



PORT OF CLEVELAND

Cleveland - Cuyahoga County Port Authority

1375 E. Ninth St., #2300
Cleveland, OH 44114
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Maritime Committee

Wednesday, September 7, 2011
5:00 p.m.

Sammy's at One Cleveland Center – 2nd Floor

1375 East 9th Street
Cleveland, Ohio 44114-1790

AGENDA

- I. Adoption of May 4, 2011**
Requested Action: Acceptance by Committee
- II. Submerged Land Lease Resolution Request**
Requested Action: Acceptance by Committee
- III. USEPA-Great Lakes Restoration Initiative Grant**
Requested Action: Acceptance by Committee
- VI. Adjournment**

Committee Members

Paul Hoogenboom, Chair
Diane Downing, Richard Knoth, Marc Krantz
Anthony Moore, Robert Peto, Robert Smith, Steve Williams

Next Committee Meeting – November 2, 2011

I. Meeting Minutes

**Cleveland-Cuyahoga County Port Authority
Maritime Committee Meeting
May 4, 2011**

MINUTES

Committee Members Present

Paul Hoogenboom, Chair
Anthony Moore
Robert Peto
Robert Smith

Committee Members Absent

Richard Knoth
Marc Krantz
Steve Williams

Staff Present

Elizabeth Bohinc; Eric Hirsimaki; David Gutheil; Melisa Freilino; William Friedman; Arlene James; Brent Leslie; Sandra Livingston; Margaret Rivalsky; Christy Rodriguez; Linda Sternheimer; Matthew Welsh; Garth Woodson.

Guests Present

Dennis Wilcox (Legal Counsel); Victor Anzalone, Citizen; Todd Argust, Cleveland Browns; Michael Baker, ILA; Jim McCarty, *The Plain Dealer*; Jay Miller, *Crain's*; Tim Offtermatt, Stifel; Janine Rybka, Cuyahoga Soil & Water; Ryan Sommers, Flats East Development; Steve Strnisha, PMC; Chris Trepal, Earth Day Coalition.

The meeting was called to order at 8:36 a.m. by Director Hoogenboom welcoming guests, Board members and staff.

The March 2nd and April 14th committee minutes were presented for approval. Director Hoogenboom asked if there were any changes to the minutes. Director Moore requested that the March 2nd meeting minutes be revised and that the second paragraph under "Security Grant" on page 3 be deleted with the exception of the first sentence.

On motion by Director Smith, seconded by Director Moore, the minutes were unanimously approved with proposed revision.

General Maritime Update

David Gutheil, Vice President of Maritime & Logistics, stated that the First Ship Ceremony was held on April 13th. There was approximately 30,000 tons of cargo in April. Staff is working diligently to update marketing materials. The Foreign-Trade Zone brochure is complete and staff is currently working on a Wind Energy brochure for a Wind Conference in Anaheim. The Great Lakes Energy Task Force will be in attendance and asked for marketing materials on behalf of the Port. Staff is working on a Port marketing brochure that highlights all of the Port's services, as well as other stand-alone brochures for Maritime and Development Finance. Another marketing initiative includes a redesign of the website, which will be a lengthy process and may

take approximately five months. A significant amount of material will be rewritten and new graphics will be added to the website. An agreement with a company has been executed to provide the redesign of the website. The same company will work on Port brochures for consistency of marketing materials.

Cleveland Browns Parking Agreement

Mr. Gutheil stated that the Cleveland Browns Parking Agreement was reviewed at the April Committee meeting. Mr. Gutheil introduced Todd Argust of the Cleveland Browns. The Port Authority entered into a Memorandum of Agreement (“MOA”) with the Cleveland Browns in June of 1999 for 2,200 parking spaces for each NFL game. Parameters of the original agreement provided the Port Authority with 50% of net revenue generated from parking fees or \$200,000, whichever is greater. Those parameters changed in 2000, and increased the base parking payment to the Port to \$225,000. The agreement is set to expire on June 30, 2011 and has enabled the Port to recoup investments it made for improvements to the interchange at W. 3rd Street.

Due to current infrastructure improvements, the parking capacity is expected to be reduced further this year because of the Independence Excavating agreement and the construction of the rail loop, which is going to impact available spaces for the Cleveland Browns. Staff has been actively engaged with the Browns to finalize the new agreement prior to June 30, 2011. Staff is recommending that the amendment to the current MOA revert to the original agreement, which will provide the Port with 50% of net revenue from parking fees or \$200,000, whichever is greater. The Browns have also requested language that would reduce payment on a pro-rata basis if there are less than 10 games in a given season. The term of this agreement would be for one year. Both parties would work collaboratively to evaluate the current parking operations when the current agreement expires.

Mr. Gutheil stated that from a business practice standpoint, it is fair to have the Cleveland Browns pay the Port Authority for the spaces available to them and the games that are played at the stadium. The amount of spaces at the time of the original contract was 5,578, which included Dock 32. But that dock was taken out of the agreement when the property was returned to the City of Cleveland. The maximum amount of spaces available is 5,028. Approximately 1,150 spaces will be lost this year due to both the construction of the rail loop and the Independence Excavating agreement, taking the amount of spaces to less than 3,900. Consequently, over the years the Cleveland Browns have been paying the same amount for fewer available spaces. Mr. Gutheil stated that the Cleveland Browns should not be charged the same amount going forward for substantially fewer available parking spaces on Port property.

On motion by Director Smith, seconded by Director Moore, all voted to recommend to the Board of Directors a Third Amendment to the Agreement for parking between the Port Authority and the Cleveland Browns that reflects the following: 1) a minimum payment of \$200,000 annually; 2) a pro-rata reduction in the minimum payment should less than 10 games be played at Cleveland Browns Stadium and 3) a term ending April 30, 2012, at such point the Port Authority and the Browns will work collaboratively on approving the parking economics for both parties.

Independence Excavating Operating Agreement Amendment

Mr. Gutheil stated that the Port Authority and Independence Excavating entered into an Operating Agreement for use of two parcels of land on Dock 22 as part of the Medical Mart project. The term of the agreement for use of Parcel A, the area outside the RTA Loop, is due to conclude on May 31st. Independence Excavating has requested use of Parcel A through July 31, 2011. The operating fee for Parcel A will continue at a rate of \$5,000 per month.

Mr. Gutheil stated that he made it clear that the Port is unable to go beyond the July 31st due to the construction of the rail loop project.

Director Peto asked if the Amendment to the Operating Agreement will have an effect on Port operations. Mr. Gutheil responded that the Port operations will not be effected. Typically, the space outside of the loop is not used. The billet yard and Dock 28 are available for storage.

On motion by Director Smith, seconded by Director Moore, all voted to recommend that the Board of Directors amend the Operating Agreement for Independence Excavating for the use of Parcel A on Dock 22 through July 31, 2011.

Port Dredging Contract

Mr. Gutheil stated that the Port performs dredging on a regular basis to maintain full Seaway depth of 27' at our berths. In 2007, the Port obtained dredging permits from the U.S. Army Corps of Engineers ("Corps"). The original authorized quantity to be dredged annually was 20,000 cubic yards of material. The Corps has since amended the authorized quantity to 25,000 cubic yards in total for various public entities. Staff solicited bids and advertised in *The Plain Dealer* and the *Call & Post* on April 9th and April 16th. Staff has determined that the lowest responsive and most responsible bid was submitted by Ryba Marine Construction ("Ryba"), which is located in Cheboygan, Michigan. Ryba is currently dredging the River as part of a contract with the Corps and is already on site. The material will be deposited in Dike 12.

Director Hoogenboom asked that Mr. Gutheil clarify how the amount of cubic yards is determined. Mr. Gutheil stated that the Port submits a request to the Corps on an annual basis for an amount to be dredged. The Port requested 11,000 cubic yards and received permission to dredge 6,000. ArcelorMittal requested 20,000 cubic yards and received permission to dredge 19,000 because the Corps believes that area has a greater need for dredging.

Eric Hirsimaki, Operations and Facilities Manager, stated that in recent years the Corps has given the entire City of Cleveland a quota of 25,000 cubic yards total. The Port has been authorized to dredge 20,000 cubic yards which is cumulative over a three-year period. Previously, the Port was allowed to dredge 20,000 cubic yards in one year but due to capacity restrictions the dredged amount is pro-rated.

Director Hoogenboom inquired about the number of bids received. Mr. Gutheil stated that the only bid received was from Ryba Marine Construction. Mr. Gutheil stated that Ryba is already on-site because of the contract it has with the Corps. Ryba's costs will be lower for repositioning

equipment, and because of this cost savings other companies decided not to bid on the project. Ryba has previously provided dredging services for the Port. Director Hoogenboom asked if Ryba performed the work for the Port last year. Mr. Gutheil stated that Ryba did perform work for the Port last year.

Director Hoogenboom inquired about Ryba's cost advantage for having equipment on site. Mr. Hirsimaki replied that the advantage is mobilization. Equipment has to be transported and this is advantageous for Ryba because its equipment is already on site. Typically, companies that have a contract with the Corps have a cost advantage.

On motion by Director Smith, seconded by Director Moore, all voted to recommend that the Board of Directors enter into a contract with Ryba Marine Construction in an amount not to exceed \$115,000 to perform dredging services at the Port Authority berths.

Dike 14 Memorandum of Understanding

William Friedman, President & CEO, stated that Dike 14 is now a decommissioned confined disposal facility and over the years has naturally turned into a habitat area on the shoreline. The Port has partnered with the Dike 14 Collaborative. Staff is seeking a recommendation to move to the full Board a Resolution that would give staff the approval to negotiate a Memorandum of Understanding with relevant parties to open the facility up on an interim basis and ultimately move to designate Dike 14 as a permanent Nature Preserve for the City.

Chris Trepal, Executive Director of the Earth Day Coalition, thanked the staff and Board for working with Earth Day Coalition over the years. She stated that the 88-acre site at the end of Martin Luther King Boulevard is now a critical resource for the community. Soil testing and a risk assessment were taken and it was concluded that the soil is safe. Dike 14 is in the heart of the community and is located a few minutes from downtown.

Ms. Trepal stated that every year the Collaborative, which is a collective of some of the major environmental education institutions in our community, hosts an open house. Over the past nine years, well over a 1,000 visitors per year have come to the site to observe butterflies, birds, native plants and to look at the only unobstructed view of Lake Erie. Dike 14 is a place where a lot of wildlife lives including red fox, mink, deer, raccoons, rabbits, and more. Over 280 species of birds of Ohio's 430 species have been identified on the site and the birds migrate, nest, or live on the site. In 2004, the National Audubon Society dedicated the site as an important bird area, making it one of only sixty-five areas in Ohio. Dike 14 is a place along the urbanized shoreline of Lake Erie and no other such site exists. If the site remains open to the public for the community to enjoy, Dike 14 can become a place for resource based eco-tourism which is a potential for economic development.

Ms. Trepal stated that it has been a pleasure working with Port Board and staff members. She also stated that on Saturday, May 21st there will be an Open House from 7:30 a.m. to 2 p.m. There will be a rain garden workshop as well as butterfly and bird tours.

Director Hoogenboom inquired about the management of Dike 14. Mr. Friedman stated that the Port currently oversees Dike 14, but the long-term goal is to find an organization with expertise in nature preservation to manage the site. Director Smith inquired about liability issues. Mr. Friedman stated that staff has discussed liability issues with the Port's insurance broker and it is not going to be an extraordinary cost.

On motion by Director Smith, seconded by Director Peto, all voted to recommend that the Board of Directors authorize the negotiation of a Memorandum Of Understanding by the Cleveland-Cuyahoga County Port Authority with the City of Cleveland, Ohio Department of Natural Resources, and the Dike 14 Environmental Education Collaborative, declaring support of the Board of the Port Authority for use of Dike 14 as a Nature Preserve open to the public, and authorizing certain expenditures in connection therewith.

Tariff Revisions and Updates

Mr. Gutheil stated that the Port utilizes a tariff to outline policies and set rates for maritime-related transportation and logistics functions. A tariff update is necessary due to various changes in the maritime industry, the Port's general cargo operation, and security protocols. He stated that the Port is not changing its dockage and wharfage rates, but changes have been made to the language in the tariff and typographical errors have been corrected. Additional pertinent changes include: updating the current terminal operators, clarifying wharf demurrage for cargo, eliminating the reduction in dockage charges for vessels awaiting gangs, and a rate decrease for use of the Buckeye Booster.

Mr. Gutheil stated that copies were distributed in advance to the Port's terminal operator and vessel agents. The Port's General Counsel, Dennis Wilcox, reviewed the tariff. The revisions will take effect on June 1st contingent upon Committee and Board approval.

Director Hoogenboom inquired about procedures to ensure that the tariff is updated on a regular basis. Mr. Gutheil stated that the tariff will be reviewed annually. He stated that if the City of Cleveland's water usage rate increases, the tariff will be revised in the near future to reflect this increase. Mr. Friedman stated that the tariff is filed with the Federal Maritime Commission, a federal regulatory body that oversees terminal operators.

Director Hoogenboom inquired about other ports in regards to tariff revisions. Mr. Gutheil responded that ports update their tariffs on a regular basis and that each port manages its tariff differently. He stated that the terminal operator at the Toledo-Lucas County Port Authority manages the tariff. Director Hoogenboom asked if Federal Marine Terminals is aware of the changes. Mr. Gutheil replied that terminal operators and vessel agents reviewed the tariff and they are satisfied with the changes.

On motion by Director Smith, seconded by Director Moore, all voted to recommend that the Board of Directors authorize a Resolution to change the Port of Cleveland Tariff No. 1-B.

Director Moore inquired about the Harbor Maintenance Tax (“HMT”) editorial. Mr. Friedman stated that he did not have the opportunity to review the editorial, but stated that the Port fully supports and is appreciative of Congressman LaTourette and his sponsorship of the Harbor Maintenance Tax Bill which is really important to the Great Lakes. If the Port were to get a tax break from short-sea shipping, the Port would have a competitive advantage.

Mr. Friedman stated that he believes that the tax break would induce private investment. He then stated when cargo is moved by truck or rail there are no fees involved, but when cargo is moved via waterborne transportation, there is an onerous tax. There are two issues that need to be addressed. The first issue is to minimize the distortions in the market by eliminating the tax and the second issue is to spend down the Harbor Maintenance Trust Fund. The United States government collects approximately \$1.6 billion. The original intent of the law was for dredging federal harbors. However, Congress appropriates half of the \$1.6 billion annually to the U.S. Army Corps of Engineers and the other half goes towards the budget deficit for that fiscal year.

Director Moore asked if the Harbor Maintenance Tax has an impact on non-cargo throughout the Great Lakes. Mr. Friedman stated that only trucks that come in from Canada could be subject to the Harbor Maintenance Tax. The collection and enforcement of the HMT is spotty, but if a truck were to get on a ferry from Port Stanley and come to Cleveland it may be subject to a HMT.

Director Moore inquired about discussions with Central Elgin regarding cargo. Mr. Friedman stated that discussions involved prototype vessels that accommodate less than ten trucks. The ferry now is a passenger-centric operation with ancillary ability to move a limited amount of trucks.

There being no additional business on motion by Director Smith, seconded by Director Moore, and unanimously approved, the Maritime Committee meeting adjourned at 9:15 a.m.

MINUTES APPROVED

Secretary

II. Submerged Land Lease Resolution Request

A resolution from the Cleveland-Cuyahoga County Port Authority is a requirement for the State of Ohio to issue a Submerged Lands Lease or Permit to requesting parties. The Port Authority shares jurisdiction for Lake Erie submerged lands that are within the Cuyahoga County shoreline boundary.

The Port Authority has received four requests for resolutions stating that the areas of submerged lands in question are not necessary for the construction, maintenance, or operation by the Port Authority of breakwaters, piers, docks, wharves, bulkheads, connecting ways, water terminal facilities, and improvements, and marginal highways in aid of navigation and water commerce, and that the land uses specified comply with regulation of permissible land use under a waterfront plan of the local authority.

It has been determined that the four requests do not hinder navigation or impact future development plans of the Port Authority.

Request No. 1 is from The City of Euclid for an amendment to the existing submerged land lease (SUB-500-CU) to extend the Sims Park fishing pier by 130 feet to provide better access to the lake. While the pier is being extended, the actual area under lease will be reduced to better reflect the intended use.

Request No. 2 is from the Northeast Ohio Regional Sewer District for the Euclid Creek Tunnel Project. A tunnel will be constructed at a depth of 190 to 220 feet below ground level and will be 18,000 feet long. The tunnel begins at a site south of the Easterly Waste Water Treatment Plant. The tunnel will head north across the grounds of the Plant then out underneath Lake Erie. It will come back ashore just west of East 156th Street, and then generally follow Lakeshore Blvd. and Nottingham to its terminus at E. 185th Street and St. Clair.

The Euclid Creek Tunnel is to be part of a larger network of storage tunnels that will be constructed to control overflows from the combined sewer system in the Easterly District.

Request No. 3 is also from the Northeast Ohio Regional Sewer District for the East 55th Street Floatables Project. The floating net unit is located at the intersection of the North Marginal Road and East 55th Street. The project consists of the relocation and the repairs of the existing floating netting unit, which collects floating debris conveyed by the combined sewer overflow. The project includes dredging of approximately 350 cubic yards of soil material, placement of approximately 300 tons of armor stone at the perimeter, installation of four (4) concrete-filled steel piles embedded approximately 45 feet, repair of the existing netting unit facility, and introduction of a new floating boom side/funnel curtain system.

Request No. 4 is from the Great Lakes Science Center (GLSC). The requested submerged land lease would encompass the area under the permanently moored SS William G. Mather museum ship and the recently constructed Cleveland Cliffs Pedestrian Connector operated by the GLSC.

The Maritime Committee is being requested to recommend to the Board of Directors to authorize and approve the four (4) submerged land leases as described above.

III. USEPA-Great Lakes Restoration Initiative Grant

Background

Floating debris, typically tree refuse and litter, is a federally listed impairment to the Cuyahoga River. As part of a delisting strategy, the Cuyahoga River Remedial Action Plan – a non-governmental organization created by the Ohio EPA – approached the Port Authority to sponsor a grant to capture floating debris that accumulates annually in the Cuyahoga River ship channel and North Coast Harbor. Considering its maritime leadership role, technical capabilities, and emerging strategic goals, the Port Authority accepted the proposal to lead the grant effort.

Current Situation

On July 22, 2011, the U.S. Environmental Protection Agency awarded the Cleveland-Cuyahoga County Port Authority a Great Lakes Restoration Initiative grant for \$425,160 to develop and deploy a floating debris management vessel system to capture and remove floating debris in North Coast Harbor and the Cuyahoga River.

The Port Authority will function as grant administrator, project coordinator, contracting entity and fiscal agent.

The Port Authority's efforts will help to eliminate this problematic issue from the EPA's remedial action list, and improve the aesthetic appeal of the water. Approximately 800 cubic yards of debris of material accumulates annually in the ship channel and North Coast Harbor.

The award allows the Port Authority to design, bid, construct, commission, and deploy a specialized vessel that removes debris from the navigation channel using a loading bucket on a hydraulic lift, along with a floating boom system and companion barge.

Production and deployment of the vessel elements is expected to take nine to twelve months following acceptance of the grant award, and result in approximately 20 construction jobs and three to five seasonal jobs.

Once deployed, operation of the vessel will be implemented by the Port and local partners. The annual operating budget is estimated to be \$50,000. The Port Authority will look to share the operating costs via financial or in-kind donations (e.g. docking) from other beneficiaries. Operational planning is underway, including outreach to stakeholders and beneficiaries, and the operating expense will be incorporated into the 2012 budget request. There is no local match requirement for this grant.

Request

The Maritime Committee is being asked to recommend that the Board of Directors approve a resolution authorizing the Port Authority to execute a commitment letter from the EPA for a Great Lakes Restoration Initiative grant of \$425,160 to build a debris harvester vessel.



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Real Estate and Development Finance Committee

Wednesday, September 7, 2011

Immediately following the Maritime Committee

Sammy's at One Cleveland Center – 2nd Floor

1375 East 9th Street

Cleveland, Ohio 44114-1790

AGENDA

- I. Adoption of May 4, 2011 Minutes**
Requested Action: Acceptance by Committee
- II. Inclusion Update**
Requested Action: No action required
- III. Adjournment**

Committee Members

Marc Krantz, Chair
Diane Downing, Paul Hoogenboom,
Richard Knoth, Anthony Moore,
Robert Peto, Robert Smith, Steve Williams

Next Committee Meeting – November 2, 2011

I. Meeting Minutes

**Cleveland-Cuyahoga County Port Authority
Real Estate and Development Finance Committee Meeting
May 4, 2011**

Committee Members Present:

Robert Smith
Paul Hoogenboom
Anthony Moore
Robert Peto

Committee Members Absent:

Marc Krantz, Chair
Richard Knoth
Steve Williams

Staff Present: Elizabeth Baker, Liz Bohinc, Melisa Freilino, William Friedman, David Gutheil, Sandra Livingston, Brent Leslie, Margaret Rivalsky, Christy Rodriguez, and Garth Woodson

Guests Present:

Victor Anzalone; Jim McCarty, Plain Dealer; Jay Miller, Crain's; Peter Miller, CB Richard Ellis; Tim Offtermatt, Stifel Nicolaus; Steve Strnisha, Project Management Consultants; Harvey Webster, Cleveland Museum of Natural History; Marshall Emerson, Jason Stragand, Dave Massa, I Can Schools; and Dennis Wilcox (Legal Counsel)

Director Smith chaired the meeting in Director Krantz's absence. The meeting was called to order at 9:25 a.m. and the minutes from the March 2, 2011 meeting were presented for approval. On motion by Director Hoogenboom and seconded by Director Peto, the minutes were unanimously approved as submitted.

Director Smith introduced Brent Leslie to present several of the agenda items. Mr. Leslie gave his Real Estate and Development Finance Committee PowerPoint Presentation which is hereby attached as **Exhibit "A."** Mr. Leslie started with the Chancellor University Lease Extension and pointed out the rationale for the one-month extension at the current rate of \$17,000 for the month of July.

With no questions, Director Smith asked for a motion to recommend the Chancellor University Lease Extension. Director Moore moved for approval and was seconded by Director Peto; all voted to approve the recommendation to the Board of Directors.

Mr. Leslie next presented the 1906 East 40th Street Roof Replacement, which was explained in the presentation and required no action by the committee. Mr. Leslie said it was decided to replace an entire section of the roof and bid notices had been placed in the Plain Dealer and Call & Post, with bid results being presented at the May 18th Board meeting.

Mr. Leslie continued on to the proposed Lease Agreement with I Can Schools. He stated the property was listed with CB Richard Ellis in January of this year, with the Port taking possession

in August. There were eight different types of users expressing interest in the building.

Mr. Leslie stated the proposed agreement in front of the committee is with I Can Schools. He introduced Marshall Emerson and Jason Stragand to make a presentation about I Can Schools which is hereby attached as **Exhibit "B."** Mr. Emerson and Mr. Stragand walked the committee members through the slides, explained what they plan to do with the facility and asked if there were any questions.

Director Moore asked how their operation and budget would be impacted by the governor's current school funding plan; how they were going to raise the \$3.5 million in private dollars; who is on their Board of Directors; and, if the school has endowments. Mr. Emerson stated that most of their monies come from the State and Federal government and because some of the students are living at or below poverty, there is an extra payment every year. Because charter schools are independent districts, the schools get a little extra money; and the current cuts do not affect charter schools. Mr. Emerson stated the rent is very competitive and in line with their other three leases. Mr. Emerson stated they are trying to raise about \$500,000 for the seven schools for things that cannot be provided from the State and Federal monies. Mr. Emerson said they are thinking about endowments and are trying to build a fund raising committee. Mr. Emerson stated he will provide the list of board members to the Port Board members.

Mr. Leslie referred committee members to the slides describing the I Can Schools transaction terms, but added Chancellor will be removing its own signage. He stated the key to this transaction was that the Port wanted the operating expenses to be the responsibility of the tenant. He added that the Port would still like to sell the building and is keeping it on the market, and that a tenant like I Can Schools is a plus when marketing the facility.

Director Hoogenboom asked for clarification on the renewal options and the right to purchase options. Mr. Leslie stated I Can Schools will have a one-time opportunity to match the offers with the renewal option coming up 120 days before the end of the lease term with renewal option being three years. The purchase option is when the Port gets a bonafide offer on one occasion; they have the opportunity to match that offer.

Director Moore asked if there were any discussions on a shorter initial term, less than five years with some right to renew. Mr. Leslie said there were two things that were driving a longer-term lease: the up front investment for the roof and the fact that the Port has to pay the commissions. In order to amortize those costs over a longer period of time in recognition of the fact that I Can Schools has a five-year agreement with the charter school accrediting body, staff felt it was better to make the lease agreement consistent.

Director Hoogenboom asked if there was a request made for a longer renewal option and how the five-year term was decided. Mr. Leslie stated there were discussions about the three-year term and initially staff resisted the extension, but because there is a 9% escalator and 4% after that, staff thought it would be more attractive to an investor to purchase the building with those types of escalators. Without them, the Port probably would not have done the current lease agreement; it is a one time option and thought it was worth doing.

With no further questions, Director Smith asked "all in favor vote Aye" and all voted to accept the recommendation and to recommend the lease to the Board. .

Garth Woodson came forward to discuss the Flats East Bank Project, which PowerPoint presentation is hereby attached as **Exhibit "C."** Mr. Woodson introduced Steve Strnisha, and asked committee members to reference their handout. Mr. Woodson recapped the transactions that had already been authorized for the project. He stated the Cleveland International Fund is the purchaser of approximately \$40 million in first mortgage bonds. The fund was so successful in raising the dollars that it is now requesting an increase of \$5 million, which will be used in the development of the hotel. Mr. Woodson stated it was significant to note that the proposed increase will have a security provision that will require the developer to request the bondholders' consent to allow for the additional \$5 million bond issue.

Director Smith asked Mr. Strnisha if he had any comments and reiterated what Garth Woodson had said during his presentation. Mr. Wilcox added that the amount of bonds issued in the Series B for the hotel was \$15 million, and this additional \$5 million will make it \$20 million.

With no further questions, Director Smith asked for a motion to approve. Dennis Wilcox stated there is one recusal, Director Peto. On motion by Director Hoogenboom and seconded by Director Moore the motion carried with one abstention.

Mr. Woodson continued to the final agenda item, the University Circle Project, which presentation is hereby attached at **Exhibit "D."** Mr. Woodson introduced Steve Strnisha, as consultant, and Tim Offtermatt with Stifel Nicolaus, the underwriter for the project. Mr. Woodson went through the presentation with committee members.

Director Moore asked if the Port is still getting the 10% debt service reserve to which Mr. Wilcox and Mr. Woodson replied, yes. Mr. Woodson also had some pictures from the developer that he offered to share with committee members.

With no further questions, Director Smith asked for a motion to recommend the University Circle Project. Dennis Wilcox stated that Director Peto will abstain on this matter. On a motion by Director Moore and seconded by Director Hoogenboom the motion carried with one abstention.

There being no further business, Director Smith adjourned the Real Estate and Development Finance Committee meeting at 10:10 a.m.

MINUTES APPROVED

Assistant Secretary

II. Inclusion Policy

Attached is a chart on the status of recent Cleveland-Cuyahoga County Port Authority financed projects. The list excludes financings that were purely refinancing or refunding, as well as the Nehst Creations project. As illustrated below, the Port Authority's inclusion policy of requiring "best efforts" to achieve a 20% MBE/FBE inclusion rate has been effective and resulted in over \$126 million in MBE/FBE contract awards.

Development Finance Projects - Inclusion Summary								
Projects completed or in progress since May 2011								
	Port Authority	Total	Construction	Total	Total	Project	Estimated	
	Amount	Project	Contracts Net	MBE/FBE	MBE/FBE	% of	Completion	
Project Name	Financed	Costs	Exemptions	Contracts	FN	%	Completion	Date
1 Veterans Affairs Medical Center	115,000,000	119,000,000	60,037,834	15,988,150		27%	100%	May-11
2 Higbee Building	2,520,000	47,000,000	13,800,000	2,400,600	^A	17%	100%	May-11
3 Independence Research Center	46,000,000	46,000,000	13,115,325	2,533,813	^B	19%	91%	Oct-11
4 Medical Center Company	77,470,000	77,470,000	9,615,000	1,981,796		21%	90%	Dec-11
5 Cleveland Museum of Art - Phase II	70,430,000	180,000,000	89,407,063	27,039,667		30%	85%	Feb-12
6 Hospice of the Western Reserve	21,565,000	29,000,000	11,864,000	4,794,183		40%	20%	Jun-12
7 Eaton Corporation	150,000,000	175,000,000	95,862,727	44,815,787		47%	41%	Oct-12
8 Flats East Bank	117,700,000	275,000,000	109,023,043	27,200,824		25%	15%	Mar-13
TOTALS	\$ 600,685,000	\$ 948,470,000	\$ 402,724,992	\$ 126,754,820		31%		

Definitions:

Port Authority Amount Financed	Amount of bond, note or other debt instrument issued by the Port Authority
Total Project Costs	The total cost of the project, including non-construction costs, such as issuance costs, refundings, etc.
Construction Contracts Net Exemptions	The total amount available for certified MBE/FBE participation (excludes refundings, cap interest, issuance costs)
Total MBE/FBE Contracts	The total amount of MBE/FBE contracts awarded to certified MBE/FBE firms

Sources:

- 1 VA-Sam Calabrese-Project Manager for VA Development, via general contractors The Krill Company for the office building and Donley's for the parking garage.
- 2 Higbee Building-Doug Brooks (V.P. Forest City), via the general contractor, The Albert M. Higley Co.
- ^A This TIF financing followed the City of Cleveland's criterion, which includes Small Business Enterprises (SBEs). When including SBE's, participation exceeded \$4M and the participation was **29%**.
- 3 Independence Research Center-Jeff Walters (Project Manager for the general contractor, Panzica Construction Company).
- ^B Final numbers are expected to exceed 20%
- 4 The Medical Center Company-Scott Wilson (V.P. of Finance & Administration), via the construction manager, Panzica.
- 5 Cleveland Museum of Art (Phase 2)-Jeff Hutchinson of Panzica/Gilbane-construction manager.
- 6 Hospice of the Western Reserve-Dan Gess (Project Manager for Donley's, the construction manager).
- 7 Eaton-Bruce Higley (president of The Albert M. Higley Company), the construction manager.
- 8 Flats East Bank-John Torres (Compliance Management for the Flats East Development).



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Budget & Administration Committee

Wednesday, September 7, 2011

Immediately following the Real Estate and Development Finance Committee

Sammy's at One Cleveland Center - 2nd Floor

1375 East 9th Street

Cleveland, Ohio 44114-1790

AGENDA

- I. Adoption of May 4, 2011 Minutes**
Requested Action: Acceptance by Committee
- II. Tax Amounts and Rates**
Requested Action: Recommend to Board of Directors
- III. Tax Advances**
Requested Action: Recommend to Board of Directors
- IV. Certificate of Records Disposal Form**
Requested Action: Recommend to Board of Directors
- V. 2011 Mid-Year Financial Report**
Requested Action: Recommend to Board of Directors
- VI. Strategic Plan**
 - i. CEO Update**
 - ii. Public Comment Session to begin at 6:00 p.m.**
Requested Action: Recommend to Board of Directors
- VII. Adjournment**

Committee Members

Anthony Moore, Chair
Diane Downing, Paul Hoogenboom,
Richard Knoth, Marc Krantz, Bob Peto, Bob Smith, Steve Williams

Next Committee Meeting – November 7, 2011

I. Meeting Minutes

Cleveland-Cuyahoga County Port Authority Budget & Administration Committee Meeting May 4, 2011

Committee Members Present:

Anthony Moore, Chair
Paul Hoogenboom
Robert Peto
Robert Smith

Committee Members Absent:

Richard Knoth
Marc Krantz
Steve Williams

Staff Present:

Elizabeth Baker, Liz Bohinc; Melisa Freilino, Will Friedman, Dave Gutheil, Brent Leslie, Sandra Livingston, Margaret Rivalsky, Christy Rodriguez, and Garth Woodson

Guests Present:

Victor Anzalone; Jim McCarty, Plain Dealer; Jay Miller, Crain's and Dennis Wilcox (Legal Counsel)

Director Moore called the meeting to order at 10:20 a.m. and asked for a motion to adopt minutes from the March 2, 2011. On motion by Director Peto and seconded by Director Smith, the minutes were unanimously approved as submitted.

Director Moore stated he wanted to make the media representatives aware that as discussions start regarding the 2010 GAAP financials, they will hear that the Port's financial condition has improved dramatically in the last 1.5 years, following a time when the Port was going through some hard times. During 2010, operating revenues increased by 8%, operating expenses decreased by \$2 million, and net assets were up \$4 million. He stated if the media was going to write about this, more detailed information would be provided.

Director Moore introduced Brent Leslie, Chief Financial Officer, to discuss the agenda items. First, he discussed the Ohio Department of Development Logistics and Distribution Loan, which is part of the PowerPoint presentation hereby attached as **Exhibit "A."** Mr. Leslie referred committee members to their handouts and highlighted some of the key points. He stated the Uses of Funds changed slightly for design and construction, but the handout shows the latest budget for the project. He stated the Board had approved a design contract with Parsons Brinckerhoff for \$469,000, which is the first part of the project. Mr. Leslie confirmed the State will fund up to 75% of the project costs or up to \$3.025 million with an interest rate of 1%. The Port accrues interest, but does not pay it. The only open item from the last Board meeting, the Commitment Letter, referenced a completion date, but did not spell it out. The new completion date in the Loan Agreement is October 31, 2012. That is six months later than originally discussed because of the transition at the Department of Development and the time it needed to get the Loan Agreement finalized.

With no further questions or comments, on motion by Director Peto and seconded by Director Hoogenboom, all voted to recommend the Loan Agreement to the Board of Directors.

Mr. Leslie continued to the next agenda item, the 2012 Alternative Tax Budget. He stated this is a housekeeping item and is done twice a year with the County Budget Commission. It is a filing procedure and if things change in the budget, staff can go back and alter it.

With no further questions or comments, on a motion by Director Peto and seconded by Director Hoogenboom, all voted to approve the 2012 Alternative Tax Budget recommendation to the Board of Directors.

Mr. Leslie asked committee members to reference the 2010 GAAP Financials included in the packet. Mr. Leslie stated field work for the audit has been completed, but the audit is not yet available on the Auditor of State's website because there is still some additional work to be done. He hopes the Board will accept the audit at the July board meeting. The financials are labeled "Unaudited," but the numbers will be reflected in the report. Mr. Leslie stated operating revenues for 2010 were not very different than 2009, as tonnage rebounded but was slightly offset by some concessions in the leases. The Tall Ships brought in some additional revenue and the Port's office sub-leased had an impact on the category labeled Parking Revenues and Other. Mr. Leslie stated not much has changed, the Operating Revenues increased 8%, which is still really good and hopefully 2011 will look better. The real story is on the expense side. The Port saw about a \$2 million dollar decline in Operating Expenses, a big portion of that resulting from a reduction in salaries and benefits and less reliance on professional services. Facilities, lease, and maintenance actually went up, which was because of some crane repairs and higher utilities since tonnage was up. Staff tried to control every expense item in 2010. He stated that the Non-Operating Line is for the \$2.5 million that the Port received from the Ohio Manufacturers' Association. Those funds were invested in the Port's Bond Fund, but even if that amount is taken out, there is still about \$1.5 million of net income for the year. This allows the Port to make investments in its facilities such as the rail project. The Port's financial results illustrate a dramatic turnaround and are something the organization should be proud of.

Mr. Leslie stated the Balance Sheet slide shows the Port is in good financial shape. There is not a lot of debt, there is a lot of cash on hand, and the Port is ready to make investments in its facilities, mainly to grow the maritime business.

With no further questions or comments, on a motion by Director Peto and seconded by Director Hoogenboom, all voted to accept the presentation.

With no further comments, Director Moore adjourned the meeting at 10:30 a.m.

MINUTES APPROVED

Assistant Secretary

II. Tax Amounts and Rates

Each year, as required by Ohio law, the Budget Commission of Cuyahoga County provides the Cleveland-Cuyahoga County Port Authority with an estimated schedule of tax revenue based on estimated assessed valuations and the Port Authority's voted levy. In response, the Port Authority is required by Ohio law to adopt a Resolution which accepts both the tax rate as stated (.13 mills) and the amount of the estimated proceeds (approximately \$3.7 million), and authorizes the levying of the tax.

The Budget and Administration Committee is being requested to recommend to the Board of Directors adoption of a resolution: (1) accepting the amounts and rates as determined by the Cuyahoga County Budget Commission; (2) authorizing that .13 mills per each dollar of assessed valuation, outside the ten mill limitation, be levied on the tax duplicate of Cuyahoga County; and (3) certifying the acceptance and authorization to the County Fiscal Officer.

III. Tax Advances

In accordance with Ohio law, the Port Authority is annually required to request the Cuyahoga County Fiscal Officer to make advances of the maximum amount of money received by the Cuyahoga County Treasurer in the collection of taxes in the coming year from the Port Authority's .13 mill tax.

The Budget and Administration Committee is being requested to recommend to the Board of Directors adoption of a resolution requesting advances from the Cuyahoga County Fiscal Officer from the collection of the First and Second Half 2011 Real Property Taxes and all 2012 Personal Property Taxes from the .13 mill tax levied by the Port Authority.

RESOLUTION ACCEPTING THE AMOUNTS AND RATES AS DETERMINED BY THE
BUDGET COMMISSION AND AUTHORIZING THE NECESSARY TAX LEVIES
AND CERTIFYING THEM TO THE COUNTY FISCAL OFFICER

(BOARD OF COUNTY COUNCIL)
Revised Code, Secs. 5705.34, .35

The Board of Directors of the Cleve-Cuyahoga County Port Authority,

met in _____ session on the _____ day of _____, 2011
(Regular Or Special)
at the office of _____ with the following members present:

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

Mr./Mrs. _____ moved the adoption of the following Resolution:

WHEREAS, This Board of Directors in accordance with the provisions of law has
previously adopted a Tax Budget for the next succeeding fiscal year commencing January 1st, 2012

WHEREAS, The Budget Commission of _____ Cuyahoga _____ County, Ohio, has
certified its action thereon to this Board together with an estimate by the County Fiscal Officer of the rate
of each tax necessary to be levied by this Board, and what part thereof is without, and what part
within, the ten mill tax limitation; therefore, be it

RESOLVED, By the Board of Directors of the Cleve-Cuyahoga County Port Authority of Cuyahoga
County, Ohio, that the amounts and rates, as determined by the Budget Commission
in its certification, be and the same are hereby accepted; and be it further

RESOLVED, That there be and is hereby levied on the tax duplicate of said County the rate
of each tax necessary to be levied within and without the ten mill limitation as follows:

SCHEDULE A
SUMMARY OF AMOUNTS REQUIRED FROM GENERAL PROPERTY TAX APPROVED BY BUDGET
COMMISSION AND COUNTY FISCAL OFFICER'S ESTIMATED TAX RATES

FUND	Amount to Be Derived from Levies Outside 10 M. Limitation	Amount Approved by Budget Commission Inside 10 M. Limitation	County Fiscal Officer's Estimate of Tax Rate to be Levied	
			Inside 10 M. Limit	Outside 10 M. Limit
	Column II	Column IV	V	VI
A. General Fund				0.13
D. Road and Bridge Fund				
E. District Board of Health				
O. General Bond Retirement Fund				
Q. Airport Construction Fund				
Q. Building Construction Fund				
Q. Bridge Construction Fund				
Q. Ditch Construction Fund				
Q. Sewer Construction Fund				
Q. Water Construction Fund				
Q. Incinerator Construction Fund				
Q. Road Construction Fund				
Q. Other-Miscellaneous Construction Fund				
S. Health & Human Services				
S. Mental Retardation				
S. Health & Welfare				
S. County Library				
S. Other-Miscellaneous Levy Fund				
TOTAL	\$0	\$0	0.00	0.13

SCHEDULE B
LEVIES OUTSIDE 10 MILL LIMITATION, EXCLUSIVE OF DEBT LEVIES

FUND	Maximum Rate Authorized to Be Levied	Co. Fiscal Officer's Est. of Yield of Levy (Carry to Schedule A, Column II)
GENERAL FUND:		
Current Expense Levy authorized by voters on _____ for not to exceed _____ years. ,20		
Current Expense Levy authorized by voters on _____ for not to exceed _____ years. ,20		
Current Expense Levy authorized by voters on _____ for not to exceed _____ years. ,20		
Total General Fund outside 10m. Limitation.		
: Levy authorized by voters on _____ for not to exceed _____ years. ,20		
: Levy authorized by voters on _____ for not to exceed _____ years. ,20		
: Levy authorized by voters on _____ for not to exceed _____ years. ,20		
: Levy authorized by voters on _____ for not to exceed _____ years. ,20		
: Levy authorized by voters on _____ for not to exceed _____ years. ,20		
: Levy authorized by voters on _____ for not to exceed _____ years. ,20		
: Levy authorized by voters on _____ for not to exceed _____ years. ,20		

and be it further

RESOLVED, That the Secretary of this Board be and he is hereby directed to certify a copy of this Resolution to the Fiscal Officer of Said County.

Mr./Mrs. _____ seconded the Resolution and the roll being called

upon its adoption the vote resulted as follows:

- Mr./Mrs. _____
- Mr./Mrs. _____
- Mr./Mrs. _____
- Mr./Mrs. _____
- Mr./Mrs. _____
- Mr./Mrs. _____
- Mr./Mrs. _____
- Mr./Mrs. _____
- Mr./Mrs. _____
- Mr./Mrs. _____

Adopted the _____ day of _____, 20_____.

Secretary of the Board of Cleve-Cuyahoga County Port Authority of
 Cuyahoga County, Ohio.

**CERTIFICATE TO COPY
ORIGINAL ON FILE**

_____ The State of Ohio, _____ Cuyahoga _____ County, ss.

I, _____, Secretary of the Board of Directors

within and for said County, and in whose custody the Files and Records of said Board are required by the Laws of the State of Ohio to be kept, do hereby certify that the foregoing is taken and copied from the original _____

_____ now on file with said Board, that the foregoing has been compared by me with said original and copied from the original document, and that the same is a true and correct copy thereof.

WITNESS my signature, this _____ day of _____, 20 _____

Secretary of the Board, Cleve-Cuyahoga Cty Port Authority
Cuyahoga County, Ohio.

No. _____
_____ BOARD OF DIRECTORS
_____ Cuyahoga County, Ohio.
_____ RESOLUTION ACCEPTING THE AMOUNTS AND RATES AS DETERMINED BY THE BUDGET COMMISSION AND AUTHORIZING THE NECESSARY TAX LEVIES AND CERTIFYING THEM TO THE COUNTY FISCAL OFFICER
(Board of Directors)
_____ Adopted _____, 20 _____
_____ Clerk.
_____ Filed _____, 20 _____
_____ County Fiscal Officer
By _____ Deputy.

IV. Certificate of Records Disposal Form

In December of 2010 the Cleveland-Cuyahoga County Port Authority Board of Directors approved a Records Retention Schedule that was submitted and approved by the Ohio Historical Society and the State Auditor's office.

The Records Retention Schedule specifies the period of time that each record series will be retained by the office, and grants continuing authority for disposition of the record at the expiration of the stated retention period. This provides the organization with a way of managing public records in accordance with the State's Public Records Act. Records management ensures accountability, transparency, and efficiency.

As part of effective records management, it is necessary to complete the timely destruction of obsolete records and to record the documentation of records. Records may be destroyed or transferred when they reach the end of their assigned retention period and after the Certificate of Records Disposal (RC-3) form has been filed and approved by the Ohio Historical Society Archives. This gives the Ohio Historical Society an opportunity to select records of historical significance. The Certificate of Records Disposal serves as notification and documentation of the records that are intended for disposal as authorized by our approved Records Retention Schedule.

In accordance with the approved Records Retention Schedule, staff has drafted a Certificate of Records Disposal (RC-3) for board approval. This form will then be submitted to the Ohio Historical Society for approval.

The Budget and Administrative Committee is being requested to recommend adoption of the Cleveland-Cuyahoga County Port Authority Certificate of Records Disposal (form RC-3) to the Board of Directors.

**Cleveland Cuyahoga County Port Authority
Certificate of Records Disposal (RC-3)**

Record Series Title	Schedule Number	RC-2 was approved by the Records Commission	Media Type to be destroyed	Media Type to be retained (if any)	Inclusive Dates of Records	Proposed date of destruction	For use by Auditor of State or OHS-LGRP
Executive Correspondence	CCCPA-10-Gen001	12/22/2010	Paper/Electronic		2008 and earlier	11/30/2011	
General Correspondence	CCCPA-10-Gen002	12/22/2010	Paper/Electronic		2009 and earlier	11/30/2011	
Public Records Requests	CCCPA-10-Gen004	12/22/2010	Paper/Electronic		2008 and earlier	11/30/2011	
Handbooks	CCCPA-10-Gen006	12/22/2010	Paper/Electronic		2008 and earlier	11/30/2011	
Insurance policies	CCCPA-10-Gen011	12/22/2010	Paper/Electronic		2008 and earlier	11/30/2011	
Speeches and Presentations	CCCPA-10-Gen017	12/22/2010	Paper/Electronic		2007 and earlier	11/30/2011	
Visitor Log-in or Sign-in Sheets	CCCPA-10-Gen019	12/22/2010	Paper/Electronic		2008 and earlier	11/30/2011	
Bids Rejected	CCCPA-10-Bid003	12/22/2010	Paper/Electronic		2008 and earlier	11/30/2011	
Hiring Materials	CCCPA-10-Emp001	12/22/2010	Paper/Electronic		2008 and earlier	11/30/2011	
Accounts Payable	CCCPA-10-Acc001	12/22/2010	Paper/Electronic		2007 and earlier	11/30/2011	
Accounts Receivable	CCCPA-10-Acc002	12/22/2010	Paper/Electronic		2007 and earlier	11/30/2011	
Cash receipts	CCCPA-10-Acc003	12/22/2010	Paper/Electronic		2007 and earlier	11/30/2011	

**Cleveland Cuyahoga County Port Authority
Certificate of Records Disposal (RC-3)**

Record Series Title	Schedule Number	RC-2 was approved by the Records Commission	Media Type to be destroyed	Media Type to be retained (if any)	Inclusive Dates of Records	Proposed date of destruction	For use by Auditor of State or OHS-LGRP
Payroll Register	CCCPA-10-Acc007	12/22/2010	Paper/Electronic		2004 and earlier	11/30/2011	
Budget Preparation Documents	CCCPA-10-Acc011	12/22/2010	Paper/Electronic		2006 and earlier	11/30/2011	
Minutes of Meetings Audio Recording	CCCPA-10-Brd004	12/22/2010	Electronic		2010 and earlier	11/30/2011	
Security Plan	CCCPA-10-Mar003	12/22/2010	Paper/Electronic		2008 and earlier	11/30/2011	
Incident Reports	CCCPA-10-Mar005	12/22/2010	Paper/Electronic		2008 and earlier	11/30/2011	
Security Logs	CCCPA-10-Mar006	12/22/2010	Paper/Electronic		2008 and earlier	11/30/2011	
Truck Logs	CCCPA-10-Mar008	12/22/2010	Paper/Electronic		2008 and earlier	11/30/2011	
Wharfage/Dockage Reports	CCCPA-10-Mar009	12/22/2010	Paper/Electronic		2005 and earlier	11/30/2011	

V. 2011 Mid-Year Financial Report

Fiscal results from the first six months of 2011 will be presented to the Budget & Administration Committee. Included in the packet is the following (unaudited) information:

- a) Statement of Net Assets
- b) Statement of Revenues, Expenses and Changes in Net Assets
- c) Charts showing certain year-to-date tonnages

The Budget and Administration Committee is being requested to recommend to the Board of Directors adoption of the Mid-Year Financial Report, as presented.

Cleveland-Cuyahoga County Port Authority

Statement of Net Assets

Balance Sheet; GAAP basis, unaudited

As of June 30, 2011

	<u>6/30/2011</u>	<u>12/31/2010</u>	<u>Variance</u>	<u>% Inc/Dec</u>
Current Assets:				
Cash and investments	12,413,872	11,390,828	1,023,044	8.98%
Accounts receivable	350,542	727,690	(377,148)	-51.83%
Interest receivable	17,430	29,551	(12,121)	-41.02%
Prepaid expenses	130,285	157,903	(27,618)	-17.49%
Property tax receivable	3,300,000	3,300,000	-	0.00%
Total current assets	16,212,129	15,605,972	606,157	3.88%
Capital Assets:				
Land and land improvements	17,969,234	18,624,127	(654,893)	-3.52%
Buildings, infrastructures, and leasehold improvements	35,815,429	36,017,507	(202,078)	-0.56%
Equipment	813,719	810,018	3,701	0.46%
Construction in progress	103,027	21,600	81,427	376.98%
Total Capital Assets	54,701,409	55,473,252	(771,843)	-1.39%
Less: accumulated depreciation	(15,959,882)	(15,391,824)	(568,058)	3.69%
Net book value of capital assets	38,741,527	40,081,428	(1,339,901)	-3.34%
Restricted and other assets:				
Restricted cash and investments	6,484,243	6,462,837	21,406	0.33%
Grants receivable	837,083	833,333	3,750	0.45%
Notes receivable	225,000	250,000	(25,000)	-10.00%
Operating lease receivable	219,177	356,608	(137,431)	-38.54%
Unamortized lease costs	107,146	-	107,146	-
Debt issuance costs	319,418	337,029	(17,611)	-5.23%
Deferred outflow of resources	862,049	862,049	-	0.00%
Other	40,136	37,434	2,702	7.22%
Total restricted & other assets	9,094,252	9,139,290	(45,038)	-0.49%
TOTAL ASSETS	\$ 64,047,908	\$ 64,826,690	\$ (778,782)	-1.20%
Liabilities & Net Assets:				
Current Liabilities:				
Accounts payable	463,290	322,613	140,677	43.61%
Accrued wages and benefits	135,585	129,858	5,727	4.41%
Deferred income	3,303,500	3,360,173	(56,673)	-1.69%
Total current liabilities	3,902,375	3,812,644	89,731	2.35%
Current liabilities payable from restricted assets:				
Accrued interest payable	66,486	69,865	(3,379)	-4.84%
Total current liabilities payable from restricted assets	66,486	69,865	(3,379)	-4.84%
Other liabilities - including amounts relating to restricted assets:				
Cleveland Bulk Terminal Project	4,910,000	4,980,000	(70,000)	-1.41%
Port Capital Improvements (1999A Bonds)	2,774,653	2,909,065	(134,412)	-4.62%
Essroc (1997A Bonds)	2,874,020	2,921,566	(47,546)	-1.63%
State of Ohio 166 Loan	-	246,606	(246,606)	-100.00%
Accrued rent	209,285	244,797	(35,512)	-14.51%
Deferred income	776,477	839,619	(63,142)	-7.52%
ODOD Logistics loan	64,309	-	64,309	-
Derivative instrument	862,049	862,049	-	0.00%
Total long-term bonds and other liabilities	12,470,793	13,003,702	(532,909)	-4.10%
TOTAL LIABILITIES	16,439,654	16,886,211	(446,557)	-2.64%
NET ASSETS	47,608,254	47,940,479	(332,225)	-0.69%

Cleveland-Cuyahoga County Port Authority

Statement of Revenue and Expense

GAAP Basis

For the Six Months Ending June 30, 2011

	<u>2011 Actual YTD</u>	<u>2011 Budget YTD</u>	<u>Variance to budget</u>		<u>Annual Budget</u>
Operating Revenues:					
Dockage, wharfage, and user fees	\$ 505,517	\$ 458,301	\$ 47,216	10.3%	\$ 1,052,000
Property leases and rentals	878,202	864,885	13,317	1.5%	1,744,438
Financing fee income	260,213	375,017	(114,804)	-30.6%	980,680
Foreign trade zone fees	80,000	80,000	-	0.0%	80,000
Dredge disposal fees	-	-	-	0.0%	80,000
Parking revenues and other	17,567	34,785	(17,218)	-49.5%	338,646
Total Revenue	\$ 1,741,499	\$ 1,812,988	\$ (71,489)	-3.9%	\$ 4,275,764
Operating Expenses:					
Salaries and benefits	1,066,984	1,180,668	(113,684)	-9.6%	2,392,848
Professional services	494,640	574,074	(79,434)	-13.8%	1,031,597
Facilities lease and maintenance	504,425	495,792	8,633	1.7%	978,338
Marketing and communications	102,510	194,478	(91,968)	-47.3%	353,360
Depreciation expense	615,186	616,002	(816)	-0.1%	1,232,000
Office expense	193,877	197,612	(3,735)	-1.9%	411,217
Other expense	92,544	104,024	(11,480)	-11.0%	201,860
Total Expense	\$ 3,070,166	\$ 3,362,650	\$ (292,484)	-8.7%	\$ 6,601,220
Operating profit (loss)	\$ (1,328,667)	\$ (1,549,662)	\$ 220,995	-14.3%	\$ (2,325,456)
Nonoperating revenues (expenses):					
Property tax receipts	1,549,981	1,568,467	(18,486)	-1.2%	3,200,000
Nonoperating grant revenue	26,750	27,711	(961)	-3.5%	27,711
Income from investments	163,600	177,750	(14,150)	-8.0%	355,500
Interest expense	(371,893)	(394,800)	22,907	-5.8%	(789,581)
Loss on disposal of fixed assets	(936)	-	(936)	-	-
Total nonoperating revenues - net	\$ 1,367,502	\$ 1,379,128	\$ (11,626)	-0.8%	\$ 2,793,630
Change in net assets before loss on fixed assets	\$ 38,835	\$ (170,534)	\$ 209,369	-122.8%	\$ 468,174
Loss on sale of fixed assets	\$ (371,060)	\$ (265,702)	\$ (105,358)		\$ (265,702)
Change in net assets after loss on fixed assets	\$ (332,225)	\$ (436,236)	\$ 104,011		\$ 202,472

Cleveland-Cuyahoga County Port Authority

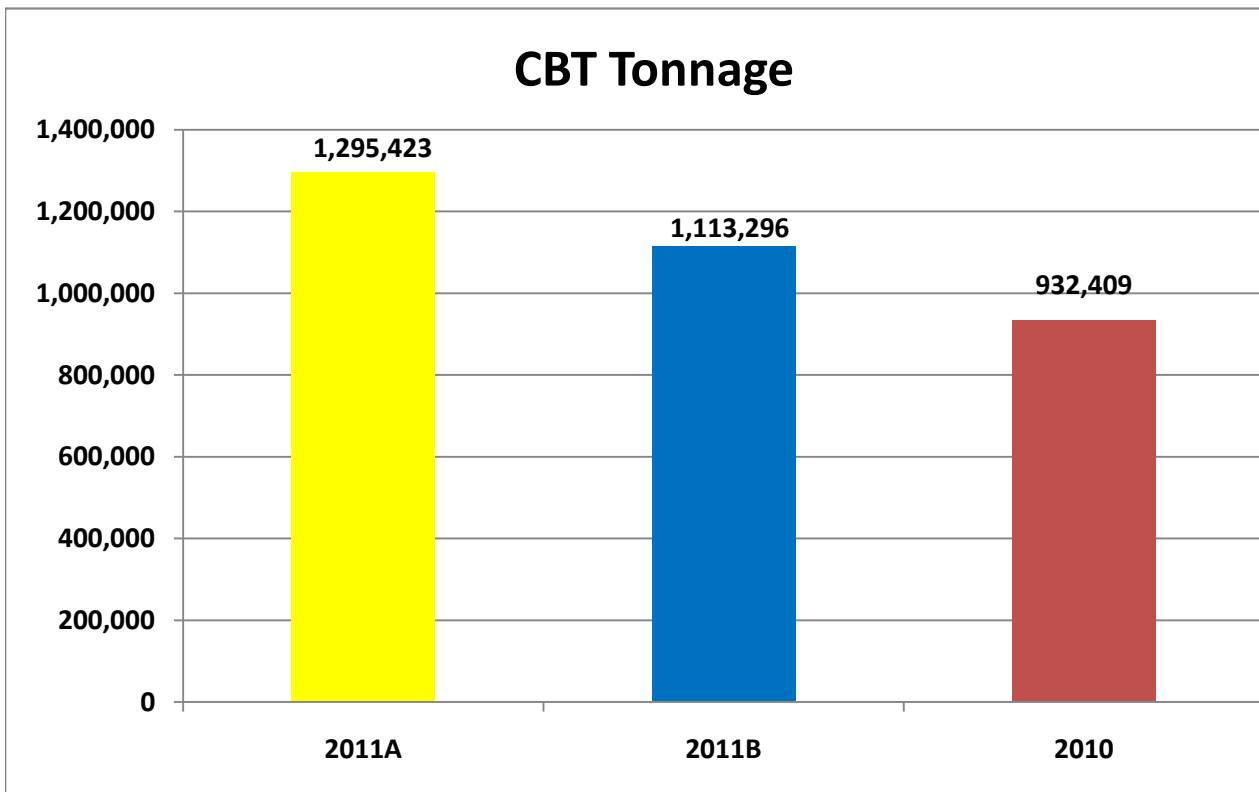
Summary of Capital Expenditures

GAAP Basis

For the Six Months Ending June 30, 2011

<u>Capital Expenditures</u>	<u>2011 Actual YTD</u>	<u>Annual Budget</u>
Security Improvements		
Security Improvements - Grant Eligible	5,000	250,000
Fencing/Gates	-	10,000
Operations		
Crane	61,914	100,000
Booster	122,436	60,000
Timbers	-	80,000
Dredging	99,000	200,000
Overhead Doors - WHS 24	7,325	30,000
Contingency/Miscellaneous	-	100,000
Rail Infrastructure Investment		
Additional Planning/Design	85,745	300,000
Construction of Railway	-	2,330,000
Road	-	504,000
Dock 20 Lighting	-	350,000
Utilities	-	50,000
Paving	-	500,000
Loan Commitment fee paid in 2010	-	30,255
1906 40th St. Building		
Roof Repairs	12,282	0
1100 W. 9th St. Building		
Closing Costs, Due Diligence, Legal expenses	-	50,000
Purchase Agreement	-	3,100,000
Total Capital Expenditures	<u>\$ 393,702</u>	<u>\$ 8,044,255</u>

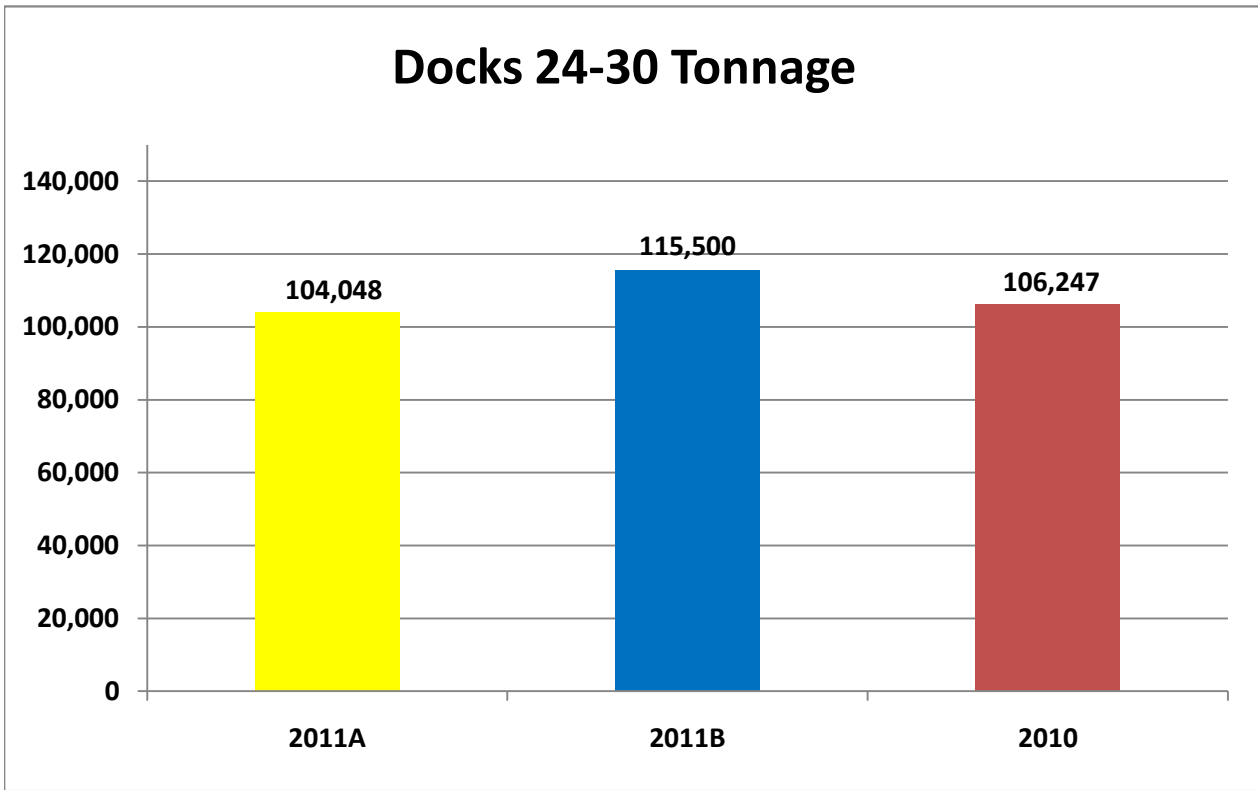
Cleveland - Cuyahoga County Port Authority
Summary of Tonnage: June 30, 2011
Financial Report



Cleveland - Cuyahoga County Port Authority

Summary of Tonnage: June 30, 2011

Financial Report



MARITIME UPDATE

September 7, 2011

Cleveland-Cuyahoga County Port Authority
Maritime Committee

2011 YTD TONNAGE UPDATE

FMT TONNAGE

<u>MONTH</u>	<u>2011</u>	<u>2010</u>	<u>VARIANCE</u>	<u>PERCENTAGE</u>
JANUARY	5,280	0	5,280	100%
FEBRUARY	0	0	0	0%
MARCH	0	0	0	0%
APRIL	29,294	35,051	-5,757	-16%
MAY	34,034	21,466	12,568	58.50%
JUNE	35,440	41,701	-6,261	-15%
JULY	<u>46,223</u>	<u>34,826</u>	<u>11,397</u>	<u>33%</u>
TOTAL	150,271	133,044	17,227	12%

2011 YTD TONNAGE UPDATE

CBT TONNAGE

<u>MONTH</u>	<u>2011</u>	<u>2010</u>	<u>VARIANCE</u>	<u>PERCENTAGE</u>
JANUARY	104,742	135,688	-30,946	-22.8%
FEBRUARY	0	0	0	0%
MARCH	339,890	0	339,890	100%
APRIL	184,577	220,055	-35,478	-16%
MAY	275,492	404,542	-129,050	-31.9%
JUNE	390,722	326,388	64,334	19.7%
JULY	<u>327,286</u>	<u>196,113</u>	<u>131,173</u>	<u>67%</u>
TOTAL	1,622,709	1,282,786	339,923	21%

2011 YTD TONNAGE UPDATE

ESSROC TONNAGE

<u>MONTH</u>	<u>2011</u>	<u>2010</u>	<u>VARIANCE</u>	<u>PERCENTAGE</u>
JANUARY	0	0	0	0%
FEBRUARY	0	0	0	0%
MARCH	3,092	0	3,092	100%
APRIL	5,021	14,478	-9,457	-65%
MAY	7,671	9,386	-1,715	-18%
JUNE	9,067	17,777	-8,710	-49%
JULY	<u>10,858</u>	<u>14,375</u>	<u>-3,517</u>	<u>-24%</u>
TOTAL	35,709	56,016	-20,307	-36%

General Update

- Global steel industry remains volatile
 - Stagnant demand from automobile & consumer durable goods makers
 - High raw material prices
 - Iron Ore \$177/mt and coking coal \$320/mt
 - China urbanization and demand driving up prices
 - China is world's largest steel producer
 - Recent decrease in spot prices of hot & cold rolled steel
 - Hot and cold rolled products being sold at substantial discounts

General Update

- Port staff reviewing security procedures relating to TWIC and general access to facility
- Tracking daily truck traffic on Port
 - 131 trucks/working day in August
 - Kenmore 419 trucks in August, 0 in July
 - Majority of trucks move through center of port operations
 - Underscores need for road behind Warehouse A
- FEMA has approved the FY2008 security grant

Submerged Lands Leases

7

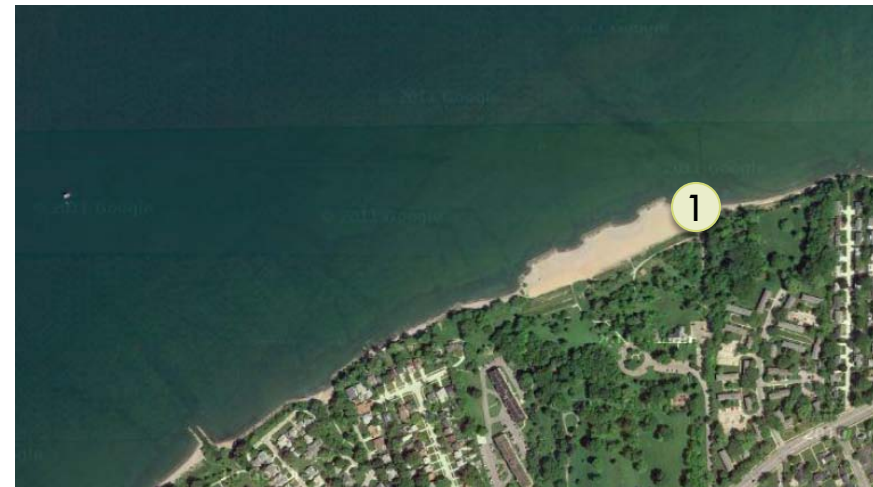
- The Port Authority has received four requests for submerged lands leases
 1. The City of Euclid
 2. Northeast Ohio Regional Sewer District (Tunnel Project)
 3. Northeast Ohio Regional Sewer District (Floatable Project)
 4. Great Lakes Science Center

- None of the requests hinder navigation or impact future development plans of the Port Authority

Submerged Lands Leases

8

1. **The City of Euclid:** An amendment to the existing submerged lands lease to extend Sims Park fishing pier roughly 130 feet to provide better access to the lake.
2. **Northeast Ohio Regional Sewer District:** The Euclid Creek Tunnel Project begins at a site south of the District's Easterly Wastewater Treatment Plant, heads north across the grounds of the Plant, out underneath Lake Erie and back ashore just west of East 156th Street.



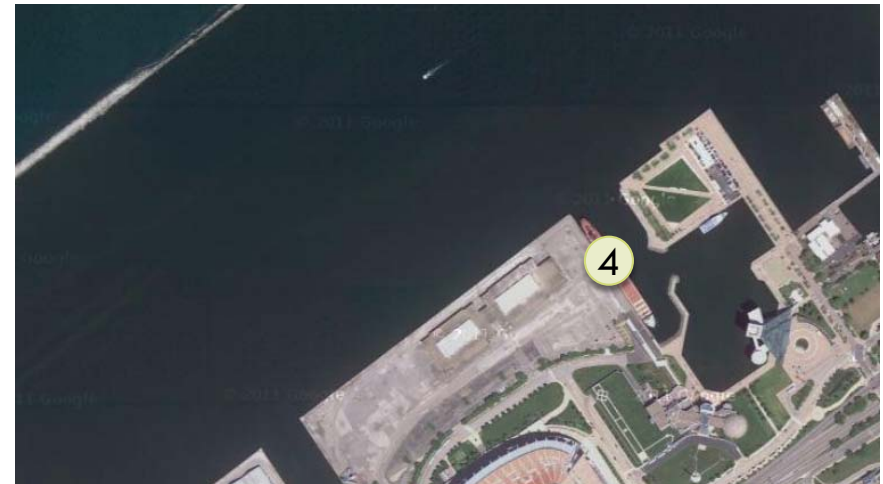
Submerged Lands Leases

9

- Northeast Ohio Regional Sewer District:** For relocation and repairs of the existing floating netting unit, which collects debris conveyed by the combined sewer overflow at the intersection of North Marginal Road and East 55th Street.



- Great Lakes Science Center:** The requested submerged lands lease encompasses the area under the permanently moored SS William G. Mather museum ship and the recently constructed Cleveland Cliffs Pedestrian Connector.



Submerged Lands Leases

The Maritime Committee is being requested to recommend that the Board of Directors authorize and approve the four (4) submerged lands leases as described.

Each request will be authorized by a separate Resolution.

USEPA - Great Lakes Restoration Initiative Grant

11

- Floating Debris is a federally listed impairment to the Cuyahoga River
- The Cuyahoga River Remedial Action Plan sought sponsorship from the Port Authority
- The Port Authority was awarded a Great Lakes Restoration Initiative grant for \$425,160

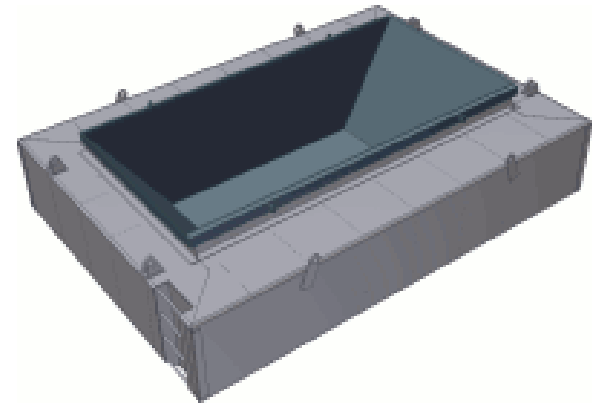
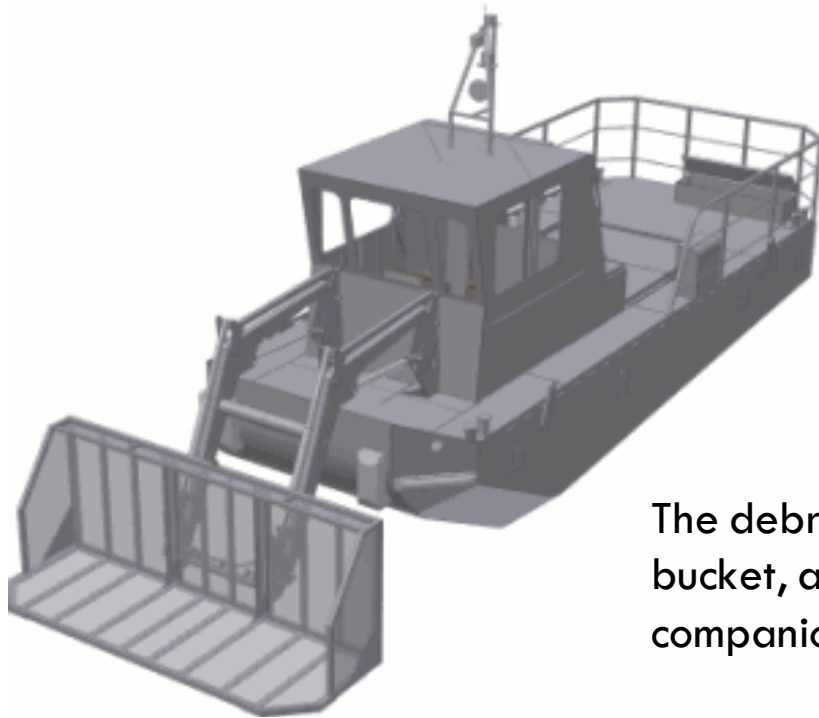
The grant will fund a project that will help to address EPA concerns and add to the general aesthetic appeal of the water



Debris Harvester (Conceptual Design)

12

- The grant will be used to design, construct and deploy a specialized vessel system that removes debris from the River

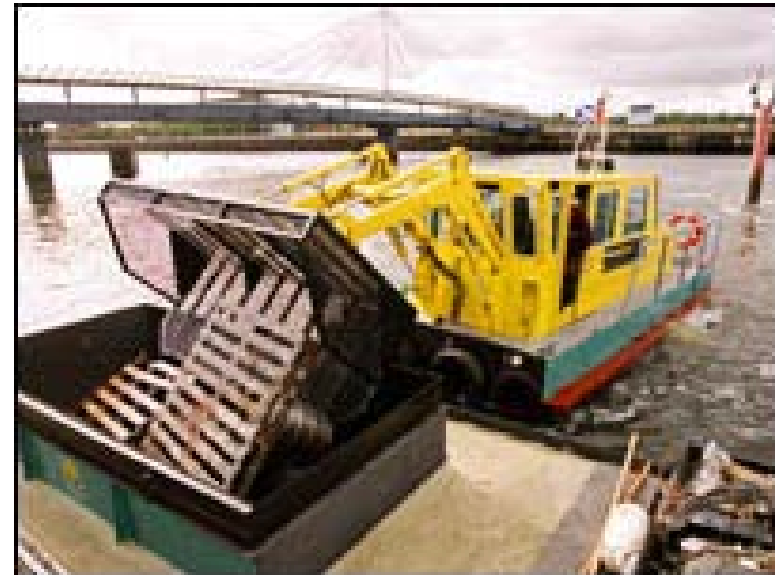


The debris harvester will use a hydraulic lifting bucket, along with a floating boom system and companion barge to remove floating debris.

Budget and Timeline

13

- Total project budget is \$425,160; there are no match requirements
- Project timeline is nine to twelve months from grant acceptance to launch
- Annual operating budget is approximately \$50,000
 - Plan to pursue operating partnerships for on-going operations



USEPA - Great Lakes Restoration Initiative Grant

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The Maritime Committee is being asked to recommend that the Board of Directors approve a resolution authorizing the Port Authority to execute a commitment letter from the EPA for a Great Lakes Restoration Initiative grant of \$425,160.

Development Finance Projects - Inclusion Summary
Projects completed or in progress since May 2011

	Project Name	Port Authority Amount Financed	Total Project Costs	Construction Contracts Net Exemptions	Total MBE/FBE Contracts	FN	Total MBE/FBE %	Project % of Completion	Estimated Completion Date
1	Veterans Affairs Medical Center	115,000,000	119,000,000	60,037,834	15,988,150		27%	100%	May-11
2	Higbee Building	2,520,000	47,000,000	13,800,000	2,400,600	A	17%	100%	May-11
3	Independence Research Center	46,000,000	46,000,000	13,115,325	2,533,813	B	19%	91%	Oct-11
4	Medical Center Company	77,470,000	77,470,000	9,615,000	1,981,796		21%	90%	Dec-11
5	Cleveland Museum of Art - Phase II	70,430,000	180,000,000	89,407,063	27,039,667		30%	85%	Feb-12
6	Hospice of the Western Reserve	21,565,000	29,000,000	11,864,000	4,794,183		40%	20%	Jun-12
7	Eaton Corporation	150,000,000	175,000,000	95,862,727	44,815,787		47%	41%	Oct-12
8	Flats East Bank	117,700,000	275,000,000	109,023,043	27,200,824		25%	15%	Mar-13
	TOTALS	\$ 600,685,000	\$ 948,470,000	\$ 402,724,992	\$ 126,754,820		31%		

Definitions:

Port Authority Amount Financed

Amount of bond, note or other debt instrument issued by the Port Authority

Total Project Costs

The total cost of the project, including non-construction costs, such as issuance costs, refundings, etc.

Construction Contracts Net Exemptions

The total amount available for certified MBE/FBE participation (excludes refundings, cap interest, issuance costs)

Total MBE/FBE Contracts

The total amount of MBE/FBE contracts awarded to certified MBE/FBE firms

Sources:

- 1 VA-Sam Calabrese-Project Manager for VA Development, via general contractors The Krill Company for the office building and Donley's for the parking garage.
- 2 Higbee Building-Doug Brooks (V.P. Forest City), via the general contractor, The Albert M. Higley Co.
- A This TIF financing followed the City of Cleveland's criterion, which includes Small Business Enterprises (SBEs). When including SBE's, participation exceeded \$4M and the participation was **29%**.
- 3 Independence Research Center-Jeff Walters (Project Manager for the general contractor, Panzica Construction Company).
- B Final numbers are expected to exceed 20%
- 4 The Medical Center Company-Scott Wilson (V.P. of Finance & Administration), via the construction manager, Panzica.
- 5 Cleveland Museum of Art (Phase 2)-Jeff Hutchinson of Panzica/Gilbane-construction manager.
- 6 Hospice of the Western Reserve-Dan Gess (Project Manager for Donley's, the construction manager).
- 7 Eaton-Bruce Higley (president of The Albert M. Higley Company), the construction manager.
- 8 Flats East Bank-John Torres (Compliance Management for the Flats East Development).

Cleveland-Cuyahoga County Port Authority

Statement of Net Assets

Balance Sheet; GAAP basis, unaudited

As of June 30, 2011

	<u>6/30/2011</u>	<u>12/31/2010</u>	<u>Variance</u>	<u>% Inc/Dec</u>
Current Assets:				
Cash and investments	12,413,872	11,390,828	1,023,044	8.98%
Accounts receivable	350,542	727,690	(377,148)	-51.83%
Interest receivable	17,430	29,551	(12,121)	-41.02%
Prepaid expenses	130,285	157,903	(27,618)	-17.49%
Property tax receivable	3,300,000	3,300,000	-	0.00%
Total current assets	16,212,129	15,605,972	606,157	3.88%
Capital Assets:				
Land and land improvements	17,969,234	18,624,127	(654,893)	-3.52%
Buildings, infrastructures, and leasehold improvements	35,815,429	36,017,507	(202,078)	-0.56%
Equipment	813,719	810,018	3,701	0.46%
Construction in progress	103,027	21,600	81,427	376.98%
Total Capital Assets	54,701,409	55,473,252	(771,843)	-1.39%
Less: accumulated depreciation	(15,959,882)	(15,391,824)	(568,058)	3.69%
Net book value of capital assets	38,741,527	40,081,428	(1,339,901)	-3.34%
Restricted and other assets:				
Restricted cash and investments	6,484,243	6,462,837	21,406	0.33%
Grants receivable	837,083	833,333	3,750	0.45%
Notes receivable	225,000	250,000	(25,000)	-10.00%
Operating lease receivable	219,177	356,608	(137,431)	-38.54%
Unamortized lease costs	107,146	-	107,146	-
Debt issuance costs	319,418	337,029	(17,611)	-5.23%
Deferred outflow of resources	862,049	862,049	-	0.00%
Other	40,136	37,434	2,702	7.22%
Total restricted & other assets	9,094,252	9,139,290	(45,038)	-0.49%
TOTAL ASSETS	\$ 64,047,908	\$ 64,826,690	\$ (778,782)	-1.20%
Liabilities & Net Assets:				
Current Liabilities:				
Accounts payable	463,290	322,613	140,677	43.61%
Accrued wages and benefits	135,585	129,858	5,727	4.41%
Deferred income	3,303,500	3,360,173	(56,673)	-1.69%
Total current liabilities	3,902,375	3,812,644	89,731	2.35%
Current liabilities payable from restricted assets:				
Accrued interest payable	66,486	69,865	(3,379)	-4.84%
Total current liabilities payable from restricted assets	66,486	69,865	(3,379)	-4.84%
Other liabilities - including amounts relating to restricted assets:				
Cleveland Bulk Terminal Project	4,910,000	4,980,000	(70,000)	-1.41%
Port Capital Improvements (1999A Bonds)	2,774,653	2,909,065	(134,412)	-4.62%
Essroc (1997A Bonds)	2,874,020	2,921,566	(47,546)	-1.63%
State of Ohio 166 Loan	-	246,606	(246,606)	-100.00%
Accrued rent	209,285	244,797	(35,512)	-14.51%
Deferred income	776,477	839,619	(63,142)	-7.52%
ODOD Logistics loan	64,309	-	64,309	-
Derivative instrument	862,049	862,049	-	0.00%
Total long-term bonds and other liabilities	12,470,793	13,003,702	(532,909)	-4.10%
TOTAL LIABILITIES	16,439,654	16,886,211	(446,557)	-2.64%
NET ASSETS	47,608,254	47,940,479	(332,225)	-0.69%

Cleveland-Cuyahoga County Port Authority

Statement of Revenue and Expense

GAAP Basis

For the Six Months Ending June 30, 2011

	<u>2011 Actual YTD</u>	<u>2011 Budget YTD</u>	<u>Variance to budget</u>		<u>Annual Budget</u>
Operating Revenues:					
Dockage, wharfage, and user fees	\$ 505,517	\$ 458,301	\$ 47,216	10.3%	\$ 1,052,000
Property leases and rentals	878,202	864,885	13,317	1.5%	1,744,438
Financing fee income	260,213	375,017	(114,804)	-30.6%	980,680
Foreign trade zone fees	80,000	80,000	-	0.0%	80,000
Dredge disposal fees	-	-	-	0.0%	80,000
Parking revenues and other	17,567	34,785	(17,218)	-49.5%	338,646
Total Revenue	\$ 1,741,499	\$ 1,812,988	\$ (71,489)	-3.9%	\$ 4,275,764
Operating Expenses:					
Salaries and benefits	1,066,984	1,180,668	(113,684)	-9.6%	2,392,848
Professional services	494,640	574,074	(79,434)	-13.8%	1,031,597
Facilities lease and maintenance	504,425	495,792	8,633	1.7%	978,338
Marketing and communications	102,510	194,478	(91,968)	-47.3%	353,360
Depreciation expense	615,186	616,002	(816)	-0.1%	1,232,000
Office expense	193,877	197,612	(3,735)	-1.9%	411,217
Other expense	92,544	104,024	(11,480)	-11.0%	201,860
Total Expense	\$ 3,070,166	\$ 3,362,650	\$ (292,484)	-8.7%	\$ 6,601,220
Operating profit (loss)	\$ (1,328,667)	\$ (1,549,662)	\$ 220,995	-14.3%	\$ (2,325,456)
Nonoperating revenues (expenses):					
Property tax receipts	1,549,981	1,568,467	(18,486)	-1.2%	3,200,000
Nonoperating grant revenue	26,750	27,711	(961)	-3.5%	27,711
Income from investments	163,600	177,750	(14,150)	-8.0%	355,500
Interest expense	(371,893)	(394,800)	22,907	-5.8%	(789,581)
Loss on disposal of fixed assets	(936)	-	(936)	-	-
Total nonoperating revenues - net	\$ 1,367,502	\$ 1,379,128	\$ (11,626)	-0.8%	\$ 2,793,630
Change in net assets before loss on fixed assets	\$ 38,835	\$ (170,534)	\$ 209,369	-122.8%	\$ 468,174
Loss on sale of fixed assets	\$ (371,060)	\$ (265,702)	\$ (105,358)		\$ (265,702)
Change in net assets after loss on fixed assets	\$ (332,225)	\$ (436,236)	\$ 104,011		\$ 202,472

Cleveland-Cuyahoga County Port Authority

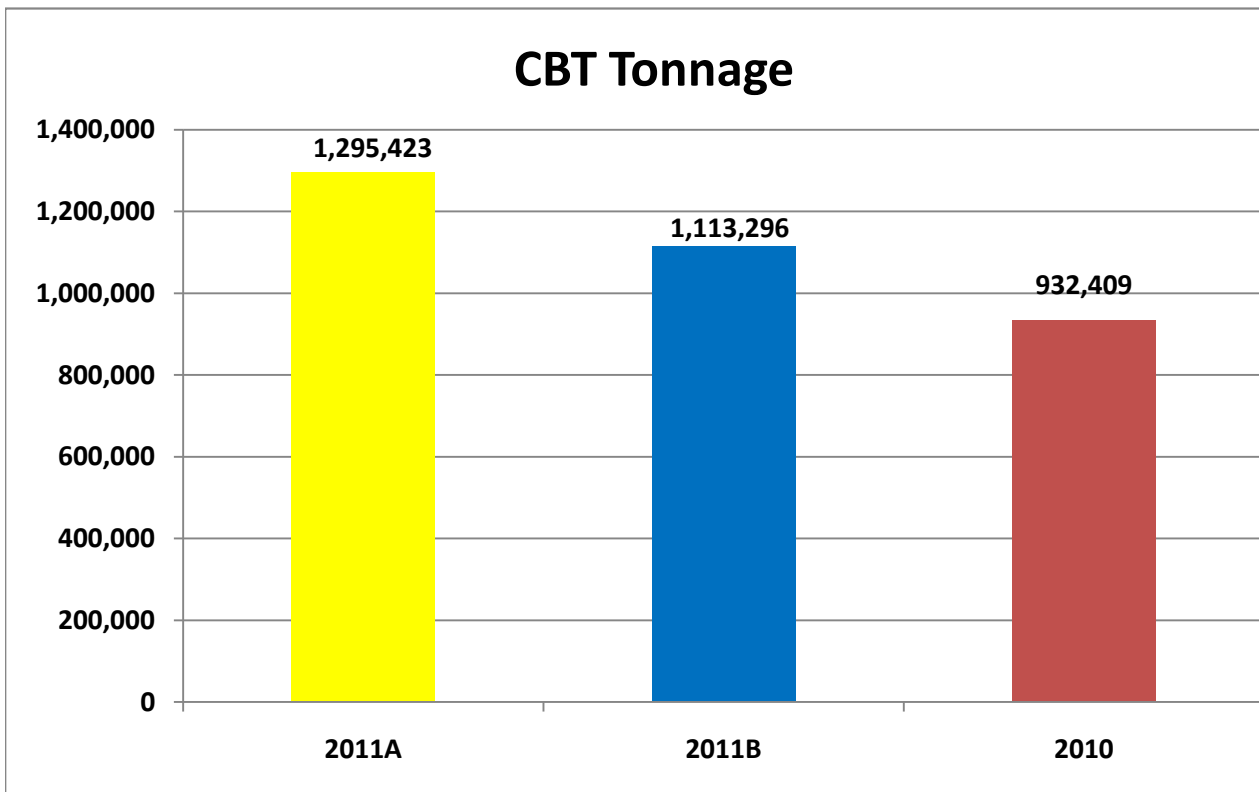
Summary of Capital Expenditures

GAAP Basis

For the Six Months Ending June 30, 2011

<u>Capital Expenditures</u>	<u>2011 Actual YTD</u>	<u>Annual Budget</u>
Security Improvements		
Security Improvements - Grant Eligible	5,000	250,000
Fencing/Gates	-	10,000
Operations		
Crane	61,914	100,000
Booster	122,436	60,000
Timbers	-	80,000
Dredging	99,000	200,000
Overhead Doors - WHS 24	7,325	30,000
Contingency/Miscellaneous	-	100,000
Rail Infrastructure Investment		
Additional Planning/Design	85,745	300,000
Construction of Railway	-	2,330,000
Road	-	504,000
Dock 20 Lighting	-	350,000
Utilities	-	50,000
Paving	-	500,000
Loan Commitment fee paid in 2010	-	30,255
1906 40th St. Building		
Roof Repairs	12,282	0
1100 W. 9th St. Building		
Closing Costs, Due Diligence, Legal expenses	-	50,000
Purchase Agreement	-	3,100,000
Total Capital Expenditures	<u>\$ 393,702</u>	<u>\$ 8,044,255</u>

Cleveland - Cuyahoga County Port Authority
Summary of Tonnage: June 30, 2011
Financial Report



Cleveland - Cuyahoga County Port Authority

Summary of Tonnage: June 30, 2011

Financial Report

