

**PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY**  
**May 15, 2008**  
**7:30 am at 3CDC Conference Room, Suite 1440**

**I. CALL TO ORDER**

Mr. Love called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 7:49 a.m.

**BOARD MEMBERS PRESENT:**

Budig, Otto  
Bailey, Clifford  
Johnson JioDucci, J. J.  
Love, Steve  
Siebenburgen, David  
Zimmer, Joe

**EXCUSED:**

George, Louis  
Hull, Betty  
Muller, Paul  
Otto, Charlotte  
Rouse, Jack

**STAFF:**

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

**GUESTS:**

Alpern, Robert – Eagle Realty Group  
Bomberger, Jeff – Squire, Sanders & Dempsey LLP  
Daniels, Greg – Squire, Sanders & Dempsey LLP  
DiPerna, Michael – R. W. Baird & Company  
Engel, Mark – Bricker & Eckler, LLP  
Long, Tim – R. W. Baird & Company  
Phillips, Bonnie – City of Cincinnati  
Stapleton, Tom – Eagle Realty Group  
Williams, John – Gonzalez, Saggio & Harlan LLP

## II. APPROVAL OF MINUTES

**Motion:** Mr. Budig made a motion to adopt the minutes of the April 17, 2008 Board meeting. The motion was seconded by Mr. Siebenburgen. The motion was approved unanimously.

Mr. Love indicated that the Board meeting would be deviating slightly from the agenda, as there was a need to accommodate the schedules of both Board members and presenters. Mr. Love then asked Ms. Satzger to introduce the guests to the Board members.

Ms. Satzger reported to the Board that one of the first orders of business would be to discuss the Queen City Square II project. She said that, present today, are Mr. Tom Stapleton and Mr. Rob Alpern from Eagle Realty to review this project with the Board. Bond Counsel on the Queen City Square II project is Squire, Sanders, & Dempsey represented today by Mr. Jeff Bomberger and Mr. Greg Daniels; and Mr. John Williams from Gonzalez, Saggio & Harlan LLP is present as Issuer Counsel. As the establishment of a Port Authority bond fund will be reviewed with the Board, there were two individuals from R. W. Baird & Company here today, Mr. Tim Long and Mr. Michael DiPerna. General Counsel for the Port Authority, Mr. Mark Engel from Bricker & Eckler was also present. Present from the City of Cincinnati was Ms. Bonnie Phillips.

Mr. Love said that we will skip to Item IV., Financing Project Update, on the meeting agenda.

## IV. FINANCING PROJECTS UPDATE

Mr. Love asked Ms. Thomas to provide the Board with financing project updates in order to proceed with the first resolution.

**Queen City Square Tower, Cincinnati, Ohio** – Ms. Thomas explained that the resolution pertains to Queen City Square II. This project is the redevelopment of a site located on the eastern side of Sycamore Street, between Third and Fourth Streets in downtown Cincinnati. Queen City Square II is immediately adjacent to the 303 Broadway Building, which is owned by the Port Authority and is leased to an affiliate of Western & Southern Life Insurance Company. This is the second phase of the redevelopment of Queen City Square.

After the demolition of the existing structure on the Queen City Square II site, and some other site preparation, the facilities will be comprised of an eleven-story, seventeen-hundred space parking garage, a forty-one story office building, and a twenty-five thousand square foot pedestrian promenade/retail arcade, with a main entry rotunda at the plaza at the corner of Fourth and Sycamore Streets.

The proposed building will connect to the 303 Broadway Building at some levels of the garage, and will have the option to connect at some levels of the office building creating an open floor plan. The project financing and the legal structure for this project is substantially similar to the 303 Broadway structure. The site will be transferred to the Port Authority as part of the City of Cincinnati's process for establishing the Tax Increment Financing (TIF) that will fund the cost of the garage and other costs that are approved by the City of Cincinnati. The entirety of the facility, with the exception of some tenant improvements which will be the sole responsibility of the Master Lessee, will be owned by the Port Authority and primarily financed with a combination of TIF revenue and Lease revenue bonds. The project will be developed by an Eagle Realty affiliate acting as the agent of the Port Authority, and will be leased via a master lease to a Western &

Southern Life Insurance Company affiliate. In both cases, the affiliates are the same parties that were the affiliates and partners on the 303 Broadway transactions.

Mr. Budig asked why the affiliates were necessary.

Ms. Thomas replied that the affiliates were necessary due to the organizational structure within Western & Southern Life Insurance Company. Eagle Realty Group is an affiliate of Western & Southern Life Insurance Company. The entity that is developing Queen City Square II is an affiliate of Eagle Realty Group, for which Eagle Realty Group is the sole member.

Ms. Thomas added that the lease will be a capital lease, meaning that the Queen City Square II project will not appear on the books for the Port Authority. It is currently expected that the financing will include an approximately \$54 million TIF revenue bond and a \$225 million lease revenue bond. Western & Southern Life Insurance Company will donate the land for the project, and will also guarantee the completion of the project. Payment of the debt service on the lease bonds will be limited to rental payments under the master lease. Payments on the debt service of the TIF revenue bonds will be limited to service payments resulting from the TIF. It is expected that, similar to the 303 Broadway project, both sets of the bonds will be initially purchased by a Western & Southern Life Insurance Company affiliate. Before the Board today, is a request for formal action. The resolution can be found under Tab 1 in the Board book. Ms. Thomas reported to the Board that the President, the Vice President, and she have reviewed the transaction with one or more members of the Board and recommend adoption of the resolution.

Ms. Thomas summarized the resolution for the Board by stating that the resolution authorizes the acquisition, construction and development or redevelopment, including demolition, of a Port Authority facility, and also authorizes preliminary actions related to the financing. Specifically, the resolution approves various forms of agreements including a term sheet, a cooperative agreement, a service agreement, a city funding agreement, a construction agency agreement, and a letter agreement regarding fees. Further, the resolution authorizes acceptance of title to the property. The resolution also authorizes the execution and recording of a restrictive covenant that requires the new project and the existing 303 Broadway building to be linked. The resolution indicates that the Port Authority's approval is contingent upon the passage by City Council of ordinances sufficient to authorize the City's participation in implementation of the Queen City Square II project.

Finally, the resolution authorizes the acceptance of a completion guarantee from Western & Southern Life Insurance Company. Current draft forms of all these documents are on file with the Secretary. It is anticipated that the fee letter and the construction agency agreement will be signed as soon as practical. The remaining items, including the cooperative agreement and the service agreement will be signed after City of Cincinnati approval, since the City is party to those agreements. The action that the Board is being asked to adopt today does not address the specifics of the bonds. The bond documents have not been drafted yet. Authorization to issue the bonds will be brought before the Board at a later date. The resolution before the Board today is simply a preliminary action on the bond, authorizing the ability to enter into some overall documents that describe the deal.

Ms. Satzger stated that the Board had received in advance, a draft of the resolution; she said that there had been some slight modifications to the resolution since it was distributed to the Board for review. Ms. Satzger asked Ms. Thomas to describe changes or adjustments to the resolution.

Ms. Thomas replied that there were no substantive changes to the resolution, and added that if anyone had additional questions that Mr. Bomberger and Mr. Daniels would be happy to answer their questions.

Mr. Bomberger concurred with Ms. Thomas and replied that there were no substantive changes to the resolution.

Mr. Siebenburgen stated that he and several Board members had reviewed this transaction.

Ms. Thomas added that there was one more item that needed to be raised before the Board, and that was to update the Board on economic inclusion efforts on this project. The Port Authority has shared its Economic Inclusion Policy with the developer and the general contractor, and Ms. Robb has been actively working with the general contractor on inclusion for this project. The developer has identified three large line items in the overall construction budget where the opportunity for inclusion is extremely limited or simply not available, and sub-contracting opportunities could also be minimal. This would obviously have an impact on the overall inclusion numbers for the project. The developer has hired an inclusion consultant to work with the developer, the general contractor, and Ms. Robb to develop an inclusion plan for the project. Once this plan has been developed, the Board will be updated. However, given the awareness of the potential issues related to the three large line items, it was felt the Board should be made aware of the potential issue at this time.

Mr. Budig asked what the line items were.

Ms. Thomas asked Mr. Stapleton to reply.

Mr. Stapleton stated that the first line item is the exterior skin of the building – which is almost one quarter of the total project cost – is a manufactured system that is installed by the manufacturer. The second line item is the structural steel for the building, which they are attempting to identify opportunities for inclusion for this line item. The third line item is the elevators, which will be an approximately \$15 to \$18 million contract. These three line items add up to almost \$100 million in contracts, with the total cost of the project being a little under \$200 million. They are struggling with how to deal with inclusion participation on the project as a whole given that the three line items mentioned will have very limited opportunities for inclusion. Eagle Realty is committed to inclusion, this is why they have engaged an economic inclusion consultant to identify and maximize opportunities for inclusion.

Mr. Love asked Mr. Stapleton if he would mind sharing with the Board who has been hired as the Inclusion Consultant.

Mr. Stapleton replied that Gene Ellington, who in turn has brought in Pat Bready, has been offered the position. One of the things that Eagle Realty Group is looking to do is incorporating a workforce development plan into the overall inclusion effort. This goes beyond what the requirements are but, because of the challenges mentioned earlier, Eagle Realty Group felt it was necessary to look at other options to help improve the inclusion numbers. Eagle Realty Group is working with Turner Construction, who has been working with sub-contractors to get as much inclusion participation as possible. Eagle Realty Group understands and supports the economic inclusion program of the Port Authority.

Mr. Bailey stated that it was understood that the areas mentioned were very limited as far as minority business enterprise (MBE), women business enterprise (WBE), and small business

enterprise (SBE) participation. Having worked in similar situations, with a major corporation within the City of Cincinnati, one of the things done was to identify firms that may not be directly in-line for jobs being bid, but do have capabilities, and talk with these minority firms about how to leverage their current capability to develop the skills to move forward into other projects in the future.

Mr. Stapleton replied that Eagle Realty Group would be happy to work with Ms. Robb in order to maximize opportunities as the site.

Ms. Satzger then asked Mr. Stapleton to make the Queen City Square II presentation to the Board.

Mr. Stapleton replied that Ms. Thomas had covered the financial structure of the deal very well. For Board members and guests who are not familiar with the project itself, he then provided some background. Mr. Stapleton then went on to explain that the first rendering was an orientation to the site showing Third Street, Broadway, and Sycamore Streets – right across from Great American Ball Park with 303 Broadway right next door. The Queen City Square II project is actually a building addition to 303 Broadway and these two projects will interconnect. The next rendering shows that the office building will be located at the southwest corner of the block. Mr. Stapleton explained that the site is currently occupied by a fifteen hundred and fifty car garage that is thirty-five years old and coming very close to the end of its usefulness.

Mr. Bailey asked if the garage would be demolished.

Mr. Stapleton replied that the current garage would be demolished, and added that one of the issues is the removal of over fifteen hundred parking spaces from the market. For this reason, the garage on the 303 Broadway project was oversized in order to mediate the loss of those fifteen hundred parking spots for this phase of the project. The new parking garage will cover the entire site – below and above grade. The corner of Fourth and Sycamore Streets will have entry to the plaza via an entrance rotunda.

Ms. Thomas mentioned that the promenade will have retail space and a passage way to the main entrance to the office building. The office tower will be immediately adjacent to 303 Broadway, and the lower eight floors of the office building will offer approximately forty-nine thousand square feet on a single floor.

Mr. Budig stated that the parking scheme reflected for the Queen City Club is different from the parking scheme that presently exists.

Mr. Stapleton replied that the Queen City Club is currently utilizing some Eagle Realty Group property. Eagle Realty will need to recover some of that land as building progresses. Eagle Realty is working with the Queen City Club to see if some parking can be preserved on the portion of Eagle Realty property that overlays the Queen City Club parking lot, along with rearranging the existing lot to optimize parking capabilities.

Mr. Stapleton moved onto the third rendering and explained that the rendering reflected the Fourth Street level. The plaza and rotunda can be seen, as well as the promenade. Eagle Realty group is currently studying the idea of adding a garden and some spaces for people to relax or work on their computers. Mr. Stapleton then pointed out where the office tower and the three main elevator banks were on the rendering.

Mr. Stapleton reported to the Board, that one of the things Ms. Thomas had not mentioned was that the building space was already 2/3 pre-leased to American Financial Group. This was the impetus that enabled Eagle Realty group to move forward with the project and enabled Cincinnati, as a community, to keep American Financial Group in downtown Cincinnati.

Mr. Stapleton said that the Third Street level contains a secondary entrance to the building which enables people who have parked on the Riverfront to access the building at Third Street as opposed to walking up the steep hill to Fourth Street. Upon entering the building from Third Street, there will be access to escalators to the main lobby. There will be a loading dock and adjacent will be a garage lobby for special event parking.

Mr. Stapleton presented exterior views of the project and stated that the designs for the building had been presented to the Cincinnati Urban Design Review Board back in March 2008. Implementing suggestions from the Cincinnati Urban Design Review Board have been incorporated into what is being presented to the Board today. Mr. Stapleton went on to explain that the rendering represented a southerly view of the building. One of the distinctive design features that has been talked about is the building "tiara." The peak of the tiara will make the Queen City Square Building the tallest building in downtown Cincinnati, and will be a dramatic addition to the Cincinnati skyline. Eagle Realty Group wanted the tiara included to make the building distinctive not only in Cincinnati, but around the country. The inspiration for the tiara came from the idea that Cincinnati is known as the Queen City, and it is intended to represent a royal crown. Mr. Stapleton then presented to the Board, a skyline rendition of the project and related that the view was from east of the Southgate Bridge.

Mr. Siebenburgen asked about the expected move-in date.

Mr. Stapleton replied that the current schedule calls for the building to be opened early in January 2011, with completion mid-year 2012 or early 2013.

Mr. Budig asked if Eagle Realty Group had a responsibility to the people who will be displaced when the current garage is demolished, since many of those people pay monthly to utilize the current garage space.

Mr. Stapleton replied that the garage for 303 Broadway was purposely oversized to reduce the number of people competing for available parking spaces. Eagle Realty Group is also encouraging their employees to look at utilizing public transportation to free up parking spaces.

**Motion:** Mr. Siebenburgen made a motion to adopt the resolution authorizing the acquisition, construction, and development or redevelopment of, and preliminary actions pertaining to the financing of, real and personal property comprising Port Authority facilities on a site adjacent to the existing Port Authority project at 303 Broadway within the City of Cincinnati at Queen City Square and generally located on the easterly side of Sycamore Street between Third and Fourth Streets in the Cincinnati Central Riverfront area; authorizing acceptance of title to and the improvement and redevelopment of the project site, including demolition of existing improvements, the construction and equipping of an office building, related retail and pedestrian facilities, and a parking garage, and the integration of those project facilities with the 303 Broadway property; approving a project term sheet and authorizing the execution and deliver of a cooperative agreement, a service agreement, a City Funding Agreement, if any, and a construction agency agreement, all pertaining to the project; authorizing the execution and recording of a restrictive covenant relating to the project site and the 303 Broadway property;

authorizing the signing of related documents and authorizing and approving related matters. Mr. Budig seconded the motion. The motion was approved unanimously.

Mr. Love stated again, that the agenda was going to be adjusted to present the second resolution in order to accommodate Board members with tight schedules.

Mr. Love then asked the Board to go to Item VII., President's Report, to hear about the resolution concerning the proposed Port of Greater Cincinnati Development Authority office renovations.

## **VII. PRESIDENT'S REPORT**

**Office Modifications** – Ms. Satzger reported to the Board that a floor plan is in the President's Report section for review. These renovations were discussed with the Board, in general terms, when the appropriations 2008 budget was submitted to the Board for approval earlier in the year. On the floor-plan, a dotted line has been added to show where the current office exists. The Port Authority will be expanding into vacated office space next door. This will give the Port Authority an additional 546 square feet of office space. This addition will enable the Port Authority to modify the existing office that Ms. Russell and Ms. Thomas share, along with the new space, into four separate offices to accommodate Ms. Russell, Ms. Thomas, the new executive administrative assistant for which the Port Authority is currently advertising, as well as an extra office for visitors. Kroger has provided an Amendment to Lease document which is included in the Board packet for your review. The Port Authority has amended its Kroger lease once previously – when the Port Authority's offices were moved to the sixteenth floor. This will be our second amendment.

Mr. Schafer added that with the on-going Port Authority reformation discussions, we wanted to build flexibility into our lease modifications. There is the potential that the reformation of the Port Authority may necessitate the expansion of Port Authority offices. Therefore, the Port Authority negotiated that Kroger write into the lease that, with nine months notice, if Kroger cannot accommodate the Port Authority in one space within the building, then the Port Authority can give notice and move out of the building. The Port Authority would be responsible for nine months of lease payments, and the unamortized portion of the modifications and real estate commission.

Mr. Budig asked if the Board meetings would continue to meet on the fourteenth floor.

Mr. Schafer said yes and added that two other elements that the Port Authority wanted were included (as added in the previous lease) – the right of first refusal on any contiguous space that becomes available, and at the end of the five-year term there are two, three-year renewal periods. The five-year lease would begin at the end of the expiration of the current lease, which expires June 30, 2009.

Mr. Bailey asked if the square footage rate of the office would remain the same.

Mr. Schafer replied yes.

Mr. Siebenburgen asked how much the improvements would cost.

Mr. Schafer replied that the amount was approximately \$28,000.

**Motion:** Mr. Budig made a motion to adopt the resolution authorizing the execution of lease modification agreement #2 between the Port of Greater Cincinnati Development Authority and the Kroger Company. Mr. Bailey seconded the motion. The motion was approved unanimously.

Mr. Budig asked when the modification would begin.

Mr. Schafer replied that the Port Authority would sign the agreement, and then Kroger will begin with drawings immediately.

Ms. Satzger added that Kroger anticipates the Port Authority being able to move into the addition by July 1, 2008.

Mr. Love said that the Board would now go to Item III., Brownfield Projects Update.

### III. BROWNFIELD PROJECTS UPDATE

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

**5025 Carthage Avenue, Norwood, OH (Linden Pointe)** – On the Linden Pointe site, the No Further Action Letter (NFA) has been submitted. The Port Authority will be working with the Ohio Environmental Protection Agency (OEPA) to expedite review of that NFA, along with resolution of any comments from OEPA.

**320 South Anthony Wayne Avenue, Lockland, OH (Hamilton County Regional Business Park)** – The NFA is being drafted. All environmental remediation has been completed at this site. There are remaining infrastructure improvements that can be funded with grant money, including roads and utilities. A Request for Proposal (RFP) was issued late last month, with proposals due on May 19, 2008.

**4101 Spring Grove Avenue, Cincinnati, OH (American Can Building)** – It was previously reported that the Port Authority and American Can Building, LLC had been working with OEPA to figure out the appropriate regulatory path to proceed with polychlorinated biphenyl (PCB) clean-up. The Port Authority and American Can Building, LLC met with the United States Environmental Protection Agency (USEPA) on April 24, 2008, and received feedback for the proposal along with some suggestions moving forward. The Port Authority and American Can Building, LLC are working closely with OEPA and USEPA to follow-up on recommendations. No predictions can be made as to what direction will be chosen; however, the Board will be kept updated.

Mr. Love asked the Board to move to Item IV., Financing Projects Update, and asked Ms. Thomas to provide updates of project financings to the Board. He also requested that the Port Authority Bond fund discussion be moved to the end of the meeting.

### IV. FINANCING PROJECTS UPDATE (Continued)

Mr. Budig stated the Queen City Square II project is going to be a major project, and then asked how the Port Authority would demonstrate its role on this immense project.

Ms. Satzger replied that the Port Authority is utilizing a communications consultant, and as such has worked this year to improve communications as to the Port Authority's role in all of its projects.

Mr. Bomberger stated that if it made sense, it may be possible to require that a sign be put up stating that the project is financed by the Port of Greater Cincinnati Development Authority.

Mr. Budig stated that he thought that is was a good idea.

Mr. Budig then asked Ms. Thomas what her thoughts were on the matter.

Ms. Thomas replied that the matter could certainly be discussed with the developer.

Ms. Thomas provided the following update to the Board.

**3000 Disney Avenue, North Oakley, Cincinnati, OH (Millworks Towne Center)** – The developer is continuing to work on their financing package and preparing to acquire the property.

## **V. ECONOMIC INCLUSION UPDATE**

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

**4000 Red Bank Road, Fairfax, OH (Red Bank Village)** – There was an RFP for the Police sub-station back in April 2008. The company that provided the lowest and most responsive bid; and therefore was awarded the contract was Perkins/Carmack LLC. There will be a pre-construction meeting at the site on May 22, 2008. The Port Authority will be in attendance and will continue to work with the team on inclusion. The team is actively seeking additional inclusion. The participation is currently at 17% Small Business Entity (SBE). The team is scheduled to mobilize in June 2008, with completion in August 2008.

**Galbraith Road at I-71, Sycamore Township, OH (Kenwood Towne Place)** – Bear Creek Construction is actively seeking inclusion on this project. In the past month, Bear Creek Construction has had over \$1 million in change orders going to Minority Business Enterprise (MBE); Women Business Enterprise (WBE), and Small Business Enterprise (SBE) firms. The next portion of this project to be bid will be the interior finishes. The Port Authority continues to have weekly one-on-one meetings with Bear Creek Construction revolving around inclusion opportunities.

**320 South Anthony Wayne Avenue, Lockland, OH (Hamilton County Regional Business Park)** – Ms. Robb reported that there had been several conversations concerning inclusion on this project. Several of the companies have also had in-depth discussions about utilizing the gap financing program offered by National City Bank.

Mr. Budig asked why inclusion reports began in January 2007.

Ms. Satzger replied that the inclusion reports reflect on-going projects and completed projects; therefore, it made sense to reflect the status beginning with January 2007.

Ms. Robb said that last month when the Board looked at the inclusion reports "With Kenwood" and "Without Kenwood," the "With Kenwood" results were 4% MBE, 1% WBE, and 4% SBE. This month

the percentages have increased to 5%, 2%, and 8%, respectively. These increases indicate that Bear Creek Construction is working harder on inclusion practices and reporting. Last month, on the overall site, the project was at 8% MBE, 4% WBE, and 13% SBE. This month the inclusion numbers are 9%, 4%, and 17%, respectively.

Mr. Schafer asked to address the Board on the "Without Kenwood" report. He said that it was his responsibility to put equations into the newly formatted spreadsheets. As this report was evolving, it was found that an old version of the report came back into the process creating an error. He said that he missed this inconsistency, and apologized for the oversight. Before the Board today is the corrected version. The Total Projects line is where the significant change occurred. The change from last month is that the report reflected 24% MBE and should have been 10%.

Ms. Robb then reported to the Board that, with regard to the "Without Kenwood" report for this month, the inclusion numbers are consistent with the numbers that had been reported to the Board prior to last month's change to the format. She added that once the Celotex and Red Bank Village projects start to move forward with new construction and infrastructure improvements, these inclusion numbers should start moving up again.

Mr. Bailey stated that, going back to the Queen City Square II project, that there may be another contractual opportunity – ongoing facilities maintenance. While there may not be MBEs, WBEs, and SBEs who are available to perform during the construction phase, there are certainly MBEs, WBEs, and SBEs who are available for facilities maintenance. He recommends that this discussion take place at the beginning of the project.

## VI. CHAIRMAN'S REPORT

Mr. Love stated to the Board that there were three things to bring before the Board.

**Reformation Status** – Commissioner Portune is actively working with Cincinnati Mayor Mallory and City Council to move the reformation forward. Commissioner Portune's desire is to have a joint session of the Hamilton County Commissioners and Cincinnati City Council to consider action on a reconstituted Port Authority.

Mr. Love then added that the Port Authority has received its 2007 operational support from Hamilton County. Mr. Love thanked the Hamilton County Commissioners, Hamilton County Administrators, the Mayor, and Cincinnati City Council for their continued support of the Port Authority. The Port Authority is conduct its activities due to the operational support that it receives from the City and the County. Further, Mr. Love said that the Port Authority is having an economic development seminar next Wednesday, May 21, 2008; and Mr. Love personally recognized the Port Authority staff for all the work that has been done in preparation for what is sure to be a tremendous, highly successful seminar.

## VII. PRESIDENT'S REPORT (Continued)

Mr. Schafer reported the following financial information to the Board.

**Financial Report** – Cash at the end of April is approximately \$900,000. As Mr. Love indicated, the Port Authority has received funds its 2007 operational support in the amount of \$175,000 from

Hamilton County. The Port Authority is currently working on the status of 2008 grant revenues from the City of Cincinnati and Hamilton County. Expenditures remain within budget.

**May 21<sup>st</sup> Seminar** – Ms. Satzger indicated that information on the Port Authority's May 21<sup>st</sup> Seminar entitled "Promoting Economic Development Through Successful Public-Private Partnerships" is included in the Board packet. She stated that this event is being sponsored by more than twenty sponsors, and is therefore free of charge to attendees. She said that the Port Authority is anticipating approximately 200 attendees.

Mr. Love asked the Board to go back to Item IV., Financing Projects Update on the agenda.

#### **IV. Financing Projects Update (Continued)**

Ms. Satzger introduced Mr. Tim Long and Mr. Michael DiPerna of R.W. Baird & Company to make a presentation on port authority bond funds.

Mr. Long said that he and Mr. DiPerna are economic development investment bankers and their clients include the Ohio Department of Development (ODOD), for whom they have been financial advisors for twenty years. They also developed a bond fund for the State of Ohio in 1988. He said that they developed the state infrastructure bank, which evolved it into a bond fund for the Ohio Department of Transportation (ODOT) eleven years ago. In addition, they developed a bond fund for the Toledo-Lucas County Port Authority, Cleveland-Cuyahoga County Port Authority, Dayton-Montgomery County Port Authority, Summit County Port Authority, and Columbus-Franklin County Port Authority.

Mr. DiPerna said that they developed a system known as a common bond fund. This system pledges re-payment to a trust, and the trust issues the bonds. The repayment of that portfolio of loans backs the bonds, which allows bonds issued by the trust to be rated in the national capital markets. When a city, a county, or a port authority wishes to issue a bond, the bond generally has to have a rating. There are two ways of obtaining this rating. Either the rating is based upon internal strength, or a Letter of Credit must be obtained. What a bond fund can potentially do is create that credit enhancement which allows a port authority to issue bonds on behalf of small business owners; enabling the small business owner with a rating so that they may go into the marketplace and sell bonds. This is the essence of creating a bond fund. You get a bond, get the bond rated by pledging some reserves, resulting in the ability to offer credit to small businesses and allowing the Port Authority to participate in financings and stimulate potential projects.

Mr. DiPerna said that to further expound on the number of projects that have been the product of bond funding, the Toledo-Lucas County Port Authority has issued bonds for fifty-four projects, the Cleveland-Cuyahoga Port Authority has issued bonds for twenty-four projects, the Summit Port Authority has issued bonds for thirteen projects, the Dayton-Montgomery County Port Authority has issued bonds for five projects, and the Columbus Finance Authority has issued bonds for one project. This is a total of ninety-seven projects in Ohio.

Mr. Long said that the default history for the bond funds is extremely low – in terms of the types of projects that have been done over the last twenty years. The calculated loss is 1/6 of a percent. This is the result of using the bond fund for low-risk, strategic types of projects, not potentially high risk projects such as start-ups and investment real estate.

Mr. Siebenburgen asked if there was any reason the Port Authority should not create a bond fund.

Mr. DiPerna stated that there were none whatsoever. Mr. DiPerna added that Mr. Long had mentioned some losses, but even on the projects that failed, the fund still made money and supported those losses. Internal resources generated from bond reserves negate these types of negative events.

Mr. DiPerna then went on to explain exactly how to create a bond fund. The City and County make a one-time contribution. A request that the state match the amount that the City and County have contributed; which would be paid back to the state with the earnings from the contributions from the City and County. A local bank would then be asked for a non-recourse Letter of Credit for the remaining amount. With the bond reserve fully funded, an investment grade rating can be obtained.

Mr. Love asked Mr. Siebenburgen if he would lead the Board's review of a bond fund.

Mr. Siebenburgen accepted the task and indicated he would work with other interested members of the Board.

Mr. Love asked if Mr. Long & Mr. DiPerna would be available should the Board have questions.

Mr. Long and Mr. DiPerna said they would be available as needed.

Mr. Love recognized the work that Ms. Satzger as well as the President of the Hamilton County Commissioners, Commissioner Todd Portune did in facilitating the meeting in Columbus that created the momentum towards furthering the creation of the bond reserve fund.

Mr. Love thanked Mr. Long and Mr. DiPerna for taking the time to attend the Board meeting and explaining the bond fund process.

## VIII. ADJOURNMENT

**Motion:** Mr. Budig made a motion to adjourn the meeting. Mr. Bailey seconded the motion. The motion was passed unanimously.

The meeting was adjourned at 9:10 a.m.

Respectfully,

Kimberly Satzger  
Secretary