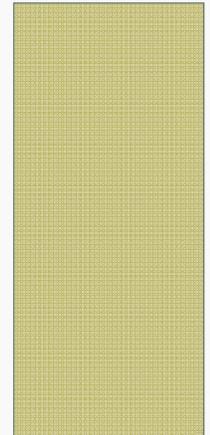


# CONVENTION FACILITIES AUTHORITY

JUNE 2013

ROLES, RESPONSIBILITIES, AUTHORITIES



# CFA FORMATION

- Initiated as a result of Albert Sabin Convention Center Expansion/Renovation (Duke Energy Convention Center)
- May 6, 2002 (Amended May 15)– BoCC Resolution
  - CFA established and empowered with ability to acquire, purchase, construct, reconstruct, enlarge, furnish, equip, maintain, repair, sell, exchange, lease . . . convention facilities.
  - In furtherance of those purposes, CFA may borrow, invest, disburse funds and issue bonds.
- Permitted by Chapter 351 of the Ohio Revised Code.

# CFA MEMBERSHIP

- Up to 11 Members
  - 6 BoCC Appointees (Not more than 3 from same political party)
    - 1 Township Trustees
    - 1 Sharonville
    - 1 CVB
    - 1 Greater Cincinnati Chamber of Commerce
    - 2 At large
  - 3 City of Cincinnati (Not more than 2 from same political party)
    - Appointed by Mayor
  - 2 Municipal League (Not from same political party)

# DUKE ENERGY CONVENTION CENTER PROJECT

- \$160 Million Project
- Financing Plan
  - \$106 Million in bond proceeds
    - \$70 million first lien
    - \$36 million second lien
    - Maturity Schedules
  - CFA created to facilitate/oversee financing (bond issuance) of the project.

# MATURITY SCHEDULES

## First Lien CFA Revenue Bonds, 2004

1-Dec	Principal	Coupon
2013	1,635,000	5.00%
2014	1,715,000	5.00%
2015	1,800,000	5.00%
2016	1,890,000	5.00%
2017	1,985,000	5.00%
2018	2,085,000	5.00%
2019	2,190,000	5.00%
2020	2,300,000	5.00%
2021	2,415,000	5.00%
2022	2,535,000	5.00%
2023	2,660,000	5.00%
2024	2,795,000	5.00%
2025	2,935,000	5.00%
2026	3,080,000	5.00%
2027	3,235,000	5.00%
2028	3,395,000	5.00%
2029	3,565,000	5.00%
2030	3,745,000	5.00%
2031	3,930,000	5.00%
2032	4,130,000	5.00%
2033	4,335,000	5.00%

58,355,000

\$12,645,000 Term Bond due 2028

\$19,705,000 Term Bond due 2033

## Second Lien CFA Revenue Bonds, 2004

1-Dec	Principal	Coupon
2013	880,000	3.25%
2014	910,000	3.50%
2015	940,000	3.50%
2016	975,000	5.00%
2017	1,025,000	5.00%
2018	1,075,000	5.00%
2019	1,130,000	5.00%
2020	1,185,000	5.25%
2021	1,245,000	5.25%
2022	1,310,000	5.25%
2023	1,380,000	5.25%
2024	185,000	5.25%
2025	1,530,000	4.25%
2026	1,595,000	4.25%
2027	1,660,000	4.25%
2028	1,735,000	4.25%
18,760,000		

\$6,520,000 Term Bond due 2028

# SOURCES OF PAYMENT AND SECURITY FOR BOND ISSUANCE

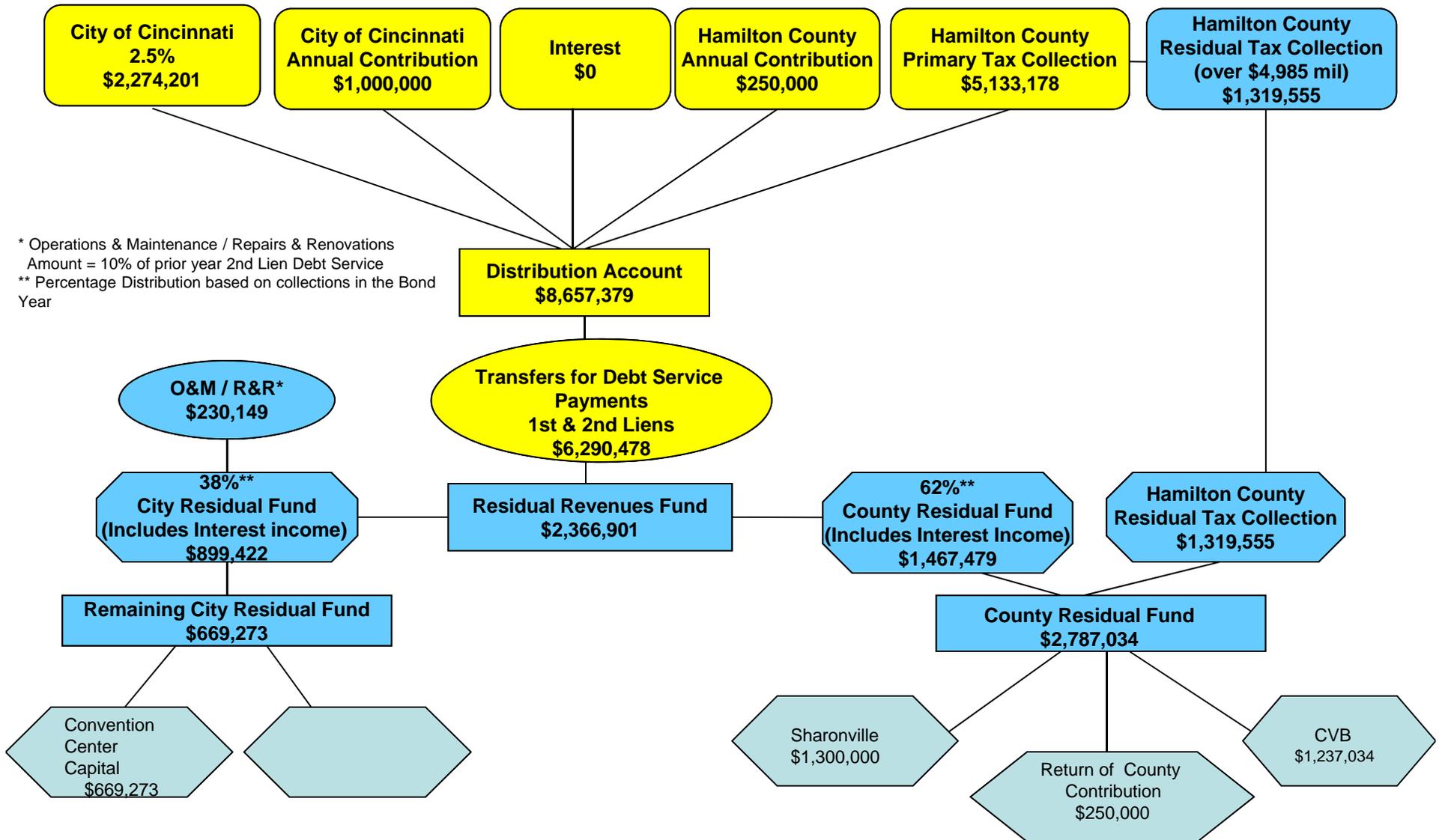
- County 3.5% Tax (Excise Tax on Lodging Transactions)
  - County levies an additional 3% excise tax that does not flow through CFA. Proceeds from that tax flow to communities without their own tax and to the CVB.
- County Annual Contribution (\$250,000)
- City Tax (1% and 1.5%)(Excise Tax on Lodging Transactions)
- City Annual Contribution (\$1 million)
- Contingent City Rent – Security for 2<sup>nd</sup> Lien
- Bond Insurance

# City of Cincinnati / Hamilton County

## Hotel Tax Revenues and Convention Center Cash Flow (Distribution Year 2013)

### City of Cincinnati

### Hamilton County



# TRUSTEE FLOW OF FUNDS

- **FIRST:** Rebate Fund (Federal tax obligations, arbitrage, etc.)
- **SECOND:** First Lien Bond Payment Fund for principal and interest payments.
- **THIRD:** 1<sup>st</sup> Lien Debt Service Reserve Fund
  - ¼ of aggregate amount of Debt Service on next payment date. Up to max payable debt service in any year.
- **FOURTH:** 2<sup>nd</sup> Lien Bond Payment Fund for principal and interest payments.
- **FIFTH:** Revenue Stabilization Fund
  - ¼ of debt service to the extent necessary to maintain required balance.
- **SIXTH:** City and County Residual Accounts.

# COOPERATIVE AGREEMENT

- Cooperative Agreement details responsibilities of each party:
  - CFA: Issue bonds, lease and sublease arrangements with City for convention center construction, application/distribution of residual funds.
  - County: Levy tax, annual contribution, residual fund allocation
  - City: Levy taxes, annual contribution, 2<sup>nd</sup> lien security, etc.
- Use of Residual Funds driven by Cooperative Agreement.
- Provides explicit direction to Trustee on application of residual funds.

# COOPERATIVE AGREEMENT (CONT.)

- Original Agreement – Effective 1/14/04
  - Term lasts through date where all debt service charges, bond insurance obligations, etc. have been satisfied.
- First Supplement – 2/28/07
- Second Supplement – 2/28/08
- Third Supplement – 3/11/09
- Fourth Supplement – 8/12/09
- Restated Fourth Supplement – 3/18/10
  
- Sharonville Cooperative Agreement

# RESIDUAL FUND USAGE

- Controlled by Cooperative Agreement and Statute
- **Initial Cooperative Agreement**
  - County Residual
    - Up to 50% to Sharonville Convention Center
    - No less than 50% for debt retirement
  - City Residual
    - No less than 50% for early debt retirement.
    - Up to 50% to Cincinnati Convention Center.
- **Per Restated Fourth Supplement**
  - County
    - Not to exceed \$1.3 million – Sharonville Convention Center project costs
    - \$250,000 – Reimburse annual contribution
    - Remainder – Promotion of DECC/Sharonville CC, through Greater Cincinnati USA CVB.
  - City (Per Third Supplement)
    - Annual O&M/R&R amount – per Cooperative Agreement (\$230,149 in 2013)
    - Balance to O&M/R&R, DECC Marketing as determined by City Administration

# ANNUAL ACTIONS OF CFA BOARD

- Appoint Officers
- Appropriate service payments provided by City for payment of D/O Insurance, audit costs, etc. (Typically \$80-\$95,000)
- Appropriate tax revenues collected by County and City and authorizing expenditure for uses indicated in cooperative agreement.
- Provide letter to Trustee authorizing payment of residual dollars in a manner prescribed by the cooperative agreement. This letter is driven by an account statement from the Trustee.

# OCCASIONAL ACTIONS OF CFA BOARD

- Approving Supplements to the Cooperative Agreement
- Authorize application for grants (i.e. Renewable Energy grant – solar panels for DEC)
- Authorize amendments to CFA By-Laws
- Authorize debt refinancings