

## **Transcript of Atlantic City Roundtable**

Held at the Eagleton Institute of Politics, May 10, 2007

**Mr. Donald Linky:** Thanks for coming. I'm Don Linky for those of you that don't know me. Some people in the room, I think, know each other for many, many years others maybe only for a few years and I guess a few just meeting today for the first time. This project was started as part of a program over a year ago that really was initiated when Governor Byrne decided to give the remaining papers that he had in his basement in Short Hills to the Rutgers University libraries. As part of that gift he also raised money to support the cataloging of those papers, successfully to the point where there was more money than was necessary for the library, even with their inflated budgets, to do what they had to do. So we developed at the Eagleton Institute of Politics a proposal to develop a larger program which would create a Rutgers program on the Governor that's intended to establish a permanent center at Rutgers to study the Office of Governor with special emphasis on New Jersey, but also nationally in looking at issues that affect the State Governors. Surprisingly there is no such academic center like that in the country at any institution, and Rutgers is, with the aid of the Byrne Foundation gift and hopefully additional money that we can raise in the future, wants to establish Rutgers as the National Center for the Study of the Office of the State Governor. Also as part of the project, in conjunction with Governor Byrne's gift of his papers, we have started a series of other projects including video interviews with former Byrne Cabinet officials, staff, academics and others who have taken key roles in the '70s and decisions of the Byrne administration, or also have analyzed or assessed what went right, what went wrong during the Byrne Administration. This program is another in the series of projects that we've initiated as part of the overall Byrne archive and the Rutgers program on the Governor. We've got, I think, two essential objectives today. One is to build the video archive that we are going to be putting on the Rutgers ' web that will be up there in perpetuity, so watch what you say. And also because Governor Byrne has asked that this not be solely an exercise in nostalgia, that we talk a little bit about what the decisions in the '70s have done to the Atlantic City of today, what went right, what went wrong, in retrospect what we might have done differently in the '70s that might have had an impact today. And then beyond that where is the city today, what are its greatest needs, what are its greatest problems, and where should we go from there. We've told you this is going to be very informal. We encourage everyone to participate. We want to make it as interactive as possible. I do ask that if you speak you identify yourself because we will have a transcript and it will be easier also for people looking on the web to identify who is speaking because they'll be both a video and audio and a written transcript up on the internet. I'd like to start, I guess, by just going around the room asking for people to identify themselves, talk a little bit if it's relevant as to what you were up to in the '70s, what you're up to today, what your sort of take on Atlantic City is, and give us some idea as to what your interests are today in terms of Atlantic City and casino development. Nancy, we want to start with you.

**Mrs. Nancy Yewaisis:** Because I was looking the other way. I'm Nancy Yewaisis. I'm originally from West Orange, and I was lucky enough to know Brendan Byrne who literally took me out of the kitchen and put me into the Governor's Office, very, very exciting time in New Jersey. And I remember being called up to the front office, all of us, and we were all told that this is what you are going to. We're going to start bringing the casinos into New Jersey. And it was just - the only casinos I ever knew was in Las Vegas, and it was very interesting just to see how everybody interacted, and it was such an exciting time to be in the Governor's Office and to have a great leader like we all had, Brendan Byrne. But I think it's completely changed a city that was dying, and it's done - bought in a lot of money into New Jersey, and I was just really glad that I could be part of all this. Thank you.

**Mr. Donald Linky:** Mike?

**Mr. Michael Scheiring:** Hi, I'm Mike Scheiring. I had the pleasure of being with Governor Byrne and Don in the Policy and Planning Office. One of my first charges under Don was to work on that legislation, and some of the issues I remember back then was were we going to have civil servants. I remember Ann Klein talking about perhaps having classified employees on the casino floor. I remember the big discussions with regards to should there be rooms, or not rooms, and how many rooms to make sure the casinos actually redeveloped Atlantic City. And of course I remember very pointedly the conversations we had regarding the Casino Redevelopment Fund Legislation, the surcharge tax that was focused and directed to make all that's happened out there happen, and there's been quite a bit that's happened. So I'm very delighted to be a party here today.

**Mr. Donald Linky:** Carl?

**Mr. Carl Zeitz:** Carl Zeitz. I was-- when that all happened in the '70s I was a reporter for the Associated Press, and I had covered the Governor's first election, and covered his Administration, and covered the legalization of casino gambling, and then one thing lead to another, things happened. There was a minor problem called Abscam, which upset the early Commission. And the solution was, among other things, to reform the law, reform the Commission, make everybody full time, bring in new people, and so I was part of the Governor's Reform Commission appointed in 1980, and I served most of two terms first under Governor Byrne and then under Governor Kean. And I'll stop here with just saying I think, and I think Mickey would agree because as I look around the room Mickey and I are the former regulators from that era, that we made the rules that became the rules for the entire nation and world, and that's why there is a National Casino Gambling Industry now because we made it possible for it to become a legitimate industry by what we did here.

**Mr. Joseph D. Kelley:** Hello, I'm Joe Kelley. I serve as the President of the Atlantic City Regional Mainland Chamber. I've been in the market place for about ten years and humbled to be in the audience today with those that founded such a great start.. I wasn't going to go there, but really here to learn from the past so that we can pave the way to the future and keep this ball rolling. And again, thank you for the invitation, honored to be here.

**Ms. Yvonne Bonitto Doggett:** Good afternoon. I'm Yvonne Doggett. I'm with the New Jersey Casino Reinvestment Development Authority. I've been living in Atlantic City for the past 43 years. I come from that state that's going to be giving Atlantic City a bit of competition, and that's New York City . But it was my pleasure to come here and also had the pleasure of working with Al Marks who at that time was Chairman of the Miss America Pageant and brought me onto the CRAC, the effort to bring casinos to Atlantic City . As a marketer I thought it was very important to add to a product line that was sort of deflated and dying, so you add a new product. I think we looked for other alternatives to bring back the hospitality industry, to be more vital, but I think the only way to go was to bring gaming in, and I thought it was exciting. We were successful second time around. I think we have a long way to go, and I guess I'm one of the few who thought that in the initial investment in Atlantic City, although we needed housing and the area deemed in most need for that rehabilitation was the North East Inlet, I thought that we should have combined housing development and restoration along with community and economic development. I think we lost some time in that. Thank you.

**Ms. Linda M. Kassekert:** Thank you. I'm Linda Kassekert. I am the current Chair of the Casino Control Commission, and of course, I think in 1977 I voted for Governor Byrne. I think he was the first Governor I voted for once I was eligible to vote, and it's a real pleasure and an honor to be here with you Governor. I think that today's Casino Control Commission is really living your legacy and the legacy you set through the statute, through Senator Perskie's efforts in developing a system that has a lot of integrity and calls for

such high standards, and has really become a model for gaming throughout the nation. So I thank you for that.

**Mr. Michael Fedorko:** Michael Fedorko. I was part of the Executive Protection Unit when the Governor signed the bill. That's the unit that Senator Gormley is going to bless in a few weeks. It was a very interesting time for the unit. There were about six of us who came down that day. I came down about a couple of days before with the advance group. When the Governor saw the picture he asked me why we were in uniform and the answer was because you told us to be in uniform.

**Governor Brendan T. Byrne:** Says it all, by the way.

**Mr. Michael Fedorko:** Absolutely, absolutely. When we came down here we traveled at the approved State Police speed of 91 miles an hour, but it was an interesting day as I said. It was a very interesting time in Atlantic City . And I retired in 1999 as the Acting Superintendent, and I am presently the Vice Chair of Casino Control Commission.

**Ms. Diane Legreide:** Thank you. I'm Diane Legreide. When the Casino Referendum passed I was a Legislative Aide in both the Senate and Assembly, and so, you know had some ability to see, you know, what happened then and see the Atlantic City of those days. I didn't know I was going to be coming back as a Casino Control Commissioner from '94 to 2001, and then I'm here in my new capacity appointed by Governor Corzine to be the Director of Atlantic City Projects. I call myself a facilitator to try to get things done, and I'm happy to be back. I feel like I've seen a wide range of changes in Atlantic City . One of my observations, Governor, is you know, the Referendum passed and then people had to create rules and the Casino Control Act. And it's pretty amazing since there were no regulations at that time how well they really worked, and how this was put together, and really as Carl said before became a model, I think, for the whole country. So you did a good job.

**Governor Brendan T. Byrne:** But there are thousands of people who could come in and testify to the contrary.

**Mrs. Ruthi Zinn Byrne:** We didn't invite them. I'm Ruthi Byrne and in the late '70s I was a plaintive in the case against Essex County to change the form of government from a freeholder form to an executive form, and by the Musto Act, and that is how I met then Governor Byrne. And we went to him for help, and I will not tell you what happened, but be that as it may, did not help us because it was politically incorrect, but we managed to succeed. And I know that Brendan is very proud of Atlantic City and really does think that it has made an enormous difference and felt he couldn't not do it. He had to do something. So I'm very happy to be here and to listen to everybody who really did make it happen along with him.

**Mr. Donald Linky:** Why don't we skip over you? Judge?

**Judge Steven Perskie:** If I might impose I'd like to tell a brief story about the day and the circumstance in which I met Brendan Byrne. It was in April of 1973. I was a first term Assemblyman, a Democrat from a Republican district. I had voted the year before for Governor Cahill's income tax program which pretty much assured everybody who knew me that I was not going to be a second term Assemblyman. I had endorsed Dick Coffee for Governor partly because I liked him and knew him well and felt that he was qualified, and partly because it didn't make the slightest bit of difference to me who the Democratic candidate was going to be because Charlie Sandman was going to be the Republican candidate and that would mean that in Atlantic County this was not going to be a very interesting election from my point of view. Dick Coffee called me one day and told me that he was not going to run for Governor and asked me if I would come to East Orange to meet with Brendan Byrne of whom at that point I had not heard, and to

participate that day with some other people, Al Bursting [ph?] was there, Charlie Yates was there, Marty Greenberg, a few others, in an effort to help the new candidate get a grip on some of the issues. And I was invited there to talk about taxes. So I went there for that purpose and spent the day which turned out to be a fascinating day that I will never forget simply because it was such an interesting exercise to watch people deal with the political issues in such a substantive way. In any event, I had one issue on my mind that was not on the agenda that day, but at a recess somewhere in the middle of the afternoon I took advantage of the opportunity and introduced myself personally and said, "Judge, I know that it's not something everybody else is talking about, but I've got this issue at home," and I briefly explained it to him. I had, of course, earlier in that session introduced a gambling bill into the Legislature and it never even got a committee hearing. In any event, not being that aware of his sadistic nature I listened to him tell me, "Well," he said very nicely, he said, "You have to understand that I previously served as the Prosecutor of Essex County, and during my service as Prosecutor of Essex County I was called to the Legislature to testify in the late '60s about a proposal that would have authorized casinos in Atlantic City. And I gave testimony at that time, as Prosecutor of Essex County, and of course it would be very difficult for me now as a candidate for Governor to say anything different as a candidate for Governor than I said to the Legislature as the Prosecutor of Essex County." And he went through all that knowing full well that it was my certain expectation that his testimony as Prosecutor would have been negative and that he was leading me to believe that that was going to be his testimony, or his position, as a candidate for Governor. And so I recognized at that point that my political career was over, and he let me stew with that for a couple of minutes before he told me that in fact he was the only law enforcement officer, or law enforcement official to have appeared before the Legislature in 1968 to have suggested that casino gambling could be effectively monitored in Atlantic City and that it would produce more benefit than not. But when I finally got to that point that became the initial glue that linked my career to his, and the rest of it you have before you. So I'm here to celebrate that particular day in April when I met the man.

**Mr. Donald Linky:** Senator?

**Senator William L. Gormley:** I was Steve Perskie's successor in the Senate, so I was a Republican who represented a Republican district and voted with the Democrats.

**Voice:** Frequently.

**Senator William L. Gormley:** Frequently, thank you, thank you. When you come down to it we were very fortunate. You had a Governor in Brendan Byrne who exercised political courage in supporting casino gaming because, in fact, if the ads were done correctly in 1976, or done in the '80s or '90s you can always run a good negative ad on casinos and be effective, and he was willing to do that. Steve Perskie was, without question, the supreme master of the legislative process at that time both intellectually and procedurally. To have the two of them come in contact at the same time meant that we would have a rebirth of our region's economy, and that's plain and simply what happened. Now as a result of the efforts of these two Democrats then I got to serve 25 years in the Senate, so this really worked out well. Thank you.

**Mr. Donald Linky:** Paul?

**Mr. Paul O'Gara:** My name's Paul O'Gara and in the early 1970s I was in Southeast Asia as part of the foreign policy of the United States, and I came back here...

**Senator William L. Gormley:** I was there too.

**Mr. Paul O'Gara:** Yeah, and Bill was as well. We both worked for the same outfit. I came back in the 1970s and was an Assistant Prosecutor for Anne Thompson and got involved in this representing licensees and people in this industry when I joined Joel Sterns in the middle 1980s. And since then I've been involved in the process that resulted in the development to some degree in representing people who brought money here or people who spent money here. And my other observation is I also am the beneficiary of the Governor's other great effort in South Jersey in that I live in the non-growth region of the Pinelands where no one else can build a house on the Mullica River right where John McPhee went by in his kayak. So I've moved down here and I'm kind of a two way winner from the efforts that went on then.

**Mr. G. Michel Brown:** My name's Mickey Brown. Around 1978 or '79, I guess it was, I was working as a Deputy Attorney General in the Criminal Justice Division prosecuting organized crime cases, and enjoying it very much, and had a few successes. John Degnan called me to his home on a Sunday morning, he was the Attorney General, and he said, "We are opposing the license application Resorts International, and you're going to try the case." And I said, "I don't know anything about legalized gaming. I know bookmakers, loan sharks and numbers runners." And he said, "Well that doesn't make any difference, you're going to try the case," and I did against my Uncle Ray Brown for nine weeks here in Atlantic City and luckily lost the case. And about a year and half later John Degnan called me again and said the Governor wants to talk to you about a job, and I met here in Atlantic City or outside of Atlantic City for dinner with John Degnan and the Governor, and the Governor said, "I want you to become the Director of Gaming Enforcement." And I said, "I don't think I should take that job because the one thing I did I lost, and secondly I want to get out in the real life and make some money. I've been on government payrolls for ten years now as a lawyer," and he said, "Just take the job. I know you'll do a good job, and believe me it'll work out for you in the future." So thank God I took the job, and he asked me earlier, "What's the best job you ever had in your life," and I said, "It was being the Director of Gaming for you, because we, you know, we just did things that had never been done before, and I think we made a contribution to the credibility of casino gaming as an industry in this country, and you know, it's something that's been copied as far away as Queensland Australia as a model, and I think that's a credit to the Governor, and thank God he took care of me when I was a young guy.

**Mr. Donald Linky:** Mike?

**Mr. Michael Pollack:** I'm Pollack, Spectrum Gaming Group. In the '70s and early '80s I was a newspaper reporter, and around '82 received a grant to take the entire year off and write a book on the impacts of casinos on Atlantic City and New Jersey. And interestingly enough the book I just saw it the other day it's on eBay for like \$80 bucks, so. But I look around this table and I see a lot of people...

**M4:** That's because there's only one left.

**Mr. Michael Pollack:** That's-- my garage is filled with them. But I look around this table there's about six people, including Governor Byrne, who I interviewed for that book, and I don't think-- it's great to have this kind of gathering because I don't think enough people, including people who work in this town who realize what took place, what had to take place and how pioneering New Jersey was. And among other things I think it is astounding that if you look from the time of the Referendum, to the time when the first Casino opened, with nothing to base it on, nothing, no model up and running and done right. And you look at states like Pennsylvania which had tons of models to follow it's taken actually longer for them to do it. And New Jersey has done quite a bit right in starting this industry.

**Mr. Donald Linky:** Joel?

**Mr. Joel Sterns:** Joel Sterns. I was sitting in my office on West State Street in 1978 or '77, and the phone rang. I don't know who or why the call was instigated by, but it was Resorts International asking me to come to see them on a Thanksgiving weekend and talk about representing them. I didn't know a thing about casinos, and therefore became a prominent casino attorney thereafter. The one thing that I do remember clearly from those days was that nobody except Senator Perskie and Bill Gormley thought that that Referendum was going to pass. One had been sadly beaten two years earlier, and this one won to the amazement of the rest of the state, if not Atlantic County, and the reaction was horror, and therefore it became clear that the strategy had to be give unto Caesar every power of every-- the longest possible application form, whatever kind of security needs they needed, just let us operate the games. And it wasn't always easy to operate the games, I know. I saw Joe Fusco here a minute ago. He wanted to get in on that too. But the fact of the matter is that the concern of the public of what happened in New Jersey, where are we going to go, is what lead to the strictest possible casino law, and what made us, I think, the model state in the country. I was going to stop there, but since Senator Perskie opened it I have to remind the Governor that I was the guy that talked Dick Coffee out of running for Governor.

**Mr. Donald Linky:** Tom?

**Mr. Thomas Carver:** Tom Carver. In 1976 I was working somewhere in the Port Authority either at Kennedy or at what is now Newark Liberty International Airport . I didn't get here until 1984. And let me say this, if I may, because I've said it many times publically in speeches. Four great economic events in New Jersey 's history which I think have had an indelible mark on us as a people, and as a state. Two of them were directly created by Brendan Byrne. The third was brought to perfection by Brendan Byrne, and the fourth one which is the creation the Port Authority in 1931 he made a major change in it by changing the name of the place and also the thinking of the place. Of all of those events the other three, by the way, in my judgement at least, the creation of the Meadowlands, the state income tax, and the inauguration of this enterprise in Atlantic City, and I would argue at this state that this may be the greatest economic event in this state's history frankly, and I think it will prove itself to be in the long run. I regret deeply, I was here in '84 to '94 as President of the Casino Association, came back in 19, in 2005 rather as the Executive Director of the CRDA. I regret deeply the time that was lost for us between Brendan Byrne and Jim Florio. The town has changed, the industry has changed. It's much more collegial now than it used to be. The adversarial relationships that we used to have with our regulatory partners, I think have changed dramatically, and I think on both sides. I have to salute, if I may, two men that I not only deeply admire, but I consider very, very dear friends whom we would not have succeeded in any of this without, and it's beginning with Steve Perskie, but also the constant through this whole process, a lonely warrior if I may say through this whole process, has been Bill Gormley. And without Bill Gormley what you have just heard me say I would not be saying and you wouldn't see some of the things that you're going to see today that would have been possible. But so during that process I think we have come a long way. I think we have a long way to go, but Governor, I have to tell you, I've said this many times in the past, some day they're going to wonder why they only named one building after you.

**Mr. Daniel Heneghan:** I'm Dan Heneghan. Back in 1976 I too was a reporter here in Atlantic City . I had moved here in 1975 and got to see Atlantic City at its absolute worst, the most rundown slums, the incredibly decrepit state that the city was in and could see why people were looking for casino gaming as this unique tool of urban redevelopment. In '76 virtually every reporter at the paper was writing about the campaign to get the Referendum passed. I was fortunate after that passed in January of '79 I started covering, for the Press of Atlantic City, the whole issue of casino gambling and did that for the rest of my career there which last until 1996 when I moved to the Casino Control Commission. I got a marvelous opportunity to chronicle all of these changes. The development, the rebirth of Atlantic City it was an absolute fascinating time. And it's so easy now to look back at all of those pieces the way they fell into place and see the impact that Brendan Byrne had on this city. It has been absolutely tremendous. I've

probably had the dubious distinction of spending more time at Casino Control Commission meetings than anybody else alive, but got to live through all that history and it's been a fascinating time.

**Mr. Pinky Kravitz:** I'm Pinky Kravitz, excuse me, and I'm a historian I guess. I'm in the media, and all facets of it radio, television, writing, and been here-- I was around in 1854 when we incorporated Atlantic City, and know all these things. You all talk about gaming and like 1978 was the first time we had gaming. We had gaming throughout the '60s. You would go to the 500 Club, the Bath and Turf, and we had all these places, the Club Harlem. We had all of that until a guy from Washington D.C. came into the town by Senator Estes Kefauver, and he held a meeting here and there was no more gambling. It was out of the way until 1978. There was still some in the back rooms somewhere or other, but Mr. Perskie helped to inaugurate those kind of things. But anyway, in the gaming it just reminds me in 1961 I was doing my show on the Boardwalk and Senator Musto walked by, and I recognized him because I had been at a meeting, and I had spoken at the meeting relative to the lottery. We were considering the lottery at that time. And so I did an interview about him, and he said, "Well, we're going to get a lottery in this state," and sure enough we did get a lottery in this state, and I think it helped to get people involved as far as the gaming point is concerned. So when it did come about they didn't want it throughout the state, but when they said do it only in Atlantic City, which was the wisened way that Steve went, why we were able to get it passed. I also did interviews with Governor Byrne and we played tennis on occasion and I learned how the committee, or the group that looks out for him, how they think of the Governor. We were playing tennis right next door at the Howard Johnson. And there was a ball that was a lob and I was ready to smash it, and I looked out of the corner of my eye and I saw the Governor there and my question was do I hit the ball and then the Governor? And I turned my head over and there's this state trooper and he's got his hand on his gun. Needless to say I walked away and didn't hit the ball. But watched the whole process of how gaming came into this state, watched the things that were brought up. I worked for a short period of time with Caesars and saw the things that were demanded by the CCC at that time as to the colors, and to how big the room, and all of those things, and Joe was very adept, Mr. Fusco, at picking out good colors for the bathroom, and where the tiles could be put, and where the rugs had to be, but with all of that it has gone a long way. It is the feature for what we have, and we built it up, and there were errors along the way, but what we have come to has turned this city into what will become, with what we have on the books today, the premier gaming industry, and out the United States including Las Vegas and all. It is done with much more class. It is done in a way that we're seeing a lot of good things that are happening and will develop in the future. Thank you. I'm sorry.

**Dr. Lia Nower:** That's okay. Hi, I'm Lia Nower. I'm the director of the New Center for Gambling Studies at Rutgers. And at this time period I was in grade school, but I'm very interested in the history of Atlantic City because I have a real keen interest in socioeconomic development and the future of Atlantic City.

**Mr. Donald Linky:** David.

**Mr. David Mattek:** Hi, my name's Dave Mattek. During Governor Byrne's first administration I worked for the State Legislature. I was the top staff person to the Senate Energy and Environment Committee. That committee was chaired by Joseph McGahn, the predecessor to these two Senators. The Legislature didn't have much staff at that time so I got peripherally involved in casino development issues, and I think that the passage of the act was one of the things that the Governor did that made a major contribution to the development of South Jersey, Atlantic City in particular. In his second Administration I worked-- I moved over to the Department of Environmental Protection and I had the role of Legislative Liaison for that department. The Governor pushed the Pinelands Act which was a very important proposal. I had a major role in the Department Environmental Protection of selling that act and then working on it once it was passed. And that is a counter poise, I think, to the development aspects of the Casino Control

Proposal. This here is a way of preserving land in South Jersey , so I think those two things worked together and contribute to the Governor's legacy to this date.

**Ms. Susan Ney Thompson:** Thank you. My name is Susan Ney Thompson. I joined the staff of the Casino Reinvestment Authority in 1989 and currently work there as Chief Operating Officer. And I've been fortunate to be involved in many of the projects which the Authority has undertaken. And while I've been in the same office for all of these years the job continues to change as the challenges of this city continue to change, and the rewards continue to be seen. And I think those rewards are really credited to the leadership in this state, all of those who have worked very hard to see that this town is a success.

**Mr. Joseph Fusco:** My name is Joe Fusco. I arrived here through the good graces of Joe Lordi, who many of you all remember well. And Brendan Byrne selected Joe Lordi, and he was a wonderful guy. Those early days it was such an exciting experience. Atlantic City has been just-- it is a study, it is a textbook case study for a business school to watch how government can change something, create something, how you can bring a positive attitude. I mean at positive attitude can make things work. People had doubts. Brendan Byrne set down one clear rule, "Let the mob keep their dirty hands off of Atlantic City ." He selected a law enforcement guy to run the Commission. He selected through John Degan, Mickey Brown, for the great, I always call it, the great Brown versus Brown trial, Mickey Brown versus Ray Brown. Joel Sterns was there coaching on the resort side of things. The decision was correctly made. I thought that there never could be a Senator who was as effective and great as Steve Perskie, the way this young guy could move through all ways and smartest guy in the world at least at the time. He was such an effective Senator. I don't know-- so then we see young Mr. Gormley who was an Assemblyman at the time, or almost an Assemblyman. What Senator Gormley has done with that-- Steve Perskie did a wonderful job as a Senator. Senator Gormley had a whole different creature to deal with and over time he did it differently in a different world, and if it wasn't for Senator Gormley's ingenuity in legislation, which I have not seen anywhere consistently in the Legislature over that many years, Atlantic City would not have survived the way it has, it wouldn't have grown. The ingenuity, the cleverness, the ability to work both side of the aisle it is an exciting experience, Atlantic City . It is an enormous, enormous success. Took a lot of courage for the Governor to be able to go along and do this, and Atlantic City has benefited from it and it's a pleasure to be here. Thanks.

**Mr. Joseph Corbo:** Good afternoon, Joe Corbo. I'm the Vice President and General Counsel of the Borgata, which of course is the newest entrant into the Atlantic City market. We opened about four years ago. I can't top Lia, but I was a sophomore in high school in 1976 when this happened. I became President of the Casino Association last year. I came into the industry in 1990 having joined Resorts. When I came into the industry Judge Perskie was the Chair of the Casino Control Commission. A month after I became President of the Casino Association we, of course, had our casino shut down which also was a historic moment, and Judge Perskie presided, albeit briefly, over a lawsuit that the Casino Association had brought seeking to deem our employees essential so that we could...

**Judge Steven Perskie:** It was about two hours.

**Mr. Joseph Corbo:** It was about two hours. I said briefly, so we tried. And what I would like to just say as President of the Casino Association in that role, quite candidly Governor Byrne's name had not come up too much with regard to back in the beginning, at least from my perspective, until recently. Recent events I've actually been using your name and your genius with regard, and Judge Perskie as well and everybody who had everything to do with the Casino Control Act because we're now facing issues with the emergence of markets in New York and in Pennsylvania and it's making New Jersey think about, well, how can we best compete as a state with those emerging jurisdictions. Our point of view is that 30 years ago we started to compete with Pennsylvania and New York by setting up a framework that is true to the

test of time. I don't think that there's a better way for our state to compete with those jurisdictions than to continue to do what we're doing building a critical mass of destination resorts that are going to compete very effectively with convenience resorts that are developing in those states, not a critical mass of them, but spread out in an area that's much different than the product that we have to offer here in Atlantic City. So thank you for that.

**Mrs. Ruthi Zinn Byrne:** All this is going to make him impossible to live with, but he loves it let me tell you.

**Governor Brendan T. Byrne:** What a luxury to have your obituary before you die.

**Mr. Donald Linky:** John Russo also called. He's going to try to join us before we close. He's testifying, or testified this morning in his continued efforts to try to keep the death penalty on the books in New Jersey. He said he would like to get here also to testify why Atlantic City was a bad idea, and still opposes casinos.

**M5:** Good.

**Mr. Donald Linky:** But that raises, I think, a point I'd like to start before I ask the Governor to talk. I've been coordinating these series of video interviews of the former Byrne people, and others, and I guess what I've been struck, when we talk about Atlantic City, and we've tried to ask almost everyone what they think about Atlantic City today, and what they thought about it then, is how much opposition there was within the Byrne Administration toward casino development. Dick Leone, who is out of state, but e-mailed me and said, "If I came I'd talk against it still." In his video interview Dick said, I don't know if this story is true or not and you can check him if it's not, that he felt so strongly against casinos that he went to the Governor, as State Treasurer, said that he and the Attorney General, Bill Hyland felt so strongly in opposition that they wanted to speak publically against the Referendum, and that they were willing to resign from the Cabinet in order to avoid any embarrassment to the Governor. And Dick said that the Governor said, "No, that's not necessary you can speak out and say what you'd like and still stay as my State Treasurer and my State Attorney General.

**M6:** And they did.

**Mr. Donald Linky:** And they did. John Degnan said that he also opposed casinos, voted against it twice, and said he had lots of conversations with the Governor about it, told him what he thought, but the Governor, and I'll let the Governor talk about his reasons, but the Governor was quite firm in why he believes that casinos would work in New Jersey, and that he finally, reluctantly went along. John also sent an e-mail saying in effect that he thought the Resort's licensing was at least a part victory for him because Mr. Crosby didn't get licensed even though that the hotel did.

**M7:** Correction Mr. Crosby did get licensed.

**M8:** Yes he did, yes he was.

**Mr. Donald Linky:** Oh, he was?

**M9:** Yes he was.

[Overlapping conversations.]

**M10:** The issue with Crosby , and I don't want to interrupt, but the issue was whether he went after a company or after a person. The first time he went after a company, and I think after that they learned to go after the persons.

**Judge Steven Perskie:** Right, what happened was, that's right. In the second and third proceeding, which were Bally and Caesars, in each instance-- and also for Playboy as I think about it, in each instance they-- the process, the focus shifted, or broadened I should say so that the inquiry was not only with respect to the company, but also some of the principle individuals. And in the later three instances, but not in the Resort's case, the company got licensed, but certain specific individuals did not.

**Carl Zeitz:** Well, they got licensed provided they would sever from their Chairman.

**Judge Steven Perskie:** Right. Their license was conditional on the severance from the...

**Carl Zeitz:** The severance of the Chairman from the corporation, and we...

**Mr. Donald Linky:** Well, in any event I guess the point, which we got a little distracted, was that I was surprised at how many people opposed casinos, and people quite close to the Governor. I voted against the Referendum twice.

**M11:** Ah-ha!

**Mrs. Ruthi Zinn Byrne:** Now he tells us.

**Mr. Donald Linky:** But I've been surprised, I guess, over the years how people have come to accept it. Governor Byrne, as part of our program, was a guest lecturer in a class a couple of months ago, a class on Jerseyanna , New Jersey 's image. And I was there and asked the students, there were over a hundred students, what they thought about Atlantic City as a pro or negative image for New Jersey . I was surprised how many of them said it was a positive image. I didn't think they would. I was surprised that younger people do think it was a success.

**M12:** Why did that surprise you?

**M13:** Yeah, why?

**M14:** Look at what we've got here. Why is it a surprise that people are proud, that people like Atlantic City ?

**Mr. Donald Linky:** We can talk about that, but I want to put a little bit...

**M15:** We're friendly.

**Mr. Donald Linky:** I wanted to talk a little bit about the negative perceptions that I think Atlantic City particularly had in the '70s and the issue of gambling in New Jersey, particularly with the long standing problem of New Jersey's image not only, you know, within the state but outside the state. But before we get diverted I wanted the Governor to talk about the initial decision, about his perspective on gambling, his perspective coming in as a prosecutor. Because I think one premise here is that without Brendan Byrne what would have happened? Where would we be today?

**Judge Steven Perskie:** That's easy.

**Mr. Donald Linky:** And what would Atlantic City be like today without Brendan Byrne. Governor?

**Governor Brendan Byrne:** Thank you, and thank you all for coming. I'm really flattered and honored that I've got so many people who, well, who came sort of at our request, but also who have been so instrumental. This is as stellar a group as anybody could have put together, and I thank you. I'm personally flattered. Pinky made the point that in Atlantic City a lot of people have regarded the casino bill as a validating act, and in a way it was. And Steve Perskie is correct that in 1968 I did testify before the Legislature in favor of casino gambling. That did not mean that as a candidate for Governor, or as a Governor I had to be supportive of casino gambling. It was not an issue in 1973. These guys had written off Atlantic County as a Republican-- it wasn't until the last week that anybody thought I was going to carry Atlantic County, and then they started spending money on advertising...

**M16:** Spiro Agnew helped you out a little bit?

**Governor Brendan T. Byrne:** Huh?

**M16:** Spiro Agnew helped you out to win the county.

**Governor Brendan T. Byrne:** Yeah, but they started spending money which was chargeable to my quota and I was trying to stop them because I didn't want to spend the money, you know, in Atlantic. Anyway, now I get to be Governor and the issue comes up. And Charlie Sandman, at one point, accused me of catering to the hotel interests in Atlantic County. I want to make it clear because this tape is going to last for 100 years. I want to make it clear that I would not have supported a bill if it weren't for Steve Perskie. I've said that often. I wanted to say it on tape. If I didn't have the confidence in Steve Perskie I don't think the bill would have gone anywhere. So anyway, when we did it I wanted to have the best people working on it. I wanted to have the best casino control act we could get. At one point I toyed with having the regulations as part of the bill. I got talked out of that justifiably. We had good people. I had a good State Police Superintendent who was committed to my standards, and I thought we could go. Dick Leone once said to me, "You don't really want to be known as a Governor who brought casino gambling into Atlantic City. That's not what you ought to be remembered for," and I said, "I'm not going to be remembered for that one, that's sort of a minor thing." Well, a few years ago there was a birthday card out where if your birthday was on March 1st here's who else was born on that date and here's what he was, Pope John the whatever. For April 1st one of the people born on April 1st was me and my contribution to history was casino gambling in Atlantic City. I still have that birthday card. But anyway, we did it, and we did it knowing that we were at high risk. And I remember the Governor of Florida at the time saying, "If Brendan Byrne thinks he can operate casinos honestly he believes in the tooth fairy," and I have quoted-- that was \_\_\_\_\_. And you're on record in history you know.

**Mrs. Ruthi Zinn Byrne:** I know.

**Governor Brendan T. Byrne:** The girl who sneezed. So there's been-- we had various alternatives as we went along, people who wanted to build casinos, people who wanted to have one state operated casino in the center of town somewhere, and I think there's precedent for that, what in Montreal or someplace, and we thought pretty seriously about that at one point. It worked out. We insisted on the 500 rooms. We did want casino gambling to be a vehicle for rehabilitating Atlantic City. I remember, aside from Perskie, one of the things that impressed me was a lady by the name of Lillian Bryant who was running for local office down here, and I spent a Sunday afternoon campaigning with her. And we campaigned through the lousy districts and housing projects in Atlantic City and I said, "I don't know what we can do, but we can't let

this go on." And I think we went out to see Disney, the Disney people, and they told us that they don't make any money in Disney World until the first of December, that the first 11 months are for meeting expenses, and so that wasn't a possibility. So this was sort of what was left, and we did it. We took the chance. A lot of people in this room are absolutely responsible for the success of casino gambling. If we didn't have this quality, and it would have been easy not to have this quality of support, it wouldn't have worked, and so my reputation was saved, and I look around and say thank you to the people who saved it.

**Mr. Donald Linky:** Judge, why don't you sort of talk about those early days, and particularly the first Referendum?

**Judge Steven Perskie:** The resolution that you have on the slide which just passed, I think, a minute ago, or is coming up, was the first one. Actually, as has been indicated, the idea initiated in the late 1960s, and it was an outgrowth of what you're seeing on the slides now from 1964. When the Democratic National Convention came to Atlantic City in 1964 it had the-- you see, Buckley says, "The city might wish it hadn't lured the big show down this way." See that there? And that's because the national spotlight was placed on Atlantic City in 1964 in a most unflattering way. The hotel industry, by that time, which had really grown up before and then flourished immediately after the war, had by that time really become way outdated and the leadership of the industry, which I always said then and still do, is an oxymoronic term, had allowed the physical plant to just become decidedly second rate. And when you added the fact that then people could fly relatively cheaply anywhere they wanted to, instead of just driving to Atlantic City, it started a precipitous decline. So in the late '60s our predecessor, once or twice removed, and Frank McDermott from Union, and a couple of other people came up with the idea and initially presented it to the Legislature. It got nowhere. I was initially elected in '71 and we started in '72, and as I mentioned earlier we couldn't get a bill out of-- into a committee hearing in those days. I've already told you the story of how the Governor and I met. And indeed one of the other interesting memories that I have, during the course of that campaign '73, he was asked on occasion when he would come down here what his position was on casinos in Atlantic City and he said consistently, even though he's right that it was certainly not an issue at the gubernatorial campaign level, but when he came here it was, and he consistently said I would be in favor of an appropriately regulated, you know, he said all the right things, but it was a generally positive reaction. He then gets elected Governor and eight days later comes to Atlantic City to the Shelburne to attend a convention. It might have been League of Municipalities or might have been the teachers, one or the other.

**M17:** Real estate.

**Judge Steven Perskie:** Real estate, and on the way out of the hotel, I was standing next to him, on the way out of the hotel a reporter sticks a microphone under his nose. He is now Governor Elect for eight days, "What's your position on gambling in Atlantic City," and he says to the reporter exactly the same thing word for word that I had heard him say 18 times during the course of the election campaign, and the next day that was the banner headline on the Star Ledger, and on the Bergen Record, and in the New York Times and every place else. And that was one of the lessons that I learned out of that process. Because I said to him, "I don't understand this," and he says, "Yeah," he says, "I wasn't Governor before." We then went into 1974, and as you can see again on some of the slides, the Governor's people as has been indicated, were instructed to try to be helpful. We had a lot of difficulty in the Legislature at that time because there were interests in the Legislature that were predisposed to be in favor, but only on their own terms. And the bottom line at the end of day was that we were going to be successful in getting a proposal to amend the constitution out of the Legislature only, only if it was not by its terms limited to Atlantic City, which caused the Governor some significant distress because his position all along had been, "I'm for casinos in Atlantic City," and didn't help me either, but it was the price that we had to pay in 1974 to get the question on the ballot. The other price that we had to pay...

**Voice:** It was the Playboy Amendment.

**Judge Steven Perskie:** Pardon?

**Voice:** It was the Playboy Place Amendment.

**Judge Steven Perskie:** Well, no, the other-- Yeah, yes the one I just referred to was indeed, you're correct. The other price we had to pay was to commit to state ownership and operation of the casino, and that's where the idea that the Governor mentioned, one of the theories that was being booting about was one state owned facility. Ann Klein had her civil service people running a casino somewhere on Atlantic Avenue or in the Convention Hall, or whatever. And it was not the idea that we wanted, but from our point of view it gave us enough hope that by having the casino here we could spur the reinvestment in the hotels, and the reinvestment in the nightclubs, and the restaurants and the shops. Okay, we can live with that. Besides, it was the only choice that we had. The Governor-- when the Legislature passed that resolution that you saw up there as ACR128 it does not require the Governor's signature to go on the ballot as a constitutional amendment, but the Governor made the statement, which he consistently repeated throughout the course of the year, that while the constitutional language would have permitted casinos anywhere in the state subject to certain local votes, he as Governor would veto any legislation that proposed to locate it anywhere other than in Atlantic City. The bottom line was that the question that went on the ballot in 1974 was therefore not about Atlantic City, which is what we wanted people to be voting on, the question that went on the ballot in 1974 was about casinos. In other words they weren't being asked do you favor helping Atlantic City or not, they were being asked do you favor casinos in New Jersey, and that vote went down 60 to 40 for a variety of reasons. There was no organized effort to promote it. It was a very hard sell in those days. It was taking an industry with a corrupt reputation to locate in a city with a corrupt history, in a state that only a few years before had had the famous comment by then Deputy Attorney General Brennan that there were a number of members of the Legislature that were all too comfortable with organized crime. So that combination was toxic and resulted in an overwhelming defeat in 1974 which led Joel Sterns, and all of the other absolutely smart, and wisened and wise observers of the Statehouse scene to tell us in 1976 that we didn't have a prayer. The differences from '74 to '76 are obvious. In the first place it was limited to Atlantic City. In the second place it was not to be state owned and operated. We were very political about the constitutional dedication of the revenues to the senior citizen community because our polls had shown in '74 that that's where we had had the least public support. And then most importantly we organized-- somebody referred to CRAC earlier. I hope those of you who only know the more recent term understand that that referred to...

**Voice:** It's spelled a little differently.

**Judge Steven Perskie:** It's spelled a little differently, referred to the Committee to Rebuild Atlantic City, which was in my entire adult lifetime, political and otherwise, the only time that I have ever seen all of the interests in Atlantic City, the political, economic, social, other interests in Atlantic City, unite in a common agenda. It was simply a miraculous thing to watch. In any event, under the auspicious of that committee, an organized, focused effort was made. The focus was on Atlantic City and not on gambling, and the message that was sold was if you enact this Referendum, if you approve this Referendum we will provide the toughest regulatory system anywhere in the world, and the proof of that, as far as we were concerned from a political point of view, was that prior to the election, somewhere around the end of September I think it was, we introduced at a Statehouse press conference, the draft of what would become the Casino Control Act, and we did that deliberately before the election so that we could make specific representations to the public about what it was that they were buying, and the rest-- the 60/40 vote from 1974 was then directly turned around into a 60/40 vote in favor.

**Mr. Carl Zeitz:** Can I observe that I think there were two other factors? This is going back to when I was a reporter covering all this. In '74 there wasn't a committee campaigning for it, but there was a very heavy duty bipartisan committee campaigning against it...

**Voice:** There was also in '76.

**Mr. Carl Zeitz:** And that was Ann Martindell, Dick Leone may have been involved. I live in Bordentown City . I've always joked about Princeton that if they built the university in Bordentown I'd live in Princeton, and it's the Princeton liberal if you can imagine such a creature in New Jersey, who was instrumental in that anti-campaign. In '76 you had a presidential campaign and people who'd been part of that committee were more interested in electing a president of one stripe or the other than they were in stopping casino gambling, and that's where their energy and focus went. And you had a million dollar campaign for it, but you also had an election in which the presidency appeared to be the more important question on the ballot. It turned out not to be because this is permanent and no executive election, even the governor's is permanent. It can be lasting in terms of what you accomplish, but. Jimmy Carter was elected that night and casino gambling was legalized that night, and that was a one term presidency and this is now a 30 year duration, so.

**Judge Steven Perskie:** You're right about all of that. It's just that in '76, the second time there was a very effective and well organized opposition campaign as well, you are right that it was in context of a presidential election, but we still had to counsel the churches, and we still had...

**Mr. Carl Zeitz:** You didn't have any money. I remember.

**Voice:** You had a million dollars.

**Judge Steven Perskie:** Yeah we did. We had a million and a quarter, a million and a quarter.

**Mr. Donald Linky:** I want to skip ahead chronologically a little to hear from one of the newer kids on the block, Senator Gormley, because he has to leave a little bit early. And even though we are talking about the early days I'd like to get his perspective before he has to leave.

**Senator William L. Gormley:** Well, I think...

**Voice:** He was in grade school.

**Senator William L. Gormley:** I was in Okinawa when it failed in '74. Luckily I was released from the Marine Corps, that's why it passed in '76. That's why I got out. I had to come back and straighten it out. The reputation of Atlantic City in 1950 and '51 when Kefauver came to Atlantic City , that's my first remembrance of government. My father was the County Sheriff . Senator Kefauver wanted to look at my father's checkbook because he was a part of the Republican elected officials in Atlantic County that year, and it was a very heated time to say the least. Steve's late Uncle Marvin, to say the least, was torturing my father on the witness stand. Years later when I said, "I've met this guy Marvin Perskie. He's really a great guy dad," he had to take a nitro glycerine pill. But so that was the image-- but that was the image of Atlantic City . That's what Steve and I grew up with. We grew up with it was tainted, and tragically over the years some of the elected officials in the city have hurt it. So I could say for Steve one thing we had to monitor in one form or another was the integrity quota in the region both in terms of appointments and both in terms of the Senator-- the Senator's in charge of the region's economy. That's how we looked at it. You have a staff of three people, but if anything goes wrong you're to blame, period. That's the culture of this region coming from Senator Farley. So consequently if it came to an appointment or anything

affecting the region's economy or integrity we had to become far more engaged than you would see in other districts, and because you only represented one-fortieth of the population, but you are coveted by the other regions because you're the only one with gaming obviously. You're also coveted because they think you get more than any other district. Well, truth be told, we did because we worked at it in terms of special legislation that sometimes people didn't bother to understand it. Well, that's their problem for not reading it. So you have that image in Atlantic City, and what you had to do over the years is make sure that you kept it clean as best you could, and sometimes it's not written in statutes so you had to do it by your wits. You had-- but luckily there was either a strong Attorney General, there was a good prosecutor, there was a Governor, there was a way to cobble together what you had to do that year to make it work or come up with an idea that would make it work. The individual integrity of Brendan Byrne, he'd like me to site his sense of humor, but I'd really like to get to his integrity, was pivotal in this whole process. Yes, the most powerful governor, but if you didn't merge that with that personal integrity, and what he tried to do to overcome the image of Atlantic City when it all started, we wouldn't be where we are today, and again I site Steve, and what he did or had to do, or this wouldn't have passed. The Governor just said it. It he didn't have Steve Perskie he wouldn't have done it. The constitution's real simple in New Jersey . Last year when we had a budget shut down I was asked about what did I think. Certain people from his own political party weren't getting along with the Governor. And I made a quote, there's three things you have to do in Trenton , period. These are the three rules. You have to get along with the Governor, get along with the Governor, and get along with the Governor. I learned that from Steve Perskie. He's the most powerful Governor in the country, and you have to work the system with the Governor. Now the Governor's loyalty, maybe the fact that Steve was out front on a certain income tax and sticking his neck out, and very loyal to him I think might have helped, but that's what-- that's the loyalty of politics that's not a bad one. It's not based on nefarious dealings. It's based on people taking political risks from either side in terms of public policy and building up a relationship and a trust in one another. So that was important. That's then, this is now. I want to talk briefly about the future of Atlantic City . Atlantic City should be the incubator for the rest of the state. Between the CRDA, the intelligence of our current Governor, and his ability to see very complex situations and put them in context, Atlantic City should be the model for energy and for housing for the rest of the state. You have a unique merger of urban problems such as affordable housing, such as the greening of an urban area, and Atlantic City can be the incubator for the rest of the state, through, as I said, the Governor's commitment to the city, his government, his commitment to those projects, and the fact that we have the potential where-with-all to achieve it. It's a funny thing, when you have a region or a town that is beset with every urban problem that can exist, because it's an urban area, you have such great potential because of such a low population base and because of the gifts that you have because of casino gaming to realize it. So in terms of what was done it wouldn't have happened without Governor Byrne, without Steve, we had to overcome an image. We still have to fight that image every day. It's not been helped by the recent indictments in Atlantic City of city officials, but we've been able to cobble together a level of integrity that has gotten it this far. Without that it would not have happened, and the level of potential with Governor Corzine now is very positive not just because you'll have a lot of gaming coming into town, but because you can solve, or serve as I said, as an incubator for programs not only in Atlantic City, but through the CRDA in the rest of the state. So it's been-- I've been very lucky. I got to represent a district that was an incubator and a focal point for the rest of the state, controversy, visibility, yeah that was a part of it and sometimes things got very heated when you disagreed with individuals, but the fact of the matter is it went far beyond a Legislative District. It is a unique incubator because of what the Governor did and what Steve did, and its upside potential, not just in terms of gaming, in terms of affordable housing, in terms of environmental initiatives such as doing windmills off the coast, it is unlimited, and you have such potential really to bridge certain social gaps that other towns... They've opened, the union, local union, the major union, Local 54, the Waiters and Waitress union, has now done a model program in terms of healthcare, with the help of the CRDA, where for 18 hours a day there is a health facility not only to deal with the health of the members in terms if they have a current illness, but also to deal on a preventative basis, and it's a model for the entire country, and that came out of Atlantic City. Atlantic City is the city that's asking to

be the offshore windmill. I'm proud of this. You know why I like this? Those Kennedys from Massachusetts, now I'm telling you, now they didn't want the windmills off of Hyannis, you see Governor? That's why we're blessed. We weren't born to money.

**Governor Brendan T. Byrne:** That's right.

**Senator William L. Gormley:** And but this Irish Senator said, "Let's put those windmills off the coast of Atlantic City, and be a model for energy."

**Voice:** You ought to run for office.

**Senator William L. Gormley:** Oh, never again. Never again, we're not going to do that. There is a, as Steve will site, you do as Senator attract some very special people who disliked you, especially, especially if you have my bedside manner and warmth and are able to, shall we say, memorialize my dislike publically and frequently for certain individuals. And luckily, especially a few years go...

**Voice:** You never expressed those feelings.

**Senator William L. Gormley:** No, I didn't. Well, there were certain ads I ran a few years ago with Governor McGreevy, who's been very complimentary since then, that sort of, might have, sorta, maybe, kinda crossed the line a bit, but we had to make our point. But through it all everybody's done a great job, and the industry is doing great, great officials in the industry, and I think the potential's very high.

**Mr. Donald Linky:** While we still have both of you in the room I wanted to push on you the issue of the worst mistake that the Governor made during his Administration, and he said this publically in our interviews and also in other forums, of not forcing a regional development authority or commission like the Meadowlands Commission, as part of the casino package.

**Judge Steven Perskie:** And the truth is, he has said that many times, and I've thought about it quite a bit because we had a number of discussions about it at the...

**Mr. Donald Linky::** Steve, could you use the mic?

**Senator William L. Gormley:** That's my mic.

**Mr. Donald Linky:** Share.

**Judge Steven Perskie:** Again, so that the record is clear when the-- actually it wasn't a part of the original casino control act, but it was at the same time in early '77, which I remind you was an election year for both the Governor and for the Legislature. The idea of some-- it wasn't very sophisticated at that point, but the concept was that there would be a regional authority modeled to a certain degree, I guess, after the Meadowlands that would address some of the regional issues that Bill has just talked about, and do so in effect by supplanting local authority. And I, of course, was very concerned about it from a selfish political perspective in the sense that it would certainly not have helped me from a political point of view. My approach was that we should try to attack the problems by picking off governmental powers where we could. For example the creation-- we created the Transportation Authority that later became the South Jersey Transportation Authority. We shifted some of the responsibilities that had previously been held by the improvement authority. We created this and that. The Governor has said many times that in retrospect the enactment of an agency with comprehensive regional planning authority would have been the right

answer, and the fact is I agree with him. And it's simply my view that from my perspective at the time it was not politically achievable.

**Governor Brendan T. Byrne:** The truth is, by the way, I could have had anything in the world.

**Judge Steven Perskie:** Oh, I know you could have. You could have done it. I couldn't have done it, and the Governor could have done it. It's always been my view, he's has never said this to me, and he can deal with it now as he sees fit. It's always been my sense that the reason that he didn't push it is because he was concerned about the political impact on me, and I have always felt a little bad about that because on the merits I think it would have been-- it would have enabled us to attack quicker and more comprehensively some of the problems that have dogged us for the generation since then. I don't know that they all would have been solved. I don't know that the net result-- I think my sense is that the net result that we have today would have been accomplished earlier and easier.

**Mr. Pinky Kravitz:** Steve, wasn't there the time, excuse me Governor, when you said you wanted your cabinet to be a committee of one. I remember specifically hearing you say it, and to lead the way in helping Atlantic County , or Atlantic City to do what needed to be done, and that never worked.

**Judge Steven Perskie:** The problem-- well, the problem, the reason it didn't work was because that effort, which he did undertake, succeeded in coordinating the various agencies of state government. That was not where the problem was. The problem was the failure of the local agencies, the city and its assorted agencies to interact among themselves, and then even more particularly the failure of the local agencies to interact with the state. I remember very clearly, to give you the point, there was an effort-- the Atlantic City Convention Hall. I had introduced legislation, this is now the next year or two, it's '79, '78, '79 I'm already in the Senate. Introduce legislation to fulfill this vision I've just discussed to take the authority and responsibility of operating the Atlantic City Convention Hall away from the City of Atlantic City and create the Atlantic City Convention Center Authority, which of course eventually did happen. I introduced that legislation with the Governor's staff and cabinet approval, went to fight that and eventually got it won. The day we had that hearing before the Senate the Atlantic City government hired a lobbyist, my predecessor in the Senate at a dollar a year, to go up and to campaign, to lobby against the passage of that legislation. The same day that that legislation was scheduled for a hearing in the Senate in New Jersey the Mayor of Philadelphia was in Harrisburg pleading with the Legislature in Pennsylvania to take the authority and responsibility of running the Philadelphia Convention Center away from the City of Philadelphia, arguing that it was a statewide responsibility and a statewide asset for the State of Pennsylvania or the Commonwealth, to invest in the development of the convention business for Philadelphia. So here we had Philadelphia asking the Legislature to take over the cost of running the Convention Hall and here we had Atlantic City objecting to the Legislature's-- to an effort to have the state take over the cost. Now keep in mind, by the way, that at that time the operating cost of the Convention Hall, which was, I think, \$3, \$4, \$5 million dollars a year something like that, was borne entirely by the taxpayers of the City of Atlantic City . And here I was arguing that that cost should be borne by the taxpayer of the entire state and city was opposing it. That was the kind of culture that we had to deal with.

**Mr. Donald Linky:** Senator, what's your take?

**Senator William L. Gormley:** Well, what Steve and I collectively dealt with at the time was the City Parking Authority that let's just say it was a City Parking Authority, and consequently we created a South Jersey Trans-- we created the Atlantic County Transportation Authority because what you had is a system where they had a stream of income that, shall we say, didn't have a larger vision that would be acceptable to the public. We'll just leave it at that. Then you also had the luxury tax going to Atlantic City , which

had been created by Senator Farley in 1944 to deal with the hurricane. And let's give credit to Senator Farley we never got rid of the luxury tax, and what we did we've expanded it, and expanded it, and expanded it.

**Judge Steven Perskie:** It's still there today...

**Senator William L. Gormley:** You don't, oh you don't know how big it is today. They still, they have no idea what I hid.

**Judge Steven Perskie:** Shh-shh.

**Senator William L. Gormley:** But anyway. Oh, please they said they did TIFs years later, they have no idea. So what we have is a situation where the city didn't know how to run-- they weren't competent to handle it. Consequently we handed the parking over to the county, created a County Authority . The Convention Center Authority took over, and it meant now the state had control of the luxury tax which had been going to the city. That meant over the years Steve and I could expand the luxury tax to where it is today. The luxury tax then built the first housing in Atlantic City , Gramercy. That was in 1984. It invested in the Inlet to take over the housing project at the end of town that now the CRDA and the country are going to get \$9 million dollars back for, and they saved the waterfront project in '84. So that had to be done. The town wasn't competent. They couldn't handle it. In terms of an agency taking over everything I can go back and forth on that. Governor, that would be based upon your being there. No, I'm being honest about this. This all-- I think historically we've come through it okay. I think, and I'm-- not because he happens to be the Governor today, I think Governor Corzine gets it, wants that level of integrity. You have a great Attorney General, and I don't think in retro-- we can go either way on this one. In fact I'm being punished because of it. Twenty-seven years later after I attacked John Degnan for wanting a super agency I'm now on a committee that he chairs. Do you know I have to drive-- all our meetings are going to be at Chubb Headquarters, six hours round-trip. I said, "Can we ever do one..." The most southern meeting will be in Trenton , okay? So John's... But I really think it can go back and forth. But we did it in such a way that we piecemealed it. We took away parking, took away the convention center, those two you now have professional staffs there running it, and then the Casino Reinvestment Development Authority.

**Judge Steven Perskie:** Don't forget the Zoning Board. You had to amend the Casino Control Act, remember?

**Senator William L. Gormley:** For the Zoning Board. I mean this was-- what happened is you had a town of 40,000 people that had this responsibility for a major social experiment and they were thinking of who hurt who's brother in the Ward three years ago, and who can you get on the police list, and they're still doing that as a matter of fact. But the reality of it is that we were able to piecemeal, not spectacular, it wasn't one large executive order saying now I'm going to take everything over, but you were able to piecemeal some of this so that you would achieve the results. And the potential today from all these income streams what they're going to generate in the future with the CRDA, parking money, and whatever you can do, a great amount for the city, and social issues in the city, and social issues around the state.

**Mr. Donald Linky:** Tom Carver, from your different hats over the years, what's your take on the regional issues?

**Mr. Thomas Carver:** Well, we always felt, and still do as a matter of fact that the-- I wouldn't call it a mistake because I don't know what the cause was and what the debate was, but just let's put it into

perspective. You have an industry of the magnitude that this is. There are more employees in this industry than there are residents. It's economic speak for themselves. And you superimpose that without a roadmap, and without guidance, and without input, and without involvement, if I may say, on a city which is totally incapable of addressing those issues. Forgetting the politics of it, if I may, just put it into perspective of any industry, particularly this one which came with-- it's very interesting, people, we used to argue vociferously about the preamble of the Casino Control Act. The industry never had a problem with the regulatory statute. The industry always had a problem with the social aspects of that statute, and the primary reason that we did is because we were being held to a result that we were not allowed to take part in. And I can recall when Tom Kean wrote a letter to us back in, I don't know, late '80s I guess it was, admonishing us that unlike J&J in New Brunswick, we were not involved in the evolution of Atlantic City as they were there. And I was appalled, frankly, when I got that letter on behalf of the industry. And I wrote back to him and I said we're very happy to be involved. We will do anything. I laid out several things that we recommended that we do, but I said, "Governor, with due respect I wish to point out that we neither have the luxury of involvement nor the privilege of leaving as J&J had," and very frankly it got no response and it never went anywhere. In fact I'll tell you what happened. Ultimately I was given 30 days to get of town by the City Council. That's what ultimately came from this. But so, I guess, in retrospect and what I said earlier that we lost the time between Brendan Byrne and Jim Florio. When Jim Florio took office Steve Perskie became a Chief of Staff, and we wrote a book on an agenda that we submitted we thought was important to the industry and the evolution of Atlantic City . And I was really overjoyed because Steve called and said it's the best work he had seen in any area of the government that was coming in. And I quoted, in the first sentence of that, which I will never forget I quoted a statement which was made by-- to Steve Wynn by Bill Moyers at an interview on the Boardwalk. And he said to Steve, "How does it feel to be tolerated for your money, but despised for your presence?" And that really, it tried to lay out the background of the feelings of the industry at that point, vis-a-vie our involvement in Atlantic City . And for the first time, in all frankness, Jim Florio said to us collectively when we met with him in Trenton , and in fact in our office, Steve was there. We met with him over the 7-11 on Morris Avenue and Jim said, the Governor if I may with due respect, "I will treat you as a business, regulation is regulation," which we never quarreled about. The regulation of this industry is based on two premises which are in concrete. Every nickle is accounted for and you can't be a bad guy and get a license. That's it. It's as simple as that. That's regulation. But we lost a decade and only because of the inability of our competing states, Pennsylvania and New York , that they didn't take advantage of what they saw happening in our jurisdiction, did we luck out. To get back to today I have to tell you in all frankness, and this is not within the confines of this room I will say it publically, the City of Atlantic City still does not function. The government of Atlantic City does not function. Everything in this city has changed except for that, and I would submit to you that that jurisdiction still controls the process that we're going through. Now I'm not saying we get rid of the government of Atlantic City , but what Billy said is true because we have now an ally that we never had before. We now have the Office of Economic Growth, and we have in the presence of Diane, who is sitting here with us now, a direct alliance with the State Government that we never had before. We have a, almost an appeal process if you will to raise issues to a higher level and to say look, the economics of this industry is so critical... I'll tell you something I mentioned to Joe Corbo a while back because it was great consternation when the government-- when they closed this industry. And I said look at it from the other side of the spectrum. The reason this industry was closed is because it was so important. It was the one lever that they had to bring sense to that debate, sacrificing momentarily what they needed out of this industry for the common good, ultimate common good. That's what this industry has become. It was the one area in the State of New Jersey that could have been brought to bear to make that difference in that debate and that's what they used it for. We didn't like it, but that's a fact of life. So I think...

**Mr. Donald Linky:** Michael, is he right about the government of Atlantic City ?

**Mr. Michael Pollack:** Hey, I'm not going to be interjecting in the political level, but to be honest to me part of the problem is, yeah. Part of the problem, and it's always been the problem, Bill alluded to it, is that you've got a small city that makes decisions that impact the entire region. They're not responsible on an elected level to the people outside the region, and on top of that, and I've sort of come 180 on this, people who work in the industry are not allowed effectively to get involved in local government. That was once a good idea. I'm not certain that's still a good idea.

**Mr. Pinky Kravitz:** Steve, what's your thinking with that? Do you believe that that still should be the case because I would believe it's challengeable as far as the constitution is concerned?

**Judge Steven Perskie:** Wow. No, the wow is that I'm looking at that machine there with the red light and I'm reminding myself that I can talk freely about history. I frankly don't have the freedom today to be as open as I would like to be with respect to questions of, for example, the constitutionality of the law or questions of present public policy. There just isn't-- I'm sorry I have to-- it's uncharacteristic of me, as all of you know, but that's one I just have to pass. I have some decided points of view on it, but I can't express them.

**Mr. Donald Linky:** I'd like to sort of ask the room as whole. Is there a consensus that the only window to establish a regional authority was when the casino package first went through in the '70s, and that we've lost that moment forever and that it's politically impossible to revive that concept today? How about a show of hands?

**Governor Brendan T. Byrne:** These guys have said we were getting at it piecemeal.

**Mr. Donald Linky:** Well getting at it piecemeal, but...

**Judge Steven Perskie:** My view is that the compelling case that could have been, and was in some circles, articulated for it then is not nearly as compelling now because the process over the last 30 years has adapted to that decision by addressing the problem in other ways. You've got, for example, the Convention Center agency that operates, is responsible for the whole and raises and spends the money, is not I believe, nor is the transportation component through the South Jersey Transportation Authority and certainly the Casino Regulatory process would not be any different or less effective tomorrow than they are today if they were all included in some type of super agency at this point.

**Mr. Joel Sterns:** Can I take a shot at that?

**Mr. Donald Linky:** Joel Sterns.

**Mr. Joel Sterns:** I'm not sure that we're not on the way to a regional agency. It's going to be more difficult politically, but I think Diane is the lead into that if she thinks it's necessary. And the reason I say this is because there are some vast problems that are regional. It may be within the borders of Atlantic City, but Baderfield is going to be a regional issue. Transportation is going to be a regional issue. You're going to apparently face it, from what I read in the papers. I only read in the papers now because Paul does the work, thank God. You're going to have to meet needs for the new casinos that want to build down further towards the inlet. They want resolution. That's going to take a regional activity. And if you look at how you're going to win back both against New York and Pennsylvania I think it's going to take a regionalization. And I think there are such sophisticated entities today. Look, I sit in the office and I dealt with the people that we all dealt with. Paul deals with people I don't understand. I couldn't file an application for the kinds of applicants that Paul's putting in now. Sophisticated billions and billions and they may require that and I don't think you can write that off.

**Mr. Donald Linky:** Dan?

**Mr. Daniel Heneghan:** I think that if you look back at the situation back in '77, '78 look at how rampant land speculation was here. People being forced out of their homes, people in tears, and the city issuing variances to let you build a casino in residentially zoned property, coming out a week before the master plan's going to be adopted to give somebody else a variance, changing the zoning to allow-- to increase the casino zone to include land owned by a public official. If you couldn't get a regionalized authority through then I don't think you're going to have any chance of getting one through now. I think this issue which was so much worse.

**Mr. Donald Linky:** Paul?

**Mr. Paul O'Gara:** It's something Dan Lee said last week that over the last several years only one person has assembled a 20 acre casino site squared off, and he is not a casino operator. His name's Carl Icahn and I represented him. And he was able to do it because he brought to bear resources that are well beyond what most operators bring to the city. The land wasn't assembled through a gaming company. It wasn't even assembled through a company which anybody could realize. It was various funds and it took several years. And I think that it's because it's so difficult in the city and, you know, it's almost so daunting that people that are going to invest get scared by it. Living here, the other thing I would say in favor of regionalization is that, I grew up and lived in the Princeton area where the Governor spent a lot of time there, and I know what Princeton 's like. I mean if they read what we read in the paper every morning people in the area have had it. I mean everyday I pick up and read that a local official in the City of Atlantic City has either been indicted for, charged with, or has admitted he's the subject of an investigation, and this has gone on for months and months and months, and the people in the rest of the county, I think, are thinking it to some degree. They're willing to listen to an answer because it's almost like being constantly beaten with what's going on, that you realize it doesn't work. There may be a time now, and I think that Diane probably sees that from hearing the frustration of people who are even afraid to deal with some of these people.

**Ms. Diane Legreide:** If I could just respond, you know, to what Joel said and Paul. I think it's problematic to some degree, I mean just me arriving in Atlantic City set off such a storm of people saying she's coming down to take over city government, our agency, this one or that one, that it becomes problematic working with people. And probably the first six weeks I was here was assuring people I'm not here a) to take their job, or to eliminate funding for them, or whatever it is. And it seems as if we're in a position right now to make sure the different entities are working together. City government is here, but city government's not going to do a whole lot without the state and all of the different funding sources, so I don't think you have to come in here and say, "We're here to take over city government." We're here to work with city government. It's critically important that the Governor's office is working with CRDA and through Tom Carver, and the different entities to have everybody on the same page. I think one of the problems with Atlantic City has been reactionary planning and not forward planning, and I think trying to change that now to deal with the transportation issues going forward for 20 years, not just building a road to get to a place already built, and the housing issues, and through CRDA those issues are being addressed, through studies, and RFPs and the town is on board with that. And I think that over the next year or two it's critically important to make sure everybody is on the same page instead of trying to do away with what exists and create some new authority because I think we'll spend two years talking about that instead of really making progress.

**Mr. Donald Linky:** Carl, just briefly.

**Mr. Carl Zeitz:** A little disclosure. Some people here know it, some don't. I am consultant to Pinnacle Entertainment. That's the company that took the Sands site, and the assemblies of land put together by the Sands under Carl Icahn will build one of the next great things, so there's a disclosure there. But public policy, the question was do we need a regional authority. I have to be careful too in a sense because I'm consulting with a company that an interest here now in what I say. Public policy is always adaptive and adaptable, but one of the things that we'll face, my client and the others, because there any where, depending on how you measure there's \$6 to \$10 billion dollars worth of announced new development coming to the Boardwalk on Atlantic City, center Boardwalk and the south. I always get my directions-- west, east I always get my directions screwed up here, so. There are projections between us, between other people. I've heard Tom Carver say it, but this is going to mean 40,000 additional employees generated by the industry. If there's 40,000 employees in the industry there's going to be another component of about 50 percent on top of that in related industries servicing the industry. Those people do not live here now. They are not here now. That's 40 to 50 to 60,000 people who simply are not here now. They are going to have to be found, so the workforce issue is huge, and if they come here where are you going to house them? And that's a regional issue. And moving them into and out of this city to go to work, and all the additional visitors who will come to this next \$6 to \$10 billion dollars worth of... The issues are regional, and they have to be solved, and they have to be solved-- the solving of them has to be happening now and it's beginning to be in Trenton . But that's the crux of where this city will go and what its relationship will be New Jersey because if those problems are not solved, and you can't find those 40,000 people, and get them here, and house them here, then it won't work.

**Mr. Donald Linky:** Let's take a short break and we can pursue this and other issues going back to the '70s a little bit later.

**Governor Brendan T. Byrne:** One of my question's going to be, was gambling in Atlantic City inevitable? Okay.

**Mr. Donald Linky:** Okay.

**Mrs. Ruthi Zinn Byrne:** That's a test.

**Governor Brendan T. Byrne:** Joel, how about my question, was it inevitable, casinos in Atlantic City ?

**Mr. Joel Sterns:** It wouldn't have been inevitable if any other state like Florida had any sense. Then you wouldn't have necessarily gotten that because you wouldn't have necessarily got casinos to invest, but this was the one state that stepped up first. And obviously where we're going when we talk forward now, forwardly, the state did have that gap and didn't solidify Atlantic City . Fortunately we still have time to do that. But there was a period when we didn't do anything to solidify Atlantic City 's position, and...

**Governor Brendan T. Byrne:** What could we have done?

**Mr. Joel Sterns:** Well, aside from the regionalization what we could have done is to create incentives by way of transportation, entertainment, etcetera that would have made this a destination. Now Atlantic City immediately became what, one of the top two destination spots, but it was always the daily spot. There wasn't anything, and there still isn't a lot that gets people to come down here for two or three days. Yes, in the summertime there are, but it still isn't a spot to get people to come here for two or three days. We didn't put the pressure on-- I'm not saying that we could, I'm thinking of things we should, but I don't know that we could have. We didn't put the pressure on the airlines. We didn't develop enough of a network so that people could start to come from Pittsburgh , Chicago , Nashville , this one or the other. And we're happy, and when I say we I'm not only talking about government I'm talking about casinos. We

were happy with the revenues that we were getting with the people coming every day, and only as the competition grew did we realize that we weren't becoming Las Vegas and we really weren't protecting ourselves from what could have happened in other states. It isn't happening because the other states are still blind to this. I mean if you take Florida, I think, could have knocked us out of the box any time with casinos, but they never-- it's not the state that would do that. New York, if they thought about in terms of a consolidation of locations, a Las Vegas type situation, entertainment, they could do it, but you're not going to do it with the regional entities. I remember being at a meeting in Mickey's place when it was mobbed on a given Saturday. We had one of our meetings there in Connecticut and thinking my God these people are coming from our market. They weren't coming from our market he was making this market because the people got a taste of that casino and then they wanted to be able to walk to other things and other events, and we never capitalized on that because we didn't think we needed it. Now we need it, and the question is, is it too late? I don't think it's too late, but if we-- because they're still fooling around. Pennsylvania is a disaster.

**Judge Steven Perskie:** ...as long as you've got, I think Carl or somebody said, what is it \$6 billion dollars in the process, and the Pinnacle piece, and the Borgata expansion, as long as that's happening people will have to back that bed, if you will.

**Mr. Joel Sterns:** Right, exactly.

**Judge Steven Perskie:** And it'll work.

**Mr. Pinky Kravitz:** Well, Governor, your statement, and I'm looking at it, June 2 nd, 1977 . "It is not enough to create 16,000 rooms for our guests if we do not provide decent housing for our citizens." We still do not have 16,000 rooms. With the closing of the Sands we're under 15,000. Now we have several-- we have 2,500 that are now being built, but when it comes to decent housing for the citizens we've done it to a small degree, and what CRDA has done is tremendous. And I've got to tell, you the best two appointments that have been made was to bring this gentleman, Carver, back to Atlantic City because he's the only one that stepped into the CRDA that had a background in the industry. He knows what the industry's about. He knows what this city is about and he's done a marvelous job. And bringing Diane here who also knows this city because she was an active individual within the city, she would attend events, she would be involved with the public and knows how this city operates. So they're two great people, but how do this thing with the decent housing? Gormley talked about it when he said, "Well we can be the model," but there doesn't seem to be that derivative to get us to that model, and that's the thing we're needing. We're going to get the rooms eventually with all of the development that is in place, but how are we going-- now there CRDA is doing a transportation study for the next 20 to 25 years because Carl pointed out, rightly so, of all the people who are going to be coming into this area, how are we going to get them in, how are we going to get them out? They have to think out of the box. We have to go in the air. We have to do whatever needs to be done, monorails, whatever, in order to get those people back and forth. I remember when it first started, Governor, they said that we would take the intersection of the Garden State Parkway and the Atlantic City Expressway, we'd have people park there and have buses take them in to alleviate all the traffic coming into Atlantic City. That never came about. So the prime issue is the housing situation. You see what's happened in the townships, Egg Harbor Township, and with Hamilton Township, and Galloway, with all the houses there and they're tearing the area apart, and the people from the state are telling them they can't-- they must build, but how do you transport the people back and forth, and those are the vital things that we need. The question is do we do it through a regency-- a regional agency to help us do it? Well, I think Gormley's right in saying making it the model for the rest because we have all the ills. We still have all the ills, but we have the opportunity to move ahead.

**Ms. Yvonne Bonitto Doggett:** I would say that, and I'm very aware and I'm sensitive to the Governor's feeling of regretfully not creating a regional authority. I think we should have had a regional authority created at the passing of gaming. There were many residents of Atlantic City hoping that would happen because they were not very happy the way municipal government was going and sort of a hands off attitude, the part of the administration. But that's too late now. Had we created that, yes, we would have been far past the curve and we would be addressing some other issues, but the town would have become a destination sooner. I think with the cooperation of the various agencies that we have now in our midst, and they're state agencies, that if they closely cooperate they can be that authority, if you would, to get us moving on the right track. I don't think we can, at this time, create a new agency. Rather we have to coalesce with, cooperate, collaborate with the various agencies that are involved with transportation, with economic development, with housing. Certainly CRDA is working with Rutgers on Workforce Housing Plan. Tom or Susan could speak to that. But I think with all of the elements and components in place at this time we could pretty much mirror the actions, if we have the commitment and the will to do it, to address all of the issues.

**Mr. Thomas Carver:** I agree with, for me, I agree with what has been said previously, particularly when Steve introduced the concept that it would be almost impossible at this stage to go back and create a regional agency. I believe that the regional agency exists within the CRDA, in this sense. Our whole thinking has to be regionalized, every thing we do. That's why we-- I went to Chris Glory [ph?] and I said, "Look Chris, I want to make an offer you can't refuse. I will pay for, we will pay for rather, a transportation analysis leading to a master plan for transportation for the entire eight county South Jersey region for the next 20 to 25 years," because you can't do transportation improvements for the next two years. You've gotta start thinking much forward than we have in the past. And the housing issue we may have to go back to the Legislature, or we may have to attempt to work around the statute which says Atlantic City housing money can only be used in Atlantic City because 40,000, as Carl has mentioned and we have mentioned, 40,000 people if we're successful. Forty-thousand people will be newly employed in this industry. We don't have them now, and they have to live someplace. So we are talking to the other counties in the region suggesting to them that housing initiatives may be required. We're suggesting to the local government of Atlantic City that look, if we don't do all of the housing in Atlantic City any more it's not because we-- we're going to do housing in Atlantic City, but the cost of real property, and the availability of real property does not lend itself to the massive housing programs that we've done in the past. Right now we're finishing a 500, and I'm going to say 598 I think it is, housing program under Hope VI, 189 of which will be for low income housing people. The Atlantic City Housing Authority does not have enough folks to fill those houses up, believe it or not. So we have reached the plateau in Atlantic City where the private market is beginning to develop this town. This town is undergoing gentrification as we speak, but that still will require us to provide housing for those people who work in this industry who can't afford to live in Mt. Laurel and commute. We're going to have to have housing for the wait staff, the maids and whatnot who work in this industry and make it work, and so we've been discussing that, but in addition to which we have to think regionally in terms of housing. But I think Yvonne is right. We have this effort on the way, and I think that cooperatively we can accomplish the things that we have to do.

**Governor Brendan T. Byrne:** Are your housing goals going to bump into the Pinelands?

**Mr. Thomas Carver:** We can't, Governor, because the rules are that Egg Harbor Township has to take, I think, 27,000 new units onto their plan. There's large growth areas and no growth areas so for the most part you can't infringe on the Pinelands.

**Mr. Donald Linky:** Unfortunately Betty Wilson and John Stokes, Chairman and Executive Director of the Pinelands Commission couldn't come today, but I had an interesting e-mail exchange with them over the last week or so. And I asked, I said, "Have you ever studied the interaction between the Pinelands and

Atlantic City, and has anyone ever sort of looked at what would have happened without the Pinelands, or with Atlantic City, and so forth," and they said, "No," which surprised me with all the studies over the years that have been done that no one has looked at the Pinelands versus Atlantic City and what the growth impacts have been. So it's all frankly subjective and anecdotal at this point in terms of what that has meant to the region.

**Judge Steven Perskie:** And Governor, the answer to the question is no in the sense that there is still within the region, mostly in the county, but at the upper end of the cape and at the lower end of ocean, there's still plenty of Pinelands consistent space. The problem is, or the issue I guess from the perspective of the local people, is that the Pinelands program has aimed that growth at the growth areas, and not provided concomitant ability to absorb that growth in a way that the locals feel comfortable with. Phrased a different way what you've got in all of Galloway, Hamilton and Egg Harbor Townships, which are the three big growth communities here, is you've had explosive growth partly because of the Pinelands, partly because of Atlantic City, and both the infrastructure, and the schools, and all of the other impacts, if you will, of that explosive growth have not been-- the communities have not been given any resources with which to deal with that. That's their complaint.

**Mr. Carl Zeitz:** Can I just make an observation? You know if you listen to the whole tenor of the conversation, and I've been listening to this conversation for close to 30 years here now, it's always posed in terms of all these problems. These are not problems, they are opportunities. There isn't another region in this state that wouldn't welcome these problems to be solved because they indicate something is happening here and a great deal more can.

**Mr. Donald Linky:** Let me raise another topic going back to the original drafting of the Control Act. With good reason there was an effort to force the initial casino investors not to simply build casino boxes. So the legislation had very specific requirements in terms of how much non-gambling space and restaurants and shops. With the benefit of the time we've had since the act was approved, was that a mistake?

**Mr. Pinky Kravitz:** Yes. All you have to do is look at the figures. Look at the figures in Las Vegas and Atlantic City . In other words, this past year we equaled them in the amount of casino revenue, \$5.2 they were, we were \$5.1 bill, but they take in a total of over \$10 billion dollars from non-casino revenues, from the hotel rooms they charge for, from the restaurants, and the shops. Atlantic City takes in 10 percent of their revenues from non-casino. We are now starting to see the difference with the pier, with the shops all around, with the restaurants that have opened, we are now seeing this happen. And unfortunately Caesars put in a couple of shops when they did it and that was the extent. It was all inhouse. To a degree it was the casino's fault because the casinos didn't want them to walk out the door. Now they realize they will go from property to property and it helps them to do it.

**Judge Steven Perskie:** And the reason he said yes and I say no and we come basically to the same conclusion is because I'm looking at it over a spectrum of time. In 1976, I mentioned earlier, at the end of September Howard Copperman and Joe McGahn and I, who were the legislative delegation, had a press conference to announce to the public the draft of what would be the Casino Control Act if the Referendum had passed. And in that draft we had proposed some of the exact details that eventually got enacted, a minimum of 500 rooms of a certain size, certain facilities requirements and the like. We had met the week before not very far from here, where we are this afternoon. We had met the week before with the leadership of the hotel industry in Atlantic City , which is I mentioned before was then an oxymoronic phrase, to tell them what we were going to do. And we were blasted by them because their expectations had been for this referendum that they, by the way, had invested a whole lot of money in making sure it would get passed. That million and a quarter a lot of it came from the hotel industry in

Atlantic City . But their expectation was that the Legislature, the Referendum would pass, the Legislature would pass a law, they would put a coat of paint on the ballroom and put some slot machines in there and there would be the casino. And in fact if the Legislature hadn't insisted at the beginning on a variety of facilities requirements they never would have been achieved. Now I'm not into the business of whether the Legislature should have, or the Commission should have been into the color of tiles and all the rest of that. That got, in my view, completely out of hand. But at the very beginning I suggest to you that it was absolutely imperative from a political and a programmatic point of view to impose a minimum set of standards. Now eventually, thankfully, the market took over and as Pinky is indicating today the market is more than equal to the task. So that over the course of the time between the 1978 opening of Resorts, in the first instance, and by the time I got to the Casino Commission as Chairman in 1990 which was 12 years later, by that time the need for those facilities requirements had outlived their usefulness. And during the early '90s the Commission recommended to the Legislature, and the Legislature approved pulling back from all of that so that you don't have any more in the statute, I think, other than the 500 rooms and even that is long since-- I mean nobody's going to build a 500 room hotel in Atlantic City today. So I would suggest to you that it was not a mistake at the time, but that the market forces eventually took over as they should have.

**Governor Brendan T. Byrne:** I had a provision in the original. They weren't allowed to see the casino from the Boardwalk.

**Judge Steven Perskie:** Correct.

**Governor Brendan T. Byrne:** Is that still there?

**Judge Steven Perskie:** It is not.

**Mr. Pinky Kravitz:** When you're walking up the steps and you're in an escalator they had to put a wall there, or put a curtain up so you couldn't look at the people gambling.

**Judge Steven Perskie:** And that was one of the changes that the Commission, when I was there, had recommended to the Legislature 12 years later. And again, the reason for it was at the beginning, and I supported it at the beginning. I thought it was the right thing to do then. The idea at the beginning was that the casinos in the hotels would be an integral element to be sure, but only one element of an overall entertainment package, and the idea was that this would not be simply a casino. It was a little bit naive. We also had in mind, I remember, that people would only come into the casinos with not necessarily jackets and ties, but certainly dressed up real nice, and that lasted about 20 minutes.

**Mr. Pinky Kravitz:** With jackets and ties.

**Mr. Steven Perskie:** Well, that lasted about-- you had people coming in with bathing suits and sandals too, and we learned that lesson.

**Mr. Pinky Kravitz:** Women were not allowed to go in, in jeans.

**Mr. Steven Perskie:** At the very beginning. But the point is that after a dozen years those kinds of requirements were no longer needed to reflect the-- because the market was taking over in assuring, not as fast we would have liked, but nevertheless getting into it, that the facilities were not simply casinos.

**Mr. G. Michael Brown:** One thing I was just thinking did those requirements had some effect on delaying the development outside the casinos?

**Voice:** Absolutely.

**Mr. Steven Perskie:** Sure they did, sure they did.

**Voice:** Absolutely.

**Mr. G. Michael Brown:** Do you think it was worth waiting ten years or 20 years to get the outside development?

**Mr. Steven Perskie:** Well, no, because I suggest to you that that was the one mistake that nobody's asked about yet. We all, I believe, underestimated and overestimated some very important concepts. We underestimated the economic force of this industry. I remember when we did the 1976 Referendum we commissioned, the CRAC committee commissioned an economic survey by an outfit out of Washington to give some suggestions for the Referendum as to how many jobs would be created, how many tax dollars and the like. And I remember it's mind boggling at this point.

**Voice:** It's 9,000 jobs.

**Judge Steven Perskie:** Thirty-five million dollars a year after five years would be generated in the casino tax revenue which of course was incredibly naive and underestimated the economic force. What we overestimated dramatically was what I'm going to call for lack of a better word, the spillover effect. Forget for the minute the facilities requirement and assume that you didn't have any. We didn't understand because we were operating, as Michael said before, we were operating without any...

**Mr. G. Michael Brown:** In a vacuum.

**Judge Steven Perskie:** In a vacuum without any history. We were making it up as we were going along. And the theory was that if you had a major investment of \$2-\$3-\$400 million dollars, my goodness, \$200 million dollars in a hotel. The whole tax base of Atlantic City was \$300 million dollars in 1976. So if you had this huge investment in this facility here people would build restaurants, and nightclubs and whatnot near there, and it would go onto Atlantic Avenue, and it would go onto Pacific Avenue and it would take care of the whole city. That was in retrospect, I suggest, very naive and I don't believe, based on what I saw happen in New Orleans later and to be sure in a different context, that if we had had no facilities requirements it would have been any different. I think what eventually had to happen is exactly what did happen first in Las Vegas and then here. Remember, when we opened here in 1978 Las Vegas was not the Las Vegas that it is today. Las Vegas was simply hotel casinos. And I remember being on a plane with Steve Wynn in 1994 when he was bragging about the fact, and he was leading the industry in Las Vegas, he was bragging about the fact that the non-casino revenue in his shop in 1994 was at 35 percent and he was way ahead of anybody else because he was in the forefront. That was all how Las Vegas reacted to Atlantic City. When Atlantic City came in Las Vegas reinvented itself and instead of becoming simply a series of strip hotels they became the mega resort that they are today. It didn't happen because they didn't - it hadn't happened before that, but they didn't have facilities requirements either. So all I'm saying is, I disagree with the premise. I think yes, it delayed the development of the spillover, but it wouldn't have been dramatic even if we didn't have facilities requirements.

**Ms. Yvonne Bonitto Doggett:** I would say that, excuse me...

**Mr. Joel Sterns:** I was just going to say you remind me of one of the great lines of the early time with regard to that. When the place first opened after your statement, Bob Hope was on entertaining and he

said, " Las Vegas isn't the least bit worried about Atlantic City . It doesn't matter. Nothings going to happen from it, of course they're going to build an ocean."

**Judge Steven Perskie:** Brendan Byrne stole that line and used it all over the state.

**Ms. Yvonne Bonitto Doggett:** As Steve said...

**Governor Brendan T. Byrne:** You know Bob Hope once told me, and I played golf with him once, said he never had that line, never used that line.

**Joel Sterns:** Well, it was in the paper.

**Governor Brendan T. Byrne:** Oh, absolutely. I think I heard it from Bob Hope. He's denied it, so I claimed it.

**Ms. Yvonne Bonitto Doggett:** I keep stepping over the Governor, I'm sorry. I do believe Steve that if there was, if there is that requirement for a casino to be self contained, and certainly Ballys was the first one who built a box, so architecturally it was a box and it was self contained. I think if we had thought about having these casinos, if they must run or operate these amenities for their guests it should have been Boardwalk level. It should have been outside of the casino, although connected, so that competition would beget competition that other private investors would put up the other restaurants and other amenities that a visitor would have. I think if it were not self contained in their operation, but yet put outside, it may have helped.

**Judge Steven Perskie:** They tried exactly that in New Orleans and it didn't work. In New Orleans they licensed Harrah's to run a downtown casino and prohibited...

**Ms. Yvonne Bonitto Doggett:** But they didn't have a model.

**M2:** Yeah, but...

**Judge Steven Perskie:** They prohibited Harrah's...

**Ms. Yvonne Bonitto Doggett:** That's after us.

**Judge Steven Perskie:** They prohibited that casino in New Orleans from...

**Ms. Yvonne Bonitto Doggett:** But that was after us.

**Judge Steven Perskie:** I understand that.

**Ms. Yvonne Bonitto Doggett:** If we had made it popular.

**Judge Steven Perskie:** The government in Louisiana prohibited the casino from doing exactly what you're just saying in the interest of having everybody else build around it and nobody did.

**Voice:** There is really...

**Voice:** They had Bourbon Street for a hundred years. They didn't need outdoor restaurants close to the hotels.

**Judge Steven Perskie:** But the theory was that this would spur additional development and it did not.

**Mr. Thomas Carver:** We're putting the blame on the wrong shoe, I think, in this case. The industry, when it first came here, was dominated by Las Vegas thinking. The people came from Las Vegas here. At that time Steve is a hundred percent right. Las Vegas was the same as it was in Atlantic City . Steve Wynn changed the thinking of this industry because he-- in fact Steve mentioned 1994. I used to have conversations with him about it consistently. It said to me many times, these guys don't recognize the fact that they treat rooms, and they treat restaurants, and they treat all the other things as cost centers, they're revenue centers. When he built the Mirage it began-- he re-changed the fact of Las Vegas . He helped change the face of Atlantic City and Borgata put some icing on that cake with the whole concept of this. We know that we're-- I think they're at \$9 billion we're at \$1 billion, well we're progressing in that direction. It's going to take some time, but understand that the industry was partially at fault for this because this industry is not unlike other industries it's monkey see monkey do. Thank God now we have a different monkey to go after because-- and I don't feel like poor guy comes in and sets a new standard. But one of the things if I may, to get back to the evolution of the town, and I credit Steve and I credit Jim Florio for this is that we made the argument in 199-, whenever you came in, I can't remember the years any more, but whenever you came in. That if the Legislature will get out of the business end of what we do, in other words don't dictate what games we can have. Let these people use their creativity and innovativeness. We now have 12 cookie cut casinos in Atlantic City . Regardless of their facia they all looked alike, they all acted alike, they're all the same things. And we argued that if you get out of the business these guys will create different-- they'll do different things and they have. You can see it. It's reflected in every other casino now where the market is determining where they go and how they get there. We've been told, frankly, and I haven't seen the plan so I'm not telling anything out of school, that the presentation that Morgan Stanley intends to put up on the Boardwalk is going to be so dramatic it's going to put everybody in shock and awe if I may use that phrase, which is great because then the next...

**Judge Steven Perskie:** That might not be the best phrase.

**Mr. Thomas Carver:** Well as they say, not to coin a phrase, but. Then the next participant will say I've got to do better than this.

**Voice:** I will do better, I will do better...

**Mr. Thomas Carver:** Well whatever, you know. That's if they decide to build one.

**Dr. Lia Nower:** But I think a lot of this has been happening piecemeal and as a newcomer to this environment what I see is a lack of an overarching plan. I mean if I come here with an older adult, and I want to go to the Borgata, we have to get our car, or we have to get in a Taxi, we miss the exit, you know, and then if you want to go down the Boardwalk you either have to pay someone to push you in one of those little carts, you know, to go-- some people have knee problems, or. So there's not like an urban plan that incorporates all of these things. So you can have a Borgata that's spectacular, or whatever Morgan Stanley's going to put up, but what we need is a comprehensive plan where everything is linked and it makes it more accessible to people.

**Mr. Donald Linky:** Some of you may recall that there was a master plan in the '70s that was developed pretty much at the same time of the casino control act, the Demetriou Plan.

**Judge Steven Perskie:** A year later.

**Voice:** Yes.

**Mr. Donald Linky:** Which pretty much went by the boards very quickly because there was no one really to-- with the clout to implement it.

**Judge Steven Perskie:** Well, those two comments together. I have to tell you, I mean, if I was sitting here 30 years ago I probably would've subscribed exactly to what you say, and I still agree with that part of it that suggests that there needs to be some overall cohesiveness. I'm not sure it's government's role.

**Dr. Lia Nower:** I'm not saying it's government's role. What I'm saying is if I have the choice between taking my parents to Las Vegas or Atlantic City I'm going to pick Las Vegas because it's easier for them to get around.

**Mr. Pinky Kravitz:** Why? It's so spread out. You have more to walk in Las Vegas . How do you walk from one to another?

**Judge Steven Perskie:** And we could debate that one for a while, but the point is that if that is a problem in Atlantic City it is a problem that I suggest at this stage of Atlantic City's development is not as easily remediable by some master planning government agency or some modernization of an Angelos Demetriou master plan as much as it is by the Casino Association in a cooperative venture.

**Mr. Michael Scheiring:** Steve, just a thought.

**Mr. Donald Linky:** Mike Scheiring.

**Mr. Michael Scheiring:** Demographics though. The demographics here was this was supposedly, and today still is, a day crowd, where as you said when you think about going to Las Vegas you don't go for the day. You go for at least four days. Now you go to ten days.

**Judge Steven Perskie:** It's dramatically changing. A couple of years ago the average stay in Atlantic City was measured in hours, nine, ten, 11 hours. You're now, I don't know what the most recent-- the last one I saw was like a day and a half.

**Mr. Michael Scheiring:** That wouldn't have changed if-- they would have targeted toward that one hour stay, if we wouldn't have put those other parameters in there. That's my point.

**Mr. Joseph Corbo:** It's sort of a chicken and egg. You have to have the product here in order to get people to want to come and stay longer. For instance, the best example I can give of that is that there are three casinos that are going to be doing a train from Manhattan , Borgata, Caesars and Harrah's. Well there was a train 15 years ago that filed, and why was that? Well, there wasn't really anything that the upscale Manhattanites, who don't have a car, and who don't want to come down on a bus... You know there wasn't a way for them to get here, but even more importantly there wasn't anything for them to do once they got here. Now that there is we believe that we need to bring those modes of transportation to get them here, and we need to continue to build a critical mass of more of those types of attractions the exact same way that Las Vegas has. What do people say, you know, about Las Vegas . Hey, have you been to Las Vegas recently? Back in the early '90s have you seen the Mirage and the Treasure Island ? Then it was, you know, the late '90s have you seen the Venetian, the Mandalay Bay and Bellagio, and

now it's have you seen the Wynn? You've got to keep, you know, building new destination resorts that get people's imagination that they want to come see. And then, you know, it all doesn't-- it's not like all right let's get planes to come to Atlantic City . People often say that'd be a great thing. We don't have enough hotel rooms right now probably to house the people who would come in on those planes, so it all has to come together. I agree that a lot of it is private. We need the cooperation of the public sector as well and we also need the state to help us on some of the policy issues that are happening right now as Atlantic City is poised to do these great things that we had all hoped that it was going to do. It's done a lot of them already, but we're poised to do even greater things and we need that sort of cooperation. So I think it may sound trite, but it's certainly a public and private partnership and Diane Legreide is going to play a very important role in that as is everybody else.

**Ms. Yvonne Bonitto Doggett:** Admittedly that this...

**Mr. Pinky Kravitz:** One other point when he mentioned the airport, for your information, I just talked to them this morning, the airport to date for this year is 30 percent above what it has ever done, so you can see the growth that we're having at the airport and now they're making it-- hopefully going to make it the regional airport for the State of New Jersey with Port Authority funding. It's going to increase dramatically. But right now they're 30 percent above anytime they have ever been.

**Mr. Carl Zeitz:** Yeah, but 70 percent of the passengers are going out, not coming in.

**Ms. Yvonne Bonitto Doggett:** Oh, going out, yeah.

**Mr. Pinky Kravitz:** Regardless of what they're doing they're using it Carl.

**Mr. Carl Zeitz:** That's a big difference. They're not coming to visit they're going to Las Vegas on those flight to Vegas.

**Mr. Pinky Kravitz:** Yeah, I know, right, but they're using it is the big thing, and they will come back if we have the rooms for them to stay.

**Mr. Donald Linky:** Tom Carver pointed out, I think, correctly that the industry as a whole has bought into the Steve Wynn concept that the seamed resorts are the way of the future. So the market, I think, has really changed the way the hotels themselves are developing, and in Atlantic City we're seeing at least the beginnings of sort of outside casino development with the pier and the new shops, but for the most part haven't the attractions outside the hotels been at least spotty and not really succeeded in developing the diverse sort of attractions of the city as a resort?

**Mr. Michael Pollack:** I think it's too soon to answer that.

**Voice:** Yes.

**Mr. Donald Linky:** Too soon after 30 years?

**Mr. Michael Pollack:** Yes, because we're right at the beginning now. I mean we're right now at the opening phase where-- I was just showing somebody yesterday walking around Atlantic City from Wall Street, hadn't been here in two years, a Ruth's Chris, and a Morton's and a number of other restaurants, retail. It's right now it's just beginning and it took a while to get to that point, but I submit that three years

from now, five years from now you're going to see a lot of non-gaming development in this town that's now here now. There's a lot of a reasons why it took 30 years, but it is clearly coming.

**Mr. G. Michael Brown:** What other city in America went from 38,000 population of poor run down single unit hotel rooms to what it is today in 30 years? It's never happened before in this country.

**Judge Steven Perskie:** And it's less than-- it's less than 30 years. The fact is that you can argue convincingly that it should never have taken us 30 years to get to this point. The fact of the matter is it depends on where you start the analysis from. If you started the analysis in 20 years and you say where have we come in the last ten years it is astounding. And if you figure out-- if you take that pace and project it out over the next five to eight years it's mind boggling. So yeah, 30 years is...

**Governor Brendan T. Byrne:** What's the population now?

**Judge Steven Perskie:** Forty-four, 42, just slightly over what it was, permanent population. But as Mickey said you've got how many, I don't know, Tom or Susan how many housing units?

**Mr. Thomas Carver:** Thirteen-ninety-seven and counting.

**Judge Steven Perskie:** All right, fourteen hundred housing units that were built at no general cost to the taxpayer. You can obviously call the casino taxes, taxes, and they are, but I'm talking about in terms of the general...

**Voice:** Depends who they're built by.

**Judge Steven Perskie:** Yeah, and they were built by private, exactly, they were built by private issue. There isn't a city in the country that can show that.

**Mr. Thomas Carver:** Donnie I'd like to answer that question, because it's been posed to me for almost 25 years, and it's something we should discuss, and one of the reasons that we have had difficulty attaining some of the things that-- I'm going to give you a specific example in a second, but we have always had two agendas here. We had a state agenda which was basically-- and the industry was pounded about this. You're supposed to turn that into a destination. You're supposed to redo Atlantic City . We had a city agenda which had nothing to do with the state agenda. The city agenda was you stay on that side of Pacific Avenue and keep your mouths shut and send the money over to the other side of the street. We had-- there were two Atlantic Cities. We were ships in the night passing each other constantly. I'll give you this classic example of what I'm talking about.

**Mr. Michael Fedorko:** That's assuming at times there is a city agenda.

**Mr. Thomas Carver:** Well, maybe, but when the CRDA began, and some of us wrote parts of that statute, but before we ever became public we had a meeting and it was always my hope and vision that we would have taken the Gardners Basin area all the way around to the Trump Marina and made it into a Pier 39 in San Francisco, a Baltimore Inner Harbor, a waterfront from Boston, something along those lines. And I was told at the first meeting-- first of all we didn't have a vote. The casino industry was tolerated. Let me be quite frank with you. I was told at the initial hearing for this statute, created this agency by the Chairman of the Casino Control Commission, "I not only don't want you to vote I don't want you in the room." That was the atmosphere at the time. I was told point blank by a variety of people that Gardners Basin is not for tourists, that's ours. That was the First Ward Civic Association, and that was going to be housing. And it was going to be housing, and I was told this by the Mayor's Assistant at the time, it's

going to be housing because we are going to bring our people back from Pleasantville back into Atlantic City because we want to control the town. And as you well know it was a racial issue in this town for many, many years. And our attitude was we don't care who controls the town, that doesn't interest us. We're just interested in making Atlantic City what everybody envisions Atlantic City should be. So we lost that argument before we ever started. As recently as this morning in discussions with the Mayor and the Planning Director we said we are going out for development proposals for Gardners Basin to find out what we can do down there to make it a greater attraction, create more jobs, create more businesses for local residents and to make it cohesive with the rest of the area that we built. So it's taken 25 years to get to that point. One mistake I think we made, that without doing anything else, we could have corrected except I suspect the city would have fought us on this, and I think if we had extended the casino zone originally to Atlantic Avenue we would have made a big difference over a quicker period of time in terms of changing the face of Atlantic City. I really feel bad. I think that was a great error. I think it's worked to our detriment. I think we're starting to move in that direction, but we haven't gotten there yet.

**Judge Steve Perskie:** I agree with you, but remember who you define as we. No, seriously, that's an important point. With one very important exception the original premise of the statute was that the city was to define the casino zone, and indeed that's-- and the Demetriou plan was very much a part of that. The state stayed out of that with one exception, and somebody mentioned it. I guess Bill mentioned it earlier. In 1979 or '80 there was some games being started to be played by the zoning board. And by that time Bill was in the Legislature and I was in the Senate and we got through rather rapidly, as I remember it, as in a week, legislation that prohibited a casino-- prohibited the Casino Commission from issuing a license to any applicant whose property wouldn't put into the casinos owned by variance. So that at least it had to be-- and even then if they, if the city had then gone back and redone the master plan and redefined the area of the casinos owned by way of a comprehensive master plan that's still, at least in that framework, would have been all right. But and I agree with you it should have gone to Atlantic Avenue , but that wasn't a state failing that was a city failing.

**Mr. Thomas Carver:** No, no, I agree, no, I understand.

**Ms. Yvonne Bonitto Doggett:** The variance, the rezoning of the casino area, is-- rests with the Planning Board now. It was taken away from the Zoning Board.

**Mr. Donald Linky:** Joel?

**Mr. Joel Sterns:** I think you see some very valid points and very important for the future of the city, and I think the thing that we focus on now is that when we started, when this whole thing started, you rebuilt the city. There's no question it's a success, but it was a success largely because it was the only casino within 3,000 miles and it was the second in the country. There are now casinos everywhere. It is not a novelty to be able to go in and bet in a casino. You don't have to go that far. You're selling something else and that's what the companies have to realize and the state and the city have to realize. You're not selling casino gaming because you can do that in Omaha , it just isn't-- you can gamble any place in California yet people go to Las Vegas . You have to say you can gamble in Philadelphia , you can gamble in New York at the race tracks, but you can only go to Atlantic City . That's got to be the marketing and the state mantra, and we have to bring those things out. And I think you put your finger on it, there were two ships passing in the night, and the city has to recognize that if it wants to survive against the onslaught.

**Mr. Carl Zeitz:** It's not city Joel it's the industry that does recognize it and therefore the industry that has to do that and understands that. Witness Borgata, witness the, yeah...

**Mr. Joel Sterns:** Well, I was going to say they will do that if \_\_\_\_\_.

**Mr. Carl Zeitz:** Yeah I mean the new projects.

**Mr. Joel Sterns:** You know, but in defense...

**Mr. Carl Zeitz:** Land assemblage is, as Paul mentioned, is a huge part of the issue, the problem, but hindsight being perfect vision I used to have this conversation, I've had it still, if you look back-- I remember anybody who's appointed to anything in here by the State of New Jersey is besieged by people as soon as they're appointed. I am sure Diane can vouch for that now. And I remember a conversation with a man named Fred Klime [ph?] who was the head of the Atlantic City Merchants Retail Merchants Association. They wanted to meet us right away in 1980 when we went-- so we had a meeting with them. When is it going to change? When are we going to see the streets paved with gold? When are we going to have all of the commercial development we think should happen? And basically I'm sitting there thinking, I didn't say it out loud to the man, and I'm still pretty new, and young and naive, you're going to see it happen you're just not going to be part of it, you know. It's going to take a long time, and frankly it's not going to... He had a secondhand furniture store.

**Judge Steven Perskie:** And he inherited it from his father and his grandfather.

**Ms. Yvonne Bonitto Doggett:** I don't think it's secondhand though. I don't think you...

**Mr. Carl Zeitz:** And it isn't going to your kind of store, but it takes time. If you want to talk about the perspective of the original act the reinvestment provisions were kind of kooky. And ultimately we made recommendations along the way the Casino Commission to get out of that business because we had been gifted with that. And there was a scheme that said if your gross gaming revenue is greater than your cumulative investment you have certain obligations, and we don't know exactly what they are, but come to the Commission and tell them what you'll do for the city. And so the way around that was to have a cumulative investment greater than your revenue could be which is the mistake that the people at the Trump made. They did it by accident. Where Steve Wynn very smartly invested \$160 million to build the most efficient place in town and he had a reinvestment obligation. But that made us their regulator in the morning, their sort of investment banker in the afternoon. There's an inherent conflict in that and it wasn't working anyway. And out of that I had a small contribution to the policy notion of creating an agency that became the CRDA, and got the regulators out of the business of trying to figure out what reinvestment in this city should mean and how to do it, and create an... But it took six to seven years to fix that, and then it took two to three years to get the CRDA up and running with the capacity it would develop, and then the first thing it had to do was address the housing issue which had gone back to... The genesis of that was the first Resorts' hearing trying to solve the civil rights issue really that you touched on, housing. So it takes, it takes time, and what people were not willing to be is patient, and they still haven't been. And then the media comes to town and they look and say, "Oh, what a catastrophe."

**Judge Steven Perskie:** The New York Times will still run at its convenience the picture of the hotel in the background with the shack in the foreground.

**Mr. Paul O'Gara:** It's really unfair, because I go to work everyday in Trenton . I just told Mickey. I have partners, and Joel, fairly sophisticated people who walk up and go, "A Subway just opened." This is the capital of the state and there's no Starbucks and they're waiting for somebody to develop the building across the street from us which Senator Torricelli owns, and it's a big deal when the \_\_\_\_\_ gets somebody into a coffee shop and they get all excited, and then they come down and they say they seem to have not done much in Atlantic City other than that Borgata.

**Mr. Donald Linky:** Mike?

**Mr. Michael Pollack:** Carl raised a good point, and I'd like to follow up on it and ask Steve a question that I think you can answer because it deals with original intent. But the reinvestment-- the original reinvestment provisions in the statute, which Carl alluded to, were they designed to encourage casinos to reinvest their own money in their own properties?

**Judge Steven Perskie:** No, no. That was-- and Cliff Goldman, in all my years in state government is probably the single smartest guy I've ever met, that was his contribution and it was part of the original Casino Control Act. The concept was that there were going to be-- we had a word for it at the time which is escaping me. I'll think of it in minute. But we knew at the beginning that the first couple of casinos were going to be in a position of generating dramatic revenues, and the idea was to try to recapture some of that in terms of a required investment. And the original version of the Casino Control Act, which was eventually replaced by the legislation that created CRDA, quantified that as Carl has indicated, in terms of a relationship between investment and gross revenue. No, but the answer to your question was the idea was that those required investments, and originally it was given to the Casino Commission, which in retrospect I don't think should have happened.

**Mr. Carl Zeitz:** I remember when Caesars came to us and they wanted one of their faux statues of a Roman God to be qualified on the board.

**Judge Steven Perskie:** Right, right, right, right.

**Mr. Carl Zeitz:** Sorry guys, we can't do that.

**Judge Steven Perskie:** The Commission, the Casino Commission should never have been the agency charged with that responsibility, but again we were making it up as we were going along. But the idea was that that required investment would not necessarily be, or not even be in the licensed premises itself, but rather in some kind of spillover effort and it just never succeeded.

**Mr. Michael Pollack:** But in the city, in...

**Judge Steven Perskie:** Originally it was in the city, absolutely. When CRDA got created in '84, I believe, the scope broadened, again for many of the same reasons that the 1974 Referendum was a statewide Referendum. When the CRDA was created, in order to get it out of the Legislature there had to be a component that said okay, you can have this required investment, a proportion of that go to Atlantic City, but...

**Mr. Michael Pollack:** But help with the hospitality tourism industry.

**Judge Steven Perskie:** But we want a portion of that money going statewide.

**Mr. Michael Pollack:** Okay.

**Mr. Pinky Kravitz:** By the way Carl, I received a call from Fred Klime [ph?] just a couple of weeks ago. When am I going to see it?

**Judge Steven Perskie:** Right he's still waiting.

**Mr. Donald Linky:** Joel?

**Mr. Joel Sterns:** Two comments. Number one I'm not leaving because Senator Russo just came in, but I would like to say that we've listed the greats and the two of them are on either side of you, but don't forget Richard Cody because Richard Cody worked day and night in a very fair and impartial way to make that legislation work.

**Judge Steven Perskie:** I want to tell you something else as long as you're making that point. That legislation, the original version of it was what, 130 pages, something like that, at least? It's the only time in my entire legislative experience that committee sat, and as you will remember because you were there everyday that I was, every word, every word of that legislation was read out loud.

**Mr. Joel Sterns:** That's right.

**Mr. Steven Perskie:** He would have a committee aide, he had several of them, and they would read it paragraph by paragraph out loud and then it would be subjected to whatever the input was and then go to the next one. It took forever, but Dick Cody did a fabulous job with that.

**Mr. Joel Sterns:** Yeah, and the conclusion I want to say that I was privileged either to work in or be across the street in the golden age of New Jersey government which is Meyner, Hughes, Cahill and Byrne. Since then I use the phrase that it proves the theory of evolution is no longer working in New Jersey. I better get out of here.

**Voice:** That'll be on tape.

**Voice:** See you Joel.

**Mr. Donald Linky:** Thank you Joel. First I wanted to greet Senator Russo fresh from trying to save the death penalty in New Jersey. Tom, I wanted to go back and put you on the spot a little bit, and if you're uncomfortable answering I'll throw it out to the room as a whole. It seems to me that the CRDA is the closest we have to something that could be more effective in meeting some of the problems that we've been talking about, that the lack of a regional sort of overall sense of what's going on, the weakness of the city government. You have already the money, to a large extent, to get things done, but you lack a lot of other tools to initiate, to assemble land for example as Carl, I think, has pointed out is a problem, and to actually become the sort of development agency that, you know, might have done something quicker in Atlantic City. What tools do you think you might add to the statutory authorization now that would make a difference if any?

**Mr. Thomas Carver:** In Atlantic City? I think we have all the powers we need in Atlantic City. We have the power of eminent domain. First of all we're unique in one sense, we're funded. We don't have to wait for legislative appropriations every year. We have an amount of money coming in. We also are immersed in a political milieu between the northern part of the state, the southern part of the state and Atlantic City. For example, as you know the deal that was worked out four years ago between the casino industry and the horse racing industry is about to expire. There was a story in today's Star Ledger, or yesterday's Star Ledger by the head of the Racing Association that we need a new deal and we need a lot more money. Most of that money came from the CRDA and it was North Jersey money that could have been used for other projects in the rest of the state. I think that where we're headed-- this is a great session, by the way, I wish a lot of other people were here just to listen to this because I think...

**Governor Brendan T. Byrne:** They will see it.

**Mr. Thomas Carver:** Well, I hope they do, Governor, because I think with-- I've always believed, and still do and it's been tested many times since I've been here over the years, that reasonable people sitting down and talking with each other can get things done. I truly believe that. I think we accomplished things today just by understanding some of the background and where we think we have to go. I think we have the agencies in place. I think we have the rationale to do certain things that we haven't done before. We may have to tweak the statute in a way. You know, the division of money by region may or may not-- it probably can't be changed because it's too political, but it may or may not make sense to periodically say that money has to go for this. The money probably should be directed to the most intelligent thing to do at that time. I don't think we can go back and change that so let's not talk about it? But this agency, I believe, has changed its thinking, and as far as I'm concerned it's going to change its thinking because we must have a regionalized approach. When I say regionalized approach I've heard public officials get up and say this region is very important to us in Atlantic County, and we always say the region doesn't stop at the Camden County border. It goes to the Delaware River, it goes to the Monmouth County line, it goes to the Lewes Ferry. That's the region. We're talking about eight counties here in terms of what we have to do. But I think cooperatively, and we're getting a lot of cooperation from the state, we can do certain things. I think if anything it's going to be imperative. I'll say this just as an individual not as a representative of CRDA for a minute, just as a kind of guy that's been hanging around for a long time. I think it's going to be imperative at some point for the state to take a more active role with respect to some of the issues that we talked about with respect to Atlantic City itself. I'm not saying take it over, but I am saying that I think there's going to have to be Dutch Uncelism or somebody with a hand on the shoulder saying, "Fellows look, this is really the direction we have to go in." And we're not doing it as a detriment to Atlantic City. We're doing it as a positive to Atlantic City. Atlantic City's first reaction to anything is this is the last-- The Convention Hall being a classic example. When there was discussion about taking it down to do something with Wynn and Trump, and I'm not talking about Pinky's reaction, I'm talking about the reaction of the city residents going, "This is ours. You're taking this away from us. You've taken everything else we have, our airport, our this that and the other thing away from us." We've got to address that issue and we've got to work closely with the city. And it's easy to jump on the city. I've done it myself. But in their defense what city, Patterson, even Jersey City, Norwalk or any place else, what city government would have been capable of dealing with the issues we're talking about. You know, those people run for election the same as the guys in the Legislature do, so their agenda would be different because the people who elect them have nothing to do with making this a tourist attraction. So again we've got to address the relationship between the city and the state in a positive way, in a cooperative way, in a persuasive way so we can accomplish the goals we all seek.

**Mr. Joseph Corbo:** I just want to correct you on one thing as I was quoted in the newspaper article you're referring to about the horse race subsidy. That agreement is not about to expire, that agreement extends all the way to the end of 2008. It will expire and we will need to sit down and talk about that, but that will go through the end of 2008. The one thing I would like to say, I don't know that there's any one thing or one piece of legislation that would help us. I think that what would help us greatly, and perhaps the taping of this show will help us in some way, is for there to be a greater understanding of what this industry has meant. Not just to the region as Tom was mentioning, but to the entire state. You talk about taxes, we pay a billion dollars a year in taxes that go throughout the entire state, or generate those taxes, and just the purchases that we make as an industry on an annual basis are about \$2 billion dollars a year in purchases and there's a map that Chair Kassekert and the Casino Control Commission have on their web site that shows where those millions of dollars are spent, and they're spent significantly in the northern parts of the state as well. So I think that if people truly understood. What one fact that people don't understand about our industry is that we do \$5 billion dollars in gaming revenue on an annual basis which is the same amount that the largest 24 casinos on the Las Vegas strip do. I think that a lot of people up north think that we have this sleepy little industry down here, and really it's a big time industry and it benefits the entire state. And I think that once people understand that, as Tom said, I think reasonable people, when they have all the facts at their fingertips, sit down, they can really come up with some

reasonable solutions. And then, you know, maybe there's a piece of legislation or a policy decision or something like that, but I think that follows once that there's understanding.

**Ms. Yvonne Bonitto Doggett:** I think it's important to...

**Governor Brendan T. Byrne:** John Russo has been characterized-- with his back turned...