

THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
BOARD MEETING MINUTES
Thursday, September 8, 2005
7:30 AM at the Port Authority Offices

I. CALL TO ORDER

Jack Rouse called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 7:37 a.m.

BOARD MEMBERS PRESENT:

Bailey, Clifford
Budig, Otto
George, Lou
Hull, Betty
Humes, Tom
Kearney, Eric
Kull, Ron
Muller, Paul
Otto, Charlotte
Rouse, Jack
Siebenburgen, David
Vehr, Nick
Zimmer, Joe

EXCUSED:

Hale, Joe
Johnson-JioDucci, J.J.
Love, Steve
Reid, Janet

STAFF:

Ciampone, Kathy
Robb, Deborah
Satzger, Kim
Schafer, Ray

GUESTS:

Cundiff, Jim – Hamilton County
Norman, Mark – Vorys, Sater, Seymour & Pease
Phillips, Bonnie – City of Cincinnati
Williams, John – Gonzalez, Saggio & Harlan, LLP

II. APPROVAL OF MINUTES

MOTION: Dave Siebenburgen made a motion that the minutes of the June 9, 2005 and the June 21, 2005 Board meetings be approved. Ron Kull seconded the motion. The motion was passed unanimously.

III. BROWNFIELD PROJECT UPDATE

4000 Red Bank Road – Kim Satzger reported that the \$3,000,000 Clean Ohio Revitalization Fund (CORF) grant has nearly been expended. There is approximately \$200,000 remaining in the grant. She reminded the Board that the CORF funds are provided on a reimbursement basis. She further explained that, as discussed at the June 9, 2005 Board meeting, additional foundations and substructures, as well as soil contamination were discovered on-site. The property owner, W.P. Carey, is responsible for the additional costs and these costs will be considered additional matching funds under the CORF program. The additional costs are now estimated at nearly \$ million. The remaining remedial activities are scheduled to be completed by November 15, 2005.

Otto Budig asked what assurance does the Port Authority have that W.P. Carey has the capacity to provide the matching funds.

Mark Norman stated that W.P. Carey is a very large publicly traded company. They have been paying for the on-site work to date and the work is nearly complete. Mr. Norman said that given that information, he feels comfortable that the work will be completed and the appropriate amount of matching funds will be provided by W.P. Carey.

Kim Satzger explained that the agreement that the Port Authority has with W. P. Carey stipulates that Carey will provide the matching funds necessary to complete the remediation to enable the Port Authority to file a No Further Action Letter. Further, as the grant agreement with the Ohio Department of Development requires that the grant funds be repaid to ODOD if the work cannot be completed within 30 months, W.P. Carey has committed to repay the grant funds if site remediation is not completed.

Lou George asked if we are exposed due to us being the “middle man” on the matching funds?

Mark Norman said no, as W.P. Carey has its own separate contract with the contractor for the additional work.

Jack Rouse said that nothing is totally risk free and we have mitigated our exposure as much as we can.

5025 Carthage Avenue – Kim Satzger reported that the Port Authority is in the process of reviewing the bid documents received from Al. Neyer Inc. For this project, the bids are broken out into 5 categories: Drilling and Injection Services, Sodium Permanganate, Potassium Permanganate, Material Delivery CL-Out™, and Excavation and Disposal Services. Deborah Robb has been working closely with Al Neyer, Inc. on the inclusion of SBEs, WBEs & MBEs in the project bidding process. It is currently anticipated that the bidding will commence next week and be completed in early October. The Port Authority will be remediating the soil and groundwater. There are no structures to demolish on-site. Some of the remediation will be conducted through bio remediation. The remedial activities are scheduled to take approximately six months to perform.

320 S. Anthony Wayne Ave. – Kim Satzger reported that a resolution was passed at the June 9, 2005 Board meeting allowing the Port Authority to submit a Clean Ohio Revitalization Fund grant application for the former Celotex site in Lockland, Ohio. Ms. Satzger reported that the Port Authority is the “Applicant of Record” and the Village of Lockland is the Co-Applicant. Ms. Satzger reported that the application was placed on-file at the public library in Wyoming, Ohio on June 24, 2005 for the 45-day review and comment period. As part of the application process, the Port Authority and the Village of Lockland held two public meetings – July 27, 2005 and August 9, 2005.

- On August 15, 2005, the Port Authority forwarded the grant application to the local Integrating Committee, the Ohio Department of Development (ODOD), and the Ohio EPA.
- On August 25, 2005, the Port Authority met representatives from ODOD, Ohio EPA and the local Integrating Committee at the site for a presentation and tour.
- On August 31, 2005, the Port Authority made a presentation to the brownfield working group which makes the recommendation to the local Integrating Committee as to the ranking of the projects from District 2 – Hamilton County.
- On September 9, 2005, the local Integrating Committee will rank the local projects.
- By September 15, 2005, the local Integrating Committee will forward the ranking to ODOD.
- From September 15, 2005 through December 14, 2005, ODOD and Ohio EPA will review and score the applications.
- On December 14, 2005, the Clean Ohio Council will make the final determination as to the projects (statewide) which receive funding.

Locally, within Hamilton County, there were three applications submitted for the grant money. In addition to the Port Authority's application, there was an application submitted by the City of Cincinnati for the Cincinnati Mills project and the Village of Lincoln Heights submitted an application for the Job Corps project.

Dave Siebenburgen asked if our chances for getting the funding looked good. He asked if we had received grants on the previous projects for which we applied.

Kim Satzger said that the Port Authority had been fortunate and had received funds from the two previous CORF grant requests. Ms. Satzger said that it does look favorable for this project as the project scored in the low 80s and was the highest scoring project in Hamilton County.

Eric Kearney said that he would like to recommend that the Port Authority market its services to the neighborhoods that are having problems with development or perhaps go to the neighborhood councils with regard to brownfield redevelopment.

Kim Satzger said that the Port Authority has invited neighborhood councils to our community meetings and encourage them to attend our brownfield seminars.

Jack Rouse said that because of the time involved in completing one of these projects it really comes down to an issue of funds. If the Port Authority does not receive on-going operational support from the City and County – particularly for the brownfield-related activities – then the Port Authority may not be available to provide assistance to the neighborhood councils. This is a decision that the City and County will need to make.

Dave Siebenburgen noted that Eric Kearney is on target. We need to be an outreach organization.

Otto Budig said if we made a profit on brownfields it would help.

Dave Siebenburgen noted that the bi-annual report highlights our accomplishments and highlights what makes us unique regard to brownfield redevelopment.

Kim Satzger said urban counties need to clean up and recycle properties within the beltway. The ability to recycle land resources is an important factor in providing opportunities for business retention and expansion. Without land available, companies may then locate outside the beltway to greenfield properties.

Tom Humes said the Port Authority brings resources together that add value with regard to development projects – and in particular brownfield projects. As part of the Port Authority’s planning, the cornerstone of focus needs to be our brownfields. It should be part of the Port Authority’s strategic plan.

Kim Satzger said that the Port Authority has unique development tools which enhances its ability to undertake brownfield redevelopment activities.

IV. BANKS PROJECT UPDATE

Jack Rouse presented 3CDC’s Banks powerpoint presentation which focused on Phase I Development Objectives; Financing Plan; and Recommendations. This presentation was given as an informative measure in order to bring Board members up to date on past developments.

Charlotte Otto asked if it would be useful to review the discussion of a meeting the previous week with County representatives. Jack Rouse agreed that it would and deferred to Ms. Otto.

Jack Rouse, Charlotte Otto and Steve Leeper met with Suzanne Burke, Eric Stuckey & Tom Richey to talk about some “go-forward” concerns in regards to The Banks development. The discussion included the use of public funds, private funds, financing of streets and the Riverfront Park, as well as the integration of the plan with other development areas such as Over-The-Rhine, Uptown, and Fountain Square. They also discussed the parking garages to insure that the amount of parking does not have a negative effect on the Central Business District (CBD).

Ms. Otto noted that the powerpoint plan just discussed is the old plan. The County intends to go forward with a different plan along with ODOT who is working with the County to make their plan work by switching the public funding source. Charlotte Otto stated that Mark Policinski, of OKI Regional Council of Governments, thinks the switch of the public funds will be approved.

Tom Richey is continuing to work with the County and wants the TIF financing to be the last dollars used to make the plan work. The TIF highly depends on the developer’s plan which is still being developed. Charlotte Otto also talked about the design of the garage. The County does not want to re-visit the design of the garage because the developers want to get going. They will look at the ingress and egress to make sure it is more functional than the Freedom Center Garage. We have offered to be an agent with the Bengals negotiations regarding parking revenue since the County is not in a position to do that at this time.

Tom Humes asked if the Port Authority will play a role in The Banks project.

Charlotte Otto said she has called Tom Gableman and Suzanne Burke about using the Port Authority, and they have not returned her call.

Ms. Otto said that according to previous discussions with the County, the Port Authority will no longer play a role in The Banks project.

Jack Rouse said that the City Planning Commission has concerns with the County's plan and wants to review any plans for The Banks going forward. The Planning Commission has scheduled a meeting on September 16, 2005, to discuss this fact.

Nick Vehr said that if under the zoning that the Planning Commission is recommending, the developer will be required to petition the City for approvals if they build anything other than the approved Bank plan.

Tom Humes inquired about the status of the development agreement.

Charlotte Otto said it is still being developed. They currently have some documents ready. They have ninety more days to complete the rest.

Tom Humes said the plan moving ahead is inevitable. The developer is putting up \$10 million with TIF filling in the large gap.

Charlotte Otto noted that it is actually about \$35M for TIF funding.

Tom Humes said the evaluation of the funding has shifted and there needs to be an awareness of the shift in liability for the financing.

Charlotte Otto agreed that this could create huge deficit problems. She said that she is concerned that the County's plan may adversely impact the City in future years requiring the City to make up for TIF funds not realized. She said that she told the County that she will not support any financing plan that disproportionately affects the City.

Tom Humes said we need to make sure there is a level of quality in the development that goes into the project.

Nick Vehr stated that the developer may need to drive up the density in order to spin off more TIF. The greater the density the greater the TIF.

V. CHAIRMAN'S REPORT

2003-2004 Bi-Annual Report – Jack Rouse reported that the bi-annual report is back from the printer and ready for dissemination. He said that each Board member has been provided with a copy. Mr. Rouse said that, with regard to The Banks project, the report was written before the County's announcement and includes the activities during the 2003-2004 time period. Further, Mr. Rouse stated that the document will be provided to City of Cincinnati Council Members and Hamilton County Commissioners at meetings with Port Authority Board members prior to dissemination.

Strategic Plan – Jack Rouse suggested that the Port Authority reinstate the Strategic Planning process.

Charlotte Otto said that in moving forward and focusing on the role of the Port Authority, we may need to be re-constituted the Port Authority.

Jack Rouse has been talking with City and County representatives with regard to making the Port Authority a City-County port authority. However, there has to be a commitment on behalf of the City and County for funding. We need more than just a year-to-year commitment.

Jack Rouse said the legal documents necessary to change the Port Authority's formative agreement to make it into a City-County port authority have been drafted. This was done as part of the Strategic Planning process which was undertaken earlier this year.

Nick Vehr said we need to rewrite documents to take out The Banks and focus on brownfields and financings.

Charlotte Otto suggested it would be helpful if Bruce Jones could put together a one-page summary along with the modified document.

Tom Humes noted that it should also include budget requests.

Jack Rouse agreed and also thinks that the document should also include the ability of the Port Authority to conduct site assemblage as part of recycling area land resources.

VI. PRESIDENTS REPORT

Budget Amendment (3603 E. Kemper Road) – Kim Satzger reported:

- On May 16, 2005, the Port Authority received a Covenant Not to Sue (CNS) on the Kemper property as a result of the completion of the cleanup activities. This enabled the Port Authority to sell the property on May 31, 2005 to Neyra Properties.
- Net proceeds to the Port Authority after the sale of the property were \$782,681. However, as we have discussed at previous Board meetings, additional invoices for cleanup costs were anticipated. These costs were estimated to be approximately \$200,000.
- Essentially, cleanup of the contamination at the Kemper property was funded by a \$1.5 million Clean Ohio Revitalization Fund (CORF) grant to cleanup the Voluntary Action Program (VAP) contamination and the \$180,000 received from the Princeton School District to cleanup the Resource Conservation and Recovery Act (RCRA) spill areas.
- To review the work on the site: Cleanup activities at the 3603 East Kemper Road site were undertaken under two regulatory tracts – the Voluntary Action Program (VAP) and the Resource Conservation and Recovery Act (RCRA). These are regulatory programs which govern two different types of environmental contamination and two different sets of regulations by which each must be remediated.
- To initiate this work, the Port Authority executed two contracts with Hull & Associates, Inc. for the cleanup activities at the Kemper site. The Port Authority and Hull entered into a February 8, 2002 Environmental Consultant Contract (RCRA) (\$78,000), and also a June 10, 2003 Contract for Clean Ohio Revitalization Fund Services (\$1.5 million). Each had not-to-exceed maximum dollar amounts (as amended) and provisions requiring the execution of Change Notices prior to changes in scopes of work.
- The Clean Ohio Fund funded work is complete and the \$1.5 million grant has been closed out.
- Before the Port Authority went into summer recess, we were presented with the final invoice for the RCRA work - \$225,000.

- Of this amount, approximately \$50,000 is remaining under the approved \$78,000 contract.
 - Therefore, we are looking for approval to negotiate the balance – roughly \$175,000.
 - Of the \$175,000, approximately \$101,000 was to be paid by the \$180,000 Princeton School grant but the contract amount was not amended prior to undertaking the work.
 - The additional work was caused by the fact that the contaminated areas were larger than originally estimated and the fact that we had record rainfall last year. Each time it rained, the open excavations filled with water. This water became contaminated hazardous water and had to be pumped out and shipped off to a disposal area.
 - Racing the weather, Hull opted to complete the excavation of these areas in order to prevent the Port Authority from having further impact to its budget as each time it would rain the hazardous water would then need to be removed from the site.
 - If encountered, it was thought that costs over the school district grant would be offset by the proceeds of the sale of the property. The amount in excess of the school district grant is approximately \$74,000.
- As property owner, under environmental law, the Port Authority was responsible to cleanup the contamination on-site. The RCRA work was directed and mandated by the Ohio EPA.
 - The Port Authority could not have received the CNS and subsequently sold the property without the completion of this work.

Jack Rouse said that there is a resolution before the Board which will enable Ms. Satzger and one or more Board members to verify the invoices and negotiate with Hull & Associates as to the final payment of these invoices.

MOTION: Eric Kearney made a motion to adopt the resolution to authorize the President of the Port Authority and any one or more members of the Board of Directors of the Port Authority to review, negotiate and resolve any and all outstanding invoices for work conducted at the 3603 East Kemper Road project site by Hull & Associates, Inc. – not to exceed payment by the Port Authority of an additional \$160,000. Otto Budig seconded the motion. The motion was passed unanimously.

Dave Siebenburgen noted that this project was a success story.

Jack Rouse noted that there were a great many learned lessons with this project.

Financial Report – Kim Satzger then asked Ray Schafer to provide the financial report.

Ray Schafer provided an update on the December 31, 2004 Unaudited Statement of Revenues and Expenses as follows:

- Net income is on target at \$36,000 over budget.
- Revenues are under budget \$132,000.

- This is due to the fact that budgeted projects were deferred or did not go forward. These projects were partially offset by unbudgeted projects.
- Expenses under budget \$167,000.
 - This is due to the fact that positions not filled were partially offset by higher professional services.
- In summary, the net income is on target at \$36,000 over budget.

Ray Schafer then provided the following update on the July 31, 2005, Unaudited Statement of Revenues and Expenses:

- Year-to-Date Revenues are under budget \$236,000.
 - This is due to the fact that operational support has not been received from Hamilton County.
 - Other revenues are mostly a matter of timing.
- Year-to-Date Expenses are under budget \$141,000.
 - This is due to the fact that the Port Authority used professional services due to lower staffing than originally budgeted.
 - Other expenses are primarily a matter of timing.
- Year-to-Date Net Income is under budget \$95,000

Jack Rouse thanked Ray Schafer for doing a great job.

Eric Kearney questioned the retained earnings at the beginning of the year. Is this an accounting figure?

Ray Schafer said that this is an accounting figure. If you go to the 2005 Appropriations, Budget versus Actual for July 2005, the Port Authority has received the City's operational support of \$175,000 but Hamilton County the Port Authority has not received payment from Hamilton County.

Otto Budig ask if Mr. Schafer will provide a balance sheet at future Board meetings.

Ray Schafer said that he will provide a balance sheet at the next Board meeting.

Tom Humes asked if the County money was appropriated.

Kim Satzger said that it was included in the approved 2005 budget. She said that we were told that it was included in the amount of \$285,000.

Ms. Satzger deferred to Jim Condiff who was representing Hamilton County at the Board meeting. Mr. Condiff said that Ms. Satzger and he had worked on an agreement. That agreement was scheduled to be presented to the County Commission in March but was pulled from the meeting on the morning of the meeting.

Kim Satzger said that she had signed the funding agreement that the County had provided and sent it back to the County for approval and signature.

Eric Kearney inquired as to the amount of cash that the Port Authority currently has on-hand.

Ray Schafer replied that the Port Authority has approximately \$1 million.

Jack Rouse said that most of this money came from the sale of the Kemper property. He said that the Kemper proceeds should be used for property assemblage and other uses – and not operations.

Charlotte Otto said capital funds should be separate from the operational funds. She said that right now we are dipping into the capital fund for operations.

Ray Schafer said that in order continue with Port Authority operations, we need income from fees along with the public funding.

Nick Vehr suggested that we look at the structure of the organization and what should it will look like without The Banks project in our mission. This end product could be presented to the City and County.

Jack Rouse thinks we should prepare a financial plan that focuses on brownfields and financings. Mr. Rouse stated that it is difficult to reconcile the fact that typically the projects on which we work span multiple years with the fact that we may only be able to receive a one year commitment from the City of Cincinnati or Hamilton County. This is due to the fact that one council/commission cannot commit future councils/commissions.

Nick Vehr agreed with this.

Clifford Bailey asked Ray Schafer, based on what we have today, how long will the Port Authority be open.

Ray Schafer answered seven-to-nine months from July 2005.

Tom Humes asked what happens if the County decides not to fund the Port Authority? What does this mean to the capabilities of the Port Authority?

Charlotte Otto answered we may then become a City-only port authority.

Update on Financings

Pictoria Tower – Kim Satzger reported that as the Port Authority is only authorized in two mission areas, it must seek approvals for financings outside of those mission areas. The Port Authority requested approval for the Pictoria Tower financing on June 8, 2005 from the City of Cincinnati. The City granted approval. On June 29, 2005, the County granted the approval to authorize the Port Authority to work on this financing. As discussed at the June Board meeting, this is expected to be a revenue bond issue backed by special assessments and TIF service payments to finance the parking garage at Pictoria Tower under a cooperative agreement with the City of Springdale.

Millworks – Kim Satzger said that this project is expected to be a revenue bond issue backed only by special assessments and TIF service payments to finance parking facilities and street improvements at the proposed Market Street at Millworks development in the Oakley neighborhood of the City of Cincinnati under a cooperative agreement with the City. Over the summer, the Port Authority, Developer, City and Underwriter agreed to a Preliminary Term Sheet and the City and Developer agreed to a Development Agreement that was approved by City Council in early August.

Economic Inclusion Report – Kim Satzger asked Deborah Robb to give an update on Economic Inclusion. Ms. Robb stated that the Port Authority is on target with its inclusion goals. In the brownfield

area, the Port Authority is currently tracking at 28% MBE, 14% WBE, and 29% SBE participation. In the financing area, the Port Authority is currently tracking at 37% MBE, 10% WBE, and 53% SBE participation. In total, the Port Authority has exceeded its overall aspirational goals for economic inclusion with 33% MBE, 12% WBE, and 41% SBE participation on combined brownfield and financing projects. Ms. Robb also pointed out that the information given for the Queen City Square project is based on actual data since the Port Authority became involved in this project.

Deborah Robb stated that she continues to work with the project teams on inclusion goals. Most recently, she worked with the Carthage Avenue project team to provide referral assistance.

Dave Siebenburgen complimented Ms. Robb's work. He stated that this information should be shared with the County Commissioners and City Council when making the rounds to present the bi-annual report.

VII. ADJOURNMENT

MOTION: Eric Kearney made a motion to adjourn the Board of Directors meeting. Dave Siebenburgen seconded the motion. The motion was passed unanimously.

The meeting was adjourned at 8:55 a.m.

Respectfully,

Kimberly Satzger
Secretary