THE GLOBE AND MAIL

First Nation's casino bond financing breaks new ground

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January 22, 2014

It took a while to educate investors, but it worked and **Alberta's successful First Nation-owned River Cree** casino is raising $200-million in a ground-breaking bond deal.

The big news here is this is the first bond deal by a Canadian First Nations-owned business that does not have a government guarantee. The high-yield notes were snapped up by investors in both the U.S. and Canada.

The Enoch Cree Nation wanted to control all of the casino, which is located on the outskirts of Edmonton. The plan was to buy out minority partner Paragon Gaming. That required money, and getting the money required investors. The First Nation hired Toronto-based bank Crosbie & Co.

It was a long process, with the initial meetings taking place almost four years ago. The casino throws off lots of cash, so that was never in doubt. What investors wanted was reassurance about who would be operating the casino and the bond issue's governance. With that in mind, the Enoch Cree Nation lined up an experienced operator, Sonco Gaming Inc., which already operates a casino in Calgary, and the borrowing entity was set up to be independent from the chief and council on the political side.

Crosbie helped the Enoch Cree pick underwriters – settling on TD Securities and BMO Nesbitt Burns, with Scotia Capital also playing a role. There was also bank financing lined up.

The Enoch Cree are clearly happy. The idea is to use the money that the wholly owned casino throws off to fund other developments.

"Owning the River Cree 100 per cent is a dream come true," Enoch Cree Chief Ronald Morin said in a statement. "Much hard work has gone into working with the people of Enoch as well as many levels of government and the corporate world to make this day possible. With this ownership, Enoch will now have a greater sense of autonomy and be able to expand our capacity to do many more great projects as well as improve Enoch members overall quality of life."

Ed Giacomelli, a managing director at Crosbie, said the deal broke ground because "it is a coming of age for an important Alberta First Nation. It will open up new sources of capital to seed future development" on the Enoch Cree's lands, which border Edmonton.

What's more, other First Nations will benefit.

"Now that one Canadian First Nation has accessed the Canadian and U.S. bond markets, there is a template for others to follow," Mr. Giacomelli said.