

CRDA gives Steel Pier a break on loan payments, late fees

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ATLANTIC CITY — The Casino Reinvestment Development Authority on Tuesday approved modifying Steel Pier Associates' \$14.3 million loan to allow the company to skip most 2020 payments without late fees.

Like most tourist attractions, business shutdowns and restrictions have cut into the amusement pier's ability to make money.

"We were approached by Steel Pier because of a difficult financial situation in the past year because of COVID," CRDA Executive Director Matt Doherty said. "In the past, Steel Pier made all payments to CRDA in full and on time. In this case, they were not able to do that."

He said under the negotiated deal, Steel Pier will pay 15% of the amount owed, or about \$60,000, up front.

"The remaining amount (owed) of \$344,000 would be added to the outstanding loan principal," Doherty said. "This is not forgiveness or any type of amnesty."

The first loan was given to the company in 2012 and has been amended since.

Late fees were also forgiven in 2016, said Kathleen Marshall, CRDA chief financial officer.

One of the main improvements made with the money was the addition of a giant observation wheel, which was announced in 2013 but didn't open until 2017.

The \$14 million, 227-foot wheel is the third tallest in the country, said Anthony Catanoso, Steel Pier's president.

The pier didn't begin to make payments until 2017, Marshall said.

Marshall said Steel Pier paid \$213,000 in 2017, \$363,000 in 2018 and \$454,000 in 2019.

As a result, after all this time, the principal owed on the loan is still \$14.2 million, as much of what was paid went toward interest. That concerned some board members, who said terms of repayment should be renegotiated after the pandemic ends.

"I understand Mr. (Ed) Gant and Mr. (William) Mullen's comments, but this is the best we can do right now," said Doherty of concerns of the two commissioners.

"If we force them into bankruptcy ... we have the problem," Board Chairman Bob Mulcahy said.

Board Vice Chairman Richard Tolson said, "We have to have a more earnest discussion with the owners and ask whether the youngest person on their board — whether or not in their lifetime this money gets paid back."

Two new members joined the CRDA board Tuesday. They are Shelley Williams, vice president of sales at Hard Rock Hotels, and Karen Worman, regional vice president of finance at Caesars Entertainment Corp. Both were recently appointed by Gov. Phil Murphy.

Mark Giannantonio, president and CEO of Resorts Casino Hotel, left the board after serving for seven years.