

THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
BOARD MEETING MINUTES
Thursday, May 11, 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 7:39 a.m.

BOARD MEMBERS PRESENT:

Bailey, Clifford
George, Lou
Hale, Joe
Hull, Betty
Kull, Ron
Love, Steve
Rouse, Jack
Siebenburgen, David

EXCUSED:

Budig, Otto
Humes, Tom
Johnson-JioDucci, J.J
Muller, Paul
Otto, Charlotte
Vehr, Nick
Zimmer, Joe

STAFF:

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

GUESTS:

Birdsall, David – Regency Centers
Bomberger, Jeff – Squire, Sanders & Dempsey, LLP
Click, Dave – Tetra Tech
Cundiff, Jim – Hamilton County
Phillips, Bonnie – City of Cincinnati
Williams, John – Gonzalez, Saggio, & Harlan

II. APPROVAL OF MINUTES

MOTION: Dave Siebenburgen made a motion that the minutes of the April 6, 2006 Board Meeting be approved. Ron Kull 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 – Kim Satzger stated that a public meeting, as is required by the Clean Ohio process, was held on April 24, 2006 at the office of the Port Authority. The minutes of the public meeting were incorporated into the public comment section of the grant application. The grant application was then forwarded, via overnight carrier, to the Ohio Department of Development for delivery on May 1, 2006. The grant is currently in the review process, which typically takes approximately 60 days to complete. The Ohio Department of Development has indicated that they are out of Clean Ohio Assistance Fund (COAF) monies for this State of Ohio fiscal year. Funds will be available beginning on July 1, 2006, which is when the new State fiscal year begins. As the grant review process typically takes approximately 60 days and the grant was submitted on May 1, 2006, the availability of COAF funds at the beginning of the State fiscal year coincides with the review process. We are currently anticipating that we will be notified sometime after the first of July if the Port Authority has been awarded the funds.

Dave Siebenburgen asked how the State of Ohio decides how much money to distribute under the Clean Ohio Fund program.

Kim Satzger explained that when the State of Ohio approved the Clean Ohio Fund program they authorized \$40 million annually for the Clean Ohio Revitalization Fund and \$10 million annually for the Clean Ohio Assistance Fund. Under the Clean Ohio Assistance Fund program, the maximum grant amount is \$750,000. The Port Authority requested the maximum grant amount in its Clean Ohio Assistance Fund request for the American Can Building project.

Mr. Siebenburgen asked if there is a governing board that disburses these funds.

Kim Satzger replied that the grants are reviewed and recommended by the staff of the Ohio Department of Development and then approved for funding by the Clean Ohio Council.

4000 Red Bank Road Project – Kim Satzger stated the No Further Action Letter (NFA) has been reviewed by Regency Centers, which will be the end-user for the site. All parties have now concurred on the content of the NFA as it has been reviewed by the Port Authority, Regency Centers (end-user), and W. P. Carey (property owner). It was submitted on May 3, 2006 to the Ohio EPA for review and comment. The Port Authority has been advised that the review of the NFA by the Ohio EPA will take approximately 90 days to complete. Once the Port Authority and W.P. Carey (the two volunteers under the Voluntary Action Program) receive the Covenant Not to Sue (CNS) from the State of Ohio, then the end-user, Regency Center, will close on the property purchasing it from W. P. Carey and the development will move forward. David Birdsall of Regency Centers will go over the development plan for that site when he speaks later in the Board meeting.

5025 Carthage Avenue Project – Kim Satzger stated that at the February Board meeting it was reported that approximately 200 tons of lead impacted soil was stabilized with triple super phosphate (TSP). From February through April, approximately 1,500 tons of lead contaminated soil from Identified Area #2 was disposed of at the Rumpke Landfill. No further remedial action is required for Area #2. Certified laboratory test results show the residual levels of lead are below the VAP commercial/ industrial direct contact and construction worker standards.

The monitoring period for soil and groundwater has begun. Quarterly soil and groundwater samples will be collected for the next 12 to 15 months.

320 South Anthony Wayne Avenue Project – There is a resolution before the Board concerning this project. Ms. Satzger reported that the Port Authority has received the grant agreement, which have been reviewed by the Port Authority and is currently under review by the developer, Hamilton County Regional Business Park, LLC. She stated that a meeting with the developer will take place within approximately one week to discuss the final details regarding moving the project forward.

Jack Rouse asked if the grant agreement was similar to other Clean Ohio Fund grant agreements into which the Port Authority has entered.

Mark Norman indicated that it is similar.

Once the Port Authority signs the grant agreement, then the Port Authority enters into the contract for environmental services with the project manager for the remediation and demolition activities on-site. The Port Authority then also enters into a contract with a certified professional, which is the environmental consultant who certifies that the site has been cleaned up to the State of Ohio Voluntary Action Program standards. What we are asking today is approval to move forward for contracting with the Hamilton County Regional Business Park, LLC (the developer). A copy of the agreement has been included in the Board packet. Ms. Satzger asked Mark Norman to review the agreement with the Board as the Port Authority has recently updated its form of agreement.

Mark Norman stated that for the past several years, the Port Authority has used a standard form of agreement, which the Board had approved. This standard form of agreement was used to enter into a contract with the redevelopment partner or the environmental consultant as the prime contractor. These entities would then in turn, in close coordination with the Port Authority, go out and prepare all the bidding specifications, conduct the bidding process, engage the subcontractors, and manage the on-site improvements funded by the grant. The subcontracting process is something with which the Board is heavily involved, both in terms of the Port Authority's Economic Inclusion Policy and to ensure that all bidding is conducted in adherence to the Clean Ohio Fund requirements.

Mr. Norman said that as the Port Authority has completed five brownfield projects, Kim Satzger had asked him to take the lessons that we learned and incorporate these into an updated form of agreement. There are substantial sections that deal with such things as hiring subcontractors and the control that the Port Authority has over the subcontractors. Mr. Norman stated that the Port Authority had one incident where an employee of a subcontractor started talking to neighbors, incorrectly communicating the contaminants and the level of contamination on-site. In the previous version of the standard form of agreement, the Port Authority did not have contractual control over subcontractor employees talking to neighbors or the media. Those controls have now been put in the Port Authority's agreement. Mr. Norman continued by stating that we have also added controls to deal with certain events once the project is complete as there are additional affidavits and due process forms. These are the typical things that one finds in an industry standard document such as the AIA form of agreement. There are a number of other more minor changes, but these are the key changes that were incorporated into the document. These changes are consistent with standard business practices and conducting this type of work under a public authority. Mr. Norman indicated that we will be back next month to get the contract for the certified professional approved.

Jack Rouse stated that, over the years, project issues would arise which we handled on a case-by-case basis. Now we have developed a document that covers a larger number of these kinds of potentialities. If there is no further discussion, there is a resolution before the Board.

MOTION: Ron Kull made a motion to adopt the resolution which enabled the Port Authority to enter into the agreement with Hamilton County Regional Business Park, LLC for the remediation and demolition of the 320 South Anthony Wayne Avenue project. Steve Love seconded the motion. The motion was passed unanimously.

IV. FINANCING PROJECTS UPDATE

Kim Satzger asked Jeff Bomberger to give the status of current project financings. Mr. Bomberger reported:

225 Pictoria Drive Project – At the last Board meeting, it was reported that the Port Authority would be forwarding preliminary documents to the City of Springdale and MEPT for signature. Most of the preliminary documents have now been signed. Once all documents have been signed, it is anticipated that the Port Authority will be working towards a late June closing. This means that we will likely be back before the Board in June for approval of the bonds.

400 Red Bank Road Project – This project is in the early states of discussion concerning the TIF financing of infrastructure components.

Ms. Satzger reported that David Birdsall, Vice President – Investments, Regency Centers, will be making a presentation to the Board (later in the meeting) which will provide an overview of the remediation and demolition activities, as well as the proposed development.

3000 Disney Avenue Project – This TIF project is scheduled to go before City of Cincinnati Council later this month. Once the City approves the TIF, the developer will close on the property and the financing of the development may commence.

Jack Rouse asked if there were any roadblocks.

Jeff Bomberger replied that the project was proceeding after some delays concerning the Kennedy Connector and other site development issues between the City of Cincinnati and the developer, Vision Land Development.

David Siebenburgen asked how many acres this project entailed.

Mr. Bomberger replied that this project consists of 72 acres, 45 of which are Phase 1. The developer is expected to close on 62 of the 72 acres within a short period of time after the City provides its approval.

Union Training Facility – Earlier this year, the Port Authority was approached by the Local 212 Electricians Union about using bond proceeds to construct a training facility. Initially, Local 212 indicated that they wanted to close sometime during the summer. The Port Authority notified union representatives to let them know that we do not normally meet in July and August and the June is the last regularly scheduled meeting until September. The Port Authority has not had a lot of involvement, to date, with this potential financing because this is a pure conduit 501(c)(3) financing.

V. CHAIRMAN'S REPORT

Mr. Rouse indicated that he would like to thank the Board members that are serving under expired terms. He is appreciative that those with expired terms are maintaining their commitment to the Port Authority while we wait to hear from the City and County in response to the Port Authority's December 2005 request for reformation, which would reduce the size of the Board.

VI. PRESIDENT'S REPORT

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

Ms. Robb stated that there is currently no contracting activity on the Port Authority's projects. Therefore, there are no updates to the economic inclusion report. Ms. Robb stated that she has been working with the 320 S. Anthony Wayne team on identifying potential Minority Business Enterprise (MBE), Women Business Enterprise (WBE), and Small Business Enterprise (SBE) contractors to invite to the outreach session which will be held once the grant agreements have been signed.

Deborah Robb also stated that she coordinated a session with the South Central Ohio Minority Business Council (SCOMBC) entitled "Building Winning Relationships with the Supplier Diversity Managers." That event was held on April 7, 2006 at Luxottica Retail. Considering that this was the first of this type of event for the SCOMBC, it was very well attended, with approximately 70 MBE and corporate companies in attendance. As a result of that session, the local advisory committee of the SCOMBC has some action steps that will be rolled out to the entire membership of the organization in the near-term.

Ms. Robb stated that she coordinated the search for the new Executive Assistant. Kim Satzger introduced Connie Richardson to the Board, the Port Authority's new Executive Assistant.

Ms. Satzger noted that on an interim basis, Char Zanders has been assisting the organization. Ms. Satzger thanked Ms. Zanders for all of her assistance.

Deborah Robb explained the process of using a diverse group of temporary agencies to aid in the search process. The Port Authority's final candidate came from ADOW, which is a WBE company.

John Williams stated that Deborah Robb addressed the Greater Cincinnati Minority Counsel Program on a panel discussion on economic inclusion. He commended Ms. Robb for doing a very good job. He stated there were several attorneys in attendance who were impressed with the Port Authority's accomplishments in the area of economic inclusion. He stated that he noticed people coming up to Ms. Robb after the session and asking for guidance and assistance.

Kim Satzger stated that, in addition to helping projects on which we are working, the Port Authority, through Deborah Robb, is now receiving calls from local developers and environmental consulting firms requesting that we provide guidance to improve economic inclusion on the projects on which the various companies are working. Deborah Robb has assisted them in identifying contractors in various skill areas.

Appointment of Assistant Secretary to the Board – Kim Satzger indicated that there is a resolution in the Board packet which will serve to appoint an Assistant Secretary. This will replace Mike Cheney as Assistant Secretary, as Mr. Cheney is no longer working at the Port Authority. Kim Satzger recommended that there be two Assistant Secretaries, Deborah Robb and Ray Schafer. Ms. Satzger asked if Jeff Bomberger wanted to comment.

Mr. Bomberger said that the Secretary of the Port Authority is a very important role as the Secretary has both record keeping and fiscal responsibilities.

MOTION: Dave Siebenburgen made a motion that the Deborah Robb and Ray Schafer be made Assistant Secretaries to the Board. Ron Kull seconded the motion. The motion was passed unanimously.

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

Mr. Schafer reported that the current cash balance is \$650,000. In regards to the Statement of Revenues and Expenses, we are under budget by \$46,000 due to the timing of receipts. In terms of expenses, we are under budget by \$52,000, with a net positive of \$6000 impact on income versus budget.

Joe Hale inquired as to the other consulting services for which the Port Authority is budgeting but currently not using.

Mr. Schafer replied that we have not identified anything specifically, but felt it was the appropriate and conservative approach to constructing the budget based on prior history.

Ray Schafer asked if there were any further questions. There were none.

Jack Rouse asked Kim Satzger for an update on the use of consultants.

Kim Satzger stated that at the last Board meeting, the Port Authority Board had authorized her to engage consultants, as necessary, to provide staff support for the current work load. Ms. Satzger reported that she has asked Betsy Bowe of Malcolm Pirnie to provide assistance with the reporting that is required after completing Clean Ohio Fund projects. Ms. Bowe will be starting next week to help the Port Authority in preparing reports for the several of its projects.

Jack Rouse stated that, without any long term commitment in terms of funding for the organization, the intent here is to work through the assistance of consultants at a time when our work load is heavy instead of hiring full time employees.

Kim Satzger reported this year she was asked to be on the Ohio Executive Committee of the National Brownfield Association (NBA). The NBA has an annual Ohio meeting for which the Port Authority has been asked to be the local host. The meeting will be held on June 29th in Cincinnati. The NBA is projecting that we will have people in attendance from three states – Indiana, Kentucky and Ohio. Typically, there are about 150-200 attendees. We are currently confirming the location of the event.

Ms. Satzger reported that during the week of April 24th, a group of NBA state executive committee members from a variety of state chapters traveled to Washington, D.C. to meet with state representatives about Brownfield issues. There is currently pending legislation that would affect the redevelopment of Brownfields. We divided into groups to meet with various legislators to talk about the various legislative measures. After meeting with legislators, the executive committee members attended the National Leadership Conference of the NBA, also held in Washington, D.C.

Joe Hale asked if some of the legislation is in jeopardy.

Kim Satzger indicated that funding levels are being reduced for some brownfield programs. This group was encouraging legislators not to reduce current funding levels, as well as briefing legislators on issues affecting the redevelopment of brownfield properties.

Kim Satzger also acknowledged that Ray Schafer, who until April 1st was a contract employee, is now a full time employee for the Port Authority.

Mr. Rouse welcomed Mr. Schafer and thanked him for his assistance since June 2005, as well as his commitment to the Port Authority.

4000 Red Bank Road Project – David Birdsall, Vice-President – Investments, Regency Centers, made a presentation to the Board on the status of 4000 Red Bank Road project.

Mr. Birdsall thanked the Port Authority Board for allowing him to make a presentation today. Mr. Birdsall continued by saying that he is a strong supporter of the Port Authority and that Regency Centers has benefited by the Port Authority's involvement in the project.

He explained that Regency Centers is a real estate investment trust (REIT) based out of Jacksonville, Florida. Regency Centers is one of the largest owners, operators, and developers of neighborhood community shopping centers in the U.S., with an approximately \$8 billion market capitalization. Regency is the largest landlord in the area by the number of assets in the Greater Cincinnati Area. Regency owns several of the Kroger-anchored centers in Butler and Warren Counties, as well as the Hyde Park Plaza and Wal-Mart development in Ft. Wright, Kentucky, to name a few. Regency's local headquarters is based in Blue Ash, Ohio.

Mr. Birdsall stated that he had driven by the property many times over the years and did not envision it as a potential retail site. He said that it was the site of a dilapidated former manufacturing plant. He said that the property was presented to him by a developer named Bob Little, Urban Equities, who thought that the strong demographics surrounding the property meant that there was strong potential for a mixed-use development, including retail.

Mr. Birdsall explained that the 4000 Red Bank Road site is the 35-acre former Ford Transmission Plant that had 600,000 square feet of structure under-roof. This site also contained wall-to-wall asbestos, soil and groundwater contamination, and unregulated underground tanks. This project received \$3 million in Clean Ohio Revitalization Funds with a local match of approximately \$1.2 million.

David Birdsall said that there were several surprises or challenges on this project, which resulted in lessons learned. Mr. Birdsall said that he firmly believes that without the leadership of the Port Authority in responding to these challenges, the project could have stopped at a variety of points along the way. He said that the Port Authority assembled a strong team of professionals that sought solutions whenever a difficult situation presented itself. This creativity and proactive approach to each challenge will result in a \$65 million development on this former brownfield property. Mr. Birdsall continued that Regency's projections as to the Hamilton County sales tax revenue from the redeveloped property is approximately \$6 million annually and \$350,000 for the Village of Fairfax.

Mr. Birdsall further stated the following:

1. Having an experienced private/public team that knows how to navigate the various approvals, regulatory requirements, and funding requirements has been important to the success of this project. At the outset of the project, it was discovered that the property had deep groundwater contamination. This potentially meant that the cleanup would involve digging down approximately 80 feet to remove the contamination. However, removing the contamination would not eliminate it as it was coming from a source off-site. Therefore, Hull and Associates, the environmental consultant, was able to work with Ohio EPA to write a precedence-setting letter stating that a plume of contamination in the deep groundwater and crossing the property in various locations was coming from an off-site source. The letter requested that the Ohio EPA grant the property a "pass-through" enabling the contamination to remain in place as the source of the contamination could not be eliminated by the removal of the contamination on this property. Without this ruling, this cleanup and redevelopment would likely have stopped due to the cost of an 80 foot excavation to remove the contaminated groundwater. Mr. Birdsall said that this was the first time that the Ohio EPA had approved such a request. By having the right team assembled, we were able to accomplish this difficult precedent-setting task. Mr. Birdsall also acknowledged the Ohio EPA as they were very responsive.
2. The property was originally developed in 1947 by the U. S. Department of Defense (DOD) to build aircraft transmissions (manufactured by Ford); and a few years later further developed by Ford to build automotive transmissions. The site drawings did not reflect all of the utilities on-site. As such, the property ended up being laden with pipes with undeterminable destinations. These pipes had to be cut-off and removed in order to redevelop the site. One of the pipes was actually a storm sewer pipe that was connected to the adjacent property. The adjacent property owner had connected to the storm sewer

on the Ford property without an easement. As a result of cutting-off this storm sewer, the adjacent property experienced standing water in its parking lot after a heavy rain. This water was subsequently pumped off of the property and a new storm sewer pipe was installed. Mr. Birdsall said that this was accomplished as he was able to reach Port Authority representatives 24/7. After he called a Port Authority representative late on a Sunday evening, the Port Authority responded quickly by assembling the team members required to address the issue. This team worked into the early morning hours on Monday to address the flooding.

3. As the property was originally developed by the DOD, it included redundant systems so that, in case of an emergency, production could continue below-grade. However, this was not reflected on any drawings. The original transmission plant building sat on a three-foot slab-on-grade. Beneath this slab, eight inches of dirt covered a second slab. Upon further investigation, a series of about 200,000 square feet of underground foundations were discovered. Because Regency needed to be able to access the entire site, these foundations needed to be excavated and removed. This increased the cleanup cost to approximately \$8.2 million from the original grant request of approximately \$4.2 million. W. P. Carey, the property owner, and Ford provided the funding for the additional cost.
4. The Port Authority and its team members originally recommended insurance for this project. The environmental insurance has been essential to this project moving forward as a combination of the property owner and the insurance are intended to fund the many of the surprises found on-site. The grant application indicated that the property owner would work with Ford with regard to the purchase of environmental insurance. The current property owner and Ford are working with the insurance company to settle the costs. Ford has contributed substantially to the additional cleanup costs.
5. During the remediation and demolition of this site, several other retail projects have been developed, including the renovation of the Kenwood Towne Center, Rookwood, and the Center of Cincinnati. This caused the reconfiguration of the site to its present design including retail, office, and restaurants. The lesson here is that as the predevelopment timetable is long when environmental remediation is involved, the end use of the subject site may change as market conditions changes. Therefore, the developer needs to be able to respond to changing market conditions with different development strategies. Mr. Birdsall said that Regency now has a large retail box anchor tenant, three outlots that are proposed for restaurants, banks or other service uses, and 70,000 square feet of Class-A office space. Regency has partnered with Miller-Valentine to construct the office buildings. Mr. Birdsall referred to the renderings that he brought to the Board meeting. He said that the big box retailer has agreed to an upscale building.
6. Public improvements (site infrastructure) require coordination among multiple public and private entities. A portion of the property was donated to the City of Cincinnati to help facilitate the road widening on Red Bank Road. The site plan had to be coordinated with the Eastern Corridor Committee to accommodate their plans. The railroad spur that was owned by the Baltimore/Ohio Railroad (and later transferred to CSX) had to be transferred to SORTA in order for Regency to gain control. Regency has worked with the Village of Fairfax on the plan and Fairfax has approved the plan. The site also includes a police substation, underground detention, and new roads at the intersection of Brotherton and Erie. This intersection is located in the City of Cincinnati but this development will actually fund the improvements to this intersection through a cooperative agreement between the Village of Fairfax and the City of Cincinnati. Mr. Birdsall complimented both the Village and the City for their work on this project. It is currently contemplated that many of these public infrastructure improvements will be funded through TIF bonds to be issued by the Port Authority.

Mr. Birdsall concluded his remarks by saying that the No Further Action (NFA) has been filed and once the Covenant Not to Sue (CNS) has been received, Regency is ready to move forward with development. The public-

private team assembled for this project has collectively improved the community of Fairfax, the Red Bank Road corridor, as well as the City of Cincinnati.

Jack Rouse thanked David Birdsall for updating the Board on this important project and for Regency Centers commitment to the redevelopment of this former brownfield property.

Betty Hull asked the name of the anchor retail tenant.

David Birdsall said that it is Wal-Mart.

Betty Hull asked if this means that the Wal-Mart which is on Ridge Road will close.

Mr. Birdsall said no, as that location serves a different market.

Betty Hull asked if this will be a superstore.

David Birdsall replied yes.

VII. ADJOURNMENT

MOTION: Jack Rouse 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 8:39 a.m.

Respectfully,

Kimberly Satzger
Secretary