
Public Hearing

before

NEW JERSEY GAMING SUMMIT

LOCATION: Atlantic City Convention Center
Atlantic City, New Jersey

DATE: August 6, 2010
10:00 a.m.

MEMBERS OF SUMMIT PRESENT:

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



ALSO PRESENT:

Sonia Das
Senate Majority Aide

Jennifer Taylor
Assembly Majority Aide

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(Bugle Call)

SENATOR JIM WHELAN (Co-Chair): Thank you very much for that call to post.

Let me welcome everyone to this meeting, and to Atlantic City. I'm Jim Whelan, State Senator and a resident of Atlantic City -- a proud resident of Atlantic City. So welcome to my hometown.

Our purpose here today, and the purpose of this committee that the Senate President and Speaker have put together, is really to create and preserve jobs. We see challenges in the casino industry, we see challenges on the horseracing industry, we see challenges in the Meadowlands with the Xanadu project that really need solutions. We have the Hanson Report as a starting point for our conversation today and going forward. But let's be very clear: We think the goal here, not just of the members of this panel, but the entire Legislature and the Governor, is to create and preserve jobs, going forward.

Let me do a little housekeeping so we have a sense of what we're about today. Today's format will focus primarily on Atlantic City. We're not going to exclude people in the public input from commenting on other aspects -- that's fine. There will be subsequent meetings. Perhaps before today we'll be able to announce the date of the meeting that will take place in the Meadowlands where the focus will be on the Meadowlands and horseracing. We have everyone together; we'll try to see what calendars work. And frankly, some of us are of the mind the sooner the better, so if we could do it next week, but I don't know who's on vacation, and who's-- The following week I'm on a conference, and so on, so-- But we will have a meeting in the Meadowlands, and in the third meeting we'll be in Trenton.

Hopefully by the third meeting we'll actually begin to focus on the necessary legislation to do the job preservation that we talked about.

Our format specifically today, and I suspect we will follow this format when we do the Meadowlands: We have a number of panels of invited speakers who we have asked -- both the panelists, and we ask the public at large -- to try to keep your comments to five minutes or less. We know that's difficult at times. As we go through, members of the dais here will have questions of the individuals who are speaking before us. When we are finished with the panels, and we will take a lunch break somewhere around lunchtime -- I don't want to say 12 noon exactly. We're operating on Trenton time today, so it might be closer to 12:30, quarter to one. But we will take a lunch break for a brief recess and let everybody get something to eat and then come back in the afternoon, finish with the panels, then have the public at large come up for comments as well. Again, we would ask the members of the public to respect that five minute timeframe that we have, and the members of the panel may have questions of the people who do have public input.

When we finish this entire process -- not today -- here, the Meadowlands, Trenton -- then the bills that we produce will go through the normal bipartisan committee process that all bills go through.

So again we want to welcome everyone. We have a number of people who are here that we want to acknowledge -- acknowledge their presence. Senator Minority Leader Tom Kean is here; Assemblymen -- my colleagues from the 2nd District, Assemblymen Amodeo and Polistino are here. Assemblyman Ron Dancer is here. Our County Executive, Dennis Levinson, is here. We have Freeholders Jim Schroeder, Frank Formica, Rich

Dase, and Freeholder Joe McDevitt. I saw Councilman Steve Moore. If we do have other elected officials here, please let us know and we'll acknowledge your presence as we go forward, and we thank not just our elected officials, but everyone for being here today. Obviously with this large turnout that we have, we have a huge interest in these issues, going forward.

Let me introduce the members of the panel here, and then I'll turn it over to the co-Chair for his comments, and then we'll hear from some other members of the panel. Senate President Steve Sweeney and Speaker Sheila Oliver are here. I don't have to tell you how unusual it is for the leaders of both Houses to sit on a panel, and we are very, very grateful to both of them for their commitment to this process, and their commitment to Atlantic City, the horseracing industry, and the Meadowlands.

My colleagues from the Senate: Senator Lesniak, Senator Sarlo, and Senator Van Drew; and from the Assembly: Assembly members Caputo, Milam, and Huttle. And with that, let me turn it over to my co-chair, Assemblyman John Burzichelli.

ASSEMBLYMAN JOHN J. BURZICHELLI (Co-Chair):
Thank you, Senator, and good morning to everyone, and welcome as well.

This panel today begins a fact-finding mission that is structured to bring information to this group so that it can extend back to the legislative process that Senator Whelan mentioned, and on to the committee process in hopes of structuring legislation that will bring reform where needed; revolution where required, but above all progress. We have a considerable stake as New Jerseyans in the gaming industry -- from the tip

of the state to the other tip of the state. We are one New Jersey; it is one issue. The gaming industry fits into this global economy which you can argue is good or bad, but it is a fact of life at the moment. It is a service industry; it is an important part of our economy. Some of it has a rich history; some of it's only 30 years old. There is great work to be done here; there is a lot at stake. But at the same point, we should approach this with an eye of optimism. We have tremendous assets to build upon. We have to be smart. It is a new environment of competition for gaming -- that's not going to go away. We have to position New Jersey to have its best opportunity to thrive. And I'll say to all of you: Good businessmen appreciate the value of competition; competition makes good businessmen better, and we could all benefit from that.

So that being said, I'm not going to be long-winded. Senator Whelan said it best: We ask those who are going to testify to be brief and to the point, not repetitive. We hear it once, we heard it. We don't have to hear it six times to hear it -- one time is enough.

And I want to say, as this first panel approaches us, directly to our friends in the casino industry: Atlantic City looks better today than it's looked in 40 years. Can it be better? Of course it can be better. Is it dying? It's not dying. Has it plateaued? Yes, it's plateaued. Issues of economy, issues of competition -- and that's what brings us here today. The same can be said for the Meadowlands that we intend to visit in a very short period of time. No greater value of real estate in the Northeast than the Meadowlands, in the shadow of America's largest city and the world media center -- the potential there is unlimited, as I think for Atlantic City as a destination resort is unlimited as well, if we're smart. From our casino

partners today, we look forward to hearing in areas that the Hanson Report was not able to get to. Interstate internet gaming -- the ultimate convenience gaming: That's going to affect how we position ourselves; that has to be thoroughly understood.

Whether we're going to overhaul the Casino Control Act to allow for a new product to come into the market that starts with lesser hotel rooms -- an extremely valuable point of discussion spearheaded by my partner, Senator Whelan. We expect to talk about that today, and hear about that in an honest discussion about how that moves forward. There's just two points.

The Hanson Report, I think, is a helpful stepping-off place, but remember: It's a report; to an extent, an academic exercise. This is a public exercise: People will testify today, we will listen, we will work with our colleagues, we will work to shape legislation.

And I want to thank the Speaker for this assignment, because God forbid I should have too much free time in the summer (laughter). I'm very, very grateful for her making certain that I stay out of trouble by being active at committee levels. And to my colleagues on the Assembly side, and Senate side for their involvement as well.

That being said, I'm going to move this-- Since Atlantic City is our host city today, and Senator Whelan is from Atlantic City, he'll handle a large part of the Chair duties. I'll be in reserve, to an extent. And I'll have the privilege and honor of quarterbacking more to an extent at the Meadowlands. I'm going to pass back now to Senator Whelan, who will ask for our colleagues to offer an opening statement.

Senator.

SENATOR WHELAN: Thank you, Assemblyman Burzichelli.
President Sweeney.

SENATE PRESIDENT SWEENEY: Thank you, Senator Whelan. I guess mine doesn't work (referring to microphone). Tom Kean must have turned it off (laughter). Okay.

I just want to start off-- I want to thank the Governor for starting this discussion by issuing the Hanson Report. This discussion is long overdue on how we can improve the State of New Jersey as a whole. This is not about a region, this is about jobs -- very important jobs. It's not about horseracing -- it's about jobs. It's not about casino gaming -- it's about jobs. You know, all areas of the state need to win here. The Hanson Report troubled me the most, because there was a clear winner and loser product. When we are done, as we put legislation together, we will be mindful to make sure that there are no losers in New Jersey -- that all industries are going to be protected or bolstered so they can be successful.

So again, I have a great deal of confidence in the two Chairs. This is a fact-finding process. The Hanson Report-- I don't know how it was developed. I know they talked to people. We're going to have a very public process with this, and at the end of the day the most important thing to do is save jobs in New Jersey, and that's what we're going to do. Thank you.

SENATOR WHELAN: Thank you.

Madam Speaker.

ASSEMBLY SPEAKER OLIVER: Yes, thank you, Senator Whelan.

Good morning, everyone. I would first like to thank the Senate President for joining with the Assembly to go down the road of examining the gaming and entertainment industry in this state.

You know, Assemblyman Burzichelli made reference to a 30-year industry. And you'll remember, 10 years ago we all heralded the start of the new millennium -- a new century which has emerged to be a very different environment, particularly in the middle of a national recession. And I am here today to listen, to listen to people who have had their fingers on the pulse across a variety of different components of this industry; and to pretty much allow my colleagues in the Legislature and I to address the expansion of business opportunity in this state, the growth of our economy, the creation of new jobs. And we have to be open minded in order to explore new avenues.

I'll close by saying, just like some of the T-shirts that are sold on the Boardwalk: If you always do what you always did, you'll always get what you always got. We are here today to begin a path of doing things differently.

SENATOR WHELAN: Thank you, Madam Speaker.

Senator Sarlo.

SENATOR SARLO: Thank you, Senator Whelan, our Chair today. And let me also begin by thanking our Senate President and our Speaker for bringing us together here to have this discussion, and hopefully begin on a path that will lead to taking a look at gaming as a whole here in the State of New Jersey, and in all of our entertainment districts as a whole.

The Hanson Report, in my opinion, is incomplete at best, and it's misguided at worst. I believe what it's made us do -- it essentially puts

us in the position of playing favorites, in choosing amongst its children by supporting one region at the expense of another. And that's unacceptable. As Senate President Sweeney said -- and I want to thank him for his opening comments -- we cannot do that. We don't have the expense of pitting one economic region against another. They are all important to this State of New Jersey. I have been very outspoken over the years to protect the Meadowlands region, which is one of the most prime pieces of real estate, perhaps, in the entire Northeast -- in the shadows of New York City, with a train station and a brand new, \$1.2 billion NFL stadium -- the only stadium to host two NFL teams, and a stadium that's going to bring the first outdoor Super Bowl to our region and the economic benefits that will come along with that.

So I am very concerned as this report was issued -- it was a one-sided report. We need to get beyond that. I am going to keep a very open mind. Have I been frustrated over the years? I support the Atlantic City casino industry; I support the jobs that are here; I support, of course, all of our friends from the building trades who are here -- I support them across the state. We need to do more. This is about jobs. Have I been frustrated that some of the profits, I believe, have come out of this industry and been invested in other states, which occurs here in Atlantic City? Yes, I am. And I want to learn more about that. I want to hear from them directly. Perhaps my frustrations-- Perhaps I have the wrong opinion or perception. And, hopefully, over the course of the next few weeks I will get beyond that.

But I will say one other thing that has not come out, and I've been very critical of this Hanson Report. There's a footnote in the Hanson Report that says, "Two of the members of the Advisory Commission have

interests which may be impacted by this proposed legislation dealing with Atlantic City.” To me, right off the get-go, this report is swayed. That’s why it’s picked favorites. Why would you have two members of your Advisory Commission who have interests here in Atlantic City on the Commission? That’s not looking at the best interests of the State.

Today, under the leadership of Senate President Sweeney, our Speaker, Senator Whelan, Assemblyman Burzichelli, we will begin down that journey -- the Gaming Summit, not the Hanson Commission, will serve as the catalyst for gaming and entertainment in the State of New Jersey.

SENATOR WHELAN: Thank you, Senator.

Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: Well, first of all, I’d like to thank the Speaker for giving me the opportunity to serve on this committee, on this Summit committee, as it sits; and also to thank the President of the Senate, Steve Sweeney, and my Chairman in the gaming and regulatory committee, Assemblyman Burzichelli.

You know, a lot has been said in the papers, a lot has been said publicly: the Hanson Report, to me, is defective in some ways because when you look at a report you should be able to see the research method that was used, the type of data that was collected, the method of collection, the people who were spoken to, and how that reported data is reported out. These are the conclusions of the members of the committee, but it does not indicate the methods that were used to report it or to come to their conclusions. What concerns me more than most -- because I was a member of not only the committee, but I had experience in the casino industry for years -- is the fact that it’s difficult to bring business into Atlantic City.

Mark knows that it has become harder and harder. In the 1980s it was a simple process -- we had a monopoly. And then it got a little tougher in the 1990s, and now we're facing the economic pressures of the conditions of our economy nationally. But what disturbs me the most is the denial of the reality of competition that's outside our borders. Just the other day, Aqueduct signed a contract with a Malaysian group for \$380 million to put VLTs in the Aqueduct racetrack. We have about 12 or 13 destinations -- convenient destinations -- for people to recreationally gamble in other states, which are very close to the primary market in the New York/North Jersey area. This is a difficult process, because, as you know, the customer is very fickle. If they can drive an hour over the border to Bethlehem, Pennsylvania, or Mount Airy, or to Yonkers, and now to Aqueduct, we're going to lose even more of a market share that we're fighting for.

Most people come here by car or by bus. Most of our market is from this region. If that market leaves us, I'd like to know from the experts in the industry exactly where we're going to get our customers from. With an airport that does not have the routes from many of the cities that we need to bring people here -- I don't know how that's going to be accomplished. The Governor, I think, did a very, very outstanding thing by having compiled, or having challenged the industry by coming up with this Report, and he needs to be complimented on the fact that now we have this focus. If we didn't have the Report, we would not have the focus on this industry that we're having at this time.

So there's a lot more to be said, but I think one of the big problems that we're having is how we're going to deal with this competition. And this Report -- although it's far-reaching, those goals are

going to take time to develop. We do not have that time. If anybody knows anything about the casino business, you can lose lots and lots of money very, very quickly. And that's why many of these casinos are leveraged beyond their capability of making the appropriate payments. And the fact is, that if we don't deal with this problem, it may be too late. We may not have a racing industry, we may not have a gaming industry. So I hope that the focus of this legislative group and the focus of the people who testify will be on the proactive channel, to come up with ways that we can market immediately and compete with those destinations. Because if we don't, it's going to be disastrous.

Talking to people in North Jersey, I can tell you now: They're not coming here as often as they did. So it's a big problem.

I appreciate this opportunity; I'll be glad to discuss it further. Thank you.

SENATOR WHELAN: Thank you.

Senator Lesniak.

SENATOR LESNIAK: Thank you, Chair.

I want to commend Senate President Sweeney, Speaker Oliver, Chairmen Whelan and Burzichelli for acknowledging and stating very affirmatively that the purpose of this Summit is to create jobs and boost our economy throughout the State of New Jersey, and not to favor one region over the other. That's a wonderful, wonderful place to start.

Senator Whelan said that the Hanson Report is the starting point. I would hope, at the end, that the Lesniak Report will be the ending point. We have-- Erin has passed out the recommendations that I have been working on for over a year to do exactly that. We will also-- We don't

have enough for everyone here, but we will post it on the web site. Erin, what's the website?

UNIDENTIFIED MEMBER OF AUDIENCE: (indiscernible)

SENATOR LESNIAK: Okay: www.njld20.com. The Lesniak Plan will be on the web site. I have no pride of ownership; I just want to save jobs, as Senator Sweeney said -- jobs, jobs, jobs across the state, and boost our economy.

Thank you, Chairman.

SENATOR WHELAN: Thank you, Senator.

Assemblyman Milan.

ASSEMBLYMAN MILAM: Good morning, everyone.

I, too, as well as the previous speakers, want to thank Senator Whelan, of course Senate President Sweeney, and Speaker Oliver for asking me to sit on this. Maybe it's because of my locale, Chairman of the Tourism Committee for the Assembly, which I'm very honored to be, because it is all tied together.

The Hanson Report-- And I give the Governor's Office-- I commend them, because it is a start. Because without that start-- I mean, you know, is it missing something? I have no idea yet. That's why I'm here. I want to listen to the panelists and see, maybe, what the Report is missing. But it is the benchmark of how to get this -- keep going again, because it's such a huge revenue generator. And as Assemblyman Caputo said about marketing -- that's something that has to happen when we leave here today. Because without capital, your business isn't going to grow. So I look forward to the Governor and the Hanson Report as the start, and we start building from there. Because you have to kind of build a foundation

first before you finish the rest of the house, and that's how I look at that Report as -- this is the foundation. We start building a house from there.

It's about partnerships -- whether we partner with the State Legislature, the Senate, the Assembly, our County Freeholders, our Executive Director of Atlantic County, our councilpeople of Atlantic City, our Mayor of Atlantic City -- it is about partnerships. It's about extending the olive branch to the casinos and all the vendors that, obviously, create jobs to service these casinos as well. Maybe in the end the State doesn't have to be partnered in it, but it has to have this open forum of discussion, which I look forward to as well. You know, to me, when I think about capital in my own business, about marketing my own business, it's about building a better mousetrap to attract that customer to my company, to service that customer better. It's about gateways; it's about the five or six different points that you can enter Atlantic City to make them welcome. We've done a great job with the Atlantic City Expressway. I still think we need to work on the Route 30 entrance and any other entrance, because that's the first impression. I kind of always think of Disneyworld: About 20 miles before you even get into Disneyworld, you're going over an archway, and you think you're there. That's what has to happen. We have to look at our entry points, whether it's coming from Ventnor as well.

And also, even looking forward even more, about how it can expand. We have the greatest thing, and we always hear about Pennsylvania, we hear about the Bethlehem casinos, and we're hearing about Chester -- I haven't seen one of them have a beach yet. That's where we need to capitalize. We have a pristine beach that we aren't, I believe -- and this is balcony looking down -- that we aren't marketing enough as. Of

course, yes, they come to our beaches but, by the way, we don't hear enough about it. And it is about really, really making it the attraction. We keep hearing about "there's not enough for kids to do." There absolutely is, but maybe there's not enough. There are some things for kids to do -- we have Steel Pier, we have some different things. But it's about capitalizing on our natural resources, and that's what I look forward to from all the panels today. I appreciate them all coming, and I look forward to hearing from everyone today. I'm so glad to see so many people, because it is such a huge, huge business, and it is about tying it all together. We can tie horseracing and all our gaming activities together to make New Jersey that prime spot again.

Thank you very much.

SENATOR WHELAN: Thank you, Assemblyman.

Senator Van Drew.

SENATOR VAN DREW: Thank you, Chairman, and I want to thank both Chairs, the Senate President, and the Assembly Speaker for putting this together.

I'm a direct person. I know a whole lot of folks in this room; I've been around for a little while on many levels of government, so I'm going to be very direct today. I have a business in the area. I've been around for about 30 years as a practicing dentist within 10 minutes of where we sit right now. I've seen the good days, and I've seen that level off and flatten out to some degree.

I've also spoken to a lot of people: both in government, folks who just come into my dental office and, of course, the thousands upon thousands of constituents I have. And to get down to brass tacks -- because

we need to get something done. And you know, if there's one message I'm going to deliver consistently from my vantage point, we just can't keep talking about it. We can't keep having meetings -- this is very important, by the way: There's been a discussion of: while the Governor had his commission, now the Democrats are having their group. Guess what? At the end of the day we have reports from both, we're going to work our way through it, and in a bipartisan way we're going to have to produce legislation in a formalized way that's going to make a significant difference. I don't care who gets credit, I don't care how they get credit, I don't care what we do as long as we get something done that improves the situation.

We need a safer, cleaner, friendlier Atlantic City, in my opinion. All these notions and all the visions that we have are very important, and they're important for the future. But at the end of the day, to create the stability that we need in Atlantic City so people want to invest in Atlantic City, so people want to visit Atlantic City, so people want to stay in Atlantic City, we need a safer, cleaner, friendlier Atlantic City. And most of the folks who are out there know it. We've done a lot of good things, we've made a lot of positive changes, and, yes, the City has moved forward in many, many substantive ways. We still haven't licked that issue. You know, I've been criticized sometimes saying in some ways we should be more like Disneyland. I don't mean that we're going to have Mickey Mouse and attractions; I don't mean that we're going to be appealing, primarily, to children -- obviously not. What I do mean is that when somebody's on the Boardwalk, or walking outside the casino, or walking down the street and a candy wrapper falls from their hand, almost before it hits the ground it should be cleaned up. What I do mean is the beaches

should be immaculate. What I do mean is that when people walk along the Boardwalk and inside and outside the casinos and on the streets of Atlantic City, they should feel safe, comfortable, happy, and protected, whatever time of day or night that it is. If you want other businesses to come in, if you want that predictability, if you want that stability that is something we have to accomplish. And I believe it needs legislative help, and I believe that's the good part of the Governor's Report. We have to do more; we have to do something out of the box with that issue.

I believe that we need to advertise more -- significantly more, much more. Because the other issue here is that Atlantic City does have a lot to offer that many folks don't know about. How many people have heard the story when somebody goes to Caesar's or the Water Club or the pool or wherever it is -- and I've bumped into folks all the time -- and they'll say, literally -- sometimes folks who aren't even that far away, from North Jersey or New York or Philadelphia -- "I had no idea it was so nice. I had no idea what there was there to offer." We have to let people know what's going on. We're competing now -- we have to compete for real, we have to advertise for real.

We have to incentivize. We have to ensure that restaurants, casinos, shows, entertainment, dining -- that's where it's going to be at. The convenience gambler, the person who just likes to plop down in front of a slot machine or in front of a table game -- they're just as comfortable going a few minutes away now in Pennsylvania, Delaware, or wherever they live. The folks who ultimately we're going to get, and that we need, are the people who do want a vacation or do want a unique experience, who are willing to drive to go get that experience. Most folks still have to drive a

little bit of a distance to get to Atlantic City, and if we want people to fly to Atlantic City, we darn well sure have to make sure that it's cleaner, safer, and nicer.

And the last piece I would say to that is, somebody said to me -- and I'm actually plagiarizing -- they said Atlantic City should be to gaming what Delaware is to banking, and I believe that's true. We've got to think out of the box and incentivize, and that's what we can learn from these gentlemen: how we can do that. How we really, truly attract more.

Finally, I know we have folks from all over the state here, and I definitely hear-- And I think Senator Sarlo has been a fierce advocate for the Meadowlands and for the northern New Jersey activities, and he should be, and he does a tremendous job. Let me say why we're so fierce down here in our concern about these issues. This isn't just a sideline. This doesn't mean that just a few people are going to lose jobs. This is what we have. This is what's creating the housing industry down here. This is why more doctors and professionals have located down here. This is why the region has grown and prospered in infrastructure. Yes, we have some other tourism without question; we have Nex Gen and the FAA, which is important; we have commercial fishing. But we don't have high tech industries, in general. We don't have banking. We don't have pharmaceutical industries. We don't have many of the other industries that other states do. So I support-- Senator Lesniak speaks about internet gaming and sports book -- I agree 100 percent. I was talking about sports books, and I agree with him, and I applaud him for the work that he's doing. When I was in the Assembly we passed it through in the Assembly a couple of times. We need to do it. The internet gaming -- we need to do it.

We need to make sure that Xanadu is finished. We need to make sure that the whole thing is done in a fair way. And by the way, when we take care of racetracks, people keep forgetting about the Atlantic City Racetrack, which also deserves to be taken care of, because there's some potential there as well. But we cannot just subsidize -- and, again, I don't mean to offend anybody -- we cannot do slots at the Meadowlands, in my sense. We cannot do it. We cannot do it. We cannot cannibalize the industry. We can't lose this in Atlantic City, or we're going to be ghost town, and we're going to have problems. That's not going to happen. I believe the best can yet be ahead.

But I think we just can't talk-- You know, I guess the bottom line is, if a year from now -- and Mark Juliano, who's sitting there, goes to a conference in Las Vegas, and his colleagues say to him, "What is going on in Atlantic City? You guys are really moving. You're making changes. You're making a difference. We've noticed a substantive change." Or if we can talk to all of our friends and family or visitors, and they say, "I went to Atlantic City. I couldn't believe how clean the Boardwalk was. I can't believe how friendly the vendors were, and how friendly and wonderful the area was, and all that it had to offer. It was such an amazing change--" That's when we know we're there. And I believe we have to do that. That tangible part that you can get your hand around, that you can feel, that you can taste -- that needs to be done. I believe that needs to be done within a year. And I believe that we can do it -- it's going to be done through legislation, it's going to be done in a bipartisan way, and I believe we have to do it together.

This is our last, best chance. Thank you, Chairman.

SENATOR WHELAN: Thank you, Senator.

Assemblywoman Huttle.

ASSEMBLYWOMAN VAINIERI HUTTLE: Thank you, and good morning.

It's not easy to go last, because a lot has been said and I don't want to repeat many of the wonderful statements that my colleagues said.

But I will say this: That New Jersey has many jewels. And I think we women know that you cannot have too many jewels. And I think the point of this is that we need to have all of the jewels throughout the state shine, because I really-- I'm tired of North Jersey versus South Jersey. I'm from North Jersey, but I'm from the State of New Jersey, and I have a house down Long Beach Island, and I go to Atlantic City. And I can remember when I was younger going to Atlantic City and the Steel Pier when it was in its prime, when it was a real family destination. And I'm really tired of pitting Atlantic City over the Meadowlands. And I think, if I may requote what Senator Van Drew said: Atlantic City is to gaming what Delaware is to banking. How about, New Jersey is to gaming what Delaware is to banking? We can make such strides, I think, with incorporating the horseracing in the Meadowlands, Monmouth, and Atlantic City (applause); we can make strides--

SENATOR WHELAN: (Raps gavel) We have a long day ahead of us.

ASSEMBLYWOMAN VAINIERI HUTTLE: And I will be brief. But again I'm last, and I'm trying not to repeat what my colleagues said, but I will just have a little sidebar: I did harness racing myself in the Meadowlands as a Legislator, and I was scared to death. And when I got on

that horse, and in that track, I loved it. I wanted to do it again, and I know the feeling of that. And so I applaud the horseracing industry. And it's more than jobs -- it's about maintaining our Open Space with horseracing. It's more than gaming. My daughter goes to Lehigh; I went to the Sands Casino. And it's right over the border of New Jersey. I mean, people from New Jersey go to the Sands. Chester's Harrah's is making deals with Atlantic City's Harrah's. Why can't we have the same synergy, the same cooperation, the same participation from -- I hate to say it -- but from South Jersey to North Jersey?

So I'm happy that this report is opening up a wonderful dialog. I'm impressed to see so many people with this open process. Thank you to the leadership that's here today. And I'm really happy to be here, and I'm happy to listen. And I hope that we can really do something for the entire State of New Jersey and create a destination that is the State of New Jersey -- not South and North.

So I thank you for listening. Thank you. (applause)

SENATOR WHELAN: Thank you very much.

We'll go to our panels, our first panel. Our format here, folks, will be-- On the panel -- we'll hear from each panelist, and then we'll take questions from the dais here.

So our first panel is on the economics of casinos. We have Mark Juliano, President of the New Jersey Casino Association -- also the head of the Trump organization here in Atlantic City and, parenthetically, a member of the Atlantic City Convention and Visitor's Authority; Dr. Michael Lahr, Associate Professor at Rutgers Bloustein School; and Dr.

Israel Posner from the Lloyd Levenson Institute for Gaming, Hospitality, and Tourism -- did I get that right? -- okay; I have -- here at Stockton.

So Mark, do you want to lead us off, please?

MARK JULIANO: Good morning, and thank you for inviting us today.

Before I go to my prepared remarks, I just want to say an off-the-cuff comment that I appreciate everyone being here today, and on behalf of the people I'm responsible for, my employees; and people who you're responsible for, your constituents.

UNIDENTIFIED MEMBER OF AUDIENCE: Speak up.

MR. JULIANO: People who I'm responsible for -- my employees; and the people who you're responsible for -- your constituents. We are not going to let Atlantic City fail (applause). Whatever we need to do, we have to keep those people in mind.

Having said that, good morning, Senator Sweeney, Speaker Oliver, Chairman Whelan, Chairman Burzichelli, and members of the Gaming Summit. I am Mark Juliano. I began my employment in the New Jersey casino industry as a 1978 employee of Resorts International Casino Hotel. I am presently the CEO of Trump Entertainment Resorts -- the owner/operator of 3 of 11 Atlantic City, New Jersey, casinos.

I testify today as the President of the Casino Association of New Jersey, the trade organization comprised of owner/operators of New Jersey's Atlantic City casino resorts. I have worked in the gaming industry across this country at nearly every level, but primarily I have worked in New Jersey. New Jersey is my home. As CEO of Trump Entertainment and President of the Casino Association, I want Atlantic City to succeed.

Perhaps more importantly, I believe in Atlantic City, and believe that it could become more vibrant than ever. I want to be part of making that change a reality -- that's what brings us all here today.

At the outset, I want to clarify what the casino industry is in economic terms to the entire State of New Jersey. This New Jersey industry employs more New Jersey residents than the pharmaceutical, or the investment, or the military sectors of our economy. Our 11 casino resorts directly employ more than 38,000 New Jersey residents in good paying jobs, with an annual payroll of \$1.8 billion, including full benefits.

We annually purchase more than \$2 billion of goods and services from more than 2,000 New Jersey businesses located throughout the state's 21 counties. We annually pay more than \$900 million in State and local taxes and fees. You will hear testimony today from Dr. Michael Lahr, an economist and research professor at the Rutgers Bloustein School of Public Policy and Planning. He has studied this subject and prepared a report on the far-reaching impacts of our casino resorts on the New Jersey economy. The bottom line is that despite the challenges it now faces, the New Jersey casino resorts are the second-largest casino destination in the United States, and the fourth largest tourism draw in the country, behind Las Vegas, New York, and Disneyworld.

Contrary to the suggestions of some, New Jersey casinos do not now rely upon public subsidy and do not now seek one. We have reviewed and considered the recommendations of the Governor's Advisory Commission, in its July 21, 2010 Report, with respect to the economic recovery plan for the New Jersey casino industry. We strongly support the plan to revitalize Atlantic City as a more broad-based destination resort,

because we believe that it will provide the necessary economic framework to attract private (*sic*) and create New Jersey jobs in our casino resorts with our many New Jersey vendors. Accordingly, we urge that the Legislature consider and implement these recommendations, and any other proposals likely to revitalize this City and industry, as soon as is reasonably practical.

We agree that our industry is at a crossroads. The worldwide recession and nearby convenience casinos have created substantial economic pressures on our casino resort operations. Keep in mind, however, that Atlantic City is much more than its 33 acres of gaming space. It is unique in the \$17 billion critical mass of its 11 high-quality casino resorts and their abundance of restaurants, lounges, clubs, spas, retail, entertainment, and convention space offerings. It now, with the opening of the three new luxury hotel towers in 2008, has more than 17,000 first-class guest rooms. It also has the very substantial Atlantic City Convention Center, the historic Boardwalk Hall, and its world famous Boardwalk which runs for miles along the Atlantic Ocean beaches. Finally, it has a long-standing and world-famous brand that for years has attracted more than 30 million visitors annually.

Atlantic City and the casino industry it hosts are uniquely positioned to continue to distinguish our New Jersey product from the isolated, stand-alone, convenience-oriented casino facilities which proliferate in nearby Pennsylvania and New York. During the last decade, the industry has invested in excess of \$7.4 billion here. That capital has added a brand-new casino resort, brand-new hotel towers, and a multitude of brand-new gaming and non-gaming amenities. We must continue to capitalize on the difference between convenience gaming and the product

we offer; and continue to emphasize, promote, invest in, and expand the wide range of attractions which can define Atlantic City as a multi-faceted destination resort.

Crucial to this revitalization is the Advisory Commission reinforcement of the State's commitment to the long-standing and core policy which limits New Jersey casino gaming to the City of Atlantic City. Commitment to this policy sends a strong signal that is very important to the investment community. Authorizing slot machines, VLTs, or table games elsewhere in the state would not only take substantial gaming revenue from our casino resorts, but far more importantly, would present a substantial obstacle to the ability of this market to attract the private capital needed to revitalize the City and the casino industry. Expanding gaming within the state would be the equivalent of State policy makers putting a bullet into one of its largest industries, and the fourth-largest tourist destination in the country. Would New Jersey do that to its pharmaceutical industry?

Clear and continued support of this core public policy is crucial to our ability to revitalize. Let me be frank: The casino industry has no problem supporting changes to horseracing that will allow it to become more self-sufficient. In the present economic environment, however, we cannot, and we assume the State taxpayers cannot, afford to continue to subsidize horseracing. We support the exchange wagering legislation, and have long supported efforts to expedite the opening of off-track wagering facilities. These ideas make sense, and will hopefully help horseracing to get on its own feet. We believe, however, that it is wrong for this much smaller industry to seek a subsidy, as it is planned, to survive, when the subsidy

device would undermine our established casino industry -- which has proven by any measure to be an important, successful, and vibrant part of the New Jersey economy.

The key concept in the Advisory Commission Report is its recommendation that both the State Legislature and the Executive Branch work together to create the framework for an energized and aggressive public/private effort to attract the capital and private sector talent needed to continue to revitalize Atlantic City, and to transform it into a multi-faceted destination resort.

Public partner: The Casino Association supports the public partner aspect of the recommendation that the Legislature establish an Atlantic City tourism district, identify the tourism district boundaries, invest the State agency with control in the district over the State and municipal functions needed to achieve this objective.

Private partner: We also support the private partner recommendation that the district commission be permitted to partner with a private, not-for-profit entity comprised of casino operators and other area businesses, with a strong CEO and a small staff to accomplish this purpose. The owners/operators of our casino resorts have established such an entity, the Atlantic City Partnership -- ACP -- to become that private partner. We also believe that the Advisory Commission has correctly identified the important specific goals for the public/private partnership.

Clean and safe: Give the district commission the control and oversight it needs to make the tourism district clean and safe by July 2011, including the ability to assure a visible and effective police presence there, and to remove the blight; the ability to engage the ACP to assist in

coordinating and expediting these clean and safe initiatives. In this regard, we are encouraged by Mayor Langford's formation of the Strategic Planning Committee; and the recent announcements that patrol would become the number one priority of the Atlantic City Police Department, and that as of August 8, 30 additional officers would be deployed to street patrol in neighborhood tourism and Boardwalk areas of the City.

Development: Give the district commission control over the government aid, and develop in the tourism district the ability to engage the ACP to produce a district master plan by July of 2011 to attract private capital to the tourism district, including the Boardwalk and the Marina.

Marketing: Give the district commission oversight in marketing Atlantic City and defining its brand; the ability to coordinate between the Atlantic City Visitor and Convention Authority and the ACP, to lead and fund the joint marketing and promotion of Atlantic City on a par with efforts by other national destination resorts; and to create multi-party, City-wide festivals and events. In this regard, after the district commission gains traction on its clean and safe and development initiatives, the casino industry is prepared to augment the current paltry public budget for marketing Atlantic City by redirecting funds -- up to \$30 million annually -- to this purpose from those that had, in past years, paid to subsidize horseracing. Give the district commission oversight of the development of meeting and convention business in Atlantic City; the ability to coordinate between the Atlantic City Convention and Visitors Authority and the ACP in a joint effort to increase that business by at least 30 percent for the next five years; and to remove structural inefficiencies and redirect safe funds to the revitalization of Atlantic City.

Transportation: Give the district commission authority to undertake to attract additional customers to Atlantic City International Airport in Egg Harbor Township, and to redesign and improve traffic flow in Atlantic City's streets.

I have to stop here for a moment. For 33 years that I've been in Atlantic City, we have been debating whether or not Pacific Avenue should be one-way (laughter). So I would say, let's get a decision on that, one way or another. Dr. Posner says it's been a hundred years, but I only have experience in 33 years, so I can testify to that.

Finally, the Advisory Commission recommends that the casino regulatory agencies -- the Casino Control Commission and the Division of Gaming Enforcement -- be restructured to eliminate outmoded, adversarial, and redundant procedures no longer necessary to regulate the now-mature New Jersey casino industry; to reduce the high annual cost -- \$71 million -- of these agencies to the industry; to redirect annual industry savings from \$15 million to \$25 million in this regard to the revitalization activities of the public/private partnership. We of course are committed to the important aspects of our regulatory system which safeguard the integrity of those who own and operate our casino resorts, and the integrity of the games we offer to the public. We also, however, strongly support the Advisory Commission's recommendation, and look forward to working with the Legislature and the agencies to accomplish this goal.

In closing, I note that revitalizing Atlantic City and the casino industry it hosts for the state will require that both the City government, the State government, and the private casino resort operators perform their perspective functions more effectively. Now is the time for cooperation

among all stakeholders, both public and private. The casino industry is truly unified in its commitment to revitalize itself and this City in a way that I have not previously witnessed in my long career here. The Casino Association is ready to assist the Legislature and the Administration in developing legislation to implement these Advisory Commission recommendations and any other proposals likely to revitalize the City and this industry. The objectives here are more important than partisanship. They are vital to the economy of our State. We implore you to promptly legislate.

SENATOR WHELAN: Thank you.

Dr. Lahr. (applause)

Excuse me, Doctor, before you start. We do appreciate, but we have a long agenda. And I'm sure Mark appreciates the applause, but frankly he doesn't need it. So if we could just be respectful in the audience. But interrupting for applause or whatever -- I think we'd move along a little better if we don't have that.

Professor Lahr.

M I C H A E L L. L A H R, Ph.D.: Thanks for inviting me here today.

I have a brief presentation I wanted to bring up, but I didn't want to take the old one down before I brought mine up. Can you help me, over here?

What I'm going to be talking about today-- I'm generally an advocate of New Jersey economy in general. However, I will be presenting-- I've been asked to present one specific study I've done today. I've done other studies in the past. Just so you get an idea of what I've done: I've

done some work for some of the trade unions in the past -- I think with Mr. Kehoe as an advisor, and who you'll be hearing from later -- and also I've done some other work for the pharmaceutical industry. In general I do work-- I'm more methodology-oriented, so I'm usually the person who does the impact work, and so you'll maybe have seen some of my work in the past elsewhere. I'm not usually the one to present it. So I hope I do a good enough job for you today in presenting what I did earlier this year.

A lot of what I've talked about already -- Mr. Juliano's already spoken about -- this is kind of the essence of it: New Jersey casinos have a complex that they support of about 100,000 jobs, which is about 2 percent of New Jersey's economy. As he mentioned, they have about 38,000 people they employ here in Atlantic City, with about \$1.8 billion in income annually. They have 2,000 in-state vendors; they have others outside of the state, but in state they push \$2 billion more into the economy. And they pay about \$900 million in both State and local taxes and fees, of which a large portion goes to pay items like senior and disabled funding that otherwise gets paid by the General Fund. So that's a major important source of income. In addition, you'll be hearing probably also from the unions later on today -- they put about \$700 million annually, during the last 10 years, in capital investment in the economy. So that's the essence of the pure facts. I'm not giving any opinion; I might reserve some of that to the end -- I might put a little bit in my last highlight.

I have only three slides here. One thing I want you to realize -- and already, again, Mr. Juliano has noted this -- that this is a top tourism destination, one of the top five in the U.S. There are 34 million visitors that come here annually, into Atlantic City. They may be going elsewhere

in the state, but also come here as a major point of access. That's one-third of all of New Jersey's tourism base. And that pours another \$7.5 billion -- just the Atlantic City portion alone puts another \$7.5 billion into the economy each year.

The size of Atlantic City -- it's 75 percent of the Las Vegas strip, just to understand its gaming size is quite large. It doesn't have the size in terms of hotels and casinos, mostly because people don't stay overnight here as much as they do in more-isolated Las Vegas.

It also has 60 percent of New Jersey accommodation of workers. And now the part that I think is probably -- if you didn't know it -- I think more interesting, because basically your predecessors legislated a lot of this that made it happen: It has the highest multiplier effect amongst most -- one of the highest in the State. One is because you required the people who work here to be New Jersey residents. And, in doing that, it makes their income also get spent at the local restaurants and so forth -- that's a very important thing. I think it was a very smart thing. They also have some requirements on the vendors' end -- some requirements of being within the state, which also helps retain some of the income here; another very smart provision that was made. And finally, there are other service provisions for the State which increased our help for the elderly -- this was something that was enabled by State legislation back in 1978 or so -- and also the foundation of CRDA to invest in Atlantic City.

So all the foundation of things are right here. I think it's important; I hope you guys move forward in making certain legislation in the future with regard to Atlantic City that will help them as well.

That's all I have to say.

SENATOR WHELAN: Thank you very much.

Dr. Posner

I S R A E L P O S N E R, Ph.D.: Good morning, Senator Sweeney, Assemblywoman Oliver, Chairman Burzichelli, other Senators and Assemblymen, and members of the Gaming Summit. My name is Israel Posner. I moved to this area in 1973 to join the faculty of what was then known as Stockton State College -- today the Richard Stockton College of New Jersey. Currently I'm Executive Director of the College's Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism, which is in our School of Business.

I thank you for inviting me to speak at this morning's Summit, as one of my key responsibilities is to provide objective, fair, impartial analyses and commentary to inform the public on issues that are vital to the future of the region and the State of New Jersey.

I'd like to preface my remarks by stating that I believe that government has a very limited role to play in the industries which are the focus of this meeting. While government cannot be expected to be the savior of any one industry, or any other industry, I believe it is in the people's interest that government establish a fair, positive, and stable economic environment, with structures and incentives that provide for the strong flow of capital to provide the major engine for economic growth. And I am glad to see that the Hanson Report isn't -- if not explicitly, certainly implicitly indicates that the private sector has a lead role to play, and that the marketplace should and will determine the ultimate success of any and all the industries that are currently before this committee.

Furthermore, while the Hanson Report addresses gaming, sports, horseracing, and entertainment in general, as Executive Director of the College's Levenson Institute, I will very gingerly confine my remarks to the section of the Report which addresses gaming and related tourism issues, as they are the focus of the book that I edited last year on casino gaming, and happens to be my responsibility at the College as well.

The magnitude of the impact of the gaming industry on the region and the State is evident certainly from the brief comments that Dr. Lahr made, and some of the comments that Mark made. One of the facts that we identified in our book that always struck me as probably the most surprising was the simple number that approximately \$18 billion -- at this point approximately \$18 billion -- that's with a "B" -- of taxes and fees have been paid by this industry, and that's an outstanding number. This industry represents, in our own region, approximately one-third of this area's personal income and almost a quarter of the GDP generated in Atlantic County.

I'd like to focus attention on a single overarching strategic objective, and there's nothing new about this. Certainly Mark alluded to it, many others on the legislative panel alluded to this -- and that is that it is vitally important -- critically important -- that we continue the transformation of Atlantic City into a casino gaming destination, with gaming -- casino gaming -- being one of a variety of attractive amenities available in the City as well as the region. And I think the region ends up being very, very important. As we think about Atlantic City, and as we talk about the Atlantic City district, I think that we need to take into account that the district, if that is what happens, is within the context of a city with

real people, and within a region with a real economy. Most of it is tourism, but quite a bit of it involves other emerging industries as well. And I think with a little bit of creativity we will find that there are some very interesting connections between what tourism is and can be, and what those other industries can be as well. So I think we have to broaden our horizon to a regional perspective. There are some interesting ways to do that.

But I do think, having said that, that we as a people have a responsibility to protect and really further what was been built in this City, and that is a very differentiating factor. If you want to talk marketing speak, we really have a differentiator here. Atlantic City is a destination. Somebody from the area might say "I'm planning a visit to the Taj Mahal," or "I'm planning a visit to Resorts International," but, more than likely they're saying, "I'm planning to go to Atlantic City." Atlantic City is the brand that's got to be developed. It has a critical mass. Someone alluded to -- in fact, a number of us alluded to -- the critical mass of casino projects, the beach, the Boardwalk promenade. Those unique attributes, when combined, do have the ability to attract tourists to a destination. And those 25 or so isolated dots that are sprinkled between Connecticut and really Northern Virginia are just that -- they're isolated dots. And paradoxically, we have an opportunity to be a destination -- just as much as those dots sprinkled in areas around us, we stand out as a particular destination for tourism and business dollars.

I would like to make four -- and I'll do this very quickly -- four -- I'd like to suggest four strategies that are really mentioned in the Report, but I'd like to elaborate a little bit on them. And they all address

the single overarching strategic objective, and that is to develop this destination resort.

I eagerly propose an Atlantic City tourism district. Along with a mechanism that facilitates development via public/private partnerships that Mark alluded to, it is an important first step. But it must be in synch with an overall marketing plan. Indeed, as the McKinsey report makes clear, Atlantic City the brand must become synonymous with upscale, exciting fun -- this is mentioned in the report -- and it must appeal to the specific market segments, the most lucrative of which are the adult focus segments they mentioned in the report. While the report's recommendation for a clean and safe program is a prerequisite for a viable tourism district -- and I believe will get done -- it must be viewed as merely an admission ticket for a tourist destination. A clean and safe program, while necessary, is not sufficient without firmly addressing underlying issues. Even an effective program of State supervision with adequate security, a sparkling Boardwalk with all unsightly buildings demolished will still require substantial capital investment, casino hotels, retail, restaurants, and various entertainment venues. Third, an effective structure to attract new capital must be developed and be readily available to the district and to district investors, current and potential, and encourage renovation and expansion as well as entry of new product into the proposed district. Obstacles or barriers to investment must be carefully examined for mitigation or elimination.

And I think this is an important point. While supply is a very important factor, and a lot of people have talked about supply, it's very important that the supply be fresh and new. Again I want to emphasize

that the planning should be a regional one. There are regional connections that ought to be considered.

And finally, I'd like to just finish by saying that The Stockton College and the Lloyd D. Levenson Institute is prepared to offer research support and a level playing field, and we hope to continue to play a positive role in this dialog.

Thank you for inviting me.

SENATOR WHELAN: Thank you. I think we have some questions from some of our members here.

Senator Lesniak.

SENATOR LESNIAK: Thank you, Chairman Whelan.

I don't believe that there are bigger supporters and fighters for Atlantic City than Senator Whelan, Senator Van Drew, and myself. I've been leading the charge to bring sports betting to Atlantic City. As a matter of fact, my law firm is representing our action in court for free -- to bring sports betting to Atlantic City so that instead of Atlantic City being a ghost town and Las Vegas being jam packed during Final Four weekend, Super Bowl weekend, and how about the World Cup-- How many people would come to Atlantic City to participate in the World Cup with our diversity? My law firm has taken on that battle pro bono, and yet the Hanson transition report said the State shouldn't use its resources to join the fight. My 60-member law firm can take on that battle, but the thousands of lawyers that the State has can't join us? Senator Sweeney's joined us -- thank you, Senator Sweeney. And I could have gotten any number of highly qualified lawyers to represent the State, to bring sports betting to New Jersey. Why should LA, why should Nevada have that advantage over

us? That isn't going to happen, and we're going to keep fighting for it. I wanted to make that point clear because I do want to take issue with one of the things that you said: We do subsidize the casinos. And I supported those subsidies. We tax horse betting 18 percent, casinos at 8 percent. In Pennsylvania, it's triple that, quadruple that. That difference, that spread, that unlevel playing field is \$40 million. And that's a subsidy.

I also supported doing away with the tax on comps. That's a \$20 million subsidy. So just let's understand that it's not the horseracing industry that's getting a subsidy, or the casino industry that's getting a subsidy -- it's what do we have to do to save these jobs and grow these industries? And that's what we're here for.

Thank you, Mr. Chairman. (applause)

MR. JULIANO: Is that a question, or--

SENATOR WHELAN: Mark, I don't know if there's a question there, but if you want to comment.

MR. JULIANO: Well, you know, I spent quite a few of my years in the casino business in Las Vegas as the President of Caesar's Palace, so Senator Lesniak is right: There's nothing more exciting than March Madness, the Final Four, the football season in the fall, than the sports book at Caesar's Palace. And we would love to have that as an amenity, but obviously it's not a statewide issue, it's a Federal issue. So we would support any statewide initiative to help us to get sports betting here in Atlantic City. But even if we were to be successful in getting it approved here, it still requires Federal approval. Unfortunately, when we had the opportunity to allow sports betting, in 1990 I believe, the State decided not to do it.

SENATOR WHELAN: '93.

MR. JULIANO: '93.

SENATOR LESNIAK: I don't want to interrupt, but I'm in court -- I don't need Federal approval. I just need to win my court case. And I just want people to fight -- like Senator Sweeney--

MR. JULIANO: We're behind you 100 percent.

SENATOR LESNIAK: --and Senator Whelan. Thank you.

SENATOR WHELAN: Speaker Oliver.

ASSEMBLY SPEAKER OLIVER: Yes. I have several areas of interest, and I don't know if the things I'm going to ask, rhetorically, you are prepared to respond to. But particularly for the academicians, I am interested in certain kinds of data.

And we know that unemployment in our State is 9 percent and a little change. Have you measured quantitatively the implication and impact that people's lack and reduction of disposal income -- of what implication is that to the gaming industry? I think that that is something that has to be examined in the context of the discussion of gaming in this State, and for the past several weeks I've heard no discussion whatsoever about people, their employment status, the disposable income that they do have, and choices that they're making -- that's one rhetorical question I have.

The other is--

SENATOR WHELAN: Madam Speaker?

ASSEMBLY SPEAKER OLIVER: Yes?

SENATOR WHELAN: I think Mark Juliano would like to respond to that one--

ASSEMBLY SPEAKER OLIVER: Oh, yes, yes.

SENATOR WHELAN: --and then you'll still have the floor.

ASSEMBLY SPEAKER OLIVER: Yes.

MR. JULIANO: Obviously, in the industry we talk about that all the time. And it's hard for us to determine whether the decline in gaming revenues is due to the lack of disposal income that you just referred to, or the competition. And it's obviously due to both. We have seen our volumes stay fairly steady, so their occupancy is about where it has been traditionally. The number of customers that are coming into our buildings is pretty much the same. People are not spending as much money. So we know that spend per visit is down, and that is directly related to the economy.

But what we don't know is how much of that is due to the other effect that we have had here, which is competition. So you have two things that are-- It's hard to discern which one is more important to us.

ASSEMBLY SPEAKER OLIVER: The other area of concern and interest for me is, we're going to have to, I guess, have some level of reality check here, and let's talk about customers and the customer base. And we know, from the 1970s forward, a big draw was the New York/northern New Jersey market. Now those customers are making these other decisions. Must we take for a given that those customers will continue to make those other options -- go to the Poconos, go to New York, go to Bethlehem? And if we have to factor that assumption in, I heard a lot of discussion about marketing. I also know, and I think of this often with the racing industry, that we have to examine generational choices as well. Now, my father's and grandfather's generations -- they were track people. I

don't know too many 30-somethings who are track people. So I think that when we talk about the future of gaming in the State, we have to look at the demographics of our population, people's entertainment and recreational choices, and how that gets factored into the equation in terms of what the future will be. I think if I want to find 30-somethings, you can sure find them over at the Borgata, but they like the clubs, they like the music, they like the architectural design; and I think that we cannot leave that out of the discussion.

MR. JULIANO: That's an excellent--

ASSEMBLY SPEAKER OLIVER: You have to cultivate a new customer.

MR. JULIANO: That's an excellent point, and when any industry is going through a transition like this, when you are losing older generational customers like you had mentioned, the real issue for us is: Where do you replace these customers? Where do you find these new customers? And I think that the Borgata has really taught all of us a great lesson: that is the gold standard here in town. You know, being the CEO of Trump Entertainment, that's not always so easy to say, but they have developed the kind of entertainment facility that we are all aspiring to be. And giving people a multitude of choices to come to your resort is what we really have to continue to focus on.

ASSEMBLY SPEAKER OLIVER: I just have one last issue, Mr. Co-Chair.

The expansion of your retail sector: have we yet measured what implication the expansion of your retail area has had on drawing visitors down?

MR. JULIANO: Are you speaking about the Cordish project?

ASSEMBLY SPEAKER OLIVER: St. John across the street (laughter). And the Coach Outlet.

MR. JULIANO: I think that the Cordish and The Walk project is a great example of a good product, priced appropriately, that people are interested in. And so I think that-- I remember when Jim was the mayor, he used to try to attack the City, block by block. And one of the major blocks was that entrance into the City which Cordish developed. And, as you can see, it's going further and further and further.

SENATOR WHELAN: And we will hear from Cordish later. They're one of the later panels.

MR. JULIANO: I think that that certainly draws people into town, and it's convenient, it's a pedestrian experience -- people can walk from store to store, and parking is good there. So I think that's the kind of things we need to focus on.

ASSEMBLY SPEAKER OLIVER: Thank you. And I prefer the Donald over the Borgata (laughter).

DR. LAHR: I'd like to add a couple of points. Just to add to the complexity that it would take to disentangle the issues that Atlantic City's now facing with the unemployment versus the gaming revenue: I think that the 2000s also were a period of extraordinary growth over a particular demographic -- the set of people who were able to get income in a certain way that likely brought them down to Atlantic City. So that was something that you saw extraordinary growth there, that they were now coming down off of and we would have anyway without a recession. So I think that's an additional issue. And second of all, you asked about these

other venues, and there's certainly a new-kid-on-the-block feeling. You're going to go to the new ones, at least initially, as the Nationals at their new stadium. They're not having quite the seat capacity that they did last year, so you're going to see a very different sort of dynamic here. It's really, really a tough one to-- People could do a study of unemployment and gaming here and in Las Vegas and so forth, but I think it still wouldn't necessarily inform you perfectly -- or not even all that well, to be honest.

SENATOR WHELAN: Assemblyman Burzichelli.

ASSEMBLYMAN BURZICHELLI: Thank you, Chairman.

Mr. Juliano, a couple direct questions, because there is an interest, obviously as we come through this, not only in fact finding, but what will happen legislatively. So speaking from representing the Casino Association: It now appears, from everything we can gather, that internet gaming at a Federal level is not going to happen anytime soon, and there is strong guidance that States can embark on establishing a regulatory environment to allow for intrastate internet gaming. At the committee level and on the Senate side, Senator Lesniak is an advocate. I happen to be as well. What is the Casino Association's position, based on what you know at the moment, with regards to New Jersey moving forward and establishing a regulatory environment to permit intrastate internet gaming based in Atlantic City?

MR. JULIANO: All of the operators here in Atlantic City are closely watching the whole development, whether it be intra- or interstate internet gaming. And we are developing software programs, individually, to see how an online casino and an online poker room would work. Obviously we can't offer it now for any kind of wagering, but we do have things that

will provide a model for us if it does become law. So we know that it's probably inevitable in some form, and we are closely monitoring it. And we are really waiting for some kind of legislative direction, or some feel for how it's going to work, and we think it's a very important stream of revenue, moving forward, and we welcome more direction on it.

ASSEMBLYMAN BURZICHELLI: I mention that because the Report says it should be monitored, and we have been doing the same thing from the legislative process standpoint, and I think we're looking forward to being very aggressive in the very short-term. And I use that as a segue to get back to convenience gaming and a point of saturation. It seems to me that internet gaming, whether it's intrastate -- which I think is the opportunity that's going to be in front of us in the short term -- or internet on a national level is truly the ultimate convenience gaming that's going to occur. And so a question I have for you, or maybe one of the distinguished individuals here from the university setting, is that at a given point, there has to be a saturation. It was mentioned about we can go 100 miles in any direction now and have an opportunity for a casino. We can only be at one place with a cluster of casinos -- only two places in the country that offer a cluster of casinos, and that's, of course, here and Nevada. So from an industry standpoint, I'd have to think that the level you function at, there has to be discussion that at what point is there a saturation, and then nature will force a change. Is there a sense of where does that come at? Because from our regulatory interest on the governmental side, I think that we need to get a sense of that as well.

MR. JULIANO: Well, I think you bring up a point that is a little bit more broad than just internet gaming, and that is the idea of some

of the convenience gaming that we have seen crop up in other states around us were really done to create a revenue to bridge the gap in budget shortfalls. Legislation in Atlantic City wasn't done for that. Legislation in Atlantic City in 1976 and 1978 was done to revitalize the City; to take an industry or take a city that was really having problems and find a way to recreate it. So I think that although we are really looking at what is going to happen in internet gaming, we like the idea of this being a total resort town where people are making conscious decisions to come, to enjoy the City for either business purposes -- whether it be a convention -- or just pure entertainment or gaming. We can't ignore the reality that internet gaming probably is coming, and we'll have to keep our eye on it. But I do, personally, feel -- and I don't speak on behalf of the Association, and I really don't even speak on behalf of my company -- but personally, I think that people should make some effort to go to enjoy an experience, rather than sitting in their pajamas in the kitchen in the morning and gaming.

ASSEMBLYMAN BURZICHELLI: Well, let me close with this, because the Chairman is whispering in my ear if we don't move quickly we will be here until Sunday, and that's not going to accomplish anything.

When I offer the question of what saturation point, I really meant on the brick and mortar side. At what point -- obviously the casinos that have sprouted up first enjoy success as a novelty; and then they, too, wear; and when you're dealing in a tax environment like Pennsylvania, the ability to renovate and change has to be carefully thought out, when you're paying 55 percent in gross tax, as opposed to what you're paying here. So I'm not going to ask for an answer at this point, but we would like to get something in writing at some point. If someone could help us get a sense of

where you think, industry-wise, at a given point, saturation reaches on the convenience side -- the novelty comes off: is it five years from now? So that will help us understand our juxtaposition as we work towards a destination -- when we should start to see a cycle turn again, where the excitement of the destination overwhelms the mundane of the convenience.

MR. JULIANO: The one answer I can give you now -- and certainly we'll do what you ask and we'll put it in a more formal response to you -- but we always kind of had in mind, when I was at the Convention Authority, that the 25,000 room is a good place for us to be to really be able to attract good, strong, regional conventions. You know, we get the question all the time: When is Atlantic City going to be like Las Vegas. And the answer is: never. But that's not a bad answer, because it wasn't ever supposed to be. But it can be a much better, strong regional competitor for this convention business, and we always kind of thought that that 25,000 room count was where we needed to be.

SENATOR WHELAN: Thank you, Chairman.

DR. LAHR: Can I just add one thing on the internet gaming?

On the internet gaming, I just want to militate a little bit against it, because it definitely does not mean jobs. It may mean tax revenues, but the jobs are unlikely to be there with it. I just wanted to emphasize that it's computer-based--

SENATOR WHELAN: We're going to have people on the panel later on internet gaming.

Senator Lesniak, I think, wants to talk.

SENATOR LESNIAK: Yes, thank you.

In fact, it will bring high-tech jobs to Atlantic City. There's a lot of computer software and high-tech jobs.

DR. LAHR: Understood, understood. But it will probably substitute for a lot of manual (indiscernible)--

SENATOR LESNIAK: (Indiscernible)

MR. JULIANO: (Indiscernible)

SENATOR LESNIAK: We have 300,000 registered internet gamblers in New Jersey today. They are engaging in gaming and gambling everyday, and those revenues are going to sites in Gibraltar, Montreal, and elsewhere, and it's not coming to New Jersey. That's what we need to capture, and that's what we can capture. And also the Federal legislation -- we have to be very careful, because the Federal legislation being pushed in Washington prevents New Jersey from taxing those revenues. It will stop us. So we have to move now to secure those revenues. And just like Washington, once Las Vegas had sports betting, didn't take it away from them -- once we have internet gaming, they aren't going to take it away from us either. But right now, they're trying to.

Thank you, Mr. Chairman.

SENATOR WHELAN: Senator Sarlo.

SENATOR SARLO: Thank you, Mr. Chairman.

And I do agree that we need to take the 35,000, 36,000 jobs and bring it back to 50,000. But as the Senate is going to be making decisions on this, I think we all need to get a better understanding what our strengths and what our weaknesses are, and what some of the real truth is and what some of the myths are about the gaming and entertainment industry here in the State of New Jersey. And I don't want you to think, as

I ask some of these questions, that I'm opposed to what we're trying to do here for Atlantic City -- I'm very supportive. I'm seeing more of these blighted and vacant lots being developed and built, but I think we just need to get a little understanding here.

The Convention Center -- and I've read this in some of the press reports -- is a very important part of your business. Is that correct?

MR. JULIANO: Yes.

SENATOR SARLO: A very important part. And a better use of this expansion -- better conventions -- would only benefit casinos. Is that correct?

MR. JULIANO: That's right.

SENATOR SARLO: Right. Did the casino owners pay for the construction of this?

MR. JULIANO: For this Convention Center? Yes.

SENATOR SARLO: I don't believe so. It was actually financed through the Sports Authority.

MR. JULIANO: Right. (applause) The Sports Authority--

SENATOR WHELAN: Folks, please. I really have to beg you now. And we won't get into this issue. The financing, the dollars to pay those bonds come from Atlantic City. Now, if you want to have a contest (applause) -- if we want to have a contest of who can clap the loudest -- the folks who want to support the Meadowlands, or the folks from Atlantic City -- I'll ask my friends in the first row to make a phone call. We'll fill this room with construction workers, and then they'll hoot the North Jersey people down. That's not what today is about, okay? So please -- let's be respectful of members of the panel here, as well as the people who are

testifying, and not have interruptions because you like something that was said, whether it's accurate, inaccurate, or subject to interpretation.

SENATOR SARLO: Senator Whelan, I'm just trying to make a point. For years the politicians in the State of New Jersey have been kicking the Jersey Sports and Exposition Authority around -- for years, okay? And I understand the sports public -- perhaps the Sports and Exposition Authority is not what it used to be. But a lot is changing. We do have a Super Bowl coming to the Meadowlands on this valuable piece of real estate. What I'm getting at -- and the question I asked Mr. Juliano is -- is that most of the debt on the Sports Authority has been debt that has been incurred because governors of both parties have asked that agency to build facilities -- whether it's the Atlantic City Convention Center, renovation of the old Boardwalk Hall here in Atlantic City, Rutgers, investment in Wildwood -- it goes on and on and on. There's major debt that's been incurred there because governors have asked that entity to subsidize -- so I take offense when there's no subsidies -- to help subsidize this industry. And I'm not saying there's anything wrong with it, but it's important that we do subsidize this important industry. So for you to say that the casino operators, the casino owners built this -- no, that's not true. The State of New Jersey made an investment in the Atlantic City Convention Center. So don't tell me that your casino built this Convention Center. I take offense to that, because it was built by the State of New Jersey through the Sports and Exposition Authority.

You talk a little bit about the safe and clean district -- what we're talking about. I heard a lot about beaches being dirty. I am a big supporter of the Jersey Shore. I have a house an hour north of here, in

Lavallette. My kids are on the beach every day. I can't wait to get back to be on the beach tomorrow, hopefully, if we get out of here in time. It's a very, very clean beach -- it's a clean beach. It's probably-- The Jersey Shore, our waters are spotless. The value of my home is dependent upon how clean that water is. And if Governor Florio did one thing right for the State of New Jersey, he's cleaned up the oceans, and cleaned up our Jersey Shore beaches. So I'm kind of a little confused: What does Atlantic City need from us, the Legislature, to clean the beaches, clean the Boardwalk, clean the streets -- what kind of role do we play in that?

MR. JULIANO: Well, I mean, I don't think we're really asking the State to play any role in keeping our beaches and Boardwalk clean. We have private industry with the Special Improvement District that the casino industry funds that keeps the Boardwalk and the beaches fairly clean.

SENATOR SARLO: No, no -- it's been very critical. The Report -- the Hanson Report -- says it's blighted, it's not clean, and it's not safe. And you've testified to that earlier. So what I'm getting at is, what can we do to help you make our beaches cleaner?

MR. JULIANO: Well, we think it's more a perception problem than a reality problem.

SENATOR SARLO: Okay, that's a big difference.

MR. JULIANO: Right.

DR. POSNER: I would just make a comment that I'm not even sure it's a perception problem. If you actually look-- And I will share with you the results of surveys done by the Atlantic City Convention and Business Authority -- this is a visitor profile study. If you look at the visitor profile study, the highest attribute of 11 different tested attributes of why

people come to Atlantic City, you will be -- some of you may be shocked to learn that the highest attribute was security and safety. It was a 4.56 out of 5 -- it is published in the ACCVA Visitor Profile Study -- 98 percent of visitors to Atlantic City saw it as perfectly safe, so even the perception issue, when you look at the data, is much more complex than it may appear in the media.

SENATOR SARLO: So then, you disagree with the Hanson Report that says the city is not safe and it's not clean? You disagree with that then?

DR. POSNER: I agree with the report of the statistics that indicate that the actual violent crime rate of Atlantic City is substantially lower than Las Vegas and substantially lower than the south Broward County area, particularly Fort Lauderdale. And when corrected, as the FBI suggests, for actual visitor volume in Atlantic City, it has been declining for about 20 years -- I mean, the actual crime rate has been declining. Now, remember, you're taking into account on any given day there might be another 35,000 people who work here; you have 150,000 visitors. When you--

SENATOR SARLO: So you disagree with the Report, sir. Why wasn't that in the Report?

DR. POSNER: I agree with the statistics that are-- The raw data that are being supported by (indiscernible)--

SENATOR SARLO: It appears that you disagree; that it's more of a perception problem than actually not being clean and safe.

Let me talk about safe for a minute. I think Mr. Juliano mentioned that there is potentially 20 or 30 more officers dispatched to this location.

MR. JULIANO: Right.

SENATOR SARLO: I got an e-mail this morning from the head of the PBA, Tony Weiners, and he just laid out to me: 20 officers were just laid off; another 30 or 40 are to go in September; and by December, another 30 to 40 go. Where are those officers coming from if the City is-- The Civil Service Commission just approved 30 to 40 officers to get laid off in September, and there's another 30 to 40 that potentially may have to go by the end of the year. And we just heard you testify that there potentially could be 30 to 40 new officers in this safe and clean tourism district. Where are the officers coming from?

MR. JULIANO: Well, I mean, part of that is going to be funded by this private/public partnership that we are proposing, that we incorporated this morning. And that is a question I guess you would have to ask Mayor Langford when he's here.

SENATOR SARLO: So--

MR. JULIANO: However, we do support the addition of police officers back into this--

SENATOR SARLO: So it's your understanding: Money from this district would then be sent over to the town for additional police?

MR. JULIANO: The details of how the district will work, and how it's going to be funded have not been worked out; but we know, and we understand, that the industry is going to have a responsibility to help fund it, and we're willing to do that.

SENATOR SARLO: So you're talking about helping fund the existing police force, or would you prefer to create your own security force?

MR. JULIANO: It would be the district. The district -- we would be willing to fund a portion of how the district would work -- in this tourism district.

SENATOR SARLO: You're going to create your own police force?

MR. JULIANO: We have not worked out the details of it yet.

SENATOR SARLO: Would you prefer to have your own police force, or would you prefer--

MR. JULIANO: No, no. We would prefer to have the City do it.

SENATOR SARLO: The City do it. When they talk about this clean and safe district -- I'm trying to get a handle on--

MR. JULIANO: Yes.

SENATOR SARLO: --the perimeter of that. How-- It's going to reap more police, cleaner streets--

MR. JULIANO: You're asking us for details of how this plan is going to work, and we are still, really--

SENATOR SARLO: But you're asking me to support, and you're asking me to support the commission.

MR. JULIANO: We're asking to support the idea of it. We're asking you to support the overriding philosophy that this is what needs to be done.

SENATOR SARLO: Okay.

MR. JULIANO: We, as an industry, will work the details of it out as we move forward.

SENATOR SARLO: Do you envision a sort of gated community around the casinos -- is that something you envision?

MR. JULIANO: No, I don't envision a *gated* community -- is that what you said? Gated?

SENATOR SARLO: Yes -- is that what you envision?

MR. JULIANO: No, no.

SENATOR SARLO: Okay. A lot has been made about family destination -- things for families, children -- go in that model. Is the Casino Association looking to go that route?

MR. JULIANO: We think that the idea of turning Atlantic City into a family destination similar to Disneyworld is not what we have in mind. However, we do think that as we add these non-gaming activities and we add the marketing of our Boardwalk and beaches, there should be something for everyone to do here, including families. That's what our goal is.

SENATOR SARLO: And I'm glad you feel that way, because we all know Vegas went through the model--

MR. JULIANO: Right.

SENATOR SARLO: --in the 1990s, and they kind of resorted back to the new slogan, "What happens here, stays here." They've given up that marketing advertisement. And just recently it was quoted in the *Atlantic City Press* -- or *Philadelphia Inquirer*, just this past Sunday's edition, Harrah's -- the senior vice president of government relations for Harrah's said, "Harrah's position has always been that casino gaming is appropriate

only for adults. We would never market our casinos as a family vacation destinations, and we make certain that casino entertainment is limited to adults and adults only.”

MR. JULIANO: Obviously gaming is required by law to be an adult activity.

SENATOR SARLO: Right.

MR. JULIANO: So we agree with that statement, but we also feel that there are so many things for a variety of people to do, including families, that Atlantic City can be a destination for everyone.

DR. POSNER: If I could add just one little comment.

SENATOR SARLO: Sure.

DR. POSNER: And that is that that’s exactly why we refer to the regional approach. That if you look at the South Jersey Shore region, you’ll see an incredible array of family-oriented entertainment. And I’m not sure that everything needs to be within a two-mile zone. If you have something available within that zone, that’s, of course, an extra reason to come here.

SENATOR SARLO: You mean connections to other Jersey Shore destinations?

DR. POSNER: Exactly what I meant by a regional approach.

SENATOR SARLO: Ocean City, Wildwood--

DR. POSNER: Yes.

SENATOR SARLO: Makes a lot of sense.

With regards to this one-year-- A lot has been made about this one-year timetable -- putting a one-year timetable on it. I see our friends from the building trades, and in one year are they going to be working, are

we going to be developing properties? What's going to happen in this one-year timetable that a lot has been made about in the Report?

MR. JULIANO: I don't know. Could you ask the question again? I don't understand what you're--

SENATOR WHELAN: Let me ask--

MR. JULIANO: Are you asking: Within a year will we be building new resorts?

SENATOR SARLO: Well, in the Report it clarifies that the Governor, through the Hanson Commission, is putting a one-year timetable on this safe and clean tourism district to be up and running and be successful. Beyond that, he's very concerned -- he doesn't want to drag this out. What I want to know is, what am I going to see in a year? Am I going to see construction? Am I going to see more police? What am I going to see in a year, as a stakeholder, to the State of New Jersey who is going to be asked to support this? What am I going to see in a year?

MR. JULIANO: Well, we're hoping you're going to see a cleaner, safer environment, a better marketing plan, more funding going into Atlantic City Convention and Business Authority to build the image of Atlantic City. Hopefully we'll see the Revel project move forward again, get completed. But I don't think I would be willing to say that you're going to see new projects start within a year. However, if we are successful in changing the image of Atlantic City and in sending the message that we are open for business, that we are a great place for you to invest, you're going to see some activity of gaming companies that are not here now that will become interested in it. And if we can do that within a year, I think that's a great, great accomplishment.

SENATOR SARLO: I come from a construction background, and I fully understand the banks, the lenders are not loaning the money out right now for people to make private investments and build. If this economy turns around, would developers and other casino interests flock back to Atlantic City to start building?

MR. JULIANO: I don't know if I would say flock, but you have to keep in mind a couple of things: Number one, that it is the most stable tax environment, outside of Las Vegas, in the country. It has a great regulatory environment which gives investors a lot of confidence. And you have a fantastic demographic draw that's unlike any other gaming environments that exist in the other states. So those three things, if we can change the image of Atlantic City, it will really help us grow.

SENATOR SARLO: On the same day the Governor stood outside here on the Boardwalk -- I won't name the casino -- one of your fellow operators was cutting -- executives from around the country were cutting a ribbon on gaming tables at Chester Downs, just 30, 45 minutes from here. Doesn't that send the wrong message to all of us in the State of New Jersey that you want all of us to get behind this, this is an important industry, we want to go from 35,000 to 50,000--

MR. JULIANO: You're talking about a company that has the greatest capital investment in Atlantic City, above all of us. So they control 35 to 40 percent of the market now. They have been consistent in their investment in Atlantic City. They're not going to do anything to harm that. So I can't--

SENATOR SARLO: So that--

SENATOR WHELAN: Hold it one second. Senator, I'm going to have to ask you kind of wrap up. We have other members -- the Assembly members have some questions. We have a lot of other panels. We really need to move this along.

SENATOR SARLO: May I just--

SENATOR WHELAN: I don't want to cut you off, but--

SENATOR SARLO: May I just finish on this one point?

SENATOR WHELAN: Yes, please.

SENATOR SARLO: So they have a lot of investment here in the State of New Jersey. So the investment they're making right over the border--

MR. JULIANO: They operate worldwide.

SENATOR SARLO: It's not affecting--

MR. JULIANO: They operate worldwide.

SENATOR SARLO: But it's--

MR. JULIANO: We don't have any--

SENATOR SARLO: I understand that. But it's not affecting--
We talk about competition. Competition is hurting us.

MR. JULIANO: But we're not in a position to tell another company how to invest their money, or where to invest their money. It's more important for us to examine--

SENATOR SARLO: But the competition--

MR. JULIANO: --how they invest in Atlantic City.

SENATOR SARLO: But the competition that is being created is being created by them, and then they're asking, they're coming to us, as stakeholders in the State of New Jersey, and saying, "Hey, we need--

MR. JULIANO: Well, are you questioning their investment in Atlantic City, or their commitments in New Jersey? I don't think I would.

SENATOR SARLO: I'm not questioning their investments--

MR. JULIANO: Well then, are you saying--

SENATOR SARLO: I'm interested--

MR. JULIANO: --that we should tell this company how to operate?

SENATOR SARLO: Excuse me, excuse me.

MR. JULIANO: No, excuse me.

SENATOR SARLO: You're here to testify for us. You're here to testify before the Senate committee. I'm asking you a question.

MR. JULIANO: And I answered it.

SENATOR SARLO: Perhaps you-- Okay. My question is on the competition end: Does it send the wrong message when folks who are investing here in the State of New Jersey are investing in casinos and licenses just over our borders, okay? And we're all excited-- I mean, I know the industry is very excited that the Hanson Report said, "No casino gaming, no slots at the Meadowlands." We're three hours away. It took me three hours to get here. Your biggest investor here is opening up table games 45 minutes from here. I'm three hours from here in the Meadowlands. Does that send the wrong message? You're an economist -- please, share with me.

DR. POSNER: If I may add to this dialog. One of the most important features of Atlantic City is that Atlantic City, for it to be successful -- a number of us have lived through it -- is that it must become a distinctive type of destination resort. We're really not in competition with

stand-alone, no-hotel slot parlors, or even slot poker parlors, and maybe blackjack and a few other games. What we need to be, strategically, is a destination that has great product, and the only way that can happen -- I shouldn't say the only way that it can happen -- let me back that up-- But I think what you're doing as a State -- representing the people of the State of New Jersey, indicating that you are there with the City and that this City, the casino district, has the stabilizing force of the State with it as a public/private partner -- in a sense I think makes it happen as a destination. We're not competing with Chester--

SENATOR SARLO: Okay, so that's good; that's a good point. So competition is not hurting Atlantic City today.

DR. POSNER: I wouldn't say that at all.

SENATOR SARLO: Okay. So then why have we heard that argument for many years? You just answered the question I've been trying to get at.

DR. POSNER: Competition is certainly a factor in changing the dynamics. What I'm saying is, strategically, long term, Atlantic City becomes a destination, and it's a very different type of competitive environment than stand-alone casinos that surround the area.

SENATOR SARLO: Sir, if competition is not what you're afraid of, then a casino, a world-class, high-end casino three hours from here in the Meadowlands, which could be owned and operated by all 11 owners; 11 owners here -- well not 11, but the 11 properties, four or five various owners, okay? -- if they came together and, instead of investing in another state, invested in our state and built a high-end, world-class casino with a train station, with a new stadium with the Super Bowl, in the shadows of

New York City; taking that revenue and investing back in the State of New Jersey, making a better safe and cleaner district -- throw a thousand cops on the street. Keeping that money, and keeping it here in the State of New Jersey instead of investing out of state, because you just told me that you're not afraid of competition, and it's not hurting your industry -- I just heard you correctly say that. (applause) Am I missing something?

SENATOR WHELAN: Ladies and gentlemen, please.

SENATOR SARLO: Am I missing something here?

SENATOR WHELAN: I'm giving Senator Sarlo very wide latitude, okay? And I'm going to ask you, again-- You know, you want to have that contest, I guarantee we'll bring in 300 construction workers, and they'll hoot and holler, too. So please, let's have an orderly meeting. I'm giving Senator Sarlo very wide latitude. We're not cutting him off, but we're not going to have this turn into a cheering section: Who can make the most noise on one point?

SENATOR SARLO: Senator Whelan, I appreciate the latitude you've given me. It's just that for too long I've heard about competition in other states dragging us down, and I never was able to get a handle on it. And I'm hearing today that we're not afraid about the competition. But then why are we now afraid of building a high-end, world-class casino in the State of New Jersey? I don't want to bring in a third-party operator. I want the gentlemen who are sitting at this table to own and operate it. Keep the revenues in the State of New Jersey. Take the revenues, bring them back here to Atlantic City. Let's build some buildings; let's build New Jersey together and keep the revenue here in the State of New Jersey.

I just heard, nobody from the panel here -- that they're not overly concerned about the competition. They just want to invest-- They want better marketing, they want safer streets, they want a better perception of what's happening here. It's not the competition. We need to do a better a job, let's give them the money, let's give them the tools. Let's let them build in other parts of the state. Thank you.

SENATOR WHELAN: Senator Sweeney.

SENATE PRESIDENT SWEENEY: It's hard to follow that, you know that. (laughter)

I just have a couple questions for the industry. I had stepped out, so you might have even answered them.

What involvement does the industry have in this Hanson Report?

MR. JULIANO: I think that if you-- You have to go back a little while, and actually back to the Corzine Administration. Myself and David Satz were on a commission that Governor Corzine instituted to study racing. And then David and I and Joe Corbo, who is the former president of the Casino Association, were on the Christie transition team to study gaming. So those two groups were very involved in making recommendations to the Hanson committee, which we were not a part of. However, it was the work that we had done on those two prior committees that was the basis for this.

SENATE PRESIDENT SWEENEY: So you're saying--

MR. JULIANO: So we--

SENATE PRESIDENT SWEENEY: --most of the transition team work is where a lot of this material came out?

MR. JULIANO: I am not privy to what work they did after I left the transition team, but it was a basis for it.

SENATE PRESIDENT SWEENEY: See, the confusion I have - - and you didn't help it at all with what I heard earlier -- is the Report said Atlantic City is not safe, it's not clean, it's a problem, and that's what needs to be fixed. And then I sit here and listen to experts -- and believe me, I'm taking your word -- that crime's down, beaches are clean, and it's not bad. My problem is, which is it?

MR. JULIANO: Well, we--

SENATE PRESIDENT SWEENEY: And if what you're telling me --- and I have no reason not to believe you, because I look out-- You know, when you go out on the pier, and you look out over the beaches, they do look clean. They look beautiful. I don't think that's the problem. Then why would you agree with the Report that says there's a problem in Atlantic City with crime, and it needs to be cleaned up?

MR. JULIANO: We think, and we always have said this, that it's a perception problem.

SENATE PRESIDENT SWEENEY: Yes, but--

MR. JULIANO: And we need to focus on changing the image of Atlantic City, to get people to believe that it is clean and safe.

SENATE PRESIDENT SWEENEY: But as leaders of an industry -- just like as we're leaders of the Legislature in the State of New Jersey -- if you endorse a plan that says Atlantic City needs to be cleaned up, that there's an issue of safety -- because that was a big focus on this table. See, I actually believe the industry itself: The casino industry itself needs to build a plan. The State of New Jersey taking over anything is a

mistake. They've never done it well. You can think of Camden, you can think of Paterson, it's not North, it's not South -- they don't do it well. We want your involvement in building this plan. We have an agency that can advance us -- CRDA has a lot of abilities; they just haven't done them in years. But my point is, you're sitting here before us testifying with a lot of cameras around and press here saying, "We support this Hanson plan." But the plan says Atlantic City is not safe and it's not clean. And you're testifying that it's a perception issue. So if the leadership of an industry is supporting a plan that says it's not safe and it's not clean, how are you going to get over the perception issue? That's where I'm getting confused here.

MR. JULIANO: The perception issue is really a matter of funding, and we have come up with a solution for that. We are willing, as an industry, to take the \$30 million a year that we pay to the racing industry and redirect that into a marketing fund. And we think that that is a good first step. Also, any of the regulatory savings that we have, we also are willing to redirect that into a marketing fund.

SENATE PRESIDENT SWEENEY: I understand that, but Mr. Juliano, just the one thing, like you said -- and I'm not going to go on -- it's just you're endorsing a plan, you said that earlier, that's-- All I'm saying is that perception starts at the top. And if you endorse a plan that says we're bad, then we're bad. There is no perception. If leadership of an industry--

MR. JULIANO: We're--

SENATE PRESIDENT SWEENEY: --agrees with a report that cites this, all I'm saying is we should be disagreeing with that aspect of it, then.

MR. JULIANO: We are endorsing a plan that needs to revitalize Atlantic City. But we have not endorsed a report or a plan that has all of the details of it worked out yet. This is a work in progress. We think that this is a great starting point, which a lot of people have mentioned before. And how will it actually work? I don't have all the answers now, but I know that we have an opportunity now, with support from the State, and from all of our local legislators, to get this done. And it needs to be done. The details of it will come. That's the best I--

SENATE PRESIDENT SWEENEY: No, that's not-- I'm not talking about details. I'm sorry; we're going to be at disagreement -- I'm not going to drag it out, Senator Whelan. What we're talking about is the fact that we have a plan that was presented that says Atlantic City is not safe and not clean.

MR. JULIANO: Yes, but--

SENATE PRESIDENT SWEENEY: And our perception is, as leaders, we should be saying -- as the Doctor said, we should be saying, as leaders, Atlantic City is clean, their beaches are fine, it is a great place to be. Not that it's not safe and it's not clean, but this new plan is going to make it safe and clean -- even though we already know it's safe and clean. That's all I'm saying. We're in conflict here.

MR. JULIANO: Okay.

SENATE PRESIDENT SWEENEY: That's all. Thank you.

MR. JULIANO: Thank you.

SENATOR WHELAN: Assemblywoman Huttle.

ASSEMBLYWOMAN VAINIERI HUTTLE: Thank you.

We were talking about the World Cup and the Super Bowl. Before I state my question, I would just like to say that tomorrow starts Hamiltonian Week, which in harness racing is our Mardi Gras. And, unfortunately, we're trying to celebrate, but there's not much to celebrate up in the Meadowlands. I don't want to belabor what Senator Sarlo said, but you did say that if we did have casinos in other places in this state, we would be shooting a bullet right to Atlantic City, and I don't think any of us want that. But right now, other states are taking the revenue.

So to reiterate, I guess, another question, and obviously it can't go answered today, but that's why we're having this, and I just want to state it as a question and a statement. Why should New Jersey allow all of this money to go to other states, when, again, we do have a location -- the Meadowlands -- where we can hopefully work together to provide the revenue -- additional revenue -- for property tax relief, education, and programs? I guess the question is -- we talked about competition, and if you have the same casino sharing partnership up in the Meadowlands, I'm still not getting-- I mean, I know it's a simple question, and not a simple answer, but it's an honest question. And I really don't get why we can't share the revenue within the State of New Jersey, and help the harness racing, help the other areas of the State, when right now other states are doing it and taking away the State revenue.

MR. JULIANO: Well-- And I appreciate an honest question, and I'm going to give as honest an answer as I can give.

We have a lot of work ahead of us in Atlantic City -- the experiment, or the legislation that was enacted has not been fully realized -- the potential. We have not fully realized the potential of Atlantic City.

And for us to introduce gaming in New Jersey, other than Atlantic City, will really hurt our ability to attract new capital. And that's, I think, the big problem. The big problem is that we need to assure people who are willing to invest -- not just a few dollars, but billions of dollars -- in Atlantic City that this is a place where, within our own state, we're not going to be competing for your gaming dollars. And that's the best answer that I can give.

ASSEMBLYWOMAN VAINIERI HUTTLE: Thank you.

SENATOR WHELAN: Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: Do you promise not to make any phone calls, Senator Whelan? Do you promise not to make--

SENATOR WHELAN: My phone's turned off.

ASSEMBLYMAN CAPUTO: Okay; you're a gentleman.

Mark, I want to say I don't think the industry could be prouder of any individual than you. You come here today and defend the report. I think you've artfully described the problems that you face and the difficulties, and I think everybody in the industry should be proud of your presence. I know of your history, and we have mutual friends, so I probably know when you went to college with certain people, and all that. Everybody thinks very highly of you. So I don't want you to take anything on this committee personally, because I know it's tough.

MR. JULIANO: I'm way over that. (laughter)

ASSEMBLYMAN CAPUTO: You're way over that. Listen, I just want you to know that I think the casino business is a lot easier than being in politics, especially up in North Jersey.

But anyway-- The economic conditions that we face -- and we've gone over this -- but the economic conditions that we face presently, do you feel -- and I don't want to put you on the hook -- but do you believe that the casinos have enough market share, do we have enough business to support all 11 casinos as it is, as we exist now?

MR. JULIANO: I think when the economy recovers, we do.

ASSEMBLYMAN CAPUTO: How are they going to make it from now to then? Mark, you know there are difficulties in some of these hotels at this point to make their bills, to make their payments, to exist. It's a very difficult environment. And my feeling is that it's very difficult to say you don't want anybody laid off -- I wouldn't want to be laid off, and I'm sure you wouldn't want any of your employees laid off. But we may not have the business to support all of those casinos. Maybe as an idea, which I proposed to Burzichelli, my Chairman, and my speaker, Sheila Oliver: Is it possible that the oversight that presently exists should be examining the financial health of these casinos, and their ability to make it in this environment? I don't think that's been done.

I think that what's happened is that casinos have submitted plans to continue year after year, year after year, and they haven't been able to fulfill those goals. And now the moment of truth is here, and because of this competition -- whether we acknowledge it or not -- and because of the financial conditions, we're going to have to pay a price. And I'd hate to see these people stumble along, month to month, and the end result -- have a closing, without their participation, in a sense -- because of outside forces they may have to close.

I would rather see their licenses shelved -- not revoked -- and turn them into non-casino hotels for a period of time. And then when the economy rebounds, they would be able to go back in business. In the meantime, they would create and help support a resort environment that's necessary, because the rooms would be available; they'd be relieved of the additional costs of running a casino, and maybe this might be part of the solution. I'm just putting it out to you in those terms.

MR. JULIANO: I can tell you that the marketplace itself will take care of those kinds of situations that you just described. And I speak from a great amount of experience, having gone through a restructuring. Now, if your question is: Do I think that we should close some of the casinos and let the hotels open, I think that one of the advantages -- or the silver linings -- of a downturn like this is that it creates great buying opportunities for companies that are not in Atlantic City. So although I wouldn't be able to testify today that all the existing Atlantic City casinos will stay in operation as you see them now, I will say that there are opportunities for companies that are not in Atlantic City that have some very attractive price points now, and have a very different capital structure than some of the existing casinos, that would give them the opportunity to enter the market.

ASSEMBLYMAN CAPUTO: On that point, they may be able to buy them at a fire sale, but the point is, will they have the money to back themselves up to operate? That's another question that we're going to have to look at closely, because I think a lot of the finances have been fudged over the years to keep these places open.

MR. JULIANO: Well, we are required by regulation and the Casino Control Commission, and the Division does a pretty good job of it -- of submitting forecasts, on a yearly basis, and part of our license requirement at Trump Entertainment is that those forecasts are reviewed on a yearly basis, not in--

ASSEMBLYMAN CAPUTO: But in terms of attracting -- and I think the Governor's intention here, by taking bold action here in terms of bringing the focus to Atlantic City, was to attract investors. This is a very good signal for investors to look at the City, knowing that the government is that concerned and that focused on bringing the City back. But this City should have been the Paris of the eastern seaboard -- 33 years we've been existing, and we haven't been able to do this. How much time will it take -- and I'm not being negative, because I feel very strongly about the City -- how much time would it take if we implemented all of these recommendations to bring about the achievement that we're looking for?

MR. JULIANO: I can't give you answer--

ASSEMBLYMAN CAPUTO: Not a direct answer.

MR. JULIANO: --on how long it will take, but I can tell you that one of the problems over the years has been that all the companies operated within a monopoly.

ASSEMBLYMAN CAPUTO: Right.

MR. JULIANO: And they invested the capital where they were getting the greatest return. Now with the competition, it is really forcing us into reinventing the business and changing the business model. So that is really kind of a good thing. I think that leverage has been a huge problem over the years for not only our company, but all the companies that operate

in the gaming world. And I think that new companies coming in have learned that lesson, that leverage has to be managed appropriately. So I agree with you: For 33 years we should be further along than we are now, but I think that adversity has really taught us all a great lesson, and we'll take advantage of it.

ASSEMBLYMAN CAPUTO: Back to the VLTs: It's no secret that I sponsored companion legislation in the Assembly to establish VLTs in the Meadowlands. It's my belief that in 1976 -- is my recollection -- that the voters decided where they wanted gaming in the State of New Jersey. And I don't see any reason why the voters of this State can't make that decision again. For us on this panel and for the Hanson Commission to make that decision, when options are available to us, I think borders on arrogance. And that's self-conflicted. Actually, I believe that the voters should have an opportunity to do that. They're smarter than we think. and the fact is that we can argue that there's no competition -- there is competition. The reality is, there is a lot of competition.

And I want to go back to the point of a joint venture. I don't see why we can't make that capital investment in the Meadowlands and have the casinos share in those profits, and also support the horse racing industry. You probably could put a team together tomorrow to run it with your background and knowledge of the business. So it would be difficult for one company to take it, but if the casinos invested, and then hired a management group and shared that revenue, and also with the State, I think it would be a very, very good option for us to look into. That's more of a statement than a question, but-- I know; thank you, sir.

SENATOR WHELAN: Senator Van Drew.

SENATOR VAN DREW: I'm holding up the Senate side here now, Chair. (laughter)

Mark, it's good to see you again, and I know your commitment to South Jersey and the region. I knew your dad, I know your family, and I know you're sincere.

And let me just say something to the Doctor: Perception is reality, so let's get in the real world here. I live here, I work here, I have family here. With the increasing competition that we have from these single casinos that are being developed around us in Pennsylvania, in Delaware, in New York, we're losing what I'm going to call the convenient gambler -- the person who's going to go where it's closest because they, as they said before, want to plop down in front of a slot machine or a table game.

So we have to be better, cleaner, safer, nicer, have more amenities, and more to offer people, because we've really got to be a tourism resort. And for that reason, I may not agree with the exact mechanics of the Governor's report, or how he has a State takeover -- the exact mechanism that he uses. But I do agree that we have to be out of the box and even do a lot better. And the reality is -- and again, I'm on the Boardwalk all the time; I'm in the casinos all the time. I have my staff -- some of them live in and around Atlantic City -- and I'm not going to go into stories, but there's unpleasantries that take place that shouldn't be in a resort area. Are we better than we were? Yes. Is it certainly a wonderful place to go with a wonderful beach? Are we doing well? Yes. Can we do a lot better? Absolutely -- that's the point. And the point is, and I'm just trying to draw a picture, when you go there you should feel a real police

presence right in those areas where the tourists are. You should feel that it's not kind of clean, it should be super clean and super friendly and super nice. And I know I'm making a statement too, but I think that's where we're all on the same page -- am I correct?

MR. JULIANO: You are.

SENATOR VAN DREW: Okay. So where do we want to be in a year from now? I'll tell you where I want to be in a year from now. And before I'm supporting anything, in a year from now I'd want to see that -- one year from now, by July. I keep saying that, and that is doable. That's not something that's some very difficult, tremendously hard achievement to reach. We can do that.

MR. JULIANO: But do you see what's happening here today? For the first time we have a Governor and a Democrat Assembly that is paying attention to what issues we have here in Atlantic City and trying to come up with a solution. Now, if you want the answers of exactly how it's going to work in the year, we can't give it to you. But we can tell you that we're really happy to be here today with all of you, and being led by the Governor that is coming up with a plan. That is a great starting point to get our problems resolved.

SENATOR VAN DREW: And Mr. Juliano, I agree with you. And that's why I think it's good we're doing this, and I think it's good that we're thinking out of the box, because I think there's some things that we need to do.

A couple of quick questions -- I mean, real quickly. I know there's a lot of folks here for-- And I respectfully disagree with my colleagues in my same party with the VLTs in the Meadowlands. I mean,

every single person I've talked to in every single aspect in the industry in New Jersey and outside New Jersey says that we would cannibalize our casinos; that we would have higher unemployment here. And I'm glad Senator Sarlo's here now, because I'm going to be just as forceful an advocate on the other point of view: that we would hurt our region, that we would hurt out building trades, that we would have even less construction, less activity. I don't know how to paint this picture for folks who are from other areas: We don't have all those other opportunities. Nobody's going to say, "Gee, I lost my job at the casino, I'm going to work for the pharmaceutical industry." "I lost my job, I'm going to go New York and work in the financial industry." "I lost my job and I'm going to be working in high tech." I don't want to give a long speech here, but you get the point. This is life and death to this region. It's the future of the region, and we can't have that kind of internal competition. I wish we could have stopped, outside New Jersey, what happened. But it did, it's different, it's not as nice, and if we make the changes -- some of which are outlined in the Report, and we can do better than the Report -- then I think we can compete and overcome that. Again, I'm asking -- do you agree with that?

MR. JULIANO: No. I absolutely do agree with that.

SENATOR VAN DREW: Okay. And then finally, if we do all this, if in a year from now -- and Senator Sarlo said, "What would you want to see in a year from now?" -- I know you're not going to see every change in place. What I'd want to see? I'd want to see legislation for internet gaming; what I'd want to see is legislation for sports book; what I'd want to see is the cleaner, safer, nicer -- as I said before, in the entire region -- I'd want to see some new construction just beginning or being slated, and some

people starting to get back to work. Would we see, if we do all these things in this partnership with you, because of all the challenges we have on the outside-- There are some casinos, quite frankly, that have taken a lot out -- and I'm not saying all of them -- but have taken a lot out and haven't reinvested back into their own infrastructure. Do you believe we would see some more investment back into that infrastructure so they are just much nicer than what's around them?

MR. JULIANO: I think that if you get the confidence back that Atlantic City is a growing marketplace -- and part of that is really redirecting these marketing funds to get that message out -- I think then people will start to reinvest. The marketplace is going to take care of what kind of return people are expecting on their capital, and if they feel that there is a stable environment here, and that the competition that is kind of affecting our business from Pennsylvania will eventually level off and they can see a steady platform of growth, then I think they will.

SENATOR VAN DREW: And I agree with you, and that's why I say -- to me it's a little more simple than it is for some folks -- advertise the heck out of it; make sure it's even better, safer, cleaner, and nicer, to create that stability and that confidence, and they will come. Because we can't compete with the guy who just doesn't really care about the shows, the entertainment, the dining, the shopping. We're not going to compete. They're going to go to Chester, they're going to go wherever they're going to go. We have to compete with people who want to take a vacation -- that's the change that's needed. And we have to do better to do that.

MR. JULIANO: We have to attract somebody who wants to stay two or three days.

SENATOR VAN DREW: Exactly.

MR. JULIANO: And do more than--

SENATOR VAN DREW: And that's the rub here. And before we were getting the guy who just wanted to plop down in front of a table. We're not going to get that as much anymore, so we have to move on. We have to move beyond this and move forward.

MR. JULIANO: Our business model definitely has changed and it's continuing to change, and that's where we need to focus.

SENATOR VAN DREW: Thank you, Mark. Thank you, Chairman.

MR. JULIANO: Just three years ago, 95, 90 percent of our rooms were given away to gamers. And that mix has really changed as we start to focus on the convention business and the retail customer. I know at our hotels we are a 65-35 mix, cash to comp. And that's a big, big shift. And we are seeing great successes in that regard, and that's where we have to continue to focus.

SENATOR VAN DREW: One last little question: Do you think we'll flatten out? We've seen diminished revenue, diminished profits. Do you think we're going to get to a point where that's going to kind of stabilize?

MR. JULIANO: I think we're going to have to wait and see what the effect that table games will have in Pennsylvania, and it's too soon to really tell.

SENATOR VAN DREW: It's a little scary.

MR. JULIANO: It's only been for two weeks.

SENATOR VAN DREW: Okay, thank you.

SENATOR WHELAN: We're going to go back to Senator Sarlo for a question. Senator.

SENATOR SARLO: One final question, I promise.

Mark, if we give all the tools -- through legislation -- all the tools that you need, and we get the details of how this safe and clean tourism district-- We have-- We give you the \$20 million, \$30 million on the marketing campaign -- whatever we need to do to make this the destination that you want it to be. We don't care-- We're not afraid of competition anywhere then, is that correct?

MR. JULIANO: Well, we're always-- Competition, as someone pointed out, makes you better if you handle it properly. So are we afraid of competition? Yes, we're afraid of competition.

SENATOR SARLO: What I'm getting at: If we give you the tools that you need, with the Jersey Shore -- I hate to use the word Jersey Shore, it's a bad -- but the Atlantic Ocean behind us, the beautiful beaches that we have. We give you the tools that you need, and we market it across the country, it doesn't matter what's happening an hour from here -- correct?

MR. JULIANO: It doesn't matter what's happening outside--

SENATOR SARLO: It doesn't matter what's happening outside of Atlantic City?

MR. JULIANO: What happens outside of Atlantic City will influence people's choices. So as we continue to develop this model where we are becoming a resort destination, and getting people to stay two or three days rather than just come down for the afternoon, it will help. But it's not going to happen overnight.

SENATOR SARLO: Thank you.

SENATOR WHELAN: Thank you. I just have a couple of questions.

I think one of the tools we need is time, frankly. But on the Convention Center Authority, Mark -- you're a member there now, and a former member -- you were Chairman. Just so that everyone is clear, how is this building paid for, and the renovations to Boardwalk Hall?

MR. JULIANO: There is a per-night tax that we pay to fund--

SENATOR WHELAN: In Atlantic City.

MR. JULIANO: In Atlantic City.

SENATOR WHELAN: Right.

MR. JULIANO: --to fund the marketing and the staffing of the--

SENATOR WHELAN: Even though there was a Rube Goldberg contraption to set that funding up through the Atlantic County Improvement Authority--

MR. JULIANO: Right.

SENATOR WHELAN: --the Sports and Exposition Authority, and so on, the fact of the matter is, the money that pays for this building and the money that pays the bonds for Boardwalk Hall is money that is raised in Atlantic City from a room tax.

MR. JULIANO: That's right.

SENATOR WHELAN: All right. And my-- There's been a lot of discussion about marketing and the need to beef that up. Can you give us just a little quick overview of what's happening now with the ACCVA,

because I think there had been some -- in my judgment -- unwarranted criticism of the--

MR. JULIANO: Yes. I think the people have lost focus. The issue with the Atlantic City Convention and Visitors Authority is not the way it's structured; it's not the management of the Authority; it's not their mission. It's the funding. I mean, you have a funding stream of probably \$12 million that is used to market Atlantic City, compared to Las Vegas it's a \$200 million. Now, do we need \$200 million? No, but we need more than \$12 million. So I think that they have done a really fantastic job of bringing new convention business into the City. And the other thing to keep in mind too is that when we had a monopoly and we could fill all of our rooms with the gaming customer, the industry didn't help the Convention Authority because they wouldn't commit the inventory to them. Now that our business model is changing, and that retail convention customer is becoming more and more important to us, you will see companies like my own and Harrah's that will give the Convention Authority the inventory that they need to go out and sell.

SENATOR WHELAN: Okay.

Thank you, gentlemen. We went way long, and we appreciate your willingness to sit there, Mark, and Dr. Posner, and Dr. Lahr.

We're going to go right to the next panel. Hopefully we'll be a little briefer than this one, or a lot briefer, quite honestly.

MR. JULIANO: Thank you to everyone. (applause)

SENATOR WHELAN: And while they are coming up, I should have said this at the outset: John Hanson was invited today. He indicated

he is on vacation and will be through August, and would be available when we get back together in September, presumably at the last meeting.

But we have folks from the construction industry. Will Pauls, President of South Jersey Building Trades Council; Jim Kehoe, representing the Plumbers and Pipefitters; Rich Tolson, Bricklayers; Jeff Foster from the Laborers; Mike Capelli from the Carpenters; and Mike Travostino from the Building Contractors Association of New Jersey.

Let's-- Well, maybe we'll start with you, as President of South Jersey Building Trades, and then we'll hear from contractors as well; then we'll go to some questions.

Yes, if you want to start, Will, we are recording this. Hopefully we'll get some members back here.

WILL PAULS: Just to clear one thing up: I think South Jersey--

SENATOR WHELAN: Ladies and gentlemen, if you're clearing the room, we appreciate that. If you could do so quietly, we do want to continue with the hearing. There's an exit back to your right as you're going out, or to your left over here as you probably came in. So if you could do it a little more quietly, we would appreciate it.

Thank you, Will.

MR. PAULS: Just to set the record straight, I think South Jersey Building Trades built this building. (laughter) There was a little question--

SENATOR WHELAN: They did the labor; okay.

MR. PAULS: Just for the record.

Good morning, everybody. As President of South Jersey Building Trades, I would like to thank you for inviting us.

We support a tourist district in Atlantic City. If it's done correctly, it could change the future of Atlantic City. The priority in the tourist district should be specified where casinos will be developed with no roadblocks. All agencies should be under one umbrella with one agenda: development -- no opportunity should be lost.

The reason I bring this up, Senator Whelan, is I go back to Penn Gaming coming into town two years ago. They were supposed to have an investment of \$2.2 billion they had. After they were done looking at property in Atlantic City, the best piece of property we showed them was a piece out near the sewer plant, and, as we all know, that investment has left the City.

Also in the tourist district -- we believe Bader Field should be a part of this tourist district, with roadways designed and the site ready to go, so when investors come into Atlantic City we have sites available for them. Bader Field could be the same positive impact to Atlantic City as the Marina area, with Harrah's, Borgata, and Trump Marina out there.

Two short years ago there was a lot of excitement in the air in Atlantic City. We had the Revel started, MGM was talking about coming, Pinnacle, Hard Rock -- they were all coming. That excitement can come back very shortly in Atlantic City. If this is developed right, marketed, and plans are in the works, that excitement will come back to Atlantic City and investment will come.

This tourist district, in our opinion, is the right step in the right direction. And I thank you very much for the opportunity to speak.

SENATOR WHELAN: Thank you, Will.

Let's hear from Mike Travostino from the Contractor's Association of New Jersey.

M I C H A E L T R A V O S T I N O: I'd like to first start off by thanking the Senate President and the Madam Speaker, as well as Chairman Whelan and Chairman Burzichelli, and other distinguished members of this panel for the opportunity to address you today.

Again, for the record, my name is Mike Travostino. I'm here on behalf of the Building Contractors Association of New Jersey and the Building Contractors Association of Atlantic County. Both of these organizations represent union building contractors in the state. Our members are responsible for billions of dollars in commercial, industrial, institutional construction projects annually, and employ tens of thousands of skilled union craft workers statewide.

Our Associations commend the legislative leadership, the Chairmen, and the legislators on this panel for their continued hard work, creative thinking in calling for this Gaming Summit. As you know, the national recession, coupled with competition in nearby states' gaming jurisdictions, has yielded a lack of investment and uncertainty about the future of gaming in our state. Our Associations appreciate the attention given to this major economic engine, as it certainly plays a major role in keeping the contractors and our craft workers employed, and certainly stimulates our construction activity within the state.

As you're also aware, the construction industry is facing unprecedented unemployment due to the slim volume of available construction projects. And while we will all have to wait and see how this Advisory Commission's findings and recommendations are implemented,

there is certainly action that can be taken on pending legislation, such as the Chairman's bill that deals with casino licensure. Our Associations fully support this bill; it has the potential to yield thousands of newly created construction jobs in an area of our state that continues to suffer enormous job losses. In addition, projects falling within the parameters of that legislation could serve as an economic catalyst in this region.

So on behalf the Building Contractors of Atlantic County and of New Jersey, we respectfully thank each of you for the invitation to address the panel. Our Associations will continue to work with all groups throughout the legislative process, and certainly remain steadfast in promoting construction opportunities for our New Jersey contractors and our labor partners. Thank you.

SENATOR WHELAN: We'll go right down the line. Mike Capelli from the Carpenters.

MICHAEL CAPELLI: Thank you, Mr. Chairman.

Good morning, Co-Chairmen Whelan, Burzichelli, the esteemed members of the panel. It is truly an honor for me to be here today and have an opportunity to speak in front of you, and I appreciate it.

My name is Mike Capelli. I'm the Executive Secretary-Treasurer of the New Jersey Regional Council of Carpenters. My organization represents over 34,000 union carpenter families whose livelihood depends, in part, on the economic success of Atlantic City and other gaming entertainment centers located throughout our state.

Speaking specifically about Atlantic City for a moment: During periods of prosperity, our organization in this part of the state has run close to full employment with a large measure of the economic engine that is this

community. In recent times, there has been a notable shift. With no union carpenter employment since 1994, we have now experienced consecutive cycles of unemployment since 2008 to the present. With gaming revenue dropping, it has been an incentive (*sic*) for new projects, facility renovation, and maintenance upkeep, all areas where union carpenters have enjoyed a positive working relationship with the casino industry.

A return to that period of prosperity is what the men and women I represent are seeking. In order for that to occur, it will take a private/public partnership focused on marketing to the public/private partnership; a required investment in Atlantic City that benefits the stakeholders, the State, the casino industry, the workforce, and the patrons of this City.

Speaking more holistically about the current state of the commercial construction in New Jersey, one word to sum it up would be *dismal*. Our organization, like many others in the building trades, has upwards of 30 percent unemployment currently. Assemblyman, the elected leaders of our State, we look to all of you to create an environment where private equity, in partnership with government action, can stimulate the construction industry again. The recommendations of the Hanson Report call for a capital construction investment both in Atlantic City and the Meadowlands site. I applaud those recommendations, as they will generate significant work opportunities for people of New Jersey. However, we must ensure that work opportunities are filled by New Jersey residents.

One does not need to look far into our State's history to gauge the impact of the construction industry on the State's economy. In 2007, 242,000 jobs were supported directly or indirectly by non-residential

construction spending, which generated an estimated \$13.9 billion. Direct construction spending contributed \$32.5 billion to the New Jersey GDP, and \$465 billion. This also translated into 9.9 (*sic*) in additional personal earnings for New Jersey residents working in the state. Economists have estimated that every \$1 billion of non-residential construction spending in New Jersey will create or sustain 18,000 jobs, add about \$2.4 billion to the State GDP, and increase personal earnings by \$712 million. By any measure, these numbers point out that when we are working in the construction industry, New Jersey is working.

In conclusion, Atlantic City has the ability to be a main catalyst for the emergence of the State's economic fortunes. The only way, however, for that to happen is by putting aside geographical, political, and cultural differences and allow for this renaissance to take shape. As always, the union men and women of the New Jersey Carpenters Union stand ready to do their part to ensure that the return is long lasting and well built.

Again, I want to thank you for the opportunity. And this is certainly something that I feel we do need to move on as quickly as possible. As we heard earlier, this was all about jobs, and everybody in the state desperately needs them. So I would appreciate it. Thank you.

SENATOR WHELAN: Thank you.

Jim Kehoe from the Plumbers and Pipefitters.

J A M E S B. K E H O E: Good morning-- Good afternoon.

SENATOR WHELAN: Good afternoon -- you're right.

MR. KEHOE: Speaker Oliver, Chairman Burzichelli, Chairman Whelan, President Sweeney, I appreciate the opportunity to bring to light what we're suffering down here in southern New Jersey.

A little reality check this morning: I met with a member who is in the process of losing his house. And instead of going to work this morning, he was meeting with the bank, because they were doing a catalog on what is left in the house. He's a desperate guy, like a lot of our people. We are at 50 percent unemployment, and we have felt this pressure for the past 18 months. It didn't start out at 50, but it's gained momentum quickly to go to 50, and perhaps beyond.

Our immediate need is for you folks -- as part of what you're presenting and the legislation you're going to create -- is anything that can help and assist the Revel project to move forward. It's a project that would immediately, at least for the plumbers and the pipefitters -- of my 480 guys who are out of work, immediately it would put 300 of those guys back to work. In addition to that, I know Senator Whelan has a bill that promotes the opportunity for, on a limited basis, a 200-room casino hotel, within four years to go to 500 rooms. We support that 100 percent; we are in desperate straights for us to stay in business. You talk about disposable income. Well, when construction workers go to work, and they're working, and they're prospering, and their families are doing well, no one spends more of their disposable income in the State of New Jersey than our group. If our guys get word that they're going to go to work on Monday, on Friday night they're going out to dinner and they're spending money in the community.

We need your help. We desperately need your help, or we're going to be going out of business. Thank you.

SENATOR WHELAN: Thank you.

Jeff Foster, Laborers.

J E F F R E Y L. F O S T E R: Good afternoon everyone. I want to thank you especially, Senator Whelan, for the invitation here.

What I want to talk a little bit about is my history with Atlantic City. I was born and raised in the City, as was my mother. I'm a building trades guy for 31 years. Actually I started in 1979 -- I was in Atlantic City High School, graduated in June of that year; by July I was on a construction site -- I was at Bally's Park Place. Thirty-one years in the trades. Over the last 30 years I've seen a lot of changes in Atlantic City -- some good and some bad and some very frustrating. What I would like to say, in Atlantic City we have a lot of resources that we haven't tapped into as far as tourism. And it's been increasingly frustrating for me to witness this over the years.

Jim, you know we have a waterfront. We have garden space that we have not developed and put money into that area. For instance, like in Baltimore, you have the Harbor there -- that is a major tourist attraction. And I think Atlantic City has some of the best waterfront in the country, and we need to focus on that.

I heard a topic today during this hearing, several times, that Atlantic City is fourth in the nation as a tourist destination, and I think we need to emphasize that a little bit more. I think we hear that, and it goes in and out of our ears, and we have to really grab that, because that is a phenomenal accomplishment. And I do feel that half the work is done, because the people will come. We already know that -- they have been coming. What we have to do is figure out a way to keep them coming. We have to invest in the City, and we do have to clean Atlantic City up.

But I do want to clarify something: The beaches in Atlantic City are clean, and have been clean, I would say, for at least the last 10 years. The reason why I know is because I go to the beach on the weekend. And when you go to the beaches in Atlantic City, I would say that 98 percent of the people are tourists. I'm from Atlantic City, and I don't recognize anybody there. (laughter) So the people do come to Atlantic City, and they enjoy the beaches.

And we do have a lot to offer, and I just think that ball was sort of dropped over the last 30 years, and we didn't do our jobs as far as developing the City to its potential. And now we have our backs up against the wall: we have Connecticut, we have Pennsylvania with gaming. And we have to actually step up our game. Would we be in this situation had we done our homework? To some degree, yes, but I don't think we would be scrambling like we are now.

And what I would like to see is possibly get together and come to a solution to make Atlantic City the tourist destination that it needs to be. It's a little personal for me when it comes to Atlantic City, because I do have a history here, and my family has a history here. But one thing I do notice: Once you can afford to move from Atlantic City, most people do. And that's a shame. Me, raising a family with three daughters -- it's something that I had to do to raise my daughters. And I want to see the day where I can come back and reinvest in Atlantic City, and bring my family back to Atlantic City.

With that being said, we heard about the economic situation. And being a building trades guy, I'm in the same boat as the rest of the guys -- we have about 50 percent unemployment. We have people losing their

homes, we have people losing their health care -- and that's tragic, and that's something you have to deal with every day, and it's not an easy thing.

But I do have a passion for Atlantic City, and I want to just share a small story with you. When they said that Atlantic City is -- being dirty is a perception. But that is being spread throughout the country, and I give you a little example. I had the opportunity a few years ago to go to Denver, Colorado, to a convention. And I was at a restaurant, and it was like a festive atmosphere -- everybody is greeting everybody, and introducing one another. And two young ladies walked up to me and asked me where I was from, and I said, "I'm from Atlantic City." And when I said that to them, their eyes lit up. They had -- the year previous they had just come from a vacation in Atlantic City, and they said how much they enjoyed themselves, and how much they were surprised, because the perception was that Atlantic City wasn't safe, and it wasn't clean, and they were expecting this sort of a slum. To their surprise, they had a fabulous time and they had pictures on their cell phones; they showed me the pictures, and it was just a phenomenal event. People do like Atlantic City, people do like to come here.

At the present time, in my opinion, we have some of the best entertainment, right now, today. We have some of the best restaurants here, right now, today. And we also know that people will come -- it's been a proven fact.

So what we need to do is get our heads together and make it happen. Time is of the essence. We have to develop the airport. We have so much to develop: The waterfronts have been neglected for the 30 years that gaming has been here. So I really would like to see this thing move

forward. My hat's off to Governor Christie for stepping to the plate. In my opinion, we have a scenario like the bases are loaded and we have a slugger up to bat. Are we going to knock it out of the park, or are we going to strike out?

So we need to move, and I was going to be brief. I want to thank you.

SENATOR WHELAN: Thank you.

Rich Tolson, Bricklayers.

R I C H A R D E. T O L S O N: This is almost Biblical, isn't it? Going last? (laughter)

I thank the panel, the esteemed panel, the Senate and the Assembly, for hosting this here today. And I commend the genesis of the Hanson Report that brought us all here today -- whether we agree with it or not, it has created dialog, it has commenced dialog; for a room to be filled in this 100 percent union facility that is second to none on the East Coast, as far as convention centers.

It has been mentioned the amount of unemployment in the building trades. We have debated back and forth; although we swear that it's not going to be a North/South issue, it has reared its ugly head here this morning. Being a representative of a labor organization on a statewide level, it is my job to represent people on a statewide level, and where they work -- whether it be the Meadowlands, Monmouth Park, or Atlantic City. But make no mistake about it: There is no construction industry, outside of nuclear power, that generates the jobs -- the consistent jobs over the last 30 years that the casino industry has done, and the partners that we have in building trades and in the casino industry in the State of New Jersey.

We need the stabilizing effect that can be created out of any report, from whomever it comes from, that brings together the Legislature, the experts in the industry, and the people who build it. Assemblyman Milam spoke about the entranceways into Atlantic City outside of the expressway -- Route 30 and Route 40. If they need to be improved, we have the people who can get it done. We've proved it time and time again.

Assemblyman Caputo talked about the airport. If the airport needs to be improved and expanded -- it is used by the Federal government -- if we need to improve it, we have the people who can get it done.

Senator Whelan spoke of us making a phone call to bring people in. Unfortunately, we'd be able to call their homes on a Friday afternoon to bring them here, because anywhere from 30 to 40 to 50 percent are unemployed.

We need solutions today. We don't need dialog, we don't need any more committees. We need the coming together of all those with experience and the ability to effect change, to complete what needs to be completed, to put people back to work. Because as was stated here today: Nobody spends like our members. They're not savers -- that's why we have the fine benefit plans. They will be out before the first paycheck comes in. But it improves the region -- whether it's South Jersey, Central Jersey, or North Jersey; at the Meadowlands, or around the Park in Monmouth, or down here in Atlantic City, or in Cape May County where Senator Van Drew represents and I'm a proud constituent of his.

So there's a history of opportunity here. And there were promises made by the casinos when they came in in 1978: and that was to build casinos and create jobs. They've done both, and more. There are

schools being built here in Atlantic City that aren't a direct correlation to casino industry, but because of them, they're being built. And because of the leadership of our State Legislature, they're being built.

I was fortunate enough to become a member of organized labor not far from here -- on South Tennessee Avenue right here in Atlantic City. I'm an example of the opportunity that organized labor and casino industry can give an individual. The last job I worked on with my tools -- for pay, anyway -- was at Caesar's garage, more years ago than I would like to admit. And now I'm the leader of a 5,000-member labor union for the State of New Jersey.

It was said in a speech a number of years ago at a Presidential Convention: We're not a red country, or a blue country, we're not red states or blue states -- we're United States. And we're not North Jersey and South Jersey -- we're New Jersey. And we need to solve all of our issues, push casino gambler forward, put people back to work. And as the casino industry so eloquently stated, we need your help.

Thank you.

SENATOR WHELAN: Thank you, Rich.

Before we get to questions, let me just let you folks know: We're going to work right through lunch. You'll see some of the members drift in and out. In deference to time, the first panel ran extra long. So we won't take a lunch break, per se. You'll see people leave, grab a sandwich, and come back a few minutes later. But the bulk of us will be here. So for those who are on subsequent panels, who may be in the audience -- don't expect that we will take that brief lunch break that we had talked about earlier.

I just have a couple of questions: One -- I'd like to ask Jim Kehoe to put his CRDA hat on, if I could. Because again, some of the things that were implied in the Hanson Report is as if CRDA hasn't done anything in Atlantic City, and hasn't done enough, or whatever. Maybe you can just kind of address some of the things that CRDA has been involved with historically, as well as what's going forward -- if you could take a minute or two on that.

MR. KEHOE: Sure. Well, most of us this morning, we came in via the Atlantic City Expressway, and that's, in my mind, the nicest way to come into the City. You come in through the Cordish property -- The Walk. In fact, my friend Kim Butler pointed out this morning to me that that's the most successful outlet center that that national company has throughout the country. That was financed by the CRDA. It continues: The third phase of The Walk is ongoing -- that was the construction project on your right-hand side.

SENATOR WHELAN: Union built, too, right?

MR. KEHOE: Union-- 100 percent union built. And right in front of that, across the street from the Trump Plaza, is going to be the fourth phase of The Walk, and that's going to be an entertainment zone similar-- I think someone mentioned earlier, maybe, in the casino's report of an entertainment-type zone, similar to what they have down at the Inner Harbor. That's a great example. Just recently, we approved a brand new parking lot that's going to be built in conjunction with The Walk back by Angelo's Italian restaurant on Fairmount Avenue.

The entrance to the Revel -- that is being financed through the CRDA. There is an armory that's going to be converted into a project that

will house some field events for some local high schools -- that's being financed by the CRDA. The Boys and Girls Club in town had been financed by the CRDA. The Boardwalk façade improvements were financed through the CRDA. There's going to be a lighting project to illuminate the Boardwalk better through the CRDA. Over \$1 billion in investment in town has been financed through the CRDA. And throughout southern New Jersey, throughout New Jersey, there have been projects financed by the CRDA. We continue to do that. We are very proud of our past, current, and what will be our future investments.

SENATOR WHELAN: I want to add Gardener's Basins and that entire neighborhood up there that--

MR. KEHOE: The housing? The housing?

SENATOR WHELAN: Jeff Foster-- You have an entirely rebuilt neighborhood, mostly owner-occupied homes -- that's all CRDA money.

MR. KEHOE: And a project that we could be a big part of is the North Beach project, that's attached to where the Revel Casino is -- we could be a big part of, maybe the largest redevelopment, in partnership with Revel Entertainment to reinvent a big piece of the City. So we-- The sky's the limit on what we can accomplish, particularly with what's upcoming with these public/private partnerships.

SENATOR WHELAN: Thank you. Let me go back to the topic more at hand today, and I'll ask Will and Mike Travostino: There was, I think in the early-- In the first panel someone talked about whether or not construction could be ongoing a year from now, and I think there was some hesitancy of some of the panelists to commit to getting to

construction. What do you see as ways for us to get construction going so your members can get back to work, so we can get the new product that we need here in Atlantic City?

MR. CAPELLI: I think the number one project would be Revel -- to get them some sort-out of that jam they're in, and get them financed and going -- if we could help them in that. Also we have the bill that you're sponsoring -- that 200-room hotel, going to 500 in four years -- I believe that's how that's going to develop. I've met with, like you have, Senator Whelan, with Hard Rock Café (*sic*) last week, talking about--

SENATOR WHELAN: Both Revel and Hard Rock will be here later today.

MR. CAPELLI: Speaking of their project that's coming: It's very exciting down our end, and I'll point out that 33 years ago I started as an iron worker, and one of my first jobs was the Dunes Casino, which is that site that Hard Rock is looking at, near the Knife and Fork. Five years after that project got started, we went in and took it down and scrapped the steel on that.

SENATOR WHELAN: And it's been vacant ever since.

MR. CAPELLI: That site has been vacant for 30 years -- we're talking about that's where the Hard Rock is looking at. Also, Atlantic City High School's been down for over 15 years -- that site's been sitting for 15 years. That's where they're looking to put their parking garage. So I would disagree -- not disagree -- but I think if certain things are done, we could be in the ground probably within a year. Part of my testimony this morning was to take the red tape out of building. And you know it, from being Mayor of this town, how long it takes us to get a project up and going. We

don't have the time for that anymore. We've got to cut the red tape. CAFRA, DCA, all of them -- we've got to get to the point, if we create a tourist zone, those things for the State have to come under one umbrella, and there's got to be an urgency to get approvals done in a fashion that we can all accept. In the past that hasn't been done.

MR. TRAVOSTINO: I would echo his thoughts.

SENATOR WHELAN: Okay.

MR. TRAVOSTINO: He's captured it very well.

SENATOR WHELAN: Very good.

Senator Sarlo.

SENATOR SARLO: Just-- Jimmy, before I go, I have a statement with regard to the building trades. And I hate to do this to you, as the CRDA representative here.

I'm very fond and very familiar with what the Casino Redevelopment Association has done for the State of New Jersey. And I have no problem. as much as it may hurt other parts of the state, including my region -- I have no problem with keeping the revenues that are generated -- keeping it here in CRDA, to reinvest back into the Atlantic City district. As much as that potentially-- It's about \$360 million over, since its inception, that has gone out since like 1984. So I'm not overly concerned about taking that money and keeping it back in here. But why couldn't we create, instead of creating a whole new bureaucracy-- CRDA's been successful; why can't we expand the authority of CRDA, and let CRDA oversee this district?

MR. KEHOE: I think that's a wonderful idea, and that's the thought of a lot of people from--

SENATOR SARLO: Brilliant! (laughter)

MR. KEHOE: --the industry, from the building trades, from those with experience. We have an agency that's already set up.

SENATOR SARLO: It's worked -- it's working statewide. It's actually working statewide. You're doing a lot more things statewide than you probably-- You're doing a lot of good programs statewide.

MR. KEHOE: And, Paul, we could do a lot more.

SENATOR SARLO: Right. We're doing a lot of programs, and I have no problem in the short term, taking all that money, bringing it back here to Atlantic City and reinvesting it.

MR. KEHOE: Reset the clock.

SENATOR SARLO: Reset the clock. And then, in the future, if it works, it goes statewide, you bring it statewide.

Secondly is: Senator Whelan's bill is a good piece of legislation. Senator Whelan, we should move that bill as one of the findings of this committee, and I would even like to sign on as a co-sponsor to that bill.

MR. KEHOE: All those in favor? (laughter)

SENATOR SARLO: It's a good bill; and trust me, I understand this is not about North versus South. This is about the State as a whole. We have to make sure we continue to invest-- There's 50 percent on your bench; there's 50 percent on the bench up North; and you're all brothers and sisters, and you all care about one another.

MR. KEHOE: Paul, just like down here -- the Revel needs to happen. We're desperate for it to happen.

SENATOR SARLO: We did our part.

MR. KEHOE: The Xanadu project up in North Jersey -- you had the Super Bowl coming, and for that project to be unfinished-- It needs a new façade, by the way.

SENATOR SARLO: Brick. (laughter)

MR. KEHOE: But for that project to be unfinished would be disgraceful.

SENATOR SARLO: I advocate for brick on the façade.

UNIDENTIFIED MEMBER OF PANEL: You got our vote.
(laughter)

UNIDENTIFIED MEMBER OF PANEL: How about pre-cast?
(laughter)

SENATOR LESNIAK: Mr. Chairman?

SENATOR WHELAN: Senator Lesniak.

SENATOR LESNIAK: And how, may I ask, is Revel going to be finished, and Xanadu? Legislation that's sponsored by who? Senator who? Come on -- oh, me! (laughter)

MR. KEHOE: And, Ray, the ERG--

SENATOR LESNIAK: Yes.

MR. KEHOE: --would be responsible for the re-creation -- not only for Revel to be completed -- but for the reinvention of a neighborhood which has never been done in this town.

SENATOR LESNIAK: Absolutely, absolutely. You know, we should just run government -- we don't need anyone else to help us. (laughter) But that's the key. Governor Christie, I'm sorry, was very timid -- not bold -- in signing this Revel II. In the meantime, the financing went south during that period of time. But it's not over yet. We're going to keep

fighting. I think we have to amend ERG again to make some changes, to even expand its operation. And you're right -- it will provide jobs and revenues in South Jersey and North Jersey. And I believe every single member of this panel supported Revel I and Revel II, and they're going to support Revel III. We didn't get a lot of help from our friends, but we're going to drag them along. We're there with you. Thanks.

SENATOR WHELAN: Assemblyman Burzichelli.

ASSEMBLYMAN BURZICHELLI: Thank you, Chairman.

Just briefly: I want to follow Senator Lesniak and I think make a statement.

First of all, welcome all of you, and thank you for being here. And the unemployment numbers you mentioned with your various trades are just simply shocking and frightening. And this great recession has taken a toll, and it's taken a very deep toll. And if we dig out of that, other prosperities will follow and some of these discussions we're having, frankly, will take care of themselves, if we're smart today.

And I wanted to draw the correlation between Revel -- which is the tallest building in Atlantic City, standing ready to be finished -- and Xanadu, which is located in one of the greatest locations in the Northeast. And as Senator Sarlo said, maybe could use a little bit of a different treatment on the exterior, but the fit-out work and the continued work associated with that would feed a number of families for a period of time.

So that stands as a stark example of how this issue we talk about today is a State issue and not a regional issue. Because it's going to take the same creativity to jumpstart Xanadu as it is to jumpstart Revel. And therein lies a point of great common ground for all of us. And that's

the momentum we have to have and the spirit of this Summit has to bring us, as we work to conclusion in the legislation. I am as interested in Xanadu being successful -- whether it's a name change, paint on the outside -- but it is important to all of us, and likewise with Revel. So you talk about instant starting of jobs? That's two examples. If the 200-room thing can be worked out, which I believe it can be, instant -- maybe not as instant, but certainly quickly.

So your testimony and help in this fact-finding expedition that we're on reaffirms what we all think we all know, but we coalesce that today. Thank you.

SENATOR WHELAN: Other questions for this panel? (no response)

Thank you, gentlemen, and we look forward to your involvement as we go forward.

MR. KEHOE: Thank you very much.

SENATOR WHELAN: We're going to have the Chamber of Commerce -- I think Joe Kelly from the Atlantic City Chamber; and he's going to be coming with George Lynn, a leader in our community here; along with Ian Goldberg, Vice President of Samian Sales; and Joe Gulics, owner of Alliance Business Systems.

JOSEPH D. KELLY: Thank you to the panel.

Senator, with your permission, out of respect for your time, we have a formal statement. I'd like to submit that. As a courtesy, we'll make sure that everyone gets a copy of it, so you'll have our formal statement.

I'll make just a couple light statements. I could not have agreed more with my friend from the Bricklayers. If the Hanson Report has

brought us together to have dialog about the importance of improving the marketplace, then that's a very good thing. And I would ask the panel, as they consider those recommendations, if it helps you divorce your name -- the Hanson -- and look at the issues. If we're talking about reduced regulation -- and our opinion, as business leaders: that's a good thing. If you're talking about creating more revenue to market the destination of Atlantic City, that's a good thing. We ought to be about those things, focused on the issues, and moving this forward. Because I can tell you, on behalf of the business community, we can't wait either. We've heard the sense of urgency all day: down to 38,000 employees. Everything about our organization is jobs. Our impact: 100,000 jobs that are related to the industry. So that is a big concern to us, and moving forward.

I think the new piece of information that we could offer today -- and I sat in a panel in Trenton talking about the City of Atlantic City, and questions about the ability to move the City forward, through the City. Well, we heard that, we created a group. There are about 60 business leaders who came together, and it's called the Chair's Council. And they all invested a little more in the Chamber, and they said, "We will offer support, through the City, to address an audit, to address budget, to address management." Here's the great news: We went to the City and the door was open. It said, "Come on in. Let's see what we can do about these issues," that, appropriately, we were probably right to raise. So that has been the Chamber's approach over the last six months.

And I think what the panel might not be aware of is some of the steps that have been taken. I hear it over and over and over about the dysfunctional Atlantic City. And then I look at it, and I see some of things

we're doing, and the skill set that we bring to the table through the Chamber, and our 800 members who are fully committed to not only improve the City-- I'm really pleased, and I'm pleased to report to this panel, that the Mayor was receptive. We're in the best place we've been for a long, long time. We have a Mayor accepting help from business -- and we have business offering. I don't know that we did a great job in the past. We have a Council that is working with the Mayor. We have a Safety Director who is working with the Chief of Police. Now these are the norms in other places. It hasn't always been that way here.

So with that, Senator, I'd like to turn it over to the person who is leading that charge for us, George Lynn.

GEORGE F. LYNN: Senator, thank you.

My name is George Lynn, and gaming is not my background. As you know, I'm in health care -- for 21 years. I served as the CEO of AtlantiCare, which is a regional healthcare organization, and the largest non-casino employer in our community. We operate a major medical center in Atlantic City.

But more recently, through the Chamber of Commerce, I have been kind of a liaison between the business community and the Langford Administration to work on the very issues that this panel has been talking about today -- and that are included in the Hanson Report and the Governor's message -- which are how to create a clean and safe, and sustain a clean and safe, environment in Atlantic City; how to reduce regulation that blocks business, that makes it difficult in our community; and how to improve the marketing of our community, of our resort.

And I'm here to tell you that significant progress has been made in all three of these areas. There is collaboration between the City and the Special Improvement District to clean the Boardwalk and to keep it safe. There are plans introduced this weekend by our Director of Public Safety and our Deputy Chief to deploy 30 additional uniformed officers in the City.

So your question, Senator, was: Is it clean and safe, or isn't it clean and safe? So I'm going to answer the question. The problem here that we're trying to deal with right now is creating a stable and sustainable structure that will permit us to keep it clean and safe, and that has not always been available to us. So one of the plusses that comes from this Report, and one of the things that we think is important for the future of this City, is to have a stable structure that sustains the gains that we're making. And the Atlantic City Tourism District, as Mark Juliano described it earlier today, appears to have the properties that would allow to continue to focus resources to make sure that the people who visit this town are safe and secure. So that's the first point. Actually to conclude that first point, there is an awful lot that can be done to continue to build on the work that's already been happening in this community, that doesn't require any legislation at all. The Governor, for example, could name his representative to lead the Atlantic City tourism district, and put that person in Atlantic City tomorrow so that we can begin to coordinate a lot of these efforts through this new tourist district. We can begin to put some of the detail together that answers the questions that you and your colleagues have asked today about how is it going to work. What piece of geography is it going to control? Who's going to-- Where is the jurisdiction going to come from?

Where are the funds flowing to and from? And begin to put the meat on those bones so that, as you approach legislation, we'll have more of that detail that we could provide you.

The second point I'd like to make is that for the last 30 years, if you were to measure the success or failure of this town, you'd look at one statistic, and that would be gaming revenue. And everybody here knows that gaming revenue is declining, and, by itself, it paints a pretty bleak picture of the future of Atlantic City. If you had time to get out of here today and walk around a little bit and dig for a few more statistics, I think you would see a picture of a city that is far from dying -- it is a vibrant community. I tell my friends, "Yes, things are so bad in Atlantic City, only 35 million people are going to come here this year to have a good time." (laughter)

But if you measure retail sales on the Boardwalk, or you measure the number of meals served in our great restaurants, or you look at the Boardwalk on a weekend -- it's a different picture.

So my point is that we are not starting from scratch. We are building on a very, very solid foundation. And many of the things that we can do together don't require legislation. The package of legislation that you're going to look at, from a business community we would encourage you to be very creative. Clean and safe does not get you new investment. Clean and safe is a fundamental to running a resort, and we understand that. What gets investment is incentives, and creative ideas like your 200-room hotel bill, or keeping CRDA money in Atlantic City for a period of time, or allowing investment tax credit for existing casino owners to reinvest

in their properties, or perhaps retaining a portion of the sales tax in the entertainment district.

Creative ideas like that, properly bundled, will enable us to accomplish our critical objectives: one, to finish the Revel project; two, to get some new casino development started; and three to get some reinvestment in some of the properties that, frankly, need some reinvestment.

So as you approach your work as legislators, we would encourage you to be as creative as you can to create these incentives, because we think the market will respond to the incentives. And the rest of that work I think we can accomplish through a public/private partnership, where we can sustain the gains that we're able to make when we have the business community, civic leaders, leaders of regulatory agencies, and municipal government all working together.

SENATOR WHELAN: Thank you.

Ian.

I A N G O L D B E R G: Good morning, and thank you for inviting me to be part of the process here of reviving Atlantic City and our New Jersey economy.

My name is Ian Goldberg, and Samian Sales is my family's business -- small business -- that has been selling specialty foods here since Resorts opened its doors in 1978. And today, 92 percent of our business is here in Atlantic City, so we have a lot invested here.

And while I love visiting this town, and I'm proud of a lot of things that have happened, I don't think it's accurate to say that we're at a

plateau right now. I would say it's more like we reached the top of Mount Everest and now we're down below the tree line, and it's very scary.

Since we're a small family business, I wear many hats. Sometimes I'm the Director of Sales, sometimes I'm fixing the copy machine, and sometimes I'm sweeping the floor in the warehouse. And I come before you today wearing several hats -- first, as a vendor to all 11 casinos; second, a frequent visitor here to the restaurants, the casinos, the stores, concert venues. Third, as an evangelist for Atlantic City, I'm one of those people who attracts the 30-something that you're talking about. I live about an hour north, but it's hard getting people from New York to come down here and spend their money. They're happy to go out, two people, and spend \$200 on dinner in New York City, but it's impossible to get them on that train to come down here. But when they do, they spend \$1,000, and they have a great time.

Last, I'm here as a taxpaying constituent. And I'm just embarrassed that we are being compared to the Pennsylvania casinos -- the little racinos and slot parlors. We've had 30 years to change, and a lot of things have not changed since Steve Wynn left town in 1987.

So I hope that today will be the beginning of a bipartisan effort in this State to radically, but intelligently, change Atlantic City. Most of my views here today are at a very tactical level -- I'm not a politician and I'm not involved in the civics of this City, but I see, as a salesperson here, day to day -- I see what goes on.

My company is based out of Monmouth County, but our supply chain, really, runs throughout the state. We have warehouses in Lakewood and Jersey City. We have importers up in Sussex County, and

we do business with lots of little manufacturers of small products throughout the state. In fact, one of the things we're very proud of is that what has kept us in business is finding really unique food products right here in New Jersey, and marketing them to the casinos, and helping entrepreneurs really build their businesses.

One interesting note, with respect to food in this town, is that most of the food coming into the casinos is coming from the Philadelphia market -- coming from out of state. And perhaps there's something that you can do in the Legislature to help incent casinos here in town to buy more from New Jersey companies.

So I put together some suggestions today. I really feel, from a day-to-day perspective, I've seen so many great things that the casinos have done, and I think there are things that the State can do that don't require a whole lot of investment of money -- perhaps just investment of time and some creative thinking.

It's all about the beach here in Atlantic City, and we've missed a huge opportunity. And when we debate about whether the beach is safe and clean, I'm pretty sure that none of you have beach houses in Atlantic City. And the prices are great -- you can get one real cheap. But no one's buying real estate along this beach. And it's probably the only beach that is really not developed in New Jersey. Where else can you spend \$200,000 to buy a house one block from the beach? So I just think we need to clean up the beach more. And I know I may be disagreeing with some people who have been up here, but whatever it takes for clean access to the beach and the change of perception that needs to go along with it, that's what we need to do. If it means that people have to pay to go on the beach, then let it be

like Monmouth County and some of the other municipalities. But let people who come and pay to stay in the casino hotels get on the beach for free.

Second: For families, let's build beach clubs and attractions. Let's learn from Long Branch and Sea Bright and Asbury Park, and make the beachfront not only welcoming for visitors, but also for small commercial developers. Let them build beach clubs, night clubs, retail piers like in Long Branch, water parks, and small hotels. I don't think we want to be more like Point Pleasant -- I think we want to be more like Las Vegas at the beach, because there's not one casino market in this country that is on the beach.

Next: Let's once and for all get rid of some of the characters in Atlantic City that we see walking along Pennsylvania and Atlantic Avenue. I drive up and down them every day, and I'm not sure why, in broad daylight, we can still see the drug dealers, the prostitutes, and the people who we don't want the tourists to see. Let's push some of the City's shelters a little bit further away from this tourist zone that we're talking about. Don't get rid of them completely -- I understand we need them -- but let's just push them back a little bit. We need to change perception.

As far as conventions, my food business thrives on conventions coming to this town. Why not give incentives to New Jersey companies that hold their sales meetings and conventions here? I know a lot of them have turned away in the last two years -- some because of budget -- but let's give them a reason to come back. There's a lot of fun to be had here, and there's a lot of facilities to be used here.

Next: I know that the ACES train has been somewhat of a success bringing people from New York to Atlantic City. Why not expand that program a bit? It's not going to be profitable in the very near term, but let's invest some money there, and let's give the casinos the opportunity to bid on incentives to offer the people getting on those trains. I would love to get free concert tickets at the Borgata for taking that train from New York to Atlantic City, and then maybe the next month be able to get a free room at the Tropicana.

And last, and this is a much broader issue, but I would love to see some tax incentives for small businesses. It's being talked about on the Federal level. But on a State level, I know that we're a small level that would love to hire some of the great salespeople who are out of work right now. But to tell you the truth, we're not just ready to take the risk, because I don't know where things are going in this town and in this state. But with a little bit of incentive, I would love to hire some of these people and bring them back into the workforce.

In closing, I hope that at least one of these ideas has struck a chord with you. I'm thrilled to have the opportunity to speak to you today, and I will continue to offer my time and energy to this revival. Thank you very much.

SENATOR WHELAN: Thank you, Ian. And if you could get us a copy of your statement, because I do think your ideas merit some further consideration.

Joe Gulics -- am I saying that right, Joe?

J O E G U L I C S: Everybody pronounces it Gulics; it's Gulics (pronouncing), but that's okay.

SENATOR WHELAN: Joe Gulics -- I apologize.

MR. GULICS: No, I appreciate it.

I appreciate the opportunity to talk to the panel. I'm a very small business. We have seven employees -- Alliance Business Systems -- based out of Passaic County, up north. I worked for a company that started-- What we offer is identification solutions, tracking systems for player tracking. All the casinos use player tracking tiered cards to keep track of their players' progress, to do marketing. It helps them with marketing, to gear the mailings and so forth towards a specific demographic -- if they're slot players, poker players, and so forth. And we offer-- I worked for NBS for 15 years in the same industry, and in 2005 we established Alliance Business Systems and actually purchased the territory from NBS. I've known the people in the casinos for 20-plus years, and we actually, by creating Alliance Business Systems, were able to go out and work with other companies to tailor better products geared towards the casino industry, and meet their needs and so forth.

The reason why I'm here to speak to you about the casino industry is that one of the big things that the casino industry does is they do promote business with smaller businesses, and they give small New Jersey businesses very good opportunity to -- as generating revenue, becoming our business partners, and so forth, and finding solutions for that.

And I'm here -- I'll keep it brief -- just to give my support for whatever you need, and so forth, and whatever the casino needs, moving forward, in this development.

SENATOR WHELAN: We appreciate you being here. Thank you.

President Sweeney.

SENATE PRESIDENT SWEENEY: I was listening to your testimony, and do you think we really need a new level of government -- panel or commission? We have the Visitors Bureau, we have CRDA. I just don't know why we want another government entity to try to work through. Can't we make the ones we have work?

MR. LYNN: Well, part of the solution here, I think, involves two bundles of work: One is called tactical work -- that's how you clean up the Boardwalk, how do you keep it clean. The second piece is strategic, and that is what is the future of the City going to be? Is the Boardwalk, for example, going to be an extension of its past or is it going to be something different? Is it going to be retail entertainment? And the State has a say in that, and finding a way to put structure around this that's permanent is really important to Atlantic City being able to achieve its full potential as a destination resort.

Right now, for example, we have an outstanding relationship between the business community, the casino community, and the Administration. But in the next election, there's no guarantee that we'll get that level of collaboration back, and we could slip back without having a permanent structure in place. What that needs to look like, really, is, I think, your purpose. We in the business community are ready to begin a public/private partnership tomorrow. I mean, we are organized and prepared to work on these issues that we've talked about today. What's missing is the structure that the State would put in place.

SENATE PRESIDENT SWEENEY: Yes, but-- I keep hearing public/private. It should be private/public first.

MR. LYNN: Yes, yes, fine.

SENATE PRESIDENT SWEENEY: You know, government doesn't-- You know, everyone's waiting for the State to come in and make things better. The State doesn't do anything better. With all due respect -- and you know, it is nothing to reflect this Governor -- the State's history has been very poor. Again, with direction from the private sector, we do have agencies here now that can implement plans. And if we need to expand some things for them, rather than create another layer, CRDA has a pretty long history here and they do pretty good. I think they-- They haven't done what they've needed to do for years. They have powers to clean up-- There's a lot of things they could have done. And we have the Tourism Bureau already. We have agencies that are here that maybe need direction from the private sector, not the public sector telling the private sector what's best. You know what I mean?

I know it may sound funny coming from a Democrat, but private/public is better than public/private. So as I and my colleagues have been talking about, I don't think we need a new entity. I think we need to use the governments that we already have to take the lead from groups like yourself that build plans. I'm curious why everyone thinks, "Let's bring another government panel in." When you have these panels, they already exist, you know how they work. If they're not working, well, let's fix them some more. But to create a whole new government function, to me doesn't make a whole lot of sense.

But I'm really excited about the willingness of the Chambers, and the business community, and the hospitals to come forward with marketing and planning. Let us implement your plan -- not you implement

our plan. That's why I'd like to change this discussion from public/private to private/public.

MR. KELLY: If I could brag just a bit about George, because that's a job of a Chamber President.

AtlantiCare recently was awarded the Malcolm Baldrige Award. And I'm not sure if you understand, nationally, the prestige of that award for quality of service. So George has also had the opportunity to lead the hospital association nationally.

We have a very strong skill set -- I'm biased in that statement because I'm lucky to have George as a volunteer. But there's a lot of good business folks who are willing to step to the table, Senator.

SENATE PRESIDENT SWEENEY: And see, you come up with great ideas, and come to government and say, "What do you think?" And you have bureaucrats who don't have any expertise, saying "I don't know," or you have to work against them, rather than taking the expertise. That's why I want to change the thought process here. We need to listen to you, and be your arm to implement plans.

SENATOR WHELAN: Madam Speaker.

ASSEMBLY SPEAKER OLIVER: Oh, yes. Good afternoon, gentlemen.

Ian, you really piqued my interest when you began to talk about other elements of enhancing the attractiveness of this City, and you made me have a déjà vu. And while what I am about to say may not lie totally in the bailiwick of the Chamber -- because there is so much discussion here about what each component needs to do -- I thought as I heard Ian talk, there's one other integral component that is not presented

here today. And those are the people who are the life-long residents of the City of Atlantic City. (applause) And when you were talking about elements of enhancing the fringe of what's going to be a special district, I thought about back, I guess, under the Whitman Administration, when the tunnel was going to be constructed. And I remember the significant number of community meetings that were held here. I attended many of them during that period of time. And we pretty much bulldozed our way through a middle class community in Atlantic City.

Now, one of the challenges that gets represented -- and I have heard no discussion whatsoever about it in the past three or four weeks, as all focus and all media has been focused on what happens in Atlantic City. But there have been improvements, to a degree, in some community-based housing developments, and other kinds of things. But some of the things that I have heard described here before that are impediments to attracting tourism -- none of those elements will ever, ever, ever go away if the 21st century plan that is crafted by the public, the private, the investment does not focus on enhancing and uplifting socioeconomic opportunity for the people who live here.

And I would challenge the businessmen, and those who have business investment in this City, to begin to lock arms with other elements -- be it the State government, our Federal representatives, or whomever -- because if we do not elevate up the standard of living for those who live here, you will never, ever, ever eradicate what we see after dark here. You will never eradicate it. (applause)

SENATOR WHELAN: Do you want to respond to that at all, George or Joe?

Let me say while they're-- Not in defense of George, but when George was at the hospital, there were very serious discussions of moving the hospital out of -- I was Mayor at the time -- out of Atlantic City, or moving it to the periphery of Atlantic City. George and I collaborated and the hospital stayed and expanded right in the heart of Atlantic City. And really -- and I happen to know -- he may not know that I know -- but I know there were board members who were ready to abandon the City and just leave a shell of something here. And probably if you just did it on a business sense, that's probably the one that made the most sense. But there truly was a commitment on George and most of his colleagues -- he was able to convince the board and so on -- "No, AtlantiCare is Atlantic City. We belong here." And they stayed and expanded. So I just want to put that in context, so that you know that little bit of background. I don't know if you want to amplify any of that, George.

MR. LYNN: No, I think your point is extremely well taken. And we have been defined over the years as a Tale of Two Cities: there's the Boardwalk and the casinos and the Marina District, and then there's the neighborhoods. And we have not been able to crack the cycle of poverty. We have still places -- like all major American cities -- there are places that you don't wander into at night. They happen to be the same ones here, though, that there were 25 years ago. So part of what we need to do as a Community, with a capital C, is to bring the casinos, the business community, the civic leaders, police, and the mayor and City Council together around these issues. And that has to be part of our long-range plan, and we know that.

SENATOR WHELAN: Any other questions?

ASSEMBLYWOMAN VAINIERI HUTTLE: Just a comment, if I may?

SENATOR WHELAN: Assemblywoman?

ASSEMBLYWOMAN VAINIERI HUTTLE: I just want to comment, and applaud Ian Goldberg, because I think you hit the heart of the discussion today. When we were speaking with Mr. Juliano earlier, it seemed everything was focused on gaming, and I'm not opposed to that at all. But what I think you hit on was family destination.

And I know that until my daughter became 21, I really didn't want her coming down to Atlantic City, quite frankly. And when we do come down, I think there was, at the time years ago, one hotel that had a little beach resort. There really isn't anything attracting my family to go to the beach in Atlantic City -- whether it's safe and clean, I'm not disputing. It could be safe and clean. But there's no real attraction. Again, I bring up the old Steel Pier. If there were concerts -- free concerts -- to bring people in, because no matter what we do to Atlantic City, you still have the same audience. You will still have that same gaming audience. And it's a generational thing, and if we want to attract families, I have to give you, Mr. Goldberg, credit because the ideas that you came out with today -- they're no-brainers. And I'm not diminishing your ideas, but they're wonderful ideas. I think that we, as legislators, and private/public partnership, and everything need to really look at that as a family destination, not take away from gaming, but be able to do it together. Because again, I'm not bringing my daughters here until they're 21. That's just a mother's point of view; it may not be everyone else's point of view. But if we can get family entertainment and family beaches and everything

else, I think it's worthwhile. And the other thing I didn't know, that you brought out, was that the food is coming from Philadelphia. I think we need to correct that immediately.

So thank you for your thoughts. I appreciate them.

MR. GOLDBERG: Thank you.

SENATOR WHELAN: Thank you.

I have a question for our two vendors: As vendors, you're licensed under the Casino Control Commission?

MR. GOLDBERG AND MR. GULICS: Yes.

SENATOR WHELAN: And both of you have indicated that your businesses have been operating in Atlantic City for a long time. How is that process now, and is it better than what it used to be for vendors? Because we used to get a lot of complaints that, for relatively small businesses -- with all due respect, seven employees -- it almost wasn't worth it to go through the licensing hassle. But hopefully it's been streamlined. I saw the Chair of the Casino Control Commission here earlier -- I don't know if she's still here -- but I'd be interested in your take.

MR. GULICS: As far as us going through the process, the process was very easy. We got sponsored by one of the casinos, filed the paperwork, and then we were licensed within, possibly, probably about a week. And then we just renew our license every year.

SENATOR WHELAN: Good. Is that similar, Ian?

MR. GOLDBERG: Yes -- no complaints from us. But we did it a very long ago, so we've just been renewing every three years, I believe it is.

SENATOR WHELAN: Well, that's good to hear. That's very good to hear.

Any other questions for any of these gentlemen? (no response)

Thank you for being here. (applause)

MR. GOLDBERG: Thank you.

SENATOR WHELAN: Ian, if you would get those comments to me, I'd appreciate it. You can give them to me now, if you want.

We have a group -- and I don't know who's here and who's not here. I know Kim Butler is here from the Cordish Company. Oh, Mayor Langford is here; okay. I wasn't sure if you were here.

Welcome, Mayor -- Mayor Langford, Councilman Delgado, and Councilman Gilliam. We appreciate you gentlemen joining us. And then after we're done with the City officials, Kim, we'll go with you. And Nick Hecker and/or Kevin is here -- we'll get those guys up as well.

Mayor.

MAYOR LORENZO T. LANGFORD: Mr. Chairman, members of the committee, Madam Speaker -- good afternoon. Thank you for affording us an opportunity to weigh in on the subject.

I'll be very brief. First of all, let me just say that -- I will say what others seemingly have not been prepared to say, which is that I do think that the Hanson Report is a bit disingenuous. They cited the major factor for the woes that have beset the casino industry as being municipal government's unwillingness, or inability, to work cooperatively with the casino industry in order to foster a more tourist-friendly environment. And I'm simply here to say that nothing could be further from the truth. I think that it's important to make that distinction and to point out that this administration in particular -- we have been extremely cooperative. And I'll cite you some examples.

When the late, great Redenia Gilliam Moseé, former Vice President of the Bally's Harrah's group, came to the City, me as the Mayor lamenting the fact that we were not able to offer our casino patrons the opportunity to enjoy an alcoholic beverage on our beaches, she floated the concept of beach bars. Within two weeks I had an ordinance prepared and sent it to City Council for their consideration, and unanimously it passed. And now we have beach bars, which have transformed what we do here in Atlantic City. In one national publication they ranked us as having the number one beach and boardwalk in the country.

When other casinos and their restaurants which had Boardwalk frontage came to the City wanting an opportunity to have tables and chairs and umbrellas on the Boardwalk, as sort of an outdoor patio area where their patrons and others from the public could dine, again it took legislation on behalf of City Council to pass that legislation so we enabled that to take place.

When the security force from Trump Taj Mahal came to the City and asked for an opportunity for us to allow their security officers -- those who were mounted on bicycles -- to traverse the Boardwalk in front of their properties, in order to present an image that we had additional resources on the Boardwalk to ensure the safety of our visitors and tourists, again it was City Council and the Administration who worked cooperatively with the industry to make that happen.

I could give you a number of examples of how, over the years, municipal government has worked cooperatively with the casino industry to make for a more friendly tourist environment that has been beneficial for all parties concerned.

So I wanted to put that out here at the start, because I think part of the problem is that the discussion, quite frankly, has been, as I said, very disingenuous. And as they say in the 'hood, we need to keep it real.

Having said that, let's move forward. I, for one, welcome any and all assistance that the City of Atlantic City might receive from the Governor, the State of New Jersey, or anybody else. I don't see this as a takeover as some have attempted to pit the City's interest against the interest of the State. I don't think that our interests are diverging -- I think our interests are one and the same. And I welcome the opportunity for additional resources. The way I see it, for example if we were to carve out a specific district: First of all, let me say, there's already a precedent for that. We have a district that's already been carved out in the City of Atlantic City, and I'm referring to our Transportation Hub, which includes the area where we sit right now -- train station, bus station. It's patrolled by transit police -- transit police, they are an arm of the State Police; they are not an arm of the municipal police department. That relationship has worked very well. So the whole concept of a special district being carved out is not something that necessarily has to be adversarial. I see it as a welcome addition to the City of Atlantic City.

What we would do, quite frankly, is to take our resources, which heretofore may have been assigned to that particular district, and marshal them and send them somewhere else in the City so that we could double our efforts and make for a more safe environment across the City as a whole.

Going forward, I could not agree more with the concept that we need to diversify our product here in the City of Atlantic City and expand

on the opportunities to bring in more family oriented attractions. We are a City-- I grew up in the City, where we had a number of movie theaters, we had a roller skating rink, we had bowling alleys, we had all those kinds of things that may attract families. We don't have them anymore. I think that we would be well-served to develop a comprehensive entertainment/recreation complex which offers those amenities that not only tourists and visitors and commuters could enjoy, but residents alike could enjoy.

So going forward, I think this is a step in the right direction, and I think that if we all drop our oars in the water and row simultaneously, we can sail on towards success. Thank you.

SENATOR WHELAN: Thank you.

Senator Van Drew.

Oh, hold on one second -- Councilman Gilliam, do you have anything to add to the Mayor's comments? And then we'll hear from Council Delgado.

COUNCILMAN FRANK GILLIAM JR.: I just wanted to piggyback on the comment that Assemblywoman Oliver made. It's a very critical point, and from my perspective, it's probably the most unheard point.

We cannot move forward in Atlantic City with any plans that excludes the indigenous persons of this town. I've heard and read different concepts -- that Atlantic City will be the Vegas of the East. That's not so. Vegas didn't have a population. Vegas had no indigenous people living there when they created that entity. So to actually move forward, my stance is that I think that we all should include the community in this

process. Without the community's input, I think that we would be doing the whole process a disservice.

And from my perspective, as we move forward, we've talked-- I think we need to forge a much stronger relationship. We must come up with a clear direction on what this City wants. It's painful for me to hear outsiders constantly telling Atlantic City what it needs and what it doesn't need without the voice of the people of Atlantic City. And I think it's passed due time that we, basically, allow those voices to be heard. They mean something; these people have, basically, spent generations here. I'm a product of generations here, and I think that if we move forward with the voice of the people, as well as some of the ingenious minds that we have working around this process, we can basically make this thing work and look good for everyone. Thank you.

SENATOR WHELAN: Let me just -- while we're waiting for Councilman Delgado -- I want everyone to know: We invited the Mayor to lead off today, but his schedule was such that he wasn't able to. Having been the Mayor, I think it's appropriate that if you have a forum like this, if it's possible the Mayor gets to open it up. But his schedule was such-- But we appreciate you being here, and the Councilmen.

Councilman Delgado.

COUNCILMAN MOISSE DELGADO: I appreciate this moment to share a few moments -- perspectives, in my view about Atlantic City.

I'm probably one of the most boisterous, loudest individuals you'll see. You've probably seen statements throughout the state that say the same thing: not on my watch.

I'm extremely proud of Atlantic City -- I am a product of Atlantic City. Atlantic City has so much to offer still -- the potential is there. The potential has always been there. But it takes, sometimes, effort to push that potential to meet what it should meet. You have a lot of people who come from out of town and suggest this and that because they've visited other towns. Atlantic City is unique -- we're unique. We have to make sure we consider all the resources we do have, and our number one resource that has been forgotten are the residents. And I applaud Ms. Oliver for stating that, because the residents make up the fabric of what Atlantic City is. At times in history, if you understand, it is the residents who bring forth the season of hospitality for all those people coming from out of town, who come into Atlantic City to enjoy it. Unfortunately, the way the industry has developed it's created, from a playground atmosphere, now what is considered a resort town where every property is considered a resort. When that name, or that title, was added to everyone's property, it somewhat excluded Atlantic City, because they figured, "Okay, if I can keep it indoors, if I keep all these customers here, we can offer them everything." So the small business has somewhat died out.

The piers in Atlantic City were vibrant for many years. If you see nostalgic pictures, you see families -- multitudes of families. There were legislators and Presidents here, proudly walking the Boardwalk. As I am adamant to protect the Boardwalk and adamant protecting our 609, the Atlantic City region itself -- it's immensely popular, but it has also been thrown a bad bone, so to speak. Many people like to come here, but we don't hear the same type of positive retrospect or positive words about

Atlantic City. It's quick, fast to jump into the pot and say, "Okay, let's talk badly about Atlantic City -- it's not clean and it's not safe." Okay, well I'm going to tell you, just like I tell everyone else: If you see something that you don't like at the Boardwalk, if you see a piece of trash -- why don't you pick it up? If you're in town, come on in -- you're our neighbor, you're visiting -- help. I welcome help. Assistance is wonderful, because this is a community within a community. We don't necessarily need a city within a city, but we expand our arms to you and say, "Come on and help. Come and enjoy Atlantic City." Atlantic City's been a wonderful pool of enjoyment, of opportunities for many people. It made many a millionaire throughout the state and beyond -- many, many a millionaire. And I'm pretty certain, gentlemen and gentlewomen, you've met quite a few of these millionaires, off and on, in your tenure. And they've prospered from Atlantic City.

And then there's the opposite truth. There are so many who have not prospered, who live in Atlantic City and who are still struggling today. Sad to say, just maybe 20 or 30 feet away we have a Mission that's overburdened at times with the amount of people who are being sent from other districts and other areas here to Atlantic City, because we have a unique resource which we care about our human entity, which is those people who may be homeless.

We have a hospital that's done wonderfully, as I'm reminded, with some of the interest, and the assets, and the help, and love that's been given by the municipality to exist; and continually it has -- it's done a wonderful job, it's increased. Our education system, we're proud to say that we're very proud of what we have. We may not be at levels at other places, but our potential is wonderful and our teachers care for our children.

All of these are parts of the fabric that is Atlantic City. And I think at times we have too much of an emphasis on the gaming aspect, which, if you understand, gaming is just playing -- it's play. We're still a playground. It's just we have bullies that like to sometimes come onto the playground and think, "No, that's my seesaw, not yours. No, you can't play ball here, it's my place." No, it's our place -- it's our playground.

Now it's time for you, gentlemen, just like it is on us, all the people that visit us, just to do a little extra thinking, a little brainstorming about what we can do to build that playground beautifully -- whether it's some paint, whether it's refurbished materials that can possibly prosper when a child falls -- be a little safe haven, whether it's just that person who's supervising so that the people who are playing with the jump ropes aren't manipulating the jump ropes so that no one else can play.

So in closing (laughter) --

SENATOR WHELAN: He's your Councilman. (laughter)

COUNCILMAN DELGADO: Everyone tells you -- I'll continue on.

I'm going to close by saying we welcome the help,; but I'm going to stand firm to say if someone's going to dictate to us about what should happen in Atlantic City, be a part of Atlantic City. Get some sand in your shoes before you try to think what's best for Atlantic City. We welcome that. Thank you.

SENATOR WHELAN: Thank you, Councilmen; thank you, Mayor.

Senator Van Drew.

SENATOR VAN DREW: Thank you, Chairman, and Mayor, Council -- it's good to see you, and thank you for being here and thank you for your advocacy for your residents and the citizens of Atlantic City. And I know you have tremendous challenges in front of you. And I believe you're right: We don't need another city within a city. But at the same time, I was glad to hear the Mayor say -- and I'm sorry, I was out for a few minutes, I got you at the end of it -- that we welcome a partnership. And in that partnership, I think where we do have the areas that put additional strain on law enforcement, additional strain on the infrastructure of Atlantic City, if the State can be part of that in helping with some of the enforcement issues around the tourist districts -- if the State can be part of it and helping when you have millions of people, literally, go through those casinos and your Boardwalk and the areas around it. That perhaps is part of that, if the State is involved with the enforcement part. And I don't know if it would be through DGE or if it's the State Police, or exactly how we're going to that. I would hope that that would be something, maybe, that -- in conjunction, and in partnership, and with your input -- we could work with you on that and look at doing that. It's such an important piece, because you're right: We always talk about-- And there is a lot of good, and there's a lot of good just indigenous to Atlantic City, and there always has been in your rich history; but at the same time this is what puts a lot of strain you all as well. So if the State can help and partner with you on that, I hope that you would be receptive and welcome to that.

MAYOR LANGFORD: Absolutely, our arms are open. We welcome the opportunity.

SENATOR VAN DREW: And we appreciate that. Thank you very much.

That's it -- I'm good.

SENATOR WHELAN: Thank you.

Senator Sarlo.

SENATOR SARLO: Thank you, Mr. Chairman.

Good afternoon, gentlemen, and Mayor, and Council members -- thank you for being here.

Mayor, were you contacted at all -- I mean, we read that you were not. You had no input whatsoever into the Report?

MAYOR LANGFORD: No input whatsoever; I was not contacted.

SENATOR SARLO: So basically, you, like the rest of us, heard about the Report through the media when it was announced the night before?

MAYOR LANGFORD: That's correct.

SENATOR SARLO: With regards to-- I'm a local mayor, much different than Atlantic City -- small, little town in Bergen County. But we're all grappling with this 2 percent cap, this new 2 percent cap, and what does it really mean, and the impact it's going to have on municipal services. I know the lay-off plan for the police -- 20 or so; we talked about this this morning a little bit; it was 20 or so in September, but there's a potential of another 20, and then you're looking at next year's budget. With your current budget, there's no way you could provide more officers to this region, or to this district, is that correct?

MAYOR LANGFORD: That's correct.

SENATOR SARLO: You would need State money or money from this casino fund to provide additional police.

MAYOR LANGFORD: If we're talking about adding to our numbers, certainly I would need assistance from some other entity outside of Atlantic City, correct.

SENATOR SARLO: Would you be supportive or opposed to a separate type of police force in this district?

MAYOR LANGFORD: Well again, that is not unprecedented. We have a State Police presence in the City of Atlantic City right now, in a district that has been specifically carved out. That district has worked in concert with and in cooperation with the Atlantic City Police Department, and thus far it has worked wonderfully well. I don't envision a situation where if, let's say, a Boardwalk district was carved out and the State Police were marshaled to patrol that area -- I think that it could work in cooperation, and in conjunction, with the Atlantic City Police Department. Again, I think the benefit in that for residents of Atlantic City is to the extent that we have another law enforcement entity patrolling a certain section of Atlantic City. It then affords us the opportunity to take what resources we would have otherwise had to assign to that district and put them back in the neighborhoods. So everyone wins, from our perspective.

SENATOR SARLO: Just one final question: The Report -- I'm not going to mention, or read the paragraph -- I mean, there was a statement that was pretty harsh on Atlantic City. Was that necessary?

MAYOR LANGFORD: Let me say this: I'm not going to get pulled into a back-and-forth whether or not the Governor slighted the Mayor. You should know that I did speak with a member of the Governor's

staff who fell on his sword, and I'll take him at his word. And so I'm going to charge it to the Governor's head and not to his heart -- it was a misstep, but that's not what's important. What's important is where we go from here. The Governor made some comments, and what has been asked of me repeatedly is my reaction to his statement that Atlantic City, historically, has had some problems with crime, and historically government was been inefficient. That happens to be true -- I don't take that personally. My challenge is to make sure that we move away from that and have Atlantic City reach her full potential and become all that she can, should, and must be, going forward.

Just as I could quickly point a finger to the State of New Jersey. The State of New Jersey-- If you compare the State to the other 50 states in the union, I think you would conclude that historically the State of New Jersey has had some problems with corruption. I think you would have to conclude that State government has been woefully inadequate and has been ineffective and inefficient. That's not something that I would lay at the feet of this current Governor, and so I don't take his comments, with respect to what he said about the City of Atlantic City, personally. I think all of us need to get past finger-pointing. Let's stop looking in the rear-view mirror about what was -- it's not important to me how we got to where we are. As I said, we all may have gotten to the point where we are, having arrived in different boats, but make no mistake about it: We're all in the same boat now. And unless and until we drop our oars in the water and row simultaneously in the same direction, that boat is not going to be successful -- it's going to sink. But to the extent that we do lock oars and row simultaneously, greatness is ahead for us.

SENATOR SARLO: Thank you.

SENATOR WHELAN: Assemblyman Burzichelli.

ASSEMBLYMAN BURZICHELLI: Madam Speaker-- I thought Madam Speaker, and then I'll go and I'll close out.

ASSEMBLY SPEAKER OLIVER: Thank you, Assemblyman Burzichelli.

I just have a quick question: Describe for me the direct benefit to the City of Atlantic City relative to real estate taxes that are paid by the casinos and the "resorts" that have been given that designation. Do you benefit wholly from all real estate taxes?

MAYOR LANGFORD: Certainly we could do better, and I think we should do better. But the formula is roughly 70-30. That is to say that the casino properties -- their holdings, the real estate holdings of the casinos -- account for about 70 percent of the property tax paid to the City of Atlantic City. The other 30 comes from, basically, residents. What I would really like to see, with all due respect, is for the State to get their hands out of our pockets, so to speak. When you consider the real estate holdings by governmental and quasi-governmental entities in the City of Atlantic City that do not pay taxes, that's what hurts us. And so the CRDA has tremendous holdings in the City of Atlantic City. We derive no benefit from that. The South Jersey Transportation Authority, the Sports and Exposition Authority, the Board of Education, the Housing Authority, even our churches, the Convention Center -- so when you look at all the property that is owned by governmental and quasi-governmental entities and agencies that do not pay property taxes in the City of Atlantic City, that

hurts us more than anything. So if the State could take their hand out of that pocket, to use that vernacular, we would be better served.

ASSEMBLY SPEAKER OLIVER: Has there ever been a history of any type of in lieu of payment to the City of Atlantic City?

MAYOR LANGFORD: The reverse has happened. And this gives me an opportunity to speak about, once again, the collaboration and how the City has assisted to foster this climate and environment which is tourist-friendly.

The Walk would not have become a reality had it not been for the City issuing a PILOT program -- a Payment In Lieu of Taxes -- which was able to bridge the gap, to have them structure the financing that allowed that plan and that project to come to fruition. To your point, again, the reverse has happened. Of the 566 municipalities across the State, I think all but two are able to enjoy some type of hotel tax. The luxury tax, which was usurped away from the City by the County, those monies used to go to the coffers of the City. We no longer get those monies. This property -- this is really the New Jersey State Convention Center, located in Atlantic City. We don't control it, we don't manage it, and really derive no remuneration directly from it. And so to the extent that the State, again, gets their hands out of our pockets, we'd be better off for it.

ASSEMBLY SPEAKER OLIVER: Thank you very much, Mayor.

SENATOR WHELAN: Assemblyman Burzichelli.

ASSEMBLYMAN BURZICHELLI: Mayor, welcome to this hearing, but I appreciate the welcome to your City. And to the Councilmen as well, I say the same thing.

I live up the road -- I serve as Mayor of Paulsboro. We have some similar issues, but we don't have the Atlantic Ocean, and the other amenities that give us such great hope and promise.

SENATOR WHELAN: The Delaware River. (laughter)

ASSEMBLYMAN BURZICHELLI: Yes, the Delaware River.

MAYOR LANGFORD: No comparison.

ASSEMBLYMAN BURZICHELLI: I'm comfortably nestled between oil refineries -- you talk about challenges.

But I want to say to you, and as we close out some of these questions: First of all, I've always felt welcome here, and I feel safe here. And I'm an advocate for this City. I've always been well-treated here, both in my official capacity and as someone unknown as a guest.

We all recognize that there are struggles. But as you had mentioned and I think I'd said earlier, we're at an interesting juncture here, but we are at a place of great potential, if we're smart. And this is a particularly challenging moment. We're fighting a down economy, we're seeing new competition, and now we have a race to reinvent ourselves. But just like General Motors didn't pay attention to the signs until it was too late and they had to restructure, some of our casino partners lived high off the hog for many years thinking it was never going to end -- even though, in fact, some of the ending happened because of their own corporate decision in other locations.

So I just wanted you to hear a voice from me that there is support for Atlantic City. Now keep in mind, we don't have our heads buried in the sand. Some of the comments in the Hanson Report, which we take just as a report -- we don't know how they got (indiscernible), we don't

know the details and circumstances -- but it does speak of efficiencies and things of that nature. And I think what will happen in this process, especially when we talk about this zone and how that's managed -- that will be a subject of a separate hearing and it will have to be a legislative process. So of course you'll be thoroughly engaged -- it couldn't happen any other way. Because we have to figure out what this means, what it looks like, and if it does work.

And I would suspect that when we get to that point, we'll rely on you for some clarification of what steps you're taking to maybe not have the same circumstances if, in fact, the things they've quoted are real with regard to the financial side.

And I'm optimistic you're able to address those, and I get a sense of your tone that you're looking forward. So you will be part of the process, as Mayor, as Council people, that will have significant impact for decades to come. And that will follow after these hearings, I'm sure.

MAYOR LANGFORD: Thank you, I appreciate it.

SENATOR WHELAN: Any other questions or comments (no response)

Thank you, Mayor and Council.

MAYOR LANGFORD: Thank you -- appreciate it.

SENATOR WHELAN: We look forward to working with you as we go forward on this.

We're going to have our next panel, Nick Hecker -- I see Nick in the back -- from Och-Ziff/Hard Rock. I thought Kevin DeSanctis was somewhere in the room -- oh, Kevin is here. Kim Butler from the Cordish Company -- that's The Walk, in the vernacular. Come on up, Kim. And

Melanie Brenner, Poker Voters of America, who is going to talk a little about internet gaming.

The order I have here, we'll go Kevin first, then Nick, then Kim, then Melanie, if that's all right -- the way it's written on the agenda.

And thank you all for coming in, and I don't know if we're too far off on this schedule we told you when we had a chance to talk.

ASSEMBLYMAN BURZICHELLI: Probably by a half-day.
(laughter)

SENATOR WHELAN: Kevin.

K E V I N G. D e S A N C T I S: Thanks for inviting me, Senate President Sweeney, Assembly Speaker Oliver, Chair Whelan and Chair Burzichelli.

SENATOR WHELAN: Can you get that mike a little closer, Kevin? I know you're a soft-spoken guy.

MR. DeSANCTIS: Yes, my wife tells me I'm a low-talker
(laughter), so I apologize.

I think I was invited here today just to make sure that I'm for real, and the project's for real. And I think all I want to do, I just want to share a few thoughts with you on what we're doing, where we think we are, and how we've approached our thought process here in Atlantic City.

I've heard several comments from earlier speaker who have talked about all of the things we have to do. And a big part of what I believe we have to do is have a comprehensive and holistic thought process on how one develops in a city like this. And as you know, Senator Whelan, our thought process has been to not only develop a project, but we have

several other pieces to the project that I think are critical to the development of Atlantic City.

I'll just go through a few of the items that -- where we are and what's happening -- because although I know that most people believe that the project has stopped, the reality is that it has slowed but a lot of work continues to go on. And what we're waiting for right now is to work through the equity sale -- Morgan Stanley's equity sale -- and then go straight to the financial market to get this project started again.

Right now, we have a roadway program that will start in August; it will take about 12 months to get done. It's about a \$60 million program. You will see that work starting very shortly. We are also replacing the Boardwalk between New Jersey Avenue and Rhode Island Avenue -- that work starts next week, and that will be about an eight-month project.

We have a beach replenishment plan. I think what most people don't know about Atlantic City is that there is a tremendous amount of money spent by dumping sand onto the beach, and then what happens, invariably, is the sand heads to Cape May. And that happens fairly quickly.

SENATOR VAN DREW: There's good and bad in that, by the way. (laughter)

MR. DeSANCTIS: We appreciate Cape May -- it's very nice.

What we're doing though is, we worked with the DEP and the Army Corps of Engineers to create a closed system in front of our property that basically adds two groins to what are currently existing jetties; putting in wave (indiscernible) waders, and then we'll dump the sand in. So basically the sand erosion will stop and you won't have to continue

dumping sand onto the beach. Actually, the biggest issue that we think we'll have on a longer term basis is the sand will build too much, and we may have to pull sand out of there, which would be a great problem to have. That program will start in March of this coming year, and that program will take about four months.

In addition to that, the Mayor may have talked about some of the eyesores in town, but there are two programs that we have going that we worked with the CRDA and the City about: one, is taking out the back of Garden Pier, which is pretty much an eyesore; and refurbishing the front of Garden Pier. And the second piece is we're funding a demolition program to help the Southeast Inlet. Now the demolition program is part of a much larger plan. We created, in 2008, a comprehensive master plan for the South Inlet, and that inlet not only embraced project development for the industry, but it embraced housing, it embraced the community, and basically it's a total plan for the future of the South Inlet. And although Senator Lesniak isn't here right now, he has championed some initiatives from the Economic Redevelopment (*sic*) growth grant that we're looking to apply for when we get our additional financing that, I believe, will be very, very productive. And I think it's probably one of the most powerful development tools that this State can have. I think it's an excellent tool, and I will be extremely supportive of that.

So those are the types of things that we're working on. I'll just give you a quick snapshot on what we're doing with the project itself. It's at a point where the structure, the enclosure, is complete. We are in an interior fit-out situation. When we achieve our final financing, which I

believe will be before the end of the year, we'll be in a position to complete the project within 18 months. Thank you.

SENATOR WHELAN: Thank you very much.

Nick Hecker, please. I think we need to pass that over, Kevin.
(referring to PA microphone)

MR. DeSANCTIS: Oh, I'm sorry.

NICHOLAS E. HECKER, ESQ.: Thanks.

My name is Nick Hecker. I am a principal at Och-Ziff real estate, which is a real estate investment firm based in New York.

Och-Ziff real estate currently owns a 10-acre parcel at the southern end of the Atlantic City Boardwalk. We took control of this parcel in 2008 when a prior group abandoned their plans to develop a multi-billion-dollar casino project, given the state of both the capital markets and the Atlantic City market at the time. Since that time, we've been evaluating whether to pursue a major, new casino development on the parcel.

We believe that a rightly sized, high quality, new development can succeed in today's Atlantic City. Further, we're hopeful that the success of such a new project will serve to validate the market for other large investors. And we are especially heartened by the renewed focus on Atlantic City by various stakeholders, and we believe that the partnership that was outlined by Governor's Christie Commission can be one very important role in the market's revitalization.

Over the past year-and-a-half, we have actively supported Senator Whelan's effort to amend the Casino Control Act to allow developers to open new casino projects with a lower number of hotel rooms

than is currently required, with the balance of the rooms permitted to be phased in over time. In light of this pending legislation, Och-Ziff real estate joined forces with Hard Rock International, who would brand and manage an approximately \$400 million project that we would fund.

We believe that a Hard Rock project in Atlantic City would have an enormous and immediate impact on the market in terms of generating new jobs and tax revenues, removing blight and underutilization of property on the Atlantic City Boardwalk, creating positive momentum, and giving patrons a new reason to visit a market that they may have otherwise abandoned.

To be clear, we are prepared to move on this project. However, our Hard Rock project is only possible if Senator Whelan's legislation passes. As many in the gaming industry acknowledge, the old model of casino development -- which was the bigger the better -- no longer makes sense, given both the economic environment and substantial new regional competition for Atlantic City's casinos. Reform that permits a staged development will allow private capital to undertake a major new casino development project in Atlantic City, notwithstanding the near-absence of traditional financing. We think it's noteworthy that this legislation does not ask for the creation of any new public assistance measures. Instead, it will simply lower barriers to private capital investing in a market that desperately needs new development.

We do appreciate that certain interests oppose this legislation. Some argue that the last thing that Atlantic City needs is more competition, or that the passage of time will allow Atlantic City to recover and regain its competitive footing. However, we believe that new development may be

the only thing that can save Atlantic City, which, considered as a whole, now has amongst the oldest casinos in any gaming jurisdiction in the country. We believe that absent fresh, new development, Atlantic City will only continue to see its competitive position erode, including its tax revenues and employment base.

We believe that all of the various efforts proposed, both at this Summit and in the Governor's Report, are positive. And we are hopeful that this particular bill, which was unanimously approved in its Senate Committee in May and could result in the immediate introduction of a new, \$400 million development in the market, can proceed through the Legislature rapidly.

In closing, we are eager to have the opportunity to invest in this marketplace, but time is of the essence for us. We have spent nearly two years on this effort, and during such period, conditions in Atlantic City have only continued to deteriorate, notwithstanding the significant time, effort, and investment that we have expended to date. If Senator Whelan's bill is not enacted in the near future, we will have no choice but to reallocate our capital to other opportunities.

We stand ready to work with you, with the Governor, and with others in the Legislature to make this new casino project a reality. Thank you.

SENATOR WHELAN: Thank you very much, Nick.

Kim Butler, from Cordish, otherwise known as The Walk.

K I M B U T L E R: There we go. As a former radio person, I'm not all that comfortable with a microphone. Okay.

Thank you Chairman Whelan, Co-Chairman Burzichelli, as well as President Sweeney, Speaker Oliver, and esteemed members of the panel.

My name is Kim Butler. I am the General Manager and Marketing Director for Atlantic City Outlets, The Walk, which is a development of the Cordish Company, based out of Baltimore, Maryland.

Don't go away, because I don't know how to change the page.
(laughter) I'm technologically challenged, as well.

Just to give you a brief history of our project: When the new Convention Center was built, there was a desire to create a pedestrian corridor that would connect the new Convention Center with the Boardwalk. There were several failed attempts by other developers. CRDA and Cordish struck a deal. And it was really the genius of David Cordish to create the destination within the destination, and make the retail shops the outlets so that it would become a destination.

The strength in creating economic powerhouses in underutilized, urban areas is the brand of the Cordish Company, and that's exactly what we've been able to do here in Atlantic City. We've been able to attract the best names in retail and in outlet. And that's only one part of it. The other part of it is the attention to the design; the widening of the sidewalks; the attractive landscaping; and that recurring theme of clean and safe, which is a staple of every development that we do; as well as an investment in security. When I interviewed for the position, my very first question -- and the most important question -- was: What was their commitment to security here? Because it would only take one event for the public and for the residents to turn around and say, "This will never work

here.” And fortunately this Company saw that, understood that, and has stood by it over the past seven years.

Where do we go? Next one.

Phase 1 opened -- grand opened in 2004; and actually, on Sunday, we will celebrate the seventh anniversary of the very first store that opened, which is the Nautica store, which opened in 2003. By the end of 2003, we had approximately a dozen stores open. And then throughout 2004 and 2005, we completed the rest of Phase 1, which came to a total of about 50 stores or more. Again, that commitment to clean and safe resonated throughout the casino industry, as well as throughout the tourist community and the local residents.

Another theme that we’ve heard here all day long today is about jobs. That was stated as the main focus. I will tell you that Phase 1 and Phase 2 -- which we’ll talk about -- came to about 1,200 jobs, half of which are -- our employees are Atlantic City residents. So in addressing several concerns that we’ve heard here today, I think we’ve done a model job of what can be done with deference to President Sweeney’s private-public partnerships.

Phase 2 was built on the success of Phase 1, because retailers wanted in at The Walk.

SENATOR WHELAN: You have to go back again, Kim.

MS. BUTLER: He’s got to tell me how to do that.

Thank you.

Within two years of Phase 1, planning for Phase 2 began. In August of 2007, we added an additional 40 retail locations. I will tell you that that grand opening was spectacular. We had a group that nobody had

ever heard of yet, called the Jonas Brothers. We closed down Michigan Avenue. They came, they performed. We had motorcycle jumps. The police chief at the time swore that if anything happened he would have my head. But we had a fabulous event. We closed down the street. We had thousands of people -- little 14-year-old girls who came out at 8:00 in the morning. The concert wasn't until 3:00 that afternoon. And despite my years in broadcasting -- in radio -- I finally knew what it was like to be a rock star when I had to get up on that stage and introduce that group. And the screaming girls were all there.

I say that because when we talk about events, and we talk about entertainment, and attracting families, and attracting a different clientele to Atlantic City, that's exactly what we have been able to do. Phase 2 also had some fears amongst people that we would cannibalize retail; that maybe Atlantic City could only sustain one phase. With that, the Pier was coming on line, the Quarter was coming on line. At which point I'm happy to tell you that not only did we not cannibalize retail, we grew retail. We grew retail in Atlantic County and retail in Atlantic City as well.

Again, the new entryway into Atlantic City, with a landmark brand like Nike; the success of the Coach store that moved from Phase 1 into Phase 2 -- it doubled the size of its space. And by the way, on most weekends, I cannot help you. There is still a line to get in, and I have no pull. (laughter) It's a nice problem to have.

Moving forward to Phase 3: In 2010, you see the construction continues today on Phase 3, which will host an additional 45,000 square feet of retail space that will translate to about 10 to 12 new retail locations,

complimented by CRDA's new parking garage as well. Leases are currently being negotiated, and tenant announcements are expected in the near future. And in early 2011, we anticipate celebrating the official opening of Phase 3 as well.

Dr. Posner spoke earlier today of a fresh, new product. And that brings us -- it's a great segue -- into Phase 4, which is the AC Live district. We are currently in negotiations with CRDA for approvals to move forward with our next expansion of AC Live. This will be a game-changer in Atlantic City, offering restaurants, night life, and live entertainment. You need only look at the success of the other Cordish Live districts across the country -- such as Baltimore, which has been mentioned earlier; Louisville, Kentucky; Kansas City, Missouri -- to understand how these developments have taken urban areas within their cities and revolutionized them into popular destinations and economic powerhouses.

A third-party report supports the potential success of a live district in Atlantic City when marketed to a segment of visitors identified locally as the *Borgata Crowd*. This group of young entertainment seekers wants to party. They'll gamble occasionally, but they're really here to have a good time. And their needs are not necessarily being met in the larger regional cities.

Just to show you a little bit of how the market has changed, in 2004, the Atlantic City Convention and Visitors Authority commissioned a visitor profile study. At that point, keep in mind, we were barely a year old and probably had not celebrated our grand opening yet. Eighty-five percent of the visitors came to Atlantic City to gamble. Two-thirds of them were day-trippers, and 96 percent of them were repeat customers. We actually

showed up in the visitor profile report as an experience that people enjoyed doing, but it really depended upon what casino they were at first as to whether or not they would come and shop at -- particularly at that time -- at The Walk.

Jump ahead four years to 2008: Again, the Atlantic City Convention and Visitors Authority commissioned a profile that was done by Spectrum Gaming. One-fifth of those surveyed reported coming to Atlantic City more frequently. Twenty-eight percent cited shopping as a primary reason to come to Atlantic City. Profiles of our shopper: visit Atlantic City six times a year; it's approximately someone of the age of 45, more than likely female; and the average spend of this visitor is about \$310, and of that, \$175 gets dedicated to shopping. That's about 15 minutes in the Coach store. (laughter)

SENATOR WHELAN: I'm used to that.

MS. BUTLER: But we move on from there.

That's an interesting stat, because it really mirrors what our database is. We have over 50,000 people in our database. We also find that the lure of tax-free shopping is a marketable attribute that has not been used to its full extent. There is tax-free shopping here on apparel and shoes. Our New York counterparts do not have that luxury; even in Maryland. I attended a press conference on Monday with the state comptroller because they were having a tax-free shopping week in Maryland. So it's certainly an attribute that we have not promoted that we can. It's particularly important to our New York market, which is about 25 percent of our database.

The Cordish Company has invested tens of millions of dollars in development and will continue to be a major player in the development of Atlantic City as a world-class destination resort. In a time where struggling is the norm, I'm happy to report that our business is solid. We thrive on all segments of visitors -- we thrive on conventioners, we thrive on our seasonal tourists, we thrive on our residents, as well as our day-trippers and gamblers.

Just to leave you on an up-note: This past June, one-third of our retailers, approximately 30 retailers, experienced their single best June since 2003. So I just wanted-- I always like to leave on an up-note.

Thank you.

SENATOR WHELAN: Melanie Brenner.

MELANIE BRENNER: I want to thank you all so much for this opportunity.

I'm thrilled to be a part of this conversation as New Jersey looks to address the challenges of a changing gaming landscape.

Who we are: I am the Executive Director of Poker Voters of America. We are a 501(c)4 organization that is charged with fighting for the same consumer protections for people who play online as those who play in brick and mortar casinos. We are funded by our small membership, as well as by those operators -- some who are in Europe, some who are in the U.S. -- and vendors who are looking for a way to begin the operation of online gaming in the United States.

We spent the last three years learning about the industry and best practices. We spent a great deal of time in Europe talking to those who have been doing this for a number of years. So when we talk about the

solutions to the questions that come up on online gaming, we're not reinventing the wheel. We're going to those who have been doing this for some time and who are the best in the business.

We've been using this expertise now to help states develop online poker legislation by providing our expertise and resources. We're currently working in the state of California, where we expect our legislation to pass this year. We had a bill that was in the senate that was held up, but we now will have it passed out of that committee in the next couple of weeks, and we have assurances that it will move forward. We're also working in Florida, where we introduced legislation in the 2010 session and will reintroduce that bill in 2011. And we've just begun a conversation in Massachusetts as they're looking at the opportunities that are available through online.

One of the things that I usually do in a presentation that I'm not going to do here -- because I think New Jersey is a lot farther along than a lot of the states, with Senator Lesniak's bill -- is really explaining just what online is. Usually we start off with an AV presentation, where we actually bring in a laptop; we go to Google and do a Google search of online poker. What you will see is about 450,000 sites that come up. We go to one of those sites. We bring it up, and we show that it's 2:00 in the afternoon. And at this one particular site -- just one of many -- there are 245,000 people playing online poker -- just online poker -- at that time. We estimate there's about 300,000 active online poker players in the State of New Jersey.

One of the things that I feel is important that I point out from my organization is that the legislation that you are looking at really does

not work for a poker system. One of the things that's necessary for poker is that players have a game at any time of day that they go on. With 13 individual licenses, you don't have what's called *player liquidity*, or enough players in the system at a time, to do that. So I'm hoping, if you move forward, that we can have a conversation of creating some sort of mechanism that has a pool system for poker specifically.

(cellular phone rings) If that's for me, just take a message. I'm kind of busy. (laughter)

One of the things that certainly you're aware of as you move forward with your legislation is the Unlawful Internet Gaming Enforcement Act that was passed in 2006 -- that they're still working on the Federal level to either amend or overturn. My organization was created with the recognition that that might not happen, but that the UIGEA clearly allows for an intrastate system. So that's why we've been working directly with the states to help create that. America remains the world's single largest online gaming market in spite of the UIGEA.

I just share some poker numbers with you because I think numbers are always a very critical part of this. But we estimate that there's about \$83 million in gross revenue in the first year of operation for online poker. With a 15 percent tax rate, that's about \$12.5 million to the State, with about \$42 million available for the license holders in the state.

I could do a longer presentation, but I think we've all been here for a long time. But I'm very happy to answer any questions that you might have about online gaming.

SENATOR WHELAN: Thank you.

Assemblyman Burzichelli.

ASSEMBLYMAN BURZICHELLI: Thank you, Chairman.

A few comments, and then just a few questions.

First of all, the success of The Walk has tormented me personally on Sundays, (laughter) when Janice insists on driving from Paulsboro to Atlantic City to go to Coach. And then I get to stand in line, listening to conversations I have absolutely no idea what's being spoken about. And then once inside the store, it's just-- Frankly, the success is amazing.

And the only thing I'll ask you is -- some of the Miss America nostalgia along some of the walkways -- it's probably time for refreshing.

MS. BUTLER: We are doing that.

ASSEMBLYMAN BURZICHELLI: And it just contributes in such a grand way to the entrance to the City. And the continuation is, I think, encouraging for all of us.

And for the smaller-room casinos in the phase-in -- I'm very pleased to be supporting Senator Whelan with the Assembly bill, at the direction of the Speaker on the Assembly side.

And to Kevin, in Revel -- you've mentioning the fact that things are still happening -- you have got a challenge in front of you, but also great potential. I was listening to the presentation being made about the potential for the different (indiscernible) to start. I don't think that means that Revel, in their opinion, doesn't have a big chance for success. You just happen to be caught in a financial market.

And as I mentioned earlier, we have the same issue with Xanadu in the Meadowlands. So if the Governor's willingness to be involved -- meaning, to bring the State apparatus in to provide some kind of

gap structure to jumpstart that -- that's immediate jobs. And being helpful to Revel, as Senator Lesniak mentioned, to jumpstart and help you get to the finish line -- that's immediate jobs. Then to fit out the bill and then, of course, hopefully the financial markets will be in a position that you'll be up and running sooner than later.

So please know that as I sit here, as the Chairman of the Regulatory Oversight and Gaming, along with Assemblyman Caputo -- that we are pulling for you. And we know your hair is not gray because you just simply let it go gray. We know that the challenge that you have in front of you is -- just a wild time to try and pull these things together.

And now I'd like to turn attention -- because in Ms. Brenner's presentation-- We wanted to hear from someone about Internet gaming because we worked, on the Assembly side, with great detail. And it was a matter -- an issue of timing. And a number of us have made trips to the nation's Capitol to get a sense of what's happening at the Federal level. And we came away convinced that nothing's going to happen there in the short-term.

We also share your opinion -- those of us who have been studying this at the direction of the Speaker on the Assembly side -- that there is an opportunity for states. But there are some questions unanswered about the Wire Act and how a person with a credit card can play and pay if the credit card is phased out.

But for Atlantic City's purposes, and New Jersey's purposes, what happens-- How do Atlantic City casinos benefit if the people of New Jersey were to be accepting of establishing an intrastate Internet gaming regulatory environment? How does Kevin's group make money? How does

the Hard Rock operation-- What happens? How does it benefit Atlantic City if people are sitting home and gambling?

MS. BRENNER: Well, first of all, I do have to say you have already benefited because I came and spent quite a bit of money yesterday at your shops. (laughter)

But very specifically, what's going on right now is a question of cannibalization. This is happening. These same players who are playing online are doing it now in an unregulated system offshore. And these license-holders in your state are not getting any of that revenue. What we're looking at creating is a system where they can be a part of that.

Now, specifically, legislation that we're proposing in other states creates a system -- again, this is a poker system. And I'm sure that it can be adapted in your -- full, online casinos -- but where the existing casinos have their own portals that bring people in. And they are getting the revenue which currently, now, is going to offshore, unregulated sites.

ASSEMBLYMAN BURZICHELLI: So what does it mean in respect to potential jobs? I mean, are there new jobs, or it's just, for example, Harrah's will just simply establish a department within? And in our case -- in New Jersey, our Constitution is very specific about games of casino-type can only be in Atlantic City. I mean, when you look at other states-- Some of us are of the opinion that maybe a constitutional amendment is going to be required to allow for intrastate Internet gaming.

MS. BRENNER: I understand that. One of the questions that was brought to me when we had a conversation about this earlier -- and we have retained, I think, one of the top attorneys in the state to help us with that -- was your question about the Wire Act and the pure legality of

creating an intrastate system. So we have retained Lloyd Levenson to work with us to give us an opinion on that.

The other question about Atlantic City and would it require actually a constitutional amendment -- or could you create a system where the servers and the gaming is actually held in Atlantic City, although it's being played somewhere outside of that. And we're looking for an opinion on that as well.

ASSEMBLYMAN BURZICHELLI: And likewise we are, on the legislative side, investigating that. And, of course, we all have great faith in Lloyd's infallibility with respect to being knowledgeable. But we're going to have to pursue those details. Because the brick and mortar casino is facing competition a hundred miles from here. Now the question becomes: Is intrastate -- Internet intrastate gaming in their interest -- in our interest, I mean? I'm of the opinion it is. And the question is of structure. And we have more questions than answers at the moment, but we don't want to be left behind in this.

MS. BRENNER: I think that's why I'm so thrilled about being here. That's the role that we are playing in the states in which we're working -- is to be the resource for those questions and to bring in those who are experts on each of those issues to help you as you create the regulation, as you set up the systems, and make sure that you have a system that is successful and sustainable.

ASSEMBLYMAN BURZICHELLI: And I'll close on this-- I know I've taken an inordinate -- as some might suggest -- an inordinate amount of time on the Internet conversation through this process this morning. But this is one of those areas of growth that we're trying to

understand legislatively that we really do have a role in. Because it's going to require regulatory environment and some other things to happen.

Now, the group you represent, the people you represent-- We have 11 casinos. We have how many license-holders, Jim, at the moment?

SENATOR WHELAN: Seven.

ASSEMBLYMAN BURZICHELLI: So we have seven license-holders in Atlantic City presently. You represent a large number of people. If we were to have a regulated environment, how do your people get involved with our people? I'm always curious about people's interest and why you're here. I mean, education we appreciate. But someone must think they can make some money somewhere. We have seven license-holders.

MS. BRENNER: Oh, absolutely. That's why I said, "In full disclosure," in the very beginning. I am funded by -- I have a membership base of about 1,200 people who are small members, giving members. And then I am funded by a card room in California, a software provider from Colorado, an operator in the U.K., and several others, which I am happy to provide to this organization. They support us because they see this very lucrative U.S. market, and they want to figure out how to get in. And we are trying to find that solution for them.

ASSEMBLYMAN BURZICHELLI: And I thank you for your contribution today. I suspect as we have committee hearings, we may like to call on you again.

And let me-- I'm sorry, Chairman, if I may, to Kevin: Is there a single thing -- this fact-finding process we're in, heading to legislation -- that you see we could do to be more helpful to you, Kevin, as far as -- as

you're approaching the marketplace for completion funding? Is there something else for us to do? I know there's been some tax incentive talk, and we've moved some things. Is there something-- What do we do next to help you from the legislative process?

MR. DeSANCTIS: I really think the ball is in our court. I believe everybody's been extremely helpful. Not ultimately -- when I go to market -- before I go to market, I'd like to have some conversations with the right folks to make sure that the ERG is a potential for us to get completed. Because ultimately I am much more interested-- I think our place is going to be terrific. I think it's going to be a great place. I'm not worried about people coming to it. But I think what's on the outside of this place is going to be as important, if not more important, than what's on the inside. And I'm not just talking about our little neighborhood. I'm talking about the entire South Inlet. So I think that that's critical.

ASSEMBLYMAN BURZICHELLI: Very good.

Thank you, Chairman.

SENATOR WHELAN: Any other questions?

Assemblyman Caputo.

ASSEMBLYMAN CAPUTO: Obviously, Kevin, I know of your reputation -- outstanding. Let me ask you: What is the amount of the -- remaining amount of the financing necessary to complete Revel?

MR. DeSANCTIS: Well, there's two pieces to it. It was a little bit easier to answer before Morgan Stanley decided to exit the investment. It's approximately \$1 billion to finish this. There will also be some consideration from Morgan Stanley, and that's in negotiation.

ASSEMBLYMAN CAPUTO: And their decision to walk away, how was that-- How did that crystallize? What were their actual reasons? Did they look in a crystal ball and say, "We can't make money in Atlantic City?" What was their forecast?

MR. DeSANCTIS: Obviously, I cannot answer for Morgan Stanley. I can tell you that they told me that they were still very bullish on the project. I believe -- and this is my opinion, not theirs -- that a lot had to do with the change in banking regulations and their becoming a different type of entity. You know, Wall Street has gone through a tremendous amount of changes. And I believe when we started out in 2006 it was a different world, and I believe that they want to be prepared to go in a direction that's accompanying it. So I think it absolutely had nothing to do with this particular investment.

ASSEMBLYMAN CAPUTO: But they had been committed to the project.

MR. DeSANCTIS: They committed a significant amount of money.

ASSEMBLYMAN CAPUTO: Was it anticipated in the beginning that you would have other investors? Was that part of the structure?

MR. DeSANCTIS: Well, the original structure-- That's a great point, because we lose something in history. The original structure was that Morgan Stanley would have a small interest, and it would be financed early on -- probably in the 2007 timeframe. And I believe it was in August of 2007 when the market started to crater a little bit. Nick would know better than I would. And so they stepped up to the plate, frankly, and continued

to fund the project thinking it was just over the rising when the market was going to come back.

ASSEMBLYMAN CAPUTO: They were seeing through it, right.

MR. DeSANCTIS: Right. And so we worked ourselves to a certain point where it's time for them to go in another path.

ASSEMBLYMAN CAPUTO: Well, back to the marketplace. Your success in this project is going to be more important, in my opinion, than anything anybody does, because it will show the kind of confidence in the Atlantic City market that is necessary at this point. Everything is so condemned except for a lot of the voices that have come to us today talking about the possibilities, the potential, whatever. But yours is a referendum -- financial referendum and a confidence factor that can't be valued. I mean, it's just incredible. I think that's what-- We're at a point now where this project has to go forward somehow. And as my Chairman said, whatever we can do -- and I don't know. We can't write a check. But we certainly want to see that project completed not only because of Revel, but because of the total gaming picture in the state. That would make a big, big difference. Anybody who is interested in this has to be very interested in you and your success here. So we just can't walk away and think-- I mean, Hard Rock wouldn't even be a second thought if Revel gets approved. I mean, your bills would fly through because it would be such a confidence factor. This is really the point-- We're frozen at this point with that situation. So all of us should be very concerned about that.

MR. DeSANCTIS: Thank you.

SENATOR WHELAN: Thank you.

Senator Van Drew.

SENATOR VAN DREW: Thank you, Chairman.

I would just associate myself with the comments the Assemblyman just made. Obviously, it's just so important. You know that. And, again, anything any of us can do to make that happen, certainly we will try our best. I mean, I really wish you luck. It would be a wonderful surprise. And I hope it is going to happen to actually see that move forward. So we do wish you the best.

As far as Kim, that's what I'm talking about: clean, safe, friendly, navigable. I mean, it's a wonderful place to walk around. That's the way to do it, and that's what we need more of. It's actually an excellent example. I wish I had thought to bring it up when I was speaking in the beginning. But The Walk is an example of what Atlantic City needs a lot more of and to look a lot more like in many different places.

And the other thought I would have with that is, we speak about advertising. There's a perfect example promoting tax-free. We're tax-free on clothes. I assume that goes with purses as well, for example, if you go -- or no?

MS. BUTLER: It's apparel and shoes.

SENATOR VAN DREW: Okay. So all things that people love to buy, that are quite expensive. You have a lot of trendy stuff. And just a very, very small example. Those are the things we don't -- and that's not you all, that's just in general -- we don't do enough of. So you can come and gamble, and have a great dinner, and see a show. And guess what? We have tax-free for clothing. That's a big deal. That's a big deal to people in other areas and other states. They don't know that, and we don't talk

about it enough. That's the kind of stuff we need to do. But you guys have it right.

Finally, for Nicholas -- for Nick -- I have a couple of questions. Because I want to understand the small casino model a little bit better, because I've heard from folks on all sides of this issue.

Previously, I was led to believe that in order to really be successful, to move forward, you need a larger template, a larger model on how to go forward. There are those who say to me -- and of course I'm going to support Senator Whelan in his legislation. But there are those who say to me, "If you don't have a significant enough size, you're not going to have the signature-type of amenities within the casino." This Hard Rock would not be the same as what some people might expect out of other casinos. The smaller casinos in Atlantic City are already struggling and having a difficult time. Why would another small -- very small casino, relative to some of them, do so much better? Why would it do well? How do you have enough-- I raise a lot of questions. How do you have enough people staying inside the casino to justify enough restaurants and everything else -- again, the amenities that you would want to see in a cutting-edge, nice casino?

MR. HECKER: I guess just to your first question: I think the key differentiating factor of our project-- When it gets opened -- and assuming Kevin gets opened as well -- between those two projects, those will be the only two new projects to open in this market, other than the Borgata, in the past whatever it will be at that point -- 25 years, something like that.

New matters in this industry. People want to see new far, far more than size. And no one will walk into our project and say, "This is a small casino." They will walk in and say, "This is a beautiful, new project." And there's nothing like it in the market. And I think that looking around at the rest of the country -- going to some of the Midwest jurisdictions that were built up entirely when Trump Taj Mahal opened in '89 and '90 and the Borgata opened in '03. Massive, beautiful, new casinos were built that would compare favorably against many of the things on the Boardwalk today -- some with no hotel rooms. But the primary driver is just the attraction of having something new that just looks much different than anything here.

In terms of number of rooms-- You mentioned the statistics. It's over 30 million people a year who come to this market. We think our project would be great for our neighbors in terms of driving their occupancy, and driving occupancy in the rest of the market, just like when the Borgata opened in 2003. It lifted the whole market. It gave people a reason to come down. And, of course, we do want to grow it over time. We do want to add more hotel rooms. But I think in this capital market's environment, the path to get up and running is by limiting project costs as much as possible. And we think this is a way to do it in this market.

SENATOR VAN DREW: Anything different that it would offer? Of course the signature Hard Rock brand. I understand that it's branded that way. But -- last two questions -- anything different that it would offer that really would be so unique compared to what we're seeing at the other casinos? And I assume that your draw would be, some of the folks from other casinos that are larger would actually be going to your

casino to gamble as well because of the limited -- not limited, but smaller number of rooms that you have.

MR. HECKER: One thing I would say is what this would not be is a slot parlor. This would look nothing like what's across the border in Pennsylvania. We believe that the Hard Rock brand, and theme, and management adds a tremendous amount of value. If you've been to their properties in Florida -- the way they use the music theme to appeal to all ages.

SENATOR VAN DREW: And this would have all that.

MR. HECKER: And this would have all that.

SENATOR VAN DREW: You walk into this, and this would be, "Wow."

MR. HECKER: It would be-- Yes, in the way they do it in their Florida properties -- music that appeals across generations. We think it would be different than anything in the market. People earlier were talking about the need to reach out to a younger generation, but without alienating an older generation. We think that is entirely doable.

SENATOR VAN DREW: Sounds like (indiscernible).

MR. HECKER: And we think that would come across.

SENATOR VAN DREW: All right, thank you.

Thank you, Chairman.

SENATOR WHELAN: If I may, on that point, Senator, the bill, as drafted -- and we will probably have another draft of the bill -- but this will be included; and this grew out of concerns that existing casinos raised, as well as concerns by Och-Ziff/Hard Rock, to have more casino space. They have to have-- You used the phrase that you've heard me use

many times: that “Oh, wow,” thing. If they have 40,000 square feet of “Oh, wow” -- which I’m having a hard time defining the bill, but we’re going to get there -- they get extra square footage on the casino floor. So they’re not going to build rooms, casino space, and a souvenir stand with a coffee shop next to it. There has to be-- And frankly, that’s the value of the Hard Rock brand. They’re going to do that, because they have to protect their brand internationally at this point.

But this panel right here really does represent the future of Atlantic City, from The Walk, with the retail, dining, and entertainment that is there; the Internet that is still in flux, but it is going to happen -- it’s happening now. We just have to figure out how to harness that. Revel, which we all recognize is Priority 1 to get that finished; and the potential of the Hard Rock.

But just to be real clear, let me put this in-- You’re ready to go now on a \$400 million project?

MR. HECKER: If this legislation passes, we’re prepared to go.

SENATOR WHELAN: Right.

MR. HECKER: The caveat is -- I think everyone has seen over the past couple of years -- capital and the capital markets are fickle.

SENATOR WHELAN: So when I say now, I mean now -- you may not be there nine months, 12 months from now.

MR. HECKER: Correct.

SENATOR WHELAN: Okay. I need for my colleagues to hear that so we can--

SENATOR SARLO: If we pass the bill in the next--

SENATOR WHELAN: Month.

SENATOR SARLO: --next month or so, you guys will be able to go to work though, right?

MR. HECKER: Yes. I mean, I think everyone--

SENATOR SARLO: Start tomorrow? Only kidding.

MR. HECKER: There is obviously a predevelopment process to build in this market. We've done a tremendous amount of work. I think once we start building it's probably a 24-month build.

SENATOR SARLO: Okay. That's good.

ASSEMBLYMAN BURZICHELLI: You can't lend Kevin the \$400 million, and maybe just pick up a couple of floors out of him?

SENATE PRESIDENT SWEENEY: Senator.

SENATOR WHELAN: Senator Sweeney, Mr. President.

SENATE PRESIDENT SWEENEY: So we pass the bill -- because I know Senator Whelan has been working extremely hard on it. You could say go, when? When would you be able to secure your financing? Because we're hearing about the volatile market, and we need to move. So we pass this legislation-- Say we passed it October 1. When can you secure your financing at that point -- or your commitment?

MR. HECKER: A couple things: I would say we are-- The predevelopment process to build in this market, depending on the project, takes anywhere from a few quarters to a year to get a CAFR permit, to go through Green Acres if you need to do that. But again, I think--

SENATE PRESIDENT SWEENEY: That's not what I'm saying.

MR. HECKER: But we have staged the project and sized the project so we can do it without relying on third-party finance.

SENATOR WHELAN: And you're self-financing.

MR. HECKER: Correct.

SENATE PRESIDENT SWEENEY: That's what I'm trying to get at. You don't have--

MR. HECKER: And that's the point.

SENATE PRESIDENT SWEENEY: Listen, we have a major project right now that we're struggling to finish, and we-- Again, we don't want to raise hopes and then be told, "Well, we're going to find financing." You can finance.

MR. HECKER: Our issue is not to go out and find the financing. It's just doing it within a window before we have to reallocate our capital.

SENATE PRESIDENT SWEENEY: I think you hear us. There's a lot of enthusiasm for Senator Whelan's bill. But then if we pass it, we don't want to be standing there, staring, and saying, "What happened?"

MR. HECKER: That's two of us.

SENATOR VAN DREW: Chairman, can I say one more thing real quick?

ASSEMBLYMAN BURZICHELLI: Senator.

SENATOR VAN DREW: And on that-- He said something just really interesting. It's going to take about a year to go through the preapproval and approval process. And I say this to the Senate President as well. That's just too long. We've waited too long for this stuff in the past. And those are some of the areas we can help. And the Administration has said they have a commitment to moving this regulatory process. It doesn't

mean it's sloppy, it doesn't mean we're not being protective, it doesn't mean we're not doing the right thing. But this regulatory process that just takes too long, while people are out of work-- There's no question if we pass the bill, you should be able to go through that, in my mind -- Senate President -- we should be able to get through that process a lot more quickly. And I would be -- you'd have the support of the Senate President, the Speaker, the Governor, the Senators, and the Assemblymen that -- let's get DEP and everybody else moving on this thing. Because this stuff just takes too long to happen, and it's too expensive to happen. And that's something that we need to do. If you have the financing, and we pass the bill, that should move quicker than that.

MR. HECKER: Thank you for that, Senator.

ASSEMBLYMAN BURZICHELLI: Anyone else? (no response)

If not, we'll thank the panel for their contribution to this process. And it's very likely we'll be back in touch as this fact-finding process continues.

Thank you, all.

I'd like to call up next-- We have a selection of speakers representing the hotel workforce. We're looking forward to their contribution as well. Jim Moore, United Auto Workers/AC Dealers Union; Roy Foster, Atlantic Cape May Central Labor, AFL-CIO; Edward Boylan, Operating Engineers Local 68; and Richard Perniciaro -- I got that wrong. I'm sorry, Richard. I should do better than that -- Atlantic Cape College.

We are making a-- Are we missing one? Who are we missing? Did he leave us? Did we lose him for the day?

Is Roy here?

Well, gentlemen, first of all, welcome. Who would like to begin?

If we could ask you, because of the obvious lateness of the hour -- but what you have to tell us is equally important as those who went in front of you. But concise is very helpful. Brevity is impactful. We are all very sensitive about the jobs. That's why we're undertaking what we're undertaking -- so you can put more people to work.

Who would like to start?

E D W A R D P. B O Y L A N: My name is Ed Boylan, Operating Engineers, Local 68. We represent approximately 6,000 members who operate and maintain facilities throughout the State of New Jersey. We have members employed in the Meadowlands, Monmouth Racetrack, Freehold Racetrack, as well as Atlantic City. There are approximately 1,000 members working directly in Atlantic City. And it's very important -- the success going forward -- that Atlantic City continues to be a place keeping our members employed.

We support some of the provisions in the Hanson Report. The ability to take the money from the CRDA and continue to try to reset the clock; and utilize that money to advance Atlantic City, and to invest in Atlantic City, and market the City so that we can go back to being what the goal was 20 years ago when they started.

While I don't have the unemployment issues that some of my trade union brothers do, we are faced with unemployment here in Atlantic City. We do see the downturn with less visitors and less revenue coming in. We definitely see the impact of that. And we support anything this committee can do to try and prevent that or increase further investment.

The Revel project would be a big boost. And our goal is to see Atlantic City succeed, as well as the racetracks. We don't believe that closing the Meadowlands is a good idea. We need to have all areas prosper and be able to succeed.

I'd just like to thank you for the opportunity to speak to you today.

ASSEMBLYMAN BURZICHELLI: Thank you, Ed. We may be back with questions. We'll go down the panel.

Jim, if you'd like to join us now.

Jim Moore, United Auto Workers.

Move that microphone over.

Thank you, Ed.

J I M M O O R E: I'd like to thank you for the opportunity to be here.

I'd also like to share with you--

My name is Jim Moore.

ASSEMBLYMAN BURZICHELLI: Jim, if you pull that closer to you. (referring to PA microphone)

MR. MOORE: I'm a National Representative of UAW. We represent dealers and slot technicians in Atlantic City.

Also, just to go down the line -- for important discussion today -- it's overwhelming: jobs, family commitment, marketing partnerships, competition, advertising growth. I mean, you can go on, and on, and on here. It's necessary elements.

What it comes down to, basically, is change. We need to look at change and to keep the legacy of Atlantic City, and also this great state-- We throw our whole support behind this panel.

Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Jim. Your comments are to point with regard to change.

Richard, we'll let you round out this panel.

RICHARD PERNICIARO, Ph.D.: Sure.

Good evening, I think. (laughter)

I'd like to introduce myself a little bit. I'm Richard Perniciaro. I'm the Director of the Center for Regional and Business Research, Atlantic Cape Community College.

As part of the College, we've done numerous workforce studies at USDOL grants, New Jersey DOL grants. We work with the casinos every year. We have a consortium of training for the casinos. I work intimately with the HR directors and with the workforce itself.

It's interesting it took three-and-a-half hours for the speaker to finally bring up the issue about the people of Atlantic City and the workers who are in this marketplace. What I would like to do is talk a little bit about, first, what the industry -- we've heard a lot of this, but a little more -- about what it's done for the region, but also about-- I'll address the Speaker's issue straightforward -- what we think should be done to, in fact, not only involve the people from the City, but make those jobs more worthwhile for the folks in the City and for the region, which I think is a conversation that's been lacking.

We can talk about investment in buildings, we can talk about investment in roads, we can talk about all kinds of investments. We've had million-dollar studies for transportation. We have yet to have a study on why there is a 20 percent turnover in the buildings. Why do residents in

Atlantic City go into the industry and leave the industry? Why is the unemployment rate in Atlantic City over 20 percent, etc.? And I think it's one of those things that should be addressed in terms of an investment strategy. If there is to be an investment strategy, it needs to include investment in the human capital of the City and of the region. And I think for too long we've concentrated on the other issues.

Let me just give a macro view. If you are in State policy, you know-- If you're in State policy -- and a lot of you are from South Jersey -- you know that South Jersey supports part of this state. Most of the counties in South Jersey rank near the bottom in income in this state -- still do to this day -- in terms of personal income per capita. In addition, the southern counties of this state have some of the lowest educational attainment in the state.

From 1990 to 2005, due to the casino industry itself, Atlantic County outgrew the State of New Jersey in terms of employment growth. The same cannot be said for Cumberland, Cape May, Salem, Gloucester, or any of the other South Jersey states (*sic*), with the exception of, perhaps, Burlington.

Why did they do that, and what did that mean to the State? In addition to creating, at one point, 42,000 casino jobs -- but now 38,000 -- we also grew a healthcare sector -- which George Lynn has been here. AtlantiCare has grown because of the population that has been drawn here by the casino industry. We have law firms -- Lloyd Levenson's firm, and many-- We have public relations firms, we have printing firms, we have publishing firms. All of these are a spinoff from what is the casino industry

and what that has -- all of those jobs have been located in this region. But for the casino industry, those jobs simply would not be here.

One asked then about the County. The County was able to grow because 25 percent of all the jobs in Atlantic County are directly in the casino industry; 37 percent are of the jobs in this County. One of your 21 counties -- 37 percent are in the casino industry as well. Without the help of the casino industry, Atlantic City would be in need of State aid -- more State aid. It would be an Asbury Park or a Camden in terms of the amount of State money that would be needed there. And the region itself would not have contributed to the State what has been contributed. So in terms of fiscal policy, if you think of it, the gaming industry has helped South Jersey to catch up to the rest of the state. It just has. Without the gaming industry, this part of the state would lag further behind with all of the fiscal implications that are there for State taxes, for wage taxes, etc., as you go on.

One-fifth of all the residents in this City work in the casino industry; about 8,000 out of 40,000. That's one in five men, women, and children are employed in the casino industry. If there is an economy in Atlantic City, it is certainly through the casino industry.

But casinos-- If you look at the potential and the regional impact-- If you just think of the seven -- the 11 retail buildings and casino industry, we are missing part of the boat. What really should have happened over the 30 years, what really should be a part of the restructuring of the casino industry, and what really should be a part of the reinvestment includes the potential to bring here not just the casinos, but also all of the vertically integrated industries that go with that. That is

gaming designers, that is Internet technology people, that is more people in public relations, and more people in media design. All of those should be a part. Why don't they come here? One of the things I also was, was New Jersey Economic Developer of the Year at one point. I've sat with these companies, I've looked at them. They stayed in Nevada. If you look through that vendor list that comes from the Casino Control Commission -- who the vendors are -- a lot of the money goes to New York and it goes to Nevada. Why doesn't it stay here? Because the Nevada firms will all tell you the same thing: The tax climate here discourages it. They're not coming, they're not setting up shop here. We even have a local industry -- one of the few that does research and development for this region -- and it's threatening -- has talked about leaving the area, and it's got to do with the business climate and tax climate in the State of New Jersey.

Making this area an innovation zone or something like a Keystone Zone -- having a tax policy that goes with it, whether in Atlantic City, but I think more in the region -- would bring those companies and enhance the jobs that are available from the casino industry.

ASSEMBLYMAN BURZICHELLI: Richard, I'd like--

DR. PERNICIARO: Finally, that's important, because then people like the Wynn casino industry -- a lot of times there's not a lot of upward mobility. They could go into other industries, learn different skills.

To the Speaker's points: What about the workers in the industry themselves? Right now, the New Jersey DOL does not allow you to do -- these are programs that colleges run over the years. We cannot do preemployment. You can't take a voucher if you're unemployed or if you're on TANF and go and get preemployment training. Those have been taken

away. Many of the people in the City and in the region need preemployment training.

We also know that incumbent training has been cut. We've done studies with the casinos -- cuts turnover rates from 25 percent down to something like 6 percent.

So what I would ask is two things: one is, if there is to be investment, and if it's CRDA money or whatever, that stays in the region. The human resources need to be part of that investment. The workers need to be part of that investment. The residents -- that there are workers that are not -- the potential workers who are the residents of the region need to be part of that investment. And I'd ask that that be taken at the same weight as any other investment, whether it be transportation, building, infrastructure.

ASSEMBLYMAN BURZICHELLI: Richard, I'm going to ask you, if you would, to wrap up.

DR. PERNICIARO: My last one -- and I'll--

ASSEMBLYMAN BURZICHELLI: This is your second last one. (laughter)

DR. PERNICIARO: I'll go up a point, because what I would, as a taxpayer-- I am an economist. The horse racing industry-- Casinos, slot parlors don't benefit from being at a racetrack, racetracks benefits. Ninety-nine point nine percent of the economists in this state -- I left .1 out because I'm sure somebody owns a horse somewhere -- one economist -- that 99.9 percent would tell you that if you're going to take money from gaming, horse racing -- there's probably 50 better industries to subsidize than horse racing to make this state more competitive on the national and

international stage. Why those subsidies exist makes no rational sense in that--

ASSEMBLYMAN BURZICHELLI: And we will be taking that up, in detail, at our Meadowlands visit.

DR. PERNICIARO: Thank you.

ASSEMBLYMAN BURZICHELLI: There is a considerable flow of discussion as to the collateral benefit associated with that. We're going to pick that up at the other end.

Gentlemen, we thank you. Before you leave--

Anyone have any questions for any members of the panel? (no response)

Thank you, fellows, very much.

MR. MOORE: Thank you.

MR. BOYLAN: Thank you.

DR. PERNICIARO: Thank you.

ASSEMBLYMAN BURZICHELLI: We're now going to move to those who have signed up publically. We have a considerable list. I'm not sure how many are here. When I call your name it's going to be a one-call shot. If you don't make it on the one call, it's to the back of the line, and maybe not.

First up, this panel is very pleased to call Pinky Kravitz, who is a voice of Atlantic City, promoter of this City for a very long time, has a distinguished career, has mingled with celebrities and important people of power, and continues to be an advocate for this region with his nightly, live radio program.

Pinky, I call you Pinky, as opposed to Mr. Kravitz, because people know you as Pinky. So welcome. I don't think I have to tell you to be brief. But consider this the first segment, and we're up against a commercial break.

PINKY KRAVITZ: Thank you, and goodbye. (laughter)

Thank you very much, Chairman, and to the Senate Chairman, to all of the members.

When I sat here and listened at the very beginning, almost every one of the members -- whether it's the Senate side or the Assembly side -- there is a three-letter word that all of you talked about: job -- add the plural to it, four letters, jobs. Almost every single one of you said that is the major interest: jobs.

Well, Senator Sarlo, in your -- and with Assemblyman Caputo -- talking about full-scheduled -- or full casinos up at the Meadowlands. If that were to be in effect, you would decimate Atlantic City. There is just no question about it. You would decimate Atlantic City. There would be a tremendous loss of jobs here if that were to happen in North Jersey.

The one thing that I would agree with the Governor -- in his saying, "Let's take a couple of years to see if Atlantic City can come back." If Atlantic City can come forward, if we get Revel in place, if we get -- whether you're going to go to the smaller casinos, or whether there are others who want to come in. But if we are going to be able to get that here, and take that period of time-- If at the end of a, maybe, four-year period of time, Senator Sarlo, I would jump on your bandwagon. But until that time, I think you folks need to concentrate on one. Concentrate your efforts, because this City is worth it, this City needs what-- Whether you take the

Governor's plan or whomever it may be-- I'm perturbed with the Governor for saying Atlantic City is dying. I'm perturbed for the factor -- that in the report, Atlantic City has problems that we -- with crime and everything else. The statistics do not show that. The statistics show that Atlantic -- and you've heard it mentioned before. Vegas and Fort Lauderdale have more crime, statistically, than Atlantic City does. So that is a factor.

What we do need is to see, and implore you folks to consider, whether it's a plan that you're going to take and use the casino to do it, whether it's the Governor's plan -- that's up to you folks to do. And I have not read them enough to be able to say I favor one over the other, because I haven't heard your ideas of a plan yet. And hopefully we'll hear of them -- how you folks think it should be done -- the plan of whether we get rid of the Casino Reinvestment Development Authority or not, or some of the other facets of it. Again, that's in your hands to make the determination.

But I urge you to put all of your efforts forward in making Atlantic City what it can be. We are on our way with the new factor of all the different events that we're now having come into Atlantic City -- some that you have not heard about, but you'll be delighted of some of the things that are happening here that we've not had before. Give us that opportunity. Give this community the help it needs, in whatever way you say -- whether, as the Mayor said, he can work with-- If it is separated, then he can work with them. If it is all in the hands of the Atlantic City Police Department, or whatever it may be, give us that opportunity.

That's what I'm asking of you, Mr. Caputo, and Senator. I appreciate the fact that you've come, you've spent your time here. We are concerned about what this City has to offer. We've been fighting-- I was

here in 1854 when they started it. (laughter) That's how much-- I'm not quite that old, but almost there. But I just bring it up to you -- and realize what this City is, where we are today. Forget all the past. That's done. What did we do wrong? It's done. Take us from today forward. It's in your hands. I urge you to use them wisely.

Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Pinky.

And he'll be live on the air tonight from 4:00 to 6:00 if you want to stop by the Borgata down at the food court. He always welcomes guests.

Thank you, Pinky.

We had an inadvertent omission. Sharon Jones (*sic*) is with us from South Jersey Transportation to give us a brief update on the airport. We will then move--

The next group I'm going to call forward, if they are still here, will be George Anthony, James Cavallaro, and Dennis Dowd. If you are in this room, be prepared to come up.

Sharon, welcome. And we'll ask you to be to the point, please.

S H A R O N G O R D O N: Thank you very much.

I appreciate the opportunity. I will be very brief. I know it's been a very long day.

Basically, I'm just here to give you an update.

ASSEMBLYMAN BURZICHELLI: I'm sorry. Sharon, I'm sorry.

It's Sharon Johnson. I had you as Sharon Jones. I don't know why.

MS. GORDON: Sharon Gordon.

ASSEMBLYMAN BURZICHELLI: We got you wrong three times. (laughter)

MS. GORDON: That's okay.

ASSEMBLYMAN BURZICHELLI: The staff is struggling. By the way, we had the first name right every time. We just missed on the last one.

Sharon, please.

MS. GORDON: I've been doing air service development for the Atlantic City International Airport, which is owned and operated by the South Jersey Transportation Authority for 10 years. And I will tell you that we were very fortunate, in the past couple of years, to forge an ACY Expansion Coalition, which I believe both the Senator and Assemblyman Burzichelli -- Senator Whelan -- had attended some of the events.

We understand the importance and significance of the Airport. The Airport now is doing -- it's really at its trigger point for the capacity of passengers it can serve. We're over 1.2 million now. We're up 28.7 percent in scheduled air service passengers over our previous year -- the same time -- mostly due to a concerted effort working with the properties.

We did an economic impact study. The results were in 2007. We're about to update that right now. But the importance of the economic impact of this Airport represents a fourth of what happens in the gaming industry here in Atlantic City. So 25 percent of the economic impact the Airport has -- and it's going to grow, obviously, as a result of the Atlantic Aviation Research and Technology Park. The whole campus employs about 4,300 people. And as a result of this Coalition, we were able to attract

AirTran, which serves Atlanta direct -- that's their hub -- and about 40 other easy connections. But it cost the Authority \$3.1 million to attract that airline. And in order for this Airport to grow, air service-wise, the airfield can accept more than double what we have now. We do 120,000 operations -- landing or takeoff -- a year. We can more than double that right now. But the terminal itself is in a process of expanding. We're building an FIS, a Federal Inspection Station. Once that's complete -- about 18 months after we break ground -- Spirit Airlines has also agreed to start flying international flights from Atlantic City. It will also open up some opportunities with other airlines.

But what's really important for this panel to know is that other gaming jurisdictions, other airports -- regional airports like ourselves -- they invest heavily in attracting air service. Biloxi spends \$7.5 million annually to attract new air carriers. Southwest just entered Panama City -- and a minimum of \$14 million a year to get that airline to fly into their airport and serve their market. So you can clearly see that we don't have the air service development funds to compete with other regional airports. And the challenges we face in Atlantic City International is that we're sandwiched between two metro airports.

So I just wanted to give everyone an update on where we stand. We're growing. We're one of the few airports in the region that continually shows growth over Newark, Philadelphia, Allentown. We're working hard. But obviously for this destination to mature, we certainly need to expand the airport, and bring new customers in, and prolong their stay.

So I thank you very much.

ASSEMBLYMAN BURZICHELLI: Senate President Sweeney.

SENATE PRESIDENT SWEENEY: It's been a long day.

What are the prospects for any new news on airlines?

MS. GORDON: Well, we've been meeting with several airlines, a lot of low-cost carriers. I don't want to name the names because it doesn't help us in our negotiations with them. But I will tell you that unless we can prove AirTran successful in this market, and Spirit's new additional service to Boston and Chicago that will start in March of 2011, it's going to be very difficult to bring new carriers, new destinations to Atlantic City without bringing some type of incentive. There's great prospects, but the investment needs to be made now. We're an unproven market, so we have to prove our load factors are constantly increasing. When we put seats in the market they get filled. The shoulder season is our biggest challenge.

SENATE PRESIDENT SWEENEY: What kind of investment?

MS. GORDON: Well, AirTran came into this market with a \$3.1 million investment by the South Jersey Transportation Authority. They've already indicated that they've done very well this summer, but they're very, very concerned about the shoulder season. And it may require more revenue guarantees for them to stay in the shoulder season. They don't want to come into a market and lose money. They have a moveable asset. They can take it to a more profitable station overnight.

ASSEMBLYMAN BURZICHELLI: Thank you, Steve.

Sharon, when you say *investment*, you mean a guarantee of load factor? Is that what that means?

MS. GORDON: Yes, it's to help ramp up and to market, to be able to recapture our leakage. Traditionally, the travel habits of our market

are going into Philadelphia. So we're losing our customers to Philadelphia, because that's where the frequencies of flights are, and that's where there are more carriers. And it's going to take a while for us to recapture our leakage. And the only way to do that is to bring the airlines here and offer a similar product. We can't do that without incentivizing.

ASSEMBLYMAN BURZICHELLI: Right.

Assemblyman Caputo, Ralph.

ASSEMBLYMAN CAPUTO: Obviously with this market, with this kind of financial stress on Atlantic City, the only way we're going to be really successful is to have a successful airport. You know that. We've been struggling with it for years.

The fact is, the Governor's report recommends that we keep the CRDA money here. Maybe if that does happen, potentially we ought to consider taking some of those dollars from CRDA and encouraging these airlines to come in. Because I don't know where the funds are going to come from to entice these air -- plane companies to bring their passengers here. So we've got to get a little innovative in terms of that.

But the noncommercial flights that are coming in -- have we tracked those? I mean, out of the amount of flights that are coming in, how much of that is noncommercial?

MS. GORDON: Are you talking about charter operations?

ASSEMBLYMAN CAPUTO: Junket planes coming in from other cities that are noncommercial.

MS. GORDON: We do. We track that rate closely. And that is one of the key factors in the ACY Expansion Coalition. It would just comprise of all the casino executives. And one of the criteria for us to

jointly go out and recruit new airlines and new destinations is to identify those top markets that they want to fly. And they were, traditionally, those charter markets. And the idea is that we get the scheduled air service, which not only benefits the gaming industry, the hospitality industry, The Walk -- it's a variable market of how it will have impacts. But also to stop flying those charters in those cities -- support the scheduled service and then use those charters to fly other remote locations. We're working on it.

ASSEMBLYMAN CAPUTO: And we haven't been able to reach any agreements with the casinos on that?

MS. GORDON: We have. They have been--

ASSEMBLYMAN CAPUTO: You have.

MS. GORDON: Yes. As a matter of fact, when we first formed the Coalition, they identified three cities that they would like us to get service from, and it didn't matter which carrier.

ASSEMBLYMAN CAPUTO: Which ones, which cities?

MS. GORDON: It was Chicago, Atlanta, and Boston, in that order. And we went to Southwest Airlines. We're still talking to them about Chicago. But Spirit has announced Chicago. Boston was the first city that we were able to obtain for them -- Spirit Airlines. They stopped flying charters to Boston, started to support the scheduled service, helped the market. We do joint marketing as well. And now they use those aircraft that they used for charter to fly in other remote cities and bring more people in, say from Pittsburgh, where we don't have scheduled service.

ASSEMBLYMAN CAPUTO: On the commercial flights, do the casinos comp the players? Do they comp the customers on those flights?

MS. GORDON: I'm not privy to what they do. But obviously if they're bringing them in, they're bringing them in to participate in their entertainment.

ASSEMBLYMAN CAPUTO: Well, I think that's got to be looked at in terms of-- If a noncommercial flight is coming in -- a charter flight or junket for conversation purposes -- most of those people are probably coming in on a comp. Some of them are paying, or whatever. So those details have to be worked out with the airline. So I don't know if they've gone that far. But there's an awful lot of people traditionally, historically, that have come into Atlantic City on those flights, because there were no scheduled flights coming in. That's the way they were coming in here.

So I think we've got to divert-- We've got to get into that in a little more detail to see how this can work with them. Because they're paying a lot. The hotels are paying a lot of money for those flights. So if they can get the customer to pay -- and some of them, they'll pay -- it's a good compromise. And it would help justify -- and also create a pattern of commercial flights coming in from these places.

The trouble is: No matter what we do here, it's not fast enough. That's part of the problem. When these companies look at investing in Atlantic City, they look at that airport, and they see that the flights-- I know we're getting 1.2 million, but that's a very small part of the visitors who are coming here. If we're talking about 30 million, we're down to a very small percentage of people coming in by air. And that's what we have to rely on, because we can't just rely on people coming in by car and bus. It's not enough, especially with the conditions of these roads. If you

came down from North Jersey today, you would see that half -- from Exit 60 all the way down is under construction. Plus the competition that we're having-- So this Airport is pivotal to the future success of the gaming industry.

I think all the concentration should really go on that more than anything else. We really should be in there investing, getting the flights to come in. Because that's the only way we're going to make it. We have to get into these other markets, and that's the way we're going to survive.

MS. GORDON: Thank you very much.

ASSEMBLYMAN BURZICHELLI: Thank you, Assemblyman.

Anyone else for Sharon? (no response)

If not, we'll move on.

Thank you, Sharon, very much.

MS. GORDON: Thank you very much.

ASSEMBLYMAN BURZICHELLI: And I called the three names.

Sir, you are?

JAMES CAVALLARO: James Cavallaro.

ASSEMBLYMAN BURZICHELLI: James, sit with me for a second. Let's see if anyone else is--

Is Dennis Dowd here? (no response)

Dennis Dowd is not here. We will hear from him another time.

Is George Anthony here? (no response)

James, it's all yours. You have three minutes.

MR. CAVALLARO: Okay.

Hello, my name is James Cavallaro. I'm a lifelong resident of New Jersey. I'm a Vietnam Veteran. I've been a standardbred owner since 1982. I've come here to voice my opinion on the Meadowlands, Monmouth, and Xanadu. If I had just been elected to office of Congress, Senate, or Assembly, and the Meadowlands, Monmouth, and Xanadu, which are worth upwards of \$2 billion, were going to be lost, I would do whatever it took to keep these afloat. After all, we the State and the Meadowlands -- own Meadowlands, Monmouth, and Xanadu. I would vote to bring the slot machines to the Meadowlands, Monmouth, and possibly Freehold. I would also ask the casinos from Atlantic City if they would, in fact, be willing to run the slot machines in all these places -- Meadowlands, etc.

I think these would bring upwards of \$50 million to \$100 million a month. I think the State would get, after taxes, approximately 18 percent of the take, the tracks would get 7 percent of the take, and the casinos would get 75 percent of the take. This would make all the sorrows just go away. It would also give Atlantic City the right to take bets on all sports, the same as Las Vegas. This would be, far and away, the best thing for everyone involved. This might be billions per month. There is no reason not to allow this to happen immediately. New York, Delaware, Pennsylvania should all move over and get New Jersey in all their little gaming issues.

The bottom line is, all of you Senators, Congressmen, Assemblymen and women, along with all New Jersey citizens, own the Meadowlands, Monmouth, and Xanadu. There is only one way to go here. We should own these properties. We will lose billions if they are not saved.

So save them with the slot machines. Give Atlantic City the right to accept sports wagering and tax-free malls, and all will be happy.

Thank you.

ASSEMBLYMAN BURZICHELLI: James, thank you very much. Well-spoken.

We're going to continue. We'll be having a hearing at the Meadowlands in early September to continue this discussion on details about what happens.

MR. CAVALLARO: I'd like to ask one question. I want to know if the Governor or Senator-- Senator Sweeney is not here. I had a question for him. He's not here. I want to know if anything is going to happen today -- like the Meadowlands is going to be saved, is it going to be \$1 -- going to lease it for \$1 -- all this kind of crap like that? Is that going to happen or not going to happen?

ASSEMBLYMAN BURZICHELLI: The object of this series of hearings is to come up with a strategy to make everybody have an opportunity for prosperity. If you're asking us today how we do it -- a lot of unanswered questions, but we're spending time.

MR. CAVALLARO: What I'm trying to say is, you guys all work for the State. The State owns these buildings. So we're going to lose billions of dollars. Or are they going to go to Atlantic City, or are they going to go to the State? I don't understand it. How can it not go to the State? If the State is in trouble-- Atlantic City is over here, we're over here. I don't understand it. If you work for the State, how can you not go for the State?

ASSEMBLYMAN BURZICHELLI: Well, you have to recognize that we, as elected officials, represent individuals. We have a representative form of democracy. This is a process of discussion that is going to lead to legislation to see what is the next phase of the Meadowlands and the next phase of Atlantic City. That's what this process is. Your involvement today is helpful, and your comments are duly recorded, and we appreciate it.

MR. CAVALLARO: Okay. Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you.

Next up, we're going to be calling in groups. We have enough seats here. If we call a name and you're not here, we'll simply make the panel a little bit smaller. We have, I'm going to say, Trena Woodson.

Trena, come on forward.

This is on Atlantic City marketing and redevelopment. She's representing local businesses and vendors. Dennis Scardilli, Esq., redeveloping Atlantic City.

Dennis, I saw you earlier. Please come up.

Wayne Schaffel, suggestions for AC turnaround.

(indiscernible) you're here too? Come on up.

John Huber -- John may have left.

So we have a panel of three. First of all, welcome to all three of you. Thank you for sitting through the day. Each of you have three minutes, and we're interested in your comments. Ladies first.

L. TRENA WOODSON: Good afternoon, everyone.

My name is Trena Woodson. I was born and raised in Atlantic City. I left for a term. I'm back now -- homeowner. I've been in business for 20 years.

Last year, when a couple of legislators put some -- tried to readjust the distribution of the CRDA funds, I was kind of upset because it looked like Atlantic City was, again, going to get the short end of the stick. And I'm very happy to see Christie thinks like I do, that we should put 100 percent back into Atlantic City.

And I think a lot of the things that are in your plan about doing the area of the Boardwalk-- However, that's just maybe one-third of Atlantic City. We have residents there who need job training. I tried to do something with CRDA, but they wanted to give all their money to the casinos and not to the small businesses.

I heard people speak of money spent around the state as far as businesses. And I would like to see a portion of the money be allocated to the businesses that are located in Atlantic City, as the casinos are. I, for one, have a marketing company. I do promotional things. And I would like to actually participate in the marketing of Atlantic City since I think I have more knowledge, being raised here.

I hope you're successful in what you're trying to get.

ASSEMBLYMAN BURZICHELLI: And we thank you.

Who would like to go next?

Dennis.

D E N N I S A. S C A R D I L L I, E S Q.: Good afternoon, Senator Whelan, Assemblyman Burzichelli, Senator Van Drew, and Assemblyman Caputo.

My name is Dennis Scardilli. My law office is located in Egg Harbor Township, my home in Absecon.

I commend the Governor, the Advisory Commission, and the legislative officials who've convened this Summit. Thank you for working together to create a solution to the economic future of Atlantic City.

I've lived in Atlantic County for most of my life. And for the past 33 years, I've been involved in Atlantic City's redevelopment, including positions in the '70s and '80s as Atlantic City's Housing Planner, as Atlantic County's Economic Development Director. As an attorney, I've performed special counsel work for Atlantic City, including tax appeal defense work and the revaluation phase-in.

The Advisory Committee Report includes the sound recommendation that the highly successful, private-public partnership in New Brunswick be used as the model for the proposed Atlantic City partnership. That recommendation should be implemented. It is important to note that the New Brunswick model consists of two separate organizations: one that pursues social revitalization, and one that pursues physical and fiscal revitalization. Both are needed in Atlantic City. And I urge the committee to further investigate the New Brunswick model for adoption in Atlantic City.

I'd like to offer some suggestions in shaping the Report's conceptual model for support of Atlantic City revitalization. The proposed Atlantic City tourism district includes gaming and related facilities that account for approximately 70 percent of Atlantic City's property tax revenue. Tourism district property tax revenue could be directed for use in the revitalization of Atlantic City. That revenue could be used to adjust the

City's budget to the per capita level of similar-sized New Jersey cities if necessary.

All other property tax revenue could be developed -- could be directed to the tourism district to support the redevelopment and revitalization of the City and region. This would include tourism district projects, housing, neighborhood and commercial direct tax credits, property improvements, and tax relief. These efforts would then create additional property tax revenues for the district and City.

Bader Field should be part of the proposed tourism district because it's highest and best use is the fiscal catalyst for the revitalization of Atlantic City's tourism economy. Bader and its monetization could come under the control of the tourism district. Sale proceeds could be used to transform Atlantic City. For example, the creation of a monorail that would link Bader, the Boardwalk casinos, and the Marina district.

Political realities will dictate tradeoffs from the legislation to reprogram CRDA money. And perhaps those legislative revisions could be a quid pro quo for a fiscal formula that makes sense for the revitalization of Atlantic City. Reform benchmarks on CRDA funds reprogramming could allow the Legislature to revisit that reprogramming in 10 years.

Thank you very much.

ASSEMBLYMAN BURZICHELLI: Dennis, that was right on three minutes by the way. (laughter) That was very impressive.

MR. SCARDILLI: Thank you.

ASSEMBLYMAN BURZICHELLI: And might I add, well-spoken. If you have something you'd like to submit to us in writing, we'd be happy to receive it as well -- as well on the marketing stuff too. That's

also helpful. It could be very helpful. Because I know that time is a little limited here.

Dennis (*sic*), you're up next. You have three minutes starting now.

WAYNE SCHAFFEL: Wayne.

ASSEMBLYMAN BURZICHELLI: Wayne, I'm sorry. I got the wrong one. Thank you.

MR. SCHAFFEL: Good afternoon.

My name is Wayne Schaffel. I used to be the PR manager at Bally's Park Place.

A lot of parallels are being drawn between Atlantic City and Las Vegas, but the real parallels are to Atlantic City and Laughlin, Nevada. That town was decimated by California card rooms and Arizona native casinos.

What Atlantic City needs more than anything else is more people. The five suggestions that I have -- some have been covered already -- are, number one: Whatever amount of money it takes, give it to the Airport. Whatever it takes to double, triple, or quadruple the number of flights into this City is absolutely essential.

Number two: There's no longer \$30 million earmarked to the horseracing industry. I would take \$15 million and provide direct rebates -- between \$50 and \$200, depending on how far people fly -- to anyone flying into Atlantic City Airport, staying three days or longer at any casino hotel between October 1 and March 31.

Three: I would take the other \$15 million and develop a 12- to 18-month marketing program designed to invigorate repeat visitors to the

City, as well as mine those cities served by Spirit Airlines. I took the opportunity three months ago of developing just such a program, and I will give it to you for reference and review.

Number four: I would find some area in Atlantic County and I would declare it a tax-free zone. The purpose is to lure businesses from outside the State of New Jersey to come in with a tax-free guarantee for up to 10 years just the way Bridgeport, Connecticut, grew its business community back in the early '60s and '70s. The goal is only one thing: grow the local population. You've got to put warm bodies in the casinos. That's the only hope. Do it by any means possible.

And fifth: I would provide tax relief to seniors to prevent them from relocating to Florida or Nevada upon retirement. Seniors are always part of the solution for the casino industry.

And the last thing I would say to you is that if you ask any of us who have spent any time in Laughlin-- It was a town that was predicted to have as many as 20 or 30 casinos dotting the southern Nevada desert. Today, just as it was in 1990, there are 11 casinos there, and 11,000 rooms. It hasn't changed in 25 years.

For those people here who believe that you can grow your way out of this dilemma, that the ultimate solution lies in building more casinos -- more and smaller casinos -- more retail, more restaurants, more nightlife, I have to suggest to you that in this era of hyper-competition, that strategy makes as much sense as dealing with a forest fire by simply planting as many trees as fast as you humanly can.

Thank you.

ASSEMBLYMAN BURZICHELLI: Wayne, thank you. A couple of those ideas that you mentioned are pretty interesting stuff. And thank you. You stayed right at three minutes too.

And those comments that stay three minutes or less get a heavier weight of consideration by the committee going forward. (laughter) So if you really value the position as you come forward, if you want to take advantage of that--

Thank you, everyone.

MS. WOODSON: Thank you.

MR. SCARDILLI: Thank you.

MR. SCHAFFEL: Thank you.

ASSEMBLYMAN BURZICHELLI: I'm going to call up four people. They're all of different interest.

Steven Layman. Is Steven here? (no response)

We're making one call on these names, folks.

Chris Smith.

Is Chris here? (affirmative response)

Come up Chris; New Jersey Council on Special Transportation.

Donald Weinbaum, Executive Director, Council on Compulsive Gambling. We're always looking for more gamblers in Atlantic City, so maybe he'll be (indiscernible) to give us that road map. And Ron Erickson, Card System Technologies. That's on Internet gaming. You can sit him next to compulsive gaming.

Come sit next to the compulsive gaming person. It will help move the conversation along. (laughter)

As Ronald makes his way, we're going to start with Chris, who we called first.

Chris, if you can keep your remarks to three minutes -- and we'll accept anything written you have, which we assure you will be read. And if you want to submit something -- and I say this to anyone on the list -- anything submitted to us will be read and be part of the record.

CHRIS SMITH: Thank you very much, Mr. Chairman.

Good afternoon. Again, my name is Chris Smith.

ASSEMBLYMAN BURZICHELLI: Chris, pull that microphone closer to you, please.

MR. SMITH: I am the Vice President of the New Jersey Council on Special Transportation. We thank you, again, for including us in today's meeting.

The New Jersey Council on Special Transportation is a statewide advocacy and education association that, for 29 years, has provided information, support, and training for community-based transportation service providers in New Jersey. Our member agencies can account for at least two-thirds of all transportation services provided to senior citizens, persons with disabilities, and the economically disadvantaged within New Jersey each day. Tens of millions of rides are provided on an annual basis to thousands and thousands of New Jersey's neediest and most frail: senior citizens and persons with disabilities.

The backbone of our membership is comprised of the 15 -- I'm sorry, 21 county -- official county transportation provider agencies. They're paratransit systems, as designated by New Jersey Transit. Each year the 21 systems provide -- or receive funds directly from the Casino Revenue Fund,

and specifically through a program called the Senior Citizen Disabled Resident Transportation Assistance Program, or SCDRTAP for short.

SCDRTAP is one of 20 programs that is funded from those casino revenue moneys. And thousands of seniors and persons with disabilities rely upon these programs day in and day out for life-sustaining purposes. The SCDRTAP program provides transportation for nonemergency medical appointments, dialysis, physical and mental therapies, chemotherapy, radiation, noncompetitive workshops, nutrition sites, Meals on Wheels, food shopping, veteran services, job employment for the economically disadvantaged, recreational activities; and, in some counties, general public bus routes where New Jersey Transit does not operate.

Providing transportation to these individuals allows older adults and members of the disabled community a measure of independence that they would not have otherwise. In some cases, access to transportation prevents the need for or perhaps delays institutionalization.

During the last few years, the 21 county systems have struggled. Just as this recession has not been good to Atlantic City and the gaming industry, it's been no easier on the transportation community. Compounding the problem is the fact that during the last few months, New Jersey COST believes that we are beginning to feel the effects of outside competition, specifically new casinos in our neighboring states. The revenues in the fund have significantly decreased -- SCDRTAP alone by millions of dollars each year. In 2010, the 21 county-based transportation agencies suffered another 10 percent decrease in funding. In January 2011, we're bracing ourselves for another 11 percent decrease.

The systems rely heavily upon the SCDRTAP program for our daily operations. In some counties, 90 percent of all service-- (timer rings)

ASSEMBLYMAN BURZICHELLI: Chris, that indicates I have to ask you to wrap up, if you'd be so kind.

MR. SMITH: My apologizes.

While we recognize we have to look at what's happening in gaming at the State level and in all facets, there is a concern that, as they now stand, the provisions as written for VLTs will not compensate for any of the loses that would be felt right here in Atlantic City and in the Casino Fund. That means that at the end of the day, those programs -- specifically, in my instance, senior transportation and disabled transportation -- are going to have a very profound impact.

ASSEMBLYMAN BURZICHELLI: That's probably the most significant part of what you-- You should have led with that. That's actually the most significant thing.

MR. SMITH: I should have. I apologize.

ASSEMBLYMAN BURZICHELLI: Very good.

Thank you, Chris.

We're now going to-- Don, you're up next, on compulsive gambling. And we're trying to grow the gaming industry, and now you're going to tell us why gambling is bad.

You have to use that microphone there -- the tall microphone.

Chris, can I ask you to move that placard down? The people in the back can't see Senator Whelan. Can I ask you to put that down for a second? The people in the back can't see Jim, and that's upsetting them.
(laughter)

Go ahead.

D O N A L D F. W E I N B A U M: Thank you, Chairman, panel members.

My name is Donald Weinbaum. I'm Executive Director of the Council on Compulsive Gambling of New Jersey.

What I have to share today is different from most of the other speakers, but it's equally important. It's an undeniable fact that some gamblers will eventually cross the line into compulsive or problem gambling. It's also true that any changes to gaming operations or oversight will have an impact upon the extent of problem gambling in our state.

Depending upon the decisions made by policy members (*sic*) in the Legislature, the effect could be positive or it could be negative. Most of the panel members are familiar with the Council, so I won't go into detail of what we do.

ASSEMBLYMAN BURZICHELLI: Donald, may I ask you, can we encourage you to be active in Pennsylvania and New York to discourage gambling? (laughter) Could there be a focus? I mean, that may be part of our solution we never thought about.

MR. WEINBAUM: Actually, we are neutral on gambling, *per se*, so we're not going to take a position for or against any of the changes or initiatives being discussed, or a position on what region of the state it should be focused on.

I really just want to remind the panel that there are people in the state, there are citizens in the state -- gamblers and their families -- who are affected and will be affected by whatever changes are made along the way. The Advisory Commission Report did not address problem gambling.

It's my understanding that their expectation was -- the focus was on economic issues and that any other issues would be addressed outside of that process or following the process.

Gamblers -- problem gamblers may account for a sizeable proportion of players who've continued to gamble regularly in Atlantic City. We are getting calls though from people who are now gambling outside of New Jersey. So there is an impact. All of this tells me that the public health issues related to gambling go beyond the economic health of Atlantic City, the racetracks, and other venues. It is a significant issue. And I just want to share that citizens of New Jersey are developing gambling problems and will probably continue to do so for the foreseeable future.

We urge the members of the panel to consider several issues as you go about your deliberations. It's critical that any forthcoming revisions to casino control, racing, and other statutes and regulations do not inadvertently remove or otherwise compromise existing public health protections related to problem gambling. If there are new forms of gambling being explored, it's important that similar requirements be extended explicitly to those types of gambling as well. And some of the forms of gambling, such as Internet -- online -- may require special attention, because the nature of play and the target market introduce new risks.

There are five significant components of a State-responsible gaming program. These are components that we have in place in New Jersey currently. I will give you a copy of written comments. In a nutshell: maintaining public awareness; the 800-gambler number requirement; self-

exclusion programs, exclusion of minors; employee training; funding for prevention, treatment, education programs for gamblers and their families.

One final comment, though, on that issue: New Jersey's way of funding services is at odds. It's out-of-step with the rest of the country. We rely heavily upon fine revenues to fund services for people. And that's an area that should be explored as part of the deliberations.

ASSEMBLYMAN BURZICHELLI: Very good, Donald. Again, anything you have in writing-- You've testified before us with frequency. We appreciate your input, and we appreciate your being concise on this issue.

Thank you.

MR. WEINBAUM: I thank you very much.

ASSEMBLYMAN BURZICHELLI: Ron Erickson is with us now -- Clark System Technology.

Ron, we have your handout. We don't really have to have that. It's on the handout, isn't it? Is it on the handout?

R O N A L D E R I C K S O N: Yes.

ASSEMBLYMAN BURZICHELLI: You're going to have to talk into that microphone. (referring to PA microphone) You can put that down. We have this here.

Before Ron is about to speak, I'd like to call to one of the open seats-- Is Linda Steele still with us -- Civic Association? (affirmative response)

Come on up, Linda, and grab one of these seats if you'd be so kind.

Ron, please, you're on.

MR. ERICKSON: Most of you don't know how the lottery started. When I was at Computer Science Corps, we submitted a proposal to the State, and the State hired us to write the legislation for the New Jersey Lottery. And that's how-- I was involved in the development of the Lottery.

ASSEMBLYMAN BURZICHELLI: By the way, you did very well. I mean, it's held up well. The Lottery has functioned well, and that statute has held up over the years.

MR. ERICKSON: We gave an estimate, and you said we'd never make it, and we far exceeded the revenue.

Now, what I'm talking about now is a management system for online gambling. The problem you have in New Jersey is: How do you identify a person as being of legal age and a resident of New Jersey? Now, this is an RFID card. It's a card -- it comes in a regular plastic card. What happens is-- The same chip is used in E-ZPass, and it's also used in the Passport system. So what it is-- You put on this chip the person's age, name, and any information you want. He gets that sent to him. And on that chip is a unique serial number that's unique to that chip. So every card is uniquely different. That becomes the player's account number. When he gets his card-- We have a financial entity -- it's a closed loop -- say PayPal or any Chase bank -- you open the account under that unique number, you go through the net -- your system, the network -- and you go to any one of the Lottery entities -- any one of the online gambling entities. We developed an interface so that anybody can interface through the switch, and all the players interface through the switch. The players put their

money through PayPal or like entity. And the casinos get their money from the like entity.

You have control over every person that goes through the system because you know exactly who it is, what their starting bet was, and what their ending bet was.

ASSEMBLYMAN BURZICHELLI: Very good, Ron.

MR. ERICKSON: Mainly I want you to consider RFID for the system coming up.

ASSEMBLYMAN BURZICHELLI: The Legislature is very interested in the potential of intrastate Internet gaming related to our bricks and mortar casinos. And your explanation of some of the technology for those of us who don't understand that -- that visual is pretty helpful. We thank you very much.

Thank you.

MR. ERICKSON: Thank you.

ASSEMBLYMAN BURZICHELLI: Linda.

L I N D A S T E E L E: Yes, good afternoon.

ASSEMBLYMAN BURZICHELLI: Thank you. Welcome.

MS. STEELE: Thank you for allowing me to speak.

ASSEMBLYMAN BURZICHELLI: Thank you for being here.

MS. STEELE: My name is Linda Steele. I was born and raised in Atlantic City. I am presently a resident of Galloway Township, but I remain active in Atlantic City.

Most of the conversation has come from the business community today, and I want to speak for the residents of Atlantic City. I think that we certainly don't want to drive this bus or move forward

looking through the rearview mirror, but we do want to recognize some of the mistakes that were made.

And I think that when the panel is reviewing which direction they want to go, the success of any experiment -- and that's what casinos were when they came to New Jersey -- and that we voted to bring here -- is: What happens to the people? And we are 48 blocks long and some 15 to 20 blocks wide from Bay to Boardwalk. All of the cities blocks did not need to be refurbished or redone. But to have the City look the way it does means that we mismanaged. I think the legislators-- We all played a part in this. It does not look like casinos have been here for 30 years -- 33 years. And we lived high on the hog, and now we're paying the price for it.

Well, the residents of Atlantic City have not been given a fair break, they have not been given the kind of training, they have not participated in the numbers. And I'm not just saying Atlantic City. I'm saying contiguous communities and spreading it throughout the state. We have allowed people to come into the state, take our jobs, and we are in the same boat we were almost 30 years ago.

And the gentleman who spoke -- he talked about the casino district. It sounded like a gated community almost. I talked with him. I didn't like that. And I understand what he's saying. There are people who you're never going to get rid of, just like Ms. Oliver said. Because we haven't done our job. So when you're rethinking this plan, it has to include the people who have always been here, who will be here whether casinos fail or succeed. And what everyone wants to see is casinos succeed, because that is what is going to move us forward and keep us a viable community.

We need to blend what we had with our natural resources, our beach, our Boardwalk, and amusements. Atlantic City was a community. We had four or five supermarkets, we had movie theaters. We ice skated in the winter at the Convention Hall. We had a bowling alley. We had a coliseum where we roller skated, and we had concerts. So these are the things that make up a community, and these are the things that we would like to see incorporated.

And we want training and small businesses to come back. It can't just be all in the casinos and nothing for the-- It drained everything. It sucked the life blood out of the City because you allowed everything to be in the casino.

I thank you for listening to me. I'm going to give you a copy of the letter that I sent to the Governor. And I hope that we can move forward with everybody at the table, because everybody's input is important.

Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you very much. Well-spoken.

The next group we're going to call up -- I have five names involving smoke-free casinos which, of course, frankly, has been handled as a local issue but, at the same time, obviously affects how we're going forward.

I call Fran Wizer, come up please.

Eric Russo, American Cancer Society.

Is Eric here? (no response)

Eric is not here.

Marian Morrison, American Cancer Society.

Is Marian here? (no response)

Marge Scanny. (no response)

We're going one time only on the names, folks.

Karen Blumenfeld.

Is Karen here? (affirmative response)

Come on up, Karen.

The Chair very much appreciates the respect being shown to the timeframe of three minutes. People are doing very well. And I want to also say they're being very effective in their message, and this committee appreciates that.

Let's begin.

Fran, you're up. You have three minutes.

F R A N W I Z O R: Good afternoon. It's been a long day.

I've been sitting over here all day writing notes, and notes, and notes. But I'm not going to get into those notes.

All I would like to do is express my concern about this smoking issue that everyone's been really fighting for, for a long time. It got overlooked last year after many people gathered over 10,000 names to get a petition together so it would be an issue in Trenton.

I am a dealer. I've been with Claridge, I've been with Bally's, and I am still working. I work with Harrah's Entertainment. And I also have my doctor who has to back me up a few times when I had incidents with major smokers and losers on the game.

Now, you know as well as I do that if somebody is losing, and they're drinking, and they're smoking, they're not very nice. Just the other

day a man told me-- I'm dealing an Asian game, which is a really difficult. Asian pits are heavy-duty smokers. And this one man -- I was on a nonsmoking game in the pit -- the man was losing. And I'm just doing my job the best I can. And he tells me, "Go to hell." Now, I can't keep quiet anymore when I get verbal abuse like this. So I had to deal with it.

But besides that, sometimes smokers can be so negative and their energy is raw and it's downright nasty. And me, as a dealer -- I like to have fun, friendly games, and treat people who are coming to visit after they travel -- and be friendly. Because I'm from Atlantic City. So you know the story from way back. And you talk about the City.

Jim, I know when you were the lifeguard (indiscernible) swim. Dr. Van Drew was my dentist.

And right now, the property you're sitting in, years ago was property my grandparents -- with the fruit and vegetable business -- catering to the community. Well, they're not here now. But they taught me that message. And I do cater to community events -- Boys and Girls Club, walks on the Boardwalk. I am involved.

But the only thing-- I love working in Atlantic City. I like the casino business. I have all games. But the only thing that is totally aggravating to us, and our families, and our children is the smoking area. Now, every time I come up here and I try to prevent smoking problems-- My kids at home know where I am right now, what I'm trying to do. And I'm trying to make a healthy attitude in my own home. Plus I work with Egg Harbor Township Schools.

Now, this is what really aggravates me -- is that when that message of smoking is around. And in school I'm working in the gym. I

teach swim, I teach kids K-12, and we go over different health units. It's so ironic for me -- the people that I have to deal with sometimes because of that issue.

And Atlantic City is not dying. We know that. Smoking definitely has nothing to do with the industry. You know as well as I do.

ASSEMBLYMAN BURZICHELLI: Fran, I'm going to ask you to--

MS. WIZOR: I'm emotional about it.

ASSEMBLYMAN BURZICHELLI: No, you're emotional correctly. And the trend is on your side and our side. And your passion is important.

MS. WIZOR: It's very important. And I thank you.

ASSEMBLYMAN BURZICHELLI: Thank you.

MS. WIZOR: And clean? You want clean? I hope Revel starts out with no smoking.

ASSEMBLYMAN BURZICHELLI: We'd like them to start with some rooms and finish off the inside, ideally. (laughter) We're going to try to convince -- that first.

MS. WIZOR: Thank you.

ASSEMBLYMAN BURZICHELLI: That was so beautifully put.

Would you like to add? Your name please.

K A R E N B L U M E N F E L D, ESQ.: Actually, I can perhaps respond to her question, which is that--

ASSEMBLYMAN BURZICHELLI: Your name please? I'm sorry.

MS. BLUMENFELD: I'm sorry, Karen Blumenfeld.

ASSEMBLYMAN BURZICHELLI: Karen, I'm sorry. I moved your card around. I didn't know how to address you. Thank you.

MS. BLUMENFELD: No problem. I realize it's late in the day.

Karen Blumenfeld, Executive Director of Global Advisors on Smokefree Policy.

ASSEMBLYMAN BURZICHELLI: That's a global outfit you have?

MS. BLUMENFELD: Yes.

ASSEMBLYMAN BURZICHELLI: Very good.

MS. BLUMENFELD: In fact, speaking of the global theme, there are dozens and dozens of jurisdictions across the globe that have 100 percent smoke-free gaming. And in response to your question with Revel -- Kevin DeSanctis has made it publicly -- that it will be 100 percent smoke-free. So that's what he has--

ASSEMBLYMAN BURZICHELLI: Maybe that's why he's having trouble with the financing. (laughter)

MS. BLUMENFELD: In any event, I don't know about his directional abilities. But I am here. I did make it. And what I'd like to talk about is, we have heard that Atlantic City -- the goal is to make it family-friendly. And to have a family-friendly environment, it needs to be smoke-free. Families do not want to take their children into casinos that they have to walk through to get to the hotel rooms, to get to restaurants when it is permeated with second-hand smoke. That is not family-friendly. We have found that in Belmar -- which did pass the smoke-free beach

policy several years ago, to change the milieu, so to speak, of Belmar -- that, in fact, not only did it bring more families to the beach, their beach tag revenues went up for that summer and continued to go up, depending on how the economy was going. But also the beaches were exceptionally clean. So with regard to family-friendly, we think that being smoke-free promotes being family-friendly.

In addition to wanting to promote economic growth in Atlantic City-- And by the way, I, along with my family, when I was young-- We used to come to Atlantic City every single summer. We'd stay at the Shelburne Hotel. And I have very fond memories of coming to Atlantic City. So I do feel as though I'm not just coming from Summit, New Jersey, down to Atlantic City. I feel very close ties with Atlantic City.

A 30 percent increase in convention business is what I read in the newspapers recently about what the goal is. Well, did you know that there are countless numbers of organizations across the country that hold conventions that will not hold them in a city unless that city is 100 percent smoke-free? So Atlantic City is losing out. For example, I will give you the biggest one -- The American Medical Association will not hold a convention unless the city is smoke-free. So Atlantic City could bring in a lot of convention business if, in fact, it is smoke-free. And the 2008 survey from the Atlantic City Convention and Visitors Authority actually found that nonsmokers spend more money in Atlantic City than smokers, and that conventioners even spend more.

We also have examples of smoke-free gaming being a benefit, economically, to the State of New Jersey. First of all, almost all the poker rooms are 100 percent smoke-free by corporate choice. That means it

works. Secondly, the favorite off-track wagering facilities are 100 percent smoke-free. And my understanding is that every weekend they are really, really crowded. Third, the number one slot racino in the country is Yonkers Empire (*sic*) which is near so many other casinos that are smoking-permitted, and yet that is the number one revenue-generating slot racino in the nation. Dover Downs in Delaware, 100 percent smoke-free. They fared much better over the course of the economic downturn than Atlantic City did. And they don't have a beach, and they don't have the entertainment that we have here. And since we know that Atlantic City--

ASSEMBLYMAN BURZICHELLI: Karen, if you would, conclude, please.

MS. BLUMENFELD: Sure. Since we know Atlantic City is really gearing toward non-gaming revenues as its source, we strongly encourage the family-friendly aspect of it and create it to be smoke-free; and also to protect the workers and patrons, especially those who are breathing-disabled that, from the standpoint of a disability, cannot enter those units without breathing smoke.

ASSEMBLYMAN BURZICHELLI: Thank you, Karen, very much.

And if you contact the American Medical Association, we would declare a smoke-free three-day to accommodate their convention. I think (indiscernible) actually would do that if they'd be willing to bring their convention here.

MS. BLUMENFELD: Thank you so much for all of your time here. We very much appreciate it.

ASSEMBLYMAN BURZICHELLI: Thank you for your input.
Very important.

The last two people we have scheduled to speak are Al Welenc
-- is Al here? (no response)

And Wayne Archer.

They're both supporting sports betting.

Wayne, come on up.

You will be the last person to testify today, but you still have
three minutes.

WAYNE ARCHER: Okay.

My name is Wayne Archer, and I'm Government Affairs
Manager for the Club Cal Neva Hotel and Casino in Reno, Nevada. And
we are the largest satellite sports book operator in Nevada, with 30 sports
books.

Senators, Madam Speaker, I know you guys just got done with
a very contentious budget discussion. Sports betting can provide \$200
million annually for the State of New Jersey if it is brought here. The ban
on sports betting is silly. And with Senator Sweeney's litigation and with
the support of Senator Lesniak, it will be overturned.

When it comes here, sports betting can help Atlantic City, and
it can help the racetracks, and it can help the rest of the state. It will create
thousands of jobs throughout the state and, as I said, over \$200 million in
revenues if it's done right. Doing it right means approving sports betting in
Atlantic City and throughout New Jersey. This will bring additional people
to the area, to Atlantic City, and back to the tracks. I think that's really
important to know. But don't limit sports betting to Atlantic City. If you

do, it cheats the taxpayers out of tens of millions of dollars. If it's limited to Atlantic City, sports betting tax revenues will be less than \$5 million.

Remember, when sports betting is legalized, it will be legalized everywhere. And so the import substitution effects that will be felt will be terrible, just like Atlantic City has seen with new jurisdictions opening up in Connecticut, Delaware, and Pennsylvania.

Allowing sports betting at the Meadowlands and Monmouth Park will breathe new life into these tracks. It will create a new generation of horse track fans, as fans come to watch the games that they've wagered on. Imagine if you put a sports bar with a sports book at the Meadowlands. It would be phenomenal.

And if New Jersey wants to further maximize revenue, it should consider sports betting to be permitted in even more than these throughout the state. And the Nevada experience has shown that a small tax on sports wagering would be beneficial. We propose a 2 percent sports wagering tax, and that's how you get to the \$200 million annually.

ASSEMBLYMAN BURZICHELLI: Very good.

May I, first of all, thank you for your testimony. And if sports betting arrives in New Jersey, I suggest the tax should be slightly higher than 2 percent. And sports betting is thriving in New Jersey presently, we just don't get to enjoy any tax benefits to it.

MR. ARCHER: And that's in addition to the current 8 percent that--

ASSEMBLYMAN BURZICHELLI: We may even have another number in mind should we be so fortunate.

We thank you for your testimony.

I'm going to ask Chairman Whelan to close out today's session. From my standpoint, we thank everyone who participated. Chairman.

SENATOR WHELAN: Thank you, Mr. Co-Chair.

I especially want to thank Speaker Oliver, Senate President Sweeney, and the Governor for bringing focus to these issues. Again, today's focus was Atlantic City. And we will meet-- Our next meeting will be in the Meadowlands, probably sometime within a month, let's say -- as soon as possible, just getting everyone's calendar together -- where the focus will be more Meadowlands and horse racing.

I think we got a lot of valuable input today. I thank everyone for coming out.

And, again, thank you, Madam Speaker, and Mr. President, and the other members of the panel. Thank you, all.

We are adjourned.

(MEETING CONCLUDED)