

Ohio Department of Development
Ohio Job Stimulus Plan

LOGISTICS AND DISTRIBUTION STIMULUS PROGRAM
APPLICATION
OF
COLUMBIANA COUNTY PORT AUTHORITY

DATE: December 30, 2008

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TAB A: CONTACT INFORMATION

Applicant Information

Name: Columbiana County Port Authority
SSN / FTI: REDACTED Ohio Tax ID: REDACTED
NAICS CODE: N/A
Address: 1250 St. George Street
City: East Liverpool State: Ohio
Zip Code: 43920-3471 Phone: 330-386-9051
Cell: 330-383-1605 Fax: 330-386-1122
Email: ccpa@ccpa-ohioriver.com
Applicant is a(n): Governmental Agency

Application Contact Information

Name: Tracy V. Drake, CEO
Address: 1250 St. George Street City: East Liverpool
State: Ohio Zip: 43920-3471
Phone: 330-386-9051 Cell: 330-383-1605
Fax: 330-386-1122 Email: ccpa@ccpa-ohioriver.com

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TAB B: COLLABORATION INFORMATION

- 1) Name of Organization: Ohio River Clean Fuels, LLC
- Contact Name & Title: Steve Dopuch, Vice President Business Development
- Address: 6080 Center Street
- City: Mentor State: Ohio
- Zip: 44060 Phone: 440-257-0054
- Fax: 440-368-2427 Email: sdopuch@baardenergy.com
- What is the collaborator's interest in the project: Will be site tenant / build plant
- The Collaborating entity is a(n): Registered Entity

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TAB C: APPLICANT BACKGROUND

The Columbiana County Port Authority ("CCPA") is an Ohio Port Authority created under state law in 1977. It represents Ohio's largest river port by tonnage moved (approximately 15 million tons) and is immediately adjacent to the ten county Port of Pittsburgh which handles approximately 60 million tons of cargo per year. Together the two systems rank as the 11th largest port in the US. Ohio is the sixth largest maritime state in the U.S. by tonnage moved. It is anticipated that the project entailed under this application will increase cargo tonnage moved through our port by nine million tons.

CCPA operates without local tax support. It has an operational budget of approximately Two Million Dollars per year and a construction budget that has averaged Six Million Dollars per yer over the last several years. CCPA owns a multi-state railroad (Youngstown & Southeastern), a 260-mile fiber optic network and controls approximately 1,000,000 sq. ft. of tech center/industrial/warehouse space under roof. It undertakes economic development initiatives in Columbiana County and supports/advises other port authorities and economic development organizations in surrounding counties and nationally. It provides project financing through tax exempt and taxable revenue bonds.

In 2002, CCPA started construction on the Wellsville Intermodal Facility. This seventy acre riverfront multimodal (truck, railroad and barge) facility is located on the Ohio River at Mile Post 49, across SR 7 from two thousand plus acres of mostly vacant former strip mine land (of which approximately 525 acres are the subject of this application, hereinafter the "Site"). Current tenants at the Intermodal Facility are Quality Liquid Feeds, which brings in molasses and other organic materials by water and rail for use in processing animal feeds; Buckeye Industrial Mining, which is developing a coal blending facility (low sulfur Wyoming with Ohio/W. Virginia coals); and, Astra Minerals, which secures minerals internationally for processing to meet Ohio's industrial needs.

In 2006, the CCPA optioned approximately 150 acres of the Site under initial plans to develop a logistics/distribution facility that would leverage the transportation advantages provided by the Intermodal Facility. If CCPA would have had this property available earlier it would have landed the Walmart Distribution Center that located (upon our recommendation) approximately 20 miles to the south on 100 acres in Wintersville, Jefferson County. Shortly after optioning the original Site acreage, CCPA moved forward to option an additional 375 acres to accommodate Baard Energy's proposed Ohio River Clean Fuels biomass and coal to liquid fuels plant.

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In October 2008, NASA Glenn utilized the Wellsville Intermodal Facility to transship Ares Rocket components built in Cleveland to Cape Kennedy by water. The ocean going vessel Delta Mariner docked at Wellsville after transiting up the Mississippi and Ohio Rivers. This vessel was too wide to transit the St. Lawrence Seaway. NASA chose the Intermodal facility because our 60-ton bridge crane is state of the art on the inland river system and uniquely situated to handle project cargo.

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TAB D-1: PROJECT INFORMATION

PROJECT DESCRIPTION:

The Wellsville Intermodal Facility has been under development for the past six years with the express purpose of attracting transportation logistics intensive industry to Ohio. This seventy-acre former Brownfield site was remediated under OEPA's VAP program. Due to scarcity of river front acreage, CCPA had identified over 2,000 acres of adjacent property across SR 7 for further development to take advantage of this rail, highway and river nexus point. The project entails acquisition of approximately 525 acres (the "Site") of this land for further development.

Part of this acreage had been identified by the Port Authority for the initial phase of development to attract distribution facilities. In 2007, Beard Energy asked the Port Authority to pursue additional acreage upon which Beard would locate a 53,000 barrel per day biomass and coal to liquid transportation fuel plant. With financial help from ODOD and Beard, the Port Authority has secured the Site thru options.

A wholly owned Beard subsidiary, Ohio River Clean Fuels, LLC, will construct the plant ("ORCF Plant") at a cost of approximately Six Billion Dollars. Attached as Exhibit A are aerial pictures and the ORCF Project Executive Summary. Construction of the plant is projected to take approximately five years and up to four thousand construction trade workers will be on the Site daily over that period.

Upon completion, the ORCF Plant will employ 450 full time workers at a projected average salary of Seventy Thousand Dollars per year. It is anticipated that additional support industries will locate near the ORCF Plant with the creation of 2,000 additional jobs. Ohio coal mining jobs are projected to be increased by 750. Attached as Exhibit B is the Team NEO economic impact analysis done on the Beard project.

Beard has expended approximately Six point Five Million Dollars on securing environmental permits for the project (engineering, salaries and services). The final permit was issued in November, which will allow construction to start. The Ohio Air Quality Development Authority has issued a Four Billion Dollar bond inducement to Beard for project financing. Beard is currently pursuing an initial equity infusion of One Hundred Million which it projects will be available in March 2009. This money will be used for procurement engineering (final determination of plant component costs in detail so that procurement bids can be placed). Site work will also begin in mid-2009. OAQDA bonds and Port Authority bonds will be pursued in late 2009 or early 2010.

The Air Force is pursuing legislation that will permit it to enter into a long-term procurement contract to acquire fuel produced by Beard. Long term, alternative take

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contracts are in place that will fully support repayment of bonds and equity stakeholders in the event the Air Force contract does not materialize. US DOE has created a new program to issue loan guarantees to alternative fuel producers. Beard is submitting an application for such a guarantee that would be issued in 2009.

Columbiana County is currently the northernmost Appalachian County in Ohio. It meets situationally distressed county standards. Unemployment levels now exceed seven percent.

PROJECT LOCATION:

Wellsville is located at the northernmost point of the Ohio River in the US with Gulf of Mexico access via the Mississippi (New Orleans) and Tennessee Tombigbee (Mobile). The Site is served by Norfolk Southern's dual mainline river tracks originating out of its Midwest hub approximately thirty miles away at the Conway Yard in Pittsburgh. The NS river track splits at a point one half mile south of the Site with one set of dual lines turning north to Cleveland, along the Site's Yellow Creek boundary edge and the other tracks continuing south along the Ohio River to the First Energy's Stratton plant and Amp Ohio's nuclear plant in Brilliant. The Site sits directly off four-lane SR 7 (dedicated interchange built by CCPA) and is 40 miles north and south respectively of I-70 and I-76/80. The northward highway access is by SR 11 (the Lake to River Highway), which connects to the Penny Docks on Lake Erie in Ashtabula. Attached are aerial pictures and other relevant geographic Site indicators.

The Site is located in the Cleveland to Pittsburgh Corridor. At approximately 8 Million people, this corridor is the 4th largest population market in the US. (Top 6 are – LA, NYC, Chicago, Cleve./Pitt, Phila/Balt/D.C. and Atlanta.) It is the only major population market that is located in the geographic center of 5 of the 6 largest population markets in the US. This central geographic location (including immediate proximity to Canada's major markets) coupled with our excellent transportation accessibility makes the area a natural logistics hub for North America.

PROJECT GOALS:

The immediate purpose of the project is to secure land that will advance transportation logistics in Ohio with the potential to create several hundred jobs and over Six Billion Dollars of private sector investment. The long-term strategy for the Site and the Wellsville Intermodal Facility is tied to federal policy as expressed in the previous transportation bills (TEA-21 and SAFETELU). The operative words in those Acts are

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“Transportation Efficiency”. As explained by House Transportation Committee Chairman Oberstar when he visited CCPA with then Congressman Strickland; it is the goal of federal transportation policy to maximize utilization of existing transportation assets by identifying nexus points where multiple modes of transportation come together so that efficiencies can be squeezed from each mode. At the Wellsville Intermodal Facility cargo can be delivered or picked up by rail or barge with last mile delivery by truck. For example, the standard barge tow on the Ohio River carries the freight equivalency of 870 trucks or 2.25 unit trains. Therefore, every barge tow that calls on the Intermodal Facility eliminates 870 long haul truck moves from the Nation’s highways at one third of the fuel usage and one tenth of the environmental impact.

Transportation Efficiency Act policy was determined after analysis and projections revealed that the approximately 6 billion tons of cargo that moved within the borders of the US in 2000 would increase to over 12 billion tons around the year 2015. Currently 70% of such cargo moves by truck, 16% by rail, 13% by water and 1% by air. US DOT projected that in order to maintain the same modal percentage movement, i.e. 70% by truck, the Interstate Highway System in the US would need to be increased from 44,000 miles to 96,000 miles. The Class 1 Railroads are moving to increase freight haul capacity but have already stated that they will be near full utilization around 2012. The inland river system – Ohio/Mississippi/Ten-Tom are operating around 30% of capacity and, as such, provide the greatest opportunity to add “efficiency” to the system.

Congestion at US costal ports is nearing a critical juncture and the inland ports (both river and Great Lakes) offer a reliever mechanism to transport international cargo by water to the nation’s interior. It is projected that one million more containers than current costal port capacity will be seeking to enter the US by 2010. Expansion of the Panama Canal is projected to be completed in 2012 and logistics planners anticipate that fully thirty percent of the cargo now calling at west coast US ports (approximately One Billion tons) will divert to Gulf of Mexico ports. This will provide an increased opportunity for cargo to move inland via New Orleans and Mobile to Ohio and the Wellsville Intermodal Facility at the other end of the “pipeline”.

With the current tenant mix, the Wellsville Intermodal Facility only has approximately thirty acres left. CCPA’s master plan is to retain this area for multiple user trans-shipment of cargo. Site acquisition positions the Port Authority for anticipated cargo growth. It should be noted that CCPA has obtained a Foreign Trade Zone Designation (#181) for the Facility.

Construction was recently completed on the riverside portion of the Intermodal Facility’s 60-ton bridge crane. The design of the crane is state of the art on the inland river system and can handle multiple cargos including containers. Container on barge, which is the primary methodology for cargo movement in Europe, is slowly being adopted in

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the US. Mobile has just finished construction of a 100,000 container capacity terminal at the mouth of the Ten-Tom. The Wellsville Intermodal Facility offers a strategically located inland destination for container cargo staged out of Mobile.

Acquisition of the Site is critical for advancing the above stated goals. River frontage is finite and the ability to acquire adjacent real estate to leverage the Intermodal Facility is key. There will be approximately fifteen hundred acres of land available for additional development around the Site. Acquisition of the Site in 2009 will be followed by site preparation. Initial site preparation for Baard would be basically the same as for a distribution center. Due to irregular topography, there will be cut and fill activity with terracing to achieve broad areas of level land for building construction or laydown area. Coal, biomass and other product storage will take place on the Site.

Access to the Intermodal Facility was a key factor in Baard's choice of the Site because it will provide a staging area for construction materials, modular plant components and ultimately raw material in and finished product out. It is expected that Intermodal Facility tenants, Buckeye Industrial Mining, will help in the trans-shipment of inbound coal and biomass and Astra Minerals will help with outbound off take sales and distribution of chemical and mineral by-products from the plant.

PROJECT SCHEDULE:

See Ohio River Clean Fuels Executive Summary attached as "Exhibit A".

ENVIRONMENTAL ISSUES:

All required environmental permits have been secured by Baard. See Exhibit A, Page 5, attached. The Site is basically an isolated area of former strip mine property.

ENVIRONMENTAL IMPACT:

Of the total Baard project cost, approximately sixty percent is based upon securing the best available technology to reduce the environmental impact of converting biomass and coal to liquid transportation fuels. Baard intends to capture over eighty percent of the CO₂ produced in the process (a first for coal facilities in the US) and to sequester and utilize it by injection into Northern Ohio oil fields to help recapture previously unreachable oil. From cradle to grave (mining to fuel combustion) the Baard process is projected to be forty percent cleaner for the environment than regularly refined oil.

AGRICULTURAL IMPACT:

No crop land will be impacted.