

Owner may sell Golden Gate Fields

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The financially struggling owner of Golden Gate Fields and other high-profile horse racetracks is considering several options that include joint ventures or an outright sale of the tracks, Magna Entertainment Inc. reported Thursday.

The uncertainty that hangs over Golden Gate Fields in Albany could imperil the future of horse racing in Northern California. The Bay Meadows track in San Mateo ended 74 years of operations in May, and it will be razed to accommodate an 83-acre complex of houses and offices.

Magna Entertainment has not made a decision about the future of the racetracks Magna owns, including Golden Gate.

In addition to Golden Gate Fields, Canada-based Magna owns the Santa Anita track in Arcadia and the Pimlico facility in Laurel, Md. Every spring, Pimlico hosts a Triple Crown race, the Preakness Stakes.

Still, a sale of one or more racetracks — including Golden Gate Fields — is possible, according to documents Magna filed recently with U.S. regulators.

"Commercially reasonable efforts" will be used by Magna "to sell or enter into joint ventures" regarding Magna's assets, "including its core racetrack assets," Magna stated in Securities and Exchange Commission filings.

Golden Gate Fields is deemed to be one of Magna's core racetrack assets, but not the only one, said Blake Tohana, Magna's chief financial officer. Santa Anita; two tracks in Maryland, including Pimlico; a track in Texas; and a track in Florida would also be considered core racetrack assets, he said. Magna also owns land in the Solano County city of Dixon.

"We don't comment on potential or prospective transactions in advance of a public announcement," Tohana said.

The Golden Gate complex is successful, said Robert Hartman, the track's general manager.

"Things are going very well," Hartman said. "In 2009, we will have 181 live racing days at Golden Gate Fields," compared with the 127 that Hartman said occurred in 2008.

The live race days also may mean more revenue for the city of Albany. Hartman said Golden Gate Fields is expected to produce about \$1.4 million in 2008 for Albany. The track should generate nearly \$2 million for the city in 2009.

"We will deliver more tax revenue to the city than we have in decades," Hartman said.

The murky outlook for Magna's racetracks is the result of pressure from investors in MI Developments Inc., the principal owner of Magna. Investors insist that automotive parts and horse racing entrepreneur Frank Stronach, who heads MI and Magna, spin off Magna from MI. The eponymous Stronach Group would become Magna's new owner.

Magna has piled up losses for several years and last turned a profit in 2001. During the 12 months that ended in September, Magna lost \$159 million and generated revenues of \$596 million, Bloomberg data shows. From 2002 to 2007, Magna's losses totaled nearly \$522 million.

To stay afloat, MI Development has provided multiple short-term loans in recent years, including as much as \$125 million in financing on Nov. 26, SEC files show.

"Magna has to put all of the assets, including the racetracks, on the table for possible sale to pay down the debt," Albany's mayor, Robert Lieber, said.

The mayor said he hopes Golden Gate Fields is able to increase its live race days. However, Lieber said full-scale horse racing in this region is in doubt, even though limited racing occurs at the county fairgrounds in Pleasanton.

"I do not see a future for horse racing in Northern California for Magna because of their huge debt load," Lieber said.

The city should proceed with planning for alternate uses at the Albany site now occupied by Golden Gate Fields, the mayor said. This way, the land could be developed more quickly should horse racing cease at that track.

The mayor said he favors open space along the water front and a mix of homes, retail, offices and industrial sites east of the water.

"If we plan ahead, we could expect to have down time of four or five years should the track close, rather than unused land for nine years," Lieber said.

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