

LOUISIANA STATE RACING COMMISSION
MINUTES – November 20, 2017 Meeting
As transcribed by Mary E. Lee DiLeo, Certified Court Reporter

COMMISSIONERS IN ATTENDANCE

Bob F. Wright, *Chairman*
Judy W. Wagner, *First Vice Chairperson*
Dr. Patrick Bernard
Thomas B. Calvert
Donald "Don" Cravins
K. R. "Ron" Finkelstein, O.D.
Benjamin J. Guilbeau, Jr.
Mike R. McHalfey
Louis Reine
Kenneth "Kenu" Romero
Mike Shelton

ABSENT

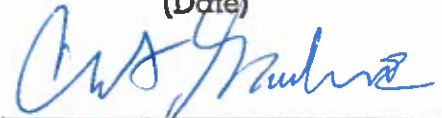
R. Hamilton "Hammy" Davis
Eric G. Johnson

APPROVED

At the Commission Meeting .

1/22/18

(Date)



Executive Director
Louisiana State Racing Commission

The meeting of the Louisiana State Racing Commission (LSRC) was called to order by the Chairman on Monday, November 20, 2017 at 11:00 AM in the Conference Room of the Louisiana State Racing Commission Headquarters, 320 North Carrollton Avenue, Suite 2-B, New Orleans, Louisiana. Roll call was taken; a quorum was present.

Commissioner Guilbeau motions to approve the meeting minutes from the September 25, 2017 meeting; Commissioner Wagner seconds; motion carries.

I. ASSOCIATION REQUESTS

A. CHURCHILL DOWNS LOUISIANA HORSERACING COMPANY, LLC
d/b/a FAIR GROUNDS RACE COURSE & SLOTS

2017-2018 THOROUGHBRED MEET

1. STEWARDS, OFFICIALS & MANAGEMENT

a. Ratification of officials for 2017-2018 thoroughbred race meet.

Jason M. Boulet – Sr. Director of Racing
Scott L. Jones – Racing Secretary
*Jeffrey W. Johnston – Assistant Racing Secretary
Baley Hare – Stakes Coordinator
*Mandy Green – Program Coordinator
*Nancy Alecia – Claims Clerk/Entry Clerk
*Lafitt Salazar – Placing Judge/Entry Clerk
Joe Ray Peluso – Placing Judge/Entry Clerk
*Raymond R. Rettig, Jr. – Placing Judge/Entry Clerk
Patrick Davis – Identifier
Gary Palmisano, Sr. – Paddock Judge
David Wedlake – Association Steward
Brook Hawkins – Association Steward
Eric Lato – Outrider
Darrin Cain – Outrider

Robert Mayer – Outrider
 Craig Daligian – Clerk of Scales
 Mario Torres - Stall Superintendent
 *Don Winfree – Clocker
 Julie Daugherty – Clocker
 *Robert Belpedio - Clocker
 Mike Diliberto – Clocker/Track Handicapper
 Glen Miller – Starter
 Pedro Zavala – Track Superintendent
 Christopher Belleville – Custodian
 Donovan Ferguson – Mutual Manager
 *new official

Commissioner Calvert motions to approve; Commissioner Guilbeau seconds; motion carries.

**B. HARRAH'S BOSSIER CITY INVESTMENT COMPANY, LLC
 d/b/a HARRAH'S LOUISIANA DOWNS**

COMMISSION TO CONSIDER LOUISIANA DOWNS' APPLICATION FOR 2018 THOROUGHBRED MEET LICENSE APPROVALS, RACING DATES, AND WAGERING PER MOTION TO DEFER ACTION ON THESE ITEMS FOR A PERIOD OF NO LONGER THAN 60 DAYS FROM SEPTEMBER 25, 2017 COMMISSION MEETING:

2018 THOROUGHBRED MEET

1. LICENSE APPROVALS

a. Approval for 2018 thoroughbred meet:

1. 10 year license to own and operate a race track, per R.S. 4:158.
2. 10 year license to own and operate OTB locations, per R.S. 4:211 et seq.
3. Serve as concessionaire.

2. RACING DATES (R.S. 4:158A), RACES AND POST TIMES

a. Approval for 2018 thoroughbred meet:

1. Thoroughbred racing on the flat
2. 84 thoroughbred race dates (5/5/18 through 9/26/18):

May	5,7,8,9,12,14,15,16,19,21,22,23,26,28,29,30
June	2,4,5,6,9,11,12,13,16,18,19,20,23,25,26,27,30
July	2,3,4,7,9,10,11,14,16,17,18,21,23,24,25,28,30,31
August	1,4,6,7,8,11,13,14,15,18,20,21,22,25,27,28,29
September	1,3,4,5,8,10,11,12,15,17,18,19,22,24,25,26

3. Hold minimum of 7 live thoroughbred races daily
4. Daily post time TBD

3. WAGERING (LAC 35:XIII.Ch 103-127)

a. Approval for 2018 thoroughbred meet wagering:

1. WPS & Exacta on all races
2. Rolling Daily Double beginning with Race 1
3. Rolling Pick 3 beginning with Race 1
4. Trifecta on all races complying with the *Rules of Racing*
5. Superfecta on all races complying with the *Rules of Racing*
6. Pick 4 on last 4 races
7. Pick 5 on last 5 races
8. Pick 6 on last 6 races
9. Super Hi-Five on last race

Mr. Mike Rich, General Manager of Louisiana Downs, informs that Louisiana Downs had a tremendous year with double digit handle growth and 8% slot growth, which leads the entire Shreveport/Bossier slot market that is down 2%. He says that they are proud of achieving their growth by changing race days to gain a bigger simulcast audience and using creative marketing for the overall property. He states that the Commission's deferral of approval for Louisiana Downs' 84-day 2018 Thoroughbred Meet application was surprising, especially since Louisiana Downs has fulfilled its promise to the Commission to add more races when its handle increased.

Commissioner Reine asks if attendance went up or down with moving race days to Mondays and Tuesdays. Mr. Trent McIntosh, Assistant General Manager of Louisiana Downs, responds that their attendance numbers are measured through all of the property, so they cannot distinguish attendance numbers for just racing. He says that there are less people in the building based on the day of the week, but Louisiana Downs was able to garner more handle based on simulcast. He explains that Louisiana Downs gets most of its live racing audience and live handle on Saturdays, whereas on Fridays, the handle dropped dramatically versus Saturdays.

Commissioner Reine asks if Louisiana Downs can provide information on its marketing specific to racing as opposed to the whole operation. Mr. McIntosh responds that Louisiana Downs uses weekly and monthly offers and events to draw the community out to the races. Commissioner Reine asks if they can supply the Commission with what exactly Louisiana Downs is specifically doing for marketing for racing and what percentage of marketing is that compared to the marketing for the rest of the property. Mr. Rich says that their marketing information can get complex and convoluted when re-investments and marketing dollars for customers of both slots and racing are considered. Commissioner Reine requests that marketing information for a later meeting so that the Commission can have an informed conversation about marketing.

Commissioner Guilbeau states that the Commission wants to see Louisiana Downs' marketing plans moving forward in order to make sure that their success and momentum continues. Mr. Rich says that they will supply that information. He informs that the older school methods of marketing are not working to attract people into the property, such as Sam's Town that has the most billboards out of the seven casino properties in Northwest Louisiana and is down 2% this year. He states that Louisiana Downs has put more focus on social media, which allows his team to target 10,000 to 20,000 people at a time who are interested in their product rather than advertising to a mass audience that includes many who aren't interested in their product.

Commissioner Shelton asks if Louisiana Downs' success comes from doing something drastically different than prior strategies or if its comparative success is skewed by dismal performances in the past. Mr. Rich responds that they have made changes across the board, including giving customers more money to come back and play, putting more emphasis on social media, and working better with off-party site like TVG to put more focus on Louisiana Downs races.

Mr. McIntosh informs that Louisiana Downs made event pages on social media and had many radio ads for five event days in the past year that successfully got the community to the property for those race days. He states that Louisiana Downs had 51,000 impressions

just on those five event days and his team posts on Louisiana Downs' Facebook page every race day, which has generated a lot of online interaction.

Commissioner Shelton asks if Louisiana Downs isn't spending more money but rather spending the same amount of money in a different way. Mr. Rich responds that they are spending several million dollars more on marketing year to date through October and those expenditures are going more towards social media than general advertising. He informs that 75% of Louisiana Downs' social media posts relate to racing and try to personalize the racing product. Mr. McIntosh says that they also do limited traditional marketing, such as an ad in Travel Host Magazine through the thoroughbred meet, a monthly piece in The Forum, and a billboard featuring running horses with the race dates. Mr. Rich states that they had one TV advertisement for Louisiana Downs the whole year, which featured racing to open the thoroughbred season. Commissioner Romero asks if Louisiana Downs will fix the visibility of the billboard facing I-20 that is covered by overgrown trees. Mr. McIntosh responds that the billboard sits in the middle of a swamp that is not owned by Louisiana Downs.

Commissioner Romero asks if they know Louisiana Downs' purse structure prior to reducing the number of races per day. Mr. McIntosh responds that they had less purse dollars, so they reduced the number of races per day to maintain the average race purse to prior years. He says that when their handle and slot revenue grew this past summer, they built enough purse dollars to either run an extra race per day or increase all of the purses. He informs that, based on feedback from the Louisiana Horsemen's Benevolent and Protective Association (LaHBPA), Louisiana Downs added two races a week, which equated to about \$24,000 a week in additional purse money.

Commissioner Romero asks if the individual purses increased at all. Mr. McIntosh responds that the individual purses didn't go up but they added two more races per week. He explains that there was a split between the horsemen who wanted more money per average race and those that wanted more opportunity in the form of additional races. He says that they decided to add races due to the Commission's request at a prior meeting and based on talks with the LaHBPA.

Commissioner Reine informs that the intent of this discussion is for the Commission to get into a better position to be able to listen to their constituents, work with the associations, and address issues that come before the Commission with corrective actions and timetables. He says that the people participating in these horseracing conversations have got to work together or the industry will fail. Mr. Rich informs that his biggest concern is that if he submits Louisiana Downs' marketing information and that becomes public record, then their competitors would have the ability to view and use information those documents. Mr. Rich says that they can provide the Commission with general marketing information. Commissioner Reine responds that that is all the Commission is requesting.

Commissioner Guilbeau motions to go into Executive Session; Commissioner McHalfey seconds; motion carries. The Commissioners go into Executive Session.

2018 THOROUGHBRED MEET**1. LICENSE APPROVALS****a. Approval for 2018 thoroughbred meet:**

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2. RACING DATES (R.S. 4:158A), RACES AND POST TIMES**a. Approval for 2018 thoroughbred meet:**

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3. Hold minimum of 7 live thoroughbred races daily
4. Daily post time TBD

Commissioner Calvert motions to approve Louisiana Downs' racing license for a period of one year and the racing dates associated with the license; he includes in the motion that Harrah's responds to correspondence sent by Chairman Wright by January 3, 2018 which sets forth the concerns of the Commission relative to Louisiana Downs' operation; Commissioners Reine and Shelton second; motion carries.

Commissioner Reine specifies that the response is to be in writing.

Commissioner Wagner requests Louisiana Downs to consider shifting one of its race dates to the Friday of Super Derby weekend in order to have a weekend of racing that people can come from out of town to see rather than just a Saturday race day. Commissioner McHalfey requests that Louisiana Downs add Friday race days once a month to make long weekends out of Turf Day, Champions Day and Super Derby Day. Mr. McIntosh asks if they are requesting stakes races on both days. Commissioner McHalfey responds that they are not asking for two days of stakes races but want to draw tourists to the area for a weekend rather than just one day for big race days.

Mr. McIntosh informs that Super Derby Day and Cup Day are the two days that they have stakes races and asks if changing races to the Fridays and Saturdays of just those two weekends would suffice. Commissioner McHalfey responds that they can make those race weeks Thursday to Sunday, Wednesday to Saturday, or just Friday to Saturday to give tourists a chance to spend time and money in the area. Commissioner Reine states that if Louisiana Downs considers that idea and can do it, the Commission can amend the racing dates for them.

Commissioner Shelton states that Louisiana Downs has had a major change in its business model and is involved in an over \$20,000,000,000 bankruptcy with its parent company Caesars Entertainment Operating Company (CEOC). He says that the Commission must do its due diligence and work towards a better product with racing in Louisiana. He informs that the Commission needs time to understand Louisiana Downs' business model and has asked many questions to figure that out, though CEOC representatives have been less than forthcoming on some topics. He says, for example, that the Commission wants to understand Louisiana Downs' rent allocation, which involves multiple facilities and signing a master lease, and requested a Pro Forma to see how it would affect their profits and losses.

He states that the Commission was provided with little information in a half-page document that was less than forthcoming.

3. WAGERING (LAC 35:XIII.Ch 103-127)

a. Approval for 2018 thoroughbred meet wagering:

1. WPS & Exacta on all races
2. Rolling Daily Double beginning with Race 1
3. Rolling Pick 3 beginning with Race 1
4. Trifecta on all races complying with the *Rules of Racing*
5. Superfecta on all races complying with the *Rules of Racing*
6. Pick 4 on last 4 races
7. Pick 5 on last 5 races
8. Pick 6 on last 6 races
9. Super Hi-Five on last race

Commissioners McHalfey motions to approve; Commissioner Calvert seconds; motion carries.

II. RULE

A. DISCUSSION/NOTICE OF INTENT:

1. Claiming Rule and Engagements

LAC 35: XI Chapter 99 – Claiming Rule

§9905. Timing of Entering Next Claiming Race [amend]

Commissioner Reine asks why, under the current Claiming Rule, claimed horses have to run for an increased determining eligibility than their claiming price for 30 days. Ms. Rhea Loney, counsel for the LSRC, informs that the LaHBPA requested that the Commission amend the Claiming Rule so that claimed horses could run at an eligibility price equal to their claimed price for the last 10 days of their 30-day jail period, while the first 20 days would remain the same. Mr. Edward Johnston, Board Member of the LaHBPA, explains that they want the rule to work in conjunction with the condition book, in which races are written every 21 days, so that horsemen have the option to run their claimed horses for the same claiming price 21 days after the claim.

Commissioner Reine motions to approve for Notice of Intent; Commissioner Cravins and McHalfey second; motion carries.

III. ADJOURNMENT

Commissioner Guilbeau motions to adjourn; Commissioner Calvert seconds; Chairman Wright adjourns the meeting.



Charles A. Gardiner III
Executive Director