



° Council of Infrastructure Financing Authorities

2013 SRF Workshop

Ohio Clean Water and Drinking Water
ULO Case Study

November 2013

Organization and Structure of Ohio's SRF Programs

- The Ohio Clean Water and Drinking Water SRF's administered by the Ohio EPA
 - The Ohio Water Development Authority provides financial and administrative support
 - This includes program debt issuance and disbursement of loan proceeds
- Both the Ohio Clean Water and Drinking Water programs use the capitalization grants to fund loans and set-aside activities

Encumbrance / Disbursement Process

- There are four sources of funding for Ohio Clean Water and Drinking Water loans
 - Capitalization Grants
 - State Match
 - Bond Proceeds
 - Excess Loan Repayments/Equity
- Our practice was to encumber projects against specific funding sources
 - The pace of disbursements from funding sources were depended upon the pace of disbursements from the specific projects that were assigned to the funding sources
 - These encumbrances silos were the primary cause Ohio ULO problem

Encumbrance / Disbursement Process

- Status of Ohio UOL's as of March 31, 2012
 - The Clean Water UOL balances as of 3/31/2013 were as follows:

Year Grant Awarded	Undrawn Amount
2009	10,215,787
2010	114,702,000
2011	83,129,000
Total:	208,046,787

Encumbrance / Disbursement Process

- The Drinking Water UOL balances as of 3/31/2013 were as follows:

Year Grant Awarded	Undrawn Amount
2009	6,431,751
2010	38,812,900
2011	26,503,310
Total:	71,747,961

Encumbrance / Disbursement Process

- All of these un-drawn grant balances were completely encumbered to projects under construction
 - The Clean Water Program had 430 projects encumbered against the grant balance
 - The Drinking Water Program had 92 projects encumbered against the grant balance
- Bond Proceeds
 - In early 2012, we had unspent bond proceeds that were nearing the 3-year TIPRA spend-down mark
 - To comply with the spend-down requirement, we were swapping active projects from grant and equity encumbrances to bond proceeds

Ohio's Solution to the UOL Problem

- In working with the SRF administrator's at Ohio EPA, we came-up with two solutions to our UOL problem
 - One solution provided immediate results
 - The second one was designed to prevent the problem from arising again
- We identified loan disbursements made from excess loan repayments/equity within the budget period of the grants that had unspent balances
 - Made draws from grants to reimburse the excess loan repayments/equity accounts
 - This made a significant dent in our unliquidated obligations balance

Ohio's Solution to the UOL Problem

- We also changed our encumbrance process
 - We no longer encumber projects against specific funding sources, but encumber against the whole program
 - We now fund loan draws for clean water and drinking water from the specific funding sources based on priorities
 - This change allows us to direct loan disbursements to the funding sources which have timing requires
 - Capitalization Grants
 - Bond Proceeds