

**PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY**  
**November 20, 2008**  
**7:30 AM, 3CDC Conference Room, Suite 1440**

**I. CALL TO ORDER**

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

**BOARD MEMBERS PRESENT:**

Bailey, Clifford  
Budig, Otto  
Hull, Betty  
Love, Steve  
Muller, Paul  
Rouse, Jack  
Siebenburgen, David

**EXCUSED:**

George, Louis  
Johnson-JioDucci, J.J.  
Otto, Charlotte  
Zimmer, Joe

**STAFF:**

Karimi, Marjorie  
Richardson, Connie  
Robb, Deborah  
Russell, Christine  
Satzger, Kim  
Schafer, Ray  
Thomas, Susan

**GUESTS:**

Alpern, Robert – Eagle Realty Group  
Bomberger, Jeff – Squire, Sanders & Dempsey LLP  
Engel, Mark – Bricker & Eckler, LLP  
Marques, Joseph – Eagle Realty Group  
McCarthy, Dan – Eagle Realty Group  
Phillips, Bonnie – City of Cincinnati  
Stapleton, Tom – Eagle Realty Group  
Williams, John – Delev & Williams LLC

**II. APPROVAL OF MINUTES**

**Motion:** Mr. Budig made a motion to adopt the minutes of the September 18, 2008 Board meeting. The motion was seconded by Mr. Bailey. 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)** – The No Further Action (NFA) Letter was submitted in April 29, 2008. The Port Authority received comments from the Ohio Environmental Protection Agency (OEPA) on July 24, 2008. Comment responses were submitted back to the OEPA on September 23, 2008. The Port Authority is now awaiting response back from OEPA. An update as to the status of the NFA Letter will be shared with the Board as soon as one is received.

Mr. Rouse asked if the time that has elapsed was a normal for processing a NFA Letter.

Ms. Russell replied that it was and stated that the NFA Letter is a large document to review and not the only one that OEPA is in the process of reviewing.

Ms. Satzger added that when a NFA Letter was submitted for the Red Bank Road project, the NFA Letter consisted of thirteen three inch binders.

**320 South Anthony Wayne Avenue, Lockland, OH (Hamilton County Regional Business Park)** – There is a great deal of work going on at this project with the focus being on infrastructure. There have been delays on this project due to the fact that some difficulty has been experienced in getting permits from Metropolitan Sewer District (MSD) and other entities. Due to this delay, a three month extension on the Grant Agreement from the Ohio Department of Development (ODOD) was asked for and received. Recently, buried foundations have been discovered as a result of excavation. Because these foundations require separate removal and management from the soil removal, the additional work would make meeting the December 14, 2008 completion date very difficult to meet. Thus, the ODOD has verbally agreed to an additional six month extension on the Grant Agreement in order to complete the work taking in to account potential delays due to inclement weather. The additional extension request will be documented by the Port Authority before the end of November 2008.

**4101 Spring Grove Avenue, Cincinnati, OH (American Can Building)** – The American Can Project was awarded a \$4.5 million Ohio Historic Preservation Tax Credit on October 16, 2008 and is awaiting a decision regarding New Market Tax Credits. The Port Authority and the American Can Building, LLC met with the OEPA on November 4, 2008 to discuss the steps to implement the new clean-up remedy that was developed with input from OEPA and U.S. EPA earlier this year. Based on the meeting, the Port Authority and the developer are hopeful that field work can begin in early 2009, and be completed in spring or early summer 2009. Physical work should begin in a few months.

**Clean Ohio Assistance Fund (COAF) Application for 1220 Harrison Avenue, Cincinnati, OH (Harrison Terminal Building)** – A Clean Ohio Assistance Fund (COAF) application was submitted for this project in the amount of \$148,123 to fund a Phase II environmental site assessment. A few comments were received from ODOD which have been resolved by the Port Authority and the application will go before the Ohio Controlling Board in January 2009. If the

application is approved it is expected that a resolution to sign the Grant Agreement will be presented to the Board at the February 19, 2009 Board meeting.

**U.S. EPA Brownfield Assessment Grant Application** – The Port Authority, City of Cincinnati, and Hamilton County formed a coalition to jointly apply for \$1 million U.S. EPA Brownfield Assessment Grant. If awarded, that grant will fund Phase I and II environmental assessments within Hamilton County and also form some clean-up planning for several sites. The application was submitted on November 14, 2008 and U.S. EPA is expected to announce the award in spring 2009.

Ms. Russell reminded the Board that the Port Authority alone applied for a \$400,000 grant last year that unfortunately was awarded to another entity. The Port Authority is hopeful that this year with the support of the City of Cincinnati and Hamilton County that the funds will be awarded to this area. This however; is a very competitive process.

Mr. Love asked if any Ohio cities with Port Authorities were awarded funds last year.

Ms. Russell replied that Cuyahoga County was awarded funds along with a few others, and that while not in the state of Ohio, the City of Covington, Kentucky was also awarded funds. Covington, Kentucky has a fairly new brownfield program which may have been a deciding factor as to receiving funds as seed money to get the program off the ground from the U. S. EPA. The Port Authority made a very good case concerning the fact that the money is needed in Hamilton County. With the support of the City of Cincinnati and Hamilton County, hopefully the funding will come through.

Mr. Budig stated that the Port Authority currently had four active brownfield projects, and asked if there were other projects “waiting in the wings” so to speak.

Ms. Russell replied that there was no published inventory of potential brownfield projects. The City of Dayton, Ohio had published an inventory of potential brownfield projects and was sued because the property owners and neighboring property owners claimed the brownfield label potentially lowered property values. There are however; interested parties in the local communities and at the City of Cincinnati to point the Port Authority in the right direction should funding be awarded.

Mr. Budig then asked if there was any prioritization for brownfield projects.

Ms. Russell replied that would be part of a Brownfield Assessment Working Group duties should the grant be awarded. The Brownfield Assessment Working Group would consist of representatives of the City of Cincinnati, Hamilton County, and the Port Authority in addition to community members, people from the lending community and the legal community in order to have a wide representation. This group will help to set priorities as to how the money will be used and also help decide which sites will be selected for assessment.

Ms. Satzger added that it was a very formal process to set those types of priorities. To date the market has prioritized the projects.

Mr. Rouse stated that Issue 2 passed overwhelmingly so the Clean Ohio Fund will be available again.

Mr. Rouse asked Ms. Phillips if the Clean Ohio Fund would be back on the ballot in the near future.

Ms. Phillips replied that the Clean Ohio Fund would be ongoing. As the debt on the bonds sold is paid off in the future, the fund will continue to be replenished.

Ms. Satzger added that the volume of the bonds had been increased to better supporting replenishment.

Ms. Satzger then stated LEED (Leadership in Engineering and Environmental Design) certification through the U.S. Green Building Council is a hot topic and to that end Ms. Russell has passed the test and obtain certification as an Accredited Professional.

Mr. Roused interjected that Mr. Muller had also recently passed the same examination and received the certification of Accredited Professional.

Mr. Siebenburgen asked what the odds where of the Port Authority receiving the U.S. EPA Brownfield Assessment Grant.

Ms. Russell replied the competition to receive these funds is extremely stiff. The applications are received from cities and counties nationwide. The City of Cincinnati and Hamilton County are situated in Region Five for the U.S. EPA. Region Five and Region One tend to get awarded more money than the other regions, but there is a lot greater need. Region Five includes Chicago, Cleveland, Indiana, and Michigan so the odds are too close to call.

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

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

**Queen City Square Tower, Cincinnati, Ohio** – The Financing report consists of two resolutions on the Queen City Square project. This project is the second phase of the planned redevelopment at Queen City Square. The Board is joined today by guests from Western & Southern Life Insurance and Eagle Realty Group to answer any potential questions.

This project is an eleven story 1700 space garage, 800,000 square feet of office space, and 25, 000 square feet of pedestrian promenade and retail arcade. Phase II will connect to the 303 Broadway Building which is also currently owned by the Port Authority. There is also the option to connect to the 303 Broadway Building on certain levels of the garage. The project is being developed Eagle Realty Group acting as agent for the Port Authority and will be leased via Master Lease to a Western & Southern Life Insurance affiliate, the same affiliated that leases the 303 Broadway Building.

An affiliate of Western & Southern Life Insurance will initially purchase all of the Bonds and Western & Southern Life Insurance will guarantee completion of the project. Structuring the project as a Capital Lease is complete which means that the Bonds will not appear as Assets and Liabilities on the books for the Port Authority.

The Board has taken preliminary action on this project twice, in May and June 2008 Board meetings. After preliminary approval the project contemplated raising TIF (Tax Increment Financing) Bonds of approximately \$54 million and Lease Revenue Bonds of approximately \$225

million. After further thoughts on the project and the inter-relationship between the project and the existing 303 Broadway Building, Western & Southern Life Insurance requested that the TIF Bonds and Lease Bonds on the 303 Broadway Building be refinanced as a part of the phase II offering.

The final resolutions today include the original amount that was approved by the Board via preliminary approval plus the existing \$10 million TIF Bonds and the \$33.9 million of Lease Bonds that are still outstanding on 303 Broadway Building. Therefore; the TIF financing and refinancing will include a maximized authorized principal amount \$64 million. As discussed at the September 18, 2008 Board meeting, an Aggregation Agreement will enable the TIF Bonds for both properties to be aggregated and issued on a parity basis and secured by service payments and related liens on both properties. This agreement was approved by the City of Cincinnati in September 2008 and is part of the TIF resolution presented to the Board today.

The TIF Revenue Bonds will be issued in two series under a trust indenture and the payments of debt service will be limited to service payments and the related liens resulting from TIF which runs the property and will be an obligation of the Master Lessee and will in turn run with the leasehold interest under the Master Lease.

The Lease Bonds will also be issued in two series and the Master Lease for the 303 Broadway Building will be amended to include the Queen City Tower. Rental payments under that Master Lease will back the Lease Bonds.

Before the Board today are two resolutions. The first resolution pertains to the TIF Bonds; the second resolution pertains to the Lease Bonds. To briefly summarize, the TIF Bond resolution in addition to authorizing the sale of the TIF Bonds also authorizes the Aggregation Agreement, a Disbursement Agreement, The Trust Indenture, and a Bond Purchase Agreement. The Lease Bond resolution also authorizes an amended and restated Lease, a Mortgage, a Trust Indenture of the Bond Purchase Agreement, and the Disbursement Agreement. All of these documents are on file with the Secretary.

Several members of the Board have been spoken to concerning these resolutions and the Port Authority staff recommends adoption of both resolutions.

Mr. Rouse asked if there were any comments from the Board members.

Mr. Siebenburgen replied that there were no questions and the resolutions have been thoroughly discussed.

**Motion:** Mr. Siebenburgen made a motion to adopt the resolution authorizing the issuance and sale by the Port of Greater Cincinnati Development Authority of Tax Increment Financing Revenue Bonds, including refunding revenue bonds, in a maximum aggregate principal amount of \$64,000,000 in two series, for the purposes of financing and refinancing costs of acquiring, constructing, improving and otherwise developing "Port Authority Facilities" within the meaning of section 4582.21, Ohio Revised Code; authorizing the execution and delivery of an Aggregate Agreement Supplemental to two Tax Increment Financing Cooperative Agreements and related Service Agreements executed by the Port Authority and the City of Cincinnati to provide for the redevelopment, in two phases, of certain property within the City and to provide revenues to pay bond service charges on those Tax Increment Financing Revenue Bonds; Authorizing the execution and delivery of a Trust Indenture and related agreements, instruments and documents to provide for the terms of and the security for the Tax Increment Financing Revenue Bonds and

for the payment of bond service charges on, and the repayment of, the Revenue Bonds; authorizing the execution and delivery of a bond purchase, advance and refunding agreement and a Disbursement Agreement to provided for the sale of those Revenue Bonds, the advance and disbursement of proceeds of the sale thereof and the refunding and cancellation of an outstanding Port Authority Tax Increment Financing Revenue Bond previously issued to finance a portion of such costs; and authorizing and approving related matters. The motion was seconded by Ms. Hull. The motion was approved unanimously.

**Motion:** Mr. Siebenburgen made a motion to adopt the resolution authorizing the issuance and sale by the Port of Greater Cincinnati Development Authority of Lease Revenue Bonds, including refunding revenue bonds, in a maximum aggregate principal amount of \$259,000,000 in two series, for the purposes of financing and refinancing costs of acquiring, constructing, improving and otherwise developing "Port Authority Facilities" within the meaning of Section 4582.21, Ohio Revised Code; authorizing the execution and delivery of an amended and restated lease of those Port Authority Facilities and the site thereof to provide revenues to pay bond service charges on those Lease Revenue Bonds ; authorizing the execution ad delivery of a Trust Indenture and related agreements, instruments and documents, including a Mortgage, to provide for the terms of and the security for those Lease Revenue Bonds and for the payment of bond service charges on, and repayment of , the Lease Revenue Bonds; authorizing the execution and deliver of a Bond Purchase, Advance and Refunding Agreement and a Disbursement Agreement to provide for the sale of those Lease Revenue Bonds, the advance and disbursement of proceeds of the sale thereof and the refunding and cancellation of an outstanding Port Authority Lease Revenue Bond previously issued to finance a portion of such costs; and authorizing and approving related matters. The motion was seconded by Ms. Hull. The motion was approved unanimously.

Mr. Rouse stated that he would be remiss if he neglected to thank Ms. Thomas, Mr. Schafer and Ms. Satzger and the entire staff for the amount of work and effort put into this process.

Mr. Siebenburgen concurred and added the Ms. Thomas was an outstanding leader.

Mr. Rouse replied that the same sentiment was echoed from clients.

## **ECONOMIC INCLUSION UPDATE**

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

**4000 Red Bank Road, Fairfax, OH (Red Bank Village)** – The Police Sub-Station is complete awaiting the electrical connection to be turned on. The next portion of work will be a small surface lot for the neighboring sports facility. The Port Authority will be working with this sports facility on economic inclusion.

**Galbraith Road at I-71, Sycamore Township, OH (Kenwood Towne Place)** – The Crate and Barrel store opens today, The Container Store opened on November 8, 2008, and Kroger Fresh Fare Market opened on November 18, 2008. All the stores that Bear Creek Capital had planned to open this year have had the pads turned over and are working diligently to be complete by early January 2009 as well as the office building. Bear Creek Capital continues to keep all the contractors informed about economic inclusion. Regular meetings continue to take place between Ms. Robb and Bear Creek Capital to talk about economic inclusion and to provide input and consistency.

**320 South Anthony Wayne Avenue, Lockland, OH (Hamilton County Regional Business Park)** – Evans Landscaping was awarded the infrastructure work, and in turn is working with a Women Based Entity/Minority Based Entity (WBE/MBE) sub-contractor on the underground utilities.

**Queen City Square Tower, Cincinnati, Ohio** – Ms. Robb continues to work with Eagle Realty Group and Ellington Management Services to ensure economic inclusion on the project. An update meeting will take place every third Thursday of the month along with regular meetings with Ellington Management Services for updates and input concerning economic inclusion. Ellington Management Services is also keeping key community stakeholders informed on the status of the project.

Ms. Robb asked the Board to turn to the economic inclusion report “January through November 2008” which includes all the projects the Port Authority is working on including Kenwood Towne Place. The only areas that have changed on this list are the South Anthony Wayne project. Last month this project reflected 17% WBE while this month the percentage has increased to 30%. Last month the South Anthony Wayne project posted 29% Small Business Entity (SBE) while this month the percentage rose to 36%.

Mr. Love asked what had occurred to increase the WBE and SBE percentages.

Ms. Robb replied that the increase was related to the WBE Evans Landscaping had subcontracted that was working on the infrastructure.

The Queen City Square II project has been added to the list. Currently this project is at 15% MBE, 1% WBE, and 8% SBE. These percentages are in line with the information that was provided by Eagle Realty Group and Ellington Management Services in to regards to the economic inclusion results that could be expected.

**Economic Inclusion Policy** – A team consisting of Port Authority Staff and Board members have worked together to update the current policy. The policy is currently under internal review and will be disseminated back to the team for final comments prior to formal presentation at the next Board meeting.

Mr. Love asked when Ms. Robb anticipated the Board would be able to take formal action.

Ms. Robb replied that formal action would hopefully take place at the December 18, 2008 Board meeting.

Mr. Love stated that while not sure if the subject fell under economic inclusion, that in the last week he had received two more phone calls about Kenwood Towne Place and payments made to sub-contractors which caused some concern.

Ms. Satzger asked Ms. Thomas to address the issue.

Ms. Robb interjected that the Port Authority has been meeting with Bear Creek Capital and discussing this matter.

Mr. Rouse asked if this issue of slow paying went across the board.

Ms. Robb replied that it did.

Ms. Satzger stated that Bear Creek Capital had made two disbursement requests and was about to submit the third.

Ms. Thomas added that there was a long time period from when the bonds were closed until Bear Creek Capital made the first post-closing disbursement request. Bear Creek Capital appears to be on a more regular disbursement request schedule now. It is also important to keep in mind that the project for the Port Authority is only the garage and a fairly good insight as to who is getting paid for work on the garage is known to the Port Authority staff. There is a tremendous amount of work being done elsewhere on the project however; that is not the part of the Port Authority portion. Many of the pads have been turned over to the tenants to do the finish work; which are multiple steps away from the Port Authority portion of the project.

Mr. Rouse asked that as far as the Port Authority related work was concerned, if Bear Creek Capital was moving in the right direction towards get back on a timely payment schedule.

Ms. Thomas replied that Bear Creek Capital had made some significant progress in the last couple of months.

Mr. Bailey stated that the Port Authority endeavors to separate the project by the portion funded by the Port Authority and the portion funded elsewhere, however; contractors do not always see the distinction. Port Authority involvement is seen on a project and therefore involvement is assumed for the entire project. The Port Authority should exercise caution in communicating to contractors the limited involvement of the Port Authority on any given project. The facts can be stated but the contractors may not take those statements at face value.

Mr. Bailey then asked how the Port Authority could avoid ending up in the same situation on future projects.

Mr. Rouse replied that there were probably not any guarantees but that the Port Authority continue to do due diligence.

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

Mr. Rouse reported to the Board that the City of Cincinnati had sent a check in the amount of \$350,000 to cover funding for 2008. The Port Authority continues to work with Hamilton County concerning the county portion of the 2008 funding.

**Reformation Status** – There has been no action on the reformation of the Port Authority.

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

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

**Financial Report** – As of the end of October 2008 there is \$633,000 in the cash account. The Port Authority received the 2008 grant money from the City of Cincinnati in early November 2008. Revenues and expenses remain within budget.

**2007 Audit** – This audit has been reviewed with several members of the Board as is customary each year. The Independent Public Accounts, BKD, LLP rendered a clean opinion and the

Auditor of State accepted the report without change. The Port Authority will follow a recommendation from the auditors; to incorporate additional language in future bond foot notes. Due to new auditing requirements BKD, LLP letters to the Board include internal control recommendations that were subsequently instituted by the Port Authority in 2008. The new procedure documents the President's monthly review of transactions.

Mr. Budig asked if there were a large amount of year-end journal entries.

Mr. Schafer replied no, and added that the typical journal entries for bond entries that the Port Authority makes were the only entries performed.

Mr. Siebenburgen added that the recommendations from BKD, LLP primarily are geared around the size of the organization staffing. You can only segregate duties so many ways with limited staff.

Mr. Rouse asked if Mr. Siebenburgen thought the recommendations were a problem.

Mr. Siebenburgen replied that these types of recommendations were typical for a small company and everything that was practical to do was already in place and being done.

Mr. Schafer added that the obligation for BKD, LLP to report these recommendations at the Board level is a new requirement. Previously it was adequate to discuss recommendations with management.

Ms. Satzger pointed out to the Board that there were press articles concerning Port Authority projects included in the Board packet.

Mr. Rouse asked the Board if there was any further business.

Mr. Bailey reported to the Board that the South Central Ohio Minority Supplier Diversity Council would be holding its annual gala at the Hyatt Regency. Representatives from Dayton, Cincinnati, and Columbus will be in attendance and the keynote speaker in Mr. Phil Holloman, President of the Cintas Corporation.

## VIII. ADJOURNMENT

**Motion:** Mr. Budig made a motion to adjourn the meeting. Mr. Siebenburgen seconded the motion. The motion was passed unanimously.

The meeting was adjourned at 8:04 a.m.

Respectfully,

Kimberly Satzger  
Secretary