Cincinnati Oversight Project

April 25, 2026

Davenport & Company LLC
Attention: Public Finance
One James Center
901 East Cary Street
Suite 1100
Richmond, VA 23219 via email

Dear Davenport Team:

The Cincinnati Oversight Project is writing ahead of your next presentation to the Cincinnati City Council on debt capacity and affordability.

We appreciated your April 6 presentation, especially your point that even a small drop in the City's credit rating could cost taxpayers millions of dollars over time. That was important to hear.

At the same time, your presentation raised a few basic questions that would be helpful for the public to better understand before the City makes future borrowing decisions. To that end, perhaps your upcoming presentation could address the following questions:

1. What does the $18 million estimate really mean?

You explained that a one-notch downgrade could increase borrowing costs and potentially add more than $18 million in interest over time.

Could you explain whether that applies to all of the City's debt, or just future borrowing; and how likely that scenario is?

A simple explanation of how that estimate works in practice would be helpful.

2. What actually puts the City at risk of a downgrade?

Your presentation explained that credit ratings depend on things like balanced budgets, financial discipline, and avoiding one-time fixes for ongoing costs. Are you able to identify any current practices that could move the city in the wrong direction?

3. How do current City decisions factor into your analysis?

Your presentation focused mostly on high-level concepts such as balanced budget, financial discipline, etc. It would be helpful to understand how those concepts apply to financial decisions that are being made today by the council and administration.

For example, how funds are allocated during the budget process; how capital dollars are being used; and what long-term commitments the City is taking on.

<u>Examples of Current Practices</u>

To help illustrate the types of questions raised above, we note a few recent or ongoing practices that may be relevant:

- The use of one-time or highly flexible funding sources, including federal ARPA funds, to support ongoing programs or expenditures;
- Adjustments made during the budget process by the Mayor and City Council that modify initial grant funding recommendations, where the rationale for those changes is not made clear to the public.
- The use of capital budget funds for projects that may be more programmatic or based on economic development policy, rather than traditional long-term infrastructure or other capital assets, e.g. the convention center hotel.

We offer these examples simply to provide context and to better understand how such practices are considered, if at all, in evaluating the City's financial position and borrowing capacity.

4. How much room does the City actually have to borrow more?

As you prepare to discuss "debt capacity and affordability," this is likely the key question for both Council and the public. In plain terms: How close is the City to the point where additional borrowing could become a problem?

5. Independent Review of the Process

It is my understanding that in some cases, governments undertake independent reviews or audits of their capital planning and borrowing processes—not just the financial results, but also how decisions are made.

In general terms, it would be helpful to understand:

- Whether independent review of these processes can provide value; and
- Whether such reviews can help strengthen transparency, financial discipline, or long-term decision-making.

Your upcoming presentation will play an important role in shaping decisions that affect Cincinnati taxpayers for many years. Explanations of these issues would help the public understand both the risks and the tradeoffs involved.

These questions are based on observations COP has previously shared publicly regarding the City's financial practices. COP would welcome the opportunity to provide additional context or clarification, if helpful.

Thank you for your time and for your work on behalf of the City.

Sincerely,

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