

Illinois Racing Board Pulls Plug on Balmoral and Maywood

By Neil Milbert

CHICAGO, IL - The Illinois Racing Board held a requiem for the bankrupt sister harness tracks, Balmoral Park and Maywood Park, when it awarded 2016 dates Tuesday.



Arlington racecourse general manager Tony Petrillo (l), Hawthorne park president Tim Carey (center) and Arlington park's owner Dick Duchossois present their case to the Illinois Gaming Board (Photo by Amanda Vinicky)

for the first time since 2008, conducting a January 6th through February 6th winter meeting (24 programs) with racing 5 days per week, Wednesday through Sunday. A five night per week, Wednesday through Sunday summer meeting (92 programs) will run from May 6th through September 25th.

Balmoral had sought to race on Friday and Saturday nights from January 2nd through November 3rd for a total of 87 programs and Maywood on Friday and Saturday nights from November 4th through December 31st for a total of 17 programs.

After unsuccessfully fighting to eliminate Hawthorne's spring thoroughbred meeting for the last four years



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No dates were awarded to either Maywood, which inaugurated pari-mutuel harness racing in the state in 1946, or Balmoral, which has been holding standardbred meetings since 1968 after coming into the racing world in 1926 as a thoroughbred track named Lincoln Fields.

Hawthorne Race Course will be on the harness racing map

Arlington International Racecourse formed an alliance with its former adversary and the tracks made a joint presentation. Hawthorne agreed to give Arlington a portion of the host track money it receives from out-of-state simulcasts to use to significantly bolster

purses at its summer thoroughbred meeting. In return, Arlington supported Hawthorne's requests for the two harness meetings and its usual spring and fall thoroughbred meetings.

The tracks also have promised to promote one another.

The schedule that was approved by an 11-0 vote gives Arlington 74 live thoroughbred racing programs and 216 thoroughbred host programs. Hawthorne was awarded 65 live thoroughbred and 128 live harness racing programs, 150 thoroughbred host programs and 366 harness host programs.

Under the Balmoral/Maywood proposal there would have been 104 nights of racing. Balmoral would have been the harness simulcast host track for 10 months and Maywood for two months.

The 2015 schedule that was drafted last September had called for 96 live programs at each track for a total of 192 but this summer Maywood received permission from the Racing Board to end its weekly Thursday/Friday racing schedule on Friday, October 2nd.

"We're faced with two bad options - bad meaning a huge diminution of racing opportunities," Illinois Harness Horsemen's Association President Dave McCaffrey testified during the hearing that preceded the awarding of the dates. "Racing all of the year has benefits but two days a week is not an option to make a living."

Although Maywood/Balmoral President Duke Johnston argued that year-around racing was vital for the tracks' survival and ensured that horsemen year-around stabling he said that the tracks could make it through 2016 if they were granted spring and fall dates to bookend the Hawthorne summer meeting.

But that scenario would have made the Arlington/Hawthorne simulcast sharing agreement unworkable and representatives of both of those tracks said that would have meant dire consequences for Illinois thoroughbred racing.

"It hurts to do this but I think it's the right thing we must do in the interest of keeping the sport alive," Racing Board member Kathy Byrne who seconded the proposed schedule motion by Chairman Jeffrey Brincat that left Balmoral and Maywood without any dates.

"It is a very difficult decision to make. It is very hard to see a racetrack close. But this is a time of contraction in the whole industry whether there are slot machines or not."

Thus, harness racing will shrink to a six-month sport in Illinois after having been conducted for 11 or 12 months every year since 1968 (except for a few years when the start of the season was delayed until new contract disputes were resolved).

The Johnston family is the principal owner of Balmoral and has been conducting racing at Maywood under a long-term lease with the Galt family since 1979.

Faced with a \$77.8 million judgement awarded to the state's four highest grossing four riverboat casinos - Harrah's in Joliet, the Empress in Joliet, Hollywood in Aurora and Grand Victoria in Elgin. The Johnstons have been trying to sell Balmoral and their Maywood lease since December when they entered Chapter 11 bankruptcy.

In winning their judgement, these casinos that are located in cities adjacent to the Chicago metropolitan area argued that now-imprisoned former Gov. Rod Blagojevich signed a 2008 three-year extension of the 2006 law assessing them a 3% racetrack impact fee in return for a \$100,000 campaign contribution from former Balmoral President John Johnston.

Shortly after a phone conversation on the subject between one of Blagojevich's former advisers and Johnston was taped by the federal authorities Blagojevich was charged with trying to sell the Illinois seat in the U.S. Senate that President Barack Obama vacated when he went to the White House.

Although Johnston never made the contribution Blagojevich signed the extension that gave all of the Chicago area harness and thoroughbred tracks a share of the impact fee money, 60% of which was used for purses and 40% for track improvements and promotions.

Nevertheless, Johnston was implicated when the taped conversation was used as part of the evidence, resulting in the conviction that sent Blagojevich to prison for 14 years and the casinos were awarded the \$77.8 judgement when they sued Balmoral and Maywood.

The tracks are appealing.

In the meantime, Balmoral and Maywood have hired Rossoff & Co. to try to find buyers and Global Marketing Advisers to prepare a feasibility study of the projected impact legalization of slot machines at Illinois racetracks would have on their future revenue.

The Illinois House and Senate passed riverboat casino expansion bills that also allowed slots at the tracks in 2011 and 2013 but Pat Quinn, who succeeded Blagojevich as governor, refused to sign the legislation.

New Illinois Governor Bruce Rauner has said he has an open mind on the subject but the Republican and the Democratic-controlled House and Senate have been at an impasse over a new budget since he took office in January and no new bills have been drafted.

"Balmoral and Maywood need to take 2016 off," Bob Molaro, Hawthorne's legal counsel and a former state representative told the Racing Board during the hearings. "If they pass legislation Balmoral and Maywood will be part of it and will be able to open up. They can get back in 2017."

Duke Johnston and Balmoral/Maywood chief financial officer Randy Olech didn't see it that way.

Johnston predicted that lobbyists for existing casinos and proposed new casinos would argue that because Balmoral and Maywood were no longer operating they should be excluded from legislation bringing slot machines to Illinois racetracks.

"We will be out of business and there is no way that anyone can guaranteed that the bill passed in 2017 will be

the same as the ones that passed twice before," Olech warned.

Olech said that termination of racing at Balmoral and Maywood means they will have to shut down the suburban off-track betting parlor that they own, the two that they lease and the six others that they operate as joint ventures with bar/restaurants.

Balmoral/Maywood bankruptcy attorney Chad Gettleman testified that about 15 prospective buyers contacted by Rossoff & Co. "expressed an interest" in buying the tracks that were being marketed as "viable operations." But he told the Racing Board "If we don't get 2016 dates there will be no sale."

"Without dates we are going to lose the Maywood property," Gettleman continued. "Our lessor will go to a termination of the lease.

"The tracks will close; the OTBs will close; the OTB leases will be rejected. No one can use the furniture, fixtures or equipment without approval of the bankruptcy trustee. I can almost assure you that they're going to look at anything and everything they can to collect their due."

When the Illinois tracks filed their 2016 dates applications on July 31. Hawthorne's harness request called for a May 13th through September 11th meeting.

But the request was amended on Monday to add the January 6th through February 6th winter meeting and add one week at the beginning of the summer meeting and one at the end.

Hawthorne president Tim Carey said that the back and forth transition from thoroughbred to harness racing will be smooth because the track did it many times before and he forecast higher attendance and handle during the summer months because of his track's (urban) location in Stickney just west of Chicago versus Balmoral's pastoral setting in Crete, a far south suburb.

"In 2008 we had the highest harness average on site handle, the highest Illinois handle (at all locations), the highest simulcast handle, the highest attendance and the highest purses," Carey testified.

"This is another opportunity to show what we can do with summer dates."

View the July 31st, 2015 application [here](#).

View the September 29th, 2015 approval [here](#).

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