

**RESOLUTION NO. 2015-19**

**RESOLUTION APPROVING THE 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**, pursuant to Article 7.1(e) of the Lease Agreement, the Port Authority shall prepare an annual five-year capital plan for the Garage; and

**WHEREAS**, 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 Brinkerhoff 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 a five-year capital plan (the "Five-Year Capital Plan") for the Garage, and the Five-Year Capital Plan is attached to this resolution as Exhibit A; and

**WHEREAS**, Section 402(c)(i) of the Indenture requires the Trustee on the last day of December to deposit into the Capital Reserve Fund from the Revenue Fund, an amount which when added to the amount already on deposit in the Capital Reserve Fund, will be sufficient to satisfy the Maintenance Deposit Requirement and the Capital Reserve Requirement; and

**WHEREAS**, Section 402(c)(i) of the Indenture permits the Port Authority to direct the Trustee to make an additional deposit to the Capital Reserve Fund, subject to the limitations in the Lease Agreement and the Indenture; and

**WHEREAS**, the Five-Year Capital Plan recommends the deposit of \$60,000 in total into the Capital Reserve Fund from the Revenue Fund on December 31, 2015; and

**WHEREAS**, this Board has determined that it is in the best interest of the Port Authority to approve 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 2016 Five-Year Capital Plan for the Fountain Square South Garage, attached as Exhibit A.

Section 2. This Board determines to direct the Trustee to deposit a total of \$60,000 into the Capital Reserve Fund from the Revenue Fund to fulfill the Maintenance Deposit Requirement and any additional deposit.

Section 3. The Board finds that the 2016 Five-Year Capital Plan has been duly prepared, and upon approval shall be fully effective for the purposes of the Port Authority making expenditures in connection with capital improvements to the Fountain Square South Garage, such amounts to come solely from funds available for such purposes under the Indenture.

Section 4. All capitalized terms not defined herein shall have the meanings attributed to them in the Indenture.

Section 5. 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 6. This resolution shall be in full force and effect upon its adoption.

Adopted: 12-9-15

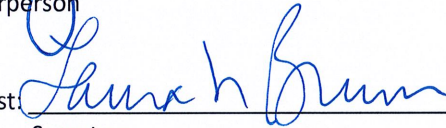
Yeas: 6

Nays: 0

Abstention: 0



Chairperson



Attest:

Secretary

## Exhibit A

### 2016 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.

Article 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".

Article 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.

Article 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 Initial 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 **\$1,455,844**, and this amount was deposited into the Capital Reserve Fund. 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 was completed on May 1, 2015 at a total cost of **\$1,154,847**.

#### **2015 Additional Capital Improvements**

After the garage re-opening, the elevators experienced some operational issues. The Port Authority expended **\$27,247** to KONE to correct these issues, including the purchase and installation of a new hydraulic power unit in the Westin-side elevator.

It was anticipated prior to the closure of the garage that the revenue control equipment needed to be replaced in 2015. After opening the garage, it was determined that the revenue control equipment was in

good working order and that instead of replacing the whole system in 2015 as originally planned, the system would be updated by adding the remote management feature at a total of **\$53,296**. The Port Authority placed the order and paid the deposit of **\$17,588** for this upgrade. The installation is expected to be completed within the first two months of 2016. The balance of **\$35,708** is to be paid in 2016.

The balance of the Capital Reserve Fund at the close of 2015 is expected to be **\$256,162**.

**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 18<sup>th</sup> 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, they are considered and budgeted for as operating costs.

**Major Replacement and Renewal Projects (2016 – 2020)**

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:

<b><u>Year</u></b>	<b><u>Purposes</u></b>	<b><u>Amounts</u></b>	<b><u>Source</u></b>
2016	Remote Management (amount remaining)	\$35,708	Capital Reserve Fund
2017	Equipment	\$250,000	Capital Reserve Fund
2018	Stairways	\$8,037	Capital Reserve Fund
2019	Fire Protection & Electrical	\$69,123	Capital Reserve Fund
2020	No significant items expected	0	
<b>Total</b>		<b>\$362,868</b>	

**Funding for Maintenance and Capital Improvements**

The identification, timing, and financing of capital projects 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.

**Indenture with the Trustee (Section 402(c)(i)):** On the last day of December, the Trustee must deposit into the Capital Reserve Fund from the Revenue Fund, an amount which when added to the amount already on deposit in the Capital Reserve Fund, will be sufficient to satisfy the Maintenance Deposit Requirement and the Capital Reserve Requirement; provided that the Port Authority may direct the Trustee to make an additional deposit to the Capital Reserve Fund in an amount not to exceed the limitation in Article 6.1 of the Agreement.

**Indenture Definition - Capital Reserve Deposit Requirement** means an amount necessary to make the balance in the Capital Reserve Fund (excluding the Maintenance Deposit Requirement) equal to at least 110% of the projected capital expenditures in the upcoming Fiscal Year as determined by the Capital Plan plus an amount equal to the Insurance Deductible.

**Indenture Definition - Maintenance Deposit Requirement** means, for any Fiscal Year, an amount equal to Sixty Thousand Dollars (\$60,000) less the amount used to pay maintenance expenses during such Fiscal Year.

**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.

Following these provisions, the Port Authority has minimum/maximum limits on the amount permitted in the Capital Reserve Fund for the next 5 years, included in the table below:

<u>Year</u>	<u>Minimum in Capital Reserve Fund</u>	<u>Maximum in Capital Reserve Fund</u>
2016	\$139,278.86	\$342,445.36
2017	\$342,000.00	\$403,728.00
2018	\$108,840.70	\$166,550.20
2019	\$176,035.30	\$178,446.40
2020	\$100,000.00	\$106,429.60

**Recommendation**

The Port Authority recommends the deposit of \$60,000 into the Capital Reserve Fund from the Revenue Fund on December 31, 2015.

Current Balance	\$256,162
<b>Proposed FYE15 Deposit</b>	<b>\$60,000</b>
2016 Expected Expenditures	\$35,708
Anticipated FYE16 Balance	\$280,454