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Judge Approves \$26 Million Revel Tax Settlement.

A bankruptcy judge on Tuesday approved a \$26 million tax settlement between Atlantic City, N.J., and the closed Revel Casino Hotel.

The settlement, which saves the boardwalk resort more than \$7 million on unpaid property taxes and penalties that exceed \$33 million, comes after the city failed to attract any bids for a tax lien against Revel at a sale earlier this month.

Following a hearing Tuesday morning, Judge Gloria M. Burns of the U.S. Bankruptcy Court in Camden, N.J., said she would also sign an order increasing an interim bankruptcy financing package allowing Revel to fund the settlement, which calls for payment no later than Wednesday.

The financing package will include an additional \$21 million from Wells Fargo NA, \$19 million of which will be combined with \$7 million in cash on hand to fund the \$26 million settlement. The remaining \$2 million in financing is intended to provide enough cash to allow Revel to pay its operating expenses until Jan. 8, according to court papers.

No objections to the settlement or the increased financing were filed, though some creditors have made it clear they intend to challenge a final order on the financing package at a hearing expected to be held in early January.

At Tuesday's hearing, John Cunningham, a lawyer for Revel, said he hoped negotiations would produce more settlements on a number of key sticking points Revel faces, including a dispute with the bondholders behind its custom-built power plant. "This is the first settlement in what we hope will be many settlements coming down the road," Mr. Cunningham said. "We still have a long way to go, but we needed to start somewhere."

ACR Energy Partners, which operates the power plant, has warned that it, too, may be forced to file for bankruptcy protection as a result of Revel's troubles. ACR, which issued \$120 million of municipal bonds in 2011 to cover 75% of the power plant's construction cost, missed a \$6.9 million bond payment earlier this month, according to a notice filed by trustees for the debt. A lawyer for ACR wasn't immediately available for comment Tuesday.

Atlantic City relies heavily on its casinos for tax revenue, with the industry providing over 60% of the city's total property tax revenue, according to court papers.

Four Atlantic City casinos, including the \$2.4 billion Revel, have shut down this year, throwing thousands out of work and weakening the city's tax base.

Revel, which filed its second Chapter 11 case in as many years in June, shut down in September after it was initially unable to find a buyer. After a \$110 million deal with Canadian private-equity firm Brookfield Capital Partners LP fell through, Revel is hoping to sell to Florida real-estate developer Glenn Straub. However, Mr. Straub is requesting a price reduction to \$87 million from \$95.4 million.

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By TOM CORRIGAN

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—Stephanie Gleason contributed to this article.

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