
STRATEGY MEMORANDUM

TO: TRIBAL COUNCIL
FROM: MIKE SCANLON
SUBJECT: UPDATE
DATE: AUGUST 14, 2003

Per our ongoing efforts to monitor the political situation in Sacramento, I wanted to take this opportunity to provide the council with a brief strategy update regarding several possible courses of action. As we alluded to in our previous communiqués, the recall has created a very murky situation in California - one that in our opinion provides little to no hope of resolving itself soon. Now that the field of candidates has solidified, we believe the council should be prepared to act - especially in case an anti-gaming candidate surges to the forefront of the race. The purpose of this memorandum and its strategy is to position the tribe against the unforeseen, as best we can.

Polling

Our pollsters have been informally working in California throughout the last several weeks and have delivered a number of important pieces of information. The race in California, while clearer than last week, is still very fluid. We remain 2 months, and millions of dollars away from October 7, but a few items are becoming evident.

The media's love affair with Arnold Schwarzenegger is based almost completely on his fame and it is our opinion - albeit not completely based on scientific data - that his actual political support may be shaky. From what we can discern at this point, reports showing him with extremely high approval ratings ignore the fact that a strong portion of that support comes from Democrats who may not remain loyal to a Republican candidate once forced to take partisan positions on issues.

Additionally, we are concerned that initial reports of such strong willingness to recall Governor Davis may be overstated. While there is undoubtedly a very strong contingent of voters who will vote to recall the Governor, his numbers are likely to improve as the media frenzy subsides.

BB/AC05076

That said, we will be placing our own poll in the field early next week to test some of these very issues and provide you with a clearer scientifically-based picture of what is actually occurring throughout the state. We believe it is prudent to wait until next week to conduct the poll as any polls taken this week will be greatly skewed by intense media coverage and unclear messages emanating from the candidates and media outlets.

Political Tactics

Currently, the major challengers in the field, namely Schwarzenegger and Bustamante, have remained mostly silent on the issue of Indian gaming and the compacts, and we believe that it is in the best interest of the tribe and the compact effort to push the candidates to state publicly their opinion and position for the record. That is why we are proposing that we run an advertisement in the form of an open letter/question in the *Desert Sun* and ask the candidates directly about their position on issues important to the *Agua Caliente*. Additionally, we would like to prepare a statement from the council to the media informing them of the council's decision to place the ad and demand responses from all candidates wishing to be governor. We believe that this strategy will have several positive effects.

First, it will have the very beneficial effect of flushing the candidates out on the most important issue facing the tribes. We will be better able to decipher who, if any, of the candidates could be considered a friend of the tribe. Secondly, it will be very well-received by both of the Democrats "running." Both Governors Davis and Bustamante will be very comfortable in discussing political issues in the public forum, while they have made much of Schwarzenegger's unwillingness to engage and go on record with his opinions. As a result, you will have the indirect effect of keeping two of the three major candidates happy while not overtly boxing with a third (namely Schwarzenegger). Lastly and most importantly, with the an answer from the candidates on this question and polling data on the race, we will know if the person who is most likely to become governor in 60 days is anti-gaming expansion, and we can develop a plan to assist in that candidate's defeat.

The bottom line is, come October 8th, we don't want to see a governor who is not inclined to give you a favorable compact and this strategy is intended to first, determine if that is possible, and second, to prevent it.

We believe that time is of the essence with regard to these issues, and as a result, we look forward to speaking with you at your earliest possible convenience.

BB/AC05077

MEMORANDUM

TO: TRIBAL COUNCIL
FROM: MIKE SCANLON
SUBJECT: UPDATE
DATE: AUGUST 26, 2003

Per our strategy memorandum last week, I wanted to follow up with a brief update and some further analysis for the council. As you will recall, we believed, and still do, that the recall election remains extremely fluid and hard to predict. As a result, we have conducted a state-wide poll to help us begin to flush out some key trends and predictors moving forward. I have attached the results of the poll and will forward them to you via Federal Express. Please also find below a brief synopsis of some of the key findings in last week's poll.

Methodology

This statewide survey of California voters was conducted August 21, 2003, among 800 very likely recall election voters throughout the state. Interview selection was at random from among lists of registered voters with a history of voting in California general elections, and respondents were screened for high likelihood of voting in the October 7th special recall election. The sample was constructed to statistically correlate with actual voter distributions in the state. The accuracy of the statewide survey with 800 likely voters is within +/-3.46% at a 95% confidence interval.

Key Findings

- California voters are very angry, with a whopping 74% thinking the state is headed in the wrong direction, and with 67% disapproving of Governor Gray Davis' job performance. The state budget crisis, employment picture, and energy crisis most drive these views.
- Of interest is the extremely high number of voters who are less likely and much less likely to vote for a candidate who "does not tell voters where he or she stands on important issues". Nearly 83 percent of voters are less likely to vote for a candidate who is not clear about his position on issues (65 percent much less likely). These numbers further enforce the need to for candidates to be clear on their positions of significant importance to the electorate.

BB/AC05078

- The current ballot on the question of recalling Davis from office is 56% in favor, 41% opposed, and just 3% firmly undecided. That makes it very difficult for Davis to survive. It's not impossible, however. Currently, 36% of Democrats say they will vote in favor of recalling Davis. Since California is such a Democratic state, if Davis is able to unite and rally Democrats to his cause, he might be able to avoid being recalled. It's a long shot, however, as Davis is currently only viewed favorably by 41% of Democrats, while 40% from his own party view him unfavorably.
- None of the possible replacements for Davis is especially well liked by the voters or shows major demographic strengths within the electorate. It appears unlikely that any candidate other than Cruz Bustamante and Arnold Schwarzenegger has an ability to expand his support to the level necessary to win on the replacement ballot.
- Between the two leading candidates, although Bustamante only leads by 2.5 percentage points (25%-22.5%), for several reasons, he is in a considerably stronger position than Schwarzenegger at this time. First, among all voters who have an opinion of both candidates (a leading indicator of where the vote ends up), Bustamante leads by 34%-25%. Second, Bustamante has a more unified base. He currently receives the support of 41% of Democratic voters and 44% of liberals, whereas Schwarzenegger receives only 37% of Republican voters and 31% of conservatives. The McClintock candidacy is clearly a problem for Schwarzenegger, because he is receiving 14% of Republicans' votes and 19% of conservatives'. Third, pro-recall voters are also more divided on their choice of replacement than are anti-recall voters (41% of pro-recall voters are presently committed to supporting candidates other than Schwarzenegger, while only 30% of anti-recall voters are committed to candidates other than Bustamante).
- Surprisingly, Bustamante does not have a large lead among Hispanic voters (only 36%-25% over Schwarzenegger). Note, however, that unlike the recall ballot, the replacement ballot is quite fluid. Unlike Davis, neither Bustamante nor Schwarzenegger is sufficiently locked into their electoral position to make accurate forecasting possible at this time.

As always, we look forward to answering any questions you may have. We're happy to be working with you and hope to see you again soon. Thank you for your time and attention.

BB/AC05079

- Overall, Indian gaming, and casino gambling generally, receives fairly good marks in the state. Although there is relatively little public awareness of the Agua Caliente Tribe (28% hard name identification), and even less knowledge of the compact (11%), the general climate for Indian casinos is positive (43%-31%). This support is considerably stronger in the Los Angeles media market (51%-23%) than elsewhere in the state. Similarly, only 25% see casino gambling as negative for California, while 64% view it having a neutral or positive impact. The positive view toward Indian casinos is driven in large part by the perception that they create jobs, help the economy, and boost revenues to the state. As a political leverage point, this finding is significant, as the reasons given for favoring Indian casinos are the same issues noted as the most important facing the state.
- Notwithstanding the overall fairly positive climate, however, efforts to expand casinos or the number of slot machines would be met with significant resistance by voters.

Tactics

As you know, we have also suggested that the Council employ a key advertising campaign that asks the candidates to articulate a position on the compact issue. We have included for your review and approval, a draft advertisement that does just that. We recommend that the ad be placed in the *Desert Sun* newspaper, and as we mentioned earlier, we believe the advertisement will have a number of important effects.

Obviously, it will help us to determine who is politically aligned with the council and the membership. In addition, it will be positively received by both Democrats in the race, namely Governors Davis and Bustamante. Both of these candidates are well-versed in the issues at hand, and each has a fairly positive record on tribal issues. Finally, we will be able to finally pin down each of these candidates on their position with regard to this very important issue, which should be very useful in the coming weeks and months. While achieving all of these ends, we will be able to avoid overtly fencing with Schwarzenegger who will undoubtedly remain a force in the election.

As with any public advertisement in the political arena we must note that while we believe that there are no requirements under lobbying disclosure or elections law, we are not legal experts and would advise the council to check with their attorneys regarding any disclosure rules associated with an advertisement such as this.

As always, we look forward to answering any questions the council may have and are available at [REDACTED]. We look forward to speaking with you on September 3rd, if not before.