



PHOTO BY MAIKE SABOLICH

David Robertson and LaJuan West, marketing director and head entertainer with America's Pub, at their new location in Bricktown on Wednesday.

Keeping up appearances

BY KELLEY CHAMBERS
THE JOURNAL RECORD

OKLAHOMA CITY — Three new nightclubs are set to open soon in Bricktown, one locally owned and two national chains.

Jim Cowan, executive director of the Bricktown Association, said bars and clubs are a key component in the district, but also face challenges keeping their doors open while keeping up the district's image.

"Having nightclubs down here is a very important part of the identity of Bricktown," Cowan said. "But you have to understand the environment you are opening the business in."

Cowan said communication between Bricktown retailers and club owners is important for harmony. In the spring and summer club owners meet on Friday evenings to discuss issues with Cowan, the police department and the ABLE Commission.

"If there's a problem with how someone's operating, the whole idea is to open up the lines of communication," Cowan said.

Some of the major concerns are overcrowding at clubs, making sure no minors are being served, and curbing patrons who drink too much then are turned loose in Bricktown to start trouble.

That communication has helped some clubs thrive. Others, such as Halo and the LiT Lounge, have fallen by the wayside.

Cowan, who owned the Bricktown

Brewery for more than a decade, said it is a tough climate for bars in general. Despite the large crowds that often populate the district on weekend nights, the life expectancy of a bar or club is a year or less.

But Bricktown has also been good to some club owners like Bobby Dennis and Bobby Spann, owners of CityWalk, which has been open nine years.

In the next two months Coyote Ugly Saloon, America's Pub and Michael Murphy's Dueling Pianos are set to join the landscape in Bricktown.

Murphy's, owned by Dennis and Spann, will open next month in a corner spot of the Oklahoma Hardware Building facing the Bricktown canal.

The owners of St. Louis-based America's Pub are setting up shop for their party-themed bar chain at 115 E. California in the former Varsity Sports Grill. David Robertson, director of marketing for America's Pub, said the ownership began eyeing Oklahoma City, and particularly Bricktown, this year. He said the district fits the pattern of their clubs in Kansas City's Westport entertainment district and Wichita's Old Town. Historic entertainment districts have been good to the brand, he said.

"We've tried it outside of locations like that and it doesn't stick as well as old town areas," Robertson said.

The pub is set to open in March under the management of Paul Banks.

LaJuan West, head entertainer at the Bricktown America's Pub, said the clubs

have an atmosphere that's a cross between a Broadway show and a rock concert.

As West and his team work the crowd, music and lights flood the club. There are numerous costume changes — think loud shirts with butterfly colors — when disco songs are played.

"We involve the crowd in all our activities," West said.

Anyone who has seen the movie *Coyote Ugly* will be familiar with the idea behind New York-based Coyote Ugly Saloon. The irreverent female bartenders wear tight clothing and dance on the bar tops to country music. Coyote Ugly will open next month in the Miller Jackson Building overlooking the canal.

Brad Baker, with NAI Sullivan, helped lure Coyote Ugly, but it took some work to convince their site manager that Oklahoma City was a smart move for expansion.

"This was a market they were teeter-tottering on for a while," Baker said.

After looking at the site, and with the new NBA team that came to town last year, Baker said they were convinced.

Cowan said Bricktown as a whole, and its bars and clubs, can take advantage of the crowds and momentum in the district if they have a fresh concept and there are good operators in place. He said the three new clubs will also do well if they can open in time for the Big 12 basketball tournaments coming to the city in March.

"These three are all opening at the right time," Cowan said.

Xeta stock soars, 1Q earnings hit rock bottom

BY KIRBY LEE DAVIS
THE JOURNAL RECORD

TULSA — Xeta Technology shares soared 65 percent Thursday before the Broken Arrow telecommunications systems and services provider posted a 99-percent drop in fiscal first-quarter earnings.

The decline reflected a \$350,000 reserve for unpaid receivables from bankrupt Nortel Networks. Without that, Xeta earnings would have fallen only 43.9 percent.

"Several revenue opportunities were delayed during the quarter, which affected our growth rate and profitability," said President and Chief Executive Greg Forrest. "While the results show that we are not immune from the slowdown in enterprise technology spending, they also demonstrate that we were able to outperform the market. Delivering top-line growth, even at a modest 4-percent rate, is a success in the current economic environment."

Reporting its financials after the stock market closed, Xeta posted a profit of \$2,000, or nothing per share, for the three months ended Jan. 31. Without the reserve, the company would have posted a net income of \$218,000, or 2 cents per diluted share — down from \$389,000, or 4 cents per diluted share, the prior year.

Revenue actually rose 3.5 percent in the latest quarter to \$18.58 million from \$17.9 million. An 11-percent rise in systems revenue aided that. Services revenue climbed 3 percent.

"We've focused on building strong franchises in specific industry verticalism [sic], including health care, education, government and hospitality," said Forrest. "We saw strength in all of these categories during the first quarter."

With its new wholesale services partner, Lockheed Martin, Forrest also expects recurring service to drive revenue this year.

Xeta expects the five-year Lockheed contract to deliver \$2 million-plus annual revenue.

"We recognize that our growth rates are likely to be affected by a period of contracted enterprise IT spending," he said. "However, with our focus on recurring services revenue, strong competitive position and balance sheet, we are well-positioned to broaden and deepen the scope of

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Financing proves key obstacle in suitor's bid

BY KIRBY LEE DAVIS
THE JOURNAL RECORD

TULSA — John Catsimatidis, the would-be reorganizer of SemGroup LP, moved to buy what he could not stop the bankrupt Tulsa energy company from selling — its asphalt subsidiary SemMaterials.

But with the unit's operating debt climbing at a reported \$15 million a month, officials with SemGroup LP said the best SemMaterials suitor could be someone already involved with the operation — namely SemGroup's former master limited

partnership, the publicly traded SemGroup Energy Partners.

Ironically, that firm saw its units delisted by the Nasdaq Exchange last week because the MLP had not filed necessary financial reports since its former parent declared bankruptcy in July, all due to SGLP's own problems re-establishing or replacing former revenue streams with SemMaterials and other SemGroup LP subsidiaries.

"SemGroup Energy Partners isn't a lot healthier," said analyst M. "Jake" Dollarhide, chief executive of Longbow Asset Management of Tulsa. "They've got

their own credit default and debt and their own problems in terms of lack of diversification of revenues. SemMaterials is a big part of their business. Basically they're saving a customer here."

Catsimatidis, the billionaire chairman of New York's Red Apple Group, said Thursday he made a bid to buy all assets of SemMaterials. That announcement came after SemGroup officials Thursday said the bankruptcy court auction failed to attract a viable bid.

"My bid was not immediately accepted," said Catsimatidis, who in November

announced his intent to revitalize SemGroup LP and keep it based in Tulsa. "We are continuing our negotiations with SemGroup LLP."

But after a highly publicized December visit to Tulsa where Catsimatidis touted his vision for a re-energized SemGroup, he has failed to deliver and unveil his reorganization plan — all while published reports indicate SemGroup operating debts continue to build.

SemMaterials' problems led SemGroup

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