

# MOODY'S

## INVESTORS SERVICE

### **Rating Action: Moody's assigns Aaa to Ohio Water Dev. Auth. Drinking Water Assistance Fund Ref. Rev. Series 2019B; outlook stable**

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04 Nov 2019

New York, November 04, 2019 -- Moody's Investors Service has assigned a Aaa rating to the proposed \$44.53 million of Ohio Water Development Authority (OWDA), Drinking Water Assistance Fund (DWAF) Refunding Revenue Bonds, Series 2019B (Bonds). Moody's also maintains a Aaa rating on outstanding DWAF Bonds, outstanding Water Pollution Control Loan Fund (WPCLF) Bonds, and outstanding Water Quality Bonds. The outlook is stable.

#### RATINGS RATIONALE

The Aaa rating on the Bonds reflects the strong pledged revenue stream provided by the combined DWAF and WPCLF loan pools (loan pool), the availability of substantial funds and reserves that result in a very high default tolerance, and the Authority's established track record of successful management of the program. The rating also incorporates the implementation of the cross-collateralization between the DWAF and the WPCLF programs and the relatively flexible legal covenants which is typical for the sector.

#### RATING OUTLOOK

The stable outlook is based on our expectation that the Authority will maintain the program's strong metrics, including loan pool credit characteristics, the default tolerance and debt service coverage ratios. Current default tolerance is above the required threshold for the rating level.

#### FACTORS THAT COULD LEAD TO AN UPGRADE

Not applicable.

#### FACTORS THAT COULD LEAD TO A DOWNGRADE

Increase in program leverage that results in significant decline in debt service coverage ratios and default tolerance, or a material deterioration of the credit quality of the loan pool.

#### LEGAL SECURITY

The security for the DWAF Revenue Bonds includes pledged loan repayments after payment of debt service on DWAF Leverage Bonds, excess interest not needed to pay state match bonds debt service, debt service reserve funds, and interest earnings. There are no DWAF state match debt outstanding at this time; however, to the extent that Authority issues new ones, they will be paid on a senior basis from interest portion of the pledged loans repayments originated under the Trust Agreement. The DWAF also benefit from the cross-collateralization with the larger WPCLF program.

#### USE OF PROCEEDS

The Bonds proceeds will be used to (i) refund previously issued DWAF Revenue Bonds, Series 2010B, (ii) finance loans to municipalities within the state for eligible projects under the DWAF program or reimburse Authority for funds advanced for that purpose, and (iii) pay the costs of issuance.

#### PROFILE

OWDA was created in 1968 and has provided close to \$12 billion of financing for water and wastewater projects throughout the Ohio's 88 counties. Since its creation in 1989, it has been awarded over \$2 billion in capitalization grants that required over \$400 million in state match.

#### METHODOLOGY

The principal methodology used in this rating was U.S. State Revolving Fund Debt published in March 2013. Please see the Rating Methodologies page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

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