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CENTER FOR PUBLIC INVESTMENT MANAGEMENT

2023 Annual Conference

ROBERT SPRAGUE
OHIO TREASURER

OHIO AUDITOR OF STATE
KEITH FABER

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Robert Sprague

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Our Future: Working Together to Build Tomorrow

PRESENTERS

Alan Harold, *Auditor*, Stark County

Alexander Zumbar, *Treasurer*, Stark County

Economic Development and Your Role as Fiscal Officer

Potential and Pitfalls

- Assist in the creation and updating of strategy
  - Clearly define the end goals
- Use tools generally available
  - TIFs, CEDAs, Income Sharing Agreements, CRAs, Investment Portfolio purchase
- Communication with the Legislative Authority, Bond Counsel, Port Authority
- Working with County Officials
  - Valuation issues, tax/PILOTS, affects on budget/services, on-going monitoring

FIRST LESSON – Baker Hughes Facility

- Expansion during Marcellus shale boom
- City wanted a new road to run parallel to the highway
- Expected investment in facility $30MM+

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SECOND LESSON – Hall of Fame Village @ ProFootball Hall of Fame

- Privately owned stadium on public land
- Only small market, privately owned stadium in the country
- Expectations of TIF revenue to support the financing
- First part of a multi-phased project

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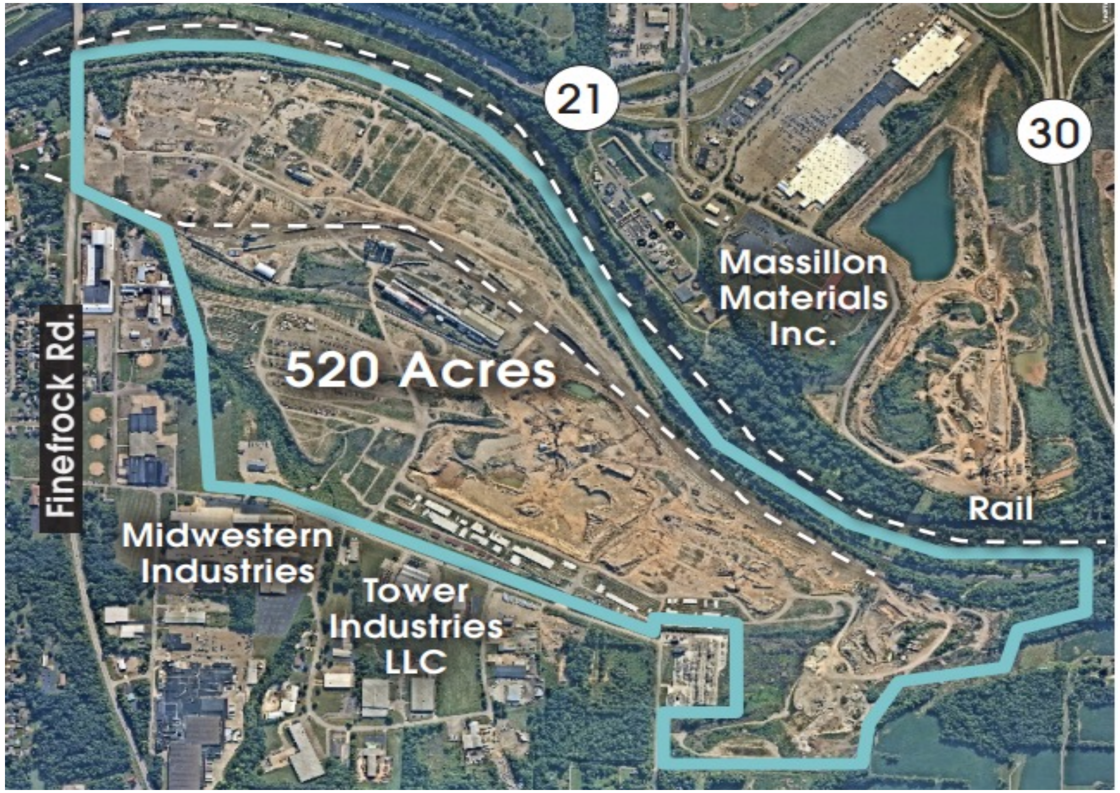
Applying These Lessons – And Getting Creative

- Understanding the competitive landscape
- Recognizing our role as part of the big picture
- Communicating with other elected officials on the potential

Applying These Lessons – And Getting Creative



- Bringing all partners to the table
- Having a clear picture of the ask
- Building trust among all involved

Please write your question
on the cards provided.

Hand to your representative.

5 MIN BREAK

Understanding Your Toolbox: Development Districts and Other Structures

Next Session Begins at 9:30 AM

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Understanding Your Toolbox: Development Districts and Other Structures

PRESENTERS

Russell Balthis, *Senior Attorney*, Squire Patton Boggs
Brad Evans, *Director of Research*, UC Economics Center
Chris McCoy, *Chief Project Manager for Local Government Services*, Ohio Auditor's Office

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Understanding Your Toolbox: Development Districts and Other Structures (Contd.)

SPEAKER

Russell Balthis

Senior Attorney

Squire Patton Boggs

Presentation Goals

- Discuss economic development policy considerations and goals.
- Provide a list of economic development tools and strategies, including a brief summary of each.
- Establish a foundation for a discussion regarding which tools and strategies would best serve your community's particular goals and desired impact.
- Discuss projects that used certain economic development tools.

Revenue Sources and Financing Opportunities

- Tax Increment Financing (TIF)
  - School TIF vs. Non-School TIF
  - Minimum Service Payments
  - Minimum Values?
- Special Districts and Special Assessments
- New Community Authority Charges
- Upfront Public Funding (i.e., General or Nontax Revenue Bonds)
- Tax Redirection or Credits (Income Tax)
- Land Banking/Donation

Project Cost Savings

- Tax-exempt Financing
- Property Tax Exemption
  - Port Authority/New Community Authority
  - Community Reinvestment Area or Enterprise Zone
- Sales Tax Exemption
  - Port Authority or Other Public Body Ownership and Bond Issue

Tax Increment Financing (TIFs)

Basic Fundamentals of TIF Law

TYPES OF TIFs

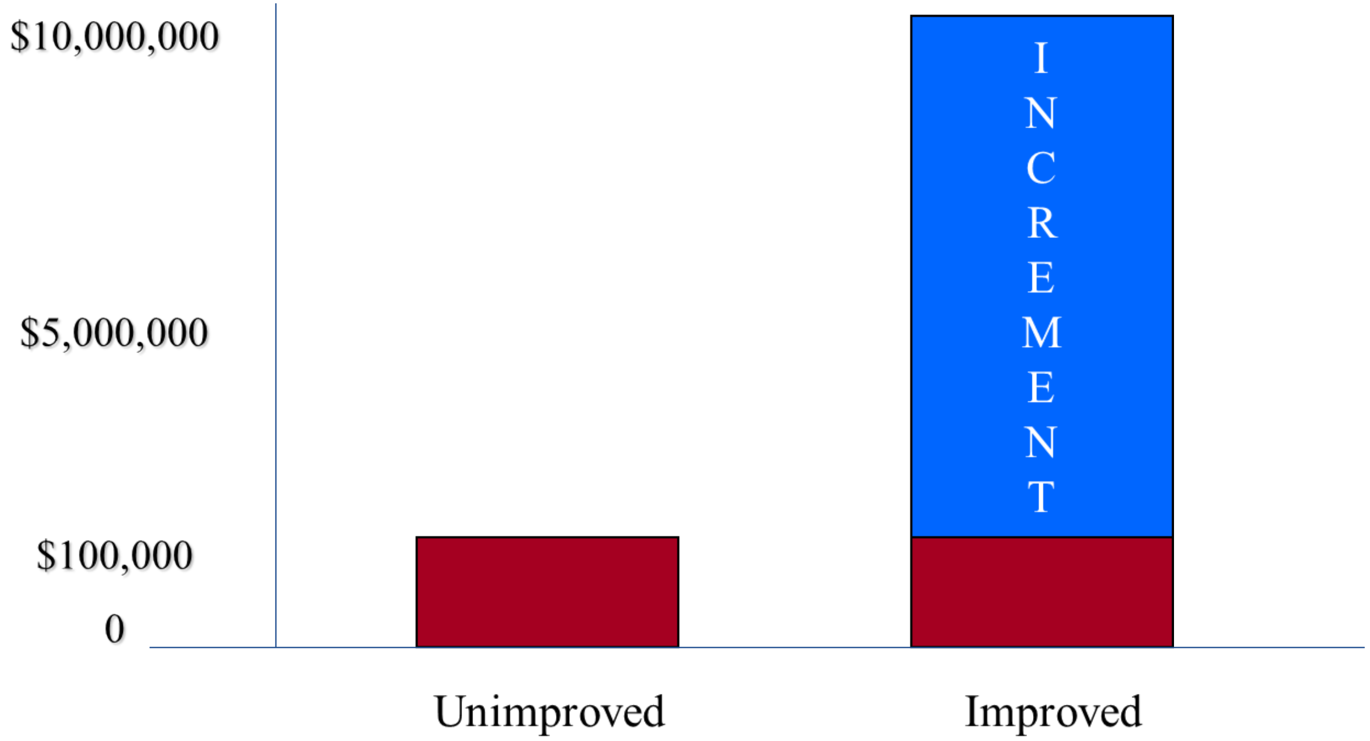
- Commercial/Parcel TIF (ORC 5709.40(B))
- Special Municipal TIF (ORC 5709.41)
- Incentive District (RID) (ORC 5709.40(C))

- Terms of TIF exemption
- Period – up to 30 years
- Percentage – up to 100%

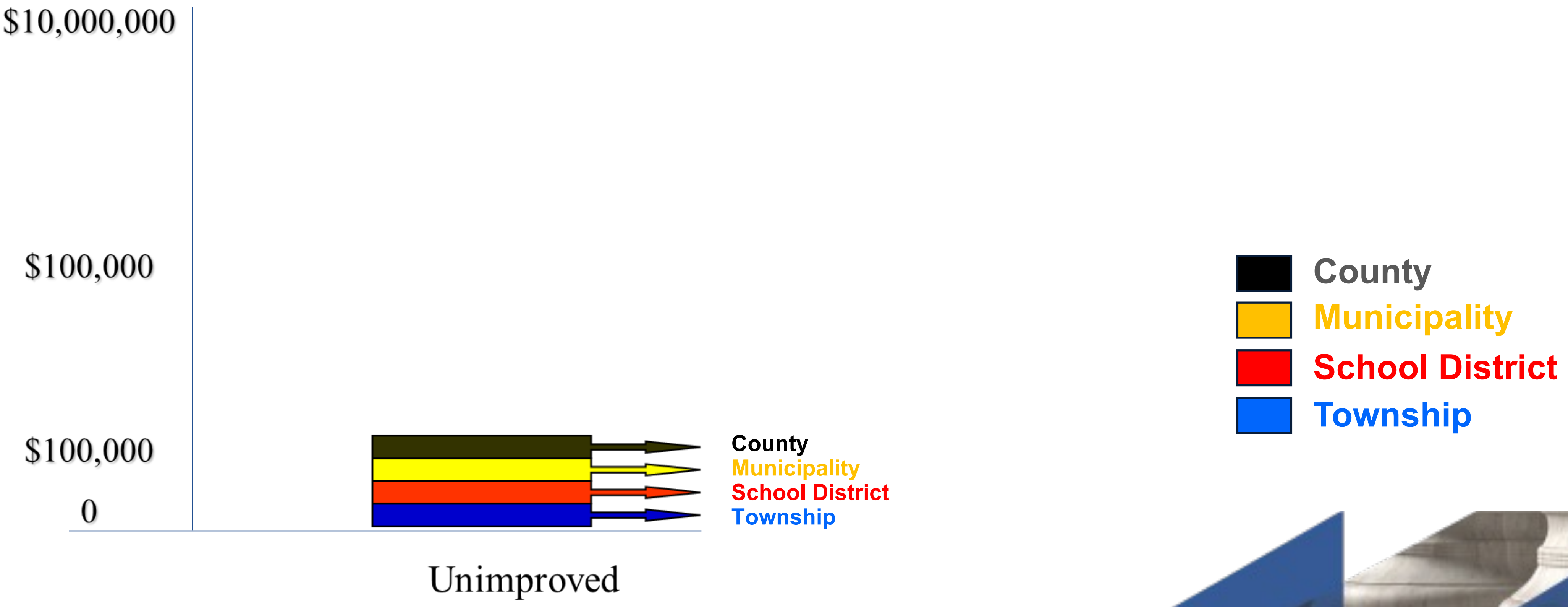
HOW A TIF WORKS

- Municipalities (ORC 5709.40-43, Chapter 725), Townships (ORC 5709.73-75), and Counties (ORC 5709.77-81) all have TIF Authority.
- Uses property taxes that would have been paid by a property owner with respect to improvements to real property to fund infrastructure improvements that benefit the property.
- PILOTs (Service Payments in Lieu of Taxes).
- Real Property Tax Exemption – Not an exemption of making PILOTs.
- All of the “Increment” goes into TIF Fund
  - Can only be used to pay for public infrastructure improvements (or housing renovations in a RID); **or**
  - Pay compensation to the school district/JVS;
  - *Exception*: Compensation to County/Township (in a RID).

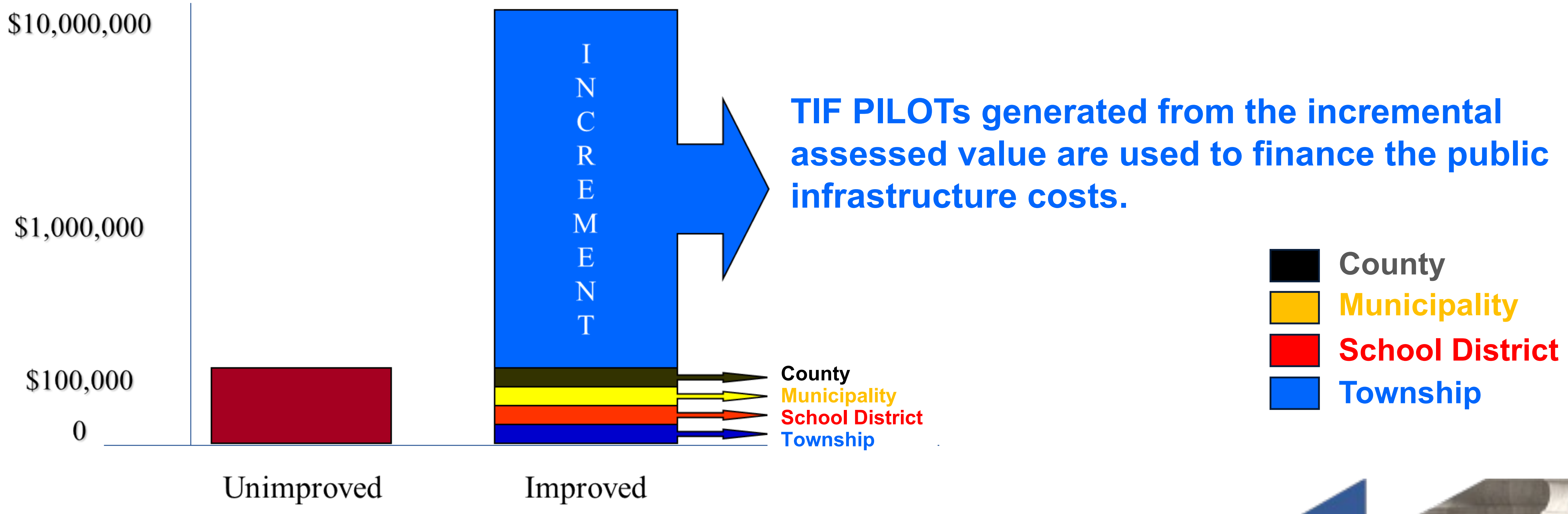
It's All About the Increment!



Distribution of Real Property Taxes



Increment Generates PILOTs



TIF PILOTs generated from the incremental assessed value are used to finance the public infrastructure costs.

TIF Example and School District Approval/Notice

Example:

- Base property taxes on undeveloped land = **$100,000**
- Tax "increment" from development = **$9,900,000**
  - School District's share = **$65,000**
  - City's share = **$5,000**
  - County's share (including agencies) = **$30,000**

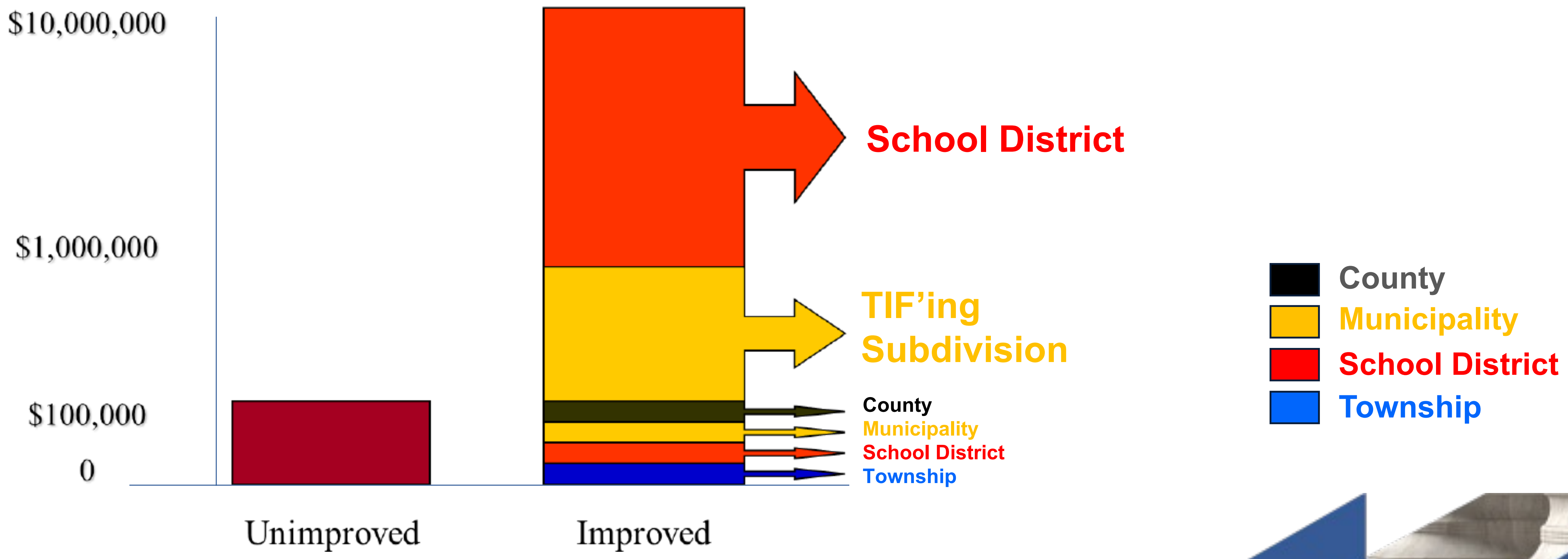
Involvement of School District

- Exemption of up to 75% or a term of up to 10 years – No School District approval is required.
- Exemptions over 75% or a term over 10 years – School District approval is required.
- Non-School TIF – School District(s) receive 100% of what they would have received – No School District approval or compensation is required.
- School District income tax sharing may be required for School TIFs (ORC 5709.82)

Local Government and School District Policy Considerations

- Local Government focus is on property valuations, tax base, jobs, wages and impact on income tax collection.
- School District focus is on increase in property valuations, tax base and potential enrollment impact (residential development).
- Communication is key.

Distribution of PILOTs in a "Non-School TIF"



Incentive District TIF Examples

CITY OF CUYAHOGA FALLS

- Two Residential Developments (Single Family Homes)
- Investments in Road Improvements, Utility Improvements, Storm Water Management and Trails
- Public Participation

Incentive District TIF Examples • CITY OF CUYAHOGA FALLS

Public Improvements



Recent Law Update

TIF Extensions ORC 5709.51

- House Bill 33 – Effective on October 3, 2023
- The legislative authority of a municipal corporation, a board of township trustees or a board of county commissioners may amend an earlier TIF ordinance or resolution to extend the exemption for up to an additional thirty (30) years if certain conditions are met.
- Service Payments did not exceed one million five hundred thousand dollars in any calendar year before the calendar year immediately preceding the adoption of the amendment (unless done this year).
- Legislative authority determination of one million five hundred thousand dollars in any future year.
- During the extension it is a non-school TIF.

Economic Development Bonds

- Bonds issued by city or county payable or secured by nontax revenues.
  - usually proceeds are loaned to private entities and are used for private project costs.

- Bonds issued by city, county or port authority payable from PILOTs under a TIF program.

Municipal Income Tax Credits and Other

- **Job Creation Tax Credit** (ORC 718.15)
  - Provides a credit against a company's municipal income tax liability.
  - Amount of the credit is to be based on a percentage of the new income tax revenue the municipality will derive from new employees at the company's project.
- **Job Retention Income Tax Credit** (ORC 718.151)
  - Similar to Job Creation Credit, except the credit is based on retained employees; may also be refundable or nonrefundable.
- **Negotiate agreement specifying conditions of credit**
- **Historic Tax Credits** (ORC 149.311)
- **New Markets (and other) Tax Credits** (Federal, and ORC 5725.33-35)
- **OWDA**
- **JobsOhio**

Tax Abatements (CRAs and Others)

There are several programs granting tax abatement to new projects. The most often used is the Community Reinvestment Area Program and Enterprise Zone Program.

- **Community Reinvestment Area Program** permits property tax abatement for new construction or remodeling of residential, commercial or industrial facilities for up to 10-15 years.
- **Enterprise Zone Program** (ORC 5709.61-69) permits property tax abatement mainly for non-retail industrial or commercial projects.

Community Reinvestment Area (CRA)

Economic development tool established in 1977 and revised in 1994 to encourage the development of new structures and revitalization of existing housing stock through use of an exemption on real property.

CRAs are frequently used for redevelopment where the costs are typically higher due to:

- Lost economic value of existing structures
- Demolition costs
- Infrastructure needs
- Dense, mixed-use nature of the redevelopment projects

(ORC Section 3735.65-70)

School District Notice and/or Consent

- **SCHOOL NOTICE**
  Unless a project is located in a grandfathered CRA (Pre-94), either a 14-day or 45 business day notice to the school district is required prior to approval of an agreement for tax abatement. The timing requirement is the same for TIFs.
- **SCHOOL APPROVAL**
  For each Program, school board approval is required if the percentage of the abatement, the Enterprise Zone Program, or the TIF, the length of the tax abatement, exceeds a certain threshold.
- **INCOME TAX SHARING**
  If the payroll from new employees is expected to equal or exceed $1,000,000 in a TIF area or $2,000,000 (adjusted annually) in a CRA, up to 50% of income tax from those employees must be shared with the school district unless the school district agrees otherwise, usually in a compensation agreement. (ORC 5709.82)

Compensation Agreements and Revenue Sharing

Many school districts enter into compensation agreements as a condition to approving TIF or tax abatement proposals, which often involve the following:

- Payments by the developers to the school district
- Income tax sharing
- For a TIF project, a percentage of the payments in lieu of taxes received
- A lump sum payment on the date TIF bonds are issued for a project
- Other services to be provided by the local government or the developer (Parking Lot Example)

Property and Sales Tax Exemptions

- Real property tax exemption for projects owned by a port authority or NCA for public use (i.e., parking garage or community building).
- Sales tax exemption for port authority (more often) or other public body.
  - Ownership by port authority (capital lease structure)
  - Issuance of bond

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CITY OF BRECKSVILLE

Valor Acres

- Redevelopment of a former VA Hospital.
- New Mixed-Use Development.
- 500,000 square-foot research and development facility for Sherwin Williams.
- 160,000 square feet of office space, 150 luxury apartments and condos, 120-key hotel and 150,000 square feet of grocery, retail and entertainment space.

TOOLS USED:

- TIF, including ORC 5709.40(B), 5709.40(C) and 5709.41.
- City issued TIF backed Bonds for public infrastructure.

Conclusions

- Understand and utilize economic development tools appropriately
- Engage stakeholders (especially schools) as soon as possible
- Engage advisors as soon as possible
- Think long-term
  - Project administration
  - Administration of economic development tools
  - Life cycle of public improvements
- Public relations is very important

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Understanding Your Toolbox: Development Districts and Other Structures (Contd.)

SPEAKER

Brad Evans

Director of Research

UC Economics Center

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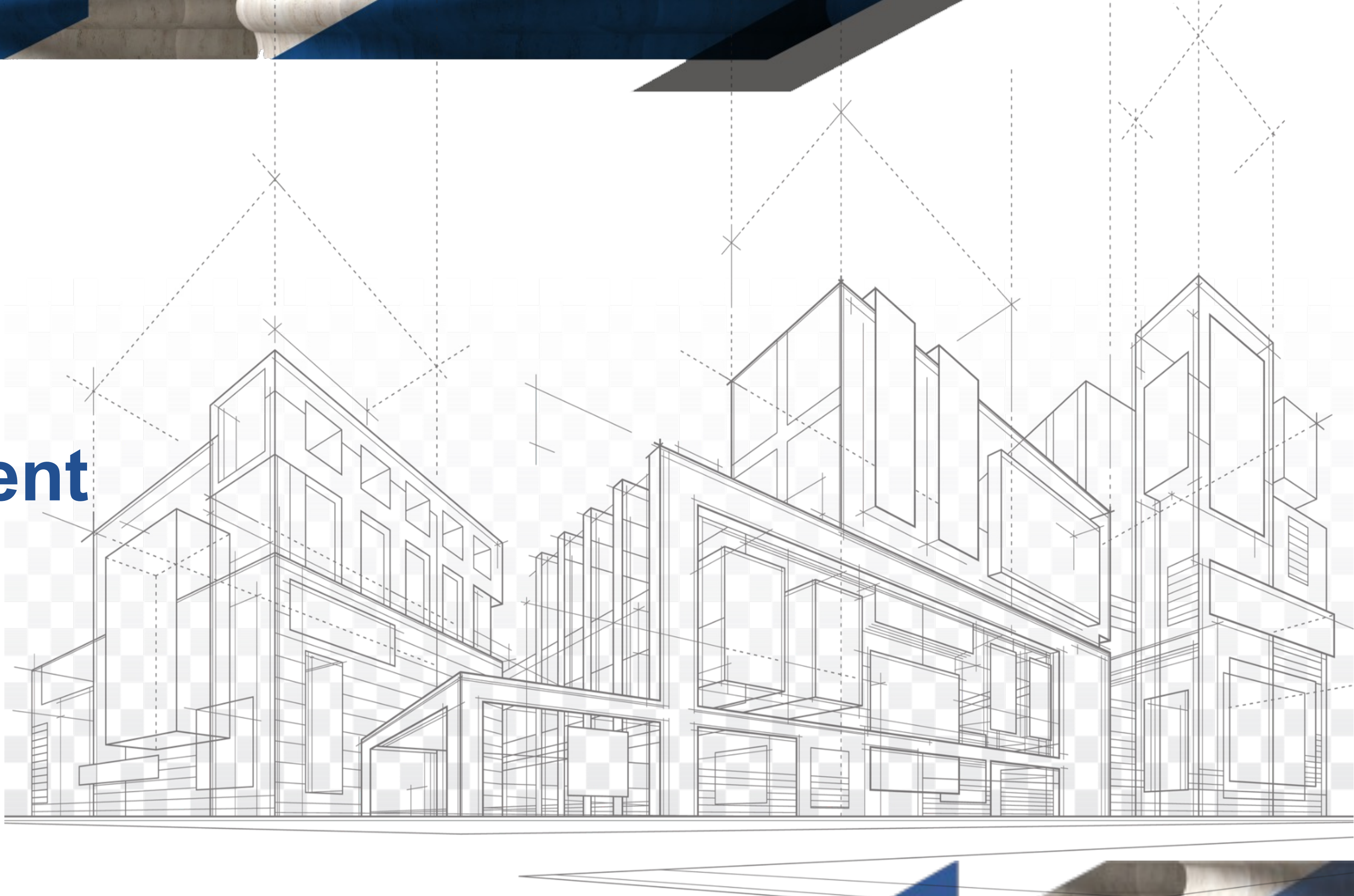
Considerations for Economic Development Incentive Programs



Not All Project Sites Are Equal

Align economic development incentive programs with needs of the project site.

- **Brownfield Sites**
  - Costly to redevelop given the environmental issues
- **Infill Development**
  - Infrastructure in place, but likely requires additional capital investment to rehabilitate and/or retro-fit underutilized buildings/ parcels of land
- **Greenfield Projects**
  - Likely to have the fewest barriers to development, but public infrastructure may be lacking

Not All Jobs Are Equal

- Economic development incentives are most effective if used for quality job creation and/or retention.
- Consider the average wages of jobs to be created and/or retained through use of incentive programs.
- > average wages in your community will help grow the local economy.
- Are the jobs to be created and/or retained through the use of incentives economically self-sufficient?
  - If not, your community is foregoing tax revenue upfront and subsidizing the job holders through public assistance programs.

Align the Use of Incentives to Targeted Industries

- What are your community's targeted industries?
- What are the skills of your local workforce?
- Leverage incentives offered by **JobsOhio** to reduce the amount of local incentives necessary.
- Foster growth in your targeted industries and fill gaps in the supply chain.

Consider Broader Economic Trends

- Understanding national/local industry growth is important.
- Occupational mix matters.
  - Are the jobs projected to grow or decline?
  - Are they at-risk of automation?
- Publicly available data can help.

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BLS Employment Projections

Employment Projections

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Employment by major industry sector

Other available formats: (XLSX)

Table 2.1 Employment by major industry sector
(Employment in thousands of jobs)

Industry Sector	2022 NAICS	Employment, 2012	Employment, 2022	Employment, 2032	Employment change, 2012–22	Employment change, 2022–32	Percent distribution, 2012	Percent distribution, 2022	Percent distribution, 2032	Compound annual rate of change, 2012–22	Compound annual rate of change, 2022–32
All industries(1)	NA	145,662.0	164,482.6	169,148.1	18,820.6	4,665.5	100.0	100.0	100.0	1.2	0.3
Nonagriculture wage and salary(2)	NA	134,844.2	153,185.5	157,779.4	18,341.3	4,593.9	92.6	93.1	93.3	1.3	0.3
Goods-producing excluding agriculture	21, 23, 31-33	18,370.1	21,133.6	21,120.6	2,763.5	-13.0	12.6	12.8	12.5	1.4	0.0
Mining	21	797.2	559.9	545.4	-237.3	-14.5	0.5	0.3	0.3	-3.5	-0.3
Construction	23	5,646.0	7,748.0	7,862.9	2,102.0	114.9	3.9	4.7	4.6	3.2	0.1
Manufacturing	31-33	11,926.9	12,825.7	12,712.3	898.8	-113.4	8.2	7.8	7.5	0.7	-0.1
Service-providing excluding special industries	NA	116,474.1	132,051.9	136,658.8	15,577.8	4,606.9	80.0	80.3	80.8	1.3	0.3
Utilities	22	552.8	553.6	539.2	0.8	-14.4	0.4	0.3	0.3	0.0	-0.3
Wholesale trade	42	5,595.2	5,962.6	5,877.8	367.4	-84.8	3.8	3.6	3.5	0.6	-0.1
Retail trade	44-45	14,800.9	15,475.4	14,946.3	674.5	-529.1	10.2	9.4	8.8	0.4	-0.3
Transportation and warehousing	48, 492, 493	4,403.8	6,651.1	7,221.0	2,247.3	569.9	3.0	4.0	4.3	4.2	0.8
Information	51	2,676.0	3,074.4	3,275.9	398.4	201.5	1.8	1.9	1.9	1.4	0.6
Financial activities	52, 53	7,783.4	9,044.5	9,393.8	1,261.1	349.3	5.3	5.5	5.6	1.5	0.4
Professional and business services	54, 55, 56	18,037.0	22,571.5	23,991.7	4,534.5	1,420.2	12.4	13.7	14.2	2.3	0.6
Education services	61	3,341.0	3,794.7	3,924.3	453.7	129.6	2.3	2.3	2.3	1.3	0.3
Health care and social assistance	62	17,428.0	20,555.0	22,647.0	3,127.0	2,092.0	12.0	12.5	13.4	1.7	1.0

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Quarterly Census of Employment and Wages

U.S. BUREAU OF LABOR STATISTICS

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Bureau of Labor Statistics > Data Tools > Charts and Applications

Quarterly Census of Employment and Wages

Employment and Wages Data Viewer

Private, 1013 Manufacturing, Ohio
Annual averages 2021 - 2022 , All establishment sizes
Source: Quarterly Census of Employment and Wages - Bureau of Labor Statistics

Summary Change Table Hide

From: 2021 To: 2022	Annual Establishments	Annual Average Employment	Total Annual Wages	Annual Average Weekly Wage	Annual Wages per Employee
2021 Levels	15,527	665,724	44,566,478,415	$1,287	$66,944
2022 Levels	15,755	683,148	47,822,138,450	$1,346	$70,003
Level Change From 2021 to 2022	228	17,424	3,255,660,035	$59	$3,059
Percent Change From 2021 to 2022	1.5%	2.6%	7.3%	4.6%	4.6%

Table Filter: (Filter Value) Apply Clear

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Download Source Data   Build Another Table

Display 75 rows per page

Year	Annual Establishments	Annual Average Employment	Annual Average Weekly Wage	Annual Average Employment Location Quotient	Annual Average Weekly Wage Location Quotient	Annual Average Employment Change Over the Year	Annual Average Employment % Change Over the Year	Annual Average Weekly Wage Change Over the Year	Annual Average Weekly Wage % Change Over the Year
2021	15,527	665,724	$1,287	1.48	1.50	12,696	1.9%	$37	3.0%
2022	15,755	683,148	1,346	1.49	1.51	17,424	2.6%	59	4.6%

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In-Demand Jobs, O*NET OnLine

Finance and Insurance

Save Table: XLSX CSV

For an overview of the industry, including employment and salary, visit the Bureau of Labor Statistics site.

View related industry competency models at CareerOneStop's Competency Model Clearinghouse: Financial Services.

Employed by this Industry	Code	Occupation	Projected Growth (2022-2032)	Projected Job Openings (2022-2032)
98%	43-3071.00	Tellers	Decline	29,000
96%	43-4141.00	New Accounts Clerks	Decline	3,200
94%	13-2053.00	Insurance Underwriters	Decline	8,200
93%	13-1032.00	Insurance Appraisers, Auto Damage	Decline	900
89%	41-3031.00	Securities, Commodities, and Financial Services Sales Agents Bright Outlook	Faster than average	40,100
88%	43-4011.00	Brokerage Clerks	Decline	4,300
85%	41-3021.00	Insurance Sales Agents	Faster than average	48,300
85%	13-2072.00	Loan Officers	Average	25,300
85%	43-4131.00	Loan Interviewers and Clerks	Little or no change	20,000
84%	43-9041.00	Insurance Claims and Policy Processing Clerks	Decline	22,100
83%	13-2052.00	Personal Financial Advisors	Much faster than average	25,600
80%	15-2011.00	Actuaries	Much faster than average	2,300
74%	13-1031.00	Claims Adjusters, Examiners, and Investigators	Decline	20,600
71%	13-2041.00	Credit Analysts	Decline	4,600
66%	13-2061.00	Financial Examiners	Much faster than average	6,300

Analyze Fiscal Impacts and Trade-Offs

- Offset foregone tax revenue through other tax types.
- Offset forgone tax revenue through the application of other incentive programs.
  - Ex: JEDD or NCA within TIF District
- Leverage use of tax incentive programs for targeted industries and quality job creation and/or retention
  - Will attract other businesses and jobs to your community
- Consider economic impact analyses for economic development projects to understand the total impacts.

Track Outcomes

- Outcome metrics:
  - Job growth
  - Wage growth
  - Increased tax revenue
- Outcomes can be used to quantify a leveraging ratio, or quasi-return on investment.
  - Can help messaging to the community
  - Inform policy revision/implementation

Other Considerations

- Consider a company's history in your community
- Incentivizing intra-region relocations is a race to the bottom
- Consistency is key
  - Existing and potential employers are watching
  - While staff are not able to approve incentives, it gives them and your business community a general framework to operate within

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Understanding Your Toolbox: Development Districts and Other Structures (Contd.)

SPEAKER

Chris McCoy

Chief Project Manager

Auditor of State,
Local Government Services

Overview

- Tax Increment Financing Agreements (TIF’s).
- Joint Economic Development District (JEDD) or Joint Economic Development Zone (JEDZ).
- Tax Abatements.
- Other opportunities.

Tax Increment Financing Agreements (TIF's)

- Established under ORC 5709. Different sections within this code are used depending on the entity establishing the TIF (Municipality, Township, or County).
- Auditor of State Bulletin 2010-003 is an excellent guide to utilize if you are wanting to establish a TIF.
  - However, it does not have all the answers. Therefore, make sure to work with your legal representative.
- Also, make sure the TIF is established to accomplish your goals and needs. Some TIF's have multiple purposes throughout their existence.

How Does It Work?

- **Ohio Department of Development**: *"Tax Increment Financing (TIF) is an economic development mechanism available to local governments in Ohio to finance public infrastructure improvements and, in certain circumstances, residential rehabilitation."*
- The TIF "locks in real property at its unimproved value for up to 30 years in a defined TIF district.
  - The developers will still have to pay some property taxes to the County Auditor over time. But their taxes will not increase as improvements are made until the TIF agreement ends.
  - Instead of paying property taxes on additional improvements, the TIF government typically charges service payments to the developers for any improvements they make. <u>They are recorded as Payment/Revenue in Lieu of Taxes</u>.
  - These payments <u>may</u> also have restrictions/requirements attached to them.

How Does It Work?
(continued)

- TIF service payments may be used for different things. They can be used to:
  - Add or maintain infrastructure costs associated with the TIF district.
  - Pay off debt incurred in the initial construction of infrastructure assets to improve the area for use.
  - Pay school districts a “hold harmless” amount agreed to within the agreement whereby the school district would otherwise lose tax dollars due to the developers not paying property taxes on the future improvements.
- Some uses of service payments may change over the life of the TIF.

TIF Example

- We work with a City who has multiple TIF agreements and seven different TIF funds to account for the different monies they receive from each agreement.

- 3 are classified as *special revenue funds* and 4 are reported as *debt service funds*.
  - In future years, at least one of the debt service funds will transition to a different fund type once the debt is paid off.

JEDD & JEDZ

- JEDD’s can be organized under ORC Code 715.70, 715.71, or 715.72 thru 715.83
  - 715.70 and 715.71 applies mainly to JEDD’s created under charter counties.
- JEDZ’s can be established under 715.691. This code section was updated on 10/3/23.
- Also see Auditor of State Bulletin 2009-004 which summarizes both JEDD’s and JEDZ’s

The Basics

- **From the AOS Bulletin** – *"These ORC Sections permit one or more townships and one or more municipalities to contribute resources for cooperative economic development and / or to provide services such as water and sewer utilities. These Sections also authorize JEDD to levy a district-wide income tax."*
- Under Ohio law, each JEDD agreement is considered as separate, regardless of how many JEDD agreements are associated with a single entity (we will have an example of this shortly).
  - Each JEDD is also required to file financial information with the Auditor of State's Office. See ORC 117.38 or Auditor of State Bulletin 2015.07.
- If a Township or municipality is the fiscal agent for a JEDD, then they should report that fund as a custodial fund on their books. The JEDD would report revenues being received (i.e. income taxes) and disbursements being made according to the agreement.

Why and How

- JEDD agreements allow two adjoining entities the opportunity to cooperate and spur economic development that is intended to help both entities grow.
- Per the AOS Bulletin:
  - "If a municipality or township receives JEDD income taxes, or other amounts thesegovernments may use for purposes sufficiently broad that the tax (or other receipt) isessentially unrestricted, the government should record the receipts in its general fund." **The revenue would be recorded as <u>Intergovernmental Revenue</u> because the money being received is actually coming from another government (the JEDD district).**
  - "If municipalities or townships receive cash from the JEDD with substantive restrictions the JEDD imposes on its use, they should establish separate funds in their accounting system to segregate these amounts." What type of fund depends on the restrictions, mostly likely either Special Revenue or Capital Projects.

JEDD Example

GREEN TOWNSHIP • HAMILTON COUNTY

- They have 7 different JEDD agreements. All agreements are between the Township and the City of Cheviot.
- Each includes an income tax component ranging from 1% - 2% for either wages for persons employed within the JEDD or based on net profits of all businesses operating within the JEDD or a combination of both.
- Each agreement has an allocation of funds to the Township and the City from 80/20, 85/15, and 90/10.
- Each JEDD filed with the Auditor of State and had a separate audit performed.

Community Reinvestment Area (CRA)

- Created under ORC Section 3735.65 to 3735.70
- These are areas within a Municipality or County in which an agreement is reached to provide economic incentives and encouragement to property owners who either construct new or renovate existing buildings. These occur mostly in areas that have been neglected or ignored regarding new investment or development.
- These arrangements provide property tax exemptions for a period of time to the business owners to assist them in launching their new business.
- On April 4, 2023, the passage of Senate Bill 33 has impacted the way the CRA is administered.

So, What is the Difference?

- The main difference with the CRA compared to the other incentives we have discussed is that there is no money generated by the CRA. It is a tax exemption that allows the property owners to not make payments on the new construction / renovations.
- With the other options discussed, some type of revenue is usually generated with the agreements.

Sources

- Ohio Auditor of State ohioauditor.gov
    - Publications/Technical Bulletins/
- Ohio Revised Code | Ohio Laws (codes.ohio.gov/ohio-revised-code).
- Ohio Department of Development – Development.Ohio.gov
- JobsOhio – www.jobsohio.com
- OEDA | Ohio Economic Development Association (ohioeda.com)

Please write your question
on the cards provided.

Hand to your representative.

5 MIN BREAK

Remarks from Ohio Auditor Keith Faber

11:00 AM

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OHIO AUDITOR

Keith Faber

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Infrastructure, Investment, and More

Leadership in Public Finance and Economic Development Conference

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Topics

- Community and Economic Development
- Types of Infrastructure to be Financed
- Types of Debt
  - Notes v. Bonds
  - General Obligations v. Revenue (Special Obligations)
  - Tax-Exempt v. Taxable
- Legal Debt Limits
- Project Assessments and Economic Development Tools
  - Property Tax Abatements/Exemptions
  - Minimum Service Payments
  - School District compensation
- Ratings
- Market Update

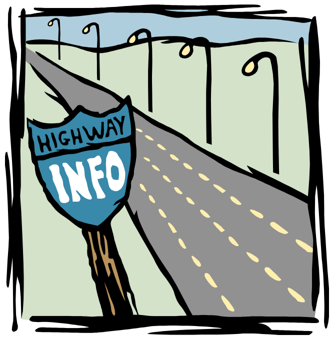
What is Community / Economic Development?

- Why is it important to a fiscal officer and what do they need to know when working on these projects and financings?
- **Example:**
  Developer comes to your community and proposes a mixed-use development downtown with retail, office and residential space. They need public infrastructure support in the form of street improvements, streetscape and a parking garage
- How should public officials and finance director proceed and what is the proper process and procedure for considering public infrastructure improvements?

Types of Infrastructure to be Financed

Subdivisions may issue notes or bonds to finance projects of all types. Many projects such as airports, roads, sewers, and schools are secured by payments from tax collections or project revenues.

What you can finance depends on what type of entity you are. Counties and municipalities have broadest powers; townships and schools have narrowest powers.




Eligible Infrastructure Relating to Development Projects

- Water, sanitary sewer and stormwater improvements
- Acquisition of land for road construction and utilities, parks and greenspace
- Road and street improvements, bridges
- Parking garages
- Community, recreation and convention centers

Overview of Process

- Project Projections
- Legislative authority passes ordinance or resolution related to incentive / incentive district
- Agreement between contracting parties (Developer Agreement, School Compensation Agreement, CRA Agreement)
- Debt Issuance

Project Assessments and Economic Development Tools

- Project Assessment and Revenues
- Property Tax Abatements/Exemptions – Community Reinvestment Areas, Tax Increment Financings
- Minimum Service Payments
- School District Compensation

Pledged Revenues

- Commercial PILOT Payments
- Residential PILOT Payments
- Sales Tax, Income Tax, and/or Hotel Tax
- New Community Authority – Property Valuation Charge, Other NCA Charges
- Nontax Revenues - Charges for Service, Fees, Licenses & Permits, Fines & Forfeitures, Intergovernmental Revenues, Interest Earnings and Other Revenues

Development Agreement

- Minimum Service Payments
- Letter of Credit (LOC)
- Escrow
- Guarantors
- Debt Service Reserve Fund (DSRF)
- Surety bonds

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Tools or Enhancements

- Bond Fund
- Insurance

What is Debt?

A duty or obligation to pay money (annual payments, plus interest) for the costs associated with the construction of a City street, evidenced by a note/bond, deliver goods or render service under an express or implied agreement

The Ohio Constitution (Article XII, Section 11) says:

"No bonded indebtedness of the state, or any political subdivisions thereof, shall be incurred or renewed unless, in the legislation under which such indebtedness is incurred or renewed, provision is made for levying and collecting annually by taxation an amount sufficient to pay the interest on said bonds, and to provide a sinking fund for their final redemption at maturity."

State law dictates the rules:

- Limits amount of debt that can be issued
- Places fiscal responsibility on its officials
- Protects taxpayers from unlimited debt burden
- Requires action by legislative body to authorize borrowing, including amount, purpose, security, source of repayment and other terms

Types of Debt – Notes v. Bonds

Bond Anticipation Notes

- Deferment of permanent financing
- Usually mature within 9-12 months
- Can be marketed quickly and inexpensively
- Low interest rates in normal interest rate environment
- Issued in anticipation of specified revenues or permanent financing

Bonds

- Permanent financing
- Usually mature over longer period (20-40 years depending on the asset)
- Marketing takes longer and more expensive, includes additional documentation
- Higher interest rates in normal interest rate environment

Types of Debt - Bonds

- Principal/Par Amount
- Maturity Dates
- Interest Rates
- Call provisions
  - Par Call
  - Premium Call
  - Make Whole Call (typically for Taxable Bonds)

Types of Debt – Security/Sources of Repayment

- General Obligations
- Revenue (Special Obligation)
  - Utility Revenue
  - Nontax Revenue
  - Tax Increment Finance Revenue
  - Income Tax Revenue (Municipalities)
  - Sales Tax Revenue (Counties)

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General Obligations

- Ohio Revised Code Chapter 133
- Can only finance permanent improvements, min 5-year asset life
- Pledge of Full Faith and Credit of the Issuer
  - Secured by ad valorem property taxes (and all other sources); paid before other expenditures
- Source of repayment may come from other sources such as
  - Municipal Income Tax
  - Special Assessments for the Project Financed
  - Other Nontax Revenues (Enterprise Funds)
- Limited obligations provide for a specific pledge
  - Taxes Limited to Particular Purpose
  - Pledged Utility Revenues
  - Special assessments for specific projects

General Obligations – Debt Limitations

- Direct Debt Limitation
    - Applies only to the debt of the Issuer
    - Based on Assessed Valuation
    - Limits vary by type of subdivision
    - Exemptions for self-supporting, municipal income tax covenant, utility revenue and other non-general obligation debt, county jails, township fire protection
- Indirect Debt Limitation (aka 10-mill limitation)
    - Unvoted, general obligation debt
    - Ohio Constitution and Ohio Revised Code
    - Looks at highest year of debt service for all overlapping subdivisions (e.g., City, County, School District, Library District, special districts)

Revenue (Special) Obligations

- Revenue obligations pledge a specific revenue
  - Utilities (projects and systems have identifiable users)
  - Income Tax
  - Sales Tax
- Nontax Revenue obligations
  - Article VIII, Section 13 of Ohio Constitution
    - Economic Development, Job Creation
    - Cannot pledge tax revenues
    - Acquire, construct, improve, equip … property, structures, equipment and facilities within the State for industry, commerce, distribution and research
- Tax Increment Finance obligations

Revenue (Special) Obligations

- Limitations on or nexus to the assets being financed
- Unvoted debt
- Debt Service Reserve Fund (DSRF) may be necessary
- Debt Service Coverage covenants may be necessary and tied to user rates
- Additional bonds test
- Market demands may affect the above

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Income Tax Revenue Bonds

$11,550,000, City of Monroe
Various Purpose Income Tax Revenue Bonds

- S&P AA Rating
- Final Maturity 2049
- Security and Sources of Payment
  - City's ability to levy and pledge the Municipal Income Taxes so long as the bonds are outstanding
  - Additional Bonds test @ 175% Maximum Annual Debt Service (MADS)
  - All Bonds test covenant @ 125%

OFFICIAL STATEMENT DATED NOVEMBER 14, 2019

NEW ISSUE
Book-Entry Only

Rating: Standard & Poor's: "AA"
See Ratings herein

In the opinion of Bond Counsel, Dinsmore & Shohl LLP, under existing law, (i) interest on the Bonds will be excludible from gross income of the holders thereof for purposes of federal income taxation, (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (iii) the Bonds, the interest thereon or transfer thereof, and the income therefrom, including any profit made on the sale thereof, will be exempt from Ohio personal income tax, the Ohio commercial activity tax, the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio, all subject to the qualifications described herein under the heading "TAX EXEMPTION."

CITY OF MONROE OHIO

$11,555,000
CITY OF MONROE, OHIO
VARIOUS PURPOSE SPECIAL OBLIGATION INCOME TAX REVENUE BONDS
SERIES 2019

Dated: December 4, 2019

Due: December 1, as shown below

Interest on the Bonds will be payable, from the date of issuance, on June 1 and December 1, commencing June 1, 2020, and the Bonds mature on December 1, as shown below:

$4,270,000 Serial Bonds

Year	Amount	Interest Rate	Yield	CUSIP*	Year	Amount	Interest Rate	Yield	CUSIP*
2020	$215,000	4.00%	1.32%	611245 AA9	2028	$290,000	4.00%	1.90%	611245 AJ0
2021	225,000	4.00	1.34	611245 AB7	2029	310,000	4.00	2.03	611245 AK7
2022	230,000	4.00	1.38	611245 AC5	2030	315,000	4.00	2.16	611245 AL5
2023	240,000	4.00	1.43	611245 AD3	2031	330,000	4.00	2.25	611245 AM3
2024	245,000	4.00	1.50	611245 AE1	2032	335,000	4.00	2.29	611245 AN1
2025	260,000	4.00	1.58	611245 AF8	2033	355,000	4.00	2.36	611245 AP6
2026	270,000	4.00	1.68	611245 AG6	2034	370,000	4.00	2.42	611245 AQ4
2027	280,000	4.00	1.80	611245 AH4					

$780,000 4.00% Term Bonds Due December 1, 2036: Yield 2.600% CUSIP* 611245 AR2
$1,290,000 3.00% Term Bonds Due December 1, 2039: Yield 3.034% CUSIP* 611245 AS0
$2,405,000 3.00% Term Bonds Due December 1, 2044: Yield 3.058% CUSIP* 611245 AT8
$2,810,000 3.125% Term Bonds Due December 1, 2049: Yield 3.151% CUSIP* 611245 AU5

The Bonds are subject to optional and mandatory redemption as described herein. The Bonds will be issuable only as fully-registered bonds under a Book-Entry Only system and when delivered, all Bonds will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The paying agent and registrar for the Bonds is The Huntington National Bank, Cincinnati, Ohio, (the "Paying Agent and Registrar"). Interest is payable June 1 and December 1 (each an "Interest Payment Date"), commencing June 1, 2020.

The Bonds will be issued in the denominations of $5,000 or any integral multiple thereof as provided in the authorizing legislation (as herein defined).

The Bonds are offered, subject to prior sale, when, as and if issued by the City and accepted by KeyBanc Capital Markets Inc. (the "Underwriter"), subject to approval of legality by Dinsmore & Shohl LLP, as Bond Counsel. Bradley Payne Advisors, LLC has acted as Financial Advisor to the City in connection with the issuance of the Bonds. The Underwriter anticipates that the Bonds will be eligible for the services of The Depository Trust Company ("DTC"). There will be no distribution to the ultimate purchasers. (See "Book Entry Only Method" therein). It is expected that delivery of the Bonds will be made in Columbus, Ohio, through DTC, on or about December 4, 2019.

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Nontax Revenue Bonds

$25,465,000, City of Upper Arlington

Nontax Tax Revenue Bonds

- S&P AAA / Moody's Aa1 Rating
- Final Maturity 2053
- Security and Sources of Payment
  - All Nontax Revenues of the City that include the following: Charges for Service, Fees, Licenses & Permits, Fines & Forfeitures, Intergovernmental Revenues, Interest Earnings and Other Revenues
  - Tax Increment Financing Revenues are the main repayment source
  - All Bonds test covenant @ 150% MADS

Ratings: Moody's: "Aa1"
Standard & Poor's: "AAA"
(See "RATINGS" herein)

NEW ISSUE - BOOK-ENTRY FORM ONLY

In the opinion of Bricker & Eckler LLP, Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax; and (ii) interest on and any profit made on the sale, exchange or other disposition of the Bonds is exempt from certain taxes levied by the State of Ohio and its political subdivisions. The City has not designated the Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds may be subject to certain federal income taxes imposed on certain corporations, and certain taxpayers may have certain other adverse federal income tax consequences as a result of owning the Bonds. For a more complete discussion of the tax aspects, see "TAX MATTERS."

OFFICIAL STATEMENT

CITY OF UPPER ARLINGTON

$25,465,000

CITY OF UPPER ARLINGTON, OHIO

Special Obligation Nontax Revenue Bonds, Series 2021A

(Arlington Gateway Mixed-Use Development)

Dated: Date of Delivery **Due: As shown on the inside cover herein**

THE BONDS ARE A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM NONTAX REVENUES AND WILL NOT REPRESENT OR CONSTITUTE A GENERAL OBLIGATION OF THE CITY, THE STATE OF OHIO, OR ANY POLITICAL SUBDIVISION THEREOF, AND ARE NOT SECURED BY THE FULL FAITH AND CREDIT OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF. THE OWNERS AND HOLDERS OF THE BONDS DO NOT HAVE THE RIGHT TO HAVE ANY EXCISES OR TAXES LEVIED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO OR THE TAXING AUTHORITY OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein.

Interest on the Bonds will be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2021.

Principal of and interest on the Bonds will be payable at maturity in federal funds at the designated office of The Huntington National Bank, Columbus, Ohio, as registrar, paying agent and transfer agent for the Bonds.

The Bonds are issuable as fully registered obligations and, when issued, will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry only form. Purchasers of beneficial interests ("Beneficial Owners") will not receive certificates representing their interests in the Bonds. So long as the Bonds of an issue are registered in the name of Cede & Co., as nominee of DTC, references herein to the owners shall mean Cede & Co. and shall not mean the Beneficial Owners of that issue of Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds maturing after December 1, 2029 will be subject to optional redemption prior to stated maturity. The Bonds maturing on December 1, 2041, December 1, 2044, December 1, 2046, December 1, 2048, December 1, 2051 and December 1, 2053 will be subject to mandatory sinking fund redemption prior to stated maturity. The Bonds are subject to extraordinary optional redemption, all as described in this Official Statement. See "THE BONDS – Redemption" herein.

The Bonds are offered when, as and if issued and received by the Underwriter identified herein (see "UNDERWRITING" herein), subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of certain legal matters by Bricker & Eckler LLP, Columbus, Ohio, Bond Counsel to the City. Certain legal matters will be passed upon for the Underwriter by its counsel, Frost Brown Todd LLC, Columbus, Ohio. Bradley Payne LLC, Circleville, Ohio, has acted as Municipal Advisor to the City in connection with the issuance of the Bonds. See "MUNICIPAL ADVISOR" herein.

This cover page contains certain information for general reference only. It is not a summary of the provisions of the Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

This Official Statement has been prepared by the City of Upper Arlington in connection with the original offering for sale by it of the Bonds. It is expected that delivery of the Bonds in definitive form will be made through the facilities of DTC on or about September 30, 2021. The date of this Official Statement is September 14, 2021, and the information herein speaks only as of that date.

Upper Arlington Gateway Redevelopment Project

- Project details:
  - At least 130,000 square feet of commercial “Class A” office space
  - At least 25,000 square feet of retail space on the ground floor
  - Not more than 235 for-rent residential apartments
- Minimum building permit values:
  - $52,100,000 (aggregate)
  - Developer agreement not to contest property valuation
    - $52,100,000 aggregate
    - $19,460,000 for Office Parcel
    - $5,100,000 for Retail Parcel
    - $27,540,000 for Residential Parcel)
- Infrastructure Improvements and Parking Facilities
  - Infrastructure Improvements include:
    - Roadway, sanitary sewer, stormwater management, waterline improvements
    - Traffic calming medians
    - Streetscape and pedestrian zone improvements
    - Traffic signal at Lane Ave. and Arthur E. Adams Dr.
    - Parking Facilities include: 843-space structured parking facility
- City agrees to deposit $25,400,000 into project fund
- Developer guarantees completion

- TIF on commercial sites
  - 30 years; 100% of increased value
  - $450,000 annual compensation payment to Columbus City Schools (from TIF revenue)
  - General contractor for the development agrees to partner with the school district to identify learning opportunities for school district students enrolled in the construction trades program in connection with and as part of the construction of the development.
- Special Assessment
  - On entire site
  - Covers any shortfall of TIF on City bond debt service, subject to credit for payroll tax revenue received by the City with respect to the development (not including construction workers) in excess of $500,000 (with inflation adjustment)
  - Also special assessment for garage maintenance
- Payroll Tax Guarantees
  - Minimum $860,000 per year for two consecutive years
  - Minimum $500,000 per year for term of bonds (with inflation adjustment)
    - If not generated, shortfall amount is included in special assessment
- Incentive Contingencies
  - As-built appraisals
  - Developer financing and equity
  - Completion guaranty

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Upper Arlington Gateway Redevelopment Project

Total TIF & Income Tax Revenues From Development To Projected Debt Service

Arlington Gateway Project - $28.675M Gross Bonds - $25.400M Net Proceeds - TIF Values at 100% of Projections and Income Tax at 70% of Projections

TIF Year	Tax Year	Collection Year	Base Year True Value	Base Year Taxes	Total New Value	Gross TIF Revenues	Less Auditor Collection Fee 1%	School District Reimbursement	Net TIF Revenues	City Issued Taxable and Tax Exempt Bonds	Coverage Ratio Before Income Tax	TIF Revenues Excess - (Shortfall)	Income Tax Revenues from Site	Coverage Ratio With Income Tax	Special Assessment Levied (1)	Total Yearly Excess Revenues
	2022	2023	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-	$ -	$ 519,166	-	$ -	$ 519,166
1	2023	2024	3,948,344	116,667	26,410,611	780,390	7,804	450,000	322,586	915,295	0.35	(592,709)	865,276	1.30	227,433	500,000
2	2024	2025	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,510,295	0.73	(415,123)	865,276	1.30	49,847	500,000
3	2025	2026	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,508,280	0.73	(413,108)	865,276	1.30	47,832	500,000
4	2026	2027	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,505,525	0.73	(410,353)	865,276	1.30	45,077	500,000
5	2027	2028	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,507,030	0.73	(411,858)	865,276	1.30	46,582	500,000
6	2028	2029	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,507,610	0.73	(412,438)	865,276	1.30	47,162	500,000
7	2029	2030	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,507,265	0.73	(412,093)	865,276	1.30	46,817	500,000
8	2030	2031	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,505,995	0.73	(410,823)	865,276	1.30	45,547	500,000
9	2031	2032	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,508,800	0.73	(413,628)	865,276	1.30	48,352	500,000
10	2032	2033	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,510,495	0.73	(415,323)	865,276	1.30	50,047	500,000
11	2033	2034	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,506,080	0.73	(410,908)	865,276	1.30	45,632	500,000
12	2034	2035	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,505,740	0.73	(410,568)	865,276	1.30	45,292	500,000
13	2035	2036	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,509,290	0.73	(414,118)	865,276	1.30	48,842	500,000
14	2036	2037	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,506,545	0.73	(411,373)	865,276	1.30	46,097	500,000
15	2037	2038	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,505,690	0.73	(410,518)	865,276	1.30	45,242	500,000
16	2038	2039	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,505,740	0.73	(410,568)	865,276	1.30	45,292	500,000
17	2039	2040	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,502,320	0.73	(407,148)	865,276	1.30	41,872	500,000
18	2040	2041	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,503,175	0.73	(408,003)	865,276	1.30	42,727	500,000
19	2041	2042	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,503,160	0.73	(407,988)	865,276	1.30	42,712	500,000
20	2042	2043	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,502,275	0.73	(407,103)	865,276	1.30	41,827	500,000
21	2043	2044	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,505,520	0.73	(410,348)	865,276	1.30	45,072	500,000
22	2044	2045	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,502,750	0.73	(407,578)	865,276	1.30	42,302	500,000
23	2045	2046	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,504,110	0.73	(408,938)	865,276	1.30	43,662	500,000
24	2046	2047	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,504,455	0.73	(409,283)	865,276	1.30	44,007	500,000
25	2047	2048	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,503,785	0.73	(408,613)	865,276	1.30	43,337	500,000
26	2048	2049	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,502,100	0.73	(406,928)	865,276	1.31	41,652	500,000
27	2049	2050	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,504,400	0.73	(409,228)	865,276	1.30	43,952	500,000
28	2050	2051	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,505,540	0.73	(410,368)	865,276	1.30	45,092	500,000
29	2051	2052	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,505,520	0.73	(410,348)	865,276	1.30	45,072	500,000
30	2052	2053	3,948,344	116,667	52,821,222	1,560,779	15,608	450,000	1,095,172	1,502,340	0.73	(407,168)	865,276	1.30	41,892	500,000
Totals				$ 3,500,010		$ 46,042,991	$ 460,430	$ 13,500,000	$ 32,082,561	$ 44,577,125		$ (12,494,564)	$ 26,477,455		$ 1,536,275	$ 15,519,166
NPV Totals @ 5%				$ 1,793,458		$ 23,249,776	$ 232,498	$ 6,917,603	$ 16,099,675	$ 22,591,987		$ (6,492,311)	$ 13,162,460		$ 835,352	$ 7,814,658

1) Special Assessment levied is equal to Net TIF Revenues plus Site Income Tax Revenues less Debt service less $500,000 minimum income tax guarantee.

Average Net To City After Debt: $ 500,618

Upper Arlington Gateway Redevelopment Project

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Special Assessment Bonds

$32,020,000 Hamilton Community Authority Property Assessed Clean Energy Taxable Revenue Bonds (Champion Mill Project)

- DBRS BB Rating
- Final Maturity 2049
- Security and Sources of Payment
  - Pledge of Special Assessment collections

NEW ISSUE – BOOK ENTRY ONLY

Ratings: DBRS (Provisional) BB (sf)
See **RATINGS** herein

Interest on the Bonds is not excludible from gross income for federal income tax purposes, but in the opinion of Frost Brown Todd LLC, Bond Counsel, interest on the Bonds, the transfer thereof, and any profit made on their sale, exchange, or other disposition, are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and income taxes imposed by municipalities and other political subdivisions in Ohio. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

OFFICIAL STATEMENT
$32,020,000
HAMILTON COMMUNITY AUTHORITY (OHIO)
PROPERTY ASSESSED CLEAN ENERGY TAXABLE REVENUE BONDS
(CHAMPION MILL PROJECT), SERIES 2020

Dated: Date of Initial Delivery | **Due: As shown on the inside front cover**

The Bonds: The Hamilton Community Authority, a "new community authority" and body corporate and politic (the "Authority"), is issuing its Property Assessed Clean Energy Taxable Revenue Bonds (Champion Mill Project), Series 2020 (the "Bonds") to (i) provide funds necessary to assist with the financing of the costs of acquiring, constructing, equipping, installing, and improving energy efficient envelope upgrades, electrical systems, HVAC, plumbing fixtures, Energy Star appliances, elevator improvements and related improvements (the "Sports Complex Energy Project") to be constructed by Champion Mill Land, LLC, a Pennsylvania limited liability company (the "Sports Complex Developer") in connection with the development by the Sports Complex Developer of a sporting complex (the "Sports Complex Development") located at 600 N. B Street within the City of Hamilton, Ohio (the "City"), (ii) provide funds necessary to assist with the financing of the costs of acquiring, constructing, equipping, installing, and improving energy efficient envelope upgrades, electrical systems, HVAC, plumbing fixtures, Energy Star appliances, elevator improvements and related improvements (the "Hotel Energy Project", and together with the Sports Complex Energy Project, the "Series 2020 Project") to be constructed by Historic Mill Land 2, LLC, an Ohio limited liability company (the "Hotel Developer", and together with the "Sports Complex Developer", the "Developer") on behalf of the Authority in connection with the development by the Hotel Developer of a hotel near the Sports Complex Development (the "Hotel Development", and together with the "Sports Complex Development", the "Development") located at 601 N. B Street within the City of Hamilton, Ohio, (iii) fund a debt service reserve fund, (iv) pay capitalized interest and capitalized fees on the Bonds, and (v) pay costs of issuance of the Bonds. See **THE BONDS – AUTHORIZATION AND PURPOSE**.

Security and Sources of Payment: The Bonds will be issued and secured under a Trust Agreement, expected to be dated as of March 1, 2020 (the "Trust Agreement"), between the Authority and The Huntington National Bank, as Trustee (the "Trustee"). The Bonds are payable from the revenues, receipts and other moneys assigned under that Trust Agreement to secure payment of the Bonds, which include Pledged Revenues primarily composed of special assessments levied by the City against the real property underlying the Development (the "Assessed Property") for the payment of the costs of the Series 2020 Project (as more fully described in **SECURITY AND SOURCES OF PAYMENT – Special Assessments**, the "Special Assessments") and a portion of the community development charges imposed on the Sports Complex Development and the Hotel Development (as more fully described in **SECURITY AND SOURCES OF PAYMENT – Pledged HCA Charges**, the "Pledged HCA Charges"). The City has pledged the Special Assessments to the Authority pursuant to the Cooperative Agreement among the Authority, the City, City of Hamilton (Butler County), Ohio Energy Special Improvement District I (the "ESID"), the Sports Complex Developer, the Hotel Developer, the Trustee, and any additional necessary parties, expected to be dated as of March 1, 2020 (the "Cooperative Agreement").

THE PURCHASE OF THE BONDS AS AN INVESTMENT IS SPECULATIVE IN NATURE AND SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NONPAYMENT OF PRINCIPAL AND INTEREST. SEE "BONDHOLDER RISKS" HEREIN FOR A DISCUSSION OF SUCH FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE AS TO BOTH PRINCIPAL AND INTEREST SOLELY FROM PLEDGED REVENUES. THE BONDS DO NOT CONSTITUTE A DEBT, OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, THE CITY, OR OF THE ESID, AND THE HOLDERS THEREOF HAVE NO RIGHT TO HAVE TAXES LEVIED BY THE AUTHORITY, THE CITY OR ANY OTHER TAXING AUTHORITY FOR THE PAYMENT OF THE PRINCIPAL THEREOF OR INTEREST THEREON.

Book-Entry: The Bonds will be initially issued only as fully registered bonds, one for each maturity, issuable under a book-entry system, registered initially in the name of The Depository Trust Company or its nominee (DTC). There will be no distribution of Bonds to the ultimate purchasers. The Bonds in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Official Statement. See **APPENDIX B – BOOK-ENTRY METHOD; DTC**.

Payment: *(See Maturity Schedule on inside cover.)* Principal and interest will be payable to the registered owner (DTC), principal upon presentation and surrender at the designated corporate trust office of The Huntington National Bank, in Cincinnati, Ohio (the Trustee and Bond Registrar), and interest transmitted by the Trustee on each interest payment date (June 1 and December 1 of each year, commencing June 1, 2020) to the registered owner (DTC) as of the 15th day preceding that interest payment date.

(For Principal Amounts, Interest Rates and Prices or Yields, see inside cover)

Prior Redemption: The Bonds are subject to mandatory sinking fund and optional redemption by the Authority prior to maturity as more fully described herein under **DETAILS OF THE BONDS – Prior Redemption**.

*The Bonds are offered when, as and if issued, and accepted by the Underwriter, subject to the opinion on certain legal matters relating to their issuance by Frost Brown Todd LLC, Bond Counsel. Certain legal matters will be passed upon by Squire Patton Boggs (US) LLP as counsel for the Authority, and by Keating Muething & Klekamp, PLL, as counsel for the Underwriter. Bradley Payne Advisors, LLC has acted as Financial Advisor to the Authority in connection with the issuance of the Bonds. See **FINANCIAL ADVISOR**.*

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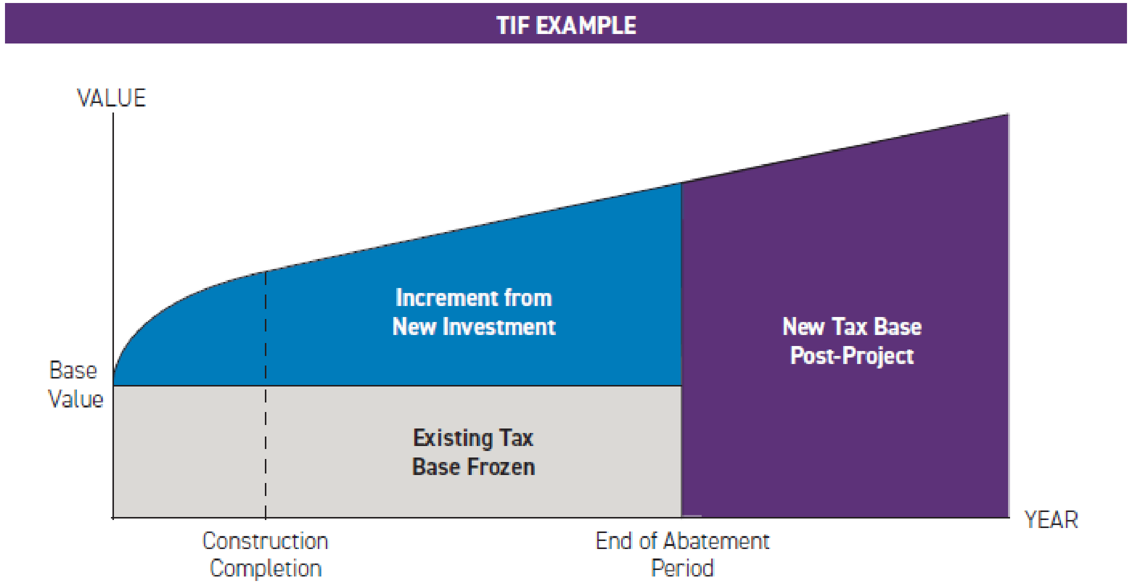
City of Hamilton Champion Mill Project

Public Infrastructure & Economic Development

- Municipalities can promote economic development by financing public infrastructure improvements desired or necessary for economic development
- A Tax Increment Financing (TIF) District can provide a mechanism to pay for these improvements up front (issue debt) and repay that debt over time through PILOT payments which are based on growth in assessed valuation as a result of the project

Tax Increment Districts & Financing Public Infrastructure



- TIF District property owner pays property taxes on unimproved property the value of which is frozen at time of TIF agreement
- Property owner makes “service payments in lieu of taxes” (PILOTs) on the assessed value (AV) incremental increase at the same tax rate that would have otherwise been paid
- PILOTs are collected & disbursed according to agreements with school district and, if an incentive district, to fund other levies passed after TIF District formation
- Residual funds can be used to pay for public infrastructure improvements or fund debt issued for public infrastructure improvements
- At the end of the abatement agreement the TIF District is dissolved, and taxes are paid by the property owner(s) at the full improved AV

Tax Increment Financing

- TIF district public infrastructure improvements typically need to be completed before or concurrently with private development of land, as the project typically cannot be completed and operational without them
- This requires upfront financing of these public infrastructure improvements
- PILOT payments from a private owner on prospective developments are the source of repayment for bonds and are considered speculative by investors, various forms of credit enhancement are typically necessary
  - These may include but not limited to: developer guarantees, minimum service payment guarantees, special assessments pledges, developer financing assurances, agreements not to challenge improved assessed valuations, port authority bond funds, bond insurance and/or **credit support from the municipality**

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Tax Increment Financing

$18,380,000, Hamilton Community Authority Tax Increment Revenue Bonds (Champion Mill Project) and $17,710,000 TIF Revenue Subordinate Revenue Bonds

- Cooperative agreement with the City of Hamilton pledging TIF Revenues
- Non Rated
- Final Maturity 2051
- Security and Sources of Payment
  - TIF Revenues
  - Minimum Service Payment Obligation
  - NCA Charges

NEW ISSUE – BOOK ENTRY ONLY — See **NO RATINGS** herein

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see TAX MATTERS herein.

OFFICIAL STATEMENT
$36,090,000
HAMILTON COMMUNITY AUTHORITY (OHIO)

$18,380,000
Tax Increment Financing Revenue Bonds
(Champion Mill Project), Series 2020

$17,710,000
Tax Increment Financing Revenue Bonds
(Champion Mill Project), Subordinate Series 2020

Dated: Date of Initial Delivery — **Due: As shown on the inside front cover**

The Bonds: The Hamilton Community Authority, a "New Community Authority" and body corporate and politic (the "Issuer"), is issuing its Tax Increment Financing Revenue Bonds, Series 2020 (Champion Mill Project) (the "Senior Bonds") and its Tax Increment Financing Revenue Bonds, Subordinate Series 2020 (Champion Mill Project) (the "Subordinate Bonds," and together with the Senior Bonds, the "Bonds") to pay the costs of improving the property consisting of the former Champion Paper mill in Hamilton, Ohio and redeveloping such property into a sports and entertainment complex (the "Sports Complex Project") and a hotel and convention center (the "Hotel Project" and together with the Sports Complex Project, the "Project", all as further described herein), funding a debt service reserve fund, funding a capitalized interest deposit, and paying costs of issuance of the Bonds. See **THE BONDS – AUTHORIZATION AND PURPOSE.**

Security and Sources of Payment: The Bonds will be issued and secured under a Trust Agreement, dated as of March 1, 2020 (the "Trust Agreement"), between the Issuer and The Huntington National Bank, as Trustee (the "Trustee"). The Bonds are payable from the revenues, receipts and other moneys assigned under that Trust Agreement to secure payment of the Bonds, which include Pledged Revenues primarily composed of certain payments in lieu of taxes to be paid over to the Issuer under a cooperative agreement (the "Cooperative Agreement") among the Issuer, the City of Hamilton, Ohio (the "City") and the Butler County Port Authority dated as of March 1, 2020. *The obligation of the City to make transfer service payments in lieu of taxes to the Issuer pursuant to the Cooperative Agreement is expressly made subject to the receipt of such service payments from the owners of parcels on which the Sports Complex Project and the Hotel Project are located and appropriation of such service payments by City Council for payment to the Issuer under the Cooperative Agreement.*

THE PURCHASE OF THE BONDS AS AN INVESTMENT IS SPECULATIVE IN NATURE AND SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NONPAYMENT OF PRINCIPAL AND INTEREST. SEE "BONDHOLDER RISKS" HEREIN FOR A DISCUSSION OF SUCH FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

NO APPLICATION HAS BEEN MADE FOR A RATING WITH RESPECT TO THE BONDS, NOR IS THERE ANY REASON TO BELIEVE THAT THE ISSUER WOULD HAVE BEEN SUCCESSFUL IN OBTAINING AN INVESTMENT GRADE RATING FOR THE BONDS HAD SUCH APPLICATION BEEN MADE.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER PAYABLE AS TO BOTH PRINCIPAL AND INTEREST SOLELY FROM PLEDGED REVENUES. THE BONDS DO NOT CONSTITUTE A DEBT, OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER OR OF THE CITY, AND THE HOLDERS THEREOF HAVE NO RIGHT TO HAVE TAXES LEVIED BY THE ISSUER, THE CITY OR ANY OTHER TAXING AUTHORITY FOR THE PAYMENT OF THE PRINCIPAL THEREOF OR INTEREST THEREON.

Book-Entry: The Bonds will be initially issued only as fully registered bonds, one for each maturity, issuable under a book-entry system, registered initially in the name of The Depository Trust Company or its nominee (DTC). There will be no distribution of Bonds to the ultimate purchasers. The Bonds in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Official Statement. See **APPENDIX C – BOOK-ENTRY METHOD; DTC.**

Payment: *(See Maturity Schedule on inside cover.)* Principal and interest will be payable to the registered owner (DTC) by The Huntington National Bank, in Cincinnati, Ohio (the Trustee and Bond Registrar), principal at maturity or mandatory sinking fund payment dates and interest on each interest payment date (June 1 and December 1 of each year, commencing June 1, 2020) to the registered owner (DTC) as of the 15th day of the month preceding that payment date.

(For Principal Amounts, Interest Rates and Prices or Yields, see inside cover)

Prior Redemption: The Bonds are subject to mandatory sinking fund and optional redemption by the Issuer prior to maturity as more fully described herein under **DETAILS OF THE BONDS – Prior Redemption.**

The Bonds are offered when, as and if issued, and accepted by the Underwriter, subject to the opinion on certain legal matters relating to their issuance by Squire Patton Boggs (US) LLP, Bond Counsel. Certain legal matters will be passed upon by Keating, Muething & Klekamp PLL, as counsel for the Underwriter. Bradley Payne Advisors, LLC has acted as Financial Advisor to the Issuer in connection with the issuance of the Bonds. See ***FINANCIAL ADVISOR.***

Tax-Exempt v. Taxable

- Tax-exempt financings:
  - Bond Counsel will conduct diligence and ask question to determine if Bonds can be tax-exempt; opinion rendered
  - Governmental assets used by general public
  - Limitations on private use - use of tax-exempt financed facilities by nongovernmental parties or the federal government
  - Limitations on private payments - payment of funds by a private party or federal government for use of facilities
- Taxable
  - Financing of private improvements under Chapter 165 – land acquisition or improvements for private industry

Selling the Bonds

- How does an issuer sell its bonds?
  - Negotiated
  - Competitive
  - Limited Public Offering (Underwriter) / Private Placement (Placement Agent)
- The Preliminary Official Statement (POS) and (final) Official Statement (OS) are the primary disclosure documents of the issuer.
  - Contains all material information including financial terms, issuer information and historical financial information.
  - A POS is sent to prospective investors and typically omits certain information such as interest rates, underwriting spread and (occasionally) call dates.
  - The final OS is distributed after all financial terms of the bonds have been set.
- Potential investors: Retail, Institutional

Typical Participants

- Treasurer, Finance Director, Auditor
- Superintendent, City Manager, Commissioner
- Underwriter
- Financial Advisor
- Bond Counsel

Additional Participants

- Developer
- Developer Counsel
- Developer Advisor
- Trustee
- Underwriter Counsel

Negotiated Sale

- Underwriting firm is selected well in advance of the proposed sale date.
- Underwriter also proposes an amount of compensation known as underwriter’s discount.
- The underwriting firm takes the lead in marketing the bonds to investors.
- Underwriter proposes interest rates at which various maturities will be offered to investors.
- Upon approval by the issuer, underwriter will approach investors to determine whether bonds can be sold at the proposed rates.
- Adjustments are made to the interest rate scale until final terms are reached reflecting the supply and demand of the bonds.
- Once terms for the sale have been reached a bond purchase agreement is signed by the issuer and underwriter (purchaser) agreeing to the terms.

Competitive Sale

- In a competitive sale, the issuer solicits bids from underwriting firms to purchase its bonds.
- Issuer determines the size and other essential characteristics of the issue prior to soliciting bids.
- A Notice of Sale containing bid parameters and terms of the issue is distributed to underwriters.
- Each bid takes into account both the interest rate paid to investors and the amount of compensation paid to the underwriting firm for selling the bonds.
- Bonds are awarded to the firm or syndicate offering the lowest interest rate (highest price) bid.
- Final terms and underwriter who will purchase the bonds are outlined in the Certificate of Award (and occasionally a purchase agreement).

What Is A Rating?

- Provide an independent analysis (and rating) of the issuer's credit quality
- There are three primary rating agencies:
  - Standard & Poor's (S&P)
  - Moody's
  - Fitch

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Credit Rating Scales

	Moody's Investors Service	S&P Global	Fitch Ratings	Description
Investment Grade	Aaa	AAA	AAA	Highest Quality
Investment Grade	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-	High Quality
Investment Grade	A1 A2 A3	A+ A A-	A+ A A-	Good Quality
Investment Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-	Below Average
Below Investment Grade	Ba1, Ba2, Ba3	BB+, BB, BB-	BB+, BB, BB-	Speculative
Below Investment Grade	B, Caa	B, CCC, CC	B, CCC, CC, C	Very Speculative
Below Investment Grade	Ca, C	D	DDD, DD, D	Default

Credit Rating

Common Features of Economic Development Financing

- PILOT Payments (no enhancement)
- + developer guarantees
- + minimum service payment guarantees
- + special assessments pledges
- + developer financing assurances
- + agreements not to challenge improved AV
- + port authority bond funds
- + bond insurance
- **+ credit support from the municipality**

Speculative Securities, Higher Interest Rates

Investment Grade Securities Lower Interest Rates

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Credit Ratings

- Rating agencies can provide an independent review and analysis and assign a credit rating
- Many investors value this independent credit review, and some require it
- Economic development financings typically have primary and backup revenue streams to support debt issued. Many times, the associated municipality provides some type of support for financing, and this is an important component of the credit rating review and outcome. When assigning a rating, rating agencies will look broadly at the municipality's:
  - Economy
  - Finances
  - Management
  - Debt Burden

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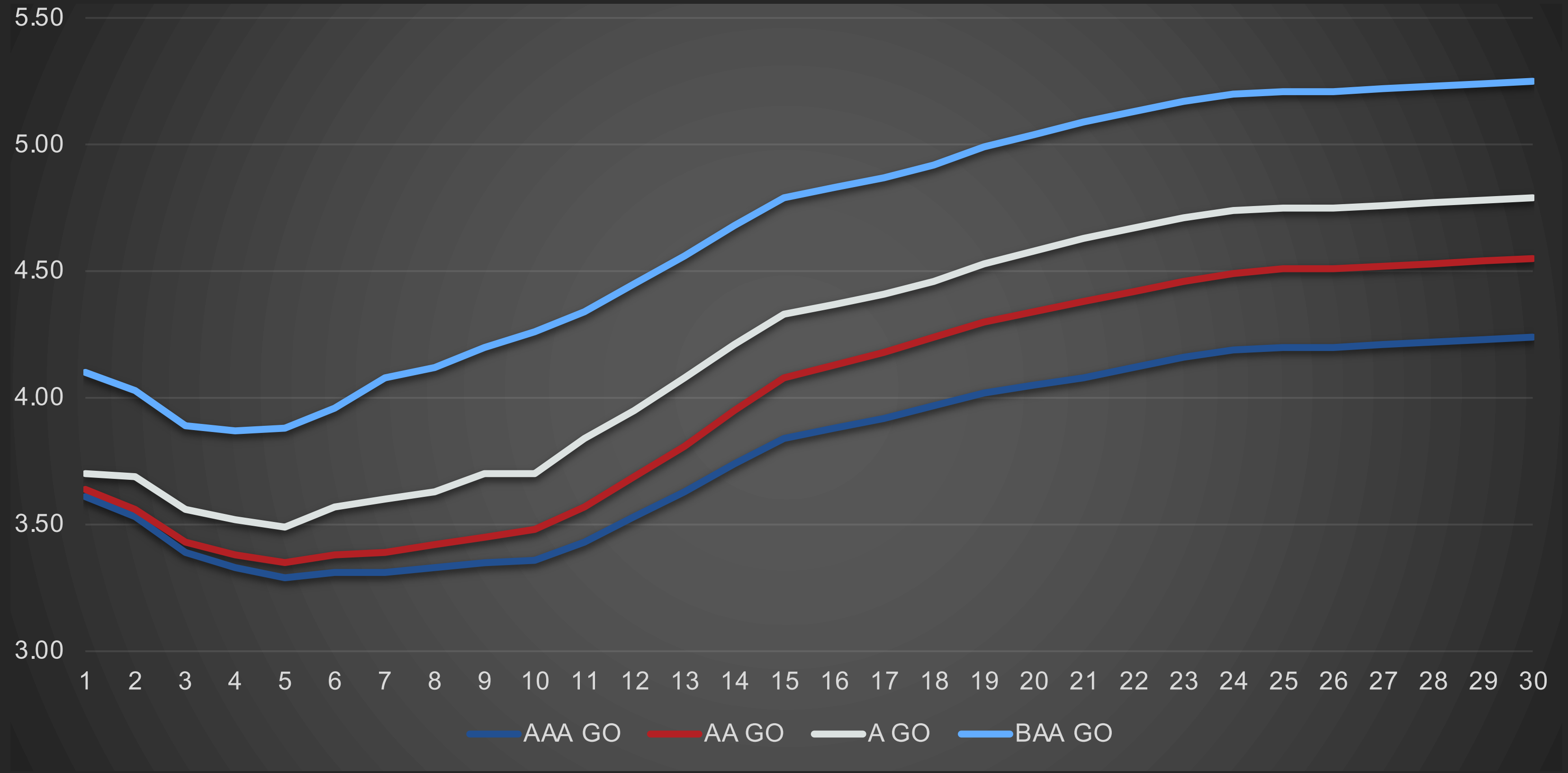
Ratings & Interest Rates – as of 10/12/23



- The difference between a “AA” and “A” rating was approximately 25 basis points (0.25% on October 12, 2023)
- For a $20 million bond issue repaid over 30 years, the “AA” rated issuer would pay $1.1 million less in interest over the life of the borrowing

Source: Thompson Reuters Municipal Market Data scale published 10/12/23

Moody's Methodology – Scorecard Overview

Source: Moody's Investors Service. https://www.moodys.com/creditfoundations/US-Cities-and-Counties-Proposed-Methodology05E006?mkt_tok=OTIwLVdVRC02OTgAAAGED6i_aXxjpt-U543GpTTeLz-QUw9qRebU_QNEZqOjxVSSUOd3i16Bgf2AaHtN3dic3cwZNGOuwxBylnmBRJCMUWzrlmWVsDm8RW0CwbMx

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Moody's Methodology – Scorecard Factors

Economy — 30%

- **Resident income** — 10%
  Provides an indication of the relative strength of a local government's capacity to generate revenue at the local level.
- **Full value capita** — 10%
  Provides an indication of a local government's economic strength and capacity to generate revenue, even beyond levying taxes on real estate values.
- **Economic growth** — 10%
  Provides an indication of a local government's ability to continue generating the revenue necessary for the programs and services it provides.

Financial performance — 30%

- **Available fund balance ratio** — 20%
  Provides insight into whether a local government's resources would be sufficient to bridge temporary budget imbalances.
- **Liquidity ratio** — 10%
  Provides an indicator of a local government's most readily available liquid resources.

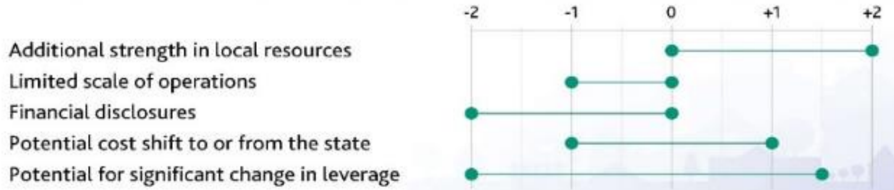
Institutional framework — 10%

- **Institutional framework** — 10%
  Represents the statutory and legal framework under which a city or county operates, which determines how much flexibility it has to increase revenue or reduce spending.

Leverage — 30%

- **Long-term liabilities ratio** — 20%
  Provides a comprehensive view of a local government's leverage compared to the revenue that will support those obligations.
- **Fixed-cost ratio** — 10%
  Provides an indication of the annual financial burden associated with long-term liabilities relative to its revenue and provides, by proxy, the percentage of revenue that remains available to provide core services after fixed costs are paid.

Notching factors



Source: Moody's Investors Service. https://www.moodys.com/creditfoundations/US-Cities-and-Counties-Proposed-Methodology05E006?mkt_tok=OTIwLVdVRC02OTgAAAGED6i_aXxjpt-U543GpTTeLz-QUw9qRebU_QNEZqOjxVSSUOd3i16Bgf2AaHtN3dic3cwZNGOuwxByInmBRJCMUWzrImWVsDm8RW0CwbMx

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Moody's Current Methodology

Economy / Tax Base (30%)

a. **Resident Income (10%)**
   i. Median Household Income adjusted for Regional price Parity divided by US Median Household Income
b. **Full Value Per Capita (10%)**
   i. Full value divided by population
c. **Economic Growth (10%)**
   i. Difference between municipality and US five-year annual compound growth rate in GDP

Finances (30%)

a. **Available Fund Balance Ratio (Available Fund Balance + Net Current Assets / Revenue) (20%)**
   i. Available fund balance (the sum of a city or county's available fund balance across all governmental funds minus restricted or non-spendable funds) plus net current assets as % of total governmental funds revenue, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services fund
b. **Liquidity Ratio (Unrestricted Cash / Revenue) (10%)**
   i. unrestricted cash in total governmental activities, total business type activities and the internal services fund, net of short-term debt divided by above definition of revenue

Institutional Framework (10%)

a. **Institutional Framework (10%)**
   i. Determined for each sector/state annually
   ii. Same score for all Ohio local governments
   iii. Factors that drive framework
      - Tax caps
      - Organized labor
      - Difficulty of increasing revenue or decreasing costs
      - Predictability of costs
      - State-imposed limitations on fund balance or reserves
      - Mandated public service commitments

Leverage (30%)

a. **Long Term Liabilities Ratio (Debt + Adjusted Net Pension Liabilities + Adjusted Net OPEB Liabilities + Other Long-Term Liabilities / Revenue) (20%)**
   i. sum of a city or county's debt outstanding, ANPL, adjusted net OPEB liabilities and other long-term liabilities – including those in business type activities – divided by revenue
b. **Fixed Costs Ratio (Adjusted Fixed Costs / Revenue) (10%)**
   i. The sum of a city or county's implied debt service, its pension tread water indicator, its OPEB contributions and its implied carrying costs for other long-term liabilities divided by revenue

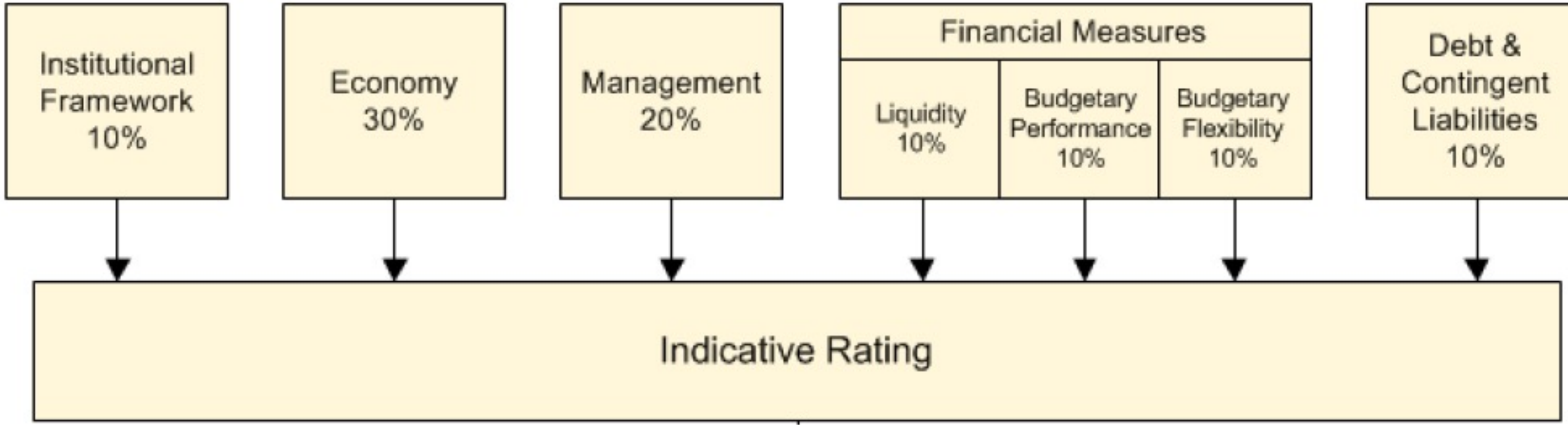
Overall Notching Factors

Adjustments up or down to the preliminary scorecard outcome

1) Additional Strength in Local Resources – very high property values or resident income levels
2) Limited Scale of Operations - small budgets are at greater risk of a budgetary disruption
3) Financial Disclosures – Do you follow GASB rules and do you have the proper pension and OPEB disclosures
4) Potential Cost Shift to or From State
5) Potential for Significant Change in Leverage – can incorporate forward looking risks not captured in scorecard

Source: Moody's Investors Service. https://ratings.moodys.com/api/rmc-documents/386953

S&P Current Methodology



Source: S&P Global Ratings. https://www.capitaliq.com/CIQDotNet/CreditResearch/SPResearch.aspx?articleId=&ArtObjectId=8188093&ArtRevId=11&sid=&sind=A&

S&P Current Methodology

Institutional Framework (10%)

a. **Institutional Framework (10%)**
   - i. Determined for each sector/state annually
   - ii. Same score for all Ohio local governments
   - iii. Factors that drive framework
     - Predictability
     - Revenue and expenditure balance
     - Transparency and accountability
     - System support

Economy (30%)

a. **Total Market Value Per Capita (15%)**
   - i. Full value divided by population

b. **Projected Per Capita Effective Buying Income as a % of U.S. Projected Per Capital EBI (15%)**
   - i. EBI: personal income – federal, state, and local taxes and nontax payments

▪ **Below-the-line Adjustments**
   - Participation in larger broad & diversified economy
   - Stabilizing institutional influence with longstanding role as major employer
   - Population decrease or high share of dependent population
   - High county unemployment rate
   - Employment concentration

Management (20%)

a. **Financial Management Assessment (20%)**
   - i. Assesses the impact of management conditions on the likelihood of repayment

▪ **Below-the-line Adjustments**
   - Consistent ability to maintain balanced operations
   - Government service levels are limited
   - Infrequent management turnover
   - Ability to execute approved structural reforms for two consecutive years
   - Debt burden

Financial Measures (30%)

a. **Budgetary Flexibility (10%)**
   - i. Available Fund Balance as a % of Expenditures

b. **Budgetary Performance (10%)**
   - i. Total Governmental Funds Net Result (%) (5%)
   - ii. General Fund Net Result (%) (5%)

c. **Liquidity (10%)**
   - i. Total Government Available Cash as % of Total Governmental Funds Debt Service (5%)
   - ii. Total Government Available Cash as % of Total Governmental Funds Expenditures (5%)

▪ **Below-the-Line Adjustments**
   - Following year projections
   - Capacity and willingness to cut operational spending
   - Ability and willingness to raise taxes

Debt & Contingent Liabilities (10%)

a. **Net Direct Debt as % of Total Governmental Funds Revenue (5%)**
   - i. Measures the total debt burden on the government's revenue position, which can not be manipulated by amortization structures

b. **Total Governmental Funds Debt Service as a % of Total Governmental Funds Expenditures (5%)**
   - i. Measures annual fixed-cost burden that debt places on the government

▪ **Below-the-Line Adjustments**
   - Overall net debt as a % of market value
   - Overall rapid annual debt amortization
   - Significant medium-term debt plans

Source: S&P Global Ratings. https://www.capitaliq.com/CIQDotNet/CreditResearch/SPResearch.aspx?articleId=&ArtObjectId=8188093&ArtRevId=11&sid=&sind=A&

Credit Rating Factor 1 – Economy / Tax Base

The ultimate basis for repaying debt is the strength and resilience of the local economy. This factor is 30% of the scorecard outcome for both Moody's and S&P. Both rating agencies have a tax base component as well as a socioeconomic component. Also, while not explicitly reflected in the scorecard, current and future economic development is a key area of emphasis and a frequent topic for analysts

Moody's

- Moody's currently evaluates the economy and tax base with 3 sub factors: resident income, full value per capita, and economic growth (measured by compound annual growth of GDP)
- Some qualitative "below-the-line" adjustments include the presence of an institution like a university or military base, participation in a regional economic center, economic concentration, and extremely high or low unemployment or poverty levels

S&P

- S&P evaluates a municipality's economy using the per capita income statistic effective buying income as well as total market value per capita
- S&P's criteria is currently very similar to Moody's; however, Moody's methodology places less weight on property values and more on GDP growth
- Some qualitative "below-the-line" adjustments include participation in a large, diverse economy, institutional presence, negative budget impacts from demographic challenges, high or low unemployment, and economic concentration

Source: RBC Capital Markets analysis of credit rating methodology. https://ratings.moodys.com/api/rmc-documents/386953. S&P Global Ratings. https://www.capitaliq.com/CIQDotNet/CreditResearch/SPResearch.aspx?articleId=&ArtObjectId=8188093&ArtRevId=11&sid=&sind=A&

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Credit Rating Factor 2 - Finances

A local government's financial position enables it to respond to new and existing obligations. This factor is 30% of the scorecard outcome for both Moody's and S&P

Moody's

- Moody's methodology uses available operating fund and cash balance ratios. However, it expands the definition of "available" operating funds and incorporates revenue from total governmental funds and business type activities, rather than operating revenue in the denominator
- Likewise, the cash balance statistic includes cash in total governmental activities, total business type activities and the internal services fund, rather than "operating" cash
- Some qualitative "below-the-line" adjustments include enterprise or contingent liability risk, volatile revenue structure, questionable balance sheet items, labor relations, large portions of fund balances unavailable, heavy fixed costs, and limited ability to raise or lower expenditures

S&P

- S&P evaluates finances using liquidity, budgetary performance, and budgetary flexibility criteria
- Liquidity is measured by total governmental available cash as a % of debt service and expenditures. Budgetary performance is measured by increase or decrease in the general fund and total governmental funds. Budgetary flexibility is measured by available fund balance as a % of expenditures
- Some qualitative "below-the-line" adjustments include following year projections, capacity and willingness to cut operational spending, ability and willingness to raise taxes, access to external liquidity, high refinancing risk, and historical volatility of revenues

Source: RBC Capital Markets analysis of credit rating methodology. https://ratings.moodys.com/api/rmc-documents/386953. S&P Global Ratings. https://www.capitaliq.com/CIQDotNet/CreditResearch/SPResearch.aspx?articleId=&ArtObjectId=8188093&ArtRevId=11&sid=&sind=A&

Credit Rating Factor 3 - Management

The legal and practical framework surrounding a local government shapes its ability and flexibility to meet its responsibilities. This factor is 10% of the scorecard outcome for Moody's and 30 % for S&P. Analysts will likely ask for copies of formal policies and the existence of any informal policies

Moody's

- Moody's currently evaluates institutional framework qualitatively on a state-by-state basis
- Institutional framework is the legal ability to match revenues and expenditures based on the political operating environment of the state
- All Ohio local governments all have an institutional framework score of "A"

S&P

- S&Ps methodology includes a 10% institutional framework score and a 20% management score
- The institutional framework criterion is very similar to Moody's and all political entities of the same type within a state receive the same score
- The management component of the methodology is extensive and includes factors such as strategic positioning, risk management, financial management, organizational effectiveness, and governance
- Formal, long-term policies are preferable to informal, short-term policies

Source: RBC Capital Markets analysis of credit rating methodology. https://ratings.moodys.com/api/rmc-documents/386953. S&P Global Ratings. https://www.capitaliq.com/CIQDotNet/CreditResearch/SPResearch.aspx?articleId=&ArtObjectId=8188093&ArtRevId=11&sid=&sind=A&

Credit Rating Factor 4 – Debt and Liabilities

Debt and liabilities represent important components of the long term-term financial obligation. This factor is 30% of the scorecard outcome for Moody's and 10 % for S&P. Agencies will often consider future capital plans and the amortization schedule of current debt

Moody's

- Moody's currently evaluates debt and liabilities with 2 sub factors: (Debt + Adjusted Net Pension Liabilities + Adjusted Net OPEB Liabilities + Other Long-Term Liabilities) / Revenue and Adjusted Fixed Costs / Revenue
- In addition to traditional debt outstanding, the methodology places a greater weight on liabilities and current fixed costs, especially adjusted pension and OPEB liabilities
- This will impact all Ohio municipalities, as most state retirement plans have large unfunded liabilities

S&P

- S&P analyzes debt as a function of net direct debt as a % of total governmental funds revenue and total governmental funds debt service as a % of total governmental funds expenditures
- The impact of pension and OPEB obligations depends on the degree to which such costs will likely escalate and whether the government has plans to address them
- Below-the-line factors that can influence the score include exposure to interest rate risk, unaddressed exposure to large unfunded pension or OPEB liabilities, the existence of contingent liabilities, and significant future debt plans

Source: RBC Capital Markets analysis of credit rating methodology. https://ratings.moodys.com/api/rmc-documents/386953. S&P Global Ratings. https://www.capitaliq.com/CIQDotNet/CreditResearch/SPResearch.aspx?articleId=&ArtObjectId=8188093&ArtRevId=11&sid=&sind=A&

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LUNCH

Creating 'Buy-In': Best Practices for Connecting and Engaging

Panel Discussion Begins at 1:00 PM

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Creating 'Buy-In': Best Practices for Connecting and Engaging

PANELISTS

Erik Collins, *Development Director*, City of Centerville
Jamael Tito Brown, *Mayor*, City of Youngstown
Dana Matz, *President*, Zanesville-Muskingum County Chamber of Commerce
Prashant Shah, *Treasurer*, City of Westlake

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5 MIN BREAK

"From Then to Now" – Lessons Learned

Panel Discussion Begins at 2:05 AM

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"From Then to Now" – Lessons Learned

PANELISTS

Bill Beagle, *Senior Director of Policy and Programs*, Ohio Treasurer's Office
Rick Karr, *Fiscal Officer*, Liberty Township (Delaware County)
Chris McCoy, *Chief Project Manager for Local Government Services*, Ohio Auditor's Office
Donald Rankey, **Jr.**, *Treasurer*, Delaware County
John Veres, *Director of Finance*, City of Macedonia
Beth Weber, *Budget and Settlement Supervisor*, Hamilton County Auditor's Office

Please write your question
on the cards provided.

Hand to your representative.

Thank You for Joining Us.

CPIM Passcode

Credit hours earned at the above sessions may be applied to either **CPIM requirements** OR **Fiscal Integrity Act** requirements.