

Fifth Annual Joint Meeting of HTA and TRA

Sunday, March 11, 2007

General Session

8:15 a.m. – 9:25 a.m.

Slots: the New Simulcasting

- **Nick Eaves, Woodbine Entertainment Group**
- **Chris McErlean, Penn National Gaming**
- **Dr. David Reid, Horse Racing Alberta**
- **Bobby Soper, Mohegan Sun at Pocono Downs**

Brock Milstein: For those of you that may not know me, my name is Brock Milstein and I serve as the chairman and CEO of Northfield Park, and I am also lucky enough to serve as the President of the HTA. I want to welcome all of you to the first general session of the Harness Tracks of America and the Thoroughbred Racing Associations joint meeting for 2007, and start by thanking the staffs of both organizations for all of their hard work in ensuring that we have superb accommodations, informative and productive meetings, and, with help from above, plenty of blue skies, a very difficult combination to put together. I'd also like to take a moment to thank our sponsors, many of whom have been supportive of our industry for many years.

This morning we have great panelists who will shed new light on many of the opportunities and challenges that we faced in 2006 and also try to tell us what to expect for 2007 and beyond. One does not have to drive two miles down the street to Gulfstream Park or log on to the Internet to realize that tremendous change is underway in our industry. This monumental change will certainly bring new issues for all of us and I'm sure we'll hear a lot about it this morning. Before I pass the microphone over to Stan, I also want to mention that we appreciate the coordinated and unified progress that's been made between the HTA and the TRA. It is only through this coordinated effort that we will truly continue to make progress as an industry as a whole.

Stan Bergstein: Thank you Brock. The first panel this morning is addressing the issue of "Slots: The New Simulcasting." Before I start I want to mention that I thought Chris Scherf

would be up here with me, but he's in the back of the room, and I want to thank him for all his efforts for TRA in making these joint sessions possible. This is the fifth one and we are committed for a sixth, which will be held next year at the beautiful Renaissance Vinoy in St. Petersburg.

As Brock indicated, the world has changed and changed dramatically, more of an evolution than a revolution. To first address that issue is the new president and COO on a newly revised team for Woodbine Entertainment in Toronto, Nick Eaves.

Nick Eaves: Certainly the subject of slot machines at racetracks or racinos is one that we discuss a lot in this forum and obviously it's highly relevant to the business that we're all in. Although I wasn't coming to these conferences in the early 1990s, I'm assuming that the same debate was underway about simulcasting. It obviously had a profound impact, as everyone in this room knows, on the economics of the racing business and on the distribution of racing, and allowed tracks and their partners to get out into new markets, and generate a revenue stream that hadn't previously been there. That dynamic obviously was what was relevant around about simulcasting, sort of regime of the day, and certainly that's what slot machines or racinos have done at the tracks in most of the markets where they exist. It's been a true transformation in terms of the business, and that's not just on the side of economics which is clearly a huge part of it, but on the side of the way racing is presented to the customer and the type of customer to whom racing is presented. To that extent, I suppose racinos are the new simulcasting, but certainly I think that if we take this a bit further and decide whether that is going to be enough for the racing industry, I think a fairly quick conclusion would be not.

A fairly widely held view would be that for the last long while, racing really has not been a true, standalone activity. And there may still be a market or two across North America where that's not the case, but I would suggest that in virtually every other market it is clearly the case. While racinos have been very helpful at least at a minimum with getting out of the standalone racing business, it's really only one step in the direction of what I personally think needs to be a broader transformation of a business to attract a very, very different customer. Everyone who was at this meeting last year heard from a panelist who's probably better equipped than anybody to speak on the matter when Terry Lanni of MGM-Mirage said that even in Vegas's casino business, they have seen a transformation over the last 30 years. They went from the 85-15

blend between gaming and non-gaming amenities in the late 70s to today, what is a shift to 60-40 in the other direction. That's a signal that, as racing participants, we really need to take a cue from Vegas. Once it was live racing only, we expanded into simulcasting which allowed us to diversify both customer-wise and revenue stream wise, that evolution continued with the racinos, but indeed if we want to continue that progress and continue to see a growth in the business and a shift in the business, I think as an industry we must be looking far beyond that sort of single source of additional customers. I know there's going to be a lot of discussion around other elements of the situation and the other panelists have their views but as a general statement that would be my view.

Stan Bergstein: Thank you Nick. I neglected to mention that the format of these panels today will be brief introductory remarks by each of the panelists and then throwing it open for, hopefully, candid and plentiful discussion on the issues. Each and every one of our panelists has been informed that they have no caveats on what they chose to say, no limitations, and by the same token all of you are invited to participate fully to whatever extent you choose and ask whatever questions you choose, favorably or unfavorably, or make comments without questions if you choose to do so. Brody Johnson of our office at HTA will be circulating, and available with a portable microphone and since the proceedings of this entire session are being audio taped, we urge you to raise your hand when you want to participate and Mr. Johnson will give you the microphone.

The next speaker is always a source of pride to me, and he's a case of evolution also, as well as racing. I hired him out of the University of Scranton for his first full-time job, and then he was taken away by The Meadowlands where he wound up as general manager of racing there and at Monmouth Park and now has left the Meadowlands and Monmouth Park for an executive position with one of the most aggressive gaming and racing organizations in America, Penn National Gaming. Here's Chris McErlean.

Chris McErlean: Thanks Stan. I guess I have the benefit of being the new person on the slots side at least, so just to give some perspective from Penn Gaming's point of view, a lot of people don't realize in terms of the scope that they're involved in on the racing side. We do own whole or part of six racetracks, we have an OTB network, an online wagering platform, in addition to

casinos in 10 jurisdictions, and I believe close to 20,000 VLTs or slot machines at those facilities and a market cap of just under \$4 billion which I think puts it around number five in the publicly traded companies from the gaming side. So Penn Gaming is a major player in the business and a major player in the racing business. I think other than Magna, there's only one other racetrack organization that has as many racetracks as we do, so Penn obviously has a deep interest and desire to continue in racing and obviously is very committed on the gaming side.

From a simulcasting point of view, I've had the benefit to be part of the simulcasting waves that have come forth in the business. I guess I was very fortunate in that respect, and the analogy of waves is very apt, in the early 80s and mid-80s the interstate simulcasting started. New Jersey and Pennsylvania were the leaders in that, as well as Canada. Then you had interstate simulcasting starting in the 90s and exploding and by the late 90s, just about every jurisdiction had some sort of full-card simulcasting going and now it's basically a saturated marketplace, and the growth is really coming from just people shifting market share around. The advantages, as Nick Eaves mentioned, of simulcasting coming online was that you expanded your product lines, you expanded the ability to cover your fixed costs, and the ability for racing fans to see more product and have more opportunities for wagering, and from a revenue point of view, both for horsemen and for tracks, it helped in some cases increase or at least stabilize the revenue. So simulcasting had great advantages there. The downsides, obviously, the shifting from live products to the incoming simulcasting products. There are now new partners in the simulcast pie. And it opened the door to third parties that maybe didn't have as much of an investment in the industry.

From the slots analogy—slots is the new simulcasting—we're seeing a lot of those same things happening. It's a very apt analogy in terms of the business aspect. Slots, at the racetrack, or VLTs, have definitely infused a great deal of revenue into the industry. They've given tracks new opportunities to invest back in the business and horsemen to invest back in the business, and it's added, obviously, purses to increase competition. That's been seen very well at a couple of our properties, Charles Town Racecourse was basically on the brink of extinction a couple of years ago, and is now one of the largest gaming facilities in the United States, with purses rivaling anybody on the East Coast. Bangor Raceway in Maine is a little bit lower on the scale, but just in scope they've doubled their race dates and doubled their purses up there by the inclusion of slot machines. Penn National Racecourse will be adding 2,000 slot machines later

this year to the already successful line-up of tracks in Pennsylvania which will probably quadruple purses there within the next couple years.

So the slots as the new simulcasting have definitely had the same advantages that those first waves of the initial simulcasting had. However, the downsides are the same that we're seeing right now with simulcasting, there's going to be some saturation at some point, the revenues and the impacts aren't directly tied necessarily to racing, and it's creating an arms-race for jurisdictions trying to keep up the haves and the have-nots, so I see a lot of similarities between the growth of simulcasting and the waves of simulcasting and now what's happening with the casino and the VLT standpoints. The analogy that you came up with, the topic is very much on point and you can definitely draw a lot of similarities between the two.

Stan Bergstein: Thank you Chris. There is a very unique situation in the province of Alberta, Canada and it is a different approach to administration and a different approach to the entire sport of racing. To address that this morning we're privileged to have with us Dr. David Reid who is the chairman of Horse Racing Alberta. I have asked Dr. Reid to tell us a little bit about the organization, how it came about, how it's been working, and he'll do so right now, Dr. Reid.

Dr. David Reid: Stan, thank you very much. I was directed to give a little history of our evolution, so I'll do just that. The question that was posed to me really was "will slot machines eventually kill live racing?" which of course begs the second question, "can live racing survive without slot machines?" One thing is for sure, as an industry we don't want to be competing against them if we're not in the business. And that was exactly what happened in Alberta. Prior to 1990, horse racing was a major form of entertainment for many Albertans; it was economically viable. Things significantly changed with the widespread introduction of VLTs and other alternate forms of gaming in 1991. In many ways the government became a major competitor. To add perspective, in 1991 horse racing made up 22% of the gaming market in Alberta. By 2003 horse racing accounted for barely 0.5 percent, while lotteries, VLTs and slots generated 16.9 billion. There was a 48 percent decline in wagering over a 10-year period. The industry's long-term viability was threatened and purses had declined. Owners and breeders started to get out of the business. Thoroughbred and Standardbred foal numbers were declining to below a critical level required for ongoing successful racing. By the end of 2000, our industry

lacked direction; it was in a crisis situation. Horsemen's groups and tracks were bickering over a shrinking financial pie. In order to save our industry and create some stability, we needed to re-evaluate our business from the ground up, as well as our partnerships with government. We needed to change direction. Fortunately, thanks to a Premier and some powerful lobbying by some of the horsemen, we were given that opportunity.

We needed to develop strategies that would allow the industry to move forward with one voice and with common goals. A working committee established to accomplish this task. This committee tabled a plan in 2001 and subsequently new legislation was enacted. Horse Racing Alberta had become the governing body of the industry by June 2002, just five years ago. Government supplied us with the tools with which to revitalize our industry, namely slot machines. And since that time we've moved forward with a renewed sense of purpose and a common direction. We set up a government structure which put all of the major industry players at the table on the board of Horse Racing Alberta. We had representatives from each of the tracks; we had representatives from the owners, the horsemen, both breeders and horsemen alike. We had representation from other racing breeds, the quarter horses, the racing Arabians, the Appaloosas, and we had private members who could vote. The government had two representatives, one from agriculture, one from gaming. The chairman was considered an independent and had a vote. This industry-wide representation facilitates the foundation for a solid, working partnership. We elected slot machines for racing entertainment centers, the number of which is linked to a critical, and minimal, number of live, racing days. The number of slot machines is linked to the number of live racing days. The industry retains a significant portion of the slot revenues, the balance is returned to the government. The major industry money flows through Horse Racing Alberta and then is re-distributed to the industry to support agreed-upon programs in a manner than reflects managed, sustainable growth.

We're very concerned about throwing all the money to purses, having high days, high years and then low years. We want sustainable growth. We've negotiated a 10-year agreement with government because we believe the key to investment and reinvestment is confidence in long-term stability. It's been this confidence in the future that has allowed the planning and building of a new racetrack and the renovation of existing facilities. Horse Racing Alberta's mandate is to regulate, to grow, to market, and to revitalize the horse racing and breeding industry along with and on behalf of the entire industry, and all its partners.

The industry has settled on eight strategic areas that they wanted us to pursue: the regulatory functions, we in fact are the commission in this respect; industry and government relations to keep arrangements with government and our industry partners alive and vital and current; racetrack licensing and infrastructure, the renovation and the building of new tracks; purse structure; the breed improvement program; animal welfare; human resources because we're vitally concerned that the backstretch workers in our industry take part in this great boom that we have; and finally, marketing strategies. Marketing strategies are designed to reposition the racetrack as a fun, multi-faceted, entertainment package that includes restaurants and sports bars as well as simulcast and live racing. We must increase our fan-base. In answer to the question "what will we do tonight?" we want the answer to be "go to the racetrack, you'll have a good time." Certainly our marketing campaigns have created buzz. In summary, we have sold the government on the idea that we need to become an integral part of the new gaming mix. We think we've integrated our slot machines in such a way that their revenues are part of the growth of each of the strategic segments of our industry, not just purses. We have set slots up and legislated them in such a way that no live racing means no slot machines. We have ensured that the revenues initially flow through Horse Racing Alberta and then to the industry in support of these agreed-upon programs. We've tried to secure our government agreements way out into the future to allow for confidence and reinvestment. So what do we need to do to ensure that government continues to support this plan? We need to be accountable, in fact we report on over 30 performance measures each year, the main ones being: total industry economic impact, the economic impact of the breeding sector, total and live handle, industry satisfaction with Horse Racing Alberta and its programs. The bottom line is that we have to remain a net, economic win for the government and our agricultural component must show growth. They're very interested in the growth of our agricultural base. We have to ensure that each of our partners is able to make a profit-margin. The government wishes to see us diversify our revenue streams and build up those areas that are based upon the racing product, not just slots. If we sit back and just develop our slot machines over the next 10 years, we will lose our agreement. They say, "You must build those areas of your industry that are not dependent directly on slots." The real key to continued success, however, and their support, is the ability of the industry to stay focused on the big picture and minimize internal bickering. We need to continue to communicate with government with just one voice. Slot machines by themselves have not saved horse racing, per

se, in Alberta. They are however the tool that has enabled revitalization and the successful administration of their programs. It's up to the industry to ensure that they remain a tool and not a threat. Thank you.

Stan Bergstein: Thank you, doctor.

When I first heard of Bobby Soper, I heard all these glowing, fantastic stories of his accomplishments and what a terrific and dynamic guy he was, and when I first met him my inclination was to ask "when do you graduate?" I couldn't get over his boyish features and the fact that he didn't look like an executive is expected with dignity of age and, I'm putting it kindly. Age is a very tender subject with me, but in any event, I discovered quickly that everything I'd heard about him was true and more. He is the president and whatever else your title may be up there now of Mohegan Sun at Pocono Downs, which is becoming one of the great success stories of the sport. And to talk about that, and possibly about Mohegan Sun itself, here is its president, Bobby Soper.

Bobby Soper: Thank you Stan, I appreciate the kind words. Chris mentioned, he's somewhat new to the slots-side of the industry and I'm on the other side of the spectrum, I'm the rookie up here when it comes to racing. Everybody in this room and certainly on this panel knows a heck of a lot more than I do about the industry, but, I'm learning. My background is in slots, I came from Mohegan Sun at Connecticut and worked there for 10 years and gaming is my background. We purchased Pocono Downs two years ago, in January of 2005, obviously with the purpose of transforming the facility into a casino, but also of course consistent with the purpose of the law in Pennsylvania to improve horse racing in Pennsylvania and in Northeast Pennsylvania. One of the first things I did when I moved to Pennsylvania was to look at our operations, and we own some simulcast facilities, and of course the racetrack itself, and immediately I knew there was going to be a challenge because, I come from not only an industry but an organization that believes in growth and if you don't grow then you're not succeeding and that's the nature of the casino industry.

In fact, for the last couple of decades, there was a time when it was expected that double-digit growth was the norm. Just because, one, it was a proliferating industry and two, the markets were still underserved and that was sort of the expectation and we were very fortunate in

Connecticut that we had been successful, we were in a good location. But Pocono was a new thing for me. Here was an industry where there was an expectation to keep your revenue levels as they are and maintain your expenses and we're not going to expect a double-digit growth. So the challenge for me was first, understanding the industry, and second, understanding why that is the case. I think the problem itself is very easy to understand, in economic terms, the reality is demand has not been growing for the product. It's still a great product, I think it's exciting, but there's just not the increase in demand, especially with the younger generation. So to me the question becomes how do slots, and this is really the crux of the issue here, how do slots help horse racing and will it save horse racing. That is what's always talked about, and we heard today an analogy of simulcasting which I do believe is a good analogy; there are a lot of similarities. We have a little over three months under our belt now, we have 1,100 slot machines and we've made a lot of improvements to the track. I think we've seen some positive momentum, we've seen a little growth on the racing product since we've opened slots. We have 6,000 people that visit our facility every day now, which is significantly more than visited the track previously. I think there's no question that slots are helping horse racing, purses have increased, you'll see the quality of racing improve. Obviously, most importantly, you turn a property that had a proposition of negative cash-flow into one that has positive cash-flow. So clearly in the short term, the economics suggest that slots are a good thing. I think that is going to continue, what's happening is all these jurisdictions are using slots, not only to save their budget shortfalls but, on the horse racing perspective, they're using them in order to generate this positive cash-flow. What's also happening is that those jurisdictions which have not done this; their problems haven't been exacerbated in the horse racing industry because there are competitive pressures.

In the Northeast, for example, we see that with Pennsylvania coming online with slots, purses increasing, it's putting a lot of pressure on, for example New Jersey and Maryland, and those tracks that don't have the benefit of slots. So I think in the short term it's inevitable that slots are going to be around, I think they're even going to grow at racetracks. It's just the economic reality. In the long term, I'm probably consistent with the mainstream thought on this is it's not a silver bullet because as I mentioned earlier, the real problem is pure economics, it's a demand issue. You can improve the quality of racing all you want, you can build the nicest grandstand, the nicest simulcasting facilities, and put as many slot machines as you want, but

until you increase demand, you're just not going to be able to clear the hurdle, these cash-flow hurdles.

The reality is, at this point, slots are merely, I think, an artificial means to sustain the business by generating revenue from other means. Horse racing, ultimately is going to have to stand on its own two feet. Clearly there are significant advantages, political and economic, the agriculture industry, and a number of reasons to ensure that the racing industry survives. But in the long term, ultimately, demand is going to have to be increased and, when I spoke at this panel last year I had one year of experience and I don't think my mind has changed in the past year. We've opened up a facility, we're now starting to track to see what type of cross-play we can generate and it's certainly our intent and we believe our duty to utilize slots to try to introduce horse racing to a new generation. But I still believe that ultimately, horse racing has to reposition itself and potentially restructure itself. It is a quality product, but ultimately it has to be perceived as a fun and entertaining product for younger generations for it to survive.

Stan Bergstein: Thank you. When I saw Bobby the other day he was wearing a Georgia Bulldogs T-Shirt and I asked him what that was all about, not knowing that he had gotten his law degree at Georgia. He's a loyal Bulldog, and I guarantee you that his operation at Pocono is one that you should see. I'm going to start the questioning and hope that it will flow liberally from you, there are no limits, as I indicated on any of your questions or a pro or con. But I want to start with Bobby in reverse order and the question of the overall structure of slots as opposed to racing, you've touched on it of course, the danger or the fear in racing is that as slots provide so much revenue that the operators of racetracks and racinos will quickly forget about racing along the line. In some states, like Delaware, where racing has the luxury of having one of the most powerful legislators in the state, Bill Oberle, who was the creator of the slots bill, he made absolutely certain in the legislation that racing's role would be maintained because he had a deep interest in racing. What is the danger of slots eradicating racing? I know you have a point of view that you touched on, but I thought maybe you could expand on it.

Bobby Soper: Well, I find that an interesting comment, you do hear that from elected officials and those involved. I think it's short-sighted to say that just because an elected official has a deep interest in saving horse racing that horse racing will not be eradicated. I think that's not the

perspective that should be looked at, it should be more about how as a private industry can we improve horse racing. I don't think slots will ever be the cause of horse racing's decline or even demise. I think clearly, again, these rules and regulations and laws that require slot operators at racinos to operate a certain number of race days such as we have in Pennsylvania. I can understand the logic behind them and in the short term, again it's not a bad thing. So from a legal standpoint clearly there are obstacles and horse racing cannot be eradicated simply because legally we can't operate a slots facility without operating the race track. But over time again, thinking in the long term, when you see the numbers, when you see that your slot operation is generating strong, positive, double-digit margins, and your horse racing operation is not even generating a positive cash-flow, you have to figure out a way, as any business operator would, to reverse that trend and it's got to live on its own.

Stan Bergstein: How do you handle your publicity and advertising vis-à-vis gaming versus racing?

Bobby Soper: We're learning now, we've only been open three months, but we're starting to implement some programs to cross-market the two products. I think what you do is you create incentives for all those people that are in your gaming database, that visit your property, to get them to try the product and to educate them about the product. It can be, just simply, come to the races type of thing. You have to get at the root of the problem and that is trying to educate this younger generation about the quality and the fun that you can have with the racing product.

Stan Bergstein: You able to use any television?

Bobby Soper: We haven't gotten there yet. What we're doing is sort of grassroots at this point. One of the things I wanted to do at the track, we had a very old grandstand, 40 years old, very weathered and we had a choice we could simply renovate it, put new seats in at a significant cost, but we knew we'd be underutilized until...

Stan Bergstein: The reason I ask, obviously, is that the easiest way to get new fans educated toward racing is television and Mohegan Sun is one of the outfits that has enough money that it

could do it if it chose to and I didn't know what your television was, local television in Wilkes-Barre.

Bobby Soper: The answer is actually we do do some local advertising, promoting horse racing, but I don't think to the point that we need to get to. The point I was making was we need to start first, create the accommodations, create the fun atmosphere that will attract the young generation, and what we did is actually create this "Party Patio," so we took the grandstand, converted it into sort of a "Party Patio" that overlooks the whole facility, mix it up with music and other activities, you create the environment, then utilize that environment and you market it. You have to use your marketing dollars wisely so unless you believe that you can actually generate those incremental dollars, you're not going to spend those marketing dollars on it. But I think we have some momentum and hopefully we'll be able to use those marketing dollars to drive people to the horse racing side.

Stan Bergstein: Thank you. I think I saw Roger Huston back there, he's probably the best-known voice in harness racing, the reason I'm asking Roger to comment is that he does a nightly show, The Meadows pioneered that and Roger has become a major personality in Western Pennsylvania, the track's market area. He might comment on new fans and the creation of new fans through a television show. Roger?

Roger Huston: Well, we do a nightly show, five hours basically, four to five hours, and we try to entertain the folks with a show that is informative from the get-go. Somebody that tunes in to our show that possibly is a regular viewer that knows everything is probably going to get bored with the explanation, what the difference of a trotter or a pacer is or anything like that. We go back to the basics when it comes to harness racing, not once a night but maybe three or four times a night, learning process. I've found that the vast majority of the viewers that we have for the show are people who are looking for some form of entertainment and they're tired of regular television, so they watch the horses and enjoy harness racing. With the slots coming to our facility in May, we have increased purses in advance of that by 28 percent just last week. And the response from the betting public that I've received as far as telephone calls, and e-mail –I actually have a computer in the booth with me where people can e-mail questions and comments

right during the show and I'll answer them right on the air—but the fan in Western Pennsylvania is impressed by the higher purses and, believe it or not, they've even said that they feel that the races in just a week and a half have become more competitive by the higher purses that we've had. If this is any indication for the first week, when our purses really get up there with the slots in operation, it is going to be something.

Stan Bergstein: You consider yourself an educator as well as a commentator?

Roger Huston: Most definitely. Everything that we do on the show has to be to educate the people. You've got to assume that there are people out there watching for the first time, all the time. That those people that are watching have no idea what harness racing's about. You have to educate from the very beginning just like you do in a college of horse sense or at Pompano where they have the morning qualifiers and invite fans out there. You have to go totally back to the basics. If you don't go back to the basics, you're going to have a person who gets involved in harness racing but doesn't know anything, and the worst thing you can have is people involved and they don't know what they're doing.

Stan Bergstein: The reason I asked the question, and this applies to thoroughbred racing as well as harness racing, is that even on TVG and on HRTV and any of the other shows, I think many of the commentators make the mistake of using terminology that is above and beyond the viewer they're trying to attract. I don't want to dwell on that point, it's a totally different subject, but I do want to ask Dr. Reid, people are asking me and I assume asking all of you, are there any new racetracks going to be built with the slots situation. Not asking are there any new racinos, because they know the answer to that. You have a huge complex planned, I believe, in Calgary, could you tell us just briefly about what that is all about?

Dr. David Reid: Well, I think it started when the working committee met and said "what does the industry need to move into the future?" And clearly, we identified success as being able to sell your product, whether that's a signal of the race, whether it's a horse at a sale, whether it's semen, whether it's breeding animals. Success is being able to export, like most businesses that are successful. We realized that to be successful we needed to elevate the standard of racing in

Alberta. So we put out a request for proposals and fortunately a group of horsemen got involved and decided they'd build a new racetrack. Now these are very dedicated individuals, because when they got into this business of thinking they would develop a new track they envisaged building this track for \$80 million. Four years later, that track is now \$200 million and clearly, the economics are pretty daunting. The dedication of this group is shown by the fact that they were smart enough to identify land that they could purchase at a reasonable cost, at a reasonable distance from the heart of Calgary, and very near the airport, and by developing that land and getting in the infrastructure, the drains, sewage and so forth, they were able to attract a major shopping center to come in and purchase and partner on that land. So now we have an opportunity not only to have one and a half to two to three million visitors a year at the track, but an opportunity to utilize the 11 million visitors that come to the shopping mall. And the shopping mall is V-shaped, it's all on one level and it's connected to the grandstand via the racing entertainment center, the racino. And the whole thing is set up to direct and move traffic like that. The total project now is about \$1.5 billion.

Stan Bergstein: It's going to be a dual-breed facility?

Dr. David Reid: It's going to be dual-breed facility, there are two tracks, twin tracks, for the standardbred, the thoroughbreds, and indeed the racing quarterhorses, the stretch run is made for that in mind and it's scheduled to open in April of 2008. Eighty-seven percent of the grading and stripping is done. The footings and pads have already been laid and we are tight but on schedule. But the point about it is that it will be a destination, it's not going to rely on just racing. So the racing is part of attracting people to be somewhere to enjoy themselves whether they shop, whether they go to the racino, whether they go to watch the horses, and the beauty of that is that of course the revenue that's generated will assist our other tracks in the province.