

**PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
SPECIAL BOARD MEETING MINUTES
Monday, July 13, 2009
7:30 a.m., 3CDC Conference Room, Suite 1440
1014 Vine Street, Cincinnati OH 45202**

I. CALL TO ORDER

Chairman Rouse recused himself from the meeting and turned the meeting over to Vice Chairman Steve Love. Mr. Rouse was in attendance at the meeting, not in his role as a Board member, but as a visitor.

Mr. Love called the Port of Greater Cincinnati Development Authority Board of Directors Special Meeting to order at 12:03 p.m.

BOARD MEMBERS PRESENT:

George, Louis
Hull, Betty
Johnson JioDucci, J. J.
Love, Steve
Muller, Paul
Rouse, Jack
Siebenburgen, David
Zimmer, Joe

EXCUSED:

Bailey, Clifford
Budig, Jr., Otto
Otto, Charlotte

STAFF:

Karimi, Marjorie
Laird, Tiffany
Robb, Deborah
Satzger, Kim
Thomas, Susan

GUESTS:

Bernard-Kuhn, Lisa – Cincinnati Enquirer
Cranley, John – Keating, Muething & Klekamp, LLP
Gaither, Stephanie – 3CDC
Kelly, Emmett – Bricker & Eckler, LLP
Leeper, Steve – 3CDC
Leon, Kelly – 3CDC
Rogers, David – Bricker & Eckler, LLP
Spoor, Andrew – Keating, Muething & Klekamp, LLP

II. ADOPTION OF MINUTES

No minutes presented.

III. BROWNFIELD PROJECTS UPDATE

No report.

IV. FINANCING PROJECTS UPDATE

Ms. Susan Thomas, Director of Public Finance, reported that, in 2005, Fountain Square, LLC, an affiliate of the Cincinnati Center City Development Corporation (3CDC), entered into a Facilities Lease with the City of Cincinnati for the parking garage located under Fountain Square, and a portion of the area above the garage on Fountain Square. To finance the acquisition of that lease and to make the subsequent improvements to the garage, Fountain Square, LLC issued Adjustable Rate Taxable Bonds, and also entered into loan agreements with the Cincinnati Equity Fund, the Cincinnati New Markets Fund, and the State of Ohio for an additional amount of approximately \$25 million.

The Port Authority has been asked to serve as a conduit issuer for the refinancing of the Adjustable Rate Taxable Bonds that were issued in 2006. These refunding bonds will be issued in two series, a tax-exempt Series A, which will be used to refinance the 2006 Bonds; and a taxable Series B, which will be used to cover additional costs associated with the refunding of the Bonds, specifically the payment of a termination fee on an interest rate hedge related to the original 2006 Bonds, and the creation of a capital expenditure reserve account. All other debt will remain in place.

The Bonds will be backed by the gross revenues of the garage, a debt service reserve fund, a first leasehold mortgage on the Facilities Lease, an assignment of leases and rents on the garage, and security interests in certain other assets of Fountain Square, LLC. The Bonds are non-recourse to the Port Authority.

Ms. Thomas stated that before the Board today is a proposed resolution requesting formal action. In summary, the resolution authorizes the issuance and sale by the Port Authority, upon the completion of all documentation, of Bank Qualified Revenue Refunding Bonds, which are the Tax-Exempt Series A; as well as Taxable Facilities Revenue Refunding and Improvement Bonds, which are the taxable Series B to refund the existing 2006 Bonds, and the additional related costs. The resolution also authorizes the execution of a Loan Agreement, a Trust Indenture, a Tax Regulatory Agreement, a Bond Purchase Agreement, and other documents as necessary. Current draft forms of those documents are on file with the Secretary. The resolution authorizes setting the final terms of those bonds and final terms of the documentation consistent with the terms of the resolution as it appears today.

The President, Vice President, and Director of Public Finance of the Port Authority have reviewed this transaction and recommend the adoption of this resolution.

Mr. Steve Love thanked Ms. Thomas for her report and asked Mr. Steve Leeper, President, of 3CDC if there was anyone present from his organization that he would like to introduce to the group before giving his presentation on the Fountain Square refinancing. Mr. Leeper introduced 3CDC's CFO, Stephanie Gaither, and VP of Communications, Kelly Leon.

Mr. Leeper expressed his thanks to the Board for convening a Special Board Meeting. He began his presentation by stating how important Fountain Square is to Cincinnati, and why the capital put into this project has been beneficial. He indicated that 3CDC's goal has been to make Fountain Square a great gathering place, and spur development around the Square.

Mr. Leeper stated that 3CDC spent \$48 million to renovate the garage and plaza. This was not \$48 million dollars of public money but rather a highly leveraged, primarily private financing. He said that 3CDC manages Fountain Square on behalf of the City of Cincinnati. There is an Asset Management Agreement between 3CDC and their subsidiary, Fountain Square Management Group. 3CDC also has a contract with Central Parking Services, which manages the garage on behalf of 3CDC. Mr. Leeper stated that the garage revenues were doing very well.

Mr. Rouse excused himself from the meeting; and therefore, did not participate in the discussion or vote on the proposed resolution concerning the 3CDC financing.

Mr. George asked how the revenues and expenses compared to the original plan.

Mr. Leeper stated that, on the revenue side, it was very close to the plan. However, he said that there were two issues on the expense side. First, staffing was originally underestimated. For customer service purposes, and because it is an event garage, Fountain Square Management Group hired more staff than originally estimated. Second, because of the structure of the existing first mortgage debt transaction with Fifth Third, debt service has jumped significantly.

Mr. Leeper stated that 3CDC has been able to pay their debt on the first mortgage because the garage revenues have increased. However, 3CDC has been unable to repay their subordinate lenders which are Cincinnati New Market Fund, Cincinnati Equity Fund, and the Ohio Department of Development.

Mr. Siebenburgen asked if 3CDC had the right not to pay.

Mr. Leeper replied that the funds have agreed to defer.

Mr. George asked for clarification if it was contractual, or if the funds subsequently decided to allow 3CDC to defer.

Mr. Leeper replied that 3CDC had subsequently gained approval for a restructured payment system.

Mr. Siebenburgen asked if the debt service to Fifth Third was interest and principal.

Mr. Leeper confirmed 3CDC has been paying down both interest and principal.

Mr. George asked why 3CDC choose a five-year balloon in the refinancing, and if that was the only option.

Mr. Leeper confirmed that that was the only fixed-rate available option to them. Other lenders came back with variable rate proposals.

Mr. George asked if there were limits in place.

Mr. Leeper replied it would be a percentage of PNC Banks cost of funds. 3CDC has the option at five years to refinance.

Mr. George asked about the risk to the Port Authority.

Ms. Thomas responded that the bonds are non-recourse to the Port Authority, and the Port Authority will not own the facilities.

Mr. Love introduced the Port Authority's legal representatives from Bricker & Eckler, Mr. David Rogers and Mr. Emmett Kelly. Mr. Love asked both if they had any comments they would like to add.

Mr. Rogers stated that they agree with the conclusion of Port Authority management that the Board is authorized in accordance with the Statutes and its Bylaws to consider and approve the resolution before the Board today. Mr. Rogers reiterated that the project is clearly within the statutory purposes for the Port Authority's Board consideration, and it is non-recourse to the Port Authority.

Mr. Love asked if there were any other additional questions, there were none. He then thanked Mr. Leeper for his presentation.

Mr. Love referred the Board to Tab 1 of the Board binder to review the resolution. He called for a motion.

Motion: Mr. Siebenburgen made a motion to adopt the resolution which authorizes the issuance of up to \$16 million of Qualified Facilities Revenue Refunding Bonds, and \$1 million Taxable Facilities Revenue Refunding and Improvement Bonds. Mr. Zimmer seconded the motion. The motion was approved unanimously. Mr. Rouse was not present for the vote.

Mr. Love asked Ms. Thomas if there was anything else she would like added to her report. Ms. Thomas stated no, and thanked the Board for their time.

Mr. Leeper expressed his sincere thanks to the Port Authority staff for their role in working efficiently to move forward with this financing.

III. CHAIRMAN'S REPORT

No report.

IV. ADJOURNMENT

The meeting was adjourned at 12:31 P.M.

Respectfully,

Kimberly Satzger
Secretary