

MINUTES

CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY BOARD OF DIRECTORS MEETING Thursday, February 11, 2016

The regular Meeting of the Cleveland-Cuyahoga County Port Authority Board of Directors was held at the Aloft Hotel located at 1111 West 10th Street, Cleveland, Ohio on Thursday, February 11, 2016. The meeting was called to order by Chairman Ronayne at 8:34 a.m. He then welcomed newly appointed Board Members Patricia Ramsey and Darrell McNair. Attendance by roll call showed the following:

PRESENT

Chris Ronayne, Chair
Diane Downing, Vice Chair
Anthony Moore, Secretary
Harriet Applegate
Paul Hoogenboom
Patricia Ramsey
Jan Roller
Robert Smith (departed at 10:21 a.m.)

ABSENT AND EXCUSED

Darrell McNair

ALSO PRESENT

W. Friedman, President & CEO
B. Leslie, Chief Financial Officer
D. Gutheil, VP, Maritime & Logistics
M. Freilino, Office Manager & Exec. Asst. to CEO
E. Bohinc, Finance Coordinator
G. Woodson, Director, Development Finance & Inclusion
E. Place, Staff Accountant
M. Rivalsky, Controller
R. Bever, Project Accountant
L. Sternheimer, Development Manager
J. White, Director, Sustainable Infrastructure Programs
J. Magyar, Director, Operations & Facilities
N. LaPointe, Director, Planning & Capital Development
J. Davis, Vice President, External Affairs
S. Fisher, American Great Lakes Ports Association
C. Goodrich, First Interstate
I. MacDougall, Tucker Ellis
J. Heinle, Regency Construction Services
R. Schneider, First Interstate
B. Duda, SDP
J. McJunkin, FMT
M. Zaidan, Walter Haverfield
N. Felker, Walter Haverfield
J. Baker, Jr., ILA
V. Aron, Arcadis

M. Jarboe, Plain Dealer
M. Armagno, Piper Jaffray
D. Wilcox, Climaco, Wilcox, Peca, Tarantino & Garofoli Co., L.P.A

APPROVAL OF MINUTES

The minutes of the Board of Directors meeting of December 10, 2015 were presented for approval by the Board, copies having been delivered in advance to all Directors. On motion by Director Downing, seconded by Director Hoogenboom and unanimously carried, the Board minutes of December 10, 2015 were approved.

PUBLIC COMMENT PERIOD

There being no public comment on the agenda items, Chairman Ronayne then requested that Mr. Friedman proceed with the President's Comments.

CHAIR'S COMMENTS

Chairman Ronayne complimented Mr. Friedman and the Port's management team on their continued hard work. Some highlights are the extended service of the Cleveland-Europe Express and community development issues including Franklin Hill. There has been continued work in dealing with the United States Army Corps of Engineers and dredging.

Chairman Ronayne advised that the Board would enter into Executive Session immediately following the Real Estate and Development Finance agenda items. He then asked Director Roller to introduce the agenda items.

Director Roller addressed the Board of Directors and stated there will be an update on the Port's inclusion policy, which currently illustrates there are over \$117 million in minority and female contracts on projects in which the Port is involved. The first action item is a project developed by First Interstate Properties on the site of the former Children's Museum. This project represents a \$110 million dollar investment in our City, as well as a great start to the year for development finance at the Port. Director Roller introduced the following from First Interstate: Mr. Mitchell Schneider, President; Mr. Chris Goodrich, Executive Vice President; and Ramie Schneider, Development Manager. She then requested that Mr. Leslie proceed with the agenda items.

REAL ESTATE AND DEVELOPMENT FINANCE COMMITTEE

Agenda Item 4(C)(1)(a) – MBE/FBE Report

Mr. Leslie address the Board of Directors and referred to the data on page 12 of the Board Agenda.

There being no questions or comment, Mr. Leslie proceeded with the agenda.

REAL ESTATE AND DEVELOPMENT FINANCE COMMITTEE

Agenda Item 4(C)(1)(b) – One University Circle Project – Conduit Lease Revenue Bonds

Chairman Ronayne advised that he is abstaining from both discussion and vote on the One University Circle project. Mr. Leslie introduced Mr. Mitchell Schneider of First Interstate. Mr. Schneider referred to a presentation attached hereto as "**Exhibit A.**" Director Roller asked how

many bedrooms are in each unit. Mr. Schneider replied that there is a mix of units. Ranging from the following: 24 studio apartments; 130 one bedroom units; 70 two bedroom units; 13 two bedroom units plus den; 13 three bedroom units; 18 penthouse units; and ten private residences. Director Ramsey asked about the ranges in rent. Mr. Schneider replied that the proforma was based upon what is available in today's market which ranges from \$2.15 - \$2.30 per square foot. The average would be approximately \$2500 per month, with half of the units being less, and half being more than the average. Director Applegate asked whether there have been traffic studies conducted. Mr. Schneider replied that a traffic engineer has been engaged and those results were shared with University Circle, Inc. In addition UCI has a master traffic planner on board that is working on all traffic in University Circle. The project consists of 280 units and there will be 300 parking spaces.

Mr. Leslie addressed the Board and referred to a presentation attached hereto as "Exhibit B." Director Moore asked what dollar amount has been identified for the international fund. Mr. Schneider replied that it is \$10 million for the project, but it's actually \$12.5 million capital that is being raised. \$2.5 million is being set aside in an interest reserve fund that otherwise would be coming out of the project later. Director Moore asked whether the money has been secured. Mr. Schneider replied no. None of the bank dollars will go into the project until both the developer's equity and the CIF fund has gone into the project. A backup commitment will be provided if necessary. CIF has already secured insurance that allows funds to be dispersed into the project as soon as they are preliminarily approved. Director Applegate asked whether there is a project labor agreement in place. Mr. Schneider replied that First Interstate is a union builder and they do not sign a project labor agreement. He stated he is confident the project will use Union labor.

On motion by Director Downing, seconded by Director Smith, and with Chairman Ronayne abstaining from the vote,

RESOLUTION NO. 2016-01

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY TAXABLE LEASE REVENUE BONDS SERIES 2016 (ONE UNIVERSITY CIRCLE DEVELOPMENT) IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$80,000,000 FOR THE PURPOSE OF PAYING OR REIMBURSING THE COSTS OF ACQUIRING, CONSTRUCTING, INSTALLING, EQUIPPING AND IMPROVING CERTAIN PORT AUTHORITY FACILITIES CONSISTING OF AN APPROXIMATELY 533,000 SQUARE FOOT MIXED-USE DEVELOPMENT, LOCATED IN THE CITY OF CLEVELAND, OHIO; AUTHORIZING THE ACQUISITION OF A LEASEHOLD INTEREST IN CERTAIN REAL ESTATE PARCELS BY GROUND LEASE EVIDENCING LEASEHOLD OWNERSHIP OF THE PROJECT SITE; AUTHORIZING A LEASE TO PROVIDE FOR THE LEASING OF THOSE FACILITIES BY THE PORT AUTHORITY TO ONE UC PARTNERS LLC; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE FOR THE BONDS TO PROVIDE FOR THE PAYMENT OF BOND SERVICE CHARGES ON THE BONDS, AN OPEN-END MORTGAGE (LEASEHOLD), ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT, AN ASSIGNMENT OF LEASE AND RENTS AND CONSTRUCTION MANAGER AGREEMENT AND OTHER INSTRUMENTS, STATEMENTS AND DOCUMENTS IN CONNECTION WITH THE ISSUANCE AND SECURING OF THE BONDS; AND AUTHORIZING AND APPROVING RELATED MATTERS

was approved. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

Chairman Ronayne advised that the Board will now move into Executive Session to consider compensation of a public employee. On motion by Director Applegate, seconded by Director Roller and approved unanimously by roll call vote, the Board entered into Executive Session at 9:03 a.m.

On motion by Director Smith, seconded by Director Applegate, and approved unanimously by roll call vote, the Board came out of Executive Session at 10:16 a.m.

Chairman Ronayne requested that Director Smith proceed with the Ad-Hoc Personnel Committee.

AD HOC PERSONNEL COMMITTEE

Agenda Item 6(1)(a) – CEO Performance Review

Director Smith addressed the Board and stated that he, Director Roller and Chairman Ronayne have had conversations surrounding the CEO's compensation. The Board engaged C-BIZ, a compensation consultant to analyze the market, look at a group of peers across the country as well as local economic development executives. They also looked at pension, bonus compensation, base compensation, and health and welfare to understand the market for the CEO position. The Board has had discussion and the committee is recommending consideration of Resolution 2016-06. Mr. Wilcox noted there are amendments to the resolution in Sections 1, 2 and 3, which he read into the record.

On motion by Director Downing, seconded by Director Roller, and unanimously carried, the amendments to Resolution 2016-06 were approved.

On motion by Director Smith, seconded by Director Hoogenboom, and unanimously carried,

RESOLUTION NO. 2016-06

A RESOLUTION AUTHORIZING AND APPROVING A
COMPENSATION AJUSTMENT FOR
WILLIAM D. FRIEDMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER OF THE CLEVELAND-CUYAHOGA
COUNTY PORT AUTHORITY AND PROVIDING FOR
ESTABLISHMENT OF PERFORMANCE
BENCHMARKS FOR 2016

was approved. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

Chairman Ronayne then requested that Director Hoogenboom introduce the Maritime Committee agenda items.

MARITIME COMMITTEE

Agenda Item 4(C)(2)(a) – Port of Cleveland Tariff Modifications

Mr. Gutheil addressed the Board of Directors and referred to a presentation attached hereto as “**Exhibit C**” (slides 1-4).

On motion by Director Downing, seconded by Director Roller, and unanimously carried,

RESOLUTION NO. 2016-02

A RESOLUTION APPROVING PORT OF CLEVELAND
TARIFF NO. 1-B REVISIONS AND UPDATES

was approved. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

MARITIME COMMITTEE

Agenda Item 4(C)(2)(b) – Warehouse 24 Annex Rehabilitation

Mr. Gutheil addressed the Board of Directors and referred to a presentation attached hereto as “**Exhibit C**” (slides 5-7). Director Downing asked whether there is any additional work that should be performed while working in that area. Mr. Gutheil replied that improvements will be a two-step process. If we attempted the entire project at once, it would be too much from a budget standpoint. With the first phase being completed this year, it will allow for the warehouse to be used for the upcoming season. The remainder of the necessary improvements can be addressed next year.

On motion by Director Ramsey, seconded by Director Downing, and unanimously carried,

RESOLUTION NO. 2016-03

A RESOLUTION AUTHORIZING AND APPROVING THE
EXECUTION OF CONTRACT WITH FALLS METAL
FABRICATORS & INDUSTRIAL SERVICES LLC FOR THE
PURPOSE OF STRUCTURAL REHABILITATION OF
WAREHOUSE 24 ANNEX AND APPROVING EXPENDITURE
OF FUNDS

was approved. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

MARITIME COMMITTEE

Agenda Item 4(C)(2)(c) – Guaranteed Maximum Price for Dock 22 Warehouse Project

Mr. Gutheil addressed the Board of Directors and referred to a presentation attached hereto as “**Exhibit C**” (slides 8-11). Director Hoogenboom asked what the original square footage was for

the warehouse. Mr. Gutheil replied that originally 40K square feet was being considered in the site was to be Dock 22 north. During the process it was discovered that too much additional site would be needed at Dock 22 north, so it was decided to use Dock 22 south instead. Chairman Ronayne asked whether the terms of the Jobs Ohio loan were favorable. Mr. Gutheil replied yes, it is a forgivable loan and some reporting needs to be done during the process. Director Hoogenboom asked whether the project could be expandable in the future since the original scope has been reduced. Mr. Gutheil replied yes, it is expandable easily to the east, and the warehouse space could be potentially doubled in the future.

On motion by Chairman Downing, seconded by Director Applegate, and unanimously carried,

RESOLUTION 2016-04

A RESOLUTION AUTHORIZING THE EXECUTION OF A GUARANTEED MAXIMUM PRICE (“GMP”) AMENDMENT TO THE DESIGN BUILD AGREEMENT WITH REGENCY CONSTRUCTION SERVICES, INC. (“REGENCY”) FOR THE CONSTRUCTION OF A 21,600 SF FABRIC WAREHOUSE AND OTHER IMPROVEMENTS ON DOCK 22 SOUTH; AND AUTHORIZING THE EXECUTION AND DELIVERY OF AGREEMENTS, INSTRUMENTS, OTHER CERTIFICATES AND DOCUMENTS IN CONNECTION WITH THE PROJECT

was approved. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

Chairman Ronayne stated that in the interest of time, the dredging update will be deferred until the March Board of Directors Meeting. He then asked Mr. Steve Fisher to address the Board of Directors.

MARITIME COMMITTEE

Agenda Item 4(C)(2)(e) – American Great Lakes Port Association (AGLPA) Update

Mr. Steve Fisher addressed the Board of Directors and thanked the Board for inviting him to present. He referred to a presentation attached hereto as “Exhibit D.” Chairman Ronayne asked whether finance based ports were included in AGLPA. Mr. Fisher replied they are not, it is comprised of commercial maritime ports. Chairman Ronayne requested some data on where the Port of Cleveland stands in terms of economic development and activity compared to other ports. Mr. Friedman replied that he could provide a report of that information.

As it relates to environmental impact, Chairman Ronayne asked who is making the newer ships. Mr. Fisher stated there have been a host of brand new ships on the Great Lakes over the past few years. They are much more fuel efficient, burning lower sulfur fuel, and have significantly less air emissions. Director Hoogenboom asked whether repowering of the older ships is taking place. Mr. Fisher replied yes, many are getting new engines. Mr. Friedman noted that Interlake Steamship is repowering many of their vessels.

Referencing the investment survey referenced by Mr. Fisher, Director Hoogenboom asked how far back the study went. Mr. Fisher replied that it went back five years. Director Ramsey asked whether the financing was an equity investment. Mr. Fisher replied that the total amount was

either spent or committed to be spent during the five year window. Director Applegate requested that the Board receive copies of the studies referenced. Mr. Friedman stated that staff will be able to provide. Chairman Ronayne asked whether AGLPA makes regular contact with the media. Mr. Fisher replied yes.

Director Moore asked what the flaw is in getting the Harbor Maintenance Tax money through and why Congress is able to withhold tax dollars that seem to be allocated for a specific purpose. Mr. Fisher stated that the original legislation was flawed. It was trusted that Congress would spend the money appropriately and they did not. The government came to the port community and basically said dredging will not be paid for with income tax any longer. The maritime industry would be responsible and it was agreed to. Director Applegate asked whether Senators representing the Great Lakes are on board. Mr. Fisher replied yes. Director Hoogenboom asked whether there is a defined legislative change that AGLPA is advocating for. Mr. Fisher replied that an approach of trying to push for an annual decision that the money allocated should be larger. Chairman Ronayne asked where state departments are looking to for sources of funding. Mr. Fisher stated that it depends on the State. Florida was given as an example to the Great Lakes Governors. Florida invested \$600 million in its ports over the past three years. Director Moore asked at what point ports should focus on competitive advantage. Studies have looked at the value, environmental friendliness, and efficiencies of maritime. He asked when it would be appropriate to look at what trucking and rail are lacking in those areas. Mr. Fisher replied that it would be a very good fifth study moving forward.

Chairman Ronayne asked which way AGLPA advocates in terms of keeping the Seaway open through the winter months. Mr. Fisher replied that AGLPA very much supports Seaway extension. Chairman Ronayne then thanked Mr. Fisher for his presentation and then proceeded with the Budget and Administration Committee agenda item.

BUDGET AND ADMINISTRATION COMMITTEE

Agenda Item 4(C)(3)(a) – Strategic Action Plan

Mr. Friedman addressed the Board of Directors and referred to a presentation attached hereto as “**Exhibit E**.” Director Applegate asked where the firm is located and how much input the Board would have on the Strategic Plan. Mr. Friedman replied Lancaster, PA. He stated he would like the Board to be part of the process and be able to provide input as the Board deems necessary. Staff plans to provide regular updates to the Board of Directors at Board Meetings. Chairman Ronayne stated that he and Mr. Friedman would talk further about how to engage the Board. Chairman Ronayne wanted to ensure that the Strategic Plan would be comprehensive and not just maritime focused. Mr. Friedman replied that the Plan will be comprehensive and will include all aspects of the Port of Cleveland. He stated that Martin and Associates specialize in maritime, so for other areas of the plan it may be necessary to bring in others. Director Moore stated that in the past the Board has expressed an interest in getting a better handle on Development Finance and the Strategic Plan is a good opportunity to do so.

On motion by Chairman Downing, seconded by Director Applegate, and unanimously carried,

RESOLUTION 2016-04

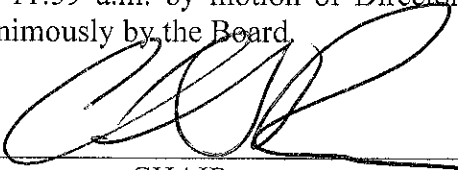
A RESOLUTION AUTHORIZING THE EXECUTION OF A GUARANTEED MAXIMUM PRICE ("GMP") AMENDMENT TO THE DESIGN BUILD AGREEMENT WITH REGENCY CONSTRUCTION SERVICES, INC. ("REGENCY") FOR THE CONSTRUCTION OF A 21,600 SF FABRIC WAREHOUSE AND OTHER IMPROVEMENTS ON DOCK 22 SOUTH; AND AUTHORIZING THE EXECUTION AND DELIVERY OF AGREEMENTS, INSTRUMENTS, OTHER CERTIFICATES AND DOCUMENTS IN CONNECTION WITH THE PROJECT

was approved. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

PUBLIC COMMENT PERIOD

Chairman Ronayne then opened the floor for public comment related to non-agenda items.

There being no public comment, the meeting adjourned at 11:39 a.m. by motion of Director Downing, seconded by Director Applegate and approved unanimously by the Board.



CHAIR



SECRETARY