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Emergency Manager's Report Leaves Door Open to Possible Debt Payment Delays for Atlantic City.

NEW YORK (Standard & Poor's) March 25, 2015—Standard & Poor's Ratings Services today said it is reviewing its rating on Atlantic City, N.J.'s general obligation (GO) bonds outstanding based on the Emergency Manager's 60-day report released March 23, 2015. The report does not directly reference bankruptcy. However, it does identify possible deferrals in debt service payments, which could occur as early as the current fiscal year. Therefore, our analysis will focus primarily on the debt restructuring and refinancing that the Emergency Manager identifies as potential options to address the city's fiscal situation.

Should we view these options as having a detrimental impact on bondholders, we could lower the GO rating to as low as the 'CC' category, barring an actual default or distressed exchange by the city, which in our view would warrant a 'D'. Conversely, if these actions are consistent with the terms of the bonds outstanding, our analysis will focus further on both the short- and long-term impacts of the Emergency Manager's plan, consistent with our local GO criteria.

The 'BB' GO rating remains on CreditWatch with negative implications, where it had been placed Jan. 27, 2015. We expect to review our CreditWatch placement within the next 30 days based on our analysis of additional information presented in light of the report's findings. For more information on the GO rating, please see the report published Jan. 27, 2015, on RatingsDirect.

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