MIKE PEGRAM:
An Uncommon Common Man

February 2011
As he walks around the casino floor at the Carson Valley Inn, Mike Pegram looks and acts like just another customer -- someone ready to play a few hands at the tables, hoping his luck and his money hold out long enough so that he can enjoy a couple of Coors Lights on the house. Or maybe he’s heading to the coffee shop, where you can get an awfully good meal for $7.99. He’s dressed as he’s always dressed, in jeans and a comfortable shirt off the rack at Sears, or some place like that. Always with a smile on his face, he seems to know everyone in the place and everyone knows him. Never is he Mr. Pegram. Always just Mike.

That’s what you see on the outside, the cover to the book on Pegram. Don’t let him fool you.

“He’s the smartest man I ever met in my life, and I’ve met Rhodes Scholars.”

Stew “Turtle” Stewart

Pegram must be smart. How else can you explain what he has done with his life and career? His racing stable has won the Kentucky Derby, Preakness, Dubai World Cup, Breeders’ Cup Juvenile Fillies, Breeders’ Cup Sprint, Kentucky Oaks, Haskell and dozens of other stakes, mostly with horses purchased for less than $100,000. Broke and a 23-year-old college dropout, he started snapping up underperforming McDonald’s restaurants in the seventies in the Seattle area and, from there, built a fast-food empire that has made him a wealthy man. He owns two small casinos in northern Nevada, one of which has seen significant growth since he took over, bucking industry trends.

He is 59, a grandfather, he’s rich and the casinos take up most of his time. It would seem to make sense for Pegram to sit back and let someone else worry about California racing’s problems, but that’s not going to happen. He loves racing and he loves fixing things, like a McDonald’s that wasn’t selling enough burgers with someone else in charge or a little casino that was getting run-down and wasn’t being run right. For similar reasons, he is trying to take over Del Mar. He thinks he can make it better and, in the process, get California racing turned around.

“You look at what’s been going on in California and with horse racing and you have to ask yourself is [taking over Del Mar] a challenge?” Pegram said. “The answer is absolutely. But it ain’t near the challenge that Ray Kroc was up against selling a 19-cent hamburger in 1955.”

Pegram idolized Kroc, the man who made McDonald’s what it is today. It’s clear that virtually all his business philosophies are borrowed from the man, who believed that if you produced a good, reasonably priced product and never took your eye off the ball when it came to customer service, you were bound to be successful.

“What Mike is really big on and what has made him so successful is his understanding of customer service, and I’m sure he got that from McDonald’s,” said his trainer and close friend Bob Baf-
“Every time we go to a racetrack, he takes a walk through the whole facility and checks it out. He constantly wants to see what’s going on; he’ll pick up on little things and see what’s working. At Monmouth, he loved the way they had the picnic tables out on the apron. He’s so big on customer service. I’m sure McDonald’s beat that into him.”

The other major influence on his life was his late father, Jim, who died in 1987. A one-time minor league baseball player who played for the organizations of the St. Louis Browns and Chicago White Sox, Jim Pegram ran a pool hall in their home town of Princeton, Indiana. Pegram was tough but fair, and he taught his children the type of small-town values that remain at the core of Mike Pegram’s beliefs. One other thing his father taught him: the joys of going to the racetrack.

Princeton, Indiana, is about 35 miles from Ellis Park, which was, to Pegram, a magical place back in the sixties and seventies.

“My father’s passions were baseball and betting the horses,” Pegram said. “I can never remember not going to the racetrack. I remember just begging my dad to take me to the racetrack all the time. I must admit, it wasn’t the love of the horses. It was the love of the action and the betting and being around all your buddies. Ellis was a really happening place back then.”

“My father’s passions were baseball and betting the horses.”

Mike Pegram

Princeton is small-town, middle-America, best known as the birthplace of baseball Hall of Famer Gil Hodges. About 9,000 people lived there when Pegram was growing up. It’s the type of place that reveres its top athletes, the boys who can throw a baseball harder than anyone else or put 20 points on the board on any given night in basketball. That was Pegram.

He was a star on the basketball court, cementing his reputation as a small-town hero when he hit a 40-foot shot at the buzzer to lead his high school team to victory in a sectional tournament game. He might have been even better in baseball, excelling so much in the sport that he made the team at Indiana University before he left school.

“He was definitely good enough to be a professional baseball player,” said Pegram’s older brother, Jim. “At the very least, he could have been a minor league ballplayer. He threw hard, was a good hitter and was a good prospect. He was that good of an athlete.”

But Pegram’s memories of his years on the basketball courts and playing fields aren’t necessarily good ones. He looks back and sees himself as someone who...
didn’t take sports seriously enough. More interested in having a good time, drinking beer and hanging out at the racetrack, he didn’t have the kind of drive necessary to transform himself from a good athlete into a great athlete.

“You always think you’re better than you are,” Pegram said. “I thought sports were going to be my future. I just gave it away. I didn’t take it seriously. Instead of practicing and working hard, I gave away a talent that most people don’t have and an opportunity that most people don’t have. Sometimes, I step back and say, ‘How dumb? How stupid was I?’ It was just out and out stupid that I could have had the talent I did and just flat piss it away.”

But Pegram learned something from his short-lived athletic career, lessons that he carries with him today.

“I guess it wasn’t until I was about 21 that I came to realize what I had done with the sports,” he said. “When that happened, I knew that if I ever got another chance to make something out of myself, I wasn’t going to screw it up. That’s where a lot of my motivation comes from.”

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Mike Pegram

Pegram, who didn’t like going to college, was looking for something else to do while at Indiana University. At about that same time, Pegram’s father and his uncle had found their way into the McDonald’s family as franchise owners. The elder Pegram used his connections to get his son in on the ground floor in the Seattle area. But no one was handing him anything. The first McDonald’s that Mike Pegram owned, which was located in Mt. Vernon, Washington, was one of the worst performers in the state and several other more established McDonald’s owners had previously turned down the opportunity to run the franchise.

It was a daunting task. He was young, inexperienced and had no money to speak of.

“I had to borrow the money to start my business because I had no equity,” Pegram said. “In today’s world, those things just couldn’t happen. That was back in the mid-seventies and we were living in different times. My first business was financed 110 percent. The only thing I owned was a refrigerator and a washer and a dryer, and K-Mart had the paper on them.”

He set out to change his restaurant, making sure that it was always spotless and that every employee was courteous to the customers. He was very careful when it

### 2011 Fee

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6 stallions bred on the A.P. Indy/Mr. Prospector cross sired Gr.1 winners in 2010. They include Congrats the leading freshman sire of 2010, and....

Majestic Warrior

The most precocious son of A.P. Indy. Out of a Gr.1 winner by a son of Mr. Prospector. Won the Hopeful Stakes-Gr.1 by 2¼ lengths.

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came to hiring managers, making sure that he only selected people who shared his beliefs, could be trusted and would work hard.

“Ray Kroc just had so much common sense,” Pegram said. “He had a slew of Kroc-isms that I still live by. He always said that none of us is as good as all of us.”

The Mt. Vernon location took off under Pegram’s ownership, which allowed him to buy more in the area. He would eventually own as many as 23 franchises. His smarts, the McDonald’s brand and the rapid growth of the Seattle area were a potent combination. The once-broke college dropout was rich.

But he didn’t let it change him.

“Baffert told me one day that I had to get out of the bleachers [at the track],” Pegram said. “I looked at him and said, ‘Bobby, you can have your Turf Club.’ The Turf Club is like a boardroom. The higher you get, the worse the smell. I dealt with boardrooms almost every day with McDonald’s and I’ve dealt with the corporate culture. I know I’m not good at it, so I don’t try to be somebody that I’m not. I am more comfortable with a pair of jeans on. That’s just who I am, what I am. It’s where I come from.”

“I am who I am.”

Mike Pegram

He knows he is an enigmatic figure. He’s successful and rich, but does not come across as polished. He’s smart, but he still sprinkles his speech with words like “ain’t.” He’s a major owner in the “Sport of Kings,” but would rather spend his time at the track downing beers with childhood buddies from Princeton, Indiana, than hanging out with CEOs in the Turf Club. One sportswriter once wrote that Pegram had “the demeanor of a lost ‘Hee Haw’ character.”

“If someone wants to judge me for my lack of sophistication, so be it,” Pegram said. “I am who I am.”

After the 1999 Belmont, in which Pegram ran Silverbulletday, he and his entourage were being harassed by a bunch of drunks. Pegram told them to stop, but when they didn’t, Pegram’s group took things into their own hands. Pegram, the man who might own Del Mar someday, got into a post Belmont-brawl with a bunch of boozed-up jerks.

“The thing that really astounds me about Mike is that he can come off as a country bumpkin, and his use of the English language isn’t always the very best,” said Dan Farley, a writer for Racing Post who also grew up in Princeton. “But he’s a very smart guy and he’s always very well prepared when it comes to anything he does. And he’s been unbelievably successful.”
Pegram never wanted to belong to the Turf Club or make it on to the New York Racing Association Board of Trustees. But he did want to own horses and, with the McDonald’s profits starting to come in, he had his chance.

His first horse was named Storm Strike. After the horse won a $7,500 maiden-claiming race at Ellis Park, Pegram’s father and a few of his friends bought the horse privately and got Mike to join in as a co-owner. A harbinger of what was to come for Pegram, the horse won three straight after the purchase, won a small stakes at Beulah and took on John Henry in the 1978 Round Table at Arlington. (He finished sixth.)

At that time, the thought that he would own horses like Silverbulletday, Real Quiet and Lookin At Lucky or that he might one day head a partnership that would take over Del Mar, was unimaginable. All he wanted was to have a few horses and some fun. In the early eighties, even that became out of reach. He had a couple of down years with McDonald’s and was caught up in a costly divorce. He got out of the horse business.

Things were looking up for Pegram by the mid-eighties, and when his friend Hal Earnhardt asked him if he wanted to go in on a horse, Pegram was ready and jumped back in. The only problem was that the horse Earnhardt had in mind was a Quarter Horse. Earnhardt was having some success in that business, thanks in large part to a young trainer named Bob Baffert.

Now a Quarter Horse owner, Pegram was eager to meet his trainer.

“I called Bobby one day and told him I was coming over to Los Alamitos to meet him,” Pegram recalled. “I asked how I’d know who he was, and he said that he’d be the guy wearing the white cowboy hat. Well, I got there and everybody is wearing a white cowboy hat. He ended up finding me because I had a pretty blonde with me.”

In Baffert, Pegram found a kindred spirit, someone else who loved racing and was driven to succeed, but who didn’t take anything too seriously. Baffert liked to joke around every bit as much as Pegram did. But what Pegram really liked about Baffert was that he could trust him. He’ll never forget the time Baffert bought a Quarter Horse for Pegram at a sale and, afterward, figured out that he had bought damaged goods. Rather than stick Pegram with the horse and the bills, Baffert gave Pegram back a chunk of his money and bought part of the horse.

“Why do you want to run for $4,000 or $5,000 at night when you can run for $40,000 during the day?”

Mike Pegram
himself.

“That told me a lot about him,” Pegram said. “He ended up putting up his own money the same way I put up my money. Early on, I knew I was dealing with someone with integrity.”

The Quarter Horse business was good to Pegram and Baffert. After a while, Pegram and some of his partners started to realize they were wasting Baffert’s talents because the purses were so small at Los Alamitos.

“I said to him, ‘Why do you want to run for $4,000 or $5,000 at night when you can run for $40,000 during the day?’” Pegram said. “The rest is history.”

The very first Thoroughbred Baffert bought at auction was Thirty Slew, a $30,000 purchase at the 1988 Keeneland September sale. Pegram got in for a piece of the horse, who would go on to win the 1992 Breeders’ Cup Sprint.

Now entrenched in the Thoroughbred game and living in the West, Pegram was about to discover the pleasures of Del Mar. It would replace Ellis Park as his favorite racetrack, a place where he could be Mike Pegram, the down-home guy who just wanted to have fun, drink beer, hang out with his friends and bet horses.

“Del Mar is my favorite experience, and I have a house there now,” he said. “I’ve got a suite up on the sixth floor. That’s where I send my guests. They can go up there and do their thing and the women can get all dressed up. Everybody knows where to find me, out on the veranda. I’m always at the same table with the same bunch of cronies and I have the most enjoyable day. You see horses being saddled in the paddock. You look out on the Pacific Ocean. That’s where I want to be. I may run down to my box in the clubhouse to watch a race if I have one in, but, a lot of times, I never leave that table. I just love sitting there and enjoying the camaraderie of all the people around me.”

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Pegram had yet to make a big splash as an owner when he and Baffert entered a 2-year-old by Quiet American named Real Quiet at Del Mar in a Sept. 5, 1997 maiden race. The colt was already 0-for-5 in his career and had cost just $17,000 at the 1996 Keeneland September Sale. His fourth-place finish that afternoon belied what was to come.

Over the next 14 months, Pegram would explode on the scene. Real Quiet, who capped off 1997 with a victory in the Hollywood Futurity, would win the Kentucky Derby and the Preakness and lose the Belmont by a nose. Silverbulletday would win the Sorrento at Del Mar, the Alcibiades at Keeneland and the Breeders’ Cup Juvenile Fillies and an Eclipse Award. The sport had never seen anything quite like the team of Baffert and Pegram, both irreverent, both given to making wisecracks, both refusing to take themselves too seriously.

“These guys were good. Some, Pegram remembers, thought maybe they were too good.

“Back in the early days, with Real Quiet and Silverbulletday, we were called cheaters,” Pegram said. “They put labels on us. It was really tough on Bobby. Too good to be true; that’s

“Thats one reason Baffert’s been great for me. He’s able to see the lighter side of everything and joke about things.”

Mike Pegram

Real Quiet wins 1998 Kentucky Derby

February 2011
exactly what they thought of us.”
If nothing else, Pegram won some admirers with his grace in defeat. Win or lose, he never changed. He always seemed to be enjoying himself and never once complained about whatever bad luck he might have had on the race-track. Never was that more evident than when all that stood between Real Quiet, $5 million, immortality and a Triple Crown was a nose. Pegram never once whined about his bad luck and, instead of pouting after the Belmont, held a party for his friends and associates at the Garden City Hotel.

“You’re either going to go through life pissed off or laughing,” Pegram said. “In any situation, there’s always something in your brain where, no matter how difficult things might get, you can make a choice—either get pissed off or laugh your ass off. That’s one reason Baffert’s been great for me. He’s able to see the lighter side of everything and joke about things.

“When Real Quiet got beat like that, why would I get upset? How in the hell could I? That horse took us on a magical ride. My dad, he should have been a philosopher. He told me one time, ‘If all your bad luck comes at the racetrack, you’re a pretty lucky boy.’”

“If you never sell a horse, you’re never going to make any money in this business.”
Mike Pegram

After a few quiet years, Baffert and Pegram stormed back onto the scene with Lookin At Lucky, among the unluckiest horses ever. After nightmarish trips in the Breeders’ Cup Juvenile, the Santa Anita Derby and the Kentucky Derby, the colt proved just how talented he was when winning the 2010 Preakness, Haskell and Indiana Derby, and becoming the first colt to win the Eclipse Award at two and three since Spectacular Bid, over 30 years ago.

Pegram loves the action and he loves winning big races, but he’s also a businessman. With a horse with that much ability and pedigree, Lookin At Lucky simply became too valuable to stay in training. After his colt finished fourth in the Breeders’ Cup Classic, Pegram announced that he was being retired and would stand at Ashford Stud.

“If you never sell a horse, you’re never going to make any money in this business,” Pegram said. “Retiring Lookin At Lucky was one of the most wrenching decisions I ever had to make. I knew he was a great horse and we could have won a lot more races with him at 4. But I also know he’ll be a great sire.”

If Pegram ever rubbed anyone the wrong way or people didn’t understand him, that all seems to have changed. He is now seen as an industry leader, someone whose advice and
leadership is welcomed, if not coveted. A Member of the Board of Directors of the Thoroughbred Owners of California, he is particularly involved with issues relating to California racing. Pegram might not have all the answers, but he clearly wants to do everything he can for the sport, particularly in the West.

“What I came to learn about Mike is that he absolutely loves horse racing,” said Stewart. “I mean he really, really loves it. I’m not sure I have ever seen someone so passionate about something. He’s not the kind of guy who wants to sit back and let problems go unsolved or let someone else worry about them.”

Trainer Ron Ellis, also on the Board of Directors of the TOC, says he senses Pegram would rather stay in the background, but has been motivated to come forward because he thinks he can help.

“I’m not really sure that Mike wants to be an industry leader,” Ellis said. “He’s the kind of guy who doesn’t want to be in the spotlight. But he’s decided to take the bull by the horns with this Del Mar thing. He may not know it, but by doing that he is looked upon as a leader. It’s becoming a case of leading by example. He’s not looking to be some sort of celebrity or someone everyone showers credit on. A lot of people feel he’s someone who will do things the right way at Del Mar and that he’s only doing this because he truly loves the game.”

What can Pegram do for Del Mar and for California racing? The answers can be found at two little casinos tucked in between Reno and Lake Tahoe.

In time, the McDonald’s restaurants didn’t need much help from Pegram. He hired the right people to run them and he trusted them to take care of the day-to-day duties. He even felt comfortable getting out of the Washington market and trying something else. He always liked the Phoenix area, so, about nine years ago, he swapped his Seattle area franchises for someone else’s restaurants in Phoenix. Currently, he owns 26 restaurants in Arizona and none in Washington.

With everything running smoothly when it came to McDonald’s, he could move on to the next thing. Casinos always interested him. He likes Nevada, particularly the beauty of the Carson City-Tahoe area, and he likes to gamble. Another consideration was his children, none of whom seemed interested in the fast food business. He wanted to involve them in a family enterprise that they would enjoy. His daughter, Amy, and son, Tim, have important management roles at the casinos.

Pegram started with Bodines. He and his partners (Pegram owns 73.5 percent of his gaming properties) built a casino with 250 slot machines and a race and sports book in Carson City right off U.S. 50, a main road that leads...
It opened in 2008. One of the few bumps in the road at Bodines was a legal challenge thrown at Pegram by CBS over the name Bodines, which was the name of the family in the ‘Beverly Hillbillies’. Jethro Bodine himself, otherwise known as actor Max Baer Jr., even got in on the act. He was in the planning stages of opening a casino of his own and also objected to Pegram’s use of the name Bodines.

"In my opinion," Baer told the *Nevada Appeal*, "Bodines casino is attempting to take advantage of the popularity and fame of 'The Beverly Hillbillies' and of the 10 years plus that I have been developing Jethro Bodine’s Beverly Hillbillies Mansion and Casino in Northern Nevada."

Pegram, who said the name was taken from a former restaurant on the same location, eventually won out and the lawsuits and threats of lawsuits went away.

Pegram says that Bodines has done well since it was built, but it’s clear that his pet project is the Carson Valley Inn, which he took over in January, 2010.

Pegram said he had his eye on the place for a long time. The Inn is situated in Minden, Nevada, and is nestled at the foot of the Sierra Nevada Mountain Range. The natural beauty that surrounds the Carson Valley Inn is breathtaking, and Pegram figured he couldn’t go wrong owning something with so many aesthetic qualities going for it.

But getting the hotel and casino to turn a corner wouldn’t be easy. Like the first McDonald’s he took over in Mt. Vernon, Washington, the place had problems and was underperforming. There’s nothing glitzy about the Carson Valley Inn, which would be completely out of place on the Las Vegas strip. With only 152 rooms, it’s small and it’s meant to be charming and cozy. The problem was, the place was in desperate need of work. With previous owners not reinvesting in the property, it was getting run-down. So Pegram immediately invested $8 million into the hotel and casino in the first of several planned renovation stages.

But even that wouldn’t be enough. The Nevada gaming industry in general isn’t doing well, and Northern Nevada, in particular, has been hit hard by the spread of Indian casinos in California. In Washoe County, Nevada, which includes Reno, 31 casinos combined to lose $27.5 million on revenue of $1.5 billion in 2010. A trip through once-bustling Lake Tahoe reveals boarded-up casinos and empty parking lots.

What Pegram needed to do was to increase the Carson Valley Inn’s market share, to take customers away from his rivals. To do so, he figured, he’d have to provide the best customer experience in the area.

“We’ve done it here with capitalized investment and with personal service,” he said. “We’re giving the customer what they want.

“At a small-town casino like this, our biggest competitor is the movie theater. When people have two hours to kill, they’ll go to the movies. It costs them $10 each for tickets and another $10 for popcorn and pop. With a couple, they’ll spend $30. They can come here instead, have a couple of pops and, who knows, maybe win a $1 million jackpot. But when we get
them here, we have to entertain them. People want good value for their money, they want clean surroundings and they want friendly employees. It’s no different if you’re running a McDonald’s or a racetrack.”

The Carson Valley Inn has a Cheers-like feel to it; it’s the type of friendly place where, yes, everybody knows your name. Pegram is such a stickler for cleanliness that Stewart says he has seen him personally grab supplies and start cleaning the bathrooms himself. There may not be another place in Nevada that gives its customers more value when it comes to meals. At Katie’s Country Kitchen, you can get a giant hamsteak and a plate full of eggs that no one could possibly finish for just $5.99.

Pegram is always thinking of ways to get people to come to his casinos. In August, he brought in the Flying ELVI, a group of Elvis impersonators who jump out of an airplane. So many came to see their show that roads were clogged for miles.

It’s working. According to Pegram, business at the Carson Valley Inn is up 35 percent since he took over.

For now, he’s very hands-on at the casinos, but more and more of his attention is turning to Del Mar and what role, if any, he can play in the track’s future and the future of California racing.

It’s not that Del Mar necessarily needs fixing. Unlike the Mt. Vernon, Washington, McDonald’s or the Carson Valley Inn, it is successful, one of the most successful racetracks in America. It’s easy to see why—it offers good racing, a short meet and is in one of the most beautiful and wealthy areas in the nation. Pegram also believes the track is well run. He says he is a big fan of Del Mar executives Joe Harper and Craig Fravel.

But it is owned by the State of California, and no one believes that government-run racetracks can do what the privately operated ones can. Del Mar also finds itself trying to maneuver through what are difficult and uncertain times for California racing.

Mike Pegram’s success as an owner often starts at the sales, where he and trainer Bob Baffert have found dozens of stakes winners, many of which cost less than $100,000. Pegram says he gives Baffert free rein and has little if anything to do with choosing the horses they buy. It’s been quite a partnership. Here is a look at some of the best purchases Pegram has been involved in, whether as the sole owner or a co-owner:

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* Pegram purchased Midnight Lute privately for $300,000 after the horse was a March 2005 OBS 2-Year-old RNA.
Hollywood Park is slated to close, handle keeps going down and it’s becoming increasingly apparent that there aren’t enough horses out there to maintain 52 weeks of racing.

The idea of a new group coming in to take over Del Mar surfaced in 2009 when then-Governor Arnold Schwarzenegger proposed the idea of the state selling the property to help balance the budget. The city of Del Mar was the first to react and convinced State Senator Christine Kehoe to introduce a bill that would transfer the property to the city. Civic leaders in Del Mar were motivated, in part, by a desire to keep the track and the fairgrounds just the way it is. Others are pushing for bold plans that call for, among other things, building a hotel, condominiums and a convention center.

Pegram, along with Karl Watson and Paul Weitman, both part-owners of Lookin At Lucky, came together as a group and joined forces with the city of Del Mar in an effort to wrestle away the racetrack from the grips of the state’s 22nd Agricultural District Association.

Watson is the owner of Chevrolet and Infiniti dealerships in Tucson. He became enamored with racing when working for a car dealership in Omaha, where he started attending the races at Ak-Sar-Ben. It was Watson who came up with the name “Lookin At Lucky,” playfully boasting that when people looked at him, they were looking at lucky.

Weitman is also in the car business and is the owner of several dealerships in the Tucson area. A former high school basketball coach, he got into the business when putting in $2,000 to go in with Baffert and his brother, Bill, on a horse.

Under the current deal on the table, the city would own the fairgrounds, but allow Pegram’s group to manage the racetrack. According to the San Diego Union-Tribune, the city is calling the set-up a Public Benefit Trust, and it would buy the property for $120 million from the 22nd Agricultural District Association. The Pegram group would put up $30 million. The remaining $90
million would come from the sale of bonds and a loan from the state.

Pegram’s group would act as a for-profit entity, but the profit motive isn’t necessarily what is behind their plans.

“I’m not looking at this as a get-rich-quick thing at all, and I don’t think the other two guys are, either,” Weitman said. “We all know that horse racing is not in good shape nationally. And Southern California racing is not in good shape. We know it is risky, very risky. I would not like to go into it knowing I was going to lose a lot of money, but I also believe I’m not going to make a lot of money. I want to keep our heads above water, have some fun with it and make some improvements to the facility.”

As is usually the case where millions are being talked about and state and local governments are involved, Pegram’s attempt to take over Del Mar will not come without a fight, red tape and other assorted headaches. But he is confident his group will get it done.

“I cannot predict local politics, but I know the numbers work,” he said. “A while back, I never would have believed that the State of California would turn loose that property, but now it makes total sense for them to do so. There are a lot of issues, but the first thing you look at in a situation like this is, who are the losers? With this, there are none. The only losers, as I see it, are the people who have strong ties to the 22nd Ag, and some of those people are going to lose their jobs. Otherwise, this looks like a big win-win for everybody.”

Pegram believes the deal will get worked out some time this fall, and that his group will run racing at Del Mar in 2012. The main thing standing in their way is the 22nd District Agricultural Association, which, it appears, is trying to hold on to its fiefdom.

“Selling off a state asset that is paid for, which makes money, which creates jobs, makes no sense,” agricultural district chief executive Tim Fennell told the Union-Tribune. “Something’s not right there.”

The Pegram, Watson, Weitman bid to take control of Del Mar also came under question when influential owner and breeder Martin Wygod told the North County Times in February that he believed the state had no intention of selling the track.

“I think it’s dead,” he told the paper. “I think the governor took it nicely off the market.”

Wygod made his statement shortly
After Gov. Jerry Brown announced that he was canceling the sale of several state office buildings which had been put on the block in an attempt to close the state’s budget deficit. The original idea of selling Del Mar came to fruition under the administration of Governor Arnold Schwarzenegger, Brown’s predecessor.

“Buying it is a farce,” Wygod also said. “It didn’t make sense from the beginning.”

Pegram said he wasn’t surprised by or discouraged by Wygod’s statements and that nothing has changed when it comes to his attempts to buy the track.

But the momentum seems to be in favor of the Pegram group, and it’s not hard to envision Del Mar being run by the folksy Turf Club-avoiding racehorse owner from little Princeton, Indiana, whose favorite thing to do is to hang out on the veranda, drink the beer and play the horses.

“Right now, owning Del Mar is Mike’s dream in life.”

Stew “Turtle” Stewart

“The one thing that people don’t seem to understand is that the property is never going to fall into private hands,” he said. “My deal is not with the state of California. My deal is with the city of Del Mar. Where the city and the state stand, I cannot tell you. This has been a work in progress and it involves state and local politics. I just got done having another round of talks with the city, so they obviously still think the track is for sale. All I know is that we are ready and willing to perform if the city gets the property from the state. We’re not dealing with the state; we’re dealing with the city. I’m still very hopeful.”

Mike’s dream in life,” Stewart said.

Pegram and his partners believe the single biggest issue facing California racing is the horse population and the potential for disaster when Hollywood Park closes, which will mean the loss of about 2,000 stalls.

“How long is Hollywood going to be in business?” Watson said. “Nobody really knows. So what happens if Hollywood goes away? Where are all those horses going to go? In my mind, Hollywood is going to go away. The $64,000 question is whether it will go away in one year, five years, what? When it does, what will happen to racing in Southern California? I want to see racing continue in California, and I’m not sure it’s going to have a life if something different doesn’t happen. If Del Mar continues with 37 or so days, where will those other days go to? We care about these things. I’m not sure everybody else cares to the same level that we do about the future here.”

To solve the potential problems, Pegram wants to open the Del Mar stable area year-round. He doesn’t want trainers shifting between Santa Anita and Del Mar, but picking one or the other and making that their year-round base.

“What needs to be done is to utilize Del Mar as a year-round training facility and get more people from the East to come out here for the winter,” he said. “If they don’t have to move their barns from track to track, I think they’ll keep a string of horses in the summer or the whole year. We want to make it so simple for them that they don’t have to leave. We need Todd Pletcher out here and Bill Mott racing 52 weeks a year. I think we can do that.”

In Pegram’s model of the future, Del Mar would run more than just seven weeks in the summer. He wants to hold a fall meet at Del Mar that would take the place of the current meet that operates at that time of the year at Holly-
wood Park. He sees Santa Anita having the bulk of the racing dates, with the rest, maybe 19 weeks, going to Del Mar. He needs more horses and he needs more fans, even at Del Mar, and especially if Del Mar is going to become something more than a short boutique meet. Ask Pegram how he’s going to do that and he doesn’t have any magical answers. Rather, he makes things as simple as possible. Just as he did with McDonald’s and at the Carson Valley Inn, he wants customer service to become the No. 1 priority at Del Mar. His recipe for success elsewhere has been customer service, a good product and value. He wants to do the same at Del Mar.

And he’ll start with (what else) the beer prices.

“The biggest challenge we’re going to have at Del Mar is what to do with the beer prices,” he said with a laugh. “I go there every day and bitch about having to pay $7 for a beer. So, I have to put my money where my mouth is, right? Ok, let’s say I reduce beer prices by 40 percent, then we have to see a 40 percent increase in beer sales, otherwise we’ve just cannibalized ourselves. That’s an important decision for us—long-term gain or short-term pain? I haven’t figured that one out yet. That’s going to be the most common question asked of me. I know one thing—if I don’t lower beer prices people are going to roast my ass, and rightfully so.”

There are, of course, more important issues in California and at Del Mar than the price of a beer. Pegram sees the bigger issues, ones that go beyond Del Mar.

“The horse racing situation in California right now is scary as hell,” he said. “The only reason why I got myself involved in the Del Mar situation is because Del Mar is the linchpin when it comes to the success of California racing as a whole. Without Del Mar, you don’t have Southern California racing.

“I’m not knocking Frank Stronach, but when he started buying up race-tracks, California became just another dot on his map. He was in Michigan, Oregon, Florida, all over. California wasn’t where he was at. Churchill came in and made their play at Hollywood, and then it didn’t take them long to decide they wanted to get the hell out of there. We went through this whole phase of corporate ownership, and I think there’s been a lot of cases where

Carson Valley Inn and his fast food places. Accentuate customer service. Do the little things right.

“Any facility, be it a basketball arena or a racetrack, they always need improvements, and that takes money,” Weitman said. “Keep the place fresh for the customer. That’s no different than what I try to do for the customer in my business.”

“There’s no such thing as a savior,” Pegram said. “The only way you really make things work is focus on the customer. I will keep repeating myself all day long if I have to. Take care of the customers.”

Make sure people have fun, even if that means bringing the Flying ELVI to Del Mar. Don’t rip people off when it comes to beer prices. Make Del Mar better than it already is. In an industry that is struggling, lead by example.

“One of the problems Craig [Fravel] and Joe [Harper] have had is that their job status comes up every five years,” Pegram said. “Every five years there’s a new RFP so far as who’s going to operate the track. That has put them in a political situation where they can’t piss anybody off. They’re in no position to make enemies. I never understood why Craig and Joe weren’t more vocal leaders. They couldn’t be; it would have been career suicide. We can change that. If this goes through, I see Del Mar being in a position where it can be a real leader in the entire industry and a force for positive change.”

Yes, Mike Pegram wants to make money running Del Mar. He doesn’t apologize for that. But there’s more to it than that. He likes racing and he likes challenges. He sees a sport that struggles and he doesn’t just want to improve things — he wants to make the sport as great as it can be.

“We’re going to go into Del Mar and nothing will be status quo,” Pegram said. “That’s not the way I do things. That might work for the average person. There’s nothing about me that wants to be average.”