

**MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION  
REGULAR BIMONTHLY MEETING  
JULY 12, 2007**

**CALL TO ORDER AND ROLL CALL**

The meeting of the Ohio Rail Development Commission was called to order by Chairman James Betts at 10:10 a.m. on Thursday, July 12, 2007. Members present included: Chairman James Betts, Larry Sowers, Dan Roberts, Solomon Jackson, Kimberly Gibson, Barbara Bennett, Herk Wolfe, Howard Wood, Jim Hartung and Senator Capri Cafaro. Members absent included: Tom McOwen, Senator Larry Mumper, Representatives Larry Flowers and Robert Hagan. Nine voting members were present and one non-voting members was present. One voting member and three non-voting members were absent.

**APPROVAL OF THE MINUTES OF THE MAY MEETING**

Chairman Betts inquired if anyone had any corrections to the minutes of the May 17, 2007 commission meeting. Commissioner Roberts requested the minutes be revised on page six under Resolution 07-06: 5 Year Renewal of the Panhandle Rail Line Operating Agreement to reflect "Commissioner Roberts was not present for the discussion of this Resolution or the vote." Commissioner Roberts moved to approve the minutes with the amendment and Commissioner Wolfe seconded the motion. All approved the motion by responding "aye."

**EXECUTIVE DIRECTOR/FINANCE REPORT**

Acting Executive Director & Secretary Treasurer Matthew Dietrich presented the Executive Director/Finance Report to the commissioners. Mr. Dietrich referred everyone to his report on page three of the commission packet. He spoke about the budget in that ORDC had \$1 million added to the next two fiscal years (raising the annual budget to \$3.7 million for each of the two years). Mr. Dietrich commented that many people were instrumental in making this budget revision a success. He publicly thanked the legislative members of the commission for their efforts and specifically mentioned Art Arnold, President of Ohio Railroad Association, for his testimony on behalf of ORDC. Chairman Betts echoed Mr. Dietrich's comments and further acknowledged the following people whose testimonies and support on behalf of the commission were very much appreciated: Ted Graham, President, Marion Industrial Center; Dave Claborn, President of Marion CANDO!; Jerry Damewood, Damewood Enterprises and a member of the West Central Ohio Port Authority (WESTCO) Board of Directors; David Martin, President of Precision Seed and Grain, Co. and a WESTCO shipper; Jim Russell, Village of Leipsic Administrator; Catherine Garlock, Chief of Staff for the City of Lima; Bill Strawn, President of the Ohio Central Railroad and Jack Shaner of the Ohio Environmental Council.

Mr. Dietrich reported the Office of Budget and Management (OBM) has switched from a yearly allocation of operational expenses to a quarterly allocation of operational expenses. Mr. Dietrich indicated he has spoken with officials from OBM and they have agreed to allow ORDC grant funds only to remain on a yearly basis to better account for when projects are going to come into the office for reimbursement. Mr. Dietrich is still working with OBM's Analyst to work out the details of any unused operational funds being transferred to grant programs on a quarterly basis.

Mr. Dietrich reported he is working with the Federal Railroad Administration and the Seneca Group (the FRA's financial advisor) on the RRIF Loan for the Panhandle Rail Line. There are several issues involved with the long term financing with the FRA preferring to offer a long-term lease to the current operator (Ohio Central). Discussion followed with Commissioner Jackson inquiring about the term of the operating agreement and whether a long term lease (20 years)

would be the best way to proceed. Mr. Dietrich indicated this is an issue that can be discussed in greater detail at the commission/staff retreat in August but will definitely need to be looked into.

Mr. Dietrich reminded everyone the retreat is scheduled for August 30<sup>th</sup> at Highbanks Metro Park. Additional details will follow soon.

Mr. Dietrich asked Stu Nicholson, ORDC's Public Information Officer, to give a brief update on the status of our requested earmark for the Ohio Hub project. Mr. Nicholson indicated we have a lot of support for that financing (\$5 million for the environmental impact study) but that he is not sure it will stand in this round of funding. Mr. Nicholson recognized All Aboard Ohio for their support of ORDC's efforts.

Senator Cafaro asked Mr. Nicholson if he knows any other members of Congress who might be supporting rail initiatives. Mr. Nicholson indicated Congresswomen Tubbs Jones and Sutton are very supportive of the Hub Plan and reported Congressmen Brown, LaTourette and Ryan have indicated their support of our project as well. Senator Cafaro followed up with the question "who is Ohio competing with for federal dollars for a project such as the Ohio Hub?" Mr. Nicholson responded by indicating he is not aware of any other Midwest states who are as ready as Ohio is for any federal funding that may become available.

Mr. Nicholson reported the grant program funding amounts being reviewed at the federal level are still considerably below the amounts needed to get the project underway. He indicated we need to be at a "funding ready" level so we are at the table if/when federal funding becomes available.

Mr. Dietrich reported on page 5 of the packet is a "Year in Review" of the loans and grants ORDC awarded, page 6 is a summary of the Senate version of the total ORDC budget and page 7 is the finance report which identifies the balances in the accounts. He reported there are two personal services contracts ORDC has entered into: Highway-Railroad Safety Consulting, LLC and Capital Partnerships, LLC. Mr. Dietrich indicated these contracts are set up on an as-needed basis until the new Executive Director starts and can determine how he wishes to continue these contracts.

Commissioner Roberts commented he would not mind receiving his commission packet via e-mail rather than overnight mail and asked that commission staff look into this possibility as a means of saving some additional money in operating expenses.

### **ACKNOWLEDGMENT**

Chairman Betts deviated from the agenda to acknowledge two important people in attendance at the meeting. Commissioner Wolfe introduced his friend, Mr. Derrick Smith, VP of Emerging Markets, CSX Transportation. Mr. Smith commented about the need for the Commission as "a body focused on the needs of rail" as well as the prospect of increased rail service in the nation.

Mr. Dietrich introduced Mr. Derrick James, Senior Officer, Government Affairs, Amtrak. Mr. James commented on the Ohio Hub plan and indicated Amtrak's mission is to work with states to improve any passenger service plans that may be in process and expand upon existing services. Mr. James also indicated Amtrak is working on the reauthorization of its federally funded budget in order to continue passenger rail service.

## **PROJECT**

### **Resolution 07-10 - Greater Ohio Ethanol** - Lou Jannazo

Mr. Lou Jannazo, ORDC's Chief of Project Development, presented Resolution 07-10 on page 12 of the commission packet. Mr. Jannazo indicated Greater Ohio Ethanol, LLC is seeking a loan for on-site rail infrastructure; specifically 6,300 feet of track needed to serve the Greater Ohio Ethanol plant in Lima, Ohio. The loan is for \$1 million with a term of seven years and 0% interest in year one and an interest rate equal to 2/3 of prime in years two through seven.

Mr. Jannazo indicated the commission previously approved a \$200,000 grant in November of 2005 to the City of Lima to assist with off-site infrastructure needs of the new plant. He reported Greater Ohio Ethanol has 250 local investors backing this project.

Mr. Jannazo introduced Greg Kruger, President of Greater Ohio Ethanol, who was present to answer any questions. Mr. Kruger thanked the commission for its consideration of their project. He acknowledged the Department of Development for their assistance as well as the federal participation they have received. Mr. Kruger spoke about the grain sourcing they will be doing and indicated the carloads reported as part of this project is likely to be a conservative estimate as factors point to potential carloads in the 7,500 range rather than the 5,000 range.

Commissioner Gibson inquired if the plant is convertible to cellulosic processing. Mr. Kruger responded by saying the plant is currently not convertible but with time and additional financing resources it could eventually be converted.

Commissioner Gibson then inquired when the "pay-off" is expected for the plant (i.e., when will the company see a profit?). Mr. Kruger responded by indicating the financing is based on the projected pay-off period of five years from the date of full production.

Chairman Betts asked for a motion to approve Resolution 07-10. Commissioner Hartung moved to approve the resolution and Commissioner Bennett seconded the motion. Roll call was taken with nine votes in the affirmative.

## **OLD BUSINESS**

None.

## **NEW BUSINESS**

### **Jobs and Carloads Report** – Bev Lee

Bev Lee, ORDC's Planner, presented the Jobs and Carloads Report found on pages 21 and 22 of the packet. Ms. Lee indicated she feels all the companies are working toward their jobs and carload commitments. Chairman Betts inquired if there are any companies needing a closer watch. Ms. Lee reported she has been in contact with two companies; McDermott Industries and Art Iron, and staff will continue to monitor their progress. A short discussion followed with Ms. Lee reporting everything is going well overall.

Commissioner Gibson inquired about the freight conference taking place in Toledo in September. Mr. Dietrich indicated ORDC has sponsored the conference with a \$5,000 grant and will also sponsor a public/private partnership session. He reported ORDC is partnering with TMACOG and the Port Authority to sponsor this conference.

Senator Cafaro inquired about the Warren & Trumbull Railroad meetings identified in Lou Jannazo's report on page 10 of the packet. She asked to be copied on anything involving this project or any other project occurring in her district. Mr. Dietrich responded by indicating he would definitely be sure to accommodate her request.

**PUBLIC COMMENT**

None.

**MOTION TO ADJOURN TO EXECUTIVE SESSION & ADJOURNMENT**

Chairman Betts asked for a motion to adjourn to Executive Session for the "purpose of updating the Commissioners on the status of the permanent Executive Director selection process."

Commissioner Wolfe moved to approve the motion and Commissioner Sowers seconded. Roll call was taken with nine votes in the affirmative. Chairman Betts indicated the commissioners will reconvene from executive session solely for the purpose of adjourning the full commission meeting. All adjourned into Executive Session at 11:15 a.m..

The commissioners adjourned from executive session at 11:43 a.m.