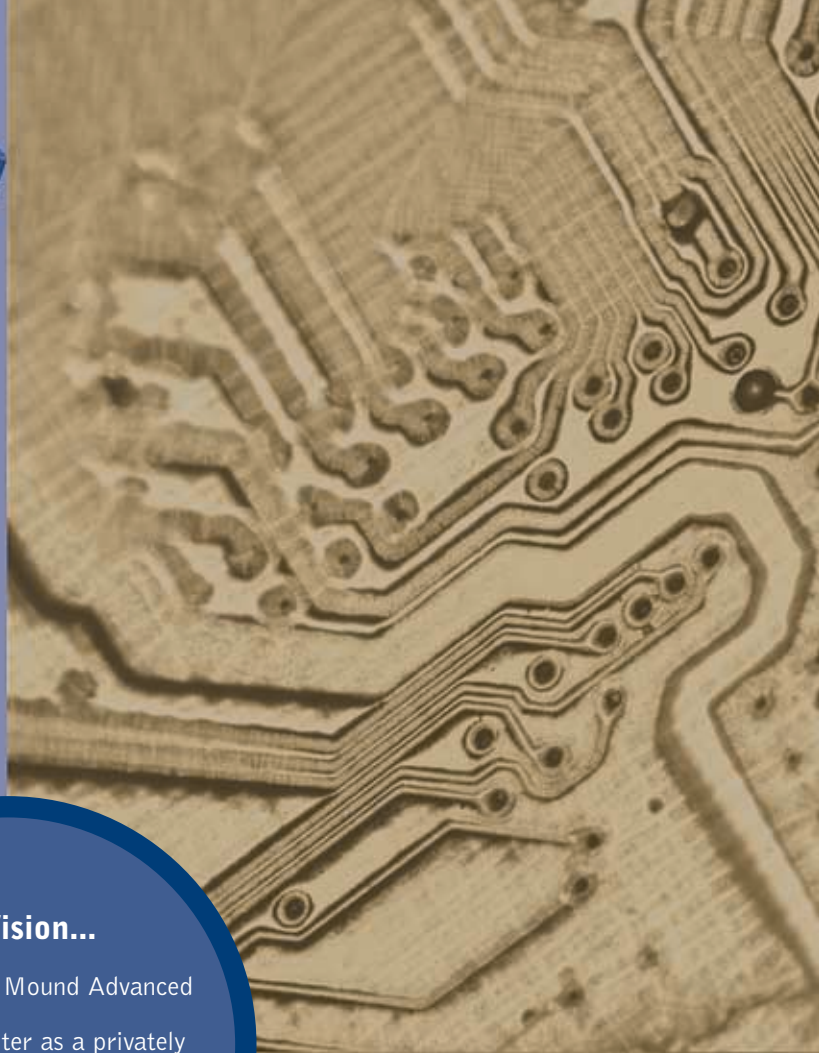


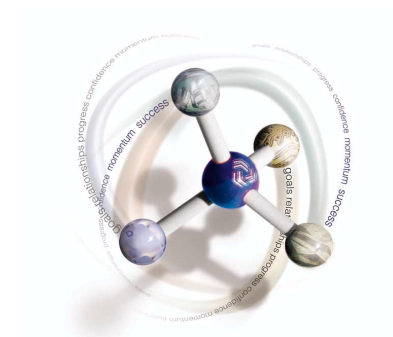


Discovering the
Power of One

Mound Advanced Technology Center



Our Vision...
 To establish the Mound Advanced Technology Center as a privately owned, economically viable industry and technology park.



Collaboration is the Key

2003 was a year of remarkable progress and unprecedented **momentum...** of historic **milestones** and bold new **initiatives...** of exciting **beginnings** and successful **conclusions.** It was a landmark year for the MMCIC in its mission to transform the Mound Advanced Technology Center from a Department of Energy defense weapons installation and former Superfund site into a modern industry and technology park.

The **successes** of 2003 were largely driven by collaborative **relationships.** Having gained the **confidence** of private sector entities, MMCIC was able to secure their financial participation in the **construction** of a new building on the Mound campus. And the ability of MMCIC, DOE and CH2M Hill, the environmental remediation contractor, to forge a close working relationship focused on a common **vision** – Mound’s reuse – has resulted in an integrated approach that has paid off in terms of progress toward cleanup and the community’s ultimate **goals** for the site.

Thus it was a year of building relationships, nurturing close collaboration, working toward a common vision and **discovering the “power of one.”**

Highlights Pace Progress

Many events converged during 2003 to set dynamic progress in motion. One of the most significant represents the private sector's vote of confidence in the future of the Mound Advanced Technology Center. The construction of a new 24,000-square-foot "flex" building near the Dayton-Cincinnati Pike entrance of the Mound Advanced Technology Center is a breakthrough for the redevelopment effort because it is being partially financed by a private lending institution, Fifth/Third Bank.

The building, one of the nation's first new construction projects to be built on a former nuclear weapons site, will accommodate office, warehouse or light-manufacturing uses for up to five business tenants and support some 50 jobs. It will help to fill the demand for space at the business park, which currently enjoys 85 percent occupancy of its leasable space.

The catalyst for much of the progress made in 2003 was DOE's decision in 2002 to pursue accelerated environmental cleanup at Mound through a performance-based contract. An equally sound decision was the selection of cleanup contractor CH2M Hill, a company with pertinent experience, an aggressive plan, a strong management team and corporate commitment to the project. The contract calls for cleanup and property transfer to be completed by March 2006, with incentives to the contractor if closure is achieved safely, early and below cost. As of the end of 2003, the project was two months ahead of schedule, and DOE was successful in acquiring "forward" funding to allow the contractor to continue working at an accelerated pace. The "forward" funding demonstrates DOE's confidence in the performance of the contractor and Mound's priority to the department's environmental program.

From the perspective of MMCIC – and the community – it was exciting to see the Mound campus as a hotbed of activity during 2003. Twenty-three buildings were demolished, while five others were prepared for reuse. Over 1 million cubic feet of contaminated soil was removed, the last of the classified wastes was shipped to approved disposal facilities and 3,600 items of government property were dispositioned. At the same time, fences came down, and over \$1.3 million was invested in building renovations and utility infrastructure. In a word, the Mound landscape changed dramatically – and quickly – during 2003.

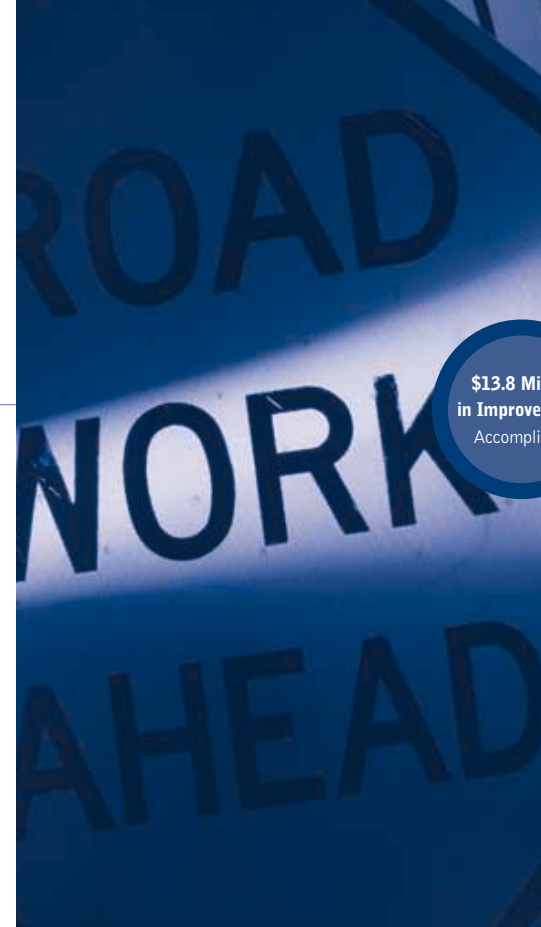
Plans Updated and Integrated

For those directly involved in the project, change was also evident in the high level of collaboration among DOE, MMCIC and the contractor. Thanks to CH2M Hill's cooperative, "can-do" attitude, the contractor's cleanup plan and MMCIC's reuse plan were adjusted and integrated to achieve maximum efficiency. Thus, the timing and scope of each cleanup activity is now evaluated to ensure that it does not impede – and in fact supports – improvements being made for long-term reuse. For example, when a building is demolished or soil is removed, CH2M Hill uses the grading plan elevations developed during the Comprehensive Reuse Plan update to determine the final elevation at which they will leave the area. This will help MMCIC avoid those grading costs in the future.

Further examples of cooperation include the formal agreements between MMCIC and CH2M Hill to share the costs of decentralizing utilities. In another step toward Mound's future as a private enterprise, the contractor has agreed to transfer responsibility for fire and emergency services to the City of Miamisburg.

85% of
Leasable Space
Occupied
In 2003

\$1.3 Million
Invested in
Renovation and
Infrastructure



During 2003, MMCIC completed an update of the Mound Comprehensive Reuse Plan, which was first developed and adopted in 1997. The new document incorporates changes that reflect current circumstances and benefits from the experience gained over the first six years of the redevelopment process. The plan's scope is comprehensive, and its cost estimates are budget-quality. It includes a schedule that has been integrated with the cleanup work and implementation costs estimated at \$55.8 million, some \$7.5 million more than the original projection. These additional costs can be attributed to the effects of inflation between 1997 and 2004, the delay in cleanup between 2003 and 2006, the servicing of 40 additional acres as part of the development plan and the addition of new facilities.

Improvements Continued

Accelerated cleanup, while good news, also challenges MMCIC to re-invigorate its marketing efforts and keep pace with the repairs, renovations and improvements needed to make the property marketable to the private sector. To date, \$13.8 million in improvements to roadways, utilities and facilities has been accomplished. As 2004 began, MMCIC was managing additional projects valued at nearly \$4.1 million.

Most recently, the focus of improvements has been the connection of Mound facilities to public utilities. During its defense mission, the site's security was safeguarded by keeping it independent of conventional utility sources. This arrangement is impractical, however, for a commercial development with multiple business tenants. Thus, in 2003, MMCIC undertook decentralization projects in two buildings, OSE and COS, at a cost of \$1.57 million. As a result, heating, ventilation

and air conditioning, as well as telephone, electrical and water services to these facilities, will be coming from public sources.

The utility decentralization in the COS building paves the way for MMCIC to bring to the marketplace 60,000 square feet of finished laboratory space. OSE will add approximately 90,000 square feet of space, including office space,



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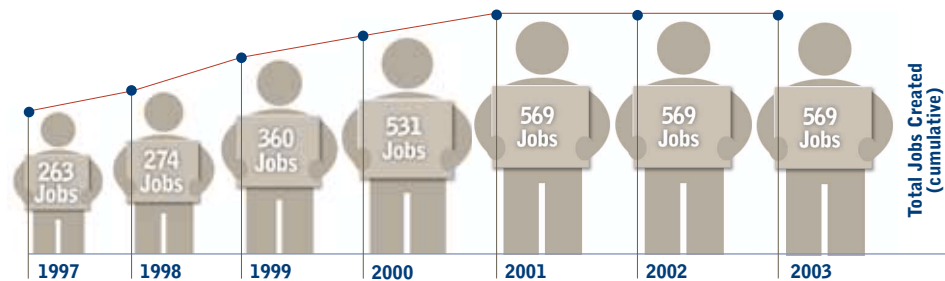


an auditorium and a cafeteria, to MMCIC's inventory available for lease. This building is scheduled for transfer to MMCIC in December 2004.

One consideration addressed in the Comprehensive Reuse Plan is the issue of access to the Mound site. While the addition of a new interchange at Austin Road and Interstate 75 (a proposal being promoted by regional officials) would resolve accessibility by highway, surface streets leading to the business park must also be upgraded to meet higher standards. Thus, MMCIC has worked with the City of Miamisburg to support the regional Transportation Improvement District in its acquisition of \$5 million in Montgomery County ED/GE funding as well as \$14 million in State of Ohio funding for the new Austin Road interchange with I-75. At the same time, a plan is being developed by the district to address the improvement of roadways between the new interchange and the Mound site.

Sales and Marketing Take Priority

With environmentally cleaned up property rapidly becoming available for development, MMCIC has recognized the need to prepare for the brokerage and marketing of land and lease space. Thus a process to find a brokerage firm was initiated in 2003 and resulted in a listing agreement for the new "flex" building with the local firm of Mark Fornes Realty.



Also, the search was launched for assistance with the development and implementation of branding and marketing plans for the Mound Advanced Technology Center. As a result, a number of local firms have been qualified for participation in various aspects of the marketing program. The first step, the complex process of creating a Mound Advanced Technology Center brand that will set the stage for future marketing efforts, was begun in 2003, and will be concluded in early 2004.



The ultimate measure of MMCIC's success will be in the number of jobs created.

Working through the brand-development process has brought to light MMCIC's need for in-house marketing capabilities. To that end, the organization's board of trustees approved in 2003 the creation of two marketing positions that will be responsible for MATC positioning, implementation of marketing plans and programs, business recruitment and market analysis. These positions will be filled during the second quarter of 2004, with the goals of regaining the momentum lost due to cleanup delays and establishing the MATC as a site of choice in the marketplace.

Economic Development is the Bottom Line

The ultimate measure of MMCIC's success will be in the number of jobs created. Since the redevelopment project's inception, 569 jobs have been created and 41 companies have located at the Mound Advanced Technology Center. At the end of 2003, the site was home to 21 businesses with 221 employees. Employment by DOE and the environmental contractor stood at 461 at the end of the year.

In order to allow cleanup to proceed on a fast track, DOE moved its Ohio Field Office workers from the prime office space they occupied at Mound to the department's Springdale site near Cincinnati. Unfortunately, this resulted in the loss of 120 jobs to the community. The good news is that this move will allow MMCIC to add new "product" to its current inventory of 180,000 square feet of available light-manufacturing, office and laboratory space. The office building will help to fill demand at the site, which is significant considering the occupancy rate during 2003 averaged 85 percent.

Most Mound Advanced Technology Center businesses continued to enjoy success during 2003. Especially exciting have been the companies pursuing high-profile research projects with far-reaching impact. For example, Mound Laser and Photonics Center, in conjunction with the University of Dayton Research Institute and the Air Force Research Laboratory, is working to develop innovative laser microfabrication processes that will help satisfy the ever-growing demand for miniaturized components in both defense-related and commercial applications. In fact, company officials are committed to the vision of creating a laser microfabrication center of excellence at the Mound Advanced Technology Center.

Two additional Mound companies — Inorganic Specialists and Mound Technical Solutions — are collaborating also with the University of Dayton Research Institute as well as Sinclair Community College, the Battelle Institute and a local machine shop to design and manufacture next-generation fuel cell test equipment. This cutting-edge research represents significant progress toward the commercialization of fuel cells and the fuel-cell testing technologies developed by the two Mound companies involved in the project.



569 Jobs Created

41 Companies Located at MATC Since Inception

Currently Home to 21 Businesses with 221 Employees

During the course of the year, MMCIC intensified its involvement with the Dayton Development Coalition and its site selection group as a means of promoting economic development at the Mound site. By working with this economic development organization, MMCIC hopes to gain higher visibility among executives seeking to locate - or relocate - their companies to the Dayton region.

Financial Resources Support Redevelopment

Since its inception, the Mound redevelopment effort has enjoyed broad-based financial support. Over the years, grants and assistance totaling nearly \$22 million have been acquired through the Department of Energy, the U.S. Department of Commerce, the State of Ohio, Montgomery County, the City of Miamisburg and private investment. Of that total, more than \$1.7 million was acquired in 2003.

In addition to grants and direct investments, MMCIC has been able to gain \$2.6 million in additional resources for implementation of the Comprehensive Reuse Plan by taking advantage of plan efficiencies, which are accomplished when environmental cleanup activities and redevelopment initiatives are coordinated. During 2003, nearly \$1.7 million in such efficiencies were identified, and \$420,600 in savings was realized.

The City of Miamisburg has provided yet another source of support through its incentives. For example, MMCIC derived savings on waived building permit fees for the construction of the "flex" building. Also, the city has provided development incentives for the Mound Advanced Technology Center by designating the site as a tax-abatement area.

2004... and Beyond

While 2003 brought sweeping changes, improvements and successes on many levels, MMCIC cannot afford to rest on its accomplishments. The challenges facing the organization are significant. Marketing and sales will be critically important to the site's success, so plans must be well thought out and targeted. Also, roadway improvements to provide appropriate access to the site must be planned, implemented and funded.

2004 will bring more dramatic changes to the Mound landscape. The "flex" building will be completed, utilities will be provided primarily through conventional means and two more existing buildings will be prepared for market. At the site's southern boundary, Benner Road will undergo the last stages of its upgrade to a modern thoroughfare.

MMCIC will continue to pursue funding for ongoing implementation of the Comprehensive Reuse Plan and look for ways to integrate the activities required for both cleanup and reuse. Additional objectives include positioning of the organization for marketing and sales, with the goals of filling available space and expanding the existing base of Mound businesses. Another important undertaking will be the resolution of all issues related to the deed and future ownership.



2003 was a beginning, and an end. It opened the door to the final stages of Mound's transformation from a defense weapons site to a modern industry and technology park. While the end of the redevelopment process is in sight, there is a long way to go before the Mound Advanced Technology Center reaches its ultimate destiny as a viable enterprise and a significant contributor to the region's business and technology profile. It will take teamwork, collaboration and the continued integration of efforts by the entities involved. **It will take the power of one.**

Mound Redevelopment Funding

Goal of \$55.8 Million

\$31.7
Unfunded Balance

Plan Efficiencies

\$2.6

Community

\$10.5

Department of Energy

\$11.0