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FOR IMMEDIATE RELEASE:

Dec. 19, 2008

NJMC Gives \$1.2M to North Arlington, Rutherford

Safety Net to Help Offset Budget Holes Caused by EnCap/Cherokee

LYNDHURST, N.J. – The New Jersey Meadowlands Commission (NJMC) today announced plans to appropriate \$1.2 million to the boroughs of North Arlington and Rutherford, a rescue package that will alleviate the financial burdens the towns now face as a result of EnCap and Cherokee Investment Partners failure to honor their commitments to these communities.

Together, the towns stand to lose approximately \$2 million in revenue because of EnCap and Cherokee's mismanagement of several development projects. North Arlington officials have stated that its EnCap-related losses would contribute to a 13-percent hole in its municipal budget next year, which could result in a 46-percent municipal tax increase.

“We will not stand idly by as EnCap and Cherokee attempt to dodge their responsibilities while North Arlington and Rutherford are left to hold the bag,” said State Senator Paul Sarlo. “I am pleased that we were able to work with the NJMC to assist the municipalities under these difficult circumstances.”

Senator Sarlo and fellow 36th District legislators Assemblymen Gary Schaer and Fred Scalera recently met with NJMC staff to formulate the aid plan. EnCap, the company created to remediate and develop 785 acres of land in the Meadowlands – including several former landfills – declared bankruptcy last spring. Cherokee is the developer's parent company.

“EnCap and Cherokee's mismanagement has been well documented, which is why this past week the NJ Assembly unanimously passed legislation Assemblyman Scalera and I authored which would prevent another EnCap-style debacle from ever happening again,” said Assemblyman Schaer. “Though I am hopeful the legislation will pass the state Senate soon, what we need to do right now is to help the taxpayers of Rutherford and North Arlington, the innocent victims of this outrageous mess.”

“The people of Rutherford and North Arlington should not have to suffer because of EnCap and Cherokee’s inaction,” said Assemblyman Scalera. “It is imperative that the state do everything in its power to aid these towns.”

The NJMC Board of Commissioners voted unanimously to appropriate up to \$800,000 to North Arlington and \$400,000 to Rutherford. North Arlington stands to lose approximately \$1.6 million in host community fees and other benefits during 2009 due to the scheduled closing on Dec. 31 of a waste transfer station in the borough, which was part of the development plan. In Rutherford, EnCap has failed to pay taxes on property it owns in the borough. Rutherford has been unsuccessful in attempts to sell tax liens against the EnCap property.

The NJMC has attempted to keep the North Arlington waste transfer station open in 2009. In an email sent to the NJMC on Dec. 18, Cherokee refused to consider the Commission’s settlement offers. The issue is currently in bankruptcy court.

“The NJMC has offered several settlement options to Cherokee over the past two weeks,” said Joseph Doria, Chairman of the NJMC and Commissioner of the state Department of Community Affairs. “We are taking action because we cannot wait any longer for Cherokee to do the right thing.”

The \$1.2 million assistance package will be appropriated from the NJMC’s Meadowlands Area Grants for Natural and Economic Transformation (MAGNET) program. The Commission has funded more than \$33 million in public improvement projects and municipal aid throughout the District over the past five years.

The NJMC is also working to protect the Township of Lyndhurst from financial hardships that could result from EnCap’s troubles. The Commission has taken aggressive legal action to see that AIG Insurance lives up to its commitment to pay a \$148 million performance bond that will be used, in part, to reimburse Lyndhurst for work that EnCap failed to complete on the town’s new ballfields.

“Our actions today make it abundantly clear that the NJMC takes its obligations to Meadowlands District municipalities very seriously,” said Robert Ceberio, Executive Director of the NJMC. “Moving forward, we will continue to work with local officials and our state legislators to protect residents from paying for EnCap’s mistakes.”

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