

**THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
BOARD MEETING MINUTES
Thursday, April 6, 2006
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 7:35 a.m.

BOARD MEMBERS PRESENT:

Bailey, Clifford
George, Lou
Hull, Betty
Kull, Ron
Love, Steve
Otto, Charlotte
Rouse, Jack
Siebenburgen, David
Vehr, Nick

EXCUSED:

Budig, Otto
Hale, Joe
Humes, Tom
Johnson-JioDucci, J.J
Muller, Paul
Zimmer, Joe

STAFF:

Robb, Deborah
Satzger, Kim
Schafer, Ray
Zanders, Char

GUESTS:

Bomberger, Jeff – Squire, Sanders & Dempsey, LLP
Phillips, Bonnie – City of Cincinnati
Williams, John – Gonzalez, Saggio, & Harlan

II. APPROVAL OF MINUTES

MOTION: David Siebenburgen made a motion that the minutes of the March 9, 2006 Board meeting be approved. Nick Vehr seconded the motion. The motion was passed unanimously.

III. BROWNFIELD PROJECTS UPDATE

Kim Satzger provided updates on the following projects.

4101 Spring Grove Avenue Project – Ms. Satzger reported that the Clean Ohio Assistance Fund application for the American Can Building property was placed on-file at the public library on March 10, 2006. She stated that the application will remain at the library for public review and comment for 45 days. Ms. Satzger also stated that the Port Authority will hold a public meeting on April 24, 2006 at noon at the office of the Port Authority. The public meeting will conclude the public comment period. Then the public meeting minutes and all other required public notice information will be incorporated into the application and it will be forwarded to the Ohio Department of Development for review and comment.

Nick Vehr asked if there was any opposition to the project.

Kim Satzger replied no. She stated that it has been the Port Authority's experience that the Clean Ohio Fund public meetings are not heavily attended. Those in attendance typically include the project team members (e.g., Port Authority, community in which the project is located, developer, and environmental consultant), subcontractors interested in bidding on the work, and potentially residents from the community surrounding the project site. It has been the Port Authority's experience that there is strong support for these projects because we are working to improve properties that have been underutilized or vacant for many years and may have had a blighting influence on the surrounding community.

4000 Red Bank Road Project – Ms. Satzger stated that the draft No Further Action (NFA) letter is currently being reviewed by the purchasers of the property, Regency Centers. Once their review is complete, the NFA will be forwarded to Ohio EPA for review and comment. The Covenant Not to Sue (CNS) is anticipated to be received in the June/July timeframe. We have entered into discussions with Regency Centers regarding the potential to provide bond financing for the project. We will discuss this in greater detail under the financings section of the agenda.

5025 Carthage Avenue Project – Ms. Satzger reported that the lead impacted soil has been removed. She stated that post removal sampling showed three grid areas are still impacted by contamination. In these areas, we will need to remove approximately another foot of soil. Samples have been collected and submitted for further analysis. She also noted the second quarter groundwater samples will be collected in April to monitor the change in groundwater conditions.

Jack Rouse asked if this was the worst site that the Port Authority has encountered in terms of contamination.

Kim Satzger replied no. She said that the process that we are undertaking is different as there will be no demolition and there is minimal soil removal. The majority of the project consists of injecting potassium permanganate into the soil in order to rid the soil of contamination. This is the first project on which the Port Authority has used this method of remediation. This is referred to as insitu remediation. This is where chemicals are injected into the soil to remediate the contaminants on-site.

Ms. Satzger also stated that a new fence has been placed around the site, as well as an additional fence around Restricted Area 3, which is the permanganate treatment area.

320 South Anthony Wayne Avenue Project – Ms. Satzger reported that the Port Authority has received Clean Ohio Revitalization Fund grant agreements from the Ohio Department of Development and that these documents are currently being reviewed by the developer. She stated that a meeting will take place in the near future to discuss the documents in detail with the developer.

IV. FINANCING PROJECTS UPDATE

Jack Rouse asked Kim Satzger to give the status of current project financings.

Sisters of Mercy of the Americas Project – Ms. Satzger reported that Mercy received \$6 million in conduit revenue bonds. Hamilton County approved the Port Authority’s request to issue bonds in February 2006 and the City of Cincinnati approved the transaction in March 2006. The closing took place on March 16, 2006.

Ms. Satzger reminded the Board that approval was required by Hamilton County and the City of Cincinnati due to the fact that this financing did not fall under the category of one of the Port Authority’s authorized missions: Brownfields or Banks.

She noted that the requirement for additional approvals is unusual for Port Authority’s and it extends the timetable by adding two approvals to the financing process. Most Ohio Port Authority’s can approve a financing in one Board meeting.

Mr. Rouse said that if the County and the City respond to the Port Authority’s request to amend its formative agreement, then the Port Authority will no longer need to seek additional approvals from the County and City. This may also assist the Port Authority in being more responsive to the needs of developers and property owners with regard to development financing.

225 Pictoria Drive Project – Ms. Satzger reported that the City of Springdale has approved an agreement for the Port Authority to proceed. She stated that U.S. Bank has signed the letter of credit commitment. All preliminary documentation has been prepared. Ms. Satzger said that the Port Authority expects to close in June.

Jeff Bomberger explained that, prior to the Port Authority’s involvement, the original plan called for the garage and other public improvements (e.g., retention pond, roadway, etc.) to be owned by the City of Springdale. However, the City and developer could not reach a clear understanding as to how the debt would be structured. The Port Authority was asked to become involved by Hamilton County Development Company and the City of Springdale. The Port Authority has worked with the developer to develop a structure that will enable them to finance the garage and move forward with the next phase of the development.

Jack Rouse asked for confirmation of the fact that the Port Authority had added value in this transaction as it was able to provide an alternative solution to the City and developer with regard to the debt structure.

Jeff Bomberger indicated that that was accurate.

Ms. Satzger stated that the parties involved are ready to sign the preliminary documentation. We expect to close in June.

4000 Red Bank Road Project – Ms. Satzger reported that Regency Centers will be the developers of this 35-acre remediated property. Ms. Satzger said that the Port Authority has had preliminary discussions with Regency Centers about a potential \$9 million financing. Regency is proposing a \$65 million mixed-use commercial development including office, retail, and entertainment uses.

Jeff Bomberger reported that this will be a tax increment financing (TIF) revenue bond. He said that public improvements will consist mainly of roadway improvements. He went on to say that he is meeting with Regency’s counsel and the Village of Fairfax’s counsel today to discuss the potential financing in greater detail.

Mr. Bomberger noted that an Inducement Resolution is included in the Board packet. He then stated that this financing will likely take 4-5 months to complete due to the fact that the project will not proceed until the No Further Action letter is filed and the Covenant Not to Sue is received. He said that it is currently contemplated that the financing will close in late summer or early fall.

Ms. Satzger added that the Inducement Resolution is a preliminary approval that the Port Authority has provided for other financings. This is not the final approval. The financing will be brought back to the Board for final approvals prior to the finalization of documents.

Kim Satzger stated that Regency is working with the City of Cincinnati and the Village of Fairfax on public improvements adjacent to the property (i.e., roadway, signalization, etc.).

MOTION: Charlotte Otto made a motion to adopt the Inducement Resolution for the 4000 Red Bank Road financing. David Siebenburgen seconded the motion. The motion was passed unanimously.

3000 Disney Avenue Project (Cincinnati Millworks) – Ms. Satzger reported that the developer is planning a mixed-use development, consisting mainly of retail space, at the property. She stated that the Board has already passed the Inducement Resolution for this project. Ms. Satzger added that the developer is working with the City of Cincinnati on the Kennedy Connector roadway project as the Kennedy Connector is essential to the success of the Millworks project.

David Siebenburgen then asked about the location of the Kennedy Connector.

Kim Satzger explained that it is a proposed link between Isben Avenue and Kennedy Avenue at Duck Creek Road.

Jeff Bomberger remarked that this financing will be similar to the Cincinnati Mills financing structure.

Kim Satzger stated that this will likely be a \$10 million bond issue which will possibly come back before the Board in September or October 2006 for approvals.

David Siebenburgen asked what this \$10 million bond is going to assist in building.

Jeff Bomberger replied structured parking in support of a mixed-use commercial development.

David Siebenburgen asked about the total cost of the proposed development

Jeff Bomberger replied approximately \$100 million.

David Siebenburgen asked if this project is ready to move forward.

Jeff Bomberger replied that he did not know. He said that last fall the developer lost their main capital partner, Trademark. He added that they are now looking for another financial backer. Mr. Bomberger added that the City is preparing to move forward as it has added outside counsel, Peck Schaffer, to assist in drafting the ordinances necessary to establish the TIF and approve the related service and cooperative agreements.

David Siebenburgen asked if the project uncertainty was due mainly to the project finances.

Lou George commented that he believes that the project has slowed based on the number of retail projects that have been developed in recent years.

V. CHAIRMAN'S REPORT

Jack Rouse reported that the Port Authority received a letter of resignation from Board member Janet Reid. He said that her contributions to the Board will be missed and said that he will be contacting her to thank her, on behalf of the Board, for her service.

Mr. Rouse said that he has not received a response from the City or County with regard to Board replacements. He went on to explain that until we get clarification to the reformation of the Port Authority, we will not likely be filling open Board positions.

Nick Vehr inquired about the City's position on the reformation.

Jack Rouse replied that the City has put the reformation on hold.

Mr. Rouse said that the Port Authority has received positive feedback regarding the Economic Impact Study.

Kim Satzger noted that other port authorities in Ohio have provided positive feedback as to the information included in the Economic Impact Study and two port authorities have requested more copies of the Study to forward to their Board members. She also noted that the Port Authority received a letter from State Senator Kimberly Zurz praising the accomplishments included in the Economic Impact Study. Ms. Satzger noted that this letter is included in the Board packet.

Jack Rouse explained that until we get confirmation as to the reformation of the Port Authority, contract help is needed to assist with the current project workload. Mr. Rouse noted that there are currently open positions that the Port Authority has been hesitant to fill as a result of the uncertainty regarding the reformation. However, the workload continues to build.

The Board concurred with Mr. Rouse's recommendation.

Nick Vehr asked if there was anything that the Board needed to do with regard to amending the appropriation resolution.

Ray Schafer stated that a budget amendment would not be required at this time.

VI. PRESIDENT'S REPORT

Economic Inclusion Report – Kim Satzger asked Deborah Robb to provide the Economic Inclusion Report.

Ms. Robb explained that the results on the current projects are exceeding the Port Authority's aspirational goals. This is, in part, due to the increased dollars spent with contractors that already have contracts on the Queen City Square project at 303 Broadway. This building is now complete and is in the process of being leased. Ms. Robb noted that the interior finish design work was done by a Woman Business Enterprise (WBE) company. Additionally, the interior office furnishings were procured from River City Furniture, which is a Minority Business Enterprise (MBE) company.

Jack Rouse indicated that he was pleased that the economic inclusion results continue to be positive.

Clifford Bailey asked which company is responsible for the construction on this project.

Deborah Robb replied Turner Construction. Ms. Robb said that Turner Construction has a new supplier diversity manager who is very proactive and has an interest in increasing their spending with MBEs, WBEs and SBEs (Small Business Enterprise).

Ms. Robb remarked that she has met with the supplier diversity managers at both Turner Construction and Messer Construction. Both companies have separately agreed to share information from their supplier/subcontractor diversity databases with the Port Authority.

Ms. Robb also commented on her meeting with the manager at Cincinnati Mills Mall. As a result of that meeting, Cincinnati Mills has agreed to send information on all mall service providers, as well as dates for contract renewal. With this information, the Port Authority will be able to identify areas where there are opportunities for supplier/vender diversity. Cincinnati Mills will also update the Port Authority on all mall tenants and their MBE, WBE, or SBE status.

Steve Love acknowledged Ms. Robb's accomplishments and thanked Ms. Robb and Ms. Satzger for their commitment to the Economic Inclusion Policy of the Port Authority. Mr. Love asked Ms. Robb for her assistance in planning a meeting with the public and private sector supplier diversity managers. Ms. Robb stated that she would be happy to assist Mr. Love with this meeting.

Financial Report – Kim Satzger asked Ray Schafer to provide the financial report.

Ray Schafer reported on the 2004 audit report. He stated that being able to work with the Finance Work Group (FWG) has been very helpful as they provide an independent set of eyes in review of the audit report. He stated that the report does look different from previous years. The main differences are that the report includes: 1) Management Discussion & Analysis and 2) Cincinnati Mills Bond Financing Transaction. These elements resulted in additional information not seen in prior audit reports. Mr. Schafer went on to say that the Port Authority received a clean opinion and the auditor's management letter stated that the Port Authority's internal controls are adequate and appropriate.

Jack Rouse affirmed that the Port Authority had a clean audit report.

Nick Vehr asked whether the audit report had been forwarded to the public officials at the City of Cincinnati and Hamilton County.

Kim Satzger replied yes. She said that they received it approximately two weeks ago.

David Siebenburgen asked when the 2005 audit process will begin.

Ray Schafer replied that the audit is scheduled to begin in early May. Mr. Schafer stated that 2005 will be simpler since there were not transactions like Cincinnati Mills. We are anticipating that the audit report should be ready by the end of July.

David Siebenburgen commented that, like the Cincinnati Mills project in 2004, in 2006, there could be several projects that are reflected on the Port Authority's financials as property that it owns. This will affect the 2006 audit. However, in 2005, the Port Authority did not close on financings in which it will own property as it did in 2004. This is the reason that the numbers on the 2004 balance sheet look like the Port Authority has more debt than it currently holds as accounting rules require that certain financings be placed on the Port Authority's financials.

Charlotte Otto asked for clarification.

Jeff Bomberger responded that these are revenue bonds that are limited to a specific source of revenue from the development project, like a letter of credit, special assessments or TIF revenue.

Charlotte Otto remarked that the answer is that someone else is covering the debt.

Jeff Bomberger said yes. He said that the Port Authority does not have a financial obligation for these types of financings.

Lou George noted that the footnotes need to explain the debt to show that, at the end of the day, the Port Authority is not in debt.

Ray Schafer gave an update on February financials. Mr. Schafer reported cash at the end of March of \$661,000. He stated that the revenues and expenses for City and County are not being accrued. He stated that revenue was under budget by \$67,000. Mr. Schafer said that this is due to late project fees for the Red Bank Road and Celotex projects. Currently, expenses are under budget by \$37,000.

Ray Schafer asked if there were any questions.

There were no further questions.

VII. ADJOURNMENT

Jack Rouse asked if there was any new business. There was none.

MOTION: Lou George made a motion to adjourn the Board of Directors meeting. David Siebenburgen seconded the motion. The motion was passed unanimously.

The meeting was adjourned at 8:20 a.m.

Respectfully,

Kimberly Satzger
Secretary