

MINUTES OF MEETING  
OHIO WATER DEVELOPMENT AUTHORITY  
March 25, 2010

Vice Chairman Jones called the monthly meeting of the Ohio Water Development Authority to order on Thursday, March 25, 2010. The meeting was held at the Ohio Water Development Authority, 480 South High Street, Columbus, Ohio 43215. In attendance were Lessie Milton Jones, Vice Chairman; Gloria Fauss and Loree Soggs; Tracy Allen represented Lisa Patt-McDaniel, Director of the Ohio Department of Development (ODOD); and Cathryn Loucas represented Sean D. Logan, Director of the Ohio Natural Resources (ODNR). Others in attendance were David Goodman, Bond Counsel, Squire, Sanders & Dempsey (SSD); Scott Stubbins, Financial Advisor, RBC Capital Markets; Marty Sweterlitsch, General Counsel, Benesch, Friedlander, Coplan & Aronoff. Staff members included Steven J. Grossman, Executive Director; Scott L. Campbell, Secretary-Treasurer; Todd E. Skruck, Senior Accounting Manager; Robyn McComb, Senior Accounting Manager; Ken J. Heigel, Chief Engineer; Sue Smith Farmer, Chief Loan Officer; and Gina M. Sopp, Administrative Office Assistant.

Visitors Included

Name	Company Name
Kym Arnone	Barclays Capital
Rachel Belton	Barclays Capital
Carla Bostic	US Bank
Cheryl Schultz	Huntington Bank
April Huggins Davis	Village of Mechanicsburg
Greg Kimball	Village of Mechanicsburg
George Loomer	Village of Mechanicsburg
John Grosse	Village of Mechanicsburg
Mary Sherrets	Village of Mechanicsburg
Dan Byrne	Goldman Sachs
Rita Merry	Huntington Bank
John Gust	Jefferies & Co.
Tammie Champion	Bank of New York
Kathleen Perkins	Bank of New York
Patrick King	Stifel Nicolaus
Mark Fisher	Stifel Nicolaus
William Matlock	Blaylock Robert Van
Al Baucce	Stifel Nicolaus
Bob Frawz	Stifel Nicolaus
Mike Berath	Stifel Nicolaus
Kathleen Clark	Fifth Third Securities
Jim Kelly	JP Morgan
Stan Harris	PNC Bank
Ron Shankman	Aramis/Prism
Jay Zentisky	Z.Logic

Mr. Campbell reported that the notice of the Ohio Water Development Authority meeting had been posted in the Statehouse Pressroom (Legislative Correspondence Association) in compliance with the "Sunshine Law".

**I. APPROVAL OF MINUTES**

Vice Chairman Jones called for a motion to approve the February 25, 2010, regular Minutes of Meeting.

\*\*\*\*\*MOTION\*\*\*\*\*

Ms. Loucas so moved.  
Seconded by Mr. Soggs.

AYES: Jones, Fauss, Soggs, Allen and Loucas  
NAYS: None

Mr. Grossman noted that an approval of a Resolution authorizing the issuance of WPCLF State Match Take-Out Bonds has been added to the agenda under section VI. Financials.

**II. LOCAL GOVERNMENTAL AGENCY PROGRAM**

Approval of Projects

Ms. Farmer advised the Board of ten Local Government Agency loans this month, six for construction and four for planning. The following projects were approved:

1. City of Columbus requested \$996,425 with an interest rate of 3.34% for 20 years, for rehabilitation of the water main located under Long Street from Fourth Street to Champion Avenue.
2. Henry County Regional Water and Sewer District requested \$237,524 with an interest rate of 3.34% for 20 years, for construction of waterlines along State Route 108 to serve residential customers and the Filling Home.
3. City of Lorain requested \$1,841,788 with an interest rate of 3.84% for 20 years, for replacement of water mains within the Pearl Avenue right-of-way between East 28<sup>th</sup> Street and East 42<sup>nd</sup> Street. The project includes transfer of water services and replacement of disturbed pavement, sidewalks and yards.
4. Village of Mechanicsburg requested \$233,571 with an interest rate of 4.34% for 5 years, for design of improvements to the Village's existing water treatment plant and rehabilitation of the drinking water distribution system.
5. Village of Mechanicsburg requested \$394,476 with an interest rate of 4.34% for 5 years, for design of improvements to the Village's existing wastewater treatment plant and rehabilitation of the collection system.
6. Paulding County requested \$1,650,451 with an interest rate of 4.34% for 5 years, for design of the County's portion of the Auglaize River Area sewers. They are cooperating with Defiance County with construction on its portion of the project. Included are the buy-in to be paid to Defiance County and land acquisition. They are under Findings and Orders to make these improvements. The Income Statement reflects the General Fund.

## II. LOCAL GOVERNMENTAL AGENCY PROGRAM CONT'D

### Approval of Projects Cont'd

7. Rural Lorain County Water Authority requested \$105,000 with an interest rate of 4.34% for 5 years, for an evaluation study to determine the accuracy and operational characteristics of the Authority's existing water meter reading system. The study will analyze lost revenue due to inaccurate meter reading, improper sizing and an analysis of avoided expenses due to operational deficiencies.
8. Trumbull County requested \$640,087 with an interest rate of 3.34% for 20 years, for construction of sewers to serve residences along Golf and Wintergreen Drives due to failing on-site septic systems. Construction costs will be paid by assessments.
9. Trumbull County requested \$234,584 with an interest rate of 3.34% for 20 years, for construction of Phase II sewers to serve Brookfield Township. The County is under Findings and Orders to construct this project. Construction costs will be repaid by assessments.
10. City of Wauseon requested \$3,133,000 with an interest rate of 3.34% for 20 years, for construction of a wet weather storage basin, influent pumping station, and sludge storage tank; and rehabilitation of existing digester storage tanks. This project is required under a Compliance Schedule with Ohio EPA.

### \*\*\*\*\*RESOLUTION\*\*\*\*\*

For the Local Government Agency Program loans, Ms. Fauss moved for approval of Resolution 22-10 authorizing cooperative agreements for planning and construction of wastewater and water management facilities between certain named political subdivisions of the State of Ohio and the Ohio Water Development Authority.

Seconded by Ms. Loucas.

AYES: Jones, Fauss, Soggs, Allen and Loucas  
NAYS: None

## III. COMMUNITY ASSISTANCE PROGRAM

### Approval of Projects

Ms. Farmer advised the Board of three Community Assistance Fund loans this month. The following projects were approved:

1. Village of Racine requested \$209,801 with an interest rate of 1.50% for 30 years, for construction of replacement waterlines along Main, Vine, Fifth and Sixth Streets.
2. Village of Ripley requested \$68,450 with an interest rate of 1.50% for 30 years, for construction of sewers to serve the Eagle Creek area of the Village.
3. Village of Wharton requested \$275,000 with an interest rate of 1.50% for 30 years, for construction of new collection sewers and a controlled discharge lagoon. The Village is under Findings and Orders to make these improvements due to failing on-site septic systems.

### **III. COMMUNITY ASSISTANCE PROGRAM CONT'D**

#### Approval of Projects Cont'd

**\*\*\*\*\*RESOLUTION\*\*\*\*\***

For the Community Assistance Program, Mr. Allen moved for approval of Resolution 23-10 authorizing cooperative agreements for the construction of sewage treatment facilities, interceptor sewers and sewage collection systems, and water supply and distribution systems between the Ohio Water Development Authority and certain named local governmental agencies determined by the Authority to be unable to finance such facilities and systems at a market rate of interest without undue hardship upon the users of such systems.

Seconded by Mr. Soggs.

AYES: Jones, Fauss, Soggs, Allen and Loucas

NAYS: None

#### Approval of Supplements

Ms. Farmer advised the Board of one Community Assistance Program supplemental loan this month. The following project was approved:

1. Village of McConnelsville requested a supplement of \$450,000 to the original loan amount of \$448,000 for 30 years, for construction of a new water storage tank for the Village's existing drinking water system. The supplemental loan is for waterlines to the water storage tank.

**\*\*\*\*\*RESOLUTION\*\*\*\*\***

For the Community Assistance Program supplemental loans, Mr. Soggs moved for approval of Resolution 24-10 authorizing supplements to cooperative agreements for wastewater and water management facilities between certain named political subdivisions of the State of Ohio and the Ohio Water Development Authority.

Seconded by Ms. Loucas.

AYES: Jones, Fauss, Soggs, Allen and Loucas

NAYS: None

### **IV. RURAL DEVELOPMENT INTERIM LOAN PROGRAM**

#### Approval of Projects

Ms. Farmer advised the Board of two Rural Development Interim loans this month. The following projects were approved:

**IV. RURAL DEVELOPMENT INTERIM LOAN PROGRAM CONT'D**

Approval of Projects Cont'd

1. Crawford County requested \$500,000 with an interest rate of 1.37% for 3 years, for the Westmoor sanitary sewers project.
2. Defiance County requested \$1,977,000 with an interest rate of 1.37% for 3 years, for a new wastewater system for the Auglaize River Sewer area.

\*\*\*\*\*RESOLUTION\*\*\*\*\*

For the Rural Development Interim Loan Program loan, Ms. Fauss moved for approval of Resolution 25-10 authorizing cooperative agreements for construction of wastewater and water management facilities between certain named political subdivisions of the State of Ohio and the Ohio Water Development Authority.

Seconded by Mr. Allen.

AYES: Jones, Fauss, Soggs, Allen and Loucas

NAYS: None

**V. WATER POLLUTION CONTROL LOAN FUND PROGRAM**

Approval of Supplements

Ms. Farmer advised the Board of one Water Pollution Control Loan Fund Program supplemental loan this month. The following project was approved:

1. Village of Columbus Grove requested a supplement of \$85,208 to the original loan amount of \$119,831 for 5 years, for planning of Phase I of the Village's combined sanitary sewer separation. The supplement is to complete the design and get the project to bid.

\*\*\*\*\*RESOLUTION\*\*\*\*\*

Ms. Fauss moved for adoption of Resolution 26-10 authorizing supplements to the Water Pollution Loan Control Loan Fund loan agreements between certain named political subdivisions, the Director of the Ohio Environmental Protection Agency, and the Ohio Water Development Authority, for financing construction, operation and ownership of wastewater facilities pursuant to Ohio Revised Code 6111.036.

Seconded by Ms. Loucas.

AYES: Jones, Fauss, Soggs, Allen and Loucas

NAYS: None

## VI. FINANCIALS

### Approval of Resolution Authorizing the Issuance of WPCLF State Match Take-Out Bonds

Mr. Campbell noted that with the Resolution that was approved last month for the WPCLF State Match notes with a not to exceed amount of \$44,000,000, the Authority is progressing well with getting these notes issued and anticipates a sale date during the last week of April.

As mentioned previously, these notes will be priced through a competitive sale instead of a negotiated sale, and will be repaid from one of two sources. The Authority anticipates the primary source of repayment to be through excess cash flow that exists currently in the Authority's WPCLF State Match funds. Another source that could be used is the issuance of bonds to take out the notes.

Mr. Campbell stated that when the Authority sells the notes at the end of April, the Authority anticipates having a maturity of approximately 6 months; which should result in a very attractive interest rate. In working with the rating agencies this week to get a rating on the notes, one agency mentioned that they would feel more comfortable in giving the Authority the highest short-term rating provided that before the notes were sold, the Authority had approved a resolution that would authorize the issuance of take-out bonds. As a result of that rating agency's concern, the Authority is presenting a Resolution today that would approve the issuance of bonds to take out the notes if the Authority should need this when the notes come due in 6 months.

Mr. Campbell asked Mr. Goodman to give a summary of the Resolution.

Mr. Goodman reported that this is a simple and straight-forward authorization of bonds. The Resolution does not bind the Authority to proceed with this issuance; however, it does authorize the issuance of bonds that would be issued, if needed, to retire the 6-month notes when they come due. If the Authority pays the notes from surplus funds available within the WPCLF, the effectiveness or authority of this Resolution would simply lapse because the bonds would not be needed. The notes and bonds will never be outstanding at the same time; therefore, there is no duplication of authorization.

If the bonds are issued, they would be issued as parity obligations with the Authority's outstanding State Match bonds under the Trust Agreement; and would authorize a Supplement to the Trust Agreement, as well as the other standard bond documents that would be needed in connection with this transaction.

Vice Chairman Jones entertained questions from the Board; there were no questions or comments.

\*\*\*\*RESOLUTION\*\*\*\*

Ms. Loucas moved for adoption of Resolution 27-10 authorizing and approving the issuance and sale of not to exceed \$44,000,000 State of Ohio, Water Pollution Control Loan Fund Refunding Revenue Bonds, State Match Series 2010, as authorized by the original Trust Agreement dated as of November 15, 1991, for the purpose of refunding obligations previously issued for the purpose of raising matching moneys for the sole benefit of the

## **VI. FINANCIALS CONT'D**

### **Approval of Resolution Authorizing the Issuance of WPCLF State Match Take-Out Bonds Cont'd**

\*\*\*RESOLUTION CONT'D\*\*\*

Water Pollution Control Loan Fund created in Section 6111.036 of the Ohio Revised Code; authorizing an Eleventh Supplemental Trust Agreement pledging certain revenues and funds to secure said bonds, providing Covenants appropriate to the protection and disposition of such revenues and funds, and securing the payments of the principal of and interest on such bonds at their respective maturities; and authorizing additional documents in connection with said bonds.

Seconded by Ms. Fauss.

AYES: Jones, Fauss, Soggs, Allen and Loucas

NAYS: None

### **Financial Report**

Mr. Campbell reported that for the Fresh Water Fund, after today's loan there is approximately \$56,000,000 available to lend out. The Authority has been lending between \$10,000,000 to \$12,000,000 per month from this fund, which is a healthy volume. With the current Request for Qualification (RFQ) process for underwriters underway, the Authority anticipates that one of the first bond issues after this process will be for the Fresh Water program to replenish this fund.

For the Community Assistance Program, after today's loans there is approximately \$6,000,000 remaining. This is another bond issue that the Authority will be working on after the underwriter RFQ process is complete.

The Drinking Water Assistance Fund program has approximately \$26,000,000 available. Even though there were no loans today, the Authority expects several large loans to come before the Board within the next several months. There is a \$45,000,000 Capitalization grant that is currently in the application process for the Drinking Water program. Additionally, the Authority anticipates the need for issuing some Drinking Water bonds to replenish this program between June and July 2010.

Mr. Campbell entertained questions from the Board regarding the Financial Report; there were no questions or comments.

## **VII. EXECUTIVE DIRECTOR'S REMARKS**

Mr. Grossman referred to Mr. Campbell's remarks regarding the \$10,000,000 to \$12,000,000 pace for the Fresh Water program noting that this is a significant increase over past years.

