

**THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY**  
**BOARD MEETING MINUTES**  
**Thursday, February 9, 2006**  
**7:30 AM at the Port Authority Offices**

**I. CALL TO ORDER**

Kim Satzger called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 7:40 a.m.

**MOTION:** In the absence of both the Chairman and Vice Chairman, per the Port Authority's Bylaws, Nick Vehr made a motion that Kim Satzger chair the meeting of the Board of Directors. Dave Siebenburgen seconded the motion. The motion was passed unanimously.

**BOARD MEMBERS PRESENT:**

Bailey, Clifford  
Budig, Otto  
Hale, Joe  
Hull, Betty  
Johnson-JioDucci, J.J  
Kull, Ron  
Muller, Paul  
Otto, Charlotte  
Siebenburgen, David  
Vehr, Nick  
Zimmer, Joe

**EXCUSED:**

George, Lou  
Humes, Tom  
Kearney, Eric  
Love, Steve  
Reid, Janet  
Rouse, Jack

**STAFF:**

Robb, Deborah  
Satzger, Kim  
Schafer, Ray  
Zanders, Char

**GUESTS:**

Bomberger, Jeff – Squire, Sanders & Dempsey, LLP  
Cundiff, Jim – Hamilton County  
Groene, Donn – Sisters of Mercy  
Phillips, Bonnie – City of Cincinnati  
Wehmer, Brenda – Peck, Schaeffer, & Williams  
Williams, John – Gonzalez, Saggio & Harlan, LLP

## II. APPROVAL OF MINUTES

**MOTION:** Nick Vehr made a motion that the minutes of the December 8, 2005 Board Meeting be approved. David Siebenburgen seconded the motion. The motion was passed unanimously.

Kim Satzger explained that as there was not a quorum at the January meeting. Therefore, the December minutes could not be approved at that time. Due to the fact that there was not a quorum, legal counsel has advised that minutes will not be required for the January meeting. Counsel recommended that a simple journal entry be made reflecting attendance, the election of a presiding officer, the determination that no quorum existed, and adjournment.

## III. BROWNFIELD PROJECTS UPDATE

Kim Satzger provided updates on the following projects.

**4101 Spring Grove Avenue** – Ms. Satzger reported that the Port Authority has been asked to apply for Clean Ohio Assistance Funds (COAF) on behalf of the developer, American Can Building, LLC. Ms. Satzger stated that a representative of the developer, Michele Laumer, attended the January Board meeting. Ms. Satzger indicated that the developer is working closely with City Officials and the Northside neighborhood. She said that she has worked with the developer to make them familiar with the COAF process and the Port Authority's method of contracting to work on projects of this type. Ms. Satzger said that two resolutions are included in the Board's packet. The first resolution enables the Port Authority to submit the grant application and administer grant funds, if received. The second resolution enables the Port Authority to enter into agreements with the developer for the remediation of the property.

Dave Siebenburgen asked if this project is similar to other projects that the Port Authority has completed.

Ms. Satzger said that this project is very similar to the 400 Pike Street project that the Port Authority undertook in 2004. That project was a former commercial structure that was converted to residential condos. She said that the American Can Building is a former commercial building that is proposed to be converted to a residential apartment building after remediation.

**MOTION:** Dave Siebenburgen made a motion that the resolution enabling the Port Authority to make application, receive, and administer the Clean Ohio Assistance Funds be approved. Otto Budig seconded the motion. The motion was passed unanimously.

**MOTION:** Otto Budig made a motion that the resolution enabling the Port Authority to enter into the Site Preparation and Development Agreement and Reimbursement Agreement with the developer, American Can Building, LLC, be approved. Ron Kull seconded the motion. The motion was passed unanimously.

**4000 Red Bank Road** – Kim Satzger stated that all remediation is complete. The Port Authority, its legal counsel, and the property owner, Red Bank Road, LLC [W.P. Carey], are reviewing a portion of the draft No Further Action (NFA) letter. The Port Authority will review additional materials once provided by the environmental consultant, Hull & Associates, Inc. It is currently contemplated that the NFA will be submitted to the Ohio EPA in March. The developer is currently making plans to begin development at the property in late summer. The end-user, Regency Centers, has indicated an interest in working with the Port Authority on a financing for portions of the site redevelopment costs. Therefore, the Port Authority has entered into early discussions regarding TIF bonds for this project, and will be coordinating these activities closely with the Village of Fairfax.

**5025 Carthage Avenue** – Ms. Satzger advised that the Port Authority is continuing to monitor the in-situ (bio-remediation) cleanup activities at the project site. Soil and groundwater samples are being taken as part of this

monitoring process. The Port Authority will be monitoring the site for approximately 12-15 months. In addition, there is a portion of the site that the Port Authority will remove (“dig-and-haul”) the soil to a hazardous landfill.

David Siebenburgen asked if the Port Authority is responsible to pay for the “dig-and-haul” activities if the developer runs out of money.

Ms. Satzger stated that the hauling of contaminated soils is funded by the Clean Ohio Fund grant.

**320 South Anthony Wayne Avenue** – Ms. Satzger reported that the Port Authority received final approval from the State Controlling Board for the Clean Ohio Revitalization Fund grant award that was approved by the Clean Ohio Council on December 14, 2005. This approval enables the Ohio Department of Development to forward grant agreements. Early indications are that the grant agreements will be forwarded in late February or early March. Ms. Satzger also indicated that the Port Authority is meeting with the developer to discuss the selection process for a Certified Professional for this project. The Port Authority will also discuss the contracting process for this project as it pertains to Economic Inclusion.

David Siebenburgen asked if the Port Authority is still experiencing a positive attitude from our development partners with regard to Economic Inclusion.

Deborah Robb replied yes. Petro Environmental has been exceptionally positive and proactive in assuring that we achieve and exceed our economic inclusion goals on this project.

Kim Satzger added that the key is to start early by identifying the categories in which subcontractors will be needed in order to give Ms. Robb time to identify potential minority, women, and small business enterprises.

#### **IV. CHAIRMAN’S REPORT**

Ms. Satzger reviewed the letters and accompanying resolutions that were forwarded to the City of Cincinnati and Hamilton County this week. She said that the letter outlines the City/County process required for approval of the reformation of the Port Authority and a draft resolution/ordinance was included with the letter. In the December 14, 2005 package proposing the reformation of the Port Authority, a draft amended and restated formative agreement was forwarded. For the sake of convenience, that draft formative agreement was also included in the most recent package.

Ms. Satzger explained that she had met with Carla Walker, Mayor Mallory’s Chief of Staff, to review the December 14, 2005 Port Authority request that the Port Authority be reformulated to broaden its powers and reduce the size of its Board. Ms. Walker asked that a recommendation be prepared including the steps required to implement the reformation.

Otto Budig asked if there are any specific criteria for Board appointments (e.g., live in City/County).

Jeff Bomberger replied that Board members must be citizens of Ohio.

Otto Budig asked if the City seemed favorable.

Ms. Satzger replied yes. She stated that Port Authority representatives have met with the Mayor and his Chief of Staff, as well as the City Manager. All seem to be favorable.

Ms. Satzger said that she, Deborah Robb, and Ray Schafer had met with representatives of the County, including Patrick Thompson, Ron Roberts and Eric Stuckey, to discuss the Port Authority recommendation and request for reformation. Subsequently, she was asked to attend the January 26, 2006 meeting of the Hamilton County Economic Development Task Force to review the activities of the Port Authority, as well as the request for

reformation. Ms. Satzger said that the information was well received and members of the Task Force asked Commissioner Heimlich when the requested changes would take place. Commissioner Heimlich indicated that he was supportive of the request and that he would make the requested change a priority.

Ms. Satzger added that the City had included funding for Port Authority operations in its 2006 budget but that the County had not. Therefore, when meeting with the County, Ms. Satzger also requested 2006 operational support from the County.

Ron Kull asked if Ms. Satzger had a sense of timing.

Ms. Satzger replied that the December 14, 2005 request recommended that the change occur by March 31, 2006. Ms. Satzger said that she did not know if the reformation of the Port Authority would be approved by the City and County by that date as neither entity has indicated the timing of the requested approval.

## V. PRESIDENT'S REPORT

**Economic Inclusion Report** – Kim Satzger asked Deborah Robb to provide the Economic Inclusion Report.

Deborah Robb stated that the Economic Inclusion Report for the last two months have remained the same. This is due to the fact that no new contracting had taken place during that time period. Ms. Robb said that she has been meeting with the project managers for the Electrician's Union Training Facility financing project and the 320 South Anthony Wayne Avenue project with regard to identifying candidates for the types of subcontracting required per the various scopes of work. She said that the Port Authority is working with Petro Environmental on planning an outreach session for the South Anthony Wayne site in Lockland.

Otto Budig questioned the union's role and the need to have only union contractors on the Union's Training Facility project. He asked if the Port Authority was requiring union involvement on all of its projects.

Ms. Satzger said that the Electrician's Union is constructing a training facility and has stipulated that contractors on this project be union contractors. Further, Ms. Satzger said that the Port Authority's projects require that prevailing wages be paid.

**Financial Report** – Kim Satzger asked Ray Schafer to provide the financial report.

**2004 Audit:** Ray Schafer advised that a draft report was in-hand and being reviewed with the Finance Working Group. As with the report compilation, the review has been protracted due to the complexities of the Cincinnati Mills bond financing transaction and the implementation of GASB #34 regarding Management Discussion and Analysis. The audit will be finished in the near term.

**Balance Sheet – December 2005:** Ray Schafer reported that the balance sheet reflects approximately \$750,000 in cash to start the year, a positive start for 2006. The financials include typical year end adjustments for accounts payable, primarily consisting of professional services, depreciation, and accounts receivable. The Cincinnati Mills 2004 and 2005 entries are not included. The Port Authority is waiting for the 2004 audit presentation to the Board before reflecting the new breakout of non-operating expenses and the impact of the unique Cincinnati Mills revenue bond transaction in the financial results of 2005.

**Statement of Revenues and Expenses – December 2005:** Ray Schafer noted that the \$285,000 of County funds is included in revenue. Expenses are as expected and include typical year end accruals of about \$22,000. Mr. Schafer then asked if there were any questions about December 2005. There were no questions.

**Statement of Revenues and Expenses – Projected 2006:** Mr. Schafer explained that the Queen City Square and Cincinnati Mills' financing fees carry over from 2005. He said that new project financing includes Pictoria

at \$170,000 and the Cincinnati Zoo at \$18,000. The revenue projection is conservative as it does not include other potential projects. He anticipates project fees of \$167,000 for 2006, which includes \$109,000 from new projects and \$58,000 from prior year projects that are winding down in 2006. Mr. Schafer then spoke about salaries and benefits. Mr. Schafer said that the Port Authority plans to increase staff by three positions: Director of Brownfield Development, Director of Finance (4/01), and Project Manager (7/01). Mr. Schafer said that personnel actions are contingent on the availability of projected revenues. He said Port Authority staff is working with the Finance Working Group to ensure the appropriate timing. He also noted a decrease in professional services due to special projects from 2005 that will not carry over to 2006. The increase in other expenses is primarily due to additional personnel and because the Port Authority cut back on some 2005 expenditures due to delayed funding that are reinstated in the 2006 budget. Port Authority staff is working with the Finance Working Group on all these items. The Comparative Statements report has been reviewed in detail with the Finance Working Group. The resolution ties into the comparative summary. The staff of the Port Authority is seeking approval of the 2006 Budget resolution.

Mr. Schafer asked if there were any questions about the 2006 budget.

Otto Budig commented that the budget for 2006 is realistic with regard to where the Port Authority ought to be.

**MOTION:** Otto Budig made a motion to approve the 2006 budget resolution. Charlotte Otto seconded the motion. The motion was approved unanimously.

**Mercy Financing** – Kim Satzger introduced Brenda Wehmer, Peck, Shaeffer, & Williams, bond counsel for the Sisters of Mercy of the Americas bond financing. Ms. Wehmer explained that Mercy is seeking approval for a \$6 million dollar bond for improvements to two local girls high schools (McCauley & Mother of Mercy). She stated that the bonds will be conduit revenue bonds and that there will be no liability for the Port Authority. She said that Mercy will be securing the bonds and that a trustee will manage the payments. She went on to say that, Mercy is asking for non-taxable bonds due to the fact that Mercy is a non-profit organization.

Nick Vehr asked if this was different than conduit projects done in the past by the Port Authority or is it similar to a financing that the Port Authority has done in the past.

Kim Satzger replied that this is different and deferred the question to Jeff Bomberger.

Jeff Bomberger explained the difference by using the Queen City Square and Cincinnati Mills as examples. He said that these projects used a first priority tax lien. He stated that this was the key credit component plus the fact that, in the case of the Cincinnati Mills project, the bonds were issued to benefit a leading mall developer, the Mills Corp. He explained that Queen City Square was different (but still carries a tax lien in the TIF portion). With regard to the Queen City Square financing, Western Southern purchased the bonds issued to benefit the development arm of Western & Southern. The Mercy project is different due to the nature of the structure. It is a true conduit issue (not a structured transaction), designed to bring the whole credit of the Sisters of Mercy group to the transaction. It will combine their credit and issue fixed rate long term obligations based on that credit. Mercy has submitted a request for credit rating and expects to receive an A- rating. Mr. Bomberger indicated that this is considered a very good rating. It is higher than the rating for common bond funds, which are used by port authorities throughout the State. Typically, common bond funds are rated BBB+. Mr. Bomberger said that BBB is the baseline for investment grade bonds.

Nick Vehr asked if the credit rating is not satisfactory, is there an easy way to get out of this situation.

Kim Satzger replied that she had asked issuer counsel, Squire, Sanders, & Dempsey, to draft language to amend the resolution that was included in the Board packet. The proposed amended language addresses the rating. She then asked Mr. Bomberger to read the amended language.

Jeff Bomberger asked the Board to refer to Section 14 of the resolution. The Section currently reads: “Effective Date. This Resolution shall be in full force and effect from and after its enactment; provided that the authorizations herein are made subject to and conditioned on the approval of the Issuer’s participation in the financing of the Project by the Council of the City of Cincinnati and the Board of County Commissioners of Hamilton County, as required by the Agreement for the Creation of the Port of Greater Cincinnati Development Authority.”

Mr. Bomberger proposed that Section 14 be amended as follows: “Effective Date. This Resolution shall be in full force and effect from and after its enactment; provided that the authorizations herein are made subject to and conditioned on **(1.) receipt by the Chair of this Board and the President of the Issuer of evidence satisfactory to them that the Bonds have been rated A- (or equivalent) by a recognized independent credit rating agency, together with such other information as they shall request from the Borrower and the Schools, and (2.)** the approval of the Issuer’s participation in the financing of the Project by the Council of the City of Cincinnati and the Board of County Commissioners of Hamilton County, as required by the Agreement for the Creation of the Port of Greater Cincinnati Development Authority.”

Mr. Bomberger stated that in addition to this amendment, he wanted to point out the fact that this project is still subject to approval by the City and the County per the Port Authority’s formative agreement. He went on to say that City and County approvals are already in process.

Mr. Bomberger said that if the City or County does not approve it, then a financing through the Port Authority will not move forward.

Nick Vehr asked if something should occur that is not included, does the opportunity exist for us to revisit this commitment.

Jeff Bomberger said that if Mercy does not receive an A- rating, then it may change its approach and the proposal, as it exists, would not go forward.

Nick Vehr asked what would be the typical time for City and County officials to provide approvals.

Kim Satzger replied that, in the past, approvals have taken approximately two weeks.

David Siebenburgen asked if the Port Authority is reconstituted, will it need to still have approval by City and County officials for financings.

Jeff Bomberger replied no. The reason that it is required now is because the Port Authority’s formative agreement restricts it to two missions – brownfields and Banks.

**MOTION:** David Siebenburgen made a motion to adopt the resolution as amended. Charlotte Otto seconded the motion. The motion was passed unanimously.

Paul Muller mentioned that the AIA, due to its anniversary in 2007, will be sponsoring special initiatives in each state. In Ohio, the focus will be on sustainable development.

Kim Satzger mentioned that perhaps some of the Port Authorities brownfield projects could be part of the local program as several of the projects have incorporated sustainable concepts into the redevelopment of the site.

**VI. ADJOURNMENT**

**MOTION:** Dave Siebenburgen made a motion to adjourn the Board of Directors meeting. Otto Budig seconded the motion. The motion was passed unanimously.

The meeting was adjourned at 8:27 a.m.

Respectfully,

Kimberly Satzger  
Secretary