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CAROLYN M. PROCTOR, 23



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HERE IS RACING'S FUTURE

Maryland followed neighboring states' lead in bolstering horse racing through casino revenue. So far, the new cash is pumping life into tracks, farms and more. But local horse industry leaders fear the boon could be short-lived.

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BY JACLYN BOROWSKI

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COVER STORY

IS THE REVIVAL AT RISK?

MARYLAND’S HORSE INDUSTRY WORRIES CASINO CASH MAY GO AWAY

BY SARAH MEEHAN
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Had Maryland not allocated slot machine revenue to the state’s horse industry four years ago, Tom Bowman would probably be retired by now. Instead, the veterinarian recently became a partner in Heritage Stallions, a new stallion farm in Chesapeake City launched by his son Brooke Bowman, also a vet, and Lewis Merryman. The timing was right to help kick-start a new stallion farm. There’s money in Maryland horses – for now.

Before Maryland allocated slots funding to the horse industry in 2010, horsemen here watched as neighboring states like West Virginia, Pennsylvania, New York and Delaware allotted portions of their slots revenue to horse racing. Now faced with budget deficits, legislators in some of those states are threatening to revoke that funding. Pennsylvania is auditing the Pennsylvania Race Horse Development Fund, which has received \$1.6 billion from slots proceeds since 2006, to find out whether the allocations have actually boosted the state’s horse industry. And West Virginia’s legislature pulled a portion of its slots funding previously slated for racing to close a budget gap.

As surrounding states divert their slots allocations away from racing, there’s concern among Maryland’s horse industry leaders that the funding they receive from slots revenue won’t last long.

“We are probably seeing the future here, too,” said Cricket Goodall, executive director of the Maryland Horse Breeders Association. “Once they see this revenue flowing, they



BY JACLYN BOROWSKI

Cricket Goodall, of the Maryland Horse Breeders Association, worries about the state taking away funds.

find lots of different ways they’d like to spend it.”

Maryland’s horse industry receives 9.5 percent of the proceeds from slot machines – 7 percent goes to the state’s horse racing purse account, the money paid out to horse owners for winning races, and 2.5 percent goes toward the race track facilities renewal account. In April, the purse account received \$3.3 million from slots revenue, and \$810,193 went to the race tracks, the Maryland Lottery and Gaming Control Agency reported.

Goodall said the money is doing what it was supposed to: incentivizing horse breeding and racing in Maryland. That’s why Bowman decided to stick with it.

“The difference right now in this industry, both breeding and racing, in the last five to 10 years has been night and day,” Bowman said. “The young people that are now considering getting into it, the people that are talking about educating young horsemen, the trainers that are moving back here that had left Maryland, the new farms and our new farm – there’s essential optimism completely due to the fact that we’ve got this rejuvenated source of income.”

This year’s foal crop is Maryland’s largest in several years. Country Life Farm and Merryland, two farms owned by the Pons family, will have upwards of 40 foals – their largest brood since 2003, co-owner Mike Pons said. The Jockey Club, a national organization, reported that 363 thoroughbred foals were born in Maryland in 2012. Tom Chuckas, president of the Maryland Jockey Club, said the foal crop could be up as much as 25 percent this year across the state.

“People who are in the business of breeding horses and owning horses believe that they can get some return on their investment,” Goodall said. “They didn’t see Maryland

SLICING IT UP

CASINO CASH

Where proceeds from Maryland slot machines go

49.25%

Maryland’s Education Trust Fund

33%

Casino operators

7%

Horse racing purse account

5.5%

Local impact grants

2.5%

Race track facilities renewal account

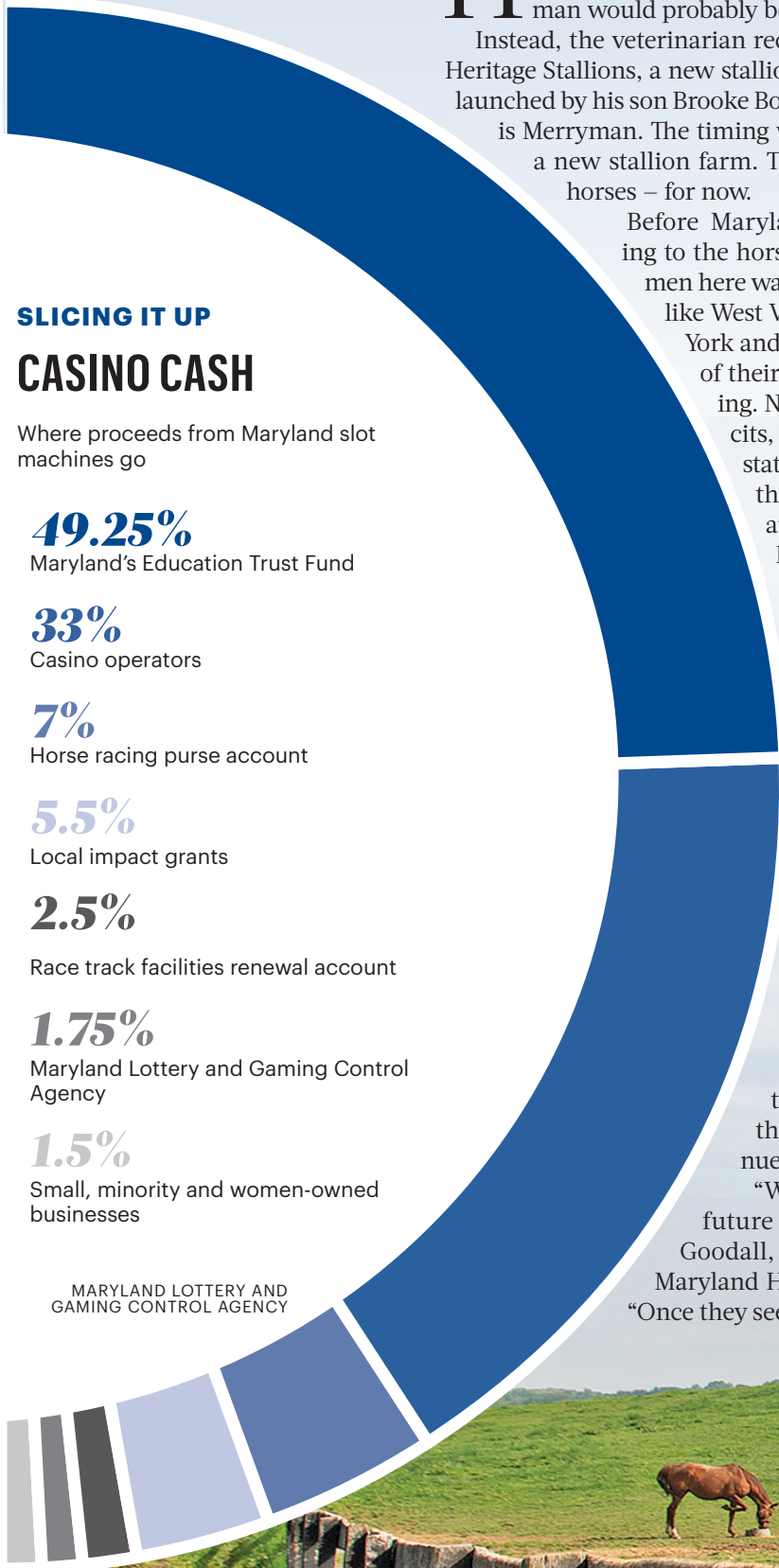
1.75%

Maryland Lottery and Gaming Control Agency

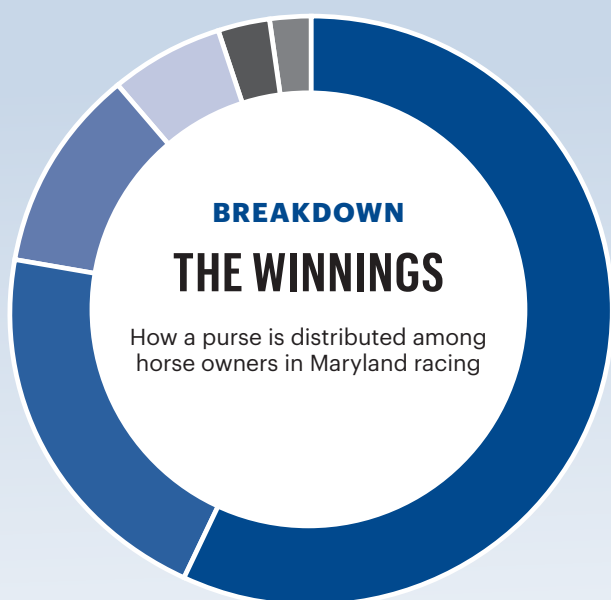
1.5%

Small, minority and women-owned businesses

MARYLAND LOTTERY AND GAMING CONTROL AGENCY



COVER STORY



CASINO CATCH-22



BY JACLYN BOROWSKI

Tom Chuckas, president of the Maryland Jockey Club, says the state's tracks need to appeal to people who want to visit for more than gambling.

MARYLAND'S CASINOS GIVE AND TAKE

Maryland casinos have been both a blessing and a curse for the state's horse racing industry.

While Maryland horse racing would be floundering without slots revenue that goes toward race purses and track improvements, more gaming has also increased the competition for gamblers — drawing people who would otherwise wager on horses away from the race tracks and into new casinos.

That competition will only heighten in the next couple years as the Horseshoe Casino Baltimore and the MGM National Harbor casino open.

Tom Chuckas, president of the Maryland Jockey Club, said that means Maryland's race tracks have to appeal to fans for more than just racing.

"I think we have to modify our business plan to some degree," he said. "We still have to do a better job of growing our business, becoming more self-sufficient. We're not there yet but that takes into account the building, improving it, providing more amenities, more modern, more multifaceted."

Take Gulfstream Park in Hallandale Beach, Fla. The facility not only includes a race track, but also a casino, restaurants, event space, live music and shopping. Chuckas said Pimlico needs to give people more of a reason to come out to the track besides horse racing.

The Maryland Jockey Club has done a good job of using diverse

attractions to lure fans to Preakness, where more than 120,000 people are expected to attend this year. The middle jewel of horse racing's Triple Crown attracts high-caliber musical acts for InfieldFest, and it's growing Black-Eyed Susan Day the Friday before the big race.

Since Kimber Goodwin has been working with Preakness, she said the event has changed drastically.

"Night and day," said Goodwin, who owns Blonde Marketing and coordinates the infield festivities at Preakness. "It is I think one of the premier events certainly, not only in Maryland but in the country. Other tracks in the country call Preakness and ask how they did it."

Pimlico is slated for more than \$100 million worth of improvements, starting with 216 new horse stalls at the track that will break ground later this year.

"I think there's no secret that Pimlico is a primary focus because of the Preakness and the ability not only to draw people to the track, but to the city and the state," Chuckas said.

While the facilities are in dire need of an upgrade, Chuckas said horse racing also has to remain relevant to fans outside the track. The Maryland Jockey Club is working to expand off track betting, currently available at six venues in the state, so more people can wager outside Pimlico.

—Sarah Meehan

as that place for a long time."

When an owner invests \$50,000 or more in a horse in its first two years, it's important for that to pay off. Higher purses — a result of the slots funding — have helped. The average payout for a race day — across all nine to 11 races — is about \$250,000, up about \$100,000 prior to gaming, Chuckas said.

"It's allowed the industry to increase purse levels, which in turn acquires more horses, better quality of horses, improves the racing on the races track," Chuckas said.

The tracks themselves receive funding from slots, too. Chuckas expects the Pimlico Race Course to ultimately generate more of its own business after undergoing more than \$100 million worth of improvements. Becoming self-sufficient will be necessary for the track if slots funding disappears down the road.

"Hopefully, somewhere down the line we're less reliant on the state and more reliant on our own business," Chuckas said.

COVER STORY



Mike Pons, of Country Life Farm, talks about the horse breeding industry's comeback and its future in Maryland. See the interview at baltimorebusinessjournal.com

BY JACLYN BOROWSKI

Freedom Child is a 4-year-old stallion used for breeding at Country Life Farm in Harford County.



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BY THE NUMBERS

Here's an inside look at the Maryland horse industry

\$50,000

Estimated amount invested in a horse from the time it is conceived to the time it reaches its first race at age 2 – if you own your own farm (as high as \$90,000 if you board a horse at another farm)

60

Percentage of live births from mares that are bred

\$2,500

Average stud fee in Maryland

\$15,000

Average stud fee nationally, skewed by high stud fees in Kentucky (which reach into the hundreds of thousands)

216

Number of new horse stalls planned for Pimlico Race Course

300

Number of new horse stalls planned for Laurel Park

\$1.5 million

Purse for the 139th Preakness Stakes

642

Number of mares bred in Maryland in 2013

363

Maryland foal crop in 2012

160

Number of race days in Maryland in 2013

\$45.8 million

Total purses in Maryland in 2013

\$31,304

Average purse per race in Maryland 2013

CRICKET GOODALL, MARYLAND HORSE BREEDERS ASSOCIATION EXECUTIVE DIRECTOR; THE JOCKEY CLUB'S 2014 MARYLAND FACT BOOK