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Orr to Leave Atlantic City Emergency Management Team.

(Reuters) - Lawyer Kevyn Orr will leave Atlantic City's emergency management team, finalizing his work on the struggling New Jersey gambling hub by the end of the month, Governor Chris Christie's office said on Monday.

Christie appointed the team, led by Kevin Lavin with Orr as an adviser, in January. Orr's previous role as the man who crafted Detroit's historic bankruptcy sparked concern in the \$3.7 trillion U.S. municipal bond market that a bankruptcy or bond restructuring could be likely for Atlantic City.

The appointment by Christie, a possible 2016 Republican presidential candidate, also signaled to Wall Street credit rating agencies that New Jersey's historically strong support of its struggling local governments could be eroding.

Moody's Investors Service put seven distressed cities on notice of a possible ratings cut because of their reliance on state aid in a less supportive environment when the state's budget itself is strained.

One of those cities, Trenton, was downgraded a week ago and forced to cancel a bond deal.

Last week, Jones Day announced that Orr, a corporate bankruptcy attorney, would return to the law firm on May 1 to serve as the partner in charge of its Washington office. Orr left Jones Day in March 2013 when he was tapped by Michigan Governor Rick Snyder to serve as Detroit's emergency manager.

"From the start, it was made clear that Kevyn Orr would lend his expertise as a short-term consultant" to Lavin, Christie spokesman Brian Murray said in a statement.

Lavin and his team, which includes Ernst & Young consultants who worked closely with Orr in Detroit, plan to release their next report in June, Murray said.

Casinos, labor unions, bondholders and other creditors will be negotiating through a mediator to keep Atlantic City afloat.

State lawmakers are still pushing a plan to help stabilize the city's free-falling property tax base, which has dwindled rapidly as casinos suffered from increased competition for gambling dollars in neighboring states.

Reuters requested Orr's Atlantic City contract with the state, but was told in March that the Division of Local Government Services, which employs Lavin, had no such document.

"As soon as an executed contract is available, it will be made public and a copy will be provided to you," the state said in its response. No contract was ever provided to Reuters.

By REUTERS

APRIL 27, 2015, 2:34 P.M. E.D.T.

(Reporting by Hilary Russ; Editing by Alan Crosby)

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