



Race Track Industry Program

**37th ANNUAL
SYMPOSIUM ON RACING & GAMING**

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**Diversification and Revenue Generation
Through the Use of Partnerships**

MODERATOR:

Todd Gralla, Director of Equestrian Services, Populous

SPEAKERS:

Jon Baker, Executive Director, Southwestern Fair Commission, Inc.

Dean Dennis, Vice President, Business Development, Global Spectrum Group and General Manager, Pueblo Convention Center

Janis Schoepf, Kallispell Race Meet

Mr. Steve Barham: Thank our sponsors, XpressBet, MEC for the panel sponsor. The refreshment break was Racing and Gaming Services. The evening reception sponsor which will happen shortly after this panel, The Daily Racing Form. Also if you've been in the last couple panels, you know we're playing commercials for some of our exhibitors. The exhibitor for this panel is Stabilizer Solutions, so if we could play that.

Okay. Please go and visit them and all the other exhibitors that we have in the exhibit area. Everybody knows the economic times and we're glad that the sponsors and exhibitors have stuck with us.

Speaking of that, this panel actually came about based on a telephone call I had with Todd, and we met. He came up with basically the idea for the panel and actually did a yeoman's job of putting it together for us, so we thank him for that and again Populous' support of the Race Track Industry Program and continued support of the symposium. With that I'm just gonna turn it over to Todd. His bio is in the back. He can share anything else he wants with you, but thank you. Todd.

Mr. Todd Gralla: Thank you very much. Thank you, Steve. I am Todd Gralla with Populous. The point of this panel discussion is first of all let me warn you not an anti-gaming position at all. It's purely to take a look at ideas and concepts for alternative revenue generation at race courses, treating them as a venue, but also looking at various types of partnerships be they public, private, private-private, public-public, whatever they might wanna be. We have some very good examples of that from our panelists today.

To give you a brief amount of information about my perspective of where I come from, Populous is the world's most prolific design firm for sports and entertainment venues,

including venues like NBA, NFL, major league baseball, and a lot of equestrian. Probably the largest number of race courses around the world and equestrian venues. We work with clients like the Breeders' Cup to help them plan and manage their events each year since 2007.

Our background is trying to understand what our consumers or our stakeholders who are a consumer of our clients' products, help understand what they expect at other venues, how to attract them, how to bring them back, how to give them a remarkable experience. For that reason I've assembled this panel which includes Janis Schoepf. She is the new founder of the Kalispell Race Meet, which returned this year after four years hiatus, had a very successful meet. It's probably actually been maybe 10 or 12 years since there's been a successful one, even though there was some racing. She comes from a horseman's or horsewoman's perspective. She's also a horse trainer. From operations to time on the track and dealing with jockeys and other trainers, she has a very well rounded experience.

Second of all, Jon Baker with Pima County Fairgrounds. He's actually CEO of the Southwest Fair Commission and he runs the fairgrounds here in Tucson. He's important to this panel because he is actually examining the possible relocation of Rillito Downs here in Tucson to his facility. In a time when many are saying racing is dead, it can be only super tracks, you have to have gaming, I'd like to hear his perspective on why racing without gaming would be beneficial to his operation.

Also we have Mr. Dean Dennis, long time affiliate of our company and vice president of Business Development for Global Spectrum, which Global Spectrum is one of the world's largest venue management companies. From his perspective of managing venues and maximizing revenues, what does he see the benefit of treating race tracks more like venues and combining them with more multiuse entertainment options.

With that I would like to invite Janis to the podium and we're gonna talk a little bit about her race meet and what really was the key to her success this year.

Ms. Janis Schoepf: Thank you, Todd.

Mr. Todd Gralla: Let me also turn this on. It is on. Okay. Okay. Okay. Let me also add that the format of this is intentionally a bit informal, although we do have some set questions. We would like to invite questions from the audience as we go along. I am actually gonna start with a question to get it rolling. That question is that with this inauguration of this new race meet after four years of no racing, tell us about your vision that led to your hard work in doing this and what partnerships were required to make it happen.

Ms. Janis Schoepf: Okay. Welcome everybody. What I'm gonna tell you guys just so you know, a lot of this may be exclusive to my area for what we did. Obviously one afternoon we just had a little barbecue and as you know we haven't been racing in the northwest, so the new fair manager asked what all he could do to help us after we gave him a thank you barbecue.

My comment was, "Well, short of having racing back in Kalispell again, you're doing a great job." He just looked at me and said, "Well, we don't know why you don't have it." I said, "Well, we've been told we can't." This gentleman said, "Well, nobody's asked me." Somebody made the comment, "Oh, you'll never get it done." The challenge of course is on.

Obviously I just had a vision like everybody else. I wanted a successful race meet. But being on both sides of the fence and not necessarily even management at the time, I've never experienced that. Having worked with HBPA and MQHA on different levels.

But being a horse person, I knew the most important thing was to try to build camaraderie between the horsemen and the management as well as back in the community, because horse racing at some point has left a sour taste in people's mouth.

I think that's probably because a lot of times when facts and figures come out, we've all experienced this in our communities at the end of a year depending on who didn't want racing in the area, the facts come out very inflated.

I also had a challenge of having to help work with those numbers and I needed partners within the community, so I had to put a little better taste back in their mouth obviously. It was these partners that actually helped to achieve this. Because without the people in the community — and not just local community, but the racing community.

You'll see some of our friends here from Canada, Racing Journal, Bob Cook and his wife, Karen, they helped me. The people in Canada that came down to support my race meet, the locals that helped me partner my insurance company and we partnered with Budweiser, a local insurance company, a radio station. Without these people, I couldn't have made the connection to make the whole wheel complete.

Probably what they were able to bring to the table for me in the long run is making my race meet beneficial to everybody in the community.

One of the things that I think we took a look at, not even from a monetary point of view, but bringing people into the community to help where we wanted everybody to look at it like this wasn't just about the money, which obviously we need money to help, but we needed the people there.

What we did was incorporate a group this year called Save A Sister, and they're for breast cancer awareness. Now, they had no idea how they were gonna help us. By the time they came and set up their little staged area, they were able to get out the word. We had the hugest crowd. It was over 4,000 people, just 4,500 probably that first day, and that helped to bring up the numbers when these people came. They were able to get their education out as well as support our race meet.

The \$2.00 bettors, that's what kept our windows going. We had record handle for a two day race meet. It was by bringing people in the community together that helped build that camaraderie, and then to also deal with some of the horsemen and let them know that we weren't there just to take the horsemen's money and put this race meet on, that we had to be successful all the way around.

Mr. Todd Gralla: Good. So you did have — you had some private partners in this — like for your beer garden?

Ms. Janis Schoepf: We did. We had the first.

Mr. Todd Gralla: What did they bring to the table for you?

Ms. Janis Schoepf: Obviously money, which was first and foremost. We had the first ever beer garden at the Flathead County Fairgrounds, which we were told would not be

happening and, trust me, it was gonna happen or we weren't gonna probably have a very successful race meet.

With the fans of racing, I partnered with a local Fat Boy's Bar and Grill because he had a caterer's license and the liquor license. We kept it in a very secured area to make sure that the skeptics weren't gonna have a reason to be upset about it after the fact.

We also were exclusive to Budweiser, which just happened to be the group that came to us first with the most money. Not only that, what I found that helped probably the most was the fact that because they all had something to advertise besides just my racing, the Fat Boy's and the Budweiser — and see my little drinking horse there, we thought that was quite clever.

We had a very limited advertising budget, so we took the opportunity to try to share. By doing this, we did live remotes. Each one of us paid a third of what it would've cost me personally, and probably would've stopped me from even being able to do this. By saving on money in that area, we were able to add more money to purses that didn't go out advertising.

What really helped especially with The Racing Journal is pinpointing point of interest stories so that they were writing stories about what we were bringing into the community, rather than just paying for advertising in the paper.

With these other groups, the beer garden, we partnered also with Bob Herron Insurance who's a huge fan of racing. When they did advertising locally, they also mentioned, "Come to our beer garden." The domino effect of the dollars that we saved is what probably first and foremost helped get this race meet off the ground and make it successful.

Mr. Todd Gralla: Good. Now, you mentioned that, as this was, this race meet did occur during the fair, that venue where it was used for other things after your race meet every night, concerts, rodeo, et cetera. Naturally that adds quite a bit of logistic to both events.

The event set up after your racing and then you trying to race the next day, tell me about how that worked out.

Ms. Janis Schoepf: Well, the biggest challenge we have, and I'm sure if any of you guys are affiliated with fairs and racing and rodeo and concerts, is trying to keep peace amongst each separate event, such as 4H and draft horse pulls.

Personally what I found to be one of the biggest challenge is during the rodeo they water the arena. And then to keep the track consistent where they rodeoed on it all night, there's more water added. Fortunately the gentleman who worked the rodeo arena happened to be just a dear friend and was very willing to work with the gentleman that I had that worked the racetrack for me.

One of the things that we found was crucial to keeping the racetrack consistent was when they watered the rodeo arena to strictly water the arena, stay off of the racetrack.

A lot of times I know people, they're just not willing to work together like that. Obviously without having a communication with the people to work together, it would've made it very difficult. I know some of our other tracks in the state really have that issue.

It wasn't too hard for us. It was difficult for the horsemen. We had two nights of concerts,

so obviously the stage didn't go up and come down and go back up, so for a couple of mornings then I had to deal with horsemen saying, "Well, we had to work a horse this morning."

Well, the fact of the matter is we all know if they weren't fit, they weren't gonna get fit in that two days that the stage was up anyhow. That was as a horseman where I could talk to them and say, "Look, I don't get to track my horses today either," so I understood where they were coming from.

It just helped with the camaraderie and the communication and that's very important. I think there's a lack of communication between management and horsemen. Hopefully I never have to sit strictly on one side of the fence or the other 'cause —

Mr. Todd Gralla: Were the horsemen satisfied with that? Will they come back?

Ms. Janis Schoepf: Our horsemen told me personally that of all the meets that they ran in Montana that they felt it was the most organized and they were delighted.

I was very fortunate that AQHA, even though we applied for all of our dates after the fact — and I guess in a way I would consider AQHA a partner also. They granted me a bonus challenge race, so overall our purses weren't huge. They averaged 13 to \$1,500.00, but that wound up being a \$6,400.00 race, which was a big attraction to people coming to Kalispell.

We had an overnight stakes program, little futurity quarter horse and thoroughbreds also which they didn't all fill. Then once again I told you like with the Save A Sister, we did have a race that was pretty in pink. All the saddle towels were made for us and donated.

With those kinds of things obviously looking into it for next year — we had volunteers. We rebuilt the paddock strictly with all donated materials, contractors, labor, those types of things.

Looking into the future, obviously I'm not gonna have a free race secretary and so those are monetary issues that we have to look forward — how do we overcome that after this, but it did get our foot back in the door.

Mr. Todd Gralla: What is your plan for next year? Are you gonna — is the meet gonna happen again or is there gonna be a longer meet, more than one meet?

Ms. Janis Schoepf: Right now we're hoping to race in Montana again next year. My vision is for five days. Our track was typically a five day race meet. The application has been extended 'til January due to other issues going on in the state right now.

I would like to be able to at some point either partner with another race track in some of the MBNA challenge races because we have to have two weeks between trials and finals which my track does not allow for that right now.

If we can bring our five day race meet back, we at least have trials and finals for the smaller futurities. But if we can partner with possibly Great Falls or Missoula, and they've discussed in the past possibly doing trials at one track and finals at another, we would like to at least run our five days again.

Mr. Todd Gralla: You had no partners with other tracks this year?

Ms. Janis Schoepf: Did not, other than the fact that — I guess in a way we did because you have to rely on those horsemen and those jockeys and the horses themselves.

You know it's becoming a very shrinking number of race horses out there. I spent a lot of time in Idaho Falls talking to horsemen, handing out my literature. Without these other fair meets and race meets in our area, it would've been difficult to make it successful because I couldn't have got to all the people that I needed to in order for them to come to Kalispell.

Mr. Todd Gralla: Do you think it's really possible to partner with the other tracks in the area to create a viable circuit?

Ms. Janis Schoepf: As long as you're not having the feuds that are going on, but that's not just between Montana right now obviously. There's an issue amongst other states.

I know I was talking to one of the gentleman, Jim Bernard, from Idaho Falls today and I think he realizes as well as some of these other meets that we need to partner together to create a circuit and initiatives out there for jockeys, more bonus monies to run after, possibly some sort of — they give away horse trailers, trucks, that type of thing where if you've supported all of these meets, then you're in the running for a big game prize at the end.

Mr. Todd Gralla: All right. Great. We're gonna move on. Are there any questions for Janis?

None. Okay.

Ms. Janis Schoepf: That's good.

Mr. Todd Gralla: That's good. Thank you, Janis. I'd like to invite Mr. Barber — Baker to join us —

Mr. Jon Baker: It doesn't matter.

Mr. Todd Gralla: — at the podium.

I did it. *[Laughter]* As I mentioned Jon is — he runs the Pima County Fairgrounds here in Tucson.

We actually have the pleasure of working with him right now on the master plan for his facility, but also looking at the viability of possibly moving the Rillito operations to the fairgrounds, as well as a bigger 2,000 acre development of entertainment for Tucson in that area with Jon's facilities, the core.

Jon, what I am really interested and I know we've talked about this a lot, but what makes sense to you? How does it possibly make sense to have the track at the fairgrounds?

Because right now it's certainly a lot of equestrian activity there, but nothing related to racing whatsoever. What's in it for you?

Mr. Jon Baker: That's a good question, Todd.

I think if we go to the next slide, Todd, folks could take a look at some of the plans we're looking at. To start off, I'd like to just kinda lay some ground work. As Todd said, there's approximately 6 sections of land, 640 acres per section that make up the southeast regional part where we're located. There's an overall look at that property I just mentioned.

The fairgrounds are 640 acres. The plan of relocating the racetrack, it wasn't our idea. We're on county land. We have a long-term lease with Pima County, 50 year lease. The current racetrack in town here, Rillito Race Track, is also on county property. The county decided they wanted to look at a plan of relocating the race track and develop a ball field complex at that current location where Rillito's located. We were approached by the county administrator to take a look at the possibility and the viability of bringing Rillito out to the fairgrounds.

Well, before I get into that, we are a private nonprofit. We generate all the revenue that operates our company. We do all of our own capital improvements. We do not generate that kinda money. Our operation generates little over \$5 million a year. That's not enough to build the facility we would need to have to make this a viable facility, let alone dedicate that amount of property within our current structure that would be strictly used for a horse racing facility.

With the county approaching us, the only way we could do that with assistance. Currently Pima County is looking at a bond that would include the possibility of having a racing facility relocated from Rillito and constructed at the fairgrounds.

I don't know if you want me to keep going or if you wanna go ahead now.

[Laughter]

Mr. Todd Gralla: Well, I think what's important to me is how does it make sense? We know there's not gonna be any gaming there. There's really absolutely no prospect of that.

Mr. Jon Baker: If we go on to I think the next — there might be another slide coming up with some more — okay. As we start getting into some of these slides, I have some narrative. I won't go through each one of them. Basically what we did as a staff at the fairgrounds knowing that we have to generate our own money is we had to look at ourselves and find out the things that we're good at. A lot of what you're gonna see popping up on the slides is just some of our strategies and our strategic plan that we developed to go after events in the community, in the state and the region.

We came up with a pretty good business model. All of our interim events that we do, focus on four major areas. One, equestrian events, we have about 125 horse show days per year at the fairgrounds. We have a large 400 RV park facility. We do music festivals. We do a lot of themed events like gun shows and things like that, pretty typical of fairground facilities.

We feel pretty confident where we're at, but why, as Todd says, looking at another facility coming in such as a horse racing facility. Again, it would have to be multiuse. It would give us the opportunity to expand some of the activities and the events that we're doing currently. A grandstand is not a structure we currently have there. All of our concert and events are on a festival type setting. A grandstand would give us the ability to expand more events like rodeos, which we do not currently have. We do not have large motorized event type events such as monster trucks, demolition derbies and things like that. For large scale crowds and concerts that we need to provide seating and things like that.

We think that there's more of a niche and more of a market to expand upon what we currently do, which we feel like we're very successful with. I think the horse racing facility would be something. When it's not being used for horse racing would provide the facilities stabling additional RV park facilities that could be used for our equestrian event segment of our operation.

Mr. Todd Gralla: Good. I think that what you're saying is the race track itself is more of a multiuse venue than just horse racing.

Mr. Jon Baker: That's correct.

Mr. Todd Gralla: If that's true, do you think that the addition of horse racing at your venue would increase traffic overall in terms of changing demographics, bringing people to the fairgrounds that you haven't had there before?

Mr. Jon Baker: Well, I had the opportunity to speak with Janis before the presentation. I just met her today. One of the things that was interesting that we were contemplating, which I think really adds to the opportunity for us and really enhances our interests in trying to pursue this, is not only to get a new facility, which I think most fairgrounds would really be very opportunistic to get, but what Janice does with her horse racing and having concerts and things after the fact.

We already have a strong concert crowd, a strong concert lineup and a lot of other equestrian events and a strong interim event program. We believe that with having horse racing to compliment a lot of those events, we can take advantage of the opportunity to advertise to those other parties and having concerts following horse racing like Janis does, and also marketing to the horse racing enthusiasts, "Hey, you're coming out for the concert. If you come out early, you can get in for the horse racing as well." We think that there's an opportunity there for us to go and cross promote and try to attract both crowds to each different type of activity that's taking place.

The other thing I'll say is Rillito already has a strong onsite attendance at their event. They have a good following in the community, so I think that can assist in getting the crowds out to the facility as well.

Mr. Todd Gralla: Right. In terms of partners and bringing Rillito — or making that a reality, what are your partnerships? What does that look like?

Mr. Jon Baker: Well, really without the bond, that's not something that we feel is really a possibility for us. The county has shown the desire to relocate Rillito, and they may change their mind and we understand that. However if that is something that the county does pursue and it does go to a bond, we believe that it's a great opportunity for us and for the community to have a new facility.

Of course the challenge with that is getting the bond passed in this day and age. Bond elections across the country are dropping. Most are not passing, for schools, public safety and things like that. For that reason we believe that the only chance of really having a success with this bond would be a real strong strategy and marketing strategy to go along with the public to convince them that this is a good opportunity for the public. A multiuse facility I think is the only way to convince the public that this would be worth investing in.

Mr. Todd Gralla: Good. Are there any other obstacles to bringing racing to the fairgrounds and making it a success?

Mr. Jon Baker: Well, I think I mentioned those, but primarily the county, they own both facilities and it would be their decision whether to pursue the bond. Of course the public has to pass the bond. Those are the two biggest obstacles. We did hire Populous, as Todd stated, to help us with the design and looking at some of the strategies we need to incorporate into our marketing end as far as the design of the multiuse facility. I think it's really community support and to really show the public that there is a benefit to this type of a facility as it would still be accessible to the public and on public land, so...

Mr. Todd Gralla: I see some challenges in that — similar to what Janis was saying. You have right now a year-round business in horse shows, music festivals. How do you plan on keeping that business going when you have a 30 day race meet that essentially takes about three months of your venue? How do you manage to do that?

Mr. Jon Baker: Well, the area where we currently have our horse shows that's showing up on the screen here, we already have the infrastructure, 15 horse arenas, 1,000 horse stalls, 400 RV sites. We have a strong infrastructure for those horse shows. The race track facility and all the amenities that come along with that would obviously not be able to be utilized during those 30 days, but certainly could be utilized aside from those days. We think that those really give us a greater opportunity.

In Tucson, much like Phoenix, you're not gonna do a lot of horse shows in the middle of the summer. It's primarily in the spring, and the fall. The winter season's actually our strongest time of year. You cut out June, July, August, and most of September, all of our show days take place the rest of the season, so we're very busy aside from the summer season.

Mr. Todd Gralla: Right. Rillito's race season is February?

Mr. Jon Baker: Correct.

Mr. Todd Gralla: That's in the middle of your peak show season.

Mr. Jon Baker: That's right. Again though we have the facilities currently there to handle those events.

Mr. Todd Gralla: How about music? Would you try to implement music concerts along with the racing after the racing?

Mr. Jon Baker: Right. On the slide that showed you the master plan design, the area where we currently do our music festival's a large grass field, it must be about 45 to 50 acres that's dedicated just for music festivals, would be taken up by the racetrack and the other amenities, the stalls and so on. What we would do is target the in field of the track to then utilize for these music festivals. It's in a similar location. This event was three years ago on that grass field and we had 25,000 people, and the headliner was Metallica. Those kinds of events we only do about four a year. Those four days generate enough revenue to be happy with just doing those four days a year.

Mr. Todd Gralla: So the music is a success for you?

Mr. Jon Baker: Very much so.

Mr. Todd Gralla: Great. Are there any questions for Jon?

Mr. Lonnie Powell: I've got kind of a question and a comment. My name's Lonnie Powell and I am the director of the Arizona Department of Racing and Boxing. We would be a very interested party in this obviously 'cause we would have to approve it ultimately. One of the big things — first of all, the bond idea's about probably the only way this could happen and what a terrible time to do bonding.

Mr. Jon Baker: Absolutely.

Mr. Lonnie Powell: If you do get it done with bonding, I'd make a safe prediction that this will probably be the last race track built in this country without gaming so that you'd have historically unique property. Not that I wanna discourage that, but let's be real. Also I would never rule out what's gonna happen with gaming in this state no matter what we think the state of affairs is today, as far as a comment made by the moderator.

I think that the challenge with Rillito — by the way, I don't wanna date myself. I was a student in this program. My senior project in 1982, not to date myself, was the feasibility of moving Rillito over to the fairgrounds.

Mr. Jon Baker: Perfect.

Mr. Lonnie Powell: Almost 30 years later you have the same drawing up there that I had. The challenge is going to be the county coordinating, that Rillito itself does not shutdown while you're waiting to try to make this happen. Because if Rillito goes down before there's a track that's ready to receive the new Rillito if you will, just forget about it. It's just —

Mr. Jon Baker: That's what I understand that it would stay open until that transition took place.

Mr. Lonnie Powell: That is going to be the challenge with the county. I've had a chance to attend a number of the county meetings. It's kind of a mixed bag if you will in terms of how people understand that. You are right. Rillito is an amazing place. I worked there in college. I never thought it would even be alive today, but the word has always been that coyotes, cockroaches and Rillito will always survive nuclear war or anything else.

Rillito now is truly drawing 5,000 people a day on track. They have the best location where they're at. Your location is not superior to their location, but understanding the county's got priorities to deal with, I get that. I hope something comes of this. I'm also thankful Rillito has four years now it looks like of continued life at their current location, 'cause this year to year thing's been crazy.

I think my key takeaway from all this or for you all, and I know you're not the one in charge of that, is the county has to allow the locations to transition. If it shut Rillito down to have more soccer and then someday there's gonna be a track built out there, that's just wasted energy, wasted money, everything else. I wish you well and I hope you do have a dialogue with the people at Rillito because it would take everybody working together to make that happen. Thank you.

Mr. Todd Gralla: All right. Thank you, Lonnie. Yeah, and that's a — you raise a good point. We were talking earlier about the four year extension and the timing of our potential

project which would just give us, assuming that a bond were passed next fall, enough time to actually be able to build and transition hopefully, maybe another year might be required.

Mr. Jon Baker: Right. I think those are great comments and I wanted to make sure I clarified something just so Mr. Powell understood. We are, as I mentioned before, Rillito and the fairgrounds are both county owned properties. We were approached by the county, said, "Hey, if we relocated there, would you be interested?" We said, "We would be interested if it was a multiuse facility and you paid for it." With that, that design that we came up was where that came from. Because we recognize the state of racing in Arizona and we didn't actively go to Rillito and say, "Hey, we wanna move you." We're trying to work with the parties involved to make sure that it makes sense. We don't wanna be detrimental to horse racing in the meantime.

I think Todd made a good point there that we are hearing that there is some discussions about extending more than a year to your offering to Rillito to keep some continuity. The idea that if the bond did pass that there would be that continuity that if it were to be built at the fairgrounds that the last race meet at Rillito would end sometime in February, and then the following year it would start up immediately at the fairgrounds. I think that's the idea and the concept that it would not stop in the process. That's what I've been told, so...

Mr. Todd Gralla: Great. Any other questions? None. Oh, we do have one. Stay up there.

Ms. Bailey Gallison: Hello, my name is Bailey Galison and I'm also a student at RTIP. I was just interested in talking about partnerships, whether you guys have reached out to other Arizona race tracks such as Turf Paradise to discuss how it would be impacting their meet and maybe you could both benefit from creating a bigger multiuse facility at the fairgrounds to kind of attract people from Turf Paradise and also horsemen who may want to run there but also use your facilities, keeping the barns full when you might otherwise have no racing. Just wondering.

Mr. Jon Baker: Very interesting question. One of the things that I should probably clarify is we wouldn't be the ones that would be operating the race meet. I believe the Horsemen's Association has still — in Pima County would still continue to do that. There's probably a lot more discussion to be had about — this is the design of this facility. The potential location is very preliminary. It hasn't even been presented back down to Mr. Huckleberry yet. It's going through all the — several conceptual designs. I think that's a very important aspect of making sure that the parties that need to be involved that can offer suggestions to allow for the greatest amount of success does happen. I think it's absolutely necessary.

Ms. Bailey Gallison: Thank you.

Mr. Todd Gralla: Well, it's a good question too because it raises another point that horsemen who currently are actually running the race meet themselves is one of your most crucial partners and make this happen. Because to you this potential race track is a venue and you're primarily gonna use it in the off season, but they're gonna come in and run the race meet and you're gonna be hands off, right?

Mr. Jon Baker: That's right.

Mr. Todd Gralla: Good. Thank you. Anybody else? No one else. Okay. Thank you, Jon. The gentleman who has approached the podium, Mr. Dean Dennis with Global Spectrum. Dean, why don't you —

Mr. Dean Dennis: That was a good transition actually because I know nothing about racing and I don't wanna know anything about racing. I love it. I went to Kentucky and married a Kentucky gal. I love their bourbon and I love the race horses, but I don't wanna be in the race horse business or the racing business. We're here today and Todd invited us because we're in the venue management business and the discussion is about how you manage your venues for other revenue sources, the musical festival, although I heard Bob Evans say he lost 5 million this morning on the little Louisville gig, the other things associated with your venue, and that's really what I'm here to talk about.

I'm gonna kinda breeze through a couple things real quick here about who we are, because we're probably — a lot of you are unfamiliar with who Global Spectrum is and who Comcast Spectacor is.

Mr. Todd Gralla: I'm gonna interrupt you though —

Mr. Dean Dennis: Here we go.

Mr. Todd Gralla: — because I wanna add something.

Mr. Dean Dennis: Comcast Spectacor —

Mr. Todd Gralla: Can I — I seriously want to.

Mr. Dean Dennis: Go ahead.

Mr. Todd Gralla: Sorry to interrupt your train of thought. The reason that I asked Dean to participate on this panel is because he does know nothing about racing. He doesn't want to run a racing program. What he does do very well and his company does is they do manage entertainment and facilities very well, in my opinion, better than anyone else in the world.

The key thing here is that what we're trying to bring to the table is that some race tracks, some racing organizations recently have tried to integrate other entertainment, not very well, some miserable failures. The reality is that in the racing industry, we're just not that well-equipped to do these things. The idea is maybe we should be looking outside our own industry to the greater entertainment industry and take advantage of what they have. They are our competition for entertainment dollars. Why don't we engage them and help them help us.

Mr. Dean Dennis: Perfect. Thank you very much. That's exactly right. We manage a lot of different venues from our largest really being the — right up the road actually, the University of Phoenix stadium where the Cardinals play, we manage that stadium. Our company started with Ed Schneider, the gentleman's picture there. He owned the Philadelphia Flyers in the '60s. He teamed up with another Philadelphia company called Comcast. They created a sports and entertainment company called Comcast Spectacor.

Comcast Spectacor then when they combined they bought the 76ers. They opened what then was the Core States Arena in Philadelphia, 1996. It's had several names change, which I think is the business we should all be in is signage because it changed to Wells Fargo — or to First Union Center and then to the Wachovia Center and now it's the Wells Fargo Center in Philadelphia. It's the home of the 76ers and the Flyers.

We did over a billion dollars in business in 2009 as Comcast Spectacor family of companies.

We're owned — our ultimate parent is Comcast. Comcast has over 24 million video customers. We're the largest cable company in the country. All those different organizations underneath there are those that are owned — actually the networks that are owned by Comcast.

Again, there's a lot of different partnerships. We talked about partner opportunities. All of our buildings partner with those. We have a couple of facilities that actually have the name Comcast on them. We'll talk ticketing in a minute. Ticketing is one that Comcast has been involved with as well.

All the entities of Comcast Spectacor, we have a food company called Ovations Food Services, we have a ticketing company New Era Tickets, we have a sponsorship commercial rights company called Front Row Marketing and Global Spectrum. Global Spectrum now we're in Asia. We're working with a sports hub in Singapore. We're also in Europe and Canada as well.

One of the things — and as I say, I don't know anything about racing. I do enjoy it and I've been to a number of races and I enjoy watching it and I enjoy betting on it and I enjoy losing money on it. As a venue, you start to look at how you diversify and what else you have. You have something — and these bullets really tell you what you have as a venue.

Number one is location. Almost all the race tracks have a great location, starting with Del Mar. We were just talking about how beautiful Del Mar is right on the beach and you go out. There's also a race track going on as well. Location's important. You have parking, you have land, you have seating. You have bars, clubs, restaurants. You have in-house food and beverage. You have broadcasting facilities that could team with Comcast or whatever to do different broadcasting opportunities. As a venue, you have a lot of opportunities right in there, the food service facilities.

The services that we look at for venues when we look at managing them if we were to do so or when you look at them on your own is what is the guest experience. Bob Evans talked about that this morning in his keynote about what's the guest experience. We benchmark among our facilities what are the opportunities to look at revenue generation, operational audits that we'll do for facilities to come in and say these are the things that we would do if we were here; security, crowd and management consulting, so these are pretty much what we do.

Mr. Todd Gralla: Oh, good. That's a great overview. It really is. Now, most of the venues that you operate are actually publicly owned, is that correct?

Mr. Dean Dennis: Right. Yeah.

Mr. Todd Gralla: That's a good public private partnership. What I'd like to know and for you to tell us what do you bring to the table and what do you expect your partner to bring to the table?

Mr. Dean Dennis: When you asked me that question, I put together five what I would call value propositions that either we bring to the table or you look at when you look at your own partnerships. More events, our network of leveraged — we have 92 facilities, 35 arenas, convention centers. Our network of leveraging events, we think we bring more events.

We bring integrated marketing concepts, sales and marketing opportunities and the

partnerships that come with those, some national sponsors. Our resources are corporate resources I'm gonna talk about in a minute; partnerships that we have both locally and nationally. Then of course we think we have a great customer service program. Making your venue is more than just racing it's a true customer experience when they come to your venue. I think those are the five things that I think we think we bring to the table as venue managers.

Mr. Todd Gralla: Okay. Good. Good. How about the owner of the venue, what do you expect them to bring to the table?

Mr. Dean Dennis: Money, cash, no. Looking outside of what they typically do, you need a new perspective sometimes and being able to think about what else could this venue do besides just horse racing. It really just needs an ownership group, whether it's a city or a county municipality. We do a lot of university work. We're looking for them to really come to the table and be entrepreneurial so to speak. All of you are entrepreneurial. You're in a business that's very entrepreneurial, so that's probably not a problem in this industry.

Mr. Todd Gralla: Yeah, yeah, true. We brainstormed a bit on this for this year off and on, but what would you see for Global? What do you see as opportunities in the racing industry for you? As well, why do you think that the racing industry should be interested in engaging you?

Mr. Dean Dennis: I think that we bring the resources. We think we can bring some additional events. We think we bring some corporate resources. Let me go through some of those. As Comcast Spectacor's parent, marketing, group sales, public relations, operations, legal, risk management, human resources, finance, all of those kinda roll up and we bring that — again it's a totally different perspective, but all of those resources all flow down into our various companies. Our food company, our commercial rights company and they all fall down into that. Between Comcast — our partnership with Comcast and Comcast Spectacor and of course Global Spectrum, we think we bring a lot of that to the table.

Mr. Todd Gralla: Good. You're talking a lot about revenue generation, so tell us a little bit about the way you go about generating revenue at your venues.

Mr. Dean Dennis: We start with customer service. Repeat customers are most important and you all know that. That's an important part of what we do, is our customer service program called, "How Ya Doing?" Our food and beverage sales, almost every one of our venues are making money based on food and beverage sales and creating opportunities within that.

Short-term events, sales of commercial rights. Commercial rights we refer to in our industry side is the sales of sponsorship, signage, club seats, group sales, premium seating. All of that falls under commercial rights. Yield management, which is kind of a hotel term, but it is "what's this space worth today and what's it worth tomorrow." If it's a holiday party, it's probably worth a little more in December than it is in July. What is the yield management opportunities that we always look at.

Long-term sales effort, Jon talked about it in his how you reach out in your back yard. What's happening in your own community? What can you do to maybe tag team on an event that's already happening in your community? How do you work with the Convention and Visitor Bureau? How do you work with the Chamber to maybe find new events? Overall integrated sales and marketing plan that is not just about horse racing or gaming, but it's also about venue, banquets, concerts, music festivals, whatever it might be.

Finally, the last one I put on there is ticketing innovations and the opportunities to do a lot of things with ticketing now. You can add a lot of things on. You can print at home. You can add value to a ticket. There's just a ton of things that you can do with ticketing now. Overall, venue management are those things, those kinda five bullet points that we talked about, expanded those just a little bit.

Mr. Todd Gralla: Well, I'm curious about one thing, and that is that in Jon's approach he's essentially hands off during racing, but in what you're talking about you wouldn't necessarily be hands off during racing. Although you wouldn't want to run the racing program or the mutuels, but you would want to run the customer service side, right?

Mr. Dean Dennis: Right. We'd wanna be able to help you all do what you do well in terms of the horse racing side, but how do we create a better guest experience, what's the entertainment opportunities that you have in your venue and how can you increase those, how can you better those opportunities within your venue. Whether that is horse racing, whatever, it's a banquet, it's a concert, whatever it might be, what are the opportunities to add entertainment value to it.

Bob talked this morning that there are 9 days, 25 races that are the major pieces of the industry. Well, what happens the other 357 days or 56 days, 58 days? My math's not good. I went to public school. What are those opportunities? Not just on the big race days, but how do you create guest services and guest entertainment throughout the entire meet and your entire year?

Mr. Todd Gralla: Good. Are there any questions regarding the idea of what Dean's talking about in terms of facility management? Essentially kind of if you will, it's essentially taking the physical planned operations out of the hands of racing to run it, enhance guest experience, maximize value, but not touch the racing program itself.

Mr. Dean Dennis: You handle the handle and the horses and we'll handle the rest. We think there's certainly — I just brought up our customer service program, that there are some opportunities to possibly look at how we better do that. You all do a great job in your venues of operating the race and operating those things, but there are some times it's just a different perspective that maybe we bring to the table. I think that's all I had.

Mr. Todd Gralla: Is that all you have for us?

Mr. Dean Dennis: I think so, yeah. Oh, no. I just had those last pieces there. Yeah, that was it.

Mr. Todd Gralla: Okay. Good. Do we have any questions for Dean or any ideas, any feedback? Do you guys think it's really feasible to separate those two operational entities within existing race tracks? Is it possible to have a facility manager managing guest experience and another group in the same building operating the racing program?

Mr. Dean Dennis: We operate three fairgrounds. We don't operate at any race tracks now. We have three fairgrounds, one in Colorado, Texas and one in New Mexico. We've started to really learn that side of the industry, the fair side. The racing side is completely different. Again, as Todd and I talked about this when he invited me down here, I said, "It's nothing that we would have an interest in being involved in — the racing side."

In terms of the entertainment value side and the entertainment that we do in our arenas,

whether it is a hockey arena or a basketball arena or the University of Phoenix Football Stadium arena, how do we do that differently, that was the concept. I don't know whether there's any opportunity at all, but it's certainly something that as you go down the road, sometimes this happens just via a retirement or a change of management that sometimes they look at private management, so it might be an option for you all.

Mr. Todd Gralla: I think there is opportunity. It may not only be in looking at active race tracks too, because if some predictions are true and some race tracks do close in the future, there has to be thought of what do you do with those assets, are they convertible or do they go away entirely. There's more than one opportunity here.

If there are no questions, thank you, Dean.

Mr. Dean Dennis: Thanks. Thanks.

Mr. Todd Gralla: I do appreciate everyone attending. If there are any questions or other feedback, we'd be happy to — there is one question.

Mr. Shawn Realbird: My name is Shawn Realbird. I'd like to make a comment on Janis Schoepf's behalf. I'm on the Montana Board of Horse Racing and I move forward on the motion to approve the racing in Kalispell, Montana. When Ms. Schoepf provided testimony, she had great backing from the community and her support group. She was willing to provide everything. Her group was willing to provide everything pro-bono.

With her leadership, she led this grass roots effort to reestablish the Kalispell racing dates in the state of Montana. With horse racing in decline all over the United States of America, there needs to be more Janis Schoepfs in every city and town across the United States of America. I believe that all the racing organizations should give her an award or a medal because of this effort. Thank you very much.

Mr. Todd Gralla: Indeed. Thank you. On that same subject there was a really wonderful article written on Janis and her effort. It's a women and racing piece. There are some, probably not enough copies, in the back. As you leave, you might wanna pick up a copy. It's a really good article about what she had to go through to recreate that race meet. It was indeed a valiant effort and a very successful one. If there's no one else, I think we'll adjourn. Thank you guys very much.

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