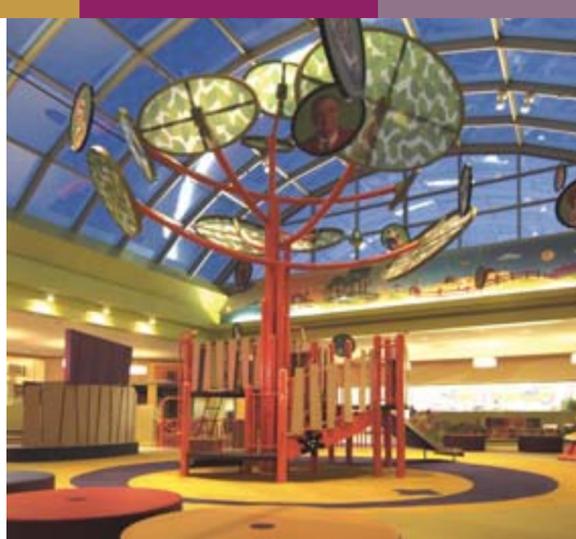




4000 Red Bank Road building demolition



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

A Track Record of Real Accomplishments

Since its formation by the City of Cincinnati, Ohio and Hamilton County, Ohio, the Port of Greater Cincinnati Development Authority has established a track record of real accomplishment in support of its two-fold mission – implementation of brownfield redevelopment throughout Hamilton County and implementation of The Banks project located on Cincinnati's Central Riverfront. Employing a unique assortment of development management and financing tools, the Port Authority has partnered with local communities, property owners, developers, end-users and non-profit development corporations to implement a variety of development projects within Hamilton County. These projects have created jobs, generated significant new private sector investment, increased tax revenues, and improved the "quality of life" in our region.

The brownfield and Banks projects on which we work are replete with financial and legal constraints, often requiring long pre-development timetables. To address the complexities of individual projects we regularly devise project-specific develop-

ment strategies designed to be executed through strong public-private partnerships. In our role as the public-sector partner in these collaborations we have been able to deliver vehicles for development finance, obtain grants, serve as property owner, assist in regulatory approvals, and provide technical assistance. Committed to delivering real public benefits on all of our projects, we have been able to leverage private-sector experience and capital to recycle some of our region's most constrained land resources.

Our accomplishments have been funded in large measure by our ability to secure public grants in support of our work. As an organization, we have applied for and received nearly **\$7 million in Clean Ohio Funds** for brownfield projects and nearly **\$27 million in grant funds** to support The Banks project. Becoming a valuable resource in development finance as well, the Port Authority has provided **\$117 million in revenue bond funds** to support local development projects.



Revitalizing Urban
Neighborhoods



Port of Greater Cincinnati
Development Authority

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Port of Greater Cincinnati
Development Authority

Bi-Annual Report

03-04

Real Accomplishments





Our Mission

The mission of the Port of Greater Cincinnati Development Authority is two-fold:

To facilitate the implementation of the Central Riverfront Urban Design Master Plan for the mixed-use redevelopment of Cincinnati's Central Riverfront Area, commonly referred to as "The Banks."

To facilitate the redevelopment of properties in Hamilton County known as brownfields, which are environmentally contaminated or perceived to be contaminated and are now vacant, abandoned, idle or underutilized due to real or perceived contamination.

View of 400 Pike Street Building ▶

Cover: 303 Broadway at Queen City Square

President



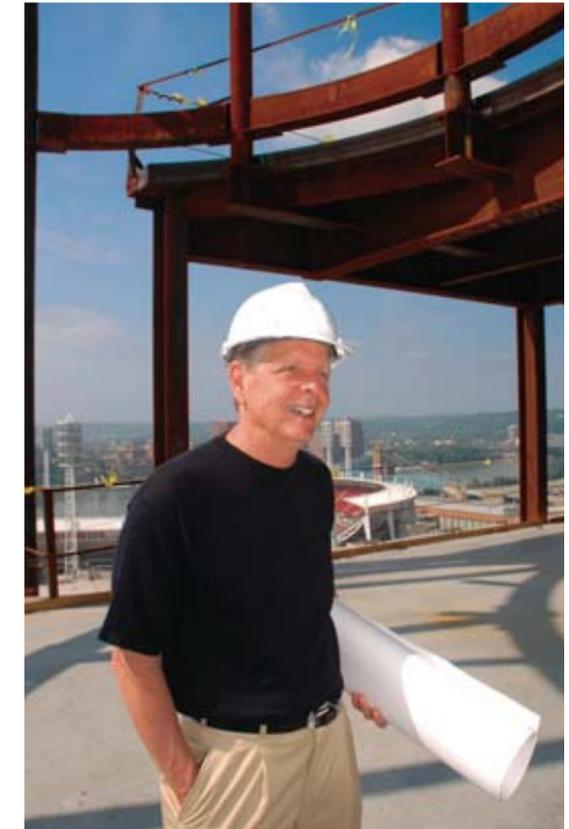
Jobs, economic development and community revitalization. These have been the hallmarks of the Port Authority's work over the past two years. During that short period of time we have applied for and received nearly \$7 million in Clean Ohio Funds to support five brownfield reclamation projects and nearly \$27 million in State and Federal funding for The Banks project. We have also issued \$117 million in revenue bonds to support several local development efforts.

Far more important than the dollar amounts, however, is the economic impact these efforts have had on our community. The Port Authority's funding support has enabled the construction of the National Underground Railroad Freedom Center, the first Class-A office building in downtown Cincinnati in over a decade, and the first for-sale housing in Cincinnati's Central Business District. Funds we obtained have also financed the cleanup of a local Superfund site. These are a few examples of our work which culminated in jobs, economic development, and community revitalization.

None of these successes would have been possible without the tireless dedication of our small staff. Harnessing resourcefulness, creativity and sheer enthusiasm for their work, they have notched accomplishments that seemed initially out of reach. I want to take the opportunity to acknowledge the energetic and endlessly supportive volunteers who make up our Board of Directors. They have thoughtfully guided the Port of Greater Cincinnati Development Authority from being just an idea to becoming a vital economic development tool for our region.

We look forward to serving our community in the future by revitalizing urban neighborhoods, energizing regional growth and finding ways to fund and fuel new economic development projects that haven't yet been thought of.

Kim Satzger
President
Port of Greater Cincinnati Development Authority



Once again it has been my pleasure to serve as Chair of the Port of Greater Cincinnati Development Authority. Steve Love, the Vice-Chair and I are very proud of our accomplishments which are detailed in this report. We want to take this opportunity to first thank our remarkable Board for providing outstanding guidance and leadership as we moved through some difficult times. Then there is the staff of the Port Authority – perhaps the smallest of any government agency in this region; but certainly one of the most competent.

Led by Kim Satzger, who now enjoys a statewide reputation as one of the best in her field, our staff has guided the Port Authority through a wide variety of activities, some within our designated mission of brownfields within Hamilton County and The Banks and several outside of that mission. Those that were outside, and which were enthusiastically approved by the City of Cincinnati and Hamilton County, demonstrated again and again that the unique powers and capabilities of a Port Authority are highly valued by many corporations, communities, municipalities, townships and developers.

We appreciate the support of the City of Cincinnati and Hamilton County.

We look forward to many more positive accomplishments in the coming years as we work to restore sections of some of our blighted communities, provide developer-friendly financing for major projects and aggressively move ahead with The Banks with our colleagues at 3CDC, the City and the County.

We are pleased that we can truly make a difference in our region.

Jack Rouse
Chairman of the Board
Port of Greater Cincinnati Development Authority

Chairman of the Board



Real Accomplishments



The 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.”

Real Accomplishments: Brownfields

Redeveloping Brownfields Revitalizing Neighborhoods

Redevelopment of abandoned, idled or underutilized industrial and commercial sites – also known as brownfields – can be both a challenge and an opportunity. Faced with the uncertainty and risk associated with brownfield redevelopment, corporations may choose to “moth-ball” properties, and developers may look for developable greenfields instead. Without the proper team and development tools in place, work on brownfield sites can be replete with potentially catastrophic legal, financial, and environmental risks.

The Port Authority believes that recycling Greater Cincinnati’s land resources back into productive use is essential to revitalizing urban neighborhoods and can serve as a catalyst for local economic development by restoring once-valuable community assets and creating renewed opportunities in our community. Motivated by this thinking, we have worked diligently to educate local property owners, real estate and development professionals, and end-users about the potential benefits of this specialized work. We have also provided these potential partners with information about the availability of innovative development tools to facilitate the re-use of brownfields. Assuming a proper, prepared, and thoughtful approach to these sites, our community’s property owners, developers, and end-users can continue to have access to development options “inside the beltway.”

During the period from 2003-2004, the Port Authority successfully completed four brownfield projects, initiated the cleanup of our fifth project, and submitted a grant application for our sixth project. We played a variety of roles on these projects, includ-

ing property owner, grant writer and manager, implementer of cleanup and demolition activities, and facilitator of public-sector input from a variety of municipalities and regulatory agencies. We even filled the role of “volunteer” under terms of the State of Ohio’s Environmental Protection Agency (Ohio EPA) Voluntary Action Program (VAP) for the cleanup of environmentally contaminated property. In all cases, our project successes were achieved by responding to market interests in brownfield properties through the creation of public-private partnerships designed to leverage private capital and experience when creating redevelopment strategies.



Building demolition at 3603 East Kemper Road

All told, the Port Authority applied for and received \$6,941,151 in Clean Ohio Funds – \$4,500,000 in Clean Ohio Revitalization Funds (CORF) and \$2,441,151 in Clean Ohio Assistance Funds (COAF) – to pay for the environmental assessments, cleanup, and demolition activities on the properties listed below.



Recycling Greater Cincinnati's Land Resources

Cleanups Completed or Underway

Cleanups Completed During 2004

Project Name	Clean Ohio Funds
3603 East Kemper Road, Sharonville, Ohio (CORF)	\$1,500,000
5700 Center Hill Road, Cincinnati, Ohio (COAF)	349,500
3333 Vine Street, Cincinnati, Ohio (COAF)	496,151
400 Pike Street, Cincinnati, Ohio (COAF)	845,500
Subtotal	\$3,191,151

Additional 2004 Grant Award*

Project Name	Clean Ohio Funds
4000 Red Bank Road, Fairfax, Ohio (CORF)	\$3,000,000
Subtotal	\$3,000,000

Pending 2004 Grant Request**

Project Name	Clean Ohio Funds
5025 Carthage Avenue, Norwood, Ohio (COAF)	\$ 750,000
Subtotal	\$ 750,000

Total \$6,941,151

* Project mobilization occurred in December 2004.

** This grant was awarded during the first quarter of 2005.

Redevelopment of the four completed brownfield properties delivered environmental and economic benefits by returning abandoned or underutilized, contaminated sites to productive uses. These new uses include office, commercial, and residential, which are creating jobs, boosting tax revenues, providing housing, and generally helping to foster economic health and vitality for the Greater Cincinnati Area.

Brownfield Redevelopment

\$6,941,151 in Clean Ohio Funds



MILESTONE ACCOMPLISHMENTS

The cleanup activities at the properties listed below required the cooperation of many stakeholders and would not have been successfully accomplished without the commitment of the public and private partners involved with each project. **Please visit the Port Authority's website, www.cincinnatiport.org, for details about the public-private partnership and the contributions of all those involved for each of our projects.**

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's 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 the 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 were prepared and approved, and a No Further Action (NFA) letter was 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 1,260 tons of 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

building. The Port Authority acted as “volunteer” under Ohio EPA’s Voluntary Action Program. The Port also 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 demolition. 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





MILESTONE ACCOMPLISHMENTS 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.*



4000 Red Bank Road

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 approximately \$65 million 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.*

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 an approximately \$65 million 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.

Educating Potential Partners

In our continuing effort to educate local municipalities and property owners, as well as professionals in the development, banking, insurance, and legal industries about the potential economic and environmental benefits of remediating brownfield sites, we conduct an annual seminar called "Turning Liabilities into Assets." Since the first event in 2002, this seminar has attracted more than 500 participants, enabling us to share with a growing audience what we have learned about overcoming the distinctive challenges of cleaning up and re-using brownfields. These seminars are hosted by the Port Authority and offered free of charge through corporate sponsorships.



Attendees at the Brownfield Seminar held on October 26, 2004



Real Accomplishments: **Financings**

Providing Innovative & Versatile Options

Courtesy of Cincinnati Zoo and Botanical Garden



The Port of Greater Cincinnati Development Authority also meets a market need by helping to provide innovative financing options – sometimes in ways that are unavailable to other entities or organizations – which may be tailored to the distinct needs of the project and the development entity. Among the options open to us are revenue bonds, common bond fund programs, and lease financing options. We can also serve as the central point of contact, investigating and procuring local, state, and federal business-retention and expansion incentives; as well as local, state, and federal grant funds. When combined, our broad range of funding capabilities position us to play a unique role in support of local economic development efforts.

Please visit the Port Authority's website, www.cincinnatiport.org, for details about the types of financial tools which are available to port authorities and more information on the projects detailed on the following page.



MILESTONE ACCOMPLISHMENTS



National Underground Railroad Freedom Center, Everyday Freedom Heroes exhibit, photo taken by Farshid Assasi, Assasi Production

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. This 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 stadia.

The \$110 million Freedom Center is organized into three 5-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 members of the 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, making 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.

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.

Courtesy of Eagle Realty Group



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.

Summary of Bond Financings

By mitigating default risk through the incorporation of features like letters of credit, reserve funds, and special assessments, the Port Authority is creating a niche in which we can structure innovative transactions. By using the creative tools at our disposal, we are able to participate in a variety of ways that enhance economic development in the Greater Cincinnati Area.

April 2003	National Underground Railroad Freedom Center	\$ 50 million
November 2003	Cincinnati Zoo and Botanical Garden	4 million
February 2004	Cincinnati Mills	18 million
June 2004	303 Broadway at Queen City Square	45 million

TOTAL \$117 million



Real Accomplishments: The Banks

Developing Cincinnati's Next Great Neighborhood

The original Banks Plan was put forth by the Riverfront Advisors Commission (RAC), a group of volunteers selected by City of Cincinnati and Hamilton County officials for their community interest and expertise with large-scale development projects. Taking full advantage of a unique riverfront site framed by the City's two professional sports stadia, The Banks – Cincinnati's next great neighborhood – is planned as a diverse, pedestrian-friendly mixed-use urban community. Featuring residential housing and office space along with specialty retail, restaurants, entertainment, public green space and parking, this “new front door” to Cincinnati is also expected to spur regional economic growth.

The Port of Greater Cincinnati Development Authority was jointly formed by the City of Cincinnati and Hamilton County to facilitate implementation of The Banks Plan. Additionally, many members of the RAC were recruited to serve on the Port Authority's board of directors. In order to be fully realized, The Banks Project will require a robust public-private partnership. After extensive research, planners determined that a port authority, functioning as the public partner, offers a broad array of development tools necessary to leverage private sector investment in a project of this scope and scale. From the beginning, the Port Authority sought to marry the needs of the community with the interests of private investors. Intent on meeting public benefit objectives while leveraging private sector capital and talent, we set out to devise innovative approaches to funding, developing, and managing The Banks Project.

Pre-Development Project Steps

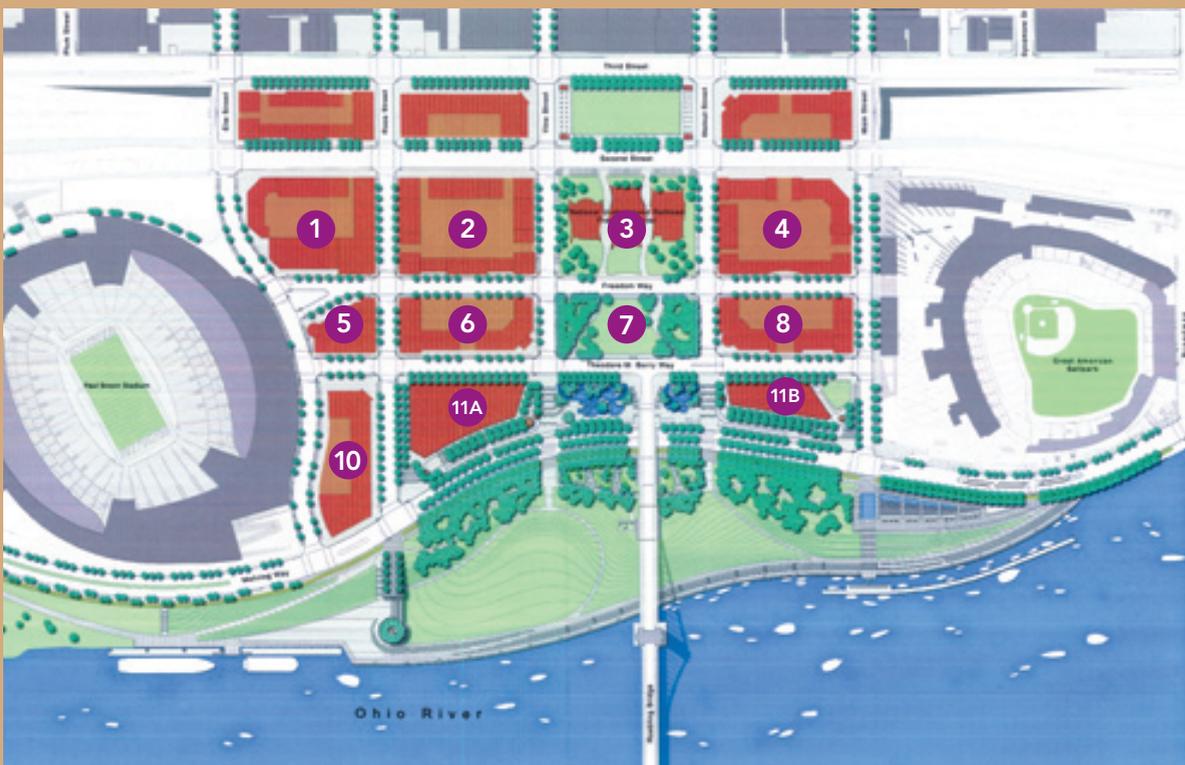
Understanding the magnitude and the complexities inherent in The Banks Project, the RAC and, later, the Port Authority paid careful attention to the following key pre-development steps. Taken together, these steps make up the established “best practices” for large-scale economic development projects in metropolitan areas throughout the United States.

Careful Conceptualization of the Project: The Banks Plan was formulated by the RAC, in collaboration with the City of Cincinnati and Hamilton County, after extensive public input and analysis of other first-class cities and waterfront developments. The Plan was enthusiastically received by citizens, Hamilton County Commissioners, the Mayor, the Vice Mayor, and all members of Cincinnati City Council. It also reflected the results of detailed studies in the areas of design, real estate market demand, cost, and estimated economic benefits.

Establishment of Public Sector Implementation Entity: A port authority was recommended by the RAC after studying existing public development entities and concluding that a port authority was the option most able to align the interests of the City of Cincinnati and Hamilton County with those of private partners. In 2004, the Port Authority entered into a memorandum of understanding with Cincinnati Center City Development Corporation (3CDC), a non-profit real estate development corporation. Under the terms of this agreement, the Port Authority will continue to facilitate the implementation



2003 Design Study for Vine Street Stairs in the Central Riverfront Park



Proposed Banks site plan with development block reference numbers. Phase I of The Banks Intermodal Facility is proposed for Blocks 4&8.

\$2.7 billion

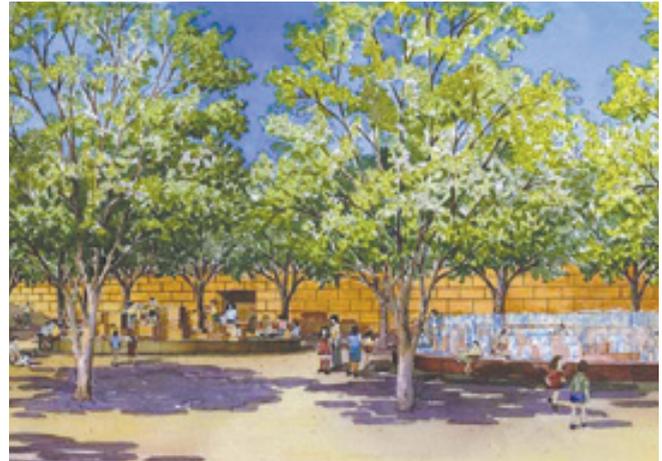
of The Banks Project, but will rely on 3CDC as its development manager. This partnership strengthens the overall development effort by leveraging 3CDC's expertise in executing large, complex real estate projects.

Clear Delineation of Project Costs and Benefits: As a first step, the site of The Banks Project, which slopes from Cincinnati's Central Business District down to the Ohio River, must be raised out of the floodplain. Below-grade parking garages are expected to serve as the platform that enables private development to occur "above-grade." Significant public investment is required to complete the necessary public infrastructure improvements that will support these garages and the private development that sits on top. During 2004, the Port Authority and 3CDC confirmed the assumptions for The Banks Plan by updating the design, real estate market demand, cost, and estimated economic benefits for the project.

The total estimated cost for the implementation of Phase I of the original Banks Plan is nearly \$52 million. This includes the cost of the Intermodal Facility (garage) at an estimated \$35.8 million and the cost of the access roads (remaining riverfront street grid) at an estimated \$16.2 million. (The garage is referred to as an "Intermodal Facility" because it allows drivers to move between different "modes" of transportation; motorists can park their cars in the garage and then board buses that will transport them to the Central Business District.) The Port Authority worked closely with the City of Cincinnati and Hamilton County to develop a funding strategy for the implementation of The Banks Project. A successful grant writing strategy yielded nearly \$27 million in public funding as detailed in the "Milestones" section on the next page.

Completion of the street grid and addition of new parking facilities will greatly improve pedestrian and vehicular circulation. It is currently estimated that public investment in the required Phase I infrastructure improvements will yield \$139 to \$174 million in private investment and \$3 million in real estate property tax revenues. In addition, local government will benefit from additional tax revenues as a result of 400-800 jobs, 400-500 residential units, a 250-room hotel, 90,000 square feet of retail, and up to 200,000 square feet of office space that is currently projected for Phase I of The Banks.

For more information about costs and project benefits related to The Banks Intermodal Facility, please visit the Port Authority's website – www.cincinnatiport.org



Formal Private Partner Selection Process: During 2001 through 2003, the Port Authority, in cooperation with the City of Cincinnati and Hamilton County, initiated a two-step Request for Qualification/Request for Proposal developer selection process. The strategy included making the selection of the developer while determining the source and amount of public funds available for the public infrastructure improvements. Three development teams were short-listed after the Request for Qualification process; however, in early 2003, the Request for Proposal phase of the selection process was delayed until public funds could be assembled to construct the public improvements including garages, development platform, streets, utilities, and Central Riverfront Park.

The private sector cannot make development commitments without the public sector improvements having a confirmed funding stream and implementation schedule. Once the public funds were assembled, the Port Authority and 3CDC were in a position to re-engage development firms interested in participating in the developer selection process.

Clear Delineation of Public and Private Partners' Roles and Responsibilities: The Port Authority was established as a mechanism for public officials to become familiar with real estate development and finance in order to knowledgeably negotiate a partnership agreement with the private sector. On The Banks Project we worked, in conjunction with 3CDC, on the financial pro forma calculations necessary to apportion costs, benefits and roles to public and private partners. This approach will protect community interests, strengthen the public sector's hand in negotiating with the private sector, and make best use of private sector resources for a greater return on public sector investment.

Summary of Grant Funds

Project Name	Funding Source	Amount of Funds
Banks Intermodal Facility	CMAQ Funds	\$10,400,000
Banks Intermodal Facility	TRAC Funds	11,000,000
Banks Intermodal Facility	FTA Funds	3,500,000
Freedom Way Improvement Project	EDA Funds	2,000,000
Total		\$26,900,000



MILESTONE ACCOMPLISHMENTS

To date, the Port Authority, in cooperation with the City of Cincinnati and Hamilton County, has secured nearly \$27 million in grant funds for construction of The Banks Intermodal Facility and its supporting roadway improvements – the foundation for Phase I of The Banks Project as originally conceived.

Below is a summary of the public grant funds for the Phase I infrastructure improvements for The Banks Intermodal Facility. These funds were assembled over a three-year period.

Congestion Mitigation and Air Quality Grant

In late 2002, the Port Authority, the City of Cincinnati and Hamilton County were awarded \$10.4 million in federal Congestion Mitigation and Air Quality (CMAQ) grant funds for Phase I of The Banks Intermodal Facility located on Blocks 4 & 8 of The Banks Project. The entity managing the distribution of these federal dollars, the Ohio-Kentucky-Indiana Regional Council of Governments (OKI), understood that other public grant funds would be required to begin the implementation of the Intermodal Facility improvements.

Economic Development Administration Grant

In 2002, the Port Authority took the first steps toward applying for \$2 million in Economic Development Administration Funds (EDA) available through the U.S. Department of Commerce. EDA requires eligible applicants to go through a two-step application process. After a lengthy pre-application process, the Port Authority, in cooperation with the City of Cincinnati, was invited to submit a grant application. In December 2003, the grant application was submitted. In July 2004, Hamilton County was added to the Freedom Way Improvement Project EDA grant request as a co-applicant. Our application was approved in August 2004. The EDA funds will be used for the construction of the Race-to-Elm Streets section and the Main-to-Walnut Streets section of Freedom Way.



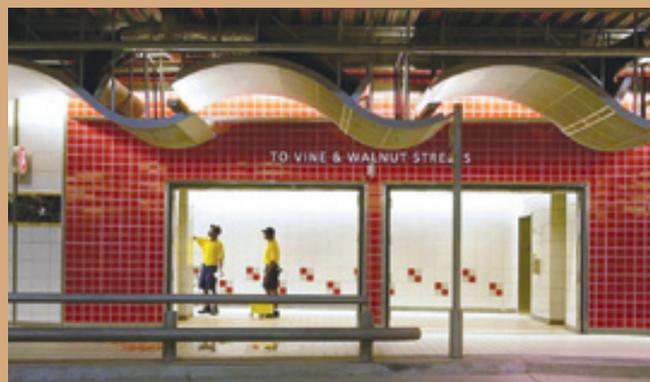
Check presentation in front of the National Underground Railroad Freedom Center. From left to right: Mayor Charlie Luken, Spencer Crew, Kim Satzger, Jack Rouse, U.S. Secretary Don Evans, and Congressman Rob Portman.

Federal Transit Administration Grant

In July 2003, the Port Authority worked with Senator Mike DeWine's office to place a line item in the Senate Transportation Appropriation Bill for a \$3.5 million grant for The Banks Intermodal Facility. Following approval of the Bill in Congress, we were awarded the funds in 2004. These funds will be administered through the Federal Transit Administration (FTA) and will be used for the implementation of The Banks Intermodal Facility.

Transportation Review Advisory Council Grant

In July 2003, the Port Authority, in cooperation with the City of Cincinnati and Hamilton County, applied for CMAQ funds awarded through the Ohio Department of Transportation's Transportation Review Advisory Council (TRAC). As part of the state-wide competition for funding, the TRAC Board evaluated and ranked all involved projects in 2003 before making grant awards in May 2004. These funds are federal transit dollars that will be applied toward the implementation of The Banks Intermodal Facility.



Riverfront Transit Center detail

Real Accomplishments: Economic Inclusion

Demonstrating Leadership in Economic Inclusion

The Port Authority is committed to promoting economic inclusion and providing equal opportunity for all prospective vendors regardless of the business owner's age, race, or gender. This commitment is reflected in our Economic Inclusion Policy, which underscores our determination to empower entrepreneurs, generate jobs, build the tax base, and provide opportunities for wealth creation across all segments of Greater Cincinnati and Hamilton County. We intend to help build and sustain strong Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Small Business Enterprises (SBEs) throughout our community.

In November 2004, we hired a Director of Economic Inclusion to implement our policy in all areas of our work. One of her first tasks was the establishment of an Economic Inclusion Work Group made up of board members and key community experts in the field of inclusion. She also developed a comprehensive strategy for implementing the policy while continuing to monitor our activities, identify opportunities for improvement, and incorporate best practices in order to meet our established goals.

Information from the Port Authority's first four years of operation presents an encouraging picture of our accomplishments when measured against our target participation rates of 25% for MBEs, 7% for WBEs, and 30% for SBEs. For our four completed brownfield projects we achieved participation rates of 19%, .5%, and 25% for MBEs, WBEs, and SBEs, respectively. On the financings side of our business, we reached participation rates of 25%, .5%, and 31% for MBEs, WBEs, and SBEs, respectively. As a consequence of this performance, we have redoubled our efforts to meet the unmet targets, and we feel confident that we will soon be able to report cross-the-board success on these extremely important measures.

Our economic inclusion for internal operations over the past two years has been quite strong. During this time period we achieved participation rates of 25%, 6%, and 50% for MBEs, WBEs, and SBEs, respectively. The staff and board continue to demonstrate leadership in the promotion of economic inclusion in all of our day-to-day activities. We are "raising the bar" and demonstrating our dedication to not only achieving our own aspirational goals but also becoming a role model within the development community. We will, of course, apply this same approach and commitment to meeting our inclusion targets for The Banks, as work proceeds on that signature project.

For information relating to the Port Authority's economic inclusion efforts, please visit our website – www.cincinnatiport.org

Deborah Robb (center) discussing economic inclusion opportunities with (left to right) Eugene Ellington, Steve Love, Kitty Strauss, and Clifford Bailey.



Financial Information

Statement of Revenues, Expenses and Changes in Retained Earnings

For the year ended December 31, 2003

Operating Revenues	
Public funding	\$626,665
Charges for services	188,565
Other income	379
.....	
Total operating revenues	815,609
Operating expenses	
Salaries and benefits	337,039
Professional services	247,371
Occupancy	27,609
Travel	6,462
Equipment and supplies	41,426
Other operating expenses	117,587
.....	
Total operating expenses	777,494
Operating Income (Loss)	38,115
Interest Income	3,308
Net Income (Loss)	\$41,423
Retained Earnings, Beginning of Year	384,497
Retained Earnings, End of Year	\$425,920

See 2003 audited financial report

Statement of Revenues, Expenses and Changes in Retained Earnings

For the year ended December 31, 2004

Operating Revenues	
Public funding	\$700,000
Charges for services	402,742
Grant receipts	1,003,556
Gross operating revenues	2,106,298
Grant disbursements	(1,014,068)
Capitalized land improvement costs	407,794
.....	
Total operating revenues	1,500,024
Operating expenses	
Salaries and benefits	375,960
Professional services	608,963
Occupancy	28,253
Travel	8,434
Equipment and supplies	13,263
Other operating expenses	58,285
.....	
Total operating expenses	1,093,158
Operating Income (Loss)	406,866
Interest Income	5,414
Net Income (Loss)	\$412,280
Retained Earnings, Beginning of Year	425,920
Retained Earnings, End of Year	\$838,200

See 2004 unaudited compilation report





The Port of Greater Cincinnati Development Authority is governed by a volunteer board of directors appointed by the City of Cincinnati and Hamilton County and representing a broad mix of business expertise including development, design, finance and marketing. Board members bring to the organization a wealth of experience and knowledge, as well as sensitivity to business needs and market forces.

2003 - 2004 Board Members

- 1 Jack Rouse, *Board Chairman and CEO*, Jack Rouse Associates
- 2 Steve Love, *Board Vice Chairman and President and CEO*, Greater Cincinnati Northern Kentucky African American Chamber of Commerce
- 3 Clifford A. Bailey, *President and CEO*, TechSoft Systems, Inc.
- 4 Otto M. Budig, *President*, Budco Group, Inc.
- 5 Louis D. George, *Director*, Taft, Stettinius & Hollister LLP
- 6 J. Joseph Hale, Jr., *President*, Cinergy Foundation
- 7 Betty Hull, *Director of Statewide Advocacy*, Ohio Secretary of State Office
- 8 Thomas Humes, Jr., *President*, Great Traditions Land & Development Co.
- 9 J.J. Johnson-JioDucci, *Vice President*, Madisonville Revitalization Alliance, Inc.
- 10 Eric H. Kearney, *President*, Afterwords Advertising
- 11 Ronald B. Kull, *Associate VP University Architect*, University of Cincinnati
- 12 Paul Muller, *Principal*, Muller Architects
- 13 Charlotte R. Otto, *Global External Relations Officer*, The Procter & Gamble Co.
- 14 Janet B. Reid, *Managing Partner*, Global Lead Management Consulting
- 15 David Siebenburgen, *Chairman*, Delta AirElite
- 16 Nicholas J. Vehr, *Vice President, Economic Development*, Cincinnati USA Regional Chamber
- 17 Joe Zimmer, *Executive Secretary*, Greater Cincinnati Building & Construction Trades Council