

THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
BOARD MEETING MINUTES
Thursday, February 10, 2005
7:30 AM at the Port Authority Offices

I. CALL TO ORDER

Jack Rouse called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 7:32 A.M. Mr. Rouse stated that the Board will postpone approval of the minutes until there is a quorum.

Kim Satzger welcomed Robert Peraza as the Port Authority's newest board member.

BOARD MEMBERS PRESENT:

Bailey, Clifford
Hull, Betty
Humes, Tom
Johnson-JioDucci, J.J.
Kearney, Eric
Kull, Ron
Love, Steve
Muller, Paul
Otto, Charlotte
Peraza, Robert
Rouse, Jack
Siebenburgen, David
Vehr, Nick

EXCUSED:

Budig, Otto
George, Lou
Hale, Joe
Reid, Janet
Zimmer, Joe

STAFF:

Ciampone, Kathy
Robb, Deborah
Satzger, Kim

GUESTS:

Bomberger, Jeff – Squire, Sanders & Dempsey LLP
Brice, Tony – LIUNA Local 265
Cundiff, Jim – Hamilton County
Froehle, Bill – Plumbers, Pipefitters Local 392
Jones, Bruce – Squire, Sanders & Dempsey LLP
Leeper, Steve – 3CDC
Osborne, Kevin – The Post
Phillips, Bonnie – City of Cincinnati
Supe, Bob – Plumbers, Pipefitters Local 669
Williams, John – Gonzalez, Saggio & Harlan, LLP

II. BROWNFIELD PROJECT UPDATE

Kim Satzger said that the 2004 Board binders are available for Board members if they would like a copy for their files. She then proceeded to give the brownfield project update.

4000 Red Bank Road – Ms. Satzger thanked J.J. Johnson-JioDucci, Nick Vehr, and Clifford Bailey for attending the demolition event on January 28, 2005. She also thanked Mr. Vehr for being the Master of Ceremonies. She indicated that the Board packets included the 4000 Red Bank Road project information that was distributed at the event. Ms. Satzger stated that the event was well attended. Attendees included the Mayor of Fairfax, Ted Shannon, State Representatives Shuller and Brinkman, as well as Village of Fairfax council members. In addition, Nan Cahill from Congressman Rob Portmans office, Amy Alduino and Sharon Roney from the Ohio Department of Development (Clean Ohio Fund Administering Agency), and Dan Tjoelker from the Ohio EPA were in attendance. It is worth noting that 2005 is Fairfax's 50th anniversary. Therefore, the Village was excited to begin its anniversary year with the demolition event for the 4000 Red Bank Road project – as the site has been a blight on the community since 1979.

3603 East Kemper Road – The Port Authority has just completed all of the Resource Conservation and Recovery Act (RCRA) and Voluntary Action Program (VAP) cleanup activities at the property and is ready to file the NFA. Ms. Satzger stated that the Port Authority received an offer on the Kemper Road property from Ed Neyra who is an adjoining property owner. He wants to build 90,000 sq ft. of office space and proposes to develop 30,000 sq. ft. of that within the first 24 months. Ms. Satzger asked for Board authorization to enter into negotiations with Mr. Neyra for the sale of the property.

Mr. Rouse asked if there are any questions on this item. He noted that all of the money for the sale of this property goes to the Port Authority. Mr. Rouse stated that there was now a Board quorum; and therefore, a motion could be made with regard to the Kemper offer.

MOTION: Tom Humes moved that Ms. Satzger be authorized to negotiate the sale of the property. Steve Love seconded the motion. The motion was approved unanimously.

Nick Vehr asked if the sale of the Kemper Property will need to be brought back to the Board for approval of the sale.

Bruce Jones said that the final agreement will need to come back to the Board for final approval.

Jack Rouse pointed out that Ed Neyra seems fairly aggressive on the purchase of the property. Ms. Satzger has contacted Property Advisors to determine the value of the property if the entire property is sold.

Tom Humes said that at Ms. Satzger's request, he looked at the contract and said it is a fairly good contract but it is a contract nonetheless and needs to have some further examinations to make sure there are clarifications, particularly because of the brownfield issues. On the economic side, it is a pretty straight forward issue.

Ms. Satzger said that the offer was for the entire 9.3 acres at \$75,000 per acre.

Tom Humes asked what was the purchase price to which the Port Authority agreed in its agreement with Neyer Properties.

Ms. Satzger said that the Port Authority and Neyer Properties had agreed on \$85,000 per acre.

Paul Muller asked if we needed the approval of the Princeton School Board to sell. Ms. Satzger said no.

Tom Humes recommended that Ms. Satzger counter Mr. Neyra's offer after researching the market.

Jack Rouse suggested that Ms. Satzger continue to work closely with Mr. Humes on the contract negotiations.

III. APPROVAL OF MINUTES

MOTION: Jack Rouse made a motion to approve the minutes of the January board meeting. Ron Kull seconded the motion. The motion was passed unanimously.

IV. BANKS PROJECT UPDATE

Kim Satzger indicated that, as discussed at last month's Board meeting, on January 24, 2005, she had attended a meeting at the Ohio Department of Transportation (ODOT) to discuss questions that ODOT had raised with regard to the Banks Intermodal Facility project. Ms. Satzger was accompanied by Steve Leeper and Mary Lynne Boorn of 3CDC.

Ms. Satzger indicated that the Port Authority, in collaboration with 3CDC, had developed a written response to the questions raised in the November 24, 2004 letter from ODOT. The response was supported by documentation including cost estimates, market studies, and proposed project design.

Mr. Leeper summarized that the Banks Intermodal Facility improvements will be constructed on Development Blocks 4 & 8. The estimated cost for the intermodal facility is \$24 million. The grant application stated that three buses would be purchased as part of the Intermodal Facility project. He said that the project will meet its matching fund requirements through the County's donation of the land on which the improvements will occur. By doing this, the project will receive a "land donation credit."

Mr. Leeper said that it is important to note that, when receiving federal funds to build a facility, none of the revenues from the constructed facility may go to a private entity. This means that parking revenues for Blocks 4 & 8 may not go to either of the sports franchises – the Cincinnati Bengals or the Cincinnati Reds. Further, the parking revenues may only be applied to the Code of Federal Regulations Title 23 eligible activities. Therefore, the Port Authority proposed that the parking revenue be used to finance the remaining Central Riverfront streets improvements.

Ms. Satzger stated that ODOT is recommending that the Congestions Mitigation and Air Quality (CMAQ) and Transportation Review Advisory Council (TRAC) funds be transferred to Federal Transit Administration (FTA) so that one entity will administer all of the funding for the Banks Intermodal Facility. However, ODOT wants to make certain that the project is ready to proceed prior to the transfer of the funds. This is due to the fact that, once the funds are transferred and should the Banks Intermodal Facility project not move forward, these funds will stay with the Federal government and Ohio will not get the funds back for redistribution within Ohio.

Ms. Satzger stated that preliminary indications are that ODOT is making progress on reviewing the information that the Port Authority included in its January 24, 2005 presentation. Ms. Satzger said that it was a good meeting, the presentation went well, and she is anticipating a favorable outcome.

Jack Rouse pointed out that the Board members may have seen some of the recent newspaper articles which were not an accurate reflection of the activities to date. He asked Kim Satzger to address this issue.

Ms. Satzger stated that the November 24, 2004 letter was requested by the Port Authority in order to clearly understand ODOT's questions. ODOT indicated that the type of discussions that ODOT and the Port Authority are having are a very typical part of the grant process.

Tom Humes asked if the dollar numbers included the podium.

Steve Leeper said no. Mr. Leeper said that the podium and the column overbuild will be funded through a project financing. However, Mr. Leeper said that the garage estimate that was presented to ODOT had been defined as having a roof and a waterproofing membrane.

Mr. Humes asked about the cost of the streets. In his review of the estimate presented to ODOT, he thought that it seemed like more money was needed for the street than originally contemplated. He also stated that he thought that the City of Cincinnati was responsible for the streets. He was concerned about additional responsibility being put on the Port Authority.

Mr. Leeper said that the Port Authority/3CDC team had looked at the project as a whole including all of the components.

Ms. Satzger stated that this was the approach as during the RFQ process, the developers asked questions about the timing for the implementation of the various public infrastructure components. By looking at the project as a whole, we are attempting to take the uncertainty out of the project in order to get a developer to move forward.

Nick Vehr asked if there was a date that the Port Authority would hear back from ODOT.

Kim Satzger said that she thought that the Port Authority would receive ODOT's response in April.

Dave Siebenburgen asked if the soft costs included in the budget for the Banks Intermodal Facility could be funded through the grant.

Steve Leeper said yes.

Dave Siebenburgen said that the Port Authority will need to build a Banks budget, as the current budget is only for brownfields and operations.

Nick Vehr stated that the Port Authority will need to hire project managers and "ramp-up" the staff to handle this project.

Jack Rouse thanked 3CDC for its assistance and support with regard to the Banks Intermodal Facility.

V. CHAIRMAN'S REPORT

Jack Rouse brought up that the Port Authority and 3CDC need to figure out what formal relationship the two entities will have. Both entities have worked together to keep the CMAC & TRAC funding in place. In November 2004, Mr. Rouse asked 3CDC to provide a letter documenting the expenses that it has incurred on behalf of the Port Authority. The 3CDC request for reimbursement letter is included in the Board packet.

Mr. Leeper said that the 3CDC only included a request for reimbursement for cost estimates, studies, and designs that were included in the ODOT response. He did not include staff time in the request.

Eric Kearney asked if the Port Authority would have incurred the same expenses if the Port Authority had proceeded with the project without the assistance of 3CDC.

Steve Leeper explained that all of the work was necessary in order to move the Banks project forward.

Steve Love asked what impact this would have on the 2005 budget.

Dave Siebenburgen said it was a 2004 budget item and would therefore not impact the 2005 budget.

Ron Kull said this is a normal part of the developer process.

Steve Leeper said that going forward the costs incurred by 3CDC will be brought to the Port Authority Board for approval. 3CDC will not incur costs that are not authorized.

Jack Rouse stated that the 3CDC expenditures were made at a time when the Port Authority had not received its operational support from the City or the County. This was at a time when the Port Authority was struggling to continue to operate. The Banks would not have moved forward without the support of 3CDC.

Tom Humes noted that the expenses are legitimate and real expenses. The Port Authority needs professional council to make sure it is making the right decisions. He noted that Beyer Blinder Belle is the replacement for UDA. These are important and significant expenditures.

Jack Rouse indicated that the MOU says that there will be a budget presented and approved on a case by case and project by project basis.

Dave Siebenburgen asked if we needed to do a resolution that we pay at least half right now and the rest to be paid when Ms. Satzger has reviewed the documentation.

Ms. Satzger said that she has the documentation. She has reviewed the documentation and recommends the approval of the request for reimbursement.

MOTION: Dave Siebenburgen made a motion to approve the 3CDC request for reimbursement.

Eric Kearney asked if there was a conflict of interest due to the fact that some Port Authority Board members are on 3CDCs Board. Jack Rouse abstained as he is on the 3CDC Board. Eric Kearney seconded the motion. The motion was passed unanimously.

Nick Vehr expressed concern that decisions (with regard to spending) would wait for Board approval and did not want to see that interfere with the development process.

Jack Rouse stated that he and Janet Reid are the two Port Authority Board members that are also on the Board of 3CDC. Mr. Rouse has also agreed to chair Hamilton County's Economic Task Force. He has discussed this with Bruce Jones of Squire, Sanders, & Dempsey. He introduced Mr. Jones to speak with regard to the potential conflict.

Bruce Jones first addressed Nick Vehr's earlier question about Board approval on spending. He explained that in the Port Authority by-laws, the Chairman and the President are authorized to spend up to \$25,000 without Board approval. This dollar amount can be changed if the Board finds it appropriate. With regard to the conflict of interest issue that Mr. Rouse raised, Mr. Jones said that the task force is just there to make recommendations to the County and has no decision making power so, in essence, Mr. Rouse is just acting as a private citizen. He does not see a conflict and thinks Mr. Rouse should accept the position.

Kim Satzger said the Strategic Planning Working Group met last week to discuss strategic planning. The Working Group reviewed the "The Cincinnati Port Authority: Realizing the Full Potential of this Powerful Economic Development Tool" document that was prepared in 2002. This document was prepared by Squire, Sanders, & Dempsey. The Working Group decided to update this document. Ms. Satzger has had discussion with Mr. Jones to ask that Squire, Sanders, & Dempsey prepare an update. The Working Group will meet once the update has been drafted.

Mr. Rouse stated that it was discussed at the last meeting that the Port Authority may work with Tim Riordan to assist in the strategic planning process. However, this will likely be delayed until Squire, Sanders & Dempsey provides a draft document. The Working Group will evaluate what consulting assistance is required as the group moves forward. Mr. Rouse said that this has been communicated to Mr. Riordan.

VI. PRESIDENT'S REPORT

Kim Satzger stated that the Board had approved at the November 2004 Board meeting a TIF resolution pending the review by the Finance Working Group.

Dave Siebenburgen stated that the Working Group had reviewed the resolution and recommends its final approval.

MOTION: Ron Kull made a motion to accept the TIF financing fee schedule. Dave Siebenburgen seconded the motion. The motion was passed unanimously.

Kim Satzger said that the Port Authority had received its 2003 Audit Report in January 2005. She indicated that the Report was in the Board packet. She pointed out that there were several audit notes.

Dave Siebenburgen said that he had asked Mike Cheney, the Port Authority's contract accountant, to prepare written responses to the audit notes. The responses to the audit notes are also included in the Board packet. Essentially, the notes reflect practices that were corrected last year when the accounting was brought "in-house." Further, Mr. Siebenburgen said that going forward the Audit Report should be more timely. The audit was late because there was a delay in transitioning the accounting from a consultant to the Port Authority in-house staff.

Mr. Siebenburgen said that the State of Ohio selects the accounting firm which conducts that audit. The contract with the accounting firm is expiring and the Port Authority can be part of the selection process. We are looking into the process for participation by the Port Authority.

Kim Satzger said that we are working on closing the 2004 books. It is important to note that the 303 Broadway project will show on the Port Authority's balance sheet because the Port Authority owns it.

Ms. Satzger pointed out that the Board packets included a balance and income statement. The resolution for approval of the 2005 proposed budget is also in the packet. The budget includes hiring of additional staff.

Nick Vehr asked if the Port Authority contemplates hiring a Director of Finance or continuing to contract. Kim Satzger said that the Port Authority plans to hire an in-house Director of Finance.

Dave Siebenburgen pointed out that all of the figures in the budget are for a 12 month period with the exception of the Director of Brownfield Development.

Tom Humes wanted to know how certain that the Port Authority is of the income. He asked if there was a strategy for going forward?

Mr. Rouse noted that the City and County cannot commit to greater than one year. He has had discussions with both the City and the County with regard to the Port Authority's operational support.

Tom Humes asked if the Port Authority should look at leasing the 3603 Kemper Road property in order to develop a revenue stream.

Dave Siebenburgen said we need to invest in finding more brownfield projects, which hiring a full time brownfield director would provide.

Mr. Rouse agreed.

MOTION: Nick Vehr made a motion to accept the Resolution approving the 2005 budget. Dave Siebenburgen seconded the motion. The motion was passed unanimously.

Executive Session

At 8:50 a.m., J.J. Johnson-JioDucci made a motion to move into executive session as follows:

“Motion pursuant to O.R.C. 121.22 G (1) to adjourn the meeting of the Board of Directors of the Port of Greater Cincinnati Development Authority and to go into executive session to discuss personnel matters relating to the appointment, employment, dismissal, promotion, and/or compensation of public employees. Upon conclusion of the executive session, the Board will reconvene its meeting of the Board of Directors.”

Nick Vehr seconded the motion. The motion passed unanimously by a roll call vote.

The Board meeting reconvened at 10 a.m.

VII. ADJOURNMENT

MOTION: Jack Rouse made a motion to adjourn the Board of Directors meeting. Ron Kull seconded the motion. The motion was passed unanimously.

The meeting was adjourned at 10:00 a.m..

Respectfully,

Kimberly Satzger
Secretary