Public Hearing
before
NEW JERSEY GAMING SUMMIT

LOCATION: Pegasus West
Meadowlands Racetrack
East Rutherford, New Jersey

DATE: September 10, 2010
10:00 a.m.

MEMBERS OF SUMMIT PRESENT:

Senator Jim Whelan, Co-Chair
Assemblyman John J. Burzichelli, Co-Chair
Senator Raymond J. Lesniak
Senator Paul A. Sarlo
Senator Stephen M. Sweeney
Senator Jeff Van Drew
Assemblyman Ralph R. Caputo
Assemblyman Matthew W. Milam
Assemblywoman Sheila Y. Oliver
Assemblywoman Connie Wagner

ALSO PRESENT:

Sonia Das
Assembly Majority
Summit Aide

Jennifer L. Taylor
Senate Majority
Summit Aide
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**APPENDIX:**

Testimony submitted by
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Testimony submitted by
Thomas F. Luchento 3x

Petitions for Meadowlands casino submitted to
Senator Paul A. Sarlo 5x

pnf: 1-176
ASSEMBLYMAN JOHN J. BURZICHELLI (Co-Chair):

Ladies and gentlemen, we’d like to begin the proceedings.

Let me begin by first introducing myself, and providing welcome. My name is John Burzichelli. I serve in the New Jersey General Assembly, representing the 3rd Legislative District.

Is that a little bit better?

Good morning everyone. Let me first start by welcoming all of you and introducing myself. My name is John Burzichelli. I serve in the 3rd Legislative District in the General Assembly, and serve as Deputy Speaker to Speaker Sheila Oliver, who will be arriving a little bit later but serving on this panel. I’m honored to co-chair this important fact-finding Committee with my colleague and friend from the Senate, Senator Whelan, who is sitting to my right; and also with the distinguished members of both the Senate and the General Assembly who will be introduced as we roll on with the presentation of the various panels that are going to testify.

Again, a start with a welcome and a thank you to the Sports and Exposition Authority for their warm hospitality today. I’m sure it is a pleasure for them to see so many people in this facility. And we should extend an invitation to all of you to come back and enjoy horse racing on the days that it runs, because this facility functions best when it’s full of people.

Today’s effort, again, as I mentioned, is one of fact finding. Both the Senate President -- Senate President Sweeney and Speaker Oliver have put this panel together for that purpose: fact finding. With the cooperation of our colleagues here today, just myself and Senator Whelan
will offer these very brief opening remarks, and then we’ll get right to the business of this Committee.

So let me further add by saying, seeing so many men and women of the trades here today reminds all of us of the stark reality that this economy is still struggling; and tells us the importance of the work of this Committee with regards to working on legislative issues that can help move New Jersey forward, help us prosper, and to focus on this gaming and entertainment industry which is so important to this State, the people of New Jersey, and working families. So this theme continues to be about: what can we do better to make New Jersey better positioned to retain jobs and to create jobs.

Before I ask Senator Whelan to offer a brief opening remark, we do want to recognize a number of our other colleagues from the Legislature who have taken time to be here today because of their interest. I recognize Senator Beck, off to the side -- hello, Senator. I recognize Assemblyman Fred Scalera -- Fred is here somewhere.

UNIDENTIFIED MEMBER OF AUDIENCE: (Indiscernible)

ASSEMBLYMAN BURZICHELLI: Thank you, Fred.

Also Assemblyman Dancer, who probably is the most expert we have in the horse racing industry in both Houses. Assemblyman Dancer is here. Assemblywoman Casagrande who -- of course both she and Senator Beck represent a district that has Monmouth Park as part of their landscape. And also I thought I saw Assemblywoman Valerie Huttle was here.

ASSEMBLYWOMAN HUTTLE (from audience): Yes.

ASSEMBLYMAN BURZICHELLI: Hello; very good.
That being said, let me ask Senator Whelan to bring us an opening remark, and then we’re going to introduce our first panel.

Senator.

**SENATOR JIM WHELAN (Co-Chair):** Thank you, Mr. Chairman.

Our goal today is really two things: First, we are here to listen. Hopefully we will hear ideas that we can craft into legislation, or craft into public policy, that will create a win-win for everyone. The notion that this is a North-South split, or the notion that this is the casino industry versus the horse racing industry, or the gambling industry versus Xanadu is not what we are about today. If we do this right -- and I believe we will do this right -- with the cooperation with my colleagues here on the panel, as well as the other members from the Legislature present, along with the Administration, we will find a way to save and strengthen the horse racing industry; find a way to save and strengthen the casino industry; and at the same time, find a way to get Xanadu finished. So that’s our goal of, not just today, but this entire process.

And with that, Mr. Chairman, I’ll turn it back to you, and we can start to hear the testimony that we came here to hear.

**ASSEMBLYMAN BURZICHELLI:** Thank you, Senator. And let me conclude the opening remarks by saying: We believe, collectively, that New Jersey has great opportunity. The assets we see around provide a chance to, again, reinvent ourselves where necessary, redevelop where appropriate, and be creative where we need to be. There’s opportunity here. When times are challenging, it’s the time to get smart, to work hard, and get ready for better times. And that’s what the goal of this Committee
is -- it’s jobs and it’s prosperity for this great State, and positioning ourselves to be leaders in this industry that we know is so very important.

Let’s start with the first panel, which is made up of our local officials, for a brief welcome. We have Mayor James Cassella from East Rutherford -- welcome, Mayor. And we have Dennis McNerney, Bergen County Executive -- welcome.

Gentlemen.

**MAYOR JAMES L. CASSELLA:** Thank you, Assemblyman.

First of all, I’d like to thank you for being here and holding this in East Rutherford, and I certainly would like to welcome all of you here. Senate President Sweeney, thank you very much for coming here. I hope all of you from southern New Jersey found your way here quite easily. But we do welcome you and, more importantly, I welcome all the members of the Legislature that are here. And even more important than that is, of course, all of the people who are here today because of their interest and their concern of what’s going to happen here at the Meadowlands and, specifically, the Racetrack, the Arena, Xanadu. So we are in this together, as has been mentioned by Senator Whelan. We are in this together, this is a statewide issue. Yes, it affects East Rutherford both financially and from a standpoint of jobs. Businesses will be lost if this racetrack closes.

Unfortunately, it seems like every few years we are fighting one of the venues here from being closed. A few years back it was the Arena, and fortunately the Arena is still open. And now we’re doing the same with the Racetrack. The one thing I can say is that long before I was involved in politics and government, I followed what happened down here. I lived here, I was here in the days when there were warehouses, there were trucking
terminals, there were underground fires, there were dumps, and that all changed. That was some 40 years ago. And I also remember the underground fires, so a lot has changed, obviously, in 45 years. I do not want to see this area go back to what it once was -- just an open, barren, land here in the Meadowlands. It would hurt, obviously, the businesses and the people who live here.

But the horse racing industry-- That opening night, I was here, and this room looked like it is here today, and there’s no reason why it can’t go back to that. And I think with your efforts and a combined effort, I think we could do that. I certainly do not want to see the demise of horse racing myself. I am not a horse racing buff, but the industry is so important not only to this region, but, obviously to the State of New Jersey. And the Meadowlands is, obviously, very important to East Rutherford, Bergen County, and the State of New Jersey.

So I do want to commend you for the hearing. Hopefully-- I know we all like to talk a lot, but hopefully we can come to some sort of conclusion, over the next six months to a year, to have something done that’s positive for this area.

So again, thank you all for being here. I welcome you to East Rutherford, and I hope that today’s meeting is successful and we do get some good ideas as to how to move forward. So again, thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Mayor. (applause)

We’ll hear from Dennis.

Dennis, please.
DENNIS MCNERNEY: Sure.

As the Mayor said, I too want to welcome you all here to Bergen County, the largest county in terms of population. And you’re right here in the Meadowlands, and this really is the economic engine for not only Bergen County, but I believe for the entire State. There are so many jobs here at stake.

It’s important that you are coming here, particularly after the Hanson Report. I believe that Hanson Report was rushed. I believe there was special interest involved in it, (applause) and I believe what you are doing today is the correct way to hear it all out. It’s so important. Giants Stadium -- right here -- is the largest private sector investment, I understand, not only in the country but in the world, in terms of stadiums. Over $1 billion right there. Xanadu is completed and almost ready to go. We need that open. It’s going to be open by the time the Super Bowl comes in 2014. We need the support for that. We need employment here, and it’s important that you are all here to hear what everyone has to say. And I think that’s the right way to go about a public policy that’s so important.

And it isn’t just a North or South thing as well. Just be aware that not too far from here, right over the river, right across the Cross Bronx Expressway, is Yonkers, and that has its own casino right there. It is taking resources, I believe, and revenues across the bridge. And you should really analyze that, going forward, in terms of whatever type of casinos -- major casino, thoughts, or considerations you have.
So again, my office of Planning and Economic Development is waiting to work with all of you in terms of whatever plans are here, particularly with road construction around here, particularly with the sewers as well.

So again, welcome all to Bergen County, and thank you for listening. (applause)

ASSEMBLYMAN BURZICHELLI: Thank you, Dennis. Thank you, County Executive.

As the next panel makes their way up -- I’m going to call them -- I also want to introduce, for the back of the room -- because we’re not sitting in an elevated way so you can see everyone. I want to recognize, to my right, our Senators. We start with Senator Ray Lesniak, Senator Paul Sarlo, the distinguished Senate President Senator Sweeney; and, of course, as I mentioned, to my right, Senator Whelan. From the General Assembly, Assemblywoman Connie Wagner, Assemblyman Matt Milam, Assemblyman Ralph Caputo. And Assembly Speaker Oliver will be joining us shortly. She had an engagement that required her to be a little bit delayed in arriving.

The first group we’re bringing up, sort of -- as we had a theme of these working panels, is the Meadowlands and Xanadu. Of course, both of those explain everything for us today. I’ll call the names: Dennis Robinson is here, I believe. Dennis is with the Sports and Exposition Authority. Bill Derrough -- am I saying that correctly, maybe I’m close on that?

WILLIAM Q. DERROUGH: Derrough (indicates pronouncing).
ASSEMBLYMAN BURZICHELLI: Derrough (indicating pronouncing) -- thank you -- come up as well. Nick Amato and Andrew Zezas.

ANDREW B. ZEZAS: Zezas (indicating pronouncing).

ASSEMBLYMAN BURZICHELLI: Zezas (indicating pronouncing), thank you. Well, at least you answered to one of the two, so we did okay. And as you begin to address us, if you would be kind enough just to give us the organization you do represent. Of course, we know Dennis, obviously. That will be very helpful. And as your testimony concludes, the panel may or may not have questions. The questions are all through the Chairs -- the Chairs may have a question first, and then we’ll move to the Senate President, and then over to the Assembly side -- and work to try make this a discussion that’s very helpful.

Dennis, if you would like to start, since you’re sort of host here.

DENNIS R. ROBINSON: Sure, my pleasure.

Good morning. First and foremost I want to thank you, Mr. Chairman and members of the Gaming Legislative Summit, to bring the summit here to the Meadowlands. We always like an opportunity to show off one of New Jersey’s pride and joys, and one of its most important worldwide brands -- and that’s the Meadowlands Sports Complex.

As leaders of the Legislature, I don’t need to tell you that you’re certainly aware of the challenges facing the gaming industry in the State. Upon coming back to the Sports Authority some two-plus years ago, I realized -- maybe even before I came back -- that racing and the Authority have its challenges, as did the casino industry. Much is at stake in terms of
economic impact, jobs, State revenue, Green Acres, and really the quality of
life for New Jersey.

The good news for the people of New Jersey, who are the true
beneficiaries of these industries, is that we -- and I mean we meaning the
Legislature, the Christie Administration, the Hanson Commission, the
Horsemen, and the Authority -- worked together this past year to create a
successful model for the growth of the thoroughbred racing industry in New
Jersey that perhaps may just serve as a model for the rest of the country.

That model is the tremendously successful Elite Meet at
Monmouth Park, presented by IZOD. And I say presented by IZOD,
because I want to make a very important point: that the IZOD
(indiscernible) in sponsorship of the Elite Meet and the Haskell was the
only meet in the country with a presenting corporate sponsor. And I think
it’s important that we were able to bring the corporate sponsors to the table
just like other sports have done, and we look to grow that, going forward.

So I wanted to take a minute to review how we got there, the
results of our 49 days, and what can be applied going forward. So I thought
I would deal with some of the racing industry issues; and then as the Q and
A starts, I’ll deal with the Sports Complex, as well as here at the
Meadowlands, if I might.

First, NJSEA management, the Horsemen, many of whom are
here today, led by John Forbes and the Thoroughbred Horsemen, and Tom
Luchento of the Standardbred Horsemen; the Administration, the Hanson
Commission, and critically important legislative leadership -- many of
whom are here today -- came together on a bold plan to change the face of
thoroughbred racing in the state. The groups put aside their individual
differences for the good of the industry, and guess what? When you do that, it worked. So on behalf of the industry, I want to take this opportunity to thank you again for supporting this bold move. I don’t think there’s another-- Knowing how it works in other parts of the country, I don’t think there was another state in the country that could have pulled off what we pulled off because of the relationships that we forged with these people, with being able to sit across the table, deal with issues honestly, openly, and in a trusting fashion. That was really the key to why that got done.

So let’s take a quick look at what the results are: Overall wagering increased 87 percent in 49 days, as compared to last year’s 82 days. So when you look at -- resulting in an increase of 213 percent in average daily wagering per day. That’s a remarkable, remarkable accomplishment. Average daily on-track wagering -- that’s what people are actually wagering on the track, not just people from outside the jurisdiction betting on -- increased 79 percent. Which is important -- we want our own fans to bet on our own product, because it’s significantly more profitable to bet on our product than someone else’s that is being transmitted into the track. Average daily attendance increased 47 percent to a little over 10,670 people a day. We had over 41,000 for the Haskell, something that-- Many of you were there. And as you might have guessed, as an entertainment option to be able to bring 10,000, almost 11,000 people -- on some days 15,000; last Sunday, 16,000; Saturday, 13,000 -- bring together people in that kind of environment creates an electric guest experience which we will build on next year. That’s what it’s about: people coming together, being a part of something exciting. Looking at that apron full of people cheering,
and you can hear the roar of the crowd -- I mean, that’s what racing is all about, and that’s what we created at Monmouth Park this past summer. And we’re looking forward to seeing how the 21 days in the fall go as well, and build upon that.

And perhaps most important -- and this is a little more technical, but nonetheless -- the field size of the number of horses running in a race increased 25 percent, year over year, to over nine runners a race. And what that does, of course, that makes it a great wagering opportunity for the fans. And so that field size is incredibly important and, obviously, the purse money is what led to that increase in field size, in creating that great weekend happening.

So going forward, we hope to do more of the same and hope to grow the entire racing industry using the Monmouth experience as a platform. Needless to say, all businesses and industries must adapt to market changes and new competition. And of course, the racing industry has been surviving, really, with new competition virtually since the Meadowlands opened back in 1976. And, in fact, when you really look at the numbers, racing-- Once the casino industry opened, racing had been on a steady, although slow, decline in the early years, but actually had been on a steady decline since 1978.

So we were talking about how we move on from here and what we’ve been doing. The Authority’s management -- from our perspective in management, we’ve tried to adapt not only annually, but really day-to-day, believe it or not. We have dramatically reduced our staff some 44.5 percent since 2002 and 18 percent since 2008. While I don’t certainly brag about eliminating jobs, by any stretch of the imagination, we know full well that
we had to adapt to the changing marketplace and the financial dynamics of what we’re dealing with.

We also added off-track wagering, which is extremely profitable, at Woodbridge. In fact, Woodbridge is the most profitable off-track wagering facility in the country. And account wagering --- we added that to our portfolio as well, and that is a profitable piece of our business.

So we’re working to reshape the Sports Complex and the Sports Authority, literally on a daily basis.

One of the things I do want to talk about a little bit is about off-track wagering. There’s no question off-track is a huge, huge component of bringing the racing industry to sustainability over the long term. There’s no question about that. I don’t know that-- And what racing has been able to do, or an off-track wagering, account wagering, is they have been able to offset some of the losses on-track, okay? Let me explain a little bit about how that works.

If you take NFL football -- take any sport -- the costs structure is creating the content, the live product -- primarily players’ salaries, debt service on a $1.6 billion stadium. That’s where the cost structure is. Where you create the revenue is in the distribution side of the business. Because if all you had was the live product, in any professional sport, and you weren’t able to distribute it on the internet, radio, television, on your PDA, licensing rights -- all the other surrounding revenue streams -- none of the professional sports leagues could survive. So the cost structure is in the content: putting on the races, maintaining 550,000 square feet of this building, being able to clean it, over $3 million in utility expenses. But it’s offset by those components -- the distribution aspects of the business.
So the idea of delinking the revenue-producing pieces of the business from the expense piece of the business -- which is the content creation -- really is not the long-term formula for moving the business forward. Certainly building them out more quickly, generating profitability through them -- that will help, hopefully at some point, drive traffic to the tracks itself, but also drive new revenue and actually create incremental handle. I think that, to me, is the way to approach this in the long-term.

I want to move on a little bit. Despite-- Here at the Sports Complex, as we’re dealing with the changes-- As you know, also, we are providing, I would say, about 90 percent of the staffing for the new stadium under a services agreement with the New Meadowlands. It made sense for us to amortize the overhead, keep our people working. They were trained, they knew what was going on, and so far it’s been working very, very well since this spring when we had our first event. Our people are extremely happy with the fact that we were able to work that out. They love working at the new stadium. They’re really pumped about being part of this, and certainly the Sports Authority is really happy about a having a significant role in that beautiful new stadium.

It’s critical to note that, despite the delay in our entertainment and retail development project and the issues facing racing, in the years ahead, with coming online of the retail and entertainment product leveraging that entertainment project with that IZOD Center we are confident that we’re going to drive additional new jobs and new tax revenues to the State in the very short-term. In fact, in 2009, over $31 million in direct tax revenues -- just from the Sports Complex, not from
additional outside spending -- but just from Sports Authority operations alone we generated over $31 million in tax revenues in 2009.

We know what the challenges are: immediately is the issue of on-track losses for racetracks. It’s been an unsustainable model for years, and the time is overdue to address it. The Authority and Horsemen have been meeting regularly, and have every intention of bringing to the Legislature and the Administration a sustainable model for the racing industry, going forward. It will not be easy, but given the success at Monmouth, we’ll do our best to create such a model.

Secondly, I think it’s important to remember: Outside these windows we have one of the most successful sports and entertainment products on the globe, if not the most successful one. And we have this incredible infrastructure, incredible worldwide brand that we can leverage off for the benefit of New Jersey, going forward. It’s something that--Disney has done a great job. When they invest, they reinvest, and they continue to reinvest. They don’t spread their businesses out over different locations. They continue to change and reinvest in what they’ve done to be successful. And they leverage that brand, going forward. And we need to do the same thing.

You know that in the first decade of this century, Giants Stadium and the IZOD Center topped the international rankings in the concert and family show business. The stadium was ranked first and the IZOD Center sixth in the world in the last decade. The New Meadowlands Stadium and IZOD Center, and their new event synergies with the future entertainment complex, will build upon and grow the Meadowlands Sports Complex’s positive worldwide brand.
This Complex has seen over $4 billion in private investment in the worst times of recent memory, which created thousands of jobs and millions and millions of dollars of tax revenues. Currently, this 750 acres provides over $6 million in annual tax payments to East Rutherford, supports thousands of jobs directly and tens of thousands more indirectly, and has provided over $600 million in direct tax payments to the State from just off the NJSEA’s activities. Like I said before, there’s a lot at stake.

We look forward, as always, to working with you to protect and grow this great asset, and the great asset of racing in New Jersey.

Thank you very much. (applause)

ASSEMBLYMAN BURZICHELLI: Dennis, thank you.

What we normally do at the panels, we have everyone speak before questions. But considering, with Dennis’ position with the Sports and Exposition Authority, we are going to take a moment and direct some questions towards Mr. Robinson. And then we’re going to hear from the other three panelists at that time. We will hold our questions for the other three until they conclude.

It’s my understanding Senator Lesniak would like to offer a question.

Senator.

SENATOR LESNIAK: Thank you.

I do have one specific question, and that is with regard to internet horse betting, which most people don’t realize we have in this state. And I am aware that other states also have it, and take in a lot more revenues by opening it up to other free markets; but that we have a sole-source provider. And the amount of revenues that can be used for the
racing industry is minimal compared to what other states are getting. Can you explain why?

MR. ROBINSON: Well, first of all, I think this may be the third year or so -- fourth year -- of internet wagering. We’ve grown the internet wagering platform double-digits for four years in a row. When I came here we put a marketing plan in place that actually grew at some 16 percent between ’08 and ’09. We are in the process of reviewing that exact thing as we speak, looking at a potential new provider, a new platform, a new marketing program, integrating with television. So I look to, if we can actually work out the appropriate financial arrangement, look to be able to grow internet wagering -- just like the OTW -- going forward. And I think that is an important ingredient in what we’re going to do. There’s no question about it.

I would say-- As far as opening the market: There’s been some talk about that, and we’ve discussed that at length internally. And I discussed it with various vendors, in fact. Some of them -- four of them -- descended on us about a year-and-a-half ago, all at one time. And when I posed the question to them and said, “Okay, I understand this idea of opening the market. Can somebody explain to me how the economic works of opening the market when you’re going to have four times the overhead -- to be able to amortize that -- and yet the Sports Authority and racing is supposed to get a higher return?” And the answer was -- there was no response to that question, okay?

SENATOR LESNIAK: Well, I would suggest that you look at the Oregon and California model, which has opened up to the market, and makes an enormous amount more than the State of New Jersey. I--
MR. ROBINSON: I certainly I think there’s no question California, certainly, dwarfs us in wagering, not only internet--

SENATOR LESNIAK: And Oregon also. What about Oregon?

MR. ROBINSON: Well, I have to look at that in more detail.

SENATOR LESNIAK: Okay; please do.

MR. ROBINSON: I will, absolutely. Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Senator.

Bear with me a moment. Assemblyman Caputo was next, and then we’re going to come back to Senators Sarlo and then Van Drew.

ASSEMBLYMAN CAPUTO: First of all, I’d like to thank you for your presentation. I think it was very informative. However, what concerns me is your opinion regarding the creating of racinos within our jurisdiction -- we’re an hour away from Aqueduct, Yonkers, now with Bethlehem. With the downturn of the revenue, and the sea change in terms of the economics of the State of New Jersey, and the fact that we are struggling in the racing industry, what is your opinion regarding the installation of VLTs here at the track? Because, obviously, most estimates talk about $500 million and up, very conservatively, for purposes of not only subsidizing the racetrack -- which would relieve Atlantic City of that subsidy -- and also to bring a lot of activity here to the racetrack.

MR. ROBINSON: Sure. Well, first of all -- and I don’t mean to try to duck the question, because I will deal with it in some respect-- On the other hand, as Senator Whelan knows, we’re right now -- the Sports Authority is part of a purse enhancement agreement with the Casino Association that, legally and contractually, prevents me from lobbying for the expansion of gaming, okay? So I really can’t go there. Obviously I have
my own personal opinions on that, but we’re under contract and I intend to live up to that.

I do think, though, I will say one thing about that issue. And obviously the Legislature and the Governor, and potentially, ultimately, the public is going to have to make that decision someday -- whether that’s something that is right for New Jersey or not. Obviously it certainly can help racing. But one of the things, as the debate and discussion continues, and may continue over the years and so forth, is-- I just want to throw out a concept to think about while you have this dialogue, and that is the concept of subsidization versus what I’d like to call diversification, okay? And I’m not taking a position either way, but we’re in a business, in the racing industry, where we sell bets for a living. When you cut through it all, that’s what we sell. And the casino industry sells bets for a living. And, as you know, this is a very complex and highly competitive gaming marketplace -- I don’t have to tell you that. If you look at a map you can see that for yourself, as it’s grown from 1990, where it was basically a monopoly, to 2009, where we’re surrounded by some 30-some-odd gaming locations. Obviously, the competition is there.

But it’s very difficult to compete in the gaming industry with one game of chance. It’s no different than being Coca-Cola in the beverage business and basically being prohibited from selling Dasani Water, or orange juice, or anything else. You have no economies of scale. You can’t fight for shelf space, etc. So it’s-- I’m not saying we can’t figure out a way to get there, and we certainly are going to give it the old college try -- I guarantee you that. But when you’re competing in the gaming industry with one game in today’s competitive marketplace, it makes it very, very
difficult to compete long-term. And that’s just purely coming from me as a businessman, okay? Just like Coke made the decision to diversify; or IBM decided to get out of mainframes and move into the services business, and they morphed their business model, going forward -- it’s very difficult when you can’t morph your business model, going forward, to compete.

So I just want to put that out as you think about this and the debate happens. I would just like you to think more about the issue about diversification versus subsidization -- and really think about that, going forward. That’s really all I can say, Mr. Assemblyman.

ASSEMBLYMAN CAPUTO: Okay.

ASSEMBLYMAN BURZICHELLI: Senator Sarlo.

Paul.

SENATOR SARLO: Thank you, Mr. Chairman; and Dennis, thank you for being here. Nobody knows the numbers better than Dennis. He was here under Republican and Democratic governors years ago, left to go to the NBA, and Governor Corzine brought him back, and now he’s working under Governor Christie. So nobody knows the numbers better in this industry, and I appreciate you always being frank and open with us.

Dennis, I think it’s important -- and Senator Whelan said this at the beginning -- this is not North versus South, this is not Meadowlands versus Atlantic City. We want to see Atlantic City succeed in many different ways. It’s an important economic engine. And as I’ve always said, we’re sitting on probably one of the most prime pieces of real estate, perhaps, in the East Coast of this country. And we have potential here now; we have greater potential.
But I think it’s important to note this, and this is important to note why this should not be-- And the Hanson Report, because it was incomplete, made it into a North-South thing. And to the credit of our Senate President, Steve Sweeney, he brought us all together here, under one banner, working for the people of New Jersey and jobs for New Jersey.

But the Sports Authority, over the years -- and correct me if I’m wrong -- has been a conduit to invest in other facilities around the state. And a good portion of your debt that is being carried by the Sports Authority is for investment in jobs that were built in other parts of the state. Am I correct? If you could just give us a summary-- (applause) If you could just give us a summary of the debt service that the Sports Authority is carrying--

MR. ROBINSON: Sure.

SENATOR SARLO: --which we all criticize publicly at times. But show us what that pays for in other parts of the state.

MR. ROBINSON: Sure, I’d be glad to.

First, I’m glad you brought that up. Because I personally don’t see this as a North-South--

SENATOR SARLO: Absolutely.

MR. ROBINSON: --issue at all because, and Senator--

SENATOR SARLO: But one State.

MR. ROBINSON: Senator Whelan knows this for a fact -- that I spent five years of my working career here working in Atlantic City to bring the Convention Center to fruition. The Legislature and the Administration, at the time, asked the Sports Authority whether they would use their expertise -- in terms of financing expertise -- to be able to issue
bonds on behalf of the State, with full legislative support. Then they asked us, “Would you come down and, basically, be the financier, the construction manager; and really set up the operation right from ground zero -- from staffing to food service, the whole deal?” And I was proud to say that that was a project of mine, and perhaps one of my -- when I think back on my career -- probably one of the most satisfying, and things I take most pride in. And so when people talk about Atlantic City, part of my blood is spilled there in the Convention Center and the Boardwalk Hall. In fact, when we were down there, the Sports Authority recommended that for Atlantic City to grow the way it should grow and compete long-term, that it had to diversify its entertainment options as a way to attract people. Right, Jim? And that was how -- the birth of the Boardwalk Hall, and creating it into one of the most successful special events centers in the country, as far as events are concerned, and so forth. And I think it’s been a big attraction. I take great pride in that accomplishment. And to this day, Senator Whelan and I are good friends because of that.

As far as the Sports Authority’s debt is concerned, Senator: As of, I believe, July 1 of this year, the Sports Authority had about $735 million of outstanding debt; 42 percent of that outstanding debt relates -- or $315 million -- relates to Atlantic City Convention Center projects; $192 million of State contract bond debt. The other is supported by the luxury tax bonds. We issued-- Again, we were asked to build the Wildwood Convention Center, which has turned out to be a very important and, I think, very successful project on the Boardwalk in Wildwood; and they have about $35 million. And then we were asked to get involved in the expansion of Rutgers Stadium which, again, is another thing that we’re very
proud of here -- those of us who were lucky enough to be involved in it -- as that was the beginning of the Renaissance of Rutgers football. And look what we have today. It was a vision, and that vision came to fruition. We built the facility, they got the coach, and now it's-- They're competing in the top echelon nationally. So when you look at all the debt that we have, 36 percent of it is Sports Complex debt, and 10 percent is Monmouth, and the remaining are for projects that we were asked to undertake on behalf of the State with the full support of the Legislature.

SENATOR SARLO: So greater than 50 percent is for projects outside of the--

MR. ROBINSON: That’s correct.

SENATOR SARLO: --outside of Monmouth and the Meadowlands Sports Complex.

MR. ROBINSON: That’s correct.

SENATOR SARLO: So-- I mean, I think that’s an important number to take with us as we go through this -- that we’ve been making -- the Sports Authority has been making investments in other parts of the state, including Atlantic City. And as we come together, it’s important that we look at this as a whole. Look at this, not just-- We look at the jobs as a whole, the economic output as a whole; both for the Meadowlands, for Monmouth, and Atlantic City. And those numbers, I think, are the most telling.

Thank you. (applause)

ASSEMBLYMAN BURZICHELLI: Thank you, Senator.

If I could politely ask the assembled group here today: The reaction to testimony slows us down a little bit. We appreciate the
participation, but from a decorum standpoint, we’d ask that you would restrain in that.

The next is Assemblywoman Wagner -- Connie. And then Senator Van Drew.

**ASSEMBLYWOMAN WAGNER:** Thank you.

I have a question: This is a tough economy, and we know that the racing industry is struggling, just like many industries across the United States. However, the good news is what you delivered is what’s happening in Monmouth. And we know that that has been a huge success, and I’m glad to hear all of that good news. Is there any way that you have considered or talked about changing the racing schedule here in the Meadowlands, as the same success as Monmouth? I am getting calls from the horse racing industry out-of-state saying, “It’s good what’s happening in Monmouth; how are you doing it?” Can we do the same here at the Meadowlands and, perhaps, have concerts and races around special events? Have you talked about that?

**MR. ROBINSON:** Absolutely. And, again, we’ve met multiple, multiple times, for hours at a time, with the same group that we put together the Monmouth plan with. And we’re working on that, and part of that discussion is certainly -- is always, always -- race dates: not only how many, but when, where, and so forth. We do think that the marketing plan that we implemented at Monmouth, which includes not only great racing and reduced racing, but tied with special events -- whether it be antique auto shows, or beer and barbecue festivals, and so forth, it’s really a model that we want to bring up here as well. So there’s no question -- that is
definitely on the agenda, and something we’ve discussed, and are discussing as we speak.

ASSEMBLYWOMEN WAGNER: Thank you.
ASSEMBLYMAN BURZICHELLI: Thank you.

Before we move on to Senator Van Drew, first I want to welcome to the panel -- I want to recognize that Assemblyman Tom Giblin has joined as well, to participate and to observe the proceedings.

And now to Senator Van Drew -- Jeff.

SENATOR VAN DREW: Thank you. There’s been a lot of applause for everybody, so I might get a few of the boos around here, but that’s okay. I’m from the deep South.

I have a couple of questions, and first of all I know you explained it a little bit. Tell me why-- And I know we have an OTW in Vineland, it’s been successful, it’s done very well, I think, by most folks’ standards. And I know you touched on it, and moved around it a little bit. But I specifically would like to know why we just haven’t been more aggressive with OTWs throughout the entire state. And we’ve had this discussion and debate for a good long period of time.

MR. ROBINSON: Sure, sure. Well, when I came back two-plus years ago, when I looked at the environment I said to myself, “We’ve got to fast-track these things.” In that time, we identified, I believe, four sites, one of which we got-- We actually received approval on it, and that’s the Bayonne site, which is a-- Unfortunately, although it’s going to be a great market, they build from the ground up, the facility, which is substantially more expensive than a retrofit. We identified three other locations, and we went to the locals, and we were not approved. So in two-
and-a-half years, or less than that, we’ve actually identified four sites and were not approved on any of them. So I think one of the aspects of what the plan needs to entail is some legislative tweaking on the approval process to facilitate the development of those OTWs. Had we not run into that problem, we probably would have had at least one or two up already, besides the Woodbridge facility. So it’s something that we’re aware of, something that we’re going to need to work with the Legislature on and figure out how we’re going to do that, going forward.

SENATOR VAN DREW: If I may, a couple thoughts on that: I think it’s going to be difficult for the Legislature to put in place a process that would completely overwhelm the local approval process. That’s not going be easy.

MR. ROBINSON: Oh, no.

SENATOR VAN DREW: But secondly-- And it hasn’t been only you; it’s not being critical of you. This has been going on for many years -- when I had the Chairmanship of the seat that the good Assemblyman Burzichelli has now in gaming -- and we discussed this issue and supposedly we were going to accelerate what we were doing throughout the State. It’s a source of revenue, hopefully it would create more interest in an industry that’s very concerned about having interest. And yet, we have these-- And again, this is not directed to you, but it’s directed that we need to do something and build these OTWs. Unless there’s something I’m missing, I don’t understand it. And I know that some towns in some area may be resistant, but we should accelerate that process -- tremendously accelerate it.
MR. ROBINSON: Well, I agree, and like I said: In two-plus years we’ve identified four sites. We’ve got one up and running and ready to go, and we’re working with the Hanson Commission in terms of making sure we can structure that appropriate financial—

SENATOR VAN DREW: Respectfully, why don’t we identify 40 sites, so maybe we can find four sites that will work? And do some—

MR. ROBINSON: Well, first of all, there’s not, necessarily, 40 sites in our jurisdiction that you’re capable of siting. You have got to be strategic about it, in terms of the marketplace, because you don’t want to invest $10 million and not be able to support it, financially, in terms of the market. We did a complete market analyses, a study of our region in terms of demographics, psychographics, and everything else, and we know exactly where we should put these. And we’ve gone to those areas and, again, we’ve run into some stumbling blocks. And so what we want to do is come up with our plan, present it to the Legislature for support -- which includes fast tracking these OTWs, fully realizing that the Sports Authority has always been very sensitive to being good neighbors, no matter where we are. Whether we’re in Oceanport, or here in East Rutherford, of course we will always continue to be good neighbors in terms of what we’re doing. So I’m in complete of support of what you’re saying.

SENATOR VAN DREW: And I know it’s not the SEA in Vineland, but they have been good neighbors and it’s been successful, and I would just respectfully say to this panel and to everyone, we have a tool there. There’s something we can do that’s there already. We don’t even need new legislation to do it, we’ve just got to get it done; and it’s going to create revenue and it’s going to create interest.
My second question was, I guess, referencing Assemblyman Caputo’s, and this is the part where I might get some boos. But let’s just talk about horse racing a little bit, and casino gaming, and the difference. And let me just be an advocate for my region of the state, and just explain the difference here a little bit.

There are numerous industries in northern New Jersey and this region. There is pharmaceutical, there’s high-tech, there’s the financial industry. And when we discuss what the effect of gaming is in the South Jersey region -- on Cumberland County, Atlantic County, Cape May County, and that whole region of the state -- it is not as if we’re talking about one little entertainment section -- not just what horse racing represents to northern New Jersey. And I care about horse racing, and I want to help, and I want to be part of the solution, and this isn’t North versus South. But just for the folks who are in this room to understand, if that industry fails -- and we have some problems, some significant ones, and every single week we’re reading about them. If that industry fails in our region of the state, it is as if you’re removing the pharmaceutical industry or the financial industry. Those three counties I mentioned -- does anybody want to know the three counties with the highest unemployment rate in the State of New Jersey? It’s Atlantic, Cape May, and Cumberland County. So this is serious stuff for us. And I respect Assemblyman Caputo greatly, and I understand his issue, and I understand the concern with horse racing, and I’m concerned as well. But this is going to be an-- It will devastate an entire region if we internally cannibalize the industry and have internal competition within the State. And if we lose those casinos, we’ve lost jobs, we’ve lost the future, we will lose population. This is serious business.
MR. ROBINSON: Sure.

SENATOR VAN DREW: And you know, when we speak of horse racing, the question that I have is: The market has changed. It is not as popular. There are other types of gaming and gambling. What is it that the industry is doing itself to make it more popular, to provoke more interest in horse racing? Because we’re saying, “Well, people don’t enjoy horse racing as much, so we’re going to bring in casino gaming just so we can subsidize horse racing.” What are we doing with horse racing to increase the interest in that venue?

MR. ROBINSON: Well, I think my presentation was kind of the core of that, at this point--

SENATOR VAN DREW: Is it going to work? I mean, I know you’ve done a great job. I’m not being critical of you. I’m just trying to get--

MR. ROBINSON: I guess you could--

SENATOR VAN DREW: I’m asking the questions that people don’t want to hear. I mean, the bottom line is, people are saying that we might devastate an entire region--

SENATE PRESIDENT SWEENEY: Mr. Chairman.

SENATOR VAN DREW: I’ll finish in a second.

--that we might devastate a region of the state in South Jersey in order to help an industry -- the horse racing industry. And to me, that’s very problematic. So what I would like to know is what are we doing internally in horse racing so that, perhaps, we’re not going to rely on having more gaming, but we’re going to rely on the industry itself in provoking more interest.
MR. ROBINSON: Well, I think the entertainment product that we put on this summer in Monmouth Park, I think, speaks for itself. The idea of being able to try to use that as a platform here at the Meadowlands is certainly something we need to do, and certainly Senator Lesniak’s idea of growing the internet wagering platform is something--

SENATOR VAN DREW: Which I think is a good idea.

MR. ROBINSON: It’s certainly a good idea.

SENATOR VAN DREW: And those are the ideas I think we should look at.

MR. ROBINSON: And we are looking at them, and we’ll look at all of them.

SENATOR VAN DREW: If we’re all going to be together -- and I’ll finish up -- if we’re all going to be together in this, we can’t hurt one region in the state to benefit another. We have to figure out a way to do this for everyone.

I’m done, Chairman. Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Senator.

ASSEMBLYMAN BURZICHELLI: Senate President Sweeney. And before the Senate President speaks, I want to recognize that Assembly Speaker Oliver has joined us.

Senate President -- Steve.

SENATE PRESIDENT SWEENEY: Thank you.

Dennis, you know when you said you identified four sites, and they weren’t successful; and we have a couple of OTB sites now that are up and running. There are no problems with those sites, right?

MR. ROBINSON: Absolutely not.
SENATE PRESIDENT SWEENEY: So what do we need to do? I agree with Senator Van Drew that you can’t be big brother and force things down locals’ throats. But if it’s getting a bad rap, what are we doing? Are we taking local officials, as we’re presenting it, to Vineland and the other facilities to show them? I mean, because a lot of times it’s easy just to say no just to say no.

MR. ROBINSON: Absolutely, you’re correct. And yes, we have. We have-- Every municipality that we’ve dealt with, we’ve had road trips to Woodbridge, let them talk to the local-- We’ve had the local police department come down and make comments and talk to the-- We’ve done everything that we could possibly do. And then sometimes you get into a political situation where somebody’s using it for political purposes, and those things. It’s sort of difficult to control. And the Sports Authority would never be heavy handed on anything it does, relative to being a good neighbor and providing-- In fact, at Woodbridge we provide our own security in the parking lot, and end up providing security for the entire strip mall. And we rent additional overflow parking on Kentucky Derby Day at the high school, that we pay for to the local municipality. If we need a little extra police, we pay overtime. We try to be a good neighbor and do what we can, and I just think that this legislation just needs to be looked at so that, perhaps, we’re treated like a regular developer might be, is all we’re looking at.

SENATE PRESIDENT SWEENEY: Well, I would like to get some suggestions and recommendations--

MR. ROBINSON: We will provide that.
SENATE PRESIDENT SWEENEY: --to us, if you can. Because you know, Dennis, for me, if there hasn’t been a problem-- And OTBs will help the horse racing industry, obviously, which helps preserve open space and farmland. This is all tied together.

MR. ROBINSON: No question.

SENATE PRESIDENT SWEENEY: So the people who like the farms have to understand we have to have the facilities to support them.

MR. ROBINSON: Right.

SENATE PRESIDENT SWEENEY: So again, if there are things that need to be looked at, we need to see them.

MR. ROBINSON: Yes.

SENATE PRESIDENT SWEENEY: But what’s taken place right now, where there are only a couple, is unacceptable.

MR. ROBINSON: Agreed.

SENATE PRESIDENT SWEENEY: What are they generating, do you know? Someone told me $4.5 million, $5 million?

MR. ROBINSON: Well, it depends on the location. But we’re handling about $90 million a year at Woodbridge, which is very substantial. It’s very profitable for us, which, again, offsets the on-track racing losses. We pay full property tax, so we’re a great ratable. There are all sorts of good reasons. The food service is outstanding there, it’s a quality facility, it’s a class act. We have sort of broken the mold and really, I think, if we can get Bayonne up and running, we’ll set the tone for what off-track wagering really should be.

SENATE PRESIDENT SWEENEY: Thank you, Dennis. Thank you.
MR. ROBINSON: You’re welcome.

ASSEMBLYMAN BURZICHELLI: Thank you, Steve.

We have Senator Lesniak, and then we’re going to close with Senator Whelan, who’s going to go on to the balance of the panel because of time constraints.

Senator Lesniak, did you have another quick one for us?

SENATOR LESNIAK: Yes, thank you, Chairman.

Just as the racing industry has to diversify itself, the casino industry in Atlantic City has to diversify itself to accommodate its product with all the increased competition that it has, that it didn’t have before. And since the “S” word came up -- the subsidy word came up-- And it’s important to point out that -- the subsidy that we give to casino industry. We tax horse racing at 18 percent; we tax the casino industry at 8 percent. We give them special $20 million tax credit on comps that no one else gets. So we do subsidize our gaming industry. It’s not just the horse racing industry that needs help, as well. Thank you. (applause)

I guess that wasn’t a question. (laughter)

UNIDENTIFIED MEMBER OF COMMITTEE: I think that was a statement.

ASSEMBLYMAN BURZICHELLI: Thank you, Senator.

We’re going to close the questions out for Dennis with Senator Whelan.

SENATOR WHELAN: Thank you, Mr. Chairman.

Two quick questions, Dennis: You talked about the Atlantic City experience. And you’re right, it was certainly a good time for Atlantic City when we were down there building a new Convention Center, and then
came back and helped refurbish Boardwalk Hall. But in terms of the debt that is on those properties, the dollars for the debt payment on that come from where?

MR. ROBINSON: Well, it comes from-- Some of it comes from the luxury tax, which I think between--

SENATOR WHELAN: Which you generate in Atlantic City?
MR. ROBINSON: No question.
SENATOR WHELAN: Right.
MR. ROBINSON: I mean. It’s a tax generated in Atlantic City.

SENATOR WHELAN: Right.

MR. ROBINSON: Of the total of $315 million outstanding, $192 million of that amount is actually State contract bonds, which is paid for by the State. So it’s a combination of luxury tax -- and we did some other creative financing, historic tax credits, and some other things to generate enough revenue to actually underwrite the project. So you’re right: in the tax revenue, in Atlantic City, I believe last year was some $37 million of tax dollars, some of it luxury tax, promotional tax, and so forth, to use both for the bonds, but also to underwrite the operation of the Convention Center authority, as well.

SENATOR WHELAN: The key question that I have-- I’m reading from your comments, and I applaud them, and we’re happy to see that Monmouth has worked, and so on. Where you talk about a sustainable model for the racing industry, going forward-- I mean, to me, that’s why we’re here, in terms of the racing industry. When would you
expect that the Authority and the Horsemen would have that model prepared for the Administration and the Legislature?

MR. ROBINSON: Well, certainly, we’re working on it as we speak. So we’ve got to-- We’re having another meeting, I would say probably within a month. We’ve got to run some financials and pro formas. Once we get people-- I don’t want to start spinning my wheels by running all sorts of financial models and so forth before we get people, basically, to sign off on the content and the basic philosophical approach to the plan. And once we get that, then we’ll start putting our finance people to work. And we’ll try to do a projection; and we’re looking at projections out five years, is where we’re going.

SENATOR WHELAN: And I assume that this model would cover a lot of the topics that have been discussed.

MR. ROBINSON: Oh, absolutely.

SENATOR WHELAN: Off-track wagering--

MR. ROBINSON: And more.

SENATOR WHELAN: Things that you and I have discussed: exchange wagering, internet wagering, and so on and so forth. So the whole--

MR. ROBINSON: Right. I mean, just like we presented a comprehensive plan to the Legislature before, which turned out to be something that the Legislature and everyone supported. We would like to present you with a turnkey plan that represents the entire racing industry: the tracks, the Horsemen, Breeders -- the whole deal. And hopefully something we can all come to grips with.
SENATOR WHELAN: Well, we look forward to that because I think, again, that’s the real thrust.

MR. ROBINSON: Well, you know, like I said before -- and I really mean this. We have a unique group of people that can sit around a table and really deal with difficult problems and sometimes disparate interests. But for some reason, we seem to have a way of, at least historically, have had a way to put it all together. And I’m hoping we can use that good will, going forward.

SENATOR WHELAN: Thank you.

ASSEMBLYMAN BURZICHELLI: Dennis, thank you very much for the engaging back-and-forth. I also point out to you Assembly Bill 1705, which is now making its way to the Senate, addresses some of the OTW issues of local control, back to the planning board, and things of that nature. And I suspect you have some familiarity with that that we know, working with the Senate President, that that will be the basis for the discussion on the OTW reforms that occur.

Before I move to the next person: In this new world, with Giants Stadium gone, and the Jets and Giants owning the facility next to us, you having some involvement -- is there a future for the Sports and Exposition Authority, or are we going to be looking elsewhere for sale of tracks, management of tracks? What happens? I ask you, if you can -- I know it’s a loaded question -- be sort of brief, because one of our real estate people is pressed for time and I wanted to get to him next.

MR. ROBINSON: Well, I think the track record of the Sports Authority, over time, sort of speaks for itself and has really, I think, been one of the shining stars, really, since its inception. I do believe the role of
the Sports Authority, over time, whether it be financial or otherwise, will continue to have to change. As we just articulated, we were a statewide special project developer and did a heck of a job at it. And various parts of the state took advantage of that expertise. And we’re also very good operators. You don’t operate the No. 1 stadium in the world and the No. 6 arena in the world not knowing what you’re doing. Will our role change over time? Perhaps. We’ll just have to see how that works, over time, and really what’s in the best interest of the State, and what’s in the best interest of the industry. But I think the Sports Authority, by nature of the structure of its contracts with the developers, with the New Meadowlands stadium, and so forth, will have some -- certainly have a role, going forward.

ASSEMBLYMAN BURZICHELLI: Very good. Thank you very much, and thank you for your continued relationship with the Legislature. (applause)

We’ll now move to Andrew, if we can.

Folks, please, if you could be so kind to work along with us.

Andrew, would you introduce yourself to the legislators, please, and your background, and your testimony -- which I think will be concise and to the point so we can get to questions.

MR. ZEZAS: Thank you very much, Chairman, Senators, Assemblypersons, union members, horsemen, employees, citizens of New Jersey, and others who are here. Thank you very much for inviting me to be here this morning.

My name is Andrew Zezas. I am President and CEO of a New Jersey-based real estate advisory and transaction services firm known as Real Estate Strategies Corporation. I am a corporate real estate broker and
advisor, advising companies on acquiring and disposing of real estate both here in the Meadowlands and throughout the state, and elsewhere in the country. I’ve been asked to come here this morning on behalf of the New Jersey Association of Realtors to offer nonpartisan opinions, without any specific reference to the Hanson Report or any other reports; but to offer my opinions, based on my experience and knowledge as to the potential impact of closing this facility on the local corporate and commercial real estate markets.

My comments and my opinions would be specifically focused on the corporate aspect of real estate, which would include office, industrial, manufacturing, and what is known as flex space. I’m not an expert in general commercial, so I can’t comment on the impacts of hospitality -- which would be hotels, retail, or residential real estate.

I offer my thoughts and my opinions here today, and I’ll also make myself available to any members of the panel, or anyone else, who needs to contact me afterward. Anyway I can help this panel to make the right decisions for this part of New Jersey, to the betterment of the great State of New Jersey, would be my pleasure.

Having lived in Bergen County for about 14 years prior to relocating to another part of the state, I’ve spent most of my life and had a successful career here. So I have every intention, every desire to make sure that I offer good information so that the right decisions can be made here.

This property was described a couple of different ways this morning. I think it was Senator Sarlo who commented that this is the heart of -- the commercial heart, or the heart of the State of New Jersey from a locational perspective. I would concur with this part of New Jersey being
probably one of the hearts of the Northeast. There was a comment made prior to this panel convening about the fear of this site becoming, again, a barren wasteland with underground fires, and returning to what it may have been. Given where this property is located, if the decision were made to close this facility, this property is in, probably, one of the most desirable, most accessible focused parts of the State of New Jersey and the greater New York-New Jersey-Pennsylvania-Connecticut region. Speaking as a real estate professional, from experience, I would highly doubt that such a property like this would lay fallow for any extended period of time, supply and demand considered. We’re in a challenging economy today. I can-- Respecting the fact that development or redevelopment of a site like this would take a considerable amount of time and a considerable amount of effort, its location and its magnitude would lend itself to a number of alternative uses. I can see any possible alternative uses on this site, ranging from residential, to office, to industrial, to light industrial, to retail, to alternative entertainment. I see no restrictions other than those placed on this site by its nature, other than those placed on the site by supply and demand, and by the requirements of the local citizenry.

While I’d hate to see this site closed from its current use, I do believe that any type of entertainment facility -- whether it takes into account its current use or some modified use -- would certainly be of benefit and be desired by the citizens of New Jersey.

If the current use for this facility ceased, what type of impact might that action have on the local commercial real estate market? I think it’s fair to say that there are a number of light industrial buildings that are occupied by suppliers and other companies that do business with the
Meadowlands, so there certainly would likely be some impact on the regional real estate community, not only on this property itself. How much I can’t comment on -- I’m not an economist, and I would certainly recommend that an economic study be commenced to validate whether it would be a significant impact. There would also be an impact on office space as well. Whether that would be significant, I can’t say.

When you look at the State of New Jersey and you take into account the vastness of the commercial real estate that exists here, by way of statistics, you’re looking at an office market in the State of New Jersey of about 300 million square feet. You’re looking at an industrial market, one of the largest industrial markets in North America, at almost 900 million square feet. By comparison, the Meadowlands contains about 7.5 million square feet of office space, and it contains just under 50 million square feet of industrial and flex-type space.

Vacancies in the current market are challenging. If you speak to the smart money, they’re suggesting that it’ll take years for the real estate economy to turn itself around. It would take years to replan and redevelop a facility like this.

My closing thought is that this property is an extremely valuable and extremely well-located piece of real estate. That to the extent the people of New Jersey determine that the highest and best use of this facility would be something other than its current use, it has the potential to add tremendous additional value, at the least the same type of value, to the economy by virtue of redevelopment into some alternative use.

I’d be happy to take any questions.

SENATOR WHELAN: Thank you very much. (boos)
MR. ZEZAS: By the way, I’m not recommending that anyone do anything. (laughter) I was asked to offer an opinion and comment. I’m not recommending.

UNIDENTIFIED MEMBER OF PANEL: Get him a security guard.

SENATOR WHELAN: We’re going to go to Bill Derrough, if we could, and then we’ll go to Nick Amato.

MR. DERROUGH: Good morning. Thank you, distinguished panelists, for your kind invitation to join you at the summit.

My name is Bill Derrough. I’m a managing director at the investment banking firm of Moelis & Company. My firm represents the lenders to the Meadowlands Xanadu Complex. We welcome this opportunity to briefly present our plan for completing construction of this significant project and opening for business as soon as possible.

As you know, the lenders took control of the project on August 9, and we immediately set out to select a new developer. This is a key step, and negotiations are now underway with several world-class operators.

UNIDENTIFIED MEMBER OF AUDIENCE: What about horse racing?

MR. DERROUGH: All of the candidates with whom we are having discussions have significant financial resources, as well as a track record of successful commercial development expertise and leasing with multi-faceted projects of a similar size and scope. We expect to name the new developer in the very near future.

In the meantime, to ensure that the property’s maintained at the highest standards until the new operator is chosen, we have hired Jones
Lang LaSalle, one of the largest commercial property managers in the industry, to protect and oversee the property on a day-to-day basis. This will be a particularly important job, as hundreds of thousands of sports fans visit the New Meadowlands Stadium to attend events here in the coming weeks.

These are some of the current initiatives we have underway. We look forward to making more visible progress after a new developer has been selected. Overall, the plan we have in place is designed to move the project forward as quickly as possible, while maintaining the highest standards of quality and workmanship.

As the new owners of Xanadu, the lender group shares your interest in realizing the original vision of this project: as a world-class destination for entertainment and shopping. We are confident that the Xanadu complex can generate thousands of jobs, and tens of millions of dollars in sales and payroll taxes for the State of New Jersey; and that Bergen County, in particular, will receive its own stream of revenue to the pilot program. This is a complex and challenging project, but our group looks forward to working with State officials and representatives in transforming Xanadu into a source of pride for all New Jersey residents and businesses.

We thank you for your time on behalf of my clients. If there are any questions, I’m more than happy to address them.

ASSEMBLYMAN BURZICHELLI: Thank you, Bill. We’re going to come back. We’re going to do one more, and come back. We’ll be back for questioning as well.
Nick Amato. Please, if you could introduce yourself to the group.

N I C H O L A S   A M A T O,   Esq.: My name is Nicholas Amato. I don't represent any particular interest in this ongoing dialogue between the horse racing industry and the casino industry.

Assemblyman Caputo -- I’ve known for many, many years, especially when he was involved in casinos back in Atlantic City -- invited me to come here today to give my experience from having various positions in the casino industry, and give some insight. So if you’ll indulge me, I’ll give you my thoughts.

I’m happy to share the insights I’ve gathered from my experience as a County Executive, as the Executive Director of the Casino Reinvestment Authority, as the president of the Jersey Casino Association, as a former executive of the Trump Hotel and Casinos, and the former general counsel of Resorts International; and yes, about 20 years ago, I bred and raced standardbreds.

As I said, I’m here representing no particular interest. What you’re doing here is important; I commend all of you. Both the casino industry and the horse racing industry are in serious decline. The horse racing industry has been in decline for decades. Despite the best efforts of Horsemen in the state, attendance at tracks has been dwindling.

The casino industry has witnessed declining revenues and an uncertain economic future for the past three years. Projects in Atlantic City, once thought vibrant and viable, now sit in a state of limbo while places like Bethlehem, Pennsylvania, on the riverboat in Philadelphia, and in the Poconos are enjoying customers from throughout the region. The decline of
these revenues in these industries has stifled employment and threatened the future not only of the thousands of New Jerseyans who work in these industries, but an even greater number who are affected by the economic condition of the industries.

Beyond the fact that both of these industries are in decline and involve wagering, they have little in common. I strongly believe that a new paradigm needs to be embraced if we’re going to find solutions to address the continuing decline in both these industries. Heretofore, State policymakers have adopted a zero-sum approach to answer the malaise of the racing industry. The thinking has been that since casinos and racing both involve gambling, that it must be true that the decline of horse racing must be attributed to the growth of gaming in Atlantic City. This thinking, which stretches back to at least the 1990s, and probably before, was simplistic and is flawed. The nexus between gaming and horse racing exists in State policy, but not in reality. I submit that it makes no more sense to link the condition of horse racing to the performance of casinos in New Jersey than it does to link it to the lottery or any (indiscernible) game of chance.

State policymakers, casino operators, and the state’s Horsemen all contributed to perpetuating this fallacy. The fiction became fact in 2004 when casino operators agreed to subsidize the horse racing industry in exchange for a commitment not to pursue the installation of VLTs at the track. The horse racing industry should never have requested this subsidy, the State should never have demanded it, and the casino industry should never have agreed to pay it. (applause)
I believe that one of the most important steps that this Committee can take would be to break the nexus between horse racing and casinos, and to try to come up with independent programs and policies that will help these two distinct industries, and will contribute to the greater public good and social need that they deserve. Failing to break the nexus between these two industries will constrict creativity and limit options. I hope that you will develop creative and instructive programs and policies that will help both of these industries once again flourish on their own.

Having spent a good deal of time in Atlantic City, I have seen first-hand how the balkanization of Atlantic City has undercut the City’s ability to thrive and prosper. Conflicting and competing goals, interests, and objectives, as legitimate as they may be, regularly stand in the way of making even the smallest changes in the City. Couple this dysfunction with political theatrics, and investors are convinced that there are better places in which to invest their money.

Atlantic City is, indeed, threatened by competition by neighboring jurisdictions like New York, Connecticut, Pennsylvania, and Delaware. But we must be honest with ourselves: the attractiveness of these other jurisdictions is amplified tremendously by the sense that Atlantic City just isn’t the kind of place where casino operators want to invest their money. Indeed, we sit today less than 100 miles from Pennsylvania casinos -- places where hundreds of millions of dollars were invested for the ability to conduct gaming, and the privilege of paying a 55 percent tax on gross slots and 16 percent tax on table games. This is on top of a hefty payment for a licensing fee.
Pennsylvania’s gaming tax is significantly higher than New Jersey’s -- 8 percent, plus 1.25 percent casino reinvestment tax. Our tax policies can’t get much more favorable to casino operators than it already is. And despite that, investors are flocking to other states. It should be noted, however, that those jurisdictions that have a heavy tax rate see less capital investment and fewer jobs created.

I believe that this new reality underscores the importance of the Governor’s proposal to create a Casino Zone in Atlantic City that will be controlled by an agency that is independent of the City. Such a zone would provide the vision, the coordination, and the stability that has long been missing. It could remedy the absence of a central mission and purpose that has been an impediment to making the City an international gaming and entertainment destination.

I think we’re all looking forward to learning more details behind the Governor’s plan, and I am hopeful that when the details are known, and the proposals fully vetted by this Legislature, that a bold, new path for Atlantic City can be developed. I do not believe that the creation of a quasi-governmental entertainment zone should be a giveaway to the casinos. In the same way that the creation of a new zone in Atlantic City would provide new tools for casinos to chart a better and brighter future, casinos should be held more accountable for the future of Atlantic City. Everyone must do their share. For the majority of the 30 years that we had gaming in Atlantic City, casinos made substantial profits, created thousands of jobs, generated enormous revenues, and contributed substantial tax revenues to the State. The industry, the State, and the City all rested on their laurels. The City, just a few hundred yards from the Boardwalk,
continued to decline, as urban blight and neglect metastasized. The State continued to take ever-growing tax revenues. The casinos were content to increase traffic by sending more and more busses of seniors to the City in a series of piecemeal expansions. Little was done with a grand plan in mind. Today we see pockets of development in a patchwork quilt.

The Governor’s proposal envisions a City giving up much of its control over the most valuable property within its borders. Responsibilities would also be diminished. On balance, that has the potential to be a good deal for the City. For the gaming industry, it envisions a creation of a stable and focused authority -- authority not distracted by other pressing municipal needs, not struggling with election year promises and compromises. The plan needs to be focused on how to improve Atlantic City, casino gaming, and the tourist experience. The plan should not be balanced on whether or not there are VLTs at the Meadowlands or other marginal issues. There are already slot machines within 60 miles of Atlantic City. We will lose a lot more than sleep if we fret over the possibility that there may be VLTs placed at the racetrack some 100 miles from the Boardwalk.

Fundamentally, the plan needs to identify how Atlantic City is going to compete for the next century, fully recognizing that competition is here and it is growing. The plan needs to recognize that offshore internet gaming already exists and that it’s eating into the market. The plan should recognize that internet gaming, in some form or another, will spread, as will other forms of online gaming.

The gaming industry needs to take a hard look at itself in Atlantic City, it needs to identify the missing pieces -- from the way it deals
with individual customers, all the way to the way it interacts with the City and the region.

Much of the way Governor Christie called on this Committee in compiling a series of recommendations for gaming, I believe that a Commission should be charged with identifying the shortcomings of Atlantic City, providing a road map for addressing those shortcomings, and developing a near-term and long-range plan to revitalize the City. I believe that the Commission should include stakeholders, industry representatives, and the legislative and Executive appointments. The effort needs to be above partisanship and electioneering. It needs to conduct its work thoroughly and quickly, tapping into the best and the brightest. In whatever way the State moves forward, it must do so in partnership with a shared and unified vision.

I hope my insights have been helpful, and I’d be happy to respond to any questions.

ASSEMBLYMAN BURZICHELLI: Thank you, Nick. We’re going to begin-- We’re going to start with Speaker Oliver, and then a follow up with Senate President Sweeney for a round of questions to the balance of the panel; or, in fact, if anything else, to come back to Dennis.

Welcome, Speaker Oliver.

SPEAKER OLIVER: Thank you, Assemblyman Burzichelli.

I did not-- The gentleman who represents the real estate industry. I didn’t recall your name.

MR. ZEZAS: Andrew Zezas.

ASSEMBLY SPEAKER OLIVER: Mr. Zezas, I wanted to ask you a couple of questions, because you clearly indicated that you were
invited just to give some sense of the value of this property that we sit on. And, without question, it is a value. And I think you also clarified that you weren’t here to provide any type of an independent opinion about anything.

MR. ZEZAS: Correct.

ASSEMBLY SPEAKER OLIVER: But as a person involved in the real estate industry -- and you spoke to Bergen County and this region. This region is also one of the most densely populated regions to be found in this state. And when you talk about Bergen County -- and we’ve got approximately 70 municipalities here as it is, and you saw the experience we just had with the whole Blue Law debacle and letting there be shopping on Sundays. How would you describe how any type of dense development on this acreage would contribute to the quality of life in this greater Bergen County area? I would suspect that commercial development, or residential development -- yes, there are some pros to that: tax revenue creates other business expansion, etc., etc. But just as we’re hearing sections of the state that want to preserve farmland and open space, I would suspect we would want to look with a similar view towards any development that would occur on this space. And I heard you basically describe commercial office development, and I think you were leaning a little towards housing development. What impact do you think that would have on “quality of life issues” in the densely populated northern part of the state?

MR. ZEZAS: Assemblywoman Oliver, thank you. Let me clarify some points before I answer. I have no opinion as to what should be done with this site. Having been a Bergen County resident, I can understand the negative potential impact on employees and the people who have utilized the site in its current condition. I enjoyed coming here
myself. I have no opinion today, for this Committee, as to what should or should not be done. I’m not leaning in any one or other direction.

My purpose here is to offer response to questions. I concur that an inappropriately dense redevelopment of this site would likely contribute to congestion that Bergen County and North Jersey already experience. That would certainly be an essential component of any redevelopment plan to ensure that traffic is moved in and out of this site appropriately. Your comment about open space is very well put. One of my last comments was that the potential for this site to lend itself to alternative entertainment uses should be considered, if the decision were to consider closing. Alternative entertainment might not contain the kind of densely populated redevelopment that you refer to. Certainly open space would be a superb idea, given the density that you see in Bergen County.

ASSEMBLY SPEAKER OLIVER: Thank you.

I also have a question for Mr. Derrough.

MR. DERROUG: Yes, ma’am.

ASSEMBLY SPEAKER OLIVER: Am I pronouncing your name correctly?

MR. DERROUG: Yes, ma’am, Derrough (indicating pronunciation).

ASSEMBLY SPEAKER OLIVER: Yes, Derrough (indicating pronunciation). You were making reference to Xanadu. You’re representing--

MR. DERROUG: The lenders who have taken control of the property.
ASSEMBLY SPEAKER OLIVER: Yes, I just have a simple question.

MR. DERROUGH: Yes, ma’am.

ASSEMBLY SPEAKER OLIVER: What can Xanadu be? (applause) I have a simple question.

MR. DERROUGH: Well, the intention is to stick with the initial concept, which is Xanadu being an entertainment and retail complex. I’m an investment banker, I’m not a real estate developer, so I can’t speak to other potential purposes. I know that our clients, the current holders of the mortgage, and who foreclosed, have every intention in moving forward with the original basic concept, subject to working with the developer who will make some changes, presumably including -- presuming to the façade. But we’re really focused on kind of the original concept.

ASSEMBLY SPEAKER OLIVER: Because I have concerns about future use as a retail center. I think the other thing that we have in this region -- we have excessive retail. And I’m only going by press accounts, of the other kinds of reports that I’ve read; but I always often hear the future of Xanadu ties into some type of mecca for retail development.

MR. DERROUGH: And I’m sure Dennis Robinson would like to make some comments, but it is our understanding and goal that the property, the project, is supposed to be more entertainment-oriented than retail-oriented, although there will be a certain amount of retail associated with the project. But there’s a substantial amount of entertainment-type facilities that have already been constructed or are being thought of and drawn out. Again, because we’re in the process of selecting a new
developer, each developer will have a somewhat different view, depending on who they are and their own experiences, to what might make a better entertainment concept than something else. And so I don’t want to get in the middle of what they might be thinking.

In fact, that’s part of our process -- is to get proposals from them and ultimately evaluate the concept, the financial, the operational commitment. And, of course, working very closely with NJSEA to make sure that whatever we’re doing comports with the overall objectives of the State.

MR. ROBINSON: Would you like me to comment?

ASSEMBLY SPEAKER OLIVER: Yes, Mr. Robinson.

MR. ROBINSON: The vision of what I refer to now as the retail, or the entertainment-retail complex-- The vision really is to leverage off the worldwide brand of entertainment -- family entertainment -- here. And that’s the plan; that is what was approved by the Sports Authority. The Sports Authority has to approve the new developer, as well as any changes to that master plan, including the façade or the utilization of it. Conversations that I’ve been in with numerous of these developers are consistent with the existing plan, that would be majority entertainment. The Blue Laws would be adhered to, okay? If you look at any sort of entertainment now, anywhere you go, whether-- Disney is a great example. Is that entertainment or retail? I don’t know; anytime I came out of a an attraction, I walked into the retail. So I think it’s a concept of entertainment-driven retail opportunities in that mix. And that’s the plan, that’s the vision, and it’s certainly synergistic with what the history, the
current utilization of the site. And that’s the vision, and I’m convinced once we get through this financing hurdle--

Obviously we’ve been through one of the worst financial environments in our history. It certainly impacted the lenders who were unable to complete the financing -- what kicked us into this situation. It obviously impacted the retail industry like never before in commercial real estate. So it was like the perfect storm as far as Xanadu is concerned. And I would invite any of the members here, if they’d like a tour of the project, I’d be more than happy to arrange that for you. Because seeing is believing. It will be, no question in my mind, an incredible tourist destination -- international tourist destination -- when it’s up and running. And so I just extend that offer to the Committee.

ASSEMBLY SPEAKER OLIVER: I just have one other comment, Chairman Burzichelli.

Mr. Amato, I appreciated all of the detail and the complexity of your presentation. But the thing that I want to thank you for the most is identifying that we do not have to tie the gaming industry to the horse industry, and I want to thank you for bringing that element out in the discussion.

ASSEMBLYMAN BURZICHELLI: Thank you, Speaker.

I have Chairman Whelan next, to be followed by Assemblyman Caputo, then by Senator Van Drew, then by Assemblywoman Wagner.

SENATOR WHELAN: I just have a very-- And I applaud Nick Amato for his comments as well. But just a question for Mr. Derrough and, perhaps, Mr. Robinson following up on the Speaker’s question of what is Xanadu likely to be. My question is, how can we, as Legislators, help --
either through legislative process or whatever other process there might be -- in terms of marketing? First the marketing efforts that Jones Lang LaSalle presumably is doing, and/or additional financing that may require some of Dennis Robinson’s creative financing that we used in Atlantic City to build things, and so on.

MR. DERROUGH: I think it’s important for the success of Xanadu that all the developers that are taking a look at this feel that the State is behind it. I agree with Mr. Robinson that when this project is completed -- and we intend to complete it; the only way that my clients ever get a return back on their invested capital is with this project completed -- that it will attract people who will not ordinarily be coming to New Jersey, and that it will be a destination for people from many, many states and from many, many countries. To the extent that there are funds available that may be allocated through State agencies or vehicles or conduits -- I’m not an expert on that specifically, but I do believe that any assistance that could be brought will be welcomed and needed. We have been working very closely with NJSEA, and have met multiple times with the Hanson Commission folks, and have, so far, been pleased with the support that the State has given us in terms of its similar desire to see the project opened. I think that our interest and the State’s interests are very well aligned in this: the sooner the better; the more successful, the better for all of us.

ASSEMBLYMAN BURZICHELLI: On to Assemblyman Caputo -- Ralph.

ASSEMBLYMAN CAPUTO: Yes, thank you.
First of all Dennis, I’d like to congratulate you, because you say you’re not a lobbyist. You’ve done a very good job of presenting your position today, so (indiscernible) those skills.

MR. ROBINSON: I’ve watched a lot of your film on video here, so I took a lesson there. (laughter)

ASSEMBLYMAN CAPUTO: Okay, all right.

Back to Mr. Amato. You know, Nick and I both share a work experience in Atlantic City: he as a corporate attorney and myself as a marketing executive. And we happen to exchange many ideas over the years regarding the successes and the failures of the town. We both have an emotional attachment to the industry. So it’s with great respect, based upon your presentation -- there’s only one disagreement. I think everything else that you presented here is excellent. The only thing that I want to bring to your attention -- I think you’re well aware of it -- is that Atlantic City, at this point over 33 years, has had that monopoly as everyone understands. And the fact is, the downturn in the economy has stricken it very hard. And revenue is probably 30 to 40 percent down over past performance. And the fact is that Resorts is sold at a fire sale; Castle’s probably for sale under $50 million; the Hilton is on the edge of disaster; Morgan Stanley has walked away from the Revel Corporation. So all of these ideas are very well accepted and respected. The fact is, we’re running out of time.

With the convenience gambling that’s presently -- as you indicated, and as everyone understands -- from all sources, the convenience gambling is murdering Atlantic City. Now, of course, the controversy of whether we should have slots, casinos -- as Senator Sarlo says, or myself --
various gaming opportunities here should probably be decided by the voters like they did in 1976. (applause) But the question I have for you, Nick, is what -- and I know that we’ve talked about this, so I’m not trying to put you on the spot -- what is the actual solution to this revenue that’s leaving the State of New Jersey; customers who are no longer going to that destination? With all these suggestions that will take so much time, do we have the luxury of not doing something that would not only recapture that revenue, but also allow Atlantic City, in a sense -- if they could share in the actual profits of VLTs or casinos or whatever, that might save the industry (applause) and also help the racing industry.

UNIDENTIFIED MEMBER OF AUDIENCE: Meadowlands!

ASSEMBLYMAN CAPUTO: We’re talking about it.

UNIDENTIFIED MEMBER OF AUDIENCE: Meadowlands!

ASSEMBLYMAN BURZICHELLI: May I again remind those who are gathered here: This proceeding with this legislative panel -- I ask everyone’s cooperation, please, so the testimony can continue. Because it’s informative and helpful.

ASSEMBLYMAN CAPUTO: So the question all of us here are really dealing with -- not only you or everyone else, you have your wonderful opinions -- is how do we solve this problem of revenue that’s leaving the State, and also saving Atlantic City at the same time? Now, we could wrestle with this on and on and on. But you know what? In the meantime, hundreds of millions of dollars are leaving the State of New Jersey. (applause) So I just pose that as a-- And the jobs that we’re losing.

UNIDENTIFIED MEMBER OF AUDIENCE: Meadowlands!
MR. AMATO: Do you want me to respond to that?

ASSEMBLYMAN CAPUTO: Well, I wish you would. If you had the answer, I would be very glad to kiss you in front of everyone.

MR. AMATO: I don't have the answer; I have more questions.

I think if you read the investors’ report, like Moody’s. They’ll tell you that even saving Atlantic City now is a question. But they’ll also tell you that if you dilute it, and you put slots up here, you’re going to further erode Atlantic City. (boos) Now, that doesn’t mean--

UNIDENTIFIED MEMBER OF AUDIENCE: Wrong! Wrong! Wrong!

MR. AMATO: That doesn’t mean--

ASSEMBLYMAN BURZICHELLI: Sir, may I ask you please to recognize the decorum of these hearings?

UNIDENTIFIED MEMBER OF AUDIENCE: We have an opinion, don’t we? Don’t we have an opinion?

ASSEMBLYMAN BURZICHELLI: Sir, may I just ask you to please recognize the decorum of these proceedings?

UNIDENTIFIED MEMBER OF AUDIENCE: I respect that.

ASSEMBLYMAN BURZICHELLI: Thank you; thank you.

MR. AMATO: What I’m suggesting--

UNIDENTIFIED MEMBER OF AUDIENCE: (Indiscernible)

MR. AMATO: What I’m suggesting is that you have to solve both problems: one is horse racing, and one is casino gaming. You have to solve them separately. I think that some of the things you can do, as Senator Lesniak talks about, is internet gaming. I think that would be a boost and that would help Atlantic City; and also moving wagering for
sports bet would also help. There are immediate solutions. But if you take the multi-billion dollar investment in Atlantic City and then you open up slots here, you’re going to prevent people from wanting-- You’re going to dilute the investment you already have. Now, one way to look at it is, maybe slots down the road, but not now.

UNIDENTIFIED MEMBER OF AUDIENCE: No! No!

MR. AMATO: You need to define the problem and think outside the box. And I think there are enough utensils -- if I may -- to try to help both industries. But we’ve got to stop from being parochial. We’ve got to stop from being selfish. And the casino industry has to step up to the plate. Everybody took a free ride: the State, the industry, and they sat back and they watched this happen. Now, in so far as the casinos are talking about -- yes, Resorts sold recently for $35 million. Prior to that, it was purchased for $135 million. Plus, the option land was another $40 million, so they bought Resorts, plus the 10 acres, for what it would have cost for the option land. And you’re right -- the Hilton’s on a respirator, all right? And Sands is closed. And Morgan Stanley is walking away from close to $1 billion. These are all admitted facts, but it doesn’t mean necessarily, ergo, that putting a casino up here is going to happen. Let’s face it: People will come here to play the slots, whether it’s horses or not. The horses are an added attraction. But they’re going to come anyway. If you go up to Pennsylvania -- I was recently there in Bethlehem over the weekend -- it’s a warehouse of slots. It’s the ugliest thing you ever wanted to see -- and that’s the Sands. It’s just a warehouse.

ASSEMBLYMAN BURZICHELLI: We have to move on with the testimony as well.
MR. AMATO: Just--

ASSEMBLYMAN BURZICHELLI: Ralph, very quickly, please.

ASSEMBLYMAN CAPUTO: Nick, I hope you’re right. But the fact is--

MR. AMATO: I don’t know if I’m right.

ASSEMBLYMAN CAPUTO: I hope you’re right. But the fact is, these other destinations are making hundreds of millions of dollars, whether they look like warehouses (applause), whether they don’t measure up to our casinos. And the fact is that these people in North Jersey and New York, who usually go to Atlantic City very often, are not going anymore. They’re going very, very--

MR. AMATO: But if you put the leak over here, it’s going to hemorrhage over here.

ASSEMBLYMAN CAPUTO: Well, the thing is, we’ve got to compete with that competition. And to ignore competition is suicide. (applause)

That’s it.

ASSEMBLYMAN BURZICHELLI: Thank you, Nick. Thank you, Ralph.

We’ll move on now to Senator Van Drew.

And we’d like to, if we can, concentrate on horse racing and Meadowlands. We had a thorough discussion on Atlantic City in Atlantic City. Let’s concentrate where we’re supposed to be. (applause)

Jeff, you’re up next.

SENATOR VAN DREW: Yes, and I’m going to be relatively quick.
Right for Nick Amato -- you’re right on the money. In fact, I hope we have a copy of your testimony, because everybody should read it two or three times. This man is right on the money in what he’s talking about. He knows horse racing, he knows Atlantic City, he cares about both, he’s right about both if you listen to what he says. You cannot harm one or help one, and create a problem with the other. If you do that, it’s politically not palatable, and it also functionally isn’t going to work. He’s right about hemorrhaging in Atlantic City -- there are problems there. You don’t fix those problems by creating even more competition and more cannibalization internally. That is only going to hurt more.

We all here-- I like Lesniak’s bill. I mean, I agree with internet-- Internet gaming, intrastate, that is something that we should do. Sports book is something that I’ve been talking about, and many people on this panel, for many, many years. We’ve got to challenge this thing and move forward. Those are ways that we bring in additional revenues and we help horse racing, and we also help Atlantic City. But it’s not going-- In my opinion, it’s not going to politically fly, and it’s not going to fiscally work, to destroy a region and to destroy an industry in one part of the state. And what he said, really, if people read it and digest it, he’s right on the money. Thank you.

ASSEMBLYMAN BURZICHELLI: We have, next up -- thank you, Jeff -- next will be Assemblywoman Wagner, and we'll close out this round of questioning with Senator Lesniak.

Connie.

ASSEMBLYWOMAN WAGNER: Thank you.
I have a question for Mr. Robinson, and that’s in regard to Xanadu. I happen to represent the people of the 38th District, and I live in Paramus, New Jersey, which is number one in retail in the state.

MR. ROBINSON: We happen to be neighbors, actually.

ASSEMBLYWOMAN WAGNER: Pardon me?

MR. ROBINSON: We’re neighbors.

ASSEMBLYWOMAN WAGNER: Okay. Probably in the top five in the nation. I would like to know: Has there ever been any discussion of doing away with the Blue Laws -- number one. Number two: If it is to be the tourist attraction, can they succeed six days a week, if it is a tourist attraction? And I have been on the inside. Has the percentage changed of entertainment to retail? If you could answer those questions.

MR. ROBINSON: I’ll answer the first question, and that is no. In fact, a number of developers have actually spoken of increasing the percentage of the entertainment, going forward.

ASSEMBLYWOMAN WAGNER: What is that percentage?

MR. ROBINSON: I think the minimum is something like 52 percent. I think that was the agreement, if I recall. But there are those who are talking even a larger percentage being sort of entertainment attraction-related.

As far as six days a week: I think-- I’m a Bergen County resident, and I drive on Route 17 every day, so I understand the issues. I believe it will flourish six days a week, and it will be open seven days a week, actually, except-- Just like certain stores are. Except we’ll only sell what would be permissible. And, given the fact that it’s going to be
entertainment driven, and obviously work in concert with events here at the site, I think it will be a very exciting opportunity.

We at the Sports Authority have had no discussions regarding potentially changing the Blue Laws, relative to that project.

ASSEMBLYWOMAN WAGNER: Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Connie.

We’re going to close out the questions for this panel with Senator Lesniak.

Ray.

SENATOR LESNIAK: Thank you.

I think it’s important for the record that I ask Mr. Derrough about his opinion on the highest and best use of this site. To note that that opinion did not include that -- the devastating impact that another use would have on the 13,000-job, $1 billion racing industry. Is that accurate?

MR. DERROUGH: Could you repeat the question for me, please?

SENATOR LESNIAK: Okay. I believe you said that another use other than racing would have equal or higher best -- highest best uses--

MR. DERROUGH: I said it could. It has the potential.

SENATOR LESNIAK: It could. That opinion did not include the devastating impact on the horse racing industry’s 13,000 jobs and $1 billion of revenues that that might have.

MR. DERROUGH: My opinion was specifically related to the real estate discussion. I’m not an economist, nor am I an expert on the racing industry.

SENATOR LESNIAK: Fantastic. Thank you.
MR. DERROUGH: Thank you for clarifying.

ASSEMBLYMAN BURZICHELLI: Thank you, Senator.

And thank you to this panel for what I thought was a very engaging, helpful, and informative discussion. And there will likely be follow-up from members of this Committee who may want additional details, and I hope that you will all make yourselves available to us.

We thank you very much.

SENATOR WHELAN: I would just add, as Co-Chair, Dennis: The sooner the better, Dennis, in terms of the report. You said a month. If you could do it in three weeks -- a lot of us, we know a month sometimes slips to six weeks and eight weeks. We want to do this now.

MR. ROBINSON: Yes, we do, too, and there are-- We push each other, so we’ll get it done as quick as we can.

SENATOR WHELAN: Thank you.

MR. ROBINSON: Thank you for your being here, and thank you for your time.

ASSEMBLYMAN BURZICHELLI: Thank you.

And as a courtesy to Senator Sarlo, the next group up is going to be representatives from the Meadowlands Regional Chamber of Commerce for brief statements, I believe. Is that correct, Senator?

SENATOR SARLO: Yes. They were the first-- They were on this panel, so we just--

ASSEMBLYMAN BURZICHELLI: Oh, it’s a continuation of this panel?

SENATOR SARLO: It’s a continuation of this panel.
ASSEMBLYMAN BURZICHELLI: Okay. Actually, it’s a continuation of the panel because of the size.

Now, the Senator informs me that the group that’s approaching us will have well-structured, concise, direct remarks for the panel’s absorption.

RON SIMONCINI: Shockingly so, Assemblyman. Thank you.

ASSEMBLYMAN BURZICHELLI: Yes sir, I’m sorry. Your name again? Just so we know who we’re talking to.

MR. SIMONCINI: I’m Ron Simoncini. I’m here on behalf of Jeff Kirkos, the President of the Meadowlands Regional Chamber of Commerce, who couldn’t be here today, unexpectedly, and asked me to make some opening comments, and introduce some of our members who are going to focus on very specific aspects of the regional impact of the Sports Complex on our businesses and on our future.

The Chamber is a 900-member organization, and growing. We have a goal of being a 1,000 member business organizations this year. We started and we operate the Meadowlands Liberty Convention and Visitors Bureau, which is one of the state’s leading destination marketing organizations. And this complex is central to our objectives for a world class destination in the future.

We were instrumental in helping develop the Super Bowl bid that brought the Super Bowl here, in terms of outlining what the hotel and meeting program would be for the Super Bowl bid.

What we are really interested in here is in something that works. And we’re very glad to hear that this is not a North-South issue. We look out the window here and we say, “Is our success truly dependent
on Atlantic City’s, or is Atlantic City’s on ours?” And we have to say that
the answer to that is a resounding, “No.” We have an opportunity here,
and Atlantic City has an opportunity there, and they are separate and
distinct things.

We need to take advantage of what you see out the window. This is a marketplace that’s driven by a densely populated culture of
spenders. This is a region that needs jobs like Atlantic City needs jobs. We
are dying for those jobs. The expected jobs that we were going to have from
Xanadu have not appeared here -- for more than three years overdue. We
don’t know when those jobs will come.

The future of the Sports Complex could include such things as:
a reinvented racing program, a world-class convention and visitors bureau, a
world-class convention center, a world-class casino. It will thrive here. We
only need to look out the window (applause) to know that that would be
successful. What we shouldn’t see when we look out the window -- as one
of the previous speakers said -- is an opportunity to create open space.
Open space kills this complex, and it kills the half a billion dollars in recent
infrastructure investment that elected officials like yourselves approved so
that this would be an economic engine for this part of the state.

So I hope I’ve channeled Mr. Kirkos successfully. He certainly
is a visionary himself. A lot of the things that are happening here would not
be happening without our cooperation and collaboration with Senator Sarlo
and other elected officials.

And I’d like to introduce a couple of people who have been
business people here for their whole professional lives. And I think they’ll
provide some insight into different aspects of how the Sports Complex affects our region.

I’m going to go across, and they’ll talk in the order we introduce them. But who we have here is Frank Vuono, former NFL executive who runs 16W Marketing, which is one of the country’s most esteemed sports and entertainment marketing firms. To his left is John Seraceno, a partner in Onyx Properties (sic), a real estate development firm that owns a significant amount of office space here in the region. And to his left is Tom Bruinooge, who’s been a planning attorney and public affairs person for the Chamber, former Chamber President, and has spent 35 years as a local attorney.

So again, we thank you very much. I’m sorry that Mr. Kirkos couldn’t be here, and we thank you for your indulgence of our opinions.

ASSEMBLYMAN BURZICHELLI: Ron, before you-- Excuse me. Thank you.

Before we start: If I can ask those in the back if they can keep the conversations either quieter, or take them to the deeper part of the room, because it’s distracting for the panel and their ability to hear our invited guests.

And Ron, thank you for your comments. And you said Frank is going to start?

MR. SIMONCINI: Yes.

ASSEMBLYMAN BURZICHELLI: Please, sir.

FRANK VUONO: Hi, I’m Frank Vuono, as Ron said. I’m a partner in 16W Marketing -- note 16W for a purpose. We decided to have our business here for over the last 20 years. I am a life-long resident of
Lyndhurst, New Jersey, so I’m a Bergen County resident as well. My family has been there for 100 years.

All I want to call attention to -- I’ll keep my comments short because I’ve thrown out my notes, having heard a lot of what I was already going to say. Real quickly: First, some 50 years ago, when I was growing up, people mentioned what this used to be. All I can say is there were great people who came on board who, with the cooperation of the public and the private sector, had tremendous vision for what this place could be. And this became the worldwide -- really -- worldwide model of what a sports complex could be. So much so that it was broadcasted as such and branded as such around the country -- national and international television -- and attracted worldwide events. So there was tremendous vision there.

I’ve been in the business for 32 years. I’ve gone to school here. I wrote my thesis on gambling in Atlantic City. I would love to share that with you some day -- 30 years ago when I went to Princeton, a lot of-- Unfortunately, what I said would happen, has happened down there. I’m sympathetic to that. I think there’s no question we should focus on the economy there, and bringing that under a State organization seems like a great idea.

But similarly, here we have a State organization, we have public and private cooperation. We have a tremendous start. And I’ve consulted for 16 teams in the NFL. I spent a year-and-a-half in New Orleans working on behalf of the NFL, bringing back the New Orleans Saints to New Orleans. And last night was a tremendous celebration of what can be accomplished with the public and the private sector. It’s a great vision. The Federal government, the local government -- believe me, which was a
lot more disorganized and dysfunctional than the State of New Jersey’s
government (laughter) -- was able to rally -- that’s a compliment (laughter) -
and bring $180 million of FEMA money into rallying New Orleans. And
it was a cooperation between sports and entertainment, and saving that city
after the devastation of Katrina. I’ve been part of such developments in
Cleveland, in Baltimore, in places that were a lot worse off than we have it
here. We’ve got a tremendous start here. We’ve got a tremendous new
stadium. We’ve got a great facility, ultimately, in Xanadu once that gets
together. And we’ve got a tremendous opportunity with enthusiastic
support and a vision -- just like the vision 45, 50 years ago when this was
called The Swamps and I was working at a little place called Sportland here
digging golf balls out of the mud. (laughter)

This has a tremendous opportunity. You have what’s in place
to make this happen. The businesses in this area support that. If it takes
gaming revenue to be the engine that drives that, or part of the engine that
drives that, so be it. It will be successful. If you recall, with the original
vision for this place, the racetrack was a real important part of the economic
engine that drove the development of the rest of the Sports Complex.

So I ask you please not to abandon the plan, or not to dump
the Sports and Exposition Authority. Because I haven’t seen the plan. You
asked earlier, Assemblywoman: What’s the vision for Xanadu? What can it
be? I haven’t heard that question asked about what this whole complex
could be. And I challenge you all to make sure that we have an answer for
that before we move forward. (applause)

Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Frank.
MR. VUONO: Thank you.

ASSEMBLYMAN BURZICHELLI: Sir.

JOHN SARACENO Jr.: Not to repeat Frank’s comments, but--
My name is John Saraceno. I’m a developer in (indiscernible) commercial
real estate in the area, and have been involved in the Chamber for a number
of years. Also a Bergen County resident.

Throughout the years we polled a number of different people as
we sort of purchase and acquire different things in the state, and other
states, and in the region. And if you took the 50 best residential or
commercial developers in the Northeast, and removed all the developments,
but left the roads and New York City where it currently is and said, “Put a
thumbtack where you’d first like to buy a piece of real estate and start a
development,” they’d pick the Meadowlands. Without question, there’s
not another spot -- from a vehicular perspective, now with public
transportation and introduction of the train -- anywhere else in the
Northeast that is approximate to New York City and has the availability of
the infrastructure we currently have; and State-controlled lands to avoid
any need for any sort of condemnation or eminent domain to get control of.

So to Frank’s point, and to move it along: This is an
opportunity that if not taken seriously, and to remove the predisposition
that one type of use is to the exclusion of others, will only result in another
failure; and we’ll be sitting back here in two or three years having the same
conversation again. It’s time to get serious about the Meadowlands, it’s
time to get serious about the northern part of the state and make sure that
this great location that we have results in the type of economic engine that
it can. Because without question, it always returns to one thing from all

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aspects of real estate, and that is location, location, location. And there is not a better one than what you have. So anything will work.

And as other states cannibalize and take away casino and gaming, we can't just sit by and allow it to happen at Aqueduct and Yonkers and everywhere else and not have the reality of (indiscernible).

(applause)

ASSEMBLYMAN BURZICHELLI: Thank you, John.

THOMAS H. BRUINOoge, Esq.: Mr. Chairman, thank you.

I want to, first of all, thank Ron for making me a lot younger than I am. I’ve been practicing law here for 42 years, and I’d like to offer this Committee a slightly different perspective.

True, what happens here on site is critically important to the financial wherewithal of the lives of the members of the Meadowlands Regional Chamber. Not just the activity that takes place between our members and the Jets, Giants, or the track, or maybe a Xanadu in the future. But we look at this site as a potential for generating economic activity throughout the entire region. And I would suggest to you that if you look at the history of the site, if you look back 40 years ago -- as Mayor Cassella was referring to -- I knew the site well. I grew up in a house that my great-grandfather built in the middle-1800s on the edge of the meadows here in East Rutherford. I had the luxury and the benefit of hunting out here with my grandfather and my uncle. I had the professional opportunity of being involved in condemnation cases that were part-and-parcel of creating this very location. I remember full well, as a Board of Health
attorney in this town, shutting down illegal dumps that were proliferating in the region.

The most important thing, though, that happened 40 years ago with respect to the region was that we were trying to implement a plan that the Legislature set up with the guidance and leadership of then-Governor Hughes and Governor Cahill. It came about through the Hackensack Meadowlands Development Commission. The idea of developing this region, while it may seem pretty obvious -- Hey, it’s a great place, it’s a great location -- this was not a place that people wanted to invest in years ago -- 40 years ago. And so what was lacking, in terms of bringing development to the region, was credibility -- financial credibility, real ability to make things happen. The credibility came as a consequence of the Sports and Exposition Authority locating a Giants Stadium here and locating a track here. And the world began to realize that you could put capital to work here.

You wouldn’t throw it away. You wouldn’t dump it into a swamp and never see it again. And what you see here is truly important, and what happens here, however, doesn’t simply stay here. What happens here floats out into the 14 communities that make up the Meadowlands District and flows out into the region in general. And the economic activity that takes place here -- the specific activity that takes place here -- has direct impact on the ability of our members, their families, the citizens of this part of the state to realize their full potential.

So when you think about what’s going to happen here, think about what has happened here, and the importance of what occurred here over the last 40 years on the region -- critically important.
Thank you. (applause)

ASSEMBLYMAN BURZICHELLI: Comments well put.

And we have one member of our group who would like to raise a question.

Senator Sarlo -- Paul.

SENATOR SARLO: Thank you.

And I just want to commend the Meadowlands Chamber. They were on the frontlines of the 2014 Super Bowl. And because of their efforts, we’re going to be getting a Super Bowl here in 2014. (applause)

But just to raise-- To follow up on Tom, your last point, and I think this is very important. Most of the country -- even parts of the world, perhaps -- knows of this parcel, of the Meadowlands. The Pope’s been here, the Rolling Stones, Bruce Springsteen concerts -- all the goods. We’ve had Indy Car 500s, Super Bowl champions come through here. We’ve had it all come through here. And that put us on the map.

But what we always lose sight of, if this place was to disappear, is the members of your Chamber, and the small business owners that are in the surrounding communities that extend into Hudson County, Passaic County, and Bergen County. People like Redd Palsi who’s here, who raised a family on a small little restaurant and tavern right outside of here. And when they were building the stadium, was very successful because all the men and women here went there for lunch or for a beer after work. He’s raised a family, and he has a very successful restaurant. If the Meadowlands was to go away, the rippling effect it has on the economy in the State of New Jersey is tremendous because of the small business owners, and other
people who have invested capital beyond this parcel of land. I think that’s the point you were trying to get across, correct?

MR. BRUINOOG: Well, yes, the site isn’t going to go away.

SENATOR SARLO: Right.

MR. BRUINOOG: What goes on on the site is what is critically important. And that’s beyond us. We’re not here to tell you exactly what should happen. Ron has laid out -- and I think what John has said, and Frank has said it, too: Nothing should be excluded from the conversation in terms of potential use, or reuse, or redevelopment, okay? What we’re saying to you is the choices that are ultimately made have impacts far beyond the jobs created on this site. The Meadowlands -- and I have this conversation with people around the state all the time -- they use the word Meadowlands, and some people say the track. Some people say the Meadowlands and think about this 14 -- 23,000, or whatever it is, acre-area called the Hackensack Meadowlands, now called the New Jersey Meadowlands. The reality is that there is a tremendous economic engine, certainly, here at this site. It’s critically important. Taking away the uses that are currently on the site will certainly have an impact on our members, and it will have an impact on what goes on in the region.

It’s beyond my ability-- I mean, look. As you know, I represent a number of large developers; I develop myself, and have built in this region myself. I think there’s a great promise and potential. The fiscal and financial condition of the State of New Jersey puts a responsibility on the Legislature, on the Governor, and all of us to make sure that we take the assets that are in our trust and use them to the fullest possible potential, for the benefit of everybody. It’s not a question of North-South; it’s not a
question of Republican-Democrat; of whatever. It’s all about the future of the State. There’s an opportunity to generate a revenue stream here and in the region that’s beneficial to everybody. (applause)

MR. SIMONCINI: Senator, if we could provide an example recently: Recently the American Idol tryouts were held here. And over the week that the American Idol tryouts were held at the IZOD Center, hotel room occupancy increased 9 percent that week. You’re talking about 5,800 hotel rooms -- almost 550 of which would never have been occupied if the IZOD Center had closed, for a week at $150 a room, plus $100 a day in expenses for every single person who occupied those rooms. That was millions and millions of dollars.

The fulcrum of the IZOD Center’s continued operation wasn’t practical -- it was political. And what we’re saying here at this table is you should let reason prevail as you make decisions. The idea that the IZOD Center should ever have closed was absolute nonsense. There’s no reason to not have an IZOD Center and a Prudential Center except for political pressure. As far as measuring what the impacts of a casino in the Meadowlands will do in Atlantic City, of course it’s a relevant conversation. But the most relevant conversation here is: This is a world-class destination. People should come here from all over the world. People should come here because it’s less expensive and has a different tone than New York City. They should come here because it has the best NFL stadium in the world. They should come here because it is the prototypical thing of its type. You’re not going to get them to come here if you slap things together. They’re going to come because there’s a cohesive vision of what a destination is. And when they come, they’re going to increase not
just the hotel rooms that are here, but they’re going to increase the hotel population to go from 5,400 rooms to 10,000 rooms. Think about the number of jobs that provides: every four hotel rooms is one job.

So this is a growth opportunity for us. And for us to be saying, “Don’t exclude a perspective use,” is for us to say, “Look at the ripples.” Don’t think about the ripple exclusively as, “Is this something that saves our horse racing?” We want to save horse racing too. The Horsemen have been friends of ours forever. This site was built and developed, let’s not forget, on the revenues of horse racing. (applause)

So in closing -- and I know you have to move along, and we very much appreciate the fact that you’ve accommodated our positions here -- we have a lot of resources in our Chamber. These three gentlemen are but 3 of 900 members that we have. Our positions, I think, are well-founded, they’re studied, they’re things that come from a lot of vetting. We would like to continue a dialogue here, but we urge you to not let the kind of considerations that are highly parochial affect what makes New Jersey the possible destination of choice for people who want a particular type of experience in the region. (applause)

ASSEMBLYMAN BURZICHELLI: Gentlemen, thank you.

SENATOR SARLO: Thank you; good job.

ASSEMBLYMAN BURZICHELLI: Thank you, Paul.

SENATOR SARLO: Great input.

ASSEMBLYMAN BURZICHELLI: And as you leave us, let me remind you that both the Senate President and the Assembly Speaker empowered this panel for the very purpose of fact finding; in fact, that the Legislature did not agree in lockstep with what the Hanson Report has
suggested was an ultimate result or idea. So we are here embracing this kind of conversation. We thank you for that, and we’ll be looking forward to working closely as things unfold in the legislative process.

We’ll next call up-- We have a panel representing labor and builders -- the people who work everyday and, unfortunately, have too many members unemployed presently. If you make your way forward, I’ll call names and see who is still with us: Robert Liguori of the Sports Arena Employees Local 137; Steve Sombrotto, United Workers of America Local 621; Kevin O’Brien, Stagehands Local 632; Richard Dressel, International Brotherhood of Electrical Workers, Local 164; Thomas Misciagna, Bergen County Building and Trades Council; and Eric Boyce, the Plumbers Union Local 14. We got two out of six so far -- here we go, now we’re doing good.

And gentlemen, as I’ve asked the panel in front of you, if--Concise and to the point is helpful for us. We’re looking forward to the testimony. And this is obviously a full day, but I think it’s an informative day and a helpful day for those of us serving in the Legislature trying to be helpful and understand what we may do to advance what we all have as the goal, which is to make everything work.

Who would like to start? Would you introduce yourself for everyone so they’ll know, and then we’ll just-- We’ll work from left to right.

THOMAS MISCIA GNA: Good afternoon. My name is Tom Misciagna. I’m the President of the Bergen County Building and Construction Trades Council.

Usually when I’m asked to appear before a council or a board, I talk about jobs, because that’s the business I’m in. I try to provide jobs and promote for the economy. I also sit on the Bergen County Economic
Development Commission. And so what I thought today I would do is, I would like to explain to the board, from organized labor’s point of view, the utter disappointment we had with the publishing of the Hanson Report.

What we expected, from both labor and from an economic point of view, was a delineation of all the problems that the Meadowlands may have, especially dealing with the Racetrack. We also then expected a series of suggested solutions to those problems. We got neither. What we got was simply a statement that there’s a problem there, and we’ll either sell it, or give it away, or close it. Obviously, it’s a laissez-faire attitude that doesn’t have any love for this facility at all -- no feeling. And I don’t know John Hanson, so this is not a personal attack. I know he served on this Commission here for a long time prior. What the purpose of that Report was, it just dashed all of our hopes. We thought -- which, if you negotiate contracts down here at the Authority, which I do, and most of the people on this panel do -- the conversation comes up as to what’s happening. The economics of it are very important when we negotiate contracts. What’s happening is brought up at every negotiation. And everyone has a solution. And the immediate solution is, there certainly needs to be a secondary source of revenue for the Authority, for the racetrack, to maintain in the black. What is that secondary source? It was never addressed by the Hanson Report.

And so we have arguments that go on -- they just transpired with Nick Amato, who is very knowledgeable about Atlantic City, saying one thing: that if we had slots up here it would dilute the gambling in Atlantic City. And yet immediately after he said that, he reiterated how many of the hotels are going under. I have to remind the Committee: We
do not have slots in the Meadowlands. So it is not our fault that there’s another problem that is affecting Atlantic City. Our nation has a problem. The President has been trying to stimulate this economy, but has not been able to reach a fulfillment. We believe that a study should be done -- and I don’t know if there’s any time left -- subjectively, not from the South or the North, if there is such a thing. I mean, New Jersey’s not that big a state. (laughter)

ASSEMBLY SPEAKER OLIVER: That’s right.

ASSEMBLYMAN BURZICHELLI: Well put, Tom. Well put, Tom.

MR. MISCIAGNA: What we should have a study done is from the industry -- what can we do? What are the options we have to save this Racetrack? Those of us who have been here since the beginning of the Racetrack have a wonderful love for it. What is the secondary source of revenue? Is it slots, is it gambling, is it a casino built alongside? And what would be the effect of those slots -- that racino, as it’s called -- what would that effect be on Atlantic City? Are we thoroughly convinced that it would dilute it? I’m not, because I’ve never seen any statistics that so put down that it does affect. (applause)

One of my members said it to me very simply: “If I feel like gambling on a Tuesday night, I’m not driving to Atlantic City, I’m going up to Yonkers.” (applause) I agree, Mr. Chairman, but it’s nice to hear. I don’t get that too often in my union meetings. (laughter)

ASSEMBLYMAN BURZICHELLI: I can appreciate and understand.
MR. MISCIAGNA: So I’ll end those comments. We were there. Our hopes were dashed with that report. Maybe we shouldn’t mention it anymore. Maybe we should go ahead from a more positive standpoint.

ASSEMBLYMAN BURZICHELLI: We are, by the way, as I said -- the Senate President and the Assembly Speaker convened this panel for that very purpose, because our reaction was similar to yours -- is, where’s the rest of it? And that’s what we’re working to fill in so we can have a better understanding and proceed from there.

I assume everyone’s going to make a comment?

Sir, would you-- Thanks.

ROBERT LIGUORI: Thank you, Assemblyman, and thank you panel for coming here to listen to us. We appreciate it very much.

ASSEMBLYMAN BURZICHELLI: That didn’t happen with the Hanson Report, I might add. (laughter)

MR. LIGUORI: That’s right.

ASSEMBLYMAN CAPUTO: Where is Mr. Hanson? (laughter)

MR. LIGUORI: We appreciate you guys being here.

ASSEMBLYMAN BURZICHELLI: And your name again? I’m sorry.

MR. LIGUORI: My name is Robert Liguori.

ASSEMBLYMAN BURZICHELLI: Thanks, Bob. Thank you.

MR. LIGUORI: I’m the business manager of Sports Arena Employees Local 137. We’re affiliated with Laborers’ International Union and the AFL-CIO. And we represent approximately 1,300 in New Jersey, Pennsylvania, and New York City, primarily in the horse racing industry.
Here at the Meadowlands we represent approximately 350 members in the pari-mutuel department, admissions department, cleaning department. We have jockey valets, we have window washers, and we have arena box office staff. We also represent hundreds of members at Monmouth Park Racetrack, and at various racetracks throughout the state and in Pennsylvania. Most of our members at Monmouth Park, obviously because of the nature of the racing there, are seasonal.

The majority of our members, especially here at this facility, are long-term, 30 years members. They’ve been here since this place has opened. Blood, sweat, and tears when we were here six nights a week, when they put up barricades on certain events -- when they had boxing and racing -- to keep the people out of here. I, myself, started here in 1977, trying to break in. I was still in college and, back in the day, I would need 20,000 people to come through the gate -- attendance -- to come through the gate before I would get on. And I was a pari-mutuel clerk, and back in the day I was getting on five and six nights a week. Now we don’t get 20,000 people, or barely 20,000 people, for the Hambletonian. So there’s been a large, large decline, a large sweep, in what’s happened here.

This Racetrack was here before the casinos were here. The primary purpose, if you recall, when the whole concept of a sports complex at the Meadowlands was touted, was creating jobs. So I think we need to keep that focus. It’s hard to believe that we’re in this position today, talking about whether or not we should continue live racing in the state.

I know you’re well aware: This is a multi-billion dollar industry; 13,000-plus jobs; nearly 200,000 acres of farmland, open space,
and how important it is. And by your presence, we know you understand that.

But it’s well worth saving. We have the number one harness track in North America -- not just in the country -- North America. You’re sitting at it, right here, number one harness track. (applause) We can’t turn our back on it. We have the crown jewel at Monmouth Park. Monmouth Park, in thoroughbred racing, is one of the crown jewels in the country. So we need to focus. It’s not a North-South issue; it’s not a casino versus racetrack issue. We need to focus on making both industries strong. Both industries have declined, both industries are hurting. I think if it weren’t for the economic conditions in this country right now, I don’t think we’d be talking about: should we continue racing? Is there a problem in Atlantic City? I think we’d all be thriving like we were when the country was doing better.

So hopefully we can get through this and get to a point where we can look for better days. We don’t have to look far to see success. That’s what’s strange is -- just look across our state borders across the rivers. Pennsylvania, Delaware, New York -- those racetracks, some of those racetracks, were on the verge of collapse before they got racinos. And now they’re thriving. Delaware Park was hanging on by a thread for a couple of years, trying to get a racino passed. And when they did, it skyrocketed. Their purses increased; things were much better.

So I think working together, hand-in-hand, we need to try to recapture some of this revenue that has gone across the state borders, and across the rivers. (applause) Atlantic City can profit from a Meadowlands casino. They can come here, they can operate it, they can share in the
proceeds, they can take those proceeds back down to Atlantic City and help develop and help clean up and fix up, and have programs for Atlantic City. They can take that convenience gambler who wants to come out on a Tuesday night who won’t drive to Atlantic City. Get him in here, get to know him, and comp him to get him to come down to Atlantic City on the weekend. Hell, we could even open up a casino here that runs Monday to Thursday, and then bring those people and give them incentives to go to Atlantic City on a weekend. That would even work here and create revenue.

We should be able to try to maintain what we have here, grow the industry, create more jobs. It’s a billion dollar industry.

In closing, I think it’s important: The new name of the game, as experience -- it’s not a theory, it’s not what do you think if we see it -- it’s convenience gambling. Atlantic City used to offer comps and all these different things to get people down there. It’s convenience gambling. It’s, “I can’t take the two, two-and-a-half hour drive, so I’m going to go across the river to Yonkers.” And wait until Aqueduct opens up. We need to bring them back here, and Atlantic City needs to realize they’ll recoup their losses that are going out of our state. It’ll benefit them, it’ll benefit the State, and it’ll benefit the racetrack. (applause)

Our issue, as you heard and you’ll hear, is simply one issue: jobs, jobs, jobs. And that’ll help the State, that’ll help the economy, and it’s very important. We have the ability to maintain what we have and build upon that. And I think now is the time -- we can’t wait any longer. It’s been talked about, it’s been hashed over. Now is the time. I say build it and they’ll come.
Thank you for your attention. (applause)

SENATOR WHELAN: I’m not sure who’s next.

RICHARD DRESSL: Good afternoon.

Thank you, Chairman, Senator Whelan. And also thank you -- I’m also on the NJSEA as a Commissioner, and I liked your remarks with Dennis, who’s doing a fabulous job in pushing for a plan that could work, that will get the attention of Mr. Hanson again, and could be revisited.

But I’m also here today as the business manager of Local 164 of the IBEW. Counting retirees, it’s right around 4,000 members, 55 percent of which live in Bergen County. I worked, myself, on the construction of this entire facility back in the 70s. I then came back in the early ’80s and I worked on it as an electrical maintenance person here. I left to go in the office, and now I represent the people who work here. And over the years I can remember coming right up here into the Pegasus for the annual employee meeting back -- it was either ’82 or ’83. At that time, horse racing was huge, absolutely huge. I can remember pushing people out the doors on Hambletonian Day. I remember riots starting for a prize fight, because we had indoor closed circuit TV. On a February night with eight inches of snow on the ground -- 8,000 in the people in the stand here -- not to be seen again. But I also remember that in 1983, this place gave $50 million back to the State of New Jersey. And, keep in mind, that was 1983 dollars. Now it’s in deficit spending, and everybody wants to take shots at it. It’s a popular place -- take shots at it.

But this place has generated more projects throughout the state than any other type of construction-generating project maker, to the tune of
some $266 million in bonding that went out to Atlantic City, to Wildwood, to Camden. Everybody who needed it got it.

So it’s bad to paint it with the same brush that, wow, we’re in debt and what are we going to do? Let’s just close this place. But the New York Times on Sunday had it right: It’s wrong to close this place. It’s the premier horse racing facility in North America, and it still is. Get everybody together in the same room. This is a great idea on your part to do this. But get everybody in the same room. We’ve got some good thinkers in the State of New Jersey.

Both can survive. It is not, like it’s been said several times, a North-South issue. We can work together and make both of them happen very well. Just things that came to mind, that I heard this morning, about leveling out the tax situation for casinos, the track, what have you. Allow the sports betting in Atlantic City. I just left Atlantic City. Last week I was down there. And I’m on the Atlantic City Expressway, and I see this sign: 47 miles to Philadelphia; knowing full well that, right from that mile marker, 47 miles is a riverboat right there, with a casino in it. I have to ask, I asked my friends in Atlantic City: How come there’s never been any complaint down here about Dover Downs -- which would only hope to be as magnificent as this place, but because they put slot machines in there and got an organization called NASCAR, the place is booming, right outside of Philadelphia. And why is that? Because I think it’s Harrah’s that operates it. (applause) They’re the only ones-- They talk about diluting the betting dollar. If this place opened up and had slots up here, God forbid I’d hate to see that. Because from everything I’ve read, Atlantic
City’s going to break off and fall into the ocean. (laughter) That’s not the truth.

When this place opened, and two years later Atlantic City opened up, we were the only game in town for gambling east of the Mississippi River. The only other game was Tahoe, Reno, and Vegas, and we all know that. Now I’m sitting here in the Sports Authority. We go to meeting after meeting and we’re trying to figure out ways to make this place come together and become the economic engine that it was. And you have to look out and find that now there’s 38, I believe, casinos east of the Mississippi River; two of them we could have a marathon -- run a marathon, not use a car -- and get to them.

So we can’t allow this place to go down. And again, to echo what the second speaker said about jobs, jobs, jobs. I can remember when I was in the office in the mid-'80s, and the New York Giant named Karl Nelson came down with Hodgkins disease. And I think another one came down, and I think-- I think there was three cases of cancer and, of course, right away, the media jumped all over it. And this became the breeding ground of all carcinogens ever conceived of. My predecessor was asked by the Sports Authority -- because we’ve always had a great relationship -- to see if we could go over our own stats of our own health care and ascertain just how many members of Local 164 had worked here and how many contracted cancer. It turns out that in that short amount of time, from the time the first shovel was put in the ground to -- I want to say it was probably the late '80s, mid-'80s, mid to late '80s, when Karl got sick -- I was surprised to find that over 11,000 jobs were referred to this complex out of my little electrical local -- 11,000. Initial construction, maintenance,
all the improvements, changes, shows, events. And what came down-- And that was just until, perhaps, 1988. Ironically -- and it has nothing to do with this -- but of those three members, one was my father who got cancer from here. Not from here, but during that time.

What I’m trying to show is the amount of jobs we’re talking about. If it just impacted one electrical union to that amount, through the years, I mean-- It’s got to be tens of thousands, at this point, with the creation of the arena, the new Giants stadium, all the work that we’ve done on the stadium over the years. We can’t walk away from that. We can’t walk away from what’s here. I think it’s a time when we’ve got a whole package that we could put together, between Atlantic City and the Meadowlands area, that now we have not one-- It was looked upon -- the Hanson Report -- not one, but two magnificent, magnificent economic engines that can’t be duplicated anywhere else in this country.

Thank you very much. (applause)

**KEVIN O’BRIEN:** Mr. Chairman, and distinguished members of this legislative Committee, thank you for inviting me.

I’m Kevin O’Brien, President of Local 632 IATSE, theatrical stagehands. I represent the theatrical stagehands at this Meadowlands Complex.

We are the behind-the-scenes artists and technicians who construct and execute the theatrical shows, concerts, ice shows, circuses, as well as halftime performances at sporting events. And, right now, I’ve got about 80 of my members over at the stadium rehearsing Green Day and, I believe, the Giants have another artist performing for their opening game.
In addition, we have 40 other members working over at the arena rehearsing Roger Waters -- I’ll get to that in a minute.

In the interest of full disclosure, I am a working president, meaning in addition to being a union official I’m a theatrical rigger, employed at various times by the NJSEA.

While it’s not my intent to debate the various conclusions of the Hanson Report, because we all have our ideas on the veracity of the entire concept, I will state that one positive by-product of the Commission’s finding is that this has become a catalyst for the Senate Majority Leader’s Committee to hold these hearings. And I do appreciate that, and we all thank you -- all of us at this table thank you for that.

I realize that time is at a premium today, so I intend to focus on two specific points: First, I do unequivocally agree with the prevailing wisdom that the IZOD Center should remain open and should foster a cooperative synergy with other public and private entertainment venues -- i.e. the PNC Arts Center, historic City Boardwalk Hall, Rutgers Stadium, Prudential Center, and the New Meadowlands Stadium -- to ensure that competition among them is mutually beneficial, and not counterproductive to their financial success.

It’s noteworthy that in the past 26 months, two major arenas operating in northern New Jersey alone have driven an increase of 222 events. That’s a 58 percent increase above the norm. Recent events have proven already that this cooperative synergy between the IZOD Center and Prudential is coming to fruition. When a scheduling conflict arose to the ongoing Roger Waters tour that I just mentioned -- The Wall -- at the IZOD Center, WWE Raw moved to the Prudential Center. In turn, when a
date wasn’t available due to a Devils game this November, Justin Bieber’s November swing back around into northern New Jersey was now moved to the IZOD Center, because the Devils could not give up their date of playing.

As an aside, it was due to the marketing genius of the NJSEA, which has sealed the deals to rehearse Madonna’s 2009 tour, Bruce Springsteen’s recent tour, Marc Anthony’s rehearsals, and Jennifer Lopez’s tour. So it dismays me when the day after the Hanson Report surfaced, the Star-Ledger basically called for the demise and the closure of the NJSEA.

It can’t be stressed highly enough that these ongoing events have created additional employment of residents of our great state. I should add that this also has provided not only for my stagehands, but for the electricians, the carpenters, the food service workers, the laborers, the ticket sellers, security guards, (indiscernible) -- all under the NJSEA banner.

The recent announcement that Madison Square Garden’s renovation will span three summers as the WNBA’s Liberty’s home court will be in Newark during the renovation, has cemented them as the sports venue; and, in turn, this has further solidified the IZOD Center as the entertainment venue. Because it is our understanding that those events that were scheduled -- or would have been scheduled at Madison Square Garden will now be focusing towards the IZOD Center.

As a destination-related economy driven by tourism to the Meadowlands, it can be a sustaining economic tool creating thousands of jobs and needed tax revenue. Nowhere is this more evident than the awarding of the 2014 Super Bowl to the New Meadowlands Stadium. And it’s my understanding that both the IZOD Center and the Meadowlands
Racetrack -- these rooms that we’re in, right now -- were included, in the Jets-Giants bid to land the Super Bowl, as venues to host the NFL Experience -- both this venue and the IZOD Center.

Now, I’m going to address another point -- sports betting. To borrow an epiphany from Jim Kirkos of the Meadowlands Regional Chamber of Commerce: Every state that borders New Jersey has saved its horse racing industry with gaming. And if we do not run toward a gaming solution, we will lose ours completely. Sports betting will create thousands of jobs throughout the state, and by some estimates may bring in over $200 million annually for the State of New Jersey. Many share the opinion--Many in this room -- forget about the constituents of yours -- many in this room, as well as everybody outside of New Jersey, share the fact, this idea, that prohibiting sports betting is ludicrous. With Senator Sweeney’s litigation, and with the support of Senator Lesniak, I believe that this ban will be overturned. When it comes here, sports betting can help the racetracks, Atlantic City, and the rest of the State as well. Doing it right means approving the sports betting in Atlantic City and throughout New Jersey. This will bring additional people to Atlantic City and back to the tracks. Allowing sports betting at the Meadowlands and Monmouth Park will breathe new life into these tracks. Can you imagine what would happen if a sports bar with a sports book would be put in this room? It would be incredible; it would be phenomenal. (applause)

So in closing, I’m here mainly to advocate for jobs and economic development that will enhance revenues to our State and help us grow out of this fiscal dilemma we’re in. New Jersey’s entertainment,
sports, and gaming entities can once again become a great economic engine not only for the Meadowlands, but for Atlantic City and all of New Jersey.

You know, I was talking with a roadie. We have different factions in our business: there are roadmen, there are touring artists, and there are stagehands, and the local crews. And I was talking with one of the roadies yesterday, and we were surmising what’s happened with sporting alone. It’s becoming what’s called *sportainment*. That’s why we have Green Day opening the Jets game. That’s why we have the opening act for the Giants. That’s why we had the opening last night for the New Orleans Saints.

So we must have the courage to dream about what the possibilities are, and act on them. Because indecision is no longer -- no longer, no longer -- an option. (applause) There are solutions which need to be explored and, I believe, with all of us, with us at this table, people in the back of this room and you -- our representatives that we have voted for -- you people can work with us, put our shoulders to the wheel, and we will prevail.

Again I thank you for this opportunity to address this Committee; and again, Senate President, Majority Leader, I really appreciate the fact that you have taken the bull by the horns and brought this up to North Jersey, as well as South Jersey; and I understand there’s going to be a third hearing. We really appreciate your proactive stance on this. (applause)

SENATOR WHELAN: Thank you.

Eric Boyce. Eric.

ERIC BOYCE: Thank you, Senator.
And I would like to say good afternoon and thank you for this opportunity to speak on behalf of my union brothers and sisters. I’m the business manager of Plumbers Local 24 -- 1,700 members in northern New Jersey. And particularly thank Senate President Sweeney and Speaker Oliver for recognizing the shortcomings of the Hanson Report and the Administration’s quick decision that maybe we don’t need to be here. Public hearings are a valuable tool, but only when the folks who are chairing the hearings and holding the hearings are listening. And I have had the good fortune to work with most folks on this panel in one fashion or another, and I know that truly we can count on actually being heard -- many of the speakers today.

I’m glad that so many folks have gone out of their way to say this is not a North or South issue, this is a New Jersey issue; and clearly it is. I’m very proud that the organizations that I belong to, in the pipe trades and the New Jersey building trades, have worked hard at communicating throughout this entire time to not let anybody play us against one another or set this up as that.

I am as interested in every project that can go forward, and Atlantic City being thriving, and all of south New Jersey, as I am right here for my own area in the Meadowlands and northern New Jersey.

I had the good fortune of being told very early on, when I had the privilege to become an elected official in my union, to never forget the very basic responsibility and job that we have: and that was to provide for and feed families. It’s not anymore complicated than that. Sometimes it seems like it is, but that’s what’s at its most basic core. And you understand all that. And that’s all we’re trying to do -- is to feed our
families, not only within the trades and within our unions, but all the other folks that earn a living from here. We just want to be heard, and let it be known that we want to feed families, but we don’t see the need for anybody to have to eat off anybody else’s plate. There’s a way to do this where everybody can move forward here.

We greatly appreciate the support that’s been voiced for Xanadu here today. Obviously that’s a key piece to what we hope for, for going forward. But it’s hard to imagine how not allowing the Meadowlands to move forward -- closing it down, shutting it down, not allowing it to be all it can be -- could possibly be good for the efforts being made to jumpstart Xanadu or for its successful operation once it is actually open. In addition to that, with the Super Bowl on its way, now is certainly no time to abandon the Meadowlands and ignore the valuable asset that it has been for this region.

The attorney who spoke before: the Meadowlands is truly the region. It is -- it is a big chunk of northern New Jersey and it’s not just this parcel of land. But this is no time to ignore the asset that it has been, or that it can be. If we can give the Racetrack all of the tools that they need -- whether that’s additional gambling, or gaming, or whatever you folks feel that should be -- to play on a level playing field with the other racinos in surrounding states-- This is a great venue, we’ve done a lot of jobs here, and ancillary jobs that come out of here.

I’ve heard and read the phrase a lot about subsidizing the racing industry. We’ve heard about subsidizing the casino industry. I submit that what one reasonable and concerned person sees as a subsidy, other reasonable and concerned people see as compensation to an entity
that’s kind of been frozen out of a very important part of an industry that other folks have been given a monopoly to in New Jersey.

Certainly I recognize that I wasn’t put on this panel because I have the magic answer -- although I have one suggestion: The building trades certainly has to have more gamblers and horse players per capita than any other organization. (laughter) If you get us back to work, you’re going to see a lot more action in Atlantic City, and you’re going to see a lot more action at the Meadowlands and Monmouth Park. (laughter and applause) That might be a little simplistic, but I guarantee you, that is a fact. (laughter)

Increased gaming at the Meadowlands not only keeps the men and women employed directly by the racing industry, it also allows so many other related businesses and workers to prosper and provide for their families; which, again, is what we’re all about here. We believe this allows for the greatest opportunity to draw the interest of new, private investment for the Meadowlands Complex and for the region that we refer to as the Meadowlands. Just allowing the Meadowlands to fall by the wayside and shut down may put future development of this site and this area all the way back to square one. And that’s a very, very scary thought, because unfortunately, I’m sad to say, the track record just as a State -- the State of New Jersey -- for approving, and moving along, and fast-tracking major projects and economic development projects is terrible. And we don’t have to look any further than right across the street at Xanadu for proof of that. The years and years of hearings -- hundred of hearings; the meetings; the thousand-plus permits that were necessary; literally tens of millions of
dollars in unnecessary soft costs they would not have endured anywhere else.

And this is where Senator Sarlo’s going to roll his head and say, “Here he goes again.” But I always refer to this -- is that what the story ought to be in the newspapers about Xanadu isn’t, “Will it go again, will it open?” If this was built anywhere else, the story would be how many of the thousands of people who have been working there for the last three or four years could survive this recession. Because any place else, that facility would have been built and operational at least four years ago. And to put this facility now -- this site -- going back to square one is a scary proposition.

We heard from Mr. Zezas, I believe -- it was the real estate expert here -- who said that some major development here would be years in the planning and making. And that’s just-- We’ll have folks who can’t stay here, who will need other careers. They’ll have to work another two or three other jobs to make up what they would have lost here. The fact that developers stuck with the Xanadu project through all we put them through certainly speaks to the value -- the tremendous value --- that being in this area is, and its access to such a vast and diversified population and the infrastructure.

Our new stadium, the new infrastructure, the new rail station -- they all only enhance the value of this site and this area. The Meadowlands has been a tremendous economic engine, along with the waterfront up here, for more than 20 years. There’s a master plan that’s been approved as part of the Xanadu. I would hope that as the powers that be -- all the folks on this Committee and the entire Legislature -- that whatever is finally decided,
we make sure we pursue opportunities and investment for this site that can allow what’s been approved, and move forward quickly and successfully.

As I said, we cannot allow the future of this site to be a project that needs to take shape over the course of 10 years. I recognize that even with all that’s been done-- We all agree that Atlantic City and the Meadowlands can certainly be more. We’ve got to get into all the reasons why, and all the opinions why. We need to keep our eye on the ball, work constructively together, and allow both destinations to thrive and attract and fast track the economic development that this State so desperately needs.

We also need to recognize that to do better throughout the state, our policies that are strangling the construction industry -- which I know we can all agree that construction is certainly an industry we need to have strong and have thrive if we intend to have a strong statewide economy.

I want to take this opportunity again to thank all of you, but to thank all the members -- union members, workers, and other concerned folks -- who came out today. How much I appreciate what they’ve done, how proud I am of what they’ve done. But the sad part of it is, not a single one of them had to miss work to come here today, with unemployment of up to 40 and 50 percent. That’s the devastating level, the heartbreaking level of unemployment that we’ve got.

I just refuse to believe that with the hardworking and well-intentioned folks on this Committee and the leadership -- and I am fortunate to have relationships with most of you up here on other issues -- that there’s not a commonsense, realistic way where everyone can profit,
where all the stakeholders can be here, can be part of a solution, where we can all thrive, we can all move forward as one state. As Tommy said, we’re not that big; our issues are the same. I don’t mean for this area to be any further ahead or on a faster track than anybody else in southern New Jersey. There’s no reason we can’t do this in a way that we all benefit by.

With that, I will say thank you again, and I appreciate this opportunity. I look forward to working in any way, shape, or form we have to to make this all work. Thank you. (applause)

ASSEMBLYMAN BURZICHELLI: Thank you.

I had to step aside, but I listened to the testimony over the public address system. And I want to thank all of you, as Chairman, for well-spoken presentations.

Senator Sarlo, we’ll start with him. We have three questions to ask, and Steve, you want to go-- Senator Sarlo first, then we move over to Assemblyman Caputo, and back to the Senate President.

SENATOR SARLO: You all touched upon it in many different ways. I think when the Hanson Report was issued, we all were-- And I speak to all of you on sometimes a daily basis. And I think we were all hoping to pick up the phone and call each other after the Hanson Report was issued to talk about, “Hey, isn’t this going to be great? Let’s start putting those wheels in motion.” And how disappointed everyone was. Tom, you hit it the best. This piece of paper came out and it basically said nothing for a very, very important piece of real estate here in New Jersey and, perhaps, as I said before, on the entire East Coast.

So we were all disappointed. And just the refusal to not have an open dialogue on the various potentials of things-- You know, I think we
all watched the New Orleans Saints last night, but could you imagine if we had your men and women build a state-of-the-art hotel at this site with sports betting -- just the sports betting. Forget casinos -- just a sports betting parlor with great restaurants and great sports bar -- how packed it would be. There are opportunities.

But for some reason, the Governor and his advisors don’t want to hear them. Every time there’s an opportunity, they just kind of turn their back and they’re trying to put all their eggs in one basket.

I want to commend Senate President Sweeney and Speaker Oliver, because they’ve made this a statewide issue, and they said the Hanson Report is going to go on the shelf and we’re going to come up with our own plan. One way or another, we may not all be happy with all the aspects of it, but there has to be something in it for everyone. And you’ve got my commitment. We’re going to make sure that this place stays vibrant to maintain the jobs we have going here today, and the jobs going tomorrow.

And just to say one other thing, Eric: When I was driving down here, I know Tommy and I, we enjoyed the welcome we got out there. Tommy, we were like rock stars out there, speaking to the men and women. But I have to honest with you: When I was driving here, I was hoping to see nobody. I was hoping to see no men and women here, because you know what? That means they were working some place today. That means they had their tool belt on, they were swinging a hammer. Unfortunately, they were here supporting us and supporting the Meadowlands. But I was hoping not to see man or woman out there. We all need to get back them to work. We have an obligation to their families. (applause)
ASSEMBLYMAN BURZICHELLI: Thank you, Paul.

Assemblyman Caputo -- Ralph.

ASSEMBLYMAN CAPUTO: First of all, I want to echo Senator Sarlo’s remarks. They were very well put.

One of the things that disturbs me about all of this is that I have nothing against Mr. Hanson, I have never met him. But I think it’s insulting to this Committee and to all the good people who are working in all the industries -- the Atlantic City industry and also here, that we haven’t had anyone from the Hanson Report to face us.

SENATOR WHELAN: Excuse me, Ralph--

ASSEMBLYMAN CAPUTO: Hopefully, we’re going to have that--

ASSEMBLYMAN BURZICHELLI: (Indiscernible)

ASSEMBLYMAN CAPUTO: --in Monmouth. But you know what? I understand that--

SENATOR WHELAN: Yes, we will have that. Mr. Hanson is committed to being at the Monmouth hearing.

ASSEMBLYMAN CAPUTO: But I want to underscore that. I think that with the urgency of the needs of the people of the State of New Jersey in regard to all these problems, we should have had representation right from the get-go. Beside the point. Hopefully we’ll see Mr. Hanson in the future.

The other thing is, I’d like to propose this question to the panel, because I want to be educated about the Xanadu project: Why do you think the project failed? Can anybody answer that question? From
your perspective, as people who work in the industry, in the building trades. I want a candid answer, candid answer.

MR. BOYCE: Because we just make it too damn hard to do anything in the State of New Jersey -- that’s a candid answer. (applause) We heard Mr. Robinson talk about how the State of New Jersey, with the way that the State and the Authority -- couldn’t get moving on anything, out of four sites that they’ve identified.

And in answering Senator Sweeney’s question, we’re not building something that’s going to be a nuisance to the neighbors or anything like that. I mean, Buzzy (phonetic spelling) said he found out that the original (indiscernible) report -- he thought he remembered coming out about the original Empire Tract, which was the genesis of all this -- was 1986. Years of hearings, more hearings, more hearings, more hearings, more controversy, more meetings, more hearings, 1,100 permits that the developer had to endure. And as I say, in any place else, we’d had been open for business. But because it wasn’t open for business, when the economic downturn came, when Lehman Brothers -- I think, $400 million or $500 million was part of it -- when they went under, the financing was gone. There was no more money. So as I said, anywhere else the story would have been, “God, I hope all these people keep their jobs at Xanadu,” rather than, “Gee, that never happened.”

ASSEMBLYMAN CAPUTO: So the State had a big responsibility in making things difficult. And I think Assemblyman Burzichelli--

MR. BOYCE: The State, and local; I mean, everybody. There’s no shortage.
ASSEMBLYMAN CAPUTO: --has tried to propose legislation to try to eradicate a lot of that red tape so that things like that would not happen in the future. But it’s an important point, for us to go forward, to understand that this project has a mutual failure on everyone’s part in terms of the State, the developers, etc. And that’s why we’re looking at two bad signs in the State of New Jersey. You’re talking about North and South: the Revel Project in Atlantic City, just standing there, investors walking away; and then Xanadu. And something has to be done about both of those if we’re going to do something in terms of the entire State of New Jersey. They are the thorns that we’re looking at, here in the North and one in the south, which is horrible. So we have to deal with that.

MR. BOYCE: And it also speaks to, Assemblyman, what’s so scary about nothing being here. I know everyone says, “Well, it could never be nothing.” Well, no, maybe not over the long haul it will never be nothing, but where it is-- But I’ll tell you what -- for a good, damn, long time it could be nothing while we figure out what we’re going to do, and when we get it approved, and when we settle enough lawsuits, and when we figure out how many frogs we have to move and set something else up for it, and everything else--

ASSEMBLYMAN CAPUTO: We have to pick up--

MR. BOYCE: Believe me, it could be nothing for a good, long while. And that matters to the people here today.

ASSEMBLYMAN CAPUTO: And I also want you to know that all of us who deal with-- We talk to union reps all the time, presidents, etc. And all of you guys -- I don’t know why you’re not alcoholics, because I know you’re getting hundreds of calls every day from people who are out
of work. I don’t know how you put up with it; it’s very difficult. Women crying, wives crying, men who are very, very distraught about their future. So it isn’t that-- Personally, I understand it, and I think the members of the Committee understand it. It’s a horrible state of affairs when somebody doesn’t have a job.

The other point I want to bring out is that I want to commend one of the members on the right-- You’re name again?

MR. LIGUORI: Bob Liguori.

ASSEMBLYMAN CAPUTO: We met, didn’t we, Bob?

MR. LIGUORI: Yes, yes, Assemblyman.

ASSEMBLYMAN CAPUTO: And you stole some of my ideas, which I appreciate. (laughter) But I think you brought out the basic premise here -- is that we have to compromise. For example: If, hypothetically, there were VLTs, or casinos, etc., or whatever, we may not be able to operate all days of the week, because Atlantic City has a weekend business that’s strong that should probably be negotiated. And the other part of the solution is to allow -- we have to reiterate this: to involve Atlantic City in this investment. In other words, let’s put a consortium together so that they can share in these profits. Instead of kicking out $30 million a year for the racing industry, they should be taking money out of this destination for their own purposes. So I don’t have all the details, but I really think they have to come together in terms of dealing with this; that it’s not a threat. Atlantic City is not a threat to us, and we’re not a threat to them.

And I think that out of everything that’s been said here today, I think that’s the basic thread that’s been laid down in terms of our future.
That we have to work together with both industries, otherwise we’re going to lose both of them. There’s a danger here that if we don’t make the right choices, we could have the horse racing industry out of business and the casino business out. And that would be devastating to the State of New Jersey. That’s how important the compromises that have to be made, in regard to what we’re trying to accomplish. So that’s what I want to say in regard to that.

ASSEMBLYMAN BURZICHELLI: Thank you, Ralph.

Moving over to Senator Lesniak, then we have the Senate President, then we’re going to close with Assemblywoman Wagner.

SENATOR LESNIAK: I just have one question. And I don’t know the answer to this question because the Hanson Report was prepared in secret, and we don’t know who was consulted. Were any of you guys consulted in preparation of the Hanson Report?

ALL MEMBERS OF PANEL: No.

SENATOR LESNIAK: Not one of you?

MR. LIGUORI: Not at all; no sir.

MR. BOYCE: No, not at all, Senator.

MR. O’BRIEN: No, sir.

MR. DRESSEL: Could I comment on that, real quickly?

ASSEMBLYMAN BURZICHELLI: Quickly would be good.

MR. DRESSEL: I’m amazed, as somebody who represents organized labor, but also sitting as a Commissioner on the board here. The fact is that Mr. Hanson was Chairman of this board for many, many years; now he left that position -- is it a vindictive move that this occurred? He
just threw us under a bus, which we don’t realize the size of the proportions of that bus.

Getting back to your statement, Mr. Caputo -- Assemblyman Caputo: Eric had the numbers wrong a little bit: It took 900 -- over 900 separate permits to get that building across the street to where it is today. They’re projecting another 250 to 300 permits to get it done.

ASSEMBLYMAN BURZICHELLI: The lawyers and engineers have to work too, I guess. (laughter)

Senate President Sweeney -- Steve.

SENATE PRESIDENT SWEENEY: Thank you, Chairman.

And to the panel, I appreciate your testimony. And understand something: The purpose of this is to fix what’s wrong with the Hanson Report. There were winners and losers. We’re not going to have anybody a loser. This economy is fragile. One job lost is one job too many. And we’re going to work to ensure that the horse racing industry stays viable, and that we help each other -- because it is one state. And we are not going to allow anything to fail. Failure is not an option here. (applause) And I guarantee you we will not.

ASSEMBLYMAN BURZICHELLI: Thank you, Senate President.

We’re going to close this round for this panel with Assemblywoman Wagner.

Connie.

ASSEMBLYWOMAN WAGNER: Yes, thank you.

In regard to the Hanson Report: The one positive thing is that it did generate this discussion here today. I am a legislator; I am listening
here today because I don’t have the answers and I need to put the pieces together.

What I became terribly upset about was, in the media, I had to read that this hearing was referred to as a *dog and pony show*. This is not a dog and pony show, and I thank our leadership in the Senate and in the Assembly for sponsoring this today, because I’m hearing facts that I have not heard before.

Eric, you mentioned about a master plan, and if we wait to develop this master plan, we will have more and more people without jobs. And I heard your message. I am totally convinced that we can develop this master plan, but that we can take those first steps with some very simple solutions to do it now. Does anybody here -- because I have my ideas already of some simple solutions that we can do to make sure that this horse racing industry survives, and that the casinos survive. I’m interested in hearing you who are out there every day, facing the people who are unemployed.

**ASSEMBLYMAN BURZICHELLI:** Thank you, Connie.

And gentlemen, thank you very much for today’s presentation, and for your contribution and your efforts on behalf of your members, so we all continue to strive for the same thing. (applause)

The next group up-- We’d like to call up Constantino Milano from Hartz Mountain Industries, and Tom Meyers from the Fort Lee Film Commission. It’s a small panel, but two important people that we’d like to hear from. Are both of them still here?

You must be Tom?

**CONSTANTINO T. MILANO:** No. Constantino Milano.
ASSEMBLYMAN BURZICHELLI: Sorry—Constantino; I’m sorry.

You’re Tom. I can only be wrong so many times there if there are only two people.

Let me welcome both of you with your presentation. Constantino, would you care to go first? And then we’ll have questions as we finish.

Thank you.

Mr. Milano: Mr. Chairman, members of the Committee, thank you for having me here today.

My name is Constantino Milano. I’m Executive Vice President of Finance and Leasing for Hartz Mountain Industries. Many of you know us, many of you don’t, but we’re a real estate developer. Most of our assets are in the Meadowlands. We have 30 million square feet. And I’m here to talk about Xanadu. I just want the Committee to know that I was scheduled to speak earlier. I was moved from one panel, and I was moved again. There are people here who don’t want to hear us, but I am here. I did wait.

ASSEMBLYMAN BURZICHELLI: May I say to you that I apologize to you. Sometimes these things can be free-flowing. We do want to hear from you.

MR. MILANO: Okay.

ASSEMBLYMAN BURZICHELLI: And you are our welcome guest.

MR. MILANO: Okay, I appreciate that.
I want to talk about Xanadu; I want to tell you why that project needs to be completed, it needs to be completed quickly. I want to tell you what went wrong with it, and how it can be fixed. And we need to go forward. That’s my objective.

The Hanson Report references State bond support. And we had a member of the lender group requesting State bond support. Now, if you read the Hanson Report, it doesn’t describe the support for the bonds to be sold in incremental tax revenue. Well, that won’t be the case. They are going to come back to you, and ask the public to provide support -- financial support -- in hundreds of millions of dollars to complete a project that is stale. And we think it needs to completed, but it needs to be completed with just private capital, and not State support.

If you remember, back in 1974, when the Sports Authority issued $300 million of bonds, it told the public the State wasn’t guaranteeing the bonds. But when they got to the market, and the regulating agencies looked at the collateral being solely the horse racing revenue, they came back to the State and said, “We can’t issue these bonds; we need the State support.”

So I don’t think that needs to be done. I think that the project can be completed with private capital. The reason why the project failed was because it was ill-conceived from day one. The project is 2.2 million square feet. It was started in 2003. The Mills Corporation was attempting to lease this for four years before it went bankrupt. The reason why it couldn’t be leased is because the rents were $100 a square foot. The project cost $1,000 a square foot. And just for the Committee’s information, the Palisades Mall cost $650 million and it’s 2.2 million square feet -- the same
size as Xanadu -- which is $300 per square foot. They already spent $1,000 a square foot in Xanadu, and they need another $300 per square foot.

So I suggest to you, it’s a huge problem. And it’s not because of lack of permits or delays by the government. It’s because it’s an ill-conceived project. It can’t be leased in its current form. And it needs money, and shouldn’t come from the government. What we need to do is--
You need gambling in the Meadowlands -- you absolutely need it. If you don’t have it, Xanadu is going to fail.

ASSEMBLYMAN BURZICHELLI: I’m sorry.

MR. MILANO: And I think you need full gambling. I don’t think you can do it with just slots. The State is losing gambling money -- this is a fact. We have net outflows of gambling going to Pennsylvania, New York, Connecticut. And if we were to have gambling in New Jersey, we would have that inflow, not outflows. It would have to be a difference of hundreds of millions of dollars on a macroeconomic basis. The gross revenue from gambling would absolutely increase if you let gambling in the Meadowlands areas -- actually, probably, the highest and best use, it would complement Xanadu, and it would enable it to complete the project.

I think you need to write the Doublemint (phonetic spelling) team. You have a project that the Mills started -- they lost $500 million. They didn’t even sell the project to Colony Capital -- they gave Colony Capital $170 million to take it. Colony came in and lost $500 million. The lender group lent $650 million. And today, we have a product that can’t open. And what they’re suggesting to you is that the private capital markets won’t touch it. There is no private equity out there to complete the project that is coming to you, as our State Legislature, to say, “You
know, gee whiz, you’ve got to finance this disaster, because it’s never going to open.” But the problem is, you have to put money into it. You have to guarantee those bonds. The project will probably fail because it’s 2.2 million square feet of space that can’t be leased -- and that’s been demonstrated by the Mills’ lack of leasing in the best leasing market in probably the last 50 years -- between 2003 and 2007. What makes you think someone’s going to lease it now, with additional State money?

So I encourage you not to provide additional support. I encourage you to seriously consider gaming in the Meadowlands to support the completion of Xanadu without public assistance. I think that the project needs to be completed quickly. I think if you delay this that it will never be completed. If this doesn’t happen in the next 12 to 24 months, the project is already stigmatized. And I think if you get out 12 to 24 months, it may never open.

So I encourage you to act quickly. It’s good for the region, it can create a lot of jobs. And I appreciate your time today.

Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Mr. Milano.

Senator Lesniak asks to direct a question. Normally we would hear from Tom first. But Raymond, would you like to jump in quickly? And then I want to hear from Tom.

SENATOR LESNIAK: Thank you.

I just want to set the record straight, because the tax incremental financing that you referred to that could be used to -- for both Xanadu and Revel -- because I sponsored it -- does not provide for any State guarantees. It would be private financing, not -- without any State
guarantees. So if anybody takes (indiscernible), it will be the bondholders, it will not be the State. And the only way these two projects will survive -- and I do support your other proposals -- is a private-public partnership that will involve no money from the State, taking no money from the State -- only future tax revenues, that won’t be there if those projects don’t get built.

So whether you support it or not, that’s a public policy issue. But I just want to make it clear: We’re not talking about any State guarantees.

ASSEMBLYMAN BURZICHELLI: Thank you, Senator.

MR. MILANO: And Senator, I’d just like to make one comment to that.

We’re talking about incremental sales tax revenues. And this project needs to be designed and completed so that they are truly incremental tax revenue, and not parasite revenue off competing projects in the State of New Jersey. Because what happens in that situation is that incremental tax dollars goes to the Xanadu project developers, versus to the State coffers for general accounting. So that’s why I encourage a concept that would not compete with local businesses, and that would actually bring dollars into the State.

SENATOR LESNIAK: I’m sorry, I’m not disagreeing with--

ASSEMBLYMAN BURZICHELLI: I think that’s what--

Excuse me, Senator. I think that’s what the Senator has in mind--

SENATOR LESNIAK: Yes, I’m not--

ASSEMBLYMAN BURZICHELLI: --and that’s what he’s outlined.
SENATOR LESNIAK: Exactly. I’m not disagreeing with that. I just want to make it clear. There are no State guarantees under that concept.

MR. MILANO: Thank you.

ASSEMBLYMAN BURZICHELLI: Very clear.

Tom, we’ll hear from you on the Film Commission.

TOM MEYERS: Sure. Thank you very much. I really appreciate the opportunity. You’ve certainly been very inclusive to include our organization.

I represent the Fort Lee Film Commission. We’re one of the few film commissions in the State of New Jersey. I’m a lifelong resident of Bergen County. And I’m going to be the first one to say this at this panel today: I actually placed $2 bets at this facility many times, and I enjoyed it many times. Harness racing is second-to-none. None of us in this region want to see the Meadowlands without harness racing and without thoroughbred racing.

ASSEMBLYMAN BURZICHELLI: And Assemblyman Caputo is taking all the $2 wagers (laughter) for the remainder of the afternoon.

MR. MEYERS: But we’ve had a lot of fun over the years seeing people like John Campbell, and Cat Manzi, and real great professionals in the racing industry.

But I’m not here about racing, so to speak. I’m here to give you another perspective. I’m happy to share my time here with the representative who has a lot of knowledge about what goes on here. We’re just adding another element to that.
I think Dennis Robinson was on the point with most of what he said. He spoke about Disney. Let’s talk about Disney and synergy. Disney -- and I worked for Disney at ABC for many years -- Disney was always a company that talked about synergy, about taking one part of their corporation and spinning it off and making it another part just as important. What is the synergy of the Meadowlands today? We have the IZOD Center, thank God; we have a second-to-none, wonderful new stadium; we have a racetrack here; and we have Xanadu. I’m here to speak about Xanadu.

This is about gambling today. I’m asking you to take another look and maybe make the biggest gamble you can on an industry born in this state. The film industry -- the American film industry -- was born in this state not very far from here -- Thomas Edison. The first film town in this nation was not Hollywood, it was Fort Lee. It employed hundreds and thousands of people, and not just in Fort Lee, but in the entire region. That was an industry that, because of some mismanagement and good weather in California, we lost to a large degree. But we can get it back, and that could add the missing ingredient. Because the American Film Institute says, and most Americans would agree, that the most important American is Citizen Kane. And you know as well as I, Orson Welles plays a character called Charles Foster Kane. What was that fictional palace he lived in? Xanadu.

Xanadu. That has a connection to our future, which is looking back to the past if you take a small element of Xanadu and consider it for, maybe, building a studio -- a state-of-the-art studio. You have the infrastructure here, you have proximity to Manhattan, you have what Manhattan and Queens cannot offer: You have abundant parking, you
have union employees here, you have every kind of industry in this area that can support it. The State Film Commission has a study done about what would happen if you bring a large-scale studio here. It would play off everything you have here. It would support retail, it would support the sports entity, it would support the IZOD Center. And really something to think about: It would bring back a lot of jobs to this State.

So we certainly support that. We support your actions. I’d just like to end by saying the city and state of New York actively supports their industry with a tax incentive program. We lost that tax incentive program with the Governor’s latest action. We’re hoping that you as leaders in our State can convince the Governor, and can work on a new plan to reinvent the tax incentive for film and television. If you combine that with putting a large, state-of-the-art facility in Xanadu -- just a part of Xanadu, maybe the Cabela space -- you will see the synergy you need to make not only the racing successful here, but every part of this complex successful.

So I very much thank you for the time you’ve given me, and I appreciate the work you’re doing. And I thank you, as a resident of the State of New Jersey. (applause)

ASSEMBLYMAN BURZICHELLI: Thank you, Tom. Thank both of you for your contribution today. And we may be calling on you for details, and other odds and ends associated with your testimony related to the work of this Committee.

Next, we’re going to bring up a group that, I think, has got a real interest -- not that the others haven’t -- but a real interest in where we sit today -- horse owners, trainers -- to discuss the economic impact of this great legacy industry in this State. Please make your way forward: Tom
Luchento, President of Standardbred Breeders Association of New Jersey; John Forbes, New Jersey Thoroughbred Horsemen’s Association; Mike Tanner, United States Trotting Association; Karyn Malinowski, Rutgers University; George Hall, Hall Institute of New Jersey; and Eugene Christiansen, Christiansen Capital Advisors. I hope we have enough seats.

I’m told because of scheduling and family issues, we’re going to ask Tom to speak first. Where’s Tom? There’s Tom. I’m sorry, Tom, I’m not used to seeing you in a tie. It threw me. (laughter)

**THOMAS F. LUCHENTO:** Correct.

**ASSEMBLYMAN BURZICHELLI:** So Tom, we’ll start with you; and as we move down, a number of the faces are familiar to me. We’d just ask that you reintroduce yourself to the Committee.

And may I say to all of you: You’ve taken time to be here, and we appreciate it. The fact that our members are rotating in and out today is because of the length of the day, but this proceeding is recorded -- it’s part of the public record. So what you say is important and will be heard.

Tom, we’ll start with you. Introduce yourself to the Committee.

**MR. LUCHENTO:** I’m Tom Luchento, President of the Standardbred Breeders & Owners Association of New Jersey.

Good afternoon, Senators, Assemblymen and Assemblywomen.

We are sitting here in the Pegasus Dining Room, which for many years was New Jersey’s answer to the Windows on the World, offering fine dining, a million-dollar view, and great racing entertainment.

And for three decades I was a horseman -- sitting in the sulky, racing horses here as an owner, driver, and trainer. I’ve put away my racing
colors, and now come before you as President of the Standardbred Breeders & Owners Association of New Jersey. I am honored to represent the drivers, trainers, owners, breeders, caretakers, and all the thousands of people who make up the standardbred racing community in New Jersey.

And we are a community. We are taxpaying citizens who have planted our roots in New Jersey, many investing in our farmland, keeping the green in the Garden State. Our corporate headquarters are not in other states, but here in New Jersey where we shop in the stores, barbecue with our neighbors, educate our children, pay our taxes, and pay tolls on the New Jersey Turnpike as we bring horses to race at the Meadowlands and Freehold Raceway.

For a long time, all roads would lead horsemen to the Meadowlands. It offered not only the richest purses in our industry, but also the most spectacular facility, with a barn area and racing surface second-to-none.

Now we are experiencing an exodus of horsemen that endangers the future of racing in New Jersey, and will lead to the sale of horse farms and their development into housing and malls -- a loss of 20 percent of agriculture acreage in this state. When the farms and training centers shut down, when our horsemen leave for slots-enhanced purses available to them in New York, Pennsylvania, and Delaware, the migration will also include veterinarians, blacksmiths, tack shops, hay and grain growers, and all the others that make up layers of support people.

The Meadowlands draws international travelers who come here to see the best in harness racing. While harness racing does not match the public interest for football in the United States, standardbred racing is a
major sport in Canada, Sweden, Norway, Denmark, Finland, France, Germany, Italy, New Zealand, and Australia. We are a magnet for their top horses, horsemen, and wagering. Just last month on Hambletonian Day here, $2.4 million of the $8.4 million wagered that day came from European countries.

The Hanson Report, which this Committee has rightly questioned, fails to recognize the importance of horse racing as a component in this State’s valuable agri-business. The Hanson Report ignores all the money that the Meadowlands Racetrack has contributed to the State’s economy for nearly 35 years. The Sports Complex was built on the back of the track, based on its ability to be the cash register to pay for its financing. The Complex was unique in its construction, without a dollar from the State treasury or from taxpayers.

Year after year, those of us in racing watched millions of dollars that we helped to earn be spent on not only the Arena and Stadium here, but also for the more far-reaching projects that the New Jersey Sports and Exposition Authority was asked to take on, including Atlantic City’s Convention Center.

Our alternate gaming proposals have never been about hurting Atlantic City. We have suggested that the casino owners have the chance to benefit from slots at the Meadowlands as operators, and with the cross-promotional opportunities that will help their revival as a destination resort.

Where once there was an argument that slots at the Meadowlands would hurt Atlantic City, it does not seem possible that this carries any weight now. The landscape has changed. The casino operators should look to themselves. Their enemy is not a gaming facility three hours
away from Atlantic City, but the casinos and racinos which have already opened an hour away, including those built by their own members.

Atlantic City’s leadership and the casino operators themselves cannot seriously believe that that harm has not already taken place. All that they will accomplish by denying the slots to the Meadowlands is that North Jersey gamblers will go to Yonkers, and soon go to Aqueduct as well, losing more revenue for the State of New Jersey.

The people in racing have not been a burden on the State. They have contributed in so many ways. The State stands to lose hundreds of millions of dollars if racing is cast aside.

Our proposal to install slot machines at the Meadowlands represents a valuable asset to New Jersey. At the same time that the State government is slashing social services in an effort to balance its budget, we are saying to the Legislature that there is a mechanism to help the schools, senior citizens, the homeless, developmentally disabled, open space projects, and lower property taxed. Nothing would please us more.

I’d also like to tackle another misconception that has been perpetrated. The casino industry has not been supplementing racing. The casino industry has been, to put it in our parlance, horse trading for the past several years. (applause) They paid us to make up the difference of what we’re losing by not installing slot machines at the tracks. It bought them time during which they should have been preparing to reinvent themselves as a gaming destination.

I might also add that while our last agreement was for three years, the State awarded the casinos with a lifetime tax abatement on what they give away in perks. So do not be fooled by their generosity to racing.
They were richly rewarded and continue to be the beneficiaries of this arrangement.

Without dissecting the Hanson Report here, it offered four suggestions for the future of racing. Three are recipes for failure, and the fourth is something that we are seriously exploring -- privatization. We have interested buyers, but progress in that area is based on our ability to structure a long-term lease or purchase, which currently is not on the table.

To move on to the next step, we need to work with the Legislature to create a plan to provide a bridge to a more permanent solution that permits a long-term lease or purchase agreement. We propose to follow the model of Monmouth Parks Elite Meet, and trim the Meadowlands racing schedule to 100 days, with purse money that will lead our industry. We propose that the Meadowlands evolve into a gaming facility with racing among the many offerings. This is not only about making horse racing solvent; it is about the dramatic flow of funds for the State treasury, upward of a billion dollars a year.

So while this plays out in the media as a dispute between Legislators, as a battle between North and South, as a conflict between casinos and racetracks, the loser is the State of New Jersey.

I thank the Committee members for their time and attention.

We also have a brief video which will be displayed on the monitors.

(VIDEO PLAYS)

Once again I want to thank the Commission for hearing us. Thank you.
ASSEMBLYMAN BURZICHELLI: Tom, well-spoken on your part. And the video presentation was rather thorough, so I’m wondering -- and I don’t mean this in any kind of derogatory way -- but repetition does not help us, because points are made.

If you have anything to add that that video didn’t present, or that Tom didn’t present, other than maybe a picture of Tom as a driver (laughter), which I think many of us would be very--

MR. LUCHENTO: That’s hard to fathom, isn’t it?

ASSEMBLYMAN BURZICHELLI: No, not really. It would just be very interesting to see.

So as we move down the line, if you have something to add that we haven’t heard-- Because, first of all, Tom was very thorough, and then I thought the video just reinforced, with pictures and some testimony, as to what you said, Tom. So well done.

So let’s start. The gentleman next to you, his name I’ve forgotten, but who, of course, I know from seeing in different places.

JOHN FORBES: Yes, my name is John Forbes. I’m the President of the New Jersey Thoroughbred Horsemen’s Association. I’m a horse trainer and a horse owner.

I’d like to thank you for the opportunity. And in the interest of time I’ll try to avoid being redundant. Mr. Luchento certainly covered all the territory.

ASSEMBLYMAN BURZICHELLI: He did a very good job.

MR. FORBES: We certainly share the same ideas, so I’ll try to not be repetitive, but to tell the Committee that we depend on purse dollars. We depend on the purse dollars to present the world class racing
that’s necessary to succeed and to keep our industry, sustain our industry, and help it grow.

The Governor’s recent Report’s -- the Hanson Report’s recent demand that racing be self-sustaining, while it’s a good idea and has a nice ring to it, it’s impossible. We cannot compete in the racing world, in New Jersey, with the neighboring states that have revenue from alternative gaming, simply because we just won’t be able to fund the type of racing that we need. We won’t have the tools necessary unless we can get some form of alternative gaming.

We have to sell bets, the same as the casinos do, in order to generate revenue. And we’ve lost a great share of the gaming dollar since 1976, and the Commission’s Report acknowledges that. But across the country when track owners have faced this same problem that the Sports Authority has faced, they have been able to turn to the alternative gaming of slots, and that’s what’s kept those racing industries in those jurisdictions going. Without the ability to do that, New Jersey racing doesn’t stand a chance to survive, much less sustain itself.

And, of course, we don’t want to blame the Sports Authority or anybody connected with our racing operations, because they’ve been pretty much hogtied from the beginning -- haven’t really been able to go out and actively pursue alternative gaming. But for as long as Pennsylvania, Delaware, and New York -- and now Ohio, Maryland -- as long as these states have alternative gaming to put the purse money into attracting the top horses, we’re going to finish last. This summer, as you know at Monmouth -- and Mr. Robinson spoke to it -- we proved the point: It was a Horsemen’s initiative to reduce the dates to 50 so that we could provide
high purses -- $1 million a day. It was really-- The genesis was our former
President Dennis Drazen’s vision that if we didn’t prove that high-class,
first-class, world-class racing did work, that we wouldn’t be able to come
here and make an argument today.

So we demonstrated that those purses can produce the results
that they produced. If you really push yourself and do it right, you can
climb to the top of the ladder. But we did nothing this year to increase the
long-term viability of the industry. We depend on live racing dates to
sustain the industry -- that’s where the jobs come from, that’s where the
forums get their revenue, that’s why they were able to continue on. But
unfortunately, in order, this year, to provide those high purses, we had to
reduce our days to 50, then 71, and that’s below the level of 141 which we
think is the necessary number to sustain our industry.

And while the success of the Meet certainly captured
everybody’s attention, it was never our intention, on the Horsemen’s part,
to reduce our racing schedule permanently. We only did it because it was
what we had to do to demonstrate what high purses would do. It was the
only way we could do it with the funding that we had. But we never
intended it to be a model, in respect to reduction of days being the answer
to our problems. Reduction of days was to produce an example of what
high purses can do.

As it stands, we worry about the erosion of live racing days.
One, when we allowed full-card simulcasting at OTWs into the state and
allowed our operators to sell bets on those races, we knew we were taking a
big chance -- which is why the Legislature was good enough to provide us
with live race protection. The Sports Authority has all the racing it needs
without a single live event. The Sports Authority imports 30,000 thoroughbred horse races a year and sells bets on those races. They import the signal, they pay 3 percent, they sell it for a 20 percent commission. A very profitable way to go. But they have all the racing they need. Our fear was why, with all the racing necessary to make a profit selling bets, would you need our 800 or 1,000 events? So that’s why we were concerned about the advent of off-track betting in our state.

We’d like to repeat the experiment next year because we don’t think there will be the revenue to run the 141 days with those kind of high purses. But as it stands today, we won’t have the funding to repeat that experiment. If we were to attempt a shortened meet such as we had this year, with less funding, it wouldn’t make any sense at all. We’d have a shorter season, and we wouldn’t attract the kind of horses that we need to attract.

Tom and the Standardbred industry certainly have addressed the issue of slots, barely, and so has everyone else today. The one thing that we are thinking is a possible solution is the OTW system, and there’s been talk today about getting that built out. It’s been nine years we’ve had it on the books -- nothing’s happened. You’d have to ask, as you have the operator, why it hasn’t happened. Part of it, of course, is the fact that Pennsylvania owns six of the permits and haven’t built the OTWs in their area because they don’t want to compete with their own deal in Pennsylvania. In fact, they’re being sued by one of their partners for not building the OTW in Cherry Hill.

We’ve got one heck of an OTW here in Woodbridge, but we had four sites identified -- three of the towns didn’t want it, but a fourth
did, in Bayonne. And that project was started, but as soon as the Hanson Report came out, that project has since been stopped. We think it’s just necessary to get going on these OTWs. They certainly can provide some relief, at least in terms of a bridge before we can come up with something else.

ASSEMBLYMAN BURZICHELLI: John, before you turn the page there, for clarification: Did you say the Bayonne project has been stopped?

MR. FORBES: That’s as I understand it; yes sir.

ASSEMBLYMAN BURZICHELLI: That’s the first, I think, this Committee’s heard that mentioned.

MR. FORBES: Yes.

ASSEMBLYMAN BURZICHELLI: So we’ll have to look into that.

MR. FORBES: And it was stopped after the Hanson Report, which we talked about.

ASSEMBLYMAN BURZICHELLI: Well, that’s of real interest to us.

MR. FORBES: I’m going to make this even shorter, because the rest of what I had to say was in terms of putting casino-type gaming here at the Meadowlands. You’ve certainly heard arguments from the casino industry and are sympathetic to their plight. You know, we’ve had a long-running battle with the casinos because, as Mr. Luchento has indicated, we built this place on the blood and tears of our horse flesh--

ASSEMBLYMAN BURZICHELLI: And the bettors, I might add -- the tears part.
MR. FORBES: And the bettors. (laughter)

And we began to lose our share of the gaming dollar as the casino industry expanded.

ASSEMBLYMAN BURZICHELLI: And the lottery hurt, too, if I recall.

MR. FORBES: The lottery is about 14 percent of it.

Not that all isn’t fair in love and war. The casino industry, as the Hanson Commission acknowledges, essentially diminished our share of the gaming dollar in New Jersey from 81 percent to 2 percent. In essence, they put us out of business. And we understand that the gamers can take their choice.

ASSEMBLYMAN BURZICHELLI: It’s a consumer business.

MR. FORBES: And we understand that we have to do a better job. But our problem today is that the casino industry has expanded to bordering states. Incidentally, we think bringing horse racing down by taking the revenue share of the gaming dollar away from horse racing -- the casinos also brought down the Sports Authority. It depended, for its financial well being, on selling bets on horses. And when that dried up, of course the domino effect started and we think the Sports Authority was -- And I think everyone agrees with that it was damaged.

At the end of the day, we’re not sure who’s holding all the cards, but we sense that some of the reluctance for the casino industry to move here -- to expand to the Meadowlands -- may not only be the concern of diluting the product in Atlantic City.

UNIDENTIFIED MEMBER OF AUDIENCE: (off mike) Go ahead -- say it. Say it.
MR. FORBES: We may be a suspicious bunch, but we sort of feel that having racing out of the way would be convenient (applause). It would-- You wouldn’t have to put in racino; you could put in a casino. In other states, the casino industry was able to establish itself by going through the front door of a racetrack. That was the only way they could get in. So we have racinos that represent our direct competition at Monmouth Park and with the thoroughbred industry. But here it would be convenient not to have to give the racing industry any money if you brought slots to the Meadowlands.

The other thing that some people have mentioned -- that perhaps the process would be delayed because it would be convenient for a few of the Atlantic City casinos, that are on the brink, maybe to die off and not be part of having a lifeline thrown their direction from anything that would stem from the success of slots here.

But either way, we think that the casino industry needs to expand. And as Mr. Luchento said, it would, we think, be a benefit to the State, to the Sports Authority, and to all-- We think it’s inevitable, and we certainly appreciate every-- I think it’s been a terrific thing you’ve done today. I’ve been impressed with the questions you’ve asked of the speakers, and the speakers themselves. And thank you very much for listening. (applause)

ASSEMBLYMAN BURZICHELLI: And John, thank you. And I’m very happy that the Meet at Monmouth has gone so well. Because I am a supporter of this industry, and believe that the public enjoys horse racing; and it’s a question of presentation, and getting their attention back, and some of these changes you’ve discussed.
I’m going to ask Chairman Whelan to handle this next exchange for a moment. Nature is calling. (laughter) So I shall step aside.

SENATOR WHELAN: You’re our next panelist, sir -- your name, please?

M I K E   T A N N E R: My name is Mike Tanner. I’m the Executive Vice President of the United States Trotting Association. Is this working all right? (referring to microphone) We’re the trade association for harness racing. We have 21,000 members, including approximately 2,500 here in New Jersey. Among other things--

SENATOR WHELAN: Mike, let me just say: In the interest of time, we’ve heard from--

MR. TANNER: I understand.

SENATOR WHELAN: --two of your colleagues. We hope to hear from three more. We have other panels, and the public at large. So I want to ask you and all the subsequent speakers--

UNIDENTIFIED MEMBER OF AUDIENCE: (off mike) Let him speak.

UNIDENTIFIED MEMBER OF AUDIENCE: (off mike) (Indiscernible) everybody else (indiscernible).

UNIDENTIFIED MEMBERS OF AUDIENCE: (off mike) Boo!

MR. TANNER: I understand. I came in from Columbus, Ohio. I won’t be more than two or three minutes, I promise you. Not at all.

Why I’m here, really, is just to let you know that everyone in the industry -- in the harness racing industry -- is paying so close attention
to what happens with the Meadowlands, because the Meadowlands is the gold standard against which everything in our sport is measured, in terms of betting handle, in terms of quality and allure. It is the best and the brightest of the industry and has been since the facility opened in September of 1976. Despite the fact that the average daily overnight purses offered at the Meadowlands no longer top the industry -- having been surpassed by several racetracks who’s state government allow them to offer expanded gaming -- the track continues to be viewed as the industry’s leading venue.

Consider this: There were about 1,700 races contested at the Meadowlands last year. It’s about 3 percent of all the harness races held in the United States. Twenty-five percent of all the money bet in the United States on harness racing was on Meadowlands races. It outperforms itself in terms of the number of races.

I could go into facts and figures telling you how many Horses of the Year have competed here, how many sub-two-minute miles there were in the first season. I know you don’t want to hear that. I think it’s interesting to note, however, that what the Meadowlands allows New Jersey to do is to present a few world-class events per year, and to present world-class harness racing day in and day out. The Hambletonian, recently contested -- $2.39 million was bet on the Hambletonian from France and from Sweden. That’s about 28 percent of the entire day’s handle. And that far outpaced betting in those countries on another race that you may have heard of -- the Kentucky Derby. That is how important this is. And the people wearing the white and green T-shirts in this room -- they’re the ones who made this happen.
I would be remiss if I failed to mention Freehold Raceway and its importance to the industry as well. It provides a continuum of competition for horses and horsemen here in New Jersey. It contributes to the State tax roles. The jobs that it provides similarly should not be ignored.

I basically came to say what I wanted to say, and that is that when you think of Meadowlands harness racing nationally, it’s like thinking of Wriggly or Fenway or Yankee Stadium to baseball, or what Daytona is NASCAR. It should be considered as such. I’m from New Jersey, originally. I got my start here, I lived in Gloucester County. I was actually-- I’m from Woodbury, so I guess that makes me a neighbor of Mr. Burzichelli’s.

ASSEMBLYMAN BURZICHELLI: It does.

MR. TANNER: I care about this, personally. But from a national perspective as well, I can tell you that the harness racing industry in the United States would be irrevocably damaged if the Meadowlands were marginalized or, even worse, eliminated.

And I appreciate your time, and thank you for hearing what I came to say. (applause)

ASSEMBLYMAN BURZICHELLI: Thank you, Mike.

Would you introduce yourself, if you would.

K A R Y N M A L I N O W S K I, Ph.D.: Yes, Chairman Burzichelli and Senator Whelan, Assembly Speaker Oliver and members of this distinguished panel. I am Dr. Karyn Malinowksi, the Director of The Equine Science Center. And I promise you, Mr. Chairs, that I will not
reiterate all of the statistics that Mr. Luchento very eloquently presented. But I do have a message for you.

Why am I here today? And I want to thank two of my colleagues: Dr. Paul Gottlieb, who is the Chair of the Department of Agricultural, Food and Resource Economics at Rutgers, who is here with me today; and Mr. Troy Joshua, who is the New Jersey Director of the National Ag Statistics Service.

Why am I here? Good question. Sometimes I ask myself that on a regular basis. But the Equine Science Center’s mission is, first and foremost, to ensure the well-being and quality of life of the equine athlete. But equally as important, I would be remiss as the Director of the Center not to be here in support of the viability and vitality of the New Jersey horse industry.

And an opening point I’d like to make: While the purpose of this Summit is to address horse racing, specifically, I have the responsibility to share with you the often-forgotten and complicated connection between racing and the non-racing segment of the horse industry, which also includes non-equine related traditional agriculture as well.

We know that the New Jersey equine industry benefits every resident in the state, through its socio-economic influence reflected in its positive annual economic impact and its role in the preservation of working agricultural landscape -- which, Ms. Oliver, enhances the quality of life for all in the Garden State. The industry includes various sectors, such as horse racing, breeding, sport recreation, and pleasure interests. The infrastructure for the equine industry includes people working throughout the state in areas such as retail, veterinary medicine, feed and supply, insurance, and
real estate -- many of which, ladies and gentlemen, are small family-owned businesses.

To put the Center’s involvement with racing, and to answer my question -- why am I here in the first place -- I’d like to share a brief chronology with you. The horse industry in New Jersey has faced enormous challenges for years. The Equine Science Center helped identify those challenges and topics of importance to industry leaders in March 2003, when we hosted the Horse Industry Summit. Challenges identified then included the future of horse racing and the industry’s economic development. The Summit was followed by Center-hosted round table discussions in July of ’03, attended by then-Assemblyman Van Drew and Assemblyman Dancer, which resulted in a series of strategies developed as part of a three-pronged approach designed to simultaneously stabilize and reinvigorate New Jersey’s horse racing industry through methods that would augment purse values, increase racetrack attendance, and improve the infrastructure that supports the entire equine industry.

In January of ’06, at the request of Mr. Hall’s Hall Institute of Public Police, I published a white paper describing the delicate balance between the future of horse racing and the preservation of both the entire equine industry and agricultural industry, and how together they impact the quality of life for every New Jersey resident. This occurs through the preservation of open space, providing outdoor sport and recreation, building a solid foundation for youth development, and providing mental and physical therapy to adjudicated youth and handicapped persons.

Recognizing the need that this industry needed data regarding its demographics and its value, in July of ’06 the Center undertook the
challenge of conducting an economic impact assessment of the New Jersey equine industry. The purpose of the study was to assess, for the first time, the economic and land use impacts of horses to the State; to begin regular benchmarking of the equine industry; to profile all components of the state’s equine industry, including the pleasure and sport recreation component; and to go beyond a simple enumeration of the industry.

Certainly, a related motive was to provide insight into the number of dollars, jobs, and agricultural acres or rural open space that would be put at risk if the state’s four racing venues were to disappear -- obviously a worst-case scenario. The result was the piece “The New Jersey Equine Industry 2007 Economic Impact,” a piece which I’m sure everyone of you have seen, ad nauseum, by now. The accompanying scholarly paper, however, which is entitled *Customizing the Definition of an Agricultural Industry for Policy Analysis: The Case of New Jersey Equine*, which provides detail about the study’s methodology, was presented last year at the Northeastern Agricultural and Resource Economics Association meeting and can be found in those proceedings.

The entire exercise was useful to trace out and communicate economic relationships and multiplier effects that might otherwise be ignored in State-level policy discussions.

In 2009, the Center released what is known as the “Impact of Slots” report and, very simply -- which was an overview of the state of gaming in New Jersey, and was presented -- the impact of competition in neighboring states, which was outlined in that report. This report described the loss of New Jersey gambling and entertainment dollars to neighboring states, which impacts both the casino and horse racing industries. It also
offered recommendations for moving forward toward sustainability of horse racing in New Jersey.

Chairman, I’m not going to add any more of the statistics, except to say that New Jersey horses are responsible for approximately 30 percent of the remaining agricultural acres left -- 176 (sic) that are responsible due to horses directly, and an additional 46,000 which are non-equine that are used to produce food for the animals in the state.

From that 2007 study, we want to state that the Garden State stands to lose the greatest portion of its premier agribusiness that generates $780 million of economic impact annually; 7,000 jobs; $126 million in wages; $115 million in Federal, State and local taxes; and 56,000 acres of working agricultural landscape and open space if racing-related training and breeding farms leave New Jersey. And, of course, contributing to that total $780 million is the $502 million attributed to the four racing venues.

Regarding jobs -- and I wish my friend Senator Van Drew was still here. He mentioned at the previous Summit, that was hosted in Atlantic City, how employees of the casino industry would find it hard to find new jobs in other industries. The horse industry, ladies and gentlemen, is no different. For most horse industry employees, the position is not just a job but a way of life, as are many in agricultural businesses. Employees working directly with equine animals also require a unique skill set that is developed over a period of years and which is not easily transferable to a more mainstream job market.

Last year we also, in a separate analysis, presented the facts that the preserved farmland in the state showed that only a small portion of acreage in our Farmland Preservation Program is actually in equine-related
activity. The analysis determined that only 8 percent of the acreage in the Farmland Preservation Program is used for horse-related activities.

On July 28 of this year, a collaborative study released by Rowan and Rutgers Universities estimated that the state had less than 1 million acres of open space left and that it could be totally built up by 2050. The report also stated that between 1986 and 2007, one-quarter of the state’s farmland was lost to development. The preservation of working agricultural landscape is absolutely necessary to New Jersey’s quality of life if, indeed, our intent is not to build out this state. This reinforces the argument that the state stands to lose this valuable farmland to development, up to 56,000 racing-related acres, if racing is no longer viable.

In my role as Director of the Equine Science Center I also need to look out for the well-being of the entire horse industry. And racing, folks, is not the only equine discipline that will lose if New Jersey racing diminishes.

ASSEMBLYMAN BURZICHELLI: Doctor, may I ask if we can work to a conclusion.

DR. MALINOWSKI: Yes.

ASSEMBLYMAN BURZICHELLI: And I say it only because the printed material is available to the Committee, as well, so you’re presentation is very impactful; we have a point of reference to go to.

DR. MALINOWSKI: I’d like to close with: Since the Hanson Report was released, my office has been inundated with calls from people all over New Jersey and the world who are worried not only about the future of the horse industry, but that of agriculture and open space as well. These calls have ranged from nursery owners in Monmouth County who are
supported by horse farms, to the American Association of Equine Practitioners who represent veterinarians in the United States, to 4-H members and perspective Rutgers University students who are planning their future.

In closing, the State of New Jersey certainly deserves a strong horse industry. And we believe that the Equine Science Center has made major contributions to the sustainability of the horse industry. The horse racing and breeding industry are commodities worth saving in the State. The issue at hand is not an emotional one driven by the fact that the State Animal is the horse, which has a long and prominent history in New Jersey’s agricultural and sports businesses. Horse racing remains the economic driving engine of the entire horse industry in the state, and is extremely valuable to the quality of life in the form of agricultural working landscape, which benefits us all.

This issue goes far beyond that of numbers of jobs and wages paid. It’s about the future of agriculture in the Garden State, and about an industry that impacts the quality of life for all.

Thank you for your time and attention. (applause)

ASSEMBLYMAN BURZICHELLI: Doctor, thank you.

And Senator Lesniak has a point of clarification -- quickly.

SENATOR LESNIAK: I do. Thank you, Mr. Chairman.

Doctor -- I have a question for Dr. Malinowski. (speaking Polish)

DR. MALINOWSKI: (speaking Polish)

SENATOR LESNIAK: (speaking Polish)
Did you have an opportunity to make a presentation to the Hanson Task Force?

DR. MALINOWSKI: No.

SENATOR LESNIAK: Okay.

DR. MALINOWSKI: And I reached out to my friend Bob Mulcahy and offered anything that he would need, and I never received a call.

SENATOR LESNIAK: And you were still ignored -- all that information that you have? Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Senator, for the clarification.

Thank you, Doctor.

Mr. Hall -- George, you’re next.

G E O R G E   H A L L: Thank you. I will be very brief; you don’t have to warn me.

ASSEMBLYMAN BURZICHELLI: You have to recognize that, as elected officials and politicians, our attention spans sometimes can be challenged. (laughter) We’re also very skillful at understanding the point very quickly.

MR. HALL: Okay, so we’ll go quick.

I’ll just point out a couple of things. In listening to all this testimony, I’ve heard that horse racing is dying. That’s ridiculous. I can discuss this offline, if you want. But if you look at what happened at Monmouth County Meet this year: We improved the product, and bettors came. They increased the handle, they increased attendance. That is not
the characteristic of a dying business. We can discuss the economics, and the supply and demand curves of that at another time, if you like.

I’ve heard a lot about standing on its own. Horse racing used to be the main gaming dollar in the state until casinos came in, and the lottery, and so forth. And now, somehow, it’s become the stepchild. Well, it has to stand on its own. Maybe that’s the answer: Stand on its own, but take the handcuffs off. I’ll give you two quick examples: When I started going to the Monmouth Track, I realized that you really can’t get a decent meal there, so I couldn’t bring family and friends as much as I liked. I tried to put a restaurant in -- private capital, offering to come and make the Monmouth Track a better place. They said no; the vendor really just wants to sell hot dogs and beer at the Meadowlands (sic), and they have the statewide contract. Okay, so you’ve got a handcuff on Monmouth.

The racinos: The industry throughout the country has gone to racinos, where people can do slot machines, VLTs, and racing. It’s absolutely ridiculous -- and I’d be happy to debate this later with anybody that wants -- to say that the slot machines are what’s going to make it, and not the horse racing. People like multiple things. That would be just like saying a casino can have poker, but it can’t have blackjack and slots, and so forth. People like multiple options when they go to a venue.

So I think the idea of putting slot machines and racing together has worked tremendously in other states, and you’ll have to decide what we do with this state.

The idea of subsidy: I’ve heard that over and over. A better word for that is protectionism -- that’s really all it is. You’re protecting one special interest at the expense of another. It’s your job to decide if that’s
worth it. Most economists would agree that protectionism really only hurts the consumer and only helps the special interest. So I don’t view it as a subsidy.

But I think Karyn’s point about open space is the most important part of this. New Jersey could be, and is, a wonderful place to live or to have a weekend place, as I do. We cannot, because of these economic times, rely on what I’ve heard today -- highest and best use. We have to get through this; we can’t let the pendulum of fiscal discipline destroy the long-run nature of this State. We can build complexes -- residential complexes -- here, but if we continue down that road, who’s going to want to live here? It’s a beautiful state. Everyone gets to enjoy the open space. When they drive through -- I’m in Monmouth County -- people drive through, they see the horse farms. It’s beautiful. It’s beautiful, and if you put up more condos and more, smaller housing developments, and so forth, I have research that shows it’s more expensive in the long run for the municipality, and it takes away the beauty.

I point to an example of Greenwich, Connecticut -- a beautiful place, similar to New Jersey in a lot of ways. They have developed an enormous financial district that dwarfs New Jersey’s financial district, because people want to live and work in a beautiful place. And to the extent that we let open space die, and open space be developed, we lose that.

I’d also point out one other thing that, for years, has bothered me. The government’s involved. The government plays a puppet game and they decide who wins and who loses. When I was a kid I could go to a football game, pay general admission, and I could afford it. Now you can’t,
because of corporate sponsorships, corporate tax deductions, taxpayers’ subsidy -- ticket prices are where a lot of people can’t afford to go to these games.

Horse racing is one of the exciting sports venues that is still open to everybody. It’s inexpensive to go and it doesn’t compete with some of these other sports venues that many of us citizens can’t afford.

So in response to the Hanson Report: I read it, I have a lot of questions, I really don’t think it’s complete. I think it would be a travesty if decisions were made by the Legislature just based on this Report. I think it requires further study; and anything I can do to help, I’d be happy to do.

ASSEMBLYMAN BURZICHELLI: Mr. Hall, thank you.

(appause) Thank you.

The charge of this Committee by the Senate President, and the Speaker, is just that -- further review to build upon what was presented to us.

And if I could ask, George, if you wouldn’t mind swapping your seat out just for a moment so Gene can come over. He’s going to need a microphone, and we understand that that won’t quite make it. And if he’s not by that mike, the rest of the room won’t be able to hear his testimony.

Eugene, please, if you would be kind enough to introduce yourself to the Committee. And we’d ask you to do as the others have done and be very pointed.

EUGENE CHRISTIANSEN: I will be brief, Mr. Chairman and members of the Assembly.

By way of introduction: Christiansen Capital, the firm that I represent, has had a very long involvement in these interrelated problems.
In 1991, we were retained by the New Jersey Casino Control Commission to supply the Commission with the definition of financial stability. We did supply the definition; it was incorporated into New Jersey’s Administrative Code. It is an extremely important part of the regulatory structure of the casino industry. We have many clients in the casino industry; we have clients in Atlantic City.

In 2005, in partnership with Merrill Lynch, we looked at the question of VLTs at the Meadowlands for the Office of the Treasurer of New Jersey -- that was John McCormac. We looked at the problem, again, of VLTs at the Meadowlands in 2007. That engagement produced a lengthy report. I have all of this paper here if you would like to have it. I believe your staff has it as well.

Let me, in 90 seconds, summarize the conclusions of the 2007 study of VLTs at the Meadowlands. The racing industry can no longer be supported by pari-mutuel betting, and nothing you can do is going to change that. If you legalize off-track betting, if you allow exchange wagering -- these would be good things, and I would encourage you to do that. But these good things will not generate enough new pari-mutuel revenue to support New Jersey’s racing industry as it is presently configured.

That means without some source of external funding, there is going to be a contraction of the New Jersey racing and, therefore, the New Jersey breeding industry. External funding could be a continuation of the subsidy that has been provided, I believe, since 2003 by the Atlantic City casinos. I believe in their current weakened condition, they are probably unable to continue that subsidy.
It could be a direct subsidy by the taxpayers. It would be a substantial burden but, of course, you are a Legislature. You have the power to tax, and you could do this.

It could be VLTs at the Meadowlands. You have heard today that many racetracks in the United States are still in business today because the racetracks have been given casino gaming in some form: either video lottery terminals, if the state’s lottery law is used; or slot machines, if a new gaming law is passed; and (indiscernible) table games, which we will now have in neighboring Pennsylvania and Delaware.

It works. I cannot think of anything else you as legislators can do that would work that effectively. However, it is a difficult question.

I’ll say in closing, and I’m here to answer questions if you have any, that there’s going to be a lot of pain in this situation. If you do nothing, there will be pain -- there will be pain in Atlantic City, there will be pain in the racing industry. If you do something, there will still be pain. This is a difficult set of problems. It does not admit of simple solutions.

That’s what I have to say. I said I would be brief, I have been brief. If you have any questions, I would be delighted to answer them.

ASSEMBLYMAN BURZICHELLI: We thank you for your testimony. I have Senator Whelan -- Chairman Whelan -- would like to direct questions, followed by Speaker Oliver.

MR. CHRISTIANSEN: Certainly.

SENATOR WHELAN: Thank you, Mr. Chairman.

I could argue, I think you may know, with some of the points that were made here, in terms of the importance of the equine industry in the state versus the casino industry, and the fundamental issue of why the
racing industry has declined. But I’d rather cut to the heart of this -- it may not make me popular in this room, but I think we need to be frank with each other.

We said at the outset we’re here to listen and we want to find ways to help the racing industry, but you look like a very smart group of people. And you’re business people, and you get it, and so on. We have a Governor -- whether you like the Hanson Report or you don’t -- we have a Governor who has said no to the concept of casino-style or VLT slots casinos at the Meadowlands. We have the Senate President who is here today, and he can speak for himself, but he has also emphatically said no. The fact that I say no to it, I’m just a mere, humble freshman Senator from Atlantic City, so I don’t carry anywhere near as much weight, frankly, as the Governor or the Senate President.

So given that circumstance: You know, not just this panel, but prior panels as well, we’ve heard we need slots in the Meadowlands, we need casinos in the Meadowlands, we need VLTs in the Meadowlands. And we go back to the first panel that we had, where Dennis Robinson spoke about the-- Because I asked him about a sustainable model for the racing industry, going forward. And again, is the only answer that we’re going to just fight over the next three, four, five years about putting slots in the Meadowlands? Because if we are, I don’t know how productive that’s going to be.

So what are the alternatives? Maybe some of it does involve, in fact, a contraction of the industry. Maybe some of it involves off-track wagering and exchange wagering, and the internet and sports betting, and things like that; but if we’re just going to argue about casinos in the
Meadowlands or slots in the Meadowlands, how is that productive? Has any thought been given-- I’d hope you guys are at the table with Dennis Robinson -- the people from Sports and Exposition Authority indicated that you are -- in terms of looking at other options to have a sustainable industry.

That’s for anyone. Pardon my venting, but it needs to be said.

Tom, can we start with you?

MR. LUCHENTO: Sure. Definitely, we’re looking into every aspect that may or may not help. I mean, we think that the ideas that we have will help. But if we’re not allowed to change and develop, such as the casinos are allowed to do that-- I mean, they get what they need to help themselves and (indiscernible) to what they need. The casino industry isn’t what it used to be; we’re not what we used to be. So we have to change with the times--

SENATOR WHELAN: Unfortunately, with all due respect-- Unfortunately, you are what you used to be, because you’re fundamentally offering the same product that you offered 50 years ago.

MR. LUCHENTO: Well, we could say the same thing for the casinos, because I think they’re in worse shape than we are.

SENATOR WHELAN: Well, that may be so--

MR. LUCHENTO: But what-- The one thing, Senator--

SENATOR WHELAN: Again, I don’t--

MR. LUCHENTO: --let me--

SENATOR WHELAN: I don’t want to argue--

MR. LUCHENTO: No, I’m not going to argue with you. I just want to say--
SENATOR WHELAN: The Governor and the Senate President have taken the casinos out of the equation.

MR. LUCHENTO: Well, I understand that, and I respect their opinion, but that’s their opinion -- not the people of New Jersey’s opinion. (applause) And let me just say one thing, Senator, if I might, and I don’t mean to argue with you.

SENATOR WHELAN: I don’t want to argue.

MR. LUCHENTO: But if Atlantic City is given the toolbox to do everything that they need to help themselves, we’re asking for one thing from you, the State -- and that’s not just for us; that’s to help the State of New Jersey also. We’re not asking for money, we’re asking to put money back into New Jersey. Allow us to do what we need to do to develop, such as the casinos are, and I think we’ll survive, probably just as long or longer than the casinos will. And I don’t mean that to be argumentative.

SENATOR WHELAN: Well, I’ll let it go at that. But again, I don’t see that as the answer, when the Governor and others in positions of great influence have said, “We don’t want to look at casinos,” and you say, “Well, it doesn’t matter what the Governor says.”

MR. LUCHENTO: No, that’s not what I said, Senator. I’m sorry I said -- that was paraphrasing.

SENATOR WHELAN: Well, I’m paraphrasing, but the point is, it’s his opinion. He’s the Governor. I’ve been in politics for a long time even though I’m new in the Senate. You know, the Governor’s the 800-pound gorilla in the State, with all due respect, so-- (laughter)

MR. LUCHENTO: But the Governor and the legislators work for the State of New Jersey, for the people of New Jersey, and we need to do
the best we can for the people of New Jersey. (applause) And the legislators are paid by the people of New Jersey, and all I ask is, leave it to the people to decide.

UNIDENTIFIED MEMBER OF AUDIENCE: There you go! Put it on the ballot!

ASSEMBLYMAN BURZICHELLI: All right, folks, we have a few more questions before this panel is finished.

Tom, thank you. We’ll now move over to Assembly Speaker Oliver.

Sheila.

ASSEMBLY SPEAKER OLIVER: Yes, thank you.

First of all, I want to thank each one of you for the kind of comprehensive information that you presented to us today. And many of us have been the recipients of data that you’ve submitted to us for the past several weeks, and I want to thank you for that.

I am one lonely voice out of 120, but I do serve as the representative of 80 members in the General Assembly. And as Speaker, I listen to each one of those voices. I listen to each one of those regional expressions. And all I want to communicate to you, in this particular industry, is that what you have been saying and what you have been describing has not fallen on deaf ears. At the end of the day this will not be about what the casinos need and want, what South Jersey needs and wants. It will be what is in the best interest of the residents of this state, how do we maximize these gaming and entertainment industries in our state; and we will make those decisions based on what is in the best interest of everyone.
So respectfully, I must kind of deter from the point of view of Senator Whelan. I speak to you as the representative in my House and say to you that we will allow a free and open discussion, and bring the best minds and the best expertise that we can identify to solve this problem. I am going to commit to making certain that this does not end up, at the end of the day, as some regional contest of what is best for the economy in one part of the state. There is no doubt in my mind, in a state of eight million residents with a number of different economic interests, that we do not possess the leadership and the expertise to sustain each one of these industries -- each one of them -- and to plan for what the future will represent for the gaming industry and entertainment, so we won’t find ourselves in this place again.

And I just want to just clearly articulate that: This is about what a number of people think. And I want to thank you and just demonstrate an appreciation for what you have done in this industry. You are not a forgotten voice in the equation. And as I say to my members in the Assembly: At the end of the day, we will collectively figure the whole thing out. (applause)

ASSEMBLYMAN BURZICHELLI: Thank you, Speaker.

It will be Senate President Sweeney, and then Assemblyman Caputo and, I think, Assemblywoman Wagner -- do you want to close out?

SENATE PRESIDENT SWEENEY: Thank you, Chairman.

I think what we’re trying to get to today is the fact that we were presented a gaming plan -- the Hanson plan. By all means it was incomplete -- it created winners and losers. It was nowhere near revolutionary. It was easy. You win, you lose.
That’s what we’re trying to get beyond, and what we’re asking to do is-- I know that there’s an industry fixated on casinos -- that’s the fixation. That’s the easy grab. That’s the easy fix. That’s the quick one. Senator Lesniak has proposed many great ideas on intrastate, internet gaming, sports betting, wagering -- exchange wagering, OTBs. There are many things that we can do to bolster support and help the industry. And what we’re saying is we need to look beyond just casinos, because that’s the debate. Even if you said it today -- yes, it would have to go to the voters; it would be years in the making. We need to help these industries today. We have to be revolutionary in our thought process, and that’s what we haven’t done yet. We’re fixated on things in the past.

I give Senator Lesniak a great deal of credit, because he’s bringing things to the table that we didn’t talk about before that can generate revenue, that can help your industry. And I heard Mr. Robinson’s reasonings for OTBs and their not being successful, and honestly, we’re going to figure out how to make them more successful.

But let’s stop -- as the Speaker said, and I am in agreement -- this is not about attacking either part of the state, or any part of the industries. Our job is to help create, protect, expand the jobs -- and that’s what we’re going to do here. And I think what Senator Whelan was asking is: How about if we look at some of the ideas that Senator Lesniak has put forward? How about if we look at some of these other suggestions, and how can we enhance them, how can we make them work to help your industry? Because the Hanson Report is not acceptable to any one of us -- that’s why we’re here today. That’s why we’re going to be in Monmouth. We are going to succeed in protecting this industry and others, but we’re asking
you-- Look, the easy ring is the casino -- that’s the easy one. How about if we start looking at these other options?

So it’s not us against you, or South against North, because it’s not. It’s about how do we help the whole state. So hopefully, as we move forward in this process-- As Senator Lesniak pointed out: We have many experts here. How many were asked by the Hanson Report to give their input? None. Because it was an industry they wrote off before we even started. We’re here to help expand, make this industry healthy -- revitalize it. So please, let’s not get into-- You know, you can boo, you can clap, you can howl. We’re here to listen, but we want to listen to us, too. There’s other things out there that can help besides just casinos. So let’s look at all options on how we can help this industry thrive.

Thank you, Chairman.

ASSEMBLYMAN BURZICHELLI: Thank you, Senate President.

It will be Assemblyman Caputo, and then Assemblywoman Wagner; and then Senator Sarlo, I think, wanted to close with a small-- Ralph.

ASSEMBLYMAN CAPUTO: I tell you the truth, Mr. Chairman: I’m slightly upset, because we sat here all day, we’re trying to synthesize and, as you say -- to use one of your terms -- all the nuances, the complexities in trying to solve this problem.

We live in a democracy. And even though I have great respect for President Sweeney -- I think his explanation is perfect -- and I have the utmost for Sheila Oliver, who is our President-- That’s why we’re here -- no one person should make a decision. Nobody should back off from an idea
out of fear; out of authority; out of, because someone’s bigger than you, stronger than you, that you should back up and not proceed.

All this discussion here today was in a certain direction, as was the Atlantic City session. And between those ideas, having that exchange, I want to thank the Governor for having the Hanson Report -- although it may be not as complete as we want, it started this conversation. But we have to be tolerant of each other’s ideas so that we can try to solve the problem. We can get possessive about -- or obsessed -- on a certain region of the state. And it will be interpreted by the press that there is a divide. And that’s what we’re trying to avoid. I mean, we go out of our way -- our Chairman Burzichelli goes out of his way to let all ideas come across his Committee -- which I respect and admire him for -- whether he agrees with it or not. And I think that’s what we’re here, as Legislators, to do. We have to be able to be open to all the concepts, otherwise we’re not doing our job. And because the Governor is the Governor, the fact is he is the strongest political figure in the State -- it doesn’t mean that he’s right all the time. And the fact is that we have an obligation to our constituents to take the leadership in areas that may be risky, politically; but that’s what we’re here to do. No one owns these seats -- we lease them. We have them for awhile and other people take our place. So if we’re going to worry about that, we shouldn’t be here.

So I’m in total agreement with the statements that have been made in regard to how we can exchange these ideas, how we can solve these problems. But to say because certain people have taken a position that we shouldn’t think -- I find that totally obnoxious.

ASSEMBLYMAN BURZICHELLI: Thank you, Assemblyman.
We’re actually working towards, I think, as we’ve had all these discussions today -- it’s summarizing pretty well, as we continue a work in progress.

Assemblywoman Wagner -- Connie.

ASSEMBLYWOMAN WAGNER: Yes. You know, I apologize -- I took a break for a few moments, and perhaps I missed this question: Have any of you been consulted by the Hanson Report? Have any of you participated? You did participate.

ASSEMBLYMAN BURZICHELLI: Senator Lesniak had brought that up earlier.

ASSEMBLYWOMAN WAGNER: I’m sorry, yes, I had taken a break.

ASSEMBLYMAN BURZICHELLI: Tom, did you--

MR. LUCHENTO: Do you want me to answer that? Yes, I was-- We had meetings with the Hanson Commission. We were never really told exactly what was going to come out of it. We discussed some things, we gave some ideas. They pushed back with some ideas. And we were kind of taken off guard by the results, but so be it. We did work together with the-- Bob Mulcahay, mostly.

ASSEMBLYWOMAN WAGNER: Okay. I just want to thank each and every one of you, because I think you presented a very convincing argument that if the horse racing industry is not protected, there is a tumbling effect into this and to our agriculture community, our quality of life, and what we do expect to have in New Jersey; and I think that’s very important to protect. And I thank you for bringing that information. As our Assemblywoman Speaker Sheila Oliver pointed out: There are four
hearings here. I was an educator for 37 years; I know that you need to collect all the data, and then come up with solutions. And there will be pain somewhere, but hopefully we can come up with a compromise so that New Jersey can go forward. And I thank our leadership for bringing that forward.

MR. LUCHENTO: And I would like to apologize if I’ve offended anyone on the Committee. It’s just that I’m passionate about what we stand for. Thank you.

ASSEMBLYWOMAN WAGNER: Passion is good.

ASSEMBLYMAN BURZICHELLI: And Tom, there’s no way you’ve offended anyone. It’s not your nature, and you certainly have done nothing but advance the issue today.

And Senator Sarlo, I think, is going to close out this round.

Paul.

SENATOR SARLO: Yes, thank you, Assemblyman.

And I think you should walk away from this table knowing that the horse racing industry will be provided with some type of stabilization to continue to go forward. And Senator Sweeney has given that commitment to me.

Listen, I’ve been one of the most outspoken folks about building a casino here in the Meadowlands, okay? And I will continue to be outspoken about that, because I believe in it, and nobody can change my mind. However, I am also practical. And I’ve been elected to be practical and represent not just my legislative district, but the entire State of New Jersey. So being practical, and knowing that the Governor and others, perhaps, are in positions to prevent it going any further, for the short-term
we need to find other solutions. And I think the Senate President said that best -- whether it’s the Lesniak plan, or components of that, internet gaming, sports betting, OTBs -- whatever it may be, we will find the ways to stabilize this industry, and make sure this industry stays strong.

With that being said though -- and I’m going to push the members of this Committee, and I think some of them already agree with me -- it’s not going to be an open blank check to Atlantic City. And we’re not going to sit around for another five years, and come back here five years from now and still have the same problems. If we’re going to give them the resources they need, there’s going to be strict timetables, and there’s going to be strict oversight, and there’s going to have to be accountability. Because in 5 to 10 years, if we’re in the same position -- well, guess what? We’re going to the voters in 5 to 10 years from now, and we’ll build a casino here.

But let’s be practical, let’s get through the next couple of years, let’s stabilize this horse racing industry, walk away from here today knowing that your industry, everybody here-- I get that sense. You know you have my commitment, but I get that sense we’re going to find a solution to make sure this horse racing stays vibrant -- the industry. (applause)

ASSEMBLYMAN BURZICHELLI: Thank you, Paul.

And to the members of this Committee: I thank everyone’s engagement; and to the panel, all of you -- I mean, you are the face of the industry. And the fact that this hearing has been held, the fact that the Senate President and the Assembly Speaker insisted on this work being done on this topic -- as opposed to simply taking the Hanson Report as the
final word -- should send a clear message to the people who both work in your industry and are close to the industry that there is a voice in the Legislature that cares about this industry. And your presentation today on the open space and how things tie together is very helpful in the argument. The experiment at Monmouth this summer was a success; and how we build on that, as you were correctly saying, that’s what has to be thought through.

So I think from your standpoint today, you should look at this as a productive day and as a successful day. And this discussion will continue. And I thank all of you, as Chair, for the cooperation today. (applause)

As they’re making their way, the last group will talk to us about OTWs, which is a critical part of this component. We have Chris McErlean from Penn Wood Racing; Maureen Bugdon, Atlantic City Race Course; Joe Wilson, Philadelphia Park. I may mention that we had expected Dennis Drazin to be with us, but he was not permitted to testify today. And I wanted the record to be clear, because Dennis would have been helpful to us.

DENNIS DRAZIN, Esq.: Chairman, I ask that (indiscernible)

ASSEMBLYMAN BURZICHELLI: All right, that-- Dennis is here, but is not in a position to testify today, but possibly at a future hearing, as I understand it.

MR. DRAZIN: (off mike) I understand I’ll be able to testify at the next hearing. I just need to get the proper clearances.

ASSEMBLYMAN BURZICHELLI: Okay. And for those who couldn’t hear in the room: Dennis tells us that he’s looking forward to maybe being with us at the next meeting, once the parameters of the
meeting are established and details of his presentation understood. We are anxious to hear from you.

This is the last panel. We have some people who are signed up to testify in the public. They will be called up as one panel following. And we will have questions and, again, let me welcome this group.

I’ll ask-- We’ll start with the first gentleman sitting here -- if you’d be kind enough to introduce themselves to our group, and we’ll begin the testimony.

**CHRIS McERLEAN:** Sure, Assemblyman.

Chris McErlean. I’m the President of Penn Wood Racing, which is the joint venture partnership of Penn National Gaming and Greenwood Racing. I am also the Vice President of Racing for Penn National Gaming, Inc., located in Wyomissing, Pennsylvania.

**ASSEMBLYMAN BURZICHELLI:** So Chris, you’re the bad guys we’ve been hearing about all day today? That’s why there are no OTWs anywhere--

**MR. McERLEAN:** I wouldn’t characterize us as bad guys at all. In fact, I think Freehold has a very good story to tell, and has been an important part of racing in the state for a long time.

**ASSEMBLYMAN BURZICHELLI:** I said that with a smile, by the way.

**MR. McERLEAN:** Yes.

**ASSEMBLYMAN BURZICHELLI:** But I just want you to know that you sort of have been mentioned through the theme of the day-- your operations come up from time to time.

**MR. McERLEAN:** Sure.
Members of the Committee -- first, just a quick background on myself: I am, as I say, currently Vice President of Racing for Penn National Gaming. Prior to that I was actually the General Manager of the Meadowlands Racetrack and worked at Monmouth Park Racetrack for over 15 years. So it’s nice to come back here, see a lot of old friends. And obviously it is not a very good time for horse racing in the State of New Jersey, and I’d very much like the challenge of helping the State and helping horse racing in the state survive.

ASSEMBLYMAN BURZICHELLI: Chris, excuse me for a moment. (raps gavel)

Ladies and gentlemen around the room: If I can ask a little indulgence with regards to keeping the conversations low. We’re anxious to hear from this group, and the room has low ceilings so the conversations carry pretty convincingly.

Thank you, Chris. I’m sorry. I wanted to make sure we could hear you.

MR. McERLEAN: No problem.

Just a quick background on Freehold Raceway: It’s the oldest racetrack in the State of New Jersey, and also the oldest harness track in the United States. It’s been owned since 1999 with Penn Wood -- again, my joint venture partnership -- and while we’re not the largest racing entity in the state, we’re probably one of the most important in terms of direct impact to the State of New Jersey. Sixty-five percent of our purse money goes to owners who live in the State of New Jersey, so there is a direct correlation between money that goes to Freehold Raceway, and to residents,
and the multiplier effect for the State of New Jersey in terms of economic impact.

There’s been a lot of talk about solutions for New Jersey racing -- a lot of great ideas. I’ll put on my hat from Penn National just so you have a perspective. My company is a casino racetrack company. We have 19 casinos around the United States. We also have 10 racetracks -- we’re the largest racetrack operator in the United States. Four of those have casino gaming, either slot machines or full-scale casinos at those properties.

Last year those properties generated $300 million for horse racing benefits -- whether it’s purses, breeders -- in those respective states that we have the casinos. Countless of hundreds of millions more in tax revenue is generated for the jurisdictions where we have those “racinos.”

We can certainly talk to the benefits of the racinos to the horse racing industry in those respective jurisdictions, and I’d be more than happy to provide that information to the Committee if they so choose.

We also have a facility outside of Harrisburg, Pennsylvania, which is an outstanding facility that’s near, that we would certainly invite you to come out and see, that’s transformed horse racing in the state of Pennsylvania.

Aside from the benefits of gaming at the racetracks, which I know has been talked about by the numerous other speakers, there are positive things that can be done for the horse racing industry in the State of New Jersey -- whether it’s reducing racing dates; whether it’s concepts like exchange wagering, instant racing, sports betting -- which Senator Lesniak has proposed; or other types of internet gaming. Those are all good concepts; we fully support implementation of all those. They’re
incremental, though, in terms of benefits. And I would agree with Mr. Christiansen before that those really are not going to have a huge, huge impact in terms of the horse racing industry -- they’re incremental.

With that said, we very much would like to be part of the discussion on those items. We think it’s important that Freehold have a seat at the table. I can say, in the past, that has not always been the case -- not for a lack of trying, I can tell you. If plans which I’ve heard about are being developed for the industry, we’d like to have a seat at that table -- we’d like to be partners; we’d like to have a way to enter into those discussions, and be a part of it, and be an active part of it.

Just a little history: When off-track wagering -- account wagering legislation was done originally, the account wagering platform that was first used was actually done by one of the partners of Freehold Raceway, to get it up and running.

And I think, as you know, out of the three OTBs that are operational in the State of New Jersey, two of those three are operated by the private racetracks in the State of New Jersey.

So we have been a positive influence and impact in the past; we want to be a positive influence and impact in the future for the horse racing industry. What we ask for is the ability to participate, participate equitably and fairly, and we feel that we can make a positive contribution to the State of New Jersey.

Just one final point -- I know brevity is certainly appreciated. On the Hanson Report -- and I don’t want to dwell on the aspects, the many aspects, of that. We actually agree with some points of it -- racing
admission costs are a big issue for all of the racetracks, and hopefully those can be addressed.

Flexibility on racing days: The Monmouth Park experiment, I think, showed that if you have some flexibility there, you can be creative on racing days. We’re hoping and we’re talking with the standardbred horsemen in the same concept for, hopefully, some creative date changes going forward.

Also, we do disagree on a number of points in the Hanson Report, which -- I know this Committee doesn’t share a lot of positive comments on it. However, we do disagree in terms of some of their interpretations about the VLT implementation and the legal language. And we also disagree in terms of number of a ideas that they had directly (indiscernible) Freehold Raceway, which for all intents and purposes was a confiscation of, possibly, Freehold’s rights that were granted under previous legislation and approved by the Attorney General in the past.

One of the things that this Hanson Commission brought out was self-sustainability in the horse racing industry. I think Freehold is a good example of that. We are not subsidized in any way by State taxpayers; any operating losses have to be absorbed by private entities; any capital investments are, again, done by private investors.

We made many painful changes at Freehold in the past couple of years in direct correlation to the way the business trend has been going downward. That’s meant mostly labor cuts and, again, very difficult to do. But as a course of doing business, you have to match revenues and expenses and we had to make some difficult choices there -- some very unpopular choices. That’s something-- Certainly we’d like to reverse that trend, with
I will point out, finally, that from the standpoint of contributions of purse money: In the last purse agreement that was done, Freehold Raceway received less than 5 percent of the total purse funds -- less than $5 million. I think that we, again, showed that we could be self-sustaining, even without the huge infusion of money that was provided through those agreements with the casinos.

So I think Freehold has shown that it can be a model maybe for the other racetracks in the state, as to how to compete going forward; how to make difficult changes; and also be an active participant in terms of other opportunities down the road.

Thank you very much.

ASSEMBLYMAN BURZICHELLI: Thank you, Chris.

Maureen.

M A U R E E N   B U G D O N: Good afternoon, Chairman Whelan, Chairman Burzichelli, and the Senate and Assembly members here today.

My name is Maureen Bugdon, and I am the President of Atlantic City Race Course and Favorites at Vineland, which represent two of the privately held racing companies in the state. On behalf of these properties, thank you very much for including us in today’s discussions.

I would like to reiterate a lot of what Chris McErlean has already presented to you, in the fact that it hasn’t always been the case. This is one of the first forums we’ve been invited and included in. And as two of the privately held tracks in the state, I think you’re missing a huge
segment when you exclude that opinion and those particulars, because we bring a great deal to the table.

My job today is to bring a brief overview of Atlantic City Race Course and Favorites at Vineland. Atlantic City Race Course is located in the Township of Hamilton, which is the county seat. It’s the largest municipality in land size in the State of New Jersey at 115 square miles. It’s one of the largest taxpayers, as well, in Hamilton Township since its inception.

Atlantic City Race Course opened in 1946 under the leadership of John B. Kelly, father of the late Princess Grace of Monaco, and board members Frank Sinatra and Bob Hope. It has a very storied and wonderful history.

Atlantic City Race Course enjoyed a healthy popularity until the late 1970s which, of course, brought the onset of casino gaming just 12 miles from our doors. That being said, casino gaming is the economic engine in our region, and we try to work very cooperatively with the various casino entities, and enjoy that same goodwill in return. To that extent, we try to do the same within our own industry and with our fellow racetracks.

As most of you may be aware of, by the late 1990s the survival of Atlantic City Race Course became a yearly struggle, and when Garden State Park closed its doors, we feared South Jersey would lose Atlantic City Race Course next, leaving all racing in the more northern, more populated areas of the state.

In 2002, Greenwood ran its first Atlantic City Race Course live meet as our new ownership, managing the best we could without being a drain on the State or the taxpayers.
Just four years later, Atlantic City’s live numbers started to rebound, and this trend has continued for each of the six years that followed, with daily crowds falling just shy of 10,000 in some instances -- a number not terribly short of average attendance reports at Monmouth Park this year.

South Jersey’s sole remaining racetrack also boasts the highest average fields in America for each of the last three years. Our turf course is arguably the best in the country and, most importantly, we are the only self-sustaining and non-taxpayer-funded track in the State of New Jersey.

We did not receive any portion of either casino purse supplement, although we believe we deserved to. And despite being the only track negatively impacted by casino simulcasting and the competition of casino simulcast parlors just 10 minutes from our site, we receive the least compensation from the casino simulcasting special fund; a fund created at the onset of casino simulcasting, ironically, to primarily protect Atlantic City Race Course from the neighboring intense simulcast competition, more so than any other track.

Our OTW license earmarked for a placement in a southern county was the first in the state, opening in Vineland in March of 2007 and setting the standard in design and technology for future facilities, while helping to revitalize entertainment options in Cumberland County. An agreement between the four tracks dictates which areas are available for each OTW license; and of its two licenses, Atlantic City Race Course has opened the only one it can, at present.
The $5 million Vineland project is succeeding, albeit minimally, in terms of return on its investment, but its development and existence is a commitment to racing and its future by this company.

This being said, I’d like to thank you again for including our facilities in today’s forum. It’s the first in some time that has welcomed us.

ASSEMBLYMAN BURZICHELLI: Thank you, Maureen.

Joe.

JOSEPH WILSON: Thank you, Chairman Burzichelli, Chairman Whelan, members of the Assembly and Senate.

My name is Joseph Wilson; I’m the Chief Operating Officer of Greenwood Racing. I, too, started in this business in 1982 in New Jersey at Monmouth Park.

Greenwood owns Atlantic City Race Course and Favorites at Vineland. I don’t want to just go over and say the same things as my two colleagues here, so--

ASSEMBLYMAN BURZICHELLI: And the Chair would prefer you don’t. (laughter)

SENATOR LESNIAK: Thank you very much for your testimony. (laughter)

MR. WILSON: Okay, could I just-- I will stress that our companies have opened two of the three OTBs in New Jersey. Between our two companies we’ve invested over $80 million in New Jersey over the last several years, buying Freehold, Atlantic City, OTBs, and other projects. We did a project in Freehold a few years ago where we renovated the top floor of the grandstand and put in a sports bar, and handicapping carrels, and everything else; so our commitment is there.
We appreciate being invited here. As Chris said, we haven’t always been invited. We are willing to be a part of the solution; we want to be a part of the solution. And again, thank you for having me.

ASSEMBLYMAN BURZICHELLI: Joe, thank you. And thank you for the testimony, collectively.

I’d like to just ask a general question, then I’ll see if my colleagues have any as well. The OTB licenses that are available to you, how many do you still have outstanding that have not been exercised?

MR. WILSON: Atlantic City currently does not have one, as the original issuance was two, but as long as Atlantic City Race Course is running live racing we only have the one, so that is built.

ASSEMBLYMAN BURZICHELLI: Okay.

MR. WILSON: And Penn Wood has four licenses, and the one in Toms River is the only one that’s going.

ASSEMBLYMAN BURZICHELLI: And is there a reason that the other three have not been built?

MR. WILSON: Other than us having some-- I think everyone-- It’s kind of public that people know that ourselves and our partners disagree on a certain location, and it’s currently under litigation. So with all due respect, I will ask to not make any comment on that.

ASSEMBLYMAN BURZICHELLI: That accounts for one. How about the other two?

MR. WILSON: That accounts for one. We look at-- Certainly, looking at the economic viability of these OTBs-- Again, going back to this last purse supplement, where we asked both from Atlantic City and from Freehold to be part of this discussion. And we were ignored.
Then $85 million of that $90 million went to purses at the Authority; the other $5 million went to purses at Freehold. Nothing was discussed, set aside -- maybe set some of that money aside for capital to build out these OTBs.

We’re very concerned about New Jersey, as is everybody in this room. That’s why we’re here. So we’re being asked to make significant investments when we don’t know what’s going to happen.

ASSEMBLYMAN BURZICHELLI: Well, do you find--

MR. WILSON: We read the Hanson Report, and we see that it’s being suggested that our OTB be taken away. Not anybody else’s.

ASSEMBLYMAN BURZICHELLI: Well, I don’t recall that. And not to go into details of the Hanson Report, because this Committee’s fact finding is independent of the conclusions reached--

MR. WILSON: I understand--

ASSEMBLYMAN BURZICHELLI: --and presented in the Hanson Report. The reason I asked -- and I don’t mean to raise the question with any kind of confrontational tone, because it’s not the case -- but one of the issues that we’re hearing from our friends in the horse racing industry is the fact that the delay in building out the OTWs -- OTBs, whatever they’re going to be called in our state -- is contributing to the flow that could help with the purses and could be a generally good lifeline to the industry. And you have two of them, and we heard from the Sports Authority where they struggled and why they struggled in one of their locations, and that’s why I asked you directly. You’re telling me there are questions of location and litigation on one, and so I’m asking about the other two. And I’m hearing that these operations are stand-alone
profitables, so I know that your company, because of hard work, is substantial. It seems to me that you would be in a position of private capital and resources to build these locations.

MR. WILSON: Again, we experienced -- prior to me being involved in this, I know we experienced some issues with a couple of locations that were identified. And certainly before it got too far, it was pretty much indicated to us that we probably would not be welcome there.

ASSEMBLYMAN BURZICHELLI: Okay.

MR. WILSON: It’s not a real quick process.

ASSEMBLYMAN BURZICHELLI: We know that.

MR. WILSON: So I won’t rehash that.

ASSEMBLYMAN BURZICHELLI: Well, we’re going to change that, by the way, with regards to the municipality’s ability to simply say no, with some suggestions of how to do that in a favorable way to all parties.

If that barrier were to be taken down, how quickly would you build your two?

MR. WILSON: We would have to look at a location and obviously all the parameters around that. And, again, do a pro forma on it, and make sure that it’s worthwhile with our investment. We’d also like to know that we have the support of everyone else in New Jersey.

ASSEMBLYMAN BURZICHELLI: Well, from the standpoint of the consumer, it just seems they like these kind of operations. And if I ask you this directly, you have obviously successful operations in Pennsylvania. In your approach on where you may locate one of these off-track wagering facilities, how independent is the New Jersey business
structure to be able to place a location with a proximity that someone may say, “Well, you know, if we put it there, we’re going to compete against ourselves. We don’t want to be in Pennsauken, Cherry Hill, or in Palmyra because of the close proximity to the Pennsylvania operations, and tracks, and racinos.” So is your New Jersey entity independent enough within your corporate structure? Do you go where you want to within New Jersey boundaries, or do you have to answer to another side of corporate that says, “No, do not put it there because you’re going to compete with the operation in south Philadelphia?”

MR. WILSON: Again, Chairman, I believe I should not answer that.

ASSEMBLYMAN BURZICHELLI: Okay.

MR. WILSON: I would choose not to.

ASSEMBLYMAN BURZICHELLI: Well, you’re not under oath--

MR. WILSON: I can tell you that--

ASSEMBLYMAN BURZICHELLI: It’s okay.

MR. WILSON: Our company-- We had six OTBs in Pennsylvania. Just, again, the economic viability of an OTB, the lifespan of an OTB-- We closed an OTB a few months ago.

ASSEMBLYMAN BURZICHELLI: Which one was that?

MR. WILSON: In Upper Darby.

ASSEMBLYMAN BURZICHELLI: Okay. We follow with interest. And I didn’t mean-- It wasn’t my intention to make you uncomfortable by asking that question. But we’re trying to get a sense of how we put all these pieces together. And it doesn’t mean that your
operation is not a welcomed one, we’re just trying to get a sense of how it fits.

MR. WILSON: I appreciate that.

ASSEMBLYMAN BURZICHELLI: And we love the Atlantic City Race Track. A coat of paint would be nice, and renovation of the restrooms probably would be helpful as well, I would think, at some point. (laughter)

MR. WILSON: We try very hard. Maureen and her crew do a fantastic job. I’ll let her comment.

ASSEMBLYMAN BURZICHELLI: Well, you’ve got to buy them some weed killer, or maybe some brooms or something. (laughter) Give them a little something to work with.

MS. BUGDON: You know, I would suggest to you that we have the hardest-working crew in show business.

ASSEMBLYMAN BURZICHELLI: I believe that.

MS. BUGDON: And if you can imagine, most of today’s discussion has been about the competition from casinos. And as Senator Whelan will attest to you, it is phenomenal to be that close to those gambling houses and still be able to put out and survive in the gambling marketplace at that track. I think it’s a huge testament to Atlantic City Race Course, and I think the sooner the rest of the world understands what we’re up against, and tries to foster the small successes we’ve had-- You’re going to see us expanding on our meet, and doing more to produce quality racing. And as you said, improve the facility.

But if the solution, as suggested by some, is to close us down to have one less racetrack to deal with -- you know, given our commitment in
Vineland and elsewhere, it’s really not only unfair, it’s not recognizing that South Jersey has a role in thoroughbred racing. And the crowds have come out to show that. This is a track that could have closed in the early 2000s, and we’re hanging on and our live product is really excelling.

ASSEMBLYMAN BURZICHELLI: I think we share the fact that-- We think it’s exciting as well.

Senator Sarlo, I think, might have a short question.

Paul.

SENATOR SARLO: Yes. Maureen, you just kind of piqued my interest there.

You just said that both Atlantic City Race Course and the casinos are coexisting, and the model’s working, and you guys are making bottom line -- you’re successful, correct? I just heard that?

MS. BUGDON: We’re holding our own.

SENATOR SARLO: Holding your own.

MS. BUGDON: Holding on.

SENATOR SARLO: Do the casinos have a problem with you existing in Atlantic City? Is there an adversarial concern from them that you’re taking away potential revenue from them?

MS. BUGDON: No, I don’t believe that I could-- I wouldn’t speak for them, but I don’t believe that that’s the--

SENATOR SARLO: Because we hear a lot from them about the competition is killing them, the competition in the surrounding states is hurting them, including horse racing in other states that have slots. I was just wondering: Is there-- If there’s no concern of you having a competition with the casinos -- you guys -- there’s no concern from them
that you coexist. And are they supportive of and work with you on certain marketing aspects?

MS. BUGDON: They have in the past. We have a very friendly relationship -- I like to think of it as a proud relationship, with the casinos.

SENATOR SARLO: I just find it a little hypocritical that it’s okay for you to be there and they work with you, but everybody else can’t have gaming. But meanwhile, they’re opening up in all these other states. It just piqued my interest.

I apologize, Chairman. I’m getting off track here.

ASSEMBLYMAN BURZICHELLI: You don’t find--

SENATOR SARLO: But it just finds me -- a little hypocritical to me. Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Paul.

And I want to thank this group, and you are welcome at the table. You are an important part of our landscape and this industry. And we encourage more investment in New Jersey, where you find appropriate. I would look very hard to get those other OTBs opened, or we’re going to find a way for someone else to open them.

MR. WILSON: Thank you, Assemblyman.

ASSEMBLYMAN BURZICHELLI: Thank you, everyone.

SENATOR WHELAN: Thank you.

ASSEMBLYMAN BURZICHELLI: We have a few people who have signed up; we’re going to call them up together -- if you’re still here. And we thank them for waiting: Frank Verano -- I have initials MRCC -- he’ll introduce what that is when he gets here; Nancy -- I’m sorry, Nancy, I
can’t quite read your last name -- from Millstone Township, in reference to horse racing. Is Nancy still here?

Are you Frank?

UNIDENTIFIED MEMBER OF AUDIENCE: (off mike) No, can you still sign up? I didn’t know I had an opportunity or how to do that.

ASSEMBLYMAN BURZICHELLI: Someone will help you off to the side. Yes, and we’ll squeeze you in.

ASSEMBLYMAN BURZICHELLI: Dr. Celeste Kunz, Kunz Equine. Doctor, please come forward.

Is Frank here? I’m sorry, did Frank say he was here? Frank is not here.

Nancy, you’re coming-- Who’s coming forward? Doctor, you’re coming forward? Who’s coming forward?

Doctor, come forward, please. And about Nancy; is she still here? (no response)

And this gentleman who is signing in will hand in his sheet, and he’ll-- Doctor, please sit down. Celeste, please sit down.

And as he’s signing in, if you’ll get comfortable and please introduce yourself to us. And we ask you, as the public portion, to try and stay within three minutes, if possible.

CELESTE KUNZ, V.M.D.: Of course.

ASSEMBLYMAN BURZICHELLI: And make sure-- You have to slide that button up, make sure it’s on. Speak right into the mike for us.
DR. KUNZ: I would just like to introduce myself. I’m Dr. Celeste Kunz. I’d like to disclose to you that I am the emergency veterinarian here at the Meadowlands Racetrack.

ASSEMBLYMAN BURZICHELLI: Well, it’s nice to meet you.

DR. KUNZ: Thank you.

I have also been appointed to the Professional Conduct and Ethics Committee of the American Association of Equine Practitioners. I was selected as one of the NTRA, National Thoroughbred Racing Association, Safety and Integrity Alliance veterinary members. And what this Committee does is, we hold racing to a higher standard of codes and, as a veterinary member, visit the racetracks that are interested in becoming a part of this elite group. And Monmouth Park actually is one of those elite tracks.

I have spoken in international conferences all over the world: Tokyo, Japan; Turkey; Dubai; and, most recently, New Zealand, on work that was done right here, right here at the racetrack, including injury management, disease prevention, disease and embargo work -- that was done here.

When I was a little girl my mother brought me here to see Seattle Slew race, and actually lose, but it was a turning point in my life. It directed my career, and I believe it’s given me purpose and direction; and ultimately that has reached millions through education and also through goodwill.

I’m one of the American Association of Equine Practitioners on-call spokespersons -- you may have heard me with Barbaro. And I’ve been getting e-mails from people in different countries -- India and France -- who
are worried about what’s going on in East Rutherford, New Jersey. And I just want to let you know the impact is a global one. And everyone is watching. And we have an opportunity here, I believe, a genuine opportunity to become a real model for the world.

Thank you.

ASSEMBLYMAN BURZICHELLI: Well, Doctor, we’re here, as both the Senate President and Assembly Speaker said, because we share an equal interest in getting this industry on its four feet in New Jersey so it can prosper. So we share your sentiments about the kind of impact it has, and we’re committed to figuring this thing out in a changing time.

Any questions for the good Doctor? (no response)

If not, we’ll ask--

ASSEMBLYMAN CAPUTO: Thank you.

ASSEMBLYMAN BURZICHELLI: Yes, thank you, Doctor.

This is Howard-- Last name?


ASSEMBLYMAN BURZICHELLI: Howard (sic), use that right there. Thank you.

And then the next gentleman will be the last person to testify today.

Howard, if you will introduce yourself to us.

MR. LOWENFELS: Yes, my name is Harold Lowenfels. I’m a standardbred horse owner, so I haven’t heard anything from an owner specifically today.

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ASSEMBLYMAN BURZICHELLI: And Harold, may I say that you’ve had very thorough representation by your Associations and those groups.

MR. LOWENFELS: Well, I heard something that I wasn’t-- I’m actually, I would say, a guppy in a large pond. I own exactly one standardbred horse, so I’m a little guy. And a lot with-- Well, most of what was said today does represent me and represents me well; but one thing I heard that I don’t like -- and that is the reduction of racing days.

My one horse eats every day. I have to pay a trainer every day. It’s 365 days a year where I’m paying bills. It costs me between $2,500 and $3,000 a month just to maintain my horse in racing. If you cut back the racing days too severely, or probably even at all, it’s not going to benefit someone like me. So I just wanted to get that one viewpoint in.

And I have one other point I’d like to make. This one has kind of been made before, but it’s brief: If you just look out the window to the left, and you look over-- You probably can’t see it, but right over that ridge is the George Washington Bridge. If we all left now and got in our cars, and we take our wallets, we’d be in Yonkers Racino in about 25 minutes.

ASSEMBLYMAN BURZICHELLI: Hal, excuse me. I’ve driven that this time of day -- the George Washington Bridge (laughter) -- to be there in 25 minutes, that ain’t happening.

MR. LOWENFELS: Well, maybe we’ve been here too long. You could do it at some times during the day.

ASSEMBLYMAN BURZICHELLI: You get no argument from me.
MR. LOWENFELS: But the other point I want to make: The George Washington Bridge goes in two directions. Right over that bridge is New York City with about 8,000 (sic) people, and wouldn’t it be cool to see New York dollars coming across the Bridge into New Jersey instead of the other way around?

So I agree with everybody that there are many things that can be done, and nothing would be as potent as getting slots here.

So that’s basically what I wanted to say. Thank you for the opportunity to speak.

ASSEMBLYMAN BURZICHELLI: Well, we thank you. And I want you to know that the reduction of racing days is being discussed: the effects it would have going to the high marquis event-type things, and the events -- what happens to the daily people and the horses making their way up. So it’s-- Everyone has a sense of that as well, so we appreciate that.

And we have-- I’m sorry, I had one other person.

MEIR GELLER: I’ll introduce myself -- Meir Geller

ASSEMBLYMAN BURZICHELLI: Stay right there for a second.

William, where are you? I had one other slip, I didn’t realize it.

William--

WILLIAM COLON (off mike): Right over here.

ASSEMBLYMAN BURZICHELLI: Thank you, William. Will you also, please, just take-- You are the last person.

Meir, please, I’m sorry. Go ahead, sir.

MR. GELLER: Okay, that’s all right.
I’m also a standardbred owner. And I came a little late, but there’s an issue-- There’s a time issue that I think I did not hear anybody mention, which is this is the time of the year that has standardbred horse sales. And many farms in New Jersey stand some of the finest stallions and some of the highest priced stallions.

As an owner trying to make a decision on where to put my money, in terms of: Do I buy a horse that was bred in Pennsylvania, where if I pay $30,000, $40,000, $50,000 for that horse that money will go to a breeding farm in Pennsylvania, and Pennsylvania will receive the taxes from that; or do I buy a horse bred in New Jersey? It’s a very difficult decision for me. And with the uncertainty that many people feel, about, “Will there racing in New Jersey or not?” as a businessman I have to be leaning against buying New Jersey breds because of the uncertainty about the racing program here.

I wanted to just bring that to the Committee’s attention because I would guess that not everybody’s familiar with the sales schedule. There’s a tremendous amount of money involved, and anything that can be done to make clear, if possible, that standardbred racing will be supported in New Jersey -- if it can be done sooner than later, it could mean literally millions of dollars to the taxes of the State.

Thank you very much.

ASSEMBLYMAN BURZICHELLI: Thank you, and that was well-spoken. And we are painfully aware of the kind of pressures being placed, especially on the breeding industry, and what this means and where these horses are dropped. So it has our attention.
Sir, you are the last one of the day. We started at 10:20 this morning.

MR. COLON: Well, I’ve been here.

ASSEMBLYMAN BURZICHELLI: And thank you for that, by the way.

MR. COLON: Will Colon; I’m representing, pretty much, any other employee here. I represent the voter.

I’ve been in the industry for 18 years already. It’s kind of scary when you hear, “You’re not going to have a job tomorrow.” I know there are officials who are opposed to the racinos. You guys don’t want to hear that.

ASSEMBLYMAN BURZICHELLI: Well, that’s not--

MR. COLON: You’ve heard it already, I know.

ASSEMBLYMAN BURZICHELLI: Well, it’s not that we heard it, and it’s not that we don’t want to hear it. It’s part of the context of this large discussion.

MR. COLON: I think when people talk about the racinos -- the casinos -- it’s looking for hope. Because if you’re in this industry, you know every track around here that’s popping up with them, they’re generating big purses. We are the best harness track, pretty much, in the world right now, but that’s going to change because we can’t compete. Meaning we can’t put up those purses monies. You go next door to Yonkers -- they’re just playing up the money. Nobody’s betting on their horse races; nobody cares about their horse racing right now. No, they don’t care about it because they are there for the casinos. They still come here. We can’t supply that -- those big purses -- at this time, because they
could just-- We could bump it up to 15, like you said. We could do like Monmouth Park did, condense the racings, offer a million dollars. But what happens to the employees for the rest of that meet?

ASSEMBLYMAN BURZICHELLI: That’s what the gentleman here-- That’s the point he was making.

MR. COLON: What happens to that? Nobody-- You know, what’s going on there?

Another thing is, like I said, it’s hope. You guys could look for all the different ways to gamble, to produce money. And if you want to privatize-- Like they said, let’s privatize it. How are you going to privatize this building or even offer it to somebody when you tie their hands? It’s not going to happen; nobody wants it.

So then, if we lose our racing here, what’s going to happen to all the money from equine? How are you guys going to explain that to the voters, to the people? “Hey, we lost a billion-dollar industry, because we didn’t want to say--“ Give the people hope for racinos, if you want to call it--

Another thing is: If you lose the money there, you’re going to lose the millions of dollars that we’re losing every day to Yonkers, to Pennsylvania. Why isn’t anybody just saying, “Okay, we’re looking to racinos to give you guys some hope.” If you’re ever going to look for other options, those options are still not going to be able to compete even if we take the OTWs -- “Okay, you got an OTW -- off-track wagering” but those people who would have been here -- say 50 or 100 people -- they’re not here. So it looks worse here -- they’re down there. So you’re going to open
up more and this building is going to be even smaller and smaller. Nobody’s going to be here except employees.

You know, so what are you guys going to do? “Oh, we don’t need this building here. Let’s close this building. It doesn’t look right.” I mean, you could look towards the future, but you guys have to get together -- A.C. -- get together, do something. Make money for the people. Right now we’re just losing -- Jersey’s losing -- we’re losing millions of dollars, and it’s just going to keep bleeding. There’s no need for it; no need.

And it’s crazy that you read in the paper that somebody says, “If that comes to my table -- racinos -- it will never leave my desk. I will never approve of that.” How are you going to say that? You’re telling the New Jersey people, “We don’t want millions of dollars that is going to Yonkers or PA. We don’t want that money, let them have it.” Because we just want to keep gambling in one area? It makes no sense.

So you’re telling the people, “No, let the millions of dollars go to the other states, we’ll keep bleeding here.”

ASSEMBLYMAN BURZICHELLI: We’re working on it. Thank you, thank you. (applause)

Ladies and gentlemen, I want to thank all who stayed with us through this day, and all who contributed.

For the members of this Committee, both the Senate President and the Speaker, you have been part of a State House process, as this Committee hearing has been taken from the Golden Dome and brought out into our neighborhoods in the state.
We thank you for your participation. Please stay involved in the process. Another meeting is scheduled for Monmouth, and then there will be some conclusions and legislation to follow.

I thank everyone very much for being here. Be safe.

The proceedings of today are concluded.

(Hearing Concluded)