

The Bloodhorse

Slots Revenue Agreement OK'd for Calder

by Jim Freer

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Photo: Eliot Schechter

Churchill Downs Inc. and the Florida Thoroughbred Breeders and Owners Association announced on Sept. 10 that they have reached an agreement on a contract for future slot machine revenue at CDI-owned Calder Race Course.

Prior to its approval, the Florida Horsemen's Benevolent and Protective Association also signed an acknowledgement with CDI that it accepted the company's earlier agreement with the Florida TBOA.

On July 7, the Florida HPBA signed contracts with CDI on 2008 purses and future slots revenue at Calder in Miami Gardens, Fla.

Bruce Green, the attorney for the Florida HBPA, said CDI requested the acknowledgement because the two slots contracts have some different non-monetary conditions upon renewal after 10 years.

Under the terms of the agreement announced Sept. 10, the Florida TBOA would receive 0.75% of slot revenue for the duration of the agreement, which has an initial 10-year term.

The July 7 agreement guarantees the Florida HBPA and the Florida TBOA \$14.375 million for purses in the combined first three full years of any slots operation at Calder.

The two horsemen's groups are guaranteed a combined 6.75% of slot revenue for the remainder of a 10-year term. Additional provisions provide for the horsemen to share in the upside should a Calder slot facility generate specified but undisclosed slot revenue minimums in the second and third full years of operations.

The Sept. 10 slots contract signing followed [several days of reports](#) that contract talks were not going well — and could lead to possible cancellation of the July 7 Calder contracts.

According to CDI filings with the Securities and Exchange Commission, the July 7 agreements had provisions that could permit either CDI or the Florida HBPA terminate them if the Florida TBOA did not reach agreement by a specified date on its portion of Calder slot revenues.

The original deadline was Aug. 6. On July 31, CDI and the Florida HBPA agreed to extend the deadline until Aug. 31.

CDI has plans to build a casino at Calder, with Class III Las Vegas-style slot machines. But it has not announced details or set a date for start of construction.

“The agreements we have signed with the FHBPA and the FTBOA allow us to focus on finalizing our plans for the construction and operation of a slots facility at Calder Race Course,” said Kevin Flanery, a CDI senior vice president.

“CDI has invested millions in the efforts to approve alternative gaming in Florida, including \$3.1 million for the 2008 referendum in Miami-Dade County,” Flanery said. “As we have previously noted, CDI plans to invest tens of millions of dollars in the construction and operation of a slots facility at Calder, which we believe will benefit the horse industry.”

Green said the Florida HBPA is “satisfied with the agreement we signed in July, and with the agreement today.”

He added: “There will not be slot machine gaming at Calder for a while. They (CDI) have not applied for a permit with the state yet.”