

Spielberg's "War of the Worlds" takes over Bayonne's Seaport.

Royal Caribbean Arrives!

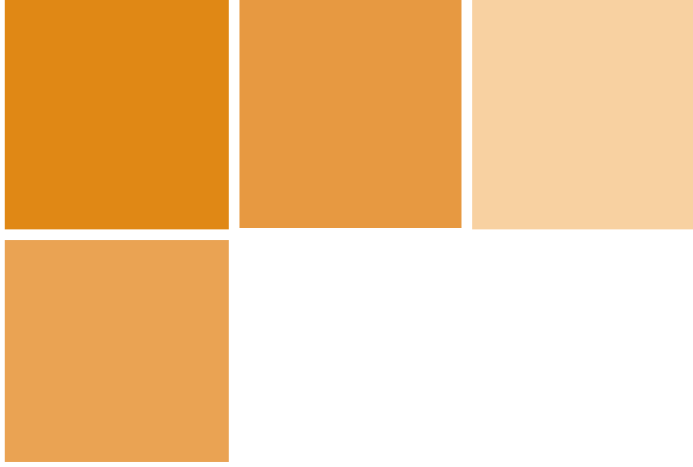


Bayonne Local Redevelopment Authority

TODAY

2004 ANNUAL REPORT ►

► **A World of Promise** The BLRA cruised to new horizons in more ways than one during 2004. A popular destination for major motion picture production for the past several years, The Peninsula at Bayonne Harbor hosted Steven Spielberg and company last year for the filming of the noted director's newest movie, "War of the Worlds" starring Tom Cruise. Last year also saw world-renowned cruise line Royal Caribbean complete its first season of smooth sailing from the new Cape Liberty Cruise Port at The Peninsula. Once a deserted collection of buildings and warehouses, today The Peninsula has emerged as a bustling destination for vacationers and the world's greatest filmmakers. And it's just the beginning. A world of promise truly awaits The Peninsula at Bayonne Harbor.



Nancy A. Kist, Esq.
BLRA Executive Director

As we look to the future, our course remains steady and clear — to move forward with the community's redevelopment plans for The Peninsula at Bayonne Harbor. And more importantly, to generate jobs and ratables for the citizens of Bayonne.

A message from BLRA's Executive Director

What a year it's been at the BLRA! 2004 began with the exciting announcement that Royal Caribbean had reached a long-term agreement with us to bring two of its luxury cruise liners to berth at The Peninsula at Bayonne Harbor. Vacationers responded so favorably to the new Cape Liberty Cruise Port that Royal Caribbean plans to expand its operations significantly in Bayonne in 2005.

As you will read in the pages that follow, the Royal Caribbean announcement was just the beginning of a noteworthy year. From movie production, including Steven Spielberg's "War of the Worlds" starring Tom Cruise, to the tremendous progress we've made on environmental remediation and infrastructure improvements at The Peninsula, the BLRA cruised full speed ahead in 2004.

As we look to the future, our course remains steady and clear — to move forward with the city's redevelopment plans for The Peninsula at Bayonne Harbor. And more importantly, to generate jobs and ratables for the citizens of Bayonne. Back in 1998 when the BLRA was formed, our elected officials had a bold vision to transform a largely abandoned 430-acre tract into a residential, business, entertainment and cultural mecca. It has been a long road, but today that vision is becoming a reality. The Peninsula is already a world-class destination for filmmakers and vacationers. Tremendous work remains to complete our redevelopment plans, but the future of The Peninsula at Bayonne Harbor is filled with promise.

Nancy A. Kist, Esq.
Executive Director
Bayonne Local Redevelopment Authority



Joseph V. Doria, Jr.
Mayor

A message from the Mayor

In the past year, the City of Bayonne has gained national and international press coverage for the outstanding developments that have occurred at The Peninsula at Bayonne Harbor. Thanks to that coverage, people are finally realizing what we've known all along — that Bayonne is a great place to live and work.

Developers with creative vision are eager to get started on the transformation of The Peninsula into a vibrant, mixed-use community featuring new residences, corporate space, and enclaves of retail, entertainment and cultural attractions. For the past several years, we have been carefully laying the groundwork, completing infrastructure repairs and expansion and environmental remediation within strict state and federal guidelines. All of this is required to prepare the land and ensure safety before any new construction begins.

But as we saw last year, the BLRA is hardly taking a wait-it-out approach to The Peninsula. A number of tenants are already in residence on The Peninsula with short-term leases. The agreement with Royal Caribbean sealed our first long-term lease for the site and satisfied one of our goals to attract a large-scale maritime tenant. And Hollywood continues to consider Bayonne as its East Coast backlot for major motion pictures. All of this has generated significant funding to continue infrastructure improvements to The Peninsula and tax revenues for the city. Today I'm proud to say that Destination Bayonne is a reality.

Joseph V. Doria, Jr.
Mayor
City of Bayonne

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BAYONNE



Tom
Cruise



Steven
Spielberg

The New Holly

We've known it for years — with its small town ambiance and urban sophistication, Bayonne oughtta be in pictures. Now it is, thanks to a host of major motion pictures, television shows and commercials that have chosen to film at The Peninsula at Bayonne Harbor. Last year, stargazers turned their eyes from the heavens to the streets of Bayonne

We've known it for years — Bayonne oughtta be in pictures.

“War of the Worlds” is the latest in a string of noteworthy projects filmed at The Peninsula. “Eternal Sunshine of the Spotless Mind” starring Kate Winslet and Jim Carrey also spent several months in production there.

to see the likes of Steven Spielberg and Tom Cruise, who were in town last fall to film Spielberg's next movie, “War of the Worlds.”

Paramount Pictures, which is producing “War of the Worlds,” leased two buildings at The Peninsula, as well as a 120,000-square-foot concrete pad for four months. Spielberg also shot some of the film at other locations around Bayonne. In addition to fame, the production brought significant revenues to Bayonne. The lease generated almost \$350,000 in revenue for the BLRA and local businesses emerged as

Glenn
Close



Russell
Crowe



Martians in Bayonne?

Steven Spielberg's rendition of HG Wells' sci-fi adventure is a far cry from the now infamous Orson Welles radio broadcast, which panicked listeners with reports of a Martian invasion of New Jersey back in the 1930s. Due in theaters June 29, Spielberg's contemporary retelling features Academy Award-winner Tom Cruise in an extraordinary battle for the future of humankind. In addition to The Peninsula at Bayonne Harbor, the film features lots of local landmarks, including the Bayonne Bridge. In fact, many scenes were shot on the city's southern tip.

wood East

winners when cast and crew members, including Cruise, frequented local shops during production.

“War of the Worlds” is the latest in a string of noteworthy projects filmed at The Peninsula. “Eternal Sunshine of the Spotless Mind” starring Kate Winslet and Jim Carrey also spent several months in production there. The film won this year’s Academy Award for best original screenplay, while Winslet was nominated for best actress.

Other well-known productions centered at The Peninsula last year include “Find Me Guilty” directed by Sydney Lumet, who was honored with a Lifetime Achievement Award at this year’s Oscar’s,

“War of the Worlds” is the latest in a string of noteworthy projects filmed at The Peninsula.

“The Forgotten,” “Carlito’s Way” and the Fox-TV series “The Jury.”

The Peninsula has also been the backdrop for numerous print and television advertisements, including those for IBM, Sega, Lipitor, Miller Brewing Company, Levis, Subway sandwich shops and Hess.





Kate Winslet



Jim Carrey



Kirsten Dunst



Julianne Moore



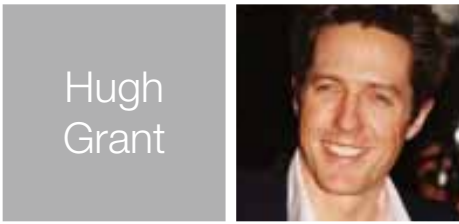
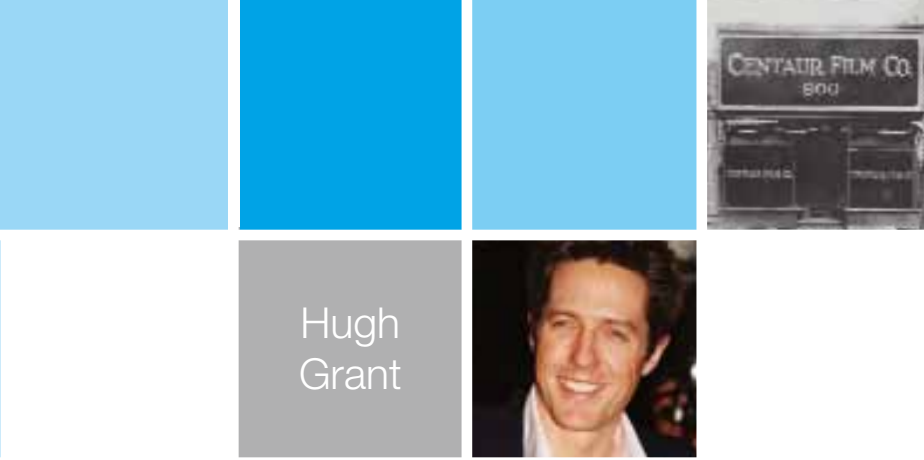
The New Hollywood East (cont.)

The Peninsula boasts 430 acres of outdoor space dotted with empty warehouses that are perfect for constructing indoor sets. Other locations filmmakers find attractive are a restaurant, a gymnasium, office space and ample parking for the large production trailers necessary for big projects. Insiders in the film industry also point to Bayonne's architecture, proximity to New York and willingness of city officials to accommodate large-scale productions as big selling points.

The Peninsula's 430 acres of outdoor space and warehouses are perfect for locations for the film industry.

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Bayonne's link with Hollywood is nothing new. Nearly a century ago, Bayonne resident David Horsley and an associate, Charles Gorman, formed the Centaur Film Company, the first independent movie studio in America, out of a building at 900 Broadway. They later moved the operation to California, where it became the first



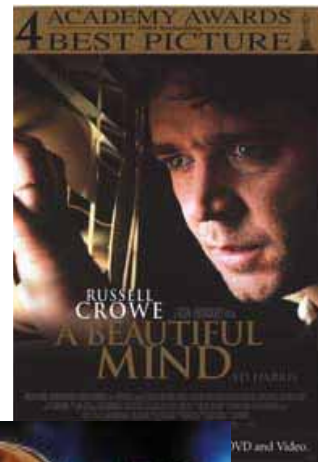
Filming in Bayonne.

Film projects have generated more than \$3.5 million in revenue over the past few years. The funding has provided tax revenue, as well as infrastructure improvements to prepare The Peninsula for redevelopment.

The “War of the Worlds” lease at The Peninsula generated almost \$350,000 in revenue for the BLRA.

Hollywood studio. Horsley later merged his studio with several others to form the Universal Film Company.

Like “War of the Worlds,” all of the productions based at The Peninsula are going a long way toward contributing revenue to the BLRA and the city. In all, film projects have netted the BLRA more than \$3.5 million in revenue over the past few years. While some of the funding is providing tax revenue for the city, a portion is earmarked to finance infrastructure upgrades to prepare The Peninsula for the significant redevelopment planned for the coming years. Those plans include attracting a major film studio to construct an East Coast backlot with state-of-the-art production facilities at The Peninsula.





Royal Caribbean

It's been smooth sailing for Royal Caribbean and its passengers since the renowned cruise line announced its decision early in 2004 to establish a cruise port at The Peninsula at Bayonne Harbor. On May 14 amid lots of fanfare, as well as coverage from local, national and international press, the *Voyager of the Seas* set sail on her maiden voyage from the new Cape Liberty Cruise Port. One of the world's

Royal Caribbean will expand its schedule by bringing two more ships to Bayonne for the 2005 cruise season.

largest ships, the 3,114-passenger luxury liner currently offers alternating schedules of five-night trips to Bermuda and nine-night Caribbean cruises.

In addition to the *Voyager of the Seas*, the extensively renovated *Empress of the Seas* was based in Bayonne last season. The 1,602-passenger vessel offered alternating six- and eight-night Bermuda itineraries.

Vacationers departing from Bayonne were impressed by the sumptuous accommodations aboard Royal Caribbean's ships, as well as the magnificent views of the Statue of Liberty and Manhattan as they cruised into and out of New York Harbor. Ready access to the Cape

In December 2003, the BLRA announced that it had reached an historic agreement with Royal Caribbean Cruise Lines. Cruise ships have not sailed from New Jersey since the 1960s.



You Can Get There From Here.

With spectacular views of the Statue of Liberty and New York skyline, there's no better place to begin your cruise vacation than the Cape Liberty Cruise Port. Royal Caribbean has expanded its operation by scheduling four ships to sail from Bayonne during the 2005 cruise season. All offer sumptuous accommodations and destinations to popular ports such as the Caribbean, Bermuda and Canada. And best of all, you won't have to deal with New York traffic to reach your ship. Thanks to the Cape Liberty Cruise Port and Royal Caribbean, your cruise vacation is now a breeze from beginning to end.

Arrives!

Liberty Cruise Port via major highways and the Hudson-Bergen Light Rail System made traveling to the ships a breeze.

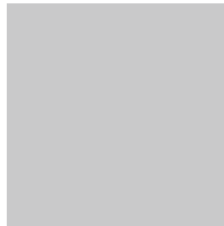
“As we expected, the great majority of our customers found the experience of beginning and ending their cruise vacation to be convenient and user friendly,” Royal Caribbean Executive Vice President Adam Goldstein wrote to Bayonne Mayor Joseph V. Doria, Jr. “This is a great result for a first year operation.”

Royal Caribbean's first season in Bayonne was so successful that the company had announced plans to expand its operations at Cape Liberty Cruise Port for 2005. The cruise season began in April 2005 with the arrival of the Celebrity Cruise ship *Zenith*. With a capacity of

Ready access to Cape Liberty Cruise Port made traveling to the ships a breeze.

nearly 1,400 passengers and crew, the 682-foot, 47,225-ton *Zenith* will offer seven-night cruises to Bermuda. Celebrity is a subsidiary of Royal Caribbean.





Royal Caribbean Arrives! (cont.)

In May, the *Voyager of the Seas* returned to Cape Liberty Cruise Port offering five-night cruises to Bermuda as well as seven-night cruises to the Western Caribbean. The *Voyager* can accommodate more than 3,000 passengers and boasts in indoor ice-skating rink, rock-

Royal Caribbean signed a 35-year lease to become the first major tenant at The Peninsula.

“The agreement with Royal Caribbean will help replace jobs that were lost when the military base closed,” said Howard Fitch, BLRA chairman. “It also gives us a great deal of recognition and is proof that we can attract high-caliber businesses to The Peninsula.”

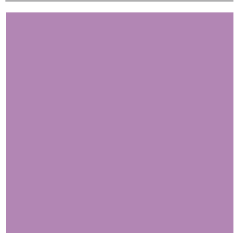
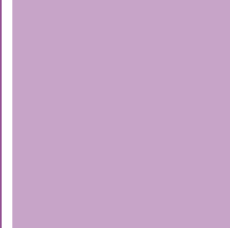
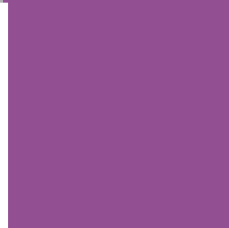
climbing wall and Royal Promenade.

The *Enchantment of the Seas* will arrive in July with itineraries including four- and six-night cruises to Canada/New England.

Beginning in September 2005, the Celebrity Cruise ship *Constellation* will begin offering 12- and 13-night Canada/New England sailings and nine- and 12-night Eastern Caribbean trips. The 965-foot *Constellation* is the first ship to feature the unique entertainment of Cirque du Soleil.

The first major tenant of The Peninsula at Bayonne Harbor, Royal Caribbean occupies a tract along the 430-acre Peninsula’s north

Enchantment
of the
Seas



The
Zenith



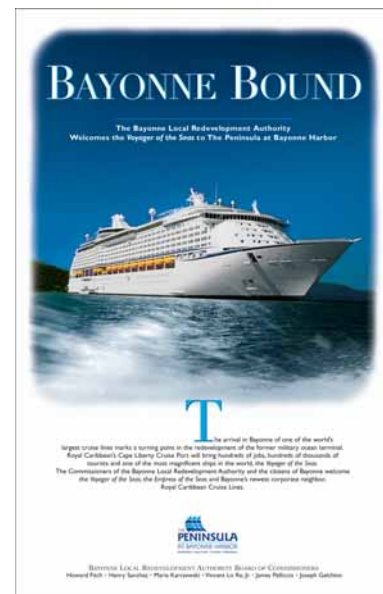
Rep. Robert Menendez Secures \$5 Million for Stabilization Efforts.

Rep. Robert Menendez (D-NJ) recently helped secure \$5 million for stabilization efforts for The Peninsula at Bayonne Harbor in the fiscal year 2005 Department of Defense appropriations bill. The funding will help maintain the shoreline of The Peninsula, which has experienced erosion during the last six decades, and will help to fund the construction of a new bulkhead for the former military base.

shore just east of the Maritime Industrial District. The port offers spectacular views of the Statue of Liberty and lower Manhattan. Royal Caribbean has constructed a passenger terminal, ship berths, Customs and INS facilities, visitor parking and bus and taxi areas at the site. In addition, the port features easy access to public transportation. The 35-year lease will provide millions in revenue to the BLRA and the City of Bayonne. It also brings international attention to our Maritime

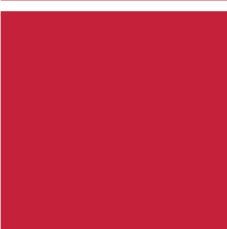
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Industrial District, with its deep water channel capable of accommodating cruise ships, container ships and roll-on, roll-off vessels. The BLRA's long-term plans for the district including growing maritime commercial activities that will generate job opportunities, tax revenue and regional commercial activity. To spur this commercial growth, a transportation network consisting of road and railway systems will serve the Maritime Industrial District.





◀ Before
After ▶



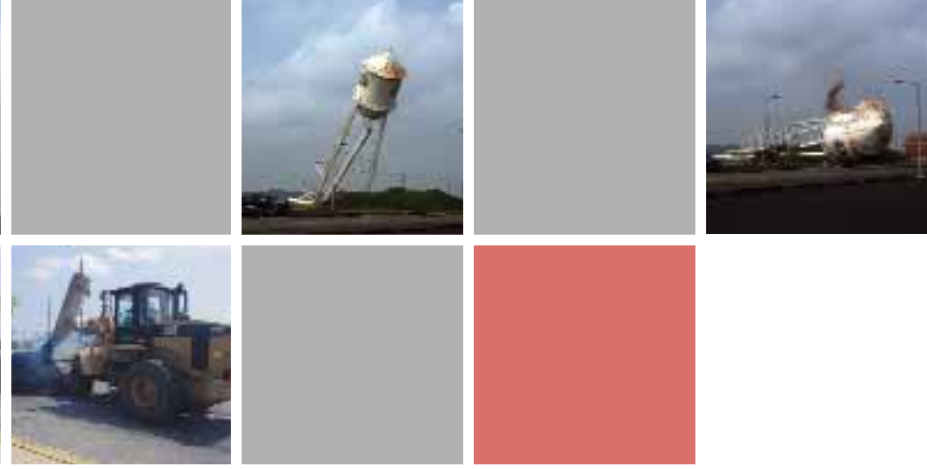
Infrastructure

Having secured a \$2.5 million grant from Rep. Bob Menendez (D-13), the BLRA was able to undertake the first of its shoreline stabilization projects in 2004. Phase I involved the creation of approximately 1,500 feet of bulkhead that will prevent further erosion on the south side and preserve its existing electrical substation and business headquarters.

A \$2.5 million grant from Rep. Bob Menendez enabled the BLRA to undertake shoreline stabilization projects.

Planning, design and bid work for Phase II of stabilization on Berth S-1, located at the southeastern tip of The Peninsula, has also begun thanks to \$4.5 million in federal grants obtained by Rep. Menendez. Upon completion, the project will reinforce a caisson at Berth S-1 and replace concrete platforms that have collapsed, allowing the dry dock operator to continue using the facility for top-side repairs.

The BLRA also completed other projects at The Peninsula to ready the facility for the arrival of cruise ships in May 2004. Chain link fencing was installed for security purposes as well as a variety of traffic control measures including removal of curbing and guardrails, roadway striping and streetlight improvements.



◀ Water Tower Demolition.

A water tower located at the site of the former Sewage Treatment Plant at The Peninsula was demolished in early 2004.

The demolition of the water tower did not require explosives. Instead, two of the tower's legs were hooked up with cables that were attached to and pulled by a bulldozer. Once the two legs were pulled, the tower fell in less than 30 seconds.

Prior to the demolition, holes for ventilation were added to release pressure and provide decompression.

“The demolition of the water tower is another sign of progress at The Peninsula at Bayonne Harbor,” said Nancy A. Kist, executive director, BLRA. “In addition, it will free up additional land which will be prepped for future plans as outlined in the redevelopment plan.”

Projects

The BLRA collaborated with Royal Caribbean to facilitate maintenance dredging.

The first stage of Phase II was recently awarded to Phoenix Marine. The project bid price was \$1.85 million. The second stage of Phase II was recently awarded to Trevcon Construction for the bid price of \$1.47 million. This project is funded by a \$4.5 million grant obtained for the BLRA through the efforts of Rep. Menendez.

The BLRA also began planning for Phase III of stabilization to be undertaken on Berth N-1, located at the northeastern tip of The Peninsula near the Cape Liberty cruise port.

The project will extend Berth N-1 approximately 200 feet to the west. This additional berth length will be used to establish the final cruise ship berth configuration at the northeast tip. This berth extension project is being funded by a \$5 million federal grant obtained by Rep. Menendez.



Paving the Way for

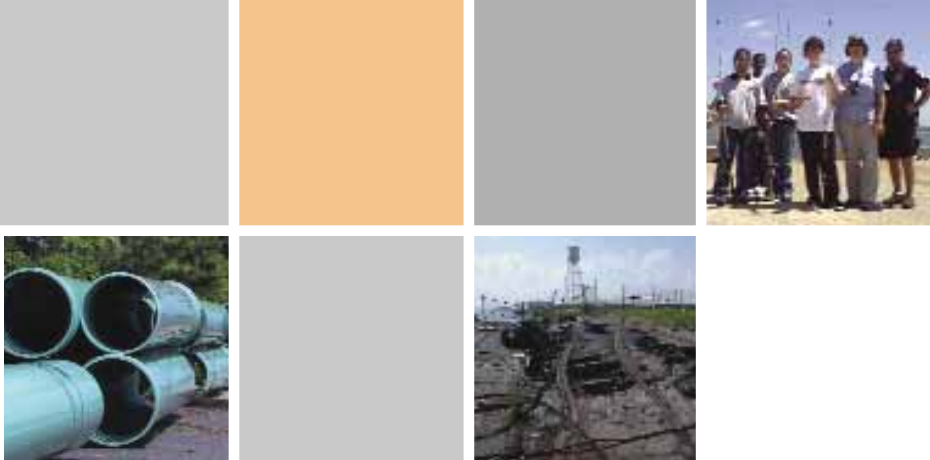
A cornerstone of the BLRA's redevelopment plan for The Peninsula at Bayonne Harbor is the environmental remediation necessary to prepare the land for future use. Last year we undertook more than \$5 million in cleanup projects on The Peninsula, a total representing nearly half the \$11.6 million estimate for the entire work. Remediation is being funded through an Environmental Services Cooperative Agreement

Last year we undertook more than \$5 million in cleanup projects on The Peninsula.

At the end of 2004, the BLRA advertised for the receipt of bids for soil remediation in and around Building 91, the former PX, which had housed a gas station. This work will be awarded and undertaken in the spring of 2005.

(ESCA) signed in 2001 by the BLRA and the U.S. Army, former owner of The Peninsula. All phases of cleanup meet both state and federal standards for environmental remediation, which are some of the most stringent in the nation.

A key project completed last year was the \$1.9 million work to place soil and asphalt caps over several areas of concern on The Peninsula. Significantly, this work enabled Royal Caribbean Cruise, Ltd. to open for business in Bayonne in 2004. It also made several areas used by our other dry dock tenant more productive.



◀ Enjoy our Environment!

The BLRA offered several ways residents could enjoy The Peninsula at Bayonne Harbor. Last year we sponsored the 11th annual Urban Angler program, a watershed education/urban fishing program that uses local natural resources to instill in grade-school students a greater awareness of their watershed. In addition to bringing Bayonne school children to The Peninsula, the BLRA hosted more than 450 residents for our summer bus tours of The Peninsula. The hour-long tours included historical information about The Peninsula's former use as an Army base, as well as ongoing environmental cleanup, new tenants and ways The Peninsula is already enhancing the city's ratable base.

Redevelopment

In August we also began the mammoth task of capping a landfill that operated on the former military ocean terminal. The project, which is slated for completion this summer, will cost approximately \$2.6 million. Since the project includes displacing more than three acres of contaminated wetlands, we have worked closely with the New Jersey Department of Environmental Protection to develop a plan that will create more than 12 acres of wetlands to replace the contaminated acres being disturbed by the landfill cap.

Another project started last year was the excavation and removal of contaminated soil in two areas of The Peninsula's rail classification yard. The project, estimated at \$765,000, involves replacing contaminated soil with clean soil and should be completed this summer. In fact, this year the BLRA plans to authorize its final contract for remediation of The Peninsula. The project — the trickiest we will undertake — requires soil remediation in and around The Peninsula's main electrical substation. By the end of 2005, we anticipate completing all of the remediation projects required by the ESCA.



Destination



Master
Plan

Harbor
Station

We have made significant progress toward our goals to create jobs, increase the city's tax ratable base and improve the quality of life for the people of Bayonne.

The arrival of Royal Caribbean last year as our first long-term tenant at The Peninsula puts into motion the BLRA's plan to redevelop the former military base into a thriving mixed-use mecca of housing, corporate, retail, entertainment and cultural space. We have made significant progress toward our goals to create jobs, increase the city's tax ratable base and improve the quality of life for the people of Bayonne.

The BLRA's redevelopment plan, which was recently revised, establishes six distinct districts.

The 430-acre tract — the size of the City of Hoboken — represents an exciting opportunity to create a thriving area that will become a destination for Bayonne residents, as well as visitors from other areas of the state, nation and world. With unparalleled views of the Statue of Liberty, New York skyline and Verrazano Narrows Bridge, The Peninsula at Bayonne Harbor will attract residents, businesses and travelers eager to benefit from all Bayonne and The Peninsula have to offer.

The BLRA's redevelopment plan, which was recently revised, establishes six distinct districts, each having its own unique uses and characteristics. Actual land uses within the districts will be driven by

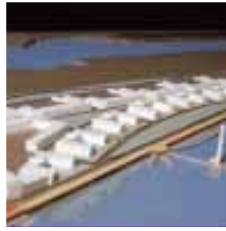
The
Landing



Bayonne
Bay



Bayonne
Point



The
Loft
District

Bayonne Riverwalk.

With spectacular views of Manhattan and all of the historic sites surrounding New York Harbor, The Peninsula at Bayonne Harbor will naturally feature waterfront access for Bayonne residents. The BLRA's redevelopment plan calls for one of the largest segments of the Hudson River Waterfront Walkway to travel along The Peninsula's coast. The walkway will lead people to recreational facilities planned for the waterfront area. Plans for The Peninsula also provide for enhanced roadways and public transit, as well as new and improved utility infrastructure systems to support redevelopment.

Bayonne

market demand through several real estate cycles. The redevelopment plan calls for as many as 6,700 housing units, 1.5 million square feet of office space, 345,000 square feet of retail space, 750 hotel rooms, 465,000 square feet of entertainment and cultural space and 245,000 square feet of civic space.

Hard copies of the redevelopment plan are available at the BLRA office for \$15. The plan can be downloaded for free from the BLRA website at www.bayonnenj.org/blra. Copies are also on file in the Bayonne City Clerk's office and the Bayonne Public Library.

The south side of The Peninsula, with its gorgeous views, makes it an attractive location for housing, office and retail development. In contrast, the north side of The Peninsula has a strong industrial character, with views and access to the Port Jersey Channel. Scheduled to be dredged to 50 feet, the Port Jersey Channel will be the only location on New York Harbor that can serve the next generation of deep draft container vessels. We plan to capitalize on The Peninsula's location along this deep water channel to grow commercial maritime activities that generate economic growth and tax revenues for Bayonne.



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