

# ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending December 31, 2006

*\$18,000,000*

*Port of Greater Cincinnati Development Authority  
(Cooperative Public Parking and Infrastructure Project)  
Special Obligation Development Revenue Bonds*

Prepared by:

**MUNICAP, INC.**

August 7, 2007

# ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

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## ***I. UPDATED INFORMATION***

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Information updated from the annual report for the year ended December 31, 2005 is as follows:

- The Mills Corporation was acquired by SPG-FCM Ventures, LLC, a joint venture between an entity owned by Simon Property Group, Inc. and Farallon Capital Management, LLC, on April 3, 2007.
- As of December 31, 2006, the developer reports that leases have been signed with 13 anchor tenants with an aggregate leased space of 936,950 square feet representing 91.7% of a total leasable anchor space.
- As of December 31, 2006, the developer reports that that leases have been signed with 86 specialty store tenants with an aggregate leased space of 287,337 square feet representing 66.1% of a total leasable space for specialty stores.
- The developer reports that the construction loan was paid off and a mortgage was granted to Goldman Sachs Mortgage Company, N.A. on May 18, 2006, as Administrative Agent and the Lenders thereto, to secure the obligations of the Mills Limited Partnership and the Mills Corporation under the Credit and Guaranty Agreement dated May 19, 2006.
- According to the Butler County Auditor's Office, the 2006 true value of the City of Fairfield School District taxable property within the development site was \$13,341,030. The base year true value was \$8,914,080. Taxable property in Ohio is assessed at a rate of 35 percent of true value, resulting in base year assessed value, 2006 assessed value, and incremental assessed value of \$3,119,928, \$4,669,361, and \$1,549,433, respectively.
- According to the Hamilton County Auditor's Office, the 2006 true value of the taxable property within the development site for the City of Forest Park Northwestern and Winton Woods School Districts was \$81,083,600. The base year true value was \$50,497,190. Taxable property in Ohio is assessed at a rate of 35 percent of true value, resulting in base year assessed value, 2006 assessed value, and incremental assessed value of \$17,674,017, \$28,379,260, and \$13,843,792, respectively.
- According to the Butler County Auditor's Office, Fairfield City Annual Service Payments due for 2004, 2005 and 2006 were \$555.50, \$80,602.10 and \$83,853.48, respectively. According to the Butler County Auditor's Office, \$80,602.10 of these service payments were transferred to the City of Fairfield in August 2006 and \$41,926.74 of these service payments were transferred to the City of Fairfield in March 2007. According to the City of Fairfield, these service payments, totaling \$122,528.84, will be transferred to the trustee in August 2007.
- According to the Hamilton County Auditor's Office, Forest Park Annual Service Payments due for 2006 were equal to \$804,475.16. (The service payments for the prior years, totaling \$910,538.29, were transferred to the trustee in May and November 2006.) Of this amount, \$376,781.36 in first half service payments have been collected and were forwarded to the City of Forest Park in May 2007. The City of Forest Park forwarded a portion of these proceeds equal to \$51,781.36 to the trustee in May 2007. The City of Forest Park anticipates transferring the balance of the first half service payments collected, \$325,000.00 (i.e., \$376,781.36 - \$51,781.36 = \$325,000.00), to the trustee prior to the August 15, 2007 debt service payment.

## *II. INTRODUCTION*

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The Port of Cincinnati Development Authority (the “Authority”) issued the \$18,000,000 Special Obligation Development Revenue Bonds pursuant to and in accordance with Sections 4582.21 to 4582.59, both inclusive, the Ohio Revised Code, as enacted and amended from time to time, and including Article VII, Section 13 of the Ohio Constitution (the “Act”), in cooperation with either or both of the Cities of Fairfield and Forest Park (the “Cities”), the Cooperative Agreement and an Indenture of Trust by and between the Authority and U.S. Bank, National Association, (the “Trustee”), dated as of February 1, 2004.

The project is located adjacent to the development site on approximately 23 acres. The development site is located in the City of Fairfield and City of Forest Park, Ohio.

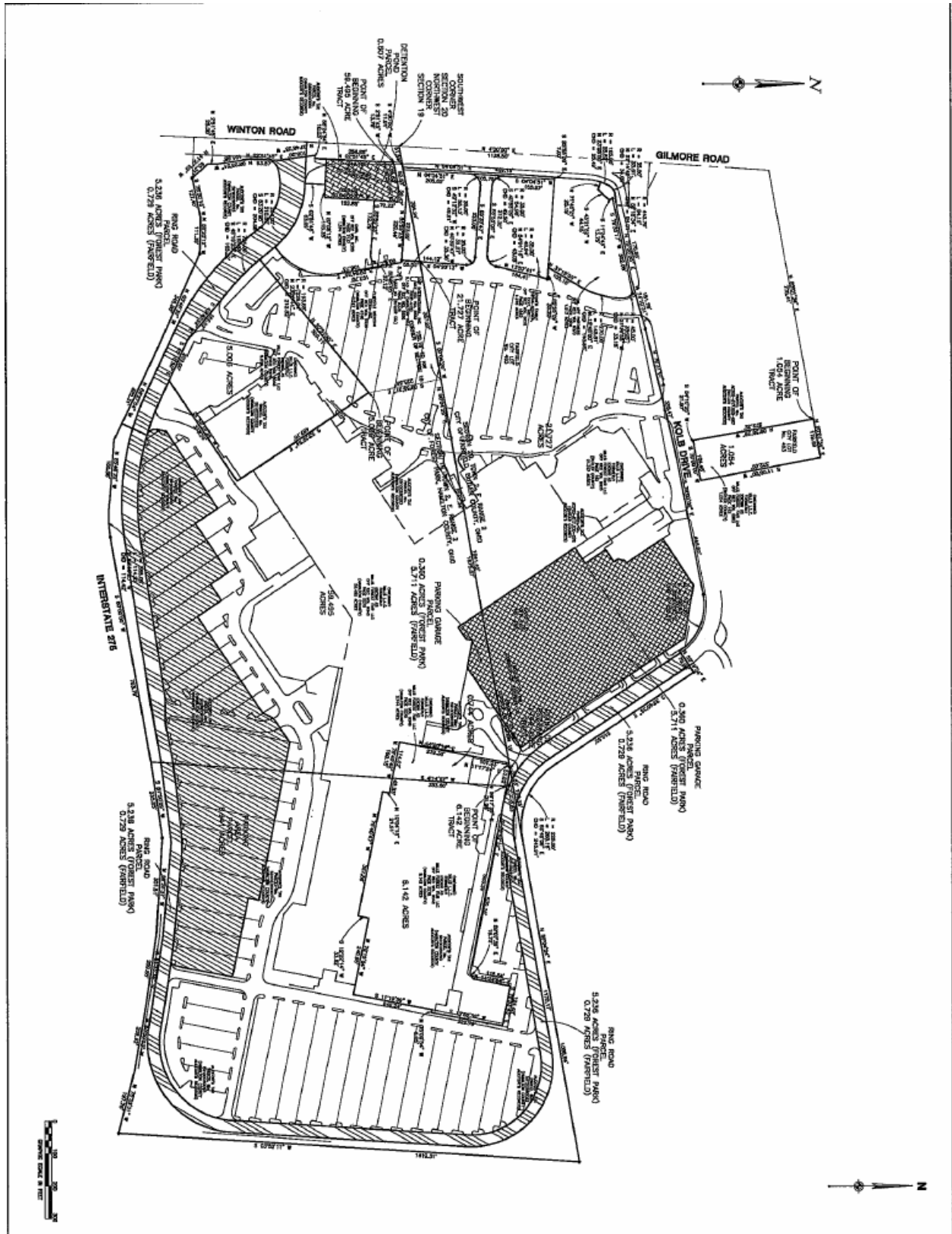
The property in the development site was developed by Cincinnati Mills, LLC (formerly known as Mills forest Fair, LLC), which is an affiliate of The Mills Corporation. The Mills Corporation was acquired by SPG-FCM Ventures, LLC, a joint venture between an entity owned by Simon Property Group, Inc. and Farallon Capital Management, LLC, on April 3, 2007. The project consists of a multi-deck public parking garage with approximately 2,700 spaces, surface parking lot, two detention ponds, and a ring road, which will provide free public parking for the development, the outlots and the surrounding area.

Pursuant to the Limited Offering Memorandum (LOM), \$18,000,000 in Special Obligation Development Revenue Bonds were issued to finance the acquisition and construction of the project, which will benefit the redevelopment and improvement of the development located in the cities and within the jurisdiction of the Authority, including an acquisition of an interest in the real estate. Additional or subordinate bonds are not authorized pursuant to the indenture.

The bonds are not subject to disclosure requirement pursuant to the SEC Rule 15c2-12. However, the Authority, the developer and the administrator have agreed to provide financial information, operating data and event disclosures as per the Continuing Disclosure Agreement.

The information in this report on development activity was provided by the developer (Cincinnati Mills, LLC) and is believed to be accurate; however, no effort has been made to independently verify the information.

Site Plan



### **III. DEVELOPMENT ACTIVITY**

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#### **A. OVERVIEW**

Cincinnati Mills, L.L.C., (the “Developer”), acquired Cincinnati Mills (previously known as Forest Fair Mall) located sixteen miles north of downtown Cincinnati at the intersection of I-275 and Gilmore Road. The development straddles the Forest Park and Fairfield city boundaries and is in the north central portion of the Cincinnati Metropolitan Statistical Area (MSA). The development includes a multi-level, super-regional value retail and entertainment center consisting of approximately 1.5 million square feet of gross leasable area (GLA). The project consists of a multi-deck public parking garage with approximately 2,700 spaces, a surface parking lot, two stormwater detention ponds, and a ring road, which will provide free public parking for the development, the outlots and the surrounding area.

As outlined in the Limited Offering Memorandum (LOM), the developer originally anticipated that the development would have approximately seventeen anchor tenants at stabilization, which was expected to occur by the end of 2006. The developer also anticipated that approximately 150 specialty retailers would occupy a total of 400,000 square feet of GLA at stabilization.

According to the LOM, the development would be divided into five separate theme “neighborhoods” as part of the renovation. The center court of the mall would be designated as the Town Square featuring a park gazebo surrounded by soft seating areas and kiosk carts. The Bass Pro Shops, Babies R’ Us and Off Saks Fifth Avenue Outlet anchored leg of the property would be designated the Fashion Neighborhood. The Kohl’s, WonderPark and Media Play anchored leg of the property would be designated the Amusement Neighborhood and would be themed to be reminiscent of the amusement parks of the Cincinnati. The Bigg’s Hypermarket, Berean Christian Store and Guitar Center anchored leg would be designated the Country Road Neighborhood and would be themed to capture the rural heritage of the Ohio River Valley. The food court would be themed to reflect a picnic along the Ohio River.

According to the LOM, the developer acquired the site from Gator Forest Partners, Ltd. in September 2002 at a net price of \$68.8 million, which consisted of a cash payment of \$10.5 million and the assumption of a \$58.3 million construction loan obtained by the former owner.

According to the LOM, the developer was negotiating a construction loan in the amount up to \$122 million at time of bond issuance. Conditions to closing on the construction loan included minimum developer equity contribution of approximately \$27.7 million, final TIF approvals and anchor leases for 82% percent of the total anchor space. The construction loan was guaranteed by the Mills Corporation and the Mills Limited Partnership until certain leasing thresholds have been met. The construction loan was expected to be secured by a mortgage on the development.

The Mills Corporation was acquired by SPG-FCM Ventures, LLC, a joint venture between an entity owned by Simon Property Group, Inc. and Farallon Capital Management, LLC, on April 3, 2007. The property in the development site was originally developed by Cincinnati Mills, LLC (formerly known as Mills Forest Fair, LLC), which was an affiliate of the Mills Corporation.

#### **B. STATUS OF DEVELOPMENT**

According to the LOM, the planned development in Cincinnati Mills would combine the best names in manufacturer and retail outlets, value retailers, unique specialty stores, theme restaurants and entertainment venues in the convenience of one center. Cincinnati Mills would combine manufacturers’ outlets, specialty retail outlets, and exciting restaurant and entertainment options featuring anchors like Kohl’s, OFF Fifth Saks Fifth Avenue Outlet and Bass Pro Shops Outdoor World. The development would be divided into five separate theme “neighborhoods” as part of the renovation.

As outlined in the LOM, renovation of the site commenced in October 2002 and the development remained open during the renovation.

**(i.) Status of Mall Renovation**

The developer hired the Whiting-Turner Contracting Company, as a general contractor for the development and renovation work. The renovation work was completed in accordance with the planned “neighborhood” themes and the grand opening took place on August 19, 2004.

**(ii.) Leasing Status**

As of December 31, 2006, the developer reported that the leasable space for anchor stores was 1,021,654 square feet and the leasable space for specialty stores was 434,626 square feet, resulting in aggregate leasable space of 1,456,280 square feet. As of December 31, 2006, the developer reports that there were thirteen anchor store and eighty six specialty store tenants. The square footage of leased space for anchor stores was 936,950 square feet and the square footage of leased space for specialty stores was 287,337 square feet, resulting in a total 1,224,287 square feet of leased space. Accordingly, the percentage of leased space for anchor stores was 91.7 percent and the percentage of leased space for specialty stores was 66.1 percent, resulting in an aggregate of 84.1 percent of total leasable space. The percentage of remaining leasable space not subject to a lease for anchor stores was 8.3 percent and the percentage of remaining leasable space for specialty stores was 33.9 percent, resulting in an aggregate of 15.9 percent of total leasable space.

Table III-1 below provides a list of those anchors stores that were reported as tenants in the Cincinnati Mills as of December 31, 2006.

**Table III-1  
Status of Anchor Space Leasing**

<b>Tenant Name</b>	<b>Type of Business</b>	<b>Square Feet</b>
BIGGS	Grocery	252,831
BASS PRO SHOPS OUTDOOR WORLD	Sporting Goods	142,552
KOHL'S	Clothing	116,328
STEVE & BARRY'S	Clothing	97,780
BURLINGTON COAT FACTORY	Clothing	84,098
SHOWCASE CINEMAS	Movie Theater	52,870
BABIES "R" US	Clothing	38,500
URBAN BEHAVIOR	Clothing	29,967
OFF 5TH AVENUE OUTLET	Clothing	27,432
DANBARRY CINEMAS	Movie Theater	27,342
METROPOLIS	Gaming	26,000
BEREAN CHRISTIAN STORES	Books	21,250
WONDERPARK	Entertainment	20,000
<b>TOTAL GLA</b>		<b>936,950</b>

Table III-2 in the following page provides a list of those specialty stores that were reported as tenants in the Cincinnati Mills as of December 31, 2006.

**Table III-2  
Status of Specialty Store Space Leasing**

<b>Specialty Stores</b>			
<u><i>Arts and Crafts</i></u>	<i>Fashion cont.:</i>	<i>Health cont.:</i>	<i>Services cont.:</i>
AFRICAN ART	SHOE SHOW	MASTERCUTS FAMILY HAIRCUTTERY	
	SALEM'S FASHIONS	VITAMIN WORLD	WILSONS LEATHER OUTLET
<u><i>Entertainment</i></u>		LA NAILS	KITCHEN COLLECTIONS
LUNAR MINI GOLF, LLC	<u><i>Food</i></u>		TEDDY BEAR STUFFERS
COPACABANA	MARGARITAS	<u><i>Home Furnishing</i></u>	SPENCER GIFTS LLC
	JOHNNY ROCKETS	TREEHOUSE KIDS CO.	SAMSONITE TRAVEL EXPO
<u><i>Fashion &amp; Accessories</i></u>	PANDA EXPRESS	MIKASA FACTORY STORE	VERIZON
FASHION SHOPS	CAJUN CAJUN	CORNINGWARECORELLE REVERE	BEASLEYS FLORAL GARDEN
LANE BRYANT/ PETTIE SOPHISTICATE	AUNTIE ANNES		FREEDOM WIRELESS
DRESS BARN OUTLET	PIZZA DI ROMA	<u><i>Jewelry</i></u>	CELL PHONE BEEPER VIBES
CHARLOTTE RUSSE	MRS. FIELDS/ PRETZEL TIME	ZALES THE DIAMOND STORE OUTLET	
FOREVER 21	MARBLE SLAB CREAMERY	CLAIRE'S	<u><i>Specialty Gifts</i></u>
DEB AND/OR DEB PLUS	SUBWAY	PIERCING PAGODA	FINISH LINE
SUIT FACTORY	BUFFALO WINGS & RINGS		SPORTS COLLECT-A- MANIA
AMERICAN EAGLE OUTFITTERS	GREEK IS	<u><i>Optical</i></u>	CARDBOARD HEROES
SHOE DEPT., THE	OYISHI JAPAN	LENSCRAFTERS	FOOT LOCKER
FAMOUS LABELS	GOLD STAR CHILI GREAT STEAK AND POTATO CO.		TEAM TOWN
GUESS? KIDS FACTORY STORE #401	CARNIVAL FOODS	<u><i>Photography</i></u>	HATS N MORE
TOMMY HILFIGER	STARBUCKS COFFEE COMPANY	OHIO NATIONAL GUARD	
STEP 'N STYLE		POLICE SUBSTATION	<u><i>Sporting Goods</i></u>
PAYLESS SHOESOURCE	<u><i>Health and Beauty</i></u>	CAR-LENE RESEARCH	GAMES GALORE
AEROPOSTALE	BATH & BODY WORKS	OK TRAVEL	EB GAMES
JONES NEW YORK	FRAGRANCE DEPOT, THE		
TODAY'S MAN	GLAMOUR NAILS	<u><i>Services</i></u>	<u><i>Toys &amp; Games</i></u>
BAD BOARDS	BEAUTY EXPRESS	GUITAR CENTER	YOUR DOLLAR STORE WITH MORE
BON WORTH	GENERAL NUTRITION CENTER	SCRAPS	QUILTING STORE
NINE WEST OUTLET	FIESTA HAIR SALON	DRAGONGATE	LOLICUP
KASPER	PERFUMANIA	UNIQUE GIFTS	

## **C. STATUS OF FINANCING**

According to the LOM, the developer was negotiating a construction loan for the development in an amount up to \$122 million from U.S Bank National Association at the time of bond issuance. In addition, the developer had made an equity contribution of approximately \$32.5 million. Conditions to closing on the construction loan included minimum developer equity contribution of \$27.7 million, final TIF approvals and anchor leases for 82 percent of the total anchor space. The construction loan was also guaranteed by the Mills Corporation and the Mills Limited Partnership until certain leasing thresholds were met.

As of June 13, 2006, the developer reports that the construction loan was paid off and a mortgage was granted to Goldman Sachs Mortgage Company, N.A. on May 18, 2006, as Administrative Agent and the Lenders thereto, to secure the obligations of the Mills Limited Partnership and the Mills Corporation under the Credit and Guaranty Agreement, dated May 19, 2006.

#### IV. TRUSTEE ACCOUNTS

The trustee for the Series 2002 Bonds is U.S. Bank, National Association. The balances as of December 31, 2005, interest paid, additional proceeds, disbursements, and account balances for each fund as of December 31, 2006, are shown by the following table:

**Table IV-1  
Trustee Accounts**

<b>Fund or Account</b>	<b>Balance 12/31/05</b>	<b>Interest Paid</b>	<b>Additional Proceeds</b>	<b>Disbursements</b>	<b>Balance 12/31/06</b>
Main Account	\$0	\$758	\$910,538	\$911,027	\$270
Proceeds Subaccount	\$1,128,435	\$15,176	\$29,269	\$1,155,324	\$17,556
Equity Subaccount	\$135,525	\$2,920	\$1,463	\$120,584	\$19,323
Other Payments Subaccount	\$17,087	\$7,243	\$307,779	\$46,480	\$285,629
Project Improvement Account	\$26	\$1	\$0	\$0	\$28
Forest Park TIF Fund Subaccount	\$0	\$39	\$911,027	\$911,027	\$39
Forest Park Special Assessment Collection Subaccount	\$0	\$7	\$0	\$0	\$7
Service Payment Subaccount	\$0	\$0	\$911,027	\$303,456	\$607,571
Bond Fund	\$22	\$1	\$1,144,535	\$1,144,535	\$23
Administrative Expense Fund	\$8	\$0	\$0	\$0	\$9
Bond Reserve Fund	\$0	\$28,084	\$1,489,600	\$0	\$1,517,684
<b>Total</b>	<b>\$1,281,104</b>	<b>\$54,229</b>	<b>\$5,705,237</b>	<b>\$4,592,432</b>	<b>\$2,448,138</b>

Additional proceeds to the Main Account were transfers of service payments from the City of Forest Park. Additional Proceeds to the Proceeds Subaccount were transfers from the Equity Subaccount and the Other Payments Subaccount. Additional proceeds to the Equity Subaccount were transfers from the Other Payments Subaccount. Additional proceeds to the Other Payments Subaccount were transfers from the Service Payment Subaccount. Additional proceeds to the Forest Park TIF Fund Subaccount were transfers of service payments from the Main Account. Additional proceeds to the Service Payment Subaccount were transfers from the Forest Park TIF Fund Subaccount. Additional proceeds to the Bond Fund represent transfers from the Proceeds Subaccount for the payment of debt service. Additional Proceeds to the Bond Reserve Fund were funds replacing the Letter of Credit received by the trustee at the time of bond issuance. Disbursements from the Main Account were transfers to the Forest Park TIF Fund Subaccount. Disbursements from the Proceeds Subaccount were transfers to the Bond Fund for the payment of debt service. Disbursements from the Equity Subaccount were payments for miscellaneous charges including port authority, legal counsel, trustee, and administrator fees. Disbursements from the Other Payments Subaccount were transfers to the Proceeds Subaccount and Equity Subaccount and payment for legal counsel fees. Disbursements from the Forest Park TIF Fund Subaccount were transfers to the Service Payment Subaccount. Disbursements from the Service Payment Subaccount were transfers to the Other Payments Subaccount.

The interest paid through December 31, 2006 does not include interest accrued but not yet paid. Most of the proceeds in the funds were invested in government obligations earning between 4.84 and 4.93 percent per year. Table IV-2 below shows the approximate rates of return on the investments.

According to Section 5.06 of the Trust Indenture, dated February 01, 2004, an investment made from moneys credited to the Bond Reserve Fund shall constitute part of that fund and such fund shall be credited with the proceeds of sale of any such investment (net of any profit, gain or income included therein). Any profit or gain realized or interest earned from such investments in the Bond Reserve Fund (net of any applicable arbitrage rebate requirement and subject to any applicable provisions of Section 5.08 of the Indenture) shall be credited to the Bond Reserve Fund to the extent if any necessary to cause the amount therein to equal the Bond Reserve Deposit and any remaining amount shall be transferred to the Interest Account in the Bond Fund, and used for the payment of interest on the Bonds on the next Interest Payment Date. For purposes of this Indenture, any such investments shall be valued at market value.

**Table IV-2  
Rates of Return**

<b>Account</b>	<b>Rate of Return</b>
Main Account	4.89%
Proceeds Subaccount	4.89%
Equity Subaccount	4.89%
Other Payments Subaccount	4.89%
Project Improvement Account	4.89%
Forest Park TIF Fund Subaccount	4.90%
Forest Park Special Assessment Collection Subaccount	4.93%
Service Payment Subaccount	4.89%
Bond Fund	4.89%
Administrative Expense Fund	4.84%
Bond Reserve Fund	4.89%

## ***V. DISTRICT OPERATIONS***

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### **A. GROSS ANNUAL ASSESSMENTS AS ABATED**

Gross Annual Assessments have been levied on the Assessed Lands of each City each year and are payable in the succeeding year in fifty-eight semi-annual installments over a twenty-nine year period and are to be abated to such an amount sufficient to pay the Annual Required Installment each year. The Annual Required Installment is defined in Article I, Section 1.01 of the Trust Indenture as “the Aggregate Annual Required Assessments, which is equal to the Fairfield City Net Annual Assessment and the Forest Park Net Annual Assessment, as determined pursuant to Section 6.10(b)(i) of the Trust Indenture.” Aggregate Annual Required Assessments are defined by the Trust Indenture as of any Calculation Date (i.e., June 15<sup>th</sup> of each year), “the difference between (i) the sum of Annual Bond Payments for the remainder of the then current Bond Year and the Annual Bond Payments for the next succeeding Bond Year (including Administrative Expenses), and (ii) the Aggregate Annual Available Amounts.” Aggregate Annual Available Amounts are defined by the Trust Indenture as the aggregate amounts estimated by the Administrator on an Annual Calculation Date to be available to pay the Annual Bond Payments in that and the next succeeding Bond Year, without reducing the amount in the Bond Reserve Fund below the Bond Reserve Requirement, which amount shall be equal to the sum of:

- (i) the value of amounts held in the Bond Fund, the Revenue Fund, the Administrative Expense Fund, the Surplus Fund and the Capitalized Interest Account of the Project Fund on the Annual Calculation Date, plus
- (ii) Aggregate Annual Projected Service Payments, as estimated by the Administrator, plus
- (iii) the amounts of any Special Assessment Collections due to be received by the Cities (or the Authority or the Trustee on behalf of the Cities) and to be transferred to and deposited with the Trustee from the Annual Calculation Date through December 31 of the calendar year in which the calculation is made, plus
- (iv) if the Bond Reserve Fund is in a form other than an Acceptable Letter of Credit, the amounts estimated by the Administrator to be received by the Trustee as investment earnings on amounts in the Bond Reserve Fund from the Annual Calculation Date through January 1 of the next succeeding Bond Year, provided that any amounts estimated to be received shall only be counted to the extent the total amount on deposit in the Bond Reserve Fund is and is anticipated to remain equal to or greater than the Bond Reserve Requirement, plus any excess expected to be available in the Bond Reserve Fund as a result of the reductions, on any Principal Payment Date or Dates in the period for which the calculation is made, plus
- (v) the amount of any other revenues other than those mentioned in (i) through (iv) above to the extent that the Authority notifies the Administrator that the Authority reasonably expects that such revenues will be available to pay Annual Bond Payments during the next succeeding Bond Year.

## **Aggregate Annual Required Assessments**

Table V-1 in the following page provides a summary of the Aggregate Annual Required Assessments for the 2006 fiscal year. The Aggregate Annual Available Amounts will not be sufficient to pay the Annual Bond Payments, including Administrative Expenses. The Aggregate Annual Required Assessments for the 2006 taxable year is estimated to be \$620,000.00, as shown in Table V-1. Each of the numbers in Table A is explained in the following sections.

### *Annual Bond Payments*

Debt service on the Series 2004 Bonds includes interest payments of \$572,267.50 due on August 15, 2006, February 15, 2007, August 15, 2007 and February 15, 2008. These payments equal interest on the outstanding Term 2024 Bonds of \$7,465,000 and the Term 2034 Bonds of \$10,535,000 for six months at an annual interest rate of 6.30 percent and 6.40 percent, respectively. There is no principal payment due on February 15, 2007 or February 15, 2008. As a result, total debt service is equal to \$2,289,070.00.

### *Port Authority Fee*

The annual fee of the Port Authority is equal to 0.25 percent of the principal amount of the bonds outstanding. The amount of bonds outstanding is \$18,000,000. As a result, the annual fee of the Port Authority for bond years 2007 and 2008 is equal to \$90,000.00. According to the trustee account statements, the Port Authority Fees for bond years 2005 and 2006 have been paid.

### *Administrative Expenses*

Administrative expenses (other than the fee to the Port Authority) include the trustee, administrator, legal expenses, and miscellaneous. The annual charges of the trustee are estimated to be \$2,000.00. The fees and expenses of the administrator are estimated to be \$12,500.00, plus an additional \$1,750.00 for arbitrage rebate services. Legal and miscellaneous expenses are estimated to be \$13,750.00. Accordingly, total administrative expenses for bond years 2007 and 2008 are estimated to be \$60,000.00.

The budget for administrative expenses (other than the fee to the Port Authority) for fiscal year 2005 was \$20,000.00. As of June 15, 2006, \$23,599.33 in administrative expenses for 2006 had been paid, including \$14,099.39 in legal fees. According to bond counsel, there is one outstanding invoice totaling \$19,925.00 for legal work performed between 2005 and 2006. According to the trustee, there are no additional outstanding invoices that must be funded with service payments collected in 2006. Accordingly, aggregate administrative expenses are estimated to be \$79,925.00.

### *Contingency*

A contingency, equal to five percent of estimated annual expenses and an additional amount to round the Aggregate Annual Required Assessments to the nearest ten-thousand, has been added in case service payments are less than estimated, Reserve Fund interest income is less than estimated or in case of delinquent Net Assessments

**Table V-1  
Aggregate Annual Required Assessments**

<i>Annual Bond Payments (Including Administrative Expenses)</i>	
Interest on August 15, 2006	\$572,268
Interest on February 15, 2007	\$572,267
Principal on February 15, 2007	\$0
Interest on August 15, 2007	\$572,268
Interest on February 15, 2008	\$572,267
Principal on February 15, 2008	\$0
<i>Sub-total debt service</i>	\$2,289,070
Port Authority Fee	\$90,000
Administrative Expenses	\$60,000
Prior Year Outstanding Administrative Expenses	\$19,925
Contingency	\$66,246
<i>Annual Bond Payments &amp; Administrative Expenses</i>	\$2,525,241
<i>Aggregate Annual Available Amounts</i>	
Bond Fund Balance on 06/15/06	\$23
Revenue Fund Balances on 06/15/06	
Fairfield TIF Account	\$0
Fairfield Special Assessment Collection Subaccount	\$0
Forest Park TIF Account	\$0
Forest Park Special Assessment Collection Subaccount	\$7
Service Payment Fund	\$0
Assessment Collection Subaccount	\$0
Surplus Fund Balance on 06/15/06	\$0
Administrative Expense Fund Balance on 06/15/06	\$8
Project Fund Balances on 06/15/06	
Capitalized Interest Account	\$593,062
Other Payments Subaccount	\$304,532
Equity Subaccount	\$56,587
Aggregate Annual Projected Service Payments	
Fairfield City Projected Annual Service Payments FY06	\$59,138
Forest Park Projected Annual Service Payments FY06	\$512,986
Aggregate Projected Annual Service Payments Collected in 2006	
Fairfield City Prior Year Projected Annual Service Payments to be Transferred	\$59,138
Forest Park Prior Year Projected Annual Service Payments to be Transferred	\$209,530
Fairfield Special Assessments to be transferred by 12/31/06	\$0
Forest Park Special Assessments to be transferred by 12/31/06	\$0
Bond Reserve Fund Investment Earnings thru 01/31/08	\$110,230
<i>Aggregate Annual Available Amounts</i>	\$1,905,241
<b>Aggregate Annual Required Assessments</b>	<b>\$620,000</b>

## **Aggregate Annual Available Amounts**

### *Bond Fund*

As of June 15, 2006, the balance in the Bond Fund was \$22.78. These funds will be used to pay a portion of the Annual Bond Payments.

### *Fairfield TIF Account*

As of June 15, 2006, the balance in the Fairfield TIF Account of the Revenue Fund was zero. As a result, there are no funds available in the Fairfield TIF Account of the Revenue Fund to pay the Annual Bond Payments.

### *Fairfield Special Assessment Subaccount*

As of June 15, 2006, the balance in the Fairfield Special Assessment Account of the Revenue Fund was zero. As a result, there are no funds available in the Fairfield Special Assessment Account of the Revenue Fund to pay the Annual Bond Payments.

### *Forest Park TIF Account*

As of June 15, 2006, the balance in the Forest Park TIF Account of the Revenue Fund was zero. As a result, there are no funds available in the Forest Park TIF Account of the Revenue Fund to pay the Annual Bond Payments.

### *Forest Park Special Assessment Subaccount*

As of June 15, 2006, the balance in the Forest Park Special Assessment Collection Subaccount of the Revenue Fund was \$6.72. There have been no special assessments levied or collected in prior years. The balance in the Forest Park Special Assessment Collection Subaccount represents interest earned on service payments previously collected and deposited into the Forest Park Special Assessment Collection Subaccount in error. As a result, these funds should be transferred to the Other Payments Subaccount of the Project Fund and used to pay a portion of the Annual Bond Payments.

### *Service Payment Fund*

As of June 15, 2006, the balance in the Service Payment Fund of the Revenue Fund was zero. As a result, there are no funds available in the Service Payment Fund of the Revenue Fund to pay the Annual Bond Payments.

### *Assessment Collection Subaccount*

As of June 15, 2006, the balance in the Assessment Collection Subaccount of the Revenue Fund was zero. As a result, there are no funds available in the Assessment Collection Subaccount of the Revenue Fund to pay the Annual Bond Payments.

### *Administrative Expense Fund*

As of June 15, 2006, the balance in the Administrative Expense Fund was \$8.44. These funds will be used to pay a portion of the unpaid Administrative Expenses for fiscal year 2005.

### *Surplus Fund*

As of June 15, 2006, the balance in the Surplus Fund service payment account was zero. As a result, there are no funds available in the Surplus Fund to pay the Annual Bond Payments.

### *Capitalized Interest Account*

As of June 15, 2006, the balance in the Capitalized Interest Account of the Project Fund was \$593,062.29. These funds will be used to pay a portion of the Annual Bond Payments prior to the use of service payments.

### *Other Payments Subaccount*

As of June 15, 2006, the balance in the Other Payments Subaccount of the Project Fund was \$304,532.24, which included \$302,967.55 in service payments collected in 2006 by Hamilton County. These funds will be used to pay a portion of the Annual Bond Payments once the remaining bond proceeds held in the Capitalized Interest Account of the Project Fund are exhausted.

### *Equity Subaccount*

According to Section 5.02 (c) of the Trust Indenture, “amounts in the Equity Subaccount of the Capitalized Interest Account shall be used to pay Administrative Expenses.” As a result, these funds are available to pay Administrative Expenses for fiscal year 2006. As of June 15, 2006, the balance in the Equity Subaccount of the Project Fund was \$56,586.58. These funds will be used to pay a portion of the Administrative Expenses (including Port Authority Fees) of the Annual Bond Payments for fiscal year 2006.

## **Aggregate Annual Projected Service Payments**

According to Article I, Section 1.01 of the Trust Indenture, Aggregate Annual Projected Service Payments are equal to “the sum of the Fairfield City Projected Annual Service Payments and the Forest Park Projected Annual Service Payments, as of the Annual Calculation Date.” The Fairfield City Projected Annual Service Payments and the Forest Park Projected Annual Service Payments are calculated below in Tables C and F, respectively. The property within the project is located in three school districts, two counties and two cities. The tables below summarize the Aggregate Projected Annual Service Payments by school district.

Pursuant to Ordinance Number 176-03, dated as of November 10, 2003, the improvements to the mall property within the Butler County portion of the Cooperative Public Parking Garage and Infrastructure Project are exempt from real property taxation for a period of thirty years. However, according to Section 4.1 of the Tax Increment Service and Cooperative Agreement, dated February 1, 2004, the developer has agreed to make service payments, together with all interest and penalties thereon for nonpayment of such service payments, for a period of thirty years in lieu of said exempt taxes, and the service payments shall be in an amount equal to the taxes that would have been levied had the improvements not been exempt from taxation.

According to Article I, Section 1.01 of the Trust Indenture, Fairfield City Projected Annual Service Payments means, “as of any Annual Calculation Date, the amount of service payments estimated by the Administrator (assuming that existing levies will expire as scheduled, unless a renewal or replacement levy has been approved by the electorate of the applicable taxing jurisdiction prior to that Annual Calculation Date, and assuming further that the properties from which service payments will be derived will be valued at the assessed value of the properties most recently estimated or determined, if no more recent estimates exist, by the Butler County Auditor as of that Annual Calculation Date) to be received by Fairfield (or the Authority or the Trustee on behalf of Fairfield) from that Annual Calculation Date through December 31 of the following Bond Year.” As shown in the table below, all of the parcels in Butler County are in the Fairfield City School District. As of July 24, 2006, the Butler County Auditor’s Office had not yet provided the base year appraised

value for the taxable property from which service payments will be derived within the Fairfield City School District. As a result, the base year appraised value, as estimated, and the 2005 appraised value for the parcel of taxable property from which service payments will be derived within the Fairfield City School District is shown in the table below.

**Table V-2  
Fairfield City School District Appraised Values**

<b>Tax Parcel Number</b>	<b>Base Year Appraised Value</b>	<b>2005 Appraised Value</b>
A0700017000078	\$8,711,180	\$12,084,360
<b>Total:</b>	\$8,711,180	\$12,084,360

The 2005 appraised value of the taxable property in the project from which service payments will be derived for the Fairfield City School District in Butler County was \$12,084,360.00. This value is used as “the most recently estimated value” for purposes of projecting the service payments.

The Appraised Value of the Fairfield City School District property within the Cooperative Public Parking Garage and Infrastructure Project for the base year, as estimated, was equal to \$8,711,180.00. The incremental appraised value is, therefore, estimated to equal \$3,373,180.00 (\$12,084,360.00 - \$8,711,180.00 = \$3,373,180.00). Taxable property in Ohio is assessed at a rate of 35 percent of appraised value, resulting in an assessed value of \$1,180,613.00 on the incremental value, as shown in the table below.

**Table V-3  
Fairfield City Projected Annual Service Payments  
Collected in 2007**

	<b>Fairfield City</b>
2005 Appraised Value	\$12,084,360
Base Year Appraised Value	\$8,895,630
Incremental Value	\$3,373,180
Assessed Value equal to 35% of Appraised Value	\$1,180,613
Fairfield School District Effective Rate mills per \$1,000 of Assessed Value	35.69
Butler County Effective Rate mills per \$1,000 of Assessed Value	9.02
Fairfield City Effective Rate mills per \$1,000 of Assessed Value	5.37
Fairfield School District Projected Service Payments	\$42,141
Butler County Projected Service Payments	\$10,652
Fairfield City Projected Service Payments	\$6,345
<b>Fairfield City Projected Annual Service Payments</b>	<b>\$59,138</b>

According to the Butler County Auditor’s Office, the effective real property tax rates per \$1,000.00 of assessed value for the Fairfield School District, Butler County and Fairfield City in fiscal year 2005 was 35.69, 9.02 and 5.37 mills, respectively. Effective tax rates for fiscal year 2006 are based on the 2005 rates. As a result, the projected effective real property tax rates per \$1,000.00 of assessed value for the Fairfield School District, Butler County and Fairfield City in fiscal year 2005 is 35.69, 9.02 and 5.37 mills, respectively. Accordingly, and as shown in the table above, based on the 35 percent assessment of the incremental appraised value of the Fairfield City School District taxable property in the project and the effective real property tax rate, service payment revenues are projected to be equal to \$59,137.84 for fiscal year 2006.

Pursuant to Ordinance Number 12-2003, dated as of October 20, 2003, as amended by Ordinance Number 15-2003, dated November 17, 2003, the improvements to the mall property and certain outlots within the Hamilton County portion of the Cooperative Public Parking Garage and Infrastructure Project are exempt from real property taxation for a period of thirty years. However, according to Section 4.1 of the Tax Increment Service and Cooperative Agreement, dated February 1, 2004, the developer has agreed to make service payments, together with all interest and penalties thereon for nonpayment of such service payments, for a period of thirty years in lieu of said exempt taxes, and the service payments shall be in an amount equal to the taxes that would have been levied had the improvements not been exempt from taxation.

According to Article I, Section 1.01 of the Trust Indenture, Forest Park Projected Annual Service Payments means, “as of any Annual Calculation Date, the amount of service payments estimated by the Administrator (assuming that existing levies will expire as scheduled, unless a renewal or replacement levy has been approved by the electorate of the applicable taxing jurisdiction prior to that Annual Calculation Date, and assuming further that the properties from which service payments will be derived will be valued at the assessed value of the properties most recently estimated or determined, if no more recent estimates exist, by the Hamilton County Auditor as of that Annual Calculation Date) to be received by Forest Park (or the Authority or the Trustee on behalf of Forest Park) from that Annual Calculation Date through December 31 of the following Bond Year.” As shown in the Tables D and E below, the parcels in Hamilton County are in the Northwest and Winton Woods School Districts. As of July 24, 2006, the Hamilton County Auditor’s Office had not yet provided the base year appraised values for the taxable property from which service payments will be derived within the Northwest School District and the Winton Woods School District. The base year appraised values, as estimated, and the 2005 appraised values for each parcel of taxable property from which service payments will be derived within the Northwest and Winton Woods School Districts are shown in the Tables V-4 and V-5 below.

**Table V-4  
Northwest School District (Forest Park) Appraised Values**

<b>Tax Parcel Number</b>	<b>Base Year Appraised Value</b>	<b>2005 Appraised Value</b>
589-0001-0004	\$0	\$0
589-0001-0012	\$0	\$6,000
591-0028-0001	\$2,110	\$1,500
591-0028-0281	\$522,120	\$584,800
591-0028-0282	\$4,217,360	\$4,723,400
591-0028-0283	\$25,005,600	\$35,988,700
591-0028-0296	\$0	\$17,500
591-0028-0297	\$0	\$457,700
591-0028-0288	\$0	\$779,100
591-0028-0287	\$0	\$1,569,300
<b>Total:</b>	<b>\$29,747,190</b>	<b>\$44,128,000</b>

The 2005 appraised value of the taxable property in the project from which service payments will be derived for the Northwest School District in Hamilton County was \$44,128,000.00. This value is used as “the most recently estimated value” for purposes of projecting the service payments.

**Table V-5  
Winton Woods School District (Forest Park) Appraised Values**

Tax Parcel Number	Base Year Appraised Value	2005 Appraised Value
591-0028-0093	\$13,500,000	\$21,518,500
591-0028-0298	\$0	\$504,800
591-0028-0280	\$7,250,000	\$8,120,000
<b>Total:</b>	<b>\$20,750,000</b>	<b>\$30,143,300</b>

The 2005 appraised value of the taxable property in the project for the Winton Woods School District in Hamilton County was \$30,143,300.00. This value is used as “the most recently estimated value” for purposes of projecting the service payments.

As shown above, the Appraised Value of the taxable property in the project for the Northwest School District in Hamilton County for 2005 and the base year, as estimated, was \$44,128,000.00 and \$29,747,190.00, respectively. The incremental appraised value is, therefore, estimated to equal \$14,380,810.00 (\$44,128,000.00 - \$29,747,190.00 = \$14,380,810.00). Taxable property in Ohio is assessed at a rate of 35 percent of appraised value, resulting in an assessed value of \$5,033,283.50 on the incremental value, as shown in the table below.

According to the Hamilton County Auditor’s Office, the effective real property tax rates per \$1,000.00 of assessed value for the Northwest School District, Hamilton County and Forest Park in fiscal year 2005 was 28.34, 16.10 and 9.29 mills, respectively. Effective tax rates for fiscal year 2006 are based on the 2005 rates. As a result, the projected effective real property tax rates per \$1,000.00 of assessed value for the Northwest School District, Hamilton County and Forest Park in fiscal year 2005 is 28.34, 16.10 and 9.29 mills, respectively. Accordingly, and as shown in the table below, based on the 35 percent assessment of the incremental appraised value of the taxable property in the Northwest School District of Hamilton County and the effective real property tax rate, service payment revenues are projected to be equal to \$270,412.18 for fiscal year 2006.

As shown above, the Appraised Value of the taxable property in the project for the Winton Woods School District in Hamilton County for 2005 and the base year, as estimated, was \$30,143,300.00 and \$20,750,000.00, respectively. The incremental appraised value is, therefore, estimated to equal \$9,393,300.00 (\$30,143,300.00 - \$20,750,000.00 = \$9,393,300.00). Taxable property in Ohio is assessed at a rate of 35 percent of appraised value, resulting in an assessed value of \$3,287,655.00 on the incremental value, as shown in the table below

According to the Hamilton County Auditor’s Office, the effective real property tax rates per \$1,000.00 of assessed value for the Winton Woods School District, Hamilton County and Forest Park in fiscal year 2005 was 46.72, 16.10 and 10.97 mills, respectively. Effective tax rates for fiscal year 2006 are based on the 2005 rates. As a result, the projected effective real property tax rates per \$1,000.00 of assessed value for the Winton Woods School District, Hamilton County and Forest Park in fiscal year 2005 is 46.72, 16.10 and 10.97 mills, respectively. Accordingly, and as shown in the table above, based on the 35 percent assessment of the incremental appraised value of the taxable property in the Winton Woods School District of Hamilton County and the effective real property tax rate, service payment revenues are projected to be equal to \$242,573.82 for fiscal year 2006.

**Table V-6  
Forest Park Projected Annual Service Payments  
Collected in 2007**

	<b>Forest Park</b>
2005 Appraised Value Northwest School District	\$44,128,000
Base Year Appraised Value Northwest School District	\$29,747,190
Incremental Value Northwest School District	\$14,380,810
Assessed Value equal to 35% of Appraised Value Northwest School District	\$5,033,284
Northwest School District Effective Rate mills per \$1,000 of Assessed Value	28.34
Hamilton County Effective Rate mills per \$1,000 of Assessed Value	16.10
Forest Park Effective Rate mills per \$1,000 of Assessed Value	9.29
Northwest School District Projected Service Payments	\$142,626
Hamilton County Projected Service Payments	\$81,014
Forest Park Projected Service Payments	\$46,772
<i>Subtotal Northwest School District:</i>	\$270,412
2005 Appraised Value Winton Woods School District	\$30,143,300
Base Year Appraised Value Winton Woods School District	\$20,750,000
Incremental Value Winton Woods School District	\$9,393,300
Assessed Value equal to 35% of Appraised Value Winton Woods School District	\$3,287,655
Winton Woods School District Effective Rate mills per \$1,000 of Assessed Value	46.72
Hamilton County Effective Rate mills per \$1,000 of Assessed Value	16.10
Forest Park Effective Rate mills per \$1,000 of Assessed Value	10.97
Winton Woods School District Projected Service Payments	\$153,583
Hamilton County Projected Service Payments	\$52,917
Forest Park Projected Service Payments	\$36,074
<i>Subtotal Winton Woods School District:</i>	\$242,574
<b>Forest Park Projected Annual Service Payments</b>	<b>\$512,986</b>

Accordingly, Projected Service Payments for the two school districts in Hamilton County is \$512,986.00 for fiscal year 2006.

As shown above, the Fairfield City Projected Annual Service Payments are equal to \$59,137.84 and the Forest Park Projected Annual Service Payments are equal to \$512,986.00. Accordingly, Aggregate Annual Projected Service Payments to be collected in 2007 are \$572,123.84.

*Aggregate Projected Annual Service Payments Collected in 2006*

According to the Butler County Auditor's Office, estimated Fairfield City Annual Service Payments collected in 2006 are not yet available. As a result, Fairfield City Annual Service Payments collected in 2006 are projected to be \$59,137.84, as calculated above.

According to the Hamilton County Auditor's Office, estimated Forest Park Annual Service Payments collected in 2006 are not yet available. As a result, Forest Park Annual Service Payments collected in 2006 are projected to be \$512,986.00, as calculated above. As of July 17, 2006, the Hamilton County Auditor's Office has reported that \$303,455.87 in Forest Park Service Payments had been collected and transferred to the

trustee. Accordingly, the balance of the Forest Park Service Payments collected in 2006, less the amounts previously transferred to the trustee, is estimated to be \$209,530.13 ( $\$512,986.00 - \$303,455.87 = \$209,530.13$ ).

#### *Reserve Fund Interest Income*

According to Section 5.06 of the Trust Indenture, investment income earned on the Bond Reserve Fund in excess of the Reserve Requirement shall be transferred to the Interest Account of the Bond Fund and used to pay interest on the Series 2004 Bonds on the next Interest Payment Date.

As of June 15, 2006, the balance in the Bond Reserve Fund was zero. As mentioned above, a Letter of Credit with a maturity date of March 1, 2007 was posted with the trustee in the amount of \$1,489,600.00 and deposited into the Bond Reserve Fund when the bonds were issued. According to the trustee, the Letter of Credit was replaced with cash in the amount of \$1,489,600.00, equal to the Reserve Requirement, on June 12, 2006. The cash proceeds in the Bond Reserve Fund are invested in a First American Government Obligation Money Market Fund that is currently earning 4.80 percent per annum. As a result, \$110,230.40 in interest income is estimated to be earned on the cash deposited in lieu of a Letter of Credit in the Bond Reserve Fund through January 1, 2008 and made available to pay a portion of the Annual Bond Payments.

#### Summary Aggregate Annual Required Assessments

Annual Bond Payments are estimated to be equal to \$2,525,241.27. Aggregate Annual Available Amounts are estimated to be equal to \$1,905,241.27, resulting in Aggregate Annual Required Assessments of \$620,000.00.

#### **Aggregate Special Assessment Reduction Amount**

According to Article I, Section 1.01 of the Trust Indenture, the Aggregate Special Assessment Reduction Amount is defined as, “the difference between the (i) sum of the Fairfield City Gross Annual Assessments for that year and the Forest Park Gross Annual Assessments for that year (ii) and the Aggregate Annual Required Assessments, as of the Calculation Date for the then current tax year.”

#### Fairfield City Gross Annual Assessments

According to Article I, Section 1.01 of the Trust Indenture, the Fairfield City Gross Annual Assessments for any year means, “the Special Assessments authorized by the Special Assessment Proceedings to be levied by Fairfield on the Fairfield City Assessed Lands during that tax year (for collection in the following calendar year), which amount is equal, in the aggregate to the product of the estimated Annual Bond Payments, including Administrative Expenses, for the next succeeding Bond Year and the Fairfield City Assessed Cost Ratio.”

The Fairfield City Assessed Cost Ratio is defined in the Trust Indenture as, “the quotient determined by dividing the Fairfield City Assessed Costs by the Aggregate Assessed Costs.” Assessed Costs are defined in the Trust Indenture as, “the costs paid from the proceeds received from the sale of the Series 2004 Bonds, together with such additional amounts as are required to pay Bond Service Charges and Administrative Expenses.”

Assessed Costs are equal to the Total Special Assessments levied on the Assessed Lands in the project, which is equal to \$40,845,757.00. Of this amount, the Fairfield City Assessed Costs are equal to \$7,939,337.99. As a result, the Fairfield City Assessed Cost Ratio is equal to 19.4 percent. The Annual Bond Payments for the next succeeding year is equal to \$1,239,460.00. Accordingly, the Fairfield City Gross Annual Assessments to be levied in 2006 for collection in 2007 are equal to \$240,918.34.

### Forest Park Gross Annual Assessments

According to Article I, Section 1.01 of the Trust Indenture, the Forest Park Gross Annual Assessments for any year means, “the Special Assessments authorized by the Special Assessment Proceedings to be levied by Forest Park on the Forest Park Assessed Lands during that tax year (for collection in the following calendar year), which amount is equal in the aggregate, to the product of the estimated Annual Bond Payments, including Administrative Expenses, for the next succeeding Bond Year and the Forest Park Assessed Cost Ratio.”

The Forest Park Assessed Cost Ratio is defined in the Trust Indenture as, “the quotient determined by dividing the Forest Park Assessed Costs by the Aggregate Assessed Costs.” Assessed Costs are defined in the Trust Indenture as, “the costs paid from the proceeds received from the sale of the Series 2004 Bonds, together with such additional amounts as are required to pay Bond Service Charges and Administrative Expenses.”

Assessed Costs are equal to the Total Special Assessments levied on the Assessed Lands in the project, which is equal to \$40,845,757.00. Of this amount, the Forest Park Assessed Costs are equal to \$32,906,419.01. As a result, the Forest Park Assessed Cost Ratio is equal to 80.6 percent. The Annual Bond Payments for the next succeeding year is equal to \$1,239,460.00. Accordingly, the Forest Park Gross Annual Assessments to be levied in 2006 for collection in 2007 are equal to \$998,541.66.

The sum of the Fairfield City Gross Annual Assessments and the Forest Park Gross Annual Assessments for fiscal year 2006 is \$1,239,460.00. The Aggregate Annual Required Assessments for fiscal year 2006 is \$620,000.00. As a result, the Aggregate Special Assessment Reduction Amount is equal to \$619,460.00 ( $\$1,239,460.00 - \$620,000.00 = \$619,460.00$ ).

### **Annual Special Assessment Reduction Percentage**

According to Article I, Section 1.01 of the Trust Indenture, the Annual Special Assessment Reduction Percentage is defined as, “the percentage by which the Special Assessments applicable to each parcel of Assessed Lands are to be reduced for a particular tax year by multiplying one hundred by the quotient resulting from the division of the Aggregate Special Assessment Reduction Amount by the sum of the Fairfield City Gross Annual Assessments for that year and the Forest Park Gross Annual Assessments for that year.”

As calculated above, the Aggregate Special Assessment Reduction Amount is \$619,460.00 and the sum of the Fairfield City Gross Annual Assessments and the Forest Park Gross Annual Assessments is \$1,239,460.00. As a result, the Annual Special Assessment Reduction Percentage is 49.98 percent ( $\$619,460.00 \div \$1,239,460.00 = 49.98\%$ ).

### Fairfield City Reduction Amount

According to Article I, Section 1.01 of the Trust Indenture, the Fairfield City Reduction Amount is defined as, “for any tax year, the product of the Fairfield City Gross Annual Assessments and the Annual Special Assessment Reduction Percentage for that year, as of the Calculation Date.” The Fairfield City Gross Annual Assessments for collection in 2007 are equal to \$240,918.34. The Annual Special Assessment Reduction Percentage for the year is equal to 49.98 percent. As a result, the Fairfield City Reduction Amount is \$120,406.69.

### Fairfield City Net Annual Assessments

According to Article I, Section 1.01 of the Trust Indenture, the Fairfield City Net Annual Assessments is defined as, “for any tax year, the Fairfield City Gross Annual Assessments less the Fairfield

City Reduction Amount for that year, as of the Calculation Date.” As calculated above, Fairfield City Gross Annual Assessments are equal to \$240,918.34 and the Fairfield City Reduction Amount is \$120,406.69. As a result, the Fairfield City Net Annual Assessments to be collected in 2007 is \$120,511.65 ( $\$240,918.34 - \$120,406.69 = \$120,511.65$ ).

#### Forest Park Reduction Amount

According to Article I, Section 1.01 of the Trust Indenture, the Forest Park Reduction Amount is defined as, “for any tax year, the product of the Forest Park Gross Annual Assessments and the Annual Special Assessment Reduction Percentage for that year, as of the Calculation Date.” The Forest Park Gross Annual Assessments for collection in 2007 are equal to \$998,541.66. The Annual Special Assessment Reduction Percentage for the year is equal to 49.98 percent. As a result, the Forest Park Reduction Amount is \$499,053.31.

#### Forest Park Net Annual Assessments

According to Article I, Section 1.01 of the Trust Indenture, the Forest Park Net Annual Assessments is defined as, “for any tax year, the Forest Park Gross Annual Assessments less the Forest Park Reduction Amount for that year, as of the Calculation Date.” As calculated above, the Forest Park Gross Annual Assessments are equal to \$998,541.66 and the Forest Park Reduction Amount is \$499,053.31. As a result, the Forest Park Net Annual Assessments to be collected in 2007 are \$499,488.35 ( $\$998,541.66 - \$499,053.31 = \$499,488.35$ ).

#### **Summary**

The parcels in the Cooperative Public Parking Garage and Infrastructure Project, the base year appraised value, as estimated, and the projected appraised value of each parcel for 2006 are shown in Appendix A. The Principal Portion of the Special Assessments, the Total Special Assessments, Gross Annual Assessments, the Reduction Amount and Net Annual Assessments for each parcel of the Assessed Lands are shown in Appendix B. Please note, the Butler County parcels A0700017000097, A0700017000098 and A0700017000087, are the Garage, Ring Road and Detention Pond parcels. These parcels have been conveyed to the Port Authority. As a result, service payments are not anticipated to be collected from these parcels. Parcel A0700017000078 Part 2 has also been conveyed to the Port Authority. As a result, service payments are not anticipated to be collected from this parcel. When the district was created, special assessments were allocated to Parcel A0700017000078 Part 2 in error. As a result, the Principal Portion of the Special Assessments and the Total Special Assessments on parcel A0700017000078 Part 2, which are equal to \$14,802.49 and \$33,589.95, respectively, have been reallocated to the remaining taxable parcel (A0700017000078, formerly A0700017000078 Part 1) in Butler County.

#### **B. DELINQUENT SERVICE PAYMENTS**

According to the Butler County Auditor’s Office, Fairfield City Annual Service Payments due for 2004, 2005 and 2006 were \$555.50, \$80,602.10 and \$83,853.48, respectively. According to the Butler County Auditor’s Office, \$80,602.10 of these service payments were transferred to the City of Fairfield in August 2006 and \$41,926.74 of these service payments were transferred to the City of Fairfield in March 2007. According to the City of Fairfield, these service payments, totaling \$122,528.84, will be transferred to the trustee in August 2007. According to the Butler County Auditor’s Office, the balance of the Fairfield City Annual Service Payments due in the amount of \$42,482.24, will be collected with the second half service payments and transferred to the City of Fairfield in September 2007. According to the City of Fairfield, these second half service payments will be transferred to the trustee prior to December 31, 2007. As a result, there are no delinquent service payments at this time.

According to the Hamilton County Auditor's Office, Forest Park Annual Service Payments due for 2006 were equal to \$804,475.16. (The service payments for the prior years, totaling \$910,538.29, were transferred to the trustee in May and November 2006.) Of this amount, \$376,781.36 in first half service payments have been collected and were forwarded to the City of Forest Park in May 2007. The City of Forest Park forwarded a portion of these proceeds equal to \$51,781.36 to the trustee in May 2007. The City of Forest Park anticipates transferring the balance of the first half service payments collected, \$325,000.00 (i.e., \$376,781.36 - \$51,781.36 = \$325,000.00), to the trustee prior to the August 15, 2007 debt service payment. According to the Hamilton County Auditor's Office, the balance of the Forest Park Annual Service Payments due in the amount of \$427,693.80, will be collected with the second half service payments and transferred to the City of Forest Park in September 2007. According to the City of Forest Park, these second half service payments will be transferred to the trustee prior to December 31, 2007. As a result, there are no delinquent service payments at this time.

### **C. COLLECTION EFFORTS**

There are no collection efforts underway at this time.

## VI. DISTRICT FINANCIAL INFORMATION

The information provided in this section is to meet the requirements for the annual report as provided for in Section 2(a) of the Continuing Disclosure Agreement. The items listed below are in the same format and order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

All information in this section is provided as of December 31, 2006, unless otherwise stated.

### A) FUND BALANCES

The fund balances in all of the funds and accounts provided for in the Indenture of Trust are included in Table IV-1 of Section IV, "Trustee Accounts," of this report.

### B) CHANGES TO THE METHOD OF DETERMINATION AND APPORTIONMENT

There have been no changes to the Method of Determination and Apportionment between the Service Payments and the Special Assessments (collectively, the "City Contributions") by the Port Authority since the previous reporting period.

### C) CHANGES IN THE AD VALOREM TAX RATES

Table VI-1 below shows the effective ad valorem rates per \$1,000.00 of assessed value for 2005 and 2006 for the Northwest and Winton Woods School Districts in the City of Forest Park and Fairfield School District in the City of Fairfield.

**Table VI-1**  
**Effective Ad Valorem Rates**

Jurisdiction	FY05 Effective Rate	FY06 Effective Rate	Changes in Effective Rate
Northwest School District	28.34	27.99	(0.35)
Hamilton County (Northwest School District)	16.10	15.97	(0.12)
Forest Park	9.29	9.19	(0.11)
<i>Subtotal:</i>	53.72	53.15	(0.57)
Winton Woods School District	46.72	46.67	(0.04)
Hamilton County (Winton Woods School District)	16.10	15.97	(0.12)
Forest Park	10.97	10.87	(0.11)
<i>Subtotal:</i>	73.78	73.52	(0.27)
Fairfield School District	35.69	36.14	0.45
Butler County	9.02	10.62	1.60
Fairfield	5.37	5.43	0.05
<i>Subtotal:</i>	50.09	52.19	2.10

**D) CHANGES IN ASSESSED VALUE OF REAL PROPERTY**

According to Butler County Auditor’s Office, the 2006 true value of the City of Fairfield School District taxable property within the Development Site was \$13,341,030. The base year true value was \$8,914,080. As shown in Table VI-2 below, taxable property in Ohio is assessed at a rate of 35 percent of true value, resulting in base year assessed value, 2006 assessed value, and incremental assessed value of \$3,119,928, \$4,669,361, and \$1,549,433, respectively. The Butler County Auditor’s Office reports that parcel number A0700017000087 is not included in calculating the service payments as the application paperwork required to include the parcel in the TIF district is not yet filed by the owner.

**Table VI-2  
City of Fairfield School District Appraised, Assessed and Incremental Values**

<b>Tax Parcel Number</b>	<b>Taxing Authority</b>	<b>Base Year Appraised Value</b>	<b>Base Year Assessed Value</b>	<b>2006 Appraised Value</b>	<b>2006 Assessed Value</b>	<b>Incremental Appraised Value</b>	<b>Incremental Assessed Value</b>
A0700017000078	Fairfield School District	\$7,753,230	\$2,713,631	\$12,084,360	\$4,229,526	\$4,331,130	\$1,515,896
A0700017000097	Fairfield School District	\$849,510	\$297,329	\$934,490	\$327,072	\$84,980	\$29,743
A0700017000098	Fairfield School District	\$108,440	\$37,954	\$119,280	\$41,748	\$10,840	\$3,794
A0700017000087	Fairfield School District	\$202,900	\$71,015	\$202,900	\$71,015	\$0	\$0
		\$8,914,080	\$3,119,928	\$13,341,030	\$4,669,361	\$4,426,950	\$1,549,433

According to Hamilton County Auditor’s Office, the 2006 true value taxable property within the Development Site for the City of Forest Park Northwestern and Winton Woods School Districts was \$81,083,600. The base year true value was \$50,497,190. As shown in Table VI-3 in the following page, taxable property in Ohio is assessed at a rate of 35 percent of true value, resulting in base year assessed value, 2006 assessed value, and incremental assessed value of \$17,674,017, \$28,379,260, and \$13,843,792, respectively.

**Table VI-3  
City of Forest Park School District Appraised, Assessed and Incremental Values**

<b>Tax Parcel Number</b>	<b>Taxing Authority</b>	<b>Base Year Appraised Value</b>	<b>2006 Appraised Value</b>	<b>Base Year Assessed Value</b>	<b>2006 Assessed Value</b>	<b>Incremental Appraised Value</b>	<b>Incremental Assessed Value</b>
591-0028-0093-00	Winton Woods School District	\$8,640,000	\$21,518,500	\$3,024,000	\$7,531,475	\$12,878,500	\$4,507,475
591-0028-L291-00	Winton Woods School District	\$1,120,500	\$443,500	\$392,175	\$155,225	\$0	\$0
591-0028-B291-00	Winton Woods School District	\$229,500	\$90,700	\$80,325	\$31,745	\$0	\$0
591-0028-L294-00	Winton Woods School District	\$1,568,700	\$615,400	\$549,045	\$215,390	\$0	\$0
591-0028-B294-00	Winton Woods School District	\$321,300	\$126,000	\$112,455	\$44,100	\$0	\$0
591-0028-0298-00	Winton Woods School District	\$1,620,000	\$504,800	\$567,000	\$176,680	\$0	\$0
591-0028-0280-00	Winton Woods School District	\$7,250,000	\$8,120,000	\$2,537,500	\$2,842,000	\$870,000	\$304,500
	<b>Subtotal - Winton Woods</b>	\$20,750,000	\$31,418,900	\$7,262,500	\$10,996,615	\$13,748,500	\$4,811,975
589-0001-0004-00	Northwest School District	\$0	\$0	\$0	\$0	\$0	\$0
589-0001-L013-00	Northwest School District	\$0	\$35,200	\$0	\$12,320	\$35,200	\$12,320
589-0001-B013-00	Northwest School District	\$0	\$0	\$0	\$0	\$0	\$0
591-0028-0001-00	Northwest School District	\$1,580	\$1,500	\$553	\$525	\$0	\$0
591-0028-L290-00	Northwest School District	\$530	\$600	\$186	\$210	\$70	\$25
591-0028-B290-00	Northwest School District	\$0	\$0	\$0	\$0	\$0	\$0
591-0028-0281-00	Northwest School District	\$522,120	\$584,800	\$182,742	\$204,680	\$62,680	\$21,938
591-0028-0282-00	Northwest School District	\$4,217,360	\$4,723,400	\$1,476,076	\$1,653,190	\$506,040	\$177,114
591-0028-0283-00	Northwest School District	\$15,503,500	\$36,019,700	\$5,426,225	\$12,606,895	\$20,516,200	\$7,180,670
591-0028-L289-00	Northwest School District	\$5,000	\$60,000	\$1,750	\$21,000	\$55,000	\$19,250
591-0028-B289-00	Northwest School District	\$245,000	\$3,770,900	\$85,750	\$1,319,815	\$3,525,900	\$1,234,065
591-0028-L292-00	Northwest School District	\$1,452,920	\$429,400	\$508,522	\$150,290	\$0	\$0
591-0028-B292-00	Northwest School District	\$297,580	\$87,900	\$104,153	\$30,765	\$0	\$0
591-0028-L293-00	Northwest School District	\$3,113,250	\$876,600	\$1,089,638	\$306,810	\$0	\$0
591-0028-B293-00	Northwest School District	\$637,650	\$179,400	\$223,178	\$62,790	\$0	\$0
591-0028-L295-00	Northwest School District	\$250,000	\$65,700	\$87,500	\$22,995	\$0	\$0
591-0028-B295-00	Northwest School District	\$0	\$0	\$0	\$0	\$0	\$0
591-0028-0296-00	Northwest School District	\$250,000	\$17,500	\$87,500	\$6,125	\$0	\$0
591-0028-0297-00	Northwest School District	\$2,000,400	\$457,700	\$700,140	\$160,195	\$0	\$0
591-0028-0283-00	Northwest School District	\$250,100	\$779,100	\$87,535	\$272,685	\$529,000	\$185,150
589-0001-0012-00	Northwest School District	\$0	\$6,000	\$0	\$2,100	\$6,000	\$2,100
591-0028-0283-00	Northwest School District	\$1,000,200	\$1,569,300	\$350,070	\$549,255	\$569,100	\$199,185
	<b>Subtotal - Northwest</b>	\$29,747,190	\$49,664,700	\$10,411,517	\$17,382,645	\$25,805,190	\$9,031,817
	<b>Total</b>	\$50,497,190	\$81,083,600	\$17,674,017	\$28,379,260	\$39,553,690	\$13,843,792

**E) CITY CONTRIBUTIONS LEVIED**

According to the Butler County Auditor’s Office, the total service payments levied for tax year 2005 were \$80,602.10. According to the Hamilton County Auditor’s Office, the total service payments levied for tax year 2005 were \$733,216.22.

**F) STATUS OF COLLECTION OF AD VALOREM AND FINANCING PAYMENTS**

According to the Butler County Auditor’s Office, Fairfield City Annual Service Payments due for 2004, 2005 and 2006 were \$555.50, \$80,602.10 and \$83,853.48, respectively. According to the Butler County Auditor’s Office, \$80,602.10 of these service payments were transferred to the City of Fairfield in August 2006 and \$41,926.74 of these service payments were transferred to the City of Fairfield in March 2007. According to the City of Fairfield, these service payments, totaling \$122,528.84, will be transferred to the trustee in August 2007. According to the Butler County Auditor’s Office, the balance of the Fairfield City Annual Service Payments due in the amount of \$42,482.24, will be collected with the second half service payments and transferred to the City of Fairfield in September 2007. According to the City of Fairfield, these second half service payments will be transferred to the trustee prior to December 31, 2007. Accordingly, there are no delinquent service payments for 2006 at this time.

According to the Hamilton County Auditor’s Office, Forest Park Annual Service Payments due for 2006 were equal to \$804,475.16. (The service payments for the prior years, totaling \$910,538.29, were transferred to the trustee in May and November 2006.) Of this amount, \$376,781.36 in first half service payments have been collected and were forwarded to the City of Forest Park in May 2007. The City of Forest Park forwarded a portion of these proceeds equal to \$51,781.36 to the trustee in May 2007. The City of Forest Park anticipates transferring the balance of the first half service payments collected, \$325,000.00 (i.e., \$376,781.36 - \$51,781.36 = \$325,000.00), to the trustee prior to the August 15, 2007 debt service payment. According to the Hamilton County Auditor’s Office, the balance of the Forest Park Annual Service Payments due in the amount of \$427,693.80, will be collected with the second half service payments and transferred to the City of Forest Park in September 2007. According to the City of Forest Park, these second half service payments will be transferred to the trustee prior to December 31, 2007. Accordingly, there are no delinquent service payments for 2006 at this time.

**G) ASSESSED VALUE APPEALS**

According to both the Hamilton County and Butler County Auditors’ Offices, there have been no appeals of the January 1, 2006 assessed values for the property within the development site.

**H) PROPERTY OWNERSHIP**

According to the total service payment collections reported by the Hamilton and Butler County Auditors’ Offices, the property owners responsible for more than five percent of the levy of service payments are shown in Table VI-4 below.

**Table VI-4  
Estimated Service Payment by Parcel  
As of January 1, 2006**

<b>Property Owner</b>	<b>Incremental Assessed Value</b>	<b>Estimated Service Payments</b>	<b>Percentage</b>
Cincinnati Mills, LLC	\$13,269,173	\$701,321.01	86.2%
Total	\$15,393,225.00	\$813,818.32	100%

The estimated service payments are calculated using the proportion of incremental assessed values shown in Tables VI-2 and VI-3 as the Hamilton County Auditor's Office would not provide the actual breakdown of service payments applicable to the district by taxpayer.

**I) LAND USE AMENDMENTS**

The developer reports that as of December 31, 2006, there have been no significant amendments to land use entitlements or legal challenges to the construction of the project.

**J) CHANGES TO PROJECT AND DEVELOPMENT STATUS**

The developer reports that as of December 31, 2006, no changes have been approved by the Port Authority relating to the status of development of the project to be constructed from those stated in the Cooperative Agreement.

## ***VII. SIGNIFICANT EVENTS***

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### **A. DEVELOPER SIGNIFICANT EVENTS**

According to the continuing disclosure agreement, developer significant events include the following:

- (i) material damage to or destruction of any development or improvements within the development site;
- (ii) material default by the developer or any affiliate thereof on any loan with respect to the construction or permanent financing of the development or the project;
- (iii) material default by the developer or any affiliate thereof on any loan secured by property within the development site owned by the developer or any affiliate of the developer;
- (iv) payment default by the developer or any affiliate thereof on any loan to such party with respect to the construction or permanent financing of the development (whether or not such loan is secured by the property within the development site);
- (v) the filing by or against the developer or any affiliate thereof, the sole member of the developer or any owners of more than 25% interest in the developer of any petition or other proceeding under any bankruptcy, insolvency or similar law or any determination that the developer or owner of interest in the developer or a subsidiary of the developer or any affiliate thereof is unable to pay its debts as they become due; and
- (vi) the filing of any lawsuit with claim for damages in excess of \$1,000,000 against the developer which may materially adversely affect the completion of the development, the Project or litigation in excess of \$1,000,000 which would materially adversely affect the financial condition of the developer.

As of December 31, 2006, the developer reports several lawsuits being pursued against the Mills Corporation, the then beneficial owner of the developer. The litigations included class action lawsuits alleging violations of securities laws, shareholder derivative lawsuits alleging claims on behalf of the Mills Corporation, and a claim alleging violations of the Mills Partnership Limited Partnership Agreement. As of December 31, 2006, the Mills Corporation could not predict the outcome of the lawsuits.

Inquiries have been made with the developer regarding the occurrence of any significant event and significant events are described above.

### **B. LISTED EVENTS**

Pursuant to the Continuing Disclosure Agreement, listed events include the following:

- (i) delinquency in payment when due of any principal of or interest on the Bonds;
- (ii) occurrence of any material default under the Indenture (other than as described in clause (i) above);
- (iii) draws on the Bond Reserve Fund;

- (iv) substitution of the credit provider for cash deposits in the Bond Reserve Fund, or their failure to perform;
- (v) adverse tax opinions or events affecting the tax-status of intent on the Bonds;
- (vi) amendment to the Indenture modifying the rights of the bondholders;
- (vii) giving of notice of optional or unscheduled redemption of Bonds;
- (viii) defeasance of Bonds or any portion thereof;
- (ix) the release or substitution of property securing repayment of the Bonds; and
- (x) any change in rating, if any, on the Bonds;
- (xi) the continuing disclosure event notices provided to the administrator by the developer as more particularly set forth in the developers continuing disclosure agreement.

The administrator is not aware of the occurrence of any notice events except those reported by the developer and described above.