

PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
March 19, 2009
7:30 AM, 3CDC Conference Room, Suite 1440

I. CALL TO ORDER

Mr. Rouse called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 7:30 a.m.

BOARD MEMBERS PRESENT:

Bailey, Clifford
Budig, Otto
George, Louis
Hull, Betty
Love, Steve
Rouse, Jack
Zimmer, Joe

EXCUSED:

Johnson-JioDucci, J.J.
Muller, Paul
Otto, Charlotte
Siebenburgen, David

STAFF:

Karimi, Marjorie
Robb, Deborah
Russell, Christine
Satzger, Kim
Schafer, Ray
Thomas, Susan

GUESTS:

Aluotto, Jeff – Assistant County Administrator, Hamilton County
Bomberger, Jeff – Squire, Sanders & Dempsey LLP
Engel, Mark – Bricker & Eckler, LLP
Haslinger, Tony – Regency Centers
Phillips, Bonnie – Office of Environmental Quality, City of Cincinnati
Waidner, Susan – Board of County Commissioners, Hamilton County

II. APPROVAL OF MINUTES

Motion: Mr. Budig made a motion to adopt the minutes of the February 19, 2009 Board meeting. The motion was seconded by Mr. Bailey. The motion was approved unanimously.

Mr. Rouse stated that in order to accommodate Mr. Haslinger's schedule, he will be amending the agenda and moving Mr. Haslinger's presentation up on the agenda. Mr. Haslinger will be providing an update on the Red Bank Village Project.

Ms. Satzger introduced Mr. Tony Haslinger of Regency Centers to provide an update on the Red Bank Village Project (formerly both the Ford Transmission Plant financing project and brownfield project for the Port Authority.)

Mr. Haslinger stated that he was happy to provide an update on the Red Bank Village Project. The Project is located at 4000 Red Bank Road, Village of Fairfax between Wooster Pike and Interstate 71. Mr. Haslinger reported that Regency Center originally became involved in the project in June 2003. Mr. Haslinger referred the Board to the pamphlets distributed describing the Project. The information contained therein is the Executive Summary and photos reflecting the progress of the project.

Mr. Haslinger said that Regency purchased the 35-acre brownfield site, which was formerly an approximately 570,000 square foot Department of Defense/Ford Motor factory, which was originally built in 1947. The property has not been in use for approximately 20 years. In 2005, the site was demolished. Incidentally, Regency did the environmentally responsible thing by crushing the concrete and using it as aggregate for roads and subsurface fill. Cleanup of the site was primarily completed by the end of 2005, and performed in concert with the Port Authority through receipt of Clean Ohio Funds. The No Further Action (NFA) Letter was obtained from the Ohio EPA in September 2006; Regency purchased the 35-acre property shortly thereafter, and began site work in November 2006. Mr. Haslinger commented on the role the Port of Greater Cincinnati Development Authority played in this endeavor. This was an extremely complex project. Public assistance was greatly needed to make this project happen – for both the environmental cleanup and that installation of public infrastructure. Through the Port of Greater Cincinnati Development Authority, Regency gained access to Clean Ohio Funds, as well as Tax Increment Financing (TIF) bonds. TIF bonds in the amount of \$7.8 million were issued for public improvements at the site.

Mr. Haslinger suggested that the Board review the rendering of the original site plan showing a 215,000 square foot "big box" (Wal-mart) with retail, office space, and out-lots also located on the property. Regency saw an opportunity to recreate the "big box" size and incorporate more office, restaurants and retail making the site more diversified. The redo of the site plan was accomplished by working with the Port Authority and its legal counsel to ensure that all parties were comfortable from a value standpoint. The end result was approximately 40,000 square feet of building space, but an additional \$2 million in property value to the site. This was the ultimate win-win situation.

Mr. Haslinger referred the Board to a rendering of what the site looks like currently. There is the now smaller anchor (Wal-mart), more out-lots along Red Bank Road which will be highly desirable for restaurants and retail. Groundbreaking is scheduled for this week. There is a preconstruction meeting scheduled for Friday, March 20. There will be approximately 24,000 square feet of coffee and/or sandwich shops and other mixed-uses in that building. The last two photos in the pamphlet show the first building built at the site, which is the Miller-Valentine's office building. Miller-Valentine has now built two office buildings of which one is completely occupied by a law firm. The other building has one 1,500 square foot tenant. Mr. Haslinger added that Wal-mart is scheduled to open in November 2009.

Mr. Haslinger commended how well the various governmental entities worked together to get this project going and make it a success, as this was a very complex project. Those entities include the Village of Fairfax, City of Cincinnati, Port of Greater Cincinnati Development Authority, Hamilton County, and Mariemont School District. The private sector needs public support on complex projects such as this. The Port Authority was an essential

part of this project, and Regency Centre is very thankful for the Port Authority's assistance – is grateful that the Port Authority was such a good partner on this project. Over the next six months the entire site will complete its transformation.

Mr. Haslinger concluded by asking the Board if anyone had any questions. The overall response from the Board was very positive.

Mr. Rouse thanked Mr. Haslinger.

III. **BROWNFIELD PROJECTS UPDATE**

Ms. Russell provided the Board with the following brownfield projects update.

5025 Carthage Avenue, Norwood, OH (Linden Pointe) – The Port Authority is working with Ohio Environmental Protection Agency (EPA) to resolve their remaining comments on the No Further Action (NFA) Letter that was submitted last year. Hull & Associates has been engaged to install additional groundwater monitoring wells at the site and collect groundwater samples. This sampling will be performed on a quarterly basis with the Port Authority reporting the results to Ohio EPA. Additionally, Hull & Associates will assist the Port Authority in resolving Ohio EPA's remaining questions on the NFA. The team had a meeting with Ohio EPA on March 10, 2009 to discuss recent sampling results, and the path forward for resolving the remaining comments. A Work Plan that outlines the steps that will be taken to address Ohio EPA's comments has been drafted, and will be submitted to Ohio EPA when final reviews are complete.

320 South Anthony Wayne Avenue, Lockland, OH (Hamilton County Regional Business Park) – Remediation of this site is complete and the No Further Action Letter was submitted to Ohio EPA on February 26, 2009. The Port Authority is waiting for comments from Ohio EPA. In the meantime, the developers are continuing to proceed with preparing the site for construction.

4101 Spring Grove Avenue, Cincinnati, OH (American Can Building) – The Port Authority continues to make progress in working with Ohio EPA. Ms. Russell has a meeting directly after the Board meeting today to finalize the official documents that will be submitted to Ohio EPA proposing the exact steps the Port Authority wishes to take.

During the past year, the Port Authority and the American Can Building, LLC have been working with Ohio EPA and U.S. EPA to develop a new clean-up plan for this project. Pursuant to a December 2008 Request for Qualifications and Proposal, the Port Authority entered into a contract with The Payne Firm to provide Certified Professional Services for the project. The Port Authority and the LLC are working with The Payne Firm to develop a Technical Memorandum that will present the remediation path forward to Ohio EPA for their concurrence. Following concurrence from Ohio EPA, the revised remedial action plan will be implemented.

Clean Ohio Assistance Fund (COAF) Application for 1220 Harrison Avenue, Cincinnati, OH (Harrison Terminal Building) – Last month the Board of Directors gave authorization for the Port Authority to enter into the COAF Grant Agreement, and we are proceeding with those activities. The next step is to enter into a contract with an environmental consultant, and begin the Phase II environmental site assessment work.

IV. FINANCING PROJECTS UPDATE

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

Pictoria Drive, Springdale, OH (Pictoria Corporate Center) – As discussed during last month’s Board meeting, this is a project whereby the Port Authority issued a Tax Increment Financing (TIF) bond to finance the parking garage and some of the public infrastructure improvements at the site. At the time the bonds were issued, the Port Authority entered into a Letter of Credit and Reimbursement Agreement with U.S. Bank to provide liquidity and credit support for the bonds. The letter of credit provides for semiannual principal and interest payments, as well as the purchase price if the bonds are tendered and not re-sold. All reimbursement obligations to the bank are payable only from the same sources as the bonds – the special assessment and TIF payments and reserves deposited into the trust established at the time the bonds were issued.

The status for this project is as follows. The Letter of Credit bank requested an increase in certain rates and fees payable to the bank under the Reimbursement Agreement as a condition to extending the Letter of Credit through February 15, 2011. At the February 19, 2009 meeting, the Board approved Resolution 2009-04 which authorized the execution of amendments or supplements to the Reimbursement Agreement and Trust Indenture and other related changes or actions. Additionally, the Council of the City of Springdale considered an ordinance approving corresponding changes to the bond related documents at its meeting on Wednesday, March 18. Ms. Thomas will provide an update to the Board on that approved ordinance once it has been officially signed.

Queen City Square II, Cincinnati, OH (Queen City Tower, Plaza and Parking) – This project is the redevelopment of the eastern side of Sycamore Street between Third Street and Fourth Street, and is the second phase of the redevelopment of Queen City Square. The site is immediately adjacent to, and on certain levels will connect with, the existing 303 Broadway building financed and owned by the Port Authority and leased to a Western Southern affiliate. The facilities to be constructed include a 1,700 space garage, an 800,000 square foot office building and a 25,000 square foot pedestrian promenade and retail arcade, with the main entry rotunda and plaza at Fourth and Sycamore. The project is being developed by an Eagle Realty affiliate, acting as agent of the Port Authority, and leased via a master lease to the Western Southern affiliate that leases 303 Broadway.

Ms. Thomas reported that one update to bring to the Board’s attention is that in December of last year, the Hamilton County Auditor, as part of their triennial property valuation process, provided a valuation for the January 1, 2008 value on what was at the time the parking garage. That site has subsequently been demolished and is now going vertical. Property owners who want to object to the Auditor’s value of that 01/01/08 determination, have until the end of March to file a complaint.

Ms. Thomas reported that the Port Authority was approached by Eagle Realty earlier this month about its intent to file a complaint. Eagle Realty requested that the Port Authority join its complaint as a co-complainant since the Port Authority is the current owner of the property. It’s an awkward situation whereby the Port Authority is the current owner and they were the owner on 01/01/08. Eagle Realty feels strongly that by filing jointly will make the process easier. The January 1, 2008 value is the “base value” for purposes of the TIF. Therefore, a decrease in this value is beneficial to the bond holders as it increases the value of the TIF. The Port Authority anticipates that the complaint will be filed this week. The Board Resolutions previously approved by the Board for the project in 2008 provide sufficient authority for the Port Authority to join this complaint, so no formal action is required by the Board.

V. ECONOMIC INCLUSION UPDATE

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

4000 Red Bank Road, Cincinnati, OH (Red Bank Village) – The Police Substation portion of the project that the Port Authority was financing is complete. However, the owner is working with the Port Authority on inclusion efforts on the retail portion of the site. There are two retail sites that are breaking ground on March 29, 2009. There will be a pre-construction site meeting held on March 20, 2009, and the Port Authority will be in attendance at this meeting to assist the contractors with any additional contracting needs and economic inclusion efforts. However, the Port Authority will not monitor and report on these efforts.

Mr. Rouse asked if the owner did okay with their economic inclusion on the portion of the project financed by the Port Authority. Ms. Robb replied yes.

Kenwood Towne Place, Sycamore Township, OH – The Port Authority continues to meet with the project manager. Currently, the Port Authority is ensuring all Prevailing Wage documentation has been submitted for all of the subcontractors.

Queen City Square Tower, Cincinnati, OH – The Port Authority continues to meet with the Project Team on a monthly basis to discuss the project and inclusion efforts. The Port Authority is also meeting with them to develop a communications plan on the project, as well as on the project inclusion progress.

Mr. Love stated that concerning Queen City Square, it is critical that there is a communications plan that talks about the success that we are seeing on this project. The participation is outstanding. Mr. Love recognized all of Ms. Robb's hard work, as well as other members of the Port Authority staff. Mr. Love encouraged Ms. Robb to work with Gene Ellington, as well as Eagle Realty and Turner Construction on the communications strategy.

Ms. Satzger indicated that Eagle Realty will be taking the lead on the communications strategy; however, the Port Authority will have input.

Ms. Robb then reviewed the Board reports. The first report reflects all completed projects through 2008. Included in the report is the Anthony Wayne project (Celotex) in the Brownfields section, and in the Financings section, the Sisters of Mercy financing as well as the Red Bank Village Police Substation and infrastructure have been included in this report. As noted at the bottom of the report, the total projects for inclusion to date is 23.5% Minority Business Enterprise (MBE), 14.7% Women Business Enterprise (WBE), and 35.3% Small Business Enterprise (SBE).

Ms. Satzger pointed out to the Board that previous completed project reports were through 2007 and the current report is through 2008.

The next report is the "Projects in Process – With Kenwood," of which currently totals 18% MBE, 16% WBE, and 4% SBE. The SBE percentage has been discussed previously as a result of Queen City Square II tower that it would be low as a result of Owens Steel, who is an MBE/WBE out of North Carolina and is providing the steel for this project. Owens Steel does not qualify as being an SBE. The next report is the "Projects in Process – Without Kenwood" of which the report indicates that the percentages are 21% MBE, 19% WBE, and 2% SBE for the total project. Ms. Robb stated that the "Projects in Process – Kenwood Only" current numbers are 8% MBE, 7% WBE and 15% SBE.

VI. CHAIRMAN'S REPORT

Motion: Mr. Budig made the following motion pursuant to Ohio Revised Code Section 121.22 G, to adjourn the meeting of the Board of Directors of the Port of Greater Cincinnati Development Authority to go into executive session for the following purposes: (I) to consider, pursuant to division (G)(1) of that section, the appointment, employment, dismissal, discipline, promotion, demotion, and/or compensation of public employee(s), and (II) for a conference, pursuant to division (G)(3) of that section, with attorneys representing the Port Authority concerning disputes involving the Port Authority that are the subject of imminent court action. Upon the conclusion of the executive session, the Board will reconvene its meeting of the Board of Directors. Mr. Love seconded the motion. The motion was approved unanimously by roll call vote.

The Board adjourned into executive session at 7:58 a.m. The Board came out of executive session and reconvened its Board of Directors meeting at 8:36 a.m.

Upon reconvening from Executive Session, Mr. Rouse moved that the employment agreement with the President of the Port Authority to transition from a contract arrangement to a full time position with the Port Authority be approved. Details are contained in the employment agreement.

Motion: Mr. Budig moved to accept the employment agreement. Mr. Love seconded the motion. The motion was accepted unanimously by the Board.

VII. PRESIDENT'S REPORT

2009 Budget Resolution – Mr. Rouse asked Mr. Budig to discuss briefly the 2009 Budget Resolution.

Mr. Budig noted that the projected revenue for 2009 is less than the 2008 actual revenues by \$600,000. The proposed appropriations resolution considers the increase in staff for 2009, and the related decrease in professional services due to the return of full time status for Ms. Satzger. All expense items have been reviewed and, as always, we urge staff to be as conservative as possible with the expenses.

The projected 2009 budget shows a surplus of \$40,000 prior to depreciation, and clearly it is greater than the actual estimated for 2008. However, as pointed out in the Finance Working Group, there are ebbs and flows in the Port Authority's revenues from year to year.

Mr. Budig deferred to Mr. Love for his budget comments.

Mr. Love stated that Mr. Budig did an excellent job in conveying the budget trends. Mr. Love stated that, in creating the budget over the last eight years, he found this 2009 budget process the most difficult and most challenging. Mr. Love stated appreciation for the work of the Port Authority staff in making some tough decisions to ensure there is a budget that is in line with the times.

Motion: Mr. Budig made a motion to approve the resolution approving the 2009 budget. Mr. Bailey seconded the motion. The motion was approved unanimously by roll call vote.

Mr. Love commented that one point the Finance Working Group discussed is the need to be extremely conservative this year. There were initiatives that were taken out of the preliminary budget, and agreed that as the year progresses the Finance Working Group would look at the ability to reinstate some initiatives.

Mr. Budig stated those items would be looked at on a quarterly basis.

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

Financial Report – The balance sheet reflects \$1,200,000 in cash at the end of February. Currently, the Port Authority is over budget on Professional Services; and, the reasons for those expenses were discussed previously with the Board.

Mr. Rouse mentioned that, as the current financial times change, the Finance Working Group may revisit the budget. Mr. Rouse asked if there were any other questions concerning the budget; there were no questions.

VIII. ADJOURNMENT

Motion: Mr. George made a motion to adjourn the meeting of the Board meeting at 8:42 a.m. The motion was seconded by Ms. Hull. The motion was approved unanimously.

Respectfully,

Kimberly Satzger
Secretary