

**PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY
SPECIAL OBLIGATION DEVELOPMENT REVENUE BONDS**

SPRINGDALE PUBLIC INFRASTRUCTURE PROJECT

**2018 REPORT ON THE ABATEMENT OF
THE ANNUAL REQUIRED INSTALLMENT OF THE
SPECIAL ASSESSMENTS**

Prepared By:

MUNICAP, INC.

July 27, 2018

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INTRODUCTION

The Port of Greater Cincinnati Development Authority (“Authority”) issued \$10,000,000.00 of special obligation development revenue bonds (“Bonds”) on October 25, 2006 to finance the Springdale Public Infrastructure Project (Phase II) pursuant to § 4582.21, *et seq.*, of the Ohio Revised Code and (i) a bond resolution adopted by the Authority’s Board of Directors, (ii) certain TIF Ordinances and special assessment legislation passed by the Council of the City of Springdale, Ohio (“City”), (iii) a Tax Increment and Special Assessment Financing Cooperative Agreement (“Cooperative Agreement”) dated October 1, 2006 by and among the Authority, the City and MEPT Pictoria LLC (“MEPT”), and (iv) a Trust Indenture dated October 1, 2006 (“Indenture”) by and between the Authority and U.S. Bank National Association, as Trustee.

The Bonds are convertible variable rate demand obligations, currently bearing interest at rates established annually (by the “Remarketing Agent” referred to below) and supported by a direct-pay letter of credit (“LOC”) issued by U.S. Bank National Association (“LOC Bank”). The Bonds, and draws on the LOC (or other credit facility issued to the Trustee in accordance with the Indenture), are to be repaid from City Contributions, which are defined to include (i) service payments, including payments in lieu of taxes (PILOTS), and (ii) to the extent such service payments are not sufficient, special assessments levied by the City on certain “Assessed Lands”, which consist solely of property within the “Pictoria Parcel” (referred to below and developed by MEPT) in the City (in Hamilton County, Ohio).

The City special assessments levied on the Assessed Lands are payable in twenty-four annual installments (or forty-eight semi-annual installments if determined by the County Auditor) over a twenty-four year period pursuant to § 727.01 *et seq.* of the Ohio Revised Code, as amended (the Special Assessment Act), Ordinance Number 42-2006, passed on August 2, 2006, pursuant to a Petition filed by MEPT (then the sole property owner of the Pictoria Parcel) with the City and dated as of July 27, 2006 (“Petition”). Pursuant to the Petition and the Cooperative Agreement, the special assessments levied for collection in any year (“Gross Annual Assessments”) may be abated (by the “Special Assessment Reduction Amount”) so that the amount certified to the County Auditor for collection on the Assessed Lands in any year is equal to the Annual Required Assessments for the applicable year. As indicated below, the Gross Annual Assessments levied for tax year 2018 (for collection in 2019) are equal to \$1,259,218.15. This report has been prepared to explain the methodology used to calculate the Special Assessment Reduction Amount, and the corresponding abatement of the Gross Annual Assessments, for collection year 2019. After the abatement of \$1,197,829.50 the Annual Required Assessments for collection year 2019 is \$61,388.65..

POST-CLOSING EVENTS AFFECTING REPORT

Prior to the closing of the bond issue, “Phase II” PILOTS were collected with respect to two real estate parcels (all Parcel ID numbers included herein are Hamilton County Auditor Parcel Identification Numbers): the parcel containing the site of the eight-story 253,353 square foot Pictoria Tower (then-existing Parcel ID 599-0030-0426 or “Pictoria Parcel”) and the adjacent real estate parcel (Parcel ID 599-0030-0425 or “Garage Parcel”) containing the approximately 1,100-space

public parking garage (“Garage”) financed with the Bonds and owned by the Port Authority. The special assessments were imposed initially only on the Pictoria Parcel.

Real Estate Splits and Effects on Phase II PILOTS and Special Assessments

In connection with the closing of the Bonds and the acquisition of the Garage by the Port Authority (in October 2006), the Garage Parcel was split into a land parcel then owned by MEPT (Parcel ID 599-0030-L425 or “Garage Land Parcel”) and a building (and air rights) parcel owned by the Port Authority (Parcel ID 599-0030-B425 or “Garage Building Parcel”). In anticipation of and in connection with the Port Authority’s acquisition of a plaza (“Plaza”) adjacent to eastern entrances to the Garage and the Pictoria Parcel (the western portion acquired from MEPT and the eastern portion from a separate developer): (a) the Pictoria Parcel was split into the current Pictoria Tower site parcel then owned by MEPT (Parcel ID 599-0030-0429 or “Pictoria Tower Parcel”) and the western plaza portion (Parcel ID 599-0030-0430), which was then further split into two parcels (the “Western Plaza Parcels”), a land parcel then owned by MEPT (Parcel ID 599-0030-L430 or “Western Plaza Land Parcel” and, together with the Pictoria Tower Parcel and Garage Land Parcel, the “Phase II Developer Parcels”) and a building/improvements parcel transferred to and owned by the Port Authority (Parcel ID 599-0030-B430 or “Western Plaza Improvements Parcel”), and (b) the eastern plaza portion (which includes Phase II public infrastructure on a parcel included in the then-proposed Phase III development) was split into two parcels, a land parcel which continues to be owned by another developer and a building/ improvements parcel transferred to and owned by the Port Authority (Parcel ID 599-0030-B432 or “Eastern Plaza Improvements Parcel” and, together with the Western Plaza Improvements Parcel, the “Plaza Improvements Parcels”).

After and as a result of the property splits described above, Phase II PILOTS were collected for a period of time with respect to the Garage Building Parcel and the Western Plaza Improvements Parcel as well as the Phase II Developer Parcels. As indicated above, the Assessed Lands originally consisted of property within the Pictoria Parcel (split, as described, into the Pictoria Tower Parcel and the Western Plaza Parcels). Pursuant to the Petition, the Assessed Lands are to be assessed in proportion to the benefits received from the public improvement (the Garage) contemplated by the Petition. The Administrator determined that the Western Plaza Parcels were not, independent of the Pictoria Tower Parcel, benefited by the improvement contemplated by the Petition. Accordingly, after the split of the Pictoria Parcel, the Administrator allocated all of the special assessments from the Pictoria Parcel to the Pictoria Tower Parcel and did not allocate any of those special assessments to the Western Plaza Parcels. Therefore, the Assessed Lands currently consist solely of the Pictoria Tower Parcel.

Property Tax Exemptions and Effect on Phase II PILOTS

On August 17, 2007, as contemplated at the time of the closing of the Bonds, the Port Authority filed an Application for Real Property Tax Exemption and Remission for the 2007 tax year (and subsequent tax years) for the Garage Building Parcel. That application was granted by Final Determination of the Tax Commissioner dated July 8, 2009. On November 3, 2008, the Port Authority filed a similar Application for Real Property Tax Exemption and Remission for the 2008 tax year (and subsequent tax years) for the Plaza Improvement Parcels, and that application was granted by Final Determination of the Tax Commissioner dated June 24, 2009. As a result of those exemptions, since 2010, Phase II PILOTS are only collected with respect to the Phase II Developer Parcels. The related (incremental) valuation of the Western Plaza Land Parcel is minimal and will be disregarded by the Administrator for purposes of this report.

Transfer of Phase II Developer Parcels to Current Pictoria Tower Parcel Owner

On or about May 5, 2016, by limited warranty deeds (recorded in Hamilton County records on May 9, 2016), MEPT transferred its interests in the Phase II Developer Parcels to Pictoria Tower

LLC (“Tower LLC”), which by acceptance of such transfers became the current Pictoria Tower Parcel “Owner” under the Cooperative Agreement and agreed, *inter alia*, to fully pay all Phase II PILOTS and special assessments due from time to time with respect to the Phase II Developer Parcels. In addition and concurrently, by a separate Assignment and Assumption (also recorded in Hamilton County records on May 9, 2016), Tower LLC assumed all rights, benefits, privileges, covenants, warranties, duties, obligations and liabilities of MEPT (other than certain “Excluded Assignor Liabilities”) under the Cooperative Agreement and related transaction documents.

GROSS ANNUAL ASSESSMENTS TO BE ABATED

Special assessments (in the amounts of the Gross Annual Assessments) have been levied on the Assessed Lands within the City of Springdale each tax year (beginning in 2006) and are payable in the succeeding year in twenty-four annual (or forty-eight semi-annual installments if determined by the County auditor) over a twenty-four year period, but are to be abated annually by the Special Assessment Reduction Amount to an amount sufficient to produce the Annual Required Assessments for the following year. The Annual Required Assessments are to be determined as of an Annual Calculation Date (i.e., June 15th of each year) and are defined pursuant to Article I, Section 1.01 of the Trust Indenture as “the difference between (i) the sum of (A) the estimated Annual Bond Payments for the remainder of the then-current Bond Year and (B) the Projected Annual Bond Payments, as estimated for the next succeeding Bond Year (including Administrative Expenses), and (ii) the Aggregate Annual Available Amount.” Aggregate Annual Available Amount is defined by the Trust Indenture as the aggregate amounts estimated by the Administrator on or as of an Annual Calculation Date to be available to pay the Annual Bond Payments in that Bond Year and the next succeeding Bond Year, without reducing the amount in the Bond Reserve Fund below the sum of the Bond Reserve Requirement and any Interest 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, the Interest Reserve Account and the Capitalized Interest Account on the Annual Calculation Date, plus
- (ii) Projected Annual Service Payments, as estimated by the Administrator, plus
- (iii) the amounts of any Special Assessment Collections and Supplemental Payments due to be received by the City (or the Authority or the Trustee on behalf of the City) 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) 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 31 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.

Table A (on page 8 below) provides a summary of the Annual Required Assessments for the Bond Year ending on February 1, 2020 (referred to herein as Bond Year 2020 and corresponding to collection year 2019 (tax year 2018). The Aggregate Annual Available Amounts, through Bond Year 2020, will not be sufficient to pay the Annual Bond Payments, including Administrative Expenses, through Bond Year 2020. The Annual Required Assessments for the 2019 collection year are estimated to be \$61,388.65 as shown in Table A. Each of the amounts shown in Table A is explained in the following sections.

Annual Required Assessments

Bond Debt Service Payments

According to the Remarketing Agent, the annually adjusted interest rate on the Bonds for the current Bond Year is 1.80% per year. Accordingly, the estimated Annual Bond Payment on the Bonds includes interest payments of \$58,320.00 due on August 1, 2018 and on February 1, 2019 on the outstanding principal amount of \$6,480,000.00 at the annually adjusted interest rate of 1.80% per year. There is a principal payment of \$395,000.00 due on the Bonds on February 1, 2019. As a result, the estimated Annual Bond Payments for the current Bond Year include \$511,640.00 in Bond debt service payments.

According to the Remarketing Agent, the Certified Rate under the Trust Indenture as of the 2018 Annual Calculation Date is 2.00% per year. Pursuant to the Trust Indenture, the Assumed Rate to be used in calculating the Projected Annual Bond Payments is equal to the Certified Rate plus two percent. As a result, the Assumed Rate for Bond Year 2020 is equal to 4.00% per year. Accordingly, the Projected Annual Bond Payments on the Bonds include interest payments of \$121,700.00 due on August 1, 2019 and on February 1, 2020 on the estimated outstanding principal amount of \$6,085,000.00 at the Assumed Rate of 4.00% per year. There is a principal payment of \$410,000.00 due on the Bonds on February 1, 2020. As a result, the Projected Annual Bond Payments for Bond Year 2020 include estimated Bond debt service payments of \$653,400.00. Accordingly, the aggregate Annual Bond Payments for the period from the 2018 Annual Calculation Date through Bond Year 2020 include Bond debt service payments equal to \$1,165,040.00.

Port Authority Fees

The annual fee of the Port Authority is equal to 0.25 percent of the principal amount of the Bonds outstanding and is paid in advance on each principal payment date (February 1). The amount of Bonds outstanding for the current Bond Year is \$6,480,000.00 and the amount of Bonds estimated to be outstanding for Bond Year 2020 is \$6,085,000.00. According to the Trustee account statements, the Port Authority Fee due on February 1, 2018 was paid on February 5, 2018. As a result, the estimated annual fees of the Port Authority from the Annual Calculation Date through Bond Year 2020 and included in the estimated Annual Bond Payments used in determining the Annual Required Assessments are equal to \$31,412.50.

Letter of Credit Fees

Letter of Credit Fees are to be paid semi-annually to the LOC Bank pursuant to its Letter of Credit and Reimbursement Agreement, dated October 1, 2006, with the Port Authority (“Original Reimbursement Agreement”), as amended and supplemented from time to time (“Reimbursement

Agreement”), so long as the LOC shall remain in effect. Letter of Credit Fees are to be calculated based upon the Available Amount in effect, pro rata for the actual number of days elapsed each time the Available Amount is adjusted pursuant to the terms of the Reimbursement Agreement and the LOC until the Credit Termination Date. According to Section 1.1 of the Reimbursement Agreement, the Available Amount is defined as the maximum amount available to be drawn at such time under the LOC, the determination of such maximum amount to assume compliance with all conditions for drawing and no reduction for (i) any amount drawn by an Interest Draft or (ii) any amount drawn by a Tender Draft. According to the LOC, upon the presentation of any Partial Redemption Draft, the Available Amount under the LOC is automatically decreased by an amount equal to the principal of the Bonds paid from that Partial Redemption Draft and interest thereon at the rate of ten percent per annum for the number of days of interest coverage.

Pursuant to Section 3(h) of a First Amendment to the Reimbursement Agreement amending the Original Reimbursement Agreement, as of April 29, 2009 (“First Amendment”), the Stated Termination Date was redefined as February 15, 2011 or any later date to which the Stated Termination Date is extended. Pursuant to Section 2(a)(iii) of a Second Amendment to Reimbursement Agreement further amending the Original Reimbursement Agreement, as of November 18, 2011 (“Second Amendment”), for the period from February 16, 2012 through February 15, 2013 and thereafter through the Credit Termination Date unless and until the Letter of Credit Fee was changed on and as of a Letter of Credit Fee Adjustment Date, the annual Letter of Credit Fees were to be equal to two-hundred and thirty basis points on the Available Amount payable in arrears initially on August 15, 2012 and thereafter semi-annually on each February 15 and August 15 until the Credit Termination Date. According to Section 2(a)(iv) of the Second Amendment, the Letter of Credit Fee Adjustment Date means February 16 of each year. Pursuant to the terms of the LOC and the Reimbursement Agreement, the Stated Termination Date of the LOC is automatically extended for an additional 12 months in the event that the LOC Bank does not give a notice of non-extension at least 270 days before the then-current Stated Termination Date.

Pursuant to Section 3(e) of the Second Amendment, the Bank may notify the Trustee, the Issuer, the then-current Administrator under the Indenture and the then-current Owner under the Cooperative Agreement, in writing, that it has determined to increase or decrease the Letter of Credit Fee to take effect on and after the day following the then current Stated Termination Date (“Adjusted Letter of Credit Fee Notice”). The Administrator understands that, pursuant to Adjusted Letter of Credit Fee Notices dated May 17, 2013 and May 15, 2014, the LOC Bank notified the Port Authority, Trustee, Owner and Administrator that the annual Letter of Credit Fees would be increased from 230 basis points to 300 basis points on the Available Amount effective February 16, 2014 (the “2014 Adjusted Letter of Credit Fee”) and to 350 basis points on the Available Amount effective February 16, 2015 (the “2015 Adjusted Letter of Credit Fee”).

The Administrator understands that the LOC Bank did not give a notice of non-extension of the LOC in May 2018, so that the Stated Termination Date of the LOC was extended to February 15, 2020 (subject to earlier termination, in accordance with its terms, in connection with the delivery of an Alternate Letter of Credit to the Trustee pursuant to Section 5.10 of the Indenture). Further, the Administrator has not received notice (from the LOC Bank, the Port Authority, the Trustee, the Owner or otherwise) of an Adjusted Letter of Credit Fee Notice since receiving notice of the 2015 Adjusted Letter of Credit Fee. Accordingly, the Administrator will use the 2015 Adjusted Letter of Credit Fee (of 3.50 percent per year) for purposes of the calculations included in this Annual Report. According to the Trustee account statements, all semi-annual Letter of Credit Fees for the periods ending prior to the 2018 Annual Calculation Date have been paid.

The Available Amount is currently equal to \$6,836,400.00 (after reductions as a result of principal payments of \$3,520,000.00 made through February 1, 2018). Upon payment of the February 1, 2019 principal payment of \$395,000.00, the Available Amount will be reduced to \$6,419,675.00. Upon payment of the February 1, 2020 principal payment of \$410,000.00, the

Available Amount will be reduced to \$5,987,125.00. Accordingly, the Letter of Credit Fees to be paid on August 15, 2018, February 15, 2019, August 15, 2019 and February 15, 2020 for the prior six-month periods are estimated for purposes of this report to be \$118,653.68, \$120,060.88, \$111,420.93 and \$112,687.01, respectively. Also included in the estimated Letter of Credit Fees are four draw fees at \$250.00 each, resulting in estimated aggregate Letter of Credit Fees of \$463,822.50, payable from the 2018 Annual Calculation Date through the period covered by this Report with respect to the Annual Bond Payments due on or prior to February 1, 2020 (or prior to the next succeeding anticipated collection of service payments thereafter).

Remarketing Agent Fees

The annual fee of the Remarketing Agent is equal to 0.25 percent of the outstanding principal amount of the Bonds and is to be paid annually on each February 1. The amount of Bonds outstanding for Bond Year 2019 is \$6,480,000.00 and the amount of Bonds outstanding for Bond Year 2020 is \$6,085,000.00. According to the Trustee account statements, the Remarketing Agent Fees due on February 1, 2018 were paid on March 26, 2018. As a result, the estimated annual fees of the Remarketing Agent from the Annual Calculation Date through Bond Year 2020 and included in the estimated Annual Bond Payments used in determining the Annual Required Assessments are equal to \$31,412.50.

Other Administrative Expenses

Administrative expenses (other than the fees of the Port Authority, LOC Bank and Remarketing Agent) include fees of the Trustee and Administrator and estimated legal expenses.

The annual charges of the Trustee are estimated to be \$3,000.00. Trustee fees in that amount will be due on or about February 1, 2019 and February 1, 2020. As of the Annual Calculation Date, the Trustee had been paid its annual fees due on February 1, 2018. Accordingly, Trustee fees due from the Annual Calculation Date through Bond Year 2020 included in the estimated Annual Bond Payments used in determining the Annual Required Assessments are estimated to be \$6,000.00.

The annual fees and expenses of the Administrator are estimated to be \$8,000.00, plus an additional \$1,500.00 for arbitrage rebate services. As of the 2018 Annual Calculation Date, the Administrator had been paid zero of the Administrator's estimated annual expenses of \$9,500.00. As a result, there are \$9,500.00 in estimated Administrator expenses to be paid for the Bond Year ending February 1, 2019. According to the Administrator, one invoice in the amount of \$165.00 remains outstanding for Bond Year 2018. Accordingly, the Administrator's expenses due from the Annual Calculation Date through Bond Year 2020 included in the estimated Annual Bond Payments used in determining the Annual Required Assessments are estimated to be \$19,165.00.

Based on the information currently available to the Administrator and its assumption that the Pictoria Tower Parcel Owner will not seek to transfer the Phase II Developer Parcels or arrange for the replacement of the LOC or the conversion of the interest rate on the Bonds (or that it will make alternative arrangements to provide for the costs if it elects to pursue any such alternative), legal and miscellaneous expenses are estimated to be about \$6,000.00 annually through Bond Year 2020. Accordingly, legal expenses due from the Annual Calculation Date through Bond Year 2020 included in the estimated Annual Bond Payments used in determining the Annual Required Assessments are estimated to be \$12,000.00.

Accordingly, Administrative Expenses (other than the fees of the Port Authority, LOC Bank and Remarketing Agent) from the Annual Calculation Date through Bond Year 2020 and included in the estimated Annual Bond Payments used in determining the Annual Required Assessments are estimated to be \$37,165.00.

Contingency

A contingency, equal to three percent of the estimated Projected Annual Bond Payments (for Bond Year 2020), has been added to the estimated Annual Bond Payments used in determining the Annual Required Assessments in the event service payments or special assessments collected are less than anticipated or Administrative Expenses are higher than anticipated.

Aggregate Annual Available Amounts

Interest Account of the Bond Fund

As of July 5, 2018, the balance in the Interest Account of the Bond Fund was \$10,319.95. These funds will be made available to pay, or reimburse the LOC Bank for the payment of, the Annual Bond Payments on August 1, 2018.

Principal Account of the Bond Fund

As of July 5, 2018, the balance in the Principal Account of the Bond Fund was zero. As a result, there are no funds available in the Principal Account to pay the Annual Bond Payments.

Reimbursement Account of the Bond Fund

As of July 5, 2018, the balance in the Reimbursement Account of the Bond Fund was zero. As a result, there are no funds available in the Reimbursement Account of the Bond Fund to pay the Annual Bond Payments.

Letter of Credit Account of the Bond Fund

As of July 5, 2018, the balance in the Letter of Credit Account of the Bond Fund was \$14,947.24. These funds will be made available to pay, or reimburse the LOC Bank for the payment of, the Annual Bond Payments on August 1, 2018.

TIF Funds Subaccount of the City Project Revenue Account

As of July 5, 2018, the balance in the TIF Funds Subaccount was zero. As a result, there are no funds available in the TIF Funds Subaccount to pay the Annual Bond Payments.

SA Collections Subaccount of the City Project Revenue Account

As of July 5, 2018, the balance in the Special Assessment Collections Subaccount was \$319,322.53. These funds include the 2018 collection of Special Assessments transferred to the Trustee (\$318,660.00) and are hereby directed to be transferred immediately to the Assessment Collections Subaccount of the Authority Pledged Revenue Account of the Revenue Fund. All such amounts shall be made available to pay, or reimburse the LOC Bank for the payment of, the Annual Bond Payments due on or before February 1, 2019.

Supplemental Payments Subaccount of the City Project Revenue Account

As of July 5, 2018, the balance in the Supplemental Payments Subaccount was zero. As a result, there are no funds available in the Supplemental Payments Subaccount to pay the Annual Bond Payments.

Table A
Annual Required Assessments

<i>Annual Bond Payments (Including Administrative Expenses)</i>	
Interest on August 1, 2018	\$58,320
Interest on February 1, 2019	\$58,320
Principal on February 1, 2019	\$395,000
Interest on August 1, 2019	\$121,700
Interest on February 1, 2020	\$121,700
Principal on February 1, 2020	\$410,000
<i>Sub-total debt service</i>	\$1,165,040
Port Authority Fee	\$31,413
Letter of Credit Fees	\$463,823
Remarketing Agent Fee	\$31,413
Administrative Expenses	\$37,165
Prior Year Outstanding Administrative Expenses	\$0
Contingency	\$19,602
<i>Sub-total Administrative Expenses</i>	\$583,415
Total Expenses	\$1,748,455
<i>Aggregate Annual Available Amounts:</i>	
Bond Fund Balance as of July 5, 2018:	
Interest Account	(\$10,320)
Principal Account	\$0
Reimbursement Account	\$0
Letter of Credit Account	(\$14,947)
Revenue Fund Balances as of July 5, 2018:	
TIF Funds Subaccount	\$0
SA Collections Subaccount	(\$319,323)
Supplemental Payments Subaccount	\$0
Service Payment Subaccount	(\$279,599)
Assessment Collection Subaccount	\$0
School District Payment Subaccount	\$0
Administrative Expense Fund Balance as of July 5, 2018	\$0
Surplus Fund Balance as of July 5, 2018	\$0
Available Interest Reserve Account balance as of July 5, 2018	(\$129,600)
Estimated Interest Reserve Account Investment Earnings thru January 31, 2020	(\$1,525)
Projected Annual Service Payments	(\$617,560)
Estimated Supplemental Payments as of July 5, 2018	\$0
Second Half Net Service Payments to be transferred with August 2018 Settlement	(\$306,023)
Available Bond Reserve Account Investment Earnings as of July 5, 2018	\$0
Estimated Bond Reserve Account Investment Earnings thru January 31, 2020	(\$8,170)
Sub-total: Aggregate Annual Available Funds	(\$1,687,066)
Annual Required Assessments	\$61,389

School District Payment Subaccount of the City Project Revenue Account

As of July 5, 2018, the balance in the School District Payment Subaccount was \$27,748.46. As further described below, a School District Compensation Payment of \$27,748.46 was due to be paid to the School District from the first-half service payments (for collection year 2018) and that amount was deposited in the School District Payment Subaccount by the Trustee upon receipt of those service payments. Pursuant to the Section 5.03(c) of the Trust Indenture, the funds available in the School District Payment Subaccount shall be used by the Trustee to pay that semi-annual School District Compensation Payment to the School District and will be unavailable to pay the Annual Bond Payments. As a result, there are no funds available in the School District Payment Subaccount to pay the Annual Bond Payments.

Service Payment Subaccount of the Authority Pledged Revenue Account

As of July 5, 2018, the balance in the Service Payment Subaccount was \$279,598.54. This amount includes the first half 2018 service payments collected by Hamilton County and remitted to the trustee on April 18, 2018 (\$334,484.00) and the prior balance therein, less the first half School District Compensation Payment of \$27,748.46 and \$130,328.76 that was transferred to the Administrative Expense Fund to pay LOC fees. The available balance in the Service Payment Subaccount will be made available to pay, or reimburse the LOC Bank for the payment of, a portion of the Annual Bond Payments, after using all available amounts in the Assessment Collection Subaccount and may thereafter be transferred to the Surplus Fund.

Assessment Collection Subaccount of the Authority Pledged Revenue Account

As of July 5, 2018, the balance in the Assessment Collection Subaccount of the Revenue Fund was zero. As described above, the entire balance in the SA Collections Subaccount is to be transferred to the Assessment Collections Subaccount and used, before any amounts are used from the Service Payment Subaccount, to pay, or reimburse the LOC Bank for the payment of, the Annual Bond Payments due on or before February 1, 2019.

Administrative Expense Fund

As of July 5, 2018, the balance in the Administrative Expense Fund was zero. As a result, there are no funds available in the Administrative Expense Fund to pay Administrative Expenses or other Annual Bond Payments. Amounts will be transferred into the Administrative Expense Fund when and as needed to pay Administrative Expenses, first from the Assessment Collection Subaccount and thereafter from the Service Payment Subaccount.

Surplus Fund

As of July 5, 2018, the balance in the Surplus Fund was zero. As a result, there are no funds available in the Surplus Fund to pay the Annual Bond Payments.

Interest Reserve Account of the Bond Reserve Fund

According to Section 1.01 of the Trust Indenture, the Interest Reserve Requirement shall be two percent of the outstanding principal amount of the bonds, so long as the bonds are in an Interest Rate Mode other than the Fixed Interest Rate. The bonds are currently paying a variable rate. Upon payment of the principal due on the Bonds on February 1, 2018, the outstanding principal amount of the bonds was reduced to \$6,480,000.00 and, as a result, the Interest Reserve Requirement was reduced from \$137,200.00 to \$129,600.00 and that amount is the current balance in the Interest Reserve Account. As stated above, the Aggregate Annual Available Amount specifically includes the value of amounts held in the Interest Reserve Account on the Annual Calculation Date, so

\$129,600.00 has been included in the Aggregate Annual Available Amount available to pay the Annual Bond Payments in accordance with the Trust Indenture. Upon payment of the principal due on the Bonds on February 1, 2019, the Interest Reserve Requirement is to be further reduced to \$121,700.00 and, pursuant to Section 5.04(c) of the Trust Indenture, the Trustee shall use any excess amounts available above the Interest Reserve Requirement to pay the Annual Bond Payments.

According to Section 5.06 of the Trust Indenture, investment income earned on the Interest Reserve Account shall be transferred to the Service Payment Subaccount. The reserve requirement is invested in a First American Treasury Money Market Fund earning 0.78% per year. At this rate of return, it is estimated that $\$1,525.07 ((\$129,600.00 \times (0.78\% \times (206 \div 360))) + (\$121,700.00 \times (0.78\% \times (359 \div 360)))) = \$1,525.07$ in investment income will be earned on the amounts estimated to be on deposit in Interest Reserve Account of the Bond Reserve Fund through January 31, 2020.

Projected Annual Service Payments

According to Appendix I of the Trust Indenture, Projected Annual Service Payments are defined, as of any Annual Calculation Date, “as the amount of service payments estimated by the Administrator (assuming that each existing levy will expire as scheduled, unless a renewal or replacement levy has been approved by the electorate of the taxing authority 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 County Auditor as of that Annual Calculation Date) to be received by the City from the Annual Calculation Date through December 31, of the following Bond Year, minus (i) the School District Compensation Payments to be made in the then-current Bond Year and (ii) the Maximum Amount of the School District Compensation Payments for the following Bond Year.” The Projected Annual Service Payments, less the School District Compensation Payments and the Maximum Annual Amount of School District Compensation Payments, are calculated below.

Pursuant to Ordinances 63-1993 and 51-1999, passed by the Springdale City Council on September 15, 1993 and November 3, 1999, respectively (collectively “TIF Ordinance”), and the Amended and Restated Service Agreement, dated May 18, 2000, certain improvements resulting from the development of the Phase II Developer Parcels are exempt from real property taxation for a period of thirty years from 2000 through 2029. However, according to Section 4.1 of the Cooperative Agreement, as agreed to by MEPT (and assumed by Tower LLC), the Pictoria Tower Parcel Owner has agreed, as a covenant running with and burdening the land, to make service payments (the Phase II PILOTS referred to above), together with all interest and penalties thereon for nonpayment of such service payments, through 2029 in lieu of said exempt taxes. The required service payments are in an amount equal to the exempt taxes that would have been levied had the improvements not been exempt from taxation.

As further described above, disregarding the Western Plaza Parcels as immaterial, there are currently three parcels located within the Phase II portion of the property subject to the TIF Ordinance. These parcels are the Garage Building Parcel (Parcel ID 599-0030-B425-00), the Garage Land Parcel (Parcel ID 599-0030-L425-00), and the Pictoria Tower Parcel (Parcel ID 599-0030-0429-00). According to the Hamilton County Auditor, the Garage Building Parcel is currently owned by the Port Authority, and the Garage Land Parcel and the Pictoria Tower Parcel are currently owned by Tower LLC. In addition, as a result of a non-TIF tax exemption granted on application of the Port Authority as described above, the Garage Building Parcel has been entered upon the list of property in the County that is exempt from taxation for the 2007 tax year and subsequent tax years. As a result, this parcel has been excluded from the calculations of the Projected Annual Service Payments below, and the only parcels considered in that calculation are the Pictoria Tower Parcel and the Garage Land Parcel.

The base year appraised value for the taxable (Phase II) property from which service payments are expected to be derived (“Phase II TIF Parcels”) and the estimated appraised value for the 2018 tax year, based on the values available for 2017, are shown in Table B below.

Table B
Appraised Values

Parcel ID	Total Base Year Market Value	2017 Appraised Value
599-0030-0429-00	\$215,490	\$25,694,920
599-0030-L425-00	\$22,800	\$1,098,090
Total	\$238,290	\$26,793,010

As shown in Table B above, the 2017 appraised value of the Phase II TIF Parcels was \$26,793,010.00. This value, determined by the Hamilton County Auditor effective as of January 1, 2017, will be used by the Administrator as “the most recently estimated value” for purposes of estimating the Projected Annual Service Payments.

According to the Hamilton County Auditor, the base year appraised value for the Pictoria Tower Parcel was \$215,490.00 and the base value for the Garage Land Parcel was \$22,800.00, and those base year values will be used to calculate the Projected Annual Service Payments. Accordingly, the aggregate base value of the Phase II TIF Parcels is equal to \$238,290.00. Therefore, the incremental appraised value is estimated to equal \$26,554,720.00 (\$26,793,010.00 – \$238,290.00 = \$26,554,720.00). Taxable property in Ohio is assessed at a rate of 35 percent of appraised value, resulting in an assessed value of \$9,294,152.00 on that incremental value, as shown in Table C below.

Table C
Estimated Service Payments
To be Collected in 2019 (Bond Year 2020)

2017 Market Value	\$26,793,010
Base Year Appraised Value	\$238,290
Estimated Incremental Value	\$26,554,720
Assessed Value (equal to 35% of Market Value)	\$9,294,152
Effective Rate (mills per \$1,000 of Market Value)	72.570506
Estimated Service Payments in 2019	\$674,481

According to the Hamilton County Auditor’s Office, the effective real property tax rate per \$1,000.00 of assessed value for the 2017 tax year is 72.570506 mills (for the taxing district in which the Phase II TIF Parcels are located). Accordingly, and as shown in the preceding Table C, based on the 35 percent assessment of the estimated incremental appraised value of the Phase II TIF Parcels and the estimated effective real property tax rate, service payment revenues are estimated to be equal to \$674,481.31 for collection in 2019.

In addition to the estimated service payments for the next succeeding Bond Year, Projected Annual Service Payments include any service payments expected to be collected in the current Bond Year but after the Annual Calculation Date. The annual service payments due in 2018 are equal to \$668,968.00. Of this amount, \$334,484.00 was transferred to the Trustee and deposited to the Service Payment Subaccount on April 18, 2018 except for, an amount equal to the first-half 2018 School District Compensation Payment of \$27,748.46, which was transferred from this amount to the

School District Payment Subaccount on April 18, 2018 and will be used to pay the first half semi-annual School District Compensation Payment. Based on the foregoing, the Administrator estimates that the second-half distribution of service payments in the current Bond Year available for Annual Bond Payments will be equal to \$334,484.00 less the amount of the second-half 2018 semi-annual School District Compensation Payment.

According to Section 1(b) of the School District Agreement, dated November 24, 1999, the annual amount of School District Compensation Payments is equal to \$0.225 per square foot of space developed on the exempted property and available for occupancy as evidenced by a Certificate of Occupancy. As further provided in Section 1(b) of the School District Agreement, the certification of the semi-annual compensation amount is to take place by January 20th and July 20th of each year. According to the Trustee, it has not yet received the second-half certification of such occupancy (due July 20, 2018). Accordingly, the Administrator will use the Maximum Annual Amount of School District Compensation Payments for purposes of estimating the current-year second-half School District Compensation Payment.

According to Certificates of Occupancy provided to the Trustee and Administrator by MEPT (prior to the sale to Tower LLC), 252,985 of the 253,353 square foot Pictoria Tower was developed and available for occupancy. As of the date of this report, the Administrator has not been advised of any changes to that Certificate of Occupancy. As shown in Table D below, based on \$0.225 per square foot of space developed on the exempted property and estimated to be available for occupancy, the second half School District Compensation Payment for the current Bond Year for the Pictoria Tower Parcel is equal to \$28,460.81.

Table D
School District Compensation Payments
Current Bond Year (2019)

Certificate of Occupancy square footage as of July 5, 2018 (Estimated)	252,985
Maximum Annual School District Compensation Payment (\$0.225 per square foot)	\$56,922
Second Half Semi-annual School District Compensation Payment	\$28,461

For the periods ending January 20, 2019 and July 20, 2019, the Administrator is required to estimate the Maximum Annual Amount of School District Compensation Payments. Based on the maximum leasable space developed and available for occupancy in the Pictoria Tower Parcel (252,985 square feet as described above) and the \$0.225 per square foot rate applicable under the School District Agreement, the Maximum Annual Amount of School District Compensation Payments for the Pictoria Tower Parcel is equal to \$56,921.63, as shown in Table E below.

Table E
Maximum Annual Amount of School District Compensation Payments
Following Bond Year (2020)

Maximum leasable area of the Pictoria Corporate Center Tower Site	252,985
Maximum Annual Amount (\$0.225 per square foot)	\$56,922
Estimated School District Compensation Payments for Bond Year 2020	\$56,922

As described above, Projected Annual Service Payments are equal to the service payments estimated by the Administrator to be received by the City from the Annual Calculation Date through December 31, of the following Bond Year, minus (i) the School District Compensation Payments to be made in the then-current Bond Year and (ii) the Maximum Amount of the School District Compensation Payments for the following Bond Year. Based on the Bond Year 2020 estimated

service payments calculated in Table C above, the anticipated current (Bond Year 2019) estimated first and second-half service payments as identified above, the School District Compensation Payments to be made in the current Bond Year (from Table D above) and the Maximum Annual Amount of the School District Compensation Payments for the following Bond Year (from Table E above), the Projected Annual Service Payments are estimated to be \$923,582.88 as shown in Table F below.

Table F
Projected Annual Service Payments

Estimated Current Bond Year Second Half Gross Service Payments	\$334,484
Estimated Current Bond Year Second Half School District Payments	(\$28,461)
Estimated Current Bond Year Second Half Net Service Payments	\$306,023
Estimated Bond Year 2020 Gross Service Payments	\$674,481
Bond Year 2020 Maximum Annual Amount of School District Payments	(\$56,922)
Estimated Bond Year 2020 Net Service Payments	\$617,560
Projected Annual Service Payments	\$923,583

Annual Required Assessments Collected in Prior Year

According to the Hamilton County Auditor’s office, the special assessments collected in 2018 were equal to \$318,660.00. According to the Hamilton County Auditor’s Office, 100 percent of those special assessments were collected and were remitted to the City for transmittal to the Trustee. According to the Trustee, those special assessments were received and deposited to the SA Collections Subaccount on April 18, 2018.

Estimated Supplemental Payments

The Pictoria Tower Parcel Owner has not been billed for any supplemental payments and no supplemental payments are expected to be collected or transferred to the Trustee prior to December 31, 2019.

Reserve Account of the Bond Reserve Fund

According to Section 5.06 of the Trust Indenture, investment income earned on the Reserve Account of 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 Bonds on the next Interest Payment Date.

As of July 5, 2018, the balance in the Bond Reserve Fund was \$690,000.00, which is equal to the reserve requirement. The reserve requirement is invested in a First American Treasury Money Market Fund earning 0.75 percent per annum. At this rate of return, it is estimated that \$8,169.64 in investment income will be earned on the Reserve Requirement of the Bond Reserve Fund through January 31, 2020.

Summary Annual Required Assessments

Annual Bond Payments due through the end of Bond Year 2020 (including estimated Administrative Expenses determined in accordance with the Trust Indenture) are estimated to be equal to \$1,748,454.50. Aggregate Annual Available Amounts for the same period are estimated to be equal to \$1,687,065.85, resulting in Annual Required Assessments of \$61,388.65 for the tax year

2018 and collection year 2019. As shown in Appendices A-1 and A-2, attached hereto, the Annual Required Assessments are equal to \$61,388.65 for the 2018 tax year (collection year 2019).

SPECIAL ASSESSMENT REDUCTION AMOUNT

According to Appendix I of the Trust Indenture, the Special Assessment Reduction Amount is defined as follows: “as of the Calculation Date for the then-current tax year (and the next succeeding collection year) the difference between the (i) Gross Annual Assessments for that year and (ii) the Annual Required Assessments for that year.”

According to Appendix I of the Trust Indenture, the Gross Annual Assessments for any year means, “the Special Assessments authorized by the Special Assessment Proceedings to be levied by the City on the Assessed Lands during that tax year (for collection in the following calendar year).” As shown in Appendix A-1, the Gross Annual Assessments to be collected in 2019 are equal to \$1,259,218.15.

As shown above, the Annual Required Assessments to be collected in 2019 are equal to \$61,388.65. As a result, the Special Assessment Reduction Amount is equal to \$1,197,829.50 ($\$1,259,218.15 - \$61,388.65 = \$1,197,829.50$).

SPECIAL ASSESSMENT REDUCTION PERCENTAGE

According to Appendix I of the Trust Indenture, the 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 percent by the quotient resulting from the division of the Special Assessment Reduction Amount by the Gross Annual Assessments for that year.”

As calculated above, for tax year 2018 (for collection year 2019), the Special Assessment Reduction Amount is \$1,197,829.50 and the Gross Annual Assessments are \$1,259,218.15. As a result, the Special Assessment Reduction Percentage for tax year 2018 (collection year 2019) is approximately 95.12 percent ($100.00\% \times \$1,197,829.50 \div \$1,259,218.15 = 95.12\%$).

SUMMARY

The Principal Portion of the Special Assessments, the Total Special Assessments, the Gross Annual Assessments, the Special Assessment Reduction Amount and the Annual Required Assessments to be collected in each year are shown in Appendix A-1, attached hereto. The Principal Portion of the Special Assessments, the Total Special Assessments, the Gross Annual Assessments, the Special Assessment Reduction Amount and the Annual Required Assessments to be collected in 2018 are shown in Appendix A-2, attached hereto. As indicated above, the Assessed Lands initially included only the original Pictoria Parcel (Parcel ID 599-0030-0426-00), which was split into the Pictoria Tower Parcel and the Western Plaza Parcels. The Administrator has determined that the Western Plaza Parcels are not specially benefited by the improvement petitioned for by the Petition for the Special Assessments submitted by the owner of the Pictoria Parcel. Accordingly, as shown in Appendix A-2, the Assessed Lands currently consist solely of the property referred to herein as the Pictoria Tower Parcel (Parcel ID 599-0030-0429-00).

Appendix A-1

**Port of Greater Cincinnati Development Authority
Phase II Springdale Public Infrastructure Project**

**Special Assessment Roll
Annual Assessments**

Assessment Collection Year	Principal	Bond Service Charges and Administrative Expenses	Annual Assessment	Special Assessment Reduction Amount	Assessment to be Collected
2007	\$265,000	\$1,770,598	\$2,035,598	(\$1,997,514)	\$38,084
2008	\$275,000	\$1,347,135	\$1,622,135	(\$1,328,411)	\$293,724
2009	\$285,000	\$1,309,644	\$1,594,644	(\$1,391,608)	\$203,037
2010	\$295,000	\$1,270,787	\$1,565,787	(\$1,148,333)	\$417,454
2011	\$305,000	\$1,230,565	\$1,535,565	(\$1,436,750)	\$98,814
2012	\$320,000	\$1,188,951	\$1,508,951	(\$1,356,803)	\$152,148
2013	\$330,000	\$1,145,312	\$1,475,312	(\$1,294,524)	\$180,787
2014	\$340,000	\$1,100,307	\$1,440,307	(\$1,262,305)	\$178,002
2015	\$355,000	\$1,053,911	\$1,408,911	(\$1,262,099)	\$146,812
2016	\$370,000	\$1,005,465	\$1,375,465	(\$1,143,195)	\$232,270
2017	\$380,000	\$954,993	\$1,334,993	(\$1,029,059)	\$305,934
2018	\$395,000	\$903,131	\$1,298,131	(\$979,472)	\$318,659
2019	\$410,000	\$849,218	\$1,259,218	(\$1,197,829)	\$61,389
2020	\$425,000	\$793,255	\$1,218,255		
2021	\$445,000	\$735,217	\$1,180,217		
2022	\$460,000	\$674,468	\$1,134,468		
2023	\$475,000	\$611,669	\$1,086,669		
2024	\$495,000	\$546,795	\$1,041,795		
2025	\$515,000	\$479,186	\$994,186		
2026	\$530,000	\$408,866	\$938,866		
2027	\$550,000	\$336,472	\$886,472		
2028	\$570,000	\$261,344	\$831,344		
2029	\$595,000	\$183,455	\$778,455		
2030	\$615,000	\$102,171	\$717,171		
Total	\$10,000,000	\$20,262,914	\$30,262,914	(\$16,827,901)	\$2,627,115

Appendix A-2

**Port of Greater Cincinnati Development Authority
Phase II Springdale Public Infrastructure Project**

Special Assessments to be Collected in 2019

Parcel ID	Principal Portion of the Special Assessment Before 2019 Collection	Balance of Total Special Assessment Before 2019 Collection	Gross Annual Assessments (Collection Year 2019)	Special Assessment Reduction Amount (Collection Year 2019)	Annual Required Assessments Collected in 2019	Balance of Total Annual Assessments (After 2019 Collection)
599-0030-0429-00	\$6,085,000	\$12,067,116	\$1,259,218	(\$1,197,829)	\$61,389	\$10,807,898
599-0030-B425-00	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded
Total:	\$6,085,000	\$12,067,116	\$1,259,218	(\$1,197,829)	\$61,389	\$10,807,898

As described in the related Administrator's report, the Assessed Lands initially consisted solely of the Pictoria Parcel (Parcel ID 599-0030-0426-00), which was split into the Pictoria Tower Parcel and the Western Plaza Parcels. The Administrator has determined that the Western Plaza Parcels are not specially benefited by the improvement petitioned for by the owner. Accordingly, the Assessed Lands currently consist solely of the Pictoria Tower Parcel (Parcel ID 599-0030-0429-00).