

PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
March 20, 2008
7:30 am at 3CDC Conference Room, Suite 1440

I. CALL TO ORDER

Mr. Love called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 7:32 a.m.

BOARD MEMBERS PRESENT:

Bailey, Clifford
Budig, Otto
George, Louis
Hull, Betty
Johnson JioDucci, J. J.
Love, Steve
Muller, Paul

EXCUSED:

Otto, Charlotte
Rouse, Jack
Siebenburgen, David
Zimmer, Joe

STAFF:

Richardson, Connie
Robb, Deborah
Russell, Christine
Satzger, Kim
Schafer, Ray
Thomas, Susan

GUESTS:

Bernard-Kuhn, Lisa – Cincinnati Enquirer
Engel, Mark – Bricker & Eckler, LLP
Phillips, Bonnie – City of Cincinnati

II. APPROVAL OF MINUTES

Motion: Mr. Budig made a motion to adopt the minutes of the February 22, 2008 Board meeting. The motion was seconded by Ms. Johnson-JioDucci. The motion was approved unanimously.

III. BROWNFIELD PROJECTS UPDATE

Ms. Russell provided the following brownfield project updates to the Board.

320 South Anthony Wayne Avenue, Lockland, OH (Hamilton County Regional Business Park) – Remediation of this site was completed in August 2007. The No Further Action (NFA) Letter is currently under review by Al. Neyer, Inc.'s legal counsel and will be submitted to the Ohio Environmental Protection Agency (EPA) as soon as that review is completed.

Mr. Budig asked for an explanation of the No Further Action Letter.

Ms. Russell explained that the NFA is a narrative summary of clean-up activities at the subject property. In this document, the Certified Professional certifies that the State of Ohio's clean-up standards under its Voluntary Action Program have been met. The Ohio Environmental Protection Agency (OEPA) then utilizes the NFA to issue a Covenant No to Sue.

Ms. Satzger reminded the Board members that the phrase NFA "letter" is misleading. The last NFA that the Port Authority submitted on behalf of one of its projects consisted of thirteen 3- to 4-inch binders.

Mr. Budig said that his confusion was with the phrase "no further action."

Ms. Satzger explained that the phrase "no further action" indicates that the environmental consultant is certifying that no further clean-up action is required at the site, and that the site has been remediated to the standards required by the State of Ohio.

320 South Anthony Wayne Avenue, Lockland, OH (Hamilton County Regional Business Park) – Placing the soil cover over Identified Area 3 was waiting on a permit from the Metropolitan Sewer District to raise the sewers in that area. The permit was received in late December 2007 and placement of the soil cover has been completed. With this, the remediation fieldwork is now completed. Drafting of the No Further Action Letter and associated documentation has started and planning is underway for infrastructure improvements, including roads and utilities.

4101 Spring Grove Avenue, Cincinnati, OH (American Can Building) – Asbestos abatement was completed on October 31, 2007. The American Can Building, LLC has delayed closing of the low-interest cleanup loan from the Ohio Department of Development (ODOD) while they perform a review of the polychlorinated biphenyl (PCB) data collected to date and a verification of the appropriate PCB cleanup requirements. Legal counsel is recommending that the project pursue a site-specific risk-based PCB cleanup, as opposed to the standardized, pre-approved, self-implementing PCB cleanup that had been implemented previously. The risk-based cleanup requires the approval of U.S. EPA but will potentially allow a cleanup approach that is based on the specific nature and extent of the PCB contamination in the American Can Building. American Can Building, LLC, the Port Authority, and legal counsel met with Ohio EPA on Tuesday and plan to meet with U.S. EPA in the near future.

Ms. Satzger reported to the Board that included in the Board books was an article from a national publication, the Brownfield News. This article is about Ms. Russell and her work at the Port Authority. Ms. Satzger added her congratulations and reported to the Board that the Port Authority was very proud of Ms. Russell's work.

Mr. Love echoed Ms. Satzger's sentiments and related to the Board that the staff of the Port Authority should be recognized for their hard work.

IV. FINANCING PROJECTS UPDATE

Ms. Thomas provided the following financing project updates to the Board.

3000 Disney Avenue, North Oakley, Cincinnati, OH (Millworks Town Center) – The Port Authority continues to work with the developer and the City of Cincinnati on the Millworks project. The developer is continuing to work to assemble the financing package so the property can be acquired per the Development Agreement with the City of Cincinnati and the Preliminary Agreement with the Port Authority.

V. ECONOMIC INCLUSION UPDATE

Ms. Robb provided the Board with the following economic inclusion update.

Red Bank Road – Bidding for the Police sub-station should begin in early April 2008. Timing for this request for proposal will be in early April, with work to begin in mid spring. Ground-breaking for Wal-Mart is anticipated in early summer 2008.

Sisters of Mercy – This project is complete and Messer Construction performed very well in the area of inclusion.

Kenwood Towne Place – The garage portion is nearing completion, and construction on the retail portion has begun. The Port Authority continues to attend weekly construction team meetings, as well as pre-bid construction meetings. The Port Authority has continued to meet with the Bear Creek Construction team members, and has seen marked improvement in the amount of effort that is now being made with regard to economic inclusion. In the past month, Bear Creek Construction has awarded approximately \$4 million in contracts, \$2 million of which has gone to diverse contractors. Bear Creek Capital has initiated a program as part of the "Blueprint for Success," which resulted in the hiring of 2 ex-offenders. One of these individuals will be working in the office and the other will be working in the field.

Ms. Johnson-JioDucci asked if the Blueprint for Success was part of the Community Action Agency's program.

Ms. Robb replied that it was.

Mr. Budig said that the Board was sensitive to the challenges Bear Creek Construction had and asked how progress was being chronicled.

Ms. Robb replied that Bear Creek Construction was providing a written report that included an Excel spreadsheet as well as an executive summary.

Mr. Budig asked if the Port Authority confirmed the Small Business Enterprises (SBEs), Minority Business Enterprises (MBEs), and Women Business Enterprises (WBEs) that were reflected in the reports.

Ms. Robb replied yes, and went on to say that Bear Creek Construction provided a copy of the certification from each of the companies included in their reports.

National City Bank – The Port Authority has negotiated a Memorandum of Understanding (MOU) with National City Bank. National City Bank has reviewed and accepted the MOU included in the Board packet. It has also provided the Port Authority with a signed copy of the MOU. National City Bank will be in attendance at the next Board Meeting to answer any questions that the Board may have about the MOU.

Ms. Satzger told the Board that the Port Authority had not signed the MOU, as the Board had not yet approved the MOU. There is a motion in the Board book that would indicate Board approval, if the Board was so inclined.

Ms. Satzger then asked Ms. Robb to explain the MOU in more detail.

Ms. Robb reported to the Board that the MOU outlines the general terms under which NCB will make financing available to contractors working on Port Authority projects. There is minimal risk to the Port Authority; the Port Authority is simply acting as a vehicle for matching companies up who need gap financing when working on Port Authority brownfield projects funded by the Clean Ohio Fund program. The gap financing program is intended to facilitate the participation of small businesses on projects which, at times, may have long time periods in between pay periods due to delays experienced in the government grant program which funds the brownfield activities of the Port Authority.

Mr. George asked if the MOU was non-binding.

Ms. Robb replied that that was correct.

Mr. Muller asked for a clarification on gap financing.

Ms. Robb replied that gap financing provides predictable cash flow for contractors working on brownfield properties, and waiting on re-imburement through the Clean Ohio Fund program. If contractors participate in the NCB program, they will have steady cash flows for work on the Port Authority's brownfield projects.

Mr. Love said that gap financing was critically important. This approach addresses the issue of small businesses being paid in a timely manner for the work that has already been completed. The MOU that has been negotiated puts the accountability on National City Bank and the involved business. The credit-worthiness of the potential businesses is not guaranteed by the Port Authority.

Mr. George asked Mr. Love if he had reviewed the MOU.

Mr. Love replied that he had.

Ms. Satzger told the Board that the MOU was in the Board book behind Ms. Robb's report. Ms. Satzger went on to tell the Board that the MOU was an outgrowth of working on the Clean Ohio Fund (COF) projects. On COF projects, the Port Authority submits a reimbursement request to the State of Ohio approximately every sixty days. The timing for submission of reimbursement requests is stipulated in the grant agreement with the Ohio Department of Development. Therefore, reimbursement requests may not be submitted more frequently. This time frame is very difficult for small businesses as witnessed when Request for Qualifications (RFQ) were sent out for the Celotex project. Most SBEs stated that the reason that there were no bids received from them was that the

payment timetable for work performed on-site was too long. As a result of the poor showing on SBE, MBE, and WBE bids on the Celotex project, the Port Authority approached National City Bank about gap financing. After several discussions, National City Bank has stated a high degree of comfort in offering gap financing to businesses that may require the assistance. The MOU has also been reviewed by several small businesses to discern whether or not the services offered would be of interest. The feedback was that the services offered would be attractive to small businesses.

Mr. George suggested that the MOU be amended. The third paragraph, second sentence of the MOU reads "Once the request is reviewed and accepted by the Port Authority, it is forwarded to the appropriate governmental agency for approval and payment." He believes that this puts a standard of responsibility on the Port Authority. The language should be amended so that the Port Authority is removed from the chain of liability.

Ms. Satzger replied that the specific language in question was in place because the gap financing is being set-up specifically for Clean Ohio Fund program. National City Bank knows that the monies are available and the grant has already been approved. National City Bank is also aware that when the Port Authority submits a pay request to the State of Ohio, a review of all the documentation attached to the request has been performed by the Port Authority. The MOU states that the Port Authority is not liable for portions of the reimbursement request if the State of Ohio does not reimburse for work that has been performed.

Motion: Mr. Love made a motion to authorize the President to sign a Memorandum of Understanding with National City Bank regarding a program under which National City Bank will make interim financing available to qualifying small, minority, and women owned businesses contracting for work on Port Authority projects.

Mr. George suggested amending the motion to state that this motion is subject to a member of the Finance Working Group reading and accepting said MOU prior to execution.

Motion: Mr. Budig moved to accept the amendment to the motion. Mr. Muller seconded the motion. The motion was passed unanimously.

Ms. Robb went on to report to the Board that the Economic Inclusion numbers were the same as last month with the exception of the footnote at the bottom for the total project for Kenwood Towne Place. That total is now at 8% MBE, 2% WBE, and 13% SBE.

Mr. Budig said that according to the second page of the Economic Inclusion report for the calendar year 2007, the Port Authority had satisfied the goals for on WBE and SBE, but were still short of the goals for MBEs.

Mr. Budig then asked why the report covered 15 months.

Ms. Robb replied that the 15 month time period reflected that the projects were still ongoing.

Mr. Budig asked Ms. Robb about the comparison of actual inclusion versus the aspirational goals set for inclusion. Mr. Budig asked if the renewed efforts of Bear Creek Construction would eventually help improve the economic inclusion numbers.

Ms. Robb said no, since the Port Authority is only tracking the public portion of the garage. The remainder of inclusion that takes place on the project will be reflected in the footnote at the bottom of the report.

Ms. Satzger replied that Bear Creek Construction stated that the improvement of contracting for and reporting on Economic Inclusion contractors on this project has not only benefited the Kenwood Towne Place project, but also approximately \$200 million in projects which they have in the pipeline as they plan to apply what they have learned on this project to other projects.

Mr. Love added that the improvement to the recording of economic inclusion had changed the entire way Bear Creek Construction will do business going forward.

Mr. Budig said philosophically that the efforts put forth by Bear Creek Construction are good; however, the Port Authority has certain aspirational goals and objectives that we are trying to be met, and was not sure how those goals were going to be achieved.

Mr. George asked if the Port Authority would still be shy of the inclusion goals if the Kenwood Towne Place project had not occurred.

Ms. Robb said yes.

Mr. George asked if the inclusion goals were impacted due to the poor economic climate, especially in the construction arena.

Ms. Robb said no and went on to explain that the bigger issue was the lack of bidding by SMWBEs due to lack of some form of gap financing as witnessed on the Celotex project.

Ms. Satzger added that this was compounded by the fact that a great deal of the work on the Celotex project was self-performed since the company that bought the property is in the environmental remediation business.

Mr. George suggested footnoting these types of issues to create a report that provides a clearer picture of the challenges faced on each project.

Mr. Love said he was never more proud of the Board than at the December 2007 Board Meeting, when the lackluster Economic Inclusion reporting by Bear Creek Construction in regards to the Kenwood Towne Place project was stated by the Board members as not being acceptable. The action of the Board has resulted in positive changes at the project site and that progress is being seen. Mr. Love reported to the Board that he had the opportunity to review the reports that Bear Creek Construction has been forwarding to Ms. Robb, and was very impressed. Mr. Love congratulated Ms. Robb on being in the Business Section of the Sunday Enquirer, which detailed the efforts by Bear Creek Construction and the Port Authority to improve Economic Inclusion for the Kenwood Towne Place project. Mr. Love said that the hard work that Ms. Robb put forth has been very effective and has helped to shine a very positive light on the Port Authority.

Ms. Satzger said that she wanted to add her congratulations for Deborah Robb for the nice article in the paper which recognized her hard work, as well as the hard work of Bear Creek Construction to meet the Port Authority's aspirational goals. Ms. Satzger also thanked the Board for its vision and continued support for the Port Authority's economic inclusion initiatives.

VI. CHAIRMAN'S REPORT

Mr. Love reported to the Board that in the Board book was an article concerning the reformation of the Port Authority. Essentially, the City Council has moved the issue through committee and

through City Council to approve the reformation of the Port Authority based on recommendations from the Port Authority in 2005. There have been substantive conversations with the Hamilton County Commissioners, who are also looking to move forward with approving the reformation of the Port Authority.

VII. PRESIDENT'S REPORT

Mr. Schafer reported the following financial information to the Board.

Financial Report – Mr. Schafer reported that the balance sheet reflects a Cash amount of \$1.1 million. In February, the Port Authority received \$350,000 from the City of Cincinnati for its 2007 grant that accounts for the increase from last month. Revenues and expenses are in line with the budget. Expenses are doing better than budgeted due primarily to professional services being under budget by \$22,000.

Mr. Budig asked Mr. Schafer to speak about the expected grants and timing from the City of Cincinnati and Hamilton County.

Mr. Schafer reported that Ms. Satzger would be the person to address those issues as she has been in discussions with the City of Cincinnati and Hamilton County.

Ms. Satzger said that the City of Cincinnati had provided its 2007 funding support, and support from Hamilton County is in process. As far as 2008 grant funds, the City of Cincinnati has included the full amount requested by the Port Authority in its budget. The Port Authority is working with the budget office for the City of Cincinnati to obtain that funding. Hamilton County Commissioner Portune has indicated support for the reformation of the Port Authority and that a port authority with expanded powers is being reviewed and its funding levels will be commensurate with its duties.

Economic Impact Study – Ms. Satzger reported to the Board that the 2007 Economic Impact Study has been included in the Board books. The Port Authority has been working closely with the University of Cincinnati's Economic Center for Education and Research headed up by Mr. George Vredevelde. The Port Authority asked the Economic Center to not only update the numbers reported in the 2005 Economic Impact Study but to also confirm the previously reported numbers. Everything that was measured in the 2005 report was done prospectively because, at that time, no construction had been started. As construction has started, the Port Authority asked the Economic Center to go back and interview the developers and adjust the numbers accordingly. It is important to look at is the growth and economic impact since 2005 reflected on page 8 of the 2007 Economic Impact Study. This section shows a very significant increase in economic impact by the Port Authority of 6% from \$1.32 billion in 2005 to \$1.4 billion in 2007. What is really remarkable is that business activity resulting from annual operations from all projects included in the study, when completed, is expected to increase 52% from \$645.8 million in 2005 to \$979.5 million in 2007. In terms of annual operations of all developments, when completed, are expected to increase tax revenues 60%, from \$18.6 million in 2005 to \$29.7 million in 2007. The annual impact to employment is expected to increase by 37% from 15,861 jobs in 2005 and 21,694 in 2007. These are very notable statistics.

Mr. Budig concurred with Ms. Satzger and added that it appears that there is no substitute for verbalization of the good work the Port Authority is doing and asked if one-on-one, face-to-face

meetings with the City of Cincinnati Council Members and the Hamilton County Commissioners were being held.

Ms. Satzger replied that when the Bi-Annual Report and the Economic Impact Study come out, those reports are distributed, and the numbers are shared in meetings with City of Cincinnati and Hamilton County officials. Ms. Satzger added that the Port Authority planned on distributing and discussing the 2007 Economic Impact Study with the City of Cincinnati City Council and the Hamilton County Commissioners and invited the Board Members to accompany her.

Mr. Love said that the Board should accept the invitation.

Mr. Budig asked to be informed of the timing of meetings.

Mr. Love agreed with Mr. Budig in that there is value to telling the Port Authority success story to a broader audience. Since the Port Authority is a public entity, the public at large should be more informed via avenues such as the Cincinnati Enquirer and other media.

Ms. Satzger replied that the Port Authority had prepared a press release announcing the release of the 2007 Economic Impact Study. This press release would be distributed after the Board meeting. The Port Authority also has a mailing list that contains approximately 2,000 names that will be utilized to distribute the study locally.

Mr. George asked if the press release was also going to the Cincinnati Business Courier.

Ms. Satzger replied yes.

Ms. Satzger added that another point worth noting with regard to the results of the Economic Impact Study is that for every \$1 million that is invested in brownfield clean-up there is an economic impact of almost \$30 million to the region, which is significant. The annual tax revenues from brownfields and financings are almost \$30 million. What this means is that for every dollar that the City of Cincinnati and Hamilton County invests in Port Authority results in a return of \$6.62.

Mr. Love said that the result was fantastic and added that the creation of jobs was also very important, especially in view of the current economic status of not only this region but the entire country.

Mr. Bailey asked that the Port Authority also include the Herald in any press releases because there are a number of brownfields in the poorer communities. Mr. Bailey also suggested bringing back a practice from when the Riverfront Advisors were considering the development of The Banks, and re-institute town-hall meetings to take community input around our projects.

Mr. Love said that the results of the Economic Impact Study were exceptional and thanked the Port Authority staff. Mr. Love added that we have talked about the contributions of individual staff members, but the Port Authority staff is a team. Who would have thought that 6 individuals could create the results that are as sizable as those included in this report?

Ms. Satzger thanked Mr. Love for his comments and then thanked the Board Members for their commitment and support.

Ms. Satzger also noted that in the President's Report of the Board book there are two articles from the Cincinnati Enquirer, one reporting that she and Commissioner Portune traveled to Columbus, Ohio to meet with State Treasurer Cordray to discuss the possibility of setting up a bond fund so that, in the future, the Port Authority would have a common bond fund like all the other major port authorities in Ohio. Ms. Satzger went on to explain the process of setting up a common bond fund. Using the Franklin County Port Authority in Columbus, Ohio as a recent example, where a bond fund was set up with a \$1.25 million contribution from the City of Columbus, a \$1.25 million contribution from Franklin County, and a \$2.5 contribution from the State of Ohio; a \$5 million letter of credit was provided by a bank located in Franklin County. This established a \$10 million common bond fund. The Port Authority is hoping to use this example as its model when working with the City and County to establish a bond fund.

Mr. George asked what was done with the \$10 million bond fund.

Ms. Satzger asked Ms. Thomas to reply.

Ms. Thomas replied that the \$10 million is used as a reserve. This reserve allows businesses, that otherwise would not have access to long-term fixed-rate capital, to have investment grade rated (BBB+) bonds with 10-30 year maturities as a part of their capital structure.

Mr. George asked if port authority bonds could be used in assisting businesses in obtaining construction bonds.

Ms. Thomas replied that she was not familiar enough with construction bonds to answer that question.

Mr. George said that one of the barriers that businesses come up against is not only gap financing but being able to post bonds to be able to procure construction contracts.

Ms. Thomas said that the target for a bond fund is usually businesses that are looking to grow, expand or add a new facility, which are all linked to jobs and economic development opportunities.

VIII. ADJOURNMENT

Motion: Mr. Budig made a motion to adjourn the meeting. Mr. Bailey seconded the motion. The motion was passed unanimously.

The meeting was adjourned at 8:15 a.m.

Respectfully,

Kimberly Satzger
Secretary