

Bond Case Briefs

Municipal Finance Law Since 1971

Citigroup to Take Over Atlantic City Water Park Bond Sale; Groundbreaking for Project This Fall.

ATLANTIC CITY — Citigroup Inc. will soon take over as the underwriter of the \$95 million municipal bond sale that will finance the construction of a water park at the Showboat hotel, according to a report from Bloomberg.

The Atlantic County Improvement Authority, which voted 8-0 in March to authorize the issuance and sale of revenue bonds to finance the water park, will return to the issue at a meeting at 10 a.m. Thursday, according to an agenda on its website.

Jessica Prada, administrative assistant for the Improvement Authority, told Bloomberg it will hold a special session Thursday to vote on Citigroup's appointment. The previous underwriter, Janney Montgomery Scott, is being replaced after failing to sell the unrated bonds, according to the report.

Bart Blatstein, CEO of Tower investments, developer of the water park, said Tuesday the project will break ground "around this fall."

"We're super excited about it," Blatstein said. "The success of our arcade, The Lucky Snake, has shown there is a tremendous interest for nongaming and family activities in Atlantic City."

In a presentation to the Improvement Authority board in February, Blatstein said the water park would be "best in class" and the first year-round family entertainment resort in Atlantic City.

Based on the resolution passed by the authority, the authority would issue the bonds for the project; repayment of the debt service would come through revenue generated by the water park and entertainment complex.

Before voting for the bonds though, the authority asked about the possible risks and downside of issuing the bonds. Blatstein and Tower Investments attorney Jeffrey Winitsky assured the board that neither the authority nor taxpayers faced any risk, according to the minutes of the Feb. 25 meeting.

The money being sought would cover construction costs and would also fund a debt-service reserve should revenue on the project be short or delayed, Winitsky told the board.

The Casino Reinvestment Development Authority granted site plan approval for the park in early 2021. The authority also granted the project an Entertainment Retail District designation. As part of the designation, the project will receive \$2.5 million per year for 20 years in sales tax rebates.

Winitsky said a new underwriter would "give the transaction a fresh perspective and marketing effort," the report said.

pressofatlanticcity.com

by Ahmad Austin

Jul 27, 2021

Copyright © 2024 Bond Case Briefs | bondcasebriefs.com