



April 9, 2014 Board of Directors Meeting

The Taft Center at Fountain Square, 425 Walnut Street, Cincinnati, OH 45202

1. CALL TO ORDER

Otto Budig, Jr. called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 8:00 a.m.

Board Members Present:

Budig, Otto	Dunn, Marty
Jacobs-Horton, Lydia	Wright, Shane
Greiwe, Rick	Jackson, Ed
Robertson, Scott	Smith, David
Lynn Marmer	

Staff Present:

Brunner, Laura	Hall, Darin	Hudson, Rick
Johnson, Melissa	Paul, Gail	
Robb, Deborah	Thomas, Susan	
Boggs Muething, Paula	Recht, Chris	

Guests:

Wallace, Jeff – Parsons Brinkerhoff
Schulte, Skip – private citizen

2. WELCOME AND INTRODUCTIONS

Otto Budig, Jr. welcomed and introduced guests.

3. APPROVAL OF MINUTES – March 12

Otto Budig, Jr. asked Board members if there were any additions or modifications to the March 12, 2014 Board of Directors meeting minutes. Hearing none, he asked for a motion to adopt the meeting minutes.

Motion: Lynn Marmer moved to adopt the minutes of the March 12, 2014 Board of Directors meeting. The motion was seconded by Scott Robertson and was approved unanimously.

4. Supplemental Resolution 2014-06

Otto Budig, Jr. stated before the board is a supplemental resolution, 2014-06 that required a couple of editorial comments. Mr. Budig, Jr. stated he joined the board five years ago at its reorganization, and had the pleasure of being elected chair. Mr. Budig, Jr. stated in his judgment, a five-year tenure was enough. As such, because this is not subject to nomination and election, but subject to appointment, Mr. Budig, Jr. called attention to the new chairperson, Lynn Marmer, in resolution 2014-06 and called for a move to approve.

Formal Action Requested – Before the Board today is proposed resolution 2014-06 entitled:

RESOLUTION AUTHORIZING THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY TO APPOINT OFFICERS OF THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY.

After discussion on this matter, Mr. Budig, Jr. asked for a motion to approve Resolution No. 2014-06.

Motion: David Smith moved to approve Resolution No. 2014-06 authorizing the Port of Greater Cincinnati Development Authority to appoint officers. The motion was seconded by Scott Robertson and was approved.

Mr. Budig, Jr. congratulated the new Madam Chair, Lynn Marmer. Ms. Marmer acknowledged Mr. Budig, Jr.'s leadership and advocacy for the Port Authority. Ms. Marmer stated she was grateful to work with such a great board, and appreciated the vote of confidence.

5. PRESIDENTS REPORT

Laura Brunner

Ms. Brunner thanked Mr. Budig, Jr. for his leadership and availability to her as President.

Ms. Brunner called attention to the scorecard and items in the status column, highlighted items for the meeting. Ms. Brunner called attention the REACH Evanston status; the Port Authority has retained the developer, Northpointe Group. Northpointe Group will work with the Port Authority in its home rehabilitation program in Evanston. Rick Kimbler is one of the three principals of that group, and worked with 3CDC in its first phase of development. This will provide a good model to follow with the development agreement and their commitment to urban redevelopment. Ms. Brunner stated it's an important exercise in the Port Authority's risk management practice.

Ms. Brunner next called attention to the Public and Private Grants section of the scorecard. The Port Authority was approved in the State Capital grant program and budget for \$500,000 for its application for park improvements, as part of the MidPointe Crossing site. The Port Authority is currently working on the plans and budget for the MidPointe Crossing principal intersection, making it a public green space.

Ms. Brunner acknowledged the work of the staff, principally Melissa Johnson, Gail Paul and Alison Sampson for their work on the joint application to the federal government to EDA along with the City of Cincinnati, the City of Dayton, Dayton Development Corporation, REDI and Tri-ED, in submitting an application to have this region recognized as one of the centers of excellence in manufacturing. The President is looking forward to sharing globally as he travels, citing if you are interested in manufacturing in the United States, this is the place to go. This application is focused on aerospace industry, which obviously, Dayton has a long history in. Looking at the supply chain to the industry, it fits very nicely with the work the Port Authority is doing.

Ms. Brunner stated this is another piece to the revitalization and reindustrialization of the South Mill Creek Corridor. REDI is the organization that has taken the lead on the actual grant submission and the City of Cincinnati will be the lead contact with the Federal government.

Ms. Brunner informed the board that the previous day she went to Columbus, Ohio to testify in front of the Senate Ways and Means Committee in support of a bill that the Port Authority has jointly worked on with the Port Authorities in Toledo and Cleveland. This bill is asking the state to conduct a study in the hopes that there is identification of increased funding for the significant maritime ports in the State of Ohio. Included in this is the development for real estate intermodal centers that are adjacent to the water in the three cities, taking advantage of the transportation infrastructure. This was the first step in the process, signifying the Port Authority's increase in advocacy at state level for increased funding, as the Port Authority will have to be resourceful to get funding from many different places.

Ms. Brunner next called attention to financing powers to support private development, highlighting that the Port Authority has ongoing discussions on quite a few significant lease bond opportunities that will be good for the Port Authority and signify some growth and expansion of business here in the market.

Ms. Brunner stated before the next meeting the MidPointe and TechSolve II sites will be highlighted in a two and half hour tour by the Urban Land Institute.

Ms. Brunner called attention to the South Mill Creek status column, where the focus of the day's conversation would be. There was a good working group meeting the previous week and she will continue to work with that group as there is a significant amount of planning underway. Additionally, some of the Port Authority staff will be making a trip in May to the Menomonee Valley in Milwaukee, WI to scout out the site to potentially take a larger group as an example of the reindustrialization in the South Mill Creek Corridor.

Mr. Robertson asked how many cities were applying for the federal grant.

Ms. Brunner replied that the awards would be given to regions rather than individual cities. In Ohio, it's the Southwest region and the far Northeast region that are jointly doing applications. Ultimately, 12 regions will be selected. Ms. Brunner estimated there to be around 50 applicants.

Ms. Brunner stated the Port Authority contributed significantly to the application due to the amount of research it already had and its recent submission to the US EPA for a different grant.

Mr. Greiwe stated the technology transition within Dayton is significant, where we finally have a manufacturing zone with unique expertise to attract people worldwide.

Ms. Brunner replied it's well timed with the trend of insourcing. Additionally Senator Sherrod Brown introduced the Federal Government's changes to the new market tax credit program to focus on manufacturing communities that have lost a significant number of jobs. This will be another positive tool for the Queensgate area.

6. FINANCIAL REPORT
Rick Hudson, Shane Wright

February Financial Statements

- For the month of January, operating expenses exceeded operating revenues by \$898,000. Unrestricted cash totaled \$1,900,000, representing over 8 months of operating expenses.
- Accounts receivable of \$2,200,000 consists almost entirely of amounts due from the city and county. The county operating grant was collected in March. Total development in progress increased over \$500,000 from December to \$6,300,000 in February.

Budget Update

Mr. Wright stated the financials were included in the packet. Yearly operating revenues were \$1,000,047 which is over plan largely due to timing; expenses are under, again due to timing.

Mr. Wright stated the new accounting software was in place and working.

Mr. Wright stated the Port Authority audit begins on April 23rd and the Landbank audit begins on May 12th.

Mr. Greiwe asked how the meetings with the city for support were coming along.

Ms. Brunner stated she had met with Council members over the last few weeks and thought that the process was just beginning.

Ms. Marmer stated she thought it would be a challenging budget as it always is. While Ms. Brunner is doing a great job meeting with Council members, Ms. Marmer suggested some of the Board members could have conversations as well about why the Port needs both operating and development support.

7. *South Mill Creek Corridor*

David Smith & Darin Hall

Mr. Smith thanked Ms. Marmer for the segue, as this area is going to require a great deal of capital from the city. Mr. Smith complimented the concept that the staff has come up with for this area. The area is referred to by a lot of different names, Camp Washington, Queensgate, Mill Creek area. It's been decided to refer to this as the South Mill Creek.

The areas were not shown by any level of priority, rather the study area for the concept plan for the South Mill Creek Area.

Mr. Smith called attention to the slides at the meeting.

Zone A, the area highlighted in blue, includes Queensgate river to south of Union Terminal. This area has high industrial opportunities because of its access to the interstate system, river system and the rail system.

Zone B, east of Mill Creek, includes Union Terminal to Western Hills viaduct and primarily the switch yards for CSX.

Zone C, the area highlighted in green, is east of Mill Creek and Western Hills viaduct to I-74. This is a heavily industrialized area, including historical industry; this area includes the Sara Lee site which was a Brownfield cleanup completed by the Port Authority several years ago. This area also includes the iconic Crosley Building.

Zone D, includes everything west of the rail yards, including lower Price Hill. There are some topographic challenges in the area, but does include some nice industrial areas.

Mr. Smith pointed out this entire area is rich with industrial history and presents some great opportunities.

Mr. Hall thanked Mr. Smith for his comments and introduced Melissa Johnson to provide some benchmarking for the project.

Ms. Johnson stated it was important in evaluating this particular corridor to look at projects both locally and nationally. This was done to learn best practices and how these projects came about, how they had been implemented and what development stages they were in, and potential returns on their investments.

Ms. Johnson stated the concentration, mostly in the State of Ohio, were the most relatable to this project. Each of the projects listed are well underway, with the emphasis behind them was a reindustrialization or the turning over of a corridor to support more modern or advanced economic development.

Ms. Johnson stated the Port Authority had spent time over the last months having conversations with Norfolk Southern and CSX. A trip was made to Rickenbacker in Columbus to look at the intermodal operations there with Norfolk Southern. Understanding that inside of the Cargo Market assessment, some gaps were found in transportation logistics efficiency that should be closed inside of this work.

Ms. Johnson called attention to Menomonee Valley, pointing out it is very similar to South Mill Creek Corridor from manufacturing heritage to environmental impact, size and intersection to river assets. Menomonee Valley is the product of ten years and millions of dollars invested in the 12 acre corridor for economic development. Ms. Johnson pointed out sections from Menomonee Valley's 2010 annual report, where they are realizing the return on their investment. This project has also seemed to marry well its business attraction efforts, luring companies back into the city expansion.

Ms. Johnson stated one of the pieces being looked at for the South Mill Creek Corridor is decline, including utilities consumption, real estate values, job loss, and wages. Menomonee's loss of 40,000 jobs in about 70 years makes them very motivated to make investments and to recreate this corridor.

Ms. Johnson called attention to the spreadsheet which showed there is private investment in a fairly significant way in each of the scenarios. Menomonee Valley established a public private partnership; some of the other projects have large private developers investing after public investment was made in a significant manner.

Mr. Budig, Jr. stated that given the large size of these corridors, there are a number of thriving businesses. He asked how these businesses will be dealt with during this reestablishment.

Ms. Brunner stated a list had been created of the top property developers and the top employers in Zone A, calling it the top 20 stakeholder list. Similar lists will be created for the other zones. This is the first step to reaching out to these businesses, understand their business plans, determine who's trying to grow, who is land locked, who is happy where they are, who would like to be relocated, who is hoping they could sell their building, but did not think they could. These are the anchors the port Authority will work with.

Mr. Greiwe pointed out it was great that the middle of this project is all rail yards.

Ms. Brunner replied that's one of the reasons the Port Authority waited to engage with the rail lines, knowing it would be better to be more prepared. In recent months the Port Authority has had tours with both CSX and Norfolk Southern, meeting with local and top executives. Both companies have been very engaged and it's the beginning of them being partners with the Port Authority going forward to help facilitate their growth.

Ms. Johnson added that in conversations with CSX, they suggested there could potentially be opportunities to support unit train capabilities, which is the bread and butter of their business, to have the common commodity with the destination.

Mr. Hall stated the Port Authority had been working for over a year to refine, collect data and fine tune relationships for the strategy for the South Mill Creek Corridor. The Port Authority met with the Queengate Business Alliance, Cincinnati Bulk Terminals, K4 Architecture, and The Camp Washington Business Association, to name a few.

Mr. Hall stated there had been a good amount of activity in the target area, and called attention to a slide showing the target area, including the Hudepohl facility. Adjoining it are the West Fifth Street lofts, and to the left where the old jail used to be. Also included is the old Butternut facility, half of which is going to be the new Drop-Inn Center.

Mr. Hall stated that Cincinnati Belting and Transmission, located on two parcels directly to the right of the Hudepohl site, has announced its desire to expand their existing facility. The Port Authority and the city's Economic Development department have been having conversations with it to figure out how they can be helpful. Cincinnati Belting and Transmission runs a 24 hour business with approximately 150 employees. It is a longtime Queengate resident and likes the current location and its location to UPS, which allows them to have the first and last trucks for deliveries, which is critical to their business.

Mr. Hall stated the Hudepohl site has long been an eyesore for the city and for Queengate, especially for the surrounding business and potential for the building to collapse. This is considered a broken site that the market has not addressed. Given the Port Authority's mission

of assembling and repositioning sites in our target areas, we been operating with a sense of urgency to develop a fiscally responsible strategy to address the problem.

Mr. Hall stated the Port Authority spent a significant amount of time with demolition experts and environmental consultants as well as environmental attorneys to understand all of the risk with these transactions associated with the Port Authority. The Port Authority is working to develop a budget for remediation of the properties. As the numbers continue to be refined, the information will be brought to the working group and board for approval.

Mr. Hall stated this is an important property; and it is part of what the Port Authority would like to ultimately be an assemblage. When dealing with Queensgate there are many small sites that need to be assembled that will require remediation.

Ms. Brunner stated the Port Authority was specifically asking the board to approve using the \$500,000 it received in grants from Duke Energy. The Port Authority has spoken with Duke Energy to confirm that it's consistent with the intentions of the gift. The Port also plans to use \$150,000 of reserve capital in addition to \$50,000 for the soft costs associated with the acquisition. Then before the board for consideration will be demolition/ remediation strategy for the property.

Mr. Greiwe stated this has potential to tie into the river operations to the south of the property.

Ms. Brunner stated the Port Authority had conversations with 3CDC about the purchase of the western part of the Butternut facility that was not going to be used. Also next to it is another large parcel that is on the market.

Mr. Greiwe stated this property is strategic in many ways.

Mr. Brunner replied that this is the intersection of both strategic and urgent.

Ms. Jacobs Horton stated it was not discussed in the working group, and asked to confirm that this does connect to the waterway.

Ms. Johnson replied that yes, it does and would probably be the largest assemblage of direct access marketable property to the water way, understanding there is an operating terminal that sits there.

Mr. Robertson asked how the Drop-Inn Center affects development in the area, if at all.

Ms. Brunner replied throughout the area there are many operating businesses and services, so there will be many activities to work around, and the Drop Inn Center would just be one of them.

Mr. Smith noted that private capital is not going to invest in this area, helping the Port Authority fulfill its function of redeveloping Brownfield properties.

Ms. Marmer asked Mr. Smith why that was, as the property has been described as an attractive property with its river access, rail access and desirable location.

Mr. Smith replied there will be a lot of remediation costs and private investors are not going to be able to access some of the public funds to help clean up the property. It's best in the hands of a public agency.

Ms. Marmer stated it would be the Port Authority's objective to acquire it and then get other money to do the cleanup. Ms. Marmer stated that the board members feel comfortable with is that they don't want the whole board to redo the work of the working groups. It's helpful for the committees to anticipate questions and how does it fit with the strategy.

Ms. Brunner replied that the working group consisted of Lydia Jacobs Horton, Shane Wright and David Smith, along with members of the Port Authority staff.

Formal Action Requested – Before the Board today is proposed resolution 2014-05 entitled:

RESOLUTION AUTHORIZING THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY TO ACQUIRE THE SITES KNOWN AS HUDEPOHL AND WEST FIFTH LOFTS LOCATED IN THE QUEENSGATE AREA OF CINCINNATI, OHIO

Motion: Otto Budig, Jr. moved to approve Resolution No. 2014-06 authorizing the Port of Greater Cincinnati Development Authority acquire property. The motion was seconded by Marty Dunn and was approved.

8. *Chairman's Report*
Otto Budig, Jr.

Mr. Budig stated it had been an honor serving as the chair and was grateful for the opportunity. He remarked on how much had been done and the whole process has been good for the community and the soon to be combined civic groups. Mr. Budig, Jr. stated in his opinion, the City is in a renaissance that had not been seen in decades.

Executive Session

Lynn Marmer stated there was no need for Executive Session.

9. ADJOURNMENT

The April 9, 2014 Board of Directors meeting adjourned at 8:43 a.m.

Respectfully,



Laura N. Brunner
Secretary