

MINUTES OF MEETING  
OHIO WATER DEVELOPMENT AUTHORITY  
July 29, 2010

Chairman Joyce called the monthly meeting of the Ohio Water Development Authority to order on Thursday, July 29, 2010. The meeting was held at the Ohio Water Development Authority, 480 South High Street, Columbus, Ohio 43215. In attendance were James P. Joyce, Chairman; Lessie Milton Jones, Vice-Chairman; Gloria Fauss, and Brian Hicks; Drew Bergman represented Chris Korelski, Director of the Ohio Environmental Protection Agency (OEPA); and 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; and Sue Smith Farmer, Chief Loan Officer.

Visitors Included

| Name              | Company Name              |
|-------------------|---------------------------|
| William T. Conard | Bricker & Eckler LLP      |
| David Womack      | Rice Financial            |
| Philip Smith      | Rice Financial            |
| Jamie Lang        | Huntington Investment Co. |
| Cheryl Schultz    | Huntington National Bank  |
| John Grosse       | Washington County         |
| Dan Byrne         | Goldman Sachs             |
| Tammie Champion   | Bank of New York          |
| Patrick King      | Stifel Nicolaus           |
| Bob Selak         | Thompson Hine             |
| Rita Merry        | Huntington National Bank  |
| Daniel Burke      | Connors & Co. Inc.        |
| Kathleen Clark    | Fifth Third Securities    |
| Bill Daley        | Morgan Stanley            |
| Joe Britt         | Wells Fargo               |
| Charley Wise      | Key Bank                  |
| Bill Matlock      | Blaylock Robert Van       |
| Tom Coverick      | Key Bank                  |
| Stan Harris       | PNC Bank                  |
| Mark Miller       | PNC Capital Markets       |

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**

Chairman Joyce called for a motion to approve the June 24, 2010, regular Minutes of Meeting.

**I. APPROVAL OF MINUTES CONT'D**

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

Mr. Hicks so moved.  
Seconded by Ms. Jones.

AYES: Joyce, Jones, Fauss, Hicks, Allen and Loucas

NAYS: None

Mr. Grossman noted that the Resolution noted in Item VII-C of the agenda will not be presented for approval today; however, the Authority plans to bring it before the Board for approval next month. Further explanation will follow during the Financials portion of the meeting.

Mr. Bergman arrived at 10:31 a.m.

**II. LOCAL GOVERNMENTAL AGENCY PROGRAM**

Approval of Projects

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

1. Village of Georgetown requested \$87,600 with an interest rate of 4.33% for 5 years, for design of the Possum Run Pump Station sanitary sewer overflow elimination.
2. Jefferson County requested \$600,000 with an interest rate of 4.33% for 5 years, for design of a wastewater collection system to serve the Crestview, Belvedere and Highland subdivisions. The County is under Findings and Orders to make improvements due to failing on-site systems.
3. Jefferson County requested \$170,000 with an interest rate of 4.33% for 5 years, for design of a new wastewater collection system to serve the Pottery Addition. The County is under Findings and Orders to eliminate existing interconnections by constructing separate sanitary and storm sewers in order to eliminate raw sewage from entering the Ohio River. Sewage will be pumped to the City of Steubenville for treatment.
4. City of Youngstown requested \$1,700,000 with an interest rate of 3.83% for 20 years, for construction of a new 1.5 million gallon elevated storage tank in Boardman Township for the City's drinking water distribution system.

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

For the Local Government Agency Program loans, Ms. Jones moved for approval of Resolution 58-10 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 Mr. Bergman.

## II. LOCAL GOVERNMENTAL AGENCY PROGRAM CONT'D

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

AYES: Joyce, Jones, Fauss, Hicks, Allen, Bergman and Loucas  
NAYS: None

#### Approval of Supplements

Ms. Farmer advised the Board of one Local Government Agency supplement loan this month. The following project was approved:

1. City of Struthers requested a supplement of \$18,481, to the original loan amount of \$182,422 for 20 years, for replacement of the deteriorated Spring Street culvert. Repayments will come from the stormwater fund. The supplement is for change orders.

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

For the Local Government Agency Program loans, Ms. Loucas moved for approval of Resolution 59-10 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 Mr. Allen.

AYES: Joyce, Jones, Fauss, Hicks, Allen, Bergman and Loucas  
NAYS: None

## III. COMMUNITY ASSISTANCE LOAN 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 Leesburg requested \$250,840 with an interest rate of 1.50% for 30 years, for construction of two new water wells, raw water lines and improvements to the disinfection process.
2. Village of Pioneer requested \$1,191,306 with an interest rate of 2.00% for 30 years, for construction of a water tower and waterline improvements within the Village.
3. Washington County requested \$226,522 with an interest rate of 1.50% for 20 years, for construction of improvements to four existing lift stations and rehabilitation of 7,945 linear feet of sanitary sewer.

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

Approval of Projects Cont'd

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

For the Community Assistance Program, Ms. Fauss moved for approval of Resolution 60-10 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. Hicks.

AYES: Joyce, Jones, Fauss, Hicks, Allen, Bergman and Loucas  
NAYS: None

**IV. RURAL DEVELOPMENT INTERIM LOAN PROGRAM**

Approval of Projects

Ms. Farmer advised the Board of one Rural Development Interim loan this month. The following project was approved:

1. Richmond Dale Sewer District requested \$637,000 with an interest rate of 1.37% for 3 years, for a new wastewater collection and treatment project.

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

For the Rural Development Interim Loan Program loan, Mr. Bergman moved for approval of Resolution 61-10 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 Ms. Fauss.

AYES: Joyce, Jones, Fauss, Hicks, Allen, Bergman and Loucas  
NAYS: None

**V. SOLID WASTE LOAN PROGRAM**

Approval of Projects

Ms. Farmer advised the Board of one Solid Waste Program loan this month. The following project was approved:

**V. SOLID WASTE LOAN PROGRAM CONT'D**

Approval of Projects Cont'd

1. Medina County requested \$1,166,120 with an interest rate of 5.33% for 10 years, for purchase of equipment for the Medina County Materials Recycling Facility.

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

For the Solid Waste Loan Program loans, Ms. Jones moved for approval of Resolution 62-10 authorizing cooperative agreements for planning and construction of solid waste management facilities between certain named political subdivisions of the State of Ohio and the Ohio Water Development Authority.

Seconded by Ms. Loucas.

AYES: Joyce, Jones, Fauss, Hicks, Allen, Bergman and Loucas  
NAYS: None

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

Approval of Water Pollution Control Loan Projects

Ms. Farmer advised the Board of six Water Pollution Control Loan Fund Program loans this month, all for construction. The following projects were approved:

1. Village of Botkins requested \$1,450,452 with an interest rate of 0.00% for 20 years, for construction of upgrades to the Village's existing wastewater treatment plant including replacing the aerobic digesters, replacement of the screening process, replacement of the UV disinfection system, and installation of a flow meter.
2. City of Fremont requested \$5,185,901 with an interest rate of 3.15% for 20 years, for construction of a new raw water reservoir. The project includes a Water Resource Restoration Project for the Ballville Dam Removal (\$658,368).
3. Miami County requested \$469,600 with an interest rate of 0.00% for 20 years, for construction of 2.1 miles of 6" force main and 1,589 linear feet of gravity sewers to serve the unincorporated Village of Brandt, to connect to the Clark County Southwest Regional Wastewater Treatment Plant.
4. City of Newark requested \$2,515,074 with an interest rate of 3.25% for 20 years, for construction of a sewer to transport flow from the discharge of CSO 1006 to the new Licking River Interceptor connecting to the High-Rate Treatment Facility; and to increase the size of CSO 1013 underflow piping to convey more flow to the same High-Rate Treatment Facility located at the City's wastewater treatment plant.
5. Village of Ohio City requested \$1,530,005 with an interest rate of 0.00% for 20 years, for construction of improvements to the Village's existing wastewater treatment plant including a new raw wastewater pump station, a mechanical screen, an oxidation ditch, ultra-violet disinfection, new aerobic digestion, improvements to the digested sludge handling and a new lab; which are necessary to comply with a Consent Decree.

**VI. WATER POLLUTION CONTROL LOAN FUND PROGRAM CONT'D**

Approval of Water Pollution Control Loan Projects Cont'd

6. Village of Pleasant Hill requested \$1,629,600 with an interest rate of 0.00% for 20 years, for construction of improvements to the Village's existing wastewater treatment plant including a new mechanical screen, upgrading secondary clarifier, adding a secondary clarifier, replacing the pump station, a new ultraviolet disinfection system, and adding a post-aeration facility.

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

Mr. Bergman moved for adoption of Resolution 63-10 authorizing the Water Pollution Loan Control Loan Fund 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. Jones.

AYES: Joyce, Jones, Fauss, Hicks, Allen, Bergman and Loucas  
NAYS: None

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 Middleport requested a supplement of \$223,789 to the original loan amount of \$281,278 for 5 years, for design of the Village's Long Term Control Plan and Hydraulic Modeling. The existing planning loan will be repaid by this loan.

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

Ms. Fauss moved for adoption of Resolution 64-10 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 Mr. Hicks.

AYES: Joyce, Jones, Fauss, Hicks, Allen, Bergman and Loucas  
NAYS: None

## VII. FINANCIALS

### Results of Pricing the Community Assistance Series 2010 Bonds

Mr. Campbell noted that the Community Assistance Series 2010 bonds were sold on June 29, 2010 in the amount of \$29,515,000, and closed on July 13. The Authority was pleased to receive a ratings upgrade from Moodys from AA2 to AA1 for this program.

Mr. Campbell reported that the Authority was able to reimburse itself for approximately \$16 million of prior disbursements for the Community Assistance program, netting approximately \$10 million in proceeds, which will be monitored in order to achieve the 3 year TIPRA spend-down test. The Authority included a 3 year TIPRA call on the bonds. The final maturity date will be June 1, 2038 including approximately \$28 million in Build America Bonds (BABS). Since the BABs are taxable bonds, the Authority pays a taxable interest rate on those bonds; however, the Authority will receive a 35% interest subsidy from the IRS. This provision was part of the Stimulus package that was approved last year.

The Senior Manager for this transaction is Stifel Nicolaus and Rice Financial Products was the Co-Senior. On behalf of the Authority, Mr. Campbell thanked both firms for their hard work on this transaction. Mr. Patrick King from Stifel Nicolaus will give a presentation regarding the results of the pricing.

Mr. Patrick King referred to the Pricing Books that were distributed to the Board and gave a summary of the transaction. He noted that the Authority achieved a 3.99% all-in true interest rate, with Stifel Nicolaus underwriting approximately \$6.7 million of the transaction. Regarding the structure, the team was able to sell the Serial bonds 2015-2020 as individual Serial and BABs instead of rolling them into the 2025 firm bond. The estimated savings for the Authority is approximately \$130,000 in interest costs through the life of the issue by keeping them as Serial bonds.

He thanked the Authority and Board for the opportunity to serve as Senior Manager; giving special thanks to Mr. Stubbins, as well as Mr. Goodman and Mr. Callender from Squire Sanders, as well as underwriting counsel from Calfee. He also thanked Rice Financial for their assistance as Co-Senior Managers.

Chairman Joyce entertained questions from the Board regarding the pricing; there were no questions or comments.

Mr. Stubbins commented that this was a unique transaction because the Community Assistance program is different than the rest of the Authority's programs in that it is not rated AAA. During conversations with Moodys, the Authority found out why this is the case. Because the program is for disadvantaged communities and because this program serves this type of community, it cannot be AAA rated due to the nature of the pool. The Authority was able to get the upgrade and for all intensive purposes, it is a AAA rated program.

Even with the market being soft, the Authority was able to catch a Treasury rally up into the time of the sale of the bonds. This was advantageous for the Authority; however,

