

**CUYAHOGA COUNTY LAND REUTILIZATION CORPORATION**  
**Responses to Questions on RFP for Bond Underwriting Services**  
**August 3, 2009 (REVISED August 7, 2009)**

*1. Is the page limit twenty (20) or twenty-five (25) pages?*

The limit is 25 pages.

*2. Will the revenues of the CCLRC be backed by the GO of the County?*

The CCLRC revenues are not backed by Cuyahoga County in any fashion; the proposed debt offering is a straightforward revenue bond.

*3. Is the revenue stream dedicated or is it subject to annual appropriation?*

The revenue, subject to the County Treasurer's early advance of taxes, is dedicated to the CCLRC pursuant to ORC 321.341(C) and ORC 321.263; the funds are received by the CCLRC by way of an administrative transfer by the Board of County Commissioners as part of the budget process and should not be subject to risk of non-appropriation.

*4. Can detail be provided on the \$7 million of delinquent tax penalty collections from the past years and is there legislation that gives these collections to the CCLRC?*

The \$7 million net amount referenced in the RFP which is available for debt service on the Series 2009 Bonds is comprised of the following: 1) penalties for late payment of current year first half real property taxes, and 2) penalties and interest on current year delinquent real property taxes paid after the close of the second half (a late real estate tax payment is not considered delinquent until after the close of the second half payment period, which usually occurs in July of each year). The actual amount of current year certified delinquencies has been in the range of \$74.9 million to \$84.1 million over the last three years. Please refer to the ORC sections cited above regarding the legislative authority for the penalties and interest on these collection amounts being dedicated to the activities of the CCLRC.

*5. Is it anticipated that the financing will qualify for credit enhancement, particularly the variable rate component?*

Yes.

*6. In the event collections dramatically improve or deteriorate, such that penalties go down, or legislation reduces penalties or provides amnesty for late payers, do you contemplate any backup form of security?*

No; potential variances in future year collections will need to be addressed structurally in the bond documents and/or through ancillary reserves.

*7. Are you aware of similarly secured financings?*

Pursuant to the legislation passed in late 2008 (Sub. S.B. 353) and signed into law in January 2009 (effective April 9, 2009), Cuyahoga County is the only county in the State of Ohio currently eligible to create a county land reutilization corporation at this time; the Series 2009 Bonds will be the first debt

offering of this new corporation.

8. *To the extent there have been any, what was the result of discussions with rating agencies?*

No discussions have been held with the rating agencies to date.

9. *Have there been underwriters involved in the structuring of this transaction to date?*

No.

10. *How were we selected to receive this RFP? How many others have received it?*

The list of RFP recipients is comprised of bond underwriting firms active in the State of Ohio; the RFP was sent directly to approximately forty (40) firms in addition to being posted on the web site of the CCLRC.

11. *One question in the RFP asks for a great deal of information on all of the negotiated transactions over \$25 million senior managed by our firm since January 1, 2007, with a breakdown of retail vs. institutional on each. If that information is not tracked or readily available, can selected examples be provided instead to demonstrate our retail and institutional capabilities?*

Respondents should attempt to address the RFP questions in the format requested to the best of their respective abilities.

12. *Is it acceptable to respond to the question regarding criminal and civil issues by simply referring to the FINRA database?*

No.

### **AUGUST 7, 2009 ADDITIONS**

13. *After a property is acquired/rehabilitated by CCLRC and then sold to a third party, what happens to the sale proceeds?*

Sale proceeds would remain with the CCLRC and are expected to be reinvested into its program activities and operational reserves.

14. *Since the CCLRC can waive fines, is it correct to assume that property sold by CCLRC will not have a base price equal to the penalties and interest that was due at the time CCLRC acquired the property?*

Assuming that by "CCLRC can waive fines" you mean that prior tax delinquencies, including accumulated penalties and interest, on CCLRC acquired property will be abated upon acquisition by the CCLRC, the answer is yes; the property may be sold for more or less than the prior tax delinquencies.

15. *Is there a current funds flow for how the program would work and how debt service would be funded?*

It is projected that approximately \$7 million will be made available to the CCLRC pursuant to the procedures outlined in ORC 321.341(C) and ORC 321.263, to be pledged and to serve as the repayment source for debt service on the Series 2009 Bonds.

*16. Considering the existing revenue source, does the CCLRC anticipate the need to capitalize interest and, if so, for how long?*

The CCLRC anticipates capitalizing interest on the Series 2009 Bonds for a period of one year.

*17. What kind of coverage ratio has the CCLRC assumed in their bond sizing projections?*

The CCLRC is expecting feedback from RFP respondents on this structural component as well as others (e.g., required reserves, additional bonds test, etc.).

*18. Why is a portion of the financing taxable?*

Under the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated with respect thereto, not all of the CCLRC's program activities are permitted to be funded from the proceeds of a tax-exempt issue. Program activities not permitted to be funded from the proceeds of a tax-exempt issue will be funded from a taxable issue.

*19. To clarify a previously answered question, is it anticipated that the financing will qualify for bond insurance on the fixed rate portion? Have there been any discussions with insurance providers?*

In consultation with the selected underwriter(s), the CCLRC anticipates pursuing bond insurance on the fixed rate portion. No discussions have been held to date with potential providers.