



BOARD MEETING MINUTES

Wednesday, December 12, 2012, 8:00 AM

299 E. Sixth Street, SY-101 Conference Room, Cincinnati, OH 45202

1. CALL TO ORDER

Mr. Budig called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 8:04 a.m.

BOARD MEMBERS PRESENT:

Budig, Otto
Dunn, Marty
Greiwe, Rick
Jacobs-Horton, Lydia
Marmer, Lynn
Smith, David

EXCUSED:

Handy, Clark
Williams, Tom
Wright, Shane

STAFF:

Basil, Will
Brunner, Laura
Chamlee, Jason
Hall, Darin
Karimi, Marjorie
Paul, Gail
Recht, Chris
Robb, Deborah
Thomas, Susan

GUESTS:

Barrett, Maria – PGCD, Financial Consultant
Glynn, Meghan – Calfee Halter & Griswold
Laug, Connie – SW Ohio District Director, Senator Rob Portman
Newberry, Jon – Business Courier
Rojas, Carlos – Burgess & Niple
Schulte, Skip – Citizen
Wallace, Jeff – Parsons Brinckerhoff

2. WELCOME AND INTRODUCTIONS

Mr. Budig acknowledged and welcomed guests.



3. APPROVAL OF MINUTES

Mr. Budig asked Board members if there were any additions or modifications to the November 14, 2012 Board of Directors meeting minutes. Hearing none, he asked for a motion to adopt the meeting minutes.

Motion: Marty Dunn moved to adopt the minutes of the November 14, 2012 Board of Directors meeting. The motion was seconded by Lynn Marmer and was approved unanimously.

4. COMMUNITY REVITALIZATION

Paula Boggs Muething, VP of Community Revitalization and General Counsel

Focus Neighborhoods Strategy

On Tuesday December 4, 2012, the Port of Greater Cincinnati Development Authority and Community Building Institute convened an informational/orientation meeting for representatives of the 14 focus neighborhoods, of which the strategy is directed at returning unproductive properties to productive, tax-paying status and create strong communities of choice in Hamilton County. An overview was provided of how the Port Authority and CBI will work with each community to develop housing and redevelopment strategies that are neighborhood and market specific. A brief summary of the Port Authority's strategic plan was presented and the way in which the housing and redevelopment strategies fit into the Port Authority's primary objectives of attracting residents, creating jobs, and increasing property values. The meeting also focused on ways in which the Port Authority will support these focus neighborhoods and the input and participation that will be required of each individual community to ensure success. CBI presented a summary of the technical support they will provide to each community and introduced the members of the staff that will be working with the neighborhoods. CBI has made initial contact with each of the short-term focus neighborhoods and will provide preliminary data on each neighborhood before year-end. Final implementation strategies will be completed by May 30, 2013. Preliminary data on the long-term neighborhoods will be provided by mid-January with final implementation strategies completed by September 2013.

The Port Authority also met with the Hamilton County director of regional planning and members of the City's community development and economic development teams to discuss the focus neighborhood strategy and ways in which the Landbank will interact with these governmental offices in its execution of the strategy. By utilizing the Landbank tools, work to stabilize housing markets will address problem properties and vacancy stemming from the foreclosure crisis. There was also discussion on how the entities preferred communities and/or CDCs to approach them with funding/TIF/demolition requests and to begin a conversation about ongoing and prospective partnerships for stabilization and redevelopment programs with private entities such as banks, developers, and realtors.

Through the CAGIS program, the Port Authority will be working with the Cincinnati Police Department (CPD) regarding properties that are foreclosed and should not be inhabited.

Currently, the CPD does not have access to this information. This will also enable the CPD to assist in identifying problem areas.

Moving Ohio Forward Demolition Grant Program

The Landbank continues to make progress under the Moving Ohio Forward Demolition Grant Program working strategically with municipalities and townships throughout the County to identify and establish control over vacant and blighted residential properties that are ripe for demolition. To date, the Landbank has established control over and initiated the demolition process for properties in the cities of Cincinnati, Norwood, North College Hill, Mt. Healthy, St. Bernard, and Wyoming; Colerain Township; and the villages of Cheviot, Glendale, Lincoln Heights, and Lockland. Additionally, the Landbank has filed a reimbursement request with the Attorney General for the first batch of demolitions performed by the City of Cincinnati as a sub-recipient under the Program. Also, the Landbank has established its own reimbursement protocol for Landbank-managed demolitions.

Thriving Communities Institute Ohio Landbank Conference – Independence, Ohio

On November 28, 2012, the Port Authority presented to the Thriving Communities Institute, Ohio Landbank Conference on the topic of a Port Authority managed Landbank. The presentation was entitled “I have a Landbank – and I’m not afraid to use it!” and was well received by the attendees. The presentation discussed the relationship between the Port Authority and the Landbank; the tools of each organization; and, the opportunity to leverage the tools and resources of both in a coordinated manner to strategically strengthen neighborhoods. The presentation outlined the benefits of utilizing a Port Authority staff to manage a landbank, with particular emphasis on expertise in both residential and commercial redevelopment, public finance, and the opportunity for shared services. Lorain County, with assistance from our Port Authority, has arranged for its port authority to manage the landbank and both Lake and Medina counties are considering incorporating landbanks with a similar management structure.

5. REAL ESTATE DEVELOPMENT

Darin Hall, VP of Real Estate Development

Jordan Crossing Update

The Port Authority is on schedule with the Jordan Crossing transaction. The intent is to close on the property by the end of January. The Port Authority is finalizing its due diligence and working with Allen Temple Church ensuring they have everything in order to notify their tenants to vacate the property. A consultant was hired by the Port Authority to assist with this effort.

The charter school that was a former tenant relocated to a different vacant school that what was previously reported last month. The new location is the old North Fairmont School and it is a better facility for the charter school. The scheduled move date is December 18-19.

On December 4th, the Port Authority met with the Allen Temple Foundation Board providing them with an update on the project. The foundation is very pleased with the manner in which things have been moving.



MKSK

The Port Authority had its kickoff meeting with MKSK on December 5th. MKSK will develop end-use planning for the Jordan Crossing site. The kickoff meeting discussion included reaffirming the scope, timing of deliverables and how the terms of the contract would be carried out. It is anticipated the process should be completed by April, with the first item is developing the list of stakeholders the Port Authority will start meeting with. Invitations to these meetings will be sent out before the upcoming holiday. The plan is to hold two days of group stakeholder meetings with 8 – 10 participants in each group.

6. PUBLIC FINANCE

Susan Thomas, VP of Public Finance

Public Finance Implementation for Strategic Plan

The Public Finance program is focusing on expansion of the Port Authority’s toolkit for this piece of the approved strategic plan. There are many public finance programs and tools in place throughout the country and many developed locally. The Port Authority’s short-term approach is to develop a need assessment and identify priorities; the second step will be to go out and investigate tools already in place that meet those needs; and, the third step would be to analyze how to bring these developed tools in-house and/or customize them to fit in the Port Authority’s areas of expertise. The two key areas of focus are Transportation and Logistics and the redevelopment process.

Working closely with Melissa Johnson, Director of Transportation and Logistics, the Public Finance program has identified a goal at understanding and improving the work with the Foreign Trade Zones (FTZ). These are restricted access sites that allow for bringing goods both internationally and domestically together outside of the U.S. Customs territory (i.e., no tariffs or taxes have to be paid at that time). This mechanism provides businesses with international costs an opportunity to reduce fees. The local FTZ is managed by the Cincinnati USA Partnership, and the Port Authority has reached out to them to explore some potential collaboration.

There has been a lot of pressure on the economic business model for redevelopment taking old sites and redeveloping them into something new. This has come about partially in the private financing market where loan to values have decreased; it has come about partially from the changes at the state level such as the restructuring of Clean Ohio; and, there is the developer component piece as well. This has caused a once functioning business model to fall apart creating gaps. The Port Authority is looking at this two-fold, one being a “mezzanine” piece which would be something to sit behind the loan-to-value from the banks, but before getting to the equity piece. The Port Authority believes this to be an EB5 Program. EB5 is a federal program whereby foreign investors make specific investments into projects for businesses in the U.S. These investors get an economic return and the prospect of qualifying for a permanent residency visa. There is a minimum investment level of \$500,000 or \$1 million depending upon the project, of which at least ten jobs must be created per million. Cincinnati has an increasingly active regional center for the EB5 program. The Port Authority has had some preliminary conversations about exploring some opportunities for partnership, the type of progress that might fit into what the Port Authority is doing and how this could be expanded.

With the restructuring of the Clean Ohio program, the Port Authority needs to rethink how it goes about development of former industrial sites. The Clean Ohio program used to be a grant-based program offering up to \$3 million to invest in assessment, remediation, and demolition of primarily former industrial sites. It is likely the Clean Ohio program is going to be significantly restructured with smaller dollar amounts, heavily low-interest loan as opposed to grant, and less on rounds and more focused on when an end-user has been identified. This creates a challenge for the Port Authority as, regionally, the Port Authority took the best advantage of and is largely impacted by the Clean Ohio program. At the December 7th U.C. Real Estate Roundtable event, where the Port Authority presented, this topic was discussed and the Port Authority invited the development community to come and engage in dialogue with the Port Authority on thinking about this as there needs to be a local solution that works, and may include money from other sources.

7. **TRANSPORTATION AND LOGISTICS**

Melissa Johnson, Director of Transportation and Logistics

Martin Associates

In September, the Port Authority received a proposal from Martin Associates to conduct an economic impact and cargo market study for the Port of Cincinnati region. Martin Associates is an inland and coastal port economic development consulting firm that specializes in port related cargo, market, infrastructure, and strategic planning studies. Martin Associates has conducted over 90 port (coastal and inland) studies across the United States; including economic impact and market studies for our benchmark ports of Ports of Indiana and Port of Memphis.

Martin Associates proposes a two-phase, 4-5 month study of the Port of Cincinnati region that will include, but is not limited to, current and historical river profiles, target cargo markets, economic impact, and a determination of needed infrastructure to support and grow inland port operations.

Formal Action - Proposed resolution 2012-16 was brought before the Board for approval for the Port Authority to enter into a contract with Martin Associates for the purpose of conducting a study of combined assets relating to inland port operations:

RESOLUTION AUTHORIZING THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY TO CONTRACT WITH MARTIN ASSOCIATES FOR THE PURPOSE OF CONDUCTING A STUDY OF COMBINED ASSETS RELATING TO INLAND PORT OPERATIONS.

After some discussion of the matter, Mr. Budig asked for a motion to approve Resolution No. 2012-16.

Motion: Lynn Marmer moved to approve Resolution No. 2012-16 authorizing the Port Authority to enter into a contract with Martin Associates to conduct a study of combined assets relating to inland port operations. The motion was seconded by Rick Greiwe, and was approved unanimously.



8. INCLUSION AND COMMUNITY RELATIONS

Deborah Robb, Director of Inclusion and Community Relations

Oakley Station - Economic Inclusion

The Port Authority's role on this project is the financing of two of the public roads. One of the aspects of this financing includes having the private development also be responsible for having economic inclusion. As in the past, the Port Authority will not be reporting on the private development results, but will assist the developer in achieving the aspirational goals. To date, on the Port Authority financed portion the developer has achieved 14% Minority Business Enterprise (MBE), 13% Women Business Enterprise (WBE), and 30% Small Business Enterprise (SBE) inclusion.

Horseshoe Casino

The Port Authority has negotiated a contract extension with the African American Chamber of Commerce through March 2013 to monitor inclusion on the Horseshoe Casino. As contracting has wound down the focus will now be on monitoring payments to contractors to ensure that goals are being met with each contractor.

Convention and Visitor's Bureau (CVB) Supplier Diversity Committee

The Port Authority has been asked to chair this newly created committee for the CVB. The role of this committee will be to establish processes and procedures to ensure that MBE and WBE companies are included in the contracting process to provide goods and services for major conferences and conventions that come to Cincinnati.

Moving Ohio Forward Demolition Grant Program

To date, the Landbank has contracted to have five houses demolished in Price Hill, and are also working with 3CDC to abate and demolish some properties on Elm Street in Over the Rhine. Several municipalities have signed agreements with the Landbank to have properties in these communities demolished. Demolition in these communities will begin after the first of the year.

IECC Neighborhood and Community Development Conference, Los Angeles, CA

One of the key take-a-ways from attending this conference is to work with Woodward High School to develop a student ambassador program to provide students with buy-in for the developments that the Port Authority will be doing in Roselawn and Bond Hill area. This program will, hopefully, spur investment in and pride in the community. If successful, the goal would be to expand in other neighborhoods where the Port Authority is redeveloping.

9. COMMUNICATIONS STRATEGY

Gail Paul, Director of Communication Strategy

Projects

- Development of project sheets as foundation of web copy;
- Completed projects sheets for City Parking Concession RFP including all public finance projects with parking component;
- Continue work on project sheets until completed
- DRAFT: Elevator Speech
- DRAFT: Who We Are / Current Port Authority Projects & Policy Initiatives



- UC Economics Center Study of Seymour/Reading Corridor Market Study – Preparing narrative around data, specifically for Executive Summary and Conclusive Findings sections. Completion expected December 14.

Media

- At the request of the Enquirer, the Port Authority (Laura Brunner/Darin Hall/Susan Thomas/Gail Paul) met with Enquirer editors (Carolyn Washburn/Lee Ann Hamilton/Randy Essex/Dave Holthaus), and reporter Jason Williams to discuss Port Authority priorities and expanded Enquirer coverage of key neighborhoods and growth issues;
- Preparing for anticipated follow-up media coverage and inquiry regarding Port Authority parking concession response to City RFP;
- Goal: 12-month marketing/communication plan sketched out for Jordan Crossing redevelopment project before holiday;
- Goal: Turn “Broken Sites” presentation into an Op-Ed thought leadership bylined article by December 15.

Recent Development of New Presentation Material

- U.C. Real Estate Roundtable presentation December 7, “Broken Sites: Tools that Reposition Real Estate.”
- Ohio Land Bank Conference.

Event

Peck Shaffer lunch for Vice Mayor Qualls – Port Authority mentioned as important City partner several times by Roxanne Qualls at lunch for firm clients and prospects.

10. FINANCIAL REPORT

Maria Barrett, CPA/Financial Consultant

November Financial Summary

In November, the Port Authority requested and received Draw #5 under the USEPA Coalition Assessment grant for reimbursement of expenses related to environmental management of various contaminated sites. This draw of \$295,000 brings the total for the year to \$588,000, which will require the Port Authority to have a Federal Single Audit, resulting in extra audit services for 2012. This was disclosed to the firms that attended the pre-proposal meeting in November. The Port Authority was impressed with the background of these firms, specifically their experience working with port authorities and land banks. Three firms responded to the audit RFP and the Auditor of State is in the process of grading the proposals. The Port Authority expects to have a contract by the end of the year.

The Port Authority entered into an extended contract with the African American Chamber of Commerce worth \$12,000 in fees to continue inclusion services with regard to the Horseshoe Casino.

Unrestricted cash totaled \$1,252,000 at the end of November, and is projected to be approximately \$1,137,000 at the end of the year. This represents five months of reserves based on the monthly run rate in the 2013 budget.

Two adjustments were made in November to capitalize costs previously expensed, creating negative amounts in two appropriations categories. One was professional services related to due diligence on real estate projects and the other was for computers purchased earlier in the year that, upon further review, should have been capitalized in accordance with the organization's capitalization policy. In

In the previously approved budget the capital expenditure line item was budgeted for \$6,000 which did not allow for additional investments to support the office relocation and expanded operations. Therefore, the Board was asked to increase the capital expenditures budget from \$6,000 to \$51,000 to accommodate the purchase of leasehold improvements, computer equipment and new telephone equipment for the office space

Formal Action - Proposed resolution 2012-18 was brought before the Board for approval for the supplement to 2012 appropriations:

RESOLUTION AUTHORIZING THE SECOND SUPPLEMENT TO APPROPRIATIONS RESOLUTIONS ADOPTED BY THE BOARD OF DIRECTORS OF THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR JANUARY 1, 2012 THROUGH DECEMBER 31, 2012.

After some discussion of the matter, Mr. Budig asked for a motion to approve Resolution No. 2012-18.

Motion: Marty Dunn moved to approve Resolution No. 2012-18 authorizing the second supplement to the 2012 appropriations resolution adopted by the Board of Directors of the Port Authority. The motion was seconded by Rick Greiwe, and was approved unanimously.

2013 Budget

The Finance Working Group met December 4 to review the 2013 budget. After some in-depth discussions, a final budget is available for review and approval (to be addressed under the President's Report).

Accounting Manager

The Port Authority is in the process of reviewing resumes and will start interviews next week to fulfill the Accounting Manager position by early to mid-January.

11. PRESIDENT'S REPORT

Laura Brunner, President/CEO

2013 Budget

The Port Authority 2013 budget is significantly different from the 2012 budget, which is largely due to the work the Port Authority is commencing in the real estate development area. The accounting for the grants from the City and the capital investments are complex; below is a short narrative to assist in reviewing:

1. Operating earnings for 2013 will be \$40,000, which does not show as a line item in the budget. To find this sum you must consider:



- a. Line 139, page 2, excess of revenues over expenses- \$8,040,000
 - b. Less Line 17, page 1, grants- \$8,500,000
 - c. Plus, the excess of Line 17, page 1, for 2012 for both years, \$10,500,000, net of Line 146, page 2, Land and Improvements of \$10,000,000
 - i. Further explanation – Line 17 of the revenue budget shows the \$2 million grant in 2012 and \$8.5 million grant in 2013 which has already been approved by the City. Line 146 of the expense budget shows the \$10 million capital investment that will be made in 2013. The difference of \$500,000 is the development fee that the Port Authority has negotiated with the City, which will be earned in 2013. This fee will not be recognized as a line item; however, the difference between the grants and the investment will increase the unrestricted net assets in 2013. The \$2 million dollar decrease in assets in 2013 should be netted against the \$2.4 million increase in 2012.
2. “Earned revenue” for the year will be \$857,000, which includes Lines 30, 46 and 51, page 1, and the above mentioned \$500,000 in development fees. The budget reflects that \$350,000 of this is invested in future growth – namely \$75,000 in due diligence and \$275,000 in consulting services. The remaining \$507,000 of these fees is invested in operations, primarily staff increases to address Port Authority expanded services. Additionally, the hiring of the Accounting Manager position will significantly decrease the consulting services currently being provided by Maria Barrett; therefore, there will be an offset in increased expenses.

Formal Action - Proposed resolution 2012-17 was brought before the Board for approval for the 2013 appropriations:

**APPROPRIATIONS RESOLUTION OF THE BOARD OF DIRECTORS OF THE PORT OF
GREATER CINCINNATI DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR 2013**

The Board discussed the matter and Mr. Budig asked for a motion to approve Resolution No. 2012-17.

Motion: Marty Dunn moved to approve Resolution No. 2012-17 approving the 2013 appropriations resolution. The motion was seconded by Lydia Jacobs-Horton, and was approved unanimously.

Operations

Anniversary: Ms. Brunner thanked the Board for her one year anniversary that is effective Friday, December 15 and is grateful for the support the Board has provided over the past year.

Staff: Ms. Brunner welcomed Will Basil who transitioned from an intern with the Port Authority last month to a full-time hire as a Planning Associate. Will holds a bachelor’s degree from U.C.’s Design, Architecture and Planning (DAAP) program experienced in design and GIS planning. He



will be working closely with Gail Paul in Communication Strategy and Paula Boggs Muething in Community Revitalization.

The team engaged in an offsite team-building exercise utilizing the DiSC Personality Profile tool. This exercise allowed for discussion of individual differences throughout the team and how the team works best together and not working in silos.

During December and January, staff will be working through individualized goals for the team for 2013, including the process of accountability as part of the plan.

Parking Garage RFP

Ms. Brunner thanked the Port Authority team who developed the 79 page proposal of the parking garage RFP document that was presented to the City. There was a significant amount of time and work that went into it over a relatively short period of time. This proposal demonstrates the depth and breadth of the Port Authority’s potential as the Port Authority has some significant and unique capabilities.

Port Authority Holiday Open House

The Port Authority holiday party is scheduled tomorrow, December 13 from 5 – 7 p.m. Past Board members have been invited, as well as Port Authority partners and developers. Past Board Chairs, Messer’s. Richard Allen and Jack Rouse are expected to attend.

12. CHAIRMAN’S REPORT

Otto Budig, Jr., Board Chair

No Chairman’s report was presented.

13. ADJOURNMENT

Motion: Marty Dunn moved to adjourn the Board of Directors meeting at 9:25 a.m. The motion was seconded by Rick Greiwe, and was approved unanimously.

Respectfully,

Laura N. Brunner
Secretary