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# THIS WEEK IN TRENTON

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**July 22, 2010**

## **Gaming, Sports and Entertainment Advisory Commission Issues Report**

The Gaming, Sports and Entertainment Advisory Commission, established by Executive Order 11 in February, presented its recommendations to Governor Christie this week. The Commission was chaired by Jon Hanson and its other members included Robert E. Mulcahy III, a former president of the NJSEA and Athletic Director at Rutgers University; Finn Wentworth, principal of Normandy Partners and Founder of the YES Network; Al Leiter, the former Major League Baseball pitcher and YES Network commentator; Wes Lang, managing director of WML Partners, LLC, a New Jersey private equity investment and development company; Debra P. DiLorenzo, president and CEO of the Chamber of Commerce of Southern New Jersey; and Robert Holmes, a law professor at Rutgers School of Law in Newark, where he serves as Deputy Director of Clinical Programs and Director of the Community Law Clinic.

The recommendations of the Commission focus on six key areas as follows:

### **Viability of the Sports and Exposition Authority**

- \* Offsetting operating expenses by using current cash reserves (in excess of \$50 million) of the NJSEA and encouraging development of a break-even budget by September 1, 2010.

- \* Authorizing the State Treasurer, if necessary, to provide a revolving credit facility of no more than \$15 million to assist in cash flow needs.

- \* Divesting the NJSEA of all responsibilities related to venue operations, including, in particular, the Meadowlands Racetrack, the IZOD Arena and Monmouth Park Racetrack.

- \* Postponing the proposed Bayonne OTW project until legislation can be passed that permits OTWs to function without live racing.

- \* Ceasing operations of the Meadowlands Racetrack and offering standard bred owners the opportunity to lease the Meadowlands Racetrack.

### **Advancement or Resolution of Xanadu Project**

- \* Any tax exempt financing should not represent a primary funding source but should only fill a funding gap in private market sources.

- \* The development group should contribute cash equity consistent with present market

demands and must resolve and reset the existing capital structure in a way that facilitates new financing, which may mean substantially subordinating all lenders' and owners' rights to those of any new lenders.

- \* The underlying ground lease should be amended to include, among other things, a date certain for completion and opening, with appropriate penalties for failure to comply.

- \* If the project can only be completed with tax exempt financing, the State must be able to reasonably expect to receive some form of upside financial return commensurate with the level of public sector involvement.

### **Improving the Competitiveness of the Gaming Industry**

- \* Creating a "Clean and Safe" Tourism District with State oversight, with the goal of making Atlantic City clean and safe by July 1, 2011.

- \* Creating a Master Plan for the new Tourism District, focused on enticing new entrants to build both gaming and non-gaming attractions that will increase demand in the City. The Plan should be delivered to the Governor no later than July 1, 2011.

- \* Improving the financial stability of Atlantic City by attracting other world class operators to ownership of the eleven existing facilities as well as any new ones.

- \* Increasing the meeting and convention business in the Atlantic City market by at least 30% per year for the next five years.

- \* Bringing the New Jersey regulatory structure into the 21st century by reducing costs and redundancies and by supporting the attraction of operators while maintaining strict integrity.

- \* Increasing visitation and spending through joint marketing efforts on par with other national destination resorts.

- \* Improving intermodal transport to Atlantic City, including increasing air, rail and ferry options.

### **Creation of a Sustainable Industry Structure to Preserve Live Horseracing**

- \* Thoroughbred racing at Monmouth and Atlantic City (a 50-71-day meet at Monmouth Park and potentially 10 days of turf racing at Atlantic City).

- \* Thoroughbred Racing at Monmouth and potentially 10 days at Atlantic City and 70 standard bred dates at Monmouth.

- \* Lease the Meadowlands Racetrack to the standard bred horsemen for \$1 dollar a year for three years with early termination rights and an equity-based share of the Bayonne OTW parlor.

- \* Convert to a commercial use one of the standard bred farms in New Jersey that has a mile track, and build a 5,000 seat grandstand complete with all necessary amenities.

### **Improving Cooperation among New Jersey's Major Entertainment Venues**

\* The development of an integrated and cooperative policy among the four State-influenced venues (IZOD Center, PNC Center, Historic Atlantic City Convention Center and Rutgers Stadium) in addition to major entertainment or sports events held at the Prudential Center, Symphony Hall and the Meadowlands football stadium.

\* Testing the market for interest in privatizing operations of the IZOD Center and the PNC Arts Center by issuing a request for proposals.

\* Establishing a single point of contact for booking concerts and other events at the taxpayer-supported facilities.

\* Formalizing and developing a plan for improving communications among the IZOD Center, the PNC Arts Center, the Prudential Center, the Rutgers Arena and Stadium and the Atlantic City Boardwalk and Convention Center.

### **New Jersey Nets Lease at the IZOD Center**

\* A fee of \$4 million dollars to be paid to the NJSEA over the next two years for the Nets to opt out of the IZOD lease. The fee may be offset by various credits.

\* The Nets will play home games for the 2010-2011 and 2011-2012 seasons in the Prudential Center in Newark and have agreed to support the potential of another NBA team locating to New Jersey, if and when the Nets leave the state.

\* The Nets will share the Prudential Center with the New Jersey Devils organization which operates the facility leased from the City of Newark.

A copy of the report in its entirety can be found at [www.nj.gov/governor/news/reports/pdf/20100721\\_state\\_document\\_final2.pdf](http://www.nj.gov/governor/news/reports/pdf/20100721_state_document_final2.pdf).

### **Assembly Announces Appointments to Public Broadcasting Task Force**

Assembly Speaker Sheila Y. Oliver and Assembly Republican Leader Alex DeCroce announced their appointments to the Legislative Task Force on Public Broadcasting. The ten-member, bipartisan task force, which was created by Assembly and Senate resolutions, will be represented by five members from each house of the legislature. The taskforce is charged with examining the Governor's proposal to restructure the New Jersey Public Broadcasting Authority as a non-profit organization and submitting a report of its findings by October 15 to both the Governor and legislative leaders.

The Assembly members of the Task Force are Democrats Lou Greenwald, Nellie Pou and Thomas Giblin and Republicans Alex DeCroce and John Amodeo. Senate appointments have not yet been made.

### **Legislative Calendar**

Senate Group 3 and 4 Committees met on July 19. There are no meetings scheduled for next week.