

Written by Administrator  
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[The Cordish Cos.](#) , which is seeking to build Maryland's largest slots parlor in Anne Arundel County, could lose a contract in Indiana that represents its only other gambling management deal – despite the Baltimore developer's solid launch of the project.

The parent of the Indiana Live! casino is seeking to terminate its multimillion-dollar management contract with Cordish, according to documents obtained by The Baltimore Sun.

The move appears to have little bearing on Cordish's plans to build a slots parlor adjacent to Arundel Mills Mall. Nevertheless, the attempt to cancel the deal by financially struggling Indianapolis Downs LLC represents a distraction and potential setback for Cordish as the company campaigns for approval of its Maryland project.

Anne Arundel voters will decide in a November referendum whether to allow the 4,750-machine slots parlor proposed by the Cordish Cos., headed by Chairman David S. Cordish.

A new television ad, backed by No Slots at the Mall, opponents of the Cordish Cos.' proposed Anne Arundel casino, questions whether the company could deliver on its promises of new jobs and revenue, claiming the Indiana casino is a financial disaster.

Indianapolis Downs provided notice of termination of its management agreement, which represents Cordish's first venture at operating a casino, with Cordish subsidiary Power Plant Entertainment in July, according to its second-quarter financial statements obtained by The Sun. It did not provide a reason.

Executives disclosed the news to bondholders during an August conference call to discuss the company's second-quarter earnings, according to an analyst who follows Indianapolis Downs and confirmed the information in the company's documents.

"The question really becomes, 'Are they legally allowed to terminate the management agreement?'" said John Maxwell, an analyst at Jefferies & Co. who follows the company for

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institutional clients. "We don't know what the Indianapolis Downs ownership is citing in terminating the Cordish agreement. At the end of the day, you need someone to run the property. Cordish has a track record."

Douglas R. Brown, an attorney for Indianapolis Downs, said an arbitration proceeding is pending between the company and an affiliate of Cordish Cos. Brown did not specify the cause of the arbitration and declined to comment further.

After developing two successful Hard Rock Hotel and Casino complexes for the [Seminole Tribe](#) of Florida, Cordish has sought to expand into gaming management in recent years. Indiana Live!, adjacent to Indiana Downs racetrack, about 30 miles south of Indianapolis, is the only casino to be both developed and managed by The Cordish Cos.

From January to September, according to monthly revenue reports from the Indiana Gaming Commission, the Cordish casino has been averaging daily revenue of about \$338 per machine. That's on the high end of the industry range, according to one analyst. The casino saw its slots revenue reach \$211 million last year, its first full year of operations, up from \$92 million in 2008, according to financial statements submitted to the Indiana Horse Racing Commission.

Yet, despite the performance of the new gambling operation, the casino's parent is struggling. Indianapolis Downs does not have enough money to fund operations for the next year because of heavy debt payments and other obligations, according to the documents. It has developed a plan to reduce costs, including potentially restructuring management fee agreements.

David Cordish did not answer questions submitted to him by The Baltimore Sun, but a spokeswoman said in a statement that there is a "private dispute between Indiana ownership and management which is on its way to being resolved."

"We are extremely proud of Indiana Live!, which we designed, built, operated and branded with Cordish's Live! brand," said Arlene Friedman, a spokeswoman for the Cordish Cos. "We pride ourselves on creating world-class gaming entertainment facilities that are recognized as 'Best of Class' in their respective markets year after year. Indiana Live! was just named by Southern Gaming Magazine as 'The Best Casino in Indiana' out of 13 properties in the state."

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Asked about the contract dispute last week after a news conference announcing retail and entertaining offerings at the Cordish Cos.'s planned Anne Arundel casino, Cordish said, "I'm not going to comment on that. I can't. It's one of those things with two private companies."

Asked how the Indianapolis casino was doing financially, he said "fabulously."

Bill Lerner, a principal at investment and research firm Union Gaming Group in Las Vegas, said it makes sense for Indianapolis Downs to try to terminate the casino's management agreement, given its limited finances. The state's two racetrack casinos have a higher tax rate and are not allowed to offer table games, unlike the traditional casinos in the state, he said.

"If you look at the incremental impact of having an outside party manage your place and take margin dollars away that are precious, it's the next thing to go," Lerner said.

The 233,000-square-foot facility in Shelbyville, Ind., opened last March with glitz and fanfare, after operating out of a temporary facility for nearly a year.

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