

PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
June 19, 2008
7:30 am at 3CDC Conference Room, Suite 1440

I. CALL TO ORDER

Mr. Rouse called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 7:36 a.m.

BOARD MEMBERS PRESENT:

Budig, Otto
Hull, Betty
Love, Steve
Muller, Paul
Rouse, Jack
Siebenburgen, David
Zimmer, Joe

EXCUSED:

Bailey, Clifford
George, Louis
Johnson-JioDucci, J.J.
Otto, Charlotte

STAFF:

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

GUESTS:

Bomberger, Jeff – Squire, Sanders & Dempsey LLP
Norman, Mark – Vorys, Sater, Seymour & Pease LLP
Phillips, Bonnie – City of Cincinnati
Rogers, David – Bricker & Eckler LLP
Stapleton, Tom – Eagle Realty Group

II. APPROVAL OF MINUTES

Motion: Mr. Siebenburgen made a motion to adopt the minutes of the May 15, 2008 Board meeting. The motion was seconded by Mr. Love. The motion was approved unanimously.

III. BROWNFIELD PROJECTS UPDATE

Ms. Russell provided the Board with the following brownfield projects update.

5025 Carthage Avenue, Norwood, OH (Linden Pointe) – This project is wrapping up and the No Further Action Letter (NFA) has been forwarded to the Ohio Environmental Protection Agency (OEPA) for review. It is anticipated that a Covenant Not to Sue (CNS) will be issued as soon as the review is completed. The final reimbursement request is being prepared to be forwarded to the State of Ohio, closing out the financial side of the grant. Once the CNS is received, the project will be closed-out.

320 South Anthony Wayne Avenue, Lockland, OH (Hamilton County Regional Business Park) – The NFA is being drafted. It was reported last month that a Request for Proposals (RFP) for infrastructure improvements had been sent out to potential companies. The work was awarded to Evans Landscaping. The proposal from Evans Landscaping includes 43% inclusion participation through a women business enterprise (WBE). As soon as the contract is signed, work will begin with an expected completion date sometime this fall. This work will complete the project.

Mr. Love asked if the WBEs, minority business enterprises (MBEs), and small business enterprises (SBEs) being recognized were certified.

Ms. Robb replied that they were certified.

4101 Spring Grove Avenue, Cincinnati, OH (American Can Building) – When the Port Authority and American Can Building, LLC met with the United States Environmental Protection Agency (USEPA) in April, USEPA suggested that the Port Authority go back and investigate when the polychlorinated biphenyl (PCB) contamination happened. If it could be established that the PCB contamination occurred before a certain date in 1978, then the cleanup would be regulated by the State of Ohio via the Voluntary Action Program (VAP). The Port Authority and the American Can Building, LLC looked very closely at prior records, and interviewed prior employees that worked at the building, and then put together a documentation package that demonstrated that the PCB contamination most likely occurred prior to 1978. The documentation packet was submitted to USEPA the week of June 9, 2008. There are very specific review guidelines for this type of submittal. The USEPA has fourteen days to return an acceptance or denial of the submitted documentation. There is also a provision in the law that provides that if nothing is heard from USEPA within the prescribed time period, then the request is considered approved. By having this project move from federal to state regulation, the proposed remediation that is planned will not change.

Mr. Budig asked Ms. Russell to briefly explain the steps involved going back and forth between the USEPA and the OEPA.

Ms. Russell replied that, right now, the project is still under the jurisdiction of the USEPA. If USEPA agrees that the PCB contamination happened prior to 1978, then the project will move under the jurisdiction of the OEPA.

Mr. Budig then asked if American Can Building, LLC had met the stipulations of the OEPA.

Ms. Russell replied that the Port Authority and American Can Building, LLC had met with OEPA to ensure that the proposed remediation was acceptable prior to having discussions with the USEPA.

Mr. Budig asked if the proposed remediation would add to the project budget.

Ms. Russell replied that the costs are higher than the original budget at the outset of the project. However, under the VAP program administered through OEPA, the costs for additional sampling would be less expensive than the costs for sampling under the USEPA program, as the USEPA program would require more sampling. Part of the proposed remediation plan that was submitted to the USEPA is an alternate sampling strategy (under the OEPA VAP Program) that significantly reduces that cost.

Mr. Siebenburgen asked if American Can Building, LLC was still dedicated to moving forward.

Ms. Russell replied that American Can Building, LLC was still very dedicated to moving the project forward.

Mr. Siebenburgen asked how much money American Can Building, LLC had in the project to date.

Ms. Russell replied that American Can Building, LLC received a loan to purchase the building, and so far, the vast majority of the cleanup has been paid for with the Clean Ohio Assistance Fund (COAF) grant. Any costs going forward will be paid by American Can Building, LLC since there is very little money left in the COAF grant. However, there is also a low interest revolving loan from the Ohio Department of Development (ODOD) that is being held for American Can Building, LLC to utilize for the remainder of the remediation.

Clean Ohio Assistance Fund (COAF) Application for 1220 Harrison Avenue, Cincinnati, OH (Harrison Terminal Building) – This project is the former Harrison Terminal Building, which is located on Harrison Avenue, right off of Spring Grove Avenue. The former Harrison Terminal Building is directly behind the BIS Records Storage building that can be seen from I-75. The Port Authority has been approached by the owner of the Harrison Terminal Building to submit a COAF grant application on behalf of the project. This, however, would not be a grant application requesting cleanup funds, but rather a request for grant funds for the performance of a Phase II environmental assessment, similar to what was done on the Center Hill project. This is a new project for which we are presenting a resolution to the Board.

Mr. Rouse asked who owned the Harrison Terminal Building.

Ms. Russell replied that the owner is a LLC comprised of an individual and his spouse. The owner plans to convert the building to market rate apartments with first floor commercial and office space. The grant will require that the Port Authority complete the Phase II assessment and submit documentation to OEPA and the State of Ohio. Unlike the other cleanup grants that the Port Authority has ventured into, this type of grant request does not require that the Port Authority (through the property owner/developer) commit to a development plan, or the creation of a certain number of jobs. The grant is focused solely on the Phase II environmental assessment. The Port Authority would contract with an environmental consultant to perform the Phase II assessment. The resolution seeks Board approval for the Port Authority to submit the COAF application.

Mr. Muller asked the amount of the COAF grant request.

Ms. Russell replied that the budget is still being finalized as the environmental consultant completes the Phase I report. It is currently thought that the Phase II would be under \$100,000.

Mr. Muller asked if there was a fee for the Port Authority's management of the Phase II assessment.

Ms. Russell replied that the Port Authority would be charging an upfront, flat fee with no on-going monthly fee due to the short timeframe for the Phase II activities.

Motion: Mr. Siebenburgen made a motion to adopt the resolution authorizing the Port of Greater Cincinnati Development Authority to submit an application for and receive funds pursuant to the Clean Ohio Assistance Fund for the former Harrison Terminal Building in Cincinnati, Ohio. Mr. Budig seconded the motion. The motion was passed unanimously.

Support of Clean Ohio Program – Ms. Russell reported that there was another resolution before the Board for consideration. The renewal of the Clean Ohio Fund bond will be on the November ballot. The Ohio League of Conservation Voters has already started the campaign for the approval of the renewal and has asked anyone who is interested, to pass a resolution expressing support. This is what is being brought before the Board today. The Clean Ohio Fund has been instrumental to the Port Authority's brownfield mission, and has helped the City of Cincinnati, Hamilton County, and the State of Ohio. In talking with communities around the country faced with a brownfield legacy, there are not other programs that offer this level of grant funding. The Clean Ohio Fund is a unique program that gives the State of Ohio the opportunity for the successful redevelopment of brownfield properties.

Mr. Siebenburgen asked how the bond fund was paid back.

Mr. Norman, environmental counsel, replied that these bonds were unique in that the bonds were paid back by profits from revenues of liquor sales in the State of Ohio. The extension of the program would not cause an increase in taxes.

Ms. Hull asked if anyone was opposed to renewing the Clean Ohio Fund bonds.

Ms. Russell replied that there was no organized opposition to the renewal of Clean Ohio Funds, and in fact, it had passed overwhelmingly when it was originally on the ballot in 2000.

Motion: Mr. Budig made a motion to adopt the resolution in support of the Clean Ohio Fund. Mr. Love seconded the motion. The motion was passed unanimously.

IV. FINANCING PROJECTS UPDATE

Ms. Thomas provided the Board with the following project financing updates.

Queen City Square Tower, Cincinnati, Ohio – As there is a request for formal action before the Board today for the Queen City Square Tower project, Mr. Tom Stapleton of Eagle Realty Group has been asked to attend the Board meeting, along with Mr. Bomberger, bond counsel, via speaker phone, to answer any questions.

This is the office, retail, and garage project located on the easterly side of Sycamore Avenue in downtown Cincinnati between Third and Fourth Streets, immediately adjacent to, and will connect with, the 303 Broadway building that is owned by the Port Authority. The Port Authority Board of Directors approved a resolution at its May 15, 2008 Board meeting that authorized the acquisition, construction, and development of this Port Authority facility, and authorized preliminary actions relating to the financing, including the signing of certain agreements. Over the last month, ordinances relating to this project were approved by the City of Cincinnati City Council. The Port Authority, Western & Southern Life Insurance Company, Eagle Realty Group, and the City of Cincinnati are expected to sign documents this week. The documents at this stage do not address the specifics of the bonds; the documents are preliminary deal documents only. The Board has not been asked to, nor has the Board authorized, the actual issuance of the bond funds. It is expected that a formal request concerning the issuance of the bonds will take place later this year. However, there is formal action requested of the Board today. As background for this resolution, in order to construct the tower, the developer needs to obtain temporary construction and tie-back easements from the adjacent property owners, one of whom is the Queen City Club. The Queen City Square Tower project needs permission to go onto the Queen City Club property in order to do some tie-backs, temporary construction, and staging work for the construction.

Mr. Budig asked if the area in question was a staging area right now.

Mr. Stapleton replied that Eagle Realty Group actually had a small, temporary area which allows the setting of scaffolding and other materials, and that the tie-backs required to retain the excavation of the Queen City Square Tower extend approximately sixty feet into the Queen City Club parking lot.

Ms. Thomas said that the Queen City Club will not agree to provide those easements unless the owner of the Queen City Square Tower property provides the Queen City Club with a parking easement and an excavation easement. Western & Southern Life Insurance had reached an agreement with the Queen City Club related to these easements, but the easements were not finalized while Western & Southern Life Insurance still owned the property. The City of Cincinnati needed to own the property in order to be able to put the TIF ordinance in place. Western & Southern Life Insurance was very focused on obtaining approval from the City of Cincinnati before the City of Cincinnati City Council broke for summer recess. Western & Southern Life Insurance transferred ownership of the property to the City of Cincinnati last week so that the City of Cincinnati would own the property when the TIF ordinance was put in place. Ownership of the property will transfer from the City of Cincinnati to the Port Authority when the Port Authority signs the Cooperative Agreement and the other preliminary deal documents later this week. Western & Southern Life Insurance has requested that after the transfer to the Port Authority that the Port Authority, as owner, grant the easements so that the Queen City Club agreement can be implemented and the developer can proceed with demolition and construction.

Mr. Budig asked for clarification of what the Queen City Club was requesting.

Ms. Thomas replied that the Queen City Club was requesting two things; first, if excavation is required on Queen City Club property, the ability to excavate across the property line and all the way to the wall that comprises the garage of the Queen City Square Tower. This would save the Queen City Club the trouble of putting in a temporary retention structure should excavation be necessary. The second request is to be able to continue to park on the Western & Southern Life Insurance property that juts out to the east.

Mr. Rouse asked if easements being discussed had already been agreed to in principle.

Mr. Stapleton replied that basic term agreements were reached a few weeks ago, but unfortunately the documents could not be finalized prior to transferring the property to the City of Cincinnati. There is a portion of land at the northeast corner of the site which the Queen City Club has been utilizing for parking for several years under a lease agreement. Going forward, that area will not be used for the development of the building and the Queen City Club would like to continue to park there. Eagle Realty Group agreed conceptually to allow the Queen City Club to continue to parking on the property.

Ms. Thomas continued to update the Board on the reason for requesting a resolution. The Port Authority staff had expected that these actions would be taken by Western & Southern Life Insurance prior to transfer of the property, thus approval for easements was not previously requested when preliminary approvals were provided at the May Board meeting. There are two additional items in the resolution. One of the items is that Western & Southern Life Insurance has also indicated that it will be necessary to consolidate the plat before construction can begin. There are a number of parcels on the site and consolidation into one parcel is preferred. As the property owner, the Port Authority would need to be involved in that process. The second item is that approval is being requested to do any additional easements – for example with Duke Energy or other issues related to the real estate – that may come up before the Board is scheduled to meet again.

Mr. Budig asked if the easements were blanket easements where there would be no discussion prior to approval.

Ms. Thomas replied that the easements would be administrative easements in order to allow companies, such as Duke Energy, access to the site for a short period of time to do specific work.

Ms. Thomas then reported to the Board that all the documents that were submitted to the Secretary last month have been finalized or are nearly finalized; this resolution will ratify those documents with the discussed changes. With respect to potential liabilities, Western & Southern Life Insurance has agreed to indemnify the Port Authority on the subject easements under both the Lease and the Construction Agency Agreement.

Motion: Mr. Siebenburgen made a motion to adopt the resolution supplementing Resolution No. 2008-03 and authorizing further actions by the Port of Greater Cincinnati Development Authority with respect to the redevelopment of the Queen City Square Tower property including granting easements and filing a consolidation plat necessary for that redevelopment, and taking other actions as owner of the property; and authorizing related matters. Mr. Budig seconded the motion. There were six yeas and one abstention by Mr. Muller.

V. ECONOMIC INCLUSION UPDATE

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

4000 Red Bank Road, Fairfax, OH (Red Bank Village) – As reported last month, the Police Sub-station bid was awarded to Perkins-Carmack Construction, LLC, which qualifies as a Small Business Enterprise (SBE) but is not certified by the City of Cincinnati because Perkins-Carmack Construction's office is in Clermont County and not Hamilton County. Under the City's program, businesses must be located in Hamilton County. Perkins-Carmack is waiting on the required site

permits before mobilizing. Mobilization is expected to begin within the next couple of weeks with an anticipated completion date of late August 2008.

Galbraith Road at I-71, Sycamore Township, OH (Kenwood Towne Place) – This project is moving along and has approximately one and one half months left to complete this phase of the project prior to handing the project over to the tenants for the interior build-out. Bear Creek Construction is working on contracting the finishes, and the Port Authority continues to help identify inclusion companies that can perform these services. On the economic inclusion report provided to the Port Authority, it appeared that some of the numbers may have been transposed, so Ms. Robb met with Bear Creek Construction to discuss the discrepancy. The numbers were corrected and are as follows: For the base building the participation rates are 12.2% Minority Business Enterprise (MBE), 7.9 % Woman Business Enterprise (WBE), and 19.4% SBE. Bear Creek Construction's efforts did not reflect a strong commitment to inclusion at the outset of the project; however, they continue to show improvement.

Mr. Love stated, just to put the journey into perspective, Bear Creek Construction came to the December 2007 Board meeting with four tenths of one percent inclusion. Bear Creek Construction has come quite a way. The amount of time that Ms. Robb has put into imparting an understanding of inclusion to Bear Creek Construction with regard to what to do and how to manage it has gone above and beyond the call of duty, and he asked the Board to recognize the amount of time put into this effort by Ms. Robb and other Port Authority staff members.

Mr. Rouse concurred with Mr. Love and added that Bear Creek Construction felt the same way and regarded the time the Port Authority had spent as a tremendously helpful.

320 South Anthony Wayne Avenue, Lockland, OH (Hamilton County Regional Business Park) – The infrastructure contract was awarded to Evans Landscaping. They have sub-contracted with the Armrel-Byrnes Company, which is a certified WBE, to do the site and road work. Those numbers are not included in the inclusion report because the contract agreement with Evans Landscaping is not final yet.

Queen City Square Tower, Cincinnati, Ohio – Representatives from the Port Authority including Mr. Love (representing the Port of Greater Cincinnati Development Authority Board) met with representatives from Eagle Realty Group, Turner Construction, and Ellington Management Services to discuss the action plan for achieving inclusion on the project. Eagle Realty Group and Ellington Management Services/Quest Management Consulting have conducted outreach meetings with key minority and women stakeholders to request assistance in achieving inclusion goals. Outside of the requirements of the Port Authority, working with Pat Bready of Quest Management Consulting, Eagle Realty Group has created a workforce inclusion program. Ms. Bready has been working with the building trades, as well as the National Association of Women in Construction and other organizations in order to pull additional minority and women workforce into the project. Included in the Board book are three pages of information that were distributed at this meeting. The meeting went very well and Western & Southern Life Insurance and Eagle Realty Group are going to great lengths in order to have inclusion on the project. Last week at the Ohio Business Opportunity Trade Fair in Columbus, Turner Construction had information on the Queen City Square Tower project which informed companies of the desire for MWBE participation. In addition, each trade is also being analyzed for capacity in order to set realistic goals. Some trades may have a higher percentage goal than others based on the capacity and availability of MBE, WBE, and SBE companies for those services. Mr. Stapleton from Eagle Realty Group is here to address any questions.

Mr. Siebenburgen remarked that the meeting handout indicates that Eagle Realty Group had reviewed the statistics of other large scale projects to benchmark MWSBE participation rates, he then asked what were the lessons learned.

Mr. Stapleton replied that Eagle Realty worked with Ellington Management Services who offered insight into some of these large projects. What was learned was that the inclusion goals could be met at second or third tier levels of contracting, instead of at the prime level. On a building in excess of \$200 million a lot of the contracts are very large, which Ellington Management has indicated may prevent MWSBE companies from participating. Another thing that was learned was that some of the goals set for some trades will need to exceed the overall minimum inclusion goals for the project because other trades may fall short of the goals. What Eagle Realty Group is doing now is to put together a trade-by-trade set of goals for the project. Lastly, Eagle Realty Group is trying to look more holistically at all the work that is being done on the project. The construction work is about two thirds of the cost of the total project, but there is some additional work, particularly ancillary work that will be focused on as well.

Mr. Rouse applauded the efforts of Eagle Realty Group and went on to state that realizing capacity exists in some areas and not in other areas was key to attempting to maximize opportunities.

Ms. Robb replied that, for instance, in the area of curtain wall, which is the "skin" of the building, there are no MBE, WBE, or SBE companies regionally that have that type of experience. Even Turner, locally, does not have a lot of experience building high-rise buildings. Turner Construction is pulling expertise out of New York in order to work on this project.

Mr. Stapleton stated that there are six major subcontracts on a \$200 million project. The curtain wall is the contract that is causing the most concern as far as economic inclusion is concerned due to the fact that it is a manufactured product that is installed by the manufacturer, as opposed to a construction trade-type activity. The elevator contract is the second biggest concern for the same reason. Eagle Realty Group is working very hard to identify every opportunity for economic inclusion.

Mr. Love added that he was impressed by a few things at the meeting that he mentioned previously. The first thing was that a plan existed at the beginning of this project. Second, the realization that inclusion results by bid package may need to be maximized at a level higher than the inclusion goals for the project in order to make up for the trades where there are limited opportunities for inclusion. Having that realization up front is good. Thirdly, the point was made by Ms. Robb and Ms. Thomas that the Board will receive ongoing reports by the team starting in September. And lastly, the representatives from Eagle Realty Group, Turner Construction, and Ellington Management Services have agreed to hold ongoing meetings to identify opportunities for inclusion.

Mr. Rouse asked how the reporting was going to be managed from an information standpoint.

Mr. Stapleton replied that outreach meetings will continue in the community, as well as meetings to update key stakeholders.

Mr. Rouse thanked Mr. Stapleton for attending the Board meeting and asked Ms. Robb if there was anything else to report to the Board.

Ms. Robb replied that the Excel spreadsheet report on economic inclusion is also included in the Board book and noted that the Kenwood numbers have remained relatively the same with the exception of SBE, which is up 8% from last month. Red Bank Village SBE has also increased from 49% to 52%.

VI. CHAIRMAN'S REPORT

Reformation Status – Mr. Rouse reported that Commissioner Portune is leading the initiative at the County and interfacing with the City of Cincinnati to get the reformation of the Port Authority approved.

VII. PRESIDENT'S REPORT

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

Financial Report – Cash at the end of May is approximately \$1,000,000. With regard to revenues and expenses, as with last month, the amounts are within budget and on track.

Office Modifications – Mr. Schafer reported that the office modifications are moving along nicely and thanked the staff for their input, especially Ms. Robb with her contribution of previous experience of site planning and management. The modifications are scheduled to be complete in early July 2008.

May 21st Seminar – Mr. Rouse reported that he attended the seminar, and that the seminar was well attended and well received.

Ms. Satzger concurred and went on to report that it was hoped that there would be two hundred attendees, and there ended up being over two hundred and seventy attendees – with standing room only. It was a day-long seminar, and there was strong attendance throughout the day. Ms. Satzger thanked everyone on the staff for putting on a quality event. The Port Authority had good speakers from around the country, and tremendous sponsorship with twenty-two sponsors. Ms. Satzger said that the event was funded through sponsorships and thanked the sponsors for their support including: Lunch Sponsor: Bricker & Eckler, LLP; Platinum Sponsor: Fifth Third Securities; Gold Sponsors: Bear Creek Capital, Hull & Associates, Inc., Jostin Concrete Construction, Messer, National City Bank, RBC Capital Markets, Squire, Sanders & Dempsey, LLP, SRW Environmental Services, Inc., Turner Construction, US Bank, and Vorys, Sater, Seymour and Pease LLP; Silver Sponsors: Al. Neyer, Inc., ATC Associates, Inc., BJAAM, EMH&T, Gonzalez, Saggio & Harlan, LLP, Keramida, KZF Design, Inc., and Malcolm Pirnie.

Ms. Satzger said that the Port Authority received a great deal of positive feed-back from the evaluations. Included in the Board book is an e-mail from the Vice-Mayor from the City of Wyoming, Ohio, Mr. Jim O'Reilly, who is also the Treasurer of the First Suburbs Coalition and a trustee for the Ohio, Kentucky, Indiana Regional Council of Governments. Mr. O'Reilly stated in his e-mail that the seminar was very valuable to him as an elected official. He found it informative to listen to best practices from people from around the country, and hoped that the Port Authority would hold similar seminars in the future. After the seminar, Mr. O'Reilly followed up with a meeting with Ms. Russell and Ms. Thomas to learn more about what the Port Authority is doing and how he could advocate about using the Port Authority.

Mr. Rouse stated that the opening speaker, Randy Pereira, spoke in great detail about the role of port authorities in assisting in creative financing for arts, culture, and health care facilities. It is well known that Cleveland, Ohio used its port authority for the Rock and Roll Hall of Fame, as well as Cleveland Clinic facilities. It was also very interesting to understand what role the Port Authority could potentially play in some of the projects that are going on in Cincinnati.

Ms. Satzger said that developers came up after the presentation and said that they never imagined that the Port Authority could put that kind of structure together for financing. The seminar helped a lot of people view the Port Authority differently.

Ms. Satzger pointed out to the Board that there is an invitation to the Western & Southern Insurance Company, Queen City Square Tower groundbreaking enclosed in the packet. This invitation was also e-mailed to the Board members. The event will be held at the site at noon on June 23, 2008.

Ms. Satzger then pointed out that the Board will continue to receive in their packet the press that the Port Authority has received since the previous Board meeting.

Mr. Rouse then asked if there was any other business to discuss.

Mr. Rogers said that he wanted to mention one thing about the seminar. Countless finance development agencies have surveyed their members and found that most of the agencies in the country, such as port authorities, do not typically do the more complicated types of financings. The education outreach of the seminar was important because it let developers know that the Port Authority does in fact have the expertise to execute these types of financing structures.

VIII. ADJOURNMENT

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

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

Respectfully,

Kimberly Satzger
Secretary