



Cincinnati Fountain Square

# KMK Consulting Company LLC

## THE CEO RESOURCE

Winter 2010

### The CEO's Role in the Journey for Economic Development Prosperity

James J. McGraw, Jr.

**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.**

**Congratulations to our client, The Charleston Regional Development Alliance for its leadership in recruiting The Boeing Company's 787 Dreamliner assembly plant, named 2009 Deal of The Year by Business Facilities magazine. Incredible win for North Charleston and for South Carolina.**

Indeed, most CEOs have lived through increased pressure the past two years dealing with several "bet the company" issues related to the recession, the construction freeze and the financial sector melt down.

Some have performed in outstanding fashion while others have not survived in their jobs.

In the midst of this controlled, and uncontrolled, chaos, the communities in which these men and women run their companies continued to face increasing economic development challenges ranging from massive job losses, to public sector budget crises, to corporate headquarter losses, to massive air service cutbacks, to the drying up of deal flow opportunities and more.

At the intersection of these sobering and in many cases, unprecedented circumstances, is the fundamental truth that belies any sustainable community and any effective economic development initiative: business CEO leadership is the inescapable foundation of economic development competitiveness and success.

In point of fact, the need for CEO leadership to underpin and sustain economic development organizations and economic development initiatives has never been greater. In the midst of communities mapping out new regional economic development blueprints for future job growth, implementing new CEO sales focused business development programs, driving new policies for 21<sup>st</sup> century infrastructure, or leading a new regional brand initiative for a new downtown redevelopment corporation, we are experiencing, in all the markets in which we work across the country, CEOs stepping up like never before to proactively embrace the notion that with their "corner office" goes a responsibility to lead their communities' economic development agendas.

Let me repeat. Being a corporate CEO inherently requires that he or she embrace their local economic development organization with their personal involvement and financial support over a timeframe of years, not months.

The dedication we see across the United States to this principle is remarkable and encouraging both for the community competitiveness it provides as well as for the concept of the breadth and depth of what CEO leadership means in our society.

Let me offer one quick example:

I want to share with you an experience of mine seven years ago in my own town of Cincinnati. We were dissatisfied with downtown redevelopment, at that time almost exclusively a public sector delivery system. Through a process convened by the Mayor and the City Manager, a special task force produced a series of recommendations one of which was to create a private sector catalytic development corporation. We knew that the board needed to be heavily loaded with downtown senior business executives and we knew that to make it work we had to engage the top business executive in town as the Chair of this new entity. At first, no one thought it was possible to recruit this gentleman as he often traveled to his various facilities and customers around the world. But he did agree and after walking the streets of downtown, including our most dangerous neighborhood, he convened the first board meeting which I was fortunate to attend. He started by thanking the 20 men and women for coming and the business leaders for putting up a million and a half dollars to start this new enterprise. But then he said "I am not going to Chair this organization for just this year, but rather I am going to Chair it for as long as I am the CEO of my company. Also I want to tell you ladies and gentlemen that this a ten year journey and if you are not prepared to



# Look What's Ripe for Traditional Real Estate Capital

Dale McGirr

Student housing in higher education is a funny business, which has until recently rejected the need for private capital to fund investment needs both on and near campus.

What a difference the last 18 months has made!

In the last eight years of my nearly three decades as the CFO of the University of Cincinnati ending in 2006, seven non-profit community development corporations were formed with community and business associations to complete a variety of neighborhood redevelopment projects. And the student housing components of those projects were all financed by tax-exempt "private activity bonds" authorized by Congress to be used for student housing by private, non-profit entities formed to support accredited higher education institutions. But the flow of this kind of financing has been virtually cut off in the last 18 months by two events: 1) the reticence of higher education institutions to "pass through" their own balance sheet and credit rating to an off campus project (even on they very much want to succeed) by signing a Master Lease for the units; and 2) the collapse of both the Bond Insurance market and the bank Letter of Credit market used to make the private activity bonds of single-project entities investment grade debt.

So, what is the capital structure for student housing projects in the Shadow Campus now and in the foreseeable future in the "new normal" environment of 2010? It is **traditional real estate investment capital** (both equity and debt) that is looking for high quality investments with strong demographic characteristics and a long lifecycle of investment return. **Off campus student housing has reached the top of the competitive list of strong alternatives for large-scale real estate investors.** That is pension funds, life insurance companies, endowments, trusts, and high net worth individuals on the equity side. And it is the nation's banks on the commercial lending side.

Yes, off campus student housing!

Look at it in the traditional way real estate alternatives are evaluated regarding demographics, demand, supply competition, micro-market trends, and other risk factors:

1. Strong demand factor for units by strong student

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## A "Next Generation Research Park" for Nebraska

Steven A. Spaulding

KMK Consulting ended 2009 by completing an engagement with the University of Nebraska-Lincoln (UNL) that will allow the University, the community and the State of Nebraska to pursue their shared vision for a new in-town research park.

The goals for the *Nebraska Innovation Campus* are strongly economic development-focused: using the research strengths of the University to create companies based on faculty research discoveries, as well as to leverage UNL research and facility assets (such as core laboratories and computing capabilities) to attract companies that want to partner with the University and to be part of a growing technology cluster. At its core, the research park initiative also represents a "talent attraction and retention strategy", designed to generate a strong ROI to the State of Nebraska from its development of human capital through the University of Nebraska System.

University of Nebraska President James B. Milliken said the vision for the development project is exciting, and its potential impact historic: "There is no more important time for Nebraska to be thinking big about how to leverage the significant strengths of the University for future success in the innovation economy. The Innovation Campus is a bold step forward...."

To help UNL fulfill its vision, KMK Consulting – working in tandem with a national team of real estate developers, economic analysts, campus design professionals, and research park practitioners – helped create a ***Business Development Strategy*** for the Nebraska Innovation Campus that is pragmatic and

implementable, while positioning the new development to be nationally competitive in an exciting, aspirational way.

With a branding theme of "*Food, Fuel and Water*", the business strategy and a companion physical master plan were adopted by UNL's Board of Regents in late November and presented to the Nebraska Legislature December 1, 2009. Under a state law passed in 2008, acceptance of these studies cleared the way for transferring ownership of the 250-acre State Fair Park site to the University for development of the Nebraska Innovation Campus. The Nebraska State Fair will move to a new location in Grand Island, NE.

The *Business Development Strategy* recommends a 25-year phased approach that will result in the build-out of some 2 million square feet of space for research and technology commercialization activities. The site will include a technology incubator and conference facilities, supporting retail and open space to preserve waterways and accommodate recreational uses. Phase I of the development is estimated to require an investment of \$214 million, while at full build-out the project is estimated to generate an annual new payroll to the local and state economy of \$267 million. The combined investments and job creation will generate significant new income, sales and property taxes, as well as spur revitalization of older neighborhoods immediately surrounding the site.

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## Student Housing

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- enrollment trends (its easy to spot the strong institutions with good trending)
2. Lack of on campus competition for expanded student housing units (lack of land or lack of new capital)
3. Increasing problems with the current off campus housing stock's quality and viability after 50 years of wear and tear and little long-term reinvestment
4. Ability to locate closer to the campus boundary in multi-story developments than dispersed neighborhood housing locations (land opportunities can often be found in these campus edges)
5. General trend towards a "freshman only" on-campus residency rule at large institutions, leaving upper classmen and graduate students to the near campus market
6. Low risk that the "magnet organization" will move and take its student housing demand elsewhere (not true of many types of corporate workforce housing)
7. Growing preference for apartment-style housing that feels like their home experience prior to college
8. Stunning increase in preference for single person units and a willingness to pay the premium rents that go with those units
9. Parental preference for higher quality student housing versus 8-10 residents in an old, single-family home (includes crime and fire safety, privacy and social space advantages)
10. Built-in "co-signer" structure with parents assisting students with their housing needs, including students within a feasible commuting distance that prefer to live near campus
11. Incentives for city and institutional cooperation/support to improve the quantity of higher quality student housing, the quantity of workforce rental housing, the quantity of owner occupied housing, and the overall

- quality of community life
12. Higher renewal rate over degree completion years than average length of employment period for young workforce members
13. The "business model" for this kind of campus edge development student housing can be repeated in literally hundreds of campus locations around the country, which is both efficient and provides a built-in diversification opportunity by being able to invest across many different markets and institutions

The Shadow Campus student housing investment also provides three ways for the equity investor to generate earnings:

1. Development fee for planning, financing and delivering the project via a shared interest with developer;
2. Property management fee via a shared interest in management company
3. Project ownership including current earnings and capital gain when capturing value via an exit sale

So, after having been shut out of the off campus student housing market for decades, the large-scale private real estate investor is now the primary solution to a growing market need driven by both expanding participation in higher education and a rapid decline in both the supply of and the preference for the kind of student housing that has been the only source for approximately 40% of total student enrollment in the last 50 years.

The meltdown of the capital markets in the last 18 months has been like a "clarifying lens" that has allowed what was already a mounting trend towards private investment capital flowing towards the Shadow Campus and funding student housing/mixed-use developments to be seen in a new light. When other alternatives are eliminated, especially time-honored ones that should already lose to the private investment market alternative on an objective evaluation, it

tends to break old habits and allow a more dispassionate look at a new approach.

Just within the last month, at a national seminar on public private partnerships for delivering higher education projects, both I and another speaker indicated that our method of attacking the student housing quality and location near campus during the late 90's and up until 2005 was now not available for new projects. In the alternative, the investment model using traditional real estate debt/equity investment models and sources was now the best way to proceed. The approach is still a "triple-win" model via a collaborative process involving the investor/developer, the city/neighborhood, and the higher education institution. But the source of capital to execute the common project vision that results from this collaboration is now radically different. Private capital financing for many of these types of student housing projects was completed in 2009, demonstrating that this kind of campus micro-market has the strengths that allow projects to proceed when other types of speculative real estate projects are put on hold.

After decades of being viewed as the type of district least worthy of investment from traditional real estate capital sources, those sources should now be viewed as the way forward to create strong projects in a strong micro-market that desperately needs its participation. And it seems like it is a solid deal for the investors too!

Andrew Cuomo, in his review of the book "Suburban Nation" ten years ago, said: "The city of the future turns out to be the old neighborhood." Perhaps a corollary comment that we are just discovering is: "The investment of the future turns out to be student housing near universities in the old neighborhood."

Dale is a member of GBBN Architects and is an affiliated senior consultant to KMK Consulting.

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# FIN 48 and State Taxes – Turning Lemons into Lemonade

Curtis Ruppal and Julie Corrigan

The hot topic for public and private companies for the past few years has been the adoption of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). Many discussions have centered on the challenge and time commitment necessary to satisfy the FIN 48 requirements and the costs of getting the job done. It's difficult enough to interpret all the rules and regulations that govern income taxes when filing tax returns; FIN 48 takes it to the next level.

What we haven't heard much about, however, are benefits that may come from the FIN 48 efforts. Let's revisit FIN 48 and see how we can turn lemons into lemonade for your company.

## FIN 48 Revisited

All companies issuing financial statements under Generally Accepted Accounting Principles must meet the requirement under FIN 48 for all income-based taxes, including federal, international, state, and local taxes. FIN 48 deals with "uncertainty" in income taxes. Before FIN 48, uncertain tax positions were treated as contingent liabilities and applied a probable standard. Companies could consider detention risk and only record a tax liability when it was "probable" that they would be examined by a tax authority.

Under FIN 48, detection risk can no longer be considered. Companies must assume that they will be audited and that taxing authorities will have all the necessary facts available to evaluate all tax positions. Documentation to support tax filing positions is a must—especially if you've taken any "aggressive" tax positions—but even routine positions need to be considered.

## Turning Lemons into Lemonade

Yes, satisfying the FIN 48 requirements can be time consuming and grueling and has caused much anxiety for accounting and tax departments. In addition, it's "more likely than not" that the company

will incur additional costs from outside auditors and tax advisors. To get the most of out of FIN 48 compliance, however, it may only be a matter of accentuating the positive.

## Lemon – Nexus and Failure to File

The failure to file in each state (and local) jurisdiction that a company has taxable presence, known as nexus, is the most common state tax position subject FIN 48 review. Not filing a tax return in state or city where the company has nexus is an uncertain tax position that can quickly become material. Further, state tax agencies are more aggressive than ever in efforts to discover non-filing taxpayers and, if discovered by the state, the time period in which taxes may be assessed begins from the initial date of business activities in the state. This could result in many years of tax assessments, plus related interest and penalties.

## Lemonade – Voluntary Disclosure and Amnesty

An available solution to failing to file is state voluntary disclosure programs. These programs involve a contractual voluntary disclosure agreement (VDA) with the state tax agency in a jurisdiction where there's nexus. The VDA will bring the company into full tax compliance and significantly reduce the tax liability by limiting the look-back periods of tax returns to be filed while abating penalties and sometimes interest. Upon entering into the VDA, nexus and failure to file would no longer be a FIN 48 "uncertain tax position" requiring disclosure or the booking of a reserve. As an alternative to a VDA, consider amnesty programs being offered in the states.

## Lemon – Changing Tax Laws and Regulations

The continuous demands of operating a business, especially in weak economic times, often result in a diminished focus on tax planning. Add to the mix constantly changing tax laws and regulations across all 50 states and the District of Columbia,

you have a perfect recipe for missed state and local tax reduction opportunities.

## Lemonade – State Tax Reduction Review

Identification of uncertain state tax positions most times includes a review of previously filed tax returns and supporting work papers. A balanced approach to such a review includes maintaining an awareness of and an intentional focus on tax reduction opportunities that may have slipped by due to unknown changes in tax laws and regulations, or simply due to lack of attention during the original return preparation. Combining a state tax reduction review with a FIN 48 evaluation can lead to the discovery of missed tax deductions or an applicable tax credit not claimed. Additionally, a tax law or administrative change may have been overlooked which, if considered, could provide a refund opportunity based on the filing method or favorable apportionment items.

## Lemon – FIN 48 Documentation Requirements

Analyzing tax positions in compliance with the FIN 48 recognition and measurement standards requires documentation at a level that many companies never previously employed, or possibly never fathomed. In some cases, it involves documenting or proving that a tax position is immaterial to the financial statements.

## Lemonade – Audit Preparedness, Best Practices

Preparation of FIN 48 documentation may reduce future tax audit anxiety. It certainly would be nice when a tax return is selected for audit to have all the documentation in place to support the return. Potential audit adjustments would be known. Material exposures would have been previously reserved for, thereby avoiding a future unexpected hit to the financial statements and possible corresponding negative impact to stock

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# 3CDC: Paving the Path to Cincinnati's Future

Bradford Meacham

If you have enjoyed a summer movie, taken in a football game, or gone ice skating with your loved ones in the still relatively new renovated Fountain Square downtown, then you know firsthand the Cincinnati Center City Development Corporation's (3CDC) significance to the future of the community and the economy in Cincinnati.

The Cincinnati Center City Development Corporation, locally known as "3CDC" was founded in 2003 as a private, non-profit organization with the purpose of revitalizing Cincinnati's core. Its projects focus on providing attractive civic spaces, creating mixed use developments, preserving historic structures, and creating diverse, mixed-income neighborhoods that can be supported by local businesses. Depending on the project, 3CDC has functioned as either a developer, a lender, or both.

Since 2003, 3CDC has invested roughly \$170 million in 21 development and redevelopment projects in downtown Cincinnati and the Over-the-Rhine area. In addition to Fountain Square, some of 3CDC's projects include:

- The Belmain. Located at 1202 Main Street, the Belmain is a LEED certified "green" apartment complex in the Over-the-Rhine area. It features 16 one bedroom, one bathroom lofts, access to a dedicated parking spot, and an indoor community bicycle room.
- Bootsy's. Located at 631 Walnut Street, Bootsy's is the chic result of a collaboration between musician Bootsy Collins and restaurateur Jeff Ruby. Among Bootsy's features are an extensive tapas menu an exhibition kitchen, and a sushi bar.
- Duvenack Flats. Located at 1214-1220 Vine Street, Duvenack Flats are a mixed-use development that includes 15 loft-style condominiums and

more than 7,500 square feet of street level commercial space. Features of the condominiums include brick and finished walls, two-sided fireplaces, granite countertops, and the ability to be converted into two-bedroom units. Half of the commercial space is currently used by a furniture store.

- The Righteous Room. Located at 641 Walnut St., this mixed-use space contains three condominiums and a 2,025 square feet, street level bar called The Righteous Room.

To date, 3CDC's projects have made a tremendous impact on downtown Cincinnati's and Over-the-Rhine's communities. The renovations to Fountain Square have spurred roughly \$125 million in new investment in that area. Over-the-Rhine's commercial district, after years of stagnation or deterioration, is beginning to grow once again. Finally, and perhaps most impressively, crime has fallen 37% in the South Liberty area of Over-the-Rhine thanks to 3CDC projects like the Lackman Lofts.

3CDC was one of several initiatives that resulted from KMK Consulting Company's ("KMKC") leadership in performing a comprehensive economic development study for Cincinnati. In the Spring of 2002, the Cincinnati City Council passed a resolution that directed the City Manager to form a task force comprised of private sector leaders and other leaders appointed by the Mayor to reform economic development in Cincinnati.

The task force retained KMKC shortly thereafter to provide strategic consulting and facilitation services. KMKC performed studies to evaluate Cincinnati's economic development operation at the time. It also analyzed other Cincinnati delivery structures, comparing them to the best practices of other comparable cities across the

country.

In total, KMKC assisted the task force in analyzing and re-engineering Cincinnati's regulations that impacted the economic development process within the City, recommending business incentives dedicated to attracting more businesses to Cincinnati, and reforming Cincinnati's economic development delivery system. This involved interviewing stakeholders along with the directors of Cincinnati's city departments involved with economic development, as well as empirical analysis based on studies of Cincinnati's economic development environment and that of competitive markets.

This work produced a list of recommendations that paved the way for 3CDC to be formed, and the success that 3CDC has enjoyed since its inception. Most notable of these are:

- The identification of several places within the processes for acquiring various types of building permits that should be streamlined in order to provide a more efficient building process.
- The affirmation that Cincinnati's eleven (at the time) tax increment financing ("TIF") districts were very important to the city's future development, and the recommendation that Cincinnati use TIF funds as a bonding source in order to attract, retain, and help expand economic development in the city.
- The recommendation that Cincinnati redesign its website to be more user-friendly and more business friendly. Among other items, it was recommended that Cincinnati include a mission statement, city demographic information, and information listing reasons why companies should expand,

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# Public Policy – The Expanding Role of Economic Development Corporations

Over the past ten years or so economic development corporations have been infrequently expanding their charters to encompass public policy as a central strategy in their work plans.

As more EDCs consider a role in economic development policy at the state and federal levels, there are some very good success examples worth studying.

First, however, evaluate carefully the public policy delivery system and the recent track record by those historically responsible such as the local or regional chamber of commerce. Many of these chambers of commerce have performed extremely well and have a structural perspective that should not be changed. Nevertheless, in some markets, it is becoming much more appropriate for economic development corporations to take on some or all of the policy agenda.

In the regions where economic development focused policy is not adequately addressed, we are experiencing EDCs looking much more closely at expanding their own charter. In part, this is the result of regions growing in footprint as the mega region concept takes better hold in various parts of the United States.

The policy scope generally embraced by EDCs include regional transportation and infrastructure, incentives, housing and education.

We have been honored to work with some terrific policy focused best of class EDCs such as the San Diego Regional Economic Development Corporation and the Tampa Bay Partnership. We commend both of them to your review as you consider your region's own public policy agenda and delivery system. For example, the Tampa Bay Partnership was recently center stage as President Obama and Vice President Biden announced a \$1.25 Billion grant to the Tampa Bay High Speed Rail Initiative which has been quarterbacked by the Tampa Bay Partnership. The work of Stu Rogel, President of the Partnership and his terrific staff and leadership picked up huge and very well deserved recognition in accomplishing this critical milestone in their massive transportation journey. We are certainly very proud of our work with, and our support of, the Tampa Bay Partnership.

For more information contact Chris Steinocher of The Tampa Bay Partnership at 813-872-2807 or [csteinocher@tampabay.org](mailto:csteinocher@tampabay.org).

## A Great Education Resource for Your Community

It is impossible to overstate the importance of education as a critical factor in a community's strategy for competitive growth and sustainability. In addition to paying attention to the quality of school facilities, teachers, graduation rates and school boards, CEOs and economic development leaders can also be helpful relative to the basic tools to make our schools the centers of excellence that we want them to be.

In this regard, a great resource for your review and consideration is an educational tool called Nettekker. Take a look at [www.nettrekker.com](http://www.nettrekker.com). This eleven year old company is the leading internet based research tool for K-12 education across the United States. With schools in every state using Nettekker to some degree, the research tool is now expanding across Canada and has recently been launched in the UK and the Middle East.

For more information contact the company's CEO Randy Wilhelm at [rwilhelm@nettrekker.com](mailto:rwilhelm@nettrekker.com) or 877-517-1125.



# Government Job Growth Outlook

In the 1990's, the Federal workforce was reduced to less than two million, excluding the postal service. But from January 2000 to January 2010, the number of non postal employees in the federal government **increased 15%**. When state and local government workers are added, it brings the total to 22.5 million up from 20.6 million.

Over this same period, private sector employment **decreased by 3%** to 107 million from about 110 million.

Perhaps even more interesting than the growth in federal jobs is that wages and benefits for federal civilian workers were more than double the average total compensation in the private sector: \$119,982 vs. \$59,909. Also, from December 2007 to mid 2009, the number of federal

employees earning more than \$100,000 doubled, rising to 66,500 federal executives.

And how about retention? About one in five jobs at the federal level ends in firing or resignation. By contrast, that rate is one in two in the private sector according the Bureau of Labor Statistic's Job Openings and Labor Turnover Survey.

The new reality seems to be an attraction for young people to seek a government job, a growth industry, with better benefits and more job security. Indeed, many looking at the big picture of global competition would question the overall impact of such an opportunity.

## Research Park

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### KMKC Team Identifies Technology Demand Drivers

The comprehensive business plan was market-driven, starting with identification of internal University research strengths. KMK Consulting's team identified a number of "leading edge" research areas at UNL, such as agricultural biotechnology, food and nutrition, life sciences, computer sciences and bioinformatics, materials science and nanotechnology. These were complemented by several "high growth potential" areas, including capitalizing on the University's expertise in natural resources/water resources and clean energy technology. Other University departments showing "significant commercialization potential" included transportation/engineering; chemical and bio-molecular engineering; and chemistry.

KMK Consulting also brought a strong private sector perspective to the analysis of demand drivers for the proposed research park.

In order to meet the University's goals for increasing its private industry partnerships, as well as to lay the foundations for achieving a critical mass of technology commercialization at the new park, KMKC interviewed over 90 external stakeholders – including some 60 businesses that were identified by the Greater Lincoln Partnership as being technology-focused. This in-depth analysis tapped into the community, including the region's robust information technology and business services sectors; its strong healthcare services institutions; and among "traditional manufacturing" firms that are employing cutting edge technologies such as biometric imaging, RFID and

composite materials in their production processes.

KMK Consulting also documented Lincoln's strong and long-standing culture of entrepreneurship, with a track record by UNL graduates for successful commercialization of new technologies and for launching high growth businesses – particularly in the financial, insurance, transportation and informational technology sectors.

The Business Development Strategy also included an analysis of the University's and the community's competitive position nationally; recommendations related to park governance and commercialization approaches drawn from best practices at peer institutions; analysis of project costs, financing techniques and sources, and economic impact; and marketing opportunities and strategies.

KMK Consulting's approach reflects our philosophy that private sector leadership perspectives form a crucial element of economic development initiatives of this scale and complexity. This ensured that the business plan's recommendations were based on a shared vision and a sense of engagement by external stakeholders with the planning process – factors that are designed to help the Nebraska Innovation Center achieve early momentum and to sustain its journey toward long-term success.

With the foundation in place, next up is the formation of a new Innovation Campus Development Corporation. For more information, contact Steven Spaulding at 502-244-8115 or [jdiers@kmkconsulting.com](mailto:jdiers@kmkconsulting.com).



## FIN48

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value or loan covenant violations. Furthermore, having a company's tax filing positions, accounting methods, processes, and procedures well documented would be a great resource when training new employees. Compliance with FIN 48 may lead to unearthing best practices that benefit the company as a whole.

### Thirsty Yet?

Although there are certainly costs and concerns to bear when satisfying the FIN 48 requirements, there can be many benefits derived from the process. Benefits aren't restricted to states taxes; they can also apply to international taxes, research and development credits, and many other areas where uncertain tax positions may exist. Being proactive during the process can help to turn your lemons into lemonade. Cheers!

The authors are members of Plante Moran, a strategic alliance colleague of KMKC.

For more information, contact Curtis Ruppel, Partner, State & Local Tax at [curtis.ruppel@plantemoran.com](mailto:curtis.ruppel@plantemoran.com) or Julie Corrigan, Associate, State & Local Tax at [julie.corrigan@plantemoran.com](mailto:julie.corrigan@plantemoran.com)

## 3CDC

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relocate, or remain in Cincinnati.

- The formation of a city economic development division to function as a primary point of contact within City Hall for developers, development authorities, and development corporations.
- The formation of a city department dedicated to community development and planning, and responsible for facilitating the development and re-vitalization of Cincinnati's neighborhoods.

The future of 3CDC remains bright, as it now leads the renovation and expansion of Cincinnati's Washington Park. Thanks to a terrific private sector Board, an outstanding CEO in Steve Leeper, and a very effective staff, Cincinnati has improved significantly as a result of 3CDC's past and continuing successes. KMKC is proud to have participated in producing the consensus and ideas that laid the groundwork for 3CDC's vision to become a reality. For more information, contact Brad Meacham at 513-639-3839 or [bmeacham@kmklaw.com](mailto:bmeacham@kmklaw.com).

## CEO's Role

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stay at this table for these next ten years and do so with your checkbook and your personal energy, I think you should leave right now."

In my town no one had ever spoken like that before. When he finished, you could hear a pin drop. No one moved. I am pleased to tell you that this redevelopment organization has been incredibly successful. It has purchased almost 300 pieces of property in downtown Cincinnati. It has utilized over \$50 Million of New Markets Tax Credits. It has completely rebuilt our Fountain Square area in the middle of our central business district and it is in the process of facilitating the process of completely transforming a dilapidated neighborhood on the north end of our downtown into an area with new condos, young professionals, a new high school for the creative and performing arts, and soon a renovated 3,500 seat Music Hall, the home of our symphony and our opera.

To learn more about CEO leadership for your economic development journey let us suggest three helpful references: Jim Rodgers, CEO, Duke Energy in Charlotte; Don Jernigan, CEO, Adventis in Orlando; and Malin Burnham, Chairman, Sanford Burnham Medical Research Institute in San Diego.

We would be happy to help with introductions to any of these CEOs for your own follow-up. All three are major game changers in these three very competitive regions. We are indeed proud of our association with them. For more information, contact Jim McGraw at (513) 639-3900 or [jmcgraw@kmklaw.com](mailto:jmcgraw@kmklaw.com).

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