

Our Future
in Focus.



P.O. Box 232 • Miamisburg, OH 45343-0232
Phone 937.865.4462 • Fax 937.865.4431
mmcic@mound.com • www.mound.com





“This project is unique”

“Mound is the first former DOE site where clean up is well under way and significant portions turned over to a private entity for redevelopment. As such, this project is unique, and it can be used as a model for future DOE cleanup and redevelopment.”

– U.S. Representative Mike Turner



Then and Now

Our Future in Focus.

A decade ago, the Miamisburg Mound Community Improvement Corporation set out on the journey to create a new future for Mound. While the destination was clearly expressed in the community’s vision for the site, the path was far less certain. In fact, it was unmarked, unpredictable and frequently trying.

At times the obstacles seemed insurmountable, and the goals, unreachable. Even so, our commitment prevailed, and after ten years of hard work, we find the vision within our reach.

SETTING THE STANDARD. Since the earliest days of the Mound redevelopment effort, the Department of Energy has recognized MMCIC’s approach as a national model for the reuse of DOE defense facilities. While noted for its community involvement, stakeholder support and strong leadership, the approach has set the standard for results in terms of job creation, cleanup and physical improvements. No other Superfund-designated DOE site has come as far as Mound in terms of progress toward commercialization.

PREPARING FOR A NEW BEGINNING. As we came into 2004, Mound’s future as a full-fledged business and technology park had become a near certainty. Environmental cleanup was on schedule for completion in 2005, marketing strategies and plans had been formulated, the capital improvements needed to commercialize the site were moving forward and support for the effort grew. The momentum was strong, and it continued to gain strength every day.



Highlights and accomplishments in 2004.

ENVIRONMENTAL CLEANUP

Achieving the community's vision for Mound has been driven by the progress of environmental cleanup at the site. The good news in 2004 was that cleanup continued at the brisk pace required by DOE's performance-based contract with CH2M Hill. That 2002 agreement set out an ambitious schedule calling for cleanup to be completed by 2005, with transfer of the property to MMCIC to follow by mid-2006. At the end of 2004, the contractor's work was on schedule and nearly \$8 million under budget. These were among the milestones accomplished:

- 45 buildings and two water towers removed
- Over 4 million cubic feet of contaminated soil excavated
- Last shipment of classified waste completed

IMPROVEMENTS

A critical prerequisite for Mound's reuse is the physical makeover of the site to an attractive business environment that can compete in the marketplace. Some \$55 million in capital improvement needs have been identified in the Mound comprehensive reuse plan, and to date, we have invested more than \$19 million to implement the plan.

While improvements to roadways, parking lots and landscaping have provided high-profile evidence of progress, equally important – although far less visible – are changes being made to the site's infrastructure. These changes reflect the new Mound, emerging from the days when it was a tightly guarded defense weapons site that, for security purposes, operated independently of public utilities. The connection of water, sewer, power,

heating, cooling and telephone services to conventional sources will provide MMCIC the capability to serve multiple tenants in a business park setting.

In 2004, MMCIC managed some \$3.7 million in capital projects, including these major initiatives:

The Benner Road project at Mound's southern boundary, involved rebuilding and repaving the roadway, and the addition of curbs, gutters, sidewalks, street lighting and storm drainage. This represents the last 1,200 feet of roadway improvements around the perimeter of the site. The \$450,000 project was made possible when the Economic Development Administration approved the use of funds left over from the 2003 construction of Vanguard Boulevard and the site's southern entrance from Cincinnati-Dayton Road.

A 24,000-square-foot flex building was completed – and occupied – within ten months of groundbreaking. It represents one of the nation's first new construction projects to be built on a former nuclear weapons site. The building was pre-leased to RPS Technologies Inc., a distributor of automotive component parts.

During 2004, MMCIC invested \$650,000 in **connecting Mound to the city of Miamisburg's water system, decentralizing telephone services throughout the campus, and replacing the COS Lab Building's heating, ventilation and air conditioning system.** A similar HVAC project has been undertaken in the OSE Office Building, to be completed in 2005.

Three façade restoration projects got underway in 2004, at an estimated cost of \$180,000. These efforts will result in exterior repairs, due to remediation and demolition for buildings OSE, OSW and COS, moving

the campus toward a visually pleasing and coordinated look for the most prominent structures remaining on the Mound site once cleanup is finished.

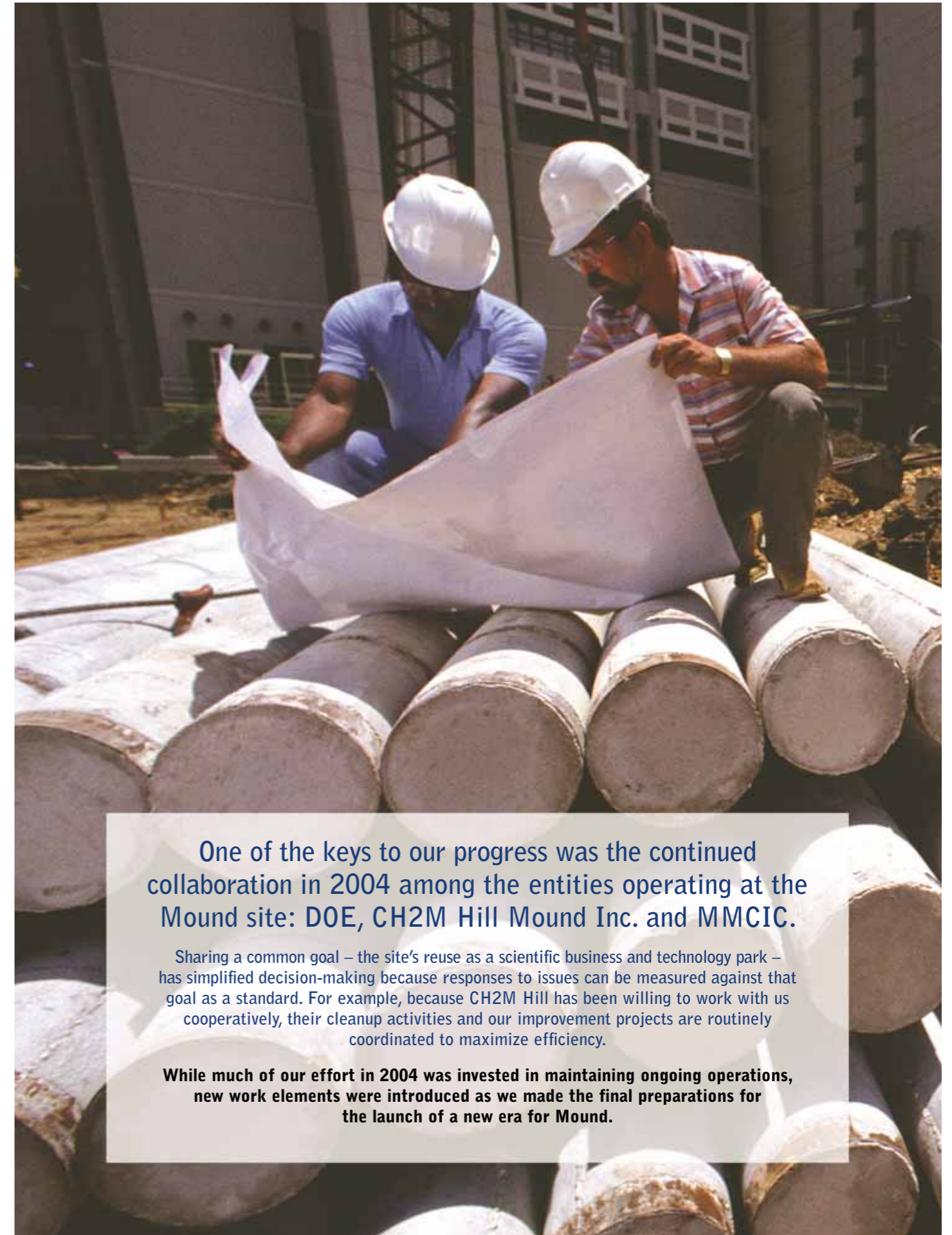
During 2004, we continued to build on our track record for efficiency and sound management of capital projects, which have generally been completed on schedule and have run 14 percent below budget, on average.

MARKETING

Mound's future as a business and technology park hinges on its competitiveness in the marketplace. To that end, we conducted extensive market research, as part of the marketing plan development, to help guide Mound in its full-fledged entry into the marketplace. As we see it, key success factors will include:

- Positioning the site in a differentiated way to set it apart from other industrial and research parks
- Raising awareness of the site in the marketplace to attract new tenants
- Providing a business-friendly environment that promotes the retention of tenants while attracting new ones, and
- Working effectively with various public and private sector entities as partners.

The outcome of our research was a well-defined branding and marketing plan that we adopted in 2004. The marketing plan identifies our most attractive market segments, as well as the strategies and programs needed to pursue them. We have also taken the major step of hiring a marketing director and identifying the technology marketing staff that will lead our foray into the marketplace.



One of the keys to our progress was the continued collaboration in 2004 among the entities operating at the Mound site: DOE, CH2M Hill Mound Inc. and MMCIC.

Sharing a common goal – the site's reuse as a scientific business and technology park – has simplified decision-making because responses to issues can be measured against that goal as a standard. For example, because CH2M Hill has been willing to work with us cooperatively, their cleanup activities and our improvement projects are routinely coordinated to maximize efficiency.

While much of our effort in 2004 was invested in maintaining ongoing operations, new work elements were introduced as we made the final preparations for the launch of a new era for Mound.



At the same time, we have secured brokerage services for our real estate properties. While we are already implementing a number of marketing initiatives, a formal launch of the effort is planned.

ECONOMIC DEVELOPMENT

Results are the ultimate measure of MMCIC's success, and no results are more important than new jobs and business for our region. Since the first companies located at Mound in 1994, we have maintained a solid business base, and that trend continued through 2004.

Even though availability of space has limited new job creation, a total of 605 private sector jobs have been created since the inception of the Mound reuse project, and 42 companies have located on the Mound campus. Today, the site is home to 18 businesses with 198 employees. DOE and site contractor CH2M Hill also employ 312 workers on the site.

The demand for space at the Mound remains high. Of the 196,000 square feet of office, lab and light manufacturing space available, 171,000 square feet, or 87.3 percent, is under lease. New leases or lease renewals have been executed with nearly all our current tenants.

Fascinating success stories are generated for Mound through its various companies. Here are just a few:

Mound Technical Solutions Inc. and Inorganic Specialists Inc. have partnered in the development of testing equipment that supports the hydrogen fuel cell program of Ohio's Third Frontier initiative. The two Mound companies have been working with Case Western Reserve University, the University of Dayton Research Institute, Sinclair Community College, Battelle Institute, the Edison Material Technology Center and MMCIC on this high-profile project.

RPS Technologies Inc. is one of the newest tenants on the Mound campus. A distributor of automotive component parts, the company was seeking to consolidate

its domestic and international operations into one building, and found the new flex building to be a perfect match for its needs. Location, security and the flexibility in configuring the space were key selling points. The company pre-leased the building as construction was finished, and they have occupied it since July.

Perkin Elmer Optoelectronics, already the site's largest employer, announced plans to expand its product line of electronic safe arm and fire devices with a new line of smart weapons power systems. Company officials' projections of 75 additional jobs within five years and more than 200 jobs in 10 years netted a \$312,450 Montgomery County ED/GE grant in December 2004 to help support the first phase of this expansion. In addition to support from MMCIC, and further state and federal funding being sought, the money will be used to renovate and expand facilities, adding approximately 8,700 square feet of usable space as well as additional parking.

The Mound Laser and Photonics Center has evolved as a national leader in laser microfabrication, machining and welding. These advanced capabilities are significant to industry, and some experts foresee them becoming the catalyst for a new era of manufacturing in the Dayton region. MLPC, one of the original companies formed at Mound, has enjoyed success based on a business model that focuses on finding commercial applications for its public sector work.

We also continued to build closer working relationships with other economic development organizations such as the Dayton Development Coalition, Montgomery County's Department of Community and Economic Development and the State of Ohio's Department of Development. We remain committed to supporting the region's vision for its future as well as its goals for business development and job creation.



SUPPORT

This community's clear vision for Mound's future, MMCIC's sound management approach and substantially visible progress toward our goals have generated credibility with political leaders and stakeholders. This has been the foundation of our success in gaining financial support for capital improvements and MMCIC operations.

During 2004, for example, we acquired nearly \$900,000 in grants from federal and local sources. In addition to a \$250,000 Department of Energy block grant, Montgomery County contributed \$601,450 in ED/GE Program funds to support building modifications for two tenants. Furthermore, close collaboration with the environmental contractor has, in effect, allowed us to expand the resources available to us for improvements. By coordinating the schedules for environmental cleanup and reuse activities, we realized another \$922,000 in plan efficiencies during 2004.

For example, as CH2M Hill approaches demolition and excavation, they must disconnect electrical utilities. In one instance, we worked with the contractor and together concluded that the funds earmarked for CH2M Hill to provide temporary electrical service could instead be invested in a utility-decentralization project that would bring the system – and the site – closer to its desired end-state. As of the end of 2004, \$1.9 million in efficiencies had been achieved since the beginning of the Mound redevelopment effort.

Over the years, grants and assistance totaling \$24 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.

We were also very pleased to receive a vote of confidence from Congress late last year, when lawmakers approved \$4 million in the fiscal year 2005 budget for continued improvements at the site.

CHALLENGES

Every stage of Mound's redevelopment over the past decade has been marked by unique challenges. The early issues were the result of our blazing a new path: No community had attempted to commercialize a DOE nuclear weapons facility located in a populated area and also classified as an EPA Superfund site. The resolution of every issue we faced was a first.

Although the issues evolved over time, in 2004 we still faced challenges unique to our situation. For example, we worked with DOE and legal counsel to ensure that future owners of Mound property would be indemnified against environmental liability. Also, because of the many cleanup and improvement projects in progress at the site, we were challenged to prevent disruptions to our existing tenants' operations.

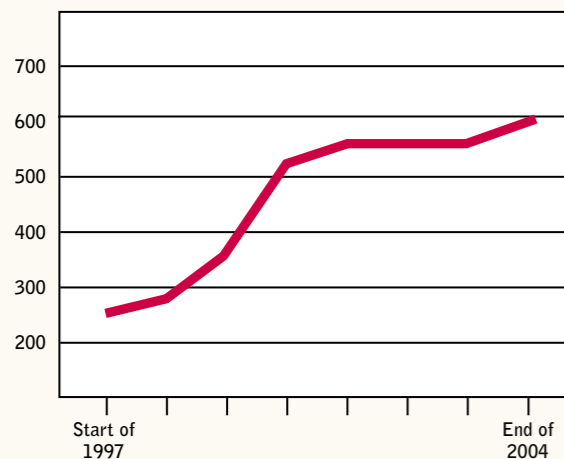
With Mound's new future in focus, we have identified the new challenges that await us, and have found most to be typical of any business park. For example, we are working to address our unique marketing issues, our positioning in the marketplace and improved roadway access to the site.

THE FUTURE

After a decade of hard work, problem solving and perseverance, MMCIC has reached the time when our longstanding vision for Mound as an industry and technology park is within reach. In 2004, we continued efforts to prepare the site – and ourselves - for the momentous days to come. Earth was moved, buildings came down, roadways were improved, and new utility systems were put in place. At the same time, markets were evaluated, industries targeted and strategies refined. All of these developments helped to bring sharper focus to our future.

We are now in the final stages of Mound's transformation from a defense weapons facility to a modern scientific business and technology park. In 2006, we will cross the threshold into a new era for Mound.

At last, our time has come.



Total Jobs Created

A total of 605 private sector jobs have been created since the inception of the Mound reuse project.

Funds	
DEPARTMENT OF ENERGY	\$11,000,000
COMMUNITY	\$11,100,000
PLAN EFFICIENCIES	\$1,900,000
TOTAL FUNDS ACQUIRED	\$24,000,000
UNFUNDED BALANCE	\$31,800,000
Goal of \$55.8 Million	

Mound Redevelopment Funding