

Auto race now likely to lose money

Event to proceed, promoter vows

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ADVERTISER STAFF WRITERS

The Hawaiian Super Prix is less than a month away, and for all the revved-up promotion, financial progress is moving slowly and organizers say it is likely the race will lose money this year.

The auto race, touted at its February unveiling as the "Super Bowl of the sport" and the state's biggest sporting event, was predicted then to draw 70,000 to 100,000 spectators, including 30,000 visitors. State officials said the three-day race at Kalaeloa Airport (formerly Barbers Point) would have an \$85 million impact on Hawaii's economy.

Promoters committed to hold the race for at least three years and further promised to raise awareness of the Championship Auto Racing Team, or CART, by showcasing 12 of its best drivers two weeks after the end of the association's international 20-race series.

While it remains unclear how successful the event ultimately might be, several misfires have plagued it, including lack of a title sponsor, slow ticket sales and a downgraded TV broadcast. Now, the promoter and investor have concluded the \$30 million event billed as "the world's richest auto race" will probably lose money this year.

Still, John Hallé, president of the New Hampshire-based investment banking firm financing the race, said the race will go forward. Setbacks are to be expected for a first-time event, Hallé said, adding that he anticipates

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Super Prix: Promoter says race will go forward

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making money in the following two years of the race, which he is committed to financing.

"You not only have to consider the possibility, but you have to expect to take a financial loss in the first year," he said. "What we're trying to do is build a franchise."

The Hawaiian Super Prix is the first automobile race financed by his firm, CNB Capital, which specializes in entertainment events such as boxing matches, concerts, and film and TV productions. The \$30 million race is, Hallé noted, the smallest deal for CNB this year.

"We believe pretty strongly in this event. It's a good investment for us," Hallé said, noting that there are start-up costs such as track construction and production infrastructure that will not recur in 2000 and 2001.

Hallé also said a shortfall insurance policy purchased by promoters from Tennessee-based Frontier Insurance Co. lessens the risk for CNB. He did not reveal specifics.

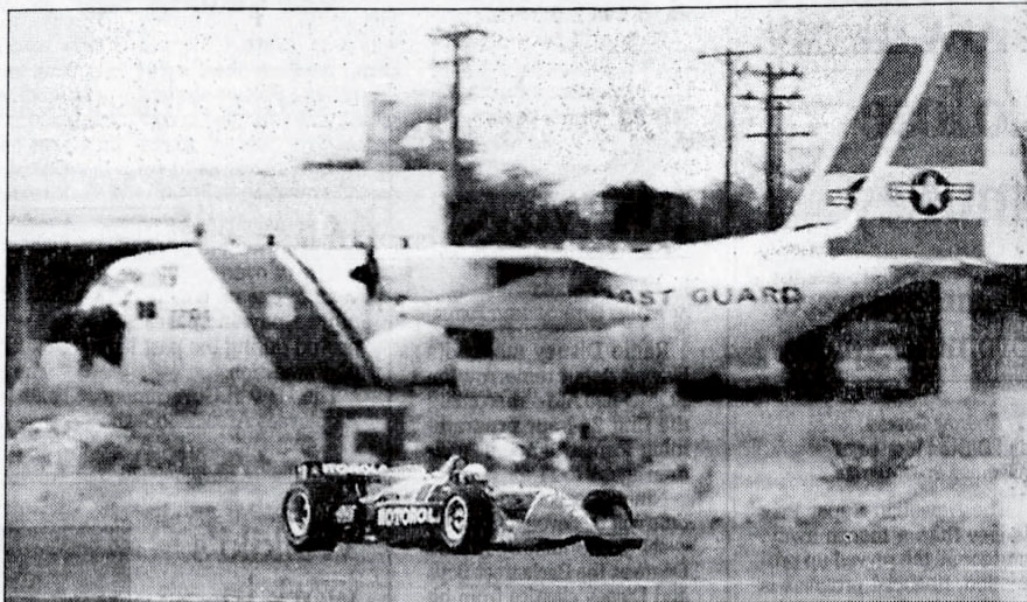
But setbacks for the Hawaiian Super Prix this year have been distracting for those involved and have fueled industry speculation that organizers might not be able to pull off the race.

A worldwide pay-per-view television deal with Showtime fell through last month when production costs were projected to be too high and viewership was projected to be too low because a heavy-weight boxing match Nov. 13 was expected to draw a majority of pay-per-view customers.

Prospects of a network TV broadcast with ABC and ESPN, where CART has a television deal, conflicted with college football.

Hawaiian Super Prix general manager Phil Heard said a new television deal, expected to be with cable station Speedvision, will be completed today. He did not reveal how much the deal would benefit the Hawaiian Super Prix financially.

Speedvision, which is available locally only through Oceanic Digital Cable, is expected to air a two-hour telecast of the race, with the final hour broadcast live. A replay



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Race car driver Mauricio Guglemin tested the track at Kalaeloa, the site of Hawaiian Super Prix event next month. The \$30 million event has been billed as "the world's richest auto race."

deal with the Fox network has been discussed but not finalized.

Meanwhile, ticket sales have been slow, according to organizers. Yesterday, organizers said they did not have specific sales numbers available. But in the four months since tickets went on sale, an estimated 20 percent to 25 percent of the 50,000 grandstand seats, and 70 percent of the luxury suites are believed to have been sold.

Race organizers said their event also is contending with increasingly popular University of Hawaii football. The team plays at Aloha Stadium Nov. 13 against Fresno State. The Rainbows are averaging nearly 35,000 fans per home game.

Other means of extra revenue, including merchandise sales and foreign broadcast rights, will help. But the big money deal — a title sponsorship to cover the \$10 million purse — could not be arranged.

Event co-founder Richard Rutherford said a company was interested but did not sign on because a planned corporate merger put a hold on all sponsorships. So CNB Capital is being relied on for

the full \$30 million, something Hallé said he anticipated.

To date, more than \$10 million has been spent, Hallé said. And while race promoters continue to spend on production, including advertising and a \$1 million concert, they await delivery of the \$10 million purse.

That money must be delivered to CART by Oct. 19 — a deadline that race organizers say they will meet.

But a mixed presentation of the money last month led some to doubt that — and the race. According to an online column by Robin Miller, a noted auto writer with the Indianapolis Star, the absence of Hawaiian Super Prix officials at a scheduled appearance at the Texaco Grand Prix of Houston three weeks ago led Miller to believe the Hawaii event was doomed.

Hawaiian Super Prix officials planned to make a grand promotion at the Houston race that included driving an armored truck to the site and unveiling the Hawaiian Super Prix' \$10 million purse — in cash.

When the stunt was canceled — Hawaiian Super Prix officials said they could not coordinate all the lo-

gistics in time — Miller believed that the entire event was as well. "The attitude of the teams and drivers was that Hawaii was not going to happen," Miller said. "Everybody figured they didn't have the money."

That also gave rise to speculation that race organizers might reduce the \$10 million purse. Rutherford said the purse — the most in the history of auto racing — will not be reduced.

Hallé affirmed that all funds are forthcoming. And Ron Richards, CART vice president of communications, said he has assurances that the prize money will be received.

"It's not unusual for events of this magnitude to experience growing pains," he said. "We're certain everything will work out. I already have my ticket to Hawaii."

So do others. A spokeswoman for Ihilani Resort & Spa, which is near the racetrack, said the hotel is sold out during race week and estimates 75 percent of the bookings are due to the Hawaiian Super Prix.

Hallé said there should be no questions whether the event will go forward. "At the end of the day we're in there for three years," he said.