



Cincinnati Fountain Square



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KMK Leads Bank Consortium in Closing \$91 Million Credit Facilities for St. Louis Cardinals Ballpark

by **Tim Matthews**

KMK Consulting Company's parent, Keating, Muething & Klekamp law firm, recently represented a bank syndicate in the closing of \$91 million in revolving and term credit facilities for the St. Louis Cardinals. These credit facilities were part of a package of almost \$400 million created for the purpose of funding the construction of a new baseball stadium for the St. Louis Cardinals.

The new ballpark, scheduled to open in the spring of 2006, will be a baseball-only facility and one of the premier facilities in Major League Baseball. Located next to the Cardinals' current multi-use stadium, the new, \$346 million stadium will seat 49,000 with many seats close to the field and the food, beverage and entertainment amenities typical of new Major League Baseball stadiums.

KMK's work on the new ballpark financing involved almost every

type of financing used in a sophisticated public/private project of this magnitude. Part of the financing has public financing aspects. Critical to the structure was a \$45 million subordinated loan from an entity established by the County of St. Louis. The loan is backed by a municipal bond issue and is secured by a junior lien on the stadium. Additional public financing elements include a real estate tax abatement for the facility secured by the Cardinals, the sale of tax credits from the contribution of existing real estate where the new ballpark is to be constructed and the repeal of the sales tax on tickets which will become effective when the new ballpark opens. Private aspects of the financing include a \$200.5 million 144A bond offering guaranteed by AMBAC Assurance Company. The notes are secured by a lien on the stadium and the income stream from certain property dedicated to the project such as concession revenues and ticket sale revenue from certain premium seats. In order to enhance the credit, the

bonds were issued by a bankruptcy remote, special purpose subsidiary of the Cardinals.

The bank financing was arranged by The Provident Bank, as agent for the syndicate, and includes a revolving credit facility of \$50 million and two term loans totaling \$41 million. The term loans include an innovative structure backed by seat deposits to be made by season ticket holders in the new ballpark.

In addition to the baseball stadium, the project covers a site across from the stadium to be later developed as "Ballpark Village." A twelve-acre site adjacent to the stadium, Ballpark Village will be a mixture of 450,000 square feet of office space, about 25,000 square feet of restaurants and 11,000 square feet of shops and neighborhood services, 400 town homes and apartments, and specialty entertainment such as a world-class aquarium and a new, 120,000 square foot Cardinals

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The CEO Resource is a periodic hot sheet of resource information for our colleagues, Chief Executives and Senior Management in business and leadership.

Our focus is to help senior management and company owners accelerate their pathways, first to "success" and then to "making a difference" - a significant difference for their families, their stakeholders and their communities. *The CEO Resource* is a time sensitive tool directly responsive to this critical focus.

Entrepreneur of the Year Awards



KMK Consulting Company, and its parent company, Keating, Muething & Klekamp law firm, are once again a Major Regional Sponsor of the Southern Ohio/Kentucky Ernst & Young Entrepreneur of the Year Program. KMK has sponsored over 30 finalists and award winners since 1995.

This year's Program, to be held at the Northern KY Convention Center on June 24, 2004, will honor businesses from Cincinnati, Dayton, Northern Kentucky, and Louisville.

KMKC Expands Economic Development for St. Louis Following Parent Firm's Commercial Finance Group Success

KMK Consulting has been retained by the Greater St. Louis Regional Chamber and Growth Association (RCGA) to assist it in developing a new, five year strategic plan and investment program for its economic development division.

The RCGA directs a sixteen county regional economic development initiative that is currently called the Campaign for a Greater St. Louis, designed to sunset at the end of 2004. Through the last four years, this effort has produced over 50,000

direct and indirect, new and retained jobs with an annual economic impact of \$8.8 billion for the region.

Preparing for a new strategic plan to be implemented starting January 1, 2005, the

(cont. on p. 2)



Cincinnati's 3CDC Hires President

The Cincinnati Center City Development Corporation (3CDC) has hired Stephen Leeper as its first President & CEO. Prior to joining 3CDC, Steve was Executive Director of the Pittsburgh Sports and Exhibition Authority since 1998 where he was responsible for the development of their riverfront.

Specifically, the Sports and Exhibition Authority led the development and financing of: Heinz Field, the home of the NFL's Pittsburgh Steelers; PNC Park, the home of MLB's Pittsburgh Pirates; the David L. Lawrence Convention Center, a 330,000 sq. ft. meeting and exhibit facility certified as the first "green" convention center in the U.S. with features such as natural ventilation and light, water conservation and energy efficiency; and the North Shore Riverfront Park, a 1.5-mile-long waterfront park linking Pittsburgh's two sports stadiums.

Leeper was selected from a diverse group of over 50 candidates. He was chosen because of his proven track record of crafting and financing complex redevelopment projects, his vision for Cincinnati's future, his commitment to economic inclusion and diversity, as well as his commitment to the entire city, not just downtown.

The Selection Committee was led by some of

Cincinnati's premier business executives: Jim Zimmerman, Retired Chairman and CEO of Federated Department Stores; John Barrett, President & CEO of Western-Southern Life Insurance Company; Phil Cox, President & CEO of Cox Financial Corporation; James

Leeper is a native of Pittsburgh. He received a Bachelor's Degree in Political Science from Ohio University and a Master's Degree in City & Regional planning from The Ohio State University. He and his wife, Rae, have an 18-month-old daughter, Annie, and are expecting another child in June. ■



Orr, Chairman, President & CEO of Convergys, Inc.; Joe Pichler, Chairman of The Kroger Company; Janet Reid, President and Principal Partner of Global Lead Inc.; and Jack Rouse, President of Jack Rouse Associates.

KMKC was proud to assist the Selection Committee and to work in conjunction with Hamilton, Rabinovitz and Alschuler to recruit Steve to Cincinnati.

Janet Reid, said "Thank you (KMKC) so much for all that you did on the 3CDC search! It is a real pleasure working with you. Your level of professionalism and experience are outstanding! I know that we will work on things together in the future and I look forward to that."

St. Louis Regional Chamber & Growth Association (cont.)

RCGA is faced with a combination of new leadership and the call for a new level of leadership involvement in recruiting, along with a series of challenges and opportunities ranging from exciting new assets such as the new Cardinals Stadium and an ever improving Plant and Life Science Cluster, to the loss of its American Airlines hub at Lambert Airport.



Although St. Louis remains a solid headquarters town with great neighborhoods and increasing engagement by young professionals, it previously cut back its global marketing while the economy was in a

recession and deal flow was soft. With the strong CEO leadership that St. Louis continues to foster, it is more than likely we will witness a resurgence of sales and marketing efforts for attracting business along with a revitalized Lambert Airport. St. Louis is a market with lots of pride and lots of determination.

Like St. Louis, economic development organizations gain respect and legitimacy, not lose it, by dealing with the fallout of the recession in a straightforward and aggressive manner. Similarly, when faced with infrastructure challenges seemingly out of their control, organizations such as the RCGA play a major role driving a solution agenda for the region.

Much work remains to be done in St. Louis. The leadership understands its commitment to economic development and the value of the region's abundant assets that make it attractive to a wide range of businesses. This will be the recipe for a successful new five year initiative. ■



Public/Private Partnerships - Build on Principles of Success

by Bob Jennings

As a young professional, I had the opportunity to see the inner workings of public/private partnership transactions in my work on the 1982 World's Fair in Knoxville, Tennessee. Clearly a watershed for the city and the state, the Fair resulted in long lasting partnerships and successes for some and financial disaster for others. In many ways it showed me a whole new way cities could use the power of collaboration to create long-term value for the community and opportunities for its business "partners."

Having worked on both sides of these deals, it is clear that many misperceptions about their promise and perils exists in the marketplace. Many folks go into a public/private endeavor with high hopes and expectations, but without a clear idea of how the deals will come out the other end of the process. As Yogi Berra observed, "The future ain't what it used to be." Spend your time planning these deals and your approach very carefully, and you will reap the rewards at the end of the process.

If you are poised on the starting line for a public/private partnership deal, here are a couple of ways to make the deal work for both parties:

PICK YOUR PARTNER WISELY

One of the keys to a successful transaction is finding the right party to partner with on the deal. Not every partner is right for your deal. Even the seemingly right partner may not have the capacity or experience to do this deal on these facts and circumstances. This formula works for both public and private entities. One simple but very effective technique is to **check references** and the history of business dealings of the potential partner. Ask the embarrassing questions. Ask the "next" question to their response that this company was "fine." "Did they really perform on time, on budget? What was right or wrong with the project and process?" Conversely, find out who has worked with this public entity. "Were they easy to work with? Did they really dedicate a staff member to provide the political and administrative support needed? Did you get paid on time or did things get ugly when it was time to pay you for your hard work?" Very often, spending the extra time to get to know the dynamic of the other party and its inner workings will allow you to "see the future"

of this relationship and the chances of success.

PLAN AHEAD

Know that to make such a deal work, it takes a tremendous amount of work up-front. In a major public private partnership deal, you will need to build **6-12 months** into the initial planning of the deal. Those months can ultimately save you 18 months to 2 years on the back end of the deal. Too many times in our politically charged environment, proceeding quickly is perceived as the best course of action. In truth, doing the advance planning with your advisory team you've selected from the start is the most productive course of action. Bold projects pronounced with bold political proclamations need to be grounded in a planning base of reality. These deals can result in brain damage for everyone if you don't.

PROVIDE REALISTIC EXPECTATIONS

This principle should be your north star. When all is said and done, the successful deals flow from this principle. Look back at any time during the planning or implementation of the venture and you will see if the expectations are aligned with reality. Don't expect a private entity to do your impossible deal (even if you put out a Request for Proposals) with no realistic upside for them. Conversely, don't expect the government to solve all of your problems and make a dumb deal fly. *If it is too good to be true...Save time and money and a lot of brain cells and take a holistic approach.* One effective method to do this is to **put the expectations in writing** and to do the budget early in the process. Agree on the numbers and how you will adjust the numbers to adapt to the foreseeable potential change factors—weather, materials shortages, political hurdles and rising costs.

PROTECT YOUR INVESTMENT

This means preserve your investment of capital—both in terms of time and people and of money. Produce a tight budget, put in some contingency funding, and keep a close eye on the way that capital is spent. If you have others doing the work, make sure you are spending your side's time wisely. Bring your respective talents and resources to the deal and then make it work. Don't backslide and whine about the deal. Keep your **professionals and staff focused on the deal**, getting it done on time and on budget. Stick to your guns and to your word. Put the amount of effort and resources needed to make a successful project. No more and no less. But remember some deals simply

do not work as you planned them. You both will need an exit strategy in the planning stage. Saving face, saving both sides time and money by providing a contract "out" at the end of the predevelopment stage of the project will work well for both parties.

PROMOTE PARTICIPATION

Involve others in making your project work. Having the buy-in from other departments, local officials, business leaders and the media will make this work much more smoothly. Particularly with the media, even if they are not fully on board, get them, at the very least, to state your position from your vantage point. Private partners must involve their advisors and team members early on to keep this project on track. This includes your funding sources and other constituents as well. **Create a working group (project team) ab initio.** Most importantly, follow the age old adage...Keep your friends close (political allies as well) and your enemies even closer.

LEVERAGE THE POWER OF PROFESSIONALS

Hire professionals to do your public/private partnership projects. Learn from their experience or you will be destined to make the mistakes your colleagues did—again. Then, once you have hired professionals, let them do their job without micromanaging them or the process (preserve your capital). Having said that, make sure that you have reporting and cost controls in place so that you are not surprised on down the line. Your project and reputation are at stake.

As you follow these guidelines keep your eye on the prize. A successful public/private partnership is a most rewarding venture. It allows the private party to tap into the powerful public resources in a logical, sanctioned fashion and allows the public entity very often to save both time and money (and keep its powder dry for the next battle). Remember *if it is too good to be true...it just might be* because you both followed these powerful principles. ■



Congratulations *netTrekker*!

KMKC client, *netTrekker*, the trusted search engine for schools, was honored by *Technology & Learning* magazine, the leading publication in the technology education market, as one of the top three winners in their 2003 Awards of Excellence competition, along with *iLife for the Classroom* by Apple Computer, Inc. and *Ready, Set, Leap!* by LeapFrog SchoolHouse. Now in its 22nd year, the Awards of Excellence program recognizes achievement and innovation in education technology, and is one of the few award programs where educators serve as judges.

netTrekker has been named a finalist in the Best Secondary Instructional Solution category in the 2004 Codie Awards competition, from among 800 entries. The winners will be announced on May 18, 2004. Last year, *netTrekker* was a Codie Award winner, taking top honors in the Best Elementary Instructional Solution category.



in this industry and provides a unique opportunity for companies to vie for the praise of their competitors.

The Codie Awards, a national competition sponsored by the Software & Information Industry Association (SIIA), is the only peer-recognition awards program of its kind

For more information about *netTrekker*, visit them online at www.netTrekker.com. ■

KMKC Spreads Its Impact in Florida

KMK Consulting recently began an engagement with the Economic Development Commission of Florida's Space Coast (EDC) to direct a leadership assessment process and to provide strategic advice regarding finalizing the structure, governance and programs of the EDC's new multi-year economic development program for Brevard County, Florida. Brevard County is home to approximately 500,000 people residing in 15 municipalities and unincorporated areas.



ECONOMIC DEVELOPMENT COMMISSION
Of Florida's Space Coast

new five year program will be rolled out with its new fiscal year beginning October 1, 2004. ■

Among other issues, KMKC is analyzing the effectiveness of its public/private investment ratio. The EDC currently has one of the larger public to private ratios in Florida. The

Spotlight on KMKC Client— Delta Air Lines, Inc.

According to calendar year 2003 data, Delta Air Lines, Inc., a client of KMK Consulting, is the second-largest airline in terms of passengers carried and the third largest in terms of operating revenues and revenue passengers flown. The airline provides service to 206 domestic cities in 47 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, as well as 48 cities in 32 countries. With its domestic and international codeshare partners, Delta's route network covers 264 domestic cities in 47 states, and 230 cities in 84 countries. Delta's hub airports are in Atlanta, Dallas/Fort Worth, Salt Lake City, and Cincinnati.



As we have witnessed in St. Louis, having an

airline's hub at your regional airport is a significant economic development asset. This truth is clearly evident in Greater Cincinnati. The Cincinnati/Northern Kentucky International Airport has a total economic impact of \$3.9 billion annually. Airport construction projects are expected to generate nearly \$1 billion for the local economy over the next 12 years. In addition to this growth, the impact from tourism and airport-related spending is projected to reach \$6.5 billion a year by 2011 and the number of direct and indirect jobs is expected to reach 114,500.

local households in wages and salaries, and a total of 39,204 local jobs are created or sustained due to Delta's regional activities. ■

According to the most recently published economic impact analysis by the University of Cincinnati Center for Economic Education, Delta's activities have a total economic impact of \$2.9 billion. Of this figure, approximately \$1.1 billion enters



Restructuring Economic Development in Clermont County, Ohio

For the last several months, members of the Clermont County, Ohio business community have discussed the future of economic development, particularly business attraction, in the county and what organization or organizations should be responsible for taking the lead in attracting new companies to the area. KMK Consulting was retained to guide the group as it considered a number of organizational models.

The Clermont Chamber of Commerce currently fulfills the start-up, business retention, and business expansion functions of economic development along with other traditional chamber of commerce activities like membership services and advocacy. There has been consensus among both the private and public sectors that these elements have been performed well by the Clermont Chamber, and they should remain housed there.

While the Chamber is currently charged with business attraction for the county, some have questioned whether this should remain part of the organization's mission. The objective of our KMKC guided group was to develop a structure where business attraction was a priority in Clermont County- regardless of whether it stayed with the Chamber or was provided by another organization.

One of the first exercises that this group performed was a statement of key principles for Clermont County's economic development system:

1. Clermont County, one of Ohio's fastest growing counties for more than 15 years, should be viewed as the number one place to do business in the Greater Cincinnati area.
2. Leadership is key- the person leading the economic development attraction efforts must be a peer with anyone interested in

locating in Clermont County.

3. Public/private partnership is the key to success- the business community leaders and government must work together to ensure a successful economic development attraction effort. A strong alliance must be forged with clear goals and objectives.
4. The business community should lead the economic development attraction efforts. More times than not, private-sector businesses and their decision makers are more responsive to marketing overtures from a private-sector organization, than from a governmental agency. The business community would act as the sales and marketing arm of the team.
5. The County is a valuable partner in the economic development attraction effort. Its resources, powers and capabilities are critical to success. The County, through its Community Improvement Corporation would deliver the inventory-land, tax incentives, infrastructure, abatements, etc. for the team
6. Clermont County should maintain its involvement in regional economic development marketing activities led by the Cincinnati Partnership USA. The local resources available are not sufficient enough to make a significant impact if the County does it alone.
7. The business community must increase its involvement - in time, money, and personal involvement.
8. There must be clear goals and objectives which allow for greater accountability. All partners must be assured that their investment is being put to good use.

KMKC analyzed a number of different structures, and determined that the best structure was one where the four key elements of economic development- business



creation, retention, expansion, and attraction- remained within the Chamber of Commerce. However, the Chamber as it exists today would need to be restructured so that it would have an increased focus on economic development attraction.

The new, restructured Chamber will be led by an experienced Chief Executive Officer whose primary focus is on business attraction. His or her performance will be evaluated primarily on the success of the economic development attraction program. The search for a CEO is underway.

The CEO will report to a 15-member Board of Directors to be comprised of high-level private and public-sector leaders. Members of the Board will be expected to make a significant commitment of time and money to the Chamber's efforts and will be held accountable for achieving a comprehensive and successful business attraction program.

While the process of reinventing a community's economic development system is often challenging, it is important to maintain a strong collaborative approach between the public and private sectors. Leadership from elected officials and members of the business community must work together to provide an "open for business" environment. The economic development story in Clermont County continues to unfold. For additional information, please contact Chip Gerhardt at 513-579-6548. ■

Cardinals Ballpark (cont.)

Hall of Fame. Ballpark Village will be implemented over several years and a number of development phases. Together, the stadium and Ballpark Village represent a \$646 million public/private development in downtown St. Louis.

In addition to the public and private financing elements, the Cardinals will contribute \$138

million to the cost of the stadium, with the rest of the financing coming from the State of Missouri, St. Louis County, and the City of St. Louis: the city will pay no more than \$4.2 million per year for 30 years beginning in 2005; Missouri will pay a maximum of \$7 million per year during the same timeframe; and St. Louis County will pay a graduated sum starting at \$2 million in 2003 over 30

years with the amount increasing by 3% each year.

All aspects of the syndicated bank facilities were handled by KMK's Commercial Finance and Reorganization Practice Group. For more information, please call Tim Matthews at 513-579-6591. ■



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KMKC Update

Bob Jennings has joined KMK Consulting Company as Vice President. He has also become Of Counsel to the law firm of Keating, Muething & Klekamp, PLL, the Consulting Company’s parent, to practice in the areas of real estate and business representation and transactions. His career has focused on providing public and private entities with advice and counsel on a wide range of transactions. He has worked on highly sophisticated debt financing and real estate transactions in over 25 states for public, public/private partnerships and competitive commercial and industrial real estate projects.

“Bob is not only incredibly bright, hard working and creative, but also a man of outstanding character and vast leadership skills,” said James J. McGraw, Jr., President and Chief Executive Officer of KMK Consulting Company. “Bob’s many talents and his real estate development and financing expertise is a significant addition to KMK Consulting Company, and in particular to enhancing our capacity to serve the needs of our clients, their organizations and their communities across the country.”

Chip Gerhardt, Vice President and Head of KMK Consulting’s Government Affairs group, has been admitted to the Honorable Order of Kentucky Colonels. The Governor of the Commonwealth of Kentucky appoints colonels in recognition of a deed or service that merits acknowledgment.

Relative to the qualities considered to become a Kentucky Colonel, one Kentucky Governor wrote, “The name Kentucky

Colonel has become synonymous with strength of character, leadership and dedication to the welfare of others. Just as Isaac Shelby declared his trusted militia members to be his Kentucky Colonels, I see in you those things that place others above self.”

Jim McGraw, President and CEO of KMK Consulting, was named one of Ohio’s Super Lawyers for 2004. Jim is also a partner with KMKC’s parent company, Keating, Muething & Klekamp law firm. Twenty-four attorneys from KMK made this year’s Super Lawyers list. This represents almost a quarter of KMK’s lawyers.

Ohio Super Lawyers is a highly selective recognition of outstanding lawyers in more than 50 areas of practice. The selection process involved over 33,000 ballots sent to attorneys across Ohio. These “Super Lawyers” represent the top 5% of all attorneys in the state of Ohio and is comprised of attorneys in private practice, prosecutors, in-house counsel, and public service lawyers.

Bob Jennings, Vice President of KMKC, will be a keynote speaker at the American Public Power Association’s (APPA) Economic Development Workshop on July 27, 2004 at the Renaissance Cleveland Hotel. Bob’s presentation will be “Matching Incentives with the Current Economic Development Climate.” ■