

**PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY**  
**BOARD MEETING MINUTES**  
**Friday, October 9, 2009**  
**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 7:40 a.m. Mr. Budig recognized Mark Engel, Bricker & Eckler, who swore in Tom Williams as a newly appointed Director of the Port of Greater Cincinnati Development Authority.

Mr. Engel asked Mr. Williams to raise his right hand. He asked if he swore or affirmed to honestly and faithfully perform the duties of his 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 his office. Mr. Thomas acknowledged and accepted his oath of office.

**BOARD MEMBERS PRESENT:**

Budig, Jr., Otto  
Dunn, Marty  
Handy, Clark  
Marmer, Lynn  
Williams, Tom  
Wright, Shane

**EXCUSED:**

Greiwe, Rick  
Jacobs-Horton, Lydia  
McShea, Karen  
Zimmer, Joe

**STAFF:**

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

**GUESTS:**

Bernard-Kuhn, Lisa – The Enquirer  
Engel, Mark – Bricker & Eckler, LLP  
Kane, Scott – Squire, Sanders, & Dempsey, LLP  
Martin, Shannon – Bricker & Eckler, LLP

## II. APPROVAL OF MINUTES

**Motion:** Ms. Marmer made a motion to adopt the minutes of the August 27, 2009 Board meeting. The motion was seconded by Mr. Handy. 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)** – Hull & Associates collected additional data at the Linden Pointe site and submitted an addendum to the No Further Action Letter (NFA) on September 11, 2009. The addendum addresses comments that were received from the Ohio Environmental Protection Agency (EPA) on the original NFA documentation that was previously submitted. The Port Authority is currently awaiting feedback from Ohio EPA on the NFA Addendum.

**320 South Anthony Wayne Avenue, Lockland, OH (Hamilton County Regional Business Park)** – 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. Ohio EPA notified the Port Authority that the NFA Addendum resolved all of their comments, and that the Covenant Not to Sue is anticipated by the end of October 2009.

Mr. Budig requested clarity on the difference between the No Further Action Letter and the Covenant Not to Sue.

Ms. Russell explained that under the Ohio Voluntary Action Program (VAP), once a property is remediated, an environmental engineer certified by the State of Ohio provides a document summarizing that no further action is needed to remediate the property. This compilation of detailed environmental documentation is called the No Further Action Letter. Because of the complexity of the No Further Action Letter, comments from Ohio EPA are typically received on the NFA document. Responses to these comments are submitted in a No Further Action Addendum. Once all comments are resolved, Ohio EPA responds with a Covenant Not to Sue, which is a pledge stating it will not sue the property owner related to the subject environmental cleanup.

**4101 Spring Grove Avenue, Cincinnati, OH (American Can Building)** – This project required detailed negotiations with U.S. EPA and Ohio EPA to resolve on-site contamination issues. These issues were resolved at the same time that the financial market was in dire straits. The property owner continues to work to put together a complex financing package for the entire project (including remediation and development). The owner has indicated that field work will not begin until the financing is in place.

Mr. Budig inquired if there was any funding available to offset any additional contamination.

Ms. Russell stated that representative of the Clean Ohio Fund Program directed the property owners to the Brownfield Revolving Loan Fund, which is a very low-interest loan. The property owners have chosen to take advantage of the Revolving Loan Fund to cover the remaining remediation costs.

**1220 Harrison Avenue, Cincinnati, OH (Harrison Terminal Building)** – 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. The Phase II Environmental Assessment Report is complete and will be submitted to Ohio EPA and Ohio Department of Development. Submittal of this report will complete the Port Authority's commitments under the Clean Ohio Fund grant agreement.

**U.S. EPA Brownfield Assessment Grant** – Each year, U.S. EPA offers grants for the assessment and clean up of brownfield properties. 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 is forming a “Coalition” with the City of Cincinnati and Hamilton County. Coalitions are eligible to apply for \$1 million in grant funding; individual entities are only eligible to apply for \$400,000.

**Formal Action Requested** – Before the Board today is a proposed resolution authorizing the Port Authority to submit the U.S. EPA Brownfield Assessment Grant application.

Mr. Budig inquired if any prearrangement was in place as to how the money would be divided between the members of the coalition.

Ms. Russell stated that the Port Authority is the lead applicant and would receive the grant, sign the cooperative agreement, and administer the grant funds. Prior to the grant being put into place, the three parties of the coalition would need to enter into a Memorandum of Agreement that details how the funds will be spent. This agreement does not need to be in place until after the grant is awarded. The coalition will look at spending the funds on a project-by-project basis and not necessarily by dividing the funds equally amongst the coalition membership. This approach ensures that project funding will be decided in a way that will be successful for the region.

**Motion:** Mr. Dunn moved to accept the Resolution authorizing the Port Authority to submit the U.S. EPA Grant application. The motion was seconded by Ms. Marmer. The motion was approved unanimously.

#### **IV. FINANCING PROJECTS UPDATE**

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

**Fountain Square Project, Cincinnati, OH** – In 2005, Fountain Square, LLC, a subsidiary of the Cincinnati Center City Development Corporation (3CDC), leased (the "Facilities Lease") the underground parking garage at Fountain Square, and a portion of the area above the garage, from the City of Cincinnati. To finance the acquisition of the Facilities Lease and the subsequent improvements, Fountain Square, LLC issued its Adjustable Rate Taxable Securities (the "Series 2006 Bonds"), and also entered into loan agreements with the Cincinnati Equity Fund, the Cincinnati New Markets Fund, and the State of Ohio (collectively, the "Subordinated Debt").

The Port Authority served as a conduit issuer for the refinancing of the Series 2006 Bonds. The refunding bonds (the "Bonds") were issued in two series, a tax-exempt Series 2009A Bonds to refund the Series 2006 Bonds and a taxable Series 2009B Bonds to pay for additional costs associated with the refunding of the Series 2006 Bonds, specifically the payment of an interest rate hedge termination payment and the creation of a capital expenditure reserve fund. The existing Subordinated Debt, approximately \$25 million, remained in place and subordinate to the Bonds.

The Bonds are backed by the gross revenues of the garage, a debt service reserve fund of \$1,200,000, a first leasehold mortgage on the Facilities Lease, an assignment of leases and rents on the garage, and a security interest in certain additional collateral of Fountain Square, LLC. The Bonds are non-recourse to the Port Authority.

On July 13, 2009, the Port Authority Board of Directors approved resolution 2009-10 authorizing the issuance of the Bonds, the execution and delivery of bond financing documents, and other related actions by the Port Authority.

The Bonds were issued on August 31, 2009 in a principal amount of \$15.4 million tax-exempt Series 2009A Bonds and \$1 million taxable Series 2009B Bonds.

Approximately two days prior to closing the Bonds, there was a 10 basis point change in the rate on the Series 2009A Bonds to the benefit of the borrower. This change will require formal action by the Board at a future meeting.

Mr. Handy asked Ms. Thomas for the interest rate on the Bonds.

Ms. Thomas stated that the rate specified in the resolution approved by the Board at the July meeting was 3.97%. The substitute Bond form will reflect 3.87%. The interest rate on the Bonds is fixed for five years.

## **V. ECONOMIC INCLUSION UPDATE**

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

**Queen City Square Tower, Cincinnati, OH** – There continues to be visual progress at the site. Concrete and steel remain the primary activity. The concrete core is now cast through level 32, and structural steel has been erected to level 27. The top of the concrete core should be completed by the end of the year, as well as the garage structure. Further, work continues on the low- and mid-rise elevators. There is construction on thirteen of the twenty-eight elevators. Erection of the exterior curtain wall has begun, allowing for the closing-in of the building. Over 80% of the major mechanical equipment is now on-site, and new deliveries are being accepted on a regular basis. Overall, the office tower is on schedule, and the garage is a couple weeks ahead of schedule. The second of six tower crane jumps of 100 feet occurred in early September and another jump is scheduled for October. A webcam at the site captures photos and progress of the site and can be viewed at [www.queencitysquare.com/construction.htm](http://www.queencitysquare.com/construction.htm).

The Project Inclusion 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 project team has established a communications plan to share project progress as it relates to economic inclusion. The team has met with various media contacts to communicate the positive stories of inclusion on this project. The plan is to be included in a series of news articles in November to coincide with the South Central Ohio Minority Supplier Development Councils (SCOMSDC) annual awards gala. The team will also hold community outreach sessions in early November to update key stakeholders on the progress of the site, as well as provide them with an update on economic inclusion.

Ms. Satzger asked Ms. Robb to discuss the project outreach sessions.

Ms. Robb explained that the outreach program pulls together key stakeholders, (e.g., African American Chamber, Baptist Ministers Conference, the Minority Business Accelerator, etc.) and public entities to provide economic inclusion updates on a given project, as well as the status of the bidding process.

Ms. Robb directed the Board to the Economic Inclusion Reports. The report "Projects in Process – With Kenwood" provides an overall snapshot as to where the Port Authority stands with its economical inclusion aspirational goals. Currently, under Total Projects, the Port Authority is up \$6.3 million from the August report; Small Business Enterprise (SBE) is up \$11 million in contracting. Current economic inclusion results are 22% Minority Business Enterprise (MBE) participation, with a goal of 25%; 14% Women Business Enterprise (WBE) participation, with a goal of 7%; and 12% Small Business Enterprise (SBE), with a goal of 30%. The SBE portion is low because a major portion of the Queen City Square project is coming from a MWBE company out of North Carolina. This company is not a SBE.

Mr. Budig stated that there were certain aspirational goals accepted and supported by the Port Authority Board: 25% for Minority Business Enterprise, 7% for Women Business Enterprise, and 30% for Small Business Enterprise. The Port Authority has done a masterful job of realizing these aspirational goals.

Mr. Budig stated that the agenda order would be amended to reflect the following order: Item VII. President's Report would be presented before Item VI. Chairman's Report.

## **VII. PRESIDENT'S REPORT**

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

**Financial Report** – The balance sheet reflects \$891,000 in cash at the end of September. The Port Authority's conservative estimate of expenses is \$120,000 per month, which is approximately 7.5 months, and takes the Port Authority into April of 2010. Under the liabilities and capital section, while there is roughly \$34.5 million of total assets, a majority of this amount represents Bonds. Operating assets are about \$1 million. Under revenues and expenses, the Port Authority has not received 2009 grants from either the City or County. The receipt of funds reflected for the County in 2009 was applied to 2008 per the requirements of the Amended and Restate Formative Agreement. Operating expenses for September are in line with the exception of special services. The Port Authority set a tight budget for 2009 and continues to monitor expenditures, in consultation with the Finance Working Group and members of the Board, for areas that may need additional funds.

Ms. Satzger stated that the County did not have the Port Authority in its 2008 budget. Therefore, funding from the County that was provided in 2009 was applied to 2008. The City has not provided operational funds for 2009; however, the Port Authority was included in the City's 2009 budget. Therefore, we believe the money to be forthcoming.

Mr. Budig clarified that in order for the County to be up to date for 2009, the County will need provide an additional \$350,000.

Mr. Schafer summarized a historical perspective of the Port Authority's receipts from the City and County. From 2001 to 2003, grant funds from the City and County were current. From 2004 to 2008, the amount of delay to the Port Authority receiving funds ranged from five to 19 months. This makes it a challenge to operate with \$700,000 in delayed receipts. There were two years in which the Port Authority received

less than expected; in 2007, less \$110,000 and in 2005, less \$175,000. The Port Authority is seeking the Board's assistance in obtaining necessary grant funds.

Mr. Schafer reviewed the schedule summarizing the supplement resolution before the Board today for approval. This schedule has been discussed with the Finance Working Group. There are a couple of items that reflect some unexpected revenues, which have caused the Port Authority to increase revenues by approximately \$13,000. There was a positive variance to salaries and benefits that has been reflected. In consultation with the Finance Working Group, there were activities not planned for or higher than anticipated that necessitate the budget increase in professional services.

In the line item "Revenue from \$1,319,000 from 12/31/08," the second last column contains \$795,000. The Port Authority does not have enough funds in the current year to generate a balanced budget, which at this time is (\$45,000). If the Port Authority does not receive grant funds of \$700,000 from the City and County, the \$795,000 provides for the grant funds shortfall, estimated projected shortfall of (\$45,000), and additional contingent amount of (\$50,000).

The last two items reflect the decrease in the December 31, 2008 cash of \$45,000 resulting in a cash balance of \$1.274 million at December 31, 2009. This cash balance provides 10.5 months of operating revenues at an estimated rate of \$120,000/month. Additionally, if only \$350,000 of grant funds were received, this provides 7.5 months, and if no grant funds were received, about 4.5 months operating revenues would remain, taking us into April 2010.

Mr. Budig stated that this situation is not new to the Port Authority. The Port Authority has worked from time to time with very few months of revenue available. Fortunately, the Port Authority has been able to ultimately receive the revenues from the City and County that were due.

Mr. Wright stated that it is critical to resolve whether or not the funds from the City and County for the year are coming in, and what the implications are for 2010.

**Motion:** Mr. Handy made a motion to approve the 2009 Budget Amendment Resolution. The motion was seconded by Mr. Wright. The motion was approved unanimously.

## **VI. CHAIRMAN'S REPORT**

Mr. Budig stated that based on the information received from the City and County during the August 27, 2009 Board of Directors Meeting, he recommends that the Board form an Economic Development Working Group to determine the future direction of the Port Authority. Mr. Budig has asked Mr. Greiwe, Ms. Marmer, and Mr. Williams to be a part of this working group, with Mr. Williams as chair.

**Motion:** Mr. Clark Handy made a motion to accept the establishment of the Finance Working Group with Mr. Williams as Chair, and Ms. Marmer, Mr. Rick Greiwe, and Mr. Budig as members. The motion was seconded by Mr. Marty Dunn. The motion was approved unanimously.

**Motion:** Mr. Handy made a motion pursuant to Ohio Revised Code Section 121.22 (G)(2) 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 of (i) considering the acquisition of property for public purposes by the Port of Greater Cincinnati Development Authority, 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 8:15 a.m. The Board came out of executive session and reconvened its Board of Directors meeting at 9:03 a.m.

#### **VIII. ADJOURNMENT**

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

**Motion:** Marty Dunn made a motion to adjourn the meeting of the Board meeting at 9:03 a.m. The motion was seconded by Shane Wright. The motion was approved unanimously.

Respectfully,

Kimberly Satzger  
Secretary