



Hamilton County

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County Administrator

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To: Chris Monzel, President, County Commission
Greg Hartmann, Vice-President, County Commission
Todd Portune, Commissioner

From: Erica L. Riehl, Finance Specialist

CC: Christian Sigman, County Administrator

Subject: 2014 Sales Tax Fund – Debt Service Reserve Fund

Date: September 5, 2013

This memo provides an update on the Sales Tax Fund including a recommendation concerning the required Debt Service Reserve Fund (DSRF) associated with the Sales Tax revenue bonds.

Attachment A provides revenue and expense information for the Sales Tax Fund from 2012 through 2019. The Administration approached the development of this multi-year plan with the following assumptions:

- The DSRF requirements will be met.
- A prudent fund reserve of at least 5% will be maintained over the next five years.
- Sales tax and casino revenue annual growth of 1%.
- Obligations associated with the operating leases for Great American Ball Park (GABP) and Paul Brown Stadium (PBS) will be met.
- A modest amount of funding in 2014 to address capital maintenance needs at PBS that cannot be accommodated within the required capital maintenance funding contribution.
- No sales tax revenue support of riverfront parking operations or the riverfront development.
- The property tax rebate remains unchanged from the 2013 level.

This memo would normally be transmitted to the Board in late November; however, the DSRF credit facility requires Board approval before November. While the Board will be asked to approve the DSRF credit facility at the September 11, 2013 Board meeting, the Board's approval does not preclude action later as part of the budget process concerning expenses and the property tax rebate.

DSRF Credit Facility:

The Board will recall that the sales tax bonds were originally issued with insurance. With the collapse of the bond insurance market, the County is required, per the bond documents, to establish a debt service reserve fund equal to 50% of the highest year debt service over the life of the bonds. The total requirement is \$27,597,000. The County has already cash funded \$9,435,568 of this amount and secured a credit facility from BBVA to meet our requirements through 2013.

BBVA declined to renew the credit facility previously secured for calendar year 2013. As such, the County approached PNC Bank to develop a credit facility that would not only meet our 2014 requirement, but also provide flexibility for 2015 and 2016. The sales tax bonds are callable in 2016 and if market conditions permit, the County will consider financing the DSRF. As part of the credit facility terms with PNC, the County will increase the cash funded portion of the DSRF to 50% of the total requirement. This requires a transfer of \$4,362,931 from the Sales Tax Fund to the DSRF. The resources are available for this transfer based on better than expected sales tax revenue performance during 2013. Attachment A reflects the transfer in the 2013 column. Attachment A also reflects the estimated financing cost of the credit facility in 2014-2016.

Please do not hesitate to contact me with any questions.

