

Baltimore officials aren't giving up on Grand Prix

By Luke Broadwater, *The Baltimore Sun*, December 8, 2011

IndyCar racing officials and Baltimore's mayor said Thursday they are still committed to holding another Grand Prix, even though the company that runs the event is millions of dollars past due on its bills and is weighing a takeover proposal from a local financier.

Terry Angstadt, president of IndyCar's commercial division, expressed confidence in the management team that has proposed buying a controlling stake in Baltimore Racing Development Inc., the event organizer. But he added that he's not endorsing any particular bidder.

He said his organization remains supportive of the event, even amid revelations that Baltimore Racing Development faces more than \$12 million in debts and has less than \$100,000 cash on hand.

Likewise, Baltimore Mayor Stephanie Rawlings-Blake said the race provided many benefits, including an estimated \$47 million economic impact for the city and surrounding counties. She said the race can be successful under leadership with better business acumen.

"They need a new management team," the mayor said. Internal company documents show that \$5 million of Baltimore Racing Development's debt, including \$3.1 million owed to vendors, is past due.

An investment firm headed by former Goldman Sachs and Constellation Energy executive Felix J. Dawson is proposing to assume leadership of Baltimore Racing Development, and Angstadt said IndyCar would be "happy" to transfer licensing rights for the event to a new firm. IndyCar currently charges Baltimore Racing Development \$2.2 million to license the race annually, according to company documents.

If the deal is approved, Dawson would become Baltimore Racing Development's new chief financial officer. His investment firm, Wilkes Lane Capital, would inject up to \$3.3 million in Baltimore Racing Development, and would eventually own 58 percent of the company's shares.

Neither Dawson nor Baltimore Racing Development officials returned calls seeking comment.

Dillon Racing, headed by construction executive Dale Dillon, who has been involved with races in Toronto and St. Petersburg, Fla., would be in charge of race operations, promotion and logistics, according to the proposed deal.

"We absolutely want the event to go forward," said Angstadt, who plans to leave the IndyCar organization by the end of the year. Angstadt said that Dawson has a reputation for being "very competent" and that racing officials "clearly have a high confidence level

in" Dillon, an experienced race organizer.

Rawlings-Blake and City Councilman William H. Cole IV, key backers of the Grand Prix, said they want to see race organizers right their ship and stage another event in Baltimore next year. They said they had not been briefed on Dawson's proposal, but were hopeful that additional investment could save the race.

Dawson's firm says Baltimore Racing Development owes Baltimore \$1.9 million. Other debts include \$3.1 million to vendors, \$2.5 million to the Maryland Stadium Authority and \$1.7 million in contractual payments to different firms.

The city's contract with Baltimore Racing Development required the company to hit certain legal and financial benchmarks in the months leading to the race.

For instance, the city required the racing company to turn over proof of licensing and financial statements to City Hall by June 30, 2010; an event management plan by Dec. 30, 2010; and a performance assurance by March 31, 2011.

Ryan O'Doherty, a mayoral spokesman, said the company hit its pre-race deadlines. "Benchmarks were met in a reasonable way," he said. "The event did occur and it was successful. We need a restructured company with strong management. This is a successful event with a large economic impact for the city. With the right structure, this thing could be successful financially."

But Cole said the group was missing internal benchmarks that were unknown to city officials.

Not everyone was ready to place all the blame for the race's financial trouble on Baltimore Racing Development. Christopher Summers, founder of the Maryland Public Policy Institute, said city officials are just as much to blame for the race's shaky financial footing. He noted that officials verbally sparred with critics of the Grand Prix in the buildup to the event and that Rawlings-Blake expressed "disdain" toward "any sort of intellectual criticism of anyone who has a different view."

After large crowds showed up to watch the Labor Day weekend event, Rawlings-Blake said, "The naysayers certainly had their day and still the race started. The naysayers have been silenced."

Summers said city leaders should have focused on structural improvements to Baltimore's economy, rather than a flashy event like the Grand Prix. "Once again, it's the taxpayers in the city of Baltimore that suffer," he said.

Cole said, "I want to make certain that the city taxes are paid, the amusement taxes are paid, and if there is a 2012 race there has to be a plan that allows it to be sustainable moving forward. "We don't want to have to do this every year."