



State of New Jersey
OFFICE OF THE STATE TREASURER
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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

ANDREW P. SIDAMON - ERISTOFF
State Treasurer

November 21, 2014

Mr. Wayne Hasenbalg
President and Chief Executive Officer
New Jersey Sports and Exposition Authority
50 State Route 120
East Rutherford, New Jersey 07073

Dear President Hasenbalg:

The Department of the Treasury recently conducted a high level review of the New Jersey Sports and Exposition Authority in order to develop recommendations targeted at achieving financial sustainability at the Authority. The results of the review are attached for your consideration.

Because of changes in the Authority's operating model in recent years, the Authority has been unable to effectively support its legacy costs and ongoing operational budget without significant resources from the State of New Jersey. In order to reduce the near-term and long-term State financial subsidy, Treasury focused its review on evaluating various ideas for reducing the operation of the Authority while balancing resource needs related to contractual requirements of the stadium ground lease. The Treasury team met with your staff, had numerous telephonic conversations and exchanged information over the course of eight weeks in order to evaluate various options to achieve and maintain a financially sustainable operating model for the Authority.

We want to thank you and your senior staff for cooperating with Treasury over the last several weeks and for providing the Treasury team with access to individuals and information. If we can be of any assistance or if you would like to discuss the recommendations further, please contact Dave Ridolfino at 609-633-8185 or Robert Peden at 609-984-5230.

Sincerely,

David Ridolfino
Associate Deputy State Treasurer
Office of the State Treasurer

Robert Peden
Deputy Director
Office of Management and Budget

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

EXECUTIVE SESSION
Thursday, October 16, 2014

An Executive Session of the New Jersey Sports and Exposition Authority's Board Meeting, was held during the Regular Session on Thursday, October 16, 2014, in the Executive Offices at the Meadowlands Racetrack.

Members in Attendance:

Mike Ferguson, Chairman (telephonic participation)
Joseph Buckelew, Vice Chairman
Wayne Hasenbalg, Esq., President and Chief Executive Officer
Robert Romano, NJ State Treasurer's Representative
John Ballantyne, Member
Armando Fontoura, Member
Michael H. Gluck, Esq., Member (telephonic participation)
LeRoy Jones, Member
George Kolber, Member (telephonic participation)
Michael Neglia, Member
Steven Plofker, Member
Anthony Scardino, Member
Robert Yudin, Member

Members Absent:

Richard Constable, Member
Harry Harchetts, Member

Also Attending:

John Duffy, Vice President Engineering, Construction and Regulatory Affairs
Amy Herbold, Assistant Counsel, Governor's Authorities Unit
Jim Minish, Executive Vice President Facilities
Lennon Register, Sr. Vice President Finance, CFO
Robert Weakley, Sr. Vice President Human Resources/Labor Relations
George Zahn, Vice President Purchasing and Risk Management

Executive Session commenced at 10:09 a.m.

1. **APPROVAL OF EXECUTIVE SESSION MINUTES**

Vice Chairman Buckelew presented the minutes of the Executive Session meeting held on September 11, 2014.

Upon motion made by Commissioner Scardino and seconded by Commissioner Jones, the minutes of the Executive Session held on September 11, 2014, were approved by a vote of 13-0

2. **LEGAL MATTERS**


Mr. Hasenbaig briefed the members on various legal matters. He briefed the members on overriding issues with the status of Triple 5 and the ground lease. He stated that the negotiations are complicated due to the future of the IZOD Center. Mr. John Hanson is going to take lead in negotiations with Triple 5 and IZOD. We are currently waiting for direction on how to proceed with IZOD.

It looks as if we will be having a very good final quarter of the year in terms of ticket sales at IZOD.

Mr. Minish and Mr. Duffy provided a report on the exterior and interior construction of the existing buildings for American Dream.

With no further business, upon motion made by Commissioner Plofker and seconded by Commissioner Fontoura, the Executive Session was adjourned by a vote of 13-0 at 10:27 a.m.

I certify that this is a true and accurate transcript of the Minutes of the Executive Session of the New Jersey Sports and Exposition Authority Board Meeting held on October 16, 2014.


Lennon Register
Assistant Secretary

V. **CHIEF EXECUTIVE OFFICER'S REPORT**

Mr. Hasenbalg announced that WWE's SummerSlam will be coming to the IZOD Center in 2015. He noted that this is a good news story for the Authority. It is the second largest event put on by the WWE. The WWE has held their event at the Staples Center for the last six years and wanted to bring it to the east coast. WWE was impressed with the support the Authority provided when WrestleMania was held last year at the stadium and chose the IZOD Center to hold this event. The Authority will put forth the same effort that was provided during WrestleMania for SummerSlam. They are comfortable and confident with the Authority to provide the support that they need to make the event a success.

VI. **PUBLIC COMMENTS**

There were no questions or comments from the public.

VII. **EXECUTIVE SESSION**

Resolution Authorizing the New Jersey Sports and Exposition Authority to Conduct a Meeting to Which the General Public Shall Not Be Admitted

Vice Chairman Buckelew stated a need for the Board to enter into Executive Session to discuss contractual matters and litigation matters.

Upon motion made by Commissioner Plofker, and seconded by Commissioner Fontoura

RESOLUTION 2014-11
RESOLUTION AUTHORIZING THE NJSEA
TO ENTER INTO A MEETING TO WHICH THE
GENERAL PUBLIC SHALL NOT BE ADMITTED

was approved by a vote of 13-0.

Executive Session commenced at 10:08 a.m.

Public Session resumed at 10:27 a.m.

Vice Chairman Buckelew requested a motion to conclude the meeting. Upon motion made by Commissioner Plofker and seconded by Commissioner Yudin, the public meeting was adjourned by a vote of 13-0 at 10:29 a.m.

I certify that this is a true and accurate transcript of the Regular Session Minutes of the New Jersey Sports and Exposition Authority Board meeting of October 16, 2014.


Lenon Register
Assistant Secretary

CHESAPEAKE UNIVERSITY
 \$10,000.00 ON BALANCE
 SEPTEMBER 2014

ARENA

PAYEE	\$ AMOUNT	REFERENCE LETTER	ACCOUNT DESCRIPTION
ARAMARK CORPORATION	111,293.73	A	OPERATING COST: JUN 2014
RAISUN MEGASTAR ENTERPRISE	1,105,379.96	A	PRELIMINARY SETTLEMENT: SLAM TOUR LIVE IN CONCERT
WORLD WRESTLING ENTERTAINMENT, INC.	188,241.33	A	FINAL SETTLEMENT: WWE LIVE
ARENA TOTAL	<u>1,404,915.02</u>		

RACETRACK

PAYEE	\$ AMOUNT	REFERENCE LETTER	ACCOUNT DESCRIPTION
NEW MEADOWLANDS RACETRACK	585,515.45	A	DEMOLITION ABATEMENT
RACETRACK TOTAL	<u>585,515.45</u>		

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
ARENA INCOME STATEMENT
2014 BUSINESS PLAN
(000'S OMITTED)

	2014 PLAN	2013 ACTUAL	2012 ACTUAL	2011 ACTUAL
EVENT STATISTICS				
NUMBER OF EVENTS	109	93	128	119
GROSS TICKET SALES	23,729.2	19,445.6	32,052.8	27,443.2
TICKETS SOLD	623.7	531.2	736.1	629.8
ATTENDANCE	753.6	676.1	865.0	778.5
AVG. ATTENDANCE	6.9	7.3	6.8	6.5
EVENT INCOME				
NET	2,806.3	2,460.3	2,881.2	2,868.9
ADMISSIONS	10,003.3	4,162.1	7,666.5	5,399.1
PARKING	1,720.9	1,610.0	2,786.0	2,193.3
CONCESSIONS	200.7	116.9	1,160.6	1,192.5
REMB. OF EXPENSES	2,815.5	2,649.8	3,653.9	2,968.2
OTHER EVENT INCOME	1,103.1	1,220.4	1,746.4	950.8
TOTAL EVENT INCOME	18,649.8	12,219.6	19,894.7	15,572.8
EVENT EXPENSES				
ADMINISTRATION	2,827.4	1,802.8	2,736.6	1,837.5
MARKETING & SALES	1,207.3	1,044.3	1,874.9	1,392.0
GUEST SERVICES	376.9	296.4	508.0	409.2
MEDICAL	105.5	102.4	116.7	113.1
OPERATIONS	3,424.9	2,686.4	3,593.7	2,777.5
BOX OFFICE	151.8	127.8	203.3	191.0
MULTIMEDIA INFO & ENT.	25.6	26.4	26.7	19.3
AV	265.7	238.4	253.9	233.1
LICENSE FEES	4,906.1	1,603.8	3,529.1	2,320.8
SECURITY	555.7	583.0	780.2	766.7
PARKING	310.8	286.0	452.0	400.7
TOTAL EVENT EXPENSES	14,158.7	8,797.7	14,075.1	10,461.0
INCOME FROM EVENTS	4,491.0	3,421.9	5,819.7	5,111.8

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
ARENA INCOME STATEMENT
2014 BUSINESS PLAN
(000'S OMITTED)

	2014 PLAN	2013 ACTUAL	2012 ACTUAL	2011 ACTUAL
NON EVENT EXPENSES				
ADMINISTRATION	1,030.4	997.1	1,285.3	1,188.2
MARKETING & SALES	624.6	680.3	797.0	442.8
GUEST SERVICES	490.4	512.3	627.4	692.6
SECURITY	1,532.4	1,521.5	1,472.7	1,946.8
PARKING OPERATIONS	315.5	345.2	465.3	418.2
ARENA OPERATIONS	4,400.0	4,880.4	4,487.8	6,471.7
BOX OFFICE	656.2	657.4	766.7	749.2
MULTIMEDIA	284.0	267.5	311.7	298.2
TOTAL NON EVENT EXPENSES	9,333.5	9,861.7	10,213.8	12,207.6
OTHER INCOME				
TERMINATION FEE & UTILITY REBATE	0.0	0.0	0.0	1,578.7
ADVERTISING	0.0	127.0	876.3	1,031.1
PRIVATE SUITES	100.0	188.0	226.0	426.5
MISC. NON EVENT	6,481.0	6,441.4	7,032.8	7,688.9
TOTAL OTHER INCOME	6,581.0	6,756.4	8,135.1	10,725.2
OTHER EXPENSES				
OTHER EXPENSES	368.3	328.7	727.7	550.1
TOTAL OTHER EXPENSES	368.3	328.7	727.7	550.1
INCOME FROM ARENA OPERATIONS	1,370.2	(12.1)	3,013.2	3,079.3

New Jersey Sports & Exposition Authority
2014 Capital Business Plan Summary

Description	2014 Plan
Engineering	\$ 533,577
Morristown Park Racetrack	\$ 772,020
IZOD Center Arena	\$ 169,852
MIS/Telecommunications	\$ 211,996
Site, Fire & Medical	\$ 174,500
Wildwood Convention Center	168,000

Grand Total 2014 Proposed Capital Plan

\$ 2,029,945

Less Wildwood

1,861,945