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Fort Erie Race Track's new owners plan for redevelopment

Fort Erie's owners to work with locals to revitalize the 338-acre property

By Jonathan D. Epstein | News Business Reporter | @jdepstein | August 11, 2014 – 5:57 PM

The Fort Erie Race Track will still be subsidized by the Ontario government for now, but the horse-racing facility's new Buffalo owners hope their plans to redevelop the vast acreage around it will give the track a better chance to succeed in the long run, developer Carl P. Paladino said Monday.

Family trusts for Paladino and two business partners – Joseph Mosey and Joel Castle – teamed up with Fort Erie developer David Kompson to buy the historic but struggling racetrack property late last week from the Israeli company that had long owned it and once threatened to close it.

The investment group, which did not disclose how much it paid to Tshuva Group of Companies, already has plans for the property around the track, but Paladino said they are not ready to divulge details yet. The 338-acre property sits along the Queen Elizabeth Way, just two miles from Buffalo, making it prime for redevelopment.

The purchase includes the 130-acre racetrack but not the track operation, which will continue to be leased to and managed by the nonprofit Fort Erie Live Racing Commission. Paladino said the racetrack must be able to stand alone, without depending on financing from the new owners.

“We’re not rescuing the track. We just changed places with the owner who didn’t get along with the locals too well,” he said. “We’re a lot more congenial and will be working with them on certain aspects of our development projects.”

The track has long received funding from the Ontario government to sustain its operation – \$7.14 million currently – and Paladino said that will continue. “They’re always going to have



Fort Erie racetrack the day of the Prince of Wales stakes. Paladino and partners plan to capitalize on property. Buffalo News file photo

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to be subsidized,” Paladino said. “It’s virtually the keystone to the economy in Fort Erie there right now.”

But he said the group is betting that its projects on the other 200 acres, along with other gambling and economic development initiatives in the area, will act as a catalyst to drive more traffic to the site and more business for the track.

“The development that we bring will hopefully be good for the track, for the community, for Buffalo,” Paladino said. “We hope with the NASCAR track and some of the development pieces we intend to do, it’ll make the area more attractive. These developments will hopefully add a vigor to the economy in Fort Erie and obviously be very beneficial to Buffalo.”

“We’re very, very excited. We couldn’t have asked for a better group of investors. We know them well, they’re careful, they’re sensitive,” said Jim Thibert, general manager of the Fort Erie Economic Development and Tourism Corp. “Their plans are still being fleshed out, but certainly when they bring someone to the table like Carl Paladino, they’re deadly serious, they bring a lot of credibility.”

Paladino, founder and chairman of Ellicott Development Co. in Buffalo, is one of the biggest real estate developers and landlords in Buffalo, particularly in the downtown area, and has been one of the leading voices in the business community. Mosey and Castle, who have partnered with Paladino on hotels and other projects in the past 12 years, founded and sold Great Lakes Collection Bureau and then started another collections agency, Norstar Location Services. Mosey also owned a magazine sales business.

“These businesspeople are a signal that investing here, as well as investing in Buffalo, is going to be great for all of us,” Thibert said. “It’s a very strategic piece of property. It’s a very valuable property. These people know a good deal when they see one, and we’re hoping to make them very successful.”

Construction is underway two miles from the horse track on the Canadian Motor Speedway, a \$389 million project to build a 65,000-seat NASCAR-level car racetrack, accompanied by additional concert and entertainment facilities, campgrounds, a park, commercial space, an industrial park and a research-and-development area. The 820-acre project is slated to be completed in 2016.

“The NASCAR track will be great for Buffalo, too. It’ll bring people from a couple hundred miles away,” Paladino said.

By contrast, the horse-racing track’s viability was put in jeopardy in 2012, when the Ontario government closed the slot machine casino at the track. Community leaders are now working with the province on a business plan that could bring back slot machines and add more race dates. Also, Thibert said, legislation is pending in Ottawa to create a pilot project at Fort Erie for a casino-style “sports book” operation that would allow single-sport betting on any sport or event.

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Paladino stressed that the Buffalo-led investment group isn't directly involved in those efforts. "We're just property owners looking to foster development up there," he said.

But they are "hopeful" and supportive, he added. "We want to see them bring the slot machines back. We think that will be good for the area," he said. "I think there's a recognition that it was a mistake to pull them out in the first place. It not only hurt the track but also the tourism industry there."