

Baltimore Business Journal

New Sparrows Point owner discusses redevelopment for former mill site

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A huge number of public officials gathered on Thursday to mark the five-week-old acquisition of 3,100 acres of industrial land at Sparrows Point by Redwood Capital Investments.

Lt. Gov. Anthony Brown — in the midst of campaigning to become Maryland's next governor — was on hand. So was U.S. Rep. C.A. "Dutch" Ruppersberger and Baltimore County Executive Kevin Kamenetz. But the event was also notable for another reason: It was the first time the head of Sparrows Point Terminal, the new company that Redwood Capital formed to acquire the site, spoke publicly since the acquisition.

Redwood Capital is owned by Allegis staffing company executive Jim Davis.

Sparrows Point Terminal COO Michael Pedone is a former attorney who worked at Venable LLP and became vice president and deputy general counsel at Redwood Capital Investments in 2011. He gave me about five minutes for an interview, which mostly focused on how the site could be used in the future. The interview was conducted in the former cold mill used for rolling steel on the site where Bethlehem Steel operated for decades. The 800,000-square-foot, \$300 million mill has stood fallow since Bethlehem Steel successor RG Steel LLC shuttered in 2012.

Pedone is already talking about how the mill can be redeveloped, but the bigger question is, how will all the land around it be used?

You've said you've heard a lot of interest from potential tenants at the site. Have you seen any themes emerge indicating how the Sparrows Point land could be used?

What's striking is how wide the variety is. Some is manufacturing and some is distribution. The theme really is they are all companies that can really use the infrastructure. They are companies who can move materials across the wharf at the port, and they're companies that rely heavily on rail.

So are these large companies that are looking for land that isn't available throughout the region?

That's part of it. If you look at the data, the supply of industrial real estate with these characteristics on the I-95 corridor is pretty tight. It is in many cases tenants who need a lot of space.

This building is an 800,000-square-foot building that was built as a cold mill. This isn't a regular building foundation slab — you could do almost anything with it. The overhead building clearance is huge, there's multiple truck docks and there's two lines of direct rail access into the building. We have had prospective users of this building [who], when we described those attributes, have literally thought we were lying. They cannot imagine there's a facility that has those attributes.

I think this is a good example of what you could do on this site.

So in a building like this, would you see manufacturing or would you see distribution?

It's designed for manufacturing. As material was manufactured, it was laid down and warehoused, and that's where the logistics happened. So you have a microcosm in this building. We may find a user who wants to use just part of it or someone who wants to leverage all three components.

Many of the big real estate plays we've seen recently — Amazon Inc. included — do not appear to be port-related. Do you see port users as the most likely tenant here?

Certainly users who may bring in commodities by ship or by rail. That turning basin is rare — I would even say unique — I would challenge you to find another port facility in the United States that has that configuration.

So if it's port-related, would it be container or roll-on, roll-off?

The facility isn't really configured for container. I can tell you that immediately, without a single thing being done to it, you can handle dry bulk and break bulk commodities there. It think roll-on, roll-off is a good possibility here. One of the benefits of having a blank canvas is that we can develop the facility in a way that we can respond to whatever demand there is.

Many real estate industry veterans I talk to wonder about timelines. How soon can it be ready?
As fast as possible.

But aren't there are some parts more quickly available than others due to environmental remediation?
This building we're in right now is a modern building. When it was constructed, it was constructed to OSHA and ADA standards and doesn't require any remediation, so we could probably get users into this building on an interim basis very quickly. There's other parts of the site where it's going to be years. The timeline question is a really hard one, and I want to be very careful about expectations here.

The Baltimore Sun

New Sparrows Point owner mum on future tenants

Pamela Wood Oct. 23, 2014

The new owners of the shuttered Sparrows Point steel mill in Baltimore County said Thursday that potential tenants are "banging down our door" for the opportunity to move to the site.

But Mike Pedone, chief operating officer for Sparrows Point Terminal, declined to offer any details of potential tenants or when they might move in to Sparrows Point, which his company is redeveloping into an industrial project. The Maryland Port Administration already has expressed interest in using part of the property to store material dredged from shipping channels.

Pedone said there could be some "short-term" uses of the site in the first year, but "there's a lot of work that's going to take years." Environmental remediation remains and much of the infrastructure — sewer lines, rail lines, roads — needs to be upgraded first, he said.

Pedone spoke following a press conference at Sparrows Point that featured politicians and community leaders championing the project's potential to revive industrial activity and restore jobs to southeastern Baltimore County.

Sparrows Point Terminal was formed earlier this year to buy the steel mill property and is an offshoot of Redwood Capital Investments LLC, a local firm associated with entrepreneur Jim Davis, who founded the staffing firm Aerotek with his cousin, Baltimore Ravens owner Steve Bisciotti.

Sparrows Point Terminal took ownership of the 3,100-acre property in September, after agreeing to a \$51 million environmental cleanup plan to be overseen by state and federal officials. The company's ultimate goal is to create a "transportation, manufacturing and logistics campus" on the industrially-zoned land.

Sparrows Point is best known as the home of Bethlehem Steel, which began producing steel at the site in 1889. After a series of ownership changes, the mill closed for good in 2012 after its then-owner, RG Steel, filed for bankruptcy.

Business leaders and politicians — including gubernatorial candidate Lt. Gov. Anthony Brown, U.S. Rep. C.A. Dutch Ruppersberger and County Executive Kevin Kamenetz — said Thursday they were pleased to have a local owner who shares a vision for restoring the property to industrial prominence.

"This community needs to see this commitment followed through," said James Russell, president of the Dundalk Chamber of Commerce.