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Atlantic City Eyes Cutting \$10M in Yearly Debt Payments

By [Andrew Coen](#)

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Atlantic City is looking to slice its annual debt service payments by 26% as part of its recovery plan to avoid a state takeover, Mayor Donald Guardian said during a community meeting Tuesday night.

Guardian said during a slideshow presentation that the city's new bond counsel firm, McManimon Scotland & Baumann LLC, is looking to cut its \$240 million in bonded debt by at least \$60 million in 2017 and 2018. This goal would slash the financially-strapped gambling hub's yearly debt service payments by \$10 million, to \$28 million, according to Guardian. The Roseland, N.J.-based law firm's chairman Joseph Baumann said after being hired on June 8 that it would seek to refinance or restructure the bonded debt.

"Honestly we need to go beyond that," said Guardian during the meeting. "But \$10 million a year is a good start."

Guardian said the city's first full meeting with McManimon Scotland & Baumann is slated for Thursday after a couple of conference calls with the firm. Atlantic City also has July 7 settlement meeting set with the Borgata over \$170 million in tax refunds the city owes the casino. Guardian said \$20 million in yearly Consolidated Municipal Property Tax Relief Aid Atlantic City is receiving from the state probably will be used to help fund the Borgata debt.

Atlantic City has until Nov. 3 to draft a five-year financial plan with a balanced 2017 budget to avoid state intervention that that allows New Jersey's Local Finance Board to alter outstanding debt and municipal contracts. The city received a \$60 million bridge loan as part of a rescue package approved by New Jersey lawmakers after barely averting a default of its May debt service payments.

Guardian noted during his presentation that revenue is expected to be up \$1.6 million in 2017 from increased fees. The city also reaped \$1.7 million from a June 23 auction of abandoned properties and \$5 million from the sale of an old volleyball court next to the former Showboat casino and the Garden Pier to developer Bart Blatstein. Additional revenue opportunities are expected from selling its old airport property, Bader Field and 11 acres of land on Riverside Drive, Guardian said.

