Turtle Bay debt softens as cash-strapped co. eyes refi

New York, May 10 (LCD) – **Turtle Bay Resort** term debt softened this week after lenders heard that cash was insufficient to meet an interest payment due at the end of June.

The company's first-lien loan was largely steady, at 99.25/100, after a lender call on Tuesday, although a lower quote emerged at 98.75/99.75, sources said. The company's second-lien loan eased to 98/99, compared to trades near 100 about two weeks ago. Trading in the wake of the call was not particularly active.

Lenders heard that the company needed to refinance its $275 million first-lien loan, which is priced at L+275, and its $125 million second-lien, which is priced at L+650.

A buyer for the hotel, and land under the hotel, had emerged. However, the bidder needed to complete due diligence for the purchase. Therefore, the company faces a tight deadline before interest payments are due.

The new situation was in contrast to a lender call a few months ago, when management reassured investors that the situation was fine, with the property on the auction block.

The company has struggled with lawsuits and controversy about environmental impact and potential unwanted effects of a planned expansion of the resort.

Credit Suisse completed a dividend recapitalization of the credit in 2005.

Turtle Bay, owned by Oaktree Capital Management, is a luxury resort set on 880 acres on Oahu's North Shore, including five acres of shoreline. The property includes a 400-room hotel, suites, and beach cottages, with golf courses designed by Arnold Palmer and George Fazio. – *Abby Latour*

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