

**PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY**

**May 10, 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  
Love, Steve  
Muller, Paul  
Rouse, Jack  
Siebenburgen, David

**EXCUSED:**

Johnson-JioDucci, J. J.  
Otto, Charlotte  
Zimmer, Joe

**STAFF:**

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

**GUESTS:**

Bomberger, Jeff – Squire, Sanders & Dempsey, LLP (via conference call)  
Williams, John – Gonzales, Saggio & Harlan, LLP

**II. APPROVAL OF MINUTES**

**Motion:** Mr. Budig made a motion to adopt the minutes of the April 5, 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, Norwood, OH (Linden Pointe)** – While construction is ongoing on one phase of the 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 was performed the week of April 23, 2007, which will expedite the cleanup of the last groundwater area. Samples have also shown a continuing decrease in the concentration of soil contamination. Soil samples will be collected again in June 2007. The remediation is currently expected to be completed in August 2007.

**320 South Anthony Wayne Avenue, Lockland, OH (Hamilton County Regional Business Park)** – Demolition is complete and planning is underway to begin the remediation of two areas of soil contamination. The amendment to reallocate the grant money to enable Petro Environmental to self-perform a portion of the remediation has been approved and the second disbursement request was submitted on April 30, 2007. An Invitation to Bid for trucking services will be issued shortly and excavation of contaminated soil is expected to begin in June 2007. Below-grade foundation removal and concrete crushing is the next phase of work to be planned.

**4101 Spring Grove Avenue, Cincinnati, OH (American Can Building)** – 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 extreme cold weather in January and February. Since then, the environmental consultant has been testing various chemical treatment processes to remove the PCB contamination from the concrete, which unfortunately have not been effective to date. The Port Authority, the developer, and the environmental consultant are currently in the process of evaluating the results of the latest test and developing potential paths forward. The basic options available are to continue to spend money trying to find a way to remove the PCB contamination or to develop an acceptable method of leaving the contamination in place, which could include sealing the floors and adding an additional layer of clean concrete.

Mr. George asked if the remaining PCB contamination would be disclosed to the buyer.

Ms. Russell said that a deed restriction that will be placed on this property if PCBs were left in place.

Mr. Budig asked what chemicals were being used to try and remove the PCBs from the concrete.

Ms. Russell said that there were several chemicals on the market that are designed to remove contamination from concrete. Unfortunately, the contamination is down so deep that the chemicals currently being used have not been effective.

Mr. Rouse asked if the project was exceeding the grant amount.

Ms. Russell said yes. The Port Authority did a calculation and came to the conclusion that the developer was approximately \$500,000 over what was anticipated.

Mr. Rouse asked if that overage was a Port Authority issue.

Ms. Russell said that the overage was not the responsibility of the Port Authority, and that even though the overage was the responsibility of the developer, the Port Authority was in the process of trying to help find an alternative means of funding the cleanup, such as the Ohio Department of Development's Brownfield Revolving Loan Fund.

Mr. Rouse asked if the \$500,000 was going to go higher.

Mr. Budig asked if the developer had the financial resources to address the additional cleanup.

Mr. Schafer said that the Port Authority had looked at that issue initially and Bloomfield-Schon had a substantial amount of resources.

Ms. Russell added that at a recent meeting attended by Michele Laumer, Steve Bloomfield and Ken Schon (the three project partners), all remain very committed and are diligently looking for the best options.

Mr. Muller asked if the Port Authority was obligated to return the Clean Ohio Fund money if the project was not completed.

Ms. Satzger said that if the project does not reach the point where a No Further Action letter can be issued then the Ohio Department of Development may ask that the grant funds be returned. However; before the Port Authority signs a grant agreement with the State, the Port Authority receives a guarantee from the developer stating that should the project not be completed, the developer will return the Clean Ohio Fund money.

Mr. George asked if the Port Authority had a letter of credit or anything else standing behind the guarantee from the developer.

Ms. Satzger said that the guarantee was based on the developer's financial reports. Ms. Satzger said that on each of our projects, the LLC that is set up to do the development does not provide the guarantee, the majority firm behind the LLC provides the guarantee. In this case, all three project partners provided a personal guarantee.

Mr. Schafer added that the three parties had individually, jointly and severally, provided a personal guarantee.

Mr. George asked Mr. Bomberger if the Port Authority had the personal guarantee of the three individuals, was there anything else the Port Authority could do, short of the LLC posting a letter of credit.

Mr. Bomberger said that the only other thing would have been to make the obligation of the Port Authority in the original agreement limited to the amount that is received from the responsible parties. Mr. Bomberger then said that he did not know if that was a viable idea with respect to the State.

Mr. George said that the Port Authority needed to review the guarantee process with regard to this project.

Ms. Russell continued to say that the Port Authority had received approval of the disbursement request for American Can and that asbestos removal will be re-starting in a few weeks.

Ms. Russell said that there were three articles in the Board book that dealt with brownfield projects on which the Port Authority is working.

Mr. Budig said that in looking over the three articles, only one specifically mentioned the Port Authority's involvement.

Ms. Russell said that the article specifically mentioning the Port Authority was one about which the Port Authority approached the Business Courier. The Business Courier came to the Port Authority offices and interviewed the staff and the developers for the Celotex project.

Mr. Rouse said that, while it was a small thing, maybe the Port Authority could, in the future, include a requirement in our agreements that any press releases about our projects give credit for the role the Port Authority plays.

#### **IV. FINANCING PROJECTS UPDATE**

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

**4000 Red Bank Road, Fairfax, Fairfax, OH (Red Bank Village)** – Pursuant to a change in Ohio law that went into effect on March 29, the developer discontinued its claim to a competing VAP tax exemption on May 2, 2007 and requested an appropriate order from the Tax Commissioner. The TIF projections, the private placement documents, and the bond documents are being finalized. The preliminary private placement memorandum was mailed early this week and the bonds are being marketed. Pricing is expected within the next week with closing on or about May 23.

**Galbraith Road at I-71, Sycamore Township, OH (Kenwood Towne Place)** – At the April Board meeting, representatives of Bear Creek Capital made a presentation regarding the development and the project, and the Board adopted a preliminary resolution regarding the financing of costs of the public parking garage, and authorizing related preliminary agreements. Discussions continue as to possible financing structures and issues related to township, school district and other issues. A bond resolution is currently expected to be submitted to the Board at the June meeting, or possibly at a special meeting during the summer, with closing in the third quarter.

Mr. Siebenburgen asked as to the bond amount.

Mr. Schafer said that the estimated bond would be \$20 million.

Mr. Bomberger noted that there was a possibility the bond amount could go down depending on whether Bear Creek Capital does the project on a taxable or tax-exempt basis, which is one of the points still being worked on.

**3000 Disney Avenue, North Oakley, Cincinnati, OH (Millworks Town Center)** – The developer expects to close on the land during the first half of the third quarter after it resolves environmental due diligence issues. Real estate transactions to subdivide the property will need to be completed in order to permit the City of Cincinnati 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)** – The Port Authority financing remains on hold. A bond closing is likely to take about 90 days after the financing is restarted.

Mr. Siebenburgen asked what the problem was.

Mr. Schafer said that the problem is the difficulty with the site, a blight issue, and trying to make the numbers work.

Mr. Siebenburgen asked whose money went to clear the land for the project.

Mr. Bomberger said that Al Neyer had paid to clear the land.

Mr. Bomberger said that from the developer's standpoint, it is a very difficult project in terms of making the numbers work because of the nature of the site, the location of the site, and the potential developable value. It took approximately three years to come up with a new plan on how to develop the area, which included a residential portion, that raised several months of delays to work through the blight issues. One of the difficulties is coming up with a financial structure that is viable both economically, and relatively simple to implement. Whatever else can be said about the structure that the Port Authority came up with; it was not simple to implement. There may not be a better structure to use which implements both the special assessments and the Tax Increment Financing (TIF), much like the Cincinnati Mills and the Springdale structures. With the economics being difficult, the developers were looking to find a way to do the project in a simpler manner thru the City of Cincinnati.

Ms. Hull asked if the Port Authority had a role in the Keystone project.

Mr. Schafer said that the developers for the Keystone project returned to the City of Cincinnati for financing. The initial financing was for \$3 million as a loan in anticipation of bonds. The total project borrowing is anticipated to be \$21 million. The developers may end up coming back to the Port Authority for some portion of financing.

Mr. George asked why the developer went back to the City of Cincinnati.

Mr. Schafer said that one reason was the Port Authority's fees. Since the initial financed amount was less than \$5 million, it typically makes sense to go through the City rather than the Port Authority. There was also an interest in a less complex financing structure.

Mr. George asked if the rate per million was different for the City as opposed to the Port Authority.

Mr. Schafer asked Mr. Bomberger if he knew what the cost factors were for the City.

Mr. Bomberger said that the decision was based on a simplification factor and the fact that it is on the front end of the deal. When this project originally came to the Port Authority, it was at the recommendation of the City. The City then reconsidered, in part because there were real estate complications with the finance structure that the Port Authority was going to use. The City has been willing to use a simpler TIF structure, one that the Port Authority does not believe works for Port Authority bonds.

Mr. Rouse said that what was on everybody's mind is, if it is cheaper to go with the City, why would anyone use the Port Authority for financing.

Mr. George said that what should be done is a side-by-side comparison.

Mr. Rouse asked if it was correct to categorize this as a competitive situation.

Mr. Schafer said that it was also an issue of the complexity of the bond, whether or not special assessments and/or whether other securitization is needed. It has to be recognized that with the greater complexity of Port Authority bond structures, incorrect fee comparisons to simple financing structures are made frequently.

Mr. Schafer added that the disinterest that the City may have in doing some projects has to do with the financing going against the City's General Obligations.

Mr. Bomberger said that it was also a factor of ownership. On Columbia Square, for example, most of the project is public improvements, where the City might own the property anyway. Whereas, if you look at Millworks, there are several parking garages involved, which are not in the public right-of-way on City streets. With the implications that raises, the City would rather have that type of project go to the Port Authority. Ultimately, in a TIF context, the Port Authority is dependant on a cooperative relationship with the City. The Port Authority's ability to do these projects is based on cooperative relationships with the other sub-divisions; so, at some level, it is not truly a competitive situation.

## **V. ECONOMIC INCLUSION UPDATE**

Ms. Robb provided the Board with the following updates.

**4000 Red Bank Road, Fairfax, Fairfax, OH (Red Bank Village)** – The Port Authority continues to attend weekly project meetings. Site work and grading is still being done on-site. Future portions to be bid include the Brotherton/Erie Road improvements and the police substation.

**320 South Anthony Wayne Avenue, 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 and excavation, and concrete crushing. The Port Authority is working closely with Hamilton County Regional Business Park, LLC to maximize inclusion on the remainder of work to be bid at the site.

**Outreach** – The Port Authority continues to meet with small/minority/women owned businesses to discuss capacity and core competencies. We also continue to counsel businesses with regard to the value of certification.

The Port Authority has been invited to participate in the following:

- A panel for the Society for Marketing Professional Services (SMPS) on Thursday, May 17, 2007. This is an organization for marketing and business development professionals in architectural, engineering, planning, interior design, construction, and specialty consulting firms located throughout the United States. The topic for this program is: Teaming to Win Work – Supplier Diversity from the Clients' Perspective. The panelists are Icy Williams (Procter and Gamble), Pamela Mullins (Cincinnati Public Schools), Mimi Smith (Representing the Health Alliance of Greater Cincinnati) and Deborah Robb (representing the Port Authority)
- Public Entities Small Business Collaborative Workshop -- The Port Authority has been invited to join Hamilton County, the City of Cincinnati, Cincinnati Public Schools, and OKI in participating in the next Collaborative Workshop. The event is scheduled for September 14, 2007. The first meeting to discuss the particulars of this event is scheduled for May 15<sup>th</sup>.

Per the request of Councilman David Crowley, a meeting has been scheduled for Thursday, May 17<sup>th</sup> at 2:30 p.m. to discuss the Port Authority's Economic Inclusion activities.

Ms. Hull asked if the meeting on May 17<sup>th</sup> was with just David Crowley or with the entire Economic Inclusion group.

Ms. Robb said that the meeting was with David Crowley.

**Database** – The Port Authority continues to work on updating and verifying data included in the current economic inclusion database. This database has over 500 small, minority, and women owned businesses listed.

Mr. Budig asked to go back to the economic inclusion numbers included in the monthly report. Mr. Budig then said for the two prior years ending in 2006 the inclusion numbers were extraordinarily good. The numbers in 2007 appear to be down from 2006. Is that because of the nature of the work that is being undertaken on the Port Authority's current projects?

Ms. Robb said no. All of the activities have not been contracted as yet. The monthly reports are a snapshot in time and only reflect the contracting to date on each project. There is still a lot of room for improvement as all of the contracts have not been let for the work to be completed. Mrs. Robb said that the numbers for 2006 are cumulative and reflected essentially completed projects.

Mr. Budig asked Ms. Robb if the number would be coming up.

Ms. Robb said that the numbers are expected to come up, especially on the Celotex project. On the trucking portion of that project, requests for proposals are only going to minority/women owned companies.

Mr. Love told Ms. Robb that one of the areas that there might be an area of opportunity early on is traffic design and engineering.

Ms. Robb said that to date none of the Port Authority projects utilized traffic design or engineering.

Mr. Love said that he had come across two local African-American owned companies who are participating on OKI work.

Ms. Robb asked Mr. Love to forward the individuals names to her.

## **VI. CHAIRMAN'S REPORT**

Mr. Rouse said that with regard to the City Council resolution concerning the reformation of the Port Authority, there has been no progress. City Council was supposed to vote on this issue last week, but did not. He will continue to follow this matter.

## **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.

Mr. Rouse said that he had three different conversations with City Council members who all said independently; we know that we owe the Port Authority \$700,000.

Mr. George asked what the Port Authority did with excess cash.

Mr. Schafer said that the first step had been taken last year to improve investment return by putting excess cash into a money market account that provided a better rate of return than previously.

Mr. George suggested that Mr. Schafer look into 7-day CDs to increase the return received by the Port Authority.

Mr. Siebenburgen asked how many banks the Port Authority was dealing with now.

Mr. Schafer said that the Port Authority had two accounts but the funds were basically in one bank. Once the 2007 flow of cash is confirmed from the City and County, Mr. Schafer will ensure that the Port Authority moves funds into a second bank.

Mr. Schafer went on to say that, with regard to revenues and expenses, the Port Authority is within budget and, as a result, has a positive net income variance to budget.

Mr. Rouse said to those who work on the Finance Work Group, this report is so much clearer and easier to comprehend.

Mr. Rouse asked for a report on the status of the search for a Director of Public Finance.

Mr. Schafer said that the Port Authority placed position ads twice for Director of Public Finance position in newspapers, and the last time there was also an internet advertising on CareerBuilder.com for 30 days. The Port Authority staff reviewed the applicants and the Finance Work Group will be interviewing a candidate today.

Mr. Rouse then asked Ms. Satzger to present the Ohio River Study to the Board.

Ms. Satzger said that the City of Cincinnati asked the Port Authority to manage the Ohio River Study. It is a study that the River Advisory Council (RAC) had asked the City, Cincinnati Chamber of Commerce and the State of Ohio to fund. The Port Authority was the repository for depositing the money of all of the public and non-profit funders, at which point the Port Authority worked with the University of Arkansas in preparing this study. RAC selected the University of Arkansas because of its experience doing river commerce studies, including several studies on the Mississippi River.

Ms. Satzger said that in the Study there are some very interesting graphics that demonstrate the efficiency of barges on the river: one barge is equal to sixteen railcars or sixty trucks with regard to cargo capacity. As far as shipment costs, there is another graphic that depicts a cost of .97\$ per ton mile for barges as opposed to \$2.35 for a railcar and \$5.35 for a truck. Barges take longer, but they are very economical. In terms of fuel efficiency, a barge gets 514 miles per ton, while a railcar gets only 202 miles per ton, and a truck gets 59 miles per ton. This mode of transportation is environmentally friendly.

Ms. Satzger continued that the Port Authority has distributed the Ohio River Study to all the funders of the study. One other thing that the study points out is that there are eleven river-based businesses located on the Ohio River near Cincinnati, and there are 200 barges a day that go through Cincinnati, which is the equivalent of 11,500 truck loads. This volume has a combined total impact of \$338 million in economic value on the region.

Mr. Rouse said that clearly there are some things in the study that the Port Authority is in position to do.

Mr. Siebenburgen asked what would be done with the study now that it was complete.

Ms. Satzger said that the study had been distributed. The RAC and the group of folks who have businesses along the Ohio River are the ones that came to the Port Authority about the initiative and went to others to fund it, and have a real interest in bringing attention to the value that is contributed to our local economy. One of the things that the Board has talked about before is that the Maritime Administration is projecting that by 2014, our interstates are going to be gridlocked. The Maritime Administration would like to expand the inland waterway system, making Cincinnati a prime location to become more efficient on the Ohio River with access to intermodal transportation, since there is rail at the river, as well as access to I-71 and I-75, and not too far away, I-70.

Ms. Hull asked if RAC paid for the study.

Ms. Satzger said that RAC members paid for part of the study along with the City, Cincinnati Chamber of Commerce, and the State of Ohio.

Ms. Hull suggested that a copy of the study be sent to Steve Chabot since it was his district.

Mr. Rouse agreed with Ms. Hull.

Mr. Rouse went on to say that the marketing and selling of the concept should be left to others until the Port Authority is specifically asked to, and funded to do so.

Ms. Satzger said that in addition to notifying Congressman Chabot, Senator Voinovich should also be notified as he had an interest in river commerce. In fact, his office informed us that his they had recently been in contact with the Maritime Administration and they understand the need to take greater advantage of river commerce. Focusing expansion efforts on river commerce would like require building more docks and rail lines. The Maritime Administration has funding for those types of activities that flows directly to Port Authorities.

Mr. Bailey suggested a review of the Gallis Study. The Gallis Study talked about distribution and all of the information in the Ohio River Study is related to distribution. This is a way to tie the Ohio River Study (new study) to the Gallis Study (old study).

Mr. Rouse asked what the Gallis Study entailed.

Mr. Bailey said the Gallis Study looked at Cincinnati as a whole as to what the assets where and how those assets could be leveraged for the City.

Mr. Bailey went on to say that the waterway discussion in the Ohio River Study could be combined with all the other suggestions that were made in the Gallis Study to make a very compelling story.

Ms. Russell said that before the meeting closed, she wanted to mention that next week the National Association of Industrial and Office Properties (NAIOP) is sponsoring a bus tour of urban infield development. Of the eight properties that are part of the tour, the Port Authority has been involved in four of the eight properties either through Brownfield work or financing.

Ms. Hull asked about the bi-annual report.

Ms. Satzger said that the Port Authority was currently working on the report and should have a draft by the end of the week. The report should come out in June. Ms. Satzger said that the Port Authority would also be updating the economic impact study as well.

Mr. Bailey asked where the Port Authority was in regard to the Legal RFQ/P.

Ms. Satzger said that the Port Authority will be setting up interviews and would coordinate closely with the three Board volunteers (Mr. Rouse, Mr. Bailey, and Mr. Budig) regarding their schedules.

## **VIII. ADJOURNMENT**

**Motion:** Mr. Budig 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 8:26 a.m.

Respectfully,

Kimberly Satzger  
Secretary