



Port of Greater Cincinnati
Development Authority

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Redeveloping Brownfields
and Providing Bond Financing:
**The Economic Impact on Greater Cincinnati
of Projects Assisted by the Port Authority**

Prepared for

Port of Greater Cincinnati Development Authority

Prepared by

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This economic impact includes thousands of jobs with millions of dollars in earnings.



Building demolition at 3603 East Kemper Road

Introduction

The economic and fiscal impact of the Port of Greater Cincinnati Development Authority (the “Port Authority”) on Greater Cincinnati¹ is substantial and multi-faceted. The Port Authority makes an important contribution to the local economy through its activities. Responding to the private sector, this public sector entity serves to support local economic development activities by providing assistance in the remediation of brownfield² properties, as well as providing project financing for various projects. It has facilitated a number of economic development projects that otherwise would not have occurred, would have been delayed, or would have been reduced in scope. In many cases, these projects also serve to make surrounding areas more attractive for investment and development.

The purpose of this study is to identify the economic and fiscal impacts that the Port Authority has helped to produce within the Cincinnati Metropolitan Area. The Port Authority’s activities have an economic impact through brownfield clean up and redevelopment, as well as through infrastructure financing

assistance for projects with special needs. This economic impact includes thousands of jobs with millions of dollars in earnings. In addition, the fiscal (tax revenue) impacts produced by these projects are important to local jurisdictions that benefit from tax revenues.

Over the last five years, the City of Cincinnati and Hamilton County have jointly invested an average of \$652,000 a year in the work of the Port Authority. This commitment to the work of the Port Authority has been rewarded through the generation of \$575.7 million invested in economic development projects (both brownfield and financing), most of which is private investment attracted from outside the Cincinnati area.

The estimated development impacts of these projects, when completed, include an economic impact of \$1.324 billion and a fiscal impact of nearly \$6.0 million in local tax revenue. Of this \$1.324 billion, \$413.0 million will directly enter local households as wages and salaries.



Assuming that this development is spread over six years, it produces an average annual economic impact of \$220.7 million and supports an average of 1,990 jobs with \$68.8 million in household income during each of those years.

Each of these projects will also have ongoing impacts that derive from its day-to-day operations. Collectively, all of this private development is expected to generate \$645.8 million in business activity annually, which will produce an annual economic impact of \$1.396 billion, generating \$484.3 million in household earnings and 15,861 jobs. The annual fiscal impact of these projects will total \$18.5 million in local tax revenue.

Development Impacts of Projects Assisted by the Port Authority

	Brownfield Projects	Financings	All Assisted Projects
Development Activity	\$204,132,000	\$371,547,000	\$575,679,000
Economic Impact	\$472,450,000	\$852,044,000	\$1,324,494,000
Earnings	\$148,617,000	\$264,426,000	\$413,043,000
Jobs	4,343	7,600	11,943

Annual Operations Impacts of Projects Assisted by the Port Authority

	Brownfield Projects	Financings	All Assisted Projects
Business Activity	\$357,500,000	\$288,254,000	\$645,754,000
Economic Impact	\$783,540,000	\$612,550,000	\$1,396,090,000
Earnings	\$278,462,000	\$205,852,000	\$484,314,000
Jobs	9,021	6,840	15,861



Incinerator at Center Hill Landfill

¹Greater Cincinnati is the Cincinnati Consolidated Metropolitan Statistical Area, which includes the counties of Hamilton, Butler, Warren, Clermont, and Brown in Ohio; Boone, Kenton, Campbell, Gallatin, Grant, and Pendleton in Kentucky; and Dearborn and Ohio in Indiana.

²The U. S. Environmental Protection Agency defines a brownfield as “a property that is environmentally contaminated – or perceived to be contaminated – and now vacant, abandoned, idle or underutilized due to the real or perceived contamination.”



SECTION 1: Methodology & Definitions

The total economic impact of projects facilitated by the Port Authority is the sales, income, and jobs of the projects plus their direct, indirect, and induced impacts on the local economy. These projects, particularly those involving brownfield redevelopment, have an extended pre-development timetable because they are very complex, requiring extensive coordination and collaboration among local officials, developers, and various professional business services. Consequently, this analysis is necessarily prospective in nature, relying on development commitments and pro formas, along with the willingness of project managers to disclose confidential information.

In this economic impact analysis, the Economics Center has reviewed the files of the Port Authority, visited all but one of the project sites, and conducted interviews with knowledgeable representatives of each of the project teams. Through these efforts, it has been possible to obtain all necessary project information, verify and update figures, and prepare all necessary inputs for economic modeling.

Measuring the indirect and induced impacts related to the projects facilitated by the Port Authority is made possible by multipliers derived from an input-output table for the Cincinnati Metropolitan Area. The Bureau of Economic Analysis of the U.S. Department of Commerce has constructed these tables for major metropolitan

areas in the U.S. through its RIMS II project. The RIMS II tables for the 15-county Cincinnati area provide multipliers to measure the indirect and induced impacts of virtually any type of economic activity in the region.

Definitions

The economic impact of any business includes three elements, as defined here: the direct impact, the indirect impact and the induced impact.

- The direct impact of the Port Authority-assisted projects comprises their spending in the region, that is, their purchases of local resources (labor, goods and services).
- The indirect impact is triggered by the purchase of local resources referenced above. As the Port Authority-assisted projects buy more from local businesses, these businesses must spend more locally to meet this increased demand for goods and services.
- The induced impact is the local household spending of the earnings of employees of the assisted projects as well as their suppliers.



*Courtesy of
Cincinnati Zoo
and Botanical
Garden*

SECTION 2: Economic Impact of Brownfield Cleanup & Redevelopment

The Port Authority has facilitated the assessment, cleanup, and redevelopment of six brownfield properties. Profiles of these projects are contained in an appendix to this report. Of the five properties in which developers have signed agreements for redeveloping the property, two have been developed (Pike Street and Vine Street), one is currently under design with plans to build on the site in 2006 (Kemper), and two are still being remediated (Red Bank Road and Carthage Avenue). The final property, Center Hill Landfill, is owned by the City of Cincinnati, which provided development projections since it is currently making plans for redevelopment of the site, but there is no identified developer.

Cleanup Impacts

An estimated \$13.6 million has been invested in these six brownfield assessment and cleanup efforts facilitated by the Port Authority, which, when completed, will have transformed 123 acres of contaminated property back into developable greenfields. This includes \$7.0 million in EPA and Clean Ohio Funds, as well as over \$4.7 million in non-local private investment, all of which is new money coming into the local economy. The remaining cleanup funds have come from local public and private investment. These cleanup efforts will have a one-time cleanup impact of \$29.6 million, generating 239 jobs and \$8.5 million in household income.

Construction Impacts

The Port Authority's work has helped to bring about the redevelopment of these six sites. This redevelopment activity is expected to result in a total of \$190.5 million for construction and construction-related capital expenditures. This redevelopment will have a one-time economic impact of \$442.8 million, generating 4,104 jobs and \$140.1 million in household income.

Total Development Impacts

The initial \$13.6 million investment in brownfield cleanup creates a total of \$204.1 million of direct investment in cleanup and redevelopment. This includes \$72.9 million in wages for 1,981 construction job-years of work (1 job-year = 1 job of 12 months duration). This direct spending creates an additional \$268.3 million of indirect and induced spending, for a combined impact of \$472.4 million. Thus, for every \$1 million investment in brownfield cleanup, there is an economic impact of \$34.6 million.

Summary of Development Impacts

	Direct Cleanup and Construction Effects	Total Economic Impact
Cleanup Activity	\$13,648,000	\$29,650,000
Construction Activity	\$190,484,000	\$442,800,000
Total Activity	\$204,132,000	\$472,450,000
Earnings	\$72,905,000	\$148,617,000
Jobs	1,981	4,343

SECTION 3:

Annual Economic Impact of Brownfield Projects

Once all of these projects assisted by the Port Authority are fully developed and have reached a stable level of economic activity, they are expected to account for \$339.4 million annually in new business activity and another \$18.1 million in retained business, for a total of \$357.5 million in business activity.

This \$357.5 million in business activity includes \$150.7 million in earnings from 4,743 jobs each year.

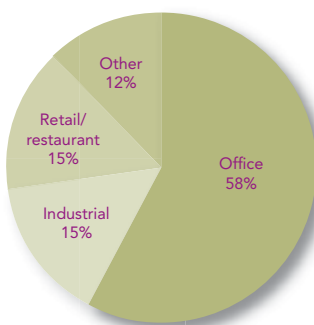
All of this business activity will ripple through the local economy (generating indirect and induced effects) and produce even greater economic impacts. At full development, these six projects will produce an average annual economic impact of \$783.5 million, generating \$278.5 million in household earnings and 9,021 jobs.

Summary of Completed Projects' Annual Impacts

	Direct Project Effects	Total Economic Impact
Business Activity	\$357,500,000	\$783,540,000
Earnings	\$150,748,000	\$278,462,000
Jobs	4,743	9,021

Most of this economic impact (58 percent) will be produced by office development. Industrial uses are expected to account for 15 percent, retail/restaurant uses are also expected to account for 15 percent, and the remaining 12 percent will be the result of other types of development (residential development and the retention of existing facilities).

Economic Impact by Development Type



SECTION 4:

Economic Impact of Bond Financing Activities

In addition to their work in brownfield redevelopment, the Port Authority has contributed to the economic development of the region by providing revenue bond financing for various projects. The Port Authority has helped secure bond financing for the National Underground Railroad Freedom Center, Cincinnati Mills, and Queen City Square. (The Cincinnati Zoo also received bond financing assistance; however, that project is included in the calculation of brownfield impacts since environmental remediation activities were also conducted at that property.) In financing these projects, the Port Authority negotiated innovative strategies to decrease risk and ensure successful completion of the projects that improve the economic health of the region.

Development Impacts

The bond financing solutions developed by the Port Authority enable developers to proceed with their plans and contribute to the economic growth of the region. The development of these three projects resulted in direct economic activity totaling \$371.5 million. Developers employed 3,452 workers with earnings of \$126.1 million.

The total economic impact of the development stage is \$852.0 million, including earnings of \$264.4 million for 7,600 workers.

Annual Impacts

Once all three of these projects have been completed and are fully operational, they will generate \$288.3 million in new business activity annually. The projects will account for 3,857 permanent employees with annual earnings of \$110.7 million.

The annual economic impact of these projects will be \$612.6 million, creating 6,840 new jobs, and contributing \$205.9 million to household earnings.

Summary of Financings' Development Impacts

	Direct Development Effects	Total Economic Impact
Development Activity	\$371,547,000	\$852,044,000
Earnings	\$126,144,000	\$264,426,000
Jobs	3,452	7,600

Summary of Financing Projects' Annual Impacts

	Direct Project Effects	Total Economic Impact
Business Activity	\$288,254,000	\$612,550,000
Earnings	\$110,723,000	\$205,852,000
Jobs	3,857	6,840

SECTION 5:

Fiscal Impacts of Projects Assisted by the Port Authority

The projects assisted by the Port Authority are expected to provide substantial tax revenues to local governments. Some of these fiscal impacts occur in the course of project construction, and are one-time development impacts, but the majority of the taxes will be generated as these projects develop and mature.

Development Impacts

The one-time development impact of the brownfield projects is \$2.1 million. The one-time impact of the financing projects, \$3.9 million, is greater due to the larger overall investment in these projects. Together, these projects will produce a total of \$6.0 million in tax revenue (\$1.84 per dollar invested) for local jurisdictions.

Annual Impacts

The ongoing fiscal impacts of these projects, once all are fully developed and operational, will be even larger. The brownfield redevelopment projects are expected to generate \$9.9 million in local tax revenues annually, and the projects receiving financing assistance will produce another \$8.6 million each year. While some of this revenue will initially be directed to the retirement of bonds for infrastructure improvements, most of these taxes will be available for other public services. Combined, this is an \$18.5 million annual contribution (\$5.67 per dollar invested) to local governments and school districts.

SECTION 6:

Bringing New Money into the Local Economy

The Port Authority is a facilitator for bringing millions of new dollars into the local economy. Through assessment and cleanup efforts on its six brownfield projects, the Port Authority has brought \$12.1 million of new money into Greater Cincinnati, \$7.0 million in government funding and \$4.7 million from private investment.

In addition, a majority of the \$576.0 million spent on these redevelopment projects assisted by the Port Authority has come from non-local private investment.

Conclusion

The Port Authority provides Greater Cincinnati with a highly useful mechanism for promoting economic development, often turning unproductive sites into new generators of jobs, economic activity, and tax revenues. These efforts also create spillover benefits for surrounding neighborhoods, encouraging additional physical improvements.

In addition, the brownfield redevelopment projects create valuable environmental benefits, as various environmental contaminants are eliminated or contained. Consequently, the Port Authority's activities add to the attractiveness of Hamilton County communities, thereby facilitating revitalization efforts and helping to increase the quality of life in the area, attracting families and corporations to the area.

Summary of Fiscal Impacts

	Brownfield Redevelopment	Bond Financings	All Assisted Projects
One-Time Development			
Earnings Taxes	\$1,699,000	\$3,229,000	\$4,928,000
Sales Taxes	\$372,000	\$661,000	\$1,033,000
TOTAL Tax Revenue	\$2,071,000	\$3,890,000	\$5,961,000
Annual Operations			
Earnings Taxes	\$3,586,000	\$2,549,000	\$6,135,000
Sales Taxes	\$1,143,000	\$2,427,000	\$3,570,000
Property Taxes	\$5,175,000	\$3,625,000	\$8,800,000
TOTAL Tax Revenue	\$9,904,000	\$8,601,000	\$18,505,000





Appendix: Project Profiles

Excerpts from the Port of Greater Cincinnati
Development Authority's 2003-2004 Bi-Annual Report.

3603 East Kemper Road

The Port Authority received a \$1.5 million Clean Ohio Revitalization Fund grant for the cleanup and demolition of an abandoned 160,000 square-foot former metal plating factory located on this 9.3-acre property in Sharonville, Ohio. This property was considered a Superfund site by the U.S. Environmental Protection Agency. This term refers to an environmentally contaminated property that the federal government has described as so serious that it needs special investigation and remediation.

The Port Authority played a variety of roles in the cleanup of 3603 East Kemper Road. We were instrumental in having more than \$7 million in liens on the property forgiven. In addition, we owned the property, acted as “volunteer” under Ohio EPA Voluntary Action Program, bid and awarded contracts for asbestos abatement, building demolition, and site remediation, as well as funded a portion of the cleanup activities. At the site there were two sets of regulatory standards by which cleanup needed to be undertaken. While the entire site went through Ohio EPA’s Voluntary Action Program, two small areas required closure under Resource Conservation and Recovery Act (RCRA) because each had, under industrial ownership, been used to store/dispose of hazardous wastes. The Port Authority conducted and partially funded this closure work. By the end of 2004, all work was completed, sampling and environmental reports prepared and approved, and a No Further Action (NFA) letter prepared.

The cleanup of this property is important because there are limited opportunities for development in the City of Sharonville, Ohio as the land area is nearly entirely developed. Therefore, it is essential that abandoned properties – even with environmental contamination – be recycled to new uses. The remediation and cleanup of 3603 East Kemper Road will deliver pronounced economic benefits to the City of Sharonville, Ohio. Current plans call for the construction of up to 90,000 square feet of office flex space resulting in an estimated 300 jobs. On the environmental side of the ledger, the cleanup removed over 350,000 gallons of hazardous waste and recycled 80% (1,260 tons) of the scrap steel and 4,827 tons of concrete from the demolished building to significantly reduce the amount of materials taken to a landfill.

Incinerator at Center Hill Landfill



5700 Center Hill Road

The Port Authority was awarded a \$349,500 grant from the Clean Ohio Assistance Fund for the Phase II environmental assessment of a 60-acre landfill owned by the City of Cincinnati and located at 5700 Center Hill Road. We applied for these funds on the City’s behalf because, according to Clean Ohio Fund regulations, the party responsible for the contamination (the City, as owner) cannot apply for the funds. Because we were able to apply for this grant on behalf of the City of Cincinnati, the City gained access to funding that otherwise would not have been available.

The Port Authority became the “volunteer” for the site assessment when it entered the property into the new Volunteer Action Program Memorandum of Agreement (VAP MOA) track for environmental assessment and remediation. Participants completing the requirements of the VAP MOA cleanup procedure, as determined by the Ohio EPA, may receive a Covenant Not to Sue from the Ohio EPA and know that their cleanup was conducted under a program reviewed and determined to be adequate by the U.S. EPA. This project became the second property in the State of Ohio to be tracked for cleanup under the VAP MOA.

We engaged the environmental consulting firm selected by the City of Cincinnati to perform the assessment activities. The Phase II environmental assessment activities were completed in 2004 and the required environmental reports were submitted to Ohio EPA for review. Across the country, particularly on the East and West Coast where undeveloped land is limited, redevelopment of landfill sites is occurring more frequently. The intent of the environmental investigation is to develop a strategy to safely contain the waste to enable the City of Cincinnati to offer an additional 60 acres of land for redevelopment.



3333 Vine Street Project building demolition

3333 Vine Street

The Port Authority received a \$496,151 grant from the Clean Ohio Assistance Fund to demolish a building and cleanup the property located in the City of Cincinnati at 3333 Vine Street, across from the Cincinnati Zoo and Botanical Garden. This project is the cornerstone project of a ten-year development master plan for the Uptown Area of the City of Cincinnati, led by the Uptown Crossing Community Urban Redevelopment Corporation (UCCURC). UCCURC is a public-private partnership including the Cincinnati Zoo & Botanical Garden, University of Cincinnati, Corryville Community Council, Clifton Town Meeting, Avondale Community Council, Children's Hospital, U.S. Environmental Protection Agency, U.S. Veterans Administration Medical Center, Cincinnati Park Board and Metro/Southwest Ohio Regional Transit Authority.

The 3333 Vine Street property included an environmentally contaminated, deteriorated and vacant 7-story commercial building. The Port Authority acted as "volunteer" under Ohio EPA Voluntary Action Program, bid and awarded contracts for asbestos abatement, building demolition, as well as soil and groundwater remediation including the removal of a 6,000 gallon underground fuel tank. The demolition of the 90,000 square foot building resulted in the removal of 80 cubic yards of asbestos and the recycling of 600 tons of steel. The remediation and demolition activities were completed in 2004 and served to eliminate a local eyesore and create a community gateway that enhances the quality of life in the Uptown Area.

The redevelopment of this property will help preserve the Uptown Area as Cincinnati's second largest economic engine with more than 64,000 jobs located within a one-mile radius. As part of the Cincinnati Zoo's 2002 Master Plan, the development of this site will help provide much-needed parking and will allow for future programming of the existing on-site parking on the Cincinnati Zoo's 64 acre campus, making available 11 acres for a new education center, veterinary hospital, and endangered cheetah exhibit.

400 Pike Street

The Port Authority filed for Clean Ohio Assistance Funds and was awarded \$845,500 in 2004 for the cleanup of this former 7-story commercial building located on the east side of downtown Cincinnati, next to the Taft Museum. The Clean Ohio Funds were used to remediate the building and conduct interior demolition. The Port Authority bid and awarded contracts for asbestos abatement, building remediation, and interior building remediation. The remediation work was completed in 2004. The property owner submitted a No Further Action Letter to the Ohio EPA and received a Covenant Not to Sue in November 2004.

The property owner and developer, Miller Valentine Group, is converting the 424,000 square foot building to a mixed-use project with 40,000 square feet of commercial space, an 80,000 square foot (135 space) parking garage, and approximately 250,000 square feet of residential space. The cleanup of the Polk property is noteworthy for having resulted in the first residential housing units sold within Cincinnati's Central Business District. The building will include 114 units of for-sale urban housing, which when completed will increase the number of condos in the Central Business District by 200%. This 424,000 square foot former industrial structure, now called Park Place at Lytle, was recycled and transformed from a large vacant and environmentally contaminated property into an attractive residential asset that contributes to the revitalization of Cincinnati's urban core.

The cleanup and remediation of this property enabled a building to be renovated for re-use, leveraged \$35 million in private investment, and provided more than 300 construction jobs; as well as retained an office user. Additionally, downtown Cincinnati housing values and surrounding residential neighborhoods will see an increase in property values resulting from the creation of more than 100 for-sale residential units. Communities surrounding the project area will also benefit from the additional new residents, whose presence will improve safety, support surrounding businesses, and enhance the overall neighborhood viability. Estimates anticipate that the more than 200 Park Place at Lytle residents will spend over \$2 million annually on downtown dining, shopping and entertainment. The first residents will move in during the last quarter of 2005.



*400 Pike Street
before and after*





Appendix: Project Profiles continued

4000 Red Bank Road

In 2003, the Port Authority entered into a development agreement and applied for \$3 million in Clean Ohio Revitalization Funds to remediate the former Ford Transmission Plant located at 4000 Red Bank Road in Fairfax, Ohio. In 2004, we received the requested funding. The Port Authority bid and awarded contracts for asbestos abatement, building remediation, and soil and groundwater remediation and in December mobilized crews at the site to begin asbestos abatement and building demolition. This is a large site encompassing 35 acres with 629,000 square feet of structures under roof. The demolition and remediation activities are scheduled for completion in 2005.

The successful cleanup and redevelopment of the former transmission plant by Regency Centers is essential to the economic health of the Village of Fairfax as the site represents 7% of the Village's total land area. The redevelopment will offer employment opportunities to residents of Fairfax and the City of Cincinnati's Madisonville neighborhood, which is adjacent to the site. The goal is to return a massive, underutilized former manufacturing plant into an economically viable mixed-use development. Once remediation and demolition activities are complete, we anticipate this project will be developed in phases and ultimately contain approximately 360,000 square feet of retail space and 50,000 square feet of office space and related parking. We further anticipate that redevelopment of this former industrial site will generate 900 full-time retail jobs and 250 office jobs after completion and full occupancy.



4000 Red Bank Road

5025 Carthage Avenue

In October 2004, the Port Authority applied for \$750,000* in Clean Ohio Assistance Funds for cleanup of the 15-acre former General Motors Corporation property located at 5025 Carthage Avenue in the City of Norwood, Ohio. The site owner and developer, Al. Neyer, Inc., intends to redevelop the property and an adjacent property into a master development of approximately 440,000 square feet of office space and three restaurant sites, with an estimated \$3 million in tax revenue to local governments. Cleanup activities will begin during 2005. The Port Authority will bid and award contracts for soil and groundwater remediation.

* During the first quarter of 2005, the Port Authority learned we were awarded the grant funds.

FINANCINGS

National Underground Railroad Freedom Center

In April 2003, the Port Authority issued its first financing in the amount of \$50 million in tax-exempt bonds to the National Underground Railroad Freedom Center (Freedom Center) for the construction of this new museum. The Freedom Center, which sits on the north bank of the Ohio River at the foot of the Roebling Suspension Bridge in Cincinnati, Ohio, is a national interpretive and educational center designed to relate the lessons of the Underground Railroad Movement to contemporary freedom movements across the globe. The unique facility is expected to serve as the cornerstone of a \$2 billion redevelopment of Cincinnati's Central Riverfront, a project known as The Banks which envisions a new entertainment, commercial and residential district linking Cincinnati's two sports stadiums.

The \$110 million Freedom Center is organized into three five-story pavilions totaling 158,000 square feet with greenspace south of the facility connecting the Freedom Center to the Central Riverfront Park. Opened in August 2004 and employing more than 100 people, the Freedom Center is expected to welcome more than 260,000 visitors in its first year of operation. The Port Authority was able to serve as a conduit issuer of these bonds because, under Ohio state law, port authorities are among the few entities permitted to issue tax-exempt bonds for cultural facilities.

Cincinnati Zoo and Botanical Garden

In November 2003, the Port Authority issued \$4 million in conduit revenue bonds to the Cincinnati Zoo and Botanical Garden to finance an environmental cleanup and building demolition at 3333 Vine Street in Cincinnati, Ohio. The bonds also helped finance the construction of parking facilities to be used by the Cincinnati Zoo and Uptown Crossings Community Urban Redevelopment Corporation (UCCURC). Part of the Cincinnati Zoo's 2002 Master Plan, development of this site provides much-needed parking and allows future programming of existing parking on the Zoo's 64-acre campus. The development also makes available 11 acres for a new education center, veterinary hospital, and endangered cheetah exhibit.

The Cincinnati Zoo employs more than 1,200 people and is the region's number one tourist destination with nearly 1.2 million visitors annually and an economic impact of over \$88.4 million. The Port Authority's tax-exempt revenue bond financing enabled the Zoo to continue its exhibit expansion and improvements, which have averaged \$4.9 million per year over the past three years, providing additional tax revenue for the City of Cincinnati.

The Port Authority played three roles on the Cincinnati Zoo project. In addition to issuing the \$4 million in revenue bonds, we applied for and received \$496,151 in Clean Ohio Assistance Funds for environmental remediation of the new parking area. We also applied for and received a \$1 million federal grant for the construction of a pedestrian bridge linking the new parking area to the Zoo and alleviating the need for visitors to cross a busy roadway.

Cincinnati Mills

In February 2004, the Port Authority closed a complex revenue bond financing that enabled the redevelopment of a large, historically troubled shopping mall that straddles the border of Ohio's Hamilton and Butler Counties. We worked closely with the private developer (The Mills Corporation) on the \$18 million financing of public improvements, including a 2,700 space parking garage, parking lot, retention ponds and access road improvements. The deal structure also required that the Port Authority own the public improvements.

Implementation of the Cincinnati Mills project enabled redevelopment of this 1.5 million square foot mall, stimulated private investment of \$150 million on the site, retained or created approximately 1,500 jobs, and increased sales tax revenues. The newly renovated mall, Cincinnati Mills, opened in August 2004 and hosts 146 retail stores.

This unprecedented financing involved nine public entities, including three cities, two counties, three school districts and the Port Authority. When the deal closed, we became the first and only port authority in Ohio to complete a tax increment financing (secured by special assessments) for public infrastructure in support of economic development across municipal, school district and county borders.



*Interior of Cincinnati Mills, Play Area
(courtesy of Mills Corporation)*

303 Broadway at Queen City Square

In June 2004, the Port Authority, in cooperation with the City of Cincinnati, began working with Eagle Realty Group, the development subsidiary of Western Southern Financial Group, on a \$45 million structured financing lease arrangement for the construction of a new office tower and parking garage. 303 Broadway at Queen City Square is located at the northwest corner of Third Street and Broadway in downtown Cincinnati, Ohio and sits in the North of Third Street Development Area of The Banks.

The 16-story building contains 188,500 square feet of Class A office space atop a 660-car parking facility. This financing is significant because 303 Broadway represents the first new office development in downtown Cincinnati in more than a decade. Additionally, construction of this building launches the first phase of a master-planned office complex to be known as Queen City Square. The completed development is expected to cost more than \$200 million and provide one million square feet of downtown office space and 2,100 parking spaces.

Issuance of these conduit bonds is markedly innovative as it is packaged with a capital lease in which the Port Authority will own both the office building and the parking garage while still generating fees for the financing. Structuring the deal this way gives Western Southern the benefit of ownership even though they do not own the building. Moreover, our ownership provides tax breaks to Western Southern because they do not have to pay sales tax on construction materials. In turn, their lease payments to the Port Authority fund the building's expenses, including the debt service.

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