



# City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

## **MEMORANDUM**

To: Mayor Gregory P. Kurtz  
Members of Council

From: Finance Director Vernon Blaze

Date: August 21, 2020

Re: Finance Department Updates

### **Preliminary Offering Statement – Municipal Debt**

The City's bond counsel, the Calfee law firm, the City's Financial Advisor, Matt Stuczynski, along with the Mayor's Office and the Finance Department, are all working on compiling various data that needs to be assimilated into the Preliminary Offering Statement.

The Preliminary Offering Statement is a critical document that will be used by the ratings agency to provide the City with an updated credit rating. It is this credit rating along with the Preliminary Offering Statement that will be used and reviewed by various municipal debt investors that will be looking to submit bids on the City's debt this fall.

There are three primary ratings firms for municipal debt: Moody's, Standard & Poor's, and Fitch.

We have been advised that Standard & Poor's has a generally negative outlook on all local government finances at this time. Fitch is the smallest of the three main ratings agencies, and therefore does not currently rate a significant number of municipalities. Moody's has rated the City in the past, and therefore already has a base level of familiarity with the City and its strengths. So the decision was made to stick with Moody's as the initial recipient of the Preliminary Offering Statement for its ratings purposes.

The main sections of the Preliminary Offering Statement are:

- Description of the City
- Municipal and Other Public Services and Facilities
- Employment and Income
- Housing and Building Permits
- Residential Development
- Financial Outlook
- Property Taxes



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- Assessed Valuation and Assessment Procedure
- Voted and Un-voted City Tax Rates
- Municipal Income Tax
- Other Major City Revenues
- Hotel and Lodging Tax
- Local Government Fund
- Employees
- Accounting Procedures and Examinations of Accounts
- Financial Reports
- Outstanding General Obligation Bond Anticipation Notes
- Projected Debt Service – General Obligation Bonds and Notes
- Summary of General Fund Receipts and Expenditures (Last 5 Years Actual and Projected Current Year)
- Cash Basis Summary of General Fund Receipts and Expenditures (Last 5 Years Actual and Projected Current Year)
- All Funds Summaries (Audited) – Last Two Years
- General Purpose Financial Statements – Audited – Most Current Year Available

We will have all of this data compiled and assimilated by the first part of September, at which time we will submit it to Moody's and schedule a ratings presentation with them. The goal is to be able to schedule and hold it by the end of September.

Once Moody's issues its rating, we will be in a good position to implement a debt offering soon thereafter. We will continue to monitor the latest tax-free municipal bond and note offerings in Ohio for the latest rates and trends, and will act accordingly at that time based on those existing market conditions at that time.

We hope that long-term municipal borrowing rates remain at/near their historic lows to be able to take advantage of that dynamic. But if something happens that results in a material change in the municipal bond market, we always have the alternative option of issuing another one-year note.

We will continue to keep everyone informed as to the progress and latest updates at each step in the process.