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Centaur racino sells for \$5.6M bid, clearing hurdle to Ch. 11 exit

Centaur LLC's undeveloped Valley View Downs project will go to American Harness Tracks, LLC, for \$5.6 million in cash, following a "vigorous auction" held last week, the company said today. The deal is subject to a sale hearing before the U.S. Bankruptcy Court in Wilmington, Del., expected in mid-December, and approval by the Pennsylvania Harness Racing Commission.

Until August, Indianapolis-based Centaur had intended to move forward with development of the \$445 million project, a 250-acre site northwest of Pittsburgh, which was to include a one-mile harness racetrack, a 300,000-square-foot casino and horseracing facility with 3,000 slot machines, and a grandstand and clubhouse that would seat 2,500.

But in order to facilitate the company's exit from bankruptcy – which was originally planned for July – Centaur sought to auction off the property, along with its requisite gaming and racing licenses.

The Pennsylvania Harness Racing Commission granted Centaur an extension of its license to build the racetrack until Dec. 31, by which time the potential buyer would be vetted by the Commission, which would determine whether the buyer was fit to operate the racetrack, according to a report by the United States Trotting Association.

Centaur received court approval Thursday to extend the \$50 million letter of credit in support of Valley View Downs' gaming license application until Jan. 24, 2011. Bankruptcy Judge Kevin Carey authorized the company to pay the L/C issuer, Credit Suisse AG, Cayman Islands Branch, up to \$200,000 as compensation for the amendment. The L/C was set to expire on Oct. 26.

American Harness Tracks beat out "multiple bidders," said Matt Sodl of Innovation Capital, which conducted the auction, held Oct. 20. Innovation, a boutique investment bank focusing on the gaming and hospitality industries, also handled the August auction of the company's Fortune Valley Hotel & Casino in Colorado for \$10 million, consisting of \$7.5 million in cash and a \$2.5 million note.

"We're as busy as we've ever been," Sodl said, referring to his firm's work with multiple distressed gaming properties. Innovation was also engaged Thursday to conduct the Section 363 sale of the bankrupt Siena Hotel Spa and Casino in Reno within the next two months, he said. – **John**

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