

November 14, 2013

Hamilton County Board of Commissioners
Hon. Chris Monzel – President
Hon. Greg Hartmann – Vice President
Hon. Todd Portune
138 East Court Street
Room #603
Cincinnati, OH 45202

Re: Cincinnati Museum Center (CMC) Levy request

Dear Honorable Board:

Based on a request from the Cincinnati Museum Center (CMC), the Hamilton County Tax Levy Review Committee (TLRC) conducted a review of CMC's proposal that the Hamilton County Commissioners place on the May, 2014 ballot a five year levy that would generate approximately \$ 15 Million in tax revenue. In the course of its review the TLRC analyzed CMC's operations, engaged the Benefactor Group consultants to conduct an operational review of CMC, toured the CMC facility at Union Terminal, met with CMC staff, and conducted an open Public Hearing during which testimony was heard from 8 individuals. Additionally, the TLRC reviewed several items including: the prior 2 Levy submittals from CMC, the prior 2 Levy Contracts between the CMC and Hamilton County, and prior reports from CR Architects relative to the condition of the Union Terminal building.

There are several commendable items of note:

1. The CMC staff, led by its CEO Doug McDonald, does an excellent job of running all 4 segments of the Museum Center (the Children's Museum, the Omnimax Theatre, the Natural History Museum, and the History Museum).
2. Mr. McDonald and his staff have improved operating efficiencies, and enhanced non-museum revenue, while at the same time improving CMC's standing in the Museum-Community as a quality institution of which our Community should be proud.
3. As was requested in prior Levy agreements, CMC has increased its endowment from \$19.8 million in 2010, to \$27.1 Million today-with an additional \$11.2 million in restricted endowment.
4. Not including the cost of maintaining Union Terminal, without benefit of Levy dollars – on its own revenue, CMC is economically self-sustaining. This is of significant importance to TLRC as one of our goals is to encourage similar organizations in our Community to strive to be economically self-sufficient. We applaud CMC for its efforts in this regard.

There are three (3) issues the TLRC has struggled with during this review: (i) this is the 3rd Levy that CMC has requested. In both of the prior Levies, CMC agreed that it would not seek another Levy, and its prior funding was specifically predicated upon the condition that CMC would not seek an additional Levy after its current Levy expires; (ii) in the prior 2 Levy Agreements, and during prior discussions with TLRC, the CMC agreed to put a plan in place to fund necessary repairs to Union Terminal – due to many circumstances, this has failed to occur; and (iii) absent a plan to fund the well-documented repairs necessary to operate the Museum at Union Terminal, TLRC believes that continuing to fund “patchwork” repairs is not an economically sound plan.

Therefore, after much discussion and review, the TLRC recommends that the Board of Commissioners approve CMC’s request for placement of a new Levy on ballot – however, TLRC recommends that the Levy be placed conditionally on the November 2014 ballot, not the May 2014 ballot. TLRC’s rationale for suggesting the November ballot is for 2 primary reasons: (1) the November ballot is the standard cycle for current levies expiring at year-end 2014, and (2) if this TLRC is to recommend something that prior TLRC’s have specifically precluded (i.e. granting an additional Levy) then we believe that the CMC needs to show significant progress toward resolving the main condition of prior funding – specifically that CMC establish a specific, achievable plan to repair and restore Union Terminal. To achieve that goal, TLRC’s recommendation for placement on the November, 2014 ballot is specifically conditioned on certain items being accomplished prior to July 18, 2014 (“the Levy Approval Conditions”). If all of the following Levy Approval Conditions are not satisfied prior to July 18, 2014, the CMC Levy would not be placed on the ballot. The Levy Approval Conditions are as follows:

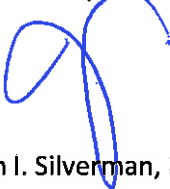
1. In conjunction with the CMC, and the City of Cincinnati, Hamilton County shall form a Task Force to ascertain and approve the necessary plans and cost for renovation and ongoing upkeep of Union Terminal.
2. The Union Terminal building has only housed the Museum Center for 26 years, and the building previously operated for several uses including a shopping complex. Mr. McDonald and his staff have been forced to operate a top quality Museum AND be stewards of an aging building whose condition has rapidly declined. TLRC believes that these 2 endeavors (operating a successful Museum and maintaining the historic Union Terminal) should be segregated. Therefore, ownership of Union Terminal should be transferred from its current owner to a to-be-formed entity who will have responsibility for renovating and operating the Union Terminal facility. The new entity should be structured in a fashion that maximizes its potential for funding necessary improvements, and will enter into a long-term lease with the CMC.
3. 100% of the funds required for repair and ongoing upkeep of the Union Terminal building shall have been identified or committed. TLRC anticipates that funding will be from a combination of public and private sources including, but not limited to: corporate and individual sponsors, Federal and State grants, historic and new market tax credits, the City of Cincinnati, and Hamilton County.

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One of the specific goals of Hamilton County Levy funding, is that our levies should be the funding source of last resort. By conclusion of the current levy, Hamilton County citizens will have funded close to \$70 million in Museum improvements. TLRC is proud of the funding that Hamilton County citizens have provided to the Museum Center and Union Terminal, but believes that further funding (a) should be oriented toward a long-term solution, and (b) should be provided by multiple public and private sources. The Conditions outlined above achieve both of these goals.

The TLRC is comprised of 11 individuals who all believe that the Museum Center is one of the great assets of our Region, and it should be treated as such. We also believe that the Union Terminal building is a historic landmark with intrinsic value that should be maintained, visited, studied, and enjoyed for generations to come. TLRC recognizes that these 2 institutions have been linked by their Landlord and Tenant relationship – however, we believe that both must be viable in their own right. The status quo is not a satisfactory option for either the TLRC or CMC; and continuing to fund the Museum Center without addressing the needs of the building in which it is housed, does not inure to the benefit of the Museum, or to the citizens of Hamilton County.

Respectfully submitted on behalf of the TLRC



John I. Silverman, Museum Review Chair