

Case Study: ASARCO

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Overview

In 2009, Environmental Liability Transfer, Inc. (ELT) played a critical role in the Chapter 11 bankruptcy reorganization of ASARCO (American Smelting and Refining Company, LLC), and the subsequent redevelopment of environmentally-contaminated sites in Perth Amboy, NJ and Houston, TX.

ASARCO was a leading producer of copper and one of the largest nonferrous metal producers in the world. Based in Arizona, the company was responsible for manufacturing sites around the country, some of which experienced contamination due to hazardous waste as a byproduct of operations, a common occurrence within the metals manufacturing industry. Due to the high level of environmental stress that took place at ASARCO's metal manufacturing sites, when the Company declared bankruptcy in 2009, it was the largest environmental bankruptcy in U.S. history, at that time.

Environmental Liability Transfer

Environmental Liability Transfer, Inc. (ELT) was brought in to become a surrogate responsible party. ELT signed regulatory consent orders and agreed to operate with funds exclusively dedicated to each state. ELT became the new legally responsible party and assumed environmental obligations to remediate the sites to each state's regulatory standards. Additionally, ELT agreed to be responsible to continue cleanup, should the remedial funds be insufficient.

As a condition of the agreement, ELT agreed to purchase the real estate and permanently indemnified ASARCO against specified legacy environmental liabilities associated with the sites – including known and unknown, above grade, at grade, below grade, whether the issues occurred in the past, present, or future.

As a condition of the assumption of environmental liabilities, ELT entered into and signed a consent order with the New Jersey Department of Environmental Protection (NJDEP) and the Texas Commission of Environmental Quality (TCEQ), which positioned ELT



as the new Responsible Party at each site. NJDEP and TCEQ were then able to grant Settlement Agreements to ASARCO permanently releasing them from legacy environmental liabilities at the sites.

Environmental Remediation

Since acquiring the sites in 2009, EnviroAnalytics Group LLC (EAG) has been working to bring the sites to state regulatory standards, both of which are on schedule for closure.

In New Jersey, pre-development environmental remediation activities are ongoing and include: soil treatment and excavation, asbestos abatement, demolition, construction of a groundwater treatment system, and other remedial measures to prepare the site for new vertical development.

In March 2015, during a ceremony to kick-off the demolition stage of the New Jersey site, Perth Amboy Mayor Wilda Diaz said the following about ELT's private financing of the project:

"For several decades, this city has been plagued with hundreds of acres of environmentally challenged sites, but today is a new day in Perth Amboy. The creation of local job opportunities and the realization of new ratables are the primary goals of establishing a sustainable project that will carry Perth Amboy into a successful future"

-- Mayor Wilda Diaz

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The “ePort Logistics Center” Redevelopment Project

The “ePort Logistics Center” plan proposes to redevelop the former smelting and refining facility formerly occupied by ASARCO and transform Perth Amboy’s historic waterfront from a contaminated brownfield site into a new state-of-the-art industrial complex. The ePort Master Plan envisions over 2.3 million sq. ft. of new industrial buildings organized across the 190-acre development site to promote logical circulation while maintaining site security. Redevelopment of this site is segmented into two areas – ePort I (120 acres to the south) and ePort II (70 acres to the north).

The 120-acre ePort I site was purchased by Bridge Development Company in August 2015. Bridge plans to immediately construct three (3) buildings totaling 1.3 million sq. ft. These modern facilities will be complete and ready for occupancy in 2016.

Redevelopment of the 70-acre ePort II site will be accomplished through a partnership between Bridge and Commercial Development Company, Inc. (CDC). CDC will complete all horizontal work, including environmental clean-up, tenant relocation, and building demolition. Bridge will complete vertical development by constructing three (3) industrial buildings. A 300,000 sq. ft. building will front State Street for businesses as small as 50,000 sq. ft., while a 700,000 sq. ft. building will accommodate larger firms expanding or moving to Perth Amboy. Additionally, an 8,000 sq. ft. building is proposed for an existing tenant on the site. The team plans to break ground on the ePort II plan in 2017.

