

# *The Reinvention of Atlantic City*

*New Jersey Institutional Investors Conference*

*April 9, 2015*

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***A year-round destination-resort with diverse gaming and non-gaming amenities that complement existing City attributes and character***

- **Public – private partnerships**
- **Long term, sustainable development**
- **Fully leverage existing convention, meeting and tourism assets**
- **Diversification of city and regional economy**
- **Sound fiscal planning and implementation**

# Current Challenges

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- Total Atlantic City gaming resort revenues have fallen by a CAGR of (7.5%) from 2006 through 2013, down from a peak of \$4.9 billion to \$2.9 billion.
- Atlantic City gaming continues to lose market share to newer gaming venues closer to major urban areas.
- Consolidation of gaming industry – 2014 closures of four properties.
- Atlantic City assessed property values have declined from a high of \$20.5 billion in 2010 to \$11.3 billion in 2014. Property taxes represented over 81% of City revenues in 2014. Municipal appropriations grew by a CAGR of 4.3% during the period 2006 – 2014, with non-departmental expenditures growing from 43% in 2006 to 56% of the City's 2014 appropriations.

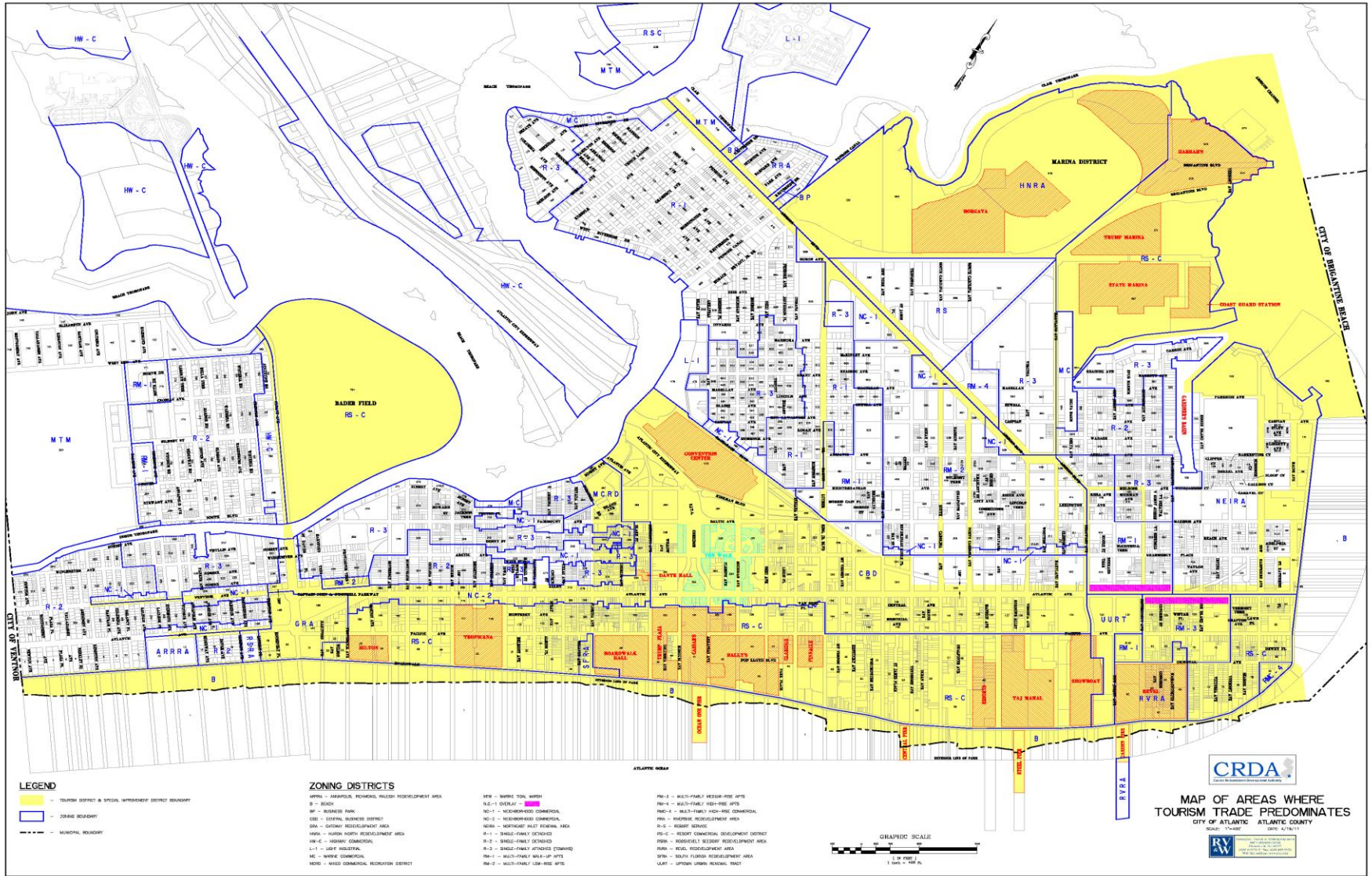
SOURCE: Hanson Commission Update Report , November 12, 2014

# 2011 Tourism District Act

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- February of 2011
  - **Establishment of the Atlantic City Tourism District – where tourism activities predominate**
  - **Transfer of all land use and development responsibilities in the tourism district to CRDA from the City to streamline development applications**
  - **Creation of new Atlantic City Special Improvement District – advance clean and safe initiatives**
  - **Five year, \$150 million public – private partnership between CRDA and casino industry to market Atlantic City**
- February of 2012 – **Publication of Tourism District Master Plan for land use and zoning within the District**
- April of 2013 – **Transfer of the Atlantic City Convention and Visitors Authority into the CRDA as its new Convention Center Division**
- January of 2014 – **Engaged Global Spectrum, a Comcast-Spectacor affiliate, to manage convention center and arena assets**
- April of 2014 – **Partnership with Port Authority of New York and New Jersey to fund \$8 million airline risk abatement and marketing program for Atlantic City International Airport**
- June of 2014 – **Outsourced the sales and marketing functions of the Convention Center Division to MEET AC, a newly formed 501(c)(6)**
- November of 2014 - **Completed issuance of \$242 million Luxury Tax Revenue Bonds, Series 2014, creating \$90+million CAPEX fund for arena and convention center improvements**

# Tourism District and Special Improvement District Geography



# CRDA Resources

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*Tourism District Act put CRDA at the center of the convention and tourism development program, focusing its existing powers from earlier legislation and expending its responsibilities and powers in new areas*

- **Atlantic City Convention Center and Boardwalk Hall Arena**
  - Luxury Tax Revenues fund debt service, new capital expenditures, and marketing of the Convention Center and Arena
  - The Series 2014 Bonds will fund new capital investments in the Atlantic City Convention Center and Arena
  
- **Special Improvement District - funded principally by a special assessment on commercial properties within the District**
  - Clean and safe initiatives
  - Improving streetscapes and beautification projects
  
- **Economic and Community Development Projects in the Tourism District**
  - Investment Alternative Tax (“IAT”) revenues – CRDA administers the Investment Alternative Tax fund. Under Section 144.1 of the CRDA Act (N.J.S.A. 5:12-144.1), licensees are required to pay either 2.5% of their gross revenues as a tax or to invest 1.25% of their gross revenues in CRDA bonds. In the case of internet gaming gross revenues, the tax is 5% and the investment alternative is 2.5%.
    - Entertainment-retail district sales tax rebates (N.J.S.A. 5:12-173.9) of the CRDA Act
    - Hotel room fee residuals (after debt service)
    - Parking fee residuals (after debt service)



# Major Initiatives

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*The Tourism District is on track to attract well over \$1 billion of investment in its first five years*

- Completed projects (\$778 million with CRDA investment of \$99 million)
  - Casinos and hotels \$534 million: Golden Nugget, Resorts Margaritaville, Borgata, Trump Taj Mahal, Tropicana, Claridge
  - Visitor experience \$109 million: South Inlet Transportation, Wave Parking Garage, Steel Pier, Garden Pier, boardwalk lighting
  - Attracting visitation \$56 million: DO AC, Miss America Pageant, Challenge AC
  - Targeting conventions and meetings \$17 million: Boardwalk Hall and Convention Center CAPEX, privatization of sales into new not-for-profit Meet AC, Inc.
  - Investing in neighborhoods and job training \$62 million: Atlantic City Cape Community College, Pennsylvania Avenue School, Richmond Avenue School
  
- Projects In Process/Construction(\$475 million with CRDA investment of \$177 million)
  - Visitor experience \$146 million: Bass Pro Shop retail complex, Atlantic Avenue facades, 3D light and sound shows, Lighthouse District Park
  - Attracting visitation \$61 million: DO AC, Atlantic City international airport marketing, tourism market expansion program
  - Targeting conventions and meetings \$130 million: Harrah's Waterfront Conference Center, Meet AC, Inc. outsourcing
  - Investing in neighborhoods and job training \$138 million: Boraie Development mixed use, HOPE VI rental units/semi-detached homes in Inlet Area of Atlantic City
  
- Pre-Development/Conceptual projects (preliminary)
  - Visitor experience: Inlet Seawall, John Brooks Recovery Center relocation, Latitude 360 at the Pier at Caesars, Tropicana casino renovation
  - Targeting conventions and meetings: Boardwalk Hall and Convention Center CAPEX, Claridge hotel meeting space
  - Investing in neighborhoods and job training: additional workforce rental housing opportunities, job financing program in collaboration with the City and local Chamber of Commerce, Stockton University Academic Campus

# Resorts Margaritaville Project





# Harrahs Conference Center Project



# Bass Pro Project





# Resorts Conference Center Project





# Tropicana Retail Expansion Project





# CRDA Public Infrastructure Projects



# CRDA Clean and Safe Initiatives





# CRDA Event Sponsorships



**Live Nation Concerts**

**AC Air Show**

**Miss America**

**Beach Concerts**

**Farmers Market**

**Challenge Triathlon**

**Garden State Film Festival**

**Beach Volleyball Invitational**

**Seafood Festival**

**World Sand Sculpting Championships**





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APRIL 8, 2015

# The Press

OF ATLANTIC CITY

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Toms River and north \$1.25

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ATLANTIC COUNTY EDITION

## A profitable year



**GOLDEN NUGGET**  
Gross operating profit **+144%** | Occupancy rate **77%**



**TROPICANA**  
Gross operating profit **+125%** | Occupancy rate **75%**



**RESORTS**  
Gross operating profit **+120%** | Occupancy rate **72%**



**BORGATA**  
Gross operating profit **+30%** | Occupancy rate **82%**

### Remaining casinos saw earnings soar in '14

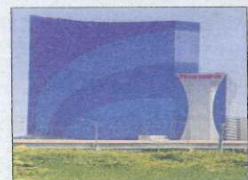
**By DONALD WITTKOWSKI**  
Staff Writer  
**ATLANTIC CITY** — Atlantic City's gambling industry overcame the closing of four casinos last year to post a 45 percent increase in gross operating profits and a higher occupancy rate for hotel rooms.

Big gains by Golden Nugget Atlantic City, Tropicana Casino and Resort, Resorts Casino Hotel and Borgata Hotel Casino & Spa propelled the market to a \$341.1 million gross operating profit in 2014 compared with \$235.7 million in 2013, according to year-end figures released Tuesday.

Among the eight casinos that survived the wave of closings last year, seven reported positive operating profits. Only the financially troubled Trump Taj Mahal Casino Resort suffered an operating loss in 2014 among the survivors, the New Jersey Division of Gaming Enforcement reported.

In another key metric, the industry's average hotel occupancy rate for the year was 80.2 percent, up nearly 3 percentage points over 2013. The average room rate climbed from \$99.30 in 2013 to \$100.83 in 2014, giving the casinos another boost.

For the fourth quarter of 2014, the industry reversed its fortunes by going from a \$5.8 million loss in 2013 to a gross operating profit of \$72 million, the figures show.



**HARRAH'S**  
Gross operating profit **-5%** | Occupancy rate **79%**



**CAESARS**  
Gross operating profit **-14%** | Occupancy rate **84%**



**BALLY'S**  
Gross operating profit **-32%** | Occupancy rate **82%**



**TAJ MAHAL**  
Gross operating profit **-106%** | Occupancy rate **56%**

### Atlantic Cape adding evening nursing program

## SOLD



Staff photo by Vernon Oradnek  
Glenn Straub says the former Revel Casino Hotel, which he bought Tuesday for \$82 million, will reopen this summer.

### Straub firm now owner of ex-Revel

**By REUBEN KRAMER**  
Staff Writer  
**DONE DEAL.** Revel Casino Hotel was sold to developer Glenn Straub's company Tuesday for \$82 million, marking the end of a sale process fraught with dissension and delay, shifting alliances and spoiled offers.

The property, which for now he's calling Polo North, will reopen by summer, he says. But it's not clear what it will house.

Straub's ideas for Atlantic City have ranged from the pedestrian (a casino-hotel, a waterpark) to the exotic (a genius-filled think-tank, an international equestrian hub).

His company has not completed an application for casino licensing, a spokeswoman for state casino regulators said Tuesday.

Last week, Straub announced an agreement to buy the former Revel.

See Sold, A5

### Interview with the buyer

Glenn Straub talks about the challenges ahead in a video with this story at PressofAC.com

### Vineland

### 911: White tried to get police gun

**By CHRISTIAN HETRICK and LYNDY COHEN**  
Staff Writers  
A suspect who died in police



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- *Executive Order 171 dated January 22, 2015 appointing an Emergency Manager for Atlantic City*
- *Legislative proposals to reengineer the model for Atlantic City's "reinvention"*
  - S2575 - Reallocates casino investment alternative tax to Atlantic City to pay debt service on municipal bonds issued.
  - S2576 - Removes provisions of law relating to Atlantic City Alliance.
  - S2837 - "Atlantic City Urban Enterprise Zone and Property Tax Relief Act"; creates urban enterprise zone in Atlantic City for 10 years.