



BOARD MEETING MINUTES

Wednesday, January 9, 2013, 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 8:02 a.m.

BOARD MEMBERS PRESENT:

Budig, Otto
Dunn, Marty
Greive, Rick
Handy, Clark
Jacobs-Horton, Lydia
Smith, David
Wright, Shane

EXCUSED:

Marmer, Lynn
Williams, Tom

STAFF:

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

GUESTS:

Barrett, Maria – PGCD, Financial Consultant
Bell, Gena – Hamilton County, Commissioner Chris Monzel
Glynn, Meghan – Calfee Halter & Griswold
Schulte, Skip – Citizen
Stephens, Sam – City of Cincinnati, Department of Economic Development
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 December 12, 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 December 12, 2012 Board of Directors meeting. The motion was seconded by Lydia Jacobs-Horton and was approved unanimously.

4. **COMMUNITY REVITALIZATION**

Paula Boggs Muething, VP of Community Revitalization and General Counsel

Focus Neighborhoods Strategy: AVONDALE

In December 2012, the U.S. Department of Housing and Urban Development (“HUD”) awarded Avondale a \$29.5 million HUD Choice Neighborhoods Initiative grant. The initiative will redevelop several distressed multifamily housing projects within Avondale and the lead developer is The Community Builders (“TCB”). The grant was awarded in part because of the local and private commitment of an additional \$45 million within the target area. These key private investments and commitments were made from the City of Cincinnati; 3CDC Investment, LLC; Ohio Housing Finance Agency; the Metropolitan Sewer District; and the Ohio Department of Transportation. The grant requires the implementation of a transformation plan that will produce comprehensive and sustainable revitalization for the Avondale community centered on the renovation of five distressed HUD-assisted affordable housing communities located along Avondale’s image corridor, Reading Road. The renovation of these buildings will take place as part of an overall effort to improve the health of the housing market and will produce 318 affordable housing units. The Port Authority, as management company of the Hamilton County Landbank, is also conducting work in different parts of Avondale.

TCB is working closely with Place Matters members, the Community Building Institute (“CBI”), and the Avondale Comprehensive Development Corporation (“ACDC”) to implement this plan and to work toward the revitalization of the business district. The HUD Choice grant will be critical to achieving Avondale’s housing and revitalization strategy. The Port Authority continues to work closely with key partners, including LISC, ACDC, STRIVE, the Reds Community Fund, the Uptown Consortium and CBI to ensure leveraging of the Port Authority resources and efforts and working cooperatively toward transforming Avondale.

Moving Ohio Forward Demolition Grant Program

On December 13th, we met with representatives of the Attorney General’s office as part of an audit of the Port Authority’s management of the Moving Ohio Forward demolition grant program. These site visits are occurring in each county that has conducted demolitions. We visited the sites of 6 demolitions (both ongoing and completed) in Price Hill and discussed the individual re-use strategies. We then proceeded to discuss our demolition protocols and the steps we have taken to ensure contractor oversight and program compliance, as well as the specifics of the reimbursement request process. The representatives of the Attorney General’s office were pleased with our progress and risk management methods; they will return for a second site visit in mid-2013.

Hamilton County Board of Revisions

The primary method of property acquisition for the Hamilton County Landbank (“Landbank”) is from tax delinquent properties and going through the judicial process. This process includes

steps whereby the prosecutor would need to file a complaint on behalf of the Landbank and the property would go to the Landbank as opposed to going to sheriff's sale. However, since the Landbank was created, there have been approximately 56 property requests of which none have been received through the tax foreclosure process.

In order to address this challenge, the Landbank Board of Directors and the County Commissioners has agreed to pursuing tax foreclosed properties through the Board of Revisions. This method is currently being used in Cuyahoga and Lucas counties.

The Landbank is confident they will be able to gain the support of the county administration to move forward in obtaining tax foreclosed properties utilizing the Board of Revisions structure.

5. REAL ESTATE DEVELOPMENT

Darin Hall, VP of Real Estate Development

Jordan Crossing

The Jordan Crossing project site continues to move forward as it is a complicated transaction; however, the Port Authority's relationship with Allen Temple Real Estate Foundation and Allen Temple AME Church has allowed a methodical move towards a smooth closing.

The Port Authority has received updated Phase I & Phase II Environmental Site Assessments for the Jordan Crossing site and the adjacent outparcel site located on the Northeast corner of the site that is under contract.

An agreement has been reached with the church to reconfigure the property lines that will allow the demolition of the former Burger King and create an improved entrance to the site. This reconfiguration will also allow the church to construct a new two story, 10,000 square foot fellowship hall to conduct activities currently held in the Jordan Crossing shopping center.

The church has given notice to its tenants, and they are making plans to relocate. The Port Authority is not responsible for relocating tenants; however, the Port Authority is in regular communication with the church to ensure that this process is handled in a manner that is sensitive to the businesses being relocated while being mindful of market timing as the property must be vacant prior to closing. Barring any unforeseen complications, all tenants will have vacated by January 15th and the property will close by the end of January. Once the Port Authority has title of the land, the remediation process will begin.

Key Stakeholder Planning Meetings

Stakeholder meetings for the Jordan Crossing site were held January 7 at the TechSolve Business Park and at the Hamilton County Community Action Agency. MKSK led a comprehensive two day process that included ten one-hour meetings designed to gather information to be used in developing the land use plan for Jordan Crossing. There were a total of 69 participants, including business owners, property owners, residents, public sector employees, city/county administration, community and civic organizations, developers, brokers, and financial institutions. All of the participants have strong ties to the site in some capacity and provided valuable feedback on what has and has not worked on that Jordan Crossing site, and this feedback will be taken into consideration moving forward with the land use plan.

The Port Authority is developing a communication strategy to provide updates to the community.

6. PUBLIC FINANCE

Susan Thomas, VP of Public Finance

Fifth and Race – dunnhumbyUSA

The Fifth and Race project is a mixed use project that will include a new corporate headquarters for dunnhumbyUSA for 1,000 employees, a 1,000-car below- and above-ground parking garage, and approximately 30,000 square feet of ground-level commercial space. 3CDC will operate the garage and commercial spaces; dunnhumbyUSA will own and operating their office building.

The Project Architect, Gensler Architects, is currently completing the design development drawings package. Turner Construction, the project Construction Manager, has provided a construction cost estimate based on the schematic drawing set and the garage and commercial space. A Development Agreement is in place between 3CDC and the City of Cincinnati. The project will break ground in January 2013, with a final completion date of December 2014.

The Port Authority has been asked to serve as the conduit issuer for approximately \$34 million in first mortgage loan bonds from PNC with participation from Fifth Third Bank and First Financial Bank. It is expected that approximately \$22.78 of the bonds will be tax-exempt.

The rest of the project funding is secured and includes a \$7 million loan from Jobs Ohio. All New Markets Tax Credit funding that is required has been committed to the project. PNC Bank has pledged \$8 million of their NMTC allocation to the project and will provide all of the NMTC equity, and an additional allocation of \$29 million will come from CNMF. The Cincinnati New Markets Fund II has committed a \$3.4 million loan and a proposed loan from the Cincinnati Equity Fund II will finalize the funding.

The Port Authority will not own any portion of the property, or have any financial obligations with this transaction.

It is currently expected that a resolution authorizing the issuance of the bonds will be brought before the Board for its consideration in the next couple of months.

7. TRANSPORTATION AND LOGISTICS

Melissa Johnson, Director of Transportation and Logistics

Martin Associates Cargo Market and Economic Impact Study

In anticipation of the start of the Martin Associates cargo market and economic impact study, the Port Authority organized a group of industry partners and experts to serve on a steering committee. The experience and expertise of this assembly will assist with guiding the findings or recommendations of the cargo market and economic impact study, which will then be used to define the role of the Port Authority in increasing inland port operations.

Individuals, representing a diverse cross-section of transportation segments, include:

professionals. This presentation will focus on Port Authority real estate and development projects.

- In March, the Council of Supply Chain Management Professionals (CSCMP) will sponsor an 8 – 12 page section within the Business Courier on supply chain management. CORBA has been encouraged to also write a column regarding the Cargo Study. The expectation of this study is that it will show the need to work together on a regional basis and advocate for some of the transportation infrastructure, and what opportunities can look like from a supply chain standpoint.
- The Port Authority is doing some pro bono event marketing for the Urban Land Institute (ULI). The Port Authority will help to get the word out on some of ULI's events and the Port Authority will receive sponsorship recognition.

9. FINANCIAL REPORT

Maria Barrett, CPA/Financial Consultant

December Financial Summary

December Financial Statements will be included in next month's report to allow additional time to close out the year.

Accounting Manager Position

The Port Authority extended a formal employment offer to a candidate to fulfill the Accounting Manager position and anticipates a start date in the next two to three weeks.

Audit Request for Proposal

The Auditor of State is finalizing some questions regarding the technical proposals. The cost bids are close to what were expected.

10. PRESIDENT'S REPORT

Laura Brunner, President/CEO

Port Authority Operations

- A new phone system will be installed within the next two weeks.
- In addition to the hiring of the Accounting Manager, there is one additional key staff position to be filled which is an additional Development Associate. This position will also work on both real estate and public financing projects as they continue to grow in scope and scale. As the hiring process has just begun, the Port Authority anticipates hiring someone within the next six weeks.
- Ms. Brunner noted there has been a great deal of activity and there are a number of projects in the pipeline that are not reflected in the summary reports; however, the Board will be provided information as these projects move forward.

- As stated in the Port Authority's strategic plan process and reflected throughout the summary reports, the Port Authority is focused on continuing its partnership building efforts.

Landbank Preservation Fund

The Port Authority is dedicating preservation funding on an annual basis, as demolition is not the sole means by which the Port Authority will operate the landbank. A preservation steering committee has been established to help with the allocation of this annual funding.

Northern Kentucky Port Authority

Roger Peterman, Chairman of the Northern Kentucky Port Authority and Laura Brunner will present to the Northern Kentucky Chamber Board in approximately two weeks. The presentation will be focused on the joint efforts for the U.S. Army Corp of Engineers port re-designation, as well as the cargo study.

State-Wide Strategy

A goal for 2013 is to reach out throughout the state of Ohio to develop a state-wide strategy. The Port Authority has engaged Calfee Strategic Solutions to assist in a government relations perspective in putting together a strategy that will help the Port Authority with this effort.

Staff Development

Efforts are underway to determine which organizations the executive team should be involved with and which specific organizations they should speak/present to that will help with the Port Authority's communication strategy and ensure the team is well positioned within the community.

Port Authority Benchmarking – Port of Cleveland

In discussions regarding the Port Authority's 2014 Strategic Plan, the staff identified that they would undertake a more comprehensive planning process and longer term plan by the end of 2014, with a much longer time horizon. Over the next two years, the Port Authority will benchmark other organizations throughout the country, including peer port authorities, as well as other agencies which operate in any one of the Port Authority's business lines, that are aspirational, face similar challenges, and from whom the Port Authority can learn. The Port Authority will study the process they have used for major strategic plans, how they stay connected with their communities and their founding governmental bodies. This benchmarking exercise will be used as an educational tool for both staff and the Board.

Partially due to their use of Martin and Associates for the Cargo Market Assessment study, the Port of Cleveland is the first benchmarking. The Board was provided with excerpts of documents obtained from www.portofcleveland.com.

Port of Cleveland – Benchmarking

Best Practices:

1. Strategic Process:
 - Inclusive
 - Exhaustive

- Data-based
 - Good model for 2014
 - Many ideas for metrics
2. Clear Strategy:
 - Maritime – be proactive, market
 - Real estate development – if you own it, develop it
 - Finance – be proactive
 3. Finance:
 - Strength - \$11.1 million in unrestricted cash
 - \$1.3 billion in financing
 - \$1.7 million in fees for 2010
 - Strong marketing
 4. Maritime:
 - Invested in cargo study – data & specific opportunity
 - Operate 8 docks with five tenants on 110 acres
 - Built rail loop – first investment in ten years

Lessons Learned:

1. Decision to move port was large, visible, and costly; significant increase in staff and overhead; deemed a failure and CEO dismissed.
2. Loss of trust and confidence; attempt to move Port and scandal with the Board seen as ineffective and secretive.
3. Levy failure (from .13 [3.1 million] to .67 [18 million]). Hopeful that county residents would see value in Port stepping in to take on projects city couldn't afford; levy failed in suburbs and city.
4. General criticism for not using abilities and being proactive.

After generous discussion, Board members were asked to provide feedback on the quantity of information provided.

11. CHAIRMAN'S REPORT

Otto Budig, Jr., Board Chair

Board Officers

Mr. Budig instructed the Board that, per the Bylaws, Board Officers must be elected each year.

Motion: Shane Wright moved to nominate the following: Otto Budig, Jr. as Chairperson, Lynn Marmer as Vice Chairperson, Laura Brunner as Secretary, and Paula Boggs Muething as Assistant Secretary. The motion was seconded by Clark Handy. The motion was approved unanimously.

Mr. Budig thanked the Board for its approval of Board Officers.

Board Meeting 2013 Meeting Schedule

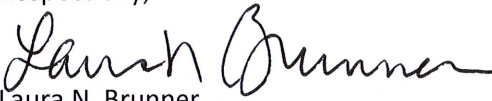
Mr. Budig stated that the Board meeting dates must be approved for the year 2013.

Motion: Clark Handy made a motion to adopt the Board meeting schedule as the second Wednesday of each month beginning at 8:00 a.m., noting a recess during the months of July and August. The motion was seconded by Shane Wright. The motion was approved unanimously.

12. ADJOURNMENT

The Board of Directors meeting adjourned at 9:15 a.m.

Respectfully,

A handwritten signature in black ink, appearing to read "Laura N. Brunner". The signature is written in a cursive style with a long horizontal flourish at the end.

Laura N. Brunner
Secretary