SUMMARY STATEMENT

ITEM NO.: DRPA-15-095 SUBJECT: Approval of Authority’s Participation in Camden County Improvement Authority (CCIA) Camden Baseball Stadium Restructuring Plan

COMMITTEE: New Business

COMMITTEE MEETING DATE: N/A

BOARD ACTION DATE: July 15, 2015

PROPOSAL: The Board of Commissioners ("Board") of the Delaware River Port Authority ("DRPA" or "Authority") believes that the continued operation of the existing Camden baseball stadium is crucial to preserving the Authority’s investment. The current baseball stadium operators have accumulated significant deficits and are at risk of foreclosure by the creditor bank. The Authority’s Board seeks to prevent a foreclosure, as it would be detrimental to recovery of any of its financial investment.

The Board is in receipt of the Camden County Improvement Authority’s (CCIA) proposed Stadium Restructuring Plan, attached as Exhibit A, and agreed that the Authority will receive annual revenues based on a ticket surcharge of $0.30/ticket for all paid ticketed events at the stadium, in lieu of payments against its outstanding loan with the DRPA.

PURPOSE: To cancel the existing $6.54 million loan agreement with Cooper’s Ferry Development Association Baseball Property, Inc. (“CFDA”), which was provided as part of the original financing plan for the development and construction of a roughly 6,425 seat baseball stadium located on 17 acres of land previously owned by the DRPA along the Delaware River waterfront, in Camden, NJ, presently known as “Campbell’s Field.” In addition, the Authority will partner with CCIA, the New Jersey Economic Development Authority (NJEDA), Rutgers University, CFDA, Camden Baseball, LLC and the City and County of Camden to prevent foreclosure on the existing stadium by the creditor bank, which holds a “first priority” loan of roughly $7 million. NJEDA holds a second and fourth priority position based on two outstanding loans totaling $3,235,617, while the Authority holds a third, subordinate interest position on its $6.54 million loan.
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Approval of Authority’s Participation in Camden County Improvement Authority (CCIA) Camden Baseball Stadium Restructuring Plan

BACKGROUND: In 1999, the Board approved DRPA Resolution 99-122, attached as Exhibit B, authorizing a loan of $6.5 million to CFDA Baseball Property, Inc. and transfer of 17 acres of DRPA-owned property to the CFDA for the stadium site. Subsequent to the execution of a Loan and Security Agreement in June 2000 between the DRPA and CFDA, the original loan was increased by $2.0 million in November 2000, resulting in a total $8.5 million loan. Under the Loan agreement, “no payments for either principal or interest were required for the first 20 years, with monthly payments to be made thereafter for a period of 239 months on the unpaid principal balance, at a fixed rate of 5%.” In 2005, $1.96 million of the loan was repaid by the Casino Reinvestment Development Authority on behalf of CFDA. The resulting outstanding loan balance totaled $6.54 million.

The creditor bank notes and NJEDA loans were also used to finance the balance of the costs of the development and construction of the stadium, and subsequent upgrades.

DRPA’s loan is secured by a mortgage on the Stadium and an assignment of certain rental payments to be made by Camden Baseball, LLC to CFDA pursuant to a Lease Agreement for the use and operation of the stadium by Camden Baseball, LLC the operator of an unaffiliated, independent league minor league baseball team.

Since 2003, the current operator has been unable to meet all of the required PILOT (payment in-lieu-of taxes) payments to the City of Camden, neither debt service payments against the creditor bank loans (which total $7.0 million) nor any payments to NJEDA against its loans totaling $3,235,617. (The first loan payments due against the DRPA’s loan would begin in 2020 and would fully amortize the loan in 2040). In 2013, the creditor bank provided “a notice of default” to Camden Baseball, LLC and others for its failure to pay principal and interest against the creditor bank notes, and has proceeded to take legal action to seek “judicial determination for the debt due and owing” to the bank, and to foreclose on the loans.

Under the stadium restructuring plan, the CCIA will issue bonds or
execute a private loan placement, wherein it will purchase the creditor bank notes for a fixed price. CCIA will then take title to the stadium (Rutgers is the present owner), and restructure the loans with NJEDA and DRPA, assuming approval of both entities.

The DRPA loan will be restructured by entering into a new agreement with CCIA, wherein the DRPA “shall release and fully discharge the DRPA Loan (and any security or collateral provided therein), and any and all liens, rights and interests maintained by the DRPA in and to the Stadium and the Property.” In addition, the DRPA will receive a $0.30/ticket surcharge assessed on each paid ticketed event. The ticket surcharge would be payable to the DRPA for a period of fifteen (15) years. Using baseball games as an example, there is an estimated projection of 5,000 ticket sales for 38 baseball games, resulting in an estimated annual payment of $57,000, and an aggregate of an estimated $855,000 over the fifteen (15) year period. In addition, annual revenues from non-baseball related paid ticketed events are estimated at $10,800 or approximately $162,000 over the fifteen (15) year period (based on 8 events at 4,500 tickets). Total estimated annual revenues, based on CCIA’s projections, would be $67,800 annually, or approximately $1,017,000 over a fifteen (15) year period.

Under the plan, NJEDA will receive a ticket surcharge of $0.25/ticket and the City of Camden $0.50/ticket for annual PILOT payments. NJEDA also will fully release and discharge its loans similar to that described above for the DRPA loan. In addition, CCIA, upon acquisition of the stadium and the restructuring of the NJEDA and DRPA loans, will terminate the existing lease with Camden Baseball, LLC and then enter into a new short-term lease with Camden Baseball, LLC for the use and occupancy of the stadium for the remainder of the 2015 baseball season.
SUMMARY STATEMENT

Approval of Authority’s Participation in Camden County Improvement Authority (CCIA) Camden Baseball Stadium Restructuring Plan

SUMMARY:

Amount: Loan: Full discharge of the $6.54 million loan with CFDA Baseball Property, Inc.

Revenue: Estimated $67,800 annually (includes baseball and all other paid ticketed events); approximately $1,017,000 over fifteen years

Source of Funds: General Fund
Capital Project #: N/A
Operating Budget: N/A
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: 15 years
Other Parties Involved: Santander Bank, CCIA, NJEDA, City of Camden, Rutgers University, CFDA Baseball Property, Inc., County of Camden
RESOLUTION

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority hereby authorize and approve the CCIA Camden Stadium Loan Restructuring Plan and authorize staff to negotiate and finalize an agreement and to execute such documents necessary to participate in this plan, subject to final approval of the Chairman of the Board and the Chairman of the Operations and Maintenance Committee.

SUMMARY: Amount: Loan: Full discharge of the $6.54 million loan to CFDA Baseball Property, Inc.

Revenue: Estimated $67,800 annually (includes baseball and all other paid ticketed events); approximately $1,017,000 over fifteen years

Source of Funds: General Fund
Capital Project #: N/A
Operating Budget: N/A
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: 15 years
Other Parties Involved: Santander Bank, CCIA, NJEDA, City of Camden, Rutgers University, CFDA Baseball Property, Inc., and County of Camden.