

THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
BOARD MEETING MINUTES
Thursday, November 10, 2005
7:30 AM at the Port Authority Offices

I. CALL TO ORDER

Steve Love called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 7:40 a.m.

BOARD MEMBERS PRESENT:

Bailey, Clifford
Budig, Otto
George, Lou
Hale, Joe
Johnson-JioDucci, J.J.
Kearney, Eric
Kull, Ron
Love, Steve
Muller, Paul
Siebenburgen, David
Zimmer, Joe

EXCUSED:

Hull, Betty
Humes, Tom
Otto, Charlotte
Reid, Janet
Rouse, Jack
Vehr, Nick

STAFF:

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

GUESTS:

Bomberger, Jeffrey – Squire Sanders & Dempsey, LLP (*via telephone*)
Cundiff, Jim – Hamilton County
Phillips, Bonnie – City of Cincinnati
Schwab, Kathy – Cincinnati Zoo & Botanical Gardens
Spoor, Richard – Keating, Muething & Klekamp, PLL
Williams, John – Gonzalez, Saggio & Harlan, LLP

II. APPROVAL OF MINUTES

MOTION: Steve Love made a motion that the minutes of the October 6, 2005 Board Meeting be approved. Otto Budig seconded the motion. The motion was passed unanimously.

III. BROWNFIELD PROJECT UPDATE

Kim Satzger provided updates on the following projects.

4000 Red Bank Road – Excavation continues on the foundations and substructures at the site. The pile of crushed concrete, which was approximately four stories high, has been substantially reduced. Additional petroleum contamination was discovered when excavation of the foundations under the pile of crushed concrete began. The discovery of additional contamination means that the completion of the remediation activities is projected to occur by the end of the year as opposed to mid November. The cost for the additional cleanup will be paid by the property owner which is W. P. Carey, Inc.

5025 Carthage Avenue – The contractors mobilized at that site last week. There are no structures to be torn down on this property, only soil and ground water contamination to be removed or remediated on-site. Bio-remediation will be used at this site. This is a process of injecting chemicals (organic microorganisms – “bugs”) that will digest the contamination. This process will take about six (6) months to complete. The project will consist of some “dig and haul” activities. But essentially, it will be the chemicals that do the remediation work.

320 South Anthony Wayne Avenue – This is the property for which we submitted a Clean Ohio Fund application. As part of the review process, the Ohio Department of Development and the Ohio EPA send us what they call a “Completeness Review” in which they come back to us with questions about our application. We received the “Completeness Review” with the questions last week. The response to the Completeness Review was due yesterday by five o’clock. We responded to all the questions and got back to them by the deadline. The next step is for the Clean Ohio Council to meet on December 14, 2005, at which time they will determine which projects will receive funding.

IV. CHAIRMAN’S REPORT

Steve Love took this opportunity to acknowledge and thank the Board members who have been very active in presenting the 2003-2004 Bi-annual Report to the City of Cincinnati Council Members and the County Commissioners. The overall response to the Bi-annual Report and the work of the Port Authority was very positive. Mr. Love stated that he thinks this can serve as a model for how we reach out and keep our stakeholders informed in the future. He noted that the opportunity we now have with newly elected City of Cincinnati officials is to inform each of them of the work of the Port Authority – our accomplishments and our direction. Mr. Love asked for comments from Board members that were involved in the process.

Dave Siebenburgen concurred with Steve Love and said that the Bi-annual Report was very well received. Mr. Siebenburgen noted that the comment was always “Gee, I didn’t know you were doing that” when they looked at all the projects we have done or are doing. He also acknowledged that the information on economic inclusion was even more of a “wow!”

Steve Love thanked Deborah Robb and Kim Satzger for the Port Authority’s involvement the previous evening at the African American Chamber of Commerce’s ChamberNet event. Deborah Robb spoke in front of over 85 African American businesses that were in attendance which was one of the largest sessions that the African American Chamber has had. Mr. Love noted that it is all part of the communication of the work of the Port Authority - explaining to businesses what the Port Authority does, its successes, and also what it is looking for, especially in terms of minority and women owned businesses.

Strategic Plan – Steve Love asked Kim Satzger to provide an update.

Ms. Satzger explained that the Port Authority is continuing to work on the strategic plan. As we plan for future activities of the Port Authority, we are assessing the activities of the Port Authority. At the last Board meeting, we talked about engaging a consultant to conduct an economic impact study to measure the Port Authority’s economic

and fiscal impacts. Since then we have talked to three entities about providing this service and did engage the University of Cincinnati's Economics Center for Education and Research lead by Dr. George Vredeveld. They have already started the work and anticipate providing a draft document by Thanksgiving. It will provide not only the direct impact but the indirect multiplier impact of Port Authority's brownfield and financing projects. We plan to present the completed study at the December Board meeting.

We are also currently summarizing the strategic plan that we had drafted earlier in the year. We will be re-engaging with those that were on the Strategic Working Group before and re-convening that group.

V. PRESIDENT'S REPORT

Kim Satzger pointed out that the Board packets contained a resolution authorizing the Port Authority to issue additional funds in the amount of \$750,000 for the Cincinnati Zoo to complete its project. In 2003, the Port Authority issued conduit bonds for the Zoo in the amount of \$4 million. The Zoo has now asked for an additional \$750,000. Dick Spoor of KMK, the Zoo's Bond Counsel, and Kathy Schwab, representing the Cincinnati Zoo are present to provide an overview of the project and the need for additional funds.

Dick Spoor briefly explained that this was an additional bond to complete the project. The bonds will be guaranteed by US Bank so there is no risk to the Port Authority. Mr. Spoor acknowledged that a public meeting, as is required under the law, was held immediately preceding today's Board meeting. The meeting was concluded with no opposition, oral or written, to the additional financing for the project.

Kim Satzger stated that the resolution that was included in the Board packet was changed slightly by Mr. Spoor. She asked Mr. Spoor to explain the changes that were made to the resolution.

Mr. Spoor noted that after conferring with Jeff Bomberger of Squire, Sanders & Dempsy, the Port Authority's bond counsel, the following two changes were made:

- First, the term "supplemental" has been removed from the document. Although it may seem like a supplemental issue, in this case, it is actually a stand alone issue due to the fact that different collateral, provided by US Bank, is part of this transaction. There are more assets available this time.

Ms. Satzger then asked if the word "supplemental" was removed throughout the document.

Mr. Spoor said yes.

- Second, there is a change on page 7 under "Definitions". The definition of Mortgage was removed due to the fact that these funds are being secured by the original mortgage. There will be no separate mortgage on the property.

Eric Kearney inquired as to the definition of a conduit bond.

Mr. Spoor explained that conduit bond refers to the issuance of bonds with the beneficiary of the bond proceeds being a separate entity. The Port Authority is asked to issue the bonds so the interest on the bonds is exempt from tax. The Port Authority then enters into a loan agreement with the entity – in this case the Zoological Society (the actual beneficiary of the bonds). Mr. Spoor pointed out that the Port Authority has done this before several times.

Ms. Satzger confirmed that the previous conduit bonds issued by the Port Authority included the Zoo and the Freedom Center.

Mr. Spoor further explained that these types of bonds were very common prior to 1986. The predecessor Port Authority issued these types of bonds frequently. Tax laws now only allow conduit financing for either, charitable

organizations, non-profit entities, or manufacturing companies. Because of this, the Port Authority is not likely to see as many of this type of financing as its predecessor entities.

Ms. Satzger pointed out that Mr. Spoor has provided copies of the bond resolution that includes the changes he suggested for anyone who would like copies.

Jeff Bomberger said that he did review the resolution and would echo what Mr. Spoor said regarding the bond issuance. The Port Authority has no stake in this other than providing a service to facilitate a transaction for the Zoo.

Mr. Bomberger inquired as to the number of Board members present to determine if we have enough to pass the resolution.

Kim Satzger informed Mr. Bomberger that we have eleven which was enough for a quorum.

Otto Budig and Joe Hale indicated that they would abstain from the vote

Kim Satzger said that nine was enough since the Port Authority presently has a vacant Board position resulting in 17 Board members.

Jeff Bomberger said that the language of the by-Laws distinguishes in the context a difference in the number needed for a quorum to call a meeting and motions as different for passing a resolution. He said that the Port Authority may have a quorum for a meeting with a majority of those that are duly appointed but to adopt a resolution you need a majority of directors.

John Williams informed Jeff Bomberger that he believes that the Port Authority has the number of Board members required to pass a resolution as there are currently 17 board members. This means that a majority is nine.

Kim Satzger then said that she had talked to Bruce Jones about this issue several months ago when Mr. Perazza resigned from the Board. Mr. Jones indicated that for holding a meeting or taking a vote nine Board members would constitute a quorum.

Jeff Bomberger then said he would defer to Bruce Jones in regards to the advice given to Ms. Satzger.

MOTION: Dave Siebenburgen made a motion to approve the resolution authorizing the issuance of \$750,000 bearable rate demand revenue bonds for the Cincinnati Zoo including the changes that were earlier discussed. Eric Kearney seconded the motion. The motion passed 9-0 with 2 abstentions, Otto Budig and Joe Hale.

Eric Kearney asked Kathy Schwab for an update on the progress of the project.

Kathy Schwab stated that she has been tracking the original \$4 million bond and working with Deborah Robb on the economic inclusion reporting. She has tracked about 76% of the original bond that has been spent so far. The Zoo has a very strong inclusion policy and remains committed to economic inclusion. They are tracking at 17% for Small Business Enterprise (SBEs) and 36.4% for Minority Business Enterprise (MBEs). They are having some difficulty with sourcing to Women Business Enterprise (WBEs) where they are tracking at 5 ½%. This information includes the Clean Ohio Funds and the \$4 million in bonds.

Ms. Schwab noted that the original \$4 million was to build a 1,100 space parking facility. They have added 300 spaces to that amount with some adjacent property. The additional \$750,000 will be used for these additional spaces. This parking will be on both sides of Vine Street.

Steve Love asked if there were any other questions.

Clifford Bailey inquired if we get any fees for this financing.

Kim Satzger said that we will get fees at closing but no ongoing fees. The fees on this financing will be approximately \$5,000.

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

Balance Sheet – Ray Schafer stated that other than the format looking a little different are there any questions.

Eric Kearney asked if we should close the checking account at NCB (National City Bank).

Ray Schafer said that we had previously attempted to close the account but after we notified the bank of our intent to close the account there was a transaction.

Kim Satzger explained that we had notified the bank to close the account and then accrued interest was posted resulting in the account remaining open. Since then, the Finance Working Group has said they would prefer that we have two accounts in different banks.

There were no more questions on the Balance Sheet so Mr. Schafer turned to the Statement of Revenues and Expenses.

Statement of Revenues and Expenses – Mr. Schafer pointed out that this report is year-to-date; therefore, the budget amount is a year-to-date budget. The budget reflects the approved revised budget changes discussed at the previous meeting. The charge from the Board at that time was that staff should go back and look at keeping the total budget the same, resulting in just a re-shuffling by category of expenditures. We have accomplished that objective, discussed it with the Finance Working Group, and we will come in under that budget amount. The explanation for the revenue variance is the same as last month; the shortfall is the result of not having received all the funds from the City of Cincinnati, and not having received any funds yet from Hamilton County. The shortfall in revenue is partially offset by lower expenditures in salaries and benefits net of additional expenditures in professional services. Professional services are under our new projections.

Otto Budig pointed out that it appears the net appropriations column loss of \$385,000 together with the 2004 cash allocation ties into the net income loss of \$486,000. It is more a question of presentation than anything else. Cash is a balance sheet item not a Profit & Loss (P&L) item and our true losses are in fact \$486,000; should they not be reflected as \$486,000 on the P&L. Ray Schafer agreed that the P&L should tie out to the Balance Sheet.

Otto Budig also thought that moving the cash below that line to show the impact might be helpful.

Ray Schafer agreed to make that change. Further, included in the expenditures for the month are some bills from Multi-Craft for the annual report and some additional legal expenditures, a catch-up for the year.

Dave Steenburgen asked Ray Schafer to comment on the cash we have and how many months of operations we have.

Mr. Schafer said the cash at the end of September is \$825,000. Referring back to the Balance Sheet – decreasing that amount by the payables results in roughly \$600,000 cash. If we are clicking off expenditures at about \$100,000 per month – without any additional revenue – we have approximately six months worth of cash on hand. Measured from the end of September, cash would last through approximately March 2006. There are some additional small revenues that we are counting on and we are looking to receive the 2005 funding from the City and the County.

Eric Kearney said that the Director of Finance was not included in salaries. Ray Schafer explained that he is currently a contractor and therefore not included in payroll.

Steve Love added that the Chairman has sent communications over to the Mayor of Cincinnati as well to the President of the Board of County Commissioners requesting funding for 2005. We have yet to receive a response. Mr. Love said that he wanted to let the Board know that the action that was recommended at the last meeting has been taken.

Otto Budig asked if, after the presentation of the Bi-annual Report, the County Commissioners were a little more amenable to the whole idea of continuing the Port Authority or was there some push back.

Dave Siebenburgen answered that Pat DeWine was very supportive. In fact, Commission DeWine said that he supported Jack Rouse's letter requesting the 2005 funding and committed to finding out the status of the County's 2005 funding commitment to the Port Authority. Commissioner DeWine did take subsequent action by writing a letter that he sent to the Acting County Administrator to find out why the 2005 commitment had not been paid, and said that he is in support of providing the funding. Mr. Siebenburgen said that he would include Phil Heimlich as very supportive but indicated that Commissioner Heimlich had many questions about what a fully empowered Port Authority means.

Eric Kearney asked if Dave Siebenburgen thought the Port Authority would likely get funding from the County based on what happened at these meetings.

Mr. Siebenburgen said he didn't know but thought we should hear in the next few weeks. The individuals visited from the City were, as a majority, clearly in favor of the funding.

Otto Budig asked if visits were planned to the new members of City Council to make certain they understand who we are, what we do, and how well we are doing.

Steve Love relayed that there was discussion before the Board meeting of making plans to get with the newly elected City Council members. Mr. Love indicated that he and Betty Hull had met with the incoming Mayor Mallory two Fridays ago and got a very positive reaction. Mr. Love said that he thinks that the priority now, with regard to the City, must be to meet with the newly elected City Council members.

Clifford Bailey pointed out that he understood the importance of getting to the new Council members but, we have had conversations with the current Council members. He suggested that we attempt to secure the remainder of the funding from the current City Council – as opposed to educating the new Council members. Mr. Bailey said that he thinks that it is very important to do this. Especially with the outgoing Mayor and a number of outgoing Council members that were in very strong support of the Port Authority.

Otto Budig asked if Mr. Bailey meant before the new council members take office.

Mr. Bailey said yes.

Mr. Budig concurred that this was a good idea.

Steve Love pointed out that the new council members take office December 1st.

Lou George asked who would have that charge and Steve Love said that Jack Rouse was in the lead in terms of the process and that he would relay this to him. It was decided that we needed to follow-up immediately as we don't have much time.

Clifford Bailey suggested again that those Board members having the best relationships with those Council members should be the ones calling on them and not necessarily Jack Rouse. If we are going to do this, it is going to require more than Jack Rouse making a phone call. It is going to take the cooperation of the Board, getting out, having a conversation with those individual people, and stressing the point that we need the funding support.

Ray Schafer asked if there were any other questions on the financial information. To clarify, Mr. Schafer said that there was an amount within the budget resolution from the prior Board meeting that increased the budget by approximately \$79,000. He said that at that time the Board had asked that staff attempt to maintain the former total budget amount thereby reducing the proposed increase to zero. Staff did accomplish that objective and therefore the total value of the budget will not increase.

2004 Audit Report – Ray Schafer reported that 2004, 2005, and 2006 have all come together at the same time. We are currently in the final stages of completing the audit as we are close to completing the new audit report required by GASB 34, we continue to work on the financials for 2005, and we are preparing for 2006.

Financing – Kim Satzger provided a report on the following financings:

1. **Pictoria Tower.** – Kim Satzger noted that we continue to work with MEPT regarding the Pictoria Tower Project in Springdale. We are in the process of developing a structure that they are comfortable with so we can move forward with the financing.
2. **Cincinnati Millworks** – There has been a slight delay as Visionland Development continues to work with the City of Cincinnati in regards to the Kennedy Connector. Once this is approved, we anticipate moving forward on the project in December.

Ms. Satzger asked if Jeff Bomberger had anything to add. Mr. Bomberger said that Visionland Development is working with the City on some of the major substantive pieces of the development. The Port Authority has provided draft documents to the City. Mr. Bomberger expects to make significant progress over the next month and hopefully get the TIF ordinance passed by the City in December. The intent on the part of Visionland is to try to close on the real estate during the first quarter of 2006.

Jeff Bomberger also noted that in regards to Springdale, MEPT has been working closely with Seasongood to select a bank to provide a letter of credit. They are looking for an interest rate structure similar to the Zoo bonds structure but backed by a bank letter of credit. Mr. Bomberger thinks that they are in the final stages of selecting a bank.

Economic Inclusion Report – Kim Satzger indicated that Deborah Robb will provide the Economic Inclusion Report.

Ms. Robb referred to the last page of the Board packet which contained the current Economic Inclusion Report. She noted that we currently have two ongoing projects and are still tracking above our goal with MBE participation at 31%, WBE at 11%, and SBE at 39%. Ms. Robb has been working with the Carthage Avenue project team on economic inclusion. The largest part of this project is the Potassium Permanganate, which is the chemical that is being injected into the soil. Bid documents were distributed to several companies including a MBE and a WBE company. The lowest bidder was the WBE company which is based in Tennessee. This company actually is the US manufacturer of the chemical. Based on the bidding results, there is more WBE participation than MBE participation on this particular project.

Deborah Robb also acknowledged that we received the Cincinnati USA Supplier Diversity Circle of Excellence Award for going above and beyond in the area of economic inclusion for minority participation. We have also given presentations on the Port Authority and our economic inclusion efforts at the African American Chamber networking session as well as at the Hispanic Chamber of Commerce monthly networking session. Ms. Robb reported that Kim Satzger provided an update on the Port Authority and its projects as the keynote speaker at the Hispanic Chamber event. The Hispanic Chamber will be inviting the Port Authority back to talk to their contractors regarding construction.

We continue to work on the Queen City Square project with regard to facility services. We will be following up with them about where they are in that process of choosing janitorial services.

Dave Siebenburgen asked Deborah Robb to talk about the successes she has had in finding new firms to bid on work in the area of new small businesses and new minority firms. He stated that the reported economic inclusion numbers were strong and inquired as to the key contributors to this success.

Ms. Robb said that the majority of companies working on the brownfield projects are trucking companies due to these projects consist mostly of excavation and hauling. We have used several trucking companies consistently on most of our projects. In regards to WBE's, we are using a company out of Detroit, Down River Maintenance, which performed the building remediation on Red Bank Road project.

Further, Ms. Robb reported that the Queen City Square is a construction project as opposed to a remediation project. On this project, there are not a lot of new companies utilized. We seem to be using the same companies over and over. We are talking to a lot of smaller companies, trying to get them to partner with larger companies. Ms. Robb is also encouraging them to get their certification with either the City or SCOMBC in order to help them grow their business as well as give them more exposure.

Dave Siebenburgen asked if Ms. Robb had thought about networking with the Supplier Development professionals at P&G and Toyota. Ms. Robb confirmed that she serves as the Vice Chairperson on the Local Advisory Committee of the SCOMBC with supplier development professionals from most of the major corporations including P&G and Toyota. Ms. Robb also noted that she has communicated with Denise Thomas, here at Kroger, in regards to their construction activities.

Eric Kearney was curious about deal flow and wanted to know if a lot of people were calling us asking to use Port Authority services.

Kim Satzger responded that typically in the past, in order to keep projects in the pipeline, we have done a lot of outreach within the development and real estate community. Part of this outreach has included the Port Authority's brownfield seminar; speaking at staff meetings of development companies, and networking on a regular basis while explaining what Port Authorities can do and the services that we can provide. As a result we have projects in the pipeline currently that we will be moving forward on in the not too distant future. We have about the same level of project activity in the pipeline for next year as we had this year.

VI. ADJOURNMENT

Steve Love asked for comments or new business for which there was none.

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

The meeting was adjourned at 8:36 a.m.

Respectfully,

Kimberly Satzger
Secretary