Port of Greater Cincinnati Development Authority

Accountants' Report and Financial Statements

December 31, 2009 and 2008

Board of Directors
Port of Greater Cincinnati Development Authority
1014 Vine Street
Cincinnati, Ohio 45202-1163

We have reviewed the *Independent Accountants' Report* of the Port of Greater Cincinnati Development Authority, Hamilton County, prepared by BKD LLP, for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Port of Greater Cincinnati Development Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 29, 2010

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Port of Greater Cincinnati Development Authority

December 31, 2009 and 2008

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Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Directors
Port of Greater Cincinnati Development Authority
Cincinnati, Ohio

We have audited the accompanying financial statements of the Port of Greater Cincinnati Development Authority as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Port of Greater Cincinnati Development Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of Greater Cincinnati Development Authority as of December 31, 2009 and 2008, and its changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2010, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

BKD, LLP

June 14, 2010

Port of Greater Cincinnati Development Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2009, 2008 and 2007

INTRODUCTION

As management of the Port of Greater Cincinnati Development Authority ("Port Authority"), we offer readers of the Port Authority's financial statements this narrative overview and analysis of the financial activities of the Port Authority for the fiscal years ended December 31, 2009, 2008 and 2007. Please read this information in conjunction with the Port Authority's basic financial statements and notes to financial statements for the years ended December 31, 2009 and 2008 that begin on page 11.

ORGANIZATIONAL HISTORY

In late 2008, the City of Cincinnati, Ohio and Hamilton County, Ohio acted on the Port Authority's request for significant changes to the original agreement that created it in December 2000. In addition to expanding the Port Authority's geographic jurisdiction to include all of Hamilton County and the City of Cincinnati, streamlining the size of the Board of Directors, and committing to a specific funding plan, the City and County agreed to grant the Port Authority substantially all powers permitted under the Port Act (Revised Code Section 4582.22) by the removal of substantially all of the limitations and restrictions on those powers contained in the Original Port Agreement.

PORT AUTHORITY POWERS

Historically, port authorities were created to conduct maritime activities, and later airport activities. But in Ohio, port authorities have evolved as an economic development tool. As independent units of government, Ohio port authorities may conduct the traditional waterborne and air transportation activities, as well as own property and provide financing for local economic development initiatives. Ohio law defines the "authorized purposes" of a port authority as "activities that enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within the jurisdiction of the port authority" and "activities authorized by Sections 13 and 16 of Article VIII, Ohio Constitution."

The referenced constitutional provisions permit a broad range of activities that assist the private sector with respect to economic and housing development and redevelopment. Ohio law generally permits port authorities to finance any "port authority facility" with revenue bonds, and it defines a port authority facility as property "owned, leased, or otherwise controlled or financed by a port authority and related to, useful for, or in furtherance of, one or more authorized purposes." These broad powers are complemented by expansive authority to enter into cooperative relationships with one or more other political subdivisions to undertake major development projects jointly.

PORT AUTHORITY TOOLS

Special Financings, Projects, and Programs

Under Ohio law, a port authority has a broad range of project management and funding capabilities - "tools" - that position it to play a unique role within communities. A port authority's "tool kit" consists of these important capabilities that enable it to participate creatively in a variety of ways in economic development projects.

Conduit Revenue Bond Financings: Port authorities may provide assistance through conduit revenue bond financing. These revenue bond financings are based on the creditworthiness of the borrower and are typically backed by a letter of credit from a financial institution. The issuing port authority has no obligation with respect to the bonds except to the extent of loan payments and, unless issued as part of a capital lease financing, would have no interest in the property financed. The Port Authority has several conduit revenue bond issues outstanding, and provides such assistance upon request.

Cooperative Public Infrastructure Financings: The proceeds of port authority revenue bonds may be used to finance public facilities or properties to be owned by the port authority. Often these projects are undertaken in cooperation with one or more overlapping political subdivisions and supported by tax increment financing service payments, special assessments, or both, assigned by the political subdivision to the port authority. The bonds would be secured by the assignment of those revenues and would be non-recourse to the general revenues and assets of the port authority. The Port Authority has issued such bonds in the past and expects to continue to do so.

Project Incentives: Port authorities may act as the central point of contact for investigating and procuring local, state, and federal business-retention and expansion incentives.

Grant Programs: Ohio port authorities may apply for local, state, and federal grant funds, which generally are used for public infrastructure improvements made in support of local economic development efforts.

Common Bond Fund Programs: These programs provide credit enhancements and long-term, fixed-rate loans that make it possible for companies to access capital markets that might otherwise be unavailable. Common bond funds are a tool that supplements the financing options available to small- and medium-sized companies within the community. The Port Authority has not yet utilized any such program through 2009, although it has access to the Ohio Enterprise Bond Fund Program and, through cooperative agreements, existing common bond fund programs of other Ohio port authorities. In addition, if justified by demand, the Port Authority could seek capital to fund such a program sponsored by the Port Authority.

Lease Financing Projects: Port authorities may provide assistance through issuance of revenue bonds to finance the acquisition, construction, and leasing of a project to provide financial and accounting advantages to non-governmental users. Lease financings have been used to convey a variety of incentives, such as sales tax exemption on building materials incorporated into buildings owned by a port authority and accounting advantages to the lessee/user of the project. Lease financings have typically been undertaken by port authorities in the categories of capital lease, operating lease, or synthetic lease. The Port Authority has provided capital lease financing.

Property Ownership: Ohio port authorities have broad powers to acquire, construct, and own real or personal property, or any combination of real and personal property, to further any authorized purpose. This includes the power to own and improve property if doing so helps to create or preserve jobs and economic or business development opportunities. This is especially helpful when a property has negative value, as in the case of a brownfield site where barriers such as liens and environmental issues are impediments to redevelopment. Further, port authorities may sell, lease (to or from others and with or without purchase options), and convey other interests in real or personal property, improved or unimproved as well. The Port Authority has owned and improved property as part of its brownfield development and economic redevelopment financing activities.

Project Coordination: Port authorities can facilitate and coordinate the various regulatory approvals needed from multiple agencies or jurisdictions. This is particularly helpful for assisting with complicated large-scale projects, including brownfield redevelopment projects. As a result, the development process is streamlined, and projects can move forward more quickly and efficiently.

2009 PROJECT SUMMARY

This discussion and analysis is intended to serve as an introduction to the Port Authority's basic financial statements. Port Authority economic development activities include brownfield-related project activities and project revenue bond financings.

Summary of Grant Funds – Brownfield Projects

The intended result of the Port Authority's involvement in the City of Cincinnati, Ohio and Hamilton County, Ohio area brownfield redevelopment is to recycle area land resources back into productive reuse. To achieve this result, the Port Authority responded to the development needs of the private sector by creating public-private partnerships in support of the redevelopment of environmentally challenged properties. The Port Authority plays a variety of roles in the redevelopment of brownfield properties including property owner, grant recipient, and revenue bond provider. With regard to the grant funding source listed below (Clean Ohio Fund Program), as this is a grant reimbursement program, grant funds would not be received by the Port Authority until the public improvements described in the grant applications had been undertaken.

Project Name	Clean Ohio Funds
Cleanups/Assessments Completed During 2007 Through 2009	
4000 Red Bank Road, Fairfax, Ohio	$ 3,000,000
5025 Carthage Avenue, Norwood, Ohio	750,000
1220 Harrison Avenue, Cincinnati, Ohio	148,122
Subtotal	3,898,122
On-going Cleanups Awarded During 2006	
320 S. Anthony Wayne Avenue, Lockland, Ohio	2,882,130
4101 Spring Grove Avenue, Cincinnati, Ohio	750,000
Subtotal	3,632,130
Total	$ 7,530,252

Summary of Revenue Bond Financings

In support of economic development and other authorized projects within the City of Cincinnati and Hamilton County, the Port Authority considers and, with Board approval, issues revenue bonds. One financing was closed in 2009. A portion of the proceeds of the 2008 Queen City Square financing was used to refund all outstanding 2004 bonds issued to finance the first phase of the project. Of the $7,675,000 financing closed in 2007, approximately $3,543,000 financed Port Authority assets and $4,132,000 is treated as a conduit revenue bond issue.

Date of Issue	Project Name	Bond Amount
July 2009	Fountain Square Conduit Bonds	$ 16,400,000

Date of Issue	Project Name	Bond Amount
January 2008	Kenwood Central Public Parking/Infrastructure	$ 20,430,000
December 2008	Queen City Square Financing Conduit Bonds	323,000,000
	Total 2008	$ 343,430,000

Date of Issue	Project Name	Bond Amount
May 2007	Fairfax Red Bank Public Infrastructure	$ 7,675,000

Port of Greater Cincinnati
Development Authority

CONDENSED BALANCE SHEET INFORMATION

Provided below is condensed balance sheet information for the Port Authority for the years ended December 31, 2009, 2008 and 2007:

	2009	2008	2007
Assets:			
Current assets – unrestricted	$ 984,503	$ 1,346,188	$ 598,979
Current assets – restricted	6,105,646	6,162,606	2,019,831
Noncurrent assets:			
Capital assets, net	53,545,915	54,639,080	24,616,199
Other noncurrent assets	6,390,728	8,370,673	6,415,180
Total assets	$ 67,026,792	$ 70,518,547	$ 33,650,189
Liabilities:			
Current liabilities – payable from unrestricted	$ 49,086	$ 74,154	$ 46,249
Current liabilities – payable from restricted	1,566,848	1,357,923	894,271
Noncurrent liabilities	50,614,033	51,205,514	31,575,213
Total liabilities	52,229,967	52,637,591	32,515,733
Net assets:			
Invested in capital assets, net of related debt	14,848,256	17,404,955	1,187,997
Unrestricted net (deficit) assets	(51,431)	476,001	(53,541)
Total net assets	14,796,825	17,880,956	1,134,456
Total liabilities and net assets	$ 67,026,792	$ 70,518,547	$ 33,650,189

The following is a discussion of the fluctuations between years in the condensed balance sheets above.

Current assets - unrestricted

Unrestricted current assets decreased $362,000 in 2009 due to the economic slowdown in construction and reduced availability of financing, resulting in a decrease in cash. The increase of $747,000 in 2008 is primarily from an increase in fees of $680,000 and public funding receipts.

Current assets - restricted

Restricted current assets decreased slightly in 2009. The increase of $4,143,000 in 2008 is a result of investments from Kenwood Central 2008 public parking/infrastructure financing.

Capital assets, net

Net capital assets decreased $1,093,000 due to $1,435,000 of depreciation net of additions from the Fairfax Red Bank 2007 public infrastructure financing. The increase of $30,023,000 in 2008 is a result of investments from Kenwood Central 2008 public parking/infrastructure financing.

Other noncurrent assets

In 2009, other noncurrent assets decreased $1,980,000 due to a decrease in trusteed investments, primarily the Cincinnati Mall 2004 public infrastructure financing. The increase of $1,955,000 in 2008 is primarily a result of investments from the Kenwood Central 2008 public parking/infrastructure financing.

Current liabilities - payable from unrestricted

There is no significant change from the prior year for this line item in 2009 or 2008.

Current liabilities - payable from restricted

Current liabilities payable from restricted funds increased $209,000 due to an increase of $413,000 for assets held for others, offset by a decrease in accrued interest on bond financings. The increase of $464,000 in 2008 is due to an increase in current bond principal payments of $285,000 and an increase in accrued interest as a result of Kenwood Central 2008 public parking/infrastructure financing obligations.

Noncurrent liabilities

Noncurrent liabilities decreased $591,000 with the movement of $580,000 of bonds payable to current liabilities. The increase of $19,630,000 in 2008 is primarily a result of investments from Kenwood Central 2008 public parking/infrastructure financing.

Port of Greater Cincinnati Development Authority

CONDENSED REVENUES, EXPENSES, AND CHANGES IN NET ASSETS INFORMATION

Provided below is information regarding condensed revenues, expenses, and changes in net assets for the years ended December 31, 2009, 2008 and 2007:

	2009	2008	2007
Operating revenues			
Public funding	$ 700,000	$ 875,000	$ 350,000
Charges for project services	332,061	1,064,431	384,680
Total operating revenues	1,032,061	1,939,431	734,680
Operating expenses			
Direct project services	3,749,889	3,064,943	2,955,243
General and administrative	1,352,664	1,176,801	993,032
Total operating expenses	5,102,553	4,241,744	3,948,275
Operating loss	(4,070,492)	(2,302,313)	(3,213,595)
Non-operating income			
Grant receipts	582,870	1,368,505	1,304,551
Grant expenditures	(582,870)	(1,368,505)	(1,304,551)
Bond service payments	910,328	18,792,454	2,311,475
Investment income	76,033	256,359	246,642
Total non-operating income	986,361	19,048,813	2,558,117
(Decrease) increase in net assets	(3,084,131)	16,746,500	(655,478)
Net assets – beginning of year	17,880,956	1,134,456	1,789,934
Net assets – end of year	$ 14,796,825	$ 17,880,956	$ 1,134,456

The following is a discussion of the fluctuations between years in the condensed revenues, expenses, and changes in net assets above.

Operating revenues

Operating revenues are segmented into two major categories - public funding and project services. Historically, public funding revenue from the City of Cincinnati, Ohio and Hamilton County, Ohio typically provided the majority of operating revenue. Project services revenue consists of brownfield, financing, and other projects pursued by the Port Authority. The economic slowdown that has new project financings on hold is the primary reason for the $907,000 decrease in operating revenues in 2009, which consists of a $732,000 decrease in charges for services and a $175,000 decrease in public funding. The reason for the $1,205,000 increase in operating revenues in 2008 is a $680,000 increase in project services and $525,000 increase in public funding receipts.

Operating expenses

Operating expenses include charges for project services, and compensation and related costs of all staff. Operating expenses increased $861,000 in 2009 due to an increase of $716,000 in depreciation, amortization, interest, and administrative expenses; and a $207,000 increase in salaries and benefits representing additions to personnel in 2008 and 2009; offset by a $62,000 decrease in professional services and operating expenses. The increase of $293,000 in 2008 is primarily due to an increase in depreciation and amortization of $169,000, an increase in salaries and benefits due to staff additions in 2008 and 2007 of $153,000, and an increase in bond financing administrative expenses of $149,000; offset by a decrease in interest expense on bond financings of $239,000.

Operating loss

Operating loss fluctuations between years are described above under operating revenues and operating expenses.

Non-operating income

Non-operating income consists of grant revenues received and subsequently passed-through to third parties, service payments, special assessments, or other revenues assigned by and received from other public bodies to support Port Authority revenue bonds, other non-operating contributions to Port Authority projects, and certain post-closing bond reserves established for future debt service. Non-operating income decreased in 2009 by $18,062,000 due to a $17,882,000 decrease in bond service payments (primarily the Kenwood Central 2008 public parking infrastructure project) and bond investment income. The increase of $16,491,000 in 2008 is primarily a result of third-party contributions to the Kenwood Central 2008 public parking/infrastructure project of $16,643,000 to pay a portion of the cost of that project.

Changes in net assets

Net assets decreased $3,084,000 in 2009 due to a decrease from bond activity of $2,743,000 resulting from reduced revenue and increased depreciation and amortization, and a decrease from non-bond activity of $341,000 resulting from reduced revenue and increased expenses. The increase of $16,747,000 in 2008 is primarily due to third-party contributions to the Kenwood Central 2008 public parking/infrastructure project.

Expenses (all non-operating) net of revenues for the Cincinnati Mall transaction for 2009 and 2008 are ($1,700,000) and ($577,000), respectively. Expenses (all non-operating) net of revenues for the Kenwood Central public parking transaction for 2009 are ($740,000) and revenues (all non-operating) net of expenses for 2008 are $16,625,000. Expenses (all non-operating) net of revenues for the Springdale Pictoria transaction for 2009 are ($264,000) and revenues (all non-operating) net of expenses for the Springdale Pictoria transaction for 2008 are $22,000. Expenses (all non-operating) net of revenues for the Red Bank transaction for 2009 and 2008 are ($38,000) and ($41,000), respectively. Other expenses net of revenues decreased net assets in 2009 by $342,000 and revenues net of expenses increased net assets in 2008 by $718,000.

Related revenues, net of Port Authority administrative fees, are expected to offset expenses over the life of each issue of Port Authority revenue bonds.

FACTORS EXPECTED TO IMPACT THE PORT AUTHORITY'S FUTURE FINANCIAL POSITION OR RESULTS OF OPERATIONS

Brownfield project-related revenues and expenses are expected to decrease in 2010 due to the completion of some projects. Although the Port Authority earns modest fees from developers and end users involved in its brownfield projects, it is not anticipated that these fees can fully support the brownfield-related activities of the Port Authority.

The Port Authority continues to provide bond financings, which generate front-end fees and annual administrative fees based on the outstanding principal balance, including structured financings for which such fees may be significant.

Due to the current economic environment, there are limited prospects for development projects. There are no major new projects projected for 2010.

The Port Authority will continue to rely on operating support provided from its public partners – the City of Cincinnati, Ohio and Hamilton County, Ohio.

The City of Cincinnati, Ohio and Hamilton County, Ohio reformed the Port Authority in August 2008 by eliminating certain restrictions that will contribute to a more efficient product-delivery process. In response to a request made by the City of Cincinnati, Ohio and Hamilton County, Ohio, the Port Authority is preparing a strategic plan providing options for utilizing the unique tools of Ohio port authorities to enhance regional economic development initiatives.

Financial Statements

Port of Greater Cincinnati Development Authority
Balance Sheets
December 31, 2009 and 2008

	2009	2008
Assets		
Current Assets		
Unrestricted Assets		
Cash	$ 896,179	$ 1,319,971
Accounts receivable	88,324	26,217
Total unrestricted current assets	984,503	1,346,188
Restricted Assets		
Cash and cash equivalents	4,803,646	4,739,843
Short-term investments	1,302,000	1,410,873
Prepaid expenses	—	11,890
Total restricted current assets	6,105,646	6,162,606
Total current assets	7,090,149	7,508,794
Noncurrent Assets		
Cash and cash equivalents, restricted	3,492,028	5,242,796
Investments, restricted	—	116,127
Bond issue costs, net	2,898,700	3,011,750
Depreciable capital assets, net	53,545,915	54,639,080
Total noncurrent assets	59,936,643	63,009,753
Total assets	$ 67,026,792	$ 70,518,547
Liabilities and Net Assets		
Current Liabilities		
Payable from Unrestricted Assets		
Accounts payable	$ 41,180	$ 65,818
Accrued expenses	7,906	8,336
Total current liabilities payable from unrestricted assets	49,086	74,154
Payable from Restricted Assets		
Bonds payable	580,000	550,000
Accrued interest	574,342	807,923
Assets held for others	412,506	—
Total current liabilities payable from restricted assets	1,566,848	1,357,923
Total current liabilities	1,615,934	1,432,077
Noncurrent Liabilities		
Payable from Restricted Assets		
Bonds payable	50,614,033	51,205,514
Total liabilities	52,229,967	52,637,591
Net Assets		
Invested in capital assets, net of related debt	14,848,256	17,404,955
Unrestricted net (deficit) assets	(51,431)	476,001
Total net assets	14,796,825	17,880,956
Total liabilities and net assets	$ 67,026,792	$ 70,518,547

Port of Greater Cincinnati Development Authority
Statements of Revenues, Expenses, and Changes in Net Assets
Years Ended December 31, 2009 and 2008

	2009	2008
Operating Revenues		
Public funding	$ 700,000	$ 875,000
Charges for services	332,061	1,064,431
Total operating revenues	1,032,061	1,939,431
Operating Expenses		
Salaries and benefits	843,521	637,595
Professional services	393,579	448,766
Occupancy	47,090	39,459
Travel	15,820	19,698
Equipment and supplies	17,921	20,080
Depreciation and amortization	1,559,703	1,158,946
Interest	1,524,593	1,409,795
Other operating expenses	700,326	507,405
Total operating expenses	5,102,553	4,241,744
Operating Loss	(4,070,492)	(2,302,313)
Non-operating Income		
Grant receipts	582,870	1,368,505
Less grant expenditures	(582,870)	(1,368,505)
Bond service payments	910,328	18,792,454
Investment income	76,033	256,359
Total non-operating income	986,361	19,048,813
(Decrease) Increase in Net Assets	(3,084,131)	16,746,500
Net Assets, Beginning of Year	17,880,956	1,134,456
Net Assets, End of Year	$ 14,796,825	$ 17,880,956

Port of Greater Cincinnati Development Authority

Statements of Cash Flows

Years Ended December 31, 2009 and 2008

	2009	2008
Operating Activities		
Receipts from public funding sources	$ 700,000	$ 875,000
Receipts from charges for services	269,954	1,070,800
Other operating receipts	412,506	—
Paid to vendors	(1,409,602)	(1,147,376)
Paid to employees	(633,723)	(486,612)
Interest paid on revenue bonds	(1,758,174)	(1,231,143)
Net cash used in operating activities	(2,419,039)	(919,331)
Capital and Related Financing Activities		
Bond service payments	910,328	18,792,454
Purchase of capital assets	(349,292)	(31,060,823)
Proceeds from issuance of long-term debt	—	20,180,301
Principal payments on long-term debt	(550,000)	(265,000)
Payment of bond issuance costs	—	(1,358,669)
Net cash provided by capital and related financing activities	11,036	6,288,263
Investing Activities		
Investment income	76,033	256,359
Purchase of investments	(2,538,439)	(2,978,552)
Proceeds from sale and maturities of investments	2,759,652	2,971,222
Net cash provided by investing activities	297,246	249,029
(Decrease) Increase in Cash and Cash Equivalents	(2,110,757)	5,617,961
Cash and Cash Equivalents, Beginning of Year	11,302,610	5,684,649
Cash and Cash Equivalents, End of Year	$ 9,191,853	$ 11,302,610
Reconciliation of Operating Income to Net Cash Used in Operating Activities		
Operating loss	$ (4,070,492)	$ (2,302,313)
Adjustments for items not requiring cash for operating activities:		
Depreciation and amortization	1,559,703	1,158,946
Changes in assets and liabilities		
Deposits held for others	412,506	—
Accounts receivable	(62,107)	6,369
Prepaid expenses	—	11,110
Accounts payable	(24,638)	17,848
Accrued expenses	(234,011)	188,709
Net cash used in operating activities	$ (2,419,039)	$ (919,331)

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

The Port of Greater Cincinnati Development Authority ("Port Authority") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. As authorized by Ohio Revised Code section 4582.22, the City of Cincinnati, Ohio and Hamilton County, Ohio created the Port Authority on December 7, 2000. In August 2008, the City and County removed substantially all of the restrictions that had initially been imposed on the Port Authority, so the Port Authority is now permitted to use all powers available to Ohio port authorities.

The Port Authority primarily seeks to identify, restore, and redevelop properties in Hamilton County affected or perceived to be affected by environmental contamination, to provide development financing through the issuance of revenue bonds, and to identify and pursue other opportunities to promote economic development, transportation, and other statutorily authorized purposes of the Port Authority.

The Port Authority's management believes these financial statements present all activities for which the Port Authority is financially accountable.

Basis of Accounting and Presentation

The financial statements consist of a single-purpose business-type activity which is reported on the accrual basis of accounting using the economic resources measurement focus.

The financial statements of the Port Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port Authority also applies Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 and do not conflict with or contradict GASB pronouncements. The Port Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

The Port Authority maintains budgetary control by not permitting total expenditures and amounts charged to individual expense categories to exceed respective appropriations without amendment of appropriations by the Board of Directors. Unencumbered appropriations lapse at year-end, but to the extent that unencumbered moneys remain in the General Fund of the Port Authority at year end, an amount equal to 10% of that year's appropriation is appropriated for successive month's expenditures until the next year's appropriation is approved by the Board.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Port Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2009, cash equivalents consisted primarily of money market accounts with brokers (See Note 2).

Investments and Investment Income

Investments in U.S. Treasury obligations are carried at fair value which is determined using quoted market prices. Investment income includes interest income and the net change for the year in the fair value of investments carried at fair value.

Capital Assets

Capital assets are stated at historical cost and depreciated using the straight-line method over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the improvements. Property held for redevelopment that is environmentally contaminated or perceived to be contaminated, is not depreciated until redevelopment is completed. Bond financing assets are depreciated over the life of the bond, or a lesser useful life when appropriate. Capital assets in excess of $2,500 are capitalized. The following estimated useful lives are being used by the Port Authority:

Land improvements	30 – 45 years
Buildings and leasehold improvements	3 – 45 years
Office equipment and furnishings	3 – 7 years

The Port Authority capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. Total interest capitalized was:

	2009	2008
Total interest expense incurred on borrowings	$ 198,309	$ 651,950
Interest income from investment of proceeds of borrowings for project	—	(60,541)
Net interest cost capitalized	$ 198,309	$ 591,409
Interest capitalized	$ 198,309	$ 591,409
Interest charged to expense	1,524,593	1,409,795
Total interest incurred	$ 1,722,902	$ 2,001,204

Issue Costs

Bond issue costs are deferred and amortized over the life of the respective bond issue.

Net Assets

Net assets of the Port Authority are classified in two components. Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net assets (deficit) are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets.

Operating Revenues

Operating revenues consist of public funding from the City of Cincinnati, Ohio and Hamilton County, Ohio, and fees from project services. Non-operating revenues consist of grant revenues received by the Port Authority and subsequently passed-through to third parties, including service payments, special assessments, and other revenues collected and assigned by other governmental entities to the Port Authority, and assigned by the Port Authority to a bond trustee to provide revenues to support Port Authority revenue bonds.

Reclassifications

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Deposits, Investments, and Investment Income

Deposits

Moneys in the funds of the Port Authority, except as otherwise described below with respect to investments controlled by the terms of a bond resolution or trust agreement or indenture, and to the extent in excess of current needs, may be invested in accordance with the Ohio Uniform Depository Act, Revised Code Sections 135.01-135.21 ("UDA"). At December 31, 2009, the aggregate amount of moneys in the unrestricted general operating funds of the Port Authority was $1,312,358, all of which constituted "active deposits," deposited in accordance with UDA. All of that money was, at December 31, 2009, deposited with two qualified banking institutions. At December 31, 2009 and 2008, approximately $332,000 and $500,000, respectively, of the Port Authority's deposits were covered by FDIC insurance. The remaining bank balances at December 31, 2009 and 2008 of approximately $980,000 and $823,000, respectively, were collateralized with securities by the pledging institution's trust department or agent, but not in the Port Authority's name. At no time during the two-year period ending December 31, 2009 did the Port Authority have any amounts for investment in the unrestricted general operating funds of the Port Authority not constituting active deposits.

Deposits Held for Others

Pursuant to the Pictoria Corporate Center Cooperative Agreement, applications were filed for real property tax exemption and remission for the Springdale/Pictoria garage building and plaza improvements parcels. These applications were granted. As a result of those tax exemptions, the Hamilton County Auditor remitted $411,851 to the Port Authority in July 2009. The $411,851 and related interest income through December 31, 2009 ($412,506 total) are included in cash and cash equivalents, and are reflected as "assets held for others" in current liabilities. The appropriate disposition of the funds will be determined consistent with a Memorandum of Understanding dated August 28, 2009, among the Port Authority, the City of Springdale, MEPT Pictoria, LLC, and the Trustee.

Investments

Investments represent trusteed funds securing revenue bonds. Funds held by a corporate trustee on behalf of the Port Authority may be legally invested in accordance with the bond-authorizing resolution of the Port Authority Board of Directors or the trust indenture or agreement securing those revenue bonds.

At December 31, 2009 and 2008, U.S. Bank N.A., the trustee for the Cincinnati Mall 2004 infrastructure project revenue bonds, held investments with a fair value of $1,302,000 and $1,527,000, respectively, all of which were obligations of the U.S. Treasury (in addition to certain amounts held in money market funds comprised solely of such obligations). In 2009 and 2008, substantially all of those investments were in the trusteed bond reserve fund and the other amounts were primarily held in trusteed revenue fund accounts. The investments have maturities that correspond to and precede the payments to be made from the proceeds of those investments, and are all expected to be held until maturity.

At December 31, 2009 and 2008, U.S. Bank N.A., the trustee for the Springdale Pictoria 2006 public parking/infrastructure revenue bonds, held investments in money market funds with a fair value of $1,678,862 and $1,775,122, respectively, all of which were invested only in obligations of the U.S. Treasury. The majority of the funds were held in the trusteed bond reserve fund, including bond and interest reserve accounts, and in trusteed revenue fund accounts.

At December 31, 2009 and 2008, U.S. Bank N.A., the trustee for the Fairfax Red Bank 2007 public infrastructure bonds, held investments in money market funds with a fair value of $1,174,077 and $1,756,451, respectively, all of which were invested only in obligations of the U.S. Treasury (or money market funds comprised solely of such obligations); a portion ($541,954 and $813,062, respectively) of such investments is allocated to the assets of the Port Authority financed with those bonds. The balance is allocated to the conduit portion of those bonds and is not treated as an asset of the Port Authority. The majority of those funds were held in the project development account, the bond reserve fund, and the capitalized interest account.

At December 31, 2009 and 2008, U.S. Bank N.A., the trustee for the Kenwood Central 2008 public parking/infrastructure revenue bonds, held investments in money market funds with a fair value of $5,514,228, and $6,024,611, respectively, all of which were obligations of the U.S. Treasury. The majority of the funds were held in the project fund, including the construction account, the capitalized interest account, and the developer cost account.

Investment Risks

Interest Rate Risk – The Port Authority's investment policy limits its operating (non-trusteed) investment portfolio to maturities of less than one year. The specific terms of each bond trust's governing documents determine the length of those investment maturities. At December 31, 2009 and 2008, all Port Authority investments have effective maturity dates of less than one year.

Custodial Credit Risk – Operating (non-trusteed) investments of the Port Authority are insured, registered in the name of the government, and/or collateralized with securities by the pledging institution's trust department or agent; therefore, there is no custodial credit risk exposure.

Concentration of Credit Risk – The Port Authority's operating (non-trusteed) investments are issued or explicitly guaranteed by the U.S. government and are invested in mutual funds, external investment pools, and other pooled investments; as such, additional information is not required.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	2009	2008
Carrying value		
Deposits	$ 1,308,685	$ 1,319,971
Investments	9,185,168	11,509,639
	$ 10,493,853	$ 12,829,610
Included in the following balance sheet captions		
Cash	$ 896,179	$ 1,319,971
Restricted cash and investments - current	6,105,646	6,150,716
Noncurrent cash and investments	3,492,028	5,358,923
	$ 10,493,853	$ 12,829,610

Investment Income

Investment income for the years ended December 31, 2009 and 2008 consisted of:

	2009	2008
Interest income	$ 6,686	$ 173,581
Net increase in fair value of investments	69,347	82,778
	$ 76,033	$ 256,359

Port of Greater Cincinnati Development Authority

Notes to Financial Statements

December 31, 2009 and 2008

Note 3: Capital Assets

Capital assets activity for the years ended December 31, 2009 and 2008 was:

	2009				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land improvements – Cincinnati Mall	$ 4,519,426	$ —	$ —	$ —	$ 4,519,426
Land improvements – Springdale Pictoria	882,619	—	—	—	882,619
Land improvements –Red Bank	1,951,013	—	—	588,574	2,539,587
Land easements –Red Bank	450,000	—	—	—	450,000
Buildings – Cincinnati Mall	10,084,875	—	—	—	10,084,875
Buildings –Springdale Pictoria	9,260,329	—	—	—	9,260,329
Buildings –Kenwood Central Parking	12,687,156	—	—	—	12,687,156
Construction in progress – Red Bank	246,976	341,598	—	(588,574)	—
Construction in progress – Kenwood Central Parking	17,306,122	—	—	—	17,306,122
Office equipment	33,059	—	—	—	33,059
Leasehold improvements	9,141	—	—	—	9,141
	57,430,716	341,598	—	—	57,772,314
Less accumulated depreciation:					
Land improvements – Cincinnati Mall	(579,998)	(152,040)	—	—	(732,038)
Land improvements – Springdale Pictoria	(80,530)	(36,459)	—	—	(116,989)
Land improvements –Red Bank	(82,357)	(101,884)	—	—	(184,241)
Buildings – Cincinnati Mall	(1,171,241)	(342,831)	—	—	(1,514,072)
Buildings –Springdale Pictoria	(819,227)	(383,687)	—	—	(1,202,914)
Buildings –Kenwood Central Parking	(34,293)	(411,520)	—	—	(445,813)
Office equipment	(16,373)	(4,818)	—	—	(21,191)
Leasehold improvements	(7,617)	(1,524)	—	—	(9,141)
	(2,791,636)	(1,434,763)	—	—	(4,226,399)
Capital Assets, Net	$54,639,080	$ (1,093,165)	$ —	$ —	$53,545,915

	2008				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land improvements – Cincinnati Mall	$ 4,519,426	$ —	$ —	$ —	$ 4,519,426
Land improvements – Springdale Pictoria	882,619	—	—	—	882,619
Land improvements –Red Bank	—		—	1,951,013	1,951,013
Land easements –Red Bank	—	—	—	450,000	450,000
Buildings – Cincinnati Mall	10,084,875	—	—	—	10,084,875
Buildings –Springdale Pictoria	9,260,329	—	—	—	9,260,329
Buildings –Kenwood Central Parking	—	—	—	12,687,156	12,687,156
Construction in progress – Red Bank	1,585,215	1,062,774	—	(2,401,013)	246,976
Construction in progress – Kenwood Central Parking	—	29,993,278	—	(12,687,156)	17,306,122
Office equipment	28,288	4,771	—	—	33,059
Leasehold improvements	9,141	—	—	—	9,141
	26,369,893	31,060,823	—	—	57,430,716
Less accumulated depreciation:					
Land improvements – Cincinnati Mall	(427,958)	(152,040)	—	—	(579,998)
Land improvements – Springdale Pictoria	(44,071)	(36,459)	—	—	(80,530)
Land improvements –Red Bank	—	(82,357)	—	—	(82,357)
Buildings – Cincinnati Mall	(828,408)	(342,833)	—	—	(1,171,241)
Buildings –Springdale Pictoria	(435,540)	(383,687)	—	—	(819,227)
Buildings –Kenwood Central Parking	—	(34,293)	—		(34,293)
Office equipment	(13,146)	(3,227)	—	—	(16,373)
Leasehold improvements	(4,571)	(3,046)	—	—	(7,617)
	(1,753,694)	(1,037,942)	—	—	(2,791,636)
Capital Assets, Net	$24,616,199	$30,022,881	$ —	$ —	$54,639,080

Note 4: Bonds Payable

Cincinnati Mall Public Infrastructure (formerly known as Cincinnati Mills)

In February 2004, the Port Authority issued $18 million principal amount of Special Obligation Development Revenue Bonds for the purpose of financing, in cooperation with the cities of Forest Park and Fairfield, costs of the development of public infrastructure improvements to support the redevelopment of the suburban retail center currently known as Cincinnati Mall. The bonds consisted of $7,465,000 principal amount of term bonds maturing on February 15, 2024, and $10,535,000 principal amount of term bonds maturing on February 15, 2034. The assets acquired, improved, constructed, or otherwise developed by the Port Authority with the proceeds of the bonds include a public parking garage and other parking facilities, two stormwater detention ponds, and public roadways supporting the mall. Cincinnati Mills, L.L.C., manages those facilities for the Port Authority. The management agreement has an initial term ending on February 15, 2019 and requires that the manager pay related costs, including taxes, insurance, as well as costs of operation, maintenance, and repair. Cincinnati Mills, L.L.C. is no longer an affiliate of the Mills Corporation or any related entity.

The bonds were issued pursuant to a cooperative agreement with the cities in which the mall is located. The bonds are payable from service payments (in lieu of exempted taxes) to be made by the owners of mall properties to those cities, and from special assessments imposed by those cities on mall property upon petition of the mall owner. The service payments and special assessments collected by the cities have been assigned to the Port Authority. The Port Authority has, in turn, assigned those amounts to U.S. Bank N.A., the bond trustee under the trust indenture securing the bonds. In 2008, Cincinnati Mills, L.L.C. sought and was granted (with all appeals resolved in 2009) a reduction in the tax valuation of various mall properties and, as a result, service payments were significantly reduced and may remain reduced. Those reduced amounts of future service payments are to be offset by an increase in the amount of special assessments to be collected by the cities annually.

Owners of mall property have acknowledged that the obligations to pay service payments and any special assessments are secured by a statutory tax lien or its equivalent, and run with the land. Under the trust indenture, a debt service reserve, in an initial amount of $1,489,600, is to be maintained with the bond trustee. The mall owner failed to pay any portion of the 2008 (due in 2009) ad valorem taxes, or the service payments and special assessments. The special assessments were calculated such that the first half installment of the special assessments was required for the payment of interest due on the bonds on August 17, 2009. As a result, amounts on deposit in the debt service reserve fund in the amount of $219,291 were used to pay the interest due on August 17, 2009. As of December 31, 2009, the amount of the debt service reserve fund was $1,339,332, including an unrealized gain of $31,623. As of December 31, 2009, the reserve was invested in a $1,302,000 FNMA discount note with the variance in money market funds. As of December 31, 2008, the reserve was invested in a $1,527,000 FHLB discount note.

The bonds are special limited obligations of the Port Authority payable only from the funds established with and revenues assigned to the bond trustee under the trust indenture, primarily the revenues assigned by the cities to the Port Authority under the cooperative agreement and treated as non-operating revenues of the Port Authority. The bondholders have no recourse to any other revenues or assets of the Port Authority.

The principal balance outstanding as of December 31, 2009 and 2008 was $17,725,000 and $18,000,000, respectively. A principal payment was made in 2009 for $275,000 and a principal payment due in 2010 is $295,000.

Interest is payable semi-annually at 6.30% and 6.40% for the 2024 and 2034 term bonds, respectively.

The debt service requirements as of December 31, 2009, are as follows:

Year Ending December 31,	Total	Principal	Interest
2010	$ 1,412,918	$ 295,000	$ 1,117,918
2011	1,413,703	315,000	1,098,703
2012	1,413,228	335,000	1,078,228
2013	1,411,492	355,000	1,056,492
2014	1,413,340	380,000	1,033,340
2015 – 2019	7,075,822	2,315,000	4,760,822
2020 – 2024	7,095,557	3,195,000	3,900,557
2025 – 2029	7,120,160	4,420,000	2,700,160
2030 – 2034	7,146,200	6,115,000	1,031,200
	$ 35,502,420	$ 17,725,000	$ 17,777,420

Springdale Pictoria Public Parking/Infrastructure

In October 2006, the Port Authority issued $10 million principal amount of Special Obligation Development Revenue Bonds for the purpose of financing, in cooperation with the City of Springdale, costs of the acquisition and development of public parking facilities to support the development of the Pictoria Corporate Center. The bonds consist of term bonds maturing on February 1, 2031. The assets acquired, improved, constructed or otherwise developed by the Port Authority with the proceeds of the bonds include a 1,132-space public parking garage serving the general public and located at a mixed-use commercial development (including office, restaurant, cinema, and distribution facilities).

In addition, utilizing a grant provided by the City of Springdale from service payments collected and available for that purpose, the Port Authority acquired certain road improvements located near an entrance to the parking garage at the terminus of one of the public roads constructed by the City of Springdale in support of the development. The Port Authority has entered into a management agreement with MEPT Pictoria, LLC to manage the public facilities for the Port Authority. The management agreement has an initial term ending on October 25, 2021, and requires that the manager pay all related costs, including taxes, insurance, as well as costs of operation, maintenance, and repair.

The bonds were issued pursuant to a cooperative agreement with the City of Springdale and are payable from service payments (in lieu of exempted taxes) to be made to the City of Springdale by the owners of property included in Phase II of the proposed three-phase development. Upon petition by the owners of that Phase II property, the City of Springdale also imposed special assessments on that property, to be collected to the extent that service payments are anticipated to be insufficient. The City has assigned those service payments and any special assessment collections to the Port Authority. The Port Authority has, in turn, assigned those amounts to U.S. Bank N.A., the bond trustee under the trust indenture securing the bonds.

The Phase II property owners have acknowledged that the obligations to pay service payments and any special assessments are secured by a statutory tax lien or its equivalent and run with the land. Under the trust indenture, two reserve funds, one in an aggregate initial amount of $690,000 and the other at 2% of outstanding principal, are to be maintained with the bond trustee for the periods required by the trust indenture. Those reserves were funded initially from bond proceeds or equity provided by the City of Springdale from service payments collected and available for that purpose and were, at December 31, 2009 and 2008, invested in money market funds comprised of U.S. Treasury obligations managed by the bond trustee. The bonds are special limited obligations of the Port Authority payable only from the funds established with and revenues assigned to the bond trustee, primarily the revenues assigned by the City of Springdale to the Port Authority under the cooperative agreement and treated as non-operating revenues of the Port Authority. The bondholders have no recourse to any other revenues or assets of the Port Authority.

Interest is payable semi-annually at variable interest rates currently reset annually and with conversion options permitting the interest rate to be reset weekly or fixed to maturity. Until the interest rate on the bonds is fixed to maturity, bondholders have certain rights to tender bonds for purchase, as provided by the trust indenture. At issuance and as of December 31, 2009, RBC Capital Markets (formerly Seasongood & Mayer, LLC) is the remarketing agent for the bonds, and credit and liquidity support are provided for the bonds pursuant to a U.S. Bank N.A. Irrevocable Letter of Credit dated October 25, 2006 and amended, extended, and reissued as of April 29, 2009, stated to expire on February 15, 2011, but extended one additional year annually thereafter if not terminated by the bank at least 270 days before February 15, 2011 or any subsequent expiration date. Obligations under the reimbursement agreement providing for that letter of credit are payable only from the trust estate established under the trust indenture.

The principal balance outstanding as of December 31, 2009 and 2008 was $9,460,000 and $9,735,000, respectively. A principal payment was made in 2009 for $275,000 and a principal payment due in 2010 is $285,000.

At December 31, 2009 and 2008, the interest rate on the bonds was 2.25% per year through January 31, 2010 and January 31, 2009, respectively. Bank, remarketing, and other fees amounted to an additional estimated 1.50% per year through September 2009, and increased to approximately 1.85% per year beginning in October 2009 as a result of the reissuance of the letter of credit. At February 1, 2010, the interest rate was reset to 0.65% per year. Assuming a constant interest rate of 0.65% per year from February 1, 2010 to the maturity of the bonds, debt service as of December 31, 2009, is estimated as follows:

Year Ending December 31,	Total	Principal	Interest
2010	$ 421,244	$ 285,000	$ 136,244
2011	353,679	295,000	58,679
2012	361,728	305,000	56,728
2013	374,698	320,000	54,698
2014	382,585	330,000	52,585
2015 – 2019	2,068,540	1,840,000	228,540
2020 – 2024	2,377,841	2,215,000	162,841
2025 – 2029	2,743,753	2,660,000	83,753
2030 – 2031	1,217,930	1,210,000	7,930
	$ 10,301,998	$ 9,460,000	$ 841,998

Fairfax Red Bank Public Infrastructure

In May 2007, the Port Authority issued $7,675,000 principal amount of special obligation development revenue bonds for the purpose of financing costs of the acquisition, construction, installation, equipping, improvement, and development, in cooperation with the Village of Fairfax, Ohio, of public infrastructure improvements. The bonds consist of $2,145,000 principal amount of term bonds maturing on February 1, 2025 and $5,530,000 principal amount of term bonds maturing on February 1, 2036. The improvements financed include road and street improvements, public utility (water, sanitary sewer, and storm water control facilities), and public safety improvements, in support of a mixed-use commercial development generally known as Red Bank Village. Revenues to support the payment of the bonds consist primarily of service payments to be made in lieu of certain exempted taxes assigned by the Village to the Port Authority under a cooperative agreement and assigned by the Port Authority to the bond trustee.

The bonds were issued pursuant to a cooperative agreement with the Village of Fairfax, Ohio in which the development is located, the developer, and the then-current owner of certain benefited property. The bonds are payable from service payments (in lieu of exempted taxes), supported by minimum service payment obligations, to be made to the Village of Fairfax by the owners of the benefited property, and the Village of Fairfax has assigned those payments to the Port Authority. The Port Authority has, in turn, assigned those payments to U.S. Bank National Association, the bond trustee under the trust indenture securing the bonds. The owners have acknowledged that the obligations to pay service payments, and the minimum service payment obligations, are secured by a statutory tax lien or its equivalent and run with the land.

Under the trust indenture, a debt service reserve, in an initial amount of $738,271 ($750,813 at December 31, 2009), is maintained with the bond trustee. The initial amount of that reserve was funded from the proceeds of the sale of the bonds. The bonds are special limited obligations of the Port Authority payable only from the funds established with and revenues assigned to the bond trustee under the trust indenture, primarily the revenues assigned by the Village of Fairfax to the Port Authority under the cooperative agreement. The bondholders have no recourse to any other revenues or assets of the Port Authority.

The principal balance outstanding, including net unamortized bond premium, as of December 31, 2009 and 2008 was $3,579,033. There is no principal payment due in 2010.

Interest is payable semi-annually at 5.50% and 5.625% for the 2025 and 2036 term bonds, respectively.

Because of the nature and location of certain of the improvements financed, those improvements are or are expected to be owned by the Village of Fairfax or other political subdivisions pursuant to cooperative agreements, dedication, or other arrangements ("Red Bank Non-Port Infrastructure"). The portion of the revenue bonds issued to finance Red Bank Non-Port Infrastructure ($4,132,000 principal amount) and related revenues, expenses, assets and liabilities are treated as a separate issue of conduit revenue bonds issued by the Port Authority ("Red Bank Conduit Bonds"). The remaining improvements financed will be owned by the Port Authority ("Red Bank Port Infrastructure"); and, to the extent issued to finance Red Bank Port Infrastructure ($3,543,000 principal amount), those bonds ("Red Bank Infrastructure Bonds"), and related revenues, expenses, assets, and liabilities, are treated as a separate issue of infrastructure development revenue bonds issued to finance assets of the Port Authority. The debt service requirements for the Port Authority's portion of the Red Bank Infrastructure Bonds, as of December 31, 2009, are as follows:

Year Ending December 31,	Total	Principal	Interest
2010	$ 198,044	$ —	$ 198,044
2011	224,978	27,696	197,282
2012	225,699	30,004	195,695
2013	226,294	32,312	193,982
2014	233,495	41,544	191,951
2015 – 2019	1,196,092	276,960	919,132
2020 – 2024	1,282,694	463,908	818,786
2025 – 2029	1,372,710	715,480	657,230
2030 – 2034	1,520,078	1,052,448	467,630
2035 – 2036	1,033,876	902,428	131,448
Net unamortized bond premium	36,253	36,253	—
	$ 7,550,213	$ 3,579,033	$ 3,971,180

Kenwood Central Public Parking/Infrastructure

In January 2008, the Port Authority issued $14,315,000 principal amount of Series 2008A special obligation development revenue bonds ("Series A") and $6,115,000 of Series 2008B taxable special obligation development revenue bonds ("Series B") for the purpose of financing costs of the acquisition, construction, installation, equipping, improvement, and development, in cooperation with Sycamore Township, Ohio, of public infrastructure improvements. The bonds (both Series A and Series B) consist of term bonds maturing on February 1, 2039. The improvements financed include an approximately 2,500-space public parking garage and related infrastructure improvements, in support of a mixed-use commercial development, generally known as Kenwood Towne Place ("KTP Development"), and other neighboring properties including the Kenwood Towne Center Mall.

The bonds were issued pursuant to a cooperative agreement with Sycamore Township, Kenwood Towne Place LLC ("KTP", the owner of the KTP Development), and Bear Creek Capital, LLC ("BCC"), one of the lead members of KTP. The bonds are payable from service payments (in lieu of exempted taxes) payable by KTP and other owners of the KTP Development. The bonds are also supported by minimum service payment obligations, to be made to Sycamore Township by BCC, KTP or other owners of the KTP Development. Sycamore Township has assigned the service payments and minimum service payments to the Port Authority.

The Port Authority has, in turn, assigned those payments to U.S. Bank National Association, the bond trustee under the trust indenture securing the bonds. Pursuant to that trust indenture, the Series A bonds, issued on a "tax-exempt" basis, have priority over Series B bonds with respect to service payments. The owner of the KTP Development has acknowledged that the obligations to pay service payments and the minimum service payment obligations are secured by a statutory tax lien or its equivalent and run with the land.

KTP, during construction, or BCC, after completion, are required to manage the project facilities for the Port Authority. The BCC management agreement has an initial term ending on January 1, 2023 and requires that the manager pay related costs, including taxes, insurance, and costs of operation, maintenance, and repair. Pending litigation primarily relating to the construction of the KTP Development has prevented final completion of the project facilities, and a receiver has been appointed for the KTP Development.

The bonds are special limited obligations of the Port Authority payable only from the funds established with and revenues assigned to the bond trustee under the trust indenture, primarily the revenues assigned by Sycamore Township to the Port Authority under the cooperative agreement. The bondholders have no recourse to any other revenues or assets of the Port Authority.

The principal balance outstanding as of December 31, 2009 was $20,430,000. There is no principal payment due in 2010.

Interest is payable semi-annually at variable interest rates currently reset weekly and with conversion options permitting the interest rate to be fixed to maturity under certain conditions. Until the interest rate on the bonds is fixed to maturity, bondholders have certain rights to tender bonds for purchase, as provided by the trust indenture. At issuance and as of December 31, 2009, RBC Capital Markets is the remarketing agent for the bonds, and credit and liquidity support are provided for each series of the bonds pursuant to a LaSalle Bank NA (now part of Bank of America) Irrevocable Letter of Credit dated January 29, 2008, and stated to expire on February 15, 2011. Bonds that are tendered and not successfully remarketed are purchased from the holders by the Trustee with the funds from the letter of credit with interest not to exceed the stated maximum rate (8% Series A bonds, 10% Series B bonds). These bonds are considered pledged bonds with the letter of credit bank as the beneficial owner until the bonds are successfully remarketed. This purchase is not considered a redemption or extinguishment.

At December 31, 2009, the interest rate on the Series A bonds was 0.24% per year through January 6, 2010, and the interest rate on the Series B bonds was 0.42% through January 6, 2010. Assuming a constant interest rate of 0.24% per year to the maturity of the tax-exempt Series A bonds, debt service as of December 31, 2009, is estimated as follows:

Year Ending December 31,	Total	Principal	Interest
2010	$ 34,356	$ —	$ 34,356
2011	34,356	—	34,356
2012	718,534	685,000	33,534
2013	377,298	345,000	32,298
2014	166,722	135,000	31,722
2015 – 2019	1,316,518	1,165,000	151,518
2020 – 2024	1,839,190	1,705,000	134,190
2025 – 2029	2,430,112	2,320,000	110,112
2030 – 2034	3,228,198	3,150,000	78,198
2035 – 2039	4,860,718	4,810,000	50,718
	$ 15,006,002	$ 14,315,000	$ 691,002

Assuming a constant interest rate of 0.42% per year to the maturity of the taxable Series B bonds, debt service as of December 31, 2009, is estimated as follows:

Year Ending December 31,	Total	Principal	Interest
2010	$ 25,683	$ —	$ 25,683
2011	25,683	—	25,683
2012	25,683	—	25,683
2013	25,683	—	25,683
2014	25,683	—	25,683
2015 – 2019	128,415	—	128,415
2020 – 2024	207,932	80,000	127,932
2025 – 2029	875,173	755,000	120,173
2030 – 2034	1,934,847	1,840,000	94,847
2035 – 2039	3,502,317	3,440,000	62,317
	$ 6,777,099	$ 6,115,000	$ 662,099

Bank, remarketing agent, trustee, and other administrative fees and expenses are currently estimated at approximately 2.10% per year.

Note 5: Public Funding

For the years ended December 31, 2009 and 2008, public funding for the Port Authority came from the following sources:

	2009	2008
Hamilton County, Ohio	$ 350,000	$ 175,000
City of Cincinnati, Ohio	350,000	700,000
	$ 700,000	$ 875,000

The Port Authority is dependent upon these public sources of funding for continued operations. The Port Authority expects to receive at least $700,000 from the City and County in 2010.

Note 6: Operating Leases

As of December 31, 2009, noncancellable operating leases for office space and equipment expire in various years through 2014. In June 2008, the Port Authority modified the office space expansion lease agreement and extended the lease expiration date to June 30, 2014, with two three-year renewal options. In August 2009, the Port Authority modified the equipment lease agreement with a lease expiration date of November 2014.

Future minimum lease payments are:

2010	$ 53,984
2011	55,942
2012	57,982
2013	60,103
2014	32,680
Thereafter	—
	$ 260,691

Note 7: Retirement and Post-employment Benefit Plan

Pension Benefits – All full-time employees are required to join the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit plan.

2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

3. The Combined Plan – a cost-sharing, multi-employer defined benefit plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor, and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report, copies of which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642; or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, 2008 and 2007, member and employer contribution rates were consistent across all three plans. Contribution rates for calendar years 2009 and 2008 were 10%, and 2007 was 9.5% for the employee share and 14% and 13.85% for the employer share, respectively. Employer contributions required were $88,721, $68,126, and $53,431 for 2009, 2008 and 2007, respectively, which equaled 100% of the required contributions for each year.

Post-employment Benefits – OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for postretirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employers to fund post-retirement health care through their contributions to OPERS. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009 and 2008, local employer units contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS’ Post Employment Health Care Plan was established under, and is administered in accordance with Internal Revenue Code Section 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contribution allocated to health care was 7% for 2008 and from January 1 through March 31, 2009, and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries.

Payment amounts vary depending on the number of covered dependents and the coverage selected. The portion of the employer contributions that was made to fund health care benefits is $11,800 for the year ended December 31, 2009. Of that amount, approximately $4,900 was used for post-employment benefits.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1 of each year from 2006 to 2008, which allowed additional funds to be allocated to the health care plan.

Note 8: Risk Management

The Port Authority is exposed to various risks of loss related to torts – theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

The Port Authority pays into the State of Ohio Bureau of Workers' Compensation System. Workers' Compensation claims are submitted to the State of Ohio for authorization and payment to the injured employee. The Port Authority has no further risk. The State of Ohio establishes employer payments, employee payments, and reserves.

Settled claims have not exceeded the Port Authority's commercial insurance coverage for any of the past two years.

Note 9: Conduit Revenue Bond Obligations

The Port Authority has outstanding aggregate conduit revenue bond obligations of approximately $402,701,000 and $386,742,000 at December 31, 2009 and 2008, respectively. Conduit revenue bond obligations are not recorded on the Port Authority's financial statements because it owns no assets and has no obligations thereon except from third-party revenues unconditionally and irrevocably assigned to pay those obligations.

Cincinnati Zoo Project

In November 2003, the Port Authority issued $4 million of Variable Rate Demand Revenue Bonds, Series 2003 for the purpose of making a loan to assist the Cincinnati Zoo in providing financing costs of building a parking garage for use in its business of providing a public zoological and botanical exhibition facility. A letter of credit has been issued to benefit the trustee to secure the repayment of the bonds and up to 52 days' interest on the bonds. The repayment of the loan is secured by a pledge and lien on any moneys deposited in the trusteed funds, a pledge and assignment of other moneys constituting pledged receipts, and a letter of credit held by the trustee.

In January 2006, the Port Authority issued $750,000 of Variable Rate Demand Revenue Bonds, Series 2005 for the purpose of making a loan to assist the Cincinnati Zoo to complete the project financed in November 2003. Repayment of the bonds is secured by a letter of credit procured by the borrower and issued to the trustee.

The bonds are special, limited obligations of the Port Authority, and the principal and interest and any premium on these bonds are payable solely from pledged receipts and are not otherwise an obligation of the Port Authority. The bonds are not secured by any other obligation of the Port Authority or any pledge of moneys raised by taxation and do not constitute a debt or pledge of the faith and credit of the Port Authority or the State of Ohio or any political subdivision or agency or instrumentality thereof.

Principal of the Bonds is payable as follows only from the funds pledged to secure the Bonds:

	Series 2003	Series 2005
2010	$ 180,000	$ 40,000
2011	185,000	40,000
2012	190,000	40,000
2013	195,000	40,000
2014	200,000	40,000
Thereafter	2,090,000	390,000
	$ 3,040,000	$ 590,000

National Underground Railroad Freedom Center Project

In April 2003, the Port Authority issued $50 million of Adjustable Rate Demand Revenue Bonds, Series 2003A to provide funds to lend to the National Underground Railroad Freedom Center, Inc., (the Corporation) which was used by the Corporation to finance, refinance, or reimburse itself for all or a portion of the costs of the acquisition, construction, renovation, improvement, and equipping of a new museum and arts, cultural, educational, and research center. Four letters of credit have been issued to benefit the trustee to secure the repayment of the bonds.

The bonds are special, limited obligations of the Port Authority, and the principal and interest and any premium on these bonds are payable solely from pledged receipts and are not otherwise an obligation of the Port Authority. The bonds are not secured by any other obligation of the Port Authority or any pledge of moneys raised by taxation and do not constitute a debt or pledge of the faith and credit of the Port Authority or the State of Ohio or any political subdivision or agency or instrumentality thereof.

The bonds are payable in 2034 through 2038 only from the funds pledged to secure the bonds.

Queen City Square Project

In December 2008, the Port Authority issued $64 million principal amount of Taxable Special Obligation Development TIF Revenue Bonds (“TIF bonds”) and $259 million principal amount of Taxable Special Obligation Development Lease Revenue Bonds (“lease bonds”) for the purpose of financing costs of constructing an office building and parking garage included in the second phase of the Queen City Square redevelopment in downtown Cincinnati, and refinancing all outstanding bonds previously issued by the Port Authority to finance costs of phase one construction. The bond amounts refinanced included $10 million in principal amount of a Taxable Special Obligation Development TIF Revenue Bond and $33,633,705 in principal amount of a Taxable Special Obligation Development Lease Revenue Bond issued June 2004 for the purpose of financing costs of constructing the first phase of the Queen City Square Development. The first phase was completed in the first half of 2006. The two phases are physically interconnected and functionally related. The assets financed are being constructed by an affiliate of Western and Southern Life Insurance Company (“Western Southern”) for lease to a separate affiliate of Western Southern pursuant to a triple-net capital lease (“Lease”). The bonds were initially purchased for investment by various affiliates of Western Southern.

The lease bonds were issued in two series, $175 million of Series A lease bonds and $84 million in Series B lease bonds, all due in 2039. The TIF bonds were also issued in two series, $48 million in Series A TIF bonds and $16 million in Series B TIF bonds, all due in 2039.

The lease bonds are payable solely from rent and other payments to be made to the Port Authority under the Lease, and the Port Authority has assigned those payments to The Bank of New York Mellon Trust Company, N.A., the lease bond trustee. The TIF bonds are payable solely from service payments to be made by the owner of the assets financed in lieu of certain real estate taxes exempted by the City of Cincinnati. The obligation of the owner to pay service payments in lieu of taxes is secured by a statutory tax lien. The owner is further obligated contractually to pay minimum service payments sufficient to pay the principal of and interest on the TIF bonds. Those service payments have been assigned by the City of Cincinnati to the Port Authority which has, in turn, assigned those payments to The Bank of New York Mellon Trust Company, N.A., the TIF bond trustee. Pursuant to the Lease, the lessee is required to pay all such service payments.

The bonds are special limited obligations of the Port Authority, and the principal and interest and any premium on the bonds are payable solely from pledged receipts and are not otherwise an obligation of the Port Authority. The bonds are not secured by any other obligation of the Port Authority or by the pledge of any general revenues of the Port Authority raised by taxation or otherwise, and do not constitute a debt or pledge of the faith and credit of the Port Authority or the State of Ohio or any political subdivision or agency or instrumentality thereof.

Principal of the lease bonds is payable only from the funds pledged to secure the bonds. There are no principal payments due on the lease bonds until June 1, 2014. Principal of the TIF bonds is payable as follows only from the funds pledged to secure the TIF bonds:

TIF Bonds	Series A	Series B
2010	$ 115,000	$ 40,000
2011	130,000	40,000
2012	140,000	45,000
2013	420,000	200,000
2014	460,000	200,000
Thereafter	46,625,000	15,440,000
	$ 47,890,000	$ 15,965,000

Sisters of Mercy of the Americas, Regional Community of Cincinnati Project

In March 2006, the Port Authority issued $5,780,000 principal amount of port authority revenue bonds constituting conduit revenue bond obligations, and loaned the proceeds of sale to Sisters of Mercy of the Americas, Regional Community of Cincinnati, an Ohio non-profit corporation ("Sisters"), to finance a project to promote economic development, education, housing, and culture in Cincinnati. Repayment of the loan and bonds is secured by joint and several obligations of Sisters and certain affiliated institutions providing secondary education of young women, including McAuley High School and Mother of Mercy High School in Cincinnati, Ohio.

The bonds are payable beginning in 2019 only from the funds pledged to secure the bonds.

The bonds are special, limited obligations of the Port Authority, and the principal and interest and any premium on these bonds are payable solely from pledged receipts and are not otherwise an obligation of the Port Authority. These bonds are not secured by any other obligation of the Port Authority or any pledge of moneys raised by taxation and do not constitute a debt or pledge of the faith and credit of the Port Authority or the State of Ohio or any political subdivision or agency or instrumentality thereof.

Fairfax Red Bank Public Infrastructure (conduit portion)

In May 2007, the Port Authority issued $7,675,000 principal amount of special obligation development revenue bonds for the purpose of financing costs of the acquisition, construction, installation, equipping, improvement, and development, in cooperation with the Village of Fairfax, Ohio, of public infrastructure improvements. A complete description of these bonds is included in Note 4 to Financial Statements.

Because of the nature and location of certain of the improvements financed, those improvements are or are expected to be owned by the Village of Fairfax or other political subdivisions pursuant to cooperative agreements ("Red Bank Non-Port Infrastructure"). The portion of the revenue bonds issued to finance Red Bank Non-Port Infrastructure ($4,132,000 principal amount) and related revenues, expenses, assets, and liabilities are treated as a separate issue of conduit revenue bonds issued by the Port Authority ("Red Bank Conduit Bonds"). The remaining improvements financed will be owned by the Port Authority ("Red Bank Port Infrastructure"); and, to the extent issued to finance Red Bank Port Infrastructure ($3,543,000 principal amount), those bonds ("Red Bank Infrastructure Bonds"), and related revenues, expenses, assets, and liabilities, are treated as a separate issue of infrastructure development revenue bonds issued to finance assets of the Port Authority, and are presented in Note 4 to Financial Statements.

Principal of the conduit portion of the bonds is payable as follows only from the funds pledged to secure the bonds:

2010	$ —
2011	32,304
2012	34,996
2013	37,688
2014	48,456
Thereafter	3,978,776
	$ 4,132,220

Fountain Square Project

In August 2009, the Port Authority issued $15,400,000 principal amount of Port Authority bank qualified facilities revenue refunding bonds (Series A) and $1,000,000 principal amount of port authority taxable facilities revenue refunding and improvement bonds (Series B) constituting conduit revenue bond obligations. The proceeds were lent to Fountain Square, L.L.C. to assist in refunding its existing adjustable rate taxable securities that were used to redevelop Fountain Square in downtown Cincinnati.

The bonds are special, limited obligations of the Port Authority, and the principal and interest and any premium on these bonds are payable solely from pledged receipts and are not otherwise an obligation of the Port Authority. These bonds are not secured by any other obligation of the Port Authority or any pledge of moneys raised by taxation and do not constitute a debt or pledge of the faith and credit of the Port Authority or the State of Ohio or any political subdivision or agency or instrumentality thereof. Principal of the bonds is payable as follows only from the funds pledged to secure the bonds:

	Series A	Series B
2010	$ 376,432	$ 19,016
2011	391,261	20,119
2012	406,674	21,285
2013	422,695	22,520
2014	439,346	23,825
Thereafter	13,271,735	888,646
	$ 15,308,143	$ 995,411

Note 10: Subsequent Event – Cincinnati Mall Public Infrastructure Project

According to the annual report prepared for the Cincinnati Mall public infrastructure project, the trustee was to have received assigned special assessment collections in an aggregate amount of $1,511,522 in 2009. No special assessment collections were received by the trustee in 2009.

On February 16, 2010, there were insufficient revenues or funds otherwise available to the trustee in or for transfer to the bond fund to pay either the principal or the interest due on the bonds on that date (except for the amounts on deposit in the debt service reserve fund), and the trustee made a second unscheduled draw of $563,605 on the debt service reserve fund on that date and made the required interest payment. The trustee did not call or pay the $295,000 principal amount of the 2024 term bonds due (by mandatory sinking fund redemption) on February 16, 2010. On February 17, 2010, the trustee issued notice of default to the mall owner.

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Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Port of Greater Cincinnati Development Authority
Cincinnati, Ohio

We have audited the financial statements of the Port of Greater Cincinnati Development Authority as of and for the year ended December 31, 2009, and have issued our report thereon dated June 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing body, management and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

June 14, 2010

PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY

HAMILTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 13, 2010