

October 9, 2013 Board of Directors Meeting

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

1. CALL TO ORDER

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

Board Members Present:

Budig, Otto	Dunn, Marty
Greive, Rick	Jackson, Ed
Robertson, Scott	Smith, David
Williams, Tom	Wright, Shane

Board Members Excused:

Jacobs-Horton, Lydia	Marmer, Lynn
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Staff Present:

Brunner, Laura	Hall, Darin
Karimi, Marjorie	Paul, Gail
Robb, Deborah	Thomas, Susan

Guests:

Barrett, Maria – Port Financial Consultant	Herzner, Anne – Councilmember Laure Quinlivan
Holzhauser, Andy – Energy Alliance	Meyer, Chris – Energy Alliance
Kane, Scott – Squire Sanders Dempsey	Faust, Jeremy – Energy Alliance
Schulte, Skip – private citizen	Spoor, Robert – First Southwest
Wallace, Jeff – Parsons Brinkerhoff	Williams, Jason – Cincinnati Enquirer

2. WELCOME AND INTRODUCTIONS

Mr. Budig welcomed and introduced guests.

3. APPROVAL OF MINUTES

Mr. Budig asked Board members if there were any additions or modifications to the September 11, 2013 Board of Directors meeting minutes. Hearing none, he asked for a motion to adopt the meeting minutes.

Motion: Mr. Dunn moved to adopt the minutes of the September 9, 2013 Board of Directors meeting. The motion was seconded by Mr. Robertson and was approved unanimously.

4. **TRANSPORTATION AND LOGISTICS**

Melissa Johnson, Director of Transportation and Logistics

Port of Cincinnati Re-Designation

Progress on the re-designation continues. Efforts have been primarily centered on final determinations of Economic Linkages and garnering political support in anticipation of securing county-level resolutions. Several documents were provided to the Board for point of reference:

- Map of proposed re-designation
- List of State / Federal legislators
- Sample letter of support

There is super-majority support from the counties in Ohio and Kentucky. Relative to the Indiana counties, we have identified a baseline communication strategy with the USACE and a path moving forward depending on the outcome of these conversations.

Cargo Market Evaluations

The Martin Associates Cargo Market Assessment Executive Summary was provided to the Board. As a recap, this report identified specific commodity opportunities including steel / scrap metals, trending containerized grains, polymers, and some periphery cargo movements from the shale gas industry. This Summary will be further discussed at the Board meeting. For your benefit, pertinent sections have been highlighted.

As an extension of this work, the Port Authority met with industry leaders at PolymerOhio to discuss the freight transportation patterns of the raw material and finished goods supply chain. Of the 2,600 polymer-related companies in Ohio, approximately 300 of those are located in the Cincinnati region. PolymerOhio identified the Port of Cincinnati and Steubenville, Ohio as primary waterway harbors that are instrumental to the polymer freight movements. Opportunities in this industry include being located within close proximity to nearly 90% of the automotive industry in the I-75 and I-65 corridors and the continued growth of polymer composites. Work will continue to develop industry relationships in all identified opportunity segments.

A recommendation of the Cargo Market Assessment report was to benchmark and evaluate other logistics park developments. The Port Authority was represented at the Inland Distribution Conference in Kansas City, MO. Part of this reconnaissance included a tour of the newly developed Kansas City Logistics Park. A tour of Rickenbacker Global Logistics Park is scheduled for late October.

The Port Authority is working on a white paper for the strategic plan to address specific parts of marketing and development in this area of transportation and logistics.

The Board engaged in additional discussion on this topic.

5. **PUBLIC FINANCE**

Susan Thomas, VP of Public Finance

Seventh and Race Apartments

The Seventh and Race Apartments is a mixed use project that involves the acquisition and redevelopment of three downtown buildings. The project will convert underutilized office and warehouse space into a multifamily housing complex containing approximately 75 affordable living units ranging in rental rates from \$700-900 per month. In addition, there will be 15,000 square feet of first floor retail. The project is being developed by an affiliate of Peak Property Group, based in Columbus, Ohio.

The Port Authority has been asked to serve as the issuer for approximately \$9.5 million in Port Authority Revenue Bonds to finance a portion of the \$17 million total project costs. It is expected that the bonds will be tax-exempt.

In addition to the Port Authority Revenue Bonds, the developer is also pursuing Historic Tax Credits and Low Income Housing Tax Credits to generate investment in the project. The City of Cincinnati has provided a letter of support to the developer, stating that the development plan is consistent with the City's strategy for downtown revitalization. The buildings are expected to achieve LEED Silver status, and thus be eligible for the City's LEED tax abatement.

Formal Action Requested – Before the board today is a resolution 2013-14 entitled:

A RESOLUTION AUTHORIZING THE INITIAL APPROVAL OF THE ISSUANCE OF PORT AUTHORITY REVENUE BONDS FOR THE ACQUISITION, REHABILITATION AND EQUIPPING OF THREE BUILDINGS IN THE CITY OF CINCINNATI AS A RESIDENTIAL RENTAL COMPLEX.

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.

After some discussion on this matter, Mr. Budig asked for a motion to approve Resolution No. 2013-14.

Motion: Mr. Dunn moved to approve Resolution No. 2013-14 authorizing initial approval of the issuance of Port Authority revenue bonds for the acquisition, rehabilitation and equipping of three buildings in the City of Cincinnati as a residential rental complex. The motion was seconded by Mr. Smith and was approved unanimously.

PACE Program Update

During a previous board meeting, there was discussion concerning the PACE program. The Port Authority has been working extensively the City of Cincinnati and the Greater Cincinnati Energy Alliance.

Looking further into the PACE program and doing benchmarking across the country, it was determined that simply having a PACE program was not the best practice or strategic move. Instead, a more comprehensive program would better serve energy efficiency and renewable

energy county-wide and match up the right physical improvements as well as the right financing package.

The Port Authority is prepared to enter into a Memorandum of Understanding with the Energy Alliance to partner with them. Benefits of this partnership are outlined in the program stages (a handout was provided to Board members). Businesses in Hamilton County would be able to begin with assessments of their building needs, contract with a pre-certified contractors, coordinate energy audit findings, and develop scopes of work, financing, and monitoring.

The financing piece for some projects might be PACE bonds and more likely a revolving loan fund as there is a timing disconnect between bond financing and when people want to do work. There is a need to bridge the financial gap.

Monitoring the post-completion of the project will be the Energy Alliance on the energy side and the Port Authority on the financing side.

The Port Authority feels strongly this is an important part of economic development in Hamilton County with the ability to have a resource to take the county's aging commercial and industrial properties and turn them into 21st century properties. Energy efficiency is clearly a part of that effort. These efforts can happen anywhere within Hamilton County.

The Board engaged in an in-depth discussion on this topic.

6. *BENCHMARKING REPORT – Toledo-Lucas County Port Authority*
Jason Chamlee, Development Associate

Toledo-Lucas County Port Authority is considered the model for Ohio port authorities. Within the state of Ohio, Toledo-Lucas County is the port authority with business lines most similar to the Port of Greater Cincinnati Development Authority. However, it is much larger than our Port Authority and has been in existence for a much longer time and has engaged in more large-scale projects.

City of Toledo / Lucas County – Overview

- The City of Toledo is located on the western end of Lake Erie and on the west bank of the Maumee River.
- The City population is 287,208, the County population is 437,998 and the Toledo metropolitan area population is 651,429.
- The City unemployment rate is currently 8.2%.

Toledo grew as a port city on the Great Lakes and became best known for industrial manufacturing, especially automobile manufacturing. As these industries have declined in recent decades, the City's largest employment sector has become healthcare and its largest employer is the University of Toledo. The metropolitan area is home to three Fortune 500 companies: Dana Corporation, Owens Corning and Owens Illinois. The City's population peak

was 383,105 in 1970 but has steadily declined since that time. In the 2000s, the city received significant interest and growth in “green jobs” due to economic development around solar energy, including significant state research grants received by the University of Toledo and Bowling Green State University. In addition, Downtown Toledo has undergone significant redevelopment, including Fifth Third Field (minor league baseball), the Huntington Center (multi-purpose arena), and riverfront and downtown parks and public spaces.

Toledo-Lucas County Port Authority

History

In 1955, the State of Ohio enacted the Port Authority Act in order to take advantage of the newly created St. Lawrence Seaway system which allowed access to the Great Lakes from the Atlantic Ocean. In response, the Toledo-Lucas County Port Authority was founded on July 18, 1955 as the first Port Authority in Ohio. In 1973, the City of Toledo leased the Toledo Express Airport and the Toledo Executive Airport to the Port Authority to manage operations of the facilities. In 1988, the Port Authority launched its business finance division to assist in the financing of economic development projects, which led to the establishment of the Northwest Ohio Bond Fund. In 1994, the Port Authority acquired and renovated Central Union Terminal and now operates it as a modern train and bus terminal and office complex.

Governance

The Toledo-Lucas County Port Authority has four executive level positions in its management structure: President and CEO; Vice President of Operations and Development, Chief Operating Officer; Vice President, Administration and Chief Financial Officer; and Director of Cargo Development. The Board of Directors is comprised of thirteen private sector representatives, with one Chairman and the rest serving as Vice Chairman. There are five different Committees of the Board: the Airport Committee; the Facilities and Development Committee; the Finance Committee; the Human Resources and Community Relations Committee; and the Seaport/Surface Transportation Committee.

Finances

Ninety-three percent of Port Authority funding comes from revenue generated by its operating divisions and its finance programs. This revenue pays for all administrative costs including staff salaries. The other seven percent comes from revenue generated by its tax levy, which is used exclusively for capital improvement projects. In 2012, the Toledo-Lucas County Port Authority had \$13.4 million in Operating Revenue and \$11.9 million in Non-operating Revenue, with Net Assets totaling \$216 million.

Business Lines

The Toledo-Lucas County Port Authority has five primary business lines, with a few additional associated programs. The business lines include Aviation Services, Maritime Services, Economic Development, Financing Services, and Transportation and Logistics. Within these business lines, the Port Authority runs the Community Economic Development Initiative, the Diversified Contractor Accelerator Program, BetterBuildings Northwest Ohio (PACE program), and a Supplier Recruitment program. Additionally, the Port Authority is involved in land development and currently owns four different properties, totaling 367 acres, which is being marketed for industrial development. One of the properties is within the airport and another property is an expansion of the seaport facility.

Parking

In 2011, the Toledo-Lucas County Port Authority purchased three city parking garages and took over the management of city parking meters in downtown Toledo. The Port Authority issued \$16 million of bonds in order to pay \$15 million to the City of Toledo as well as make capital improvements to the meters and garages. There are about 800 meters and 2,400 garage spaces. Parking revenues are used to pay the debt, cover operating expenses, fund a capital reserve, and contribute to a downtown development fund. Any surpluses are divided between the Port Authority and the City.

Achievements

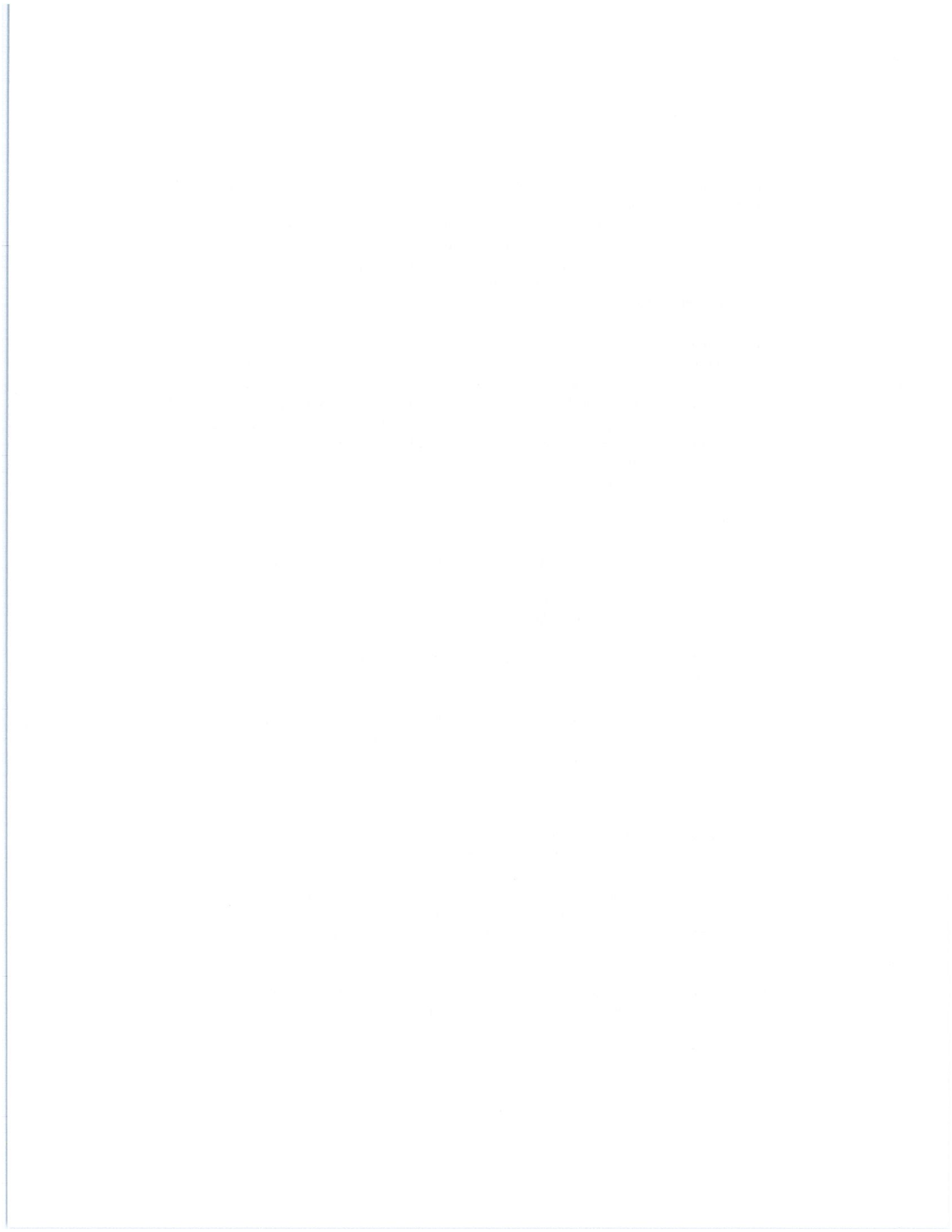
Since 2000, the Port Authority has received \$130 million in federal and state funds and raised an additional \$19 million in local matching funds, an investment resulting in the creation of more than 10,000 jobs. Midwest Terminals of Toledo, the public seaport operated by the Port, supports 7,000 local jobs, \$1 billion in annual trade and 10 to 12 million tons of cargo. Through its Financing Services business line, the Port Authority has provided financial assistance for more than 330 economic development projects with a total investment of \$1.15 billion while helping to create or retain 16,750 jobs.

Key Takeaways

1. **Comprehensive Business Lines** – Within the Toledo region, the Port Authority has been given charge of most every program that falls within its business lines. Its public finance division includes programs such as SBA 504, Ohio 166, PACE financing and the Bond Fund. It owns and/or operates major public assets such as the seaport, the airports, commuter rail, public parking, and the Foreign Trade Zone. Its Economic Development work includes both land development for new industrial parks as well as the Community Economic Development Initiative, which makes grants and loans to community-based 501c3 organizations for real estate development.
2. **Financial Independence** – The operations of the Toledo-Lucas County Port Authority are completely funded through revenue generated from its business lines and therefore it is not dependent on public financial support. Capital funds come from a number of different sources, including a tax levy, operating surpluses and various grants, with support from state and federal programs being largely project based.
3. **Aggressive Pursuit of Grant Funding** – The Toledo Port Authority has done an exceptional job at identifying and obtaining state and federal grants to carry out its objectives. It has secured over \$130 million in such funding in the last 15 years alone. This enables the Port Authority to pursue ambitious initiatives while leveraging their existing resources. Furthermore, this allows the Port Authority to have a broad approach to its work, which ranges from shipping to land development to energy efficiency financing.

The Board agreed that to date, this benchmarking report was the most credible point of view for learning that the Port of Greater Cincinnati Development Authority could potentially mirror.

The Board engaged in further discussion on the key findings of this benchmarking report as well as potential strategic planning for the Port Authority.



7. **FINANCIAL REPORT**

Maria Barrett, Financial Consultant

August Financial Statements

- Operating revenue for the month includes \$700,000 in operating funds from the City. It also includes the final draw on the USEPA grant and the corresponding pass-through to environmental firms.
- Operating expenses for the month and year-to-date were approximately \$192,000 and \$1,696,000, respectively, for a monthly average of \$212,000. Compared to the total appropriations budget of \$2,719,000, there is \$1,023,362 remaining in the budget for fiscal 2013, as shown on the budget comparison report.
- Although the financial statements present expenses in total by budget category, it should be noted that the cost of employee health insurance has decreased 43 percent this year in spite of a 47% increase in payroll and 50% increase in head count. These savings were realized after evaluating insurance coverage and carriers and moving to a more consumer-driven plan design in July 2012. The July 1, 2013 renewal rates increased nearly 20%, and we elected an early renewal effective December 1, 2013 at an increase of 4.9% to delay the impact of 2014 Affordable Care Act mandates.
- Unrestricted cash totaled \$786,227 at August 31 and \$1,683,315 at September 30, the most recent month end. The total amount of development in progress at August 31 was \$4,080,700, including \$97,000 of pre-acquisition costs.

Budget Update

The Port Authority is closely monitoring the original budget and updating revenue and expense projections through year end. It is expected an amended 2013 budget will be presented next month. Additionally, the Port Authority is starting the process of developing a budget for 2014 to present at the December board meeting.

Software Project

A kick off meeting was held with Blackbaud for the implementation of the Financial Edge software. In the next few weeks a project timeline will be developed, schedule users for training, and begin the design phase.

8. **INCLUSION AND COMMUNITY REVITALIZATION REPORT**

Deborah Robb, Director of Community Revitalization and Inclusion

Moving Ohio Forward Demolition Grant Program/HCLRC

State of Ohio Attorney General Site Tour – The HCLRC conducted a site tour with Jennifer Mildren, Assistant Attorney General, to review previously demolished sites. Sites toured included properties in Northside, St. Bernard and Evanston (the former St. Leger site), all of which have a disposition strategy for the vacant land use to include new townhouses, condos and apartments. Ms. Mildren noted that Hamilton County is one of the few counties that have received these funds that has a focused strategy for the demolished sites.

Demolition Update

To date, the Landbank has demolished 51 properties with an additional 50 in process for demolition. One property demolished for the City of Wyoming was utilized as a training opportunity and controlled burn for the Wyoming Fire Department. The demolition contractor was on standby to demolish the building as soon as the fire was completely distinguished. The Wyoming Fire Chief and city administrator applauded the Landbank’s efforts to assist them in this valuable training exercise.

Demolition Economic Inclusion Update

MBE	\$599,372	25.8%
WBE	\$525,223	22.6%
SBE	\$1,200,970	51.7%

LISC Deconstruction Webinar

Deborah Robb conducted a national webinar for LISC on the values of utilizing deconstruction in the demolition process. The focus of the webinar was to learn the process of systematically dismantling a structure in an environmentally, economically and socially responsible manner, aiming to maximize the recovery of materials for reuse and recycling. A representative from Building Value LLC was on hand to assist in the conversation. There were approximately fifty people in attendance.

Convention and Visitor’s Bureau Diversity Training

As chair of the Supplier Diversity Committee for the Convention and Visitor’s Bureau, Deborah Robb will assist in the diversity training for the entire staff of that organization.

SCOMSDC Advocate of the Year Nomination

Laura Brunner acknowledged that Deborah Robb has been nominated to receive this award at the South Central Ohio Minority Supplier Diversity Council’s annual gala event to be held November 8, 2013. This award recognizes the accomplishments and contributions of individuals who have successfully advocated for minority supplier development. The recipient must also have a proven history of voluntary efforts and endeavors to advance minority business as well as improve the conditions for minority businesses to grow.

The company that nominated Deborah Robb was a company that worked on the Horseshoe Casino project and was suspected of not providing a commercially useful function and not the company they presented themselves as. Through many conversations with Ms. Robb, this company modified the structure of their company to actually be providing a useful service for the project. As a result of modifying their business line, they have received other work on Port Authority-related projects.

9. PRESIDENT'S REPORT

Laura Brunner

The theme of the year has been learning and benchmarking with other port authorities, other organizations and other cities. A lot of traveling occurred to very specific places such as the Kansas City Logistics Park, to Rickenbacker in Columbus later this month. Other cities visited were Philadelphia, Grand Rapids, MI, and Pittsburgh. These visits will lay the framework for what the Port Authority will plan next year for the long-term.

The Port Authority continues meeting with other organizations locally for collaboration and learning. A meeting with Steve Leeper, 3CDC, discussed his work in Pittsburgh, specifically in housing revitalization. The Port Authority anticipates these learnings will impact its next steps.

Bond Hill Project Update

Darin Hall provided the Board with an update on the Bond Hill project. O'Rourke has been hired to do the demolition. A kick-off demolition press conference is scheduled for October 31 at 10 a.m. All stakeholders have been invited to attend this event. The Port Authority expects to have the structure on the ground by the end of the year. In 2014, marketing of the site will gear up.

10. CHAIRMAN'S REPORT

Otto Budig

On behalf of the Board of Directors, Mr. Budig extended his thanks to Taft Law Firm for their willingness to allow the Port of Greater Cincinnati Development Authority to utilize their conference center for its monthly Board of Directors meetings.

Executive Session

Mr. Budig stated that the Board would go into Executive Session.

Motion: Rick Greiwe made a Motion pursuant to Ohio Revised code 121.22 (G)(1) of Ohio Revised Code 121.22 (G)(3) 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 to consider 1) the appointment, employment, dismissal, promotion, and/or compensation of public employees and, 2) a conference with an attorney or attorneys for the Port of Greater Cincinnati Development Authority concerning disputes involving the Port Authority that are the subject of pending or imminent court action. Upon conclusion of the executive session, the Board will reconvene its meeting of the Board of Directors. The motion was approved unanimously by roll call vote.

The Board adjourned into executive session at 9:09 a.m. The Board exited executive session and reconvened its Board of Directors meeting at 9:40 a.m.

11. ADJOURNMENT

The October 9, 2013 Board of Directors meeting adjourned at 9:40 a.m.

Respectfully,

A handwritten signature in cursive script, appearing to read "Laura N. Brunner".

Laura N. Brunner
Secretary

