

For the second time in six months, local investors in the proposed Foxwoods Casino will present state gaming regulators with a new partner and a plan to revive the stalled South Philadelphia project.

This time

around, they have a deal with Harrah's Entertainment to step in as both investor and operator of the waterfront gambling hall. Because Harrah's already has a casino 15 miles away in Chester, it is allowed by Pennsylvania law to have only a one-third stake in Foxwoods.

In an announcement Tuesday, the local investor group - Philadelphia Entertainment and Development Partners (PEDP) - said it planned to work with Harrah's to build a \$438-million casino with 1,500 slots and 70 table games on South Columbus Boulevard, between Tasker and Reed Streets.

Earlier this year, Las Vegas gambling mogul Steve Wynn appeared ready to mount a similar rescue. But in April, he abruptly dropped out of negotiations.

Now, for the Foxwoods Casino to move forward, the new Harrah's partnership must persuade the Pennsylvania Gaming Control Board not to strip the project of its license due to chronic delays.

The commissioners will take up the revocation question Wednesday. They could decide to hold a full hearing on the motion, or make a summary judgment based on documents and depositions already in hand.

Doug Harbach, a board spokesman, said the seven members could vote immediately or take the matter under advisement.

The new group has retained the Keating Building Co. to develop the casino, which could be up and running in 20 months, said Stephen A. Cozen, a lawyer for the local partners.

Harrah's to revive, operate Foxwoods Casino - Philadelphia Inquirer

Written by Administrator

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Chairman Dan Keating said his company had been involved in the initial design work. Keating Building also constructed the SugarHouse Casino, which opened last month along the Delaware between the Fishtown and Northern Liberties sections.

In addition to securing regulatory approval, the parties still must work out final details and arrange "acceptable financing," Cozen said.

The new group will have to raise \$275 million in debt and equity to finish the project. Existing partners already invested \$163 million, mostly for the land and \$50 million license, Cozen said.

He added that Harrah's would convert money it is owed by local investors into an equity position in the new deal. In 2005, a Harrah's affiliate sold them the 16-acre lot for the casino - a deal now valued at \$52 million.

Citizens Bank, which is owed \$60 million, also will exchange its debt for an equity stake, Cozen said.

The new partnership will immediately begin working with the gaming board "to get our project back on track and open the next downtown casino in Philadelphia," Cozen said in a statement.

Local opposition to the project remains stiff.

"Four years after they were awarded the license, after countless delays, excuses and 'second chances,' Foxwoods still hasn't worked out final plans for construction, let alone a final deal for financing," said Lily Cavanagh, organizing director of Casino-Free Philadelphia.

Foxwoods has been at risk of losing its license because of persistent delays due to political and neighborhood opposition, as well as a failed attempt to relocate the project to Center City.

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Under the original plan, the Mashantucket Pequot tribe was to finance, build, and operate a \$560 million gaming hall with 3,000 slot machines. But money problems prevented the tribe, which operates the flagship Foxwoods Casino in Connecticut, from moving ahead in Philadelphia.

State Rep. Michael O'Brien, a Democrat whose district includes South Philadelphia neighborhoods near the proposed site, raised doubts about whether a casino could be built in 20 months. He noted that the group had yet to line up its building permits. "Once again," he said, "they're crawling onto Santa's lap with a wish list."

The nation's largest gaming company, Harrah's has 36 casinos, including nine in Las Vegas and four in Atlantic City. It has 16 in the United Kingdom, Egypt, Uruguay, South Africa, and Canada.

The original investors include charitable interests for the families of entrepreneurs Lewis Katz, Ron Rubin, and Ed Snider. The three had pledged all of their profits from the venture to charities.

Under the new deal, 2 percent of revenue will go to nonprofits, sources said.

Cozen called that charitable arrangement "substantially enhanced." He said the casino would make a donation up front, at the time of the opening, with annual payments thereafter to groups designated by PEDP.

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