

Medina County Commissioners

County Administration Building

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Dear Public Officials,

County Courthouse Expansion Project and CY09 Budget

It has come to our attention that recent articles in local newspapers reporting projected shortfalls in the CY09 General Fund Budget have caused several county officials to support postponing the courthouse expansion and renovation project. While we understand some of the stated concerns with potential pay cuts and layoffs of county employees this year, there will be a significant amount of fiscal discipline required for all county offices and departments in the next several years, regardless of whether this project goes forward or not. In fact, if the project is postponed, our analysis of the funding issues reveals that it will be even more difficult and decidedly more costly for the county to proceed with construction in subsequent years.

Our four judges have already told us in writing that the courthouse is over-crowded; many of its facilities are inadequate and no longer meet the needs of present-day Medina County. The staffs of the Clerk of Courts are likewise severely constrained by the lack of space for clerical work and document storage. Department after department within the courthouse complex, as well as the general public and attorneys conducting business at the courthouse, have complained for years about the need for expansion and renovation. Last but not least, the architectural and structural features of the old courthouse and mechanical systems (heating, ventilation and cooling systems) are near systematic failure. Waiting is not an affordable or reasonable option for the Board of Commissioners.

If the public officials in the courthouse could significantly revise downward their anticipated space requirements in the courthouse expansion project, then the Board of Commissioners and Project Architect can take that into consideration in down-scaling the proposed project. Obviously, that could provide some reduction in total project costs and potential savings in long-term operational expenses. However, it would not result in less demand on the county general fund budget this year or next.

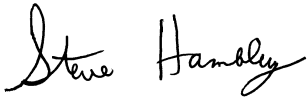
We have attached a Funding Fact Sheet prepared by County Administrator Chris Jakab that outlines the main reasons why, from a primarily financial standpoint, the county would be better served in proceeding with the county courthouse expansion and renovation project as planned. As outlined, the principal benefits to the county in proceeding are:

- General Obligation Bonds and inside millage used in financing the debt
- CY09 Budget shortfall would not be lessened by postponing or canceling the project
- Cost of short-term borrowing will save county funds
- Cost of construction will be significantly less this year
- Benefits from private-sector job creation and local economic stimulus

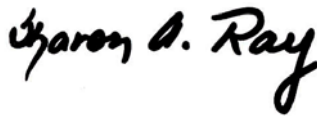
It would be a great disservice to the public interest and dishonest to our constituents if the Board of Commissioners made the decision to postpone the courthouse project this year based on the assertion that it “just looks bad” during a recession. The decision has to be made rationally and based on all the facts at hand.

As always, we look forward to working with our fellow elected officials to use county tax dollars wisely in meeting the needs of our residents.

Respectfully,
Medina County Board of Commissioners

A handwritten signature in black ink that reads "Steve Hambley". The letters are cursive and fluid.

Stephen D. Hambley

A handwritten signature in black ink that reads "Sharon A. Ray". The letters are cursive and fluid.

Sharon A. Ray

COUNTY COURTHOUSE EXPANSION PROJECT:
FUNDING FACT SHEET

	Issue	Facts
	Financing Method	<p>Project would be financed through the issuance of general obligation bonds, with principal and interest payments provided through current inside millage now utilized for other bond projects; these other bond issues will be retired in the years 2009 (Jail, Prosecutor Office Bldg), 2010 (Engineering Ctr), and 2016 (Admin. Bldg, Professional Bldg); current millage used for these other projects will then be applied to new Courthouse bond payment requirements; no proposed increase in millage distribution to bond retirement fund, thus no proposed decrease in millage distribution to general operating fund; this phase-in approach to financing County projects has allowed the County to maintain a very low overall debt ratio, and has allowed for successful project funding over the last several decades.</p>
	CY09 Budget Shortfall	<p>Proceeding with the Courthouse project now will have no fiscal impact whatsoever on the County's general operating fund; the CY09 budget shortfall, and the extent thereof, is a fiscal issue that must be dealt with in the same manner and depth regardless of whether the Courthouse project moves forward or is delayed (see financing method facts above). General operating fund expenditure and staffing cuts are necessary now; cancellation or postponement of the Courthouse project does not mitigate the need for budget reductions in CY09.</p>
	Cost of Borrowing	<p>It is estimated that the current, annual interest rate for the issuance of one-year bond anticipation notes for Medina County (AA rated) for this project is 1.25%. This represents an approximate \$100,000 savings on interest costs based on previous rates for similar issues (\$13,000,000 note issue; previous rate estimated at 2.00%).</p>
	Cost of Construction	<p>The current Courthouse project budget now includes a per square foot construction cost estimate of \$225. Previous project estimates were based upon \$275 per square foot. Weakening markets for steel and concrete, in addition to other materials, allows the County to save approximately \$1,875,000 in total construction costs by proceeding with the project now.</p>

COUNTY COURTHOUSE EXPANSION PROJECT:
FUNDING FACT SHEET

	Issue	Facts
	Job Creation	The County's investment in the Courthouse project will not only provide for required and long sought additional office and court space for the County's court system, it will also and importantly provide the opportunity for the creation of jobs for the County's residents and taxpayers during the current national economic downturn. Moving forward with this infrastructure investment now will create local economic benefits during a time when they are most needed.

COURTHOUSE EXPANSION
PROJECT:
LEVEL DEBT

PRINCIPAL \$13,400,000.00
INTEREST RATE 4.00%
TERM 25 YEARS

YEAR	OUTSTANDING PRINCIPAL AMOUNT	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL ANNUAL PAYMENT	LESS INSIDE MILLAGE REV. AVAILABLE	CUMULATIVE FUNDING BAL.
2010	\$0.00	\$0.00	\$0.00	\$0.00	\$531,323.00	\$531,323.00
2011	\$13,400,000.00	\$0.00	\$536,000.00	\$536,000.00	\$665,819.00	\$661,142.00
2012	\$13,400,000.00	\$0.00	\$536,000.00	\$536,000.00	\$672,477.00	\$797,619.00
2013	\$13,400,000.00	\$360,000.00	\$536,000.00	\$896,000.00	\$679,202.00	\$580,821.00
2014	\$13,040,000.00	\$370,000.00	\$521,600.00	\$891,600.00	\$685,994.00	\$375,215.00
2015	\$12,670,000.00	\$380,000.00	\$506,800.00	\$886,800.00	\$692,854.00	\$181,269.00
2016	\$12,290,000.00	\$385,000.00	\$491,600.00	\$876,600.00	\$699,783.00	\$4,452.00
2017	\$11,905,000.00	\$410,000.00	\$476,200.00	\$886,200.00	\$908,718.00	\$26,970.00
2018	\$11,495,000.00	\$435,000.00	\$459,800.00	\$894,800.00	\$917,805.00	\$49,975.00
2019	\$11,060,000.00	\$455,000.00	\$442,400.00	\$897,400.00	\$936,161.00	\$88,736.00
2020	\$10,605,000.00	\$475,000.00	\$424,200.00	\$899,200.00	\$954,885.00	\$144,421.00
2021	\$10,130,000.00	\$495,000.00	\$405,200.00	\$900,200.00	\$973,982.00	\$218,203.00
2022	\$9,635,000.00	\$515,000.00	\$385,400.00	\$900,400.00	\$993,462.00	\$311,265.00
2023	\$9,120,000.00	\$535,000.00	\$364,800.00	\$899,800.00	\$1,013,331.00	\$424,796.00
2024	\$8,585,000.00	\$555,000.00	\$343,400.00	\$898,400.00	\$1,033,598.00	\$559,994.00
2025	\$8,030,000.00	\$575,000.00	\$321,200.00	\$896,200.00	\$1,054,270.00	\$718,064.00
2026	\$7,455,000.00	\$595,000.00	\$298,200.00	\$893,200.00	\$1,075,355.00	\$900,219.00
2027	\$6,860,000.00	\$625,000.00	\$274,400.00	\$899,400.00	\$1,096,862.00	\$1,097,681.00
2028	\$6,235,000.00	\$680,000.00	\$249,400.00	\$929,400.00	\$1,118,799.00	\$1,287,080.00
2029	\$5,555,000.00	\$710,000.00	\$222,200.00	\$932,200.00	\$1,141,175.00	\$1,496,055.00
2030	\$4,845,000.00	\$740,000.00	\$193,800.00	\$933,800.00	\$1,163,999.00	\$1,726,254.00
2031	\$4,105,000.00	\$775,000.00	\$164,200.00	\$939,200.00	\$1,187,279.00	\$1,974,333.00
2032	\$3,330,000.00	\$800,000.00	\$133,200.00	\$933,200.00	\$1,211,024.00	\$2,252,157.00
2033	\$2,530,000.00	\$810,000.00	\$101,200.00	\$911,200.00	\$1,235,245.00	\$2,576,202.00
2034	\$1,720,000.00	\$840,000.00	\$68,800.00	\$908,800.00	\$1,259,950.00	\$2,927,352.00
2035	\$880,000.00	\$880,000.00	\$35,200.00	\$915,200.00	\$1,285,149.00	\$3,297,301.00
Totals		\$13,400,000.00	\$8,491,200.00	\$21,891,200.00		

*issue to be dated 12/01/10
Avg. Annual Payment \$875,648.00

Courthouse Construction Project: Affordability Estimate

Expiring Debt Issues:

<u>Bldg.</u>	<u>CY09 Tax Rev. Used</u>	<u>Final Payment Yr</u>
Jail	\$468,743	2009
Eng. Ctr.	\$117,663	2010
Prosecutor	\$62,580	2009
Admin./Prof.	\$210,473	2016
2010	\$531,323	(=.12 mills)
2011-2015	\$648,986	(=.14 mills)
2016	\$859,459	(=.18 mills)

Assessed Valuation Estimates:

<u>Year</u>	<u>Amount</u>	<u>.14 Mill Revenue*</u>
2009	\$4,662,142,840	\$652,700
2010	\$4,708,764,268	\$659,227
2011	\$4,755,851,911	\$665,819
2012	\$4,803,410,430	\$672,477
2013	\$4,851,444,534	\$679,202
2014	\$4,899,958,980	\$685,994
2015	\$4,948,958,570	\$692,854
2016	\$4,998,448,155	\$699,783

<u>Year</u>	<u>Amount</u>	<u>.18 Mill Revenue*</u>
2017	\$5,048,432,637	\$908,718
2018	\$5,098,916,963	\$917,805
2019	\$5,200,895,303	\$936,161
2020	\$5,304,913,209	\$954,884
2021	\$5,411,011,473	\$973,982
2022	\$5,519,231,702	\$993,462
2023	\$5,629,616,336	\$1,013,331
2024	\$5,742,208,663	\$1,033,598
2025	\$5,857,052,836	\$1,054,270
2026	\$5,974,193,893	\$1,075,355
2027	\$6,093,677,771	\$1,096,862
2028	\$6,215,551,326	\$1,118,799
2029	\$6,339,862,353	\$1,141,175
2030	\$6,466,659,600	\$1,163,999
2031	\$6,595,992,792	\$1,187,279
2032	\$6,727,912,648	\$1,211,024
2033	\$6,862,470,901	\$1,235,245
2034	\$6,999,720,319	\$1,259,950
2035	\$7,139,714,725	\$1,285,149