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Being Prepared

MODERATOR:

Alex Waldrop, Chief Executive Officer, NTRA

SPEAKERS:

Dean McKenzie, CEO, New Zealand Metropolitan Trotting Club

James Robertson, Director, Corporate Security, Delaware North Companies
Gaming & Entertainment

Mr. Gary Amundson: — 40th conference since the program started. I'm sort of a blast from the past and was asked by Doug to introduce Alex who's our moderator — Alex Waldrop — for this panel. Just a couple notes. This being the 40th conference, this is also just a quick thing, places that I've addressed the conference.

We had our first conference at the Park Plaza Hotel in downtown Tucson right by the U of A, had 'em at the Arizona Inn. Some of you I know — some of you guys have been at a lotta these conferences in the past that have come every year. From there it went to the Doubletree and then it went to the Loew's Ventana Canyon Resort which is just down the road from here, and then of course, here at the Westin La Paloma.

It was interesting. Last evening, Doug Reed, who's the director of the program, and Lonnie Powell, the former director, and myself were together, and we probably represent almost all those 30 years running the conference. Things have changed dramatically. The industry's changed.

The one thing throughout all this is that the symposium here has been very successful. It grew from almost nothing to being the best conference probably in the world. It continues to be the largest conference anywhere as far as we know that's a consistent conference, so we really appreciate all of you guys coming.

Our panel this morning, this is panel is — Alex Waldrop is the moderator. I read through his bio and what impressed me right away is he's on the University of Arizona Racetrack Program Advisory Board, which I'm now on as well. That's a great thing. Throughout the history of the program, we've had some of the finest executives in racing in America, horsemen, track owners, track managers, racing

commissioners, jockeys, a variety of people who always worked hard to ensure the success of the program because it's always good.

Alex has done that as well. He's been out here in their speaker series that he speaks to the students, but he's currently the President and Chief Executive Officer of the National Thoroughbred Racing Association, the NTRA, where he leads the thoroughbred industry's national office. He's responsible for matters pertaining to legislative advocacy, racing safety, integrity, marketing and promotion of the sport.

He's got a lot — his hat's in a lotta rings and he does a lotta different things. He previously spent 13 years with Churchill Downs as President and General Manager from 1999 to 2002, General Counsel from '92 to '98, and as Senior Vice President Public Affairs after that. He's also a former equity partner in the Louisville office of Wyatt Tarrant & Combs where he was the chair of the firm's equine, gaming and entertainment practice group.

He's on many, many national committees. He's very adept and very knowledgeable in a wide variety of areas and so let's welcome back to Alex Waldrop. Thank you

[Applause]

Mr. Alex Waldrop: Thank you, sir, and thank you for your service over the years to this program. It's great to see you guys back. 40 years is a long time to continue anything. This morning our panel is entitled "Being Prepared."

Your seminar materials describe our job today as helping your plan for a worst case scenario. We've been asked to address security issues and strategies for being prepared for the unexpected. We're gonna address these topics from a variety of perspectives, perspectives that are appropriate for a wide array of organizations.

With me at the podium today are two gentlemen who are certainly qualified to speak to these issues. Our first speaker is Dean McKenzie. Dean is currently the CEO of New Zealand Metropolitan Trotting Club in Christchurch, New Zealand. I think he gets the award for traveling the furthest, certainly among the speakers, to be with us this week.

His primary duties there with the Metropolitan Trotting Club are the operation of Addington Raceway which is New Zealand's top racetrack. His background is very extensive. He's done a lotta sports management work primarily in rugby and in cricket venues. He's a chartered accountant. I find it interesting that he has a Master's Degree in Sports Administration and Facility Management from Ohio University.

Actually, what qualifies Dean to be with us most today is that he was at the helm at Addington on the day that New Zealand was struck by a major earthquake. He is here to tell us of his experience that day and help us plan for similar catastrophic events at a racetrack. Dean, the floor is yours

[Applause]

Mr. Dean McKenzie: Thank you, Alex. That's a very kind introduction, and it's certainly great to be back in the United States. I've got a great affinity with the country. Alex is right. I did spend a year at grad school in Ohio which I have fond memories of and certainly got to see Kentucky Derby the year I was here, as well as visiting a host of U.S. tracks from Beulah Park to Northfield to the Meadowlands to Keeneland. I tried to fit in as much as I could, but I'm not here to talk about that today.

I'm here to talk about probably a strategy more for dealing with the unexpected cuz I think an earthquake probably does fit that bill. You don't know they're coming

[Chuckles]

If we could predict when they were coming, that would be quite handy, but they are the epitome of the unexpected. I've just got a brief couple of You Tube clips just to give some context to what we've been going through particularly in Christchurch.

Just to set the scene for the background of what I've — I haven't tried to rewrite an emergency plan. I know all the venues and facilities will have their own robust emergency planning procedures as we did. What I've just concentrated on is the practical examples of what we learned from that particular day, which you won't find in a manual.

Well, I certainly didn't find them in a manual anyway. Otherwise, we would've known they were gonna happen. If we could just briefly show that clip and then I'll go through a brief presentation.

[Video Playing]

Well, we nearly got there. I apologize for that. That's certainly my inadequate technical skills I think more than anything that the facility here is to blame for, so I apologize for that. I think you got the drift of the scenario that we were dealing with. The clip that we show from the actual earthquake was the February earthquake.

Now, if I could just start the presentation, I'll just briefly context that to the day that we actually raced and had the actual earthquake. Do I just press the screen button there? There we go. This is actually a photo of a stand when it was demolished. I referred to that in the article.

We had a major stand that was originally — we originally had a — I'll start this. We originally had a—Christchurch did not have a history of — it's not like California. We did not have any history, and that's why it's such a good example to use for the unexpected.

No one in Christchurch — we have one of main faults that runs through New Zealand through the ring of fire or whatever they call it, but it doesn't come through Christchurch, so no one in Christchurch had ever thought that — if you'd lined up the top ten possibilities of something that might happen in Christchurch, an earthquake wasn't one of 'em. It was just something that no one had ever considered possible.

On the morning of September 4th it was, 2010, we had a magnitude 7.1 just outta town. Now, that was the start of the event. Now, the clip that I showed just briefly was actually from February 2011, so it was an aftershock of the 7.1. Now, the problem was the aftershock that the clip showed was basically right in the middle of the central business district or the CBD as we call it.

It was very shallow. It was less than five ten kilometers deep. The impact of that was quite severe as you could see. Since the September 2010, we've had effectively twelve and a half thousand earthquakes in that three year period. Now, I was talking to James about this early, and that number is that ridiculous. If I was in the audience, I would be saying, "Well, this guy must be making that figure up cuz no one could possibly have 12 and a half thousand earthquakes in three years." Well, unfortunately, we have

[Chuckles]

It has been a period of time where you've got used to them. Do we like them? Certainly not, but I think it is a good example of — we all say in venue management at times, "It's a low priority. It's a low risk. That won't happen to us." Well, again, I think that this is a really good example of something that you never actually think would happen to you, but these things do happen, and I think this is a good example of it.

Very briefly on the organization that I run, it is the largest — it's the venue that holds the most race meetings in New Zealand. You would've seen a greyhound track in the middle of the harness track in that clip that we showed from New Zealand Cup Day. New Zealand Cup Day is New Zealand's largest race day, which is quite unique being a standard Brit event. It's run on a Tuesday, and it's not a public holiday. We get 25,000 people to that event in a city of only 348-350,000 people.

It's a little bit like Melbourne Cup Day. I know a lot of you will be familiar with Melbourne Cup Day. That's also run on a Tuesday. It's run on the Tuesday before our event. It's ironic that the two biggest race days in Australia and New Zealand are effectively both run on Tuesdays, although Melbourne Cup Day is a public holiday. It's quite a unique — it's a quite a historic day.

The racetrack itself is, as I say, quite a famous track. It's been there for a long, long time, a hundred and something years. Just reiterating that the public stand was demolished as a result of the damage experienced in both those two earthquakes, the September 2010, 7.1, and the February 2011 which was shown

on the clip. Now, the practical lessons that I'm going to refer to shortly came out of another set of aftershocks in December 2011 when we had a magnitude 5.8 earthquake minutes before the opening race.

We had what we call in New Zealand a jewel card where we had both greyhounds and harness operating on the same day. The greyhounds had started around midday. We were starting around about a 4:00 twilight type thing. It was the middle of summer. Just before our first event, they were probably four or five races into their card, we had a magnitude 5.8. That afternoon we experienced four individual earthquakes over 5.2 within an hour and a half, including and I've used the 6.2 aftershock.

That's again one of the lessons that we learned out of it, that just because you have an earthquake, that doesn't mean that it's gonna be the biggest earthquake you have that day because there's two examples that I can personally refer to. We had a decent shake large enough to clear the facility, but yet we had a bigger one later that day.

That's just a — that's their favorite shot. That's of Cup Day last year, 2012. You'll see to the — if you're facing the track, to the left of that stand is where the public stand used to sit, the main stand that isn't there anymore. We have temporary facilities that go right down through the — that I think shows the day in great context.

Go to the presentation. Again, you won't find a lotta these things in a manual. There are things that we learned out of the day that I don't think we would've realized or learned unless we'd actually been there. This was the December 2011 set of aftershocks. What happened was straightaway when we went to evacuate the building all the cell towers had gone down. The earthquake was that severe that there was no communication available.

I was actually recalling this in a conversation last night that what actually happened — and I'm not sure if this would happen in North America or not, but locally no one could reach each other, not by text, not by phone call, not by anything. Yet, people from around New Zealand, their call could get into your cell phone.

What was happening was we were standing there after the building had been evacuated and our phones were going from people ringing from Wellington and Auckland and the like who had read about the aftershock or heard about the aftershock on the radio. Phones were going from people from outside the city, so their phone calls were getting through, but local communication was completely dead.

What we do now is — on our big days we used to have radio telephones as I'm sure most big tracks in North America do as well, but now we have them for every day. We actually went out and purchased a set of radio telephones that we actually now use on every race day and they're part of any event that we hold at the raceway.

The communication center that houses all our emergency services, police, medic and security and the like, we now have them outside. Certainly on our biggest days, they're situated outside the main building and standalone facilities. Evacuations, we've learned — the thing about that day was — the evacuation went fine. It went very well.

The thing that — I'll use the context of sheep, being from New Zealand, is that people, they follow each other like sheep. If anyone's familiar with sheep, what they do is if one goes somewhere, the rest of them just follow. What happened is, when we went to evacuate the building, they all went down the way they came in.

That was the first — the first mentality was, "Well, where did I come in? I'll go out that way." Now, the facility that we have, we have the two major exits are at each end of the building, plus the stairwell down the middle where a lot of them came in. No one used the exits at the end. They all went to use the stairs in the middle where they came up, so what we learned outta that was we had to do more live trial evacuations so that we've actually now instigated what we call live trial evacuation.

On a race night, we actually evacuate the building. We had an hour between two races, and we actually evacuated the whole building so that the people that serviced the building on a regular — the duty managers and the like that control each of the floors, they actually go through the actual process of getting people who don't know where they are or don't know what they're doing out of the building in a live situation. We find those very valuable exercises and will continue to do those.

Emergency kits, we now have them placed on track. One of the problems we had on that day was we couldn't communicate to anyone because all the power was out. The sound system wouldn't work and the like. We didn't have loudhailers, going back to the old days of communicating with your customers in a crowded area. We now have these emergency kits where we have things like loudhailers, so we're totally self-sufficient because if an event the size of what happened in Christchurch happens at your venue, the city's in chaos.

They haven't got time to jump in an ambulance and a fire engine and come and look after you. You have to at least in that first instance be able to be self-sufficient and look after yourself as best you can. We now have kits that you read there with those things in it so that we can actually a least be self-sufficient to a degree where we can actually be proactive in handling the situation at that time. That was one of the key lessons.

We now have what we call an Emergency Management Team, an EMT. Before every event, half an hour before every event, we actually have an EMT meeting because every event's different. We'll have customers that are disabled. We might have three disabled customers on level three. We go through all of that.

They'll go through who's in what room, how many people there are — the rundown. Is there a band in there later? What time they're expected to finish? What time the bar's expected to close? All those type of things just so that the — the duty manager's attend. Everyone who would be involved in any evacuation is involved in that discussion.

We have that now for every event, whether it's New Zealand Cup Day with 25,000 people or that what I call an industry day. We all have those industry days where the people are just there because the industry is functioning on a working basis. We find those very valuable.

We have quite detailed customer briefings both in a verbal context. If you go to a function at our venue, before the night or the day's procedures unfold, the duty manager will get up, introduce themselves, explain the context of, "Should there be an evacuation, here are the exits," blah, blah, blah. Just to reinforce — to give them the context of, hey, this is something that you need to be aware of. It's not overplayed, but it's certainly used as part of an information exercise.

Also, with regards on the race card, we have briefings of what to do in the event of an earthquake, but in a context so that no one will read five paragraphs of detailed writing. They will read — people being people, they will quickly look at something and go, "If I understand that," so that if they go, "Well, there's the exit and this is what you need to do. You need to" — cuz in an earthquake, most of the casualties from our February earthquake were from people leaving the building.

That's the natural human reaction is, "Well, there's an earthquake. We'll get the hell outta here cuz this building's gonna fall down." That's what you think, but it actually — you'll need to take cover next to the most secure object you can find. That's the procedure for an earthquake. Again, we just reemphasize that as best we can.

Things like security of cash; that was an issue we came across when the tote staff with their trays of cash. We evacuated the building. Well, where were they going? It was something that we hadn't — yeah, we hadn't worked through that we had these people with trays of cash

[Chuckles]

We didn't have a — we hadn't worked through where would they take their cash. We have that now.

One of the really unique things we found and this was the thing that I still — the wonder of the human mind — is we've evacuated the building. There's aftershocks every ten minutes happening here, so set the scene. The building's shaking like it's — it's shaking. We've evacuated the building. The biggest problem we had was stopping people going back in.

Now, have to think about that. Where's that in the manual? We have 16 entrances on the ground floor of our building, so all of a sudden

[Chuckles]

all of a sudden we were trying to prevent — we were trying to cover 16 entrances to stop people going back in. That was the biggest—that was the biggest issue we had.

Some of the other things that we've learned from, we've instigated a safety officer for large events. That's their only job is to actually go around and ensure that our areas — that people aren't — we're not over capacity in any area, so that if there is an evacuation that's required we can ensure that we can get those customers out as quickly as we can.

We even have a structural engineer on call on our bigger days so that if there is an event we at least have the ability to get a structural engineer to assist the property as quickly as we can. Just being proactive. That's the one big scenario probably anywhere in the world. On two occasions in June 2011 and on that day in December, we had the 5.8 in December that scared the wits out of everyone, and an hour and a half later we had a 6.2. Yes, you have bigger earthquakes than 6.2, but it was literally five ten Ks deep, and it's not very deep. I can assure you.

We had a large broadcast vehicle that was collecting cameras out of the stand which again was another problem we had. Those cameras were due to go to another venue the next day to service that other venue for racing. They were trying to get into our stand to get the cameras out when all this happening and they had the truck pulled up. It's a great big huge truck. It was like that.

That's the one lesson I'll leave you with because I would never have thought that. I always was taught that once you had a big shake, the others declined in intensity, but that's not correct. I can give you that as a surety. Anyway, that's me. Are we taking questions now?

Mr. Alex Waldrop: Let's wait until after.

Mr. Dean McKenzie: Wait until after. Okay. Thanks

[Applause]

Mr. Alex Waldrop: Thank you, Dean. We're gonna wait until after the next speaker before we take questions, so hold those questions, but we will come back to them.

Our next speaker is James Robinson. Jim is the Director of Corporate Security for Delaware North Companies, the Gaming and Entertainment Division. His duties include overseeing corporate security and local security at almost 200 operating locations worldwide.

He has a fascinating background which includes 22 years as a special agent for the FBI. I've got to read some of the things you've done because it's impressive.

He managed a highly successful global counterterrorism program resulting in the prosecution of an Al-Qaeda operative planning attacks on commercial security defenses.

As the FBI's on-scene commander for counterterrorism operations in Iraq, he directed multiple high-risk joint agency terrorism investigations and operations and managed the investigative team assisting in the prosecution of Saddam Hussein for crimes against humanity.

As the chief of the FBI's international terrorism operations national terrorism center, he formulated and implemented the FBI's overseas intelligence and law enforcement strategies and directed multiple deployments of extraterritorial counterterrorism teams in response to attacks on U.S. persons and interests abroad.

I think he has to be one of the most qualified speakers on a topic like security that's ever been at this conference. With no further ado, Jim, please come forward

[Applause]

Mr. James Robertson: Thanks, Alex. That was very nice. I'm glad to be here today. Again, my name is Jim Robertson, Director of Security for Delaware North Companies. I feel like I'm coming full circle.

As a young FBI agent, I was stationed in Chicago in the late '80s and assigned to an organized crime taskforce. One of the cases that I worked while I was in Chicago was allegations that the Chicago outfit or the La Cosa Nostra was fixing Thoroughbred races at Hawthorne and Sportsman's Park.

I spent about six months working very closely with an old time handicapper who taught me everything you need to know about racing and some more. A very fascinating experience. Nothing ever came out of the investigation.

There was no horse race fixing, but it provided me really some inside information in regards to trainers, the jockeys, the internal workings of the racing industry.

I'm glad to be here today, and I hope I can bring something to the table. Let me take about two or three minutes to give you a brief understanding of Delaware North Companies.

It's a global food and hospitality company. As Alex said, we have about 200 locations worldwide. It's actually seven different subsidiary companies.

One is Parks and Resorts where we run about 4,000 guest rooms at several locations around the United States, managing Kennedy Space Center, Yosemite, Yellowstone, Grand Canyon and several other ones.

DNC Sports Service is a big subsidiary for us. We run major sporting venues throughout the United States and North America, concessions, fine dining, catering and retail. About 50 plus high-profile venues in North America, Major League Baseball, NFL, NBA, NHL.

We also own the TD Gardens in Boston and the 2011 Stanley Cup Championship team, the Boston Bruins. TD Gardens is one of the top three concert and sports venues ranked by *Billboard* magazine. Very, very busy place. DNC Travel and Hospitality; we run airports throughout the United States. Airport growth has been very strong at the company over the last several years.

We're in Los Angeles, Detroit Metro, Denver, Minneapolis and several others.

Have operations in Australia and the United Kingdom; sports venues, airports. Also, we own destination resorts in Australia. High-end resorts: Lizard Island, Wilson Island, Heron Island and a couple other ones.

DNC Gaming and Entertainment; again, a very substantial part of our operations. We operate gaming in seven states in the United States. We're the largest racino operating in the United States also. Also include hotels and restaurants. Very, very big and broad, diverse operating environment from a corporate security perspective. How do you manage that? How do you manage that operational environment to, again, what we're here to talk about really is to prepare for the unexpected?

What you really need to do is to think strategically and act tactically. When I say think strategically, you gotta think long term. You gotta constantly question your policies and procedures and programs that you have in place and really look and continually look to improving those policies and procedures in order to really understand your operational environment. The key is to know your operational environment.

What I'm gonna talk about today is two different things.

The first is called intelligence driven operations, and I'll talk a little bit more about that.

A second piece I'm gonna talk about is if you are ever in a situation where you have to confront a crisis or respond to a crisis, as Dean was talking about, how do you manage that, particularly in regards to when you have 200 global locations?

You're not gonna be there. You're gonna depend upon people onsite to actually respond to that crisis, so how do you manage it?

First, intelligence driven security. What you're trying to do again is to understand your operational environment and identified risks. What you wanna do is to — you talk about prepare for the unexpected? You wanna prevent the unexpected.

I mean some of these things, like what Dean was talking about is you can never prepare for an event like a natural disaster.

A lot of other things that are out there that are risks, operational vulnerabilities that once you do identify and if you identify it early, you will have time and opportunity to remediate those risks before they escalate, and that's the key.

Intelligence driven security operations, again, it's really to be more proactive and to prevent something from happening rather than constantly reacting to events. That really requires you to educate and make aware of your employees.

For corporate security, we're a group of about four individuals or direct reports in Buffalo, and then we have 200 operating locations. A lotta those locations will have security directors, but most of 'em we don't have a security presence and we depend upon our general managers to be the eyes and ears from a security perspective.

We need to push out reporting requirements for those individuals to look for different things and report those incidents, those risks or operational vulnerabilities that will enhance our visibility in regards to the operational environment and allow us opportunity to remediate those risks.

Here is a — just very, very briefly is a process that was developed by the U.S. intelligence agencies and used by the FBI after 9/11 and also used by a special operation command in Iraq and Afghanistan.

Very, very in general terms, after 9/11, the FBI under Director Mueller went from being an organization where we would just react to things and investigate things to being more proactive.

Our mission was to prevent something bad from happening, prevent the next terrorist incident. How do you do that?

After 9/11, we got thousands of leads coming in regarding individuals with suspected ties to Al-Qaeda or suspected terrorists.

We didn't have the resources to go out there and investigate and interview each of those incidents. What we did is developed a team of professional analysts that came in.

They would look at that information and would exploit that information looking for travel records, whether or not the individuals went to Iraq or went to Afghanistan or Yemen to participate in any type of training camps.

Look at their cell phone records, look at different financial pieces, package it all together and to prioritize those incidents, and then push that back out to the agents, collect more information, bring it back in, and really get a clear understanding of your operational environment and who the threats were so that we could then effectively remediate the threats.

When I came to Delaware North, working with our human resources and general counsel, understand that we're not working in a war zone.

I'm not longer represented with the FBI, but there are certain things that you can do taking that intelligence driven operational piece and use that as a template to really look at your operational environment and prevent something bad from happening.

Well, one example that I'd like to give you today is a workplace violence prevention program. I don't know if everybody's aware, but any of these incidents that you hear about or read about, hear about on the TV or read about these active shooter incidents, the majority of them can be stopped.

All of these individuals — none of these individuals actually woke up one morning and decided to kill somebody.

The perpetrators usually displayed some type of behaviors or concerned, and we'll call those action points or warning points. The key is to become aware of these indicators and then to provide opportunities to intercede and to remediate and to deescalate those incidents.

A flashpoint then is an incident where the workplace violence actually occurs, so you don't wanna get to that.

[Video]

Again, this is another instance. Every one of these instances over the last several years that we've had in the United States, they can be stopped. These individuals, the warning signs are there.

It's just identifying those warning signs, training individuals within your company or your organization to understand what those warning signs are and reporting them. That will provide opportunities then to remediate.

What we did at Delaware North, our workplace violence program, and what I'd like to key upon is the training and awareness program.

We got 55,000 employees in Delaware North.

We've trained all those individuals to really become aware of action points or these warning signs.

Warning signs, in addition to threats and intimidating actions by an employee, include increased use of alcohol, unexplained increases in absenteeism. There are several of them there. I'm not gonna read them. You can see 'em.

Once you identify those warning signs, then there's mandatory reporting requirements to report that to a supervisor or to human resources. We also have a 1-800 number or website reporting that you can report it anonymously.

This is a — I don't know if you can read everything there, but what I'd like to tell you about this is if you look at the top, the top green circle, that's where you're actually managing a crisis, so something that has happened.

A crisis has happened. What you wanna do is stay in the bottom half of that circle. The bottom half of that circle, which will allow you — the blue circle there to the right is threat intelligence, so you're bringing in information, it's being reported.

Let's say we're reporting on threat information regarding a potential workplace violence incident. Bringing that information in, we're analyzing it, we're exploiting it.

We're looking at the individual's background, maybe his social media, company-owned computer systems.

What's he doing on the Internet? What type of email activity does he have? Packaging up and then putting that out to the location and working with HR and with the general manager in order to deescalate the situation.

What we don't wanna do is to get to a point where we have an active or this flashpoint where something actually happens.

My next piece that I wanna talk about briefly is managing a crisis. If you do, like Dean was, you have to address a crisis, a crisis occurring.

We have 200 operating locations. How do you manage that? Very, very difficult to do that.

All organizations are susceptible to natural disasters, human error, accidents, criminal acts or a terrorist act.

Each of these crisis present different things to a company. They're really decisive moments. The stakes are high and time is of the essence. They're also defining moments for a company.

They present opportunities to either enhance the company's reputation or to just destroy the company's reputation.

What you do in the early hours or the early moments of a crisis are extremely important in regards to you being able to control the environment forward.

Five steps of crisis management talk very briefly about there's always that tactical response.

With 200 global locations, our general managers are the on-scene commanders. They're the individuals that will be there to tactically respond to an incident, and that's those first responders to contain the threat and to assess the threat.

The other piece that's very, very important from a Delaware North, large perspective, is more these strategic issues that need to be dealt with immediately too. Identifying your stakeholders.

Who's your stakeholders? It could be different depending upon what location you're at and what type of crisis you're dealing with. Stakeholders could be your employees. It could be your clients, vendors, the public.

Stakeholders also are the chain of command, your CEOs or your board of directors. The individuals that are on scene that you're depending upon to contain the situation and assess the situation need to be very upfront and candid and accurate reporting when that piece is going up.

They need to be available; seamless and timely communication between the crisis location and headquarters and particularly need to move on.

That reputational management piece is extremely, extremely important. Again, what you do in the early moments or the early hours of a crisis are going to a large extent impact on your ability to control the environment forward.

[Video]

Very important to manage that; not only the tactical piece, the response, the early warning, the containing the threat, but also these more strategic pieces.

What we've done at Delaware North is developed a corporate crisis response plan. That really enables DNC executive management that are stakeholders, if we have a crisis at any of our global locations, to react promptly and effectively to a major emergency anywhere in the world.

How that works is we've set up really reporting requirements or collection requirements. All of our general managers at all of our locations are required to report different pieces to headquarters. If you look at the bottom of this document there, the bottom one-third is type three corporate crisis pieces.

That's examples of incidents that we've determined to be a potential corporate crisis.

For instance, anything that would have a financial impact on a company, a substantial impact, a workplace violence incident that results in injury or a fatality,

anything that has the potential to really hurt or harm the reputation or image of Delaware North. Those general managers are our eyes and ears.

That's given me and corporate security and executives in Buffalo the ability to really get visibility on what's happening out there. The general managers then are required to report those incidents immediately via a 1-800 number.

That 1-800 number then automatically sends email notification to our crisis response team. Crisis response teams are certain high level executives in Buffalo that have the authority to make operational decisions in times of a crisis.

They include somebody from HR, our chief financial officer, legal counsel, a couple of other individuals, but particularly I wanna point out is corporate communications which is extremely important when you start talking about that reputational management piece.

The corporate crisis response team does a couple different things: analyze developments, discuss possible strategies, advise on policy and response options; really being able to get visibility on the operational environment and manage that crisis.

The other piece that's extremely important is to think strategically. Again, know who your stakeholders are and being able to move from a crisis to reputational management. Very, very important.

[Video]

This is an object lesson on what not to do. Not only did they not contain the threat initially, they're reporting of the threat and their actions in order to remediate were less than candid, and then the speaker that was representing BP, the CEO, came across being incredulous and un-empathetic. Again, you can see how important that reputational management piece is.

I mean look at Toyota. How many people here think that Toyota actually had a problem with its accelerator pedal? You remember the deaths where the cars were screening outta control? There was no issues.

The issue for Toyota was that the reputational management piece was less than it should of been, and it hurt the company.

That reputational management piece, that moving from a crisis to reputation management is extremely important. It's something that for Delaware North that we want to manage and we wanna be engaged in.

Again, looking at for me corporate security, or if anybody out there has a corporate security or a security role, you really need to look at and understand your operational environment and try to identify these risks that are out there.

Think strategically and act tactically. Again, know your operational environment and put processes in place, corporate-wide programs in place in order to remediate risks before they escalate.

Thank you

[Applause]

Mr. Alex Waldrop: That's excellent, gentlemen. I thank you both for the time you put into those remarks. We only have a few minutes left, and so I wanna open it up for questions.

If any of you would have any for either Dean or Jim, this is the time that you have that opportunity. Yes?

Audience Member: Alex, I had a question for Mr. McKenzie. Since New Zealand, you have an awful lot of plate shifting there and earthquakes are the buildings there retrofitted at all?

Like they do in California; some of the buildings are —

Mr. Dean McKenzie: Yeah. Yeah. Yeah. No.

Audience Member: — buildings move in different directions?

Mr. Dean McKenzie: Yeah. It would be fair to say though that the earthquake building code in New Zealand has been substantially overhauled on the back of events in the last two or three years. Yeah.

Mr. Alex Waldrop: Yes?

Audience Member: Could be for both guys, but James particularly, when you're evaluating and being proactive in assessing threats or stuff like that, how often do you recommend or not recommend working with other agencies, such as, like you were saying, coming from the FBI or working with Homeland Security or your local police force? Is that something you like to do on a regular basis or do you prefer to handle it in-house?

Mr. James Robertson: Oh, no, no. It's critical. I mean because all that high-side information, particularly in regards to terrorist incidents, threat streams that are coming in, that the local JTTS will have around the country, that's critical for us.

What I'm talking about is, again, we spend so much time looking at tactically responding; for instance, tactically responding to an active shooter incident. How the employees are supposed to behave if they hear shots fired.

We need to spend more time really looking at different methods and processes that we can develop in-house to prevent something from happening. Yeah, it's critical.

I mean the law enforcement piece and working with the FBI is critical, particularly in regards to the terrorism pieces.

Mr. Alex Waldrop: Other questions? I have one for both of you gentlemen, and I'm gonna put you on the spot just a little bit. I didn't prepare them for this, and you may choose that you don't have an answer to it off the top of your head or it may not fall within your category.

One of the things that we as an industry are learning to view through the prism of a serious incident is a horse fatality, a horse injury and fatality.

I know that both of you have some responsibility over these issues in your various responsibilities in your various facilities.

I'm just wondering specifically from a communications perspective, where do you see the role of the track operator being in terms of communicating? Oftentimes you don't know what the situation is.

How is that handled in Christchurch? How do the Delaware North Companies handle that?

Mr. Dean McKenzie: I'll jump in first briefly. The track, you can only manage that — I think I heard this yesterday, and it's true. In the social media age, you've only got a very small window to be able to get that message properly structured.

It's very important that your procedures are very tight to ensure that you can do everything that you can to make sure that that message when it does get out is handled the right way and that you've done all you can to handle that situation.

Because horses, animals can break down anywhere and for any reason, so you have to be able to have the comfort that you've got the process in place so that if it does happen or when it does happen that the message that will get out there, that you can't control in this day and age.

There'll be someone with an iPhone or whatever. It is a very topical issue, and it should be because animal welfare is very important, and we need to be very cognizant of that.

Mr. James Robertson: Yeah. I think it's similar to the workplace violence piece is that you gotta look at your priorities and what the issues are that you think are risks and have some type of reporting requirements out there so people aren't sitting on it.

The reporting requirements will allow you to really understand or get better visibility on the environment and provide you opportunities to remediate the incident. Because if they're not remediated, things can get outta hand. It could be a public relations disaster number one.

It could be a civil liability issue, number two, and number three, people get hurt.

Mr. Alex Waldrop: All right. Thank you very much. Any other questions? We have time for one more brief question. It's actually 11:15 which means our panel is coming to a close.

Gentlemen, again, I'd like to thank you both for traveling to the conference, for putting the time that you have in into two very excellent presentations. I commend you both. I hope you all join me in a warm applause

[Applause]

Thank you very much.



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