

PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
BOARD MEETING MINUTES
Thursday, August 27, 2009
9:00 AM, Queen City Club, 331 East Fourth Street, Cincinnati, OH

I. CALL TO ORDER

Ms. Kim Satzger called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 9:06 a.m. Ms. Satzger recognized Mr. Mark Engel, Bricker & Eckler, who swore in the newly appointed Board of Directors of the Port of Greater Cincinnati Development Authority.

He asked the Board of Director members to raise their right hands. He asked if they swear or affirm to honestly and faithfully perform the duties of their office as an appointed member to the Board of Directors of the Port of Greater Cincinnati Development Authority, and to support the constitutions of the United States of America and of the State of Ohio during the term of their office. The Board members acknowledged and accepted their oath of office.

BOARD MEMBERS PRESENT:

Budig, Otto
Dunn, Marty
Greiwe, Rick
Handy, Clark
Jacobs-Horton, Lydia
Marmer, Lynn
McShea, Karen
Wright, Shane
Zimmer, Joe

EXCUSED:

Williams, Tom

STAFF:

Karimi, Marjorie
Laird, Tiffany
Robb, Deborah
Russell, Christine
Satzger, Kim
Schafer, Ray
Thomas, Susan

GUESTS:

Armstrong, Maria – Bricker & Eckler, LLP
Berding, Jeff – City Council, City of Cincinnati
Bortz, Chris – City Council, City of Cincinnati
Bomberger, Jeff – Squire, Sanders, & Dempsey, LLP
Denis, Steve – Cincinnati Business Committee
Engel, Mark – Bricker & Eckler, LLP
Kane, Scott – Squire, Sanders, & Dempsey, LLP

Kinross, Kevin – Bricker & Eckler, LLP
Langhorne, Pete – ITS Consulting
Lindgren, Gary – Cincinnati Business Committee
Pepper, David – Board of County Commissioners, Hamilton County
van der Horst, Ellen – Cincinnati USA Regional Chamber

Next, Ms. Satzger asked if there were any nominations from the floor regarding Board Officers.

Motion: Mr. Rick Greiwe moved to nominate the following: Mr. Otto Budig, Jr. as Chairperson, Ms. Lynn Marmer as Vice Chairperson, Ms. Kim Satzger as Secretary, and Mr. Ray Schafer as Assistant Secretary. The motion was seconded by Mr. Marty Dunn. The motion was approved unanimously.

Ms. Satzger turned the meeting over to the newly appointed Chairman, Mr. Otto Budig, Jr.

Mr. Budig thanked his fellow Board members for their vote of confidence and expressed his belief that they will do great things together. He said that he is pleased to be serving with individuals who have significant roles in both the public and private institutions in the community.

Mr. Budig then requested that the records reflect the collective and individual condolences to the Williams' Family (Tom Williams) on the loss of their patriarch; Mr. William J. Williams. Mr. Williams was an icon in the community whose involvement and responsibility was a litany in excellence.

Mr. Budig stated the next item of business is to develop a meeting schedule. It was determined that the meetings would occur the second Friday of each month beginning in October 2009.

Ms. Satzger stated that historically the Board did not meet during the months of July and August, and asked if it was the desire of the Board to continue to recess in July and August.

Motion: Ms. Lynn Marmer made a motion to adopt the Board meeting date as the second Friday of each month beginning 7:30 AM, noting a recess during the months of July and August. The motion was seconded by Mr. Zimmer. The motion was approved unanimously.

Mr. Budig stated that historically Board meetings have been held in the conference room in Suite 1420 in the Kroger Building. He stated that, if acceptable to the Board, the October Board meeting would be held at this location. There were no objections.

Mr. Budig suggested that the Board establish the Finance Working Group. The Finance Working Group is tasked with reviewing and discussing financial aspects related to operations and projects. Mr. Budig requested that Mr. Shane Wright Chair the Finance Working Group, and that Mr. Marty Dunn and Ms. Karen McShea join Mr. Budig as members.

Motion: Mr. Joe Zimmer made a motion to accept the establishment of the Finance Working Group with Mr. Shane Wright as Chair, and Mr. Marty Dunn, Ms. Karen McShea, and Mr. Budig as members. The motion was seconded by Ms. Lydia Jacobs-Horton. The motion was approved unanimously.

Ms. Satzger stated that the Finance Working Group meeting schedule would be set at the convenience of Finance Working Group member availability.

II. APPROVAL OF MINUTES

Motion: As a member of the former Board of Directors and attendee of the June 18, 2009 and July 13, 2009 Board meetings, Mr. Zimmer made a motion to adopt the minutes of the June 18, 2009 and July 13, 2009 Board meetings. The motion was seconded by Mr. Dunn. 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 is the development by Al. Neyer that is located in Norwood, Ohio. This project is very close to being completed. Hull & Associates has completed collecting additional data at the Linden Pointe site, and is preparing an addendum to the No Further Action Letter (NFA) that was submitted last year. The addendum will address the comments that were received from the Ohio Environmental Protection Agency (EPA) on the original NFA Letter. The addendum will be submitted by September 11, 2009.

320 South Anthony Wayne Avenue, Lockland, OH (Hamilton County Regional Business Park) – This project is located at the former Celotex site. This site is visible from southbound I-75. Remediation of this site is complete and the No Further Action Letter was submitted to Ohio EPA on February 26, 2009. Comments from Ohio EPA were received on June 23, 2009, and an NFA Addendum addressing these comments was submitted on August 19, 2009. We are working closely with Ohio EPA and do not anticipate there will be any additional questions. Ohio EPA has indicated that the Covenant Not to Sue, is scheduled to be provided to the Port Authority in September 2009.

Ms. Russell explained that a NFA actually consists of several three- and four-inch binders of data, and is designed to summarize all of the remediation that has occurred on the site. It is documentation that certifies that “no further action” is needed on the site. An addendum is what is submitted after comments have been received based on the initial submittal.

4101 Spring Grove Avenue, Cincinnati, OH (American Can Building) – This project is located in the Northside neighborhood and is visible from the I-75 corridor. A Technical Memorandum that outlined the Remedial Action Plan for the project was submitted to Ohio EPA on March 30, 2009, and a follow-up meeting with Ohio EPA was held on May 8, 2009. The Port Authority has had to change the remedial approach for this project and, by doing so, needed to generate additional documentation to provide details on the remedial approach for the project and obtain approval from the Ohio EPA.

The Port Authority has had several meetings with Ohio EPA and is waiting for final approval. While waiting for additional feedback from Ohio EPA on specific activities, work is proceeding on other activities that do not need additional feedback, such as groundwater sampling and tank removal. Additionally, the owners are working diligently to secure financing for the project. The owners are putting together an extremely complex financing package that includes New Market Tax Credits, Historic Tax Credits, grants, loans, and traditional financing. The Port Authority will continue to work closely with Ohio EPA to address any comments that they may have, and to implement the full-scale remediation of the building.

1220 Harrison Avenue, Cincinnati, OH (Harrison Terminal Building) – This project is located south of the Western Hills Viaduct and was a Phase II Assessment project, for which the Port Authority received a grant. No clean up occurred; the Port Authority contracted with Keramida, a woman-owned

environmental consulting company, to perform the Phase II environmental assessment of the Harrison Terminal Building. Fieldwork began on May 14, 2009 and was completed on August 11, 2009. Following the receipt and evaluation of the laboratory results, the Phase II report will be prepared, reviewed, and is scheduled to be submitted to the Ohio Department of Development (ODOD) and the Ohio EPA in September 2009.

U.S. EPA Brownfield Assessment Grant Opportunity – Each year, U.S. EPA offers grants for the assessment and cleanup of brownfield sites. U.S. EPA has allocated approximately \$79 million nationally for these brownfield grants, with the grant applications being due on October 16, 2009. The Port Authority is planning to submit an application to seek brownfield assessment funding. The Port Authority will ask the Board to take formal action to give its authorization for the submittal of the application at its October meeting. The Port Authority will be applying for \$1 million to perform environmental assessments within Hamilton County. It is anticipated that the Port Authority will form a “Coalition” and, thus, be eligible to apply for \$1 million in grant funding. If three government entities form a team and apply together, the team can receive up to \$1 million. If any one of those entities applies separately, only \$400,000 could be requested. The Port Authority will have details on the exact makeup of that coalition and details on the application when the Board meets in October.

Mr. Budig asked if the team received \$1 million would the funds be prorated among the team members.

Ms. Russell stated there was not a prescribed formula to follow, but it would be up to the coalition to determine how the money is distributed.

Ms. Jacobs-Horton asked if there was a timeline for completion if the team were awarded the funds.

Ms. Russell responded that the recipient has three years to spend the funds.

Mr. Greiwe asked if there are sites that are prioritized for cleanup, or would the Port Authority wait for a developer to make contact.

Ms. Russell stated that there is no documented inventory of brownfields, as there have been lawsuits in Ohio surrounding this type of documentation. The Port Authority has always been a market-driven program; therefore, most of the Port Authority’s projects have been initiated by developers as it is not feasible to secure grant funds to cleanup a site where there is no interest in redevelopment, and therefore no economic development impact for the community.

Ms. McShea asked if grants were mainly available for Phase I and II Environmental Assessments, or are grant funds available for cleanup.

Ms. Russell responded that there are various types of grants available. Some are solely for assessment work and some are solely for cleanup work.

Mr. Budig asked if there was anything further and thanked Ms. Russell for her report. There were no further questions.

IV. FINANCING PROJECTS UPDATE

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

Pictoria Drive, Springdale, OH (Pictoria Corporate Center) – On October 25, 2006, the Port Authority, in cooperation with the City of Springdale, issued \$10 million in Revenue Bonds to finance the costs of public parking facilities at the Pictoria Corporate Center. The Port Authority owns the public parking garage, the plaza at the end of the public roadway, and some related real estate and improvements at the site. The Bonds are backed by a special assessment and tax increment financing (TIF) payments, both paid primarily by the owner of the adjacent office building, MEPT Pictoria LLC, which also manages the Port Authority property.

Ms. Thomas stated that pursuant to the Cooperative Agreement among the City, the Port Authority, and MEPT, the Port Authority filed applications for real property tax exemptions for the garage building (to begin in tax year 2007) and the plaza improvements (commencing in tax year 2008). These applications were granted July 8 and June 24, 2009, respectively. After the exemptions were granted, the Hamilton County Auditor refunded the exempted taxes and service payments totaling \$411,850.72 to the Port Authority as owner. The Port Authority has no interest in this refund, and it has assigned its interest in all project revenues to the Trustee for the Bonds.

Ms. Thomas said that MEPT, the City, and the Trustee have competing interests in the refund. The County has already distributed these amounts to the City and is expected to take the amount back from the City through offsets against future City distributions. Those offsets may be against revenues that would have otherwise been paid to the Trustee or against City revenues unrelated to the project. MEPT has an interest because all of the amounts refunded were actually paid by MEPT, as manager, not by the Port Authority.

The appropriate disposition of the refund (which may be to any or all of the following: MEPT, the City and/or the Trustee) is dependent on the actions taken by the County to reimburse itself for the amount it has already refunded to the Port Authority. Once the County has taken action (currently expected in the first half of 2010), the Port Authority, in consultation with the City, MEPT and the Administrator, will determine and make the appropriate distributions. Until this time, the refund is being maintained as restricted funds on the books of the Port Authority and may not be used for any other purpose.

It is expected that representatives of the Port Authority, the City, MEPT, and the Trustee will sign a Memorandum of Understanding to express their current understandings, expectations, and intentions with respect to the distribution of the refund.

Cincinnati Mills Mall, Forest Park and Fairfield, OH – In February 2004, working with Forest Park and Fairfield (“Cities”), the Port Authority issued \$18 million in TIF and Special Assessment backed revenue bonds to acquire, construct, equip, and improve public infrastructure improvements to meet additional demands at the Cincinnati Mills Mall, then being redeveloped by an affiliate of The Mills Corporation. The facilities owned by the Port Authority include a public parking garage, a public parking lot and ring road, and two detention ponds. The redeveloped mall re-opened in August 2004.

The Cities have been collecting TIF service payments resulting from the increases in the assessed valuation of the Mall since 2006. However, because the incremental value did not fully support the payments on the Bonds, the Cities have also collected special assessments each of the last three years, and have certified special assessments for collection this year. The special assessments carry the weight of a tax lien and generally cannot be “primed” by a mortgage lender.

In 2007, Simon Property Group acquired Cincinnati Mills, LLC (the owner of the Mall) through its acquisition of Mills Corporation assets. In 2008, Cincinnati Mills filed complaints with the Hamilton County and Butler County Boards of Revision to reduce the January 1, 2007 County Auditors' value of the Cincinnati Mills property, including the Port Authority property. The Auditors' value for the entire economic unit was approximately \$92 million. The complaint sought to reduce this value to \$18 million. The Port Authority and all three impacted school districts objected to the reductions.

On September 11, 2008, the Hamilton County Board of Revision announced its determination of value to be \$24.9 million on the entire economic unit, including the Cincinnati Mills LLC property and the Port Authority property. A consistent ruling was subsequently issued by the Butler County Board of Revision. Port Authority staff does not believe this value reflects the true value of the property on January 1, 2007. Several parties appealed the Board of Revision ruling to the State of Ohio Board of Tax Appeals.

In December 2008, the Mills Corporation (Simon Property Group) sold its interest in Cincinnati Mills, LLC, to Cincinnati Mall, LLC, a newly formed Ohio limited liability company.

2007 Valuation Challenges: In July 2009, Cincinnati Mills LLC and the appealing school districts reached agreement on a value of \$21.5 million for the economic unit. The Port Authority was not a party to the agreement, and staff does not believe the value reflects the true value of the property on January 1, 2007.

2008 Valuation Challenges: In June 2009, the Port Authority learned that the owner of Cincinnati Mills had filed complaints with the Hamilton and Butler County Boards of Revision to reduce the January 1, 2008 County Auditors' value of the Cincinnati Mills property, including the Port Authority property. The complaints seek to reduce this value to approximately \$8.25 million. The current owner of Cincinnati Mills claims that because it paid \$8.25 million to acquire ownership of Cincinnati Mills, a limited liability company, that value should be used to determine the property tax valuation of the property that Cincinnati Mills owns. Ohio law holds that the price paid to acquire a company does not determine the value of the company's underlying assets, and Port Authority staff does not believe this value reflects the true value of the property on January 1, 2008. The Port Authority filed an objection to the reduction on July 27, 2009.

Special Assessment Delinquencies: As of July 31, the property owner was delinquent on its taxes and special assessments due in the first half of 2009, including amounts owed as manager on behalf of the Port Authority. After expending other funds available, the Trustee for the bonds partially drew the reserve fund in order to pay the interest payment due on August 15, 2009. That draw was taken into account by the Administrator and the Cities in determining the amount of the special assessment to be collected in 2010.

Mr. Budig asked how those reductions in value impacted the Port Authority.

Ms. Thomas stated that the Bonds are backed by Tax Incremental Financing and a Special Assessment. The reduction in the January 1, 2007 value from \$92 million to \$21.5 million took the value of the property below base value. The impact of that was to essentially eliminate any service payments (TIF financing payments) on the mall site. The Bonds are now heavily dependent upon the Special Assessment.

Ms. McShea asked what the Auditors' valuation was, prior to the improvements that brought us to the \$92 million value.

Mr. Bomberger responded that when Mills Corporation bought the previous version of the mall in 2002, the value was approximately \$60 million and the projections post improvements were for the valuation in excess of \$100 million. The value went up to between \$90 and \$100 million, and then the valuation challenges were filed in 2008.

Ms. McShea asked if the \$24.9 million valuation was below the base value.

Ms. Thomas confirmed that at the \$24.9 million valuation, there would be no service payments on the mall parcels. She added that there are a couple of outlots that have not been revalued and are still subject to service payments.

Ms. McShea asked about the basis for the justification for reducing the value to \$8.25 million.

Ms. Thomas stated that Cincinnati Mills, LLC's proposed justification to go to \$8.25 million is that Cincinnati Mills LLC, which is the single-asset LLC that controls the property, sold at the end of last year for \$8.25 million. There is an argument to be made that the sale of a membership interest in an LLC is not the same thing as a property sale. There is no recorded sale at the Auditor's Office at \$8.25 million. This is why they did not get the automatic reduction when the Auditor determined the values.

Mr. Greiwe asked what happens if the TIF and Special Assessment payments are not being made and money in the reserve fund runs out.

Ms. Thomas responded that Special Assessments were placed on the property at the petition request of the property owner. The Special Assessments are set on an annual basis by the administrator for the bonds and the municipalities in an amount that is sufficient to pay the expenses of the Bond. In this case, the reserve fund, which was established at closing, was partially drawn. The 2010 Special Assessment was then set at an amount sufficient to replenish the reserve fund and cover debt service. Ms. Thomas stated that the 2009 Special Assessment is currently past due. If the Property Owner pays the Special Assessment, that money will become available to the Trust. If the Property Owner does not pay the special assessment, the Trustee for the bonds will continue to draw from the reserve fund until it is fully drawn. The Port Authority is actively working with the Trustee and the municipalities to explore additional courses of action.

Ms. McShea asked about the projected impact to the Bondholders in the event the value does not increase.

Ms. Thomas stated that the value of the property should not impact the Bondholders directly as long as the Special Assessment payments are made as the Special Assessment increases if the TIF service payments decrease.

Ms. Marmer stated that it sounds like it may be a "blood from a turnip" type of scenario. Special Assessments can be continuously adjusted; however, if they are not getting paid eventually there will be a bond payment problem.

Mr. Bomberger stated that it is important to mention that the obligation to pay the special assessment carries the weight of a tax lien on the on the mall. The remedy would be to foreclose on the mall and sell it.

Mr. Budig asked if there were any further questions of which there were none. Mr. Budig asked Ms. Thomas to provide an update on Queen City Square.

Queen City Square Tower, Cincinnati, OH – Ms. Thomas stated that the Queen City Square project was progressing well, and it is anticipated that installation of the curtain wall will begin next month. To summarize, this is a Port Authority owned project (building and garage). The Port Authority issued two types of bonds to finance the project. First, the Port Authority issued Tax Increment Financing (TIF) bonds; and second, the Port Authority issued Lease Bonds. The Port Authority will Master Lease the building to an affiliate of Western-Southern, and the Master Lessee payments to the Port Authority are sufficient to cover debt service on the Lease Bonds.

Fountain Square, Cincinnati, OH - Ms. Thomas stated that the Port Authority anticipates closing next week on the refinancing of the debt at Fountain Square.

Mr. Budig stated that he was amending the agenda for the Board of Directors meeting. He said that the Board would now move to Section VI. Chairman’s Report – Strategic Vision.

VI. CHAIRMAN’S REPORT

Strategic Vision: Mr. Budig stated that as the Port Authority was recently reconstituted with full powers under Ohio law by the City and the County, and as all of the Board members were appointed by the City and the County, he invited representatives from the City and County to the Port Authority’s Board meeting to provide the City’s and County’s perspectives on future economic development initiatives for the Port Authority.

Mr. Budig introduced Council members Jeff Berding and Chris Bortz to address the Board.

Mr. Berding thanked the Board for the opportunity to speak and for the Board Member’s willingness to serve on the new Port Authority Board; and he thanked the Port Authority staff for their continued service. The Board has a critical role, and he is certain that Commissioner David Pepper, on behalf of the County, would echo some of the same points that Council members Berding and Bortz are going to present to the Board today. Mr. Berding stated that there were many positive attributes and some challenges for the City currently. On the positive side, the City has an existing corporate culture that is unrivaled for a city of this size. The City has ten Fortune 500 companies in the region, which serves as a foundation for the City to bring other businesses into the community.

Mr. Berding said that the City has the second lowest cost of living index among the top 20 metro areas, and the lowest among our competitive set of cities which includes Pittsburgh, Louisville, and Indianapolis. The City’s tax climate is improving. Governor Strickland made tax reform a critical priority and upon full implementation in 2010, Ohio will have the 13th lowest business tax burden among all 50 states. This provides some opportunity for the City in the future as well.

Mr. Berding continued that when he and Mr. Chris Bortz were elected to council in 2005, they made it a real priority to have an economic development/growth strategy for the City and; as a result, the City would have a roadmap for improvement and not be in a position to simply be operating from a reactive mode. Ms. Ellen van der Horst, Cincinnati USA Regional Chamber of Commerce, who is also a guest here today, co-chaired with Councilman Chris Bortz the “GO Cincinnati” initiative in order to come up with a growth opportunities strategy. Mr. Berding pointed out a significant statement within the “Go Cincinnati”

report, the “City must act immediately to focus on different economic development strategies that will generate a greater financial return on those currently employed. Of primary concern is the City’s net loss of nearly 8,000 jobs over the previous five-year period and the continuing erosion of market share for new office, industrial, and residential projects.” We see that impact in the budget challenges that we all face now at the government level, both the City and the County. When jobs are being lost to outlying municipalities across the state and outside the County, there will be an impact to the County tax base. The City of Cincinnati currently has an 11% unemployment rate; and the City is therefore contemplating all types of reductions in services in order to meet those budget challenges.

Mr. Berding stated that the City is losing office market share due to demand for lower density buildings and surface parking, which the City has not traditionally had in its inventory. These products can be developed more cheaply in the suburbs with lower costs, cheaper land, easier developable sites, and proximity to the growing populations in contrast to the decline in the City. Therefore, we are losing out on that business. Additionally, virtually all the growth in occupied office space in the region stems from “drivable, suburban” types of development. Mr. Berding reiterated that this has not been in the City’s toolbox. Mr. Berding referred the Board to a chart in his powerpoint presentation that reflects the loss of office market share where in 2000 the City had just fewer than 50% of this market share. Currently, the City is down to under 40%. This is a key loss.

Mr. Berding showed the industrial, flex, and research and development market information in which the City is losing due to demand for newer facilities and less for the Class-A office space. The City struggles to compete for new freestanding industrial space. The City has only added 360,000 square feet compared to 2.5 million square feet in suburban locations over the past five years. The City has had some success competing for the Flex/R&D space, an example is Uptown, but more significant gains are constrained by limited site availability. Mr. Berding reiterated that the City does not have the inventory. Mr. Berding continued showing there was a slight decline in industrial market share of which most of the growth is in the exurban areas. Mr. Berding stated that based on research conducted during the preparation of “GO Cincinnati,” January 2008, the City is losing office, industrial, and residential development opportunities to the metropolitan area due to a number of factors, but primarily a lack of marketable sites. Mr. Berding turned to Mr. Bortz to continue the presentation.

Mr. Bortz stated that as co-chair of “GO Cincinnati,” what was learned from a very informative process is that in order to capture that market share that the City is missing, the City is in need of a port authority. This dynamic regional port authority will be established so that it can be proactive in the efforts to reposition property, oversee landbanking, and explore all of the financing opportunities available to port authorities in partnership with other jurisdictions in the areas of suburban-style office products, more opportunities in our industrial areas in the City of Cincinnati (mostly along the transportation corridors I-71 and I-75) and the Norwood Lateral. In partnership with what the County has done and similar work of Agenda 360, the roadmap has been created so we do not have to start from scratch. Mr. Bortz stated the City has had great partnerships with the corporate community and that continuing to advance those relationships is critical as well as providing a high-performance education system. This will transform our region into an area of choice for business and labor.

Mr. Berding continued by stating that Cincinnati needs a dynamic port authority with enhanced powers and significant financial resources. In order to achieve this, the City and County reconstituted the Port Authority. Legal changes were made to give the Port Authority enhanced powers that are more in line with Ohio Revised Code and what peer-port authorities are doing throughout the State. As part of reconstitution requested by the previous Port Authority Board, reducing the number of Board members makes it more flexible while still providing high-caliber expertise. We have improved the Board structure,

leadership, and are pleased that the new Board has accepted the challenge with the enhanced powers. However, what is not in place and impacts moving forward is financing to establish a bond fund, create a dedicated public revenue stream, and in partnership with the County, continue to explore, as budget challenges are being faced, opportunities to consolidate development functions within the City and County.

Mr. Berding stated that, as shown by "GO Cincinnati," the City needs a catalytic development authority. Most would agree that the Port Authority has done a good job in terms of being reactive to developers contacting the Port Authority for assistance. The Port Authority has done a great job in making those deals happen. The Port Authority needs the financial support to be proactive. On behalf of the City and the County, the Port Authority needs to be a catalyst for development by acquiring sites to meet the demands of the partnerships of the Cincinnati USA Regional Chamber and the Cincinnati Business Committee as they engage in bringing businesses to Cincinnati. The vision is to have the Port Authority identify, acquire, and pre-develop site, which will allow for recruitment of companies to come to the region. This will grow the tax-base and provide jobs for our residents. This is the foreseen role of the Port Authority.

Mr. Bortz continued that the vision cannot be accomplished on a combined \$700,000 annually from the City and County to pay for operations, it cannot be accomplished through a fee-structure as this will make it too difficult for developers to want to utilize the tools currently available through the Port Authority. A significant revenue stream needs to be available. The City is looking at various options, one of which is the potential for creating a water-district which in turn would create revenues for the City for capital expenditures. Although the City does not know what sources of funding that the County is contemplating, Mr. Bortz believes this endeavor can be done collaboratively. Mr. Bortz stated that another option is the parking fund which has already proven successful in relationships with 3CDC in the repositioning of Fountain Square. There are some other opportunities on the table; however, this is the primary one.

Mr. Berding introduced to the Board Mr. Pete Langhorne, formerly of Seaboard and Royal Bank of Canada. Mr. Langhorne has been working with Mr. Berding through his council office to explore various fund opportunities with a commitment that we plan to introduce in partnership with the City Manager, legislation to get through the Council to generate and dedicate a significant sum of money to the Port Authority to provide the funding needed to be the proactive, catalytic developer to implement the plan. Mr. Berding stated that he believes there is support on the Council; they have met with the Mayor and will need to work out details, but it is anticipated that by year end, as part of the budget, this effort will happen. At that point, we will look to the Port Authority Board of Directors and their direction with staff in terms of how to implement the vision. This is a very progressive and proactive vision and one that is essential for the future of the City and region.

Mr. Bortz added that for a number of years the existing Port Authority staff and others have continually communicated this vision that needs to be pursued. The City is not reinventing anything, but finally catching up.

Mr. Budig thanked both Messrs. Berding and Bortz for their time and presentation.

Mr. Budig stated that the County has an interest in using the Port Authority's powers and tools to improve the region; and he introduced Commissioner David Pepper to discuss the County's perspective as to the Port Authority's future role in economic development.

Mr. Pepper thanked the new Board of Directors for their commitment to serving. He acknowledged his appreciation for Jeff Berding and Chris Bortz for their like vision.

Mr. Pepper stated that the Port Authority is a very important entity for the County and City, and there are great hopes for what the Port Authority can do for the region. As both the County and City are facing challenging budgets and decisions, the long-term solution is that we need to compete better as a region. The County and City need to work together to bring in new jobs, stimulate activities, and identify solutions for improving our economy.

Mr. Pepper stated that we are living in economically competitive times. This is seen across the river, across state lines, across the country, and we are competing across the world. Unless we have our best and brightest on the frontlines of that competition, we will simply lose. Mr. Pepper stated that the County took into consideration all of the advice given on how to restructure this Board and restructure the Port Authority to be the most effective possible tool for economic development. There has been discussion of a Bond Fund and more support, and although we are in a tough economic time, the County will be looking at options.

Mr. Pepper stated that one of the toughest competitions currently is with the State of Indiana. One of the State of Indiana's revenue streams is gambling. The State of Indiana takes quite a bit of revenue from Ohio-resident gamblers, and creates economic incentives that are used to approach our regional companies. This makes it a challenge to compete and to keep them in the region. Mr. Pepper stated that, although he was not weighing in on the gambling issue, there were not many hopeful revenue streams available for the County to help pay for the things we need to do. If the gambling issue were to pass, it would open up a major revenue stream, some of which could be put into the kinds of robust economic development work we need to do. This is exactly what the State of Indiana is doing with the gambling revenue which is used very effectively – as an example – on the Honda plant. Mr. Pepper stated he believes the County should be doing the same thing.

Mr. Pepper stated that he agrees with two big strategic issues about which Messrs. Berding and Bortz spoke; he also believes that it is important to focus on site preparation ensuring properties are ready for redevelopment, and the development of a river port. When looking at community assets it is important to make the most of what we have. One true advantage Cincinnati has is that it is approximately a day's drive from half of the country's population, half of the country's manufacturing, and one of the most northern points along the river that does not freeze. This puts the river right in the middle of an enormous opportunity. In the 21st Century, companies will want to be near the places that have multimodal transportation opportunities. The connection between river, road, and rail that we have in our community is a huge opportunity for our region, and an opportunity for which the Port Authority has unique tools.

Mr. Pepper stated that the final thing he feels strongly about is that the City and County are talking often about merging different functions and they want, over the long-term, to move to a single economic development agency. They want the Port Authority to be that agency. It is not feasible to have two of everything, and if the Port Authority evolves in the right way, this would be a very easy transition whereby economic development is being conducted on behalf of both the City and County in all aspects. The Port Authority has a lot of powers and independence from politics, which allows the Port Authority to be an entity that different groups may be consolidated into. In addition to site development and the broader port authority concept, we are exploring ways in which the Port Authority can be the leader in economic development in the City/County. This is the reason why we took so much time to put together what is

now the standing Board. Mr. Pepper thanked the Board for the anticipated hard work they will be doing on behalf of the Port Authority.

Mr. Budig thanked Commissioner Pepper for his time and presentation. Mr. Budig introduced Ms. Ellen van der Horst, Chair of the Cincinnati USA Regional Chamber, and Mr. Gary Lindgren, Executive Director, Cincinnati Business Committee, to provide a civic point of view for the Port Authority.

Ms. van der Horst thanked Mr. Budig and the Board for the opportunity to attend this meeting and provided her support to the Port Authority. She stated that as Councilmember Jeff Berding stated earlier, she had the privilege of co-chairing "GO Cincinnati" with Councilmember Chris Bortz. The "Go Cincinnati" report was presented to the City approximately a year and a half ago, and they are exceedingly eager to move it ahead. There were a number of building blocks that were identified, not the least of which is the reformation of the Port Authority. They are anxious to see the Port Authority proactively take on economic development in a coordinated way on behalf of the City and County, ensuring sites are ready to attract and meet business needs.

Ms. van der Horst stated that the Cincinnati USA Regional Chamber does a lot of work to create interest in our region and attract business prospects to the community. Increasingly, it is learned that a prospects' timeframe is that they want what they want from a site or building perspective immediately. They are not inclined to spend the time or money to identify a site, prepare a site, or in some case building-out a site. Ms. van der Horst stated that she could not underscore enough how important it is to have sites ready-to-go, or shovel-ready. We believe the Port Authority can play a terrific role to ensure that that happens.

Mr. Lindgren stated that one great thing that Jeff Berding, David Pepper, and Chris Bortz have pointed out is the alignment of the City, County, Chamber and CBC around priorities for the City and County. He looks to be helpful in support of Port Authority initiatives.

Mr. Budig thanked both Ms. van der Horst and Mr. Lindgren for their input and support.

V. ECONOMIC INCLUSION UPDATE

Mr. Budig commented that Ms. Deborah Robb, as Director of Economic Inclusion, has done an extraordinary job in assisting the Port Authority in achieving and sometimes exceeding the Port Authority's Economic Inclusion Policy's aspirational goals.

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

Queen City Square Tower, Cincinnati, OH: Currently, there are three activities ongoing with this project: concrete, steel, and erection of the garage. The concrete core is now cast through level 24, and is progressing approximately one floor per week. The parking garage is at level four, which is street grade level. The goal is to complete the parking structure by the end of 2009. Structural steel has been erected to level 21. Work is underway on the low- and mid-rise elevators, which is the midsection of the building. The exterior curtain wall is scheduled to begin on September 8 on the 5th floor. Thirty percent of the major mechanical equipment is now on-site. Overall, the garage is a couple of weeks ahead of schedule, and the office tower is right on schedule. Progress on the project may be viewed at: www.queencitysquare.com/construction.htm. There is a webcam at the site that captures photos of the site on an hourly basis.

The Economic Inclusion Project Team which consists of Eagle Realty, Ellington Management Service (which is the economic inclusion consultant) Turner Construction (which is the construction company building the structure), and the Port Authority, meets on a monthly basis to receive project updates and to insure that companies are following the contracting guidelines that were established by the team. There are two main companies that have been able to expand their core competencies and expand their business as a result of this one major project. The project team has established a communications plan on the progress of the project as it relates to Economic Inclusion.

Ms. Robb then reviewed the Board reports. The first report reflects all completed projects through 2008. Included in the report are a number of brownfield projects, as well as financing projects that have been completed as of December 2008. Of the completed total projects, the Port Authority is at 23.5% Minority Business Enterprise (MBE) inclusion with a goal of 25.0%; Women-owned Business Enterprise (WBE) inclusion was at 14.7% with a goal of 7.0%; and, Small Business Enterprise (SBE) inclusion was at 35.3% with a goal of 30.0%. There were some projects with minimal or no inclusion based on the fact that the Port Authority provided bonds for the project after it was already built.

Mr. Budig asked Ms. Robb to define the criteria for small businesses.

Ms. Robb stated that the Port Authority uses the City of Cincinnati definition of small business which targets the personal net worth of the owner. The personal net worth of the owner is less than \$750,000, which does not include the owners' place of residence.

Ms. Robb continued with the "Projects in Process" report noting that one report includes Kenwood Towne Place and one does not. The reason for reporting in this manner is to show how one project can impact inclusion results. Ms. Robb stated that currently the Brownfield results are at 26% MBE, 7% WBE, and 91% SBE inclusion. The Port Authority works very hard with the project teams to assist with inclusion efforts. With regard to financing projects, currently the inclusion percentages are as follows: 20% MBE, 15% WBE, and 7% SBE. The SBE percentage is lower than the aspirational goal due to the Queen City Square II tower. One company, Owens Steel, is an MBE/WBE out of North Carolina and is providing the steel for this project, which is approximately \$24 million. Owens Steel is not classified as an SBE and, as a result, this drives the results of our SBE percentages down.

The next report is the "Projects in Process – Without Kenwood" report, which indicates that the percentages are 21% MBE, 19% WBE, and 2% SBE for the total project. Ms. Robb stated that the "Projects in Process – Kenwood Only" current numbers are 8% MBE, 7% WBE and 15% SBE. The reason for separating Kenwood Towne Place out is that they were slow in grasping the concept of inclusion on this project. By the time it was understood, the garage portion, which is the portion that the Port Authority financed, was just about completed and contracts had already been awarded.

Ms. Satzger stated that the previous Board chose to separate the Kenwood project out based on the dollar volume and the impact to the numbers that were tracked previously. It made what was a very good track record not look as strong. Therefore, the Port Authority began reporting "with Kenwood" and "without Kenwood."

Mr. Greiwe asked what enforcement is used in contracts.

Ms. Robb stated that, under the law, the Port Authority has no ability to impose any penalties on a company or a developer for not meeting the Port Authority's aspirational goals.

Ms. Satzger stated that the Port Authority encourages inclusion and provides the project support required to encourage and track inclusion on all Port Authority projects. Ms. Robb manages all aspects of inclusion on Port Authority projects; she is available as a resource for all project teams.

Mr. Dunn commented that the implementation of the Port Authority's Inclusion Policy is a work in progress and the Port Authority has done a great job to date. He asked Ms. Robb if she could speak to the leadership role the Port Authority takes in the region. There are many other organizations that often look to what the Port Authority has done through the implementation of its Inclusion Policy. This is why it is important for the Port Authority to continue to be the leader on this front.

Ms. Robb responded that the Port Authority has been contacted by other organizations such as the American Red Cross. When the American Red Cross was deciding to build a new building, they looked to the Port Authority to provide them with guidance in implementing their inclusion policy. The Port Authority has assisted many other companies as well. Ms. Robb continued that the Port Authority is very active with the Greater Cincinnati African American Chamber, as Ms. Robb is a Board member of that organization and chairs the Economic Development Committee. In addition, Ms. Robb is active with the South Central Ohio Minority Supplier Development Council (SCOMSDC), and chairs the local Advisory Committee. SCOMSDC is made up of supplier diversity managers, inclusion managers, and minority businesses. The council meets on a regular basis to discuss inclusion and best practices. Ms. Robb is also active with the Cincinnati Business Incubator (CBI), which is an organization that has been established to help grow minority- and women-owned businesses. Additionally, Ms. Robb is active in the Greater Cincinnati Urban League's Economic Empowerment Center Advisory Committee.

Mr. Dunn commented that a lot of private and non-profit companies often talk about the Port Authority's inclusion model; and it is singularly identified as the most successful. The work that has been done thus far is to be commended.

VII. PRESIDENT'S REPORT

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

Financial Report – The balance sheet reflects \$1.97 million in cash at the end of July. Mr. Schafer reiterated what was communicated by Ms. Thomas during her report that the restricted cash item of \$411,851 received in July is segregated in both assets and liabilities. Mr. Schafer stated that under revenues, the Port Authority has not yet received the anticipated 2009 operational grants from the City and County.

Mr. Budig commented that this creates the negative variance reflected in the report.

Mr. Schafer responded that cash, is projected to be \$1.325 million cash at year end, which includes the grant amounts from the City and County. Without those grant funds, cash at year end would be \$625,000. Mr. Schafer indicated that project grants represent monies coming through the Clean Ohio Fund, and based on supported disbursements that the developer provides to the Port Authority, the Port Authority audits the information, and then pass it onto the State. The State then audits the information and releases funds to the Port Authority, which the Port Authority pays as directed by the developer. Mr. Schafer stated that the expenses are within budget for the year. One category that is slightly over is professional services which are used on an as needed.

Mr. Budig asked if there were any questions. There were none. Mr. Budig then asked Mr. Schafer to address the bank signatory resolution before the Board.

Mr. Schafer stated that historically the Port Authority has included the Chair and Vice Chair of the Board of Directors as signatories on Port Authority accounts. With the change in Board membership, it is necessary to add or in some cases, create new signature cards based on varied requirements of each bank. In the case of National City Bank, there is an “umbrella agreement” that determines who can act on behalf of the Port Authority. The wording in the Agreement refers to a Port Authority resolution. The referenced resolution is that which is presented to the Board today – Resolution 2009-12.

Motion: Mr. Marty Dunn made a motion to approve Resolution 2009-12, the National City Bank (NCB) Signatory, a resolution authorizing a master treasury management services agreement with a designated depository, making certain treasury management resolutions, and directing Port Authority Officers to take steps necessary to implement the agreements necessary to procure various treasury management services. The motion was seconded by Mr. Shane Wright. The motion was approved unanimously.

Mr. Budig asked that Ms. Satzger address the TRAC resolution.

Ms. Satzger stated that the Port Authority has submitted a TRAC Grant application for the study of the fourth main rail behind Union Terminal – Gest Street Yard and Queensgate Yard. The study is for preliminary engineering, environmental documentation, and detail design work for the fourth main line. The application is for \$1 million. Final award decisions are anticipated by December 2009. As indicated by the City and County at today’s meeting, given port authority powers under Ohio law, it is a natural fit for the Port Authority to advocate for freight, rail, and river commerce.

Mr. Budig asked if there were any questions and stated that this was very progressive, particularly with traffic issues behind Union Terminal.

Ms. Satzger added that prior to the submittal of this grant application, the Port Authority spoke with the County Engineer’s office as well as the City Transportation Department to make certain that the Port Authority was not going to be submitting a grant application that would ultimately compete with TRAC applications that these entities were submitting. The Port Authority was also looking to find out if this grant application was in alignment with City/County transportation interests. Both the City and County indicated that the submittal of this grant did not compete with their projects and was in alignment with their interests.

Ms. Lydia Jacobs-Horton asked if this was part of a greater or broader master plan.

Ms. Satzger responded that this fourth main line is one of the priorities that has been established by the Ohio, Kentucky, Indiana Regional Council of Governments (“OKI”) as part of their master plan. Further, Ms. Satzger stated that there was no one group that has stepped forward to fill the freight void in our region. In Toledo, Cleveland, and other communities, port authorities play that role.

Mr. Budig asked if there were any other questions. There were none.

Motion: Mr. Greiwe made a motion to approve Resolution 2009-11, a resolution authorizing the Port of Greater Cincinnati Development Authority to apply for a TRAC Grant to perform a feasibility study related to the Cincinnati Fourth Main Rail and Union Terminal Feasibility Study, and to accept grant funds if awarded. The motion was seconded by Mr. Joe Zimmer. The motion was approved unanimously.

Mr. Budig asked Ms. Satzger to address the Public Records Policy.

Ms. Satzger acknowledged Ms. Deborah Robb for drafting the Public Records Policy, and Bricker & Eckler for their legal review of the Policy. This Policy is required by law and must be approved by the Port Authority Board. Ms. Satzger asked Mr. Mark Engel if there was anything that he wanted to add.

Mr. Engel stated that the approach was to construct a streamlined Policy that complies with the Statute and provides the Port Authority staff with necessary flexibility to address requests.

Motion: Mr. Handy made a motion to approve the Public Records Policy of the Port of Greater Cincinnati Development Authority effective August 27, 2009 as presented. The motion was seconded by Ms. Marmer. The motion was approved unanimously.

VII. CHAIRMAN'S REPORT

Motion: Mr. Handy made a motion pursuant to Ohio Revised Code Section 121.22 (G) (3), to adjourn the meeting of the Board of Directors of the Port of Greater Cincinnati Development Authority and to go into executive session for the sole purpose of a conference with an attorney or attorneys for the Port Authority concerning disputes involving the Port Authority that are the subject of pending or imminent court action. Upon conclusion of the executive session, the Board will reconvene its meeting of the Board of Directors. Mr. Zimmer seconded the motion. The motion was approved unanimously by roll call vote.

Ms. Lynn Marmer and Mr. Marty Dunn recused themselves from the executive session.

The Board adjourned into executive session at 10:44 a.m. The Board came out of executive session and reconvened its Board of Directors meeting at 11:41 a.m.

VIII. ADJOURNMENT

Mr. Budig thanked the Board for their time. The remainder of the agenda will be deferred until the Board's October 2009 meeting. In the interim, Mr. Budig urged the Board members to review the Board of Directors Orientation Manual, Section I.a. which addresses questions most asked about the Port Authority. Page three addresses the litany of powers afforded the Port Authority. Review of the powers will assist the Board in developing a plan for the Port Authority's future activities.

Mr. Budig asked for a motion to adjourn the meeting.

Motion: Mr. Zimmer made a motion to adjourn the meeting of the Board meeting at 11:42 a.m. The motion was seconded by Mr. Clark. The motion was approved unanimously.

Respectfully,

Kimberly Satzger
Secretary