

PROGRESS REPORT

YEAR IV
JUNE 2007



CINCINNATI
CENTER CITY
DEVELOPMENT
CORPORATION

Real Momentum ... Exceeding Expectations ... Substantial Progress

ENCOURAGING RESULTS



Fountain Square ... Real Momentum

3CDC's role in the redesign, reconstruction and management of our city's center – Fountain Square – is progressing well and has stimulated significant additional private sector investment throughout the Fountain Square District. "Start at the Square and go from there," is really working, and in more ways than one.

FOUNTAIN SQUARE REDEVELOPMENT

• The \$45 million Fountain Square redevelopment is approximately 85% complete with the new restaurant targeted to open in the Fall. Fifth Third's reconstruction of their façade is expected to be complete by mid-August allowing us to complete the northern section of the plaza by mid-fall.

Designing city's 'hot spot'

"The hallmark of a great city is a meeting or gathering place at its heart. The Square now provides that."

Sean Rugless
President, Cincinnati USA
Regional Tourism Network
Cincinnati Enquirer
June 29, 2007

• The newly-renovated Fountain Square North Garage, which reopened to the public on November 24, 2007, includes extensive concrete repairs, new traffic coating, upgraded lighting, state-of-the-art security and automated pay stations.

• Through the Fountain Square Management Group, we have entered into a service contract with Central Parking to manage the day-to-day operations of the Fountain Square North garage.

• The completion of the sidewalk along the south side of Fifth Street in front of The Westin and the US Bank Tower significantly improved the appearance of the streetscape and provided a new surface to accommodate McCormick & Schmick's outdoor restaurant seating.

• A lease was executed for the new 4,189 square foot Fountain Square restaurant pavilion building for Via Vite, a new Italian bistro concept by local restaurateur Nicola Pietoso (Nicola's Ristorante Italiano). Via Vite anticipates opening in Fall 2007.

FOUNTAIN SQUARE MANAGEMENT

The physical transformation of the Square was only the first part of the revitalization. Now the real work begins in maintaining the facility, creating a safe and clean atmosphere, providing excellent customer service, and programming the plaza with consistent activities and signature events. These things bring the Square to life and create a spark for the rest of the City. There is a buzz around the Square creating positive media coverage that will ultimately change perception of downtown.

. The Fountain Square Management Group (FSMG) has partnered with several organizations to operate and maintain the Square on a daily basis and this team is now fully operational:

- Landscaping - Cincinnati Park Board
- Cleaning and Security – Downtown Cincinnati Inc./Block by Block
- Skating Rink – Cincinnati Recreation Commission
- Fountain Maintenance – City of Cincinnati
- Free Wi-Fi – Lily Pad
- Cable and Internet – Time Warner Cable

. We opened the new state-of-the-art skating facility on November 24, 2006. The new rink attracted over 40,000 skaters during the season whereas in the previous season the total attendance was 14,195.

. We established a 12-month event calendar for the year projecting more than 500 events on Fountain Square. Major events produced include:

- Grand Re-opening
- Broomball League and Contusion Bowl
- Flower Carpet
- Macy's Fashion Show
- World's Largest Mentos and Soda Geyser
- Circus Circus
- Office Olympics

. We created an ongoing series of daily events which include:

- Tuesday Night Karaoke
- Fine Arts Wednesday
- Game Show Wednesday Night
- Thursday Acoustic Lunch
- Thursday Night Dancing on the Square
- Friday Rock the Square
- Saturday Movie Night

- . The events occur in partnership with the following major sponsors:
 - Procter & Gamble
 - Macy's
 - Mentos
 - Staples
 - Downtowner
 - Budweiser
 - Time Warner Cable
 - City of Cincinnati

- . We began operating the new state-of-the-art LED board on October 14, 2006. The LED board supports and enhances events on the Square and also provides a public viewing area for Reds and Bengals games as well as movies. FSMG has used the LED board to promote Cincinnati's civic and arts groups.

- . We established a fund at the Greater Cincinnati Foundation to support the long-term financial health of the Square's landscape maintenance and programming. This was made possible through the generous contribution of John and Phyllis Smale. We also received a generous contribution from the Crosset Family Fund.

FOUNTAIN SQUARE DISTRICT

The \$45 million revitalization that has taken place at Fountain Square has served as a catalyst for many properties in the Fountain Square District where over \$53 million in private investment has been made in several downtown assets. This new investment will generate approximately \$1,145,000 in new annual property tax revenue. The investments include the following properties:

- . **525 Vine Street** completed major building improvements which have increased the office occupancy of the building from 60% to 94% and also attracted a new downtown men's clothing retailer, **Jos. A. Banks**, which opened in the street-level retail space in July 2006.

- . **Carew Tower** has leased over 10,000 SF of the former Limited space to **Boi Na Braza**, a Brazilian Steakhouse concept based in Dallas, which opened in June 2007 at the Fifth and Vine Street location. **Morton's Steakhouse** is relocating to the second floor of Carew Tower in approximately 9,500 SF with an anticipated opening in August 2007.

- . **Fifth Third** began construction on the new façade of their five-story building on Fountain Square in December 2006. Their first new tenant, **Cadillac Ranch Bar and Grill**, opened in June 2007 occupying 9,000 SF at the corner of Sixth and Walnut Streets. **Graeter's** will return to downtown Cincinnati later this summer in the Fifth Third Tower. **Rock Bottom Brewery**, an existing restaurant tenant, will renovate the exterior of their space with new outdoor dining.

- . **The 580 Building** announced that the **Oceanaire Seafood Room** will occupy 8,500 SF in their newly-renovated Sixth and Walnut corner location. This high-end seafood chain is anticipated to open by first quarter 2008. The building has also created approximately 35,000 square feet of retail space at street level.
- . **The Westin Cincinnati** celebrated the grand opening of **Ingredients**, a made-to-order casual dining establishment, in October 2006. **McCormick & Schmick's Seafood Restaurant** opened in November 2007. In addition, The Westin made a major capital investment in their hotel rooms and common areas.
- . **Nada** will open on the corner of Sixth and Walnut in the space formerly occupied by Bella Restaurant. The owner of the popular Oakley restaurant, Boca, announced that the opening will occur before Christmas 2007. Adjacent to the Aronoff Center for the Arts, it will add to a dynamic corner with Cadillac Ranch at the diagonal, Oceanaire Seafood Room directly south, and the Contemporary Arts Center immediately west.

Additional investment in the District includes these projects for which The Cincinnati Equity Fund, Ltd. (CEF) provided financing:

- . **The Lofts at Fountain Square**, located in the 400 block of Vine Street, is a \$5.3 million, 18 unit condominium development which includes the expansion of Jean Ro's Bistro. The mixed use development is scheduled for completion by spring 2008. To date, ten units have been sold.
- . **The McAlpin** is a \$24 million project spanning three buildings encompassing the former McAlpin's Department Store. Of the 64 residential condominium units, approximately 35% have been sold with the first residents taking occupancy in April 2007. In addition to residential units, the project includes about 7,500 square feet of street level retail.

Over-the-Rhine ... Exceeding Expectations

“A Neighborhood wouldn’t be a neighborhood if you weren’t working on the fundamentals.”

Nancy Zimpher, President, University of Cincinnati
June 25, 2007 OTR Chamber Annual Meeting

3CDC continues its work on the fundamentals to revitalize Over-the-Rhine (OTR) as a vibrant, economically and racially diverse mixed-use community. Our focus on the things that create a sense of neighborhood - safety, cleanliness, good housing stock, and an important sense of place – has earned a positive response from the marketplace. Actually, it has exceeded even our own expectations.

The following summary highlights last year’s progress:

- Investment continues in the **Gateway Quarter**, with over \$20.2 million in total new investment, including \$16 million from the corporate community, which has been used to create 79 new housing units and over 20,000 square feet of commercial space. The projects are over 90% complete.
- Sales and leasing activity is at a faster pace than projected, including renewed sales activity at the **Gateway Condos**. Over one-third of the 93 condominium units in the Quarter have been sold.
- **Commercial leasing** activity has been stronger than expected, with a quality mix of retailers along Vine Street, as you can see below:

<u>Name</u>	<u>SF</u>	<u>Address</u>	<u>Type of Use</u>	<u>Opening</u>
Metronation	2,650	1213 Vine	Home Furnishings	Open
Jean Robert (unnamed)	1,680	1211 Vine	Restaurant	October 15, 2007
Incredible Creations	2,240	1207-09 Vine	Salon/Spa	Fall 2007
Mica	1,455	1201-03 Vine	Home Furnishings	Late Summer 2007
Gateway Quarter Sales Center	1,050	1135 Vine	Condo Sales	Open
City Roots	1,420	1133 Vine	Urban Gardening	Open
Trinity Clark Insurance	670	13 W. 12th	Insurance Broker	Summer 2007
Fifth Third City Living/Model Realty	850	20 W. 12th	Mortgage/Realty	Open

- We invested over \$3.3 million in private funds to purchase over 30 vacant and/or abandoned buildings and lots in OTR, bringing our total investment in property throughout this neighborhood to over \$12 million. Most notably, we purchased four problem carryout stores, two properties known for criminal activity, and three buildings providing opportunities for future development.

- The City and 3CDC joined forces to clean, board, secure, maintain, environmentally remediate, light and fence blighted properties under our control until they can be redeveloped. Working with the Cincinnati Police Department, as well as other City agencies charged with enforcing health and building codes, we convened monthly meetings targeting safe and clean issues in OTR.
- We worked with the City of Cincinnati and the Corporation for **Findlay Market** to rehabilitate the storefronts and facades of 6 vacant buildings on Elder Street, just south of the historic Findlay Market. We funded the design and architectural work for the project, totaling approximately \$40,000, oversaw the rehabilitation work, and secured a \$500,000 grant from The City of Cincinnati for the renovation costs.
- Working in collaboration with the Cincinnati Park Board, we developed a community-led planning process for the redesign and expansion of **Washington Park**. This work is meant to coincide with the closing and demolition of Washington Park Elementary, which will allow for a significant expansion of the Park itself.
- We continue to refine plans for **Music Hall Square**, a mixed-use project adjacent to Music Hall that includes a 630 space public parking facility. Conceptual designs of the new structures have been presented to stakeholders, residents and the general public.
- We planned and implemented three community engagement sessions in fall 2006 on the following topics: 3CDC Overview and Update to the Community, Music Hall Square and Neighborhood School, and Washington Park Update. Over 400 people attended and provided feedback on our planning principles and developments plans, all of which was transcribed to our website.
- We collaborated with Over-the-Rhine Community Housing on a number of projects, including securing a \$100,000 grant from the Greater Cincinnati Foundation for the development of a soft second mortgage program to aid low-income households' ability to purchase new homes in Over-the-Rhine. In addition, both parties are finalizing plans for the development of **City Home**, a mixed-income, mixed-use development located just north of Washington Park along Pleasant Street.
- We have plans to work with several development teams to begin new projects in fall 2007. These projects include 82 new condominiums and over 15,000 square feet of commercial space north of the Gateway Quarter. We also plan to develop 26 new condominiums and 2,000 square feet of commercial space along Main Street to help support the transformation of this important commercial and residential corridor. The mixed-use projects have a total development cost of \$31 million.

The Banks ... Substantial Progress

In May 2006, the City of Cincinnati and Hamilton County formed the five-member Banks Working Group (BWG) to move the long-stalled riverfront development forward. 3CDC was represented on the BWG with the strong leadership of Bob Castellini and the involvement of Steve Leeper.

An indication of the substantial progress being made, on June 14, 2007, the BWG selected an Atlanta-based master development team of the Carter Development Group and the Harold A. Dawson Company and unanimously approved a term sheet outlining an agreement in principle as to the terms on which this development team will serve as master developer for the Banks project.

The BWG was charged with:

- Making recommendations that will facilitate an agreement on the scope of the required public infrastructure including the additional garages, streets/utilities and the Central Riverfront Park,
- Developing a comprehensive funding and financing plan regarding all of the public projects for recommendation to the City and County,
- Recommending a small business, economic inclusion and workforce development policy framework to the City and County,
- Identifying and recommending a development team to the City and County, and
- Negotiating a Master Development Agreement for recommendation to the City and County.

The term sheet outlines the master developer agreement including:

- The project phasing, starting the development on the eastern end, creating critical mass, and then moving west. The park development will follow this pattern.
- The public infrastructure elements of the project -- parking, streets, utilities, podium, and the park.
- The private development, a mixed-use development above the podium, includes parking, retail, housing, office and hospitality. The agreement calls for at least 300 apartment units in Phase 1A, 100 condominium units in Phase 1B, and 70,000 square feet of retail with the potential for office space in the first phase.
- A Policy Framework for Economic Inclusion and Workforce Development that will guide the Banks project, including requirements for Responsible Contracting policies.
- The private development scope plans and financing for the future phases of the project.