

**MINUTES OF A REGULAR MEETING  
of the  
Port of Pittsburgh Commission  
March 23, 2007**

A regular meeting of the Board of the Port of Pittsburgh Commission was held in the Davis Conference Room on the 23rd floor of the Regional Enterprise Tower.

In attendance were Commissioners:

Wm. Brown	Coder
Craig	Ferlo
Marshall	McNees
Mustio	Preston
Woodward	

Commissioners participating by phone:

Smith

Staff present included: James McCarville, Executive Director of the Port of Pittsburgh Commission; Mary Ann Bucci, Marketing Director; and J.D. Fogarty, Development Director. Others in attendance included Ron Brown, representing counsel, Grogan Graffam; Curt Meeder, US Army Corps of Engineers; Herb Packer, PennPORTS; Jackie Erickson, representing Senator Casey's office; George Baier, patent attorney, representing Buchanan Ingersoll Rooney; Chris Ferchill representing the Ferchill Group; Chris Johnson and Ryan Stefan, representing Fifth Third Securities; and Ken Luddinger, Buchanan Ingersoll. Joe Lawruk, comptroller, participated by phone. Gloria Ralston, Assistant Secretary of the Port of Pittsburgh Commission, acted as Recording Secretary for the meeting.

\* \* \* \* \*

Chairman McNees called the meeting to order at 12:19 PM.

**Agenda Item 1. Welcome**

The chairman welcomed the Commissioners and guests and introductions were made.

**Agenda Item 2. Old Business**

*Agenda Items 2. A. – Minutes of December 1, 2006 meeting.*

Motion to approve Minutes of December 1, 2006 meeting.

Upon motion by Commissioner Wm. Brown (Commissioner Woodward), the minutes of the December 1, 2006 meeting were unanimously approved.

Separate resolutions to engage a financial advisor and bond counsel for the Ferchill Project were approved by Form of Consent. The Chairman asked for a motion to memorialize these resolutions with a ratification vote.

Motion to ratify Resolution 0307A to engage the services of a financial advisor for the Ferchill Project and resolution 0307B to engage bond counsel for the Ferchill Project.

Upon motion by Commission Marshall (Commissioner Brown), the resolutions were ratified by a unanimous vote.

**Agenda Item 3. New Business**

Agenda Item 3. A. -- Presentation by Fifth Third Services on Ferchill Project (Chris Ferchill of the Ferchill Group)

Chris Ferchill distributed architect's renderings of the Bridgeside II Office Building which is the project the group is presenting to the Commission for consideration as a development project. The building will be 150,000 sq. ft. of speculative wet lab space in the Pittsburgh Technology Center. The tenants would be wet lab and bio-technology research oriented, most likely from the University of Pittsburgh and the University of Pittsburgh Medical Center. A recent study by the Patel Institute has indicated that over 1 million square feet of research space will be needed in Pittsburgh within the next three to five years. The building is speculative in nature because research funding is usually short-term in nature and the anticipated lessors need the space to have already been built in order to sign a lease.

Projected development cost for the project is \$46.2 million, including \$18.5 million for the core and shell of the building and a \$20 million allowance for tenant improvements. An agreement with the URA that states that once the building is 50 percent leased, Ferchill Group has the right of first refusal on the construction of the next building. Once the next building is 50 percent leased, the right of first refusal kicks in and this scenario continues until Ferchill has fulfilled the projected 1 million square feet of office/lab space needed.

Strada Architecture is the architect on the project and Turner is the General Contractor. The project will also include a parking garage; and to the extent possible with a lab building, the project will be sustainable/"green."

Chris Johnson from Fifth Third Securities explained their participation in the project. The financial structure is a capital lease and the port's participation would be for the tax savings that could be realized. Ryan Stefan went over the draft term sheet with the Commissioners present. This will be a pure conduit deal and the Commission will not be in a financial risk position. It is not an off-balance sheet financing; the Ferchill Group will claim all benefits of ownership including depreciation.

Senator Ferlo voiced his pleasure at the prospect of backing this project and asked for clarification on the steps necessary to review the project and approve the term sheet. Counsel reported that it would be a two-step process with the second step coming up for approval at the June meeting. Senator Ferlo also stated, for the record, his reservations with regard to the limited participation and commitment of Fifth Third Bank in the Pittsburgh community.

Agenda Item 3. B.— Phone presentation by Public Resources Advisory Group

Postponed.

Agenda Item 3. C.— Motion to Proceed with Ferchill Project

Motion to accept Resolution 0307C authorizing the Commission to proceed with negotiations to finalize the term sheet and to prepare a later resolution to be presented to the Board authorizing issuance of bonds to finance a portion of the costs of the Bridgeside II Office Building (Ferchill Project).

Upon motion by Commissioner Preston (Commissioner Ferlo), Resolution 0307C was unanimously approved.

Agenda Item 3. D.— Presentation by Patent Attorney on SmartLock patent

Attorney George Baier, representing Buchanan Ingersoll Rooney, explained the status of the Commission's patent application for SmartLock. The application for SmartLock has been rejected which, Mr. Baier explained, is standard procedure for the patent office. The rejection is designed to instigate dialogue explaining why the invention is new and novel, basic criteria for obtaining a patent. The argument that will be pursued to explain why SmartLock is different from other navigational patents is that the guidance analysis is done on the boat with the SmartLock System as opposed to being calculated on land in the other patented systems.

Sen. Ferlo asked for clarification between the scientific development of SmartLock versus pursuing the patent. While the agreement with Jeppesen Marine requires that the Commission defend its patent through the legal efforts of Buchanan Ingersoll, the continuing technical development is being handled by Jeppesen.

Agenda Item 3. E.— Motion to amend SmartLock patent application

Motion to amend SmartLock patent application.

Upon motion by Commissioner Woodward (Commissioner Brown), the Board voted unanimously to amend the SmartLock patent application.

Agenda Item 3. F.— Motion to renew Vision Internet contract

Vision Internet, Inc. provides webhosting compatible with the requirements of the Commission's website. The contract for \$200 per month is renewable annually.

Motion to renew the contract with Vision Internet, Inc. for another one-year term.

Upon motion by Commissioner Preston (Commissioner Brown), the Board voted unanimously to renew the contract with Vision Internet, Inc. for one year.

Agenda Item 3. G.— Motion to renew the contract with C. Kolling

Charles Kolling provides the Commission with government liaison services for an annual fee of \$24,000 plus expenses capped at \$3,000 per year.

Motion to renew the contract with Charles Kolling for another one-year term.

Upon motion by Commissioner Coder (Commissioner Preston), the Board voted unanimously to renew the contract with Charles Kolling for one year.

Agenda Item 3. H.— Motion to extend contract with Phoenix Capital Partners

Phoenix Capital Partners was engaged as financial advisors on the Warnaco project for a fee not to exceed \$10,000. Since the progress on that project has slowed, it is necessary to extend the contract with Phoenix Capital Partners for another term without adding to the value of the contract.

Motion to extend the contract with Phoenix Capital Partners for a one-year term with no increase in value.

Upon motion by Commissioner Brown (Commissioner Mustio), the Board voted unanimously to extend the contract with Phoenix Capital Partners for one year with no increase in value.

Although not on the agenda, Randy Castriota of Castriota Metals & Recycling was introduced. He took this opportunity to thank the Commission for the loan his company received and related how the funds have been used, including the hiring of ten new employees. His company currently has a second loan application in review.

Agenda Item 3. I.— Executive Director's Report

The Executive Director introduced Curt Meeder from the Corps of Engineers who spoke briefly on current federal funding. The funding for FY07 has just been released with less than half of the fiscal year left in which to expend it. Primary appropriation comes in three different accounts: investigations, construction and operations & maintenance.

Investigations. the Upper Ohio Feasibility Study is now being funded for \$900,000, well below the work plan. The cut was the result of a mandatory rescission that would provide funding for emergency response which wasn't included in the original budget. Even though funding is not guaranteed for FY08, the study is remaining on the schedule for completion in 2010.

Construction. The Lower Mon Project was funded at \$62.7 million which is in line with the work plan. The highlight of the planned work is the construction of the first of two locks at Charleroi. The rehabilitation work at Emsworth was also funded at \$17 million, the level requested.

Operations & Maintenance. The Pittsburgh District will receive a little over \$59 million to cover the 23 locks & dams as well as the 16 multi-purpose reservoirs in the district. One of the projects will be the replacement of the first damaged dam gate at Montgomery.

Commissioner Preston asked if this funding information was included in the Western Pennsylvania MPO that goes to the Governor since this relates to intermodal transportation and would be a way to leverage possible additional funding.

The Executive Director reported on the following:

Cargo Development. The Corps' tonnage report for 2005 showed an increase of 6.3 percent to 43.6 million tons. There has also been an increase of 5.2 percent in loaded barges. Ethanol and the need for limestone for power plant scrubbers have the potential to increase river traffic.

Strategic Priorities. The number 1 issue identified was the need to increase funding for locks & dams so the report on the release of the Corps' funding was good news.

The RiverNet project has the attention of the Corps of Engineers since they set data-collection standards.

The Commission will step back from overseeing a river shuttle and look to using the remaining grant money to aid the Fredericktown Ferry.

Press coverage. The Commission and the Port of Pittsburgh have received extensive press coverage since the last quarter which includes coverage of the Specter press conference and TV coverage of river-related issues. Printouts of several articles were distributed.

Federal government. The House of Representatives passed last year's WRDA bill and the Senate is working on it. Last year the bill never made it to conference or to the president.

The president has indicated that he would like to structure a new user fee for the inland waterways. The waterway industry, in general, is opposed to any new fees even though the fees collected last year dropped inexplicably. Any proposed lock-based fee would hit Pittsburgh especially hard because of the number of locks in the district.

Security. The Coast Guard has developed a TWIC (Transportation Worker Identification Card) which is being opposed by the waterway industry because it is felt to be unworkable.

Future Events. The Commission is hosting a delegation from China. Rep. Altmire will go on a river tour on April 6. The next SmartRivers Conference will be held in Louisville, KY.

### Agenda Item 3. J.— Marketing Director's Report

Press coverage: As indicated by the Executive Director, press coverage has been extensive and favorable. The Marketing Director arranged a short trip on a towboat for Mary Robb Jackson from KDKA on which a news feature was developed.

Recent events: The Commission co-hosted a breakfast with the Philadelphia Regional Port Authority on the day of the Traffic Club of Pittsburgh's annual dinner. Approximately 100 industry and transportation professionals attended. The Marketing Director also participated in Port Step, a tabletop exercise on security.

Future events: In addition to setting the agenda for the Chinese delegation, the Marketing Director will be working with the Council of Supply Chain Management on the College Challenge for logistics students.

Agenda Item 3. K.— Development Director’s Report

Warnaco. The Development Director reported that the land issue appears to have been addressed and that Warnaco is in possession of a new term sheet.

Wellington. Two potential investors for the project have been interviewed and seem to be satisfied with the financing.

Loans. The approved loan to Gulf Materials was closed and a second loan application from Castriota is being reviewed by the loan committee.

Ethanol Plant. The Lawrence County firm entering the ethanol industry has the support of the agriculture department and is currently looking for 80 acres on the river but in close proximity to a power plant.

Grants. An application was prepared for Fayette County for \$900,000 for a new vessel for the Fredricktown Ferry. The Development Director also helped with applications for the Stadium and Exhibition Authority for a landing at the Convention Center and for landings at Armstrong Cork, Lincoln Point and the Southside Works.

Agenda Item 3. L.— PennPORTS

Herb Packer reported that use of the first TWIC cards will be implemented at the Port of Wilmington, DE. He also reported that the Governor has allocated \$3 for a State Police Fusion Center from which security and emergency information will be disseminated to the Pennsylvania ports. The State Police will hire a maritime analyst.

Agenda Item 4. Other items.

Newly-elected Senator Casey has opened an office in the Regional Enterprise Tower that will be run by Jackie Erickson. She attended the meeting and indicated that she is available to talk to industry representatives and relay their concerns to Senator Casey.

With no further business coming before the Board, the meeting adjourned at 1:40 PM.

Respectfully submitted,

Gloria A. Ralston, Assistant Secretary  
Port of Pittsburgh Commission

\\board\min032307.doc