

NEW ISSUE

Fitch Rating: "AA"

Interest on the Bonds is not excludable from gross income for purposes of federal income taxation. In the opinion of Bricker & Eckler LLP, Bond Counsel, the Bonds and the transfer thereof and the income therefrom, including any profit made on the sale thereof, are exempt from taxes levied by the State and its political subdivisions. See "CERTAIN TAX CONSIDERATIONS".

## PRIVATE PLACEMENT MEMORANDUM

**\$5,190,000**

**STATE OF OHIO**

**TAXABLE TRANSPORTATION PROJECT REVENUE BONDS**

**(FEDERAL TITLE XXIII TRANSPORTATION INFRASTRUCTURE BOND FUND)**

**SERIES 2008-1**

**Dated: Date of Issuance**

**Due: May 15, 2023**

**Purpose:** To provide moneys for a program reserve fund (the "Program Reserve Fund") to be pledged to secure repayment of the Bonds as well as future issuances of Federal Title XXIII Transportation Infrastructure Bond Fund Bonds. All Federal Title XXIII Transportation Infrastructure Bond Fund Bonds issued in the future are to be used primarily to finance eligible projects under Title XXIII of the Code of Federal Regulations ("Title XXIII"), including State and Federal roadways, as well as transit projects.

**Security and Sources of Payment:** The Bonds are being issued on a parity basis, and are to be secured equally and ratably, with any other Federal Title XXIII Transportation Infrastructure Bond Fund Bonds issued in the future by the State that are made payable from the Pledged Revenues, as defined herein. The Bonds are payable primarily from, and are secured by, a pledge of earnings received from investments of the moneys in the Program Reserve Fund funded by the Bonds and loan repayments received under the Federal SIB Loan Program as more fully described herein. Some of the funds and accounts created by the Orders or the Trust Indenture (each as defined herein) are held by The Bank of New York Mellon Trust Company, N.A., acting as trustee on behalf of the Treasurer of the State. The remainder of the funds and accounts created by the Orders or the Trust Indenture are held by the Treasurer as trust funds. **THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE STATE OF OHIO OR OF ANY POLITICAL SUBDIVISION AND ARE NOT PAYABLE FROM ANY TAX SOURCE. THE RIGHTS OF HOLDERS OF THE BONDS TO PAYMENTS OF AMOUNTS DUE THEREUNDER IS LIMITED SOLELY TO THE PLEDGED REVENUES, WHICH ARE PLEDGED TO SUCH PAYMENT.**

**Price and Rate of Interest Rate Per Annum:** Priced at 100%; Interest at the rate 6.56% per annum.

**Form and Denomination; Book Entry:** The Bonds will be fully registered bonds in denominations of \$100,000 and in any integral multiple of \$5,000 in excess thereof. The Bonds will be issued initially in book-entry form, registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"), to whom all payments and notices with respect to the Bonds will be made. As long as the Bonds are in book-entry form, purchasers of Bonds will not receive Bond certificates. Instead, purchasers of Bonds become the beneficial owners of such Bonds, with such ownership evidenced solely in the book-entry system recorded and maintained by DTC and certain Participants (and Indirect Participants) who participate with DTC in maintaining the book-entry system. See "Appendix B – Book-Entry Only System" hereto.

**Payment:** All payments will be made to the registered owners of the Bonds, initially Cede & Co. Principal of and any premium on the Bonds will be paid when due upon presentation and surrender to the Trustee. Interest will be paid on May 15 and November 15 of each year, beginning on November 15, 2008, to the registered owner as of the 1st day of the month in which occurs the applicable interest payment date.

**Prior Redemption:** The Bonds are subject to mandatory and optional redemption prior to maturity as described herein under the caption "THE BONDS — Redemption Prior to Maturity".

**Transfer:** The Bonds are offered, subject to prior sale when, as and if issued by the State pursuant to the private placement exemption from registration under the Securities Act of 1933, as amended. The Bonds are being offered only to a limited number of institutional investors who would acquire the Bonds for investment and not with a view to redistribution. See "ELIGIBLE INVESTORS" herein.

The Bonds are being offered by Fifth Third Securities, Inc. as Placement Agent for the State, subject to the approval of validity and certain other matters by Bricker & Eckler LLP, Bond Counsel, and certain other conditions. Robert W. Baird & Co. Incorporated (the "Financial Advisor") is serving as financial advisor in connection with the issuance and sale of the Bonds. Certain matters will be passed upon for the Placement Agent by McDonald Hopkins LLC. See "LEGAL MATTERS" herein. It is expected that delivery of the Bonds will be made on July 31, 2008 through the Depository Trust Company, New York, New York ("DTC") against payment therefor.

Fifth Third Securities, Inc.

The date of this Private Placement Memorandum is July 24, 2008  
and the information herein speaks only as of that date.

**No person has been authorized to give any information or to make any representations other than those contained in this Private Placement Memorandum, and if given or made, such information or representations must not be relied upon as having been authorized by the State or the Placement Agent. This Private Placement Memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered in any state to any person to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Private Placement Memorandum speaks as of the date hereof. Neither the delivery of this Private Placement Memorandum nor any sale hereunder will under any circumstances create any implication that there has been no change in the affairs of the Federal SIB Loan Program since the date hereof.**

**Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law 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 Treasurer and the Director, will have passed upon the accuracy or adequacy of this Private Placement Memorandum or approved the Bonds for sale.**

**During the offering and prior to the sale of the Bonds, any person who receives this Private Placement Memorandum may direct questions to and receive answers from Michael DiPerna, whose address is Robert W. Baird & Co. Incorporated, 10 West Broad Street, 25<sup>th</sup> Floor, Columbus, Ohio 43215, and who may be contacted at (614) 629-6952, or Melinda Lawrence, whose address is Ohio Department of Transportation, 1980 West Broad Street, 4<sup>th</sup> Floor, Columbus, Ohio 43223, and who may be contacted at (614) 644-7255, concerning the terms and conditions of this offering, to obtain or inspect documents summarized in this Private Placement Memorandum, and to obtain any additional information necessary to verify the accuracy of the information presented, to the extent that the State possesses such information or can acquire it without unreasonable effort and expense.**

**Audited financial statements for the Ohio Department of Transportation, State Infrastructure Bank, a component unit of the State of Ohio, Department of Transportation are available upon written request to the Deputy Director of Finance of the Department of Transportation of the State of Ohio, 1980 West Broad Street, 4<sup>th</sup> Floor, Columbus, Ohio 43223.**

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## SUMMARY STATEMENT

This summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this Private Placement Memorandum and in the Appendices attached hereto. The offering of the Bonds to potential investors is made only by means of the entire Private Placement Memorandum. No person is authorized to detach this summary from this Private Placement Memorandum or to otherwise use it without the entire Private Placement Memorandum. Capitalized terms appearing in this summary are defined on the cover page, later in this Private Placement Memorandum or in “Appendix A – Glossary” to this Private Placement Memorandum.

### General

#### PURPOSE OF BOND

FUND PROGRAM..... The Federal Title XXIII Transportation Infrastructure Bond Fund Program has been created to promote the development of eligible Title XXIII projects, which include State and Federal roadways, as well as transit projects. The State intends to accomplish this goal by enabling borrowers to benefit from the State’s access to the national capital markets through the issuance of Bond Fund Bonds. The Bond Fund Bonds provide long-term and fixed-rate financing to the Contracting Parties.

THE OFFERING ..... The offering consists of \$5,190,000 State of Ohio Taxable Transportation Project Revenue Bonds (Federal Title XXIII Transportation Infrastructure Bond Fund) Series 2008-1 for the purposes of funding the Program Reserve Fund and paying for the cost of issuance of the Bonds.

THE ISSUER ..... The Bonds are the first series of Bond Fund Bonds issued by the Treasurer on behalf of the State. ***The Bonds are not general obligations of the State of Ohio or of any political subdivision thereof and are not payable from monies raised by taxation. The rights of holders of the Bonds to payments of amounts due thereunder are limited solely to the Pledged Revenues.***

RATING ..... The Bonds are rated “AA” by Fitch.

TAX EXEMPTION ..... Interest on the Bonds is ***not*** excludable from gross income for federal income tax purposes. Interest on the Bonds, and any profit made on the sale, exchange or other disposition of the Bonds are exempt from taxes levied by the State and its political subdivisions. See “CERTAIN TAX CONSIDERATIONS” herein.

SECURITY AND SOURCE  
OF PAYMENT .....

The Bonds and other Bond Fund Bonds will be secured equally and ratably on a parity basis by a pledge of the Pledged Revenues, which include the following funds and accounts: (i) Revenue Fund, (ii) the Bond Fund (exclusive of the Section 5.07 Account and amounts in the Prepayment Account held for defeased Bond Fund Bonds), (iii) Contracting Parties' Collateral Proceeds Accounts, (iv) the State Infrastructure Bank – Federal (provided that amounts in the State Infrastructure Bank – Federal may be expended or encumbered for any purposes consistent with and permitted by the Act and may therefore not be available to pay Bond Service Charges on the Bond Fund Bonds), (v) the Program Reserve Fund, which is to be initially funded by the deposit therein of the net proceeds of the Bonds (see "USE OF PROCEEDS" herein), and (vi) Contracting Parties' Prepayment Accounts. A series of Bond Fund Bonds may also be secured by the Contracting Party's Bond Reserve Account. See "SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS" herein.

The State has covenanted that, while Fitch maintains a rating on any series of Bond Fund Bonds, the State will maintain a ratio of "Total Annual Cash Flows" to "Total Annual Debt Service" of not less than 1.20:1, unless Fitch agrees that maintenance of that ratio at less than 1.20:1 will not result in a reduction of the rating then presently in effect. For the definitions of those terms as used in that covenant, see "THE GENERAL BOND ORDER AND TRUST INDENTURE-Covenants of the State".

DENOMINATION ..... \$100,000 and in any integral multiple of \$5,000 in excess thereof.

PLACEMENT AGENT ..... Fifth Third Securities, Inc.

INTEREST RATE ..... The Bonds will bear interest at a fixed rate of interest and will be computed on the basis of a 360-day year consisting of twelve 30-day months, from the date of issuance, at the rate and mature in the amount and on the date set forth on the cover page hereof.

INTEREST PAYABLE ..... Interest on the Bonds will be payable on May 15 and November 15 of each year, commencing November 15, 2008.

REDEMPTION..... The Bonds are term bonds subject to optional redemption prior to stated maturity and mandatory redemption on each May 15 and November 15, commencing November 15, 2008. See “THE BONDS — Redemption Prior to Maturity” herein.

**Summary Description of Bond Fund Bond Reserves**

STATE INFRASTRUCTURE BANK – FEDERAL GENERAL REVENUE FUND ..... Amounts in the State Infrastructure Bank – Federal may be used to pay Bond Services Charges. However, amounts in the State Infrastructure Bank – Federal may be expended or encumbered for any purpose consistent with and permitted by the Act and may therefore not be available to pay Bond Services Charges on the Bond Fund Bonds. As of December 31, 2007, the State Infrastructure Bank – Federal had a cash balance of \$39,827,731, of which approximately \$19,397,765 has been obligated to future borrowers but has not yet been drawn down.

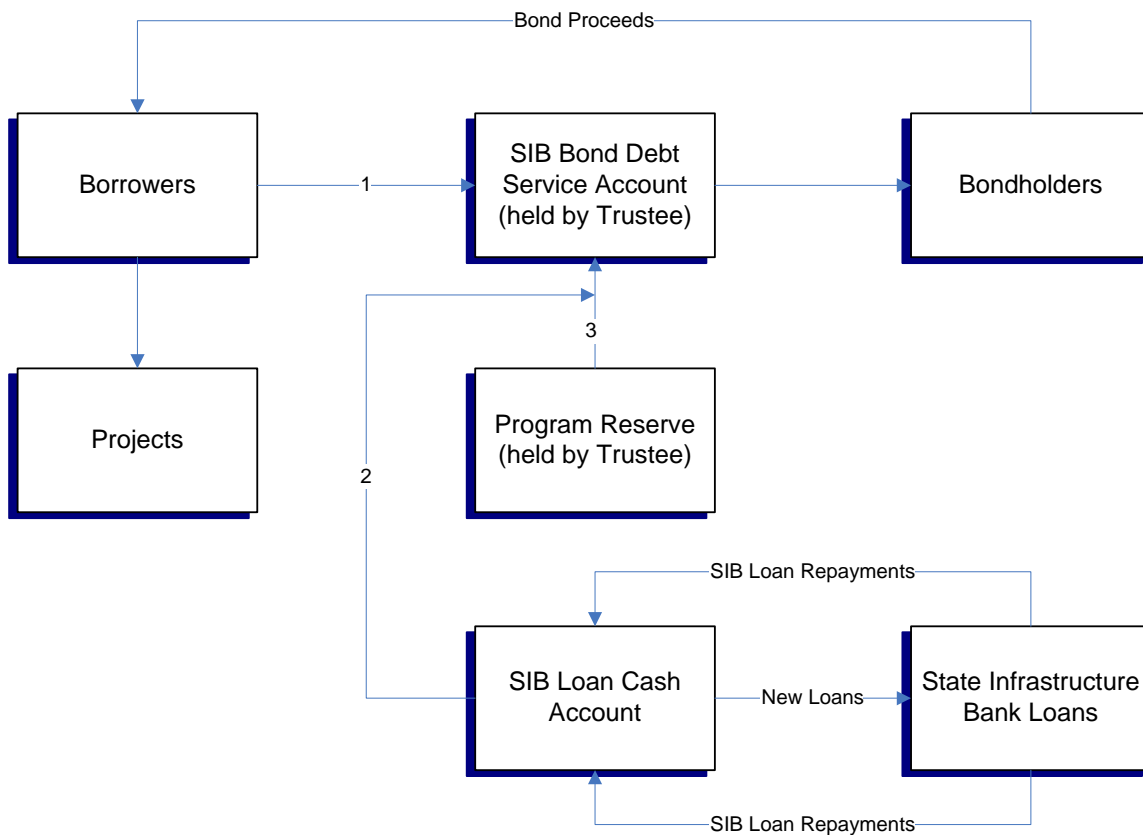
FEDERAL PROGRAM RESERVE FUND..... The Program Reserve Fund is being financed by the State with proceeds of the Bonds in the amount of \$5,000,000.

BOND RESERVE ACCOUNT .... Depending upon the type of project being financed or the credit history of a Contracting Party, some form of additional credit enhancement may be required by the Ohio Department of Transportation. Any additional credit enhancements provided by a Contracting Party will be placed in the Bond Reserve Account for that Contracting Party and used, to the extent available, first to cure a default in that Contracting Party’s Financing Payments prior to using the amounts in the Program Reserve Fund or Prepayment Accounts. A Bond Reserve Account supports only the related series of Bond Fund Bonds and is not a parity reserve account available to support other series of Bond Fund Bonds.



**State Infrastructure Bank Federal Bond Fund Program Flow of Funds**

**OHIO DEPARTMENT OF TRANSPORTATION**  
**State Infrastructure Bank**  
**Federal Bond Fund Program**  
**FLOW OF FUNDS**



**FLOW OF FUNDS**

1. Borrower makes scheduled debt service payments to Trustee;
2. SIB Loan Cash Account will be utilized;
3. SIB Program Reserve will be utilized.

**Note:** Collateral Proceeds Account or Bond Reserve Account, if any will be used prior to all other funds.

## INTRODUCTORY STATEMENT

(Certain capitalized terms used herein are defined in “Appendix A – Glossary” hereto.)

This Private Placement Memorandum is furnished in connection with the offering of \$5,190,000 of State of Ohio Taxable Transportation Project Revenue Bonds (Federal Title XXIII Transportation Infrastructure Bond Fund) Series 2008-1 (the “Bonds”). The Bonds are being issued by the State of Ohio (the “State”) pursuant to (i) Sections 5531.09 and 5531.10 of the Ohio Revised Code (the “Act”), (ii) the General Bond Order adopted by the Treasurer of State (the “Treasurer”) on July 24, 2008 (the “General Bond Order”), (iii) Series Bond Order R1-08 adopted by the Treasurer on July 24, 2008 (the “Series Bond Order”) which authorizes the issuance of the Bonds, (iv) the Trust Indenture between the Treasurer acting on behalf of the State and The Bank of New York Mellon Trust Company (the “Trustee”) dated as of July 1, 2008 (the “Trust Indenture”) and (v) the First Supplemental Trust Indenture between the Treasurer acting on behalf of the State and the Trustee dated as of July 1, 2008 (the “Supplemental Trust Indenture”).

The Bonds are being offered solely to a limited number of institutional investors pursuant to the private placement exemption of Section 4(2) of the Securities Act of 1933, as amended (the “Securities Act”), who, pursuant to the terms and conditions of a Private Placement Agreement between the State and the Placement Agent, must purchase the Bonds for the purpose of investment and not with a view to resale or other distribution.

The General Bond Order and Trust Indenture provide for a system of pooled debt service and reserve accounts which is described herein and which is designed to enable the Director of Transportation of the State (the “Director”) to create a transportation project financing program (the “Federal Title XXIII Transportation Infrastructure Bond Fund Program”) that will supplement the Federal SIB Loan Program (the “Federal SIB Loan Program”) the Director currently administers under the Act. The Bonds are being issued to fund the Federal Program Reserve Fund (the “Program Reserve Fund”), one of the reserve accounts that will be used to support Federal Title XXIII Transportation Infrastructure Bond Fund Bonds. The Bonds, together with all other obligations issued under the General Bond Order and Trust Indenture and payable from and secured by the system of pooled debt service and reserve accounts established thereby are referred to herein as the “Bond Fund Bonds”. See “APPENDIX D – Summary of Outstanding Bond Fund Bonds” hereto for a listing of all Outstanding Bond Fund Bonds.

Until other Bond Fund Bonds are issued under the General Bond Order and the Trust Indenture, the Federal Bond Fund (the “Bond Fund”), which will be the primary source of payment of the Bonds, will consist of earnings received from investments of moneys in the Program Reserve Fund (although the Director can direct that such earnings be retained in the Program Reserve Fund) and Program Receipts, to the extent they are needed, derived from certain loan agreements entered into by the State for transportation project programs under the Federal SIB Loan Program. For a description of the Federal SIB Loan Program, see “SUMMARY OF THE FEDERAL SIB LOAN PROGRAM” herein.



After additional series of Bond Fund Bonds are issued, the proceeds of which are to be used to finance qualified projects (“Qualified Projects”), the Bond Fund will also contain portions of loan repayments (the “Financing Payments”) derived from loan agreements (“Project Financing Agreements”) entered into by the State with public entity borrowers, such as political subdivisions, other state agencies, boards, or commissions, regional transit boards and port authorities (“Contracting Parties”), which, if paid as scheduled, would suffice and be used to pay amounts due and payable with respect to those Bond Fund Bonds.

The Bonds and other Bond Fund Bonds will also be secured equally and ratably on a parity basis by a pledge of (i) Contracting Parties’ Federal Collateral Proceeds Accounts (the “Collateral Proceeds Accounts”), (ii) the State Infrastructure Bank – Federal (provided that amounts in the State Infrastructure Bank – Federal may be expended or encumbered for any purpose consistent with and permitted by the Act and may therefore not be available to pay Bond Services Charges on the Bond Fund Bonds), (iii) the Program Reserve Fund, which is to be initially funded by the deposit therein of the net proceeds of the Bonds (see “USE OF PROCEEDS” herein), and (iv) Contracting Parties’ Prepayment Accounts (the “Prepayment Accounts”). A series of Bond Fund Bonds may also be secured by the Contracting Party’s Federal Bond Reserve Account (the “Bond Reserve Accounts”). See “SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS” herein. Moneys in the Prepayment Accounts and Collateral Proceeds Accounts will consist of certain moneys received under Project Financing Agreements that are not received as the result of or in place of scheduled payments to be made thereunder.

All financial and other information presented in this Private Placement Memorandum has been provided by the State from its official records, except for information expressly attributed to other sources. The presentation of historical information, including information regarding Program Receipts, is intended to show historical information and is not intended to indicate future or continuing trends in the financial or other positions of the State’s transportation project financing programs under the Act. No representation is made that past experience, as might be shown by that financial and other information, will necessarily continue in the future.

References in this Private Placement Memorandum to provisions of Ohio law, whether codified in the Ohio Revised Code or uncodified, or of the Ohio Constitution are references to those provisions as they now exist. Provisions of Ohio law and the Ohio Constitution may from time to time be amended, repealed or supplemented. As used in this Private Placement Memorandum, “Bond Service Charges” means principal of and interest on the Bonds or on the Bond Fund Bonds, as the case may be.

This Private Placement Memorandum contains descriptions of the Bonds, the General Bond Order, the Trust Indenture, the Series Bond Order, the Supplemental Trust Indenture, the Federal Title XXIII Transportation Infrastructure Bond Fund Program and the Federal SIB Loan Program. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the General Bond Order, Series Bond Order, Trust Indenture and the Supplemental Trust Indenture are qualified in their entirety by reference to such documents and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Series Bond Order. Copies of the documents referred to in this Private Placement

Memorandum are available for inspection during the period of this offering at the offices of Robert W. Baird & Co. Incorporated, in Columbus, Ohio and thereafter at the office of the Director.

## **SPECIAL CONSIDERATIONS**

### **Discretion of the Director**

In entering into Project Financing Agreements and making loans under the Federal SIB Loan Program, the Director must comply with the requirements of the Act and Title XXIII as described in “FEDERAL TITLE XXIII TRANSPORTATION INFRASTRUCTURE BOND FUND PROGRAM” and “SUMMARY OF THE FEDERAL SIB LOAN PROGRAM” herein. In addition, in connection with the issuance of a series of Bond Fund Bonds to finance Qualified Projects, the Director must enter into Project Financing Agreements or other agreements that, if complied with, will provide sufficient revenues to pay Bond Service Charges on that series of Bond Fund Bonds. The Director is not required to satisfy any other conditions in granting assistance under either program. As a result, the Director has and will have a great degree of discretion in agreeing to give assistance under both programs. That discretion includes but is not limited to agreements relating to the quality of title acquired by or the lien or security interest granted to the Director in connection with the financial assistance being provided by the Director, assessments of the value and nature of the property, assets or receipts in which the Director is to be granted a lien or security interest and assessments made by the Director regarding the creditworthiness of Contracting Parties and of borrowers under the Federal SIB Loan Program and of guarantors of Contracting Parties’ and borrowers’ obligations. The reserves securing the Bonds and the ability of the State to pay Bond Service Charges on the Bonds when due could be adversely affected as the result of the manner in which the Director has exercised or will exercise that discretion.

### **Project-Related Risks**

The success of each individual project financed by proceeds of Bond Fund Bonds and the ability of the related Contracting Party to pay Bond Service Charges when due will be subject to a variety of risks applicable either specifically to the Qualified Project or to the Contracting Party or related activity in which the Qualified Projects are used. Such risks include, but are not limited to, risks related to construction and acquisition (including delays or defaults in completion, casualty, improper construction or performance, and cost overruns), insufficient revenues, excess expenses, economic conditions, competition, conflicts of interest, governmental regulation, changes in government policy and uninsured casualty.

### **Economy of the State**

In extending credit under the Federal Title XXIII Transportation Infrastructure Bond Fund Program or the Federal SIB Loan Program, the Director may review projections, assess the value of property given as security and analyze the creditworthiness of Contracting Parties, borrowers and guarantors under the assumption that the market and business of the Contracting Parties, borrowers or guarantors will not change in a materially adverse manner. Should the

economy worsen, a greater number of defaults than normal may occur under Project Financing Agreements. If a greater number of such defaults occur, the reserves securing the Bonds and the ability of the State to pay Bond Service Charges on the Bonds when due could be adversely affected.

## **ELIGIBLE INVESTORS**

### **Eligibility for Investment**

The Bonds are being offered only to a limited number of financial institutions or institutional investors (e.g., banks, insurance companies or registered investment companies). Each investor will be required to represent in an investment letter, among other things, that it has read and understands this Private Placement Memorandum and has obtained any other information it desired for the purpose of evaluating, and has fully evaluated, the risks of purchasing the Bonds. See “Appendix E — Form of Investment Letter” hereto.

### **Restrictions on Transfer of Bonds**

The Bonds offered hereby have not been registered under the Securities Act, nor pursuant to the provisions of any state securities act. The Bonds are being offered and will be sold without benefit of registration under the Securities Act by reason of the specific exemption from registration for private placement transactions provided by such act.

The availability of such exemption under the Securities Act is dependent, in part, upon the “investment intent” of the investors, and the exemption would not be available if any one investor were purchasing the Bonds with a view to the resale or distribution thereof. Accordingly, each investor will be required to acknowledge in an agreement or investment letter, among other things, that its purchase is for investment purposes, solely for its own account, and without any view to the resale or distribution of the Bond(s).

Investors have not been granted the right to require the registration of any Bonds under the Securities Act or any state securities act: the State has no present intention of registering the Bonds; and, in view of the nature of the transaction, it is highly unlikely that there will be any such registration in the future. In addition, all transfers of Bonds are subject to the requirements of applicable federal and state securities laws. Accordingly, no Bond may be sold or transferred unless the Trustee will first have received (i) a satisfactory opinion of counsel that the sale or transfer will not violate the Securities Act, the Securities Exchange Act of 1934 or the Investment Company Act of 1940, or any of the regulations issued pursuant to those acts, (ii) a no-action letter of the staff of the Securities and Exchange Commission that the staff will recommend that no action be taken with respect to such sale or transfer, (iii) a certificate from the transferor that the transferor reasonably believes that the transferee is a “Qualified Institutional Buyer” within the meaning of subsection (a) of Rule 144A promulgated by the SEC pursuant to the Securities Act (“Rule 144A”) and has informed the transferee of the transfer restrictions applicable to the Bonds and that the transferor may be relying upon Rule 144A with respect to the transfer of the Bonds or (iv) a certificate from the State that the Bonds have been registered under the Securities Act and that the registration is in effect.

## USE OF PROCEEDS

The proceeds of the Bonds, will be applied for the following uses and in the respective amounts:

|                                       |                    |
|---------------------------------------|--------------------|
| Deposit to Program Reserve Fund ..... | \$ 5,000,000       |
| Costs of Issuance .....               | <u>190,000</u>     |
| Total .....                           | <u>\$5,190,000</u> |

## CONSTITUTIONAL AND STATUTORY AUTHORIZATION

The Act was enacted under and pursuant to Section 13 of Article VIII of the Constitution, and with other Ohio Revised Code provisions provides for the authorization and specifics of the transportation project programs described herein. **The constitutional provision expressly provides that “moneys raised by taxation shall not be obligated or pledged for the payment of bonds or other obligations issued or guarantees made” pursuant to laws enacted under it.** Section 5531.10 of the Ohio Revised Code sets forth the specific bond issuing authority, and designates the Treasurer (an elected officer) as the “issuing authority” for purposes of the issuance and delivery of obligations issued under the Act, including the Bonds.

## THE BONDS

### Terms of the Bonds

The Bonds will be dated the date of their issue and will bear interest from that date payable semiannually on May 15 and November 15 of each year, commencing on November 15, 2008. The Bonds will mature and will bear interest as set forth on the cover page of this Private Placement Memorandum.

The Bonds will be issued as fully registered bonds in denominations of \$100,000 and in any integral multiple of \$5,000 in excess thereof. Principal will be payable upon presentation to The Bank of New York Mellon Trust Company, at 525 Vine Street, Suite 900, Cincinnati, Ohio 45202, as Trustee and Paying Agent, or at the office of any successor Trustee or Paying Agent duly appointed by the State, and interest on the Bonds will be paid by the Trustee on the applicable Interest Payment Date to the holders of record set forth in the bond register (the “Bond Register”) maintained by the Trustee as of the 1st day of the month in which occurs the Interest Payment Date.

### Redemption Prior to Maturity

*Mandatory Redemption.* The Bonds are subject to mandatory redemption at redemption prices equal to 100% of principal amount redeemed plus accrued interest to the redemption date on the dates and in the principal amounts as follows:

| <u>Date</u> | <u>Amount</u> | <u>Date</u> | <u>Amount</u> | <u>Date</u>            | <u>Amount</u> |
|-------------|---------------|-------------|---------------|------------------------|---------------|
| 11/15/2008  | \$105,000     | 11/15/2013  | \$145,000     | 11/15/2018             | \$200,000     |
| 5/15/2009   | 110,000       | 5/15/2014   | 150,000       | 5/15/2019              | 205,000       |
| 11/15/2009  | 110,000       | 11/15/2014  | 155,000       | 11/15/2019             | 210,000       |
| 5/15/2010   | 115,000       | 5/15/2015   | 160,000       | 5/15/2020              | 220,000       |
| 11/15/2010  | 120,000       | 11/15/2015  | 165,000       | 11/15/2020             | 225,000       |
| 5/15/2011   | 120,000       | 5/15/2016   | 170,000       | 5/15/2021              | 235,000       |
| 11/15/2011  | 125,000       | 11/15/2016  | 175,000       | 11/15/2021             | 240,000       |
| 5/15/2012   | 130,000       | 5/15/2017   | 180,000       | 5/15/2022              | 250,000       |
| 11/15/2012  | 135,000       | 11/15/2017  | 185,000       | 11/15/2022             | 255,000       |
| 5/15/2013   | 140,000       | 5/15/2018   | 190,000       | 5/15/2023 <sup>+</sup> | 265,000       |

<sup>+</sup> final maturity

*Optional Redemption.* The Bonds maturing after November 15, 2008 are subject to redemption on or after November 15, 2008, at the option of the State, in whole on any date or in part on any Interest Payment Date, at a price equal to 100% of the principal amount of the Bonds being redeemed, plus accrued interest thereon to the redemption date, plus the Yield-Maintenance Premium, if any.

*Selection of Bonds for Redemption.* While the Bonds are held in a book-entry only system at DTC, if less than all of the Bonds are to be redeemed, redemption will be pro rata in proportion to the principal amount of the Bonds beneficially owned by each Direct Participant. See “Appendix B – Book-Entry Only System” hereto.

*Notice of Redemption.* Notice of redemption will be given to the registered owners of Bonds, by mailing such notice to their addresses as they appear in the Bond Register, at least 30 days before redemption. Such notice will be given to the persons in whose names the Bonds or portions of Bonds to be redeemed are registered in the Bond Register as of the 15th day preceding the mailing. If notice of redemption has been duly given, the Bonds or portions thereof specified in said notice will become due and payable on the redemption date therein designated, and if moneys for the payment of the redemption price of all the Bonds to be redeemed are deposited with the Trustee or Paying Agent, then such Bonds will cease to bear interest after the redemption date and will no longer be considered to be outstanding.

## **FEDERAL TITLE XXIII TRANSPORTATION INFRASTRUCTURE BOND FUND PROGRAM**

### **General Information**

The General Assembly authorized the transportation project program under which the Director administers the Federal SIB Loan Program by enacting the Act in 1996. The Act is and will be the basis upon which the State issues Bond Fund Bonds and enters into and uses proceeds of those bonds in connection with its planned Federal Title XXIII Transportation Infrastructure Bond Fund Program.

It is intended that future Bond Fund Bonds will be issued to finance loans to be used by Contracting Parties to pay “Project Costs” of “Qualified Projects”. See “Appendix A — Glossary” hereto. It is expected that net proceeds of Bond Fund Bonds that are to be used to finance Qualified Projects will be placed in a project fund (a “Project Fund”) held by the Trustee. Moneys in a Contracting Party’s Project Fund will be applied in accordance with the Act and the Contracting Party’s Project Financing Agreement to pay Project Costs of the Qualified Projects being financed by the related series of Bond Fund Bonds. Any moneys remaining in a Project Fund after completion of the related Qualified Projects will be used, as determined by the Director, to construct additional Qualified Projects, to purchase the related Bond Fund Bonds on the open market for cancellation, or to redeem the related Bond Fund Bonds, or will be transferred to the related Interest Payment Account or Principal Payment Account, or paid into the related Collateral Proceeds Account, or a combination of the foregoing.

Under the Act, proceeds of Bond Fund Bonds that are to be used to finance Qualified Projects can be used only for the Project Costs of Qualified Projects; they may not be used for working capital purposes.

### **Summary of Certain Program Loan Terms**

Generally, the term of any loan made under the Federal Title XXIII Transportation Infrastructure Bond Fund Program (a “Program Loan”) will be based upon the useful life of the Qualified Project being financed. The maximum term for a Program Loan will be 25 years. Interest rates will be market rates and set at the time the related Bond Fund Bonds are sold.

Most Program Loans are expected to be structured as level payments over the specified term of the loan. Depending on the certain circumstances of the Qualified Project financed, Program Loan repayments may be graduated over time. Bullet maturities are also permitted. Interest payments during construction may be financed by Bond Fund Bond proceeds.

Disbursements of Program Loan proceeds will be made only upon receipt of appropriate disbursement requests. Routine inspections of the construction progress on the Qualified Projects covered by disbursement requests by a qualified inspector selected by the Ohio Department of Transportation may be required. In addition, guaranteed fixed priced construction contracts may be required for each Qualified Project.

Parties that will guarantee project construction shortfalls, if any, must be identified prior to closing.

All Qualified Projects receiving assistance from a Program Loan are required to comply with all State or federal prevailing wage requirements.

## Underwriting Criteria and Approval Process<sup>1</sup>

All projects must be approved by the Director. Loans under the Federal Title XXIII Transportation Infrastructure Bond Fund Program are approved, and Project Financing Agreements are entered into, currently pursuant to the following process:

- Step 1..... A qualified participant submits a completed initial project application.
- Step 2..... The Office of Finance & Forecasting within the Ohio Department of Transportation receives and reviews the application. If appropriate, other State agencies will review the application and submit recommendations. Additional information from the applicant may be requested.
- Step 3..... A detailed term sheet will be prepared by the Financial Advisor.
- Step 4..... The application will be presented to the State Infrastructure Bank Loan / Bond Committee.
- Step 5..... If the application is approved by the State Infrastructure Bank Loan / Bond Committee, a final term sheet outlining the transaction will be prepared and submitted to the applicant for approval.
- Step 6..... The Ohio Department of Transportation may negotiate the term sheet with the applicant, if necessary.
- Step 7..... A term sheet is signed by the borrower.
- Step 8..... Bond documents will be prepared and negotiated with the borrower.
- Step 9..... The transaction will be submitted to the rating agency for a rating.
- Step 10..... Bonds will be sold in the market, a Bond closing will occur and funds will become available to the borrower.

*\* The Ohio Department of Transportation estimates that the approval process may take up to four to eight weeks to complete.*

The following criteria are used by the Office of Finance & Forecasting staff and an independent financial advisor to evaluate each application:

**Qualified Applicant:** The applicant must be a qualified borrower, including Ohio political subdivisions, other State agencies, boards, or commissions, regional transit boards and port authorities.

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<sup>1</sup> Subject to change from time to time.

Ability to Repay: All borrowers will pledge their full, faith and credit or a specified revenue source that will amortize the debt. Such revenue sources may include one or more of the following:

- Motor vehicle gas taxes;
- Local government tax pledges;
- Toll proceeds;
- Tax increment financings payments;
- Property assessments;
- License plate and registration fees;
- Issue 2 local government funds;
- Other user payments and/or fees, such as parking structure revenues, docking or landing fees, passenger facility charges, etc.

### **Terms of Project Financing Agreements**

It is anticipated that the Project Financing Agreements will have terms that have the same length as the terms of the series of Bond Fund Bonds issued in connection therewith. Under Project Financing Agreements the Contracting Party will be required to make payments on a semi-annual basis that will be sufficient in the aggregate to pay Bond Service Charges on the related series of Bond Fund Bonds.

The Project Financing Agreements are generally expected to provide for disbursement of net proceeds of Bond Fund Bonds to pay Project Costs in accordance with the Act and Title XXIII. The Contracting Party is expected to provide various certifications and evidence of certain facts, all of which will be subject to approval by the Director, prior to any partial or total disbursement of moneys in the Contracting Party's Project Fund. It is anticipated that the certifications and evidence will be designed to give some assurance to the Director that the use of disbursed funds is in compliance with the Act and Title XXIII and that the Contracting Party has complied with terms in the Project Financing Agreement (in particular, terms relating to the quality of the Director's title or lien interest in the Qualified Projects or other security for the related Bond Fund Bonds).

Project Financing Agreements are expected to include provisions requiring the Contracting Party to pay taxes, if necessary, relating to the Qualified Projects, to maintain at its own cost and expense the Qualified Projects and to pay reasonable expenses of the Director relating to the Qualified Projects. The Contracting Party is expected to be required to renew, repair or replace inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary property comprising Qualified Projects.

Project Financing Agreements may also require the Contracting Party to maintain replacement cost insurance on the Qualified Projects in an amount equal to at least the amount of the series of Bond Fund Bonds related thereto with such deductibles as are agreed to by the Director. Net proceeds of this insurance in excess of an amount agreed to by the Contracting Party and the Director will be placed in the Contracting Party's Collateral Proceeds Account to be disbursed for repair or replacement of the Qualified Projects. Net proceeds of condemnation awards are placed in the Collateral Proceeds Account to be applied to pay the costs of restoring



or repairing the Qualified Projects or to redeem or defease the series of Bond Fund Bonds related thereto and purchase the Qualified Projects.

Project Financing Agreements are expected to delineate many events of default, including but not limited to a failure to pay any amount payable under the agreement on the date it is due and a failure to observe or perform any agreement, term or condition contained in the agreement that does not relate to the payment of money for a period of time provided therein.

If an event of default occurs and is subsisting, the Project Financing Agreement is generally expected to provide that the Director may declare all amounts payable under the Project Financing Agreement due and may exercise any rights he may have at law or in equity. It is anticipated that any loan agreement (and related note and security document) that will constitute a Project Financing Agreement will contain similar duty and default provisions and will provide that, if an event of default has occurred and is subsisting, the Director may accelerate all payments due under the note.

### **Issuance of Future Bond Fund Bonds**

While there is no assurance that any future Bond Fund Bonds will be issued, the State expects that a substantial number of Qualified Projects will be financed as a part of the Federal Title XXIII Transportation Infrastructure Bond Fund Program. The general level of such financing in the State will be dependent on and could be affected by a number of factors, including local and national economic conditions and state and federal legislation relating to tax-exempt financing. The degree to which the Federal Title XXIII Transportation Infrastructure Bond Fund Program will be utilized will also depend on a number of other factors, including the availability of alternative financing, relative interest and financing costs and the security of the Pledged Revenues.

## **SUMMARY OF THE FEDERAL SIB LOAN PROGRAM**

### **General Information**

The state infrastructure bank pilot program was enacted by the United States Congress under Section 350 of the National Highway System Designation Act (the "NHS Act") as part of the United States Department of Transportation's continuing effort to increase infrastructure investment in the transportation sector. As described in the NHS Act, a state infrastructure bank is an investment fund at the state or regional (multi-state) level with the ability to make loans and provide other forms of credit assistance to public and private entities to carry out highway construction projects and transit capital projects.

Under the NHS Act, the United States Congress established a pilot program for 10 states to enter into cooperative agreements with Federal Highway Administration and/or Federal Transit Administration for the implementation of a state infrastructure bank. The federal legislation provided each state's department of transportation the opportunity to capitalize their bank with up to 10% annually of their 1996 and 1997 federal gas tax funds. The State was selected as one of the pilot states in March of 1996 and capitalized the State Infrastructure Bank with \$87 million of Federal funds.

In July of 1996, the State enacted legislation expanding upon the State Infrastructure Bank's ability to issue debt. The State Infrastructure Bank was also given an additional \$40 million in State general revenue funds ("State GRF") to be used as the non-federal match, as well as to assist projects that would not qualify under the federal program.

The pilot program was later expanded to encompass additional states. This program expansion derived from the fiscal year 1997 United States Department of Transportation Appropriations Act (Public Law 104-205) (the "Appropriations Act"), which opened participation in the pilot program to other states, pending approval of their application by the United States Secretary of Transportation. The Appropriations Act also provides \$150 million in additional funding from the United States General Fund for distribution to participating states. Ohio received \$12 million in additional federal funds.

The overall mission of the State Infrastructure Bank is that it will be used as a method of funding highway, rail, transit, intermodal and other transportation facilities and projects which contribute to the connectivity of Ohio's transportation system and further goals such as corridor completion, economic development, competitiveness in global economy, and quality of life. The State Infrastructure Bank Federal Title XXIII Program's objective is to maximize the use of federal funds in order to make direct loans for eligible qualified projects under Title XXIII. Repayments from these loans are made to the Ohio Department of Transportation and then reloaned for subsequent projects, creating a revolving loan program. This revolving loan program is meant to enhance the number of eligible qualified projects that can be completed within the State that otherwise would not have been considered for traditional grant funds in the past or are not ranked or not highly ranked on the State Transportation Improvement Program. As with the Federal Title XXIII Transportation Infrastructure Bond Fund Program, these loans are to be used only for eligible project costs under Title XXIII; they may not be used for working capital purposes.

The Federal SIB Loan Program was originally capitalized with \$87 million in Federal Highway Administration Funds ("FHWA Funds"). Since inception, the program has made 64 loans funded by FHWA Funds ("FHWA Loans") totaling over \$231,376,000. As of December 31, 2007, the Federal SIB Loan Program has 48 FHWA Loans outstanding with scheduled loan repayments of \$77,207,423, of which \$64,992,594 was outstanding principal. In addition, as of December 31, 2007, the State Infrastructure Bank – Federal has a cash balance of \$39,827,731, of which approximately \$19,397,765 has been obligated to future borrowers but has not yet been drawn down. See "—Program Receipts" for a description of the Federal SIB Loan Program loans.

### **Program Receipts**

Set forth below is a summary of State's existing Program Receipts. In addition, future Program Receipts are expected to be received by the State from future loans to be made from those Program Receipts.

The loan repayments shown below are being generated by loans which were made by the Federal SIB Loan Program, all as described in “—General Information” herein.

The following chart shows historical data for the Federal SIB Loan Program as of December 31, 2007:

| Year                                    | 2007         | 2006         | 2005         | 2004         | 2003         | 2002         | 2001-1996     | Total Since Inception (1996) |
|---|--------------|--------------|--------------|--------------|--------------|--------------|---------------|------------------------------|
| <b>New Loans Originated</b>             |              |              |              |              |              |              |               |                              |
| Number                                  | 6            | 6            | 9            | 17           | 6            | 1            | 19            | 64                           |
| Principal                               | \$5,477,175  | \$27,600,024 | \$19,987,823 | \$23,005,982 | \$18,732,302 | \$7,437,500  | \$129,135,879 | \$231,376,685                |
| Average Loan Amount                     | \$912,862    | \$4,600,004  | \$2,220,869  | \$1,353,293  | \$3,122,050  | \$7,437,500  | \$6,796,625   | N/A                          |
| <b>Matured Loans</b>                    |              |              |              |              |              |              |               |                              |
| Number                                  | 0            | 1            | 1            | 1            | 1            | 0            | 1             |                              |
| Original Principal                      | \$0          | \$388,000    | \$1,510,000  | \$7,437,500  | \$2,424,000  | \$0          | \$1,022,000   |                              |
| <b>Prepaid Loans</b>                    |              |              |              |              |              |              |               |                              |
| Number                                  | 1            | 1            | 0            | 1            | 2            | 1            | 5             |                              |
| Original Principal                      | \$3,030,000  | \$153,800    | \$0          | \$2,425,000  | \$25,030,000 | \$2,812,000  | \$54,032,000  |                              |
| <b>Loans Written Off</b>                |              |              |              |              |              |              |               |                              |
| Number                                  | 0            | 0            | 0            | 0            | 0            | 0            | 0             | 0                            |
| Principal                               | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0           | \$0                          |
| <b>Outstanding Loans</b>                |              |              |              |              |              |              |               |                              |
| Number <sup>1</sup>                     | 48           | 43           | 40           | 31           | 16           | 13           | 13            | N/A                          |
| Principal <sup>2</sup>                  | \$64,992,594 | \$62,883,209 | \$54,839,267 | \$39,207,636 | \$41,413,560 | \$45,745,763 | \$36,060,863  | N/A                          |
| <b>Current Loans</b>                    |              |              |              |              |              |              |               |                              |
| Number <sup>1</sup>                     | 48           | 43           | 40           | 31           | 16           | 13           | 13            | N/A                          |
| Principal <sup>2</sup>                  | \$64,992,594 | \$62,883,209 | \$54,839,267 | \$39,207,636 | \$41,413,560 | \$45,745,763 | \$36,060,863  | N/A                          |
| <b>Delinquent Loans (60-120 days)</b>   |              |              |              |              |              |              |               |                              |
| Number                                  | 0            | 0            | 0            | 0            | 0            | 0            | 0             | NA                           |
| Principal                               | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0           | NA                           |
| <b>Delinquent Loans (over 120 days)</b> |              |              |              |              |              |              |               |                              |
| Number                                  | 0            | 0            | 0            | 0            | 0            | 0            | 0             | NA                           |
| Principal                               | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0           | NA                           |

<sup>1</sup> SIB Loan # SB0508 had a disbursement in CY2005 but did not close until CY2006. As a result, in 2005 the outstanding / current loan tally has one additional loan than the sum of new loans originated less the matured / prepaid loans.

<sup>2</sup> Outstanding Principal Balance represents both 1) fully funded loans currently being repaid by borrowers and 2) loans where the project is in progress and disbursements are still being made.

The security pledged to the repayment of the loans originated under the Federal SIB Loan Program varies widely.

The following table sets forth the Program Receipts expected to be received by the State from all loans outstanding under that program as of December 31, 2007 if all payments are received when scheduled. There can be no assurance that all of the payments will be received when scheduled.

| <u>Year</u> | <u>Net<br/>Scheduled Loan<br/>Repayments*</u> |
|-------------|---|
| 2008.....   | \$9,060,647                                   |
| 2009.....   | 9,294,495                                     |
| 2010.....   | 10,522,735                                    |
| 2011.....   | 8,726,949                                     |
| 2012.....   | 8,731,348                                     |
| 2013.....   | 8,446,849                                     |
| 2014.....   | 7,756,786                                     |
| 2015.....   | 4,707,351                                     |
| 2016.....   | 3,407,026                                     |
| 2017.....   | 2,385,125                                     |
| 2018.....   | 1,920,789                                     |
| 2019.....   | 1,634,124                                     |
| 2020.....   | 471,590                                       |
| 2021.....   | 28,206  |
| 2022.....   | 28,262  |
| 2023.....   | 28,320  |
| 2024.....   | 28,380  |
| 2025.....   | <u>28,442</u>                                 |
| Total ..... | \$77,207,423                                  |

\* Represents principal and interest repayments from Federal SIB Loan Program loans.

See “Appendix C — Ohio Department of Transportation Federal Title XXIII Transportation Infrastructure Bond Fund Existing Federal SIB Loan Borrower Description as of December 31, 2007” hereto for further information regarding expected future Program Receipts.

## SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS

### General Description

The Bond Fund Bonds (which include the Bonds) are to be secured by a system of pooled debt service and reserve accounts. **They do not constitute an indebtedness of the State within the meaning of any constitutional or statutory limitation and neither constitute nor give rise to a charge against the general credit or taxing powers of the State; and neither the full**

**faith and credit nor the taxing powers of the State are pledged to the payment of the Bond Fund Bonds or interest thereon.**

All Bond Service Charges on Bond Fund Bonds are payable from and secured equally and ratably by a pledge of the Pledged Revenues as follows:

- (a) first, from any amounts on deposit in the Bond Fund (from interest received on investments of moneys in the Bond Fund and Program Reserve Fund and payments received pursuant to Project Financing Agreements — see “FEDERAL TITLE XXIII TRANSPORTATION INFRASTRUCTURE BOND FUND PROGRAM – Terms of Project Financing Agreements”), except those amounts deposited into Prepayment Accounts to defease Bond Fund Bonds and those amounts in the Section 5.07 Account;
- (b) second, from the related Contracting Party’s Collateral Proceeds Account;
- (c) third, from the related Contracting Party’s Bond Reserve Account, if any;
- (d) fourth, from any amounts in the State Infrastructure Bank – Federal, provided, however, that amounts in the State Infrastructure Bank – Federal may be expended or encumbered for any purpose consistent with and permitted by the Act and may therefore not be available to pay Bond Services Charges on the Bond Fund Bonds;
- (e) fifth, from any amounts in the Program Reserve Fund;
- (f) sixth, pro rata from any amounts on deposit in all Collateral Proceeds Accounts; and
- (g) seventh, pro rata from any subaccounts of the Prepayment Account.

Payment of Bond Service Charges on all Bond Fund Bonds will be equally and ratably secured by a pledge of the Pledged Revenues without priority by reason of series designation, form, number, date of authorization, issuance, sale, execution, authentication, delivery, dated date or maturity; provided, however, that nothing prevents payment of Bond Service Charges on one or more series of Bond Fund Bonds from being otherwise secured and payable from sources or by property and instruments not applicable to any other series of Bond Fund Bonds or not being secured or protected from other sources or by other property, instruments or documents applicable to one or more series of Bond Fund Bonds.

If the principal of all outstanding Bond Fund Bonds has become due or has been declared due and payable, and at that time the Pledged Revenues (together with any other amounts available to make such payment) is insufficient to pay all amounts due on those bonds, all Pledged Revenues must be applied to the payment of the principal and interest due and unpaid upon the Bond Fund Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond Fund Bond over any other Bond Fund Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination

or privilege except as to any difference in the respective rates of interest specified in the Bond Fund Bonds. If the Pledged Revenues (together with any other amounts available to make such payment) is insufficient to pay all principal of and premium, if any, and interest due on Bond Fund Bonds at any time and at that time the principal of all Bond Fund Bonds has not become or been declared due, all such funds must be applied first to pay, pro rata, the interest then due on all such Bond Fund Bonds, with any remaining balance applied to the *pro rata* payment of principal of the then due Bond Fund Bonds.

## **Bond Fund**

The Bond Fund is the primary account drawn on for payment of the principal of and premium, if any, and interest on all Bond Fund Bonds. Within the Bond Fund, the Treasurer has established an Interest Payment Account, a Principal Payment Account, a Prepayment Account (amounts deposited into Prepayment Account to defease Bond Fund Bonds do not secure the other Bond Fund Bonds) and a Section 5.07 Account (to hold funds necessary to redeem non-presented Bond Fund Bonds and which does not secure the other Bond Fund Bonds). Unless and until moneys in other funds and accounts are transferred to the Bond Fund, the Bond Fund will contain (a) investment earnings from the amounts in the Bond Fund, (b) such amount of Financing Payments from all Qualified Projects financed by Bond Fund Bonds and (c) such amount of the Program Receipts as are required to pay Bond Service Charges due and payable with respect to the Bond Fund Bonds from time to time outstanding.

The Bonds are being issued to fund the Program Reserve Fund and are not being issued to finance a Qualified Project. Until Bond Fund Bonds are issued to finance Qualified Projects, the Bonds will be paid solely from investment earnings on the Program Reserve Fund and from such amount of Program Receipts as are required to pay Bond Service Charges on the Bonds. In addition, such investment earnings and Program Receipts will be used to pay Bond Service Charges on Bond Fund Bonds issued to finance Qualified Projects to the extent that Contracting Parties have not made payments required by related Project Financing Agreements and there are no moneys in those Contracting Parties' Collateral Proceeds Accounts.

Financing Payments with respect to a particular Qualified Project generally will consist of payments required to be made under the applicable Project Financing Agreement by the Contracting Party owning such Qualified Project. It is anticipated that payments under Project Financing Agreements that are in excess of those that, if collected when due, would be sufficient to pay interest and principal due on the Bond Fund Bonds financing Qualified Projects will be deposited into the State Infrastructure Bank – Federal.

It is anticipated that if the State or an operator who is not a Contracting Party operates any Qualified Project (which is expected to occur only upon a default under the related Project Financing Agreement and if thereafter the State is unable to enter into a new Project Financing Agreement with respect to the Qualified Project or to sell the Qualified Project), Financing Payments from that Qualified Project generally will consist of revenues received by the State or such operator from operating the Qualified Project in excess of operating costs for that Qualified Project.

## **Collateral Proceeds Account**

Net proceeds of Bond Fund Bonds that are intended to be used to finance Qualified Projects but are not so used and are not transferred to the Bond Fund, proceeds received on a sale of any Qualified Projects, net proceeds from insurance or condemnation awards relating to Qualified Projects, moneys received pursuant to the exercise of any remedies available to the Director as the result of a default by a Contracting Party under a Project Financing Agreement and other amounts as provided in Series Bond Orders will be deposited pursuant to the Contracting Party's Project Financing Agreement into the Contracting Party's Collateral Proceeds Account. It is anticipated that Series Bond Orders relating to future Bond Fund Bonds, the net proceeds of which are to be used to finance Qualified Projects, will provide that prepayments under Project Financing Agreements are to be deposited into the Contracting Parties' Collateral Proceeds Account to be applied to payments due under the related Project Financing Agreements.

Provided the Contracting Party is not in default under the Contracting Party's Project Financing Agreement, it is anticipated that net proceeds from insurance or condemnation awards will be available to that party to repair or restore Qualified Projects.

If the balances in the Bond Fund, the State Infrastructure Bank – Federal (provided, however, that amounts in the State Infrastructure Bank – Federal may be expended or encumbered for any purpose consistent with and permitted by the Act and may therefore not be available to pay Bond Services Charges on the Bond Fund Bonds) and Program Reserve Fund are not sufficient to pay Bond Service Charges due and payable on the Bond Fund Bonds, funds in a Collateral Proceeds Account of all Contracting Parties are to be transferred to the Bond Fund to pay such Bond Service Charges as described under "THE GENERAL BOND ORDER AND TRUST INDENTURE — General Bond Order Funds and Accounts". In such case, it is contemplated that the Contracting Parties will receive credit for making payments due under their respective Project Financing Agreements in inverse order of maturity in amounts equal to the amount transferred from their respective Collateral Proceeds Accounts.

## **State Infrastructure Bank – Federal**

The State Infrastructure Bank – Federal consists of Program Receipts. Amounts in the State Infrastructure Bank – Federal may be used to pay Bond Services Charges if the amounts in the Bond Fund, the related Collateral Proceeds Account and the related Bond Reserve Account are insufficient to pay Bond Service Charges. However, amounts in the State Infrastructure Bank – Federal may be expended or encumbered for any purpose consistent with and permitted by the Act and may therefore not be available to pay Bond Services Charges on the Bond Fund Bonds.

## **Program Reserve Fund**

If the amounts on deposit in the Bond Fund (including amounts transferred to the Bond Fund from the related Collateral Proceeds Account and the State Infrastructure Bank – Federal) are insufficient to pay the principal of and premium, if any, and interest on Bond Fund Bonds of

any series and other amounts payable from the Bond Fund when due, amounts sufficient to make such payments are then required to be transferred from the Program Reserve Fund. The Program Reserve Fund will be funded initially with the net proceeds of the Bonds. The amount of the Program Reserve Fund can be increased or replenished by deposit with the Trustee of one or more Program Reserve Letters of Credit meeting certain requirements set forth in the Trust Indenture. See “THE GENERAL BOND ORDER AND TRUST INDENTURE — General Bond Order Funds and Accounts” herein.

### **Issuance of Tax-Free Bond Fund Bonds**

It is anticipated that future interest on some series of Bond Fund Bonds (“Tax-Free Bond Fund Bonds”) will not be includable in gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986. The issuance of Tax-Free Bond Fund Bonds may limit the yield at which moneys in certain funds and accounts of the Bond Fund may be invested. In addition, a Federal Rebate Fund (the “Rebate Fund”) has been provided for as a separate depository account with the Trustee to pay amounts payable in accordance with the Trust Indenture in order to comply with the federal income tax laws and other applicable laws.

### **ISSUANCE OF ADDITIONAL BOND FUND BONDS UNDER THE ACT**

Pursuant to the General Bond Order, the Treasurer may, from time to time by issuance of a Series Bond Order, issue other series of Bond Fund Bonds on parity with the Bonds, payable from and secured by the Pledged Revenues. The General Bond Order permits the State to issue Bond Fund Bonds to provide moneys that are needed for the purpose of paying, or making loans to pay, Project Costs of Qualified Projects and for the purpose of paying administrative expenses of the Federal Title XXIII Transportation Infrastructure Bond Fund Program, for funding reserves or interest payable from the proceeds of a series of Bond Fund Bonds and for refunding (including advance refunding) any outstanding series of Bond Fund Bonds. Proceeds of Bond Fund Bonds cannot be used for any other purpose.

In accordance with the General Bond Order, the State may issue additional series of Bond Fund Bonds only if all of the following conditions are satisfied:

- (1) The State is not in default of any covenants or obligations of the State contained in the Trust Indentures or in any outstanding Bond Fund Bonds, and the authentication and delivery of such series of Bond Fund Bonds will not result in any such default.
- (2) The principal amount of such series of Bond Fund Bonds, and of other obligations then issued or outstanding under the Act, will not exceed in the aggregate the principal amount of obligations which may be issued or outstanding under then existing limitations imposed by of the General Assembly and the provisions of the Act.
- (3) If proceeds of the additional series of Bond Fund Bonds are to be transferred to a Project Fund, the Director shall have entered into a Project Financing Agreement relating to such proceeds, or shall have otherwise made provision for a source



of revenues sufficient to pay the Bond Service Charges on such series of Bond Fund Bonds allocable to the proceeds thereof which are to be so transferred to a Project Fund.

(4) The balance in the Program Reserve Fund (including the aggregate amounts which may then be drawn under any Program Reserve Letters of Credit delivered to the Trustee to provide funds to the Program Reserve Fund, valuing investments therein at the lower of cost or market), immediately after issuance of such series of Bond Fund Bonds, must be not less than the Program Reserve Requirement.

The terms of obligations, including Bond Fund Bonds, issued under the Act, cannot exceed twenty-five years. Under the Trust Indenture, the State cannot issue any series Bond Fund Bonds if the issuance of that series would cause interest on any outstanding series of Tax-Free Bond Fund Bonds to be includable in gross income for purposes of federal income taxation.

## **THE GENERAL BOND ORDER AND TRUST INDENTURE**

The following is a summary of certain provisions of the General Bond Order and the Trust Indenture. Reference is made to the General Bond Order and the Trust Indenture for a complete recital of their terms. The Bank of New York Mellon Trust Company, with its principal corporate trust office at 525 Vine Street, Suite 900, Cincinnati, Ohio 45202, serves as Trustee for the Bond Fund Bonds.

### **Funds Pledged and Assigned**

All funds required to be deposited and retained in the Revenue Fund, Bond Fund (exclusive of the Section 5.07 Account and moneys in the Prepayment Account for non-presented Bond Fund Bonds), the Program Reserve Fund, the Collateral Proceeds Accounts and the Bond Reserve Accounts, if any, are pledged to secure the payment when due of all principal of and premium, if any, and interest on all Bond Fund Bonds from time to time outstanding. All sums required to be deposited in or credited to the funds or accounts established pursuant to the General Bond Order, the Trust Agreement, an applicable Series Bond Order or an applicable Supplemental Trust Indenture will be credited to those funds or accounts as provided in the General Bond Order and in all applicable Series Bond Orders. In addition, all funds in the State Infrastructure Bank – Federal are pledged to secure the payment when due of all principal of and premium, if any, and interest on all Bond Fund Bonds from time to time outstanding to the extent that the amounts in the Bond Fund, the related Collateral Proceeds Account and the related Bond Reserve Account are insufficient to pay those amounts when due and payable, provided, however, that amounts in the State Infrastructure Bank – Federal may be expended or encumbered for any purpose consistent with and permitted by the Act and may therefore not be available to pay those amounts.

### **Project Funds**

If proceeds of a series of Bond Fund Bonds are made available for the benefit of a Contracting Party pursuant to a Project Financing Agreement, the Series Bond Order authorizing such series of Bond Fund Bonds must provide for the establishment of a Project Fund. Project

Funds must be maintained as separate deposit accounts (except when invested as provided hereinafter) in the custody of the Trustee. Moneys shall be deposited into and withdrawn from Project Funds in accordance with the Trust Indenture, the applicable Series Bond Order, the applicable Supplemental Trust Indenture and the Project Financing Agreement relating to that Project Fund.

There will be created in each Project Fund an awards account into which will be paid moneys representing eminent domain awards and proceeds of insurance resulting from damage or destruction of a Qualified Project, which awards account will be held and administered in the same manner as which other accounts in a Project Fund are held and administered.

Pending disbursement pursuant to the related Project Financing Agreement, the moneys and Eligible Investments to the credit of a Project Fund will constitute a part of the Pledged Revenues assigned to the Trustee as security for the payment of the Bond Service Charges.

If an event of default occurs under a Project Financing Agreement prior to the completion date for a Qualified Project and money remains in the accounts of a related Project Fund, the Treasurer is required to order either use of the remaining moneys to complete the Project or transfer of the moneys to the Prepayment Account in the Bond Fund so long as such transfer would not violate any provision of law.

### **General Bond Order Funds and Accounts**

The funds and accounts established by the General Bond Order consist of the Revenue Fund, the Bond Fund (and the Interest Payment Account, Principal Payment Account, Section 5.07 Account and Prepayment Account therein), and the Program Reserve Fund. All amounts in the Revenue Fund, the Bond Fund and the Program Reserve Fund are to be held in the custody of the Trustee.

(a) *Revenue Fund.* There is to be deposited into the Revenue Fund all Financing Payments promptly upon receipt of the same by the State. The Trustee must then promptly transfer those amounts from the Revenue Fund in the following order of priority:

- First: Into the Bond Fund after giving effect to any transfers to be made into the Bond Fund from other Special Funds prior to the next Interest Payment Date:
- (i) Into the Interest Payment Account of the Bond Fund, that portion of the Financing Payments that is directed to be deposited in the Interest Payment Account pursuant to the applicable Project Financing Agreement; and
  - (ii) Into the Principal Payment Account of the Bond Fund, that portion of the Financing Payments that is directed to be deposited in the Principal Payment Account pursuant to the applicable Project Financing Agreement.

- Second: Into the Program Reserve Fund to restore amounts withdrawn from accounts therein in the inverse order in which such amounts were withdrawn (including restoration of the face amounts of any Program Reserve Letters of Credit in that Fund) and paid into the Interest Payment Account or Principal Payment Account in the Bond Fund.
- Third: Into the Collateral Proceeds Accounts to restore in the inverse order of withdrawal the amounts withdrawn therefrom and paid into the Interest Payment Account and the Principal Payment Account in the Bond Fund to pay Bond Service Charges on Bond Fund Bonds other than the Bond Fund Bonds for which the account was created.
- Fourth: Into the Prepayment Account in the Bond Fund and the Subaccounts therein to restore in the inverse order of withdrawal the amounts withdrawn therefrom and paid into the Interest Payment Account and the Principal Payment Account in the Bond Fund.
- Fifth: Into the State Infrastructure Bank – Federal, on the day following the transfers required in that calendar month by the preceding paragraphs First through Fourth, the amount remaining in the Revenue Fund after making all the payments required by the preceding subparagraphs First through Fourth.

(b) *Bond Fund.* There is to be deposited in the Bond Fund (i) any accrued interest received by the State upon the original issuance of a series of Bond Fund Bonds; (ii) amounts transferred from the Revenue Fund, Collateral Proceeds Accounts, Bond Reserve Accounts, and the Program Reserve Fund pursuant to the General Bond Order and Series Bond Orders; and (iii) any other amounts required to be deposited in the Bond Fund pursuant to any Series Bond Order. Moneys in the Bond Fund are to be used solely for the payment of Bond Service Charges on Bond Fund Bonds when due.

(c) *Collateral Proceeds Accounts.* In the case of each series of Bond Fund Bonds issued to finance Qualified Projects, the Project Financing Agreement is to provide for the deposit to the Collateral Proceeds Account of the Contracting Party of (i) moneys remaining in the Project Fund of such Contracting Party after completion of the Qualified Projects financed from moneys in such Project Fund to the extent the moneys are not required to be deposited in the Bond Fund pursuant to the provisions of the related Project Financing Agreement; and (ii) moneys realized from the foreclosure, sale or other disposition of any property providing security for the payment of Financing Payments and/or the payment of any Bond Service Charges will be deposited in the Collateral Proceeds Account related to the Bond Fund Bonds as to which the property providing security is foreclosed, sold or otherwise disposed. The amount received from the foreclosure, sale or disposition of property so providing security will, at the sole option of the Treasurer, be used to purchase on the open market or to call for redemption outstanding related Bond Fund Bonds or other Bond Fund Bonds of any series selected by the Treasurer, or will be held in the Collateral Proceeds Account and will be transferred monthly to the Interest Payment Account and Principal Payment Account in amounts and on the dates when Financing Payments (exclusive of Administrative Expenses) would have been deposited in those accounts pursuant to

the related Project Financing Agreement. If any amount remains after such purchase or redemption, that amount will be used to restore any unreimbursed amounts drawn from the Program Reserve Fund (to the particular accounts therein in the inverse order in which they were drawn), to pay Bond Service Charges on the series secured by such property and thereafter the remaining amount must be transferred to the State Infrastructure Bank – Federal. A Project Financing Agreement may also provide for additional deposits to the related Collateral Proceeds Account.

(d) *Program Reserve Fund.* Upon the issuance of a series of Bond Fund Bonds, there is to be deposited into the Program Reserve Fund such part of the proceeds from the sale of such series of Bonds as will be specified in the Series Bond Order for such series of Bonds. In the case of Bond Fund Bonds issued to finance or acquire Qualified Projects, it is anticipated that the Series Bond Orders will not provide for any such payments. The Trustee is to determine the balance in the Program Reserve Fund on the first Business Day of each month, valuing the investments therein at the lower of cost or market. If the balance in the Program Reserve Fund on any such valuation date is less than the Program Reserve Requirement, the Trustee is to promptly notify the Treasurer, by telephone and confirmed in writing, of the amount of such deficit. Within twenty (20) days of receipt of such notice from the Trustee, the Treasurer is to pay, but only from the following sources and only to the extent that moneys are available from such sources, the amount of such deficit to the Trustee for deposit in the Program Reserve Fund.

If the balance in the Program Reserve Fund (valuing investments therein at the lower of cost or market) at any time after July 1, 2013 exceeds two times the Program Reserve Requirement, the Director may, by written notice to the Trustee and except as limited by the provisions of any Series Bond Order, direct the Trustee to withdraw all or a part of such excess and transfer such amount to the Treasurer for deposit in and credit to the State Infrastructure Bank – Federal. The Trustee will make any such withdrawal and transfer within twenty (20) days after receipt of notice from the Director.

All or any portion of the Program Reserve Requirement may be satisfied by delivery to the Trustee of one or more irrevocable letters of credit (“Program Reserve Letters of Credit”) issued by a bank or trust company which has capital and surplus of not less than \$50,000,000 and either (i) the long term debt of it or its parent corporation is rated in not lower than the third highest long term debt rating category by a Rating Service or, if no long term debt is rated then the short term debt of it or its parent corporation is rated by a Rating Service in the highest short term debt category, or (ii) the bank or trust company issuing the letter of credit is specifically approved by any Rating Service then rating the Bond Fund Bonds.

(e) *Rebate Fund.* The General Bond Order also creates a Rebate Fund, which is to be maintained as a separate deposit account in the custody of the Trustee. All amounts determined to be subject to rebate to the United States of America pursuant to the Trust Indenture from amounts held in any fund or account established pursuant to the General Bond Order or any Series Bond Order are to be deposited in the Rebate Fund in such amounts and from such funds or accounts as provided in or pursuant to the Trust Indenture. Amounts in the Rebate Fund are to be disbursed in accordance with the requirements of the Trust Indenture and are not pledged to secure repayment of Bond Service Charges on Bond Fund Bonds. If pursuant to the Trust

Indenture, any amount in the Rebate Fund is determined to be in excess of that required to be rebated to the United States of America, the Trustee is to transfer such amount from the Rebate Fund to the Director.

## **Investments**

Pursuant to the Indenture, moneys in the Special Funds, the Project Funds and the Rebate Fund are required to be invested in the following (collectively, “Eligible Investments”):

(i) obligations (including stripped obligations the principal of and interest on which have been separated and offered for sale separately from each other) issued or guaranteed as to full and timely payment by the United States of America or by any Person controlled or supervised by or acting as an instrumentality of the United States of America pursuant to authority granted by the United States Congress;

(ii) obligations issued or guaranteed by any state or political subdivision thereof (including stripped obligations the principal of and interest on which have been separated and offered for sale separately from each other) and long-term debt obligations of other Persons, in any case rated at the time of purchase by any Rating Service in the highest category (without distinction as to number or symbol assigned within a category) if rated as short term obligations or not lower than the third highest category (without distinction as to number or symbol assigned within a category) if rated as long term obligations;

(iii) commercial or finance paper which is rated at the time of purchase by any Rating Service in its highest rating category (without distinction as to number or symbol assigned within a category);

(iv) deposit accounts, bankers’ acceptances, certificates of deposit or bearer deposit notes in one or more banks, trust companies or savings and loan associations (including without limitation, the Trustee or any bank affiliated with the Trustee) organized under the laws of Canada or the United States of America or any state or province thereof, each bank or trust company having a reported capital and surplus of at least \$100,000,000 in dollars of the United States of America and being insured by the Federal Deposit Insurance Corporation and each savings and loan association having a reported unimpaired capital and surplus, or retained income, as the case may be, of at least \$100,000,000 in dollars of the United States of America and being insured by the Federal Deposit Insurance Corporation;

(v) investment agreements (which term will not include repurchase agreements) with a bank (including the Trustee or any bank affiliated with the Trustee) or bank holding company or an insurance company rated at the time of purchase, if a Rating Service is then rating the Bond Fund Bonds and rates such bank or company, by that Rating Service in at least the second highest rating category (without distinction as to number or symbol assigned within a category), if rated as long term debt, and if rated as short term debt, in the highest rating category (without distinction as to number or symbol assigned within a category);

(vi) repurchase agreements with a financial institution (including the Trustee or any financial institution affiliated with the Trustee) insured by the Federal Deposit Insurance Corporation, or any broker or dealer (as defined in the Securities Exchange Act of 1934 as amended, including any broker dealer affiliated with the Trustee), that is a dealer in government bonds and that is recognized by, trades with and reports to, a Federal Reserve Bank as a primary dealer in government securities, provided in any case: (a) the collateral for the repurchase agreement is described in paragraph (i) above, (b) the current market value of the collateral securing the repurchase agreement is at least equal to the amount of the repurchase agreement and is determined not less frequently than monthly, (c) the Trustee, or an agent acting solely on its behalf, has possession of the collateral, (d) the Trustee has a first priority perfected security interest in the collateral, and (e) the collateral is free and clear of any third party claims; provided that, the Trustee may rely on the certificate of its agent as to possession, priority of the security interest and absence of third party claims;

(vii) investments in money market funds which are principally composed of obligations described in paragraphs (i), (ii), (iii), (iv) or (v) above (including any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (a) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (b) the Trustee charges and collects fees for services rendered pursuant to the Trust Indenture, which fees are, separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Trust Indenture may at times duplicate those provided to such funds by the Trustee as its affiliates); and

(viii) any investment pool created by the Treasurer pursuant to the provisions of Chapter 135 of the Ohio Revised Code.

Any investment or deposit described above in connection with a series of Tax-Free Bond Fund Bonds does not constitute a “prohibited payment” within the meaning of the applicable Regulations or other similar applicable provisions. Except to the extent set forth in an opinion of Bond Counsel, investments or deposits in certificates of deposit or pursuant to investment contracts can not be made in connection with a series of Tax-Free Bond Fund Bonds without compliance, at or prior to such investment or deposit, with the requirements of the applicable Regulations or with other similar applicable provisions.

Investments of moneys in the Bond Fund, the Program Reserve Fund, the Collateral Proceeds Accounts and the Federal Defeasance Fund (the “Defeasance Fund”) are to mature or be redeemable at the option of the holder at the times and in the amounts necessary to provide the Trustee with moneys to pay Bond Service Charges when due. The Treasurer or the Trustee (subject to any orders of the Treasurer), as the case may be, is permitted to sell any investments from time to time and reinvest the proceeds of such sales in Eligible Investments.

Pursuant to the Trust Indenture, any investment made from moneys in any fund or account will constitute part of such fund or account; provided, however, while any Bonds remain outstanding, earnings from investment of moneys in the Program Reserve Fund are to be deposited into the Interest Payment Account of the Bond Fund, unless and until the Director

directs the Trustee, in writing, to credit all or a portion of those earnings to the Program Reserve Fund.

### **Administrative Expenses**

Unless other sources and provisions therefor are made, only moneys on deposit in (i) the applicable Account in the Project Fund, or (ii) the Additional Payments made by the Contracting Party pursuant to the Project Financing Agreement may be used for the payment of Administrative Expenses in connection with Bond Fund Bonds.

### **Other Trust Indenture Provisions**

The Trust Indenture contains provisions as to Bond Fund Bond authentication, registration, transfer, exchange and replacement, redemption, remedies upon default, duties of the Trustee, Bond Registrar, Authenticating Agents and Paying Agents (and their successors), Supplemental Trust Indentures, and defeasance, among others. Certain provisions of the Trust Indenture as to events of default, remedies, enforcement by mandamus, defeasance, non-presentment of Bond Fund Bonds and Supplemental Trust Indentures, are summarized below.

### **Events or Default**

Each of the following is an “Event of Default”:

- (a) payment of any interest on any Bond Fund Bond is not made when and as that interest becomes due and payable;
- (b) payment of the principal of or any premium on any Bond Fund Bond is not be made when and as that principal or premium becomes due and payable, whether at stated maturity, by redemption, pursuant to any mandatory sinking fund requirements, by acceleration or otherwise;
- (c) Failure by the State to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Trust Indenture or in the Bond Fund Bonds, which failure will have continued for a period of 60 days after written notice, by registered or certified mail, to the Treasurer and, if the failure is a result of a Contracting Party being in default under its Project Financing Agreement, then also to that Contracting Party, specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and must be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding.

The Trust Indenture does not require the furnishing of periodic evidence to the Trustee as to the absence of defaults or Events of Default under the Trust Indenture or as to compliance with the terms of the Trust Indenture.

In the event Bond Service Charges are not paid when due, whether at maturity or by redemption, the Trustee may, and upon the written request of holders of not less than a majority in aggregate principal amount of outstanding Bond Fund Bonds must, declare by notice in writing delivered to the Treasurer the principal of all Bond Fund Bonds then outstanding and the interest accrued thereon to be due and payable immediately unless otherwise provided in the related Supplemental Indenture. This acceleration is automatically rescinded and annulled and the Event of Default and its consequences are waived if: (a) all sums payable under the Trust Indenture (except the principal of and interest on Bond Fund Bonds which have not reached their stated maturity dates) have been paid or provision has been made for such payment by deposit with the Trustee or Paying Agent, and (b) all existing Events of Default for the series of Bond Fund Bonds have been cured.

In addition to accelerating the Bond Fund Bonds as provided in the preceding paragraph, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement or obligation under this Indenture.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the holders of at least 25% in aggregate principal amount of Bond Fund Bonds outstanding, the Trustee is required to exercise any rights and powers conferred by the Trust Indenture, provided that no notice of acceleration may be given unless the Bond Service Charges are not paid when due.

The holders of a majority in aggregate principal amount of Bond Fund Bonds have the right, by written instrument delivered to the Trustee, to direct the method and place of conducting any and all remedial proceedings under the Trust Indenture, provided that the direction is in accordance with the provisions of law and of the Trust Indenture and the Trustee is indemnified to its satisfaction.

The Trust Indenture provides that before taking remedial action the Trustee may require that a satisfactory indemnity bond be provided for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the Trustee's negligence or willful default. The Trustee may act without this indemnity, in which case its expenses are reimbursable.

The registered owners of the Bond Fund Bonds are not entitled to enforce the provisions of the Trust Indenture or to institute, appear in, or defend any suit, action or proceeding to enforce any rights, remedies or covenants granted or contained in the Trust Indenture or to take any action with respect to any Event of Default under the Trust Indenture, except as provided in the Trust Indenture.

### **Enforcement by Mandamus**

Pursuant to the Act and to the General Bond Order the duties of the Treasurer and of each State agency and their members, officers and employees under the General Bond Order, the



Trust Indenture, any Series Bond Order, any Supplemental Trust Indenture and any other agreement or document relating to any Bond Fund Bonds are enforceable by mandamus.

## **Defeasance**

If (i) the State pays all of the outstanding Bond Fund Bonds, or causes them to be paid and discharged, or if there is otherwise paid to the holders of the outstanding Bond Fund Bonds all Bond Service Charges due or to become due, and (ii) provision is made for the payment of all other sums payable under the Trust Indenture, then the Trust Indenture will cease, determine and become null and void, and the covenants, agreements and obligations of the State thereunder will be released, discharged and satisfied. Thereupon the Trustee will execute and deliver to the Treasurer any instruments to evidence that release and discharge as may be reasonably requested by the Treasurer, and the Trustee and Paying Agent will deliver to the Treasurer any property at the time subject to the lien of the Trust Indenture which may then be in their possession, except amounts in the Section 5.07 Account or otherwise in the Bond Fund required to be held by the Trustee and the Paying Agent under the Trust Indenture or otherwise for the payment of Bond Service Charges.

Bond Fund Bonds will be deemed to have been paid or caused to be paid for the purpose of defeasance if:

- (a) the Trustee holds, in trust for and irrevocably committed thereto, sufficient moneys, or
- (b) the Trustee holds, in trust for and irrevocably committed thereto. Defeasance Obligations certified by a firm of national reputation for its expertise in financial calculations and verifications to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal or the interest earnings (likewise to be held in trust and committed, except as hereinafter provided below), be sufficient together with moneys referred to in (a),

for the payment, at the maturity or redemption date, of all Bond Service Charges thereon to the date of maturity or redemption, as the case may be, or if default in that payment will have occurred on such date then to the date of the tender of that payment; provided that if any Bond Fund Bonds are to be redeemed prior to their maturity, notice of that redemption has been given or provision satisfactory to the Trustee has been made for the giving of that notice. Any funds held in connection with such defeasance are required to be invested only in Defeasance Obligations the maturities or redemption dates of which, at the option of the holder, may be not later than the time or times at which those moneys will be required for the purposes for which they are held. Any income or interest earned by, or increment to, those investments, to the extent not required for the applicable purposes, will be transferred to other funds of the State as the Treasurer directs.

## **Non-presentment of Bonds**

In the event that any Bond Fund Bond is not presented for payment when the principal thereof becomes due in whole or in part, either at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements, or a check or draft for interest is uncashed, and if moneys sufficient to pay the principal and, in the case of Capital Appreciation Bonds, the accreted interest, then due and payable on that Bond Fund Bond or of such check or draft have been made available to the Trustee for the benefit of its holder, all liability of the State to that holder for the payment of the principal and any accreted interest then due and payable on the Bond Fund Bond or the check or draft ceases and is discharged completely. The Trustee will hold those moneys, without liability for interest thereon, in a separate subaccount in the Section 5.07 Account for the exclusive benefit of the holder, who will be restricted thereafter exclusively to those moneys for any claim of whatever nature on its part under the Trust Indenture or on, or with respect to, the principal and interest, if any, then due on that Bond Fund Bond or of such check or draft.

Any of the moneys held by the Trustee that are unclaimed by the holder of a Bond Fund Bond not presented for payment or a check or draft not cashed for a period of four years after the due date thereof, will be paid to the Treasurer free of any trust or lien, upon a request in writing by the Treasurer. Thereafter, the holder of that Bond Fund Bond may look only to the Treasurer for payment and then only to the amounts so received by the Treasurer without any interest thereon, and the Trustee will not have any responsibility with respect to those moneys.

## **Supplemental Trust Indentures; Modifications**

A Supplemental Trust Indenture is to be entered into in connection with the issuance of each series of Bond Fund Bonds providing for, among other things, the forms of the bonds of that series. Other than the Supplemental Trust Indenture discussed below, no other supplemental Trust Indentures have been entered into or authorized.

The State and the Trustee, without consent of or notice to any holders of the Bond Fund Bonds, may enter into Supplemental Trust Indentures which, in the opinion of the Treasurer and the Trustee, will not be inconsistent with the terms and provisions of the Trust Indenture for any one or more of the following purposes: (a) to cure any ambiguity, inconsistency or formal defect or omission in the Trust Indenture; (b) to grant to or confer upon the Trustee for the benefit of the holders of the Bond Fund Bonds any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon those holders or the Trustee; (c) to assign additional revenues under the Trust Indenture; (d) to accept additional security and instruments and documents of further assurance with respect to a Qualified Project; (e) to add to the covenants, agreements and obligations of the State under the Trust Indenture, other covenants, agreements and obligations to be observed for the protection of the holders of the Bond Fund Bonds, or to surrender or limit any right, power or authority reserved to or conferred upon the State in the Trust Indenture; (f) to evidence any succession to the State and the assumption by its successor of the covenants, agreements and obligations of the State under the Trust Indenture, the Project Financing Agreements and the Bond Fund Bonds; (g) to make necessary or advisable amendments or additions in connection with the issuance of a series of Bond Fund Bonds pursuant to and upon the conditions provided for in the Trust Indenture; (h) to permit the use of a

book entry system to identify the owner of an interest in an obligation issued by the State under the Trust Indenture, whether that obligation was formerly, or could be, evidenced by a tangible security; (i) to permit the Trustee to comply with any obligations imposed upon it by law; (j) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Bond Registrar and any Authenticating Agents or Paying Agents; (k) to achieve compliance of the Trust Indenture with any applicable federal securities or tax law; (l) with respect to any Tax-Free Bonds, to make amendments to the provisions hereof relating to arbitrage matters under Section 148 of the Internal Revenue Code, if, in the opinion of bond counsel selected by the Treasurer and as to which the Trustee makes no reasonable objection, those amendments would not cause the interest on those Tax-Free Bonds outstanding to be included in gross income of their holders for federal income tax purposes which amendments may, among other things, change the responsibility for making the relevant calculations; (m) to obtain or maintain a rating from a Rating Service; (n) to permit any other amendment which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the holders of the Bond Fund Bonds; and (o) to make any other change to insert any provision into or delete or amend any provision of the Trust Indenture, provided that such insertion, deletion or amendment will not adversely affect the rating (other than any rating based upon credit enhancement or liquidity support provided by any person other than the State, which may not be taken into account for purpose of this clause) then assigned to any outstanding Bond Fund Bonds by any Rating Service.

The State and the Trustee may execute and deliver Supplemental Trust Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Trust Indenture or any Supplemental Trust Indenture or restricting in any manner the rights of the holders of the Bond Fund Bonds with the consent of the holders of not less than a majority in aggregate principal amount of either the Bond Fund Bonds then outstanding, or, if affecting less than all of the outstanding Bond Fund Bonds, of the series of Bond Fund Bonds affected, except that no such supplemental Trust Indenture may: (a) without the consent of the holder of each Bond Fund Bond so affected, (i) extend the maturity of the principal of or the interest on any Bond Fund Bond, (ii) reduce the principal amount of any Bond Fund Bond or the rate of interest or premium thereon, or (iii) reduce the amount or extension of the time of payment of any mandatory sinking fund requirements; or (b) without the consent of the holders of all Bond Fund Bonds then outstanding, (i) create a privilege or priority of any Bond Fund Bond over any other Bond Fund Bond, or (ii) reduce the aggregate principal amount of the Bond Fund Bonds required for consent to a supplemental Trust Indenture.

### **Covenants of the State**

In addition to other covenants, the State covenants in the Trust Indenture as follows:

(a) The State will pay or cause to be paid all Bond Service Charges from the sources provided in the Trust Indenture and in the manner provided in the Trust Indenture.

In the event the Pledged Receipts are insufficient to make payment of any Bond Service Charges when due and payable or to maintain the Program Reserve Requirement in the Program Reserve Fund, the Director will notify the Governor of the State (the "Governor") of such insufficiency and will determine to what extent, if any, payment of Bond Service Charges may

be made or moneys may be restored to the Program Reserve Fund from lawfully available moneys previously appropriated for that purpose to the Ohio Department of Transportation. If payment of Bond Service Charges are not made or the moneys are not immediately and fully restored to the Program Reserve Fund from such moneys, the Director is required to promptly submit to the Governor and to the Director of Budget and Management of the State a written request for either or both of the following:

(1) that the next biennial budget submitted by the Governor to the General Assembly include an amount to be appropriated from lawfully available moneys to the Ohio Department of Transportation for the purpose of and sufficient for the payment in full of Bond Service Charges previously due and for the full replenishment of the Program Reserve Fund; or

(2) that the General Assembly be requested to increase appropriations from lawfully available moneys for the Ohio Department of Transportation in the current biennium sufficient for the purpose of and for the payment in full of Bond Service Charges previously due and to come due in the biennium and for the full replenishment of the Program Reserve Fund.

The Director will include with such requests a recommendation that the payment of the Bond Service Charges and the replenishment of the Program Reserve Fund be made in the interest of maximizing the benefits of the State Infrastructure Bank.

The covenant described in the foregoing paragraphs does not obligate or purport to obligate the State to pay the Bond Service Charges or to deposit moneys in the Program Reserve Fund other than from moneys that may be lawfully available and appropriated for that purpose during the then-current biennium.

(b) The State will not assign the Pledged Revenues or create or authorize to be created any debt, lien or charge thereon, other than pursuant to the Trust Indenture.

(c) The State will cause the Trust Indenture, and any related instruments or documents relating to the assignment made under the Trust Indenture to secure the Bond Fund Bonds, to be recorded and filed in the manner and in the places which may be required by law in order to preserve and protect fully the security of the holders of the Bond Fund Bonds and the rights of the Trustee.

(d) All books, instruments and documents in the Treasurer's or the Director's possession relating to any Project and the Pledged Revenues will be open to inspection at all times during the regular business hours of the Treasurer or the Director, as the case may be, by any accountants or other agents of the Trustee which the Trustee may designate from time to time.

(e) At reasonable times and under reasonable regulations established by the Bond Registrar, the Bond Register may be inspected and copied by any Contracting Party, the Trustee, by holders of 25% or more in principal amount of the Bond Fund Bonds then outstanding, or a designated representative thereof.

(f) The State covenants that it (i) will take, or require to be taken, all actions that may be required of the State for the interest on any Tax-Free Bonds to be and remain excluded from the gross income of the holders of the Bond Fund Bonds for federal income tax purposes, and (ii) will not take or authorize to be taken any actions that would adversely affect that exclusion under the provisions of the Code.

(g) While Fitch is maintaining a rating on any series of Bond Fund Bonds the State will maintain a ratio of Total Annual Cash Flows to Total Annual Debt Service of not less than 1.20:1, unless Fitch agrees that maintenance of that ratio at less than 1.20:1 will not result in a reduction of the rating then presently in effect. For purposes of this covenant:

(1) “Total Annual Cash Flows” means for each succeeding twelve month period while any Bond Fund Bonds are scheduled to remain Outstanding the sum of (i) scheduled Bond Service Charges to be received during that period on all Outstanding Bonds except those series of Bond Fund Bonds for which the related Contracting Parties are in default with respect to payments required to be made by them under their related Project Financing Agreements, (ii) scheduled Program Receipts to be received during that period under all outstanding agreements under which Program Receipts are to be received by the Director except those agreements for which the related borrowers are in default with respect to payments required to be made by them under their related agreements, (iii) projected Program Receipts to be received during that period based upon projected loans to be made from moneys in the State Infrastructure Bank – Federal, (iv) the balance standing to the credit of the State Infrastructure Bank – Federal, (v) projected interest earnings for that period on amounts in the Program Reserve Fund, and (vi) projected interest earnings for that period on amounts in the State Infrastructure Bank – Federal.

(2) “Total Annual Debt Service” means for each succeeding twelve month period scheduled Bond Service Charges to be paid during that period on all Outstanding Bonds reduced by an amount to be determined by assuming that the balance in the Program Reserve Fund were applied to redeem Outstanding Bonds.

The determinations of the items described in clauses (iii), (v) and (vi) of the definition of Total Annual Cash Flows and the amount by which Bond Service Charges are reduced as a result of assuming the balance in the Program Reserve Fund were applied to redeem Outstanding Bonds for purposes of determining Total Annual Debt Service will be made by the Financial Advisor.

## **THE SERIES BOND ORDER AND SUPPLEMENTAL TRUST INDENTURE**

The following is a summary of certain provisions contained in the Supplemental Trust Indenture and the Series Bond Order for the Bonds. Reference is made to the Series Bond Order and the Supplemental Trust Indenture for a complete recital of their terms.

The Bonds are to be issued pursuant to a provision of the General Bond Order which permits the issuance of Bond Fund Bonds pursuant to Series Bond Orders. The Series Bond Order directs issuance of the Bonds and establishes the essential terms of the Bonds. See “THE BONDS” herein.

On the closing date, the Treasurer is to deposit from the proceeds of the Bonds (a) into the Issuance Expense Account (the “Issuance Expense Account”) created pursuant to the Series Bond Order \$190,000 and (b) into the Program Reserve Fund \$5,000,000.

The Series Bond Order creates the Issuance Expense Account as a separate deposit account in the custody of the Trustee. Moneys in the Issuance Expense Account are to be disbursed by the Trustee, upon the written direction of the Director, for payment of issuance expenses incurred in connection with the issuance of the Bonds, including, but not limited to, the fee of the Placement Agent and the Financial Advisor, the acceptance fee of the Trustee, the fees and disbursements of bond counsel, Placement Agent’s counsel and the Treasurer’s special counsel, printing fees and rating agency fees. On October 1, 2008, the Trustee is to transfer any balance remaining in the Issuance Expense Account to the Program Reserve Fund. Moneys in the Issuance Expense Account may be invested and reinvested by the Trustee, at the direction of the Treasurer, in Eligible Investments, and the earnings from any such investments will be credited to the Interest Payment Account.

### **CERTAIN TAX CONSIDERATIONS**

Interest on the Bonds is **not** excludable from gross income for federal income tax purposes. In the opinion of Bricker & Eckler LLP, Bond Counsel, interest on, and any profit made on the sale, exchange, or other disposition of the Bonds are exempt from taxes levied by the State and its political subdivisions. For purposes of such opinion, “taxes” means any direct or indirect taxes, including income, ad valorem, transfer, commercial activity, and excise taxes and the corporation franchise tax measured by net income of a corporation, but “taxes” does not mean or include: (i) the corporate franchise tax measured by net worth of a corporation; (ii) the estate tax; (iii) the taxes levied on insurance companies and dealers in intangibles pursuant to Chapter 5725 of the Ohio Revised Code; and (iv) the tax on shares of and capital employed by dealers in intangibles pursuant to Section 5707.03 of the Ohio Revised Code.

Holders of the Bonds should consult their own tax advisors as to tax consequences pertaining to the Bonds, such as the consequences of sale, transfer, redemption or other disposition of the Bonds prior to stated maturity, and to other applications of federal tax laws and of state, local and foreign laws.

### **ELIGIBILITY UNDER OHIO LAW FOR INVESTMENT AND AS SECURITY FOR THE DEPOSIT OF PUBLIC MONEYS**

To the extent that the matter as to the particular investor is governed by Ohio law, and subject to any applicable limitations under other provisions of Ohio law, under the Act the Bonds are lawful investments for banks, societies for savings, savings and loan associations, deposit guarantee associations, trust companies, trustees, fiduciaries, insurance companies, including domestic 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 the State, the commissioners of the sinking fund of the State, the administrator of workers’ compensation, and the State’s retirement systems (Teachers, Public Employees, School Employees, and Police

and Fire), notwithstanding any other provisions of the Ohio Revised Code or rules adopted pursuant thereto by any governmental agency of the State with respect to investment by them. The Act also provides that the Bonds are acceptable under Ohio law as security for the deposit of public moneys.

## **LITIGATION**

There is no litigation pending contesting the validity of the Bonds or the proceedings for the authorization, issuance, sale, execution and delivery thereof. A no-litigation certificate to that effect will be delivered to the Placement Agent at the time of original delivery of the Bonds.

The State is a party to various legal proceedings seeking damages or injunctive or other relief and generally incidental to its operations, but unrelated to the Bonds or the security for the Bonds. The ultimate disposition of these proceedings is not presently determinable, but will not, in the opinion of the Ohio Attorney General, have a material adverse effect on the Bonds or the security for the Bonds.

## **THE OFFERING**

The Bonds are being placed by Fifth Third Securities, Inc., as Placement Agent, on behalf of the State pursuant to the terms of a Private Placement Agreement. The State will pay the Placement Agent a selling commission equal to 0.60% of the principal amount of the Bonds.

Only prospective investors who qualify as institutional investors may subscribe for Bonds. See “ELIGIBLE INVESTORS” herein.

## **LEGAL MATTERS**

Certain legal matters incident to the validity of the Bonds are subject to the approving opinion of Bricker & Eckler LLP, Columbus, Ohio, Bond Counsel, which has also passed on certain other matters relating to the Bonds and their issuance.

In its capacity as Bond Counsel, Bricker & Eckler LLP has participated in the preparation, and has reviewed those portions of this Private Placement Memorandum pertaining solely to the Bonds, the General Bond Order, the Trust Indenture, the Series Bond Order, the Supplemental Trust Indenture and the proposed form of Project Financing Agreements contained under the captions “SUMMARY STATEMENT”, “INTRODUCTORY STATEMENT”, “CONSTITUTIONAL AND STATUTORY AUTHORIZATION”, “THE BONDS”, “FEDERAL TITLE XXIII TRANSPORTATION INFRASTRUCTURE BOND FUND PROGRAM – Terms of Project Financing Agreements”, “SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS”, “ISSUANCE OF ADDITIONAL BOND FUND BONDS UNDER THE ACT”, “THE GENERAL BOND ORDER AND TRUST INDENTURE”, “THE SERIES BOND ORDER AND SUPPLEMENTAL TRUST INDENTURE”, AND “CERTAIN TAX CONSIDERATIONS” herein and in “Appendix A – Glossary” to this Private Placement Memorandum. Bond Counsel has not been retained to pass upon any other information in this Private Placement Memorandum, including information in Appendices A and B, or in any other

reports, financial information, offering or disclosure documents or other information pertaining to the State that may be prepared or made available by the State or others to the prospective purchasers of the Bonds or to others.

McDonald Hopkins LLC has acted as counsel for and has passed on certain matters for the Placement Agent.

### **RATING**

Fitch has given the Bonds the rating of “AA”. Such rating reflects only the views of such organization, and an explanation of the significance of such rating may be obtained from Fitch Ratings at One State Street Plaza, New York, New York 10004 or at (212) 908-0500. There is no assurance that this rating will continue for any given period of time or that it will not be changed, suspended or withdrawn if, in the judgment of such agency, as a result of changes in, or unavailability of, information, circumstances so warrant. Any such change, suspension or withdrawal of such rating may have an adverse effect on the market price of the Bonds, if any.

### **FINANCIAL ADVISOR**

Robert W. Baird & Co. Incorporated is serving as financial advisor to the State in connection with the issuance and sale of the Bonds. The Financial Advisor will receive a fee equal to \$86,330 for its services.

### **MISCELLANEOUS**

The foregoing summaries or descriptions of provisions of the Bonds, the General Bond Order, Trust Indenture, Series Bond Order and Supplemental Trust Indenture, and all references to materials not purporting to be quoted in full are only brief outlines of certain provisions. For further information relating to such matters, reference is hereby made to the complete documents, copies of which are available for inspection during the period of this offering at the offices of the Placement Agent and at the offices of the Director.

To the extent that any statements in this Private Placement Memorandum 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 those statements will be realized. Information in this Private Placement Memorandum has been derived from official and other sources and is believed to be reliable, but information other than that obtained from official records of the State has not been independently confirmed or verified by the State and its accuracy is not guaranteed. This Private Placement Memorandum is not to be construed as a contract or agreement between the State of Ohio and the purchasers or owners of any of the Bonds.



This Private Placement Memorandum has been prepared and delivered by the State of Ohio, and executed for and on its behalf and in his official capacity, by the Treasurer of State.

STATE OF OHIO

By:           /s/ Richard Cordray            
Richard Cordray, Treasurer  
of State of Ohio

Date: July 24, 2008

**GLOSSARY**

“Act” means Sections 5531.09 and 5531.10 of the Ohio Revised Code.

"Additional Payments" means those payments identified as Additional Payments in the Project Financing Agreements.

“Administrative Expenses” means the following expenses: reasonable expenses of the Treasurer and Director relating to their services and the services of that office and Ohio Department of Transportation rendered in connection with Bond Fund Bonds; regular and special fees and reasonable expenses of the Trustee, Paying Agents, Bond Registrars, Rating Services, Authenticating Agents, depositories, financial advisers, consultants, attorneys, accountants and others providing services or security with respect to the authorization, sale, issuance, delivery, authentication, safekeeping, transfer, registration, payment and servicing of or security for Bond Fund Bonds; costs of audits, certifications and reports provided for in the Trust Indenture and any Supplemental Trust Indenture; and financing charges and costs of printing, engraving and advertising, bond insurance or letters of credit, purchase, remarketing, interest rate hedges and investment agreements fees and related costs, and other expenses incurred in connection with the security for and the authorization, sale, issuance, delivery, authentication, transfer, registration, payment and servicing of Bond Fund Bonds.

“Authenticating Agent” means the Trustee and the Bond Registrar for a series of Bond Fund Bonds and any bank, trust company or other Person designated as an Authenticating Agent for such series of Bond Fund Bonds by or in accordance with the Trust Indenture or any Supplemental Trust Indenture, each of which must be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934 as amended.

“Bond Counsel” means Bricker & Eckler LLP.

“Bonds” means the \$5,190,000 State of Ohio Taxable Transportation Project Revenue Bonds (Federal Title XXIII Transportation Infrastructure Bond Fund) Series 2008-1 issued by the Treasurer pursuant to the General Bond Order and the Series Bond Order.

“Bond Fund” means the Federal Bond Fund, established pursuant to the General Bond Order.

“Bond Fund Bonds” means the Bonds, together with all other obligations issued under the General Bond Order and Trust Indenture and thereby payable from and secured by the system of pooled debt service and reserve accounts established by the General Bond Order and the Trust Indenture.

“Bond Register” means the books kept and maintained by the Bond Registrar for registration and transfer of Bond Fund Bonds pursuant to the Trust Indenture.

“Bond Registrar” means the Trustee until a successor Bond Registrar for a Series of Bond Fund Bonds is appointed pursuant to the Trust Indenture, Series Bond Order or Supplemental Indenture; each Bond Registrar must be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934, as amended.

“Bond Reserve Account” means a Federal Bond Reserve Account, provided for pursuant to the General Bond Order.

“Bond Service Charges” means, for any period or payable at any time, the principal of and premium, if any and interest on any Bond Fund Bonds for that period or payable at that time whether due at maturity or upon acceleration or redemption, and may include amounts payable to credit enhancement providers to the extent set forth in any Supplemental Trust Indenture.

“Business Day” means a day which is not a (i) Saturday, (ii) Sunday, or (iii) a day on which the Trustee is closed or banks in The City of New York, New York are closed.

“Called Principal” means, with respect to any Bond, the principal of that Bond that is to be optionally redeemed.

“Capital Appreciation Bond” means a Bond Fund Bond by the terms of which interest is not paid periodically while outstanding.

“Capitalized Interest” means all or a portion (which portion will be specified in the applicable Series Bond Order) of the interest payable on a series of Bond Fund Bonds from their date to a date stated in the applicable Series Bond Order, which is to be paid from the proceeds of that series.

“Collateral Proceeds Account” means a Federal Collateral Proceeds Account, provided for pursuant to the General Bond Order.

“Contracting Party” means any person who has entered into a Project Financing Agreement with the Director and its successors and assigns.

“Defeasance Fund” means the Federal Defeasance Fund established in the Trust Indenture.

“Defeasance Obligations” means (i) noncallable direct obligations of, or noncallable obligations the principal of and interest on which are guaranteed as to full and timely payment by, the United States of America (including stripped obligations the principal of and interest of which have been separated and offered for sale separately from each other), (ii) obligations of agencies of the United States of America which are rated AAA by Standard & Poor’s and in the highest rating category of any other Rating Service rating any series of Bond Fund Bonds or (iii) obligations which have been determined in a Supplemental Trust Indenture to be Defeasance Obligations and which must be Defeasance Obligations only as to those Bond Fund Bonds issued pursuant to that Supplemental Trust Indenture.

“Direct Participant” means securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

“Director” means that officer of the State, appointed pursuant to Section 121.03 of the Ohio Revised Code, who administers and is the executive head of the Department of Transportation, the officer who by law performs the functions of that office, and any person acting on behalf of the Director pursuant to any delegation permitted by law.

“Discounted Value” means, with respect to the Called Principal of any Bond, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective retirement dates (assuming that the Called Principal will remain outstanding under the mandatory redemption schedule for the longest possible time) to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on a semiannual basis) equal to the Reinvestment Yield with respect to such Called Principal.

“DTC” means the Depository Trust Company, New York, New York.

“Eligible Investor” means an institutional investor to which the Bonds can be sold pursuant to the private placement exemption available under the Securities Act.

“Event of Default” means an Event of Default as defined “THE GENERAL BOND ORDER AND TRUST INDENTURE – Events of Default” herein.

“Federal SIB Loan Program” means the direct federal loan program the Director currently administers under the Act.

“Federal Title XXIII Transportation Infrastructure Bond Fund Program” means the federal transportation project program the Director intends to administer under the Act with the net proceeds of Bond Fund Bonds that are not used to fund reserves or refund outstanding Bond Fund Bonds.

“Financial Advisor” means Robert W. Baird & Co. Incorporated or any successor financial advisory firm designated by the Director to act as financial advisor to the Department of Transportation in connection with the Bond Fund.

“Financing Payments” means the amounts required to be paid by a Contracting Party pursuant to the provisions of a Project Financing Agreement, for deposit into the Revenue Fund.

“Fitch” means Fitch Ratings or its successors.

“General Assembly” means the body in which the legislative power of the State is vested.

“General Bond Order” means the General Bond Order issued by the Treasurer on July 24, 2008.

“Holder”, or any similar term, means any person in whose name a Bond Fund Bond is registered on the Bond Register.

“Interest Payment Account” means the Interest Payment Account established in the Bond Fund.

“Interest Payment Date” means, as to all series of Bond Fund Bonds, May 15 and November 15, provided that this definition may not inhibit a delay for a series of Bond Fund Bonds of the first Interest Payment Date for that series, the issuance of Capital Appreciation Bonds or the payment of interest more frequently than semiannually if so provided in the Supplemental Trust Indenture.

“Issuance Expense Account” means the Issuance Expense Account for the Bonds established in the Series Bond Order.

“Moody’s” means Moody’s Investor’s Service, Inc. or its successors.

“Ohio Department of Transportation” means that department of State administration so named, created by Section 121.02 of the Ohio Revised Code.

“Outstanding Bonds”, “Bond Fund Bonds outstanding” or “outstanding” as applied to Bond Fund Bonds mean, as of the applicable date, all Bond Fund Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under the Trust Indenture, except:

(a) Bond Fund Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment or redemption on or prior to that date;

(b) Bond Fund Bonds, or the portion thereof, for the payment, redemption or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee or any Paying Agents on or prior to that date for that purpose (whether upon or prior to the maturity or redemption date of those Bond Fund Bonds); provided, that if any of those Bond Fund Bonds are to be redeemed prior to their maturity, notice of that redemption must have been given or arrangements satisfactory to the Trustee must have been made for giving notice of that redemption, or waiver by the affected Holders of that notice satisfactory in form to the Trustee must have been filed with the Trustee;

(c) Bond Fund Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Trust Indenture; and

(d) Bond Fund Bonds in lieu of which others have been authenticated under the Trust Indenture.

“Orders” means, collectively, the General Bond Order and the Series Bond Order.

“Paying Agent” means the Trustee or any bank or trust company designated as a Paying Agent by or in accordance with the Trust Indenture.

“Persons” or words importing persons mean firms, associations, partnerships (including without limitation, general, limited and limited liability partnerships), joint ventures, societies, estates, trusts, corporations, limited liability companies, public or governmental bodies, other legal entities and natural persons.

“Placement Agent” means Fifth Third Securities, Inc.

“Pledged Revenues” means (a) the Financing Payments, (b) all moneys and investments in the Special Funds and (c) all income and profit from the investment of the foregoing moneys. The term “Pledged Revenues” does not include any moneys or investments in the Rebate Fund.

“Prepayment Account” means the Prepayment Account established in the Bond Fund.

“Principal Payment Account” means the Principal Payment Account established in the Bond Fund.

“Program Loan” means any loan made under the Federal Title XXIII Transportation Infrastructure Bond Fund Program.

“Program Receipts” means all moneys received from the sale, lease, other disposition, or use of Qualified Projects and from the repayment, including interest, of loans made from moneys in the State Infrastructure Bank except (i) moneys received from the sale, lease, other disposition, or use of Qualified Projects and from the repayment, including interest, of loans made from moneys in Fund 2120 of the State Infrastructure Bank or in other non-Federal accounts, and (ii) amounts which are required to be deposited in the Revenue Fund, Bond Fund, a Bond Reserve Account or a Collateral Proceeds Account pursuant to the Trust Indenture or a Series Bond Order.

“Program Reserve Fund” means the Federal Program Reserve Fund, established pursuant to the General Bond Order.

“Program Reserve Letter of Credit” means an irrevocable letter of credit issued by a bank or trust company which has capital and surplus of not less than \$50,000,000 and either (i) the long term debt of it or its parent corporation is rated in not lower than the greater of (a) the third highest long term debt rating category by a Rating Service or, if no long term debt is rated then the short term debt of it or its parent corporation is rated by a Rating Service in the highest short term debt category, or (b) the highest rating of any Outstanding Bonds on the date of delivery of the Letter of Credit, or (ii) the bank or trust company issuing the letter of credit is specifically approved by any Rating Service then rating the Bond Fund Bonds.

“Program Reserve Requirement” means \$5,000,000 or five percent (5%) of the Outstanding Bond Fund Bonds, whichever is greater.

“Project” means, collectively, the real, tangible personal and real and tangible personal property which has been or is expected to be acquired, constructed, installed, equipped or improved from the proceeds of a series of Bond Fund Bonds and which constitutes a Qualified Project.

“Project Costs” means with respect to each Project:

(a) obligations incurred for labor, materials and services and to contractors, builders, vendors and others in connection with the acquisition, construction, improvement and installation of the Project, for machinery, equipment and furnishings, for necessary connections, utilities and landscaping, for the restoration or relocation of any property damaged or destroyed in connection with such construction, improvement and installation, for the acquisition, improvement, removal or relocation of any structures and for the clearing of lands and further including such improvements as the related Contracting Party determines to be reasonably necessary in connection with the Project;

(b) the cost of acquiring, if such acquisition is deemed expedient, such lands, property, rights, rights of way, leases, easements, franchises and other interests as may be deemed necessary or convenient for the acquisition, construction, improvement and installation of the Project and options and partial payments thereon, the cost of demolishing or removing any buildings or structures on and otherwise preparing lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved and the amount of any damages incident to or consequent upon the acquisition, construction and installation of the Project;

(c) Capitalized Interest on the related series of Bond Fund Bonds;

(d) the reasonable fees and expenses of the Trustee, Authenticating Agent, Paying Agent and Bond Registrar, as applicable, for their services with respect to the related series of Bond Fund Bonds prior to and during the acquisition, construction and installation, and premiums on builder’s risk insurance (if any) in connection with the Project during construction;

(e) the cost of borings, testings and other preliminary investigations to determine foundation, basement, environmental or other conditions, expenses necessary or incident to determining the feasibility or practicability of acquiring, improving, constructing and installing the Project, and fees and expenses of engineers, architects and management and other consultants for making studies, surveys and estimates of costs and of revenues and other estimates, fees and expenses of engineers and architects for preparing plans and specifications and supervising construction, as well as for the performance of all other duties of engineers and architects set forth in the related Project Financing Agreement and the fees and expenses of construction managers or project supervisors, all in relation to the acquisition, construction, improvement and installation of the Project and the issuance of the related series of Bond Fund Bonds therefor;

(f) legal expenses and fees, bond insurance premiums and other credit enhancement costs, financing charges, rating agency fees, operating and debt service reserves, expenses of

recordation of legal instruments, costs of printing, costs of audits and of preparing and issuing the related series of Bond Fund Bonds, and all other items of expense not specified elsewhere in this definition and incident to the acquisition, construction, improvement and installation of the Project, the financing thereof and the acquisition of lands, property, rights, rights of way, easements, franchises and interests in or relating to lands, including abstracts of title, title insurance, title guaranty, cost of surveys and other expenses in connection with such acquisition, and expenses of administration properly chargeable to the acquisition, construction, and installation of the Project;

(g) financial advisors fees, costs of feasibility studies, Trustee, Paying Agent, Bond Registrar and Authenticating Agent fees, costs and expenses (including counsel fees), costs of escrows, and all other items of expense not specified elsewhere in this Section and incident to the issuance, refunding or advance refunding of the related series of Bond Fund Bonds and expenses of administration properly chargeable to such issuance, refunding or advance refunding;

(h) payments to the Rebate Fund;

(i) any other cost permitted to be paid by the Act; and

(j) any obligation or expense heretofore or hereafter incurred or paid by the Director or the Treasurer for any of the foregoing purposes.

“Project Financing Agreement” means a loan agreement, installment sale agreement, lease or other document or instrument to which the Director is a party including those between the Director and a Contracting Party, each as amended or supplemented from time to time, in which a Contracting Party acknowledges that it has received the benefit of the proceeds of Bond Fund Bonds and agrees to pay to the Director or the Trustee specified amounts in consideration of the receipt of such benefit.

“Project Fund” means a Project Fund provided for pursuant to the General Bond Order from which net proceeds of series of Bond Fund Bonds that are to be used to finance Qualified Projects are disbursed to pay the Project Costs of those facilities.

“Qualified Project” means any public or private transportation project as determined by the Director, including, without limitation, planning, environmental impact studies, engineering, construction, reconstruction, resurfacing, restoring, rehabilitation, or replacement of public or private transportation facilities within the State, studying the feasibility thereof, and the acquisition of real or personal property or interests therein; any highway, public transit, aviation, rail, or other transportation project eligible for financing or aid under any federal or State program; and any project involving the maintaining, repairing, improving, or construction of any public or private highway, road, street, parkway, public transit, aviation, or rail project, and any related rights-of-way, bridges, tunnels, railroad-highway crossings, drainage structures, signs, guardrails, or protective structures; provided, however, that such transportation project qualifies for funds under the Federal Title XXIII program.



“Rating Service” means Fitch, Moody’s or Standard & Poor’s, as may then have assigned a rating to a series of Bond Fund Bonds at the request of the Treasurer.

“Rebate Fund” means the Rebate Fund established pursuant to the General Bond Order.

“Reinvestment Yield” means, with respect to the Called Principal of any Bond, a discount rate equal to the sum of (a) 50 basis points and (b) the yield to maturity determined by reference to (i) the yields reported, as of 10:00 a.m. (New York City time) on the Business Day next preceding the Settlement Date with respect to such Called Principal, displayed on Bloomberg under the “PX1” function for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, (ii) the Treasury Constant Maturity Series yields reported, for the latest day for which such yields have been so reported as of the Business Day next preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between reported yields.

“Remaining Average Life” means, with respect to the Called Principal of any Bond, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of such Called Principal (but not of interest thereon) by (b) the number of years (calculated to the nearest one-twelfth year) which will elapse between the Settlement Date with respect to such Called Principal and the respective retirement date (assuming that the Called Principal will remain outstanding under the mandatory redemption schedule for the longest possible time) of such Remaining Scheduled Payment.

“Remaining Scheduled Payments” means, with respect to the Called Principal of any Bond, all payments of such Called Principal and interest thereon that would be due on or after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled retirement date.

“Revenue Fund” means the Federal Revenue Fund, established pursuant to the General Bond Order.

“Section 5.07 Account” means the Section 5.07 Account established in the Bond Fund.

“Securities Act” means the Securities Act of 1933, as amended.

“Series Bond Order” means, generally, an order of the Treasurer authorizing the issuance of one or more series of Bond Fund Bonds in accordance with the General Bond Order, and includes any order providing for the award, sale, terms or forms of Bond Fund Bonds authorized

by a Series Bond Order, and means, with respect to the Bonds, Series Bond Order R1-08 issued by the Treasurer on July 24, 2008.

“Settlement Date” means, with respect to the Called Principal of any Bond, the date on which such Called Principal is to be optionally redeemed.

“Special Funds” means collectively the Revenue Fund, the Bond Fund (exclusive of the Section 5.07 Account and amounts in the Prepayment Account held for defeased Bond Fund Bonds), the Program Reserve Fund, the Collateral Proceeds Accounts and the State Infrastructure Bank – Federal.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, or its successors.

“State” means the State of Ohio.

“State Infrastructure Bank” means the State Infrastructure Bank created in Section 5531.09 of the Ohio Revised Code.

“State Infrastructure Bank – Federal” means Fund 2120 in the State Infrastructure Bank, which fund does not and will not include any Pledged Federal Highway Receipts, as defined in the Trust Agreement, dated as of May 1, 1998, between the State and National City Bank, securing the State of Ohio Major New Infrastructure Project Revenue Bonds (the “Garvee Bonds”), as that Trust Agreement has been amended and supplemented through the date hereof.

“Supplemental Trust Indenture” means, generally, any indenture supplemental to the Trust Indenture entered into between the Treasurer and the Trustee in accordance with the Trust Indenture, and, with respect to the Bonds, means the First Supplemental Trust Indenture entered into between the Treasurer and the Trustee dated as of July 1, 2008.

“Tax-Free Bond Fund Bonds” means those Bond Fund Bonds the interest on which, in the opinion of Bond Counsel delivered at the time of issuance thereof, is excludable from gross income of the Holder thereof for federal income tax purposes.

“Title XXIII” means Title XXIII of the Code of Federal Regulations, as amended.

“Treasurer” means the Treasurer of the State or the officer who by law performs the functions of that office.

“Trust Indenture” means the Trust Indenture between the Treasurer acting on behalf of the State and the Trustee dated as of July 1, 2008.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., Cincinnati, Ohio, until a successor Trustee has been appointed pursuant to the applicable provisions of the Trust Indenture, and thereafter, “Trustee” will mean the successor Trustee.

“Yield-Maintenance Premium” means, with respect to any Bond, a premium equal to the excess, if any, of the Discounted Value of the Called Principal of that Bond over the sum of (i) such Called Principal plus (ii) interest accrued thereon as of (including interest due on) the Settlement Date with respect to such Called Principal. If the State and the Holders of any series of Bonds prior to the Settlement Date designates in writing a lesser premium from that calculated as set forth in the preceding sentence as the Yield-Maintenance Premium, the premium so designated will be payable on the Settlement Date as the Yield-Maintenance Premium with respect to that Bond. The Yield-Maintenance Premium will in no event be less than zero.

**BOOK-ENTRY ONLY SYSTEM**

The information contained in this section concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry only system has been obtained from materials furnished by DTC to the State. Neither the State, the Trustee nor the Placement Agent make any representation or warranty as to the accuracy or completeness of such information.

DTC will act as securities depository for the Bonds. The Bonds will be initially issued and issuable only as one fully registered Bond certificate for each maturity and interest rate within a maturity registered in the name of Cede & Co., as partnership nominee of DTC.

For ease of reference in this and other discussions, reference to “DTC” includes, when applicable, any successor securities depository and the nominee of the depository.

For all purposes under the bond proceedings, DTC will be and will be considered by the State and the Trustee to be the owner or Holder (as defined herein) of the Bonds.

Owners of beneficial (book-entry) interests in the Bonds (book-entry interest owners or beneficial owners) will not receive or have the right to receive physical delivery of the Bonds, and will not be or be considered by the State and the Trustee to be, and will not have any rights as, owners or Holders of the Bonds under the bond proceedings.

DTC is a limited-purpose trust company organized under and 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 securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations (“Direct Participants”). DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (also subsidiaries of DTCC), as well as 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 securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC may be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of such actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

Redemption notices will be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify the book-entry interest owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on that notice. When DTC and its Participants allocate the call, the owners of the book-entry interests called are to be notified by the broker or other person responsible for maintaining the records of those interests and subsequently credited by that person with the proceeds once the Bonds are redeemed.

Debt service payments on the Bonds will be made by the Trustee to Cede & Co. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State of the Trustee, 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, the Trustee or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of debt service to Cede & Co. is the responsibility of the State or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the State or the Trustee. The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository).

According to DTC, the foregoing information with respect to DTC has been provided to the industry for informational purposes and is not intended to serve as a representation, warranty or contract modification of any kind.

The information above in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State take no responsibility for the accuracy of it.

**Direct and Indirect Participants may impose service charges on book-entry interest owners in certain cases. Purchasers of book-entry interests should discuss that possibility directly with their brokers.**

The State and the Trustee have no role in the purchases, transfers or sales of book-entry interests. The rights of book-entry interest owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Book-entry interest owners may want to discuss with their legal advisors the manner of transferring or pledging their book-entry interests.

The State and the Trustee have no responsibility or liability for any aspect of the records or notices relating to, or payment made on account of, book-entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The State cannot and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the book-entry interest owners payments of debt service on the Bonds made to DTC, as the registered owner, or any redemption or other notices, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in this Offering Statement.

NEITHER THE STATE, THE PLACEMENT AGENT, NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS OF THE BONDS. NO ASSURANCES CAN BE PROVIDED THAT IN THE EVENT OF BANKRUPTCY OR INSOLVENCY OF DTC, A DIRECT PARTICIPANT OR AN INDIRECT PARTICIPANT THROUGH WHICH A BENEFICIAL OWNER HOLDS AN INTEREST IN THE BONDS, PAYMENT WILL BE MADE BY DTC, THE DIRECT PARTICIPANT OR THE INDIRECT PARTICIPANT ON A TIMELY BASIS.

**APPENDIX C**

**OHIO DEPARTMENT OF TRANSPORTATION  
FEDERAL TITLE XXIII TRANSPORTATION INFRASTRUCTURE BOND FUND  
EXISTING FEDERAL SIB LOAN BORROWER DESCRIPTION  
AS OF DECEMBER 31, 2007**

| <b>Borrower</b>                             | <b>General<br/>Obligation<br/>Rating</b> | <b>Implied<br/>Rating</b> | <b>Security or<br/>Repayment Source</b>   | <b>Outstanding<br/>Principal Balance</b> |
|---|--|---------------------------|---|--|
| Cuyahoga County                             | Moody's Aa1                              | Aa2                       | Vehicle Registration Fees   | \$5,000                                  |
| City of Macedonia                           | Fitch AA                                 | AA-                       | Municipal Income Tax  | \$2,505,190                              |
| City of Pickerington                        | Moody's A1                               | A2                        | Income Tax, Motor Vehicle Tax,<br>Permissive Tax, Storm Water Utility &<br>Capital Fees | \$3,500,414                              |
| City of Harrison                            | Moody's A2                               | A3                        | General Revenue Fund  | \$547,245                                |
| City of Cleveland                           | Moody's A2                               | A3                        | Income Tax  | \$0                                      |
| City of Columbus                            | Moody's Aaa                              | Aa1                       | General Revenue Fund  | \$10,000                                 |
| Village of Lisbon                           | N/A                                      | N/A                       | Motor Vehicle Gasoline Tax Revenues   | \$4,000                                  |
| City of Pickerington                        | Moody's A1                               | A2                        | Income Tax, Motor Vehicle Tax,<br>Permissive Tax, Storm Water Utility &<br>Capital Fees | \$407,949                                |
| City of Geneva                              | N/A                                      | N/A                       | Motor Vehicle Gasoline Tax Revenues   | \$178,254                                |
| WESTCO                                      | N/A                                      | N/A                       | Maintenance Fees  | \$278,146                                |
| City of Piqua                               | Moody's A1                               | A2                        | State income Tax Revenues   | \$5,000                                  |
| City of Barberton                           | Moody's A3                               | Baa1                      | Permissive License Tax Revenues   | \$192,244                                |
| Harrison County                             | N/A                                      | N/A                       | Gas Tax, Vehicle Registration Fees,<br>Property Assessments, Water and<br>Sewer Fees    | \$81,184                                 |
| City of Uhrichsville                        | N/A                                      | N/A                       | Capital Improvement Fund  | \$35,818                                 |
| Muskingum County<br>TID                     | N/A                                      | N/A                       | Non-tax revenues generated by<br>Muskingum County                                       | \$2,823,037                              |
| Cuyahoga County                             | Moody's Aa1                              | Aa2                       | Pledge of Motor Vehicle License tax -<br>approximately \$25 million /yr                 | \$2,586,246                              |
| City of Twinsburg                           | Moody's A1                               | A2                        | Capital Project Funds revenues &<br>General Revenues                                    | \$1,216,213                              |
| Stark County                                | Moody's A3                               | Baa1                      | Pledge of License Plate Fee Tax and<br>Gasoline Tax                                     | \$2,684,676                              |
| Summit County -<br>Hametown Road            | Moody's Aa2                              | Aa3                       | Pledge of Gasoline Tax Revenues &<br>Motor Vehicle License Tax                          | \$497,483                                |
| Summit County -<br>Tuscarawas Bridge        | Moody's Aa2                              | Aa3                       | Pledge of Gasoline Tax Revenues &<br>Motor Vehicle License Tax                          | \$990,434                                |
| Summit County - Main<br>Street Rd. Phase II | Moody's Aa2                              | Aa3                       | Pledge of Gasoline Tax Revenues &<br>Motor Vehicle License Tax                          | \$853,103                                |
| Summit County -<br>Arlington Road           | Moody's Aa2                              | Aa3                       | Pledge of Gasoline Tax Revenues &<br>Motor Vehicle License Tax                          | \$1,096,869                              |
| Summit County - Main                        | Moody's Aa2                              | Aa3                       | Pledge of Gasoline Tax Revenues &   | \$481,243                                |

|   |              |      |   |                     |
|---|--------------|------|---|---------------------|
| Street Rd. Phase III                    |              |      | Motor Vehicle License Tax   |                     |
| City of Huber Heights                   | Moody's Aa3  | A1   | TIF Revenues; Local Gov't Fund; Local Gov't Revenue Assistance                          | \$1,451,296         |
| City of Akron                           | Moody's A1   | A2   | Pledge of Gasoline Tax Revenues & Motor Vehicle License Tax                             | \$2,438,612         |
| Ross County                             | Moody's A1   | A2   | Pledge of Vehicle Gasoline Tax Revenues   | \$729,479           |
| City of Ashland                         | Moody's A1   | A2   | Pledge of Gasoline Tax Revenues & Motor Vehicle License Tax                             | \$410,472           |
| City of Reynoldsburg                    | Moody's Aa3  | A1   | Tax Increment Financing Revenue & Non Tax Revenues                                      | \$191,284           |
| City of Akron                           | Moody's A1   | A2   | City tax revenues & Non-tax revenues  | \$2,197,000         |
| City of Akron - Projects (3)            | Moody's A1   | A2   | Motor Vehicle Gas Tax   | \$2,590,503         |
| Mayfield Village                        | Moody's A1   | A2   | Special Assessment and TIF revenues and Non-tax revenues                                | \$2,614,471         |
| Summit County - Projects (5)            | Moody's Aa2  | Aa3  | Motor Vehicle Gas Tax   | \$738,393           |
| City of Lancaster                       | N/A          | N/A  | Surface Transportation Program allocations & Motor Vehicle Tax                          | \$1,754,781         |
| Dayton-Montgomery County Port Authority | Fitch BBB+   | BBB  | Pledged revenues from sale of land; Reserves of \$2,090,000                             | \$324,946           |
| City of East Liverpool                  | N/A          | N/A  | Pledge of Motor Vehicle Gas Tax   | \$956,124           |
| Hamilton County                         | Moody's Aa2  | Aa3  | Permissive Tax of the County  | \$1,512,004         |
| City of Conneaut                        | Moody's Baa1 | Baa2 | Pledge of Gasoline Tax Revenues & Motor Vehicle License Tax                             | \$2,500             |
| City of East Palestine                  | N/A          | N/A  | Motor Vehicle Gas Tax   | \$75,325            |
| City of Lorain                          | Moody's Baa2 | Baa3 | Motor Vehicle Gas Tax   | \$817,953           |
| Warren County                           | Moody's Aa2  | Aa3  | Motor Vehicle Registration Fees & Gas Tax Revenues                                      | \$1,505,000         |
| City of Huber Heights                   | Moody's Aa3  | A1   | TIF Revenues; Local Gov't Fund; Local Gov't Revenue Assistance                          | \$4,000             |
| City of Macedonia                       | Fitch AA     | AA-  | Vehicle Registration Fees and Motor Vehicle Gas Tax                                     | \$402,000           |
| Great Lakes Science Center              | N/A          | N/A  | Mortgage on the Parking Facility  | \$2,484,441         |
| City of Steubenville*                   | Moody's A3   | Baa1 | MPO pledge of annual allocation, private funds and city non-tax revenues                | \$339,519           |
| Greater Cleveland RTA                   | Moody's A3   | Baa1 | Revenues of the GCRTA derived from rentals, fees, rates, and charges of operating fees. | \$4,327,030         |
| Mayfield Village                        | Moody's A1   | A2   | Tax Increment Financing and Special Assessments   | \$1,768,107         |
| Muskingum County TID                    | N/A          | N/A  | TIF and lease payments and a \$925,000 reserve  | \$8,427,274         |
| City of Dublin                          | Moody's Aaa  | Aa1  | Bond proceeds   | \$5,950,333         |
| <b>Total</b>                            |              |      |   | <b>\$64,992,594</b> |

\*Outstanding Principal Balance represents both 1) fully funded loans currently being repaid by borrowers and 2) loans where the project is in progress and disbursements are still being made.



**APPENDIX D**

**SUMMARY OF OUTSTANDING BOND FUND BONDS**

| <b>Bond Series - Borrower</b> | <b>Original Bond Amount</b> | <b>Outstanding Principal Balance</b> | <b>Final Maturity</b> | <b>Average Annual Interest Rate</b> | <b>Maximum Annual Debt Service (1)</b> | <b>Year of Maximum Annual Debt Service</b> |
|-------------------------------|-----------------------------|--------------------------------------|-----------------------|-------------------------------------|--|--|
| 2008-1 Reserve Bond           | 5,190,000                   | 5,190,000                            | 5/15/2023             | 6.56%                               | \$554,664                              | 2014                                       |
|                               | <u>\$5,190,000</u>          | <u>\$5,190,000</u>                   |                       |                                     |  |  |

FORM OF INVESTMENT LETTER

\$5,190,000  
 State of Ohio  
 Transportation Revenue Bonds  
 (Federal Title XXIII Transportation Infrastructure Bond Fund)  
 Series 2008-1

Fifth Third Securities, Inc.  
 Columbus, Ohio

Treasurer of Ohio  
 Columbus, Ohio

The undersigned (the “Investor”) hereby desires to purchase the following amounts of State of Ohio, Transportation Revenue Bonds (Federal Title XXIII Transportation Infrastructure Bond Fund) Series 2008-1 (the “Bonds”) for the following price, plus accrued interest:

| <u>Maturity</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Price</u> |
|-----------------|---------------|----------------------|--------------|
| May 15, 2023    | \$5,190,000   | 6.56%                | \$5,190,000  |

The Investor acknowledges that delivery and execution of this letter is a condition precedent to the sale of the Bonds to the Investor, and that compliance with securities registration laws may depend upon the accuracy of this letter.

1. In connection with the aforesaid purchase, the Investor represents and warrants as follows:

- (a) That the Investor has received and carefully reviewed the Private Placement Memorandum (the “Private Placement Memorandum”), dated July 24, 2008, relating to the offering and sale of the Bonds and has, to the extent the Investor deems appropriate, carefully reviewed the Trust Indenture and First Supplemental Trust Indenture (both as defined in the Private Placement Memorandum), has obtained any other information it desired for the purpose of evaluating the risks of purchasing the Bonds and has had the opportunity to ask such questions of the staff of the Ohio Department of Transportation as the undersigned deems appropriate. All questions have been answered to the full satisfaction of the Investor.
- (b) The Investor is aware that the Bonds have not been registered under the federal or state securities laws and that there are certain restrictions on the transferability of the Bonds and that it is unlikely that a public market will ever develop. It is

acknowledged that the Issuer is under no obligation to register the Bonds under any federal or state securities laws. The Investor acknowledges that it has no need for liquidity with respect to its purchase of the Bonds.

(c) The Investor represents and warrants that it is an “accredited investor” under Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended, and has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of an investment in the Bonds.

(d) The Investor acknowledges that it has reviewed the material in the Private Placement Memorandum under the heading “ELIGIBLE INVESTORS-Restriction on Transfer of Bonds” and is acquiring the Bonds for investment purposes, solely for its own account and not with a view to distribution or resale.

2. The Investor certifies that its correct taxpayer identification number is \_\_\_\_\_ and that it is not subject to backup withholding.

3. The Investor understands that the Bonds will have a credit rating of “AA” from Fitch Ratings.

4. The Investor is duly and legally authorized to purchase obligations such as the Bonds. The undersigned is an authorized signatory of the Investor.

5. This undertaking shall be terminated and of no further force and effect if the Bonds are not available to be purchased on or before August \_\_\_\_, 2008.

6. The Investor is domiciled under the laws of the \_\_\_\_\_ of \_\_\_\_\_. The Investor has its principal place of business in the \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_.

Date: \_\_\_\_\_, 2008

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_