

PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
April 5, 2007
7:30 am at 3CDC Conference Room, Suite 1420

I. CALL TO ORDER

Mr. Rouse called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 7:35 a.m.

BOARD MEMBERS PRESENT:

Bailey, Clifford
Budig, Otto
George, Louis
Hull, Betty
Muller, Paul
Rouse, Jack
Siebenburgen, David
Zimmer, Joe

EXCUSED:

Johnson-JioDucci, J. J.
Love, Steve
Otto, Charlotte

STAFF:

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

GUESTS:

Bomberger, Jeff – Squire, Sanders & Dempsey, LLP
Matthew Daniels – Bear Creek Capital
Phillips, Bonnie – City of Cincinnati
Ruh, Dan – Bear Creek Capital
Spoor, Richard – Keating, Muething, & Klekamp, PLL
Williams, John – Gonzales, Saggio & Harlan, LLP

II. APPROVAL OF MINUTES

Motion: Mr. Budig made a motion to adopt the minutes of the February 22, 2007 Board meeting. The motion was seconded by Mr. Siebenburgen. The motion was approved unanimously.

III. BROWNFIELD PROJECTS UPDATE

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

5025 Carthage Avenue Project, Norwood, OH (Linden Pointe) – While construction is ongoing in one phase of development, in situ remediation is continuing to address the solvent contamination in a different area of the property. With the exception of one small area,

groundwater now meets applicable cleanup standards. The final injection of the in situ treatment chemical will be performed in the next two weeks to expedite the cleanup of the last groundwater area. Groundwater samples were collected in March, but the laboratory results have not been received yet. Soil samples collected in February showed a continuing decrease of the solvent in the soil and the next round of soil sampling will be performed in May 2007. The remediation is currently expected to be completed in August 2007.

320 South Anthony Wayne Avenue Project, Lockland, OH (Hamilton County Regional Business Park) – Demolition is complete and planning is underway to begin remediation of two areas of soil contamination. The Port Authority submitted a draft amendment to the grant agreement budget to the Ohio Department of Development (ODOD) on March 22, 2007. This amendment will reallocate the grant money to enable Petro Environmental to self-perform a portion of the remediation. Once the amendment is approved by ODOD, the project will submit the second reimbursement request and begin issuing request for proposals for the remediation. Excavation is expected to begin in June 2007.

4101 Spring Grove Avenue Project, Cincinnati, OH (American Can) – Following the removal of all polychlorinated biphenyl (PCB) contaminated wood block flooring in February, the developer temporarily halted work at the site due to the extremely cold weather in January and February. Shot-blasting and chemically treating the floors, as well as removal of window caulk/glazing and miscellaneous asbestos containing material, will be restarted on April 16, 2007. Prior to that, a new chemical treatment process to draw PCBs out of the concrete will be tested. The chemical originally proposed has not proved to be effective and the contamination on floors one and four extends deeper than originally thought. The cleanup is scheduled to be complete in June 2007. ODOD approved an amendment to the grant agreement budget on March 23, 2007. This amendment adjusted the budget to reflect a lower contract price for the PCB floor cleanup than was originally estimated. Now that the amendment is approved, the first reimbursement request will be submitted shortly.

Round 4 CORF (Clean Ohio Revitalization Fund) – CORF round 4 applications were due earlier this week. The Port Authority did not have an application this round. The Port Authority had been talking to developers/property owners about potential projects. One project did not come to fruition and the other project was not far enough along in the development process to meet the CORF Round 4 deadline. Discussions regarding the later project are on-going in order to potentially pursue later rounds of Clean Ohio Funds. The City of Cincinnati put in an application for the former Queen City Barrel Plant located in Lower Price Hill. Ms. Bonnie Phillips from the City of Cincinnati is in attendance and can talk about the project.

Ms. Phillips thanked the Port Authority for supporting the Queen City Barrel Project. Ms. Phillips said that the Queen City Barrel Plant had a five alarm fire about two years ago that made the news for several days. The decay of this neighborhood was only exacerbated by this fire. Ms. Phillips said that the City of Cincinnati believed that without City intervention that the neighborhood would not improve. It took the City, with a large amount of dollars, to make this redevelopment initiative happen, and hopefully the City will get the grant to make complete the vision for the site/neighborhood.

Ms. Phillips described that the City has purchased about eighteen acres of property. Two blocks of property, approximately sixteen or eighteen buildings, will actually be demolished as part of this project. The City has spent in excess of \$3 million dollars just in acquisition, and more than a half million dollars in site assessments. Therefore, getting ready to apply for the CORF funds to receive \$3 million in grant funds required a sizeable investment. Because of the extensive cleanup costs, the City is asking for the full \$3 million, and that is still not enough. The cost, just for demolition and cleanup, is about \$4.6 million. The developer that the City has selected to redevelop the site is Al. Neyer, Inc., who has agreed to buy the property at market rate once the

property is cleaned up. Al. Neyer, Inc. already has three end-users signed to the site, which will provide an estimated 118 jobs. These end-users will occupy approximately 70,000 square feet of the proposed 250,000 square feet of building space. The goal is to provide approximately 400 new jobs and to cleanup the property.

Motion: Mr. Rouse proposed a motion for the Port Authority to enthusiastically support the City of Cincinnati and allow the staff to do whatever is appropriate in order to support the City's efforts to receive grant funds for this property to spur redevelopment in the Lower Price Hill neighborhood.

Mr. Siebenburgen asked what would be the Port Authority's role in this regard.

Mr. Rouse said to support the City of Cincinnati in its efforts to secure the grant funds.

Mr. Siebenburgen seconded the motion. The motion was approved unanimously.

Mr. Rouse thanked Ms. Phillips for the presentation.

IV. FINANCING PROJECTS UPDATE

Mr. Schafer provided the following financing project update to the Board.

Kenwood Towne Place Project, Sycamore Township, OH – This project has been discussed with the Finance Work Group. The Kenwood Towne Place project is located next to Kenwood Towne Center, on the site of the former Safeco building. The project is bounded by Kenwood Towne Center, Galbraith Road, and I-71. The developer is Bear Creek Capital. Today the Port Authority has with it gentlemen from the project team, Matt Daniels and Dan Ruh, principals with Bear Creek Capital; as well as Dick Spoor of KMK, Bear Creek Capital's legal counsel.

Mr. Daniels thanked the Board for offering assistance in getting the project going. Mr. Daniels stated that without the assistance of the Port Authority Board, the Indian Hill School District (which approved a thirty-year financing bond as opposed to a fifteen-year financing bond), and Sycamore Township's support, this project would not have happened.

Bear Creek Capital has owned this property for three years and has partnered with a majority partner, Dov Limited. Neyer Holdings Corporation is the other partner in the Kenwood Towne Place project. The Safeco site is approximately eight acres in size. Mr. Daniels pointed out that Bear Creek Capital also purchased the former Duke Energy sub-station area and has already torn down and remediated the sub-station site.

The proposed retail portion will be approximately 319,000 square feet of the highest-end retail in Ohio, anchored by Crate and Barrel, The Container Store, Ethan Allen, and LA Fitness. In addition, Kroger made a significant commitment to this project and without its help this project would not have happened. Kroger elected to terminate its lease with General Growth Properties to come onboard with the project. Kroger's Fresh Fair division will be its flagship store. On top of the retail will be a Class "A" office tower consisting of an estimated 250,000 square feet. Mr. Daniels then introduced Mr. Dan Ruh. Mr. Ruh was running the Cincinnati division of Duke Realty, prior to joining Bear Creek Capital. Bear Creek Capital is a retail developer. Mr. Ruh has significant knowledge of office development and, therefore, will manage the office portion of the project.

Mr. Daniels stated that the \$175 million project will bring a unique presence to the Cincinnati area through both its architecture and tenants. One of the three most well-known and best restaurant groups in this City will anchor this building. Bear Creek Capital is in the process of choosing the

group with the right theme and financial security. Bear Creek Capital is also talking with to local well-known retailers to join the project.

Mr. Daniels reviewed project renderings and described the following:

- Parking deck and the Galbraith Road entrance,
- Retail facades on the first and second levels, and the
- Three-story glass atrium lobby of the office tower.

Mr. Rouse asked Mr. Schafer to explain the Port Authority's role for this financing.

Mr. Schafer said that the project was still in the early stages and the value of the Port Authority financing is currently looking to be in a range of \$20 - \$23 million. The financing will be in support of public infrastructure improvements, including a portion of the parking garage. Mr. Schafer indicated that the Board is being asked to consider a preliminary resolution to permit the Port Authority to participate in the process of working with Bear Creek Capital on this financing, this will then ultimately lead to a final resolution by the Board for the bonds.

Mr. Budig asked Mr. Schafer if he was comfortable with the revenue stream as outlined in the initial paragraph of the resolution.

Mr. Schafer replied that he was and that the Port Authority is following the same guidelines followed on previous financing projects.

Ms. Satzger asked Mr. Bomberger if he had anything to add.

Mr. Bomberger stated that the Board has before it a preliminary resolution that approves a preliminary agreement with Bear Creek Capital to set up the terms for the Port Authority's financing. The resolution also covers the obligation by Bear Creek Capital to pay prevailing wage and to engage in economic inclusion activities in conjunction with the Port Authority Economic Inclusion Policy. The resolution authorizes Bear Creek Capital to act on behalf of the Port Authority to begin construction as Bear Creek Capital is under very tight deadlines. The resolution provides only a preliminary approval, all of the agreements in support of the financing are subject to the Board passing a final resolution authorizing the bonds. To the extent that the project financing on the TIF is not sufficient, the project will be funded by Bear Creek Capital at closing.

Mr. Daniels added that the Bear Creek Capital financing is in place through a consortium of LaSalle Bank, Key Bank, and Huntington Bank. These three banks have quite a bit of equity from Bear Creek Capital. Documentation of such has been provided to Port Authority staff. Bear Creek Capital is ready to start this project and is under tremendous timeline pressure as opening day for Crate and Barrel (and several other tenants) is October 2008. Anticipating support from the Port Authority, demolition was started yesterday. The Board should know that Bear Creek Capital is used to the economic inclusion process that the Port Authority employs. Audie Tarpley is involved with Bear Creek Capital and has worked in those areas before. Mr. Ruh is also very familiar with the economic inclusion process. Bear Creek Capital plans to work with Ms. Robb hand-in-hand to accomplish economic inclusion.

Mr. Rouse asked if there were any other questions prior to seeing the computer animated presentation.

Mr. Daniels then walked through a thirty second, 3-D presentation of what the project will look like at completion. He added that Bear Creek Capital has a guaranteed maximum price (GMP) contract in place for the parking improvements. The exact price, with the parking deck, is \$32 million – plus additional soft costs.

Mr. Budig asked Mr. Daniels how many parking spaces will be created.

Mr. Daniels responded that approximately 2,600 parking space will be created.

Mr. George asked Mr. Daniels who was the financial partner for Bear Creek Capital.

Mr. Daniels replied that the equity for the project will be provided by Bear Creek Capital LLC., Neyer Holdings Corporation, and Dov Limited.

Mr. Rouse asked if there were any other questions.

Ms. Satzger thanked Mr. Daniels and Mr. Ruh for their presentation, as did Mr. Rouse and Mr. Schafer.

Mr. Rouse said that the resolution met all the criteria used to measure previous projects, including the exposure criteria for the Port Authority.

Mr. Rouse asked Mr. Siebenburgen if he had anything to add.

Mr. Siebenburgen replied no.

Motion: Mr. Siebenburgen made a motion authorizing the execution of a preliminary agreement pertaining to the participation of the Port Authority, in cooperation with Sycamore Township, in the acquisition, construction, improvement, equipping, installation, development and financing of public improvements, including a public parking garage, in support of the proposed mixed-use commercial redevelopment of a site in the township and in support of other nearby commercial properties, and authorizing the execution of a construction agency agreement relating to the public parking garage project and related matters. Mr. Budig seconded the motion. The motion was passed unanimously.

Mr. Schafer went on to report the following projects.

4000 Red Bank Road Project, Fairfax, OH (Red Bank Village) – Pursuant to a change in Ohio law that went into effect on March 29, the developer expects to discontinue any claim to the Voluntary Action Program (VAP) exemption early this month and request an appropriate order from the Ohio Tax Commissioner. The TIF projections and private placement documents will then be finalized, and the bonds marketed. Authorization to place the bonds is expected later this month, with closing in early May.

3000 Disney Avenue Project, Cincinnati, OH (Cincinnati Millworks) – The developer has advised that it will take approximately 90 more days to resolve remaining environmental due diligence issues to the satisfaction of its primary capital partner. The developer expects to close on the land during the first half of the third quarter after it resolves those issues. Real estate transactions to subdivide the property will need to be completed in order to permit the City to adopt the special assessment legislation. The bond closing is currently expected to be in the fourth quarter of 2007.

Columbia Parkway, Cincinnati, OH (Columbia Square) – According to representatives of the developer and the City, they are discussing utilizing a different approach to the proposed TIF financing and have placed the Port Authority financing on hold while they conduct necessary research to determine if the bonds should be issued through the City of Cincinnati.

Dana Avenue, Cincinnati, OH (Keystone Parke) – According to representatives of the developer and the City, they are discussing utilizing a different approach to the proposed TIF financing and have placed the Port Authority financing on hold while they conduct necessary research and negotiations to determine if the bonds should be issued through the City of Cincinnati. If you recall, the project was a composition of notes in anticipation of bond financing. It was going to be a \$3 million note and the total project was going to be about \$21 million.

Mr. Rouse asked what the issue was for the Columbia Parkway and Dana Avenue projects.

Mr. Bomberger replied that the issues were different on the two projects. On Dana Avenue, the garage is going to be for commercial office buildings. The Port Authority is not comfortable with the fact that it was being asked to operate under a particular TIF statute that requires the Port Authority and the City of Cincinnati to do this project without title to the land passing through the City of Cincinnati. The Port Authority proposed a different statute.

Mr. Bomberger continued, with regard to Columbia Square, there are difficult issues for the City of Cincinnati to provide the TIF financing directly. On this relatively small project, the economics have always been challenging for the developer, which is why this project has been three to four years in the making. The City of Cincinnati is looking at the question of whether or not the City can use special assessments as the security for the bonds. It is the belief of the Port Authority that the City of Cincinnati can not do the special assessment bonds directly because, according to the code, the City of Cincinnati would have to issue general obligations bonds.

V. ECONOMIC INCLUSION UPDATE

Ms. Satzger pointed out that the format of the agenda had been changed slightly. The Economic Inclusion update had been moved under its own section in the agenda; therefore, in the future, all Port Authority directors will provide updates for their areas of responsibility.

Ms. Robb provided the Board with the following updates.

4000 Red Bank Road Project, Fairfax, OH (Red Bank Village) – Ms. Robb continues to attend weekly project meetings at the site. They are still doing site work and grading. Prus Construction, a Small Business Enterprise (SBE), is working on the Tracks Street portion of this project. Prus is self performing 70% of the work for this project. There were several minority and women owned businesses that were solicited to bid on this portion of the project that did not submit bids (based on current capacity). Prus Construction has agreed to continue to solicit bids from minority and women owned companies where appropriate.

320 South Anthony Wayne Avenue Project, Lockland, OH (Hamilton County Regional Business Park) – There is still approximately \$1.1 million remaining to be contracted in the areas of trucking; concrete cutting, excavation, and crushing. The Port Authority will work closely with Hamilton County Regional Business Park, LLC to maximize inclusion on the remainder of work to be completed at the site.

Mercy Financing - Ms. Robb has made contact with Mr. Dick Thomas of Steed Hammond and Paul Inc., who is working on the Design/Build Team for McAuley High School. Mr. Thomas stated that they are in the final stages of completing the drawings, but have not submitted bids for the project yet. Mr. Thomas has agreed to include the Port Authority in the bidding process prior to bids being requested.

Outreach – Ms. Robb continues to meet with small/minority/women owned businesses to discuss capacity and core competencies, while continuing to counsel businesses in regard to the value of certification.

Database – Ms. Robb continues to work on updating and verifying data in the Port Authority's economic inclusion database. This database has over 500 small, minority and women owned businesses listed.

Ms. Robb asked the Board to refer to the Economic Inclusion Board Report that is included in their Board packet.

With regards to the Brownfield projects, Ms. Robb indicated that results are the same as last month. On the South Anthony Wayne project, the project is at 9% for minority participation, 17% for women participation, and 29% for small business participation. There is still approximately \$1.1 million in work to be completed at this site; therefore, the developer is actively working with Ms. Robb to bring up the minority participation numbers.

Ms. Robb said that for the American Can project all request for proposals have been submitted and the project is at 24% minority participation, 3% women participation and 98% small business participation.

With regard to the financing projects, Ms. Robb reported that the Red Bank Village Project is at 18% minority participation for last month. With Prus Construction, a certified SBE, bidding on the Track Street project, that brought the minority participation number down to 12% since Prus Construction will be self-performing 70% of the work. Prus Construction is still working on bringing the percentage of minority participation up. There is also still opportunity to increase economic inclusion on the remaining portions of the project that will be bid at a future date.

Mr. George asked if when a company self-performs, is it excluded from diversity for that portion of the project which they perform.

Ms. Robb replied that Prus Construction was the selected bidder and they are a SBE (Small Business Enterprise), which also helps the Port Authority achieve its inclusion goals.

Mr. George asked if Bear Creek Capital could self-perform a portion of the \$38 million in work on the project to be financed.

Ms. Robb replied no, since Bear Creek Capital is not a construction company.

Ms. Satzger interjected that self-performance was generally limited to one of the sub-contractors who bid a certain portion of the work, choosing to self-perform the entire piece versus sub-contracting out pieces of what the original bid award.

Ms. Satzger added that as the Board had heard from Bear Creek Capital that they are very supportive of the Port Authority's inclusion policy – and they have experience and successes in the past – and they have committed to work closely with the Port Authority.

Mr. Muller asked if when the Port Authority does a financing, does the Economic Inclusion Policy apply only to the portion or the project which is being financed or to the entire project.

Mr. Rouse replied that technically the Economic Inclusion Policy only extends to the portion of the project that the Port Authority finances.

Mr. Rouse asked if there were any additional questions for Ms. Robb.

Mr. Williams asked if Minority Business Enterprises (MBE) and Women Business Enterprise (WBE) numbers were included in the SBE numbers.

Ms. Robb replied that MBE and WBE numbers were included in the SBE numbers.

Mr. Muller asked how large could a company be and still be considered a SBE.

Ms. Robb replied that according to the City of Cincinnati, the net worth of the owner can not be over \$750,000. That is the Small Business Administration (SBA) guideline.

Mr. Bailey added that it varies based on industry as well.

VI. CHAIRMAN'S REPORT

Mr. Rouse said a recent newspaper article has indicated that The Banks project will return to the Port Authority when a deal is agreed to with AGI Carter. The article also referred to the reformation of the Port Authority (per the December 2007 request of the Port Authority to the City and County). In the December 2005 request, the Port Authority recommended a reduction in the size of its Board along with the lifting of the restriction to two missions – Banks and brownfields – to enable the Port Authority to respond to all economic development activities in Hamilton County.

On balance, the story in today's paper is all very good news. That being said, the Port Authority does not want to get overly euphoric about this as there is no deal signed yet. There are challenges out there and The Banks has been down this road before with other developers. Some of the financing issues have remained the same since the beginning of the project. Still, Mr. Rouse felt that it is a solid move forward. When the Port Authority has been allowed to do what it does – financing, brownfields, and inclusion – the Port Authority has done very well.

Mr. Bailey asked Mr. Rouse what had changed about The Banks project.

Mr. Rouse said that frankly what had changed was that the leadership change at the County and at the City, which had enabled the City and County to work together. He said that each believed that a better approach to project implementation was a streamlined approach through a single entity – the Port Authority.

Mr. Bailey asked if The Banks project was significantly further ahead that when The Banks Working Group took ownership of the project, or is The Banks project still primarily the same.

Mr. Rouse said that fundamental financial issues remain, in terms of the TIF, the parking revenue, and the financial gap (which has grown), – although funding was granted for the park.

Ms. Satzger added that the Water Resources Development Act (WRDA) was just approved by Congress, and the Port Authority just received a letter from Congresswoman Schmidt indicating that fact. The funding for the Riverfront Park was included in this bill.

Mr. Rouse indicated that from talks that he had had with Willie Carden (Director, Cincinnati Park Board), that the phasing starts on the side that it is easy to start on without getting into all the parking issues, although, eventually, those parking issues will become very substantial.

VII. PRESIDENT'S REPORT

Ms. Satzger asked Mr. Schafer to present the Financial Report to the Board.

Financial Report – Mr. Schafer reported that there were no significant changes to the balance sheet. The revenues and expenses were in line with what was expected per the budget. Year-to-date, January is always less than a full month for services, while December is a more than full month because the Port Authority is on a cash basis but accrues those expenditures at year end. With regard to revenues and expenses, there is a minor positive fluctuation of \$8,000 in net income. With regard to revenues, the lag there is more timing than anything, as with regard to its project fees, the Port Authority pays for project legal expenses in one period and bills for these expenses, per the project reimbursement agreements, in a subsequent period.

Mr. Bailey asked Mr. Rouse whether the Port Authority would get 2006 funds from the City of Cincinnati when the new re-constituted Board is established and does that mean that at the next meeting there could be a new Board.

Mr. Rouse said that he had been assured by leadership at the City that as soon as the reformation of the Port Authority takes place, the 2006 grant to the Port Authority will be provided. Seeing The Banks project come back to the Port Authority seems to be a good sign of continued support. We are hopeful that by the next time the Board meets the 2006 money will be received from the City. Mr. Rouse added that as soon as the City of Cincinnati and Hamilton County reach agreement, they have indicated that they will move ahead with concurrent approvals for the reformation of the Port Authority and the return of The Banks project to the Port Authority.

Mr. Schafer indicated that the 2006 money from the City of Cincinnati is currently scheduled in the budget for May 2007.

2006 Audit – Mr. Schafer indicated that the field audit begins the week of May 14th.

RFQ/P for Legal Services – Ms. Satzger said that the Port Authority has solicited proposals from legal firms for Bond Counsel, Environmental Counsel, and General Counsel. The Port Authority sent out the documents to twenty-one firms and received responses from nine firms. Of the nine firms that responded, six responded to all three areas of counsel; of the remaining three firms, two responded to the requests for environmental counsel only, and only one responded to the request for both general and environmental counsel. All nine firms did respond with regard to environmental counsel. The Port Authority has been through the initial review of these nine firms, and has identified those firms which the Port Authority would like to invite for interviews. The Port Authority is looking for Board volunteers to help with the interview process. Ms. Satzger asked if Mr. Budig and Mr. Bailey would be available to participate in the process.

Both Mr. Budig and Mr. Bailey said they would make themselves available for the process. Mr. Rouse indicated that he would like to be involved in the process as well.

Ms. Satzger said that Port Authority staff will coordinate the effort with the schedules of Messer's Budig, Bailey, and Rouse.

Director of Public Finance Search – Ms. Satzger said that the Port Authority first advertised the position for a couple of weeks with a closing date for submitting resumes of March 23, 2007. The Port Authority reviewed the resumes submitted and determined that no resumes were received that met the requirements of the position. The Port Authority is in the process of advertising the position again with a new closing date for receiving resumes of April 18, 2007. Both times the advertisement was placed in the Enquirer and Herald. This time the Port Authority is also advertising the position online with CareerBuilders.com. The Port Authority is hoping that the online advertisement will improve the quantity and quality of resumes received. The Port Authority continues to increase its number of financings, so it would be helpful to have someone to lead that initiative.

Mr. Schafer added that although the closing date in the newspapers is April 18, 2007, the online advertisement will run through April 28, 2007.

Mr. Siebenburgen asked Mr. Schafer if he would forward a copy of the position description to him.

Mr. Schafer replied that he would e-mail the position description to the Board.

Mr. Rouse said that if any of the Board members know of anyone, or think they have any contacts with someone who might be qualified for the position; please forward them to Mr. Schafer.

VIII. ADJOURNMENT

Motion: Mr. Rouse made a motion to adjourn the Board meeting. The motion was seconded by Mr. Siebenburgen. The motion was approved unanimously.

The meeting was adjourned at 8:25 a.m.

Respectfully,

Kimberly Satzger
Secretary