



Plenty of wheeling and dealing

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By Stan Bergstein

TUCSON, Ariz. - It has been a weird week in racing.

In Michigan, Wayne County gave tentative approval to selling 320 acres of prime commercial development land near Detroit Metropolitan Airport for \$1 to a group that plans to build a track there. The Detroit News, acting in the watchdog role that American journalism has filled so successfully, set up a howling hue and cry.

In New York's Catskill mountains, another example of creative financing and chutzpah, as the owner of the old and faded queen of the Catskills, the Concord Hotel, plans to tear it down, build a new one, and move Monticello Raceway and its racino to the site as part of a \$700 million entertainment complex. The \$700 million would come from New York state, but the developer, Louis Capelli, says it is not a subsidy but "capital reimbursement" because it will return billions to the state.

In Kentucky, the Dubai-based Synergy Investments is buying the century-old Fasig-Tipton sales company. Synergy is headed by Abdullah al-Habbai, who is a close associate of Sheikh Mohammed al-Maktoum, the biggest customer at Fasig-Tipton's yearling sales competitor, Keeneland.

Where that leaves Keeneland is anyone's guess, but track president Nick Nicholson issued a polite response, painfully aware that the American yearling market revolves and rotates around the Sheikh's whims and fancies, and those of its rival Coolmore.

In Florida, Mardi Gras Racetrack and Gaming is asking for approval of 24-hour gaming at its dog track racino in Broward County, and the major opposition to the idea is coming from its Broward neighbor, Gulfstream Park, two miles away.

In Atlantic City and Connecticut and points north, south and west, smoke is getting in the eyes (and lungs) of card dealers, table games attendees, and assorted other employees, and obviously their customers as well. The Atlantic City Council, in the boldest move in its 30-year history since slots came to New Jersey, voted unanimously last week, 9-0, to prohibit smoking in all 11 casinos. It then backed off a bit, giving the casinos until Oct. 15 to build special smoking lounges, like those in most airports. The issue, which impacts play, comes down to health vs. wealth, and affects tracks as well as casinos.

In Ohio, the governor opposed and effectively killed track racinos last November, and now he wants keno to be available wherever booze is served. A state representative leading the opposition calls the game “highly addictive.” Since Gov. Ted Strickland included tracks in his keno plans, it will be interesting to see how Ohio’s 10 tracks react to the dispute.

In Virginia, where Colonial Downs nestles in 600 acres of beautifully desirable but unprofitable racing land between Richmond and historic Williamsburg, the Newport News Daily Press reports the track may be torn down to make way for a housing development. Jacobs Entertainment, which has had its multi-breed track on the market since January, might do that if a bill to allow up to 10,000 Oaklawn Park-style recorded-racing slot-like machines remains stalled in the legislature.

The Michigan and New York “creative financing” proposals deserve a closer look.

In Michigan, the \$1 sale involves 320 of the 800 acres that Wayne County bought and named Pinnacle Park a few years ago near the airport, in the hope of attracting manufacturing plants, warehouses, and transportation businesses. That never materialized. The potential track developers propose to build Pinnacle Race Course on a third of the property, for a dollar down. To guarantee success - Michigan does not currently allow racinos - the developers will pay the county \$16 million, or \$50,000 an acre, if they don't create 1,100 or more jobs in six years. They also will pay Huron Township, where the track would be located, \$700,000 a year to defray road, sewer, and other improvements.

In New York, Louis Capelli’s “capital reimbursement” plan already is underway. Capelli’s Concord Associates own 2.5 million shares of Empire Resorts, owners of Monticello Raceway, and Capelli is buying another 12 percent, worth some \$5.2 million. He is seeking what appears to be essentially a 30-year loan at 4 percent annual interest, with the state getting reimbursement from slots at the new Concord. Capelli said he did not see how the state could say no, and was hoping it would be part of the state budget. It was not. The executive director of the Fiscal Policy Institute in Albany, Frank Mauro, called the Capelli proposal “extremely generous,” and said it would make the state “like a silent partner, but a dumb silent partner.”

Now on to another exciting week. Never a dull moment in racing.