

MINUTES

CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY BOARD OF DIRECTORS MEETING Thursday, December 8, 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, December 8, 2016. The meeting was called to order by Chairman Ronayne at 8:39 a.m. Attendance by roll call showed the following:

PRESENT

Chris Ronayne, Chair
Diane Downing, Vice Chair
Anthony Moore, Secretary
Harriett Applegate
Paul Hoogenboom
Darrell McNair
Jan Roller
Robert Smith

ABSENT AND EXCUSED

Patricia Ramsey

ALSO PRESENT

W. Friedman, President & CEO
D. Gutheil, VP, Maritime & Logistics
M. Freilino, Office Manager & Exec. Asst. to CEO
M. Rivalsky, Controller
R. Bever, Project Accountant
G. Woodson, Director, Development Finance & Inclusion
L. Sternheimer, Director, Urban Planning & Engagement
N. LaPointe, Director, Planning & Capital Development
J. Davis, Vice President, External Affairs
J. Magyar, Director, Operations & Facilities
J. McJunkin, FMT
I. MacDougall, Walter Haverfield
N. Felker, Walter Haverfield
P. Jeffrey, LWV Greater Cleveland
J. Cox, Flats Industry
T. Menesse, City of Shaker Heights
J. Roth, Tucker Ellis
M. Armagno, PNC Capital Markets, LLC
R. Sommers, Project Management Consultants, LLC
L. Palmisano, RMS Development Corp.
M. Jarboe, The Plain Dealer
B. Jasinski, Shark & Minnow
E. Kogelshatz, Shark & Minnow
S. Robinson, Emerald Cities Collaborative
D. Wilcox, Climaco, Wilcox, Peca, Tarantino & Garofoli Co., L.P.A

APPROVAL OF MINUTES

The minutes of the Board of Directors meeting of October 13, 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 McNair and unanimously carried, the Board minutes of October 13, 2016 were approved.

PUBLIC COMMENT PERIOD

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

CHAIR'S COMMENTS

Chairman Ronayne congratulated North East Ohio Development Fund (NEODF) on receiving a \$45 million allocation in New Markets Tax Credits. He then asked Mr. Friedman to proceed with the President's Comments.

PRESIDENT'S COMMENTS

Mr. Friedman addressed the Board of Directors and stated that the Port has an agreement with a New Market Tax Credit deploying entity called the North East Ohio Development Fund. Director Roller asked whether the Port Board will be part of a process to select projects that will receive the tax credits. Mr. Friedman replied no, that NEODF board members would select projects. Director Smith added that the Port doesn't have an equity ownership, but serves as a controlling interest public sponsor.

Chairman Ronayne then asked Director Roller to proceed with the next agenda item.

REAL ESTATE & DEVELOPMENT FINANCE COMMITTEE

Agenda Item 4(c)(1)(a) – Shaker Downtown Apartments Project – Lease Revenue Bonds

Director Roller addressed the Board of Directors and welcomed Ms. Tania Menesse, Director of Economic Development for the City of Shaker Heights and Mr. Luke Palmisano, President of RMS Investment Corporation. Mr. Palmisano addressed the Board and referred to a presentation attached hereto as "**Exhibit A**". Ms. Rhonda Bever, Project Accountant, addressed the Board and referred to a presentation attached hereto as "**Exhibit B**" (slides 1-10). Chairman Ronayne asked where the land equity contributions would come from. Ms. Bever replied that they will come from the developer. Director Downing asked about the timeline of the project. Pre-closing is scheduled for Friday, December 9, 2016 and closing is scheduled for Monday, December 12, 2016.

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

RESOLUTION NO. 2016-38

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF TAXABLE LEASE REVENUE BONDS, SERIES 2016, SHAKER DOWNTOWN APARTMENTS PROJECT, TOTALING AN AMOUNT UP TO \$30 MILLION FOR THE PURPOSE OF FUNDING A PORTION OF THE COSTS ASSOCIATED WITH THE CONSTRUCTION OF THE

RESIDENTIAL PROJECT AND AUTHORIZING THE EXECUTION OF ALL OTHER ASSOCIATED FINANCING DOCUMENTS NECESSARY IN RELATION THERETO

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

REAL ESTATE & DEVELOPMENT FINANCE COMMITTEE

Agenda Item 4(c)(1)(b) – Van Aken Office & Retail Project – Lease Revenue Bonds

Ms. Rhonda Bever addressed the Board and referred to “**Exhibit B**” (slides 11-19). Director Applegate asked whether the project(s) were prevailing wage. Mr. Palmisano replied that approximately 85% will be union wages and parties have also agreed to meet the Port’s minority inclusion requirements. Director McNair asked whether both projects would happen simultaneously. Mr. Palmisano replied yes.

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

RESOLUTION NO. 2016-39

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF TAXABLE LEASE REVENUE BONDS, SERIES 2016, VAN AKEN OFFICE & RETAIL PROJECT, TOTALING AN AMOUNT UP TO \$30 MILLION FOR THE PURPOSE OF FUNDING A PORTION OF THE COSTS ASSOCIATED WITH THE CONSTRUCTION OF THE OFFICE & RETAIL PROJECT AND AUTHORIZING THE EXECUTION OF ALL OTHER ASSOCIATED FINANCING DOCUMENTS NECESSARY IN RELATION THERETO

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

BUDGET AND ADMINISTRATION COMMITTEE

Agenda Item 4(C)(2)(b) – 2017 Port Authority Operating Budget

Chairman Ronayne noted that Director Roller will be stepping out for a moment during the presentation but will return. Director Moore noted that staff went over the budget information in detail prior to the meeting and noted it is a very solid budget presentation. Mr. William Friedman addressed the Board and referred to page 31 of the Agenda. Director Smith asked whether the two previously approved projects are included in the forecast. Ms. Margaret Rivalsky replied yes. (Director Roller stepped out at 9:09 a.m.) Referring to page 33, Director Applegate asked how the dredging delay impacted tonnage. Mr. Friedman replied that it was significant and he could obtain an exact number from ArcelorMittal. Each ship must remove approximately 5,000 tons per each foot of draft that is lost.

Referring to page 34, Director Hoogenboom stated that the relationship with Spliethoff is dynamic and asked Mr. Friedman whether any significant changes are expected for next season. Mr. Friedman replied that both parties are still learning and adapting. Improvements need to be made on marketing and sales in Cleveland. Spliethoff would like to see terminal costs be decreased. If

there are any changes, it would be around marketing, sales and terminal operator costs. Director Applegate asked whether the Port does any marketing. Mr. Friedman replied yes, the Port generates leads and turns those over to Spliethoff for them to close the deals. Referring to page 35, Director Hoogenboom noted that there's not a direct offset on sediment management fees and expenses so there's a differential and asked whether that is a timing issue. Ms. Rivalsky replied that some of the tipping fee revenue was received in 2016, but not the expense. (Director Roller returned 9:22 a.m.).

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

RESOLUTION NO. 2016-40

A RESOLUTION ADOPTING THE OPERATING BUDGET OF THE CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2017

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

BUDGET AND ADMINISTRATION COMMITTEE

Agenda Item 4(C)(2)(c) – 2017 Port Authority Capital Budget

Ms. Rhonda Bever then addressed the Board and referred to pages 39-49 of the Agenda. Chairman Ronayne asked whether parking revenues were included in the property lease and rentals graph. Ms. Bever replied that parking revenues are a separate line item. Referring to the Letter of Credit (LOC) on page 42, Chairman Ronayne asked how the LOC transfers into the merger. Ms. Bever replied it goes to Huntington and expires in 2018. Chairman Ronayne asked whether there were any anticipated costs either up or down. Mr. Friedman replied the Great Lakes Restoration Initiative may impact numbers if it isn't renewed by the new administration. He also stated that higher tariffs could have an impact on imports. However, these are mostly speculative at this point.

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

RESOLUTION NO. 2016-41

A RESOLUTION ADOPTING THE CAPITAL BUDGET OF THE CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2017

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

BUDGET AND ADMINISTRATION COMMITTEE

Agenda Item 4(C)(2)(d) – 2017 Appropriations

Ms. Margaret Rivalsky addressed the Board and referred to page 60 of the Agenda.

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

RESOLUTION NO. 2016-42

A RESOLUTION TO MAKE APPROPRIATIONS FOR THE CURRENT EXPENSES AND OTHER EXPENDITURES OF THE CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY DURING THE PERIOD FROM JANUARY 1, 2017 THROUGH DECEMBER 31, 2017

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

BUDGET AND ADMINISTRATION COMMITTEE

Agenda Item 4(D) – Strategic Action Plan

Mr. Friedman and Ms. Sternheimer addressed the Board and referred to a presentation attached hereto as “Exhibit C.”

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

RESOLUTION NO. 2016-43

A RESOLUTION ADOPTING THE CLEVELAND-CUYAHOGA
COUNTY PORT AUTHORITY STRATEGIC ACTION PLAN

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, Chairman Ronayne then asked for a motion to enter into Executive Session to discuss compensation of a public employee. On motion by Director Downing, seconded by Director Hoogenboom and unanimously carried by roll call vote, the Board of Directors entered into Executive Session at 11:23 a.m. The Board ended Executive Session at 11:48 a.m. by motion of Director Downing, seconded by Director Moore and approved unanimously by roll call vote.

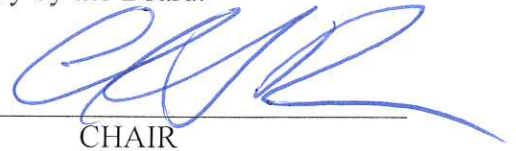
The Board then considered Resolution 2016-44. Upon motion by Director Downing, seconded by Director Roller, and unanimously carried,

RESOLUTION 2016-44

A RESOLUTION AUTHORIZING AND APPROVING A COMPENSATION ADJUSTMENT FOR WILLIAM D. FRIEDMAN, PRESIDENT & CHIEF EXECUTIVE OFFICER OF THE CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY AND PROVIDING FOR ESTABLISHMENT OF PERFORMANCE BENCHMARKS FOR 2017

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

There being no public comment, the meeting adjourned at 11:49 a.m. by motion of Director Downing, seconded by Director Moore, and approved unanimously by the Board.


CHAIR
SECRETARY