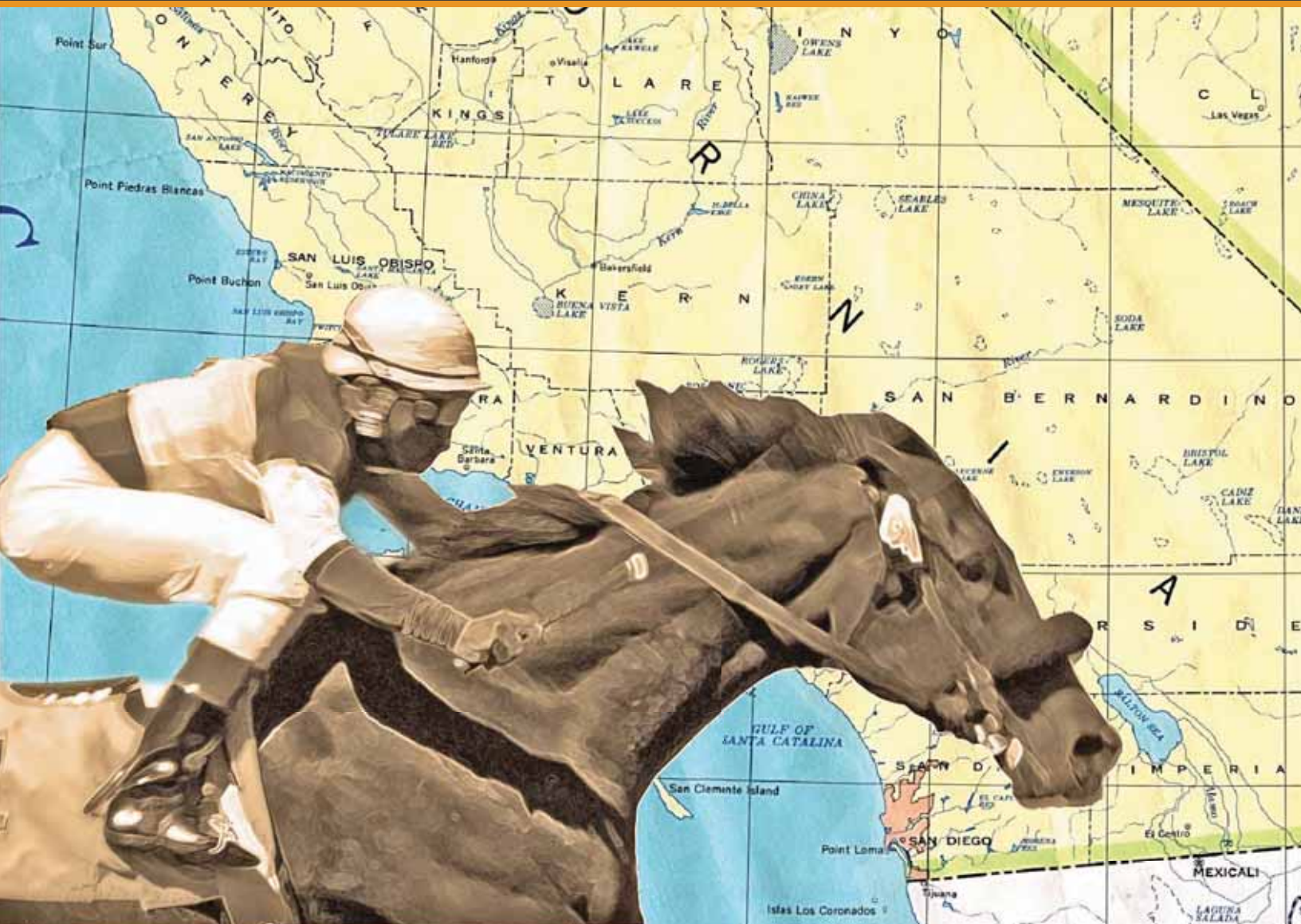




# *California Marketing Committee Report to the California Horse Racing Board*

*Programs • Budgets • Financials*



*February 2012*



# Major Participating California Racing Entities

## Associations



## Fair Tracks



## Horsemen's Organizations



## Fair Satellites



## Casino Satellites



## Mini-Satellites





Honorable Keith Brackpool, Chairman  
California Horse Racing Board

Dear Chairman Brackpool,

In accordance with California statute, the California Marketing Committee respectfully offers this report to the Board and to the California racing industry.

CMC continues to provide a forum in which it receives input from all interested industry participants as it considers allocation of available funding for marketing and promotion of Thoroughbred racing. This report describes the CMC plan for 2012, encompassing all geographical zones in California, and the manner in which funds were expended in the implementation of its programs in 2011.

Revenues available for CMC programs have declined in recent years because of economic conditions and changes in legislation. This trend has resulted in fewer, more targeted programs with an emphasis on measurable results. While CMC strives to ensure that its programs achieve the greatest positive impact for dollars spent, on-going industry discussions may include an evaluation of the utility of continuing CMC in its present form.

CMC will continue to fund its popular Calracing.com Website which offers streaming video and replays for CA racing fans. Starting this year, CMC programs will seek to enhance our racing product through targeted stakes supplements for Cal-breds and two-year-olds and, additionally, through structured recruitment programs. A Paddock Sale, planned for Del Mar in July, is intended to offer California racing fans an entertaining and educational insight into the exciting world of Thoroughbred ownership.

It is CMC's desire that this Report contribute to an on-going and constructive discussion of how best to assure a secure and sustainable future for Thoroughbred racing in California.

Respectfully submitted,

California Marketing Committee  
February 2012

# Table of Contents

## I. Overview & Introduction



### Overview & Introduction

Description of the overview and structure of the California Marketing Committee. Includes information on the organization's historical activity and current structure.

<i>Board &amp; Committee Structure</i>	<i>06</i>
<i>Overview &amp; Introduction</i>	<i>07</i>

## II. Budget



### Budget

Includes 2011 and 2012 budget with brief program descriptions.

<i>2011 Budget</i>	<i>10</i>
<i>2012 Budget</i>	<i>11</i>
<i>Budget Notes &amp; Comments</i>	<i>12</i>

## III. CMC Programs

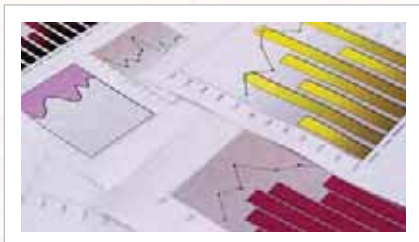


### Programs

In-depth description of the programs funded, in whole or part, by the 2012 California Marketing Committee Budget.

<i>Significant Player Rewards</i>	<i>14</i>
<i>Satellite Marketing</i>	<i>16</i>
<i>Branding &amp; New Media</i>	<i>20</i>
<i>Product Enhancement</i>	<i>28</i>
<i>Mini-Satellite Facility Support</i>	<i>30</i>

## IV. Financials



### Financials

Includes financial information, both historical and current.

<i>2011 Financials</i>	<i>36</i>
<i>CMC Fund Generation</i>	<i>37</i>
<i>CMC Fund Generation Chart</i>	<i>38</i>
<i>2010 CMC Audit</i>	<i>39</i>

## V. Appendices & Attachments



### Appendices & Attachments

Supporting documentation and reports.

<i>Del Mar In to Win Program</i>	<i>46</i>
<i>CARF Recruitment Program</i>	<i>47</i>
<i>CTBA Article - Golden State Series</i>	<i>52</i>





## Overview & Introduction



### Overview & Introduction

Description of the overview and structure of the California Marketing Committee. Includes information on the organization's historical activity and current structure.

*Board & Committee Structure* 06

*Overview & Introduction* 07

I. Overview & Introduction

### REPORT PREPARED BY:

Christopher Korby, Executive Director  
California Authority of Racing Fairs  
Co-Chair, California Marketing Committee

Heather Haviland, Director of Marketing  
California Authority of Racing Fairs

Shannon McDonald, Executive Director  
California Marketing Committee

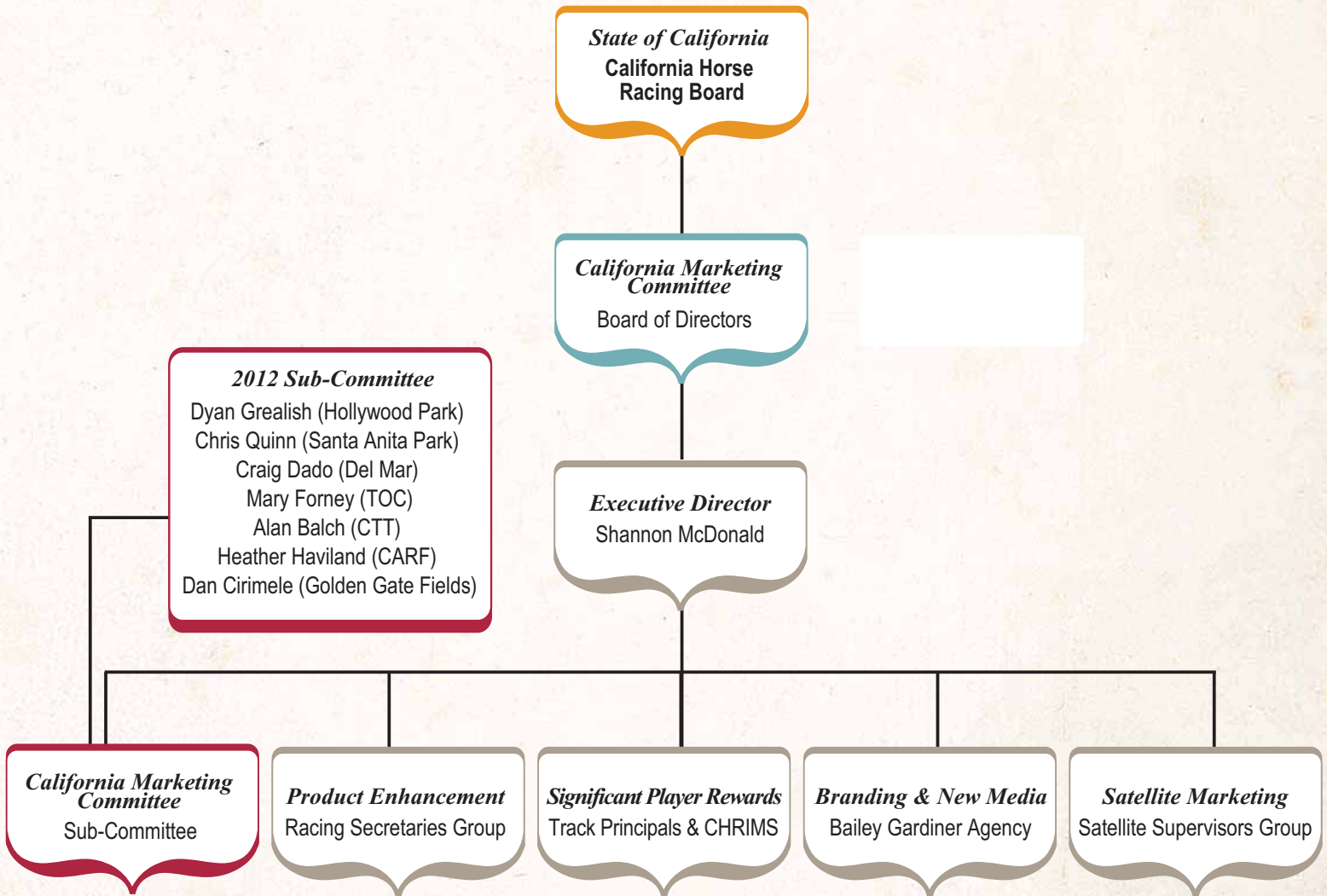
# Board & Committee Structure

**CMC 2012 Co-Chairs: Christopher Korby (CARF) and Dyan Grealish (Hollywood Park)**



**2012 Board of Directors**

- Thoroughbred Racing Associations: Dyan Grealish (Hollywood Park)  
Greg Avioli (Santa Anita Park)
- Thoroughbred Horsemen: Lou Raffetto (TOC)  
Billy Koch (TOC)
- Live Racing & Satellite Fairs: Christopher Korby (CARF)  
Kelly Violini (Monterey County Fair)





# Overview & Structure

## CMC SEES AS ITS PURPOSE THE ALLOCATION OF RESOURCES AT A STATEWIDE LEVEL TO COMPLEMENT AND SUPPLEMENT, NOT SUPPLANT, THE MARKETING EFFORTS UNDERTAKEN BY INDIVIDUAL RACE TRACKS AND FAIRS

The California Marketing Committee (CMC) is a statewide marketing organization formed to market and promote Thoroughbred horse racing pursuant to Business and Professions Code Section 19605.73. Statute requires that CMC voting members include two representatives each from Thoroughbred racing associations, Thoroughbred horsemen and from Fairs.

The CMC Board currently consists of the following members:

- Dyan Grealish and Greg Avioli representing Thoroughbred racing associations
- Lou Raffetto and Billy Koch representing Thoroughbred horsemen
- Kelly Violini and Christopher Korby representing Fairs

Dyan Grealish and Christopher Korby are the current CMC Co-Chairs.

Programs currently funded by CMC include promotion of California Thoroughbred and Fair racing through the establishment and maintenance of an Internet Web site; marketing and promotion of our product using social media sites; enhancement of our racing product through recruitment efforts and purse incentives; promotional funding and support for new mini-satellites; the establishment and administration of players incentive programs for those who wager on Thoroughbred races; and promotional activities at satellite wagering facilities to increase their attendance and handle.

The California Marketing Committee meets not less than four times per year. A Subcommittee of CMC meets monthly and acts as a second, more informal forum to encourage further participation and seek input from key industry participants. Subcommittee members currently include Dyan Grealish (Hollywood Park Marketing Department), Chris Quinn (Santa Anita Marketing Department), Craig Dado (Del Mar Marketing Department), Heather Haviland (CARF Director of Marketing), Mary Forney (TOC), Alan Balch (CTT) and Dan Cirimele (Golden Gate Fields).

In addition, the CMC works collaboratively and in tandem with many additional industry groups and representatives to solicit and vet ideas and concepts that will promote California Thoroughbred racing and enhance our product. These groups and representatives include all Thoroughbred racing associations, California Authority of Racing Fairs, (CARF), Thoroughbred Owners of California (TOC), California Thoroughbred Trainers (CTT), California Thoroughbred Breeders' Associations (CTBA), Racing Secretaries and facility marketing personnel, CHRIMS, SCOTWinc, NCOTWinc. and others.



# Overview & Structure

## *HISTORICAL PERSPECTIVE*

Since its inception in 1999, the CMC has served as an industry forum and funding source for a wide variety of statewide marketing initiatives and programs designed to promote and enhance Thoroughbred racing in California. Many of these initiatives and programs would not have been possible to launch or maintain without the CMC. Equally important the CMC has been a strategy incubator and catalyst for marketing and promoting our product. The CMC has facilitated open communication and collaboration, across stakeholder interests, CMC has always worked to support and promote marketing initiatives and programs for the benefit of California Thoroughbred racing, whether conducted private associations or by Fairs. CMC sees as its purpose the allocation of resources at a statewide level to complement and supplement, not supplant, the marketing efforts undertaken by individual race tracks and Fairs.

In this context, it's important to note that recent changes in legislation substantially reduced the funding available to CMC. For example, in 2010, the CMC budgeted revenues of \$3.4 million; the 2012 budget reflects projected revenues of \$1.8 million. The reductions in funding and limited resources have made it increasingly important that CMC use available funds for targeted programs designed to have specific impacts.





## Budget



### Budget

Includes 2011 and 2012 budget with brief program descriptions.

2011 Budget 10

2012 Budget 11

Budget Notes & Comments 12

II. Budget

# 2011 Budget

	BUDGET	PROJECTED YEAR-END
<b>SIGNIFICANT PLAYER PROGRAM</b>		
Same Description as 2012 budget. Incentive payments declined in 2011 leaving a \$350,000 budget surplus.	700,000	349,487.89
<b>SATELLITE MARKETING</b>		
Same Description as 2012 budget.	250,000	250,000.00
<b>PUBLIC RELATIONS &amp; BRANDING CAMPAIGN</b>		
Analysis from the R&D phase will be leveraged to inform the marketing and branding efforts. Comparing perceptions from horsemen and the general public will enable Bailey Gardiner and CMC to further understand the insider vs. outsider differences in opinions about leading issues and potential solutions. This will drive strategy in creating brand positioning, identity, experience, and ongoing brand management for the creation of new Cal Racing campaign. The research and branding will guide the public relations program which will support two goals. One will be to increase awareness with the consumer about Cal Racing and all the positive attributes attached to it. The other will be to monitor, participate and correct the critical and often negative conversation going on in the industry about Cal Racing.	500,000	550,067.00
<b>CALRACING WEBSITE</b>		
Calracing.com appeals to owners, trainers and fans alike and provides a place to host free live video and free replays of California races. Feedback regarding the website continues to be overwhelmingly positive from all segments of the industry. The site also continues to be a strong vehicle for posting positive stories on California racing to combat some negative stereotypes, such as medication issues and workers compensation concerns. On average, there are 7,500 visits to the site each weekend day, with 5,800 on average per weekday. In the last eleven months, over 1.7 million visits to the site have been captured.	88,500	106,888.75
<b>RACE RESULTS LINE</b>		
To provide better service to our customers, a statewide free race results line was launched in 2007. For 2010, on average, the line handles over 55,000 calls per week, with nearly 2.8 million in estimated total annual calls.	200,000	192,619.55
<b>RACING KIOSKS</b>		
Funding toward the creation of two mobile kiosks that will promote California racing. One each will be placed in Northern and Southern California. This is a collaborative project between the tracks and Local 280.	10,000	15,061.80
<b>ADMINISTRATION</b>		
Directors and Officers insurance, accounting audit, office expenses, meeting expenses, business and legal expenses, staff salary and benefits.	160,000	188,129.06
<b>CAL-BRED PROGRAM ACCRUAL</b>		
CMC decided to include an accrual for Cal-bred stakes payable in 2012 and 2013. Please see page 12 for additional information.	0	800,000.00
<b>TOTAL</b>		<b>1,908,500 2,452,254.05</b>
<b>FUND GENERATION - PROJECTED</b>		<b>1,846,529 1,952,695.00</b>
<b>(OVER) / UNDER</b>		<b>(61,971) (499,559.05)</b>
<b>PRIOR YEAR ACCUMULATED SURPLUS</b>		<b>315,415 315,415.18</b>
<b>FUND BALANCE</b>		<b>253,444 (184,143.87)</b>



# 2012 Budget

## BUDGET

### SIGNIFICANT PLAYER PROGRAM

Significant Player rewards is an incentive program for players who wager a minimum of \$20,000 per month. Players receive a tiered reward based on their play - varying from 1% to 3%. Players participate under a variety of track frequent fan programs by using a designated club card to place their wagers. This program allows us to identify and stay connected with our most valuable players. The program, often in conjunction with local track programs, also helps attract players to our pools who may be wagering elsewhere. Through Oct. 2011, over 72 unique players participated and qualified under the program, wagering over 17 million in California handle.

**500,000.00**

### SATELLITE MARKETING

Satellite Marketing allocation will be used for marketing efforts to promote the California Off-Track Satellite Network, a network of twenty-seven satellite facilities made up of Fairs, tribal casinos and mini-satellites throughout the state. Satellite Marketing programs include the following: CalRacing Club, a card-based satellite customer retention program, which currently consists of 12,500 of California's core horseplayers; statewide giveaways, coordinated closely with tracks; e-mail campaigns and collaborative promotions, such as the current Free Form Fridays during Hollywood Park's Fall meeting. These programs are designed to reward existing customers while generating incremental increases on targeted days at a cost of less than \$10,000 per facility. In 2010, these satellite facilities generated over \$405 million in handle; from that \$405 million in handle, \$1.57 million was distributed to the CMC Promotional Fund and over \$20.7 million was distributed to purses.

**270,000.00**

### BRANDING & NEW MEDIA

Branding and New Media allocation will support calracing.com, Public Relations and Social Media outreach and the Race Results Line. Calracing.com appeals to owners, trainers and fans alike and provides a place to host free live video and free replays of California races. The site also continues to be a vehicle for posting positive stories on California racing to combat some negative stereotypes. Public Relations outreach will focus on lifestyle events at the tracks while Social Media will continue to focus on Facebook and the 'Inner Jockey' micro site. Race Results Line support will continue in 2012 at a marked reduction in operating cost. The line will change from a toll free call to a caller paid call. The objective will be to transition many of those patrons who do have internet access from the race results line to calracing.com for free replays.

**180,000.00**

### PRODUCT ENHANCEMENT

A new program designed to bolster two-year-old stakes races in both Northern and Southern California. Since the Breeders' Cup added several two-year-old championship season-end events, California was lacking in providing necessary preparatory events to support those new races. CMC funding will be used to support existing two-year-old stakes sprints, as well as aid in the creation of several new two-year-old route turf stakes. This new program will encourage the breeding and importation of young horses to California. Additionally, some funding will be allocated to financially assist the importation of other horses to California.

**500,000.00**

### NEW MINI-SATELLITE SUPPORT

A co-op budget, with funds derived from new mini-satellites, Sportech and CMC, has been established for 2012 to advertise and promote new locations. Based on five startups, \$75,000 would be earmarked for advertising and promotion of the new locations through print, outdoor, radio and direct mail media as well as database farming and localized promotions such as handicapping contests, betting vouchers and special events. In addition \$20,000, funded by Sportech and CMC, has been earmarked for mini-satellite awareness advertising, reaching potential new locations primarily through targeted direct mail.

**29,000.00**

### ADMINISTRATION

Directors and Officers insurance, accounting audit, office expenses, meeting expenses, business and legal expenses, staff salary and benefits.

**175,000.00**

\*CMC Board approved \$800,000 accrual on 11/18/2011 for Cal-Bred program disbursements in 2012 (\$400,000) and 2013 (\$400,000). Please see page 12 for additional information.

<b>TOTAL</b>	<b>1,654,000.00</b>
<b>FUND GENERATION - PROJECTED</b>	<b>1,800,000.00</b>
<b>(OVER) / UNDER</b>	<b>146,000.00</b>
<b>PRIOR YEAR ACCUMULATED SURPLUS</b>	<b>(182,910.46)</b>
<b>BALANCE</b>	<b>(36,910.46)*</b>

# Miscellaneous Budget Notes

## ***SIGNIFICANT PLAYER PROGRAM - Annual CMC Budget Allocation to Pre-Fund Potential Liabilities for Incentive Rewards***

During the annual CMC budget preparation, CMC staff formulates projections of the potential financial liabilities that might be paid out for incentive rewards under that year's Significant Player Program. CMC has elected to use a conservative fiscal approach in its projection of potential liabilities in order to ensure that the Significant Player Program remains solvent. In some years, when awards are paid at a lower amount than projected in the budget, this conservative approach results in an unpaid balance ("surplus accrual") at the end of the year. From time to time, and with formal approval from the Committee, this accrual is used to fund other CMC programs, such as the Cal-Bred Stakes Program described below.

## ***CAL-BRED STAKES PROGRAM - 2011 \$800,000 CMC Accrual for 2012 and 2013***

Racing in California is highly dependent on Cal bred horses in that over time Cal breds have represented 50% of the horses racing in California. From 2003 to 2011, the California foal crop has declined 53% from 3,867 to an estimated 1,800. This decline must be blunted in order to preserve California racing.

In order to stimulate the breeding of Cal bred horses, the CMC and the CTBA jointly undertook the supplemental funding of purses for 18 Cal bred stakes races for two and three year olds in both 2012 and 2013. Because horses will be nominated for these races early in 2012, yearlings purchased in 2011 and future breeding commitments made in reliance on the existence of these races in 2012 and 2013, the funding of these races had to be in place in 2011 even though their actual funding would be postponed until 2012 and 2013.

When the accrual was authorized, it was estimated the CMC at 2011 year end would have a surplus of \$700,000 and it was recognized that any 2011 shortfall in revenue would have to be covered in 2012 and/or 2013. Section 19605.73 specifically contemplates revenue in a later year being available to cover a shortfall in an earlier year. The \$800,000 accrual in 2011, as required by Section 19605.73, will be formally disclosed in CMC's fourth quarter report to the Board.





## CMC Programs



### CMC Programs

In-depth description of the programs funded, in whole or part, by the 2012 California Marketing Committee Budget.

<u>Significant Player Rewards</u>	<u>14</u>
<u>Satellite Marketing</u>	<u>16</u>
<u>Branding &amp; New Media</u>	<u>20</u>
<u>Product Enhancement</u>	<u>28</u>
<u>Mini-Satellite Facility Support</u>	<u>30</u>

# Significant Player Program

**PROGRAM OBJECTIVE:** Keep big California players betting in California.

**SYNOPSIS:** Significant Player Rewards provides an important marketing incentive to keep California patrons wagering at California locations. The program helps us identify and retain very large players keeping them wagering within our pools. The program also helps attract new large players that may be currently wagering elsewhere.

**PROGRAM DETAILS:** Significant Player rewards is an incentive program for players who wager a minimum of \$20,000 per month. Players receive a tiered reward based on their play - varying from 1% to 3%. Players participate under a variety of track frequent fan programs by using a designated club card to place their wagers. This program allows us to identify and stay connected with our most valuable players. The program, often in conjunction with local track programs, also helps attract players to our pools who may be wagering elsewhere. Through Oct. 2011, over 72 unique players participated and qualified under the program, wagering over \$17 million in California handle.

**SUCSESSES:** DMTC was able to attract a very large player using this program and local incentives combined. This player was not previously wagering in pari-mutuel pools. This new player has wagered more than \$1.2 million in CA handle in August/September.

**OBSERVATIONS:** We are spending 1.72% to keep significant players wagering directly with California host tracks. The distribution on these wagers contribute to all California pari-mutuel wagering funds. If these wagers were made via an ADW rebate site, California would lose more than 12% of the takeout. In most cases, California receives approximately 8% from out-of-state wagering ADW Providers. We are therefore spending 1.72% to receive the benefits of the additional 12% takeout distributed to California stakeholders. [Figures provided by CHRIMS].



# Significant Player Summary By Facility 2010/2011

2010		January	February	March	April	May	June	July	August	September	October	November	December	#	Grand Total	Unique 2010 players
Month/Rewards/Count	Track/Facility	#	#	#	#	#	#	#	#	#	#	#	#	#		
Del Mar		\$8,664.16	\$7,222.70	\$10,925.34	\$2,157.66	\$1,095.58	\$1,575.80	\$20,656.87	\$91,780.05	\$14,061.71	\$1,481.24	\$863.79	\$750.31	3	\$161,235.21	33
Golden Gate Fields							\$359.89	\$442.43	\$802.32	\$297.43					\$1,902.07	2
Pleasanton						\$278.15		\$291.28	\$440.13	\$856.43					\$1,865.99	1
Shalimar (Indio)		\$323.70	\$239.65	\$358.63	\$348.30	\$263.01	\$257.06	\$575.07	\$544.43	\$285.97	\$249.54		\$248.36	1	\$3,693.72	1
San Bernardino (NOS)								\$206.50							\$206.50	1
San Mateo		\$694.68	\$208.75	\$444.28	\$459.15	\$550.97			\$731.13	\$444.13	\$217.79	\$206.23			\$3,957.11	3
Santa Anita		\$10,627.25	\$33,704.34	\$38,540.44	\$40,367.00	\$21,041.78	\$9,525.82	\$10,921.44	\$12,476.99	\$7,260.47	\$5,323.58	\$1,977.15	\$4,812.04	6	\$196,578.30	17
Hollywood Park		\$34,017.83	\$2,515.45	\$4,619.66	\$3,373.17	\$38,555.06	\$3,997.05	\$5,743.95	\$1,779.49	\$372.31	\$3,485.65	\$2,124.54	\$2,043.99	5	\$102,628.13	22
<b>Total 2010</b>		\$54,327.62	\$43,890.89	\$54,888.34	\$46,705.27	\$61,784.55	\$15,715.62	\$38,837.53	\$108,554.53	\$23,578.46	\$10,757.80	\$5,171.71	\$7,854.70	15	\$472,067.03	80
2011		January	February	March	April	May	June	July	August	September	October	November	December	#	Grand Total	Unique 2011 players
Del Mar		\$15,782.15	\$2,737.57	\$3,962.91	\$2,171.25	\$2,602.97	\$3,091.22	\$31,892.61	\$72,161.34	\$57,889.23	\$9,714.03	\$1,132.42			\$203,137.70	29
Golden Gate Fields					\$657.87	\$865.27	\$957.72	\$882.48	\$403.22						\$3,766.56	2
Pleasanton								\$335.21			\$333.40	\$238.06			\$906.67	1
Shalimar (Indio)		\$280.44	\$221.40		\$341.40	\$437.14			\$719.31	\$317.21	\$315.24	\$487.57			\$3,119.71	1
San Bernardino (NOS)								\$217.64							\$217.64	1
San Mateo				\$424.37	\$619.04	\$449.71	\$216.73	\$614.97	\$290.48	\$632.56	\$688.56				\$3,936.42	2
Santa Anita		\$7,524.65	\$10,259.57	\$13,161.38	\$8,913.24	\$2,923.70	\$2,259.55	\$5,757.32	\$3,786.31	\$2,217.98	\$12,696.11	\$969.32			\$70,469.13	16
Hollywood Park		\$5,349.10	\$2,862.83	\$3,137.05	\$9,327.44	\$7,043.95	\$3,080.29	\$3,754.36	\$2,276.71	\$1,275.64	\$2,552.24	\$2,437.73			\$43,097.34	19
Los Alamitos		\$234.65	\$296.71	\$213.71											\$745.06	1
<b>Total 2011</b>		\$29,170.99	\$16,378.07	\$20,899.42	\$22,030.24	\$14,322.75	\$9,605.51	\$43,454.59	\$79,637.37	\$62,332.62	\$26,299.57	\$5,265.10		15	\$329,396.22	72

# Satellite Marketing

**PROGRAM OBJECTIVES:** 1) increase overall attendance and participation in the Cal Racing Club (frequent fan program); and 2) increase California satellite handle on key days.

**SYNOPSIS:** Satellite Marketing programs help retain and attract new fans to racing via a variety of marketing and promotional events at existing satellite locations, satellites in California tribal casinos and new mini satellites.

**PROGRAM DETAILS:** 2011 Satellite Marketing programs included giveaways for each major California race meet (Del Mar – T-Shirt, Golden Gate Fields – Fleece Blanket, Hollywood Park – Sweatshirt, Santa Anita – Calendar). To pave the way for future e-promotions, the satellites conducted a month-long e-mail drive in November. Patrons were encouraged to provide a new or updated e-mail address to receive a CalRacing.com baseball cap (featuring the new CalRacing brand). Fridays during the Hollywood Park fall meet are traditionally days when facilities can use extra help in attracting customers. To encourage participation on those six specific Fridays, satellites conducted a promotion called “Free Form Fridays,” giving CalRacing Club patrons a free Friday edition Daily Racing Form. Satellites also conducted handicapping seminars and contests on an experimental level to determine a suitable statewide promotion for 2012.

**SUCCESSSES:** John Bucalo (Barona supervisor) stated that Free Form Fridays was very well received by his guests. After the first day of the promotion, a patron stated that he was dining at a San Diego restaurant and overheard some talking about the “free Forms” they received at the Barona OTB.

Lenny Prendusi, a longtime satellite patron and racing fan from Santa Rosa, has expressed his sincere gratitude that the satellite patrons are once again able to participate in track giveaways.

**OBSERVATIONS:** CalRacing Club has 12,433 members (+12% since 2010, +42% since 2008). CalRacing Club members made 219,463 visits to CARF Fair satellites so far in 2011 (does not include casinos, minis or Surfside). We have collected 2,610 valid e-mail addresses (21% of database) through e-promotions. Satellites are currently tracking 27% of their daily attendance through the CalRacing Club.



## Satellite Marketing CalRacing Club Membership Statistics (through December 12, 2011)

The CalRacing Club is a card-based player retention program that was implemented at California Fair satellites on May 1, 2006. At that time, Fair satellites had a database through the Golden State Rewards Network consisting of 1,854 members.

2011 Satellite Marketing programs included giveaways for each major California race meet (Del Mar – T-Shirt, Golden Gate Fields – Fleece Blanket, Hollywood Park – Sweatshirt, Santa Anita – Calendar). To pave the way for future e-promotions, the satellites conducted a month-long e-mail drive in November. Patrons were encouraged to provide a new or updated e-mail address to receive a CalRacing.com baseball cap (featuring the new CalRacing brand). Fridays during the Hollywood Park fall meet are traditionally days when facilities can use extra help in attracting customers. To encourage participation on those six specific Fridays, satellites conducted a promotion called “Free Form Fridays,” giving CalRacing Club patrons a free Friday edition Daily Racing Form. Satellites also conducted handicapping seminars and contests on an experimental level to determine a suitable statewide promotion for 2012.

- CalRacing Club Members\* – 12,433 (+12% since 2010, +42% since 2008).
- CalRacing Club Satellite Visits in 2011 – 219,463
- Results from drive to collect e-mail addresses – 2,610 e-mail addresses (21% of total database)
- Satellites are currently tracking 27% of their daily attendance through the CalRacing Club system.

Below are examples of individual sites:

Bakersfield – 40%  
Lancaster – 51%  
Sacramento – 45%  
San Mateo – 30%  
Vallejo – 37%  
Victorville – 48%

Satellites Participating in 2011 Satellite Marketing (27 sites):

- |                           |                         |
|---------------------------|-------------------------|
| 1. Barona Casino          | 15. Sacramento          |
| 2. Fantasy Springs Casino | 16. San Bernardino      |
| 3. Commerce Casino        | 17. San Jose            |
| 4. Sycuan Casino          | 18. San Mateo           |
| 5. Viejas Casino          | 19. Santa Rosa          |
| 6. Anderson               | 20. Shalimar/Indio      |
| 7. Bakersfield            | 21. Stockton            |
| 8. Fresno                 | 22. Surfside Race Place |
| 9. Fresno Club One        | 23. Tulare              |
| 10. Lake Perris           | 24. Turlock             |
| 11. Lancaster             | 25. Vallejo             |
| 12. Monterey              | 26. Ventura             |
| 13. OC Tavern             | 27. Victorville         |
| 14. Pleasanton            |                         |

\* Figures do NOT include Surfside Race Place Diamond Club and casino satellite databases.

# **FREE\* Ball Cap**

**Starting November 19**



**\* Give us a valid e-mail address and we'll give you a cap. Your e-mail address will be used for future e-mail only giveaways. Visit the admissions area for details.**

**Promotion will run Nov. 19 - Dec. 18, 2011. One cap per patron while supplies last.**



**Cal Racing**

**FUN RUNS HERE.**



**FREE**

# *Form* Fridays



## **Bet with the best on Fridays during the Hollywood Park Fall Meet**



Get a free Friday edition of *Daily Racing Form* at select California off-track betting locations from November 11 – December 16.

Must be a CalRacing Club or Diamond Club member (membership is free). One per week per person while supplies last. Contact your local satellite for details. Diamond Club members may only redeem at Surfside Race Place in Del Mar.

# Branding & New Media - 2012

**PROGRAM OBJECTIVES:** Use current technologies to reach out to the more casual fan.

**PROGRAM DETAILS:** The Branding and New Media Program will continue to support, market and promote fan friendly initiatives such as calracing.com which highlights our unique statewide free replays and live video. Public Relations and Social Media will also continue to be supported under this budget category. Objectives are to continue using current technologies to reach out to the more casual fan who is often younger and more interested in the 'lifestyle' aspect of racing. The Race Results Line program will be restructured at a substantial savings while still providing an important customer service for some of our core players who may not be computer users.

- SUCSESSES:**
- Just under 11 million online impressions have been delivered from the Inner Jockey spots from September 15 through December 1, 2011.
  - Facebook fans have increased 220% in just 2 months.
  - Transitioned the race results line to a cost-effective option.
  - 4,800 Inner Jockey micro-site views.
  - 69,000 Twitter impressions.

**2012 AGENCY  
TACTICS:**

- Shift public relations outreach to be focused primarily on the major lifestyle events at the tracks.
- Incorporate 2-3 larger statewide initiatives per year (ex: pitching the HBO Luck series), photo shoots at the tracks, bigger brand story, etc) as appropriate and as budget allow.
- For social media, the focus will be on Facebook and the microsite/Tumblr. Do away with Twitter. Content will get more focused.
- Client communication will include bi-weekly client calls, monthly public relations and social reports and Bailey Gardiner (BG) will be available to present to the larger CMC or CHRB group once per quarter.
- BG will hold a call with the individual tracks prior to each meet and will work directly with the tracks to get information or to arrange media visits.



## *Branding & New Media - 2011 Results*

### **BRANDING**

In 2011, the San Diego-based agency Bailey Gardiner was retained to conduct brand development workshops for CalRacing in order to develop a logo and tagline that would convey the attributes, aspirations and personality of the product.



The end result is a tip-the-cap to a former heyday in a modern, vibrant and progressive way. An iconic snapshot in time capture this horse at the moment its feet are off the ground, and rider and horse are one. The rich, bold color pays tribute to the California state flag. The typeface suggests traditional hand painted signage.

# Branding & New Media - 2011 Results

## Advertising

The California Marketing Committee advertising campaign consists of a paid digital media strategy, which includes online interactive video and digital displays ads that target the younger audience.

Additionally, the advertising efforts incorporate a campaign specific microsite (InnerJockey.com) and a collection of wild postings being spread throughout designated urban areas around the tracks such as Pasadena, Arcadia, Los Angeles, Berkeley and San Francisco. The campaign has performed very favorably and engagement rates have consistently outperformed industry averages.

- Total Impressions: 10,618,078
- Total Clicks: 29,198
- Average Click-Through-Rate: 0.52%
- Number of Wild Postings Banners: 9,500
- InnerJockey.com Visits: 3,718

**Cal Racing**  
FILM ROLLS HERE

ARE YOU IN TUNE WITH YOUR INNER JOCKEY?

**RELEASE YOUR INNER JOCKEY.**

Who or what's an inner jockey?  
Have you ever gone on a spur of the moment road trip? Struck backstage during a concert? Bungee jumped? Or screamed wildly as your 20-to-1 long shot crossed the finish line first? If so, nice job. You're in tune with your inner jockey, the part of you that craves excitement and wants to have fun. He, or she, is your inner voice reminding you to have a great time. Your inner jockey lives life in the home stretch, guiding you on how to "Win".

**RELEASE YOUR INNER JOCKEY AT THE TRACK**  
See what kind of fun is waiting at a track near you

**GOLDEN GATE FIELDS**

**SANTA ANITA PARK**

**This weekend is a BIG one for Cal Racing and Santa Anita Park. Here is a little peek at what's going on Saturday:**

- Sunshine Millions Day means \$1 Million dollars in purses = BIG Betal
- 50 food trucks and California craft beer festival = GOOD food and drinks!
- Opening of the Luck Lounge = HBO Celebs!
- Chair giveaway for Thoroughbred members = FREE! stuff!
- Bikini contest = wow, BIKINI Contest! Hollar.

1/24/12



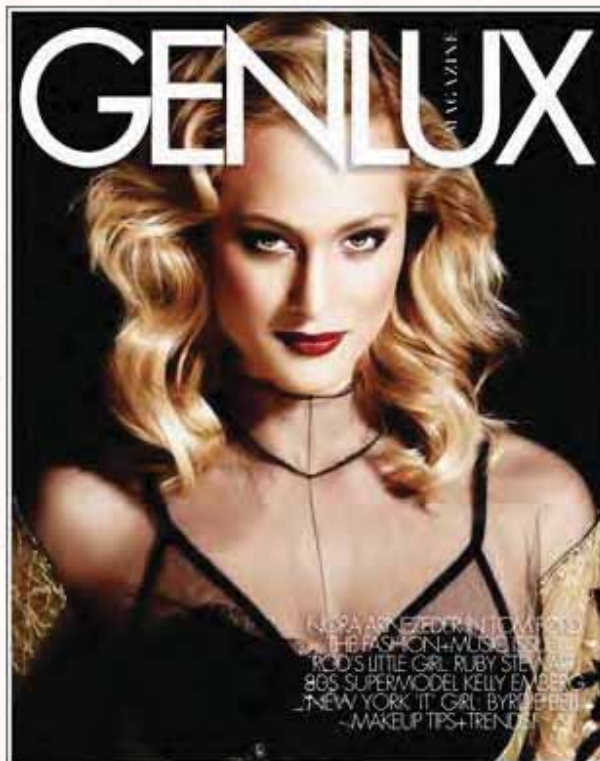
# Branding & New Media - 2011 Results

## Public Relations

Over the course of the year, BG has focused on pitching Cal Racing and each track's main events to print and online lifestyle media as well as bloggers. BG coordinated media to attend the tracks to experience the fun first-hand and posted all major events from each track to online calendars. To creatively insert horse racing into California's lifestyle media, BG pitched fashion photo shoots, staged at the tracks and created the concept for an off-the-menu signature cocktail that can be purchased by showing a losing ticket.

### Results:

- Placements include: Los Angeles Times Travel Section, Forbes Life, 7X7.com, LAist.com, Urban Daddy, The Feast and others
- Multi-page fashion photo shoot confirmed with GenLux Magazine to take place at Santa Anita
- Media visits from Westways, Los Angeles Times, Thrillist, Benicia Herald, Examiner.com and Brentwood Media Group
- 45 online calendar placements for track events





# Branding & New Media - 2011 Results

## Public Relations

Los Angeles Times

# TRAVEL

SUNDAY, OCTOBER 16, 2011 ■ LATIMES.COM/TRAVEL

### Unlikely twins: What do Bhutan and El Paso have in common? L5

On the Spot L2 ■ California's racetracks L3 ■ Airfares L6 ■ Travel Tickets L6 ■ Readers Recommend L7

LETTERS/COMMENTS Los Angeles Times

CALIFORNIA

## Hot tips for a winning day at the top racetracks

CLASS RACINGS

California is home to more racetracks than any other state, with four dominant tracks and a dozen lesser-known, world-class venues, where thoroughbred just is shouldn't be discarded. The majors tend to be featured in Old California. Each of the Big Four has its own bloodlines and color. As Santa Anita holds its fall season and Hollywood Park and Golden Gate Fields follow soon, here's a look at what makes each distinct and how to get the most for your money — at least till it comes to betting the triathlon.

**Santa Anita Park, Arcadia**  
 Appreciate the look and architecture of old Spanish-style and Santa Anita Park in Arcadia. That look is a 19th-century pattern sprung to life. The architecture is a blend of styles for being the home of the Spanish, a rancher's hacienda. It had had a long history before the war and was featured in the upcoming film "The Artist."

**Season:** Nov. 10-Dec. 10, 2011  
**Getting there:** 70-minute cab ride from LAX; 20-30 minutes from downtown.  
**Roadside tips:** Hollywood Park is popular for its night racing, rarely available at other tracks. Concerts follow the races on some nights.  
**Need a post-race beverage?** Panchito in Manhattan Beach is a great place to watch sports and drink margaritas with friends. Or grab brunch before the races. Brunch from 11 a.m. to 3 p.m. Highland Ave., (310) 545-6979, www.panchorrestaurant.com.  
**Need a steak?** For a classic steak or seafood, try the Biggy Whip. Better cuts of beef start at about \$35, which includes dinner or salad and sides. 1421 La Tijera Blvd., Westchester, (310) 645-730, www.thebiggywhip.com.  
**Other highlights:** Panchito's Tacos in Westchester makes fresh all-day lunch entrees less than \$10. 612 W. Marchewick Ave., (310) 645-8002. Coffee Co. serves good affordable breakfasts, crepes and home-style food. 2131 La Tijera Blvd., Westchester, (310) 645-7303.  
**Lodging choices:** Many of the choices around LAX offer slight discounts for track fans. For instance, the Cypress Plaza offers weekend rates from \$89.95 (with race discount), 2940 W. Century Blvd., Los Angeles, (323) 842-7300, www.cypressplaza.com.  
**Del Mar, Del Mar**  
 Hitting on the beautiful coastal setting, Del Mar boasts the highest daily attendance of all the California tracks, often double that of Santa Anita. It goes to "where the turf meets the surf." From a Big Crosby dog played daily at the track, it was the location of Seabiscuit's famous match race against Lightning in 1937.  
**Season:** July 10-Sept. 5.  
**Getting there:** The track is about 90 miles south of Los Angeles, a two-hour drive on a good day. Trains run from Union Station to downtown Los Angeles and stop in Orange County before arriving at Del Mar, where there are double-deck buses shuttle you to the track.  
**Roadside tips:** Del Mar offers Daybreak at Del Mar, which runs from sunrise to about 9 a.m. and gives you a chance to watch morning workouts and catch some before-the-race hotlines.  
**Need a post-race beverage?** Jimmy O's, a jumpier sports bar and restaurant in the heart of downtown Del Mar, 225 W. 94th St., (619) 329-3743.  
**Need a steak?** Red Tractor, across the street from the track, is a popular pre- and post-race destination. Known for its steaks and seafood, it's also a great spot for a pre-



DEL MAR: The "where the turf meets the surf" track is a popular pre- and post-race destination. Known for its steaks and seafood, it's also a great spot for a pre-

though significantly less memorable. Rooms from \$122, 854 W. Huntington Drive, Burbank, (626) 307-0900, doubletreehotels.com.

**Hollywood Park, Inglewood**  
 The former Hollywood ballpark burned down in 1949, was rebuilt in 1950 and in 2011 hosted racing's first \$1-million horse, Citation. It's still vibrant, as seen when it hosted Zayatsevic's 10th straight win last year.  
**Season:** Nov. 10-Dec. 10.  
**Getting there:** 70-minute cab ride from LAX; 20-30 minutes from downtown.  
**Roadside tips:** Hollywood Park is popular for its night racing, rarely available at other tracks. Concerts follow the races on some nights.  
**Need a post-race beverage?** Panchito in Manhattan Beach is a great place to watch sports and drink margaritas with friends. Or grab brunch before the races. Brunch from 11 a.m. to 3 p.m. Highland Ave., (310) 545-6979, www.panchorrestaurant.com.  
**Need a steak?** For a classic steak or seafood, try the Biggy Whip. Better cuts of beef start at about \$35, which includes dinner or salad and sides. 1421 La Tijera Blvd., Westchester, (310) 645-730, www.thebiggywhip.com.  
**Other highlights:** Panchito's Tacos in Westchester makes fresh all-day lunch entrees less than \$10. 612 W. Marchewick Ave., (310) 645-8002. Coffee Co. serves good affordable breakfasts, crepes and home-style food. 2131 La Tijera Blvd., Westchester, (310) 645-7303.  
**Lodging choices:** Many of the choices around LAX offer slight discounts for track fans. For instance, the Cypress Plaza offers weekend rates from \$89.95 (with race discount), 2940 W. Century Blvd., Los Angeles, (323) 842-7300, www.cypressplaza.com.  
**Del Mar, Del Mar**  
 Hitting on the beautiful coastal setting, Del Mar boasts the highest daily attendance of all the California tracks, often double that of Santa Anita. It goes to "where the turf meets the surf." From a Big Crosby dog played daily at the track, it was the location of Seabiscuit's famous match race against Lightning in 1937.  
**Season:** July 10-Sept. 5.  
**Getting there:** The track is about 90 miles south of Los Angeles, a two-hour drive on a good day. Trains run from Union Station to downtown Los Angeles and stop in Orange County before arriving at Del Mar, where there are double-deck buses shuttle you to the track.  
**Roadside tips:** Del Mar offers Daybreak at Del Mar, which runs from sunrise to about 9 a.m. and gives you a chance to watch morning workouts and catch some before-the-race hotlines.  
**Need a post-race beverage?** Jimmy O's, a jumpier sports bar and restaurant in the heart of downtown Del Mar, 225 W. 94th St., (619) 329-3743.  
**Need a steak?** Red Tractor, across the street from the track, is a popular pre- and post-race destination. Known for its steaks and seafood, it's also a great spot for a pre-



HOLLYWOOD: Hollywood Park burned down in 1949 and was rebuilt in 1950.

**ARCADIA:** Santa Anita Park was the home of the legendary Seabiscuit.

**race Woody Mary.** A busy piano bar in the evenings. Drinks from about \$12, 200 Via de Valle, Solano Beach, (858) 756-6600, www.red-trackerandbar.com.  
**Other highlights:** Try Fidel's Little Mexico for happy hour or dinner on the heated patio. 260 trees from less than \$10, 587 Valley Ave., Solana Beach, (858) 759-5392. The Green Flash, a trendy good time on the patio with killer sunsets. Dinner entrees from about \$2, 712 Tamiami Ave., San Diego, (619) 579-7715, www.greenflashrestaurant.com.  
**Lodging choices:** If you feel lucky or want to act like a high roller, Clubbeach-Old Man Beach & Spa is the spot. Rooms from \$279, 2440 Camino del Mar, Del Mar, (619) 342-5702, www.clubbeachdelmar.com. Hampton Inn is nothing fancy but is close to the finish line. Rooms from \$84, 1900 El Camino Real, Del Mar, (619) 792-5207, www.hamptonhotels.com.  
**Golden Gate Fields, Berkeley**  
 This 70-year-old track, eight miles from

Oakland and 5 miles from San Francisco, is known for its remodeling city and bay views and for hosting the 112th Kentucky Derby last year in 1949. The track opened the Albery-Berkeley city line.  
**Season:** Oct. 20-Dec. 10.  
**Getting there:** Off Interstate 88, Take Gilman Street or Buchanan Street exits to enter the track. To avoid racing traffic, hop on I-880 and take it to the North Berkeley station. From there, the free shuttle will whisk you to the track. The shuttle leaves every half hour and returns patrons to the station at the end of the day. See the schedule at www.golden-gatefields.com.  
**Inside tip:** Find the perfect fit at Berkeley Hat Co. This unusual shop offers an outstanding selection of hats, giving you a fresh look and maybe your good luck charm for a day at the races. 230 Telegraph Ave., Berkeley, (510) 548-2666.  
**Need a post-race beverage?** Less than a mile from the track, Pyramid Ale House is the place for hand-crafted beers, all made on site. 901 Gilman St., Berkeley, (510) 525-0000, www.pyramidale.com.  
**Need some seafood?** Dungeness crab salad, a grilled lamb salad and baby back ribs are among the dishes offered at The Chopsticks Bar & Grill, a former boogieing facility once run by a guy named "Hercules." Entrees from \$14, 5622 Doyle St., Emeryville, (510) 652-0324, www.knowhowbarandgrill.com.  
**Other highlights:** Get your drive hot at Mountain Lounge, a trendy spot with a variety of beers, 3050 San Pablo Ave., Berkeley, (510) 548-2982.  
**Lodging choices:** DoubleTree Berkeley, at the Berkeley Marina, is the closest hotel to the track and offers good views of San Francisco Bay. Rooms from \$18, 560 Marina Blvd., Berkeley, (510) 542-7900, doubletree.hilton.com. Claremont Resort & Spa in the Oakland hills is a classy hotel with spectacular views of San Francisco Bay. Rooms from \$145, 40 Tunnel Road, Berkeley, (510) 543-3000, www.claremontresort.com.

chris.arkins@latimes.com



# Branding & New Media - 2011 Results

## Public Relations

**Forbes Life**  
TRAVEL ISSUE  
**Chill Out!**  
TALES OF THE COCKTAIL  
CHASING SHAKESPEARE  
CANADA WILD  
SHANGHAI ESSENTIALS  
LIFE-CHANGING SPAS

**ESCAPES**  
Spectacles  
**Racing at Del Mar**  
By Bruce Schoenfeld

**Chill Out!**  
The 141st Kentucky Derby was held on Saturday, May 6, at Churchill Downs in Louisville, Ky. The race was won by American Pharoah, trained by Todd Pletcher and ridden by Victor Espinoza. The race was the 141st running of the Kentucky Derby, which is the oldest and most prestigious of American horse races.

**ESCAPES**  
The Best of the Best  
A couple is seen in a formal setting, likely at a high-end event or gala. The image shows a man in a tuxedo and a woman in a black dress, both looking towards the camera.



# Branding & New Media - 2011 Results

## Social Media

The social media landscape includes a Facebook Fan Page, Tumblr Blog (Microsite), Twitter handle and YouTube channel. All channels, which launched Sept. 15, effectively work together to bring Cal Racing to life as a brand, drive traffic to calracing.com and track websites, and to virally introduce the racetracks to a new audience and help to increase track attendance.

Our Tumblr Blog (InnerJockey.com) is the first of its kind within the industry, and the space allows us to create unique engaging content to house key racetrack events, and portray the lifestyle of Cal Racing to fans and media.



# Branding & New Media - 2011/2012

## Race Results Line

In an effort to reduce operating costs in mid-January, 2012, the statewide race results line transitioned from a toll-free number to a regular toll number. Since many of the historical calls to the line were made from cellular phones, we believe that the price impact to fans moving to a toll number will be minimal.

Racing fans were notified of the number change via program ads, in-house announcements and notification on calracing.com. In addition, the line itself had a recorded message for several weeks announcing the change and the new number. The line currently has a recorded message letting fans know that free results and replays are available 24 hours-a-day on calracing.com. It is hoped that telecommunications costs can be reduced in 2012 while still providing a service to those racing fans that do not have computer access. Over the next several months, CMC will monitor and review the line usage statistics so that determinations can be made regarding the long term need for a statewide race results line.

## CalRacing.com

CalRacing.com has become California's go-to site for free streaming video, race results and track information. In late January 2012, CalRacing.com launched with a completely re-designed site.





# Product Enhancement

**PROGRAM OBJECTIVES:** Increase California horse population and field size so as to enhance the racing product offered to our fans.

**SYNOPSIS:** The Program adopts a three-part approach which will include the following: 1) a statewide stakes program to enhance racing opportunities for two-year-olds; 2) recruitment of horses to California; and 3) a July horse sale in the paddock at Del Mar. CMC has worked with Northern and Southern associations, Racing Secretaries and with TOC to formulate this program.

**PROGRAM DETAILS:** 1) In the past, California has lacked a significant turf stakes program for two year olds. This has put California at a disadvantage in attracting two year olds to run in our state, particularly in light of the programs now being offered by Kentucky, New York, and Woodbine. It is believed that California's racing product will be enhanced by a CMC program to supplement the stakes program for two-year-olds in this state, particularly because the Breeder's Cup will be augmenting its racing program by several races for two year olds and the 2012 Breeder's Cup will be held at Santa Anita in November. Consequently, CMC, working with Racing Secretaries and TOC, will introduce a new statewide two-year old stakes program designed to bolster two-year-old stakes races statewide. CMC funding will be used to increase purses in existing two-year-old stakes, as well as aid in the creation of several new two-year-old route turf stakes. This new program will encourage the breeding and importation of young horses to California, resulting in enhanced racing opportunities in these classifications which will build a greater interest in California racing. The new stakes program will be named, promoted and marketed to so as to ensure its visibility, viability and hopeful success.

2) This program will also provide allocations to fund programs for recruitment of horses from other jurisdictions. Building on the success of the California Authority of Racing Fairs long-standing recruitment program, the objective will be to increase horse population and field size by providing incentives and/or financial assistance for shipping horses to California. While the actual recruitment programs may vary from track-to-track CMC will require clear program parameters and structure in order for any track's recruitment efforts to be eligible for CMC reimbursement.

3) The final feature of the Product Enhancement Program will be the introduction of a Del Mar paddock sale (auction) after the races on Sunday, July 22. The sale is intended to introduce and educate prospective new owners and racing fans to the age-old method of purchasing Thoroughbred race horses anywhere in the world. The goal will be to sell 30, race-ready Thoroughbreds. Racing Secretaries will work jointly with the Barretts sales team to secure out-of-state Thoroughbreds so as to increase to California horse inventory. CMC funding will allow shipping stipends for these horses and help cover other costs and promotions for the sale. An event plan will be submitted, reviewed and discussed later this spring. Our objective: create a singular, exciting event that will simultaneously entertain and educate racing fans, appeal to horsemen and increase California horse population. Please see below for a breakdown of program funding allocations, both by category (2 YO stakes; recruitment; Paddock Sale) and by region.

---

PRODUCT ENHANCEMENT PROGRAM	
BUDGET ALLOCATION	\$500,000
ALLOCATION BREAKDOWN	
Funding for 2 YO Stakes	\$ 280,000
Funding for Recruitment	\$165,000
Paddock Sale & Promotion	\$ 55,000
REGIONAL BALANCE OF ALLOCATIONS	
Paddock Sale	\$55,000
Northern California	\$140,000
Southern California	\$305,000



## *Mini-Satellite Support*

**PROGRAM OBJECTIVES:** Provide funding and other support to promote new mini-satellites in California.

**PROGRAM DETAILS:** Mini-Satellite support assists with an important new area of expansion for California Racing. CMC will provide funding and other support to promote any new mini-satellites as they open. CMC will work also with the industry on a variety of programs designated to stimulate new venue openings and to bolster attendance at existing mini satellites.

- SUCSESSES:**
- Roadhouse Grill is open and actively marketing simulcast wagering.
  - Two new confirmed locations – Lake Forrest and Corona.
  - Several other locations in Los Angeles and San Francisco in the works.



TO: Chris Korby; Dyan Grealish  
CMC Board

CC: Shannon McDonald  
Terry McWilliams, Sportech

FROM: Rick Baedeker  
Manager, Mini-Satellite Development

DATE: November 8, 2011

RE: Mini-Satellite Budget

- 
1. **2011 Budget Status.** The CMC Board previously approved a 2011 budget of \$10,000 for mini-satellite advertising and promotion during the current period. Here's a list of the expenditures to date:

\$580.00	Web Page
\$1,580.00	Web Page
<u>\$5,185.00</u>	L.A. Times Print Ads
\$7,345.00	Total spent to date

\$5,000.00 Per original proposal but pending approval of additional budget or co-op funds: Direct Mail Post Card via L.A. Times to restaurants and sports bars; 10,000 pieces (limited to stores with gross revenues of more than \$1 million annual sales).

NOTE: The Original Roadhouse Grill in Santa Maria asked the racing industry to pay 50% (\$5,500) of the cost of a billboard on the 101 Fwy just north of their restaurant. Because CMC had already contributed the above budget, Sportech agreed to cover the requested \$5,500. The board, which touts "Play the Races at the Original Roadhouse Grill," went up November 1.

2. **2012 Budget Request.** The effort to build the Mini-Satellite business would achieve better results with two things:
- Awareness Advertising.** CMC allocated a budget for this year which enabled us to do some print and direct mail advertising. In addition to the initiatives described above, both Santa Anita and Hollywood Park have contributed program ads and, hopefully, will add our link to their webpages.  
**Direct Mail:** this is the best and most cost-effective way, in my opinion, to reach prospective sites because we can target the specific zip codes that lie outside the protective 40 mile exclusivity circles. The print pieces will also give us the ability to go into a little greater detail about the business. Target areas will include greater Los Angeles, the South Bay, and the entire city of San Francisco.



**Requested Direct Mail / Awareness Budget: \$20,000.** This will allow us to produce and mail from 10-20,000 pieces.

- b. **New Site Advertising and Promotion.** It is in each party's best interest to build the mini-satellite business as quickly as possible vs. the "build it and they will come" approach. Not everything is costly. In addition to the "free media," i.e., column inches or radio and news reports about the opening, there are inexpensive promotions that help build awareness and bring customers. Here's a sample campaign conducted over 60-90 days:

**Media Handicapping Contests for Charity.** Put up a cash prize for the media person's favorite charity and conduct a contest among print, radio and TV media during the opening week. Estimated cost = \$2,500.

**Free Bets with Purchase.** Offer a \$5 betting voucher with every \$50 of food purchased on a specific day or night. This is a great incentive for regular players to attend and a good way to get newcomers to make their first bets. Plus, it's a great added value for our restaurant partner. Estimated cost = \$2,500.

**Database Farming.** Through our own and third party databases, we can reach a vast majority of the players within a radius of the new location either with a phone call or direct mail piece. Estimated cost: \$5,000.

**Opening Party.** Invite media, racing VIPs, community leaders and players to a hosted kickoff party. Estimated cost = \$2,500.

**Local Print Campaign.** Run a sustained, informational, bi-weekly ad in the local paper. This targets our existing demographic and gets the word out over a prolonged period. It's dull but effective. Estimated cost: \$2,500.

**Requested New Site Budget: \$15,000 per site.** We project five new sites in 2012, or \$75,000

3. **Funding.** The total budget request for the above campaigns is \$95,000 (assumes five new sites). It is suggested the budget be funded cooperatively as follows:
- \$37,500 from five new sites (= 50% of site budget); this amount would be stipulated in the SCOTWinc or NOTWinc contract with each new site.
  - \$28,750 from Sportech (= 25% of site budget and 50% of awareness budget). NOTE: Sportech has participated this year and has expressed a willingness to do so again next year but has not approved this proposal.
  - **\$28,750 from CMC. (= 25% of site budget and 50% of awareness budget).**

-end-



TO: Board Members, SCOTWinc & NCOTWinc  
FROM: Rick Baedeker  
Manager, Mini-Satellite Development  
DATE: October 19, 2011  
RE: Mini-Satellite Development Update

---

1. SANTA MARIA. Our third mini-satellite opened in Santa Maria on Friday, October 7 at The Original Roadhouse Grill (ORG). The restaurant is located adjacent to Highway 101 at Stowell Road. The Sportech crew worked quickly on TV and tote installation. More than 20 bigscreens were added plus seven mutuel machines.
  - Handle. Through the first 8 days of operation, average handle is \$8,741, but the numbers are getting better, with \$16,980 wagered last Saturday.
  - Marketing. The ORG has purchased outdoor advertising on a billboard three miles north of the store on the southbound side of Hwy 101. The cost is \$1,850 per month. They have asked the racing industry to split the cost with them. Sportech has agreed to split the industry cost and I have asked CMC for the balance, i.e., \$460 per month for 6 months.
2. Fairpark. The Santa Maria Fairpark satellite closed on September 15. ORG provided a closing day complimentary buffet for the players. We created a VIP card for those patrons that entitled them to free programs for the first month at the new location.
3. San Francisco. A zoning study of downtown San Francisco has been completed by attorney Steve Amerikaner. He concluded that mini-satellites could be approved through a zoning interpretation. If not, a zoning amendment, a tedious process, would be required.
  - Jillian's. Terry McWilliams and I inspected several potential sites in the downtown area. Most were too small and none were as conducive to the use as Jillian's, a large sports bar and billiards room, located near the convention center. While no one at the location was interested in speaking with us, Terry was able to connect with an executive at the corporate headquarters in Louisville who expressed serious interest in the opportunity. We are trying to schedule a conference call.

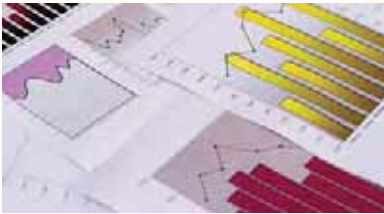


4. Los Angeles. The owners of the restaurants below are funding an initial effort by Steve Amerikaner to educate the City Attorney's Office about mini-satellites, after which we will approach the city Zoning Administrator and, as appropriate, city council persons and the mayor. This effort is critically important to future L.A. sites.
  - Sagebrush Cantina. This large restaurant is the biggest sales tax generator in Los Angeles. It sits on the border of Calabasas and Los Angeles.
  - Lenny's Deli/Oak Room Bar. These adjacent locations in Pacific Palisades are co-owned by horse owner Steve Taub.
  
5. Ongoing projects.
  - Lake Forest. The investors have purchased the Black Angus property, adjacent to the 5 Freeway at Lake Forest Avenue. The city has been re-defining its zoning uses and has added mini-satellites as an approved use. But the process has been slower than expected. The investors may seek conditional licensing from the CHRB in anticipation of city approval.
  - Corona. Terry McWilliams and I revisited the Corona location to view the revised plans. The proposed site is 11,000sf and is located on Main Street near the 91-15 interchange.
  
6. Other Projects.
  - Orange. Michael Ryan, who is pursuing the Corona location, was also interested in a site at the border of Anaheim and Orange behind the Honda Center, about 11 miles from Los Alamitos. But Ed Allred is not willing to give a waiver at this time. He did indicate his support for the mini-satellite business and said he would reconsider the proposal at a later date.
  - WillieBoys Saloon. Although this location sits on a busy highway between Palm Springs and 29 Palms in the Morongo Valley, there wasn't a sufficient population base to justify a mini at this time.
  - Temecula. Horse owner Gary Folgner, owner of the Coach House in San Juan Capistrano, is building a sports bar / concert hall in Temecula and is interested in opening a mini, as are the owner of the ORG as mentioned above.
  
7. Industry.
  - SCOTWinc. Board. Chris Korby suggested that the Victorville satellite may be interested in leasing the facility to SCOTWinc.
  - CMC. The Board has asked for a budget update and outline of any funding that may be requested in 2012.



## Financials

IV.



### Financials

Includes financial information, both historical and current.

<i>2011 Financials</i>	<i>36</i>
<i>CMC Fund Generation</i>	<i>37</i>
<i>CMC Fund Generation Chart</i>	<i>38</i>
<i>2010 CMC Audit</i>	<i>39</i>

IV. Financials



**California Marketing Committee**  
**PROFIT & LOSS STATEMENT Summary**  
**For the nine months ended 9/30/2011**

	<u>Actual</u>	<u>Annual Budget</u>	<u>Difference (Under)/Over</u>
Revenue			
Commission Income	1,485,648.34	1,846,529.00	(360,880.66)
Investment Income	2,070.72	-	2,070.72
Misc Income	-	-	-
Total Revenues	<u>1,487,719.06</u>	<u>1,846,529.00</u>	<u>(358,809.94)</u>
Expenses			
Significant Player Rewards	102,319.31	700,000.00	(597,680.69)
Public Relations & Branding Campaign	244,697.82	500,000.00	255,302.18
Fair Marketing	22,482.25	250,000.00	(227,517.75)
Statewide Race Results Line	111,137.89	200,000.00	(88,862.11)
Cal Racing Website	80,886.25	88,500.00	(7,613.75)
Racing Kiosks	12,513.68	10,000.00	2,513.68
Administrative	103,811.79	160,000.00	(56,188.21)
Total Expenses	<u>677,848.99</u>	<u>1,908,500.00</u>	<u>(1,230,651.01)</u>
Net Profit (Loss) for the period	<u>809,870.07</u>	<u>(61,971.00)</u>	<u>871,841.07</u>

---

**California Marketing Committee**  
**BALANCE SHEET**  
**September 30, 2011**

Assets	
Cash	546,721.68
Investments (Cash Money Market)	578,563.57
Accounts Receivable	0.00
Accrued Interest Receivable	0.00
PrePaid Exp.	0.00
Total Assets	<u>1,125,285.25</u>
Liabilities	
Accounts Payable - Vendors	0.00
Equity	
Retained Earnings, Budget Surplus	315,415.18
Net Profit (Loss) for the period	809,870.07
New Retained Earnings	<u>1,125,285.25</u>
Total Liabilities & Equity	<u>1,125,285.25</u>

---

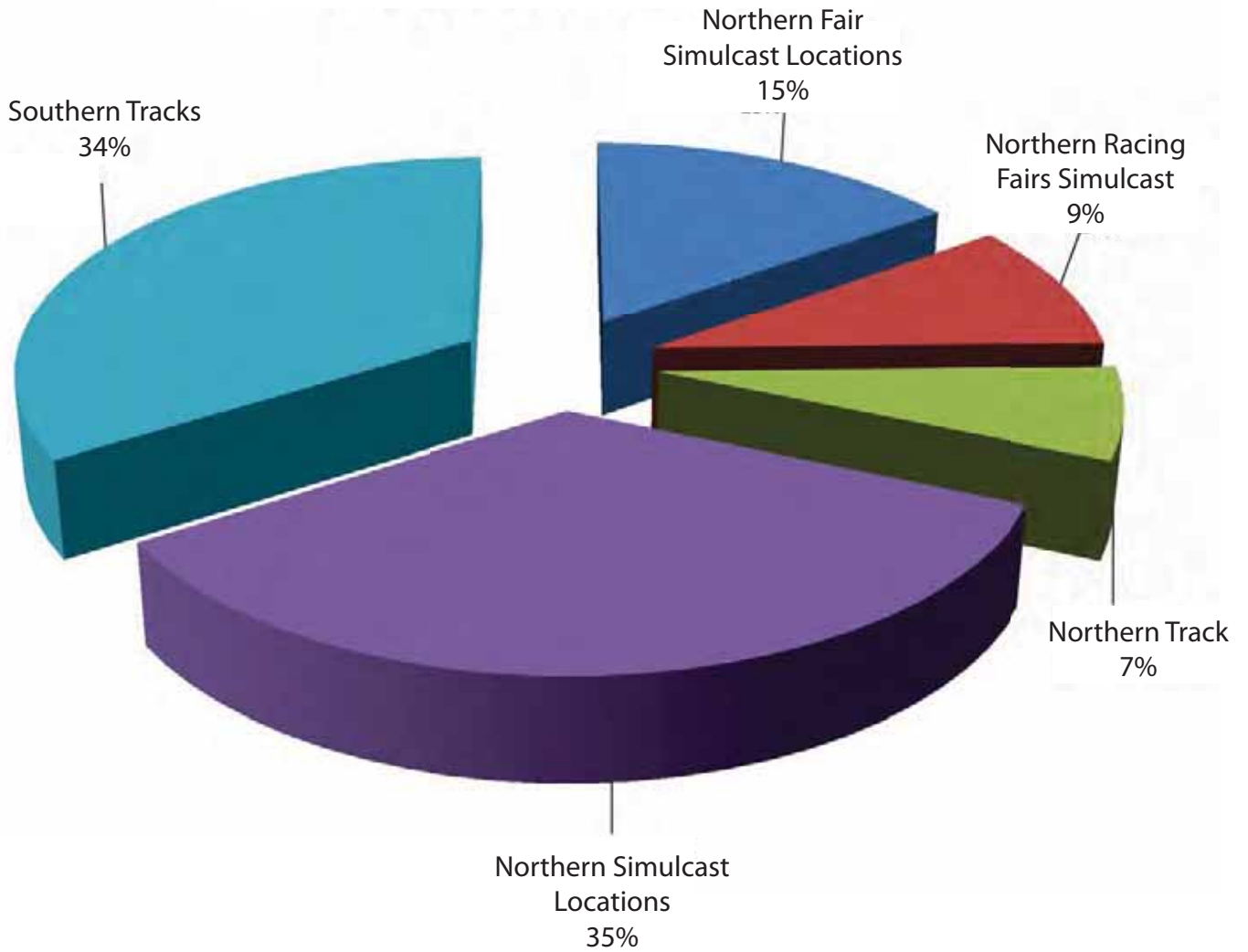
California Marketing Committee

**FUND GENERATION**

	<b>0.04 2010</b>		<b>0.025 2011 (thru 11/30/11)</b>	
<b>Northern Fair Simulcast Locations</b>				
Anderson	6,431.89	0.19%	3,085.60	0.17%
Bakersfield	20,377.43	0.60%	11,020.90	0.61%
Fresno Club One	11,447.33	0.33%	5,964.10	0.33%
Monterey	20,393.75	0.60%	13,413.58	0.74%
San Jose	109,125.35	3.19%	60,976.50	3.36%
San Mateo County	243,420.13	7.12%	130,718.80	7.20%
Tulare	11,909.92	0.35%	6,060.21	0.33%
Turlock	27,819.43	0.81%	14,534.68	0.80%
Vallejo	50,907.13	1.49%	27,969.17	1.54%
	<u>501,832.36</u>	<u>14.68%</u>	<u>273,743.54</u>	<u>15.09%</u>
<b>Northern Racing Fairs and Simulcast</b>				
Ferndale	790.89	0.02%	421.39	0.02%
Fresno	22,262.22	0.65%	10,320.91	0.57%
Pleasanton	134,428.73	3.93%	68,180.31	3.76%
Sacramento	86,002.36	2.52%	44,219.60	2.44%
Santa Rosa	38,517.74	1.13%	20,582.49	1.13%
Stockton	55,787.61	1.63%	28,693.66	1.58%
	<u>337,789.55</u>	<u>9.88%</u>	<u>172,418.36</u>	<u>9.50%</u>
<b>Total N. Racing Fairs and Simulcast</b>	<b>839,621.91</b>	<b>24.56%</b>	<b>446,161.90</b>	<b>24.59%</b>
<b>Northern Track</b>				
Golden Gate	229,010.57	6.70%	122,931.14	6.78%
	<u>229,010.57</u>	<u>6.70%</u>	<u>122,931.14</u>	<u>6.78%</u>
<b>Total Northern California</b>	<b>1,068,832.48</b>	<b>31.26%</b>	<b>569,093.04</b>	<b>31.37%</b>
<b>Southern California</b>				
<b>Southern Simulcast Locations</b>				
Barona	53,707.26	1.57%	30,200.58	1.66%
Cabazon	43,974.57	1.29%	24,201.48	1.33%
Commerce Casino	77,255.13	2.26%	47,818.82	2.64%
Lake Perris	46,904.67	1.37%	24,791.12	1.37%
Lancaster	46,800.83	1.37%	25,149.38	1.39%
Los Alamitos	418,854.19	12.25%	220,505.75	12.15%
OC Tavern	435.61	0.01%	16,853.15	0.93%
San Bernardino	88,971.47	2.60%	45,829.45	2.53%
Santa Maria	16,621.49	0.49%	7,048.69	0.39%
Santa Maria Orig Rdhouse Grill	0.00	0.00%	833.42	0.05%
Shalimar (Indio)	17,416.82	0.51%	10,448.40	0.58%
Surfside Race Place	172,392.99	5.04%	87,722.77	4.84%
Sycuan	19,696.06	0.58%	11,618.90	0.64%
Ventura	89,201.73	2.61%	46,481.23	2.56%
Victorville	16,815.72	0.49%	10,677.44	0.59%
Viejas	33,727.08	0.99%	18,483.33	1.02%
	<u>1,142,775.62</u>	<u>33.43%</u>	<u>628,663.91</u>	<u>34.65%</u>
<b>Southern Tracks</b>				
Del Mar	38,695.15	1.13%	21,143.58	1.17%
Hollywood Park	450,897.32	13.19%	231,239.43	12.75%
Pomona	186,392.42	5.45%	109,649.76	6.04%
Santa Anita	530,641.11	15.52%	254,502.05	14.03%
	<u>1,206,626.00</u>	<u>35.30%</u>	<u>616,534.82</u>	<u>33.98%</u>
<b>Total Southern Tracks</b>	<b>1,206,626.00</b>	<b>35.30%</b>	<b>616,534.82</b>	<b>33.98%</b>
<b>Total Southern California</b>	<b>2,349,401.62</b>	<b>68.74%</b>	<b>1,245,198.73</b>	<b>68.63%</b>
<b>Total California</b>	<b>3,418,034.10</b>	<b>100.00%</b>	<b>1,814,291.77</b>	<b>100.00%</b>



# CMC FUND GENERATION



All CMC revenues are generated at California brick-and-mortar satellite facilities. This chart shows the CMC fund generation by category of originating sites. Notes that tracks generate revenue to the CMC when they function as simulcast facilities.



## INDEPENDENT AUDITOR'S REPORT

To the Members of  
California Marketing Committee  
(A California Nonprofit Mutual Benefit Corporation)

We have audited the accompanying statements of financial position of California Marketing Committee, a California nonprofit mutual benefit corporation, as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the California Marketing Committee's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Marketing Committee as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Vicenti, Lloyd & Stutzman LLP*  
VICENTI, LLOYD & STUTZMAN LLP

July 6, 2011



**CALIFORNIA MARKETING COMMITTEE**  
**(a California Nonprofit Mutual Benefit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2010 and 2009**

**ASSETS**

	<b>2010</b>	<b>2009</b>
Current assets:		
Cash and cash equivalents	\$ 1,476,177	\$ 2,020,025
Accounts receivable	61,811	98,023
Prepaid Expense	1,825	-
Total current assets	1,539,813	2,118,048
Total assets	\$ 1,539,813	\$ 2,118,048

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable	\$ 1,224,398	\$ 1,430,310
Total current liabilities	1,224,398	1,430,310
Net assets - unrestricted	315,415	687,738
Total liabilities and net assets	\$ 1,539,813	\$ 2,118,048

*The accompanying notes and independent auditor's report should be read with these financial statements.*

**CALIFORNIA MARKETING COMMITTEE**  
**(a California Nonprofit Mutual Benefit Corporation)**

**STATEMENTS OF ACTIVITIES**  
**For the Years Ended December 31, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
Revenues:		
Satellite wagering commissions:		
California Racing Fairs	\$ 248,775	\$ 416,359
Del Mar Thoroughbred Club	414,596	472,206
Golden Gate Fields	819,858	826,000
Hollywood Park Racing Association (Spring)	598,327	663,974
Hollywood Park Racing Association (Fall)	263,194	242,243
Los Angeles County Fair Association	94,931	107,440
Los Angeles Turf Club	789,392	929,345
Oak Tree Racing Association	188,961	291,172
Investment income	8,980	15,525
Workers' Compensation Refund (Note 4)	-	192,024
Video Equipment Rental Fee	400	-
Total revenues	3,427,414	4,156,288
Expenses:		
Program expenses:		
Track Media Match/Purse Enhancement (Note 3)	2,020,889	1,999,544
Racing Fairs Media Match	-	41,000
Database Marketing	597,670	1,287,582
Satellite Marketing	250,000	425,000
California Racing Campaign	119,404	373,069
Cal Bred Program	-	500,000
Special Racing Events	-	372,555
Northern California Replay Show	100,000	226,800
Statewide Race Results Line	50,000	50,000
CHRB Audio Casts	-	26,344
CA Purse PR Campaign	98,879	-
Research & Strategic Planning	349,012	-
Los Alamitos Print	21,051	34,317
General and administrative	192,832	187,028
Total expenses	3,799,737	5,523,239
Change in unrestricted net assets	(372,323)	(1,366,951)
Net assets at beginning of year	687,738	2,054,689
Net assets at end of year	\$ 315,415	\$ 687,738

*The accompanying notes and independent auditor's report should be read with these financial statements.*



**CALIFORNIA MARKETING COMMITTEE**  
**(A California Nonprofit Mutual Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010 and 2009**

**NOTE 1 - ORGANIZATION AND OPERATION:**

**Organization** - The California Marketing Committee (the "Company") was incorporated as a California nonprofit mutual benefit corporation on August 11, 2004. Prior to incorporation, the Company operated as an unincorporated association. The Company was formed pursuant to California Business and Professions Code Section 19605.73 (the "Code") for the purpose of marketing and promoting thoroughbred and fair horse racing in California. Prior to the latest amendment of the Code, effective through December 31, 2009, in addition to the purpose of marketing and promoting thoroughbred and fair horse racing in California, the Code also contained a provision to defray the cost of workers' compensation coverage for stable employees and jockeys hired by the thoroughbred trainers.

Under the provisions of the Code, applicable beginning January 1, 2010, the Company receives 0.25 percent of the total amount handled by each satellite wagering facility. Through December 31, 2009, the Code provided that the Company received 0.40 percent of the total amount handled by each satellite wagering facility. These proceeds are required to be used for the promotion of thoroughbred and fair horse racing. Any funds not expended in the calendar year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount.

The Company consists of six members: two members, one member from the northern zone and one from the combined central and southern zones, appointed by the thoroughbred racetracks; two members, one from the northern zone and one from the combined central and southern zones, appointed by the owners' organization responsible for contracting with associations and fairs with respect to the conduct of racing meetings; and two members, one from the northern zone and one from the combined central and southern zones, appointed by the organization representing racing and satellite fairs.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES:**

**Basis of Accounting** - The financial statements are prepared on the accrual basis of accounting.

**CALIFORNIA MARKETING COMMITTEE**  
**(A California Nonprofit Mutual Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010 and 2009**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES: (continued)**

**Use of Estimates in Preparation of Financial Statements** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents** - Cash and cash equivalents includes all unrestricted operating investments with original maturity dates of three months or less.

**Concentrations of Credit Risk** - The Company maintains cash balances in one financial institution, headquartered in Los Angeles, California. The total amount on deposit periodically exceeds the \$250,000 limit insured by the Federal Deposit Insurance Corporation.

Financial instruments that potentially subject the Company to concentrations of credit risk consist of investments through one financial institution and accounts receivable. The credit risk for accounts receivable is limited since most of the amounts are due from the host racing associations and fairs.

**Income Taxes** - The Company is not subject to income tax, under Section 501(c)(6) of the Internal Revenue Code and under Section 23701e of the California Revenue and Taxation Code. The Company maintains a calendar year end for informational tax return reporting.

The Company has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Company's continued qualification as a tax-exempt organization and whether there is unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not (>50%) of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The Company files informational returns in the U.S. federal jurisdiction and the state of California. With few exceptions, the Corporation is no longer subject to U.S. federal and state examinations by tax authorities for years before 2007.



**CALIFORNIA MARKETING COMMITTEE**  
**(A California Nonprofit Mutual Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010 and 2009**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES: (continued)**

**Subsequent Events** - The Company has evaluated subsequent events through July 6, 2011, which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition.

**Reclassification** - Certain reclassifications were made to the financial statements for the year ended December 31, 2009, in order to conform to the presentation of the year ended December 31, 2010.

**NOTE 3 - TRACK MEDIA MATCH/PURSE ENHANCEMENT:**

In 2010, the program expense category of Track Media Match was expanded to include Purse Enhancement. For 2009, there were no Purse Enhancement expenses included in this category.

**NOTE 4 - WORKERS' COMPENSATION REFUND:**

During 2008 and 2009, the Company received a return of prior years' workers' compensation contributions from American International Group, Inc. The allocation of premium returns is attributable to the period from November 1, 2002 to July 31, 2005. The Company received refunds of \$192,024 in 2009 and \$813,230 in 2008, which were included in the line item entitled other income. No additional refunds were expected or received in 2010.



## Appendices & Attachments

V.



### Appendices & Attachments

Supporting documentation and reports.

*Del Mar In to Win Program* 46

*CARF Recruitment Program* 47

*CTBA Article - Golden State Series* 52

V. Appendices & Attachments



2011 Del Mar Thoroughbred Club  
Ship and Win  
Recap

	2010*	2011	Difference
Total Qualified Horses that Started and Participated	51	107	56
Participation Bonus	\$ -	\$ 107,000	\$ 107,000
20% Purse Bonus (22 Horses in 2010, 46 horses in 2011)	\$ -	\$ 61,516	\$ 61,516
Total Bonused	\$ -	\$ 168,516	\$ 168,516
Liability to Purses	\$ -	\$ 84,258	\$ 84,258
Ownership Interests that Participated	47	91	44
Trainers that Participated	31	51	20
Participating Horses that Never Started in CA	41	92	51
Participating Horses that had Started in CA	10	15	5
<u>Entire Meet</u>			
Total Horses that Started and Participated**	51	107	56
Total Starts by Participants at the Meet	74	168	94
Average Start per Participants	1.45	1.57	0.12
<u>First Four Weeks of Meet</u>			
Total Horses that Started and Participated	25	61	36
Total Starts by those Participants for Entire Meet	46	116	70
Average Start per Participant	1.84	1.90	0.06
<u>Last Three Weeks of Meet</u>			
Total Horses that Started and Participated	26	46	20
Total Starts by those Participants for Entire Meet	28	49	21
Average Start per Participant	1.08	1.07	-0.01

Handle and Purse Revenue Generation (before SB1072)

Average Handle Per Starter at Del Mar Meet	\$ 128,204
Approximate Purse Retention Percentage	4%
Approximate Purse Revenue Generated per Starter	\$ 5,128
Purse Revenue Generated by Total S&W Starts (168)	\$ 861,531
Cost of S&W Program to Purses in 2011	\$ 84,258
Difference Generated to Cost	<u>\$ 777,273</u>
Purse Revenue Generated Difference year-over-year Starts (94)	\$ 482,047
Cost of S&W Program to Purses in 2011	\$ 84,258
Difference year-over-year in total Starts	<u>\$ 397,789</u>

Notes

Handle and Purse Revenue numbers provided by A. Vercruysse from CHRIMS.

\*2010 data based on participants that would have qualified if program were in place

\*\*29 of the 51 horses in 2010 made at least one additional start in CA after Del Mar

18 of the 107 participants (17%) in 2011 were claimed in their first Del Mar start



CALIFORNIA AUTHORITY OF RACING FAIRS

# CARF RECRUITMENT PROGRAM 2011

RACING FAIR PROGRAM TO RECRUIT OUT-OF-STATE HORSE OWNERS  
AND TRAINERS TO COMPETE IN CALIFORNIA



CHRISTOPHER KORBY, EXECUTIVE DIRECTOR  
DECEMBER 2011



## 2011 OUT-OF-STATE RECRUITMENT PROGRAM

### SUMMARY

#### GOALS AND OBJECTIVES

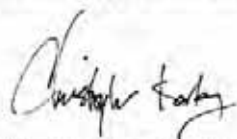
Since 2001, the California Authority of Racing Fairs (CARF) has conducted a program to actively recruit out-of-state owners, trainers and horses to compete on the Northern California Summer Racing Circuit. The goal of the program is simple: increase the field size for summer racing in Northern California. In order to accomplish this goal, CARF has set three objectives for the program: 1) inform and educate horsemen in other jurisdictions to the benefits of racing in California; 2) retain horsemen who have elected to compete in Northern California in previous years; and 3) offer financial incentives to assist horsemen with the cost of shipping horses to Northern California.

#### RECRUITMENT VISITS OUT-OF-STATE

Each spring CARF schedules a series of out-of-state recruitment visits in order to 1) personally meet one-on-one with horsemen in other jurisdictions; 2) explain the benefits of our program; and 3) invite them to compete in Northern California for the summer. In 2011, these visits included two trips to Arizona, a total of four days, with a reception at Turf Paradise and a three-day stay at Portland Meadows and Grant's Pass in Oregon, where we also sponsored a reception. Emerald Downs in Washington has also recently been targeted for recruitment. These visits allow CARF management to respond personally and directly to questions or concerns about such matters as workmen's compensation, backstretch labor inspections and purse structures. In addition to the receptions and the personal visits with horsemen, CARF distributes an extensive packet of information to educate and inform horsemen about current issues of interest in California. By word of mouth, information about the program has also reached horsemen in Iowa, Idaho, West Virginia, New Mexico, Utah and Washington.

#### RELOCATION FEES

In order to financially assist horsemen who choose to ship horses to our circuit, in 2011 CARF paid a \$300 Relocation Fee to the owner of any horse shipping into Northern California from over 600 miles for the horse's first start and \$150 for the horse's second start. A runner making its first start at Ferndale received \$150 for the first start and \$150 for the second start, as well as an additional \$150 for starting again Fresno. The Relocation Fee gives some extra meaning to our invitation to come to California. In some cases, the incentive may create the tipping point as an owner or trainer decides about shipping to our circuit. The Relocation Fee also creates a Paymaster record that allows us to accurately track the results of our program from year to year.



Christopher Korby  
Executive Director



# 2011 THOROUGHBRED RECRUITMENT

## Results of CARF Program to Increase Field Size

The Fair Out-of-State Recruitment Program, administered by the California Authority of Racing Fairs, pays \$300 to every horse that travels 600 or more miles to start on the Northern California Fair Circuit for its first start and an additional \$150 for its second start (\$450 total). A runner making its first start at Ferndale receives \$150 for each of two starts, with another \$150 available if the horse starts again at Fresno.

- **2011 Total Recruitment Costs - \$83,110.47**  
 2011 Recruitment at Tracks - \$17,410.47  
 2011 TB Relocation Fees Paid - \$56,700.00  
 2011 Trainer Incentives - \$9,000.00  
 Number of Horses Paid - 175  
 Number of TB Starts - 328 (15% increase from 2010)  
 Percentage of Total Horse Population - 11%

- **Number of Starts by Recruited TB Horses, by Fair:**

Stockton - 14  
 Pleasanton - 28  
 Sacramento - 36  
 Santa Rosa - 66  
 Ferndale - 105 (15% increase from 2010)  
 Fresno - 79 (44% increase from 2010)

- **Number of TB Starts by State Recruited From:**

Oregon - 95  
 Washington - 83 (315% increase from 2010)  
 Arizona - 75  
 Idaho - 47  
 Canada - 9  
 Minnesota - 7  
 Nebraska - 7  
 Utah - 4  
 Florida - 1

- **Leading Trainers of Recruited Horses (by starts):**

Tim McCanna  
 Nick Lowe  
 Bob Beckner  
 Miguel Silva  
 Charles Essex  
 Michael Talbot  
 Gary Morris  
 Paul Treasure

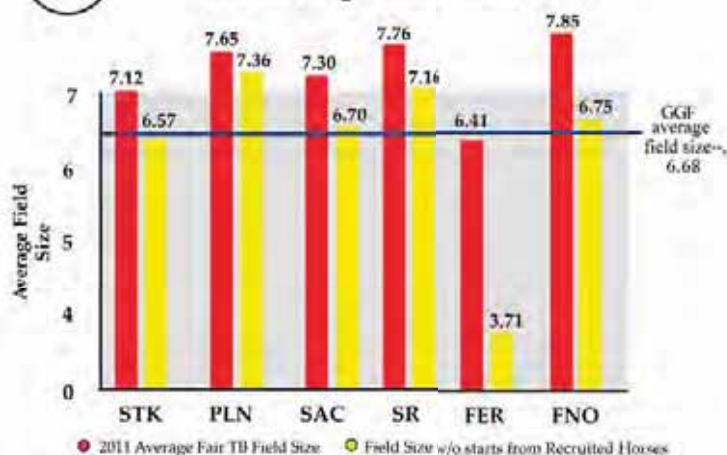
2011 Emerging Breed Relocation Fees - \$750

\*\* During Period 12/26/2010-6/12/2011

\*\*\* Cost of Recruitment at Tracks and TB Relocation Fees divided by number of Thoroughbred Starts.

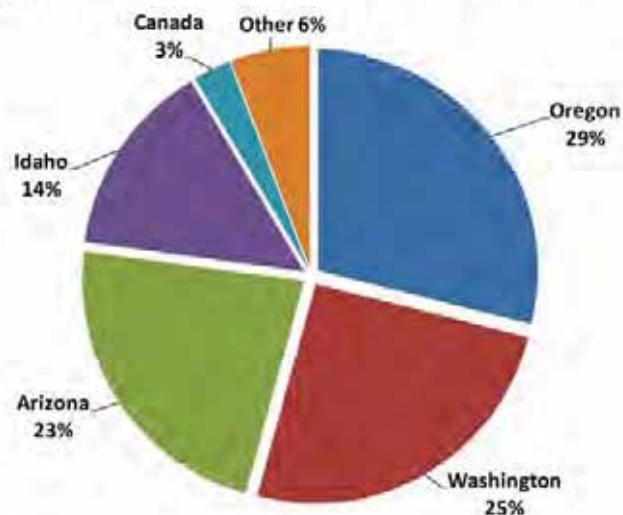
1

### Impact of Recruited Horses on 2011 Average Field Size (TB)



2

### Where did out-of-state horses come from?



3

### What does the Fair Circuit pay on average for each start by an out-of-state horse?

**\$253 per starter\*\*\***

Increased field size is the single largest contributor to increasing ontrack and simulcast handle.

1. Statistics from CHRIMS Runners Report & CARF Out-of-State Starts.  
 2. Statistics from CARF Paymaster Reports & CFSA Relocation Costs.



# 2010 THOROUGHBRED RECRUITMENT

## Results of CARF Program to Increase Field Size

The Fair Out-of-State Recruitment Program, administered by the California Authority of Racing Fairs, pays \$300 to every horse that travels 600 or more miles to start on the Northern California Fair Circuit for its first start and an additional \$150 for its second start (\$450 total). A runner making its first start at Ferndale receives \$150 for each of two starts, with another \$150 available if the horse starts again at Fresno.

- **2010 Total Recruitment Costs - \$86,808.40\***  
 2010 Recruitment at Tracks - \$31,108.40  
 2010 TB Relocation Fees Paid - \$45,150.00  
 2010 Trainer Incentives - \$5,300.00  
 Number of Horses Paid - 143  
 Number of Starts - 331  
 Number of TB Starts - 286  
 Percentage of Total Horse Population - 9%
- **Number of Starts by Recruited TB Horses, by Fair:**  
 Stockton - 19  
 Pleasanton - 35  
 Sacramento - 34  
 Santa Rosa - 52  
 Ferndale - 91  
 Fresno - 55
- **Number of TB Starts by State Recruited From:**  
 Arizona - 115  
 Oregon - 73  
 Idaho - 38  
 Washington - 20  
 Utah - 15  
 New Mexico - 11  
 Nevada - 4  
 Delaware - 4  
 Other - 5
- **Leading Trainers of Recruited Horses (by starts):**  
 Tim McCanna  
 Bob Beckner  
 W.R. Whitehouse  
 Brenda Estes  
 Nick Lowe  
 Phil Oviedo

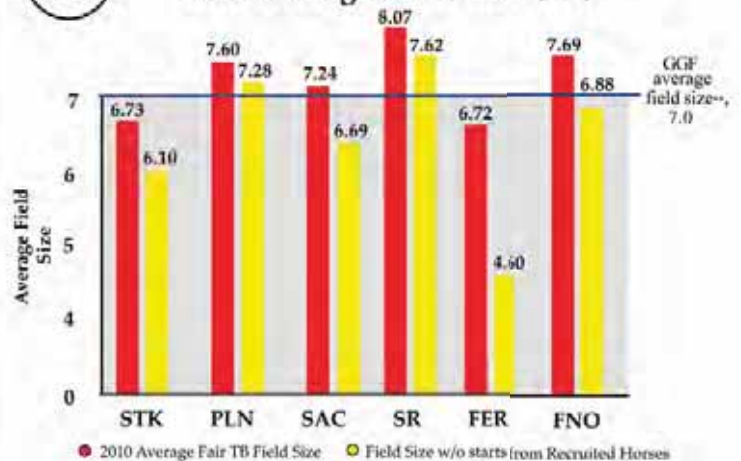
\* Emerging Breed Relocation Fees - \$5,250, Does not include CMC Reimbursement - \$20,000

\*\* During Period 1/1/10-6/20/10

\*\*\* Cost of Recruitment at Tracks and TB Relocation Fees divided by number of Thoroughbred Starts.

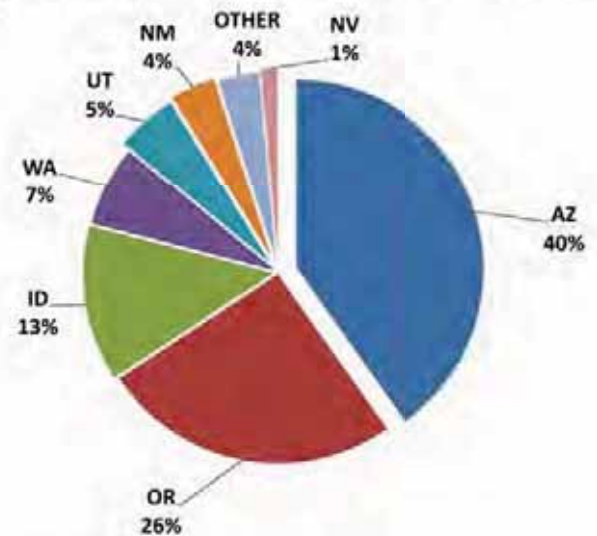
1

### Impact of Recruited Horses on 2010 Average Field Size (TB)



2

### Where did out-of-state horses come from?



3

### What does the Fair Circuit pay on average for each start by an out-of-state horse?

**\$266 per starter\*\*\***

Increased field size is the single largest contributor to increasing ontrack and simulcast handle.

1. Statistics from CHRIMS Runners Report & CARF Out-of-State Starts.  
 2. Statistics from CARF Paymaster Reports & CFSA Relocation Costs.

# 2009 THOROUGHBRED RECRUITMENT

## Results of CARF Program to Increase Field Size

The Fair Out-of-State Recruitment Program, administered by the California Authority of Racing Fairs, pays \$300 to every horse that travels 600 or more miles to start on the Northern California Fair Circuit for its first start and an additional \$150 for its second start (\$450 total). A runner making its first start at Ferndale receives \$150, with another \$300 available if the horse starts again at another Fair facility.

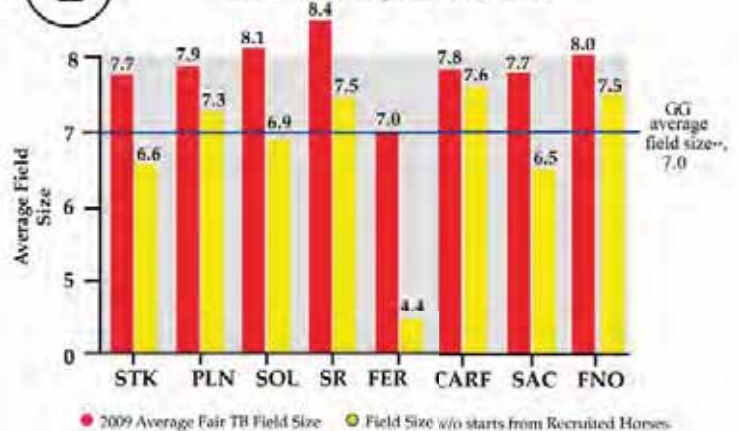
- **2009 Total Recruitment Costs - \$104,776.04\***
  - 2009 Recruitment at Tracks - \$22,176.04
  - 2009 TB Relocation Fees Paid - \$73,600.00
  - 2009 Trainer Incentives - \$4,500
  - Number of Horses Paid - 217
  - Number of Starts - 588
  - Percentage of Total Horse Population - 13%
- **Number of Starts by Recruited Horses, by Fair:**
  - Stockton - 81
  - Pleasanton - 82
  - Vallejo - 51
  - Santa Rosa - 74
  - Ferndale - 111
  - CARF at GGF - 43
  - Sacramento - 104
  - Fresno - 42
- **Number of Starts by State Recruited From:**
  - Arizona - 243
  - Idaho - 94
  - Oregon - 89
  - West Virginia - 42
  - Washington - 27
  - California (Fairplex) - 23
  - New Mexico - 21
  - Nevada - 12
  - Other - 60
- **Leading Trainers of Recruited Horses (by starts):**
  - Don Roberson
  - Keith Bennett
  - Justin Treasure
  - Kelly Bainum
  - Jason Homer
  - W.R. Whitehouse
  - Charles Hiatt

\* Emerging Breed Relocation Fees - \$4,500, Does not Include CMC Reimbursement - \$25,000

\*\* During Period 1/1/09-6/18/09

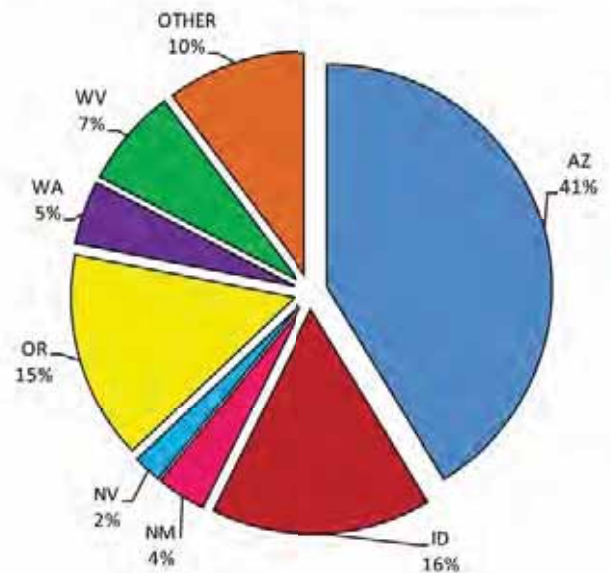
1

### Impact of Recruited Horses on 2009 Average Field Size



2

### Where did out-of-state horses come from?



3

### What does the Fair Circuit pay on average for each start by an out-of-state horse?

**\$178 per starter**

Increased field size is the single largest contributor to increasing ontrack and simulcast handle.

1. Statistics from CHRIMS Runners Report & CARF Out-of-State Starts.
2. Statistics from CARF Paymaster Reports & CFSA Relocation Costs.



# A Huge New Incentive



*From the Executive Corner*

by DOUG BURGE

As depicted on the cover of this issue of *California Thoroughbred*, the California Thoroughbred Breeders Association (CTBA) is pleased to announce the Golden State Series. This new 27-race stakes program, scheduled to begin in 2012, provides an additional \$2.325 million in restricted purses for two-year-old and three-year-old horses bred or sired in California.

It was through the financial commitment of the entire racing industry that we are able to provide such lucrative advantages to those breeding and racing California-breds and California-sired runners. Funding has been provided by the Thoroughbred Owners of California (TOC) through the purse account, the California Marketing Committee (CMC) through an annual allocation, and through the nominators of two-year-olds that see the tremendous opportunities that will now exist. A one-time voluntary \$300 nomination fee by owners makes their two-year-olds eligible for all races.

This new series is a great addition to the Cal-bred racing program and a natural extension of the very popular Maiden Bonus Program that has been in place the past two years. Initially, we will provide significant boosts to the purses and number of races available for two and three-year-olds to continue the quick return to owners and breeders. Over time, and with success, it is our goal to also expand the purses and opportunities for older horses as well. The purses for the new stakes series range from \$100,000 to \$300,000 with races at all the major tracks in the state. Two of the new races (and the only additions on the turf) will be held at Golden Gate Fields, providing horsemen in Northern California with more lucrative restricted opportunities.

As mentioned earlier, the idea behind this new program was to build on the success of the maiden bonus offering. Currently, when a Cal-bred or Cal-sired horse breaks their maiden, there is a huge financial return for the owner or owner/breeder. However, in order to create a market for Cal-breds and give breeders more financial justification to breed while providing more incentives to own,

we needed to expand on the maiden success. The new earning potential now provided through the Golden State Series will make it so people cannot afford to not race Cal-breds. These opportunities offered to owners after the maiden bonus win should most definitely put a premium on Cal-breds/Cal-sireds.

The news of this new series in fact had an immediate positive impact on the recent October Yearling Sale at Barretts Equine Ltd. The opening selected night session yielded a 44 percent increase in average with the median doubling last year's first session. At the conclusion of the second day, the sale had an overall average increase of nearly 20 percent.

The joint sale-topper was a son of Unusual Heat, purchased for \$100,000 by trainer Eric Kruljac on behalf of Class Racing Stable. Joe Masino, the manager of Class Racing Stable, stated after bidding, "With the California incentive program changes, it's time to start getting some Cal-breds and supporting Cal-breds." We are optimistic that this trend will continue.

I would be remiss if I did not acknowledge the efforts of Martin Panza, Vice President of Racing at Hollywood Park, the California Marketing Committee and the TOC for all their support and efforts in making this series a reality. With Cal-breds making up over 50 percent of the field sizes in the state, everyone realizes the importance of a strong state-bred program which provides the necessary racing inventory.

Further details of the Golden State Series appear on pages 23 and 24. 🐎



©2011



# A Cal-Bred Windfall



by KEN GURNICK

Through the cooperation and shared support of the California racing industry, an additional \$2.325 million will be offered in restricted stakes purses in 2012 to two-year-old and three-year-old horses bred or sired in California.



The 2012 Golden State Series encompasses new stakes and purse enhancements to existing stakes that will be jointly funded by the Thoroughbred Owners of California (TOC), the California Marketing Committee (CMC) and through nominations of two-year-olds in 2012.

"This is a wonderful addition to the Cal-bred racing program and a natural extension of the very successful maiden bonus program," said Doug Burge the Executive Vice President and General Manager of the California Thoroughbred Breeders Association (CTBA).

"Through the financial support once again of the entire racing industry in the state, we are able to provide a very lucrative return for those breeding and racing in California. While this program initially boosts the opportunities for two-year-olds and three-year-olds, and provides a quick reward to successful owners and breeders, it is our goal over time to expand the purses and number of races for older horses as well. We are especially thrilled to have Northern California participation in this new series. There are many

reasons to breed and/or race in California, and the benefits continue to grow."

For foals of 2010, a \$300 eligibility payment must be made by Feb. 15, 2012. Foals not made eligible by that date can become eligible with payment of a one-time supplemental fee of \$25,000 at time of entry. Foals of 2009 and earlier will be grandfathered into the program with no eligibility payment.

"With the current economic climate adversely affecting the breeding industry this is a major step in the right direction for California racing," said Martin Panza, the Racing Secretary and Vice President of Racing at Hollywood Park.

"We know that 50 percent of our field size is made up of California-breds and that this number is likely to increase, therefore any measures that we can take to ensure the future of the California breeding industry should pay dividends down the road. Every racing circuit in the country is going to become more dependent on their state-bred programs as the foal crops in general continue to decline."

"The Cal-bred programs contribute significantly to the horse inventory and to field sizes in California and are an important component in filling cards and supporting handle," said TOC President Lou Raffetto. "We applaud CTBA for their initiatives in this area and are glad to work with them." 🐾

## THERE WILL BE SIX NEW RACES:

- The \$200,000 Echo Eddie for three-year-olds at 6 1/2 furlongs on March 15 at Santa Anita Park;
- The \$200,000 Evening Jewel for three-year-old fillies at 6 1/2 furlongs on March 17 at Santa Anita Park;
- The \$100,000 Campanile Stakes for three-year-old fillies at one mile on the turf on June 2 at Golden Gate Fields;
- The \$100,000 Silky Sullivan Stakes for three-year-olds at one mile on the turf on June 9 at Golden Gate Fields;
- The \$200,000 King Glorious for two-year-olds at seven furlongs on November 15 at Hollywood Park; and
- The \$200,000 Soviet Problem for two-year-old fillies at seven furlongs on November 15 at Hollywood Park.

## THE BOOST IN PURSES FOR TWO-YEAR-OLDS:

- The I'm Smokin Stakes on September 5 at the Del Mar Thoroughbred Club from \$100,000 to \$150,000;
- The California Cup Juvenile Stakes on October 29 at Santa Anita Park from \$100,000 to \$250,000; and
- The California Breeders' Champion Stakes on December 30 at Santa Anita Park from \$100,000 to \$300,000.

## THE BOOST IN PURSES FOR TWO-YEAR-OLD FILLIES:

- The Generous Portion Stakes on August 31 at the Del Mar Thoroughbred Club from \$100,000 to \$150,000;
- The California Cup Juvenile Stakes Fillies on October 29 at Santa Anita Park from \$100,000 to \$250,000; and
- The California Breeders' Champion Stakes on December 30 at Santa Anita Park from \$100,000 to \$300,000.

## THE BOOST IN PURSES FOR THREE-YEAR-OLDS:

- The Snow Chief Stakes on April 28 at Hollywood Park from \$150,000 to \$300,000; and
- The Real Good Deal Stakes on August 10 at the Del Mar Thoroughbred Club from \$100,000 to \$200,000.

## THE BOOST IN PURSES FOR THREE-YEAR-OLD FILLIES:

- The Melair Stakes on April 28 at Hollywood Park from \$125,000 to \$300,000; and
- The Fleet Treat Stakes on July 30 at the Del Mar Thoroughbred Club from \$100,000 to \$200,000.

**To encourage and reward participation, purse money will be distributed through sixth place in races with purses between \$100,000 to \$150,000 and through eighth place in races with purses of \$200,000 to \$300,000.**

Continued on next page





## Golden State Series Cont'd.

# 2012 GOLDEN STATE SERIES - \$4.65 MILLION

(A RESTRICTED STAKES SCHEDULE FOR REGISTERED CALIFORNIA BRED OR SIRED HORSES)

## 6 NEW RACES - \$2.325 MILLION IN NEW PURSES

An Expanded Two & Three-Year-Old Program From 12 Races (\$1.275 Million) to 18 Races (\$3.6 Million)

Sun. Feb. 26 <sup>th</sup>	SA	<b>Sensational Star</b>	Four-Year-Olds & Up	6 1/2 F (Turf)	\$100,000
Sat. Mar. 17 <sup>th</sup>	SA	<b>Irish O'Brien</b>	FM, Four-Year-Olds & Up	6 1/2 F (Turf)	\$100,000
Sat. Mar. 31 <sup>th</sup>	SA	<b>Echo Eddie</b>	Three-Year-Olds	6 1/2 F	\$200,000
Sat. Mar. 31 <sup>th</sup>	SA	<b>Evening Jewel</b>	Fillies, Three-Year-Olds	6 1/2 F	\$200,000
Sat. Apr. 28 <sup>th</sup>	HOL	<b>Snow Chief</b>	Three-Year-Olds	1 1/8 M	\$300,000
Sat., Apr. 28 <sup>th</sup>	HOL	<b>Melair</b>	Fillies, Three-Year-Olds	1 1/8 M	\$300,000
Sat. Apr. 28 <sup>th</sup>	HOL	<b>Tiznow</b>	Four-Year-Olds & Up	7 1/2 F	\$125,000
Sat. Apr. 28 <sup>th</sup>	HOL	<b>B. Thoughtful</b>	FM, Four-Year-Olds & Up	7 1/2 F	\$125,000
Sat., June 2 <sup>nd</sup>	GGF	<b>Campanile</b>	Fillies, Three-Year-Olds	1 M (Turf)	\$100,000
Sat. June 9 <sup>th</sup>	GGF	<b>The Silky Sullivan</b>	Three-Year-Olds	1 M (Turf)	\$100,000
July	DMR	<b>CTBA Stakes</b>	Fillies, Two-Year-Olds	5 1/2 F	\$100,000
July	DMR	<b>California Dreamin</b>	Four Year-Olds & Up	1 1/16 M (Turf)	\$100,000
July	DMR	<b>Fleet Treat</b>	Fillies, Three-Year-Olds	Seven Furlongs	\$200,000
August	DMR	<b>Graduation</b>	Two-Year-Olds	5 1/2 F	\$100,000
August	DMR	<b>Real Good Deal</b>	Three-Year-Olds	Seven Furlongs	\$200,000
August	DMR	<b>Solano Beach</b>	FM, Four-Year-Olds & Up	1 1/16 M (Turf)	\$100,000
August	DMR	<b>Generous Portion</b>	Fillies, Two-Year-Olds	Six Furlongs	\$150,000
September	DMR	<b>I'M Smokin</b>	Two-Year-Olds	Six Furlongs	\$150,000
October	SA	<b>Cal Cup Juvenile</b>	Two-Year-Olds	1 1/16 M	\$250,000
October	SA	<b>Cal Cup Juvenile (F)</b>	Fillies, Two-Year-Olds	1 1/16 M	\$250,000
October	SA	<b>Cal Cup Classic</b>	Three-Year-Olds & Up	1 1/8 M (Turf)	\$175,000
October	SA	<b>Cal Cup Distaff</b>	FM, Three-Year-Olds & Up	6 1/2 F (Turf)	\$125,000
October	SA	<b>Cal Cup Sprint</b>	Three-Year-Olds & Up	Six Furlongs	\$100,000
December	HOL	<b>King Glorious</b>	Two-Year-Olds	Seven Furlongs	\$200,000
December	HOL	<b>Soviet Problem</b>	Fillies, Two-Year-Olds	Seven Furlongs	\$200,000
December	SA	<b>CA Breeders' Champion</b>	Two-Year-Olds	One Mile	\$300,000
December	SA	<b>CA Breeders' Champ.(F)</b>	Fillies, Two-Year-Olds	One Mile	\$300,000

### TO BE ELIGIBLE TO THE GOLDEN STATE SERIES:

- REGISTERED CALIFORNIA BRED OR SIRED FOALS OF 2010 MUST MAKE A \$300 PAYMENT BY WEDNESDAY, FEBRUARY 15, 2012
- 2010 FOALS NOT MAKING THE \$300 PAYMENT MAY SUPPLEMENT TO THE GOLDEN STATE SERIES FOR A ONE-TIME FEE OF \$25,000 AT TIME OF ENTRY
- REGISTERED CALIFORNIA BRED OR SIRED FOALS OF 2009 OR EARLIER ARE GRANDFATHERED INTO THE GOLDEN STATE SERIES AT NO COST

### WHY DOES IT PAY TO BREED AND/OR OWN A CALIFORNIA BRED OR SIRED HORSE?:

- California Bred or Sired Maiden Allowance Bonus - \$20,000 Southern California - \$10,000 Northern California and Fairs.
- All Restricted Overnight Races for California Bred or Sired Horses have the same purses as their open race counterparts.
- California Bred Horses run for a 30 percent premium in open maiden allowance, allowance and overnight stake races.
- California Bred or Sired Restricted Race Wins are not considered for upper level allowance race eligibility.

To nominate your 2010 foal or for more information please contact:



California Thoroughbred Breeders Association

(626) 445-7800 • www.ctba.com