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FLYING HIGH

Dennis Pollutro's AirPatrol raises $4 million.

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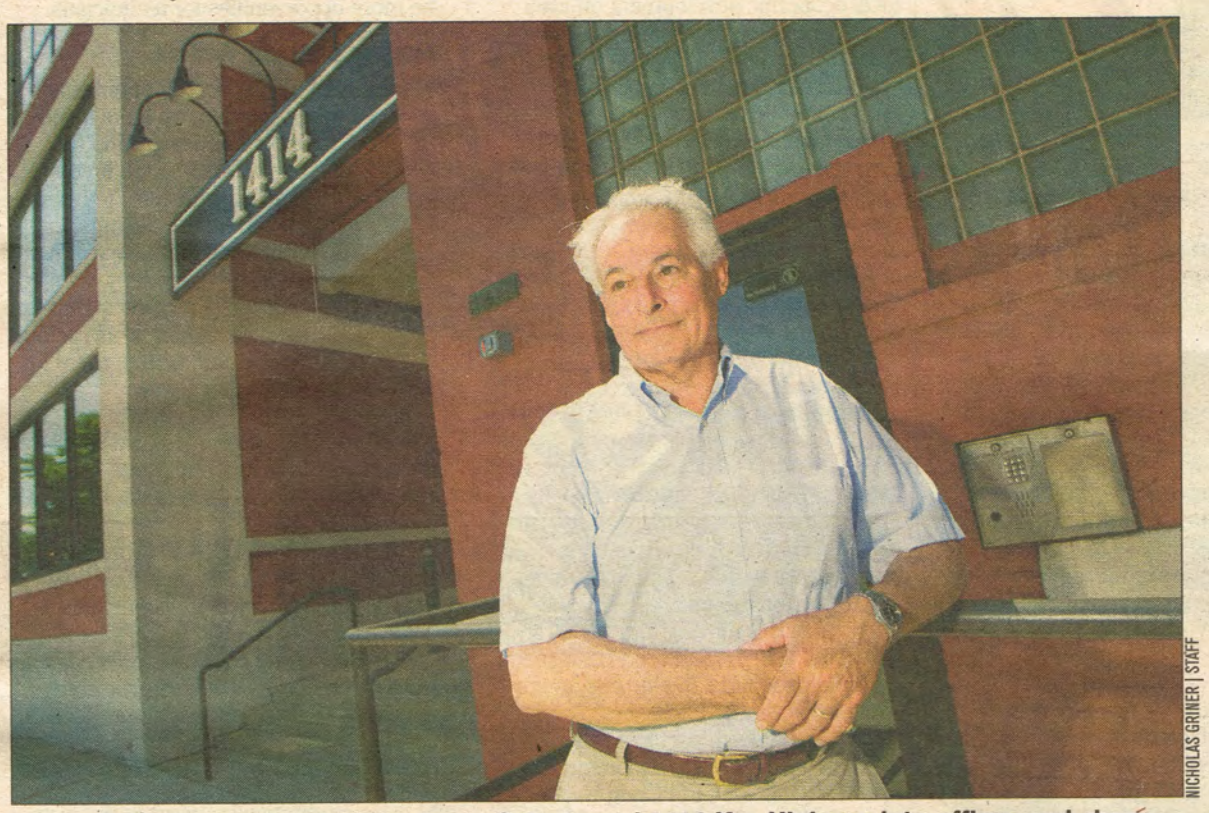

NICHOLAS GRINER | STAFF

Martin P. Azola, president of the Azola Cos., turned 1414 Key Highway into offices and shops.

Key to the waterfront

Plan to transform South Baltimore's highway picks up

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Baltimore may finally be ready to post new rules of the road for a southern strip of Key Highway, just as other plans for rejuvenating the Inner Harbor have come to the fore.

At least six years in the making, the city's planning department could approve June 2 the latest version of a plan to transform a largely industrial swath of the waterfront thoroughfare into a commercial zone that eventually could be lined with new shops, office buildings and condominium towers.

The so-called Key Highway South urban renewal plan also would carve out at least 1.5 acres of open green space, block off corridors between buildings to preserve views of the harbor and outline an extension of the brick promenade that snakes along other sections of the water's edge.

The measure pending before city planners coin-

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AG warns slots MBE plan risky

Gansler: State should prove disparity to avoid lawsuits

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A policy giving minority-owned businesses up to 35 percent of work to build and operate Maryland's slots parlors could fail a legal challenge, according to Attorney General Doug Gansler.

A law Gov. Martin O'Malley signed May 19 extends requirements of the state's Minority Business Enterprise program to slots contracting through 2018. But a letter from Gansler's office suggests the requirements are vulnerable to challenge. Gansler recommended O'Malley not sign the bill unless the state conducts a study proving that minority- and women-owned businesses aren't getting a fair share of business in the gaming industry here.

Gansler

That means the policy could be open to lawsuits from majority-owned firms that might say the policy is unjust. Slots parlors are slated to be a more than billion-dollar business in Maryland once the five permitted by state law are built, providing millions of dollars in opportunity for minority businesses. Minority inclusion has been a key concern of state gambling regulators and of

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Columbia's JPB raising $175M to acquire companies, real estate

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JPB Enterprises is preparing to raise $175 million for a pair of private equity funds that will make the Columbia company a major player in investing in midsize businesses and real estate.

The firm's JPB Capital Partners unit plans to raise $75 million from investors for a buyout fund that could start making investments later this year. The fund would be the largest ever assembled by JPB since the firm was founded in 1995 as a four-person startup by J.P. Bolduc, the former CEO of Columbia's W.R. Grace & Co.

JPB also plans to launch its first-ever public real estate development fund. The $100 million fund is scheduled to start raising money in 2012 and will invest in land development projects in the Florida Panhandle and other coastal areas likely to see an influx of retiring baby boomers.

INSIDE

- JPB plans big marketing blitz for its newly acquired St. Joseph aspirin brand, **Page 8**.

The new funds are part of JPB's bold transition from a buyer of low-profile businesses like sock manufacturers and rope makers to a firm with stakes in iconic American brands like St. Joseph aspirin and the Calgon and Healing Garden lines of bath and beauty products.

"I don't know if I would call it transformational, as much as it is evolutionary," said James Bolduc, JPB's president and J.P. Bolduc's son.

JPB has also been making major changes in its executive suite. James Bolduc was elevated to president in April, making him his father's eventual successor in

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Key: Recession, housing slump delayed plan to alter road's redevelopment

From Page 1

cides with plans announced May 25 by the Greater Baltimore Committee to redevelop the 7-acre Rash Field site at the opposite end of Key Highway. The GBC's recently unveiled proposals — among them an amphitheater, more open space and a pedestrian bridge to link Rash Field with Pier V across the harbor — also are the latest steps in a years-long discussion about how to revitalize one of the more outdated areas along the Inner Harbor.

And like so many prior redevelopment proposals for Key Highway, even the zoning changes pitched for the southern portion of the road that have the support of many community activists, industrial groups and business and property owners are shrouded in skepticism.

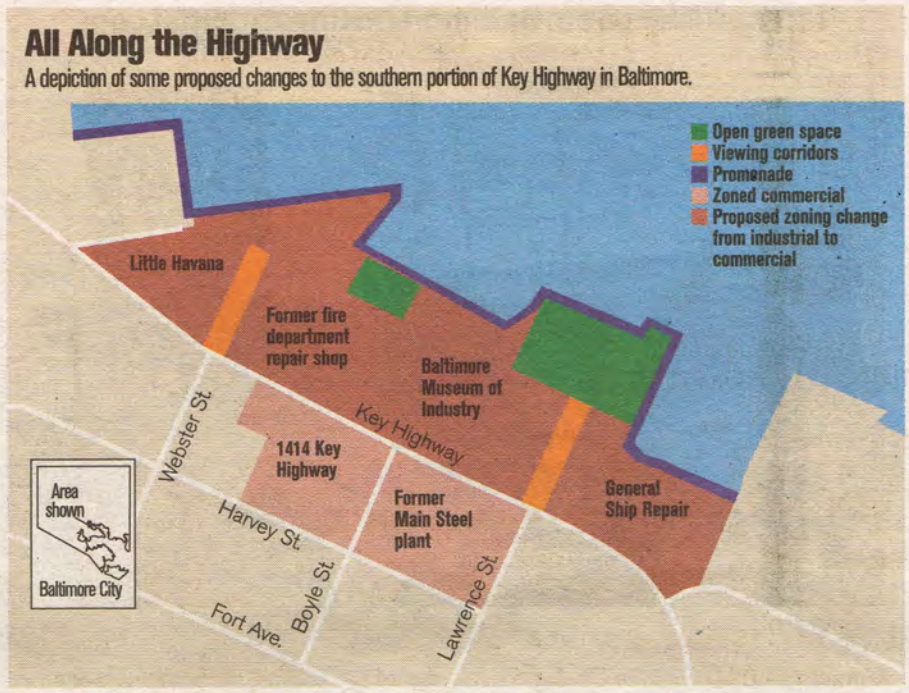
That's because the Key Highway South urban renewal plan still includes enough wiggle room to potentially allow for the type of "condo canyon" projects that line the waterfront portion of the road to the north, said Roland H. Woodward, executive director of the Baltimore Museum of Industry and a member of a task force created in 2005 to help formulate the plan. Those projects include the Ritz-Carlton Residences and PierHomes at HarborView, which Federal Hill residents have bemoaned for obstructing their waterfront vistas and — as a result of the housing market's demise — causing their home values to plummet.

"We're comfortable, and the city is comfortable with the plan in the absence of any fixed future development plans," said Woodward, whose museum sits on one of the parcels facing a zoning change. "But we'll get a true sense of how valid the plan is when someone actually files paperwork with the city to do something."

'Cauldron of controversy'

Industrial groups also want to make sure city planners guard against unintended consequences that could arise when marrying traffic from more homeowners and businesspeople with that of a still-vibrant industrial community a bit farther south. The Baltimore Industrial Group, which includes Domino Sugar and other industrial businesses in Canton and South Baltimore, was scheduled to meet with city planners May 26 to discuss the city's vision for Key Highway, the road itself.

"We don't want to create a cauldron of controversy down the road," said Stu FitzGibbon, chair of the Baltimore Industrial Group and refinery manager of the Domino Sugar plant off Key Highway in Locust Point. "We don't want anything to jeopardize the infrastructure that supports the city."



FitzGibbon, who supports the proposed zoning changes, said about 200 Domino Sugar trucks travel the southern portion of Key Highway each day.

With city planners' OK, this 20-year roadmap for the portion of Key Highway between the Ritz and PierHomes condos and new McHenry Row retail and office complex would go back to City Hall. The City Council would vote on the proposal to change the zoning of three adjoining parcels along Key Highway from industrial to commercial. Two other plots of land across the street already have been designated for commercial development.

FitzGibbon

The plan sets maximum heights for some landside buildings at 90 or 100 feet, depending on their location. Waterfront towers could reach 140 to 290 feet, depending on how much open space is also worked into the development plan. The more open space, the taller the building.

"The one concern I raise is the open space guidelines are complicated," said Al Barry, owner of AB Associates in Baltimore and a planning consultant for several former and current Key Highway property owners. "It's basically an abstract, best-guess scenario by the planning department."

Barry also said the plan's guideline for 11,000-square-foot floor plates on office or residential towers more than 60 feet tall "might not be financially feasible."

Moving parts

Legislation outlining these Key Highway South changes and development guidelines was first introduced to the City Council March 28. The final draft of the plan that dates back to the then-Mayor Martin O'Malley administration was completed the same month..

This is the same zoning plan that once included some controversial ideas for selling and redeveloping the former fire department repair station and at least one schematic drawing of what the area could look like with several tall, slender residential towers. It's also the plan that likely will comprise two parcels where Webster and Clement streets converge on Key Highway that include the Little Havana restaurant and former Globe Brewing Co. building and a lot for sale by HarborView developer Richard Swirnow.

Mike Muldowney, a broker with CB Richard Ellis in Baltimore who is marketing that and three other Key Highway properties Swirnow is trying to sell, said he has received offers for all four parcels. Negotiations for three of those properties are ongoing, he said. Muldowney declined to elaborate or name any of the bidders.

Barry, the planning consultant, said one of them is a client interested in buying the Swirnow-owned lot that is part of the Key Highway South plan and possibly partnering with Little Havana owner Tim Whitsted on a broad redevelopment of those two side-by-side parcels.

Whitsted could not be reached for comment.

Anthony Cataldo, the Key Highway South project manager for the city's planning department, said he hasn't "seen any solid evidence of any projects moving" along that portion of the road. "There have been some good ideas," Cataldo said, "but I think it's still going to be a few years down the road before anything gets going."

Most of the delay can be blamed on the housing market's swoon and subsequent recession, said Paul Robinson, treasurer of the Federal Hill Neighborhood Association and a member of the Key Highway South task force. When the idea to change Key Highway South zoning first arose in 2005, it had the tailwinds of a booming real estate market and easy credit at its back. Now, redevelopment along Key Highway and elsewhere faces headwinds of a still-lagging financing market for commercial and residential projects.

Future plans

Swirnow had plans to build more condos on the four Key Highway parcels now for sale, but his equity partner, Philadelphia-based Lubert Adler Real Estate Funds, closed the fund that would have helped pay for the projects.

"That's my overarching concern, that we have a market of luxury residential housing stock that is already overbuilt," Robinson said. "And it's going to be a decade or more before that market rebounds entirely. In the meantime, we might want to reconsider setting aside some of the land for marine industrial businesses that are thriving. Put a sunset on one of the zoning changes."

Despite the bad economy, some Key Highway South property owners have been able to move forward with plans. Since early 2010, Baltimore's Azola Cos., which owns 1414 Key Highway, has added three ground-level retailers that are taking up about 17,000 square feet. The building, which sits across the street from the Baltimore Museum of Industry, is 96 percent leased with about 20 tenants paying at least $16 per square foot, said Martin P. Azola, Azola Cos.' president.

With the zoning changes, Azola could add another three or four floors atop a portion of 1414 Key Highway, but the developer doesn't have plans to do that soon.

"Right now, with the recession, the smart way to go is to be fully leased, offer a good bargain and good service, and get set for the future," Azola said.

Md. names new insurance chief; health agency appointments on tap

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Gov. Martin O'Malley on May 26 appointed Therese Goldsmith as the new commissioner of the Maryland Insurance Administration, effective June 13.

Goldsmith will replace Beth Sammis, who has held the position on an interim basis for more than a year. Goldsmith has been a commissioner of the Maryland Public Service Commission since 2009. Prior to that she was a partner at Hogan & Hartson LLP, focusing on government investigations, health care fraud and abuse.

As part of her new role, Goldsmith grabs a seat on the board of the state's new health benefit exchange, formed out of the federal health care reform law.

The Maryland Insurance Administration regulates the state's health, life, automobile and homeowner insurance markets.

Other health care state agency appointments might not be far behind. Shaun Adamec, a spokesman for O'Malley, said the state could soon name a new executive director of the Maryland Health Care Commission to replace Dr. Rex Cowdry, who left the agency in April. Ben Steffen, director of the Center for Information Services & Analysis, a branch of the health commission, has been the state agency's acting director since Cowdry left.

Meanwhile, Adamec would not confirm speculation in the industry that former state health secretary John M. Colmers could replace Fred Puddester as the new chair of the state's Health Services Cost Review Commission, which regulates Maryland's hospitals.

Colmers left the state's Department of Health and Mental Hygiene in January for a position as vice president of health care transformation and strategic planning for Johns Hopkins Medicine. A decade ago, Colmers was executive director of the Health Services Cost Review Commission, a job now held by Robert Murray.

Puddester left his job at Johns Hopkins and vacated his HSCRC chairman post earlier this year when he announced he was taking a job as vice president of finance with Williams College in Massachusetts.

Reporter SCOTT GRAHAM contributed to this report.