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PUBLIC HEARING

before

ASSEMBLY INDEPENDENT AND REGIONAL AUTHORITIES COMMITTEE

ASSEMBLY BILL 4444

(Authorizes a \$185 million bond issue to finance acquisition and construction of a major league baseball stadium to be owned and operated by the New Jersey Sports and Exposition Authority)

and

ASSEMBLY BILL 4445

(Establishes the Sports and Exposition Equity Fund)

July 15, 1987
Bergen County
Administration Building
Hackensack, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman William "Pat" Schuber, Chairman
Assemblyman Joseph A. Palaia, Vice Chairman
Assemblywoman Marion Crecco
Assemblyman Paul DiGaetano

ALSO PRESENT:

Edward P. Westreich
Office of Legislative Services
Aide, Assembly Independent and Regional
Authorities Committee

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New Jersey State Legislature
ASSEMBLY INDEPENDENT AND REGIONAL
AUTHORITIES COMMITTEE
STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625
TELEPHONE: (609) 984-7381

July 1, 1987

NOTICE OF A PUBLIC HEARING

The Assembly Independent and Regional Authorities Committee will hold a public hearing on WEDNESDAY, JULY 15, 1987, at 10:00 a.m. in Room 427 of the Bergen County Administrative Building, Corner of Hudson and Essex Streets, Hackensack, New Jersey, to take testimony concerning the following bills:

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|---------------------------|--|
| A-4444
Loveys/Hardwick | Authorizes a \$185,000,000 bond issue to finance acquisition and construction of a major league baseball stadium to be owned and operated by the NJ Sports and Exposition Authority. |
| A-4445
Hardwick/Loveys | Establishes the Sports and Exposition Equity Fund. |
| A-4446
Rocco/Chinnici | Empowers the NJ Sports and Exposition Authority to use excess revenues from one project for another. |

Anyone wishing to testify should contact Edward Westreich, Committee Aide, at (609) 984-7381.



A4444

~~New Jersey Baseball Bond Act of 1987~~

AN ACT authorizing the creation of a debt of the State of New Jersey by the issuance of bonds of the State in the aggregate principal amount of \$185,000,000.00 for the purpose of providing for the acquisition and construction of a major league baseball stadium to be owned and operated by the New Jersey Sports and Exposition Authority, including land necessary for such stadium and for any other projects of the New Jersey Sports and Exposition Authority which may be constructed on the site of such stadium and for payment of costs of attracting and enabling a major league baseball team to locate in the State; providing the ways and means to pay the interest on the bonds and also to pay and discharge the principal thereof; providing for the refinancing of any or all of the bonds under certain circumstances; providing for the submission of this act to the people at a general election; and providing an appropriation therefor.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. This act shall be known and may be cited as the "New Jersey Baseball Bond Act of 1987."

2. The Legislature finds and declares that:

a. The general welfare, health and prosperity of the people of New Jersey ^{would} ~~will~~ be promoted and enhanced by the presence of a major league baseball team which plays its home games in the State.

b. The construction of a baseball stadium and the location of a major league baseball team in the State ^{would} ~~will~~ provide jobs, increase revenues, attract visitors to the State and stimulate the State's economy.

c. The enjoyment of a major league baseball team located within the State ^{would} ~~will~~ provide a much needed and valuable family activity for the residents of the State.

d. In order to attract a major league baseball team to locate in the State, it is necessary to provide for the construction of a stadium and related facilities suitable for the requirements of a major league baseball team.

e. The stadium and related facilities and such other projects as may be undertaken by the New Jersey Sports and Exposition Authority on the site ~~also~~ ^{would} also accommodate other events and serve uses which ~~will~~ ^{would} provide needed recreation, forums and expositions for the public.

f. The New Jersey Sports and Exposition Authority is a public body corporate and politic of the State which was created for the purpose of establishing and operating stadiums and other facilities for the holding of spectator sports, expositions and other public events and as such it is in the public interest that the authority own and operate the baseball stadium and related facilities to be constructed with the proceeds of bonds authorized by this act.

3. As used in this act:

a. "Authority" means the New Jersey Sports and Exposition Authority established by section 4 of the "New Jersey Sports and Exposition Authority Law," P.L. 1971, c.137 (C.5:10-^{OK}~~1~~ ~~et seq.~~), ~~as amended.~~

b. "Baseball stadium" means a facility to be owned and operated by the authority, at a site within the State of New Jersey, consisting of a baseball stadium and other buildings, structures, facilities, properties, easements, utilities and appurtenances related thereto, or incidental to, necessary for, or complementary to, a complex suitable for the holding of baseball games and other athletic contests or sporting events, or trade shows, exhibitions, spectacles, public meetings, entertainment events or other expositions, such facility to include driveways, roads, approaches, parking areas, parks, recreation areas, vending facilities, restaurants,

transportation structures, systems and facilities, and equipment, furnishings and all other structures and appurtenant facilities related to, incidental to, necessary for, or complementary to, the purposes of that facility, and including any land necessary for the foregoing and for other projects of the authority which may be constructed on ~~said~~^{the} site.

c. "Commitment" means a lease, contract or other written document which, in the determination of the issuing officials, ~~as~~^{OK} defined in section 7 of this act, evidences a commitment on the part of a major league baseball team to locate in the State and play its home games in a baseball stadium to be constructed with the proceeds of the bonds issued pursuant to this act.

d. "Construction" means the planning, development, erection, acquisition, improvement, construction, and equipment of a baseball stadium and related facilities, including all equipment and facilities necessary to the operation thereof.

e. "Cost" or "costs" means, as determined by the ^{State} Treasurer, the cost necessary, useful or convenient for or in connection with, the acquisition (by purchase, lease or otherwise), development and construction of all or any part of a baseball stadium and of any real or personal property, agreements and franchises, including the cost of attracting and enabling a major league baseball team to locate in the State, interest or discount on bonds, issuance of bonds, obtaining the services of a bond registrar or an authenticating agent, administrative costs, geological and hydrological services, planning, engineering and inspection, legal expenses, financial, professional and other estimates and advice, organization, operating and other expenses prior to and during such acquisition or construction, and all such other expenses as may be necessary or incident to the financing, acquisition, construction and completion of such baseball stadium or part

thereof and the placing of the same in operation, and also such provisions for reserve funds, or reserves for working capital, operating, maintenance or replacement expenses and for payment or security of principal of or interest on bonds during or after such acquisition or construction as the ^{State} Treasurer may determine.

f. "Government securities" means any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any federal agency, to the extent those obligations are unconditionally guaranteed by the United States of America, and any certificates or any other evidences of an ownership interest in those obligations of, or unconditionally guaranteed by, the United States of America or in specified portions thereof (which may consist of the principal thereof or the interest thereon) and any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the State.

g. "Major league" means the American League or the National League of ~~Major League Baseball~~, or any successor leagues thereto, or any leagues resulting from a restructuring of ~~Major League Baseball~~.

h. "Project" means any project which the authority is authorized to undertake pursuant to the "New Jersey Sports and Exposition Authority Law," P.L. 1971, c. 137 (C.5:10-1, et seq.) ~~as amended from time to time.~~

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~~i. "State" means the State of New Jersey.~~

~~j. "Treasurer" means the Treasurer of the State.~~

4. The ^{State} Treasurer may adopt, pursuant to law, rules and regulations necessary and appropriate to implement the provisions of this act.

5. a. Bonds of the State in the aggregate principal amount of \$185,000,000.00 are authorized to be issued for the

purpose of making a grant of funds to the authority, upon such terms and conditions as the ^{State} Treasurer may establish prior to the acquisition and construction by the authority of the baseball stadium and the disbursement of any funds therefor, to provide for the payment of costs as defined in ^{subsection e. of} section 3~~4~~ of this act.

b. As a condition precedent to the issuance of such bonds, there shall exist a commitment from a major league baseball team to locate in the State and play its home games in such baseball stadium.

6. The bonds authorized under this act shall be serial bonds, term bonds, or a combination thereof, and shall be known as "New Jersey Baseball Bonds." These bonds shall be issued from time to time as the issuing officials herein named shall determine and may be issued in coupon form, fully registered form or book-entry form. These bonds may be subject to redemption prior to maturity and shall mature and be paid not later than 35 years from the respective dates of their issuance but may be issued in whole or in part for a shorter term.

7. The Governor, the ^{State} Treasurer and the Comptroller of the Treasury, or any two of these officials, herein referred to as "the issuing officials," are authorized to carry out the provisions of this act relating to the issuance of bonds, and shall determine all matters in connection therewith, subject to the provisions of this act. If an issuing official is absent from the State or incapable of acting for any reason, the powers and duties of that issuing official shall be exercised and performed by the person authorized by law to act in an official capacity in the place of that issuing official.

8. Bonds issued in accordance with the provisions of this act shall be a direct obligation of the State of New Jersey, and the faith and credit of the State are pledged for the payment of the interest and redemption premium thereon, if any, when due and for the payment of the principal thereof at maturity or

earlier redemption date. The principal and interest on the bonds shall be exempt from taxation by the State or by any county, municipality or other taxing district of the State.

9. The bonds shall be signed in the name of the State by means of the manual or facsimile signature of the Governor, under the Great Seal of the State, which seal may be by facsimile or by way of any other form of reproduction on the bonds, and attested by the manual or facsimile signature of the Secretary of State of New Jersey, or an Assistant Secretary of State, and shall be countersigned by the facsimile signature of the Comptroller of the Treasury and may be manually authenticated by an authenticating agent or bond registrar, as the issuing officials shall determine. Interest coupons, if any, attached to bonds shall be signed by the facsimile signature of the Comptroller of the Treasury. The bonds may be issued notwithstanding that any of the officials signing them or whose manual or facsimile signatures appear on the bonds or coupons has ceased to hold office at the time of issuance or at the time of the delivery of the bonds to the purchaser thereof.

10. a. The bonds shall recite that they are issued for the purposes set forth in section 5 of this act, that they are issued pursuant to this act, that this act was submitted to the people of the State at the general election held in the month of November, 1987, and that this act was approved by a majority of the legally qualified voters of the State voting thereon at the election. This recital shall be conclusive evidence of the authority of the State to issue the bonds and of their validity. Any bonds containing this recital shall in any suit, action or proceeding involving their validity be conclusively deemed to be fully authorized by this act and to have been issued, sold, executed and delivered in conformity herewith and with all other provisions of laws applicable thereto, and shall be incontestable for any cause.

b. The bonds shall be issued in such denominations and in such form or forms, whether coupon, fully registered or book-entry, and with or without provisions for interchangeability thereof, as may be determined by the issuing officials.

11. When the bonds are issued from time to time, the bonds of each issue shall constitute a separate series to be designated by the issuing officials. Each series of bonds shall bear such rate or rates of interest as may be determined by the issuing officials, which interest shall be payable as may be determined by the issuing officials.

12. The bonds may be issued and sold at public or private sale at such price or prices and under the terms, conditions and regulations as the issuing officials may prescribe.

13. Until permanent bonds are prepared, the issuing officials may, in their discretion, issue in lieu of the permanent bonds temporary bonds in such form and with such privileges as to their registration and exchange for permanent bonds as may be determined by the issuing officials.

14. The proceeds from the sale of the bonds shall be paid to the ^{State} Treasurer to be held by the ^{State} Treasurer in a separate fund, which shall be known as the "New Jersey Baseball Fund." The proceeds of this fund shall be deposited in such depositories as may be selected by the ^{State} Treasurer to the credit of the fund.

15. a. The moneys in the "New Jersey Baseball Fund" are specifically dedicated and shall be applied to the purposes set forth in section 5 of this act. However, no such moneys shall be expended for such purposes, except as otherwise authorized by this act, without the specific appropriation thereof by the ~~New Jersey~~ ^{State} Legislature, but bonds may be issued as herein provided, notwithstanding that the ~~New Jersey~~ Legislature shall not have then adopted an act making specific appropriation of any of the moneys.

b. At any time prior to the issuance and sale of any series of bonds under this act, the ^{State} Treasurer is authorized to transfer from any available moneys in any fund of the treasury of the State to the credit of the "New Jersey Baseball Fund" such sums as the ^{State} Treasurer may deem necessary. The sums so transferred shall be returned to the same fund of the treasury of the State by the ^{State} Treasurer from the proceeds of the sale of such series of bonds.

c. Pending their application to the purposes provided in this act, the moneys in the "New Jersey Baseball Fund" may be invested and reinvested as other trust funds in the custody of the ^{State} Treasurer, in the manner provided by law. Net earnings received from the investment or deposit of moneys in the "New Jersey Baseball Fund" shall be paid into the General Fund of the State.

16. If any coupon bond, coupon or registered bond is lost, mutilated or destroyed, a new bond or coupon shall be executed and delivered of like tenor, in substitution for the lost, mutilated or destroyed bond or coupon, upon the owner furnishing to the issuing officials such evidence satisfactory to them of the loss, mutilation or destruction, proof of ownership thereof and security, indemnity and reimbursement for expenses connected therewith, as the issuing officials may require.

17. The accrued interest, if any, received upon the sale of the bonds shall be applied to the discharge of a like amount of interest upon the bonds when due. Any expense incurred by the issuing officials for advertising, engraving, printing, clerical, authenticating, registering, legal or other services necessary to carry out the duties imposed upon them by the provisions of this act shall be paid from the proceeds of the sale of the bonds by the ^{State} Treasurer upon the warrant of the

Comptroller of the Treasury, in the same manner as other obligations of the State are paid.

18. Bonds of each series issued hereunder shall mature, including any sinking fund redemptions, not later than the ~~thirty-fifth~~^{35th} year from the date of issue of such series, and in such amounts as shall be determined by the issuing officials. The issuing officials may reserve to the State by appropriate provision in the bonds of any series the power to redeem all or any of the bonds prior to maturity at such price or prices and upon such terms and conditions as may be provided in the bonds.

19. Refunding bonds are authorized in an amount not to exceed the amount necessary to effectuate the refinancing of all or any bonds issued pursuant to this act, at any time and from time to time, for the purpose of refinancing any bond or bonds issued pursuant to this act, subject to the following provisions:

a. Refunding bonds may be issued at such time at or prior to the maturity or redemption of the bonds to be refinanced thereby, as the issuing officials shall determine;

b. Each series of refunding bonds may be issued in a sufficient amount to pay or to provide for the payment of the principal of the bonds to be refinanced thereby, together with any redemption premium thereon, any interest accrued or to accrue on such bonds to be refinanced to the date of payment of such outstanding bonds, the expense of issuing such refunding bonds and the expenses, if any, of paying such bonds to be refinanced; ~~and~~

c. No refunding bonds shall be issued unless the issuing officials shall first determine that the present value of the aggregate principal amount of and interest on such refunding bonds is less than the present value of the aggregate principal amount of and interest on the bonds to be refinanced

thereby; provided, for the purposes of this limitation, present value shall be computed using a discount rate equal to the yield of such refunding bonds, and yield shall be computed using an actuarial method based upon a 360-day year with semi²annual compounding and upon the price or prices paid to the State by the initial purchasers of such refunding bonds; and

d. Any refinancing authorized hereunder may be effected by the sale of the refunding bonds and the application of the proceeds thereof to the immediate payment of the principal of the bonds to be refinanced thereby, together with any redemption premium thereon, any interest accrued or to accrue on such bonds to be refinanced to the date of payment of such bonds, the expenses of issuing the refunding bonds and the expenses, if any, of paying such bonds to be refinanced, or, to the extent not required for such immediate payment, shall be deposited, together with any other moneys legally available therefor, in trust with one or more trustees or escrow agents, which trustees or escrow agents shall be trust companies or national or state banks having powers of a trust company, located either within or without the State, to be applied solely to the payment when due of the principal of, redemption premium, if any, and interest due and to become due on the bonds to be refinanced on or prior to the redemption date or maturity date thereof, as the case may be. Any such proceeds or moneys so held by such trustees or escrow agents may be invested in government securities, including government securities issued or held in book-entry form on the books of the Department of Treasury of the United States; provided such government securities shall not be subject to redemption prior to their maturity other than at the option of the holder thereof. Except as otherwise provided in this subsection, neither government securities nor moneys so deposited with such trustees or escrow agents shall be withdrawn or used for any purpose other than,

and shall be held in trust for, the payment of the principal of, redemption premium, if any, and interest on the bonds to be refinanced thereby; provided that any cash received from such principal or interest payments on such government securities deposited with such trustees or escrow agents, to the extent such cash will not be required at any time for such purpose, shall be paid over to such trustees or escrow agents, and to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable and legally permissible, be reinvested in government securities maturing at times and in amounts sufficient to pay when due the principal of, redemption premium, if any, and interest to become due on the bonds to be refinanced on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments, to the extent not required for the payment of bonds, shall be paid over to the State, as received by such trustees or escrow agents. Notwithstanding anything to the contrary contained herein: (1) such trustees or escrow agents shall, if so directed by the issuing officials, apply moneys on deposit with such trustees or escrow agents pursuant to the provisions of this section, and redeem or sell government securities so deposited with such trustees or escrow agents, and apply the proceeds thereof to the purchase of the bonds which were refinanced by the deposit with such trustees or escrow agents of such moneys and government securities and immediately thereafter cancel all such bonds so purchased or the purchase of different government securities; provided, however, that the moneys and government securities on deposit with such trustees or escrow agents after such purchase and cancellation of such outstanding bonds or such purchase of different government securities shall be sufficient to pay when due the principal of, redemption premium, if any, and interest on all other bonds in respect of which such moneys and government securities were

deposited with such trustees or escrow agents on or prior to the redemption date or maturity date thereof, as the case may be; and (2) in the event that on any date, as a result of any purchases and cancellations of such bonds or any purchases of different government securities as provided in this subsection, the total amount of moneys and government securities remaining on deposit with such trustees or escrow agents is in excess of the total amount which would have been required to be deposited with such trustees or escrow agents on such date in respect of the remaining bonds for which such deposit was made in order to pay when due the principal of, redemption premium, if any, and interest on such remaining bonds, such trustees or escrow agents shall, if so directed by the issuing officials, pay the amount of such excess to the State. Any amounts held by the ^{State} Treasurer in a separate fund or funds for the payment of the principal of, redemption premium, if any, and interest on bonds to be refinanced, as provided herein, shall, if so directed by the issuing officials, be transferred by the ^{State} Treasurer for deposit with one or more trustees or escrow agents, as provided herein, to be applied to the payment when due of the principal of, redemption premium, if any, and interest to become due on such bonds to be refinanced, as provided in this section, or be applied by the ^{State} Treasurer to the payment when due of the principal of, redemption premium, if any, and interest on refunding bonds issued hereunder to refinance such bonds. The ^{State} Treasurer is authorized to enter into any contract or contracts with one or more trust companies or national or state banks, as provided herein, to act as trustees or escrow agents, as provided herein, subject to the approval of the issuing officials.

e. Any series of refunding bonds issued pursuant to this section shall mature at any time or times not later than five years following the latest scheduled final maturity date,

determined without regard to any redemptions prior thereto, of any of the bonds to be refunded thereby, and in no event later than 35 years following the date of issuance of such series of refunding bonds, and such refunding bonds may be sold at public or private sale at such prices and under such terms, conditions and regulations as the issuing officials may prescribe. Refunding bonds shall be entitled to all the benefits of this act and subject to all its limitations, except as to sale provisions and to the extent therein otherwise expressly provided.

f. Upon the decision by the issuing officials to issue bonds pursuant to this section, and prior to the sale of those bonds, the issuing officials shall transmit to the Joint Budget Oversight Committee of the ~~New Jersey~~ Legislature, or its successor, a report that a decision has been made, reciting the basis on which the decision was made, including an estimate of the debt service savings to be achieved and the calculations upon which the issuing officials relied when making the decision to issue refunding bonds. The report shall also disclose the intent of the issuing officials to issue and sell the refunding bonds at public or private sale and the reasons therefor.

g. The Joint Budget Oversight Committee, or its successor, shall have authority to approve or disapprove the sale of refunding bonds as included in each report submitted in accordance with subsection f. of this section. The committee shall notify the issuing officials in writing of the approval or disapproval as expeditiously as possible.

h. No refunding bonds shall be issued unless the report has been submitted to and approved by the Joint Budget Oversight Committee, or its successor, as set forth in subsection g. of this section.

i. Within 30 days after the sale of the refunding bonds, the issuing officials shall notify the Joint Budget

Oversight Committee, or its successor, of the result of that sale, including the prices and terms, conditions and regulations concerning the refunding bonds, the actual amount of debt service savings to be realized as a result of the sale of refunding bonds, and the intended use of the proceeds from the sale of those bonds.

j. The Joint Budget Oversight Committee, or its successor, shall review all information and reports submitted in accordance with this section and may, on its own initiative, make observations and recommendations to the issuing officials, or the ~~New Jersey~~ Legislature, or both, as it deems appropriate.

20. Any bond or bonds issued hereunder shall no longer be deemed to be outstanding, shall no longer constitute a direct obligation of the State of New Jersey, and the faith and credit of the State shall no longer be pledged to the payment of the principal of, redemption premium, if any, and interest on such bonds, and such bonds shall be secured solely by and payable solely from moneys and government securities deposited in trust with one or more trustees or escrow agents, which trustees and escrow agents shall be trust companies or national or state banks having powers of a trust company, located either within or without the State, as provided herein, whenever there shall be deposited in trust with such trustees or escrow agents, as provided herein, either moneys or government securities, including government securities issued or held in book-entry form on the books of the Department of Treasury of the United States, the principal of and interest on which when due will provide money which, together with the moneys, if any, deposited with such trustees or escrow agents at the same time, shall be sufficient to pay when due the principal of, redemption premium, if any, and interest due and to become due on such bonds on or prior to the redemption date or maturity date thereof, as the case may be; provided such government securities shall not be

subject to redemption prior to their maturity other than at the option of the holder thereof. The State of New Jersey hereby covenants with the holders of any bonds for which government securities or moneys shall have been deposited in trust with such trustees or escrow agents as provided in this section that, except as otherwise provided in this section, neither the government securities nor moneys so deposited with such trustees or escrow agents shall be withdrawn or used by the State for any purpose other than, and shall be held in trust for, the payment of the principal of, redemption premium, if any, and interest to become due on such bonds; provided that any cash received from such principal or interest payments on such government securities deposited with such trustees or escrow agents, to the extent such cash will not be required at any time for such purpose, shall be paid over to the State as received by such trustees or escrow agents free and clear of any trust, lien, pledge or assignment securing such bonds; and to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable and legally permissible, be reinvested in government securities maturing at times and in amounts sufficient to pay when due the principal of, redemption premium, if any, and interest to become due on such bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the State, as received by such trustees or escrow agents, free and clear of any trust, lien or pledge securing such bonds. Notwithstanding anything to the contrary contained herein: (a) such trustees or escrow agents shall, if so directed by the issuing officials, apply moneys on deposit with such trustees or escrow agents pursuant to the provisions of this section, and redeem or sell government securities so deposited with such trustees or escrow agents, and apply the proceeds thereof to (1) the purchase of the bonds which were

refinanced by the deposit with such trustees or escrow agents of such moneys and government securities and immediately thereafter cancel all bonds so purchased, or (2) the purchase of different government securities; provided, however, that the moneys and government securities on deposit with such trustees or escrow agents after such purchase and cancellation of such bonds or such purchase of different government securities shall be sufficient to pay when due the principal of, redemption premium, if any, and interest on all other bonds in respect of which such moneys and government securities were deposited with such trustees or escrow agents on or prior to the redemption date or maturity date thereof, as the case may be; and (b) in the event that on any date, as a result of any purchases and cancellations of bonds or any purchases of different government securities, as provided in this sentence, the total amount of moneys and government securities remaining on deposit with such trustees or escrow agents is in excess of the total amount which would have been required to be deposited with such trustees or escrow agents on such date in respect of the remaining bonds for which such deposit was made in order to pay when due the principal of, redemption premium, if any, and interest on such remaining bonds, such trustees or escrow agents shall, if so directed by the issuing officials, pay the amount of such excess to the State free and clear of any trust, lien, pledge or assignment securing such refunding bond.

21. Refunding bonds issued pursuant to section 19 of this act may be consolidated with bonds issued pursuant to section 6 of this act or with bonds issued pursuant to any other act for purposes of sale.

22. To provide funds to meet the interest and principal payment requirements for the bonds and refunding bonds issued under this act and outstanding, there is hereby appropriated in the order following:

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a. Revenue derived from the collection of taxes under the "Sales and Use Tax Act," P.L. 1966, c.30 (C.54:32B-1 et seq.), ~~as amended and supplemented~~, or so much thereof as may be required; and

b. If, at any time, funds, as hereinabove appropriated, necessary to meet the interest, redemption premium, if any, and principal payments on outstanding bonds issued under this act, are insufficient or not available, there shall be assessed, levied and collected annually in each of the municipalities of the counties of this State a tax on the real and personal property upon which municipal taxes are or shall be assessed, levied and collected sufficient to meet the interest on all outstanding bonds issued hereunder and on the bonds proposed to be issued under this act in the calendar year in which such tax is to be raised and for the payment of bonds falling due in the year following the year for which the tax is levied. The tax thus imposed shall be assessed, levied and collected in the same manner and at the same time as other taxes upon real and personal property are assessed, levied and collected. The governing body of each municipality shall cause to be paid to the county treasurer of the county in which such municipality is located, on or before December 15 in each year, the amount of tax herein directed to be assessed and levied, and the county treasurer shall pay the amount of said tax to the ^{State} Treasurer on or before December 20 in each year.

If on or before December 31 in any year the issuing officials shall determine that there are moneys in the General Fund of the State beyond the needs of the State, sufficient to meet the principal of bonds falling due and all interest and redemption premium, if any, payable in the ensuing calendar year, the issuing officials shall by resolution so find and shall file their resolution in the office of the ^{State} Treasurer, whereupon the ^{State} Treasurer shall transfer the moneys to a separate

fund to be designated by the ^{State} Treasurer, and shall pay the principal, redemption premium, if any, and interest out of that fund as the same shall become due and payable, and the other sources of payment of the principal, redemption premium, if any, and interest provided for in this section shall not then be available, and the receipts for the year from the tax specified in subsection a. of this section shall be considered and treated as part of the General Fund of the State, available for general purposes.

23. Should the ^{State} Treasurer, by December 31 of any year, deem it necessary, because of the insufficiency of funds collected from the sources of revenues as provided in this act, to meet the interest and principal payments for the year after the ensuing year, then the ^{State} Treasurer shall certify to the Comptroller of the Treasury the amount necessary to be raised by taxation for those purposes, the same to be assessed, levied and collected for and in the ensuing calendar year. In this event the Comptroller of the Treasury shall, on or before March 1 following, calculate the amount in dollars to be assessed, levied and collected in each county as herein set forth. Such calculation shall be based upon the corrected assessed valuation of each county for the year preceding the year in which such tax is to be assessed, but such tax shall be assessed, levied and collected upon the assessed valuation of the year in which the tax is assessed and levied. The Comptroller of the Treasury shall certify the amount to the county board of taxation and the county treasurer of each county. The county board of taxation shall include the proper amount in the current tax levy of the several taxing districts of the county in proportion to the ratables as ascertained for the current year.

24. For the purpose of complying with the provisions of the State Constitution, this act shall be submitted to the people at the general election to be held in the month of

November, 1987. ~~In order~~ ^To inform the people of the contents of this act, it shall be the duty of the Secretary of State of New Jersey, after this section takes effect, and at least 15 days prior to the election, to cause this act to be published in at least 10 newspapers published in the State and to notify the clerk of each county of the State of the passage of this act; and the clerks respectively, in accordance with the instructions of the Secretary of State, shall cause to be printed on each of the ~~ballot~~ ballots, the following:

If you approve of the act entitled below, make a cross (X), plus (+), or check (✓) mark in the square opposite the word "Yes."

If you disapprove of the act entitled below, make a cross (X), plus (+), or check (✓) mark in the square opposite the word "No."

If voting machines are used, a vote of "Yes" or "No" shall be equivalent to such markings respectively.

NEW JERSEY BASEBALL BOND ~~ACT~~ ACT OF 1987

Yes.

Should the "New Jersey Baseball Bond Act of 1987" which authorizes the State to issue bonds in the aggregate principal amount of \$185,000,000 for the purpose of providing funds for the acquisition and construction of a major league baseball stadium located in the State to be owned and operated by the New Jersey Sports and Exposition Authority, including land necessary for the stadium and any projects of the authority which may be constructed on the site of the stadium and the payment of the costs of attracting and enabling a major league baseball team to locate in the State; authorizes the State to issue refunding bonds; and provides the ways and means to pay the interest ~~on the~~ ^{on the} debt and also to pay and discharge the principal thereof, be approved?

No.

INTERPRETIVE STATEMENT
Approval of this act would authorize the sale of \$185,000,000 in State general obligation bonds to provide funds for the acquisition and construction of a major league baseball stadium to be located in the State and owned and operated by the New Jersey Sports and Exposition Authority, including land necessary for the stadium and any projects of the authority which may be constructed on the site of the stadium and for the payment of costs of attracting and enabling a major league baseball team to locate in the State. ~~These bonds would allow a major league baseball team to locate in the State and use the stadium for its home games. New Jersey's bond and would help stimulate local revenues and economic development in the process.~~ These bonds would not be sold until a commitment was obtained from a major league baseball team to locate in the State and use the baseball stadium for its home games.

The fact and date of the approval or passage of this act, as the case may be, may be inserted in the appropriate place after the title in the ballot. No other requirements of law of any kind or character as to notice or procedure, except as herein provided, need be adhered to.

The votes so cast for and against the approval of this act, by ballot or voting machine, shall be counted and the result thereof returned by the election officer, and a canvass of the election had in the same manner as is provided for by law in the case of the election of a Governor, and the approval or disapproval of this act so determined shall be declared in the same manner as the result of an election for a Governor, and if there is a majority of all the votes cast for and against it at the election in favor of the approval of this act, then all the provisions of this act not made effective theretofore shall take effect forthwith.

25. There is ~~hereby~~ appropriated the sum of \$5,000.00 to the ~~New Jersey~~ Department of State for expenses in connection with the publication of notice pursuant to section 24 of this act.

26. The ~~Authority~~ shall submit to the ^{State} Treasurer a plan for the expenditure for funds pursuant to section 5 of this act from the "New Jersey Baseball Fund" for each fiscal year during which expenditures are anticipated. The plans shall include such information as the ^{State} Treasurer may request.

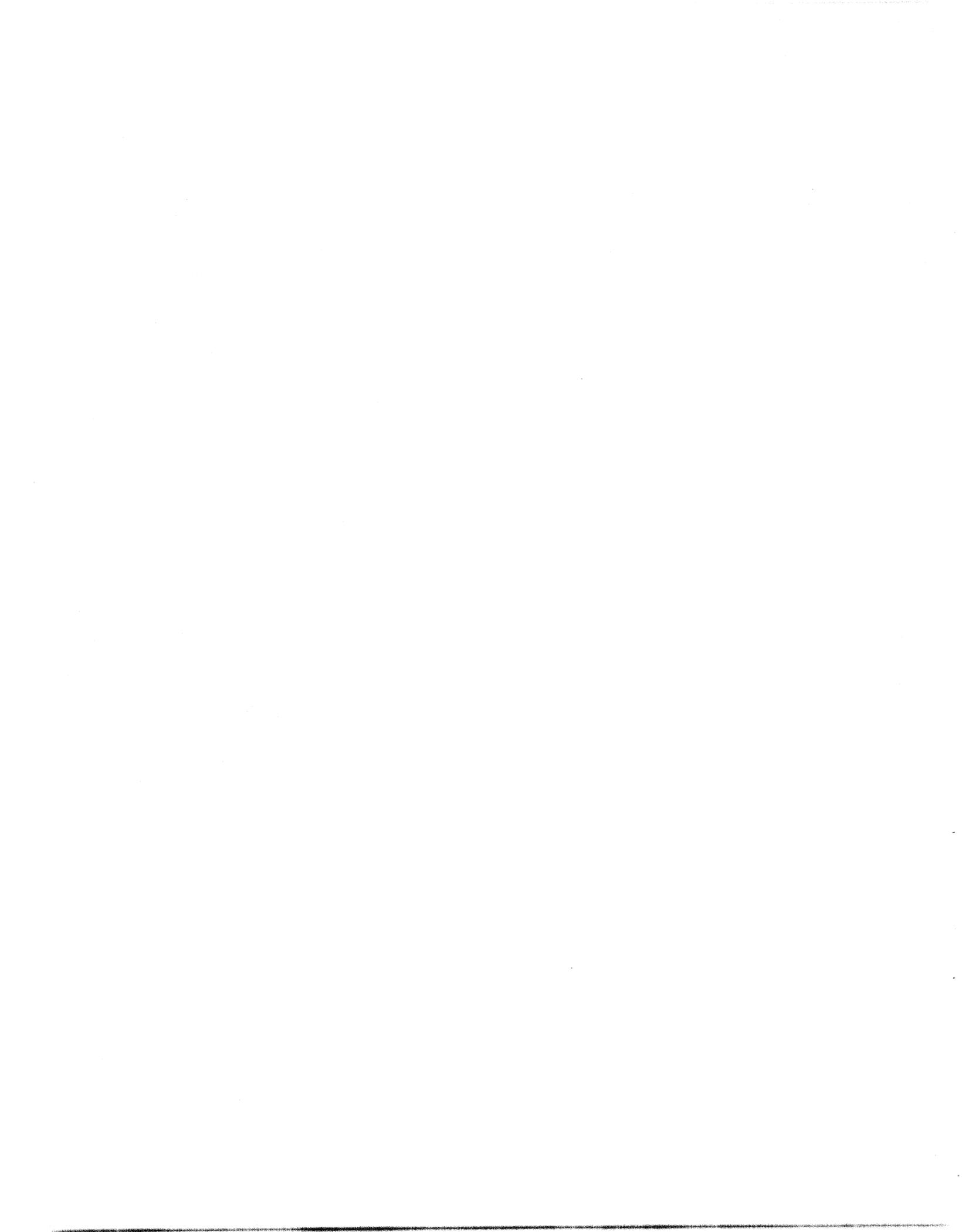
27. This section and sections 24 and 25 of this act shall take effect immediately and the remainder of the act shall take effect as and when provided in section 24.

STATEMENT

This bill allows the State to sell \$185 million in general obligation bonds to finance the construction of a major league baseball stadium in New Jersey to be owned and operated by the New Jersey Sports and Exposition Authority, the acquisition of land necessary for the stadium and for any projects of the authority which may be constructed on the site of the stadium and the costs of attracting and enabling a major league baseball team to locate in the State, provided a commitment by a major league baseball team to play its home games in the stadium is first obtained. New Jersey has one of the heaviest concentrations of baseball fans in the nation and ~~will~~^{would} strongly support a major league team in the State. In return, the State ~~will~~^{would} benefit directly and indirectly in many ways. Major league baseball ~~will~~^{would} provide a valuable family activity for State residents. The stadium ~~will~~^{would} accommodate other events which ~~will~~^{would} provide needed recreation, forums and expositions for the public. The construction of the stadium and the location of a major league baseball team in the State ~~will~~^{would} create jobs, increase revenues, attract visitors to the State and strengthen the State's economy. The presence of the stadium and a major league baseball team ~~will~~^{would} generate pride in New Jersey and enhance the State's image.

AUTHORITIES AND REGIONAL COMMISSIONS

Authorizes a \$185,000,000 State bond issue to finance a baseball stadium.



ADOPTED
DATE 8/3/87

Assembly Committee Amendments

to

Assembly Bill No. 4444
(Typewritten Copy)

Page 1 of 4

Amend:

Page	Sec.	Line	
3	3	31	After "construction," insert "reconstruction, extension, rehabilitation, demolition"
3	3	38	After "stadium" insert "."
5	5	3	After first "of" insert "financing the cost of the acquisition and construction of a baseball stadium to be owned and operated by the New Jersey Sports and Exposition Authority, including the land necessary for the stadium and for any other projects of the New Jersey Sports and Exposition Authority which may be constructed on the site of the stadium and for payment of costs of attracting and enabling a major league baseball team to locate in this State, by"
5	5	8-9	Omit "As a condition precedent to the issuance of such bonds," insert "Bonds shall not be issued under this act unless"
5	7	1	Omit "Comptroller" insert "Director of the Division of Budget and Accounting in the Department"
5	8	2	Omit "a"; omit "obligation" insert "obligations"
6	8	6	After "principal" insert "of"
6	9	6	Omit "of New Jersey"
6	9	8	Omit "Comptroller" insert "Director of the Division of Budget and Accounting in the Department"
6	9	12	Omit "Comptroller" insert "Director of the Division of Budget and Accounting in the Department"



Assembly Committee Amendments

to

Assembly Bill No. 4444
(Typewritten Copy)

Amend:

Page Sec. Line

7 12 1-3

Omit section 12 in its entirety insert new section 12 as follows:

"12.a. All bonds the interest on which is not included in the gross income of holders of those bonds under the "Internal Revenue Code of 1986," 26 U.S.C. 1 et seq., or any subsequent federal law, shall be issued and sold at such price or prices and under such terms, conditions and regulations as the issuing officials may prescribe, after notice of the sale, published at least once in at least three newspapers published in this State, and at least once in a publication carrying municipal bond notices and devoted primarily to financial news, published in this State or in the city of New York, the first notice to appear at least five days prior to the day of bidding. The notice of sale may contain a provision to the effect that any bid in pursuance thereof may be rejected. In the event of rejection or of failure to receive any acceptable bid, the issuing officials, at any time within 60 days from the date of the advertised sale, may sell the bonds at a private sale at such price or prices and under such terms and conditions as the issuing

Assembly Committee Amendments

to

Assembly Bill No. 4444
(Typewritten Copy)

Page 3 of 4

Amend:

Page	Sec.	Line
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officials may prescribe. The issuing officials may sell all or part of the bonds of any series as issued to any State fund or to the federal government or any agency thereof, at a private sale, without advertisement."

"12.b. All bonds the interest on which is included in the gross income of holders of those bonds under the "Internal Revenue Code of 1986," 26 U.S.C. 1 et. seq., or any subsequent federal law, may be issued and sold at public or private sale at such price or prices and under the terms, conditions and regulations as the issuing officials may prescribe."

7	13	2-3	Omit ", in their discretion," on line 2; omit "in lieu of the permanent bonds"
7	15	2	After "the" insert "cost of the"
7	15	4	Omit "such" insert "those"
8	15	24	Omit "of the State"
9	17	9	Omit "Comptroller" insert "Director of the Division of Budget and Accounting in the Department"
9	19	1	Omit "Refunding bonds are authorized" insert "The issuing officials may issue refunding bonds"
11	19	78	After "to" insert "(a)"
11	19	81	Omit "such" insert "outstanding"; after "or" insert "(b)"

Assembly Committee Amendments

to

Assembly Bill No. 4444
(Typewritten Copy)

Page 4 of 4

Amend:

Page	Sec.	Line	
12	19	100	Omit second "such" insert "the"
12	19	119	Omit "Any" insert "Notwithstanding the provisions of section 12 of this act, any"
18	23	6	Omit "Comptroller" insert "Director of the Division of Budget and Accounting in the Department"
18	23	9	Omit "Comptroller of the Treasury" insert "director"
18	23	16	Omit "Comptroller of the Treasury" insert "director"
19	24	5-6	Omit "of New Jersey"
20	Box	24	Omit "and"
20	Box	28	After "thereof" insert "; and which prohibits the issuance of these bonds until a commitment is obtained from a major league baseball team to locate in the State and use the baseball stadium for its home games"

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A4445

AU0033
SR AU00
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AN ACT concerning the New Jersey Sports and Exposition Authority
and supplementing P. L. 1971, c. 137. ^(C. 5:10-1 et seq.)

BE IT ENACTED by the Senate and General Assembly of the State of
New Jersey:

1. a. There is hereby established a separate fund entitled
the "Sports and Exposition Equity Fund." The fund shall be
maintained by the State Treasurer and may be held in
depositories as may be selected by the State Treasurer and
invested and reinvested as other funds in the custody of the
State Treasurer in the manner provided by law. In the fiscal
year beginning July 1, 1987 and in each of the five fiscal years
thereafter, subject to and dependent upon appropriations being
made by the Legislature for the purposes of the fund, the State
Treasurer shall credit or pay into the fund the amount of
\$10,000,000.00.

b. Amounts on deposit in the Sports and Exposition
Equity Fund, including investment earnings thereon, shall be
disbursed by the State Treasurer to the authority solely for the
purposes of paying major maintenance costs and making payments
in lieu of taxes in connection with the meadowlands complex and
retiring authority debt and paying debt service thereon. The
determination of the amounts in the fund to be disbursed at any
time, to one or more of the purposes thereof, shall be established
by the State Treasurer in an agreement with the authority to be
entered into prior to any disbursements from the fund; provided,
that the fund shall be administered in a manner consistent with
covenants made with authority bondholders and noteholders. Such
agreement may include provisions which would require the
approval of the State Treasurer prior to the issuance by the
authority of any or all of its bonds or notes.

2. This act shall take effect immediately.

STATEMENT

In order to further the continued success of the Meadowlands ~~Sports~~ Complex in providing major league sports and high quality entertainment events and to assist the New Jersey Sports and Exposition Authority in developing additional projects in the State, authorization of additional financial resources is needed. This bill, which supplements the "New Jersey Sports and Exposition Authority Law" (P.L. 1971, c. 137; C. 5:10-1 et seq.), creates a Sports and Exposition Equity Fund to be held by the State Treasurer and funded by annual State appropriations of \$10,000,000.00 for six years. Such appropriations would represent a repayment to the sports authority of amounts contributed to the State by the authority since 1977 from excess revenues generated by the sports complex. The authority would be limited in using the appropriations only for purposes of paying major maintenance expenses and payments in lieu of taxes in connection with the sports complex, and for the retirement of debt issued by the authority and the payment of debt service on that debt.

AUTHORITIES AND REGIONAL COMMISSIONS

Establishes the Sports and Exposition Equity Fund, ^{and} provides for six annual appropriations to the fund.

12 Revol A4445

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**Public Information
Copy**

AUTHORITIES AND REGIONAL
COMMISSIONS

[Handwritten signature]

AN ACT concerning the New Jersey
Sports and Exposition Authority
and supplementing P.L. 1971,
c. 137 (C. 5:10-1 et seq.)

[Handwritten signature]
Page 2 *Loveys*

[Handwritten signatures: Kelly, Klimp, Valera, N. Felice, Katherine A. Bonoran, Jones, Jangul, J. Longo, Joe N. Smith]

4445
JUN 29 1987
[Stamp]

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* * * * *



ASSEMBLYMAN WILLIAM P. SCHUBER (Chairman): Let me welcome everyone to this meeting of the General Assembly's Independent and Regional Authorities Committee. The issue before us today is one of whether there shall be a major league baseball team in the State of New Jersey. And secondly to what extent, if any, there should be a commitment by the State of New Jersey, economically, to the New Jersey Sports and Exposition Authority.

We shall examine these issues, while reviewing them against the framework of a series of bills that have been introduced into the Assembly. In particular, Bill A-4444, sponsored by Assemblymen Loveys and Hardwick, which will authorize a \$185 million bond issue to finance acquisition and construction of a major league baseball stadium, to be owned and operated by the New Jersey Sports and Exposition Authority, and Assembly Bill 4445, sponsored by Assemblymen Hardwick and Loveys which will establish the Sports and Exposition Equity Fund.

A third bill, A-4446, sponsored by Assemblymen Rocco and Chinnici, which empowers the New Jersey Sports and Exposition Authority to use excess revenues from one project to another, in particular an aquarium, will be examined at a hearing in Camden on this coming Monday.

I think that we can safely say that the Meadowlands Sports Complex has been a national and statewide success story. It has helped to enhance pride in New Jersey, while bringing a cornucopia of entertainment events to our citizens, from football to concerts, from horse racing to auto racing. And at the same time, I think it's fair to say also that it has made a vital economic contribution to the State of New Jersey.

I guess the question today for us is whether the words "play ball" will be heard in New Jersey in New Jersey's future. The question as to whether the New Jersey Sports Authority will have the authority to negotiate for a baseball

team, and to build a corresponding baseball stadium cannot be judged simply on the popularity of the nation's first and prime pastime -- most of us are all baseball fans -- nor can it be judged on the facts of whether we like to endlessly consider the batting averages, and the earned run averages, the teams and the players of the various major league teams and speculate on which one of them may come to the State of New Jersey.

Rather, the questions are much more serious than that. The questions to be answered today are in particular, what is the batting average of the Sports Authority, and how has the Sports Authority managed its enterprises? And, what is the earned run average, or the ERA, or contribution of the Meadowlands to New Jersey's economy, and at what cost? And what will the cost of this enterprise be to the State of New Jersey? And finally, and I think very importantly, will New Jersey receive a long-term economic sustainable benefit from introducing major league baseball here into our State? These are all of the questions that myself and the members of the Committee will be examining in the course of these hearings which we will conduct around the State on these particular bills.

Joining me on our panel here today are Assemblyman Paul DiGaetano from Bergen/Passaic, Assemblyman Joe Palaia from Monmouth County, and Assemblywoman Marion Crecco from Essex County. And I'm sure that this will not be the first of a number of bad baseball puns, but we have an all-star lineup today of witnesses who will testify with regard to this legislation. Our first witness is the Speaker of the General Assembly, Chuck Hardwick. Assemblyman Hardwick?

A S S E M B L Y M A N C H U C K H A R D W I C K: Good morning, and thank you very much Mr. Chairman and members of the Committee. As you touched on in your opening comments, certainly the Sports Authority has indeed been a success story in the State of New Jersey. Over the past decade, we have

watched as hundreds of acres of vacant swampland have been transferred into the nation's premier sports complex, bar none.

Today the Meadowlands is a key part of the new New Jersey; the New Jersey that we speak of with great pride. We're no longer viewed simply as a corridor between New York City and Philadelphia; now, Philadelphians and New Yorkers are the ones crossing bridges to come to our State to truly enjoy the best in sports and entertainment. Even those New Jerseyans who are not sports fans -- and not all New Jerseyans are sports fans -- realize the importance of the Meadowlands and bask in its glow.

But in all of our euphoria over the sports complex, and the possibility of a new baseball stadium, there are sobering questions to be asked, and some of them concern finances. According to information recently given to me and to members of this Committee and other legislators, the Sports Authority is potentially in serious financial trouble. The stakes in State pride, and the State's economy are high in maintaining the Sports Authority's financial health.

Later today, you will hear testimony from the Commissioners about the economic contributions made by the Meadowlands complex to our State. But, I would like to mention a few: The Meadowlands complex now has a total economic impact of more than a half a billion dollars a year. The Sports Authority annual payroll is more than \$54 million, and the great majority of these employees are New Jersey residents. The Meadowlands has been a catalyst for tremendous economic growth in the region, and many firms rely on its contracts for items ranging from printing of programs to paint for stripes in the parking lot. This complex is simply too valuable an asset, and too important an element in New Jersey's high quality of life to allow the Sports Authority to become unable to meet its financial commitments.

However, before we in the Legislature would approve assistance from the taxpayers or an expansion into new projects, there must be a thorough review of the finances and operations of the Sports Authority. Consequently, when Mr. Loveys and I were asked to sponsor the baseball stadium and equity fund bills, I ordered a top-to-bottom business review of the Authority's operations. You and I must be assured, and we must be able to assure the public, that the Sports Authority is a well-run business with sound business practices.

We in the Legislature do not intend to rush headlong into projects with such huge policy and financial implications without a most careful review. And we in the Assembly have assigned a high priority to this review, and to the consideration of the bills before us today.

Racing revenues, which are so crucial to the finances of the Sports Authority, as you know, have been declining. This is due in part to the intense competition for the gambling dollar in our State. Thanks in part to you, Mr. Chairman, and to this Committee, the Governor's Gaming Advisory Committee, formed through legislation that I sponsored is now exploring the broad policy questions posed by competition among gambling interests.

Negative impact on the Sports Authority's finances is an example of the need for long-term planning for our State for all forms of legalized gambling. The equity bill, which Mr. Loveys and I are sponsoring, looks to the future. It will enable the Sports Authority to plan ahead. The fund would be used for four things:

- 1) To pay for major maintenance projects, subject to the approval of the State Treasurer;
- 2) Make in lieu of tax payments to local governments;
- 3) Retire the Authority's debt; and,
- 4) Make scheduled debt service payments.

According to the Treasury Department, they can reverse the lien payments on the Sports Authority's long-term debt. This so-called "lien-flip" would ensure a State takeover in the event of a default of any of the Authority's debts.

As you know, Assembly Bill A-4445 provides \$60 million over a period of six years at \$10 million a year, to establish the Sports and Exposition Authority Equity Fund. Of that \$60 million, the Treasury Department projects that \$25 million would be used to retire long-term debt, \$35 million would be used for maintenance and in lieu of tax payments.

Mr. Chairman, until our top-to-bottom business review is complete, I will not ask you to move this legislation. Or, should you decide that you want to move it for Committee purposes, I will not post the legislation for a vote by the full Assembly until we are satisfied that all business aspects of the Sports Authority are being run properly. However, I will encourage your speedy consideration of the bond act, so that the public can decide if it wants a baseball stadium to be built, contingent upon a commitment by a major league team to play here in New Jersey. I'm sure the conclusions we reach will raise some new issues as to how the baseball stadium will be operated.

One thing I'm sure the Legislature will not support is a package in which the taxpayers, over a period of time, would be asked to absorb any potential operating losses from a new baseball stadium. Other questions regarding the fairness to the average baseball fan also have to be dealt with in a forthright way.

Polls have shown that baseball fever is catching on in our State. We want a team to call our own, and we want to host our own All-Star Game in the near future. A major league baseball diamond is the missing jewel in New Jersey's sports crown.

And now, with your permission, I will ask Assemblyman Ralph Loveys, the cosponsor of the equity bill, and prime sponsor on the baseball bill, to -- and you said no more baseball puns -- who's now in the on deck circle -- to come further and discuss the baseball stadium legislation. Thank you, Mr. Chairman.

ASSEMBLYMAN SCHUBER: Thank you, Mr. Speaker, and welcome Assemblyman Loveys. Why don't you step up to the plate here, and--

A S S E M B L Y M A N R A L P H A. L O V E Y S: Thank you, Mr. Chairman. It is with great excitement and anticipation that I have the opportunity to introduce Assembly Bill 4444. It's significant, I think, in a way, if we analyze the number 44, it was worn by Henry Aaron, and wouldn't it be great if someday that somebody wearing a New Jersey baseball uniform could maybe outhit, if you will, and beat Henry Aaron's record and the record that he, of course, achieved over Babe Ruth.

Again, another pun, I'm going to throw the first pitch today for the baseball stadium, because I think it would be another milestone and a great achievement for our State.

The bill itself will allow the people this fall in a referendum ballot to vote, if you will, to allow us to spend in a bonding capacity \$185 million. Of that money we would allow the Sports Authority to acquire the land, to improve the land, to acquire a team, and naturally to build a stadium.

If I may mention -- and I think these are facts that all of us in this room know today -- that we enjoy the Giants and the Jets; we know what the Giants have done this past year. We know and we feel that both teams next year could be in fact playing in the Super Bowl. It's a great asset to our State. We do have a professional basketball team now, and a professional hockey team. And I think with patience you're going to see the Nets bring a National Basketball championship

to New Jersey. And I think with patience and due diligence, we'll see the Devils bring the Stanley Cup to New Jersey. I'm hopeful of that, and I do have the patience. And I think that New Jersey is definitely a natural for baseball. I think you'll hear further testimony today that New Jersey will probably be able to outpoll, as far as people watching our baseball games, even more so than any other team presently in baseball, with the exception of the Dodgers.

If I can digress just for a moment, and I think this is important, Mr. Chairman and members of the Committee, I grew up in the Boston area and as a child and even as an adult today, I know what Fenway Park and the Boston Red Sox have done, not only for the citizens of Boston, but for the State of Massachusetts, and also for other states surrounding that area; states that knew that they would not probably ever have a baseball team -- states like Connecticut, and Vermont, and New Hampshire, and Rhode Island. What it's done to those people is, they've pulled together; they work together. It's created a closeness and a pride in that team, and in that ballpark. And I think New Jersey is just waiting for something like that to happen. I think a baseball stadium in New Jersey would do just that. It will continue the great pride in our State; the pride we have, begun, if you will, by Tom Kean just a few years ago. We must continue this pride and the closeness. And I think the baseball stadium would be a natural.

If and when we do post a vote for the people in November -- and I'm sure it will be an affirmative vote by the citizens of this State -- it'll allow the Sports Authority then to continue to further negotiate on the property to know fully what they have to do to improve the area, to gain any and all permits that might be necessary, and of course to continue its negotiations in securing a team.

You realize that no construction of the stadium will take place until there's a firm commitment from a National

League or American League franchise to relocate in the State of New Jersey.

While mentioning the Sports Authority, I would like to take this opportunity to allow the people that run that Authority what I think of them and what I think of the Authority. And it's not because the Chairman, Jon Hanson, is here today, or the Chief Executive Officer, Robert Mulcahy is here today, but I say this with complete sincerity. I think the New Jersey Sports and Exposition Authority is the envy of the rest of this country. I think what they've done is ask many questions in other states of how could they do it? How did they do it? They've done an exceptionally fine job. And I'm proud, as a citizen of this State, to know that the administrative abilities that they have-- We have them, and we ensure and trust our money with these people. And as a legislator, I would say that I commend them, and I would support further action on their part in anything that they would do.

Let me explain why I really feel this strongly. In looking at Giants Stadium today, and walking through the racetrack, and analyzing the arena, and the age of these buildings and the structures and even the parking lots, it's amazing that those facilities look today as good as they looked when they were originally built. And that is a definite plus. There's money being spent, and there's attention being given to the maintenance of these areas. And they are caring for our dollars. They're well spent moneys, and I think in the long run, will be a complete and definite asset to our State.

One thing I would like to mention also is the economy of this area. New Jersey is very successful with the economy that we're operating under today, and the addition of a baseball stadium to this area is only going to make our economy stronger; it's going to bring in new jobs, and the ripple effect to those communities surrounding the baseball stadium will certainly prosper from it.

So, I think everything that we've talked about, and everything I see is a positive and a plus. I know you will be hearing from other experts in this field today, but we'd be happy to answer any questions that you might have in this area. And I thank you, Mr. Chairman and your Committee for the time given to us today.

ASSEMBLYMAN SCHUBER: Thank you, Mr. Loveys. If I might ask a quick question of the Speaker, given the nature of the comments you've made with regard to timing, if we concentrate just for a second on the baseball bond funding act, what are you talking about if this Committee were to release that in the way of a timing for a vote by the General Assembly?

ASSEMBLYMAN HARDWICK: Mr. Chairman, I'm not sure what the date would be. There simply has to be enough time for us to do that top-to-bottom business review. I'm under the general impression, as is Mr. Loveys, that the Sports Authority is well run. But we want to dig in to their operations until we're well satisfied, not only on the surface, but down deep, that we can go to the taxpayers, and in effect say this is a well run business and we're asking for \$10 million of taxpayers money for six years -- \$10 million a year for six years to do that.

So, whatever time it takes us to complete that analysis -- we're retaining some outside expert assistance to complete that staff analysis. We will want your input and your involvement as a key committee chairman to participate in that analysis, and at that point, wherever it will be -- and I'm expediting it, so it will probably be a matter of several months. At that point we'd be in a position to recommend to the Assembly that they pass the legislation. But I can't give a date on that until we see how well the analysis goes.

ASSEMBLYMAN SCHUBER: Would you expect that, given the nature of the schedule of these hearings, if the Committee was satisfied with what it had heard with regard to the issue of

the need for the bonding issue, would you anticipate that it would be fair to say that this bonding issue could be passed in time to place on the November ballot?

ASSEMBLYMAN HARDWICK: Yes, I do. I see them as, although they're related, they are separate issues. And if this Committee passes out the bond issue for the baseball stadium, I will be calling the Assembly back into session after you've completed-- I'm not sure how much time you need. I know you're having a lot of hearings. One thing we can't do is rush the bills, or even give the appearance we're rushing them, but after you've satisfied yourselves that you've seen it and thoroughly reviewed it, if you pass out the bill from your Committee, I will call the Assembly back into session in August and we will consider it by the full Assembly, which will give the Senate the time to do likewise, in time for it to be posted on the ballot this November. I believe staff says it must pass both houses by the middle of September in order to be printed on the ballot. So, I see no problem with the Assembly meeting that deadline.

ASSEMBLYMAN SCHUBER: I think it would be fair say for Speaker Hardwick or Assemblyman Loveys, that all these -- the bills that we discussed in the beginning of the three bills -- are really all separate issues in a way. We have a bond issue, and we have an equity fund, and of course the aquarium. They really all are separate issues that are not necessarily linked. Would that be fair to say?

ASSEMBLYMAN LOVEYS: I would say yes.

ASSEMBLYMAN HARDWICK: Yes, but I want to reserve judgment on that until we would be satisfied that the positioning of the baseball stadium wouldn't be further exacerbating any financial problems of the Sports Authority. We need to just keep our eyes wide open. I think the public will support baseball, but we don't want any surprises on the finances. And so as long as we're satisfied that there are no

surprises, that we look at it thoroughly, and that the Sports Authority wouldn't be in a position to be incurring further deficits as it did for the Brendan Byrne Arena, then I would say to you yes they are separate issues. But until we resolve that, there's still a relationship between them.

ASSEMBLYMAN LOVEYS: I'd like to point out, Mr. Chairman, that the baseball bill, as read, allows the State of New Jersey to assume the debt of the stadium itself, the maintenance thereof, and running of it, and the ownership would be under the Sports Authority.

ASSEMBLYMAN SCHUBER: I know that, you know, we're going to hear in a couple of minutes from the officials of the Sports Authority, and they will go into more depth as to their proposals, plans, and costs, but are you satisfied, Assemblyman, from what you've seen and investigated and looked at that the amount of the money that we're seeking in the bond issue is adequate to cover the enterprise that's being sought to be done?

ASSEMBLYMAN LOVEYS: To date, the analysis that was given to me -- I'm satisfied. But as Speaker Hardwick has just indicated, we will do some further studying into these numbers to be sure that the amount of money given to us will be adequate to do what is necessary in that whole area.

ASSEMBLYMAN SCHUBER: Are there any other questions from members of the Committee on it? (negative response) Thank you gentlemen. Thank you very, very much.

ASSEMBLYMAN HARDWICK: Thank you.

ASSEMBLYMAN SCHUBER: Our next witness will be the Chairman of the New Jersey Sports and Exposition Authority, Jon Hanson, and the President and Chief Executive Officer of the New Jersey Sports and Exposition Authority, Mr. Robert Mulcahy.

J O N F. H A N S O N: Thank you, Pat. If we may, Assemblyman, I want to ask Bob Mulcahy if he would first give the background and our thinking on the equity portion, and then we would get into a for for, for for.

ASSEMBLYMAN SCHUBER: That's not the right mike Jon. Jon, use this one here on the--

R O B E R T E. M U L C A H Y III: Mr. Chairman, I want to thank you and the other members of the Committee for the opportunity to appear before you this morning and to discuss specifically the equity fund legislation. Speaker Hardwick spoke eloquently about the impact of the Sports Authority in the life of New Jersey, and I think very dramatically used the economic impact of the Sports Authority as computed in 1986, that is in excess of \$550 million. So I think that's a very very dramatic number, when you look at the impact of this Authority on the life of New Jersey.

I think it's fair to say that in 10 years the Sports Authority has achieved a unique status in the life of New Jersey. Its accomplishments have been well chronicled, and have put it in the vanguard of the renaissance of New Jersey.

What I want to do is review briefly the revenues of the Authority, what the impact has been, and why we have proposed this idea called an equity fund.

If we look back historically, net income from racing with the Authority -- which has been the bulk of its revenues -- during the first five years of its existence -- from 1977 to '81 -- never dropped below \$45 million racing revenues. In 1982, and for the next three years, it averaged approximately \$40 million. And then in 1985, racing revenues dropped to \$30.5 million, and last year to 26.3. While this year so far they've started to rebound, I think what I'm going to say demonstrates the instability and the problem.

I think it's important to look at this record, because 1981 is a critical year. Two things happened that year. First, the arena came on-line in July of 1981, and secondly, the casinos began functioning in full bloom, and the lottery was experiencing its expansion. Let me touch on these two issues.

The complex was originally conceived to have racing pay for itself and the football stadium. And it did that handsomely for the first five years. So well, in fact, that the arena was built and the debt service for that arena added on, with the knowledge that it would impact racing. That debt service became \$9 million a year from 1982 on. The growth of the casino industry, and the expansion of the lottery had a dramatic impact. I wish to make it clear that we are in no way quarreling with those public policy decisions; both industries are worthwhile and constructive. But, we must recognize that when your market research says that 80% of your patrons are also going to the casinos, and 23% frequently, then it has to have a very real impact on your business. The Speaker dramatically said that the gambling dollar is a finite dollar, we all understand that, and it can only be carved up in so many directions.

I would like to direct your attention to the first chart on the easel. What it does do is depict the current debt structure of the Authority. I think it's important to understand that you have three different debt structures here. First you have what we call the senior lien bonds. They're AA rated. They're the first lien on the Authority. They're roughly slightly less than \$6 million a year in debt service. Second you have the roughly \$175 million of State-guaranteed bonds that fit in the middle, and they are AAA rated. And third, you have the approximately \$103 million of subordinated bonds -- the so-called "third lien", which are better known as racing revenue bonds, and they're A rated. Frankly, they're the only rated racing revenue bonds in the country, and only Moody's was willing to rate them initially, but they've stood by them for all the years that we've been in existence. And I think it's a tribute to the management, if you want to look at it. This probably more than anything else gives you an independent view as to what rating agencies think of the management of the Authority.

But I think it's important to understand that this is the current debt structure, because as I go through these you'll begin to understand what changes and what the impact means to the Authority.

As you can see in looking at this subordinated debt, it was constructed so that the bulk of that debt would be paid once the State-guaranteed bonds are paid off in 2005. And the point about that is these are capital appreciation bonds that accrete the interest until the time that they really come into play and we have to start paying the interest in 2005. And that debt service here is roughly \$28 million a year for those 13 years. And if you keep that in mind when I go to the next two charts you'll understand. So, that's the current debt structure that we have in the Authority at the current time. (witness displays next chart)

When management reflected upon the racing revenues, that I referred to before, and looked at the debt service requirements, it became obvious to us that prudent management should have a plan to deal with the volatility of racing revenues before we experience trouble. If you looked at the last chart and this chart, and saw that the debt service is roughly \$32 million a year, and if the revenues for the Authority have to exceed that, obviously, to pay the debt service -- and we've had an annual capital budget of about \$4.7 million, and we pay approximately \$1.1 million to the Borough of East Rutherford -- you begin to understand why we need money in excess of the debt service. So, we've looked at a number of roughly \$38 million on an annual basis. And until this past year, we've been able to generate it. The past year, because of a peculiarity in the debt service payment, our debt service was only \$24 million. And that's why with the racing revenues dropping we were able to cover it and it was not a problem. This year the debt service goes back to \$31 million.

Over the past 10 years, the Authority has generated and paid to the State in excess of \$134 million in direct and indirect revenues. This ranges from surplus payments of roughly \$60 million, to sales tax on such things as horse sales, professional franchise tickets, direct taxes off racing to the State. The idea of the equity fund was generated from a conversation with the Speaker, and what we are suggesting with this legislation is that a little less than half of what we have generated -- or \$60 million, which represents the direct surplus payments -- be returned to the Authority over six years at \$10 million a year. This money would be placed in a equity fund and would accomplish certain things:

The first thing it would do is, it would give the Authority the opportunity to pass a certification which would permit us to restructure the liens, so that the order of the lien would be the first lien, the subordinated debt, and the State guarantees. The reason that that's important is that years down the road, when there's no equity fund, if there is a shortfall in a particular year, as long as there's a State-guaranteed debt, the Treasurer has the capacity to step in and make up that difference, so that you're not caught in a box with some sudden (inaudible), or that prohibits a million dollars or \$2 million, the capacity is there to do it. But in order to accomplish the so-called "flip of the liens" that the Speaker referred to, the Authority has to pass a certification. In order to pass that, we have to be able to determine that there's sufficient funds for the capital budget and the payment of all the taxes over the next five years.

If the fund were created, the Authority would have the capacity to draw against that fund, for one of three reasons: First of all, to pay its capital maintenance budget, or its payment in lieu of taxes. As I indicated before, the capital budget averages about 4.7 a year, the payment in lieu of tax fund is roughly \$1.1 million a year. During the five years of

this equity fund, it could also be used to pay current debt service if it was needed, or third, and probably most dramatically, it could be used to retire the subordinated debt that we have here. We believe that this is where there is dramatic savings, that proven financial planning dictates this kind of action, and because of the call feature that exists in the subordinated debt of \$35 million. In 1991, we have the capacity to retire that debt. If we were able to accumulate \$35 million by 1991, we could retire approximately \$340 million of this subordinated debt, which would then have the feature of having the Authority debt -- virtually debt free -- in the year 2009, except for a small piece of the senior lien bonds of less than \$6 million that would go out to 2016. But you see that for \$35 million, the way that debt is structured, you could retire a tremendous amount of debt. And it means that you would then have approximately this kind of money -- \$350 million -- that would have been spent in debt service, free to go to the State of New Jersey for whatever reason would be determined at that time. It could be used for surplus payments, it could be used against the funds for baseball. But it means that for 13 years, from 2009 to 2021, we, by spending \$35 million in 1991, have retired over \$350 million of debt. The specific number, I believe, is \$366 million.

Frankly, it's one of the reasons that we conceived this methodology that we thought that you had two purposes with this bill. You could either deal with the capital requirements of the complex so that we're never in the position which New York was in, in which they let the maintenance of the facilities run down, or you have the capacity if you didn't need the money to retire this debt and be in a position to deal with other things for the State of New Jersey.

That's been the history of this complex. One hundred and thirty-four million dollars over the last ten years. Yes, right now we're concerned with the instability of the racing

revenues. And we look down the road and we don't know where it's going to go. Nobody in the country knows where racing is going to go. And all we're simply saying is, having impacted racing revenues, give us the capacity to prudently deal with this over the next several years, because none of us are going to be in our positions 20 years from now, but certainly there's a tremendous benefit as demonstrated very visually on these charts.

I want to offer a couple of comments on the issue of racing revenues. It's true that racing revenues have experienced the positive turn-around during the first six months of this year. But it's mainly on the expanded use of simulcasting. And no one knows how racing revenues will respond over the long run, specifically to these changes in the industry. Everybody's experimenting across the country. But in planning for the future, it certainly seems prudent to protect the investment that we have that was so eloquently described by the Speaker, when it has an economic benefit in excess of \$550 million a year.

We have created a whole industry of harness racing in this State, complete with the breeding farms and everything that goes with it. A complex with over \$54 million in annual payroll, and one that in 10 short years has proved to be the catalyst for over a billion and a half dollars of private investment in the Meadowlands district. This is a complex in which over 9 million people a year visited. It generates an image for New Jersey all over this country. And if you look at the past year, some 14 events were telecast either nationally or internationally. The plant is basically 10 years old. We have never stinted in the routine maintenance of the plant. But it is a plant that's 10 years old, and we want to make sure that we've planned accurately to keep this complex in the image and the manner in which it has been in the past.

I indicated that we have not only projected a new national and international image for New Jersey in a short 10-year time frame. I think we have demonstrated that New Jersey has the imagination, the capital, and the ability to reshape the garbage and polluted marshlands that heretofore was the Meadowlands trademark.

Thank you very much. I'd be more than happy to take questions at whatever time you determine, Mr. Chairman. I have John Miller, who's a managing director for Merrill Lynch and who's handled the debt structure of the Authority since its inception when no one else could sell it. I have Bob Lurie from the Treasurer's office here, so feel free to ask any questions that you have.

I thank you for the time, and for your attention.

ASSEMBLYMAN SCHUBER: Thank you very much, Mr. Mulcahy. Chairman Hanson, did you have any comments that you wanted to make first?

MR. HANSON: Not on this bill. I'm going to talk on the A-4444.

ASSEMBLYMAN SCHUBER: Okay. Assemblyman Palaia?

ASSEMBLYMAN PALAIA: Mr. Mulcahy, in one of the sections -- section 5 on A-4444 -- it deals with the authorization of \$185 million in State bonds to be issued. What does the Sports Authority intend to do with the excess revenues, if any -- I like to look on the positive side -- from owning and operating a baseball (team) in New Jersey? Are we going to get the benefits back into the Treasury again? Because I didn't see in the bill where it really detailed where any excess revenues might go.

MR. MULCAHY: Well, the bill specifically only deals with the capital cost of building the stadium, similar to the way the original debt structure for the complex was.

ASSEMBLYMAN PALAIA: Right.

MR. MULCAHY: And, the Sports Authority would own and operate the stadium, and whatever revenues were generated on an annual basis, similar to the Giants Stadium or the arena, would go into the Sports Authority revenues, and if there's surplus, go to the State of New Jersey. There are two separate issues. First, you have to fund it, and we don't have the capacity to fund it. The chairman will address that. Second, will you run the operation on an annual basis? We would anticipate that it will generate some additional revenues, but like the other facilities, you're talking about \$2 to \$3 million a year, depending on how things go. They would go into the overall revenues of the Authority, and if there's surplus they would go to the State of New Jersey.

ASSEMBLYMAN PALAIA: Thank you.

ASSEMBLYMAN SCHUBER: Assemblyman DiGaetano?

ASSEMBLYMAN DIGAETANO: Thank you, Mr. Chairman. Mr. Mulcahy, you talked earlier about the different levels over the past few years of racing revenues. All the figures that you have presented here today, are they predicated on the revenues that we are currently receiving, are they predicated on some higher number that we expect to receive, or some lower number that we have received last year or the year before?

MR. MULCAHY: When you talk about the numbers, I have only used the historical record. I think the difficulty in projecting the future is that the volatility of racing revenues, both in New Jersey and across the country, in the past three or four years make it very difficult to project. That's why I indicated that while the first six months of this year have turned around to some degree, if you look two years ago, they were fine for the first six months, and then very dramatically dropped off. It's almost difficult to predict anymore. Hopefully, things will continue. If they do, we have the capacity to use this fund for the retirement of debts, which is why I think it has so much merit. And, it's only a

question of how much debt you retire. And if you retire the debt, you have another surplus to be used for the State of New Jersey.

ASSEMBLYMAN DiGAETANO: I guess what I'm asking in simple terms is if the current levels of racing revenues continue without increasing, can we expect all these projections to be borne out -- I mean, as far as financing and debt service -- in the years to come?

MR. MULCAHY: I think that if they were to continue at what they seem to be doing this year, yes. If they drop again, then you have to deal with that at that time. And our position of dealing with this was that the Sports Authority ought to deal with it before it becomes a significant problem, and we conceived an idea that had merit both ways. So it was just not money to be spent at the Sports Authority's discretion, but to be used in a proven way.

ASSEMBLYMAN DiGAETANO: Thank you. Just an additional question. We, I guess, assumed that, as you said, early on that racing would pay for itself plus the stadium and then the arena was added. Is the stadium revenue producing? And then as a second part to that, is the arena revenue producing, or are we subsidizing those two?

MR. MULCAHY: If you look at the operations of those facilities in the budget projected for this year, you have a stadium that's projected to produce about \$4 1/2 million in operating profit, and an arena that's roughly \$3 1/2 million. They'll vary each year, depending on the number of concerts and other special events that you can put in either one, but they're not going to vary by more than a million or two million dollars.

I think the key point was the one that we made before, that up until 1981, before there was any impact of casinos or lottery on racing revenues, you had a very high level. And I think everybody was lulled into a position that racing would

always stay the same. And when you had an impact on that gambling dollar, it affected all the other things that you planned.

The arena did two things. It added \$9 million in debt service on, and it also had a certain effect on the other events because people will go to one, and if there are enough racing dates, they'll say, "well, I'll go to the hockey game tonight. I won't go to racing." And we knew there was going to be some impact at that time -- or the commissioners at that time did -- and took that into account. The feeling was at that time, that with \$45 million in racing revenues, that even a debt structure at that time of 31, there was plenty of margin. What nobody conceived was the impact that all of this gambling was going to have on racing, and where the bottom was going to be. And that's something we've been attempting to project.

ASSEMBLYMAN DiGAETANO: This recent increase that you've talked about, over the past several months -- do you find that that is a national trend, or regional trend, or do you feel that that is a, if you want to call it a leveling back to a normal state from the initial surge over the past couple of years with gambling and with the arena opening?

MR. MULCAHY: It might be a combination of all of those. I think that first of all we've been able to figure out how to deal with simulcasting in a way that is more economically beneficial to us. I think if you look across the country right now, there are pockets where racing is doing well. I think our own experience at Monmouth Park this year is that thoroughbred racing is experiencing a comeback, and we've had a very dramatic impact there this year. So, it's very difficult to say. If you look across the country you find pockets. You can even look at the tracks in this State, and look at Atlantic City, Freehold, and Garden State, and find difficulties there. So that it's probably a combination of all of the factors that you enumerated.

ASSEMBLYMAN DiGAETANO: Thank you.

ASSEMBLYMAN SCHUBER: Assemblyman Palaia?

ASSEMBLYMAN PALAIA: Mr. Mulcahy, you know, the bottom line to all of this is going to be how much protection is there out there for the public? I think that's really going to be the bottom line. If they're going to be asking us when we put this up, is the protection there for the public, or are we going to go out on the limb so far?

MR. MULCAHY: Well, I think, Assemblyman Palaia, the answer to that is the historical record of the Authority. One, it succeeded beyond what anybody envisioned when they first couldn't sell the bonds, when they didn't have enough money to build the stadium so that the Mara family put up the money for the luxury suites there. It succeeded beyond anyone's dream. The kind of things that we've been able to do, I think, eloquently speak to the capacity of the Authority to react to that. But I think one of the distinctive aspects of the Authority has been its capacity to act almost as a private business, but at the same time be responsive in the public sector. And, that the historical record is probably more important to this than attempting to say what's going to happen in the future.

ASSEMBLYMAN PALAIA: Thank you.

ASSEMBLYMAN SCHUBER: Mr. Mulcahy, maybe we can ask you this too. Given the nature of the Speaker's comment, and the historical background of this Committee in looking into independent authorities, given the nature that it is fact, as you have testified in the record, that racing revenue has declined -- and I know that that has been a principal source of revenue for the operation of the Authority -- has the Authority over the last year or two adopted cost-cutting measures to meet that decline, and if so, what are they?

MR. MULCAHY: Well, the Authority has gone through a very well publicized effort over the last two years to deal

with cost-cutting measures. As you know, our salaried staff, including secretaries, only numbers about 241 people. The balance of the people belong to one of 16 different collective bargaining units, and are hired on a per diem basis, even if they might work 300 days a year, they're still hired on a per diem basis. That full-time staff was cut by 30 people last year, and another 11 positions were left vacant. There were another 100 people from the per diem staff cut back, and frankly, in many of the areas, we only shape up on an as needed basis, on a nightly -- daily -- basis. If you look at the expenses of the Authority, and specifically the departments there, you'll see how they've been dramatically trimmed over the last several years. I think that record's very clear, and we would be happy to provide the specifics of that. If you want me to, I can start detailing department by department, but you don't want me to do that here.

ASSEMBLYMAN SCHUBER: Well, if you could provide the Committee staff with the background on that, we would appreciate that very very much.

MR. MULCAHY: Sure.

ASSEMBLYMAN SCHUBER: On the equity fund, which as I understand it, would require the State to turn back to the Sports Authority \$60 million -- \$10 million a year -- as you had indicated, and as, obviously, the bill indicates, that would be used for three things: paying the maintenance cost, making the payment in lieu of taxes, and retiring the Authority's debt. Is that correct?

MR. MULCAHY: Yes.

ASSEMBLYMAN SCHUBER: Okay. On your issue of major maintenance, what do you consider under the definition of major maintenance that is covered under that?

MR. MULCAHY: Well, that term may be a little bit misleading, but we've considered under major maintenance there's a definition that is in the bond resolution that

essentially encompasses what we call our annual capital budget. As I indicated to you, it's averaged about \$4.7 million a year over the last five years. I did that calculation just looking at the last five years. And that encompasses everything from painting the steel structures of the stadium on a cycle basis so that over three years all of the steel members have been painted; it encompasses waterproofing the seating areas of the stadium, right down to new vehicles for maintaining the race track when they wear out. It's the kinds of capital equipment and items that are needed to maintain the facilities.

ASSEMBLYMAN SCHUBER: I assume that if, in fact, the baseball stadium was to be constructed that that would be part of the maintenance cost that would be projected in here for payment. Is that correct?

MR. MULCAHY: No, we have not projected it. We've kept-- Just as Monmouth Park has been separately structured, we have looked at baseball as a separate structure. And, it's not dealt with in the equity fund, because frankly, the equity fund will expire in six years if it were to be enacted. And, the Authority, by the time baseball is built, you're not talking about very much maintenance in the next six years, because the stadium wouldn't be built for two or three.

ASSEMBLYMAN SCHUBER: So then, it would be your anticipation -- not to jump from one bill to the other -- that the maintenance cost of a new stadium would be paid for out of the revenues of the stadium itself. Is that correct?

MR. MULCAHY: Yes.

ASSEMBLYMAN SCHUBER: Your major maintenance costs at the present time are currently paid through the -- what, your Authority's maintenance reserve fund?

MR. MULCAHY: Well, they're-- No, they're paid out of revenues that are generated on annual bases as part of the capital budget. When we project the budget for the year that

the Authority adopted, we've projected revenues to cover the debt service of approximately \$31 million, a capital budget of five point something million dollars, and payment in lieu of taxes of roughly \$1.1 million. That's what the budget was projected -- the revenues were projected to cover in our budget.

ASSEMBLYMAN SCHUBER: Are your in lieu of tax payments -- I think you mentioned are, what - \$1.1 million?

MR. MULCAHY: Well, that's if -- they were less than that last year. But assuming that we reach agreement with the Borough of East Rutherford, in an area that we thought we had generally come to agreement, that's what we would anticipate they would be.

ASSEMBLYMAN SCHUBER: Are you up-to-date on your payments on that now?

MR. MULCAHY: Yes. In fact, we've made payments this year in anticipation at last year's level, so that we would not be delinquent.

ASSEMBLYMAN SCHUBER: And -- not to jump again, but I will -- I assume that there's an in lieu of tax payment consideration to be considered with regard to the construction of the baseball stadium?

MR. MULCAHY: Yes.

ASSEMBLYMAN SCHUBER: Now, your expenditure, or your reserve for maintenance, as you indicated is \$4.7 million. Is that pretty much the standard for each year?

MR. MULCAHY: Well, that's an average over the last five years. You had some years in which it was three, and you had a couple of years in which it exceeded \$5 million. I attempted to take an average. If anything, I would expect that it would go up, not down.

ASSEMBLYMAN SCHUBER: On the issue of maintenance, do you do that on the basis of any long-range planning, or is there an entity within the Sports Authority that looks out for the maintenance in the future and plans for that over, you know, a five to ten year basis?

MR. MULCAHY: Well, we have an engineering department that is headed by a man named Charlie Smith, who had previously been at the Port Authority as a licensed engineer. This has been his career. And his responsibility is not only to take care of what's there now, but to plan for the future. And that's how we come up with these things, like the three year cycle to repaint all the steel members of the stadium, to conduct periodic structural tests on each of the facilities and those kinds of things -- an annual painting plan to take care of the facility. Yes.

ASSEMBLYMAN SCHUBER: Do you have any long-range, large maintenance proposals on the drawing board at the present time that would have to be taken care of over the next five to ten years?

MR. MULCAHY: Well, there are things that we thought would be taken care of in the annual appropriation. For example, we anticipate next year that there'll be a new turf placed in the stadium. But I think you'd have those kinds of things that have to take place every five or six years.

ASSEMBLYMAN SCHUBER: Are there any extraordinary maintenance costs that are coming up that we should be aware of?

MR. MULCAHY: To the degree that you have projects-- I mean, first of all, it's difficult to envision everything, because you don't know how things happen. There are some ideas that we've had to relate to how you can better provide amenities for, for example, racing customers, since they're our most important patrons. But they're not major things.

ASSEMBLYMAN SCHUBER: Well, for instance, like what?

MR. MULCAHY: A simulcasting room with tables, similar to the one that we built at Monmouth Park this year.

ASSEMBLYMAN SCHUBER: Does your proposal -- does the State Treasurer have oversight over every expenditure that would be made from the equity fund?

MR. MULCAHY: Well, first of all, the State Treasurer sits on our board.

ASSEMBLYMAN SCHUBER: Right.

MR. MULCAHY: And, what's proposed in this bill is an agreement that would be between the Treasurer and the Authority, and the fund would be held by the Treasurer.

ASSEMBLYMAN SCHUBER: And that is reviewed by the Treasurer, I assume?

MR. MULCAHY: Well, if they hold the money, they have the review.

ASSEMBLYMAN SCHUBER: We'd hope.

MR. MULCAHY: Plus, I think it's very important that everybody understand. The Governor has to sign the minutes of the Authority, so that if we're going to do something that certainly isn't in the public policy as the Governor sees it, or wants it, then we're not going to do it. I mean, that's very simple.

ASSEMBLYMAN SCHUBER: All right. We talked about your maintenance and your in lieu of tax payment. On the Authority's debt structure now, I think in accordance with your chart, as I understand it, there are three sets of bonds here. You have the senior liens -- is that correct? -- and your State guaranteed liens, and your subordinated debt.

MR. MULCAHY: Yes.

ASSEMBLYMAN SCHUBER: And, the numbers on each of those for the present time for the senior liens are?

MR. MULCAHY: Roughly \$75 million.

ASSEMBLYMAN SCHUBER: Seventy-five million.

MR. MULCAHY: The State guarantees roughly 175, and I think 103 for the subordinated debt. In our accumulation over the years of how we finance various projects as they came aboard, because the timing was different. You started out with a stadium and a race track, you then had improvements to the race track, with the Pegasus Restaurant, you had an arena built and you had improvements to the arena with a restaurant, and things like that. And it's a series of overlapping

improvements here, and that's why you come up with three different debt structures. And also, you take advantage of the interest rates in attempt to save yourself whatever you can.

ASSEMBLYMAN SCHUBER: Assemblywoman Crecco?

ASSEMBLYWOMAN CRECCO: Yes, Mr. Mulcahy, I'm sponsor of this bill, and I agree with Assemblyman Loveys about pride in New Jersey, but I read an editorial on Friday in The Herald News which states that -- talks about -- if we don't-- You anticipate 2 million fans per year. Who pays the difference if we don't have that?

MR. MULCAHY: The \$2 million a year the chairman will address as part of the baseball issue, and I think that it's appropriate to answer the question at that time, and he will.

ASSEMBLYWOMAN CRECCO: Thank you.

MR. MULCAHY: I'm not trying to side-step it.

ASSEMBLYMAN SCHUBER: Why don't we hear from Chairman Hanson, then, and take up the other bill as well.

MR. HANSON: Thank you.

ASSEMBLYMAN SCHUBER: Thank you, Mr. Chairman.

MR. HANSON: I'm here today to talk on your Assembly Bill 4444. In baseball parlance, that's a good number; it means somebody went 4 for 4. So, let's hope we do the same with the legislation.

I appreciate the opportunity to be here today. And the question has been raised, well why are we coming to talk to this Committee? I think it ties directly into the equity fund that Bob Mulcahy just talked to you about. In looking over the finances of the sports complex for the last 10 years, of which I've been involved the last 5 years, it occurs to me that good long-term planning would have dictated that the State of New Jersey review how the arena was going to be financed, and not tax the Sports Authority.

Now, let's also understand ourselves. The Sports Authority is the State of New Jersey. It's not some private

group of people. We are there as an extension of the government of New Jersey, and you're sitting here today as representatives of the people. So I think we're all working together for what's good for the State of New Jersey. But Bob would not have testified today on the need to have an equity fund if we did not have the indebtedness of the arena. And I'm here today to talk about what we're asking the voters of New Jersey to consider, namely a \$185 million bond referendum for the construction of major league baseball. And what I have said in the past, what the Authority's position has been, it wasn't conceived with the idea that we would have revenues to do that. We're asking you if you would be kind enough to put the legislation through to ask the voters: Do they want to spend an average of \$15,200,000 per year to finance the cost of baseball? And that number is an average number; it would be eschewed by the State Treasurer in a different fashion. But that would be the average cost.

I would hope when I conclude you would agree with me that if an investment of \$15,200,000 a year returned to the economy of the State of New Jersey over \$100 million was a good investment. Especially when you realize that come the end of a 20-year period you stop paying for it, but you still have the investment and you have the economic impact of which will grow.

As many of you may recall, in 1984, the Legislature enacted, and the Governor signed into law a bill amending the Authority's enabling legislation to permit us to build and operate a baseball stadium.

Since that time, we have had discussions -- in fact shortly after that was enacted we had discussions. We hoped at that time that we would have a franchise. To date we do not have a franchise, though efforts continue in that area. And obviously any approval to build a baseball stadium would be contingent upon our obtaining a franchise. What I'm saying is we don't plan on speculating, nor do we ask you or the voters

in New Jersey to speculate on building a facility, although I might add there are communities around the country that are doing such. I would not believe that would be prudent.

At the outset we established four factors:

- 1) Obtaining a site;
- 2) To obtain the necessary approvals;
- 3) Obtaining financing; and,
- 4) To have the financing.

Today, you see before us a plan of those who, if you're from Bergen County who frequently go out to the sports complex will realize it's not too far down the road. Here on the eastern side of this site is the New Jersey Turnpike, and about a mile and a half north of the site will be the present interchange -- Interchange 16W.

The site that you can see would provide, with some improvements by the DOT and the Turnpike Authority, would basically extend Route 17 to connect with the Turnpike, would provide a new exit, would relieve congestion which we presently have on Route 3 in front of the present complex. This is the site that our staff, headed by Jerome R. White, our statewide General Manager of Projects, has brought to the Authority's level. The Authority has not acted on it. It's just been brought in by the staff; it's their recommendation.

Now, I am apprised that they have reviewed 53 potential sites in 11 counties. They set up a criteria of 20 items ranging from size and availability, to geology, environmental factors, and transportation access. And the one site which adequately met all the selection of criteria is the 246 acre Lyndhurst Meadowlands site. As you can see by looking at the rendering we have here in front today, it is planned to have as a hub for transportation -- if you look on the south side of the project here, there is access that will be made available to the Turnpike Authority. There is existing rail. We plan on having parking for approximately 18,000 cars, and we

are now in the final phases of preparing an application to the appropriate governmental agencies as far as the environment is concerned. Our initial studies, which have taken almost a year, would indicate that we should be able to overcome, if any do exist, any environmental problems.

The bill before you today is a consensus of consultation between the Authority, the Governor's office, the State Treasurer, some of the Legislative leaders, and our financial consultants. You shortly will hear from Dr. George Sternlieb, who is with the Rutgers University Center for Urban Policy Research. What he will tell you is what I learned a long time ago in my chosen field of endeavor real estate. What we have in North Jersey is location, location, and location. And I'm happy to have Dr. Sternlieb here, and I just would like to quote one, what I call, conclusive line from his report: "There is no other market area in the United States which by any of the criteria used here -- population, income levels, job base -- is so under-served than northern New Jersey." And I think we all ought to be proud of that, that we have such a strong market. We're looking to bring baseball here because we believe the people in New Jersey want baseball, and that's obviously one of the reasons why we're going to ask you to approve this legislation, so that the people can be heard.

John, if you would be kind enough to change this. (speaking to aide to change charts) I heard some questions before about the initial -- about the question of cost, and you will see here the projection of \$185 million, broken down into four broad categories: \$71 million for site acquisition, preparation and associated costs, 45,000 seat stadium construction hard cost of \$85 million, construction fees contingencies of \$15 million, and a factor put in for inflation of \$14 million, and the aggregate is \$185 million. I am apprised that once again the staff headed by Mr. White has developed these numbers, and I believe they have consulted with

various experts and are feeling comfortable. Again, no action has been taken by the Authority, but this is the report that we received from our staff.

I, in the beginning, referred to an investment of \$15,200,000. And what do you get for your money? I think this spells it out (referring to chart) the broad categories for concession and novelties, (inaudible) and hotels, transportation and parking, tickets, broadcasting, the total direct impact of a baseball facility would be \$61 million. And Touche Ross has provided us with the economic multiplier 1.7 times that, which would bring a grand total economic impact to the State of \$103 million. You heard the Speaker testify before that present complex has a \$500 million impact.

And so, I suggest to you that there is a relationship between what you're asked to do, and \$185 million -- what it costs -- and what the State of New Jersey would benefit by it.

I'd like to turn to a question I heard before, if you would like me to answer that one about the 2 million.

From studies that we have made, half of the franchises in the country of major league baseball are averaging over 2 million. And I will just give you some current ones, but I think these historically for the last several years is the range they fall in. The Mets are averaging 36,000 a year (sic). And I'm sure you'll agree with me that Long Island doesn't have all the attributes that New Jersey has. In Los Angeles, with all that smog, they have 38 million, and in St. Louis they have 36 million. In the American League, California Angels have 33,600,000. (Speaker is saying millions in testimony, however, he apparently means thousands per game in some instances, or has neglected to include decimal point to divide first and second digits in other instances) Now you could go all the way down and say that there are other cities that are 14,000 a game, or 16,000 a game. But if we quantify it out, half of the teams, if you multiply 80 games times the numbers I just gave you, would be in excess of the two million.

Therefore, when we made the presentation to the Major League Baseball Long-Range Planning Committee, we knew there was a risk that was involved, but we thought it was a proven risk, based upon the strong market that we see here in North Jersey, studying what other communities were doing. And I candidly will say to you I don't think in the long run that it's a risk. If we had to adjust more, to address your question, yes, it would have to come out of the revenues anticipated from the facility.

The question has been raised, well aren't you making a wonderful deal for an owner of a baseball team? And the answer to that question is yes, we are going to make a deal that is good for a baseball owner. And in turn, we think it's a better deal for the State of New Jersey, and I point again to the \$103 million and say, for our investment, that's what we can expect to receive back.

We are told by prudent baseball people -- and I think Dr. George Sternlieb will testify on this -- that we're not really looking at 2 million; we're really looking at the potential of 3 million and greater.

And that's why we come before you today and ask for your consideration. We've done a lot of research on it, and we will continue to work hard. And I'll be happy to answer any questions you may have. Thank you.

ASSEMBLYMAN SCHUBER: Thank you, Mr. Chairman. Thank you very much for your testimony today. I think that, you know one of the major items that we were pleased to hear is the naming of the site. We can now say publicly that it is Lyndhurst.

MR. HANSON: As I said, Mr. Chairman, that is what our staff has recommended. I would not want to usurp the whole Authority's responsibility, but I would hope that they would be in accord.

ASSEMBLYMAN SCHUBER: I appreciate that. That is the recommended site.

MR. HANSON: That is correct.

ASSEMBLYMAN SCHUBER: The cost of which on our bond issue here would be \$185 million.

MR. HANSON: That is correct.

ASSEMBLYMAN SCHUBER: And I think one of the major concerns I know of people in the area would be, obviously, the transportation issue. Now I see by the rendering, but-- By the way, if I may, as an aside, I hope that the Authority would make available to us printout copies of all of these documents. I think they would be very very important to us, and the other members of the Legislature.

MR. HANSON: Be happy to.

ASSEMBLYMAN SCHUBER: You know, as well as the press. Your transportation improvements, as I understand it, would be the extension of Route 17 to the site. Now this site is what? How many miles down from Giants Stadium?

MR. HANSON: Approximately a mile and a half from the intersection of 16W which is just opposite of Giants Stadium.

ASSEMBLYMAN SCHUBER: So, as I understand the transportation network, which I guess would require the coordination of DOT, NJ Transit, and the Turnpike Authority--

MR. HANSON: Yes.

ASSEMBLYMAN SCHUBER: --the extension of Route 17 South to the site, a rail station at the proposed site, which would be serviced by New York -- from New York? Or--

MR. HANSON: Where's that? I never heard of that state. (laughter) Now this is -- let me go backwards a second if I may. For the past year, the Authority has worked with the DOT and New Jersey Transit and the Turnpike Authority, and that is what you see before you in the way of a proposed site plan, it is really consensus. Working with those-- I mean, this is not just our concept, this is what we believe, number one the Turnpike Authority and DOT are prepared to do regardless of where we may stand on baseball. This is going to happen, and

to that, if they need to see your Committee, I would hope you'll be supportive. Because, just that in itself is helpful on the traffic going past the complex. For example, one we're coming north on the Turnpike, and one to go north on Route 17. They no longer would be required to go to Exit 16W, this new Exit 15Wa could be used to travel west and then go north on the 17 extension, eliminating congestion on Route 3 in front of the complex.

ASSEMBLYMAN SCHUBER: So all of these improvements not only would serve as potentially a new stadium, but would alleviate some of your problems at the existing site, too. Is that correct?

MR. HANSON: That is correct. And it does one other thing. For the benefit of those people in South Bergen and North Essex, it moves a step closer to having Route 17 connect to Route 280, which would open up areas that have heretofore been closed to the marketplace in North Arlington and Kearny, then down into 280.

ASSEMBLYMAN SCHUBER: And this transportation proposed plan represents, I guess, a consent arrangement with all of the different agencies that are involved -- and departments?

MR. HANSON: Let me just confer with Mr. White before I say yes about whether that's correct. (confers with Mr. White) He didn't hear the question, but the smile on his face -- and Mr. Mulcahy whispered in my ear that yes, that is accurate.

ASSEMBLYMAN SCHUBER: Okay. And your proposed baseball stadium would contain parking spaces for approximately 18,000 cars?

MR. HANSON: Eighteen thousand, right. And the seating capacity was 45.

ASSEMBLYMAN SCHUBER: Seating capacity is 45,000, right?

MR. HANSON: Right.

ASSEMBLYMAN SCHUBER: It's an open stadium, as I understand it.

MR. HANSON: That is correct. The criteria we used on the stadium really is that which we received from Major League Baseball's Long-Range Planning Committee. An open stadium, grass field, very heavy concentration on parking -- I might add that Shea stadium, for example, has parking for 8300 cars. We're talking 18,000 cars here. And the Yankees have less than Shea has.

ASSEMBLYMAN SCHUBER: Just one of the concerns we have on costs, of course, is the issue of the cost of attracting a team here. Obviously, this whole arrangement after going on the ballot really doesn't get triggered until you have a team in hand. The question is, out of this bond issue, it would be proposed that the cost of attracting a team, or negotiating a team here would be borne. Is that correct?

MR. HANSON: No.

ASSEMBLYMAN SCHUBER: No?

MR. HANSON: No. We do not-- (witness replaces appropriate chart to assist in response) We-- Mr. Chairman, I think you ought to look at us as being the developer. That's what we are with the \$185 million. We're the developer. We have two hats to wear in this transaction. One is the developer, and the second, that of the operator of the facility of the stadium. But we have no desire, nor is it contemplated that we would be the owner and the operator of the baseball team.

So let's try to deal with that. If in fact an existing team would relocate here, it is conceivable that they would have to pay some kind of reparation to the New York Yankees. Obviously if the Yankees or the Mets -- and I'm not saying either one of them is going to move here -- if they were to move here, since it's within their territory they would not have to incur this obligation.

If a new franchise were to be spawned by baseball, they'd have not only their franchise fees that they must pay to Major League Baseball, which I think is \$50 million, they too would have to pay something to the teams in the area. But it is not our intention, and we're not asking for, that we become involved in that. I think if you check to see what baseball franchises sell for, and what we're saying here the anticipated success will be, there will not be a shortage of people who would like to own a franchise in New Jersey.

ASSEMBLYMAN SCHUBER: Well, I'm sure that would be the case. But what about the issue of, for instance we discussed before, the guarantees of so much attendance that was made over a five year period, which I think was part of the presentation of the Future Planning Commission of organized baseball? You know, what is potentially the cost of that, and where is the funding for that coming from?

MR. HANSON: That would be, if in fact, instead of having 2 million it was a million eight, and there were 200,000 people who did not come there, we would have to reduce the revenues that we would receive as a result of the sale of a million eight. In other words, we would receive less revenue. That would be how we negotiated that term.

ASSEMBLYMAN SCHUBER: So there's no cost for that, in other words, coming out of this bond issue, for that type--

MR. HANSON: The bond issue is not for that. That is correct. And again, I think you heard testimony here today by Bob Mulcahy, that on all our facilities we have always operated in the black. I mean, what we really are talking about is that stadiums cost capital dollars, and that's where we need the aid. We do not need any help as far as operations are concerned, because we've, I think, proven to be prudent in the way that we do operate our present facilities, and I would say the same thing would be true in the baseball stadium.

ASSEMBLYMAN SCHUBER: And your anticipated debt service, if this were to pass, is the \$15.5 million?

MR. HANSON: Fifteen point two is the average, but I'm told it would be skewed because the Treasury likes to have heavy payments in the beginning and lower payments in the end, because they save interest on it.

ASSEMBLYMAN SCHUBER: How about your-- Can you give us an estimate of what your in lieu of tax payment would have to be on something like this for that municipality? Do you have any idea?

MR. HANSON: Well I haven't looked at the question specifically, but as Bob testified, we do pay to East Rutherford \$1.1 million. We have not addressed the question. And it really comes down to who's providing the services as to what the answer to that question is.

ASSEMBLYMAN SCHUBER: Right. Well, if we assume there's going to be some type of in lieu of tax payment to the--

MR. HANSON: That is correctly so.

ASSEMBLYMAN SCHUBER: --host municipality. The question is, where does the money for that come from?

MR. HANSON: From the operation.

ASSEMBLYMAN SCHUBER: From the operation. All right, so that will not be a State payment. That will not be a payment that will have to be paid by the State of New Jersey?

MR. HANSON: We do not anticipate that the State would have to make any payments other than the initial debt service, and I think Bob has shown you where we think eventually the State of New Jersey will receive back all that they would put out for the baseball, mainly through the surplus of the 350 million he showed you before.

ASSEMBLYMAN SCHUBER: Do you have an anticipated operating budget for this stadium if it were to be built, on a yearly basis?

MR. HANSON: We have a draft that we have prepared. We're not here to discuss it today, but we'd be very happy to provide it to members of your Committee to look at.

ASSEMBLYMAN SCHUBER: We would need that. Do you have any idea what the bottom line number was on it, approximately?

MR. HANSON: Yes, I think Bob said before that the baseball stadium -- the number is in the 2 to 4 million, is the range of net after all operating expenses -- it's the range that we're talking about.

ASSEMBLYMAN SCHUBER: And your anticipation from what studies you've done is the operating budget of the stadium could be met by the revenues generated by the stadium?

MR. MULCAHY: That's correct. The difficulty in pinning it down, Pat, is until you negotiate a deal, you don't know for sure how it's going to come out. But you make certain assumptions. Frankly, I have no problem making it available to you, I just don't want to make it public because then everybody assumes what kind of a deal you're going to negotiate.

MR. HANSON: And there'll be different levels. If you look at attendance of 2 million, 2 1/2 million, and 3 million, obviously it's going to vary the higher the attendance, the better it should be.

ASSEMBLYMAN SCHUBER: Assemblyman Palaia?

ASSEMBLYMAN PALAIA: On the proposed site that we are talking about that we had up before, is it all State land, privately owned, or what is the makeup of that site itself?

MR. HANSON: The present ownership of the site?

ASSEMBLYMAN PALAIA: Yes.

MR. HANSON: There is some private ownership, there's some that's owned by a municipality, and there's some that is owned by the State of New Jersey.

ASSEMBLYMAN PALAIA: Are any negotiations taking place?

MR. HANSON: No, we have not done anything.

ASSEMBLYMAN PALAIA: Nothing--

MR. HANSON: No.

ASSEMBLYMAN PALAIA: --going on right now?

MR. HANSON: No.

ASSEMBLYMAN PALAIA: You know you made jest of New York before, and their parking. But let me tell you something, a lot of people who probably live in the Bronx, could probably get to that site and back home quicker than they can if they go to Yankee Stadium. Because the last game I attended, the game took 2 1/2 hours, and it took me 2 hours to get out of one of the parking garages that they had there right next to Yankee Stadium. So it almost took me as long as the game just to get out of the area there.

MR. HANSON: When we appeared at the Long-Range Baseball Committee meeting, one of the questions that George Steinbrenner asked us was, "What about parking?", so I would say that supports what you're saying. And again, the answer we're using is 18,000 cars. I might compare that to Giants Stadium. We have 25,000 at Giants Stadium for a 76,000 capacity, so 18 for 45 is actually a little better ratio.

ASSEMBLYMAN PALAIA: I think that's excellent planning. I think you're looking ahead. And I think for the comfort of the individuals who are going to be coming to the game, that's extremely important to anybody, especially when you bring your family to a game; you certainly don't want to sit in a parking lot for two and three hours at a time. But I commend you for providing that many parking places.

MR. HANSON: Thank you.

ASSEMBLYMAN PALAIA: Thank you, Mr. Hanson.

ASSEMBLYMAN SCHUBER: I would think that, following up that, Jon, it would appear from what I see here both in the transportation plan that is proposed, and that with the amount of parking, that existing franchises in the area might be better suited in New Jersey than where they are at the present time. But we'll see.

MR. HANSON: We agree with that. (laughter)

ASSEMBLYMAN SCHUBER: Yeah, well we'll see what transpires.

MR. HANSON: The only thing, by the way, beside the automobiles, is the question we're addressing to New Jersey Transit having rapid transit. So, the question was asked about going to New York and the idea of going to Hoboken, and obviously on over across, the PATH is available.

ASSEMBLYMAN SCHUBER: That would be available on that rail transportation.

MR. HANSON: So, I think it's not just 18,000 cars that's important--

ASSEMBLYMAN SCHUBER: Right.

MR. HANSON: --it's the idea that someone could come from Hudson County, points south, and points to the west. I guess the more we can do in this State to educate people that that's a convenient way of doing it, the better off we're going to be in the long run.

ASSEMBLYMAN SCHUBER: Well, given the nature of the site, you would be -- and again the transportation network that's proposed here -- you would be serviced not only by the cars which would have places to go, but obviously the trains, the buses, and the whole transportation hub of the area could be serviced, it would appear, pretty well by that plan there. Again, making it very attractive for the potential team to come here.

ASSEMBLYMAN PALAIA: Plus, the revenues generated by the New Jersey Turnpike themselves, obviously will be of great help to them too. I'm sure they've looked into that.

MR. HANSON: We may have to negotiation with them, too.

ASSEMBLYMAN SCHUBER: Okay. Assemblyman DiGaetano?

ASSEMBLYMAN DIGAETANO: Thank you. Mr. Hanson, obviously a point of great concern to us and to the general public is this guarantee of 2 million attendance. What studies

do we have to indicate that -- although I have been a Yankee fan all my life, and I don't think anyone would be more thrilled than myself to see the Yankees relocate -- but assuming they did not, what studies do we have to support this stadium, or to indicate that the area -- the region -- can support an additional major league team?

MR. HANSON: Well, after I testify, as I mentioned before, Dr. Sternlieb is going to give his report. And he has been commissioned by the Authority to make the study, and I believe his credentials speak for themselves. And I think you will be very pleased with his report. I'm not going to try to usurp, but I did give you a full report. But, the study's been done; it has been done by -- internally, we have commissioned -- had polls done to see what the anticipated attendance would be. But, Dr. Sternlieb has put it all together in about four short pages, and I think you'll be-- He'll answer independently that question, but I will assure you on a personal level that we at the Authority have done our own studies and our own polling, and believe that we're not putting the Authority or the State of New Jersey at risk when we make the offer of a guarantee of 2 million annual attendance.

ASSEMBLYMAN DiGAETANO: Will the Doctor also testify as to the basis for a 45,000 seat stadium, or would you like to address that?

MR. HANSON: I'll be glad to address that one. Why 45? That really falls into the criteria that Major League Baseball talked about. We could have gone between 45 and 50,000. I would rather see that we err it on the side of caution; that we were selling out 45,000 all the time, similar to what they do up in Fenway. I mean Fenway is always sold out, but there are only 33,000 people. And I think if one were to calculate greater than 45 on an annual basis, that's 3,600,000. The only team that comes anywhere close to those numbers, I guess, are the Dodgers.

So, it was a prudent number. It was something we learned from our own operating experience at the complex, don't erect stands to have a crowd of 65,000 if you're only going to have 35,000 at the Grand Prix.

So, over the last 10 years, our operating experience has given us the benefit of saying football sells out, and we could have more than 76,000 and I think we'd still sell out. As you probably are aware, the Giants and the Jets are one and two in the National Football League.

The arena, we've come to the conclusion, you have to have a winner to sell out, and that's a question that's been asked to me, so I address it. I do believe baseball -- there's a strong pent-up demand here in New Jersey that goes way back to the era of the Newark Bears and the Jersey Giants, and the fact that the Dodgers have played here -- the Brooklyn Dodgers played here in the late '40s.

But, coming back to your question, 45,000 was a decision made based upon all the research we could do. That is the best number we should look towards selling out. If we had a World Series or playoff, 60 or 70,000 would make sense, but you don't have a World Series and the playoffs every day.

ASSEMBLYMAN DiGAETANO: Thank you. Currently the site does have a New Jersey Transit rail link that travels adjacent to it. Is that correct?

MR. HANSON: That is correct.

ASSEMBLYMAN DiGAETANO: So there would not need to be any new track alignment, let's say, other than the construction of the rail station -- train station -- at the site?

MR. HANSON: A station would be necessary. Correct.

ASSEMBLYMAN DiGAETANO: Is New Jersey Transit in agreement to construct the train station at the site, should this be the finally designated site?

MR. HANSON: I am apprised that those discussions have taken place. I have not been party to them, because I gave you

the report today as being one that is coming from staff. But I believe it is reasonable to assume that that is correct.

ASSEMBLYMAN DiGAETANO: Thank you. Route 17 extension that is proposed, as you testified earlier, to be done by the Turnpike Authority eventually to connect to a new interchange -- would that in any way adversely affect the final extension of Route 17 to 280, or would that in any way significantly be a positive impact on that final extension? Because that's very important to the people of my district and the people of Lyndhurst and North Arlington, as well as adjoining districts.

MR. HANSON: Let me just clarify a little bit. I think when you said the Turnpike making the extension on 17 -- at least that's the way I heard you say it -- I think that's the DOT's responsibility with the Turnpike moving from the other area. Well, I think it's just basic mathematics as to where Route 17 ends today, namely at Route 3, and now that's going to be moved some several thousand feet closer to having the complete linkage up. So obviously, it enhances moving it closer. I for one would love to see the day when 17 is connected right down to 280. I do hear people from your district who have raised that question and are very happy to see that we've made this much progress.

ASSEMBLYMAN DiGAETANO: I guess what I'm asking is that that proposed extension, is that along the proposed alignment which would be on the Meadowlands side of the community's proper. So it would not run through the center of town, it would be adjacent to it.

MR. HANSON: That is correct. I don't believe there are any homes involved with this extension.

ASSEMBLYMAN DiGAETANO: And just one final question, sir. Can we have some assurances that this being part of Lyndhurst and adjacent to the town property that the traffic through the town proper would not be adversely impacted by the patrons of the proposed stadium?

MR. HANSON: I think the question was raised to me recently by Assemblywoman Donovan about Valley Brook Road or Drive, as the case may be. And as I understand it, there is no planned exit or entrance from Valley Brook Avenue onto the extension of 17. All right, so that the nature of Valley Brook would not be altered by what is coming.

ASSEMBLYMAN DiGAETANO: Thank you very much.

ASSEMBLYMAN SCHUBER: Mr. Hanson, I would remind you, for those of -- unless you were a long time Giants fan, that the official name for the West Coast team is the hated Dodgers, not just the L.A. Dodgers.

MR. HANSON: For a long time Yankee fan, that's true.

ASSEMBLYMAN SCHUBER: I am interested in this plan. I think it was almost two years ago I think I debated Assemblyman Deary from New York about the benefits of coming to New Jersey for a New York team, and I think more concretely with this plan, if we took it over to Yankee Stadium, I'd like to see the fans start voting on this one. I think there's no doubt about it, of it's attractiveness.

Assemblywoman Crecco, do you have any questions on it?

ASSEMBLYWOMAN CRECCO: I was just wondering, do you have a particular team in mind, and would whatever team you choose be a conducive factor as far as what the gate will bring?

MR. HANSON: I think it's a little bit like a romance. I think you have to choose each other. And we are hopeful that we are going to demonstrate to the baseball community that: one, we have a site; and two, now we have our financing. And all the things that we talked about when we went before the Long-Range Committee are true. That we are demonstrating what we said we could do, and now the stage is set for trying to consummate a deal for a franchise.

I don't believe we can be the other way around. I don't think by the nature of a franchise, as we all know, if it were a relocation that would be volatile in the existing

community. So, therefore, there's a reluctance on the franchises to come forward and say yes we're ready to do something, because we're not sure that you in New Jersey can provide the facilities. That really is the reason for the timing. First we ask for the Authority to do it. We've explored the feasibility of building a stadium. We believe we have a site. We believe that it's feasible to go forward. We need the money. And the next logical one is to obtain the franchise.

To answer your question, though, we have discussions, but it's difficult to consummate a transaction unless we know we can deliver on our side.

ASSEMBLYWOMAN CRECCO: Thank you.

ASSEMBLYMAN SCHUBER: I think that, so we make this clearer, as I understand it, from your projected studies, and your proposals today, that the operating expenses of the stadium as proposed could be maintained by the revenue that would be generated. And that there's no request here for any State subsidy for that. Is that correct?

MR. HANSON: That is correct. What we're asking for is the State to pay for the debt service, and hopefully -- there was a question raised before to Bob Mulcahy -- that we will generate additional revenue at the Authority level that then if it is made surplus would come back to the State of New Jersey. So we would be pushing down on how much per year, to the point when our indebtedness is paid off, there would be in excess of \$30 million in today's dollars available to the State of New Jersey in surplus.

So it really should come back to this one right here. The year 2009 to 2021 is when there's a projection of \$350 million available to the State of New Jersey because it would be surplus. It doesn't stop in the year 2021. We don't have anymore indebtedness, and the money would continue to come to you. So, what we are doing is, in the late '70s and early

'80s, the State of New Jersey needed some money from whatever sources, and we at the Sports Authority were generating excess revenues. We, besides all kinds of taxes that were paid, we were able to generate \$16 million from our operations and gave that to the State, our parent corporation, if you will.

Today we're saying, would you, our parent corporation, give those back? Because if you do, we are going to be able to retire our indebtedness. The time will come when we will have no indebtedness on our complex. And we will maintain them in the condition they are in. And then we will start generating additional dollars to you, starting at the 2009 and going in perpetuity. But it is in this 12 year period that we are anticipating \$350 million.

Along the way, what else are we doing? Along the way, we had in 1987 dollars, an impact on the economy of New Jersey of \$500 million. And we're saying, for another 15.2 million, on average, we will have an additional \$100 million impact. Taking it all together, we really think it's a major piece of legislation, but it's a positive step for the State of New Jersey to take.

ASSEMBLYMAN SCHUBER: Assemblyman Palaia?

ASSEMBLYMAN PALAIA: Yeah, Mr. Hanson, we're in North Jersey here, and I'm sure the excitement is growing in this area. As we go down into Central Jersey, it's maybe a little less exciting, although to me it's very exciting, because I'll only be about 50 minutes away. How do we address the problem for the people down in South Jersey? What is it going to mean to them? You know, it's going to take them an hour and an half, maybe, to get to the park, or two hours, or whatever have you. Are there benefits for those people who have to vote on this issue?

MR. HANSON: I think that what you're seeing here in the sports complex was initially an idea to have horse racing and a football stadium. What has developed was the addition of

the arena, and in your area, the Sports Authority acquired Monmouth Racetrack -- I hope the people in Monmouth are happy things are moving.

ASSEMBLYMAN PALAIA: Very pleased, very pleased.

MR. HANSON: - And, as Bob has mentioned, we are now going into Camden to be the catalyst on the aquarium. I think what has happened is we do have a track record of being successful in developing these operations. We have said to the people we're happy to be the developer, but we didn't bring our checkbook. But we're here because we think we've now put the pieces together.

I would envision, if the Legislature authorizes it, that there will be other bills to-- In other words, the more successful we are in North Jersey, I think the more it helps the rest of the State. And these just -- the Monmouth acquisition and the aquarium -- are two examples. And there are other matters that have been discussed with me as to whether the Sports Authority would be interested. I always say, yes, we're interested, however, you have to understand you've got to generate the capital from some other source. But we'd be happy to come in and provide our expertise on them. And there's been -- oh, just the other day I was in Atlantic County, and Senator Gormley has an idea that I thought made some sense, and I think that there will be other requests that come from around the State. We'll try to weed them out, come back, and talk to you.

ASSEMBLYMAN PALAIA: Thank you, Mr. Hanson.

ASSEMBLYMAN SCHUBER: Assemblyman DiGaetano?

ASSEMBLYMAN DIGAETANO: Mr. Hanson, there's one question that I forgot to ask earlier. Since the timetable is of great concern to all of us, and to be fully cognizant of how long major road construction takes, are the plans for the Route 17 extension, and the Turnpike exit -- have they proceeded to the point that we can be assured that assuming the voters pass

the bond issue, and assuming that we are successful in obtaining a team and get into design and construction rapidly, that those road improvements can be completed prior to the stadium being completed or simultaneously?

MR. HANSON: I think, as I understand it, one of the benefits the Turnpike Authority has is they have the money. I mean, that's always a nice benefit to have when you want to do something. And I am apprised by our staff that they have worked with both the DOT and the Turnpike Authority on the concept you see today, and that there is accord that that will happen.

We have, as I mentioned to some of you in the past, a contingent plan if we had a franchise, but our baseball stadium wasn't done, how we'd have to have a temporary facility. Hopefully, that doesn't happen, but if it did, we could accommodate it.

ASSEMBLYMAN DiGAETANO: Thank you.

ASSEMBLYMAN SCHUBER: I think in finality here, Jon, it would be fair to say that your proposal would appear to be to me to indicate to us that the desire to obtain a baseball stadium and a baseball team for the State of New Jersey goes well beyond the fact of the intangible of what this pride in New Jersey means, but rather that from what you're projecting to us simply is that there is a positive economic benefit to the State as a result of the construction of such a facility, and the attraction of such a team, both from the numbers I saw on your chart there, as well, I assume, the jobs that would be created by the facility as well as the ripple effect of those jobs in other service industries.

And I think a comment that you made in the beginning, I think is aptly put. I think the Sports Authority is not a private entity, but rather it really and truly represents the State of New Jersey, and we all have a stake in it. And I think we all have a stake to see that it does well, obviously.

You know, this proposal looks like a good one. It looks like it's a furtherance or enhancement of that philosophy and that goal.

MR. HANSON: I'm in accord.

ASSEMBLYMAN SCHUBER: Thank you, Mr. Chairman, and thank you, Bob. I think what we're going to do now, if I might, before we call Mr. Sternlieb who would be the next witness, I know the County Executive, Bill McDowell had requested to say a few words on the proposal. I think he's back there, and I'm going to ask that he come up at this point.

MR. HANSON: Thank you very much.

ASSEMBLYMAN SCHUBER: Thank you very very much.

W I L L I A M M c D O W E L L: Thank you very much, Mr. Chairman. I won't take very long, because I think that the kind of things I'm hearing here should be explored as suggested by the Speaker. I think you're going to find when the bottom line is arrived at that the Sports Authority is a solid, well-run business.

I come with many hats. As you know, Mr. Chairman, I was on the original Sports Authority, and the sayers of doom in those days were saying that the big threat to building this facility was off-track betting. I think that was our major concern; that was before Atlantic City and so forth. Well, that proved to be untrue.

I think the major point that I would like to make, however -- I live in that area; I've seen the transformation, in my position, with the Meadowlands Commission for 10 years, and there are things that exist there today that wouldn't be there if the Sports Authority did not come into being. Just across -- looking at their map -- across from Giants Stadium, the brand new Sheraton Hotel, I suspect, would have never been built on Route 3 if that hadn't occurred. I know that the Hilton Hotel in Secaucus that was constructed by Hartz Mountain never would have occurred.

It's hard to pin down what the ripple effects of that Sports Authority have been to bring about into fruition, at least, the master plan of the Meadowlands Commission, because, they tie together. I suspect that many of the things that did occur and are occurring there would not have happened without the Sports Authority being there.

It's a unique place. Within a mile of each other -- within a mile radius, I should say, a mile and a half radius -- I know of no other place in the country that can boast of having a racetrack, a stadium, an arena, and now hopefully, in the not too distant future, a baseball stadium. I look in the audience and Herb Jaffe from The Ledger is here, who started to write about this baseball stadium, by the way, in 1967 -- 20 years ago -- before anything was talked about. So, some of us have a little historical perspective, perhaps that you don't have.

The numbers I'm not going to get into, because I think that's something you have to determine in your own minds. But based on the track record of the Sports Authority and its members and its staff, I think you can feel reasonably assured that they will be successful.

I just wanted to put my two cents in to support the idea. And hopefully, the numbers are going to work out. As far as Route 17, Assemblyman DiGaetano, the extension of Route 17, as you know and I know, for a long time has been spoken about and the benefits of that. The major piece, or the major ingredient to get that ever accomplished is the piece that would be encompassed in this project. That's getting it off the circle where Route 3 and 17 come together through the industrial area and the office area of Lyndhurst, from where they are going to take it to, the rest is pretty much a straight run on the North Arlington corridor, and so forth. So, I'm optimistic that finally maybe 17 South is going to happen.

That's really all I have, unless you have any questions that I might be able to--

ASSEMBLYMAN SCHUBER: Bill, thank you very very much. We appreciate your input into this hearing. Certainly this project had a real potential impact on the county of Bergen, and your input is valued, and I appreciate very much your being here.

MR. McDOWELL: Thank you. We have a freeholder meeting at six o'clock tonight, just to let you know. (laughter)

ASSEMBLYMAN SCHUBER: I think Assemblywoman Donovan, who represents the area in question where the site is to be located requested some time to speak, and I'd ask her if she would come up at this time. Assemblywoman Kathy Donovan.

A S S E M B L Y W O M A N K A T H L E E N A. D O N O V A N:
Thank you very much, Mr. Chairman, and my colleagues on the Committee. My involvement with the baseball stadium, if you will, is probably far more personal than anybody else in this room, because Lyndhurst has been my home town, and I continue to make it my hometown, since I was a small child. So that, I know Lyndhurst very well, and what impact it will have on the municipality of Lyndhurst is my chief concern at this point. Certainly, Paul and I represent District 36 together in the Legislature in the Assembly, and that whole area is going to be severely impacted by the stadium. I'm not against the stadium, I'm only cautiously supporting it at this point, because there are a number of problems that have to be worked out before the area and specifically the Township of Lyndhurst can give its okay to the stadium -- or to the baseball complex.

Specifically, there's a couple of problems facing the whole baseball situation here. One, the question of the police and the fire protection and the access to the stadium. I know Mr. Hanson spoke a little while ago about my prior conversations with him, and about the exit and the entrance of

the stadium onto what's known as Valley Brook Avenue into the municipality itself. Those kinds of questions have to be addressed. Route 17 does not go far enough. It needs to extend out to Route 80. It's a good start, but we need to be sure that Route 17, which now dumps onto Ridge Road in Lyndhurst, doesn't dump onto Valley Brook Avenue in Lyndhurst, and therefore create another problem while they're trying to solve what exists right now as a major difficulty.

The whole traffic patterns and the traffic flow in the area all have to be monitored very carefully. And of course, one of the things -- and I know I can speak for the Township, even though I'm not an elected official of Lyndhurst, but -- certainly an obtainment in lieu of taxation is a major issue; a major concern to the municipality. I have followed the East Rutherford experience with their payment in lieu of taxation for the sports complex, and certainly that whole area needs to be looked at very carefully.

Now obviously, some of what I'm saying will be addressed by the Sports Authority directly with the municipalities and the people involved, but to the Assembly I say to my colleagues, we need to be sure when we are voting on this legislation that all the issues that directly affect the lives of so many thousands of people who live in that area are addressed adequately. And that's what I want to make very clear today. There will be more jobs; the whole aspect of a baseball stadium is an exciting one, but the impact can be negative unless it's looked at very carefully. And I would urge all my colleagues to do that. And I certainly will be reminding you every step down the line to look very carefully at that picture. Thank you.

ASSEMBLYMAN SCHUBER: Thank you, Assemblywoman Donovan. Certainly this Committee will take that approach anyway, in regard to this bill, and any others that come before it. But you can be assured of that, and we appreciate your input. Thank you very very much.

ASSEMBLYWOMAN DONOVAN: Thanks very much.

ASSEMBLYMAN SCHUBER: We have-- I think it's appropriate at this time that Mr. Sternlieb come up and kind of finish off the testimony on the part of the Authority on this issue. Professor George Sternlieb, Rutgers University. Welcome, sir.

P R O F E S S O R G E O R G E S T E R N L I E B: Thank you very much for having me. It's a great privilege to meet with you. Let me reassure you right now, I can afford to be brief. When you have a lousy case, or an ambiguous one, you've got to struggle, and you've got to throw a lot of words. I'm going to give you five minutes, and I think in those five minutes we can describe what is probably the most exciting single market area in the United States. I'm not here to sell it to you, I'm here to enjoy it with you, as a fellow New Jerseyan.

Basically, when we're looking at the baseball stadium, the three pillars of market research are population, how many people are there to support this thing; secondly, income, because you sell seats, you sell a variety of other activities in and around the stadium -- those are very important; and third, the journey to the stadium very frequently now is from a job, as much as it is from home. So, how many jobs are there?

We used up one minute, we have four to go. Let me tell you about northern New Jersey. And, I'm a market researcher. I've been working in this area for 30 years. But, until you pull it all together, you don't appreciate what an enormous potential you have.

In our 12 county area which is defined by the census bureau here as the market area of northern New Jersey -- we're not looking at New York, we're not looking at people coming across the river. We're just looking at northern New Jersey -- we have 5 1/2 million people. Every piece of data I'm going to give you I will compare with the average of all the present major league baseball markets. That 5 1/2 million people is

half again as large as the average of the present extent major league baseball cities and markets in the United States. We have half again as many jobs; we have 2.1 million, the average is 1.4 million. And all we need is a relatively small fraction of the guys and girls at any one of these shops to say, "Let's go to a ball game." And we have 2.1 million. All we need is a tiny fraction. In terms of income, we do even better. The average is \$54 billion, we have \$89 billion.

Now, when you reduce that to a per seat base, how much support is there per seat? In terms of population, again northern New Jersey -- no commuters; no people from the Bronx; just northern New Jersey -- yields twice the number population per seat as the average in the United States. It's twice the number of jobs per seat. It's 2 1/2 times the income to support each seat.

To give you some feeling for this, put an additional stadium into northern New Jersey. Okay? Splitting up the New York market as it presently stands, New York and New Jersey, respectively, would still be the first and second best markets in the country for baseball. They'd be ahead of Los Angeles, on a per seat basis, by 10%, and Chicago, Detroit, Philadelphia, by over 20%. We would be number one. Let me stress that. And we would be number one not at the expense of New York; it would still be a very good market. But there is that much slack within this.

We looked at every alternative potential expansion site. What's the competition? And, I must say we've been in contact with a fair number of these places, and as our chairperson mentioned, some of them are building stadiums on spec. They are very very gung ho here, particularly down in Florida. They view major league baseball as an enormously potent economic input.

I still think, however, that we have the best of the bargain. The northern New Jersey market alone -- again let me

stress that alone -- is 1 1/2 times that of Washington, D.C. which is our chief competitor. Senators are out; there are some professional Congressmen in there who are interested in getting in a major league franchise. We're still 1 1/2 times as big as they are. We're twice the market of Miami. We're three times that of Denver, Phoenix, or Tampa.

I think we've got what it takes. I hope we can put together the package. And, I think I stayed within my five minutes.

ASSEMBLYMAN DiGAETANO: Assemblyman Palaia?

ASSEMBLYMAN PALAIA: Professor, just one question. Dealing with the populace of the area you're talking about, can they economically afford to buy tickets to a ball game, with the prices, you know, what they are? Did you look into the economic concept of that area?

PROFESSOR STERNLIEB: Yes. God willing, there is no caboose on the New Jersey economic train. There is a caboose; we all know that. But if you look at baseball, baseball is probably the least expensive, and closest to being the people's sport that is left. Seats are sold, perhaps if anything, underpriced, let's say, compared with football, and compared with any of the indoor sports. Secondly, when you look at northern New Jersey, we are neck in neck with Connecticut as the number one area in per capita personal income. New York is down there someplace at a half dozen; New Jersey as a whole is number two to Connecticut by a couple of bucks. If you take northern New Jersey by itself, it's ahead of the average in Connecticut. Okay?

ASSEMBLYMAN PALAIA: Thank you, Professor.

ASSEMBLYMAN DiGAETANO: Marion, do you have any questions?

ASSEMBLYWOMAN CRECCO: No, no questions, thank you.

ASSEMBLYMAN DiGAETANO: Professor Sternlieb, when you took as your region only the 12 counties of northern New

Jersey, what was the basis for that? Was it your desire to make some very conservative estimates and projections, or is it that you don't feel we will attract any patrons from, let's say Staten Island or from Brooklyn or other areas in New York?

PROFESSOR STERNLIEB: Okay, as a New Jerseyan and as a taxpayer, and as a State employee, my approach to market research is very much that of a second story burglar. I can afford not to go into the house, but I can't afford to be wrong once I'm in there. So, what we're saying here is, let us be conservative. Let us not assume that those New York license plates which we all see over at the track -- we've had occasion to count them -- let's assume they disappear. Let's assume that Mayor Koch dynamites the bridges. He may very well do that. Okay? If we really had hit down and dirty, could we do it? And the answer is we can do it with bells on. I think we can do much better than this. Let me make that clear.

ASSEMBLYMAN DiGAETANO: And just one step further on that, I assume that you are making those projections, and you're predicating your analysis on us attracting a team not from the area, rather than attracting, let's say, the Yankees or the Mets.

PROFESSOR STERNLIEB: Absolutely.

ASSEMBLYMAN DiGAETANO: So, in summary, they are very -- you would say -- conservative estimates.

PROFESSOR STERNLIEB: Absolutely. It takes into account a lot of factors.

ASSEMBLYMAN DiGAETANO: Thank you very much. Any other questions? (negative response) Thank you, Professor.

PROFESSOR STERNLIEB: And thank you.

ASSEMBLYMAN DiGAETANO: Do we have John Miller, from Merrill Lynch, here? We have Robert Lurie, Manager of Public Finance, Department of the Treasurer. (It is indicated to the Vice Chairman that both witnesses were represented by speakers from Sports and Exposition Authority) Do we have a representative of Eastern Paralyzed Veterans Association here? Hi, John.

J O H N D E L C O L L E: Thank you very much. Thank you, Mr. Chairman. I'm from the Eastern Paralyzed Veterans Association. We just wanted to make some quick comments. Of course we are happy to see New Jersey providing additional cultural and recreational facilities, and as you know, a large number of disabled people in this State would most definitely want to make use of those facilities.

The reason that I'm here so early on in the discussion, and before anything has been finalized is we wouldn't want to be accused of not bringing some of our concerns up to you prior to the building actually proceeding and not making you aware of some of the problems that some of the other New Jersey Sports and Exposition Authority facilities have had in terms of accessibility. That's not to say that they are inaccessible. I think we're talking about degrees of accessibility and that which is best for all of the citizens of the State.

One of the problems that we've experienced in the past is the fact that the Meadowlands and the New Jersey Sports and Exposition Authority are exempt from the New Jersey State Barrier Free Code. And again, that's not to say that they are exempt from providing barrier free provisions, but they are exempt from the New Jersey Code which I'm proud to say as a member of the Barrier Free Subcode Committee, is one of the best in the country. In fact, we just made it even better on November 3rd, when we adopted a brand new Barrier Free Code.

What happens with the facilities then, is when the architectural firms do make plans and facilities are being developed, they don't always use the New Jersey Code. I'm led to believe, and I'm not positive of this, but they do use codes that they have kind of agreed to use, and are mandated to use in-house. And, as I said, with the stadium they used the BOCA Code -- the Building Officials and Construction Administrators Code -- which is very very inferior to what we have in New

Jersey for the Barrier Free Code. So what you have is less than adequate facilities in terms of overall barrier free provisions.

I guess what I'm basically saying is that I hope that in these new endeavors, the stadium and the aquarium, that the Authority would use the New Jersey Barrier Free Code which has in it some of the things that are missing in, say like, the stadium now. The stadium has segregated seating for the disabled community. So, it's almost as if we're grouped together. I think that perspective of maybe 10 - 12 years ago, although we wouldn't agree with it, maybe was something that was used. But, nowadays you see the disabled out with their families, out with their spouses and children, and certainly they don't want to be segregated to any one area, or want to be integrated throughout the stadium. The New Jersey Barrier Free Code provides for that. It provides for integrated seating throughout the stadium. Again, it's a small instance, but one which is very important to the disabled community.

And one other example I'd like to use is in the Meadowlands Arena, with regard to the bathroom facilities. The old codes -- and one code that might be used if they don't use New Jersey's code would provide for one barrier free bathroom. We're talking about gang bathrooms for them, servicing something like 19,000 people, but yet they have one accessible stall, which is kind of silly when you really think about it. However, the new Barrier Free Code would require that each of the bathing and bathroom facilities would be accessible.

So there are some changes that might seem kind of silly, or not that important to others, but for the disabled community they are very important to ensure that they could make use of these facilities. And as I started out saying, we don't want to make these complaints after the fact, and be accused of just trying to spoil. What we're trying to do is make you aware of some of the problems that you might have in

the future if you don't take into account those concerns now. And that could be alleviated if, in fact, they would give serious consideration to just adopting for these facilities the New Jersey Barrier Free Code.

Thank you very much.

ASSEMBLYMAN SCHUBER: Thank you, John. You should be aware that we do not consider your proposals either trivial or silly. And I think it's an important part that has to be considered in the construction. Certainly the new Code is going to have to be abided by. And I know that Mr. White and those who are working on that, I'm sure, will take that into advisement. And we'll make sure that that is passed on.

MR. DELCOLLE: Well, thank you very much.

ASSEMBLYMAN SCHUBER: We appreciate your being here today on that. And certainly again, we consider that as important a part of the proposal as any of the other portions of the construction.

MR. DELCOLLE: Thank you very much.

ASSEMBLYMAN SCHUBER: Okay.

ASSEMBLYMAN DiGAETANO: Thanks, John.

ASSEMBLYMAN SCHUBER: Mr. Ron Danser, the Vice President of the Standardbred Breeders and Owners Association of New Jersey.

R O N D A N S E R: Thank you very much. I think the most important question that I hear here this morning during the testimony was what protection there is for the people of New Jersey. And I want to submit to you that I think that there is one very clear message emanating from these hearings, and that is that the health of the racing industry is tantamount to the well-being of the Sports Authority. We have heard and seen many projections -- a lot of numbers -- but without a healthy racing industry it could cost the taxpayers of this State many dollars, two and threefold more.

We have listened and very correctly to Mr. Mulcahy and Mr. Hanson telling us about the ills of racing. But we have not heard about the prescriptions or the antidote that we're going to use to help racing to carry the Sports Authority's financial wheel.

The Standardbred Breeders and Owners Association of New Jersey supports Assembly Bill 4445, establishing the equity fund. But we are respectfully requesting that there be an amendment to 4445 specifically in 1(b) of the bill that details the permitted disbursements of the equity funds to include: "for the stability of racing operations." That should be a paramount concern here. As inserted in the bill's statement, we need additional funds for the continued success of the sports complex for major league sports and high quality entertainment. I want to accentuate high quality entertainment. In all forms and venues of entertainment, its acceptance, its support, is commensurate with quality entertainment. And the Sports Authority is no exception to that rule. Quality will bring you good gate receipts. Poor performance will bring you poor gate receipts.

To date, the Sports Authority has had high quality entertainment. More specifically, it has had high quality racing entertainment providing the necessary capital for these ventures. It has been harness racing, ostensibly, that has provided the requisite capital, not only to meet the debt service, but to exceed it, providing the surpluses to the State of New Jersey. That \$60 million that we are here asking for your consideration of to a small portion of that to ensure -- I believe it is a very reasonable premium -- to ensure for the future and stability of the racing industry.

The salient point that we want to make here this afternoon, is that the Legislature should be cognizant that there is a direct correlation between quality racing and the positive cash flow of the Sports Authority. It should,

therefore, be of paramount concern to the Legislature to ensure that we have high quality racing at the Meadowlands. The performers of racing that the people will come out and support and patronize will not do so at any entertainment facility if they are racing for less than the best.

Now, just across the Hudson River and within a stone's throw -- I heard there may be a dynamiting of a bridge, but let me tell you -- there are more constructive and progressive things happening in the New York State Legislature. What are they doing to attract the racing people from the Meadowlands? They have enacted omnibus racing reform legislation that will provide higher prize money and purses, and lure the star performers away from the Meadowlands.

Let me just show you. This is in a national periodical. It says, "Race for the big money at Yonkers Raceway New York. Over \$10 million. The percentage of purses are higher in New York than in New Jersey. With new legislation finalized, you'll be racing for even greater percentages of purse money in New York than New Jersey." Really, I think many of the 120 legislators in this State -- and I don't mean this disparagingly -- but I just think many of them are not aware that the percentage of purse money that is available at the Meadowlands for racing operations is legislated. And for over a decade, there has not been a purse increase for the horsemen -- a legislated purse increase at the Meadowlands. We cannot continue to attract the star performers. You all know what our expenses have done in the last decade. We're speaking of racing ills; I'm giving you some prescriptions. We need to have quality performance at the Meadowlands.

Also, in New York they are now, as a result of the latest legislation establishing teletheaters within a stone's throw of the Hudson River on the West Side of Manhattan. These teletheaters will accept simulcast signals from Yonkers and

Roosevelt Raceways. And let me tell you they will not be like the original OTB parlors. These will be replete with all the amenities and conveniences of plush restaurant-type teletheaters. They are going to further erode the fan base of the Meadowlands racing operations. Illinois is another rising market. They have passed similar legislation.

Prior to closing, let me just leave you with this additional thought. Ironically, the success of the Meadowlands complex is, in effect, having a deleterious effect on the racing industry. Because you see, as the racing industry provided all the necessary capital to meet the debt service, to build the arena, we provided greater entertainment opportunities for the people of this State. Now, people are choosing between going to the racetrack or going to the game or going to the concert. No question, baseball undoubtedly will exasperate the declining racing revenues of the Sports Authority.

Now please don't misinterpret me. We support the baseball stadium build. But please, we must be cognizant that there should be some sort of compensation for the competition factor. I think it is important for us to safeguard, to hedge, to bolster. Give stability to that volatile racing industry.

You know, the baseball stadium is within our fan base market. It's only a mile and a half from the entrance to the track. The dates for the baseball season in the spring and the summer are the prime racing dates. There are going to be additional negative effects to the racing industry, and hence, to the bottom line for the Sports Authority in the State of New Jersey.

We're proud, we in racing, the Standardbred Breeders and Owners Association, to be a part of this sporting complex. The gambling dollars, we heard, is finite. But look at the positive results. The gambling dollar for the lottery has aided education. The gambling dollar for the casinos has aided

So, yes your concerns are our concerns also. And it's one that we're not going to take lightly, and we'll consider as we go along also.

MR. DANSER: Thank you very much.

ASSEMBLYMAN SCHUBER: Thank you, Ron. Thank you.

ASSEMBLYMAN PALAIA: I happen to be a member of the Standard Breeders, Ron. I am.

MR. DANSER: Oh, great.

ASSEMBLYMAN PALAIA: A paid up member.

ASSEMBLYMAN SCHUBER: His dues are paid.

ASSEMBLYMAN PALAIA: My dues are paid.

MR. DANSER: Thank you. I run for election in November. (laughter)

ASSEMBLYMAN DiGAETANO: So does he. (laughter)

ASSEMBLYMAN SCHUBER: We have Joe -- Mr. Job wanted to testify. Is Joe Job outside in the hallway? Could you ask him to come in, please?

J O S E P H J O B: Thank you very much Mr. Chairman and members of this distinguished Committee. As you know, I had the privilege in five places of public trust in this county for a number of years. I'm very much concerned about what's taking place right now. I want to say at the outset, regardless of what the handicaps are, I'm inclined to want to go along with having a professional baseball team, despite the fact that unless -- and these are my own personal feelings -- it's the New York Yankees that come over here, I think we're whistling Dixie when somebody tells you they're going to get 2 million individuals coming to a baseball game. It's, in my opinion, -- and unless it's a winning ballclub to begin with -- I think it's highly impossible.

You probably know the history of baseball in this area. The New York Giants moved from New York to San Francisco. The Brooklyn Dodgers moved from Brooklyn to Los Angeles. One of the greatest teams of all time in the history

the senior citizens. And the gambling dollar is for racing, bringing sports entertainment to the people of New Jersey. But we've got to do something. We've got to take responsible actions to protect the goose that's laying the golden egg. Racing is the finger in the dike. We are the furnace; we're generating the heat. There's been a lot of cold water poured on us to try to put it out. It started with the casinos; it started with lottery. It's competition from the success of the complex itself. But it would be very judicious and prudent for the Legislature to think of preserving and enhancing the racing industry at the Meadowlands.

We need your help. We see the competition from New York. Thank you for your time.

ASSEMBLYMAN SCHUBER: We thank you Mr. Danser. Certainly -- you know the issue that generated one of these proposals in the first place was that remarkable marked decline of the expected revenues on the racetrack which, as has been testified to before, is an integral part of the financing of our Sports Authority. What the issue of why that has come about, we can all speculate. I've heard a number of different reasons here today.

Certainly the question as to what the impact of the construction of a baseball stadium and its team would have on the revenue generated from the racetrack in the future is a legitimate one, and one that we will have to give some concern to. I would indicate to you, however, that this Committee does intend to look at the racetrack industry, given the nature of its time left on its life. We had started to look at that before. You know, we moved on to some major reform in the casino area, and we working with this. But right after that I'd like to come back to the racetrack, and the issue of helping the racing industry in the State. I do think it is an important policy question that we have to consider as to what ramifications its further decline will have economically here, and what we, if anything, as a Legislature can do about that.

of this State, the Newark Bears of 1937 -- that ballclub could not survive. The New York Yankees had to close down that franchise. And so, when people tell you that they're in the realm of speculation when it comes to how many people they anticipate will be coming to the ballpark, they're absolutely right.

And so, what I'm trying to say here to you today is that you have to take a good hard look at this situation and alert the people of this State as to what they may be getting into.

A few years back -- 10 years to be exact -- we had racing introduced in this area at the Meadowlands. In order to do it, we incurred and borrowed to an indebtedness of \$300 million. And at that time, it accrued to the people of the State of New Jersey from the four tracks that were operating, where anywhere from 38 to \$42 million per year. With the advent of the present racetrack, you legislators only have to look into the records, and you will find that we have been subsidizing racing here to the tune of \$25 million a year and up, and probably this year it will be the entire \$40 million that used to accrue to the people of the State. It was all predicated upon speculation, this great bonanza.

We built the Byrne Arena. The bid on that arena was \$53 million. And we were in the realm of speculation then, and it cost the taxpayers of this State approximately \$85 million. So, you just don't throw figures around, you throw facts around. And what I want to do here today is to convey to you something that -- and I want to make it a matter of record -- that appeared in the Passaic Herald News. I think it's worthwhile that you legislators have this at least in your possession. And I want to read it to you now:

"The Sportsplex bailout. The money making machine known as the Meadowlands Sportsplex needs a grease job. A steady decline in racetrack revenues coupled with disappointing

turnouts for Nets basketball and Devils hockey games at Brendan Byrne Arena has prompted the New Jersey Sports and Exposition Authority to seek a bailout from the taxpayers. Monday three bills were introduced in the Legislature that reflect a sharp reversal in the Authority's fortunes. One would propose a statewide referendum on sale of a \$185 million in bonds to build a baseball stadium in Lyndhurst, contingent on securing a major league team to play there. A second bill proposes the sale of \$32 million in bonds to complete financing of a \$42 million aquarium on the Camden waterfront. The reddest flag in the package, however, is the third bill. It proposes returning to the Authority the \$61.2 million it contributed to the State Treasury from 1976 to 1981." They don't tell you about what they did not contribute during that time.

"That clearly suggests that the Authority is unable to meet both operating and debt service obligations. The Legislature must convene hearings to thoroughly examine this combined \$278 million taxpayer investment in the Authority, created with the assurance that its projects would be self-financed and self-sustaining." And I have some real doubts as to whether it will be self-sustaining.

"A new Star-Ledger/Eagleton Poll indicates that New Jerseyans favor construction of a baseball stadium for a New Jersey team." That would mean that unless we got one of the two major teams that are presently there, that would mean that they would be in competition with those two major league teams that are across the river. "Will the support hold up once the taxpayers realize that they are being asked to not only foot the bill for the new Authority projects, but to help pay off the bonds for the construction of its existing facilities?" which indicates that evidently something must have gone wrong right along if they're asking for these moneys to pay off for the existing facilities.

"If the Sportsplex cannot survive without transfusions of State revenue, the lawmakers must also consider restructuring the agency to make it more directly accountable to the taxpayers." And that's as it should be, rather than now it only answers to the Governor, who appoints its commissioners. "Before even considering the financing and revenue generating potential of this new project, the Legislature must first review the Authority's past and current earnings, projections for its racetracks, Giants Stadium, and the Brendan Byrne Arena. What is the Authority doing to get and keep them in the black? What assurance do taxpayers have that estimates of revenues from a new baseball stadium be more accurate than those for the Nets and the Devils games at the arena?

"The Authority is guaranteeing any new franchise attendance of 2 million a year in the proposed 50,000 seat stadium. Guess who will be tapped if that many don't show up each season? Having lost \$1.5 million on four annual Indy type auto races, the Authority has contracted for another five, presumably hoping it will find a way by 1992 to run them in the black.

"The Sportsplex is no longer the 'miracle of the meadows' that Governors Byrne and Kean proudly claimed had been achieved without commitment of a single tax dollar. Tax dollars have been used. It has become another Chrysler Corporation seeking a bailout to help cover current costs and to expand its way out of a shrinking revenue base.

"The bond referendum are premature. They will be appropriate when and if the Authority demonstrates that it can generate sufficient revenues from existing facilities to at least share in the financing of any new baseball stadium and aquarium. Under current circumstances, the Sports and Exposition Authority's pending request for permission to own and operate any New Jersey baseball franchise sets a new

standard for arrogance topped only by asking New Jerseyans for \$278 million to gamble on its managerial ability and its suddenly cloudy crystal ball."

May I say this respectfully? I've been associated in baseball for 55 years. Presently, I'm the president of the Metropolitan Baseball League. I'm Executive Director of the Bergen County Baseball Hall of Fame, and I can assure you that over the years we have tried to make semi-pro baseball work in this county. I'm talking about semi-pro baseball. And it's tough getting sixty or seventy people out to a baseball game, with the exception of our playoffs. And we have in our league such individuals as Jim Bouton, who pitched for the New York Yankees, Frank Ufemo (phonetic) who pitched for the Minnesota Twins, Dan Pasqua was a player in our league, Tom Wadell, presently with the Cleveland organization, Frank McCormick, who pitched for the Seattle Mariners -- all of these individuals are people that you could see playing semi-pro ball at no cost -- no cost, they pass the hat, and some of us throw in some dollars, substantial dollars in order to keep the league alive and keep semi-pro baseball alive.

I can't for the life of me see how these people who are trying to promote this baseball team -- bringing a major league team here -- have not tried to prevail on people like The Prudential, Johnson & Johnson, any of the major organizations that we have here in this State, and have a private enterprise. Have these people put out the moneys. Incidentally, while I'm on that subject, let me say this to you. Had we permitted the Terminal Construction Company to build the racetrack on their property, which they were willing to do at the time and made that proposal to the people of this State, and if we had gotten \$2 million in revenue per day, as they have now down at the Meadowlands, and had the Legislature overseen this project that the Terminal Construction Company was willing to build at no cost to the taxpayers of this State,

and were we to receive the 8% -- and incidentally, in order to get the bondholders to put up the money for the complex at the present time -- that \$300 million -- we had to make a concession in this State, hurting all the rest of the tracks, we gave them a concession of 1/2 of 1 percent, while all the other tracks were paying 8 percent; and now, of course, they're on parity. But it's much too late now. But had we permitted private enterprise to build that facility, accruant to the taxpayers of the State of New Jersey based upon the \$2 million a night, 600,000 individuals going to the track over the course of the year, that meant \$48 million per night (sic) just from revenue. Just from the revenues at the track. That has nothing to do with the concessions, nothing to do with the parking, nothing to do with anything.

And so, it isn't the bonanza, except for these individuals who are tax free bondholders. So, the people of this county and this State ought to know what it's cost them out of their own pocket in order to have this wonderful facility that we have.

I don't want to impugn the integrity of any individuals that are connected with that organization now. I wish I was one of them. Maybe I'm making my complaint because I'm not one of them. But the truth of the matter is, that a lot of people got fat. Yes. And instead of having private enterprise -- which I so strongly believe in -- we have an Authority that usurps the powers that properly belong to the people. We have a New Jersey Turnpike Authority, we have a Garden State Parkway Authority, and then we have legislators down there who can do little or nothing about the control of these individuals. That's what we're doing here. Again, it's going to be some Authority, created by the Legislature here, who's going to control this ballpark, rather than private enterprise.

And after having said all of that, I'm still going to support having major league baseball brought to this State because I love baseball. I spend four nights a week at a ballpark watching individuals play ball. And I put my own money out. I'm not asking for anything. And I would be in hopes that you people would recognize exactly what's taking place here again. Why not private enterprise? Why not private enterprise?

Thank you very much, ladies and gentlemen. If there are any questions you might want to ask of me, I'd be very happy to hear them.

ASSEMBLYMAN DiGAETANO: Any questions from the Committee? (negative response) Thank you, Joe. Anyone else in the audience who wishes to present testimony to this Committee on either of the two bills? Pete Russo, former Assemblyman from Lyndhurst.

P E T E R J. R U S S O: I gave that gentleman my name, and he did not call on me. I just -- is there any reason why?

ASSEMBLYMAN DiGAETANO: No, it was just on the list, and I guess Pat had it somewhere. I'm sorry Pete, it was on the other side of the sheet. I'm sorry, my apologies.

MR. RUSSO: I'm very very much in favor of organized baseball coming into the State of New Jersey. And what I don't understand is why -- can you answer this Paul, or this other gentleman -- why did you tie this in with the aquarium? I don't understand that.

ASSEMBLYMAN DiGAETANO: Just to answer that question, Pete, it's not tied in with the aquarium. The aquarium is one of three bills that this Committee is considering and it is not in consideration today, but will be heard in Camden on Monday. So, those are-- Although they're related in the sense that the Sports Authority will be the operator or the manager, if you will, of the aquarium, they are not tied together. So, it's not that they're being tied together, Pete.

MR. RUSSO: Thank you very much, Paul. Again, I'm very much in favor of this stadium -- the baseball -- coming into New Jersey, and in particular in the Township of Lyndhurst, because I was the former Mayor and former Assemblyman from the Township of Lyndhurst. But I wish you would also consider in your deliberation on this private enterprise taking over too. Consider that when you do talk about this. And I think it's very important, because the taxpayers of the State of New Jersey will be looking forward to that.

And again, I want to thank you very much for allowing me to say a few words. Thank you very much.

ASSEMBLYMAN DiGAETANO: Thank you, Pete. Any questions from the Committee? (negative response)

Is there anyone else from the audience who wishes to testify before this Committee on either of the two bills, the baseball bond issue or the equity fund? No.

In closing, I'd like to thank you all for coming, and thank you all for listening to us today, this morning and this afternoon. This Committee will continue its hearings on these bills, and Monday we will be hearing testimony in Camden on the aquarium bill.

Thank you very much.

(HEARING CONCLUDED)

APPENDIX



STATEMENT OF CHAIRMAN JON F. HANSON
BEFORE THE ASSEMBLY INDEPENDENT AND REGIONAL AUTHORITIES COMMITTEE

JULY 15, 1987

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I WANT TO THANK YOU FOR THIS OPPORTUNITY TO APPEAR HERE TODAY TO REPORT ON OUR PROGRESS IN THE AREA OF BASEBALL AND TO COMMENT ON A-4444, WHICH AUTHORIZES THE VOTERS OF NEW JERSEY TO CONSIDER A \$185 MILLION BOND REFERENDUM FOR THE CONSTRUCTION OF A MAJOR LEAGUE BASEBALL STADIUM.

THIS BILL IS AN EXTREMELY IMPORTANT PIECE OF LEGISLATION WHICH HOLDS GREAT POTENTIAL FOR OUR STATE. AND IT REPRESENTS PROBABLY THE MOST SIGNIFICANT STEP SO FAR ON THE ROAD TO BRINGING BASEBALL TO NEW JERSEY.

AS YOU KNOW, IN DECEMBER 1984, THE LEGISLATURE ENACTED, AND GOVERNOR TOM KEAN SIGNED INTO LAW, A BILL AMENDING THE AUTHORITY'S ENABLING LEGISLATION TO PERMIT US TO BUILD AND OPERATE A BASEBALL STADIUM.

THE AUTHORITY ACCEPTED THAT BILL AS A MANDATE, AND WE HAVE BEEN WORKING STEADILY EVER SINCE TOWARD THE END OF BRINGING MAJOR LEAGUE BASEBALL TO NEW JERSEY. OUR PROGRESS HAS BEEN SHAPED BY THE FOUR FACTORS WE FEEL ARE NECESSARY FOR SUCCESS:

- WE MUST FIND A SUITABLE SITE
- WE MUST OBTAIN THE NECESSARY APPROVALS FOR THAT SITE
- WE MUST HAVE A METHOD OF FINANCING IN PLACE
- AND FINALLY, WE MUST OBTAIN A FRANCHISE

AS YOU WILL SEE TODAY, THE AUTHORITY'S STAFF HAS MADE A RECOMMENDATION ON A SITE AND THAT RECOMMENDATION IS READY FOR CONSIDERATION BY THE COMMISSIONERS OF THE AUTHORITY.

WE ARE PREPARED TO SEEK THE NECESSARY APPROVALS, AND WE BELIEVE WE CAN BE SUCCESSFUL.

AND WE ARE HERE TODAY TO DISCUSS FINAL PRELIMINARY FACTOR---FINANCING.

THE COMPLETION OF THESE THREE PHASES WILL SET THE STAGE FOR THE FINAL STEP---OBTAINING A COMMITMENT FROM A MAJOR LEAGUE FRANCHISE TO PLAY IN NEW JERSEY.

BUT BEFORE I DISCUSS THE BILL, I THINK IT WILL BE HELPFUL TO REVIEW SOME OF THE BACKGROUND REGARDING BASEBALL SO THAT EVERYONE CAN UNDERSTAND HOW WE GOT TO WHERE WE ARE TODAY.

WHEN THE BILL WAS PASSED IN 1984, THE AUTHORITY REQUESTED SWIFT ACTION BECAUSE OF EXTREMELY PROMISING NEGOTIATIONS THAT WERE UNDERWAY BETWEEN PARTIES IN NEW JERSEY AND THE OWNERS OF A NATIONAL LEAGUE FRANCHISE. THOSE NEGOTIATIONS HAD REACHED THE POINT WHERE IT WAS NECESSARY FOR THE POTENTIAL NEW OWNERSHIP TO HAVE ASSURANCES THAT IT WOULD BE POSSIBLE TO HAVE A STADIUM FOR THE TEAM TO PLAY IN. IT WAS IN THAT CONTEXT THAT THE AUTHORITY SOUGHT THE AUTHORIZATION TO PARTICIPATE IN BRINGING A BASEBALL TEAM TO NEW JERSEY.

UNFORTUNATELY, SOON AFTER ENACTMENT OF THE BILL, SUFFICIENT CIVIC PRESSURE WAS BROUGHT TO BEAR ON THE OWNERSHIP OF THE FRANCHISE THAT IT AGREED TO KEEP THE TEAM IN ITS HOME SITE, AND THE NEGOTIATIONS WITH THE NEW JERSEY PARTIES ENDED.

BECAUSE OF THE SENSITIVE NATURE OF SUCH NEGOTIATIONS, THE AUTHORITY WAS ASKED TO KEEP THE IDENTITIES OF THE PRINCIPALS AND THE DETAILS OF THEIR NEGOTIATIONS CONFIDENTIAL. WE HAVE GIVEN THE SAME ASSURANCES OF CONFIDENTIALITY TO OTHER INDIVIDUALS, BOTH POTENTIAL OWNERS AND FRANCHISE REPRESENTATIVES.

ALTHOUGH THE NEGOTIATIONS OF 1984 DID NOT BEAR IMMEDIATE FRUIT, THEY DID MAKE IT CLEAR THAT THERE IS INTENSE INTEREST IN BASEBALL ON THE PART OF NEW JERSEY SPORTS FANS, AS WELL AS STRONG INTEREST ON THE PART OF INTERESTS WITHIN MAJOR LEAGUE BASEBALL, WHO HAD LOOKED AT THE NEW JERSEY MARKET AND FOUND IT VERY ATTRACTIVE.

IN FACT, THE MARKET IS MORE THAN JUST ATTRACTIVE. IT IS ONE OF THE VERY STRONGEST MARKETS IN ALL OF BASEBALL, AND FAR STRONGER THAN ANY OF THE POTENTIAL MARKETS WHO ARE NOW OUT THERE COMPETING WITH US FOR A TEAM.

YOU WILL HEAR TESTIMONY TODAY FROM DR. GEORGE STERNLIEB, DIRECTOR OF THE RUTGERS UNIVERSITY CENTER FOR URBAN POLICY RESEARCH, WHICH WILL CONFIRM THIS ASSESSMENT. IN FACT, TO QUOTE BRIEFLY FROM DR. STERNLIEB'S DRAFT REPORT,

"THERE IS NO OTHER MARKET AREA WHICH BY ANY OF THE CRITERIA USED HERE--POPULATION, INCOME LEVELS, JOB BASE---IS SO UNDERSERVED."

THIS STUDY CONFIRMS OUR EARLIER MARKET RESEARCH WHICH LED THE AUTHORITY TO MAKE ITS 1985 OFFER OF A TWO MILLION ATTENDANCE GUARANTEE WHEN WE APPEARED BEFORE THE LONG RANGE PLANNING COMMITTEE OF MAJOR LEAGUE BASEBALL. THAT OFFER WAS NOT MADE AS A GIMMICK. IT WAS MADE BECAUSE OUR RESEARCH SHOWED CLEARLY THAT FAN SUPPORT FOR BASEBALL IN NEW JERSEY WILL BE VERY STRONG.

I THINK IT IS ALSO IMPORTANT TO CONSIDER THE ECONOMIC IMPACT THAT A BASEBALL STADIUM WILL HAVE ON NEW JERSEY.

IN JOBS ALONE THE IMPACT WILL BE SUBSTANTIAL. OUR PRELIMINARY ESTIMATES INDICATE ABOUT 300 CONSTRUCTION JOBS EACH YEAR FOR THE THREE-YEAR CONSTRUCTION PERIOD OF THE STADIUM. IN ADDITION, ANOTHER ESTIMATED 500 FULL-TIME EQUIVALENT JOBS WOULD BE CREATED FOR THE OPERATION OF THE STADIUM AND THE TEAM THAT PLAYS THERE.

OUR ECONOMIC CONSULTANTS FROM TOUCHE ROSS, USING CONSERVATIVE FIGURES, ESTIMATE A TOTAL ECONOMIC IMPACT ON NEW JERSEY'S ECONOMY OF MORE THAN \$100 MILLION PER YEAR.

AS I SAID EARLIER, THE FOUR KEY FACTORS IN BRINGING BASEBALL TO NEW JERSEY ARE THE SITE, THE APPROVALS, THE FINANCING AND, FINALLY, THE TEAM.

OVER THE PAST YEAR THE AUTHORITY'S STAFF AND CONSULTANTS HAVE REVIEWED 53 POTENTIAL SITES IN 11 COUNTIES. EACH SITE HAS BEEN MEASURED AGAINST A SET OF 20 CRITERIA RANGING FROM SIZE AND AVAILABILITY TO GEOLOGY, ENVIRONMENTAL FACTORS AND TRANSPORTATION ACCESS.

THE STAFF HAS NOW MADE A RECOMMENDATION THAT THE ONLY SITE WHICH ADEQUATELY MEETS ALL THE SELECTION CRITERIA IS THE 246-ACRE LYNDHURST MEADOWLANDS SITE.

ITS SIZE IS ADEQUATE TO ACCOMMODATE THE STADIUM AND THE NECESSARY PARKING. IT OFFERS THE NECESSARY HIGHWAY ACCESS, AND IT HOLDS THE POTENTIAL FOR MASS TRANSIT ACCESS BY RAIL.

A PRELIMINARY ASSESSMENT INDICATES THAT THE NECESSARY ENVIRONMENTAL APPROVALS CAN BE OBTAINED FOR THE SITE.

I EXPECT THAT THE COMMISSIONERS OF THE AUTHORITY WILL TAKE UP THIS RECOMMENDATION IN THE NEAR FUTURE, ALONG WITH A PROPOSAL TO PROCEED WITH APPLICATIONS FOR THE NECESSARY PERMITS.

AS YOU KNOW, FROM THE FIRST DAY OF DISCUSSION CONCERNING BASEBALL THE AUTHORITY HAS BEEN CLEARLY AND PUBLICLY ON THE RECORD AS STATING THAT WE WOULD NOT BE IN A POSITION TO FINANCE CONSTRUCTION OF A BASEBALL STADIUM.

THE ORIGINAL IDEA BEHIND THE FINANCIAL STRUCTURE OF THE MEADOWLANDS SPORTS COMPLEX WAS A SOUND ONE: THE

AUTHORITY WOULD BUILD A FOOTBALL STADIUM AND A RACETRACK, WITH REVENUES FROM THE RACETRACK USED TO RETIRE THE DEBT FOR THE COMPLEX, SINCE SPORTS STADIA NEVER GENERATE SUFFICIENT REVENUES TO RETIRE THEIR OWN DEBT.

SUBSEQUENTLY, A PUBLIC POLICY DECISION WAS MADE TO ADD AN ARENA TO THE SPORTS COMPLEX, WITH THE RACETRACK EXPECTED TO SUBSIDIZE THAT DEBT AS WELL. IN RETROSPECT, I DO NOT THINK THAT DECISION WAS A GOOD ONE. HOWEVER, THE AUTHORITY IS CURRENTLY MEETING ALL ITS OBLIGATIONS AND WILL CONTINUE TO DO SO.

WE HAVE MADE IT CLEAR ALL ALONG THAT IF A BASEBALL STADIUM IS TO BE BUILT, SOME ALTERNATE METHOD OF FINANCING WOULD BE NECESSARY. THE BILL BEFORE YOU TODAY REPRESENTS A CONSENSUS DEVELOPED OUT OF NEARLY A YEAR OF CONSULTATION BETWEEN THE AUTHORITY, THE GOVERNOR'S OFFICE, THE STATE TREASURER, LEGISLATIVE LEADERSHIP AND OUR FINANCIAL CONSULTANTS. WE BELIEVE IT REPRESENTS A FAIR AND SOUND WAY TO MOVE AHEAD WITH BASEBALL.

THE INDIVIDUALS IN CHARGE OF THE SPORTS AUTHORITY TODAY SHARE THE SAME UNDERSTANDING AND VISION OF THOSE RESPONSIBLE FOR THE CREATION OF THE AUTHORITY IN 1971. THEY REALIZE THAT A MAJOR LEAGUE SPORTS FRANCHISE AND FACILITY MAY REPRESENT A GOOD DEAL FOR THE FRANCHISE OWNER.

BUT IT REPRESENTS A BETTER DEAL FOR THE STATE IN WHICH IT IS LOCATED.

THAT IS WHY SOME DOZEN CITIES ACROSS THE COUNTRY HAVE BEEN COMPETING FOR SEVERAL YEARS TO OBTAIN A BASEBALL FRANCHISE. THEY REALIZE, AS WE DO, THAT A FRANCHISE CAN GENERATE NOT ONLY MILLIONS OF DOLLARS IN DIRECT AND INDIRECT ECONOMIC BENEFITS, BUT ALSO THE INTANGIBLE BENEFITS OF IDENTIFICATION, IMAGE AND SELF-ESTEEM THAT HAVE SO OBVIOUSLY FLOWED INTO NEW JERSEY FROM THE MEADOWLANDS SPORTS COMPLEX.

BASEBALL IN NEW JERSEY
—
THE MARKET AND THE LOCATION

Research Organization

RUTGERS UNIVERSITY
CENTER FOR URBAN POLICY RESEARCH
NEW BRUNSWICK, NEW JERSEY

Research Sponsor

NEW JERSEY SPORTS AND
EXPOSITION AUTHORITY
EAST RUTHERFORD, NEW JERSEY

Date

14 JULY 1987

BASEBALL TODAY

Baseball is the most culturally interwoven of American sports. It is regularly followed by youngsters from pre-school through high school. It is also one of the few sports that appeals more to those of middle age than to the young, and the growth of this age group will be the largest of any group through the turn of the century. Further, baseball is followed by more women than any other major spectator sport.

In 1986, nearly 50 million people in the United States and Canada attended a major league baseball game. Over the past twenty years, major league baseball stadiums have been built or completely renovated in Toronto, New York, Anaheim, Minneapolis, Kansas City, Oakland, Detroit, Seattle, Montreal, Atlanta, Cincinnati, Houston, Philadelphia, Pittsburgh, St. Louis, and San Diego.

New Jersey supports sports and is ready for baseball. New Jersey has the highest personal income and lowest unemployment rate of any existing state with a professional baseball team. More than 20 million fans paid their way into the Meadowlands complex last year to see professional football, basketball, hockey, or horse racing. The Giants and Jets football teams each had one of the highest attendance records of their respective conferences.

In a recent survey in New Jersey, 84 percent of those polled said they would like to see New Jersey have a baseball stadium. Sixty percent said it should be in the northern part of the State at a Meadowlands site. New Jerseyans want baseball because they believe it will make a valuable family recreational activity more accessible and bring prestige, jobs, and economic growth to the State.

WHY A NEW STADIUM?

The market demand for a baseball stadium is measured by the number of people per seat. This is the number of people in a metropolitan market area divided by the number of existing baseball seats in this same area. The average of all stadiums in the United States is 60 people per seat. In Los Angeles, there are 100 people per seat in the market area; in Cincinnati, there are 30. In New York, even with two stadiums, there are close to 160 people per seat. The New York Metropolitan Area has the most baseball demand of any existing market in the country.

If a new stadium were to be built in the northern New Jersey portion of the New York Metropolitan Area, it alone would have a support base of 120 people per seat; the two other stadiums in the remaining portion of the New York Metropolitan Area would be supported by 110 people per seat.

With an additional stadium in northern New Jersey, New Jersey and New York would still have the first and second best markets in the country—ahead of Los Angeles by 10 percent, and Chicago, Detroit, and Philadelphia by over 20 percent.

The northern New Jersey market, at 120 persons per seat, far surpasses any potential expansion site. It is 1.5 times the market of Washington, D.C., two times the market of Miami, and three times that of Denver, Phoenix, or Tampa. The northern New Jersey market (excluding New York) is more than 50 percent larger than the average baseball market in population, personal income, and employment. There is no market in the country that is so vibrant. It is the most drastically underserved baseball market in the country.

THE BENEFITS OF BASEBALL

A baseball stadium in New Jersey offers other benefits. It will bring 500 full-time equivalent jobs, \$10 million in wage income, and \$7 million in consumption expenditures to the State. It will also create 300 construction jobs, \$10 million in construction wages, and \$7 million in construction consumption expenditures per year over a three-year construction period.

In addition to baseball rental income, the stadium can make an average of \$30,000 per game on parking, \$20,000–\$30,000 from a stadium club concession, 16–20 percent of gross receipts from food and souvenir concessions, and 7–10 percent of ticket revenue from concerts and other events.

From a recreational point of view, baseball entertainment will be made highly accessible to the fans of New Jersey. They will be able to see firsthand the stars they follow on television, in the newspapers, and via baseball cards. Their activities will spur local businesses, as the baseball game trip often includes eating out and other recreational events.

Baseball is both fun and a business. The basics for business success are found in New Jersey. New Jersey and its population await the fun.

WHERE SHOULD A NEW STADIUM BE?

Having established the northern New Jersey market as the most significant and underserved in the nation, it is necessary to determine where in this market a baseball stadium should be.

Using siting criteria developed from national studies of baseball stadium location, over fifty sites were evaluated to determine the required location. These were sites situated in a twelve-county area within one-hour's travel time from both the primary market and immediately adjacent markets.

Sites had to meet strict criteria. They had to have ample size to provide ground-level parking; they had to be near major highways with significant road capacity. They had to encompass a significant amount of people within a given driving time to the stadium; they had to be feasible in terms of improvement costs and ultimate operating costs; they had to be compatible with the surrounding neighborhood and with areal planning goals. They had to be readily available, accessible, and pose minimal environmental impacts.

THE ONLY SITE

Of all sites evaluated, only one site meets the requirements of the selection criteria. It is the Lyndhurst site in the Meadowlands, Bergen County, New Jersey.

The site, at 246 acres, is large enough to accommodate the stadium and attendant parking needs. It is sufficiently close to major roadways to allow all spectators to depart within one hour of game's end. Its location at the confluence of the New Jersey Turnpike and New Jersey Routes 3 and 17 provides access east, west, north, and south, and links to New Jersey Route 46, Routes I-80, I-78, I-495, I-280, and the Lincoln and Holland Tunnels. Potential access by train is an additional market advantage of the site.

The Lyndhurst site meets all other selection criteria. Virtually all utilities are in place to serve the facility; services such as police and fire are readily available; the amenities sought by baseball game spectators are nearby; the site is located in a safe, neutral environment; no negative impacts on neighboring properties will ensue with its development; its proximity to other New Jersey sports facilities enables economies of scale and encourages identification of the area as the sports center of the state, thereby strengthening market support; no significant restrictions on the site exist that would impede development; and use of the site as a baseball stadium is consistent with long-range state planning goals for the area. Baseball is a "natural" in this location of New Jersey.

**NEW JERSEY
SPORTS AND
EXPOSITION
AUTHORITY**

THOMAS H. KEAN
GOVERNOR

JON F. HANSON
CHAIRMAN

MANHATTAN

River

BYRNE
ARENA

GIANTS
STADIUM

Hackensack
River

River

NEW
JERSEY
TURNPIKE

PROPOSED
BASEBALL
STADIUM
SITE

BERGEN RAIL

NEW JERSEY TRANSIT -

LYNDURST TWP.

NEW JERSEY TRANSIT - MAIN RAIL

NEW JERSEY TRANSIT -

13X

**NEW JERSEY
SPORTS AND
EXPOSITION
AUTHORITY**



THOMAS H. KEAN
GOVERNOR

JON F. HANSON
CHAIRMAN

ROBERT E. MULCAHY III
PRESIDENT

PROJECT TEAM

NEW JERSEY SPORTS AND
EXPOSITION AUTHORITY
GEORGE B. WHITE, II
GENERAL MANAGER STATEWIDE OPERATIONS

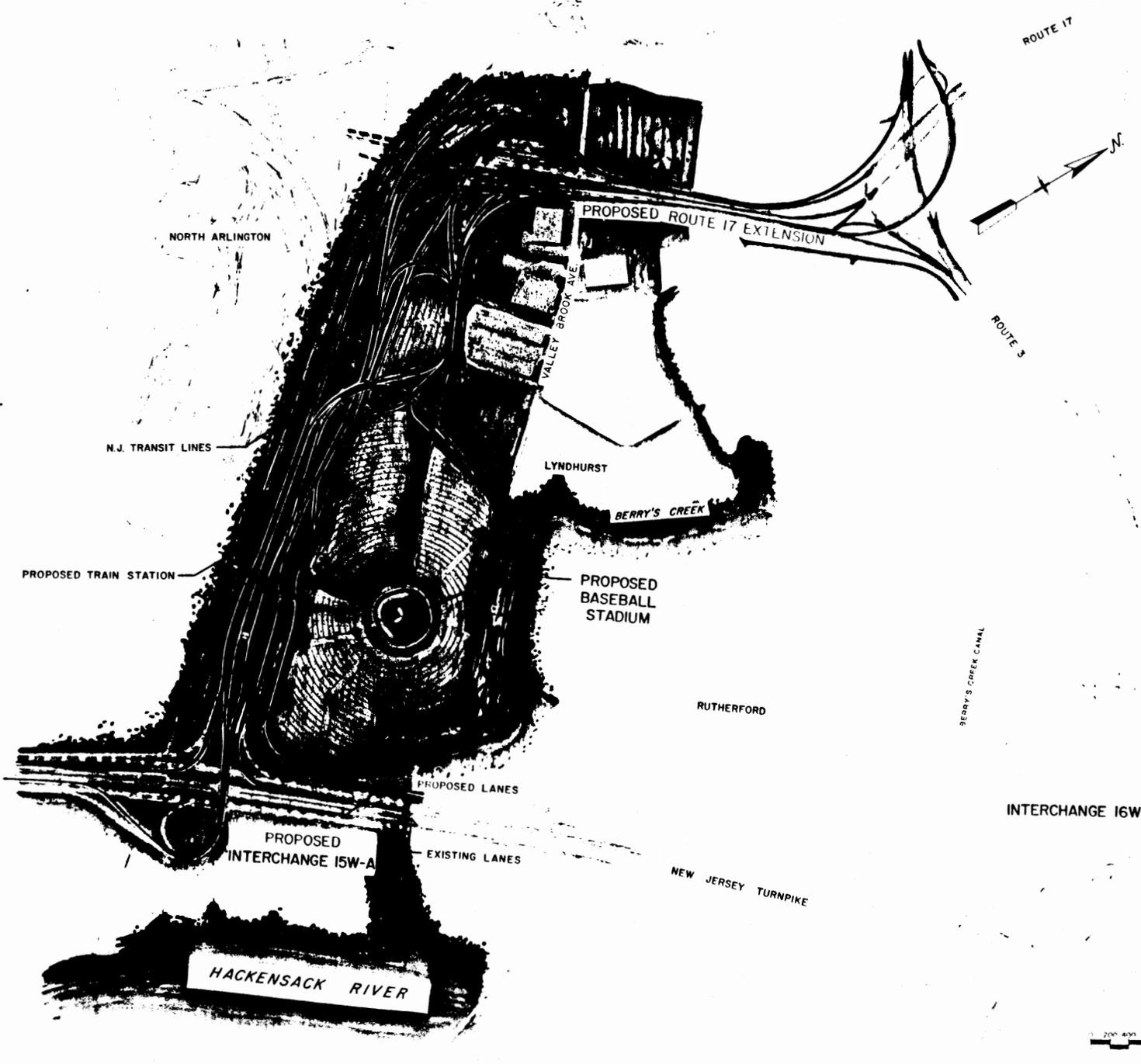
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BASKING RIDGE, N.J.

EXISTING
GIANTS STADIUM



"PRELIMINARY" DATE: JULY 10, 1987

Angelo Valente
329 Garden Street
Hoboken, New Jersey
July 16, 1987

In 1848, Hoboken New Jersey entered the annals of sports history by playing host to the first official baseball game in these United States. On June 19th in the same year, the Knickerbockers took the mound against the New Yorkers, on Elysian Field in my hometown of Hoboken. Today, after years of discussion and speculation, we have reached and hopefully will hurdle the first obstacle toward making New Jersey a home for baseball once more by building a professional baseball stadium at a suggested sight in Lynhurst, New Jersey. I believe we need to bring to New Jersey what the Garden State was responsible for bringing to the rest of the country.

Erecting a stadium will ultimately provide rich opportunities for economic growth. Drawing upon the experience of Giant Stadium located in the Meadowlands, we can optimistically project financial benefits for all of New Jersey especially the Hudson, Bergen and Essex communities. This project will create both part-time and full-time jobs and stimulate economic development for thousands of residents. Furthermore, a stadium will boost business and associated industries in the surrounding communities. This stadium represents both short-term and long-term employment opportunities for the young people, seniors and vocational gifted people.

I applaud the efforts of the Assembly Independent and Regional Authority Committee, and Governor Thomas Kean for their continued leadership in affording New Jersey citizens the excitement and benefits of hosting their own professional team. Let us not fail to meet the challenge.

Recently, the New Jersey Assembly has passed a resolution declaring Hoboken, New Jersey, the birthplace of baseball. In doing so, the assembly has clearly paved the way for the future. New Jersey has an opportunity to continue building pride in our state. We no longer need linger in the shadow of Pennsylvania and New York. New Jersey's bright future includes the vision of our own professional baseball team and stadium.

14x

