

EXECUTIVE ORDER NO. 171

WHEREAS, Atlantic City has entered an historic period of opportunities and challenges, spurred by dramatic shifts in consumer spending, and driven by an unsustainable tax, revenue, and spending structure; and

WHEREAS, for decades, the casino gaming and tourism industries in Atlantic City have been vitally important to the local, regional, and State economies; and

WHEREAS, in recent years, casino gaming in Atlantic City has faced steadily increasing regional competition from casinos in neighboring states; and

WHEREAS, gaming revenues in Atlantic City have declined from a peak of approximately \$5.2 billion in 2006 to approximately \$2.5 billion in 2014; and

WHEREAS, Atlantic City's gaming revenues are anticipated to decline further as a result of regional competition and other factors; and

WHEREAS, economic factors, including the decline in gaming revenues, have caused the assessed value of property for taxation in Atlantic City to decline from \$20.4 billion in 2010 to \$11.3 billion in 2014; and

WHEREAS, further decline in assessed value of Atlantic City property is anticipated in 2015; and

WHEREAS, the decline in assessed values has caused Atlantic City to incur substantial liability for property tax refunds as a result of tax appeals; and

WHEREAS, four casinos in Atlantic City ceased operations in 2014 and others are delinquent in the payment of taxes to Atlantic City; and

WHEREAS, the closure and tax delinquency of Atlantic City casinos increases the financial burden on the remaining casinos,

other businesses and interests, and threatens the long-term health of the casino gaming and tourism industries in Atlantic City; and

WHEREAS, Atlantic City has incurred \$345 million of new bond debt since 2010 to cover tax appeals and municipal deficits, and debt service now comprises approximately 15 percent of Atlantic City's budget; and

WHEREAS, Atlantic City has upcoming pension payments of approximately \$23 million in 2015 and \$25 million in 2016 and is currently relying on unsustainable bond issuances in part to fund these pension payments; and

WHEREAS, Atlantic City's school system spends significantly more per pupil than comparable districts, and student test scores are significantly lower than comparable districts; and

WHEREAS, Atlantic City's school district graduates less than 68 percent of its students; and

WHEREAS, Atlantic City is in imminent danger of running out of cash and may be unable to satisfy payroll and other general financial obligations jeopardizing the ability to provide essential municipal services; and

WHEREAS, the financial condition of Atlantic City and the imminent cash crisis jeopardizes both the health, safety, and welfare of its residents and the economic well-being of the State and its people; and

WHEREAS, the Constitution of New Jersey, Article V, Section 1, Paragraphs 1 and 11 vest the executive power of the State in the Governor and directs that the Governor take care that the laws be faithfully executed; and

WHEREAS, Atlantic City is currently subject to the supervision of the Local Finance Board ("Board") under the Local Government Supervision Act, N.J.S.A. 52:27BB-54 et seq. (the

"Supervision Act"), pursuant to the Board's resolution dated September 10, 2014; and

WHEREAS, the Board is authorized and empowered by the Supervision Act to supervise municipalities in need of financial rehabilitation and delegate its powers under the Supervision Act; and

WHEREAS, the Board and its appointees are authorized and empowered by the Supervision Act to analyze all factors and circumstances of a municipality subject to the supervision of the Board under the Supervision Act and to recommend and implement definite steps to correct the financial condition of the municipality; and

WHEREAS, by Executive Order 11, the Governor created the Governor's Advisory Commission on New Jersey Sports, Gaming, and Entertainment ("Commission"); and

WHEREAS, on November 12, 2014, the Commission submitted a report to the Governor finding that Atlantic City faces an economic and budgetary crisis and recommended that Atlantic City make immediate reforms to property taxation, pension payments, and municipal services in order to rectify its financial condition; and

WHEREAS, the Governor has accepted some of the recommendations of the Commission; and

WHEREAS, for the foregoing reasons, the welfare of the people of the State and Atlantic City requires a plan to be prepared and negotiated with all affected stakeholders to place the financial condition of Atlantic City on a viable long-term financial footing consistent with the present and foreseeable revenue and expenses based on all economic factors, including the conditions of casino gaming and tourism in Atlantic City and the region;

NOW, THEREFORE, I, CHRIS CHRISTIE, Governor of the State of New Jersey, by virtue of the authority vested in me by the Constitution and laws of this State, do hereby ORDER and DIRECT:

1. There shall be appointed an Emergency Manager for Atlantic City in the Department of Community Affairs, Division of Local Government Services.

2. The Emergency Manager is hereby authorized and directed:

a. To analyze and assess the financial condition of Atlantic City;

b. To prepare and recommend, within 60 days of appointment, a plan to place the finances of Atlantic City in stable condition on a long-term basis by any and all lawful means, including the restructuring of municipal operations and the adjustment of the debts of Atlantic City pursuant to law; and

c. To negotiate with parties affected by the recommended plan for an adjustment of Atlantic City's debts and the restructuring of its municipal operations and, in his discretion, to recommend modifications of the plan as a result of such negotiations.

3. The Emergency Manager shall be authorized to consult, in his discretion, with all stakeholders, including the Mayor and Council of Atlantic City, the Atlantic County Executive and the governing body of Atlantic County, representatives of bondholders, judgment creditors, other creditors, collective bargaining representatives of municipal employees and organizations, and such other persons and parties as necessary to secure the long-term financial stability and viability of Atlantic City and its economy.

4. All state agencies and all officers, employees, agents, divisions, departments, bureaus, and authorities of the City of Atlantic City shall cooperate in the implementation of this Order, and shall make available to the Emergency Manager at his request all financial and other information, documents, and records of, or pertaining to, Atlantic City.

5. Pending receipt of recommendations from the Emergency Manager, I reserve the right to take such additional actions, invoke such emergency powers, and issue such emergency orders or directives as may be necessary to protect the health, safety, and welfare of the people of Atlantic City and the State, and to ensure the continued provision of essential services in Atlantic City.

6. This Order shall take effect immediately and shall remain in full force and effect until rescinded, modified, or supplemented.

GIVEN, under my hand and seal this
22nd day of January, Two
Thousand and Fifteen, and
of the Independence of the
United States, the Two
Hundred and Thirty-Ninth.

[seal]

/s/ Chris Christie

Governor

Attest:

/s/ Christopher S. Porrino

Chief Counsel to the Governor