

The Day - Rival tribes united in pursuit of third casino

Written by Administrator

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Rodney Butler and Kevin Brown are on the same page these days. Same message, same focus, same assured smiles.

They sit on the same daises, brandish pens at the same historic signings, take the same interviews.

None of it's too surprising, maybe, until you remember that the two men, both Montville High School graduates, lead the southeastern Connecticut Indian tribes whose gaming enterprises have long been carving up the same market, a market they've had all to themselves. For decades, their tribes' resort casinos — Foxwoods and Mohegan Sun — have been intent on eating each other's lunch.

Now, as Butler, the 38-year-old Mashantucket Pequot chairman, wryly observed in a joint interview with Brown last week, "We have to share lunch."

A duopoly's swan song can unite rivals.

Brown, 50, the Mohegan chairman, said casino development in Massachusetts was already dominating the conversation when he was elected to lead his tribe in 2013, a 24-year Army career behind him. The Massachusetts Gaming Commission's award of the sole western Massachusetts casino license in the summer of 2014 made the threat to Foxwoods and Mohegan Sun "real," Butler said.

MGM Resorts International's plan to build a destination resort casino in Springfield, just a few miles from Connecticut's northern border, was potentially catastrophic for the state's tribal casinos, which had been reeling for years.

By November 2014, the tribes were publicly floating the notion that they together could pursue a casino project in north-central Connecticut to counter MGM's expected impact.

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Inter-tribal relations weren't as chilly as might have been expected.

"We'd been working with our cousins across the river for a number of years," said Butler, who was elected to the Mashantucket Pequot Tribal Council in 2003 and to the council's chairmanship in 2009. He was most recently re-elected Nov. 1. "There have been business and personal relationships for quite some time. Since I've been chairman, we've had joint conversations with the state."

Butler noted that the tribes agreed in the early 2000s to have their enterprises' laundry cleaned at a business lured to Norwich's industrial park. Brown recalled that the tribes jointly pursued a bottled-water venture.

But for some tribal members, the idea of collaborating with erstwhile enemies on a casino project was a hard sell.

"Reaction was mixed," Butler said. "You've got people on the elders councils with deep-rooted memories, tribal histories that go back 400 years."

Few had forgotten that Mohegans, in fact, lined up with the English during the Pequot War's pivotal battle at Mystic Fort in 1637, when some 400 Pequots were killed.

Butler referred to past strife between the tribes during a Sept. 10 event at the state Capitol at which he and Brown signed the agreement creating MMCT Venture. Legislation empowered the Mashantucket-Mohegan entity to accept site proposals for a third Connecticut casino.

"While our past may have been marked by conflict and competition, our present and future will be defined by cooperation," Butler said that day.

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Brown said the tribes' councils have met collectively on two occasions "for the first time that anyone can remember." Their business collaboration drove them to the conference table, he said, but that was not the only topic of discussion.

"We're so much more similar than we are different," Butler added.

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MMCT Venture is vetting five site proposals from four municipalities — East Hartford, East Windsor, Hartford and Windsor Locks, the last of which is home to two of them, including Bradley International Airport. Which offers the best hedge against MGM Springfield?

Each site has to be evaluated in terms of the potential gain it would provide versus what it might take away. The East Hartford proposal, for example, offers high visibility from Interstate 84. But it would also be the closest to Foxwoods and Mohegan Sun.

Butler and Brown said the public should understand that the southeastern Connecticut casinos stand to lose business once MGM Springfield comes on line in late 2018 — regardless of whether MMCT Venture succeeds in opening a facility in north-central Connecticut. It's just that a third Connecticut casino would limit the damage to Foxwoods and Mohegan Sun.

"We're talking about market recapture here," Brown said. "We're not going to recapture all of it."

MMCT Venture has retained Clyde Barrow, a researcher who has been analyzing the Northeast gaming market for 20 years, to investigate the "recapture rate" of each of the sites. Earlier this year, Barrow reported to the tribes on the projected impact that four resort casinos — MGM Springfield and Wynn Resorts in Everett, Mass., and two authorized in New York state — would have on the Connecticut casinos. He found that by 2019, Foxwoods and Mohegan Sun could be

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bleeding thousands of jobs and hundreds of thousands of dollars a year.

Brown grew animated in regard to MGM Resorts' recent announcement that it was upping the investment in its Springfield project to \$950 million from \$800 million.

"I'll believe it when I see it," he said. "They say they're going to spend \$950 million on a casino in Springfield? Can they really build a billion-dollar casino in Springfield, because that's what it will be, and make that business model work?"

"You're out of your mind. You're going to fail."

Butler also questioned MGM's promised level of investment, pointing to Plainridge Park, the \$250 million slots-only casino racetrack that opened in June in Plainville, Mass. After an impressive start, its gaming revenue has fallen short of projections.

For all their collaborative efforts, the tribes can't proceed with a third Connecticut casino unless the state legislature passes a law allowing it. Presumably, consideration of such a law will be a priority when the General Assembly convenes in February. It seems a good bet that litigation will ensue, depending on how the vote goes. MGM Resorts already has a suit pending over the law that authorized the tribes to form a joint venture and accept site proposals.

What if a third Connecticut casino fails to materialize?

"We lose thousands of jobs. We get smaller," Butler said. "But we still have to feed our nations. We once had 11,000 employees, and we're down to 6,000. We've been there before."

And what about Foxwoods' huge footprint, more than 8 million square feet of space?

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“We won’t be pretty,” Butler said.

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