

Grand Prix 'struggling' financially, facing suits over unpaid bills

By Luke Broadwater, *The Baltimore Sun*, November 2, 2011

Organizers of the Baltimore Grand Prix are grappling with mounting financial problems, including a missed loan payment to the state and lawsuits alleging nearly \$1.6 million in unpaid bills — raising questions about their ability to host next year's car-racing event.

The Baltimore Grand Prix thrilled spectators with a downtown race that sold 110,000 tickets and drew throngs to the Inner Harbor on Labor Day weekend. Mayor Stephanie Rawlings-Blake and other city officials hailed it a success.

But two months after the race's end, Baltimore Racing Development acknowledges financial missteps, such as failure to pay the vendor that erected the grandstands. The racing company, which has said the inaugural event was a money loser, also faces other accusations, including that it did not repay a \$50,000 loan from the CEO's father-in-law.

Now city and state officials are questioning whether the company will be able to overcome the setbacks. IndyCar officials have already announced that they have added Baltimore to the racing schedule.

"They've got to figure out a way to make this thing work," said City Councilman William H. Cole IV, one of the staunchest supporters of the event. "They've been struggling mightily coming out of the first year to keep everything together. I'm hoping they find a way to weather the storm."

Pete Collier, chief operating officer at Baltimore Racing Development, the company formed to run the Grand Prix, acknowledged that it has missed payments to vendors and lenders but vowed to settle all debts and regain a financial footing to be able to run the IndyCar race again.

"There are vendors that we owe. Many of them are personal friends," Collier said in an interview on Wednesday. "We are going to make the payments. We're going through some issues, and I'm trying like hell to get out in front of it."

Officials from the Maryland Stadium Authority, which lent the company \$2 million for road improvements and other infrastructure projects needed to put on the race, said they are meeting Friday with Baltimore Racing Development representatives. Michael J. Frenz, executive director of the stadium authority, said he plans to "delve deeper" into the company's financial problems, after it failed to make a \$470,000 payment on the loan.

Frenz said the stadium authority, a quasi-public agency, had to dip into the company's escrow account to cover its loan payment.

"They've been very up front that they lost money," Frenz said. "They have cash flow problems. ... We're trying to protect the investment made with taxpayers' money. We're hoping for the best but preparing for the worst."

Collier said that the withdrawal from escrow counted as paying on the loan. "We've made our payments on time," he said.

Baltimore Racing Development also is faces civil actions from a vendor and other lenders demanding payment. The company has been sued over allegedly unpaid bills six times since August, including twice in the past month.

John W. Bunting, owner of Upper Marlboro company, B & K Rentals, which delivers bleachers to major events, filed suit against the company last week in Prince George's County Circuit Court, alleging he's owed \$350,000. Bunting's company set up grandstands and private suites around the Grand Prix racecourse.

"I question how they're going to keep this race going if they can't pay their vendors," Bunting said. "This was a great event for the city of Baltimore, but we want to get paid."

Collier said Bunting is "completely right" about their failure to pay and said he would "make it right." He called Bunting "one of my favorite vendors" and said, "I can't wait to shake his hand when the final payment is in."

Meanwhile, Edie Brown, a spokeswoman for Baltimore Racing Development, said Wednesday that Chief Executive Jay Davidson, who often served as the face of the event, will be "changing roles." Collier said that Davidson would stay on as CEO but that his duties may change.

Another lawsuit was filed last month by a Towson man, Robert Roman, who sued Baltimore Racing Development in Baltimore City Circuit Court over a \$50,000 loan he says he made to Davidson that is now past due. Roman is seeking payment of \$57,000, including interest on the loan. Collier said Roman is Davidson's father-in-law and referred questions about the suit to Davidson.

Davidson and Roman did not return phone calls seeking comment, nor did a lawyer who represents the company.

Baltimore Racing Development also faces a suit in Baltimore City Circuit Court from its former lawyer, Hilary Schultz, who alleges she is owed \$275,000 in legal fees. The company has filed a counter-claim against Schultz, saying she overcharged and did not act in the best interest of her clients.

Two others lawsuits against the company have been dismissed by Baltimore City Circuit Judge John Miller on technical grounds.