

PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY

June 7, 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 7:28 a.m.

BOARD MEMBERS PRESENT:

Budig, Otto
George, Louis
Hull, Betty
Johnson-JioDucci, J. J.
Muller, Paul
Rouse, Jack
Siebenburgen, David
Zimmer, Joe

EXCUSED:

Bailey, Clifford
Love, Steve
Otto, Charlotte

STAFF:

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

GUESTS:

Bomberger, Jeff – Squire, Sanders & Dempsey, LLP
Cooper, Todd - Squire, Sanders & Dempsey, LLP
Phillips, Bonnie – City of Cincinnati
Mather, Peter – Hamilton County Regional Business Park
Norman, Mark – Vorys, Sater, Semour & Pease, LLP
Williams, John – Gonzales, Saggio & Harlan, LLP

II. APPROVAL OF MINUTES

Motion: Mr. Budig made a motion to adopt the minutes of the May 10, 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.

4000 Red Bank Road, Fairfax, Fairfax, OH (Red Bank Village) – Ms. Satzger asked Mr. Norman to speak to the Board about release from the cost cap insurance policy that the Red Bank Road, LLC and its parent, W. P. Carey put in place. The Port Authority was an additional

insured entity on the policy and AIG and W. P. Carey have come to the Port Authority and asked for a release from any interest that the Port Authority may have so that the payment of approximately \$300,000 to the W. P. Carey entity can be processed.

Mr. Norman said that it was appropriate to bring the issue before the Board in order to notify the Board that there has been a request for a release. Every insurance related document includes provisions for a release. The policy had a termination clause that discontinued coverage when the property was issued a Covenant Not to Sue by the State, and remediation work was completed. Thus, the policy itself has terminated. Port Authority legal counsel asked W. P. Carey if a signature from the Port Authority was required. W. P. Carey then posed the question to AIG and the reply from AIG was yes. W. P. Carey was told that the matter would be brought before the Board to authorize Ms. Satzger to sign the release.

Mr. George asked if the release was specific to the check for \$300,000.

Mr. Norman said that the release was specific to the policy and that check. In other words, the policy is terminated.

Mr. George said that his concern was with the possibility of retroactive claims. Mr. George went on to say that he did not have a problem if the release was for the check only.

Mr. Norman said that he initially did not want to waste the Board's time on this issue. Mr. Norman went on to say that this was a claim made policy and the Covenant Not to Sue had been issued in early 2006, so if a claim arose, it would have had to have been filed previously under the claims made provision.

Mr. George said that as far as he was concerned, only sign the release for the check, and if that was not possible, then Mr. George would ask for a release, not only from AIG from the Port Authority, but also W. P. Carey stating that neither entity can come back to the Port Authority with additional claims.

Mr. Norman said that the Port Authority had a guarantee from W. P. Carey that is still in effect.

Mr. George said that a guarantee was different than a release.

Mr. Siebenburgen said that the Port Authority should sign the release, just make sure there are no loop holes that allow AIG or W. P. Carey to come back to the Port Authority at some later date with claims.

Mr. Norman said that he would go back to W. P. Carey and tell them that the Board has no problem signing the release so long as W. P. Carey is willing to release any claims that W. P. Carey might have against the Port Authority.

Mr. Rouse said that the language of the motion only authorizes the President to enter into an agreement for the release, which could incorporate everything that has just been discussed.

Mr. Rouse then read the motion. "I hereby move that the President of the Board of the Port of Greater Cincinnati Development Authority or designee be authorized to execute, on behalf of the Port Authority, a settlement, agreement and release document between American International Specialty Line Insurance Company, W. P. Carey, Ford Motor Company and the Port Authority. The settlement resolves claims and results in the payment and results in the payment of \$300,000 to W. P. Carey for claims asserted by W. P. Carey and Ford arising out of a cost cap insurance policy issued wherein the Port Authority was named as an additional insured. Such claims covering work at the so called Red Bank Road Brownfield redevelopment site. The motion

authorizes the President to execute such settlement and agreement and release document in a form which is satisfactory to the President of the Port Authority.”

Motion: Mr. Rouse made the motion to approve the above mentioned motion for Red Bank Road Village. Mr. Siebenburgen seconded the motion. The motion was passed unanimously.

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. Now that the developer has completed the site plan, the area that is being cleaned has plans for a road to be constructed over the area undergoing remediation. The environmental consultant has talked to Ohio Environmental Protection Agency (EPA) and they have said that if a road is to go in the area, then the developer does not have to meet as low of a soil cleanup standard as the developer was originally trying to achieve. The Developer still wants to achieve as low of a level as they can, but this will not impact construction. 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. Petro Environmental will be self-performing excavation of one area (Impacted Area 1) and they will be contracting for the excavation of the second area (Impacted Area 3). A Request for Proposal (RFP) for trucking services was issued in May to four Minority Business Enterprises (MBEs) and one Women Business Enterprise (WBE), but unfortunately, no proposals were received. Petro Environmental has extended the due date and expanded the list of invited companies to include a majority company (Red Bank Trucking). Proposals are now due on June 13th and excavation of contaminated soil by Petro Environmental will begin as soon as the trucking contract is in place. An additional RFP will be issued this week for excavation, transportation, and disposal of waste from Impacted Area 3. Below-grade foundation removal and concrete crushing is the next phase of work to be planned.

Mr. Rouse asked if there was any elaboration on why the Port Authority did not get any responses to the RFP for trucking services.

Ms. Robb said that part of the reason MBEs did not reply to the RFP was the high cost of fuel.

Mr. George asked why the MBEs did not bid a higher amount versus not bidding at all.

Ms. Robb said that the second reason MBEs were not participating in the RFP was cash flow related to the length of time it takes to be reimbursed by the Clean Ohio Fund.

Mr. Rouse asked if the Port Authority had run into the issue of cash flow problems preventing MBEs from participating in RFPs in the past.

Ms. Robb said no because in the past, the MBEs have been part of a sub-contracting situation, so the MBEs had an expectation of being paid in a timely manner from the contractor. This time the Port Authority was going directly, only for trucking.

Ms. Russell continued to announce that Hamilton County Regional Business Park, LLC (HCRBP) recently completed the sale of the existing 10,000 square-foot office building and some adjoining land to Reece-Campbell, Inc., a general contractor and construction management company. The sale and occupancy of this building fulfills a commitment that was made to the State of Ohio in

the Grant Application to bring jobs to Lockland while the cleanup was still in progress. The Port Authority will be issuing a press release next week with the help of Hamilton County Regional Business Park, Reece-Campbell, and the Village of Lockland.

ODOD has not yet responded on the second Celotex disbursement request that was submitted on April 30, 2007. We anticipate that they will respond by the end of June, as per the grant agreement the Ohio Department of Development has 60 days to respond to reimbursement requests.

Ms. Russell introduced Peter Mather from the Hamilton County Regional Business Park to update the Board on the Celotex project.

Mr. Mather thanked the Board for all the past support and went on to say that he was very pleased to be working with the Port Authority.

Mr. Mather said that the Celotex site in Lockland is 32 acres. Two photos were shown to the Board of what the site used to look like. The above ground demolition has been completed. Sub-structure demolition, environmental remediation, and infrastructure construction is now in progress.

Mr. Mather said that the Celotex project has been a catalyst for other redevelopment in the Lockland area. The parcel of land across the street is being developed by another developer that is providing 160 jobs and has 20 more acres of property still to be redeveloped.

Mr. Mather said that, going forward on the Celotex site, it is anticipated that an office/industrial site will be built that will be in excess of 200,000 square feet utilizing CORF funds. Mr. Mather then said that marketing of the anticipated office/industrial site had begun and Reece-Campbell had signed a commitment to move their corporate offices to the site and to build another building on the site of which it plans leasing at least half.

Mr. Mather said that after months of discussions with the Ohio Department of Transportation (ODOT) about the "Through the Valley" project which would put a new exit ramp for I-75 on the Celotex property, ODOT told HCRBP to go ahead and move forward with their current plans for the site because ODOT had decided to shift the focus of the "Through the Valley" project from the area of I-75 between I-275 and Paddock Road, to I-75 near the bridge. HCRBP will move forward with their current plans, leaving the area clear where the exit ramp might eventually go, giving ODOT the option to revisit the plan to put in the new exit ramp.

Mr. Budig said the issue of trucking services and minority participation brought to mind the fact that as a Port Authority, we have a moral obligation and a responsibility to deal with inclusion. Mr. Budig then asked if there are other areas where inclusion will be of assistance to the Port Authority in reaching our goals and HCRBP participating at a level that is important to us.

Mr. Mather said that HCRBP continues to be committed to that goal. HCRBP sent the trucking RFP out to only minority businesses. Unfortunately, no minority businesses replied so HCRBP will now include majority companies, and ensure that whoever is awarded the job will be held accountable for following the Port Authority Inclusion Policy.

4101 Spring Grove Avenue, Cincinnati, OH (American Can Building) – At the last meeting, the Board was informed of the difficulties encountered in removing the polychlorinated biphenyls (PCBs) from the concrete. Prior efforts have focused on chemical methods to remove the PCBs. Since the last meeting, several tests were performed to evaluate mechanical methods to remove the PCBs. The preliminary results of this testing indicate that milling away up to one inch of the concrete surface may be effective in reaching the 1 part per million standard in many parts of the

building. Additional concrete removal in localized areas of the first and fourth floors may still be necessary. The current budget is as follows:

<u>Category</u>	<u>Grant</u>	<u>Match</u>	<u>Balance</u>
Demolition	\$ 0	\$145,419	\$ 0
Specifications/Bidding	7,179	6,311	0
Asbestos	313,129	39,125	162,749
PCB Floors	407,192	0	210,657
Certified Professional	22,500	0	22,500
Underground Tank Removal	<u>0</u>	<u>10,000</u>	<u>10,000</u>
TOTALS	<u>\$750,000</u>	<u>\$200,855</u>	<u>\$405,906</u>

Based on initial bid prices for the additional work, it is thought that an additional \$500,000 to \$600,000 may be needed. The Port Authority is helping to identify financing sources for that additional money. While it was hoped that the project would be completed in June 2007, the end date is unknown at this time.

Mr. George asked if the additional amount needed was over and above the match amount.

Ms. Russell said yes. Ms. Russell went on to say that research was being done to find financing sources. Ms. Russell approached John Magill at the Ohio Department of Development (ODOD) to get more information on the Brownfield Revolving Loan Fund as an option; and Mr. Magill also had a few other options for the developers.

Mr. George asked what happens if no additional money can be obtained.

Ms. Satzger said that this is a discovery process, similar to the Red Bank Road project. The Port Authority will work with the developers to see them through this.

Mr. George said this delta was huge.

Ms. Satzger said yes it was, but not any larger than the others. Red Bank Road was much bigger.

Mr. Siebenburgen asked what the total dollar value of the American Can project was.

Ms. Satzger said approximately \$25 million. Ms. Satzger went on to say that the developers were still very committed to finishing the project.

Mr. Rouse asked if the developers could give up and walk away from the project prior to completion.

Mr. Norman said that yes, the developers could abandon the project, but they would be walking away from a huge investment on their part.

Mr. George asked what the Port Authority exposure would be.

Mr. Norman said that the obligation of the Port Authority is contractual to the State of Ohio and our grant agreement, to bring a project to a level where a Covenant Not to Sue can be issued within a certain time period.

Mr. Muller said that while everyone has a little concern, this is the nature of Brownfield redevelopment. There are properties that are clouded by some problem, and the problems are sometimes big, but it seems that the risks are being managed properly.

IV. FINANCING PROJECTS UPDATE

Mr. Schafer introduced the new Director of Public Finance, Susan Thomas, to the Board.

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

4000 Red Bank Road, Fairfax, Fairfax, OH (Red Bank Village) – This \$7,675,000 Tax Increment Development Revenue Bond financing closed May 31, 2007. The Port Authority received approximately \$80,000 at the closing.

Galbraith Road at I-71, Sycamore Township, OH (Kenwood Towne Place) – Discussions continue as to possible financing structures and issues related to the township, school district and other issues. A bond resolution is currently expected to be submitted to the Board at a special meeting during the summer, with closing in the third quarter.

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 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.

V. ECONOMIC INCLUSION UPDATE

Ms. Robb provided the Board with the following updates.

4000 Red Bank Road, Fairfax, Fairfax, OH (Red Bank Village) – As the site grading and site work continues, we continue to attend weekly project meetings. The Track Street portion of the project will be complete Friday, June 15, 2007 and there will be a dedication of the street at the Village of Fairfax on June 18, 2007. 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) Bids for trucking services were submitted to minority and women owned contractors. Unfortunately, due to the increase costs in fuel as well as concerns regarding Clean Ohio Fund guidelines for reimbursement (and the related carrying costs); these companies opted not to submit bids. Hamilton County Regional Business Park LLC remains committed to inclusion and is reissuing the request for proposal documents to include majority owned trucking companies with a strong emphasis on meeting the goals of the Economic Inclusion Policy.

Mr. Budig asked if the Port Authority, had in the past, provided proposal opportunities to minority businesses and been unsuccessful because of the inability of the minority businesses to bid due to cash flow consideration.

Ms. Robb stated that this was a unique situation where only MBE and WBE companies were solicited for bids making them all potential prime contractors. Prior to this, they were bidding as sub-contractors to prime contractors.

Mr. Budig then asked, with the assurances of the money coming, all be it sixty, ninety or one hundred and twenty days after the fact, has the Port Authority made any efforts to develop, with one of the lending institutions, some bridge financing.

Ms. Robb said that she and Ms. Satzger had discussed that very issue, specifically, who the Port Authority could work with to provide some bridge financing.

Mr. George said that if the Port Authority went to a financial institution and had a signed contract, as a reassurance, the financial institutions would more than likely, be willing to discuss providing some form of bridge financing. Mr. George added that Mr. Toby Rau at US Bank would be a good contact to consider.

4101 Spring Grove Avenue, Cincinnati, OH (American Can Building) – A pre-construction request for proposal meeting was held at the site on May 16, 2007. There were six companies in attendance including one MBE company. The bids have been received and are in the process of being evaluated.

Prevailing Wage - The Port Authority staff met with the local investigator from the Division of Labor & Worker Safety Wage & Hour Bureau to get an update on prevailing wage laws and determinations.

Outreach – We continue 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.

Public Entities Small Business Collaborative – The Port Authority has been meeting with the program managers from Cincinnati Public Schools, Hamilton County, OKI, and the City of Cincinnati to discuss economic inclusion issues as these issues relate to public entities. This group is currently planning a collaborative outreach event to be held on Friday, September 14, 2007 at TechSolve.

Ms. Johnson-JioDucci said that she wanted to share the following with the Board. Ms. Johnson-JioDucci went on to say that the recent National Community Reinvestment Coalition (NCRRC) report that was commissioned by the City of Cincinnati showed some disparity in minority lending, especially Key Bank. Fifth Third Bank looked good in this area while US Bank did not look good. Ms. Johnson-JioDucci strongly encouraged, that when dealing with Key Bank, to go directly to Bruce Murphy. Part of Key Bank's goal now is truly looking at workforce development issues.

VI. CHAIRMAN'S REPORT

Mr. Rouse provided the following updates for the Board.

Mr. Rouse said that the Port Authority still had not received funding from the City of Cincinnati.

Mr. Rouse said that almost two years ago, a letter suggesting that the Board be reduced in size and the powers of the Port Authority be expanded had been sent to the City of Cincinnati and Hamilton County. These changes were coupled with providing the funding.

Mr. Rouse said that he would like to write a new letter to the City of Cincinnati and Hamilton County uncoupling the funding from the reformation issues. For the sake of the organization, the staff needs the money to continue to work.

VII. PRESIDENT'S REPORT

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

Financial Report – There is no significant change in the Balance Sheet. Revenues and Expenses are in line with the budget. There is a positive variance in net income to budget of \$71,000.

Audit – The auditors were in the field at the end of May. The package containing the Management Discussion and Analysis section and the Financials are expected to go to the Finance Work Group early next week with the hopes of turning that around quickly to the auditors. There are new rules that the accountants have to adhere to effective this year that results in them moving more quickly, along with very specific guidelines on how pieces (audit confirmations, representation letters, etc.) come together, which, if not met the audit process is subjected to refreshing the process.

Legal RFQ/P – Ms. Satzger said that the Port Authority would be interviewing candidates next Thursday, June 14, 2007. The Port Authority will then make a final determination in the next couple of weeks.

VIII. ADJOURNMENT

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

The meeting was adjourned at 8:24 a.m.

Respectfully,

Kimberly Satzger
Secretary