



October 8, 2014 Board of Directors Meeting

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

1. CALL TO ORDER

Lynn Marmer called the Port of Greater Cincinnati Development Authority Board of Directors meeting to order at 8:00 a.m.

Board Members Present:

Lynn Marmer	Jacobs-Horton, Lydia
Budig, Otto	Dunn, Marty
Greiwe, Rick	Williams, Tom
Robertson, Scott	

Staff Present:

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

Guests:

Stephens, Sam – City of Cincinnati	Schulte, Skip – private citizen
Meghan Glynn – Calfee Strategic Solutions	Kane, Scott – Squire Sanders
Wallace, Jeff – Parsons Brinkerhoff	

2. APPROVAL OF MINUTES – September 10

Lynn Marmer asked the Board members if there were any additions or modifications to the September 10, 2014 Board of Directors meeting minutes. Hearing none, she asked for a motion to adopt the meeting minutes.

Motion: Otto Budig, Jr. moved to adopt the minutes of the September 10, 2014 Board of Directors meeting. The motion was seconded by Marty Dunn and was approved unanimously.

3. FINANCIAL REPORT

Rick Hudson

Budget Update

Mr. Hudson provided a quick update with focus on the year to date numbers. Operating income year to date was virtually at plan, being \$4000 under plan. Non-operating income was \$117,000 under plan. Capital Grants are also under, waiting on the funding from the city.

The balance sheet showed the Port Authority having 1.6 million of unrestricted cash, the equivalent of seven months of operating expenses. The current focus will be the budget for next year, with a budget for approval presented at the December board meeting.

4. WELCOME AND INTRODUCTIONS

Lynn Marmer welcomed and introduced guests.

5. PUBLIC FINANCE

Susan Thomas

Ms. Thomas stated formal approval was being requested to enter into agreements related to the Fountain Square garage. The proposal is to enter into a 30 year lease with the City of Cincinnati for the Port Authority to manage and operate the garage. The Port Authority has agreed to assume all contracts for existing monthly parkers, only one of which has a rate specified in it, which will be honored through its term. Going forward the Port Authority will set the rates, the standard being not materially higher than comparable garages.

Ms. Thomas stated the other item to be the physical condition of the garage. Parson Brinkerhoff has updated their structural engineering report and provisions have been made in the financing assets to set aside the funds necessary to bring the garage into a state of good repair, out of the initial monetization.

Ms. Thomas stated the proposal, in addition to entering into the lease agreement, is to authorize the Port Authority to borrow funds through a bond / loan arrangement. A couple of nuances, the first being the resolution is for \$11 million, however the expectation is the maximum loan amount will be \$10.8 million. It is not anticipated that the full \$11 million will be drawn immediately.

There are several risks associated with the deal, the transition of the operator and the capital improvements that the Port Authority is having difficulty getting credit for upfront. An arrangement has been set up to borrow money today based on the way the City has historically operated the asset, giving the Port Authority the flexibility to do additional monetization without having to set up a whole new loan structure when the operating efficiency of the garage is improved.

Ms. Thomas stated the use of proceeds of the initial borrowing amount is the 1.5 million for capital improvements, the establishment of a debt reserve, and the cost of issuance. The way the deal is structured currently is a \$6 million payment to the City of Cincinnati to purchase the lease hold interest. In a separate document the City of Cincinnati would then grant the Port Authority the \$6 million back. For a number of reasons this is a preferred financing structure.

The grant money flows to a Port Authority development account. The restriction on the account is that it can only be used for capital projects within the City of Cincinnati, and with the consent of the administration.

Mr. Greiwe asked if, on a deal by deal basis, would every land deal going forward need to be approved by the city.

Ms. Thomas replied the document was not specific on that point and suspects it would be something that would vary on a deal by deal basis as the Port Authority and City of Cincinnati's relationship evolves.

Mr. Budig, Jr. asked has a pro forma, P&L been prepared on the numbers for the improvements to the garage.

Ms. Thomas replied the engineering estimate from Parson Brinkerhoff, is about \$1.45 million. The project has not been bid yet. One of the things the resolution allows for is to set up the rules by which the project is bid.

Ms. Jacobs- Horton asked how long would the garage be out of service for repairs.

Ms. Thomas replied it is not expected for the garage to close completely, but there will be revenue impact as the work is being done. One of the good things about the bond arrangement is that during the construction period, the debt service coverage requirement has been decreased, because of the expected revenue impact.

Ms. Jacobs-Horton asked if the same construct was expected mid-term or only at the end of the term.

Ms. Thomas replied the monetization that is being contemplated is a five year term with a 25 year amortization. There are minimal requirements and a lot of flexibility on reserving for capital improvements. No major improvements are expected, other than the initial improvements during the five year term.

Ms. Thomas noted that this Resolution authorizes Ms. Brunner to enter into a termination agreement of the previously signed parking lease and waiving any claim the Port Authority could have as a result of that lease.

Formal Action Requested – Before the Board today is proposed Resolution 2014-15 entitled:

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A LONG-TERM LEASE AGREEMENT FOR THE FOUNTAIN SQUARE SOUTH GARAGE WITH THE CITY OF CINCINNATI, OHIO; AUTHORIZING ISSUANCE OF NOT TO EXCEED \$11,000,000 PRINCIPAL AMOUNT OF PARKING FACILITY REVENUE BONDS, SERIES 2014 (FOUNTAIN SQUARE SOUTH PARKING FACILITY) FOR THE PURPOSE OF FINANCING COSTS OF "PORT AUTHORITY FACILITIES" WITHIN THE MEANING OF SECTION 4581.21, OHIO REVISED CODE, CONSISTING OF THE FOUNTAIN SQUARE SOUTH GARAGE; AUTHORIZING THE EXECUTION OF AN INDENTURE OF LEASEHOLD MORTGAGE, A BOND PURCHASE AGREEMENT, AND OTHER RELATED AGREEMENTS AND DOCUMENTS IN CONNECTION WITH THE FOREGOING; AUTHORIZING THE EXECUTION OF A CONTRACT FOR THE OPERATION OF THE PARKING FACILITY; AUTHORIZING THE EXECUTION OF A TERMINATION AGREEMENT WITH THE CITY OF CINCINNATI, OHIO WITH RESPECT TO THE LONG-TERM LEASE AND MODERNIZATION AGREEMENT DATED JUNE 21, 2013 AND WAIVER AGREEMENT WITH RESPECT THERTO;AND AUTHORIZING CERTAIN ADDITIONAL AGREEMENTS FOR THE IMPROVEMENTS, MAINTAINANCE AND OPERATION OF THE FOUNTAIN SQUARE SOUTH GARAGE.

Motion: Otto Budig, Jr. moved to approve Resolution No. 2014-15. The motion was seconded by Rick Greiwe and was approved.

Executive Session

Lynn Marmer stated that the Board would go into Executive Session.

Motion: Lynn Marmer made a Motion pursuant to Ohio Revised Codes 121.22.G(1) and 4582.58(B) to adjourn the meeting of the Board of Directors of the Port of Greater Cincinnati Development Authority and to go into executive session for the sole purpose of discussing information related to a personnel matter and relocation of an employer.

The motion was approved unanimously by roll call vote.

The Board adjourned into executive session at 8:15 a.m. The Board exited executive session and reconvened its Board of Directors meeting at 8:50 a.m. with roll call vote.

6. FOREIGN TRADE ZONE

Melissa Johnson

Ms. Brunner stated she had signed the management agreement for the Foreign Trade Zone. In the coming weeks, Ms. Brunner & Ms. Johnson will be meeting users and Board Members of the Foreign Trade Zone.

Ms. Johnson shared information about why and how the Foreign Trade Zones were created and the impact they have had within the state and locally. The benefits of using the Foreign Trade Zone were reviewed and explained.

Mr. Greiwe asked if the Port Authority would receive a fee for work done for the Foreign Trade Zone.

Ms. Johnson replied yes, there is a small fee to do the administration management of the Foreign Trade Zone. The current agreement is for two years and then to renew annually.

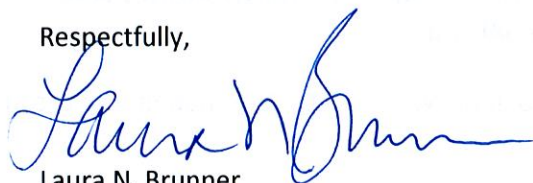
Ms. Marmer asked if anyone had anything to add before the conclusion of the meeting.

Ms. Brunner reminded the group that the Port Authority had moved into its new office space, and thanked Mr. Hudson for his hard work that resulted in an efficient move.

7. ADJOURNMENT

The October 8, 2014 Board of Directors meeting adjourned at 9:02 a.m.

Respectfully,



Laura N. Brunner
Secretary