



**OFFICIAL STATEMENT OF THE  
OHIO WATER DEVELOPMENT AUTHORITY  
Relating to the Original Issuance of**

**\$62,555,000  
STATE OF OHIO  
WATER POLLUTION CONTROL LOAN FUND REFUNDING REVENUE BONDS  
WATER QUALITY SERIES 2012A  
(FEDERALLY TAXABLE SERIES 2012A WATER QUALITY REFUNDING BONDS)**

**Dated: Date of Delivery**

**Due: As shown herein**

The State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series 2012A (the "Series 2012A Water Quality Refunding Bonds") are special obligations of the Ohio Water Development Authority (the "Authority"). The proceeds of the Series 2012A Water Quality Refunding Bonds shall be used by the Director of Environmental Protection of the State of Ohio (the "Director") and the Authority for the purposes of (a) advance refunding certain maturities of the Authority's outstanding Series 2005B Water Quality Bonds, (b) if necessary, providing a portion of the funds in the Debt Service Reserve Fund for the Series 2012A Water Quality Refunding Bonds, and (c) paying issuance expenses relating to the issuance of the Series 2012A Water Quality Refunding Bonds. See "AUTHORIZATION AND PURPOSE OF THE SERIES 2012A WATER QUALITY REFUNDING BONDS" herein.

The Series 2012A Water Quality Refunding Bonds are issued pursuant to a Trust Agreement dated as of October 1, 1995 among the Authority, the Director and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), as amended and supplemented to date, including by a Eighteenth Supplemental Trust Agreement dated March 7, 2012 (the "Eighteenth Supplemental Agreement"). That Trust Agreement as amended and supplemented, including by the Eighteenth Supplemental Agreement, is referred to herein as the "Trust Agreement." Principal of and interest on the Series 2012A Water Quality Refunding Bonds are payable solely from, and are secured on a parity with the other Water Quality Refunding Bonds (or notes issued in anticipation thereof) 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 WPCLF Loan Agreements (as defined and described herein) entered into pursuant to the Water Pollution Control Loan Fund ("WPCLF") Program, and by certain funds created by the Trust Agreement. See "SECURITY AND SOURCE OF PAYMENT OF WATER QUALITY BONDS."

Interest on the Series 2012A Water Quality Refunding Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2012. The Series 2012A Water Quality Refunding Bonds will be issued as fully registered bonds without coupons, one for each interest rate 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 2012A Water Quality Refunding Bonds will be made in book entry only form, with book entry interests in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Series 2012A Water Quality Refunding Bonds will not receive certificates representing their interests in Series 2012A Water Quality Refunding Bonds. Ownership by the beneficial owners of the Series 2012A Water Quality Refunding Bonds will be evidenced by book entry only. The principal of, and interest on, the Series 2012A Water Quality Refunding Bonds will be paid by the Trustee. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2012A Water Quality Refunding 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 "THE SERIES 2012A WATER QUALITY REFUNDING BONDS – Registration, Payment and Transfer–Book Entry Method" and "APPENDIX G – BOOK ENTRY ONLY SYSTEM."

The Series 2012A Water Quality Refunding 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 2012A Water Quality Refunding 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 and interest on the Series 2012A Water Quality Refunding Bonds.

**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.**

*The Series 2012A Water Quality Refunding Bonds are offered subject to the opinions on certain legal matters relating to their issuance by Squire Sanders (US) LLP, Cleveland, Ohio, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Benesch, Friedlander, Coplan & Aronoff LLP, Cleveland, Ohio and for the Underwriters by their counsel, Thompson Hine LLP. The Series 2012A Water Quality Refunding Bonds are expected to be available for delivery to DTC in New York, New York on or about March 7, 2012.*

**RBC Capital Markets**

**Citigroup**

**CastleOak Securities, L.P.**

**Stifel, Nicolaus & Company,  
Incorporated**

This Official Statement is dated February 23, 2012

## MATURITY SCHEDULE

**\$62,555,000**  
**STATE OF OHIO**  
**WATER POLLUTION CONTROL LOAN FUND REFUNDING REVENUE BONDS**  
**WATER QUALITY SERIES 2012A**  
**(FEDERALLY TAXABLE SERIES 2012A WATER QUALITY REFUNDING BONDS)**

**Tax Status.** *In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law, interest on, and any profit made on the sale, exchange or other disposition of, the Series 2012A Water Quality Refunding Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. INTEREST ON THE SERIES 2012A WATER QUALITY REFUNDING BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.*

<u>Maturity Date</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>	<u>Reoffering Yield</u>	<u>CUSIP No.</u> <sup>†</sup>
6/1/2012	\$1,000,000	0.280%	0.280%	67766W UM2
12/1/2012	800,000	0.400	0.400	67766W UN0
6/1/2013	6,490,000	0.500	0.500	67766W UP5
12/1/2013	1,095,000	0.550	0.550	67766W UQ3
6/1/2014	1,040,000	0.586	0.586	67766W UR1
12/1/2014	1,375,000	0.686	0.686	67766W US9
6/1/2015	8,010,000	0.814	0.814	67766W UT7
12/1/2015	7,550,000	0.914	0.914	67766W UU4
6/1/2016	8,330,000	1.214	1.214	67766W UV2
12/1/2016	8,295,000	1.264	1.264	67766W UW0
6/1/2017	7,420,000	1.464	1.464	67766W UX8
12/1/2017	9,095,000	1.564	1.564	67766W UY6
6/1/2018	2,055,000	1.804	1.804	67766W UZ3

**No Prior Redemption:** The Series 2012A Water Quality Refunding Bonds are not subject to redemption prior to their stated maturity.

<sup>†</sup> Copyright © 2012, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of the Holders of the Series 2012A Water Quality Refunding Bonds only at the time of issuance of the Series 2012A Water Quality Refunding Bonds and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP Number for a specific maturity is subject to being changed after the issuance of the Series 2012A Water Quality Refunding Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2012A Water Quality Refunding Bonds.

## **FINANCING PARTIES**

### **OHIO WATER DEVELOPMENT AUTHORITY MEMBERS**

		<u>Expiration of Term</u>	<u>Business Affiliation</u>
<b>JAMES JOYCE</b>	Chairman	July 1, 2017	HR Gray
<b>GLORIA FAUSS</b>	Member	July 1, 2016	Consultant
<b>LESSIE MILTON JONES</b>	Vice Chairman	July 1, 2013	Attorney
<b>LOREE SOGGS</b>	Member	July 1, 2015	Cleveland Building and Construction Trades Council
<b>JIMMY STEWART</b>	Member	July 1, 2019	Ohio Gas Association
<b>JAMES LEFTWICH</b>	Ex Officio Member	Not applicable	Director - Department of Development
<b>JAMES ZEHRINGER</b>	Ex Officio Member	Not applicable	Director - Department of Natural Resources
<b>SCOTT J. NALLY</b>	Ex Officio Member	Not applicable	Director - Ohio EPA

### **SECRETARY-TREASURER**

SCOTT L. CAMPBELL

### **EXECUTIVE STAFF OF THE OHIO WATER DEVELOPMENT AUTHORITY**

STEVEN J. GROSSMAN, Executive Director  
SCOTT L. CAMPBELL, Chief Operating Officer  
KEN J. HEIGEL, Chief Engineer  
SUE SMITH FARMER, Local Government Loan Officer

### **GENERAL COUNSEL TO THE AUTHORITY**

BENESCH, FRIEDLANDER, COPLAN & ARONOFF LLP  
Cleveland, Ohio

### **EXECUTIVE STAFF OF THE OHIO ENVIRONMENTAL PROTECTION AGENCY**

SCOTT J. NALLY, Director  
GREGORY H. SMITH, Chief, Division of Environmental and Financial Assistance

### **BOND COUNSEL**

SQUIRE SANDERS (US) LLP  
Cleveland, Ohio

### **FINANCIAL ADVISOR**

PUBLIC FINANCIAL MANAGEMENT, INC.  
Cleveland, Ohio

### **WATER POLLUTION CONTROL LOAN FUND TRUSTEE**

THE HUNTINGTON NATIONAL BANK  
Columbus, Ohio

### **TRUSTEE**

THE BANK OF NEW YORK MELLON TRUST COMPANY N.A.  
Cincinnati, Ohio

### **INDEPENDENT AUDITORS**

CLARK, SCHAEFER, HACKETT & CO.  
Springfield, Ohio

## **REGARDING THIS OFFICIAL STATEMENT**

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2012A Water Quality Refunding 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 2012A Water Quality Refunding 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 in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Upon issuance, the Series 2012A Water Quality Refunding 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 2012A Water Quality Refunding 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 2012A WATER QUALITY REFUNDING 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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## **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 \$62,555,000 State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series 2012A (the “Series 2012A Water Quality Refunding Bonds”). This Official Statement describes the Authority and the purpose, terms and sources of payment of, and security for, the Series 2012A Water Quality Refunding Bonds. The Authority has provided all financial and other data included herein, except where specifically attributed to other sources.

The Series 2012A Water Quality Refunding Bonds are being issued on a parity with other Water Quality Bonds pursuant to the Trust Agreement dated as of October 1, 1995 among the Authority, the Director and the Trustee, as amended, including by the Eighteenth Supplemental Trust Agreement dated March 7, 2012 (the “Trust Agreement”). See “THE WATER POLLUTION CONTROL LOAN FUND PROGRAM - The Water Pollution Control Loan Fund Trust Agreement” below. The Series 2012A Water Quality Refunding Bonds will be dated the date of their issuance, will bear interest at the rates and will mature on the dates set forth on the inside cover pages hereof.

The Series 2012A Water Quality Refunding 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 SOURCES OF PAYMENT FOR THE WATER QUALITY BONDS.”

This Official Statement also includes descriptions of certain laws and regulations applicable to the Authority, certain provisions of the Trust Agreement securing the Water Quality 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.: Secretary-Treasurer.

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

## **AUTHORIZATION AND PURPOSE OF THE SERIES 2012A WATER QUALITY REFUNDING BONDS**

The Series 2012A Water Quality Refunding Bonds are authorized and issued on a parity with the outstanding Series 1997 Water Quality Bonds, Series 2002 Water Quality Bonds, Series 2003 Water Quality Bonds, Series 2004 Water Quality Bonds, Series 2004 Water Quality Refunding Bonds, Series 2005 Water Quality Refunding Bonds, Series 2005B Water Quality Bonds, Series 2009 Water Quality Refunding Bonds, Series 2010 Water Quality Bonds, Series 2010B Water Quality Bonds, Series 2010C Water Quality Refunding Bonds, Series 2011A Water Quality Refunding Bonds, and Series 2011B Water Quality Refunding Bonds, and with any other Water Quality Bonds that may be issued in the future under the Trust Agreement and are secured on a basis senior to the Series 2011-12 Water Quality Floating Rate Notes. The Series 2012A Water Quality Refunding 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 6111.036 of the Ohio Revised Code, the Water Quality Bond General Resolution, a Series Resolution adopted by the Authority on January 26, 2012 (the “Series 2012A Water Quality Refunding Bond Resolution”), and a Certificate of Award to be executed by the Authority upon the pricing of the Series 2012A Water Quality Refunding Bonds.

The Series 2012A Water Quality Refunding Bonds are to be issued for the purpose of raising moneys (a) to advance refund certain maturities of the Authority’s outstanding Series 2005B Water Quality Bonds, and (b) to pay issuance expenses relating to the issuance of the Series 2012A Water Quality Refunding Bonds.

## PLAN OF REFUNDING

Pursuant to the Trust Agreement, the Authority issued the Series 2005B Water Quality Bonds in the original principal amount of \$449,592,597.55, of which \$143,317,597.55 are outstanding as of the date of this Official Statement and before the refunding of the Series 2005B Refunded Bonds (as defined below). Pursuant to an Escrow Agreement, to be dated the date of delivery of the Series 2012A Water Quality Refunding Bonds, a portion of the net proceeds of the Series 2012A Water Quality Refunding Bonds will be deposited in separate accounts of the Escrow Fund established under the Series 2012A Water Quality Bond Resolution (the “2012A Escrow Fund”) to be held in trust thereunder. That amount will be used, in accordance with the Escrow Agreement, to purchase certain direct noncallable obligations of the United States of America having such maturities or redemption dates and interest payment dates and bearing such interest as will be, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, sufficient, together with any other moneys remaining in the 2012A Escrow Fund after such purchase, for the payment of all principal of, and premium and interest on, the Series 2005B Refunded Bonds through the earliest optional redemption date for the Series 2005B Refunded Bonds (the “Series 2005B Refunded Bonds Redemption Date”). Upon the purchase of these direct noncallable obligations of the United States of America, according to the terms of the Trust Agreement, the Series 2005B Refunded Bonds will be deemed paid and discharged.

The following table shows the portion of the Series 2005B Water Quality Bonds of each maturity to be refunded with the proceeds of the Series 2012A Water Quality Refunding Bonds, and the portion of the Series 2005B Water Quality Bonds that will remain outstanding after that refunding. The portion of the Series 2005B Water Quality Bonds to be refunded with the proceeds of the Series 2012A Water Quality Refunding Bonds are referred to herein collectively as the “Series 2005B Refunded Bonds.”

### SERIES 2005B WATER QUALITY BONDS TO BE REFUNDED

<u>Maturity Date</u>	<u>Principal Amount Outstanding Before Refunding</u>	<u>Principal Amount to be Refunded</u>	<u>Principal Amount Outstanding After Refunding</u>
12/1/2017	\$2,340,000	\$2,340,000	\$0
6/1/2018	2,580,000	2,580,000	0
12/1/2018	2,440,000	2,440,000	0
6/1/2019	2,735,000	2,735,000	0
12/1/2019	2,670,000	2,670,000	0
6/1/2020	3,025,000	3,025,000	0
12/1/2020	2,965,000	2,965,000	0
6/1/2021	3,125,000	3,125,000	0
12/1/2021 (4.3750%)	920,000	920,000	0
12/1/2021 (5.000%)	2,270,000	2,270,000	0
6/1/2022	3,260,000	3,260,000	0
12/1/2022	3,280,000	3,280,000	0
6/1/2023	4,055,000	4,055,000	0
12/1/2023	3,525,000	3,525,000	0
6/1/2024	3,325,000	3,325,000	0
12/1/2024	3,965,000	3,965,000	0
6/1/2025 (4.750%)	2,380,000	2,380,000	0
6/1/2025 (5.000%)	1,110,000	1,110,000	0
12/1/2025	3,855,000	3,855,000	0



## **THE WATER POLLUTION CONTROL LOAN FUND PROGRAM**

### **Background**

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 (the “Federal Share”) 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 percent of the total amount of all federal grant payments under the Environmental Protection Agency Automated Clearing House (the “State Match”). The State Match has been funded by a combination of State general fund appropriations and proceeds of State Match Revenue Bonds (the “State Match Bonds”) and interest earnings on those proceeds. For a description of the capitalization of the Water Pollution Loan Fund, see “The Water Pollution Control Loan Fund - Capitalization” below.

The Water Pollution Control Loan Fund (the “WPCLF”) 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 WPCLF 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 WPCLF 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.

### **Pledge of Principal Repayments**

Repayments of the principal of WPCLF Loans comprise, among other things, the revenues pledged to secure the payment of principal of and interest on the Water Quality Bonds, including the Series 2012A Water Quality Refunding Bonds, and, to the extent not needed for that purpose, to fund additional loans from the WPCLF.

Additionally, all payments of interest on loans which have, pursuant to the terms of the Water Pollution Control Loan Fund Trust Agreement, ceased to be pledged to secure the State Match Bonds (“Additional Pledged Loans”) are pledged to secure the Water Quality Bonds. Under certain circumstances, the Federal Share (except for the amount thereof encumbered to make WPCLF Loans) may be applied to pay Bond Service Charges on the Water Quality Bonds. In addition, moneys representing interest payments on WPCLF Loans are, unless required for the payment of debt service on the State Match Bonds, available and subject to requisition for the payment of Bond Service Charges on Water Quality Bonds, but all other moneys available to fund additional WPCLF Loans will be required to be used for that purpose prior to use of WPCLF interest as a source for the payment of Bond Service Charges on the Water Quality Bonds. See “SECURITY AND SOURCE OF PAYMENT OF WATER QUALITY BONDS – Additional Pledged Loans and Additional Pledged Loan Repayments.”

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 for the state match and leveraging bonds issued for the Drinking Water Assistance Fund and for the Water Quality Bonds and State Match Bonds. See “SECURITY AND SOURCE OF PAYMENT OF WATER QUALITY BONDS.”

### **The Water Pollution Control Loan Fund**

#### **Administration**

The WPCLF is administered within the Ohio Environmental Protection Agency (the “OEPA”) by the Division of Environmental and Financial Assistance (“DEFA”), which reports to the Director of OEPA. DEFA was organized in December 1989, from sections within the Division of Water Pollution Control of the OEPA which were

responsible for the administration of the Federal construction grants program, as well as the creation and administration of the Water Pollution Control Loan Fund. DEFA is composed of three sections: the Environmental Planning Section, the Engineering Section and the Assistance Administration Section. Administration of DEFA's activities is carried out by three section managers, an assistant division chief, as well as the division chief. See "THE OHIO ENVIRONMENTAL PROTECTION AGENCY – Organization and Administration of Division of Environmental and Financial Assistance" herein. Also see "THE OHIO ENVIRONMENTAL PROTECTION AGENCY – Outline of the Water Pollution Control Loan Fund Project Process" herein for a description of the requirements of the Water Pollution Control Loan 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 equal to 120% of the total amount of grant payments to the Environmental Protection Agency Automated Clearing House within one year after such payments. The Authority and Director have entered into WPCLF 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 WPCLF Loan Agreements, the Authority and the Director have provided and will provide WPCLF Loans to Governmental Agencies at below market interest rates.

Funds in the Water Pollution Control Loan Fund may also be used to pay the reasonable costs of administering the Water Pollution Control Loan Fund, but the amount of such costs may not exceed 4% of the total amount of all capitalization grants awarded. The Director is currently charging a service fee (which is held outside of the Water Pollution Control Loan Fund) to defray additional administrative costs, including, but not limited to, certain Water Pollution Control Loan Fund Program costs of the Authority.

On October 30, 2009, the United States Congress passed Public Law 111-88, which requires each state to provide a defined amount of additional subsidies to the assistance awarded from its Clean Water Act state revolving loan fund. The additional subsidies must be in the form of grants, negative interest loans, or forgiveness of principal, and are intended to reduce the principal to be repaid by a borrower for the eligible costs of its project.

To fulfill this requirement, the Director has made available up to \$54.5 million for reduced principal repayment obligations. Since some of those loans may entail no obligation for repayment of principal and no interest payment from the Governmental Agencies that receive them, those loans will not constitute WPCLF Loans for purposes of the Trust Agreement, and they do not give rise to any additional Pledged Revenues thereunder, nor do they negatively affect the security for the Water Quality Bonds. More commonly, however, the Director will likely award partial forgiveness of principal as subsidies to the financing of certain conventional WPCLF Loans to provide blended loans to the borrowing Governmental Agencies.

#### Capitalization

Since its creation in 1989, the Water Pollution Control Loan Fund has been awarded capitalization grants in the amounts set forth below. The required State Match has been funded by a combination of State general fund appropriations and State Match Bonds and interest earnings on the proceeds of the State Match Bonds.

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**CAPITALIZATION GRANTS  
FOR FEDERAL FISCAL YEARS 1989 THROUGH 2010**

<u>Federal Fiscal Year</u>	<u>Capitalization Grant Amount</u>	<u>State Match Required</u>	<u>Funding Source</u>
1989	\$ 53,099,244	\$10,619,849	General Revenue Fund
1990	64,124,705	12,824,941	General Revenue Fund (a)
1991	120,534,782	24,106,956	1991 State Match Bonds
1992	109,382,724	21,876,545	1991/1993 State Match Bonds (b)
1993	108,203,832	21,640,766	1993 State Match Bonds
1994	75,855,333	15,171,067	1993 State Match Bonds
1995	72,717,472	14,543,495	1993/1995 State Match Bonds (c)
1996	118,581,512	23,716,302	1995 State Match Bonds and Interest Earnings
1997	35,085,699	7,017,140	1995 State Match Bonds and Interest Earnings
1998	86,175,844	17,235,168	1995 State Match Bonds and Interest Earnings
1999	75,812,616	15,162,523	1995 State Match Bonds and Interest Earnings
2000	78,508,760	15,701,752	2000 State Match Bonds and Interest Earnings
2001	75,386,586	15,077,317	2000 State Match Bonds and Interest Earnings
2002	76,209,659	15,241,933	2000 State Match Bonds and Interest Earnings
2003	74,859,808	14,971,962	2000 State Match Bonds and Interest Earnings
2004	75,649,985	15,129,997	2000 State Match Bonds and Interest Earnings
2005	60,663,240	12,132,648	2000 State Match Bond and Interest Earnings
2006	49,305,643	9,861,129	2000 State Match Bond and Interest Earnings
2007	60,252,687	12,050,537	2000 State Match Bond and Interest Earnings
2009 *	76,616,793	15,323,359	2000 State Match Bonds and 2008 State Match Notes
2010	114,702,000	22,940,000	2008 State Match Notes and 2010 State Match Notes
2011	<u>83,129,000</u>	<u>16,625,800</u>	2010 State Match Notes
TOTALS	<u>\$1,744,857,924</u>	<u>\$348,971,186</u>	

\* The grants for 2008 and 2009 were awarded to Ohio in 2009.

(a) \$928,742 of 1990 Capitalization Grant state match was covered by 1991 State Match Bonds.

(b) \$12,528,230 of 1992 Capitalization Grant state match was covered from the 1993 State Match Bonds and \$9,348,315 was covered from the 1991 State Match Bonds.

(c) Of such State Match, \$9,588,870 was funded from the 1995 State Match Bond Anticipation Note (which was redeemed from the proceeds of the 1995 State Match Bonds), \$4,413,136 is from interest income and \$541,489 is from the 1993 State Match Bonds.

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 bonds:

### **Water Quality Bonds**

<b><u>Series</u></b>	<b><u>Original Principal Amount</u></b>	<b><u>Issuance Date</u></b>	<b><u>Purpose of Issue</u></b>
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 Refunding Revenue Bonds, Water Quality Series 2002 (the "Series 2002 Water Quality Bonds")	\$200,115,000	February 2002	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 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
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")	\$449,592,597.55	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 Series 1997 Water Quality Bonds, the Series 2002 Water Quality Bonds, the Series 2003 Water Quality Bonds, the Series 2004 Water Quality Bonds, the Series 2004 Water Quality Bonds, the Series 2005 Water Quality Bonds, the Series 2005B Water Quality Bonds, the Series 2009 Water Quality Refunding Bonds, the Series 2010 Water Quality Bonds, the Series 2010B Water Quality Bonds, the Series 2010C Water Quality Refunding Bonds, the Series 2011A Water Quality Refunding Bonds, the Series 2011B Water Quality Refunding Bonds, and any additional bonds and notes issued in anticipation thereof that may be issued on a parity with those Bonds are collectively referred to herein as the “Water Quality Bonds”. Water Quality Bonds are issued pursuant to and secured by the Trust Agreement.

### **The Water Pollution Control Loan Fund Trust Agreement**

Since its creation in 1989, the Water Pollution Control Loan Fund has been held in the custody of the Water Pollution Control Loan Fund Trustee (currently, The Huntington National Bank) pursuant to the Water Pollution Control Loan Fund Trust Agreement. The Water Pollution Control Loan Fund Trust Agreement creates and requires to be maintained in the custody of the Water Pollution Control Loan Fund Trustee various subfunds of the Water Pollution Control Loan Fund, including, but not limited to, the Water Pollution Control Loan Fund Repayment Fund into which will be deposited payments of principal and interest on all WPCLF Loans (other than any WPCLF Loans depledged as described below).

Under the Water Pollution Control Loan Fund Trust Agreement, the Water Pollution Control Loan Fund Trustee is required to 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 as security for Water Quality Bonds, including the Series 2012A Water Quality Refunding Bonds. See “SECURITY AND SOURCE OF PAYMENT OF WATER QUALITY BONDS - Establishment and Application of Funds.” The moneys on deposit in the Interest Fund are pledged to the retirement of the State Match 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 to the payment of Bond Service Charges on the Water Quality Bonds.

The funds, subfunds and accounts in the Water Pollution Control Loan Fund and their relationship to the Water Quality Bonds are discussed in more detail under the caption “SECURITY AND SOURCE OF PAYMENT OF WATER QUALITY 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 Water Pollution Control Loan Fund may be invested in investments permitted under the Water Pollution Control Loan Fund Trust Agreement. All interest earned on moneys or investments in the Water Pollution Control Loan Fund will be credited to that fund. See “INVESTMENTS” and “APPENDIX E –

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Establishment, Application and Investment of the Water Pollution Control Loan Fund.” For a description of the adopted plan of the Authority and the Director regarding cross-collateralization of the Water Pollution Control Loan Fund and the Drinking Water Assistance Fund through the required investment of certain surplus moneys in those Funds, see “SECURITY AND SOURCE OF PAYMENT OF WATER QUALITY BONDS.”

### **Amendment to Trust Agreement**

The Trust Agreement was recently amended such that the definition of “Projected Payments” now includes Direct Payments received by the Authority in connection with Water Quality Bonds, and therefore permits the Authority to include expected Direct Payments in determining its fulfillment of the 105% coverage test for any proposed issuance of additional Water Quality Bonds and any proposed depledging of Pledged Revenues. See “ADDITIONAL WATER QUALITY BONDS.”

### **The Ohio Water Pollution Control Loan Fund Inter-Agency Agreement**

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

Pursuant to the Inter-Agency Agreement, the Director will deposit into or cause to be deposited into the Water Pollution Control Loan Fund (i) all of the Federal Share (an amount equal to four percent (4%) of which may be reserved for administrative expenses) received or to be received from the USEPA and awarded to the State pursuant to the Clean Water Act, (ii) funds provided for the State Match, and (iii) the net proceeds of the Water Quality Bonds.

#### WPCLF Loans to Governmental Agencies

WPCLF Loans from the Water Pollution Control Loan Fund will be made for such Projects, to such Governmental Agencies and upon such terms and conditions as the Director determines in accordance with Section 6111.036 of the Ohio Revised Code. Each such WPCLF Loan must be made in accordance with a WPCLF Loan Agreement entered into among the Director, the Governmental Agency and the Authority. See “WPCLF Loan Agreements” below.

#### Other Loans to Non-governmental Agencies

The Water Pollution Control Loan Fund Trust Agreement provides for the creation and maintenance of an Other Projects Fund, out of which, among other things, loans may be made to parties other than Governmental Agencies (“Non-governmental Loans”). Non-governmental Loans also include any loan that may be made to a Governmental Agency if (i) the loan is made for the benefit of a party other than a Governmental Agency, and (ii) the party primarily responsible for the repayment of the loan is not a Governmental Agency. No proceeds of the Water Quality Bonds are to be deposited in the Other Projects Fund. Moneys on deposit in the Other Projects Fund may also be used for any lawful purpose of the Water Pollution Control Loan Fund. Repayments of Non-governmental Loans are not pledged to, but may be used for, the payment of Bond Service Charges. As of January 31, 2012, less than one percent (1.00%) of the funds awarded by the Water Pollution Control Loan Fund were for Non-governmental Loans.

#### Environmental Responsibilities; Enforcement of Remedies under WPCLF Loan Agreements

The Director is responsible for determining the priorities for funding and the environmental review and enforcement of any environmental conditions for Projects which are funded from the Water Pollution Control Loan Fund.

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

## Financial Determination and Assistance; Goals and Strategies

The Director will (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 WPCLF Loan Agreement, and (iii) determine the amount of funds (including both eligible and ineligible project costs in accordance with the Clean Water Act) available for each Project. Upon the request of the Director, the Authority has agreed 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 shall optimize the use of the Water Pollution Control Loan 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 Water Pollution Control Loan Fund.

### **WPCLF Loan Agreements**

Pursuant to WPCLF Loan Agreements, the Governmental Agencies agree to construct Projects constituting publicly-owned wastewater treatment facilities or nonpoint source pollution control management programs, or develop and implement estuary conservation and 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 Water Pollution Control Loan Fund 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 application to the Authority and the Director will be able to pay the principal amounts required under its proposed WPCLF Loan Agreement, including the interest thereon, the Authority and the Director 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 WPCLF 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 WPCLF 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 WPCLF Loan Agreement.

The Clean Water Act requires that the interest rate for WPCLF Loans be at or below the market rate. Accordingly, the interest rate on a WPCLF Loan is generally lower than the rate that the borrowing Governmental Agency could have obtained through its own issuance of revenue bonds and is also generally lower than the rate for a comparable loan under the Authority's Fresh Water Program. See "PROGRAMS OF THE AUTHORITY - Fresh Water Program and Other Governmental Agency Programs of the Authority." 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 Clean Water Act and the Trust Agreement. The Water Pollution Control Loan Fund standard interest rate is set monthly and is calculated by taking the average of The Bond Buyer's 20-Bond General Obligation Index (the "Index") for the eight weeks prior to those dates and subtracting up to 125 basis points from that average.

Certain Governmental Agencies may qualify for a WPCLF Loan with an interest rate lower than the standard rate. Those that qualify as "small communities" receive a rate approximately 50 basis points lower than the standard rate. Those that qualify for a "hardship" interest rate receive a rate of either 0% or 1.0% based upon community service population. In addition, based upon the nature of their projects, Governmental Agencies may qualify for one or more discounts from the standard rate that may reduce the interest rate to as low as zero percent. Among the discounts offered are:

(i) The Water Conservation discount of 10 basis points, which may be provided for communities that implement water conservation measures predicted to save at least 5% of potable water supplied.

(ii) The Septage Handling discount, which is designed to encourage communities to install facilities for receiving and treating septage from septic system pumpers. With this discount, the principal amount is increased to cover the construction costs of the facilities, and the interest rate is reduced to offset the additional principal amount.

(iii) Zero percent interest rate loans may be provided for replacement of failed non-conventional wastewater treatment systems initially funded through the WPCLF program.

(iv) Discounts under the Water Resource Restoration Sponsor Program (the “Sponsor Program”). Under the Sponsor Program, a Governmental Agency that is receiving a WPCLF Loan for the construction or improvement of publicly owned wastewater treatment facilities can utilize its WPCLF Loan to obtain additional funding for a Director-approved project that protects or restores water resources. The Governmental Agency may undertake the water resource restoration project itself, or it may sponsor the undertaking of the project by another entity. The Sponsor Program has worked in two different ways: (i) the interest rate on the Governmental Agency’s WPCLF Loan is reduced so as to create interest savings equal to the amount of the additional borrowing for the water resource restoration project, or (ii) a portion of the future scheduled interest payments at a standard rate is pre-refunded to the Governmental Agency at the time of the WPCLF Loan to enable it to fund the water resource restoration project. The latter method is the one currently used for the Sponsor Program. In either case, the Governmental Agency receives a discount of 10 basis points on its borrowing for its wastewater treatment system project in consideration of its participation in the Sponsor Program. The WPCLF Loans made under the Sponsor Program are identified by footnote in APPENDIX B.

WPCLF Loans may not be prepaid prior to maturity. The Governmental Agency making application may select a payment schedule ranging from one to 20 years. The Director and the Authority are currently exploring options to extend the payment schedule on certain loan to 30 years.

The Authority and the Director have covenanted to take all necessary actions to collect the payments due under the WPCLF 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 WPCLF 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 Water Pollution Control Loan Fund is retained by the Governmental Agency. The Governmental Agencies agree in the WPCLF 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 WPCLF Loan Agreement to maintain rates and charges that are sufficient to provide for the repayment of amounts advanced under such WPCLF Loan Agreements after (a) deduction of the operating and maintenance expenses of the utility system of which the Project is part, (b) any contribution to the Governmental Agency's capital improvement fund required by the Director, and (c) payment of (i) all amounts required by any mortgage, indenture of mortgage, trust indenture or other instrument granted or entered into and (ii) contractual obligations between the Governmental Agency under any other WPCLF Loan Agreement between the Governmental Agency and the Authority, to the extent that payments under (i) and (ii) 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 to municipal corporations, counties and townships that are determined to have circumstances that constitute a fiscal emergency condition. Such conditions include default on any debt obligation, 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, county or township is subjected to State oversight 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, county or township subject to the Fiscal Emergency Act. If the conditions described in the Fiscal Emergency Act occur with respect to a Government Agency, such Government Agency may be subject to State fiscal supervision, including control of its debt issuance and expenditures of the Government Agency. Four borrowers under WPCLF Loans, the City of Galion, the Village of Waynesville, the City of Wellston and the Village of Leipsic are currently subject to State financial supervision under the Fiscal Emergency Act; however all four borrowers are current on WPCLF Loan payments.

### Bankruptcy Considerations

The enforceability of the WPCLF 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. Section 133.36 of 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 WATER QUALITY BONDS**

The Series 2012A Water Quality Refunding Bonds are being issued pursuant to and will be secured by the Trust Agreement. The Water Quality Bonds, including the Series 2012A Water Quality Refunding Bonds, are payable solely from and are secured equally and ratably by a pledge of: (i) the Pledged Revenues (*i.e.*, all repayments of principal made on all existing and future WPCLF Loans and received after the date of issuance of the first series of Water Quality Bonds (October 31, 1995), all Additional Pledged Loan Repayments and all income and profit from the investment and reinvestment of such payments), (ii) the Special Funds (*i.e.*, the Debt Service Fund, the Debt Service Reserve Fund, the Net Bond Proceeds Fund, the Surplus Principal Fund, the Water Quality Subfund and the Capitalization Grant Subfund), and all moneys and investments which may at any time be on deposit in the Special Funds and the income and profit from the investment of those moneys (except the Encumbered Balance in the Net Bond Proceeds Fund, the Encumbered Balance in the Water Quality Subfund, the

Encumbered Balance in the Capitalization Grant Subfund, any Credit Facility Proceeds and any amounts which are required to be transferred to the Rebate Fund), and (iii) any other funds and moneys which may be subjected to the pledge of the Trust 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 Water Quality Bonds to which such Credit Facility applies. There is no Credit Facility for the Series 2012A Water Quality Refunding Bonds. Under certain circumstances, funds in the Capitalization Grant Subfund of the Clearing Account described below may be used to pay Bond Service Charges on the Water Quality Bonds. See “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Establishment and Application of Funds.” The Director and the Authority have implemented cross-collateralization between the Water Pollution Control Loan Fund and the Drinking Water Assistance Fund to enhance security for the state match and leveraging bonds issued for the Drinking Water Assistance Fund and for the Water Quality Bonds and State Match Bonds. See discussion below.

Each WPCLF Loan Agreement sets forth the obligations of the applicable Government 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 WPCLF 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. (For a more complete discussion of the rate covenant, see “The WATER POLLUTION CONTROL LOAN FUND PROGRAM – WPCLF 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 AGREEMENTS OF THE GOVERNMENTAL AGENCIES TO MAKE THE PAYMENTS REQUIRED BY WPCLF 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.

All principal repayments on WPCLF Loans and all Additional Pledged Loan Repayments (if any), together with the investment income and profit from such repayments, received will be deposited by the Trustee as to be available in the following order: (i) to the Debt Service Fund to pay the interest, principal and mandatory sinking fund requirements for all outstanding Water Quality Bonds; (ii) to the Trustee, Registrar, Paying Agents, Authenticating Agents and other fiduciaries to pay other unpaid fees, charges and expenses; (iii) 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 (iv) 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 WATER QUALITY 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 WATER QUALITY 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 OR INTEREST OR ANY REDEMPTION PREMIUM ON THE WATER QUALITY BONDS.**

The Director and the Authority have implemented cross-collateralization between the Water Pollution Control Loan Fund and the Drinking Water Assistance Fund (See “THE OHIO ENVIRONMENTAL PROTECTION AGENCY – The Other Revolving Loan Program of the OEPA”) by providing for the investment of surplus funds available in the Water Pollution Control Loan Fund to enhance the security for state match and leveraging 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 State Match 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.*, funds in the Surplus Account

of the Interest Fund, the Surplus Principal Fund and the Unpledged Principal Subaccount) 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 State Match Bonds. This approach to cross-collateralization was 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 State Match Bond 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 leveraging 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.

### **Establishment and Application of Funds**

The Water Pollution Control Loan Fund Trust Agreement provides for the creation of the following funds, subfunds and accounts within the Water Pollution Control Loan Fund to be held by the Water Pollution Control Loan Fund Trustee: the Clearing Account (within which are the Capitalization Grant Subfund, the State Match Subfund and the Water Quality Subfund), the WPCLF Loan Repayments Fund, the Non-governmental Loan Repayments Fund, the Additional Pledged Loan Repayments Fund, the Interest Fund, the Principal Fund, the Surplus Principal Fund and the Other Projects Fund (within which are the Unpledged Principal Subaccount and the Surplus Principal Subaccount). The Trust Agreement for the Water Quality Bonds likewise establishes certain funds, including the Net Bond Proceeds Fund, the Debt Service Fund and the Debt Service Reserve Fund, which are to be held by the Trustee. The Debt Service Fund, the Debt Service Reserve Fund and the Net Bond Proceeds Fund are deemed to be a part of the Water Pollution Control Loan Fund notwithstanding the fact that they will be held by the Trustee.

The primary source of security for the Water Quality Bonds will be the repayments of principal (but not interest) on existing and future WPCLF Loans. Information regarding the Existing WPCLF Loan Agreements and the loans made thereunder (the “Existing WPCLF Loans”) is provided in “SIGNIFICANT LOCAL GOVERNMENTAL AGENCY PARTICIPANTS” and in “APPENDIX B – PARTICIPATING GOVERNMENTAL AGENCIES UNDER EXISTING WPCLF LOAN AGREEMENTS.” Upon the receipt of any deposits in the WPCLF Loan Repayments Fund, the Water Pollution Control Loan Fund Trustee is required to deposit the portion of such payments constituting principal into the Principal Fund. Additionally, payments of principal or of interest on Additional Pledged Loans (the “Additional Pledged Loan Repayments”) will be deposited in the Principal Fund. See “Additional Pledged Loans and Additional Pledged Loan Repayments” below. On the fifteenth day of each January or July, or such other day after the Water Pollution Control Loan Fund Trustee receives principal or of interest on WPCLF Loan Agreements, the Water Pollution Control Loan Fund Trustee will transfer from the Principal Fund to the Trustee for deposit in the Debt Service Fund an amount sufficient to pay the Bond Service Charges with respect to the Water Quality Bonds due on the next Interest Payment Date. Interest payments on WPCLF Loans are pledged to pay the debt service on the outstanding State Match Bonds, but to the extent that such moneys are not needed for that purpose, may be applied to the payment of Bond Service Charges on the Water Quality Bonds. See “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Establishment and Application of Funds.”

The principal repayments on WPCLF Loans to be funded under future WPCLF Loan Agreements (see “THE WATER POLLUTION CONTROL LOAN FUND”), will provide additional Pledged Revenues to secure the Water Quality Bonds. See “Additional Water Quality Bonds” and “Depledged Loans” herein.

## **Subordinate Short-Term Debt - Series 2011-12 Water Quality Floating Rate Notes**

In order to provide further flexibility to meet its financing needs and to facilitate compliance with federal tax law requirements, the Authority has authorized the issuance of the Series 2011-12 Water Quality Floating Rate Notes in a maximum amount of \$400,000,000 outstanding at any one time. The Series 2011-12 Water Quality Floating Rate Notes may be issued in multiple tranches, and are being issued on a subordinated basis to the Water Quality Bonds pursuant to the Sixteenth Supplemental Trust Agreement, dated as of December 16, 2011. Under the Sixteenth Supplemental Trust Agreement, the Authority can issue tranches at anytime through December 30, 2012, and intends to issue the first tranche no earlier than March 2012. Debt service on the Series 2011-12 Water Quality Floating Rate Notes will be paid from the Surplus Principal Fund, to the extent that such monies are not needed to make up for deficiencies in the Debt Service Fund or the Debt Service Reserve Fund.

The issuance of each tranche of the Series 2011-12 Water Quality Floating Rate Notes is subject to several conditions precedent, including meeting an additional bonds test comparable to the test applicable to Water Quality Bonds. See ADDITIONAL WATER QUALITY BONDS. It is the intention of the Authority to retire the Series 2011-12 Water Quality Floating Rate Notes with the proceeds of future issuances of Water Quality Bonds.

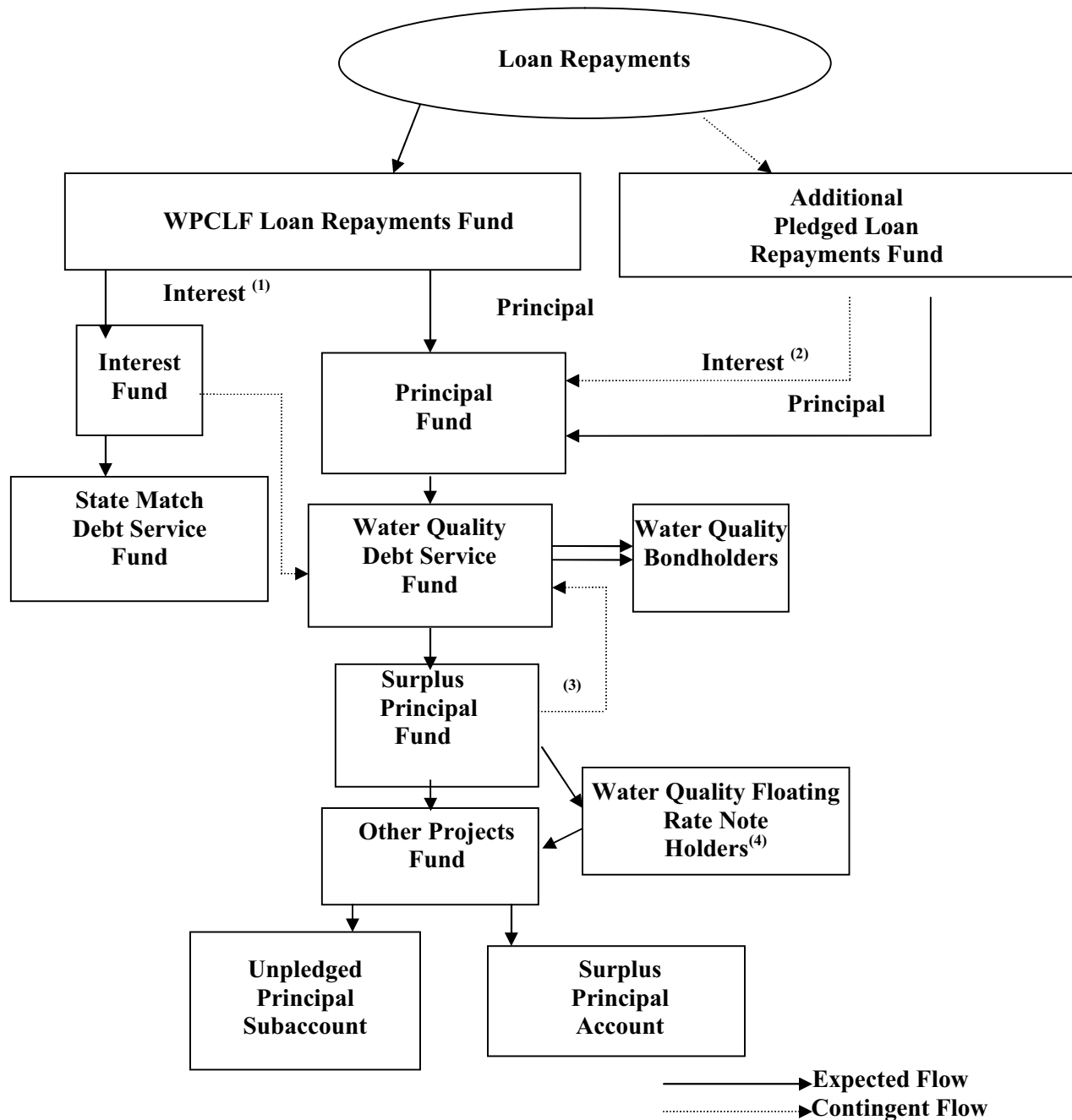
## **Additional Pledged Loans and Additional Pledged Loan Repayments**

The depledging procedure contained in the State Match Bond Trust Agreement may result in Additional Pledged Loans. Subject to certain conditions, the Authority, with the consent of the Director, may from time to time cause the interest on one or more Existing WPCLF Loans or future WPCLF Loans to be removed from the revenues securing the State Match Bonds and thereby terminate the pledge of such interest for the benefit of the Holders of State Match Bonds. In order to do so, the Executive Director of the Authority and the Director shall certify to the Trustee that (i) the purpose for the removal is to cause payment of principal of or interest on such WPCLF Loans to secure other debt obligations such as Water Quality Bonds, the net proceeds of which will be deposited in the Water Pollution Control Loan Fund, (ii) after the removal, the sum of the “projected payments” for State Match Bonds in each calendar year shall at least equal 105% of the amount required for bond service charges due on the State Match Bonds in such calendar year, less all capitalized interest to be applied, on all outstanding State Match Bonds, and (iii) the principal of such WPCLF Loans will be removed on a “last in, first out” basis. Such WPCLF Loans then become Additional Pledged Loans, the Additional Pledged Loan Repayments of which are to be deposited into the Principal Fund.

On September 24, 2009, the Authority adopted Resolution No. 95-09 which authorized the depledging of the interest on certain loans with a current aggregate outstanding amount of \$1,988,945,977 from the pledge that secures State Match Bonds (“2009 Depledged Loans”), and causing such interest payments on those loans to become additional pledged revenues that secure the Water Quality Bonds. On December 8, 2009, the Authority delivered the certificate as described in the immediately preceding paragraph to the Trustee regarding such loans. The 2009 Depledged Loans and the related projected interest payments associated therewith are identified in APPENDIX B – PARTICIPATING GOVERNMENTAL AGENCIES UNDER EXISTING WPCLF LOAN AGREEMENTS.

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 Water Quality Bonds and the State Match 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 Water Quality Bonds are qualified in their entirety by reference to the Trust Agreement and the Water Pollution Control Loan Fund 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.

## APPLICATION OF LOAN REPAYMENTS



- (1) Available to pay Bond Service Charges on Water Quality Bonds if not required to cure State Match Bond Debt Service Fund or Debt Service Reserve Fund deficiencies.
- (2) Principal on Additional Pledged Loans is already pledged; interest becomes pledged as a result of depleting from State Match Bonds.
- (3) Available for any lawful purpose of the Water Pollution Control Loan Fund, including curing Debt Service Fund or Debt Service Reserve Fund deficiencies.
- (4) After curing Debt Service Fund or Debt Service Reserve Fund deficiencies for Water Quality Bonds, then available to the Floating Rate Note Debt Service Fund for debt service on the Series 2011-12 Water Quality Floating Rate Notes, and thereafter available for any lawful purpose of the Water Pollution Control Loan Fund.

## Depledged Loans

Subject to certain conditions, the Authority, with the consent of the Director, may from time to time cause the principal repayments on one or more Existing WPCLF Loans or future WPCLF Loans or the Additional Pledged Loan Repayments to be removed from Revenues and Pledged Revenues and thereby terminate the pledge of such payments for the benefit of Holders of Water Quality Bonds. In order to do so, the Executive Director of the Authority and the Director shall certify to the Trustee that (i) the purpose for the removal is to cause payment of principal of such WPCLF Loans or of such Additional Pledged Loan Repayments to secure other debt obligations, the net proceeds of which will be deposited in the Water Pollution Control Loan Fund (but any Non-qualified Loan may be removed for any reason), (ii) after the removal, the sum of the Projected Payments each calendar year shall at least equal 105% of the amount required for Bond Service Charges due in such calendar year, less all capitalized interest, if any, to be applied on all outstanding Water Quality Bonds, and (iii) the principal of such WPCLF Loans or of such Additional Pledged Loan Repayments has been removed on a “last in, first out” basis (but Non-qualified Loans may be removed on any basis selected by the Executive Director of the Authority). In addition, the Authority has agreed to give the Rating Agencies 60 days prior notice of any action to effect such a removal. For a more complete description of these conditions, see “APPENDIX E-SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Covenants of the Authority – Depledging of Pledged Revenues.”

## 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 Water Quality Bonds as they become due at their stated maturity, by redemption, or pursuant to mandatory sinking fund requirements. The Required Reserve Fund Balance that the Trust Agreement required be on deposit in the Debt Service Reserve Fund is equal to 50% of the maximum annual Bond Service Charges on all Water Quality Bonds outstanding.

## SIGNIFICANT LOCAL GOVERNMENTAL AGENCY PARTICIPANTS

As of December 31, 2011, there were 331 Governmental Agencies with 1,003 Projects financed pursuant to Existing WPCLF Loan Agreements. A total of \$4,673,439,828 in principal amount of Existing WPCLF Loans has been made, with a principal balance of \$3,445,455,608 outstanding. As of December 31, 2011, the Governmental Agencies listed in the following table have Existing WPCLF Loans, the total principal amounts of which constitute approximately 62% of the total principal amounts of the Projects funded pursuant to the Existing WPCLF Loan Agreements.

<b>Governmental Agency</b>	<b>Number of Projects</b>	<b>Estimated Principal Amount to be Repaid</b>	<b>Percent of Total</b>
City of Columbus	109	\$1,247,353,986	26.69%
Northeast Ohio Regional Sewer District	58	777,091,328	16.63%
City of Toledo	44	381,578,346	8.16%
Metropolitan Sewer District (Hamilton County)	25	213,822,848	4.58%
Montgomery County	27	72,317,946	1.55%
Greene County	6	66,632,676	1.43%
Medina County	13	60,332,867	1.29%
City of Lancaster	5	57,312,463	1.23%
<b>TOTALS</b>	<b>287</b>	<b>\$2,876,442,460</b>	<b>61.56%</b>

The City of Columbus is located in central Ohio and is responsible for providing both water and sewer services. The 109 projects have funded improvements to wastewater treatment facilities and sanitary sewers. The City’s sewer system provides service to approximately 241,523 customers.

The Northeast Ohio Regional Sewer District (the “District”) is located in northeast Ohio and is responsible for providing sewer services. The 58 projects have funded improvements to wastewater treatment facilities and sanitary sewers. The District’s sewer system provides service to approximately 328,000 customers.

See “CONTINUING DISCLOSURE” herein regarding the inclusion of financial information for the City of Columbus in the Authority’s Annual Report (as defined in “CONTINUING DISCLOSURE” herein). The City of Columbus has undertaken an obligation to provide certain annual financial and operating data to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system, and that data is currently available from those repositories.

### **ADDITIONAL WATER QUALITY BONDS**

The Authority and Director may issue additional Water Quality Bonds or notes issued in anticipation thereof from time to time for the purpose of providing continuing funding for the sole benefit of the Water Pollution Control Loan Fund or for the purpose of refunding previously issued and outstanding Water Quality Bonds. No Water Quality Bonds shall be issued unless the following conditions exist at the time of the authentication of such Water Quality Bonds by the Authenticating Agent:

(a) The Executive Director certifies 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 Water Quality Bonds, and the authentication and delivery of the Water Quality Bonds will not result in any such default;

(b) The sum of (i) the Projected Payments to be received during each calendar year shall aggregate an amount at least equal to 105% 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 Water Quality Bonds to be outstanding after the issuance of such Water Quality Bonds and (ii) the Projected Payments to be received during each calendar year less any projected Direct Payments taken into consideration in (i) above 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 Water Quality Bonds to be outstanding after the issuance of such Water Quality Bonds, and the Authority shall 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;

(c) The Executive Director certifies that: (i) after the issuance of such Water Quality 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 (ii) simultaneously with the issuance of such Water Quality 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 Water Quality 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 Water Quality 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; and

(d) The Director requests that the Authority issue such Water Quality Bonds on the terms set forth in or determined pursuant to the applicable Series Resolution, and the Executive Director certifies that other conditions precedent to the issuance of such series of Water Quality Bonds set forth in the applicable Series Resolution have been met.

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

For a discussion of the various types of additional Water Quality 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 Water Quality Bonds.”

In addition, the Authority may issue Series 2011-12 Water Quality Floating Rate Notes under the Agreement and secured on a basis subordinate to Water Quality Bonds. No such Series 2011-12 Water Quality Floating Rate Notes will be issued unless the following conditions will have been met prior to the delivery of the first issuance of Series 2011-12 Water Quality Floating Rate Notes and of each subsequent issuance of Floating Rate Notes:

- (a) The Series 2011-12 Water Quality Floating Rate Notes will fulfill all of the conditions that would apply to their issuance as parity Water Quality Bonds in the form of Balloon Bonds under the Agreement, except for the funding of an addition to the Debt Service Reserve Fund to reflect an increase in the Required Reserve Fund Balance resulting from the issuance.
- (b) The Holders of the Series 2011-12 Water Quality Floating Rate Notes will not have any right to or claim on any money in the Debt Service Reserve Fund.

### **Bond Anticipation Notes**

In anticipation of the issuance of any series of Water Quality Bonds, the Authority may issue one or more series of Bond Anticipation Notes. All requirements of the Trust Agreement applicable to Water Quality Bonds shall apply to Bond Anticipation Notes, including, without limitation the conditions precedent for the issuance of a series of Water Quality Bonds. For the purposes of determining (1) whether Water Quality Bonds, regardless of whether they are to be Bond Anticipation Notes, may be issued in compliance with the requirements of the Water Pollution Control Loan Fund General Bond Resolution when any Bond Anticipation Notes are outstanding, (2) whether Water Quality Bonds that are Bond Anticipation Notes may be issued in compliance with the requirements of the Water Pollution Control Loan Fund General Bond Resolution, and (3) the amount of the Required Reserve Fund Balance attributable to Bond Anticipation Notes, the Bond Service Charges on such Bond Anticipation Notes will be determined in accordance with the provisions of the Trust Agreement pertaining to Balloon Bonds and described in “APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT - Computation of Bond Service Charges With Respect to Additional Water Quality Bonds - Balloon Bonds.”

## **INVESTMENTS**

Moneys in the Debt Service Fund, the Floating Rate Note Debt Service Fund, the Debt Service Reserve Fund, the Net Bond Proceeds Fund and the Rebate Fund will be invested and reinvested by the Trustee 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.” Moneys in the Water Pollution Control Loan Fund will be invested and reinvested in accordance with the provisions of the Water Pollution Control Loan Fund Trust Agreement except any Net Bond Proceeds which will be invested and reinvested by the Water Pollution Control Loan Fund Trustee in Eligible Investments at the direction of the Executive Director. 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 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 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 which pay interest on an annual or semi-annual 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, the Net Bond Proceeds Fund 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.

Moneys available in the Surplus Fund may be required to be invested to give effect to the cross-collateralization between the Water Pollution Control Loan Fund and the Drinking Water Assistance Fund in order to enhance the security for state match and leveraging bonds for the Drinking Water Assistance Fund. See “SECURITY AND SOURCE OF PAYMENT OF WATER QUALITY BONDS” for a discussion of the cross-collateralization provisions.

## **ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds of the Series 2012A Water Quality Refunding 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 2012A Water Quality Refunding Bonds	\$62,555,000.00
Original Issue Premium (Discount)	0.00
Authority Contribution	<u>4,007,062.01</u>
Total	\$66,562,062.01

### **Uses of Funds**

Deposit to 2012A Escrow Fund	\$62,085,335.00
Cost of Issuance <sup>(1)</sup>	469,665.00
Deposit to Debt Service Reserve Fund	<u>4,007,062.01</u>
Total	\$66,562,062.01

<sup>(1)</sup> Including Underwriters' Discount, Bond Counsel fees, Trustee fees, Financial Advisor fees, rating agency fees, and other costs.

## **THE SERIES 2012A WATER QUALITY REFUNDING BONDS**

### **General Terms**

The Series 2012A Water Quality Refunding Bonds will be dated as of the date of their delivery. The Series 2012A Water Quality Refunding Bonds will bear interest at the rates set forth in the inside cover pages hereof payable semiannually on June 1 and December 1, commencing on June 1, 2012, and will mature on June 1 and December 1 in the years and in the principal amounts set forth on the inside cover pages of this Official Statement.

**No Prior Redemption.** The Series 2012A Water Quality Refunding Bonds are not subject to redemption prior to their stated maturity.

### **Registration, Payment and Transfer – Book Entry Method**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2012A Water Quality Refunding Bonds. The Series 2012A Water Quality Refunding Bonds will be issued as securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully registered Series 2012A Water Quality Bond certificate for each interest rate for each maturity of the Series 2012A Water Quality Refunding Bonds will be deposited with DTC. Owners of book entry interests in the Series 2012A Water Quality Refunding Bonds will not receive or have the right to receive physical delivery of the Series 2012A Water Quality Refunding Bonds and will not be or be considered to be, and will not have any rights as, registered owners of the Series 2012A Water Quality Refunding Bonds under the Trust Agreement. See “APPENDIX G – BOOK ENTRY ONLY SYSTEM.”

## 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 Development 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 Local Governmental Agencies are authorized to cooperate in the acquisition, construction and financing of projects, and to enter into agreements which may be necessary to effectuate such cooperation.

### Executive Staff of the Authority

*Steven J. Grossman, Executive Director.* Mr. Grossman has served as Executive Director for the Authority since December 1, 1988. From 1983 to December 1, 1988, Mr. Grossman served as Assistant Director of the Ohio Environmental Protection Agency ("OEPA") and from June 1987 to November 1988, he was an *ex officio* member of the Authority, designated by the Director of the OEPA. Prior to 1983, he was a program manager for the federal government and previous to that a management analyst. He earned a Bachelor of Arts Degree in Economics from Lehigh University and a Master of Science Degree in Management from the Sloan School of Management at the Massachusetts Institute of Technology.

*Scott L. Campbell, Chief Operating Officer.* Mr. Campbell became Chief Operating Officer in January 2005. Previously, he had served as the Controller to the Authority since March 1999. Mr. Campbell has been employed by the Authority since 1987. Prior to 1987, he was employed with a national public accounting firm. He received his license as a certified public accountant in 1993. He earned a Bachelor of Arts degree in Accounting from Mount Vernon Nazarene University.

*Ken J. Heigel, Chief Engineer.* Mr. Heigel assumed his current position in March 2003. Previously, 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.

*Sue Smith Farmer, Local Government Loan Officer.* Ms. Farmer has served as Loan Officer for the Authority since September 1990. Prior to 1990, she was an environmental scientist with the Ohio Environmental Protection Agency for five years and with the Indiana Department of Environmental Management for one year, and, prior to that, was a planner with the Ohio Department of Economic and Community Development for two years. She earned a Bachelor of Arts Degree in Political Science from The Western College for Women and a Master of City and Regional Planning Degree from The Ohio State University.

## THE OHIO ENVIRONMENTAL PROTECTION AGENCY

The OEPA is one of the twenty 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 two deputy directors, an assistant director 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 Ohio Revised Code Section 6111.036, the Director is authorized to administer the Water Pollution Control Loan Fund and to enter into agreements with the Authority for assistance with the administration and funding of the Water Pollution Control Loan Fund.

### **OEPA Management Staff Responsible for the Water Pollution Control Loan Fund Program**

*Scott J. Nally, Director.* Governor John R. Kasich appointed Mr. Nally Director of OEPA on January 10, 2011. He brings more than 20 years of public and private environmental management experience to the position. Before coming to Ohio, Director Nally spent six years at the Ohio EPA's sister state agency in Indiana, the Department of Environmental Management. Director Nally holds an undergraduate degree in biological sciences from North Carolina State University and a master's degree in science from the University of Wyoming.

*Gregory H. Smith, Chief, Division of Environmental and Financial Assistance.* Mr. Smith has been Chief of the Division of Environmental and Financial Assistance (DEFA) since December 1989. Mr. Smith has worked for the OEPA since 1974. Mr. Smith was manager of the Environmental Planning Section from 1981 to 1989, working with both the federal construction grants program and the Water Pollution Control Loan Fund. Mr. Smith holds a B.A. in economics from Wittenberg University, and a Master of City Planning from The Ohio State University.

*Sanat K. Barua, P.E. DEE., Assistant Chief, DEFA.* Mr. Barua has been an Assistant Chief of the division since its formation in December 1989. Mr. Barua has been with OEPA since 1982. From March 1982 to April 1987 he was manager of the Engineering Section, and from May 1987 to November 1989 he was assistant division chief for the construction grants program in the Division of Water Pollution Control. Prior to coming to OEPA, Mr. Barua worked for 22 years with various national and international consulting engineers specializing in planning, design, construction and management of waste and waste water engineering. Mr. Barua holds a B.S. in engineering from Dacca University, Bangladesh, is a registered professional engineer in Ohio, and is a diplomate of the American Academy of Environmental Engineering.

*Margaret L. Klepic, P.E., Manager, Engineering Section.* Ms. Klepic has been Manager of the Engineering Section since September 1990. Ms. Klepic has been with the OEPA since 1984, working in both the construction grants program and the Water Pollution Control Loan Fund. Prior to assuming her present duties, she was a Unit Supervisor in the Engineering Section. Ms. Klepic holds a B.S. in civil engineering from The Ohio State University and is a registered professional engineer in Ohio.

*David J. Reiff, Manager, Assistance Administration Section.* Mr. Reiff has been Manager of the Assistance Administration Section since July 2011. Mr. Reiff has been with OEPA since 1982, working in with both the federal construction grants program and the Water Pollution Control Loan Fund. Mr. Reiff holds a B.A. in History and a Master of Arts in Journalism from The Ohio State University.

### **Organization of the Division of Environmental and Financial Assistance**

The Engineering Section works with Water Pollution Control Loan Fund communities through the preplanning and facilities planning stages to ensure that their projects will provide reliable long-term water pollution solutions. This Section reviews the projects' detailed designs to assure compliance with agreed-upon engineering practices and the Ten States Recommended Standards for Wastewater Facilities. The Section monitors the projects' construction to help ensure that communities are adhering to sound construction techniques. It also works with

communities during the one-year operation certification period to determine that their new facilities are operating as intended.

The Environmental Planning Section ensures that Water Pollution Control Loan 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 Section helps Water Pollution Control Loan Fund communities plan their projects to provide cost-effective solutions to their pollution control 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 Section prepares an environmental assessment document which outlines the project's anticipated environmental and financial impacts, and circulates the document for comment to affected residents. The Section also performs similar functions for the Drinking Water Assistance Fund revolving loan program described further below.

The Assistance Administration Section is responsible for assisting communities with the completion of their WPCLF Loan Agreements including the development of their sewer use ordinances and their user charge systems. This helps ensure that communities will collect sufficient revenues to adequately repay their WPCLF Loan, and to properly operate and maintain their facilities. This Section also tracks loan amounts, projects disbursements and oversees loans close-out activities. It also coordinates the OEPA's review in administering the Village Capital Improvements Fund, which provides zero interest loans to small communities for planning and design of water supply and wastewater treatment facilities. The Section performs similar functions for the Drinking Water Assistance Fund revolving loan program as well.

## **Outline of the Water Pollution Control Loan Fund Project Process**

Governmental Agencies applying for a WPCLF Loan follow a four-step process of planning, design, construction, and operation certification to complete their Projects. The goal of this process is to ensure that as a Water Pollution Control Loan Fund borrower, the Governmental Agency constructs a wastewater treatment system which provides an environmentally-sound long-term solution to its water pollution control 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 three sections within 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 first step is preparation of a facilities plan by the Governmental Agency and its engineering consultant. The facilities plan defines existing needs, community structure, and environmental conditions. Future needs for a period of 20 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 which 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 Water Pollution Control Loan Fund project and how it will be financed. The costs to the average user are analyzed in the facilities 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. There is also a public participation component of facilities planning, during which the public is informed about the development of the project, is given estimated costs for constructing and operating the project as well as costs to the average user, and is given an opportunity to make their views about the project known. This plan is reviewed and approved by the Environmental Planning and Engineering Sections.

At the end of facilities planning, the Environmental Planning Section prepares an environmental assessment of the project, which is a document that summarizes the decision-making process that was used during facilities 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's next step is submission of detailed plans and specifications for the project. These documents are reviewed by the Environmental Planning and Engineering sections to ensure that the project is designed as proposed by the facilities plan, 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 Engineering Section issues a plan approval, causing an OEPA permit-to-install to be given to the Governmental Agency.

### WPCLF Loan Agreement and Construction

The third step is the execution of a WPCLF Loan Agreement among the Governmental Agency, the Director, and the Authority, followed by the construction of the project. The Administrative Assistance Section helps the community finalize the WPCLF 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 Administrative Assistance Section approves the community's user charge system and sewer use ordinance 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 WPCLF Loan Agreement. Because the Governmental Agency's payments of the interest on and principal of WPCLF Loans are pledged to secure the payment of State Match Bonds and Water Quality Bonds, respectively, the Director then submits the WPCLF Loan Agreement to the Authority for review and approval with respect to any matters pertaining to the security for and the marketability of such Bonds. Upon that approval, the Authority's Executive Director signs the WPCLF Loan Agreement. The Governmental Agency, having signed the WPCLF Loan Agreement, then enters into construction contracts and proceeds to build its project. During construction, the Engineering Section periodically inspects the construction to see that the project is being built as designed and constructed in a sound manner.

### Operation Certification

Following construction, there is a one-year operation certification period, which is used to demonstrate that the wastewater collection and treatment facilities function as designed. This certification period is monitored by the Engineering Section. If a certification cannot be made at the end of the one-year period, then the Governmental Agency must implement a corrective action plan. When the one-year period is ended and the facilities are operating as designed, the Engineering Section approves the operation certification and the project is considered complete.

## **The Other Revolving Loan Program of the OEPA**

The following information describes the Drinking Water State Revolving Fund ("DWSRF") program of the Authority.

### Drinking Water Assistance Fund

In the Safe Drinking Water Act Amendments of 1996 (the "Amendments"), the United States Congress authorized the Administrator of the USEPA to create a 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 to the states, which in turn use the grants and their 20% state matching 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 waste water 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"). Like the Water Pollution Control Loan Fund, the

DWAF is administered by the Director of OEPA with assistance from the Authority. The project approval process of the DWAF revolving loan fund is also similar to that of the Water Pollution Control Loan Fund. In addition to DEFA and the Authority, it includes the participation of the OEPA's Division of Drinking and Groundwaters.

In September 1998, the USEPA approved the State's application for its initial capitalization grant for the DWAF in the amount of \$43,073,000. Pursuant to the DWAF Inter-Agency Agreement between the Authority and the Director, the Authority provided \$8,614,000 to the DWAF to fund the State's 20% match for the first capitalization grant, and to provide an immediately available source of funds for loans from the DWAF. In anticipation of the approval of that application and in order to proceed with awarding loans from the DWSRF, the DWAF made its first loan in August 1998. As of January 31, 2012, 302 loans outstanding in the aggregate principal amount of approximately \$559,310,693 have been made from the DWAF. Since 1998, 13 additional capitalization grants have been received, totaling \$364,310,710. The state match for those additional grants was derived from additional funds provided by the Authority and proceeds of the Authority's bonds and notes. Pursuant to the DWAF Inter-Agency Agreement in effect at the time, the Authority provided \$4,561,240 to the DWAF to fund the state match for the second capitalization grant.

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## **Drinking Water Assistance Fund Bonds**

<b><u>Series</u></b>	<b><u>Original Principal Amount</u></b>	<b><u>Issuance Date</u></b>	<b><u>Purpose of Issue</u></b>
Drinking Water Assistance Fund Refunding Revenue Bond Anticipation Notes, State Match Series 2001 (the “DWAF Series 2001 State Match Notes”)	\$15,000,000	February 2001	To fund the state match of \$14,738,040 for the third capitalization grant for the DWAF
Drinking Water Assistance Fund Revenue Bonds, State Match Series 2002	\$30,000,000	May 2002	To retire the DWAF Series 2001 State Match Notes and to make loans to governmental agencies under the DWAF program
Drinking Water Assistance Fund Revenue Bonds, Leverage Series 2002	\$60,000,000	May 2002	To make loans to governmental agencies under the DWAF program
Drinking Water Assistance Fund Revenue Bonds, Leverage Series 2004	\$66,145,000	February 2004	To make loans to governmental agencies
Drinking Water Assistance Fund Revenue Bonds, Match Series 2004	\$33,345,000	February 2004	To make loans to governmental agencies
Drinking Water Assistance Fund Refunding Revenue Bonds, Series 2005	\$36,825,000	July 2005	To advance refund certain DWAF Leverage Bonds
Drinking Water Assistance Fund Revenue Bonds, Leverage Series 2008	\$71,915,000	May 2008	To make loans to governmental agencies
Drinking Water Assistance Fund Revenue Bonds, Leverage Series 2010A and 2010B	\$50,735,000	June 2010	To make loans to governmental agencies
Drinking Water Assistance Fund Revenue Bonds, State Match Series 2010A	\$19,255,000	June 2010	To make loans to governmental agencies
Drinking Water Assistance Fund Refunding Bonds, Leverage Series 2010C	\$100,560,000	September 2010	To advance refund certain DWAF Leverage Bonds
Drinking Water Assistance Fund Refunding Bonds, State Match Series 2010B	\$15,850,000	September 2010	To advance refund certain DWAF State Match Bonds

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 leveraging bonds issued for the Drinking Water Assistance Fund and for the Water Quality Bonds and State Match Bonds. See “SECURITY AND SOURCE OF PAYMENT OF WATER QUALITY BONDS” herein.

## **OTHER PROGRAMS OF THE AUTHORITY**

The following information describes the other 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 Water Quality Bonds or the security therefor.

## **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 Local Governmental Agencies to pay certain costs of projects which abate water pollution.

Since its creation in 1968, the Authority has created and operated programs that have provided funding to Local 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 Local 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), the Pure Water Program (1985) (collectively "Prior Programs"). 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 Programs or for the purpose of refunding obligations previously issued for such purpose.

*Community Assistance Program.* The Authority created the Community Assistance Program in 1983 to provide a financing alternative for Local 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 Local Governmental Agency's utility system. Upon determination that a Local Governmental Agency falls within that category, the Local 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 Local 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.

*The RD Loan Advance Program.* The Authority established the RD Loan Advance Program in January 1996 for the purpose of making loans to Local Governmental Agencies that have received a commitment from RD to provide "Federal Assistance" (i.e., financial assistance in the form of a grant or a loan) for the planning, design, acquisition, construction or improvement of water or wastewater facilities. The purpose of the loans is to enable the Local Governmental Agencies to finance the costs of the projects pending their receipt of the proceeds of the Federal Assistance. Notes issued under the program are paid from the payments made or assigned to the Authority by the Local Governmental Agencies to which the Authority had made loans under the Program, including the Federal Assistance assigned by each such Local Governmental Agency to the Authority.

*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 which 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 Local 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 Local 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 Local Governmental Agencies which 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 which 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. Local 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.

### **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 2012A Water Quality Refunding 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 of the deposit of public moneys."

### **LITIGATION**

At the time of original delivery of the Series 2012A Water Quality Refunding 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 2012A Water Quality Refunding 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 2012A Water Quality Refunding 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 2012A Water Quality Refunding Bonds, including charging and collecting of the Revenues.

### **TAX MATTERS**

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law, interest on, and any profit made on the sale, exchange or other disposition of, the Series 2012A Water Quality Refunding Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. An opinion to those effects will be included in the legal opinion. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2012A Water Quality Refunding Bonds. **INTEREST ON THE SERIES 2012A WATER QUALITY REFUNDING BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. THE LEGAL DEFEASANCE OF THE SERIES 2012A WATER QUALITY**

REFUNDING BONDS MAY RESULT IN A DEEMED SALE OR EXCHANGE OF THE SERIES 2012A WATER QUALITY REFUNDING BONDS UNDER CERTAIN CIRCUMSTANCES; OWNERS OF THE SERIES 2012A WATER QUALITY REFUNDING BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF SUCH AN EVENT. PROSPECTIVE PURCHASERS OF THE SERIES 2012A WATER QUALITY REFUNDING BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SERIES 2012A WATER QUALITY REFUNDING BONDS.

The following discussion is generally limited to “U.S. owners,” meaning beneficial owners of Series 2012A Water Quality Refunding Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States. ***Partnerships holding Series 2012A Water Quality Refunding Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2012A Water Quality Refunding Bonds (including their status as U.S. owners).***

**Original Issue Discount / Original Issue Premium.** Certain of the Series 2012A Water Quality Refunding Bonds (Discount Series 2012A Water Quality Refunding Bonds) may be offered and sold to the public at an original issue discount (OID). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Series 2012A Water Quality Refunding Bond, provided that excess equals or exceeds a statutory *de minimis* amount (one-quarter of one percent of the Discount Series 2012A Water Quality Refunding Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (or, if required by applicable Treasury Regulations, to an earlier call date)). The issue price of a Discount Series 2012A Water Quality Refunding Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Series 2012A Water Quality Refunding Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Series 2012A Water Quality Refunding Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the time a U.S. owner owns a Discount Series 2012A Water Quality Refunding Bond (i) is interest includable in the U.S. owner’s gross income for federal income tax purposes and (ii) is added to the U.S. owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale, or other disposition of the Discount Series 2012A Water Quality Refunding Bond. The effect of OID is to accelerate the recognition of taxable income during the term of the Discount Series 2012A Water Quality Refunding Bond.

Certain of the Series 2012A Water Quality Refunding Bonds (Premium Series 2012A Water Quality Refunding Bonds) may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. If a U.S. owner purchases a Premium Series 2012A Water Quality Refunding Bond, that owner will be considered to have purchased such a Premium Series 2012A Water Quality Refunding Bond with “amortizable bond premium” equal in amount to such excess. The U.S. owner may elect (which election shall apply to all securities purchased at a premium by such U.S. owner), in accordance with the applicable provisions of Section 171 of the Code, to amortize that premium as an offset to the interest payments on the Premium Series 2012A Water Quality Refunding Bond using a constant yield to maturity method over the remaining term of the Premium Series 2012A Water Quality Refunding Bond (or, if required by applicable Treasury Regulations, to an earlier call date). Pursuant to Section 67(b)(11) of the Code, the amortization of that premium is not considered a miscellaneous itemized deduction. Any amortization of bond premium will reduce the basis of the Premium Series 2012A Water Quality Refunding Bond pursuant to Section 1016(a)(5) of the Code.

Owners of Discount or Premium Series 2012A Water Quality Refunding Bonds (or book entry interests in them) should consult their own tax advisors as to the determination for federal tax purposes of the amount of OID or amortizable bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Series 2012A Water Quality Refunding Bonds and as to other federal tax consequences and the treatment of OID and amortizable bond premium for purposes of state or local taxes on (or based on) income.

**Backup Withholding.** General information reporting requirements will apply to payments of principal and interest made on a Series 2012A Water Quality Refunding Bond and the proceeds of the sale of a Series 2012A Water Quality Refunding Bond to non-corporate holders of the Series 2012A Water Quality Refunding Bonds, and “backup withholding” at a rate of 28% will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of a Series 2012A Water Quality Refunding Bond that is a U.S. owner can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

**Non-U.S. Owners.** Under the Code, interest on any Series 2012A Water Quality Refunding Bond whose beneficial owner is not a U.S. owner are generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the Series 2012A Water Quality Refunding Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest on the Series 2012A Water Quality Refunding Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. ***Non-U.S. owners should consult their own tax advisors regarding the tax consequences of an investment in the Series 2012A Water Quality Refunding Bonds.***

**Circular 230.** THE FOREGOING DISCUSSION OF TAX MATTERS WAS NOT INTENDED OR WRITTEN BY BOND COUNSEL TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON AN OWNER OF THE SERIES 2012A WATER QUALITY REFUNDING BONDS. THE FOREGOING DISCUSSION OF TAX MATTERS WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE SERIES 2012A WATER QUALITY REFUNDING BONDS. EACH PROSPECTIVE PURCHASER OF THE SERIES 2012A WATER QUALITY REFUNDING BONDS SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE PURCHASER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

## **CONTINUING DISCLOSURE**

The Authority has entered into a Continuing Disclosure Agreement with the Trustee dated as of the date of delivery of the Series 2012A Water Quality Refunding Bonds to the Underwriters (the “Continuing Disclosure Agreement”) for the benefit of Holders of the Series 2012A Water Quality Refunding 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, 2012 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 Water Pollution Control Loan Fund Program and the Local Governmental Agencies of the type contained in APPENDIX B hereto and information of the type contained herein under the caption “SIGNIFICANT LOCAL GOVERNMENTAL AGENCY PARTICIPANTS.” Furthermore, the Authority has agreed to include in its Annual Report the financial statements of each Local Governmental Agency (if any) which 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 twenty percent (20%) of all repayments under all Cooperative Agreements made in such year. All planning loans are excluded from the foregoing calculation. During calendar year 2008, the City of Columbus was the only Local Governmental Agency obligated under Cooperative Agreements to repay loans in the aggregate outstanding principal amount of which is equal to 20% or more of the total aggregate amount of loans outstanding under all Cooperative Agreements. 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, and to each State Depository 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 2012A Water Quality Refunding 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.

## **VERIFICATION OF MATHEMATICAL ACCURACY**

Grant Thornton LLP will verify from the information provided to them the mathematical accuracy as of the date of delivery of the Series 2012A Water Quality Refunding Bonds of the mathematical computations contained in the provided schedules which evidence that the anticipated receipts from the securities and cash deposits listed in the Financial Advisor’s schedules, to be held in escrow, will be sufficient to pay, when due, interest and call premium, if any, on the Refunding Bonds. Grant Thornton LLP will express no opinion on the assumptions provided to them, nor as to the exclusion from gross income for federal income tax purposes of the interest on the Series 2012A Water Quality Refunding Bonds.

## **LEGAL OPINIONS**

Legal matters incident to the issuance of the Series 2012A Water Quality Refunding Bonds and with regard to their tax-exempt status (see “TAX MATTERS”) are subject to the legal opinions of Squire Sanders (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 2012A Water Quality Refunding 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 2012A Water Quality Refunding Bonds.

The proposed text of Bond Counsel’s legal opinions are set forth as APPENDICES F-1 and F-2. 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, Thompson Hine LLP. Squire Sanders (US) LLP also serves as bond counsel to certain of the Local Governmental Agencies.

## **UNDERWRITING**

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Series 2012A Water Quality Refunding Bonds at a price of \$62,305,601.82 (consisting of the par amount thereof less Underwriters’ Discount of \$249,398.18). The Underwriters are obligated to purchase all of the Series 2012A Water Quality Refunding Bonds if any are purchased. The Series 2012A Water Quality Refunding 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 obligations of the Underwriters to purchase the Series 2012A Water Quality Refunding Bonds are subject to the terms and conditions set forth in the Bond Purchase Agreement dated February 23, 2012 (the “Bond Purchase Agreement”) between the Authority and RBC Capital Markets, LLC, as Representative of the Underwriters, 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 2012A Water Quality Refunding Bonds if all the Series 2012A Water Quality Refunding 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, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Authority, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

Citigroup, Inc., parent company of Citigroup Global Markets Inc., an underwriter of the Series 2012A Water Quality Refunding Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2012A Water Quality Refunding Bonds.

The Underwriters may offer and sell the Series 2012A Water Quality Refunding 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 Underwriters.

## **FINANCIAL ADVISOR**

Public Financial Management, Inc. (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 2012A Water Quality Refunding Bonds are based on the amount of Series 2012A Water Quality Refunding Bonds actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Series 2012A Water Quality Refunding Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

## **RATINGS**

Moody’s Investors Service, Inc. and Standard & Poor’s Ratings Services have given the Series 2012A Water Quality Refunding Bonds ratings of “Aaa” and “AAA” 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 it and other investigations, studies and assumptions they deem appropriate. The ratings are not recommendations to buy, sell or hold the Series 2012A Water Quality Refunding 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 2012A Water Quality Refunding Bonds.

## **CONCLUDING STATEMENT**

Any quotations from and summaries and explanations of the Constitution of the State of Ohio, the Ohio Revised Code, the WPCLF 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, 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 Underwriters, any Holder of any of the Series 2012A Water Quality Refunding Bonds or subsequent Book Entry Interest Owners.

Language under the headings captioned “THE SERIES 2012A WATER QUALITY REFUNDING BONDS - Registration, Payment and Transfer -- Book Entry Method” and in APPENDIX G - “BOOK ENTRY ONLY SYSTEM” was summarized from information provided by DTC.

The financial statements of the Authority as of December 31, 2010 included in this Official Statement have been audited by Clark, Schaeffer, Hackett & Co. as stated in its reports appearing in APPENDIX C.

The Authority has retained Public Financial Management, Inc. to serve as its financial advisor, and Public Financial Management, Inc. has advised the Authority in connection with this offering.

Additional copies of this Official Statement are available upon request to any of the Underwriters. Copies of other relevant documents including the Trust Agreement and the form of the WPCLF 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/ James P. Joyce  
Chairman

By: \_\_\_\_\_ /s/ Steven J. Grossman  
Executive Director

**OHIO ENVIRONMENTAL PROTECTION AGENCY**

By: \_\_\_\_\_ /s/ Scott J. Nally  
Director



**Appendix A**  
**Debt Service Schedule and Coverage Upon the Issuance of the Water Quality Refunding Series 2011B Bonds**  
**As of 12/31/2011**

	Total Estimated Repayments (a)	Direct Payments (Build America Bonds Subsidy Payments) (b)	Total Projected Payments	Combined Outstanding Water Quality Debt Service	2012A Refunding Water Quality Debt Service	Total Debt Service	Estimated Gross Surplus	Gross Coverage (c)	Net Coverage (d )
6/1/2012	117,107,381.21	3,585,530.94	120,692,912.15	106,765,753.00	1,160,563.57	107,926,316.57	12,766,595.59	111.83%	108.51%
12/1/2012	119,405,131.78	3,585,530.94	122,990,662.72	108,660,534.81	1,142,664.80	109,803,199.61	13,187,463.12	112.01%	108.74%
6/1/2013	121,414,680.37	3,585,530.94	125,000,211.32	101,481,936.06	6,831,064.80	108,313,000.86	16,687,210.46	115.41%	112.10%
12/1/2013	123,466,207.73	3,585,530.94	127,051,738.67	108,688,862.81	1,419,839.80	110,108,702.61	16,943,036.07	115.39%	112.13%
6/1/2014	122,218,870.97	3,585,530.94	125,804,401.92	107,584,635.06	1,361,828.55	108,946,463.61	16,857,938.31	115.47%	112.18%
12/1/2014	123,419,333.22	3,585,530.94	127,004,864.17	108,401,197.58	1,693,781.35	110,094,978.93	16,909,885.24	115.36%	112.10%
6/1/2015	127,080,746.42	3,585,530.94	130,666,277.36	104,980,935.26	8,324,065.10	113,305,000.36	17,361,277.01	115.32%	112.16%
12/1/2015	127,570,322.07	3,585,530.94	131,155,853.01	105,901,564.76	7,831,464.40	113,733,029.16	17,422,823.85	115.32%	112.17%
6/1/2016	125,602,111.99	3,585,530.94	129,187,642.94	103,433,883.51	8,576,960.90	112,010,844.41	17,176,798.53	115.33%	112.13%
12/1/2016	124,159,115.30	3,585,530.94	127,744,646.25	102,252,046.01	8,491,397.80	110,743,443.81	17,001,202.44	115.35%	112.11%
6/1/2017	122,653,127.05	3,585,530.94	126,238,657.99	101,858,171.01	7,563,973.40	109,422,144.41	16,816,513.59	115.37%	112.09%
12/1/2017	121,686,791.03	3,585,530.94	125,272,321.97	98,025,833.51	9,184,659.00	107,210,492.51	18,061,829.47	116.85%	113.50%
6/1/2018	120,353,737.95	3,585,530.94	123,939,268.90	83,345,708.51	2,073,536.10	85,419,244.61	38,520,024.29	145.10%	140.90%
12/1/2018	117,662,169.98	3,585,530.94	121,247,700.92	79,688,977.26	-	79,688,977.26	41,558,723.67	152.15%	147.65%
6/1/2019	116,344,030.82	3,585,530.94	119,929,561.77	67,941,627.26	-	67,941,627.26	51,987,934.51	176.52%	171.24%
12/1/2019	114,738,870.54	3,562,828.58	118,301,699.13	75,509,969.61	-	75,509,969.61	42,791,729.52	156.67%	151.95%
6/1/2020	114,027,674.56	3,538,384.58	117,566,059.14	60,692,292.11	-	60,692,292.11	56,873,767.03	193.71%	187.88%
12/1/2020	112,030,429.65	3,513,523.45	115,543,953.10	59,804,600.93	-	59,804,600.93	55,739,352.17	193.20%	187.33%
6/1/2021	108,740,185.84	3,486,745.09	112,226,930.93	57,271,653.83	-	57,271,653.83	54,955,277.10	195.96%	189.87%
12/1/2021	106,741,844.08	3,458,128.15	110,199,972.23	46,981,303.63	-	46,981,303.63	63,218,668.60	234.56%	227.20%
6/1/2022	101,512,852.77	3,430,067.82	104,942,920.59	39,042,106.28	-	39,042,106.28	65,900,814.31	268.79%	260.01%
12/1/2022	99,567,608.67	3,423,256.82	102,990,865.49	38,073,521.28	-	38,073,521.28	64,917,344.21	270.51%	261.51%
6/1/2023	98,468,876.14	3,416,445.82	101,885,321.96	32,769,048.78	-	32,769,048.78	69,116,273.18	310.92%	300.49%
12/1/2023	94,310,826.25	3,399,929.20	97,710,755.45	32,313,470.93	-	32,313,470.93	65,397,284.52	302.38%	291.86%
6/1/2024	90,111,935.66	3,383,377.21	93,495,312.87	54,782,792.03	-	54,782,792.03	38,712,520.84	170.67%	164.49%
12/1/2024	89,059,377.04	3,157,188.70	92,216,565.74	54,134,164.15	-	54,134,164.15	38,082,401.59	170.35%	164.52%
6/1/2025	85,581,066.81	2,914,446.26	88,495,513.07	51,938,239.30	-	51,938,239.30	36,557,273.77	170.39%	164.77%
12/1/2025	82,615,531.75	2,677,765.97	85,293,297.72	51,186,009.90	-	51,186,009.90	34,107,287.82	166.63%	161.40%
6/1/2026	80,108,276.13	2,438,993.81	82,547,269.94	52,997,678.73	-	52,997,678.73	29,549,591.21	155.76%	151.15%
12/1/2026	78,590,933.04	2,178,961.40	80,769,894.44	51,580,354.00	-	51,580,354.00	29,189,540.44	156.59%	152.37%
6/1/2027	72,294,764.37	1,921,191.63	74,215,956.01	46,516,368.95	-	46,516,368.95	27,699,587.06	159.55%	155.42%
12/1/2027	70,144,153.05	1,687,115.51	71,831,268.56	44,805,580.03	-	44,805,580.03	27,025,688.53	160.32%	156.55%
6/1/2028	59,597,456.85	1,455,173.95	61,052,630.80	36,643,139.85	-	36,643,139.85	24,409,490.95	166.61%	162.64%
12/1/2028	50,269,587.39	1,261,782.59	51,531,369.97	29,228,218.10	-	29,228,218.10	22,303,151.87	176.31%	171.99%
6/1/2029	43,528,511.35	1,124,743.67	44,653,255.02	23,960,303.35	-	23,960,303.35	20,692,951.67	186.36%	181.67%
12/1/2029	41,638,339.28	1,010,288.43	42,648,627.71	22,557,163.38	-	22,557,163.38	20,091,464.33	189.07%	184.59%
6/1/2030	40,170,711.72	903,389.54	41,074,101.26	20,716,112.98	-	20,716,112.98	20,357,988.28	198.27%	193.91%
12/1/2030	38,448,420.17	802,808.96	39,251,229.13	19,248,739.88	-	19,248,739.88	20,002,489.25	203.92%	199.75%
6/1/2031	35,976,998.75	658,042.93	36,635,041.68	17,290,122.65	-	17,290,122.65	19,344,919.03	211.88%	208.08%
12/1/2031	31,827,767.08	526,468.50	32,354,235.58	14,034,195.70	-	14,034,195.70	18,320,039.88	230.54%	226.79%
6/1/2032	27,902,827.77	419,484.22	28,322,311.99	11,393,526.35	-	11,393,526.35	16,928,785.64	248.58%	244.90%
12/1/2032	24,038,343.17	332,436.77	24,370,779.94	10,929,819.33	-	10,929,819.33	13,440,960.61	222.98%	219.93%
6/1/2033	21,932,432.05	247,225.03	22,179,657.08	10,161,357.23	-	10,161,357.23	12,018,299.85	218.27%	215.84%
12/1/2033	17,936,939.68	166,495.88	18,103,435.56	6,880,702.50	-	6,880,702.50	11,222,733.06	263.10%	260.68%
6/1/2034	17,258,573.95	111,808.39	17,370,382.34	6,734,452.53	-	6,734,452.53	10,635,929.81	257.93%	256.27%
12/1/2034	15,291,571.98	57,035.51	15,348,607.49	6,842,958.60	-	6,842,958.60	8,505,648.89	224.30%	223.46%
6/1/2035	6,089,650.06	-	6,089,650.06	-	-	-	6,089,650.06	-	-
	3,900,697,095.52	114,448,498.51	4,015,145,594.02	2,576,031,633.24	65,655,799.57	2,641,687,432.81	1,373,458,161.21	-	-

(a) The amounts shown are the pledged amounts required to be paid by Local Governmental Agencies under the Existing WPCLF Loan Agreements which amounts are to be deposited in the Principal Fund and have been pledged as security for either currently issued or additional Water Quality 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.

(b) As of December 1, 2011, the definition of Projected Payments include Direct Payments received by the Authority in connection with Water Quality Bonds issued as Build America Bonds (Series 2010B Water Quality Bonds). See THE WATER POLLUTION CONTROL LOAN FUND PROGRAM - Amendment to Trust Agreement

(c) Coverage is calculated based on pledged payments due on Existing WPCLF Loans as of December 31, 2011 plus the Direct Payments on the Series 2010B Water Quality Bonds. As additional WPCLF Loans are made and the pledged payments become due thereon, coverage will increase, subject to the Authority's exercise of its rights under the Trust Agreement to issue additional Water Quality Bonds and to depledge Pledged Revenues.

(d ) Coverage is calculated as described in (c) above except that the Direct Payments on the Series 2010B Water Quality Bonds has been deducted from Total Projected Payments.

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## **APPENDIX B**

### **PARTICIPATING GOVERNMENTAL AGENCIES UNDER EXISTING WPCLF LOAN AGREEMENTS**

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**PARTICIPATING GOVERNMENTAL AGENCIES UNDER EXISTING WPCLF LOAN AGREEMENTS**  
**As of December 31, 2011**

<b>Governmental Agency</b>	<b>Estimated Loan Amount (1)</b>	<b>Interest Rate</b>	<b>Term</b>	<b>First Payment Date</b>	<b>Projected Remaining Principal Repayments</b>	<b>Projected Remaining Additional Pledged Repayments (3)</b>
Aberdeen	1,189,323	2.20%	20	1/1/2002	659,459	71,640
Ada	1,122,850	2.20%	20	1/1/1998	389,773	-
Ada	1,749,952	2.20%	20	7/1/2002	1,013,483	115,545
Adams County	536,843	0.00%	20	1/1/2013	536,843	-
Adelphi	117,601	2.20%	20	1/1/2007	92,836	-
Akron	15,328,404	4.56%	20	1/1/1996	4,257,460	-
Akron	17,873,704	4.56%	20	1/1/1996	4,964,416	-
Akron	10,951,961	3.35%	8	1/1/2007	4,451,397	248,779
Akron	1,349,600	3.25%	20	7/1/2010	1,275,758	-
Akron	203,453	3.25%	20	1/1/2011	196,092	-
Akron	98,870	3.25%	5	7/1/2010	70,864	-
Akron	413,711	3.25%	10	1/1/2011	378,080	-
Akron	90,793	3.25%	20	7/1/2010	85,825	-
Akron	2,980,588	2.80%	20	1/1/2013	2,980,588	-
Akron	4,710,219	2.80%	20	7/1/2013	4,710,219	-
Akron	903,132	2.80%	20	7/1/2012	903,132	-
Allen County	437,856	0.00%	20	7/1/2006	317,446	-
Allen County	718,512	1.00%	20	7/1/2006	534,988	32,846
Allen County	9,311,017	1.00%	20	7/1/2009	8,246,157	610,495
Allen County	636,518	1.00%	20	7/1/2010	593,058	46,421
Allen County	169,092	1.00%	10	7/1/2010	144,791	-
Allen County	3,451,817	0.00%	20	1/1/2012	3,451,817	-
Amesville	439,103	0.00%	20	1/1/2009	373,238	-
Amherst	8,419,656	3.65%	20	7/1/2005	6,317,264	1,644,709
Andover	3,275,307	2.20%	20	7/1/1997	1,047,801	-
Ansonia	362,146	0.00%	20	1/1/2008	289,717	-
Ansonia	658,549	0.00%	20	1/1/2010	592,694	-
Ansonia	86,219	0.00%	20	1/1/2011	81,908	-
Ashtabula	2,142,492	4.35%	20	7/1/1996	653,581	-
Ashtabula County	684,854	3.54%	20	1/1/1995	135,691	-
Ashtabula County	2,095,097	4.12%	20	7/1/1999	990,033	-
Ashtabula County	321,987	3.50%	20	7/1/2000	164,349	-
Ashtabula County	761,353	3.64%	20	1/1/2003	485,192	102,014
Ashtabula County	538,569	1.00%	10	7/1/2003	84,250	675
Ashtabula County	293,321	0.00%	20	1/1/2012	293,321	-
Athens	1,282,133	5.20%	20	1/1/1994	194,924	-
Athens	727,446	4.16%	20	1/1/1997	241,221	-
Athens	179,341	4.12%	20	1/1/1997	59,324	-
Athens	2,632,603	3.53%	20	1/1/2004	1,793,425	398,217
Athens County	1,257,452	4.35%	20	1/1/1997	421,809	-
Athens County	188,811	4.12%	20	1/1/1997	62,457	-
Aurora	1,383,987	4.04%	20	1/1/1998	536,255	-
Aurora	6,064,090	4.04%	20	7/1/1998	2,521,185	-
Aurora	3,314,129	3.98%	20	7/1/2001	1,897,873	-
Aurora	138,520	3.43%	20	7/1/2010	131,078	-
Baltimore	5,763,633	2.75%	20	1/1/2009	5,086,462	1,219,855
Barberton	2,428,998	2.16%	20	7/1/2011	2,380,126	-
Barnesville	714,429	1.00%	20	7/1/2011	698,250	-
Beallsville	332,293	2.20%	20	1/1/1995	59,566	-
Bedford	11,002,916	4.80%	20	1/1/1994	1,625,193	-
Bedford	2,427,022	3.90%	20	1/1/2004	1,672,854	415,384
Belle Center	1,861,897	4.16%	20	1/1/2004	1,293,715	345,360
Bellevue	4,596,641	4.80%	20	1/1/1994	678,950	-
Bellevue	7,627,918	2.50%	20	7/1/2007	6,225,967	1,216,557
Berea	464,994	4.56%	20	1/1/1995	99,014	-
Blanchester	49,926	0.00%	20	1/1/2010	44,933	-
Blanchester	1,328,562	1.00%	20	7/1/2012	1,328,562	-
Bloomington	2,027,783	0.00%	20	7/1/2010	1,875,699	-
Bloomville	1,460,878	0.00%	20	1/1/2008	1,168,702	-
Botkins	1,472,202	0.00%	20	7/1/2012	1,472,202	-
Bowling Green	5,958,889	1.76%	15	1/1/2006	3,761,383	285,635
Bowling Green	2,826,579	4.14%	20	1/1/2010	2,636,414	1,074,649
Bowling Green	1,370,600	3.70%	20	7/1/2010	1,298,975	479,053
Bowling Green	1,312,733	3.08%	20	1/1/2013	1,312,733	-
Bradford	1,690,805	2.00%	20	7/1/1992	50,985	-
Bradford	255,633	0.00%	20	7/1/2005	172,552	-
Bradford	952,500	0.00%	20	1/1/2008	762,000	-
Bradford	2,935,800	0.00%	20	7/1/2013	2,935,800	-
Bradner	229,352	0.00%	20	7/1/2011	223,618	-
Brewster	1,811,607	5.20%	20	7/1/1992	71,528	-
Brewster	511,936	4.16%	20	7/1/1997	184,890	-
Brewster	85,312	4.12%	20	7/1/1997	30,739	-
Broadview Heights	1,668,726	4.18%	20	7/1/1995	399,676	-
Broadview Heights	147,453	4.04%	20	1/1/1998	57,134	-
Broadview Heights	630,559	4.12%	20	1/1/2000	314,778	-

**PARTICIPATING GOVERNMENTAL AGENCIES UNDER EXISTING WPCLF LOAN AGREEMENTS**  
**As of December 31, 2011**

<b>Governmental Agency</b>	<b>Estimated Loan Amount (1)</b>	<b>Interest Rate</b>	<b>Term</b>	<b>First Payment Date</b>	<b>Projected Remaining Principal Repayments</b>	<b>Projected Remaining Additional Pledged Repayments (3)</b>
Broadview Heights	748,906	4.02%	20	7/1/2001	429,584	-
Bryan	1,200,123	0.80%	10	7/1/2005	430,985	5,192
Bucyrus	5,781,547	4.02%	20	7/1/2001	3,316,378	-
Burkettsville	528,271	0.00%	20	1/1/2006	369,790	-
Butler County	849,987 (2)	3.42%	20	1/1/2010	788,518	257,946
Butler County	1,164,874 (2)	3.42%	20	1/1/2010	1,080,633	353,505
Butler County	107,247	2.65%	20	7/1/2010	101,014	-
Butler County	34,200,000	3.71%	20	7/1/2014	34,200,000	-
Byesville	4,008,394	1.00%	20	7/1/2011	3,917,622	323,303
Caldwell	2,680,109	2.20%	20	7/1/1997	857,392	-
Caldwell	640,968	2.20%	20	7/1/1997	205,052	-
Caldwell	489,480	0.00%	20	1/1/2011	465,006	-
Caledonia	526,499	4.04%	20	7/1/1997	188,810	-
Cambridge	3,873,566	4.04%	20	1/1/1999	1,717,858	-
Cambridge	821,058	3.50%	10	7/1/2004	232,692	11,651
Camden	1,151,882	2.20%	20	7/1/1995	239,600	-
Camden	843,896	3.50%	20	1/1/1999	363,657	-
Canal Winchester	1,103,109	2.12%	20	1/1/2012	1,103,109	-
Canton	1,958,774	2.81%	20	7/1/2000	967,057	-
Canton	835,606	3.81%	20	7/1/2000	432,750	-
Canton	11,971,490	2.64%	20	7/1/2000	5,860,883	-
Canton	299,917	3.16%	20	7/1/2000	150,618	20,900
Canton	60,100	3.25%	20	1/1/2011	57,925	-
Cardington	1,905,335	4.16%	20	1/1/1998	743,299	-
Carey	2,240,415	1.00%	20	7/1/2007	1,774,557	116,403
Carey	118,417	1.00%	20	7/1/2011	115,735	-
Chardon	12,889,816	2.98%	20	1/1/2002	7,389,672	-
Chardon	2,990,856	3.25%	20	7/1/2007	2,475,208	652,426
Chardon	182,500	0.00%	15	1/1/2013	182,500	-
Chickasaw	1,412,415	0.00%	20	1/1/2007	1,059,311	-
Chickasaw	632,482	0.00%	20	1/1/2013	632,482	-
Clark County	94,196	0.00%	10	7/1/2010	80,067	-
Clark County	78,635	3.25%	10	1/1/2011	71,863	-
Clark County	65,696	2.75%	10	1/1/2011	59,904	-
Clark County	40,389	0.00%	10	1/1/2011	36,350	-
Clarksville	825,558	2.20%	20	1/1/2001	416,356	40,779
Clermont County	2,185,986	5.20%	20	7/1/1993	252,425	-
Clermont County	6,191,314 (2)	3.15%	20	7/1/2008	5,367,163	1,457,489
Clermont County	13,000,000	3.25%	20	1/1/2013	13,000,000	-
Cleveland	1,411,390	4.18%	20	1/1/1996	382,460	-
Cleveland	1,243,321	4.04%	20	7/1/1997	445,872	-
Cleveland	232,230	4.04%	20	7/1/1997	83,281	-
Cleveland	786,817	4.04%	20	7/1/1997	282,163	-
Cleveland	4,222,628	4.12%	20	1/1/1998	1,643,587	-
Clyde	559,112	3.90%	20	7/1/2002	346,389	75,015
Clyde	538,342	3.25%	20	7/1/2006	423,009	104,016
Columbiana County	883,963	0.00%	20	7/1/2013	883,963	-
Columbus	34,383,623	3.54%	20	1/1/1994	4,620,833	-
Columbus	17,141,050	4.18%	20	7/1/1996	5,173,314	-
Columbus	907,315	3.79%	17	7/1/1999	298,952	-
Columbus	56,271,972	4.35%	20	7/1/1998	23,791,424	-
Columbus	8,936,834	4.12%	20	7/1/1998	3,731,779	-
Columbus	40,899,778	4.12%	20	1/1/2002	24,562,916	-
Columbus	6,188,240	3.81%	20	7/1/2001	3,518,645	-
Columbus	1,201,802	4.38%	20	1/1/2001	669,548	-
Columbus	758,698	4.38%	20	1/1/2001	422,686	-
Columbus	741,540	4.66%	20	1/1/2001	418,055	94,328
Columbus	1,969,289	4.66%	20	7/1/2001	1,159,422	276,360
Columbus	2,500,548	4.38%	20	1/1/2001	1,393,106	-
Columbus	17,385,278	4.64%	20	7/1/2002	11,067,036	2,908,385
Columbus	15,022,219	4.64%	20	7/1/2003	10,255,714	2,960,819
Columbus	1,617,185	4.64%	20	1/1/2002	990,858	247,685
Columbus	552,932	4.64%	20	7/1/2001	325,280	77,165
Columbus	2,123,983	4.64%	20	7/1/2002	1,352,075	355,321
Columbus	1,228,175	4.28%	20	1/1/2002	742,207	169,609
Columbus	730,340	4.28%	20	1/1/2002	441,357	100,859
Columbus	1,682,981	4.28%	20	1/1/2002	1,017,054	232,417
Columbus	5,612,052	4.28%	20	1/1/2002	3,391,457	775,014
Columbus	1,307,441	4.28%	20	1/1/2002	790,108	180,555
Columbus	8,577,842	4.28%	20	7/1/2002	5,389,713	1,294,535
Columbus	380,372	3.90%	20	7/1/2002	235,653	51,034
Columbus	19,581,498	3.99%	20	7/1/2003	13,089,520	3,191,409
Columbus	20,407,664	3.99%	20	7/1/2004	14,560,615	3,869,286
Columbus	19,274,481	3.99%	20	1/1/2004	13,322,483	3,393,832
Columbus	307,760	3.99%	20	7/1/2002	191,311	42,497

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Columbus	985,535	3.80%	20	1/1/2003	631,673	139,345
Columbus	990,387	3.80%	20	1/1/2003	634,782	140,031
Columbus	1,105,470	3.80%	20	1/1/2003	708,544	156,303
Columbus	396,036	3.80%	20	1/1/2003	253,837	55,996
Columbus	1,994,850	3.80%	20	1/1/2003	1,278,586	282,053
Columbus	4,162,263	3.80%	20	7/1/2003	2,764,745	638,270
Columbus	2,220,448	3.90%	20	1/1/2004	1,530,470	380,029
Columbus	2,561,258	3.90%	20	7/1/2003	1,706,993	405,699
Columbus	776,542	3.90%	20	1/1/2003	499,492	113,428
Columbus	5,100,322	3.90%	20	1/1/2004	3,515,458	872,918
Columbus	17,298,788	3.95%	20	1/1/2005	12,706,779	3,477,382
Columbus	554,965	3.59%	20	7/1/2003	366,023	79,292
Columbus	3,688,719	3.59%	20	1/1/2004	2,517,717	569,711
Columbus	621,104	3.59%	20	1/1/2004	423,931	95,927
Columbus	1,146,062	3.59%	20	1/1/2004	782,239	177,006
Columbus	4,770,471 (2)	0.91%	20	1/1/2006	3,429,134	180,120
Columbus	15,912,825 (2)	0.91%	20	1/1/2006	11,438,537	600,824
Columbus	15,438,943	3.65%	20	1/1/2005	11,248,031	2,816,047
Columbus	3,345,969	3.65%	20	1/1/2005	2,437,703	610,301
Columbus	1,477,724	3.53%	20	1/1/2004	1,006,679	223,526
Columbus	1,287,281	3.50%	20	7/1/2004	905,276	207,615
Columbus	5,365,582	3.50%	20	7/1/2005	4,010,311	995,771
Columbus	1,312,683	3.50%	20	7/1/2004	923,140	211,712
Columbus	196,953	3.50%	18	1/1/2004	124,310	22,718
Columbus	341,685	3.50%	19	1/1/2004	224,562	45,192
Columbus	109,032,960 (2)	3.66%	20	7/1/2008	95,182,714	30,684,639
Columbus	20,782,774	3.41%	20	1/1/2007	16,821,983	4,525,393
Columbus	64,927,989	3.41%	20	1/1/2008	55,198,905	15,888,732
Columbus	208,525	3.25%	19	7/1/2004	141,034	27,331
Columbus	2,701,712	3.99%	20	7/1/2004	1,927,638	512,244
Columbus	89,950,521 (2)	3.71%	20	1/1/2009	80,292,734	27,136,692
Columbus	3,757,816	3.81%	20	1/1/2006	2,910,617	826,171
Columbus	52,577	3.81%	19	1/1/2005	37,414	9,050
Columbus	418,102	3.81%	20	1/1/2005	301,848	76,155
Columbus	3,312,641	3.35%	20	7/1/2006	2,608,685	663,893
Columbus	312,466	3.35%	20	7/1/2005	232,634	54,976
Columbus	2,461,216	3.25%	20	7/1/2006	1,933,930	475,544
Columbus	945,544	3.25%	20	7/1/2006	742,973	182,693
Columbus	54,685,274	3.25%	20	1/1/2008	46,373,471	12,636,250
Columbus	5,711,223	3.25%	20	1/1/2007	4,608,075	1,173,767
Columbus	718,071	3.25%	20	1/1/2006	548,847	130,137
Columbus	258,503	3.25%	20	1/1/2006	197,583	46,849
Columbus	2,377,488	3.25%	20	7/1/2007	1,967,590	518,626
Columbus	500,000	3.25%	20	7/1/2005	366,799	80,572
Columbus	919,440	3.25%	19	7/1/2005	656,634	132,886
Columbus	716,710	3.59%	20	1/1/2006	552,275	146,557
Columbus	671,879	3.25%	19	7/1/2005	486,539	102,659
Columbus	4,530,834 (2)	3.15%	20	1/1/2007	3,648,344	896,874
Columbus	1,301,314	3.25%	20	1/1/2007	1,049,959	267,445
Columbus	1,445,785	3.25%	20	1/1/2007	1,166,525	297,137
Columbus	39,251,565 (2)	3.15%	20	7/1/2008	34,026,628	9,240,159
Columbus	2,857,541	3.25%	20	1/1/2007	2,305,594	587,280
Columbus	5,666,064	3.25%	20	1/1/2008	4,804,860	-
Columbus	3,199,888	3.25%	20	7/1/2007	2,648,202	-
Columbus	6,831,785	3.25%	20	7/1/2009	6,198,565	-
Columbus	3,142,169	3.25%	20	1/1/2008	2,664,580	726,068
Columbus	1,807,927	3.25%	20	7/1/2007	1,496,226	394,382
Columbus	13,749,424	3.41%	20	1/1/2008	11,689,152	3,364,665
Columbus	1,741,415	3.34%	20	1/1/2008	1,478,841	415,723
Columbus	2,095,439	3.34%	20	1/1/2008	1,779,484	500,238
Columbus	3,430,556	3.34%	20	1/1/2009	3,049,101	-
Columbus	1,115,801 (2)	3.15%	20	1/1/2008	944,696	248,402
Columbus	3,659,781 (2)	3.15%	20	1/1/2009	3,245,513	909,416
Columbus	5,201,552 (2)	3.15%	20	1/1/2009	4,612,763	1,292,529
Columbus	16,916,104 (2)	3.15%	20	7/1/2010	15,981,135	4,896,330
Columbus	2,841,487 (2)	3.30%	20	1/1/2010	2,633,534	826,844
Columbus	450,000	3.52%	19	1/1/2009	397,202	118,550
Columbus	2,006,343 (2)	3.42%	20	1/1/2011	1,935,025	670,585
Columbus	4,806,005	3.52%	20	1/1/2009	4,261,877	1,313,999
Columbus	947,786	3.43%	20	7/1/2010	896,870	303,099
Columbus	1,398,423	3.25%	20	1/1/2011	1,347,827	-
Columbus	1,951,405	3.25%	20	7/1/2011	1,916,388	-
Columbus	11,744,794	3.25%	20	1/1/2012	11,744,794	-
Columbus	4,997,242	3.25%	20	1/1/2012	4,997,242	-
Columbus	64,506,000	3.25%	20	1/1/2015	64,506,000	-

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Columbus	201,475,537	3.25%	20	1/1/2015	201,475,537	-
Columbus	1,224,000	2.62%	20	7/1/2011	1,200,525	-
Columbus	2,160,368 (2)	3.18%	20	7/1/2012	2,160,368	-
Columbus	5,810,770 (2)	3.61%	20	1/1/2013	5,810,770	-
Columbus	76,919,700 (2)	3.36%	20	7/1/2015	76,919,700	-
Columbus Grove	3,449,357	0.00%	20	1/1/2012	3,449,357	-
Columbus Grove	524,766	0.00%	20	7/1/2013	524,766	-
Conneaut	554,025	4.80%	20	1/1/1994	81,833	-
Conneaut	87,254	4.80%	20	7/1/1994	15,923	-
Conneaut	538,645	4.35%	20	7/1/1997	196,708	-
Conneaut	897,348	4.16%	20	1/1/1997	297,561	-
Conneaut	84,901	4.12%	20	7/1/1997	30,591	-
Conneaut	261,452	3.98%	20	1/1/1999	115,585	-
Conneaut	815,934	3.50%	20	1/1/2001	437,351	-
Conneaut	3,627,296 (2)	3.25%	20	1/1/2007	2,926,668	745,480
Crestline	639,260	1.00%	20	1/1/2013	639,260	-
Creston	63,721	0.00%	20	1/1/2011	60,536	-
Cuyahoga County	1,487,338	4.18%	20	7/1/1996	448,891	-
Cuyahoga County	270,474	4.16%	20	1/1/1997	89,689	-
Cuyahoga County	1,935,141	4.04%	20	7/1/1999	910,792	-
Cuyahoga County	1,225,007	4.04%	20	7/1/1998	509,305	-
Cuyahoga County	333,668	3.35%	20	1/1/2006	255,650	62,733
Cuyahoga County	231,368	3.25%	20	1/1/2007	186,678	47,551
Cuyahoga County	612,192	3.25%	20	1/1/2008	519,143	141,461
Cuyahoga County	807,805	3.25%	20	1/1/2008	685,024	186,661
Cuyahoga County	1,558,386	3.25%	20	1/1/2008	1,321,521	360,100
Cuyahoga County	1,937,877	3.36%	20	1/1/2009	1,722,804	519,773
Cuyahoga County	513,754	3.53%	20	1/1/2011	495,701	178,179
Cuyahoga County	683,099	3.52%	20	1/1/2010	634,188	214,451
Cuyahoga County	956,072	3.70%	20	1/1/2010	888,836	318,310
Cuyahoga County	2,166,852	3.25%	20	1/1/2013	2,166,852	-
Cuyahoga County	1,562,868	2.66%	20	1/1/2013	1,562,868	-
Cuyahoga County	486,347	2.62%	20	1/1/2012	486,347	-
Cuyahoga County	2,642,665	3.28%	20	1/1/2013	2,642,665	-
Dalton	2,942,463	0.00%	20	7/1/2007	2,280,409	-
Danville	1,657,899	2.20%	20	1/1/1994	200,288	-
Dayton	10,551,487	3.80%	20	1/1/2003	6,762,908	1,491,880
Dayton	4,528,223	3.95%	20	1/1/2004	3,126,006	787,384
Defiance	8,085,255	3.91%	20	1/1/2001	4,413,631	-
Defiance	537,284	3.25%	20	1/1/2010	497,768	-
Defiance	877,452	3.25%	20	7/1/2009	796,123	-
Defiance	4,566,401	3.36%	20	7/1/2010	4,319,333	1,425,468
Defiance	2,655,539	3.36%	20	7/1/2010	2,511,859	828,965
Defiance	658,266	3.25%	20	7/1/2011	646,454	-
Defiance	417,880	3.25%	20	7/1/2010	395,016	-
Defiance	6,549,604	3.53%	20	7/1/2011	6,435,536	2,378,676
Defiance	337,476	4.14%	20	7/1/2011	331,974	-
Defiance	517,231	4.14%	20	7/1/2011	508,797	-
Defiance	2,495,211	3.70%	20	7/1/2011	2,452,540	957,205
Defiance	3,753,210	3.25%	20	7/1/2011	3,685,859	-
Defiance	584,293	2.62%	20	1/1/2012	584,293	-
Defiance	471,741	3.28%	20	1/1/2016	471,741	-
Delaware	26,159,261	3.59%	20	1/1/2007	21,248,874	6,060,387
Delphos	5,263,168	4.35%	20	1/1/1996	1,442,132	-
Delphos	33,157,344	0.95%	20	1/1/2008	27,018,910	1,712,711
Deshler	1,573,660	0.00%	20	7/1/2008	1,298,270	-
Dover	13,722,732	3.25%	20	7/1/2009	12,450,808	3,728,289
Dublin	13,817,015	4.35%	20	1/1/1999	6,227,028	-
Dublin	4,186,056	4.12%	20	1/1/1999	1,864,220	-
East Palestine	1,237,260	2.20%	20	7/1/2000	592,453	-
East Palestine	2,371,778	1.00%	20	1/1/2006	1,709,233	101,360
East Palestine	50,036	1.00%	20	7/1/2010	46,620	4,096
Edon	2,834,750	2.20%	20	1/1/1995	508,152	-
Edon	133,312	2.20%	20	7/1/1995	27,730	-
Elida	624,680	4.80%	20	1/1/1994	92,269	-
Euclid	13,338,776	5.20%	20	7/1/1994	2,503,182	-
Euclid	3,211,991	4.56%	20	1/1/1995	683,947	-
Fairborn	2,519,598	5.20%	20	7/1/1993	290,948	-
Fairborn	200,279	3.54%	19	7/1/1994	21,104	-
Fairborn	1,672,365	3.91%	15	7/1/1999	350,242	-
Fairfield	6,575,114	4.04%	20	1/1/1998	2,547,664	-
Fairfield	2,719,875	4.04%	20	1/1/1998	1,053,872	-
Fairfield	525,615	4.12%	20	1/1/1998	204,587	-
Fairfield	2,545,553	4.12%	20	1/1/1999	1,133,637	-
Fairfield	1,224,097	3.79%	20	1/1/2000	601,431	-



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Fairfield County	3,365,405	3.54%	20	7/1/1994	560,475	-
Fairport Harbor	704,499	3.50%	20	7/1/1999	322,580	-
Fayette	58,820	0.00%	20	7/1/2005	39,703	-
Fayette	79,350	0.00%	20	7/1/2011	77,366	-
Fayetteville-Perry Twp Reg Sewer District	2,310,838	4.12%	20	1/1/1999	1,029,109	-
Findlay	32,470,000	4.36%	20	1/1/2002	19,682,917	-
Findlay	3,597,546 (2)	1.73%	20	7/1/2003	2,218,363	210,073
Flushing	724,368	2.20%	20	1/1/1994	87,509	-
Flushing	32,954	2.20%	20	1/1/1994	3,981	-
Flushing	500,543	0.00%	20	7/1/2013	500,543	-
Forest	1,053,861	0.00%	20	1/1/2005	685,010	-
Forest	641,226	0.00%	20	1/1/2009	545,042	-
Forest	1,341,066	0.00%	20	1/1/2011	1,274,013	-
Fostoria	5,444,248	4.56%	20	7/1/1995	1,337,695	-
Fostoria	1,555,092	3.25%	20	1/1/2011	1,498,827	-
Frankfort	1,329,284	4.56%	20	7/1/1996	410,852	-
Franklin County	1,017,096	3.25%	20	1/1/2012	1,017,096	-
Franklin County	533,911	2.62%	20	1/1/2012	533,911	-
Fredericksburg	1,140,917	4.12%	20	1/1/1999	508,096	-
Fredericktown	1,603,239	0.00%	20	1/1/2006	1,122,267	-
Fredericktown	8,373,996	0.00%	20	1/1/2009	7,117,897	-
Fremont	950,160 (2)	4.04%	20	7/1/2012	950,160	420,569
Fremont	4,988,818 (2)	3.15%	20	7/1/2012	4,988,818	1,650,105
Fremont	1,596,034 (2)	3.15%	20	1/1/2012	1,596,034	-
Fremont	2,028,283 (2)	3.15%	20	7/1/2012	2,028,283	-
Fremont	7,987,573	3.60%	20	7/1/2012	7,987,573	-
Fulton County	1,481,793	4.04%	15	1/1/1998	128,773	-
Fulton County	209,800	0.00%	20	1/1/2009	178,330	-
Fulton County	33,965	0.00%	20	7/1/2011	33,116	-
Galion	2,762,322	3.52%	20	7/1/2010	2,615,284	910,614
Gallia County	360,000	0.00%	20	1/1/2012	360,000	-
Gallia County	119,779	0.00%	20	1/1/2011	113,790	-
Gallia County	110,000	0.00%	19	1/1/2012	110,000	-
Gambier	3,403,883	4.18%	20	1/1/1996	922,388	-
Garrettsville	5,860,937	0.00%	20	7/1/2012	5,860,937	-
Geauga County	623,886	4.16%	20	1/1/1998	243,387	-
Geauga County	1,068,768	3.50%	20	7/1/2000	545,521	-
Geauga County	4,014,527	3.50%	20	7/1/2001	2,252,809	-
Geauga County	2,366,301	3.50%	20	7/1/2002	1,443,863	-
Geauga County	8,795,103 (2)	1.67%	20	7/1/2006	6,660,284	762,763
Geauga County	1,195,000	2.30%	20	1/1/2013	1,195,000	-
Geneva	422,203	2.20%	20	1/1/1996	99,827	-
Geneva	388,438	2.20%	20	7/1/1996	102,769	-
Geneva	437,769	2.20%	20	1/1/1996	103,508	-
Geneva	247,613	1.00%	20	1/1/2011	236,370	-
Geneva	328,070	1.00%	20	1/1/2011	313,174	-
Geneva-on-the-Lake	706,254	2.20%	20	1/1/1997	206,502	-
Geneva-on-the-Lake	18,922	2.20%	19	7/1/1998	5,891	-
Georgetown	1,122,555	1.00%	20	7/1/2013	1,122,555	-
Gettysburg	1,363,854	0.00%	20	7/1/2009	1,193,372	-
Gibsonburg	1,072,489	3.03%	20	7/1/2004	743,493	144,972
Gibsonburg	1,789,754	2.75%	20	1/1/2008	1,505,466	338,988
Gibsonburg	389,408	0.00%	20	1/1/2011	369,938	-
Glendale	6,094,568	2.75%	20	1/1/2009	5,378,516	1,289,897
Gnadenhutten	3,511,835	0.00%	20	1/1/2006	2,458,285	-
Granville	514,500	2.35%	20	1/1/2013	514,500	-
Green Camp	928,378	0.00%	20	1/1/2007	696,284	-
Green Camp	309,459	0.00%	20	1/1/2007	232,094	-
Green Springs	407,954	0.00%	20	7/1/2010	377,357	-
Greene County	274,998	4.80%	20	1/1/1995	59,528	-
Greene County	6,058,150	3.65%	20	7/1/2005	4,545,427	1,183,409
Greene County	6,150,277	3.25%	20	7/1/2006	4,832,654	1,188,326
Greene County	7,804,149	3.34%	20	1/1/2009	6,936,379	2,078,458
Greene County	41,767,267 (2)	3.11%	20	7/1/2011	41,006,533	13,092,066
Greene County	4,577,835	3.40%	20	1/1/2010	4,246,118	1,379,688
Greenfield	177,912	1.00%	20	1/1/2011	169,834	-
Greenwich	63,578	0.00%	20	1/1/2010	57,220	-
Greenwich	435,923	0.00%	20	1/1/2013	435,923	-
Hamilton	431,837	3.25%	20	1/1/2011	416,212	-
Hanover	4,641,389	0.00%	20	7/1/2008	3,829,146	-
Hardin County	891,616	4.56%	20	7/1/1995	219,077	-
Harrisburg	308,700	0.00%	20	1/1/2012	308,700	-
Harrison County	357,834	3.95%	20	1/1/2003	230,576	53,111
Harrison County	90,203	0.00%	20	7/1/2003	51,867	-
Hartford	1,327,321	0.00%	20	1/1/2009	1,128,223	-

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Hartville	1,637,413	3.12%	20	1/1/1999	691,123	-
Hartville	211,041	0.00%	20	1/1/2004	126,625	-
Hartville	4,187,305	0.00%	20	7/1/2007	3,245,162	-
Hayesville	1,828,686	0.00%	20	1/1/2007	1,371,515	-
Heath	6,558,252	5.00%	20	7/1/1992	254,884	-
Heath	2,925,599	3.76%	20	7/1/2005	2,201,230	592,634
Heath	4,201,440	3.25%	20	7/1/2012	4,201,440	-
Hebron	14,313,600	0.00%	20	1/1/2009	12,166,560	-
Helena	111,283	0.00%	20	7/1/2012	111,283	-
Hicksville	6,659,433	0.20%	20	1/1/2008	5,348,760	-
Highland County	7,981,117	2.20%	20	1/1/2001	4,025,138	-
Hillsboro	411,674	1.00%	20	7/1/2005	286,777	16,407
Hillsboro	1,386,312	1.00%	20	7/1/2006	1,032,217	63,374
Hillsboro	10,148,014	1.00%	20	1/1/2012	10,148,014	-
Hiram	2,161,237	3.54%	20	7/1/1995	495,294	-
Hiram	13,418	4.35%	19	7/1/1996	3,359	-
Huber Heights	6,849,973	3.85%	20	7/1/1996	1,847,251	-
Huber Heights	265,438	3.25%	20	1/1/2011	255,834	-
Hudson	8,266,307	4.04%	20	1/1/1999	3,665,960	-
Jackson	8,051,554	1.00%	20	1/1/2009	6,943,798	499,393
Jackson Center	187,626	0.00%	20	1/1/2011	178,244	-
Jefferson	1,931,823	4.56%	20	1/1/1997	656,253	-
Jefferson	31,177	4.04%	20	1/1/1997	10,263	-
Jefferson County	817,736	0.00%	20	7/1/2013	817,736	-
Jeffersonville	2,122,189	0.00%	20	7/1/2006	1,538,587	-
Johnstown	5,593,700	2.22%	20	7/1/2006	4,292,747	683,797
Kent	4,372,503 (2)	3.66%	20	1/1/2006	3,374,878	915,379
Kenton	1,311,898	2.20%	20	7/1/1998	490,716	-
Kenton	14,664,758	2.20%	20	7/1/2000	7,022,119	-
Killbuck	180,568	0.00%	20	1/1/2007	135,426	-
Killbuck	694,439	0.00%	20	1/1/2009	590,273	-
Kingston	2,507,674	5.20%	20	7/1/1995	642,561	-
Lake County	36,199,145	4.12%	20	1/1/2001	19,942,747	-
Lakeline	302,481	4.04%	20	1/1/1998	117,203	-
Lakewood	445,810	4.30%	20	1/1/1994	63,467	-
Lancaster	13,502,148	2.94%	20	7/1/1996	3,758,226	-
Lancaster	5,047,248	3.16%	20	1/1/1998	1,857,971	-
Lancaster	3,964,480	3.98%	20	1/1/1999	1,752,650	-
Lancaster	34,397,930	3.27%	20	1/1/2012	34,397,930	11,957,276
Lancaster	400,657	3.25%	20	7/1/2011	393,468	-
Lawrence County	15,101,812	1.00%	20	1/1/2011	15,101,812	1,270,845
Lawrence County	1,951,329	1.00%	20	1/1/2012	1,951,329	-
Lawrence County	714,313	1.00%	20	1/1/2012	714,313	-
Leipsic	2,285,334	4.12%	20	1/1/1998	889,528	-
Leipsic	5,774,680	0.00%	20	7/1/2008	4,764,111	-
Licking County	11,165,836	1.00%	20	1/1/2009	9,629,608	692,555
Lima	7,263,384	3.75%	20	1/1/2002	4,298,675	-
Lima	270,773	3.25%	20	1/1/2011	260,976	-
Lima	53,000	2.66%	20	1/1/2011	50,962	-
Lisbon	388,262	4.18%	20	7/1/1995	92,992	-
Lisbon	53,941	1.00%	20	1/1/2011	51,492	-
Lisbon	250,416	1.00%	20	1/1/2011	239,046	-
Lodi	7,995,340 (2)	0.20%	20	1/1/2003	4,436,966	-
Logan County	2,093,141	5.20%	20	1/1/1994	318,223	-
London	1,692,756	1.00%	20	1/1/2006	1,219,893	72,341
London	32,779,016	0.80%	20	7/1/2009	28,962,106	1,620,772
Lorain	1,137,701	2.91%	20	1/1/2001	593,535	-
Lorain	4,860,364	2.81%	20	7/1/2001	2,646,276	-
Lorain	9,744,494	3.66%	20	1/1/2002	5,746,248	1,103,616
Lorain	2,647,995	3.81%	20	1/1/2005	1,937,691	509,144
Lorain	1,086,509	3.81%	20	1/1/2005	795,061	208,909
Lorain	1,478,164	3.81%	20	7/1/2005	1,113,583	304,315
Lorain	22,145,154 (2)	3.24%	20	1/1/2009	19,659,501	5,689,350
Lorain County	684,389	5.20%	20	7/1/1993	79,029	-
Lorain County	1,218,110	4.80%	20	1/1/1995	263,681	-
Lorain County	390,318	4.56%	20	1/1/1996	108,411	-
Lorain County	1,552,751	3.25%	20	7/1/2011	1,524,888	-
Lordstown	8,551,331 (2)	2.76%	20	1/1/2009	7,547,563	1,817,638
Lordstown	1,000,000	2.86%	20	1/1/2009	883,702	221,682
Lordstown	1,199,883	2.75%	19	1/1/2010	1,100,849	-
Lowellville	44,869	0.00%	20	1/1/2011	42,625	-
Lynchburg	1,229,476	0.00%	20	7/1/2011	1,198,739	-
Madison	229,687	4.56%	20	1/1/1996	63,795	-
Madison	1,189,858	4.12%	20	1/1/1998	463,132	-
Madison	303,830	3.50%	20	7/1/2001	170,499	-

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Mahoning County	64,986	2.20%	20	7/1/1998	24,308	-
Mahoning County	340,445	2.20%	20	1/1/1999	136,409	-
Mahoning County	3,461,764	0.73%	20	7/1/2001	1,707,291	45,738
Mahoning County	104,985	4.64%	20	1/1/2001	59,138	13,280
Mahoning County	618,359	3.64%	20	1/1/2003	394,066	82,854
Mahoning Valley Sanitary District	1,595,250	3.36%	10	1/1/2009	1,171,143	143,786
Malta	618,000	0.00%	20	1/1/2013	618,000	-
Mantua	5,725,519 (2)	0.68%	20	7/1/2003	3,386,798	98,754
Maple Heights	765,161	4.35%	20	7/1/1996	233,417	-
Maple Heights	110,426	4.04%	20	1/1/1997	33,586	-
Maple Heights	2,515,205	4.16%	20	7/1/1996	758,150	-
Marietta	458,437	3.89%	20	1/1/2004	315,885	78,211
Marietta	5,560,684 (2)	3.00%	20	1/1/2014	5,560,684	-
Marion	2,329,959	4.56%	20	1/1/1997	791,502	-
Marion	2,720,758	4.35%	20	7/1/1996	829,985	-
Marion	5,366,955 (2)	1.50%	20	7/1/2003	3,280,181	262,860
Marion	21,051,629	1.50%	20	7/1/2003	12,866,356	1,031,058
Marshallville	711,048	0.00%	20	1/1/2011	675,496	-
Massillon	1,407,758	3.81%	20	1/1/2001	765,094	-
Massillon	6,913,180 (2)	1.26%	20	1/1/2005	4,688,399	344,229
Massillon	35,493,869 (2)	1.26%	20	1/1/2005	24,071,326	1,767,352
Massillon	525,000	3.40%	16	1/1/2009	446,852	103,278
Mayfield	197,860	4.16%	20	1/1/1997	65,610	-
Mayfield	111,512	4.04%	20	1/1/1997	36,707	-
Mayfield	800,000	3.25%	20	1/1/2008	678,405	184,858
McArthur	1,962,632	2.00%	20	1/1/1993	117,777	-
McComb	584,005	0.00%	20	1/1/2010	525,604	-
McConnelsville	117,186	1.00%	20	1/1/2013	117,186	-
McGuffey	509,336	2.20%	20	7/1/2001	269,716	27,856
Medina County	2,600,613	5.00%	20	7/1/1993	295,880	-
Medina County	1,131,017	5.20%	20	7/1/1993	130,603	-
Medina County	1,917,178	5.20%	20	7/1/1994	359,782	-
Medina County	122,581	3.54%	20	1/1/1995	24,287	-
Medina County	9,026,842	3.68%	20	1/1/1997	2,905,832	-
Medina County	1,400,823	4.35%	20	1/1/1997	469,903	-
Medina County	1,038,847	4.16%	20	1/1/1997	344,482	-
Medina County	724,553	4.16%	20	1/1/1997	240,262	-
Medina County	1,747,252	3.02%	20	1/1/2001	916,215	-
Medina County	36,975,879	3.56%	20	7/1/2003	24,362,242	5,228,291
Medina County	1,844,522	3.64%	20	7/1/2002	1,131,546	226,929
Medina County	587,664	3.95%	20	1/1/2003	378,671	87,223
Medina County	1,215,095	3.81%	20	7/1/2005	915,399	250,156
Mercer County	109,533	3.64%	20	7/1/2001	61,834	11,210
Mercer County	395,077	3.49%	20	7/1/2002	240,974	46,113
Mercer County	291,199	2.75%	20	7/1/2005	213,361	40,334
Mercer County	1,214,964	0.00%	20	7/1/2009	1,063,094	-
Mercer County	1,275,772	0.00%	20	1/1/2012	1,275,772	-
Mercer County	1,133,361	1.00%	20	1/1/2013	1,133,361	-
Metropolitan Sewer District	999,843	4.80%	20	1/1/1995	216,433	-
Metropolitan Sewer District	208,357	4.18%	20	1/1/1996	56,461	-
Metropolitan Sewer District	1,230,697	4.56%	20	7/1/1996	380,380	-
Metropolitan Sewer District	496,265	4.56%	20	7/1/1996	153,384	-
Metropolitan Sewer District	254,073	4.35%	20	1/1/1997	85,228	-
Metropolitan Sewer District	618,760	4.35%	20	7/1/1997	225,966	-
Metropolitan Sewer District	4,907,097	4.04%	20	7/1/1998	2,040,158	-
Metropolitan Sewer District	543,489	4.12%	20	7/1/1997	195,824	-
Metropolitan Sewer District	4,393,391	4.66%	20	7/1/2002	2,798,725	739,031
Metropolitan Sewer District	2,074,066	3.50%	20	1/1/2005	1,504,779	359,337
Metropolitan Sewer District	7,819,609	3.50%	20	1/1/2006	6,012,730	1,550,412
Metropolitan Sewer District	5,247,900	3.41%	20	7/1/2005	3,913,219	943,495
Metropolitan Sewer District	2,161,104	3.35%	20	7/1/2006	1,701,856	433,111
Metropolitan Sewer District	24,594,938	3.25%	20	7/1/2008	21,350,736	6,008,807
Metropolitan Sewer District	25,247,574	2.80%	20	7/1/2011	24,772,413	7,005,192
Metropolitan Sewer District	8,455,236 (2)	3.30%	20	1/1/2011	8,150,903	2,710,648
Metropolitan Sewer District	4,165,300 (2)	3.42%	20	1/1/2010	3,864,074	1,264,047
Metropolitan Sewer District	5,939,221	3.25%	20	7/1/2012	5,939,221	-
Metropolitan Sewer District	40,197,271	3.25%	20	7/1/2013	40,197,271	-
Metropolitan Sewer District	38,642,723	3.25%	20	7/1/2012	38,642,723	-
Metropolitan Sewer District	6,328,640 (2)	2.52%	20	7/1/2012	6,328,640	-
Metropolitan Sewer District	5,447,922	2.66%	20	1/1/2013	5,447,922	-
Metropolitan Sewer District	3,674,440	3.08%	20	7/1/2013	3,674,440	-
Metropolitan Sewer District	10,579,132 (2)	3.01%	20	7/1/2014	10,579,132	-
Metropolitan Sewer District	9,595,800	3.08%	20	7/1/2013	9,595,800	-
Miami County	1,209,442	0.00%	20	1/1/2010	1,088,497	-
Miami County	1,413,136	0.00%	20	1/1/2012	1,413,136	-

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Miami County	63,636	0.00%	20	7/1/2011	62,045	-
Miami County	194,743	0.00%	20	7/1/2011	189,874	-
Miami County	469,600	0.00%	20	7/1/2012	469,600	-
Miami County	2,445,901	0.00%	20	7/1/2012	2,445,901	-
Miami County	540,398	0.00%	20	1/1/2013	540,398	-
Miami County	2,114,028	0.00%	20	7/1/2014	2,114,028	-
Miami County	934,246	0.00%	20	1/1/2014	934,246	-
Middlefield	12,009,400	0.00%	20	7/1/2008	9,907,755	-
Middleport	364,593	1.00%	20	1/1/2013	364,593	-
Milford	2,121,674 (2)	0.90%	20	1/1/2008	1,727,263	102,063
Milford	409,191	1.00%	20	7/1/2009	362,393	26,829
Milford	468,732	1.00%	20	1/1/2011	447,450	-
Millersburg	6,306,541	0.20%	20	7/1/2005	4,284,506	-
Millersport	117,191	3.64%	20	7/1/2002	71,893	14,418
Monroeville	386,662	0.00%	20	1/1/2007	289,996	-
Montgomery County	1,707,435	4.18%	20	1/1/1995	354,088	-
Montgomery County	775,557	4.35%	20	7/1/1996	236,589	-
Montgomery County	399,142	4.35%	20	7/1/1997	145,763	-
Montgomery County	381,607	4.16%	20	7/1/1997	137,821	-
Montgomery County	536,925	4.16%	20	1/1/1997	178,044	-
Montgomery County	171,903	4.16%	20	1/1/1997	57,003	-
Montgomery County	3,863,980	4.16%	20	7/1/1997	1,395,509	-
Montgomery County	1,302,887	4.04%	20	7/1/1997	467,233	-
Montgomery County	2,523,020	4.12%	20	7/1/1997	909,069	-
Montgomery County	1,109,710	4.12%	20	1/1/1998	431,936	-
Montgomery County	3,001,961	4.12%	20	7/1/1998	1,253,537	-
Montgomery County	2,286,065	3.91%	20	1/1/2000	1,129,761	-
Montgomery County	3,859,411	3.91%	20	1/1/2000	1,907,300	-
Montgomery County	12,928,635	3.79%	20	1/1/2001	7,020,291	-
Montgomery County	6,192,499	4.64%	20	1/1/2002	3,794,179	948,432
Montgomery County	7,303,179	4.64%	20	1/1/2002	4,474,699	1,118,541
Montgomery County	1,470,000 (2)	0.20%	20	1/1/2003	815,768	-
Montgomery County	6,801,019	0.20%	20	1/1/2003	3,774,185	-
Montgomery County	2,856,617	3.50%	20	7/1/2004	2,008,905	460,719
Montgomery County	2,509,445	3.76%	20	1/1/2005	1,833,796	474,726
Montgomery County	1,093,103	3.35%	19	7/1/2005	793,669	173,270
Montgomery County	4,422,001 (2)	3.15%	20	1/1/2008	3,743,899	984,435
Montgomery County	1,051,430	3.25%	20	1/1/2009	933,524	271,112
Montgomery County	2,067,061	3.25%	20	1/1/2012	2,067,061	-
Montgomery County	1,433,068	3.25%	20	1/1/2012	1,433,068	-
Montgomery County	99,284	2.62%	20	1/1/2012	99,284	-
Montgomery County	171,005	2.62%	20	1/1/2012	171,004	-
Montpelier	1,275,623	1.00%	20	1/1/2011	1,217,705	97,900
Morgan County	190,886	4.12%	20	7/1/1997	68,778	-
Morristown	747,725	0.00%	20	1/1/2007	560,794	-
Morrow County	75,000	0.00%	20	1/1/2004	45,000	-
Mount Gilead	6,975,513	0.23%	20	1/1/2008	5,605,947	13,957
Mount Gilead	79,925	1.00%	20	7/1/2011	78,115	-
Mount Gilead	80,247	1.00%	20	7/1/2011	78,429	-
Mount Orab	2,435,336	2.00%	20	1/1/1993	146,143	-
Mount Orab	3,079,637	0.00%	20	7/1/2008	2,540,701	-
Mount Sterling	134,357	4.04%	20	7/1/1997	48,182	-
Mount Vernon	7,526,399	1.16%	20	1/1/2013	7,526,399	-
Muskingum County	664,278	0.00%	20	1/1/2011	631,064	-
Muskingum County	821,657	0.00%	20	7/1/2011	801,115	-
Muskingum County	526,538	0.00%	20	7/1/2010	487,048	-
Muskingum Watershed Conservancy District	30,065	3.25%	20	7/1/2010	28,420	-
Muskingum Watershed Conservancy District	637,001	3.25%	20	1/1/2011	613,954	-
Napoleon	7,644,894	1.00%	20	7/1/2011	7,471,772	645,482
Nelsonville	560,219	2.20%	20	7/1/1998	209,550	-
Nelsonville	947,248	2.20%	20	1/1/2002	525,233	57,058
New Carlisle	2,142,673	4.56%	20	7/1/1996	662,251	-
New Carlisle	9,091	4.12%	19	1/1/1998	2,877	-
New Concord	314,894	4.56%	20	7/1/1995	77,372	-
New Concord	232,911	0.00%	20	7/1/2003	133,924	-
New Concord	155,295	1.00%	20	7/1/2007	123,004	8,068
New Lexington	726,444	2.20%	20	7/1/1993	66,179	-
New Lexington	209,416	2.20%	20	7/1/1994	31,453	-
New Paris	630,615	2.00%	20	7/1/1992	19,016	-
New Philadelphia	1,645,800 (2)	0.00%	20	1/1/2004	987,480	-
New Philadelphia	8,263,204	0.20%	20	1/1/2004	4,997,512	-
New Philadelphia	875,008	3.53%	20	1/1/2004	596,087	132,357
New Richmond	2,777,200	2.20%	20	1/1/1997	812,029	-
New Vienna	83,081	0.00%	20	1/1/2011	78,927	-
New Weston	531,892	0.00%	20	1/1/2006	372,324	-

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Newark	2,627,964	3.25%	20	1/1/2007	2,120,361	540,098
Newark	2,847,950	0.61%	20	1/1/2008	2,305,771	79,220
Newark	1,692,575	3.36%	20	1/1/2009	1,504,726	496,318
Newark	15,030,947	4.14%	20	7/1/2011	14,785,853	6,573,639
Newark	2,543,885	3.25%	20	1/1/2012	2,543,885	-
Newburgh Heights	163,652	0.00%	20	7/1/2010	151,378	-
Newcomerstown	1,011,900	1.00%	20	7/1/2005	704,902	40,327
Newcomerstown	2,054,461	1.00%	20	7/1/2005	1,431,163	81,877
Newcomerstown	1,084,875	1.00%	20	7/1/2008	910,301	63,546
Newton Falls	69,131	1.00%	20	1/1/2011	65,992	-
Ney	252,842	0.00%	20	1/1/2011	240,200	-
Noble County	244,332	0.00%	20	1/1/2012	244,332	-
North Canton	217,105	3.43%	20	7/1/2010	205,442	-
North Lewisburg	895,658	5.20%	20	7/1/1993	103,425	-
North Lewisburg	2,623,804	2.65%	20	7/1/2009	2,366,247	560,538
North Olmsted	1,060,809	4.12%	20	7/1/1997	382,220	-
North Olmsted	10,079,074	2.80%	20	7/1/2014	10,079,074	-
North Royalton	13,297,473	4.56%	20	7/1/1997	4,915,449	-
North Royalton	6,298,527	4.04%	20	7/1/1998	2,618,654	-
North Star	216,235	0.00%	20	7/1/2012	216,235	-
Northeast Ohio Regional Sewer District	18,444,448	5.00%	20	7/1/1993	2,098,484	-
Northeast Ohio Regional Sewer District	15,661,126	5.20%	20	1/1/1995	3,482,877	-
Northeast Ohio Regional Sewer District	22,710,055	5.20%	20	7/1/1995	5,819,174	-
Northeast Ohio Regional Sewer District	10,778,769	4.80%	20	7/1/1995	2,690,855	-
Northeast Ohio Regional Sewer District	14,599,593	4.80%	20	1/1/1996	4,117,716	-
Northeast Ohio Regional Sewer District	9,459,836	3.54%	20	7/1/1996	2,739,980	-
Northeast Ohio Regional Sewer District	1,939,276	3.54%	20	1/1/1995	384,230	-
Northeast Ohio Regional Sewer District	14,142,264	3.54%	20	1/1/1997	4,512,696	-
Northeast Ohio Regional Sewer District	14,710,237	3.54%	20	1/1/1997	4,693,932	-
Northeast Ohio Regional Sewer District	5,213,109	4.18%	20	1/1/1996	1,412,654	-
Northeast Ohio Regional Sewer District	4,992,867	4.18%	20	7/1/1996	1,506,890	-
Northeast Ohio Regional Sewer District	10,424,508	4.18%	20	7/1/1996	3,146,205	-
Northeast Ohio Regional Sewer District	14,320,648	4.35%	20	1/1/1998	5,646,665	-
Northeast Ohio Regional Sewer District	1,217,824	4.35%	20	7/1/1996	371,505	-
Northeast Ohio Regional Sewer District	1,269,806	4.35%	20	7/1/1996	387,363	-
Northeast Ohio Regional Sewer District	10,915,147	4.35%	20	7/1/1999	5,217,105	-
Northeast Ohio Regional Sewer District	10,504,929	4.12%	20	7/1/1999	4,964,076	-
Northeast Ohio Regional Sewer District	6,637,647	4.16%	20	1/1/1997	2,201,044	-
Northeast Ohio Regional Sewer District	21,277,975	4.04%	20	7/1/1999	10,014,671	-
Northeast Ohio Regional Sewer District	2,266,684	4.04%	20	7/1/1997	812,864	-
Northeast Ohio Regional Sewer District	33,589,261	4.12%	20	7/1/2000	17,645,279	-
Northeast Ohio Regional Sewer District	12,360,707	4.12%	20	1/1/2000	6,170,529	-
Northeast Ohio Regional Sewer District	9,697,014	3.91%	20	1/1/2000	4,792,211	-
Northeast Ohio Regional Sewer District	12,855,241	3.91%	20	7/1/2001	7,340,232	-
Northeast Ohio Regional Sewer District	3,148,009	4.38%	20	1/1/2001	1,753,820	-
Northeast Ohio Regional Sewer District	62,962,897	4.38%	20	1/1/2004	44,043,302	-
Northeast Ohio Regional Sewer District	10,193,494	4.64%	20	7/1/2003	6,959,129	2,009,097
Northeast Ohio Regional Sewer District	2,741,519	4.64%	20	1/1/2002	1,679,744	419,886
Northeast Ohio Regional Sewer District	3,563,673	4.28%	20	1/1/2003	2,322,943	585,204
Northeast Ohio Regional Sewer District	2,432,883	3.99%	20	1/1/2003	1,569,881	365,695
Northeast Ohio Regional Sewer District	32,290,493	3.99%	20	7/1/2005	24,436,394	7,035,294
Northeast Ohio Regional Sewer District	4,636,661	3.90%	20	7/1/2003	3,090,180	734,439
Northeast Ohio Regional Sewer District	69,858,237	3.89%	20	1/1/2007	57,074,762	17,833,222
Northeast Ohio Regional Sewer District	3,026,856	3.59%	20	1/1/2004	2,065,965	467,488
Northeast Ohio Regional Sewer District	14,764,415	3.53%	20	1/1/2006	11,360,883	2,957,888
Northeast Ohio Regional Sewer District	3,702,387	3.50%	20	1/1/2005	2,686,162	641,448
Northeast Ohio Regional Sewer District	3,109,489	3.25%	20	1/1/2006	2,376,695	563,539
Northeast Ohio Regional Sewer District	5,294,866	3.35%	20	7/1/2006	4,169,676	1,061,155
Northeast Ohio Regional Sewer District	4,621,466	3.35%	20	1/1/2007	3,736,256	985,043
Northeast Ohio Regional Sewer District	15,497,109 (2)	3.25%	20	1/1/2007	12,503,774	3,184,956
Northeast Ohio Regional Sewer District	10,602,398	3.25%	20	1/1/2007	8,554,498	2,178,998
Northeast Ohio Regional Sewer District	13,662,839	3.25%	20	1/1/2008	11,586,177	3,157,103
Northeast Ohio Regional Sewer District	12,401,721	3.25%	20	7/1/2006	9,744,803	2,396,198
Northeast Ohio Regional Sewer District	3,323,341	3.25%	20	7/1/2007	2,750,370	724,954
Northeast Ohio Regional Sewer District	4,846,197	3.25%	20	7/1/2008	4,206,958	1,183,978
Northeast Ohio Regional Sewer District	11,861,058	3.25%	20	7/1/2008	10,296,522	2,897,784
Northeast Ohio Regional Sewer District	8,025,462	3.25%	19	1/1/2008	6,718,387	1,711,305
Northeast Ohio Regional Sewer District	6,267,563	3.53%	20	7/1/2010	5,934,281	2,073,019
Northeast Ohio Regional Sewer District	11,719,801 (2)	3.42%	20	1/1/2011	11,303,210	3,917,140
Northeast Ohio Regional Sewer District	17,314,135 (2)	3.42%	20	1/1/2011	16,698,688	5,786,949
Northeast Ohio Regional Sewer District	4,170,872	3.70%	20	7/1/2010	3,952,911	1,457,805
Northeast Ohio Regional Sewer District	12,826,920 (2)	3.60%	20	1/1/2012	12,826,920	4,984,192
Northeast Ohio Regional Sewer District	10,717,900 (2)	3.60%	20	1/1/2012	10,717,900	4,164,684
Northeast Ohio Regional Sewer District	4,741,030	3.25%	20	7/1/2011	4,655,954	-
Northeast Ohio Regional Sewer District	40,066,453	3.25%	20	7/1/2013	40,066,453	-

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Northeast Ohio Regional Sewer District	20,771,887 (2)	3.15%	20	1/1/2013	20,771,887	-
Northeast Ohio Regional Sewer District	26,938,327 (2)	3.61%	20	7/1/2015	26,938,327	-
Northeast Ohio Regional Sewer District	35,000,000 (2)	2.72%	20	1/1/2016	35,000,000	-
Northwestern Water & Sewer District	1,064,994	4.18%	20	1/1/1995	220,858	-
Northwestern Water & Sewer District	650,829	3.70%	20	1/1/2010	605,059	216,684
Northwestern Water & Sewer District	1,389,150	0.00%	20	7/1/2013	1,389,150	-
Norwalk	1,189,817	3.85%	20	1/1/1997	387,091	-
Norwalk	617,079	3.75%	20	1/1/2000	302,597	-
Norwalk	2,995,246	3.90%	20	7/1/2002	1,855,656	401,869
Norwalk	8,012,446	2.94%	20	1/1/2008	6,760,773	1,643,083
Oak Harbor	5,952,709	2.86%	20	7/1/2009	5,379,936	1,391,161
Oak Harbor	400,000	2.93%	20	1/1/2010	368,611	98,000
Oak Hill	962,432	2.20%	20	7/1/1995	200,193	-
Oak Hill	185,645	0.00%	20	7/1/2010	171,722	-
Oberlin	2,387,967	3.63%	10	7/1/2003	415,177	14,326
Ohio City	1,530,005	0.00%	20	7/1/2012	1,530,005	-
Olmsted Falls	2,290,378	4.35%	20	7/1/1999	1,094,730	-
Olmsted Falls	525,683	3.95%	20	7/1/2005	397,422	113,124
Olmsted Falls	1,139,387	3.25%	20	1/1/2009	1,011,618	569,762
Oregon	594,917	2.20%	20	7/1/1995	123,747	-
Oregon	503,343	4.80%	20	7/1/1995	125,657	-
Oregon	1,536,859	3.80%	20	7/1/2002	948,555	199,567
Oregon	2,305,382	3.95%	20	1/1/2004	1,591,494	400,869
Oregon	3,091,019	3.50%	20	1/1/2005	2,242,601	535,527
Oregon	2,469,980	3.35%	20	1/1/2006	1,892,449	464,378
Oregon	522,548	3.25%	20	7/1/2007	432,457	113,989
Orrville	7,184,925	3.54%	19	7/1/1994	518,823	-
Osgood	924,786	0.00%	20	7/1/2012	924,786	-
Ottawa	5,366,838	4.12%	20	1/1/2000	2,679,153	-
Ottawa	561,714	2.75%	20	1/1/2007	448,619	94,494
Ottawa County	1,246,205	3.04%	20	1/1/1998	455,467	-
Ottawa County	4,978,957	3.76%	20	1/1/2005	3,638,410	941,898
Ottoville	522,738	0.00%	20	7/1/2007	405,122	-
Ottoville	400,610	0.00%	20	1/1/2008	320,488	-
Oxford	3,978,077	4.35%	20	1/1/1996	1,090,011	-
Oxford	681,360	4.12%	20	1/1/1998	265,208	-
Oxford	6,604,113	4.12%	20	7/1/1999	3,120,756	-
Oxford	314,429	3.98%	20	7/1/1999	147,543	-
Painesville	3,570,578	3.42%	20	1/1/2012	3,570,578	1,321,399
Pandora	1,261,749	0.00%	20	7/1/2006	914,768	-
Parma	247,268	4.35%	20	7/1/1996	75,431	-
Parma	2,214,705	4.04%	20	7/1/1997	794,223	-
Parma	341,653	4.12%	20	1/1/1998	132,983	-
Parma	72,125	4.12%	20	1/1/1998	28,073	-
Parma	806,344	4.12%	20	7/1/1998	336,707	-
Parma	1,197,906	4.12%	20	7/1/1998	500,213	-
Parma	191,850	4.12%	20	1/1/1999	85,439	-
Parma	110,112	3.91%	20	7/1/1999	51,487	-
Parma	191,555	3.79%	20	1/1/2001	104,015	-
Parma	443,063	3.25%	20	1/1/2012	443,063	-
Parma	1,079,067	3.25%	20	1/1/2012	1,079,067	-
Parma	513,321	3.25%	20	1/1/2012	513,321	-
Parma Heights	218,869	4.18%	20	7/1/1995	52,421	-
Pataskala	55,685	3.25%	20	7/1/2010	52,638	-
Pataskala	4,391,563	2.66%	20	1/1/2012	4,391,563	-
Payne	312,270	0.00%	20	7/1/2011	304,463	-
Pemberville	2,037,598	3.12%	20	7/1/1999	914,625	-
Pemberville	1,238,363	2.75%	20	7/1/2011	1,214,934	-
Perrysville	139,959	0.00%	20	7/1/2004	87,474	-
Pickaway County	2,111,726	0.00%	20	7/1/2007	1,636,587	-
Pickerington	819,398	4.64%	20	1/1/2002	502,050	125,497
Pickerington	12,384,511 (2)	3.30%	20	1/1/2011	11,938,751	3,970,327
Pickerington	1,573,855	3.64%	10	1/1/2012	1,573,855	-
Piqua	6,599,916	4.56%	20	7/1/1995	1,621,651	-
Piqua	4,329,876	3.52%	20	7/1/2010	4,099,397	1,427,366
Pittsburg	1,908,477	0.00%	20	7/1/2011	1,860,765	-
Plain City	4,555,749 (2)	2.65%	20	7/1/2007	3,728,981	778,850
Pleasant Hill	1,733,200	0.00%	20	1/1/2012	1,733,200	-
Pleasant Hill	135,661	0.00%	20	1/1/2012	135,661	-
Pleasant Valley Regional Sewer District	245,054	4.16%	20	1/1/1997	81,260	-
Pleasant Valley Regional Sewer District	14,307	4.12%	20	1/1/1997	4,733	-
Pleasant Valley Regional Sewer District	153,632	4.12%	20	1/1/1998	59,799	-
Pleasant Valley Regional Sewer District	213,717	4.12%	20	7/1/1998	89,242	-
Pleasant Valley Regional Sewer District	2,437,042	4.16%	20	1/1/2002	1,465,889	324,570
Plymouth	2,886,939	0.00%	20	1/1/2012	2,886,938	-

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Port Clinton	5,084,588	3.89%	20	1/1/2005	3,728,803	1,002,986
Port Clinton	2,825,865	1.00%	20	7/1/2009	2,502,683	185,283
Port Clinton	1,994,711	1.00%	20	1/1/2012	1,994,711	-
Port Clinton	2,337,898	1.00%	20	1/1/2013	2,337,898	-
Portage County	1,676,961	4.18%	20	1/1/1995	347,768	-
Portage County	187,968	4.04%	20	1/1/1997	61,874	-
Portage County	642,411	4.04%	20	1/1/1997	211,465	-
Portage County	202,292	4.12%	20	7/1/1999	95,592	-
Portage County	10,810,824	2.79%	20	7/1/2001	5,880,802	-
Portage County	789,998	3.50%	20	7/1/2002	482,039	-
Portage County	84,486	3.50%	20	7/1/2001	47,410	-
Portsmouth	1,749,920	3.43%	20	7/1/2011	1,719,116	-
Preble County	809,955	0.00%	20	7/1/2006	587,217	-
Prospect	2,244,642	0.00%	20	1/1/2008	1,795,714	-
Ravenna	5,476,358	5.00%	20	1/1/1993	420,482	-
Ravenna	292,433	3.95%	20	7/1/2003	195,222	47,064
Ravenna	13,082,203	0.44%	20	7/1/2005	8,955,960	151,893
Ravenna	4,636,449	0.44%	20	7/1/2005	3,174,072	53,832
Richfield	194,507	2.93%	20	7/1/2011	190,896	88,176
Richmond Heights	1,554,105	4.56%	20	7/1/1999	750,493	-
Richmond Heights	199,997	4.56%	20	7/1/1995	49,141	-
Richmond Heights	439,367	4.12%	20	7/1/2000	230,810	-
Richmond Heights	648,031	3.79%	20	7/1/2001	368,162	-
Richmond Heights	923,490	3.90%	20	7/1/2003	615,475	146,279
Richmond Heights	1,053,281	3.59%	20	7/1/2004	742,713	175,265
Richmond Heights	574,604	3.41%	20	7/1/2005	428,467	103,305
Richmond Heights	1,150,847	3.35%	20	7/1/2006	906,285	230,644
Richmond Heights	1,793,207	3.25%	20	1/1/2009	1,592,120	462,380
Rio Grande	132,278	2.20%	20	7/1/1995	27,515	-
Ripley	2,783,574	0.00%	20	1/1/2008	2,226,859	-
Rittman	3,420,823	5.00%	20	1/1/1994	512,654	-
Riverside	23,100	3.25%	20	1/1/2011	22,264	-
Roaming Shores	1,449,915	4.16%	20	7/1/2002	907,012	211,061
Rockford	1,277,403	3.54%	20	1/1/1998	480,896	-
Rockford	173,067	3.62%	20	1/1/1998	65,458	-
Rockford	66,283	0.00%	20	1/1/2004	39,770	-
Rocky River	350,659	4.64%	20	1/1/2001	197,524	44,357
Roseville	205,257	2.20%	20	1/1/1999	82,242	-
Rosburg	530,990	0.00%	20	7/1/2007	411,517	-
Rosford	2,048,159	4.12%	20	7/1/1997	737,972	-
Rushsylvania	740,497	0.00%	20	1/1/2008	592,398	-
Russellville	993,897	2.20%	20	1/1/1999	398,235	-
Saint Marys	11,403,604	3.36%	20	7/1/2010	10,786,605	3,559,799
Sandusky County	307,235	4.16%	20	7/1/2001	177,257	37,259
Sandusky County	1,144,414	4.16%	20	7/1/2001	660,263	138,785
Sandusky County	47,014	3.64%	20	1/1/2002	27,701	5,288
Sandusky County	108,639	3.64%	20	1/1/2003	69,233	14,556
Sandusky County	491,100	0.00%	20	1/1/2011	466,545	-
Sandusky Township Sewer District	309,060	0.00%	20	7/1/2011	301,334	-
Seaman	478,697	2.00%	20	1/1/1993	28,726	-
Sebring	1,381,710	1.00%	20	1/1/2011	1,318,975	106,042
Senecaville	457,298	2.20%	20	1/1/1997	133,710	-
Shadyside	1,956,267	1.00%	20	1/1/2012	1,956,267	-
Sheffield	289,047	4.16%	20	1/1/1997	95,848	-
Shelby	1,471,813	1.00%	8	7/1/2007	658,392	10,587
Shelby County	643,518	0.00%	20	7/1/2008	530,902	-
Shiloh	56,908	0.00%	20	7/1/2010	52,640	-
Silver Lake	135,840	3.50%	20	7/1/2000	69,336	-
Silver Lake	184,068	4.16%	20	1/1/2002	110,718	24,515
Silver Lake	151,628	3.64%	20	1/1/2003	96,629	20,317
Silver Lake	179,779	3.03%	20	1/1/2004	120,492	22,538
Smithville	665,401	3.16%	20	7/1/1997	226,246	-
Solon	5,894,780	4.30%	20	1/1/1994	839,201	-
Solon	18,991,344	3.04%	20	1/1/1996	4,765,471	-
Solon	401,176	3.54%	19	1/1/1997	107,964	-
Solon	1,249,104	4.16%	20	1/1/1997	414,203	-
Solon	5,861,485 (2)	1.45%	20	7/1/2004	3,859,201	322,616
Solon	6,329,372	3.35%	20	1/1/2007	5,117,024	1,349,075
Solon	4,406,906 (2)	3.15%	20	1/1/2008	3,731,119	981,075
Solon	5,096,690 (2)	3.15%	20	1/1/2012	5,096,690	-
South Euclid	2,154,990	3.25%	20	7/1/2007	1,783,452	470,090
Southwest Licking Community W & S District	7,917,979	3.59%	20	1/1/2005	5,759,067	1,415,159
Springfield	12,006,591	4.80%	19	1/1/1994	481,706	-
Springfield	3,392,422	4.18%	20	1/1/1996	919,282	-
Springfield	3,855,000	3.52%	20	7/1/2001	2,165,143	-

**PARTICIPATING GOVERNMENTAL AGENCIES UNDER EXISTING WPCLF LOAN AGREEMENTS**  
**As of December 31, 2011**

<b>Governmental Agency</b>	<b>Estimated Loan Amount (1)</b>	<b>Interest Rate</b>	<b>Term</b>	<b>First Payment Date</b>	<b>Projected Remaining Principal Repayments</b>	<b>Projected Remaining Additional Pledged Repayments (3)</b>
Stark County	2,646,670	4.56%	20	1/1/1996	735,112	-
Stark County	3,074,433	4.35%	20	7/1/1997	1,122,757	-
Stark County	2,846,945	4.12%	20	1/1/1999	1,267,859	-
Stark County	5,461,590	3.50%	20	7/1/2000	2,787,708	-
Stark County	1,551,514	3.91%	20	1/1/2000	766,750	-
Stark County	226,911	3.25%	10	1/1/2011	207,368	-
Stark County	403,712	3.25%	10	1/1/2011	368,942	-
Steubenville	376,173	3.53%	20	1/1/2004	256,262	56,901
Strasburg	3,963,752	2.20%	20	7/1/2003	2,487,967	310,519
Struthers	303,012	2.00%	20	7/1/2005	217,417	28,574
Struthers	363,213	2.00%	20	7/1/2007	293,607	44,380
Sugarcreek	3,239,685	3.85%	20	7/1/1997	1,148,752	-
Summit County	1,393,799 (2)	0.20%	20	1/1/2004	842,957	-
Summit County	5,123,067	0.35%	20	1/1/2005	3,370,604	34,376
Summit County	454,615	3.25%	20	7/1/2010	429,741	-
Summit County	171,707	3.25%	20	7/1/2010	162,312	-
Swanton	525,604	2.75%	20	7/1/2007	431,024	93,915
Swanton	378,151	2.75%	20	7/1/2011	370,997	-
Swanton	624,534	2.78%	20	7/1/2012	624,534	-
Tiffin	1,463,250	2.85%	20	7/1/2013	1,463,250	-
Timberlake	216,930	2.75%	20	1/1/2011	208,665	-
Toledo	1,786,965	4.80%	20	1/1/1995	386,819	-
Toledo	282,000	4.18%	20	7/1/1995	67,542	-
Toledo	1,419,392	4.18%	20	1/1/1996	384,628	-
Toledo	5,044,000	4.16%	20	1/1/1998	1,967,739	-
Toledo	1,888,706	4.12%	20	1/1/1999	841,117	-
Toledo	7,776,384	4.12%	20	1/1/2001	4,284,147	-
Toledo	1,268,919	3.91%	20	7/1/2000	660,207	-
Toledo	3,160,012	3.75%	20	7/1/2000	1,631,973	-
Toledo	11,270,558	3.75%	20	7/1/2002	6,943,075	-
Toledo	3,667,897	4.02%	20	7/1/2001	2,103,958	-
Toledo	2,066,960	4.02%	20	1/1/2002	1,236,477	-
Toledo	5,589,085	4.66%	20	7/1/2001	3,290,585	810,878
Toledo	4,120,425	3.53%	20	1/1/2006	3,170,574	825,482
Toledo	6,116,494	3.50%	20	7/1/2005	4,571,553	1,135,129
Toledo	5,708,709	3.76%	20	1/1/2006	4,416,539	1,665,907
Toledo	5,086,522	3.76%	20	1/1/2006	3,935,185	1,100,415
Toledo	7,005,133	3.41%	20	1/1/2006	5,374,914	1,478,719
Toledo	19,032,482	3.35%	20	7/1/2007	15,779,343	4,305,207
Toledo	8,791,788	3.25%	20	1/1/2008	7,455,494	2,031,538
Toledo	2,752,910	3.25%	20	1/1/2007	2,221,173	623,893
Toledo	17,978,659	3.25%	20	1/1/2008	15,246,021	4,154,369
Toledo	49,882,301 (2)	3.15%	20	1/1/2008	42,232,992	11,104,903
Toledo	30,876,527	3.25%	20	7/1/2008	26,803,750	7,543,466
Toledo	1,371,721	3.25%	20	7/1/2007	1,135,225	299,227
Toledo	5,427,363	3.25%	20	1/1/2008	4,602,439	1,254,113
Toledo	8,039,788 (2)	3.15%	20	1/1/2009	7,129,726	1,997,799
Toledo	6,375,588	3.34%	20	7/1/2008	5,541,510	1,703,915
Toledo	28,587,197	3.25%	20	1/1/2010	26,484,680	8,170,665
Toledo	3,353,015	3.25%	20	1/1/2010	3,106,409	-
Toledo	17,103,529	3.25%	20	7/1/2012	17,103,529	-
Toledo	637,878	3.52%	20	1/1/2011	615,440	334,519
Toledo	10,023,615	3.25%	20	1/1/2014	10,023,615	-
Toledo	1,238,701 (2)	3.15%	20	7/1/2011	1,216,235	-
Toledo	5,122,505 (2)	3.15%	20	7/1/2011	5,029,601	-
Toledo	-	3.25%	20	7/1/2013	-	-
Toledo	13,693,959	3.25%	20	7/1/2013	13,693,959	-
Toledo	7,338,356	3.25%	20	1/1/2014	7,338,356	-
Toledo	8,980,522	2.62%	20	7/1/2014	8,980,522	-
Toledo	9,728,364	3.95%	20	1/1/2015	9,728,364	-
Toledo	2,910,616	3.95%	20	1/1/2013	2,910,616	-
Toledo	4,762,617	3.40%	20	1/1/2014	4,762,617	-
Toledo	6,340,911 (2)	3.18%	20	7/1/2015	6,340,911	-
Toledo	15,000,000	2.85%	20	1/1/2016	15,000,000	-
Toledo	22,969,271 (2)	2.82%	20	7/1/2016	22,969,271	-
Toronto	785,842	1.00%	20	7/1/2006	585,120	35,924
Toronto	264,886	1.00%	20	1/1/2011	252,859	-
Tri-Cities North Regional Wastewater Authority	1,744,833	4.66%	20	7/1/2001	1,027,274	244,861
Tri-Cities North Regional Wastewater Authority	5,812,791 (2)	0.27%	20	1/1/2003	3,235,816	13,086
Troy	487,202	3.25%	20	1/1/2010	451,370	-
Trumbull County	236,831	0.00%	20	7/1/2010	219,068	-
Trumbull County	275,341	0.00%	20	7/1/2010	254,691	-
Trumbull County	61,642	0.00%	20	1/1/2011	58,560	-
Trumbull County	149,380	0.00%	20	1/1/2011	141,911	-
Trumbull County	310,602	2.90%	20	1/1/2012	310,602	-



**PARTICIPATING GOVERNMENTAL AGENCIES UNDER EXISTING WPCLF LOAN AGREEMENTS**  
**As of December 31, 2011**

<b>Governmental Agency</b>	<b>Estimated Loan Amount (1)</b>	<b>Interest Rate</b>	<b>Term</b>	<b>First Payment Date</b>	<b>Projected Remaining Principal Repayments</b>	<b>Projected Remaining Additional Pledged Repayments (3)</b>
Trumbull County	411,104	0.00%	20	7/1/2013	411,104	-
Trumbull County	886,925	0.00%	20	1/1/2013	886,925	-
Tuppers Plains Reg Sewer District	52,741	0.00%	20	7/1/2010	48,785	-
Tuscarawas County	2,520,692	3.25%	20	1/1/2009	2,238,026	649,962
Twin City Water & Sewer District	1,529,661	1.00%	20	7/1/2007	1,211,593	79,475
Twin City Water & Sewer District	190,250	1.00%	20	1/1/2011	181,612	-
Uhrichsville	329,990	1.00%	20	7/1/2008	276,889	19,329
Uhrichsville	158,091	1.00%	20	1/1/2011	150,913	-
Upper Sandusky	575,705	2.20%	20	1/1/1995	103,200	-
Upper Sandusky	1,382,887	2.20%	20	1/1/1996	326,975	-
Upper Sandusky	273,301	2.20%	20	1/1/1995	48,991	-
Upper Sandusky	522,244	2.20%	20	7/1/1996	138,170	-
Urbana	2,581,127	4.56%	17	7/1/1995	107,475	-
Urbana	693,108	4.56%	20	1/1/1996	192,511	-
Urbana	839,928	4.04%	20	1/1/1997	276,482	-
Van Wert	1,019,661	4.12%	20	7/1/1999	481,838	-
Van Wert	81,629	3.91%	20	7/1/1999	38,169	-
Van Wert	5,605,808	3.81%	20	1/1/2002	3,325,645	-
Van Wert County	485,111	0.00%	20	7/1/2009	424,472	-
Van Wert County	156,431	0.00%	20	1/1/2012	156,431	-
Van Wert County	78,855	0.00%	20	7/1/2011	76,884	-
Vermilion	92,206	4.38%	20	1/1/2001	51,370	-
Vermilion	1,287,737 (2)	2.58%	20	1/1/2002	725,948	94,385
Vermilion	721,306	2.62%	20	1/1/2012	721,306	-
Vermilion	122,115	2.80%	20	1/1/2013	122,115	-
Versailles	3,365,587	1.00%	20	7/1/2012	3,365,587	287,216
Wadsworth	23,040,336 (2)	3.15%	20	7/1/2008	19,973,342	5,423,895
Walnut Creek Sewer District	645,429	0.00%	20	1/1/2011	613,158	-
Warren	214,254	4.80%	20	1/1/1994	31,647	-
Warren	1,426,782	3.54%	20	1/1/1995	282,689	-
Warren	1,047,570	3.04%	20	7/1/1997	353,544	-
Warren	7,160,804	3.04%	20	1/1/1998	2,617,154	-
Warren	1,398,172	4.12%	20	1/1/1999	622,662	-
Warren	609,259	3.98%	20	7/1/1999	285,890	-
Warren	187,500	3.79%	20	7/1/1999	87,141	-
Warren	4,479,104	3.25%	20	7/1/2007	3,706,871	977,073
Warren	694,483	3.25%	20	1/1/2011	669,356	-
Warren County	14,758,613 (2)	3.11%	20	7/1/2012	14,758,613	-
Washington (Court House)	6,812,154	3.43%	20	1/1/2002	3,979,748	-
Washington County	283,227	3.41%	20	1/1/2005	204,970	47,530
Washington County	1,556,231	3.20%	20	7/1/2012	1,556,231	-
Waterville	61,838	2.75%	20	1/1/2011	59,482	-
Waverly	4,016,813	2.20%	20	7/1/2004	2,711,992	367,968
Wayne County	23,112	0.00%	20	7/1/2010	21,379	-
Wayne County	1,526,849	0.00%	20	7/1/2010	1,412,335	-
Waynesville	3,883,029	2.50%	20	1/1/2001	1,986,891	-
Wellington	42,586	0.00%	20	7/1/2010	39,392	-
Wellington	827,579	2.58%	20	7/1/2013	827,579	-
Wellston	1,477,554	2.20%	20	1/1/1997	432,024	-
Wellston	930,169	2.20%	20	7/1/1996	246,095	-
Wellsville	862,908	2.20%	20	1/1/1999	345,750	-
Wellsville	64,234	2.20%	19	1/1/2000	26,818	-
Wellsville	118,906	1.00%	20	7/1/2003	71,253	3,483
West Milton	2,822,076	5.00%	20	1/1/1994	422,924	-
West Union	394,233	2.20%	20	7/1/2001	208,764	21,561
West Unity	1,932,503	4.12%	20	1/1/1999	860,621	-
Westfield Center	2,917,102	4.12%	20	7/1/1998	1,218,103	-
Wharton	717,035	0.00%	20	7/1/2011	699,109	-
Whitehouse	273,544	2.75%	20	7/1/2012	273,544	-
Willard	498,533	1.20%	20	1/1/2000	213,826	-
Willard	327,646	1.20%	20	1/1/2001	157,170	7,592
Willard	525,795	2.20%	20	1/1/2002	291,544	31,672
Willard	261,806	2.20%	20	1/1/2002	145,167	15,770
Willard	220,855	1.00%	20	1/1/2011	210,827	-
Williams County	1,113,216	3.50%	20	1/1/2002	652,215	-
Williams County	377,096	0.00%	20	7/1/2011	367,669	-
Williams County	538,751	2.16%	20	7/1/2011	527,911	-
Willoughby	639,004	4.80%	20	1/1/1994	94,385	-
Willoughby	305,319	4.04%	20	7/1/1997	109,492	-
Willoughby	1,372,534	3.91%	20	1/1/2001	749,248	-
Willoughby	1,671,611	3.99%	20	1/1/2003	1,078,650	251,266
Willoughby	974,019	3.65%	20	1/1/2004	666,084	153,550
Willoughby	62,623	3.53%	19	1/1/2004	41,198	8,370
Willoughby	571,417	3.34%	20	7/1/2007	473,663	128,794
Willoughby	2,040,268 (2)	3.30%	20	1/1/2010	1,890,953	593,697

**PARTICIPATING GOVERNMENTAL AGENCIES UNDER EXISTING WPCLF LOAN AGREEMENTS**  
**As of December 31, 2011**

<b>Governmental Agency</b>	<b>Estimated Loan Amount (1)</b>	<b>Interest Rate</b>	<b>Term</b>	<b>First Payment Date</b>	<b>Projected Remaining Principal Repayments</b>	<b>Projected Remaining Additional Pledged Repayments (3)</b>
Willoughby	668,599	3.25%	20	1/1/2011	644,408	-
Willoughby Hills	232,330	3.64%	20	1/1/2003	148,059	31,130
Willoughby Hills	3,900,762	3.03%	20	7/1/2005	2,879,729	607,543
Willoughby Hills	7,757,446	3.25%	20	1/1/2008	6,578,365	1,792,531
Willoughby Hills	501,651	3.25%	20	1/1/2008	425,403	115,918
Willoughby Hills	3,769,356	3.25%	20	7/1/2012	3,769,356	-
Wintersville	1,948,496	5.20%	20	1/1/1994	296,232	-
Woodstock	372,005	4.12%	20	7/1/1999	175,790	-
Woodville	9,407,083	0.00%	20	7/1/2013	9,407,083	-
Wooster	6,088,332 (2)	3.25%	15	7/1/2007	4,559,812	805,930
Wooster	11,851,333	2.67%	20	7/1/2007	9,704,217	2,044,346
Xenia	2,512,939	3.04%	18	7/1/1994	89,787	-
Xenia	7,657,303	2.79%	20	1/1/2001	3,972,394	-
Xenia	1,917,785	3.25%	20	1/1/2011	1,848,398	-
Yellow Springs	915,320	2.75%	20	7/1/2011	898,002	-
Yellow Springs	246,600	3.45%	20	7/1/2011	242,268	-
Yorkshire	527,816	0.00%	20	7/1/2012	527,816	-
Youngstown	4,360,636	3.81%	20	7/1/2006	3,468,224	1,021,305
Youngstown	629,360	3.25%	20	1/1/2011	606,589	-
Youngstown	580,193	3.25%	20	1/1/2011	559,201	-
Youngstown	366,524	3.25%	20	1/1/2011	353,263	-
Youngstown	123,793	3.81%	20	7/1/2011	121,625	-
Zanesville	1,324,942	3.59%	20	1/1/2004	904,333	204,633
Zanesville	964,079	3.41%	20	1/1/2005	697,700	161,789
Zanesville	188,142	3.25%	10	1/1/2011	171,938	-
	<u>4,673,439,839</u>				<u>3,445,455,628</u>	<u>458,349,113</u>

## Notes :

(1) These amounts include capitalized interest charges. Some of the loans listed above have already been fully funded at the estimated loan 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) Water Resource Restoration Sponsorship Program Loan.

(3) These loans have additional pledged loan repayments pledged towards Water Quality Series bonds as described in the SECURITY AND SOURCE OF PAYMENT OF WATER QUALITY BONDS - Additional Pledged Loans and Additional Pledged Loan Repayments.

## **APPENDIX C**

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

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**OHIO WATER  
DEVELOPMENT AUTHORITY**

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Financial Statements

December 31, 2010

(With Independent Auditors' Report Thereon)

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# OHIO WATER DEVELOPMENT AUTHORITY

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of each major fund of the Ohio Water Development Authority (the Authority), a component unit of the State of Ohio, as of and for the year ended December 31, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position and the changes in the financial position and cash flows of only that portion of each major fund of the Authority that is attributable to the transactions of the Authority. They do not purport to, and do not, present fairly the financial position of the State of Ohio and the results of the State of Ohio's operations and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Authority, as of December 31, 2010, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2011 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 other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

2525 north limestone street, ste. 103  
springfield, oh 45503

www.cshco.com  
p. 937.399.2000  
f. 937.399.5433

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
March 28, 2011

# OHIO WATER DEVELOPMENT AUTHORITY

## Management's Discussion and Analysis

December 31, 2010

As management of the Ohio Water Development Authority (the Authority), a discretely presented component unit 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 fiscal year ended December 31, 2010. 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 net assets increased during fiscal year 2010 by \$94,896,098 or 3.07%.
- The Authority's bonds and notes payable balance increased by \$842,506,574 or 36.71%.
- The Authority's cash, cash equivalents and investments balance increased by \$800,527,679 or 69.65%.
- The Authority received a ratings upgrade on its Community Assistance Series Bonds from "Aa2" to "Aa1" from Moodys.

### Overview of the Financial Statements

This discussion and analysis are 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 balance sheet* presents information on all of the Authority's assets and liabilities, including information about the nature and amounts of investments in resources (assets), the obligations (liabilities) of the Authority and the Authority's net assets as of December 31, 2010. Over time, increases or decreases in net assets 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 fund net assets* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets 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 14-48 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 2010 and 2009, respectively. The Authority first implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, in 2001; therefore, comparative numbers have been included for analysis purposes.

The following table summarizes changes in net assets of the Authority between December 31, 2010 and December 31, 2009:

#### Condensed Balance Sheet

(all amounts expressed in thousands of dollars)

	2010	2009	Dollar Change	Total Percent Change
Current assets	\$76,947	\$87,330	\$(10,383)	(11.89%)
Noncurrent restricted assets	6,155,436	5,204,660	950,776	18.27%
Noncurrent unrestricted assets	181,482	153,596	27,886	18.16%
Capital assets	1,611	1,666	(55)	(3.30%)
<b>Total assets</b>	<b>6,415,476</b>	<b>5,447,252</b>	<b>968,224</b>	<b>17.77%</b>
Current liabilities	274,555	234,885	39,670	16.89%
Noncurrent revenue bonds and notes payable	2,957,922	2,124,281	833,641	39.24%
Other noncurrent liabilities	206	189	17	8.99%
<b>Total liabilities</b>	<b>3,232,683</b>	<b>2,359,355</b>	<b>873,328</b>	<b>37.02%</b>
Net assets:				
Invested in capital assets	1,611	1,666	(55)	(3.30%)
Restricted	3,003,056	2,936,136	66,920	2.28%
Unrestricted	178,126	150,095	28,031	18.68%
<b>Total net assets</b>	<b>3,182,793</b>	<b>3,087,897</b>	<b>94,896</b>	<b>3.07%</b>
<b>Total liabilities and net assets</b>	<b>\$6,415,476</b>	<b>\$5,447,252</b>	<b>\$968,224</b>	<b>17.77%</b>

# OHIO WATER DEVELOPMENT AUTHORITY

## Management's Discussion and Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$3,182,792,764 as of December 31, 2010, \$3,003,056,262 of which is restricted for debt and grant covenants.

By far, the largest portion of the Authority's net assets is reflected in its loan receivables, less any related debt still outstanding used to fund these loans to local government agencies.

During fiscal year 2010, the Authority's net assets increased by \$94,896,098 or 3.07%. The majority of this increase was due to the following:

- An \$186,029,491 increase in loan receivables primarily funded by U.S. EPA capitalization grant contributions and disbursements of bond and note proceeds.
- An \$842,506,574 increase in bonds and notes payable caused by several new money debt issuances
- An \$800,527,679 increase in cash, cash equivalents and investments caused by new money bond issuances.
- A \$28,416,338 decrease in other receivables caused by timing of receipt of ARRA funds
- A \$29,683,512 increase in accounts payable caused by timing of disbursements of ARRA funds.

The following table summarizes the changes in revenues and expenses for the Authority between 2010 and 2009:

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

	2010	2009	Dollar Change	Total Percent Change
Operating revenues:				
Loan income	\$143,786	\$145,614	(\$1,828)	(1.26%)
Investment income	11,988	13,750	(1,762)	(12.81%)
Administrative fees from projects	2,498	2,200	298	13.55%
Total operating revenues	158,272	161,564	(3,292)	(2.04%)
Operating expenses:				
Interest on bonds and notes	115,015	101,964	13,051	12.80%
Amortization of bond and note issuance expense	2,288	1,729	559	32.33%
ARRA Principal Forgiveness	212,403	44,302	168,101	379.44%
Other	16,621	14,968	1,653	11.04%
Total operating expenses	346,327	162,963	183,364	112.52%
Operating income (loss)	(188,055)	(1,399)	(186,656)	(13338.89%)
Nonoperating other revenues, net	(5,641)	4,689	(10,330)	(220.30%)
Contribution from U.S. EPA	288,592	147,369	141,223	95.83%
Change in net assets	\$94,896	\$150,659	(\$55,763)	(37.01%)

# 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 expense on bonds and notes. For the year ending December 31, 2010, the Authority had an increase in operating loss compared to 2009 of \$186,656,309 or 13,338.89%. This increase was attributed to the following:

- A \$1,761,856 decrease in investment income caused by a decrease in the yields that the Authority was able to obtain on securities traded in 2010.
- A \$168,101,232 increase in ARRA principal forgiveness caused by loan forgiveness for projects funded with The American Recovery and Reinvestment Act (ARRA).
- A \$13,050,591 increase in interest on bonds and notes caused by a higher bonds and notes payable balance.

### Debt Administration

As of December 31, 2010, the Authority had bond and note principal outstanding of \$3,137,317,310. 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 2010 and 2009.

#### Outstanding Debt at December 31, 2010 and December 31, 2009 (net of discount, premiums and deferred losses)

(all amounts expressed in thousands of dollars)

	2010	2009
Revenue Bonds \$	3,137,317	2,294,811

During 2010, the Authority issued the following bonds and notes for the purpose of providing loan funding to local governments under its various loan programs or retiring commercial paper used to provide interim loan funding:

- Water Development Revenue Bonds—Community Assistance Series 2010A
- Water Development Revenue Bonds—Community Assistance Series 2010B Federally Taxable-Build America Bonds (BABs)
- Water Development Revenue Notes—Fresh Water Series 2010 Commercial Paper
- Water Development Revenue Bonds—Fresh Water Series 2010A-1 were issued to retire commercial paper and provide loan funding to local governments
- Water Development Revenue Bonds—Fresh Water Series 2010A-2 Federally Taxable BABs were issued to retire commercial paper and provide loan funding to local governments
- Water Pollution Control Loan Fund Revenue Bond Anticipation Notes—State Match Series 2010
- Water Pollution Control Loan Fund Revenue Bonds—Water Quality Series 2010A
- Water Pollution Control Loan Fund Revenue Bonds—Water Quality Series 2010B-1
- Water Pollution Control Loan Fund Revenue Bonds—Water Quality Series 2010B-2 Federally Taxable BABs
- Drinking Water Assistance Fund Revenue Bonds—State Match Series 2010A
- Drinking Water Assistance Fund Revenue Bonds—Leverage Series 2010A
- Drinking Water Assistance Fund Revenue Bonds—Leverage Series 2010B Federally

# OHIO WATER DEVELOPMENT AUTHORITY

## Management's Discussion and Analysis

### Taxable BABs

During 2010, the Authority issued the following bonds for the purpose of refinancing some of its existing debt to take advantage of favorable interest rates:

- Water Pollution Control Loan Fund Refunding Revenue Bonds—Water Quality Series 2010C were issued to advance refund previously outstanding Water Pollution Control Loan Fund Water Quality Series 2004. This transaction enabled the Authority to save \$5,210,189 in future debt service payments.
- Drinking Water Assistance Fund Refunding Bonds—State Match Series 2010B were issued to advance refund previously outstanding Drinking Water Assistance Fund State Match Series 2002 and 2004. This transaction enabled the Authority to save \$2,079,773 in future debt service payments.
- Drinking Water Assistance Fund Refunding Bonds—Leverage Series 2010C were issued to advance refund previously outstanding Drinking Water Assistance Fund Leverage Series 2002, 2004, 2005B, and 2008. This transaction enabled the Authority to save \$16,167,423 in future debt service payments.

During 2010, the outstanding Pure Water Refunding Bonds were called and the Pure Water interest rate swap agreement with JPMorgan Chase was terminated.

The Authority continues to maintain strong ratings from Moody's, Standard & Poor's and Fitch. The table below summarizes the ratings from Moody's, Standard & Poor's and Fitch for the 2010 bond and note issuances of the Authority.

Bond or Note Series	Moody's	Standard & Poor's	Fitch
Community Assistance Bonds	Aa1	—	AA+
Fresh Water Notes	P-1	A-1+	—
Fresh Water Bonds	Aaa	AAA	—
WPCLF – State Match Notes	MIG 1	SP-1+	—
WPCLF – Water Quality Bonds	Aaa	AAA	—
DWAF – State Match Bonds	Aaa	AAA	—
DWAF – Leverage Bonds	Aaa	AAA	—

Additional information on the Authority's long-term debt can be found in the Notes to Financial Statements, pages 29-44 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 Operating Officer, Ohio Water Development Authority, 480 S. High Street, Columbus, Ohio 43215, or call (614) 466-5822, or visit the Authority's website at [www.owda.org](http://www.owda.org).

# OHIO WATER DEVELOPMENT AUTHORITY

Combining Balance Sheet

December 31, 2010

	Trusted Funds				
	Operating Fund	Working Capital Fund	Other Projects Fund	Rural Utility Services Fund	Community Assistance Fund (Note 4)
<b>Assets</b>					
Current assets:					
Cash and cash equivalents -- Note 2	\$ 663,845	-	18,843,969	20,608,613	-
Investments -- Note 2	924,370	-	32,623,819	-	-
Receivables:					
Loan and Fee receivables	687,339	-	2,590,520	-	-
Other	4,882	-	-	-	-
Total current assets	2,280,436	-	54,058,308	20,608,613	-
Noncurrent assets:					
Restricted grant, bond and note covenant assets:					
Cash and cash equivalents -- Note 2	-	-	-	-	27,209,261
Investments -- Note 2	-	-	-	-	38,854,488
Loan receivables	-	-	-	-	187,830,008
Total noncurrent restricted assets	-	-	-	-	253,893,757
Investments -- Note 2	2,827,281	-	28,518,898	-	-
Loan receivables	-	293,446	47,528,069	16,019,669	-
Other receivables	-	-	-	-	50,332
Deferred debt issuance and other expense	-	-	-	-	1,195,879
Due from other funds -- Note 3	-	-	-	-	-
Capital assets, at depreciated cost	1,610,872	-	-	-	-
Total noncurrent unrestricted assets	4,438,153	293,446	76,046,967	16,019,669	1,246,211
Total assets	\$ 6,718,589	293,446	130,105,275	36,628,282	255,139,968
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 180,367	-	855,252	-	-
Compensated absences	-	-	-	-	-
Total current liabilities	180,367	-	855,252	-	-
Current liabilities payable from restricted assets:					
Due to other funds -- Note 3	-	-	-	-	-
Accounts payable	-	-	-	1,310,920	832,303
Accrued interest	-	-	-	-	502,001
Revenue bonds payable	-	-	-	-	5,615,000
Total current liabilities payable from restricted assets	-	-	-	1,310,920	6,949,304
Noncurrent liabilities:					
Compensated absences	206,698	-	-	-	-
Revenue bonds and notes payable (net of discount, premiums and deferred losses)	-	-	-	-	120,328,117
Total noncurrent liabilities	206,698	-	-	-	120,328,117
Total liabilities	387,065	-	855,252	1,310,920	127,277,421
<b>Net Assets</b>					
Invested in capital assets	1,610,872	-	-	-	-
Restricted for debt and grant covenants	-	293,446	-	-	127,862,547
Unrestricted	4,720,652	-	129,250,023	35,317,362	-
Total net assets	6,331,524	293,446	129,250,023	35,317,362	127,862,547
Total liabilities and net assets	\$ 6,718,589	293,446	130,105,275	36,628,282	255,139,968

See accompanying notes to financial statements.



Trusteed Funds			
Fresh Water Fund (Note 5)	Water Pollution Control Loan Fund (Notes 6 & 7)	Drinking Water Assistance Fund (Notes 8 & 9)	Total Combining 2010
-	-	-	40,116,427
-	-	-	33,548,189
-	-	-	3,277,859
-	-	-	4,882
-	-	-	76,947,357
37,711,901	335,297,025	52,915,119	453,133,306
234,709,216	1,013,233,663	104,981,721	1,391,779,088
917,091,161	2,677,598,711	528,004,053	4,310,523,933
1,189,512,278	4,026,129,399	685,900,893	6,155,436,327
-	-	-	31,346,179
-	-	-	63,841,184
1,290,497	16,301,989	1,734,194	19,377,012
4,244,247	58,968,880	2,489,214	66,898,220
-	-	19,292	19,292
-	-	-	1,610,872
5,534,744	75,270,869	4,242,700	183,092,759
1,195,047,022	4,101,400,268	690,143,593	6,415,476,443
-	-	-	1,035,619
-	-	-	-
-	-	-	1,035,619
-	19,292	-	19,292
10,200,754	63,228,713	6,780,678	82,353,368
2,324,112	7,640,601	1,284,678	11,751,392
34,465,000	115,210,000	24,105,000	179,395,000
46,989,866	186,098,606	32,170,356	273,519,052
-	-	-	206,698
551,820,431	1,971,195,208	314,578,554	2,957,922,310
551,820,431	1,971,195,208	314,578,554	2,958,129,008
598,810,297	2,157,293,814	346,748,910	3,232,683,679
-	-	-	1,610,872
587,399,132	1,944,106,454	343,394,683	3,003,056,262
8,837,593	-	-	178,125,630
596,236,725	1,944,106,454	343,394,683	3,182,792,764
1,195,047,022	4,101,400,268	690,143,593	6,415,476,443

**OHIO WATER DEVELOPMENT AUTHORITY**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Year ended December 31, 2010

	Trusted Funds				
	Operating Fund	Working Capital Fund	Other Projects Fund	Rural Utility Services Fund	Community Assistance Fund (Note 4)
Operating revenues:					
Loan income	\$ -	37,644	1,477,960	276,701	3,223,252
Investment income	32,454	-	285,272	2,911	217,931
Administrative fees from projects	2,399,031	-	-	-	-
Total operating revenues	2,431,485	37,644	1,763,232	279,612	3,441,183
Operating expenses:					
Interest on bonds and notes	-	-	-	-	4,640,142
Amortization of bond and note issuance expense	-	-	-	-	58,316
ARRA principal forgiveness	-	-	-	-	-
Other	2,956,247	-	1,533,434	-	12,896
Total operating expenses	2,956,247	-	1,533,434	-	4,711,354
Operating income (loss)	(524,762)	37,644	229,798	279,612	(1,270,171)
Nonoperating other revenues (expenses)	-	-	-	-	-
Income (loss) before contributions and transfers	(524,762)	37,644	229,798	279,612	(1,270,171)
Contribution from U.S. EPA	-	-	-	-	-
Transfers in (out), net--Note 14	39,056	(414,396)	(1,258,986)	-	-
Change in net assets	(485,706)	(376,752)	(1,029,188)	279,612	(1,270,171)
Net assets at beginning of year	6,817,230	670,198	130,279,211	35,037,750	129,132,718
Net assets at end of year	\$ 6,331,524	293,446	129,250,023	35,317,362	127,862,547

See accompanying notes to financial statements.

Trusteed Funds				
Fresh Water Fund (Note 5)	Pure Water Refunding Fund	Water Pollution Control Loan Fund (Notes 6 & 7)	Drinking Water Assistance Fund (Notes 8 & 9)	Total Combining 2010
37,694,912	7,160,817	78,189,667	15,724,443	143,785,396
2,795,302	1,745,203	6,044,573	864,273	11,987,919
-	-	-	99,329	2,498,360
40,490,214	8,906,020	84,234,240	16,688,045	158,271,675
18,607,559	7,173,035	71,607,197	12,986,897	115,014,830
305,528	551,597	1,131,218	241,782	2,288,441
-	-	173,375,797	39,027,672	212,403,469
1,681,897	1,425,729	6,771,599	2,238,781	16,620,583
20,594,984	9,150,361	252,885,811	54,495,132	346,327,323
19,895,230	(244,341)	(168,651,571)	(37,807,087)	(188,055,648)
65,065	(6,038,152)	332,398	-	(5,640,689)
19,960,295	(6,282,493)	(168,319,173)	(37,807,087)	(193,696,337)
-	-	220,368,255	68,224,180	288,592,435
104,502,391	(102,829,009)	(7)	(39,049)	-
124,462,686	(109,111,502)	52,049,075	30,378,044	94,896,098
471,774,039	109,111,502	1,892,057,379	313,016,639	3,087,896,666
596,236,725	-	1,944,106,454	343,394,683	3,182,792,764

# OHIO WATER DEVELOPMENT AUTHORITY

Combining Statement of Cash Flows

Year ended December 31, 2010

	Trusteed Funds				
	Operating Fund	Working Capital Fund	Other Projects Fund	Rural Utility Services Fund	Community Assistance Fund (Note 4)
Operating activities:					
Administrative fees from projects	\$ 2,186,325	-	-	-	-
Operating expenses	(936,107)	-	(646,062)	-	(12,896)
Salaries and fringes expense	(1,903,382)	-	-	-	-
Net cash (used) by operating activities	(653,164)	-	(646,062)	-	(12,896)
Investing activities:					
Proceeds from maturity or sale of investments	5,188,243	-	69,498,507	-	27,901,307
Purchase of investments	(4,843,968)	-	(82,554,389)	-	(49,389,180)
Interest received on investments, net of purchased interest	129,496	-	365,796	2,867	341,215
Interest received on projects	-	-	1,442,101	-	3,161,784
Principal collected on projects	-	-	2,716,334	5,811,920	9,082,241
Payment for construction of projects	-	-	(8,922,695)	(7,497,536)	(11,337,759)
Net cash provided (used) by investing activities	473,771	-	(17,454,346)	(1,682,749)	(20,240,392)
Noncapital financing activities:					
Interest paid on bonds and notes, net of purchased interest	-	-	-	-	(4,848,751)
Proceeds of bonds and notes	-	-	-	-	29,523,021
Bond and note issuance expense	-	-	-	-	(265,923)
Redemption of bonds and notes	-	-	-	-	(5,390,000)
Contribution from U.S. EPA	-	-	-	-	-
Other	272,740	-	-	-	-
Transfers (to) from other funds	39,056	-	(1,258,986)	-	-
Net cash provided (used) by noncapital financing activities	311,796	-	(1,258,986)	-	19,018,347
Net increase (decrease) in cash and cash equivalents	132,403	-	(19,359,394)	(1,682,749)	(1,234,941)
Cash and cash equivalents at beginning of year	531,442	-	38,201,534	22,291,093	28,443,091
Cash and cash equivalents at end of year -- Note 2	\$ 663,845	-	18,842,140	20,608,344	27,208,150
Reconciliation of operating income (loss) to net cash (used) by operating activities:					
Operating income (loss)	\$ (524,762)	37,644	229,798	279,612	(1,270,171)
Adjustments:					
Investment income	(32,454)	-	(285,272)	(2,911)	(217,931)
Operating expenses	-	-	887,372	-	-
Interest on bonds and notes	-	-	-	-	4,640,142
Loan income	-	(37,644)	(1,477,960)	(276,701)	(3,223,252)
Amortization of bond and note issuance expense	-	-	-	-	58,316
Net change in other assets and other liabilities	(95,948)	-	-	-	-
Net cash (used) by operating activities	\$ (653,164)	-	(646,062)	-	(12,896)

See accompanying notes to financial statements.

Trusteed Funds				
Fresh Water Fund (Note 5)	Pure Water Refunding Fund	Water Pollution Control Loan Fund (Notes 6 & 7)	Drinking Water Assistance Fund (Notes 8 & 9)	Total Combining 2010
-	-	-	147,987	2,334,312
(464,461)	(609,987)	(6,373,794)	(2,238,781)	(11,282,088)
-	-	-	-	(1,903,382)
(464,461)	(609,987)	(6,373,794)	(2,090,794)	(10,851,158)
204,185,365	241,979,533	1,061,247,344	89,640,223	1,699,640,522
(316,297,905)	(185,094,546)	(1,649,741,320)	(179,760,590)	(2,467,681,898)
4,900,322	3,743,258	8,923,198	1,066,320	19,472,472
34,322,276	5,778,300	79,323,795	15,373,350	139,401,606
50,977,567	15,844,432	172,262,734	25,353,395	282,048,623
(112,778,734)	(226,683)	(404,544,204)	(108,011,723)	(653,319,334)
(134,691,109)	82,024,294	(732,528,453)	(156,339,025)	(980,438,009)
(22,661,828)	(5,049,311)	(75,104,250)	(11,880,600)	(119,544,740)
230,582,620	-	991,464,464	205,422,254	1,456,992,359
(1,258,542)	-	(8,168,569)	(1,703,616)	(11,396,650)
(109,085,000)	(80,400,000)	(260,104,809)	(149,495,511)	(604,475,320)
-	-	240,966,511	75,973,528	316,940,039
65,064	(6,038,152)	(1,263,325)	(292,031)	(7,255,704)
3,553,024	(2,294,038)	(7)	(39,049)	-
101,195,338	(93,781,501)	887,790,015	117,984,975	1,031,259,984
(33,960,232)	(12,367,194)	148,887,768	(40,444,844)	39,970,817
71,670,652	12,367,194	186,384,189	93,357,444	453,246,639
37,710,420	-	335,271,957	52,912,600	493,217,456
19,895,230	(244,341)	(168,651,571)	(37,807,087)	(188,055,648)
(2,795,302)	(1,745,203)	(6,044,573)	(864,273)	(11,987,919)
1,217,436	815,742	173,773,602	19,318,129	196,012,281
18,607,559	7,173,035	71,607,197	12,986,897	115,014,830
(37,694,912)	(7,160,817)	(78,189,667)	(15,724,443)	(143,785,396)
305,528	551,597	1,131,218	241,782	2,288,441
-	-	-	19,758,201	19,662,253
(464,461)	(609,987)	(6,373,794)	(2,090,794)	(10,851,158)

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

December 31, 2010

### (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*, in that the financial statements include all organizations, activities, functions and component units for which the Authority (the reporting entity) is financially accountable. Financial accountability is defined by Statement No. 14 as the level of accountability that exists if the reporting entity appoints a voting majority of the component unit's board, and is either (1) able to impose its will on that component unit, or (2) there is a potential for the component unit to provide specific financial benefits to, or to impose specific financial burdens on, the reporting entity. Based on this definition, the Authority does not have any component units. However, the Authority is a discretely presented component unit of the State of Ohio.

#### ***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. The federal government's share of costs (federal grants) is secured and assigned by the local community to the Authority. The local community agrees to pay to the Authority its share of project costs plus any costs ineligible for federal reimbursement over a period of years not to exceed 40 years. 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 this program resulted from issuance by the Authority of bonds and notes.

# 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 11. 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, liabilities, net assets, 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) Working Capital Fund***

The Working Capital Fund was established to account for loans made to eligible municipalities, counties and other public bodies for the purpose of financing construction of sewage treatment and related facilities required by orders of the Ohio Environmental Protection Agency (Ohio EPA). The resources of this fund came from the aforementioned \$100,000,000 appropriation from the State of Ohio.

Construction costs may be reimbursed by federal grants in amounts up to 55% of the total eligible costs. The balance of the construction costs is repaid by Local Government Agencies (LGAs) under the terms of installment contracts (loan agreements) over a period of 40 years with interest at 6.25% to 6.50%.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

All payments received from LGAs for project costs, interest and maturities of investments are deposited in the accounts of the Fresh Water Fund.

**(c) *Other Projects Fund – Unallocated Reserve***

In March 1992, the Unallocated Reserve Account was established by a resolution of the Authority and is administered by a Trustee. Initial funding for the Unallocated Reserve Account was provided by an \$8,300,000 transfer from the Pure Water Refunding Fund, which was consolidated into the Fresh Water Fund in 2010. Additional funding has been provided by monetary transfers from the Pure Water Refunding Fund and the Fresh Water Fund.

This account was established for potential collectibility or cash flow problems that may arise in the future on any Authority project.

**(d) *Other Projects Fund – Interest Rate Management***

The Interest Rate Management Account was established during 2004 by a resolution of the Authority and is administered by a Trustee. Initial funding for the Interest Rate Management Account was provided by the proceeds received on an interest rate swap agreement the Authority terminated in 2009.

The purpose of the account is to hedge the Authority's exposure to variable rate interest.

**(e) *Other Projects Fund – Endowment Grant***

The Endowment Grant Account was established during 1990 by a resolution of the Authority and is administered by a Trustee. Initial funding for the Endowment Grant Account was provided by a \$6,000,000 transfer from the Pure Water Refunding Fund.

The purpose of the account is to provide grants to local governments in Ohio to develop innovative projects in the areas of drinking water, wastewater and solid waste management. Each grant will fund 50% of the total project cost; funding for the remaining 50% is to be provided by a cash match from the local government.

**(f) *Other Projects Fund – Solid Waste***

The Solid Waste Account was established during 1991 by a resolution of the Authority and is administered by a Trustee. Funding for the Solid Waste Account was provided by a \$15,000,000 transfer from the Pure Water Refunding Fund. Additional funding has been provided through monetary transfers from the Pure Water Refunding Fund.

The purpose of the account 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 10 to 20 years with interest at 5.33% to 5.70%.



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## Notes to Financial Statements

### **(g) *Other Projects Fund – Local Economic Development***

The Local Economic Development Account was established during 1995 by a resolution of the Authority and is administered by a Trustee. Funding for the Local Economic Development Account was provided by a \$4,196,200 transfer from the Safe Water Refunding Fund, which was consolidated into the Fresh Water Fund in 2007, and a \$5,803,800 transfer from the Pure Water Refunding Fund. Additional funding has been provided by monetary transfers from the Fresh Water Fund.

The purpose of the account 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 Department of Development.

The account also provides 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 5 to 25 years with interest at 1.00 % to 4.28%.

### **(h) *Other Projects Fund – Village Capital Improvements***

The Village Capital Improvements Account was established during 1995 by the Budget Reconciliation Bill which gave the Authority the responsibility to principally administer this program after pre-approval by the Ohio EPA. Initial funding was provided by a \$1,961,037 contribution from the Ohio EPA, consisting of loans receivable of \$1,595,433 and cash of \$365,604. Additional funding has been provided by monetary transfers from the Pure Water Refunding Fund.

The purpose of the account 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.

### **(i) *Other Projects Fund – Emergency Relief***

The Emergency Relief Account was established during 1997 by a resolution of the Authority and is administered by a Trustee. Initial funding was provided by a \$5,000,000 transfer from the Fresh Water Fund. Additional funding has been provided by monetary transfers from the Fresh Water Fund.

The purpose of the account is to provide financial assistance to Ohio communities that have sustained damage to their water or wastewater facilities as the result of a natural disaster. To be eligible, communities must have an outstanding loan from the Authority and be in a federal or state designated disaster area. The account 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.

As of December 31, 2010, the Authority has approved \$4,984,846 in grant assistance to forty communities for damage caused by flooding in Ohio.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### **(j) Other Projects Fund – Dam Safety**

The Dam Safety Account was established during 1999 by a resolution of the Authority and is administered by a Trustee. Initial funding was provided by a \$10,000,000 transfer from the Solid Waste Account.

The purpose of the account 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, 2010 was \$2,354,435.

### **(k) Other Projects Fund – Lake Erie Soil Erosion**

The Lake Erie Soil Erosion Account was established during 2000 by a resolution of the Authority and is administered by a Trustee. Initial funding was provided by a \$10,000,000 transfer from the Fresh Water Fund.

The purpose of the account is to provide financing to the eight counties with Lake Erie shorelines containing coastal erosion areas. Any county receiving financing from the 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. As of December 31, 2010, two loans have been awarded from this account totaling \$661,000 over 15 years with interest at 4.67% to 5.34%.

### **(l) Other Projects Fund – Security Assistance**

The Security Assistance Account was established during 2001 by a resolution of the Authority and is administered by a Trustee. Initial funding was provided by a \$5,000,000 transfer from the Fresh Water Fund.

The purpose of the account 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 LGAs are to be repaid under terms of installment contracts with interest at 2.00%. As of December 31, 2010, two loans have been awarded from this account totaling \$251,281 over 20 and 30 years.

### **(m) Other Projects Fund – Interest Rate Subsidy**

The Interest Rate Subsidy Account was established during 2003 by a resolution of the Authority and is administered by a Trustee. Initial funding was provided by transfers from the Rural Utility Services and Fresh Water Funds of \$3,415,574 and \$19,790,902, respectively.

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## Notes to Financial Statements

The purpose of the account is to provide a subsidy to the local governments in Ohio that obtained financing under the Authority's Fresh Water, Refunding (which was also consolidated into the Fresh Water Fund in 2007), Safe Water Refunding and Pure Water Refunding programs whose loan interest rates exceed 7.00%. The subsidy provided by this account reduces the effective interest rate on these loans to 7.00% beginning with the loan repayment due on January 1, 2004.

### **(n) Other Projects Fund – Unsewered Areas**

The Unsewered Areas Account was established during 2009 by a resolution of the Authority and is administered by a Trustee. The Authority committed \$10 million to the Unsewered Areas Account. As of December 31, 2010, \$2,551,999 in funding has been provided by transfers from the Dam Safety Account.

The purpose of the account 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.

### **(o) Rural Utility Services Fund**

The Rural Utility Services Fund was established during 1996 by a resolution of the Authority and is administered by a Trustee. Initial funding for the fund was provided by a \$2,800,150 transfer from the Pure Water Refunding Fund. Additional funding was provided by the proceeds of the Water Development Revenue Notes—RUS Loan Advance Series 1996-A, Series 1998-A, Series 1999-A, Series 2000-A, Series 2001-A, Series 2002-A, Series 2003, Series 2004-A, Series 2006-A and monetary transfers from the Fresh Water Fund.

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 or grant money from the United States of America, acting through Rural Utility Services. The loans accrue interest at rates of 1.28% to 4.44%.

### **(p) 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 the terms of installment contracts over periods of 19.5 to 30 years with interest at 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 Water Development Revenue Bonds—Community Assistance Series 1997, Series 2003, Series 2007, Series 2010A, and Series 2010B. The Water Development Revenue Refunding Bonds—Community Assistance Series 2005 Bonds were issued for the purpose of refunding portions of outstanding Community Assistance Series 1997 Bonds. The

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

Water Development Revenue Refunding Bond Anticipation Notes, Series 2008A and 2008B, were issued to refund the Community Assistance Series 2007 Bonds. The Water Development Revenue Refunding Bonds—Community Assistance Series 2009 Bonds were issued to refund the Community Assistance Series 2008B Bond Anticipation Notes. All loan repayments for this fund are pledged on a parity basis against all debt outstanding within this fund.

### ***(q) 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. Initial funding was provided by a portion of the proceeds from these bonds and a transfer from the Pure Water Refunding Fund. The Water Development Revenue Bonds—Fresh Water Series 1995, Series 1998, Series 2001A, Series 2002, Series 2004, Series 2010A-1, Series 2010A-2, and Water Development Revenue Notes – Fresh Water Commercial Paper Series 2007A, Series 2008D, Series 2008E, Series 2010A, and Series 2010B were later issued to provide additional funds necessary for making loans to LGAs as part of the Authority's Fresh Water Program. The Water Development Refunding Revenue—Fresh Water Series 2001B, Series 2005, Series 2006A, Series 2009A and Series 2009B Bonds were issued for the purpose of refunding portions of Fresh Water Series 1995, Series 1998, Series 2001A, Series 2002 and Series 2004 Bonds. A portion of the Fresh Water Series 2009A Bonds were used to retire outstanding commercial paper issued in 2007 and 2008. A portion of the Fresh Water 2010A-1 and 2010A-2 Bonds were used to retire outstanding commercial paper issued in 2010. 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 2.87% to 7.38%.

On December 1, 2007, the Refunding Fund and the Safe Water Refunding Fund (Prior Funds) were closed and the outstanding loan receivable balances were transferred to the Fresh Water Fund. The loan repayments from the Prior Funds are deposited into the Cross-Collateralization account in the Fresh Water Fund and are not pledged towards outstanding Fresh Water debt. The balance of the Prior Program loans is repaid by LGAs under terms of installment contracts over periods of 23.5 to 40 years with interest rates of 5.25% to 11.19%.

On December 1, 2010, the outstanding Pure Water Refunding Bonds were called and the Pure Water interest rate swap agreement with JPMorgan Chase was terminated, causing \$6,038,152 of nonoperating expenses to be recorded on the Combining Statements of Revenues, Expenses, and Changes in Fund Net Assets. The estimated combined net present value savings of this transaction is \$2,025,000.

The Pure Water Refunding Fund was closed and the outstanding loan receivable 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 towards outstanding

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

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 9.48%.

### (r) *Water Pollution Control Loan Fund*

The Water Pollution Control Loan Fund 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 5 to 20 years with interest rates of 0.00% to 5.20%. LGA repayments of project costs are restricted for the purpose of providing additional moneys for projects or for debt service.

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

Year Awarded	Capitalization Grant	State Match
1989	\$ 53,099,244	10,619,849
1990	64,124,705	12,824,941
1991	120,534,782	24,106,956
1992	109,382,724	21,876,545
1993	108,203,832	21,640,766
1994	75,855,333	15,171,067
1995	72,717,472	14,543,495
1996	118,581,512	23,716,302
1997	35,085,699	7,017,140
1998	86,175,844	17,235,168
1999	75,812,616	15,162,523
2000	78,490,933	15,701,752
2002	151,596,245	30,319,250
2003	74,859,808	14,971,962
2004	75,649,985	15,129,997
2005	60,663,240	12,132,648
2006	49,305,643	9,861,129
2007	60,252,687	12,050,537
2009*	297,239,893	15,323,359
Total	<u>\$ 1,767,632,197</u>	<u>309,405,386</u>

\* 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.

The WPCLF received additional funding from the proceeds of Water Pollution Control Loan Fund Revenue Bonds and Notes—State Match Series 1991, Series 1993, Series 1995, Series 2000, Series 2008, and Series 2010 and Water Quality Series 1995, Series 1997, Series 2001, Series 2002, Series 2004, Series 2005B, Series 2010A, Series 2010B-1, and 2010B-2 (WPCLF Bonds and Notes). The Water Pollution Control Loan Fund Revenue Refunding Bonds—State Match

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## Notes to Financial Statements

Series 2001 and Series 2005 and Water Quality Series 2003, Series 2004, Series 2005, Series 2009, and Series 2010C (WPCLF Bonds) were issued to refund portions of the State Match and Water Quality Series Bonds. The WPCLF Bonds and Notes were established by resolutions providing for the issuance of these bonds and notes and are administered by Trustees.

The WPCLF Bonds and Notes are special obligations of the Authority, issued to fund the State Match account 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 for this fund are pledged on a parity basis against all debt outstanding within this fund.

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, 2010 was \$12,928,218.

### (s) *Drinking Water Assistance Fund*

The Drinking Water Assistance Fund 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.

The Drinking Water Assistance Fund (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	\$ 43,073,000	8,614,600
1999	22,806,200	4,561,240
2000	48,745,300	9,749,060
2001	24,944,900	4,988,980
2002	24,547,600	4,909,520
2003	24,400,100	4,880,020
2004	25,311,500	5,062,300
2005	25,257,900	5,051,580
2006	24,670,900	4,934,180
2007	24,671,000	4,934,200
2008	24,421,000	4,884,200
2009*	82,881,000	4,884,200
Total	<u>\$ 395,730,400</u>	<u>67,454,080</u>

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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 Revenue Bond Anticipation Notes—State Match Series 2001 and the Drinking Water Assistance Fund Revenue Bonds and Notes—State Match Series 2002, Series 2004, and 2010A and Leverage Series 2002, Series 2004, Series 2005B, Series 2006, Series 2010A, and Series 2010B. Drinking Water Assistance Fund Refunding Revenue Bonds—Leverage Series 2005 were issued to refund a portion of the Leverage Series 2002 Series Bonds; Leverage Series 2008 were issued to refund the Leverage Series 2006 Notes; State Match Series 2010B were issued to refund a portion of State Match Series 2002 and 2004 Series Bonds; and the Leverage Series 2010C were issued to refund a portion of the Leverage Series 2002, 2004, 2005B, and 2008 Series Bonds. The DWAF Bonds and Notes were established by resolutions providing for the issuance of these bonds and notes and are administered by Trustees. All loan repayments for this fund are pledged on a parity basis against all debt outstanding within this fund.

### ***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.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority follows GASB pronouncements as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. The Authority has elected to not implement any Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989.

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 and liabilities 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 (STAROhio) investment pool. STAROhio operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940, which requires investments in the 2a7-like pool to be reported at amortized cost (which approximates net asset value).

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

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 participating interest-earning investment contracts and nonnegotiable certificates of deposit, investments are carried at fair value, which includes accrued interest receivable. Accordingly, the Authority reports participating interest-earning investment contracts and 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, 2010 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.

**(f) *Amortization of Premium, Discount and Issuance Expense of Bonds and Notes***

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

**(g) *Interfund Transfers/Net Assets***

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 assets 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



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## Notes to Financial Statements

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, 2010 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
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)	1,497,500	54,256	(13,057)	1,538,699
Total capital assets	\$ 3,552,014	54,256	(13,057)	3,593,213
Less: Accumulated Depreciation-Building	(268,313)	(37,494)	—	(305,807)
Less: Accumulated Depreciation-Cap Impr	(182,909)	(31,852)	—	(214,761)
Less: Accumulated Depreciation-Other	(1,434,511)	(40,319)	13,057	(1,461,773)
Capital Assets, at Depreciated Cost	\$ 1,666,281	(55,409)	—	1,610,872

### (i) *Balance Sheet Classifications*

The Authority is required to classify its balance sheet, detailing current and noncurrent assets and liabilities and restricted and unrestricted net assets, as follows:

- Current: Due within one year from December 31, 2010
- Noncurrent: Due after December 31, 2011
- Restricted: Restricted for usage by bond and note covenants and grant restrictions
- Unrestricted: Not restricted for usage

Within the Fresh Water Fund there exist both restricted and unrestricted net assets. Restricted net assets would be used to cover eligible expenses before unrestricted net assets would be used. The unrestricted net assets 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 interest on bonds and notes, amortization of bond and note issuance expense, ARRA principal forgiveness and other operating expenses
- Nonoperating other revenues (expenses)
- Contribution from U.S. EPA

### (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 \$1,950,000. The Authority carries commercial liability insurance coverage in

# OHIO WATER DEVELOPMENT AUTHORITY

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the amount of approximately \$56,385,000. The Authority also carries premium-based medical, dental and vision coverage for all employees.

During 2010, 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.

### (2) CASH AND INVESTMENTS

As of December 31, 2010, the Authority's carrying amount of deposits was \$19,082,543 and bank balance of deposits was \$19,193,900. Of this amount, \$1,250,000 was covered by federal depository insurance, and \$17,943,900 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, 2010 was \$15,300,405. These deposits were collateralized with securities held by the bank's agent 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, 2010, the Authority had the following investments and maturities:

Fund - Investment Type	Fair Value	Investment Maturity (in Years)			
		Less than 1	1 - 5	6 - 10	More Than 10
Operating:					
U.S. Agencies	\$3,751,651	924,370	2,827,281	-	-
Other Projects:					
U.S. Treasuries	3,866,525	3,866,525	-	-	-
U.S. Agencies	54,915,407	28,750,944	26,164,463	-	-
STAROhio	15,203,549	15,203,549	-	-	-
Money Market	3,358,538	3,358,538	-	-	-
	77,344,019	51,179,556	26,164,463	-	-
Rural Utility Services:					
STAROhio	2,614,562	2,614,562	-	-	-
Money Market	17,994,051	17,994,051	-	-	-
	20,608,613	20,608,613	-	-	-

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## Notes to Financial Statements

Fund - Investment Type	Fair Value	Investment Maturity (in Years) - Continued			
		Less than 1	1 - 5	6 - 10	More Than 10
Community Assistance:					
U.S. Treasuries	\$11,497,131	-	11,497,131	-	-
U.S. Agencies	27,357,357	16,818,272	10,539,085	-	-
STAROhio	10,326,878	10,326,878	-	-	-
Money Market	15,745,667	15,745,667	-	-	-
	64,927,033	42,890,817	22,036,216	-	-
Fresh Water:					
U.S. Treasuries	63,831,154	20,932,242	40,336,894	1,440,279	1,121,739
U.S. Agencies	161,891,843	135,202,796	26,689,047	-	-
Municipal Bonds	3,508,664	933,373	2,575,291	-	-
Investment Contract	5,477,555	-	-	-	5,477,555
STAROhio	8,225,046	8,225,046	-	-	-
Money Market	23,065,668	23,065,668	-	-	-
	265,999,930	188,359,125	69,601,232	1,440,279	6,599,294
Water Pollution Control Loan:					
U.S. Treasuries	145,331,350	16,501,965	127,788,379	812,538	228,468
U.S. Agencies	833,923,788	682,224,685	151,699,103	-	-
Municipal Bonds	2,394,436	-	2,394,436	-	-
Investment Contract	18,644,473	-	-	-	18,644,473
STAROhio	252,329,699	252,329,699	-	-	-
Money Market	74,783,369	74,783,369	-	-	-
	1,327,407,115	1,025,839,718	281,881,918	812,538	18,872,941
Drinking Water Assistance:					
U.S. Agencies	104,981,721	93,792,643	11,189,078	-	-
STAROhio	26,531,225	26,531,225	-	-	-
Money Market	23,988,934	23,988,934	-	-	-
	155,501,880	144,312,802	11,189,078	-	-

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, 2010, 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 AAA by Standard & Poor's and Aaa by Moody's. The Authority's investments in investment contracts were unrated. 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 STAROhio (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. As of December 31, 2010, 99.78% of the Authority's rated investments were rated in the highest short-term or long-term rating category.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

As of December 31, 2010, 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 National Mortgage Association	42%
	Federal Home Loan Bank	37%
	Federal Home Loan Mortgage Corporation	21%
Other Projects	Federal Home Loan Bank	36%
	Federal National Mortgage Association	20%
	Federal Home Loan Mortgage Corporation	13%
Community Assistance	Federal National Mortgage Association	22%
	Federal Home Loan Mortgage Corporation	17%
Fresh Water	Federal Home Loan Mortgage Corporation	40%
	Federal Home Loan Bank	15%
	Federal National Mortgage Association	13%
Water Pollution Control Loan	Federal Home Loan Bank	47%
	Federal Home Loan Mortgage Corporation	25%
	Federal National Mortgage Association	10%
Drinking Water Assistance	Federal Home Loan Bank	64%
	Federal Home Loan Mortgage Corporation	30%
	Federal National Mortgage Association	6%

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.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

As of December 31, 2010, the Authority had cash and cash equivalents balances of \$493,249,733, which includes accrued interest receivables on money market balances. Below is a reconciliation of balance sheet and cash flows cash and cash equivalents balances:

Fund	Balance Sheet Cash and Cash Equivalents Balance	Cash and Cash Equivalents Accrued Interest Receivable	Cash Flows Cash and Cash Equivalents Balance
Operating	\$ 663,845	-	663,845
Other Projects	18,843,969	(1,829)	18,842,140
Rural Utility Services	20,608,613	(269)	20,608,344
Community Assistance	27,209,261	(1,111)	27,208,150
Fresh Water	37,711,901	(1,481)	37,710,420
Water Pollution Control Loan	335,297,025	(25,068)	335,271,957
Drinking Water Assistance	52,915,119	(2,519)	52,912,600
	<u>\$ 493,249,733</u>	<u>(32,277)</u>	<u>493,217,456</u>

### (3) INTERFUND RECEIVABLES AND PAYABLES

Interfund balances, which were caused by the allocation of issuance costs, consisted of \$19,292 owed to the Drinking Water Assistance Fund by the Water Pollution Control Loan Fund on December 31, 2010.

### (4) WATER DEVELOPMENT REVENUE AND REFUNDING BONDS —COMMUNITY ASSISTANCE FUND

As of December 31, 2010, there was \$125,470,000 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>
2003	Serial	3.50% to 5.00%	2011-2017	\$	1,875,000	6,395,000	8,270,000
	Term	4.625% to 5.00%	2014-2030		-	34,400,000	34,400,000
2005	Serial	3.50% to 5.25%	2011-2017		2,720,000	14,935,000	17,655,000
	Term	4.10% to 4.625%	2018-2024		-	11,365,000	11,365,000
2009	Serial	2.00% to 4.00%	2011-2019		885,000	7,890,000	8,775,000
	Term	3.25% to 5.00%	2020-2030		-	15,545,000	15,545,000
2010A	Serial	2.00%	2011-2014		135,000	440,000	575,000
2010B	Serial	3.25% to 4.85%	2015-2020		-	1,505,000	1,505,000
	Term	5.42% to 6.15%	2021-2038		-	27,380,000	27,380,000
<b>Community Assistance Fund Totals</b>					5,615,000	119,855,000	125,470,000
Add: unamortized premiums					-	2,483,731	2,483,731
Less: deferred loss					-	(2,010,614)	(2,010,614)
					<u>\$ 5,615,000</u>	<u>120,328,117</u>	<u>125,943,117</u>

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

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

		<b>Principal</b>	<b>Interest *</b>	<b>Total</b>
2011	\$	5,615,000	5,978,630	11,593,630
2012		5,675,000	5,784,742	11,459,742
2013		5,685,000	5,551,399	11,236,399
2014		4,670,000	5,340,624	10,010,624
2015		5,755,000	5,104,112	10,859,112
2016-2020		29,305,000	21,435,237	50,740,237
2021-2025		26,045,000	14,939,147	40,984,147
2026-2030		19,310,000	9,635,906	28,945,906
2031-2035		17,080,000	4,735,076	21,815,076
2036-2038		6,330,000	553,193	6,883,193
	\$	<u>125,470,000</u>	<u>79,058,066</u>	<u>204,528,066</u>

\* 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. 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 \$65,777,503.

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

- a) Community Assistance Series 2003 – The term bonds are subject to mandatory redemption beginning June 1, 2014. Both the term and serial bonds maturing on or after December 1, 2014 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on December 1, 2013, or any interest payment date thereafter at par plus accrued interest.
- b) Community Assistance Refunding Series 2005 – The term bonds are subject to mandatory redemption beginning December 1, 2018. The term bonds maturing on or after December 1, 2018 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on June 1, 2015, or any interest payment date thereafter at par plus accrued interest.
- c) Community Assistance Refunding Series 2009 – 1) The term bonds are subject to mandatory redemption beginning June 1, 2020. 2) The term bonds maturing on or after December 1, 2020 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on December 1, 2019, or at any time thereafter in any order of maturity, at a redemption price equal to the par value for the principal amount redeemed plus accrued interest to the redemption date. 3) Due to the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), the term bonds maturing on December 1, 2030 are subject to extraordinary mandatory redemption at any time during the ninety-day period following July 26, 2010, in whole or in part, at a redemption price equal to 105% of amortized value of the bonds.
- d) Community Assistance Series 2010A – The series 2010A bonds are not subject to redemption prior to their stated maturity.
- e) Community Assistance BABs Series 2010B – 1) The term bonds 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

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

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. 4) Due to TIPRA, the BABs are subject to extraordinary mandatory redemption at any time during the ninety-day period following July 13, 2013, in whole or in part, at a redemption price equal to 102% of the principal amount of each maturity selected, plus accrued and unpaid interest to the redemption date.

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 the calendar year 2010, the amount received from reimbursements of Community Assistance project costs was \$12,244,025, compared to the required bond debt service payments of \$10,238,751.

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 account and Rebate account. As of December 1, 2010, 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.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### (5) WATER DEVELOPMENT REVENUE AND REFUNDING BONDS AND NOTES—FRESH WATER FUND

As of December 31, 2010, there was \$570,775,000 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>
2001A	Serial	4.00%	2011	\$	845,000	-	845,000
2001A	Term	5.00% to 5.375%	2012-2017		-	705,000	705,000
2001B	Serial	4.75% to 5.50%	2012-2021		-	52,175,000	52,175,000
2002	Serial	3.625% to 5.25%	2011-2012		3,870,000	3,875,000	7,745,000
	Term	4.75% to 5.375%	2013-2027		-	2,090,000	2,090,000
2004	Serial	4.25% to 5.00%	2011-2014		5,210,000	15,045,000	20,255,000
	Term	5.00% to 5.25%	2015-2022		-	3,980,000	3,980,000
2005	Serial	5.00% to 5.50%	2011-2025		5,560,000	97,750,000	103,310,000
2006	Term	5.25%	2022-2034		-	51,100,000	51,100,000
2009A	Serial	4.00% to 5.00%	2011-2016		13,970,000	78,725,000	92,695,000
2009B	Serial	2.50% to 5.00%	2011-2022		3,370,000	50,720,000	54,090,000
	Term	3.125% to 5.25%	2020-2027		-	27,010,000	27,010,000
2010A-1	Serial	2.00% to 4.00%	2011-2012		1,640,000	3,845,000	5,485,000
2010A-2	Term	3.593% to 4.917%	2020-2042		-	149,290,000	149,290,000
<b>Fresh Water Fund Totals</b>					34,465,000	536,310,000	570,775,000
Add: unamortized premiums					-	34,503,393	34,503,393
Less: deferred losses					-	(18,992,962)	(18,992,962)
					\$ 34,465,000	551,820,431	586,285,431

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

		<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2011	\$	34,465,000	27,542,961	62,007,961
2012		38,355,000	25,907,668	64,262,668
2013		38,015,000	24,116,386	62,131,386
2014		39,070,000	22,281,961	61,351,961
2015		39,790,000	20,544,431	60,334,431
2016-2020		128,655,000	79,081,251	207,736,251
2021-2025		103,235,000	50,085,842	153,320,842
2026-2030		74,360,000	28,087,905	102,447,905
2031-2035		43,325,000	13,447,571	56,772,571
2036-2040		28,330,000	4,155,726	32,485,726
2041-2042		3,175,000	135,463	3,310,463
	\$	570,775,000	295,387,165	866,162,165



# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

- \* In 2010, OWDA sold Federally Taxable BABs which receive a cash subsidy payment from the United States Treasury equaling 35% 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 \$246,146,146.

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

- a) Fresh Water Series 2001 A&B – The Series 2001 B bonds are not subject to redemption prior to maturity. The series A term bonds are subject to mandatory redemption beginning June 1, 2012. The series A bonds maturing on or after June 1, 2012 are also callable for redemption prior to maturity at the option of the Authority, in whole or in part, on December 1, 2011, or any interest payment thereafter at par plus accrued interest.
- b) Fresh Water Series 2002 – The term bonds are subject to mandatory redemption beginning June 1, 2013. The bonds maturing on or after June 1, 2013 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after June 1, 2012, or on any interest payment thereafter at par plus accrued interest.
- c) Fresh Water Series 2004 – The term bonds are subject to mandatory redemption beginning June 1, 2015. The bonds maturing on or after December 1, 2014 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after June 1, 2014, or on any interest payment thereafter at par plus accrued interest.
- d) Fresh Water Refunding Series 2005 – The series 2005 bonds are not subject to redemption prior to maturity.
- e) 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. 3) Due to TIPRA, the term bonds maturing on December 1, 2030 are subject to an extraordinary mandatory redemption at any time during the ninety-day period following May 27, 2007, in whole or in part, at a redemption price equal to 105% of the amortized value of the bonds.
- f) Fresh Water Series 2009A – The series 2009A bonds are not subject to redemption prior to maturity.
- g) 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.
- h) Fresh Water Series 2010A-1 – The series 2010A-1 bonds are not subject to redemption prior to maturity.
- i) 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.

LGA reimbursements of Fresh Water project costs, including interest, are pledged as security for the bonds. 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, Cross-Collateralization and Construction accounts are also pledged as security for

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

the bonds. For the calendar year 2010, the amount received from reimbursements of Fresh Water project costs was \$85,299,843, compared to the required bond debt service payments of \$56,746,828.

The bond resolution provides 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, 2010, 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 (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, 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 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.

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.

### (6) WATER POLLUTION CONTROL LOAN FUND REVENUE AND REFUNDING BONDS AND NOTES—STATE MATCH SERIES

As of December 31, 2010, there was \$27,495,000 of Water Pollution Control Loan Fund (WPCLF) Revenue and Refunding Bonds and Notes—State Match 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>
2001	Serial	4.00% to 5.25%	2011-2016	\$	5,000,000	8,900,000	13,900,000
2005	Serial	4.00% to 5.00%	2013-2015		-	7,390,000	7,390,000
	Term	5.25%	2016-2021		-	6,205,000	6,205,000
<b>WPCLF State Match Series Totals</b>					5,000,000	22,495,000	27,495,000
Add: unamortized premiums					-	887,438	887,438
Less: deferred losses					-	(2,715,189)	(2,715,189)
					\$	5,000,000	20,667,249
							25,667,249

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## Notes to Financial Statements

Prior redemption of WPCLF – State Match Series bonds, by series, is as follows:

- a) State Match Refunding Series 2001 – The bonds maturing on or before December 1, 2012 are not subject to prior redemption. The bonds maturing on or after June 1, 2013 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after December 1, 2012, at par plus accrued interest.
- b) State Match Refunding Series 2005 – The term bonds are subject to mandatory sinking fund redemption beginning December 1, 2016. Neither the term or serial bonds are subject to optional redemption prior to their stated maturity.

LGA reimbursements of WPCLF project costs of interest only, not the principal, pursuant to WPCLF loan agreements, are pledged as security for the bonds. In the event that LGA reimbursements of WPCLF interest project costs are insufficient to cover WPCLF State Match debt service payments, unencumbered assets of the WPCLF State Match Interest, Debt Service Reserve and Other Projects accounts are also pledged as security for the bonds. For the calendar year 2010, the amount received from reimbursements of WPCLF pledged interest project costs was \$29,774,300 compared to the required bond debt service payments of \$17,567,936.

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 1, 2010, there is no accrued rebate liability for these bonds.

The WPCLF – State Match Series debt service requirements to maturity are as follows:

		<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$	5,000,000	1,233,296	6,233,296
2012		3,810,000	1,023,321	4,833,321
2013		5,190,000	830,971	6,020,971
2014		4,385,000	623,201	5,008,201
2015		2,835,000	431,783	3,266,783
2016-2020		6,005,000	808,632	6,813,632
2021		270,000	8,663	278,663
	\$	<u>27,495,000</u>	<u>4,959,867</u>	<u>32,454,867</u>

Amounts received as interest from the LGAs as reimbursement of project or construction costs are deposited in the Interest account. The trustee then allocates or pays out moneys in the Interest 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 Bonds due on the next interest payment date, and (b) the principal of all outstanding WPCLF Bonds due on the next interest payment date, and (c) the mandatory sinking fund requirement for all outstanding WPCLF 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

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

purchase WPCLF Bonds received by the trustee pursuant to any invitation to the holders to tender such WPCLF 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 par value at least equal to the lesser of 50% of the maximum annual bond service charges required to be paid on all WPCLF Bonds issued and outstanding, or 10% of the principal amount of WPCLF 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.

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

As of December 31, 2010, there was \$1,997,339,474 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>
2002	Serial	5.25%	2011-2014	\$	3,230,000	18,445,000	21,675,000
2003	Serial	5.00% to 5.25%	2011-2015		18,275,000	64,520,000	82,795,000
2004	Serial	3.60% to 5.00%	2011-2025		26,900,000	229,445,000	256,345,000
2004 ref	Serial	5.00%	2011-2014		13,495,000	43,695,000	57,190,000
2005 ref	Serial	5.25% to 5.50%	2015-2023		-	215,445,000	215,445,000
2005B	Serial	4.25% to 5.00%	2011-2025		20,515,000	156,430,000	176,945,000
	CABS*	4.06% to 4.45%	2012-2017		-	110,044,474	110,044,474
2009	Serial	2.00% to 5.00%	2011-2019		19,075,000	184,070,000	203,145,000
2010A	Serial	3.00% to 5.00%	2011-2030		8,720,000	112,080,000	120,800,000
	Term	4.00% to 5.00%	2021-2029		-	220,595,000	220,595,000
2010B-1	Serial	2.00% to 5.00%	2014-2018		-	30,035,000	30,035,000
2010B-2	Serial	4.192%	2024		-	11,390,000	11,390,000
	Term	3.492% to 4.879%	2019-2034		-	417,735,000	417,735,000
2010C	Serial	2.50% to 5.00%	2018-2022		-	73,200,000	73,200,000
<b>WPCLF Water Quality Series Totals</b>					110,210,000	1,887,129,474	1,997,339,474
Add: unamortized premiums					-	106,971,222	106,971,222
Less: deferred losses					-	(43,572,737)	(43,572,737)
					<b>\$</b>	<b>1,950,527,959</b>	<b>2,060,737,959</b>

CABS\* - Capital Appreciation Bonds

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

The Water Quality Series 2010C Bonds were issued to advance refund \$76,220,000 of the Water Quality Series 2004 Bonds. Although the refunding resulted in a deferred accounting loss of \$7,832,007, the Authority in effect reduced its aggregate debt service payments by \$5,210,189 and achieved an economic gain of \$4,240,743.

Prior redemption of WPCLF – Water Quality Series bonds, by series, is as follows:

- a) Water Quality Series 2002 – The bonds maturing on or after June 1, 2015 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after June 1, 2012, at par plus accrued interest.
- b) Water Quality Series Refunding Series 2003 – These bonds are not subject to mandatory or optional redemption prior to maturity.
- c) Water Quality Series 2004 – The bonds maturing on or after December 1, 2014 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after June 1, 2014, at par plus accrued interest.
- d) Water Quality Refunding Series 2004 – These bonds are not subject to mandatory or optional redemption prior to maturity.
- e) Water Quality Refunding Series 2005 – These bonds are not subject to redemption prior to stated maturity.
- f) Water Quality Series 2005B – The bonds maturing on or after December 1, 2017 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after June 1, 2015, at par plus accrued interest.
- g) Water Quality Refunding Series 2009 – These bonds are not subject to redemption prior to stated maturity.
- h) Water Quality Series 2010A – 1) The bonds maturing on or after June 1, 2020 are subject to prior redemption by and at the sole option of the Authority, in whole or in part, on any date on or after December 1, 2019, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date. 2) The term bonds are subject to mandatory redemption beginning June 1, 2021. 3) Due to TIPRA, the bonds are subject to an extraordinary mandatory redemption at any time during the ninety-day period following April 15, 2013, in whole or in part, at a redemption price equal to approximately 102% of the accreted value of each maturity on April 15, 2013.
- i) Water Quality Series 2010B-1 – The series 2010B-1 bonds are not subject to optional redemption prior to their stated maturity. Due to TIPRA, the bonds are subject to an extraordinary mandatory redemption at any time during the ninety-day period following August 24, 2013, in whole or in part, at a redemption price equal to approximately 102% of the accreted value of each maturity on August 24, 2013.
- j) 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 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. 4) Due to TIPRA, the BABs are subject to extraordinary mandatory redemption at any time during the ninety-day period following August 24, 2013, in whole or in part, at a redemption price equal to 102% of the principal amount of each maturity selected, plus accrued and unpaid interest to the redemption date.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

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

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

		<b>Principal (a)</b>	<b>Interest *</b>	<b>Total (a)</b>
2011	\$	110,210,000	89,152,913	199,362,913
2012		114,195,000	84,416,369	198,611,369
2013		123,430,000	80,143,357	203,573,357
2014		127,025,000	75,436,159	202,461,159
2015		135,440,000	70,382,131	205,822,131
2016-2020		643,120,000	268,715,848	911,835,848
2021-2025		390,475,000	145,211,948	535,686,948
2026-2030		296,550,000	51,703,659	348,253,659
2031-2034		77,070,000	7,197,135	84,267,135
	\$	<u>2,017,515,000</u>	<u>872,359,519</u>	<u>2,889,874,519</u>

(a) Includes capital appreciation bonds at matured value.

\* In 2010, OWDA sold Federally Taxable BABs which receive a cash subsidy payment from the United States Treasury equaling 35% 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 \$750,739,959.

LGA reimbursements of WPCLF project costs of principal only, not the interest, pursuant to WPCLF loan agreements, are pledged as security for the bonds. In the event that LGA reimbursements of WPCLF principal 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 the calendar year 2010, the amount received from reimbursements of WPCLF principal project costs and depleted interest project costs were \$221,812,229, compared to the required bond debt service payments of \$190,511,314.

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, 2010, there is no accrued rebate liability for these bonds.

Amounts received as principal 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 Bonds due on the next interest payment date, (b) the principal of all

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

outstanding WPCLF Bonds due on the next interest payment date, and (c) the mandatory sinking fund requirement for all outstanding WPCLF 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 Bonds received by the trustee pursuant to any invitation to the holders to tender such WPCLF 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 par 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.

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.

### (8) DRINKING WATER ASSISTANCE FUND REVENUE AND REFUNDING BONDS—STATE MATCH SERIES

As of December 31, 2010, there was \$48,460,000 of Drinking Water Assistance Fund (DWAf) Revenue and Refunding Bonds—State Match 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>
2002	Serial	4.125% to 5.00%	2011-2021	\$	1,815,000	2,400,000	4,215,000
	Term	5.00%	2022-2023		-	15,000	15,000
2004	Serial	3.00% to 5.00%	2011-2013		2,320,000	4,360,000	6,680,000
	Term	4.25% to 5.00%	2014-2025		-	6,535,000	6,535,000
2010A	Serial	1.50% to 5.00%	2011-2012		8,185,000	7,225,000	15,410,000
2010B	Serial	4.00% to 5.00%	2012-2014		-	15,605,000	15,605,000
<b>DWAF State Match Series Totals</b>					12,320,000	36,140,000	48,460,000
		Add: unamortized premiums (net)			-	2,467,396	2,467,396
		Less: deferred loss			-	(1,366,421)	(1,366,421)
				\$	12,320,000	37,240,975	49,560,975

The DWAF State Match Series 2010B Bonds were issued to advance refund \$8,130,000 of the DWAF State Match Series 2002 Bonds and \$7,280,000 of the DWAF State Match Series 2004 Bonds. Although the refunding resulted in a deferred accounting loss of \$1,561,624, the Authority in effect reduced its aggregate debt service payments by \$2,079,773 and achieved an economic gain of \$1,056,623.

Prior redemption of DWAF – State Match Series bonds, by series, is as follows:

- a) State Match Series 2002 – The bonds maturing on or after June 1, 2013 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after December 1, 2012, at par plus accrued interest.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

- b) State Match Series 2004 – The bonds maturing on or after December 1, 2014 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after June 1, 2014, at par plus accrued interest.
- c) State Match Series 2010A - These bonds are not subject to redemption prior to their stated maturity.
- d) State Match Refunding Series 2010B - These bonds are not subject to redemption prior to their stated maturity.

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

		<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$	12,320,000	2,003,957	14,323,957
2012		12,465,000	1,515,507	13,980,507
2013		12,280,000	915,651	13,195,651
2014		5,465,000	376,133	5,841,133
2015		220,000	255,556	475,556
2016-2020		3,055,000	1,061,700	4,116,700
2021-2025		2,655,000	220,488	2,875,488
	\$	48,460,000	6,348,992	54,808,992

LGA reimbursements of DWAF project costs of interest only, not the principal, pursuant to DWAF loan agreements, are pledged as security for the bonds. In the event that LGA reimbursements of DWAF interest project costs are insufficient to cover DWAF State Match debt service payments, unencumbered assets of the DWAF State Match Debt Service Reserve and Other Projects accounts are also pledged as security for the bonds. For the calendar year 2010, the amount received from reimbursements of DWAF interest project costs was \$15,373,350, compared to the required bond debt service payments of \$12,283,414.

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, 2010, there is no accrued rebate liability for these bonds.

Amounts received as interest from the LGAs as reimbursement of project or construction costs are deposited in the Interest account. The trustee then allocates or pays out moneys in the Interest 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 DWAF State Match Bonds due on the next interest payment date, (b) the principal of all outstanding DWAF State Match Bonds due on the next interest payment date, and (c) the mandatory sinking fund requirement for all outstanding DWAF State Match 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 State Match Bonds received by the trustee pursuant to any invitation to the holders to tender such DWAF State Match Bonds in accordance with the provisions of the applicable Series resolution.



# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

- 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 par value at least equal to the lesser of 50% of the maximum annual bond service charges required to be paid on all DWAF State Match Bonds issued and outstanding, or 10% of the principal amount of DWAF State Match Bonds issued and outstanding computed in accordance with the Trust Agreement.
- d) To the Rebate account, as necessary to make any payment required to be paid to the United States of America under Section 148(f) of the Code.
- e) 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.

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

As of December 31, 2010, there was \$281,325,000 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>
2002	Serial	4.125% to 5.375%	2011-2013	\$	2,475,000	3,155,000	5,630,000
	Term	5.50%	2014		-	465,000	465,000
2004	Serial	3.00% to 5.00%	2011-2013		2,210,000	5,000,000	7,210,000
	Term	4.50% to 5.00%	2014-2025		-	2,350,000	2,350,000
2005 ref	Serial	5.00% to 5.25%	2015-2023		-	18,705,000	18,705,000
	Term	5.25%	2019-2022		-	17,860,000	17,860,000
2005B	Serial	4.00% to 5.00%	2011-2026		2,460,000	15,015,000	17,475,000
	Term	4.50% to 5.00%	2016-2025		-	13,295,000	13,295,000
2008	Serial	3.25% to 5.00%	2011-2018		2,670,000	21,520,000	24,190,000
	Term	5.00%	2019-2024		-	24,560,000	24,560,000
2010A	Serial	3.00% to 5.00%	2011-2013		725,000	5,370,000	6,095,000
2010B	Term	5.276% to 5.742%	2022-2030		-	44,530,000	44,530,000
2010C	Serial	1.50% to 5.00%	2011-2021		1,245,000	97,715,000	98,960,000
<b>DWAF Leverage Series Totals</b>					11,785,000	269,540,000	281,325,000
Add: unamortized premiums					-	21,705,646	21,705,646
Less: deferred losses					-	(13,908,067)	(13,908,067)
\$					11,785,000	277,337,579	289,122,579

The DWAF Leverage Series 2010C Bonds were issued to advance refund \$5,590,000 of the DWAF Leverage Series 2002 Bonds, \$49,310,000 of the DWAF Leverage Series 2004 Bonds, \$23,070,000 of the DWAF Leverage Series 2005B Bonds, and \$18,070,000 of the DWAF Leverage Series 2008

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

Bonds. Although the refunding resulted in a deferred accounting loss of \$12,463,575, the Authority in effect reduced its aggregate debt service payments by \$16,167,423 and achieved an economic gain of \$9,044,707.

Prior redemption of DWAF – Leverage Series bonds, by series, is as follows:

- a) Leverage Series 2002 – The bonds maturing on or after June 1, 2013 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after December 1, 2012, at par plus accrued interest.
- b) Leverage Series 2004 – The bonds maturing on or after December 1, 2014 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after June 1, 2014, at par plus accrued interest.
- c) 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.
- d) Leverage Series 2005B – The term bonds are subject to mandatory redemption beginning June 1, 2016, at par plus accrued interest. Both the term and serial bonds maturing after December 1, 2015 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on any date on or after December 1, 2015, at par plus accrued interest.
- e) Leverage Refunding Series 2008 – The term bonds are subject to mandatory redemption beginning June 1, 2019. The bonds maturing after June 1, 2018 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after June 1, 2018, at par plus accrued interest.
- f) Leverage Series 2010A – These bonds are not subject to redemption prior to their stated maturity.
- g) Leverage Series 2010B – 1) The BABs are subject to mandatory redemption beginning June 1, 2022. 2) The BABs are subject to optional redemption by and at the sole option of the Authority, in whole multiples of \$5,000, either in whole or part on any date on or after June 1, 2020, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date. 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 payments from the United States Treasury is reduced or eliminated.
- h) 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.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

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

		<b>Principal</b>	<b>Interest*</b>	<b>Total</b>
2011	\$	11,785,000	13,230,697	25,015,697
2012		14,250,000	12,737,250	26,987,250
2013		15,530,000	12,135,962	27,665,962
2014		16,875,000	11,494,403	28,369,403
2015		18,370,000	10,693,803	29,063,803
2016-2020		113,190,000	39,222,887	152,412,887
2021-2025		62,670,000	14,728,082	77,398,082
2026-2030		28,655,000	4,065,437	32,720,437
	\$	281,325,000	118,308,521	399,633,521

\* In 2010, OWDA sold Federally Taxable BABs which receive a cash subsidy payment from the United States Treasury equaling 35% 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 \$104,532,896.

LGA reimbursements of DWAF project costs of principal only, not the interest, pursuant to DWAF loan agreements, are pledged as security for the bonds. 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 the calendar year 2010, the amount received from reimbursements of DWAF principal project costs was \$25,353,395, compared to the required bond debt service payments of \$18,662,186.

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, 2010, there is no accrued rebate liability for these bonds.

Amounts received as principal from the LGAs as reimbursement of project or construction costs are deposited in the Principal Repayments account. The trustee then allocates or pays out moneys in the Principal Repayments 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 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.

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## Notes to Financial Statements

- 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 par 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.

### (10) 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, 2010 which has been defeased:

Series	Year Defeased	Balance Outstanding
Pollution Abatement II	1979	\$ 500,000
Pure Water 1989 & 1990	1992	24,125,000
Fresh Water 1995	1998	5,700,000
Fresh Water 1998, 2001 & 2002	2005	51,620,000
Fresh Water 2004	2006	55,055,000
Fresh Water 2001, 2002 & 2004	2009	80,165,000
WPCLF Water Quality 2002	2005	162,450,000
WPCLF Water Quality 2004 & 2005B	2009	212,855,000
WPCLF Water Quality 2004	2010	76,220,000
DWAF State Match 2002 & 2004	2010	15,410,000
DWAF Leverage 2002	2005	37,500,000
DWAF Leverage 2002, 2004, 2005B, & 2008	2010	96,040,000
		<u>\$ 817,640,000</u>

### (11) 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, 2010, outstanding bonds and notes under this program total \$2,217,275,000.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### (12) DEFINED BENEFIT PENSION PLAN

All employees of the Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system that 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. The total payroll as well as the payroll for employees covered by OPERS for the years ended December 31, 2010, 2009 and 2008 were approximately \$1,139,000, \$1,110,000 and \$1,090,000, respectively. In 2010, the employee and employer contribution rates were 10% and 14%, respectively, for all Authority employees. Total required employer contributions were approximately \$159,000, \$155,000 and \$153,000 for the years ending December 31, 2010, 2009 and 2008, respectively, and are equal to 100% of the dollar amount billed to, and paid by, the Authority.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-PERS.

#### ***Postretirement Healthcare***

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension*.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides statutory authority for employer contributions and requires public employers to fund postretirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to healthcare was 5.50% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The Authority's 2010 employer contributions made to fund post-employment benefits were \$57,823, covering 21

# OHIO WATER DEVELOPMENT AUTHORITY

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participants. The Authority's 2009 and 2008 contributions to fund post employment benefits were \$64,816 (20 participants) and \$76,280 (20 participants), respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004 was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

### (13) COMMITMENTS

As of December 31, 2010, the Authority has loan commitments to finance LGA construction projects in the following amounts:

<u>Fund</u>	<u>Amount</u>
Other Projects	\$ 11,946,954
Rural Utility Services	10,372,887
Community Assistance	8,065,777
Fresh Water	128,447,870
Water Pollution Control Loan	749,455,010
Drinking Water Assistance	<u>46,423,404</u>
	<u>\$ 954,711,902</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.

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## Notes to Financial Statements

### (14) TRANSFERS

Interfund transfers for the year ended December 31, 2010 consisted of the following:

Transfer to Operating from:		
Drinking Water Assistance	\$	39,056
Transfer from Working Capital to:		
Fresh Water	\$	(414,396)
Transfers from Other Projects to:		
Fresh Water		(391,182)
Pure Water Refunding		(867,804)
	\$	<u>(1,258,986)</u>
Transfers to Fresh Water from:		
Working Capital		414,396
Other Projects		391,182
Pure Water Refunding		103,696,813
	\$	<u>104,502,391</u>
Transfers to (from) Pure Water Refunding from (to):		
Other Projects		867,804
Fresh Water		(103,696,813)
	\$	<u>(102,829,009)</u>
Transfer from Water Pollution Control Loan to:		
Drinking Water Assistance	\$	(7)
Transfers to (from) Drinking Water Assistance from (to):		
Operating		(39,056)
Water Pollution Control Loan		7
	\$	<u>(39,049)</u>
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, 2010, the Authority made a non-routine transfer totaling \$103,696,813 from the Pure Water Refunding Fund to the Fresh Water Fund as a result of the Pure Water Refunding Fund being closed.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### (15) CHANGES IN LONG-TERM LIABILITIES

As of December 31, 2010, the Authority has long-term liabilities in the following amounts:

Long-Term Liability	12/31/2009 Balance	Additions	Reductions	12/31/2010 Balance	Due Within One Year	Due in More Than One Year
Compensated Absences	\$ 202,125	115,388	110,815	206,698	-	206,698
Revenue Bonds and Notes Payable	2,294,810,736	1,341,992,366	499,485,792	3,137,317,310	179,395,000	2,957,922,310
Total Long-Term Liabilities	<u>\$2,295,012,861</u>	<u>1,342,107,754</u>	<u>499,596,607</u>	<u>3,137,524,008</u>	<u>179,395,000</u>	<u>2,958,129,008</u>

### (16) CHANGES IN SHORT-TERM LIABILITIES

As of December 31, 2010, the Authority has short-term liabilities in the following amounts:

Short-Term Liability	12/31/2009 Balance	Additions	Reductions	12/31/2010 Balance
Revenue Notes Payable	\$ -	115,000,000	115,000,000	-
Total Short-Term Liabilities	<u>\$ -</u>	<u>115,000,000</u>	<u>115,000,000</u>	<u>-</u>



**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 the financial statements of each major fund of the Ohio Water Development Authority (the Authority), a component unit of the State of Ohio, as of and for the year ended December 31, 2010, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 28, 2011. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

2525 north limestone street, ste. 103  
springfield, oh 45503

www.cshco.com  
p. 937.399.2000  
f. 937.399.5433

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Directors, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
March 28, 2011

## **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 from the Authority and the Original Purchasers.

“Act” means Chapter 6121, Ohio Revised Code, Section 6111.036, Ohio Revised Code, and Sections 9.98 through 9.983 inclusive, Ohio Revised Code, each as enacted and amended from time to time.

“Additional Pledged Loan” means any loan that has ceased to be either (a) a “WPCLF Loan” as defined in the State Match Bond Trust Agreement as the result of, and from and after the time of, the meeting of all conditions set forth in Section 11(c) of the Water Pollution Control Loan Fund General Bond Resolution, as defined in and incorporated into the State Match Bond Trust Agreement, or (b) an Additional Pledged Loan pursuant to the provisions of the Water Quality Bond General Resolution.

“Additional Pledged Loan Repayments” means all payments of principal of and interest on any Additional Pledged Loan.

“Agreement” or “Trust Agreement” means the Trust Agreement securing the Water Quality Bonds, dated as of October 1, 1995, 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 First Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement, the Fourth Supplemental Agreement, the Fifth Supplemental Agreement, the Sixth Supplemental Agreement, the Seventh Supplemental Agreement, the Eighth Supplemental Agreement, the Ninth Supplemental Agreement, the Tenth Supplemental Agreement, the Eleventh Supplemental Agreement, the Twelfth Supplemental Agreement, the Thirteenth Supplemental Agreement, the Fourteenth Supplemental Agreement, the Fifteenth Supplemental Agreement, the Sixteenth Supplemental Agreement, the Seventeenth Supplemental Agreement and the Eighteenth Supplemental Agreement.

“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 (a) or paragraph (b) below, as selected by the Fiscal Officer:

(a) Five (5) years; or

(b) The period of time, exceeding five (5) 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 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 in the "Twenty Bond Index" published in The Bond Buyer, or a successor index, as in effect on the date of such opinion, nor (b) higher than the highest rate permitted by law at which such Water Quality 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 Water Quality Bonds in accordance with the Water Quality Bond General Resolution or the 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 Water Quality Bonds, including Bond Anticipation Notes, (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 at one time.

"Bond Anticipation Notes" means notes issued in anticipation of the issuance of Water Quality Bonds with a maturity of one year or less.

"Bond Service Charges" means, for any period or date, the principal of and interest and any premium on the Water Quality 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 Water Quality 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 Water Quality 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 Subfund" means the Capitalization Grant Subfund established under the Water Pollution Control Loan Fund Trust Agreement.

"Capitalized Interest" means that portion, if any, of the proceeds of a series of Water Quality Bonds that is designated as capitalized interest in or pursuant to the applicable Series Resolution and, pursuant to the Water Quality Bond General Resolution, is deposited in the Debt Service Fund for the purpose of paying interest on such Water Quality Bonds.

"Clean Water Act" means the Federal Water Pollution Control Act, as amended, including the Clean Water Act of 1977 (33 U.S.C. 1251 et seq.).

“Clearing Account” means the Clearing Account established under the Water Pollution Control Loan Fund 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 Water Quality 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, Registrar, Authenticating Agents, or Paying Agents 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 Water Quality Bonds, any other costs, charge or fee related to issuing Water Quality Bonds as Variable Rate Bonds (including, without limitation, the initial fees and charges of any remarketing agents for such Variable Rate Bonds), and any other cost, charge or fee in connection with the original issuance of Water Quality Bonds; provided that, notwithstanding anything in the Water Quality Bond General Resolution or the Trust Agreement to the contrary, no cost shall be a Cost of Issuance if the Code, the Act, or the Clean Water Act prohibits payment of such cost from the proceeds of the Water Quality Bonds from which such payment would be made or if, under the Code, such payment would cause the interest on such Water Quality Bonds to cease to be excluded from gross income for purposes of federal income taxation.

“Costs of Issuance Fund” means the Water Quality Series Costs of Issuance Fund created in the Water Quality Bond General 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 Water Quality Bonds to be used to pay Costs of Issuance of such series of Water Quality 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 Water Quality Bonds pursuant to Section 9.982 of the Ohio Revised Code and the Series Resolution and Supplemental Agreement applicable to such Water Quality Bonds.

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

“Crossover Amount” means the amount of money and Escrow Securities which are on deposit in a Crossover Escrow Account and which, 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 Refunded Bond” means any Water Quality Bond if:

(i) The Trustee shall have received and shall hold in trust for and irrevocably committed thereto, moneys sufficient, or

(ii) The Trustee shall have received and shall hold in trust for and irrevocably committed thereto, Escrow Securities which are certified by an independent certified public accountant to be of such maturities, irrevocably established redemption dates or irrevocably established repurchase dates (if such 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:

(A) for the payment of all principal of and premium, if any, on such Water Quality 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 Water Quality Bond to the date of the tender of payment; provided, that if any such Water Quality 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 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 Water Quality Bond to the extent that any proceeds from the sale thereof shall, upon deposit in a Crossover Escrow Account, constitute a Crossover Account.

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

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

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

“Direct Payment BABs” means Series 2010B Bonds that are “Build America Bonds” within the meaning of Section 54AA(d) of the Code and that are qualified bonds within the meaning of Section 54AA(g), the interest on which is includible in gross income for federal income tax purposes and with respect to which the Authority shall have made an irrevocable election 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.

“Eighth Supplemental Agreement” means the Supplemental Agreement dated as of November 17, 2004 authorizing and securing the 2004 Water Quality Bonds.

“Eleventh Supplemental Agreement” means the Supplemental Agreement dated September 24, 2009 authorizing and securing the Series 2009 Water Quality Bonds.

“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:

- (a) Governmental Obligations and Government Certificates.
- (b) Obligations issued, guaranteed or collateralized by any of the following:
  - (i) Federal Home Loan Bank System,
  - (ii) Export-Import Bank of the United States,
  - (iii) Federal Financing Bank,
  - (iv) Government National Mortgage Association,
  - (v) Farmers Home Administration,
  - (vi) Federal Home Loan Mortgage Company,
  - (vii) Federal Housing Administration,
  - (viii) Private Export Funding Corporation,
  - (ix) Federal National Mortgage Association,
  - (x) Federal Farm Credit Bank, and
  - (xi) Resolution Trust Corporation,

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

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

(i) (A) such obligations are not to be redeemed prior to maturity or the Trustee has been given irrevocable instructions concerning their call for redemption, and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(ii) such obligations are secured by Government Obligations or Government Certificates that may be applied only to interest, principal, and premium payments on such obligations;

(iii) 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;

(iv) the Government Obligations or Government Certificates serving as security for the obligations are held by an escrow agent or trustee; and

(v) such Government Obligations or Government Certificates are not available to satisfy any other claims, including those against the trustee or escrow agent.

(d) Direct and general long-term obligations of any state of the United States of America or the District of Columbia (a “State”), to the payment of which the full faith and credit of such State is pledged and that are rated in any of the three highest rating categories by at least Moody’s and Standard & Poor’s.

(e) Direct and general short-term obligations of any State, 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 Standard & Poor’s.

(f) 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 (i) continuously and fully insured by FDIC, (ii) 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 Standard & Poor's, (iii) if they have a maturity longer than one year, with Moody's and Standard & Poor's, or (iv) 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.

(g) 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 Standard & Poor's.

(h) Repurchase agreements, (i) the maturities of which are 30 days or less or (ii) 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 Standard & Poor's. The repurchase agreement shall be in respect of Government Obligations and Government Certificates or obligations described in paragraph (b) of this definition. The repurchase agreement securities and, to the extent necessary, Government Obligations and Government Certificates or obligations described in paragraph (b), 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:

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

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

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

(i) 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 Standard & Poor's.

(j) 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 Standard & Poor's.

(k) Investment agreements, the issuer of which is rated in one of the two highest rating categories by at least Moody's and Standard & Poor's.

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



(m) 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 Water Quality 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.

"Eighteenth Supplemental Agreement" means the Supplemental Agreement dated as of March 7, 2012, authorizing and securing the Series 2012A Water Quality Refunding Bonds.

"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 WPCLF 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 WPCLF Loan Agreements.

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

"Escrow Securities" means: (i) Government Certificates and Government Obligations; and (ii) Eligible Investments of the character described in clauses (a) and (d) of the definition of "Eligible Investments"; provided, however, that obligations of the character described in clauses (a) and (d) 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 (a) of the definition of "Eligible Investments" which 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 condition to their constituting Escrow Securities set forth in the Agreement are met.

"Excess Earnings" means, with respect to each series of the Water Quality Bonds, an amount equal to the sum of (a) the excess of: (i) the aggregate amount earned from the date of issuance of such series of Water Quality Bonds on all nonpurpose investments in which gross proceeds of such series of Water Quality Bonds are invested (other than investments attributable to an excess described in this clause), over (ii) the amount that would have been earned if such nonpurpose investments were invested at a rate equal to the yield on such series of Water Quality Bonds, and (b) any income attributable to any excess described in clause (a). 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.

"Extended Maturity Date" shall mean, if a Series 2011-12A Water Quality Floating Rate Note is unpaid at its Maturity, the date on which such Floating Rate Note is paid in full, but in any event, no later than the Final Extended Maturity Date.

“Federal Capitalization Grants” means capitalization grants authorized in Section 601 of Title VI of the Clean Water Act and awarded to the State.

“Final Extended Maturity Date” shall mean July 15, 2019.

“Fifteenth Supplemental Agreement” means the Supplemental Agreement dated August 23, 2011, authorizing and securing the Series 2011A Water Quality Refunding Bonds.

“Fifth Supplemental Agreement” means the Supplemental Agreement dated as of May 1, 2002 authorized to incorporate provisions to implement Cross Collateralization between the Water Pollution Control Loan Fund and the Drinking Water Assistance Fund.

“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 Agreement” means the Supplemental Agreement dated as of October 1, 1995, which authorized and secured the Series 1995 Water Quality Bonds.

“Fiscal Officer” means the Controller of the Authority, or such officer as shall succeed to the fiscal responsibilities of the Controller.

“Fourteenth Supplemental Agreement” means the Supplemental Agreement dated September 30, 2010, authorizing and securing the Series 2010C Water Quality Refunding Bonds.

“Fourth Supplemental Agreement” means the Supplemental Agreement dated as of February 1, 2002 authorizing and securing the Series 2002 Water Quality Bonds.

“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 6111.036 of the Ohio Revised Code.

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

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

“Interest Fund” means the Interest Fund established under the Water Pollution Control Loan Fund Trust Agreement.

“Interest Payment Date” means, as to each series of Water Quality Bonds, each date designated as an Interest Payment Date or a date on which interest on any Water Quality Bond of such series is due and payable in or pursuant to the applicable Series Resolution, provided that each such date shall be the first day or first Business Day of a month.

“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 Water Quality Bonds or hedging the exposure of the Authority with respect to its obligations on the Water Quality Bonds against fluctuations in prevailing interest rates.

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

“Marked to market” means valued according to then current market value.

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

“Net Bond Proceeds Fund” means the Water Quality Series Net Bond Proceeds Fund created in the Water Quality Bond General Resolution and any subfunds thereof and accounts of such subfunds created pursuant to any Series Resolution.

“Ninth Supplemental Agreement” means the Supplemental Trust Agreement, dated April 14, 2005, authorizing and securing the Series 2005 Water Quality Bonds.

“Non-qualified Loan” means, at any time, any WPCLF Loan or Additional Pledged 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.

“Original Purchasers” means, as to any series of Water Quality 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 created pursuant to the Water Pollution Control Loan Fund Trust Agreement.

“Paying Agents” means the Trustee and any bank or trust company designated as a Paying Agent by or in accordance with the 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 Revenues, (ii) the Special Funds, the moneys which 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 Proceeds Fund, the Encumbered Balance in the Water Quality 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), and (iii) any other funds and moneys which 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 Fund” means the Principal Fund established under the Water Pollution Control Loan Fund Trust Agreement.

“Principal Retirement Date” means, as to each series of Water Quality Bonds, each date designed as a Principal Retirement Date or a date on which principal of any Water Quality 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.

“Principal Surplus Fund” means the Principal Surplus Fund created pursuant to the Water Pollution Control Loan Fund Trust Agreement.

“Project” means a project or activity qualifying for financial assistance under Section 6111.036 of the Ohio Revised Code and shall be identified, in the case of projects funded by a WPCLF Loan, by reference to the Governmental Agency or Agencies involved and the date of the WPCLF Loan Agreement relating thereto, and in the case of a Non-governmental Loan (as defined in the Water Pollution Control Loan Fund Trust Agreement), by reference to the borrower and the date of the loan agreement applicable thereto.

“Projected Payments” means (i) the payments of principal estimated to be received by the Authority on WPCLF Loans, except any non-qualified Loan, during any applicable period, (ii) any Direct Payments projected to be received by the Authority relating to Water Quality Bonds, and (iii) the Additional Pledged Loan Repayments, if any, estimated to be received by the Authority during any applicable period, in each case as determined by the Authority with the assistance of the Director.

“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 Trustee to draw thereon at any time that the Agreement requires the Trustee 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 of the Water Quality 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 with an aggregate Value at least equal to the Required Reserve Fund Balance.

“Rated” means, with respect to any entity that is required under the Agreement to have a minimum rating from any Rating Agencies for any purposes, that such entity itself or its debt, guaranties or claims-paying ability has been assigned the specified rating.

“Rating Agencies” or “Rating Services” means Moody’s, Standard & Poor’s, Fitch Ratings and their respective successors and assigns.

“Rebate Fund” means the Water Quality Series Rebate Fund created in the Water Quality Bond General 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 Water Quality Bonds pursuant to the Agreement.

“Registrar” means The Bank of New York Mellon Trust Company, N.A., Cincinnati, Ohio, unless and until a successor Registrar shall succeed as Registrar pursuant to the applicable provisions of the Agreement. The Registrar shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange of 1934.

“Regular Record Date” means, with respect to any Water Quality Bonds, the fifteenth (15<sup>th</sup>) day of the calendar month next preceding any month in which an Interest Payment Date applicable to that Water Quality Bond occurs.

“Reimbursement Agreement” means, with respect to a series of Water Quality 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 Water Quality 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 Water Quality Bonds.

“Required Reserve Fund Balance” means a fund balance in the Debt Service Reserve Fund at least equal to the lesser of (i) 50% of the maximum annual Bond Service Charges on all Water Quality Bonds issued and outstanding, or (ii) 10% of the principal amount of all Water Quality Bonds issued and outstanding. For purposes of determining the Required Reserve Fund Balance, Bond Service Charges shall be computed in accordance with the Water Quality Bond General Resolution with respect to the categories of Water Quality Bonds covered by the Water Quality Bond General Resolution.

“Revenues” means (i) all payments of principal made on all existing and future WPCLF Loans and payable to the Authority after the date of the first series of Water Quality Bonds, (ii) all Additional Pledged Loan Repayments, (iii) all income and profit from the investment and reinvestment of such payments, and (iv) all Direct Payments received by the Authority relating to Water Quality Bonds.

“Second Supplemental Agreement” means the Supplemental Agreement dated as of October 15, 1997 authorizing and securing the Series 1997 Water Quality Bonds.

“Series Resolution” means a resolution of the Authority authorizing the issuance of Water Quality Bonds in accordance with the Water Pollution Control Loan Fund Bond Resolution and particularly the Water Quality Bond General Resolution and the Agreement, and includes any resolution, and any certificate authorized by any resolution, providing for the award and terms of the Water Quality Bonds, authorized by such Series Resolutions.

“Seventeenth Supplemental Agreement” means the Supplemental Agreement dated as of December 21, 2011, authorizing and securing the Series 2011B Water Quality Refunding Bonds.

“Seventh Supplemental Agreement” means the Supplemental Agreement dated as of January 29, 2004, authorizing and securing the Series 2004 Water Quality Bonds.

“Sixteenth Supplemental Agreement” means the Supplemental Agreement dated as of December 16, 2011, authorizing and securing the Series 2011-12 Water Quality Floating Rate Notes.

“Sixth Supplemental Agreement” means the Supplemental Agreement dated as of May 1, 2003, authorizing and securing the Series 2003 Water Quality Bonds.

“Special Funds” means, collectively, the Debt Service Fund, the Debt Service Reserve Fund, the Net Bond Proceeds Fund, the Surplus Principal Fund, the Water Quality Subfund and the Capitalization Grant Subfund (except the Encumbered Balance in the Water Quality Subfund, the Encumbered Balance in the Net Bond Proceeds Fund, 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).

“Special Record Date” means, with respect to any Water Quality Bond, the date established by the Trustee in connection with the payment of overdue interest on that Water Quality Bond pursuant to the Trust Agreement.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies.

“State” means the State of Ohio.

“State Match Bond Trust Agreement” means the Trust Agreement among the Authority, the Director and National City Bank, Columbus, as successor to BancOhio National Bank, as Trustee, dated as of November 15, 1991, as amended and supplemented.

“Supplemental Agreement” means any one or more of the supplemental trust agreements entered into by the parties hereto pursuant to Article VII of the Agreement, and includes, where set forth therein, the applicable Series Resolution.

“Surplus Principal Fund” means the Surplus Principal Fund established under the Water Pollution Control Loan Fund Trust Agreement.

“Surplus Principal Subaccount” means the Surplus Principal Subaccount established pursuant to the Water Pollution Control Loan Fund Trust Agreement.

“Tender Agent” means the Tender Agent as defined and appointed in a Supplemental Agreement applicable to a series of Water Quality Bonds.

“Tenth Supplemental Agreement” means the Supplemental Agreement dated August 25, 2005, authorizing and securing the Series 2005B Water Quality Refunding Bonds.

“Third Supplemental Agreement” means the Supplemental Agreement dated as of December 19, 2001, authorizing and securing the Water Pollution Control Loan Fund Bond Anticipation Notes, Series 2001.

“Thirteenth Supplemental Agreement” means the Supplemental Agreement dated August 24, 2010, authorizing and securing the Series 2010B Water Quality Bonds.

“Trust Agreement” means the Trust Agreement securing the Water Quality Bonds, dated as of October 1, 1995, 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.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., Cincinnati, Ohio, and any successor Trustee designated as such pursuant to the Agreement.

“Twelfth Supplemental Agreement” means the Supplemental Agreement dated January 29, 2010, authorizing and securing the Series 2010 Water Quality Bonds.

“Unpledged Principal Payments” means principal payments on WPCLF Loans payable to the Authority or the Water Pollution Control Loan Fund Trustee prior to January 1, 1996.

“Unpledged Principal Subaccount” means the Unpledged Principal Payments Subaccount established pursuant to the Water Pollution Control Loan Fund Trust Agreement.

“Value” with respect to an investment held in or credited to any Special Fund (i) means, 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 Water Quality Bond not bearing interest throughout its term at a fixed interest rate, but rather at a rate which 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 Water Quality Bond is issued in conjunction with another Water Quality Bond which bears interest at a rate that is, at all times, the balance remaining after the subtraction of the rate of interest on the other Water Quality Bond from a constant, with the result that the rate of interest paid by the Authority on the two Water Quality Bonds is, and must at all times be, fixed, then neither of such conjoined Water Quality Bonds shall be treated as a Variable Rate Bond for purposes of the Agreement, but rather such Water Quality Bonds shall be treated together as a fixed rate Water Quality Bond.

“WPCLF Loan Agreement” means an agreement among the Authority, the Director and Governmental Agency participating in the Water Pollution Control Loan Fund Program under which the Director agrees to lend money to the Governmental Agency for its Project and the Governmental Agency agrees to repay the loan.

“WPCLF Loan Repayments Fund” means the Water Pollution Control Loan Fund WPCLF Loan Repayments Fund, created pursuant to Section 2.01 of the Water Pollution Control Loan Fund Trust Agreement, and any sub-funds or accounts therein.

“WPCLF Loans” means (i) the loans identified on Exhibit A to the Trust Agreement, funded from the Water Pollution Control Loan Fund pursuant to WPCLF Loan Agreements entered into prior to the date of the Trust Agreement; and (ii) all loans funded from the Water Pollution Control Loan Fund pursuant to WPCLF Loan Agreements entered into from and after the date of the Trust Agreement, other than any loan funded from the Unpledged Principal Payments Subaccount or the Other Projects Fund; provided, however, that any loan described in clauses (i) or (ii) hereof shall cease to be a WPCLF Loan for purposes of the Agreement in the event and from the time that all conditions set forth in the Water Quality Bond General Resolution for the removal of such loan from the WPCLF Loans for purposes of the agreement shall have been met.

“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 Water Pollution Control Loan Fund Trust Agreement.

“Water Pollution Control Loan Fund Program” means the program instituted pursuant to Section 6111.036 of the Ohio Revised Code and administered by the Director with the assistance of the Authority.

“Water Pollution Control Loan Fund Trust Agreement” means the Amended and Restated Trust Agreement, dated as of October 1, 1995, among the Authority, the Director and the Water Pollution Control Loan Fund Trustee (which amended, supplemented and restated the Trust Agreement, dated as of November 1, 1991, among those parties), as the same may be further amended and supplemented from time to time in accordance with its terms.

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

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

“Water Quality Bonds” means the State of Ohio Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series, issued from time to time by the Authority.

“Water Quality Subfund” means the Water Quality Subfund, created pursuant to the Water Pollution Control Loan Fund Trust Agreement, and any accounts therein.

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## **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 2012A Water Quality Refunding Bonds are being issued pursuant to and secured by the Trust Agreement among the Authority, the Director and the Trustee, which includes the Water Quality Bond General Resolution. The Series Resolution authorizing the Series 2012A Water Quality Refunding Bonds will be incorporated in and will constitute part of the Eighteenth Supplemental Agreement.

In connection with the Water Pollution Control Loan Fund Program, the Authority and the Director have entered into or will enter into three (3) separate trust agreements. The Amended and Restated Water Pollution Control Loan Fund Trust Agreement (the “Water Pollution Control Loan Fund Trust Agreement”) is among the Authority, the Director and The Huntington National Bank, Columbus, Ohio, as Water Pollution Control Loan Fund Trustee. The Water Quality Bond Trust Agreement, as amended and supplemented including by the Eighteenth Supplemental Agreement (the “Trust Agreement”), will be among the Authority, the Director and The Bank of New York Mellon Trust Company, N.A., Cincinnati, Ohio, as successor Trustee to The Fifth Third Bank, Cincinnati, Ohio. The State Match Bond Trust Agreement is among the Authority, the Director and U.S. Bank National Association, as successor to National City Bank, as State Match Bond Trustee (the “State Match Bond Trust Agreement”).

The Trust Agreement refers to certain sections of the Water Pollution Control Loan Fund Trust Agreement that create and order maintained in the custody of the Water Pollution Control Loan Fund Trustee various subfunds of the Water Pollution Control Loan Fund, including, but not limited to, the “Water Pollution Control Loan Fund Water Quality Subfund,” into which from time to time will be transferred the portion of the proceeds of Water Quality Refunding Bonds required to be transferred thereto, and the “Principal Fund,” into which Revenues and Pledged Revenues will be deposited.

#### **Establishment, Application and Investment of the Water Pollution Control Loan Fund**

The following is a summary of certain provisions of the Water Pollution Control Loan Fund Trust Agreement. The summary does not purport to be a complete description of the Water Pollution Control Loan Fund Trust Agreement and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Water Pollution Control Loan Fund Trust Agreement, copies of which are available upon request to the Authority.

Pursuant to the Water Pollution Control Loan Fund Trust Agreement, the Director and the Authority have created and ordered maintained in the custody of the Water Pollution Control Loan Fund Trustee the following funds, subfunds and accounts:

- Clearing Account,
- Capitalization Grant Subfund,
- State Match Subfund,
- Water Quality Subfund,
- WPCLF Loan Repayments Fund,
- Non-governmental Loan Repayments Fund,
- Depledged Loan Repayments Fund,
- Interest Fund,
- Principal Fund,
- Surplus Principal Fund, and
- Other Projects Fund, including the Unpledged Principal Subaccount and the Surplus Principal Subaccount therein.

The Clearing Account, the WPCLF Loan Repayments Fund, the Non-governmental Loan Repayments Fund, the Depledged Loan Repayments Fund, the Interest Fund, the Principal Fund, the Surplus Principal Fund, and the Other Projects Fund and all amounts therein will be and will be deemed to be, held and maintained by the Water Pollution Control Loan Fund Trustee as parts of the Water Pollution Control Loan Fund for all purposes of State and Federal law. The Debt-Service Fund, the Debt Service Reserve Fund, the Net Bond Proceeds Fund and the WPCLF Water Quality Series Support Obligations Debt Service Fund created under the Water Quality Bond Trust Agreement will be, and will be deemed to be, held and maintained by the Water Quality Bond Trustee as parts of the Water Pollution Control Loan Fund for all purposes of State and Federal law. The Debt Service Fund, the Debt Service Reserve Fund, the Net Bond Proceeds Fund and the WPCLF State Match Series Support Obligations Debt Service Fund created under the State Match Bond Trust Agreement will be, and will be deemed to be, held and maintained by the State Match Bond Trustee as parts of the Water Pollution Control Loan Fund for all purposes of State and Federal law. The Capitalization Grant Subfund, the State Match Subfund, and the Water Quality Subfund and all amounts therein will be, and will be deemed to be, held and maintained by the Water Pollution Control Loan Fund Trustee as parts of the Clearing Account for all purposes of State and Federal law.

In addition to the foregoing funds and subfunds, the Water Pollution Control Loan Fund 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, with the consent of the director, shall direct, for the purpose of accounting for moneys deposited with and disbursed by the Water Pollution Control Loan Fund Trustee or for the segregation of moneys and investments as necessary under the terms of the Water Pollution Control Loan Fund Trust Agreement.

To the extent required by the Water Pollution Control Loan Fund Trust Agreement or required in writing by the Executive Director with the consent of the Director, the Water Pollution Control Loan Fund Trustee shall maintain the amounts in any fund, subfund, account or subaccount created pursuant to the Water Pollution Control Loan 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 Principal Fund and the Surplus Principal Fund are “Revenues” and “Pledged Revenues” under the Trust Agreement and are subject to the lien and pledge thereof. Moneys in the Interest Fund are “Revenues” and “Pledged Revenues” under the State Match Bond Trust Agreement and are subject to the lien and pledge thereof. In the event of any inconsistency between the provisions of the Water Pollution Control Loan Fund Trust Agreement and the provisions of the State Match Bond Trust Agreement or the Trust Agreement with respect to the permitted or required application or disposition of such moneys, the provisions of the State Match Bond Trust Agreement or Trust Agreement, as the case may be, shall prevail.

Moneys deposited into the Water Pollution Control Loan Fund Water Quality Subfund pursuant to the Trust Agreement shall be held, invested and disbursed in accordance with the provisions of the Water Pollution Control Loan Fund Trust Agreement for the purpose of paying the costs of the various projects included in the Water Pollution Control Loan Fund Program and all things necessary and incidental thereto.

## **Establishment and Application of Special Funds**

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 Net Bond Proceeds Fund, (b) the Debt Service Fund, (c) the Debt Service Reserve Fund, and (d) the Costs of Issuance Fund. Each Series Resolution pursuant to which a series of Water Quality Bonds is issued will establish within the Net Bond Proceeds Fund, the Debt Service Fund and the Debt Service Reserve Fund, a separate subfund relating to that series of Water Quality Bonds. Each Series Resolution will establish within the Net Bond Proceeds Fund a separate subfund into which shall be deposited that portion of the proceeds of the series of Water Quality Bonds issued under such Series Resolution to be used to pay Costs of Issuance of such series of Water Quality Bonds.

The Debt Service Fund and the moneys and Eligible Investments therein will be used solely and exclusively for the payment of Bond Service Charges as they become due, all as provided in the Trust Agreement. If after making any allocation of Revenues in accordance with the Trust Agreement, the Trustee determines that the

amount in the Debt Service Fund is less than the amount of the Bond Service Charges then due, 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 Principal Fund,
2. the Net Bond Proceeds Fund, except for the Encumbered Balance in the Net Bond Proceeds Fund,
3. the Water Quality Subfund, except for the Encumbered Balance in the Water Quality Subfund,
4. the Debt Service Reserve Fund,
5. the Capitalization Grant Subfund, except for the Encumbered Balance in the Capitalization Grant Subfund, and
6. the Interest Fund (subject to the conditions described in the Trust Agreement and as summarized below).

The proceeds of any series of Water Quality 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 Water Quality Bonds of that series until such Capitalized Interest has been fully expended.

The Debt Service Reserve Fund and the moneys, Eligible Investments (permitted for the Debt Service Reserve Fund under the Trust Agreement) 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 as they become due, as provided above. Prior to making the allocations of Revenues pursuant to the Trust Agreement, 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 (permitted for the Debt Service Reserve Fund under the Trust Agreement) 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 Principal Fund,
2. the Net Bond Proceeds Fund, except for the Encumbered Balance in the Net Bond Proceeds Fund, and
3. the Water Pollution Control Loan Fund Water Quality Subfund, except for the Encumbered Balance in the Water Pollution Control Loan Fund Water Quality Subfund.

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 Water Quality 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.

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 DWAF Trustee a WPCLF 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 WPCLF Notice of Required Investment, the Authority and the Director shall proceed to take all actions necessary and appropriate for the issuance of WPCLF Support Obligations in a principal amount equal to the amount of the expected insufficiency specified in the WPCLF 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 WPCLF Support Obligations to the DWAF Trustee as investments for moneys in the DWAF Surplus Principal Fund and the DWAF Surplus Interest Fund pursuant to the DWAF Trust Agreement. In the event that the DWAF Trustee notifies the Trustee that the total amount at the time available in the DWAF Surplus Principal Fund and the DWAF Surplus Interest Fund for investment in WPCLF Support Obligations is less than the amount of the expected insufficiency specified in the WPCLF Notice of

Required Investment, then the Trustee shall so notify the Authority and the Director, and they shall thereupon cause the WPCLF Support Obligations to be issued in the amount that the DWAF Trustee shall have notified the Trustee is available for investment in WPCLF Support Obligations, and thereafter shall issue additional WPCLF Support Obligations at any time that the DWAF Trustee notifies the Trustee that additional moneys are available in the DWAF Surplus Principal Fund and the DWAF Surplus Interest Fund for investment in WPCLF Support Obligations, until the elimination of the insufficiency that prompted the WPCLF 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 WPCLF Notice of Required Investment, then the Trustee shall so notify the Authority and the Director and rescind the WPCLF Notice of Required Investment.

Upon the written direction and approval of the Executive Director, the Trustee will pay from the subfund of the Costs of Issuance Fund established with respect to a series of Water Quality Bonds to the parties set forth in such direction the amounts set forth therein representing Costs of Issuance of such series of Water Quality Bonds. If, after the payment of all Costs of Issuance of such series of Water Quality Bonds, moneys remain in such subfund of the Costs of Issuance Fund, then the Executive Director will file a certificate with the Trustee stating that all Costs of Issuance of such series of Water Quality 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 Water Quality Bonds are issued, any moneys remaining in such subfund of the Costs of Issuance Fund will be transferred from such subfunds to the Net Bond Proceeds Fund.

Upon the written direction and approval of the Executive Director, the Trustee will pay from the Net Bond Proceeds Fund to the Water Pollution Control Loan Fund Trustee the amounts set forth in such direction for deposit to the Water Quality Subfund.

To the extent 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 cause any amount to be required to be paid to the United States of America under Section 148(f) of the Code, moneys in such amount shall 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 Fund to the Debt Service Fund are subject to the conditions set forth in the Water Pollution Control Loan Fund Trust Agreement to the use of moneys in the Interest Fund to pay Bond Service Charges on Water Quality Bonds, which provides: if no other moneys in the Water Pollution Control Loan Fund are available to make WPCLF Loans, moneys in the Interest Fund may be applied to make WPCLF Loans or to pay Bond Service Charges on Water Quality Bonds; provided, however, that moneys in the Interest Fund may not be used to make WPCLF Loans or to pay Bond Service Charges on Water Quality Bonds unless: (i) the amount on deposit in the debt service fund for the State Match Bonds is then sufficient for the full payment of the bond service charges payable on the State Match Bonds on the next succeeding interest payment date, (ii) the required reserve fund balance, as defined in the State Match Bond Trust Agreement, is on deposit in the debt service reserve fund for the State Match Bonds, and (iii) no default by a Governmental Agency under a WPCLF Loan Agreement has occurred which, unless cured, will necessitate the transfer of moneys then on deposit in the Interest Fund (but not then needed to be transferred to the debt service fund or the debt service reserve fund for the State Match Bonds) to the debt service fund or the debt or the debt service reserve fund for the State Match Bonds during the ensuing twelve months.

## **Rebate Fund**

There is created and ordered maintained as a separate deposit account in the custody of the Trustee a fund to be designated the "Water Quality 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 Funds, the Debt Service Fund, the Debt Service Reserve Fund and the Costs of Issuance Fund pursuant to the Trust Agreement and all Revenues received from the Water Pollution Control Loan Fund Trustee for payment to the United States of

America. Any provision of the Trust Agreement notwithstanding, amounts credited to or deposited in such Rebate Fund shall not be subject to any lien under the Trust Agreement or to the claim of any other person, including with limitation any Holder of 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 Water Quality Bonds. To the extent, and in the event the Rebate Fund is no longer so required, the same will, notwithstanding any provisions of the Water Quality Bond General Resolution or the Trust Agreement to the contrary, be subject to the lien under the Trust 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 Water Quality 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 and Rebate Fund**

Moneys in the Special Funds held by the Trustee and the Rebate Fund will be invested and reinvested by the Trustee in Eligible Investments at the direction of the Fiscal Officer, provided that the Fiscal Officer will confirm thereafter in writing any such oral directions given to the Trustee. The Fiscal Officer will endeavor to deliver reinvestment instructions in such manner and at such times so 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 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 will mature not later than the next date on which such income is required to be transferred to the Debt Service Fund pursuant to the Trust Agreement. 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 under the Agreement. Debt Service Reserve Fund investments, except investment of income realized, must be of a type which pay interest on an annual or semi-annual basis. Investment 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 funded with the proceeds of WPCLF Loans to be paid from the Net Bond Proceeds Fund.

Upon the direction of the Fiscal Officer, provided that the Fiscal Officer shall confirm thereafter in any such direction given to the Trustee, the Trustee may sell those investments and reinvest the proceeds therefrom in Eligible Investments maturing or redeemable as described above. 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 by the Agreement. The Trustee will 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 under the Trust Agreement, and when instructed by the Fiscal Officer. An investment made from moneys credited to any Special Fund, the Net Bond Proceeds Funds, or the Rebate Fund or any subfund thereof or account of such subfund shall constitute part of that 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 any depreciation in the Value of, or for any loss arising from, any such investment.

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

Moneys available in the Surplus Fund may be required to be invested to give effect to the cross-collateralization between the Water Pollution Control Loan Fund and the Drinking Water Assistance Fund in order to enhance the security for state match and leveraging bonds for the Drinking Water Assistance Fund. See "SECURITY AND SOURCE OF PAYMENT OF WATER QUALITY REFUNDING BONDS" for a discussion of the cross-collateralization provisions.

## **Deposit and Disposition of Revenues**

All Revenues and all moneys that may be requisitions from the Interest Fund, the Surplus Principal Fund, the Capitalization Grant Subfund, or the Water Quality Subfund under the Water Pollution Control Loan Fund Trust Agreement pursuant to the Trust Agreement shall be deposited by the Trustee as received from the Water Pollution Control Loan Fund Trustee so as to be available at the following times and in the following order:

First: To the Debt Service Fund, (a) all Revenues as soon as received until the balance in the Debt Service Fund equals an amount which will be equal to the sum of (1) the interest on all outstanding Water Quality Bonds due on the next Interest Payment Date, (2) the principal of all outstanding Water Quality Bonds due on such Interest Payment Date, and (3) the mandatory sinking fund requirement for all outstanding Water Quality 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 Water Quality Bonds received by the Trustee pursuant to any invitation to the Holders to tender such Water Quality Bonds in accordance with the provisions of the applicable Series Resolution.

Second: 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 the Trust 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.

Third: 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 (permitted for the Debt Service Reserve Fund under the Trust Agreement) 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.

Fourth: 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.

Annually on the first day of each month that precedes a month in which a Principal Retirement Date occurs on which any Water Quality 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, Water Quality Bonds in the amount stated in such direction provided 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 and Third inclusive. If the Authority directs the Trustee to redeem Water Quality Bonds pursuant to the provisions described in 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, will determine the method and timing of any redemption of the Water Quality Bonds, including purchases pursuant to any tender provided in 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. No Water Quality Bonds shall be so purchased or called unless at the time thereof the Required Reserve Fund Balance is available in the Debt Service Reserve Fund, nor purchased at a price exceeding 103% of par or the then prevailing call price, whichever shall be lower.

## Covenants of Authority

So long as the Book Entry System is in effect with respect to the Series 2012A Water Quality Refunding Bonds, the Authority and the Trustee will recognize the Depository, initially DTC, or its nominee, Cede & Co., as the Holder of the Series 2012A Water Quality Refunding Bonds for all purposes, including compliance with the covenants described below. See "THE SERIES 2012A WATER QUALITY REFUNDING BONDS."

The Authority covenants with the Holders of all Water Quality Bonds, including the Series 2012A Water Quality Refunding Bonds, as follows:

(a) Payment of Bond Service Charges. The Authority will pay all Bond Service Charges, or cause them to be paid, solely from the sources provided in the Trust Agreement, on the dates, at the places and in the manner provided in the Water Quality Bond General Resolution and the Trust Agreement.

(b) 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 Water Pollution Control Loan Bond 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 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 of the Ohio Revised Code.

(c) Pledged Revenues and Assignments of Pledged Revenues. Except as permitted by the provisions of the Trust Agreement permitting the deppling of Pledged Revenues described in paragraph (d) below, the Authority will not create or suffer to be created any pledge, lien or charge on the Pledged Revenues except to secure Water Quality Bonds issued pursuant to the Water Pollution Control Loan Fund Bond General Resolution which would constitute a pledge or lien prior to, or on a parity with, the pledge created by the Trust Agreement to secure the Water Quality Bonds; nor any pledge on lien junior to such pledge except pursuant to a Reimbursement Agreement or an Interest Rate Pledge Agreement or as security for indebtedness the terms of which permit its retirement at maturity or by call or purchase for cancellation only after prior retirement in full of all outstanding Water Quality Bonds.

(d) Deppling of Pledged Bonds. Notwithstanding the covenant described in paragraph (c) above, the Authority, with the consent of the Director, may from time to time cause the principal on one or more WPCLF Loans and any Additional Pledge Loan Repayments to be removed from Revenues and Pledged Revenues and thereby terminate the pledge of such principal payments and Additional Pledged Loan Repayments for the benefit of Holders, if the Executive Director and the Director certify to the Trustee as follows, and accompany their certificate with respect to the matters covered by clause (ii) below with a supporting certification of an independent firm of certified public accountants reasonably acceptable to the Trustee.

(i) The purpose for the removal of the principal payments on such WPCLF Loan or WPCLF Loans or of such Additional Pledged Loan Repayments from Revenues is to cause the payment of the principal on such WPCLF Loan or WPCLF Loans or such Additional Pledged Loan Repayments to secure other debt obligations, the net proceeds of which will be deposited in the Water Pollution Control Loan Fund, except that the payments on any WPCLF 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 WPCLF Loan or Additional Pledged Loan constitutes a Non-qualified Loan at the time of the removal, and the payments of the principal of and interest on any such WPCLF Loan or Additional Pledged Loan after such removal shall be deposited by the Water Pollution Control Loan Fund Trustee in the Interest Fund if and to the extent that the deposit thereof in the Interest Fund is required by the State Match Bond Trust Agreement and the Water Pollution Control Loan Fund Trust Agreement, and otherwise to the Surplus Principal Subaccount in the Other Projects Fund;

(ii) After the removal of the principal payments on such WPCLF Loan or WPCLF 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 105% 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 Water Quality Bonds then outstanding; and

(iii) The principal on such WPCLF Loan or WPCLF Loans or of such Additional Pledged Loan Repayments has been removed on a “last in, first out” basis determined by the date of the WPCLF Loan or WPCLF Loans or Additional Pledged Loans, except that the payments on any WPCLF Loan that any time constituted a Non-qualified Loan, may be removed by specific designation of the Executive Director, regardless of the “last in, first out” basis of selection and regardless of whether such WPCLF Loan or Additional Pledged Loan constitutes a Non-qualified Loan at the time of the removal.

Upon receipt of such certification, the Trustee shall acknowledge in writing the removal of the principal payments on such WPCLF Loan or WPCLF Loans or of such Additional Pledged Loan Repayments from Revenues and Pledged Revenues, and thereupon the pledge of such principal 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 WPCLF Loan or WPCLF Loans, in such Additional Pledged Loan Repayments, or in any other loans funded from bonds secured by the payment on such WPCLF Loan or WPCLF Loans or by such Additional Pledged Loan Repayments. For purposes of this subsection (d) any WPCLF Loan or Additional Pledged Loan may be divided into portions and the principal payments on any such portion of a WPCLF Loan or the Additional Pledged Loan Repayments on such portion of an Additional Pledged Loan may be removed from Revenues and Pledged Revenues as provided in the Trust Agreement.

(e) 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 his 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 Water Quality Bonds then outstanding or a designated representative thereof. The Authority shall keep or cause to be kept proper books or record and account in which complete and correct entries shall be made of its transactions relating to the Trust 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 Trust Agreement.

(f) 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 Water Quality Bonds then outstanding, or a designated representative thereof.

(g) Continuation of Water Pollution Control Loan Fund Program. The Authority will assist the Director in promptly, efficiently and diligently continuing the Water Pollution Control Loan Fund Program with all practicable dispatch.

(h) 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 which 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 Trust Agreement to include a comparable covenant of the Director.

(i) Exclusion from Gross Income for Federal Income Tax Purposes of Interest on Water Quality Bonds. The Authority will restrict the use, including the investment thereof, of the proceeds of Water Quality Bonds and of any amounts deemed to be, or required to be treated as, proceeds of Water Quality 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 Water Quality 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 Water



Quality 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 Water Quality Bonds under such Section, and (iii) not to invest or permit the investment of the proceeds of Water Quality Bonds in such manner as to cause the Water Quality Bonds to be federally guaranteed within the meaning of Section 149 of the Code. The Authority will cause the Trust Agreement to 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 officer, employees, consultants or agents for 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 inclusions in the transcript of proceedings for the Water Quality 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 Water Quality 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 Water Quality 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 the Trust Agreement.

(j) Renewal Bond Anticipation Notes and Water Quality Bonds. The Authority will do all things necessary to effect the issuance of and delivery, at or prior to the maturity of any Bond Anticipation Notes, of renewal Bond Anticipation Notes or of the Water Quality Bonds in anticipation of which such Bond Anticipation Notes were issued for the refunding of any portion of the principal amount thereof for which necessary Revenues have not been received, that it will do all things necessary to sell such renewal Bond Anticipation Notes or such Water Quality Bonds at the time described above and will accept such interest rate as shall be lawful and necessary in order to effect such sale, and these obligations are established as duties specifically enjoined by law upon the Authority and its officers, and result from their respective offices, trusts or stations within the meaning of Section 6121.09 of the Ohio Revised Code.

(k) Requisition of Moneys in the Custody of the Water Pollution Control Loan Fund Trustee. If and to the extent necessary to enable the Trustee to effect any transfers and deposits to the Debt Service Fund or the Debt Service Reserve Fund from the Surplus Principal Fund, the Water Quality Subfund, the Capitalization Grant Subfund or the Interest Fund pursuant to the Trust Agreement, the Authority will requisition moneys from the Account or Subfund from which the transfer is to be made by written instrument to the Water Pollution Control Loan Fund Trustee. The Authority will deposit, or cause the Trustee to deposit, to the credit of the Debt Service Fund or Debt Service Reserve Fund, as applicable, the amounts received from the above-described requisitions.

## **Events of Default and Remedies Therefor**

So long as the Book Entry System is in effect with respect to the Series 2012A Water Quality Refunding Bonds, the Authority and the Trustee will recognize the Depository initially, or its nominee, Cede & Co., as the Holder of the Series 2012A Water Quality Refunding Bonds for all purposes, including the default and remedies provisions described below. See “THE SERIES 2012A WATER QUALITY REFUNDING BONDS.”

Each of the following occurrences or events is declared in the Trust Agreement to be an “Event of Default”:

(a) Payment of any interest on any Water Quality Bond shall not be made when and as that interest shall become due and payable;

(b) Payment of the principal of or any premium on any Water Quality Bond shall not be made when and as the principal or premium shall become due and payable whether at stated maturity, by redemption, pursuant to any mandatory sinking fund requirements or otherwise;

(c) 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 Trust Agreement or in

the Water Quality 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 Water Quality 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 Water Quality Bonds then outstanding the Trustee will, subject to the provisions of the Trust Agreement, proceed in its own name, to protect and enforce its rights and the rights of the Holders under the Trust Agreement, by such of the following remedies as the Trustee, being advised by counsel, shall deem most effective to protect those rights:

(a) By mandamus or other suit, action or proceeding at law or in equity enforce all the rights of the Holders of the Water Quality Bonds, including compelling of the performance of all duties of the Authority or Governmental Agencies under the Water Quality Bond proceedings and the enforcement of the payment of Bond Service Charges on the Water Quality Bonds then outstanding:

(b) Institution of suit upon the Water Quality Bonds;

(c) 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 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 which 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:

(a) First, to the payment to the Holders entitled thereto of all installments of interest then due on the Water Quality 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 the 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 Water Quality Bonds.

(b) Second, to the payment to the Holders entitled thereto of the unpaid principal of any of the Water Quality Bonds which shall have become due (other than Water Quality Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Trust 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 Water Quality Bonds from the respective dates upon which they become due at the rates specified in those Water Quality Bonds, and if the amount available is not sufficient to pay in full all Water Quality 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; and

(c) If, at the time that any payments are to be made as described in paragraph (a) above the Holders of any series of Water Quality Bonds shall have had the principal of or interest on any such series of Water Quality Bonds paid in whole or in part from proceeds of a Credit Facility, the provider of the Credit Facility shall be the Holder of the Water Quality Bonds the principal of or interest on which was paid in whole or in part from such Credit Facility for purposes of the application of moneys as described above to such series of Water Quality Bonds but shall be the Holder of such Series of Water Quality Bonds only to the extent that such provider has paid in whole or in part the principal of or interest on such Water Quality Bonds and has not been reimbursed in an amount equal to such payments of principal of or interest on such Water Quality Bonds.

Whenever all Water Quality Bonds and interest thereon have been paid under the provisions of the Trust Agreement and all Payment Obligations have been paid, any balance remaining in the Debt Service Fund shall be paid to the Water Pollution Control Loan Fund Trustee. The Holders of two-thirds or more in aggregate principal amount of Water Quality Bonds then outstanding (exclusive of Water Quality Bonds then owned by the Authority) shall have the right at any time to direct, by an instrument or document or instruments or documents in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Trust Agreement or for the appointment of a receiver or any other proceedings under the Trust Agreement; provided, that (i) any direction shall not be other than in accordance with the provisions of law and of the Trust Agreement, (ii) the Trustee shall be indemnified pursuant to the Trust Agreement, (iii) the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction and the Trustee shall have the right to decline to follow any direction which in the opinion of the Trustee would be unjustly prejudicial to Holders of Water Quality Bonds not parties to such declaration.

### **Rights and Remedies of Holders**

So long as the book entry system is in effect with respect to the Series 2012A Water Quality Refunding Bonds, the Authority and the Trustee will recognize the Depository, initially DTC, or its nominee, Cede & Co., as the Holder of the Series 2012A Water Quality Refunding Bonds for all purposes, including the granting of consents as described below. See "THE SERIES 2012A WATER QUALITY REFUNDING BONDS."

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:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in the Trust Agreement, or of which the Trustee is deemed to have notice,

(b) the Holders of at least twenty-five percent (25%) in aggregate principal amount of Water Quality Bonds then outstanding shall have made written request to the Trustee and shall have afforded the 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

(c) 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, 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 Water Quality 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 Water Quality 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 Water Quality Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Water Quality Bond.

### **Supplemental Trust Agreements; Modifications**

So long as the Book Entry System is in effect with respect to the Series 2012A Water Quality Refunding Bonds, the Authority and the Trustee will recognize the Depository, initially DTC, or its nominee, Cede & Co., as the Holder of the Series 2012A Water Quality Refunding Bonds for all purposes, including the granting of consents as described below. See "THE SERIES 2012A WATER QUALITY REFUNDING BONDS."

Without the consent of, or notice to, any Holders, the Authority and the Trustee may enter into agreements supplemental to the Trust Agreement which 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:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in the Trust Agreement;
- (b) 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;
- (c) To subject additional revenues, receipts or moneys to the lien and pledge of the Trust Agreement;
- (d) 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 Water Quality Bonds of difference series will be redeemed in some prescribed relationship to one another.
- (e) 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 Water Quality Bonds;
- (f) To permit the issuance of Water Quality Bonds with coupons attached or the exchange of Water Quality Bonds, at the option of the Holder or Holders thereof, for coupon Water Quality Bonds of the same series payable to bearer, in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the predecessor Water Quality 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 Water Quality Bonds to be issued or outstanding being or become included in the gross income of the Holders for federal income tax purposes;
- (g) 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;
- (h) To permit the Trustee to comply with any obligations imposed upon it by law;
- (i) To specify further the duties and responsibilities of, and to define further the relationship among the Trustee, the Registrar, the Authenticating Agents or Paying Agents and, if any, the Tender Agent and the Remarketing Agent;
- (j) To achieve compliance of the Trust Agreement with any applicable federal securities or tax law;
- (k) To make amendments to the provision of the Trust 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 Water Quality Bonds 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 Water Pollution Control Loan Fund Trustee, and (iii) transfer among the various funds, subfunds and accounts held by the Trustee and the Water Pollution Control Loan Fund Trustee;
- (l) To evidence the appointment of (i) a new Trustee for the Water Quality Bonds, or (ii) a new Tender Agent or Remarketing Agent for any series of Water Quality Bonds;

(m) To permit any other amendment which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders; and

(n) To provide for the issuance of and to secure Water Quality Bonds in accordance with the Trust Agreement.

With the consent of the Holders of not less than a majority in aggregate principal amount of the Water Quality Bonds at the time outstanding (exclusive of Water Quality Bonds then owned by the Authority), evidenced as provided in the Trust Agreement, the Authority, the Director and the Trustee may execute and deliver Supplemental Agreements adding any 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:

(a) without the consent of the Holder of each Water Quality Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Water Quality Bond, (ii) a reduction in the principal amount of any Water Quality 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

(b) without the consent of the Holders of all Water Quality Bonds then outstanding, (i) the creating of a privilege or priority of any Water Quality Bond or Water Quality Bonds over any other Water Quality Bond or Water Quality Bonds, or (ii) a reduction in the aggregate principal amount of the Water Quality Bonds required for consent to a Supplemental Agreement, or

(c) without the consent of the provider of a Credit Facility, the execution of a Supplemental Agreement which materially adversely affects the rights of such provider under the Trust 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**

So long as the book entry system is in effect with respect to the Series 2012A Water Quality Refunding Bonds, the Authority and the Trustee will recognize the Depository, initially, DTC, or its nominee, Cede & Co., as the Holder of the Series 2012A Water Quality Refunding Bonds for all purposes, including the payment of all Bond Service Charges with respect to the Series 2012A Water Quality Refunding Bonds due or to become due thereon for the purpose of discharging the Trust Agreement.

If (i) the State, acting by the Authority, shall pay all of the outstanding Water Quality Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the outstanding Water Quality 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 and become null and void (except for those provisions surviving pursuant to the Trust Agreement in the event the Water Quality Bonds are deemed paid and discharged), and the covenants, agreements and obligations of the Authority under the Trust Agreement shall be released, discharged and satisfied.

All or any part of the Water Quality Bonds shall be deemed to have been paid or discharged within the meaning of the Trust Agreement if:

(a) The Trustee as Paying Agent and any Paying Agents shall have received, in trust for and irrevocably committed thereto, sufficient moneys, or

(b) the Trustee shall have received in trust for and irrevocably committed thereto Escrow Securities which 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 (a) 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 Water Quality 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 Water Quality 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 Water Quality Bonds**

The Authority and Director may issue additional Water Quality Bonds from time to time for the propose of providing continuing funding for the sole benefit of the Water Pollution Control Loan Fund. For a discussion of the conditions for issuing additional Water Quality Bonds, see “ADDITIONAL WATER QUALITY BONDS.”

In the event that the payment of Bond Service Charges on all or any portion of any series of Water Quality Bonds are to be insured or secured by a Credit Facility, then the Supplemental Trust Agreement with respect to such Water Quality 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 will 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 Trust Agreement, (iii) the rights, if any to be granted to such provider to approve amendments to the Trust Agreement, to instruct or request the Trustee to exercise remedies or to take any action under the Trust Agreement on behalf of, in lieu of, or as subrogee for, the Holders of such Water Quality Bonds, or (iv) any other terms or conditions relating to such Credit Facility not contrary to or inconsistent with the Trust Agreement.

If the Holders of all or any of the Water Quality Bonds of any series are, by the terms thereof, entitled or required to tender such Water Quality Bonds to the Authority for purchase at one or more times prior to the stated maturity of such Water Quality Bonds, the purchase price required to be paid upon such a tender shall not be deemed Bond Service Charges payable on such Water Quality Bonds for the purpose of determining the fulfillment of the test set forth in the Water Quality Bond General Resolution or the issuance of additional Water Quality Bonds or the amount of the Required Reserve Fund Balance attributable to Balloon Bonds, or for any other purpose of the Trust Agreement, provided that the payment of the purchase price payable upon the exercise of such a tender is, and at all times is required to be, insured or secured by a Credit Facility, and provided further that the amounts paid or drawn under such Credit Facility for the payment of the principal portion of the purchase price for such tendered Water Quality Bonds are not required under the applicable Reimbursement Agreement to be reimbursed by the Authority any earlier than the principal amount so tendered would otherwise be required to be retired pursuant to the stated maturity schedule or mandatory sinking fund schedule for such Water Quality Bonds. If the Authority is required to reimburse such amounts earlier than it would have been required to retire the principal amount so tendered, then such reimbursement schedule shall be deemed to be the Principal Retirement Schedule for such Bonds for the purpose of determining the fulfillment of the test set forth in the Water Quality Bond General Resolution for the issuance of additional Water Quality Bonds, irrespective of whether any such reimbursement obligation has yet accrued, and for all other purposes of the Trust Agreement once such a reimbursement obligation has accrued and until such reimbursement obligation has been fully discharged.

In anticipation of the issuance of any series of Water Quality Bonds, the Authority may issue one or more series of Bond Anticipation Notes. All requirements of the Agreement applicable to Water Quality Bonds shall apply to Bond Anticipation Notes, including, without limitation the conditions precedent for the issuance of a series of Water Quality Bonds. For the purposes of determining (1) whether Water Quality Bonds, regardless of whether they are to be Bond Anticipation Notes, may be issued in compliance with the requirements of the Water Quality Bond General Resolution when any Bond Anticipation Notes are outstanding (2) whether Water Quality Bonds that are Bond Anticipation Notes may be issued in compliance with the requirements of the Water Quality Bond General Resolution, and (3) the amount of the Required Reserve Fund Balance attributable to Bond Anticipation Notes, the Bond Service Charges on such Bond Anticipation Notes shall be determined in accordance with the provisions of the Water Quality Bond General Resolution relating to Balloon Bonds, described below.

In the event the Authority enters into an Interest Rate Hedge agreement to simulate a fixed rate of interest of 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 for 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 the Water Quality General Bond Resolution and the Trust Agreement on the terms of and security for the Water Quality Bonds applied to that structure as though it consisted entirely of Water Quality Bonds and as though the portion of the Payment Obligations of the Authority thereunder that represent 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 "AA," "Aa" 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 Water Quality 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 the Water Quality General Bond Resolution as they apply to Variable Rate Bonds under the Water Quality General Bond Resolution, 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 Water Quality 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 Water Quality Bonds for the purposes of the Trust Agreement, the following rules will apply:

*Variable Rate Bonds.* For the purpose of determining whether Water Quality Bonds, regardless of whether they are to be Variable Rate Bonds, may be issued in compliance with the requirements of the Water Quality Bond General Resolution when any Variable Rate Bonds are outstanding, the rate of interest borne by any outstanding Variable Rate Bonds will be deemed to be the highest rate of interest borne by such Variable Rate Bonds during the preceding twelve months or such shorter period that such Variable Rate Bonds may have been outstanding.

For the purpose of determining whether Water Quality Bonds that are to be Variable Rate Bonds may be issued in compliance with the requirements of the Water Quality Bond General Resolution, and for the purpose of determining the amount of the Requirement Reserve Fund Balance attributable to such Variable Rate Bonds, the rate of interest to be borne by such Variable Rate Bonds will be deemed to be the Assumed Interest Rate.

For the purpose of determining whether any outstanding Variable Rate Bond is deemed paid and discharged pursuant to the Trust Agreement, such Variable Rate Bond will be deemed to bear interest at the actual rate of interest borne thereby for the remainder of the period that such rate will 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 will 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 Water Quality 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 Water Quality Bonds for the purposes of determining (1) whether Water Quality Bonds, regardless of whether they are to be Balloon Bonds, may be issued in compliance with the requirements of the Water Quality Bond General Resolution when any Balloon Bonds are outstanding, (2) whether Water Quality Bonds that are Balloon Bonds may be issued in compliance with the requirements of the Water Quality Bond General Resolution, and (3)

the amount of the Required Reserve Fund Balance attributable to such Balloon Bonds, the Bond Service Charges on such Water Quality Bonds will be determined:

(i) if such Balloon Bonds are not Capital Appreciation Bonds, 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; and

(ii) 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 Water Quality Bonds have been issued as or are proposed to be issued as Capital Appreciation Bonds; then in order to compute the Bond Service Charges on such series of Water Quality Bonds for the purposes of determining (1) whether Water Quality Bonds, regardless of whether they are to be Capital Appreciation Bonds, may be issued in compliance with the requirements of the Water Quality Bond General Resolution when any Capital Appreciation Bonds are outstanding, (2) whether Water Quality Bonds that are Capital Appreciation Bonds may be issued in compliance with the requirements of the Water Quality Bond General Resolution, and (3) the amount of the Required Reserve Fund Balance attributable to such Capital Appreciation Bonds, the Bond Service Charges on such Water Quality Bonds shall include the applicable Appreciated Principal Amounts at maturity.

*Crossover Refunded Bonds and Crossover Refunding Bonds.* If any outstanding Water Quality 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 Water Quality 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.



## APPENDIX F

### FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

March 7, 2012

Ohio Water Development Authority

RBC Capital Markets, LLC

We have examined the transcript of proceedings (the “Transcript”) relating to the issuance by the Ohio Water Development Authority (the “Authority”), a body corporate and politic of the State of Ohio, of its \$62,555,000 Water Pollution Control Loan Fund Refunding Revenue Bonds, Water Quality Series 2012A (Federally Taxable Series 2012A Water Quality Refunding Bonds) (the “Series 2012A Refunding Bonds”), dated as of the date hereof, and issued for the purpose of raising moneys for the sole benefit of the Water Pollution Control Loan Fund, funding the Debt Service Reserve Fund established under the Trust Agreement (as hereinafter defined), and paying costs of issuance of the Series 2012A Bonds. The Series 2012A Bonds are issued under the Trust Agreement, dated as of October 1, 1995 (as amended and supplemented, the “Trust Agreement”), among the Authority, the Director of Environmental Protection of the State of Ohio (the “Director”) and The Bank of New York Mellon Trust Company, N.A., Cincinnati, Ohio, as successor Trustee to The Fifth Third Bank, Cincinnati, Ohio (the “Trustee”), as amended and supplemented by the First Supplemental Trust Agreement, dated as of October 1, 1995, the Second Supplemental Trust Agreement, dated as of October 15, 1997, the Third Supplemental Trust Agreement, dated December 19, 2001, the Fourth Supplemental Trust Agreement, dated as of February 1, 2002, the Fifth Supplemental Trust Agreement, dated as of May 1, 2002, the Sixth Supplemental Trust Agreement, dated as of May 1, 2003, the Seventh Supplemental Trust Agreement, dated as of January 29, 2004, the Eighth Supplemental Trust Agreement, dated as of November 17, 2004, the Ninth Supplemental Trust Agreement, dated as of April 14, 2005, the Tenth Supplemental Trust Agreement, dated as of August 25, 2005, the Eleventh Supplemental Agreement, dated as of September 24, 2009, the Twelfth Supplemental Agreement, dated as of January 29, 2010, the Thirteenth Supplemental Trust Agreement, dated as of August 24, 2010, the Fourteenth Supplemental Trust Agreement, dated as of September 30, 2010, the Fifteenth Supplemental Trust Agreement, dated as of August 23, 2011, the Sixteenth Supplemental Trust Agreement, dated as of December 16, 2011, the Seventeenth Supplemental Trust Agreement, dated as of December 21, 2011 and the Eighteenth Supplemental Trust Agreement, dated as of March 7, 2012 each among the Authority, the Director and the Trustee. The documents in the Transcript include an executed counterpart of the Eighteenth Supplemental Trust Agreement and certified copies of the Water Quality Bond General Resolution, the Series 2012A Resolution and the Certificate of Award relating to the Series 2012A Refunding Bonds. Capitalized words and terms used, but not otherwise defined, herein are used with the meanings assigned to them in the Trust Agreement.

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 February 23, 2012, relating to the Series 2012A Refunding 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 this examination we are of the opinion that, under existing law:

1. The Series 2012A Water Quality Refunding Bonds and the Trust Agreement constitute legal, valid and binding obligations of the Authority and, with respect to the Trust Agreement, the Director.

2. The Loan Agreements have been duly entered into by the Authority, the Director and the respective Governmental Agencies and constitute valid and legally binding contractual obligations of such parties, but we express no opinion regarding the Sponsor Program Loans.

3. The Series 2012A Water Quality Refunding Bonds constitute special obligations of the Authority. Bond Service Charges on the Series 2012A Water Quality Refunding Bonds shall be payable solely from the Pledged Revenues and the Special Funds, each as defined in the Trust Agreement. The Series 2012A Water Quality Refunding Bonds do not constitute a debt, or a pledge of the faith and credit, of the Authority, the State of Ohio (the "State") or any political subdivision thereof, and the holders thereof have no right to have taxes levied by the General Assembly of the State or the taxing authority of any political subdivision of the State for the payment of debt service thereon.

4. The interest on the Series 2012A Water Quality Refunding Bonds, and any profit made on their sale, exchange, or other disposition, are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. We express no opinion as to any other tax consequences regarding the Series 2012A Water Quality Refunding Bonds.

The opinions set forth herein are further qualified in their entirety as follows: (i) the terms and provisions of any instrument or agreement are subject to the application of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights and, in addition, are subject generally to the application of general principles of equity; (ii) the remedy of specific performance is generally discretionary with the court and may not be available with respect to the enforcement of the terms and provisions of any instrument or agreement; (iii) judicial decisions indicate that public policy may make unenforceable provisions in agreements respecting payment by a debtor of the costs of enforcement, including without limitation, attorneys' fees; and (iv) certain of the notice, waiver and remedial provisions contained in the instruments and agreements referred to in this opinion may be unenforceable in whole or in part, it being our opinion, however, that the inclusion of any such provision does not affect the overall validity of such instruments and agreements and will not materially interfere with the practical realization of the benefits of any liens provided for therein.

Respectfully submitted,

## **APPENDIX G**

### **BOOK ENTRY ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2012A Water Quality Refunding Bonds. The Series 2012A Water Quality Refunding Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate for each maturity of the Series 2012A Water Quality Refunding Bonds, in the aggregate principal amount of such maturity, will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under 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, as amended. DTC holds and provides asset servicing for over 2.2 million issues of the 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 deposit securities through electronic, computerized book-entry transfers and pledges between Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include 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 owned by a number of Direct Participants of DTC and Members of the Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC) and by The New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 a Standard & Poor’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.dtc.org](http://www.dtc.org) or [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2012A Water Quality Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012A Water Quality Refunding Bonds on DTC’s records. The ownership interest of each actual purchaser of each of the Series 2012A Water Quality Refunding Bonds (the “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Series 2012A Water Quality Refunding Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2012A Water Quality Refunding Bonds, except in the event that use of the Book Entry Only System for the Series 2012A Water Quality Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012A Water Quality Refunding Bonds deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by DTC. The deposit of the Series 2012A Water Quality Refunding 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 Beneficial Owners of the Series 2012A Water Quality Refunding Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2012A Water Quality Refunding Bonds are credited, which may or may not be the Beneficial 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 Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2012A Water Quality Refunding Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2012A Water Quality Refunding Bonds, such as redemptions, tenders, defaults, and proposed amendments to security documents. For example, Beneficial Owners of the Series 2012A Water Quality Refunding Bonds may wish to ascertain that the nominee holding the Series 2012A Water Quality Refunding Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2012A Water Quality Refunding Bonds are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2012A Water Quality Refunding 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 2012A Water Quality Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2012A Water Quality Refunding 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 on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial 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 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 shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as Securities Depository with respect to the Series 2012A Water Quality Refunding Bonds, at any time by giving reasonable notice to the Authority or the Trustee. Also, the Authority may determine that continuation of a securities depository/book-entry relationship is not in the best interests of the Holders of the Series 2012A Water Quality Refunding Bonds. Under such circumstances, in the event that a successor Securities Depository is not obtained, bond certificates are required to be and will be printed and delivered. See "Revision of Book-Entry System; Replacement Series 2012A Water Quality Refunding Bonds" below.

#### **Disclaimer by State, Authority, Director, Trustee, Financial Advisor and Underwriters**

Neither the State, the Authority, the Director nor 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 Director, the Trustee, the Authority's Financial Advisor and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or others will distribute to the Beneficial Owners (i) payments of Bond Service Charges on the Series 2012A Water Quality Refunding Bonds paid or (ii) 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 of Series 2012A Water Quality Refunding Bonds**

The Trust Agreement authorizing the issuance of the Series 2012A Water Quality Refunding Bonds will provide for issuance of fully registered replacement Series 2012A Water Quality Refunding Bonds (“Replacement Bonds”) directly to persons other than DTC or its nominee only in the event that DTC (or a successor Depository) determines not to continue to act as securities depository for the Series 2012A Water Quality Refunding 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 Beneficial 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 Beneficial Owners of the Series 2012A Water Quality Refunding Bonds by appropriate notice to DTC, the Authority and the Trustee shall authenticate and deliver Replacement Bonds, in the denomination of \$5,000 or 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.

Principal of, premium, if any, and interest on Replacement Bonds will be payable when due without deduction for the services of the Paying Agent. Principal of any Replacement 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 Bonds will be exchangeable for Replacement Bonds of authorized denominations, and transferable, at the designated office of the Registrar, without charge (except taxes or other governmental fees). Exchange or transfer of then redeemable Replacement Bonds is not required to be made (i) between the 15th day preceding the mailing of notice of Replacement 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 Bond selected for redemption (in whole or in part) until redemption.

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