

PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
BOARD MEETING MINUTES
Friday, March 12, 2010
7:30 AM, 3CDC Conference Room, 1014 Vine Street, Suite 1420, Cincinnati, OH

I. CALL TO ORDER

Otto Budig called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 7:30 AM.

BOARD MEMBERS PRESENT:

Budig, Jr., Otto
Dunn, Marty
Greive, Rick
Handy, Clark
Jacobs-Horton, Lydia
Marmer, Lynn
Zimmer, Joe

EXCUSED:

Williams, Tom
Wright, Shane

STAFF:

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

GUESTS:

Aluotto, Jeff – Assistant County Administrator, Hamilton County
Martin, Shannon – Bricker & Eckler, LLP

II. APPROVAL OF MINUTES

Motion: Clark Handy moved to adopt the minutes of the February 12, 2010 Board meeting. The motion was seconded by Lynn Marmer, and was approved unanimously.

III. BROWNFIELD PROJECTS UPDATE

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

5025 Carthage Avenue, Norwood, OH (Linden Pointe) – All comments on the No Further Action (NFA) Letter and Operations and Maintenance (O&M) Plan have been resolved and the Port Authority is sending the documentation to Ohio EPA on March 12, 2010. The Port Authority continues to work with Ohio EPA to complete the Covenant Not to Sue for the property.

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. On March 10, 2010, the Port Authority responded to some additional comments from Ohio EPA. It is the Port Authority's understanding that the Ohio EPA will now begin to process the Covenant Not to Sue for the property.

4101 Spring Grove Avenue, Cincinnati, OH (American Can Building) – The property owner continues to pursue two sources of financing – New Markets Tax Credits with a conventional bank loan, and a HUD-insured loan. They are making progress on the HUD loan and plan to submit a full application to HUD within the next month. The owner also signed the contract for the \$1.6 million in Federal stimulus money and will begin exterior improvements, using this funding, in late March or early April. The Port Authority is requesting a one-year extension to the Clean Ohio Fund grant to provide additional time to secure the financing and complete the environmental remediation.

3241 Spring Grove Avenue, Cincinnati, OH (Former Kahn's/Sara Lee Site) – The Clean Ohio Revitalization Fund (CORF) Grant application was completed and placed in the public library on January 15, 2010. Hamilton County was the lead applicant and the Port Authority was a co-applicant. A public meeting was held on March 8, 2010 at the Camp Washington Recreation Center. Following that public meeting, the application was updated with the details of the public notification process, and was submitted to the District 2 Public Works Integrating Committee on March 11, 2010. The Integrating Committee will review the applications from our district, rank the applications, and send their recommendations to the Ohio Department of Development and the Clean Ohio Council. The Clean Ohio Council will make their final decisions at a meeting on May 21, 2010.

Ms. Russell acknowledged and asked Jeff Aluotto, Assistant Hamilton County Administrator, if he would like to add anything. Mr. Aluotto said he did not have anything further to add and thanked the Port Authority staff and Board members for their assistance and support in this endeavor.

105 West Fourth Street, Cincinnati, OH (Former Federal Reserve Building) – The Port Authority has been asked to submit a Clean Ohio Assistance Fund application to assist in the cleanup of the Former Federal Reserve Building at the corner of Fourth and Main. This mostly vacant office building will be converted into residential apartments, while the basements and first three floors will remain commercial space. The Port Authority is working with the developer and the environmental consultant to prepare the application for submittal to the Ohio Department of Development, which is slated for mid to late April 2010.

IV. FINANCING PROJECTS UPDATE

Susan Thomas provided the Board with the following financing projects update.

Queen City Square Tower, 325 East Fourth Street, Cincinnati, OH – In December 2008, the Hamilton County Auditor issued revised January 1, 2008 valuations for all parcels in Hamilton County as part of the triennial review process. The Port Authority was approached by Eagle Realty in March 2009 about Western & Southern's intent to appeal this valuation. Eagle Realty requested that the Port Authority join the complaint as a co-complainant since the Port Authority is the current owner of the property. The matter was discussed at the March 2009 Board meeting. Counsel advised that the Board approvals for the project in 2008 provided sufficient authority for the Port Authority to join this administrative appeal, so no formal action was taken by the Board at that time. Consistent with Board discussion, Port Authority

staff and counsel monitored the proceedings and reviewed documents as necessary to facilitate the process.

The complaint was heard by the Board of Revision on September 28, 2009. The Board of Revision issued a written decision in October 2009 which granted a reduction in the value of the property, but not to the full extent requested by Western & Southern. Under statute, there are two possible avenues for a further appeal of such an administrative decision: The state Board of Tax Appeals (BTA) and the Court of Common Pleas. Because it is a Board of Revisions decision that is being appealed, any appeal of that decision must name the Board as appellate. Western & Southern decided to appeal the decision in the Court of Common Pleas, and filed a notice of appeal on behalf of the Port Authority and Western & Southern as co-appellants in October 2009. Counsel has advised that, as owner, the Port Authority is a necessary party in this appeal. The Port Authority became aware of this action in December 2009 but was told then that settlement discussions were ongoing.

At this time, settlement discussions have broken off and various documents are being filed by all parties regarding the appeal. The Port Authority staff has been asked to provide conditional approval to continue to prosecute the appeal in its name and to review and approve future pleadings and correspondence. Counsel has advised that, as with the underlying administrative appeal, this further appeal of the valuation determinations with respect to the property is within previous Board authorizations provided with respect to the Project.

Cincinnati Mills Mall, Forest Park and Fairfield, OH –

Special Assessment Delinquencies: To the knowledge of Port Authority staff, as of March 10, 2010, the property owner was delinquent on its taxes, TIF service payments, and special assessments due in 2009 and the first half of 2010, including amounts owed as manager on behalf of the Port Authority.

Debt Service Payments and the Reserve Fund: As previously discussed, because of the 2009 delinquencies, the Trustee for the Bonds partially drew the reserve fund in order to pay the interest payment that was due on August 15, 2009. A principal and interest payment was due on the Bonds on February 15, 2010. The reserve fund contained enough money to make this payment, however, the Trustee decided to pay interest, but not principal.

Notices: Per the Continuing Disclosure Agreement, the Administrator has filed Listed Event Notices regarding the unscheduled bond reserve fund draws to pay interest and the non-payment and delinquency of principal. Counsel to the Trustee sent the owner of the mall a letter declaring the failure to reinstate the Bond Reserve Fund an Event of Default and offering an opportunity to cure. Separately, the Trustee sent a letter to the bondholders notifying them of the default.

Next Steps: The Port Authority is actively working with its partners, including the cities of Forest Park and Fairfield, the Trustee, and the Administrator for the Bonds, to determine next steps. Possible options include a workout or an enforcement action, specifically a foreclosure action, but those steps and how to pay related costs are still under discussion.

Mr. Budig asked if there were any questions and hearing there were none, stated that the Board would go into Executive Session.

Motion: Mr. Marty Dunn made a motion pursuant to Ohio Revised Code Section 121.22 (G)(3) to adjourn the meeting of the Board of Directors of the Port of Greater Cincinnati Development Authority and to go into executive session for the sole purpose of a conference with an attorney or attorneys for the Port of Greater Cincinnati Development Authority concerning disputes involving the Port Authority that are the

subject of pending or imminent court action. Upon conclusion of the executive session, the Board will reconvene its meeting of the Board of Directors. The motion was approved unanimously by roll call vote.

The Board adjourned into executive session at 7:40 AM. The Board came out of executive session and reconvened its Board of Directors meeting at 8:19 AM.

V. ECONOMIC INCLUSION UPDATE

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

Queen City Square Tower, Cincinnati, OH – The project is approximately 65% complete. All concrete work on the project is complete with the exception of slabs on metal deck on levels 40, 41, and 42, and miscellaneous curbs and site walls. The structural steel was topped out on January 19, 2010 in the office tower. The tiara fabrication is currently 50% complete. The erection of the tiara is scheduled to begin April 19, 2010, and will continue through July.

The enclosure of the building should be complete by the end of May, from level five up. Enclosure of the lower five floors with stone and glass will continue through September 2010. Stone has currently been completed on the Third and Sycamore Streets side of the office tower and is moving north on Sycamore to enclose the promenade and rotunda. The glass enclosure on the lower five floors is scheduled to begin in March.

Mr. Greiwe inquired about the number of office floors and the towers' comparison to Carew Tower.

Ms. Robb replied there are 41 floors.

Ms. Satzger stated that it is actually the tiara that will be placed on the tower that makes it the tallest building in downtown Cincinnati; not the number of floors.

Permanent electrical power is being installed by Duke Energy and should be operational April 1, 2010. Elevator construction continues on all elevators except executive cars two and three, which cannot begin until the interior hoist is removed. The interior hoist is scheduled to be removed by the end of March. The first permanent service elevator should be operational by August, at which time the temporary exterior two cars will be removed. The tower crane is scheduled to be removed from the jobsite by the end of August.

The contract for stone for the interior lobby of the building has been awarded, and shop drawings are being prepared. Bids for the balance of the interior lobby work were received by February 18, 2010.

The Project Team (Eagle Realty, Ellington Management Service, Turner Construction, and the Port Authority) continue to meet on a monthly basis to receive project updates, and to insure that companies are following the contracting guidelines that were established by the team.

Ms. Robb directed the Board to the Economic Inclusion Reports. The Current Projects in Process Report, with emphasis on the Queen City Square Tower, reflects results of 26% for Minority Business Enterprise (MBE) inclusion; 15% for Women Business Enterprise (WBE) inclusion; and 14% for Small Business Enterprise (SBE).

Mr. Dunn asked what the status was of previously suggested public relations as it relates to the Port Authority's inclusiveness on its projects.

Ms. Robb responded that there have been some articles in the Business Courier and Enquirer which talked about the Port Authority's inclusion numbers, and there are plans to discuss the numbers further in the future.

VI. CHAIRMAN'S REPORT

Mr. Budig informed Board members that Mr. Tom Williams provided to the Economic Development Working Group (EDWG) an executive summary and definitive data regarding Growth and Opportunities Study for the City of Cincinnati ("GO Cincinnati"). This document recommends that the Port Authority play a role in key sectors of economic development within the City of Cincinnati. This is one of the essential reference documents as the Port Authority charts its future role within the community.

Mr. Budig recognized that this document had not been distributed to the entire Board, and asked that Ms. Satzger forward it to the Board. Mr. Budig then asked if Mr. Greiwe wished to comment on the topic.

Mr. Greiwe stated that the EDWG is attempting to take the report provided by Ms. Satzger that identifies best practices for port authorities and economic development entities, and distill the research and benchmarking into a document that will be shared with the City of Cincinnati, Hamilton County, and other stakeholder's regarding the Port Authority's role in the community as it relates to economic development. The document will offer alternatives for funding of suggested initiatives, as well as the anticipated outcomes and economic impacts of the initiatives, once implemented.

Ms. Marmer stated that she and Mr. Williams had a conversation with Vice Mayor Roxanne Qualls who suggested that the Board visit Portland, Oregon. Ms. Satzger will coordinate this endeavor.

Mr. Greiwe reiterated Portland is a great city to also see what they have done with streetcars, mass transit throughout the region, economic development in downtown Portland, etc.

Mr. Budig asked the Board whether or not it was their desire to continue to meet on a monthly basis, or reduce the Board meetings to bi-monthly. He said that he was raising this subject because he understands that the expected new initiatives to be undertaken by the Port Authority Board were not underway, and would depend on the approval of the City of Cincinnati and Hamilton County along with an identified revenue stream. As this would likely take some time to achieve City-County consensus on the Port Authority's role in local economic development initiatives, how did the Board wish to proceed with its meeting schedule.

After much discussion, the Board concluded that they would continue to meet on a monthly basis, but only discuss new development in terms of projects, and also include an educational piece on current and important topics.

VII. PRESIDENT'S REPORT

Mr. Schafer provided the Board with the following financial report update.

The balance sheet reflects \$1.468 million in cash at the end of February. Mr. Schafer noted that under Financing Fees, the Port Authority has not received its budgeted annual fee from Cincinnati Mills in the amount of \$44,200. The status of receiving this fee is unknown. Revenues and expenses are in line with the budget through February.

Mr. Budig stated that he has sent a letter on behalf of the Port Authority as a reminder of the County's 2009 operational support in the amount of \$350,000. To date, there has not been any response.

VIII. ADJOURNMENT

Motion: Joe Zimmer moved to adjourn the Board of Directors meeting at 8:45 AM. The motion was seconded by Rick Greiwe, and was approved unanimously.

Respectfully,

Kimberly Satzger
Secretary