

HARTFORD, Conn. (AP) — Connecticut's Foxwoods Resort Casino faces daunting hurdles as it joins a crowded race for the lucrative destination resort business in Massachusetts.

It's been grappling with falling revenue and significant debt at its eastern Connecticut site and now must face down organized local opposition and strong competition in Massachusetts as it tries to expand in southern New England.

The operators of the biggest casino in North America are proposing a \$1 billion, 300,000-square foot resort off I-495 in Milford, Mass., about 40 miles southwest of Boston. Plans call for about 4,725 slot machines, 125 table games, 350 hotel rooms, restaurants and other attractions.

Foxwoods can expect a barrage of questions from Milford officials and residents who are skeptical about its finances and the huge impact it would have on traffic, water and sewer systems and police and fire services.

Like the Mohegan Sun, its Connecticut neighbor that also wants to branch out in Massachusetts, Foxwoods is pressed by stiff competition in the Northeast and is seeking new markets and more revenue.

"That's exactly what we're trying to do," Foxwoods Chief Executive Scott Butera said. "We have a strong customer base in that area."

Revenue at Foxwoods, run by the Mashantucket Indian tribe, was \$6.57 billion from May 2012 to April 2013, down 12 percent for the year. Revenue fell each month.

"Connecticut is losing gaming revenue at a pretty rapid pace," said Keith Foley, an analyst at Moody's Investor Service. "The Connecticut trends have not been so good for the Mohegan Sun or Foxwoods."

## Foxwoods seeks a financial win with Mass. casino - News

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Foxwoods also is wrapping up a deal with creditors that Foley said will reduce its debt from \$2.27 billion to \$1.74 billion. That's still high relative to Foxwoods' earnings before interest, taxes and other costs, he said.

And tribal payments to the casino's owners, the Mashantucket Pequots, have stopped, a food pantry has opened and counselors are giving tribal members job-hunting advice.

Foxwoods must overcome organized local opposition and win voter approval in Milford, which would then compete against Everett and the Suffolk Downs thoroughbred racetrack in East Boston for a state license for eastern Massachusetts.

Everett is far ahead in the process, announcing in April a local host agreement with Las Vegas casino operator Steve Wynn. A referendum is scheduled for June 22.

And Suffolk Downs has high-profile political backing from Boston Mayor Thomas Menino.

Foxwoods has little choice but to jump into the Massachusetts market because many customers at the two Connecticut casinos are from Massachusetts, Foley said. By adding a Massachusetts casino, Foxwoods and Mohegan Sun also would avoid ceding business to competitors.

"Like a lot of companies, you want to participate, you want to at least hedge what your losses might be," Foley said.

Mary Johnson, president of the United Auto Workers local that represents workers at Foxwoods, said the union and Foxwoods are locked in a contract dispute over wages and other issue, with Foxwoods "crying poverty." She said she was surprised the casino is seeking to expand.

"It just didn't make sense, with layoffs at work," she said.

Foxwoods cut 50 table-game dealers in severance packages this year and said other jobs will be cut.

Still, Johnson said she understands why Foxwoods is looking to broaden its base in southern New England. "It was just a little shocking," she said.

Valerie Red-Horse, an investment banker and financial adviser familiar with Indian casinos, said Foxwoods could benefit from the improving economy that has loosened credit leading to a rise in construction and fattened investment in strengthening stock markets.

"Everything has leveled off and rebalanced," she said.

Beyond a casino backer's balance sheet and investment partners, Red-Horse said states and municipalities need to look at how experienced prospective casino operators are.

"Management is No. 1," she said.

Butera said that's Foxwoods' strength.

"We have a very good business in all of New England," he said. "This is our way of bringing our brand to an area we know very well."

William Buckley, chairman of Milford's Board of Selectmen, said town and state officials will scrutinize Foxwoods' finances when the casino is expected to present details June 3.

"We need to know who we're dealing with. We need to know if they have the financial

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wherewithal," he said.

The town and an organized opposition have a long list of questions and concerns: Whether a project of such size would overburden Milford's water and sewer systems, public schools and housing, if the casino would bring crime that would tax the town's police force, if home values would fall and if new casino businesses would undermine local stores. [Continued...](#)

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