

RESOLUTION NO. 2015-05

**RESOLUTION APPROVING THE 2015 OPERATING BUDGET AND FIVE-YEAR CAPITAL PLAN
FOR THE FOUNTAIN SQUARE SOUTH GARAGE**

WHEREAS, the Port of Greater Cincinnati Development Authority (the "Port Authority") and the City of Cincinnati, Ohio (the "City") entered into a long-term lease agreement (the "Lease Agreement") in January 2015 whereby the City leased the Fountain Square South Garage (the "Garage") to the Port Authority; and

WHEREAS, the Port Authority entered into an Indenture of Open-End Leasehold Mortgage between the Port Authority and The Huntington National Bank, as Trustee, ("Indenture") dated January 9, 2015; and

WHEREAS, the Port Authority expects to earn \$1,100,000 in revenues during 2015 from its operation of the garage, all such funds to be deposited with the Trustee under the Indenture; and

WHEREAS, pursuant to Section 7.1(e) of the Lease Agreement, the Port Authority shall prepare an annual operating budget and five-year capital plan for the Garage; and

WHEREAS, the operating budget shall contain the estimated annual operating expenses for the Garage, and the capital plan shall project the estimated level of capital expenditures for the subsequent five years that will be required to maintain the Garage; and

WHEREAS, the Port Authority has received from Parsons Brinckerhoff a Port Authority Garage Inspection Report ("Engineering Report") dated October 25, 2013 and updated July 23, 2014 detailing the structural inspection of the Garage completed by an independent engineer; and

WHEREAS, in consultation with the Garage operator and consistent with the Engineering Report, the Port Authority has prepared an operating budget for Fiscal Year 2015 (the "2015 Operating Budget") as well as a five-year capital plan (the "Five-Year Capital Plan") for the Garage, and the 2015 Operating Budget and Five-Year Capital Plan are attached to this resolution as Exhibits A and B, respectively; and

WHEREAS, this Board has determined that it is in the best interest of the Port Authority to approve the 2015 Operating Budget and the Five-Year Capital Plan;

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

Section 1. This Board of Directors hereby approves the 2015 Operating Budget and the Five-Year Capital Plan for the Fountain Square South Garage, attached as Exhibits A and B, respectively.

Section 2. The Board finds that the 2015 Operating Budget and Five-Year Capital Plan have been duly prepared, and upon approval shall be fully effective for the purposes of the Port Authority making expenditures in connection with the operation and maintenance of the Fountain Square South Garage, such amounts to come solely from funds available for such purposes under the Indenture.

Section 3. This Board finds and determines that all formal actions of this Board and any of its committees concerning and relating to the adoption of this resolution were taken, and that all deliberations of this Board and of any of its committees that resulted in such formal action were held, in meetings open to the public, in compliance with the law.

Section 4. This resolution shall be in full force and effect upon its adoption.

Adopted: April 8, 2015

Yeas: 8

Nays: 0

Abstention: 0

Lynda Mauer
Chairperson

Paula R. Bruner
Attest:
Secretary

Exhibit A

2015 Operating Budget

<u>Purposes</u>	<u>Amounts</u>
Salaries and Benefits	-
Professional Services	184,540
Office Rent and Utilities	44,000
Staff and Business Development	-
Equipment and Supplies	51,000
Taxes, Insurance, Marketing, Dues and Other	191,940
Depreciation	<u>75,720</u>
Total Operating Expenditures	547,200

Exhibit B

2015 Five Year Capital Plan

Requirements of a Capital Plan

On January 8, 2015, the Port Authority and the City of Cincinnati entered into a Long Term Lease Agreement for the Fountain Square South Garage ("Agreement"). Article 4 of the Agreement specifies that the Port Authority shall be responsible for future capital improvements, subject to the availability of sufficient funds under the Indenture.

Section 4.2 of the Agreement states that the Port Authority shall engage an Engineering Firm not less than every five (5) years during the Term to inspect the Garage and to prepare and deliver to the Port Authority a "Condition Assessment Report".

Section 4.2 also requires the Port Authority to approve an annual five-year Capital Plan based upon the most recent Condition Assessment Report and any additional relevant information. The Port Authority shall then complete all capital improvements set forth in the Capital Plan within the time frame indicated in the plan.

Section 7.1(e) of the Agreement specifies that the Capital Plan shall project the estimated level of capital expenditures for the subsequent five Fiscal Years that will be required to maintain the Garage in accordance with the Agreement and fund other anticipated needs of the Garage.

2015 Capital Improvements

Prior to entering into the Agreement, the Port Authority received from Parsons Brinckerhoff (PB) a Port Authority Garage Inspection Report dated October 25, 2013, and updated July 23, 2014, detailing the structural inspection of the Garage.

The PB report included an estimate of structural repair costs for work needed to bring the Garage into a state of good repair over the next three years. That cost was estimated at **\$1,455,843.75**. Upon entering into the Agreement and closing on the Bonds, Port Authority deposited this amount into the Capital Reserve Fund created under the Indenture.

While the PB report detailed work necessary to be completed over a three year time horizon, given the nature of the work, and the need to close the garage to complete the repairs, the Port Authority decided to complete all of the specified work at one time. The Port Authority then contracted with SSRG to perform the work detailed in the PB report. The Port Authority also added some non-structural items to the scope of work, most visibly painting of certain areas of the garage. This work is expected to be completed prior to May 1, 2015.

It is anticipated that the entire cost of the work including the significant unexpected electrical work, the expansion of the scope, and operating and soft costs will be just over \$1.1 million. **This report proposes using the remaining amounts in the Capital Reserve Fund (excluding the amount of the insurance deductible) to upgrade the revenue control equipment in the garage.**

On-Going Maintenance

In addition to the estimate of structural repair costs, the PB report also includes annualized maintenance cost guidance estimates. These amounts are based on the 18th Annual Edition of the Whitestone Facility Maintenance and Repair Cost Reference 2013-2014 which recommends a \$1.02 per garage square foot budget for annual maintenance and repair cost for parking garages (**\$42,439 annually**). As these items are related to routine maintenance, it is currently expected that these costs will be considered operating items.

Major Replacement and Renewal Projects

The PB report also included estimates of major replacement and renewal project costs for cycles after the initial return to a state of good repair. These items, along with the proposed equipment upgrade, are included in the table below:

<u>Year</u>	<u>Purposes</u>	<u>Amounts</u>	<u>Source</u>
2015	Equipment	250,000	Amounts in the Capital Reserve Fund and Equipment & Supplies of Operating Budget
2018	Stairways	8,037	
2019	Fire Protection & Electrical	69,123	
Total		327,160	

Funding for Maintenance and Capital Improvements

Decision about what capital projects to undertake, when, and how to finance the improvements are determinations of the Port Authority, subject to consistency with the most recent Condition Assessment Report. The funds available for any such improvements are limited to eligible amounts under the Indenture. No general funds of the Port Authority have been pledged for this purpose. The Port Authority is also limited by the following provisions:

Lease Agreement with the City (Article 4.2): At the end of each Fiscal Year, the Port Authority shall deposit into the Capital Reserve Fund an amount necessary to make the uncommitted balance of the Fund equal to at least 110% of the projected capital expenditures in the upcoming Fiscal Year as determined in the annual Capital Plan plus an amount equal to the insurance deductible (currently \$100,000). *This provision sets the minimum amount of funds in the Capital Reserve Fund.*

Lease Agreement with the City (Article 6.1): Amounts determined by the Port Authority to be deposited to the Capital Reserve Fund, when aggregated with uncommitted funds already in the account, shall not exceed the sum of the amounts required to be deposited under Article 4.2 plus 80% of the cost of the expected Capital Improvements for the next two years, plus 30% of the costs of the expected Capital Improvements for the following two years, all as projected in the Capital Plan. *This provision sets the maximum amount of funds in the Capital Reserve Fund.*

Indenture with Trustee (Section 406(c)): Amounts in the Capital Reserve Fund shall be used to pay for the capital plan and any garage maintenance expenses as required under the Agreement. Any amounts in the Capital Reserve Fund that are in excess of the amounts required to pay for items in the Capital Plan, may upon approval of the Port Authority Board, be transferred to the Development Fund.

Financing Agreement with Fifth Third (Article 2.7(b)): The Port Authority agrees to deposit a minimum of \$60,000 per year by February 1 of each year into the Capital Reserve Fund. This fund may be used for maintenance costs of the Garage, as provided for in the Indenture.