

**NEW ISSUE****Ratings:**

Moody's: Aa2

S&amp;P: AA

See Ratings

*In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law, interest on, and any profit made on the sale, exchange or other disposition of, the Series 2010A Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. **INTEREST ON THE SERIES 2010A BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.** For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.*

**OFFICIAL STATEMENT**  
**\$17,160,000**  
**COUNTY OF CUYAHOGA, OHIO**  
**TAXABLE ECONOMIC DEVELOPMENT**  
**REVENUE BONDS, SERIES 2010A**  
**(Brownfield Redevelopment Fund Project)**

**Dated:** Closing Date**Due:** As shown below

**The Bonds.** The Series 2010A Bonds will be issued under and secured by the Indenture described herein between the County and The Huntington National Bank, as Trustee. The Series 2010A Bonds are special obligations of the County and will be payable solely from the Nontax Revenues as described herein. **No money of the County raised by taxation is or may be obligated or pledged for payment of principal of or interest on the Series 2010A Bonds. Neither the Series 2010A Bonds nor the Indenture represent or constitute a general obligation debt or pledge of the faith and credit of the County, the State of Ohio, or any other political subdivision of the State.**

**Book Entry Only.** The Series 2010A Bonds will be initially issued only as fully registered bonds, one for each maturity, issuable under a book entry system, registered initially in the name of The Depository Trust Company or its nominee (DTC). There will be no distribution of Series 2010A Bonds to the ultimate purchasers. The Series 2010A Bonds in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Official Statement.

**Payment.** Principal and interest will be payable to the registered owner (DTC), principal upon presentation and surrender at the principal corporate trust office of the Trustee in Columbus, Ohio, and interest transmitted by the Trustee on each Interest Payment Date (June 1 and December 1 of each year, beginning December 1, 2010) to the registered owner (DTC) as of the 15th day of the month preceding that interest payment date.

**PRINCIPAL MATURITY SCHEDULE**

<b>(June 1)</b>	<b>CUSIP No.</b>	<b>Amount</b>	<b>Rate</b>	<b>Price</b>	<b>(June 1)</b>	<b>CUSIP No.</b>	<b>Amount</b>	<b>Rate</b>	<b>Price</b>
2011	232263 DL4	\$595,000	1.040%	100.000%	2018	232263 DT7	\$ 710,000	3.984%	100.000%
2012	232263 DM2	600,000	1.600%	100.000%	2019	232263 DU4	750,000	4.284%	100.000%
2013	232263 DN0	610,000	2.076%	100.000%	2020	232263 DV2	775,000	4.484%	100.000%
2014	232263 DP5	625,000	2.541%	100.000%	2021	232263 DW0	810,000	4.684%	100.000%
2015	232263 DQ3	645,000	2.741%	100.000%	2022	232263 DX8	850,000	4.884%	100.000%
2016	232263 DR1	665,000	3.300%	100.000%	2023	232263 DY6	900,000	5.034%	100.000%
2017	232263 DS9	685,000	3.600%	100.000%	2024	232263 DZ3	940,000	5.184%	100.000%
					2025	232263 EA7	1,000,000	5.284%	100.000%

\$6,000,000 5.931% Term Bonds due June 1, 2030 Price 100.000% CUSIP No. 232263 EB5

**Prior Redemption.** Series 2010A Bonds are subject to mandatory sinking fund redemption and optional redemption prior to maturity as described herein.

*The Series 2010A Bonds are offered when, as and if, issued and accepted by the Underwriters, subject to the opinion on certain legal matters relating to their issuance by Squire, Sanders & Dempsey L.L.P., Bond Counsel, and approval of certain legal matters by Bricker & Eckler LLP., as counsel to the Underwriters. The Series 2010A Bonds are expected to be available for delivery to DTC or its agent on September 3, 2010.*

**KEYBANC CAPITAL MARKETS INC.**  
**GEORGE K. BAUM & COMPANY**  
**MORGAN STANLEY**

**STIFEL NICOLAUS & COMPANY, INC.**  
**THE HUNTINGTON INVESTMENT COMPANY**  
**RICE FINANCIAL PRODUCTS COMPANY**

This Official Statement has been prepared by the County in connection with its original offering for sale of the Bonds. This cover page includes certain information for quick reference only. It is not a summary of the Series 2010A Bond issue. Investors should read the entire Official Statement to obtain information as a basis for making informed investment judgments.

The date of this Official Statement is August 18, 2010, and the information speaks only as of that date.

## **REGARDING THIS OFFICIAL STATEMENT**

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2010A Bonds identified on the cover. No person, other than the Director of the Office of Budget and Management of the County, has been authorized by the County to give any information or to make any representation other than as contained in this Official Statement. Any other information or representation should not be relied upon as having been given or authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make that offer, solicitation or sale.

The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the County since its date.

Upon issuance, the Series 2010A Bonds will not be registered by the County under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange, nor will the Indenture be qualified under the Trust Indenture Act of 1939, as amended. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have at the request of the County passed upon the accuracy or adequacy of this Official Statement or approved the Series 2010A Bonds for sale.

This Official Statement includes the cover page preceding this page and the Exhibits attached and the County's "2010 Annual Informational Statement in connection with Bonds and Notes of the County," dated August 6, 2010.

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## **PART II - ANNUAL INFORMATIONAL STATEMENT IN CONNECTION WITH BONDS AND NOTES OF THE COUNTY**

The Table of Contents regarding information in the 2010 Annual Informational Statement in Connection with Bonds and Notes of the County, dated August 6, 2010, appears therein.

### **SELECTED SUMMARY STATEMENT**

The following introduction and summary supplements certain of the information on the cover page and summarizes selected other information in this Official Statement relating to the Series 2010A Bonds. It is not intended as a substitute for the more detailed discussions in this Official Statement, to which reference should be made.

**ISSUER.** County of Cuyahoga, Ohio.

**SECURITY AND SOURCES OF PAYMENT.** The Series 2010A Bonds are special obligations of the County issued under and secured by the Indenture on a parity with any Additional Bonds issued under the Indenture and certain Parity Obligations as described under **Parity Debt and Other Obligations**, and are payable from Nontax Revenues designated by the County, as described under **Security and Sources of Payment**. No money of the County raised by taxation is or may be obligated or pledged for payment of principal of or interest on the Series 2010A Bonds. Neither the Series 2010A Bonds nor the Indenture represent or constitute a general obligation debt or pledge of the faith and credit of the County, the State of Ohio, or any other political subdivision of the State.

**ISSUANCE OF PARITY OBLIGATIONS AND SUBORDINATE OBLIGATIONS.** The Series 2010A Bonds are being issued contemporaneously with the County's Taxable Economic Development Revenue Bonds, Series 2010B (Commercial Redevelopment Fund Project) (the "Series 2010B Bonds") and the County's Taxable Economic Development Revenue Refunding Bonds, Series 2101C (Gateway Arena Project) (the "Series 2010C Bonds"). The Series 2010A Bonds, the Series 2010B Bonds and the Series 2010C Bonds and certain other outstanding bonds are Parity Obligations. These Parity Obligations are also being issued contemporaneously with the County's Economic Development Revenue Refunding Bonds, Series 2010D (Shaker Square Project) (the "Series 2010D Bonds") which is subordinate to the Parity Obligations as to the pledge of Nontax Revenues. See **Parity Debt and Other Obligations**.

**AUTHORIZATION.** The Series 2010A Bonds are authorized by Article VIII, Section 13 of the Ohio Constitution, Chapter 165 of the Revised Code, and a resolution adopted by the Board of County Commissioners.

**PURPOSE OF SERIES 2010A BONDS.** The Series 2010A Bonds are issued to provide additional funding for the Cuyahoga County Brownfield Redevelopment Fund Program as described under **Authorization and Purposes** and to pay costs of issuance for the Series 2010A Bonds.

**PRIOR REDEMPTION.** The Series 2010A Bonds are subject to redemption as described herein, under **"SUMMARY OF CERTAIN TERMS OF THE SERIES 2010A BONDS – Prior Redemption."**

**FORM AND MANNER OF MAKING PAYMENTS.** The Series 2010A Bonds will be originally issued only as fully registered bonds, one for each maturity, under a book entry only method, and registered initially in the name of The Depository Trust Company, New York, New York, or its nominee (DTC). There will be no distribution of Series 2010A Bonds to the ultimate purchasers. The Series 2010A Bonds in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Official Statement.

Principal and interest will be payable to the registered owner (initially, DTC). Principal will be payable when due on presentation and surrender at the principal corporate trust office of the Trustee. Interest will be transmitted by the Trustee on each interest payment date (June 1 and December 1, beginning December 1, 2010) to the registered owner as of the 15<sup>th</sup> day of the calendar month preceding the interest payment date.

**TAX EXEMPTION MATTERS.** In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law, interest on, and any profit made on the sale, exchange or other disposition of, the Series 2010A Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. INTEREST ON THE SERIES 2010A BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.

**TRUSTEE.** The Huntington National Bank, Columbus, Ohio.

**BOND COUNSEL.** Squire, Sanders & Dempsey L.L.P.

Questions regarding this Official Statement or the Bonds should be directed to the County, Matthew Rubino, Director, Office of Budget and Management, County of Cuyahoga, County Administration Building, 1219 Ontario Street, Room 410, Cleveland, Ohio 44113, telephone (216) 443-7220.

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## INTRODUCTORY STATEMENT

This Official Statement is presented in two parts. This part, including the cover page, has been prepared by the County of Cuyahoga, Ohio (the “County”), with the assistance of the Underwriters, in connection with the County’s original issuance and sale of the Bonds identified on the cover page (the “Series 2010A Bonds”). Certain information concerning the authorization, purpose, terms and sources of payment and security for the Series 2010A Bonds is provided in this Official Statement. The Bonds are being sold to KeyBanc Capital Markets Inc., Stifel Nicolaus & Company, Inc., George K. Baum & Company, The Huntington Investment Company, Morgan Stanley & Co. Incorporated and Rice Financial Products Company (the “Underwriters”). See **Underwriting**.

The second part of this Official Statement, attached hereto and incorporated by reference herein, is the County’s “2010 Annual Informational Statement in connection with Bonds and Notes of the County,” dated August 6, 2010 (the Annual Statement). The County intends that this part of the Official Statement, taken together with the Annual Statement to the extent it has not been superseded by parts of this Official Statement, serve as the Official Statement for the Series 2010A Bonds.

All financial and other information in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources and except for certain underwriting information on the cover and in **Underwriting** and the information in **Book Entry Method**. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

This Official Statement should be considered in its entirety and no one subject considered less important than another by reason of location in the text. Reference should be made to laws, reports or documents referred to for more complete information regarding their contents. Capitalized terms used and not otherwise defined in this Official Statement have the meanings assigned in **Exhibit A Definitions**.

References to provisions of Ohio law or of the Ohio Constitution are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Official Statement:

- “Bond Service Charges” means principal of and interest on the Bonds referred to.
- “State” or “Ohio” means the State of Ohio.
- “Fiscal Year” means the 12-month period ending December 31, and reference to a particular Fiscal Year (such as “Fiscal Year 2009”) means the Fiscal Year ending on December 31 in that year.

## AUTHORIZATION AND PURPOSE

The Series 2010A Bonds are to be issued pursuant to Article VIII, Section 13 of the Ohio Constitution and Chapter 165 of the Ohio Revised Code (the Act), which authorizes the County to make loans for projects for industry, commerce, distribution and research, a resolution adopted by the County’s Board of County Commissioners, and the Final Terms Certificate authorized by that resolution (collectively, the “Authorizing Legislation”). The County is authorized by the Act to pledge its Nontax Revenues for the payment of obligations issued pursuant to the Act. The Series 2010A Bonds are issued

pursuant to and secured by a Trust Indenture (the “Trust Indenture”) dated as of October 1, 1998 between the County and The Huntington National Bank, as trustee (the Trustee), as amended and supplemented by a First Supplemental Trust Indenture dated as of February 1, 2004 (the “First Supplemental Trust Indenture”) and a Second Supplemental Trust Indenture dated as of September 1, 2010 (the “Second Supplemental Trust Indenture”) (the Trust Indenture, the First Supplemental Indenture and the Second Supplemental Trust Indenture are hereinafter collectively referred to as the “Indenture”).

The Series 2010A Bonds are being issued to provide additional funding for the County’s Brownfield Redevelopment Fund Program (the “Program”). The Program was originally funded with the proceeds of the sale of the County’s Taxable Economic Development Revenue Bonds, Series 1998 (Brownfield Redevelopment Fund Project) (the “Series 1998 Bonds”). The Series 1998 Bonds were issued to provide funds for the County’s Brownfield Redevelopment Fund Program (the Program). The Series 1998 Bonds were refunded with the proceeds of the sale of the County’s Taxable Economic Development Revenue Refunding Bonds, Series 2004C (Brownfield Redevelopment Fund Project) (the “Series 2004C Brownfield Bonds”). The Series 2004C Brownfield Bonds are currently outstanding in the aggregate principal amount of \$8,240,000.

Any accrued interest and premium received on the sale of the Series 2010A Bonds will be deposited in the Debt Retirement Fund established under the Indenture and held by the Trustee, moneys in which are used to pay Bond Service Charges on the Series 2010A Bonds and any Additional Bonds issued under the Indenture (collectively, the “Bonds”).

## **SUMMARY OF CERTAIN TERMS OF THE SERIES 2010A BONDS**

### **General**

The Series 2010A Bonds will be dated, will be payable in the amounts and on the dates, will bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rates and payable on the dates, and will be payable at the place and in the manner, described on the cover page.

The Trustee will keep all books and records necessary for registration, exchange and transfer of the Series 2010A Bonds.

Discussion follows of the Series 2010A Bonds being issued under the book entry method. Details regarding the procedures for and manner of payment, issuance, exchange and transfer of the Series 2010A Bonds if ever issued in certificated form as provided in the Indenture follows that discussion.

### **Book Entry Method**

The Depository Trust Company, New York, New York (DTC), will act as securities depository for the Series 2010A Bonds. The Series 2010A Bonds will be initially issued and issuable only as one fully registered Bond certificate for each maturity, registered in the name of Cede & Co. as partnership nominee of DTC or such other name as may be requested by an authorized representative of DTC. Those fully registered Series 2010A Bonds will be deposited with and retained in the custody of DTC or its agent for the purpose.

For ease of reference in this and other discussions, reference to “DTC” includes when applicable any successor securities depository and the nominee of the depository.

For all purposes under the Indenture and the Series 2010A Bond proceedings (except the Continuing Disclosure Agreement under which others as well as DTC may be considered an owner or



holder of the Series 2010A Bonds, see **Continuing Disclosure Agreement**), DTC will be and will be considered by the County and the Trustee to be the owner or holder of the Series 2010A Bonds.

Owners of book entry interests in the Series 2010A Bonds (book entry interest owners) will not receive or have the right to receive physical delivery of Series 2010A Bonds, and, except to the extent they may have rights as beneficial owners or holders under the Continuing Disclosure Agreement, will not be or be considered by the County and the Trustee to be, and will not have any rights as, owners or holders of Series 2010A Bonds under the Indenture.

DTC is a limited-purpose trust company organized under, and a “banking organization” within the meaning of, the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for securities that its participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book entry transfers and pledges between Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC, in turn, is owned by a number of Direct Participants of DTC and by members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of Series 2010A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2010A Bond (the book entry interest owner) is in turn to be recorded on the Direct and Indirect Participant’s records. Book entry interest owners will not receive written confirmation from DTC of their purchase, but are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the book entry interest owner entered into the transaction. Transfers of ownership interests in the Series 2010A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of book entry interest owners. Book entry interest owners will not receive certificates representing their ownership interests in Series 2010A Bonds, except in the event that use of the book entry system for the Series 2010A Bonds is discontinued. See **Revision of Book Entry System; Replacement Bonds**.

To facilitate subsequent transfers, all Series 2010A Bonds deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2010A Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual book entry interest owners (or beneficial owners) of the Series 2010A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2010A Bonds are credited, which may or may not be the book entry interest owners. Direct

and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to book entry interest owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If less than all of the Series 2010A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2010A Bonds to be redeemed. **Note:** Any failure of DTC to advise any Direct Participant, of any Direct Participant to notify any Indirect Participant, or of any Direct Participant or Indirect Participant to notify the book entry interest owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series 2010A Bonds called for redemption or any other action premised on that notice. When DTC and DTC Participants allocate the call, the owners of the book entry interests called are to be notified by the broker or other person responsible for maintaining the records of those interests and subsequently credited by that person with the proceeds once the Series 2010A Bonds are redeemed.

Payment of Bond Service Charges on the Series 2010A Bonds will be made by the Trustee to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or its agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to book entry interest owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of Bond Service Charges to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the book entry interest owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2010A Bonds at any time by giving reasonable notice to the County or the Trustee. The County may decide to discontinue use of the book entry system if DTC determines not to continue to act as securities depository for the Series 2010A Bonds. See **Revision of Book Entry System; Replacement Bonds**.

The information above in this section concerning DTC and DTC's book entry system has been obtained from sources that the County believes to be reliable, including DTC, but the County takes no responsibility for its accuracy or completeness.

***Direct Participants and Indirect Participants may impose service charges on book entry interest owners in certain cases. Purchasers of book entry interests should discuss that possibility with their brokers.***

The County and the Trustee:

- Have no role in the purchases, transfers or sales of book entry interests. The rights of book entry interest owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Book entry interest owners

may want to discuss with their legal advisers the manner of transferring or pledging their book entry interests.

- Have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, book entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.
- Cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the book entry interest owners payments of debt charges on the Series 2010A Bonds made to DTC as the registered owner, or any redemption or other notices, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in this Official Statement.

### **Revision of Book Entry System; Replacement Bonds**

The Indenture provides for issuance of fully registered Series 2010A Bonds (Replacement Bonds) directly to owners of Series 2010A Bonds other than DTC only in the event that DTC (or a successor securities depository) determines not to continue to act as securities depository for the Bonds. Upon occurrence of this event, the County may in its discretion attempt to have established a securities depository book entry relationship with another securities depository. If the County does not do so, or is unable to do so, and after the Trustee has made provision for notification of the owners of book entry interests in the Series 2010A Bonds by appropriate notice to DTC, the County and the Trustee will authenticate and deliver Replacement Bonds of any one maturity, in authorized denominations, to or at the direction of any persons requesting such issuance (and, if the event is not the result of County action or inaction, at the expense — including printing costs — of those requesting).

Bond Service Charges on Replacement Bonds will be payable when due without deduction for the services of the Trustee as paying agent. Principal will be payable to the registered owner upon presentation and surrender at the principal corporate trust office of the Trustee. Interest will be payable on the interest payment date by the Trustee by check, mailed to the registered owner of record on the Trustee as of the 15th day of the month preceding the interest payment date.

Replacement Bonds will be exchangeable for Replacement Bonds of authorized denominations, and transferable, at the office of the Trustee without charge (except taxes or governmental fees). Exchange or transfer of then redeemable Replacement Bonds is not required to be made (i) between the 15th day preceding the mailing of notice of redemption of Replacement Bonds and the date of that mailing, or (ii) of a particular Replacement Bond selected for redemption (in whole or part).

### **Prior Redemption**

#### Optional Redemption.

The Series 2010A Bonds maturing on or after June 1, 2021 are subject to prior redemption on or after June 1, 2020, by and at the sole option of the County, on any date either in whole or in part (as selected by the County and in integral multiples of \$5,000), at par, plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2010A Bonds maturing on June 1, 2030 (the “Term Bonds”) are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount redeemed plus interest accrued to the redemption date on June 1 in the following years and in the following principal amounts:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2026	\$1,070,000	2028	\$1,195,000
2027	1,130,000	2029	1,265,000

If not previously redeemed by optional redemption, there shall remain \$1,340,000 of Term Bonds to be retired at their stated maturity on June 1, 2030.

Credits against Scheduled Mandatory Redemption Obligations. At the option of the County, to be exercised by delivery of a Certificate of Authorized County Representative to the Trustee on or before the 45th day next preceding any scheduled mandatory redemption date, it may (1) deliver to the Trustee for cancellation Series 2010A Bonds subject to scheduled mandatory redemption on that date or portions thereof in Authorized Denominations or (2) specify a principal amount of Series 2010A Bonds or portions thereof in Authorized Denominations which prior to said date have been purchased or redeemed (otherwise than pursuant to this Section) and canceled by the Trustee at the request of the County and not theretofore applied as a credit against any scheduled mandatory redemption payment of Series 2010A Bonds. Each Series 2010A Bond or portion thereof so delivered or previously redeemed shall be credited by the Trustee at the principal amount thereof against the obligation of the County to redeem Series 2010A Bonds on the scheduled mandatory redemption date or dates designated in writing to the Trustee by the Authorized County Representative occurring at least 45 days after delivery of such designation to the Trustee, provided that if no such designation is made, such credit shall not be credited against such obligation.

#### Selection of Series 2010A Bonds and Book Entry Interests to be Redeemed

If fewer than all outstanding Series 2010A Bonds are called for redemption at one time, the Series 2010A Bonds to be called will be called as selected by, and selected in a manner as determined by, the County.

If less than all of an outstanding Series 2010A Bond of one maturity under a book entry system is to be called for redemption (in the amount of \$5,000 or any integral multiple), the Trustee will give notice of redemption only to DTC as registered owner. The selection of the book entry interests in that Series 2010A Bond to be redeemed is discussed below under Notice of Call for Redemption; Effect.

If Series 2010A Bond certificates are issued to the ultimate owners, and if fewer than all of the Series 2010A Bonds of a single maturity are to be redeemed, the selection of Series 2010A Bonds (or portions of Series 2010A Bonds in amounts of \$5,000 or any integral multiples) to be redeemed will be made by lot in a manner determined by the Trustee.

In the case of a partial redemption by lot when Series 2010A Bonds of denominations greater than \$5,000 are then outstanding, each \$5,000 unit of principal will be treated as if it were a separate Bond of the denomination of \$5,000.

#### **Notice of Call for Redemption; Effect**

The Trustee is to cause notice of the call for redemption, identifying the Series 2010A Bonds or portions of Series 2010A Bonds to be redeemed, to be sent by first class mail, at least 30 days prior to the redemption date, to the registered owner (initially, DTC) of each Bond to be redeemed at the address then

shown on the Register. Any defect in the notice or any failure to receive notice by mailing will not affect the validity of any proceedings for the redemption of any Series 2010A Bonds.

On the date designated for redemption, Series 2010A Bonds or portions of Series 2010A Bonds called for redemption shall become due and payable. If the Trustee then holds sufficient moneys for payment of Bond Service Charges payable on that redemption date, interest on each Series 2010A Bond (or portion of a Series 2010A Bond) so called for redemption will cease to accrue on that date.

So long as all Series 2010A Bonds are held under a book entry system by a securities depository (such as DTC), call notice is sent by the Trustee only to the depository or its nominee Selection of book entry interests in the Series 2010A Bonds called, and giving notice of the call to the owners of those interests called, is the sole responsibility of the depository and of its participants and Indirect Participants. Any failure of the depository to advise any participant, or of any participant or any Indirect Participant to notify the book entry interest owners, of any such notice and in its content or effect will not affect the validity of any proceedings for the redemption of any Series 2010A Bonds or portions of Series 2010A Bonds. See **Book Entry Method**.

## **SECURITY AND SOURCES OF PAYMENT**

### **General**

Bond Service Charges on the Series 2010A Bonds will be payable from the Nontax Revenues of the County appropriated and deposited by the County each year in the Brownfield Pledge Fund established under the Indenture. The County has agreed in the Indenture to deposit with the Trustee on or before January 15 of each calendar year, to the credit of the Brownfield Pledge Fund created under the Indenture, that amount of money from the Nontax Revenues of the County required to make the Brownfield Deposit which amount, when added to other sums then on deposit in the Brownfield Pledge Fund, will be sufficient to pay all Bond Service Charges due and payable on the Bonds for the then current calendar year. The County will appropriate and deposit into the Brownfield Pledge Fund on or prior to delivery of the Series 2010A Bonds any additional amount necessary, taking into account the Bond Service Charges on the Series 2010A Bonds, so that the Brownfield Pledge Fund will have a balance not less than the Bond Service Charges due through December 31, 2010. The County's agreement to provide its Nontax Revenues sufficient to pay the Bond Service Charges on the Bonds, including making such annual appropriations therefor, is enforceable by mandamus pursuant to the Act.

**The Series 2010A Bonds and any Bond Service Charges due on the Series 2010A Bonds will be special obligations of the County and will be payable solely from the Nontax Revenues of the County. No monies of the County raised by taxation are obligated or pledged for payment of Bond Service Charges on the Series 2010A Bonds. Nothing in the Series 2010A Bonds, the Indenture or any other document will represent or constitute a general obligation debt or pledge of the faith and credit of the County, the State, or any other political subdivision of the State.**

### **Nontax Revenues**

The Nontax Revenues of the County in its fiscal year ended December 31, 2010 are estimated to be approximately \$95,798,000. The Nontax Revenues include all moneys of the County which are not moneys raised by taxation, to the extent available for deposit in the Debt Retirement Fund, the Bond Reserve Fund, or the Brownfield Pledge Fund, as provided in the Indenture, including but not limited to the following: (a) charges for services and payments received in reimbursement for services; (b) payments in lieu of taxes now or hereafter authorized by State statute; (c) fines and forfeitures; (d) fees from properly imposed licenses and permits; (e) investment earnings on any funds of the County that are

credited to the County's General Fund; (f) proceeds from the sale of assets; (g) rental income; (h) grants from the United States of America and the State of Ohio; (i) gifts and donations; and (j) Net Project Revenues; provided that Nontax Revenues do not include the Gateway Revenues, Commercial Redevelopment Revenues or Project Revenues which are required to be deposited in the Outside Loan Repayment Fund or the OWDA Repayment Fund pursuant to the Indenture.

The most significant amounts of Nontax Revenues in the County's General Fund that are pledged for these purposes are derived from charges for services, investment earnings, intergovernmental grants and reimbursements, fines and forfeitures and license and permit fees.

*Historical Collections.* The following table summarizes historical collections for the past ten years of certain of the more significant sources of funds identified by the County from its General Fund as Nontax Revenues. No assurance can be given that the full amount of such collections will be available to pay Bond Service Charges on the Bonds. Moreover, no assurance can be given that the collection of such Nontax Revenues will remain at the levels historically collected by the County. Amounts shown for 2010 are estimated as of July 1, 2010.

<u>Year</u>	<u>Charges for Services<sup>(1)</sup></u>	<u>Investment Earnings</u>	<u>Intergovernmental</u>	<u>Fines and Forfeitures</u>	<u>Other</u>	<u>Total</u>
2000	\$ 42,988,490	\$ 26,324,983	\$ 7,146,403	\$5,581,862	\$3,626,400	\$85,668,138
2001	46,952,219	28,750,455	6,911,480	6,116,877	13,577,799	102,308,830
2002	45,458,577	22,002,099	7,982,259	6,316,436	7,328,031	89,087,402
2003	50,974,020	16,895,177	7,313,030	5,943,655	9,808,617	90,934,499
2004	52,250,426	11,768,877	4,975,950	6,086,593	14,621,172	89,703,018
2005	46,210,471	16,522,445	5,420,414	7,651,298	4,452,284	80,256,912
2006	42,001,903	26,017,907	4,980,711	9,149,025	6,188,951	88,338,497
2007	50,786,723	30,384,532	5,086,682	11,326,915	16,206,392 <sup>(5)</sup>	113,791,244
2008	50,137,011	29,658,922	5,896,321	10,822,854	9,105,953	105,621,061
2009	39,003,786	21,063,937	10,728,715	9,052,088	15,712,455 <sup>(4)</sup>	95,560,981
2010 <sup>(6)</sup>	41,656,551	17,450,000 <sup>(2)</sup>	12,300,050 <sup>(3)</sup>	9,986,978	14,404,697 <sup>(7)</sup>	95,798,276

<sup>(1)</sup> Includes real property transfer fees of \$5,321,000 in 2004, \$6,030,000 in 2005, \$5,348,000 in 2006, \$4,699,000 in 2007, \$3,321,000 in 2008, \$2,455,000 in 2009 and \$2,349,000 (projected) in 2010.

<sup>(2)</sup> Decrease reflects, in part, declines in market interest rates and in the overall size of the County's investment portfolio.

<sup>(3)</sup> Reflects an increase in Public Defender reimbursements from the State and a change in accounting resulting in reimbursements from the City for indigent defense being credited to a special revenue fund rather than the General Fund.

<sup>(4)</sup> Includes one time revenue of \$13 million from sale of MetroHealth property by County.

<sup>(5)</sup> Other sources include \$6.5 million for sale of YDC property and \$4.4 million transfer from other County Funds.

<sup>(6)</sup> Projected.

<sup>(7)</sup> Other sources include one-time legal settlement of \$7 million.

*Charges for Services.* From 2005 through 2009, over 47.2% of the County's Nontax Revenues identified above was derived from charges for services. The revenue derived from charges for services comes primarily from the following:

- a) fees charged by the County Treasurer and the County Auditor for the collection of taxes for all of the political subdivisions within the County, as authorized by Ohio Revised Code Sections 321.26, 321.27 and 5721.04;

- b) fees charged by the Board of Elections of candidates running for offices and charges to political subdivisions for election services provided at polling places authorized by Ohio Revised Code Sections 3501.17, 3513.10 and 3513.261;
- c) County Auditor property transfer fees on the conveyance of real property charged pursuant to Ohio Revised Code Sections 319.202 and 319.54(F)(3);
- d) County Auditor filing, garnishment, photocopying and other administrative fees authorized by Ohio Revised Code Sections 319.54, 325.27 and 325.31;
- e) fees charged by the County Recorder for recording, certifying and indexing instruments, deeds and mortgages authorized by Ohio Revised Code Sections 317.32 and 1309.40 to 1309.43;
- f) fees charged by the Clerk of Courts and various courts for arbitrations, child support administration and child and school placements, and various filing fees charged pursuant to Ohio Revised Code Sections 1548.10, 2303.20, 2151.357 and 2151.36;
- g) any excess amounts in the Certificate of Title Administration Fund that are transferred to the County's General Fund;
- h) County Sheriff fees permitted by Ohio Revised Code Section 311.17;
- i) Coroner fees for reports and records permitted by Ohio Revised Code Section 313.10;
- j) fees for housing federal and state prisoners in the County jail pursuant to County Board Resolutions 962234 and 962235;
- k) chargebacks to federal agencies and County departments for providing General Fund services authorized by Federal Office of Management and Budget Circular A-87 and United States Department of Health and Human Services Circular OASC-10 and Chapter 1000 of the Ohio Department of Human Services Administrative Procedures Manual (APMTL — 182);
- l) fees for collection of delinquent child support payments authorized by Ohio Revised Code Section 2301.35(c); and
- m) other charges for services.

*Investment Earnings.* From 2005 through 2009, the amount of investment income transferred by the County to its General Fund constituted over 25.6% of the County's Nontax Revenue identified above. The County Treasurer invests County funds pursuant to Ohio Revised Code Chapter 135, and the County then transfers funds from its Investment Earnings Trust and Agency Account and other interest earning accounts to its General Fund in such amounts as the County deems appropriate. No assurances can be given that rates of return on future investments of the County's funds will be as high as those experienced during prior periods.

*Intergovernmental Grants and Reimbursements.* From 2005 through 2009, intergovernmental grants and reimbursements constituted approximately 6.6% of the County's Nontax Revenues. This revenue is derived primarily from State reimbursements for costs associated with operating the Public

Defender's Commission and providing indigent legal services or assigned counsel pursuant to Ohio Revised Code Sections 120.18, 120.33 and 2941.51.

*Fines and Forfeitures.* Fines and forfeitures constituted approximately 9.9% of the County's Nontax Revenues from 2005 through 2009. These moneys are derived primarily from fines, fees and costs for the operation of the various courts pursuant to Ohio Revised Code Chapters 4513 and 4511 and Ohio Revised Code Sections 2711.21, 2335.11, and 2335.21.

*Other.* From 2005 through 2009, other sources, including revenues from rents received for occupancy of County buildings, miscellaneous refunds and reimbursements and unclaimed funds, constituted approximately 10.7% of the County's Nontax Revenues.

### **Appropriation Procedure**

The County has agreed to appropriate in its annual appropriation measure for each calendar year and to deposit (the "Brownfield Deposit") in the Brownfield Pledge Fund on or before January 15 of each calendar year, Nontax Revenues of the County in an amount sufficient to pay all Bond Service Charges due and payable on the Bonds for the then current calendar year less any amounts remaining in the Brownfield Pledge Fund after all Bond Service Charges for the prior year have been paid. In January 2010, the County was not required to make a Brownfield Deposit as moneys then on deposit in the Brownfield Pledge Fund were sufficient to pay all Bond Service Charges due and payable on the Bond for the 2010 calendar year. In the event the amount in the Brownfield Pledge Fund on any Interest Payment Date is not sufficient to pay Bond Service Charges due and payable on that Interest Payment Date, the County is required to immediately make a supplemental appropriation from Nontax Revenues for an amount sufficient to make up any such deficiency.

### **Pledged Nontax Revenues**

As security for the payment of Bond Service Charges on all Bonds issued under the Indenture, including the Series 2010A Bonds and any Additional Bonds, and to secure the performance of the County's obligations under the Indenture, the County has pledged to the Trustee the Nontax Revenues of the County and has assigned and created a security interest in the Pledged Nontax Revenues to and in favor of Trustee.

The unexpended proceeds of the Series 2010A Bonds in the Redevelopment Fund are pledged as security for the Bonds until advanced from that Fund to pay or reimburse the County, or any person designated by the County, for certain Brownfield Project Costs. See **Authorization and Purpose**.

The Pledged Nontax Revenues include: (a) all Project Revenues; (b) proceeds of any series of Bonds to be used to pay capitalized interest or otherwise to be available to pay Bond Service Charges; (c) Nontax Revenues in the Pledge Fund; (d) all money in the Special Funds; and (e) all income and profit from the investment of the foregoing money.

The Project Revenues include (a) Brownfield Land Disposition Proceeds received by the County from a Brownfield Project Loan Recipient pursuant to a Brownfield Project Loan Agreement, if any; (b) PRP Proceeds received by the County from a Brownfield Project Loan Recipient pursuant to a Brownfield Project Loan Agreement; (c) all payments received by the County from a Brownfield Project Loan Recipient pursuant to a Brownfield Project Loan Agreement other than Brownfield Land Disposition Proceeds and PRP Proceeds; (d) all payment received by the County for a Construction Project Loan Recipient pursuant to a Construction Project Loan Agreement; (e) unexpended money in the Capitalized Interest Account, Brownfield Bond Proceeds Account and Construction Projects Bond



Proceeds Account of the Redevelopment Fund; (f) all other money and investments held by the Trustee in the Special Funds; and (g) all income and profit from the investment of the money in the Special Funds.

The Net Project Revenues include all Project Revenues except those Project Revenues which are required to be deposited in the Outside Loan Repayment Fund or the OWDA Repayment Fund pursuant to the Indenture.

**The amount of Project Revenues to be received by the Trustee is uncertain. Investors should base their decision to purchase the Series 2010A Bonds solely on the Nontax Revenues of the County and not on the Project Revenues.**

Holders of the Bonds do not have a security interest in the County's Nontax Revenues other than the Pledged Nontax Revenues and the County is permitted to and intends to use its Nontax Revenues for other lawful purposes, including but not limited to the payment of the Gateway Obligations, Commercial Redevelopment Obligations and other Parity Obligations and County general obligation debt. See **County Debt and Other Long Term Obligations** in the Annual Informational Statement. As a condition precedent to issuing Additional Bonds under the Indenture or incurring Parity Obligations payable from and secured by a pledge on Nontax Revenues, the County must certify to the Trustee that the average annual Nontax Revenues for the three most recent calendar years preceding the date of the certification, will aggregate in an amount not less than 150% of the largest amount required (a) to pay Bond Service Charges in any succeeding year and (b) to pay all required payments on the Parity Obligations and any outstanding Parity Obligations due in any succeeding year. See **Exhibit C Summary of Certain Provisions of the Second Supplemental Trust Indenture**.

### **Special Funds**

The Indenture provides for the establishment of the following Special Funds which are pledged for the security of the Series 2010A Bonds and any Additional Bonds: the Brownfield Bond Proceeds Account and the Construction Projects Bond Proceeds Account of the Redevelopment Fund, the Debt Retirement Fund, the Bond Reserve Fund and the Brownfield Pledge Fund. The Special Funds are in the custody of the Trustee.

The County has also created the Revenue Fund, the Outside Loan Repayment Fund and the OWDA Repayment Fund, as well as the Outside Loan Account, the OWDA/OEPA Loan Account and the Grant Account within the Redevelopment Fund, all of which are in the custody of the Trustee but none of which are Special Funds pledged for security of the Series 2010A Bonds or any Additional Bonds.

### **Allocation of Project Revenues and Disbursement of Funds**

Under the Indenture, all Project Revenues are to be paid directly to the Trustee and as long as there are any Outstanding Bonds, Outside Loans or OWDA Loans for which payment, or provision for payment, has not been made, deposited as follows:

(1) Brownfield Land Disposition Proceeds and PRP Proceeds from Brownfield Projects for which Outside Loans are outstanding will be deposited in the Outside Loan Repayment Fund to the credit of the Subaccount therein for the Brownfield Project from which the Brownfield Land Disposition Proceeds and PRP Proceeds were derived, and

(2) the remainder of the Project Revenues will be deposited in the Revenue Fund.

Money in the Revenue Fund is to be applied by the Trustee on each Deposit Date as follows:

(1) to the OWDA Repayment Fund after giving effect to any amounts on deposit in that Fund (a) an amount such that, if the same amount were paid in each of the months preceding the next OWDA Interest Payment Date, the aggregate of the amounts so paid would be sufficient to pay the interest due on all outstanding OWDA Loans on that next OWDA Interest Payment Date; and (b) an amount such that, if the same amount were paid in each of the months preceding the next date on which principal is due on all outstanding OWDA Loans, the aggregate of the amounts so paid would be sufficient to pay the principal amount due on all outstanding OWDA Loans.

(2) to make the following payments, together with money in the Brownfield Pledge Fund on that Deposit Date to the following Funds and Accounts in the following order (a) to the Bond Reserve Fund if and when the amount on deposit in the Bond Reserve Fund falls below the Bond Reserve Requirement, the amount required to make the balance in the Bond Reserve Fund equal to the Bond Reserve Requirement, and (b) to the Debt Retirement Fund (i) into the Interest Payment Account of the Debt Retirement Fund, and after giving effect to any amounts on deposit in that account, an amount such that, if the same amount were paid in each of the months preceding the next Interest Payment Date, the aggregate of the amounts so paid would be sufficient to pay the interest due on all outstanding Series 2010A Bonds on that next Interest Payment Date; and (ii) into the Principal Payment Account of the Debt Retirement Fund, and after giving effect to any amounts on deposit in that account, an amount such that, if the same amount were paid in each of the months preceding the next Principal Payment Date, the aggregate of the amounts so paid would be sufficient to pay the principal amount due on that next Principal Payment Date.

On each Interest Payment Date and Principal Payment Date, the Trustee will make available from the following Special Funds and Accounts created by the Indenture in the following amounts and in the following priority:

(1) From the Interest Payment Account in the Debt Retirement Fund, the amount necessary to pay interest on the Bonds then due;

(2) From the Principal Payment Account in the Debt Retirement Fund, the amount necessary to pay principal on the Bonds then due whether at stated maturity, redemption or acceleration;

(3) From the Brownfield Pledge Fund, the amount necessary to pay Bond Service Charges then due to the extent insufficient moneys therefor have been provided pursuant to paragraphs (1) or (2) above; and

(4) From the Bond Reserve Fund, the amount necessary to pay Bond Service Charges then due to the extent insufficient moneys therefor have been provided pursuant to paragraphs (1), (2) or (3) above.

If on any Deposit Date the balance in the Bond Reserve Fund is an amount less than the Bond Reserve Requirement, the Trustee will deposit into the Bond Reserve Fund an amount at least equal to that deficiency. If on the first day of each May the Bond Reserve Fund exceeds the Bond Reserve Requirement, the Trustee shall transfer the excess to the Debt Retirement Fund from the Bond Reserve Fund by the succeeding May 10.

The Bond Reserve Fund must, to the extent necessary and before using money from any other source for the purpose, be transferred to the Debt Retirement Fund and used to make up any deficiencies in the Debt Retirement Fund.

There is no Bond Reserve Fund Requirement for the Series 2010A Bonds and the Bond Reserve Fund will not be funded at the time of issuance of the Series 2010A Bonds.

The Trustee will use money in the Outside Loan Repayment fund within 30 business days after deposit to pay interest and principal then due and/or payable on such Outside Loan to the extent moneys are available in the Subaccount applicable to that Outside Loan.

On each day upon which interest and/or principal on any OWDA Loan is due, the Trustee will make available from the OWDA Repayment Fund, money in the amount necessary to pay interest and principal then due on all OWDA Loans.

See **Exhibit B Summary of Certain Provisions of the Indenture** for additional discussion of the Funds held under the Indenture.

## **PARITY DEBT AND OTHER OBLIGATIONS**

### **Parity Debt**

The Indenture permits the County to incur certain additional obligations (referred to as Parity Obligations) secured by a pledge of the Nontax Revenues (except the Pledged Nontax Revenues) of the County on a parity with the pledge under the Indenture securing the Bonds. See **Exhibit B — Summary of Certain Provisions of the Indenture**. On the date of issuance of the Series 2010A Bonds, two new issues of bonds constituting Parity Obligations will be issued by the County – the Series 2010B Bonds and the Series 2010C Bonds, each as described below. On the date of issuance of the Series 2010A Bonds, the outstanding Parity Debt will consist of the Series 2004C Brownfield Bonds, the Series 1992A Bonds, the Series 2004A Bonds, the Series 2010B Bonds and the Series 2010C Bonds. In addition to these Parity Obligations, the County will issue the Series 2010D Bonds as further described below on the date of issuance of the Series 2010A Bonds that is subordinated to the Parity Obligations as to the pledge of Nontax Revenues.

The Series 2010A Bonds will be issued as Additional Bonds under the Indenture on a parity basis with then Outstanding Parity Obligations as to the County's pledge of its Nontax Revenues (except for (i) the Pledged Nontax Revenues, which secure only the Bonds, (ii) the Gateway Revenues, which secure only the Series 1992A Bonds, the Series 2004A Bonds and the Series 2010C Bonds and (iii) Commercial Redevelopment Revenues which secure only the Series 2010B Bonds).

In connection with the issuance and sale of the Series 2010A Bonds, the Original Purchaser (as the original purchasers and holders of the Series 2010A Bonds), representing the holders of not less than a majority in aggregate principal amount of the Bonds outstanding, will consent to amendments to the Original Indenture to amend the definition of "Coverage Ratio" in connection with issuance of Parity Obligations. After such amendment of the Indenture, Parity Obligations may be issued for any lawful purpose, provided that as a condition precedent to issuing Additional Bonds or Parity Obligations, the County must certify to the Trustee that the average annual Nontax Revenues for the three most recent calendar years prior to the date of the certification, will aggregate in an amount not less than 150% of the largest amount required (a) to pay Bond Service Charges in any succeeding year and (b) to pay all required payments on such proposed Parity Obligations and any outstanding Parity Obligations due in any succeeding year. See **Exhibit C Summary of Certain Provisions of the Second Supplemental Trust Indenture**.

Any other indebtedness which may hereafter be issued by the County and payable, in whole or in part, from the Nontax Revenues of the County would be subordinate in right of payment of both principal and interest to the Series 2010A Bonds, any Additional Bonds and any Parity Obligations.

## **Commercial Redevelopment Obligations**

The County plans to issue on the same date as the Series 2010A Bonds are issued, approximately \$13,115,000 in principal amount of Taxable Economic Development Revenue Bonds, Series 2010B (Commercial Redevelopment Fund Project) (the “Series 2010B Bonds”) for the purpose of funding the County’s newly created Commercial Redevelopment Fund that will finance the County’s Commercial Redevelopment Program .

The Commercial Redevelopment Program (the “Commercial Redevelopment Program”) is being established to lend money to municipalities and private entities to assist with the payment of costs of acquiring and redeveloping abandoned, idled or underutilized commercial, industrial and institutional properties within the County. The Series 2010B Bonds are secured by (i) a pledge of the County’s Nontax Revenues, (ii) a security interest in certain net revenues of the Commercial Redevelopment Program, (iii) the proceeds of additional bonds which are available to pay debt service, (iv) certain money held by the bond trustee, and (v) all income and profit from the investment of the foregoing money. Under the terms of the indenture securing the Series 2010B Bonds, the County has agreed to appropriate and deposit into a pledged fund held by the bond trustee annually in each year while any of the Series 2010B Bonds are outstanding an amount of nontax revenues sufficient, together with other moneys deposited previously and remaining in that fund, to pay debt service on the Series 2010B Bonds in that year. The County expects that a substantial portion of the debt service on the Series 2010B Bonds will, in fact, be paid from nontax revenues of the County.

## **Gateway Obligations**

The County plans to issue on the same date that the Series 2010A Bonds are issued approximately \$42,040,000 in principal amount of Taxable Economic Development Revenue Refunding Bonds, Series 2010C (Gateway Avenue Project) (the “Series 2010C Bonds”). The proceeds of the Series 2010C Bonds will be used to refund (i) the Series 1994 Bonds and (ii) the Series 2004B Bonds. The Series 1994 Bonds were issued to provide funds to the Gateway Economic Development Corporation of Greater Cleveland to assist in financing the construction, equipping and furnishing of an enclosed multi-purpose arena containing approximately 20,000 seats, located in downtown Cleveland and currently known as Quicken Loans Arena (“Project”). The Series 2004B Bonds were issued to refund bonds previously issued for the purpose of financing a portion of the costs of the Project.

After the issuance of the Series 2010C Bonds, the only Bonds Outstanding under the Gateway Indenture will be (i) the Series 1992A Bonds in a principal amount of \$35,000,000 due June 1, 2022, (ii) the Series 2004A Bonds in a principal amount of \$1,700,000 due on June 1, 2011 and (iii) the Series 2010C Bonds in a principal amount of \$42,070,000 with a final maturity of June 1, 2023.

## **Future Parity Obligations**

The County has entered into a Development Agreement, dated April 16, 2009 (the “Development Agreement”), and related agreements with Merchandise Mart Properties, Inc. and/or related parties (“MMPI”). The Development Agreement contemplates MMPI’s construction of a new medical equipment exhibition facility and conference facilities (the “Medical Mart and Convention Center”) in downtown Cleveland. The Development Agreement calls for the County to provide MMPI with project funding for the Medical Mart and Convention Center from a combination of cash and proceeds of nontax revenue bonds. The County and MMPI are currently in the process of preparing and reviewing the design and budget for the new facilities. Though the budget is in the process of preparation, the preliminary estimated cost is \$425,000,000. The County plans to finalize the financing arrangements by October 1,

2010, but cannot at this time determine how much of the total project cost will be funded with cash on hand and how much with bond proceeds. The County expects that the preponderance of the nontax revenue bonds that it issues for this project will be Parity Bonds. The Development Agreement further calls for the County to lease the new facilities from MMPI and for MMPI to sublease the facilities back from the County. The rent that the County will pay MMPI as lessee will exceed the amount that MMPI will be required to pay the County for repayment of the initial project funding. The payments that the County receives from MMPI for repayment of the initial project funding will constitute additional nontax revenues.

### **Other Non-Tax Revenue Obligations**

The County plans to issue on the same date that the Series 2010A Bonds are issued approximately \$2,865,000 in principal amount of Economic Development Revenue Refunding Bonds, Series 2010D (Shaker Square Project) (the "Series 2010D Bonds"). The proceeds of the Series 2010D Bonds will be used to refund the County's outstanding Economic Development Revenue Bonds, Series 2000A (the "Shaker Square Bonds"). The Shaker Square Bonds were issued for the purpose of making a loan to finance a portion of the cost of improvements to the Shaker Square Complex, a commercial shopping district. Maximum annual debt service on the Series 2010D Bonds is expected to be approximately \$342,375 and the final maturity of the Series 2010D Bonds is December 1, 2030.

The Series 2010D Bonds will be subordinate to the Series 2010A Bonds and other Parity Obligations as to the pledge of the County's Nontax Revenues.

The Series 2010D Bonds when issued will be secured by (i) certain revenues from the Project, including amounts received from the City of Cleveland from service payments and (ii) a pledge of the County's Nontax Revenues, subject to the lien and pledge of Nontax Revenues pledged to Parity Obligations. The debt service on the Series 2010D Bonds is to be paid from the Nontax Revenues of the County only to the extent that the service payments are insufficient for the purpose; however, the Board is to appropriate annually the amount to pay all of the annual debt service on the Series 2010D Bonds. In 2007, 2008 and 2009, service payments were not sufficient to pay debt service on the Shaker Square Bonds and the County paid most of the debt service. The initial owner of the Shaker Square Complex conveyed the property to a creditor bank, which sold the property to a local developer, The Coral Company. The Coral Company, however, did not assume liability on a loan securing the Series 2010D Bonds. There is no assurance that future service payments will be sufficient to pay debt service.

In connection with certain Stadium Revenue Refunding Bonds, Series 2004, issued by Gateway Economic Development Corporation of Greater Cleveland and currently outstanding in the aggregate principal amount of \$14,875,000, the County provided a form of guaranty for the payment of debt service on those bonds. The guaranty is renewable annually by the County upon sufficient appropriations being made to pay the guaranteed debt service due and payable in that year, and will terminate by its terms if it is not renewed in any year by the County. The guaranty is payable solely from the Nontax Revenues of the County, and the obligation of the County is not secured by any pledge or security interest. The County has made appropriations for amounts due under the guaranty since issued; however, since revenues from other funds pledged to those bonds have been sufficient to pay debt service on those bonds, the County has not made any payments under the guaranty.

**DEBT SERVICE SCHEDULE FOR  
PARITY NONTAX REVENUE OBLIGATIONS**

<b>Fiscal Year</b>	<b>Debt Service on Series 2010C Bonds</b>	<b>Debt Service on Series 2010A Bonds</b>	<b>Debt Service on Series 2010B Bonds</b>	<b>Debt Service on Series 2004C Brownfield Bonds</b>	<b>Debt Service on Series 1992A Bonds</b>	<b>Debt Service on Series 2004A Bonds</b>	<b>Total Debt Service</b>
2010	376,210	192,127	124,176	1,245,145	3,018,750	1,734,850	6,691,258
2011	4,568,207	1,377,881	890,989	1,244,958	3,018,750	1,736,125	12,836,910
2012	5,946,573	1,374,987	890,867	1,246,450	3,018,750		12,477,627
2013	3,162,660	1,373,855	893,595	1,245,055	6,367,813		13,042,978
2014	3,147,059	1,374,582	884,361	1,244,800	6,065,938		12,716,740
2015	3,134,834	1,377,802	898,455	1,245,318	5,764,063		12,420,472
2016	3,370,446	1,377,990	890,535	1,247,215	5,462,188		12,348,374
2017	3,641,696	1,374,687	890,430	1,245,840	5,160,313		12,312,966
2018	3,916,322	1,373,214	893,157	1,245,983	4,858,438		12,287,114
2019	4,181,183	1,383,006	893,506		4,556,563		11,014,258
2020	4,445,933	1,374,566	891,795		4,254,688		10,966,982
2021	4,709,229	1,373,220	893,060		3,952,813		10,928,322
2022	4,973,043	1,373,493	892,095		3,650,938		10,889,569
2023	6,561,088	1,380,083	888,943				8,830,114
2024		1,373,065	888,533				2,261,598
2025		1,382,280	890,681				2,272,961
2026		1,394,129	888,475				2,282,604
2027		1,388,888	891,809				2,280,697
2028		1,384,940	892,475				2,277,415
2029		1,381,989	890,472				2,272,461
2030		1,379,738	890,652				2,270,390

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## **DESCRIPTION OF BROWNFIELD REDEVELOPMENT FUND PROGRAM**

The County has developed the Cuyahoga County Brownfield Redevelopment Fund Program (the Program) to overcome environmental barriers for the reuse and full utilization of underused and abandoned commercial and industrial properties within the County. Primary focus of the Program has been directed toward “first-ring” suburban communities, i.e. those contiguous to the City of Cleveland.

The Indenture establishes the County of Cuyahoga--County Redevelopment Fund (the Redevelopment Fund) which received its initial funding from a portion of the proceeds of the Series 1998 Bonds. The County has received or is seeking additional funding for the Program from a variety of sources, including loans from the Ohio Water Development Authority, the Ohio Environmental Protection Agency, and various local financial institutions, and grants from the U.S. Environmental Protection Agency and community foundations (collectively, the Other Sources). No assurance can be given that funding for the Program will be able to be obtained from any of the Other Sources.

The County loans the moneys in the Redevelopment Fund (Program Loans) to approved borrowers to provide necessary funds for property appraisals, land acquisition, environmental testing and remediation, site clearance and demolition and other costs deemed by the County to be necessary and appropriate in carrying out the purpose and intent of the Program, which includes job creation and/or job retention. Representatives of the County’s Department of Development work with applicants to determine which projects and costs are appropriate for funding as part of the Program. Applicants for Program Loans may include the County, municipal corporations located within the County, nonprofit community development corporations, private developers and other local businesses. Each Program Loan will be subject to the prior approval of an investment committee (the Brownfield Redevelopment Fund Loan Committee) comprised of representatives appointed by participating financial institutions and the County. Program Loans will be on terms established by the County as part of the Program guidelines and as determined by the Brownfield Redevelopment Fund Investment Committee. Each Program Loan will require final approval by the Board of Commissioners of the County.

When a Program Loan has been finally approved, the County’s Authorized Officer will direct the Trustee to advance moneys from the Redevelopment Fund to fund such Program Loan. Program Loan repayments are made directly to the Trustee for deposit in the Revenue Fund held by the Trustee. Moneys in the Revenue Fund are applied by the Trustee in accordance with the terms of the Indenture, including any required repayment of loans made by Other Sources and payment of Bond Service Charges on the Series 2010A Bonds. No assurance can be given that moneys will be available to the Trustee from the Revenue Fund to pay Bond Service Charges on the Bonds.

## **LITIGATION**

The appropriate County officials, have not received notice that any litigation or administrative action or proceeding is pending or threatened restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Series 2010A Bonds, the pledge or application of any monies or security provided for payment of the Series 2010A Bonds under the Indenture, or contesting or questioning the proceedings and authority under which the Series 2010A Bonds have been authorized and are to be issued, sold, signed or delivered, or the validity of the Series 2010A Bonds. The County will deliver to the Underwriters a certificate to that effect at the time of original delivery of the Series 2010A Bonds to the Underwriters.

The County is a party to various legal proceedings seeking damages or injunctive or other relief, including a lawsuit described under **CHANGE IN COUNTY GOVERNMENT STRUCTURE** and

generally incidental to its operations. These proceedings are unrelated to the Series 2010A Bonds or the security for the Series 2010A Bonds, or the Program. The ultimate disposition of these proceedings is not now determinable, but, in the best judgment of the appropriate County officials, based on their present understanding and knowledge of these proceedings, the disposition of these proceedings, individually or in the aggregate, should not result in liabilities in an amount which would have a material adverse effect on the Series 2010A Bonds or the security for the Series 2010A Bonds.

The Investigation (as described in **Legal Matters** in the Annual Statement) of alleged government corruption by the Federal Bureau of Investigation and the Internal Revenue Service is ongoing. As of the date of the Annual Statement, the Investigation has resulted in federal charges being filed against municipal and County employees, and private individuals. To the knowledge of the County, as of the date of the Annual Statement, six former County employees have been charged by information in United States District Court, and have pled or are expected to plead guilty to federal corruption charges, including bribery. In addition, officials of various vendors and contractors doing business with the County have been charged with similar crimes. The Investigation is ongoing and it is anticipated that additional individuals and entities will also be charged. In the best judgment of the County, the Investigation, any charges or convictions resulting from the Investigation, and if true, any of the alleged criminal activity being investigated, will not have a material adverse effect on the Series 2010A Bonds or the security for the Series 2010A Bonds.

See also **Legal Matters** in the Annual Statement.

#### **CHANGE IN COUNTY GOVERNMENT STRUCTURE**

On November 6, 2009 the voters of Cuyahoga County adopted a County Charter that became effective January 1, 2010. The Charter provides that the following current elected offices be eliminated: County Commissioners, County Auditor, County Treasurer, County Recorder, Clerk of Courts, County Coroner, County Engineer and Sheriff. The Charter provides for the following elected offices: a County Executive, an 11 person Council and the Prosecuting Attorney. The County Executive and the Prosecuting Attorney will be elected by all the voters of the County, and each member of the Council will be elected by voters in one of 11 districts established by the Charter. Elections for these new offices will occur in November of 2010 with the new elected officials taking office January, 2011. The newly-elected County Executive will serve a four year term. The term of the Prosecuting Attorney will continue to be determined by the general law of Ohio. Six of the newly-elected members of Council will serve four-year terms; five will serve two-year terms. Beginning with the 2012 general election, the term for each member of Council shall be four years.

The County Executive, with the approval of Council, will appoint the following: (1) a Fiscal Officer who will assume the duties previously performed by the current County Auditor and County Recorder and the duties of the current Clerk of Courts other than those related to the operations of the Courts; (2) a Medical Examiner to perform the duties of the current County Coroner; (3) a Clerk of Courts to carry out the duties of the current Clerk of Courts related to the operations of the Courts; (4) a Director of Public Works to perform the duties of the current County Engineer and Sanitary Engineer; (5) a Director of Law to be the legal advisor to the County Executive and Council; (6) a County Treasurer to perform the duties of the current County Treasurer; and (7) a Sheriff to perform the duties of the current County Sheriff.

The County Executive will have all powers and duties of an administrative nature, including but not limited to overseeing most personnel matters, and submitting ordinances and resolutions to Council, including an operating budget, capital improvement plan and written message annually. The County Executive has veto power over Council's actions.



The Council will hold the legislative power and be the taxing authority of the County. The Council shall elect a President, shall have a Clerk and other assistants, and shall have authority to establish procedures governing the administration of County contracts, and shall adopt the annual tax, operating and capital budgets. The Council may override the veto of the County Executive if at least eight members of Council vote to approve the vetoed measure. The Council may investigate any financial transaction relating to any matter upon which it is authorized to act and shall have investigative as well as legislative powers.

The County Budget Commission consisting of the County Executive, Fiscal Officer and Prosecuting Attorney shall exercise all powers and perform all duties of the current County Budget Commission. In addition, a County Audit Committee will provide internal auditing among other functions.

A County Department of Development will oversee economic development in the County with a Director of Development appointed by the County Executive, subject to confirmation by Council. An appointed Economic Development Commission will present a 5 year economic development plan in June of each year.

County employment practices will be monitored by an appointed County Human Resource Commission.

The County Recorder has recently filed a lawsuit for declaratory and injunctive relief in the Cuyahoga County Court of Common Pleas, asking the Court to declare that the Charter's elimination of current elected offices prior to the expiration of their statutory terms violates the Ohio Constitution and is unlawful. Should the County Recorder's claims prevail, several existing office holders could continue to hold their offices until the expiration of their terms, but it is not anticipated that this would prevent the transition to Charter government, or that the security of the Series 2010A Bonds or financial condition of the County would be impacted.

Investors are encouraged to review the Charter of Cuyahoga County, a copy of which is available from the Clerk of the Board of County Commissioners, 1219 Ontario Street, Fourth Floor, Cleveland, Ohio 44113.

## LEGAL OPINION

Legal matters incident to the issuance of the Series 2010A Bonds are subject to the legal opinion of Squire, Sanders & Dempsey L.L.P., whose legal services as Bond Counsel have been retained by the County. A signed copy of that opinion, dated and premised on law in effect as of the date of original delivery of the Series 2010A Bonds, will be delivered to the Underwriters at the time of original delivery.

The proposed text of the legal opinion is set forth as **Exhibit D**. The legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

In its capacity as Bond Counsel, Squire, Sanders & Dempsey L.L.P. has assisted the County with its preparation of certain portions of this Official Statement. Bond Counsel, however, has not been engaged to, and will not, independently confirm or verify any information contained in this Official

Statement provided by the County or others, and will not express an opinion as to the accuracy, completeness or fairness of any such information or any other reports, financial information, offering or disclosure documents or other information pertaining to the County or the Series 2010A Bonds that may be prepared or made available by the County, the Underwriters or others to the purchasers or owners of the Series 2010A Bonds or of book entry or beneficial interests in the Series 2010A Bonds or to others.

In addition to rendering the legal opinion, Bond Counsel will assist in the preparation of and advise the County concerning documents for the Bond transcript.

The County has also retained the legal services of Squire, Sanders & Dempsey L.L.P. from time to time as special counsel in connection with matters that do not relate to County bonds or notes.

Certain legal matters will be passed upon for the Underwriters by their counsel, Bricker & Eckler LLP.

### **TAX MATTERS**

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law, interest on, and any profit made on the sale, exchange or other disposition of, the Series 2010A Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. An opinion to those effects will be included in the legal opinion. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2010A Bonds. **INTEREST ON THE SERIES 2010A BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. THE LEGAL DEFEASANCE OF THE SERIES 2010A BONDS MAY RESULT IN A DEEMED SALE OR EXCHANGE OF THE SERIES 2010A BONDS UNDER CERTAIN CIRCUMSTANCES; OWNERS OF THE SERIES 2010A BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF SUCH AN EVENT. PROSPECTIVE PURCHASERS OF THE SERIES 2010A BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SERIES 2010A BONDS.**

The following discussion is generally limited to “U.S. owners,” meaning beneficial owners of Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States. ***Partnerships holding Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2010A Bonds (including their status as U.S. owners).***

### **Backup Withholding**

General information reporting requirements will apply to payments of principal and interest made on a Bond and the proceeds of the sale of a Bond to non-corporate holders of the Series 2010A Bonds, and “backup withholding” at a rate of 28% will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of a Bond that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

## **Non-U.S. Owners**

Under the Code, interest and OID on any Bond whose beneficial owner is not a U.S. owner are generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the Series 2010A Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest or OID on the Series 2010A Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest or OID will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. ***Non-U.S. owners should consult their own tax advisors regarding the tax consequences of an investment in the Series 2010A Bonds.***

## **Circular 230**

THE FOREGOING DISCUSSION IN “TAX MATTERS” WAS NOT INTENDED OR WRITTEN BY BOND COUNSEL TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON AN OWNER OF THE SERIES 2010A BONDS. THE FOREGOING DISCUSSION IN “TAX MATTERS” WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE SERIES 2010A BONDS. EACH PROSPECTIVE PURCHASER OF THE SERIES 2010A BONDS SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE PURCHASER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

## **ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEY SECURITY**

To the extent that the matter as to the particular investor is governed by Ohio law, and subject to any applicable limitations under other provisions of Ohio law, the Series 2010A Bonds are lawful investments for banks, societies for savings, savings and loan associations, deposit guarantee associations, trust companies, trustees, fiduciaries, insurance companies, including domestic life and domestic not for life, trustees or other officers having charge of sinking and bond retirement or other funds of subdivisions and taxing districts of the State, the Commissioners of the Sinking Fund, the Administrator of Workers’ Compensation, and the State retirement systems (Teachers, Public Employees, Public School Employees, and Police and Firemen’s), notwithstanding any other provisions of the Revised Code or rules adopted pursuant to those provisions by any State agency with respect to investments by them.

The Series 2010A Bonds are acceptable under Ohio law as security for the repayment of the deposit of public moneys.

Owners of book entry interests in the Series 2010A Bonds should make their own determination as to such matters as legality of investment in or pledgability of book entry interests.

## **TRANSCRIPT AND CLOSING DOCUMENTS**

A complete transcript of proceedings for the Series 2010A Bonds and a certificate (described under **Litigation**) relating to litigation will be delivered by the County when the Series 2010A Bonds are delivered by the County to the Underwriter. The County at that time will also provide to the Underwriters a certificate, signed by the County officials who sign this Official Statement and addressed to the Underwriters, relating to the accuracy and completeness of the Official Statement, including the Annual Statement, and to its being a “final official statement” in the judgment of the County for purposes of SEC Rule 15c2-12(b)(3).

## CONTINUING DISCLOSURE AGREEMENT

The County will agree, for the benefit of the holders and beneficial owners from time to time of the Series 2010A Bonds, in accordance with, and as the only obligated person with respect to the Series 2010A Bonds under, SEC Rule 15c2-12 (the Rule), to provide or cause to be provided such financial information and operating data (Annual Information), audited financial statements and notices, in such manner, as may be required for purposes of paragraph (b)(5)(i) of the Rule (the Continuing Disclosure Agreement), including specifically the following:

- To the Municipal Securities Rulemaking Board:
  - Annual Information for each County Fiscal Year ending on or after December 31, 2009, not later than the 270<sup>th</sup> day following the end of each Fiscal Year, consisting of annual financial information and operating data of the type included in the Annual Statement under the captions **Financial Matters — Financial Outlook, Ad Valorem Property Taxes — Collections and — Delinquency Procedures, Other Major County General Fund Revenues Sources, County Debt and Other Long-Term Obligations** and in **Debt Tables A, B, C and D** and **Appendix A**, together with information as to aggregate assessed valuation of the County and overlapping and County tax rates under **Ad Valorem Property Taxes**.
  - Information concerning the Nontax Revenues of the County of the type included herein under the heading **Sources of Payment and Security for the Bonds — Nontax Revenues**.
  - When and if available, audited County financial statements for each such Fiscal Year. The County expects such financial statements to be prepared, that they will be available separately from the Annual Information, and that the accounting principles to be applied in their preparation will be as described under **Financial Matters — Financial Reports and Examinations of Accounts**.
- To the Municipal Securities Rulemaking Board (MSRB) in a timely manner, notice of:
  - The occurrence of any of the following events<sup>1</sup>, within the meaning of the Rule, with respect to the Bonds (each a Specified Event):
    1. Principal and interest payment delinquencies
    2. Nonpayment related defaults, if material
    3. Unscheduled draws on debt service reserves reflecting financial difficulties
    4. Unscheduled draws on credit enhancements reflecting financial difficulties

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<sup>1</sup> The County has not obtained or provided, and does not expect to obtain or provide, any debt service reserves, credit enhancements or credit or liquidity providers for the Series 2010A Bonds; repayment of the Series 2010A Bonds is not secured by a lien on any property capable of release or sale or for which other property may be substituted; and the interest on the Series 2010A Bonds is not federally tax-exempt.

5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds
7. Modifications to rights of holders or beneficial owners, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the County as described in the Rule
13. the consummation of a merger, consolidation or acquisition involving the County, if material
14. Appointment of a successor or additional trustee or the change in the name of a trustee, if material.

The scheduled redemption of Series 2010A Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a Specified Event within the meaning of the Rule; notice of any such call for redemption will be given as described under **Summary of Certain Terms of the Series 2010A Bonds — Prior Redemption — Notice of Call for Redemption; Effect.**

- The County's failure to provide the Annual Information within the time specified above.
- Any change in the accounting principles applied in the preparation of its annual financial statements, any change in its Fiscal Year, its failure to appropriate funds to meet costs to be incurred to perform the Agreement, and of the termination of the Agreement.

The County will reserve the right to amend the Continuing Disclosure Agreement, and to obtain the waiver of noncompliance with any provision of the Agreement, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of the County, or type of business conducted by the County. Any such amendment or waiver will not be effective unless the Agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the Series 2010A Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the County shall have received either (i) a written opinion of bond or other qualified independent special counsel selected by the County that the amendment or waiver would not materially impair the interests of holders or beneficial owners of the Series 2010A Bonds, or (ii) the written consent

to the amendment or waiver of the holders of at least a majority of the principal amount of the Series 2010A Bonds then outstanding.

The Continuing Disclosure Agreement will be solely for the benefit of the holders and beneficial owners from time to time of the Series 2010A Bonds. The exclusive remedy for any breach of the Agreement by the County is to be limited to a right of holders and beneficial owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the County of its obligations under the Agreement. Any individual holder or beneficial owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require the County to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings to require the County to perform any other obligation under the Agreement (including any proceedings that contest the sufficiency of any pertinent filing) may be instituted and maintained only by (i) a trustee appointed by the holders and beneficial owners of not less than 25% in principal amount of the Series 2010A Bonds then outstanding, which trustee may, and upon request of holders and beneficial owners of not less than 25% in principal amount of the Series 2010A Bonds then outstanding would be required to, institute and maintain such proceedings, or (ii) holders and beneficial owners of not less than 10% in principal amount of the Series 2010A Bonds then outstanding.

The performance by the County of the Continuing Disclosure Agreement will be subject to the County's annual appropriation of any funds that may be necessary to perform it.

The Continuing Disclosure Agreement will remain in effect only for such period that the Series 2010A Bonds are outstanding in accordance with their terms and the County remains an obligated person with respect to the Series 2010A Bonds within the meaning of the Rule. The obligation of the County to provide the Annual Information and notices of the events described above will terminate, if and when the County no longer remains such an obligated person.

The County is not and has not been in noncompliance with any prior continuing disclosure agreement (for purposes of the Rule) to which it is a party.

### **TRUSTEE**

The Huntington National Bank is the Trustee under the Indenture. The Trustee is a national bank organized and existing under the laws of the United States and is authorized to exercise corporate trust powers in the state of Ohio.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to the County signed by or on behalf of the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding. The Trustee may resign at any time by giving written notice not less than sixty days before such resignation is to take place. The resignation will only take effect upon appointment of a successor trustee.

### **FINANCIAL ADVISOR**

Public Financial Management, Inc. is serving as the financial adviser to the County in connection with the issuance and sale of the Bonds. The financial adviser is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Public Financial Management, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **UNDERWRITING**

The Series 2010A Bonds are being purchased by KeyBanc Capital Markets Inc., Stifel Nicolaus & Company, Inc., George K. Baum & Company, The Huntington Investment Company, Morgan Stanley & Co. Incorporated and Rice Financial Products Company (the “Underwriters”), which agreed to purchase the Series 2010A Bonds at a price of \$17,057,618.52, resulting in a gross underwriting spread of \$102,381.48 from the reoffering prices set forth on the cover. In their Bond Purchase Agreement with the County, the Underwriters agreed that a portion of the gross underwriting spread will be used to pay certain costs of issuing the Series 2010A Bonds. The Underwriters may offer and sell the Series 2010A Bonds to certain dealers (including dealers depositing into investment trusts) and others at prices lower than the public offering price. The purchase of the Series 2010A Bonds by the Underwriters is subject to certain conditions and requires that the Underwriters will purchase all the Series 2010A Bonds, if any are purchased. The public offering prices set forth on the cover page may be changed after the initial offering by the Underwriters.

Morgan Stanley, the parent company of Morgan Stanley & Co. Incorporated, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC. for its selling efforts with respect to the Series 2010 A Bonds.

## **RATINGS**

Moody’s and S&P have assigned their municipal bond ratings of Aa2 and AA respectively, to the Series 2010A Bonds. No application for a rating has been made by the County to any other rating service.

The ratings reflect only the respective views of the rating organizations, and any explanation of the meaning or significance of the ratings may only be obtained from the respective rating service. The County furnished to each rating service certain information and materials, some of which may not have been included in this Official Statement, relating to the Series 2010A Bonds and the County. Generally, rating services base their ratings on such information and materials and on their own investigation, studies and assumptions.

There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the Series 2010A Bonds.

The County expects to furnish the rating services with information and materials that may be requested. However, the County assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2010A Bonds.

## CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of those statements have been or will be realized. Certain information in this Official Statement has been derived by the County from official and other sources and is believed by the County to be accurate and reliable. Information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as or as part of a contract with the original purchasers or subsequent owners of the Series 2010A Bonds, or book entry interests in those Series 2010A Bonds.

This Official Statement has been prepared and delivered by the County and executed for and on behalf of the County by its officials identified below.

### COUNTY OF CUYAHOGA, OHIO

By: /s/ Peter Lawson Jones  
President, Board of County Commissioners

By: /s/ Timothy F. Hagan  
County Commissioner

By: /s/ Jimmy Dimora  
County Commissioner

And By: /s/ Frank Russo  
County Auditor

Dated: August 18, 2010



## **EXHIBIT A DEFINITIONS**

**“Act”** means the Constitution of the State, in particular Article VIII, Section 13 thereof, and Chapter 165 of the Ohio Revised Code.

**“Additional Bonds”** means Bonds of the County that may be issued under Sections 2.04 and 2.05 of the Indenture.

**“Authenticating Agent”** means the Trustee and the Registrar for the series of Bonds and any other bank, trust company or other person designated as an Authenticating Agent for such series of Bonds by or in accordance with Section 6.13 of the Indenture, each of which shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934, as amended.

**“Authorized Denominations”** means the denomination of \$5,000 or any integral multiple thereof.

**“Authorized Officer”** or “Authorized Officers” means any person or persons specifically authorized by resolution of the Board to take on behalf of the County the action intended, and if there is no such specific authorization, shall mean the County Administrator, or such other officers who succeed to the powers and duties of that office by operation of law.

**“Board”** means the Board of County Commissioners of the County. “Bond” or “Bonds” means the Series 2010A Bonds and Additional Bonds.

**“Bond Legislation”** means (a) when used with reference to the Series 1998 Bonds, the resolution adopted by the Board on October 8, 1998, (b) when used with reference to the Series 2004C Brownfield Bonds, the resolution described in clause (a) above, to the extent applicable, and the resolution adopted by the Board on December 12, 2003, authorizing the issuance of the Series 2004C Brownfield Bonds, including, upon its signing, the Final Terms Certificate that is deemed to be incorporated therein and made a part thereof; (c) when used with reference to the Series 2010A Bonds, the resolutions described above in clauses (a) and (b) above, to the extent applicable, and the resolution adopted by the Board on June 24, 2010, authorizing the issuance of the Series 2010A Bonds and (c) when used with reference to an issue of Additional Bonds, the resolution described in clauses (a) and (b) above, to the extent applicable, and the legislation providing for the issuance of those Additional Bonds.

**“Bond Reserve Fund”** means the Bond Reserve Fund created by Section 5.01 of the Indenture.

**“Bond Reserve Fund Facility”** means a letter of credit, surety bond or other credit facility that, if determined by the County Administrator to be the most economical manner of providing all or part of the Bond Reserve Requirement, is issued by a Bond Reserve Fund Facility Provider for the benefit of the Holders of the Bonds and that guarantees or assures the timely payment of principal of and interest on the Bonds, subject only to notification that there are insufficient funds for such payment. The Bond Reserve Fund Facility (a) shall be in a stated amount that, when added to the funds, if any, deposited in the Bond Reserve Fund, will equal the Bond Reserve Requirement part is met by the Bond Reserve Fund Facility, continues or shall provide for a draw by the Trustee and (b) shall either remain in effect so long as the Bond Reserve Requirement, which in whole or in or payment thereunder for deposit in the Bond Reserve Fund at or prior to the expiration of the Bond Reserve Fund Facility (unless renewed or replaced by a new Bond Reserve Fund Facility) in an amount equal to the stated amount.

**“Bond Reserve Fund Facility Provider”** means the financial institution issuing a Bond Reserve Fund Facility.

**“Bond Reserve Requirement”** means, as of the date of any calculation, the amount that is equal to the maximum amount required to be paid into the Debt Retirement Fund with respect to all outstanding Bonds during any future 12-month period.

**“Bond Service Charges”** means, for any period or time, the principal of (whether at stated maturity, by mandatory sinking fund redemption, or otherwise) and interest and any premium due on the Bonds for that period or payable at that time, as the case may be.

**“Book entry form”** or **“book entry system”** means, with respect to the Bonds, a form or system under which (a) the ownership of beneficial interests in Bonds and Bond Service Charges may be transferred only through a book entry and (b) physical Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Bond certificates “immobilized” in the custody of the Depository. The book entry system maintained by and the responsibility of the Depository and not maintained by or the responsibility of the County or the Trustee is the record that identifies, and records the transfer of the interest of, the owners of beneficial book entry interests in the Bonds and those Bond Service Charges.

**“Brownfield Bond Proceeds Account”** means the Brownfield Bond Proceeds Account of the Redevelopment Fund created pursuant to Section 5.01 of the Indenture.

**“Brownfield Deposit”** means the deposit of money by the County in the Brownfield Pledge Fund pursuant to Section 5.04 of the Brownfield Indenture.

**“Brownfield Indenture”** means the Trust Indenture dated as of October 1, 1998, as amended and supplemented by the First Supplemental Trust Indenture dated as of February 1, 2004 and the Second Supplemental Trust Indenture dated as of September 1, 2010, between the County and the Brownfield Trustee.

**“Brownfield Land Disposition Proceeds”** means the amount equal to the greater of: (a) all rentals, revenue and other income, charges and money received by a Brownfield Project Loan Recipient, from the lease, sale or other disposition of a Brownfield Project Site; or (b) the appraised fair market value as set forth on the of that .

**“Brownfield Obligations”** means the Series 2010A Bonds and the Series 2004C Brownfield Bonds and any other Parity Obligations incurred in connection with the Brownfield Program described in Brownfield Indenture.

**“Brownfield Pledge Fund”** means the Pledge Fund.

**“Brownfield Project”** means a Project as defined in Section 165.01 of the Ohio Revised Code; provided, that a Brownfield Project is limited to the acquisition of real property and interests therein and the preparation thereof, including the remediation of environmental contamination, for development with facilities for industry, commerce, distribution, or research which is determined by Section 165.01 to qualify as facilities described in Section 13 of Article VIII, Ohio Constitution.

**“Brownfield Project Loan Agreement”** means a loan agreement between the County and a Brownfield Project Loan Recipient.

**“Brownfield Project Loan Recipient”** means any entity which is approved by the Board for a loan from the Brownfield Bond Proceeds Account of the Redevelopment Fund.

**“Brownfield Project Site”** means the real property and interests therein acquired as a part of a Brownfield Project.

**“Brownfield Revenues”** means the Revenues as defined in the Brownfield Indenture.

**“Brownfield Trustee”** means The Huntington National Bank, as trustee under the Brownfield Indenture, and its successors and assigns.

**“Business Day”** means any day of the Year other than (a) a Saturday or a Sunday, (b) a day on which the Trustee is required or is authorized to close or is not prohibited from closing, by law (including without limitation, executive orders) and is closed, (c) any day on which the Federal Reserve Bank of Cleveland is closed, or (d) a day on which the Depository is closed.

**“Clerk”** means the Clerk of the Board.

**“Closing Date”** means, with respect to any Series of Bonds, the date on which the Bonds of that Series are delivered to the Original Purchaser thereof and payment therefor is made to the County.

**“Commercial Redevelopment Deposit”** means the deposit of money by the County in the County Pledge Fund pursuant to Section 5.04 of the Commercial Redevelopment Indenture

**“Commercial Redevelopment Indenture”** means the Trust Indenture authorized to be dated as of September 1, 2010 between the Issuer and the Commercial Redevelopment Trustee.

**“Commercial Redevelopment Obligations”** means the Series 2010B Bonds and any Additional Bond issued under and pursuant to the Commercial Redevelopment Indenture.

**“Commercial Redevelopment Revenues”** means the Pledged Nontax Revenues as defined in the Commercial Redevelopment Indenture.

**“Commercial Redevelopment Trustee”** means The Huntington National Bank, as trustee under the Commercial Redevelopment Indenture and its successor and assigns.

**“Construction Project”** means a Project as defined in Section 165.01 of the Ohio Revised Code; provided, however, that the acquisition of real property and interests therein shall be limited to lands and property adjacent to a Brownfield Project Site which is necessary, together with the Brownfield Project Site, for construction of the facilities included thereon.

**“Construction Projects Bond Proceeds Account”** means the Construction Projects Bond Proceeds Account of the Redevelopment Fund created pursuant to Section 5.01 of the Indenture.

**“Construction Project Loan Agreement”** means a loan agreement between the County and a Construction Project Loan Recipient.

**“Construction Project Loan Recipient”** means any entity which is approved by the Board for a loan from the Construction Projects Bond Proceeds Account of the Redevelopment Fund.

**“Costs”** means costs of a Construction Project and/or costs of a Brownfield Project payable from the Redevelopment Fund pursuant to Section 5.03 of the Indenture.

**“County”** means the County of Cuyahoga, Ohio.

**“County Administrator”** means the County Administrator of the County.

**“County Pledge Fund”** means the County Pledge Fund as defined in and created pursuant to the Gateway Indenture.

**“Coverage Computation Period”** means the three most recent calendar years preceding the date of the certification required by Section 8.01(b)(viii)I of the Indenture.

**“Coverage Ratio”** means 150%.

**“Debt Retirement Fund”** means the Debt Retirement Fund created by Section 5.01 of the Indenture.

**“Deposit Date”** means the first Business Day of each month.

**“Depository”** means The Depository Trust Company (a limited purpose trust company), New York, New York, until any successor Depository shall have become such pursuant to the applicable provisions of the Indenture and, thereafter, “Depository” shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership of beneficial interests in Bonds or Bond Service Charges, and to effect transfers of Bonds, in a book entry form.

**“Direct Obligations”** means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), or obligations the timely payment of the principal of and interest on which is fully guaranteed by the United States of America, provided that the full faith and credit of the United States of America must be pledged to any such direct obligations or guarantee.

**“Eligible Investments”** means, to the extent permitted by Sections 135.31 to 135.40 of the Revised Code and in accordance with the County’s Investment Policies, any of the following:

(a) Direct Obligations.

(b) Obligations of any of the following federal agencies, which obligations represent full faith and credit of the United States of America: the Federal Farm Credit Bank (“FFCB”), the Federal Home Loan Bank (“FHLB”), the Federal Home Loan Mortgage Corporation (“FHLMC”), the Federal National Mortgage Association (“FNMA”), the Government National Mortgage Association (“GNMA”), or the Student Loan Marketing Association (“SLMA”) with remaining maturities not exceeding three years.

(c) U.S. dollar denominated deposit accounts fully insured by FDIC, federal funds and banker’s acceptances with domestic commercial banks that have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A” or higher by Standard & Poor’s Ratings Group (S&P) and “Prime-1” or “A3” or higher by Moody’s Investors Services, Inc. (Moody’s) and maturing no more than 270 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank).

(d) Certificates of deposit, demand deposits or time deposits of the Trustee or any commercial bank, savings and loan association or mutual savings bank that is a member of the Federal Deposit Insurance Corporation (“FDIC”) and has a rating by S&P at least as high as that of the Bonds (including any investment in pools of those certificates of deposit, demand deposits or time deposits owned by the bank or trust company) and provided such certificates of deposit (mature no more than 360 days after the date of purchase), to the extent not insured by the FDIC, are secured at all times by Eligible Investments described in paragraphs (a) or (b) above having a market value (exclusive of accrued interest other than accrued interest paid upon the purchase thereof) at all times at least equal to the uninsured amount of such deposit, and that shall be placed in the custody of the Trustee (except in case of a certificate of deposit of the Trustee) or a depository satisfactory to the Trustee by such bank or association together with its undertaking, in form satisfactory to the Trustee, that the aggregate market value of the securities securing such certificates of deposit will at all times be an amount that meets the requirements of this paragraph and that the bondholders have a perfected first security interest in the collateral.

(e) Any repurchase agreement with a local bank that is a member of the FDIC or which bank is rated on the date of purchase “A” or above by Moody’s and S&P or a State of Ohio registered broker who is a primary dealer on the Federal Reserve reporting dealer list, provided the repurchase agreement is fully collateralized by obligations described in paragraphs (a) or (b) above having a market value (determined daily) at least equal to 104% (105% if securities used as collateral are FNMA) of the amount invested in the repurchase agreement plus accrued interest provided that (i) the collateral is in the possession of the Trustee or its agent, or the County or its agent, as the case may be, and free and clear of all liens or rights of any third party, and in which the Trustee or the County, as the case may be, has a first perfected security interest, (ii) the repurchase agreement shall be for a term not longer than 30 days, and (iii) the County shall receive a legal opinion that the repurchase agreement complies with State law and the County’s investment policies. If the market value of the securities held as collateral falls below 104% (105% if securities used as collateral are FNMA) of the amount invested in the repurchase agreement, then additional cash and/or acceptable securities must be transferred.

(f) Investments in the State of Ohio Local Agency Investment Pool (S.T.A.R. Ohio) created and maintained pursuant to Section 135.45 of the Revised Code, provided S.T.A.R. Ohio maintains the highest letter or numerical rating provided by at least one nationally recognized rating service. The County would not be required to divest funds during the initial 180 days following the Treasurer of State’s receipt of notice that S.T.A.R. Ohio is not in compliance with the rating requirements.

Investments or deposits in certificates of deposit or investment contracts must mature within five years of purchase and shall not be made without complying with Treasury Regulations Section 1485(d)(6), (ii) and (iii), respectively, or with any successor provisions thereto or other similar applicable provisions. In determining whether the rating assigned by Moody’s or S&P to an investment complies with the rating categories provided in this definition, the rating category shall be determined without regard to any numerical or plus or minus modifier, unless otherwise expressly provided in this definition.

**“Event of Default”** means any of the events described in Section 7.01 of the Indenture.

**“Final Terms Certificate”** means, as to the Series 2010A Bonds, the certificate authorized by Section 4 of the Bond Legislation, setting forth and determining those terms or other matters pertaining to the Series 2010A Bonds and their issuance, sale and delivery as the Bond Legislation provides may or shall be set forth or determined therein.

**“Funds”** means any of the funds created by or referred to in Section 5.01 of the Indenture.

**“Gateway Bonds”** means collectively the Series 1994 Bonds, the Series 2004A Bonds and the Series 2010C Bonds.

**“Gateway Deposit”** means the deposit of money by the County in the County Pledge Fund pursuant to Section 4.04(a) of the Gateway Indenture.

**“Gateway Indenture”** means the Master Indenture dated as of September 15, 1992, as amended and supplemented by the First Supplemental Trust Indenture and Second Supplemental Trust Indenture, each dated as of September 15, 1992, the Third Supplemental Trust Indenture dated as of February 1, 1994, the Fourth Supplemental Trust Indenture dated as of February 1, 2004 and the Fifth Supplemental Trust Indenture dated as of September 1, 2010.

**“Gateway Obligations”** means the Series 2010C Bonds, the Series 1992A Bonds, the Series 2004A Bonds and any Additional Bonds issued under and pursuant to the Gateway Indenture.

**“Gateway Revenues”** means the Revenues as defined in the Gateway Indenture.

**“Gateway Trustee”** means The Bank of New York Mellon Trust Company, N.A., as trustee under the Gateway Indenture, and its successors and assigns.

**“Holder”** or **“Holder of a Bond”** means the Person in whose name a Bond is registered on the Register.

**“Indenture”** means the Trust Indenture, dated as of October 1, 1998, between the County and the Trustee, as amended and supplemented by the First Supplemental Trust Indenture dated as of February 1, 2004 and the Second Supplemental Trust Indenture dated as of September 1, 2010, and as the same may be modified, amended or supplemented from time to time in accordance with the terms thereof.

**“Interest Payment Date”** or **“Interest Payment Dates”** means (a) as to the Series 2010A Bonds, June 1 and December 1 of each year during which the Series 2010A Bonds are outstanding, commencing December 1, 2010, and (b) as to Additional Bonds, such date or dates designated as an Interest Payment Date in or pursuant to the applicable Supplemental Indenture or Bond Legislation.

**“Interim Indebtedness”** means indebtedness, except general obligation indebtedness, with a maximum maturity of not more than five years incurred or assumed in anticipation of being refinanced or refunded by Additional Bonds.

**“Long Term Nontax Revenue Bonds”** means an issue of Parity Bonds having substantially level annual debt service and a final maturity of not less than 20 years.

**“LPE”** means a municipal corporation or other political subdivision located in the County.

**“Mandatory Sinking Fund Redemption Requirements”** means, (i) as to the Series 2010A Bonds, the Mandatory Sinking Fund Requirements in the Second Supplemental Indenture and (ii) as to any Additional Bonds, the Mandatory Sinking Fund Redemption Requirements determined or designated in or pursuant to the applicable Bond Legislation or Supplemental Indenture.

**“Moody’s”** means Moody’s Investors Services, Inc., New York, New York, or any successor corporation.

**“Net Project Revenues”** means all Project Revenues except those Project Revenues except those Project Revenues which are required to be deposited in the Outside Loan Repayment Fund or the OWDA Repayment Fund pursuant to Section 5.06 of the Indenture.

**“Nontax Revenues”** means all money of the County that is not money raised by taxation, to the extent available for deposit in the Debt Retirement Fund, the Bond Reserve Fund and the Pledge Fund as provided in this Indenture, including, but not limited to the following: (a) charges for services and payments received in reimbursement for services; (b) payments in lieu of taxes now or hereafter authorized by State statute; (c) fines and forfeitures; (d) fees from properly imposed licenses and permits; (e) investment earnings on any funds of the County that are credited to the County’s General Fund; (f) proceeds from the sale of assets; (g) rental income; (h) grants from the United States of America and the State of Ohio; (i) gifts and donations; and (j) Net Project Revenues; provided that Nontax Revenues do not include the Gateway Revenues, Commercial Redevelopment Revenues or project revenues which are required to be deposited in the Outside Loan Repayment Fund or the OWDA Repayment Fund pursuant to Section 5.06 of the Indenture.

**“Original Purchaser”** means, (a) as to the Series 2010A Bonds, KeyBanc Capital Markets Inc., Stifel Nicolaus & Company, Inc., George K. Baum & Company, The Huntington Investment Company, Morgan Stanley & Co. Incorporated and Rice Financial Products Company, and (b) as to Additional Bonds, the Person or Persons identified as such in the Bond Legislation providing for the issuance of such Additional Bonds.

**“Other Funding Accounts”** means the Outside Loan Account, the OWDA/OEPA Loan Account, and the Grant Account of the Redevelopment Fund.

**“Outside Grant Sources”** means the provider of any grant relating to a Brownfield Project.

**“Outside Loan”** means a loan made pursuant to a loan agreement between the County and an Outside Loan Source.

**“Outside Loan Interest Payment Date”** means any date upon which interest is due and payable on an Outside Loan.

**“Outside Loan Repayment Fund”** means the Outside Loan Repayment Fund created pursuant to Section 5.01 of the Indenture.

**“Outside Loan Source”** means the lender of moneys to the County other than the Holders of Bonds and OWDA/OEPA for a Brownfield Project.

**“Outstanding Bonds,” “Bonds outstanding”** or “outstanding” as applied to Bonds, means, as of the applicable date, all Bonds that have been authenticated and delivered, or are being delivered, by the Trustee, under the Indenture, except:

(a) Bonds canceled upon surrender, exchange or transfer, or canceled because of payment or redemption on or prior to that date;

(b) Bonds, or the portion thereof, for the payment, redemption or purchase for cancellation of which sufficient money shall have been deposited and credited with the Trustee or any Paying Agents on or prior to that date for that purpose (whether upon or prior to the maturity or redemption date of those Bonds); provided that if any of those Bonds are to be redeemed prior to their maturity, notice of that redemption shall have been given or arrangements satisfactory to the Trustee shall have been made for

giving notice of that redemption, or waiver by the affected Holders of that notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds, or the portion thereof, which are deemed to have been paid and discharged pursuant to the provisions of the Indenture; and

(d) Bonds in lieu of which others have been authenticated under Section 3.07 of the Indenture.

For purposes of any consent or other action to be taken by the Holders of a specified percentage of the aggregate principal amount of all Bonds or Bonds of any series, Bonds held by or for the account of the County shall be excluded.

**“OWDA/OEPA”** means the Ohio Water Development Authority or the Ohio Environmental Protection Agency or both, as the case may be.

**“OWDA Interest Payment Date”** means any date upon which interest on an OWDA Loan is due and payable.

**“OWDA Loan”** means a loan made pursuant to a loan agreement between OWDA/OEPA and the County for a Brownfield Project.

**“OWDA Repayment Fund”** means the OWDA Repayment Fund created pursuant to Section 5.01 of the Indenture.

**“Parity Obligations”** means any bonds, notes or other obligations of or guaranties by the County secured by a pledge of Nontax Revenues on a parity with or prior to the Bonds, except that such Parity Obligations shall not be secured by any pledge of the Pledged Nontax Revenues.

**“Paying Agent”** means the Trustee and any bank or trust company designated as a Paying Agent by or in accordance with Section 6.12 of the Indenture.

**“Person”** or words importing persons means firms, associations, partnerships, joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

**“Pledge Fund”** means the Pledge Fund created by Section 5.01 of the Indenture.

**“Pledged Nontax Revenues”** means (a) All Net Project Revenues, (b) proceeds of any series of Bonds to be used to pay capitalized interest or otherwise to be available to pay Bond Service Charges, (c) Nontax Revenues in the Pledge Fund, (d) all money in the Special Funds and (e) all income and profit from the investment of the foregoing money.

**“Principal Payment Date”** means any date on which the principal of outstanding Bonds is payable, whether at maturity or upon redemption or acceleration.

**“Project Revenues”** means:

- (a) Brownfield Land Disposition Proceeds received by the Trustee from a Brownfield Project Loan Recipient pursuant to a Brownfield Project Loan Agreement;



- (b) PRP Proceeds received by the Trustee from a Brownfield Project Loan Recipient pursuant to a Brownfield Project Agreement;
- (c) all payments received by the Trustee from a Brownfield Project Loan Recipient pursuant to a Brownfield Project Loan Agreement other than Brownfield Land Disposition Proceeds and PRP Proceeds;
- (d) all payments received by the Trustee from a Construction Project Loan Recipient pursuant to a Construction Project Loan Agreement;
- (e) unexpended money in the Brownfield Bond Proceeds Account and the Construction Projects Bond Proceeds Account of the Redevelopment Fund;
- (f) all other money and investments held by the Trustee in the Special Funds; and
- (g) all income and profit from the investment of the money in the Special Funds.

“**PRP**” means a “potentially responsible party” as that term is used in 42 U.S.C. 9607(a)(1)(2)(3X4).

“**PRP Proceeds**” means the amount equal to all moneys recovered by the LPE from Potentially Responsible Parties.

“**Rating Service**” means either Moody’s or S&P, or any successor to any, or if any shall be dissolved or no longer assigning credit ratings to long term debt, then any other nationally recognized entity assigning credit ratings to long term debt designated by the County.

“**Redevelopment Fund**” means the Redevelopment Fund created pursuant to Section 5.01 of the Indenture.

“**Register**” means the books kept and maintained by the Registrar for registration and transfer of Bonds pursuant to Section 3.06 of the Indenture.

“**Registrar**” means the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of the Indenture. Any Registrar designated under the Indenture shall be a transfer agent registered in accordance with Section 17A© of the Securities Exchange Act of 1934, as amended.

“**Revenue Bond Index**” means the interest rate on Long Term Nontax Revenue Bonds of the County determined pursuant to a written statement obtained from an investment banker experienced in the underwriting of Long Term Nontax Revenue Bonds between 90 and 120 days immediately prior to the date of issuance of a proposed issue of Additional Bonds, setting forth, in the opinion of such investment banker (which opinion shall be based upon the best estimates and recent experience of such investment banker under the then-prevailing market conditions but shall not in any event be deemed to constitute an offer to purchase any such Long Term Nontax Revenue Bonds or otherwise to create or give rise to any liability or obligation on the part of said investment banker with respect thereto), the fixed rate or rates that the investment banker believes are the lowest rates that would permit such Long Term Nontax Revenue Bonds to be marketed at par on reasonable and customary terms.

“**Revenue Fund**” means the Revenue Fund created by Section 5.01 of the Indenture.

“**S&P**” means Standard & Poor’s Ratings Group, New York, New York, or any successor organization.

“**Second Supplemental Trust Indenture**” means the Second Supplemental Trust Indenture dated as of September 1, 2010, and as the same may be modified, amended or supplemented from time to time in accordance with the terms thereof.

“**Series 1992A Bonds**” means the County’s Taxable Economic Development Revenue Bonds, Series 1992A (Gateway Arena Project).

“**Series 1994 Bonds**” means the County’s Taxable Economic Development Revenue Bonds, Series 1994 (Gateway Arena Project).

“**Series 1998 Bonds**” means the \$15,465,000 Taxable Economic Development Nontax Revenue Bonds, Series 1998 (Brownfield Redevelopment Fund Project), of the County dated as of October 1, 1998, and issued pursuant to the Bonds Legislation and the Indenture.

“**Series 2004A Bonds**” means the County’s Taxable Economic Development Revenue Bonds, Series 2004A (Gateway Arena Project) dated February 17, 2004.

“**Series 2004B Bonds**” means the County’s Taxable Economic Development Variable Rate Revenue Refunding Bonds, Series 2004B (Gateway Arena Project).

**Series 2004C Brownfield Bonds**” means the County’s \$12,880,000 Taxable Economic Development Nontax Revenue Refunding Bonds, Series 2004C (Brownfield Redevelopment Fund Project).

“**Series 2010A Bonds**” means the County’s Taxable Economic Development Revenue Bonds, Series 2010A (Brownfield Redevelopment Fund Project).

“**Series 2010B Bonds**” means the County’s Taxable Economic Development Revenue Bonds, Series 2010B (Commercial Redevelopment Fund Project) dated the same date as the Series 2010A Bonds.

“**Series 2010C Bonds**” means the County’s Taxable Economic Development Revenue Refunding Bonds, Series 2010C (Gateway Arena Project) dated the same date as the Series 2010A Bonds.

“**Series 2010D Bonds**” the County’s Economic Development Revenue Refunding Bonds, Series 2010D (Shaker Square Project) dated the same date as the Series 2010A Bonds.

“**Special Funds**” means, collectively, (a) the Brownfield Bond Proceeds Account and the Construction Projects Bond Proceeds Account of the Redevelopment Fund, (b) the Debt Retirement Fund, (c) the Bond Reserve Fund, (d) the Pledge Fund and (e) any other fund or account permitted by, established under or identified in the Indenture or any Supplemental Indenture or the Bond Legislation as a fund specifically pledged to the payment of Bond Service Charges.

“**State**” means the State of Ohio.

“**Supplemental Indenture**” means any indenture supplemental to the Indenture entered into between the County and the Trustee in accordance with Article X of the Indenture.

**“Trustee”** means The Huntington National Bank, a national banking association organized and existing under the laws of the United States of America and duly authorized to exercise corporate trust powers in the State, until a successor Trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter “Trustee” shall mean the successor Trustee.

**“Variable Rate Additional Bonds”** means Additional Bonds that do not have a fixed interest rate or rates.

**“Variable Rate Debt Interest Rate”** means, with respect to any Variable Rate Additional Bonds, a fixed interest rate equal to the higher of (a) 7% or (b) the highest interest rate borne at any time during the 24 months prior to the date of determination by any outstanding Variable Rate Additional Bonds or, if there are not any such Variable Rate Additional Bonds outstanding on the date of determination, the interest rate determined pursuant to a written statement obtained from an investment banker experienced in the underwriting of variable rate debt obligations setting forth, in the opinion of such investment banker, the highest interest rate borne at any time during the preceding 24 months by debt obligations (i) the interest on which is treated for federal income tax purposes in the same manner as interest on the Variable Rate Additional Bonds, (ii) that are assigned ratings by a Rating Service comparable to the ratings assigned or to be assigned to the Variable Rate Additional Bonds, and (iii) the interest rate on which is adjusted on the same periodic basis as the interest rate on the Variable Rate Additional Bonds.

**“Year”** means the calendar year, unless otherwise specified.

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## **EXHIBIT B**

### **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

Certain provisions of the Indenture are discussed below. This discussion does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Indenture. Words or terms used below which are capitalized are defined in **EXHIBIT A — DEFINITIONS**.

#### **General Provisions**

The Series 2010A Bonds are issued pursuant to the Indenture. The Indenture provides, among other things, for the form of fully registered bonds, the manner of signing, authenticating and delivery of the Bonds, the transfer and exchange of Bonds, and procedures for redemption and payment of the Bonds. The Indenture also sets forth the duties and responsibilities of the Trustee, its fees, succession on merger or resignation, and the manner of defeasance of the Indenture.

#### **Covenants of the County**

In addition to the covenants described below, the County has covenanted, among other things, to use the proceeds of the Bonds for authorized purposes, to perform its obligations under the Indenture, the Bond Resolution and the Bonds, and to record such documents as may be required by law to preserve and protect the security for the Bonds.

#### **Additional Parity Obligations**

The County has the right under the Indenture to issue Additional Bonds secured by the Pledged Nontax Revenues on a parity with the Series 2010A Bonds and secured by a parity pledge of the Nontax Revenues. The Indenture also permits the County to incur Parity Obligations secured by a pledge of the Nontax Revenues on a parity with the pledge given to secure the Bonds. However, Parity Obligations may not be secured by the Pledged Nontax Revenues. As a condition precedent to issuing Additional Parity Obligations, the County must certify to the Trustee that the average annual Nontax Revenues during the three most recent calendar years preceding the date of the certification (the Coverage Computation Period), will aggregate in amount not less than 150% (the Coverage Ratio) of the largest amount required (a) to pay Bond Service Charges in any succeeding Year and (b) to pay all required payments on such proposed Parity Obligations and any outstanding Parity Obligations due in any succeeding Year. The County may issue Additional Bonds and Parity Obligations for any lawful purpose. See **EXHIBIT C – SUMMARY OF CERTAIN PROVISIONS OF THE SECOND SUPPLEMENTAL TRUST INDENTURE**.

#### **Pledged Nontax Revenues**

The County has covenanted not to assign the Pledged Nontax Revenues or create or authorize to be created any debt, lien, security interest or charge thereon, other than the assignment thereof and security interest therein under the Indenture.

#### **Appropriation of Nontax Revenues**

The County has covenanted to appropriate in its annual appropriation measure for each Year Nontax Revenues in an amount sufficient to pay all Bond Service Charges due and payable during the then current Year, less any amounts remaining in the Pledge Fund after all Bond Service Charges for the prior Year have been paid. In the event that the amount in the Pledge Fund on any Interest Payment Date is not sufficient to pay Bond Service Charges due and payable on that Interest Payment Date, the County

has covenanted to immediately make a supplemental appropriation for an amount sufficient to make up any such deficiency.

Under the provisions of the Indenture, all such covenants are established as duties of the County specifically enjoined by law and resulting from an office, trust or station within the meaning of Section 2731.01 of the Revised Code providing for enforcement by writ of mandamus.

## **Funds**

The County has created the following funds under the Indenture as Special Funds: the Brownfield Bond Proceeds Account and the Construction Projects Bond Proceeds Account within the Redevelopment Fund, the Debt Retirement Fund, the Bond Reserve Fund and the Pledge Fund. The County has also created the Revenue Fund, the Outside Loan Repayment Fund, the OWDA Repayment Fund and the Outside Loan Account, the OWDA/OEPA Loan Account and the Grant Account within the Redevelopment Fund under the Indenture. The Special Funds and the Redevelopment Fund, the Revenue Fund, the Outside Loan Repayment Fund and the OWDA Repayment Fund are in the custody of the Trustee. The Revenue Fund, Outside Loan Repayment Fund and the OWDA Repayment Fund are not pledged as security for the payment of Bond Service Charges.

### **Redevelopment Fund**

The Redevelopment Fund includes the following accounts and subaccounts: the Brownfield Bond Proceeds Account; the Construction Projects Bond Proceeds Account; the Outside Loan Account and the Subaccounts therein for each lender and each Brownfield Project to be funded in whole or in part from such Account and such Subaccount(s); the OWDA/OEPA Loan Account and the Subaccounts therein for each Brownfield Project to be funded in whole or in part from such Account and such Subaccount(s); and the Grant Account and the Subaccounts therein for each grantor and each Brownfield Project to be funded in whole or in part from such Account and such Subaccount(s).

The Trustee has and will accept the following sources of money from the County for deposit in the indicated Accounts and Subaccounts of the Redevelopment Fund:

- (a) the proceeds of the Series 1998 Bonds and Series 2010A Bonds for deposit to the Construction Projects Bond Proceeds Account, and to the Brownfield Bond Proceeds Account, as provided in the Bond Legislation authorizing the Series 1998 Bonds and the Series 2010A Bonds.
- (b) the proceeds of all Outside Loans for deposit in the appropriate Brownfield Project Subaccount of the Outside Loan Account;
- (c) the proceeds of all OWDA loans for deposit in the appropriate Brownfield Project Subaccount of the OWDA/OEPA Loan Account; and
- (d) the proceeds of all grants from the Outside Grant Sources for deposit in the appropriate Brownfield Project Subaccount of the Grant Account.

Disbursements from the Brownfield Bond Proceeds Account of the Redevelopment Fund are to be made only to pay or reimburse the County, or any person designated by the County, for Brownfield Project Costs.

Disbursements from the Other Funding Accounts of the Redevelopment Fund are to be made only to reimburse the Brownfield Bond Proceeds Account.

## **Revenue Fund**

So long as there are any Outstanding Bonds, Outside Loans or OWDA Loans for which payment, or provision for payment, has not been made, all of the Project Revenues shall be deposited by the Trustee as received as follows:

- (1) the portion of the Project Revenues representing Brownfield Land Disposition Proceeds and PRP Proceeds from Brownfield Projects for which Outside Loans are outstanding is to be deposited in the Outside Loan Repayment Fund to the credit of the Subaccount therein for the Brownfield Project from which the Brownfield Land Disposition Proceeds and PRP Proceeds were derived, and
- (2) the remainder of the Project Revenues shall be deposited in the Revenue Fund.

Money in the Revenue Fund is to be applied by the Trustee on each Deposit Date as follows:

- (1) to the OWDA Repayment Fund after giving effect to any amounts on deposit in that Fund:
  - (a) an amount such that, if the same amount were paid in each of the months preceding the next OWDA Interest Payment Date, the aggregate of the amounts so paid would be sufficient to pay the interest due on all outstanding OWDA Loans on that next OWDA Interest Payment Date; and
  - (b) an amount such that, if the same amount were paid in each of the months preceding the next date on which principal is due on all outstanding OWDA Loans, the aggregate of the amounts so paid would be sufficient to pay the principal amount due on all outstanding OWDA Loans.
- (2) to make the following payments, together with money in the Pledge Fund on that Deposit Date to the following Funds and Accounts in the following order:
  - (a) To the Bond Reserve Fund if and when the amount on deposit in the Bond Reserve Fund falls below the Bond Reserve Requirement, the amount required to make the balance in the Bond Reserve Fund equal to the Bond Reserve Requirement, and
  - (b) To the Debt Retirement Fund:
    - (i) Into the Interest Payment Account of the Debt Retirement Fund, and after giving effect to any amounts on deposit in that account, an amount such that, if the same amount were paid in each of the months preceding the next Interest Payment Date, the aggregate of the amounts so paid would be sufficient to pay the interest due on all outstanding Series 2010A Bonds on that next Interest Payment Date; and
    - (ii) Into the Principal Payment Account of the Debt Retirement Fund, and after giving effect to any amounts on deposit in that account, an amount such that, if the same amount were paid in each of the months preceding the next Principal Payment Date, the aggregate of the amounts so paid

would be sufficient to pay the principal amount due on that next Principal Payment Date.

### **Pledge Fund**

The County will appropriate in its annual appropriation measure for each Year, and on or before January 15 of each Year the County shall pay to the Trustee for deposit into the Pledge Fund, Nontax Revenues in an amount sufficient to pay all Bond Service Charges due and payable for the current Year, less any amounts remaining in the Pledge Fund after all Bond Service Charges for the prior Year have been paid.

The Gateway Indenture and the Commercial Redevelopment Indenture require that the County make the Gateway Deposit and the Commercial Redevelopment Deposit into the County Pledge Fund and Commercial Redevelopment Pledge Fund on or before January 15 of each year from Nontax Revenues in the amount specified in the Gateway Indenture and the Commercial Redevelopment Indenture respectively. If the County fails to make the required deposit to the Pledge Fund pursuant to the Indenture on or prior to 1:00 p.m. on any January 15, the Trustee shall immediately notify the Gateway Trustee and the Commercial Redevelopment Trustee of that failure and of the amount of the deficiency in the Pledge Fund and shall demand payment from the Gateway Trustee and Commercial Redevelopment Trustee of such amount from the County's deposit with respect to that January 15 pursuant to the Gateway Deposit and Commercial Redevelopment Deposit due on that January 15 as is necessary to protect the Holders of the Bonds equally and ratably with the Gateway Obligations and Commercial Redevelopment Obligations with respect to that Gateway Deposit and Commercial Redevelopment Deposit. Prior to depositing money paid by the County to the Trustee for deposit in the Pledge Fund on or before any January 15 pursuant to the Indenture, the Trustee shall determine if the Gateway Deposit and the Commercial Redevelopment Deposit due on that January 15 has been made. Upon receipt by the Trustee prior to the close of business on any January 15 of notice from the Gateway Trustee or Commercial Redevelopment Trustee that the County has failed to make the Gateway Deposit or the Commercial Redevelopment Deposit due on that January 15, the Trustee shall pay to the Gateway Trustee and Commercial Redevelopment Trustee from money required to be deposited in the Pledge Fund on that January 15 such amount as is necessary to protect the holders of the Gateway Bonds and Commercial Redevelopment Bonds equally and ratably with the Holders of the Bonds with respect to that deposit.

### **Bond Reserve Fund**

If on any Deposit Date the balance in the Bond Reserve Fund is an amount less than the Bond Reserve Requirement, the Trustee will deposit into the Bond Reserve Fund an amount at least equal to that deficiency. If on the first day of each May the Bond Reserve Fund exceeds the Bond Reserve Requirement, the Trustee shall transfer the excess to the Debt Retirement Fund from the Bond Reserve Fund by the succeeding May 10.

The Bond Reserve Fund must, to the extent necessary and before using money from any other source for the purpose, be transferred to the Debt Retirement Fund and used to make up any deficiencies in the Debt Retirement Fund.

### **Application of Funds and Accounts**

Money deposited in each of the Subaccounts of the Outside Loan Repayment fund will be applied by the Trustee within 30 business days after deposit to pay interest and principal then due and/or payable on such Outside Loan to the extent moneys are available in the Subaccount applicable to that Outside Loan.



On each day upon which interest and/or principal on any OWDA Loan is due, the Trustee will make available from the OWDA Repayment Fund, money in the amount necessary to pay interest and principal then due on all OWDA Loans.

On each Interest Payment Date and Principal Payment Date, the Trustee will make available from the following Funds and Accounts and in the following amounts and in the following priority:

- (i) From the Interest Payment Account in the Debt Retirement Fund, the amount necessary to pay interest on the Bonds then due;
- (ii) From the Principal Payment Account in the Debt Retirement Fund, the amount necessary to pay principal on the Bonds then due whether at stated maturity, redemption or acceleration;
- (iii) From the Pledge Fund, the amount necessary to pay Bond Service Charges then due to the extent insufficient moneys heretofore have been provided pursuant to paragraphs (i) or (ii) above; and
- (iv) From the Bond Reserve Fund, the amount necessary to pay Bond Service Charges then due to the extent insufficient moneys therefore have been provided pursuant to paragraphs (i), (ii) or (iii) above.

### **Fund Investments and Income**

Money in the Funds is to be invested and reinvested by the Trustee as the County may direct, subject to the limitations set forth in the Indenture, in Eligible Investments. Investment income is to be credited to the Fund from which the investment was made, except that income from the investment of the Bond Reserve Fund will be credited to the Debt Retirement Fund. To determine the amount on deposit to the credit of any Fund or account, the value of obligations in which money in that Fund or account is invested is the lower of cost or face amount.

### **Events of Default and Remedies**

#### **General**

Under the Indenture, each of the following constitutes an Event of Default:

- (a) Failure by the County to pay interest on any Bond when and as that interest shall become due and payable;
- (b) Failure by the County to pay the principal of or any premium on any Bond when and as that principal or premium shall become due and payable, whether at stated maturity, by redemption, pursuant to any Mandatory Sinking Fund Redemption Requirements, by acceleration or otherwise;
- (c) Failure by the County to observe or perform any other covenant, agreement or obligation of the County contained in the Indenture or in the Bonds and the continuation of that failure for a period of 60 days after written notice of that failure is given to the County, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding; provided that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, then, the failure shall not constitute an Event of Default so long as the County institutes curative action within the applicable period and diligently pursues that action to completion;

(d) The occurrence of an Event of Default under the Gateway Indenture or Commercial Redevelopment Indenture; or

(e) The County shall: (i) commence a proceeding under any federal bankruptcy, insolvency, reorganization or similar law or (ii) have a receiver or trustee appointed for it or for the whole or any substantial part of its property.

Any declaration of an Event of Default and the exercise of remedies upon any such declaration will be subject to any applicable limitations of federal bankruptcy law affecting or precluding such declaration or exercise during the pendency of or immediately following any insolvency, bankruptcy, liquidation or reorganization proceedings.

If by reason of Force Majeure (being, generally, any cause, circumstance or event not reasonably within the control of the County), the County is unable to observe or perform any covenant, agreement or obligation that would give rise to an Event of Default under clause of the paragraph above, then the County will not be deemed in default during the continuance of such inability. The County will promptly give notice to the Trustee of the existence of an event of Force Majeure.

Upon the occurrence of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds outstanding or upon the acceleration by the Gateway Trustee or Commercial Redevelopment Trustee of the maturity of the Gateway Bonds or the Series 2010B Bonds, the Trustee shall, declare the principal of and any premium on all Bonds then outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately. Upon that declaration, such principal and premium, if any, and interest will become immediately due and payable. Interest on the Bonds will accrue to the date determined by the Trustee for the tender of payment to the Holders under the declaration.

The provisions of the above paragraph concerning acceleration are subject, however, to the condition that if after the Trustee declares principal and premium, if any, and interest due and payable but prior to the entry of judgement in a court of law or equity for enforcement or the appointment and confirmation of a receiver, all amounts payable hereunder except the principal of, and interest accrued after the next preceding Interest Payment Date on, the Bonds that have not reached their stated maturity dates and that are due and payable solely by reason of the declaration will have been paid or provided for by deposit with the Trustee or Paying Agents and all existing defaults have been made good, and if any declaration of acceleration under the Gateway Indenture or Commercial Redevelopment Indenture shall have been rescinded and annulled, then the payment or provision for payment will constitute a waiver of the default and Event of Default and its consequences and an automatic rescission and annulment of the declaration under the above paragraph, but no such waiver or rescission shall affect any subsequent Event of Default or impair any rights thereunder.

Upon the occurrence and continuance of an Event of Default, with or without taking action to impose an acceleration as described above, the Trustee may, and if the Trustee is requested so to do by the Holders of at least 25% in the aggregate principal amount of Bonds outstanding, shall exercise all other rights and powers conferred to protect the rights of the Bondholders, including the institution of appropriate judicial proceedings, subject to receiving adequate indemnity pursuant to the Indenture.

Prior to exercising any remedies upon an Event of Default, the Trustee shall cooperate with the Gateway Trustee and the Commercial Redevelopment Trustee to the end that the interests of the holders of the Gateway Bonds and Series 2010B Bonds and the Holders of the Bonds will be protected equally and ratably with respect to the Nontax Revenues (except the pledged Nontax Revenues).

The Bondholders have no right, and the Trustee is not authorized under the Indenture, to appoint a receiver upon the occurrence and continuance of an Event of Default.

### **Right of Holders to Direct Proceedings**

The Holders of a majority in aggregate principal amount of the Bonds then outstanding will have the right at any time to direct, by an instrument or document or instruments or documents in writing signed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture; provided that (i) such direction will not be otherwise than in accordance with the provisions of law and the Indenture, (ii) that the Trustee will be indemnified and (iii) that the Trustee may take any other action that it deems to be proper and that is not inconsistent with the direction.

### **Waivers of Events of Default**

The Trustee may waive any Event of Default hereunder and its consequences and may rescind and annul any declaration of maturity of principal of the Bonds. The Trustee shall do so upon the written request of the Holders of at least a majority in aggregate principal amount of all Bonds then outstanding in respect of which an Event of Default in the payment of debt service charges exists, or at least 25% in aggregate principal amount of all Bonds then outstanding, in the case of any other Event of Default. Such written request will take priority over other actions requested or authorized by the Holders.

There will not be so waived, however, any Event of Default described in paragraphs (a) or (b) above unless at the time of that waiver or rescission and annulment payment of the amounts provided in connection with the acceleration of maturity have been made or provision has been made therefore. If such a waiver or rescission and annulment shall occur, or any suit, action or proceedings taken by the Trustee on account of any Event of Default will have been discontinued, abandoned or determined adversely to it, then the County, the Trustee and the Holders will be restored to their former positions and rights under the Indenture, respectively. No waiver or rescission will extend to any subsequent or other Event of Default or impair any right consequent thereon.

### **Limitations on Enforcement of Remedies**

Enforcement of the Indenture generally may be limited or delayed in the event of application of bankruptcy laws or other laws affecting creditors' rights, and may be substantially delayed and subject to judicial discretion in the event of litigation or the required use of statutory remedial procedures, and the pledge of the Nontax Revenues and assignment of and security interest in the Pledged Nontax Revenues may be subject to subordination or prior claims in addition to those arising from bankruptcy proceedings. Examples of cases of possible limitations on enforceability, and of possible subordination or prior claims, are (i) statutory liens, (ii) rights arising in favor of the United States or its agencies, (iii) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction, (iv) rights of third parties in Nontax Revenues and Pledged Nontax Revenues converted to cash or securities and not in the custody of the Trustee, and (v) federal bankruptcy laws affecting assignments of Pledged Nontax Revenues earned after any institution of bankruptcy proceedings by the County.

All rights and remedies provided for in the Indenture may be exercised only to the extent that the exercise does not violate any applicable law, and are limited to the extent necessary so that they will not render the Indenture invalid or unenforceable.

## **Applications of Money Received Pursuant to Remedial Action**

All money received from remedial action taken is to be paid to the Trustee and applied to the payment, in the following order, of (i) any fees of and all costs, expenses, liabilities and advances paid, incurred or made by the Trustee in taking the remedial action; (ii) to the payment to the Holders entitled thereto of all installments of interest then due on the Bonds; (iii) to the payment to the Holders entitled thereto of the unpaid principal of any Bonds that have become due (other than Bonds previously called for redemption for the payment of which money is held pursuant to the provisions of the Indenture); provided that (as provided in the Indenture) if the principal of all the Bonds is, or has been declared, due and payable, then the debt service will be paid equally and ratably among all outstanding Bonds and without preference or priority for principal or interest. If the declaration is later rescinded and annulled, in the event that the principal of all of the Bonds becomes due and payable later, the money will be deposited in the Debt Retirement Fund and will be applied as described in the Indenture.

## **Supplemental Indentures**

The County and the Trustee may enter into Supplemental Indentures, without the consent of or notice to any of the Holders, for various purposes including, among others: to cure any ambiguity, inconsistency or formal defect or omission in the Indenture; to grant to the Trustee additional rights, remedies, powers or authority for the benefit of the Holders; to issue Additional Bonds; to permit the transfer of Bonds from a securities depository to a successor depository or the withdrawal of Bonds issued to a securities depository or a successor depository for use in a book entry system and the issuance of Replacement Bonds in fully registered form to others than a depository; and to make any other amendment that, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders.

Exclusive of Supplemental Indentures for the purposes stated above, with the consent of the Holders of not less than a majority in aggregate principal amount of then outstanding Bonds and the prior written consent of the County and the Trustee will be required to approve any Supplemental Indenture. No Supplemental Indenture, however, shall permit: (i) an extension of the maturity of the principal of or the interest on any Bond, or a reduction in the principal amount of any Bond or the rate of interest or premium on any Bond, or creation of a right in the County to call any Bond for redemption prior to its maturity or advance the time of or reduce the redemption price for redemption, or a reduction in the amount or extension of the time of payment required by any mandatory sinking fund requirements, without the consent of the Holder of each Bond affected; or (ii) a privilege or priority of any Bond over any other Bond, or a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, without the consent of the Holders of all Bonds then outstanding.

## **Release of Indenture**

The Indenture will be released if the County pays or makes provision for the payment of debt service due or to become due on all outstanding Bonds, and provision has been made for paying all other amounts payable under the Indenture by the County.

All outstanding Bonds will be deemed to have been paid within the meaning of the Indenture if the Trustee holds in trust for such payment either money in an amount that will be sufficient, or irrevocable Direct Obligations that are certified by an independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates and bearing such interest as will be sufficient together with money so held, for the payment of the debt service on the Bonds through and at their maturity or redemption dates.

## EXHIBIT C

### SUMMARY OF CERTAIN PROVISIONS OF THE SECOND SUPPLEMENTAL TRUST INDENTURE

#### THE SECOND SUPPLEMENTAL TRUST INDENTURE

##### Generally

The provisions of the Second Supplemental Trust Indenture together with the provisions of the Indenture constitute a contract of the County with the Trustee as trustee for the Holders of the Series 2010A Bonds, and the pledge, covenants, and agreements set forth in the Second Supplemental Trust Indenture to be performed by and on behalf of the County are for the equal benefit, protection, and security of the Holders of any and all of the Series 2010A Bonds issued under the Second Supplemental Trust Indenture.

The following is a summary of certain provisions of the Second Supplemental Trust Indenture. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Second Supplemental Trust Indenture and the Indenture, to which reference is hereby made.

##### Trust Estate

In order to secure the payment of the Bond Service Charges on the Series 2010A Bonds and the performance and observance of all the obligations contained therein and in the Second Supplemental Trust Indenture, the County has signed and delivered the Second Supplemental Trust Indenture. By the Indenture and the Second Supplemental Trust Indenture, the County pledges to the Trustee its right, title, and interest in (i) the Pledged Nontax Revenues, to the extent and with the exceptions provided in the Indenture.

##### Amendment of the Original Indenture

Pursuant to Section 10.02 of the Original Indenture, in connection with the issuance and sale of the Series 2010A Bonds, the Original Purchaser (as original purchasers and holders of the Series 2010A Bonds), representing the Holders of not less than a majority in aggregate principal amount of the Bonds outstanding, intend to consent to amendments to the Original Indenture.

##### Definitions

The definition contained in Section 1.01 of the Original Indenture is amended to read that the “**Coverage Ratio**” means 150%.

The definition of “**Coverage Computation Period**” contained in the Indenture is amended to read as follows:

“Coverage Computation Period” means the three most recent calendar years preceding the date of the certification required by Section 8.01(b)(viii) of the Indenture.”

## Pledge Fund

Section 5.04 of the Original Indenture is amended to read as follows:

Section 5.04. The Pledge Fund. The County covenants that it shall appropriate in its annual appropriation measure for each Year, and shall deposit in the Pledge Fund on or before January 15 of each Year, Nontax Revenues in an amount sufficient to pay all Bond Service Charges due and payable on the Bonds for the then current Year, less any amounts remaining in the Pledge Fund after all Bond Service Charges for the prior Year have been paid. With respect to Bonds that are Variable Rate Additional Bonds, that appropriation shall assume that the Variable Rate Additional Bonds bear interest at the Variable Rate Debt Interest Rate. In the event that the amount in the Pledge Fund is not sufficient to pay Bond Service Charges due and payable on the Bonds thirty (30) days prior to any Interest Payment Date, the County immediately shall make a supplemental appropriation for, and shall deposit in, the Pledge Fund an amount sufficient to make up any such deficiency. Provision may be made in any Supplemental Indenture for Bonds that are Variable Rate Additional Bonds for the appropriation of amounts owed to providers of credit enhancement and liquidity support and remarketing agents for those Bonds. The foregoing covenants by the County are hereby established as duties specifically enjoined by law and resulting from an office, trust or station upon the County within the meaning of Section 2731.01 of the Ohio Revised Code and shall be enforceable by mandamus pursuant to Section 8.01 of this Indenture.

Reference is hereby made to Section 4.04(a) of the Gateway Indenture, which requires that the County make the Gateway Deposit into the Gateway Pledge Fund on or before January 15 of each year from Nontax Revenues in the amount specified pursuant to that Section 4.04(a). Reference is also made to Section 5.04 of the Commercial Redevelopment Indenture, which requires that the County make the Commercial Redevelopment Deposit into the Commercial Redevelopment Pledge Fund on or before January 15 of each year from Nontax Revenues in the amount specified pursuant to that Section 5.04. The County shall make any payments into the Pledge Fund pursuant to this Section 5.04 and any payments into the Gateway Pledge Fund pursuant to Section 4.04(a) of the Gateway Indenture and into the Commercial Redevelopment Pledge Fund pursuant to Section 5.04 of the Commercial Redevelopment Indenture by wire transfer and shall concurrently notify the Trustee, the Gateway Trustee and the Commercial Redevelopment Trustee of each such payment and the amount thereof.

On or prior to December 31 of each Year the Brownfield Trustee shall notify the County, the Gateway Trustee and the Commercial Redevelopment Trustee of the amount of the Brownfield Deposit due on January 15 of the following Year. On or prior to the Business Day next succeeding each January 15, the Brownfield Trustee shall (1) notify the Gateway Trustee and the Commercial Redevelopment Trustee that payment of the Brownfield Deposit due on that January 15 has been made in full or (2) notify the Gateway Trustee and the Commercial Redevelopment Trustee that the Brownfield Deposit has not been paid in full, specifying the amount of the deficiency, and demand payment from the Gateway Trustee or the Commercial Redevelopment Trustee of such amount from the Gateway Deposit or the Commercial Redevelopment Deposit due on that January 15 as is necessary to protect the Holders of the Brownfield Bonds equally and ratably with the Gateway Bonds and the Commercial Redevelopment Bonds with respect to the Deposits. If the Brownfield Trustee receives notice from the Gateway Trustee or the Commercial Redevelopment Trustee, on or prior to the Business Day next succeeding any January 15, that the Gateway Deposit due on

that January 15 has not been paid in full, or that the Commercial Redevelopment Deposit due on that January 15 has not been paid in full, the Brownfield Trustee shall pay to the Gateway Trustee or the Brownfield Trustee from any Brownfield Deposit made by the County with respect to that January 15 such amount as is necessary to protect the Holders of the Gateway Bonds and the Commercial Redevelopment Bonds equally and ratably with the Holders of the Brownfield Bonds with respect to the Deposits. Prior to depositing any Brownfield Deposit paid by the County to the Brownfield Trustee, if the Brownfield Trustee has not received notice from the Gateway Trustee or the Commercial Redevelopment Trustee pursuant to Article III of this Agreement, the Brownfield Trustee shall request the Gateway Trustee or the Commercial Redevelopment Trustee to give such notice. Upon receipt of notice from the Gateway Trustee that the Gateway Deposit due on any January 15 has been paid in full and notice from the Commercial Redevelopment Trustee that the Commercial Redevelopment Deposit due on any January 15 has been paid in full, or upon failure to receive such notice from the Gateway Trustee or the Commercial Redevelopment Trustee on or prior to the Business Day next succeeding that January 15 after request for such notice has been timely made, the Brownfield Trustee shall deposit the Brownfield Deposit in the Brownfield Pledge Fund. As used in this paragraph, "ratably" means pro rata based on respective amounts of the Gateway Deposit, the Commercial Redevelopment Deposit and the Brownfield Deposit due on January 15 in the current Year.

#### Limit on Parity Obligations

Section 8.01(b) of the Original Indenture is amended to read as follows:

- (viii) Limit on Parity Obligations. The County covenants that, so long as any of the Bonds are outstanding, it shall not issue any Parity Obligations, unless the County shall have certified to the Trustee that the average annual Nontax Revenues during the Coverage Computation Period will aggregate in amount not less than the Coverage Ratio of the largest amount required (a) to pay Bond Service Charges in any succeeding Year and (b) to pay all required payments on such proposed Parity Obligations and any outstanding Parity Obligations in any succeeding Year.

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## **EXHIBIT D**

### **Proposed Text of Legal Opinion of Squire, Sanders & Dempsey L.L.P**

We have examined the transcript of proceedings relating to the issuance by the County of Cuyahoga, Ohio, of its \$17,160,000 Taxable Economic Development Revenue Bonds, Series 2010A (Brownfield Redevelopment Fund Project), dated this date (the Series 2010A Bonds). The Series 2010A Bonds are issued pursuant to Article VIII, Section 13 of the Constitution of the State of Ohio, Chapter 165 of the Ohio Revised Code, and a resolution adopted by the County's Board of County Commissioners for the purpose of providing funding for the County's Brownfield Redevelopment Fund to finance the acquisition and redevelopment of underused or abandoned commercial and industrial properties within the County. The Series 2010A Bonds are secured by a Trust Indenture dated as of October 1, 1998, as amended and supplemented by a Second Supplemental Trust Indenture dated as of September 1, 2010 (as so amended and supplemented, the Indenture), between the County and The Huntington National Bank, as Trustee (the Trustee). The transcript examined includes an executed counterpart of the Indenture. We have also examined a conformed copy of a signed and authenticated Series 2010A Bond of the first maturity.

Based on this examination we are of the opinion that, under existing law:

1. The Series 2010A Bonds and the Indenture are legal, valid, binding and enforceable in accordance with their terms, except that the binding effect and enforceability thereof are subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion.
2. The Series 2010A Bonds constitute special obligations of the County, and the principal of and interest on the Series 2010A Bonds (the Bond Service Charges) are payable solely from the Nontax Revenues, and such payment is secured by a pledge of the Nontax Revenues and an assignment of and security interest in the Pledged Nontax Revenues, all as provided in the Indenture. The Series 2010A Bonds and the payment of Bond Service Charges are not secured by an obligation or pledge of any moneys raised by taxation, and the Series 2010A Bonds do not represent or constitute a general obligation debt or pledge of the faith and credit of the County.
3. The interest on the Series 2010A Bonds is **not** excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended. The interest on the Series 2010A Bonds, and any profit made on the sale, exchange or other disposition of, the Series 2010A Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. We express no opinion as to any other tax consequences regarding the Series 2010A Bonds.

In giving the foregoing opinions, we have assumed the due authorization, execution and delivery by, and the binding effect upon and enforceability against, the Trustee of the Indenture.

Respectfully submitted,

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**PART II - ANNUAL INFORMATIONAL STATEMENT  
IN CONNECTION WITH BONDS AND NOTES OF THE COUNTY**

**COUNTY OF CUYAHOGA, OHIO**  
**2010**  
**ANNUAL INFORMATIONAL STATEMENT**  
**IN CONNECTION WITH BONDS AND NOTES OF THE COUNTY**

In addition to providing information on an annual basis, the County of Cuyahoga intends that this Annual Informational Statement will be used, together with information to be specifically provided by the County for that purpose, in connection with the original offering and issuance by the County of its bonds and notes.

Questions regarding information contained in this Annual Informational Statement should be directed to Matthew Rubino, Interim Director, Office of Budget and Management, County Administration Building, 1219 Ontario Street, Room 410, Cleveland, Ohio 44113.

The date of this Annual Informational Statement is August 6, 2010.

## **REGARDING THIS ANNUAL INFORMATIONAL STATEMENT**

The information and expressions of opinion in this Annual Informational Statement are subject to change without notice, and the delivery of this Annual Informational Statement shall not, under any circumstances, give rise to any implication that there has been no change in the affairs of the County since its date.

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## **INTRODUCTORY STATEMENT**

This “Annual Informational Statement in Connection with Bonds and Notes of the County” (the Annual Statement) has been prepared by the County of Cuyahoga, Ohio (the County), to provide, as of its date, financial and other information and operating data relating to the County. The County intends that this Annual Statement be used in conjunction with specific offering information to be provided by the County in connection with its original offering and issuance of specific issues of bonds or notes, which specific offering information, taken together with this Annual Statement, would serve as the Official Statement for each of those issues. Following the distribution of this Annual Statement and concurrently with the original offering by the County of each particular issue of its bonds or notes, the County will distribute or make available the specific offering information relating to that issue along with information updating or revising information contained in this Annual Statement.

The County acknowledges various “disclosure” rules, proposals and interpretations relating to public securities, including those of the Securities and Exchange Commission (SEC), and certain continuing disclosure agreements entered into by the County, that require the provision and dissemination of annual financial information and operating data and of timely notification of certain “material” events. The County has prepared an annual informational statement such as this for many years and intends to continue that practice and to furnish copies of each such statement (including this Annual Statement) to each repository designated by the SEC, and to the Ohio Municipal Advisory Council, as the Ohio state information depository (SID), if required by any applicable continuing disclosure agreement. The County also intends, has agreed and will agree as and when required, to take any further steps that may be necessary to comply or permit compliance with applicable lawful disclosure requirements relating to County financings, including those required to permit municipal securities dealers purchasing bonds and notes of the County to comply with applicable SEC Rules and regulations.

All financial and other information in this Annual Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

This Annual Statement should be considered in its entirety and no one subject considered less important than another by reason of location in the text. Reference should be made to laws, reports or documents referred to for more complete information regarding their contents.

References to provisions of Ohio law or of the Ohio Constitution are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Annual Statement “debt service” means principal of and interest on the obligations referred to, “City” means the City of Cleveland (the largest municipality in the County), “State” or “Ohio” means the State of Ohio and “Revised Code” means the Ohio Revised Code. “Fiscal Year” means the 12-month period ending December 31, and reference to a particular Fiscal Year (such as “Fiscal Year 2009”) means the Fiscal Year ending on December 31 in that year.

## THE COUNTY

### General Information

The County, formed in 1810, is located in northeastern Ohio and borders on Lake Erie. It covers an area of 459 square miles and contains 2 townships and 57 cities and villages, the largest of which is the City of Cleveland, the county seat of the County. The County is substantially fully developed and, according to the 2000 census, had a population of 1,393,978, making it the most populous county in the State and the 23<sup>rd</sup> most populous county in the United States. Since 2000, however, annual estimates of the County's population from sources considered reliable show some loss in population from the preceding year's population figure (in aggregate estimated at 9.0% from 2000 to 2008). The estimate from the Ohio Department of Development in 2009 is 1,275,709.

In the 2000 Census classifications, the County was in the Cleveland-Lorain-Elyria Primary Metropolitan Statistical Area (PMSA), comprised of the six counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain and Medina. It was also in the Cleveland-Akron Consolidated Metropolitan Statistical Area (CMSA). Effective in 2003, the PMSA was redefined to exclude Ashtabula County and was re-classified as the Cleveland-Elyria-Mentor Metropolitan Statistical Area (MSA). The CMSA was re-classified as the Cleveland-Akron-Elyria Combined Statistical Area (CSA). Only limited statistics are now available for the new MSA and CSA. For more detailed information concerning the economic and demographic characteristics of the County, see **County Economic and Demographic Information**.

Cities, villages and townships in the County, together with the various special districts and other governmental entities operating in the County, are responsible for many local governmental services and make significant expenditures to provide such services to County residents. The County, nonetheless, has significant responsibilities in the areas of general government, administration of justice, road and bridge maintenance, health care, sanitation, and public assistance and social services. The County operates wastewater collection and treatment facilities, water lines, parking facilities, a hospital, an airport and a computer information system for law enforcement agencies in the County. See **County Services and Responsibilities and County Facilities, Utility and Other Enterprises**.

Cities and villages in the County provide various services pursuant to statutory authorizations and to the constitutional "home rule" grant of "all powers of local self-government." Among the services provided and powers generally exercised by cities and villages within the State are the following: public safety, including police and fire functions; construction, maintenance and repair of streets and sidewalks; certain sanitation and health activities; recreation, including parks, playgrounds and swimming pools; certain public service enterprises such as collection, recycling and disposal of solid wastes and operation of sewer and water systems, airports and hospitals; and certain planning and zoning functions. Some of these services and powers may also be provided and exercised by counties, regional water and sewer districts and solid waste management districts.

In addition to the services provided by municipalities (and to some extent, townships), the educational services provided by the various school districts within the County and State government activities, there are other special districts and governmental entities currently performing various public service functions in the County. These include, among others, the Cleveland Metropolitan Park District (park and recreation facilities and programs), the Greater Cleveland Regional Transit Authority (mass transit), the Cleveland-Cuyahoga County Port Authority (lake port facilities and economic development activities), the Cuyahoga Community College District (two-year community college), the Cuyahoga County Library District (library facilities), the Cuyahoga County Solid Waste Management District (solid waste management), the Cuyahoga Metropolitan Housing Authority (low-income housing), the Northeast

Ohio Regional Sewer District (wastewater collection and treatment) and Cuyahoga Arts and Culture (support for the arts).

### **Organization and Major Offices**

The County has only those powers, and powers incidental thereto, conferred upon it by the State Constitution and statutes. A three-member Board of County Commissioners (the Board), elected at large in even-numbered years for four-year overlapping terms, is the primary legislative and executive body of the County.

There are eight other elected administrative officials of the County, each of whom is independent within the limits of the State statutes affecting the particular office. These officials, elected to four-year terms, are the County Auditor, County Treasurer, Clerk of Courts, County Recorder, County Engineer, Sheriff, Prosecuting Attorney and Coroner. Common Pleas Court Judges, Court of Appeals Judges and Probate, Domestic Relations and Juvenile Court Judges are also elected on a County-wide basis and serve six-year terms.

The Board has exercised its statutory power to establish the office of County Administrator. The County Administrator is appointed by the Board and assists in the administration, enforcement and execution of the policies and resolutions of the Board; supervises and directs the activities of the departments reporting to the Board and supervises departments of the other elected and appointed officials; gathers and provides information for the Board; and performs such other duties determined by the Board.

The general responsibilities of the Board are centered in the areas of financial management, management of County facilities and administration (see also **County Services and Responsibilities**).

### **CHANGE IN COUNTY GOVERNMENT STRUCTURE**

On November 6, 2009 the voters of Cuyahoga County adopted a County Charter to become effective January 1, 2010. The Charter provides that the following current elected offices be eliminated: County Commissioners, County Auditor, County Treasurer, County Recorder, Clerk of Courts, County Coroner, County Engineer and Sheriff. The Charter provides for the following elected offices: a County Executive, an 11 person Council and the Prosecuting Attorney. The County Executive and the Prosecuting Attorney will be elected by all the voters of the County, and each member of the Council will be elected by voters in one of 11 districts established by the Charter. Elections for these new offices will occur in November of 2010 with the new elected officials taking office January, 2011. The newly-elected County Executive will serve a four year term. The term of the Prosecuting Attorney will continue to be determined by the general law of Ohio. Six of the newly-elected members of Council will serve four-year terms; five will serve two-year terms. Beginning with the 2012 general election, the term for each member of Council shall be four years.

The County Executive, with the approval of Council, will appoint the following: (1) a Fiscal Officer who will assume the duties previously performed by the current County Auditor and County Recorder and the duties of the current Clerk of Courts other than those related to the operations of the Courts; (2) a Medical Examiner to perform the duties of the current County Coroner; (3) a Clerk of Courts to carry out the duties of the current Clerk of Courts related to the operations of the Courts; (4) a Director of Public Works to perform the duties of the current County Engineer and Sanitary Engineer; (5) a Director of Law to be the legal advisor to the County Executive and Council; (6) a County Treasurer to perform the duties of the current County Treasurer; and (7) a Sheriff to perform the duties of the current County Sheriff.

The County Executive will have all powers and duties of an administrative nature, including but not limited to overseeing most personnel matters, and submitting ordinances and resolutions to Council, including an operating budget, capital improvement plan and written message annually. The County Executive has veto power over Council's actions.

The Council will hold the legislative power and be the taxing authority of the County. The Council shall elect a President, shall have a Clerk and other assistants, and shall have authority to establish procedures governing the administration of County contracts, and shall adopt the annual tax, operating and capital budgets. The Council may override the veto of the County Executive if at least eight members of Council vote to approve the vetoed measure by 8 votes. The Council may investigate any financial transaction relating to any matter upon which it is authorized to act shall have investigative as well as legislative powers.

The County Budget Commission consisting of the County Executive, Fiscal Officer and Prosecuting Attorney shall exercise all powers and perform all duties of the current County Budget Commission. In addition, a County Audit Committee will provide internal auditing among other functions.

A County Department of Development will oversee economic development in the County with a Director of Development appointed by the County Executive, subject to confirmation by Council. An appointed Economic Development Commission will present a 5 year economic development plan in June of each year.

The County Recorder has recently filed a lawsuit for declaratory and injunctive relief in the Cuyahoga County Court of Common Pleas, asking the Court to declare that the Charter's elimination of current elected offices prior to the expiration of their statutory terms violates the Ohio Constitution and is unlawful. Should the County Recorder's claims prevail, several existing office holders could continue to hold their offices until the expiration of their terms, but it is not anticipated that this would prevent the transition to Charter government, or that the financial condition of the County would be impacted.

County employment practices will be monitored by an appointed County Human Resource Commission.

Investors are encouraged to review the Charter of Cuyahoga County, a copy of which is available at <http://charter/cuyahogacounty.us/en-US/charter.aspx>.

**Financial Management.** The Board is responsible for providing and managing the funds used to support various County activities. The Board exercises its legislative powers in budgeting, appropriating moneys, levying taxes, issuing securities and letting contracts for public works and services.

The County's Office of Budget and Management performs financial analysis and administrative functions for the Board. That Office's staff assists the Board in the budget process and monitors the operations of the County departments and independent boards and agencies. Its responsibilities include revenue forecasting, operating budget development and review, fiscal transactions' processing, capital budgeting, systems analysis, federal programs review, cost effectiveness studies and financial consultation services.

**Management of County Facilities.** The Board has responsibility for the management of most County facilities, including various public assistance and social service, court, correctional and administrative facilities, and general County government facilities. See **County Facilities, Utility and Other Enterprises**.

**Administration.** Administrative costs account for the largest share of the County's General Fund expenditures.

Independent boards and commissions administer a large variety of services within the County. Those boards and commissions include, among others, the Alcohol, Drug Addiction and Mental Health Services Board (formerly two separate boards), the Veterans Service Commission, the Board of Developmental Disabilities (formerly, the Board of Mental Retardation and Disabilities), the County Planning Commission and the Board of County Hospital Trustees.

Some of these boards and commissions are appointed entirely by the Board and are subject to complete fiscal control by the Board. Others have no members appointed by the Board and may, to varying extents, be independent of fiscal control by the Board. There are also others for which the Board does not have appointment powers but does have extensive fiscal responsibilities. For example, the Board has extensive financing, funding, budgeting and accounting responsibilities for the Board of Elections and for various courts, but does not appoint the members of the Board of Elections or the judges or employees of the courts.

The Board appoints three of ten members of the Board of Trustees of the Greater Cleveland Regional Transit Authority, three of nine members of the Board of Directors of the Cleveland-Cuyahoga County Port Authority, six of nine members of the Board of Trustees of the Cuyahoga Community College District, one of seven members of the Board of Trustees of the Northeast Ohio Regional Sewer District and all three Board Members of Cuyahoga Arts and Culture. Those Authorities and Districts are separate political subdivisions for which the Board has no fiscal or administrative responsibilities. The Board also appoints two of five members, and one joint appointment with the City of Cleveland of the Gateway Economic Development Corporation of Greater Cleveland, a nonprofit corporation organized for the purpose of developing and maintaining the Gateway Project, which consists of a 42,300 seat outdoor baseball stadium (formerly known as Jacobs Field and now known as Progressive Field), a 20,500 seat multipurpose arena (formerly known as Gund Arena and now known as Quicken Loans Arena), two parking garages and related common areas in downtown Cleveland. The Gateway Project and the County's involvement in it are further described herein under County Debt and Other Long-Term Obligations – Gateway Project Obligations. The Board also appoints four of sixteen members of the Board of Directors of Senior Transportation Connection of Cuyahoga County, a non-profit corporation organized for the purpose of increasing and improving the availability and quality of, and access to, sufficient transportation services for senior citizens in the County (the STC). The Board currently has no fiscal or administrative responsibilities with respect to the STC.

In 2003, the Board created a convention facilities authority, the Cleveland-Cuyahoga County Convention Facilities Authority, to construct, improve, expand, equip, finance and operate a new Convention Center in the City. The Board appropriated hotel-motel tax revenues for such purpose through August 2008. The County thereafter disbanded the Authority. The Authority closed its books in 2008 and submitted the residual Bed Tax to the Convention and Visitor's Bureau (Positively Cleveland). See **Other Major County General Revenue Fund Revenue Sources - County Sales and Use Tax**.

In July, 2006, the Board adopted a resolution to place on the ballot at the November, 2006 general election the levy of an additional tax on the sale of cigarettes levied at the wholesale level for the purposes of supporting the County's arts and cultural sector which was approved by the voters. The

amount of the tax is \$0.015 per cigarette, effective February 1, 2007. The tax generated \$18.6 million for 2009, and the County estimates that this tax will generate approximately \$19.0 million for 2010 and \$19.0 million per year thereafter to be utilized by a Cuyahoga County Arts and Cultural District previously formed. The Board of County Commissioners has appointed a three-person Board to make decisions about the expenditure of such tax revenues. Accordingly, all funds from the tax will be collected by the State and distributed to the County to be utilized by Cuyahoga Arts and Culture, an Ohio political subdivision, for purposes described in the Ohio Revised Code. The cultural and arts sector did not previously receive any support from currently imposed cigarette taxes, and County support for this sector of the community has in the past been funded from General Fund revenue sources.

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## Certain County Officials

Certain of the current elected County officials, and some of the major officials who are appointed by and serve at the pleasure of the Board are:

<b>Elected Officials</b>	<b>Name of Incumbent</b>	<b>Years of Incumbency</b>	<b>Expiration Date of Present Term (g)</b>
Commissioners:	Jimmy Dimora	11	December 31, 2010
	Peter Lawson Jones(a)	8	December 31, 2010
	Timothy F. Hagan(b)	5	December 31, 2010
Auditor	Frank Russo(c)	13	December 31, 2010
Treasurer	James Rokakis	13	December 31, 2010
Prosecutor	William D. Mason(h)	11	January 2013
Engineer	Robert C. Klaiber, Jr.	11	December 31, 2010
Coroner	Frank Miller, III M.D.(d)	3	December 31, 2010
Clerk of Courts	Gerald E. Fuerst	35	December 31, 2010
Recorder	Lillian J. Greene(e)	2	December 31, 2010
Sheriff	Bob Reid(f)	1	December 31, 2010

(a) President of the Board.

(b) Mr. Hagan also served as a County Commissioner from 1984 through 1997.

(c) Mr. Russo served as County Recorder for 11 years prior to being elected County Auditor.

(d) Dr. Miller was appointed Interim Coroner on August 2nd, 2007 to replace the retired Elizabeth Balraj who served as Coroner for 19 years before retiring on July 31, 2007. Dr. Miller was appointed Coroner by the Cuyahoga County Democratic Party Executive Committee on September 8, 2007 and was elected to his first full term November 4, 2008.

(e) Ms. Greene was appointed as Recorder by the Cuyahoga County Democratic Party Executive Committee on August 13, 2008 to replace Patrick J. O'Malley who resigned on May 16, 2008 after serving as Recorder for 10 years. Prior to her appointment as Recorder, Ms. Greene was a Common Pleas Court judge for 21 1/2 years and also served as a magistrate for seven years.

(f) Mr. Reid was appointed as Sheriff on May 11, 2009 to replace the former Sheriff Gerald T. McFaul who resigned on March 25, 2009.

(g) The County voters approved a charter form of government which will end the positions of the above elected officials on December 31, 2010.

(h) The Prosecuting Attorney position still exists in the new charter form of government, but there will be an election required for the new charter government.

<b>Appointed Officials</b>	<b>Name of Incumbent</b>	<b>Date of Appointment</b>
County Administrator	James McCafferty(a)	July 14, 2008
Deputy County Administrator for Health and Human Services	Richard B. Werner, Jr.(b)	December 27, 2002
Director, Office of Budget and Management	Matthew Rubino(d)	January 15, 2010
Clerk of the Board	Jeanne Schmotzer(c)	December 1, 2006

- (a) Mr. McCafferty was Director of the County's Department of Children and Family Services for six (6) years prior to being appointed County Administrator. He replaced Dennis Madden who left the County to work in the Private Sector after serving as County Administrator for 3 1/2 years. Mr. McCafferty has 28 years of experience with the County.
- (b) Mr. Werner was the Interim Director of the County's welfare-to-work department from January of 2001 through July of 2002. Prior to that, Mr. Werner served as Executive Officer in the County's Office of Health and Human Services from November 1999 through December 2000 and as Executive Officer for Community Resources in the County's welfare-to-work department from February 1998 through November 1999.
- (c) Jeanne M. Schmotzer replaced Penelope Hughes who retired after 24 years with the County. Ms. Schmotzer served as the Assistant Clerk of the Board before being appointed Clerk of the Board and has served the County for 10 years in various capacities.
- (d) Matthew Rubino replaced, on an interim basis, Alexandra N. Turk, who retired after 32 years with the County. Matthew served as the Senior Financial System Administrator before being appointed Interim Director.

## **General Government**

Of the offices that can be grouped under the category of general government, in addition to the Board, the County Auditor and the County Treasurer, are of particular pertinence to the financial affairs of the County. See also **Financial Matters – Introduction**.

The County Auditor is elected to a four-year term and has as one of his most important functions the responsibility of assessing real property for taxing purposes. Under State law, a complete reappraisal must be conducted every six years (as was completed in 2000 and 2006) and updated after three years (as occurred in 2003 and is occurring in 2009). The Auditor is also the fiscal officer of the County, and in general no County contract or obligation (other than contracts and obligations entered into in connection with the operation of The MetroHealth System, the County's health care system) may be made without his certification that funds for payment are available or are in the process of collection. In addition, no account may be paid except by his warrant drawn upon the County Treasurer. The Auditor is responsible for preparation and disbursement of the County payroll and has statutory accounting responsibilities. He is a member, and the Secretary, of the County Board of Revision and the County Budget Commission.

On August 3, 2010, the Auditor of State of Ohio released a performance audit of the Cuyahoga County Auditor's Office. The performance audit found that although the County Auditor office's financial reporting is consistent with leading practices, and that staffing levels within the finance and accounting, estate tax and all other staff classifications are comparable to peers, the County Auditor's office provides higher average salaries for the majority of its functions when compared to peers and that collectively, these issues contribute to the County Auditor's office incurring higher costs to operate the tax administration and property services function, the consumer services function, and the weights and measures function. In terms of purchasing, the performance audit found that although County-wide purchasing policies were comparable to peer counties, supporting documentation demonstrating compliance was absent for the majority of transactions. In addition, the audit found that the Auditor's office used sole source exceptions to waive the bidding requirements for at least 4 of 9 vendors. The audit



concludes that given the results of its performance audit and the allegations from the federal investigation, it will be important that the County devise strategies to instill integrity in the purchasing process.

The County Treasurer is required by State law to collect certain taxes and to distribute them to various governmental units. The Treasurer prepares and mails tax bills to real property owners in the County and is the disbursing agent for expenditures authorized by the Board. The Treasurer is to make daily reports showing receipts, payments and balances to the County Auditor, and those books of account must always balance with those of the County Auditor. Under State law, the Treasurer is also charged with the responsibility of investing County funds. See **Financial Matters – Investment and Management of County Funds and Other Major County General Fund Revenue Sources – Nontax Revenues**. The Treasurer is a member of the County Board of Revision and the County Budget Commission and is in charge of the County's Bond Retirement Fund.

The Treasurer, the Auditor and the County Prosecuting Attorney form the County Budget Commission, which plays an important part in the financial administration of local governments throughout the County. For a discussion of the role and function of the County Budget Commission, see **Financial Matters – Budgeting, Tax Levy and Appropriations Procedures**.

## **Employees**

As of July 1, 2010, the County had approximately 7,959 full-time employees (excluding employees of The MetroHealth System) in various job classifications who were employed by the Board, other elected County officials and County-funded boards and commissions.

A statewide public employee collective bargaining law applies to public employee relations and collective bargaining.

As of July 1, 2010, 4,442 County employees were represented in bargaining units. The following table lists the bargaining units representing the indicated County employees and the expiration dates of the respective labor agreements:

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<b>Employees</b>	<b>Organization</b>	<b>Members of Bargaining Unit</b>	<b>Labor Agreement Expiration Date(a)</b>
<b>Board of County Commissioners Employees:</b>			
Central Services	Cleveland Building and Construction Trades Council	88	June 30, 2012
Central Services	International Union of Operating Engineers Local 18-S	4	October 31, 2010(a)
Central Services - County Kennel	Teamsters Local 244	9	December 31, 2010(a)
Central Services - Operations	Service Employees International Union Local 1199 (Custodians, Mechanics, Window and Well Washers)	160	December 31, 2011
Central Services - Print Shop	Graphics Communications International Local 546	7	January 31, 2012
Central Services - Carpenters	United Brotherhood of Carpenters	9	June 30, 2012
Child Support Enforcement Agency	Teamsters Local 407	283	June 30, 2012
Department of Development - Airport	Communication Workers of America Local 4340	8	December 31, 2010(a)
Fraud Investigators	Teamsters Local 407	19	June 30, 2012
Human Services	American Federation of State, County and Municipal Employees Local 1746	1,299	June 30, 2011
CECOMS	Communication Workers of America Local 4340	24	March 31, 2010(b)
<b>Sheriff's Office Employees:</b>			
Clerical	Communication Workers of America, AFL/CIO	65	December 31, 2011
Cooks	United Auto Workers, Region 2	19	June 30, 2010(b)
Corporals	United Auto Workers, Region 2	28	December 31, 2010(a)
Corrections Officers	Ohio Patrolmen's Benevolent Association	533	December 31, 2011
Deputy Sheriffs	Ohio Patrolmen's Benevolent Assn.	140	December 31, 2011
Inmate Services	American Federation of State, County and Municipal Employees Local 2927	22	December 31, 2010(a)
Court Security Officers	United Auto Workers, Region 2	10	June 30, 2012
Central Services - Security Officers	Ohio Patrolmen's Benevolent Assn.	130	December 31, 2010(a)
Central Services - Security Sergeants	Ohio Patrolmen's Benevolent Assn.	12	September 30, 2010(a)
Registered Nurses	United Auto Workers, Region 2	18	April 30, 2012
Deputy Seargents	Ohio Patrolmen's Benevolent Assn.	15	Currently Negotiating
Deputy Lieutenants	Ohio Patrolmen's Benevolent Assn.	4	Currently Negotiating
Correction Ofcr Seargents	Ohio Patrolmen's Benevolent Assn.	13	Recognized by SERB as a bargaining unit – have not negotiated CBA to date

(a) Negotiations for a new contract typically begin approximately 90 days prior to the expiration of the current contract.

(b) Agreement has expired; a new contract is currently being negotiated. The employees in this bargaining unit are continuing to work under the terms of the prior agreement.

<b>Employees</b>	<b>Organization</b>	<b>Members of Bargaining Unit</b>	<b>Labor Agreement Expiration Date(a)</b>
<b>Sanitary Engineer's Office:</b>			
Maintenance	Teamsters Local 436	56	December 31, 2009(b)
Inspectors	Teamsters Local 185	21	May 5, 2012
Heavy Equipment Operators	Teamsters Local 18	5	December 31, 2009(b)
<b>Engineer's Office Employees:</b>			
Heavy Equipment Operators	Teamsters Local 18-S	4	December 31, 2009(b)
Maintenance	Teamsters Local 436	41	December 31, 2011
Skilled Trades	Cleveland Building and Construction Trades Council	10	December 31, 2009(b)
<b>Board of Developmental Disabilities Employees:</b>			
Adult Services and Adult Employment Services	Service Employees International Union, District 1199-AS	457	December 31, 2012
Direct Care Employees			
Bus Drivers, Bus Monitors and Mechanics	Ohio Association of Public School Employees, Local 744	141	December 31, 2013
Support Administrators, MUI Investigators, Quality Assurance	Service Employees International Union, District 1199-SA	142	December 31, 2012
Teachers, Assistants, Custodians, School Secretaries, All Therapy Services	Association of Cuyahoga County Educators of Special Students	188	August 31, 2012
<b>Public Defender's Office Employees:</b>			
Attorneys	American Federation of State, County and Municipal Employees, Ohio Council #8, Local 3631	65	December 31, 2010(a)
Veteran's Service Commission Employees:	Teamsters Local 436	13	December 31, 2011
<b>Court of Common Pleas Employees:</b>			
Probation Officers	Communications Workers of America Local 4309	146	January 31, 2013
<b>Juvenile Court Employees:</b>			
Probation Officers, Clerical and Transportation	Service Employees International Union District 1199	122	August 11, 2009(c)
Detention Center	Service Employees International Union District 1199	112	December 31, 2009(c)

(a) Negotiations for a new contract typically begin approximately 90 days prior to the expiration of the current contract.

(b) Agreement has expired; a new contract is currently being negotiated. The employees in this bargaining unit are continuing to work under the terms of the prior agreement.

(c) Negotiation complete – waiting on contract ratification.

The remaining full-time County employees are not members of a bargaining unit. The non-bargaining unit employees were not allocated a wage and salary cost of living increase in 2008, 2009 and 2010. In 2009 there was also a three day furlough instituted. The bargaining unit agreements negotiated in 2009 contained annual wage and salary increases generally ranging from 0% to 2.0%.

Generally the terms of the salaries, wages and other economic benefits have been the products of negotiations with representatives of the employees or bargaining units and increases in economic benefits have been provided on an annual basis. In the judgment of the County, its employee relations generally have been and are considered currently to be good.

## **County Services and Responsibilities**

The following are descriptions of selected County services and responsibilities.

Public Assistance and Social Services. Public assistance functions within the County are administered by five separate and autonomous departments, each with its own director, supported and overseen by the Executive Office of Health and Human Services. The director of each such department reports to the Deputy County Administrator for Health and Human Services, who serves as the statutorily-mandated County Director of Job and Family Services and is appointed by, and responsible to, the Board. The five departments and their respective functions are identified and described in the following paragraphs. Together, those departments had 2,235 full-time employees as of July 2010.

- **Employment and Family Services (EFS)** administers a variety of programs and services providing assistance to working families, older adults and disabled persons. Those programs and services include Healthy Start and other Medicaid health insurance programs, Child-Care Assistance, the Ohio Works First (OWF) program, Food Benefits, PRC Emergency Financial Help and Financial and Medical Assistance Services for the Disabled and are primarily funded from federal and State sources.
- **Children and Family Services** provides child protection activities and support services to strengthen families by investigating allegations of child abuse, neglect and dependency, coordinating child protective services and resources, utilizing foster and adoptive homes or residential treatment facilities as needed, and providing services designed to promote family reunification.
- **Senior and Adult Services** provides protective and supportive services to consenting elderly and disabled adults to protect them from abuse, neglect or exploitation. These services are designed to keep individuals in their homes or in the least restrictive environment possible. See Health below.
- **Cuyahoga Support Enforcement** locates absent parents, helps to establish paternity, works with parents in **completing** requirements for support orders and collects and distributes child support and spousal support funds from divorced parents.
- **Workforce Development** administers the federal Workforce Investment Act program that provides **education** services and training programs to prepare adults and youth for the workforce and to assist in meeting the community's workforce needs.

As of July 2010, the County projected that in 2010 \$54 million would be expended for the public assistance programs and \$367.3 million for the social service and employment training programs it administers, with approximately 70.8% of the amount for public assistance programs and social service

programs coming from the State and Federal governments. Some of the social services are provided directly by Children and Family Services and Senior and Adult Services; other services are provided by Employment and Family Services, Workforce Development and community agencies under contract with these departments. Cuyahoga Support Enforcement expenditures for 2010 are projected at \$32.0 million, of which approximately 84.6% is expected to come from the State and Federal governments.

The County's share of expenditures for the activities and programs of these departments is funded with proceeds from two voted health and human services property tax levies of 2.9 mills and 4.8 mills, expiring in 2012 and 2014, respectively. The County projects that approximately \$232 million from the health and human services tax levies will be used for these purposes in 2010. See **Ad Valorem Property Taxes – Tax Rates and Appendix A**.

The Veterans Service Commission (the Veterans Commission) and the Board of Developmental Disabilities also operate within the area of health and public assistance but apart from the departments described above.

The Veterans Commission assists veterans and their dependents by providing emergency assistance and securing the materials and information needed to apply for and receive assistance under the various programs administered by the United States Department of Veterans Affairs. The five members of the Veterans Commission are appointed by the Judges of the Common Pleas Court and serve five-year terms. The activities of the Veterans Commission are financed from General Fund moneys. The Board has appropriated approximately \$7.2 million from the General Fund for those activities in 2010.

The County's program for the mentally retarded and developmentally disabled, operated through the Board of Developmental Disabilities, provides various services to developmentally handicapped children and adults, including training classes, workshops and home services. Of the seven members of the Board of Developmental Disabilities, five are appointed by the Board and two by the Judges of the Probate Court. In addition to receiving State reimbursement and tuition reimbursement from the boards of education in the County, the Board of Developmental Disabilities is currently funded by a 3.9-mill voted property tax levy which was renewed and made permanent in November 2005, generating approximately \$115.0 million annually.

Health. The County subsidizes the operation of The MetroHealth System, the County health care system that includes a general, acute-care hospital, outpatient centers, a skilled and intermediate care nursing facility and a rehabilitation facility. The System is governed by a Board of County Hospital Trustees that is appointed jointly by the Board and the senior judges of the County's Probate and Common Pleas Courts. The total bed capacity of the System is 1,169, and in 2010, the total operating expenditures of the System are projected to be \$715.2 million. The Board has appropriated \$40.0 million from proceeds of the two voted health and human services tax levies referred to above under Public Assistance and Social Services to subsidize System expenditures in 2010. In addition, in 2006 the Board appropriated \$10 million of General Fund moneys to the Hospital in anticipation of the sale of the Skilled East property. In 2007, the Skilled East Property was sold or transferred for net value of approximately \$10 million. All proceeds from the sale or transfer to Tri-C were returned to the General Fund. The Board has considered annually requests from the County Hospital Trustees for such subsidies and has appropriated various amounts for operating expenditures of the System based on System needs and County resources available for the purpose. On July 1, 2009, the Alcohol & Drug Addiction Services Board of Cuyahoga County combined with the Cuyahoga County Community Mental Health Board to form the Alcohol, Drug Addiction and Mental Health Services Board of Cuyahoga County. The two boards had operated as separate entities before the merger.

The ADAMHS Board of Cuyahoga County is responsible for the planning, funding and monitoring of public mental health and alcohol and other drug addiction services delivered to the residents of Cuyahoga County. The ADAMHS Board of Cuyahoga County does not provide services directly to consumers but coordinates and evaluates activities at mental health centers and provides counseling and education services for children and adults. Other services for diagnosis, treatment and counseling for substance abuse are contracted out to provider agencies. In 2010, the County expects to provide approximately \$35.7 million of funding to the combined Alcohol, Drug Addiction and Mental Health Services Board. The County's source of that funding will be the 2.9-mill and 4.8 mill health and human services levies referred to above under Public Assistance and Social Services.

The County Health District is a separate political subdivision which is not coterminous with the County. The Board of Health of that District performs various services for villages, cities, townships and school districts contracting with it. Some of the services provided are immunizations, home nursing visits and sanitary inspections. The Board provides office space for the Board of Health, but has no authority to control the activities of the Board of Health and does not appropriate any significant amount of funds for its operations. The Board of Health is supported primarily by the charges it receives from contracting subdivisions.

Administration of Justice. As a part of the administration of the justice system in the County, the County maintains facilities for the Common Pleas Court (the court of general jurisdiction), including the Juvenile Division, the Domestic Relations Division and the Probate Division, and the Court of Appeals. The County Prosecuting Attorney's office, the Juvenile Detention Center and the County Jail are also maintained by the County. In addition to his responsibilities as a prosecutor of criminal cases, the County Prosecuting Attorney is designated by Ohio law as the chief legal counsel for all County officers and boards, including the Board, the Board of Elections, the County Auditor, the County Treasurer, and tax-supported public libraries. He is also a member of the County Budget Commission.

The Clerk of Courts keeps all official records of the Common Pleas Court and serves as Clerk of Court of the Court of Appeals.

The County Sheriff, the chief law enforcement officer of the County, provides certain specialized services, which include maintaining a special staff of deputies whose duties are to assist local law enforcement officers upon their request and to enforce the law in unincorporated areas of the County. The Sheriff also operates and maintains the County Jail and is responsible for its inmates, including persons detained for trial or transfer to other institutions. As an officer of the County Courts, the Sheriff is in charge of the service of court documents.

In 2008, the County received a grant in the amount of \$10.8 million from the State Department of Rehabilitation and Corrections to construct a Community Based Correctional Facility (CBCF). CBCF's are residential sanctioned facilities that provide County Courts of Common Pleas a sentencing alternative to prison. The County's new facility will be operated by an outside entity with the State of Ohio providing an annual operating subsidy for the County's internal cost of administering the facility. A CBCF Governing Board has been created at the County to oversee the design, siting and construction of the new facility. The County has selected a contractor and construction of the facility commenced in early 2010 with an expected project completion date in late 2010.

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## County Facilities, Utility and Other Enterprises

The County presently owns the following facilities:

Facility	Use	Square Feet	Acreage	Estimated Value
<b>Mall/Public Square District:</b>				
Administration Building	Administration	148,245	1.66	\$15,850,000
Administration Annex	Administration	28,500	0.11	\$1,650,000
Ameritrust Complex	Redevelopment or Future Administration	810,420	1.66	\$22,000,000
Chicago Title	Workforce Development	39,000	0.66	\$1,650,000
Oppman Parking Garage	Future Administration Garage	62,304	0.81	\$5,145,000
Courthouse and Huntington Park Garage	Courts, parking garage	1,270,865	13.45	\$24,786,300
Courthouse Square	Justice related programs	89,550	0.40	\$6,349,900
Marion Building	Justice related programs	85,147	0.44	\$3,610,800
Men's Homeless Shelter	Men's Homeless Shelter	33,527	0.92	\$890,500
Soldiers and Sailors Monument	Monument	1,840	1.01	n/a
Justice Center:				
Courts Tower	Courts	705,113	4.31(a)	(b)
Corrections Center	Courts/Inmate cells	444,000	4.31(a)	(b)
Galleria	Court Rooms	156,175	4.31(a)	(b)
Jail II Corrections Facility	Courts/Inmate cells	252,740	0.75	(b)
Parking Garage	Parking garage	321,292	4.31(a)	(b)
<b>East 9<sup>th</sup>/Erievue District:</b>				
Auto/Title Building	Title Bureau	30,000	0.91	\$1,900,000
Central Services Building	Central Services	54,000	0.93	\$1,617,000
<b>Cleveland State University District:</b>				
Activities Building	Gymnasium	45,280	2.74(c)	(d)
Annex Building	Administrative Offices	28,250	2.74(c)	(d)
Courts Building	Administrative Offices	39,720	2.74(c)	(d)
Residence Building	Detention Center	37,000	2.74(c)	(d)
Service Building	Service Areas	16,500	2.74(c)	(d)
Whitlatch Building	Juvenile Division	33,404	1.32	(d)
<b>Lakeside Industry District:</b>				
East 18 <sup>th</sup> Street Building	Maintenance	20,900	6.25	\$648,500
Virgil E. Brown Building	Child Support Enforcement	300,000	1.20	\$25,733,700
<b>Glenville District:</b>				
Glenville Income Maintenance Center	Entitlement Services	20,000	n/a	\$746,700
<b>Mid-Town Corridor District:</b>				
Board of Elections Building	Board of Elections	65,700	0.72	\$2,706,600
Jane Edna Hunter Building	Children and Family Services	174,500	2.67	\$6,221,400
<b>University Circle District:</b>				
Coroner Building	Coroner's Offices	141,359	24.00	\$14,456,500
<b>Playhouse Square District:</b>				
Loews Building	Playhouse Square offices	35,600	0.62	(e)
Ohio Theatre	Theatre productions	78,650	1.46(f)	(e)
State Theatre and Stagehouse	Theatre productions	261,200	1.46(f)	(e)
<b>Ohio City District – Archives:</b>				
Rhodes House	County archives	35,425	1.35(g)	(h)
Sanford House	Storage	11,185	1.35(g)	(h)
<b>Community College District:</b>				

Facility	Use	Square Feet	Acreage	Estimated Value
Metzenbaum Child Center	Family Services	43,270	5.01	\$1,222,000
<b>Richmond Heights District – County Airport:</b>				
Safety/Service Building	Administrative Offices	25,000	6.25	(j)
Hangar Building	Aircraft Hangar	23,825	660.00(i)	(j)
Hangar Building	Aircraft Hangar	26,000	4.50	(j)
T-Hangars	Storage for Aircraft	11,680	660.00(i)	(j)
<b>Valley View District:</b>				
Sanitary Engineer	Sanitary Engineer	31,146	6.03	\$1,962,600
Cuyahoga County Fairgrounds	Exhibitor/County Fair	50,000	117.00	\$4,781,900
Whiskey Island	Marina/Recreation	449,539	60.00	\$6,250,000

- (a) These facilities are all located on the same 4.31-acre site.
- (b) Combined estimated value of \$307,197,250.
- (c) These facilities are all located on the same 2.74-acre site.
- (d) Combined estimated value of \$26,669,000.
- (e) Combined estimated value of \$15,400,000.
- (f) These facilities are located on the same 1.46-acre site.
- (g) These facilities are located on the same 1.35-acre site.
- (h) Combined estimated value of \$1,078,000.
- (i) These facilities are located on the same 660-acre site.
- (j) Combined estimated value of \$12,762,200. Due to the nature of its use, the County's airport facilities and their site are, in large part, subject to ad valorem taxation.

The Board has responsibility for the management of most of these facilities and insures all of the buildings and their contents.

Originally, the County planned to consolidate office space for approximately 1,300 employees of various agencies into a centralized administration building by purchasing the Ameritrust complex site on Euclid Avenue in the City of Cleveland. To date, the County has invested approximately \$40 million into the site. As the County was in the process of planning the design and construction of a new building to be built on the site, the Board decided, due to higher than anticipated costs estimates and other long term financial commitments, to determine if it could sell the complex to a private party for redevelopment. After a Request for Proposal process, the Board decided to enter into a contract with K&D Group to purchase the complex for \$35 million once the developer obtained financing. The County extended the deadline with K&D but the developer was not able to secure adequate financing to complete a purchase. Currently the County is planning to find other prospective buyers for the Ameritrust site. The County is still exploring the option to consolidate County employees in an integrated office complex and may solicit proposals from local real estate firms for leased office space to accommodate a consolidation of employees in one location in conjunction with the transition to charter government.

The County owns and maintains a network of roads and bridges constituting the County highway system and related roadside drainage facilities and storm or surface water runoff systems. The elected County Engineer, required by law to be a registered professional engineer and surveyor, serves as the civil engineer for the County and its officials. The Engineer's primary responsibilities relate to the construction, maintenance and repair of those roads, bridges and storm water drainage facilities. The Board takes bids on and awards contracts for the projects recommended and approved by the County Engineer.

The County also owns and operates certain wastewater collection and treatment facilities, certain water lines, an airport and related facilities and certain off-street parking facilities.



The wastewater collection and treatment facilities include four wastewater treatment plants, 453 sewage pumping stations and 737 miles of sewers in 12 sewer districts. Under a contract with the Board entered into in March 2004, the County Engineer is responsible for the operation, maintenance and repair of those facilities and the County's water lines.

In 2008, the County Sanitary Engineer entered into an agreement with the City of Parma to maintain Parma's sewer system. Under this agreement, the County will oversee the maintenance of Parma's sanitary sewer system which will become a district within the County sewer system. The City of Parma will continue to own the sewer lines and the County will collect funds for the maintenance of the City of Parma's sewer lines.

The County Airport is a 660-acre airport certified by the Federal Aviation Administration and serving private and light commercial aircraft traffic.

The County's off-street parking facilities include two public parking facilities in the downtown area of the City and employee-only lots at various County-owned locations. The downtown facilities include a major four-level structure that offers 1,100 parking spaces and a two-level structure that offers 279 spaces, both for daily business activity and special events scheduled in the surrounding area.

The County maintains separate funds for each of these enterprises, and they receive minimal or no subsidies from the General Fund.

## **COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION**

### **General**

The County is served by diversified transportation facilities including six U.S. highways and seven interstate highways, CSX, Norfolk Southern and Amtrak railroads, four airports and the Port of Cleveland.

The City is the headquarters for the Fourth District Federal Reserve Bank, which serves Ohio, the western portion of Pennsylvania and portions of Kentucky and West Virginia.

Within the Cleveland metropolitan area are several public and private two-year and four-year colleges and universities, including, among others, Baldwin-Wallace College, Case Western Reserve University, Cleveland State University, Cuyahoga Community College, Hiram College, John Carroll University, Kent State University, Lake Erie College, Lorain County Community College, Notre Dame College, Oberlin College, The University of Akron and Ursuline College.

The area is also noted as the site of many cultural institutions and attractions, including, among others, Severance Hall and Blossom Music Center (winter and summer season homes of The Cleveland Orchestra), The Cleveland Museum of Art, Playhouse Square Center (home of the Cleveland Opera, the Great Lakes Theater Festival and Dance Cleveland), The Cleveland Museum of Natural History, the Rock and Roll Hall of Fame and Museum, the Great Lakes Science Center, the Western Reserve Historical Society (including the History Museum, the Frederick C. Crawford Auto-Aviation Museum and the Library), The Children's Museum of Cleveland and the NASA Lewis Research Center Visitor Center.

Other performing and visual arts offerings include, The Cleveland Play House, the Beck Center, Karamu House, Fairmount Theatre of the Deaf, the Cleveland Public Theatre, the Cleveland Center for Contemporary Art and Spaces Art Gallery.

The Cleveland metropolitan area is also served by various recreational facilities. The County's location on Lake Erie and the Cuyahoga River provides a setting for many water recreation facilities and offerings, including the Cleveland Lakefront State Park (five lakeshore locations), many power and sail boat marinas and fishing piers and offshore reefs. The City's North Coast Harbor is the site of the William G. Mather Museum, the Rock and Roll Hall of Fame and Museum, the Great Lakes Science Center and the Cleveland Browns Stadium.

Also available to area residents is the Cleveland Metroparks System, a 20,000-acre, 16 reservation system called the "Emerald Necklace" because it surrounds the City, and the Cuyahoga Valley National Park, a 33,000-acre national park in the County and adjacent Summit County.

The City features the Gateway complex, consisting of Progressive Field (formerly known as Jacobs Field), the home of the Cleveland Indians, Quicken Loans Arena (formerly Gund Arena), the home of the Cleveland Cavaliers, and related facilities. See **County Debt and Other Long-Term Obligations – Gateway Project Obligations**. The Cleveland Metroparks Zoo, which features rain forest and wolf habitat exhibits, is also located in the City.

Cleveland Browns Stadium, home of the Cleveland Browns, was completed and opened in 1999. That project was financed in part with proceeds from an extended excise tax to be levied by the Board beginning in 2005 pursuant to voter approval obtained in November 1995.

There are 18 hospitals which employ approximately 52,220 people and have a total capacity of approximately 6,415 staffed beds in the County (source: Crain's Cleveland Business, 2010 Book of Lists).

Public mass transit for the area is provided by the Greater Cleveland Regional Transit Authority.

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## Population

Population of the County, the MSA and the CMSA from 1960 to 2000, as estimated for 2009 was:

Population Data	1960	1970	1980	1990	2000	2009
County	1,647,895	1,720,835	1,498,400	1,412,140	1,393,978	1,275,709
MSA(a)	2,220,050	2,418,809	2,277,949	2,202,069	2,250,871	2,091,286
CMSA(a)	2,825,417	3,098,048	2,938,277	2,859,644	2,945,831	2,891,988

(a) Effective in 2003, the PMSA was redefined to exclude Ashtabula County and was re-classified as the Cleveland-Elyria-Mentor Metropolitan Statistical Area (MSA). The CMSA was re-classified as the Cleveland-Akron-Elyria Combined Statistical Area (CSA). Only limited statistics are now available for the new MSA and CSA. For more detailed information concerning the economic and demographic characteristics of the County.

Source: U.S. Bureau of the Census.

## Employment

The following table shows comparative average employment and unemployment statistics for the County, PMSA, State and United States for the indicated periods.

Year(a)	Employed		Unemployed		Unemployment Rate			U.S.
	County	MSA(b)	County	MSA(b)	County	MSA(b)	State	
2004	629,300	1,031,700	41,900	65,200	6.2	5.9	6.1	5.5
2005	624,200	1,029,100	39,500	62,400	6.0	5.7	5.9	5.1
2006	620,200	1,036,100	37,200	60,600	5.7	5.5	5.4	4.6
2007	613,300	1,035,800	40,400	66,600	6.2	6.0	5.6	4.6
2008	606,800	1,024,600	46,100	74,800	7.1	6.8	6.5	5.8
2009	581,200	981,300	58,800	98,100	9.2	9.1	10.2	9.3
2010(c)								
Jan.	562,500	949,800	64,200	108,900	10.2	10.3	11.8	10.6
Feb.	563,400	951,300	66,000	112,400	10.5	10.6	11.8	10.4
March	568,600	960,100	61,800	104,400	9.8	9.8	11.5	10.2
April	577,300	974,900	58,200	95,700	9.2	8.9	10.7	9.5
May	578,000	976,000	60,000	97,200	9.4	9.1	10.1	9.3

Note: Figures have been rounded to hundreds.

(a) Not seasonally adjusted.

(b) Cleveland MSA is defined as Cuyahoga, Gauga, Lake, Lorain and Medina Counties.

(c) Monthly figures – not seasonally adjusted.

Source: Ohio Department of Job and Family Services, Local Area Unemployment Statistics. These estimates are prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor, and are by place of residence.

The estimated rate of unemployment (not seasonally adjusted) for the County in 2009 was 9.2%, based upon Ohio Department of Job and Family Services figures.

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The following table indicates the distribution of employee classifications in the MSA for the years 2004 through 2009:

Distribution of Employees by Sector  
(Amounts in 000's)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Goods Producing Industries						
Mining, Logging, and Construction	43.9	42.9	41.6	41.0	37.7	32.8
Specialty Trade Contractors	29.2	28.4	27.7	27.4	25.6	21.7
Manufacturing	150.5	149.3	147.5	142.8	138.5	118.2
Durable Goods	108.1	107.7	106.8	103.2	100.1	83.9
Primary Metals	10.9	11.1	11.1	10.6	10.7	8.1
Foundries	5.0	5.1	4.9	4.4	4.2	3.4
Fabricated Metal Products	30.8	31.2	31.8	32.0	31.3	26.0
Transportation Equipment	21.0	19.9	18.4	15.6	13.3	10.5
Motor Vehicle Parts	13.9	13.2	12.3	9.9	8.1	5.7
Nondurable Goods	42.3	41.6	40.7	39.6	38.4	34.3
Total Goods Producing Industries	<u>194.4</u>	<u>192.1</u>	<u>189.1</u>	<u>183.8</u>	<u>176.2</u>	<u>118.2</u>
Service Providing Industries						
Trade, Transportation, and Utilities	199.8	198.7	199.5	198.8	195.6	183.1
Wholesale Trade	54.6	55.3	56.1	55.1	54.3	49.7
Merchant Wholesalers, Durable Goods	31.5	31.7	32.1	31.7	30.9	27.6
Merchant Wholesalers, Nondurable Goods	17.4	17.8	17.8	17.2	16.9	16.1
Retail Trade	112.8	110.5	109.7	109.4	107.8	102.7
Food and Beverage Stores	24.0	23.2	23.2	22.9	23.3	22.6
Health and Personal Care Stores	8.4	8.2	7.8	7.9	7.9	7.7
General Merchandise Stores	18.5	18.2	18.6	19.6	19.9	19.7
Transportation, Warehousing, and Utilities	32.4	32.9	33.8	34.3	33.6	30.7
Transportation and Warehousing	29.8	29.9	30.3	30.6	29.8	27.1
Information	19.9	19.4	18.9	18.5	17.9	16.4
Financial Activities	76.9	74.9	73.8	72.2	68.9	65.3
Finance and Insurance	59.7	58.1	57.1	55.9	53.0	50.2
Credit Intermediation and Related Activities	28.6	27.5	26.0	24.9	22.7	21.1
Depository Credit Intermediation	17.9	17.5	17.5	17.5	16.4	15.6
Insurance Carriers and Related Activities	25.1	24.7	24.7	24.6	24.0	23.3
Insurance Carriers	<u>18.2</u>	<u>18.0</u>	<u>17.9</u>	<u>17.5</u>	<u>16.9</u>	<u>16.4</u>
Total Service Producing Industries	<u>877.7</u>	<u>880.0</u>	<u>885.9</u>	<u>888.4</u>	<u>883.0</u>	<u>850.2</u>
Total	<u>1,072.1</u>	<u>1,072.2</u>	<u>1,075.0</u>	<u>1,072.3</u>	<u>1,059.1</u>	<u>1,001.1</u>
Goods Producing Percentage	<u>18.1%</u>	<u>17.9%</u>	<u>17.6%</u>	<u>17.1%</u>	<u>16.6%</u>	<u>11.8%</u>
Service Producing Percentage	<u>81.9%</u>	<u>82.1%</u>	<u>82.4%</u>	<u>82.9%</u>	<u>83.4%</u>	<u>84.9%</u>

Source: Ohio Department of Job and Family Services, Labor Market Information

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## Largest Employers

The following employers (private and public ranked by full-time equivalent local employees) with headquarters or major operations in northeast Ohio had the largest work forces in northeast Ohio as of June 30, 2009 (the most recent data available):

Firm	Number of Employees	Industry
Cleveland Clinic	32,000	Health care provider
U.S. Office of Personnel Management	13,849	Federal government
University Hospitals/Cleveland	12,970	Natl recognized, integrated healthcare system
Giant Eagle, Inc.	10,319	Grocery store chain
State of Ohio	10,201	State government
Cuyahoga County	8,956	County government
Progressive Corp.	8,795	Insurance and financial company
City of Cleveland	8,232	Municipal government
United States Postal Service	8,195	U.S. Postal Service
Summa Health System	8,079	Health care provider
Group Management Services, Inc.	6,507	Professional employer organization
KeyCorp	5,973	Bank holding company
FirstEnergy Corp.	5,384	Electric utility holding company
MetroHealth System	5,379	Health care provider
Kent State University	5,001	Higher education
Case Western Reserve University	4,755	Higher education
Timken Co.	4,262	Friction / power transmission products/srvcs
Summit County	4,164	County government
Akron General Health System	4,076	Integrated health care delivery system
Ford Motor Co.	3,800	Automobile manufacturer
Swagelok Co.	3,600	Design/mfg industrial fluid systems
Akron Children's Hospital	3,070	Pediatric Health System
Sherwin-Williams Co.	3,003	Coatings and related products
Goodyear Tire & Rubber Co.	3,000	Tire manufacturer
University of Akron	2,573	Higher education
YRC Worldwide, Inc.	2,514	Transportation service provider
UHHS-CSAHS-Cuyahoga Inc.	2,500	Health care provider
Lincoln Electric Holdings Inc.	2,453	Mfg of arc welding and cutting products
Greater Cleveland Regional Transit Authority	2,299	Public transportation
The Babcock & Wilcox Co.	2,295	Design/engr/mfg/construct nuclear, renewable power for industrial & government
J.C. Penney Co.	2,274	Department store
American Greetings Corp.	2,200	Greeting cards; character licensing
Sterling Jewelers Inc.	2,193	Retail jewelry
City of Akron	2,154	Municipal government
Lorain County	2,152	County government
Parker Hannifin Corp.	2,085	Fluid power systems, electromechanical
Diebold Inc.	2,055	Integrated self-service delivery systems
Cuyahoga Community College	2,031	Higher education
The Lubrizol Corp.	2,022	Specialty chemical
Medical Mutual of Ohio	1,950	Health insurance
Continental Airlines	1,947	Airline
Mercy Medical Center	1,865	Health care provider
Rockwell Automation Inc.	1,794	Industrial automation control/info solutions
InfoCision Management Corp.	1,730	Inbound/outbound call center provider
Eaton Corp.	1,727	Electrical, hydraulic, aerospace, truck, auto
Parma City School District	1,700	Public school system
Lake County	1,671	County government
Fred W. Albrecht Grocery co.	1,667	Retail grocery and pharmacy stores
Allstate Insurance Co.	1,648	Financial services and insurance
Nestle Prepared Foods Co.	1,643	Mfg of Stouffers/Lean Cuisine/Buitoni pasta & sauce/Hot Pockets and Lean Pockets

Crain's Cleveland Business January 3, 2010.

\* Employees working in Cuyahoga, Geauga, Lake, Lorain, Mahoning, Medina, Portage, Stark and Summit Counties.

## Corporate Headquarters

The County is the location of headquarters for fifteen corporations that rank among Fortune Magazine's (2009) 1000 largest corporations in the United States. The names of those corporations and certain information about them are set forth below.

### **CORPORATIONS HEADQUARTERED IN COUNTY AMONG FORTUNE'S TOP 1000**

Within the 1000 Largest U.S. Corporations Ranked by Revenues(a)

<b><u>Rank</u></b>	<b><u>Company</u></b>	<b><u>Revenues</u> <u>(\$Millions)</u></b>	<b><u>Major Products</u></b>
164	Eaton Corporation	\$15,376.0	Power Management
209	Progressive Corporation	12,840.1	Insurance
221	Parker Hannifin Corp	12,145.6	Hydraulic Components
322	The Sherwin-Williams Company	7,979.7	Paints and Chemicals
332	TravelCenters of America	7,658.4	National Travel Center Chain
382	KeyCorp	6,499.0	Financial Services
413	Aleris International	5,968.2	Metals
589	NACCO Industries	3,680.3	Industrial & Farm Equipment
599	Cliffs Natural Resources	3,609.1	Mining, Crude Oil Production
784	Lincoln Electric Holdings	2,479.1	Industrial Equipment
806	Medical Mutual of Ohio	2,387.1	Health Care Insurance
821	Ferro	2,306.1	Chemicals
880	Applied Industrial Technologies	2,089.5	Industrial Components
970	American Greetings	1,776.8	Greeting Cards, Printing
992	OM Group	1,736.8	Specialty Chemicals and Advanced Materials

(a) Source: Fortune Directory of the Largest U.S. Corporations, issue dated May 4, 2009.

## Building Permits

The following table shows information concerning building permits (including those for commercial, industrial, residential and public improvements, and both remodeling and new construction) and the value thereof, filed with the County Auditor.

<b>Year</b>	<b>Number of Permits</b>	<b>Value of Permits</b>
2004	21,250	\$1,290,176,686
2005	20,996	1,252,555,829
2006	27,331	1,216,646,909
2007	17,789	1,259,873,042
2008	15,373	1,150,458,308
2009	12,118	1,061,920,320

Source: County Auditor.

## Personal Income

According to Census reports, the 2008 median income for County families was \$44,199 compared to State and national medians of \$47,988 and \$52,029, respectively.

According to the Ohio Department of Taxation, the average federal adjusted gross income for County residents filing Ohio personal income tax returns for calendar year 2006 (the latest year for which the information is available) was \$51,520 compared to the average of \$50,647 for all Ohio residents.

## Home Values and Housing Units

The following is Census information concerning housing in the County, with comparative City and State statistics:

	2000 Median Value of Owner-Occupied Homes	% Constructed Prior to 1940		Housing Units Number		% Change
		1990	2000	1990	2000	
County	\$113,800	31.8%	28.8%	604,538	616,904	+2.0%
City	72,100	52.6	49.3	224,311	215,856	-3.7
State	103,700	25.8	22.5	4,371,945	4,783,051	+9.4

County Auditor figures show the following numbers of sales transactions and average sales prices of residential property in the City, the suburbs in the County and the County in recent years.

Year	City		Suburbs		County	
	Number of Sales	Average Sales Price	Number of Sales	Average Sales Price	Number of Sales	Average Sales Price
2004	6,648	\$82,148	16,030	\$173,976	22,678	\$146,229
2005	6,513	91,809	16,554	189,620	23,067	162,003
2006	5,142	92,924	13,984	187,509	19,126	162,080
2007	3,811	82,335	9,940	198,316	13,751	165,032
2008	1,380	98,412	6,614	191,165	7,994	171,699
2009	1,397	90,345	6,736	179,354	8,133	160,635

## Utilities, Energy and Water Resources

Water service in the County is provided primarily by the City's Division of Water and other municipal water utilities. The County has a Lake Erie shoreline of approximately 100 miles. Lake Erie is the 12<sup>th</sup> largest lake in the world by surface area. Fresh water is available to the area for all of its foreseeable needs.

Sanitary sewer service is provided by the Northeast Ohio Regional Sewer District, municipal sanitary sewer utilities and the County. See **The County – County Facilities, Utility and Other Enterprises**.

The County is well served with energy sources. The principal suppliers of electric energy in the County are The Illuminating Company, a subsidiary of FirstEnergy Corporation, and Cleveland Public Power, a municipal utility operated by the City. The principal suppliers of natural gas are Dominion East Ohio Gas Company, Columbia Gas Company of Ohio, Inc. and Shell Energy Services Co.

Local telephone service is primarily provided by AT&T (successor by merger to SBC Communications, Inc.) and cable television service is provided by a number of different companies.

## **Solid Waste Management**

In accordance with statutory requirements, the Board has provided for the establishment of the Cuyahoga County Solid Waste Management District which includes all of the territory in the County as well as a portion of the Village of Hunting Valley in neighboring Geauga County. The Ohio Environmental Protection Agency (Ohio EPA) approved a solid waste management plan for the District in 1994 under which the District is responsible for solid waste management activities previously undertaken by the County. An update to that plan, reflecting projected needs and solutions for a 15-year period, was ratified by 96% of the local legislative bodies in the District and approved by the Ohio EPA in 2000.

Solid waste collection, disposal and recycling services in the County generally are provided by municipalities and private providers. The Solid Waste Management District provides collections for special waste including phone books, household hazardous waste, scrap tires, computers and mercury.

## **FINANCIAL MATTERS**

### **Introduction**

The County's fiscal year corresponds with the calendar year.

The main sources of County revenue are property taxes, sales and use taxes, charges for services, investment earnings, and federal and state distributions, as described under Ad Valorem Property Taxes and Other Major County General Fund Revenue Sources and in Appendix A.

The responsibility for the major financial functions of the County is divided among the County Auditor, the County Treasurer and the Board and its Office of Budget and Management.

Important financial functions include general financial recommendations and planning by the Office of Budget and Management; annual budget preparation by the Board with the assistance of that Office; and express approval of appropriations by the Board.

The County Auditor is the County's fiscal officer and has major accounting responsibilities. He maintains a fund and departmental system of accounts for the County's receipts and expenditures, and on the basis of such accounts, prepares an annual report filed with the Ohio Auditor of State (the Auditor of State).

The County Auditor is not to allow the amount set aside for any appropriation to be overdrawn, or the amount appropriated for any one item of expense to be drawn upon for any other purpose. The County Treasurer is not to allow a voucher to be paid unless sufficient funds are in the County treasury to the credit of the fund upon which the voucher is drawn. The County Treasurer also acts as custodian and disbursing agent for County funds and keeps books of account which are to balance with those of the County Auditor on a monthly basis.

The Board is responsible for general policy decisions with respect to most of the financial affairs and borrowing of the County as well as for overall fiscal planning and development. In addition, the Board must approve the budget each year and must authorize all appropriations of money for most County activities.

Other important financial functions affecting County government are:

1. Examination of accounts by the Auditor of State as discussed under Financial Reports and Examinations of Accounts.



2. Assessment of real property by the County Auditor, subject to supervision by the State Tax Commissioner.
3. Assessment of public utility property and tangible personal property by the State Tax Commissioner.
4. Billing and collection by the County Auditor and County Treasurer, respectively, of property taxes and special assessments.
5. Investment and management of County funds by the County Treasurer.

### **Budgeting, Tax Levy and Appropriations Procedures**

Detailed provisions for county budgeting, tax levies and appropriations are made in the Revised Code, including a requirement that the taxing authority (the Board in the case of the County) levy property taxes in a sufficient amount, together with any other moneys available for the purpose, to pay the debt service on securities payable from property taxes. The procedures involve collective review by County officials at several steps.

The law generally requires that a subdivision prepare, and then adopt after a public hearing, a tax budget approximately six months before the start of the next Fiscal Year. The tax budget is then presented for review by the county budget commission, comprised of the county auditor, treasurer and prosecuting attorney. However, a county budget commission may either waive the requirement for a tax budget or permit an alternative form of tax budget with more limited information. In 2002, the Cuyahoga County Budget Commission (the County Budget Commission) voted to waive the requirement of preparing and adopting a tax budget for future Fiscal Years and prescribed an alternative form of a tax budget information document to be used by the County and other subdivisions in the County.

Under current requirements, County budgeting for each Fiscal Year formally begins in July with the preparation and submission to the County Budget Commission of tax budget information for the following Fiscal Year. For debt service, the information is to include the net amounts of debt charges for which property tax levies must be made (after application of estimated receipts from other sources) and the portions of those levies to be inside and outside the ten-mill limitation. That tax budget information is then reviewed by the County Budget Commission.

As part of its review, the County Budget Commission determines and approves levies for debt service outside and inside the ten-mill limitation. The Revised Code provides that “if any debt charge is omitted from the budget, the commission shall include it therein.”

Upon its approval of the tax budget, the County Budget Commission certifies its action to the Board together with the estimate by the County Auditor of the tax rates outside and inside the ten-mill limitation. Thereafter and before the end of the then Fiscal Year, the Board approves the tax levies and certifies them to the proper County officials. The approved and certified tax rates are then reflected in the tax bills sent to property owners. Real property taxes are payable in two installments, the first usually due in January and the second in July for real property taxes, the lien for which attached January 1 of the preceding calendar year.

Tangible personal property taxes for taxpayers owning property in more than one county are payable in September and for taxpayers owning property in one county are payable in two installments in April and September. (Tangible personal property taxes will be phased-out over the collection years 2007 through 2010. For additional information about this change of State tax law, see **Ad Valorem Property Taxes-Assessed Valuation** that follows.)

Under State law, the Board must adopt a permanent appropriation measure for a Fiscal Year by April 1 and may adopt a temporary appropriation measure for the Fiscal Year to provide for expenditures from January 1 until the permanent appropriation measure is adopted. The Board adopted its permanent appropriation measure for Fiscal Year 2010 in December 2009. Although called “permanent,” the annual appropriation measure may be, and often is, amended during the Fiscal Year. Annual appropriations may not exceed the County Budget Commission’s official estimates of resources, and the County Auditor is to certify that the County’s appropriation measures do not appropriate moneys in excess of the amounts set forth in those estimates.

## **Financial Reports and Examinations of Accounts**

The County maintains its accounts, appropriations and other fiscal records in accordance with the procedures established and prescribed by the Auditor of State. The Auditor of State is charged by law with the responsibility of inspecting and supervising the accounts and records of each taxing subdivision (including the County) and most public agencies and institutions in the State.

County receipts and expenditures are compiled on a cash basis, pursuant to accounting procedures prescribed by the Auditor of State that are generally applicable to all Ohio political subdivisions. The records of the County’s cash receipts and expenditures are converted annually for audit purposes to a modified and full accrual basis of accounting, as required. These accounting procedures conform to accounting principles generally accepted in the United States of America as applicable to governments, including, among others, those prescribed by the Government Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). Those principles, among other things, provide for (i) a modified accrual basis of accounting for the general fund, all special revenue funds, the debt service (bond retirement) fund, and the capital projects fund, (ii) a full accrual basis of accounting for all other funds, and (iii) the preparation for each fund of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances. The government-wide financial statements are prepared using a full accrual basis of accounting.

The County has issued a Comprehensive Annual Financial Report (CAFR), including General Purpose Financial Statements/Basic Financial Statements, for each of its Fiscal Years since 1983. Each such CAFR has been submitted to the GFOA for consideration for a Certificate of Achievement for Excellence in Financial Reporting, which is awarded to those governmental reporting agencies that comply with the reporting standards of the GFOA. The County has been awarded a Certificate for its CAFRs for each Fiscal Year from 1983 through 2007, except for its CAFR for Fiscal Year 1993. The County applied for but did not receive such a Certificate with respect to its CAFR for Fiscal Year 1993 due to its presentation of certain information concerning County investments.

The County began publishing a Popular Annual Financial Report (PAFR) starting with Fiscal Year 2003. The County received a GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for its 2003 PAFR, 2004 PAFR, 2005 PAFR, 2006 PAFR and its 2007 PAFR.

Cuyahoga County was one of 189 counties out of the 3,034 counties in the United States to earn the coveted Distinguished Budget Presentation Award in 2008. The County has received this honor from the Government Finance Officers Association (GFOA) every year it has submitted an annual budget plan for review since 1988. There was no plan submitted in 1994, 2002, and 2003. The GFOA established the Distinguished Budget Presentation Award in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA’s recommended practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

The financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2008, which collectively comprise the County’s basic financial statements (the Financial Statements),

have been audited by an independent public accounting firm engaged by the County and the Auditor of State. The Financial Statements present financial and other information only as of the dates and for the periods set forth therein. The Financial Statements are the most recent audited financial statements of the County; however, reference to the Financial Statements herein shall not create any implication that either the independent public accounting firm or the Auditor of State has undertaken any review or procedures with regards to financial statements or financial information as of any date or for any period beyond December 31, 2008. The Financial Statements, which have been filed with the Municipal Securities Rulemaking Board (EMMA dataport) and the Ohio State information depository and may also be found at the Cuyahoga County's website, [www.auditor.cuyahogacounty.us](http://www.auditor.cuyahogacounty.us), are incorporated herein by reference.

The Financial Statements of the County as of and for the year ended December 31, 2007 and 2008 were audited by the independent accounting firm engaged by the County and the Auditor of State. The independent accounting firm had delayed the release of its audit opinions for such years due to the federal investigation potentially concerning certain public officials of the County. See **Legal Matters**. The 2007 and 2008 audits were released on July 15, 2010.

The most recent compliance audit of the County's accounts and records was completed by the independent public accounting firm through December 31, 2008. No material findings, citations or items for adjustment were made.

The most recent audit of the County's public assistance and public children services funds, and CSEA in accordance with federal and State program requirements, was completed by the Auditor of State for the State's Fiscal Year 2008. No material financial findings were made as a result of that audit.

Appendix A provides an unaudited comparative cash basis summary of General Fund receipts and expenditures for the last five Fiscal Years and for Fiscal Year 2010 (projected). Appendix B provides information about obtaining the Basic Financial Statements of the County for Fiscal Years 2007 and 2008 (the County's Financial Statements), which are incorporated by reference herein. Since that information is a public record under Ohio law, the consent of the County's auditors to their inclusion in this Annual Statement is not required, and no bring-down procedures have been undertaken by the auditors since the date of the audit report. Certain information in the County's Financial Statements, including, without limitation, certain information with respect to debt, debt limitations and ratings, is updated and superseded in other portions of this Annual Statement.

## **Investment and Management of County Funds**

Investments of County funds are governed by provisions of the State's Uniform Depository Act (Chapter 135 of the Revised Code) applicable to all non-charter counties. Under that Act, the County Treasurer has day-to-day responsibility for those investments. The County Treasurer retains an investment advisor to provide advice to the Treasurer's office.

The County's Investment Advisory Committee (comprised of the three County Commissioners, the Clerk of Courts and the County Treasurer) has approved an investment policies and procedures manual. The County's investments and cash management program are administered in accordance with those investment policies and the recommendations of the County's investment advisor.

Under the Uniform Depository Act and the County's adopted investment policies, investments may be made in (a) direct obligations of the United States, (b) obligations of certain agencies and instrumentalities of the United States, (c) time certificates of deposit with eligible depository institutions defined in Section 135 of the Ohio Revised Code having an office in the State, (d) the Treasurer of State's STAR Ohio program, (e) repurchase agreements, (f) certain commercial paper (with a short-term rating of at least A1 or P1), (g) certain bankers' acceptances (with a short-term rating of at least A1 or P1), (h) municipal obligations of the State or its political subdivisions, (i) registered investment companies (open end, no load money market mutual funds), (j) corporate notes that are rated in the second highest or

higher category by at least two nationally recognized rating services at the time of purchase and mature not later than two years after purchase, (k) foreign notes if rated in three highest rating categories by two rating services, denominated and payable in U.S. dollars, and (l.) delinquent tax collection anticipation notes as defined in Section 133.082 of the Ohio Revised Code issued by Cuyahoga County in anticipation of the collection of current year delinquent taxes. Under the County's investment policies, bankers' acceptances and commercial paper can together account for no more than 25% of the County's investment portfolio computed on a 12-month rolling basis. The County's repurchase agreements are with one of several eligible broker-dealers approved by the County's investment advisor, and relate to direct obligations of the United States or agencies or instrumentalities of the United States that are held by a major Ohio bank as the County's custodian.

The County's investment policies also provide other specific requirements for the diversification of investments and a maximum maturity (five years) for new County investments.

As of June 1, 2010, the County's \$713.9 million investment portfolio was invested as follows: \$1 million in STAR Ohio and available on one day's notice; \$36.9 million in collateralized or guaranteed certificates of deposit; \$5.0 million in foreign notes, \$5.3 million in Corporate Bonds; \$484.5 million in noncallable agency securities of the United States maturing in 2010 through 2013; \$25.2 million in municipal securities with a maturity of 2010 through 2014; \$106.0 million with a variety of banks and other financial institutions and \$1.9 million as a part of linked-deposit programs and \$20.6 million in uninvested cash on hand. Although the particular components of the portfolio will necessarily change from time to time as investments mature and moneys are reinvested, the County does not expect those components or the weighted average maturity of its investments to vary materially in the foreseeable future.

## **Financial Outlook**

County officials, including the Board and its Office of Budget and Management, closely monitor County revenue and spending. As most local governments, the County is affected by economic conditions and changes in revenues received from the state and federal governments for programs for which the County is responsible.

The County's General Fund receipts have fluctuated since 2005 when they were \$331.2 million. Receipts increased slightly in 2006 to \$337.3 million grew two consecutive years in 2007 (\$363.5 million), and again in 2008 (\$393.0 million). Then in 2009 they decreased by 9.5% (\$355.6 million) as a result of the recession. Revenues are expected to remain somewhat flat in 2010 and increase slightly to \$363.8 million. Most of the increase is due to a one-time receipt of settlement dollars in 2010. The revenues for 2008, 2009 and 2010 do not take into account the \$42.4 million, \$38.8 million and \$39.5 million respectively, received from the sales tax increase designated by the Board for the proposed Exhibition Hall and Medical Mart project. See **County Sales and Use Tax**.

The County receives its General Fund revenues from many tax and other sources, but primarily from its sales and use tax, ad valorem property taxes, its real property transfer tax, Local Government Assistance Fund distributions and charges for services, investment earnings and other miscellaneous nontax revenues. See **Ad Valorem Property Taxes, Other Major County General Fund Revenue Sources** and **Appendix A**. Sales and use tax receipts, the largest source of such revenues, have been relatively stable since Fiscal Year 2005, when they were \$169.0 million. The increase in 2005 was largely due to the full impact of the Sales Tax base expansion that began in 2004. The sales tax receipts remained flat for 2006 (\$168.7 million), and increased in 2007 and 2008 (\$171.8 million and \$173.6 million, respectively net of additional sales tax). The County received \$154.7 million (a drop of 10.9%) from that source for its General Fund in Fiscal Year 2009, a dramatic decline resulting from the severe decline in economic activity caused by the 2008-2009 recession. Sales tax is expected to remain flat in 2010. The County projects it will receive approximately \$157.8 million net of the additional sales tax in 2010. Most

of the increase in 2010 is attributable to the State's expansion of the sales tax base effective in October of 2009. See **County Sales and Use Tax**.

County General Fund receipts from the State Local Government Assistance Fund distributions have remained essentially flat since Fiscal Year 2005 (\$38.5 million ) to Fiscal Year 2008 (\$38.0 million). The receipts dropped in \$33.0 million in 2009 as the flow of General Revenue Fund dollars flowing into the State fund were in severe decline due to the drop in state income and state sales tax. In 2010 local government fund dollars received by the County are expected to drop \$31.10 million for 2010 due to continued degradation of State revenue trends. See **Local Government Assistance Funds**.

Ad valorem property tax receipts in the General Fund have also remained relatively steady since Fiscal Year 2005 (\$21.8 million). Property tax receipts dropped slightly in Fiscal Year 2006 (\$19.7 million), increased slightly in 2007 (\$20.2 million) and dropped slightly in 2008 (\$19.4 million) and in 2009 (\$18.9 million), these receipts decreased in both years primarily from the change in the State Homestead exemption law that increases the amount of property taxes reimbursed by the state on behalf of senior citizens. In 2010, these receipts will increase to \$22.1 million due to the change in allocation of inside millage dollars between the Debt Retirement Fund and General Fund which split property tax dollars collected on the County's 1.45 mills of inside millage. A drop in assessed valuation (for 2010 collection) of over six percent and a shift of property tax dollars to the Debt Retirement Fund will decrease the revenue available to the General Fund in future years. See **General Fund Receipts from Ad Valorem Property Taxes**.

The County General Fund receipts from investment earnings grew significantly from \$16.5 million in Fiscal Year 2005 to a high of \$30.4 million in Fiscal Year 2007. Those increases were due to the steady rise in short term interest rates which benefited the County's investment earnings. In 2008, these earnings fell slightly to \$29.7 million as year-end rates began to fall. In 2009, these earnings decreased to \$21.1 million as the full impact of historically low short term rates impacted earnings. The decrease in investment earnings has been preceded by record low short term interest rates and declining cash balances available for investment in the portfolio. As short-term interest rates are projected to remain low the earnings in 2010 are expected to drop to \$17.4 million.

The County's other nontax revenues have ranged from as low as \$84.1 million in Fiscal Year 2005 to \$92.3 million in Fiscal Year 2006, but increased to \$118.5 million in 2007. The increase in 2007 was due to the one-time revenue from the sale of County property (\$10.3 million). In Fiscal Year 2008, nontax revenues fell to \$105.6 million, due to the loss of one-time revenue that was realized in 2007. The County receipts from non-tax revenue were \$95.6 million in 2009 and is projected to be flat in 2010 which is projected at \$95.8 million. The County expects that future non tax revenue receipts will be adequate to meet the required levels of coverage in connection with its existing and new economic development bonds.

The County's General Fund expenditures were approximately \$324.2 million in Fiscal Year 2005 and increased in Fiscal Year 2006 to \$346.3 million, which included \$1.2 million in one-time capital expenditures, a 5% increase in expenditures for health care coverage and a 3% cost-of-living salary adjustment for employees. In 2007, General Fund expenditures decreased to \$340.7 million. This is primarily due to 3% budget reductions in the General Fund operating budgets and no cost of living salary adjustments for non-bargaining employees. In Fiscal Year 2008, General Fund expenditures were \$356.9 million. Increases in spending in the judicial programs and one-time expenditures related to the Board of Elections are primarily responsible for the increase in 2008. In 2009 the County responded to current budget shortfalls resulting from a decline in general revenue streams by implementing various programmatic cuts, expenditure reductions and instituting a three day furlough of employees. These cuts to the budget were in addition to the 8% and 11.5% budget reductions and no cost of living salary adjustments for non-bargaining employees that were part of the approved 2009 budget plan. The resulting management based on fiscal conditions lead to a decrease of expenditures in 2009 of 9% (\$232.7 million) The county estimates that 2010 fiscal year expenditures will remain flat at \$323.2 million. An

early retirement incentive program that went into effect in 2009, layoffs and attrition have resulted in reductions in staffing of over 1,000 full time equivalents in 2010. These reductions in staffing along with the savings from reductions carried through from the 2009 budget process have kept the County's General Fund expenditures inline with available resources in 2010. See **Appendix A**.

At an election in March 2008, the Board submitted to the voters of the County, and the voters approved, a four-year, 4.8-mill levy for health and human services programs to replace the 4.9-mill levy for that purpose that was expiring after its collection in 2003. This 4.8-mill levy generates approximately \$146.1 million annually (up from the \$136.9 million generated by the prior levy) for health and human services programs and will serve to preclude the need for General Fund subsidies for those programs in Fiscal Years 2010 through 2012. At an election in November 2006, the Board submitted to the voters of the county, and the voters approved, a four-year, 2.9 mill levy for health and human services to replace an existing 3.0 mill levy for that purpose which was expiring after its collection in 2007. The \$2.9 mill levy generates approximately \$86.0 million annually up from the \$58.6 million generated from the prior levy for health and human services programs. The 2.9 mill levy was set to expire in 2010 but a renewal levy was approved by voters of the County on May 4, 2010. The levy renewal continues through collection year 2014.

The County's General Fund year-end unencumbered cash balances have been \$136.6 million at December 31, 2005, \$124.5 million at December 31, 2006, \$146.7 million at December 31, 2007, \$140.1 million at December 31, 2008 and \$132.7 million at December 31, 2009. The General Fund unencumbered cash balance excluding revenue generated from the additional sales tax (\$39.4 million) at December 31, 2010 is projected to be about \$134.0 million. The ending General Fund cash balances for the years 2008 and 2009 are net of collection from the 0.25% additional sales tax adjustments made to the cash basis financial statements provided in Appendix A. See **Appendix A**.

## AD VALOREM PROPERTY TAXES

### Assessed Valuation

The following table shows the assessed valuations of property subject to ad valorem taxes levied by the County for the six most recent tax collection years.

<b>Tax Collection Year</b>	<b>Real(a)</b>	<b>Tangible Personal(b)(c)</b>	<b>Public Utility(d)</b>	<b>Total Assessed Valuation</b>
2004(e)	\$26,839,357,340	\$2,508,312,759	\$957,361,430	\$30,305,031,529
2005	27,318,158,170	2,384,696,811	944,717,180	30,647,572,161
2006	27,398,347,780	2,390,326,714	857,330,780	30,646,005,274
2007(f)	30,392,212,320	1,923,151,550(g)	842,683,110	33,158,046,980
2008	30,415,208,170	728,222,334(g)	588,833,160	31,732,263,664
2009	30,498,390,110	383,269,519(g)	615,400,890	31,497,060,519
2010	28,979,204,900	-0-	654,490,330	29,633,695,230

- (a) Other than real property of railroads. The real property of public utilities other than railroads is included on the general tax list and duplicate and assessed by the County Auditor. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.
- (b) Estimated amounts, each based on prior year's actual. Excludes public utility tangible personal property.
- (c) Recent State legislation will reduce the assessed valuation of tangible personal property in annual increments from 25% of true value in collection year 2006 to zero in collection year 2010 and thereafter. Tangible personal property consisting of manufacturing equipment not used in business in Ohio by the owner or certain related parties, other than as inventory, before January 1, 2005 is no longer subject to the tangible personal property tax in Ohio.
- (d) Includes public utility tangible personal property and real property of railroads. See **footnote (a)**.
- (e) Increase due, in part, to the triennial adjustment.
- (f) Increase due, in part, to sexennial reappraisal.
- (g) Decrease due to H.B. 66 which gradually phases out personal property tax by collection year 2010.

Taxes collected on "Real" property in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Taxes collected on "Tangible Personal" in one calendar year are levied in the same calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year, and at the tax rates determined in the preceding year. "Public Utility" (real and tangible personal) property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

Based on County Auditor records of assessed valuations for the 2010 tax collection year, the County ad valorem property taxpayers with real property valuations in excess of \$10,000,000 are:

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Name of Taxpayer	Nature of Business	Assessed Valuation
<b>Real (Excluding Public Utility)</b>		
Cleveland Clinic	Health Care	\$494,135,660
City of Cleveland (a)	Airport and Stadium	\$127,720,110
University Hospitals	Health Care	\$86,699,840
Key Center Properties LLC	Hotels and Office Buildings	\$83,619,320
Gateway Economic Development Corp	Sport and Public Assembly Facility	\$69,223,980
Case Western Reserve University	Education	\$67,228,740
Greater Cleveland Domed	Sport and Public Assembly Facility	\$60,885,550
Southpark Mall, LLC	Shopping Mall (Southpark Mall)	\$58,960,770
Meridian Health System	Health Care	\$51,106,380
Progressive Casualty, Inc.	Insurance	\$50,585,730
Beachwood Place, Ltd.	Shopping Mall (Beachwood Place Mall)	\$47,970,900
Cleveland Financial	Commercial Real Estate Holdings	\$43,034,290
ISG Cleveland West	Manufacturer of Steel	\$42,690,660
HUB North Point	Commercial Real Estate Holdings	\$33,309,480
Legacy Village Investors	Shopping Center	\$31,240,130
Great Northern Partnership	Shopping Mall (Great Northern Mall) and Officer	\$29,579,140
Ben Venue	Manufacturing	\$29,227,840
Fairview Park Hospital	Commercial Real Estate Holdings	\$28,600,390
Toledo-Lucas County Port Authority	Government-Assisted Economic Development	\$28,155,540
National City Center	Commercial Real Estate Holdings	\$26,552,470
Kaiser Foundation Health	Health Care	\$26,046,270
City of Parma	Commercial Real Estate Holdings	\$22,810,590
Hickey James Bishop	Commercial Real Estate Holdings(b)	\$21,728,320
Southwest general Hospital	Medical Clinic and Offices	\$21,553,320
Plain Dealer Publishing	Newspaper Publications	\$21,055,440
W O Walker Center Inc.	Hospital	\$20,782,450
Optima One Cleveland	Commercial Real Estate Holdings	\$20,256,670
TRW Office Property	Commercial Real Estate Holdings(b)	\$19,989,310
Behringer Harvard 600	Commercial Real Estate Holdings(b)	\$19,950,000
Chagrin Retail, LLC	Commercial Real Estate Holdings(b)	\$19,855,890
Rockwell Automatic Inc	Commercial Real Estate Holdings	\$19,743,330
Richmond Town Square	Shopping Mall	\$19,600,010
Duke Realty Ohio	Commercial Real Estate Holdings	\$19,263,310
Cuyahoga Community College	Commercial Real Estate Holdings	\$18,658,190
Parmatown One, LLC	Shopping Mall (Parmatown Mall)	\$17,631,610
Cleveland Museum of Art	Commercial Real Estate Holdings	\$16,803,050
Mhcs Real Estate Holding Co.	Commercial Real Estate Holdings	\$16,576,560
DDR Great Northern	Commercial Real Estate Holdings	\$16,497,710
MB Cleveland Erieview	Commercial Real Estate Holdings(b)	\$16,015,860
IPC McDonald Properties	Commercial Real Estate Holdings	\$15,463,810
Norfolk Southern Combined	Railroad	\$15,010,420
Inland Western	Commercial Real Estate Holdings	\$14,671,900
Optima 925 LLC	Commercial Real Estate Holdings	\$14,524,620
Bolton Square Hotel	Hotel	\$14,336,640
Tiedman Development LLC	Commercial Real Estate Holdings	\$14,178,960
Gotham King, LLC	Commercial Real Estate Holdings(b)	\$13,898,570
K/B Fund IV Cleveland, LLC	Commercial Real Estate Holdings	\$13,881,570
Glenville Hospital Association	Medical Clinic and Offices	\$13,347,330
Westgate Mall, LLC	Shopping Mall (West Gate Mall)	\$13,340,570
Cosmo Eastgate, Ltd.	Shopping Center (Eastgate Mall)	\$13,125,490
JLP-Harvard Park, LLC	Commercial Real Estate Holdings	\$13,009,150



<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Assessed Valuation</b>
Superior Square, LLC	Commercial Real Estate Holdings	\$12,597,380
Reserve Apartments, Ltd.	Apartment Residences (b)	\$12,581,450
Galileo Southland, LLC	Commercial Real Estate Holdings(b)	\$12,495,910
Sysco Food Services of Cleveland	Regional Distribution Warehouse	\$12,394,380
Golden Gate Shopping	Shopping Center (Golden Gate Mall)	\$12,367,960
Rockside 78 Properties, td.	Commercial Real Estate Holdings	\$12,181,550
Erievue Tower Parking	Commercial Real Estate Holdings(b)	\$11,888,740
Public Square Hotel	Hotel	\$11,646,610
Federal Reserve Bank	Banking	\$11,463,830
Forest City Publishing	Publishing	\$11,463,830
Steelyard Commons	Shopping Center	\$11,275,710
Promenade Delaware LLC	Shopping Center	\$11,229,580
Cleveland East Hotel	Hotel(b)	\$11,167,000
MHG-Hamptons, LLC	Apartment Residences	\$10,995,570
Eliza Jennings, Inc.	Health Care	\$10,599,720
Severance SPE Lease	Commercial Real Estate Holdings(b)	\$10,429,720
Optima 55 Public Square	Commercial Real Estate Holdings	\$10,174,510
City View Center	Shopping Center	\$10,070,910

(a) Due to the nature of their use, the City's airport and stadium facilities and their sites are, in large part, subject to ad valorem taxation.

(b) Nature of Business assumed from best available information.

<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Assessed Valuation</b>
<b>Public Utility (Real and Tangible Personal)</b>		
The Illuminating Company	Electric Utility	\$491,365,700
American Transmission	Transmission of Electricity	69,220,990
East Ohio Gas	Natural Gas	69,114,730
AT&T (a)	Telephone Utility	53,975,530
First Energy Corp.	Electric Utility	20,094,050
Norfolk Southern Combined	Telecommunications	17,721,550
Duck Creek Energy	Electric Utility	15,899,730
New Par	Telecommunications	14,867,710
Alltel Ohio Limited	Telecommunications	11,994,440
New Cingular Wireless PCS, LLC	Telecommunications	11,491,360
Columbia Gas of Ohio	Natural Gas	7,460,350
Sprintcom, Inc.	Telecommunications	7,115,840
Cleveland Unlimited, Inc.	Telecommunications	3,268,060
T Mobile Central, LLC	Telecommunications	2,367,070
Ohio Bell Telephone Company	Telecommunications	926,280

(a) Successor by merger to SBC Communications, Inc. that was successor by merger to Ohio Bell Telephone Company.

(b) Nature of Business assumed from best available information.

Approximately 60 other payers of real (other than public utility) property taxes levied by the County have properties with assessed valuations in excess of \$7 million. Values of Tangible Personal Property.

Pursuant to statutory requirements for sexennial reappraisals, in 2006 the County Auditor adjusted the true value of taxable real property to reflect current fair market values. These adjustments were first reflected in the 2006 duplicate (collection year 2007) and in the ad valorem taxes distributed to the County in 2007 and thereafter. The County Auditor is required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and has adjusted, taxable real property value

triennially to reflect true values. The true value of taxable real property was adjusted in 2009 for collection year 2010 and thereafter.

The “assessed valuation” of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

The 2005 State biennial budget bill (Am. Sub. H.B. 66, passed by the General Assembly and signed by the Governor in June 2005) phases out the taxation of all tangible personal property used in business (except for certain public utility tangible personal property) over four years, from collection year 2007 to, and including, collection year 2010. For collection year 2006, machinery and equipment, and furniture and fixtures, were generally taxed at 25% of true value, and inventory was taxed at 23%. These percentages were decreased as follows:

<u>Collection Year</u>	<u>Percentage</u>
2007	18.75%
2008	12.50%
2009	6.25%
2010	0.00%

Certain manufacturing machinery and equipment not previously (i.e. not prior to January 1, 2005) used in business in Ohio by its owner or certain related parties is not subject to tangible personal property taxation.

To compensate for foregone revenue as the tangible personal property tax is phased out, the State will make distributions to taxing subdivisions (such as the County) from revenue generated by a commercial activities tax. Generally, these distributions are expected to fully compensate taxing subdivisions for such tax revenue losses through 2010, with a phasing out of the reimbursement amount from 2011 through 2018 (for school districts). Reimbursements for tax losses relating to levies for voted debt service are generally to continue at 100% until the debt is retired, subject to a ½ mill threshold adjustment (for all fixed service levies). That adjustment generally requires real property taxpayers to absorb up to ½ mill of increased property taxes (in order to continue to generate a fixed dollar amount) due to the phase out of taxable personal property taxes. The State is to provide any necessary reimbursement above that amount. For taxes levied within the ten-mill limitation for debt service payments in collection year 2006, reimbursement will be made in full through collection year 2017, so long as the levy continues to be made for debt service payments. No reimbursement for foregone revenue from these debt service levies will be made in collection year 2018 and thereafter.

Public utility tangible personal property (with some exceptions) is currently assessed (depending on the type of property) from 25% to 88% of true value. Effective for collection year 2002, the assessed valuation of electric utility production equipment was reduced from 100% and natural gas utility property from 88% of true value, both to 25% of true value. Makeup payments in varying and declining amounts are to be made through 2016 to taxing subdivisions such as the County by the State from State resources.

The 2006-2007 State biennial budget bill included a reduction in the 88% assessment rate for electric utility transmission and distribution equipment to 85%, and a reduction in the 25% assessment rate for all electric company taxable property to 24%, commencing in tax year 2006. That legislation also provides for a phasing out of the taxation of all personal property used by telephone companies, telegraph companies, or interchange telecommunications companies by tax year 2011, with State reimbursement payments to be made in declining amounts through 2018.

The 2007 State biennial budget bill (Amended H.B. 119), passed by the General Assembly and signed by the Governor in June, 2007, made certain modifications to the taxation of telecommunication property as follows. The bill requires such properties are to be valued in the same manner as other public utility property as they were before 2007 and requires those companies to continue filing a single return with the Tax Commissioner under the Public Utility Property Law instead of each County Auditor where the property is located, even if that company has property in only 1 county. Further, the bill changes current law which requires property leased to a company to be taxed at 20% of its value in 2007 and decreasing by 5 percentage points through 2011 when it is no longer taxable, by specifying that the leased property is to be taxed at the same assessment percentage as is the general business property (12 ½% in 2007 and 6 ¼% in 2008) until the General Business Property Tax is completely phased out at the end of 2008 unless the property is used to render public utility service or is leased under a sale and lease back arrangement. Then in 2009 and 2010, such property is to be assessed at the phased-down percentage specified in the current law for such property (10% in 2009 and 5% in 2010) and the value of the property is to be determined in the same manner as property owned by those companies.

The first \$10,000 of taxable value of tangible personal property has been exempt from taxation. Other exempt personal property still requires reimbursement of any resulting reduced local collections from State sources, as referred to under Collections. Under the 2005 State biennial budget bill, the State reimbursement for its 2004 fiscal year was 90% of the fiscal year 2003 reimbursement amount, and the reimbursement for its 2005 fiscal year was 80% of the fiscal year 2003 reimbursement amount. This reimbursement was then to continue to be reduced in 10% increments in each successive fiscal year until the reimbursement was phased out entirely. The 2005 State biennial budget bill, however, accelerated the phase-out of this reimbursement such that no reimbursement payments are to be made after fiscal year 2009.

As described herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class.

These tax credits apply only to certain voted levies on real property, and do not apply to unvoted levies or voted levies to pay debt charges on general obligation debt. These credits are discussed further following Tax Table A.

Ohio law authorizes local municipalities, townships and counties to provide direct tax incentives in the form of real and/or tangible personal property tax exemptions to encourage new business investment projects and foster improved competitiveness of Ohio's businesses that create new and retain existing job opportunities in "enterprise zones." Twenty-six municipalities have created such areas within the County and require Board approval for exemption agreements. The cities of Cleveland and East Cleveland have also created such areas, but do not need prior Board approval for their exemption agreements.

Municipal corporations and counties may create "community reinvestment areas" in which ad valorem tax abatement may be granted for any increased property valuation resulting from improvements to real property in the form of new construction or remodeling of existing structures by the property owner. In such areas, residential, commercial or industrial facilities are eligible for those real property tax incentives. This program is designed to be controlled at the local level by the local legislative body, including control over the size and number of such "community reinvestment areas" as well as the number of years of tax abatement. Currently, there are 42 community reinvestment areas in the County.

The County does not believe that the creation of “enterprise zones” and “community reinvestment areas” has had or will have a material adverse effect on the County’s finances.

### **Tax Rates**

All references to tax rates under this caption are in terms of stated rates in mills per \$1.00 of assessed valuation.

The following are the rates at which the County and the overlapping taxing subdivisions levied ad valorem property taxes for tax year 2007 (collection year 2008).

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## TAX TABLE A

### Tax Rates Within the County

<u>Taxing District</u>	<u>School District</u>	<u>Effective Real Property Tax Rate</u>		
		<u>Total Rate(a)</u>	<u>Res./Agr.(b)</u>	<u>All Other(b)</u>
Bay Village	Bay Village	144.35	81.86	87.59
Beachwood	Beachwood	108.50	62.65	69.51
Beachwood	Warrensville Heights	115.40	76.16	92.44
Bedford	Bedford	114.80	80.58	89.84
Bedford Heights	Bedford	106.10	71.88	80.84
Bedford Heights	Orange	119.60	74.88	79.86
Bentleyville	Chagrin Falls	138.10	75.88	83.12
Berea	Berea	115.20	74.15	80.45
Berea	Olmsted Falls	132.20	79.96	81.14
Bratenahl	Cleveland	105.20	69.70	81.27
Brecksville	Brecksville	108.11	69.57	73.26
Broadview Heights	Brecksville	109.30	69.57	71.85
Broadview Heights	North Royalton	97.50	69.65	69.40
Brook Park	Berea	75.90	63.35	61.53
Brook Park	Cleveland	56.00	49.23	50.41
Brooklyn	Brooklyn	102.75	65.71	71.53
Brooklyn Heights	Cuyahoga Heights	94.45	60.06	73.01
Chagrin Falls Township	Chagrin Falls	130.40	69.61	75.42
Chagrin Falls Village	Chagrin Falls	140.80	80.01	85.82
Cleveland	Cleveland	102.40	68.06	81.07
Cleveland	Berea	110.70	73.71	79.58
Cleveland	Shaker Heights	205.40	110.49	134.70
Cleveland Heights	Cleveland Hts. - Univ. Hts.	175.60	100.44	114.08
Cleveland Heights	East Cleveland	130.10	69.61	97.69
Cuyahoga Heights	Cuyahoga Heights	56.00	49.23	50.41
East Cleveland	East Cleveland	130.30	76.03	97.49
Euclid	Euclid	127.10	82.48	104.17
Fairview Park	Fairview Park	132.20	90.46	94.45
Fairview Park	Berea	109.80	72.59	78.60
Fairview Park	Rocky River	118.70	76.61	89.24
Garfield Heights	Garfield Heights	107.80	94.57	92.78
Garfield Heights	Cleveland	118.40	84.06	97.07
Gates Mills	Mayfield	113.32	73.00	76.07
Glenwillow	Solon	99.40	64.95	73.59
Highland Heights	Mayfield	102.92	64.28	66.40
Highland Hills Village	Warrensville Heights	132.10	88.55	99.93
Hunting Valley	Orange	111.70	66.98	71.96
Independence	Independence	57.40	54.99	55.41
Lakewood	Lakewood	146.90	86.32	99.60
Linndale	Brooklyn	92.50	58.16	71.17
Lyndhurst	South Euclid – Lyndhurst	133.70	86.95	86.61
Maple Heights	Maple Heights	108.00	83.10	86.65
Mayfield Heights	Mayfield	106.22	64.45	66.86
Mayfield Village	Mayfield	108.92	70.28	72.40
Middleburg Heights	Berea	103.45	65.70	71.74
Moreland Hills	Chagrin Falls	136.50	75.71	81.52
Moreland Hills	Orange	113.90	69.18	74.16
Newburgh Heights	Cuyahoga Heights	109.20	73.38	86.34
North Olmsted	North Olmsted	119.80	80.27	82.96
North Olmsted	Olmsted Falls	129.30	81.12	81.87

<u>Taxing District</u>	<u>School District</u>	<u>Effective Real Property Tax Rate</u>		
		<u>Total Rate(a)</u>	<u>Res./Agr.(b)</u>	<u>All Other(b)</u>
North Randall	Warrensville Heights	116.20	76.37	93.24
North Royalton	North Royalton	96.30	69.24	69.23
North Royalton	Brecksville	108.10	67.27	71.67
Oakwood	Bedford	96.90	62.68	71.74
Olmsted Falls	Berea	137.50	79.53	81.91
Olmsted Falls	Olmsted Falls	131.20	77.97	78.51
Olmsted Township	Olmsted Falls	113.20	71.16	76.82
Orange	Orange	113.7	68.98	73.96
Orange	Warrensville	118.50	79.26	95.54
Parma	Parma	93.70	69.16	71.35
Parma Heights	Parma	96.60	72.53	74.60
Pepper Pike	Orange	114.00	68.15	75.01
Pepper Pike	Beachwood	116.10	71.38	76.36
Richmond Heights	Richmond Heights	120.20	75.96	77.36
Richmond Heights	South Euclid – Lyndhurst	139.20	89.89	89.60
Rocky River	Rocky River	117.80	75.94	88.42
Seven Hills	Parma	95.80	71.46	73.43
Shaker Heights	Shaker Heights	202.60	107.69	131.90
Solon	Solon	100.00	65.41	74.12
Solon	Orange	110.50	65.64	70.69
South Euclid	South Euclid – Lyndhurst	137.10	68.72	88.37
South Euclid	Cleveland Heights – Univ. Hts.	177.60	100.81	114.45
Strongsville	Strongsville	114.90	70.12	69.69
University Heights	Cleveland Hts. - Univ. Hts.	175.90	100.74	114.45
Valley View	Cuyahoga Heights	58.30	51.53	52.71
Walton Hills	Bedford	93.40	59.18	68.24
Warrensville Heights	Warrensville Heights	121.10	77.75	95.08
Warrensville	Orange	116.30	67.47	73.49
Westlake	Westlake	97.20	63.36	64.78
Woodmere	Orange	110.90	66.18	71.16

(a) Includes County-wide levies for the County, the Cleveland Metropolitan Park District, the Cuyahoga Community College District and the Cleveland-Cuyahoga County Port Authority, as well as levies for particular municipalities or townships, school districts, libraries and joint vocational school districts. (See **Tax Table B** that follows for a breakdown of the County and County-wide levies.)

(b) Effective real property tax rate after application of tax credits described below.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

The proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year.

Amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

The tax credit provisions do not apply to amounts realized from taxes levied at a rate required to produce a specified amount, such as for debt service on voted general obligation debt, or from taxes levied inside the ten-mill limitation or any applicable charter tax rate limitation. To calculate the reduced amount to be realized, a reduction factor is applied to the stated rates of the tax levies subject to these tax

credits. A resulting “effective tax rate” reflects the aggregate of those reductions, and is the rate at which real property taxes are in fact collected. As an example, the total overlapping tax rate of 102.40 mills for the 2010 tax collection year for the City of Cleveland-Cleveland Municipal School District is reduced by a reduction factor of 0.337480 or 34.34 mills for both residential and agricultural property and a reduction factor of 0.208337 or 21.23 mills for all other real property, which results in “effective tax rates” of 68.06 mills for residential and agricultural property and 81.07 mills for all other real property. See **Tax Table A**.

Real property tax amounts are generally further reduced by an additional 10% (12.5% in the case of owner-occupied residential property). The State biennial budget approved in 2005 bill eliminates the 10% “rollback” for certain commercial and industrial real property (while it remains for all other real property), effective for the 2006 tax collection year and thereafter. See **Collections** for a discussion of the reimbursement by the State for this reduction.

The following are the rates at which the County levied property taxes for the general categories of purposes in recent years both inside and outside the ten-mill limitation:

### TAX TABLE B

#### County Property Tax Rates – Voted and Unvoted(a)

Collection Year	Unvoted Levies Within 10-Mill Limitation				Voted Levies Outside 10-Mill Limitation		Voted Total	Total County voted and Unvoted
	General Fund (b)	Bond Retirement	Unvoted Total	Bond Retirement	Health and Human Services	Board of Developmental Disabilities		
2005	0.84	0.61	1.45	0.27	7.90	3.90	12.07	13.52
2006	0.74	0.71	1.45	0.27	7.90	3.90	12.07	13.52
2007	0.71	0.74	1.45	0.27	7.80	3.90	11.97	13.42
2008	0.71	0.74	1.45	0.27	7.80	3.90	11.97	13.42
2009	0.71	0.74	1.45	0.27	7.70	3.90	11.87	13.32
2010	0.90	0.55	1.45	0.27	7.70	3.90	11.87	13.32

(a) County-wide property taxes are also levied on behalf of certain major political subdivisions or governmental entities as shown below for tax collection year 2010:

Cleveland Metropolitan Park District – 1.85  
Cuyahoga Community College District – 2.80  
Cleveland-Cuyahoga County Port Authority – 0.13  
Cuyahoga County Library – 2.00

(b) Amounts levied reflect, in part, a temporary reduction in debt service levy requirements due to a transfer of unspent bond proceeds to the Bond Retirement Fund and a resulting temporary increase in millage available to the General Fund.

See the discussion of the ten-mill limitation, and the priority of claim on that millage for debt service on unvoted general obligation debt, under **County Debt and Other Long-Term Obligations – Indirect Debt and Unvoted Property Tax Limitations**. Only cities, villages, school districts, townships and regional transit authorities may, as may the County, levy ad valorem property taxes within the ten-mill limitation (subject to available statutory allocation of the 10 mills).

The following table presents certain information concerning the County’s voted property tax levies (except levies for voted bond issues):

<u>Voter Authorized</u>	<u>Millage Rate</u>		<u>Purpose</u>	<u>Last Collection Year</u>
	Levied for Current			
	<u>Collection Year</u>			
	<b>Res./Agr.</b>	<b>All Other</b>		
4.8 <sup>(a)</sup>	4.800000	4.800000	Board of Developmental Disabilities	2012
3.9	3.819067	3.627975	Board of Developmental Disabilities	Continuing
2.9 <sup>(a)</sup>	2.839819	2.697725	Board of Developmental Disabilities	2014

(a) Voters approved a renewal of this levy on March 4, 2010. Collection of the renewal will begin in 2011.

## Collections

The following are the amounts billed and collected for County ad valorem property taxes for recent tax collection years. "Billed" includes current charges, plus current and delinquent additions and less current and delinquent abatements. "Collected" includes collections of current "Billed" and of current and delinquent additions. "Current % Collected" is the percentage of current charges billed which is collected in the collection year billed. The figures shown include amounts for County property tax levies only, and do not include any County-wide property taxes levied on behalf of other political subdivisions or governmental entities, such as the Cleveland Metropolitan Park District, the Cuyahoga Community College District or the Cleveland-Cuyahoga County Port Authority.

### Ad Valorem Real Property and Public Utility Taxes

<b>Collection Year</b>	<b>Billed</b>	<b>Collected</b>	<b>Current % Collected</b>	<b>Delinquent</b>	
				<b>Current</b>	<b>Accumulated</b>
2002	\$332,833,780	\$310,724,329	93.36	\$17,534,984	\$30,031,647
2003	327,432,975	306,872,715	93.72	20,484,246	35,362,717
2004	316,118,814	296,612,924	93.83	18,547,318	32,135,074
2005	319,914,906	295,610,210	92.40	17,093,453	32,060,064
2006	339,922,479	317,758,480	93.47	19,139,166	37,672,405
2007	374,674,764	347,186,524	92.66	23,478,744	44,529,910
2008	374,370,916	347,263,076	92.86	23,146,494	47,930,210
2009	396,656,766	366,755,483	92.46	27,274,374	59,312,897

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### Ad Valorem Personal Property Taxes

Collection Year	Billed	Collected	Current % Collected	Delinquent	
				Current	Accumulated
2002	\$45,468,485	\$41,936,382	92.23	\$3,573,443	\$16,978,049
2003	40,440,248	38,961,479	96.34	1,480,847	17,996,699
2004	32,572,275	31,657,578	97.19	917,958	16,014,281
2005	32,457,954	31,345,678	96.57	1,114,992	17,308,638
2006	25,905,142	25,040,017	96.46	881,504	19,131,049
2007	19,494,700	18,768,970	96.28	729,252	19,640,707
2008	10,129,292	9,972,272	98.45	157,073	11,290,666
2009	1,211,487	1,210,140	99.89	1,524	14,141,793

Source: County Auditor.

Current and delinquent taxes and special assessments are billed and collected by County officials for all taxing subdivisions in the County. There is no one taxpayer which accounts for more than 5% of the delinquencies identified above for 2008 (excluding those taxpayers with delinquencies that are anticipated to be abated).

Included in the “Billed,” “Collected” and “Current % Collected” figures above are payments made from State revenue sources under two Statewide real property tax relief programs. Homestead exemptions are available for persons over 65 and the disabled. Payments to taxing subdivisions have been made in amounts equal to approximately 10% (12.5% with respect to owner-occupied residential property) of all ad valorem real property taxes levied, thereby reducing the tax obligations of real property owners in any given year by the applicable 10% or 12.5%. This State assistance reflected in the County’s tax collections for 2009 was \$9,945,564 for the elderly/disabled homestead payment and \$39,781,675 for the rollback payment. Also included in 2009 is \$31,840,694 received from the State as a reimbursement of reduced collections resulting from the partial exemption of tangible personal property used in business. Under State legislation enacted in 2004, such reimbursements were being phased out in 10% annual increments over ten years. The 2005 State biennial budget bill accelerated the phase-out of this reimbursement such that no reimbursement payments are to be made after 2009. However, the 2007 State biennial budget bill made certain changes to the Homestead Exemption eligibility and computation available in Ohio. First, the Homestead Exemption is now available for residences that are owned and occupied by persons who are elderly or disabled without regard to income as provided in prior law. The 2007 biennial budget bill also changed the manner in which the Homestead tax reduction is computed. Under the 2007 biennial budget bill, the homeowner is entitled to a tax reduction each year equal to the net amount of taxes due on \$25,000 in appraised value of a Homestead. The tax reduction is computed on the basis of the local effective tax rate. The 2007 biennial budget bill provided that the State will provide the Counties, through semi-annual payments, monies to reimburse them for this tax reduction. See **Ad Valorem Property Taxes – Assessed Valuation**.

#### **Delinquency Procedures**

The following is a general description of delinquency procedures under Ohio law, the implementation of which may vary in practice among the counties. Real estate taxes and special assessments not paid in the year due are charged a 10% penalty for each half-year the amount remains unpaid by the due date. Following the close of the second half collection, unpaid taxes are certified by the County Auditor’s office as delinquent. Interest accrues at the rate established by the Ohio Tax Commissioner in accordance with State law. A list of delinquent properties is then published. One year after such publication, those taxes and special assessments that remain unpaid are then certified to the

county prosecuting attorney who may begin foreclosure proceedings. Delinquent tangible personal property taxes are collected by the county treasurer's office through a notification procedure and judicial proceedings. Proceeds from delinquent property tax foreclosure sales are applied against the outstanding tax delinquencies and are distributed to the taxing subdivisions with other real property taxes.

Payment plans are available to delinquent taxpayers which provide for semiannual or monthly payments (over a maximum of five years). Property owners who comply with the terms of the payment plan avoid further interest charges. Upon default under a payment plan, the delinquent taxes may be sold as a tax lien certificate or referred to the county prosecuting attorney for foreclosure.

State legislation provides county treasurers authority to sell delinquent tax lien certificates. Private investors who purchase the tax lien certificates assume the lien position of the County and may charge up to 18% annual interest on the unpaid balance of the tax certificate. Holders of the tax certificate may initiate foreclosure action one year after the purchase of the tax certificate. Holders are also entitled to purchase tax certificates for any subsequent delinquent taxes on tax certificate parcels at 18% interest. Increased collection efforts, coupled with those tax certificate sales, have more than doubled the amount of delinquent taxes collected annually between 1996 and 2007. As required by law, the County deposits 5% of all delinquent taxes and assessments collected by the county treasurer into the delinquent tax and assessment collection fund (DTAC). These funds are available to the county treasurer and county prosecutor solely for the purpose of collection of delinquent taxes and assessments. Legislation passed June 30, 2007 by the Board of County Commissioners will permit a one-time use of up to \$3 million of DTAC funds for the County's Foreclosure Prevention Program.

The Ohio General Assembly passed new legislation, effective in April, 2009, allowing the formation of county land reutilization corporations (LRCs) under Section 1724 of Ohio Revised Code and authorizing LRCs to perform the duties of land reutilization under Section 5722 of Ohio Revised Code. The Board of County Commissioners adopted a resolution creating a county land reutilization corporation under this authority on April 9, 2009.

The Cuyahoga County Land Reutilization Corporation (CCLRC) was incorporated and began operations in May of 2009. The Board of Directors of the CCLRC is required to consist of the County Treasurer, two County Commissioners or their designees, the mayors of two County municipalities, and two representatives of the City. The CCLRC was established to act in concert with other local governments in the County to promote, develop, manage, and facilitate the reclamation, holding, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, and other real property. These objectives will be met by acquiring distressed properties for rehabilitation or demolition with eventual assembly and resale of cleared parcels.

The CCLRC's primary source of funding is from penalties and interest on property taxes and assessments that are not paid when due. The County Treasurer will advance the portion of these delinquencies that is expected to be collected to the various taxing districts, getting them their money sooner, but will allocate penalty and interest to the CCLRC; this is the primary revenue stream for the CCLRC. It will be supplemented by revenue from CCLRC resale of acquired properties to qualified buyers, and grants from foundations and other government programs.

### **General Fund Receipts From Ad Valorem Property Taxes**

County General Fund receipts from ad valorem property tax levies for tax collection years 2004 through 2009 and 2010 (projected), rounded to the nearest \$1,000, are shown below:

<b>Collection Year</b>	<b>General Fund Tax Rate(a)</b>	<b>Total Receipts</b>
2004	0.81	\$21,185,000
2005	0.84	21,845,000
2006	0.74	19,707,000
2007	0.71	19,962,000
2008	0.71	19,356,000
2009	0.71	18,569,000
2010(b)	0.90	22,068,000

(a) In mills per \$1.00 of assessed valuation. See **Tax Table B**.

(b) Projected.

## **OTHER MAJOR COUNTY GENERAL FUND REVENUE SOURCES**

Major sources of revenue to the General Fund in addition to ad valorem property taxes are discussed under this caption. Appendix A provides further information regarding other revenue sources for the General Fund and other funds.

### **Permissive Taxes**

State law authorizes counties to levy certain permissive taxes (sales and use, real property transfer, motor vehicle license and utilities services) without a vote of the people, subject to repeal by referendum (if the resolution levying the tax is not enacted as an emergency measure) or subject to repeal by initiative (if the resolution is adopted as an emergency measure). Any referendum or initiative is held only if requested by a petition signed by a specified percentage of voters and filed timely and in appropriate form. The Board may also submit the question of levying these taxes to a vote of the electors and, if approved at an election, they are not thereafter subject to repeal by voter-initiated action.

The County currently has in effect a sales and use tax, which became effective in 1969 and was increased in 1987, and a real property transfer tax and fee, which became effective in 1985, both of which provide revenues for the County's General Fund. The County also currently has in effect a motor vehicle license tax, in the amount of \$15 per vehicle. The proceeds of that tax are required to be used for the construction, maintenance and repair of streets and highways, including bridges. The County has not yet exercised its option to impose a utility service tax.

### **County Sales and Use Tax**

The County currently levies a 1% sales and use tax, half of which is imposed pursuant to resolutions adopted by the Board in 1969 and half of which is imposed pursuant to resolutions adopted by the Board in 1987. No portion of this sales and use tax is now subject to repeal by referendum or initiative. The tax is collected by the State and distributed monthly to the County. The County's sales and use tax receipts for the past five Fiscal Years and for Fiscal Year 2008 (projected), rounded to the nearest \$1,000, are shown below:

Fiscal Year	Rate	Total Receipts
2004(a)	1.0	\$165,408,000
2005(a)	1.0	168,989,000
2006(a)	1.0	168,653,000
2007(a)	1.0	171,761,000
2008(a)(c)	1.0	173,679,000
2009(a)(c)	1.0	154,738,000
2010(a)(b)(c)	1.0	157,843,000

- (a) Under State legislation, the base upon which this tax is levied was expanded effective in 2004.
- (b) Projected.
- (c) Does not include additional sales tax (.25%) discussed below.

Under State law, the Board has authority to adopt resolutions increasing the County sales and use tax by an additional .5% (up to an aggregate maximum of 1.5%) to provide revenue for the County's General Fund or for certain other purposes. Unless adopted as an emergency measure or with voter approval, any resolution increasing the rate would be subject to referendum by the electors. If adopted as an emergency measure, the resolution increasing the rate would be subject to repeal at a voter-initiated election. If repealed by the electors, the increased rate could not be reimposed pursuant to an emergency measure for one year from the date of the election.

On July 26, 2007 the Board of County Commissioners adopted, by a 2 to 1 vote, a resolution pursuant to Ohio statute to increase the County's sales tax from the rate of 1% to 1 ¼%. The purpose of this sales tax increase is to provide additional revenues for the County's General Fund. The tax rate increase is to be levied for a period of 20 years. The annual estimated additional monies to be derived from the tax is anticipated to be approximately \$39.1 million in 2010. As of July 1, 2010 \$100.8 million has been collected from the additional sales tax. Pursuant to the resolution, the tax become effective October 1, 2007. An effort to obtain sufficient signatures to place a referendum on the ballot putting the question of the sales tax increase to the voters of Cuyahoga County was unsuccessful.

The County has entered into a development agreement with Merchandise Mart Properties, Inc. ("MMPI") to develop a County Convention Center in conjunction with a privately-operated Medical Mart. The increase in the sales tax is expected to provide sufficient additional monies to the General Fund to allow the County to utilize certain of its non-tax revenues, in addition to other available revenues, to finance the cost of the Medical Mart and Exhibition Hall. The County has agreed to purchase the Cleveland Convention Center from the City of Cleveland and adjacent properties from other, private owners as the proposed site of the new Convention Center/Medical Mart; total purchase price for the real property will \$38,100,000. The County expects to begin the Convention Center/Medical Mart project in the last quarter of 2010. The County would lease the land to MMPI to construct the facility and sublease the facility from MMPI (or an affiliate); the County would enter into a further lease with an affiliate of MMPI to operate the facility when completed. The County continues to levy and collect the additional 0.25% sales tax that began effective October 1, 2007. For further discussion respecting the financing for this proposed Project, see **Future Financings**.

### **Real Property Transfer Tax**

The County currently levies a 3.0-mill real property transfer tax, an unvoted tax that was enacted in 1985 pursuant to a resolution of the Board. That tax is in addition to the 1.0-mill real property transfer fee imposed by State law. See **Nontax Revenues**. The County's real property transfer tax is not subject

to repeal or reduction by referendum or initiative. Real property transfer tax receipts for the past five Fiscal Years and for Fiscal Year 2010 (projected), rounded to the nearest \$1,000, are shown below:

<b>Fiscal Year</b>	<b>Amount Collected</b>
2004	\$15,962,000
2005	18,091,000
2006	16,043,000
2007	14,097,000
2008	9,963,000
2009	7,364,000
2010(a)	7,048,000

(a) Projected.

### **Local Government Assistance Funds**

Statutory State-level local government assistance funds are comprised of designated State revenues which are distributed to each county and then allocated on a formula basis (or, in some cases, on an agreed basis) among the county and cities, villages and townships and, in some cases, park districts in the county. County receipts from those funds after distribution to the various subdivisions for the past five Fiscal Years and for Fiscal Year 2010 (projected), rounded to the nearest \$1,000, are shown below:

<b>Fiscal Year</b>	<b>Amount Collected</b>
2004	\$38,526,000
2005	38,539,000
2006	38,572,000
2007	38,567,000
2008	38,002,000
2009	33,028,000
2010(a)	31,015,000

(a) Projected.

Eligibility for continued receipt of funding at current levels is based on compliance with certain State-mandated requirements, including, in the case of counties, the preparation and filing of reports and plans concerning consolidation, regional cooperation and cost containment efforts. The County is complying with those requirements, and has no reason to believe that it will not remain in compliance.

There can be no assurance as to the future levels of State local government assistance funding to counties. The level of that funding is subject to determination by the State General Assembly.

### **Nontax Revenues**

The County's nontax revenues (moneys not raised by taxation) include, but are not limited to, the following:

- Charges for services provided to the public and other political subdivisions and for various services provided to County departments and agencies that are paid from moneys in restricted funds of the County, including, among others, the 1.0-mill real property transfer fee imposed by State law, Recorder's fees for filings, Auditor's and Treasurer's fees for tax collection services, Clerk of Court's fees, election fees and fees for board and care of prisoners.

- Investment earnings on any funds of the County that are credited to the County's General Fund.
- Grants from the United States of America and the State.
- Fines and forfeitures.
- Fees from properly imposed licenses and permits.
- Payments in lieu of taxes now or hereafter authorized by State statute.
- Proceeds from the sale of assets.
- Rental income.
- Gifts and donations.

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The following table summarizes collections for the past five Fiscal Years and for Fiscal Year 2010 (projected), rounded to the nearest \$1,000, of certain of the more significant sources of County General Fund nontax revenues:

Year	Charges for Services(a)	Investment Earnings	Intergovernmental	Fines and Forfeitures	Other	Total
2005	\$46,210,000	\$16,522,000	\$ 5,420,000	\$ 7,651,000	\$ 4,452,000	\$ 80,255,000
2006	42,002,000	26,018,000	4,981,000	9,149,000	6,189,000	88,339,000
2007	50,787,000	30,385,000	5,087,000	11,327,000	16,206,000(e)	113,792,000
2008	50,137,000	29,659,000	5,896,000	10,823,000	9,106,000	105,621,000
2009	39,004,000	21,064,000	10,729,000	9,052,000	15,712,000	95,561,000
2010(f)	41,657,000	17,450,000(b)	12,300,000(c)	9,987,000	14,405,000(g)	95,799,000

(a) Includes real property transfer fees of \$6,030,000 in 2005, \$5,348,000 in 2006, \$4,699,000 in 2007, \$3,321,000 in 2008, \$2,455,000 in 2009, and \$2,349,000 (projected) in 2010.

(b) Decrease reflects, in part, declines in market interest rates and in the overall size of the County's investment portfolio.

(c) Reflects an expected decrease in Public Defender reimbursements from the State and a change in accounting resulting in reimbursements from the City for indigent defense being credited to a special revenue fund rather than the General Fund.

(d) Includes one time revenue of \$13 million from sale of MetroHealth property by County.

(e) Other sources include \$6.5million for sale of YDC property and \$4.4 million transfer from other County Funds.

(f) Projected.

(g) Other sources include one-time settlement of \$7 million.

See also the discussions under **Financial Matters – Investment and Management of County Funds**.

## COUNTY DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt, applicable debt and ad valorem property tax limitations, outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the County and supersedes and updates any contrary information in the County's Financial Statements.

As used in the discussions that follow, BANs refers to notes issued in anticipation of the issuance of general obligation bonds.

The County has issued certain industrial development revenue bonds for facilities used by private corporations or other entities, and hospital revenue bonds for facilities used by private non-profit hospital agencies, on none of which bonds is the County obligated in any way to pay debt service from any of its funds. Therefore, those bonds have been excluded entirely from the debt discussion and the tables that follow.

## **Security for General Obligation Debt**

The following describes the security for County general obligation debt.

Unvoted Bonds. The basic security for unvoted County general obligation bonds is the County's ability to levy, and its levy pursuant to constitutional and statutory requirements, of an ad valorem tax on all real and tangible personal property subject to ad valorem taxation by the County, within the ten-mill limitation described below. This tax must be in sufficient amount to pay (to the extent not paid from other sources), as it becomes due, the debt service on unvoted County general obligation bonds, both outstanding and in anticipation of which BANs are outstanding. The law provides that the levy necessary for debt service has priority over any levy for current expenses within that tax limitation; that priority may be subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion. See the discussion below, under Indirect Debt and Unvoted Property Tax Limitations, of the ten-mill limitation, and the priority of claim on it for debt service on unvoted general obligation debt of the County and all overlapping taxing subdivisions.

Voted Bonds. The basic security for voted County general obligation bonds is the authorization by the electors for the County to levy to pay debt service on those voted bonds, without limitation as to rate or amount, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the County. The tax is outside of the ten-mill limitation and is to be in sufficient amount to pay (to the extent not paid from other sources), as it becomes due, the debt service on the voted County general obligation bonds, both outstanding and in anticipation of which BANs are outstanding (subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion).

Bond Anticipation Notes. Ohio law requires, while BANs are outstanding, the levy of an ad valorem property tax in an amount not less than that which would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months from the date of issuance of the original notes (the maximum maturity for special assessment BANs is generally five years). Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period.



## Statutory Direct Debt Limitations

The Revised Code provides that:

The net principal amount of unvoted general obligation debt of the County, excluding “exempt debt” (discussed below), may not exceed 1% of the total value of all property in the County as listed and assessed for taxation. (The County’s current tax valuation is \$29,633,695,230.)

The net principal amount of both voted and unvoted general obligation debt of a county, excluding “exempt debt,” may not exceed a sum equal to 3% of the first \$100,000,000 of tax valuation plus 1-1/2% of the next \$200,000,000 of tax valuation plus 2-1/2% of the tax valuation in excess of \$300,000,000.

The County’s unvoted general obligation debt for its share of the costs of State highway improvements may not exceed one-half percent of that valuation. (The County currently has no debt outstanding for such improvements.)

These limitations, which are referred to as the “direct debt limitations,” may be amended from time to time by the General Assembly.

A county’s ability to incur unvoted debt (whether or not exempt from the direct debt limitations) also is restricted by the indirect debt limitation discussed below under Indirect Debt and Unvoted Property Tax Limitations.

Certain debt the County may issue is exempt from the direct debt limitations (exempt debt). (The County has some exempt debt (See **Debt Table A**).) Exempt debt includes, among others:

- Revenue debt;
- General obligation debt:
- For county, multicounty or multicounty-municipal jail, workhouse, juvenile detention or correctional facilities, or county or joint county solid or hazardous waste collection, transfer or disposal facilities, or resource recovery or recycling facilities, or educational service center facilities.
- That is “self-supporting” (that is, nontax revenues from the facility or category of facilities are sufficient to pay operating and maintenance expenses and related debt charges and other requirements) issued for facilities for county utility systems or facilities, parking, health care, recreation, sports, convention, museum and other public attractions, natural resource exploration, development, recovery, use or sale, corrections, restoration and related rehabilitation.
- For buildings to house county or municipal agencies, departments, boards and commissions, to the extent that revenues (other than revenues from unvoted county property taxes) derived from leases between the county and such agencies, departments, boards, commissions or municipal corporations are sufficient to cover all operating expenses paid by the county and debt charges.

- For highway and related facilities (including departmental computer systems) if the county has covenanted to pay debt charges and financing costs from motor vehicle fuel and license taxes.
- Issued in anticipation of the levy or collection of special assessments.
- Issued for certain permanent improvements if the county has covenanted to pay debt charges from certain dedicated sales tax revenues.
- For water or sanitary or storm water sewerage facilities to the extent that another subdivision has agreed to pay to the county amounts equal to debt charges.
- Voted for water or sanitary sewerage facilities to the extent that the outstanding voted debt for that purpose does not exceed 2% of the county's tax valuation.
- To pay final judgments or court-approved settlements, or to fund joint self-insurance pools.
- Debt issued in anticipation of the receipt of federal or State grants for permanent improvements, or to evidence loans from the State capital improvements fund or State infrastructure bank.
- Delinquent tax bonds.
- Notes issued in anticipation of the collection of current revenues or in anticipation of the proceeds of a specific tax levy.
- Notes issued to acquire voting machines and vote tabulation equipment, or for certain emergency purposes, or for certain energy conservation improvements.
- Debt issued for a port authority or municipal educational and cultural facility.

BANs issued in anticipation of exempt bonds also are exempt debt.

The County may issue debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority.

In the calculation of debt subject to the direct debt limitations, the amount of money in a county's bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt. Without consideration of money in the County's Bond Retirement Fund, and based on outstanding debt as of July 1, 2010 and current tax valuation, the County's voted and unvoted nonexempt borrowing capacities are:

	Limitation	Debt	Additional Borrowing Capacity Within Limitation
<b>3% + 1.5% + 2.5% =</b>	<b>\$739,342,381<sup>(a)</sup></b>	<b>\$252,805,563</b>	<b>\$486,536,818</b>
<b>1% =</b>	<b>296,336,952<sup>(b)</sup></b>	<b>232,525,563</b>	<b>63,811,389</b>
<b>1/2% =</b>	<b>148,168,476<sup>(c)</sup></b>	<b>-0-</b>	<b>148,168,476</b>

(a) Applicable to non-exempt voted and unvoted general obligation bonds/notes.

(b) Applicable to non-exempt unvoted general obligation bonds and notes.

(c) Applicable to unvoted general obligation debt county's share of the costs of State highway improvements.

See **Debt Table A**.

### **Indirect Debt and Unvoted Property Tax Limitations**

Voted general obligation debt may be issued by the County if authorized by a vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt service on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds. Voted obligations may also be issued by certain overlapping subdivisions.

General obligation debt also may be issued by the County (and by certain political subdivisions it overlaps) without a vote of the electors. This unvoted debt may not be issued unless the ad valorem property tax for the payment of the debt service on (a) those bonds (or the bonds in anticipation of which BANs are issued) and (b) all outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the County resulting in the highest tax required for such debt service, in any one year, is 10 mills or less per \$1.00 of assessed valuation. This indirect debt limitation, the product of what is commonly referred to as the "ten-mill limitation," is imposed by a combination of the provisions of the Ohio Constitution and the Revised Code.

The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by all overlapping taxing subdivisions without a vote of the electors. This 10 mills is allocated pursuant to a statutory formula among certain overlapping taxing subdivisions in the County, including the County. The entire 10 mills is currently being levied by the combination of the County and taxing subdivisions overlapping the County. The current allocation of the 10 mills (sometimes referred to as the "inside millage") in the City, the largest municipality in the County, is as follows: 1.50 mills for the County, 4.40 mills for the City, and 4.10 for the portion of the Berea City School District within the area of the City.

Present Ohio law requires the inside millage allocated to a taxing subdivision to be used first for the payment of debt service on its unvoted general obligation debt unless provision has been made for that payment from other sources, with the balance usable for other purposes. To the extent this inside millage is required for debt service of a taxing subdivision (which may exceed the formula allocation to that subdivision), the amount that would otherwise be available to that subdivision for general fund purposes is reduced. Because the inside millage that may actually be required to pay debt service on a

subdivision's unvoted general obligation debt may exceed the formula allocation of that millage to the subdivision, the excess would reduce the amount of inside millage available to overlapping subdivisions.

In the case of BANs, the highest annual debt service estimated for the anticipated bonds is used to calculate the millage required.

Revenue bonds and notes are not included in debt subject to the ten-mill limitation because they are not general obligations of the County, and the full faith and credit of the County is not pledged for their payment. Currently, the outstanding revenue bonds of the County are as follows:

#### Hospital Revenue Bonds

\$75,000,000 Hospital Improvement Bonds, Series 2009 issued by the Board of Hospital Trustees on behalf of the County to pay costs of various capital improvements.

\$26,885,000 Hospital Improvement Variable Rate Demand Revenue Bonds, Series 2003 (The MetroHealth System Project), issued by the Board of Hospital Trustees on behalf of the County to pay cost of constructing and equipping a new critical care pavilion and an administration building.

\$30,155,000 Hospital Improvement and Refunding Revenue Bonds, Series 1997, and \$60,605,000 Hospital Refunding Revenue Bonds, Series 1997A, issued by the Board of County Hospital Trustees on behalf of the County to finance improvements for other MetroHealth System facilities and to refund certain outstanding revenue bonds of the County originally issued in 1989 to finance improvements for The MetroHealth System facilities.

\$73,240,000 Hospital Improvement and Refunding Variable Rate Demand Revenue Bonds, Series 2005 (The MetroHealth System Project)(Series 2005 Bonds). Proceeds from the Series 2005 Bonds were used to advance refund \$56,995,000 of the outstanding Series 1999 Bonds scheduled to mature on February 25, 2029 issued by the Board of County Hospital Trustees on behalf of the County; to pay costs of constructing, renovating, furnishing, equipping and improving the south campus long-term care and skilled nursing facility.

#### Economic Development Revenue Bonds

\$8,240,000 Taxable Economic Development Revenue Refunding Bonds, issued for the County's Brownfield Redevelopment Fund, in 2004. See **Brownfield Redevelopment Fund Program and Other Economic Development Obligations**.

\$2,745,000 Tax-Exempt Economic Development Revenue Bonds, Series 2000A, issued to make a loan to finance a portion of the cost of improvements to the Shaker Square Complex. See **Brownfield Redevelopment Fund Program and Other Economic Development Obligations**.

\$79,565,000 Economic Development Revenue Bonds, issued for the Gateway Project in 1992, 1994 and 2004. See **Gateway Project Obligations**.

The indirect (ten-mill) debt limitation applies to all unvoted general obligation debt even if debt service on some of it is expected to be paid in fact from special assessments, utility earnings or other sources.

The highest debt service requirement in any year for all County debt subject to the ten-mill limitation is estimated to be \$40,286,069 in the year 2010. The payment of that annual debt service

would require a levy of 1.3595 mills based on current assessed valuation. Of this maximum annual debt service requirement, \$6,195,273 is expected by the County to be paid from sources other than ad valorem taxes, such as special assessments, utility revenues and federal subsidies.

In calculating whether or not unvoted debt to be issued by the County is within the ten-mill limitation, it is necessary to determine which combination of overlapping political subdivisions (including the County) has the highest outstanding debt service requirements within the ten-mill limitation.

There are 57 municipal corporations, two townships and all or portions of 33 school districts in the County. Thus to determine the highest overlapping debt service requirements for unvoted debt, it is necessary to examine the requirements for combinations of such overlapping subdivisions, including municipal corporations, townships and school districts.

At the present time, the City of Cleveland is the taxing subdivision in the County that, with its overlapping taxing subdivisions, has the highest potential millage requirements for debt service on unvoted general obligation debt. The total millage theoretically required by the City of Cleveland (8.0234 mills), the Berea City School District (0.6135 mill), the Greater Cleveland Regional Transit Authority (0.5867 mill) and the County (1.0570 mill) for their outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are outstanding) is 10.2806 mills for 2010, the year of highest potential debt service. There thus remains no ability by the overlapping entities to issue general obligation debt within the ten-mill limitation in 2010.

The ten-mill limitation is such that a relatively small issue by some other overlapping taxing subdivision with a small tax duplicate can encumber a significant amount of millage, thereby dramatically reducing the amount of unvoted general obligation debt that the County, as an overlapping subdivision, could issue. The deficit of 0.2806 mill is a result of the County and City issuing general obligation debt in 2009 compounded by a decrease in assessed valuation in the County for tax year 2009. Based on the current debt outstanding and holding property values constant outstanding debt in excess of \$22.5 million would have to be retired in order to return to a level at or below the ten mill limitation.

### **Debt Outstanding**

The Debt Tables attached list the County's outstanding debt represented by bonds and provide information with respect to County and overlapping general obligation debt allocations and debt service requirements on the County's outstanding general obligation debt and on County obligations payable only from non-tax revenues.

The County is not and has not been, in the last 50 years, in default in the payment of debt service on any of its bonds or notes or in a condition of default under the financing documents relating to any of its issues of revenue bonds; however, the County makes no representation as to the existence of a condition of default resulting from a default by any private entity under any financing documents relating to its industrial development or hospital improvement revenue bonds.

### **Bond Anticipation Notes**

When BANs are outstanding, they may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the County, or a combination of these sources.

### Rock and Roll Hall of Fame BANs

The County issued approximately \$10 million in BANs for the Rock & Roll Hall of Fame and Museum in May 2009. The proceeds from the County BANs were used to fund a portion of the construction of the \$31.5 million Rock Hall Library and Archives project. The County BANs were renewed in May 2010 and will be renewed in subsequent years of the project and eventually be paid off with funds generated from the existing 1.5% County Bed Tax. The County anticipates the BANs, interest and related cost of issuance will be retired by 2016 (See Debt Table D).

### **Gateway Project Obligations**

In 1990, County voters approved a referendum authorizing the County to impose an excise tax on sales of liquor, beer, wine and cigarettes. This tax was one of the revenue sources used to finance the Gateway Sports Complex located on a 28-acre site in downtown Cleveland (the Gateway Project). The Gateway Project includes Progressive Field (formerly Jacobs Field), Quicken Loans Arena (formerly Gund Arena), two parking garages and related common area improvements. The Gateway Economic Development Corporation of Greater Cleveland (Gateway), an Ohio nonprofit corporation, was organized to facilitate the financing, construction and operation of the sports facilities included in the Gateway Project under the terms of an agreement between it, the City and the County.

Various financing arrangements have been made for the Gateway Project, some of which continued to involve the support of the County as described below.

In 1990, Gateway issued on behalf of the City \$78,664,320 Senior Lien Excise Tax Bonds, 1990 Series A and B (the Senior Bonds), \$38,390,000 Subordinated Excise Tax Bonds (Cuyahoga County Annual Guaranty), Series 1990 (the Subordinated Bonds), and \$31,000,000 Stadium Revenue Bonds, Series 1990 (the Stadium Bonds), to pay costs of the construction of the Jacobs Field (now Progressive Field) baseball stadium. The Senior and Subordinated Bonds were retired in September 2005 and any County Guaranty Agreement with respect to those Bonds (upon which the County made no payment) terminated. In 1993, the County entered into a guaranty agreement with respect to the debt service on the Stadium Bonds pursuant to which the County agreed to pay from its nontax revenues debt service on the Stadium Bonds in 1994 and the subsequent years during which the Stadium Bonds were outstanding to the extent revenues from the excise tax and other revenues pledged by Gateway were insufficient for that purpose. In 1994 through 2007, the Board appropriated the amount necessary to pay all annual debt service on the Stadium Bonds; however, the County made no payment for that purpose in any of the years from 1994 through 2007 because other funds were sufficient and available. The maximum annual debt service on the Stadium Refunding Bonds Series A is \$3,255,000 in 2014. Principal of the Stadium Bonds has been and will be payable on September 15 in each of the years from 1994 through 2014. In 2004, Gateway issued its Stadium Revenue Refunding Bonds Series A and B (the Stadium Refunding Bonds) to refund the remaining outstanding Stadium Revenue Bonds. The County also entered into a guarantee agreement in connection with the issuance of the Stadium Refunding Bonds, pursuant to which the County agreed to pay from its nontax revenue debt service on the Stadium Refunding Bonds in 2005 and subsequent years during which the Stadium Refunding Bonds will be outstanding (through 2014). In 2010, the Board appropriated the amount necessary to pay all annual debt service on the Stadium Refunding Bonds. On September 15, 2008, the Outstanding Series B Refunding Bonds were paid in full and retired.

In 1992, the County issued (i) \$35,000,000 of Taxable Economic Development Revenue Bonds, Series 1992A (the 1992A Arena Bonds) and \$40,000,000 of Taxable Economic Development Variable Rate Revenue Bonds, Series 1992B (the Gateway Arena Project) (the 1992B Bonds) and loaned the proceeds of those Bonds to Gateway to pay a portion of the costs of the multi-purpose arena and common

area improvements included in the Gateway Project. In 1994, the County issued \$45,000,000 Taxable Economic Development Revenue Bonds, Series 1994 (Gateway Arena Project) (the 1994 Arena Bonds) and loaned the proceeds of those Bonds to Gateway to pay certain additional costs of the arena and common area improvements. In February 2004, the County issued its \$10,750,000 Taxable Economic Development Revenue Refunding Bonds, Series 2004A (Gateway Arena Project) and its \$19,200,000 Taxable Economic Development Variable Rate Revenue Refunding Bonds, Series 2004B (Gateway Arena Project) (collectively, the 2004 Arena Bonds and, together with the 1992A Arena Bonds and the 1994 Arena Bonds, the Arena Bonds) to currently refund the outstanding 1992B Bonds. The Arena Bonds are secured by a pledge by the County of the County's nontax revenues. Debt service on the Arena Bonds is to be paid from: (i) loan payments to be made by Gateway from Gateway's net revenues (none received to date or anticipated), (ii) certain payments made by Gateway or the Cleveland Cavaliers (the National Basketball Association franchise leasing the Arena), (iii) certain nontax revenues of the City amounting to \$387,921, made available pursuant to a cooperative agreement between the City and the County, (iv) certain money held by the bond trustee and earnings thereon and (v) to the extent those sources are not sufficient, the County's nontax revenues. Under the terms of the indenture securing the Arena Bonds, the County has agreed to appropriate and deposit into a pledged fund held by the bond trustee annually in each year while any of the Arena Bonds are outstanding an amount of its nontax revenues sufficient, together with other moneys deposited previously and remaining in that fund, to pay debt service on the Arena Bonds in that year. Debt service on the Arena Bonds to date has been paid principally from nontax revenues of the County, with some offset for moneys from the other pledged sources. Based on actual debt service on the \$61,995,000 of outstanding fixed rate Arena Bonds and estimated debt service on the \$19,200,000 of outstanding variable rate Arena Bonds (assuming an interest rate of 5.0% per year and annual principal payments of \$1,600,000 in each of the years from 2004 through 2022), the County now estimates that the annual debt service on the Arena Bonds will range from a high of approximately \$9,925,758 payable in 2013 to a low of approximately \$6,861,180 payable in 2023. The final maturity of the Arena Bonds is June 1, 2023. The County now expects that substantial portions of the debt service on the Arena Bonds will, in fact, continue to be paid from nontax revenues of the County. See **Debt Table E**.

The Arena Bonds are on a parity with the Brownfield Bonds as to the pledge of the County's nontax revenues. See **Brownfield Redevelopment Fund Program and Other Economic Development Obligations**.

The Gateway Project was completed in 1994 and all of its facilities have been in operation since that time. However, due to certain cost overruns, approximately \$21.5 million of Project costs owed to a number of contractors remained unpaid in 1995. In order to provide for those costs, in January 1996, Gateway borrowed \$11.5 million from the County and \$10 million from a commercial lending institution. Under the terms of its agreement with Gateway, the County is to be repaid, without interest, from certain net revenues remaining after payment of other obligations. At the present time, it is not anticipated that Gateway will have net revenues available to repay that loan from the County. The County also agreed to guaranty the loan Gateway obtained from the commercial banking institution and pledged for that purpose certain revenues anticipated to be received from the State. The commercial loan was retired in 1996 with moneys loaned to the County by the State, pursuant to legislation passed by the General Assembly, with the understanding that such moneys will be reimbursed to the State, without interest, in equal annual amounts by the City and the County over a 20-year period that began in 1997.

### **Brownfield Redevelopment Fund Program and Other Economic Development Obligations**

In 1998, the County issued \$15,465,000 of Taxable Economic Development Revenue Bonds, Series 1998 (the Original Brownfield Bonds) to provide the initial funding for the County's Brownfield Redevelopment Fund Program (the Brownfield Program). The Brownfield Program was established to

lend money to municipalities and private entities to assist with the payment of environmental costs associated with the cleanup and use of underused and abandoned commercial and industrial properties within the County. In 2004, the County issued its \$12,880,000 Taxable Economic Development Revenue Refunding Bonds, Series 2004C (Brownfield Redevelopment Fund Project) (the Brownfield Bonds), to refund the Original Brownfield Bonds. The Brownfield Bonds are secured by (i) a pledge of the County's nontax revenues, (ii) a security interest in certain net revenues of the Brownfield Program, (iii) the proceeds of additional bonds which are available to pay debt service, (iv) certain money held by the bond trustee and (v) all income and profit from the investment of the foregoing money. Under the terms of the indenture securing the Brownfield Bonds, the County has agreed to appropriate and deposit into a pledged fund held by the bond trustee annually in each year while any of the Brownfield Bonds are outstanding an amount of nontax revenues sufficient, together with other moneys deposited previously and remaining in that fund, to pay debt service on the Brownfield Bonds in that year. The County expects that a substantial portion of the debt service on the Brownfield Bonds will, in fact, be paid from nontax revenues of the County. The remaining debt service amounts to approximately \$1.25 million annually over the period from 2009 through 2018. The County plans to issue approximately \$23 million of new Brownfield Redevelopment Bonds in 2010.

The Brownfield Bonds are on a parity with the Arena Bonds as to the pledge of the County's nontax revenues. See Gateway Project Obligations.

The Cuyahoga County Board of Commissioners approved the creation of a \$13 million Cuyahoga County Commercial Redevelopment Fund (CRF) as part of the County's ongoing economic development efforts. Based on both the success and the basic structure of the Cuyahoga County Brownfield Redevelopment program, the CRF is focused on the reuse of vacant structures that have a blighting influence on a community. The buildings, often termed 'greyfields', may have obsolete floor plans, out of date infrastructure, asbestos or lead paint issues. The CRF is open to Cuyahoga County municipal corporations, private redevelopers, business and non-profit community development corporations (on behalf of for-profit projects). The County plans to issue Economic Development bonds to fund the program by the end of 2010 to cover the costs of the loan program. Anticipated debt service is expected to be \$1.3 million annually over the life of the bonds.

In 2000, the County issued \$2,855,000 of Tax-Exempt Economic Development Revenue Bonds, Series 2000A (the Shaker Square Bonds), for the purpose of making a loan to finance a portion of the cost of improvements to the Shaker Square Complex, a commercial shopping district. That \$21.6 million redevelopment project was to assist in revitalizing the surrounding neighborhoods. The Shaker Square Bonds are secured by (i) a pledge of the County's nontax revenues, and (ii) a pledge by the City of certain service payments from the owner of the complex. The debt service on the Shaker Square Bonds is to be paid from the nontax revenues of the County only to the extent that the service payments are insufficient for the purpose; however, the Board is to appropriate annually the amount to pay all of the annual debt service on the Shaker Square Bonds. In 2000 and 2001, the County in fact paid all of the annual debt service on these bonds. In 2002, the service payments received by the County partially met the debt service requirement, and in 2003 and 2004, the County received service payments sufficient to meet the debt service requirements in that year. The owners of Shaker Square requested a lowering of the assessed value of the complex in 2005 and reached settlement for tax years 2003 through 2005 for a reduction in value. The County expects, based on the valuation reduction the service payments will not cover the full amount of the debt service in subsequent years. An additional request for lowering the assessed value of the Complex was filed in 2006, and was approved. The County will be required to pay a portion of the annual debt service payments from nontax revenues based on its maximum annual guarantee of \$370,275. In 2009 this payment from the County was \$170,761.



The Shaker Square Bonds are subordinate to the Arena Bonds and the Brownfield Bonds as to the pledge of the County's nontax revenues.

### **Future Financings**

The County plans to issue additional debt or enter into long-term financial undertakings for economic development projects in 2010. These planned financings will fund a variety of capital improvements, economic development projects and refundings of existing debt.

In 2010 the County will be issuing \$36 million of bonds backed by its nontax revenues, consisting of \$23 million of Brownfield Bonds (2010 Series A) and \$13 million of economic development bonds for the Commercial Redevelopment Fund program (2010 Series B). See **Brownfield Redevelopment Fund Program and Other Economic Development Obligations**. The bonds issued for the Brownfield program will be used to fund the County's Brownfield revolving loan fund program (\$13 million) and the expenses incurred for asbestos abatement work (\$10 million) completed at the Ameritrust Building site. Annual debt service payments will be funded from project loan repayments and General Fund non tax revenues. Both the Series A and Series B bonds will mature in 2030.

An additional round of debt financing in 2010 will be used to refund a portion of the County's outstanding non tax revenue bonds for the Gateway Arena project and Shaker Square project. At present time the County expects to issue \$36.245 million (2010 Series C Bonds) in non tax revenue refunding bonds. The Series 2010C Bonds are being issued to refund the Series 1994 Bonds (maturities 2011-2012 and a Term Bond maturing in 2023) and the Series 2004B Bonds (maturities 2012-2022). The Series 2004B bonds are variable rate bonds and are currently held by the County Treasurer.

The County is refunding the Series 2000A Shaker Square project bonds with the 2010 Series D bonds (\$2.855 million). The Shaker Square bond debt service is funded with TIF payments in lieu of taxes and General Fund non tax revenues. The Shaker Square refunding bonds will mature in 2030.

In 2009 the County issued \$163.8 million in general obligation bonds to fund various capital improvements. The Series 2009 bonds were issued in three series and included traditional tax exempt bonds and portions of taxable Build America and Recovery Zone Economic Development bonds. The County does not anticipate issuing additional general obligation debt until 2012.

The County Treasurer intends to issue \$15 million in Current Year Delinquent Tax Collection Anticipation Notes (DTANs) in late 2010. The notes, issued under Chapter 133.082 of the Ohio Revised Code, will be used by the County Treasurer to advance to the taxing subdivisions of the County funds reflecting estimated receipts from delinquent real estate tax collections. Funding the estimated advances to taxing subdivisions with DTAN proceeds was authorized as part of the revisions to the Ohio Revised Code establishing the County Land Reutilization Corporation (see related paragraph under **Delinquency Procedures**). The notes are taxable and will have a maturity of eighteen months.

Cuyahoga County has teamed with Merchandise Mart Properties of Chicago to create a combination Medical Mart, fashioned after the successful Merchandise Mart in Chicago, and convention center in downtown Cleveland. The project will replace the 80-year old current convention center and renovate the public infrastructure on these key parcels in the heart of Cleveland's central business district. Cuyahoga County has agreed to purchase the existing convention center from the City of Cleveland and some adjacent necessary parcels from private owners to accommodate what has been estimated as a \$425 million project. A Development Agreement between the County and Merchandise Mart Properties was completed in April 2009 with planning and design on schedule to date. The County will utilize receipts

generated by an increase in its general sales tax and the proceeds of nontax revenue bonds to fund project costs. Project construction is expected to commence later in 2010 and be complete in 2013.

Cuyahoga County will own the land and lease it to Merchandise Mart Properties, who will own and operate all of the improvements for the life of the County's bond financing. Merchandise Mart Properties is acting as developer and has formed an operating company for the purpose of developing and operating the site (for purposes here, MMPI). MMPI will lease the facility to Cuyahoga County who will then sublease the facility back to MMPI. Ownership of the improvements will revert to Cuyahoga County upon the final maturity of the bonds.

Design is underway and on schedule for a project guaranteed maximum price contract to be executed on or about October 1, 2010. The construction project delivery system is fashioned after new state law authorizing development of a hybrid form of design-build arrangement providing for an umbrella construction agreement minimizing construction cost overrun risk on the project.

The County instituted a .25% general sales tax increase in October 2007. The increase generates approximately \$40 million in new tax revenue. Prior to bond financing, the County will have collected over \$100 million in cash for contribution to project costs. The basic business arrangement between the parties features the County selling bonds and providing the net proceeds to MMPI for project development pursuant to the County's powers under the Ohio Constitution and Ohio Revised Code Chapter 165. In addition, the County will pay rent of between \$45 million and \$47 million per year with the variance accounted for by annual inflationary increases that are subject to MMPI meeting certain performance goals. MMPI will make annual payments of \$36 million per year to the County notwithstanding the amount of funding and financing provided by the County. The County will maintain a leasehold mortgage on the improvements.

The County may use newly created bonding provisions adopted as part of the American Reinvestment and Recovery Act (ARRA) in conjunction with any of planned bond issues. The County was allocated \$20 million in Recovery Zone Economic Development bonding authority and \$74 million in Recovery Zone Facility bonding authority. The allocations received by the County will be employed within the planned bond issues for Medical Mart. An evaluation of funding needs, timing and impact on net interest cost will be conducted in order to determine the best application of these bonding provisions.

### **Long-Term Financial Obligations Other Than Bonds and Notes**

The County has entered into twelve loan agreements with the Ohio Environmental Protection Agency (Ohio EPA) pursuant to which the Ohio EPA provided funds to the County for the renovation of the County Sanitary Engineer's office building and for certain County sewage collection facilities. Those loans, which were outstanding in the aggregate principal amount of \$8,989,417 at December 31, 2009, bear interest at rates up to 4.18% per year and are each to be retired in equal semiannual installments of principal and interest over 20-year periods, the last of which will end in 2027. Repayment of two of the loans commenced in 1996, and repayment of the others commenced in 1999. The payments on those loans are to be made from revenues of the County's sewer system.

The County has entered into four loan agreements with the Ohio Public Works Commission pursuant to which the Commission provided funds to the County for the construction of sewage collection facilities and sewer lines. Those loans were outstanding in the aggregate principal amount of \$585,573 at December 31, 2009, bear no interest and are to be retired in equal semiannual principal installments over 20-year periods, the last of which will end in 2019. The payments on these loans are to be made from revenues of the County's sanitary sewer system.

The County has entered into approximately 64 operating lease agreements for various purposes. The aggregate annual rental payments under those agreements for 2009 totaled approximately \$4.3 million. The terms of all of these agreements are for six years or less. The County has also entered into approximately 62 capital lease agreements for various purposes. The aggregate annual rental payments under those agreements for 2009 totaled approximately \$6.8 million. The terms of these agreements are for 30 years or less. The County has also entered into two internal service capital leases for equipment with aggregate payments for 2009 totaling \$126,929.

## **Retirement Obligations**

Present and retired employees of the County, other than the teachers for the Board of Developmental Disabilities (BODD), are covered under the Ohio Public Employees Retirement System (OPERS), a statewide public retirement (including disability retirement) system.

Employees covered by OPERS contribute at a statutory rate of 10.0% of earnable salary or compensation, and the County contributes 14.0% (actuarially established for OPERS) of the same base, except for uniformed employees of the Sheriff's Department for whom the County contributes at a rate of 17.4% of the same base. OPERS reports a \$18.2 billion unfunded actuarial accrued pension liability (both State and local government employees, but excluding health care) at December 31, 2008, down from \$2.6 billion at December 31, 2007. This represents an increase of nearly \$15.6 billion from the unfunded actuarial liability of \$2.6 billion at December 31, 2007. While OPERS' most current valuation (December 31, 2008), shows a funded status of 75.3%, this represents a decrease from the 2008 actuarial valuation 96.3%. Early estimates indicate the 2009 funded status could be in the range of 73%-75%.

BODD teachers are covered by a statewide public retirement (including disability retirement) system. The State Teachers Retirement System (STRS) covers all teachers, principals, supervisors and administrators who are required to hold a certificate issued by the State Department of Education.

Employees covered by STRS contribute at a rate of 10.0% of earned compensation, and the County contributes 10.4% (the current statutory maximum) of the same base. STRS reports that as of July 1, 2008, its total unfunded actuarial accrued liability was approximately \$18.2 billion, up from \$14.5 billion as of July 1, 2007. STRS projected that unfunded accrued liability, using present rates, would be fully funded in approximately 41.2 years. There are currently 134 County Board of Developmental Disabilities employees covered by STRS.

Federal law requires County employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, County employees who are covered by OPERS or STRS are not currently covered under the federal Social Security Act.

The County's current employer contributions to OPERS are treated as current expenses and included in the County's operating expenditures.

OPERS and STRS are not now subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

Both OPERS and STRS are created by and operate pursuant to Ohio law. The General Assembly could determine to amend the format and revise rates or methods of contributions and benefits or benefit levels.

See the Discussions in Note F in **Appendix B** of accrued unpaid sick leave and vacation benefits.

## LEGAL MATTERS

The County is a party to various legal proceedings seeking damages or injunctive or other relief, including a lawsuit described under **CHANGE IN COUNTY GOVERNMENT STRUCTURE** and generally incidental to its operations. These proceedings are unrelated to any outstanding County debt or the security for any outstanding County debt. The ultimate disposition of these proceedings is not now determinable, but will not, in the opinion of the County Prosecuting Attorney, have a material adverse effect on any outstanding County debt or the security for any outstanding County debt or the operating revenues of the County.

Since 1980, the County has been self-insured against all liability claims made against it. During the period from 1992 through 2004, the aggregate amount paid to satisfy such claims and judgments was approximately \$6,503,085. In Fiscal Years 2005, 2006, 2007, 2008 and 2009 the County paid \$793,649, \$335,615, \$182,870, \$528,111, and \$855,596, respectively, for that purpose. The total claim paid from 1992 through 2009 was \$9,198,926. In 2005, the County became self-insured for motor vehicle liability claims as well. The County accounts for its self-insurance program within the General Fund. The County believes that the amounts of claims and judgments that it will be required to pay in this year will not materially exceed the amount appropriated to the self insurance fund for the Fiscal Year 2010 (\$3,989,000.00<sup>2</sup>).

Under current Ohio law, County moneys, accounts and investments are not subject to attachment to satisfy tort judgments in State courts against the County.

On July 28, 2008, agents of the Federal Bureau of Investigation and the Internal Revenue Service executed search warrants at certain County government offices and, as reported by various media sources, at the homes of certain County officials and the business offices of certain private contractors in connection with an investigation into alleged government corruption (the "Investigation"). In addition, subpoenas for the production of documents were issued to the government offices of a County Commissioner, the County Auditor, the County Engineer and the County Information Services Office for the production of documents. The County has complied and continues to comply with the subpoenas. To the knowledge of the County, as of the date of this Annual Information Statement, five former County employees have been charged by information in United States District Court, and have pled or are expected to plead guilty to federal corruption charges, including bribery: Santina ("Sandy") Klimkowski, Deputy Cuyahoga County Auditor; Dennis Dooley, Auditor's Office employee; John Kevin Kelley, Cuyahoga County G.I.S. Project Manager; Kevin F. Payne, former Chief of Staff, Cuyahoga County Engineer's Office; Daniel P. Gallagher, former County Engineer's Office employee and Daniel Weaver, former Director of the Information Services Center. In addition, officials of various vendors and contractors doing business with the County have been charged with similar crimes. The Investigation is ongoing and it is anticipated that additional individuals and entities will also be charged.

The County has engaged independent counsel to investigate the effect of the Investigation and the criminal charges on the County's financial position. Based on that review and the review of representatives of the County Prosecutor's office, as of the date of this Annual Information Statement, the County does not believe that the Investigation, or any criminal charges or convictions resulting from the Investigation, would have a material adverse affect on the financial position of the County.

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<sup>2</sup> This number is based on the Prosecutor's list of 2010 claims and judgments.

## **RATINGS ON OUTSTANDING DEBT**

Fitch Ratings (Fitch), Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Ratings Services (S&P) have assigned their municipal bond ratings of "AA+," "Aa1" and "AA+," respectively, to all of the County's outstanding uninsured general obligation bonds. No application for a rating has been made to any other rating agency. The County's outstanding BANs are not rated.

Moody's assigned its rating of "Aa2" to the County's outstanding fixed rate Arena Bonds and its Brownfield Bonds in February 2004. The variable rate Arena Bonds are rated VMIG-1 by Moody's.

The ratings reflect only the respective views of the rating agencies, and any explanation of the meaning or significance of the ratings may only be obtained from the respective rating agency. The County furnished to each rating agency certain information and materials, some of which may not have been included in this Annual Statement, relating to the County and its outstanding obligations. Generally, rating agencies base their ratings on such information and materials and on their own investigation, studies and assumptions. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the County's outstanding obligations.

The County expects to furnish the rating agencies with information and materials that they may request. However, the County assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on outstanding obligations.

## **CONCLUDING STATEMENT**

To the extent that any statements made in this Annual Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of those statements have been or will be realized. Information in this Annual Statement has been derived by the County from official and other sources and is believed by the County to be accurate and reliable. Information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

[Signature Page Immediately Follows]

This Annual Statement has been prepared and delivered by the County and executed for and on behalf of the County by its officers identified below.

COUNTY OF CUYAHOGA, OHIO

By: /s/ Jimmy Dimora  
County Commissioner

By: /s/ Timothy F. Hagan  
County Commissioner

By: /s/ Peter Lawson Jones  
County Commissioner

And By: /s/ Frank Russo  
County Auditor

Dated: August 6, 2010

## DEBT TABLE A

### Principal Amounts of Outstanding Debt; Leeway for Additional Debt Within Direct Debt Limitations

	Total Assessed Valuation of the County	\$29,633,695,230
A.	Total outstanding debt, as of July 1, 2010:	\$705,635,000
B.	Exempt debt:	
	<b>Category</b>	<b>Outstanding Principal Amount</b>
	General obligation bonds issued in anticipation of the collection of special assessments	\$ 7,350,000
	Revenue bonds issued for hospital improvements	265,885,000
	Revenue bonds issued under Revised Code Chapter 165 payable from nontax revenues	93,035,000
	Self-supporting general obligation bonds issued for utility (sewer system) improvements	540,000
	General obligation bonds issued for the acquisition, construction and equipping of a port authority educational and cultural facility	15,775,000
	General obligation bonds issued for the acquisition, renovation and equipping of structures for County correctional facilities	70,244,437
	Total exempt debt:	452,829,437
C.	Total nonexempt debt (A minus B):	252,805,563
D.	1% of assessed valuation (unvoted nonexempt debt limitation):	296,336,952
E.	Total unvoted nonexempt debt outstanding:	232,525,563
F.	Debt leeway within 1% unvoted debt limitation (but subject to indirect debt limitation) (D minus E):	63,811,389
G.	3%, 1½% and 2½% of assessed valuation (3% of 1st \$100,000,000, 1½% of next \$200,000,000, and 2½% of amount in excess of \$300,000,000 of assessed valuation) (voted and unvoted nonexempt debt limitation):	739,342,381
H.	Total nonexempt debt outstanding:	252,805,563
I.	Debt leeway within 3%, 1½% and 2½% debt limitation (G minus H):	486,536,818

## DEBT TABLE B

### Various County and Overlapping General Obligation (GO) Debt Allocations (Principal Amounts)

Political Subdivision	Outstanding Indebtedness(a)(b)	Percentage Allocable to County(c)	Portion of Debt Borne by Properties Within the County
The County	\$ 320,250,000	100.00%	\$ 320,250,000
All Cities wholly within the County	1,076,605,617	100.00%	1,076,605,617
All Villages wholly within the County	47,633,784	100.00%	47,633,784
All Townships wholly within the County	2,355,000	100.00%	2,355,000
All School Districts (S.D.) wholly within the County	790,354,065	100.00%	790,354,065
Greater Cleveland Regional Transit Authority	163,025,000	100.00%	163,025,000
Olmsted Falls City S.D.	21,731,747	96.78%	21,031,985
Strongsville City S.D.	14,554,528	99.79%	14,523,963
Chagrin Falls Exempted Village S.D.	23,719,980	62.18%	14,749,084

(a) General obligation debt as of July 1, 2010.

(b) General obligation debt exempt from statutory debt limitations is nevertheless included in this table.

(c) Determined, on a percentage basis, by dividing the amount of the assessed valuation of that territory of the political subdivision which is within the boundaries of the County by the total assessed valuation of the political subdivision.



## DEBT TABLE C

### Debt Service Requirements on General Obligation Debt 2010 through 2034

Calendar Year	Total Debt Service <sup>(a)</sup>	Portion of Anticipated to be Paid From:		
		Unlimited Ad Valorem Taxes	Limited Ad Valorem Taxes	Other Sources <sup>(b)</sup>
2010	\$44,140,530.45	\$6,741,275.00	\$31,203,982.72	\$6,195,272.73
2011	38,061,311.00	6,744,037.50	28,252,770.14	3,064,503.36
2012	38,428,018.50	6,738,912.50	28,625,662.05	3,063,443.95
2013	36,555,007.50	6,740,900.00	26,948,571.12	2,865,536.38
2014	28,917,494.00	--	26,044,233.77	2,873,260.23
2015	28,877,573.25	--	26,013,712.01	2,863,861.24
2016	27,833,846.25	--	25,070,619.79	2,763,226.46
2017	27,834,333.40	--	25,068,158.65	2,766,174.75
2018	27,856,108.05	--	25,171,387.65	2,684,720.40
2019	27,016,119.80	--	24,346,248.70	2,669,871.10
2020	27,055,415.70	--	24,385,466.00	2,669,949.70
2021	19,046,133.70	--	16,462,324.66	2,583,809.04
2022	19,048,755.40	--	16,467,503.16	2,581,252.24
2023	17,411,737.40	--	14,919,069.32	2,492,668.08
2024	17,248,888.20	--	14,756,426.92	2,492,461.28
2025	12,142,226.50	--	9,800,463.44	2,341,763.06
2026	12,175,212.40	--	10,312,446.50	1,862,765.90
2027	12,007,763.20	--	10,309,674.92	1,698,088.28
2028	11,819,826.50	--	10,308,596.10	1,511,230.40
2029	11,624,994.60	--	10,307,350.02	1,317,644.58
2030	11,427,664.10	--	10,310,604.76	1,117,059.34
2031	11,216,929.90	--	10,307,772.04	909,157.86
2032	10,997,490.30	--	10,303,716.06	693,774.24
2033	10,773,741.90	--	10,303,074.80	470,667.10
2034	10,539,779.60	--	10,300,290.14	239,489.46

<sup>(a)</sup> The net operating revenues of the County's sanitary sewer system are expected to be sufficient in 2010 and subsequent years to pay all debt charges on debt issued to finance sewer system improvements. Additionally, the County has entered into an agreement with Orange Village and the City of Solon under which such municipalities are to pay the debt service on \$1,500,000 of the County's outstanding general obligation bonds issued for sewer system improvements.

<sup>(b)</sup> Other sources include special assessments, sanitary system revenues, advanced refunding escrow payments, and federal subsidy payments.

## DEBT TABLE D

### Outstanding General Obligation Bond Anticipation Notes

These BANs, or the bonds they anticipate, are reflected in Debt Tables A, B and C.

General Purpose of Issue	Principal Amount	Due	Estimated Bond Maturity Years	<u>Original Notes</u>	
				Year of Issuance	Principal Amount
Construction and Library Archives	\$10,150,000	5/14/2011	20	2010	\$10,000,000

The ability of the County to retire BANs from the proceeds of the sale of either bonds or renewal BANs will dependent upon the marketability of those obligations under market conditions prevailing at the time of that sale. Under present laws applicable to the County, there is no statutory maximum interest rate applicable to those bonds or renewal BANs.

## DEBT TABLE E

### Debt Service Requirements on Nontax Revenue Obligations 2010 through 2030

<b>Fiscal Year</b>	<b>Debt Service on Brownfield Obligations</b>	<b>Debt Service on Gateway Obligations<sup>(a)</sup></b>	<b>Debt Service on Shaker Square Obligations</b>	<b>Projected Total Debt Service</b>
2010	\$1,245,145	\$ 9,723,389	\$210,625	\$11,179,159
2011	1,244,958	9,718,264	218,769	11,181,991
2012	1,246,450	9,362,193	221,238	10,829,881
2013	1,245,055	9,925,758	218,538	11,389,351
2014	1,244,800	9,608,633	220,838	11,074,271
2015	1,245,318	9,293,383	222,631	10,761,332
2016	1,247,215	9,234,623	219,256	10,701,094
2017	1,245,840	9,200,193	215,881	10,661,914
2018	1,245,983	9,176,803	212,506	10,635,292
2019	0	9,142,238	336,938	9,479,176
2020	0	9,104,598	344,450	9,449,048
2021	0	9,066,543	370,275	9,436,818
2022	0	9,030,353	363,906	9,394,259
2023	0	6,861,180	366,694	7,227,874
2024	0	0	368,131	368,131
2025	0	0	368,219	368,219
2026	0	0	150,669	150,669
2027	0	0	153,075	153,075
2028	0	0	144,975	144,975
2029	0	0	156,538	156,538
2030	0	0	147,088	147,088

<sup>(a)</sup> Assumes Gateway variable rate bonds bear interest (including liquidity fees at an annual average rate of 5.50%)

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## APPENDIX A

### Comparative Cash Basis Summary of General Fund Receipts and Expenditures (Unaudited) for Fiscal Years 200 through 2009 and Projected for Fiscal Year 2010 (in thousands of dollars)

	2005	2006	2007	2008	2009	2010 (Projected)
Cash balance at January 1 <sup>(a)</sup>	121,551	136,630	124,542	146,696	182,230	213,850
Adjustment for Additional Sales Tax					(42,143)	(38,977)
<b>Adjusted Cash Balance</b>	<b>121,551</b>	<b>136,630</b>	<b>124,542</b>	<b>146,696</b>	<b>140,087</b>	<b>132,730</b>
Encumbrances and Preencumbrances	(14,823)	(22,598)	(21,446)	(21,112)	(17,321)	(15,654)
Cash Adjustments	325		1,925	2,293		(1,399)
Adjustment for Additional Sales Tax					42,143	38,977
<b>Total Adjusted Cash Balance</b>	<b>107,053</b>	<b>114,032</b>	<b>105,021</b>	<b>127,877</b>	<b>164,909</b>	<b>154,654</b>
<b>Receipts:</b>						
Property Taxes <sup>(b)</sup>	21,845	19,707	20,237	19,355	18,933	22,068
Sales And Use Tax	168,990	168,654	171,761	215,821 <sup>(h)</sup>	193,275 <sup>(h)</sup>	197,379 <sup>(h)</sup>
Other Taxes	7	6	6	4	4	4
State Local Government Assistance Funds	38,539	38,573	38,723	38,002	33,029	31,015
Licenses And Permits	86	86	78	69	67	92
Charges For Services <sup>(c)</sup>	65,261	63,154	66,765	62,633	46,409	50,101
Fines And Forfeitures	7,565	9,063	11,249	10,754	8,985	11,230
Investment Earnings	16,522	26,018	30,385	29,659	21,064	17,450
Other Intergovernmental	9,290	8,942	9,622	12,718	17,877	19,421
Misc	1,966	2,443	13,655 <sup>(d)</sup>	1,797	9,969	15,047
Operating Transfers In	1,144	612	1,062	2,222	6,000	0
<b>Total Receipts</b>	<b>331,215</b>	<b>337,258</b>	<b>363,543</b>	<b>393,034</b>	<b>355,612</b>	<b>363,807</b>
<b>Expenditures</b>						
Gen Gov	52,463	58,442	56,783	69,515	61,400	63,425
Judicial	233,336	245,011	253,859	260,832	235,843	235,106
Development	5,244	5,062	6,205 <sup>(e)</sup>	2,408	3,744	4,054
Social Service	6,182	5,349	5,970	6,178	6,838	5,945
Health and Safety	1,273	11,091 <sup>(f)</sup>	1,195	1,254	334	383
Misc	1,777	1,230	1,407	1,146	1,942	7,730
Other Financing Uses	23,961	20,084	15,268 <sup>(g)</sup>	14,669	13,623	6,559
<b>Total Expenditures</b>	<b>324,236</b>	<b>346,269</b>	<b>340,687</b>	<b>356,002</b>	<b>323,724</b>	<b>323,202</b>
Cash Balance at December 31	136,630	124,542	146,696	182,230	213,850	276,379
Adjustment for Additional Sales Tax				(42,143)	(38,977)	(39,350)
<b>Adjusted Cash Balance<sup>(i)</sup></b>	<b>136,630</b>	<b>124,542</b>	<b>146,696</b>	<b>140,087</b>	<b>132,730</b>	<b>133,985</b>
Encumbrances and Preencumbrances	(22,598)	(21,446)	(21,112)	(17,321)	(15,654)	(8,102)
Cash Adjustments		1,925	2,293		(1,399)	
Adjustment for Additional Sales Tax				42,143	38,977	39,350
<b>Total Adjusted Cash Balance<sup>(i)</sup></b>	<b>114,032</b>	<b>105,021</b>	<b>127,877</b>	<b>164,909</b>	<b>154,654</b>	<b>154,655</b>

- (a) The following amounts were reserved for encumbrances as of December 31 in each of the years enumerated: \$22,597,582 in 2005, \$21,445,725 in 2006, \$21,112,121 in 2007, \$17,320,703 in 2008; 15,654,200 in 2009 and an estimated \$8,102,000 will be reserved for encumbrances as of December 31, 2009.
- (b) Receipts from property taxes within the ten-mill limitation levied for the General Fund. The rates levied for this purpose were 0.84 in 2005, 0.74 in 2006, 0.71 in 2007, 0.71 in 2008, 0.71 in 2009 and .90 in 2010.
- (c) Includes all receipts (4 mills) from the County's real property transfer tax and fee as well as other charges for services collected by County. See **Other Major County General Fund Revenue Sources**.
- (d) Increase in revenue due to sale of MetroHealth Skilled East Property to Cuyahoga Community College in December 2007. See **Health--County Services and Responsibilities**.
- (e) Increase in development due to additional economic development programs approved in 2006 budget.
- (f) Increase due to one-time \$10 million subsidy payment made to MetroHealth Hospital. See **Health -- County Services and Responsibilities**.
- (g) Decrease is due to a lower level of General Fund subsidies for health and human services resulting from the availability of new revenue from the shift of human service expenditures in the General Fund to the HHS Levy Fund.
- (h) Sales Tax includes collections from additional 0.25% increase that was effective October 1, 2007. Collections in 2008 were \$42,142,525, \$38,977,134 is projected to be 39,350,000 in 2010.
- (i) Ending balance excludes revenue from additional 0.25% sales tax deposited in the General Fund.
- (j) Adjusted cash balance incorporates adjustments included in the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget Actual General Fund ( Non GAAP Basis) include in the 2008 Audited Financial Statements of the Country.

## **APPENDIX B**

### **BASIC FINANCIAL STATEMENTS FOR FISCAL YEAR 2007 AND 2008**

The County's 2007 Audited Basic Financial Statements and 2008 Audited Basic Financial Statements will be available upon approval of the release of such statements from the County's independent auditors and the Auditor of the State of Ohio. When available, the County will file such information with the Municipal Securities Rulemaking Board at [www.emma.msrb.org](http://www.emma.msrb.org) ("EMMA") and the Ohio State information depository, the Ohio Municipal Advisory Council, and the Financial Statements will be available on the website of the Auditor of the State of Ohio.

The 2007 and 2008 Basic Financial Statements, respectively, present financial and other information only as of the dates and for the periods set forth therein. Neither the independent public accounting firm nor the Auditor of State has undertaken any review or procedures with regard to the Basic Financial Statements or any other County financial statements or financial information, as of any date or for any periods beyond the periods set forth therein, and reference to the Basic Financial Statements in this Annual Informational Statement shall not create any implication to the contrary.

The County's audited Basic Financial Statements for Fiscal Year 2008 are the most recent audited financial statements of the County. The related independent auditors' report of the independent public accounting firm engaged by the County and the Auditor of State for the audit are included in the County's Comprehensive Annual Financial Report for Fiscal Year 2008, which has been filed with EMMA at [www.emma.msrb.org](http://www.emma.msrb.org), the Ohio State Information Depository, and the Ohio Municipal Advisory Council, and is available on the State of Ohio Auditor's website.

Certain information in the Basic Financial Statements, including without limitation certain information with respect to debt, debt limitations and ratings, is updated and superseded by information in this Annual Statement.

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