

PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
BOARD MEETING MINUTES
Friday, September 10, 2010
7:30 AM, 3CDC Conference Room, 1014 Vine Street, Suite 1420, Cincinnati, OH

I. CALL TO ORDER

Mr. Budig called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 7:30 a.m.

Mr. Budig announced that due to time constraints, the Board would complete its business by 8:30 a.m.

BOARD MEMBERS PRESENT:

Budig, Otto
Dunn, Marty
Greiwe, Rick
Handy, Clark
Jacobs-Horton, Lydia
Marmer, Lynn
Smith, David

EXCUSED:

Williams, Tom
Wright, Shane
Zimmer, Joe

STAFF:

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

GUESTS:

Chura, Heather – City of Cincinnati
Engel, Mark – Bricker & Eckler, LLP
Kane, Scott – Squire, Sanders, & Dempsey, LLP

II. APPROVAL OF MINUTES

Motion: Lynn Marmer moved to adopt the minutes of the June 22, 2010 Board of Directors meeting. The motion was seconded by Rick Greiwe, and was approved unanimously.

III. BROWNFIELD PROJECTS UPDATE

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

5025 Carthage Avenue, Norwood, OH (Linden Pointe) – All final documents have been signed by the property owners and submitted to the Ohio Environmental Protection Agency (EPA). It is anticipated that Ohio EPA will issue the Covenant Not to Sue shortly.

320 South Anthony Wayne Avenue, Lockland, OH (Hamilton County Regional Business Park) – The Covenant Not to Sue was received from Ohio EPA on July 22, 2010. This project is now complete and will be removed from the Brownfields Update Report.

4101 Spring Grove Avenue, Cincinnati, OH (American Can Building) – The property owner continues to pursue a U.S. Department of Housing and Urban Development (HUD)-insured loan. An application to Ohio Department of Development's Brownfield Revolving Loan Fund was submitted on August 20, 2010. Although the loan will be issued directly to American Can Building, LLC, the Port Authority supported this effort by preparing and submitting the application on behalf of the LLC. If approved, this loan will provide approximately \$800,000 to fund the remaining environmental remediation needed at the site.

Mr. Budig inquired if the property owner was having difficulty with financing as this process has been lengthy.

Ms. Russell stated that steps toward financing are in place; however, it is a very complex financing package that includes many players and pieces that need to fall into place in a certain sequence.

Mr. Budig asked for clarification of the Port Authority's role.

Ms. Russell explained that the Port Authority has no role in the financing as the property owner is managing that process themselves.

Ms. Russell stated that a public meeting to review the application and solicit comments will be held on September 20, 2010 followed by an updated application that will go to the state. The project team is working closely with Ohio EPA in preparation to implement the remedial action at the property as quickly as possible after the loan closing.

3241 Spring Grove Avenue, Cincinnati, OH (Former Kahn's/Sara Lee Site) – The Clean Ohio Council awarded \$3 million to the Former Kahn's/Sara Lee project on May 27, 2010. The lead applicant is Hamilton County, and the Port Authority is the co-applicant. The Port Authority is supporting the County on this project and is working on a Memorandum of Understanding to formalize this relationship.

105 West Fourth Street, Cincinnati, OH (Former Federal Reserve Building) – The Port Authority submitted a Clean Ohio Assistance Fund (COAF) application on June 18, 2010 to assist in the cleanup of the Former Federal Reserve Building at the corner of Fourth and Race. This mostly vacant office building will be converted into residential apartments, while the basements and first three floors will remain commercial space. A public meeting was held on August 4, 2010, and the responses to questions from Ohio Department of Development and Ohio EPA are due on September 20, 2010. Representatives of ODO have indicated that they anticipate that this project will go before the State Controlling Board for approval on October 26, 2010. If the project is approved in October 2010, work may begin at the site in November 2010.

U.S. EPA Brownfield Assessment Grant – In October 2009, the Port Authority formed a partnership with the City of Cincinnati and Hamilton County, and submitted an application to U.S. EPA for \$1 million in brownfield assessment funding. On April 19, 2010, U.S. EPA announced that the application was selected to receive a \$1 million grant. On June 1, 2010, the Port Authority submitted a documentation package to U.S. EPA, including a technical work plan. This information will be used to prepare a cooperative agreement that will govern the grant. We expect to receive the cooperative agreement shortly. The Board authorized the Port Authority to sign the cooperative agreement and other associated documents at its June 2010 Board Meeting.

238 Shepherd Avenue, Lockland, OH – An application for the Clean Ohio Revitalization Fund was submitted on July 21, 2010 for the eastern half of the Stearns & Foster site in Lockland. Hamilton County is the applicant and the Port Authority is the co-applicant. The site requires demolition and soil remediation, and Hamilton County has requested approximately \$2 million in grant funding. A public meeting was held on September 9, 2010, and the Clean Ohio Council will make the grant awards on November 21, 2010.

Mr. Greiwe asked for clarification as to why Hamilton County would do the work versus the Port Authority.

Ms. Russell stated the property owner had difficulty meeting the Port Authority's financial guarantee requirements.

Ms. Satzger further explained that when the Port Authority signs a grant agreement with the State of Ohio, there is a "claw-back" provision stipulating that, if things are not cleaned up to the State's satisfaction, the Port Authority may be asked to repay the grant dollars received. Therefore, the Port Authority flows down these grant requirements to the developer/property owner.

Ms. Russell stated that the Port Authority would be implementing most of the components of the grant for this project and the Kahn's project. The Port Authority is working on an MOU with the County to clearly outline their role and the Port Authority's role in these projects.

3603 Kemper Road, Sharonville, OH (Former Green Industries) – This former brownfield property was owned by the Port Authority, remediated through a Clean Ohio Fund grant, and subsequently sold to the owner of the adjacent business park, Kemper Crossings, LLC, in May 2005. Kemper Crossings, LLC purchased the property with the intent to incorporate it into its adjoining office park to establish an office/flex space campus. With this expanded site, Kemper Crossings, LLC worked together with the City of Sharonville and was able to attract a high-density standardized test-grading company to the office/flex campus. The 500 jobs brought to the City of Sharonville by Data Recognition Corporation would not have been possible without the availability of remediated, adjacent vacant land on which to construct the needed parking for the 500 employees.

At the time of the sale of the property, Kemper Crossings, LLC entered into a "Declaration of Restrictions and Easements" that specified the details and schedule for the redevelopment of the former Green Industries property. This document was amended in December 2007 to extend the timeframe to construct the required redevelopment. This extension has now expired. The Port Authority has discussed various options with the City of Sharonville and Kemper Crossings, LLC with regard to modifying this agreement. Because the City of Sharonville has the final approval on the type and schedule of development at the property, its preferred option is that the Port Authority amend and assign the "Declaration and Restrictions and Easements" document to the City of Sharonville, and allow it to enforce and modify the agreement in the future, if required. This amendment and assignment will ensure that the document reflects the vision, goals, and schedule of the City of Sharonville.

The Sharonville City Council will vote on the resolution to accept this assignment on September 14, 2010.

Ms. Satzger announced to the Board that Ms. Russell is moving on to a new opportunity in the private-sector effective September 22nd. Ms. Satzger and the Board thanked Ms. Russell for her hard work and dedication to the Port Authority, and wished her well in her new endeavors.

IV. FINANCING PROJECTS UPDATE

Susan Thomas provided the Board with the following financing projects update.

Cincinnati Mills Mall, Forest Park and Fairfield, OH – In February 2004, the Port Authority issued \$18 million in Tax Increment Financing (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. The facilities owned by the Port Authority include a public parking garage, a public parking lot, a public ring road, and two detention ponds.

The cities began collecting TIF service payments resulting from increases in the assessed valuation of the Mall in 2006. However, because the incremental value did not fully support the payments on the Bonds, the cities have also certified Special Assessments for collection by the counties in each of the last four years. The Special Assessments carry a tax lien and generally cannot be “primed” by a mortgage lender. The TIF service payments and Special Assessments through tax year 2007 (collection year 2008) were paid.

As previously discussed, the amount of TIF service payments due in 2009 and 2010 has been virtually eliminated as a result of the property owner’s challenges to valuation. The Special Assessments certified, if paid, should be sufficient to support required payments on the Bonds.

Status: The Port Authority believes that, as of August 31, 2010, taxes, service payments, and special assessments, including taxes owed as manager on the Port Authority property, remain delinquent.

The owner had previously advised the Trustee that it intended to provide funds by May 1st, subsequently revised to May 14th, to make the unpaid principal payment (and related interest), pay Administrative Expenses, and reinstate the Bond Reserve Fund. The owner has not provided these funds.

As previously discussed, the Trustee for the Bonds partially drew the reserve fund in order to pay the interest payments due on August 15, 2009 and February 15, 2010. The Trustee partially drew the reserve fund to make the interest payment due on August 16, 2010. There are not sufficient funds in the reserve fund to make the February 2011 principal and interest payment.

The Port Authority continues to work with its partners, including the cities of Forest Park and Fairfield, the Trustee, and the Administrator for the Bonds. Possible options include a workout or an enforcement action, but those steps are still under discussion.

V. ECONOMIC INCLUSION UPDATE

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

Queen City Square Tower, Cincinnati, OH: The overall project continues to progress at a steady pace. The curtain wall enclosure of the building is complete. The glass and stone enclosure of the lower five floors of the building is complete on all elevations. Stone on Fourth Street is complete. The glass enclosure of the rotunda should be complete by early October 2010. The lobby and promenade areas are underway and should be mostly complete by mid-December with the exception of some retail space and the water feature.

Progress on all elevators continues as planned. The two permanent service elevators are now operational. The two exterior hoists have been taken down and work has begun on enclosing the areas where they were removed. This work is expected to be completed by the end of September.

The tenant work has begun and is on schedule for occupancy right after the first of the year. Security bids are in and there should be a decision made by the week of September 13, 2010. The next items out to bid will be signage and window cleaning.

The Project Team (Eagle Realty, Ellington Management Service, Turner Construction, and the Port Authority) continue to meet on a monthly basis to receive project updates, and to insure that companies are following the contracting guidelines that were established by the team. The team also worked with the Cincinnati Herald to do a feature article on the project. There is an outreach meeting scheduled for September 28, 2010. At the meeting, the team will highlight some of the companies that have been able to build capacity via their partnerships with prime contractors on this project.

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 a daily basis.

Economic Inclusion Report: Ms. Robb reported to the Board the Economic Inclusion Reports. Participation for Total Projects in Process as of September 10, 2010 is: Minority Business Enterprise (MBE) participation is up by approximately \$8.6 million; Women Business Enterprise (WBE) participation is up approximately \$800 thousand; and, Small Business Enterprise (SBE) participation is up approximately \$3.5 million.

Mr. Budig commented that, based on a number of comments he has received from various local entities and organizations, the Port Authority's economic inclusion efforts are widely recognized as "what is being done right."

VI. CHAIRMAN'S REPORT

Mr. Budig stated the Board would go into Executive Session.

Motion: Mr. Greiwe made a motion pursuant to Ohio Revised code 121.22 (G)(1) and Ohio Revised code 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 purposes to (i) consider the appointment, employment, dismissal, promotion, and/or compensation of public employees, and (ii) a conference with an attorney or attorneys for the Port of Greater Cincinnati Development 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. The motion was approved unanimously by roll call vote.

The Board adjourned into executive session at 7:45 AM. The Board came out of executive session and reconvened its Board of Directors meeting by roll call vote at 8:24 AM.

Economic Development Working Group: Mr. Greiwe reported that the EDWG (Economic Development Working Group) has been working with City Council and the Mayor's Office. Progress has been slow since the Portland Economic Development Fact Finding trip in May. There are discussions underway with the City as to the Port Authority's role in economic development, as well as methods for funding the Port Authority's activities. The Economic Development Working Group has asked Ms. Satzger to work with the City Manager to determine the Port Authority's scope of work, and the related funding source(s).

Mayor Mallory has requested that a group comprised of City/Port representatives conduct a benchmarking trip to Boston. The group, including Mayor Mallory, Milton Dohoney, Jason Barron, and Kim Satzger, will travel to Boston on September 20th to meet with representatives of various economic development organizations in Boston. The intent is to determine the best model for the relationship and roles of the City and Port Authority as it relates to economic development.

As another group needs to use the meeting room, Mr. Budig stated that the President's Report section will be deferred until the next Board meeting.

VII. ADJOURNMENT

Motion: Rick Greiwe moved to adjourn the Board of Directors meeting. The motion was seconded by Lynn Marmer, and was approved unanimously. The meeting adjourned at 8:27 a.m.

Respectfully,

Kimberly Satzger
Secretary