

INDIANAPOLIS BUSINESS JOURNAL

\$1.50 Locally Owned IBJ Corp

Vol. 23, Issue 30, (Oct 07, 2002)

Photo coming soon!

Ted Bulthaup's South Meridian Street theater overflows with big screen nostalgia, celebrity guests, food, beer, wine & cocktails.

New Home Chicago!

Hollywood Filmworks plans Windy City Cinema: Ponders Indy Future

By Scott Olson

Hollywood Bar & Filmworks CEO Ted Bulthaup is taking his "dinner and a movie" theater concept to suburban Chicago while he mulls the future of his longtime downtown venue.

With the backing of about 20 influential investors, ranging from National Lampoon executive Dan Laikin to David Letterman's lawyer Ronald Elberger, Bulthaup is set to open the six-screen cinema in Woodridge, Ill., by Christmas.

The seven-figure investment represents the first in what Bulthaup envisions as a Midwestern chain of 10 or more similarly themed theaters. More Chicago-area locations and another in Dayton, Ohio, are likely targets.

"Everybody really sees this as a slam dunk," the 46-year-old Bulthaup said. "With these guys and the money they've got, we have the wherewithal to do pretty much whatever we want."

In the meantime, Bulthaup's lease at his re-developed 130 year old warehouse South Meridian Street location expires in February. The DePaul University grad and former concert promoter opened Hollywood in 1991. A in major expansion of the theater in 1997 and a move from showing second- to first-run films has helped the independent cinema-bar-restaurant stay profitable.

But Bulthaup in recent years has become a vocal critic of the high event parking rates he claims are keeping patrons from frequenting downtown establishments during Conseco Fieldhouse events. He estimated his revenue and many of his neighbors have suffered by 20 percent to 30 percent since the fieldhouse opened in 1999.

"I would love to be headquartered in Indianapolis," Bulthaup said. "All my investors are here, but

that depends on city policy."

The city has instituted a handful of cheaper parking changes in the past few years, said Deputy Mayor Melina Kennedy. On fieldhouse event nights, parking prices for city and Capital Improvement Board-owned lots near the venue have been cut to \$3, and parking is available on the top floor of the fieldhouse garage for \$2. On Meridian Street, it costs \$3 to park in the Union Station garage on event nights, Kennedy said. Bulthaup rebuts saying a handful of spaces just doesn't do the job.

Bulthaup cited the downtown exodus of such small retail businesses as Brenner Luggage, Kipp Brothers and ReisNichols as examples of the city's lackluster support for independent enterprise. Kennedy disagreed.

"Ted's a good person to work with and I think his expansion in Chicago is great," she said. "But we've had a lot of positive feedback [about parking], because when it comes down to it, there are options available for \$3 or less." Bulthaup replies, "her positive anecdotal feedback doesn't show up in the numbers. I have 6000 customer surveys and hundreds of emailed comments. The public won't trade convenience for a handful of lower-priced spaces. Downtown will never thrive in this environment, people just won't come all the way downtown and pay to park when the average space inflates 735% on event nights due to a game they are not attending. The restaurants, bars, the comedy club and my theater are empty. The public just stays near home in the suburbs. It's stupid to think otherwise."

In Woodridge, by comparison, the strip mall housing Hollywood Boulevard, A Cinema Bar & Eatery, has more than 1,000 free spaces in its parking lot. And, Bulthaup said, annual restaurant sales within a five-mile radius of the mall top \$330 million. Woodridge is a far-west Chicago suburb bordered by affluent neighbors like Naperville and Downers Grove.

Bulthaup estimates he needs to sell 4,000 movie tickets a week at his new location to reap \$1 million in annual profit, a task he said he can accomplish "standing on his head." His confidence and admitted persistence, and the

attractive demographics, swayed investors to support the project.

"He wouldn't let you say no," said David Knall, managing director of McDonald Investments and Forbes rated 4th best money manager in the country. "He is one of the hardest-working human beings I have ever known, period, and I know a lot of them."

A private placement issued to raise the necessary funds is oversold. "I hate to turn down money" Bulthaup said. His lawyer/adviser, David Millard of Leagre Chandler & Millard, said the accomplishment is no small feat given the difficult venture capital climate. "It's a true testament to Ted and his concept". "The big theaters have clearly had a rough road these last several years. Ted and his concept are strong enough to persevere through all of that."

Major theater chains such as United Artists Theatres, General Cinemas, Loews Cineplex Entertainment and Regal Cinemas have all experienced financial difficulties.

General Cinemas had operated the six screen complex Bulthaup will lease from mall operators in Woodridge. In 1999, Bulthaup backed out of a partnership with Regal Cinemas to bring his Hollywood concept to 114 of the company's under-performing theaters after deciding he couldn't operate in their corporate culture. The aren't entrepreneurial, they are in the exhibition industry just putting moving pictures on screens. I approach my concept as being in the hospitality industry. It's a whole different mind-set that makes all the difference.

"Ted has a proven track record of success in a venue that for many companies has not proven successful," Elberger said. "He has an ability to recognize opportunity and to bring his plans to fruition in a venue the public will enjoy."

Laikin, another investor and COO of National Lampoon in Los Angeles, said his partnership with Bulthaup may create branding opportunities between the companies.

Bulthaup has already spent \$300,000 on décor for the Woodridge theater, he said. He has rented two homes in the Chicago area to give staff members a place to stay.