



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: October 9, 2020

Re: Finance Department Updates

Long-Term Borrowing

In a Wednesday, October 7, 2020 article in the *Wall Street Journal* titled "Muni Money Funds Hit by Low Yields," the following from it further validates the City's decision to lock in long-term interest rates at this time:

*"With interest rates near zero, municipal governments are taking advantage of cheap long-term financing, **shifting away from short-term debt** and floating-rate bonds that reset at short-term rates.*

Some municipalities are refinancing floating-rate debt at fixed rates to avoid a repeat of March when short-term rates shot up, costing them dearly, said people familiar with the matter."

"People saw what transpired and started to ask themselves whether this was the right type of debt [short-term and/or floating-rate] for them to be in," said Hazim Taib, chief financial officer of the Connecticut Housing finance Authority. The Authority briefly paid between 5% and 7.5% for AAA-rated short-term debt. [In March of 2020].

Tax Increment Financing (TIF) Revenue

The City has now received its Second Half Real Estate Tax collections, including the Tax Increment Financing (TIF) payments. Some Second-Half collections were less than the First-Half, resulting in some 2020 Totals being less than the 2019 Totals.

A cursory analysis of why this has occurred points to an initial conclusion that some refunds that the County issued as well as some non-payments of Second-Half property taxes are at least part of the reason. A more detailed analysis would be required to determine if any assessed value reductions are a possible third contributing factor.



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Following are TIF Revenue figures for the time period 2017 – 2020:

<u>TIF District/Parcel</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
NW Quadrant	\$251,613	\$645,245	\$409,253	\$312,538
SW Quadrant	55,457	144,865	133,570	84,516
NE Quadrant	215,590	221,456	356,927	296,424
SE Quadrant	105,056	92,519	89,737	111,704
Selig Drive	369,887	374,825	353,945	362,606
PV Quadrant	64,597	13,660	126,823	117,657
Gateway	45,874	46,487	51,688	52,953
Hillside/21	24,872	25,369	26,036	22,370
Chestnut Woods II	64,879	65,024	71,929	80,213
Cavaliers	196,579	199,204	181,171	185,605
Chestnut Woods III	36,734	35,794	35,189	34,080
Chestnut Woods IV	0	28,117	55,972	51,920
Home2Suites	0	63,772	81,621	83,792
Springhill Suites	0	72,523	93,201	111,811
Cloverleaf	0	(11,652)	469	717
Involta	0	0	57,067	24,815
Vista Springs	0	0	0	56,018
Annual Total	\$1,431,140	\$2,017,207	\$2,124,598	\$1,989,739