

TDN & A

With the May 12 start of the 2012 meet, Monmouth Park will begin a new, exciting and interesting era. When Morris Bailey opted out of his option to lease the track after running it for the 2011 meet, the New Jersey Thoroughbred Horsemen's Association stepped in to fill the void. The horsemen's group has signed off on a 35-year lease to operate the historic Jersey Shore racetrack.



Dennis Drazin
Equiphoto

Initially, it appeared that the horsemen had taken over the track simply because no one else had come forward to save it from certain extinction. Perhaps they could keep things afloat for a year or two until someone else took it over or until racetrack gaming finally came to New

Jersey.

But the horsemen have something all together different in mind. Not only are they saying they are in this for the long run, but they have announced bold plans to undertake a \$100 million project that would totally transform the racetrack. They are calling for the track to be complemented by a year-round attraction that would include an indoor water park, a restaurant and a Jersey Shore-style boardwalk that would include retail stores.

The track will be run by Darby Development Company, which has hired Elite Consulting to handle the day-to-day operations. Elite Consulting will be run by long-time Monmouth executive Bob Kulina and Dennis Drazin. The principals behind Darby Development are Drazin and his brothers, Brian and Ronald.

But it is Dennis Drazin who is the driving force behind the new Monmouth. Drazin, an attorney based in Red Bank, N.J., has been among the leading figures in New Jersey racing for years, but usually as the face of the horsemen's organization. He is the former president of the New Jersey Thoroughbred Horsemen's Association and was also chairman of the New Jersey Racing Commission. Drazin recently resigned from the Racing Commission to avoid conflict-of-interest problems related to his operation of Monmouth Park.

On behalf of the *TDN*, Bill Finley sat down with Drazin to get his views on the future of Monmouth Park and New Jersey racing and to find out what the plans are for one of the sport's most beloved racetracks.

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TDN: First, let's get the particulars, like will there be a Haskell this year, what will purses be, etc.

DD: There will be a Haskell and it will still be run for \$1 million. The primary meet will operate for 51 days and the purses for that will average \$400,000 a day. At the secondary meet, the purses will be about \$200,000 a day. (There will be 65 total days of racing at Monmouth, plus 10 days of racing at the Meadowlands, which will also be operated by the horsemen's group). The purses will be just about what they were last year. The horsemen approached us and asked about three-day weeks versus four-day weeks and said they'd like to see us have some four-day-a-week schedules. So, we're going to do that on Thursdays, with a 4 p.m. first post and a last post of 7 p.m. On the Thursdays, we're going to have concerts afterwards.

TDN: The state of New Jersey wanted out at both Monmouth and the Meadowlands because both tracks were losing money year after year. Can Monmouth be profitable? And if there are going to be losses, where does your group come up with the money to cover them?

DD: This needs to be answered in both the short and long term.

In 2004, the legislature and the administration gave the industry the power to build 15 OTWs and no one went out and did it. They whacked things up and gave the New Jersey Sports and Exposition Authority nine, Freehold four and Atlantic City (Race Course) two.

The problem was, why would Pennsylvania people (which own Freehold and Atlantic City) want to build something in South Jersey that's going to take a toll on the Garden State money that went across the river to Pennsylvania and bring it back to New Jersey? It just never happened.

With the Authority, some thought, 'let's develop account wagering,' some people thought, 'why take people away from tracks by building OTWs?' Finally, they built the OTW in Woodbridge and it's handling 90-some odd million year. They realized it was the right thing to do but then we fell into a situation where there were economic problems. People questioned whether or not state money should be used to build these out, so it just didn't happen.

If they had built all 15 OTWs way back then we wouldn't be talking about needing purse subsidies, you wouldn't hear all the complaints you are currently hearing. We need to get these built and not only in the north. We need to get them built in the south and if the people who have the right to do don't get it done, they need to lose the licenses so we can do it.



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TDN Q&A cont.

We've also traded one of our OTW licenses to (Meadowlands operator) Jeff Gural so that we have the exclusive right to put wagering machines in at bars and restaurants. These are the sort of things that will make us profitable in the long-term.

As for the short term and how we will make ends meet, there are different sources of funding that are part of our deal. The Authority projected that it would have lost \$8 million this year had it run Monmouth. As part of our deal with the state, we get a \$4 million grant, which does not have to be paid back. That was to induce us to take over this year instead of waiting until next year. We'll get the \$4 million as a grant and then a loan of \$5 million, so we will have a \$9 million cushion to operate with this year. Technically, the loan comes from the Authority. We don't think we need all that money because we think we have found some savings.

The grant is a one-time thing, but we get additional loan of \$2 million in 2013 and another \$2 million in 2014. So we have three years of advances to get us to point where we have revenues coming in from the OTWs. We also think we can build the account wagering business and we'd like to explore Instant Racing, though it appears that Jeff is not as keen on that as we are.

TDN: Obviously things would be a lot easier for everyone if there was gaming at the Jersey racetracks. Do you see this happening? If it does happen, most see them coming to the Meadowlands and not to Monmouth. How would that impact Thoroughbred racing?

DD: Here's how I see it, though Jeff may have a different version of things: I am very hopeful that slots will come to New Jersey, but that it will take a minimum of five years for that to happen. I don't think they're just going to hand them to Jeff. I think there would have to be a public bidding process. Jeff has the edge in getting them because he has a stake there and an investment, which gives him a leg up on everyone else. If Jeff gets slots at the Meadowlands, he has an agreement in writing with the Sports Authority that the Thoroughbreds would receive half of the purse money generated from slots. Jeff would not be obligated to share his operator end. But the purse money, would be shared 50-50.



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TDN: Do you ever see slots at Monmouth?

DD: I have been working on this since the late 90s. There have been times where I thought we had the support of a governor and we had the support of the senate and we couldn't get it passed in the Assembly. Now it's kind of the reverse. We have an Assembly that probably would pass it and you can't get it posted in the Senate. Senate President Steve Sweeney has said he's not going to post a bill, which means it's not going to happen. The governor has always kind of sat back and said you can't waste any political capital on something that I know is dead for starters.

The Governor has made it pretty clear that he wants to give Atlantic City a chance to succeed and if it doesn't after five years then he will likely be feeling differently. I saw an article where the Governor said that if in five years Atlantic City doesn't make it then he thinks Jeff Gural has earned the right to have slots at the Meadowlands. That is a pretty significant statement coming from a governor who has always before said no slots. He's saying, 'thank you Jeff, you stepped up to the plate when we needed you, so we are going to reward you by giving you the first shot if this happens.'

Those of us who think it's going to happen sooner are dreaming a little. Those of us that are looking at 'let's give it five years and after that we are going to get some support for gaming,' that's a more realistic approach. Maybe it won't take five years. Maybe it will take six or seven, but eventually, I believe we will have slots at the Meadowlands.

I never really pushed slots for Monmouth because I believed if it was going to happen, the casinos wouldn't want it to happen all over and I thought we would be better putting our eggs in the Meadowlands basket. I thought that we should work together to get it at the Meadowlands and work out a sharing arrangement. If in fact the only way to get racetracks slots in New Jersey is to have them at the Meadowlands, I would support doing it.

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TDN: We have always heard that a big issue with the horsemen was having a large amount of racing dates and, by law, you are supposed to have 141. Now, the horsemen take over the track and there will be far fewer than 141 dates. There's an inconsistency there. Please explain.

DD: When we were holding out for 141 days, we believed that was the right number of days. It started with a much, much higher number and the state was at a lower number. We negotiated to get at this particular number and everyone said okay. The truth of the matter is that, even though the law says 141, there were many times we made deals with the Authority and went back to the legislature and asked for permission to run fewer since, for one reason or another, that made sense.

Our mind-set in the late nineties up to 2004 was that probably we need to have more days and then it became a influenced by fact we needed to have a good product and so we needed to have the right blend of product and days to make racing work.

For this year, 141 equaled out to \$131,000 in purses and no stakes. We thought that would be terrible for New Jersey racing and something we would never recover from. Although maybe 50% of our membership would have taken the hit and run the days with terrible purses, it wasn't the right thing to do. As far as the membership is concerned, I am sure there are portions of our membership that would rather do 300 (thousand) a day with more racing days. But you get to a point where you have to decide what's best for your product. We made the decision and, fortunately, the horsemen in general seem to support what I recommend They trust me and have faith in my recommendations.

TDN: But why were we hearing initially that the horsemen had agreed to take over and that the meet would in fact be 141 days?

DD: It had to do with the state wanting to close the deal with Jeff on the Meadowlands. They were desperate to make the deal on the Meadowlands and they were always focused on the Meadowlands first. When Bailey walked away, the issue became how do we keep the signal going up there, how do we make sure the OTWS and account wagering doesn't shut down? Because of the legalities involved and because of the need to get everything, Monmouth and the Meadowlands, wrapped up fast, they had to go by what was in the law, that Monmouth would run 141 days. We knew it could be changed later.

TDN: Morris Bailey and Jeff Gural are very wealthy men. With that, it's easy to understand how they can afford to buy a racetrack and then talk of their plans to spend millions on future projects. A horsemen's group doesn't have anywhere near that kind of money. So, where is all this money going to come from to fund these projects?

DD: Morris Bailey will be a partner with us. Morris is not going to come back in and run a racetrack, but he will be our partner on the real estate development. You couldn't ask for a better partner.

TDN: You guys like to think big. We know that one thing you want to pull off is luring Frankel to the Meadowlands for a \$1 million grass race as a prep for the Breeders' Cup. What are the chances you can make that happen?

DD: I think it is a long shot. First of all, you have to want to have him come. Last year, they said he would not be coming to the Breeders' Cup. If he ever was going to come, it is going to be this year and I think it makes some sense to set up a prep race in the U.S. for him. From a timing standpoint, we can put it when he wants it. It would be really exciting for New Jersey racing to lure him over here for a \$1 million purse and let him prep for the Breeders' Cup. Whether his connections will want him to do that or not remains to be seen.

TDN: The attractions you are talking about building at Monmouth sound like a great idea for the summer months and, honestly, not such a great idea for the rest of the year. In what is a very summer-oriented community, can Monmouth work as a year-round attraction?

DD: A lot of theme parks are year-round adventures. You have indoor water parks, places with thriving year-round business. This concept is more than just a time-of-the-year thing.

Miniature golf has been John Forbes's brainchild. John is really excited about this and thinks it is a year-round thing and thinks people will come.

As for the boardwalk, it won't exactly be viewed as the boardwalk in a place like Asbury Park. It will feature retail space all around it. We'd like to get year-round restaurants to come in. No matter what, we are going to change the food. Hopefully, there will be a big improvement. The first thing people complain about at Monmouth is the food. Getting someone else in here will be a big plus.

We're also going to have a casino but with free play. There are a lot of things you can do legally. You can set up casino-type gaming for free play, tickets, prizes, points. You can have Texas Hold 'em tournaments. But they just can't be for money. We'll try to tie in the casino games to horses, like divide the field into red and black. If you are imaginative, there are a lot of things that you can come up with.

TDN: Are the new uses for the property separate business ventures, or are they more designed to attract people to racing?

DD: It is both. One thing we are trying to do is to be creative and find ways of making more money off the property by making it more of a destination. In addition, you are hoping to convert some of your customers into people who will play the races. Take the family that wants to go to the water park with their kids. Maybe the mom will watch them while the father goes and bets the races. We want to give them the opportunity to do that. Having people use it as a destination creates more opportunities for them to play the races.

The way they have things set up at Gulfstream encourages new fans to give it a try. My niece was there doing her shopping and now she sees horse racing. She found it exciting and wanted to make a bet. We hope to do the same sort of thing at Monmouth.

TDN: The meet opens in a little more than two months. With so little time to get things done, what changes will be in store for Monmouth 2012?

DD: It's tough to get anything done for this year because of the lateness of the date. To make improvements, you need approvals from different agencies, either the town or the Department of Community Affairs. It takes time to make plans and get things changed, so I don't expect any major changes until 2013. There will be some small cosmetic changes. A few concession stands might be changed around. For the most part, we won't be able to do much.

Bobby Kulina has been retained to stay on and you know the kind of meet he runs--first-class. He knows the right way to get a meet done. This year you're looking at pretty much the same. We'll try to get miniature golf done. I think concerts will be a big draw. I haven't lined up bands yet, but we will be doing something exciting.