

Center on the American Governor

Governor James J. Florio Archive

***Urban Economic Development Initiatives of the Florio Administration***

Monday, October 27, 2014

**Eagleton Institute of Politics**

***SELECTED EXCERPTS:***

So the bottom line there, the conclusion that I think I came to in reviewing this was number one, that the public was really not prepared for the depth and the severity of the fiscal crisis at the time which greatly limited our financial flexibility... The second thing is that...the cities were probably hurt the worst by that deep recession at the time, but we got the clear message from Treasurer Berman and then from Governor Florio that the lack of money was not an excuse for kind of letting go of our intent to help the cities. That message was loud and clear and really forced us to be creative which we did in quite a few ways. **ROBERT LURIE, NJ Public Finance Office**

But we didn't really know how Governor Florio was going to feel about the Arts Center and to be perfectly honest and I said this to the Governor at lunch, we had heard conflicting things. On the one hand I had heard that the Governor had a son who was a composer. That sounded really promising. On the other hand and I'm not saying we ever really thought in the way to reconcile these until we moved ahead, on the other hand we heard that the Governor would find it difficult to sit through a full symphony. So we didn't quite know what to expect. **LAWRENCE GOLDMAN, NJ PAC**

**Governor James J. Florio:** I remember that came between the Eagles and the Giants. Eagles quarterback, Randal Cunningham scored a touchdown. I cheered and nobody said anything - my South Jersey roots showing. **Governor Florio on obtaining a commitment from Leon Hess to contribute \$1,000,000 to funding the NJPAC while at a football game in the Meadowlands.**

***FULL TEXT:***

**Governor James J. Florio:** This is our third such forum. We had a forum on the financial problems that we first faced fiscally when I came into office. The second forum was on health care policy. And I think we've been fairly aggressive in going forward because we think it's important, not only to have the information brought to the Center to be able to provide information to scholars in the future, students in the future and researchers in the future, but we wanted to take it to a next level which is to take all the things that we recall that we did, whatever the segment is that we're talking about and bring them up to date. And to have the ability to analyze what we did, why we did it, and then looking forward how it brought guidance or assistance for future people going into this way.

There's a lot of enthusiasm among the relatively small group that we put together, for talking about economic development. I think that was partially motivated by the fact that we think what we were doing with economic development was somewhat unique and I think history has played out that it is somewhat unique. All of the subsequent administrations, Democrat and Republican, have taken economic development off in a different direction; I'm not being judgmental whether it's good or bad. It's different. I mean the administrations over the last number of years have provided for a way of inducing economic development by providing money or tax credits directly to employers saying that they are going to create jobs in return for which they would get compensation in some form or not. We didn't do that for a number of reasons but one of the things we did do was say we were going to try to provide more funding for economic development through public infrastructure and for public private infrastructure needs - Saying if we create the model conditions for people, they will come and they will invest in private sector. Leveraging money from the public sector into opportunities.

You are going to hear about a couple of the projects some of you worked on things like the Performing Arts Center set in North Jersey - The Convention Center in Atlantic City. The Amphitheater in Camden. Things of that sort. My favorite is funding of upgrading of sewage treatment plants off the Jersey Shore. You may recall in the '80s the shore was closed more times than it was open because of the pollution that was washing through. We upgraded almost to the tune of a billion dollars if I recall. And since that time the Jersey Shore has been not experiencing hypodermic needles, medical waste, things washing up on the shore, so those are the things that are important. So the projects will be talked about.

I have to concede that I have an urban orientation in terms of my whole philosophy of things. So you'll hear a lot about the Atlantic City, the Camdens, the Newarks and things of that sort. The other point that I would just touch on is that we had something I think is unique as well: a cadre of people who were very entrepreneurial notwithstanding the fact of being in the public sector. We had people that were collaborative. People that had a sense of real good morale that we were doing something that was important and that it was important to make the bureaucracy of the state government work efficiently, and I think we did that. The system that we put together largely under Rick [Wright]'s direction had no inhibitions in calling on people from different agencies to be part of the team, almost a SWAT team that we put together for individual projects. And we had a lot of creativity in terms of getting naughty as you may recall. Those were not easy times and we put money together from different pots to be able to fund things that had to be done. All of those things I think are good: creativity, entrepreneurialism, collaboration. And I think today we'll get a sense of that and be able to pass that on to people who view these videos and use these archives. So thank you all for participating.

**All:** <applause>

**Governor James J. Florio:** And I think I'm supposed to introduce Rick.

**Rick Wright:** Thank you, Governor. Well for me to look around this table there is a 20 year gap for most of us, but we all spent an enormous amount of time together for a three or four year period those 20 years ago. In my memory it has always been a labor of love. The things that we did in my mind were something special, but that was just me. What was great for me about this Eagleton project is that when I began calling up all of you around the table who one way or another were involved in these urban development projects, I realized that we all had similar memories. We had gone off in a number of different directions. I hadn't seen many of you for that entire period of time.

The process that we went through is that we decided to get together and see whether there might be something we might do. This get-together (Governor Florio joined us as well) with many of the people at this table, turned into a three or four hour skull session where we were arguing about various things that we'd done and tried to accomplish. It reminded me that when we began, we knew what the Governor wanted to do, we knew what his orientation was, but we didn't know how we were going to do it.

What we decided to do at the beginning of the Florio administration was find people, people who knew something about this. As you all recall none of us ever talked about politics. I don't know still whether you are Democrats or Republicans. We only talked about doing projects and tried to figure out ways to do the projects. While all the turmoil that the Governor was having to deal with in other areas was going on, as you remember, we never were allowed to talk about that in our meetings. We would talk about the things that we were working on.... that most of the state didn't know about. I think it was extremely important at the time - and actually has led to a number of things that can be quantified now.

What we decided to do for Eagleton was to do a couple of case studies and focus (even though we were all over the state by the end of our term in office) on three different cities - in this case it's going to be Newark, Camden, and Atlantic City and then have a fourth session where we will talk about specific projects in other places. We will be able to understand better how the Florio administration managed these efforts - and, more important than that, how Governor Florio allowed us to put together something that was really quite entrepreneurial, and, I am realizing in retrospect, quite unique in terms of government.

We were able to then go back to our various files, and I couldn't actually believe the result. I was wondering what was going to happen. We started emailing each other. Everyone is busy still, but we got together again, again with Governor Florio, and had a very long session and tried to reduce our efforts down to a few examples that will basically show what it was that we did for the state in terms of development for the state, for the people of New Jersey, and not for anything other than that.

The important starting point when we first came into office, and I'm going to leave this as my parting words at this point, was that we decided at the very beginning to keep many of Governor Kean's economic development people on board for a simple reason that Governor

Kean's Treasurer, Feather O'Connor, had been very interested in economic development and had recruited these individuals (whom you will meet in the later segments) for their expertise. Right at the beginning, I realized how serious Governor Florio was about this because there was no political protection for any of these people. There was no reason to keep them other than expertise, and it was simple. Doug Berman, our Treasurer at the time, understood well that we were in a difficult situation vis-a-vis the budget, and that if we were going to be able to proceed, we needed to be able to do so within Treasury, and we needed people within Treasury who understood it. As I look around at you all now, some of you were in that group, others came in with the Governor as part of his group, and to me you will always be one of the great teams I was ever able to participate with.

So with that, I'd like to turn it over to Cliff Goldman, who was part of the Florio transition team, and to Bob Lurie, who was in the Treasury at the time and who stayed on with us, to describe the situation as it was economically in the state when we came in and the economic situation that we were dealing with.

**Cliff Goldman:** Hello. A governance transition team has one purpose and that is to inform the incoming Governor as accurately as possible about what he's going to contend with. The transition team, which included Nate Scovronick and other seasoned expert people predicted at the time that the Governor was facing a \$600,000,000 deficit in the current year. That is, when he took office in January he would have less than a half a year to resolve that problem which was fairly big in the budget terms at the time. And it would cause the incoming administration to devote hours and time and energy to a problem that took away from other things they wanted to do. Also, we predicted that the first budget that he would have to prepare by March would face a \$1.4 billion gap - which meant that as they were solving the immediate problem they would also have to figure out how to solve a longer term problem which would entail budget cuts or tax increases that would hurt the administration politically. And so the accomplishments that you are going to hear about here are all the more impressive given the starting point that was faced.

**Robert Lurie:** I was in the Public Finance Office at the time and for those of you who know that office it had nothing to do with making the budget. So I'm channeling my inner Rich Keavey (NJ Budget Director) here who was in charge. But I wanted to just put an exclamation point on a few things that Cliff just said.

So if you look at the state of the economy over the previous decade to Governor Florio coming into office, the average U.S. G.D.P. growth from 1983 to '89 was 4.5 percent per year. The G.D.P. growth in 1990, the Governor's first year in office, was 0.65 percent. And the second year in office, it was 1.22 percent. So there was a precipitous drop in economic activity nationwide and certainly New Jersey was no exception to that.

I went back and looked at some of the news at the time and how this problem unfolded and I think as Cliff says it really provides a context to what you hear in a few minutes. And look back

at a few *Star Ledger* articles at the time. So the first one I pulled up was from January 10<sup>th</sup> of 1990 during the transition period. And as Cliff pointed out there was one line in here that says:

Treasury officials quietly told the Governor that the surplus in the current 1990 budget is now at 150,000,000 million as tax revenues continue to come in lower than projected. And the financial problems are expected to continue into the next year with Senate Democratic leaders predicting Governor-Elect James Florio will face a 1.25 billion dollar shortfall when he starts planning for the '91 budget.

However the messaging that was also being put out by the outgoing Governor was quite a bit different notwithstanding what we in Treasury were saying behind the scenes. As acknowledged in this article:

Kean has acknowledged that sales tax and business taxes have come in far less than projected, but he has maintained that there is no deficit and he will leave the incoming Florio administration with a surplus.

That message was echoed just three weeks later by Republican leaders in the Assembly saying in a sense that the budget problem was overblown. So the amount of that so-called surplus of course went away. It became a 550 million dollar deficit during that first fiscal year or partial fiscal year. And then the structural deficit in the budget was depending, depending on how you counted it, from between two and three billion dollars. So the bottom line there, the conclusion that I think I came to in reviewing this was: number one, the public was really not prepared for the depth and the severity of the fiscal crisis at the time which greatly limited our financial flexibility. And certainly it created a lot of problems of course for the governor and for the state. But it also limited our ability to call upon the state general fund for funding any of the initiatives that you are going to hear about.

The second thing is that as you would expect the cities were probably hurt the worst by that deep recession at the time. But we got the clear message from Treasurer Berman and then from Governor Florio that the lack of money was not an excuse for kind of letting go of our intent to help the cities. That message was loud and clear and really forced us to be creative which we did in quite a few ways. So with that I will turn it back to you.

**John Weingart:** How was that message delivered from the Treasurer and the Governor? You said it was clear...

**Robert Lurie:** Well it came-- you might want to—

**Rick Wright:** Yes, it came directly from the Governor. The Treasurer Doug Berman was extremely articulate and forceful in trying to make certain things happen at that point. I should say that the entire team of Doug Berman, Nate Scovronick, Karen Jezierny and others were very important there. And then later on for me when Sam Crane and Bob Smartt took over that

office, things didn't change at all. The support that we got continued to be very clear. We knew what we were supposed to do and the issue was could we figure out how to do it? And we also knew the reality of the money. And we had to do it in different ways and that's what we're going to talk about now. So I think that we will begin by having Caren start with Newark...

**Caren Franzini:** So I was one of the holdovers as well. Thank you, Governor for ensuring that I kept my job. I was recently married and had my first child so I was really pleased to also have a job. And for this segment I'm going to be joined by Bette Renaud and Larry Goldman. And we are going to start off where Cliff and Bob just left us is, yes, we have a lot of great projects but we have no money. And so Governor, you in your [State of the State address in January of 1992](#) quoted from a newspaper article which got it right this time. It was in the *New York Times* and it said:

The centerpiece of Mr. Florio's speech in his economic revitalization plan was the New Jersey economic recovery fund which would help finance projects such as the expansion of the Atlantic City Airport and construction of a Performing Arts Center in Newark. 'The fund allows to invest in public service, economic growth projects all over the state,' said Governor Florio. 'Even more importantly the economic recovery fund will leverage 800,000,000 dollars in private investments.

So what we are going to do in our segment is a lot of the funding for some of the projects you are going to hear about actually came from this very creative use of public funds. And I looked down the row here at Chris Steinberg who was an attorney working with Bette Renaud at the time with clear instructions-- as we said all along, the Governor said we have to continue these projects, some of which actually began in the previous administration in urban centers. How do we get that going? Where are we going to find the money? And this first tool before I get into Newark specific was a tool and Bette Renaud is going to take us through this amazing piece of legislation. Remember we are talking about January, 1992 when the Governor made the speech.

**Elizabeth Renaud:** It actually starts in 1982 because before there was the Economic Recovery Fund which is ERF, there was FRED, which was the Fund for Regional Economic Development. And that was a joint endeavor between the state of New York and the state of New Jersey where they owned part of the World Trade Center. They had a lease hold interest. And around 1990 the Port Authority decided to liquidate that lease hold interest which generated 30 years of revenue stream that was going to be around 14,000,000 dollars a year. And the agreement to generate this revenue stream was negotiated during 1990 and finally signed into law in January of 1991. So there is a revenue stream for 30 years. And the question became what to do with it.

What New York did with it was they had their urban development corporation buy correctional facilities and then lease them back to the state thus generating a large sum of money that they used to balance the budget. It would have been tempting in light of everything that was going on to do the same thing. There was a lot of discussion. There was a lot of legal work. And under the direction of Governor Florio the final decision was to create the Economic Recovery

Fund, which dealt with specific projects and with infrastructure. It was mentioned in the state of the Union of 1992 that the bill was adopted in June of 1992 and the bonds were issued in October of 1992 which was just incredibly fast considering how difficult it is to get any kind of legislation through. The structure was a fairly unique structure and that was that the E.D.A. issued the bonds. The bonds were supported by a state contract. The amount that was paid was the amount equivalent to the amount that would be due from the Port Authority. But those words, "the amount that would be due" from the Port Authority made all the difference because that meant that it was actually being sold as a state credit which was a very highly rated state credit at the time. As opposed to the Port Authority credit which the Port Authority told us they did not want to have their credit used. The bill then divided the pots of money into six major pots of money and they were dealing with both infrastructure and projects. They had funds for an economic cleanup assistance fund, funds for shore cleanup, funds for cultural, recreational, fine and performing arts projects, and I want to point out that the fine and performing arts projects were a specific addition of the Assembly to make it clear that this money should be used for those kinds of projects. Funds for economic development infrastructure that would go to airports and roads and transit facilities.

And then paragraph "A", my favorite paragraph, which dealt with all the different programs that the E.D.A. was going to be able to undertake. And they don't write legislation like this anymore because each sub-paragraph basically describes a program that the E.D.A. has been running for the last 20 years because it has the statewide lending pool for small business, which is where the E.D.A. cooperates with other banks and either participates or guarantees bank loans. The business composite bond guarantee where E.D.A. took up a 90 percent guarantee of various businesses in order to get businesses some capital. An export finance program, real estate partnerships like the Tech Center that you drove by on your way up here, which was a public private partnership with the AFL-CIO pension fund, statewide composite bond pool to assist municipalities. Again because together you could sell bonds where it might be difficult for the municipalities to be able to go out into the market themselves. Another program establishing local development corporations to stimulate economic development. A venture capital fund where the E.D.A. took an interest in venture capital funds giving them two million dollars if they promised to put four million dollars into state projects into projects located in New Jersey, which is unheard of for a governmental entity to take a position in a venture capital fund. And also a manufacturing retooling program. So through this the Economic Recovery Fund, we supported both infrastructure and projects and Caren is going to talk about a couple of those projects.

**Caren Franzini** [[Click here to view all of the slides used in Caren Franzini's presentation](#)]:

Thanks, Bette, and I think it all goes back to where the Governor began this as well because it was really setting the stage for utilization of public funds to fund primarily public infrastructure to make a difference in communities. And I'm just going to briefly go through these six buckets. The first bucket, this economic growth fund for business. Again, these are programs 22 years later that are still the core programs at E.D.A. It really is amazing to consider the creativity back then. And again, that was all focused on not lending directly to businesses, and not giving

businesses grants. This was all about banks at the time, remember how high interest rates were? The private industry market was crazy.

**Clifford Goldman:** Higher than ever.

**Caren Franzini:** Higher than ever and small businesses couldn't go to banks and borrow money. And this was a way to lend money at a lower interest rate and create a blended rate to help-- this was all focused on helping small businesses, manufacturing companies to employ New Jersey residents. The second, the economic development infrastructure fund. We're going to hear from Laura in her Atlantic City panel later but 17,000,000 dollars to improve the Atlantic City Airport was part of a larger amount of money. We're going to hear in a minute from Larry Goldman, Culture and tourism that funded projects across the state: the Strand Theater in Lakewood, NJ Performing Arts Center, the Sony-Pace Amphitheater, even the project in New Brunswick that has a hotel. So that was across the state. School renovation repair; there was specific call out for 45,000,000 dollars. Scott, this was before the school construction program. And with the 45,000,000 dollars were able to leverage 250,000,000 to provide repairs to schools throughout New Jersey. Again leveraging public money to help public infrastructure. Environmental cleanup, governor what you are so proud of. Again, this was loans to businesses to clean up contaminated sites you couldn't get bank financing for it. And then on the contaminated sites they could then spend their own money to do development projects. This really was the beginning too of the fund you created in New Jersey, the hazardous cleanup fund which helped half of the projects across the state.

And finally as you mentioned, shore restoration, the 15,000,000 dollars specifically you put in there. We got to get the needles off the shore and create development. That's just an overview of the projects under the fund. You will hear specifically about several of the projects in the cities. But with no further ado [I found this picture of young Larry Goldman from back in 1992](#). And I actually met Larry in the Kean administration where I began and Larry, once you meet Larry, you don't forget Larry. He's a person you cannot say no to. But he was faced with starting a project, having legislation actually pass during Governor Kean's term to start funding the acquisition of the site for the Performing Arts Center, but here he was with such excitement at the same time we were in a 500,000,000 dollar budget deficit, a 1.2 billion dollar deficit going forward, and Larry wanted this Governor to commit to a project in Newark. So with that I will turn it over to Larry.

**Lawrence Goldman:** Thank you and thank you Caren for being one of the handful of people who first really believed in this kind of nutty idea of a major Performing Arts Center in Newark.

**Caren Franzini:** Luckily Rick liked it because everyone else in Treasury didn't.

**All:** <laughter>

**Lawrence Goldman:** I listened very hard, Governor Florio, to your opening statement and how great it was and in the last 20 or 25 years how unique to hear somebody who was a major public official say that he has an "urban bias". We don't hear that very much anymore. There used to be something in this country called urban policy. Nobody talks about that and it's very refreshing to hear you talk about it. We were faced with a real challenge when the Florio administration came into power. During the campaign we had approached Jim Courter, Governor Florio's opponent, and said "How do you feel about this art center in Newark?" And before we could barely get the sentence out he said "I support it." But you know he was hovering around 35 percent of the vote. I think he would have supported pretty much anything.

But we didn't really know how Governor Florio was going to feel about the Arts Center and to be perfectly honest and I said this to the Governor at lunch, we had heard conflicting things. On the one hand I had heard that the Governor had a son who was a composer. That sounded really promising. On the other hand and I'm not saying we ever really thought in the way to reconcile these until we moved ahead, on the other hand we heard that the Governor would find it difficult to sit through a full symphony. So we didn't quite know what to expect.

And we began assembling our forces to figure out how to approach the new administration. There is the usual disinclination of any new administration to not want to embrace at least not too quickly the projects that were important to the preceding administration so we felt we had that going against us. We certainly had the economic climate as Bob and Cliff had just pointed out going very much against us and we really needed some help because we were very much positioning the Performing Arts Center as a public private partnership. On the other hand, where were we in 1989 and 1990? We were in what can only be described as the reality before reality phase. We saw our function as creating something that people could relate to, that they could believe in, and that was inexorable.

I came across recently a quote from Henry David Thoreau which I wish I had come across 20 years ago which said "If you build castles in the sky, don't give up on your dreams, but learn how to build the foundations under them." And I think what we were doing with the Florio administration and with Rick and the leadership of that administration was trying to figure out how to not just figuratively but literally build the foundations under this dream that Governor Kean had come up with and that Ray Chambers had so emphatically bought into. So what did we do to try to secure the support of the Florio administration? I think that's what Caren wanted me to talk about.

I started off by saying two things. One is as Rick and I were saying at lunch, it's hard to know what's real in our memories and whether we're just remembering our own stories. I have told these stories so many times that the stories have become real to me. So if this is highly revisionist, I'm sorry.

The other is that we were pretty shameless in those days. We would have done anything including, Rick reminds me, my bringing pastrami sandwiches to Trenton to meetings from

Hobby's in Newark to try and butter up the administration. And I got trained in this business by Ed Logue [Philadelphia city planner] who said "Anything you could eat or drink at one sitting wasn't a bribe."

So I would say we did four or five things to try to properly try to position ourselves with the administration. Most importantly we tried to build a board of directors and supporters who just couldn't be denied. One of those people, Len Lieberman, is sitting in the room. He was so widely respected then and now in the State of New Jersey that when he lent his support to something that really meant something. We also had Ray Chambers and Roy Vagelos, who at that time was Chairman of Merck and seven out of ten years as Chairman of Merck had been elected by his fellow Forbes 500 C.E.O.s as the top C.E.O. in the country. Even though he had to sort of be convinced that this Arts Center in Newark was real and could happen, once he threw in his lot, he was somebody who you had to take very, very seriously. We had Maury Tannenbaum who was then the Vice Chairman of A.T.&T. We had Pi Chubb, we had Clive Cummis. We had a group of serious heavy weight New Jerseyans behind this and not just behind it by their participation. Behind it by their financial commitment.

So one of the number one rules of fund raising is you go to somebody asking "Caren, I really think you should give some money to this nonprofit cause that I'm advocating and I think it's a really good thing." Or maybe I'm saying "You should buy a stock." It relates to that too. And you say "Yes it sounds great, Larry. Have you bought any?" "No, no I haven't bought any, but I think you should buy it." So these people that I talked about put up serious money and when the Donald Newhouses of the world put up three million dollars very early on, Ray Chambers five million dollars, and Prudential five. And by the time we began talking to the Florio administration we had thirteen gifts of a million dollars or more. And by the time the economic recovery fund became a real possibility, we were approaching 100 million dollars in money raised. Now of course that hundred million dollars included the 40 from the economic recovery fund. It included the 22 that Caren put in from the E.D.A. for the land during the Kean administration. So but we always respected that if it's really a private-public partnership that the public money was no different from the private money. And if you go into N.J. PAC now and look at that donor's arch, the founder's arch, the first thing you see the State of New Jersey, E.D.A., the City of Newark, Essex County, are right up there with Vagelos and Chambers and Newhouse as being donors and investors in this institution.

So part of our strategy was to just have the right people on our side. Not because of their political influence. I don't think that really worked or would work. But because it gave us the kind of street cred that this could actually happen, because Roy Vagelos and Ray Chambers don't tend to associate themselves with wild dreams. Secondly as I said we accumulated a lot of private gifts that gave us some credibility to say that this administration was not going to be out there all alone with its money. Thirdly and I think this was really important, we emphasized quality and emphasized a meritocracy in selecting our consultants and designers and so forth. We literally had the best people in the country. We had Skidmore Owings and Merrill, Marilyn Taylor did the master plan with James Polshek. Marilyn is now Dean of the Penn School of

Design. She was the first female Chair of Skidmore. Polshek was Dean of the Columbia School of Planning and Architecture. We chose one of the best architects in the country. We chose the top acoustician in the world, Russell Johnson, to design our acoustics. And so on and so forth.

And I mean I think some of you would not be surprised to hear that there were some pressures on us to kind of shop locally. And to be candid we resisted those pressures on a kind of you don't want to restrict trade. You don't want New Jersey architects to be restricted from working in New York. Why shouldn't we consider California architects to work in New Jersey? And then we also created something called "the sentence" and that was really important. And if you took the top six or eight executives at N.J. PAC in 1991 and woke them up at 3:00 in the morning and said "What's the sentence?" They would have recited the following: "Any bidder or proposer," if it was an R.F.P., "who seeks to influence the Arts Center's decision making process by contacting a public official elected or appointed, will be disqualified from consideration." And that was in big bold letters on the cover of every solicitation we ever put out.

And there was some resistance at first but I will tell you eventually I got a call from the Mayor of Newark, Sharpe James, at the time - I want to talk a bit about him as well - saying "I hated this at first, but now I see you've done me a favor because everyone who calls and wants work at the Arts Center now, I can say "I'd love to help you but if I try to help you, it will disqualify you." And it actually worked and it was a really, really good thing and I think maybe the Sports Authority borrowed that from us which we were happy to lend that out. Having Sharpe James on our side was no small thing. I know many of you must have read Bob Curvin's recent and really excellent book [*Inside Newark; Decline, Rebellion, and the Search for Transformation*] - best thing ever written about Newark about the last 60 or 70 years of political history in Newark and I think Bob spoke in this room recently. Curvin interviewed me for I don't know how many hours. He used one quote but it was an accurate one. And I said "No Sharpe James, no Arts Center in Newark." And I kind of really believed that. He really went to bat in his own tenacious bull dog way to fight for that Arts Center in Newark and he would not let it go until it happened. And whatever else you say - and he was a complicated guy - he surely was extremely important in making that happen.

There are two more things that we did to try to impress the Florio administration besides the pastrami sandwiches. We always behaved as if this Arts Center was going to absolutely happen. You know we never posed it as a risk. We posed it as this is going to go. It's going to be important to Newark and to the state. And when we pass through the courtship period with the Florio administration and kind of moved in together, the state joined us in this and really made it seem like this had a momentum that couldn't be stopped. And that was hugely important and then we all as a group began behaving that way and one fed the other. Our private sector successes and fundraising fed the public sector's confidence in backing us. The public sector's confidence in backing us in turn fueled the private sectors contributions. And it all kind of worked together but I think it came from always positioning this as no question this is going to happen. It's the right time. It's the right thing and it's going to happen. It's going to

happen in Newark. Finally and I think this is huge, we positioned this as not about ballet and opera but about rebuilding a downtown. And I kind of got this message at Carnegie Hall, which is where I spent the 1980s, where we took a little slice of land next to Carnegie Hall and outside of maybe Hong Kong and New York would be considered undevelopable. It was a parking lot and it was returning 200,000 dollars a year to Carnegie Hall. We used the Carnegie Hall air rights and turned it into a 50-story tall tower, Carnegie Hall Tower which is now returning almost 3,000,000 dollars a year to Carnegie Hall. And finally the light went off. Why didn't Lincoln Center buy all the land around Lincoln Center so that when the value it brings to the area could be captured not just by the landowners and the developers but by the institution itself?

So we convinced first Governor Kean and then the Florio administration that it made sense to have twelve acres. By comparison Lincoln Center thirteen acres so it's almost as big, on which the Arts Center itself was only going to be two and a half, three acres. So we had these development sites. And they gave us a chance to shape our own environment, very important who your neighbors are. You know we didn't want a car wash or worse as a neighbor. It gave us a chance to be a player in Newark real estate and it gave us a chance to find a way to what the economists would say capture the externalities of the Arts Center for the Arts Center itself. And here 25 years later a building, again, thanks to this wonderful E.D.A. that Caren headed up so brilliantly, a building is about to go up on the first site. It's going to be the best and most exciting apartment building in Newark with a swimming pool and a health club, shops in the bottom. I think it's really going to be yet another pivot point for our city.

**Caren Franzini:** Can I just interrupt real quick? Rick, Larry talks about being so confident from his perspective that this was going to happen during the Florio administration and if you could put a little flavor from the inside of the statehouse of whether or not you saw it that way at that point in time as well.

**Rick Wright:** From a strictly budgetary point of view, there was no enthusiasm for it at all. None. And I think the description that Larry has given of the way they positioned themselves was extremely important to me and to Governor Florio...particularly the part about Sharpe James. He really was very supportive of it. He spoke to a number of my colleagues who were not interested and simply said, "Listen, this is what I want in Newark." From a political point of view that was important.

And the other thing that you mentioned that I think really made it work was that all of us, once we decided to move ahead, we were willing to do these meetings. We had many, many meetings where we were talking about potentially available money from the public side when we knew specifically at the time that there was no money in any of those pots, but we also knew that there could be money if certain things happened. And again it's the kind of management that the Governor allowed us to do to make a project actually happen. As anyone who has been involved in project financing knows you have to have some leeway on that. And you had a phenomenal team, Larry. A phenomenal team. And the other thing that you mentioned that

really struck me that made a big difference to us was the word "quality". You really wanted quality and that's what we wanted too.

**Lawrence Goldman:** I'd just like to finish by saying that there are two ways in which Jim Florio helped the Arts Center that I think he's probably long forgotten and had nothing to do with Rick Wright and Rick's leadership which was so salient or Caren's. Dealing with Rick and Caren meant we didn't have to deal with Doug Berman. That was fantastic.

**All:** <laughter>

**Rick Wright:** In Doug's defense, Doug was a phenomenal supporter of all this stuff once we got it going, but he had other concerns that I didn't have to worry about, and I was able to take that very positive side. Doug is a really good guy.

**Lawrence Goldman:** I have no hard feelings that I'm holding. I'm just glad you were in the picture. Two things that I think you did, Jim. I'd be interested to know if you remember these. One is that you and Lucinda, along with Roy and Diana Vagelos hosted an evening at Drumthwacket. We had 22 people show up. We had Roberta Peters sing arias from Mozart, and most importantly when I got there - 22 people don't sound like a lot but boy were they the right people. And the first person I ran into in the evening was somebody named Douglas Bushnell. Anybody remember who he is? [1920-2007] At the time he was married to Betty Wold Johnson. He has since passed away. And he walked up to me and said "Do you work here?" And I said "Well yes, I'm part of the event." He said "Well I see a lot of wine, but where do I get a real drink?" And I said "Oh boy, we're in trouble."

But at that meeting at that reception at Drumthwacket that evening we met Douglas' wife, Betty Johnson. Betty became a friend of the Arts Center and wound up over time giving almost 15,000,000 dollars to the Arts Center and I can just tell one side story. I went to see her in Hopewell during our second campaign for the endowment and we had lunch and we talked. I picked up the bill for lunch. It was six dollars at the little cafe in Hopewell. We went back and she said "Larry, let's sit at the kitchen table. That's where Americans do business at the kitchen table." And she said "So tell me about this campaign." I opened the book and I said "Here are the categories." She said "What's the hardest thing to raise money for?" I said "You know, Betty, nobody wants to give money to the maintenance of the building. It's just so boring." She said "Well that's exactly what I want to give money to. How much is that category?" I'd been on an assignment to see if I could get a million dollars. I looked down I said "Well, it's 10,000,000." She said "Well that's exactly what I want to give!" So you introduced us to her, Jim and that was one. The other wasn't as big in dollars but it was still pretty big at the time...

The second was - and Jim this was reported to me but I never really checked the fact with you, but at a football game in the Meadowlands you got Leon Hess to make a million dollar commitment to the Arts Center.

**Governor James J. Florio:** That's right.

**Lawrence Goldman:** Yes so.

**Governor James J. Florio:** I remember that came between the Eagles and the Giants. Eagles quarterback, Randal Cunningham scored a touchdown. I cheered and nobody said anything. South Jersey.

**Lawrence Goldman:** That wasn't a bet, was it? It was a gift. So again, I'll just end by saying once the courtship ended with the Florio administration, once they embraced this there was just no stopping them and they are so creative and helpful and supportive in every way and there wouldn't be an Arts Center were it not. And if you think about it the Kean Administration put in the money for the land which is about 20 or 21. You doubled it. You put in 40. It was extraordinary and it was really the pivot point that made it real.

**Governor James J. Florio:** I remind Governor Kean of that all the time.

**Caren Franzini:** And actually to further remind and for the record, Governor Kean had the legislation passed which allowed for the State of New Jersey to own the site, lease it to the E.D.A. and then E.D.A. would lease it to the Performing Arts Center and that became a financing transaction with which we did a number of those deals. That was passed during the Kean administration to allow us to do it. It was not until the Florio administration that we actually issued the bonds. So just because a law is on the books doesn't necessarily mean you have to - it doesn't say "you will" or "you shall". The E.D.A. "could" issue the bonds. And so I just wanted to point out that the land would have never been bought. We would have never started unless Governor Florio decided that we should actually issue the bonds and get the project started and that's when we started buying the bonds.

**Rick Wright:** Can I underline that point because that point is often missed by everyone. That was an item of large discussion that we had. We had to get over that hurdle. But that's correct.

**Caren Franzini:** When Doug Berman is faced with the budget deficit and said "Do I take two million dollars a year towards debt service to buy the land or I have social service programs that can't fund that are also important to the Governor, what do we do?" And so I think it is just worth repeating. And one of the things that the Governor talked about too is having a public infrastructure be the catalyst for other development and I just think it's worth noting within a block around the Performing Arts Center today or two blocks, Prudential is building a new world headquarters. Panasonic is building a North America headquarters. Cable Vision is building a headquarters. Teachers Village which is a great project to provide housing for teachers and three charter schools are in that facility. As Larry mentioned, Dranoff is partnering with New Jersey PAC and building a new residential across the street. And the best project out of all of these is the renovation of Military Park as well. So I think what's important is if we think about

the uses it was at the site at the time 22 years ago was housing for basically really bad housing that was uninhabitable housing. And what we have around there today is—

**Lawrence Goldman:** You know, Caren? You left one out that I'm just going to mention.

**Caren Franzini:** Oh, please.

**Lawrence Goldman:** And I think I'll preface this by saying I think all the econometricians can throw out all the metrics that they have been looking at for years about urban health and what's happening in the cities and just focus on this one thing. Right across the street from the Arts Center in the Haines building we're getting a Whole Foods.

**Caren Franzini:** Right, that's very true. The first supermarket, yes.

**Lawrence Goldman:** Not just a supermarket.

**Leonard Lieberman:** Second supermarket.

**Caren Franzini:** Second supermarket... That is another building that sat vacant for 30 years and it's now going to be redeveloped into mixed use which is another wonderful project across the street.

**Lawrence Goldman:** And highly symbolic.

**Caren Franzini:** And I just wanted, before I turn this over to Laura Sanders for Atlantic City, my hometown, I just wanted to add, as I was putting this together, Governor, I think it's what I thought about and what we had in our sessions that we all as a team talked about is that you this all work. And Governor, we needed direction. Clear direction and clear focus. And when I talked about E.D.A. that's a perspective I come from but all these projects, it wasn't just E.D.A. There were a lot of state agencies that all had to work together, but it was focus from you that we had a goal in mind to get something done. Second was the funding of the infrastructure was key to every project. If you look across the state things happen because we had, we need good infrastructure and third was taking the private sector approach of using other people's money. That this public money was really used for things that were needed and really to encourage private sector investment based on the public sector.

**Governor James J. Florio:** Just to use an example on the last category; U.S.A. Cable wanted to move to New Jersey and they found a good building in Jersey City if I recall correctly. But the building didn't have the wiring that they needed. We paid for the wiring and took an equity position.

**Caren Franzini:** Yes, we did.

**Governor James J. Florio:** Which was somewhat unique, but it worked very well.

**Caren Franzini:** It did. It was the first, that's what's really got the Jersey City waterfront going because no one was there 22 years ago. We think about it today but close your eyes and think about what it looked like 22 years ago. It's a lot different. So with that, we'll go to the southern part of the state.

**Laura Sanders** [[Click here to view all of the slides used in Laura Sanders's presentation](#)]: ... I, too, am very grateful to have managed to hang onto my job, thank you, as a Kean Administration holdover. And one of the things I had been doing in the Kean Administration was helping to staff the Treasurer's efforts at the Casino Reinvestment Development Authority, which is how I wound up in Atlantic City. The Casino Reinvestment Development Authority, at that time, had two lines of authority that ran directly to the Treasurer. Number one, the Treasurer could authorize their budget... And number two, they couldn't make any investment without the Treasurer signing off on it. Which is why Treasurers went to the trouble to send staff members down to Atlantic City.

That said, when the Governor took office in 1990, casino gambling had been in Atlantic City for over a decade, and the industry itself was well-established there. But many people felt that the promise of casino gambling to Atlantic City itself, had not been realized. Because it was sold to them with the promise that it would bring revitalization to the City as a whole. And in 1990, that wasn't happening. If you look down the City's premier shopping street, which is Atlantic Avenue, you would still see stores from month to month closing. You would also see landlords still abandoning housing rental properties, because people weren't renting in Atlantic City at the time to go to the beach. And if any of you have seen the research on what an abandoned property does to a residential neighborhood, Rutgers lately has done some excellent research on that, and a single abandoned property will destroy a neighborhood's viability inside of about two years, and Atlantic City was full of them. That's the situation when the Governor took office in Atlantic City. [And this, as you can see, is what things looked like about then](#). That's the front door to Atlantic City coming in off the Atlantic City Expressway. There's a train station there, which is arguably a train to nowhere, and a big blank between that and the casinos huddled along the Boardwalk. And newspaper reporters constantly wrote stories about the contrast between that and the Boardwalk. That's where we were...

In August 1990, [Governor Florio signed EO13](#). And what it did was convene everybody, every governmental entity from the State and its many departments on down to the City of Atlantic City into a Coordinating Committee to provide to him advice and planning on what to do in five areas. The first of these was the Atlantic City International Airport; the second was all general transportation improvements in the neighborhood; the third was housing development, most especially, including what to do in the Northeast Inlet; the fourth was revitalizing Atlantic Avenue and the city's retail areas; and the last, but not least, was should you, or should you not, build a Convention Center at the foot of the Atlantic City Expressway and the train right then to nowhere? In the end, all of them got done. The first three got done pretty fast. Housing was already underway, in part, in the Northeast Inlet, because of the Kean Administration efforts.

Two blocks of new housing had been opened. Today, it's an entire neighborhood. But the Governor was faced with the decision whether to do a Convention Center or not. And by October of '91, Treasurer Berman and George Zoffinger, the Commerce Commissioner, along with Sam Crane, who was then the Deputy Chief of Staff, but later would become the Treasurer, had reached a point where they were comfortable saying to the Governor that they thought they understood the situation on the ground in Atlantic City and were prepared to make a recommendation. Bob, can you talk about that?

**Robert Lurie:** Sure. So I think there was-- so what happened at that time in October of '91 is that, as Laura says, the people that she named made a recommendation. And part of the recommendation I thought was one particular insight about the project itself, which is that it was really not a Convention Center project, it was actually one bigger project that consisted of the Convention Center, the hotel and the corridor necessary to connect the Convention Center and the hotel to the Boardwalk, and that that needed to be viewed as one roughly 600 million dollar project, as opposed to just the Convention Center alone, which was a couple of hundred million. And the idea was that of that six hundred million dollars, to get as much as possible of it from the private sector. Making investments particularly in that corridor to generate some retail traffic and pull people away from the casinos. But there were a number of problems to trying to get that larger project done, not the least of which was that there wasn't nearly enough money to do that. There was just a luxury tax, which had been partially bonded against already to essentially do site acquisition and development. It was done by the Atlantic City Improvement Authority-- Atlantic County Improvement Authority, excuse me. And there was no money set aside for operating expenses of the Convention Center, and certainly not enough money that had been identified to pay for the balance of the capital needs of the facility. There also was really nobody in charge there in Atlantic City to put together a whole financial plan, and that could actually then deliver that financial plan. So it really fell to the administration, and Governor Florio and his team to pull that together, that management team together. And to push that financial plan through.

The recommendation that was made at the time was kind of a classic in the types of good public finance plans that at least I've experienced over the years, which is one of sharing the pain. And essentially what that meant was that there was a contribution from the State to really kind of get this thing kick-started, similar to what you heard about in Newark. There was a contribution from Atlantic City and the County and also from the casinos. So everybody was asked to contribute to the plan. The other-- another thing that was important to that plan was the recognition that, similar to what Larry talked about in Newark where there was economic activity that was going to be created, we hoped, and that the value of that incremental economic activity needed to somehow be captured for the benefit of the project, that was what we were trying to do in Atlantic City also. So the luxury tax was a highly variable source of money, depending on casino activity, and visitors and so forth. So we could not really use that money as security for bonding. So we decided that we were going to essentially target that money to be used for operating expenses of the center and left a good cushion in case that money turned out to decline. And then we recommended having the Sports and Exposition Authority expand

its mission to South Jersey, and to take over the Atlantic City Construction Project, using funds that would be essentially contributed by the State through a contract that was put in place to pay the debt service on bonds issued by the Sports Authority.

And another very important thing that that bill did was provide for really some supervision and some expertise and management for the project, for the financial plan, and for the execution there to cut through local politics and other concerns so that there was really a professional, and again, a high quality approach taken to building that project. So that required legislation, which was in a bill passed in January of '92, so that again, was very fast. It was only three months after that memo was delivered to the Governor's desk, and provided for the injection of State dollars and management, as well as allocations of incremental taxes that the bill provide for in Atlantic City and County hotel tax and others that could be used to help fund these new projects. So...

**Governor James J. Florio:** Wasn't the Sports Authority money also used for the Rutgers Stadium?

**Robert Lurie:** Yes, so, there were a variety, and maybe others can speak to us better than I, but there were other projects in that bill. The Rutgers Stadium, football stadium, as well as lacrosse and soccer facilities for Rutgers. But you know, Cliff was very much in the middle of that bill getting passed, and I don't know if there's anything you want to add to that, Cliff?

**Clifford Goldman:** Yes, it also included smaller amounts of money for all the state colleges sports facilities.

**Laura Sanders:** Let me just, you know, that there were key insights in that memo. And the first of them was Bob's realization that, number one, we all-- we did know that all Convention Centers in this country run deficits. Their job is not to make money for themselves, their job is to make money for the surrounding neighborhood. They're supposed to spin off people to buy things, to shop, and restaurants, and enjoy entertainment—that's their job. So if the State couldn't come up with some other way of funding it, and it was his insight that there was enough luxury tax there to cover those operating deficits forevermore—it still does—that the State would have been endlessly on the hook for black hole. That's not what happened. The luxury-- there was enough luxury tax to do that. His second insight was the realization that the couple hundred million dollars' worth of bonds-- just a couple hundred million-- would only cost 13 million-- only-- 13 million dollars a year to fund. And that under the most conservative projections this would spin off at least 13 million dollars a year, once you got the Convention Center built.

**Robert Lurie:** In tax revenues to the State.

**Laura Sanders:** In tax revenues to the State. So the State was really making a temporary infrastructure loan to Atlantic City to spur development. It was a true investment, not a handout.

And the third insight was Doug Berman's. Doug, at that time, had two problems sitting on his desk. On this side was a broke Sports Authority that hated to admit it. And on this side was this Convention Center that currently belonged to the Atlantic County Improvement Authority, and would have actually, I think, preferred to continue to own it. What to do? One of the reasons the Sports Authority was in trouble is because horse racing funds the Meadowlands. Horse racing is what built the football stadium, et cetera, up north, because they don't make that much money either. Why was horse racing in trouble? Because you know, gambling in Atlantic City, which put a real damper in horse racing. It was Doug who put the two problems together and said, "I have a solution! Why don't we have the Sports Authority build the Atlantic City Convention Center, and meanwhile issue some other bonds that needed to be done to help out the Sports Authority, and put them back on a solid financial footing. And I don't know about you, but I don't know that many people who can take two really lousy problems and put them together and make a great solution. And I thought Doug was just really tremendous that day. And to Bob's point, when does legislation get passed in two months? This was October 21<sup>st</sup> when that memo went, and by January 10<sup>th</sup> that bill and the hotel tax to fund the marketing for it were in place. And I looked at the marketing, the hotel room tax is still spinning off 13 million dollars a year to pay for marketing in Atlantic City every single year.

So, that said, once that happened... it turned out that there really was a design to bring Atlantic City Convention Center, because the Atlantic County Improvement Authority was not kidding that they had a real one. They were not kidding that they had cleaned up the site at the foot of the railroad. And now we needed, number one, to get a Convention Center going with the Sports Authority. And number two, we had a corridor to worry about. And Rick walked in one day and said, "Oh," and looked at me, because we had exactly one person assigned to all this, me. And just he said, "Uh.. you're gonna need some help." So he assigned Ken Faulkner, thereby doubling the staff assigned. <laughter> And Ken is the on-the-ground guy who built New Jersey's gorgeously renovated legislature [statehouse]. So he knew a little something about specialty buildings...

The thing you have to do as some people down the table know, if you are going to build a big building, you're going to be putting out bids. And this building is going to take at least four years to do, which means you're going to have three, four, five bid packages, and possibly a lot can go wrong. And that first bid package is going to be really important in setting the tone on where you're going to go. So Ken and I spent a long time going over the very first bid package, and then going up to the Sports Authority to meet their people on the project, and go through the first bid package that they're going to put out. The Sports Authority was not happy. They did not want this project. Their construction guys hated it, because Atlantic City is a long darn way from the Meadowlands. And Bob Mulcahy had assigned his newest executive, which is how poor Dennis Robinson got stuck with it, because he was the new guy, and here we come, and they're not happy to see us either, because they figure, "Oh, good, here comes the interference."

So the first meeting, needless to say was a little bumpy. But things were going along as we went through the bid line by line by line, until we got to the point at which we got to the change order language. Ken and I had spent a long time on the change order language, because when something goes wrong in a project, it's the change order language that's going to govern what happens. And in a project that goes on for four years, stuff was going to happen. Sometimes big rocks get found in Trenton where they weren't supposed to be. And have to get drilled out for years. Or at least, how many months was that? And you need some flexibility and some control when that happens. We get to the change order language, and otherwise reasonably civil conversation starts to turn into "Zoom, zoom, zoom, zoom, zoom, zoom, zoom, zoom!" And finally in response to a question I no longer remember, Ken slammed his hands on the table, pushed himself back, and said something like, "Because that's how you avoid corruption in a bid!" And stormed out of the room! There was this big silence. And Dennis looks at one guy who goes, <shrugs>. The other guy goes, <shrugs>, Dennis said, "Well, all right! That's the language! Let's move on!" And I had to go get Ken, who was at that moment really upset, because his personal credo is that officers and gentlemen, of which he is one, they do not slam tables, and they don't storm out of rooms, and he wasn't sure who he was madder at, himself for doing it, or them for provoking him into it. It took me five minutes to convince him he'd won. And I am absolutely positive that that is the day that Dennis Robinson decided to hire Ken Faulkner to build the Convention Center-- which he did. Ken?

**Ken Faulkner:** Thank you. Thank you, Laura. Larry said something earlier in terms of performing arts and that you hear this stories so many times that they take on the element of truth, because I really don't remember that. <laughter> Honestly. I mean, it's out of character for me to do that. Right, Caren?

**Caren Franzini:** Absolutely.

**Ken Faulkner:** It's out of character. It's not like me to do that. But the-- let me just give you a little overview. This is so ironic, because I had been in State government for a long time before the Florio Administration came in. In fact, I came in under Cliff's time, very early on some time ago when I became Assistant to the Director of the Building Construction, under Cliff. And subsequently over the years, I had done a lot of projects in the State, and one of the major ones that I was involved in was the State House Restoration Renovation project, which was just a great activity to be a part of. And at the end of that, I was looking for a home, and I was still in Treasury at the time, and Florio Administration had come in. And I ended up being released by Nate. You may not remember this, but no personal reflection on you, Nate, at all.

**Nate:** My job was to encourage creativity.

**Ken Faulkner:** So it just happened that ...at that time that Rick had reached out to me, and expressed an interest in talking with me about some of the urban renewal projects activity that was going on. And again, I was blessed to become part of a nucleus of his shop under the governor. And being an urban person myself, it was just great to be working for a Governor who

had such a fixed focus on dealing with the urban activity. So it turned out to be good. So over the years, I became-- I mean, working with Laura, we took one to Atlantic City and I think the first year that we started this, I put more than 100,000 miles on my car. <laughter> Not a State car, *my* car. You know, and between running back and forth to Atlantic City, as well as the Meadowlands, when I really recruited my \_\_\_\_\_, at the story Laura just told you to come up and become Director of Special Projects for the Sports and Expedition authority.

Now, having had some previous knowledge, because going back to Cliff days with Brendan Byrne, I was one of five people who were dispatched to Atlantic City after the first referendum failed for the purpose of assessing the local landscape in terms of supporting a second referendum. And specifically I had two areas, one with the labor unions, the building trades of Atlantic City, and the other one with the minority community in Atlantic City. And as a result of that, I sort of have a knowledge and understanding of what the community was expecting as a result of the casino legislation and how the community was going to benefit. So when I had the assignment from Rick and Laura to take on the Convention Center, it was always in my focus about the urban renewal, economic revitalization of Atlantic City. So when we finally worked through-- the heavy lifting was already done by everyone who's already spoken, the financing was in place, you know? The legislation had been passed, and the Governor's given the okay to proceed. And as Laura often refers to it, "We got the green light to go!"

So we started this discussion about the-- we were catching up. There were a number of things that had already started dealing with this Convention Center. And we were catching up with those, but now you shipped it to the New Jersey Sports and Expedition Authority. And this was before I joined them, actually. And we knew that one of the challenges when you deal with multiple government agencies across jurisdictional lines of one sort of another is to get everybody on the same page. And fortunately the Atlantic City County Improvement Authority had hired an outstanding architectural firm, Wallace, Roberts and Todd, out of Philadelphia, who was just a tremendous-- and they had done a great job in the pre-design phase of the work. And we were looking at a building, but there was some principles put in place. One, that the Convention Center had to be the state of the art facility. Most Convention Centers in the nation are ones that have a pretty front of some sort, and a corrugated steel, you know, backend. I mean, there's nothing to it. But the Atlantic City Convention Center from the get-go never had-- it was never an objective of that kind. They wanted the best. They wanted to raise the bar. And the facility in Atlantic City really had won many honors for both its design and its service, including the world's best Convention Center based on facilities infrastructure, management and dedication. It was-- it is a tremendous facility. The best from Atlantic city-- I mean from Atlanta all the way up to Boston. It also was designed to handle the largest conventions, as well as the smallest. Therefore, it has five exposition halls, which has a total square footage of over 500,000. That's six football fields long, and two football field wide. It works from 29 loading-- enclosed loading docks where tractor trailers can drive up and into the building in any kind of weather. It has 45 meeting rooms and all of that. The Convention Center has a state of the art voice data and telecommunication, the best in the nation. It surpasses almost anything else around. It raised the bar.

Everybody else started responding to what happened in Atlantic City. It directly connected, as Laura pointed out, to the rail center, to the bus depot, which had to be relocated, to the corridor, which was, you know, under that development. It's connected to the hotel, the headquarters hotel, through a pedestrian bridge. So it was really very-well thought out. But to make it happen, what I call the ground game-- getting it built on time and on budget. That had to happen. I mean, we had bookings already for 1997, and May of 1997 after it was built. So part of the challenge of that is getting all these various people to work together to be on the same page, to maintain discipline about the schedule and the budget. Thanks to the Mayor at that time, Jim Whelan, and the Senator at that time, Mr. Gormley, we got all these other people to come in and buy in. They were phenomenal in terms of doing that, so that was extremely, extremely important. We minimized change orders on the job. There's always change orders on a job, but in addition, there was the aspect that Governor, you had put in place about fulfilling urban objectives and urban expectation. So as Larry said earlier, we did pick up-- if we got it from you, Larry, you know, "Don't call anybody else. You'll be disqualified." Which we did. We did disqualify people in the bidding process who had reached out and tried to use political influence. But there was also a big labor problem down there. The building trades of Atlantic City in that era had a tremendous crime component. And just a quick sidebar, I remember meeting with the President of Building Trades, and after getting to know him, he took me to lunch in Chelsea, which is the southern part of Atlantic City into a row house in Chelsea that had no signs, and there was only about three or four tables in what would be somebody's living room. And we're sitting there, the two of us, and there's another table with three people in the corner. And as we're eating, the other person comes out from the kitchen, you know, to serve your food, they're-- the little round tables, you couldn't even barely put it on...

**Ken Faulkner:** And then he got up-- yes-- then he pulled off and he went over to talk to the three guys sitting four feet from us. And he came back and he says, "There's a gentleman over at that table who would like to meet you." I guess I had taken on some kind of notoriety being with the State Representative and City over the months that I had been down there. And I said, "Okay, I'm willing-- my job is to meet everybody." So I got up, and the other two people sitting with him left. I sat down and starting talking to this gentleman, and he says, "Well, I understand you're representing the Governor's Office down here, and so forth. Well, I want you to know that if there's anything that we can do for you, you let us know. We're very anxious to see this City get redeveloped." And I said, "Okay, thank you!" And I got up and went back two feet to my table, and left. When I got outside, I asked my host, I said, "Who was that?" "Nicky Scarfo." So I realized very quickly I better report this. I mean, I don't know who's on the surveillance, but I don't want to see me on surveillance, and sure enough I had a relationship with the Criminal Division in the Attorney General's Office, and I let them know that I had this dinner. But, and of course, subsequently, he would ban, he had a rebar company that he was involved with, and that was what it was about. But, Governor we, under Bob Mulcahy, Dennis Robinson's leadership on the Atlantic County Improvement Authority, working with the nucleus of your Urban Team, we were able to accomplish that job. We had 115 direct companies, different construction companies on the job, and 1,755 workers. Eighty percent of them which came out

of Atlantic City and Southern New Jersey region on that project. So that's the point that I wanted to make.

**Laura Sanders:** Thank you...[There's the Convention Center as it got built](#), as it exists today. The challenge was to connect that Convention Center, get the hotel built in time to open with the Convention Center, and then fill in the corridor and the linkage in that four-year period that we had, once that thing went into construction. And it went in very fast, which was a good thing for building momentum, because people could see this was really going to happen. It was a big help. The problem was... that this is the funding source that we had to use - Very briefly, this is the Casino Reinvestment Development Authority Statute, and [this is casino obligation money as it is still today in Atlantic City](#). And as you will see, it's geographically laid out by year. It starts with three years at 100 percent of the money going into Atlantic City for housing, and then slowly fans out, a piece for South Jersey, and a piece for North Jersey. The statute itself also says inside of it that eventually, 50 percent of the money for Atlantic City is designated for housing. It never actually says that you're authorized to spend the other 50 percent on anything else in Atlantic City. What it does say is that in North Jersey you are authorized to spend it on urban redevelopment projects. So one can infer, if one wishes, which we did, that that meant that the minute we got past the 50 percent allocation, the other 50 percent was available to do economic development projects in Atlantic City and we were the first people to do that. But the problem even then, once you've made those sorts of decisions, is it isn't real money. It's casino obligation. You want to talk about this? It's just funny money.

**Governor James J. Florio:** You also had to apply for it, and have it approved.

**Laura Sanders:** It didn't really belong to the State.

**Robert Lurie:** Right, and it had to be part of the whole package in order to have leverage to get those approvals. But essentially, the funny money that Laura's talking about is the fact that the CRDA obligations from the casinos were really in the form of obligations over time for the casinos to purchase bonds, i.e. to make loans, to various projects and entities that the CRDA might authorize. And what we needed to do was not make loans, because the projects we were talking about had no revenue source, or income source. We had to make grants. We had to actually build stuff with it that may or may not provide directly. So what we had to do was essentially trade those promised bond investments or loans for grants. And as you can imagine the casinos were none too happy about that. I remember going to talk to some of them, and one thing that I found that we had in our favor is that the legislation, the CRDA legislation, actually specifies that those bonds must have a minimum rating of B. And for anybody who knows the bond markets, a B is a junk bond rating. It's almost as low as you can get. You can get to C. So I asked the casinos, you know, "What are these bonds worth to you? How are you recording them on your books? What's the value?" And every one of them pretty much said, "We record them at zero. We don't expect to ever get repaid for these loans, because they're essentially junk quality and we have to be conservative on our books." So at least we knew that we weren't actually going to force them to take a write-down for these loans being now

converted to grants. And we were able to then negotiate a reasonable trade of credits, essentially grants for these loan obligations, and they were able to take the grants and put it into the larger project.

**Ken Faulkner:** You may point out also that the grants were self-serving you in most cases. They were very willing to provide grants when it was in the vicinity of their facility.

**Robert Lurie:** That's right.

**Ken Faulkner:** So don't come over here and ask them to do something over here, when they're located downstream. You know, that was a big issue.

**Laura Sanders:** And so, one way to address that issue was that how much credit you got for your grant got lower and lower and lower the closer you were to your facility, and the more it benefited your facility. So when it came to widening Delaware Avenue that just happens to lead directly to Showboat, that was dollar-for-dollar. And the benefit of it actually was that it decongested bad traffic on Atlantic Avenue by opening a new way to get down to that end of the boardwalk. It also cleaned up the street in that neighborhood, which was starting to wobble as well. And once it was opened, the neighborhood strengthened. But having said that, [this is the plan](#), the Casino Reinvestment Development Authority came up with through the Rouse Corporation for doing the court. You can see the Convention Center is on the bottom, the railroad station is on the very bottom. The Convention Center is next to it. And that big, sort of vacant spot in the middle is filled in by retail on the left and on the right. Next slide, please. [This is the plan for the Convention Center Hotel](#). Caesar's, which is right down the road, funded, put up 35 million dollars in a true investment to the Convention Center Hotel. Doubletree put in an equity position. There's a first mortgage of, I think, forty million dollars, and the CRDA has a ten million dollar second—

**Robert Lurie:** Mortgage.

**Laura Sanders:** Second note behind it. That opened on time... [That's the Convention Center Hotel](#). It got sold eventually to Sheraton, but it's still there, and they're still successful. The next slide is the-- this is from the opening of the Atlantic City Convention Center. And it is about connecting up everything that was done 5/19/87. The rest of the jobs in that period of time came out to a total of almost 1,600 jobs. Now what I left out was that in 1993, in July of 1993, the Governor signed a piece of legislation that was actually capable of funding the corridor as a whole. And what they did was created a parking tax of two dollars for parking in a casino facility. The casino got fifty cents, the CRDA got a dollar-fifty. The whole point of it was to build enough rooms in Atlantic City to support that Convention Center. And what it did was, and [it's up there on the chart](#), it doubled the number of hotel rooms in Atlantic City in a four-year period. Eight-thousand hotel rooms were added in that time period, and that added two-thousand permanent jobs to the economy of Atlantic City. Keep going please. And this is actually what it looks like today. Down by Caesar's, you can see-- we didn't wind up with water. There's a lighthouse

down there instead of water, but all of the retail has been fully built-out on the left-hand side, and started the right-hand side.

**Paul St. Onge:** Do you mind if I jump in here for one second?

**Laura Sanders:** Sure.

**Paul St. Onge:** Laura's a bit modest in terms of-- there's a description there of the Rouse Corporation rendering of the walk from the Boardwalk out. And I do recall this meeting where Rick-- and this is in terms of creativity in this group. Rick and Laura were in a hotel room planning things down there, and I was asked to come along. And there was a big map on the table, and both of them are drawing with their markers, "What we really need to do is take the Boardwalk and bring it out all the way from the ocean, so that it meets where the Convention Center is." Well, you see the CRDA took that idea and retained consultants, and they took that concept, and what you have today is probably one of the largest grossing retail establishments in the country.

**Laura Sanders:** I should note that the Cordish Corporation, which actually did the original three phases of what is now known as "The Walk," they were able to sell last year to Tanger, Steve Tanger, who put some of his own money into reinvesting in Atlantic City, and he's taking it on the next round of the project. I am advised that the Nike Store, and the Coach Store together did more than 65 million dollars' worth of business last year, just those two stores, in a year in which the casinos weren't doing that hot. So it means that there genuinely is now a retail base in Atlantic City with entertainment to work with. This is just pictures of what it looks like today. It doesn't look like "nothing" anymore. And I think, and this is CRDA's new parking garage, which they're use-- they call it "The Wave" to anchor what they're now calling their Arts District that they are trying to build there. Now, I noticed in looking at all these things, that in 1993, Mayor Whelan convened a team to talk about a special improvement district in Atlantic City and lo and behold, last year they created one. So. Thank you.

**Rick Wright:** Yes, I just would-- I would add a couple of things. First of all the help that we got from Senator Gormley and Mayor Whelan was indispensable. As you know, Governor, they really gave us a good deal of assistance. And the efforts by your Transportation Commissioner, Tom Downs, in moving a variety of ill-placed transportation facilities, and then your DEP Commissioners, Scott Weiner, in helping us with the cleanup were very, very valuable as well.

**Caren Franzini:** I also want to say, if we look at Atlantic City today, so Atlantic City is great to look at, because it is in such need of looking at what should it should be like in the future. Well, there are two things that are going to help it turn itself around. One is the International Airport. We head-on invested then in that airport to bring in business and other things to Atlantic City and the Convention Center to make it more of a family year-round resort. So both of those infrastructure improvements, here we are 20 years later, are going to now as we go into the future. It's important to build like that.

**Robert Lurie:** And the airport's a good example of the way in which we needed to use the quasi-independent authorities in lieu of having State funds to actually make direct investments, so the Atlantic City Expressway Authority, as it was called at the time, was brought into the fold from a policy perspective, and their mission was broadened to make investments in the airport and it turned into the South Jersey Transportation Authority. So that would have been impossible without bringing that broader view from the authorities into the mix.

**Governor James J. Florio:** One of the things that Tom Downs, the Transportation Commissioner did suggest to me was that we have an executive council of all of the Transportation Authorities to coordinate things....That fits in with what you're talking about.

**Robert Lurie:** Exactly.

**Rick Wright:** But it was a major effort, and, just as a footnote, when they opened the Convention Center, you were not invited, Governor, but they invited me to come down in your place <laughter>. And I was sitting at the main table, and after the-- after Governor Whitman left the event, her staffers, none of whom I knew, started asking me questions about, "How did we do this?" And as I'm listening to the expertise around this room, I'm not exactly sure what I said, but it was—

**Governor James J. Florio:** Falls in the category of no good deed goes unpunished.

**Rick Wright:** Right.

**Governor James J. Florio:** One of the things all the casinos did was put up signs on the parking increase, "This is Florio's \$2.00." <laughter>

**Robert Lurie:** I know, I know.

**Ken Faulkner:** Is that true, Governor, you did not get an invitation?

**Governor James J. Florio:** Yes.

**Ken Faulkner:** Okay.

**Rick Wright:** ...I'm actually looking at Peter Longstreth down there, and realizing that, in a way, Peter, you and your company (Aegis) were the start of my entire involvement with Governor Florio and Economic Development. When I moved into Treasury, you were building those office buildings on State Street in Trenton. You were financing them with State leases, and that was part of my responsibility-- so we began to meet on your project. And right next to you is Len Lieberman, who had been appointed by Governor Kean to run the Aquarium. My next assignment was to go down to Camden and take a look at the Aquarium, and out of all this

grew this team that we put together. It's nice to see you here, and I hope that later you'll be able to jump in a little bit. Just to add a couple of other Camden notes before we get into it. One of the GE execs is here, and I would love to hear his perspective on some of the things we did. Plus, from The LEAP Academy in Camden, we have a representative as well. LEAP was one of our great small projects down there. Are we going to move to Camden now? Okay. Go.

**Paul St. Onge** [[Click here to view all of the slides used in Paul St. Onge's presentation](#)]: Here's a shot of [the waterfront as it is today](#). And I just want to echo Ken's comments that I really feel blessed to have been part of this team, so thank you Governor, and thank you Rick for that opportunity. I'm just going to go through, I'll see if we-- there we go...

Every time I'd drive in and out of Camden on the Camden City Hall. And it reminds me first and foremost of the people that we work with, the team down there. And John asked us to touch on some of those relationships, touch on some of the funding that we did. And I'm going to focus on three projects with Rick, of the Aquarium, GE, Aerospace and the Sony Music/Pace Amphitheater. And essentially what we were trying to do was create job structure, public/private partnerships that would really last and have a meaningful impact on the City, and we did that. And you know, we're trying to tell a story here, and these urban policies, Larry, as you noted, is really a cumulative process over time that occurs, and you can see it today 25 years later what Governor Florio did really stands out in terms of the impact. [That's the Waterfront in the '20s](#), the Industrial Revolution. And you can see there's open spaces throughout the Waterfront. And what I found out after, and Rick told me when I joined in August of 1990, I was directed in the fall to go down and meet with Cooper's Ferry. And I'll talk about Cooper's Ferry a little bit and Tom Corcoran. I met with guys from the South Jersey Port Corporation, the Executive Director there, ended up, over the course of his career, filling in a lot of that waterfront before permitting was ever allowed. And John, as a former DEP official, I'm sure you'd enjoy that, but we-- I was regaled with stories about how they took bulldozers and pushed—

**John Weingart:** At night.

**Paul St. Onge:** At night, right, and pushed-- so [what you see](#), for people who aren't, you know, familiar with the waterfront is it was a massive center of industry, with tens of thousands of jobs, anchored by RCA, where the Victor Talking Machine Company, the original radio manufacturer, was located in massive buildings with Peter and Caren and Bob and Bette and Laura all are familiar with. Just incredible, you know, illustrations of the Industrial Revolution. And the original Campbell Soup processing plant, where condensed soup was—

**Caren Franzini:** *Tomato Soup.*

**Paul St. Onge:** Tomato Soup was patented and produced, you know, for tens of hundreds of millions of cans coming out of there, and tomatoes shipped onto the waterfront. This was a bustling, thriving place. I don't have to tell the Governor. This was his area, and he knew it well. And South on the Waterfront, you had a bustling port, small port, that evolved over time, but

anchored at its Southernmost point by the New York Shipbuilding Company, which produced unbelievable amounts of ships during World War II. And so what you have is, for all of us, who didn't live through it-- I walked in in 1990 in the summertime to being directed by Rick and the team and Laura-- I had the greatest, greatest opportunity to work with the smartest people, Laura, Bette, Christine and Caren, you know, to learn from them about what they had been doing, and go down into Camden and begin to experience what then-- if you look back at what's written about '89 and '90, we're going through a massive corporate restructuring phenomena. And it is happening in front of us. The notion that Rick talked about before in terms of inheriting and keeping, Governor Florio making the decisions to keep excellent people who were focused on doing a job was so critical. Because in Camden what we have is a situation where Governor Kean had started certain things. [The '30s, you see a bustling center](#). So we [come to 1984](#), at that point in time, my good friend, Tom Corcoran, became CEO and President of an entity called Coopers Ferry Development Association, okay? That was by design out of study, American City Studies Evaluation and Assessment, done by the City of Camden, Campbell Soup and RCA. It was good corporate citizens, Gordon McGovern was the CEO and Chairman of Campbell Soup said, "We need to do something to study the potential of the Waterfront." They owned, as we just saw, lots of property on the Waterfront. And so early in '84, they created a private non-profit to develop the vision for the Waterfront and to assemble private/public interest to achieve a public goal, improving the economy and equality of the City of Camden. What I soon found out from Tom, and [you look at that plan](#), I probably saw-- and maybe Laura or Caren, we must have 50 plans for the Camden Waterfront from Tom Corcoran, who was a genius, a visionary, he couldn't be here today. He-- and Rick, I just found out as well, Rick when he came into office, went down and met with Tom, right? And engaged with him, and found out through your own due diligence that this was an entity and an individual that you could work with, the Governor could work with, and there's a potential to do some things here. And that's what I found out from Laura and Caren, their files, that there were these transitional projects that, "Paul, read this, and come back and talk to us about it, okay?" And that's what I did. And I found out, "Well--," and Len Lieberman, I was lucky enough to get to know Len Lieberman through the Aquarium project. But as you'll see, you know, think-- you need to know the history a little bit. 1985, you have headlines saying, "Project's Bright in Camden's Future!" RCA and GE and Campbell Soup decide, "We're going to swap land," and Campbell Soup says, "We're going to build massive headquarters on the Camden Waterfront." And—

**Caren Franzini:** And we have that signed paper.

**Paul St. Onge:** We do! We do have that signed paper in our files!

**Caren Franzini:** "You build the Aquarium, we'll build world headquarters!"

**Paul St. Onge:** And part of the deal was, "You have to build, the State has to build an Aquarium!"

**Caren Franzini:** Yep.

**Paul St. Onge:** In order for the corporate entities to do this! Okay. So who's going to build the Aquarium? Right? Well, the Sports and Exposition Authority had never done anything in Southern New Jersey. And as Laura just referenced, we heard the Sports and Exposition Authority was broke. And as I opened the files and realized what was going on with the Aquarium, we all really knew that the Sports and Exposition Authority was broke. And they were attempting to build an Aquarium, and much to his credit, Bob Mulcahy was a big proponent trying to tell people in South Jersey, "We agree. We should be doing this. And they got underway in the late '80s." And by 1987, [we see headlines](#) that say, "Camden Waterfront Plans Run into Snags, Delays, Uncertainties." And yes, there's a plan for a ferry service. But here's what we have, basically, when we start looking at the Waterfront that we have property in the late '80s. Nothing's really happening, and you have estimates in the newspaper. You have Bill Donaldson from the Geological Society, who was hired through Cooper's Ferry, and really there were a lot of people vying for the State Aquarium. Wildwood wanted it, Atlantic City wanted it, Jersey City wanted it. And Corcoran, Gordon McGovern, they were very smart, and Randy Primus, God bless him, he drove it as well as Mayor of the City. They were smart. They said, "Get out in front of it," like Larry would have done. "Get out in front, and do something." They hooked up with Bill Donaldson from the Zoological Society. They got-- they knew everything about Aquariums, so when Bob Mulcahy came down to Camden to interview them, they knew it all. And he's quoted as saying, "They were the most impressive out of anyone we met! So why wouldn't we go with them? They knew all about Aquariums, they were hooked up with Bill Donaldson from the Zoo, who operated a major entertainment attraction, and they were right across from Philadelphia. This makes sense."

**Rick Wright:** This is the Philadelphia Zoo you're talking about.

**Paul St. Onge:** You're right. Excuse me, Philadelphia Zoo. So the problem was Mr. Donaldson from the Zoo said, "I estimate the Aquarium to cost ten to twenty million." Governor Kean said, "I'll commit ten to twenty million." The first pre-development construction estimate was 25 to 40 million. And it just rolled from there. So by the late 1980s, there was no Aquarium coming out. The schedule was, Governor, the Aquarium was supposed to be built when you took office. It was three to four years overdue by the time we walked in.

So we inherit some things, and we also do our own projects, because we had Mr. Corcoran, who, on a weekly, daily, hourly... basis would call each of us and say, "I need to talk to you about 15 things. Rick said it's okay to talk to you about these things." So, and we'd go through list after list of projects until we'd meet with Rick Mondays and Fridays and talk to him at night, and he'd constantly come back and say, "Focus. Get one thing done; go to the next." And a couple of things that we needed to get done, which were so critical that started in 1990, discussions that really rocked the City, and rocked our office in terms of what was happening. Campbell Soup signaled that they were going to make a decision to not move forward with their headquarters. And on the heels of that, Bob Rittenhouse, who is here, lived it as a member of

GE/RCA at the time, though a gentleman named Thomas Corcoran at that corporate entity, he went to the Cooper's Ferry Tom Corcoran to deliver a message that said, "We're leaving, unless certain conditions can be met." And those conditions were extremely onerous. They wanted new facilities. They-- hold on.

**Caren Franzini:** Here. I'll get it. Go ahead.

**Paul St. Onge:** I got to go to my-- Ken, I'm like you, I can't remember the details anymore...The three issues. You've got-- well, the three-- Bob, maybe you can jump in on three issues. We have facilities that had to be done on a certain timetable.

**Bob Rittenhouse:** Yep. And at a certain cost.

**Paul St. Onge:** And at a certain cost. And oh—

**Caren Franzini:** The environmental.

**Bob Rittenhouse:** That's right, there were serious environmental issues at the facility that GE at the time was looking for the State to step in and assume the environmental liability.

**Caren Franzini:** And you wanted to get rid of your buildings.

**Bob Rittenhouse:** Yes. Small things.

**Paul St. Onge:** And there were eight buildings. There were eight buildings and thirty-five acres of land. That's-- I'm sorry. In the end, it was related to the-- and this was a totally unreasonable proffer by GE, in terms of they offered an opportunity, a great opportunity for the State, Camden, to acquire buildings and property. But the first proffer of what they wanted was astronomical.

**Bob Rittenhouse:** And to set the stage from the GE side, and what GE was facing at the time, this was about three or so years after GE merged with RCA in a very competitive declining aerospace and defense industry, and they were saddled with about a million-and-a-half square feet of old industrial facilities, with a real need for about a third of that. And the way the government contracting business worked, there were disadvantages to owning facilities versus leasing. So they were trying to get-- in order to stay competitive, they really needed to get out from under these old owned facilities and have significant space that they could lease and continue to operate. So if they were going to stay in Camden, they needed some solution that would help facilitate that transaction.

**Paul St. Onge:** Right, and want-- and they definitely wanted out of all their old facilities and tried to step away from any existing environmental issues that they had with those facilities. And for, I would say, the good part of three to four months, we were in intense GE, quote/unquote,

like style negotiations with-- I digress a little bit-- but at the time, my colleagues Laura and Bette were pregnant, and we would go up into GE's buildings and go into Bataan-like marches in terms of hourly, you know, negotiations. They were hour after hour after hour after hour after hour, and no food offered and no water. <laughter>

**Rick Wright:** Could I jump in?

**Paul St. Onge:** Yes.

**Rick Wright:** You're all reminding me that we were very fortunate at all times to have Chris Steinberg and Bette Renaud with us advising us from the Attorney General's office that it's-- I wanted to jump in at this point, because on this particular deal the process we followed is a great example of how Governor Florio ran his office. I'm going to jump a little bit ahead, but these were top secret buildings, and it was extremely complicated even to get information out of them, because they were doing a lot of top-secret government stuff. We understood that they wanted to leave. We were faced with enormous problems with the Campbell Soup Company at the same time. We made a calculated decision to try to get them into their next fiscal year. The federal fiscal year, the Governor well knew, began again October 1st. And I think the problems began in the middle of the summer, something like that. So in our group, part of what you all were doing at that time, was trying to get past September 30th.

**Paul St. Onge:** Right.

**Rick Wright:** Which you guys (GE) must have been frustrated, because we kept losing notes and doing this and that to delay the negotiation. But once we got past September 30th, you were into the next fiscal year, and we knew you had to go through all the various (government) applications using all the old data. At that point the Governor decided that we could take the onus off of the presidents of the companies at this level and deal with the head of GE, Jack Welch. And I know that Bette [Renaud] wrote a memo about the situation that the Governor decided to act on. And "acting on it" again demonstrates the way we were trying to do things. Bob Del Tufo, who was the Attorney General at the time, came to the Governor's Office, using the script that Bette had written detailing what the State required. It didn't take much more than 15 minutes with Del Tufo, Governor Florio and Welch on the phone to come to a series of conclusions which took the pressure off of the guys running things in Camden in terms of many of the environmental issues. I remember that well, because it was less than two months....less than two months after we got past that deadline that we got that [GE] deal. I'll jump back out again.

**Paul St. Onge:** No, no, no. That's exactly where I was going, in terms of those...issues had to be addressed, and Governor Florio, you recall, you stepped in to do that. And Rick, you're right. It was the end of the first quarter of 1991, in March, where the deal was executed with General Electric. And at the same time as-- and this was the way Rick operated, we were already very much looking at, "Okay, we're going to deliver this deal, what do we have to do to make sure

the facilities that we just said we're committed to will get built and on time and within budget." And so the whole process had started.

And what I'd like to say, and I'd like to say for the record is that Governor Florio's decisions established and created, and Caren alluded to this before, the modern New Jersey Economic Development Authority as we know it today was created by Governor Florio through his executive decisions, personnel decisions, and transactional executing on transactions. We would formulate letters of intent. We did it on this deal. The letter of intent was this thick. It had all of GE's specifications, much to the chagrin of the development team that inherited the letter of intent, and then had to structure leases with the EDA and financing with the EDA. We had to put a deal together and then get it built. And what we did through Rick was we'd shift the letter of intent over to the EDA. And the Real Estate Division, Mike Francois, who worked with us hand in glove on all of these projects, would take it and begin to get his team together to work with-- eventually we selected Aegis Property Group out of a number. We had a host of very qualified firms, went through extensive interviews with the company. GE wanted to approve the developer and made it a condition. So in the end, we all felt in Treasury, I think that we selected the best developer, because they-- within a very short period of time, we knew that they were going to execute well and get the job done, and they did. And they delivered the facilities in 19 months and the execution of the letter of intent...

**Governor James J. Florio:** I was going to say what makes the team's success so outstanding is they got no assistance whatsoever from the local government. The local government of Camden at that period of time was a basket case. They had two or three mayors who'd gone to jail in recent past. So they did it with no assistance whatsoever.

**Rick Wright:** On the other hand, we got enormous assistance from Senator [Walter] Rand, and also Senator Wayne Bryant and [Assemblyman] Joe Roberts were very helpful to us during that period. I'd like to jump back just for a minute to the Aquarium, because I see Len down there, and to me, that was the crucial decision you made, Governor, to send me down to meet with Len and work on the agreement. In fact, the first time I ever went to Camden in my life, I went with Caren. It was not unlike what was going on in Newark. It was something that the Kean Administration had started. It was in an extremely difficult financial situation. Len, I believe you were appointed by Governor Kean to chair that (the Aquarium). We spent a lot of time together working with the Philadelphia Zoo and with the various authorities to negotiate the final deal, and, I believe Governor, that out of these early experiences, a decision evolved to manage major economic development out of Treasury. The reason we ended up managing out of Treasury was because of those early successes. It wasn't as though we had a blueprint that told us how to do it. You had people that you had kept on and that you had recruited from your own group working together. They were completely focused. Keep in mind, there were all these other things that you were dealing with that had nothing to do with us-- we were just a small little sliver of what was going on, but in the end it was extremely important. The very fact that you were so focused....when I think about it 20 years later, it amazes me, because of the political problems that you were having.

**Governor James J. Florio:** This was really thought out by me as part of the answer to the political problems.

**Rick Wright:** Right.

**Governor James J. Florio:** Generate jobs, generate economic development, generate revenues, helps you deal with the deficit.

**Rick Wright:** You know it used to drive me nuts when we would go to the official "openings" of some of these sites (to announce the number of jobs that we had been created through your efforts), you would be booed by the very people who had those jobs because of the things we were doing. No one knew about it.

**Paul St. Onge:** Oh, and this is a great example. This retained 2,500 jobs in the City of Camden. If this company had left, you don't know what would have happened to the entire Waterfront and blocks and blocks of that City.

**Caren Franzini:** Can I just add one other person to add to this.

**Paul St. Onge:** Yes, shoot.

**Caren Franzini:** -- who could not be with us today is Tony Coscia.

**Paul St. Onge:** Yes.

**Caren Franzini:** So the Governor asked Tony to leave his law practice, which he did for a year, to be Executive Director, then you actually changed the legislation, Governor, to allow him to be the Chair of the Board. Because previously it used to be the Commissioner of Commerce.

**Governor James J. Florio:** The Commissioner of Commerce.

**Caren Franzini:** But you changed the law to make it to be your appointment. And with the GE deal, going back to your premise of not just giving public money to the private sector, the GE deal was focused such that if EDA would own the site, it would be a publicly-owned privately developed by Aegis, that GE would pay for. And so it was a GE-lease, and a GE partial guarantee of a piece of that at least that paid for this new building. So it was a very creative <coughing in the room>, Tony couldn't be here, but there's a lot of public money in here, but I just wanted to get Tony on the financing piece of it. You just have people that play different roles in the deal at different times, and his creativity on how to create public ownership but put a lot of this in the private sector—

**Paul St. Onge:** No, absolutely. [And you do see the various sources](#). And one thing that we should note is that the structuring of the public/private partnerships, we were basically directed by Rick to engage in the communities where we were situated doing projects. So for example, in Camden, Camden County was involved there and stepped up to the plate. Different political party at the time. And they committed, and the Freeholder Director there said that, "These are Camden residents that we're talking about, who may lose their job and leave this county. So we are going to invest that this project is real and you can get it done." They invested, and they got repaid years later with interest. And we took, and you know, in terms of being creative, there are buckets of funds around the State and various bond acts.

If you didn't, you know, Cliff Goldman, wise sage Cliff Goldman, knew where lots of buckets of funds were. But Phil Rowan at the Urban Development Corporation and Bobby Rand, early on in this process knew that there was-- we needed early pre-development money, and they said, "Look, there are these two bond acts out here. If--" and they had a statute that they had to abide by, and they said, "If we need this statutory criteria, we're going to make sure these funds come to the project." And that's what we did on all of our projects. We'd go down the list and Laura, you can tell that Laura Sanders is probably "The Expert" in the State of New Jersey on Casino Reinvestment Development Financing-- how it works, how it operates, what you can do with the money-- so that when we had issues, and the beauty of our team, from Ken to Jerry Harris to David DelVecchio to Bobby, when we had issues—

**Robert Lurie:** To Ron.

**Paul St. Onge:** To Ron, we'd talk to each other about those issues and say, "I need to get this done. I need to get that done. Or I'm having a problem with the negotiation, what do you think?" And people were open and warm and willing to help, because we were all focused, like Rick said, on the same thing, getting the job done.

**Rick Wright:** And we had Chris and Bette telling us that we were insane. Often.

**Paul St. Onge:** Yes, right. Great.

**David DelVecchio:** Paul, you can go back to the Aquarium, you can't drive around the State of New Jersey, particularly South Jersey, without seeing a sign of, Bobby was in charge of-- right.

**Paul St. Onge:** Bobby was in charge.

**David DelVecchio:** Right. And you can't ride that—

**Paul St. Onge:** There, [there it is!](#) There it is!

**David DelVecchio:** You can't ride anywhere in South Jersey without coming across this.

**Paul St. Onge:** No, here's what happened though. And Bobby could not be here today. But I thank him so much because literally, like, Ken, you said before, twenty-five years ago I don't have any documents. I have nothing. I was trying to recall this all. And Bobby, God bless him, spent hours on the phone with me saying, "Don't you remember this meeting? We did this. We did that." But what he really said to me was, "Do you remember the fall of 1991? We were getting the aquarium ready working with Len and the team at the aquarium. And on mischief night there are hundreds of fires in Camden..."

Fires. And Governor Florio acted immediately. We had already put in place, and everybody knows this, and Larry, you know it well in terms of urban environments, if you have large entertainment districts, you need safety. You want people to come. You need people to feel secure. We had a plan in place. But after the fires, I know that Rick and the governor spoke to enhance that plan through the attorney general and the state police, and the county. And to this day, the Camden waterfront is one of the safest places in the state of New Jersey. There are no incidents that have occurred. Three million people a year come to the Camden waterfront. And this rocked our office. And Bobby took on, by himself, at Rick's direction, the signage. And David is right. If you go across the Garden State Parkway from New York to the first hundred yards of Bergen County, it says Camden Aquarium that way. And if you're in Monmouth County on 195, it says Camden Aquarium.

**Rick Wright:** Can I tell you Paul, I got a call from whomever it was who was manufacturing those signs; I didn't know him. Dee Solan, my assistant, was not putting him through. And he finally said, "I just have to talk--" So, I took this call, and it was, "What can I do to get Bobby Rand off my back?" And I said, "Well, whatever he's asking you for.... just do it."

**Paul St. Onge:** And he did. And to this day, it's one of the things that-- yes.

**Rick Wright:** Bobby always wore black .

**Paul St. Onge:** We were all concerned because there was not much of a marketing budget for the aquarium to open. And Rick had made-- we met as a team. And we'd go through all our projects. And in July of 1991, Rick's in a meeting in a conference room said, "Aquarium's going to open on February 29<sup>th</sup> '92." We all looked at him. He goes, "That's the date. Tell them get the thing done. We're opening." And we just had to drive it. But we had no marketing budget, per se. And the signage really helped because it opened successfully. And people, I think-- one other thing that Bobby pointed out, he said, "You know the waterfront garage--" and this speaks to the infrastructure issues that we were all talking about. If you don't have the infrastructure in place, the investment's not going to follow. And in this instance, without the waterfront garage sitting there, it was a secure place. You had a big garage, two thousand parking spaces. People came to the waterfront. They parked there. They walked across the street to the waterfront. So, it was so critical.

And Cooper's Ferry drove that project, really drove it to get it done. We helped them with permitting, with DEP, John. And they really, really showed that they could do big projects. And I

wanted-- there's a wonderful gentleman who is the head of the parking authority. There were so many great people that we all met in our projects. Teddy Hinson was the executive director. [And that photo there](#), if any of you know, the woman on the left is Dana Redd, the current mayor of Camden. So, twenty years later, she continues on what everybody had been doing there. [So, there's the aquarium](#). What we didn't know-- and I'll get to the last project. We have a wonderful aquarium. It opened. The first year, a million people came. But if you don't have other attractions around it, it's going to sit out there for a long time. And [I wanted to show the drawings from our developer](#), which if you go to the Camden waterfront, the buildings that Aegis Property developed look exactly like the drawings that they showed us during the selection process. In the late part of '91, about five days after mischief night, the development team took down the million square foot Campbell Soup manufacturing plant where the aerospace center was developed. And that transaction, again through Governor Florio and Rick, was executed with the Campbell Soup Company.

**Caren Franzini:** Yes Campbell Soup sold that building to us for a dollar, and it cost us five million to demolish it.

**Man 2:** It happened in about eight seconds.

**Paul St. Onge:** Yes. And it also left the can, which we dealt with for.

**Rick Wright:** You probably don't know this part of it, but the consideration of a dollar was handed to me as a crumpled dollar bill by a Campbell's Soup guy as the governor was making the announcement...because of Chris Steinberg telling me we needed consideration before we could go public with the deal.

**Governor James J. Florio:** We named the facility after Governor Kean.

**Paul St. Onge:** The aquarium.

**Governor James J. Florio:** Unfortunately, it went the same way the Byrne Arena went.

**Rick Wright:** Yes.

**Paul St. Onge:** Yes.

**Rick Wright:** And I should say that the reason we did that is that Len Lieberman who was running that project came up with the idea. And he was really thinking long term in terms of financing and to remind people it was truly a bipartisan effort.

**Leonard Lieberman:** I wanted lots of Republicans to legislate the thing to get this thing through.

**Rick Wright:** Yes, right.

**Leonard Lieberman:** Little did I know that the next Republican administration would sell the damn place and take his name off.

**Paul St. Onge:** One thing that very few people know is that the treasurer's office had a great deal to do with change in the Delaware River Port Authority Compact. It's a bi-state agency. And during our time working with Paul Drayton, who was in the council's office for the governor, and headed up the authorities unit, along with Jack Shannon who was a lawyer with Cooper's Ferry Development Association, we worked with Pennsylvania to change the bi-state compact to allow the Delaware River Port Authority to do economic development. And one of the things that came out of that is Rick was-- Rick loves architecture and wanted a signature-- Tom Corcoran had an idea for an office building first. You want to tell this?

**Rick Wright:** Well, I developed a relationship with Michael Graves. And the idea was, as long as we were going to do it, he was willing to give his services to us really at cost. And we were able to do an agreement with the local unions and the local people down there. And [we ended up getting a Michael Graves building](#) as the state building down there. And when I was down there just recently looking at it, I think it's one of the really great things that we did because we spent the extra time. It didn't cost the state anything. And we ended up getting an incredible building. And once again--

**Paul St. Onge:** We've got eight hundred people working at that building on the waterfront. Again--

**Rick Wright:** But it's a beautiful building. And it's-- again I can remember having the conversation with Governor Florio about it, and--

**Peter Longstreth:** Paul, can I interject here with a couple comments?

**Paul St. Onge:** Yes, sure.

**Peter Longstreth:** My name's Peter Longstreth. And I was actually a founding partner with Aegis Property Group and very much involved in a building in Trenton that Greg referred to, and of course this General Electric project that we referred to. And we actually built on a fee basis for the Port Authority, the building you just saw. But what I would like to sort of comment on, and I think it's-- there's a little bit of humor for me and a different perspective, but really a thanks to Governor Florio, is thank you for populating the Philadelphia economic community because we know it-- in case you all don't know it, Tom Corcoran, who really deserves tremendous credit as he's been given, is now running the Philadelphia waterfront. I was qualified by my experience here to become the president of the Philadelphia Industrial Development Corporation, which is the economic development arm of the City of Philadelphia. And my successor, John Grady, who worked for Tom Corcoran on the waterfront, and a fellow named Jack Shannon who was kind of in the mix here came over to Philadelphia as well. When we ended up developing the Navy yard, we hired Bob Wolf, not a Camden connection but a

New Jersey connection, as our consultant. So, thank you very much for all the straight New Jersey talent and training over in Philadelphia.

**Paul St. Onge:** So, just go to-- quickly go through the project that-- the last project I'll talk about is the amphitheater project that we did with a group out of Texas called Pace Entertainment, and Sony music, and Blockbuster. And all these projects that we work on all have kind of similar elements, site control, environmental issues, access, parking, funding. They all have similar issues. This project-- the planning for the waterfront-- the folks from Pace came to Cooper's and then to the treasurer's office and said, "We'd like to build a shed amphitheater, a shed, outdoor performing arts center. We have twelve million dollars. You bring the dirt." And what was eventually built is a fifty-six million dollar indoor/outdoor, twenty-five thousand seat amphitheater that has, for twenty years, been one of the top three amphitheaters in the country. They also said, "We took a boat tour you guys didn't know about, and we saw your marina. And we want to be situated right next to the marina because we believe that has the best viewpoints of Philadelphia. It's perfect for--" They did acoustical tests and everything. "And we want to be there."

**Man 3:** Well they wanted to see the sunset, see the Philadelphia skyline.

**Paul St. Onge:** Correct. Right. So, that site is fourteen acres of what was then lay down space for the South Jersey Port Corporation, who, at that time, was represented by a financial advisor named Cliff Goldman. And I spent many a meeting for many weeks, months-- the negotiation took almost two years. But through the auspices of the executive director, Joe Balzano, whose no longer with us, who spent fifty plus years at the Port, through Cliff Goldman's, really creativity, that property, which was essentially excess surplus property, was conveyed to the EDA. We were able to remediate that property through a financing. At the same time, the Port had been looking for an opportunity to get into a different industry sector. We were able to do that with them at that time through Cliff and Joe, working, Bobby and Rick, myself, to get this project done, which died many a death. And this is a site from the Port Corporation side. And you have to understand something. Mr. Balzano was at the Port for fifty years. He filled in-- he told me this, and I don't think he'd have a problem telling me this. He filled in much of the fourteen acres as a young man with a bulldozer. So, he knew everything that was there and said, "You're going to have to deal with this, this, and this." And I also want to say, Governor Florio, through our projects, we did a lot of assessment, environmental assessment, with folks from the DEP who were tremendous, Colleen Caucus, Ken Kloo, all of whom went on to careers to lead programs that weren't in existence at the time. The Hazardous Discharge Site Remediation Fund, the Brownfield Re-imbusement fund, all those programs, the genesis for those programs was the work that the treasurer's office did at your direction. We were able to work with them. They went on to structure, as the laws change, and really codify what we were doing. And it's helped immeasurably throughout the state to remediate a lot of different urban sites. And I think it's something that really should just be noted for the record. There were no programs to do that. And there are now. I'm not sure--

**Governor James J. Florio:** I take a lot of pride in the fact that all the cluster of all these programs we called the Camden Initiative. So, we focused on that. And there's been the hiatus point of nothing happening really. But now all of a sudden, the things that we talked about doing, and starting to do, bringing a sports team facility from Philadelphia to this side of the river, a lot of those things all came out of the efforts of the team. And now, I think finally, Camden is about ready to move.

**Rick Wright:** It's too bad it took twenty years. I'm really happy that it is finally happening, but it was poised and ready to go -- back to Joe Balzano for a minute if I could. When we were doing the amphitheater project, we took bids from various firms to come in with their drawings and all. Then Joe, who was a brilliant, brilliant man, but you know self-made, called me up. He wanted to come to the office. And he came in with a balsa wood design that he'd made himself. You got it?

**Paul St. Onge:** No, no I'm just saying that it looked exactly like that.

**Rick Wright:** That's what we used. All those years before, he had personally filled the site in with his bull dozer, and it was his design [for the amphitheater] that we ended up using. We needed to deal virtually every part of your government because of the various complications of that deal...including moving private companies to new locations.

**David DelVecchio:** By closing in part of the building, we got to use the arts funding.

**Paul St. Onge:** Now there's-- exact.

**David DelVecchio:** There was a requirement that a certain amount of arts funding go the seven southern counties.

**Paul St. Onge:** Right.

**David DelVecchio:** So, by closing-- by being able to close in the building, it qualified it for that fund.

**Paul St. Onge:** What was for-- it was--

**Rick Wright:** Before we get away from the away from the aquarium altogether, I just remembered that when we finished the aquarium, a plaque was put up. Usually it's the Governor Florio did this or Governor Kean did that or whatever. And we were working with Lew at that point.

**Governor James J. Florio:** Thurston from the Port Authority.

**Rick Wright:** We made a list of the people who actually had done the work on the aquarium, and we put the plaque up. The names were in alphabetical order. So you, Governor, you were down in the Fs. But it included everyone who had actually done some real work on the

aquarium. The first time I visited after we left office [four or five years later], I looked up at the plaque. It was almost humorous because there are a few individuals who had actually opposed everything we were doing during the construction period who had gotten their names on the plaque-- they had taken the plaque down and put it back up. Apparently, no-one had realized it had been done in alphabetic order.

**Ken Faulkner:** Note on Camden, if you remember towards Governor Florio's end of his term, we were-- we put together a Camden Initiative that everyone in your group, you know, Jerry's here and Ron's here, all of us were involved in creating this concept for the next term. Well, just prior to that, for I think two to three years, you had me as an overseer in looking in developing Camden and your municipal budget, which was always problematical because it always had to be subsidized by the state. So, that was the big issue. So, for three years I had worked with that. And the first thing I realized is that Camden municipal budget is never created in city hall. That was the fact of the reality.

**Rick Wright:** Cliff and I used to work on that late at night.

**Ken Faulkner:** Yes, but one day I'm walking-- or part of the municipal examination was the public works department. And the water department was specifically unique. I mean it was totally in the red. I mean there was more water going out, but nobody's paying for it. And I remember I couldn't understand because I divided the houses by annual usage. And then I divided the industrial base down there by the annual usage. And still none of them worked out on that formula to be the cause of the loss of this water. So, and I knew that it was so much that if it was just running somewhere, the street would be caving in. Buildings would be caving in.

**Governor James J. Florio:** It did.

**Ken Faulkner:** So, I knew that. And I remember talking to some engineering firm that was in the big building there that--

**Paul St. Onge:** Hudson. Hudson.

**Ken Faulkner:** I remember because they had all kinds of plans. And they said, "No, it's not draining in the river." So, I couldn't figure out where was all this water going. And I'm walking on one of-- Joe Balzano and I are walking on one of the piers that you're talking about. And I happen to see a hose running from a fire hydrant to this gigantic ship. If you remember the ships that used to bring in bananas and pineapples and all of those kinds of things, well it comes in. It offloads, right? They drop their load in Camden as they're supposed to. And I see this hose running there. And I didn't think anything of it. I don't know anything about maritime stuff. So, I'm just looking at this hose. And I dismissed it. And sometime in that same year, I'm on vacation in Aruba. And I-- there's nothing in Aruba besides rocks, I mean not mountains, just rocks. I meant it. There's no vegetation in Aruba. It's just rocks. But I'm walking along the pier and I happen-- the ship-- I can't remember the name offhand. But it was the same ship that was in Camden. And I'm-- I didn't even think about it at that moment. In fact, I went back to the

hotel. And the next day it hit me. I went back down to the pier. And I happened to ask one of the guys, "What is that ship offloading?" I mean Aruba has no manufacturing or anything like that. Water. It was water. [Laughter] Aruba doesn't have water. All of their water is imported. So Governor, I found out what they did: they offload and then they filled up with municipal water—and I'm talking a gigantic ship—and then they go to drop it off in Aruba.

**Paul St. Onge:** I'm going to go back to the need for infrastructure. [This slide just illustrates for you all the sources of funds](#) that were used. Again, an example of financing a project with public/private financing with about a fifty/fifty split on this project. Many of those funds have been repaid over time on the public side. [That's the amphitheater](#). Today the whole Camden waterfront, as Governor noted, a lot of things going on now in terms of future development, which you'll see. [That's the waterfront in 2014](#). [All of the attractions there](#), three million visitors a year. They now brand it, "Live, work, invest in Camden." That was not the case twenty-five years ago at all. It is today. And that is a direct result of Governor Florio's actions twenty-five years ago.

**Lawrence Goldman:** I'll take them all. Good job.

**Rick Wright:** What we're going to do now is talk briefly about other cities. And I think we should just be very specific on projects of interest whether it's New Brunswick, or Trenton, or Jersey City, or whatever. We were involved in a lot of different places. The reason we did the three was we were trying to show very different ways that we approached economic development problems in three major cities. But we were a lot of other places as well. And I don't know. I see Jerry down there. You want to--

**David DelVecchio:** Rick-- if I could, elections have consequences. And projects that-- some projects that Cliff and I, and you and I, worked on didn't occur because elections have consequences. And the governor did not get re-elected. Number one was Waterloo Village. Rick and I had met with Joe Volpe. And Cliff, and I, and Rick were working on a summer home for the Metropolitan Opera in ABT [American Ballet Theater]. They were clearly set to-- clearly interested in coming to Waterloo Village. They were clearly interested. And that project would have happened had Governor Florio been re-elected.

**Clifford Goldman:** Can I say something else because I'm older than you?

**David DelVecchio:** Yes.

**Clifford Goldman:** I've worked for-- since Governor Hughes, Cahill, Byrne. And part of New Jersey has always been that a project that was worthwhile for the public would be carried over from one governor to the next. And projects that I worked on as a young state-- Hackensack Metal, that's under Hughes. One year we had to do it. Cahill came in, supported it. Cahill started the Sports Authority and failed. Byrne came in and completed it. And we started the New Jersey Transit under Byrne. Kean came in and added the railroads to the busses. This was a pattern of behavior by governors, which ended at the end of the Florio administration.

**David DelVecchio:** Correct.

**Clifford Goldman:** And you've pointed out that some of the projects that you've discussed were started by Kean, picked up by Florio, and finished, and so forth. And we had--

**David DelVecchio:** The other project that you and I worked on that didn't occur that would have occurred had the governor been re-elected is the golf course at Liberty State Park, which would have paid for park improvements throughout the whole--

**Clifford Goldman:** The bigger one, the biggest one was the 76ers. We had a letter of intent with Harold Katz who owned the 76ers to move to the Camden waterfront, where they eventually built the baseball stadium. And we had-- the deal was completely worked out. We were going to erect a temporary facility for the first couple of years while it was being built. We had all that worked out, the financing, the bonds. Everything was ready. Harold Katz wanted out of Philadelphia desperately because he was a tenant. And this project, during the transition to Whitman, Harold Katz kept coming up to Trenton to see us to talk to somebody. And nobody would even talk to the man. And they killed the project for no reason at all as far as I know. There may have been other reasons not to do with the project. At Waterloo Village, we had the opera. We had the ballet. And we would have had the New York Philharmonic. They were only having an argument with the ballet over how the stage would be located. We had Alex Cooper, a big New York architect, design it. We had some financial people from Pennsylvania doing-- we had it. It was ready to go. And they killed that too. And--

**David DelVecchio:** *The Star Ledger* all set?

**Clifford Goldman:** Hmm?

**David DelVecchio:** *The Star Ledger* on board with it?

**Clifford Goldman:** Oh yes, the Star-- it was Percy Leach at Waterloo. And Mort Pye [Star-Ledger editor] was one of his great friends. And it was really shocking thing to me to see how, for no reason, these terrific projects-- what would have been Tanglewood in New Jersey. This would have been professional basketball--

**David DelVecchio:** Off track. Off track.

**Clifford Goldman:** Yes, and for no reason that I can figure out, these two projects were killed. And by the way, I was doing the negotiation of the lease for the Performing Arts Corporation with the Whitman administration. And my judgment was they didn't want to complete that project, even though millions of dollars had been spent already. It just went on, and on, and on until Ray Chambers and Vangelis went to see Governor Whitman. And out of that meeting, they got the go ahead to do that project. But my sense was that wasn't necessarily going to happen. Anyway, that's what it was.

**Jerome Harris:** I'll continue with the theme about elections and consequences. In July of 1990, Doug Palmer took office as mayor [of Trenton]. And the capital city of the state continued to have at least a rocky relationship with governors up to that point. And Governor Florio, just a couple things that I remember specifically once I was lucky enough-- I think I was probably the last member to join Let's Make a Deal under Rick's team. They rescued me out of the Department of State. But I think probably the second week I walked in the door, Doug Berman was fussing about his budget dilemma. We had just refinanced the Justice Complex bonds. And the city was trying to figure out how to get its piece of that. And Doug was saying, "Well I could use that money over here." And the insistence of the administration, your administration, in making certain that Mayor Palmer had some resources to do some projects that he would not have been able to do was important. I think also another situation, out of that actually, the HMFA was to be relocated into the Roebling Complex. They did not want to come. Every-- I probably spent more time on that deal negotiating back and forth. Parking's not going to be enough, the employees' security's a question, over and over again. But Rick's insistence, and your insistence, that investment be made in the capital city was significant.

**Caren Franzini:** And that also started in the previous administration. And the determination was it was so important to Trenton to do that move that that part wasn't relevant.

**Jerome Harris:** And I think another important piece that the capital city did not have a hotel. And I remember your good friend, Shelley Zeiger, being dogmatic on us all the time about wanting to do that. Shelley called me a gazillion times. I kept calling Rick. They were trying to get a meeting. Mr. Meijer was willing to come to New Jersey, but he needed to meet with the Governor to get a commitment to this. And I was detailed to be the driver, Shelley and folks. And we met at Drumthwacket. And then that handshake resulted in the Marriot being located--

**Governor James J. Florio:** It was a local zoning problem of some sort, and he wanted the Governor to fix it. But they also had a difficult problem inducing some of their employees from Indiana to come to New Jersey. And they just had this image of New Jersey as being a terrible place. So, I talked to the CEO of the company. Ted, why don't you take your top executives, bring them to New Jersey. I'll outline where they should go. We brought them to Princeton. We brought them to a whole lot. They call became believers in New Jersey, and they moved their facilities.

**Jerome Harris:** But for the Governor, no hotel. All right, and then finally, toward the end, I think there was a four hundred thousand dollar hole in the budget for the stadium, the baseball stadium on Route 29. And we had just come out of a staff meeting. And I just happened to hear the number. And I got a call from the city. And I called downstairs. I said, "Look, this is Let's Make a Deal. We need this four hundred thousand dollars." And it became available. So, some of the dynamic of the city, what Mayor Palmer's been able to accomplish-- was able to accomplish, was because of the administration. And some of the difficulties that people like Caren and I continue to have afterwards because of the absence of the kind of commitment of a partnership between the state and the capital city, we'd be in a much different place had we won a second term.

**Robert Lurie:** Now, I just want to put one thing on the record here as I'm listening to everybody talk about these projects. It sounds like, or it would sound like to somebody from the outside, that the state spent a tremendous amount of money on this stuff. And there was certainly significant amount of money put into these projects. But I would remind everybody that when Governor Florio left office, the state's bond rating, in no small part because people like Nate Scovronick, and Bob Smart, and others who were working-- and Rich Keevey, who isn't here today, were really keeping a lid on the budget while this was going on. The state's bond rating was triple A by Moody's and double A minus by Standard and Poor's when the governor left office. And now it's A one and A plus after two downgrades this year, which is three to four notches lower. So, despite all of this and all the fiscal problems that we talked about, the state's finances were really still in excellent shape at that time. And the economy was showing its resiliency.

**Clifford Goldman:** Can I add to that? I spoke about the problems that the governor inherited. And as I understand it, they ended the first fiscal year, the one that he was half responsible for, with a one million dollar surplus, which was amazing, and the second year with a one million dollar surplus as well. But by the end of the four years, the surplus was very healthy. And that was accomplished, you know I don't know how because I wasn't involved, by the Treasury people. And to do that they did not take money out of the pension fund. It was established that the pension obligation had to be made no matter how bad the state was. And other things changed after Governor Florio. We had-- when I started in the government in the '60s, Walt Wexler was the budget director. And Walt Wexler had a series of people like Ron Maxey that he picked up from the best people around the state financial people. And they were like five years apart in age. So, he could tell you in 1966 who was going to be budget director in 1996. And that person would have had fifteen or twenty years learning how to do this right. And by doing it right, it meant acceding to the wishes of the governor. And making the governor's-- not interfering with the governor's objectives but putting up a red flag in a very nice way when those plans would interfere with the long term fiscal health of the state. And they never did. But later they did. And the Walt Wexler progression was interrupted in 1994. There are other things that happened. But the point, the general point I'm trying to make here is that at the end of the Florio administration was a dividing line in the history of the state that the state has not recovered from and may not recover from.

**Paul St. Onge:** To Bob's point about the perception that a lot of money was spent, the transactions that we worked on, many of them, although there were grants available from [Bondex], ultimately as the evolution occurred on the transaction from Treasury to the EDA, the EDA structured these financings, Tony, Caren, and the people they were working with, into loans in many instances. And the money out of the counties were all structured as loans as well and repaid over time. So, it just should be noted that a lot of those funds were--

**Robert Lurie:** Well, and there was a philosophical backing-- backbone to that that the state was willing to take some risks--

**Paul St. Onge:** Right.

**Robert Lurie:** On these projects. And because the potential return in the form of private investment, and then state tax dollars coming off of that private investment, and all the jobs, and income taxes associated with it, that was worth the risk. And that was part of a philosophy of government of using government to make good things happen through the kind of infrastructure investments and--

**Lawrence Goldman:** And not just in the for-profit sector. I think everything you just said Bob, excuse me, applies to the non-profit sector. I mean the state got the art center going. And among three governors there was a hundred million dollars in state money put in the art center. The art center has raised a total of now five hundred millions. So, that's multiplied by four times, a hundred state, four hundred private. And that doesn't even get to the question of the economic impact of the art center. That's just direct money into the art center, none of which would have been possible if the state didn't make that capital investment in infrastructure. Sounds like Roosevelt.

**Rick Wright:** It does, actually. It does.

**Jerome Harris:** Another dimension and many of the projects I know the Performing Arts Center in particular, and the aquarium, there was particular attention to the question of providing access to the trades and local procurement, women, small, and minority, business activity in a very difficult public policy-- national public policy environment. But we figured out how to get that done. And again, a second term portfolio was to figure out how to refine that further as we moved forward. And I think we would have been further down the road in that area as well.

**Rick Wright:** You know on the issue that Cliff just raised, one of my responsibilities when I was in the Treasury was I sat on the investment council. And then I was also oversaw pensions. And in the process of-- but I haven't paid much attention to it since because I haven't been doing this kind of work. But in the process of researching for this session, I really started wondering why, because I knew a lot of the people there, what changed their philosophy in terms of-- I hadn't really understood that there had been no money going in at all since we left, none at all, or that they moved money that had been on the healthcare side into balancing their budget. It just didn't make any sense to me because we would never have discussed it. And I would-- it might be interesting. I've-- I should, in terms of your operation here, to really get-- that's the issue that the state's dealing with right now. I mean the whole problem with the state right now is that there's no money. And there's no mathematical way that it can be worked out because of a-- but a whole series of decisions were made. I'd really be curious how those decisions were made or why people that I had worked with had changed their mind. What was the reason they changed their mind?

**Caren Franzini:** The other thing, if I can just interrupt, that Cliff talked about too, which I think Eagleton would be great to look at and understand is the dynamics of working in state government. The people sitting around this table, and some that have left, when we think about the Florio years. We worked really hard. And we loved it. And we were energized. And it was in all state departments. And it was all state agencies. And I have a lot of colleagues that are in

this state that aren't as happy today, and don't feel good about the public sector, and about being recognized-- about being in the public sector. And I worry that hopefully Eagleton will have lots of great graduates that will decide to continue going in the public sector and working in state government. But the-- I look at Chris and Bette, just we're all people we work with-- just smart, could get jobs anyplace and make a lot more money. But we were so motivated by the challenges we faced and the people we worked with, and were encouraged. I mean you kept us, and you didn't need to. So, I also think on a lesson learned is, Rick, seeing like we're almost into that section is that kind of what you talked Cliff too is the people. And I hope that we can continue to make it a good thing. And it's from the governor setting the stage that you want to work for the state because you really are making a difference.

**Governor James J. Florio:** I think that raises a broad philosophic question that transcends New Jersey just the whole idea of government to the degree that there are some faction of folks that say the government is bad. And it's evil. That just radiates down. How can you be enthusiastic about working for something that's evil? On the other hand, people believe that there's something to do that's constructive in government energized people to think they're out there doing something that's worth doing.

**Rick Wright:** Anyone else want to say anything on--?

**John Weingart:** In terms of your comment, I think this session's been great. The sessions we've had around the Whitman administration are generally operating with the same set of facts but with very different interpretations being expressed. And I don't know how many people have watched the new TV show "The Affair", but I was thinking of it...There are two different perspectives on this, but it would be great to get them together.

**Ruth Mandel:** I was just thinking the same thing. Amazing to sit here at a Whitman session and then at this and listen.

**John Weingart:** And to Caren's point, we're a little place here [at Eagleton]. We have twenty-seven graduate students each year in the Eagleton fellowship program. And part of what they do is spend a semester working part-time in government. And even today, just a little positive note, when we ask them what the most surprising thing about their internship is it's always how hard people work in the agency they're in.

**Ken Faulkner:** I'd like to just make one-- Governor, before you close. Caren's point that she just made is so true. Having spent twenty-five years in state government prior to retiring, and having worked in really Treasury under-- from the time of-- I think I came in under Byrne. And having served in Treasury throughout those years, multiple governors, and multiple-- and I wasn't in the back in the corner somewhere underneath a rock hiding. I mean I've always fortunately been involved in major activities under each administration. But I have to say, in following up with Caren, is that in your administration, during your years as transferred through Rick and our collective group, I mean it was just a great, energized, committed, focused agency. And I know even sometime, Caren, we crossed paths. You know, we crossed

territories. I remember you and Rick had to have some-- course like, where am I in this, or why am I not doing this? And one of them, Paul, is PACE. I remember that. But we all had the focus and the belief that good government policies is good politics no matter who is in office. Good public policy is good politics. And in your administration, that's really what we were doing. I looked back over those years and really smiled about the accomplishment that Rick's cadre along with our other colleagues in government was doing.

**Rick Wright:** What I'd like to do now is move to the session where we really criticize ourselves a little bit. Before I do, I should say Ron Maxim is sitting over there. And as usual, he doesn't say much. Ron was also part of the Treasury staff that we inherited. He worked very closely with me. For me it was we need to do something in area "X" in the government, who do I call? And Ron would make a call. And it was amazing to me what he knew about state government. And--

**Leonard Lieberman:** Can I-- I'm sort of tired of hearing about what a great administration Governor Florio had. He clearly made the significant error of not getting re-elected. And I don't know whose responsibility that was. But I would only do that because I love him and he knows it. But what-- I'm curious as to what the current reaction at the moment in time when suddenly the 76ers and the New York--

**Rick Wright:** Opera.

**Leonard Lieberman:** The opera, the other things that were coming to Waterloo, those must have been public facts. And I'm curious as to whether anybody offered a rationale for shooting down these manifestly constructive things. I mean did anybody talk about that at the time? I mean obviously these were more or less decisions of the Whitman administration.

**Rick Wright:** I can talk a little bit about it. Do you want to say anything about it, Governor?

**Governor James J. Florio:** The only thing I'd observe is that I think we were getting credit for these type of things. Toward the period of time, towards the end of the term, people were starting to understand jobs were starting to come back. The recession was coming to an end. But people ask what I regret. I guess the thing I regret most is not taking seriously the power of the representation of tax cuts. If in fact you say, "I'm going to cut your taxes," even if you don't think it's feasible, someone who has offered to cut your taxes versus someone who has increased your taxes, that becomes down-- the closeness of the election, I think was just because I didn't take seriously anybody believing seriously that that could be done, that it would be fiscally responsible. But I think we did get the credit for things that we did. We just didn't get enough credit to overcome the power of a tax cut.

**Rick Wright:** In terms of the 76ers, I tried to have discussions with them about it and with the governor-elect, in fact, directly. And it became clear to me that she didn't want to do it. And--

**Leonard Lieberman:** She didn't?

**Rick Wright:** Just didn't want to do it. I tried to make-- I was trying to have the kind of discussions I think that had gone on with us and the Kean administration about why certain projects should be continued. And by the time I was talking to her, which was very soon after the election, she had already made up her mind. She just didn't want to do it. And so, it wasn't really a discussion. As you might recall, there was a lot of controversy going on at the time about voter fraud that they were all focused on. In fact that's what you and I were focused on at that point because I was wearing my chief of staff hat at that point. And it was-- it sort of overtook everything. In terms of the memorandums of understanding that we had with Waterloo, and the opera, and the ballet and all, those were things that we were going to announce right after you were re-elected. And it was going to be a springboard for a whole-- there were a number of other projects that I won't bother to mention, with really big--

**Governor James J. Florio:** Let me just mention one that was particularly relevant right now, the transportation trust fund. We had an understanding, a clear understanding, that after the re-election we were going to go out for a fairly substantial gas tax. I had Charlie Marciante from AFL CIO and Bruce Coe from BIA planned to be-- they agreed to be the co-chairs of the effort to try and replenish the trust fund. And that didn't happen.

**Laura Sanders:** It's probably just my recollection, but I thought part of your question was public outcry, wasn't that-- why did the public hold still for all of this? If my recollection is correct, she managed to paint the 6ers deal as really shaky and much too expensive and an irresponsible investment for the state. That's what I remember. I don't remember a single word about the rest of it, but that I remember.

**Rick Wright:** Right. Let me say this. Either she didn't understand or she chose to say she didn't understand the kind of financing we were doing. It was not a-- it was clearly not a conversation that was going to lead anywhere.

**Leonard Lieberman:** Well, Larry Goldman and I had one, excuse me, concrete experience finishing the negotiation with respect, I guess, to the cost of the building. We had a meeting with the then treasurer whose name I don't now remember.

**Rick Wright:** [Brian] Clymer].

**Leonard Lieberman:** Clymer, in which he looked at our plans and said, "Well, you know, you've got to cut back. This provision for a restaurant is-- that's silly. You don't need a restaurant." And--

**Lawrence Goldman:** Also parking, "Why are you spending ten million dollars on fixing up the military park--?"

**Rick Wright:** So, they were looking at being fiscally responsible by--

**Leonard Lieberman:** I think-- I'm not sure now whether it was Larry or I who said, "Not having a restaurant would be tantamount to not putting roof on the building. We could save a lot of money if we didn't put a roof on the building." Some weird things go propounded by the--

**Clifford Goldman:** That's why I thought that they really intended not to complete this thing. We negotiated this lease for a year-- I don't know, I'm guessing a year, eighteen months. It never was making progress until Ray Chambers and Vangelis went to see the governor. And as a result of that meeting, each side would appoint one person and one lawyer to complete the lease. I was the one for the Performing Arts Center. And we met in Jim Poole's office. Jim Poole was the state person. And it was in February. It was snowing. And I said to Jim, "I have to go downstairs and have a cigarette before this starts. It's been such an aggravation." And he said, "I smoke, too. I'll go with you." So, we stood outside in our suits in the snow. And I had this paper in my pocket with the twelve issues. And we settled over one cigarette. And I made notes. And we went upstairs to the two lawyers. And we have them this paper and said goodbye. And it was done. So, the point being that there weren't big issues. It was just a stall to keep this going on. And we settled it.

**Paul St. Onge:** We had a transitional issue on the Sony PACE amphitheater transaction. It was basically ninety percent done at the end of the governor's administration. It had been transitioned over to the EDA. And by good fortune, Gil Medina became their commerce commissioner. He was from the area originally. He understood economic development. He allowed for us to explain the transaction. He asked some very good questions. And coordinating with the treasurer, he did proceed on that transaction. So, that is one instance that I'm aware of that they were able to move something forward and get it finalized. It was basically-- we were close to being done. But it needed to be finalized during their initial few months in office.

**Rick Wright:** Any other--?

**Laura Sanders:** I should also note, out of fairness, and it goes to one of the points Ken made about the Atlantic City Convention Center, the whole point of that convention center was to yield jobs for local residents not for new people to come in from outside the state. It was aimed at local residents. But one of the recurring themes in Atlantic City at the time was that nobody put together any kind of training so local residents could take the good jobs when they came. It was an endless problem. And we had been-- we'd started working the Atlantic County Improvement Authority and the local training organization. And I was very concerned that that ball was going to get dropped and the same cycle was going to repeat itself. And Jim Weinstein arranged for me to sit down with John Icarious in the Treasurer's office. And I explained to him here we have this investment. And it's not going to yield jobs. It's going to-- we'll have Pennsylvanians with jobs again, no offense to Pennsylvanians, if you don't keep this training program going. And he did. He really stayed on it. And I ran into him maybe a year after the convention center opened at a conference, and he told me with great pride all the efforts that they had made to make sure people got trained to get those jobs, which is why the local job hiring rate was eighty percent.

**Governor James J. Florio:** Just to give an interesting contrast with regard to training and education and so on, when we were in office, the state provided seventy percent of the funding for higher education. And higher education had to come up with thirty percent, generally through tuition increases. Now, twenty-five years later, the rate is now thirty percent, twenty-five to thirty percent, is provided by the state. And the schools have to come up with seventy percent, which obviously is the reason for tuition increases. I think that's a fairly dramatic contrast in value systems over the years.

**Rick Wright:** Yes, I'd like to mention, before we criticize ourselves a little bit, the LEAP Academy in Camden. It wasn't one of our big projects, but it was a project that you backed that we were able to do through Peter Burke and Paul Drayden's efforts down at the DRPA. With us here today we have someone representing Gloria Bonilla-Santiago. I recently had the opportunity to visit LEAP all these years later, having re-read the memo that Bette Renaud (maybe it was Laura) still had about what we were envisioning the school to be. It was to educate two hundred students. LEAP now has seventeen hundred students, ranging in age from five months through high school. They have wonderful buildings. It's really an incredible facility. There's a great book that has come out--I think it's called, "A Miracle on Cooper Street"--that describes this effort. In terms of what we were doing at the time, it was a small thing, but if you go to Camden today and look at that part of Cooper Street, you will see that it's all LEAP now. It was really very significant. I think it's also important for us to talk about things that we didn't do so well and we would have done better for just for a minute or two—

<laughter>

**Caren Franzini:** I can't think of anything

**Governor James J. Florio:** Maybe we should quit while we're ahead.

**Rick Wright:** There are so many people who helped us along the way. I hope that we can continue to add to the record, and that any of us here who have additional material will add it to this record, because, as I've gotten to know more about it [The Center on the Governor], I'm more and more enthusiastic about its future... particularly to engage in conversations for the benefit of students who are interested in government, it could be helpful for decision-making down the line. Any of us who have additional material should continue to add to what has already been provided. Finally I don't know how you fund yourself right now, but if that's something that is needed, we should probably understand that a little bit better as well.

**Governor James J. Florio:** As we come to a close, I want to offer you an example of sort of the creativity that you heard today from all the team members. Percy Leach, Waterloo Village, very nice man. He's passed away now. But he came to me after we had to make some cuts in the arts community. And he came with an interesting idea that I think goes to creativity. He says, "I understand you're very interested in boxing." I said, "Yes, I was interested in it." He

says, "I have a scheme for raising money. I have a history that in the Victorian Age, the end of the Victorian Age, they used to have fancy boxing matches that people, hypes, elite members of society in Great Britain particularly, would have boxing matches. They'd all come out. Everybody would dress up tuxedos and gowns. And they'd have these performing fights. I'd like to do that at Waterloo Village. I said, "Okay. How-- what do you see--?" He says, "I think there are TV rights that ESPN is giving out. Would you make some calls around to go get this?" And to make a long story short, we had boxing matches at Waterloo Village. And we had good fighters, Ray Mercer-- I don't know if anybody would know, follows any of these things. But we had good people there. Mike Tyson came one-- he didn't fight. He just showed up. So, we had about three-- two or three matches up there. And ESPN signed a contract. And they did very well as a result of that.

So, I mean it's sort of an interesting observation about how you can make lemonade out of lemons.

And that's the other thing, the last point I would make is that I started out saying that we had a unique approach, I think a unique approach, to economic development that has not been followed very much by all the administrations that came after. I think somebody should go back and maybe take a look at the existing system which is supplied grants and credits to people on the nature of the jobs that are created, first of all, because it's very subjective in were the initiates really generated by the-- or the jobs, rather, initiated by the-- and then moving jobs around doesn't make a whole lot of sense. And infrastructure entails construction for the most part. So, you're going to most assuredly have jobs. And I think that's something that's probably coming out of this that someone should give some thought to about how we're going to have further economic development coming down the road. And I just want to thank everybody for putting the time. It's interesting for me. I think it's interesting and enjoyable record to take a look at.

So, thank you.