

**THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY  
BOARD MEETING MINUTES  
Thursday, November 11, 2004  
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 7:35 A.M.

**BOARD MEMBERS PRESENT:**

Bailey, Clifford  
Budig, Otto  
George, Louis  
Hale, Joe  
Johnson-JioDucci, J.J.  
Kearney, Eric  
Kull, Ron  
Love, Steve  
Rouse, Jack  
Zimmer, Joe

**EXCUSED:**

Hull, Betty  
Humes, Tom  
Muller, Paul  
Otto, Charlotte  
Reid, Janet  
Siebenburgen, David  
Vehr, Nick

**STAFF:**

Ciampone, Kathy  
Cheney, Mike  
Robb, Deborah  
Satzger, Kim

**GUESTS:**

Cundiff, Jim, Hamilton County  
Dobrozsi, Chris, Al Neyer, Inc.  
Jones, Bruce, Squire, Sanders & Dempsey LLP  
Osborne, Kevin, The Post  
Weinstein, Michael D., SRW Environmental

## II. APPROVAL OF MINUTES

**MOTION:** Ron Kull made a motion that the minutes of the October 7, 2004 Board Meeting be approved. Clifford Bailey seconded the motion. The motion was passed unanimously.

There was discussion of whether or not there was a quorum at today's meeting. Kim Satzger said that she had asked Bruce Jones of Squire, Sanders & Dempsey this question in advance of the meeting. Mr. Jones said that as there is a vacancy on the Board, nine Board members at a meeting is considered a quorum.

## III. BROWNFIELD PROJECT UPDATE

**5025 Carthage Ave.** – Kim Satzger stated that the Port Authority had placed an application for Clean Ohio Assistance Funds on file at the Norwood Public Library for a 45-day public review and comment per the Clean Ohio Fund requirements. On November 15, 2004, the Port Authority, along with the City of Norwood (co-applicant), will hold a public meeting. This is a requirement of the Clean Ohio Fund program. The meeting will be held at the City of Norwood City Hall at 7:00 p.m. On November 17, 2004, the application is scheduled to be forwarded to the Ohio Department of Development. The \$750,000 grant request is for the environmental remediation of the property. Ms. Satzger said that this property is owned by Al Neyer Inc. and is commonly referred to as the "GM-Globe" site.

Ms. Satzger then introduced Chris Dobrozsi of Al Neyer, Inc. who explained that once the site is remediated and redeveloped it will be called "Linden Pointe on the Lateral." Mr. Dobrozsi said that the property is a 15-acre site located on the Norwood Lateral. He said that Neyer intends to construct 400,000 to 600,000 square feet of office space and three restaurant pads on the property.

Mr. Dobrozsi said that the property has not been developed as the remaining environmental contamination, permitted under the Covenant Not to Sue that General Motors received, and the on-going operation and maintenance prevent tenants from locating at the site. Further, these same restrictions bisect the property which only allows a portion of the property to be redeveloped and renders the section of the property fronting the Norwood Lateral as unusable. This does not allow for a well designed office campus. An inefficient site design does not enable the developer to maximize the use of the property; thereby reducing the economic benefits to the local community.

Mr. Dobrozsi introduced Michael Weinstein of SRW Environmental Services. Mr. Weinstein explained that currently the engineering and control systems extend through the property at an irregular path and the areas of concern contain over an acre of ground at two different locations. With the receipt of Clean Ohio Funds, the Port Authority and the City of Norwood will be able to remediate the volatile organics and heavy metals from the site. The proposed remediation will enable the removal of existing engineering controls and deed restrictions on the property.

Mr. Dobrozsi said that Neyer has invested over \$3 million in property acquisition, site demolition, cleanup, and infrastructure costs. However, the redevelopment of the property cannot be maximized without the remediation of the property and the removal of the engineering controls. He said that it is Neyer's intent to create a first class office campus.

Ron Kull asked what is the building size. Mr. Dobrozi said that the first building to be built will be 40,000 square feet. Mr. Dobrozi explained that they have had a lot of interest from medical users because the area is centrally located within the Greater Cincinnati Area and accessible to I-74, I-75 and I-71 via the Norwood Lateral. This makes the site a great location for patient accessibility.

Steve Love asked what the final economic impact would be for Norwood. Mr. Dobrozi said that with real estate tax and the 2% income tax, the property would generate \$1.8M a year and offer approximately 1800 jobs at full build-out.

Otto Budig asked if there was a timeline. Mr. Dobrozi indicated the project should be finished, with the jobs online, by mid to end 2006.

Lou George asked what impact this project would have on the Port Authority. Kim Satzger said there was a Reimbursement Agreement with Neyer under which, once grant funds were received, the Port Authority would receive funds to offset expenses. Mr. George stated his concern that the reimbursement would not offset all expenses. Mike Cheney said it did not offset the cost of personnel expenses. Lou George asked to have the expenses defined and Kim Satzger said that the expenses under the reimbursement agreement were out-of-pocket expenses. Mr. George then asked what the net income to the Port Authority was on the project. Mike Cheney answered that there was no net income to the Port Authority.

Steve Love said that he wants to look at the brownfield projects for revenue generation in the future.

Jack Rouse asked if there was a resolution to be passed. Kim Satzger said that there is a resolution for the development agreement that the Port Authority will enter into with Al Neyer Inc.

**MOTION:** Lou George made a motion that the Development Agreement between the Port Authority and Al Neyer, Inc. be approved. Ron Kull seconded the motion. The motion was passed unanimously.

**3603 East Kemper Road** – Kim Satzger indicated that the Port Authority filed the RCRA Closure Plan with the Ohio EPA and it was approved. The Port Authority has also filed the RCRA Certification Report with Ohio EPA and is awaiting approval of the report. After the Port Authority is in receipt of this approval, the Closure Plan and the Certification Report will be included in the No Further Action Letter. Then the NFA will be filed with the Ohio EPA. Ms. Satzger indicated that this step signifies the completion of the remediation of the property. Now the Port Authority will be able to pursue buyers for the property. In preparation for the sale of the property, the Port Authority has obtained an appraisal from Property Advisors. The appraisal report establishes the value of the 9.3 acre property at \$100,000/acre.

Eric Kearney stated that he was not happy that a minority firm had not been selected to conduct the appraisal.

Ms. Satzger indicated that the Port Authority met with representatives of the City of Sharonville to update them on the status of the property as well as Neyer Properties' withdrawal as purchaser/developer of the site.

In anticipation of the sale of the property, a Purchase and Sale Agreement has been drafted. The Port Authority currently has several parties interested in the property and will pursue that interest.

**4000 Red Bank Road Project** – Kim Satzger explained that Hull & Associates (as the project manager) had received bids from eight subcontractors. The bids ranged from \$2.6M to about \$5.9M. The difference between the low bidder and the high bidder was \$3.2M. The contract was awarded to Homrich, Inc., a Detroit, Michigan demolition company. Homrich has agreed to meet the Port Authority’s economic inclusion policy. Homrich has provided a letter to the Port Authority identifying MBE and WBE subcontractors. At the outset, the project reflects a 25% MBE and an 8% WBE participation rate.

Steve Love asked from what cities would the subcontractors be coming. Kim Satzger said that they are from locations in northern Ohio and Michigan.

Steve Love said he was disappointed that most of the subcontractors are from out-of-town. Ms. Satzger explained that Homrich would be in town today for a pre-construction meeting. She said that she will talk with Homrich about Mr. Love’s concerns.

J.J. Johnson-JioDucci asked what was the dollar spread between the bids and was Acme a bidder. Kim Satzger said that \$3.2M was the difference between the low bidder and the high bidder. Acme was the high bidder. Ms. Johnson-JioDucci then wanted to know if Homrich is bonded. Ms. Satzger said that they are bonded. Further, Ms. Satzger indicated that because the bid was so low, she asked Hull & Associates (the Port Authority’s construction manager for this project) to check into their track record with regard to delivering projects on-time and on-budget. Hull reported that Homrich has worked on other Clean Ohio Fund projects and there has not been a problem in either category.

Jack Rouse confirmed that the bids had a substantial swing.

Clifford Bailey said that he would like the Port Authority to move to best value and not lowest bid.

Ron Kull said that, in the public contracting arena, it is standard to go with lowest and most responsible bidder. He said that the Port Authority will want to document this as it is a public agency and it is using public grant dollars for the improvements.

Steve Love asked if Ellington Management Services is involved and if they will be attend the pre-construction meeting today. Kim Satzger said that they are involved and they will be attending the meeting. Also, the Port Authority’s Director of Economic Inclusion, Deborah Robb, will also attend the meeting.

Lou George wanted to confirm that inclusion was part of Homrich’s bid. Ms. Satzger said that it was.

Clifford Bailey said that the Port Authority should focus on trying to support local businesses.

Jack Rouse said that we can attempt to do that; however, that it may be difficult as some of the disciplines required in the field of environmental remediation may require the Port Authority to look throughout Ohio for firms to meet the Port Authority's economic inclusion aspirational goals.

#### **IV. BANKS PROJECT UPDATE**

Jack Rouse reported that, in October, Kim Satzger and Steve Leeper met with representatives of the Ohio Department of Transportation regarding the \$24.5M in TRAC & CMAQ grant funds. These funds were awarded to the Banks Intermodal Facility. At that meeting, Mr. Leeper provided an update to ODOT as to the status of the project. The next steps will be to work with ODOT as to the program requirements. Mr. Rouse said that a plan for implementation of The Banks project has been presented to various members of the community and it is hoped that by the end of the year the strategy will enable The Banks Intermodal Facility to move forward.

Joe Hale inquired as to when we might see some action with regard to The Banks project. Mr. Rouse said during the first quarter of 2005. Kim Satzger added that the initial action would include the final design of Phase I (blocks 4 & 8). Once the final design is complete (9 to 12 months), construction activities may proceed.

Clifford Bailey asked if blocks 4 & 8 will go more quickly as one block of the intermodal facility has already been built and therefore this is not a new endeavor. Jack Rouse said that this section of the intermodal facility (blocks 4 & 8) may be designed and constructed more quickly based on the learning from the first section of the intermodal facility (block 3). Mr. Rouse said that this is a very large and complicated facility that will take time to construct.

Eric Kearney asked if something could be done right now to make the area (blocks 4 & 8) look nicer or at least cleaner. Jack Rouse said that the County is clearing the trash and it will now be easier to maintain the site as the Reds were done for the season.

#### **V. CHAIRMAN'S REPORT**

Jack Rouse stated that, as many of the board members may have seen in recent newspaper articles, the City of Cincinnati and Hamilton County are making cuts in their 2005 budgets. As he was aware of the potential budget deficits for both the City and the County, Mr. Rouse sent a letter to the City and County regarding the Port Authority's request for 2005 operational funds. In that letter, Mr. Rouse requested \$285,000 for 2005 operational support for the Port Authority. This is a reduction from the Port Authority's traditional level of operational support. During the last three annual budget periods, the Port Authority received an average of \$350,000 per year from both the City and the County. For 2005, the Port Authority's request reflects an 18.6% reduction over previous requests. Mr. Rouse said that this will be problematic for the Port Authority as it works to finalize its 2005 operational budget.

Clifford Bailey asked if the 2004 operational support from the City of Cincinnati had come yet. Mike Cheney stated that we have not received any funds from the City. Clifford Bailey asked if the Port Authority was included in the City's budget for 2004. Kim Satzger said that City staff had stated that the City's 2004 budget had included \$350,000 for the Port Authority's 2004 operational support.

Otto Budig asked if Hamilton County had paid yet. Mike Cheney said that the County had provided the total amount requested, \$350,000. The Port Authority received a \$200,000 payment in the late summer months and an additional \$150,000 during November.

## **VI. PRESIDENT'S REPORT**

Kim Satzger asked Mike Cheney to review the resolution that was included in the Board packet last month but was not discussed. Mr. Cheney explained that the Port Authority staff had proposed the establishment of a Deferred Compensation Plan (457) under the Ohio Public Employees Retirement System (OPERS). He said that this plan would offer an opportunity for employees to contribute to a retirement program. The Deferred Compensation Plan would receive contributions from employees only. Contributions would not be made by the Port Authority.

**MOTION:** Eric Kearney made a motion to accept the resolution to enter into a Deferred Compensation Plan for the Port Authority employees. Otto Budig seconded the motion. The motion was passed unanimously.

Kim Satzger indicated that the Board had received a resolution in the board packet that proposes a fee schedule for Tax Incremental Financings (TIF). Ms. Satzger then introduced Bruce Jones of Squire, Sanders, & Dempsey to discuss the resolution.

Bruce Jones explained that the Port Authority had already had two TIF financings; one for Cincinnati Mills (former Forest Fair Mall) and the other for the 303 Broadway at Queen City Square project. Further, Mr. Jones stated that a TIF financing in support of the Millworks project is looking promising.

Mr. Jones stated that the resolution will establish a nonrefundable application fee payable at the time of the execution of an agreement with the Port Authority to undertake the project, a contracting agent fee to be paid immediately upon issuance of the bonds, and an annual administrative fee to be paid as set forth in the financing documents. A fee schedule has been attached to the resolution.

Lou George asked if the fees were typical. Mr. Jones indicated that the fee schedule was developed after reviewing Port Authority fee structures from other Ohio Port Authorities.

Lou George asked if this was within the market and can we deviate from it. He said that he would recommend that we take the fee schedule back to the Finance Working Group and discuss it further.

Mike Cheney said that we do believe that this schedule reflects the market rate. Mr. Cheney has confirmed that the Cleveland Port Authority's fees are higher.

Bruce Jones said that, in his opinion, there has been an over emphasis on fees at other port authorities. Port Authorities are formed for a public purpose and can support local development by providing financing options. Mr. Jones said that he understands that the goal of this Port Authority is to become self sufficient. The fee schedule established by the Port Authority needs to generate meaningful fees but not so great as to discourage transactions in the area.

Mike Cheney said that the Cleveland Port Authority does receive tax revenues.

Steve Love asked if this fee schedule was consistent with other Port Authorities in Ohio.

Bruce Jones said that it is difficult to respond. TIF financings are a relatively new type of financing for Port Authorities. Toledo has done one and Cleveland has done two. The Cincinnati Port Authority has done two.

Mike Cheney said that Jeff Bomberger prepared the fee schedule. He reviewed it with Mr. Bomberger and ran the numbers.

Lou George made a motion to approve the resolution adopting a schedule of fees for the facilitation of cooperative revenue bond financings contingent upon review and approval by the Finance Working Group.

Mike Cheney said that the Port Authority can change the fees in the future. However, it is important to standardize on fees to educate the community as to the Port Authority's fees.

J. J. Johnson-JioDucci said that, in her experience, developers pay fees and are used to paying fees for financings.

Ron Kull said that non-profits are not used to paying fees. If the Port Authority's fees are too high then local community development organizations may be forced to find other ways to finance community development projects. He understands that a local neighborhood development organization did not use the Port Authority for a financing due to the fact that the Port Authority's fees are too high.

Mike Cheney said that this resolution applies to TIF financings. These types of fees were not passed through in the Port Authority's conduit financings such as for the National Underground Railroad Freedom Center and the Cincinnati Zoo.

Steve Love said that he would like to clarify that the fee schedule is being sent to the Finance Working Group and not the finance committee.

**MOTION:** Ron Kull made a motion to approve the resolution adopting a schedule of fees for the facilitation of cooperative revenue bond financings secured by service payments in lieu of taxes, special assessments or both contingent upon review and approval by the Finance Working Group. J. J. Johnson-JioDucci seconded the motion. The motion was passed unanimously.

Kim Satzger introduced Deborah Robb as the Director of Economic Inclusion. Ms. Robb started with the Port Authority on November 8, 2004. She will be developing the Port Authority's strategy for economic inclusion and monitoring the economic inclusion activities of the Port Authority.

Kim Satzger then indicated that Mike Cheney would provide the financial report.

Mike Cheney said that the Port Authority had received the total 2004 operational funding support from Hamilton County - \$350,000. However, to date, the Port Authority has not received its operational support from the City of Cincinnati. The Port Authority has two months of cash flow at its current level of funding.

Clifford Bailey stated that although the City approved 2004 operational support for the Port Authority in December 2003, the Port Authority is not in receipt of these funds.

Mike Cheney stated that it is our understanding that a check has been authorized.

Jack Rouse said that this does not have to go back to City Council as it was approved in the December 2003 City of Cincinnati budget.

Mike Cheney said that the Port Authority's most recent financials (October 31, 2004) reflect a receivable of \$500,000. This reflects the budget amount and the actual that is likely to be received.

Otto Budig asked if the Port Authority is on an accrual accounting system.

Mike Cheney confirmed that the Port Authority is on an accrual accounting system. Mr. Cheney continued that without the recent receipt of Hamilton County funds, the Port Authority would have made it through January 2005. With the receipt of the County funds, the Port Authority can operate through the first quarter. With the receipt of City funds, the Port Authority will be able to operate further into the 2005 calendar year.

Jack Rouse said that the Port Authority may need to reduce services based on 2005 commitments from the City of Cincinnati and Hamilton County.

J. J. Johnson-JioDucci asked if the Port Authority has a strategic plan.

Jack Rouse said that the Port Authority's direction has been established in the Port Authority's founding legislation.

J. J. Johnson-JioDucci said that the Port Authority needs a plan for a permanent president. Ms. Johnson-JioDucci said that the Port Authority needs to develop a strategic plan. Further, Ms. Johnson-JioDucci stated that she believes that Board members need to support the activities of the Port Authority. She said that she attended the recent Brownfield Seminar and was disappointed to learn that no other Board members were in attendance. She said that it was an informative and well attended event. She said that redeveloping brownfield properties is a required skill when redeveloping urban areas. She asked Kim Satzger to report on the seminar.

Kim Satzger confirmed that the Brownfield Seminar (held on October 26, 2004) was well attended. There were over 200 people registered for the event. Professionals from the following groups were in attendance: banking, construction/development companies, environmental insurance, environmental engineers, environmental attorneys, real estate, neighborhood organizations, and municipalities. Representatives from the following municipalities were in attendance: Dayton, Hamilton, Loveland, Middletown, Montgomery, Newport, Reading, and Troy. Further, there was interest by the Ohio State

Legislature as Representative Catherine Barrett and Senator Jeffrey Armbruster were registered for the event.

With regard to a strategic plan, Otto Budig suggested that the Finance Working Group look at a strategic plan so that we could tie the budget to our 2005 strategies.

Lou George said that this will be difficult as, at this point, the Port Authority does not know if it will have 2005 funding. It will be difficult to do neighborhood/community oriented brownfield development projects without an adequate funding stream. To date, the Port Authority's brownfield activities have been supported by the operational support provided by the City of Cincinnati and Hamilton County. Mr. George stated that before we can make plans for 2005, the Port Authority needs to understand where it is in terms of operational support. The Port Authority is at a "cross roads" as to its support from the City of Cincinnati and Hamilton County. Mr. George said that we will continue to operate and we will continue to work on The Banks and brownfields until it is no longer feasible. Mr. George said that he does not know how we can, in the Port Authority's current situation, make commitments to developers as to the Port Authority's role in a project when the Port Authority is uncertain about its future.

J. J. Johnson-JioDucci suggested that we target brownfield properties in strategic areas. She said that Minority Women Business Entities faced with bonding capacity issues could work on smaller neighborhood projects.

Jack Rouse said that the Port Authority is now faced with a new dynamic and we may need to change the way we function as we are faced with nearly a 20% cut in City/County operational support in 2005.

J. J. Johnson-JioDucci said that a strategic plan would be helpful in seeking future financial support from the City and County.

Bruce Jones said that the Port Authority did receive in excess of \$300,000 in financing fees during 2004. He said that, in his experience, this is a significant accomplishment.

Eric Kearney said that he has a concern when looking at the income statement. He said that there is \$1.2 million in environmental services. He asked if the Port Authority's partnering policy applied to that number. He asked if there was a strategic initiative to partner a majority and a minority firm for these activities. He is not aware of instances where there had been partnering.

Mike Cheney said when one looks at the Port Authority's financials, the number for environmental and legal services does stand out. These are services for which we contract in support of the Port Authority's projects. These are not operational expenses. These are expenses directly related to the brownfield projects and for which there is a limited pool of firms with the state required certifications.

Steve Love said that the Port Authority's accountability for economic inclusion did not start today.

Eric Kearney said that the Port Authority has not followed its Economic Inclusion Policy.

Jack Rouse said that we have had a tremendous amount of work to be covered by a very small staff. It is helpful that Deborah Robb is now here to work on the Port Authority's economic inclusion initiative.

Steve Love said that he concurs with Mr. Kearney. The Port Authority was not tracking its progress with regard to economic inclusion and he finds that embarrassing.

Clifford Bailey asked Squire, Sander, & Dempsey to find a minority partner.

Lou George said that we should review the current numbers and develop a process to meet the Port Authority's aspirational goals for economic inclusion.

Steve Love asked if there is an economic inclusion report for today's meeting.

Mike Cheney said that there are no new numbers to report today. The detailed information that was provided at last month's meeting is still current and accurate.

Lou George said that he is worried about Ms. Johnson-JioDucci's comments with regard to strategic planning. The Port Authority needs to identify its funding sources and determine how to execute the Port Authority's missions within the budgeted amount. He concurred with Mr. Budig that the Finance Working Group look at this.

J.J. Johnson-JioDucci said that she is not happy with the Ellington Management Services report with regard to economic inclusion outreach for the 4000 Red Bank Road project. She believes that the outreach could have been more extensive than it was.

Eric Kearney said that he saw the 2005 Board meeting calendar in the board packet. He asks that the board meeting be held at 8:00 a.m. instead of 7:30 a.m. for at least two Board meetings during the school year.

## **VII. ADJOURNMENT**

**MOTION:** Clifford Bailey made a motion to adjourn the Board of Directors meeting. Ron Kull seconded the motion. The motion was passed unanimously.

The meeting was adjourned at 9:05 A.M.

Respectfully,

Kimberly Satzger  
Secretary