

MINUTES

CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY BOARD OF DIRECTORS MEETING Thursday, March 10, 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, March 10, 2016. The meeting was called to order by Chairman Ronayne at 8:33 a.m. Attendance by roll call showed the following:

PRESENT

Chris Ronayne, Chair
Diane Downing, Vice Chair (departed at 8:51 a.m.)
Anthony Moore, Secretary
Harriet Applegate (arrived 8:38 a.m.)
Darrell McNair
Patricia Ramsey
Robert Smith

ABSENT AND EXCUSED

Paul Hoogenboom
Jan Roller

ALSO PRESENT

W. Friedman, President & CEO
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, Director, Urban Planning & Engagement
J. White, Director, Sustainable Infrastructure Programs
J. Magyar, Director, Operations & Facilities
N. LaPointe, Director, Planning & Capital Development
J. Davis, Vice President, External Affairs
J. McJunkin, FMT
J. Baker, Jr., ILA
S. Glowacki, Spliethoff
B. Peters, Spliethoff
P. Jeffrey, LWV, Greater Cleveland
J. Cox, Flats Industry
D. Wilcox, Climaco, Wilcox, Peca, Tarantino & Garofoli Co., L.P.A.

Chairman Ronayne welcomed Director Darrell McNair, the newest member of the Board of Directors. Mr. McNair introduced himself and stated he is looking forward to lending his business expertise to the Port.

APPROVAL OF MINUTES

The minutes of the Board of Directors meeting of February 11, 2016 were presented for approval by the Board, copies having been delivered in advance to all Directors. On motion by Director Downing, seconded by Director Ramsey and unanimously carried, the Board minutes of February 11, 2016 were approved.

PUBLIC COMMENT PERIOD

There being no public comment on the agenda items, Chairman Ronayne then proceeded with the Chair's Comments.

CHAIR'S COMMENTS

Chairman Ronayne stated that he, Director Roller and Mr. Friedman attended a public hearing regarding the United States Army Corps of Engineers' view on open-lake placement of dredge material. The meeting was well attended and the majority were opposed to open-lake placement and were in favor of the Port's policy of alternatives. Chairman Ronayne noted that he is submitting a copy of his remarks for the record attached hereto as "**Exhibit A.**" He stated that Director Downing would be leaving the meeting early following the Nominating Committee.

PRESIDENT'S COMMENTS

Mr. Friedman noted that his comments will be part of his presentation later in the agenda. Chairman Ronayne then requested that Director Smith present the Nominating Committee item.

NOMINATING COMMITTEE

Agenda Item 4(C)(1)(a) – Request to elect officers for the Cleveland-Cuyahoga County Port Authority Board of Directors

Director Smith addressed the Board of Directors and stated that officers are elected annually and may serve two, one-year terms. He stated that he would like to nominate the existing officers to serve in their current capacity.

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

RESOLUTION NO. 2016-07

A RESOLUTION REGARDING THE ELECTION OF OFFICERS FOR 2016

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)(a) – General Maritime Update

Mr. Gutheil addressed the Board of Directors and referred to a presentation attached hereto as “**Exhibit X**” (slides 1-5). Referring to slide 2, Mr. Friedman noted that the Port of Cleveland has been working to increase ship calls of international vessels. The Port of Cleveland is now number one on the Great Lakes amongst a valid peer group. Director Moore asked whether Montreal was included in the review of vessel calls. Mr. Friedman replied no, that only ports within the Seaway locks were included. Chairman Ronayne asked whether the steel pipe is anticipated to be on the docks again this year. Mr. Joe McJunkin replied that FMT is still quoting business, but nationwide steel has dropped. Director Downing requested that coordination of deliveries needs to be considered since parking will likely be an issue during the Republican National Convention. Chairman Ronayne asked what the end market was for the pipe received at the Port. Mr. Gutheil replied last year it was a connector to an existing natural gas pipeline that runs from eastern Ohio into Michigan. Mr. McJunkin added that the pipe being quoted for this year is for a pipeline that runs from northeastern Ohio into South Carolina.

MARITIME COMMITTEE

Agenda Item 4(C)(2)(b) – Federal Marine Terminals (FMT) Lease Agreement

Mr. Gutheil addressed the Board and referred to a presentation attached hereto as “**Exhibit A**” (slides 6-8). Referring to slide 7, Director Moore asked whether FMT has become more aggressive on marketing. Mr. Gutheil replied yes, it is evident by the amount of project cargo that has been handled over the past few years. Chairman Ronayne asked for a copy of FMT’s marketing plan. Director Ramsey stated it would be interesting to know what markets FMT plans to tap into if the current markets being pursued don’t work out in their favor. Mr. Gutheil stated that their base cargo has always been non-containerized steel. They will likely continue to make a play for the project cargo business, mostly on the import side. Mr. McJunkin stated that import steel is down nationwide. FMT has been very aggressive in the general cargo area. For example, 32 beer tanks are expected in port this year. FMT is also pursuing cargo such as cranes and large transformers.

On motion by Chairman Ronayne, seconded by Director Smith, and unanimously carried,

RESOLUTION NO. 2016-08

A RESOLUTION APPROVING FEDERAL MARINE TERMINALS, INC. AS A TERMINAL OPERATOR, AND AUTHORIZING AND APPROVING A LEASE AGREEMENT FOR THE LEASE OF WAREHOUSE A, WAREHOUSE 24, WAREHOUSE 26, AND THE MAINTENANCE SHOP

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) – Services Agreement with Spliethoff Transport BV

Mr. Gutheil addressed the Board and referred to a presentation attached hereto as “**Exhibit A**” (slides 9-12). He introduced Mr. Bart Peters from Spliethoff Transport BV. Mr. Peters provided a brief history of Spliethoff and his role with the company. He mentioned that the new cranes will increase productivity. Mr. Gutheil stated that the cranes will be on the first Spliethoff vessel to arrive in Cleveland. The cranes will take approximately three weeks to assemble and to get them certified for use. Representatives from the ILA, FMT and C-Port have been trained using a simulator so they will be prepared to operate the cranes. Chairman Ronayne asked if the cranes were intended to increase productivity and capacity. Mr. Gutheil replied yes. In tandem the cranes can lift over 150 tons. It will also be a huge cost savings because vessels will no longer need to move to the Buckeye Booster for a heavy lift. The cranes can move to the vessel(s) on any of the berths. Mr. Friedman added that the cranes are extremely versatile. They can move bulk pieces as well as containers. Director McNair stated that it seems 2017 will be a decision point on the road of whether the Port will continue with the service. He asked whether there is a model that is either at break-even or close to it. Mr. Peters noted that the world market is bad at the moment. However the rates that can be earned in the Great Lakes are higher than what can be earned elsewhere so that is an advantage. Mr. Peters replied that Spliethoff sees the service as a huge potential for growth market, and Cleveland is positioned as a hub. Director Moore stated that he is in favor of the CEE and believes the Port is following the correct model. He stated that he has one concern regarding the name of the service. If there is value enough in the name to retain rights to it for one year, then the Port should retain the name. As long as Spliethoff runs the line, they should use the name. And if Spliethoff doesn't run it, then Cleveland should retain the rights to the name. Mr. Friedman replied the intent is that once the agreement expires, the Port would have the name in perpetuity.

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

RESOLUTION NO. 2016-09

A RESOLUTION AUTHORIZING, APPROVING AND RATIFYING A
SERVICE AGREEMENT
WITH SPLIETHOFF TRANSPORT B.V.
AMSTERDAM TO ASSIST IN OPERATING AND MANAGING THE LINER
SERVICE BETWEEN THE PORT OF CLEVELAND AND
EUROPE AND AUTHORIZING EXPENDITURE OF FUNDS

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

Chairman Ronayne then requested that Mr. Jim White proceed with the next Maritime Committee agenda item.

MARITIME COMMITTEE

Agenda Item 4(C)(2)(d) – Services Agreement with Hull & Associates

Mr. White addressed the Board of Directors and referred to a presentation attached hereto as “**Exhibit A**” (slides 13-18). Chairman Ronayne asked what the original plan was prior to Plan B. Mr. White replied that the original plan was the 217 Agreement, Plan B was developed as an alternative and a fallback when the USACE said they planned to utilize open lake disposal. Even if open lake disposal would take place, there would still be some sediment that would be required to be placed in a CDF. Director McNair asked what the end market is for the usable sediment. Mr. White stated that it is an expanding market and all of the sediment harvested have been qualified by the Ohio EPA for commercial and industrial uses. Uses range from liner for pipeline projects, grading ramps in some ODOT projects, construction fill, and for fill in basements that have been torn down by the land bank.

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

RESOLUTION NO. 2016-10

A RESOLUTION AUTHORIZING AND APPROVING THE EXECUTION
OF AN AGREEMENT WITH HULL & ASSOCIATES, INC. FOR THE PURPOSE OF
UNDERTAKING THE SCOPE OF WORK AND SERVICES AGREEMENT
TO SUPPORT THE 2016 SITE IMPROVEMENTS FOR CDF 12 IN
AN AMOUNT NOT TO EXCEED \$130,000

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

Chairman Ronayne requested that Mr. Friedman present the next agenda item.

MARITIME COMMITTEE

Agenda Item 4(C)(2)(e) – Dredging Update

Mr. Friedman addressed the Board and referred to a presentation attached hereto as “**Exhibit B.**” Referring to slide 9, Mr. Friedman noted that Flotsam and Jetsam have cleaned up over 1 million pounds of debris from these areas. Director Smith asked whether sediment in these areas is being tested. Mr. Friedman replied that part of the Port’s argument is that the USACE doesn’t test in the places they should be. It seems they are avoiding the places that would be the most contaminated. Chairman Ronayne asked how many overflow areas are in the ship channel. Mr. White replied there are 8 in the ship channel and several more of them further down the river.

Referring to slide 10, Director Ramsey asked whether the user fee paid in this area comes back to the Port. Mr. Friedman replied that the Port gets more back in this case. It is a slightly controversial aspect of the Harbor Maintenance Trust Fund. There are many naturally deep water ports that don’t need to be dredged at all, and they are paying more into the fund and don’t get as much coming back. Referring to the last bullet on slide 10, Chairman Ronayne asked whether the shift of funding was higher in the past. Mr. Friedman replied that prior to 1986 it was 100%

federal. When ports need to spend federal dollars to create more capacity, it is a 75/25 split between federal government and a local entity or a state. Chairman Ronayne asked how many miles are in the federal channel. Mr. Friedman replied it goes all the way to the mill which is approximately 5 miles. Chairman Ronayne noted that dredging the furthest mile south is the mile in question. Mr. Friedman replied yes, that for the last two years the USACE has said that unless a third party pays for the cost of putting the sediment that they have deemed suitable for open lake disposal into the CDF, then they will not dredge the last mile. This is the mile where 90 percent of the dredge material comes from. Chairman Ronayne asked whether the USACE used that as a tactic to get the Port to agree to open-lake disposal. Mr. Friedman stated it's possible but we don't know for certain.

Referring to slide 12, Director Applegate asked whether the USACE acted in retaliation. Mr. Friedman replied he can't be certain and is hesitant to speculate. Director Moore stated that it likely goes back to the E. 55th Street plan. The Port at that time convinced the USACE to approve the plan, and then the Port didn't sign. Mr. Friedman agreed that the USACE likely thought the E. 55th plan was feasible, and they became indignant. Director Applegate asked when the USACE last dredged. Mr. Friedman replied last year. They do a main dredging late spring and usually come back in September and October.

Referring to slide 22, Chairman Ronayne asked whether the wording that the Port was trying to get into law was at the Congressional level or State level. Mr. Friedman replied it was at the Congressional level. Chairman Ronayne asked whether part of the lawsuit is that the USACE is in violation of federal law. Mr. Friedman replied yes. Director Moore stated that one of the vulnerabilities of the Port's really great position is that we believe people will do the right thing. If there is no permanent injunction, the Port will have to file a lawsuit every year. The Port needs to focus on national public relations to make the Secretary of the Army an issue. Until that happens, the Port will not get the attention needed, as is happening in Flint, MI. Director Moore suggested that a national publication needs to print a story addressing why the Secretary of the Army is not reacting to the USACE. Chairman Ronayne said he agrees and a public relations strategy needs to be discussed. Director Applegate noted that there is a sense of urgency from a tactical standpoint because Flint, MI is currently in the news.

Mr. Friedman requested that Ms. Linda Sternheimer present the next agenda item.

BUDGET AND ADMINISTRATION COMMITTEE

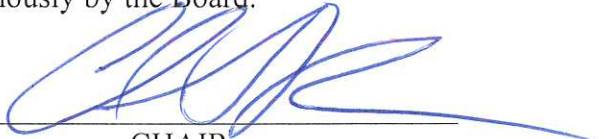
Agenda Item 4(C)(3)(a) – Strategic Action Plan

Ms. Sternheimer addressed the Board of Directors and referred to a presentation attached hereto as "**Exhibit C.**" Chairman Ronayne asked when the workshops would take place and for how long. Ms. Sternheimer replied that they will take place immediately following already scheduled Board meetings and will last approximately 60-90 minutes. There being no questions, Chairman Ronayne moved to the next agenda item.

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 10:23 a.m. by motion of Chairman Ronayne, seconded by Director McNair and approved unanimously by the Board.


CHAIR
SECRETARY