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Waves of NMTC Funding Shore Up Aquarium

By Jennifer Hill, Staff Writer, Novogradac & Company LLP

At Georgia Aquarium in the landlocked city of Atlanta, Ga., guests are invited to embark on a magical voyage with the mysterious StarSpinner, a seafaring adventurer who guides them through their interactive journey across the seas. The imaginative live show inspires its audience to care for the welfare of marine animals and showcases the main talent – the Atlantic bottlenose dolphins—who save the day by helping StarSpinner triumph over evil. All these events, which are enhanced by an original musical score, dazzling water and lighting effects, dramatic costuming and original choreography, take place within the remarkable setting of the aquarium's new 84,000-square-foot AT&T Dolphin Tales gallery.

With a stage the size of Radio City Music Hall, an 1,800-seat theater and dolphin pools containing 2 million gallons of water, the \$120 million exhibit, which opened in April, was made possible by two new markets tax credit (NMTC) loans totaling \$40 million.

"Georgia Aquarium was specifically designed with expansion in mind," said Matt Hodgdon, Georgia Aquarium's senior vice president and chief financial officer. "AT&T Dolphin Tales was the next logical step to providing Georgia Aquarium guests with an educational and entertaining experience."

Buoys Downtown Business and Culture

Georgia Aquarium has already had a tremendous effect on downtown Atlanta; the dolphin exhibit alone added 328 operational positions and, prior to completion, 704 construction jobs. Wells Fargo estimated that the expansion will increase the city and county's economic activity by \$53 million and

generate approximately \$2.8 million in state and local tax revenues.



Photo: Courtesy of Georgia Aquarium

A scene from Georgia Aquarium's AT&T Dolphin Tales live show, performed in an NMTC-financed expansion that positions the aquarium for future growth.

AT&T Dolphin Tales will also benefit Atlanta in ways that cannot be quantified. "There's more impact here than just jobs, even though that's substantial," said Imagine Downtown Inc. (IDI) president Tyrone Rachal. "This is an educational opportunity for families and children in a landlocked city who otherwise might not have the opportunity to learn about marine mammals." He noted that the aquarium offers reduced rates for school field trips and occasionally hosts sleepovers for children. Its interactive programs are tailored to each grade level. New exhibits and expansions, which the aquarium is now equipped to develop, will ensure that visitors keep coming back to expand even further their knowledge of marine life and ecosystems.

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Linked to the aquarium's success are the fates of businesses near the attraction that also depend on tourism. "It was a seed investment to allow a larger transformation to take place on one of the city's largest economic drivers," Rachal said of the NMTCs used to support the dolphin exhibit, freeing up funds for further aquarium enhancements. "It's the gift that keeps on giving."

Keeping Afloat

Since its opening in 2005, the world's largest aquarium has managed to attract more than 11 million visitors to downtown Atlanta. "One of the things we've learned is that you never stand still," said aquarium founder and chief executive officer Bernie Marcus in a video on the aquarium's web site. Marcus noted that the aquarium's leadership plans ahead in five-year increments.

To achieve its vision of being "the world's most engaging aquarium experience" and to keep visitors coming back for more, Georgia Aquarium must consistently offer new attractions or refresh existing ones. "The real benefit of these [NMTC] dollars is in the future renovations. That's the only way they can attract recurring visitors," said Eric Rosen, first vice president of SunTrust Community Capital, one of two community development entities (CDEs) involved in the transaction. Rosen noted that the NMTC transactions gave the aquarium certainty in its ability to execute projects that it has planned for the next seven years.

Although the aquarium could have used conventional financing to develop the dolphin gallery, doing so would have delayed the project and, more significantly, put the venue in the precarious position of relying on revenue from ticket sales and parking to fund new attractions. Because the dolphin gallery was the largest of nine planned expansions, which the aquarium estimates will cost nearly \$300 million in total, the use of NMTCs on this project maximized the aquarium's financial flexibility and level of certainty for completing future improvements. Without the NMTC funds, insufficient cash flow might have forced the world-class aquarium to scale back, postpone or even cancel its plans, which would have been detrimental to its long-term success.

Sharing the NMTC Pool

During the project's early stages, Georgia Aquarium approached SunTrust Community Capital and IDI, a subsidiary of the Atlanta Development Authority, about the possibility of financing the exhibit with NMTCs. IDI principals took a tour and even held a board meeting in the aquarium, to investigate the potential investment firsthand, said Dale Royal, IDI's vice president. IDI liked what it saw, particularly the extensive behind-the-scenes systems that to operate would require hundreds of workers, and allocated the project \$25 million in NMTCs, bringing in Wells Fargo as the equity investor. SunTrust, the aquarium's primary bank, provided a \$15 million NMTC allocation and also served as an equity investor.

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tor. Other funding sources included the aquarium's cash reserves, donations and bond financing proceeds.

The partnerships between competing banks and CDEs made for an interesting and overwhelmingly positive dynamic, leading to closer coordination for deploying NMTCs in Atlanta, Rachal said. Wells Fargo echoed that sentiment. "Although our banks often compete in other business lines, we recognize that the scarcity of resources and the prevalent needs of the communities that we serve often mean that we will need to partner to make the most impactful deals happen," said William Turner, senior vice president and NMTC East Coast team leader in Wells Fargo's community lending division. ♦

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