

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2021A DWAF Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Series 2021A DWAF Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Interest on the Series 2021A DWAF Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.



**OFFICIAL STATEMENT OF THE
OHIO WATER DEVELOPMENT AUTHORITY**
Relating to the Original Issuance of
\$125,000,000
STATE OF OHIO
DRINKING WATER ASSISTANCE FUND REVENUE BONDS,
SERIES 2021A

Dated: Date of Issuance**Due:** As shown herein

The State of Ohio \$125,000,000 Drinking Water Assistance Fund Revenue Bonds, Series 2021A (the "Series 2021A DWAF Bonds") are special obligations of the Ohio Water Development Authority (the "Authority"). The proceeds of the Series 2021A DWAF Bonds shall be used by the Director of Environmental Protection of the State of Ohio (the "Director") and the Authority to (a) raise moneys for the sole benefit of the Drinking Water Assistance Fund as provided in division (U) of Section 6121.04 of the Ohio Revised Code, the DWAF General Bond Resolution (defined herein) and the Series 2021A DWAF Bond Resolution (defined herein), or to reimburse the Authority for funds advanced for that purpose and (b) pay issuance expenses relating to the issuance of the Series 2021A DWAF Bonds. See "AUTHORIZATION AND PURPOSE OF THE SERIES 2021A DWAF BONDS."

The Series 2021A DWAF Bonds are issued pursuant to a Trust Agreement dated as of August 3, 2016 among the Authority, the Director and U.S. Bank National Association, Columbus, Ohio, as Trustee (the "Trustee"), as amended and supplemented to date, including by a Ninth Supplemental Trust Agreement dated as of March 24, 2021 (the "Ninth Supplemental Agreement"). That Trust Agreement as amended and supplemented, including by the Ninth Supplemental Agreement, is referred to herein as the "Trust Agreement." Principal of and interest on the Series 2021A DWAF Bonds are payable solely from, and are secured on a subordinate basis to the previously issued Leverage Bonds (as hereinafter defined) that the Authority has issued or may issue in the future, as described herein, by a pledge and assignment of Pledged Revenues, consisting primarily of the principal portion of the repayments by Governmental Agencies pursuant to the DWAF Loan Agreements (as described herein) entered into pursuant to the Drinking Water Assistance Fund Program, and by certain funds created by the Trust Agreement. See "SECURITY AND SOURCE OF PAYMENT OF THE SERIES 2021A DWAF BONDS."

Interest on the Series 2021A DWAF Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2021. The Series 2021A DWAF Bonds will be issued as fully registered bonds without coupons, one for each maturity, under a book entry method, registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"). Individual purchases of Series 2021A DWAF Bonds will be made in book-entry only form, with those book-entry interests in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Series 2021A DWAF Bonds will not receive certificates representing their interests in the Series 2021A DWAF Bonds. Ownership by the beneficial owners of the Series 2021A DWAF Bonds will be evidenced by book-entry only. The principal of, premium, if any, and interest on the Series 2021A DWAF Bonds will be paid by the Trustee. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2021A DWAF Bonds will be made to such registered owner and disbursement of such payments to the beneficial owners will be the responsibility of DTC and the DTC Participants. DTC is required by its rules and procedures to remit such payments to DTC Participants for subsequent disbursement to the beneficial owners. See "APPENDIX G - BOOK-ENTRY SYSTEM."

The Series 2021A DWAF Bonds are subject to optional and extraordinary mandatory redemption prior to their stated maturities as described herein. See "THE SERIES 2021A DWAF BONDS – General Terms."

The Series 2021A DWAF Bonds are limited obligations of the Authority and are payable solely out of certain revenues and security interests of the Authority pledged therefor under the Trust Agreement. The Series 2021A DWAF Bonds do not constitute a debt or a pledge of the faith and credit of the Authority, or the State of Ohio or of any political subdivision thereof, and the Holders or owners thereof shall have no right to have taxes levied by the General Assembly of the State of Ohio or the taxing authority of any political subdivision thereof, for the payment of principal of, interest or any redemption premium on, the Series 2021A DWAF Bonds.

The Series 2021A DWAF Bonds are offered subject to the opinions on certain legal matters relating to their issuance by Squire Patton Boggs (US) LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Benesch, Friedlander, Coplan & Aronoff LLP, and for the Underwriters by their counsel, Bricker & Eckler LLP. The Series 2021A DWAF Bonds are expected to be available for delivery to DTC in New York, New York on or about March 24, 2021.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

Huntington Capital Markets
Loop Capital Markets

UBS
RBC Capital Markets

MATURITY SCHEDULE

\$125,000,000
STATE OF OHIO
DRINKING WATER ASSISTANCE FUND
REVENUE BONDS, SERIES 2021A

<u>Maturity Date</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>	<u>Reoffering Yield</u>	<u>CUSIP No.*</u>
06/01/2030	\$5,000,000	5.000%	1.030%	67765Q KA3
12/01/2030	5,000,000	5.000	1.070	67765Q KB1
06/01/2031	5,000,000	5.000	1.150	67765Q KC9
12/01/2031	5,000,000	5.000	1.200 [†]	67765Q KD7
06/01/2032	5,000,000	5.000	1.210 [†]	67765Q KE5
12/01/2032	5,000,000	5.000	1.240 [†]	67765Q KF2
06/01/2033	5,000,000	5.000	1.260 [†]	67765Q KG0
12/01/2033	5,000,000	5.000	1.290 [†]	67765Q KH8
06/01/2034	5,000,000	5.000	1.310 [†]	67765Q KJ4
12/01/2034	5,000,000	5.000	1.320 [†]	67765Q KK1

\$15,000,000, 5.000% Term Bond Maturity December 1, 2035, Yield 1.330%[†], CUSIP* 67765Q KL9
\$15,000,000, 5.000% Term Bond Maturity December 1, 2036, Yield 1.380%[†], CUSIP* 67765Q KM7
\$15,000,000, 5.000% Term Bond Maturity December 1, 2037, Yield 1.420%[†], CUSIP* 67765Q KN5
\$15,000,000, 5.000% Term Bond Maturity December 1, 2038, Yield 1.460%[†], CUSIP* 67765Q KP0
\$15,000,000, 5.000% Term Bond Maturity December 1, 2039, Yield 1.500%[†], CUSIP* 67765Q KQ8

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[†] Priced at the Reoffering Yield to the June 1, 2031 optional redemption date.

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<u>Name</u>	<u>Title</u>	<u>Expiration of Term</u>	<u>Business Affiliation</u>
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SAM GERHARDSTEIN	Vice Chairman	July 1, 2023	Consultant
CHRISTOPHER WHISTLER	Member	July 1, 2025	Consultant
MICHAEL REESE	Member	July 1, 2021	Consultant
WILLIAM STANLEY	Member	July 1, 2024	The Nature Conservancy
LYDIA MIHALIK	Ex Officio Member	Not applicable	Director – Development Services Agency
MARY MERTZ	Ex Officio Member	Not applicable	Director – Department of Natural Resources
LAURIE STEVENSON	Ex Officio Member	Not applicable	Director – Ohio EPA

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THE HUNTINGTON NATIONAL BANK
Columbus, Ohio

TRUSTEE

U.S. BANK NATIONAL ASSOCIATION
Columbus, Ohio

INDEPENDENT AUDITORS

CLARK, SCHAEFFER, HACKETT & CO.

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2021A DWAF Bonds identified on the cover hereof. No person has been authorized by the State, the Director, the Authority or the Underwriters to give any information or to make any representation, other than those contained in this Official Statement, and if given or made, such other information or representation not so authorized must not be relied upon as having been given or authorized by the State, the Director, the Authority or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of Series 2021A DWAF Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the affairs of the State, the Director or the Authority since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement contains statements that the Authority believes may be "forward-looking statements." Words such as "plan," "estimate," "project," "budget," "anticipate," "expect," "intend," "believe" and similar terms are intended to identify forward-looking statements. The achievement of results or other expectations expressed or implied by such forward-looking statements involve known and unknown risks, uncertainties and other factors that are difficult to predict, may be beyond the control of the Authority and could cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. The Authority undertakes no obligation, and do not plan, to issue any updates or revisions to any of the forward-looking statements in this Official Statement.

Upon issuance, the Series 2021A DWAF Bonds will not be registered by the Authority under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency, except the Authority, will pass upon the accuracy or adequacy of this Official Statement or approve the Series 2021A DWAF Bonds for sale. This Official Statement includes the cover page and appendices attached hereto.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021A DWAF BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, WITHOUT PRIOR NOTICE.

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OFFICIAL STATEMENT
\$125,000,000
STATE OF OHIO
DRINKING WATER ASSISTANCE FUND REVENUE BONDS
SERIES 2021A

INTRODUCTION

The purpose of this Official Statement of the Ohio Water Development Authority (the “Authority”), which includes the cover page and appendices hereto, is to set forth information with respect to the State of Ohio Drinking Water Assistance Fund Revenue Bonds, Series 2021A (the “Series 2021A DWAF Bonds”) to be issued by the Authority. This Official Statement describes the Authority and the purpose, terms and sources of payment of, and security for, the Series 2021A DWAF Bonds. The Authority has provided all financial and other data included herein, except where specifically attributed to other sources.

The Series 2021A DWAF Bonds are being issued on a subordinate basis to previously issued Leverage Bonds (as defined herein) with respect to certain Revenues and on a parity basis with the Series 2016 DWAF Bonds and any subsequent series of additional Drinking Water Assistance Fund Revenue Bonds or Notes (such bonds or notes, the “DWAF Bonds”) (See “ADDITIONAL DWAF BONDS”) pursuant to a Trust Agreement dated as of August 3, 2016, as amended, including by the Ninth Supplemental Trust Agreement dated as of March 24, 2021 (together, the “Trust Agreement”), each by and among the Authority, the Director of Environmental Protection of the State of Ohio (the “Director”) and U.S. Bank National Association, as trustee (the “Trustee”). The Series 2021A DWAF Bonds will be dated the date of issuance, will mature on the dates set forth on the inside cover page hereof and will be subject to redemption as described herein. See “THE SERIES 2021A DWAF BONDS.”

Prior to the execution and delivery of the Trust Agreement, the Authority maintained separate bond programs associated with the Drinking Water Assistance Fund: a state match program and a leverage program. The State Match Bonds were administered under the State Match Bond Trust Agreement, dated as of May 1, 2002, for the purpose of meeting the requirement of providing matching moneys under Division (B) and (F) of Section 6109.22 of the Ohio Revised Code. There are no State Match Bonds outstanding for purposes of the State Match Bond Trust Agreement, and the State Match Bond Trust Agreement was defeased and released according to its terms in 2016. The Leverage Bonds are administered under the Leverage Bonds Trust Agreement, dated as of May 1, 2002, for the purpose of raising moneys for the sole benefit of the Drinking Water Assistance Fund. Several series of Leverage Bonds remain outstanding, but the Authority covenants to not issue any additional Leverage Bonds except to provide funds to refund previously issued and then outstanding Leverage Bonds.

The Trust Agreement combines the formerly separate state match and leverage purposes into one bond program, and provides the Authority with the ability to issue one series of bonds in furtherance of both purposes by allowing the Authority to allocate, as it deems necessary, proceeds of a series of DWAF Bonds to the State Match Portion or the Leveraged Portion. See – “SECURITY AND SOURCE OF PAYMENT FOR THE DRINKING WATER ASSISTANCE FUND BONDS - Allocation of Proceeds as State Match Portion and/or Leveraged Portion.” As more fully described hereinafter, the payment of principal of and interest on the State Match Portion and the Leveraged Portion of a series of DWAF Bonds is secured and will be effected as provided in the Trust Agreement. All of the proceeds of the Series 2021A DWAF Bonds are allocated to the Leveraged Portion.

The Series 2021A DWAF Bonds are also issued under the Second Amended and Restated Drinking Water Assistance Fund Trust Agreement dated as of August 3, 2016 (the “DWAF Trust Agreement”), as supplemented and amended, by and among the Authority, the Director and The Huntington National Bank (the “DWAF Trustee”) pursuant to which certain amounts, including proceeds of certain DWAF Bonds, will be used to fund loans made pursuant to DWAF Loan Agreements (as defined herein). See “THE DRINKING WATER ASSISTANCE FUND PROGRAM - The DWAF Trust Agreement – Capitalization.”

The Series 2021A DWAF Bonds are special obligations of the Authority, the principal of and interest on which will be payable solely from the revenues and other moneys assigned and pledged by the Trust Agreement to secure such payment. See “SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2021A DWAF BONDS.”

This Official Statement also includes descriptions of certain laws and regulations applicable to the Authority, certain provisions of the Trust Agreement securing the Series 2021A DWAF Bonds and certain other materials. These descriptions are qualified by reference to the entire text of such documents, copies of which are available upon request to the Ohio Water Development Authority, 480 South High Street, Columbus, Ohio 43215, Attn.: Executive Director.

Definitions of certain capitalized terms that are used in this Official Statement are set forth in “APPENDIX D - CERTAIN DEFINITIONS.”

Potential Impact of COVID-19

As widely reported, the outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was first detected in December of 2019, and has reportedly spread to more than 170 countries and regions, including the United States and the State of Ohio. COVID-19 has been declared a pandemic by the World Health Organization. The President of the United States of America issued a National Emergency Concerning the Novel Corona Virus Disease (COVID-19) Outbreak on March 13, 2020. The COVID-19 outbreak is altering the behavior of businesses and people in a manner that is expected to have negative effects on global and local economies, including the State and the Government Agencies. In addition, financial markets in the United States and globally have seen significant declines and volatility attributed to concerns over COVID-19. If such declines or volatility continue, the ability to sell or trade securities in the financial markets could be materially constrained.

Ohio Governor DeWine and the Director of the Ohio Department of Health (“ODH”) have taken certain actions to limit the spread of the virus and its impact on local communities and health care services, including the declaration of a state of emergency in the State on March 9, 2020 and the closure of all non-essential businesses from March 23, 2020 through April 6, 2020. This order was extended on April 2, 2020 closing all non-essential businesses through May 1, 2020. On April 16, 2020, Governor DeWine announced that the State would begin a phased-in reopening of these businesses starting May 1, 2020. The reopening plan was gradual and fact-driven, in an attempt to minimize the health risk to business owners, employees, and their customers. COVID-19 cases slowed in Ohio throughout the summer, however a subsequent spike in COVID-19 cases lead to a state-wide mask order, an order to limit mass gatherings, and, on November 19, 2020, a new stay-at-home order was issued by the Ohio Department of Health for the hours of 10:00 p.m. to 5:00 a.m. This stay-at-home order was limited to 11:00 p.m. to 5:00 a.m. as of January 28, 2021, and has since been lifted entirely. It is unknown at this time what impact these orders, or additional orders that may be required, or the removing thereof, may have. The ODH is coordinating the COVID-19 vaccination distribution in the State. Information about ODH’s vaccination plan can be found at <https://coronavirus.ohio.gov/wps/portal/gov/covid-19/covid-19-vaccination-program>.

The federal government has passed a COVID-19 relief package to provide a \$2 trillion nationwide relief plan to help offset the economic impact of the outbreak. Additionally, Am. Sub. House Bill 197 was signed into law by Governor DeWine on March 27, 2020 to provide relief within the State to similarly help offset such economic impact, including providing the Authority with the ability to waive late fees with respect to DWAF Loan repayments.

The COVID-19 outbreak has affected and is expected to continue to affect travel, commerce and financial markets globally and in the State, and is widely expected to affect economic growth worldwide. Although the ultimate impact and cost to the Authority of the economic effects of COVID-19 cannot be determined at this time, the outbreak is expected to have a significant adverse impact on the State and Government Agencies and their economies. The impact on Government Agencies and their abilities to make timely repayments on outstanding DWAF Loans cannot be predicted due to the dynamic nature of the outbreak, including uncertainties relating to its duration and severity. No assurance can be provided that the outbreak will not negatively impact the Pledged Revenues. None of the projections, forecasts or estimates contained in this Official Statement have been updated to reflect the potential impact of the COVID-19 outbreak.

AUTHORIZATION AND PURPOSE OF THE SERIES 2021A DWAF BONDS

The Series 2021A DWAF Bonds are authorized and issued on a subordinate basis (with respect to certain Revenues as herein described) with the outstanding Leverage Bonds and any other Leverage Bonds that may be

issued in the future under the Leverage Bonds Trust Agreement, and on a parity basis with the currently outstanding DWAF Bonds and any additional DWAF Bonds or Notes that may be issued under the Trust Agreement. The Series 2021A DWAF Bonds are issued under and pursuant to provisions of Section 2i of Article VIII of the Constitution of the State and Chapter 6121, Sections 9.98 through 9.983 and Section 6109.22 of the Ohio Revised Code and the DWAF Bond General Resolution, a Series Resolution adopted by the Authority on January 28, 2021, and a Certificate of Award to be executed by the Authority upon the pricing of the Series 2021A DWAF Bonds.

The Series 2021A DWAF Bonds are to be issued for the benefit of the Drinking Water Assistance Fund Program, which is used by the Director and the Authority to (a) *inter alia*, make loans (the “DWAF Loans”) to Governmental Agencies to pay the costs of public water treatment systems and (b) pay issuance expenses relating to the issuance of the Series 2021A DWAF Bonds. See “SOURCES AND USES OF FUNDS.” In addition to using the proceeds of the Series 2021A DWAF Bonds and other DWAF Bonds to fund these costs, the Director and the Authority will use funds provided under the United States Treasury Department’s Automated Standard Application for Payments System (the “ASAP System”), the State Match (see “THE DRINKING WATER ASSISTANCE FUND PROGRAM - Background”), and any funds appropriated by the General Assembly for the purpose of making DWAF Loans to certain Governmental Agencies to finance portions of such costs paid by those Governmental Agencies pursuant to Drinking Water Assistance Fund Loan Agreements (the “DWAF Loan Agreements”) between the Authority, the Director and the respective Governmental Agencies.

THE DRINKING WATER ASSISTANCE FUND PROGRAM

Background

In the Safe Drinking Water Act Amendments of 1996 (the “Amendments”), the United States Congress authorized the Administrator of the USEPA (as defined herein) to create a drinking water state revolving fund (“DWSRF”) program to assist public water systems to finance the costs of infrastructure needed to achieve or maintain compliance with the Safe Drinking Water Act requirements and to protect public health. The Administrator awards capitalization grants (the “Federal Share”) to the states, which in turn use the grants and their 20% state match funds to provide low-cost loans and other types of assistance to eligible drinking water systems. The Amendments also permit a state to transfer up to a third of the amount of its DWSRF capitalization grant to its clean water or wastewater state revolving fund (the “Water Pollution Control Loan Fund”), or vice versa. The Director has no current intention to utilize those transfer provisions.

Under legislation effective November 26, 1997, the General Assembly created an Ohio DWSRF, designated the “Drinking Water Assistance Fund” (“DWAF”). The DWAF is administered by the Director of OEPA through the OEPA’s Division of Environmental and Financial Assistance and the Division of Drinking and Ground Waters with the assistance of the Authority.

In order to receive the Federal Share, the State must agree to match the Federal Share with a deposit into the Drinking Water Assistance Fund of an amount equaling at least 20% of the total amount of all federal grant payments under the ASAP System (the “State Match”). The State Match has been funded by a combination of Authority contributions and proceeds of bonds and notes and interest earnings on those proceeds. For a description of the capitalization of the Drinking Water Assistance Fund, see “THE DRINKING WATER ASSISTANCE FUND - Capitalization.” Future needs for State Match will be met by issuing DWAF Bonds with a State Match Portion. See “SECURITY AND SOURCE OF PAYMENT OF DRINKING WATER ASSISTANCE FUND BONDS.”

The Drinking Water Assistance Fund was established under Section 6109.22 of the Ohio Revised Code. Section 6109.22 of the Ohio Revised Code authorizes the Director to administer the Drinking Water Assistance Fund in a manner consistent with the Safe Drinking Water Act and to receive and disburse federal capitalization grant funds for the purposes of that Fund.

Pledge of Principal and Interest Repayments and Cross-Collateralization

Repayments of the principal of DWAF Loans, along with certain other amounts, will comprise the revenues pledged to secure the payment of principal of and interest on DWAF Bonds, including the Series 2021A DWAF Bonds, and, to the extent not needed for that purpose, to fund additional DWAF Loans to Governmental Agencies. See “SECURITY AND SOURCE OF PAYMENT FOR SERIES 2021A DWAF BONDS – General.”

Certain DWAF Loans may be made to Governmental Agencies and other applicants that qualify as disadvantaged communities. Some of these loans may be made under a DWAF Loan Agreement that obligates a Governmental Agency to repay less than all of the principal amount of the loan and that allows the Authority and the Director to forgive the repayment of the balance of the principal (“Principal Forgiveness Loans”). Under the Trust Agreement, neither the Authority nor the Director shall (i) approve any Principal Forgiveness Loan without specifying at the time of the approval thereof what portion of the principal amount thereof is required to be repaid, or (ii) execute and deliver any DWAF Loan Agreement for a Principal Forgiveness Loan unless the applicable DWAF Loan Agreement expressly specifies the amount of that portion. The Trust Agreement further provides that the aggregate principal amount of any Principal Forgiveness Loan shall be limited to the amount allowed by the Safe Drinking Water Act and the then current applicable Federal appropriations requirements. The Authority and the Director may not carry-forward any unused Principal Forgiveness Loan capacity from one year to the next. The Director may also determine to extend the repayment period of loans to disadvantaged communities to up to 30 years.

The Director and the Authority have implemented an investment method of cross-collateralization between the Water Pollution Control Loan Fund and the Drinking Water Assistance Fund to enhance security of bonds issued for the Drinking Water Assistance Fund and for the Water Pollution Control Loan Fund. See “SECURITY AND SOURCE OF PAYMENT FOR SERIES 2021A DWAF BONDS – Cross-Collateralization.”

The Drinking Water Assistance Fund

Administration

The Drinking Water Assistance Fund is administered within the Ohio Environmental Protection Agency (the “OEPA”) by the Division of Environmental and Financial Assistance (“DEFA”) and the Division of Drinking and Ground Waters (“DDAGW”), both of which report to the Director. DEFA was organized in December 1989, from sections within the Division of Water Pollution Control of the OEPA that were responsible for the administration of the Federal construction grants program. DEFA is composed of three units within two sections: the Environmental Planning Unit and the Environmental Engineering Unit are housed in the Technical Review Section and the Project Coordination Unit is housed in the Loans and Grants Review Section. Administration of DEFA’s activities is carried out by two section managers, an assistant division chief, as well as the division chief. DEFA and DDAGW are responsible for the creation and administration of the Drinking Water Assistance Fund. See “THE OHIO ENVIRONMENTAL PROTECTION AGENCY – Organization and Administration of Division of Environmental and Financial Assistance (DEFA)” and “THE OHIO ENVIRONMENTAL PROTECTION AGENCY – Organization of the Division of Drinking and Ground Waters (DDAGW).” Also see “THE OHIO ENVIRONMENTAL PROTECTION AGENCY – Outline of the Drinking Water Assistance Fund Project Process” for a description of the requirements of the Drinking Water Assistance Fund with respect to the planning, design, construction and certification of Projects.

The State is required to enter into binding commitments to provide loans and financial assistance to eligible entities in an amount not less than 120% of the total amount of grant payments, to the ASAP System within one year after such payments. The Authority and Director have entered into certain DWAF Loan Agreements to comply with this requirement for funds associated with capitalization grants for all federal fiscal years for which federal capital grants have been made. Under the DWAF Loan Agreements, the Authority and the Director have provided and will provide DWAF Loans to Governmental Agencies at below market interest rates.

Funds in the Drinking Water Assistance Fund may also be used to pay the reasonable costs of administering the Drinking Water Assistance Fund. The Director is currently charging a service fee (which is held outside of the Drinking Water Assistance Fund) to defray additional administrative costs, including, but not limited to, certain Drinking Water Assistance Fund Program costs of the Authority.

Capitalization

Since its creation in 1997, the Drinking Water Assistance Fund has been awarded capitalization grants in the amounts set forth below. The required State Match has previously been funded by a combination of Authority

contributions, DWAF State Match Bond Anticipation Notes and State Match Bonds and related interest earnings. Future needs for State Match will be met by issuing DWAF Bonds with a State Match Portion.

**CAPITALIZATION GRANTS
FOR FEDERAL FISCAL YEARS 1998 THROUGH 2020**

<u>Federal Fiscal Year of Award</u>	<u>Capitalization Grant Allotments</u>	<u>State Match Required</u>	<u>Funding Source of State Match</u>
1998	\$ 43,073,000	\$8,614,600	Authority
1999	22,806,200	4,561,240	Authority
2000	48,745,300 *	9,749,060	State Match Series 2001 Notes **
2001	24,944,900	4,988,980	State Match Series 2001 Notes **
2002	24,547,600	4,909,520	State Match Series 2001 Notes / Series 2002 State Match Bonds
2003	24,400,100	4,880,020	Series 2002 State Match Bonds
2004	25,311,500	5,062,300	Series 2002 State Match Bonds/ Series 2004 State Match Bonds
2005	25,257,900	5,051,580	Series 2004 State Match Bonds
2006	24,670,900	4,934,180	Series 2004 State Match Bonds
2007	24,671,000	4,934,200	Series 2004 State Match Bonds
2008	24,421,000	4,884,200	Series 2004 State Match Bonds
2009	24,421,000	4,884,200	Series 2004 State Match Bonds
2011	43,610,000	8,722,000	Series 2004 State Match Bonds
2011	30,261,000	6,052,200	Series 2004/2010 and State Match Bonds
2012	30,339,000	6,067,800	Series 2010 State Match Bonds
2013	27,058,000	5,411,600	Series 2004 State Match Bonds
2014	24,586,000	4,917,200	Series 2004 State Match Bonds/ 2014 Notes
2015	24,405,000	4,885,000	Series 2014 State Match Notes
2016	23,107,000	4,621,400	Series 2014 State Match Notes
2017	22,909,000	4,581,800	Series 2017 State Match Notes
2018	27,935,000	5,587,000	Series 2018 State Match Notes
2019	27,674,000	5,534,800	Series 2018/2019 State Match Notes
2020	27,692,000	5,538,400	Series 2019 State Match Notes
TOTALS	\$646,846,400	\$129,373,280	

* Comprised of two allotments

** Refunded by Series 2002 State Match Bonds

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For the purpose of providing additional funds for the Drinking Water Assistance Loan Fund or for the purpose of refunding obligations previously issued for such purpose, the Authority, at the request of the Director, has issued various series of Leverage Bonds and DWAF Bonds. The Leverage Bonds are issued pursuant to and secured by the Leverage Bond Trust Agreement. The Authority, at the request of the Director, has issued the following series of Leverage Bonds:

<u>Leverage Bonds</u>			
<u>Series</u>	<u>Original Principal Amount</u>	<u>Issuance Date</u>	<u>Purpose of Issue</u>
State of Ohio Drinking Water Assistance Fund Revenue Bonds, Leverage Series 2002 (the "Series 2002 Leverage Bonds")*	\$60,000,000	May 2002	Providing additional funds for the Drinking Water Assistance Fund
State of Ohio Drinking Water Assistance Fund Revenue Bonds, Leverage Series 2004 (the "Series 2004 Leverage Bonds")*	\$66,145,000	February 2004	Providing additional funds for the Drinking Water Assistance Fund
State of Ohio Drinking Water Assistance Fund Refunding Revenue Bonds, Leverage Series 2005 (the "Series 2005 Leverage Bonds")	\$36,825,000	July 2005	Refunding obligations previously issued to provide additional funds for the Drinking Water Assistance Fund
State of Ohio Drinking Water Assistance Fund Revenue Bonds, Leverage Series 2005B (the "Series 2005B Leverage Bonds")*	\$61,135,000	October 2005	Providing additional funds for the Drinking Water Assistance Fund
State of Ohio Drinking Water Assistance Fund Refunding Revenue Bonds, Leverage Series 2008 (the "Series 2008 Leverage Bonds")*	\$71,915,000	May 2008	Refunding obligations previously issued to provide additional funds for the Drinking Water Assistance Fund
State of Ohio Drinking Water Assistance Fund Revenue Bonds, Leverage Series 2010 (the "Series 2010 Leverage Bonds")*	\$50,735,000	June 2010	Providing additional funds for the Drinking Water Assistance Fund
State of Ohio Drinking Water Assistance Fund Revenue Bonds, Leverage Series 2010C (the "Series 2010C Leverage Bonds")	\$100,560,000	October 2010	Providing additional funds for the Drinking Water Assistance Fund
State of Ohio Drinking Water Assistance Fund Refunding Revenue Bonds, Leverage Series 2014 (the "Series 2014 Leverage Bonds")*	\$37,730,000	December 2014	Refunding obligations previously issued to provide additional funds for the Drinking Water Assistance Fund

* The referenced series of Leverage Bonds has been defeased or matured and is no longer outstanding.

The DWAF Bonds are issued pursuant to and secured by the Trust Agreement, in which the Authority covenants not to issue any additional Leverage Bonds except to provide funds to refund previously issued and then outstanding Leverage Bonds. See “INTRODUCTION.” The Series 2021A DWAF Bonds are issued on a subordinate basis to any outstanding Leverage Bonds and any future Leverage Bonds:

DWAF Bonds

<u>Series</u>	<u>Original Principal Amount</u>	<u>Issuance Date</u>	<u>Purpose of Issue</u>
State of Ohio Drinking Water Assistance Fund Revenue Bonds, Series 2016 (the “Series 2016 DWAF Bonds”)	\$135,000,000	August 2016	Providing additional funds for the Drinking Water Assistance Loan Fund
State of Ohio Drinking Water Assistance Fund Revenue Bonds, Series 2016 (the “Series 2019 DWAF Bonds”)	\$250,000,000	July 2019	Providing additional funds for the Drinking Water Assistance Loan Fund
State of Ohio Drinking Water Assistance Fund Refunding Revenue Bonds, Series 2019B (the “Series 2019B DWAF Bonds”)	\$37,410,000	December 2019	Refunding obligations previously issued to provide additional funds for the Drinking Water Assistance Loan Fund

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The aggregate debt service on all outstanding Leverage Bonds and DWAF Bonds is shown in the below table (as of December 31, 2020) (Also see Appendix A attached hereto for, among other information, debt service on the Series 2021A DWAF Bonds):

Year Ending December 31	Debt Service On Outstanding Leverage Bonds	Debt Service on Outstanding DWAF Bonds ^(a)	Series 2021A DWAF Bonds			Total Debt Service on Outstanding Leverage and DWAF Bonds
			Principal	Interest	Series 2021A DWAF Bonds Debt Service	
2021	\$11,492,156	\$33,332,750	-	\$4,288,194	\$4,288,194	\$49,113,100
2022	10,509,844	41,191,375	-	6,250,000	6,250,000	57,951,219
2023	1,526,988	49,178,875	-	6,250,000	6,250,000	56,955,863
2024	707,250	47,819,875	-	6,250,000	6,250,000	54,777,125
2025	-	46,474,250	-	6,250,000	6,250,000	52,724,250
2026	-	44,134,000	-	6,250,000	6,250,000	50,384,000
2027	-	40,868,375	-	6,250,000	6,250,000	47,118,375
2028	-	37,184,375	-	6,250,000	6,250,000	43,434,375
2029	-	36,611,875	-	6,250,000	6,250,000	42,861,875
2030	-	26,075,625	10,000,000	6,125,000	16,125,000	42,200,625
2031	-	24,908,750	10,000,000	5,625,000	15,625,000	40,533,750
2032	-	24,361,350	10,000,000	5,125,000	15,125,000	39,486,350
2033	-	22,813,950	10,000,000	4,625,000	14,625,000	37,438,950
2034	-	22,295,650	10,000,000	4,125,000	14,125,000	36,420,650
2035	-	20,282,800	15,000,000	3,562,500	18,562,500	38,845,300
2036	-	20,262,450	15,000,000	2,812,500	17,812,500	38,074,950
2037	-	19,245,050	15,000,000	2,062,500	17,062,500	36,307,550
2038	-	14,315,150	15,000,000	1,312,500	16,312,500	30,627,650
2039	-	6,057,300	15,000,000	600,000	15,600,000	21,657,300
	\$24,236,238	\$577,413,825	\$125,000,000	\$90,263,194	\$215,263,194	\$816,913,257

(a) Actual amortization through December 1, 2029. Hypothetical debt service of the \$136,000,000 DWAF Series 2019A Bonds' December 1, 2029 bullet maturity at 1.91% for 10 years beginning December 1, 2029.

Bond Anticipation Notes – DWAF

The Authority authorized the issuance and sale of not to exceed \$10,000,000 aggregate principal amount of State of Ohio Drinking Water Assistance Fund Revenue Bond Anticipation Notes, Series 2017 (the “Series 2017 DWAF Bond Anticipation Notes”) with Resolution No. 70-17, adopted on August 31, 2017, and the Second Supplemental Trust Agreement, dated as of October 1, 2017 (the “Second Supplemental Trust Agreement”). The Series 2017 DWAF Bond Anticipation Notes matured and were retired on December 4, 2017 by the Authority with funds on hand. The 2017 DWAF Bond Anticipation Notes were issued in order to provide the necessary state match funds for present and future capitalization grants. No further authority exists for the issuance of additional Series 2017 DWAF Bond Anticipation Notes.

The Authority authorized the issuance and sale of not to exceed \$5,000,000 aggregate principal amount of State of Ohio Drinking Water Assistance Fund Revenue Bond Anticipation Notes, Series 2018 (the “Series 2018 DWAF Bond Anticipation Notes”) with Resolution No. 56-18, adopted on August 30, 2018, and the Fifth Supplemental Trust Agreement, dated as of August 31, 2018 (the “Fifth Supplemental Trust Agreement”). The Series 2018 DWAF Bond Anticipation Notes matured and were retired on October 30, 2018 by the Authority with funds on hand. The 2018 DWAF Bond Anticipation Notes were issued in order to provide the necessary state match funds for present and future capitalization grants. No further authority exists for the issuance of additional Series 2018 DWAF Bond Anticipation Notes.

The Authority authorized the issuance and sale of not to exceed \$12,000,000 aggregate principal amount of State of Ohio Drinking Water Assistance Fund Revenue Bond Anticipation Notes, Series 2019 (the “Series 2019 DWAF Bond Anticipation Notes”) with Resolution No. 58-19, adopted on July 25, 2019, and the Seventh Supplemental Trust Agreement, dated as of August 1, 2019 (the “Seventh Supplemental Trust Agreement”). The Series 2019 DWAF Bond Anticipation Notes matured and were retired on October 31, 2019 by the Authority with funds on hand. The 2019 DWAF Bond Anticipation Notes were issued in order to provide the necessary state match funds for present and future capitalization grants. No further authority exists for the issuance of additional Series 2019 DWAF Bond Anticipation Notes.

Subordinate Short-Term Debt – DWAF Notes

The Authority authorized the issuance of DWAF Notes with the Series 2018-20 Note Resolution. Together with the Series 2018-22 Amending Resolution (together, the “Series 2018-22 Note Resolution”) and the Third Supplemental Trust Agreement, dated April 30, 2018, as amended by the Amendment to Third Supplemental Trust Agreement, dated July 1, 2020 (together, the “Third Supplemental Trust Agreement”). The Series 2018-22 Note Resolution authorizes the Authority to issue Series 2018-22 DWAF Notes in a maximum principal amount of \$100,000,000. The Series 2018-22 DWAF Notes may be issued in multiple tranches on a subordinated basis to any DWAF Bonds pursuant to the Third Supplemental Trust Agreement. Under the Third Supplemental Trust Agreement, the Authority’s authorization to issue the Series 2018-22 DWAF Notes expires on August 31, 2022. The Authority has not issued any Series 2018-22 DWAF Notes as of the date of this Official Statement.

The Authority authorized the issuance of Series 2018-21 DWAF Notes with the Series 2018-21 Note Resolution and the Fourth Supplemental Trust Agreement, dated June 1, 2018 (the “Fourth Supplemental Trust Agreement”). The Series 2018-21 Note Resolution authorizes the Authority to issue Series 2018-21 DWAF Notes in a maximum principal amount of \$150,000,000. The Series 2018-21 DWAF Notes may be issued in multiple tranches on a subordinated basis to any DWAF Bonds pursuant to the Fourth Supplemental Trust Agreement. Under the Fourth Supplemental Trust Agreement, the Authority’s authorization to issue the Series 2018-21 DWAF Notes expires on June 1, 2021. The Authority has not issued any Series 2018-21 DWAF Notes as of the date of this Official Statement.

The DWAF Trust Agreement

Since its creation in 1997, the Drinking Water Assistance Fund has been held in the custody of the DWAF Trustee (currently, The Huntington National Bank) pursuant to the DWAF Trust Agreement, as amended and restated by the Second Amended and Restated Drinking Water Assistance Fund Trust Agreement, dated as of August 3, 2016 (together, the “DWAF Trust Agreement”). The DWAF Trust Agreement creates and requires to be maintained in the custody of the DWAF Trustee various subfunds of the Drinking Water Assistance Fund, including, but not limited to, the Drinking Water Assistance Fund Repayment Fund into which will be deposited payments of principal and interest on all DWAF Loans (other than any DWAF Loans depledged as described below).

Under the DWAF Trust Agreement, the DWAF Trustee will deposit the interest portion of such payments into an “Interest Fund” and the principal portion into a “Principal Fund.” The moneys on deposit in the Principal Fund are pledged first as security for the Leverage Bonds, then on a subordinate basis to the DWAF Bonds, including the Series 2021A DWAF Bonds. See, “SECURITY AND SOURCE OF PAYMENT OF SERIES 2021A DWAF BONDS – Establishment and Application of Funds.” The moneys on deposit in the Interest Account are pledged to the retirement of the State Match Portion of any outstanding DWAF Bonds; however, to the extent such payments of interest exceed the amounts required for such purpose, such interest payments may be applied under certain circumstances first to the payment of Bond Service Charges on the Leverage Bonds and to replenish the Leverage Bond Debt Service Reserve Fund, if necessary, then to pay Bond Service Charges on the Leveraged Portion of the DWAF Bonds.

The funds, subfunds and accounts in the Drinking Water Assistance Fund and their relationship to the Series 2021A DWAF Bonds are discussed in more detail under the caption “SECURITY AND SOURCE OF PAYMENT OF SERIES 2021A DWAF BONDS – Establishment and Application of Funds” and in “APPENDIX E

– SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Deposit and Disposition of Revenues.”

Moneys in the Drinking Water Assistance Fund may be invested in investments permitted under the Trust Agreements. All interest earned on moneys or investments in the Drinking Water Assistance Fund will remain in that fund. See “INVESTMENTS” and “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Establishment, Application and Investment of the Drinking Water Assistance Fund.” For a description of the provisions of the DWAF Trust Agreement and of the Trust Agreements regarding cross-collateralization of the Drinking Water Assistance Fund and the Water Pollution Control Loan Fund through the required investment of certain surplus moneys in those Funds, see “SECURITY AND SOURCE OF PAYMENT OF SERIES 2021A DWAF BONDS – Cross-Collateralization.”

The Ohio Drinking Water Assistance Fund Inter-Agency Agreement

The Authority and the Director have entered into the Ohio Drinking Water Assistance Fund Inter-Agency Agreement (the “Inter-Agency Agreement”) to provide DWAF Loans and other types of financial assistance to Governmental Agencies from the Drinking Water Assistance Fund.

Pursuant to the Inter-Agency Agreement, the Director shall deposit into or cause to be deposited into the Drinking Water Assistance Fund (i) all of the Federal Share received or to be received from the USEPA and awarded to the State pursuant to the Safe Drinking Water Act, (ii) funds provided for the State Match, and (iii) the net proceeds of the DWAF Bonds.

DWAF Loans to Governmental Agencies

DWAF Loans from the Drinking Water Assistance Fund shall be made for such Projects, to such Governmental Agencies and upon such terms and conditions, as the Director shall determine in accordance with Section 6109.22 of the Ohio Revised Code. Each such DWAF Loan shall be made in accordance with a DWAF Loan Agreement entered into among the Director, the Governmental Agency and the Authority. See “– DWAF Loan Agreements” below.

Priorities for Funding; Enforcement of Remedies under DWAF Loan Agreements

The Director shall be responsible for determining the priorities for funding and the environmental review and enforcement of any environmental conditions for Projects that are funded from the Drinking Water Assistance Fund.

The Safe Drinking Water Act permits the Director to make non-governmental loans to private entities for qualifying purposes identified in the Act. Certain private borrowers may qualify for a loan with an interest rate below the standard rate. Non-governmental loan principal and interest repayments are not pledged as security for the Series 2021A DWAF Bonds.

In the event of a default under a DWAF Loan Agreement, the Authority and the Director jointly shall exercise or cause the exercise of any remedy provided in the DWAF Loan Agreement with regard to such defaults.

Financial Determination and Assistance; Goals and Strategies

The Director shall (i) determine and evaluate Projects which may be eligible for funding, (ii) set the interest rate, maturity and amortization schedule in the event that such funding is provided pursuant to a DWAF Loan Agreement, and (iii) determine the amount of funds (including both eligible and ineligible project costs in accordance with the Safe Drinking Water Act) available for each Project.

Upon the request of the Director, the Authority agrees to (i) provide assistance to the Director with respect to the foregoing, (ii) provide to the Director such financial analysis and financial strategies which the Director determines will optimize the use of the Drinking Water Assistance Fund, (iii) assist the Director in identifying and

evaluating potential recipients and projects for financial assistance, (iv) advise the Director in other related matters upon request, and (v) provide direct access by the Director to Authority advisors for consultation with regard to matters affecting the Drinking Water Assistance Fund.

DWAF Loan Agreements

Pursuant to DWAF Loan Agreements, the Governmental Agencies agree to construct Projects to achieve or maintain compliance with the Safe Drinking Water Act requirements and to protect the public health objectives of the Safe Drinking Water Act, including instituting programs, or developing and implementing management plans meeting the applicable requirements of the Authority and the Director and to proceed with these Projects, submitting invoices for the costs thereof to the Authority for payment. The Authority and the Director will disburse money to the Governmental Agencies to pay such Project costs by authorizing the DWAF Trustee to pay such invoices, and the Authority and the Director will charge interest on the amounts disbursed from the dates of the disbursements. After the Project is complete and a final accounting occurs, the annual repayments to be made by each Governmental Agency will be determined based upon the actual Project costs.

In order to determine whether a Governmental Agency making a loan application to the Authority and the Director will be able to pay the principal amounts required under its proposed DWAF Loan Agreement, including the interest thereon, the Authority and the Director will require that the Governmental Agency file a schedule setting forth all projected income from the utility system of which the Project is to become a part. If the schedule shows the existing rate structure for the utility system will not support the operating expenses of the system and the payments required by the proposed DWAF Loan Agreement and other debt, after deducting any portion thereof to be paid from special assessments and other dedicated revenues, then, prior to entering into the proposed DWAF Loan Agreement with the Governmental Agency, the Authority and the Director will require amendment of the existing rate legislation or the adoption of new rate legislation so that system revenues will, based on such computations, be sufficient to meet all of the obligations of the utility system and to make the payments required by the proposed DWAF Loan Agreement.

The Safe Drinking Water Act requires that the interest rate for DWAF Loans be at or below the market rate. Accordingly, the interest rate on a DWAF Loan is generally lower than the rate that the borrowing Governmental Agency could have obtained through its own issuance of revenue bonds. The following is a description of the current rates and loan terms; however, the Director may make changes to the terms and programs from time to time subject to the limitations of the Safe Drinking Water Act and the Trust Agreement:

- The Drinking Water Assistance Fund standard interest rate is currently set monthly and is calculated by taking the average of;
 - (i) the MMD 20 Year GO rate for the most recent eight-week period and subtracting 95 basis points from that average for loans with terms of 5 to 20 years, and
 - (ii) the MMD 30 Year GO rate for the most recent eight-week period and subtracting 100 basis points from that average for loans with a term of 21 to 30 years.

Certain Governmental Agencies may qualify for a DWAF Loan with an interest rate lower than the standard rate. Those that qualify as a “disadvantaged community” may receive loans with interest rates as low as zero percent and some may have a portion of the principal of their loan forgiven. Such Principal Forgiveness Loans will specify the portion of the principal amount thereof required to be repaid.

A Governmental Agency making a loan application may select a payment schedule ranging from five to 20 years. A disadvantaged community may qualify for a payment schedule of up to 30 years. Once the repayment periods are fixed, a Governmental Agency has no right to change such periods, and there is no right of prepayment. The Governmental Agency has the option, exercised at the time of entering into the DWAF Loan Agreement to repay its DWAF Loan by making either level debt service payments or equal annual principal payments. Regardless, payments are made semiannually.

Repayment by a Governmental Agency commences on the earliest of three dates: (i) a date indicated in the DWAF Loan Agreement; (ii) the January 1 or July 1 following the completion of construction; or (iii) the January 1 or July 1 following the commencement of operation. Repayment must commence in most cases within 12 months of initiation of operations. Certain Governmental Agencies may be eligible to pay debt service on their DWAF Loans on April 1 and October 1 of each year. In order to take advantage of such payment schedule a Governmental Agency must (i) have at least \$500,000,000 of outstanding loans owed to the Authority at the time of the present loan and (ii) be rated AA+ or Aa1 by S&P and Moody's, respectively. Only DWAF Loans approved by the Board after June 1, 2010, are eligible for these adjusted repayment dates.

The Authority and the Director have covenanted to take all necessary actions to collect the payments due under the DWAF Loan Agreements from the Governmental Agencies. Such actions include sending invoices or any other appropriate demand for payment of any amount in default within 20 days after such default together with notice to the defaulting Governmental Agency that if such default is not remedied within two months from the date of default, the Authority, together with the Director, will file suit either in the Common Pleas Court of Franklin County, Ohio or the Common Pleas Court of the county in which the Governmental Agency is located to collect such amount which is in default. The Authority and the Director shall then file such suit within three months of the date of default if the default is not remedied.

Under DWAF Loan Agreements, the Governmental Agencies agree to maintain insurance coverage in such amounts as are satisfactory to the Authority and the Director on the Project facilities in such amounts and against such perils as are customary for similar facilities owned or operated by political subdivisions similar to the Governmental Agencies.

Construction and Ownership

Ownership of each Project financed by the Authority and the Director by means of the Drinking Water Assistance Fund is retained by the Governmental Agency. The Governmental Agencies agree in the DWAF Loan Agreements to segregate the revenues, funds, and properties of the Project facilities from all other revenues, funds and properties of the Governmental Agency.

Covenants to Maintain Rates

Each Governmental Agency agrees in its DWAF Loan Agreement to maintain rates and charges that are sufficient to provide for the required repayment of amounts advanced under such DWAF Loan Agreements after (i) deduction of the operating and maintenance expenses of the utility system of which the Project is part, (ii) any contribution to the Governmental Agency's capital improvement fund, required by the Director, and (iii) payment of (a) all amounts required by any mortgage, indenture of mortgage, trust indenture or other instrument granted or entered into by the Governmental Agency and (b) contractual obligations between the Governmental Agency under any other DWAF Loan Agreement between the Governmental Agency and the Authority, to the extent that payments under (a) and (b) above are payable solely from the revenues of such utility system, less the amount of such payments provided from special assessment funds or another dedicated repayment source. In the event of a failure to make a required payment by a Governmental Agency, the primary remedies of the Authority and the Director would be a lawsuit to compel the Governmental Agency to make the payment and, if necessary, to initiate an action in mandamus to compel an increase in the rates and charges by the utility system.

Fiscal Emergency Act

Chapter 118 of the Ohio Revised Code, known as the Fiscal Emergency Act, applies only to municipal corporations that are determined to have circumstances that constitute a fiscal emergency condition. Such conditions include default on any debt obligation (including DWAF Loans), failure to meet payrolls, excessive past due accounts, excessive deficits and insufficient cash and investments. If a fiscal emergency condition is determined to exist, the municipality is subjected to State financial supervision through a Financial Planning and Supervision Commission (the "Commission"), assisted by certified public accountants engaged by the Commission. The Commission must approve the amount and purpose of any issue of debt obligations by a municipality subject to the Fiscal Emergency Act. If the conditions described in the Fiscal Emergency Act occur with respect to a Governmental Agency, such Governmental Agency may be subject to State financial supervision, including control

of its debt issuance and expenditures of the Governmental Agency. Such control could adversely affect the ability of the Governmental Agency to make payments under its DWAF Loan Agreement(s).

The following two Governmental Agencies that are borrowing under DWAF Loans are currently subject to State financial supervision under the Fiscal Emergency Act; however, the City of Fostoria and the Village of Bridgeport are current on DWAF Loan payments:

Governmental Agency	Outstanding DWAF Loan Amount	Last Payment Date
Village of Bridgeport	\$693,559	1/1/2045
City of Fostoria	496,428	1/1/2031

Bankruptcy Considerations

The enforceability of the DWAF Loan Agreements of the Governmental Agencies is subject to the provisions of Chapter 9 of Title 11 (the “Bankruptcy Code”) of the United States Code and other laws affecting creditors’ rights generally. Chapter 9 of the Bankruptcy Code relates to the adjustment of debts of a state’s political subdivisions, public agencies and instrumentalities (“eligible entities”), such as the Governmental Agencies. Under Chapter 9 of the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate proceedings under Chapter 9 without prior notice to or consent of its creditors, which proceedings may result in material and adverse modification or alteration of the rights of its secured and unsecured creditors, including parties to its contracts. Under Section 133.36 of the Ohio Revised Code, the Ohio Revised Code authorizes Governmental Agencies to initiate such proceedings only if they receive the approval of the Tax Commissioner of the State.

SECURITY AND SOURCE OF PAYMENT OF SERIES 2021A DWAF BONDS

General

The Series 2021A DWAF Bonds are being issued pursuant to and will be secured by the Trust Agreement. The DWAF Bonds, including the Series 2021A DWAF Bonds, are payable solely from and are secured equally and ratably (as more particularly described herein and under “Establishment and Application of Funds”) by a pledge of the Pledged Revenues, which includes a pledge of:

- (i) the Net Revenues, which are Revenues less any payments or deposits required to be made pursuant to the Leverage Bond Trust Agreement to the Debt Service Fund or the Debt Service Reserve Fund thereunder. Revenues means (i) all payments of interest made on all future DWAF Loans that are dated after the issuance of the Series 2021A DWAF Bonds, (ii) all payments of principal made on all existing and future DWAF Loans and payable to the Authority, (iii) all Additional Pledged Loan Repayments, (iv) all income and profit from the investment and reinvestment of such payments, and (v) all Direct Payments received by the Authority relating to Direct Payment Bonds,
- (ii) the Special Funds, which are comprised of, collectively, the Debt Service Fund, the Debt Service Reserve Fund (but only to the extent a specific series of DWAF Bonds is secured by a Required Reserve Fund Balance), the Net Bond Proceeds Fund, the DWAF Bond Subfund and the Capitalization Grant Subfund (except the Encumbered Balance in the Net Bond Proceeds Fund, the Encumbered Balance in the DWAF Bond Subfund, the Encumbered Balance in the Capitalization Grant Subfund, any Credit Facility Proceeds and any amounts required to be rebated to the United States of America under any applicable federal income tax law),
- (iii) the Surplus Fund established in the Drinking Water Assistance Trust Fund, on a subordinate basis to any outstanding Leverage Bonds, and

- (iv) any other funds and moneys that may be subjected to the pledge of the Agreement by subsequent action of the Authority with the consent of the Director.

Credit Facility Proceeds may be pledged to the payment of Bond Service Charges on any one or more series of Bonds to which such Credit Facility applies. There is no Credit Facility for the Series 2021A DWAF Bonds. Under certain circumstances, funds in the Capitalization Grant Account of the Clearing Account described below may be used to pay Bond Service Charges on the Series 2021A DWAF Bonds. See “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Establishment, Maintenance and Application of Special Funds, the Net Bond Proceeds Fund and the Cost of Issuance Fund.”

Each DWAF Loan Agreement sets forth the obligations of the applicable Governmental Agency to repay the moneys loaned by the Authority and the Director, the interest rate to be paid by such Governmental Agency and the repayment provisions. Each DWAF Loan Agreement also contains the above-described rate covenant by the Governmental Agency and provides that such covenant is a duty enforceable by an action in mandamus. See “DRINKING WATER ASSISTANCE FUND PROGRAM – DWAF Loan Agreements – Covenants to Maintain Rates.” *The Director and the Authority do not have a mortgage on or right to operate the utility system of any Governmental Agency, and the agreement of the Governmental Agencies to make the payments required by DWAF Loan Agreements are not general obligations of the Governmental Agencies.* In the event of a failure to make a required payment by a Governmental Agency, the primary remedies of the Director and the Authority would be a lawsuit to compel the Governmental Agency to make the payment and, if necessary, to initiate an action in mandamus to compel an increase in the rates of the applicable utility system.

Upon the receipt of any deposits in the DWAF Loan Repayments Fund, the Drinking Water Assistance Fund Trustee is required to deposit the portion of such payments constituting principal into the Principal Account of the DWAF Loan Repayments Fund, and to deposit the portion of such payments constituting interest payments in the Interest Account of the DWAF Loan Repayments Fund. Additionally, payments of principal or of interest on Additional Pledged Loans (the “Additional Pledged Loan Repayments”) will be deposited, accordingly, in the Principal Account (and in the Additional Pledged Loans Interest Subaccount therein, as appropriate) of the DWAF Loan Repayments Fund.

The DWAF Bonds do not constitute a debt or pledge of the faith and credit of the Authority, or the State of Ohio or of any political subdivision thereof, and the Holders and owners of the DWAF Bonds shall have no right to have taxes levied by the General Assembly or the taxing authority of any political subdivision of the State for the payment of the principal of, interest or any redemption premium on the DWAF Bonds.

Cross-Collateralization

The Director and the Authority have implemented cross-collateralization between the Water Pollution Control Loan Fund and the Drinking Water Assistance Fund by providing for the investment of surplus funds available in the Water Pollution Control Loan Fund to enhance the security for state match and leverage bonds for the Drinking Water Assistance Fund and by providing for the investment of surplus funds available in the Drinking Water Assistance Fund to enhance the security for Water Quality Bonds and WPCLF Bonds issued for the Water Pollution Control Loan Fund. The Director and the Authority have agreed (i) to require the investment of certain surplus funds in the Water Pollution Control Loan Fund (i.e., Surplus Fund and the Surplus Principal Subaccount and Surplus Interest Subaccount of the Other Projects Fund) to purchase Drinking Water Assistance Fund obligations that the Authority would agree to issue for the purpose of averting, if possible, any shortfalls that might otherwise occur for the payment of state match or leverage bonds issued for the Drinking Water Assistance Fund, and (ii) to require the investment of the comparable surplus funds in the Drinking Water Assistance Fund to purchase Water Pollution Control Loan Fund obligations that the Authority would agree to issue for the purpose of averting, if possible, any shortfalls that might otherwise occur for the payment of Water Quality Bonds and WPCLF Bonds. This approach to cross-collateralization was initially approved by the Authority in 2001 and is structured in a way to comply with the Clean Water Act and the Amendments and with the Trust Agreement, the Water Pollution Control Loan Fund Trust Agreement and the trust agreements established in connection with the Drinking Water Assistance Fund and the state match and leverage bonds issued for the Drinking Water Assistance Fund, in each case as those agreements have been and may further be amended in accordance with their respective terms. The cross-collateralization does not include any pledge of the loan payments being paid into the Water Pollution Control

Loan Fund or Drinking Water Assistance Fund, but is limited to the investment of the specified surplus funds available under the Water Pollution Control Loan Fund and Drinking Water Assistance Fund. See “PROGRAMS OF THE AUTHORITY – The Other Revolving Loan Program of the EPA.”

Pledge of Debt Service Reserve Fund

The Debt Service Reserve Fund shall be used solely and exclusively for the payment of Bond Service Charges on all the DWAF Bonds and Leverage Bonds that are secured by a Required Reserve Fund Balance (the Series 2021A DWAF Bonds are not secured by a Required Reserve Fund Balance), as they become due at their stated maturity, by redemption, or pursuant to mandatory sinking fund requirements; provided, however, that only moneys in the Restricted Account of the Debt Service Fund may be transferred to the State Match Portion of the DWAF Bond Debt Service Fund. The Required Reserve Fund Balance that the Leverage Bond Trust Agreement requires be on deposit in the Debt Service Reserve Fund is equal to the lesser of (i) 50% of the maximum annual Leverage Bond Service Charges on all Leverage Bonds issued and outstanding or (ii) 10% of the principal amount of all Leverage Bonds issued and outstanding. The Series 2021A DWAF Bonds are not secured by any Debt Service Reserve Fund.

The Required Reserve Fund Balance for any series of DWAF Bonds will be established, pursuant to the Trust Agreement, in the applicable Series Allocation Certificate for such series of DWAF Bonds; provided, however, that the Trust Agreement permits the Required Reserve Fund Balance to be zero. The Trust Agreement permits the Required Reserve Fund Balance to differ between the State Match Portion and the Leveraged Portion of the applicable series of DWAF Bonds. If a Series Allocation Certificate establishes a Required Reserve Fund Balance greater than zero for the State Match Portion of a series of DWAF Bonds, only the moneys in the Restricted Account of the Debt Service Reserve Fund are pledged for the payment of Bond Service Charges on the State Match Portion of such series of DWAF Bonds. As a result, only moneys in the Restricted Account of the Debt Service Reserve Fund may be transferred to the State Match Portion Account of the Debt Service Account. No such limitation on the pledge of the moneys in Debt Service Reserve Fund applies to the Leveraged Portion of a series of DWAF Bonds.

Establishment and Application of Funds

The DWAF Trust Agreement provides for the creation of the following funds, subfunds and accounts within the Drinking Water Assistance Fund to be held by the DWAF Trustee: the Clearing Account (within which are the Capitalization Grant Account, the DWAF Bond Account and the Leverage Account), the DWAF Loan Repayment Fund (within which is the Interest Fund, the Principal Fund (and the Addition Pledged Loan Interest Fund therein), and the Administrative Fund), the Non-governmental Loan Repayments Fund, the Depledged Loan Repayments Fund, the Surplus Fund (within which is the Principal Fund and the Interest Fund), and the Other Projects Fund (within which is the Surplus Principal Subaccount and the Surplus Interest Subaccount). The Trust Agreement likewise establishes certain funds, including the Net Bond Proceeds Fund, the Debt Service Fund and the Debt Service Reserve Fund that are to be held by the Trustees. The Debt Service Fund, the Debt Service Reserve Fund and the Net Bond Proceeds Fund are deemed to be a part of the Drinking Water Assistance Fund notwithstanding the fact that they are held by the Trustee.

All principal and interest repayments on DWAF Loans and all Additional Pledged Loan Repayments (if any), together with the investment income and profit from such repayments, received from the Drinking Water Assistance Fund Trustee will be deposited and be available as follows:

Interest Payments. Amounts delivered by the Drinking Water Assistance Fund Trustee from the Interest Account of the DWAF Loan Repayments Fund, to the extent that the interest payments are from DWAF Loans dated after August 3, 2016, shall be deposited in the following accounts and funds in the following order of priority: (i) first, to the State Match Portion Account of the Debt Service Fund and, if applicable, the Restricted Account of the Debt Service Reserve Fund; (ii) second, to the extent there are additional funds in the State Match Portion Account of the Debt Service Fund after the payment of Bond Service Charges on the State Match Portion of a series of DWAF Bonds, (a) first to the Leverage Debt Service Fund and, if necessary, the Leverage Debt Service Reserve Fund, and (b) then to the Leveraged Portion Account of the Debt Service Fund and, if applicable, the Unrestricted Account of the Debt Service Reserve Fund; and (iii) third, any excess funds remaining in the State Match Portion

Account of the Debt Service after the payment of Bond Service Charges on the State Match Portion of a series of DWAF Bonds and the deposits described in (ii)(a) and (b) above, to the Surplus Fund.

Principal Payments. Amounts delivered by the Drinking Water Assistance Fund Trustee from the Principal Account of the DWAF Loan Repayments Fund shall be deposited in the following accounts and funds in the following order of priority: (i) first, to the Debt Service Fund for the Leverage Bonds and, if necessary, the Debt Service Reserve Fund for the Leverage Bonds; (ii) second, to the extent there are excess funds after the payment of Bond Service Charges on the Leverage Bonds, to the Leveraged Portion Account of the Debt Service Fund and, if applicable, the Unrestricted Account of the Debt Service Reserve Fund; and (iii) third, if after making deposits described in (i) and (ii) there remains excess proceeds in the Principal Account of the DWAF Loan Repayments Fund and the amount on deposit in the Debt Service Fund and the Debt Service Reserve Fund equals that which will be required on the next Principal Payment for the Leverage Bonds and the DWAF Bonds, then to the Surplus Fund.

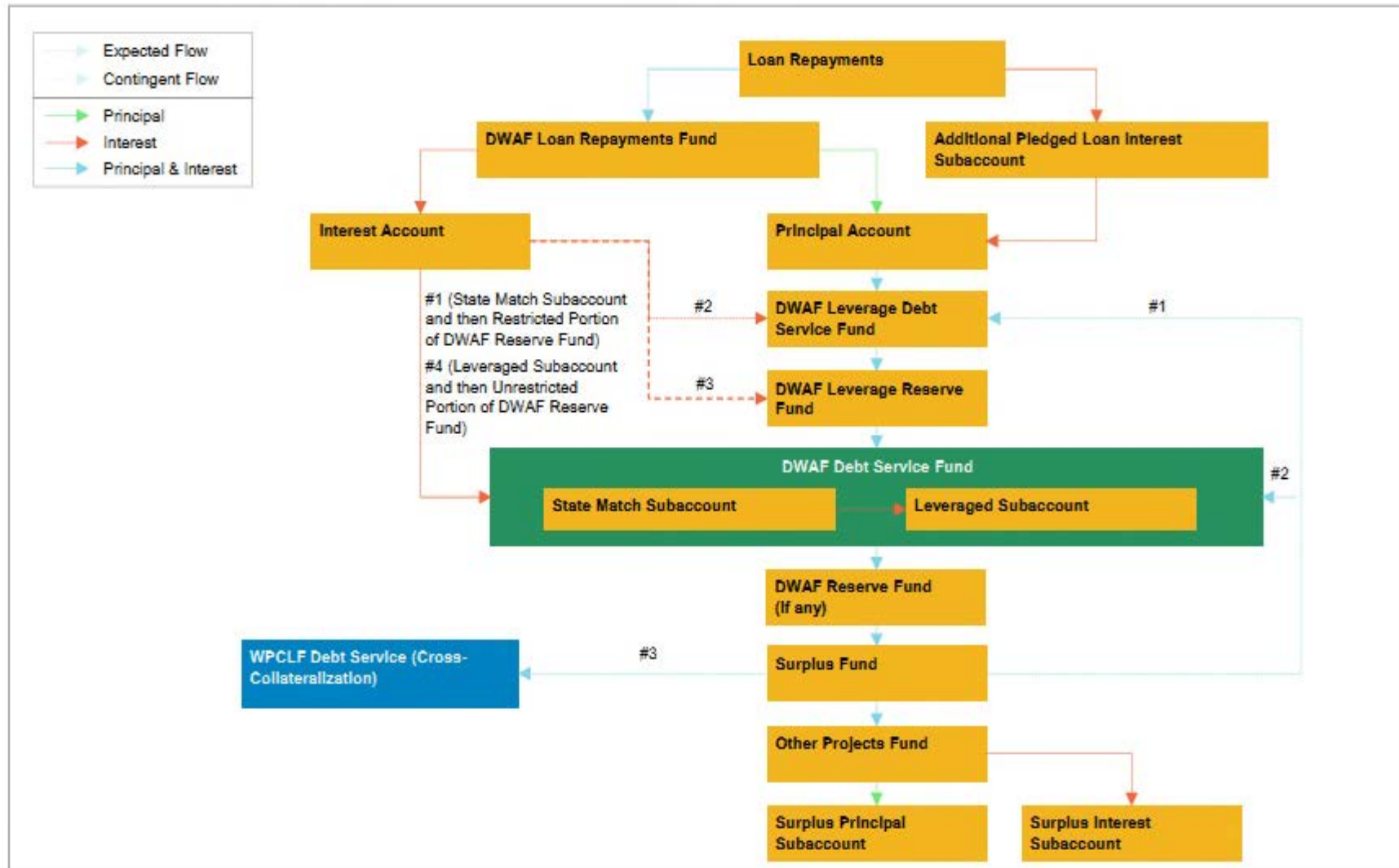
Furthermore, all Net Revenues and all moneys that may be requisitioned from the Surplus Fund, the Capitalization Grant Subfund, or the DWAF Bond Subfund under the DWAF Trust Agreement, pursuant to the Trust Agreement, shall be deposited in the appropriate funds, subfunds, and accounts by the Trustee as received from the Drinking Water Assistance Fund Trustee to be available in the following order: (i) first, to the extent from an interest payment source, to the State Match Portion Account of the Debt Service Fund; (ii) second, to Leveraged Portion Account of the Debt Service Fund; (iii) third, to the Trustee, Registrar, Paying Agents, Authenticating Agents and other fiduciaries to pay other unpaid fees, charges and expenses; (iv) fourth, to the Debt Service Reserve Fund, any amount required to cause the Value of the cash and investments in the Debt Service Reserve Fund to equal the Required Reserve Fund Balance, in accordance with the provisions of the Trust Agreement; and (v) fifth, to the Rebate Fund, as necessary to make any payment required to be paid to the United States of America, under Section 148(f) of the Code. For a more complete discussion of the deposit and uses of Revenues, see “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Deposit and Disposition of Revenues.”

The principal repayments on DWAF Loans to be funded under future DWAF Loan Agreements with the other moneys to be deposited in the Drinking Water Assistance Fund (see “THE DRINKING WATER ASSISTANCE FUND PROGRAM – The Drinking Water Assistance Fund”), will provide additional Pledged Revenues to secure the outstanding Leverage Bonds, and, on a subordinate basis, the DWAF Bonds.

Application of Pledged Loan Repayments

The following diagram is a simplified representation of, and is designed solely to assist in illustrating the application of, loan repayments for the payment of bond service charges on the DWAF Bonds and the Leverage Bonds. It is designed for illustrative purposes only, is in no way comprehensive or definitive, and must be read in conjunction with this entire Official Statement. Any and all descriptions and discussions of the flow of funds and security and sources of payment for the DWAF Bonds are qualified in their entirety by reference to the Trust Agreement and the DWAF Trust Agreement, the provisions of which shall be controlling and dispositive in all cases, including any case of a disparity, discrepancy or conflict between such provisions and this diagram.

DWAF Program Cash Flow and Pledged Funds



Allocation of Proceeds as State Match Portion and/or Leveraged Portion

The Trust Agreement permits the Authority to allocate, in amounts determined by the Executive Director, the proceeds of a series of DWAF Bonds as State Match Portion or Leveraged Portion. Such allocation will be established in the applicable Series Allocation Certificate. There is no requirement that any such allocation be *pro rata* between the two portions, or to make a minimum allocation to either portion. Furthermore, the Trust Agreement permits the Authority to elect to establish a differing Required Reserve Fund Balance for each portion. See “SECURITY AND SOURCE OF PAYMENT OF SERIES 2021A DWAF BONDS – Pledge of Debt Service Reserve Fund.”

Significant Governmental Agency Participants

As of December 31, 2020, there were 233 Governmental Agencies with 598 Projects financed through loans made by the Authority (the “Existing DWAF Loans”) pursuant to loan agreements with the Authority (the “Existing DWAF Loan Agreements”). A total of \$1,634,170,511 in principal amount of Existing DWAF Loans has been made, with a principal balance of \$1,196,378,454 outstanding. Also as of December 31, 2020, the Governmental Agencies listed in the following table have Existing DWAF Loans, the total principal amounts of which constitute approximately 61.10% of the total projected remaining principal repayments pursuant to the Existing DWAF Loan Agreements.

LGA	Number of Projects	Estimated Project Costs Funded with DWAF Loans	Projected Remaining Leverage and DWAF Revenue Series Repayments	Percent of Total Remaining Loan Repayments to be Repaid for All Projects
Columbus	46	\$316,608,732	\$301,920,758	25.24%
Toledo	4	100,829,954	92,724,337	7.75
Akron	18	81,792,446	79,782,768	6.67
Cleveland	11	152,766,777	63,127,269	5.28
Cincinnati	49	80,984,119	62,933,937	5.26
Avon Lake	3	35,914,143	31,636,503	2.64
Miamisburg	5	30,834,795	28,090,166	2.35
Bucyrus	1	28,579,281	24,840,903	2.08
Mahoning Valley Sanitary District	9	35,399,506	23,400,930	1.96
Oregon	7	36,837,875	22,568,835	1.89
	153	\$900,547,628	\$731,026,406	61.10%

ADDITIONAL DWAF BONDS

General

The Authority and Director may issue additional DWAF Bonds for the purpose of providing continuing funding for the sole benefit of the Drinking Water Assistance Fund or for the purpose of refunding previously issued and outstanding Leverage Bonds or DWAF Bonds. No DWAF Bonds shall be issued unless the following conditions exist at the time of the authentication of such DWAF Bonds by the Authenticating Agent:

(i) The Executive Director will certify that the Authority is not in default in the performance of any of its covenants or obligations contained in the Trust Agreement, or any Supplemental Agreement or the DWAF Bonds, or the Leverage Bond Trust Agreement, or the Leverage Bonds, and the authentication and delivery of the DWAF Bonds will not result in any such default;

(ii) The sum of the Projected Payments to be received during each calendar year shall aggregate an amount at least equal to 100% of the amount required to be paid into the Debt Service Fund

during each such calendar year to pay the Bond Service Charges due in such year, less an amount equal to any capitalized interest to be applied against the Bond Service Charges in such year on all Leverage Bonds and DWAF Bonds to be outstanding after the issuance of such DWAF Bonds and the Authority will have furnished to the Trustee a certificate of the Executive Director or the Fiscal Officer of the Authority and the Director making and setting forth the calculations required by this paragraph;

(iii) The Executive Director will certify that if such series of DWAF Bonds has a Required Reserve Fund Balance of greater than \$0: (a) after the issuance of such DWAF Bonds and the deposit in the Debt Service Reserve Fund of any proceeds thereof or other moneys to be deposited therein pursuant to the applicable Supplemental Agreement, the Value of cash and investments in the Debt Service Reserve Fund will equal or exceed the Required Reserve Fund Balance, or (b) simultaneously with the issuance of such DWAF Bonds, the Authority shall deliver or cause to be delivered to the Trustee a Qualified Reserve Credit Facility for the full amount of the Required Reserve Fund Balance attributable to such DWAF Bonds or such portion thereof not funded with cash and investments and permitting the Trustee to draw thereon at any time that the Trust Agreement requires the Trustee to withdraw moneys from the Debt Service Reserve Fund, which Qualified Reserve Credit Facility shall not expire until either all such DWAF Bonds shall cease to be outstanding or until cash and investments or another Qualified Reserve Credit Facility shall have been deposited in the Debt Service Reserve Fund with a Value that equals or exceeds the Required Reserve Fund Balance;

(iv) The Director will request in writing that the Authority issue such DWAF Bonds on the terms set forth in or determined pursuant to the applicable Series Resolution, and the Executive Director shall certify that other conditions precedent to the issuance of such series of DWAF Bonds set forth in the applicable Series Resolution have been met; and

(v) No DWAF Support Obligations are outstanding, except that DWAF Bonds may be issued to refund or advance refund Leverage Bonds while DWAF Support Obligations are outstanding.

The Series Resolution authorizing any such DWAF Bonds will incorporate the covenants and requirements of the DWAF Bond General Resolution insofar as they are applicable to all DWAF Bonds. The authentication of such DWAF Bonds by the Trustee will be conclusive evidence that such requirements have been met for purposes of the validity and binding effects of those DWAF Bonds.

For a discussion of the various types of additional DWAF Bonds that may be issued and the computation of Bond Service Charges thereon, see “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Computation of Bond Service Charges with Respect to Additional DWAF Bonds.”

INVESTMENTS

Money in the Special Funds and the Rebate Fund will be invested and reinvested by the Trustees in Eligible Investments at the direction of the Executive Director. See “APPENDIX D – CERTAIN DEFINITIONS” and “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Investment of Special Funds and Rebate Fund.” Money in the Drinking Water Assistance Fund will be invested and reinvested in accordance with the provisions of the DWAF Trust Agreement except any Net Bond Proceeds that will be invested and reinvested by the DWAF Trustee in Eligible Investments at the direction of the Executive Director. Investments of moneys in the Debt Service Fund, if applicable, shall mature or be redeemable at the times and in the amounts necessary to provide moneys to make payments for which such Fund is established. Investments of moneys in the Debt Service Reserve Fund, if applicable, will mature or be redeemable by the holders thereof not later than five years from the date of investment, except that investments of the income realized on the investment of the Debt Service Reserve Fund, if applicable, will mature not later than the next day on which such income is required. Debt Service Reserve Fund investments, except investment of income realized, must be of a type that pay interest on an annual or semiannual basis. Investments of moneys in the Net Bond Proceeds Fund will mature or be redeemable at the times and in the amounts necessary to provide moneys to make payments of the costs of Projects to be paid from such fund.

Any uninvested moneys in all Special Funds, and the Rebate Fund shall at all times be secured by the depository or custodian thereof by pledge of obligations of the United States of America to the extent and in the manner required by law for the security of deposits of public funds.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2021A DWAF Bonds will be applied by the Trustee, pursuant to the terms of the Trust Agreement, for the following estimated uses:

Sources of Funds

Par Amount of Series 2021A DWAF Bonds	\$125,000,000
Original Issue Premium (Discount)	<u>43,251,050</u>
Total	<u>\$168,251,050</u>

Uses of Funds

Deposit to DWAF Bond Subfund	\$167,336,235
Costs of Issuance ¹	<u>914,815</u>
Total	<u>\$168,251,050</u>

¹ Including Underwriters' discount, bond counsel fees, Underwriter's counsel fees, Trustee fees, rating agency fees and other costs.

THE SERIES 2021A DWAF BONDS

General Terms

The Series 2021A DWAF Bonds will be dated the date of initial issuance. The Series 2021A DWAF Bonds will bear interest at the rates set forth in the inside cover page hereof payable semiannually on June 1 and December 1, commencing December 1, 2021 and mature on June 1 and December 1 in the years and in the principal amounts set forth on the inside cover page of this Official Statement.

The Authority is issuing the Series 2021A DWAF Bonds as obligations to which Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), applies and the interest on which is excluded from gross income for federal income tax purposes. See "TAX MATTERS"

Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA)

The Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA") imposed new requirements and conditions for the interest on bonds issued by state and local governments for pooled financing programs to be and remain exempt from federal income taxation. Among those requirements are the following: (i) as of the date of issuance of an issue of bonds, the issuer must reasonably expect that within the 1-year period beginning on the date of issuance, at least 30% of the net proceeds of the issue would be used directly or indirectly to make or finance loans to ultimate borrowers (the "1-year Requirement"); (ii) to the extent that less than 30% of the proceeds of the issue are actually used as described in clause (i) the issuer must use an amount of proceeds equal to the excess of 30% of the proceeds over the amount actually used to make loans by the close of such 1-year period to redeem outstanding bonds within 90 days after the end of such 1-year period; (iii) as of the date of issuance of an issue of bonds, the issuer must reasonably expect that within the 3-year period beginning on the date of issuance, at least 95% of the net proceeds of the issue would be used directly or indirectly to make or finance loans to ultimate borrowers (the "3-year Requirement"); and (iv) to the extent that less than 95% of the proceeds of the issue are actually used as described in clause (iii) the issuer must use an amount of proceeds equal to the excess of 95% of the proceeds over the amount actually used to make loans by the close of such 3-year period to redeem outstanding bonds within 90 days after the end of such 3-year period.

The Authority expects to meet the 1-year Requirement upon the issuance of the Series 2021A Bonds and expects to meet the 3-year Requirement within one year of the date of issuance of the Series 2021A Bonds.

Redemption Provisions

Extraordinary Optional Redemption. The Series 2021A DWAF Bonds are subject to extraordinary mandatory redemption, in whole or in part, at a redemption price of 102% of the principal amount thereof to be so redeemed plus interest accrued to the date fixed for redemption, by the Authority as a result of a failure meet the 3-year Requirement, such redemption to be made on March 1, 2024 in an amount equal to the excess of 95% of the net proceeds of the Series 2021A Bonds over the amount of proceeds actually used to make loans to one or more Government Agencies.. The particular Series 2021A DWAF Bonds to be redeemed will be selected from such maturities as shall be determined by the Authority, upon advice from Bond Counsel.

Optional Redemption. The Series 2021A DWAF Bonds maturing on or after December 1, 2031 are subject to prior redemption by and at the sole option of the Authority in whole multiples of \$5,000, either in whole or in part (as selected by the Authority) on any date on or after June 1, 2031, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2021A DWAF Bonds maturing on December 1, in the years 2035, 2036, 2037, 2038 and 2039 (collectively, the “Term Bonds”), are subject to mandatory sinking fund redemption by the Authority at par, plus accrued interest to the redemption date pursuant to the mandatory sinking fund requirements of the Trust Agreement as follows:

Series 2021A Term Bonds Maturing December 1, 2035		Series 2021A Term Bonds Maturing December 1, 2036	
Mandatory Redemption	Principal Amount to be	Mandatory Redemption	Principal Amount to be
<u>Date</u>	<u>Redeemed</u>	<u>Date</u>	<u>Redeemed</u>
June 1, 2035	\$ 7,500,000	June 1, 2036	\$ 7,500,000
December 1, 2035**	7,500,000	December 1, 2036**	7,500,000
**Stated Maturity		**Stated Maturity	
Series 2021A Term Bonds Maturing December 1, 2037		Series 2021A Term Bonds Maturing December 1, 2038	
Mandatory Redemption	Principal Amount to be	Mandatory Redemption	Principal Amount to be
<u>Date</u>	<u>Redeemed</u>	<u>Date</u>	<u>Redeemed</u>
June 1, 2037	\$ 7,500,000	June 1, 2038	\$ 7,500,000
December 1, 2037**	7,500,000	December 1, 2038**	7,500,000
**Stated Maturity		**Stated Maturity	
Series 2021A Term Bonds Maturing December 1, 2039			
Mandatory Redemption		Principal Amount to be	
<u>Date</u>		<u>Redeemed</u>	
June 1, 2039		\$ 6,000,000	
December 1, 2039**		9,000,000	
**Stated Maturity			

The principal amount of the Term Bonds required to be redeemed by operation of the mandatory sinking fund schedules set forth above may be reduced by the principal amount of any Series 2021A DWAF Bonds of the applicable maturity which have been theretofore delivered by the Authority to the Trustee for cancellation, or theretofore redeemed (but not through the operation of the mandatory sinking fund) or purchased or determined to be purchased by the Trustee and which have not theretofore been made the basis of such reduction, as provided in the Trust Agreement (the “mandatory sinking fund credit”).

Notice of Redemption. Except as provided in the Trust Agreement with respect to the Series 2021A DWAF Bonds or Bond Anticipation Notes with a maturity of one year or less or unless waived by any Holder of Series 2021A DWAF Bonds to be redeemed, official notice of any redemption will be given by the Registrar on behalf of the Authority by mailing a copy of an official redemption notice by registered or certified mail at least 30 days, and

not more than 60 days, prior to the date fixed for redemption to the Holder of each Series 2021A DWAF Bond to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Holder to the Registrar on the record date.

All official notices of redemption will be dated and will state:

- (i) the redemption date,
- (ii) the redemption price,
- (iii) if less than all outstanding Series 2021A DWAF Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2021A DWAF Bonds to be redeemed,
- (iv) that on the redemption date the redemption price will become due and payable upon each such Series 2021A DWAF Bonds or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (v) the place where such Series 2021A DWAF Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

Prior to any redemption date, the Authority will deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 2021A DWAF Bonds or portions of the Series 2021A DWAF Bonds that are to be redeemed on that date.

Official Notice of redemption having been given as described above, the Series 2021A DWAF Bonds or portions of the Series 2021A DWAF Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Authority shall default in the payment of the redemption price) such Series 2021A DWAF Bonds or portions of Series 2021A DWAF Bonds will cease to bear interest. Upon surrender of such Series 2021A DWAF Bonds for redemption in accordance with the notice, such Series 2021A DWAF Bonds will be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date will be payable as provided for in the Trust Agreement for payment of interest. Upon surrender for any partial redemption of any Series 2021A DWAF Bond, there will be prepared for the Holder a new Series 2021A DWAF Bond or Series 2021A DWAF Bonds. Series 2021A DWAF Bonds that have been redeemed will be canceled and destroyed by the Registrar and shall not be reissued.

In addition to the notice described above, further notice may be given by the Trustee as described below, but no defect in said further notice nor any failure to give all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above described.

- i. Each such further notice of redemption may contain the information required above for an official notice of redemption plus (a) the date of issue of the Series 2021A DWAF Bonds being redeemed; (b) the date of issue of the Series 2021A DWAF Bonds as originally issued; (c) the rate of interest borne by each Series 2021A DWAF Bond being redeemed; (d) the maturity date of each Series 2021A DWAF Bond being redeemed; and (e) any other descriptive information needed to identify accurately the Series 2021A DWAF Bonds being redeemed.
- ii. Each further notice of redemption may be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Series 2021A DWAF Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Series 2021A DWAF Bonds.

Upon the payment of the redemption price of the Series 2021A DWAF Bonds being redeemed, each check or other transfer of funds issued for such purpose will bear the CUSIP number identifying, by issue and maturity, the Series 2021A DWAF Bonds being redeemed with the proceeds of such check or other transfer.

Selection of Series 2021A DWAF Bonds for Redemption. If fewer than all outstanding Series 2021A DWAF Bonds are called for redemption at one time, they will be called in the order determined by the Authority. If less than all of the Series 2021A DWAF Bonds of a single maturity is to be redeemed, the selection of Series 2021A DWAF Bonds of a single maturity and of the portions thereof in amounts of \$5,000 or any integral multiple thereof, will be made by lot by the Trustee in any manner that the Trustee may determine.

In the case of a partial redemption of Series 2021A DWAF Bonds by lot when Series 2021A DWAF Bonds of denominations greater than \$5,000 are then outstanding, each \$5,000 unit of face value of principal thereof will be treated as though it were a separate Series 2021A DWAF Bond of the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 units of face value represented by a Series 2021A DWAF Bond are to be called for redemption, then upon notice of redemption of a \$5,000 unit or units, the Holder of that Series 2021A DWAF Bond will surrender the Series 2021A DWAF Bonds to the Trustee or other Paying Agent (i) for payment of the redemption price of the \$5,000 unit or units of face value called for redemption (including without limitation, the interest accrued to the date fixed for redemption and any premium), and (ii) for issuance, without charge to the Holder thereof, of a Series 2021A DWAF Bond or Series 2021A DWAF Bonds of the same series, of any authorized denomination or denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Series 2021A DWAF Bonds surrendered.

Allocation of Proceeds to State Match Portion and/or Leveraged Portion. All of the proceeds of the Series 2021A DWAF Bonds are allocated to the Leveraged Portion and are NOT subject to a Required Reserve Fund Balance.

THE AUTHORITY

General

In 1968, the Ohio General Assembly enacted Chapter 6121, Ohio Revised Code, creating the Authority. The Authority is a body both corporate and politic, constituting an agency and instrumentality of the State and performing essential governmental functions and public purposes of the State. The Authority consists of eight members. Five members of the Authority, no more than three of which shall be members of the same political party, are appointed by the Governor for eight-year, staggered terms, with the advice and consent of the State Senate. In addition, the Director of Natural Resources, the Director of Environmental Protection and the Director of the Development Services Agency of the State are members *ex officio* of the Authority entitled to vote and participate in Authority activities on an equal basis with the other Authority members. The Chairman and Vice Chairman of the Authority are elected from among the appointed members. The current members, officers, and staff of the Authority are identified on the page opposite the inside front cover of this Official Statement. See “THE AUTHORITY - Executive Staff of the Authority.” The Authority’s office is in Columbus, Ohio.

Powers of the Authority

The Authority has broad statutory authority to carry out its governmental functions, including the power to acquire public or private lands by the exercise of the right of condemnation; to make and enter into all contracts and agreements and execute all instruments necessary or incidental to the carrying out of its powers; to issue revenue bonds and notes of the State; to charge, alter, and collect rentals and other charges for the use of services of any water development project; and to do all acts necessary or proper to carry out the powers expressly granted in Chapters 6121 and 6123 of the Ohio Revised Code. The Authority and the Governmental Agencies are authorized to cooperate in the acquisition, construction and financing of projects, and to enter into agreements that may be necessary to effectuate such cooperation.

Executive Staff of the Authority

Ken J. Heigel, Executive Director. Mr. Heigel became Executive Director to the Authority in August 2019. Previously, Mr. Heigel had served as Assistant Executive Director since January 2018, Chief Program Officer to the Authority since 2015, and as the Chief Engineer to the Authority from 2003 to 2015. Prior to that, Mr. Heigel worked for 13 years in private consulting specializing in water distribution, water treatment, wastewater collection, and wastewater treatment. From 1987 to 1990 he worked for a general contractor. Mr. Heigel has a Bachelor's Degree in Civil Engineering and a Master's Degree in Business Administration from the University of Dayton. He is a licensed professional engineer in the State of Ohio.

Todd E. Skruck, Chief Financial Officer. Mr. Skruck became Chief Financial Officer in 2018. From 2005 to 2017, he served as Senior Accounting Manager for the Authority. Prior to 2005, he was an Audit Manager with the Auditor of the State of Ohio's office. He received his license as a certified public accountant in 2007. He earned a Bachelor of Science in Business Administration degree in Accounting from Ohio State University.

Robyn McComb, Assistant Chief Financial Officer. Ms. McComb became Assistant Chief Financial Officer in 2018. Previously, Ms. McComb had served as a Senior Accounting Manager to the Authority since 2012 and Accounting Manager to the Authority from 1999 to 2012. Ms. McComb has been employed by the Authority since 1997. Prior to 1997, she was employed with a national public accounting firm. She received her license as a certified public accountant in 2002. She earned a Bachelor of Science in Accounting from The Pennsylvania State University.

Daniel P. Gill, Chief Engineer. Mr. Gill became Chief Engineer in January 2019. Previously, Mr. Gill served as Engineer to the Authority since 2014. Prior to that, Mr. Gill worked for 8 years at Ohio EPA specializing in wastewater collection, wastewater treatment, combined sewer overflows and NPDES permitting. Mr. Gill has a Bachelor's Degree in Biological Engineering from the Ohio State University and a Master's Degree in Geology from the University of New Orleans. He is a licensed professional engineer in the State of Ohio.

PROGRAMS OF THE AUTHORITY

The following information describes the current programs of the Authority. None of such programs, and none of the other Revenue Bonds and Notes described below, are related in any way to the issuance of the DWAF Bonds or the security therefor except as described under "SECURITY FOR AND SOURCES OF PAYMENT OF SERIES 2021A DWAF BONDS" above.

Other Bond-Funded Programs of the Authority

Fresh Water and Related Programs. In 1968, the electors of the State adopted a new section of the Ohio Constitution, Article VIII, Section 2i, which authorized the issuance of general obligation bonds and notes and revenue bonds, notes or other obligations of the State for the purpose, among others, of abating water pollution. Following the issuance of general obligation bonds by the State pursuant to this new constitutional authority, the Ohio General Assembly appropriated to the Authority \$100,000,000 of the proceeds thereof. Pursuant to the provisions of Section 2i of Article VIII of the Ohio Constitution and in accordance with the provisions of Chapter 6121, as amended from time to time, the Authority has issued bonds and notes for the purpose of making loans to Governmental Agencies to pay certain costs of projects that abate water pollution.

Since its creation in 1968, the Authority has created and operated programs that have provided funding to Governmental Agencies for the cost of planning, designing, acquiring or constructing wastewater treatment facilities, interceptor sewer facilities, sewage collection facilities and water supply and distribution facilities. The Authority has issued bonds and notes in series under several different (but substantially similar) programs to provide a continuing financing source for Governmental Agencies to fund the costs of such projects. In order of their creation and with their years of creation indicated parenthetically, these programs were the Pollution Abatement Program (1969), the Clean Water Program (1975), the Safe Water Program (1980) and the Pure Water Program (1985). The current Fresh Water Program was established in 1992.

For the purpose of providing additional funds for the Fresh Water Program, the Authority has from time to time issued bonds and commercial paper notes. The Authority intends to issue additional bonds from time to time for the purpose of providing additional funds for the Fresh Water Program or for the purpose of refunding obligations previously issued for such purpose.

The Board has recently adopted program guidelines for a refinancing program to be operated under the Fresh Water Program.

Community Assistance Program. The Authority created the Community Assistance Program in 1983 to provide a financing alternative for Governmental Agencies undertaking wastewater and water supply projects for which financing at a market rate of interest would cause undue hardship to the users of the Governmental Agency's utility system. Upon determination that a Governmental Agency falls within that category, the Governmental Agency may enter into a cooperative agreement with the Authority providing for a loan that is repayable over 20 to 30 years, as determined by the Authority at a contract interest rate of 2% per annum or less if the Governmental Agency qualifies for certain discounts. This is a self-contained program with loan repayments being credited to the Community Assistance Program. The repayment of existing Community Assistance Program loans provides the source of repayment for these bonds and is pledged to secure such bonds. As of 2013, the Authority has not awarded any loans under the Community Assistance Program and has instead awarded loans for such purposes under the Fresh Water Program.

Other Revenue Bonds and Notes. To assist private industry located in the State in creating or preserving jobs and employment opportunities and in controlling air, water and thermal pollution and solid waste, and in making a safe water supply available to the public, the Authority has issued and may continue to issue revenue bonds and notes, the proceeds of which are used to finance costs of pollution control, solid waste disposal, water supply and energy resource development facilities. Payment of the principal of and interest and any premium on such revenue bonds and notes is made by the user of the facilities pursuant to a lease, loan agreement, conditional or installment sale agreement or other financing document. The Authority has no obligation to pay the debt service on such revenue bonds from any other revenues.

Non-Bond-Funded Programs of the Authority

The Authority has established the following programs and funded them with available revenues other than the proceeds of bonds or other debt obligations. The payments of the principal of and interest on the loans that the Authority makes under these programs are not pledged to the payment of any outstanding bonds of the Authority. The Authority has the discretion to use available revenues to provide additional funding for these programs and to transfer any unencumbered balance currently committed to any of these programs to other programs or to apply them to any other lawful purpose, including, without limitation, the payment of bond service charges on any outstanding bonds or other debt obligations of the Authority or the funding of reserve funds for such bond service charges.

Solid Waste Program. In 1991, the Authority adopted the Solid Waste Financing Program to provide financing for Governmental Agencies to implement their solid waste management plans. The Authority funded the program with initial seed money of \$15,000,000. Additional moneys have been deposited from time to time. Solid waste projects that may be eligible for financing include materials recovery and composting facilities, transfer stations, landfills and incinerators.

Local Economic Development Loan Program. In June 1995, the Authority established its Local Economic Development Loan Program for the purpose of making loans to Governmental Agencies for water and wastewater improvement projects that are recommended and requested by the Ohio Department of Development based upon expected economic development benefits. The aggregate amount of any loans that may be made under the Program to any Governmental Agency for any project and the term of Program loans is based upon a request to do so from the Ohio Department of Development. The rate of interest on Program loans is also to be based upon the recommendation of the Ohio Department of Development.

Brownfield Program. In 1994, the Ohio General Assembly enacted legislation that establishes the State's Voluntary Action Program to encourage and facilitate the remediation of property contaminated by hazardous substances or petroleum. Among other things, the legislation confers on the Authority the power to make loans to

finance “voluntary actions”: i.e., measures that may be taken to identify and address potential sources of such property contamination. The Authority has established a Brownfield Fund for that purpose.

Research and Development Grant Program. Pursuant to its power to engage in research and development with respect to wastewater, water management facilities, solid waste facilities, and energy resource development facilities, the Authority has established a grant program for qualifying research and development programs. The eligible participants are Governmental Agencies that perform research or development. Projects for which grants are awarded must be of such a nature that the benefits to be derived fulfill a general need in Ohio within the scope of the powers of the Authority. Grants are subject to available funds and recommendation by the director of a department of state government that is responsible for oversight. Priority is given to projects that have statewide environmental and/or natural resource application and grantees must submit a final report.

Village Capital Improvement Fund Program. In 1996, the Authority instituted the Village Capital Improvement Fund (“VCIF”) Program to provide loans of up to \$25,000 for planning and \$50,000 for design of water supply and wastewater treatment projects. The VCIF is administered by the Authority jointly with the OEPA and is available only to villages, which are municipal corporations having a population of 5,000 or less. To qualify for a loan from the VCIF, an applicant must meet certain eligibility and priority criteria established for the Program. Repayment is made over up to ten years in equal annual payments.

Emergency Relief. In response to serious flood damage that occurred in the spring of 1997, the Authority created the Emergency Relief Fund and funded it with \$5,000,000 from surplus funds. Governmental Agencies can receive relief for two semiannual loan repayments if they are in a federal- or state-declared disaster area and have incurred loss or damage to their wastewater or water treatment facilities, equipment, or water and sewer lines.

Dam Safety Linked Deposit Program. To provide a source of advantageous financing for repairs and improvements to privately owned dams in the State, the Authority created its Dam Safety Linked Deposit Program in January 1999. Under the program, the Authority agrees to invest money in certificates of deposit from participating banks and to accept a rate of interest on its investment that is three points less than would otherwise be available for that investment, but in no event less than 3%. The participating bank in turn agrees to lend the invested money to a dam owner to finance dam improvements or repairs. To be eligible for a Program loan, the dam owner must demonstrate that the dam improvement or repair that the owner proposes to make has been ordered and approved by the Ohio Department of Natural Resources. The Authority requires that the certificates of deposit that it purchases under the Program must be federally insured or, to the extent not insured, collateralized by eligible collateral securities. The obligation of the participating banks to pay the principal of and interest on the certificates of deposit is in no way contingent on the payment by the dam owner of the owner’s loan to the bank, for which the Authority assumes no responsibility.

County Coastal Erosion Loan Program. In 1999, the Ohio General Assembly enacted legislation to create a coastal erosion control loan program. Under Ohio Revised Code Section 1507.071, enacted by that legislation, counties may provide financial assistance to property owners for the construction of erosion control structures in areas defined by statute as coastal erosion areas and may obtain loans from the Authority to provide such assistance and has deposited \$10,000,000 in the Fund for that purpose. Eight counties with Lake Erie shorelines contain coastal erosion areas and are eligible to receive loans under the Program.

Alternative Stormwater Infrastructure Loan Program. In 2010 the Authority established its Alternative Stormwater Infrastructure Loan Program for the purpose of providing financing for alternative stormwater infrastructure that lessens the impact of stormwater events on sewer systems through direct loans that are recommended and requested by the Ohio Department of Development based upon expected economic development and environmental benefits. The aggregate amount of any loans that may be made under the program to any Governmental Agency for any project and the term of program loans is based upon a request to do so from the Ohio Department of Development. The rate of interest on program loans is also to be based upon the recommendation of the Ohio Department of Development.

Un-Sewered Area Planning Loan Program. In 2009 the Authority established its Un-Sewered Area Planning Loan Program for the purpose of providing funding for planning and design of a publicly owned sewer system for un-sewered areas that have failing on-lot sanitary systems. Funding will be approved based upon the availability of

funds using the following priority system: communities that have received Findings & Orders from Ohio EPA, communities that have been referred to Ohio EPA Division of Surface Water, and communities that have a documented health risk.

Un-Sewered Area Assistance Program. In 2013 the Authority established its Un-Sewered Area Assistance Program for the purpose of providing grants for construction of a publicly owned sewer system for un-sewered areas that have failing on-lot sanitary systems. Grants will be approved based upon the availability of funds using the following priority system: communities that have received Findings & Orders from Ohio EPA, communities that have been referred to Ohio EPA Division of Surface Water, and communities that have a documented health risk.

Loan Advance Program. In 2015, the Authority adopted the Loan Advance Program to provide interim financing to borrowers for acquiring or constructing drinking water supply, water distribution, sewage collection or treatment facilities that use funding from the United States Army Corps of Engineers (USACOE) or the United States Department of Agriculture (USDA).

THE OHIO ENVIRONMENTAL PROTECTION AGENCY

The OEPA is one of the 20 administrative departments of the State and was established under Chapter 3745.01 of the Ohio Revised Code on October 23, 1972.

The OEPA is composed of seven program divisions, five district offices, and an executive staff made up of four deputy directors, two assistant directors and a director. The OEPA is responsible for the administration of regulations pertaining to the prevention, control and abatement of air and water pollution, public water supply, comprehensive water resource management planning, and the disposal and treatment of solid wastes, hazardous waste, sewage, industrial waste, and other wastes. Under Section 6109.22, the Director is authorized to administer the Drinking Water Assistance Fund and to enter into agreements with the Authority for assistance with the administration and funding of the Drinking Water Assistance Fund.

OEPA Management Staff Responsible for the Drinking Water Assistance Fund Program

Laurie Stevenson, Director. In January 2019, Governor Mike DeWine appointed Laurie A. Stevenson as director of the Ohio Environmental Protection Agency. She most recently served as Deputy Director for Business Relations where she served as a primary contact for regulated entities to help coordinate permitting activities within the Agency, particularly for complex projects requiring multiple permits. She also served as chief of Ohio EPA's Division of Environmental and Financial Assistance. DEFA provides financial and technical assistance to businesses and communities to help achieve compliance with the environmental regulations. A public servant of 29 years, she previously served as the industrial liaison in the Director's Office and managed Ohio EPA's Small Business Assistance Office (SBAO). She held previous positions in Ohio EPA's Division of Hazardous Waste Management, starting in the Southeast District Office as a hazardous waste field inspector. Laurie earned a B.S. in Environmental Health from Bowling Green State University and an M.S. in Public Health from The Ohio State University.

Jerry Rouch, Chief, Division of Environmental & Financial Assistance. Jerry Rouch is the Chief of the Division of Environmental & Financial Assistance (DEFA) at Ohio EPA. Mr. Rouch's primary responsibility within Ohio EPA-DEFA is to guide and direct the Office of Financial Assistance (which administers the two state revolving funds) and the Office of Compliance Assistance and Pollution Prevention. Mr. Rouch has worked at Ohio EPA for over 32 years, starting in the Division of Construction Grants, which later became DEFA. His areas of expertise include state revolving loan program management and development, Clean Water Act policy, and NEPA environmental reviews. Mr. Rouch's educational background includes a bachelor's degree in Earth Science from Gannon University, a master's degrees in Natural Resources and a master's degree in Political Science from Ball State University.

Jon Bernstein, Assistant Chief, Office of Financial Assistance. Jon Bernstein is an Assistant Chief in the Division of Environmental & Financial Assistance at Ohio EPA. Mr. Bernstein oversees staff and programs associated with the two state revolving funds. Mr. Bernstein has worked at Ohio EPA for over 12 years in the Division of Surface Water and the Division of Environmental and Financial Assistance. His areas of expertise

include Clean Water Act permitting programs, water quality and state revolving loan program management. Mr. Bernstein's educational background includes a bachelor's degree in Chemical Engineering from Ohio University. He is a licensed professional engineer in the State of Ohio.

Organization of the Division of Drinking and Ground Waters (DDAGW)

The DDAGW Engineering Unit works with Water Supply Revolving Loan Account communities through the preplanning and general planning stages to ensure that their projects will provide reliable long-term drinking water solutions. They review the projects' detailed designs to assure compliance with agreed-upon engineering practices and the Ten States Recommended Standards for Water Works. The Unit monitors the projects' construction to help ensure that communities are adhering to sound construction techniques.

The DDAGW Operational & Financial Assistance Section serves as co-manager of the Drinking Water Assistance Fund with the Division of Environmental and Financial Assistance. DDAGW is responsible for preparation of the Intended Use Plan and portions of the Management Plan including set-aside terms and procedures. The State Revolving Fund Unit also serves as the primary administrator for many preplanning and program maintenance activities.

Organization of the Division of Environmental and Financial Assistance (DEFA)

The Environmental Planning Unit

The Environmental Planning Unit ensures that Drinking Water Assistance Fund projects are environmentally sound and that the costs of the projects have been adequately disclosed to the system's users through appropriate public participation mechanisms. The Unit helps Drinking Water Assistance Fund communities plan their projects to provide cost-effective solutions to their drinking water problems. It also monitors applicants' public participation activities during facilities plan development, and reviews project costs to determine whether significant adverse impacts from increased user fees may occur. Prior to the OEPA's decision to approve a project, the Unit prepares an environmental assessment document that outlines the project's anticipated environmental and financial impacts, and circulates the document for comment to affected residents. The Unit also performs similar functions for the Water Pollution Control Loan Fund revolving loan program described further below.

The SRF Project Coordination Unit

The SRF Project Coordination Unit (SRF PCU) receives the pre-application that begins the loan process. Point forms for each loan applicant are completed by DDAGW District Office staff and ranked on the project Priority List by SRF PCU staff. SRF PCU staff and DDAGW District Office staff are also responsible for reviewing the financial, managerial and technical portions of the Capability Assurance Plans that are required from each loan applicant. SRF PCU staff continue to coordinate and support the DEFA and the Authority throughout the remainder of the loan process including awarding the loan, project construction, certification and administrative completion. Additionally, SRF PCU staff are responsible for assisting communities with the completion of their DWAF Loan Agreements including the development of their user charge systems. This helps assure that communities will collect sufficient revenues to adequately repay their DWAF Loans, and to properly operate and maintain their facilities. This section also tracks loan amounts, projects disbursements and oversees loan closeout activities.

Outline of the Drinking Water Assistance Fund Project Process

Governmental Agencies applying for a DWAF Loan follow the process of planning, design and construction to complete their Projects. The goal of this process is to ensure that as a Drinking Water Assistance Fund borrower, the Governmental Agency constructs a project that provides an environmentally sound long-term solution to its safe drinking water needs, is affordable for the community, and has the ability to generate sufficient revenues to repay its loan and to provide for ongoing operation, maintenance, and replacement expenses. The DDAGW and DEFA work directly with the Governmental Agencies throughout this process by providing technical and outreach assistance to facilitate the accomplishment of that goal.

Planning

The Governmental Agency prepares a general plan (or general planning document) and capacity assurance plan. The plans define existing needs, community structure, and environmental conditions. Future needs for a period of twenty years are then projected. Based upon existing and projected future needs, alternative engineering solutions to meet these needs are developed, and analyzed by considering both the monetary and non-monetary factors associated with each alternative. Based on this analysis, an alternative is selected that provides the optimum combination of monetary and non-monetary factors. This alternative is then described as to how and when it will be implemented as a Drinking Water Assistance Fund project, and how it will be financed. The costs to the average user are analyzed in the general plan and are used as a basis, along with a community profile, of assessing whether the project is likely to cause an adverse economic impact to its users. This plan is reviewed and accepted by the Environmental Planning Unit of DEFA and accepted or approved by the Engineering Unit of DDAGW.

After the general planning information is accepted, the Environmental Planning Unit prepares an environmental assessment of the project, which is a document that summarizes the decision-making process that was used during general planning, describes the selected alternative in detail and how it will be implemented, what the expected environmental impacts will be from the project, and what costs to the average user are expected to be. This document is distributed to interested citizens in the community, who are given a one-month period to review the document and to make their comments on the project known to OEPA.

Design

The Governmental Agency submits detailed plans and specifications for the project. These documents are reviewed by the Environmental Planning Section of DEFA and Engineering Section of DDAGW to ensure that the project is designed as proposed by the general planning information, that the design meets sound engineering standards, and that proper environmental impact mitigation is included in the project. When the plans and specifications are deemed acceptable, the OEPA Director issues a plan approval to the Governmental Agency.

DWAF Loan Agreement and Construction

The DWAF Loan Agreement is signed and executed by the Governmental Agency, the Director, and the Authority, followed by the construction or implementation of the project. The SRF Project Coordination Unit helps the community finalize the DWAF Loan Application after the community has bid the project and bid costs have been received, and the Governmental Agency signs the Agreement. In this final step, the SRF Project Coordination Unit approves the community's rate system and use ordinances and confirms that the project meets other applicable state and federal program requirements. Once the project application is approved, the Director signifies that approval by signing the DWAF Loan Agreement. Upon that approval, the Authority's Executive Director signs the DWAF Loan Agreement. The Governmental Agency, having signed the DWAF Loan Agreement, then enters into construction contracts and proceeds to build its project. During construction, the Environmental Planning Unit in DEFA and DDAGW District staff periodically inspect the construction to see that the project is being built as designed and constructed in a sound manner.

The Other Revolving Loan Program of OEPA

The following information describes the water pollution control revolving loan fund program of the Authority.

Water Pollution Control Loan Fund

Title VI of the Federal Water Pollution Control Act, as amended (the "Clean Water Act"), authorizes the Administrator of the United States Environmental Protection Agency (the "USEPA") to make capitalization grants to states for deposit in state water pollution control revolving loan funds, which moneys are to be used by states to provide loans and other forms of financial assistance (other than grants) to communities and agencies, such as the Governmental Agencies, and other persons for the program purposes outlined below.

In order to receive the Federal Share, the State must agree to match the Federal Share with a deposit into the Water Pollution Control Loan Fund of an amount equaling at least 20% of the total amount of all federal grant payments under the ASAP System. The state match has been funded by a combination of State general fund appropriations and proceeds of WPCLF Bonds and interest earnings on those proceeds.

The Water Pollution Control Loan Fund was established under Section 6111.036 of the Ohio Revised Code on May 26, 1989. Section 6111.036 of the Ohio Revised Code authorizes the Director to administer the Water Pollution Control Loan Fund in a manner consistent with the Clean Water Act and to receive and disburse federal capitalization grant funds for the purposes of that Fund. Under State law, the Water Pollution Control Loan Fund is to be used to fund the following: (i) construction of publicly owned wastewater treatment works by municipal corporations, other political subdivisions, and interstate agencies having territory in the State; (ii) implementation of nonpoint source pollution management programs; and (iii) development and implementation of estuary conservation management programs. As of December 30, 2020, the Authority had 1,230 WPCLF loans outstanding in the aggregate principal amount of approximately \$5,846,132,563.

For the purpose of providing additional funds for the Water Pollution Control Loan Fund or for the purpose of refunding obligations previously issued for such purpose, the Authority, at the request of the Director, has issued the following series of Water Quality Bonds.

Water Quality Bonds

<u>Series</u>	<u>Original Principal Amount</u>	<u>Issuance Date</u>	<u>Purpose of Issue</u>
State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series 1995 (the "Series 1995 Water Quality Bonds")*	\$212,265,000	October 1995	Refunding obligations previously issued to provide additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series 1997 (the "Series 1997 Water Quality Bonds")*	\$211,440,000	October 1997	Refunding obligations previously issued to provide additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Revenue Bonds, Water Quality Series 2002 (the "Series 2002 Water Quality Bonds")*	\$200,115,000	February 2002	Providing additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series 2003 (the "Series 2003 Water Quality Bonds")*	\$161,430,000	May 2003	Refunding obligations previously issued to provide additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Revenue Bonds, Water Quality Series 2004 (the "Series 2004 Water Quality Bonds")*	\$509,700,000	January 2004	Providing additional funds for the Water Pollution Control Loan Fund

* The referenced series of Water Quality Bonds has been defeased or matured and is no longer outstanding.

State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series 2004 (the "Series 2004 Water Quality Refunding Bonds") *	\$65,005,000	November 2004	Refunding obligations previously issued to provide additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series 2005 (the "Series 2005 Water Quality Refunding Bonds")	\$219,580,000	April 2005	Refunding obligations previously issued to provide additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Revenue Bonds, Water Quality Series 2005B (the "Series 2005B Water Quality Bonds") *	\$449,592,598	August 2005	Providing additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series 2009 (the "Series 2009 Water Quality Refunding Bonds")	\$229,120,000	September 2009	Refunding obligations previously issued to provide additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Revenue Bonds, Water Quality Series 2010 (the "Series 2010 Water Quality Bonds")	\$366,290,000	January 2010	Providing additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Revenue Bonds, Water Quality Series 2010B (the "Series 2010B Water Quality Bonds")	\$459,160,000	August 2010	Providing additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series 2010C (the "Series 2010C Water Quality Refunding Bonds")	\$73,200,000	September 2010	Refunding obligations previously issued to provide additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series 2011A (the "Series 2011A Water Quality Refunding Bonds")	\$101,210,000	August 2011	Refunding obligations previously issued to provide additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series 2011B (the "Series 2011B Water Quality Refunding Bonds") *	\$142,435,000	December 2011	Refunding obligations previously issued to provide additional funds for the Water Pollution Control Loan Fund

* The referenced series of Water Quality Bonds has been defeased or matured and is no longer outstanding.

State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series 2012A (the "Series 2012A Water Quality Refunding Bonds") *	\$62,555,000	March 2012	Refunding obligations previously issued to provide additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Notes, Water Quality Series 2012A (the "Series 2012A Water Quality Floating Rate Notes") *	\$50,000,000	November 2012	Providing additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Notes, Water Quality Series 2013A (the "Series 2013A Water Quality Floating Rate Notes") *	\$150,000,000	December 2013	Providing additional funds for the Water Pollution Control Loan Fund

The Water Quality Bonds are administered under the Water Quality Trust Agreement, dated as of October 1, 1995, for the purpose of raising moneys for the sole benefit of the Water Pollution Control Loan Fund. Pursuant to the WPCLF Trust Agreement dated as of May 1, 2014, among the Authority, the Director and the Trustee (the "WPCLF Trust Agreement"), the Authority created a new bond program that serves the same function for the Water Pollution Control Loan Fund. Prior to the execution and delivery of the WPCLF Trust Agreement, the Authority maintained separate bond programs associated with the Water Pollution Control Loan Fund: state match and water quality. The WPCLF State Match Bonds were administered under the WPCLF State Match Bond Trust Agreement, dated as of September 1, 1989, for the purpose of meeting the requirement of providing matching moneys. Currently, no WPCLF State Match Bonds are outstanding for purposes of the WPCLF State Match Bond Trust Agreement, and the WPCLF State Match Bond Trust Agreement was defeased and released according to its terms. As indicated above, several series of Water Quality Bonds remain outstanding, but as of the issuance date of the below described Series 2014 WPCLF Bonds, the Authority covenanted to not issue any additional Water Quality Bonds except to provide funds to refund previously issued and then outstanding Water Quality Bonds:

WPCLF Bonds

<u>Series</u>	<u>Original Principal Amount</u>	<u>Issuance Date</u>	<u>Purpose of Issue</u>
State of Ohio Water Pollution Control Loan Fund Revenue Bonds, Series 2014 (the "Series 2014 WPCLF Bonds")	\$333,815,000	May 2014	Providing additional funds for the Water Pollution Control Loan Fund and Refunding Short Term Obligations Issued for the same Purpose
State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bond, Series 2014B (the "Series 2014B WPCLF Bonds")	\$137,990,000	December 2014	Providing additional funds for the Water Pollution Control Loan Fund and Refunding Obligations Issued for the same Purpose
State of Ohio Water Pollution Control Loan Fund Revenue Bonds, Series 2015A (the "Series 2015A WPCLF Bonds")	\$240,000,000	January 2016	Providing additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Revenue Refunding Bonds, Series 2015B (the "Series 2015B WPCLF Bonds")	\$104,870,000	January 2016	Providing additional funds for the Water Pollution Control Loan Fund and Refunding Obligations Issued for the same Purpose

State of Ohio Water Pollution Control Loan Fund Revenue Bonds, Series 2016A (the “Series 2016A WPCLF Bonds”)	\$200,000,000	May 2016	Providing additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Revenue Bonds, Series 2017A (the “Series 2017A WPCLF Bonds”)	\$400,000,000	April 2017	Providing additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Revenue Notes, Series 2017B (the “Series 2017B WPCLF Notes”)*	\$250,000,000	August 2017	Providing additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Revenue Bonds, Series 2019A (the “Series 2019A WPCLF Bonds”)	\$450,000,000	March 2019	Providing additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Refunding Revenue and Revenue Bonds, Series 2019B (the “Series 2019B WPCLF Refunding Bonds”)	\$300,000,000	October 2019	Providing additional funds for the Water Pollution Control Loan Fund and Refunding Obligations Issued for the same Purpose
State of Ohio Water Pollution Control Loan Fund Revenue Bonds, Series 2020A (the “Series 2020A WPCLF Bonds”)	\$450,000,000	April 2020	Providing additional funds for the Water Pollution Control Loan Fund
State of Ohio Water Pollution Control Loan Fund Revenue Bonds, Series 2020B (the “Series 2020B WPCLF Bonds”)	\$250,000,000	October 2020	Providing additional funds for the Water Pollution Control Loan Fund

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* The referenced series of WPCLF Bonds has been defeased or matured and is no longer outstanding.

The aggregate debt service on all outstanding Water Quality and WPCLF Bonds is shown in the below table (as of December 30, 2020):

Year Ending December 31	Debt Service on Outstanding Water Quality Bonds	Debt Service on Outstanding WPCLF Bonds (a)(b)(c)	Total Debt Service on Outstanding Water Quality and WPCLF Bonds
2021	\$64,784,832	\$ 249,053,694	313,838,526
2022	38,632,128	269,636,346	308,268,474
2023	28,638,145	253,367,221	282,005,366
2024	75,212,331	215,464,346	290,676,677
2025	71,662,749	234,381,721	306,044,470
2026	73,839,158	233,044,721	306,883,879
2027	64,889,449	223,282,971	288,172,420
2028	46,462,733	241,572,971	288,035,704
2029	32,025,092	206,197,096	238,222,188
2030	33,609,853	189,958,680	223,568,533
2031	31,324,318	178,814,497	210,138,815
2032	22,323,346	173,794,157	196,117,503
2033	17,042,060	183,241,141	200,283,201
2034	13,577,411	156,699,251	170,276,662
2035	-	142,976,577	142,976,577
2036	-	142,970,566	142,970,566
2037	-	127,065,450	127,065,450
2038	-	106,586,600	106,586,600
2039	-	77,444,875	77,444,875
2040	-	63,052,050	63,052,050
2041	-	32,611,325	32,611,325
2042	-	32,173,200	32,173,200
2043	-	33,713,900	33,713,900
2044	-	33,218,700	33,218,700
2045	-	34,776,850	34,776,850
2046	-	40,307,475	40,307,475
2047	-	43,007,900	43,007,900
2048	-	41,375,400	41,375,400
2049	-	26,821,500	26,821,500
2050	-	20,750,000	20,750,000
	\$614,023,605	\$4,007,361,181	\$4,621,384,786

(a) The debt service payments for the Series 2016A WPCLF Bonds were calculated using the average rate of interest borne by the Series 2016A WPCLF Bonds from May 4, 2016 through December 31, 2020, which was 1.01%.

(b) Hypothetical debt service of \$20,000,000 Series 2017-20B WPCLF Notes at 1.91% for 10 years

(c) Actual amortization through June 1, 2029. Hypothetical debt service of the \$265,000,000 Series 2019A WPCLF Bonds June 1, 2029 bullet maturity at 2.86% for 20.5 years beginning June 1, 2029.

The Director and the Authority have implemented a process of cross-collateralization between the Water Pollution Control Loan Fund and Drinking Water Assistance Fund to enhance security for the state match and leverage bonds issued for the Drinking Water Assistance Fund and for the WPCLF Bonds and the Water Quality Bonds. See “SECURITY AND SOURCE OF PAYMENT OF SERIES 2021A DWAF BONDS – Cross-Collateralization.”

ELIGIBILITY UNDER OHIO LAW FOR INVESTMENT AND AS SECURITY FOR THE DEPOSIT OF PUBLIC MONEY

To the extent that the subject matter is governed by Ohio law, and subject to any applicable limitations under other provisions of Ohio law, the Series 2021A DWAF Bonds under the provisions of Section 6121.15, Ohio

Revised Code, are “lawful investments of banks, societies for savings, building and loan and savings and loan associations, deposit guarantee associations, trust companies, trustees, fiduciaries, insurance companies, including domestic for life and domestic not for life, trustees or other officers having charge of sinking and bond retirement or other special funds of political subdivisions and taxing districts of this state, the commissioners of the sinking fund of the state, the administrator of workers’ compensation, the state teachers retirement system, the public employees retirement system, the school employees retirement system, and the police and firemen’s disability and pension fund, and are acceptable as security for the deposit for public moneys.”

LITIGATION

At the time of original delivery of the Series 2021A DWAF Bonds, the Authority and the Director will provide a certificate stating that, to the knowledge of the signers thereof, there is no litigation or administrative action or proceeding pending or threatened (i) restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Series 2021A DWAF Bonds, (ii) affecting the Trust Agreement, or (iii) materially affecting the payment to or by the Authority of the Revenues, funds or moneys pledged for the payment of the Series 2021A DWAF Bonds.

The Authority and the Director are parties to various legal proceedings generally related to its operations but the proceedings currently pending will not, in the opinions of respective counsel to the Authority and the Director, have a material adverse effect on the security of the Series 2021A DWAF Bonds, including charging and collecting of the Revenues.

TAX MATTERS

General

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Series 2021A DWAF Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Series 2021A DWAF Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2021A DWAF Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Authority contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2021A DWAF Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the Authority’s certifications and representations or the continuing compliance with the Authority’s covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to exclusion of interest on the Series 2021A DWAF Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (“IRS”) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Authority may cause loss of such status and result in the interest on the Series 2021A DWAF Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2021A DWAF Bonds. The Authority has covenanted to take the actions required of it for the interest on the Series 2021A DWAF Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2021A

DWAF Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2021A DWAF Bonds or the market value of the Series 2021A DWAF Bonds.

Interest on the Series 2021A DWAF Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2021A DWAF Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2021A DWAF Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Series 2021A DWAF Bonds ends with the issuance of the Series 2021A DWAF Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the owners of the Series 2021A DWAF Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2021A DWAF Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2021A DWAF Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2021A DWAF Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2021A DWAF Bonds.

Prospective purchasers of the Series 2021A DWAF Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Series 2021A DWAF Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2021A DWAF Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2021A DWAF Bonds will not have an adverse effect on the tax status of interest or other income on the Series 2021A DWAF Bonds or the market value or marketability of the Series 2021A DWAF Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2021A DWAF Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Series 2021A DWAF Bonds should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Series 2021A DWAF Bonds for federal income tax purposes for all or certain

taxpayers. In all such events, the market value of the Series 2021A DWAF Bonds may be affected and the ability of holders to sell their Series 2021A DWAF Bonds in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Premium

The Series 2021A DWAF Bonds (“Premium Bonds”) were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the existence of bond premium, the determination for federal income tax purposes of the amount of bond premium properly amortizable in any period with respect to the Premium Bonds, other federal tax consequences in respect of bond premium, and the treatment of bond premium for purposes of state and local taxes on, or based on, income.

LEGAL MATTERS

Legal matters incident to the issuance of the Series 2021A DWAF Bonds and with regard to their tax-exempt status (see “TAX MATTERS”) are subject to the legal opinions of Squire Patton Boggs (US) LLP, Cleveland, Ohio, Bond Counsel. The signed legal opinions dated as of, and premised on the transcript of proceedings examined and the law in effect on, the date of original delivery of the Series 2021A DWAF Bonds, will be delivered to the Underwriters at the time of that original delivery. The text of the opinions will be printed on or appended to the Series 2021A DWAF Bonds.

The proposed text of Bond Counsel’s legal opinion is set forth as APPENDIX F. The legal opinions to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinions will speak only as of their date, and subsequent distribution of the opinions by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed, or expresses any opinion concerning, any of the matters referred to in its opinions subsequent to the opinions’ date.

Certain legal matters will be passed on for the Authority by its General Counsel, Benesch, Friedlander, Coplan and Aronoff LLP and certain legal matters will be passed on for the Underwriters by their counsel, Bricker and Eckler LLP. Squire Patton Boggs (US) LLP also serves as bond counsel to certain of the Governmental Agencies.

CONTINUING DISCLOSURE

The Authority has entered into a Continuing Disclosure Agreement with the Trustee dated as of the date of delivery of the Series 2021A DWAF Bonds to the Underwriters (the “Continuing Disclosure Agreement”) for the benefit of Holders of the Series 2021A DWAF Bonds to provide certain financial and operating information (the “Annual Report”) not later than the June 30th following the end of the preceding calendar year, commencing June 30, 2021, and to provide notices of certain enumerated events, if material. Specifically, the Authority agrees to

provide the Annual Report to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system and to provide notice of the occurrence of the enumerated events to the MSRB through the EMMA system. The Authority has not been delinquent in meeting its obligations previously undertaken in connection with the execution of prior continuing disclosure agreements.

The Annual Report will consist generally of the audited financial statements of the Authority, current information regarding the DWAF Program and the Governmental Agencies of the type contained in APPENDIX B hereto and information of the type contained herein under the caption “SIGNIFICANT GOVERNMENTAL AGENCY PARTICIPANTS.” Furthermore, the Authority has agreed to include in its Annual Report the financial statements of each Governmental Agency (if any) that is a party to a Cooperative Agreement or Agreements under which the sum of the repayments made during the most recently ended calendar year equaled or exceeded 20% of all repayments under all Cooperative Agreements made in such year. All planning loans are excluded from the foregoing calculation. Currently, the City of Columbus is the only Government Agency obligated under Cooperative Agreements that made repayments during the 2020 calendar year equaling or exceeding 20% of all repayments made under all Cooperative Agreements during such year. Any of the above-described financial and operating information may be supplied by the Authority including in its Annual Report specific reference to information previously supplied to the MSRB through its EMMA system, or to the Securities and Exchange Commission (the “SEC”). Information will not be included by reference to a final official statement unless such final official statement is available from the MSRB.

The Continuing Disclosure Agreement is being executed by the Authority to assist the Underwriters in complying with Rule 15c2-12 promulgated by the SEC (the “Rule”). The Authority has agreed to give notice in a timely manner to the MSRB through its EMMA system of any failure to supply the information required to be provided in the Continuing Disclosure Agreement; however, any such failure will not constitute a default under the Trust Agreement or the terms of the Series 2021A DWAF Bonds.

The Authority has in a timely manner made all filings and given all notices required under its prior continuing disclosure agreements (for purposes of the Rule) to which it is a party. It should be noted that the City of Cleveland, which is obligated under Cooperative Agreements to repay loans in the aggregate outstanding principal amount equal to 20% or more of the total aggregate amount of loans outstanding under all Cooperative Agreements, has noted in its disclosures and notices supplied to the MSRB through its EMMA system, that it has some instances of noncompliance with the Rule; however, the City of Cleveland has stated that it believes it has complied in all material respects with its previous continuing disclosure undertakings under the Rule.

UNDERWRITING

Huntington Capital Markets on behalf of itself and as representative (the “Representative”) of the underwriters identified on the front cover of this Official Statement (collectively, the “Underwriters”) has agreed, subject to certain conditions, to purchase the Series 2021A DWAF Bonds at a price of \$167,731,235.41 (consisting of the par amount thereof (\$125,000,000.00) plus original issue premium (\$43,251,050.00) less Underwriters’ Discount of \$519,814.59). The Underwriters are obligated to purchase all of the Series 2021A DWAF Bonds if any are purchased. The Series 2021A DWAF Bonds may be offered and sold by the Underwriters to certain dealers at prices lower than the public offering prices, and the public offering prices may be changed from time to time.

The obligation of the Underwriters to purchase the Series 2021A DWAF Bonds is subject to the terms and conditions set forth in the Bond Purchase Agreement dated March 10, 2021 (the “Bond Purchase Agreement”) between the Authority and the Representative, on behalf of itself and as Representative, including the approval of certain legal matters by Bond Counsel, the existence of no material adverse change (not in the ordinary course of business) in the condition of the Authority from that set forth in this Official Statement and the Appendices hereto and certain other conditions. The Bond Purchase Agreement provides that the Underwriters will not be obligated to purchase the Series 2021A DWAF Bonds if all the Series 2021A DWAF Bonds are not available for purchase and requires the Authority to indemnify the Underwriters against losses, claims, damages and liabilities arising out of any incorrect or incomplete statement or information contained in this Official Statement pertaining to the Authority and other matters.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority.

The Underwriters may offer and sell the Series 2021A DWAF Bonds to certain dealers and others at prices lower than the public offering prices. The public offering prices may be changed after the initial offering by the Underwriter.

Huntington Capital Markets is a trade name under which securities and investment banking products and services of Huntington Bancshares Incorporated and its subsidiaries, including Huntington Securities, Inc. ("HSI"), are marketed. Municipal sales, trading and underwriting services are provided through HSI, which is a broker-dealer registered with the Securities and Exchange Commission.

UBS Financial Services Inc. ("UBS FSI"), one of the underwriters of the Series 2021A DWAF Bonds, has entered into a distribution and service agreement with its affiliate UBS Securities LLC ("UBS Securities") for the distribution of certain municipal securities offerings, including the Series 2021A DWAF Bonds. Pursuant to such agreement, UBS FSI will share a portion of its underwriting compensation with respect to the Series 2021A DWAF Bonds with UBS Securities. UBS FSI and UBS Securities are each subsidiaries of UBS Group AG.

FINANCIAL ADVISOR

PFM Financial Advisors LLC (the "Financial Advisor") is employed as Financial Advisor to the Authority. The fees paid the Financial Advisor for services rendered in connection with the issuance and sale of the Series 2021A DWAF Bonds are based on the amount of Series 2021A DWAF Bonds actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Series 2021A DWAF Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

RATINGS

Moody's Investors Service, Inc. and S&P Global Ratings have given the Series 2021A DWAF Bonds ratings of "Aaa" (outlook stable) and "AAA" (outlook stable), respectively. Such ratings reflect only the respective views of such rating organizations. Any explanation of the significance of the ratings may only be obtained from the respective rating agency. Generally, rating agencies base their ratings on information and materials furnished to them and other investigations, studies and assumptions they deem appropriate. The ratings are not recommendations to buy, sell or hold the Series 2021A DWAF Bonds. There can be no assurance that the ratings will continue for any period of time or that they will not be revised or withdrawn entirely by the respective rating agency, if in its judgment circumstances so warrant. Any revision or withdrawal of a rating may have an effect on the marketability and/or market price of the Series 2021A DWAF Bonds.

CONCLUDING STATEMENT

Any quotations from and summaries and explanations of the Constitution of the State of Ohio, the Ohio Revised Code, the DWAF Loan Agreements, the Trust Agreement and the Regulations do not purport to be complete, and reference is made to the pertinent provisions of the Constitution of the State of Ohio, the Ohio Revised Code and such documents for their complete provisions.

To the extent that any statements in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, those statements are made as such and not as representations of fact or certainty, and no representation is made that any of these statements will be realized. Information in this Official Statement has been derived by the Authority from official and other sources and is believed by the Authority to be reliable, but information other than that obtained from official records of the Authority has not been independently confirmed or verified by the Authority and its accuracy is not guaranteed. This Official Statement is not to be construed as a contract or agreement between the State of Ohio, the Authority or the Director and the Underwriter, any Holder of any of the Series 2021A DWAF Bonds or subsequent Book-Entry Interest Owners.

Language under the heading captioned “BOOK-ENTRY SYSTEM” was summarized from information provided by DTC.

The financial statements of the Authority as of December 31, 2019, included in this Official Statement have been audited by the Auditor of the State, Ohio, as stated in the Independent Auditor’s Report appearing in APPENDIX C.

The Authority has retained PFM Financial Advisors LLC, to serve as its financial advisor, and PFM Financial Advisors LLC, has advised the Authority in connection with this offering.

Additional copies of this Official Statement are available upon request to the Underwriter. Copies of other relevant documents including the Trust Agreement and the form of the DWAF Loan Agreement are available upon request to the Authority.

This Official Statement has been prepared, approved and delivered, for and on behalf of the Authority and executed by the undersigned in their official capacity.

OHIO WATER DEVELOPMENT AUTHORITY

By: /s/ Jimmy Stewart
Chairman

By: /s/ Ken J. Heigel
Executive Director

OHIO ENVIRONMENTAL PROTECTION AGENCY

By: /s/ Laurie Stevenson
Director

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APPENDIX A

**DEBT SERVICE SCHEDULE AND COVERAGE UPON THE ISSUANCE OF THE
SERIES 2021A DWAF BONDS**

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Appendix A
Drinking Water Assistance Fund
Debt Service and Coverage
As of 12/31/2020

	A	B	C = (A - B)	D	E	F = (C - D - E)	G = (A / (B + D + E))
	Estimated Total Project Repayments (a)	Outstanding Leverage Series Debt Service	Estimated Net Revenues	Outstanding DWAFF Series Debt Service (b)	DWAFF Series 2021A Debt Service	Estimated Surplus	DWAFF Coverage
6/1/2021	35,584,349	5,706,481	29,877,868	15,717,625	-	14,160,243	166.09%
12/1/2021	37,029,387	5,785,675	31,243,712	17,615,125	4,288,194	9,340,393	133.73%
6/1/2022	38,818,850	5,014,619	33,804,232	20,707,625	3,125,000	9,971,607	134.57%
12/1/2022	39,074,634	5,495,225	33,579,409	20,483,750	3,125,000	9,970,659	134.26%
6/1/2023	40,097,342	800,838	39,296,504	24,758,750	3,125,000	11,412,754	139.79%
12/1/2023	39,143,863	726,150	38,417,713	24,420,125	3,125,000	10,872,588	138.46%
6/1/2024	42,244,899	707,250	41,537,649	24,080,375	3,125,000	14,332,274	151.35%
12/1/2024	42,071,585	-	42,071,585	23,739,500	3,125,000	15,207,085	156.61%
6/1/2025	41,547,398	-	41,547,398	23,402,500	3,125,000	15,019,898	156.62%
12/1/2025	41,391,197	-	41,391,197	23,071,750	3,125,000	15,194,447	158.00%
6/1/2026	42,952,857	-	42,952,857	22,737,375	3,125,000	17,090,482	166.08%
12/1/2026	39,903,249	-	39,903,249	21,396,625	3,125,000	15,381,624	162.73%
6/1/2027	39,238,806	-	39,238,806	20,584,625	3,125,000	15,529,181	165.50%
12/1/2027	39,054,719	-	39,054,719	20,283,750	3,125,000	15,645,969	166.84%
6/1/2028	37,099,951	-	37,099,951	18,981,500	3,125,000	14,993,451	167.82%
12/1/2028	35,415,176	-	35,415,176	18,202,875	3,125,000	14,087,301	166.05%
6/1/2029	33,690,342	-	33,690,342	18,440,375	3,125,000	12,124,967	156.22%
12/1/2029	33,158,983	-	33,158,983	18,171,500	3,125,000	11,862,483	155.70%
6/1/2030	32,272,740	-	32,272,740	13,321,150	8,125,000	10,826,590	150.48%
12/1/2030	31,373,797	-	31,373,797	12,754,475	8,000,000	10,619,322	151.17%
6/1/2031	30,378,180	-	30,378,180	12,522,800	7,875,000	9,980,380	148.93%
12/1/2031	29,844,718	-	29,844,718	12,385,950	7,750,000	9,708,768	148.22%
6/1/2032	29,053,045	-	29,053,045	12,249,100	7,625,000	9,178,945	146.19%
12/1/2032	28,660,579	-	28,660,579	12,112,250	7,500,000	9,048,329	146.14%
6/1/2033	28,222,252	-	28,222,252	11,975,400	7,375,000	8,871,852	145.85%
12/1/2033	27,629,808	-	27,629,808	10,838,550	7,250,000	9,541,258	152.75%
6/1/2034	27,078,584	-	27,078,584	11,211,250	7,125,000	8,742,334	147.68%
12/1/2034	26,729,173	-	26,729,173	11,084,400	7,000,000	8,644,773	147.80%
6/1/2035	25,872,983	-	25,872,983	9,957,550	9,375,000	6,540,433	133.83%
12/1/2035	25,286,362	-	25,286,362	10,325,250	9,187,500	5,773,612	129.59%
6/1/2036	25,092,456	-	25,092,456	10,195,900	9,000,000	5,896,556	130.72%
12/1/2036	24,670,878	-	24,670,878	10,066,550	8,812,500	5,791,828	130.68%
6/1/2037	24,245,085	-	24,245,085	9,937,200	8,625,000	5,682,885	130.62%
12/1/2037	23,350,538	-	23,350,538	9,307,850	8,437,500	5,605,188	131.59%
6/1/2038	21,778,759	-	21,778,759	7,191,000	8,250,000	6,337,759	141.05%
12/1/2038	20,133,373	-	20,133,373	7,124,150	8,062,500	4,946,723	132.57%
6/1/2039	17,313,464	-	17,313,464	6,057,300	6,375,000	4,881,164	139.26%
12/1/2039	16,724,677	-	16,724,677	-	9,225,000	7,499,677	181.30%
6/1/2040	15,334,967	-	15,334,967	-	-	15,334,967	-
12/1/2040	13,989,086	-	13,989,086	-	-	13,989,086	-
6/1/2041	12,756,744	-	12,756,744	-	-	12,756,744	-
12/1/2041	10,864,697	-	10,864,697	-	-	10,864,697	-
6/1/2042	8,825,484	-	8,825,484	-	-	8,825,484	-
12/1/2042	7,962,114	-	7,962,114	-	-	7,962,114	-
6/1/2043	6,645,297	-	6,645,297	-	-	6,645,297	-
12/1/2043 - 6/1/2048	30,614,001	-	30,614,001	-	-	30,614,001	-
12/1/2048 - 6/1/2053	5,661,827	-	5,661,827	-	-	5,661,827	-
	1,325,883,254	24,236,238	1,301,647,016	577,413,825	215,263,194	508,969,997	

(a) The amounts shown are the pledged amounts required to be paid by Local Governmental Agencies under the Existing DWAFF Loan Agreements as of 12/31/2020. Such amounts have been pledged as security for either currently issued or additional Leverage and DWAFF Series Bonds. Amounts shown are semi-annual repayment amounts and do not include interest earnings thereon. Payments by the Local Governmental Agencies are due semi-annually on January 1 and July 1 of each year.

(b) DWAFF Series 2019A has actual amortization through December 1, 2029 and hypothetical debt service of the \$136,000,000 December 1, 2029 bullet maturity at 1.91% for 10 years beginning December 1, 2029.

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APPENDIX B

PARTICIPATING GOVERNMENTAL AGENCIES UNDER EXISTING DWAF LOAN AGREEMENTS

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PARTICIPATING GOVERNMENTAL AGENCIES UNDER EXISTING DWAF LOAN AGREEMENTS
As of December 31, 2020

Governmental Agency	Estimated Loan Amount (1)	Interest Rate	Years	Projected First Payment Date	Projected Remaining Leverage and DWAF Revenue Series Repayments (2)
Aberdeen	851,179	2.86%	20.0	1/1/2009	449,443
Adams County Regional Water District	268,886	1.88%	30.0	1/1/2014	270,656
Adams County Regional Water District	192,500	1.39%	20.0	7/1/2016	171,399
Adams County Regional Water District	10,698	1.08%	20.0	1/1/2018	10,136
Adams County Regional Water District	54,941	1.31%	20.0	1/1/2019	56,367
Adams County Regional Water District	283,473	0.00%	20.0	7/1/2019	262,213
Addyston	100,153	2.00%	20.0	1/1/2013	73,205
Adena	688,819	2.00%	20.0	1/1/2005	167,827
Akron	1,087,559	2.00%	20.0	1/1/2014	861,179
Akron	2,913,053	2.00%	20.0	1/1/2015	2,484,126
Akron	722,479	2.00%	20.0	1/1/2015	616,099
Akron	859,624	1.57%	20.0	7/1/2017	829,107
Akron	1,574,077	1.74%	20.0	1/1/2017	1,496,472
Akron	398,527	1.68%	20.0	7/1/2017	388,473
Akron	762,105	1.83%	20.0	1/1/2019	822,152
Akron	209,273	1.65%	20.0	7/1/2019	228,062
Akron	288,468	0.00%	20.0	7/1/2019	266,833
Akron	2,665,834	1.62%	20.0	1/1/2020	2,975,085
Akron	2,437,495	1.85%	20.0	7/1/2020	2,854,122
Akron	309,895	0.00%	30.0	7/1/2020	304,730
Akron	333,663	0.00%	20.0	1/1/2021	333,663
Akron	6,898,614	0.00%	20.0	1/1/2021	6,898,614
Akron	350,993	0.00%	20.0	1/1/2022	350,993
Akron	316,271	0.00%	30.0	7/1/2021	316,271
Akron	90,000	0.00%	30.0	7/1/2022	90,000
Akron	59,574,515	0.52%	15.0	1/1/2024	62,005,496
Albany	1,747,842	2.00%	30.0	1/1/2014	1,788,470
Alliance	754,490	0.00%	30.0	1/1/2019	704,191
Alliance	1,007,966	0.00%	20.0	7/1/2020	982,767
Alliance	979,169	0.00%	20.0	1/1/2022	979,169
Amanda	686,372	1.57%	30.0	1/1/2018	776,967
Amesville	131,424	0.00%	30.0	7/1/2021	131,424
Andover	637,960	2.00%	14.5	7/1/2016	509,028
Antwerp	866,577	2.75%	20.0	7/1/2008	424,657
Arlington	218,163	2.59%	20.0	1/1/2016	210,677
Ashtabula County	359,259	2.00%	20.0	1/1/2002	21,883
Athens	480,000	0.00%	20.0	1/1/2011	240,000
Athens	777,271	2.63%	20.0	1/1/2014	652,936
Athens	5,367,809	1.81%	20.0	7/1/2020	6,261,317
Avon Lake	8,202,468	0.00%	20.0	7/1/2018	7,177,160
Avon Lake	25,557,530	0.18%	20.0	7/1/2018	22,777,846
Avon Lake	2,154,145	0.00%	20.0	1/1/2020	2,046,438
Barberton	2,817,146	2.00%	20.0	7/1/2013	2,144,947
Barberton	2,278,059	2.00%	30.0	7/1/2015	2,483,034
Bellaire	197,927	0.00%	30.0	7/1/2011	135,250
Bellaire	1,413,516	0.00%	30.0	1/1/2015	1,130,813
Belle Center	998,935	1.05%	20.0	1/1/2018	943,586
Belmont County	308,235	0.00%	30.0	1/1/2011	205,490
Berea	1,925,030	3.25%	20.0	7/1/2008	987,388
Berea	3,802,755	3.70%	20.0	1/1/2011	2,707,634
Bethesda	2,458,705	0.00%	30.0	1/1/2015	1,966,964
Bishopville Water District	1,311,817	2.00%	20.0	1/1/2010	719,139
Blanchester	4,938,121	2.00%	30.0	1/1/2015	5,272,597
Bluffton	4,431,529	2.75%	20.0	1/1/2009	2,316,399
Bolivar	1,047,765	0.37%	20.0	7/1/2022	1,087,979
Botkins	500,347	2.84%	15.0	1/1/2008	82,394
Bowling Green	4,107,626	3.52%	20.0	7/1/2010	2,734,279
Bowling Green	4,319,545	0.00%	20.0	7/1/2011	2,267,761
Bowling Green	3,227,489	2.59%	20.0	1/1/2016	3,116,739
Bowling Green	3,332,996	0.00%	20.0	1/1/2018	2,833,047
Bowling Green	2,562,817	0.00%	20.0	7/1/2019	2,370,606
Bowling Green	3,097,617	0.00%	20.0	1/1/2020	2,942,736
Bowling Green	1,122,008	2.35%	20.0	1/1/2020	1,342,083
Bradner	877,053	0.00%	30.0	1/1/2017	760,113
Brewster	28,594	0.00%	30.0	7/1/2010	18,586
Bridgeport	103,190	1.49%	30.0	7/1/2015	104,814

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Bridgeport	719,186	2.00%	30.0	7/1/2015	783,897
Brilliant Water & Sewer District	138,966	2.00%	30.0	1/1/2013	136,013
Brilliant Water & Sewer District	412,638	2.00%	30.0	1/1/2013	403,873
Brilliant Water & Sewer District	2,235,415	0.00%	30.0	1/1/2020	2,160,901
Brunersburg Water & Sewer District	547,493	1.08%	30.0	7/1/2017	567,482
Buckeye Lake	154,071	0.00%	20.0	7/1/2010	73,184
Buckeye Lake	658,412	0.00%	20.0	7/1/2011	345,666
Buckeye Water District	11,870,111	2.00%	20.0	7/1/2010	6,868,715
Buckeye Water District	515,731	0.00%	30.0	7/1/2010	335,225
Bucyrus	28,579,281	1.57%	20.0	1/1/2018	28,400,009
Burr Oak Regional Water District	262,598	0.00%	30.0	7/1/2009	161,936
Burr Oak Regional Water District	6,371,940	0.00%	30.0	1/1/2012	4,460,358
Burr Oak Regional Water District	1,255,557	2.00%	20.0	7/1/2012	879,491
Butler County	3,158,693	3.52%	20.0	7/1/2011	2,323,941
Butler County	1,417,190	0.00%	20.0	1/1/2011	708,595
Byesville	107,719	0.00%	20.0	1/1/2010	48,474
Cadiz	845,954	2.00%	20.0	1/1/2005	206,112
Cadiz	518,076	2.00%	30.0	1/1/2015	553,167
Cadiz	1,467,112	0.00%	30.0	7/1/2019	1,393,757
Cadiz	1,863,636	0.00%	25.0	1/1/2023	1,863,636
Canal Winchester	3,581,801	2.75%	20.0	1/1/2008	1,638,209
Canal Winchester	844,564	2.75%	20.0	1/1/2008	386,278
Canton	3,067,960	3.25%	20.0	1/1/2009	1,678,529
Canton	5,503,436	3.52%	20.0	7/1/2010	3,663,413
Canton	8,862,640	2.00%	20.0	7/1/2012	6,208,091
Canton	9,414,052	3.33%	20.0	7/1/2016	10,051,525
Canton	523,904	0.00%	15.0	1/1/2020	488,977
Canton	1,535,245	0.00%	15.0	7/1/2021	1,535,245
Canton Local School District	93,389	0.00%	20.0	1/1/2010	42,025
Cardington	358,435	0.00%	20.0	1/1/2011	179,218
Cardington	1,115,810	1.16%	15.0	7/1/2021	1,218,924
Carrollton	110,336	2.00%	30.0	7/1/2013	110,446
Carrollton	2,864,497	2.00%	30.0	7/1/2015	3,122,239
Carrollton	148,616	2.00%	30.0	7/1/2014	155,377
Celina	6,350,516	3.25%	20.0	1/1/2009	3,474,466
Celina	2,351,631	0.00%	20.0	1/1/2017	1,881,305
Chagrin Falls	711,675	0.42%	20.0	7/1/2021	742,730
Chardon	5,879,548	2.00%	20.0	1/1/2009	2,865,042
Chardon	645,345	1.65%	20.0	7/1/2019	703,285
Choctaw Utilities, Inc.	2,454,727	1.85%	20.0	7/1/2020	2,874,301
Cincinnati	1,590,147	3.25%	20.0	1/1/2007	652,496
Cincinnati	3,922,392	3.25%	20.0	1/1/2008	1,877,752
Cincinnati	1,128,793	2.00%	20.0	1/1/2012	756,318
Cincinnati	979,751	2.00%	20.0	1/1/2012	656,456
Cincinnati	3,020,070	2.00%	20.0	1/1/2013	2,207,473
Cincinnati	2,423,894	2.00%	20.0	1/1/2012	1,624,064
Cincinnati	1,892,155	2.00%	20.0	7/1/2013	1,440,668
Cincinnati	2,827,824	2.00%	20.0	1/1/2014	2,239,200
Cincinnati	1,411,266	1.94%	20.0	1/1/2014	1,111,150
Cincinnati	1,413,268	1.94%	20.0	1/1/2014	1,112,726
Cincinnati	1,422,503	1.94%	20.0	1/1/2014	1,119,998
Cincinnati	206,509	1.98%	19.0	7/1/2014	163,679
Cincinnati	398,302	1.98%	20.0	7/1/2013	302,688
Cincinnati	1,421,866	1.98%	20.0	7/1/2013	1,080,540
Cincinnati	404,338	1.98%	20.0	7/1/2013	307,274
Cincinnati	868,495	1.98%	20.0	7/1/2013	660,008
Cincinnati	694,185	1.94%	20.0	1/1/2014	546,562
Cincinnati	2,705,299	1.71%	20.0	7/1/2014	2,163,820
Cincinnati	2,154,578	1.75%	20.0	1/1/2014	1,665,883
Cincinnati	760,441	1.75%	20.0	1/1/2014	587,960
Cincinnati	165,431	1.75%	20.0	1/1/2014	127,909
Cincinnati	1,830,006	1.75%	20.0	1/1/2014	1,414,929
Cincinnati	1,905,640	1.88%	20.0	7/1/2014	1,549,217
Cincinnati	7,405,835	2.00%	20.0	1/1/2015	6,315,376
Cincinnati	915,536	2.00%	20.0	1/1/2015	780,729
Cincinnati	1,263,559	2.00%	20.0	1/1/2015	1,077,508

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Cincinnati	999,844	2.00%	20.0	1/1/2015	852,623
Cincinnati	1,281,237	2.00%	20.0	1/1/2015	1,092,583
Cincinnati	734,813	2.00%	20.0	1/1/2015	626,617
Cincinnati	1,198,269	2.00%	20.0	1/1/2015	1,021,832
Cincinnati	865,097	2.00%	20.0	1/1/2015	737,718
Cincinnati	1,505,537	1.63%	20.0	7/1/2018	1,549,032
Cincinnati	2,376,826	1.63%	20.0	7/1/2018	2,445,493
Cincinnati	1,458,847	1.63%	20.0	7/1/2018	1,500,994
Cincinnati	1,615,558	1.34%	20.0	1/1/2019	1,662,367
Cincinnati	1,860,580	1.34%	20.0	1/1/2019	1,914,488
Cincinnati	907,968	1.31%	20.0	7/1/2019	957,424
Cincinnati	1,028,147	1.64%	20.0	7/1/2019	1,119,377
Cincinnati	2,701,124	1.62%	20.0	7/1/2020	3,093,796
Cincinnati	1,449,375	1.62%	20.0	7/1/2020	1,660,076
Cincinnati	620,640	1.62%	20.0	7/1/2020	710,865
Cincinnati	1,050,242	1.62%	20.0	7/1/2020	1,202,920
Cincinnati	1,526,374	1.62%	20.0	7/1/2020	1,748,268
Cincinnati	1,310,507	1.37%	20.0	1/1/2021	1,502,691
Cincinnati	1,617,858	0.42%	20.0	1/1/2021	1,688,456
Cincinnati	2,732,122	0.42%	20.0	1/1/2021	2,851,343
Cincinnati	2,958,235	0.42%	20.0	1/1/2021	3,087,323
Cincinnati	952,696	0.68%	20.0	1/1/2021	1,020,563
Cincinnati	3,100,138	0.68%	20.0	1/1/2021	3,320,983
Clark County	769,536	0.00%	30.0	7/1/2014	602,804
Cleveland	6,757,557	4.14%	20.0	7/1/2001	250,070
Cleveland	11,415,370	3.95%	20.0	1/1/2005	3,323,759
Cleveland	30,052,459	3.53%	20.0	7/1/2006	11,592,024
Cleveland	23,439,224	3.50%	20.0	7/1/2006	9,016,905
Cleveland	20,176,750	3.25%	20.0	1/1/2008	9,659,137
Cleveland	22,025,154	3.25%	20.0	7/1/2008	11,297,160
Cleveland	6,500,000	3.25%	20.0	1/1/2010	4,000,782
Cleveland	12,000,000	3.52%	20.0	1/1/2011	8,408,328
Cleveland	8,303,916	0.00%	20.0	7/1/2011	4,359,556
Cleveland	9,893,166	2.00%	20.0	1/1/2013	7,231,255
Cleveland	2,203,181	1.88%	20.0	7/1/2013	1,658,433
Cleves	138,652	1.94%	30.0	7/1/2014	143,777
Cleves	697,958	2.00%	30.0	7/1/2014	729,708
Cleves	362,954	2.00%	30.0	1/1/2015	387,538
Cleves	1,125,804	2.00%	20.0	7/1/2015	994,325
Cleves	767,128	1.57%	20.0	7/1/2017	739,895
Clyde	1,406,180	2.00%	20.0	1/1/2003	171,304
Coal Grove	90,596	0.00%	30.0	7/1/2010	58,887
Coal Grove	273,432	2.00%	30.0	7/1/2012	261,540
Coal Grove	2,598,691	0.00%	30.0	1/1/2023	2,598,691
Columbiana County	262,793	2.00%	20.0	7/1/2013	200,088
Columbus	4,182,186	3.25%	20.0	1/1/2009	2,288,139
Columbus	3,054,718	3.25%	20.0	7/1/2009	1,775,739
Columbus	2,206,682	3.53%	20.0	7/1/2009	1,315,452
Columbus	3,426,117	3.53%	20.0	7/1/2009	2,042,385
Columbus	2,435,246	3.53%	20.0	1/1/2010	1,537,099
Columbus	1,850,366	3.70%	20.0	7/1/2010	1,251,621
Columbus	3,584,954	3.70%	20.0	1/1/2012	2,807,811
Columbus	2,248,153	2.24%	20.0	1/1/2017	2,241,260
Columbus	2,465,523	2.18%	20.0	7/1/2017	2,520,494
Columbus	2,858,704	2.14%	20.0	1/1/2017	2,823,208
Columbus	2,389,029	2.14%	20.0	1/1/2017	2,359,365
Columbus	1,831,502	2.04%	20.0	7/1/2017	1,847,722
Columbus	2,763,441	2.04%	20.0	7/1/2017	2,787,913
Columbus	4,600,631	1.85%	20.0	7/1/2017	4,558,223
Columbus	3,313,344	1.55%	20.0	1/1/2019	3,479,513
Columbus	2,664,191	2.10%	20.0	7/1/2018	2,866,921
Columbus	2,367,576	2.10%	20.0	7/1/2018	2,547,734
Columbus	3,631,445	2.00%	20.0	7/1/2019	4,092,120
Columbus	3,153,271	2.00%	20.0	1/1/2019	3,457,251
Columbus	3,504,909	1.83%	20.0	7/1/2020	4,096,151
Columbus	4,622,423	1.83%	20.0	1/1/2020	5,263,660

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Columbus	3,679,760	1.81%	20.0	7/1/2020	4,292,281
Columbus	2,740,187	1.95%	20.0	1/1/2020	3,156,220
Columbus	15,732,718	1.95%	20.0	1/1/2021	19,075,121
Columbus	24,400,794	2.15%	20.0	1/1/2023	30,150,719
Columbus	14,967,952	2.15%	20.0	1/1/2022	18,495,075
Columbus	3,557,601	2.15%	20.0	7/1/2020	4,286,034
Columbus	4,008,603	2.15%	20.0	7/1/2020	4,829,380
Columbus	3,711,875	2.15%	20.0	7/1/2020	4,471,895
Columbus	11,005,196	2.15%	20.0	7/1/2021	13,598,516
Columbus	3,005,010	2.12%	20.0	7/1/2020	3,610,056
Columbus	15,548,175	2.18%	20.0	7/1/2021	19,266,468
Columbus	3,291,957	2.12%	20.0	1/1/2021	4,056,182
Columbus	3,637,790	2.09%	20.0	7/1/2021	4,469,604
Columbus	3,077,599	1.50%	20.0	1/1/2022	3,573,727
Columbus	2,250,241	1.50%	20.0	7/1/2021	2,612,994
Columbus	13,873,454	1.50%	20.0	7/1/2022	16,109,941
Columbus	4,851,332	1.10%	20.0	7/1/2022	5,417,805
Columbus	3,289,129	1.17%	20.0	7/1/2022	3,698,519
Columbus	3,360,613	1.17%	20.0	7/1/2022	3,778,901
Columbus	74,848,953	0.92%	20.0	1/1/2026	82,117,650
Columbus	7,326,203	1.18%	20.0	1/1/2023	8,246,158
Columbus	5,975,888	0.87%	20.0	7/1/2024	6,523,815
Columbus	3,138,953	0.52%	20.0	7/1/2023	3,309,082
Columbus	19,784,928	0.70%	20.0	1/1/2025	21,236,725
Columbus	2,389,411	0.70%	20.0	1/1/2024	2,564,743
Columbus Grove	210,314	0.00%	20.0	1/1/2010	94,641
Columbus Grove	35,393	0.00%	20.0	1/1/2010	15,927
Continental	169,482	0.00%	20.0	1/1/2011	84,741
Continental	802,915	0.00%	30.0	1/1/2022	802,915
Cortland	1,233,794	3.20%	20.0	1/1/2012	923,975
Coshocton	9,547,663	3.50%	20.0	1/1/2007	4,006,821
Coshocton	3,072,784	0.00%	30.0	1/1/2023	3,072,784
Covington	3,688,265	2.75%	20.0	7/1/2006	1,325,423
Crooksville	148,425	0.00%	30.0	1/1/2011	98,950
Crooksville	1,306,898	0.00%	30.0	1/1/2020	1,263,335
Cumberland	397,719	0.00%	30.0	1/1/2011	265,146
Cumberland	69,130	0.00%	29.0	1/1/2012	47,676
Danville	174,062	2.00%	20.0	7/1/2007	68,915
Danville	257,843	0.00%	30.0	1/1/2010	163,301
Delphos	15,679,869	2.00%	20.0	1/1/2009	7,640,636
Delphos	638,890	2.00%	20.0	7/1/2008	291,867
Delphos	60,257	2.00%	20.0	1/1/2014	47,714
Delphos	97,566	0.00%	30.0	7/1/2022	97,566
Deshler	1,463,564	0.00%	20.0	1/1/2012	804,960
Dresden	310,849	0.00%	30.0	1/1/2011	207,232
East Liverpool	3,785,287	3.35%	20.0	1/1/2006	1,306,094
East Liverpool	520,587	2.00%	20.0	1/1/2014	412,224
East Palestine	271,597	2.00%	30.0	1/1/2013	265,827
East Palestine	361,475	1.94%	30.0	7/1/2014	374,835
East Palestine	1,404,735	1.68%	20.0	1/1/2020	1,576,770
Eaton	4,367,476	2.75%	20.0	7/1/2008	2,140,236
Elida	1,198,837	3.20%	20.0	1/1/2011	816,178
Enon	656,541	3.26%	20.0	1/1/2005	179,764
Enon	99,656	0.00%	20.0	1/1/2011	49,828
Enon	196,492	2.17%	10.0	1/1/2015	87,857
Fairfield County	1,335,273	0.00%	30.0	1/1/2018	1,201,746
Fayette	48,837	2.00%	20.0	1/1/2007	17,848
Fayette	78,588	2.00%	20.0	1/1/2008	33,508
Findlay	4,029,589	3.25%	20.0	1/1/2007	1,653,488
Flushing	1,158,614	2.00%	30.0	1/1/2013	1,133,999
Fostoria	992,857	0.00%	20.0	7/1/2011	521,250
Franklin County	2,137,169	0.00%	20.0	1/1/2012	1,175,443
Franklin County	61,931	3.25%	20.0	1/1/2012	46,589
Franklin County	3,179,475	0.72%	20.0	1/1/2022	3,419,599
Franklin County	1,619,265	0.37%	20.0	1/1/2023	1,681,413
Fulton County	1,986,484	0.00%	30.0	7/1/2012	1,423,647

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Garrettsville	375,883	1.63%	20.0	1/1/2019	397,792
Geauga County	781,099	4.16%	20.0	7/1/2001	28,956
Geneva	253,836	1.68%	15.0	7/1/2017	220,969
Geneva	414,362	1.35%	20.0	1/1/2018	403,073
Geneva	510,820	1.60%	20.0	1/1/2018	509,087
Georgetown	383,541	1.65%	20.0	7/1/2019	417,976
Georgetown	1,156,192	1.83%	20.0	7/1/2019	1,281,935
Germantown	2,695,567	0.18%	30.0	7/1/2023	2,770,215
Glouster	1,265,652	0.00%	30.0	7/1/2020	1,244,558
Grafton	1,144,705	1.34%	20.0	7/1/2019	1,210,590
Grafton	553,059	1.34%	20.0	1/1/2019	569,084
Grafton	462,407	1.34%	20.0	1/1/2019	475,805
Greene County	5,710,791	3.53%	20.0	1/1/2012	4,405,605
Greenwich	322,879	3.49%	20.0	7/1/2002	33,845
Guernsey County	288,657	2.00%	20.0	7/1/2007	114,285
Guernsey County	59,870	2.00%	20.0	7/1/2010	34,644
Hamden	521,113	0.00%	30.0	1/1/2011	347,409
Hamilton	932,809	1.33%	20.0	1/1/2018	905,630
Harrisburg	808,031	0.00%	20.0	1/1/2012	444,417
Harrison	896,541	3.64%	20.0	1/1/2002	63,496
Harrison	1,091,805	3.49%	20.0	7/1/2002	114,446
Harrison	1,837,258	2.84%	20.0	7/1/2007	786,775
Harrison	1,625,518	3.64%	20.0	1/1/2010	1,036,120
Harrison	1,648,803	3.64%	20.0	1/1/2010	1,050,963
Harrison	8,831,097	0.53%	20.0	1/1/2023	9,319,098
Henry County Regional Water and Sewer District	193,814	1.60%	27.0	7/1/2017	208,406
Henry County Regional Water and Sewer District	1,175,969	1.98%	30.0	7/1/2014	1,226,114
Hopedale	124,379	0.36%	30.0	7/1/2022	131,328
Huron	942,134	0.00%	20.0	1/1/2022	942,134
Ironton	935,704	2.00%	30.0	1/1/2013	915,826
Jackson	1,380,296	0.00%	20.0	1/1/2011	690,148
Jackson Center	852,191	3.25%	20.0	7/1/2003	145,702
Jacksonville	339,945	0.00%	30.0	1/1/2021	339,945
Jefferson County	7,286,875	3.35%	20.0	1/1/2006	2,514,301
Jefferson County	500,000	0.00%	30.0	7/1/2009	308,333
Jefferson County	455,685	2.00%	20.0	7/1/2009	235,929
Jefferson County	3,088,158	1.94%	20.0	1/1/2014	2,431,438
Jefferson County	816,943	2.00%	30.0	7/1/2015	890,450
Jefferson County	341,132	0.00%	30.0	7/1/2021	341,132
Jewett	214,967	0.81%	30.0	1/1/2018	218,317
Jewett	1,767,858	0.00%	30.0	7/1/2021	1,767,858
Jewett	542,356	0.00%	30.0	1/1/2022	542,356
Kent	485,851	3.65%	20.0	7/1/2004	120,541
Kent	271,200	2.00%	20.0	1/1/2008	115,634
Kenton	648,641	0.67%	30.0	7/1/2021	717,094
Kenton	208,295	0.76%	30.0	7/1/2021	233,336
Killbuck	551,683	2.00%	30.0	1/1/2014	564,506
La Rue	336,109	0.00%	30.0	7/1/2022	336,109
LaGrange	87,768	0.62%	20.0	7/1/2021	93,458
Lake County	672,955	0.00%	20.0	7/1/2019	622,484
Lakemore	172,997	2.09%	20.0	7/1/2014	143,475
Lancaster	5,464,939	4.14%	20.0	1/1/2003	808,942
Lancaster	21,064,709	3.90%	20.0	7/1/2003	3,816,499
Le-Ax Water District	30,189	0.00%	30.0	7/1/2012	21,635
Leading Creek Conservancy District	6,194,196	0.00%	30.0	7/1/2021	6,194,197
Lewisburg	1,400,434	2.75%	20.0	7/1/2008	686,268
Liberty Center	421,383	1.94%	30.0	7/1/2013	418,363
Lindsey	219,170	2.75%	20.0	7/1/2006	78,762
Lisbon	2,039,049	2.00%	20.0	1/1/2008	869,407
Lockland	158,911	2.00%	20.0	1/1/2012	106,474
Logan	1,196,640	0.00%	30.0	7/1/2021	1,196,640
London	1,610,687	4.14%	20.0	1/1/2002	119,210
London	3,657,392	1.30%	20.0	7/1/2017	3,436,322
London	6,585,904	1.22%	30.0	7/1/2018	7,227,297
Lorain	2,712,348	4.38%	20.0	7/1/2001	102,485
Lorain	2,425,073	4.64%	20.0	1/1/2002	187,401

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Lorain	3,871,924	1.45%	20.0	7/1/2019	4,138,794
Lyons	83,837	2.75%	20.0	1/1/2007	32,866
Madison Water District	138,889	0.00%	30.0	1/1/2015	111,111
Madison Water District	170,033	0.00%	30.0	1/1/2020	164,365
Madison Water District	10,575	0.00%	5.0	1/1/2021	10,575
Mahoning County	214,509	0.00%	20.0	1/1/2011	107,254
Mahoning Valley Sanitary District	7,105,074	3.35%	20.0	7/1/2006	2,696,727
Mahoning Valley Sanitary District	1,609,624	3.25%	20.0	1/1/2008	770,569
Mahoning Valley Sanitary District	1,298,746	3.25%	20.0	1/1/2008	621,743
Mahoning Valley Sanitary District	2,488,513	0.00%	20.0	7/1/2011	1,306,470
Mahoning Valley Sanitary District	8,000,000	2.00%	20.0	7/1/2013	6,091,120
Mahoning Valley Sanitary District	2,364,846	2.00%	20.0	7/1/2017	2,376,752
Mahoning Valley Sanitary District	4,326,310	2.00%	20.0	7/1/2017	4,348,092
Mahoning Valley Sanitary District	2,127,441	0.81%	20.0	1/1/2018	1,962,403
Mahoning Valley Sanitary District	6,078,951	0.81%	20.0	1/1/2019	5,937,219
Malta	361,090	2.00%	20.0	7/1/2012	252,936
Mantua	545,783	3.00%	20.0	1/1/2005	145,952
Marshallville	72,994	3.88%	20.0	7/1/2001	2,640
Martins Ferry	3,370,848	2.00%	20.0	7/1/2005	923,951
Martins Ferry	215,072	2.00%	29.5	1/1/2013	208,269
Martins Ferry	738,905	2.00%	30.0	7/1/2012	706,771
Martins Ferry	2,700,034	1.57%	30.0	1/1/2017	2,943,213
McComb	865,831	2.00%	20.0	1/1/2015	738,343
McComb	97,844	2.00%	20.0	1/1/2016	89,397
McConnelsville	71,141	0.00%	30.0	1/1/2010	45,056
Medina County	4,028,963	4.38%	20.0	7/1/2001	152,233
Medina County	1,104,529	3.90%	20.0	1/1/2003	160,094
Miami County	234,316	2.00%	20.0	1/1/2013	171,270
Miamisburg	229,116	1.78%	20.0	1/1/2017	218,657
Miamisburg	1,406,741	1.80%	20.0	1/1/2017	1,345,093
Miamisburg	5,515,854	2.32%	20.0	1/1/2018	5,886,682
Miamisburg	9,549,802	2.18%	20.0	1/1/2018	10,058,564
Miamisburg	14,133,282	1.58%	20.0	1/1/2020	15,712,094
Middle Point	97,236	2.00%	20.0	1/1/2008	41,459
Middlefield	4,938,775	2.75%	20.0	7/1/2009	2,742,888
Middleport	681,843	0.00%	30.0	1/1/2011	454,562
Middleport	273,807	0.00%	30.0	1/1/2013	200,792
Milford	1,349,311	2.00%	20.0	1/1/2009	657,505
Milford	136,565	0.00%	20.0	7/1/2010	64,868
Milford	178,802	2.00%	30.0	1/1/2015	190,912
Milford	445,619	2.00%	20.0	7/1/2015	393,577
Millersport	559,185	0.00%	20.0	1/1/2011	279,593
Monroeville	103,761	0.00%	20.0	1/1/2020	98,573
Morgan-Meigsville Rural Water District	253,817	0.00%	30.0	1/1/2014	194,593
Mount Orab	1,757,942	2.00%	20.0	7/1/2005	481,853
Mount Orab	139,099	2.00%	20.0	1/1/2012	93,199
Mount Pleasant	51,177	1.65%	20.0	7/1/2020	58,785
Murray City	525,621	0.00%	30.0	1/1/2011	350,414
Muskingum County	384,439	2.00%	20.0	7/1/2007	152,208
Muskingum County	335,099	2.00%	20.0	1/1/2008	142,879
Muskingum County	532,342	2.00%	20.0	7/1/2008	243,192
Muskingum County	1,357,880	0.00%	30.0	7/1/2013	1,018,410
Muskingum County	947,164	2.00%	30.0	1/1/2015	1,011,319
Muskingum County	262,029	2.00%	30.0	1/1/2015	279,778
Muskingum County	1,481,981	2.00%	20.0	7/1/2015	1,308,904
Muskingum County	1,143,035	0.00%	30.0	1/1/2019	1,066,832
Muskingum County	240,194	0.00%	30.0	1/1/2019	224,181
Muskingum County	139,337	0.00%	30.0	1/1/2019	130,048
Muskingum County	1,079,338	0.00%	30.0	7/1/2019	1,025,371
Muskingum County	496,269	0.00%	30.0	7/1/2019	471,456
Muskingum County	787,882	0.00%	30.0	1/1/2020	761,619
Muskingum County	1,021,108	0.00%	30.0	1/1/2022	1,021,108
Muskingum County	1,952,830	0.00%	30.0	1/1/2021	1,952,830
Muskingum Watershed Conservancy District	188,884	0.00%	20.0	7/1/2010	89,720
Napoleon	13,586,942	0.00%	30.0	1/1/2020	13,134,044
Nelsonville	4,490,531	1.98%	20.0	1/1/2015	3,822,063

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New Carlisle	3,294,524	2.85%	20.0	1/1/2007	1,303,494
New Carlisle	478,413	2.66%	20.0	7/1/2015	449,503
New Lexington	553,912	1.57%	30.0	1/1/2017	603,800
New London	2,113,047	0.00%	20.0	7/1/2020	2,060,221
New Straitsville	366,766	2.00%	30.0	7/1/2014	383,449
New Straitsville	45,214	0.00%	29.0	1/1/2021	45,214
New Straitsville	406,112	0.00%	30.0	1/1/2020	392,574
New Waterford	899,994	0.00%	30.0	7/1/2019	854,994
New Waterford	492,967	0.00%	30.0	7/1/2021	492,967
New Waterford	366,831	0.00%	30.0	7/1/2022	366,831
New Waterford	856,491	0.00%	30.0	1/1/2022	856,492
Newark	1,068,718	3.53%	20.0	1/1/2011	749,514
Newton Falls	3,102,133	2.00%	20.0	7/1/2004	661,341
Noble County Water Authority	145,863	1.51%	30.0	1/1/2017	157,671
Noble County Water Authority	4,908	1.57%	30.0	1/1/2017	5,350
North Canton	6,789,904	3.65%	20.0	1/1/2005	1,925,245
North Canton	3,022,687	3.76%	20.0	1/1/2006	1,081,844
North Canton	1,670,933	3.25%	20.0	7/1/2006	628,508
North Ridgeville	2,928,024	4.14%	20.0	7/1/2002	325,063
Northwest Regional Water District	172,208	2.86%	20.0	7/1/2008	85,247
Northwest Regional Water District	732,198	4.14%	20.0	1/1/2010	487,723
Northwestern Water & Sewer District	762,622	0.00%	30.0	1/1/2014	584,677
Northwestern Water & Sewer District	548,948	0.00%	30.0	1/1/2014	420,860
Northwestern Water & Sewer District	1,228,239	2.67%	20.0	7/1/2014	1,075,421
Northwestern Water & Sewer District	2,165,200	2.59%	20.0	1/1/2015	1,951,508
Northwestern Water & Sewer District	325,441	3.16%	20.0	7/1/2015	320,104
Northwestern Water & Sewer District	1,035,245	3.16%	20.0	7/1/2015	1,018,267
Northwestern Water & Sewer District	631,944	2.59%	20.0	7/1/2015	589,917
Northwestern Water & Sewer District	313,621	1.79%	20.0	1/1/2017	299,590
Northwestern Water & Sewer District	488,776	1.74%	20.0	1/1/2017	464,678
Northwestern Water & Sewer District	526,481	1.64%	20.0	1/1/2017	495,737
Northwestern Water & Sewer District	720,844	1.85%	20.0	7/1/2017	714,200
Northwestern Water & Sewer District	358,847	1.27%	20.0	7/1/2017	336,171
Northwestern Water & Sewer District	474,836	0.76%	20.0	7/1/2017	423,008
Northwestern Water & Sewer District	401,279	1.83%	20.0	7/1/2018	420,871
Northwestern Water & Sewer District	938,933	1.63%	20.0	7/1/2018	966,059
Northwestern Water & Sewer District	1,031,117	1.89%	20.0	7/1/2018	1,087,672
Northwestern Water & Sewer District	580,964	1.89%	20.0	7/1/2018	612,829
Northwestern Water & Sewer District	836,579	1.81%	20.0	7/1/2019	925,791
Northwestern Water & Sewer District	707,270	2.15%	20.0	7/1/2019	808,389
Northwestern Water & Sewer District	1,030,050	0.00%	20.0	7/1/2020	1,004,298
Northwestern Water & Sewer District	306,839	2.09%	20.0	7/1/2020	367,576
Northwestern Water & Sewer District	1,099,550	1.10%	20.0	7/1/2021	1,227,941
Northwestern Water & Sewer District	930,557	1.17%	20.0	7/1/2021	1,046,381
Northwestern Water & Sewer District	860,933	0.62%	20.0	7/1/2021	916,746
Northwestern Water & Sewer District	881,135	0.52%	20.0	7/1/2021	928,892
Northwestern Water & Sewer District	699,659	0.02%	20.0	7/1/2021	701,094
Norwalk	695,073	3.25%	20.0	7/1/2007	308,982
Oak Harbor	201,740	0.00%	20.0	1/1/2021	201,740
Oak Hill	124,430	2.00%	15.0	1/1/2016	96,429
Oberlin	4,857,525	2.00%	20.0	1/1/2010	2,662,899
Oregon	9,936,629	4.28%	20.0	7/1/2002	1,116,655
Oregon	2,025,829	3.65%	20.0	7/1/2004	502,613
Oregon	4,275,744	3.52%	20.0	1/1/2011	2,995,988
Oregon	15,362,730	0.00%	20.0	7/1/2018	13,442,389
Oregon	1,856,561	1.88%	20.0	1/1/2019	2,012,424
Oregon	2,508,423	1.03%	20.0	1/1/2022	2,782,086
Oregon	871,959	1.17%	20.0	7/1/2021	980,490
Ottawa	1,322,579	3.15%	20.0	7/1/2004	313,723
Ottawa	781,316	2.75%	20.0	1/1/2007	306,301
Ottawa	436,280	2.84%	20.0	7/1/2007	186,830
Ottawa	1,442,991	2.75%	20.0	1/1/2009	754,265
Ottawa	1,144,649	2.00%	20.0	1/1/2013	836,663
Ottawa	90,811	2.00%	10.0	1/1/2015	40,259
Ottawa County	957,988	2.00%	20.0	7/1/2008	437,641
Ottawa County	1,155,340	3.36%	20.0	1/1/2009	638,405

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Ottawa County	313,190	3.52%	20.0	1/1/2010	197,505
Painesville	17,347,066	0.00%	20.0	1/1/2020	16,479,713
Perry County	702,029	2.00%	30.0	7/1/2014	733,964
Perry County	29,599	0.00%	30.0	7/1/2017	26,146
Perry County	1,085,561	0.00%	30.0	1/1/2020	1,049,376
Piketon	319,560	2.00%	30.0	7/1/2013	319,879
Piqua	3,288,841	0.76%	20.0	1/1/2019	3,196,220
Plymouth	624,224	2.00%	30.0	7/1/2016	708,162
Pomeroy	77,705	0.00%	30.0	7/1/2010	50,509
Pomeroy	735,780	2.00%	30.0	7/1/2013	736,515
Pomeroy	342,391	1.53%	30.0	7/1/2016	364,008
Pomeroy	515,726	2.00%	30.0	7/1/2016	585,073
Pomeroy	455,164	0.00%	20.0	7/1/2022	455,164
Portersville East Branch Water Co.	356,201	0.83%	30.0	7/1/2022	403,121
Portsmouth	3,734,915	3.25%	20.0	7/1/2008	1,915,716
Portsmouth	45,034	0.00%	20.0	1/1/2010	20,265
Portsmouth	1,739,606	2.00%	20.0	7/1/2012	1,218,556
Powhatan Point	489,801	0.00%	20.0	1/1/2011	244,901
Put-in-Bay	1,124,680	2.00%	20.0	1/1/2012	753,562
Put-in-Bay	1,000,342	2.00%	20.0	7/1/2013	761,651
Put-in-Bay	1,686,782	0.00%	20.0	7/1/2021	1,686,782
Ravenna	486,103	3.65%	20.0	7/1/2004	120,603
Ravenna	1,181,619	3.40%	15.0	7/1/2009	354,255
Rayland	196,325	0.00%	30.0	7/1/2010	127,611
Rio Grande	349,149	2.00%	30.0	7/1/2015	380,565
Rockford	1,330,278	0.00%	20.0	1/1/2011	665,139
Roseville	46,093	0.00%	30.0	1/1/2011	30,729
Roseville	56,874	0.00%	30.0	7/1/2010	36,968
Saint Clairsville	270,809	0.60%	20.0	7/1/2020	280,593
Saint Clairsville	880,186	1.85%	20.0	7/1/2020	1,030,631
Sandusky	1,797,944	0.00%	20.0	1/1/2018	1,528,252
Sardinia	98,611	0.36%	30.0	1/1/2022	104,120
Scio	105,843	2.00%	20.0	1/1/2004	19,341
Scio	186,037	0.00%	30.0	1/1/2010	117,824
Sebring	848,948	0.00%	30.0	7/1/2017	749,904
Seville	2,957,104	1.63%	20.0	1/1/2019	3,129,465
Shawnee	75,232	0.00%	30.0	1/1/2011	50,155
Shawnee	46,080	2.00%	30.0	7/1/2014	48,177
Shelby	3,517,427	2.75%	15.0	7/1/2006	143,881
Sidney	314,160	0.00%	20.0	7/1/2010	149,226
Sidney	4,380,702	0.00%	20.0	7/1/2010	2,080,833
Somerset	472,855	2.00%	30.0	1/1/2013	462,809
Somerset	307,312	0.00%	30.0	7/1/2019	291,947
Somerset	320,691	0.00%	30.0	1/1/2023	320,690
South Charleston	1,841,613	2.00%	20.0	1/1/2003	224,349
South Lebanon	211,222	0.00%	30.0	7/1/2013	158,416
South Solon	247,017	0.00%	30.0	1/1/2011	164,678
Southern Perry County Water District	352,145	2.00%	20.0	7/1/2012	246,670
Southern Perry County Water District	461,910	0.00%	30.0	7/1/2022	461,910
Southwest Licking Community W & S District	146,171	0.00%	20.0	7/1/2010	69,432
Southwest Licking Community W & S District	458,320	0.00%	30.0	7/1/2019	435,404
Spencerville	405,108	2.00%	20.0	7/1/2007	160,392
Spencerville	1,791,308	0.00%	30.0	1/1/2014	1,373,336
Spencerville	368,730	0.00%	30.0	1/1/2021	368,730
St. Marys	19,431,291	1.65%	20.0	7/1/2021	22,892,799
Steubenville	8,001,328	3.90%	20.0	7/1/2003	1,449,679
Steubenville	3,883,174	3.95%	20.0	1/1/2005	1,130,646
Steubenville	23,416,687	3.25%	20.0	1/1/2008	11,210,180
Steubenville	1,094,648	0.00%	30.0	7/1/2020	1,076,404
Steubenville	2,382,470	0.00%	30.0	7/1/2021	2,382,470
Sugarcreek	270,301	3.40%	20.0	7/1/2002	28,106
Sunday Creek Valley Water District	744,115	0.00%	30.0	1/1/2023	744,115
Swanton	1,453,134	1.90%	30.0	1/1/2015	1,530,494
Thurston	69,119	1.08%	20.0	7/1/2017	63,556
Toledo	13,183,823	3.25%	20.0	7/1/2008	6,762,257
Toledo	5,030,486	0.00%	20.0	7/1/2017	4,150,151

PARTICIPATING GOVERNMENTAL AGENCIES UNDER EXISTING DWAF LOAN AGREEMENTS
As of December 31, 2020

Governmental Agency	Estimated Loan Amount (1)	Interest Rate	Years	Projected First Payment Date	Projected Remaining Leverage and DWAF Revenue Series Repayments (2)
Toledo	44,771,773	0.00%	20.0	1/1/2022	44,771,773
Toledo	37,843,872	0.00%	20.0	1/1/2024	37,843,872
Toronto	14,014,179	3.26%	20.0	7/1/2006	5,276,085
Toronto	617,719	2.00%	30.0	7/1/2014	645,819
Toronto	816,522	1.37%	20.0	1/1/2020	889,450
Tri-County Rural W & S District	218,316	2.00%	20.0	1/1/2002	13,298
Tri-County Rural W & S District	49,412	0.00%	30.0	7/1/2010	32,118
Tri-County Rural W & S District	614,143	2.00%	30.0	1/1/2014	628,419
Tri-County Rural W & S District	706,094	1.27%	30.0	7/1/2018	780,394
Trumbull County	5,030,223	0.00%	30.0	7/1/2019	4,778,712
Tuppers Plains-Chester Water District	338,124	3.25%	20.0	7/1/2006	127,182
Tuppers Plains-Chester Water District	272,809	0.00%	20.0	1/1/2011	136,404
Tuppers Plains-Chester Water District	996,947	2.00%	30.0	7/1/2012	953,592
Tuppers Plains-Chester Water District	85,500	2.00%	30.0	1/1/2013	83,684
Tuppers Plains-Chester Water District	69,569	2.00%	30.0	7/1/2014	72,734
Tuppers Plains-Chester Water District	344,664	1.08%	30.0	7/1/2017	357,248
Tuppers Plains-Chester Water District	3,280,314	0.00%	30.0	7/1/2021	3,280,314
Twin City Water & Sewer District	4,241,971	0.00%	30.0	1/1/2014	3,252,178
Twin City Water & Sewer District	843,611	1.57%	30.0	7/1/2016	901,906
Upper Sandusky	1,603,297	2.00%	20.0	1/1/2015	1,367,222
Urbana	5,689,571	3.36%	20.0	1/1/2010	3,536,866
Urbana	2,627,206	2.00%	20.0	1/1/2016	2,400,394
Urbana	1,610,760	1.18%	20.0	1/1/2022	1,813,024
Versailles	850,508	3.39%	20.0	7/1/2004	206,164
Versailles	7,448,105	3.26%	20.0	7/1/2006	2,804,077
Wakeman	128,222	2.00%	20.0	1/1/2012	85,912
Wakeman	66,271	1.83%	20.0	7/1/2018	69,507
Wakeman	181,216	0.62%	20.0	1/1/2022	192,964
Warren	10,732,688	3.95%	20.0	1/1/2004	2,343,740
Warren	5,104,469	3.34%	20.0	1/1/2009	2,815,499
Warren	2,339,403	1.94%	20.0	7/1/2014	1,912,755
Warren	1,694,420	1.99%	20.0	7/1/2014	1,392,002
Warren County	15,309,028	0.87%	20.0	1/1/2024	16,712,708
Washington Court House	3,691,377	4.38%	20.0	7/1/2001	139,478
Wauseon	311,990	3.39%	20.0	7/1/2004	75,627
Waverly	890,812	0.00%	30.0	1/1/2020	861,118
Wellington	120,521	1.63%	20.0	7/1/2018	124,003
Wellston	81,729	0.00%	30.0	7/1/2010	53,124
Wellston	392,747	0.00%	30.0	7/1/2012	281,469
Wellston	448,063	2.00%	30.0	7/1/2012	428,577
Wellston	218,764	1.62%	30.0	7/1/2019	263,227
Wellston	511,962	1.63%	30.0	7/1/2019	616,873
West Alexandria	1,447,466	2.75%	20.0	7/1/2007	614,741
West Carrollton	4,408,588	3.50%	20.0	1/1/2005	1,233,420
West Jefferson	2,828,663	2.75%	20.0	1/1/2009	1,478,567
West Liberty	218,606	0.00%	30.0	1/1/2022	218,606
West Union	1,457,561	1.99%	20.0	7/1/2014	1,197,416
West Unity	656,502	0.53%	20.0	7/1/2021	692,780
Western Guernsey County Regional Water District	1,234,533	1.75%	30.0	7/1/2014	1,247,142
Westerville	12,787,844	2.59%	20.0	7/1/2015	11,937,398
Wilmington	3,692,234	0.00%	20.0	7/1/2021	3,692,234
Woodsfield	194,278	0.00%	20.0	1/1/2010	87,425
Woodsfield	43,479	2.00%	20.0	1/1/2011	26,484
Woodville	148,650	0.00%	20.0	7/1/2011	78,041
Woodville	433,864	0.00%	20.0	1/1/2011	216,932
Woodville	1,059,519	0.68%	20.0	1/1/2021	1,134,996
Woodville	1,656,625	1.37%	20.0	1/1/2021	1,899,566
Wooster	1,568,225	3.36%	20.0	7/1/2009	920,712
Wooster	978,062	3.36%	20.0	1/1/2009	540,447
Wooster	384,528	4.14%	20.0	1/1/2010	256,137
Wooster	247,128	3.70%	20.0	1/1/2010	158,364
Zanesville	4,967,325	0.00%	20.0	1/1/2012	2,732,029
Zanesville	1,810,338	1.31%	20.0	7/1/2019	1,908,945
	<u>1,634,170,511</u>				<u>1,325,883,246</u>

Notes :

PARTICIPATING GOVERNMENTAL AGENCIES UNDER EXISTING DWAF LOAN AGREEMENTS
As of December 31, 2020

Governmental Agency	Estimated Loan Amount (1)	Interest Rate	Years	Projected First Payment Date	Projected Remaining Leverage and DWAF Revenue Series Repayments (2)
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(1) These amounts include capitalized interest charges. Some of the loans listed above have already been fully funded at the estimated principal amount; the final loan amounts on those loans that have not yet been fully funded may be less than anticipated depending on actual project construction costs.

(2) These loan repayments are pledged towards Leverage Bonds and towards DWAF Revenue Series bonds on a subordinate basis as described in the SECURITY AND SOURCE OF PAYMENT OF DWAF REVENUE SERIES BONDS.

APPENDIX C

REPORTS OF INDEPENDENT AUDITORS AND RELATED AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY

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**OHIO WATER
DEVELOPMENT AUTHORITY**

Financial Statements

December 31, 2019

(With Independent Auditors' Report Thereon)

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OHIO WATER DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Ohio Water Development Authority
480 S. High Street
Columbus, Ohio 43215

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Ohio Water Development Authority (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Ohio Water Development Authority, as of December 31, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of proportionate share of net OPEB liability, and the schedule of OPEB contributions (as listed in the table of contents) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
March 20, 2020

OHIO WATER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

For the Year Ended December 31, 2019

As management of the Ohio Water Development Authority (the Authority), a related organization of the State of Ohio, we offer readers of the Authority's financial statements this unaudited narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the Authority's audited financial statements, which begin on page 8 of this report.

Financial Highlights

- The Authority's cash, cash equivalents and investments increased by \$580,941,602 or 43.79%.
- The Authority's loan receivables increased by \$442,298,155 or 6.34%.
- The Authority's investment income increased by \$23,308,594 or 85.54%.
- The Authority's bonds and notes payable increased by \$913,221,807 or 23.61%.
- The Authority's interest on bonds and notes increased by \$10,766,211 or 8.73%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise two components: 1) combining financial statements and 2) notes to financial statements.

Combining financial statements. The Authority follows proprietary fund accounting, which means these statements are presented in a manner similar to a private-sector business. The *combining financial statements* are designed to provide readers with a broad overview of the Authority's finances by fund and in total. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements offer short and long-term financial information about its activities.

The *combining statement of net position* presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including information about the nature and amounts of investments in resources (assets and deferred outflows of resources), the obligations (liabilities and deferred inflows of resources) of the Authority and the Authority's net position as of December 31, 2019. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *combining statement of revenues, expenses and changes in net position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The *combining statement of cash flows* provides information about the Authority's cash receipts and cash payments during the reporting period. This statement summarizes the net changes in cash resulting from operating, investing and noncapital financing activities.

OHIO WATER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

Each of the combining financial statements highlight programs of the Authority that are principally supported by loan and investment income, programs that are intended to recover all or a significant portion of their costs through program fees or investment earnings on contributed capital (*business-type activities*). The combining financial statements can be found on pages 8-13 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the combining financial statements. The notes to financial statements can be found on pages 14-63 of this report.

Financial Analysis of the Authority's Financial Position and Results of Operations

The tables below provide a summary of the Authority's financial position and operations for 2019 and 2018, respectively.

The following table summarizes changes in net position of the Authority between December 31, 2019 and December 31, 2018:

Condensed Statement of Net Position (all amounts expressed in thousands of dollars)

	2019	2018	Dollar Change	Total Percent Change
Current assets	\$ 51,771	\$70,968	\$(19,197)	(27.05)%
Noncurrent restricted assets	9,031,030	8,000,499	1,030,531	12.88%
Noncurrent unrestricted assets	240,134	228,307	11,827	5.18%
Capital assets	1,036	1,090	(54)	(4.95)%
Total assets	9,323,971	8,300,864	1,023,107	12.33%
Loss on refunding	28,568	36,578	(8,010)	(21.90)%
Advance of loan interest	79,562	72,219	7,343	10.17%
Pension and OPEB	734	448	286	63.84%
Total deferred outflows of resources	108,864	109,245	(381)	(0.35)%
Total assets and deferred outflows of resources	\$9,432,835	\$8,410,109	\$1,022,726	12.16%
Current liabilities	\$ 436,386	393,147	43,239	11.00%
Noncurrent revenue bonds and notes payable	4,503,796	3,648,456	855,340	23.44%
Other noncurrent liabilities	3,397	2,564	833	32.49%
Total liabilities	4,943,579	4,044,167	899,412	22.24%
Deferred inflows of resources:				
Pension and OPEB	194	424	(230)	(54.25)%
Net position:				
Net investment in capital assets	1,036	1,090	(54)	(4.95)%
Restricted	4,222,632	4,082,725	139,907	3.43%
Unrestricted	265,394	281,703	(16,309)	(5.79)%
Total net position	4,489,062	4,365,518	123,544	2.83%
Total liabilities, deferred inflows of resources and net position	\$9,432,835	\$8,410,109	\$1,022,726	12.16%

OHIO WATER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,489,062,596 as of December 31, 2019, \$4,222,632,963 of which is restricted for debt and grant covenants. The largest portion of the Authority's net position is reflected in its loan receivables, cash and cash equivalents, and investments less any related debt still outstanding used to fund these loans to local government agencies.

The following table summarizes the changes in revenues and expenses for the Authority between 2019 and 2018:

Condensed Statement of Revenues, Expenses and Changes in Net Position (all amounts expressed in thousands of dollars)

	2019	2018	Dollar Change	Total Percent Change
Operating revenues:				
Loan income	\$169,366	\$164,396	\$4,970	3.02%
Investment income	50,556	27,248	23,308	85.54%
Administrative fees from projects	4,927	5,884	(957)	(16.26%)
Total operating revenues	224,849	197,528	27,321	13.83%
Operating expenses:				
Payroll and benefits	2,465	2,202	263	11.94%
Interest on bonds and notes	134,113	123,347	10,766	8.73%
Bond and note issuance expense	12,961	6,129	6,832	111.47%
Loan principal forgiveness and grant expense	48,516	55,309	(6,793)	(12.28%)
State revolving fund administration	14,657	10,825	3,832	35.40%
Professional services	4,445	3,639	806	22.15%
Loan interest rate buy-down	10,517	12,096	(1,579)	(13.05%)
Other	392	375	17	4.53%
Total operating expenses	228,066	213,922	14,144	6.61%
Operating loss	(3,217)	(16,394)	13,177	80.38%
Nonoperating other revenues (expenses)	(4,708)	12	(4,720)	(39,333%)
Contribution from U.S. EPA	121,200	123,570	(2,370)	(1.92%)
Federal subsidy income	10,269	10,367	(98)	(0.95%)
Change in net position	\$123,544	\$117,555	\$5,989	5.09%

OHIO WATER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

The two primary sources of operating revenue for the Authority are loan income and investment income, while the significant operating expense is interest on bonds and notes. For the year ending December 31, 2019, the Authority had an operating loss of \$3,216,572 compared to an operating loss of \$16,393,946 in 2018. This decrease of \$13,177,374 in operating loss was primarily attributed to a \$23,308,594 increase in investment income, a \$6,792,904 decrease in loan principal forgiveness and grant expense offset by a \$10,766,211 increase in interest on bonds and notes, and a \$6,833,041 increase in bond and note issuance expense.

During 2019, the Authority's net position increased by \$123,544,294 or 2.83%. The majority of this increase was due to the following:

- \$3,216,572 in operating loss as noted earlier
- \$4,707,813 in nonoperating other expenses
- \$121,200,137 in contribution from U.S. EPA which was used to make loans to local governments
- \$10,268,542 in Build America Bonds (BABs) subsidies (i.e., federal subsidy income) used to offset interest expense on bonds

Financial Analysis of Net Position by Fund (all amounts expressed in thousands of dollars)

	2019	2018	Dollar Change	Total Percent Change
Operating	\$ 1,949	\$ 2,668	\$ (719)	(26.95%)
Other Projects	263,417	278,719	(15,302)	(5.49%)
In Lieu Fee	2,003	1,408	595	42.26%
Rural Development	(59)	-	(59)	100.00%
Community Assistance	120,001	125,244	(5,243)	(4.19%)
Fresh Water	667,519	627,112	40,407	6.44%
Water Pollution Control Loan	2,845,419	2,757,571	87,848	3.19%
Drinking Water Assistance	588,813	572,796	16,017	2.80%
Total Net Position	\$ 4,489,062	\$4,365,518	\$123,544	2.83%

During 2019, net position by fund experienced the following significant changes:

- Operating Fund net position decreased \$719,346 or 26.95%. This decrease was due to decreased administrative fees from projects received and an increase in Pension and OPEB expense.
- Other Projects Fund net position decreased \$15,302,126 or 5.49%. This decrease was caused by transfers to fund projects from the Other Projects Fund to the Drinking Water Fund and Fresh Water Fund offset by a transfer from the Community Assistance Fund to the Other Projects Fund in 2019.
- In-Lieu Fee Fund net position increased by \$594,770 or 42.24%. This was primarily caused by the increase in investment income and administrative fees from projects due to higher activity.
- Fresh Water Fund net position increased by \$40,407,784 or 6.44%. This was primarily due to transfers to fund projects from the Other Projects Fund.

OHIO WATER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

Debt Administration

As of December 31, 2019, the Authority had revenue bonds and notes principal outstanding of \$4,781,845,931. The Authority's debt represents bonds and notes secured solely by loan repayments of pledged loans. The table below summarizes the amount of debt outstanding for 2019 and 2018.

Outstanding Debt at December 31, 2019 and December 31, 2018 (net of premiums)

(all amounts expressed in thousands of dollars)

	2019	2018
Revenue Bonds \$	4,671,846	3,526,724
Revenue Notes	110,000	341,900
Total	\$ 4,781,846	3,868,624

During 2019, the Authority issued the following bonds and notes for the purpose of providing loan funding to local governments under its various loan programs or to refinance (i.e., Refundings) some of its existing debt to take advantage of favorable interest rates:

1. Rural Development Revenue Notes – RD Loan Advance Notes Series 2019-2022
2. Water Development Refunding Revenue Bonds – Community Assistance Series 2019
3. Water Development Revenue Bonds – Fresh Water Series 2019
4. Water Pollution Control Loan Fund Revenue Notes – WPCLF State Match Note Series 2019
5. Water Pollution Control Loan Fund Revenue Bonds – WPCLF Series 2019A
6. Water Pollution Control Loan Fund Refunding Revenue Bonds – WPCLF Series 2019B
7. Drinking Water Assistance Fund Revenue Notes – DWAF State Match Note Series 2019
8. Drinking Water Assistance Fund Revenue Bonds – DWAF Series 2019A
9. Drinking Water Assistance Fund Refunding Revenue Bonds – DWAF Series 2019B

The Authority continues to maintain strong ratings from Moody's and Standard & Poor's. The Rural Development Loan Advance Notes were private placement notes, and were therefore not rated. Although the Water Pollution Control Loan Fund State Match Notes and Drinking Water Assistance Fund State Match Notes were private placement notes, and were therefore not rated, we include the WPCLF and DWAF long-term program ratings for them as well. All Bonds issued in 2019 except for the Community Assistance Series were rated AAA / Aaa by Standard & Poors and Moodys, respectively. Community Assistance Series Bonds were rated AAA / AAA by Standard & Poors and Fitch, respectively.

Additional information on the Authority's long-term debt can be found in the Notes to Financial Statements, pages 30-47 of this report.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Ohio Water Development Authority, 480 S. High Street, Columbus, Ohio 43215, or call (614) 466-5822 or toll-free (877) OWDA-123, or visit the Authority's website at www.owda.org.

OHIO WATER DEVELOPMENT AUTHORITY

Combining Statement of Net Position
December 31, 2019

	Custodied Funds			Trusted Funds
	Operating Fund	Other Projects Fund	In Lieu Fee Fund	Rural Development Fund (Note 5)
<u>Assets</u>				
Current assets:				
Cash and cash equivalents -- Note 2	\$ 983,968	9,330,956	9,332,331	-
Investments -- Note 2	1,820,298	13,761,838	10,088,323	-
Receivables:				
Loan and fee receivables	135,534	6,285,709	-	-
Other	32,329	-	-	-
Total current assets	2,972,129	29,378,503	19,420,654	-
Noncurrent assets:				
Restricted grant, bond and note covenant assets:				
Cash and cash equivalents -- Note 2	-	-	-	2,794,079
Investments -- Note 2	-	-	-	-
Loan and fee receivables	-	-	-	12,929,857
Total noncurrent restricted assets	-	-	-	15,723,936
Investments -- Note 2	898,695	120,473,853	-	-
Loan receivables	-	117,640,052	-	-
Other receivables	-	-	-	-
Due from other funds -- Note 3	36,433	15,000	-	-
Capital assets, at depreciated cost	1,035,961	-	-	-
Total noncurrent unrestricted assets	1,971,089	238,128,905	-	-
Total assets	4,943,218	267,507,408	19,420,654	15,723,936
<u>Deferred Outflows of Resources</u>				
Loss on refunding	-	-	-	-
Advance of loan interest	-	-	-	-
Pension and other postemployment benefits (OPEB)	733,946	-	-	-
Total deferred outflows of resources	733,946	-	-	-
Total assets and deferred outflows of resources	\$ 5,677,164	267,507,408	19,420,654	15,723,936
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 122,049	4,090,374	17,417,808	-
Current liabilities payable from restricted assets:				
Due to other funds -- Note 3	15,000	-	-	309,341
Accounts payable	-	-	-	450,464
Accrued interest	-	-	-	22,750
Revenue bonds payable	-	-	-	-
Total current liabilities payable from restricted assets	15,000	-	-	782,555
Noncurrent liabilities:				
Compensated absences	200,961	-	-	-
Net pension and OPEB liability	3,195,737	-	-	-
Revenue bonds and notes payable, net of premiums	-	-	-	15,000,000
Total noncurrent liabilities	3,396,698	-	-	15,000,000
Total liabilities	3,533,747	4,090,374	17,417,808	15,782,555
<u>Deferred Inflows of Resources</u>				
Pension and OPEB	194,312	-	-	-
<u>Net Position</u>				
Net investment in capital assets	1,035,961	-	-	-
Restricted for debt and grant covenants	-	-	2,002,846	(58,619)
Unrestricted	913,144	263,417,034	-	-
Total net position	1,949,105	263,417,034	2,002,846	(58,619)
Total liabilities, deferred inflows of resources and net position	\$ 5,677,164	267,507,408	19,420,654	15,723,936

See accompanying notes to financial statements.

Trusteed Funds				
Community Assistance Fund (Note 6)	Fresh Water Fund (Note 7)	Water Pollution Control Loan Fund (Notes 8 & 9)	Drinking Water Assistance Fund (Notes 10 & 11)	Total Combining 2019
-	-	-	-	19,647,255
-	-	-	-	25,670,459
-	-	-	-	6,421,243
-	-	-	-	32,329
-	-	-	-	51,771,286
3,645,387	29,665,713	94,735,877	36,030,992	166,872,048
24,054,790	315,351,229	916,638,764	317,972,956	1,574,017,739
142,892,879	1,480,408,450	4,828,825,857	825,083,562	7,290,140,605
170,593,056	1,825,425,392	5,840,200,498	1,179,087,510	9,031,030,392
-	-	-	-	121,372,548
-	-	-	-	117,640,052
1,153	191,547	558,515	9,038	760,253
-	309,341	-	-	360,774
-	-	-	-	1,035,961
1,153	500,888	558,515	9,038	241,169,588
170,594,209	1,825,926,280	5,840,759,013	1,179,096,548	9,323,971,266
1,779,076	8,267,234	13,694,731	4,826,634	28,567,675
-	-	79,562,519	-	79,562,519
-	-	-	-	733,946
1,779,076	8,267,234	93,257,250	4,826,634	108,864,140
172,373,285	1,834,193,514	5,934,016,263	1,183,923,182	9,432,835,406
-	-	-	-	21,630,231
-	-	-	36,433	360,774
-	10,324,470	90,805,221	16,298,542	117,878,697
156,040	4,446,979	11,898,678	1,941,720	18,466,167
4,080,000	44,375,000	198,950,000	30,645,000	278,050,000
4,236,040	59,146,449	301,653,899	48,921,695	414,755,638
-	-	-	-	200,961
-	-	-	-	3,195,737
48,135,798	1,107,527,606	2,786,943,779	546,188,748	4,503,795,931
48,135,798	1,107,527,606	2,786,943,779	546,188,748	4,507,192,629
52,371,838	1,166,674,055	3,088,597,678	595,110,443	4,943,578,498
-	-	-	-	194,312
-	-	-	-	1,035,961
120,001,447	666,455,965	2,845,418,585	588,812,739	4,222,632,963
-	1,063,494	-	-	265,393,672
120,001,447	667,519,459	2,845,418,585	588,812,739	4,489,062,596
172,373,285	1,834,193,514	5,934,016,263	1,183,923,182	9,432,835,406

OHIO WATER DEVELOPMENT AUTHORITY
Combining Statement of Revenues, Expenses and Changes in Net Position
Year ended December 31, 2019

	Custodied Funds			Trusted Funds
	Operating Fund	Other Projects Fund	In Lieu Fee Fund	Rural Development Fund (Note 5)
Operating revenues:				
Loan income	\$ -	2,585,708	-	251,456
Investment income	86,066	6,432,540	400,449	81,441
Administrative fees from projects	2,729,923	-	1,262,366	-
Total operating revenues	2,815,989	9,018,248	1,662,815	332,897
Operating expenses:				
Payroll and benefits	2,464,908	-	-	-
Interest on bonds and notes	-	-	-	252,174
Bond and note issuance expense	-	-	-	138,867
Loan principal forgiveness and grant expense	-	4,139,030	-	-
State revolving fund administration	-	-	-	-
Professional services	657,984	800,322	1,068,045	475
Loan interest rate buy-down	-	-	-	-
Other	391,943	-	-	-
Total operating expenses	3,514,835	4,939,352	1,068,045	391,516
Operating income (loss)	(698,846)	4,078,896	594,770	(58,619)
Nonoperating other revenues (expenses)	(20,500)	(4,687,313)	-	-
Income (loss) before contributions, federal subsidy income and transfers	(719,346)	(608,417)	594,770	(58,619)
Contribution from U.S. EPA	-	-	-	-
Federal subsidy income	-	-	-	-
Transfers in (out), net -- Note 17	-	(14,693,709)	-	-
Change in net position	(719,346)	(15,302,126)	594,770	(58,619)
Net position at beginning of year	2,668,451	278,719,160	1,408,076	-
Net position at end of year	\$ 1,949,105	263,417,034	2,002,846	(58,619)

See accompanying notes to financial statements.

Trusteed Funds				
Community Assistance Fund (Note 6)	Fresh Water Fund (Note 7)	Water Pollution Control Loan Fund (Notes 8 & 9)	Drinking Water Assistance Fund (Notes 10 & 11)	Total Combining 2019
2,356,936	50,674,983	98,826,220	14,670,633	169,365,936
777,355	4,856,248	31,899,208	6,022,812	50,556,119
-	-	-	934,866	4,927,155
3,134,291	55,531,231	130,725,428	21,628,311	224,849,210
-	-	-	-	2,464,908
2,498,485	32,916,680	86,108,232	12,337,384	134,112,955
199,169	1,735,884	8,288,197	2,599,415	12,961,532
-	-	28,518,285	15,858,718	48,516,033
-	-	10,201,542	4,455,406	14,656,948
-	344,191	874,201	699,479	4,444,697
-	2,704,136	6,888,573	924,057	10,516,766
-	-	-	-	391,943
2,697,654	37,700,891	140,879,030	36,874,459	228,065,782
436,637	17,830,340	(10,153,602)	(15,246,148)	(3,216,572)
-	-	-	-	(4,707,813)
436,637	17,830,340	(10,153,602)	(15,246,148)	(7,924,385)
-	-	91,291,356	29,908,781	121,200,137
509,223	2,295,508	6,710,248	753,563	10,268,542
(6,188,227)	20,281,936	-	600,000	-
(5,242,367)	40,407,784	87,848,002	16,016,196	123,544,294
125,243,814	627,111,675	2,757,570,583	572,796,543	4,365,518,302
120,001,447	667,519,459	2,845,418,585	588,812,739	4,489,062,596

OHIO WATER DEVELOPMENT AUTHORITY

Combining Statement of Cash Flows

Year ended December 31, 2019

	Custodied Funds			Trusted Funds
	Operating Fund	Other Projects Fund	In Lieu Fee Fund	Rural Development Fund (Note 5)
Operating activities:				
Administrative fees from projects	\$ 2,713,886	-	1,262,366	-
Payroll and benefits	(2,144,985)	-	-	-
Grant expense	-	(1,742,106)	-	-
State revolving fund administration	-	-	-	-
Professional services	(758,406)	(807,726)	(912,145)	(475)
Other	(410,740)	-	-	-
Net cash provided (used) by operating activities	(600,245)	(2,549,832)	350,221	(475)
Investing activities:				
Proceeds from maturity or sale of investments	2,349,125	174,242,816	4,000,000	-
Purchase of investments	(1,797,566)	(135,293,011)	(7,016,393)	-
Interest received on investments, net of purchased interest	70,231	4,191,548	322,394	76,863
Interest received on projects	-	2,274,913	-	-
Principal collected on projects	-	11,348,057	-	-
Payment for construction of projects	-	(35,242,069)	-	(12,227,936)
Net cash provided (used) by investing activities	621,790	21,522,254	(2,693,999)	(12,151,073)
Noncapital financing activities:				
Interest paid on bonds and notes, net of purchased interest	-	-	-	(229,424)
Proceeds of bonds and notes	-	-	-	15,000,000
Bond and note issuance expense	-	-	-	(112,033)
Redemption of bonds and notes	-	-	-	-
Contribution from U.S. EPA	-	-	-	-
Other	661,746	9,277	5,557,976	282,508
Transfers (to) from other funds	-	(14,693,709)	-	-
Net cash provided (used) by noncapital financing activities	661,746	(14,684,432)	5,557,976	14,941,051
Net increase (decrease) in cash and cash equivalents	683,291	4,287,990	3,214,198	2,789,503
Cash and cash equivalents at beginning of year	300,677	5,036,197	6,105,807	-
Cash and cash equivalents at end of year -- Note 2	\$ 983,968	9,324,187	9,320,005	2,789,503
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (698,846)	4,078,896	594,770	(58,619)
Adjustments:				
Investment income	(86,066)	(6,432,540)	(400,449)	(81,441)
Principal forgiveness and other	109,282	2,396,924	-	-
Interest on bonds and notes	-	-	-	252,174
Loan and loan fee income	(16,037)	(2,585,708)	-	(251,456)
Bond and note issuance expense	-	-	-	58,950
Net change in other assets and other liabilities	91,422	(7,404)	155,900	79,917
Net cash provided (used) by operating activities	\$ (600,245)	(2,549,832)	350,221	(475)

See accompanying notes to financial statements.

Trusteed Funds				
Community Assistance Fund (Note 6)	Fresh Water Fund (Note 7)	Water Pollution Control Loan Fund (Notes 8 & 9)	Drinking Water Assistance Fund (Notes 10 & 11)	Total Combining 2019
-	-	-	918,718	4,894,970
-	-	-	-	(2,144,985)
-	-	-	(188,202)	(1,930,308)
-	-	(10,201,542)	(4,455,406)	(14,656,948)
-	(332,452)	(839,765)	(693,284)	(4,344,253)
-	-	-	-	(410,740)
-	(332,452)	(11,041,307)	(4,418,174)	(18,592,264)
28,210,017 (27,119,603)	363,688,664 (515,762,152)	2,712,605,827 (2,959,551,845)	280,531,709 (475,502,515)	3,565,628,158 (4,122,043,085)
546,676	3,404,850	20,153,073	3,790,095	32,555,730
2,373,906	44,993,452	88,331,825	12,279,487	150,253,583
9,964,295	76,918,379	286,812,020	53,513,165	438,555,916
-	(90,247,890)	(656,944,386)	(160,557,803)	(955,220,084)
13,975,291	(117,004,697)	(508,593,486)	(285,945,862)	(890,269,782)
(2,671,070)	(44,028,310)	(113,366,732)	(17,154,609)	(177,450,145)
28,417,174	213,757,260	972,351,678	369,520,564	1,599,046,676
(212,377)	(1,743,351)	(8,651,078)	(2,568,814)	(13,287,653)
(32,419,491)	(64,610,000)	(450,510,000)	(82,533,598)	(630,073,089)
-	-	91,291,356	29,908,781	121,200,137
554,292	2,012,389	6,715,849	523,728	16,317,765
(6,188,227)	20,281,936	-	600,000	-
(12,519,699)	125,669,924	497,831,073	298,296,052	915,753,691
1,455,592	8,332,775	(21,803,720)	7,932,016	6,891,645
2,186,076	21,269,318	116,482,787	28,064,657	179,445,519
3,641,668	29,602,093	94,679,067	35,996,673	186,337,164
436,637	17,830,340	(10,153,602)	(15,246,148)	(3,216,572)
(777,355)	(4,856,248)	(31,899,208)	(6,022,812)	(50,556,119)
-	2,704,136	35,406,858	16,594,573	57,211,773
2,498,485	32,916,680	86,108,232	12,337,384	134,112,955
(2,356,936)	(50,674,983)	(98,826,220)	(14,670,633)	(169,381,973)
199,169	1,735,884	8,288,197	2,599,415	12,881,615
-	11,739	34,436	(9,953)	356,057
-	(332,452)	(11,041,307)	(4,418,174)	(18,592,264)

OHIO WATER DEVELOPMENT AUTHORITY

Notes to Financial Statements

For the Year Ended December 31, 2019

(1) AUTHORIZING LEGISLATION, REPORTING ENTITY, PROGRAM DESCRIPTIONS, FUND ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Authorizing Legislation

The Ohio Water Development Authority (Authority) is a body corporate and politic in the State of Ohio created by an Act of the General Assembly of the State of Ohio effective March 7, 1968. It is authorized and empowered to acquire, construct, maintain, repair and operate water development projects and solid waste projects, to issue water development and solid waste revenue bonds and notes and to collect rentals and other charges to pay such bonds and notes and the interest thereon. The Authority was given jurisdiction over financing solid waste control by an Act of the General Assembly of the State of Ohio during 1970. Under provisions of the Act, such revenue bonds and notes shall not be deemed to constitute a debt or a pledge of faith and credit of the State nor any political subdivision thereof.

Reporting Entity

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which defines financial accountability. The criteria for determining financial accountability include the following circumstances:

- Appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
- An organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Officials of the State's primary government appoint a voting majority of the Authority's governing board. However, the primary government's accountability for the Authority does not extend beyond making those appointments. As such, the Authority is deemed a related organization of the State of Ohio. The Authority does not have any component units or related organizations of its own.

Programs

The Authority has established the following programs:

Local Communities

The Authority has established financing programs to provide loans to local communities in the State of Ohio for the construction of sewage and related water treatment facilities. These programs are accounted for in various funds, which are described in the following paragraphs.

These loans provide for the financing of project construction costs. Revenue from the underlying project is pledged toward repayment of the loan.

The Authority's initial funding of the program came from a \$100,000,000 appropriation, all of which has been designated for use, from the State of Ohio. Subsequent funding of its programs has come from the issuance by the Authority of bonds and notes as well as federal capitalization grants.

OHIO WATER DEVELOPMENT AUTHORITY

Notes to Financial Statements

Industrial

The Authority has established financing programs to assist private industry and certain municipalities participating in a manner similar to private industry, all located in the State of Ohio, in controlling water pollution and solid waste by constructing appropriate facilities. These programs are accounted for in various funds, which are described in Note 13. The Authority issues revenue bonds and notes to finance these programs. The Authority and the industrial companies and municipalities enter into agreements whereby the industrial companies and municipalities are required to make payments, as they become due, sufficient to pay the interest and principal on the bonds and notes issued to finance the projects.

These bonds and notes are principally secured by either revenues from the services, lease purchase agreements, mortgages, letters of credit or a combination thereof and are not secured by assets of the Authority.

Basis of Presentation—Fund Accounting

The accounts of the Authority are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses; and are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with laws, regulations or other restrictions. The following is a description of the funds adopted by the Authority.

(a) Operating Fund

The Operating Fund was established to account for the administrative activities and transactions of the Authority, which are required to carry out the provisions of the aforementioned authorizing legislation.

Revenues for Authority operations are principally provided by an administrative fee charged as a percentage of the total cost of each project which the Authority assists by providing financing. Fee income is recognized at the time that the financing agreements are finalized since substantially all of the costs associated with the agreements have been incurred by that time. Operating expenses, which are primarily salaries, employee fringe benefits and legal and professional fees include administrative expenses of the Authority and other expenses incurred in connection with the financing of projects.

(b) Other Projects Fund

The Other Projects Fund was established to account for its programs and commitments that are funded with funds other than proceeds of bonds or notes or other funds required by law or contract to be held in a fund separate and segregated from other funds of the Authority. The Other Projects Fund consists of the following programs and commitments:

- Other Projects Fund – Endowment Grant

The purpose of this program is to provide grants to local government agencies (LGAs) in Ohio to develop innovative projects in the areas of drinking water, wastewater and solid waste management.

OHIO WATER DEVELOPMENT AUTHORITY

Notes to Financial Statements

- ***Other Projects Fund – Solid Waste***

The purpose of this program is to provide financing to local governments in Ohio for the construction of solid waste facilities including recycling projects, composting, waste-to-energy projects and landfills. The balance of the construction costs are to be repaid by the solid waste facilities under terms of installment contracts over periods of 10 to 20 years with interest rates of 3.34% to 5.65%.

- ***Other Projects Fund – Local Economic Development***

The purpose of this program is to provide financing to local governments in Ohio to construct projects which will provide economic development benefits. The interest rate for each loan is negotiated by the local government and the Ohio Development Services Agency. The loans are to be repaid under terms of installment contracts over periods of 10 to 30 years with interest rates of 0.98% to 3.00%.

- ***Other Projects Fund – Brownfield***

The purpose of this program is to provide financing for the clean-up of contaminated brownfield sites under the state's voluntary action program. The loans are to be repaid under terms of installment contracts over periods of 10 to 15 years with interest rates of 2.00% to 3.00%.

- ***Other Projects Fund – Village Capital Improvements***

The purpose of this program is to provide interest-free planning and design loans to qualifying villages in Ohio for water and wastewater facilities. These loans are to be repaid at a term not to exceed 10 years.

- ***Other Projects Fund – Emergency Relief***

The purpose of this program is to provide financial assistance to Ohio communities or households that have sustained damage to their water or wastewater facilities as the result of a natural disaster or a mine subsidence event. To be eligible, communities or households must have an outstanding loan from the Authority and be in a federal or state designated disaster area, or be in an area of mine subsidence as declared by the state. The program can provide a community with up to two semi-annual loan payments to the Authority in an amount equivalent to the damage sustained by the water or wastewater systems during the disaster, or up to \$25,000 per household for mine subsidence relocation costs.

- ***Other Projects Fund – Dam Safety***

The purpose of this program is to help eligible Ohio dam owners receive below market interest rate loans to finance dam repairs and improvements that have been so ordered by the Ohio Department of Natural Resources. These loans are available through the Dam Safety Linked Deposit Program. In the program, Dam Safety funds are invested in local participating banks at below-market rates. The banks, in return, issue low interest rate loans to qualified participants. The amount invested in this program as of December 31, 2019 was \$447,901.

- ***Other Projects Fund – Lake Erie Soil Erosion***

The purpose of this program is to provide financing to the eight counties with Lake Erie shorelines containing coastal erosion areas. Any county receiving financing from the

OHIO WATER DEVELOPMENT AUTHORITY

Notes to Financial Statements

program will then provide financial assistance to property owners for the construction of erosion control structures in areas defined by statute as coastal erosion areas.

The loans to the counties are to be repaid under terms of installment contracts over 15 years with a 4.67% interest rate.

- ***Other Projects Fund – Security Assistance***

The purpose of this program is to provide financing to local governments in Ohio to protect the communities' water and wastewater systems. Eligible items under the program include lighting, fencing, cameras, motion detectors, gating and security systems and terrorism preparedness plans.

The loans to the local government agencies are to be repaid under terms of installment contracts over periods of 20 to 30 years with interest rates of 2.00%.

- ***Other Projects Fund – Interest Rate Buy-Down***

The purpose of this program is to provide a subsidy to the local governments in Ohio that obtained financing under the Authority's Fresh Water, Refunding, and Safe Water Refunding (which were consolidated into the Fresh Water Fund in 2007), and Pure Water Refunding (which was also consolidated into the Fresh Water Fund in 2010) Programs whose loan interest rates exceed 4.00%.

- ***Other Projects Fund – Unsewered Area Planning Loan Program***

The purpose of this program is to provide interest-free planning loans to unsewered areas where the LGA is considering the construction of a system of sewer facilities. These loans are to be repaid at a term not to exceed 10 years.

- ***Other Projects Fund – Unsewered Area Assistance Program***

The purpose of this program is to provide principal forgiveness construction loans to unsewered areas for the purpose of construction of a system of sewer facilities.

- ***Other Projects Fund – Alternative Stormwater Infrastructure Loan Program***

The purpose of this program is to provide loans to reduce stormwater run-off and mitigate flooding. The loans to the LGAs are to be repaid under terms of installment contracts over periods of 10 to 20 years with interest rates of 1.00% to 2.55%.

- ***Other Projects Fund – Unallocated Reserve***

This reserve was established for potential collectibility or cash flow problems that may arise in the future on any Authority project. The target balance of the reserve is 1% of the outstanding loan balance of the Other Projects, Community Assistance and Fresh Water loan programs.

(c) ***In-Lieu Fee Fund***

The In-Lieu Fee (ILF) Mitigation Fund was established during 2014 by a resolution of the Authority. OWDA is responsible for fund management in support of the Nature Conservancy's administration of the program.

OHIO WATER DEVELOPMENT AUTHORITY

Notes to Financial Statements

The purpose of the ILF Mitigation Fund is to provide an option for public and private entities that are impacting Ohio's wetlands or streams where direct mitigation of those impacts is not feasible. These entities pay into the ILF Mitigation Fund providing a source of funds that is then used to implement comparable projects elsewhere in the state that compensate for the originally impacted wetlands by public and private entities or carry out comparable projects to negate any negative impact on wetlands or streams.

(d) Rural Development Fund

The Rural Development Fund was established during 1996 by a resolution of the Authority and is administered by a Trustee. Funding for the Program was provided by a \$15,000,000 note issuance.

The purpose of these funds is to provide interim loans to local governments in Ohio to finance water development projects pending their receipt of loan and grant money from the United States of America, acting through Rural Utility Services. The loans accrue interest at rates of 2.45% to 2.50%.

(e) Community Assistance Fund

The Community Assistance Fund (formerly known as the Hardship Fund) was established during 1983 by a resolution of the Authority and is administered by a Trustee. The purpose of the fund is to provide a financing program for local governments in Ohio that are unable to meet debt service requirements at normal market interest rates without undue hardship to users.

The balance of the construction costs is paid by the LGA under terms of installment contracts over periods of 10 to 30 years with interest rates of 1.00% to 3.11%. LGA payments of construction costs may be used for providing additional funding for qualifying projects.

Initial funding for the Community Assistance Fund was provided by a \$15,000,000 transfer from the Pure Water Refunding Fund. Additional funding has been provided by monetary transfers from the Fresh Water Fund, Refunding Fund, Safe Water Refunding Fund, Pure Water Refunding Fund and the issuance of the Community Assistance Water Development Revenue Bonds as detailed below:

Series	Par Amount	Type
1997	\$42,940,000	New Money
2003	53,755,000	New Money
2005	37,355,000	Refunding
2007	24,550,000	New Money
2008A Notes	24,550,000	Refunding
2008B Notes	24,550,000	Refunding
2009	25,185,000	Refunding
2010A	630,000	New Money
2010B	28,885,000	New Money
2011	25,730,000	Refunding
2013	12,420,000	Refunding
2017	14,675,000	Refunding
2019	23,060,000	Refunding

OHIO WATER DEVELOPMENT AUTHORITY

Notes to Financial Statements

All loan repayments for this fund are pledged on a parity basis against all debt outstanding within this fund.

(f) Fresh Water Fund

The Fresh Water Fund, which consists of various accounts, was established in 1992 by a resolution providing for the issuance of the Water Development Revenue Refunding Bonds—Pure Water Refunding and Improvement Series, and is administered by a Trustee. Initial funding was provided by a portion of the proceeds from these bonds and a transfer from the Pure Water Refunding Fund. Continued funding has been provided by the issuance of Water Development Revenue Bonds from various Fresh Water Series as detailed below:

Series	Par Amount	Type
1995	\$116,225,000	New Money
1998	120,535,000	New Money
2001A	25,345,000	New Money
2001B	53,005,000	Refunding
2002	102,145,000	New Money
2004	149,000,000	New Money
2005	105,220,000	Refunding
2006A	51,975,000	Refunding
2008D CP	65,000,000	New Money
2008E CP	40,000,000	New Money
2009A	122,205,000	Refunding
2009B	82,910,000	Refunding
2010A-B	50,000,000	New Money
2010A-1	6,035,000	New Money
2010A-2	149,290,000	New Money
2013	111,880,000	New Money
2016A	169,050,000	New Money
2016B	150,000,000	Refunding
2017B Notes	125,000,000	New Money
2018	166,405,000	Refunding
2019	150,000,000	New Money
2019 Notes	25,000,000	New Money

All Fresh Water loan repayments for this fund are pledged on a parity basis against all debt outstanding within this fund.

The purpose of these funds is to provide moneys necessary to finance the LGA portion of costs for planning, designing, acquiring or constructing wastewater treatment, sewage collection, and water supply and distribution facilities in Ohio, and to finance other projects approved by the Authority.

The balance of Fresh Water construction costs is repaid by LGAs under terms of installment contracts over periods of 5 to 30 years with interest rates of 0.00% to 7.38%.

On December 1, 2010, the Pure Water Refunding Fund was closed and the outstanding loan receivables balances were transferred to the Fresh Water Fund. The loan repayments from this fund are deposited into the Cross-Collateralization account in the Fresh Water Fund and are not pledged

OHIO WATER DEVELOPMENT AUTHORITY

Notes to Financial Statements

toward outstanding Fresh Water debt. The balance of these loans is repaid by LGAs under terms of installment contracts over periods of 5 to 30 years with interest rates of 0.00% to 7.21%.

(g) Water Pollution Control Loan Fund

The Water Pollution Control Loan Fund (WPCLF) consists of various accounts, which were established by an Act of the General Assembly of the State of Ohio in 1989 and are administered by a Trustee. The purpose of this fund is to provide financial assistance for the construction of publicly owned wastewater treatment works in Ohio.

Construction costs are paid by LGAs under terms of installment contracts over periods of 4.5 to 45 years with interest rates of 0.00% to 4.66%. LGA repayments of project costs are restricted for the purpose of providing additional moneys for projects or for debt service.

In 2015, the Authority created the WPCLF Interest Rate Buy-Down Program. The purpose of this program is to provide a subsidy to the local governments in Ohio that obtained financing under the Authority's WPCLF Program whose loan interest rates exceed 3.00%.

The WPCLF was initially funded in 1989 by a U.S. Environmental Protection Agency capitalization grant, which required a 20% matching contribution from the Ohio Environmental Protection Agency (Ohio EPA). Grant funding has been awarded as detailed in the following table:

Year Awarded	Capitalization Grant	State Match
1989-1994	\$ 531,200,620	106,240,124
1995-1999	388,373,143	77,674,628
2000-2004	380,596,971	76,122,961
2005-2009*	467,461,463	49,367,673
2010-2014	431,487,000	86,297,400
2015	78,528,000	15,705,600
2016	75,217,000	15,043,400
2017	74,638,000	14,927,600
2018	90,357,000	18,071,400
2019	89,448,000	17,889,600
Total	\$ 2,607,307,197	477,340,386

* The 2009 capitalization grant funding award included \$220,623,100 in moneys from The American Recovery and Reinvestment Act (ARRA) with no state match required, and \$76,616,793 in capitalization grant moneys requiring a 20% state match.

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Notes to Financial Statements

The WPCLF received additional funding from the proceeds of Water Pollution Control Loan Fund Revenue Bonds and Notes. The WPCLF Water Quality (WQ), State Match (SM) and WPCLF Bonds and Notes were established by resolutions providing for the issuance of these bonds and notes and are administered by Trustees. Issuances of Water Quality, State Match and WPCLF bonds and notes are detailed below:

Series	Par Amount	Type
1991 SM	\$37,500,000	New Money
1993 SM	54,215,000	New Money
1995 SM	91,105,000	New Money
1995 WQ	212,265,000	New Money
1997 WQ	211,440,000	New Money
2000 SM	78,250,000	New Money
2001 WQ	83,400,000	New Money
2001 SM	53,590,000	Refunding
2002 WQ	200,115,000	New Money
2003 WQ	161,430,000	Refunding
2004A WQ	509,700,000	New Money
2004B WQ	65,005,000	Refunding
2005 SM	18,670,000	Refunding
2005 WQ	219,580,000	Refunding
2005B WQ	491,740,000	New Money
2008 SM	40,000,000	New Money
2009 WQ	229,120,000	Refunding
2010 SM	40,000,000	New Money
2010A WQ	366,290,000	New Money
2010B-1 WQ	30,035,000	New Money
2010B-2 WQ	429,125,000	New Money
2010C WQ	73,200,000	Refunding
2011A WQ	101,210,000	Refunding
2011B-1 WQ	76,860,000	Refunding
2011B-2 WQ	65,575,000	Refunding
2012A WQ	62,555,000	Refunding
2013 SM	35,000,000	New Money
2013A FRN	50,000,000	New Money
2014 WPCLF	333,815,000	New Money
2014B WPCLF	137,990,000	Refunding
2015A WPCLF	240,000,000	New Money
2015B WPCLF	104,870,000	Refunding
2015 SM Note	30,000,000	New Money
2016 WPCLF	200,000,000	New Money
2017A WPCLF	400,000,000	New Money
2017B Notes	250,000,000	New Money
2017-20B Note	20,000,000	New Money
2017-20C Note	50,000,000	New Money
2019A WPCLF	450,000,000	New Money
2019B WPCLF	300,000,000	Refunding
2019 SM Note	33,000,000	New Money

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Notes to Financial Statements

The WPCLF Bonds and Notes are special obligations of the Authority, issued to fund the State Match, Water Quality and WPCLF Bond accounts for use in making loans to LGAs provided by the Ohio EPA and the Authority. All interest earned on moneys and/or investments in the WPCLF remain within the fund. All loan repayments of principal and interest on loans made prior to May 1, 2014 are primarily pledged on a parity basis to all WPCLF Water Quality Bonds outstanding and subordinatedly pledged on a parity basis to all WPCLF Bonds outstanding. All loan repayments of interest for loans made after May 1, 2014 are pledged first to all WPCLF State Match Bonds outstanding, second to WPCLF Water Quality Bonds and third to WPCLF Bonds. As of December 31, 2019, all WPCLF State Match Bonds are retired. Any future WPCLF State Match issuances will be governed by the WPCLF Bonds Trust Indenture.

In 1994, the Authority established the Linked Deposit Program. This program is aimed at helping Ohio farmers receive low-interest loans to reduce non-point source pollution from agricultural run-off. In the program, WPCLF funds are invested in local participating banks at below-market rates. The banks, in return, issue low-interest rate loans to qualified participants. The amount invested in this program as of December 31, 2019 was \$806,522.

(h) *Drinking Water Assistance Fund*

The Drinking Water Assistance Fund (DWAF) was established by legislation enacted by the General Assembly of the State of Ohio in 1997 and is administered by a Trustee. The purpose of this fund is to assist public water systems to finance the costs of infrastructure needed to achieve or maintain compliance with the Safe Drinking Water Act requirements and to protect public health.

Construction costs are paid under terms of installment contracts over periods of 5 to 30 years with interest rates of 0.00% to 4.66%. Repayments of project costs are restricted for the purpose of providing additional moneys for projects.

In 2015, the Authority created the DWAF Interest Rate Buy-Down Program. The purpose of this program is to provide a subsidy to the local governments in Ohio that obtained financing under the Authority's DWAF Program whose loan interest rates exceed 3.00%.

The DWAF was initially funded in 1998 by a U.S. Environmental Protection Agency capitalization grant, with a required 20% state match contribution from the Ohio EPA. Grant funding has been awarded as detailed in the following table:

Year Awarded	Capitalization Grant	State Match
1998-2004	\$ 213,828,600	42,765,720
2005-2009*	181,901,800	24,688,360
2010-2014	155,372,000	31,074,400
2015	24,425,000	4,885,000
2016	23,107,000	4,621,400
2017	22,909,000	4,581,800
2018	27,935,000	5,587,000
2019	27,674,000	5,534,800
Total	\$ 677,152,400	123,738,480

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Notes to Financial Statements

* The 2009 capitalization grant funding award included \$58,460,000 in moneys from ARRA with no state match required, and \$24,421,000 in capitalization grant moneys requiring a 20% state match.

The DWAF received additional funding from the proceeds of the Drinking Water Assistance Fund Leverage (Lev), State Match (SM) and DWAF Revenue Bonds and Notes as detailed below:

Series	Par Amount	Type
2001 SM Note	\$15,000,000	New Money
2002 Lev	60,000,000	New Money
2002 SM	30,000,000	New Money
2004 Lev	66,145,000	New Money
2004 SM	33,345,000	New Money
2005 Lev	36,825,000	Refunding
2005B Lev	61,135,000	New Money
2006 Lev	70,000,000	New Money
2008 Lev	71,915,000	Refunding
2010A Lev	6,205,000	New Money
2010A SM	19,255,000	New Money
2010B Lev	44,530,000	New Money
2010B SM	15,850,000	Refunding
2010C Lev	100,560,000	Refunding
2014 Lev	37,730,000	Refunding
2014 SM Note	11,000,000	New Money
2016	135,000,000	New Money
2017 SM Note	5,000,000	New Money
2018 SM Note	5,000,000	New Money
2019A	250,000,000	New Money
2019B	37,410,000	Refunding
2019 SM Note	12,000,000	New Money

The DWAF Bonds and Notes are special obligations of the Authority, issued to fund the State Match, Leverage and DWAF Bond accounts for use in making loans to LGAs provided by the Ohio EPA and the Authority. All interest earned on moneys and/or investments in the DWAF remain within the fund. All loan repayments of principal and interest on loans made prior to August 3, 2016 are primarily pledged on a parity basis to all DWAF Leverage Bonds outstanding and subordinatedly pledged on a parity basis to all DWAF Bonds outstanding. All loan repayments of interest for loans made after August 3, 2016 are pledged first to all DWAF State Match Bonds outstanding, second to DWAF Leverage Bonds, and third to DWAF Bonds. As of December 31, 2019, all DWAF State Match Bonds are retired. Any future DWAF State Match issuances will be governed by the DWAF Bonds Trust Indenture.

Summary of Significant Accounting Policies

(a) Basis of Accounting

The basis of accounting determines when transactions and economic events are reflected in financial statements. The Authority has prepared the financial statements on the full accrual basis of accounting. Accordingly, revenues are recognized as earned and expenses are recognized as incurred, including interest expense on bonds and notes outstanding.

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Notes to Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

(b) *Cash and Cash Equivalents*

Cash and cash equivalents include amounts on deposit with Trustees and petty cash, as defined in GASB Statement No. 9 for the purpose of the statement of cash flows, in addition to money market investments and holdings in the State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but has adopted GASB Statement No. 79 for the purpose of measuring the value of shares in STAR Ohio. The Authority measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals. However, notice must be given 24 hours in advance for all deposits or withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participants will be combined for these purposes.

For the purpose of the statement of cash flows, the Authority considers cash deposits with a maturity of three months or less when purchased to be cash equivalents. Additionally, the Authority does not consider its loans to be program loans, and as a result, reports its loan cash flows within the investing activities section of the statement of cash flows.

(c) *Investments*

With the exception of nonnegotiable certificates of deposit, investments are carried at fair value, which includes accrued interest receivable. Accordingly, the Authority reports participating nonnegotiable certificates of deposit at amortized cost plus accrued interest receivable.

(d) *Due to and Due from Other Funds*

Interfund receivables and payables, otherwise referred to as due to and due from other funds, arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. All interfund balances at December 31, 2019 resulted from the time lag between the dates that transactions are recorded in the accounting system and the dates that payments between funds are made. The Authority expects that all interfund balances will be repaid within one year.

(e) *Loan Income as Defined by the Contracts*

Loan income consists primarily of interest charged to LGAs, as defined by the contracts with LGAs, on the amounts estimated to be paid under the loan agreements. Interest charged during the construction period is capitalized by the Authority and is reflected as part of loan receivables.

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Notes to Financial Statements

(f) *Amortization of Premium and Discount of Bonds and Notes*

Premium and discount are amortized over the life of the bonds and notes, following the effective interest method.

(g) *Interfund Transfers/Net Position*

The Authority reports interfund transactions when incurred, as follows:

- Transfers in (out), net: Transfers to a receiving fund from a disbursing fund required to meet routine operating requirements, such as debt service repayments and loan disbursements, in addition to transfers between funds for initial and/or additional funding needs.

Interfund transfers have not been eliminated in the combining column of the financial statements.

Net position in excess of those amounts required by the various trust agreements may, upon Board authorization, be used for any lawful purpose.

(h) *Capital Assets and Facilities*

Capital assets of the Authority include an office building with attached garage, two parking lots, office furniture and equipment. Capital assets are defined by the Authority as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Depreciation is computed on the building, capital improvements and other capital assets only, using the straight-line method with no salvage value. Current year depreciation expense is detailed below as ‘additions’ to accumulated depreciation.

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land (non-depreciable)	\$ 538,676	—	—	538,676
Building (useful life: 20-45 years)	887,524	—	—	887,524
Capital Improvements (useful life: 20 years)	628,314	—	—	628,314
Other (useful life: 3-10 years)	1,499,925	38,051	(22,402)	1,515,574
Total capital assets	\$ 3,554,439	38,051	(22,402)	3,570,088
Less: Accumulated Depreciation-Building	(597,333)	(36,980)	—	(634,313)
Less: Accumulated Depreciation-Cap Impr	(463,032)	(31,416)	—	(494,448)
Less: Accumulated Depreciation-Other	(1,403,704)	(24,064)	22,402	(1,405,366)
Capital Assets, at Depreciated Cost	\$ 1,090,370	(54,409)	—	1,035,961

(i) *Statement of Net Position Classifications*

The Authority is required to classify its statement of net position, detailing current and noncurrent assets, deferred outflows of resources, current and noncurrent liabilities, deferred inflows of resources, and restricted and unrestricted net position, as follows:

- Current: Due within one year from December 31, 2019
- Noncurrent: Due after December 31, 2020
- Restricted: Restricted for usage by bond and note covenants and grant restrictions
- Unrestricted: Not restricted for usage

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Notes to Financial Statements

Within the Fresh Water Fund, there exist both restricted and unrestricted net positions. Restricted net position would be used to cover eligible expenses before unrestricted net position would be used. The unrestricted net position may, upon Board authorization, be used by the Authority for any lawful purpose.

(j) *Revenue and Expense Classifications*

The Authority's policy for revenue and expense classification is as follows:

- Operating revenues consist of loan income, investment income and administrative fees from projects
- Operating expenses consist of payroll and benefits, interest on bonds and notes, bond and note issuance expense, loan principal forgiveness and grant expense, state revolving fund administration, professional services, loan interest rate buy-down and other operating expenses
- Nonoperating other revenues
- Contribution from U.S. EPA
- Federal subsidy income

(k) *Risk Management*

It is the policy of the Authority to eliminate or transfer risk. The Authority does not self-insure any risk resulting from acts of God, injury to employees or breach of contract.

The Authority carries commercial property insurance on property and equipment in the aggregate sum of approximately \$2,250,000. The Authority carries commercial liability insurance coverage in the amount of approximately \$56,305,000. The Authority also carries premium-based medical, dental and vision coverage for all employees.

During 2019, there were no claims by the Authority that exceed the insurance coverage, nor has there been a reduction in insurance coverage in the past three years.

(l) *Pensions/Other Postemployment Benefits (OPEB)*

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

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Notes to Financial Statements

(2) CASH AND INVESTMENTS

As of December 31, 2019, the Authority's carrying amount of deposits was \$33,863,957 and bank balance of deposits was \$33,948,473. Of this amount, \$724,249 was covered by federal depository insurance, and \$33,224,224 was collateralized with securities held by the bank's agent but not in the Authority's name. The Authority's carrying amount of long-term nonnegotiable certificates of deposit as of December 31, 2019 was \$1,256,349. These deposits were collateralized with securities held by the Treasurer of State (OPCS) but not in the Authority's name.

The Authority's investment policy and relevant trust indentures, which are in compliance with the Ohio Revised Code, authorizes investments in obligations of the U.S. Treasury, U.S. Agencies, obligations of the State of Ohio or any political subdivision, obligations of any State of the United States, repurchase agreements from financial institutions with a Moody's or Standard & Poor's rating of "A", investment agreements from financial institutions rated in the highest short-term categories or one of the top three long-term categories by Moody's and/or Standard & Poor's, money market mutual funds whose portfolio consists of authorized investments, the State Treasurer's investment pool and any debt or fixed income security, the issuer of which is rated in the highest short-term or in the top three long-term categories. All investments must mature within five years of settlement unless the investment is matched to a specific obligation or debt of the Authority. Securities are purchased with the expectation that they may be held to maturity.

As of December 31, 2019, the Authority had investment balances with the following issuers, which are greater than or equal to 5% of the respective fund's investment balance:

Fund	Issuer	Percent of Fund's Investments
Operating	Federal Home Loan Bank	67.0%
	Federal Farm Credit Bank	33.0%
Other Projects	Federal National Mortgage Association	39.0%
	Federal Home Loan Mortgage Corporation	14.0%
Community Assistance	Federal Home Loan Bank	11.0%
	Federal Farm Credit Bank	9.0%
	Federal Home Loan Mortgage Corporation	6.0%
Fresh Water	Federal Home Loan Bank	13.0%
	Federal Home Loan Mortgage Corporation	13.0%
	Federal Farm Credit Bank	11.0%

The Authority manages its concentration risk by limiting investments to U.S. treasuries, U.S. agencies or to issuers with the highest short-term ratings from Moody's or Standard & Poor's or one of the three highest long-term ratings from Moody's or Standard & Poor's.

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Notes to Financial Statements

As of December 31, 2019, the Authority had the following investments and maturities:

Fund - Investment Type	Fair Value	Investment Maturity (in Years)		
		Less than 1	1 - 5	6 - 10
Operating:				
U.S. Agencies	\$2,718,993	1,820,298	898,695	-
Other Projects:				
U.S. Treasuries	41,546,410	3,273,410	38,273,000	-
U.S. Agencies	75,393,419	9,509,198	65,884,221	-
Municipal Bonds	16,846,662	977,931	15,868,731	-
Money Market	8,770,804	8,770,804	-	-
	142,557,295	22,531,343	120,025,952	-
In Lieu Fee:				
U.S. Treasuries	10,088,323	10,088,323	-	-
STAR Ohio	6,841,064	6,841,064	-	-
Money Market	2,491,267	2,491,267	-	-
	19,420,654	19,420,654	-	-
Rural Development:				
STAR Ohio	2,666,572	2,666,572	-	-
Money Market	127,507	127,507	-	-
	2,794,079	2,794,079	-	-
Community Assistance:				
U.S. Treasuries	17,073,895	8,777,102	8,296,793	-
U.S. Agencies	6,980,895	4,855,378	2,125,517	-
Money Market	2,716,433	2,716,433	-	-
	26,771,223	16,348,913	10,422,310	-
Fresh Water:				
U.S. Treasuries	186,105,233	121,500,647	64,500,324	104,262
U.S. Agencies	129,245,996	129,245,996	-	-
STAR Ohio	865,294	865,294	-	-
Money Market	17,303,400	17,303,400	-	-
	333,519,923	268,915,337	64,500,324	104,262
Water Pollution Control Loan:				
U.S. Treasuries	812,888,734	305,890,397	506,998,337	-
U.S. Agencies	96,789,841	48,657,382	48,132,459	-
Municipal Bonds	6,153,040	1,898,532	4,254,508	-
STAR Ohio	8,044,882	8,044,882	-	-
Money Market	71,847,478	71,847,478	-	-
	995,723,975	436,338,671	559,385,304	-
Drinking Water Assistance:				
U.S. Treasuries	308,628,956	243,646,468	64,982,488	-
U.S. Agencies	9,344,000	1,924,479	7,419,521	-
STAR Ohio	5,122,408	5,122,408	-	-
Money Market	25,858,237	25,858,237	-	-
	348,953,601	276,551,592	72,402,009	-

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Notes to Financial Statements

The Authority's U.S. treasuries, U.S. agencies and municipal bonds are uninsured and unregistered investments for which the securities are held by the Authority's agent but not in the Authority's name. As of December 31, 2019, the Authority's investments in U.S. treasuries were backed by the full faith and credit of the U.S. Government. The investments in U.S. agencies were rated AA+ by Standard & Poor's and Aaa by Moody's. The Authority's investments in municipal bonds were rated within the top three long-term categories by Moody's and/or Standard & Poor's. The Authority's investments in STAR Ohio (a statewide external investment pool created pursuant to Ohio statutes and administered by the Treasurer of the State of Ohio) were rated AAAm by Standard & Poor's. The Authority's money market investments were rated AAAm by Standard & Poor's and Aaa-mf by Moody's. As of December 31, 2019, 98.99% of the Authority's rated investments were rated in the highest short-term or long-term rating category by Moody's.

As of December 31, 2019, the Authority categorizes fair value measurements of its negotiable investments within the fair value hierarchy as follows:

Investment Type	Level 1*	Level 2*	Level 3*
U.S. Treasuries	\$1,374,869,678	439,111	-
U.S. Agencies	-	320,473,144	-
Municipal Bonds	-	22,999,702	-

* Fair value hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs such as quoted prices for similar assets in active markets. The Authority obtains prices for our Level 1 and Level 2 publicly traded assets from our trustees who use various pricing services. Level 3 inputs are significant unobservable inputs. Excluded from the fair value hierarchy above are certain non-negotiable State and Local Government Securities (SLGS) which are held in an irrevocable escrow account and carried at cost.

As of December 31, 2019, the Authority had cash and cash equivalents balances of \$186,519,303, which includes accrued interest receivables on money market balances. Below is a reconciliation of the statement of net position and the statement of cash flows cash and cash equivalents balances:

Fund	Statement of Net Position Cash and Cash Equivalents Balance	Cash and Cash Equivalents Accrued Interest Receivable	Statement of Cash Flows Cash and Cash Equivalents Balance
Operating	\$ 983,968	-	983,968
Other Projects	9,330,956	(6,769)	9,324,187
In Lieu Fee	9,332,331	(12,326)	9,320,005
Rural Development	2,794,079	(4,576)	2,789,503
Community Assistance	3,645,387	(3,719)	3,641,668
Fresh Water	29,665,713	(63,620)	29,602,093
Water Pollution Control Loan	94,735,877	(56,810)	94,679,067
Drinking Water Assistance	36,030,992	(34,319)	35,996,673
	<u>\$ 186,519,303</u>	<u>(182,139)</u>	<u>186,337,164</u>

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Notes to Financial Statements

(3) INTERFUND RECEIVABLES AND PAYABLES

On December 31, 2019, interfund balances consisted of:

- 1) \$36,433 owed to the Operating Fund by the Drinking Water Assistance Fund caused by the timing of pending loan fee repayment allocations.
- 2) \$15,000 owed to the Other Projects Fund by the Operating Fund for the reimbursement of a legal expense.
- 3) \$309,341 owed to the Fresh Water Fund by the Rural Development Fund for the reimbursement of debt service and note issuance expenses.

(4) CHANGE IN ACCOUNTING PRINCIPLES

For 2019, the Authority implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, which became effective for all state and local governmental employers with direct borrowings and direct placements, including unused lines of credit. Statement No. 88 improves financial reporting by improving the information that is disclosed in notes to financial statements related to debt and potential indebtedness.

(5) WATER DEVELOPMENT REVENUE NOTES—RURAL DEVELOPMENT LOAN ADVANCE SERIES

As of December 31, 2019, there was \$15,000,000 of Water Development Revenue Notes—Rural Development Loan Advance Series outstanding, as follows:

<u>Series</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Long-Term</u>
2019-22	Note	Variable	2022	\$ 15,000,000

The Rural Development Series debt service requirements to maturity are as follows:

		<u>Principal</u>	<u>Interest *</u>	<u>Total</u>
2020	\$	-	273,000	273,000
2021		-	273,000	273,000
2022		15,000,000	68,250	15,068,250
	\$	15,000,000	614,250	15,614,250

The Rural Development Series 2019-2022 Notes are taxable and have an adjustable rate that is reset monthly at a rate of 1-month LIBOR (London Inter-bank Offered Rate) multiplied by 0.8 plus 0.45%. The notes interest payments to maturity are based on the rate for these notes at December 31, 2019, which was 1.82%.

The Rural Development Notes are a direct placement with PNC Bank, National Association for a commitment amount up to \$50 million expiring on March 1, 2022. The Authority has drawn \$15 million from this commitment. Events of default include payment default, covenant default, breach of representations, cross defaults to parity debt or senior debt, cross acceleration of any senior, parity or subordinate debt, bankruptcy, insolvency or declaration of a moratorium.

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The principal repayment on the note advances are secured by federal assistance to be received by the Authority from the United States of America, acting through USDA Rural Development based upon assignment from the LGAs. If proceeds from USDA Rural Development will not suffice for payment in full, the local government will prepare and submit an application to the Fresh Water Fund seeking a loan for the remaining balance.

The interest repayment on the note advances are secured by a subordinate pledge of the available revenues of the Unrestricted Account of the Fresh Water Cross-Collateralization Fund. This pledge of available revenues is first to the Fresh Water Bonds and Notes, second to the Community Assistance Bonds, third to the interest on the Rural Development Notes outstanding and last for any lawful purpose of the Authority. Payment of note interest expense and commitment fees are considered lawful purposes of the Authority and the Rural Development Program is not required to repay the Fresh Water Unrestricted Cross Collateralization Fund for these costs.

The deficit balance reported for the Rural Development Fund (\$58,619) resulted from less activity than anticipated for the Program during 2019, the first operating year of this particular Program. The Authority will continue to assess the financial position of this Program as it continues to mature.

The trust agreement provides for three separate accounts to be established and held by the trustee and designated as follows:

- a) The Loan Advance account is to receive the proceeds of the notes less such sums as are required to be paid to the Debt Service account and is to disburse such moneys for construction in anticipation of receipt of federal assistance moneys.
- b) The Revenue account is to receive the federal assistance moneys.
- c) The Debt Service account is to receive note proceeds representing capitalized interest and transfers from the Revenue account as necessary to pay the note debt service charges.

(6) WATER DEVELOPMENT REVENUE AND REFUNDING BONDS—COMMUNITY ASSISTANCE SERIES

As of December 31, 2019, there was \$45,170,000 of Community Assistance Water Development Revenue and Refunding Bonds outstanding, broken down by series as follows:

<u>Series</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
2010B	Serial	4.85%	2020	100,000	-	100,000
2011	Serial	4.00% to 5.00%	2020-2022	2,850,000	4,505,000	7,355,000
2017	Serial	1.50% to 4.00%	2020-2030	1,130,000	13,525,000	14,655,000
2019	Serial	5.00%	2022-2030	-	23,060,000	23,060,000
Community Assistance Series Totals				4,080,000	41,090,000	45,170,000
Add: unamortized premiums				-	7,045,798	7,045,798
				\$ 4,080,000	48,135,798	52,215,798

The Community Assistance 2019 Series Bonds were issued to advance refund \$27,585,000 of the Community Assistance Series 2010B Bonds. Although the refunding resulted in a deferred accounting

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loss of \$600,912, the Authority in effect reduced its aggregate debt service payments by \$11,084,655 and achieved an economic gain of \$7,304,355.

The Community Assistance Series debt service requirements to maturity are as follows:

		Principal	Interest *	Total
2020	\$	4,080,000	1,971,002	6,051,002
2021		4,055,000	1,835,725	5,890,725
2022		3,710,000	1,679,525	5,389,525
2023		3,580,000	1,513,525	5,093,525
2024		3,760,000	1,344,725	5,104,725
2025-2029		21,240,000	3,909,050	25,149,050
2030		4,745,000	166,625	4,911,625
	\$	45,170,000	12,420,177	57,590,177

* In 2010, OWDA sold Federally Taxable Build America Bonds (BABs), which receive a cash subsidy payment from the United States Treasury equaling 35% of interest paid. In 2019, the subsidy was cut 5.9%, resulting in an effective subsidy equaling 32.935% of interest paid. The interest reported in this table is the gross interest due on the bonds. The total interest due, net of the BABs subsidy, over the remaining life of the bonds will be \$12,413,259.

The Community Assistance Series bonds are subject to mandatory and optional redemption, by series, as follows:

- a) Community Assistance BABs Series 2010B – 1) The BABs are subject to mandatory redemption beginning June 1, 2021. 2) Both the serial and term bonds maturing on or after December 1, 2020 are callable for redemption prior to maturity at the option of the Authority, either in whole or in part, on or after June 1, 2020, at par plus accrued interest. 3) The BABs are subject to extraordinary optional redemption if Section 54AA or 6431 of The Internal Revenue Code of 1986 is modified, amended, or interpreted in a manner pursuant to which the Authority's 35% cash subsidy payment from the United States Treasury is reduced or eliminated.
- b) Community Assistance Series 2011 – The Series 2011 Bonds maturing on or after December 1, 2021 are subject to optional redemption, in whole or in part, on or after June 1, 2021, at par plus accrued interest.
- c) Community Assistance Refunding Series 2017 – The Series 2017 Bonds are not subject to redemption prior to their stated maturity.
- d) Community Assistance Refunding Series 2019 – The Series 2019 Bonds are not subject to redemption prior to their stated maturity.

LGA reimbursements of Community Assistance project costs, including interest, are pledged as security for the bonds. In the event that LGA reimbursements of Community Assistance project costs are insufficient to cover Community Assistance debt service requirements, unencumbered assets of the Community Assistance Fund Debt Service Reserve, Surplus and Construction accounts are also pledged as security for the bonds. For 2019, the amount received from reimbursements of Community Assistance project costs was \$12,338,201, compared to the required bond debt service payments of \$7,505,561.

The bond resolution provides for six separate accounts designated as the Community Assistance Fund Construction account, Revenue account, Debt Service account, Debt Service Reserve account, Surplus

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account and Rebate account. As of December 1, 2019, there is no accrued rebate liability for these bonds.

Amounts received from the LGAs as reimbursements of project or construction costs, including capitalized interest, are deposited in the Revenue account. The trustee then allocates or pays out moneys in the Revenue account as follows:

- a) To the trustee for the payment of its fees on the first day of each May and November.
- b) To the Debt Service account on the first day of each May and November, commencing on the first May or November preceding the first bond maturity date (1) a sum which, when added to any available balance then on deposit in the Debt Service account, will be equal to the interest due on that day on all bonds outstanding; (2) a sum which will be equal to the next ensuing mandatory redemption for term bonds; and (3) a sum which will be equal to the next ensuing principal maturity on all outstanding bonds.
- c) To the Debt Service Reserve account on the first day of each May and November, a sum as necessary to maintain in the Debt Service Reserve account investments or cash having an aggregate value at least equal to the maximum annual bond service charges required to be paid in that year or any succeeding year.
- d) To the Surplus account, on the first day of June and December of each year, remaining moneys (after making up any deficiencies) in the Revenue account (excluding amounts received for the next ensuing LGA repayment date).

After the Debt Service Reserve account has reached the required reserve fund balance, interest earned on that balance will be transferred to the Debt Service account on the first day of November of each year, prior to making allocations or payments of moneys on hand in the Revenue account.

Any deficiency in the amounts required to be deposited in the Debt Service account or the Debt Service Reserve account is to be made up by moneys available in the Surplus account.

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(7) WATER DEVELOPMENT REVENUE AND REFUNDING BONDS AND NOTES—FRESH WATER SERIES

As of December 31, 2019, there was \$1,013,125,000 of Fresh Water Development Revenue and Refunding Bonds and Notes outstanding, broken down by series as follows:

<u>Series</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>		<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
2001B	Serial	4.75% to 5.50%	2020-2021	\$	4,280,000	1,805,000	6,085,000
2005	Serial	5.50%	2020-2025		10,755,000	25,725,000	36,480,000
2006	Term	5.25%	2022-2034		-	51,100,000	51,100,000
2009B	Serial	3.00% to 5.00%	2020-2022		200,000	3,315,000	3,515,000
	Term	3.125% to 5.250%	2020-2027		5,515,000	21,495,000	27,010,000
2010A-2	Term	3.593% to 4.917%	2020-2042		2,295,000	146,995,000	149,290,000
2013	Serial	5.00%	2020-2023		21,330,000	57,860,000	79,190,000
2016A	Serial	4.00% to 5.00%	2028-2036		-	49,050,000	49,050,000
	Term	5.00%	2030-2035		-	120,000,000	120,000,000
2016B	Serial	5.00%	2023-2037		-	105,500,000	105,500,000
	Term	5.00%	2030-2036		-	44,500,000	44,500,000
2018	Serial	5.00%	2021-2028		-	166,405,000	166,405,000
2019-22	Notes	Variable	2022		-	25,000,000	25,000,000
2019	Serial	2.00% to 5.00%	2029-2032		-	18,000,000	18,000,000
	Term	5.00%	2033-2044		-	132,000,000	132,000,000
Fresh Water Series Totals					44,375,000	968,750,000	1,013,125,000
Add: unamortized premiums					-	138,777,606	138,777,606
				\$	44,375,000	1,107,527,606	1,151,902,606

The Fresh Water Series debt service requirements to maturity are as follows:

		<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2020	\$	44,375,000	49,389,512	93,764,512
2021		47,915,000	46,843,937	94,758,937
2022		72,195,000	44,399,483	116,594,483
2023		46,220,000	41,478,210	87,698,210
2024		44,555,000	39,223,364	83,778,364
2025-2029		345,520,000	154,446,484	499,966,484
2030-2034		210,595,000	78,511,497	289,106,497
2035-2039		159,580,000	30,449,502	190,029,502
2040-2044		42,170,000	4,113,842	46,283,842
	\$	1,013,125,000	488,855,831	1,501,980,831

The Fresh Water Series 2019-2022 Notes are taxable and have an adjustable rate that is reset monthly at a rate of 1-month LIBOR plus 0.75%. The notes interest payments to maturity are based on the rate for these notes at December 31, 2019, which was 2.46%.

The Fresh Water Notes are a direct placement with PNC Bank, National Association and State Street Public Lending Corporation (i.e., one agreement with liabilities split evenly across both banks) for a

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commitment amount up to \$250 million expiring on November 1, 2022. The Authority has drawn \$25 million from this commitment. In the event the Authority adds a new bank commitment product, renews this product or draws additional funds from this product, an event filing will be made with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system within ten business days. Events of default include:

- a) Payment default
- b) Nonpayment of commitment or other fees
- c) Covenant default
- d) Breach of representations
- e) Cross defaults to senior, parity or subordinate debt
- f) Cross acceleration of any senior, parity or subordinate debt
- g) Unappealable judgments for \$10 million of pledged revenues for a period of 60 days
- h) Ratings downgrades below Baa2 (Moody's) or BBB (Standard and Poors)
- i) Bankruptcy, insolvency or declaration of a moratorium
- j) Any occurrence of an event of default under any other Credit Facility Documents
- k) Any representation or warranty contained in Anti-Terrorism Laws

* In 2010, OWDA sold Federally Taxable BABs, which receive a cash subsidy payment from the United States Treasury equaling 35% of interest paid. In 2019, the subsidy was cut 5.9%, resulting in an effective subsidy equaling 32.935% of interest paid. The interest reported in this table is the gross interest due on the bonds. The total interest due, net of the BABs subsidy, over the remaining life of the bonds will be \$462,222,701.

The Fresh Water Series Bonds and Notes are subject to mandatory and optional redemption, by series, as follows:

- a) Fresh Water Series 2001B – The Series 2001B Bonds are not subject to redemption prior to maturity.
- b) Fresh Water Refunding Series 2005 – The Series 2005 Bonds are not subject to redemption prior to maturity.
- c) Fresh Water Refunding Series 2006 – 1) The Series 2006 Bonds are not subject to optional redemption prior to their stated maturity. 2) The term bonds are subject to mandatory redemption beginning December 1, 2022.
- d) Fresh Water Refunding Series 2009B – The Series 2009B Bonds are not subject to optional redemption prior to their stated maturity. The term bonds are subject to mandatory redemption beginning December 1, 2020.
- e) Fresh Water BABs Series 2010A-2 – 1) The BABs are subject to mandatory redemption beginning June 1, 2020. 2) The BABs shall be subject to an optional redemption prior to maturity, at the option of the Authority, in whole or in part, on any business day, at the make-whole redemption price. 3) The BABs are subject to extraordinary optional redemption if Section 54AA or 6431 of The Internal Revenue Code of 1986 is modified, amended, or interpreted in a manner pursuant to which the Authority's 35% cash subsidy payment from the United States Treasury is reduced or eliminated.
- f) Fresh Water Series 2013 – The Series 2013 Bonds are not subject to redemption prior to maturity.
- g) Fresh Water Series 2016A – The Series 2016A Bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after June 1, 2026, at par plus accrued interest.

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- h) Fresh Water Series 2016B – The Series 2016B Bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2026, at par plus accrued interest.
- i) Fresh Water Series 2018 – The Series 2018 Bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after March 1, 2028, at par plus accrued interest to the redemption date.
- j) Fresh Water 2019-22 Notes – These notes are subject to optional redemption, in whole or in part, 30 days after the date of issuance, at par plus accrued interest.
- k) Fresh Water Series 2019 – 1) The Series 2019 Bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2029, at par plus accrued interest to the redemption date. 2) Due to the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA) requirement to lend more than 95% of proceeds within three years, the bonds are subject to extraordinary mandatory redemption by the Authority at any time during the ninety-day period following November 19, 2022, in whole or in part, at a redemption price set forth in the Official Statement. Once this lending requirement is met, the Authority will give notice with a voluntary MSRB filing through its EMMA system.

LGA reimbursements of Fresh Water project costs, including interest, are pledged as security on a senior basis for the bonds and subordinate basis for the notes. In the event that LGA reimbursements of Fresh Water project costs are insufficient to cover Fresh Water debt service payments, unencumbered assets of the Fresh Water Fund Debt Service Reserve, Surplus and Construction accounts are also pledged as security for the bonds and notes. For 2019, the amount received from reimbursements of Fresh Water project costs was \$121,911,831 compared to the required bond and note debt service payments of \$86,738,310.

The bond and note resolutions provide for six separate accounts designated as the Fresh Water Construction account, Revenue account, Debt Service account, Debt Service Reserve account, Surplus account and Rebate account. As of December 1, 2019, there is no accrued rebate liability for these bonds and notes.

Amounts received from the LGAs as reimbursements of project or construction costs, including capitalized interest, are deposited in the Revenue account. The trustee then allocates or pays out moneys in the Revenue account as follows:

- a) To the trustee for the payment of its fees on the first day of each May and November.
- b) To the Debt Service account on the first day of each May and November (1) a sum which, when added to any available balance then on deposit in the Debt Service account, will be equal to the interest due on that day on all bonds and notes outstanding; (2) a sum which will be equal to the next ensuing mandatory redemption for term bonds; and (3) a sum which will be equal to the next ensuing principal maturity on all outstanding bonds and notes.
- c) To the Debt Service Reserve account, a semiannual sum as necessary to maintain in the Debt Service Reserve account investments or cash having an aggregate value at least equal to 50% of the maximum annual bond and note service charges required to be paid in that year or any succeeding year.

After the Debt Service Reserve account has reached the required reserve fund balance, interest earned on that balance will be transferred to the Debt Service account on the first day of November of each year, prior to making allocations or payments of moneys on hand in the Revenue account.

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On the first day of June and December of each year, all remaining moneys (after making up any deficiencies) in the Revenue account (excluding amounts received for the next ensuing LGA repayment date) are allocated to the Surplus account.

Any deficiency in the amounts required to be deposited in the Debt Service account or the Debt Service Reserve account is to be made up by moneys available in the Surplus account.

(8) WATER POLLUTION CONTROL LOAN FUND REVENUE AND REFUNDING BONDS—WATER QUALITY SERIES

As of December 31, 2019, there was \$524,415,000 of Water Pollution Control Loan Fund (WPCLF) Revenue and Refunding Bonds—Water Quality Series outstanding, broken down by series as follows:

<u>Series</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>		<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
2005	Serial	5.25% to 5.50%	2020-2023	\$	26,060,000	37,890,000	63,950,000
2010B-2	Serial	4.192%	2024		-	11,390,000	11,390,000
	Term	3.590% to 4.879%	2020-2034		8,215,000	401,805,000	410,020,000
2010C	Serial	3.00% to 5.00%	2020-2022		22,490,000	16,565,000	39,055,000
WPCLF Water Quality Series Totals					56,765,000	467,650,000	524,415,000
Add: unamortized premiums					-	2,327,189	2,327,189
					<u>\$</u>	<u>56,765,000</u>	<u>469,977,189</u>
						<u>469,977,189</u>	<u>526,742,189</u>

The WPCLF – Water Quality Series debt service requirements to maturity are as follows:

		<u>Principal</u>	<u>Interest *</u>	<u>Total</u>
2020	\$	56,765,000	24,888,972	81,653,972
2021		42,635,000	22,149,833	64,784,833
2022		18,165,000	20,467,128	38,632,128
2023		8,985,000	19,653,145	28,638,145
2024		56,525,000	18,687,331	75,212,331
2025-2029		235,535,000	53,344,181	288,879,181
2030-2034		105,805,000	12,071,988	117,876,988
	<u>\$</u>	<u>524,415,000</u>	<u>171,262,578</u>	<u>695,677,578</u>

* In 2010, OWDA sold Federally Taxable BABs which receive a cash subsidy payment from the United States Treasury equaling 35% of interest paid. In 2019, the subsidy was cut 5.9%, resulting in an effective subsidy equaling 32.935% of interest paid. The interest reported in this table is the gross interest due on the bonds. The total interest due, net of the BABs subsidy over the remaining life of the bonds, will be \$115,991,814.

Prior redemption of WPCLF—Water Quality Series Bonds, by series, is as follows:

- a) Water Quality Refunding Series 2005 – These bonds are not subject to redemption prior to stated maturity.
- b) Water Quality Series 2010B-2 – 1) The BABs are subject to mandatory redemption beginning June 1, 2019. 2) The BABs shall be subject to an optional redemption prior to maturity, at the option of the Authority, in whole or in part, on any business day, at the make-whole redemption price. 3) The BABs are subject to extraordinary optional redemption if Section 54AA or 6431

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of The Internal Revenue Code of 1986 is modified, amended, or interpreted in a manner pursuant to which the Authority's 35% cash subsidy payment from the United States Treasury is reduced or eliminated.

- c) Water Quality Refunding Series 2010C – These bonds are not subject to redemption prior to their stated maturity.

LGA reimbursements of WPCLF project costs of principal and interest (from loans made prior to May 1, 2014), pursuant to the WPCLF loan agreements, are primarily pledged as security for the WPCLF Water Quality Bonds, next to the WPCLF Water Quality Debt Service Reserve (DSR) for any shortages from the required DSR balance, and subordinatedly pledged as security for the WPCLF Bonds. LGA reimbursements of WPCLF project costs of interest from loans made after May 1, 2014, pursuant to WPCLF loan agreements are pledged first to any WPCLF State Match Bonds outstanding, second to WPCLF Water Quality Bonds, and third to WPCLF Bonds outstanding. In the event that LGA reimbursements of WPCLF principal and interest project costs are insufficient to cover WPCLF Water Quality debt service payments, unencumbered assets of the WPCLF Water Quality Debt Service Reserve, Surplus and Other Projects accounts are also pledged as security for the bonds. For 2019, the amount received from reimbursements of WPCLF principal and interest project costs were \$375,143,845, compared to the required bond debt service payments of \$130,942,303.

The bond resolution provides for five separate accounts designated as Net Bond Proceeds account, Debt Service account, Debt Service Reserve account, Cost of Issuance account and Rebate account. As of December 31, 2019, there is no accrued rebate liability for these bonds.

Amounts received as principal and the interest (from loans made prior to May 1, 2014) from the LGAs as reimbursement of project or construction costs are deposited in the Repayment account. The trustee then allocates or pays out moneys in the Repayment account as follows:

- a) To the Debt Service account, (1) all revenues as soon as received until the balance in the Debt Service account equals an amount which, when added to any balance then on deposit in the Debt Service account and available for such purpose, will be equal to the sum of (a) the interest on all outstanding WPCLF Water Quality Bonds due on the next interest payment date, (b) the principal of all outstanding WPCLF Water Quality Bonds due on the next interest payment date, and (c) the mandatory sinking fund requirement for all outstanding WPCLF Water Quality Bonds due on the next interest payment date and (2) on the last day of May and November, the amount contained in a direction from the Authority to be used to purchase WPCLF Water Quality Bonds received by the trustee pursuant to any invitation to the holders to tender such WPCLF Water Quality Bonds in accordance with the provisions of the applicable Series resolution.
- b) To the trustee for the payment of its fees on the last day of each May and November.
- c) To the Debt Service Reserve account, a semiannual sum on June 1 and December 1 as may be necessary to maintain in the Debt Service Reserve account investments or cash having a value at least equal to the lesser of 50% of the maximum annual bond service charges required to be paid on all Water Quality Bonds outstanding.
- d) To the Rebate Fund, as necessary to make any payment required under section 148(f) of the Internal Revenue Code.
- e) To the WPCLF Bonds to cover principal and interest due on the next payment date.

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After the Debt Service Reserve account has reached the required reserve fund balance, interest earned on that balance will be transferred to the Debt Service account on the last day of May or November of each year.

(9) WATER POLLUTION CONTROL LOAN FUND REVENUE AND REFUNDING BONDS AND NOTES SERIES

As of December 31, 2019, there was \$2,162,065,000 of Water Pollution Control Loan Fund Revenue and Refunding Bonds and Notes Series outstanding, broken down by series as follows:

<u>Series</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
2014	Serial	2.00% to 5.00%	2020-2024	\$ 48,440,000	246,525,000	294,965,000
2014B	Serial	2.00% to 5.00%	2020-2022	33,745,000	68,485,000	102,230,000
2015A	Serial	5.00%	2020-2026	10,000,000	230,000,000	240,000,000
2015B	Serial	5.00%	2025-2030	-	92,300,000	92,300,000
	Term	5.00%	2029	-	12,570,000	12,570,000
2016	Serial	Variable	2031-2036	-	200,000,000	200,000,000
2017A	Serial	5.00%	2026-2030	-	330,000,000	330,000,000
	Term	5.00%	2031	-	70,000,000	70,000,000
2017-20C	Notes	Variable	2020	50,000,000	-	50,000,000
2017-22	Notes	Variable	2022	-	20,000,000	20,000,000
2019A	Serial	5.00%	2025-2029	-	450,000,000	450,000,000
2019B	Serial	5.00%	2032	-	14,070,000	14,070,000
	Term	3.00% to 5.00%	2033-2046	-	285,930,000	285,930,000
WPCLF Bonds and Notes Series Totals				142,185,000	2,019,880,000	2,162,065,000
Add: unamortized premiums				-	297,086,590	297,086,590
				\$ 142,185,000	2,316,966,590	2,459,151,590

The WPCLF Bonds and Notes Series debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 142,185,000	96,432,346	238,617,346
2021	105,945,000	89,713,325	195,658,325
2022	154,365,000	84,029,725	238,394,725
2023	129,350,000	77,018,550	206,368,550
2024	90,350,000	71,030,675	161,380,675
2025-2029	874,170,000	261,723,125	1,135,893,125
2030-2034	385,105,000	82,529,825	467,634,825
2035-2039	199,700,000	37,217,125	236,917,125
2040-2044	60,445,000	11,607,875	72,052,875
2045-2046	20,450,000	617,325	21,067,325
\$	2,162,065,000	811,919,896	2,973,984,896

The WPCLF 2016 Bonds have a variable rate that is reset weekly by a remarketing agent. The bonds interest payments to maturity are based on the weighted average interest rate of 1.13% for these bonds from issuance date of May 4, 2016 to December 31, 2019.

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The WPCLF 2017-20C Notes have an adjustable rate that is reset monthly at a rate of 1-month LIBOR multiplied by applicable factor of 0.70 plus 0.675%. The notes interest payments to maturity are based on the rate for these notes at December 31, 2019, which was 2.26%.

The WPCLF 2017-20C Notes are a direct placement with JPMorgan Chase Bank, National Association for a commitment amount of \$300 million expiring on November 6, 2020. The Authority has drawn \$50 million from this commitment. Events of default include:

- a) Payment default
- b) Nonpayment of commitment or other fees
- c) Covenant default
- d) Breach of representations
- e) Bankruptcy
- f) A custodian, sequestrator or receiver is appointed for the Authority for 30 or more days
- g) A debt moratorium, restructuring, adjustment or comparable restriction is declared against the Authority
- h) Dissolution or termination of the existence of the Authority
- i) The Authority defaults on payment of any parity indebtedness
- j) The Authority defaults on any indebtedness in excess of \$10 million
- k) Ratings suspension, withdrawal or downgrade below AA- (Standard and Poors) or Aa3 (Moody's)
- l) Any representation or warranty contained in Anti-Terrorism Laws

The WPCLF 2017-22 Notes have an adjustable rate that is reset monthly at a rate of 1-month LIBOR multiplied by applicable factor of 0.70 plus 0.48%. The notes interest payments to maturity are based on the rate for these notes at December 31, 2019, which was 1.93%.

The WPCLF 2017-22 Notes are a direct placement with PNC Bank, National Association and State Street Public Lending Corporation (i.e., one agreement with liabilities split evenly across both banks) for a commitment amount up to \$200 million expiring on November 1, 2022. The Authority has drawn \$20 million from this commitment. Events of default include:

- a) Payment default
- b) Nonpayment of commitment or other fees
- c) Covenant default
- d) Breach of representations
- e) Cross defaults to senior, parity or subordinate debt
- f) Cross acceleration of any senior, parity or subordinate debt
- g) Unappealable judgments for \$10 million of pledged revenues for a period of 60 days
- h) Ratings downgrades below Baa2 (Moody's) or BBB (Standard and Poors)
- i) Bankruptcy, insolvency or declaration of a moratorium
- j) Any occurrence of an event of default under any other Credit Facility Documents
- k) Any representation or warranty contained in Anti-Terrorism Laws

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Notes to Financial Statements

The Authority has five bank commitments in the WPCLF Program totaling \$1.3 billion, with \$70 million drawn in aggregate between the WPCLF 2017-20C & 2017-22 Notes. Specific information for these five bank funding commitments in WPCLF is detailed below:

Bank	Type	Commitment Amount ^	Drawn Amount ^	Commitment Expiration Date
Bank of America	Direct placement	400,000,000	-	4/1/2020
Huntington Investment Company	Direct borrowing	100,000,000	-	5/31/2021
JPMorgan Chase Bank	Direct placement	300,000,000	50,000,000	11/6/2020
PNC/State Street	Direct placement	200,000,000	20,000,000	11/1/2022
RBC Capital Markets	Direct placement	300,000,000	-	1/15/2022
		1,300,000,000	70,000,000	

^ In the event the Authority adds any new bank commitment product, renews any of these products or draws additional funds from any of these products, an event filing will be made with the MSRB through its EMMA system within ten business days.

Prior redemption of WPCLF Bonds and Notes, by series, is as follows:

- a) WPCLF Series 2014 – These bonds are not subject to redemption prior to their stated maturity.
- b) WPCLF Refunding Series 2014B – These bonds are not subject to redemption prior to their stated maturity.
- c) WPCLF Series 2015A – These bonds are not subject to redemption prior to their stated maturity.
- d) WPCLF Refunding Series 2015B – The bonds maturing on or after June 1, 2026 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after December 1, 2025, at par plus accrued interest.
- e) WPCLF Series 2016 – These bonds are subject to redemption to maturity on the first business day of any month, at the option and direction of the Authority, in whole or in part, at a redemption price of par plus accrued interest.
- f) WPCLF 2017A – The bonds maturing on or after June 1, 2027 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after June 1, 2027, at par plus accrued interest.
- g) WPCLF 2017-20C – These notes are subject to optional redemption prior to maturity at the option of the Authority, in whole or in part, at par plus accrued interest, provided at least three business days' prior written notice to the Bank and Trustee.
- h) WPCLF 2017-22 – These notes are subject to optional redemption, in whole or in part, 30 days after the date of issuance, at par plus accrued interest.
- i) WPCLF Series 2019A – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after March 1, 2029, at par plus accrued interest to the redemption date.
- j) WPCLF Series 2019B – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2029, at par plus accrued interest to the redemption date.

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LGA reimbursements of WPCLF project costs of principal and interest (from loans made prior to May 1, 2014), pursuant to WPCLF loan agreements, are pledged as security for the WPCLF Bonds and Notes on a subordinate basis to the WPCLF Water Quality Bonds. LGA reimbursements of WPCLF project costs of interest from loans made after May 1, 2014, pursuant to WPCLF loan agreements are pledged first to any WPCLF State Match Bonds outstanding, second to WPCLF Water Quality Bonds, and third to WPCLF Bonds and Notes outstanding. WPCLF Bond and Note debt service is funded after all WPCLF Water Quality debt service due on the next debt service payment date is funded and, if necessary, any shortages of the WPCLF Water Quality DSR required balance is funded. In the event that LGA reimbursements of WPCLF project costs of principal and interest are insufficient to cover WPCLF Water Quality and/or WPCLF Bond and Note debt service payments, any unencumbered assets of the WPCLF Water Quality Debt Service Reserve, Surplus and Other Projects accounts are also pledged as security for the bonds and notes. For 2019, the amount received from reimbursements of WPCLF principal and interest project costs after funding of WPCLF Water Quality Debt Service was \$244,201,542, compared to the required bond and note debt service payments of \$129,747,154.

The bond and note resolutions provide for five separate accounts designated as Net Bond Proceeds account, Debt Service account, Debt Service Reserve account, Cost of Issuance account and Rebate account. As of December 31, 2019, there is no accrued rebate liability for these bonds and notes.

Amounts received as principal and interest from the LGAs as reimbursement of project or construction costs are deposited in the Repayment account. After all WPCLF Water Quality debt service and DSR funding needs are met, the trustee then allocates or pays out moneys in the Repayment account to WPCLF Bonds and Notes as follows:

- a) To the Debt Service account, (1) all revenues as soon as received until the balance in the Debt Service account equals an amount which, when added to any balance then on deposit in the Debt Service account and available for such purpose, will be equal to the sum of (a) the interest on all outstanding WPCLF Bonds and Notes due on the next interest payment date, (b) the principal of all outstanding WPCLF Bonds and Notes due on the next interest payment date, and (c) the mandatory sinking fund requirement for all outstanding WPCLF Bonds and Notes due on the next interest payment date and (2) on the last day of May and November, the amount contained in a direction from the Authority to be used to purchase WPCLF Bonds and Notes received by the trustee pursuant to any invitation to the holders to tender such WPCLF Bonds and Notes in accordance with the provisions of the applicable Series resolution.
- b) To the trustee for the payment of its fees on the last day of each May and November.
- c) If applicable, to the Debt Service Reserve account, a semiannual sum on June 1 and December 1 as may be necessary to maintain in the Debt Service Reserve account investments or cash having a value at least equal to the required reserve fund balance.
- d) To the Rebate Fund, as necessary to make any payment required under section 148(f) of the Internal Revenue Code.

After the Debt Service Reserve account has reached the required reserve fund balance, interest earned on that balance will be transferred to the Debt Service account on the last day of May or November of each year.

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(10) DRINKING WATER ASSISTANCE FUND REVENUE AND REFUNDING BONDS—LEVERAGE SERIES

As of December 31, 2019, there was \$62,015,000 of Drinking Water Assistance Fund (DWAF) Revenue and Refunding Bonds—Leverage Series outstanding, broken down by series as follows:

<u>Series</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>		<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
2005	Serial	5.25%	2023	\$	-	750,000	750,000
	Term	5.25%	2020-2022		5,570,000	6,515,000	12,085,000
2010C	Serial	4.00% to 5.00%	2020-2021		14,810,000	12,235,000	27,045,000
2014	Serial	4.00% to 5.00%	2020-2024		6,765,000	15,370,000	22,135,000
DWAF Leverage Series Totals					27,145,000	34,870,000	62,015,000
Add: unamortized premiums					-	2,010,715	2,010,715
					<u>\$ 27,145,000</u>	<u>36,880,715</u>	<u>64,025,715</u>

The DWAF Leverage Series debt service requirements to maturity are as follows:

		<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2020	\$	27,145,000	2,647,106	29,792,106
2021		22,715,000	1,418,406	24,133,406
2022		10,020,000	489,844	10,509,844
2023		1,445,000	81,988	1,526,988
2024		690,000	17,250	707,250
	\$	<u>62,015,000</u>	<u>4,654,594</u>	<u>66,669,594</u>

* In 2010, OWDA sold Federally Taxable BABs which receive a cash subsidy payment from the United States Treasury equaling 35% of interest paid. In 2019, the subsidy was cut 5.9%, resulting in an effective subsidy equaling 32.935% of interest paid. On December 5, 2019 these bonds were advance refunded by the DWAF 2019B Bonds discussed below in Footnote 11. The interest reported in this table is the gross interest due on the bonds. The total interest due, net of the BABs subsidy over the remaining life of the bonds, will be \$4,645,556.

Prior redemption of DWAF—Leverage Series Bonds, by series, is as follows:

- a) Leverage Refunding Series 2005 – The term bonds are subject to mandatory redemption beginning June 1, 2019, at par plus accrued interest. Neither the term or serial bonds are subject to optional redemption prior to their stated maturity.
- b) Leverage Refunding Series 2010C – The refunding bonds maturing on or after June 1, 2021 are subject to prior redemption by and at the sole option of the Authority in whole multiples of \$5,000, either in whole or in part on any date on or after December 1, 2020, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date.
- c) Leverage Refunding Series 2014 – These bonds are not subject to redemption prior to their stated maturity.

LGA reimbursements of DWAF project costs of principal and interest (from loans made prior to August 3, 2016), pursuant to DWAF loan agreements, are primarily pledged as security for the DWAF Leverage bonds, next to the DWAF Leverage DSR for any shortages from the required DSR balance, and subordinatedly as security for DWAF Bonds. LGA reimbursements of DWAF project costs of interest from loans made after August 3, 2016, pursuant to DWAF loan agreements, are pledged first to any

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DWAF State Match Bonds outstanding, second to DWAF Leverage Bonds, and third to DWAF Bonds outstanding. In the event that LGA reimbursements of DWAF principal project costs are insufficient to cover DWAF Leverage debt service payments, unencumbered assets of the DWAF Leverage Debt Service Reserve and Other Projects accounts are also pledged as security for the bonds. For 2019, the amount received from reimbursements of DWAF principal and interest project costs were \$65,792,652, compared to the required bond debt service payments of \$32,340,863.

The bond resolution provides for five separate accounts designated as Net Bond Proceeds account, Debt Service account, Debt Service Reserve account, Cost of Issuance account and Rebate account. As of December 31, 2019, there is no accrued rebate liability for these bonds.

Amounts received as principal and interest from the LGAs as reimbursement of project or construction costs are deposited in the Principal and Additional Pledged Loan Interest Repayment accounts. The trustee then allocates or pays out moneys in the Principal Repayment account first and Additional Pledged Loan Interest Repayment account (after all moneys of the Principal Repayment account are used for debt service) as follows:

- a) To the Debt Service account, (1) all revenues as soon as received until the balance in the Debt Service account equals an amount which, when added to any balance then on deposit in the Debt Service account and available for such purpose, will be equal to the sum of (a) the interest on all outstanding DWAF Leverage Bonds due on the next interest payment date, (b) the principal of all outstanding DWAF Leverage Bonds due on the next interest payment date, and (c) the mandatory sinking fund requirement for all outstanding DWAF Leverage Bonds due on the next interest payment date and (2) on the last day of May, the amount contained in a direction from the Authority to be used to purchase DWAF Leverage Bonds received by the trustee pursuant to any invitation to the holders to tender such DWAF Leverage Bonds in accordance with the provisions of the applicable Series resolution.
- b) To the trustee for the payment of its fees on the last day of each May and November.
- c) To the Debt Service Reserve account, a semiannual sum on June 1 and December 1 as may be necessary to maintain in the Debt Service Reserve account investments or cash having a value at least equal to the lesser of 50% of the maximum annual bond service charges required to be paid on all DWAF Leverage Bonds issued and outstanding, or 10% of the principal amount of DWAF Leverage Bonds issued and outstanding computed in accordance with the Trust Agreement.
- d) To the Rebate Fund, as necessary to make any payment required under section 148(f) of the Internal Revenue Code.

After the Debt Service Reserve account has reached the required reserve fund balance, interest earned on that balance will be transferred to the Debt Service account on the last day of May or November of each year.

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(11) DRINKING WATER ASSISTANCE FUND REVENUE BONDS SERIES

As of December 31, 2019, there was \$422,410,000 of Drinking Water Assistance Fund Revenue Bonds outstanding, broken down by series as follows:

<u>Series</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>		<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
2016	Serial	3.00% to 5.00%	2020-2029	\$	500,000	86,500,000	87,000,000
	Term	4.00% to 5.00%	2030-2037		-	48,000,000	48,000,000
2019A	Serial	2.00% to 5.00%	2020-2029		3,000,000	247,000,000	250,000,000
2019B	Serial	5.00%	2022-2030		-	37,410,000	37,410,000
DWAF Bonds Series Totals					3,500,000	418,910,000	422,410,000
Add: unamortized premiums					-	90,398,033	90,398,033
					<u>\$</u>	<u>3,500,000</u>	<u>509,308,033</u>
						<u>509,308,033</u>	<u>512,808,033</u>

The DWAF 2019B Series Bonds were issued to advance refund \$44,530,000 of the DWAF Leverage Series 2010B Bonds. Although the refunding resulted in a deferred accounting loss of \$861,157, the Authority in effect reduced its aggregate debt service payments by \$5,708,374 and achieved an economic gain of \$5,114,173.

The DWAF Bonds Series debt service requirements to maturity are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$	3,500,000	20,554,467	24,054,467
2021		13,000,000	20,332,750	33,332,750
2022		21,555,000	19,636,375	41,191,375
2023		30,735,000	18,443,875	49,178,875
2024		30,915,000	16,904,875	47,819,875
2025-2029		271,155,000	62,117,875	333,272,875
2030-2034		36,550,000	7,508,125	44,058,125
2035-2037		15,000,000	1,250,000	16,250,000
	\$	<u>422,410,000</u>	<u>166,748,342</u>	<u>589,158,342</u>

The Authority has two undrawn bank funding commitments in the DWAF Program as specified in the table below:

<u>Bank</u>	<u>Type</u>	<u>Commitment Amount ^</u>	<u>Drawn Amount ^</u>	<u>Commitment Expiration Date</u>
Bank of America	Direct placement	100,000,000	-	6/30/2020
Huntington Investment Company	Direct borrowing	150,000,000	-	6/1/2021
		<u>250,000,000</u>	<u>-</u>	

^ In the event the Authority adds any new bank commitment product, renews any of these products or draws funds from either of these products, an event filing will be made with the MSRB through its EMMA system within ten business days.

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Prior redemption of DWAF Bonds, by series, is as follows:

- a) DWAF Series 2016 – The bonds maturing on or after June 1, 2027 are subject to prior redemption by and at the sole option of the Authority in whole multiples of \$5,000, either in whole or in part on any date on or after December 1, 2026, at a redemption price of par plus accrued interest.
- b) DWAF Series 2019A – 1) The bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after September 1, 2029, at par plus accrued interest to the redemption date. 2) Due to TIPRA requirement to lend more than 95% of proceeds within three years, the bonds maturing on and after December 1, 2022 are subject to extraordinary mandatory redemption, in whole or in part, at a redemption price of 102% of the principal part redeemed plus accrued interest to the redemption date. Such redemption is to be made on October 1, 2022 in an amount equal to the excess of 95% of net proceeds over the amount of proceeds used to make loans. Once this lending requirement is met, the Authority will give notice with a voluntary MSRB filing through its EMMA system.
- c) DWAF Refunding Series 2019B – These bonds are not subject to redemption prior to their stated maturity.

LGA reimbursements of DWAF project costs of principal and interest (from loans made prior to August 3, 2016), pursuant to DWAF loan agreements, are pledged as security for the DWAF Bonds on a subordinate basis to the DWAF Leverage Bonds. LGA reimbursements of DWAF project costs of interest from loans made after August 3, 2016, pursuant to DWAF loan agreements are pledged first to any DWAF State Match Bonds outstanding, then to DWAF Leverage Bonds, and third to DWAF Bonds outstanding. DWAF Bond debt service is funded after all DWAF Leverage debt service due on the next debt service payment date is funded and, if necessary, any shortages of the DWAF Leverage DSR required balance is funded. In the event that LGA reimbursements of DWAF project costs of principal and interest are insufficient to cover DWAF Leverage and/or DWAF Bond debt service payments, any unencumbered assets of the DWAF Leverage Debt Service Reserve, Surplus and Other Projects accounts are also pledged as security for the bonds. For 2019, the amount received from reimbursements of DWAF principal and interest project costs after funding of DWAF Leverage debt service was \$33,451,789, compared to the required bond debt service payments of \$10,817,344.

Amounts received as principal and interest from the LGAs as reimbursement of project or construction costs are deposited in the Principal and Additional Pledged Loan Interest Repayment accounts. After all DWAF Leverage debt service and DSR funding needs are met, the trustee then allocates or pays out moneys in the Principal Repayment account first and Additional Pledged Loan Interest Repayment account (after all moneys of the Principal Repayment account are used for debt service) as follows:

- a) To the Debt Service account, (1) all revenues as soon as received until the balance in the Debt Service account equals an amount which, when added to any balance then on deposit in the Debt Service account and available for such purpose, will be equal to the sum of (a) the interest on all outstanding DWAF Bonds due on the next interest payment date, (b) the principal of all outstanding DWAF Bonds due on the next interest payment date, and (c) the mandatory sinking fund requirement for all outstanding DWAF Bonds due on the next interest payment date and (2) on the last day of May and November, the amount contained in a direction from the Authority to be used to purchase DWAF Bonds received by the trustee pursuant to any invitation to the holders to tender such DWAF Bonds in accordance with the provisions of the applicable Series resolution.

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- b) To the trustee for the payment of its fees on the last day of each May and November.
- c) If applicable, to the Debt Service Reserve account, a semiannual sum on June 1 and December 1 as may be necessary to maintain in the Debt Service Reserve account investments or cash having a value at least equal to the required reserve fund balance.
- d) To the Rebate Fund, as necessary to make any payment required under section 148(f) of the Internal Revenue Code.

After the Debt Service Reserve account has reached the required reserve fund balance, interest earned on that balance will be transferred to the Debt Service account on the last day of May or November of each year.

(12) OUTSTANDING DEFEASED BONDS

For accounting purposes, the assets and liabilities for defeased bonds are not reflected in the Authority's financial statements. Below is a listing of Authority bonds remaining outstanding as of December 31, 2019, which have been defeased:

Series	Year Defeased	Balance Outstanding
Community Assistance 2010B	2019	\$ 27,585,000
WPCLF State Match 2005	2014	1,100,000
DWAF Leverage 2010B	2019	44,530,000
		<u>\$ 73,215,000</u>

(13) WATER DEVELOPMENT REVENUE BONDS AND NOTES—INDUSTRIAL SERIES

The Authority established the industrial program to assist private industry and certain municipalities in financing the construction of water and solid waste pollution control facilities. Under the financing agreements, industrial companies and municipalities are required to make payments for a period of up to 35 years, sufficient to pay, as they become due, interest and principal on the bonds and notes issued to finance the projects. The Authority has no liability for repayment of these bonds and notes. As of December 31, 2019, outstanding bonds and notes under this program total \$1,713,525,000.

(14) DEFINED BENEFIT PENSION PLAN

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of a total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of the Ohio Public Employees Retirement System (OPERS) Pension Plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of its fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies,

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earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code (ORC) limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from the employee services; and (2) State statute requires all funding to come from these employers. All contributions to-date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the OPERS to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the OPERS Board of Trustees (OPERS Board) must propose corrective action to the State legislature. Any resulting legislation change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description

Organization – OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: The Traditional Pension Plan, a defined benefit plan; the Combined Plan, a combination defined benefit/contribution plan; and the Member-Directed Plan, a defined contribution plan. All state and local governmental employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS. New public employees (those who establish membership in OPERS on or after January 1, 2003) have 180 days from the commencement of employment to select membership in one of the three pension plans. Contributions to OPERS are effective with the first day of the member's employment. Contributions made prior to the member's plan selection are maintained in the Traditional Pension Plan and later transferred to the plan elected by the member, as appropriate.

All state and local governmental employees, except those covered by another state retirement system in Ohio or the Cincinnati Retirement System, are required to become contributing members of OPERS when they begin public employment unless they are exempted or excluded as defined by the ORC. For actuarial purposes, employees who have earned sufficient service credit (five years) are entitled to a future retirement benefit from OPERS. Employer, employee and retiree data as of December 31, 2018 can be found in the OPERS 2018 Comprehensive Annual Financial Report (CAFR) at <https://www.opers.org/financial/reports.shtml>.

Pension Benefits – All benefits of the System, and any benefit increases, are established by the legislature pursuant to ORC Chapter 145.

Age-and-Service Defined Benefits – Effective January 7, 2013, Senate Bill (SB) 343 modified components of the Traditional Pension and Combined Plans. Members were impacted by the changes to varying degrees based on their transition group. Three transition groups (A, B and C) were designed to ease the transition of key components of the pension plan changes. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B.

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Group C included those members who are not in either of the other groups and members who were hired on or after January 7, 2013. Please see the Plan Statement in the OPERS 2018 CAFR for additional details.

Benefits in the Traditional Pension Plan for state and local members are calculated on the basis of age, final average salary (FAS) and service credit. State and local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for state and local members is eligible for retirement benefits at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Refer to the age-and-service tables located in the OPERS 2018 CAFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Prior to 2000, payments to OPERS benefit recipients were limited under Section 415(b) of the Internal Revenue Code (IRC). OPERS entered into a Qualified Excess Benefit Arrangement (QEBA) with the Internal Revenue Service (IRS) to allow OPERS benefit recipients to receive their full statutory benefit even when the benefits exceeds IRC 415(b) limitations. Monthly QEBA payments start when the total amount of benefits received by the recipients exceeds the IRC limit each year. The portion of the benefit in excess of the IRC 415(b) limit is paid out of the QEBA and taxed as employee payroll in accordance with IRS regulations.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for state and local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined Contribution Benefits – Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS Board. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and contribution plans. Member-Directed Plan participants must have attained the age of 55,

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have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits.

The amount available for defined contribution benefits in the Member-Directed Plan consists of the member's contributions, vested employer contributions, and investment gains or losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance, net of taxes withheld, or a combination of these options.

Disability Benefits – OPERS administers two disability plans for participants in either the Traditional Pension Plan or Combined Plan. Members in the plan as of July 29, 1992, could elect, by April 7, 1993, coverage under either the original plan or the revised plan. All members who entered OPERS after July 29, 1992 are automatically covered under the revised plan. Under the original plan, a member who becomes disabled before age 60 and has completed 60 contributing months is eligible for a disability benefit. Benefits are funded by the employee and employer contributions and terminate if the member is able to return to work. The revised plan differs in that a member who becomes disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. After the disability benefit ends, the member may apply for a service retirement benefit or a refund of contributions, which are not reduced by the amount of disability benefits received. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Survivor Benefits – Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits if the deceased employee had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death. ORC Chapter 145, updated by HB 520, specifies the dependents and the conditions under which they qualify for survivor benefits.

Other Benefits – Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual cost-of-living adjustment. This cost-of-living adjustment is calculated on the member's base retirement benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their retirement benefit. The cost-of-living increase varies somewhat but is generally defined as Consumer Price Index (CPI) not to exceed 3%. A death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

Money Purchase Annuity – Age-and-service retirees who become re-employed in an OPERS-covered position must contribute the regular contribution rates, which are applied towards a money purchase annuity. The money purchase annuity calculation is based on the accumulated contributions of the retiree for the period of re-employment, and an amount of the employer contributions determined by the OPERS Board. Upon termination of service, members over the age of 65 can elect to receive a lump-sum payout or a monthly annuity. Members under age 65 may leave the funds on deposit with OPERS

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to receive an annuity benefit at age 65, or may elect to receive a refund of their employee contributions made during the period of re-employment, plus interest.

Refunds – Members who have terminated service in OPERS-covered employment may file an application for refund of their account. The ORC requires a two-month waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's rights and benefits in OPERS.

Refunds processed for the Traditional Pension Plan members include the member's accumulated contributions, interest and any qualifying employer funds, as determined by the Board. A Combined Plan member's refund may consist of member contributions for the purchase of service plus interest, qualifying employer funds, as determined by the Board, and the value of their account in the defined contribution plan consisting of member contributions adjusted by the gains or losses incurred based on their investment selections. Refunds paid to participants in the Member-Directed Plan include member contributions and vested employer contributions adjusted by the gains or losses incurred based on their investment selections.

Contributions – The OPERS funding policy provides for periodic member and employer contributions to all three plans (Traditional Pension, Combined and Member-Directed) at rates established by the OPERS Board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of the OPERS external actuary. All contribution rates were within the limits authorized by the ORC.

Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2018. Within the Traditional Pension Plan and Combined Plan, member and employer contributions (employer contributions only for the Combined Plan) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Employee contributions within the Combined Plan are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method. This formula determines the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the employees during the current service year; and (2) the prior service cost for service earned prior to the current year and subsequent benefit increases. These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time.

The employee and employer contribution rates for the state and local divisions are currently set at the maximums authorized by the ORC of 10% and 14%, respectively. With the assistance of the OPERS actuary and Board approval, a portion of each employer's contributions to OPERS may be set aside for the funding of post-employment health care coverage. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was zero for 2018. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts for 2018 was 4.0%. The amount of contributions to OPERS from the Authority during 2018 and 2019 was \$150,591 and \$158,797, respectively, which represents 100% of the Authority's required contribution. In 2019 and 2018, the Authority did not make any contributions to the Combined Plan, and contributions to the Member-Directed Plan were immaterial.

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The ORC Chapter 145 assigns authority to the Board to amend the funding policy. As of December 31, 2018, the Board adopted the contribution rates that were recommended by the actuary. The contribution rates were included in a new funding policy adopted by the Board in October 2013, and are certified periodically by the OPERS Board as required by the ORC.

As of December 31, 2018, the date of the last actuarial study, the funding period for all defined benefits of OPERS was 27 years.

Net Pension Liability

The net pension liability was measured as of December 31, 2018, and the total pension liabilities were determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on both member and employer contributions to OPERS relative to the projected contributions of all participating entities. Following is information related to the Authority's proportionate share and pension expense:

Proportionate Share of the Net Pension Liability	\$2,124,211
CY Proportionate Share	0.007756%
PY Proportionate Share	0.008748%
Change in Proportionate Share	-0.000992%
Pension Expense	\$ 395,199

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

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Projections of benefits for financial reporting purposes are based on the substantive plan (i.e., the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2018
Experience Study	5 Year period ending December 31, 2015
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Rate of Return	7.20 percent
Wage Inflation	3.25 percent
Projected Salary Increases	3.25 percent - 10.75 percent (including wage inflation at 3.25 percent)
Cost-of-living Adjustments	Pre 1/7/2013 Retirees: 3.00% simple Post 1/7/2013 Retirees: 3.00% simple through 2018, then 2.15% simple

Pre-retirement mortality rates are from the RP-2014 Healthy Annuitant Mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality table for males and females, adjusted for mortality improvement back to the observation base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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Notes to Financial Statements

Sensitivity of Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability or asset calculated using the discount rate of 7.2%, and expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or higher than the current rate.

Employers Net Pension Liability	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Traditional Pension Plan	\$ 3,138,074	2,124,211	1,281,678

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the OPERS Board-approved asset allocation policy for 2018 and the long-term expected real rates of return.

Asset Class	Target Allocation for 2018	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.79%
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	18.00	5.50
Total	100.00%	5.95%

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within The Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 2.94% for 2018.

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Notes to Financial Statements

Deferred Inflows and Deferred Outflows

At December 31, 2019, the Authority reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

Deferred Inflows of Resources:

Differences between expected and actual experience	\$ 27,892
Change in Authority's proportionate share	115,706
Total	<u>\$ 143,598</u>

Deferred Outflows of Resources:

Differences between expected and actual experience	\$ 98
Change in assumptions	184,918
Change in Authority's proportionate share	17,785
Net difference between projected and actual earnings on pension plan investments	288,316
Authority's contributions subsequent to the measurement date	158,797
Total	<u>\$ 649,914</u>

The \$158,797 reported as deferred outflows related to pensions resulting from employer contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the Authority's financial statements. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as disclosed in the table below:

Year Ending December 31	Traditional Pension Plan Net Deferred Outflows / (Inflows) of Resources
2020	\$ 147,282
2021	39,402
2022	26,747
2023	134,088
Total	<u>\$ 347,519</u>

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Notes to Financial Statements

(15) DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

Other Postemployment Benefits (OPEB) is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net OPEB liability represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an OPEB as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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Notes to Financial Statements

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

With the assistance of the System's actuary, the OPERS Board may approve a portion of each employer contribution to OPERS be set aside for the funding of post-employment health care coverage. However, health care funding is subordinate to pension funding. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was zero in 2019 and 2018 and is expected to remain at that level. The employer contribution as a percentage of covered payroll deposited into the Member-Directed Plan participants accounts for 2019 was 4.0%. Due to the discretionary nature of health care funding and the potential for frequent changes in allocations, including no funding to health care for some plans, the calculation of proportionate shares of employers is based on total employer contributions.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$0 for 2018 and \$0 for 2019.

Net OPEB Liability & OPEB Expense

The net OPEB liability and total OPEB expense for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year for the defined benefit health care plans. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

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	<u>OPERS</u>
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.0082187%
Prior Measurement Date	<u>0.0088752%</u>
Change in Proportionate Share	<u>-0.0006565%</u>
Proportionate Share of the Net OPEB Liability	\$1,071,526
OPEB Expense	\$ 99,727

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018.

The actuarial valuation used the following actuarial assumptions applied to all prior periods (PY = prior year) included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent/6.50 percent in PY
Municipal Bond Rate	3.71 percent/3.31 percent in PY
Health Care Cost Trend Rate	10.0 percent, 7.5 percent initial and 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and

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females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation for 2018	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	2.42%
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other Investments	17.00	5.57
Total	100.00%	5.16%

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Discount Rate

A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Authority's proportionate share of the net OPEB liability	\$ 1,370,843	1,071,526	833,437

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

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	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability	\$ 1,029,940	1,071,526	1,119,358

Deferred Inflows and Outflows

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources:

Differences between expected and actual experience	2,908
Change in Authority's proportionate share and difference in employer contributions	47,806
	<u>50,714</u>

Deferred Outflows of Resources:

Differences between expected and actual experience	\$ 362
Change in assumptions	34,548
Net difference between projected and actual earnings on OPEB plan investments	49,122
	<u>\$ 84,032</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31</u>	<u>Traditional Pension Plan Net Deferred Outflows / (Inflows) of Resources</u>
2020	\$ 14,861
2021	(13,663)
2022	7,373
2023	24,747
Total	<u>\$ 33,318</u>

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(16) COMMITMENTS

As of December 31, 2019, the Authority has loan commitments to finance LGA construction projects in the following amounts:

<u>Fund</u>	<u>Amount</u>
Other Projects	\$ 39,953,410
Rural Development	3,435,934
Fresh Water	152,800,135
Water Pollution Control Loan	1,183,037,119
Drinking Water Assistance	196,917,116
	<u>\$ 1,576,143,714</u>

Loan commitments consist of loan awards that have been encumbered by the Authority but not yet disbursed to the LGAs. The Authority intends to meet these LGA commitments with currently available funds and grant commitments from the U.S. EPA.

(17) TRANSFERS

Interfund transfers for the year ended December 31, 2019 consisted of the following:

Transfers, net, to (from) Other Projects from (to):	
Community Assistance	\$ 6,188,227
Fresh Water	(20,281,936)
Drinking Water	(600,000)
	<u>\$ (14,693,709)</u>
Transfers from Community Assistance to:	
Other Projects	\$ (6,188,227)
Transfers to Fresh Water from:	
Other Projects	\$ 20,281,936
Transfers to Drinking Water from:	
Other Projects	\$ 600,000
Total Transfers, net	<u>\$ —</u>

Transfers are used to meet the requirements of certain debt covenants or to fund additional program activities as authorized by the Authority's Board. In the year ended December 31, 2019, the Authority made the following non-routine transfers:

- \$6,188,227 transferred from the Community Assistance Fund to the Other Projects Fund for additional funding for Other Projects Fund loans and grants.
- \$20,281,936 transferred from the Other Projects Fund to the Fresh Water Fund for additional funding for Fresh Water loans and to fund the interest rate buy-down program.

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- c) \$600,000 transferred from the Other Projects Fund to the Drinking Water Assistance Fund for funding for the Drinking Water Asset Management Grant Program.

(18) CHANGES IN LONG-TERM LIABILITIES

As of December 31, 2019, the Authority has long-term liabilities in the following amounts:

Long-Term Liability	12/31/2018 Balance	Additions	Reductions	12/31/2019 Balance	Due Within One Year	Due in More Than One Year
Compensated Absences	\$ 228,218	206,470	233,727	\$ 200,961	-	200,961
Net Pension Liability	1,372,392	751,819	-	2,124,211	-	2,124,211
Net OPEB Liability	963,778	107,748	-	1,071,526	-	1,071,526
Revenue Bonds and Notes Payable	3,868,624,124	1,554,046,677	640,824,870	4,781,845,931	278,050,000	4,503,795,931
Total Long-Term Liabilities	\$3,871,188,512	1,555,112,714	641,058,597	\$4,785,242,629	278,050,000	4,507,192,629

(19) CHANGES IN SHORT-TERM LIABILITIES

As of December 31, 2019, the Authority has the following short-term liability:

Short-Term Liability	12/31/2018 Balance	Additions	Reductions	12/31/2019 Balance
Short-Term Revenue Notes Payable	\$ -	45,000,000	45,000,000	-

(20) SUBSEQUENT EVENT

Since December 31, 2019, the Authority has authorized the issuance of additional debt. The Authority is authorized to issue \$450,000,000 in Water Pollution Control Loan Fund Revenue Bonds – Series 2020A. This authorization to issue is valid until December 31, 2020. As these bonds are not intended to be issued until 2020, they are not included in the long-term debt of the Authority as of December 31, 2019.

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Schedule of Proportionate Share of Net Pension Liability

Ohio Public Employees Retirement System

Last Five Calendar Years *

Unaudited

		2015	2016	2017	2018	2019
Proportion of the net pension liability		0.0095310%	0.0091080%	0.0085060%	0.008748%	0.007756%
Proportionate share of the net pension liability	\$	1,149,545	1,577,618	1,931,568	1,372,392	2,124,211
Covered payroll	\$	1,200,805	1,207,158	1,247,362	1,340,687	1,272,812
Proportionate share of the net pension liability as a percentage of covered payroll		95.73%	130.69%	154.85%	102.36%	166.89%
Plan fiduciary net position as a percentage of the total pension liability		86.45%	81.08%	77.25%	84.66%	74.70%

* - Table will begin to cover ten years of data starting with 2015. Amounts presented represent pension amounts as of measurement period, which is one year prior to the date of the financial statements.

Notes to Schedule:

Change in assumptions:

In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

In 2019, a reduction of the discount rate was made from 7.5% to 7.2%.

OHIO WATER DEVELOPMENT AUTHORITY

Schedule of Pension Contributions Ohio Public Employees Retirement System

		Last Six Calendar Years*					
		Unaudited					
		2014	2015	2016	2017	2018	2019
Contractually required contributions	\$	140,729	142,358	139,196	146,994	150,591	158,797
Contributions in relation to the contractually required contributions	\$	140,729	142,358	139,196	146,994	150,591	158,797
Contribution deficiency (excess)		-	-	-	-	-	-
Covered payroll	\$	1,200,805	1,207,158	1,247,362	1,340,687	1,272,812	1,358,368
Contributions as a percentage of covered payroll		11.72%	11.79%	11.16%	10.96%	11.83%	11.69%

* - Table will begin to cover ten years of data starting with 2014.

OHIO WATER DEVELOPMENT AUTHORITY

Schedule of Proportionate Share of Net OPEB Liability Ohio Public Employees Retirement System

Last Three Calendar Years

Unaudited

		2017	2018	2019
Proportion of the net OPEB liability		0.008506%	0.008875%	0.008219%
Proportionate share of the net OPEB liability	\$	853,443	963,778	1,071,526
Covered payroll	\$	1,247,362	1,340,687	1,272,812
Proportionate share of the net OPEB liability as a percentage of covered payroll		68.42%	71.89%	84.19%
Plan fiduciary net position as a percentage of the total OPEB liability		54.05%	54.14%	46.33%

* - Table will begin to cover ten years of data starting with 2017. Amount presented represents OPEB amounts as of measurement period, which is one year prior to the date of the financial statements.

Notes to Schedule:

Change in assumptions:

For 2018, the single discount rate changed from 4.23% to 3.85%.

For 2019, the single discount rate changed from 3.85% to 3.96%. The investment rate of return changed from 6.5% to 6.0% and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

OHIO WATER DEVELOPMENT AUTHORITY

Schedule of OPEB Contributions Ohio Public Employees Retirement System

Last Four Calendar Years

Unaudited

		2016	2017	2018	2019
Contractually required contributions	\$	23,189	11,307	-	-
Contributions in relation to the contractually required contributions	\$	23,189	11,307	-	-
Contribution deficiency (excess)		-	-	-	-
Covered payroll	\$	1,247,362	1,340,687	1,272,812	1,358,369
Contributions as a percentage of covered payroll		1.86%	0.84%	0.00%	0.00%

* - Table will begin to cover ten years of data starting with 2016.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Ohio Water Development Authority
480 South High Street
Columbus, Ohio 43215

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Ohio Water Development Authority (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
March 20, 2020

APPENDIX D

CERTAIN DEFINITIONS

When used herein, the following terms shall have the meanings set forth below. Additional terms used herein are more fully defined in the Trust Agreement, which is available upon request from the Authority.

“Act” means Chapter 6121, Ohio Revised Code, Section 6109.22, Ohio Revised Code, and Sections 9.98 through 9.983 inclusive, Ohio Revised Code, each as enacted and amended from time to time, and Section 2i of Article VIII of the Ohio Constitution.

“Additional Pledged Loan” means any loan that has ceased to be a “DWAF Loan” pursuant to the State Match Trust Agreement and the principal and interest payments of which are both pledged first to the Leverage Bonds and on a subordinate basis to the DWAF Bonds.

“Additional Pledged Loan Repayments” means all payments of principal of and interest on any Additional Pledged Loan. As do the payments of principal of DWAF Loans for purposes of the DWAF General Bond Resolution, payments of the principal of Additional Pledged Loans constitute Revenues and Pledged Revenues prior to their becoming Additional Pledged Loan Repayments.

“Agreement” or “Trust Agreement” means the Trust Agreement securing the DWAF Bonds, dated as of August 3, 2016, among the Authority, the Director and the Trustee, as the same may be amended or supplemented from time to time in accordance with its terms, including by the Ninth Supplemental Agreement.

“Allocation Order” means a certificate or directive executed by the Executive Director with the Consent of the Director providing for the initial deposit of a series of DWAF Bond proceeds in the Funds and Accounts hereunder and any subsequent transfers between Funds and Accounts and establishing the allocation of the proceeds of that series of DWAF Bonds as State Match Portion and/or Leveraged Portion.

“Appreciated Principal Amount” means, with respect to any Capital Appreciation Bond, an amount equal to the principal amount thereof at its initial offering plus an amount of interest which, based on semi-annual compounding on each Compounding Date from the date of delivery on the basis of a 360-day year of twelve 30-day months, will produce a yield approximately equal to the yield to maturity for such Capital Appreciation Bond specified in the applicable Series Resolution. A schedule setting forth the Appreciated Principal Amount of a series of Capital Appreciation Bonds as of the Compounding Dates may be set forth in the form of Capital Appreciation Bond for that series. The Appreciated Principal Amount with respect to any date other than a Compounding Date is the Appreciated Principal Amount on the next preceding Compounding Date or dated date as noted on the form thereof, as the case may be, plus the difference between such amount and the Appreciated Principal Amount on the next succeeding Compounding Date, multiplied by a fraction the numerator of which is the number of days (based on a 360-day year of twelve 30-day months) from the preceding Compounding Date and the denominator of which is 180.

“Assumed Amortization Period” means the period of time specified in paragraph (i) or paragraph (ii) below, as selected by the Fiscal Officer:

(i) Five years; or

(ii) The period of time, exceeding five years, set forth in a written opinion of the Financial Advisor as not being longer than the maximum period of time over which indebtedness having comparable terms and security issued or incurred by similar issuers of comparable credit standing would, then if being offered, be marketable on reasonable and customary terms.

“Assumed Interest Rate” means the rate per annum (determined as of the last day of the calendar month next preceding the month in which the determination of Assumed Interest Rate is being made) set forth in a written

opinion of the Financial Advisor as being not lower than the lowest rate of interest at which indebtedness having comparable terms, security and federal income tax status amortized on a level debt service basis over a period of time equal to the Assumed Amortization Period, and issued or incurred by similar issuers of comparable credit standing would, if being offered as of such last day of the calendar month, be marketable on reasonable and customary terms; provided that such rate shall be neither (a) lower than the rate specified as MMD plus fifty basis points, or successor index, as in effect on the date of such opinion, and matched to each maturity allowed for under the Assumed Amortization Period, nor (b) higher than the highest rate permitted by law at which such DWAF Bonds could be sold on said day.

“Authenticating Agent” means the Registrar and any other bank, trust company or other Person designated as Authenticating Agent for the DWAF Bonds in accordance with the DWAF General Bond Resolution, or the Trust Agreement, each of which shall be a transfer agent in accordance with Section 17A(c) of the Securities Exchange Act of 1934, as amended.

“Authority” means the Ohio Water Development Authority, a body corporate and politic, organized and existing under the provisions of Chapter 6121 of the Ohio Revised Code, and “Chairman,” “Vice-Chairman,” “Executive Director,” and “Secretary-Treasurer” shall mean, respectively, the Chairman, Vice-Chairman, Executive Director and Secretary-Treasurer of the Authority.

“Authorized Officer” means any officer, member, or employee of the Authority authorized by or pursuant to the resolution of the Authority to perform the act or sign the document in question, and, if there is no such authorization, the Executive Director.

“Balloon Bonds” means any DWAF Bonds, (a) 25% or more of the principal payments of which are due in a single year, excluding any such principal payments that are subject to mandatory sinking fund requirements in a prior year, or (b) 25% or more of the principal of which may, at the option of the Holder or Holders thereof, be redeemed or rendered at one time.

“Bond Rating” means, at any time, the lowest rating that may be assigned to any outstanding DWAF Bonds by a Rating Agency, other than any rating that is based upon credit enhancement of such DWAF Bonds by a third party. In the event that the lowest rating assigned to any outstanding DWAF Bonds by a Rating Agency differs from the lowest rating assigned to any outstanding DWAF Bonds by another Rating Agency, then the higher of those lowest ratings shall apply for purposes of the preceding sentence.

“Bond Service Charges” means, for any period or date, the principal of and interest and any premium on the DWAF Bonds payable during that period or payable on that date, as the case may be, including any mandatory sinking fund requirements set forth in a Series Resolution for the retirement by mandatory redemption of DWAF Bonds. In determining Bond Service Charges for any period or date, mandatory sinking fund requirements to be paid during such period or on such date shall be included and principal maturities for which, and to the extent, mandatory sinking fund requirements were or are to be paid in a prior period or on a prior date shall be excluded.

“Business Day” means any day other than a Saturday, Sunday or on a day on which banking institutions in the State of Ohio are authorized or required by law to close or a day on which the Paying Agent or the Trustee is unable to open or be open for reasons not related to financial condition.

“Capital Appreciation Bonds” means DWAF Bonds the interest on which, during their entire term or any portion thereof, is payable only as a component of the Appreciated Principal Amount at maturity or redemption pursuant to the applicable Series Resolution.

“Capitalization Grant Subaccount” means the Capitalization Grant Subaccount established under the DWAF Agreement.

“Capitalized Interest” means that portion, if any, of the proceeds of a series of DWAF Bonds that is designated as capitalized interest in or pursuant to the applicable Series Resolution and, pursuant to the DWAF

General Bond Resolution, is deposited in the Debt Service Fund for the purpose of paying interest on such DWAF Bonds.

“Capitalized Interest Account” means the Capitalized Interest Account of the Debt Service Fund created in the DWAF General Bond Resolution, into which account shall be deposited that portion of the proceeds of a series of DWAF Bonds to be used to pay Capitalized Interest on such series of DWAF Bonds.

“Clearing Account” means the Drinking Water Assistance Fund Clearing Account established under the DWAF Trust Agreement.

“Code” means the Internal Revenue Code of 1986, as it may be amended from time to time.

“Compounding Date” means, as to a series of Capital Appreciation Bonds, any date on which interest is compounded thereon pursuant to the applicable Series Resolution.

“Consent of the Director” means the Consent of the Director conclusively evidenced with respect to any matter, unless otherwise provided for herein or in any Supplemental Agreement, by the execution by the Director of a document pertaining to any such matter.

“Costs of Issuance” means costs incurred directly or indirectly by the Authority or the Director in connection with the authorization, sale and issuance of DWAF Bonds, including, without limitation, underwriters’ discount, the fees and charges of attorneys, accountants, rating agencies, financial advisors and other consultants and professionals, the initial fees or charges of the Trustee, the Registrar, the Authenticating Agent, the Paying Agent, or the provider of a Credit Facility or the counterparty to an Interest Rate Hedge Agreement, printing costs, premiums for a municipal bond insurance policy insuring payment of DWAF Bonds, any other costs, charge or fee in connection with the original issuance of DWAF Bonds; provided that, notwithstanding anything in the DWAF General Bond Resolution, or the Trust Agreement to the contrary, no cost shall be a Cost of Issuance if the Code, the Act, or the Safe Drinking Water Act prohibits payment of such cost from the proceeds of the DWAF Bonds from which such payment would be made or if, under the Code, such payment would cause the interest on such DWAF Bonds to cease to be excluded from gross income for purposes of federal income taxation.

“Costs of Issuance Fund” means the DWAF Series Costs of Issuance Fund created in the DWAF General Bond Resolution and any subfunds thereof created pursuant to a Series Resolution, into which subfunds shall be deposited that portion of the proceeds of a series of DWAF Bonds to be used to pay Costs of Issuance of such series of DWAF Bonds.

“Credit Facility” means a letter of credit, a policy of municipal bond insurance or other credit facility provided with respect to a particular series of DWAF Bonds pursuant to Section 9.982 of the Ohio Revised Code and the Series Resolution and Supplemental Agreement applicable to such DWAF Bonds.

“Credit Facility Proceeds” means any amounts that represent the proceeds of a draw upon a Credit Facility.

“Crossover Amount” means the amount of money and Escrow Securities that are on deposit in a Crossover Escrow Account and that, together with investment income thereon, are held as provided in the definition of a “Crossover Refunded Bond.”

“Crossover Date” means, when used with respect to any particular Crossover Refunding Bonds and Crossover Refunded Bonds, the date on which the Crossover Amount on deposit in a Crossover Escrow Account shall be used to retire all such outstanding Crossover Refunded Bonds for which such Crossover Escrow Account was established.

“Crossover Escrow Account” means an escrow account in which a Crossover Amount is deposited.

“Crossover Escrow Securities” means (i) Escrow Securities, and (ii) investment agreements that are fully collateralized by Escrow Securities or the issuer of which is rated in the highest rating category by Moody’s and

S&P; provided, however, that Crossover Escrow Securities described in (ii) shall qualify as Crossover Escrow Securities only for purposes of securing Crossover Refunding Bonds.

“Crossover Refunded Bond” means any DWAF Bond if:

(i) The Trustee shall have received and shall hold in trust for and irrevocably committed thereto, moneys sufficient for the purposes of (A) and (B) below, or

(ii) The Trustee shall have received and shall hold in trust for and irrevocably committed thereto, Crossover Escrow Securities that are certified by an independent certified public accountant to be of such maturities, irrevocably established redemption dates or irrevocably established repurchase dates (if such Crossover Escrow Securities are subject to a repurchase agreement) and Interest Payment Dates, and to be of such principal amounts or irrevocably established redemption prices and to bear such interest, which together with any moneys to which reference is made in paragraph (i) above, without the need for further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust, except as provided herein) will be sufficient for the purposes of (A) and (B) below:

(A) for the payment of all principal of and premium, if any, on such DWAF Bond as the same becomes due, whether at its maturity or redemption date or otherwise, as the case may be, or if a default in payment shall have occurred on any maturity or redemption date, then for the payment of all principal of and premium on such DWAF Bond to the date of the tender of payment; provided, that if any such DWAF Bond is to be redeemed prior to the maturity thereof, notice of that redemption shall have been given or irrevocable provision shall have been made for the giving of that notice; and

(B) for the payment of interest (in whole or in part) on any Crossover Refunding Bonds, the proceeds of which were, in whole or in part, deposited in such Crossover Escrow Account, or both.

Prior to the Crossover Date, the Crossover Amount may be pledged as security for the Crossover Refunding Bonds, the Crossover Refunded Bonds, or both. The moneys and proceeds of such Crossover Escrow Securities shall, to the extent needed, be used for the foregoing purposes or used to reimburse a provider of a Credit Facility for amounts advanced by it for the foregoing purposes.

“Crossover Refunding” means an advance refunding in which Crossover Refunding Bonds are issued to refund Crossover Refunded Bonds and in which a Crossover Amount is deposited in a Crossover Escrow Account.

“Crossover Refunding Bonds” means any DWAF Bonds to the extent that any proceeds from the sale thereof shall, upon deposit in a Crossover Escrow Account, constitute a Crossover Account.

“DDAGW” means the Division of Drinking and Ground Waters of the OEPA.

“Debt Service Fund” means the DWAF Bond Series Debt Service Fund created in the DWAF General Bond Resolution and any subfunds thereof and accounts of such subfunds created pursuant to any Series Resolution.

“Debt Service Reserve Fund” means the DWAF Bond Series Debt Service Reserve Fund created in the DWAF General Bond Resolution and any subfunds thereof and accounts of such subfunds created pursuant to any Series Resolution.

“Depledged Loan Repayments” means the payments of the principal of and interest on Depledged Loans.

“DEFA” means the Division of Environmental and Financial Assistance of the OEPA.

“Direct Payment” means a credit payment allowed pursuant to Section 54AA(g) of the Code with respect to Direct Payment Bonds that is payable to the Authority by the U.S. Treasury as provided in Section 6431 of the Code.

“Direct Payment Bonds” means any Leverage Bonds or DWAF Bonds that are “Build America Bonds” within the meaning of Section 54AA(d) of the Code, or other similar subsequent provision or program of the Code, the interest on which is includable in gross income for federal income tax purposes and with respect to which the Authority shall have made an election, implied or explicit, to receive one or more Direct Payments.

“Director” means the Director of Environmental Protection pursuant to Chapter 3745 of the Ohio Revised Code, or in the event that said office becomes vacant, the duly appointed Acting Director until the date of appointment of the Director, and any such deputy directors or other officers or employees of the Environmental Protection Agency of the State of Ohio authorized by or pursuant to a writing of the Director of Environmental Protection to perform the act or sign the document in question.

“Drinking Water Assistance Fund” means the Drinking Water Assistance Fund created pursuant to Section 6109.22 of the Ohio Revised Code and held and maintained in accordance with the DWAF Trust Agreement.

“Drinking Water Assistance Fund Trustee” means The Huntington National Bank, and any successor trustee as designated under or pursuant to the DWAF Trust Agreement.

“DWAF Trust Agreement” means the Second Amended and Restated Drinking Water Assistance Fund Trust Agreement, dated as of August 3, 2016, among the Authority, the Director and the Drinking Water Assistance Fund Trustee, as the same may be further amended and supplemented from time to time in accordance with its terms.

“DWAF General Bond Resolution” means the means the resolution providing for the issuance of DWAF Bonds from time to time and approving the Agreement and related matters, as it may be further amended or supplemented from time to time.

“DWAF Loan Agreement” means an agreement among the Authority, the Director and an Eligible Borrower participating in the Drinking Water Assistance Fund Program under which the Director agrees to lend money to the Eligible Borrower for its Project and the Eligible Borrower agrees to repay the loan.

“DWAF Loan Repayments” means the payments of principal of and interest on DWAF Loans.

“DWAF Loans” means (i) the loans to Governmental Agencies identified on Exhibit B to the Trust Agreement, funded from the Water Supply Revolving Loan Account of the Drinking Water Assistance Fund pursuant to DWAF Loan Agreements entered into prior to the date of the Trust Agreement; and (ii) all loans to Governmental Agencies funded from the Water Supply Revolving Loan Account of the Drinking Water Assistance Fund pursuant to the DWAF Loan Agreements entered into from and after the date of the Trust Agreement; provided, however, that (a) any loan described in clauses (i) or (ii) hereof shall cease to be a DWAF Loan in the event and from the time that all conditions set forth in the DWAF General Bond Resolution for the removal of such loan from the DWAF Loans for purposes of the Trust Agreement shall have been met, and (b) only that portion of a Principal Forgiveness Loan that is required by the applicable DWAF Loan Agreement to be repaid (i.e., the repayment of which is not forgiven) shall constitute a DWAF Loan.

“DWAF Notice of Required Investment” means the notice of that name that the Trust Agreement requires the Trustee to deliver under the circumstances described therein, a form of which is attached to the Trust Agreement as Exhibit A.

“DWAF Support Obligations” means the obligations of that name that the DWAF General Bond Resolution requires the Authority to issue under the circumstances and on terms specified therein.

“Eighth Supplemental Trust Agreement” means the Eighth Supplemental Trust Agreement, dated as of December 5, 2019, supplementing the Trust Agreement, as the same may be amended or supplemented.

“Eligible Investments” means and includes any of the following, if and to the extent the same are at the same time legal for the investment of the Authority’s money:

- (i) Governmental Obligations and Government Certificates.
- (ii) Obligations issued, guaranteed or collateralized by any of the following:
 - (a) Federal Home Loan Bank System,
 - (b) Export-Import Bank of the United States,
 - (c) Federal Financing Bank,
 - (d) Government National Mortgage Association,
 - (e) Farmers Home Administration,
 - (f) Federal Home Loan Mortgage Company,
 - (g) Federal Housing Administration,
 - (h) Private Export Funding Corporation,
 - (i) Federal National Mortgage Association,
 - (j) Federal Farm Credit Bank, and
 - (k) Resolution Trust Corporation,

or any indebtedness issued or guaranteed by any instrumentality or agency of the United States.

(iii) Pre-refunded municipal obligations rated in the highest rating category by at least Moody’s and S&P and meeting the following conditions:

- (a) (1) such obligations are not to be redeemed prior to maturity or the Trustee has been given irrevocable instructions concerning their call for redemption, and (2) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
 - (b) such obligations are secured by Government Obligations or Government Certificates that may be applied only to interest, principal, and premium payments on such obligations;
 - (c) the principal of and interest on such Government Obligations or Government Certificates (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations;
 - (d) the Government Obligations or Government Certificates serving as security for the obligations are held by an escrow agent or trustee; and
 - (e) such Government Obligations or Government Certificates are not available to satisfy any other claims, including those against the trustee or escrow agent.
- (iv) Direct and general long-term obligations of any state of the United States of America or the District of Columbia, to the payment of which the full faith and credit of such state of the United States of America or the District of Columbia is pledged and that are rated in any of the three highest rating categories by at least Moody’s and S&P.
- (v) Direct and general short-term obligations of any state of the United States of America or the District of Columbia, to the payment of which the full faith and credit of such state is pledged and that are rated in the two highest rating categories by at least Moody’s and S&P.

(vi) Certificates of deposit, savings accounts, or deposit accounts with, or depository receipts of commercial banks, national banking associations, mutual savings banks, savings and loan associations or trust companies that are members of the Federal Deposit Insurance Corporation ("FDIC"). Such certificates, accounts or receipts must be (a) continuously and fully insured by FDIC, (b) if they have a maturity of one year or less, with or of such institutions that are rated in one of the two highest short term rating categories by at least Moody's and S&P, (c) if they have a maturity longer than one year, with Moody's and S&P, or (d) fully secured by Government Obligations and Government Certificates. Such Government Obligations and Government Certificates must have a market value at all times at least equal to the principal amount of the deposits or interests. The Government Obligations and Government Certificates must be held by a third party (who shall not be the provider of the collateral), or by any Federal Reserve Bank or depository, as custodian for the institution issuing the deposits or interests. Such third party shall have a perfected first lien in the Government Obligations and Government Certificates serving as collateral, and such collateral is to be free from all other third party liens.

(vii) Eurodollar time deposits issued by a bank with a deposit rating in one of the top two short-term credit rating categories by at least Moody's and S&P.

(viii) Repurchase agreements, (a) the maturities of which are 30 days or less or (b) the maturities of which are longer than 30 days and not longer than one year, provided the collateral subject to such agreements are marked to market daily, and in either case are entered into with financial institutions such as banks or trust companies organized under state law or national banking associations, insurance companies, or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York, and a member of the Securities Investors Protection Corporation, or with a dealer or parent holding company that is rated investment grade by at least Moody's and S&P. The repurchase agreement shall be in respect of Government Obligations and Government Certificates or obligations described in paragraph (ii) of this definition. The repurchase agreement securities and, to the extent necessary, Government Obligations and Government Certificates or obligations described in paragraph (ii), exclusive of accrued interest, shall be maintained in an amount equal to at least 103% of the amount invested in the repurchase agreements. In addition, the provisions of the repurchase agreement shall meet the following additional criteria:

(1) the third party (who shall not be the provider of the collateral) has the possession of the repurchase agreement securities and the collateral securities;

(2) failure to maintain the requisite collateral levels will require the third party having possession of the collateral securities to liquidate the securities immediately; and

(3) the third party having possession of the collateral securities has a perfected, first priority security interest in them.

(ix) Public housing bonds issued by public agencies. Such bonds must be: fully secured by a pledge of annual contributions under a contract with the United States of America; temporary notes, preliminary loan notes, or project notes secured by a requisition or payment agreement with the United States of America; or obligations of a state, public agency, or municipality rated in the highest credit rating category by at least Moody's and S&P.

(x) Money market accounts of any state or federal bank, or bank whose holding parent company is, rated in one of the top two short-term or top three long-term rating categories by at least Moody's and S&P, including money market mutual funds of a registered investment company for which the Trustee or an affiliate provides services and receives a fee.

(xi) Investment agreements, the issuer of which is rated in the highest rating categories, by at least Moody's and S&P.

(xii) Any debt or fixed income security, the issuer of which is rated in the highest rating categories by at least Moody's and S&P.

(xiii) STAR Ohio, the Ohio Subdivisions' Investment Fund created and administered by the Treasurer of the State of Ohio pursuant to Section 135.45 of the Ohio Revised Code.

Notwithstanding the foregoing, the Trust Agreement or any Supplemental Agreement may provide that any obligations (other than Government Obligations or Government Certificates) otherwise constituting Eligible Investments shall not constitute Eligible Investments for all or any portion of the moneys on deposit in any one or more Special Funds if the officers of the Authority executing the Trust Agreement or such Supplemental Agreement on behalf of the Authority determine that such provision is necessary in order to enhance the perceived creditworthiness of any DWAF Bonds (which determination shall be conclusively evidenced by the execution of such official or officials of the Trust Agreement or Supplemental Agreement containing such provision). The value of the above investments shall be determined as provided in "Value" below.

"Encumbered Balance in the DWAF Bond Subfund" means the moneys at any time on deposit in the DWAF Bond Subfund that are encumbered on the Authority's accounting records to fulfill the Authority's obligations under DWAF Loan Agreements.

"Encumbered Balance in the Net Bond Proceeds Fund" means the moneys at any time on deposit in the Net Bond Proceeds Fund that are encumbered on the Authority's accounting records to fulfill the Authority's obligations under DWAF Loan Agreements.

"Encumbered Balance in the Capitalization Grant Subfund" means the moneys at any time on deposit in the Capitalization Grant Subfund that are encumbered on the Authority's accounting records to fulfill the Authority's obligations under the DWAF Loan Agreements.

"Encumbered Funds" means the moneys at any time on deposit in a fund, account, or subaccount that are encumbered on the Authority's accounting records to fulfill the Authority's obligations under the DWAF Loan Agreements.

"Escrow Securities" means: (i) Government Certificates and Government Obligations; and (ii) Eligible Investments of the character described in clauses (i), (ii) and (iv) of the definition of "Eligible Investments"; provided, however, that obligations of the character described in clauses (i), (ii) and (iv) of the definition of "Eligible Investments" shall constitute Escrow Securities only if such obligations shall not be subject to redemption prior to their stated maturities or irrevocable redemption date other than at the option of the holder thereof, except that obligations of the character described in clause (i) of the definition of "Eligible Investments" that are subject to redemption prior to their stated maturity at the option of the issuer thereof on a specified date or dates shall constitute Escrow Securities if the conditions to their constituting Escrow Securities set forth in the Trust Agreements are met.

"Excess Earnings" means, with respect to each series of the DWAF Bonds, an amount equal to the sum of (i) the excess of: (a) the aggregate amount earned from the date of issuance of such series of DWAF Bonds on all nonpurpose investments in which gross proceeds of such series of DWAF Bonds are invested (other than investments attributable to an excess described in this clause), over (b) the amount that would have been earned if such nonpurpose investments were invested at a rate equal to the yield on such series of DWAF Bonds, and (ii) any income attributable to any excess described in clause (i). Excess Earnings shall be determined in accordance with Section 148(f) of the Code and the applicable Treasury Regulations (final, temporary or purposed) thereunder. As used in this definition of Excess Earnings, the terms "gross proceeds", "nonpurpose investments" and "yield" have the meanings assigned to them for purposes of Section 148 of the Code.

"Executive Director" means the Executive Director of the Authority, or, in the event that said office becomes vacant and an Executive Director has not been appointed by the Authority, the Acting Executive Director of the Authority duly appointed by the Authority until the date of the appointment of the Executive Director of the

Authority, and such deputy directors or other officers or employees of the Authority authorized by or pursuant to a writing of the Executive Director to perform the act or sign the document in question.

“Federal Capitalization Grants” means capitalization grants authorized in Section 1452 of the Safe Water Drinking Act and awarded to the State.

“Fifth Supplemental Trust Agreement” means the Fifth Supplemental Trust Agreement, dated as of August 31, 2018, supplementing the Trust Agreement, as the same may be amended or supplemented.

“Financial Advisor” means Public Financial Management, Inc. or any other firm or person (other than an employee or member of the Authority) with demonstrated expertise in matters of public finance, designated or engaged by the Authority to serve as its financial advisor with regard to (among other things) the structuring and sale of the Authority’s debt obligations.

“First Supplemental Trust Agreement” means the First Supplemental Trust Agreement, dated as of August 3, 2016, supplementing the Trust Agreement, as the same may be amended or supplemented.

“Fiscal Officer” means the Chief Financial Officer/Assistant Executive Director of the Authority, or such officer as shall succeed to the fiscal responsibilities of the Chief Operating Officer.

“Fourth Supplemental Trust Agreement” means the Fourth Supplemental Trust Agreement, dated as of June 1, 2018, supplementing the Trust Agreement, as the same may be amended or supplemented.

“Government Certificates” means (in the case of Government Obligations) evidences of ownership of proportionate interest in future interest or principal payments of Government Obligations, including depository receipts thereof. Investments in such proportionate interest must be limited to circumstances wherein (i) a bank or trust company acts as custodian and holds the underlying Government Obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (iii) the underlying Government Obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian or any person to whom the custodian may be obligated.

“Government Obligations” means direct and general obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Governmental Agency” or “Governmental Agencies” means a governmental agency or governmental agencies as defined in paragraph (B) of Section 6121.01 of the Ohio Revised Code eligible to receive financial assistance pursuant to Section 6109.22 of the Ohio Revised Code.

“Governmental Loan” means any loan made under the Drinking Water Assistance Fund Program to a governmental agency.

“Governmental Loan Repayments” means the payments of the principal of and interest on Governmental Loans.

“Gross Proceeds” means, with respect to any series of DWAF Bonds, “gross proceeds” as such term is used in Section 148 of the Code and the regulations applicable thereunder.

“Holder” means the Person in whose name a DWAF Bond is registered on the Register, except that with respect to a DWAF Bond with a maturity of one year or less payable to or registered to bearer, “Holder” shall mean the bearer of such DWAF Bond.

“Interest Fund” means the Drinking Water Assistance Interest Fund established under the DWAF Trust Agreement.

“Interest Payment Date” means, as to each series of DWAF Bonds, each June 1 and December 1, designated as an Interest Payment Date or a date on which interest on any DWAF Bond of such series is due and payable in or pursuant to the applicable Series Resolution.

“Interest Rate Hedge Agreement” means an interest rate swap, an interest rate cap or other such arrangement obtained with the goal of lowering the effective interest rate to the Authority on DWAF Bonds or hedging the exposure of the Authority with respect to its obligations on the DWAF Bonds against fluctuations in prevailing interest rates.

“Leverage Bond Trust Agreement” means the Trust Agreement dated as of May 1, 2002 by and among the Authority, the Director, and the Leverage Bond Trustee, as amended and supplemented, securing the Leverage Bonds.

“Leverage Bond Trustee” means U.S. Bank National Association, and any successor trustee as designated under or pursuant to the Leverage Bond Trust Agreement.

“Leveraged Portion” means the portion of any series of DWAF Bonds designated as such pursuant to the DWAF General Bond Resolution and each Series Allocation Certificate.

“Mail” or “mailed” or “mailing” means sending by first class mail, postage prepaid.

“Moody’s” means Moody’s Investors Service, Inc.

“Net Bond Proceeds Fund” means the DWAF Series Net Bond Proceeds Fund created in the DWAF General Bond Resolution and any subfunds thereof and accounts of such subfunds created pursuant to any Series Resolution, including a State Match Portion Account and a Leveraged Portion Account.

“Ninth Supplemental Trust Agreement” means the Ninth Supplemental Trust Agreement, dated as of March 24, 2021, supplementing the Trust Agreement, as the same may be amended or supplemented.

“Non-governmental Loan” means any loan made under the Drinking Water Assistance Fund Program to a person other than a governmental agency.

“Non-governmental Loan Repayments” means the payments of the principal of and interest on Non-governmental Loans.

“Non-qualified Loan” means, at any time, any DWAF Loan on which the Governmental Agency that is a party thereto has failed to make a payment of principal or interest at the time and in the amount required, which failure has continued for more than two months and remains uncured.

“OEPA” means the Ohio Environmental Protection Agency.

“Original Purchasers” means, as to any series of DWAF Bonds, the Person or Persons identified as the purchaser or purchasers in or pursuant to the applicable Series Resolution.

“Other Projects Fund” means the Other Projects Fund in the Drinking Water Assistance Fund created pursuant to the DWAF Trust Agreement.

“Paying Agent” means the Trustee and any bank or trust company designated as a Paying Agent by or in accordance with the Trust Agreement.

“Paying Agents” means the Trustee, the State Match Trustee and any bank or trust company designated as a Paying Agent by or in accordance with either Trust Agreement.

“Payment Obligations” means any amounts other than Bond Service Charges to be paid to any provider of a Credit Facility or of an Interest Rate Hedge Agreement.

“Person” or words importing person means firms, associates, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, Governmental Agencies, other legal entities and natural persons.

“Pledged Revenues” means (i) the Net Revenues, (ii) the Special Funds, the moneys that may at any time be on deposit in the Special Funds and the income and profit from the investment thereof (except the Encumbered Balance in the Net Bond Proceeds Fund, the Encumbered Balance in the DWAF Bond Subfund, the Encumbered Balance in the Capitalization Grant Subfund, any Credit Facility Proceeds and any amounts required to be rebated to the United States of America under any applicable federal income tax law), (iii) the Surplus Fund, on a subordinate basis to any outstanding Leverage Bonds, and (iv) any other funds and moneys that may be subjected to the pledge of the Agreement by subsequent action of the Authority with the consent of the Director. Credit Facility Proceeds may be pledged to the payment of Bond Service Charges on any one or more series of Bonds to which such Credit Facility applies.

“Principal Forgiveness Loan” means a loan made under a DWAF Loan Agreement that obligates the Governmental Agency that is a party thereto to repay less than all of the principal amount thereof and under which the Authority and the Director forgive the repayment of the balance of the principal.

“Principal Fund” means the Drinking Water Assistance Fund Principal Fund in the Drinking Water Assistance Fund established under the DWAF Trust Agreement.

“Principal Retirement Date” means, as to each series of DWAF Bonds, each date designated as a Principal Retirement Date or a date on which principal of any DWAF Bond of such series is due and payable, whether at maturity or due to mandatory sinking fund requirement, in or pursuant to the applicable Series Resolution.

“Project” means a project or activity qualifying for financial assistance under Section 6109.22 of the Ohio Revised Code and shall be identified by the Governmental Agency or Governmental Agencies involved and the date of the DWAF Loan Agreement relating thereto, and in the case of a Non-governmental Loan, by reference to the borrower and the date of the loan agreement applicable thereto).

“Project Loan Rate” means, at the time of determination, the standard rate (i.e., the rate that applies prior to any discounts or other reductions) at which the Authority and the Director make loans from the Drinking Water Assistance Fund to Governmental Agencies for Projects.

“Projected Payments” means the estimated payments, as determined by the Authority with the assistance of the Director, representing estimated principal or interest, as applicable, to be received by the Authority on the DWAF Loans.

“Qualified Reserve Credit Facility” means a Credit Facility issued or guaranteed by an entity rated “AAA,” “Aaa” or the equivalent by all Rating Agencies, which Credit Facility permits the Trustees to draw thereon at any time that the Trust Agreements require the Trustees to withdraw moneys from the Debt Service Reserve Fund, and which Credit Facility does not expire until the portion of the Required Reserve Fund Balance funded by such Credit Facility is no longer required to be funded thereby, either because all the DWAF Bonds to which such portion relates shall have ceased to be outstanding or because cash and investments and other Qualified Reserve Credit Facilities shall have been deposited in the Debt Service Reserve Fund or with an aggregate Value at least equal to the Required Reserve Fund Balance.

“Rating Agencies” or “Rating Services” means Moody’s, S&P, Fitch Ratings and their respective successors and assigns.

“Rebate Fund” means the DWAF Bond Series Rebate Fund created in the DWAF General Bond Resolution and any subfunds thereof and accounts of such subfunds created pursuant to any Series Resolution.

“Register” means the books kept and maintained by the Registrar for registration and transfer of fully registered DWAF Bonds pursuant to the Trust Agreement.

“Registrar” means U.S. Bank National Association, Columbus, Ohio, the Trustee, unless and until a successor Registrar shall succeed as Registrar pursuant to the applicable provisions of the Trust Agreement. The Registrar shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934.

“Reimbursement Agreement” means, with respect to a series of DWAF Bonds, any agreement or agreements between two or more Credit Facility providers and the Authority under or pursuant to which a Credit Facility for such series of DWAF Bonds is issued or provided and which sets forth the respective obligations of the Authority and of the Credit Facility provider or providers.

“Remarketing Agent” means the Remarketing Agent as defined and appointed in a Supplemental Agreement applicable to a series of DWAF Bonds.

“Required Reserve Fund Balance” means, a fund balance, which may be zero, in the Debt Service Reserve Fund for each series of DWAF Bonds, as required by a Series Resolution related to a specific series of DWAF Bonds. The Required Reserve Fund Balance may differ between the State Match Portion and Leveraged Portion of each series of DWAF Bonds. For purposes of determining the Required Reserve Fund Balance, Bond Service Charges shall be computed in accordance with the DWAF General Bond Resolution with respect to the categories of DWAF Bonds covered by that Section.

“Revenues” means (i) all payments of interest made on all future DWAF Loans that are dated after the issuance of the first series of DWAF Bonds, (ii) all payments of principal made on all existing and future DWAF Loans and payable to the Authority, (iii) all Additional Pledged Loan Repayments, (iv) all income and profit from the investment and reinvestment of such payments, and (v) all Direct Payments received by the Authority relating to Leverage Bonds or DWAF Bonds.

“S&P” means S&P Global Ratings, a division of S&P Global, Inc.

“Safe Drinking Water Act” means Section 1452 of the federal Safe Drinking Water Act, as amended.

“Second Supplemental Trust Agreement” means the Second Supplemental Trust Agreement, dated as of October 1, 2017, supplementing the Trust Agreement, as the same may be amended or supplemented.

“Series Allocation Certificate” means the certificate of the Executive Director related to a series of DWAF Bonds in which the Executive Director determines the State Match Portion and Leveraged Portion for that series of DWAF Bonds, and sets the Required Reserve Fund Balance(s).

“Series Resolution” means a resolution of the Authority authorizing the issuance of DWAF Bonds in accordance with the DWAF General Bond Resolution and the Trust Agreement, and includes any resolution, and any certificate authorized by any resolution, providing for the award and terms of the DWAF Bonds, authorized by such Series Resolutions.

“Set-Aside Account” means the Set-Aside Account in the Drinking Water Assistance Fund created by DWAF Trust Agreement.

“Seventh Supplemental Trust Agreement” means the Seventh Supplemental Trust Agreement, dated as of August 1, 2019, supplementing the Trust Agreement, as the same may be amended or supplemented.

“Sixth Supplemental Trust Agreement” means the Sixth Supplemental Trust Agreement, dated as of July 23, 2019, supplementing the Trust Agreement, as the same may be amended or supplemented.

“Special Funds” means, collectively, the Debt Service Fund, the Debt Service Reserve Fund (but only to the extent a specific series of DWAF Bonds is secured by a Required Reserve Fund Balance), the Net Bond Proceeds Fund, the DWAF Bond Subfund and the Capitalization Grant Subfund (except the Encumbered Balance in the Net Bond Proceeds Fund, the Encumbered Balance in the DWAF Bond Subfund, the Encumbered Balance in the Capitalization Grant Subfund, any Credit Facility Proceeds and any amounts required to be rebated to the United States of America under any applicable federal income tax law).

“State” means the State of Ohio.

“State Match Bond Trust Agreement” means the Trust Agreement, dated as of May 1, 2002, among the Authority, the Director, and U.S. Bank National Association, as successor Trustee.

“State Match Portion” means the portion of any series of DWAF Bonds designated as such pursuant to Section 3(e) hereof and each Series Allocation Certificate.

“State Match Senior Revenues” means those revenues as described in the DWAF General Bond Resolution.

“State Match Trust Agreement” means the Trust Agreement, dated as of May 1, 2002, among the Authority, the Director and the State Match Trustee securing the State Match Bonds, as the same has been supplemented and amended from time to time.

“Supplemental Agreement” means any one or more of the supplemental trust agreements entered into pursuant to Article VII of a Trust Agreement, and includes, where set forth therein, the applicable Series Resolution.

“Surplus Fund” means the Surplus Fund established pursuant to the DWAF Trust Agreement.

“Tender Agent” means any Person appointed in a Supplemental Agreement applicable to a series of DWAF Bonds.

“Tender Bond” shall mean any DWAF Bond, a feature of which is an option or obligation on the part of the Holders thereof to tender all or a portion of such DWAF Bond to the Trustee for purchase or redemption prior to the stated maturity date of such DWAF Bond, which may include Variable Rate Bonds with such a feature.

“Third Supplemental Trust Agreement” means the Third Supplemental Trust Agreement, dated as of April 30, 2018, supplementing the Trust Agreement, as the same may be amended or supplemented.

“Trustee” means U.S. Bank National Association, Columbus, Ohio, and any successor Trustee designated as such pursuant to the Trust Agreement.

“Value” with respect to an investment held in or credited to any Special Fund, means (i) as of any date of determination, the lesser of the original cost of such investment or the fair market value thereof as of such date of determination, except that for the purpose of complying with the provisions of Section 148 of the Code and the regulations applicable thereunder, “Value” shall be determined as required by such Section 148 and regulations, and (ii) with respect to a Qualified Reserve Credit Facility, the amount permitted to be drawn thereunder.

“Variable Rate Bond” means any DWAF Bond not bearing interest throughout its term at a fixed interest rate, but rather at a rate that varies from time to time based upon a formula or other method of determination set forth in the applicable Series Resolution; provided, however, that if any DWAF Bond is issued in conjunction with another DWAF Bond that bears interest at a rate that is, at all times, the balance remaining after the subtraction of the rate of interest on the other DWAF Bond from a constant, with the result that the rate of interest paid by the Authority on the two DWAF Bonds is, and must at all times be, fixed, then neither of such conjoined DWAF Bonds shall be treated as a Variable Rate Bond for purposes of the Agreement, but rather such DWAF Bonds shall be treated together as a fixed rate DWAF Bond.

“Water Pollution Control Loan Fund” means the Water Pollution Control Loan Fund created pursuant to Section 6111.036 of the Ohio Revised Code and held and maintained in accordance with the WPCLF Trust Agreement.

"WPCLF Bond Trust Agreement" means the WPCLF Bond Trust Agreement, dated May 1, 2014, among the Authority, the Director, and the WPCLF Bond Trustee.

“WPCLF Surplus Interest Account” means the Surplus Interest Account established under the WPCLF Trust Agreement.

“WPCLF Surplus Principal Account” means the Surplus Principal Account established under the WPCLF Trust Agreement.

“WPCLF Trust Agreement” means the Second Amended and Restated Water Pollution Control Loan Fund Trust Agreement, dated as of May 1, 2014, among The Huntington National Bank, the Authority and the Director.

“WPCLF Trustee” means The Huntington National Bank or any successor as so designated, as Trustee under the WPCLF Trust Agreement.

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

The following is a summary of certain provisions of the Trust Agreement. The summary does not purport to be a complete description of the Trust Agreement and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Trust Agreement, copies of which are available upon request to the Authority.

The Series 2021A DWAF Bonds are being issued pursuant to and secured by the Trust Agreement among the Authority, the Director and the Trustee, which includes the DWAF General Bond Resolution. The Series Resolution authorizing the Series 2021A DWAF Bonds will be incorporated in and will constitute part of the Ninth Supplemental Agreement.

In connection with the Drinking Water Assistance Fund Program, the Authority and the Director have entered into or will enter into three (3) separate trust agreements: (1) The Second Amended and Restated Drinking Water Assistance Fund Trust Agreement (the “Drinking Water Assistance Fund Trust Agreement”) among the Authority, the Director and The Huntington National Bank, Columbus, Ohio, as Drinking Water Assistance Fund Trustee; (2) The Leverage Bond Trust Agreement, as amended and supplemented including by the Thirteenth Supplemental Agreement (together the “Leverage Bond Trust Agreement”), among the Authority, the Director and U.S. Bank National Association, Columbus, Ohio, as successor Trustee to National City Bank; and (3) The Drinking Water Assistance Fund Bond Trust Agreement among the Authority, the Director and U.S. Bank National Association, as Drinking Water Assistance Fund Bond Trustee, as amended and supplemented including by the Ninth Supplemental Agreement (together, the “Trust Agreement”).

The Trust Agreement refers to certain sections of the Drinking Water Assistance Fund Trust Agreement that create and order maintained in the custody of the Drinking Water Assistance Fund Trustee various subfunds of the Drinking Water Assistance Fund, including, but not limited to, the “Drinking Water Assistance Fund DWAF Bond Subfund,” into which from time to time will be transferred the portion of the proceeds of DWAF Bonds, Revenues, and Pledged Revenues required to be transferred thereto.

Establishment, Application and Investment of the Drinking Water Assistance Fund

The following is a summary of certain provisions of the DWAF Trust Agreement. The summary does not purport to be a complete description of the DWAF Trust Agreement and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the DWAF Trust Agreement, copies of which are available upon request to the Authority.

Pursuant to the DWAF Trust Agreement, the Director and the Authority have created and ordered maintained in the custody of the DWAF Trustee the following funds, subfunds and accounts:

- Clearing Account
 - Capitalization Grant Subaccount
 - DWAF Leverage Subfund
 - DWAF Subfund, including the Leveraged Portion Account, and the State Match Portion Account therein, and the DWAF Leverage Subfund therein
- DWAF Loan Repayments Fund
 - Principal Account (which includes the Additional Pledged Loan Interest Subaccount)
 - Interest Account
 - Administrative Account
- Non-governmental Loan Repayments Fund
- Depledged Loan Repayments Fund
- Surplus Fund

- Principal Account
 - Interest Account
- Other Projects Fund
 - Surplus Interest Account
 - Surplus Principal Account

All of the Funds, Accounts and Subaccounts listed above, collectively constitute the Water Supply Revolving Loan Account for purposes of the Act. The Clearing Account, the DWAF Loan Repayments Fund, the Non-governmental Loan Repayments Fund, the Depledged Loan Repayments Fund, the Surplus Fund, and the Other Projects Fund and all amounts therein shall be, and shall be deemed to be, held and maintained by the DWAF Trustee as parts of the Drinking Water Assistance Fund for all purposes of State and Federal law. The Debt Service Fund, the Debt Service Reserve Fund and the Net Bond Proceeds Fund created under the DWAF Leverage Bond Trust Agreement shall be, and shall be deemed to be, held and maintained by the DWAF Leverage Bond Trustee as parts of the Drinking Water Assistance Fund for all purposes of State and Federal law. The Debt Service Fund and the State Match Portion Account and Leveraged Portion Account therein, the Debt Service Reserve Fund and the Restricted Reserve Account and the Unrestricted Reserve Account therein, and the Net Bond Proceeds Fund and the Leveraged Portion Account and State Match Portion Account therein, all created under the DWAF Bond Trust Agreement shall be, and shall be deemed to be, held and maintained by the DWAF Bond Trustee as parts of the Drinking Water Assistance Fund for all purposes of State and Federal law. The Capitalization Grant Subfund, the DWAF Subfund, and the DWAF Leverage Subfund and all amounts therein shall be, and shall be deemed to be, held and maintained by the DWAF Trustee as parts of the Clearing Account for all purposes of State and Federal law.

The complete designation of the Clearing Account, the DWAF Loan Repayments Fund, the Non-governmental Loan Repayments Fund, the Depledged Loan Repayments Fund, the Surplus Fund, and the Other Projects Fund shall consist of the words “Drinking Water Assistance Fund” preceding the name of each such account or fund. The complete designation of the Capitalization Grant Subfund, the DWAF Subfund and the DWAF Leverage Subfund shall consist of the words “Drinking Water Assistance Fund” preceding the name of each such subfund.

In addition to the foregoing funds and subfunds, the DWAF Trustee shall create such other funds, subfunds, accounts within subfunds, and subaccounts within accounts, as may be necessary or desirable in its judgment or as the Executive Director shall direct, for the purpose of accounting for moneys deposited with and disbursed by the DWAF Trustee or for the segregation of moneys and investments as necessary under the terms of the Drinking Water Assistance Fund Trust Agreement.

To the extent required by the Drinking Water Assistance Fund Trust Agreement or required in writing by the Executive Director with the consent of the Director, the DWAF Trustee shall maintain the amounts in any fund, subfund, account or subaccount created pursuant the Drinking Water Assistance Fund Trust Agreement separate and apart from any other funds, subfunds, accounts or subaccounts, and without commingling or pooling the same for purposes of investment or otherwise.

Moneys in the Interest Account of the DWAF Loan Repayments Fund are “Revenues” and “Pledged Revenues” under the DWAF Bond Trust Agreement and are subject to the lien and pledge thereof. Moneys in the Principal Account of the DWAF Loan Repayments Fund and the Surplus Fund are “Revenues” and “Pledged Revenues” under Trust Agreement and the Leverage Bond Trust Agreement and are subject to the lien and pledge thereof. In the event of any inconsistency between the provisions of the Drinking Water Assistance Fund Trust Agreement and the provisions of the Trust Agreement or the Leverage Bond Trust Agreement with respect to the permitted or required application or disposition of such moneys, the provisions of the Trust Agreement or Leverage Bond Trust Agreement, as the case may be, shall prevail.

Establishment, Maintenance and Application of Special Funds, the Net Bond Proceeds Fund and the Cost of Issuance Fund

Pursuant to the Trust Agreement, there are created by the Authority and ordered maintained in the custody of the Trustee the following trust funds: (a) the DWAF Bond Series Net Bond Proceeds Fund and therein a Leveraged Portion Account, and a State Match Portion Account, (b) the DWAF Bond Series Debt Service Fund, and

therein a Leveraged Portion Account and a State Match Portion Account, (c) the DWAF Bond Series Debt Service Reserve Fund, and therein a Restricted Reserve Account and an Unrestricted Reserve Account, and (d) the DWAF Bond Series Costs of Issuance Fund. Notwithstanding the Trustee's custody of the Debt Service Fund, the Debt Service Reserve Fund and the Net Bond Proceeds Fund and notwithstanding anything else in the DWAF General Bond Resolution or in the Trust Agreement to the contrary, the Debt Service Fund, the Debt Service Reserve Fund and the Net Bond Proceeds Fund shall for all purposes of the Safe Drinking Water Act be deemed to be part of the Drinking Water Assistance Fund and subject to all applicable requirements and restrictions imposed on the Drinking Water Assistance Fund by the Safe Drinking Water Act and by the regulations promulgated thereunder. Each Series Resolution pursuant to which a series of DWAF Bonds is issued shall establish within the Net Bond Proceeds Fund, Debt Service Fund and the Debt Service Reserve Fund, one or more separate subfunds relating to that series of DWAF Bonds, and relating to the Leveraged Portion and State Match Portion of that series of DWAF Bonds. Each Series Resolution may establish such accounts within any subfund of the Debt Service Fund and the Debt Service Reserve Fund as the Authority deems necessary for the purpose of segregating for any reason moneys to be deposited in any such subfund, and if such accounts are established, such Series Resolution shall contain provisions for the maintenance and use of such accounts. Each Series Resolution shall establish within the Net Bond Proceeds Fund a separate subfund into which shall be deposited the Net Bond Proceeds of the Series of DWAF Bonds issued under such Series Resolution. Each Series Resolution shall establish within the Costs of Issuance Fund a separate subfund into which shall be deposited that portion of the proceeds of the series of DWAF Bonds issued under such Series Resolution to be used to pay Costs of Issuance of such series of DWAF Bonds. The Net Bond Proceeds Fund, the Debt Service Fund, the Debt Service Reserve Fund and the Costs of Issuance Fund shall be maintained in accordance with the following provisions:

(a)(i) The State Match Portion Account of the Debt Service Fund and the moneys and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Service Charges on the State Match Portion of any outstanding DWAF Bonds as they become due, as provided herein. If after making any allocation of Revenues in accordance with Section 10 hereof, the Trustee determines that the amount in the State Match Portion Account of the Debt Service Fund is less than the amount of the Bond Service Charges then due on the State Match Portion of any then outstanding DWAF Bonds, the Trustee shall transfer or cause to be transferred to the State Match Portion Account of the Debt Service Fund amounts from the following funds or accounts in the following order to the extent necessary to make good such deficiency or deficiencies:

1. the Interest Account of the DWAF Loan Repayments Fund;
2. the Interest Account of the Surplus Fund, to the extent not needed to pay debt service on Leverage Bonds;
3. the State Match Portion Account of the Net Bond Proceeds Fund, except for the Encumbered Balance in the Net Bond Proceeds Fund;
4. the State Match Portion Account of the DWAF Bond Subfund, except for the Encumbered Balance in the DWAF Bond Subfund; and
5. the Restricted Account of the Debt Service Reserve Fund, to the extent a State Match Portion Account of the particular series of DWAF Bonds is secured by a Required Reserve Fund Balance.

(ii) The Leveraged Portion Account of the Debt Service Fund and the moneys and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Service Charges on the Leveraged Portion of any outstanding DWAF Bonds as they become due, as provided herein. If after making any allocation of Revenues in accordance with Section 10 hereof, the Trustee determines that the amount in the Debt Service Fund is less than the amount of the Bond Service Charges then due on the Leveraged Portion of any then outstanding DWAF Bonds, the Trustee shall transfer or cause to be transferred to the Debt Service Fund amounts from the following funds or accounts in the following order to the extent necessary to make good such deficiency or deficiencies:

1. the Surplus Fund, to the extent not needed to pay debt service on Leverage Bonds;
2. the Net Bond Proceeds Fund, except for the Encumbered Balance in the Net Bond Proceeds Fund;
3. the DWAF Bond Subfund, except for the Encumbered Balance in the DWAF Bond Subfund;

4. the Capitalization Grant Subfund, except for the Encumbered Balance in the Capitalization Grant Subfund;
5. the Interest Account of the DWAF Loan Repayments Fund, to the extent not needed to pay the Bond Service Charges on the State Match Portion of DWAF Bonds; and
6. the Debt Service Reserve Fund, to the extent a particular series of DWAF Bonds is secured by a Required Reserve Fund Balance.

The proceeds of any series of DWAF Bonds that constitute Capitalized Interest shall be deposited in a Capitalized Interest Account in the Debt Service Fund and applied to the payment of interest on the DWAF Bonds of that series until such Capitalized Interest has been fully expended.

(b) The Debt Service Reserve Fund and the moneys, Eligible Investments and Qualified Reserve Credit Facilities therein shall be used solely and exclusively for making the transfers from the Debt Service Reserve Fund to the Debt Service Fund for the payment of Bond Service Charges on DWAF Bonds that are secured by a Required Reserve Fund Balance, as they become due, as provided in the DWAF General Bond Resolution; provided, that only moneys in the Restricted Account of the Debt Service Reserve Fund may be transferred to the State Match Portion Account of the DWAF Bond Debt Service Fund. Prior to making the allocations of Revenues pursuant to the DWAF General Bond Resolution, the Trustee shall transfer all amounts from the Debt Service Reserve Fund to the Debt Service Fund that constitute interest income on Eligible Investments and that are in excess of the Required Reserve Fund Balance. If at any time the Value of the moneys, Eligible Investments and Qualified Reserve Credit Facilities on deposit in the Debt Service Reserve Fund is less than the Required Reserve Fund Balance, then the Trustee shall transfer or cause to be transferred to the Debt Service Reserve Fund amounts from the following funds in the following order to the extent necessary to make good such deficiency or deficiencies:

1. the Surplus Fund, to the extent not needed to pay debt service on Leverage Bonds; provided that only moneys in the Interest Account of the Surplus Fund may be transferred to the Restricted Account,
2. the Net Bond Proceeds Fund, except for the Encumbered Balance in the Net Bond Proceeds Fund; provided that only moneys in the State Match Portion Account of the Net Bond Proceeds Fund may be transferred to the Restricted Account, and
3. the DWAF Bond Subfund, except for the Encumbered Balance in the DWAF Bond Subfund; provided that only moneys in the State Match Portion Account of the DWAF Bond Subfund may be transferred to the Restricted Account.

If at any time the moneys on deposit in the Debt Service Reserve Fund together with those on deposit in the Debt Service Fund and available for the purpose shall be sufficient to retire in full all DWAF Bonds then outstanding on the next available redemption date, then the Trustee shall upon request of the Authority use such Debt Service Reserve Fund moneys together with such other moneys to accomplish such retirement.

The Trust Agreement provides that, in the event that, on the first day of any month that precedes a month in which an Interest Payment Date occurs, the combined balance on deposit in the Debt Service Fund and the Debt Service Reserve Fund is less than the amount of the Bond Service Charges and any amounts due to a provider of any Credit Facility payable on such Interest Payment Date, then the Trustee shall deliver to the Authority, the Director and the WPCLF Trustee a DWAF Notice of Required Investment, which shall specify the amount by which the Trustee expects the combined balance on deposit in the Debt Service Fund and the Debt Service Reserve Fund to be insufficient for purposes of payment of the Bond Service Charges and any amounts due to a provider of any Credit Facility payable on such Interest Payment Date, which shall be based on the assumption of no additional receipts to the Debt Service Fund or the Debt Service Reserve Fund prior to such Interest Payment Date. Upon receipt of a DWAF Notice of Required Investment, the Authority and the Director shall proceed to take all actions necessary and appropriate for the issuance of DWAF Support Obligations in a principal amount equal to the amount of the expected insufficiency specified in the DWAF Notice of Required Investment and, on or prior to the Business Day preceding the next Interest Payment Date, for the sale and delivery of those DWAF Support Obligations to the WPCLF Trustee as investments for moneys in the WPCLF Surplus Principal Account and the WPCLF Surplus Interest Account pursuant to the WPCLF Trust Agreement. In the event that the WPCLF Trustee notifies the Trustee that the total amount at the time available in the WPCLF Surplus Principal Account and the WPCLF Surplus Interest Account for investment in DWAF Support Obligations is less than the amount of the expected insufficiency

specified in the DWAF Notice of Required Investment, then the Trustee shall so notify the Authority and the Director, and they shall thereupon cause the DWAF Support Obligations to be issued in the amount that the WPCLF Trustee shall have notified the Trustee is available for investment in DWAF Support Obligations, and thereafter shall issue additional DWAF Support Obligations at any time that the WPCLF Trustee notifies the Trustee that additional moneys are available in the WPCLF Surplus Principal Account and the WPCLF Surplus Interest Account for investment in DWAF Support Obligations, until the elimination of the insufficiency that prompted the DWAF Notice of Required Investment.

In the event that, prior to such Interest Payment Date, the Authority causes other legally available funds to be deposited in the Debt Service Fund in sufficient amount to eliminate the expected insufficiency that prompted the DWAF Notice of Required Investment, then the Trustee shall so notify the Authority and the Director and rescind the DWAF Notice of Required Investment.

Upon the written direction and approval of the Executive Director, the Trustee shall pay from the subfund of the Costs of Issuance Fund established with respect to a series of DWAF Bonds to the parties set forth in such direction the amounts set forth therein representing Costs of Issuance of such series of DWAF Bonds. If, after the payment of all Costs of Issuance of such series of DWAF Bonds, moneys remain in such subfund of the Costs of Issuance Fund, then the Executive Director shall file a certificate with the Trustee stating that all Costs of Issuance of such series of DWAF Bonds have been paid and that no other Costs of Issuance are owing and payable from such subfund of the Costs of Issuance Fund. As soon as practicable after the filing with the Trustee of the certificate referred to in the previous sentence, and in any case not later than 180 days after the date that such DWAF Bonds are issued, any moneys remaining in such subfund of the Costs of Issuance Fund shall be transferred from such subfund to the Net Bond Proceeds Fund.

Upon the written direction and approval of the Executive Director from time to time, the Trustee shall pay from the Net Bond Proceeds Fund to the Drinking Water Assistance Fund Trustee the amounts set forth in such direction for deposit to the DWAF Bond Subfund.

To the extent that an amount is required to be paid to the United States of America under Section 148(f) of the Code with respect to moneys and investments held in the Net Bond Proceeds Fund, the Debt Service Fund, the Debt Service Reserve Fund and the Costs of Issuance Fund, or in any subfund or account therein, funds in such amount may be transferred by the Trustee, upon written direction of the Executive Director, from such Fund, subfund or account to the Rebate Fund.

The provisions in the Trust Agreement and described above with respect to the transfer of moneys in the Interest Account of the DWAF Loan Repayment Fund to the Debt Service Fund are subject to the conditions set forth in the DWAF Trust Agreement to the use of moneys in the Interest Account of the DWAF Loan Repayment Fund to pay Bond Service Charges on DWAF Bonds, which provides: if no other moneys in the Drinking Water Assistance Fund are available to make DWAF Loans, moneys in the Interest Account of the DWAF Loan Repayment Fund may be applied to make DWAF Loans or to pay Bond Service Charges on the Leveraged Portion of a series of DWAF Bonds; provided, however, that moneys in the Interest Account of the DWAF Loan Repayment Fund may not be used to make DWAF Loans or to pay Bond Service Charges on the Leveraged Portion of a series of DWAF Bonds unless (i) the amount on deposit in the State Match Portion Account of the Debt Service Fund of the applicable DWAF Bonds is then sufficient for the full payment of the Bond Service Charges payable on the State Match State Match Portion Account of the Debt Service Fund of the applicable DWAF Bonds on the next succeeding Interest Payment Date, (ii) the Required Reserve Fund Balance, as defined in the Drinking Water Assistance Fund Trust Agreement, is on deposit in the Restricted Account of the Debt Service Reserve Fund of the applicable series of DWAF Bonds, and (iii) no default by a Governmental Agency under a DWAF Loan Agreement has occurred that, unless cured, will necessitate the transfer of moneys then on deposit in the Interest Account of the DWAF Loan Repayment Fund (but not then needed to be transferred to the State Match Portion Account of the Debt Service Fund or the Restricted Account of the Debt Service Reserve Fund for the State Match Portion of the applicable series of DWAF Bonds during the ensuing 12 months).

Rebate Fund

There is created hereby and ordered maintained as a separate deposit account in the custody of the Trustee a fund to be designated the "DWAF Bond Series Rebate Fund" for the sole benefit of the United States of America. The Trustee shall deposit in the Rebate Fund all funds transferred from the Net Bond Proceeds Fund, the Debt Service Fund, the Debt Service Reserve Fund and the Costs of Issuance Fund pursuant to the DWAF General Bond Resolution and all Revenues received from the Drinking Water Assistance Fund Trustee for payment to the United States of America. Any provision of the DWAF General Bond Resolution notwithstanding, amounts credited to or deposited in such Rebate Fund shall not be subject to any lien under the Agreement, except that such amounts shall be applied as set forth in the DWAF General Bond Resolution, or to the claim of any other person, including without limitation any Holder or the Trustee for so long and only for so long as compliance with Section 148(f) of the Code shall be required with respect to the DWAF Bonds. To the extent and in the event the Rebate Fund is no longer so required, the same shall, notwithstanding any provisions of this DWAF General Bond Resolution or the Agreement to the contrary, be subject to the lien under the Agreement to the full extent and for all purposes thereof. Each Series Resolution shall establish a separate subfund within the Rebate Fund for each series of DWAF Bonds authorized by such Series Resolution. The Rebate Fund shall be maintained in accordance with Section 148 of the Code and the regulations applicable thereunder.

Investment of Special Funds, Net Bond Proceeds Fund and Rebate Fund

Moneys in the Special Funds and the Rebate Fund shall be invested and reinvested by the Trustee in Eligible Investments at the oral or written direction of the Fiscal Officer, provided that the Fiscal Officer shall confirm thereafter in writing any such oral direction given to the Trustee. The Fiscal Officer shall endeavor to deliver reinvestment instructions in such manner and at such times as to permit the reinvestment of any amounts received in respect of investments on the date of such receipt. Investments of moneys in the Debt Service Fund shall mature or be redeemable at the times and in the amounts necessary to provide moneys to make payments for which such Fund is established. Investments of moneys in the Debt Service Reserve Fund shall mature or be redeemable by the holders thereof not later than five years from the date of investment, except that investments of the income realized on the investment of the Debt Service Reserve Fund shall mature not later than the next date on which such income is required to be transferred to the Debt Service Fund pursuant to the DWAF General Bond Resolution. Investment agreements that qualify as Eligible Investments shall be deemed to fulfill the requirements of the preceding sentence despite their having a term of longer than five years, provided that such agreements permit the withdrawal without penalty of moneys invested thereunder at all times that such moneys are required to be transferred from the Debt Service Reserve Fund to the Debt Service Fund hereunder or under the Agreement. Debt Service Reserve Fund investments, except investment of income realized, must be of a type that pay interest on an annual or semi-annual basis. Investments of moneys in the Net Bond Proceeds Fund shall mature or be redeemable at the times and in the amounts necessary to provide moneys to make payments of the costs of Projects funded with the proceeds of DWAF Loans to be paid from the Net Bond Proceeds Fund.

Upon the oral or written direction of the Fiscal Officer, provided that the Fiscal Officer shall confirm thereafter in writing any such oral direction given to the Trustee, the Trustee may sell those investments and reinvest the proceeds therefrom in Eligible Investments maturing or redeemable as aforesaid. The purchase of those investments from or the sale of those investments to the Trustee, the Registrar, an Authenticating Agent, a Paying Agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing shall not be prohibited hereby or by the Agreement. The Trustee shall sell or redeem investments credited to the Special Funds, the Net Bond Proceeds Fund and the Rebate Fund, respectively, at the then existing market price to produce sufficient moneys applicable at the times required for the purposes of making payments required hereunder, and when instructed by the Fiscal Officer. An investment made from moneys credited to any Special Fund, the Net Bond Proceeds Fund, or the Rebate Fund or any subfund thereof or account of such subfund shall constitute part of that fund, subfund or account and each fund, subfund or account shall be credited with all proceeds of sale and income from investment of moneys credited thereto. The Trustee shall not be responsible for investment. in the Value of, or for any loss arising from, any such any depreciation.

Any uninvested moneys in all Special Funds or the Rebate Fund shall at all times be secured by the depository or custodian thereof by pledge of obligations of the United States of America to the extent and in the manner required by law for the security of deposits of public funds.

Deposit and Disposition of Revenues

All Net Revenues and all moneys that may be requisitioned from the Surplus Fund, the Capitalization Grant Subfund, or the DWAF Bond Subfund under the Drinking Water Assistance Fund Trust Agreement pursuant to paragraph (i) of Section 11 of the DWAF General Bond Resolution shall be deposited by the Trustee upon receipt from the Drinking Water Assistance Fund Trustee so as to be available at the following times and in the following order:

First: To the State Match Portion Account of the Debt Service Fund, (a) all State Match Senior Revenues as soon as received until the balance in the State Match Portion Account of the Debt Service Fund equals an amount that will be equal to the sum of (1) the interest on the State Match Portion of all outstanding DWAF Bonds due on the next Interest Payment Date, (2) the principal of the State Match Portion of all outstanding DWAF Bonds due on such Interest Payment Date, and (3) the mandatory sinking fund requirement for the State Match Portion of all outstanding DWAF Bonds due on such Interest Payment Date, and (b) on the last day of any month that precedes a month in which a Principal Retirement Date occurs, the amount contained in a direction from the Authority to be used to purchase the State Match Portion of DWAF Bonds received by the Trustee pursuant to any invitation to the Holders to tender such DWAF Bonds in accordance with the provisions of the applicable Series Resolution.

Second: To the Leveraged Portion Account of the Debt Service Fund, (a) all Revenues as soon as received until the balance in the Debt Service Fund equals an amount that will be equal to the sum of (1) the interest on all outstanding DWAF Bonds due on the next Interest Payment Date, (2) the principal of all outstanding DWAF Bonds due on such Interest Payment Date, and (3) the mandatory sinking fund requirement for all outstanding DWAF Bonds due on such Interest Payment Date, and (b) on the last day of any month that precedes a month in which a Principal Retirement Date occurs, the amount contained in a direction from the Authority to be used to purchase DWAF Bonds received by the Trustee pursuant to any invitation to the Holders to tender such DWAF Bonds in accordance with the provisions of the applicable Series Resolution.

Third: On the last day of each month that precedes a month in which an Interest Payment Date occurs, to the unpaid fees, charges and expenses, except any fees, charges and expenses to be paid from a Costs of Issuance Fund, of the Trustee, Registrar, Paying Agents and Authenticating Agents under this Agreement, and to the unpaid fees, charges and expenses of any Tender Agent, Remarketing Agent or provider of a Credit Facility under a Supplemental Agreement or Reimbursement Agreement as the case may be, upon requisition by each such party to the Authority and with the approval of the Executive Director.

Fourth: To the Debt Service Reserve Fund, on the second day immediately preceding each Interest Payment Date, any amount required to cause there to be on deposit in the Debt Service Reserve Fund cash, Eligible Investments and Qualified Reserve Credit Facilities with an aggregate Value at least equal to the Required Reserve Fund Balance. When the aggregate Value of the cash, Eligible Investments, and Qualified Reserve Credit Facilities in the Debt Service Reserve Fund at least equals the Required Reserve Fund Balance, the principal in excess of such Required Reserve Fund Balance, the income realized from the investment of such Required Reserve Fund Balance and any income realized from the investment of such income shall be transferred to the Debt Service Fund on the day immediately preceding each Interest Payment Date.

Fifth: To the Rebate Fund, as necessary to make any payment required to be paid to the United States of America under Section 148(f) of the Code.

Sixth: From and after any issuance of DWAF Support Obligations and for so long as any DWAF Support Obligations remain outstanding, to the DWAF Support Obligations Debt Service Fund, the balance of the Revenues to the extent required for the payment of accrued interest on and the payment of the principal of DWAF Support Obligations.

Annually on the first day of each month that precedes a month in which a Principal Retirement Date occurs on which any DWAF Bonds are subject to optional redemption, the Authority, with the Consent of the Director, shall direct the Trustee to redeem on that Principal Retirement Date DWAF Bonds in the amount stated in such direction; provided, however, that a direction under this paragraph shall be given only after first eliminating, or providing for the elimination of, any existing deficiencies in the specified deposit requirements and fund balances and meeting, or providing for, all then current deposit requirements of paragraphs First, Second, Third and Fourth inclusive. If the Authority directs the Trustee to redeem DWAF Bonds pursuant to this paragraph, on the day before such redemption the Trustee shall transfer to the Debt Service Fund for use in such redemption the amount stated in such direction.

The Executive Director, with the Consent of the Director, shall determine the method and timing of any redemption of the DWAF Bonds, including purchases pursuant to any tender provided pursuant to any Series Resolution, and evidence such determination by delivering a requisition of such moneys for such purpose signed by the Chairman of the Authority to the Trustee.

Covenants of Authority

The Authority covenants with the Holders of the DWAF Bonds as follows:

(i) Payment of Bond Service Charges. The Authority will pay all Bond Service Charges, or cause them to be paid, solely from the sources provided herein, on the dates, at the places and in the manner provided in the DWAF General Bond Resolution and the Agreement.

(ii) Accounts and Reports. The Authority will segregate the Revenues from all other funds of the Authority, will keep proper books of record and account so as to show the complete financial results of operation of the Drinking Water Assistance Fund Program, and will furnish to the Trustee, the Director and to any Holder making a written request therefor an annual report certified by the Fiscal Officer of the Authority of the accounts and operations relating to the Revenues and the collection thereof, together with (or thereafter as soon as available) the audit report required by Section 6121.14 the Ohio Revised Code.

(iii) Pledged Revenues and Assignments of Pledged Revenues. The Authority will not create or suffer to be created any pledge, lien or charge on the Pledged Revenues, except to secure DWAF Bonds issued pursuant to Sections 2 and 3 of the DWAF General Bond Resolution that would constitute a pledge or lien prior to, or on a parity with, the pledge created by the Agreement to secure the DWAF Bonds; provided, that, the Authority may create or suffer to be created a pledge, lien or charge on the Pledged Revenues that would constitute a pledge or lien subordinate to the pledge created by the Agreement to secure the DWAF Bonds.

(iv) Depledging of Pledged Revenues. Notwithstanding the covenant in the preceding paragraph, the Authority, with the Consent of the Director, and to the extent permitted under the Leverage Bond Trust Agreement, may from time to time cause debt service on one or more DWAF Loans and any Additional Pledged Loan Repayments to be removed from Revenues and Pledged Revenues and thereby terminate the pledge of such principal payments for the benefit of Holders, if the Executive Director and the Director certify to the Trustee as follows, and accompany their certification with respect to the matters covered by clause (b) below with a supporting certification of an independent firm of certified public accountants reasonably acceptable to the Trustee:

(a) The purpose for the removal of debt service payments on such DWAF Loan or DWAF Loans or of such Additional Pledged Loan Repayments from Revenues is to cause the payment of debt service on such DWAF Loan or DWAF Loans or of such Additional Pledged Loan Repayments to secure other debt obligations, the net proceeds of which will be deposited in the Drinking Water Assistance Fund, except that the payments on any DWAF Loan or of any Additional Pledged Loan that at any time constituted a Non-qualified Loan, may be removed for any purpose, regardless of whether such DWAF Loan or Additional Pledged Loan constitutes a Non-qualified Loan at the time of the removal, and the payments of debt service on any such DWAF Loan or Additional Pledged Loan after such removal shall be deposited by the Drinking

Water Assistance Fund Trustee in the Surplus Principal Subaccount in the Other Projects Fund;
and

(b) After the removal of the debt service payments on such DWAF Loan or DWAF Loans or of such Additional Pledged Loan Repayments from Revenues, the sum of the Projected Payments to be received during each calendar year shall aggregate an amount at least equal to 100% of the amount required to be paid into the Debt Service Fund during each such calendar year to pay the Bond Service Charges due in such year, less an amount equal to any capitalized interest to be applied against the Bond Service Charges in such year, on all Leverage Bonds and DWAF Bonds then outstanding.

Upon receipt of such certification, the Trustee shall acknowledge in writing the removal of the debt service payments on such DWAF Loan or DWAF Loans or of such Additional Pledged Loan Repayments from Revenues and Pledged Revenues, and thereupon the pledge of such debt service payments or of such Additional Pledged Loan Repayments for the benefit of Holders shall terminate, and thereafter the Holders shall have no interest in any payments on such DWAF Loan or DWAF Loans, in such Additional Pledged Loan Repayments, or in any other loans funded from bonds secured by the payments on such DWAF Loan or DWAF Loans or by such Additional Pledged Loan Repayments.

Notwithstanding anything in the next preceding paragraph to the contrary, neither the Authority nor the Trustee shall take any action to effect the removal of any principal payments or Additional Pledged Loan Repayments from Revenues and Pledged Revenues (any such removal being hereinafter referred to as a “depledging”) unless, at least 60 days prior to taking such action, the Authority shall have notified the Trustee in writing of the Authority’s intention to effect such depledging.

(v) Inspection of Books. All books, instruments and documents in the Authority’s possession relating to the Revenues and the collection thereof shall be open to inspection and copying at all times during the Authority’s regular business hours by the Director or the Director’s designated representative or any accountants or other agents of the Trustee as the Trustee may designate from time to time or the Holders of twenty-five percent (25%) or more in principal amount of the DWAF Bonds then outstanding or a designated representative thereof. The Authority shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of its transactions relating to the Agreement, the Special Funds, the Net Bond Proceeds Fund and the Rebate Fund, which records shall at all reasonable times be subject to inspection and copying in accordance with the Agreement.

(vi) Register. At reasonable times and under reasonable regulations established by the Registrar, the Register may be inspected and copied by the Trustee and by the Holders of twenty-five percent (25%) or more in principal amount of the DWAF Bonds then outstanding, or a designated representative thereof.

(vii) Continuation of Drinking Water Assistance Fund Program. The Authority will assist the Director in promptly, efficiently and diligently continuing the Drinking Water Assistance Fund Program with all practicable dispatch.

(viii) Collection of Revenues. The Authority and the Director will take all necessary actions to collect the Revenues when due from the appropriate governmental agencies including sending invoices or any other appropriate demand for payment of any amount in default within twenty days after such default together with notice to the defaulting governmental agency that if such default is not remedied within two months from the date of default the Authority, together with the Director, will file suit either in the Common Pleas Court of Franklin County, Ohio, or the Common Pleas Court of the County in which the governmental agency is located to collect such amount that is in default; and filing such suit within three months of the date of default if the default is not remedied, and the Authority will cause the Agreement to include a comparable covenant of the Director.

(ix) Exclusion from Gross Income for Federal Income Tax Purposes of Interest on Certain DWAF Bonds. To the extent applicable, the Authority will restrict the use, including the investment

thereof, of the proceeds of DWAF Bonds and of any amounts deemed to be, or required to be treated as, proceeds of DWAF Bonds, under the applicable sections of the Code and any regulations thereunder in such manner and to such extent as may be necessary to assure that the interest payable on DWAF Bonds is and remains excludable from gross income under Section 103 of the Code for purposes of federal income taxation. In particular and without limiting the generality of the foregoing, the Authority agrees (i) to take such steps as shall be necessary to assure that no DWAF Bonds shall be or become “arbitrage bonds” within the meaning of Sections 103 and 148 of the Code or “private activity bonds” within the meaning of Section 141 of the Code, (ii) to provide for the payment within the time required by Section 148 of the Code or any regulations applicable thereunder of any amount payable with respect to DWAF Bonds under such Section, and (iii) not to invest or permit the investment of the proceeds of DWAF Bonds in such manner as to cause the DWAF Bonds to be federally guaranteed within the meaning of Section 149 of the Code. The Agreement will contain covenants of the Director in the form of the covenants contained in the immediately preceding two sentences. The Chairman of the Authority and the Executive Director (together with such other officers, employees, consultants or agents of the Authority as the Chairman of the Authority shall deem appropriate), are authorized and directed, for and on behalf of the Authority, to execute and deliver, together with the Director, such certificates and to enter into such agreements, for inclusion in the transcript of proceedings for the DWAF Bonds, as the Chairman of the Authority and the Director shall deem reasonably necessary to set forth the reasonable expectations of the Authority and the Director regarding the use and amount of proceeds of the DWAF Bonds and the undertakings of the Authority and the Director to assure the continued exclusion from gross income for federal income tax purposes of interest on the DWAF Bonds. The execution of any such certificate or agreement by the Chairman of the Authority shall constitute complete and sufficient evidence that the Chairman of the Authority deems such certificate or agreement to be reasonably necessary in accordance with this Section.

(x) DWAF Support Obligations. For the purposes stated in the Trust Agreement, the Authority hereby authorizes and irrevocably directs the issuance of DWAF Support Obligations at the times and in the amounts required thereby. The DWAF Support Obligations shall be: (i) secured by a pledge of the Pledged Revenues subordinated to the pledge thereof and on parity to the DWAF Bonds securing the DWAF Bonds and Payment Obligations; and (ii) payable from the DWAF Support Obligations Debt Service Fund. DWAF Support Obligations shall bear interest at the Project Loan Rate in effect on the date of issuance thereof and shall have a stated maturity of three years from their date of issuance, but shall be subject to redemption in whole or in part and with no prior notice on any Business Day. The Director’s execution of the Agreement shall constitute the Director’s request to the Authority to authorize, issue, sell and deliver DWAF Support Obligations at the times and in the amounts required by the Trust Agreement.

(xi) Principal Forgiveness Loans. Neither the Authority nor the Director shall (i) approve any Principal Forgiveness Loan without specifying at the time of the approval thereof what portion of the principal amount thereof is required to be repaid, or (ii) execute and deliver any DWAF Loan Agreement for a Principal Forgiveness Loan unless the applicable DWAF Loan Agreement expressly specifies the amount of that portion. The aggregate principal amount of any Principal Forgiveness Loans made by the Authority and the Director shall be limited to the amount allowed by the Safe Drinking Water Act and the then current applicable Federal appropriations requirements. The Authority and the Director shall upon request provide the Trustee with such certifications as the Trustee may reasonably require to verify compliance with the requirements of this paragraph.

Events of Default and Remedies Therefor

Each of the following occurrences or events is declared in the Trust Agreement to be an “Event of Default”:

(i) Payment of any interest on any DWAF Bond shall not be made when and as that interest shall become due and payable;

(ii) Payment of the principal of or any premium on any DWAF Bond shall not be made when and as that principal or premium shall become due and payable whether at stated maturity, by redemption, pursuant to any mandatory sinking fund requirements or otherwise;

(iii) The Authority or the Director shall have failed to observe or perform any other covenant, agreement or obligation on its part, respectively, to be observed or performed contained in the Agreement or in the DWAF Bonds, which failure shall have continued for a period of sixty (60) days after written notice, by registered or certified mail, to the Authority and the Director specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of all DWAF Bonds then Outstanding.

Upon the occurrence and continuance of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of DWAF Bonds then Outstanding the Trustee shall, subject to the provisions of Section 5.01 hereof, proceed in its own name, to protect and enforce its rights and the rights of the Holders under this Agreement, by such of the following remedies as the Trustee, being advised by counsel, shall deem most effective to protect those rights:

(i) By mandamus or other suit, action or proceeding at law or in equity enforce all the rights of the Holders of the DWAF Bonds, including the compelling of the performance of all duties of the Authority or governmental agencies under the DWAF Bond proceedings and the enforcement of the payment of Bond Service Charges on the DWAF Bonds then Outstanding;

(ii) Institution of suit upon the DWAF Bonds ;

(iii) Institution of legal or equitable action seeking injunction against unlawful activities or activities in violation of the rights of the Holders under the Trust Agreement.

After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee or receiver in the collection of moneys pursuant to any right given or action taken under the provisions of the applicable Trust Agreement (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under the Trust Agreement), all moneys (except those moneys in an account of any subfund of the Debt Service Fund that moneys represent proceeds of a Credit Facility) received by the Trustee or receiver shall be applied as follows, subject to the provisions of the Trust Agreement:

(i) First--To the payment to the Holders entitled thereto of all installments of interest then due on the DWAF Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the DWAF Bonds; and

(ii) Second--To the payment to the Holders entitled thereto of the unpaid principal of any of the DWAF Bonds that shall have become due (other than DWAF Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of this Agreement), whether at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements, in the order of their due dates, beginning with the earliest due date, with interest on those DWAF Bonds from the respective dates upon which they become due at the rates specified in those DWAF Bonds, and if the amount available is not sufficient to pay in full all DWAF Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege.

(iii) If, at the time that any payments are to be made pursuant to paragraph (i) above, the Holders of any series of DWAF Bonds shall have had the principal of or interest on any such series of

DWAF Bonds paid in whole or in part from Credit Facility Proceeds, the provider of the Credit Facility shall be the Holder of the DWAF Bonds the principal of or interest on which was paid in whole or in part from such Credit Facility Proceeds for purposes of the application of moneys under this Section to such series of DWAF Bonds, but shall be the Holder of such series of DWAF Bonds only to the extent that such provider has paid in whole or in part the principal of or interest on such DWAF Bonds and has not been reimbursed in an amount equal to such payments of principal of or interest on such DWAF Bonds.

Whenever all DWAF Bonds and interest thereon have been paid under the provisions of this Section, and all Payment Obligations have been paid, any balance remaining in the Debt Service Fund shall be paid to the Drinking Water Assistance Fund Trustee for application in accordance with the Drinking Water Assistance Fund Trust Agreement.

Rights and Remedies of Holders

A Holder shall not have any right to institute any suit, action or proceedings for the enforcement of the Trust Agreement, for the execution of any trust under the Trust Agreement, or for the appointment of a receiver or for the exercise of any other remedy under the Trust Agreement, unless:

- (i) there has occurred and is continuing an Event of Default of which the Trustee has been notified, pursuant to the Trust Agreement, or of which it is deemed to have notice,
- (ii) the Holders of at least 25% in aggregate principal amount of DWAF Bonds then Outstanding shall have made written request to the applicable Trustee and shall have afforded such Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee as provided in the Trust Agreement, and
- (iii) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and power granted under the Trust Agreement or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above or for the appointment of a receiver.

No one or more Holders of the DWAF Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Trust Agreement by its or their action, or to enforce, except in the manner provided in the Trust Agreement, any remedy, right or power under the Trust Agreement. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided in the Trust Agreement for the benefit of the Holders of all DWAF Bonds then Outstanding. Nothing in the Trust Agreement shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Service Charges on any DWAF Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that DWAF Bond.

Supplemental Trust Agreements; Modifications

Without the consent of, or notice to, any Holders, the Authority and the Trustee may enter into agreements supplemental to the Trust Agreement that shall not, in the opinion of the Authority, the Director and the Trustee, be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (i) To cure any ambiguity, inconsistency or formal defect or omission in the Trust Agreement;
- (ii) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;

(iii) To subject additional revenues, receipts or moneys to the lien and pledge of the Trust Agreement;

(iv) To add to the covenants, agreements and obligations of the Authority to the Director under the Trust Agreement, other covenants, agreements and obligations to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Authority or the Director in the Trust Agreement, including without limitation, the limitation of rights of redemption so that in certain instances DWAF Bonds of different series will be redeemed in some prescribed relationship to one another.

(v) To evidence any succession to the Authority or the Director and the assumption by their respective successors of the respective covenants, agreements and obligations of the Authority or the Director under the Trust Agreement and the DWAF Bonds;

(vi) To permit the issuance of DWAF Bonds with coupons attached or the exchange of DWAF Bonds, at the option of the Holder or Holders thereof, for coupon DWAF Bonds of the same series payable to bearer, in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the predecessor DWAF Bonds, bearing interest at the same rate or rates and maturing on the same date or dates, with coupons attached representing all unpaid interest due or to become due thereon, if in either case, in the opinion of nationally recognized bond counsel selected by the Authority and Director, that issuance or exchange would not result in the interest on any of the DWAF Bonds to be issued or Outstanding being or becoming included in the gross income of the Holders for federal income tax purposes;

(vii) To facilitate and enhance the use of a book-entry system to identify the owner of an interest in an obligation issued by the Authority under the Trust Agreement, whether that obligation was formerly, or could be, evidenced by a tangible security;

(viii) To permit the transfer of DWAF Bonds from one Depository to another, or to successor Depositories;

(ix) To permit the withdrawal of DWAF Bonds issued to a Depository for holding in a book-entry system and issuance of replacement DWAF Bonds in fully registered form to others than a Depository;

(x) To permit the Trustee to comply with any obligations imposed upon it by law;

(xi) To specify further the duties and responsibilities of, and to define further the relationship among the Trustee, the Registrar, the Authenticating Agent or Paying Agent and, if any, the Tender Agent and the Remarketing Agent;

(xii) To achieve compliance of the Trust Agreement with any applicable federal securities or tax law;

(xiii) To make amendments to the provisions of this Agreement relating to (i) arbitrage matters under Section 148 of the Code, if, in the opinion of nationally recognized bond counsel selected by the Authority and approved by the Trustee, those amendments would not cause the interest on the DWAF Bonds then outstanding to become included in the gross income of the Holders thereof for federal income tax purposes, which amendments may, among other things, change the responsibility for making the relevant calculations, (ii) the investment of amounts held by the Trustee or the Drinking Water Assistance Fund Trustee and (iii) transfers among the various funds, subfunds and accounts held by the Trustee and the Drinking Water Assistance Fund Trustee;

(xiv) To evidence the appointment of (a) a new Trustee for the DWAF Bonds, or (b) a new Tender Agent or Remarketing Agent for any series of DWAF Bonds;

(xv) To permit any other amendment that, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders;

(xvi) To provide for the issuance of and to secure DWAF Bonds in accordance with the Trust Agreement; and

(xvii) To make any other change to insert any provision into or delete or amend any provision of the Trust Agreement, provided that such insertion, deletions or amendment will not adversely affect the rating (other than any ratings based upon credit enhancement or liquidity support provided by a party other than the Authority, which shall not be taken into account for purpose of this clause) then assigned to any DWAF Bonds Outstanding by any Rating Agency.

With the consent of the Holders of not less than a majority in aggregate principal amount of the DWAF Bonds at the time Outstanding (exclusive of DWAF Bonds then owned by the Authority), evidenced as provided in this Agreement, the Authority, the Director and the Trustee may execute and deliver Supplemental Agreements adding any provisions to, changing in any manner or eliminating any of the provisions of the Trust Agreement or any Supplemental Agreement or restricting in any manner the rights of the Holders. Nothing in the Trust Agreement shall permit, however, or be construed as permitting:

(i) without the consent of the Holder of each DWAF Bond so affected, (i) an extension of the maturity of the principal of or the interest on any DWAF Bond, (ii) a reduction in the principal amount of any DWAF Bond or the rate of interest or premium thereon, or (iii) a reduction in the amount or an extension of the time of payment of any mandatory sinking fund requirements, or

(ii) without the consent of the Holders of all DWAF Bonds then Outstanding, (i) the creating of a privilege or priority of any DWAF Bond or DWAF Bonds over any other DWAF Bond or DWAF Bonds, or (ii) a reduction in the aggregate principal amount of the DWAF Bonds required for consent to a Supplemental Agreement, or

(iii) without the consent of the provider of a Credit Facility, the execution of a Supplemental Agreement that materially adversely affects the rights of such provider under this Agreement; provided, however, that no such consent shall be required if such provider is in default under the Credit Facility or any agreement between the Authority, the Director and such provider executed in connection with such Credit Facility.

Defeasance

If (i) the State, acting by the Authority, shall pay all of the Outstanding DWAF Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding DWAF Bonds, all Bond Service Charges due or to become due thereon, and (ii) provision also shall be made for the payment of all Payment Obligations under the Trust Agreement, then the Trust Agreement shall cease, determine and become null and void (except for those provisions surviving by reason therein in the event the DWAF Bonds are deemed paid and discharged pursuant to the Trust Agreement), and the covenants, agreements and obligations of the Authority under this Agreement shall be released, discharged and satisfied.

All or any part of the DWAF Bonds shall be deemed to have been paid or discharged within the meaning of the Trust Agreement if:

(i) The Trustee as Paying Agent and any Paying Agents shall have received, in trust for and irrevocably committed thereto, sufficient moneys, or

(ii) The Trustee shall have received in trust for and irrevocably committed thereto Escrow Securities that are certified by an independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any moneys to which reference is made in paragraph (i) above, without further investment or

reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided in the Trust Agreement)

for the payment of all Bond Service Charges on those DWAF Bonds, at their maturity or redemption dates, as the case may be, or if a default in payment shall have occurred on any maturity or redemption date, then for the payment of all Bond Service Charges thereon to the date of the tender of payment; provided, that if any of those DWAF Bonds are to be redeemed prior to the maturity thereof, notice of that redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made of the giving of that notice.

Computation of Bond Service Charges With Respect to Additional DWAF Bonds

The Authority and Director may issue additional DWAF Bonds from time to time for the purpose of providing continuing funding for the sole benefit of the Drinking Water Assistance Fund. For a discussion of the conditions for issuing additional DWAF Bonds, see “SECURITY AND SOURCE OF PAYMENT OF THE DWAF BONDS – Additional DWAF Bonds.”

In the event that the payment of Bond Service Charges on all or any portion of any series of DWAF Bonds are to be insured or secured by a Credit Facility, then the Supplemental Agreement with respect to such DWAF Bonds may contain such provisions as are necessary and appropriate to reflect (i) the time at which and manner in which amounts paid under such Credit Facility shall be applied to the payment of Bond Service Charges, (ii) the rights to be granted to the provider of such Credit Facility for reimbursement of such amounts paid or drawn, provided that no such provider shall be granted a right to payment from or security interest in the Pledged Revenues prior or superior to such right or security interest granted to the Trustee under the Agreement, (iii) the rights, if any, to be granted to such provider to approve amendments to the Agreement, to instruct or request the Trustee to exercise remedies or to take any other action under the Agreement on behalf of, in lieu of, or as subrogee for, the Holders of such DWAF Bonds, or (iv) any other terms or conditions relating to such Credit Facility not contrary to or inconsistent with the Trust Agreement.

In the event that all or any portion of any series of DWAF Bonds are to be Tender Bonds, then Bond Service Charges on the options or obligations of the holders of such Tender Bonds to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity occurring on the first date on which owners of such Tender Bonds may or are required to tender such Tender Bonds, except that any such option or obligation to tender Tender Bonds shall be ignored and not treated as a principal maturity if (1) such Tender Bonds are rated at least in the “A” rating category (without regard to any rating refinement or gradation by numerical modifier or otherwise) by a Rating Agency, or such Tender Bonds are rated in one of the two highest short-term note or commercial paper rating categories by a Rating Agency, and (2) any obligation the Authority may have, other than its obligation on such Tender Bonds, to reimburse any provider of a Credit Facility, shall either be subordinate to the obligation of the Authority on such Tender Bonds, or shall have been incurred under and shall have met the tests and conditions for the issuance of such specified indebtedness set forth in the Trust Agreement.

In the event the Authority enters into an Interest Rate Hedge Agreement to simulate a fixed rate of interest on Variable Rate Bonds, the debt structure that is simulated through the combination of the Variable Rate Bonds with such Interest Rate Hedge Agreement shall apply for purposes of calculating or projecting the Bond Service Charges on such Variable Rate Bonds for any period of time during which such Interest Rate Hedge Agreement is to be effective, provided that (i) the debt structure that is simulated through the combination of the Variable Rate Bonds with such Interest Rate Hedge Agreement complies with the restrictions of this DWAF General Bond Resolution and the Agreement on the terms of and security for the DWAF Bonds applied to that structure as though it consisted entirely of DWAF Bonds and as though the portion of the Payment Obligations of the Authority thereunder that represents the equivalent of interest on the notional amount of the Interest Rate Hedge Agreement payable to the counterparty to the Interest Rate Hedge Agreement constituted Bond Service Charges; (ii) the counterparty to any swap agreement and the provider of any interest rate cap is rated at least “A,” or the equivalent by all Rating Agencies; (iii) no such Interest Rate Hedge Agreement purports to entitle the counterparty to the Interest Rate Hedge Agreement to payment by the Authority from any source other than the Pledged Revenues, but such Interest Rate Hedge Agreement may provide for securing any portion of the Payment Obligations of the Authority thereunder that represents the equivalent of interest on the notional amount of the Interest Rate Hedge Agreement (but does not represent, among other things, any termination payment that may be payable by the

Authority thereunder) with a pledge of the Pledged Revenues on a parity with the pledge thereof that secures the DWAF Bonds; and (iv) the cost of obtaining such Interest Rate Hedge Agreement has been determined by the Executive Director, based on the written advice of the Financial Advisor, to be justified by the corresponding benefit to the Authority and to be commercially reasonable based on then current market conditions. In the event the Authority enters into any such Interest Rate Hedge Agreement, it shall not exercise any option to terminate such Interest Rate Hedge Agreement unless the Variable Rate Bonds to which such Interest Rate Hedge Agreement had related and which will remain outstanding after the termination thereof would fulfill the requirements of paragraph (b) of Section 3 of this DWAF General Bond Resolution as they apply to Variable Rate Bonds under paragraph (f) of this Section 2, as though such Variable Rate Bonds were being issued on the date of the termination of such Interest Rate Hedge Agreement.

In the event that all or any portion of any series of DWAF Bonds have been issued as or are proposed to be issued as Variable Rate Bonds, Balloon Bonds, Capital Appreciation Bonds, or Crossover Refunded Bonds, then in order to compute the Bond Service Charges on such DWAF Bonds for the purposes of the Trust Agreement, the following rules will apply:

Variable Rate Bonds. For the purpose of determining whether DWAF Bonds, regardless of whether they are to be Variable Rate Bonds, may be issued in compliance with the requirements of the DWAF General Bond Resolution when any Variable Rate Bonds are outstanding, the rate of interest borne by any outstanding Variable Rate Bonds shall be deemed to be the average rate of interest borne by such Variable Rate Bonds during the preceding sixty months or such shorter period that such Variable Rate Bonds may have been outstanding.

For the purpose of determining whether DWAF Bonds that are to be Variable Rate Bonds may be issued in compliance with the requirements of the DWAF General Bond Resolution, and for the purpose of determining the amount of the Required Reserve Fund Balance attributable to such Variable Rate Bonds, the rate of interest to be borne by such Variable Rate Bonds shall be deemed to be the Assumed Interest Rate.

For the purpose of determining whether any outstanding Variable Rate Bond is deemed paid and discharged for purposes of the Trust Agreement, such Variable Rate Bond shall be deemed to bear interest at the actual rate of interest borne thereby for the remainder of the period that such rate shall remain in effect, and for any subsequent period prior to the time at which such Variable Rate Bond is actually to be paid and discharged, such Variable Rate Bond shall be deemed to bear interest at the maximum rate of interest such Variable Rate Bond may bear pursuant to the Series Resolution applicable thereto.

Balloon Bonds. In the event that all or any portion of any series of DWAF Bonds have been issued as or are proposed to be issued as Balloon Bonds, then in order to compute the Bond Service Charges on such series of DWAF Bonds for the purposes of determining (1) whether DWAF Bonds, regardless of whether they are to be Balloon Bonds, may be issued in compliance with the requirements of the DWAF General Bond Resolution when any Balloon Bonds are outstanding, (2) whether DWAF Bonds that are Balloon Bonds may be issued in compliance with the requirements of the DWAF General Bond Resolution, and (3) the amount of the Required Reserve Fund Balance attributable to such Balloon Bonds, the Bond Service Charges on such DWAF Bonds shall be determined:

(a) if such Balloon Bonds are not Capital Appreciation Bonds, (a) by assuming that such Balloon Bonds are to be amortized on the basis of level debt service over the Assumed Amortization Period and that such Bonds bear interest at the Assumed Interest Rate; or, (b) if certified by the Financial Advisor to be appropriate given the then current standing of the Public Finance industry, by assuming that such Balloon Bonds are to be amortized on a basis other than level Debt Service over the Assumed Amortization Period and that such Bonds bear interest at the Assumed Interest Rate; and

(b) if such Balloon Bonds are Capital Appreciation Bonds, by assuming that the Appreciated Principal Amount of such Balloon Bonds at maturity is to be amortized on the basis of level principal payments over the Assumed Amortization Period.

Capital Appreciation Bonds. In the event that all or any portion of any series of DWAF Bonds have been issued as or are proposed to be issued as Capital Appreciation Bonds or Capital Appreciation and Income Bonds, then in order to compute the Bond Service Charges on such series of DWAF Bonds for the purposes of determining

(1) whether DWAF Bonds, regardless of whether they are to be Capital Appreciation Bonds or Capital Appreciation and Income Bonds, may be issued in compliance with the requirements of the DWAF General Bond Resolution when any Capital Appreciation Bonds or Capital Appreciation and Income Bonds are outstanding, (2) whether DWAF Bonds that are Capital Appreciation Bonds or Capital Appreciation and Income Bonds may be issued in compliance with the requirements of the DWAF General Bond Resolution, and (3) the amount of the Required Reserve Fund Balance attributable to such Capital Appreciation Bonds or Capital Appreciation and Income Bonds, the Bond Service Charges on such DWAF Bonds shall include the applicable Appreciated Principal Amounts at maturity.

Crossover Refunded Bonds and Crossover Refunding Bonds. If any outstanding DWAF Bonds are Crossover Refunded Bonds then any principal of and premium on such Crossover Refunded Bonds to be paid from a Crossover Escrow Account shall be excluded from Bond Service Charges. If any outstanding DWAF Bonds are Crossover Refunding Bonds then any interest paid or to be paid on such Crossover Refunding Bonds from any Crossover Escrow Account shall be excluded from Bond Service Charges.

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APPENDIX F

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

March 24, 2021

To: Ohio Water Development Authority
Huntington Capital Markets

We have served as bond counsel to our client the Ohio Water Development Authority (the “Authority”) in connection with the issuance by the Authority of its \$125,000,000 State of Ohio Drinking Water Assistance Fund Revenue Bonds, Series 2021A (the “Bonds”), dated the date of this letter and issued for the purpose of (i) raising moneys for the sole benefit of the Drinking Water Assistance Fund as provided in division (U) of Section 6121.04 of the Ohio Revised Code, the DWAF General Bond Resolution and the Series 2021A Resolution, or to reimburse the Authority for funds advance for that purpose and (ii) paying issuance expenses relating to the issuance of the Bonds. The Bonds are issued under the Trust Agreement, dated as of August 3, 2016 (the “Original Trust Agreement”), as may be amended and supplemented from time to time, including by the Ninth Supplemental Trust Agreement, dated as of March 24, 2021 (the “Ninth Supplemental Agreement” and, together with the “Original Trust Agreement,” the “Trust Agreement”), each among the Authority, the Director of Environmental Protection of the State of Ohio (the “Director”), and U.S. Bank National Association (the “Trustee”). Capitalized words and terms used, but not otherwise defined, herein are used as defined in the Trust Agreement.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a specimen copy of the signed and authenticated Bond of the first maturity, the Trust Agreement and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

In our capacity as bond counsel, we have also examined (i) the executed loan agreements (the “Loan Agreements”) among the Authority, the Director, and the political subdivisions of the State of Ohio (the “Governmental Agencies”) relating to the projects identified in APPENDIX B to the Official Statement, dated March 10, 2021, relating to the Bonds, (ii) the proceedings of the Authority and the Governmental Agencies authorizing the execution of the Loan Agreements, and (iii) the law and such other certified proceedings and papers as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations state below we are of the opinion that, under existing law:

1. The Bonds and the Trust Agreement are valid and binding obligations of the Authority and, with respect to the Trust Agreement, of the Director, enforceable in accordance with their respective terms.
2. The Loan Agreements have been duly executed by the Authority, the Director and the respective Governmental Agencies and constitute valid and binding contractual obligations of such parties.
3. The Bonds constitute special obligations of the Authority, and the principal of and interest on (collectively, “debt service”) the Bonds, together with debt service on any other obligations issued and outstanding on a parity with the Bonds as provided in the Trust Agreement, are payable from and secured solely by the Pledged Revenues. The payment of debt service on the Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Bonds do not represent or constitute a general obligation or a pledge of the faith

and credit of the Authority, the State of Ohio ("State") or any or its political subdivisions.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Authority.

We express no opinion herein regarding the priority of the lien on Pledged Revenues or other funds created by the Trust Agreement.

In rendering those opinions with respect to treatment of the interest on the Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Authority. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Trust Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Bonds is concluded upon delivery of this letter.

Respectfully submitted,

APPENDIX G

BOOK-ENTRY SYSTEM

Owners of book entry interests in the Series 2021A DWAF Bonds will not receive or have the right to receive physical delivery of the Series 2021A DWAF Bonds and will not be or be considered to be, and will not have any rights as, registered owners (“Holders”) of Series 2021A DWAF Bonds under the Trust Agreement.

The following information on the Book Entry Only System applicable to the Series 2021A DWAF Bonds has been supplied by The Depository Trust Company, New York, New York, and none of the Authority, the Authority’s Financial Advisor, the Underwriters, Bond Counsel, or Underwriters’ Counsel makes any representations, warranties or guarantees with respect to its accuracy or completeness.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2021A DWAF Bonds. The Series 2021A DWAF Bonds will be issued as securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Series 2021A DWAF Bond certificate for each maturity will be issued in the aggregate principal amount of the Series 2021A DWAF Bonds and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has S&P’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2021A DWAF Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021A DWAF Bonds on DTC’s records. The ownership interest of each book entry interest owner is in turn to be recorded on the Direct and Indirect Participants’ records. Book entry interest owners will not receive written confirmation from DTC of their purchase. Book entry interest owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the book entry interest owner entered into the transaction. Transfers of book entry interests in the Series 2021A DWAF Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of book entry interest owners. Book entry interest owners will not receive certificates representing their ownership interests in the Series 2021A DWAF Bonds, except in the event that use of the book-entry system for the Series 2021A DWAF Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021A DWAF Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2021A DWAF Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual book entry interest owners of the Series 2021A DWAF Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2021A DWAF Bonds are credited,

which may or may not be the book entry interest owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to book entry interest owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Book entry interest owners of the Series 2021A DWAF Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021A DWAF Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2021A DWAF Bonds. For example, book entry interest owners of the Series 2021A DWAF Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to book entry interest owners. In the alternative, book entry interest owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2021A DWAF Bonds within a single maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2021A DWAF Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2021A DWAF Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2021A DWAF Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to book entry interest owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name, and will be the responsibility of such Participant and not of DTC (nor its nominee) or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the book entry interest owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be prepared and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) only if DTC determines not to continue to act as securities depository for the Bonds. In that event, Bond certificates will be prepared and delivered to DTC. See **Revision of Book-Entry System; Replacement Bonds**.

The information above in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, including DTC, but the Authority takes no responsibility for its accuracy.

Disclaimer by State, Authority, Trustee, Financial Advisor and Underwriter

Neither the State, the Authority or the Trustee has any responsibility or liability for any aspect of the records relating to, or payments made on account of book entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The State, the Authority, the Trustee, the Authority's Financial Advisor and the Underwriter cannot and do not give any assurances that DTC, DTC Participants or others will distribute to the book entry interest owners (i) payments of Bond Service Charges on the Series 2021A DWAF Bonds paid or (ii) redemption or other notices sent to DTC as the Holder or that they will do so on a timely basis, or that DTC or DTC Participants will serve and act in the manner described in this Official Statement. The Authority has been advised by DTC that the current "Rules" applicable to DTC and its Participants are on file with the Securities and Exchange Commission and that the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

Revision of Book Entry Only Transfer System; Replacement Series 2021A DWAF Bonds

The Trust Agreement authorizing the issuance of the Series 2021A DWAF Bonds will provide for issuance of fully registered replacement Series 2021A DWAF Bonds ("Replacement Series 2021A DWAF Bonds") directly to persons other than DTC or its nominee only in the event that DTC determines not to continue to act as securities depository for the Series 2021A DWAF Bonds or the Authority determines that continuation of the book entry only system with DTC is not in the best interests of the Authority or the best interests of the book entry interest owners.

Upon a discontinuance of the book entry only system with DTC, the Authority may in its discretion attempt to have established a securities depository/book entry only relationship with another qualified securities depository. If the Authority is unable to do so, or desires not to do so, and after the Trustee has made provisions for notification of the book entry interest owners of the Series 2021A DWAF Bonds by appropriate notice to DTC, the Authority and the Trustee shall authenticate and deliver Replacement Series 2021A DWAF Bonds of the same series in the denomination of any integral multiple of \$5,000 to or at the direction of, and, if the event is not the result of Authority action or inaction, at the expense (including printing costs), of DTC's assigns.

Principal of, premium, if any, and interest on Replacement Series 2021A DWAF Bonds will be payable when due without deduction for the services of the Paying Agent. Principal of any Replacement Series 2021A DWAF Bonds will be payable to the registered owner thereof upon presentation and surrender thereof at the principal corporate trust office of the Trustee. Interest thereon will be payable by the Trustee by check, draft or wire transfer, mailed to the registered owner of record on the registration books maintained by the Trustee (the "Register") as of the 15th day of the calendar month preceding the Interest Payment Date.

Replacement Series 2021A DWAF Bonds will be exchangeable for Replacement Series 2021A DWAF Bonds of authorized denominations and of the same series, and transferable, at the designated office of the Registrar, without charge (except taxes or other governmental fees). Exchange or transfer of then redeemable Replacement Series 2021A DWAF Bonds is not required to be made (i) between the 15th day preceding the mailing of notice of Replacement Series 2021A DWAF Bonds to be redeemed and the date of that mailing, (ii) during the period from the day following the Regular Record Date through the day preceding the ensuing Interest Payment Date, or (iii) of a particular Replacement Series 2021A DWAF Bond selected for redemption (in whole or in part) until redemption.

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Ohio Water

Development Authority



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