LLC

March 16, 2021

Mr. Marc Guilfoil, Executive Director
Kentucky Horse Racing Commission
4063 Ironworks Pkwy, Building B
Lexington, KY 40511

Re: Approval request for PariMAX releases 3.28 and 3.29

Dear Mr. Guilfoil:

KRM Wagering would like to request approval for the following PariMAX releases at the upcoming March 19, 2021 commission meeting:

- Release 3.28 includes a few bug fixes on existing titles, as well as two new themes on previously approved wager profiles:
 - Witch Doctor's JuJu Jackpot on WP-PariMAX_-P3P5_PLUS.P2P5_PLUS_FF
 - Simon's Wild Castle on WP-P6P3_Plus.P2P5_Plus
- Release 3.29 includes updates to existing titles, as well as two new themes on existing wager profiles:
 - Night on the Strip on WP-P6.P3P5_PLUS.P2P5_PLUS_QPP
 - Classic Charge on WP-P3P5_PLUS.P2P5_PLUS_FF

I have attached the various release notes for each of these requests, and I will forward the individual wager profiles separately, due to file sizes. It is my understanding that GLI has sent reports on these releases directly to the KHRC. Please let me know if additional information is needed regarding this request.

Sincerely,

Shannon M. Cobb
Chief Operating and Financial Officer

Cc: Vince Gabbert
Joe Costa
Steve Jimenez

Waqas Ahmed, KHRC
David Brown, KHRC



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March 15, 2021

To: Kentucky Horse Racing Commission

From: Deputy General Counsel T. Chad Thompson
General Counsel Jennifer Wolsing
Pari-Mutuel Wagering Director Waqas Ahmed

Re: Proposed Classification Process for Historical Horse Racing
Administrative Requests

Please allow this memorandum to serve as a summary of the proposed process for classifying administrative requests relating to historical horse racing (“HHR”).

It should be noted that any racing association’s initial request to offer an exotic wager on HHR is subject to the review and approval by a quorum of the KHRC’s appointed membership. However, the KHRC also frequently receives various requests to modify certain aspects of a racing association’s existing, previously approved HHR operations.

Although some of the submitted requests are substantive—and therefore require the consideration of a quorum of the KHRC’s appointed membership, as all initial requests undergo—many other requests could be more appropriately classified as administrative. Nevertheless, 810 KAR 1:120, 811 KAR 1:250, and 811 KAR 2:160 are all clear in their requirement that “An association shall not implement any change or modification to the practices, procedures, or representations upon which the approval of the exotic wager was based without the prior written approval of the commission.”

Because the KHRC only meets in its entirety on a bi-monthly basis, requiring an approval of all administrative requests by a quorum of the KHRC’s appointed membership would create a cumbersome process that would impede licensed racing associations from managing their day-to-day business operations in an effective and efficient manner.

As such, the KHRC staff recommends that the KHRC expressly authorize the KHRC's Executive Director to approve or deny administrative requests related to HHR. This delegation is appropriate pursuant to KRS 230.230, which vests the Executive Director with responsibility for "the day-to-day operations of the racing commission."

In granting this authority, some of the Executive Director's decisions on any such administrative requests would remain subject to subsequent review and ratification by a quorum of the KHRC's appointed membership. Other decisions would be appropriate for approval without ratification—particularly those that implement items previously approved by a quorum of the KHRC's appointed membership.

Due to the unique nature of many HHR requests, their classification will be handled on a case-by-case basis. With that being said, each of the following lists—, which are not all-inclusive and are instead intended to be illustrative—provides the proposed classification process for HHR administrative requests.

Approval of HHR Administrative Requests by Executive Director:

- Requests to alter floor layout (switching, moving or replacing terminals, etc.);
- Requests to update software accompanied by relative independent, third party testing laboratory reports (minor changes, integrity fixes);
- Requests to offer entertaining game themes operating through pari-mutuel pools previously approved/ratified by a quorum of the KHRC's appointed membership;
- Requests to alter operating hours;
- Requests to deploy previously approved terminals, pari-mutuel pools, entertaining game themes, system components accompanied by relative independent, third party testing laboratory reports, etc.; and
- Requests to host demonstration units at KHRC licensed facilities.

Approval of HHR Requests by Executive Director, Subject to Ratification by the KHRC

- Requests to offer new HHR terminals, pari-mutuel pools, entertaining game themes operating through new pari-mutuel pools, system components accompanied by relative independent, third party testing laboratory reports.

Approval of HHR Requests by a quorum of the KHRC's appointed membership:

- Requests to increase total allotment of HHR terminals for KHRC licensed facilities; and
- Requests for expansion of HHR-designated floor space.

In sum, the KHRC staff believes that the above-referenced grant of authority to the Executive Director would be appropriate under the outlined circumstances, and recommends approval of this memorandum.

COMMISSION ACTION

_____ APPROVE

_____ DENY

_____ DEFER