

Headline News:

11/24/10: Inn of the Mountain Gods announced offer to exchange debt. ([Sec.gov](#))

11/22/10: NY Governor signs compact with Stockbridge-Munsee Tribe. ([State.ny.us](#))

11/12/10: New deal on debt for Buffalo Thunder Resort and Casino. ([SanteFeNewMexican.com](#))

11/10/10: Echo Hawk issues Tribal gaming determinations. ([BIA.gov](#))

11/6/10: Foxwoods Resort Casino hires new President and CEO. ([TheDay.com](#))

TFA Mandates:

Seneca Gaming Corporation: TFA acted as Financial Advisor to Seneca Gaming Corporation with respect to \$550 million of bank and bond debt ([TribalAdvisors.com](#)).

Northwest Tribe: TFA is engaged as Financial Advisor and Placement Agent to raise approximately \$200mm of capital.

Mid-West Tribe: TFA is engaged as Financial Advisor in connection with all of the Tribe's financings, including gaming and natural resources.

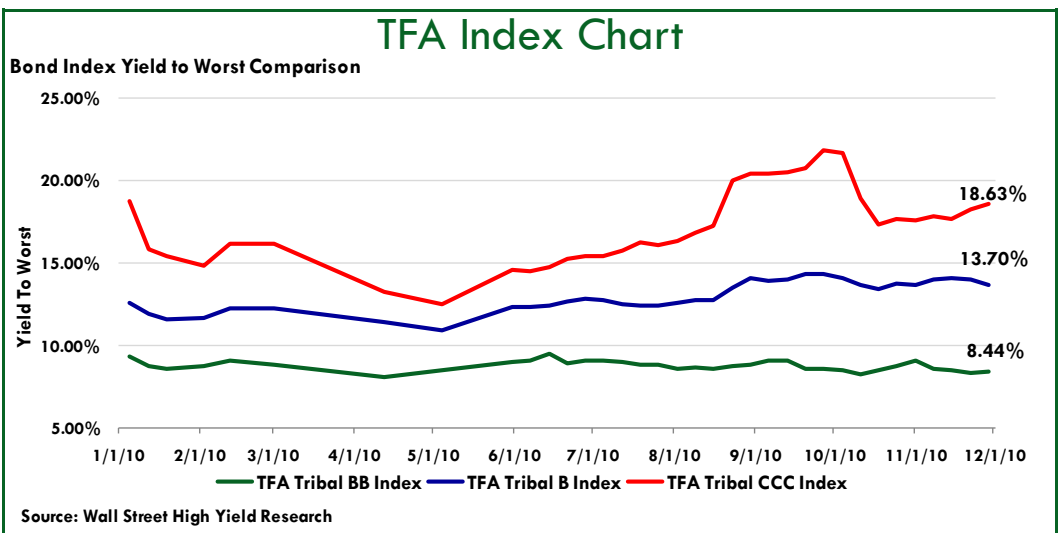
Recent Restructurings Improve Tribes' Access to Capital

By Jeffrey S. Heimann

In the past several weeks we have seen three Tribal bond issuers make progress towards exiting the land of "restructuring". In mid-November, the Buffalo Thunder Development Authority, owned by the Pueblo of Pojoaque, announced it had reached an agreement with bondholders to restructure its \$245 million of senior notes; last week, the Inn of the Mountain Gods Resort and Casino, owned by the Mescalero Apache Tribe, commenced an exchange offer for its \$200 million of senior notes; and earlier this week, the Odawa Casino and Resort, owned by the Little Traverse Bay Bands of Odawa Indians, reached an agreement with its bondholders to restructure \$143 million of senior notes.

Each of these restructurings is unique in their approach. With Buffalo Thunder, the restructured debt amount will not be determined until late 2013, providing an opportunity for the resort to stabilize and improve operations, providing more certainty that the ultimate debt structure is appropriately sized. With Inn of the Mountain Gods, bondholders are not expected to experience a loss in principal amount; however, the new debt is anticipated to have significantly lower interest rates in order to facilitate necessary free cash flow for distributions and debt repayment. Odawa Casino and Resort investors are faced with a material reduction of principal, receiving cash payment and new debt equal to approximately 50% of the origi-

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nal debt principal.

These restructurings bode well for all Tribes seeking to raise capital. While notable restructuring issues continue to exist - and a few Tribal borrowers remain on the edge of slipping into the restructuring universe - eliminating default scenarios at these three tribes reduces a fair amount of uncertainty around what happens in a Tribal default scenario. Much of this uncertainty centers around the fact there is no clear path or precedence for a Tribal borrower to enter bankruptcy courts (Tribes are not considered a “debtor” under the Bankruptcy Code), and therefore traditional protections – for both Tribes as borrowers and for debt holders – are limited. And because bankruptcy is generally not an option, negotiations between the parties of a tribal restructuring can theoretically last for years.

Debt holders can now look to these examples and take away several positives. First, despite the lack of bankruptcy as an option, the restructurings did not drag on for years. For Buffalo Thunder and, assuming bondholders at Inn of the Mountain Gods accept the current offer on the table, the restructuring process lasted approximately 18 months after initial default, and for Little Traverse, less than a year. Second, recovery for debt holders was not a zero sum game – in each case, investors are able to see a path towards the return

of a material portion of their invested capital. Granted, the loss of capital versus the expected return of their investments is significant, but it's important for investors to be able to put a box around the potential downside of any investment.

Perhaps the most important take away from investors is that in each case, the Tribal issuer made a concerted effort to work with the investors to reach an outcome acceptable to both sides. Sacrifices were certainly made on both sides – for the Tribes, tighter waivers of sovereign immunity and increased security provisions for investors were provided, while the investors accepted material losses to their expected investment returns. The long term benefit for each of the tribes, however, is protection of necessary distributions from their gaming enterprises and, by virtue of working together with debt holders to reach an acceptable solution, the tribes are protecting their own ability to raise future capital and enter into reasonable commercial agreements. The long term benefit for all tribes, however, is that through exhibiting the willingness to resolve these default situations in a timely and fair manner with their creditors, these three tribes established restructuring precedence for Tribal issuers that should attract new investors to the Tribal sector and encourage a more favorable interest rate environment for those Tribes seeking capital.

Kristi Jackson
(310) 341.2335
kjackson@tribaladvisors.com

David Howard
(310) 341-2795
dhoward@tribaladvisors.com

Jeffrey Heimann
(310) 341-2518
jheimann@tribaladvisors.com

William Crader
(310) 341-2336
wcrader@tribaladvisors.com

Aaron Mugg
(310) 341.2337
amugg@tribaladvisors.com

Dan Ziegler
(310) 341-2339
dziejler@tribaladvisors.com

Ellie Escamilla
(310) 341-2338
eescamilla@tribaladvisors.com