



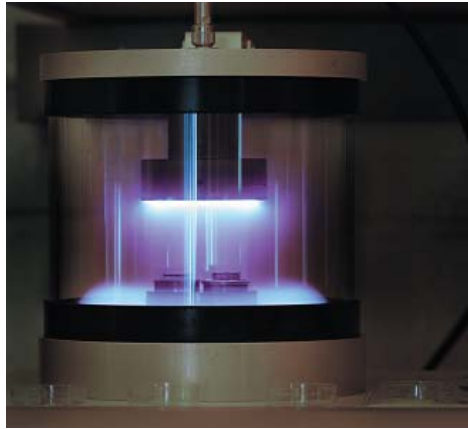
Defining a New Reality

Mound Advanced Technology Center

Miamisburg Mound Community Improvement Corp.
2005 Progress Report



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



Defining a New Reality

Mound now stands ready for its new future as a place where innovation thrives, a dynamic force in the area’s business and technology landscape. After a dozen years of trailblazing efforts, careful planning and hard work, the site is positioned for success in its renaissance as a commercial enterprise. Having collaborated with numerous partners to prepare the site for a new reality, MMCIC is proud to reintroduce Mound to the community as a valuable asset and a powerful contributor to the Dayton region’s economy with a technology focus on emerging energy, materials processing and advanced manufacturing.



2005 in review

2005 was a year of transition. While cleanup and property-transfer issues were being finalized, we also took steps to launch Mound as a business, including finalizing branding and marketing plans, establishing property brokerage relationships and partnering with key organizations in the community. We were able to strike the balance between making these preparations, continuing our capital improvements, serving our

existing tenant base and resolving the lingering challenges of implementing a DOE property transfer.

The following highlights represent the key activities and accomplishments that helped to move Mound closer to the vision for the site’s future as a business park and valuable asset to the community.



2005 Highlights and Accomplishments

Environmental Cleanup: It's Come a Long Way

Throughout the redevelopment process, achieving the community's vision for the Mound site has hinged on environmental cleanup. The ambitious cleanup schedule set out in the 2002 performance-based contract between DOE and environmental contractor CH2M Hill has pushed progress forward at a rapid pace, making it feasible to achieve the target of the site's closure as a DOE facility in 2006, with property transfer to the community soon to follow.

By the end of 2005, 48 of 66 buildings slated for demolition under CH2M Hill's contract were razed. Of the nine remaining buildings not owned by MMCIC, eight are environmentally clean and ready to be transferred and prepared for lease. Also, all sampling and excavation of "potential release sites" – areas of likely contamination – throughout the site were completed.

Significant progress was made in 2005 toward resolving a lingering environmental issue of concern to the community. Through a leadership effort spearheaded by Congressman Mike Turner and supported by the area's Congressional delegation, lawmakers earmarked \$30 million in the Energy and Water Development Appropriations bill for the cleanup of one final area of contamination on the Mound site known as OU-1. This was a critical step that will allow the federal government to fulfill its commitment to clean up the site to a level appropriate for industrial use. Congressman David Hobson, chairman of the House Appropriations Subcommittee on Energy and Water, was instrumental in this effort as he sponsored the legislation, while Senator Mike DeWine advocated in favor of the appropriation with the Senate's Energy and Water Committee.

Ownership: The Ultimate Milestone

Preparations were made in 2005 for the imminent transfer of three new parcels of land representing 52 acres. When this

action is completed, MMCIC will have ownership of 179 acres, or 58 percent of the 300-acre site. The transfer will also include three cleaned-up buildings that provide 54,000 square feet of office and manufacturing space. A portion of that space has already been committed for lease to a private business. With this transfer, MMCIC will have secured nearly 314,000 square feet of existing office, manufacturing and laboratory space.

Marketing and Sales: Getting Down to Business

Just as any business must implement branding and marketing strategies to ensure its success, we have turned our attention recently to positioning Mound for sales and marketing. One key area of progress was the identification of the "value proposition," the overriding advantage that differentiates the Mound Advanced Technology Center in the marketplace from similar business parks.

In addition, we completed a building profile library that includes comprehensive information about each existing building on the Mound campus. With this type of document at our fingertips, we are able to respond quickly and accurately to information requests from potential tenants.

Information about the land and space available at Mound is kept up-to-date within the resource networks maintained by regional organizations, such as the Dayton Development Coalition. We also have made a concerted effort to enhance the visibility of MMCIC and the Mound Advanced Technology Center with the area's foremost economic development groups. For example, we participated in key trade shows such as the Edison Material Technology Center's Fuel Cell Symposium and the Dayton Tooling and Machining Association's Advanced Manufacturing and Technology Show, the largest manufacturing show in the tri-state area.

Significant efforts also were invested in arriving at sales approaches for the

products Mound brings to the marketplace, namely real estate and technology. In fact, brokerage agreements with prominent local real estate firms were signed for two existing buildings, and the marketing of technology will be merged with regional efforts to build and enhance the area's technology-business base.

Improvements: Paving the Way

To be competitive in the marketplace, the Mound Advanced Technology Center must offer the physical assets that today's businesses demand. About \$55.1 million in needed capital improvements have been identified in the Mound comprehensive reuse plan, and to date, we have invested more than \$20.8 million to implement the plan.

As a DOE facility, the site has historically been served by its own independent water and sewer systems. Yet, as a private business park, it must be transitioned to conventional utilities. In 2005, two years of planning efforts came to fruition when the Mound site was switched to the City of Miamisburg's water system. The change has allowed for the water towers, so prominent in the Mound landscape, to be removed. The transition of the storm and sanitary sewer systems are pending.

During 2005, we also initiated the design and engineering for interior and exterior improvements to the buildings recently transferred to us. Our goal is to ensure not only their compliance with applicable building codes but also their serviceability and appearance. Exterior features such as access, parking lots and lighting have been the major areas of improvement. Interior work included items to prepare the buildings for the marketplace, such as painting, cleaning and general maintenance.

From the time we began implementing the Mound comprehensive reuse plan, we have worked hard to be good stewards of the resources entrusted to us. This has resulted in a track record for efficiency and effectiveness in the management of



In recent years, few sounds have been as welcome as the roar of heavy equipment moving earth and razing buildings. The accelerated schedule for environmental cleanup, begun by the Department of Energy in 2003, has been the key driver in progress toward our vision to redevelop and reuse this former defense weapons site as a scientific business and technology park. The momentum in this direction has been strong, and the community's cleanup goals, established at the outset of this effort, have all but been achieved. At last, we can look forward to the transfer of the site to MMCIC in terms of months rather than years.



our capital projects, which have generally been completed on schedule and have run 13 percent below budget, on average.

**Economic Development:
All Comes Down to Results**

Even as we prepare to launch initiatives to market and sell the Mound Advanced Technology Center, we have not lost sight of the great asset we have in our existing tenants. A number of these are scientists-turned-entrepreneurs, Mound employees who have created commercial businesses based on their technological expertise and occupied space at the site for ten years or more. In 2005, we focused on expressing our appreciation for our tenants with tenant-centered activities such as a cookout and a holiday open house.

The companies that have located at Mound have generated not only their own successes but also economic development results for the site. A total of 612 private sector jobs have been created since the inception of the Mound reuse project, and 42 companies have located on the Mound campus during that time. Today, the site is home to 18 businesses with 207 employees.

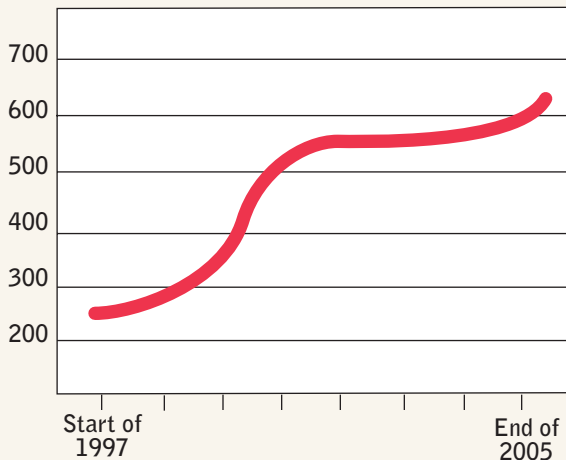
There are good signs for our prospects in the marketplace once the Mound property is transferred in its entirety to MMCIC and fully established as a

business park. The demand for office, lab and light manufacturing space at Mound has historically been high: the typical occupancy rate has been 80 percent over the past several years. Last year was different, however, because the transfer of an additional 100,000 square feet at the end of 2005 suddenly increased our square footage available to 313,749. Of that, 175,884 square feet, or 56 percent, are under lease. New multi-year leases or lease renewals have been executed with all existing clients.

We are committed to assisting our tenants generate commercial successes. Our strategies begin with business assistance, attractive lease terms and rates, and the opportunity to co-locate with other high-tech, scientific businesses, where they can establish relationships that generate productive synergies. In addition, we provide access to redundant utilities and a robust information-technology infrastructure, as well as assistance with identifying, acquiring and managing grants. Finally, we offer business acceleration services, such as marketing, public relations and access to the region's vast economic development network.

Among the businesses already established at Mound, several are gaining widespread attention as top performers in their own industries. Here are just a few:

- The newest company to locate at the Mound Advanced Technology Center is Precision Energy and Technology. Selected to participate in Ohio's Third Frontier Fuel Cell Initiative, the company is on the leading edge of manufacturing development for hydrogen fuel cells. Its main focus is manufacturing membrane electrode assemblies, the basic unit of the fuel cell that combines layers of various materials to generate electrical power. The company president was introduced to Mound at EMTEC's first membrane electrode assembly symposium in Dayton last fall, when an MMCIC representative recognized the site as the perfect match for the company's unique space and equipment needs. Precision Energy and Technology is leasing 2,000 square feet of lab space and converting equipment previously devoted to the manufacturing of flexible circuits.
- A partnership of two Mound-based companies, Mound Technical Solutions Inc. and Inorganic Specialists Inc., is emerging in Ohio's drive to lead the U.S. in the development of the hydrogen fuel cell as an alternative energy source. The companies were awarded a two-year \$600,000 grant from Ohio's Third Frontier Action Fund for the development, manufacture and marketing of next-generation, modular, comprehensive fuel-cell test systems. Collaborators on this project include Case Western Reserve University, University of Dayton Research Institute, EMTEC, MMCIC, Sinclair Community College and Battelle.
- The Mound Laser & Photonics Center Inc. remains one of the high-profile success stories at the Mound Advanced Technology Center. For the past five years, the company has been developing a laser microfabrication capability to meet the needs of both the U.S. Department of Defense and the commercial marketplace. The work has been made possible with a combination of the company's own investment and various DoD agencies' grants through the Small Business Innovation Research program, which provides research and development funding for small technol-



Total Jobs Created

A total of 612 private sector jobs have been created since the inception of the Mound reuse project.



ogy businesses. In 2005, the firm also received a \$175,000 grant from Ohio's Third Frontier Program to market the technologies developed to potential commercial customers.

We have found that our economic development strategy is enhanced through strategic partnerships with key organizations and institutions in our community. For example, we have solidified our relationship with the Dayton Development Coalition's Recruitment and Expansion effort, thus leveraging regional, national and international business recruitment efforts. In addition, we began collaboration with the Raj Sooin College of Business at Wright State University, through which we have received marketing assistance.

Support: Performance and Credibility Count

Sound management and accomplishments to date have resulted in solid credibility for MMCIC and the Mound redevelopment effort. This, in turn, has given our stakeholders and political leaders the confidence to become advocates in support of our efforts. Thus, Mound's redevelopment received the top ranking in the Dayton Development Coalition's regional priorities list. We were also well positioned last year to work with our Congressional delegation, especially

Congressman Mike Turner, as we sought the earmarking of \$30 million in federal dollars for the cleanup of the final area of contamination at the Mound site, known as OU-1. Without this critical victory, the site would have retained a significant environmental blemish, negatively impacting Mound's future as a business park.

During 2005, we acquired nearly \$4.1 million in grants from federal and local sources. Over the years, grants and assistance totaling more than \$26 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.

By collaborating with the environmental contractor, we have been able to achieve cost savings through careful schedule management and close coordination. Our goal is to identify "plan efficiencies," which are opportunities to utilize the work being done by CH2M Hill, the site cleanup contractor, to support reuse activities. For example, when we learned that the contractor was planning to put up metal sheeting to waterproof site buildings, we not only knew this would require a significant investment, but also felt it would detract from the appearance of the buildings. Thus, we worked

with CH2M Hill officials and arrived at an agreement that allowed us to take the \$25,000 that would have been spent on the original waterproofing plan and apply it toward our proposed final solution to the waterproofing issue.

Since the beginning of the Mound redevelopment effort, we have realized \$3.6 million in cost avoidance, with nearly \$195,000 of that having been realized in 2005. Thus, these efficiencies allow us to redirect resources to other needs that have been identified in the \$55.1 million Mound comprehensive reuse plan.

Challenges: Difficult, Complex, Surmountable

Bringing closure to the first chapter in Mound's history – as a defense weapons facility – will not be without its challenges. Even so, these issues must be resolved if we are to move forward in restoring the site to productive use. While the plan is for DOE to transfer a majority of the site to MMCIC in 2006, it will take until 2007 to remediate the area of contamination known as OU-1.

In addition to connection of site storm and sanitary sewer utilities to public systems, completion of the roadway, parking and building improvements identified in the \$55.1 million comprehensive reuse plan will have to be funded and implemented. Completing the redevelopment project will require significant resources, especially through private investment.

The Future: Opportunities in Store

We are at the threshold of a new day for Mound. Behind us are more than a decade worth of challenges and issues that many people saw as insurmountable. Yet, for the community, giving up was not an option. Integral to the community in terms of its location, its legacy, its economic impact and its potential, the Mound site had to be cleaned up and redeveloped. This is our legacy for the generations to come.

And now that Mound is nearly restored and redefined, we are ready – and excited – for the future and all the opportunity it holds in store.

Funds	
Department of Energy	\$15,000,000
Community	\$11,100,000
Plan Efficiencies	\$2,100,000
Total Funds Acquired	\$28,000,000
Unfunded Balance	\$26,900,000
Goal of \$55.1 Million	

Mound Redevelopment Funding



Mound Advanced Technology Center...
where innovation thrives.



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