

PANHANDLE ADVISORY COMMITTEE MEETING OCTOBER 31, 2007

Panhandle Committee members met on Wednesday, October 31, 2007 at the offices of the Ohio Rail Development Commission. Chairman McOwen called the meeting to order at 11:43 a.m. Members present were as follows: Commissioners Solomon Jackson and Kimberly Gibson; Commissioner and Committee Chairman Tom McOwen; ORDC Staff Matt Dietrich and Lou Jannazo, and ORDC Counsel Alan Klodell. Commissioner Jim Hartung was unable to attend the meeting. Several members of the public were in attendance as well.

Chairman McOwen reviewed the agenda for the meeting. He reported the committee has received a draft of a proposed lease and asked Matt Dietrich to expand upon what ORDC did to create the document. Director Dietrich reported on the steps ORDC staff took to create a draft lease. He indicated the draft is very rough and was always meant to be a work in progress. He reported input was taken from the current operating agreement, the proposed operating agreement drafted by Ohio Central, and public input as well. Director Dietrich reported there are still several issues which need to be resolved. Chairman McOwen reiterated he feels comfortable chairing this committee because he has been on all sides. He reported he would like to sit down with Bill Strawn, President of the Ohio Central Railroad and Lou Jannazo, Chief of Project Development, ORDC, to work through the outstanding issues preventing finalizing a lease. Chairman McOwen reported none of these issues are "unresolvable." He stressed the need to not let this matter drag on. Chairman McOwen stated that the line was initially purchased by the state to preserve economic development and we must remember that when drafting a new operating agreement. He indicated that because it is a viable line the committee must also be careful not to create such an anomaly of an operating agreement that it causes the proposed lessee, the Ohio Central Railroad, to fail. Chairman McOwen requested Bill Strawn and Lou Jannazo be available to meet after the full commission meeting on November 8th. He reported he would like to have a draft available for committee and public comment no later than Wednesday, November 21.

Extensive discussion took place among the committee members and members of the public present regarding the process the committee will be taking in preparing the lease and when the lease will be available for public comment. The sentiment was expressed to not rush into finalizing the document and to ensure the document is satisfactory to most affected by a long term lease to the railroad.

Rick Platt, Executive Director of the Heath, Newark, Licking County Port Authority, indicated after several years everyone is still attempting to define the issue. He talked about the focus still being unclear on what exactly needs to be achieved prior to awarding a long-term lease to anyone. The lease needs to be available for public scrutiny. The lack of defining what exactly needs to be achieved is a problem.

Chairman McOwen responded to Mr. Platt by saying there isn't a lack of definition. The bottom line is economic development. The goal is preserving the line so increased economic development in the area (of the rail line) occurs. We need to encourage that aspect the best way we can. Chairman McOwen reported the lease will include language that preserves economic development and those standards will have to be met and maintained by the railroad.

Commissioner Jackson echoed the sentiments of Mr. Platt; indicating the need to specifically define what the lease would be holding the railroad accountable for. Commissioner Jackson suggested going to the Ohio Central and requesting a definition of what the railroad is planning to accomplish and why they feel a longer lease term is necessary. This definition would assist the commission in justifying why the 25 year lease is being considered. Commissioner Jackson stated provisions should be included in the lease that hold the railroad accountable for meeting certain obligations during the lease term. Commissioner Jackson reported it is critical to be able to fully explain why a 25 year lease is the right way to go on this.

Lou Jannazo reminded everyone the lease cannot happen until the COPS are defeated. He indicated the gaps between what the Ohio Central wants and what the state needs in a long term agreement need to be identified. There is also the issue of what the state should charge. What about the access issue (freight/passenger/excursion)? This is a huge issue that will need to be clearly defined.

Stu Nicholson, ORDC's PIO, asked "where do we want to see the Panhandle Line in 25 years and what do we need to get there?" This question needs to be asked of all involved in this process. Commissioner Kimberly Gibson echoed Mr. Nicholson's sentiments adding the questions what are our strategic goals for the line, what are the metrics to achieve it; what are the strategic opportunities along the way in the federal/state levels; what are our economic development goals, etc.? Commissioner Gibson reiterated that the contract should spell out all of the factors and lay out the goals and performance measures. Asking for input on these items is key while keeping it realistic and in perspective.

Commissioner Hartung requested Director Dietrich to speak on his behalf and relay some thoughts since he was unable to attend the meeting. Director Dietrich indicated "Commissioner Hartung fully understands the need for a long term agreement based on the need to invest in the line but in moving forward he is interested in determining what fair compensation for the asset should be and accommodating the public's interest in the agreement." Director Dietrich spoke about the minimum set level of investment the railroad is responsible for under their current Operating Agreement. When the agreement was first implemented all elements within that agreement made perfect sense. The dynamics have changed since that time.

Discussion took place on whether ORDC can even enter into an agreement with the COPS still in place. There are a lot of elements involved in attempting to do such a thing. Chairman McOwen inquired about a RRIF loan for the railroad. The federal government requires a 25 year term for the loan. The railroad would have to have a 25 year lease in order to utilize this option.

Stu Nicholson distributed a handout identifying some public involvement meetings which would engage the public on the issue of the long term lease. The first option outlines a general public involvement meeting which posts a notice in the local paper. The second option outlines targeted corridor meetings with interested parties. This option typically acquires an engaged audience which generates a productive meeting. The third option continues the meetings in Columbus. Under this option it does not afford as many parties who may have opinions on this issue a chance to voice their opinions if they are not local and/or unable to make it to Columbus.

Mr. Nicholson indicated he feels the second option, the corridor meetings, is the most effective and would be the most productive. This option allows for an on-site review of the area. Chairman McOwen reported he was hesitant to entertain the idea of on-site meetings because he is concerned the meetings will open up opportunities to engage the public in issues not specifically relevant to the granting of the lease. He reported he is unsure if these types of meetings will be value-added to the situation.

Discussion took place with Commissioner Jackson reporting he feels it is a very good idea to be out in the communities. Commissioner Gibson echoed his sentiments. The committee ultimately agreed that a structured format in the communities sends a good message. The public must be involved in this discussion.

Chairman McOwen indicated he would defer to the committee to make the arrangements for the public meetings. Commissioner Jackson indicated that even if we don't come back from those meetings with any additional information at least we have done our due diligence in looking for comments/advice from the public. This will let the communities know they are stakeholders and have value.

Chairman McOwen asked for some dates for the next meeting. It was decided the next meeting would take place on Wednesday, November 28th at 11:30 a.m. at the offices of the Ohio Rail Development Commission.

Chairman McOwen asked for approval of the minutes of the October 5th meeting. Commissioner Gibson moved to approve the minutes and Chairman McOwen seconded the motion. The minutes were approved as presented.

Chairman McOwen adjourned the meeting at 1:50 p.m.