
ASHLAND CITY COUNCIL WORK SESSION MINUTES FEBRUARY 15, 2007

Thursday, February 15, 2007, Economic Development Conference Room 7:00 P.M.

Purpose:

1. "Ethanol In Our Community", with Bob Thompson and Al Holdren from Town and Country Co-Op.

Attendance:

Council members: Bob Valentine W1, Bob Valentine W2, Ruth Detrow, Paul Wertz, Glen Stewart

Mayor: Bill Strine

City Engineer: Jim Cooper

Finance Director: Anna Tomasek

Town and Country Co-Op: Al Holdren

Town and Country Co-Op: Bob Thompson

Trustee, Montgomery Township: Richard Wesner

Water/Sanitation: Curt Young

County Commissioner: Mike Welch

County Commissioner: Matt Miller

Fire Department: Duane Fishpaw

Chamber of Commerce: Marla Akridge

Planning Commission: Tom McGee

Council Clerk: Valarie Bishoff

Economic Development: Evan Scurti

County Commissioner: Kim Edwards

Media: T-G Darcie Loreno

Roll Call: Bob Valentine W1, Bob Valentine W2, Ruth Detrow W3, Paul Wertz W4, Glen Stewart

Pledge of Allegiance:

Glen Stewart - The business this evening is basically, I would like to have any input or thoughts on Ethanol in our Community. We don't know that we will have and we certainly don't know that we won't have an Ethanol production plant in Ashland, Ohio. I will share with you that paper work is being drafted with a proposal to go to Silver State Ethanol, Inc. offering them a parcel of land for sale and those of you down there may not see this. This is our Industrial Park, Route 250 and 60. Here is where Rt 250 comes in from the bypass, Faultless Drive, our Industrial Park and the 58.9 acres we have offered them in this initial offering has access to, if they want to develop it and can work it out with the state to Rt 250, and they also have access to Faultless Drive. They asked us, if I am not mistaken, they asked us for 60 acres, Is that correct Mayor Strine? Mayor Strine: Yes. Stewart- And we, I shouldn't say we, Our Engineers and others came up with a 59 acre plot, and puts it pretty well back to the North in that park area and to the East. It keeps a lot of, what I would call "Prime Land" that has frontage on Ford Road and frontage on Faultless Drive. It retains some of that. Jim Cooper, Have I said that accurately? Jim Cooper - Perfectly. Stewart - So that is being. Yes Dick. Richard Wesner: Access to Faultless Drive, Is that

roads you put in? Stewart –Yes. I did not make that clear. We have a road off of Faultless Drive back here and it dead ends right here. And then it also goes up here to a cul-de-sac up towards the farm. They will have frontage on that and they will actually it is frontage on that extension, mostly at East/West extension. We don't know what their response will be but the ball was in our court from my perspective and the Mayor and others have put together a package and I don't know if it has actually left yet or not. Has it Mayor? It is still being reviewed but I am sure it will go out very shortly. And that is where we are at with Silver State. I think it is a topic that many of us around this table probably have had people share views with us and has had positive, maybe negative. If it is okay with the rest of you, I would kind of like to have that shared tonight and see where we are as a Community. Anybody want to open it up?

Tom McGee – I certainly heard a lot of people talking about it and every single one has been very positive although some people have mentioned, this is a concern of mine also, they said just don't strap ourselves so much in the water that we cannot get another business in, but if we get additional water supplies either through an investment on their part with the wells assuming that our water table stays high or the Reservoir gets developed, it is fine. But just don't use all of the water up. Keep things open. And I concur with that.

Glen Stewart – I appreciate that Tom. As we speak tonight, and if you would, please give your Name and if you represent yourself, a township or commissioners or whatever, that would help Valarie. Who else would like to make a comment?

Mayor Strine - Glen I would like to bounce off of what Tom was saying. As people who have to make this decision, basically ultimately Council, How do you guarantee beyond any shadow of a doubt, 100% that is going to continue to rain, that our wells are going to be all right. We have plenty of water right now but I think every night about this issue that if we go ahead with this, we are committing to some water. It is just something for us to think about. I can sit here and believe whole-heartedly that we are going to have enough water, and I do. The fact still remains.

Tom McGee - Mayor, If we develop the Reservoir, we will absolutely will have enough water, we won't have to rely on a lot of rainfall to fill that.

Mayor Strine – No. We would have more water, but if there is a 3 or 4 or 5 year drought, who knows?

Tom - I am just saying, If we had a Reservoir, we don't even have to worry about the drought.

Mayor Strine - All I am trying to say Tom, is there is no way, absolutely no way, that we can guarantee, 100%, that someday we are not going to ask the citizens to take it easy on water.

Glen Stewart - And I don't disagree with what the Mayor said. There is always that risk. In fact there is risk in almost everything we do. On the other hand of that risk, to reduce it, the city is working with a consulting firm to give us some direction on where we should go long-term, where we may be able to go near-term and they have not presented their proposal in its final format. There is some early indications that they have projected the water use for our community. How far up did they go? 30 years? To 2035. And they projected water use on historic growth and that sort of thing. And the near term, there are graft recommendations that we continue with wells. Getting a Reservoir in place in an economical manner is going to take some time. I personally believe we have a big challenge, one of the big challenges behind us. We have the site, we have a very appropriate site and I think our early on engineering drafts indicate that they concur with this. There is something to be said about this site and I cannot go too far with this because everything I heard is not concrete, but the farm has a relatively high water table and the Reservoir or Reservoirs that may be put in there would not depend on surface water, it would depend on ground water, big, big difference. The water table out there is around 8 feet as of today and has been for a while. I don't know the range of it. But it is very high content of sand and gravel. So the water is going to flow in through the sand and gravel and we won't be dependent on direct run off of the Reservoir would have a sealed bottom I presume. Anyway there is some very early on studies that looks like we have picked a pretty good spot, it looks like it could produce a significant amount of water per day. To answer the initial concern Tom, sure there is risk, absolutely risk, without risk, you never move forward. Who wants to take the risk? That is a decision we are all going to be asked to pony up to one of these days in the near

future and if we make the right, if we make a decision and it is right, we will not be heroes, that is expected. If it goes wrong, we are a bunch of dummies and there will be an election.

Matt Miller – The residents both inside and outside of the city seems to think the idea for the creation or resurrection of a new Reservoir is a good idea for long-term water needs. The area that raises concern this time around is the talk of putting in another well. Because there are some of those who live into the vicinity of the well fields and feel that another well just drops their water level and makes their current wells less than adequate. That is a concern, cause I never hear anyone talking negatively towards the thought of the reservoir but they certainly always have an interest when there is a possibility of putting in a new well in their back yard.

Glen Stewart - And I do not want to say that there is or there is isn't, someday in probably 6 weeks or 2 months we should have a final draft of a plan, or not a final draft, but a plan that the consultants have brought forward and tell us, here is what you can take to the bank and I suppose that is discounted but none-the-less here is what's said.

Bob Valentine - But, well you know a partial solution too would be the idea that you do have water going up to Nankin so that would be a partial solution to that, you know. And I don't know how many people that signed up for that, I don't really know.

Glen Stewart – It would not clear. The volume was there, is that correct Jim?

Jim Cooper - It was marginal, but there is a decent volume, may 1/3 million gallons, yes sir, but it would not clear up.

Glen Stewart – All sand and gravel. The hydrologist in Ashland happened to be the first time in his 30 years of doing this that he had a well that wouldn't clear up. Unfortunate for us.

Al Holdren, Town and Country Co-op - I would say about the drought thing, depending on how wide spread it is , it certainly impacts the Ethanol plant because of drought implies fewer crops and higher prices and I not sure at that point what they would do.

Glen Stewart – Good Point. They may not have the raw material to produce what they want.

Al Holdren, Town and Country Co- Or it could be so expensive that it doesn't make sense to bring it in. It could come in from quite a ways away.

Glen Stewart – Any other comments from your constituency or your own personal thoughts, Pros or Cons?.

Matt Miller – These are personal thoughts, but I think is worth noting. I think I share with the Mayor. We have received calls with concern about it and the two things that have been mentioned are: 1)of course the fumes, that is something I don't that anyone has experienced with but they are concerned with what that might mean and: (2) would be viability in the Ethanol plant and I was telling Mike and Kim today a gentleman that is actually one in government relations of people with a company out of Cleveland was talking to me about what is going on in Ashland. I mentioned an Ethanol plant and he says , we just needed to be careful because he said, he believes research and technology are leading in a different direction meaning that there are cheaper things than corn to burn for fuel and he rattled off a list and I am sorry I cannot repeat it, but I don't know how relevant that is and may be Al and Bob Thompson can comment on that more than I can. But I thought it was very interesting because he is probably the 3rd person that has mentioned that times are moving fast and that Ethanol, we need to take a careful look at it because we might already be.

Bob Thompson -Well, it is certainly gaining an awful lot of national and international attention. Positive! Neutral! And Negative! I always try and follow the money trail to see who is writing what article for what reason. I would encourage everyone to read US News and World Report, basically the overselling of Ethanol, there are pros and cons, there is no doubt. It sells I think and am interested in Al's opinion too but there is just so many gray areas to it. It is hard to just wrap your arms around it and say this is a finite static, take it to the bank we want Ethanol. For 5 years, 10 years or 15 years. Matt, can you think of any of those other products that he was talking about? Mike or Kim?.

It was Prairie Grass, Saw Grass. Cellulose.

I believe, and Tom you and I talked about this. There are a lot of options out there other than corn, but I don't think the research is there quite yet as this is sustainable in terms of other products. In terms of an industry that is supply 300 million gallons daily, I mean that is an awful lot of consumption that someone has to belly up to the bar and say we can in a huge way replace hydrocarbon fuel. That is a huge issue. One of things in going back to Matt's point about Ethanol in general is Ethanol just seems to be so widely excepted as "The Replacement" for the Oxygenate material of MTBE and nobody seems to have any qualms with that and there is going to be a huge demand for Ethanol just for that purpose in many states and I heard this morning that it is actually now the majority of states are mandating a minimum of 10% Ethanol into gasoline and that in itself is going to create a huge ongoing demand for it as long as those mandates are in existence.

Matt Miller – Some of those who have visited the sites and there are probably aren't any examples of this, but if one today wasn't to be functioning, does it have a lot of environmental regulations to follow to clean up the site, I mean does it leave a mess behind or is it something that is pretty environmentally friendly? Or can it be used for something else, which my personal understanding is they are fairly easy to convertible to other "Chemical" in a very generic sense production capabilities. Now, then you get into other water or related issues, fumes and odor issues, etc. But that is what I have heard, they are fairly easily convertible to other products. Basically a big brewery.

And as far as the odors go, I know the fella said ¼ of a mile. Liken to Anheiser Busch Brewery in Columbus. That actually when it first started, for the first 10 years, there was a definite odor around there. Now it seems it has gone away. Technology has improved.

Robert Valentine 1 - It is a very practical thing as far as the consumer is concerned and that is the conversion. 2004-2005 is now being put on automobiles for flex-fuel. But to convert cars now will be costly.

The majority of the Ethanol is going to E-10, not E-85. E-10 is most of the gas that you use here.

Stewart – Bob did you say the daily consumption is 300 million gallons?

It is a huge, huge staggering number of gallons, not barrels.

If you take 300 million gallons and the majority of the states went to 10% Ethanol, that is 30 million gallons a day of Ethanol just to make E-10.

Bob Thompson - E-10 is even a stretch on a sustainable basis.

The number I have heard to replace MTBE is like 12 billion gallons, nationally we are about halfway there in terms of producing that E-10.

Stewart – Some of us went to Blissfield Michigan where a plant was under construction and they suggested we should go to Benson Minnesota. Well, I called them today and I talked to the director of finance, only to find out that the facility was indeed there. It was just outside the city limits, so they did not have to supply water, they did not have to supply sanitation/sewer and I asked him, "How does the Community look at this Ethanol plant?" His answer was my guess is 95% positive. I don't know what the 5% negative was but that was his answer. He said now keep in mind this is an investor, a Co-Op. It is not Silver State, It is Chippewa Valley Ethanol and it is owned by people in the general area, Farmers and Non-Farmers and he said we have some very wealthy people from this plant. They started at 30 million gallons 10 years ago, today they are 50 million and next year they are going to build their second plant right along side that, another 50 million. The way the plant works, you buy a share and that share commits you to so many bushels of corn to that plant every year, either supply it or buy it and supply it, but you are committed and that is your share. If you are not a grower of corn, you can buy a share also and you get into what they call the corn pool. They buy your corn for you and you supply this plant. But this plant is owned by a co-op and a group of local people, local money. As the Finance Director said, we have some people who have become very wealthy. Bill Lee, the plant manager at Chippewa Valley Ethanol informed me right off the bat, he was not going to be a free fee consultant. And I said well what are the gripes about. He said there are going to be lots of lights, there is going to be noise from the operation, the further away from residents you are, the better off you are. It is a great operation, and he as a former Ethanol National Association person that they hired to run this plant and they are doing very well. As I said they are going to build another plant right next to this one next year for 50 million dollars

As I said they are going to build another plant right next to this one next year for 50 million dollars in 2008. I asked him about water use. I keep hearing $\frac{3}{4}$ of a million gallons. He said figure 4 gallons to the bushel. If you figure it that way it is going to come out 630,000.00 gallons per day. But he said your 750,000.00 gallons a day is in the ballpark. I just wanted to get some confirmation. I asked him about his thoughts about converting to Cellulose. He said it can be done, it is not cheap but if the process finally gets to where it is economical, you eliminate your cost of natural gas, which I guess is a huge cost. Now, they make alcohol for a Vodka plant and they also do industrial alcohol. He was very positive and said if a plant were to come to my community, I would not worry about it becoming a white elephant in 5-10 years. He said Cellulose is going to compliment grain produced Ethanol as you pointed out; there is not enough corn in the country to make what some people are forecasting we need. So it will be a complimentary process and from that I did not get much more from him. Then I was given a name of a local bank president. Jan Lunderbrech and she is also Vice Chair of the Chippewa Valley Ethanol plant and she was extremely complimentary to it. She shared with me that the plant is going on 11 years and they have returned 150% of the original investment to their investors. She said why in the world wouldn't you want to build your own Ethanol plant? Well I don't have 100 million dollars. They have been so successful, and they have been it for so long, they feel really good about it. She said one of the things you must consider is if local people own the plant, they are more forgiving for the light, the noise and if somebody owns a plant, it is an investment firm. She volunteered about 3-4 years ago they put the thermal oxidation process in place and reduced the odors. They had a very nice return per share based on the bushels that each shareholder sold to the co-op last year. She also said, she thinks that corn based and cellulosed based at some point will become complimentary. Now I called, I talked to 3 people, it is a very different operation, it is locally owned and has been in process going on its 11th year and they are just tickled pink with it. I do not know what their water source is. It is on the site of the plant. They apparently treat their own sewage but several of us have been to Lima, the plant under construction. I have personally not seen the plant in operation yet. If we can get people around the table again and discuss this, what kind of questions you have, noise, smell. It is there. This particular plant has processed soy-bean wheat but primarily corn. The find the wheat to be more abrasive to their equipment but the corn is most productive on the cost per bushel basis for Ethanol but they have used all three, and I don't know what precipitated that but they have.

Bob Thompson - Minnesota, wonderfully been one of the early states to aggressively mandate so much % Ethanol in gas, so much Soymethalestor or Soy Diesel and again, it is over a decade now. So that mandated that. They have done a wonderful job. I say if we are going to go to school on anyone, they are a good group to go to school on. \

One of the things that drove that out west is that corn is so much cheaper there than it tends to be over here. That is why they got into the whole process earlier. There may be 30-40 cents a bushel difference in corn prices out there particularly during harvest because I have so much. I have to get rid of all of it. Of course that is slowly changing into Iowa being close to being a corn-deficit state. Regarding the Early Investors, we talked to a Co-op manager from southern Wisconsin a few weeks ago. His Co-Op invested 75 thousand dollars and an Ethanol plant. After 3 years, they had 100% of their investment back and he sold their share to somebody for $\frac{1}{2}$ million bucks. He 75 thousand bucks and a 40 million dollar plant. If you take that $\frac{1}{2}$ million bucks and apply that price to all the stocks, it is over 260 million for a 40 million dollar investment. That is why is getting so much attention. I am sure if you want to invest in this, you can.

Stewart – Big Bucks for the early on. I am sure if you want to invest in this you can.

Matt Miller – It is so interesting to me because if you think about it, take the example of STEP II. When STEP II came to Perrysville, no one ever set around the table locally and determined whether or not there would be a market for plastic toys and whether or not the company would be profitable. And yet somehow this particular discussion of this business that wants to locate here has come down to us trying to determine whether or not it is viable and they can actually be a profitable company and I don't think that is our role. No other company has approached this area and did we try to figure out whether or not they

had done their homework on their profitability. Our issue has to be, I think more than anything else, do we have the resources to the support and we know the biggest concern, I would have to agree is the water. We know we have the human capital to meet their staffing needs and we know that we have the land. Set aside for this type of industry and expansion and so for us to spend much time trying to figure out whether or not it is going to be viable economically, whether they are going to make a profit, I don't think that is our role and responsibility. In fact the company is saying that they are willing to invest \$100 million dollars here in this community. Chances are they might feel that they are going to be able to profit.

Glen Stewart - I guess I respectively disagree with you from this aspect Matt in that there are 5 of us around this table that have to vote yea or nay and we want to know that we are making a good decision based on bringing a solid business to Ashland, Ohio if we commit the resources that we have to commit.

Matt - Those resources, that is what I would like to hear, what are the resources that you feel you have to commit? Additional water for the land and the Industrial Park, and I am sorry for I have not read all of the articles in the newspaper, Is the land a gift?

Glen Stewart - No. The land will be purchased.

The price of land varies depending on a number of jobs it is going to bring to our community. For what it is going to cost our community this is a low number of jobs. So the price of the land in my opinion should be higher and that will be my proposal to them with the understanding they need to make the final decision with Council.

Bob Valentine 1- Our location is technically a good location. I expect we will get some negative feedback.

Stewart - in response to Matt's question to put on the table, Yes I think we have the people. I don't think there is any question. In the 2 visits that we made, one of them trained a bunch of people off site for 12-15 weeks, hired local people, took them somewhere and trained them.

One of the two plants have a record of they have established a training process. Both of them have apparently resolved their water supply problem. The one in Blissfield is just a short distance from 2 major natural gas transmission lines. They have a gas line across the street. Plus they had 6000.00 feet of rail right within the property, plus they were sitting on a gold mine with the Pepsi Bottling Company right next to them so they can sell the CO2 to them.

Is there a diversification option with this facility like that, CO2, Fish Farm, we have heard of different things.

Glen Stewart - When we talked to the Silver State people, I talked to them the morning that they made their presentation, and they had no plans for capturing the CO2 and had no diversification. They were different than the 2 facilities we visited in respect to how they were going to market their Ethanol. They were going to basically go retail and the other 2 plants were going to sell directly to oil companies as I recall.

But that could be an option for economic development or for someone looking for a location?

Glen Stewart - That is true.

Matt Miller - So the things that the City will supply would be water, we will be selling some of the city-owned property and what else would there be, do we run at our expense, sewer?

They would be using our sewers. For instance the water, figuring roughly what our water rates are, their water bill will be 86,000.00 dollars per month.

Does that water need to be treated? No. They do not want treated water, because they have to take some of the chemicals out that we put in. They cannot deal with chlorine.

We do not have any non-treated water to give them.

There is no way to get any out there that is non-treated.

It sounded great to begin with.

The cost of land, water, cost of repairing the roads.

Mayor Strine - I am going to propose to Silver State that they pay the City per gallon of their production .0005 cents per gallon to the City to maintain roads.

That would be kind of like an impact fee wouldn't it? That is very good.
So then with the Railroad, does it cost the City of Ashland anything too.

Glen Stewart – It is my understanding the Railroad is very excited about having the opportunity for the increased rail traffic.

Does anyone around the table have any thoughts about why, we covered the water, we know there is noise, there is light, possibly an odor. Does anyone have any experience or any thoughts on this that we should just stop and not go any further with this?

Matt Miller - The citizens have expressed concern, because I will admit the calls I have had have been against it. But they based them not on specifics, they based them on whether or not they think that the Company will be able to survive well into the future and to me I don't know that that is a decision City Council's charge was making.

Stewart – I concur to a degree, I feel we have to be responsible, we do not want a 60-acre junkyard out there.

Matt – Absolutely and that is why I ask the question, can these sites be cleaned up easily or are these something that would remain there. Someone had told me that alcohol is not a detriment to the ground, I don't know that. It evaporates.

Mike Welch -I can think of one advantage, I would think Ashland School board would be rubbing their hands together with property values on 100 million dollar plant.

Stewart – I am glad you mentioned that Mike, both Lima and Blissfield said that they would not ask for anything that would impact the schools from an abatement standpoint. Am I right there Ruth?

Ruth Detrow - Yes.

Matt Miller – Many of them have served on some of the committees with this cash and so on and if you recall so often we hear people tell us these stories of years gone by when Ashland had the opportunity to do thus and so and because of fears and local special interest, it was prevented from happening and people always will refer to the fact just think what that would have meant to our community if we would have stepped ahead. Whether those stories are true or not, I don't know. Some of them certainly sound true with some of the parties that comment on them, but the reality is it is hard for me not to think that we are probably sitting here at a table discussing one of those very situations where it truly will forever impact the well-being of the City. I do think we are at a port, because it is cutting-edge, there is no doubt in Ashland and in the past hasn't always pursued those opportunities with great enthusiasm or interest.

Mayor Strine – To the best of my knowledge, I don't think that this Company knows whether they can get the natural gas they need or the electric they need. We will know in a couple of weeks. So if they cannot get the natural gas they need, it is not our fault that it falls through.

Matt Miller – And I will tell you that I did not come here trying to convince people that this is the route to go because Mike is the one that has been filling us in all along the way and I will tell you from the stories that Mike tells and the homework that he has done, it definitely appears as though the positives outweigh the negatives and the ancillary effect of having such a plant, lets face it we are talking about Minnesota, a town almost unknown, simply because such a plant exists and I would think that the attention that it can bring to the area and the other opportunities whether it be a bottling company, or a fish farm, dry ice, it sounds that it would have an impact.

This is an FYI, We probably get a call, it seems like every month from a group that wants to put an Ethanol plant somewhere in Town and Country's trade area, and can you supply us the beans or the corn. It is a Hot topic, it is a highly subsidized product and I think that is where some of the un-comfort comes from this, how long will the subsidation be around. If OPEC sneezes the world and energy market reacts. We all run to get Kleenex and that is a positive or a negative for us. Also what happens in DC with the changing of the guards so to speak, there is a huge group that is quietly against taking Ethanol outside of the Midwest for various reasons and it is the follow the money trail. It is a highly debated topic and I think that is where part of the un-comfort comes from. One of the political things are in order to meet the EPA standards, they still need the replacement for the MTBE and Ethanol is the only game in town. It truly is and at that standpoint, right now we have about 5 ½ - 6 billion gallons a year and it has to grow to

12. Sharrod Brown now is very energy conscious and I can tell you that for a fact. That is the new Democratic control thing. He is on the Ag committee by the way. The Democrats in general are very pro-energy. I think it is a wonderful opportunity if for no other reason than MTBE and I am just speaking Ethanol, that I am saying that there is a lot of people expressing interest and plopping money down to build a facility, products have to be available, etc, etc. I think those are bonifide issues for this discussion. One thing too I think stood out a little in my mind, you are more experienced than I am, but the whole marketing approach that these guys have compared to some of the traditional, they are marketers of E-85, gasoline and everything and their intent is to the best of their ability to develop E-85 dispensing stations around the state and if they do that there the blender of record they will get the 51 cents per gallon subsidy. None of the other Ethanol plants that I am aware of do that, they are just going to sell their Ethanol into the main stream Ethanol market and so they will miss that 51 cents. So these fellas will have better staying power if they are somewhat successful in doing that then the normal Ethanol plants. I would feel a little bit better about their viability in the long-term than some of the other.

And I know the Lima facility has started and stopped and started because of the capitalization. The realization is the capitalization probably wasn't there to begin with. Just make sure they have the money. Dean Homayouni told us they have 260 million dollars lined up for something like that.

Matt Miller – I think that is an excellent point, more so than anything we have talked about because if that is a possibility that it would be, construction would begin and it would not finish, that would be a messy situation.

We have talked to 2 different ones and the payback was in 5 years. That is a pretty good return on the money. And that should tell us that they are there to be in business to make money.

Kim Edwards – I would just like to take a minute to commend this Council because I think it is important to discuss this publicly and openly so the public understands that you are looking at their welfare their benefits and I think that is important for all of us to understand and appreciate.

Stewart – I appreciate that Kim. It is, we are taking this very seriously. I am not trying to make a decision on whether a business is a STEP II or not. I think it goes so much deeper than that because of the resources that are required and the commitment as the Mayor has pointed out it is a huge decision and I personally believe that the people around this table that represent the people outside of the city of Ashland has as much or more at stake in this than we do. We represent a lot of people that make their livelihood outside of the City of Ashland, Ohio whether it be a Farming process, farm equipment, gasoline, fuel oil. I think it is so much a bigger project, it has so much more impact outside of the city that we felt it was an opportunity since we have initiated these meetings and this is the fourth time that we have met if I recall. It was an excellent topic to discuss to help us make a decision. It is okay.

From a Farmer's point of view, they have to like it? Right Richard? But it is going to go somewhere. Sure. I think it would help the Co-Op big time. It is a great market for corn for a grain farm and the other side of that the Dairyman, we have a lot in this area, the DCG's may provide some protein to their rations at somewhat less for cost than bean meal. So there are winners on both sides.

Matt Miller – Of Course Glen that is why we are here. If we did not think we had an interest in or stake in it we wouldn't be. We are here because we believe it also impacts people outside the city. One other comment I would like to mention is we do have to remember when we talk about sound, lighting and fumes, this is our Industrial Park, we would expect all 3 of those things in our Industrial Park.

Stewart - That is exactly right. Whether it comes from a firm similar to STEP II or Ethanol or a Tire maker. It is an Industrial Park we have invested in to develop jobs for our Community, not just the City but Ashland Community and I try to bring that out because it is more than Ashland City.

Matt Miller- One of the things that have been a pleasant surprise is to hear that the truck traffic won't be as extensive as some might have imagined am I correct that they don't rely a great deal on.

Glen Stewart –20 Trucks/day. Our product is probably going to go primarily by truck from what they told us because they want to hit the retail market and they cannot depend on the rail and you can't pipeline it. It has to be truck. That is why Ethanol costs so much in Ohio right now because we do not have the source that is that close. It has to be trucked in and that is why E-85 costs more.

Bob Valentine - I think that that is another point, I think the mayor kind of brought that up too. We are talking about doubles as far as trucks are concerned and what effect that is going to have on our roads and I think the point there he talked about in the contract we were going to try have some money set aside, is that correct Mayor? My point is that is the problem. 20 trucks a day and 100 railroad cars every 8 or 9 days.

Matt Miller - 20 trucks a day is minimal compared to other options that might be constructed in our Industrial Park.

Bob Valentine 2 – The size of trucks, because of what the damage does to city streets. We have to make sure the roads are going to take what you are putting on them or you will be out there patching and fixing all the time.

Glen Stewart – They are still going to be governed by an Axle weight. If the axle weight is proper, there is no more damage than a Wal Mart truck.. I believe there is some risk to it and right now I feel I am sitting next door to one of the biggest risk takers in the community right now.

Matt Miller – As an individual, one of the ways to reach success is to diversify your portfolio and for this community it is only in our interest to diversify our portfolio and make sure we are involved in a number of industries so if there is a downturn in any specific one, we will have others that will keep us afloat for years to come and the ancillary effects of this decision I have a feeling will be far reaching and will impact the quality of life in a positive way of all of our residents.

Bob Thompson – For the record, Ethanol is an MTBE replacement, to me that is the biggest hot topic, I think it is going to be around for a long time. Just whether it is E-85, it is frosting on the cake, that is a whole other set of issues that come to the table.

We will go around the table and give each individual an opportunity for a comment.

Paul Wertz - No comments.

Anna Tomasek - This is an excellent project and obviously as Finance Director I am here to support any delay we can financially and my office, right now looking to see if we can do research and a grant possibility for a Reservoir, but everything right now is preliminary.

Evan Scurti – I want to just thank Glen Stewart, he is our researcher. I understand what Matt is saying, we have done more research on this project because it is such a huge impact and requires so many resources and from an economic development prospective when I have a project and someone calls me I typically don't research the market to try to decide if production is going to be around the Midwest. The main thing you want to research is the people behind it, their skills their background, because as I have explained Dean and Hugh Canady and the rest of their team we talked to their expertise is not making Ethanol and they admit that and that is why I think we as a community we need to work very closely with the builders of the plant to make sure it is not a white elephant. I think Dan and Hugh have a good plan in selling to the gas stations.

Mayor Strine - I think in my discussions with Council and with the Silver State people that I have mentioned that we were going to ask 30,000.00 dollars an acre for 58.9 acres and also that they understand we are going to have to drill another well for our future water use and that they are willing to include in the proposal 300,000.00 dollars towards drilling that well. I also need to tell them that these are small items now, some blueprint effects the current location of the 12 inch sanitary sewer, Silver State Ethanol will bear the cost of the location. All permits will be the responsibility of Silver State. The City of Ashland will retain Main line utility easements; details need to be addressed as to pre-treatment of sanitary sewer defluents. Ashland business park covenants are to be part of the proposal. We have a 20 page covenant that is on the deeds that they have to follow. The City of Ashland will provide up to 700,000.00 gallons of water per day for the Ethanol complex and cost per gallon to recover our expenses. Basically, that is what I am going to throw at them.

Bob Thompson- I think it is interesting to watch and I think it is an evolutionary topic from a 100,000.00 feet high as the price of corn moves and as the price of crude moves as an oil-producing nations will either love us or hate us. If I had the chance I would ask them to run their financial projections over 5

years and after 5 years use the Federal and State subsidation and see what the numbers look like. As the crude moves and corn prices move.

Bob Valentine 2 – They came looking for us right? How many people have come looking for us? I am just saying that it is a good idea. I am happy they are here, I am happy Novatec is coming here.

Ruth Detrow –One thing, the byproduct is very important. I know one person very well who trucks the corn by product to his dairy cattle to Anheiser Busch and he loves it he says it is just terrific and so it isn't like you are taking the corn away form other things, but the byproduct is good for the animals. The people heard at first how they are planning to sell this product. I asked about it at the meeting when they were here and they say they are going to mix it here right from the trucks. They are doing the blending. We are also going to have to watch to make sure they have good management in the company, they are wonderful sales people, they apparently are rich. They are going to have to manage this company well. I am worried about our retention basin being able to hold the amount of added sewage.

Jim Cooper – We do not have a problem with that.

Kim Edwards – In my past experience you almost have to be an expert to trust the experts and I think you are teaching yourselves very well. The other thing I would caution is, this is not a saving grace for the community or the city, this is not something that is going to be all in one basket to save this community. There is no saving to be done. Sometimes I think residents may get that impression. We have quality in this community and throughout.

Jim Cooper –I think the Mayor hit it right in the Bulls eye, I don't think it is Ashland that is going to scotch this deal, I think it is going to be the gas and electric if it gets scotched.

Bob Valentine – I just appreciate all of the input everyone is putting into this, I think all Council have been researching. A lot of information to keep up on. We have to make the final decision. It is a step in the right direction.

Al Holdren – It will be good for farmers. I appreciate being involved in this.

Richard Wesner – you have to remember Agriculture is the number one industry in Ashland County and I think it would help farmers in Ashland County.

Mile Welch - I will go along with that, if you want to preserve the land keep the farmers farming and the schools will sure like the taxes.

Matt Miller – I just want to say it is interesting we were in a work force development meeting with several surrounding counties and at the end of the meeting we always ask for county reports and we expressed the fact that we had been chosen as a possible site for an Ethanol plant but there were a lot of concerns and we didn't know if the city was going to choose to except the plant and I will tell you it was interesting to me because the commissioners from the other counties looked on it as shocked and said what do you mean, why would you try to keep it out? If you don't want it, we will take it. I thought that was a very interesting comment for them to make and obviously that have not done the homework that you have done, but it was interesting that it would be their response. The thing I think the community needs to know, it is very apparent that City Council and the Mayor have taken the steps to make sure that the City is in no way taken advantage of by making sure the company, if it does locate here will pay for the water they receive and they will pay significantly and they will also pay for the wear and tear of the roads and they will also pay for the land and the cost of our new Industrial Park. So the public needs to know that it is not as though we are giving something away to this company freely on a hope that they might succeed, you are doing your homework and you also making sure that the details are taken care of so if they do choose to come here it is more than just an investment in capital, it is an investment in the community.

Marla Akridge - Is it a risk? Sure. But like Matt said earlier, should we take a risk. I want to thank everyone in this room, because I know several of you have done a lot of homework on this but it is also important that we keep doing our homework, especially on the diversification that is out there. From the Commerce aspect there is \$7.00 dollars turned over for every one they put into this for the Restaurants, gas stations, grocery stores and everything there.

Duane Fishpaw – I am glad we can get together at a table like this and talk about things and the pros and cons and like Matt was saying, I think there were things in the past that we missed out on and If they would have had groups like this getting together and discussing issues, that maybe that would not have happened.

Tom McGee – First it is remarkable to me that when you have a large company normally people are fighting for it really hard, they are giving all types of abatements and a lot of , you here about this all the time. This is a remarkable opportunity for Ashland. I would strongly suggest that if we feel the gas and electric can be an impediment to getting this company here, that we need to do some work with the gas and electric people so they get on our side to try to procure this for us. They have mentioned they would be contracting with good engineering firms and that the firms that they mentioned Feagin and the BPI, these people are renowned in the world for doing key turned operations on Ethanol plants and I think we could rely we are going to get the best engineering firm to do it and they also mentioned that they would have professional management team that knows about Ethanol plants. The business sounds pretty good to me.

Glen Stewart - I heard the Fish Farm referred to a couple of times, the heated water coming off of the cooling towers for the Ethanol plant is proposed to be piped across the street and there is a firm that wants to come in for resale market or the retail market , fish that would normally be caught in warm waters. Adjacent to their property line, a dry ice producing plant utilizing their Carbon Dioxide. So as this has been around the table, there are complimentary processes that stem off from this Company. I am going to evaluate this evenings meeting and I am a little disappointed that we did not have more from outside of the community. I really compliment everyone in sharing. I hope you feel this evening was of value and I look at it as a valuable input and I guess by looking at the Council people around the table, the Mayor, it is good input and I appreciate it. We will look at another get together on another topic in another 3 months. Sometime in May or June, we will get together again.

Silver State was talking to the gas company and electric company, did they say how that was going. It will take 2-3 more weeks to get numbers. I do not know who we will need to contact but it sounds like our destiny is in the hands of people outside of our community and our interest is all of us. Any more comments? Curt Young any comments.

The work session ended at 8:35 p.m.

Submitted by
Valarie F. Bishoff
Clerk of Council