

**THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY**  
**BOARD MEETING MINUTES**  
**Thursday, December 8, 2005**  
**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, Lou  
Hale, Joe  
Hull, Betty  
Humes, Tom  
Johnson-JioDucci, J.J.  
Kull, Ron  
Love, Steve  
Muller, Paul  
Rouse, Jack  
Siebenburgen, David  
Vehr, Nick

**EXCUSED:**

Otto, Charlotte  
Reid, Janet  
Kearney, Eric  
Zimmer, Joe

**STAFF:**

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

**GUESTS:**

Boone, Greg – IUPATDC #12  
Chavez, Jorge – Heat, Frost Insulators & Asbestos Workers  
Cundiff, Jim – Hamilton County  
Day, Chad – IBEW  
Fletcher, Rich – OURCC  
Froehle, Bill – Plumbers Local 392  
Jones, Bruce – Squire, Sanders & Dempsey, LLP  
Meier, Dave – Carpenter's Union  
Phillips, Bonnie – City of Cincinnati  
Reid, Jim – Greater Cincinnati Building & Construction Trades Council  
Rexhausen, Jeff – University of Cincinnati  
Sharp, Tim – Thompson Hine  
Vredeveld, George – University of Cincinnati  
Williams, John – Gonzalez, Saggio & Harlan, LLP

## II. APPROVAL OF MINUTES

**MOTION:** Nick Vehr made a motion that the minutes of the November 10, 2005 Board Meeting be approved. Otto Budig seconded the motion. The motion was passed unanimously.

## V. President's Report: Bartlett Building Financing

Jack Rouse proposed the amendment of the meeting agenda by recommending that the Bartlett Building Financing be discussed as the first order of business. Mr. Rouse said that the board will be discussing the resolution included behind tab V of the Board packets. He then asked Kim Satzger to provide background on the resolution being presented.

Ms. Satzger explained that the Bartlett Building is being sold by Fourth Street Limited Partnership to Sterling Phoenix Development VI, LLC. Sterling Phoenix has asked the Port Authority to approve the assignment and assumption of the loan agreement and mortgage. In May 1985 the predecessor Port Authority issued bonds for this building. Kim Satzger then asked Tim Sharp, representing Sterling Phoenix, to provide an overview of the financing and respond to questions.

Tim Sharp of Thompson Hine, LLP relayed that Sterling Phoenix is a top 10 realty company headquartered in Chicago, Illinois. They have been acquiring properties throughout the Midwest and are very interested in the Cincinnati area. With regard to the Bartlett Building purchase, Sterling Phoenix recognizes the value of continuing the financing started by the previous Port Authority and requests that the Port of Greater Cincinnati Development Authority let them assume the financing.

Nick Vehr asked how far back this loan went.

Mr. Sharp explained that the loan was originated in 1985 and there is another 10 years left on the first loan, and even though there is not a lot of outstanding debt, it is still worth the value to Sterling Phoenix to assume the loan.

Ms. Satzger stated that Jeff Bomberger of Squire, Sanders & Dempsey had reviewed the documents and prepared the resolution that is in the packet before the Board. As Bruce Jones of Squire, Sanders & Dempsey is in attendance at the meeting, Ms. Satzger asked Mr. Jones if he would like to comment.

Bruce Jones said that there is a letter of credit. The letter of credit is in effect a bank guarantee. This is a very low risk type of financing from the standpoint of the bond issuer – the Port Authority. Mr. Jones believes that the Port Authority can be very comfortable with this financing.

Jack Rouse asked the amount of the Port Authority's fee for this financing.

Kim Satzger responded that the Port Authority would get a \$8,000 fee.

Jack Rouse then asked if there were any questions or comments on the resolution as presented. There were no additional questions or comments.

**MOTION:** Dave Siebenburgen made a motion to approve the resolution authorizing an amendment, assignment and assumption agreement relating to the Port Authority of Cincinnati and Hamilton County Variable Rate Demand Industrial Development Revenue Bonds for the building commonly referred to as Bartlett Building located at Fourth and Walnut Streets. Otto Budig seconded the motion. The motion was passed unanimously.

### III. BROWNFIELD PROJECTS UPDATE

**Kim Satzger provided updates on the following projects.**

**4000 Red Bank Road** – The piles of debris are going down at the site. The sub-surface structures have been removed, with the exception of the area that contains a tanks. This area will be excavated next week. There is also asbestos containing soil that will be removed from the area surrounding the tank. Otherwise, all of the contaminated soil excavations throughout the property have been completed. The only area in questions is the southern portion of the property which may have some TPH (total petroleum hydrocarbons) issues which we are currently being evaluated. Due to weather conditions, the site will not be backfilled at this time. However, the site will be graded for safety and drainage reasons. The No Further Action letter is scheduled to be submitted to Ohio EPA in January 2006. Hull and Associates will have a draft NFA to the Port Authority in the next couple weeks. The remediation and grading is scheduled for completion in mid January.

**5025 Carthage Avenue – Port Authority contractors** have injected 72,000 lbs. of Potassium Permanganate into the targeted areas on this site. Additionally, eleven sand filled fractures were installed to allow for shallow water infiltration. The clearing and grubbing is about 98% complete. The soil excavation and disposal are scheduled to occur in late January.

Dave Siebenburgen asked what the developer planned to build on the site.

Ms. Satzger stated that Al. Neyer, Inc. plans to construct 440,000 square feet of office space along with some retail and restaurant uses.

**320 South Anthony Wayne Avenue** – As discussed last month, the Port Authority applied for Clean Ohio Funds in support of this project. The Ohio Department of Development received in excess of twenty applications requesting Clean Ohio Funds. As part of its review process, ODOD checked the “self scores” of each of the applicants. On, December 2, 2005. ODOD distributed to all applicants its “verified scores.” Most of the projects received a substantial reduction in points. The Port Authority’s application for the former Celotex site was no different. The Port Authority contacted ODOD on Monday, December 5, 2005, to inquire about the reduction. After careful consideration, ODOD decided to reinstate the original scores for each of the projects that have met the requirements of the program. The Clean Ohio Council meets on December 14, 2005 to review the projects and announce the grant recipients. Ms. Satzger said that she will be in attendance at this meeting.

Jack Rouse asked what Ms. Satzger’s thoughts were on the Port Authority’s chances of being granted the funds.

Ms Satzger stated that it is a good project with a committed end user. If we get the grant for this site, as we did for the Red Bank Road site, it will take care of two of the largest vacant and underutilized brownfields in Hamilton County. These are two very important sites for the City and County.

### IV. CHAIRMAN’S REPORT

**Economic Impact Study** – Jack Rouse reminded the Board that some time ago we had discussed the need to measure the economic impact of the Port Authority’s projects. The draft report is finished and he thinks that it is important to spend time to discuss the findings. Mr. Rouse asked Ms. Satzger to provide additional background.

Ms. Satzger said that the Port Authority had engaged the University of Cincinnati’s Economics Center for Education and Research to prepare the economic impact study. Mr. Satzger said that George Vredevelde, Director, and Jeff Rexhausen,, Associate Director of Research, are in attendance today to discuss their process for evaluating the projects and the impact of the Port Authority’s projects on the region.

Ms. Satzger explained that the staff of the Port Authority had met with Messrs. Vredeveld and Rexhausen at the outset of the study. The Port Authority had provided them with project files, development agreements, and environmental summaries; took Mr. Rexhausen on a tour of the project sites (with the exception of the Cincinnati Zoo and Cincinnati Mills), as well as arranged meetings with key project contacts for all of the projects. Ms. Satzger then introduced Mr. Vredeveld to review their process and findings.

George Vredeveld said that he would provide some highlights and an explanation on how the study was conducted, what the results mean, and what the results do not mean. He said that much time was spent with the Port Authority staff to review documents and attaining a better understanding of the information obtained from all sources. They were particularly interested in the investment amounts or anticipated investment amounts. They were also very interested in the types of economic activity that would incur and the employment that each project would generate.

Dr. Vredeveld explained that they assigned full benefits associated with these projects to the economic impact. He emphasized this because it could possibly overstate the incremental benefits that could be identified with the Port Authority. Dr. Vredeveld indicated that they counted all of the jobs. And yet there are other parts of benefits that they did not consider. One thing they did not calculate was the benefits of expedition, getting these projects on board and done early and getting brownfields cleaned up and ready for development. Obviously, there is a lot of benefit to having these projects producing economic activity and producing tax revenue. The impacts resulting from the study are overwhelming. Dr. Vredeveld stated that they have done some work like this before. When you prepare property for development, the payoff is almost always huge – as we see here. The major results are based in three categories:

1. ***The economic impact of the development phase for the six brownfield sites and 3 bond financing projects.*** The economic development impact from the development stage is \$1.3 billion which is an average annual impact of \$221M over a six year period. Not all of this development occurs in a single year which is why we are looking at six years.
2. ***Ongoing operations at the project.*** The ongoing operation of these projects will produce an annual economic impact of \$1.4 billion, generating \$484M in household earnings which is associated with 15,850 jobs. This is a lot of economic activity associated with and accounted for in these projects that the Port Authority has facilitated.
3. ***The annual fiscal impact of all projects will total \$18.5M in local tax revenues.*** The revenues impacted here are sales tax for the County, earnings tax for the cities and property tax for school districts. This result is particularly important because one realizes how important it is to get these projects on board one, two or three years earlier because it has quite an impact.

Summary points:

- For every dollar invested in the cleanup on the front end, there is a return of \$33 in fiscal impact.
- More than half of the \$14M spent on brownfield cleanup has come from state and federal agencies. Altogether, 87% of the cleanup funds have come from non-local funds.
- Most of the economic impact of the brownfield projects will be produced by office development (58%), industrial uses (15%), retail/restaurants (15%), and the remaining 12% from other types of development such as residential and the retention of existing facilities.
- The Port Authority's activities add to the attractiveness of Hamilton County communities, thereby facilitating revitalization efforts and helping to increase the quality of life in the area.

Nick Vehr asked for clarification of the 1 to 33 return on investment. Is it in fiscal impact as in taxes generated back to local governments?

George Vredevelde clarified that for every million dollar investment in brownfield cleanup there is an economic impact of \$33.8M. He said that he had misspoken before. This number represents the economic impact and not the fiscal impact.

Nick Vehr then stated that a component of that \$14M is fiscal impact.

George Vredevelde said that we were going to talk about fiscal impact compared to investing \$14M and further down the road we see an annual fiscal impact of 18.5M a year. Therefore, for however long that is going to go on, you are seeing more than a million dollars in taxes generated every year for every million that was invested initially in brownfield cleanup.

Nick Vehr asked if we just did a six year run and said local government gave us \$6M dollars to operate then 6 times \$18.5M would be the return directly into some level of government's coffers.

George Vredevelde agreed. If you were to look at the \$680,000/year that government would provide the Port Authority and compare that with the \$18.5M, that would be one comparison that you could make.

Steve Love said that the study highlights that was distributed at the meetings by Mr. Vredevelde states that on an annual basis we are accounting for almost 16,000 additional jobs. Mr. Love thought that was one of the major points.

George Vredevelde further explained the numbers Steve Love spoke about. If you look at the nine specific projects, six brownfields and three financings, and count the number of people that they employ or will employ, you would come up with a number of about half of that amount. What you would realize then, is you have now employed 7,750 more people that have income salaries that they didn't previously. Further, they will be out spending some of that money in the community which generates a second level of impact, which is how we get to the 15.8 or almost 16,000 jobs.

Jack Rouse asked if that was a typical way of getting to the core impact number.

George Vredevelde confirmed that is correct.

Kim Satzger asked Mr. Vredevelde to explain the model used for calculating the impacts.

Mr. Vredevelde explained that the University of Cincinnati uses the RIMS II model provided by the U.S. Department of Commerce. This approach measures the indirect and induced impacts derived from multipliers included in an input-output table for the Cincinnati Metropolitan Area. The RIMS II tables for the 15-county Cincinnati area provide multipliers to measure the impacts of nearly any type of economic activity in the region.

John Williams asked if the 7,750 jobs are new jobs?

George Vredevelde explained that there will be new jobs in some cases if you have new projects that have not existed previously. If you take a look at Cincinnati Mills, for example, because of the financing provided by the Port Authority, they indicated that they made the project larger, which resulted in more people being hired. With the brownfield projects, a lot of these projects provide new jobs.

Tom Humes asked George Vredevelde if he distinguished between the calculations for the brownfields versus the calculation for the financings in terms of yielding these different guidelines.

Mr. Vredevelde responded yes.

Tom Humes referred to 2.b on the handouts. He asked if the full benefit of the economic impact of the financing projects was assigned as if the projects would not have occurred without the Port Authority.

Mr. Vredeveld responded yes.

Tom Humes confirmed that the financings that we accomplished were Queen City S, Cincinnati Mills, and the Freedom Center.

Kim Satzger reminded him that we also have a fourth financing, the Zoo, but they calculated everything from the Zoo on the brownfield side.

Tom Humes stated that we want to be totally objective on this, making sure that we are passing a test of total self objectivity here. Should we state an allowance for the fact that, for example on Queen City Square there would have been alternatives in terms of financing and account for the fact that they could have gone other places.

Kim Satzger noted here that when the project was started we understood this fact and discussed with George Vredeveld that we cannot claim that “*but for*” the Port Authority none of these projects would have occurred. The intent is merely to measure the impact of the projects we have supported or facilitated. There is an explanation pertaining to this in the first paragraph of the introductory narrative of the report. As stated in the introduction of the study, there are instances that without the Port Authority the projects would not have happened. There are also instances where the Port Authority’s assistance made the project larger or happen sooner.

George Vredeveld concurred. He said that particularly in the case of the brownfield projects a case can be made that many of these projects would not have happened without the assistance of the Port Authority.

Tom Humes summarized that the purpose of conducting this study is to evaluate the Port Authority’s productivity and the impact we have on the region. We need to ask ourselves: Are we doing a good job in doing what we are suppose to do. A critical part of this evaluation is that it be conducted by an independent third party. If the report is totally finalized and done I don’t want to make changes.

Kim Satzger said no, we can still take comments and make changes.

Nick Vehr commented that he did not support looking at the alternatives saying any alternative number is going to be based on a set of assumptions. Mr. Vehr suggests showing the tangible and justifiable items and focusing on the fiscal impact generated by the Port Authority.

Lou George felt the numbers are so big that it is difficult to put the numbers in context. He suggested that we demonstrate where we actually add value with some relativity to our to our contributions..

Clifford Bailey said that he and many of the Board have had conversations with the elected officials in this community and there have been continuous discussion around the value that we bring. Mr. Bailey asked, based on our funding, what the return on investment is to them directly and indirectly, and do we have that today.

George Vredeveld responded yes, we have the direct and indirect fiscal impacts for earnings, sales and property. We may have to work a little on the salary figure because all salary taxes do not go to the City. However, when we calculate sales tax it is Hamilton County.

Betty Hull asked if there is a plan for informing the different groups of the results of this study.

Jack Rouse said yes.

Kim Satzger told her a plan is in the works and asked Ms. Hull if she would like to help with the presentation of this information.

Betty Hull said she would be happy to help.

Bruce Jones thought it good to use the numbers the way they are presented for maximum effect. He has worked on tax exempt financings for a long time and has been involved in probably hundreds of these situations and pointed out that at times it is simply not possible to know whether a borrower would or would not have done the project “but for” the financing. He thought it better to approach this as we have, by recognizing that these numbers are in some ways inflated but, there simply is not a way of really nailing down the “*but for*” the *Port Authority* scenario.

Jack Rouse thought that was good counsel.

Dave Siebenburgen agreed that these numbers are rather overwhelming as Lou George had said but, this is the independent analysis provided by the University of Cincinnati.

Bruce Jones concurred that this was UC’s methodology and not ours.

Jack Rouse then asked what the feeling was on doing a statement up front regarding “these numbers appear overwhelming but even if you...” or would that be defensive.

Betty Hull asked who we would be making the statement for?

Otto Budig said why preemptively establish some doubt. These are numbers that were prepared by the University of Cincinnati, on an independent basis.

Tom Humes urged that it be looked at from an overall PR point of view. We want to set ourselves up for success. We must be credible.

Otto Budig agreed but added that this is a snapshot from our perspective, and not relating to the other idiosyncratic factors that would impact these, that we know are out there but can’t quantify. He said that he is inclined to let it be and finalize the study.

Jack Rouse also felt the same saying that one of the points of this study is for us, as a Board, to determine where we should be putting our efforts and funds. It should be a decision making tool for us in the aggregate. I concur with Nick Vehr and Otto Budig.

## V. PRESIDENT’S REPORT

Jack Rouse announced that Bruce Jones, who has been the Port Authority’s legal counsel since its inception, is retiring at the end of the year. The Board of Directors and the Port Authority staff thanked Mr. Jones for his excellent representation over the years and wished him the best of everything in the future. The Board and staff presented Mr. Jones with a commemorative plaque.

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

**Balance Sheet:** Ray Schafer stated that the information closely mirrors last month. Mr. Schafer asked if there were any questions regarding the information included in the Board packets.

**Statement of Revenues and Expenses:** Mr. Schafer said that this information is also very similar to what we discussed last month. To review, the total revenues are under budget by roughly \$360,000; the majority of which is the timing of receipts from the City of Cincinnati and Hamilton County.

**Total Expenditures:** Mr. Schafer said that total expenditures are below budget by \$193,000. Net income for the period is \$167,000 under budget. Mr. Schafer asked if there were any questions regarding the total expenditures.

Otto Budig asked Ray Schafer to comment again about why the \$112,500 figure was utilized as opposed to another figure – cash for 2004.

Ray Schafer explained that when putting together the budget it was determined that there were certain expenditures that we were going to incur in 2005 that related to activities/revenues that were generated in 2004. This amount represents those budgeted expenditures.

**2004 Audit Report** – Ray Schafer relayed that in working with the auditor, BKD, we are attempting to have a final audit report in December. There are issues with the presentation of the types of Port Authority projects to meet the GASB 34 requirements. The Port Authority’s projects are unique and requiring a bit more research to determine the recommended approach to meet the regulatory requirements. BKD is reviewing the information that we provided. Mr. Schafer said that he met with both BKD and legal counsel to resolve this matter. They need to review the information and get back to us.

Dave Siebenburgan asked Ray Schafer if the report will be in draft form when issued.

Mr. Schafer said yes, the sequence of events is to discuss the entries with the auditors, many of which we gave them; review of the draft audit by management; revised draft to be reviewed by the Finance Working Group; and then final report will be completed and issued.

Kim Satzger informed everyone that she had a conversation with Jim Cundiff of Hamilton County, who relayed that the County approved our funding for 2005 at the County Commission meeting last week. Mr. Condif said that the County is processing the payment now and that we should anticipated payment soon.

**Financing** – Kim Satzger reported on the following financings:

**Pictoria Tower.** – We continue to work with MEPT regarding the Pictoria Tower Project in Springdale on a TIF structure for their project. MEPT thinks they are about to approve the structure and we will be able to move forward with the financing.

**Cincinnati Millworks** – We are continuing to work on that project. We are working through approvals currently through the City of Cincinnati. That has been delayed a little bit but, we think both of these projects will be moving forward in mid January. Kim Satzger asked Bruce Jones if he had any comments on this project.

Bruce Jones said that Cincinnati Millworks is a tough project because the project requires complex negotiations with the City of Cincinnati. When you must work with various groups in the City, the Economic Development group, City Council, legal group, the finance director, etc, it just takes time. I do think it is a really good project and well worth the time expended to date.

Nick Vehr asked what the status was with the Peter Cremer project and if we have any involvement with that at all any longer. Kim Satzger responded that we are not involved with this project. Nick Vehr asked Kim Satzger if she knew what was going on there and is it really being considered for a retail site.

Kim Satzger said yes, that was her understanding, that it was being considered for big box retail.

Otto Budig wanted to know where this property is. Kim Satzger said it was on the corner of Southside Avenue and River Road in Sedamsville. There is a big property there that the City of Cincinnati used to own, about 60 acres that is referred to as the “Conrail” site.

Tom Humes asked Kim Satzger what we are doing at Pictoria Tower. Ms. Satzger responded that there will be a parking garage there and MEPT has asked the Port Authority to issue bonds to purchase the parking garage. This will provide the developer with the funds to move forward with the next phase of development.

Dave Siebenburgan wanted to know if they were also talking about a second building. Kim Satzger said yes, there is potential for a third phase as well. Initially it is \$11M for the parking structure there and some public improvements as well.

Dave Siebenburgan then wanted to know if the first building was full. Kim Satzger did not have the occupancy numbers on this building.

Jack Rouse asked if Kim Satzger thought the Conrail site would come back to the Port Authority. Ms. Satzger replied that it could because it is a brownfield.

Tom Humes asked if both of the deals Kim Satzger summarized earlier will have the same type of financial backing or guarantees that we've had on bond financings before.

Bruce Jones responded that fundamentally these are structures that have a combination of both TIF payments, which are payments in lieu of taxes and special assessments and both of those under Ohio law have a lien on the property. That is really the fundamental security. There may or may not, depending on the financing structure, be a bank letter of credit involved in at least one of those financings. He would not characterize them as risk free in the sense that there is no possibility there will be problems later but, they are risk free from the Port Authority's standpoint in the sense that these are conduit financings. Both we and the bankers try to structure them with as much security as we can to minimize the possibility of trouble and the use of special assessments is a significant part of this.

**Economic Inclusion Report – Kim Satzger** asked Deborah Robb to provide the Economic Inclusion Report.

Ms. Robb referred to the last page of the Board packet which contained the current Economic Inclusion Report. Our economic inclusion this month includes the Carthage Avenue project in Norwood. As stated last month, there are very few services that will be needed on this project. The bids went out to several companies including MBE/WBE and SBE companies. However, based on bidding guidelines, there were not any bids granted to any MBE companies. A significant portion of the bids were however, awarded to WBE and SBE companies with the percentages to be 43% and 57% respectively. Ms. Robb acknowledged that the manufacturer of the Potassium Permanganate, which is the largest component of this project, is a WBE company. Overall, on all of our current projects, we are still at 28%, 13% and 40% for MBE/WBE/SBE participation, which is above our goal..

Lou George commented that when we do the economic impact study release we should include the economic inclusion reports. This was agreed with by all Board members.

Mr. Rouse also congratulated Eric Kearney, in absentia, for having been named State Senator of the 9<sup>th</sup> District in Ohio. Mr. Kearney was sworn in earlier this week in Columbus.

Kim Satzger said that she attended the swearing in ceremony and commended Mr. Kearney on his eloquent speech.

Kim Satzger discussed the 2006 Board Meeting schedule. Ms. Satzger suggested moving the January Board meeting to January 12, 2006 as opposed to being held on the 5<sup>th</sup> since this date is just a few days after the holiday. It was agreed to move the meeting to January 12<sup>th</sup>. Ms. Satzger said that we will get a schedule out next month as there are still issues over the location of the meeting for June and September.

Nick Vehr asked that in the future that the Economic Inclusion Report be moved to the top of the President's Report.

Jack Rouse indicated that he sent an e-mail yesterday to the Board members regarding a letter that will go to the elected officials with the Economic Impact Study and making recommendations as to the future operation of the Port Authority. Mr. Rouse asked Board members if they would stop by on their way out from today's meeting to give him their thoughts on this matter.

## **VI. ADJOURNMENT**

**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