

Board of Trustees
CINCINNATI SOUTHERN RAILWAY

Paul V. Muething, *President*
Paul Sylvester, *Treasurer*
Charles Luken, *Vice President*
Mark Mallory
Amy Murray

c/o Office of the City Solicitor
City of Cincinnati
801 Plum Street, Suite 214
Cincinnati, Ohio 45202
Phone (513) 352-3334
FAX (513) 352-1515

STATEMENT

Paul V. Muething, President
Cincinnati Southern Railway Board of Trustees
August 15, 2023

Cincinnati Southern Railway Lawsuits End

The Board of Trustees of the Cincinnati Southern Railway voted today to authorize the execution of a Release and Settlement Agreement for two lawsuits. One lawsuit was brought in Hamilton County Common Pleas Court alleging CSR had violated Ohio's Open Meetings Act in discussing the potential sale or lease of the Railway. The other was brought in the Ohio Supreme Court alleging CSR and the City had violated Ohio's Public Records Act regarding information requests related to the proposed sale. Plaintiff's Counsel will receive \$100,000 in attorneys' fees to resolve both matters.

On behalf of my colleagues on the CSR Board of Trustees, we are glad these politically motivated distractions, initiated by one person opposing the Railway transaction, are behind us. Even though we believe that the Board had meritorious defenses in both suits, we concluded that ending these lawsuits was the greater good for the citizens of Cincinnati. With these legal issues now ended, Cincinnati voters can focus solely on the merits of the proposed sale which we believe to be many, overwhelming and transformational for the citizens of Cincinnati for generations to come.

The primary job of the CSR Board is to manage the Railway as an asset for the benefit of the City of Cincinnati. We are proud of the work we have done with the advice of financial and legal experts in railroad transactions. If approved by the voters at the November 7 general election, the sale of the Railway will provide more than \$1.6 billion in cash at closing to create a trust fund of professionally managed and diversified financial assets for the ongoing benefit of citizens and taxpayers.

Proceeds from trust fund earnings are projected to more than double what the City might have received from future Railway lease payments. In 2024 alone, lease proceeds are projected at \$26.5 million. Potential annual trust fund earnings of 5.5% (a conservative estimate) on a \$1.6 billion portfolio would be \$88 million. After reinvesting 2% (\$32 million) to ensure the trust fund's continued growth, the remaining 3.5% (\$56 million) would be available for improvements to parks and recreation centers, roads, bridges, sidewalks and other existing infrastructure. In Cincinnati's recently approved budget, the funding gap for existing infrastructure was nearly \$400 million.

###