

## Foxwoods Resort Casino Reaches Debt Deal

Written by Administrator  
Monday, 01 July 2013 02:41 -

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The Native American tribe that runs Foxwoods Resort Casino completed a far-reaching deal with creditors that caps a saga that roiled investors for more than three years and raised questions about unusual rules governing gambling enterprises on Indian reservations.



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Starting Monday, Foxwoods will report quarterly earnings and hold investor and analyst meetings in an effort to regain Wall Street's confidence, Chief Executive Scott Butera said.

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The Mashantucket Pequot Tribal Nation, which owns Foxwoods in Ledyard, Conn., reached an agreement with more than 100 creditors to restructure about \$2.3 billion of debt.

Chief Executive Scott Butera said the restructuring deal would cut the tribe's total debt to about \$1.7 billion and allow it to extend due dates on loans and bonds. Starting Monday, Foxwoods also will report quarterly earnings and hold investor and analyst meetings in an effort to regain Wall Street's confidence, he said.

The Pequots are a sovereign nation under federal law, a status restricting them from filing for bankruptcy protection, most experts have said. Foxwoods also sits on an Indian reservation, so only the tribe can operate the casino under federal law. Those provisions prevented creditors from seizing Foxwoods's assets and selling them as they might have done with another defaulting borrower.

Many creditors welcomed the plans for public reporting. "The fact that we're going to be seeing SEC-equivalent financials produced by the tribe will give people comfort with the credit," said Rayan Joshi, an analyst at New York-based investment firm Hawkeye Capital Management LLC, which has roughly \$900 million in assets under management and is one of the Foxwoods's creditors.

Revenue for Foxwoods is projected to fall slightly to \$1.11 billion in fiscal 2013, down about 1% from the year earlier, according to a company presentation.

Mr. Butera, who joined as CEO in December 2010, has since lived in a Foxwoods hotel room except for monthly trips home to his family in Las Vegas.

He gained a reputation as a casino turnaround expert after leading restructurings at [Tropicana Entertainment](#) Inc. and Trump Hotels & Casino Resorts Inc.

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Mr. Butera said he hopes to create excess cash flow, pay down debt sooner and provide more funding for the tribal government.

The restructuring has allowed Foxwoods to continue growing and diversifying, including eyeing other locations such as New York and Massachusetts, he added.

Under the deal's terms, the tribe's roughly \$550 million in debt under a loan and credit line will be split into two new loans with maturities of five and seven years, respectively, said Soren Reynertson, managing general partner at financial adviser GLC Advisors & Co., who represented more than half of the creditors, as well as a Foxwoods spokesman.

Lenders include [Bank of America](#) Corp. and [Wells Fargo](#) & Co.

Bondholders are set to get new securities with lengthened maturities of 13, 18 and 23 years based on where they sit in the tribe's debt structure, Mr. Reynertson and the spokesman said.

Investors holding so-called subordinated special revenue-obligations bonds and other lower-ranking bonds will get new discounted debt. Finally, Bank of America and Wells Fargo have agreed to arrange for the tribe to receive a \$5 million credit line for working capital and a \$20 million term loan that comes due 30 months from the date the restructuring deal is implemented, which is Monday, they said.

Foxwoods also has halted distributions to individual tribal members; instead, there are some fixed distributions to fund the tribal government to provide for services such as police and property maintenance, Mr. Butera added.

The tribe's troubles escalated in August 2009 when a now-former chairman sent a letter to members promising to protect cherished dividends—as much as \$120,000 a year for some tribal members—from creditors. The letter concerned investors worried that tribes might put members' dividends before debt obligations.

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The ensuing uproar rattled a debt market for tribes that had grown to \$20 billion and resulted in the Pequots ousting their chairman.

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A version of this article appeared July 1, 2013, on page C3 in the U.S. edition of The Wall Street Journal, with the headline: Casino Owner Reaches Debt Deal.

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