

Meeting Minutes

March 8, 2023

Madison County Port Authority Board

The Madison County Port Authority meeting was called to order at 9:05 a.m. by Chris Wallace, Port Authority, Chairman. The meeting began with a roll call from all individuals participating in the meeting.

The following board members were present at the meeting: David Kell, Executive Director, Steve Hermiller, Steve Lelonek, Ray Martin, Scott Sims, Chris Wallace, and Sissy Wiseman.

Subject: Meeting Minutes Revision – Approval – January 11, 2023

Steve Lelonek made a motion to approve the January 11, 2023 meeting minutes to include the typo revisions. Scott Sims seconded the motion.

All members voted in favor to approve the January 11, 2023 meeting minutes.

New Business

- **Projects**

. David Kell previously emailed a site map to the Madison County Port Authority Board members. Unilock is a group that manufactures residential pavers, and was thinking about using that property for an expansion into this market and did not do so. There is a group out of New Jersey that is now looking into this market. There is about three groups from New Jersey and New York looking around the areas of State Routes 42 and 29 and a plant off of State Route 142 in West Jefferson. This group approached the Village of West Jefferson regarding the property at the former Unilock site back behind Michael Foods. They have indicated they are moving forward with acquiring a property and they would be building a 500,000 square foot facility on that site. This group has indicated they want to move forward. They are securing a lender either locally or back home. They will be getting the CRA from the Village that is already in that zone but it has to be approved. David has had phone conversations with this group, and has sent information to them to review as well, and they feel comfortable working with the Port Authority. Caleb Bell, Bricker & Eckler Representative, put together an application for the Port Authority that will be used for future projects. This application was sent to the Port Authority Board members for review, as well as a budget that they submitted. Caleb Bell asked to join this meeting to inform the Board on what to look at in order to get approvals for today for the project

Caleb Bell explained that - What is normally done on a project like this involves talking to the company determining what they are going to do, are they going to build something meaningful, is this an appropriate candidate for the Port Authority. The Madison County Port Authority is almost at this point for the current project. The next step is to create a formal relationship between the company and the Port Authority Board. Caleb proposed to David Kell that an application form for the company is to be filled out. The company has filed their deposit. According to David Kell he's worked with the company and they have all the information they need, and the deposit is on its way and should be here today.

Caleb proceeded to explain that the application deposit is helpful because it causes the project to move forward. The application, deposit, and the due diligence list is then requested to the company. The company needs to provide basic information about their budget, the scope of the buildings, the orientation of the buildings on the property, property details, and their lending information. The lender is not a requirement at this point but is helpful if that information is available. If the lender is identified typically a lot of these other diligence items are already done. Then Caleb puts together a due diligence request list that is sent to the company, to provide information so it can be properly understood about the scope of the project, where it's at and fundamentally for the Port Authority to see what the budget looks like, and at what elements of the budget might be available for the sales tax and exemption program, and then that information helps create the transaction document, and the approving resolution. The Port Authority Board would approve this. At the next Board meeting there will be a formal resolution, and the transaction documents for approval. Then following that approval within a week to 10 days the transaction closes with documentation of the leases associated with the transaction, the filing of other documents, and the same information from the company and the exemption certificates for the project. This is an overview of where the Port Authority is at this time and where it's going, so the Port Authority can be ready for an approval at the next Board meeting.

Steve Hermiller asked if this company was provided a formal application, or is there not one? David Kell referenced the initial application he already provided to the Board. Steve Hermiller also asked that this is not a \$2,500.00 stipulated fee. David Kell responded correct.

Steve Lelonek then asked what kind of fees can this Port expect to be issued when the project is done? David Kell replied they have not done any calculations yet. Steve Lelonek proceeded to ask about a ballpark figure for fees. Caleb explained that is why a budget is so important and the way to analyze is to understand the total budget. When the company provides a budget it's best to assign half of that cost to labor and the half of that cost to building materials. Then the sales tax is calculated in as well as the Port Authority fees. Therefore an estimate for the fee for this project is about \$300,000.00.

Steve Lelonek also asked if this building project is in accordance with the other distribution warehouses, and if it's a desirable project? Ray Martin replied it's desirable because it's the only one that has the small square footage which allows a small business to come in. David Kell said generally most projects are looking for 400 acres or more and 250 – 500 square feet.

David Kell informed the Board that this is a greater scale but the same type of work that was done with the CIC at the fairgrounds. This is basically working with the contractor, and the developer to go through the flow of the project to make sure what needs to be done gets done and then the Port is done at the end. David continued to say he's going to do research to see what other Ports are doing to put money from the Port Authority fees back into the community for economic development.

Steve Hermiller asked in order to respond fast enough to get them things they need, is that just David and Caleb or does others need to facilitate that? David proceeded to say that he'll be handling most of it. David will check the by – laws about this as well. Steve Lelonek mentioned that most of the due diligence is on their part. Steve Hermiller replied it is but if you have a site ready what other things may they ask the Port to assist them with. At this time David Kell doesn't foresee this, but something may come up.

Caleb continued to inform the Board, that the Port does want to get an indication from the company about what the closing timing looks like. What happens on these projects is that David takes the business lead, and Caleb does the legal and then also interfacing with whoever the company's lawyer is. This is where Caleb gathers the diligence information.

Ray Martin mentioned that all projects need to use the Port Authority. Caleb commented that some communities do use the Port Authority tool in a targeted way, that they will only do big projects. Some of the urban communities reserve the Port Authority only for housing. Caleb believes that the Madison County Port Authority is in an interesting spot because they need everything including housing. Caleb proceeded that some communities occasionally use the Port Authority tool for hotels. According to Caleb it makes complete sense to use the Port Authority for advanced manufacturing. This tool can be used to where you want to drive development and what you want to support.

Steve Hermiller commented that he hears on the residential side that attorneys are engaging the Port Authority to convert what was multi – family or apartment complexes into condos now and it's simply to avoid the tax implications on that. Steve Hermiller sees all of these developments are being converted in a similar fashion. There is at times preference to use the Port Authority tool for housing that is affordable. Caleb continued there may be some weighing in from the County Commissioners on how the Port Authority tool gets used. The County Commissioners helps drive the economic division of the sales tax to be reinvested back into the County and that is what this Port Authority is doing.

Ray Martin asked if the company buys the materials from someone else what does the County receive in regard to taxes? Caleb replied that it's the assumption that materials are purchased in that County. Sometimes materials are hauled over from the next County over. The deal is different when high dollar materials are carried over from another County, but the County is receiving the fee based on the assumption that the purchases were made in the County. This is a reason why at the end of these deals that the Port Authority does not ever attempt to reconcile with the companies accountants because trying to determine every single invoice and what was materials of each invoice of a building is complex. Ray Martin commented the budget amount is what is guaranteed and agreed upon. Caleb agreed with Ray, and proceed to inform the Board that is why the budget diligence item is important. Caleb continued to comment that is why you make the company show a budget so that they ultimately understand that the budget is used to pay and make the fee and that creates honesty between those parties.

David Kell asked Caleb about the next steps for the Port Authority. Caleb said "the next steps is to get the diligence information going with the company." David and Caleb needs to have a phone conversation with the company's representative to talk about their legal review and who they want on their team to look at the information. When the diligence information is received David and Caleb need to talk about the fees and percentages that was ultimately disclosed with the company to assist with reaching an agreement on that so that will be documented into the deal.

David Kell proceeded to ask Caleb "from a fee perspective looking at a percentage is that something Caleb would recommend as a Board to discuss and come to an agreement for all projects moving forward, or is that something where that could vary from project to project? Caleb commented that he thinks not to necessarily decide for all time. Caleb thinks it's important to figure out from the Board to get direction about what he and David can do to talk to the company on a percentage fee. After confirming Madison County sales tax Caleb feels confident that a good range of fees should be 20% to 25%. In addition if the Board feels comfortable with Caleb and David looking at the budget and running the fee ranges it's more than likely the Board will land their fees in the 20 % - 25 % range. Steve Lelonek is acceptable of the 20% - 25% fees for this project. Steve Hermiller inquired about how other Port Authorities are ranging fees. David Kell said that with all of the work that Caleb has done, and Chris Wallace has done some calculations as well, these fee are within range. Scott Sims also commented that there are some good things that are going on that can be used for an advantage for an extra 5% fee. Scott continued to comment that the percentage is most likely to change due to attrition over the years. The first few multiples of projects needs to be taken to the Boards advantage and do more to invest into that and those dollars will allow the Board to do that so the extra 5 % will not be wasted. Steve Lelonek asked if the Board agrees to allow David and Caleb to negotiate a 30% fee? Scott Sims believes that a 30% fee is reasonable which allows the ability to negotiate. David Kell responded that 30% with no lower than a 25% fee should be acceptable.

The Madison County Port Authority Board agreed that a 30% fee with no lower than 25% fee is adequate. Ray Martin has concern that this current project may possibly go elsewhere due to the percentage fee. David Kell feels the current project is committed to move forward and the fee should not be a concern. David continued that he has been in conversation with this company, and there has been other cost savings. Scott Sims asked if the Ports fee is based off the budget not reconciliation, and no end of project, David Kell replied correct.

General Discussion

Steve Hermiller is thinking about some of these initiatives and he's met with Plain City and discussed the Rails to Trails that is not completed and other community projects around London, or Battelle at West Jeff and connectivity. According to Steve there is too many disjointed pieces with numerous agencies involved and not coming together to talk to each other and they're all doing independent studies. Steve feels if these agencies came together to talk the better outcome it would be. David Kell commented that the Madison County Commissioners have discussed in a meeting how there are different projects in different areas and it may be beneficial to have an agency or organization to service as a clearing house to submit projects that need funding or are outstanding and look at resources with the Port.

David Kell mentioned to the Board that there may be potential opportunity for a hotel company to be coming around the Hilliard and Dublin area that may eventually explore into Madison County that is something that may be considered.

Steve Lelonek noted that with the amount of volume that will be taking place in the next few years is there a need to hire a part time administrator? David commented that staff could be an option.

David Kell proceeded to inform the Board that he's been talking with the accountant at Kenter & Sellers. David did file the Madison County Port Authority with the Auditor of State. This form was basic because it didn't have any transactions in 2022. Looking into activity in 2023, there is an hourly rate instead of a monthly rate. The accountant Marv will soon be providing this information to David. There are no transactions at this time to discuss.

Scott Sims asked if the Port has identified what the Commissioners or County wants from an accounting structure? David Kell didn't think so because looking at the Auditor's website there is accounting principles to follow, and using Marv's group they currently use these accounting principles.

Future Port Authority Meetings

David Kell provided an update to the Madison County Port Authority Board that the next board meeting will take place on April 12, 2023.

Subject: Meeting Adjourned

Steve Hermiller, made motion to adjourn the meeting.
Steve Lelonek, seconded motion.

This meeting adjourned at 9:57 a.m. All members present voted in favor to adjourn the meeting.

Sign In Sheet

Sign In Sheet
Port Authority Meeting
March 8, 2023 9:00 a.m.

1. David Kell
2. Ray A. Martin
3. Scott Sims
4. Steve Lelonek
5. Chris Wallace
6. Steven Hermiller
7. Ray Adams
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Signatures

Chris Wallace

Ray Martin

Steve Hermiller

Steve Lelonek

Scott Sim

Referenced Maps



