



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: September 25, 2020

Re: Finance Department Updates

CARES Act Funding

Our office had reported last week that the City had received \$120,000 in CARES Act funding earlier this summer. Most public entities were eligible to receive a second round of funding equaling one-half of the amount received in Round 1.

We then reported that the City had now received another \$60,000 in CARES Act funding in Round 2.

Earlier this week, the Ohio Senate approved House Bill 614, which authorized the State to disburse approximately \$650 million in undistributed CARES funds to local governments.

This disbursement will be based on population, whereas the previous two disbursements to local governments were based on how much local government funding (LGF) respective local governments had received in the recent past. Since Independence is not a huge recipient of local government funding, the amounts received in those first two rounds were material, but less than what many other local communities received.

Not that Independence has a huge population, but the most recent distribution formula using population as its basis instead of the LGF formula will work in our favor. Based on initial estimates, Independence could be on the receiving end of approximately \$258,000 in this latest and final round of CARES Act funding.

Our office will certainly communicate the exact amount when it is received.



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Recent Bond Offering

The Finance office continues to monitor the Ohio tax-free municipal bond market's latest offerings to keep abreast of the latest interest rates obtained. Independence has \$17.375 million in one-year notes that expire later this fall. If long-term interest rates continue to remain favorable, the City intends to convert them into a long-term bond and lock in rates now while they are low, for up to 15 years.

The City of Marysville issued just over \$9 million of general obligation bonds last week on September 17. Marysville was provided an AA credit rating by Moody's, hopefully similar to the credit rating that Independence receives (A ratings call with Moody's is scheduled for the first week of October, and a ratings issuance should be forthcoming within a week-to-ten days after that).

Municipal bonds are sold in annual "tranches," meaning that part of the bond issue will mature every year. Each tranche has its own interest rate. The interest rates obtained by Marysville last week are as follows:

Maturity Year	Interest Rate
2021	0.25%
2022	0.31%
2023	0.39%
2024	0.46%
2025	0.57%
2026	0.76%
2027	0.96%
2028	1.08%
2029	1.20%
2030	1.33%
2031	1.43%

We are optimistic that tax-free municipal rates will remain in this range for at least one more month so that Independence can take advantage of similar type rates.