



## “A LUXURY NEW HOTEL WITHOUT GAMBLING”

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By Scott Goldstein

A prominent Cape May hotel owner and former head of the state Casino Reinvestment Development Authority (CRDA) is on the verge of bringing his brand of ultra-upscale hotels to Atlantic City.

Curtis J. Bashaw, co-owner of the Cape May landmark hotel Congress Hall, is converting an Atlantic City Holiday Inn and the adjacent Howard Johnson hotel into a boardwalk luxury hotel.

It will include two restaurants by Philadelphia culinary icon Steven Starr, a luxury spa, banquet and conference facilities and a rooftop swimming pool with private cabanas. However, it will be most extraordinary for what it won't—a casino.

The property, on the boardwalk next to the Tropicana Casino and Resort, will be the city's first boutique, luxury hotel designed for “visitors seeking the extravagant, indulgent feel of a lavish vacation destination ... away from the chaos of casinos,” according to a statement issued by Bashaw's real estate company, Cape Advisors Inc., headquartered in Cape May and New York City.

The hotel, to be called “The Chelsea,” is now being refurbished and scheduled to open next summer, the company said. Bashaw leads a group of investors, called A.C. Beach Development Partners, that paid \$36.5 million to buy the hotels in January, according to a company publicist. The publicist declined to say how much they are paying to renovate the buildings and said the number of rooms has not been finalized.

Some Atlantic City experts say The Chelsea could fill a niche and benefit from the limited number of hotels rooms in the city. Others say it will be hard to compete with the biggest hotels in the city without the city's biggest attraction—gambling.

Only 3,000 of the city's 18,000 hotel rooms are not connected to casinos; and the casino-hotel rooms have year-round occupancy rates that regularly exceed 90 percent, said Jeffrey Vasser, executive

director of the Atlantic City Convention and Visitors Authority.

The success of the Borgata Hotel Casino & Spa, which opened in 2003 with upscale restaurants, retail and hotel rooms, indicates people are willing to pay for luxury, Vasser said. “The Borgata demonstrated that if you give people a luxury product, they will come,” he said.

The Chelsea could be good for tourists who want to go to conventions or a show but not necessarily stay at a casino, said David G. Schwartz, director of the Center for Gaming Research at the University of Nevada, Las Vegas. “Atlantic City has a shortage of rooms, especially high-end rooms,” Schwartz said. “If there is a high-profile event in town, the rooms are full of big gamblers.”

But at least one longtime Atlantic City observer, who spoke under the condition of anonymity because he may work with owners of The Chelsea, wondered whether there is really a market for a noncasino boutique hotel. “The casinos will always be able to build something more luxurious and always be able to undersell you,” he said. “Do you want to have a hotel in Atlantic City that doesn't have the biggest attraction AC has to offer? I don't know.”

As for Bashaw, he's not saying anything. Cape Advisors plans to release the details of the property in the coming weeks, said publicist Liv Odegard.

Odegard sent NJBIZ a statement indicating the company is encouraged by an untapped market and the direction the gambling resort has taken.

“Residents in the tri-state area are searching for fresh, alternative beach resorts for easy weekend trips, while treating themselves to a breath of luxury,” the statement reads. “Leisure-travel destinations are growing and Atlantic City is experiencing a surge in visitors.”

Bashaw has been keeping a low profile since news

emerged a year ago that he teamed with former Caesars Entertainment CEO Wallace R. Barr to acquire an 11-acre vacant property near the Atlantic City Hilton Casino Resort and is planning to develop an upscale, boutique hotel-casino there.

That property is about seven blocks from Bashaw's ongoing noncasino project.

But Bashaw and Barr have not yet applied for a casino license with the New Jersey Casino Control Commission likely because Bashaw—the director of the state CRDA until September 2005—appears to have had a conflict.

State law prohibits former state officials from applying for a casino license or working for an applicant or license holder for two years after they leave their state posts.

Bashaw's two-year post-employment restriction had not expired as of last month but will soon, said Odegard. She declined to give details on the property, or offer a timetable on when Bashaw may apply for a gaming license.

As head of CRDA, Bashaw helped distribute funds generated by the casinos for various development projects statewide. He was also involved in reviewing casino-redevelopment plans to determine whether they qualified for the state's financial incentive programs from CRDA funds.

When he was appointed to CRDA in 2004 by then-Gov. James E. McGreevey, Bashaw said he viewed his tenure as a sabbatical from his business interests in real estate. Early in his term, casinos viewed him warily and did not support his efforts to promote the entire shore, instead of focusing on Atlantic City.

But Bashaw eventually won over casino executives by drafting friendly new guidelines and supporting redevelopment incentives that have helped sustain a building boom in Atlantic City. In the past year alone, three companies have announced plans

to spend billions of dollars to build megacasino resorts.

Cape Advisors' portfolio exceeds \$300 million, according to its Web site, and includes four hotels in Cape May.

With more noncasino attractions emerging such as upscale restaurants like The Palm and Morton's steakhouses and high-end retail like Burberry, Coach and Gucci at The Pier Shops at Caesars, Bashaw's company believes there is a coming-of-age feeling in Atlantic City. It "reflects not only its current casino culture," the company statement reads, "but also its grand, century-long history as the East Coast's most elegant beach resort."