

Honorable Andrew P. Sidamon-Eristoff  
State Treasurer  
P.O. Box 002  
Trenton, New Jersey 08625-0002

Re: OPRA Request of January 16, 2014

Dear Treasurer Sidamon-Eristoff:

In response to my OPRA request of January 16, 2014, the Department of the Treasury delivered documents to the Senate Majority Office for me on Friday, March 6, 2015. The documents received are inadequate in responding to my OPRA request in that they do not provide a clear picture of the financial condition which resulted in the closure of the IZOD Center. Those documents which may have provided such clarification were so heavily redacted as to make them useless.

You and the Governor have stated that you operate in a fair and transparent manner, and I am taking you at your word. You indicated that the IZOD Center was operating at a loss, requiring a \$700,000 per month subsidy from the State which translates to \$8.4 million annual subsidy. The problem I am having is my inability to reconcile that statement with the documents made public with regard to the IZOD Center finances.

In 2010, the Governor's Advisory Commission on New Jersey Gaming, Sports and Entertainment issued a report concluding that the IZOD Center was economically viable and should be allowed to continue in operation. In the minutes of the Executive Session of the New Jersey Sports and Exposition Authority of October 16, 2014, the financial summary submitted to the Commissioners supported that conclusion (copy of minutes attached). The financial report indicated that the actual profit after all event and non-event expenses was \$3,079,300.00 in 2011 and \$3,013,200.00 in 2012. In 2013, it showed a negligible loss of \$12,100.00, but that appears to be related to the fact that the IZOD Center was closed for an extended period of time to accommodate the Superbowl and the Special Olympics USA events. For 2014, the projected business plan indicated a profit of \$1,370,200.00, but that appears to be the result of reduced bookings of events by the Authority.

In the documents produced at page TREAS-0368, is a letter from Associate Deputy State Treasurer David Ridolfino and Deputy Director OMB Robert Peden to Authority CEO Wayne Hasenbalg dated November 21, 2014 (copy attached). The letter indicates that the Department of the Treasury recently conducted a high level review of the Authority in order to develop recommendations targeted at achieving financial sustainability at the Authority and the results of the review are attached to the letter. Unfortunately, the attached results of the review were not produced with the documents delivered on March 6, 2015. I therefore, respectfully request that you immediately deliver that report to my attention as it could be extremely helpful and instructive.

From the information provided or otherwise obtained, it would appear that continued operations of the IZOD Center was not only deemed financial viable by the Governor's Advisory Committee in 2010, but it did in fact provide a substantial profit in the years thereafter. This data obtained from the official records of the Authority is at variance with your public statement that it required an \$8.4 million annual subsidy. Therefore, for clarification and for the public's right to know as to the underlying basis for the decision to close the IZOD Center, I request that you provide the following:

1. An income and expense statement for the IZOD Center for the years 2011 through 2014. This should exclude a burden from debt service and the PILOT payment to the Borough of East Rutherford as that \$63 million combined obligation remains, whether the IZOD Center is in operation or not.

2. In your financial analysis, did you include the sales tax and hotel tax revenues provided by the continued operation of the IZOD Center? For example, the Meadowlands Chambers of Commerce issued a statement indicating that when the Wrestlemania contract was cancelled and they moved to the Barclays Center in Brooklyn, 600 to 700 hotel rooms were lost.

My concern is that in deciding to close the IZOD Center, the full economic impact be considered, including the subsidy required from the State, if any. There are hundreds of Bergen County residents who enjoy part-time employment and who depend upon that income. Additionally, all of the businesses in the area benefit from the events at the IZOD Center as well as the hotels as aforementioned. Therefore, complete disclosure by the Department of the Treasury of its economic analysis is essential to maintain public confidence in the decision. Failure to be totally forthcoming with all of the analyses upon which the closure was based can only lead to public suspicion and a loss of confidence in its public officials, neither of which is something you or I want.

I hope I can count on your cooperation to promptly provide me with all of the underlying financial analyses as set forth in the letter so that both I and the public can know the full extent to which the closure of the IZOD Center was based. Thank you in advance for your cooperation.

Very truly yours,

Loretta Weinberg, Senator 37<sup>th</sup> District