

**Jo-Carroll Depot Local Redevelopment Authority
Meeting Minutes
10:00 a.m., Tuesday, January 8th, 2019**

I. Call to Order – The meeting was called to order at 10:02 am by Chairman Steve Keeffer on Wednesday, February 6, 2019 at the Jo-Carroll Depot LRA Conference Room, 18901 B Street, Savanna, Illinois.

2. Roll Call was answered as follows: Present – Don Crawford, Paul Hartman, Steve Keeffer, Bill Robinson, Ron Smith and Bill Wright. Absent: Kevin Reibel and Bill McFadden. Attorney Phil Jensen was also present. Kevin Reibel arrived at 10:39. Staff present: Mara Roche, Patrick Holcomb. Guests present: Amiee Martelle (Riverport Railroad), Mark Roach (Depot Electric Supply), Laura Roach (Depot Electric Supply), Ed Britton (USF&WS), Deb Boden (NWILED), Lisa McCarthy (NWILED), Ed Martin (Midwest 3PL), Dave Albee (UMRIPD Legal Counsel), Bruce Radke (Eastland Feed & Grain), Jim Francis (UMRIPD), Kurt Bruner (UMRIPD), Bill Jannke (UMRIPD), Kevin Stier (UMRIPD), Cathy Collins (Army), Barry Steinberg (Kutak Rock), Andris Slesser (Weston Solutions), Linda Balcom (Weston Solutions).

3. Pledge of Allegiance was recited

4. Agenda Additions - none

5. Presentation of the Updated Reuse and Business Plan and Supporting Documents

Mrs. Roche opened the session noting that the LRA had received funding from the DOD Office of Economic Adjustment to prepare an updated reuse and business plan. Mrs. Roche added that the team who conducted the reviews and the findings of the associated studies that were used to create the Updated Reuse Plan will be presenting. The LRA approved the plan as a final document in October of 2018. A Business Plan was then prepared based on that approval. Those presenting at the meeting were:

Linda Balcom – Weston Solutions – Program Manager
Andris Slesers – Weston Solutions – Project Manager
Lisa McCarthy – NWILED – Executive Director
Barry Steinberg – Partner with Kutak Rock, former Chief of U.S. Army Environmental Law Division and former Chief of the U.S. Army Litigation Division at the Pentagon and former Military Judge.

Ms. Balcom started the presentation by introducing the team to the LRA board and guests before setting out a timeline of (and briefly describing the scope of) planning documents that had been prepared for Jo-Carroll LRA up to that point. These included:

Barge Market Feasibility Analysis, April 2017

Mussel Study, August 2018

Updated Reuse Plan, September 2018

Business Plan, November 2018

Marketing Support and Outreach, initiated November 2018

Ms. Balcom noted that key decision documents were identified by OEA and the LRA in order to move the reuse process forward. As there was historical precedent for interest in creating a barge terminal, OEA stipulated that before any discussion take place, a Barge Market Feasibility Analysis would have to be completed.

Ms. Balcom stressed that the study focused not on whether the site could be used as a barge terminal, but whether a market substantial enough to support such a facility exists.

Ms. Balcom pointed out that original Reuse Plan of 1999 which OEA had agreed to fund was outdated as the economic climate had changed significantly and delays in property transfer had also impacted the original plan.

To this end, Ms. Balcom noted, OEA took a fresh look at how to drive economic development via the LRA. Under the original base property disposal plan, property was transferred to the LRA under a no-cost economic development conveyance.

One of the key stipulations of this agreement was that a certain number of jobs be created in return for the gratis transfer of the property. Ms. Balcom noted that OEA has continued to invest in the community and process in an effort to create jobs that were lost as the result of base closure.

Ms. Balcom added that all of the planning documents were created in an effort to support the drive for an updated reuse plan.

Barge Market Feasibility Analysis

Ms. Balcom stated that the Market Feasibility Analysis was completed by Weston subconsultants Martin and Associates, a ports economic development firm with significant experience in inland port developments.

Martin and Associates were tasked - in consultation with regional freight stakeholders and taking into account published statistical data - with creating an exclusive Business Economic Area database specific to the site to analyze cargo flow data for the Jo-Carroll LRA.

The specific markets assessed included grain and agribusiness, fertilizer, frac sand, steel and scrap, other bulk cargoes, LNG, container on barge and ancillary maritime services.

Ms. Balcom stated that the recommendations from the study showed that the facility would not work as a “build it and they will come” effort. An anchor tenant would be required to guarantee enough volume to make the facility feasible. The anchor tenant should also possess the ability bring ancillary value-adds – grain processing, trans-loading, repackaging and other processing – to the table.

Ms. Balcom added that other maritime-related services such as fleet and barge cleaning would enhance the port as full-service facility. RFQ/RFP process should be followed to identify interest and vet potential partners.

According to the report, establishing a timeline is critical in attracting a tenant/operator. This includes identifying a water-accessible parcel, obtaining access to the parcel and identifying capital costs to develop a terminal including dredging, berth engineering and construction. Identifying and developing backland storage acreage is also extremely important.

Martin & Associates also made other recommendations for site-suitable Commercial and Industrial Development – not necessarily related to barge activity – including:

- * The establishment of a distribution center
- * The establishment of a logistics hub

Ms. Balcom shared the summary of the analysis’ implications, which encompassed best potential users and operators as well as best practices to ensure success.

Mussel Study, August 2018

Mr. Andris Slessers reported on the Mussel Study that was completed in August, 2018.

The unionid (mussel) study/survey was prepared by Eco Analysts, Inc.

The study focused on the area between Mississippi River Miles 545.2 and 546.7.

The objectives were to find out how many mussels occurred in the area and what kind of mussels occurred in the area.

The study also wished to determine what impacts the potential development would have on the mussel population.

The results of the study showed that some areas harbored more mussels than others and that construction at the downstream site would likely cause less impact.

This study, Mr. Slesser said would provide data for the preparation of a Biological Assessment, which is a formal consultation with US Fish & Wildlife Service.

Updated Reuse Plan, September 2018

This plan was prepared by RKG Associates and this section of the presentation was handled by Ms. Balcom.

Ms. Balcom noted that the assessment included various areas of focus including existing conditions, opportunities and constraints as well as a land development plan and implementation strategy, among others.

Ms. Balcom stipulated a series of short-term goals as the first phase of the project, including – among others – a moratorium on land sales or leases until finalization regarding the Fish 5 parcel has been reached, outreach to industry and identification of grant sources.

Medium-term goals identified by Ms. Balcom included working with the Army to expedite the transfer of property, working with the Lt. Governor's office, developing a political action plan and discourage and/or prohibit residential use of property at the depot.

Ms. Balcom noted that the final long-term goals would be to dispose of all remaining property and sunset the LRA.

Business Plan

Mr. Slesers then presented the business plan as prepared by RKG Associates. Three steps were identified in this plan:

- * Solicit a Master Developer
- * Aggressively market to a port/rail operator/user
- * Combine/transfer the LRA and the Port Authority

RKG Associates also recommended that – inter alia – road upgrades to McIntyre Rd be postponed, water and sewer fees be increased and that any land and building lease agreements be renegotiated.

The goal of these recommendations is to bolster the LRA's financial situation.

Marketing Support and Outreach

NWILED's Executive Director Lisa McCarthy presented on the marketing supporting and outreach aspects, explaining how NWILED built out a new web presence and brand for Savanna Industrial Park.

Mrs. McCarthy walked through the site's look, functionality and how it can be found by using pertinent keywords.

Mrs. McCarthy also introduced the property's branded YouTube channel and highlighted the site's dynamic data updating functionality.

Dynamic data functionality is especially useful to site selectors and developers and is a good tool to market property.

Mrs. McCarthy also stated that site tours will be a good way to make developers and operators as well as stakeholders aware of the property. Among those invited to attend site tours are engineering firms and opportunity zone developers.

Mrs. McCarthy has also reached out to various other stakeholders including the IL Soybean Association, port terminal operators and developers, railroad stakeholders and engineering union locals.

Next Steps

Mrs. Roche spoke about the next steps for the short term, including:

- * Moving forward with exploring short term recommendations from the Reuse Plan
- * Moving forward with Parcel 5 Reuse evaluation
- * Seek funding from OEA for reuse evaluation support

Parcel 5

Mr. Steinberg then spoke about the situation surrounding Parcel 5 (Fish 5). Mr. Steinberg gave an overview of the history behind the parcel and its status.

Mr. Steinberg then discussed the pros and cons of the property parcel as well as its topography.

Mr. Steinberg pointed out that the reluctance of USF&Ws to accept the Fish 5 Parcel has opened up an opportunity for theoretical access to the river.

Mr. Steinberg also spoke about mitigating the environment for wildlife and endangered species that may be present in the parcel of land.

Mr. Steinberg then touched on dredging and how it would impact the potential development of the Fish 5 parcel.

At the close of his presentation, Mr. Steinberg spoke about the possibility of potentially securing funding from MARAD to develop the property.

He also noted that a full environmental impact assessment may have to be performed in order to fully realize the potential of the parcel.

Public outreach and public information were also mentioned by Mr. Steinberg, noting that public input would be required to drive the development process.

Questions

Mrs. Martelle clarified that the Fish 5 Parcel had been contaminated by chemicals and not by ordnance, as stated by Mr. Steinberg.

Mr. Keeffer stated that as the LRA board, he and his colleagues would need to prioritize the action items as included in the short-term reuse plan.

Mr. Jannke wanted to know from Mr. Steinberg whether or not it was too early to connect with potential master developers. Mr. Steinberg answered by saying that it may be too early in the process, but that there is always the potential for a developer to identify potential uses. The outreach is “entirely appropriate.”

Mr. Keeffer wanted to know whether or not the project – at this point – had the potential to move forward. Mr. Steinberg answered by illustrating the potential pitfalls and need for funding, but did maintain that there is some cause for optimism.

Mr. Keeffer then asked what the next steps are. Mr. Steinberg answered that there is a request for funding in place to take the next steps. He said marketing efforts should move forward as well as dialogue with the Army Corps of Engineers and USF&WS.

Mr. Keeffer followed up by asking whether the NEPA process would form part of the initial steps. Mr. Steinberg pointed out that NEPA is a long and complicated process, but did say that once the initial steps are concluded, MARAD may be willing to fund the NEPA process. Mr. Steinberg also alluded to the fact that the depot property should be designated as an Opportunity Zone – this would be a huge boon to development.

Ms. Balcom added that because of limited residential and commercial activity, many army bases are blank spots in economic models, which may account for the reason why the property is not designated as an opportunity zone. She added that advocacy is crucial to change this.

Ms. Balcom added that the priorities moving forward are to include the nine points raised in the findings of the reuse plan. She added that the board should prioritize the issues and work on them and discuss their progress on a monthly basis.

Mr. Smith added that in former times there was access to the river and that this should be brought up in conversation with lawmakers and stakeholders.

Mr. Keeffer again asked about prioritizing. Ms. Balcom said that the board should focus on short term goals and use all of the recommendations as a planning tool. It is up to the Board to prioritize the goals and courses of action.

Mr. Keeffer expressed his concern that river access seemed to be the top priority and added that he was not sure whether this was wise. He added that he thought that having a contingency plan would be a good course of action. Mr. Steinberg answered by saying he understood Mr. Keeffer's point of view; but added that the availability of Fish 5 parcel was "a game changer" and that efforts to make it viable should be explored over the short to medium term. Should Fish 5 not be the option, the status quo would remain unless some other option came about. Questions what would then arise include role of the counties, water & sewer, the LRA sunsetting, remaining real estate and funding.

Mr. Steinberg said the biggest issue was funding the clean up process.

Mr. Bruner said it was noticeable how many people, entities and organizations don't know about the depot and what goes on there. Mr. Bruner said he was pleased with the recent positive developments in terms of marketing the property.

Mr. Jannke added that the issue of the water and sewer was potentially a funding pitfall for the LRA if the development of Fish 5 does not go according to plan. Mr. Jannke pointed out that the Port Authority is a municipal organization that has an intergovernmental organization and is willing to work with the LRA to bring in grant funding or other income that may solve short-term problems – as well as long-term issues.

Mr. Roach asked the boards to keep tenants in mind and asked that they "not be bled dry" in the meantime. Mr. Roach pointed out that there have been numerous changes in policy over the past few years and that the new assessments have been concerning. He said that there have been very many confusing changes. He mentioned that there isn't dialogue between property owners and the board and that changes are concerning. Mr. Roach said that the board was dictating the future of stakeholders. He expressed concerns about the funds being spent on studies and surveys and plans.

Mr. Roach added that if the obligations (water and sewer) did revert to the counties, that efforts should be made to mitigate the cost to taxpayers. Mr. Roach mentioned property buybacks and asked whether it is true that UMRIPD does not pay real estate taxes on property it acquires. Mr. Jannke answered in the affirmative. Mr. Roach said that this was concerning since schools in the area are in poor shape. He said that the property needed to be transferred to the public in order to produce a tax base to assist the situation.

Mr. Roach said that a decade ago there were issues with the Army not transferring property and now the LRA board is doing same with the moratorium being placed on the transfer of property for two years.

Mr. Roach said that he has approached the board with a business plan only to be told that there is a moratorium, but as soon as some from outside (likely to take on the property's liabilities) comes in, the moratorium is lifted for a day. He expressed his frustration about not knowing what was going to happen in future.

Mr. Roach said he would like nothing more to see the property expand and jobs created but questioned the wisdom of spending millions of dollars on studies, surveys, plans and consultants. He added he was worried about the burden this placed on taxpayers. The biggest issue is clarity in communication, Mr. Roach added.

Mr. Keeffer responded by saying that it was timely to do a new reuse study and that the LRA did not fund all of the studies and surveys.

Mr. Roach said that the changes were frustrating. He mentioned how property owners had purchased property for residential use, but under the new reuse plan, this would not be allowed. He asked whether the Port Authority planned to use eminent domain to strip away ownership of properties.

Mr. Jannke responded by saying that the port development would be years down the road and that eminent domain was not in the conversation. He added that the primary focus now is on the potential development of Fish 5.

Mr. Roach asked whether Fish 5 would be broken up. He added that it was common knowledge that BNSF would construct a swing bridge. He wanted to know what would happen to the other side of the property.

Mr. Jannke said he was not sure what BNSF was planning.

Mr. Keeffer responded by saying Mr. Roach was referring to the fact that whatever was developed at Fish 5 would have to be developed between the river and the existing BNSF track.

Mr. Roach said he was concerned that there was too much focus on developing Fish 5 and that the options were limited when taking into account all the potential pitfalls.

Mr. Keeffer tracked back to Mr. Roach's remark about spending taxpayer money on studies, saying that in some cases money needed to be spent to create

opportunities. He said that if the LRA decided to spend all its money to pave the roads one last time and then walk out the door, leaving the burden on the counties, it wouldn't make much sense.

Mr. Keeffer said that he didn't believe the LRA's charge is to spend all its funding on infrastructure and then close shop. He said the LRA is trying to make a wise decision by hiring knowledgeable consultants to come up with workable solutions for the property.

Mr. Roach said that he had heard that the LRA would only receive enough funding to operate for one more year.

Mr. Keeffer said that this wasn't true, adding that there were a few more years of funding available. He did acknowledge that the LRA was spending more money than it made and added that this was not ideal.

Mr. Roach said he was pleased to hear this was the case.

Mrs. McCarthy said that in the past, communities could ask their congressional representatives for help with projects and that this was often successful. She added that this is no longer the case as government now wants to see studies and research that will ensure that taxpayer money is spent on worthwhile endeavors. This is why there is so much investment in data and studies.

Mr. Smith reiterated Mrs. McCarthy's point, saying that a recent study on the Jo Daviess/Stevenson Co. Enterprise Zone contained over 2 600 pages of data. In prior times, applications of this kind contained two to three pages of information, but now enormous quantities of data are required.

Mrs. McCarthy added that the LRA is competing with many other communities that wish to implement capital projects and the case for the investment needs to be built and justified on a strong foundation of information.

Mr. Britton said that USF&WS and the LRA have been in partnership for 23 years. He added that there are some concerns about the proposed developments, saying that his superior had posed these issues and concerns in writing. Mr. Britton reiterated that he was concerned about the ability to get the project moving forward since it was being planned on federal land and that the US Army Corps of Engineers and USF&WS was not involved. Mr. Britton also pointed out that some of the processes followed in the mussel study did not follow protocol. Mr. Britton urged the LRA to involve USF&WS as far as possible.

Mr. Keeffer said that moving forward, the LRA would ensure deeper involvement by USF&WS and the Corps of Engineers.

Mr. Steinberg added that USF&WS is the final arbiter as regards to endangered species and will make the final determination. He said that USF&WS is the only statutory appointment where congress has described the requirements of the director the agency. It is a specialized area and it has a lot of authority.

Mr. Britton added that the area where the mussel survey were performed were problematic as there was no “take” of federal endangered species from federal land.

Mr. Steinberg responded that he and Mr. Britton would have an offline conversation about this issue as the definitions in the statute around the word “take” had been changed significantly recently.

Mr. Britton urged the stakeholders to be involved and to communicate with USF&WS in this regard.

Mrs. Roach wanted to know why there was a moratorium on the property when the port development was centered around Fish 5 and the adjacent property. Mrs. Roach questioned why their efforts to bring expansion, investment and job creation to the south-eastern part of the property were being blocked.

Mrs. Roach said the port wants a certain area and questioned why everyone else is being held back from potential growth.

Mr. Keeffer said the reason for the moratorium was to give the Port Authority and the LRA the opportunity to fully develop what the potential port development will encompass.

Mr. Roach wanted to know what would happen under the new reuse plan to existing tenants, asking of they would be phased out if they don't fit the new reuse plan.

Mrs. Roach said that her business is expanding, but that she couldn't grow further because of expansion limitations.

Mr. Jannke asked Mrs. Roach how many employees she had at present. She answered that three people were employed, but added that it was her choice to employ only three people since there was uncertainty about the future.

Mr. Roach added that they recently had to purchase an additional site. He said it was frustrating, adding that sometimes adversity makes businesses stronger.

Mr. Keeffer said he understood the frustration, but that the moratorium should be discussed at another time.

No more questions were forthcoming.

6. Adjournment – Bill Wright made a motion, seconded by Paul Hartman to adjourn the meeting at 11:53 am. Motion carried by voice vote.