

RESOLUTION NO. 2020-34

A RESOLUTION APPROVING AND AUTHORIZING THE AMENDMENT OF THE LOAN AGREEMENT BETWEEN THE KRESGE FOUNDATION AND THE PORT AUTHORIZED BY RESOLUTION 2016-26 TO PROVIDE FUNDS FOR PROJECT LOANS TO ASSIST IN REVITALIZATION OF NEIGHORHOOD BUSINESS DISTRICTS AND SUPPORT RELATED PURPOSES; AND AUTHORIZING RELATED ACTIONS AND MATTERS.

WHEREAS, pursuant to Resolution No. 2016-26 adopted by this Board on December 12, 2016 (“Resolution 16-26”), The Port entered into a Loan Agreement dated as of January 26, 2017 (“Original Loan Agreement”) with The Kresge Foundation, a Michigan nonprofit corporation (“Kresge”), under which Kresge made a loan of \$5,000,000 to The Port to provide the initial seed-capital funding for The Port to make loans from the DREAM Fund established by The Port as a revolving loan fund to make loans to assist in the revitalization of local business districts in underserved or at-risk neighborhoods in the City of Cincinnati (“City”) targeted for investment for the Program Purposes (that term, and any other capitalized term used as a defined term but not defined herein, are used as defined in Resolution 16-26); and

WHEREAS, pursuant to the Act and for the Program Purposes, and to evidence the obligation of The Port to repay that Loan, The Port issued the Bond to Kresge and, since the Closing Date, has drawn the full amount of the Loan, timely paid all interest due on the Loan and the Bond, and made Project Loans in an aggregate principal amount of \$2,972,000, with approximately \$940,000 repaid (collectively, with interest paid on all outstanding Project Loans, “Recycled Proceeds”) and available for additional Project Loans and, as a result, The Port currently has in excess of \$3,000,000 available to lend for the Program Purposes (including more than \$1,000,000 of Recycled Proceeds), with only \$350,000 of that amount committed to an additional pending Project Loan; and

WHEREAS, notwithstanding that The Port has made concerted effort to utilize its strong ties to the targeted neighborhoods in order to deploy and redeploy available funds in support of the Program Purposes, the Staff previously advised this Board that the focus of the Program on direct first and second mortgage real estate loans was too narrow to maximize the benefits of the Program and took steps to revise the underwriting criteria under the Loan Agreement to enable it to use Project Loans to promote the Program Purposes in heavily-subsidized structured public-private partnership projects, often involving federal and/or state tax credits (“Revised Underwriting Criteria”); and

WHEREAS, although the Revised Underwriting Criteria enabled use of Project Loans within a complex structured finance solution in support of the Program Purposes, Project Loan deployment remains extremely challenging despite concerted outreach efforts; and

WHEREAS, the Staff has advised this Board that it believes the need for Project Loans in support of the Program Purposes remains as strong as ever and that the novel coronavirus 2019 pandemic (“COVID-19”) has enhanced the need for low-cost capital (like that available through Project Loans) in order to create or to preserve, within underserved or at-risk neighborhoods in the City, the kind of “place-based neighborhood-serving businesses, local micro-entrepreneurs and creative enterprises” that are the specific focus of the Program Purposes and has proposed to Kresge and this Board that Project Loans be made available to support the Program Purposes through changes to permit: (i) preservation of existing neighborhood businesses and business districts in order to prevent regression of existing businesses in underserved or at-risk neighborhoods in the City by, among other things, (x) allowing The Port (or an affiliated or controlled entity or strategic partner) to acquire vulnerable real estate that, in some cases, might not have an immediate use, (y) clarifying that Project Loans are permitted for reimbursement of Project costs and authorizing Project Loans from Recycled Proceeds to provide for Project costs by refinancing existing obligations on more favorable terms to provide needed relief to affected

businesses where the Project costs could have been initially financed through a Project Loan, and (z) modifying the current limit on Project Loans secured by a subordinate mortgage, assignment or other collateral interest, and (ii) deployment of Project Loans in any neighborhood in the City reasonably determined by the President and CEO of The Port to be underserved or at-risk (collectively, with any related changes agreed to by Kresge, "Project Loan Use Enhancements"); and

WHEREAS, the Staff has advised this Board that it has received a proposal from one of its strategic partners for approximately \$2 million in one or more Project Loans that depend, in part, on approval of the Project Loan Use Enhancements and will substantially benefit minority and female owned neighborhood businesses in at-risk neighborhoods of the City consistent with and in furtherance of the Program Purposes; and

WHEREAS, the Project Loan Use Enhancements will require modifications of the Original Loan Agreement, the Revised Underwriting Criteria or both; and

WHEREAS, this Board has determined that it is necessary and desirable, and in the best interest of The Port, to authorize and approve the Project Loan Use Enhancements and, in order to effect the same, the amendment of the Original Loan Agreement, the Revised Underwriting Criteria or both and such other actions as are necessary, desirable or appropriate to fully implement this resolution, the purposes hereof and the matters authorized hereby;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Port of Greater Cincinnati Development Authority, that:

Section 1. This Board hereby finds and determines that it is necessary and desirable and in the best interest of The Port to, and hereby does, authorize and approve the Project Loan Use Enhancements, as generally described above, and, in order to effect the same, hereby authorizes and approves the amendment of the Original Loan Agreement, the Revised Underwriting Criteria or both. In furtherance of the foregoing, this Board hereby authorizes and approves the execution and delivery by The Port of an amendment agreement modifying the Original Loan Agreement and the Revised Underwriting Criteria consistent herewith and in form approved by legal counsel to The Port ("Amendment Agreement") and all such other actions as are necessary, desirable or appropriate to fully implement this resolution, the purposes hereof and the matters authorized hereby, including the Amendment Agreement.

Section 2. This Board hereby authorizes and directs the President and CEO of The Port, or her designee, alone or together with any Assistant Secretary, to execute and deliver the Amendment Agreement, in form and substance consistent with this resolution, the Program Purposes and the agreement of Kresge with respect to permitted Project Loan Use Enhancements, and approved by the officer or officers signing the Amendment Agreement, such approval to be conclusively evidenced by the signing thereof.

Section 3. Each officer of The Port and this Board is hereby further authorized to sign, from time to time, such other applications, certifications, statements, assignments, amendments, supplements, agreements, approvals, consents, notices, waivers, acceptances, estoppels and other instruments and documents, and to take such further actions, as are reasonably necessary, or desirable and appropriate, to implement the transactions contemplated hereby and by the Amendment Agreement, or to effect the purposes hereof and thereof, and as shall be approved by that officer, such necessity, desirability, appropriateness and approval to be conclusively evidenced by the signing thereof.

Section 4. The findings, determinations, authorizations, approvals and directions herein are supplemental to, and not in derogation of, those findings, determinations, authorizations, approvals and directions made or given in Resolution 16-26, all of which are hereby adopted, ratified, approved and confirmed. The actions heretofore taken by or on behalf of The Port pursuant to

such findings, determinations, authorizations, approvals and directions and the instruments and agreements referenced herein or therein, are hereby adopted, ratified and approved.


Section 5. This Board finds and determines that all formal actions of this Board concerning and relating to the adoption of this resolution were taken in an open meeting of this Board and that all deliberations of this Board and of any committees that resulted in those formal actions were in meetings open to the public in compliance with the law.

Section 6. This resolution shall take effect and be in force immediately upon its adoption.


Adopted: September 9, 2020

Yeas: 10

Nays: 0



Chair



Attest: Secretary