DAC Bond®

"BOOK-ENTRY ONLY"
NEW ISSUE

RATINGS: Moody's: Aa2
Standard & Poor's: AA
(See "RATINGS" herein)

In the opinion of Bricker & Eckler LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. (For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.)

$218,140,000
STATE OF OHIO
MAJOR NEW STATE INFRASTRUCTURE PROJECT REVENUE BONDS
SERIES 2014-1

$155,875,000 State of Ohio, Major New State Infrastructure Project Revenue Bonds, Series 2014-1A	$62,265,000 State of Ohio, Major New State Infrastructure Project Revenue Refunding Bonds, Series 2014-1B

Dated: Date of Delivery **Due:** Serially, as shown on this inside cover

The Bonds are special obligations of the State of Ohio (the "State"), issued pursuant to the Trust Agreement, dated as of May 1, 1998, as amended (the "Original Trust Agreement"), between the State and U.S. Bank National Association, as successor trustee (the "Trustee"), and the Fifteenth Supplemental Trust Agreement, dated as of December 1, 2014 (the "Fifteenth Supplemental Trust Agreement"), between the State and the Trustee (collectively, the "Trust Agreement"). The Bonds are being issued for the purpose of paying costs of the Major New State Infrastructure Projects described herein (the "Projects") and to refund all or a portion of the State's outstanding Major New State Infrastructure Project Revenue Bonds, Series 2008-1 (the "Refunded Bonds"). The Ohio Director of Transportation (the "Director") has entered into a Certificate and Agreement with the Treasurer of State of the State of Ohio (the "Treasurer"), dated as of December 1, 2014 (the "Certificate and Agreement"), pursuant to which the Director has agreed that the Ohio Department of Transportation (the "Department") will make deposits with the Treasurer equal to the Bond Service Charges on the Bonds (the "Bond Service Charges") plus certain related costs primarily from Pledged Federal Highway Receipts (as defined herein).

Payment: Interest on the Bonds will be payable, from their date on June 15 and December 15, commencing June 15, 2015. The Bonds mature on December 15 of each year, as shown on the inside cover.

Redemption: The Bonds are not subject to redemption prior to their stated maturities. See **"DESCRIPTION OF BONDS – Optional Redemption of Bonds"** herein. For maturities, prices and yields, see the inside cover.

Book Entry: The Bonds will be issued only as fully registered bonds in the denominations of $5,000 or any integral multiple thereof. The Bonds will be issued in a book-entry form, registered in the name of The Depository Trust Company, New York, New York ("DTC") or its nominee. There will be no distribution of the Bonds to the ultimate purchasers ("Book-Entry Interest Owners"). See **"APPENDIX B – BOOK-ENTRY FORM"** herein. Principal of the Bonds will be payable to the registered owner thereof (DTC or its nominee) at the designated corporate trust office of the Trustee. Interest on the Bonds will be payable by check or draft mailed by the Trustee or, under certain conditions, by wire transfer, to the registered owner as shown on the registration records maintained by the Trustee as bond registrar.

The Bonds are special obligations of the State, secured under the Trust Agreement solely by a pledge of the Pledged Receipts (as defined herein), and payable primarily from the deposits to be made by the Department under the Certificate and Agreement and certain Certificate and Agreement is subject to and dependent upon biennial appropriations being made to the Department for such purpose by the General Assembly of Ohio (the "General Assembly"). The failure of the General Assembly to so appropriate moneys to the Department will result in the termination of the Department's obligations involving expenditures under the Certificate and Agreement, including the obligation to cause moneys to be deposited with the Treasurer sufficient for the payment of Bond Service Charges with respect to the Bonds. The Bonds do not represent or constitute a debt of the Treasurer, the Department or the State, or a pledge of the faith and credit of the State, or a pledge of the taxing power of the State, and the Holders and Book-Entry Interest Owners of the Bonds shall have no right to have moneys raised by taxation by the State obligated or pledged for the payment of Bond Service Charges.

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

The Bonds are offered, subject to prior sale, when, as and if issued by the State and accepted by the Underwriters subject to approval of legality by Bricker & Eckler, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Keating Muething & Klekamp PLL. Certain legal matters will be passed upon for the Department and for the Treasurer by their counsel, the Attorney General of Ohio, Mike DeWine. Acacia Financial Group, Inc. has acted as financial advisor to the Treasurer in connection with the offering of the Bonds. It is expected that delivery of the Bonds will be made to or upon the order of DTC in New York, New York on or about December 17, 2014, against payment therefore.

RBC Capital Markets, LLC

CastleOak Securities L.P. **Estrada Hinojosa & Co., Inc.**

PNC Capital Markets LLC **Raymond James**

Ross, Sinclaire & Associates, LLC

The Date of this Official Statement is December 4, 2014

$155,875,000
STATE OF OHIO
Major New State Infrastructure Project Revenue Bonds
Series 2014-1A

PRINCIPAL MATURITY SCHEDULE

Maturity	Principal Amount	Interest Rate	Yield	Price	CUSIP No.†
12/15/2015	$15,590,000	1.000%	0.150%	100.844	677581FH8
12/15/2016	15,590,000	4.000	0.470	106.999	677581FJ4
12/15/2017	15,090,000	4.000	0.780	109.512	677581FK1
12/15/2017	500,000	2.000	0.780	103.603	677581FV7
12/15/2018	15,590,000	5.000	1.080	115.284	677581FL9
12/15/2019	15,180,000	5.000	1.350	117.571	677581FM7
12/15/2019	410,000	3.000	1.350	107.943	677581FW5
12/15/2020	15,585,000	5.000	1.670	118.919	677581FN5
12/15/2021	15,585,000	5.000	1.960	119.779	677581FP0
12/15/2022	15,585,000	5.000	2.160	120.749	677581FQ8
12/15/2023	12,565,000	5.000	2.310	121.734	677581FR6
12/15/2023	3,020,000	2.750	2.310	103.554	677581FX3
12/15/2024	15,585,000	5.000	2.430	122.682	677581FS4

$62,265,000
STATE OF OHIO
Major New State Infrastructure Project Revenue Refunding Bonds
Series 2014-1B

PRINCIPAL MATURITY SCHEDULE

Maturity	Principal Amount	Interest Rate	Yield	Price	CUSIP No.†
12/15/2018	$31,255,000	5.000%	1.080%	115.284	677581FT2
12/15/2019	31,010,000	5.000	1.350	117.571	677581FU9

† Copyright © 2014, American Bankers Association. CUSIP data herein are assigned by Standard & Poor's, CUSIP Global Services (CGS), managed on behalf of the American Bankers Association by S&P Capital IQ, an independent company not affiliated with the State or the Treasurer. The State and the Treasurer are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness. These CUSIP numbers may also be subject to change after the issuance of the Bonds.

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REGARDING THE USE OF THIS OFFICIAL STATEMENT

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

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

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 will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

All financial and other information presented herein has been provided by the State from its records, except for information expressly attributed to other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the State. No representation is made that past experience, as might be shown by such financial and other information, will necessarily continue or be repeated in the future.

References herein to provisions of Ohio law, whether codified in the Ohio Revised Code or uncodified, or of the Ohio Constitution, are references to such provisions as they currently exist. Any of those provisions may from time to time be amended, repealed or supplemented.

The information approved and provided by the State in this Official Statement is the information relating to the particular subjects provided by the State or State agencies for the purpose of this Official Statement. Reliance for such purpose should not be placed on any other information publicly provided in any format, including electronic, by any State agency for other purposes, including general information provided to the public or to portions of the public.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

OFFICIAL STATEMENT
$218,140,000
STATE OF OHIO
MAJOR NEW STATE INFRASTRUCTURE PROJECT REVENUE BONDS
SERIES 2014-1

$155,875,000 State of Ohio, Major New State Infrastructure Project Revenue Bonds, Series 2014-1A	$62,265,000 State of Ohio, Major New State Infrastructure Project Revenue Refunding Bonds, Series 2014-1B

SELECTED SUMMARY STATEMENT

The following summary supplements certain of the information on the cover page and summarizes selected other information in this Official Statement relating to the Major New State Infrastructure Project Revenue Bonds, Series 2014-1 comprised of $155,875,000 State of Ohio, Major New Infrastructure Project Revenue Bonds, Series 2014-1A and $62,265,000 State of Ohio, Major New State Infrastructure Project Revenue Refunding Bonds, Series 2014-1B (the "Bonds") of the State of Ohio (the "State"). It is not intended as a substitute for the more detailed discussions in this Official Statement, to which reference should be made.

ISSUER. The State, acting by and through the Treasurer of State of Ohio (the "Treasurer").

AUTHORIZATION. The Bonds are being issued pursuant to Section 5531.10 of the Ohio Revised Code (the "Act"), the General Bond Order of the Treasurer and Series Bond Order No. 2014-1 of the Treasurer, the Trust Agreement, dated as of May 1, 1998, as amended (the "Original Trust Agreement"), between the State and U.S. Bank National Association, as successor trustee (the "Trustee") and the Fifteenth Supplemental Trust Agreement, dated as of December 1, 2014 (the "Fifteenth Supplemental Trust Agreement" and, collectively with the Original Trust Agreement, the "Trust Agreement"), between the State and the Trustee. The Bonds are the fifteenth series of bonds issued under the Original Trust Agreement for the purpose of paying the costs of various highway and bridge projects within the State, including the Projects. See "**PURPOSE OF THE BONDS**."

SECURITY AND SOURCES OF PAYMENT. The Bonds are special obligations of the State issued under and pursuant to the Act and the Trust Agreement. The Bonds are payable primarily from and, together with the Additional Bonds, are equally and ratably secured by a pledge of the Pledged Receipts. Federal Title 23 Highway Funds received and to be received by the State ("Pledged Federal Highway Receipts") will be the primary source of Pledged Receipts. The Ohio Department of Transportation (the "Department") is required to make annual deposits with the Treasurer sufficient in amount to pay the Bond Service Charges with respect to the Bonds. See "**THE CERTIFICATE AND AGREEMENT – Payments and Pledges.**" The rights to these moneys are assigned by the Treasurer to the Trustee to secure the payment of the Bonds. See "**THE TRUST AGREEMENT – Security**."

The Bonds are special obligations of the State, secured under the Trust Agreement solely by a pledge of the Pledged Receipts (as defined herein), and payable primarily from the deposits to be made by the Department under the Certificate and Agreement and certain funds held by the Trustee pursuant to the Trust Agreement. The obligation of the Department to make the deposits required under the Certificate and Agreement is subject to and dependent upon biennial appropriations being made to the Department for such purpose by the General Assembly of Ohio (the "General Assembly"). The failure of the General Assembly to so appropriate moneys to the Department will result in the termination of the Department's obligations involving expenditures under the Certificate and Agreement, including the obligation to cause moneys to be deposited with the Treasurer sufficient for the payment of Bond Service Charges with respect to the Bonds. The Bonds do not represent or constitute a debt of the Treasurer, the Department or the State, or a pledge of the faith and credit of the State, or a pledge of the taxing power of the State, and the Holders and Book-Entry Interest Owners of the Bonds shall have no right to have moneys raised by taxation by the State obligated or pledged for the payment of Bond Service Charges. See "**SECURITY FOR THE BONDS.**"

PURPOSE. The Bonds are being issued to pay the costs of State Infrastructure Projects as defined in Section 5531.10(A)(8) of the Ohio Revised Code (the "Projects"), to refund all or a portion of the State's outstanding Major New State Infrastructure Project Revenue Bonds, Series 2008-1, to pay capitalized interest, and to pay costs of issuance. See "**PURPOSE OF THE BONDS**."

PRIOR REDEMPTION. The Bonds are not subject to redemption prior to their stated maturities. See **"DESCRIPTION OF BONDS – Optional Redemption of Bonds"** herein.

INTEREST PAYMENT DATES. June 15 and December 15, commencing June 15, 2015.

DENOMINATION, REGISTRATION, DELIVERY DATE. $5,000 or any integral multiple thereof; book-entry-only at DTC; expected delivery on December 17, 2014.

ADDITIONAL BONDS AND PARITY OBLIGATIONS. One or more series of Additional Bonds are issuable under the Trust Agreement, for certain purposes permitted thereunder. Additional Bonds are on a parity with the Bonds, payable primarily from and secured by the Pledged Receipts except for bond service reserve accounts or Credit Support Instruments, if any, applicable only to a certain series of outstanding bonds. See "**THE TRUST AGREEMENT – Additional Bonds**." In addition, the Trust Agreement permits issuance of Parity Obligations, outside of the Trust Agreement that are payable from or secured by Pledged Federal Highway Receipts and which are not expressly subordinated to the Bonds. See **"THE TRUST AGREEMENT - Parity Obligations."** The issuance of Additional Bonds and incurrence of Parity Obligations is limited to the conditions set forth in the Trust Agreement. See **"SOURCES OF FUNDS FOR PAYMENT OF BONDS," "THE CERTIFICATE AND AGREEMENT – Further Covenants" and "DEBT SERVICE REQUIREMENTS."**

TAX MATTERS. In the opinion of Bond Counsel, under existing law, assuming compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and the interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. (For a more compete discussion of tax aspects, see "**TAX MATTERS**" herein.)

TRUSTEE. U.S. Bank National Association.

BOND COUNSEL. Bricker & Eckler LLP.

UNDERWRITERS. The Underwriters shown on the cover (collectively, the "Underwriters"). The Bonds have been purchased by the Underwriters at a price of $250,793,925.76.

FINANCIAL ADVISOR. Acacia Financial Group, Inc.

Questions regarding this Official Statement or the Bonds should be directed to the Office of Debt Management, Office of the Treasurer, 30 East Broad Street, 9th Floor, Columbus, Ohio 43215-3414, telephone (614) 752-8460.

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INTRODUCTION

This Official Statement has been prepared to provide certain information in connection with the original issuance and sale of $218,140,000 State of Ohio Major New State Infrastructure Project Revenue Bonds, Series 2014-1 comprised of $155,875,000 State of Ohio, Major New State Infrastructure Project Revenue Bonds, Series 2014-1A and $62,265,000 State of Ohio, Major New State Infrastructure Project Revenue Refunding Bonds, Series 2014-1B (the "Bonds") to be issued for the purpose of (i) paying the costs of State Infrastructure Projects as defined in Section 5531.10(A)(8) of the Ohio Revised Code (the "Projects"), (ii) to refund all or a portion of the State's outstanding Major New State Infrastructure Project Revenue Bonds, Series 2008-1, (iii) paying capitalized interest and (iv) paying the costs incident to the issuance of the Bonds. For further discussion of the purpose of the Bonds, see "**PURPOSE OF THE BONDS**."

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained elsewhere in this Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

All financial and other information presented in this Official Statement has been provided by the State from its official records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial or other positions of the State. No representation is made that past experience, as might be shown by that financial and other information, will necessarily continue in the future.

Reference to provisions of Ohio law, whether codified in the Ohio Revised Code ("Revised Code") or uncodified, or of the Ohio Constitution, are to those provisions as now in effect. Those provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement, "Fiscal Year" means the State's Fiscal Year, currently the twelve-month period from July 1 through June 30. Capitalized terms not otherwise defined in the text of this Official Statement are defined in the **GLOSSARY**. See "**GLOSSARY**."

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and the continuing disclosure documents of the Treasurer are intended to be made available through one or more repositories. See "**CONTINUING DISCLOSURE**." Copies of the basic documentation relating to the Bonds, including the Original Trust Agreement, the Thirteenth Supplemental Trust Agreement, and the Certificate and Agreement are available from the Treasurer.

DESCRIPTION OF BONDS

General

The Bonds will be dated the date of their initial issuance and delivery and shall bear interest from such date at the rates set forth on the inside cover page, payable on June 15 and December 15 of each year, commencing June 15, 2015, until maturity. The Bonds are being issued as fully registered bonds, without coupons, in the denomination of $5,000 or any integral multiple thereof.

Redemption of Bonds

The Bonds are not subject to optional redemption prior to their stated maturities.

Payment of Principal and Interest

The principal of and any premium on any Bond shall be payable when due upon presentation and surrender of that Bond at the designated corporate trust office of the Trustee or at the office of any paying agent designated for that purpose pursuant to the Trust Agreement.

The interest on any Bond due on each Interest Payment Date shall be paid by check or draft mailed to the person in whose name the Bond is registered at the close of business on the first day of the calendar month in which an Interest Payment Date applicable to the Bonds occurs (the "Regular Record Date"), at the address shown on the registration records kept by the Trustee as bond registrar. If any interest is not timely paid or duly provided for, the Trustee is required to establish a special record date that is not more than 15 nor fewer than 10 days prior to the date (the "Special Record Date") for the payment of overdue interest to the Holders of Bonds as of that Special Record Date. Notice of the Special Record Date will be mailed to Holders of Bonds not fewer than 10 days prior to the Special Record Date.

With the approval of the Treasurer, the Trustee may enter into an agreement with DTC, or the nominee of DTC that is the Holder of a Bond in the custody of DTC, providing for the making of payments to DTC of principal of and interest and any premium on such Bond or any portion thereof (other than any payment of the entire unpaid principal amount of such Bond) at a place and in a manner (including the wire transfer of funds) that differs from that described in the prior paragraph, upon any conditions which shall be satisfactory to the Trustee and the Treasurer.

Outstanding Prior Bonds

The Bonds are the fifteenth series of bonds issued under the Original Trust Agreement for the purpose of financing or refinancing the costs of various highway and bridge projects within the State, including the Projects. See "**PURPOSE OF THE BONDS**." The following table sets forth the outstanding principal amounts of the series of Additional Bonds issued under the Original Trust Agreement:

Major New State Infrastructure Project Revenue Bonds Series	Date of Issue	Original Principal Amount	Outstanding as of December 1, 2014
1998-1	May 21, 1998	$ 70,000,000	$0(Defeased)
1999-1	August 26, 1999	20,000,000	0(Defeased)
2001-1	September 27, 2001	100,000,000	0(Matured)
2002-1	October 1, 2002	135,000,000	0(Matured)
2003-1	January 6, 2004	113,765,000	0(Matured)
2005-1	January 5, 2006	99,270,000	11,205,000
2006-1	September 28, 2006	180,000,000	28,410,000
2007-1	November 15, 2007	210,000,000	63,000,000
2008-1	October 30, 2008	375,000,000	187,500,000
2010-1	May 25, 2010	78,185,000	0(Matured)
2010-2	May 25, 2010	136,815,000	136,815,000
2010-3	December 14, 2010	184,000,000	115,000,000
2010-4	December 14, 2010	46,000,000	46,000,000
2012-1	November 14, 2012	183,530,000	171,300,000

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ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses for the proceeds of the Bonds:

Sources of Funds:	
Par Amount of Bonds	$218,140,000.00
Original Issue Premium	33,622,513.05
TOTAL SOURCES OF FUNDS	$251,762,513.05
Uses of Funds:	
Deposit to Infrastructure Bank Obligations Fund	$175,000,000.00
Deposit to Major Project Debt Service Account	3,358,496.59
Deposit to Escrow Account	72,064,348.67
Financing Costs[1]	1,339,667.79
TOTAL USES OF FUNDS	$251,762,513.05

(1) Includes Underwriters' discount, certain legal fees, financial advisory fees, rating agency fees, printing and other costs of issuance.

DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt service requirements for the Bonds, along with Additional Bonds outstanding as of June 30, 2014:

	The Bonds			Outstanding Additional Bonds			
State Fiscal Year	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Total Debt Service**
2015		$4,887,805.84	$4,887,805.84	$136,940,000	$35,374,021.10	$172,314,021.10	$177,201,826.94
2016	$15,590,000	9,807,500.00	25,397,500.00	128,460,000	28,948,471.10	157,408,471.10	182,805,971.10
2017	15,590,000	9,417,750.00	25,007,750.00	108,315,000	23,475,134.25	131,790,134.25	156,797,884.25
2018	15,590,000	8,799,150.00	24,389,150.00	87,940,000	18,271,472.40	106,211,472.40	130,600,622.40
2019	46,845,000	7,321,225.00	54,166,225.00	88,575,000	13,953,411.80	102,528,411.80	156,694,636.80
2020	46,600,000	4,989,200.00	51,589,200.00	89,165,000	9,601,846.20	98,766,846.20	150,356,046.20
2021	15,585,000	3,438,675.00	19,023,675.00	58,550,000	5,252,253.10	63,802,253.10	82,825,928.10
2022	15,585,000	2,659,425.00	18,244,425.00	16,725,000	3,072,200.00	19,797,200.00	38,041,625.00
2023	15,585,000	1,880,175.00	17,465,175.00	17,520,000	2,279,662.50	19,799,662.50	37,264,837.50
2024	15,585,000	1,134,900.00	16,719,900.00	18,380,000	1,421,750.00	19,801,750.00	36,521,650.00
2025	15,585,000	389,625.00	15,974,625.00	19,320,000	481,125.00	19,801,125.00	35,775,750.00
Total†	**$218,140,000**	**$54,725,430.84**	**$272,865,430.84**	**$769,890,000**	**$142,131,347.45**	**$912,021,347.45**	**$1,184,886,778.29**

PURPOSE OF THE BONDS AND PLAN OF REFUNDING

The Series 2014-1A Bonds.

The Series 2014-1A Bonds are being issued to finance various highway and bridge projects within the State that are State Infrastructure Projects under the Act (the "Projects") as well as to pay costs of issuance and capitalized interest associated with the Series 2014-1A Bonds. The Projects to be financed with proceeds of the Series 2014-1A Bonds are set forth in the following table:

PID	County/Route/Section	Bond Spending	Project Description
97538	Ohio Bridge Partnership Program	$46,573,457	Ohio Bridge Partnership Program consisting of replacement of 220 structurally deficient bridges throughout Ohio.
93497	FRANKLIN IR 71-9.740	19,123,831	Major Rehabilitation of IR-71 from Stringtown Road to SR-315. Investigate need for auxiliary lanes on I-71. Re-deck and rehab 5 pairs of mainline structures.
76938	FAIRFIELD US 33-05.60	16,775,276	Intersection upgrade from an at-grade crossing at Winchester Road and High Street to a limited access Split Diamond interchange over US 33 in the vicinity of the Village of Carroll. The project will include four signalized intersections.
80551	LUCAS SR 2-18.62	15,157,223	Develop the design plans to rehabilitate the LUC-2-18.62 bridge by re-decking; replacing sidewalks, curbs, railings, and vandal protection fence; repairing steel batten plates in towers, steel floor beams and sidewalk supports. Repairing drainage system, Paint misc. steel members, patch misc. structural concrete and replace concrete pedestrian stairs.
81747	FRANKLIN IR 270-21.67	13,420,588	North Central Outer-belt Study: Construction Project #5, C. Reconfigure I-270 EB between SR-315 and US-23, adding CD lanes and ramp work.
84868	FRANKLIN IR 71-5.29	11,768,510	Major Rehabilitation of I-71 from SR-665 to Stringtown Road. Additional third lane widened to the median. Re-deck and widen structures over White Road.
86482	CUYAHOGA US 006-12.20	10,300,496	Rehabilitation of the existing West Shoreway mainline pavement from Clifton Boulevard to the Main Avenue Bridge, including the ramps to/from West Boulevard. Replace the mainline bridge over the West Blvd entrance ramp. Installation of the West Shoreway eastbound exit ramp to West 73rd Street and Edgewater Park. Replacement of the West Shoreway eastbound exit ramp to West 45th Street as well as the ramps on the north side of the West Shoreway. Reconstruction of the Main Avenue/West 25th Street corridor. Installation of a new multipurpose trail along the West Shoreway from West Boulevard to West 25th Street.
82976	HAMILTON IR 75-10.57	9,237,893	Plane, repair, and pave a portion of IR 275 Hamilton County from the overlap section with I-74 to approximately milepost 34. Overlay and miscellaneous bridge work to bridges.
89029	ALLEN IR 75-0.21	7,710,661	IR 75 reconstruction from Auglaize county line thru Mile Marker 5.53. Interchange and bridges to be reconstructed.
93604	LUCAS IR 75-2.75	6,173,886	A multi-lane funded project to reconstruct existing I-75 pavement and re-deck Oakwood bridge, perform necessary related work.
76691	ALLEN IR 75-5.53	4,567,485	IR75 reconstruction from MM 5.53 thru SR81 interchange. Interchanges and bridges will be reconstructed. Safety improvements that include, but are not limited to, signal coordination, raised concrete curb median east of I-75 along SR 309, driveway definition through curb and gutter, developing public roadway system within East Gate Shopping Center area, addition of sidewalks.
25594	FRANKLIN IR 70-3.41	4,413,187	Resurfacing of I-70. Major rehabilitation from Rome Hilliard to W of Wilson, addition of auxiliary lanes from Rome Hilliard to I-270. Overlay one pair of bridges. Re-deck and/or widen 3 pairs of mainline structures. Construct EB outside lane on I-70 from I-270 to Wilson to correct inside merge.
82278	HAMILTON IR 75-5.58	3,331,426	Phase 1 of HAM-75 Corridor projects. The project will complete the reconstruction of the Mitchell Ave. interchange with I-75, including associated mainline and ramp work.
96466	HAMILTON 71/275-0.00/41.60	2,275,567	KYTC project with ODOT Participation - Brent Spence and Combs Hehl Bridges having various joint repairs/replacements.
24336	PAU/DEF US 24-12.300	1,731,109	New construction of 4-lane expressway on new alignment.
77260	MAH/TRU IR 0080-4.50/0.00	1,437,733	Widen IR-80 to six lanes from IR 680/SR 11 in Mahoning County to SR 711/SR 11 in Trumbull County. Add auxiliary lanes on I-80 between SR-11/SR711 interchange and SR-193 Interchange.
92009	LORAIN SR 0611-0.344	992,292	Repair of steel through truss including stiffening of truss gusset plates, deck joint replacement, steel crack retrofits, catwalk repairs, catwalk replacements, spot painting of steel, caulking steel members, concrete patching, wearing surface sealing, other minor bridge repairs, and approach retaining wall reconstruction. Embankment stabilization on the northwest corner of the bridge where the slope has failed/slid. Add replacement of the navigation lighting system.
75477	LAKE IR 090-21.42	9,380	Major rehabilitation of I-90 from Paine Rd. to the Ashtabula County Line in Leroy and Madison Twps.
	Total Expenditures	**$175,000,000**	

Additional Projects may be added or substituted for the Projects described above in accordance with the Act and the terms of the Certificate and Agreement. In addition, a portion of the proceeds of the Bonds will be used to pay certain costs incident to the issuance of the Bonds.

The Federal Highway Administration ("FHWA") has authorized or is expected by the Department to authorize the reimbursement of amounts used to pay Bond Service Charges related to financing each of the Projects as advance construction projects under Title 23 and has determined or is expected by the Department to determine that each of the Projects is eligible for federal funding under Title 23. The FHWA has agreed to make payments to the Department to reimburse the Department in amounts equal to not less than 80% of the Bond Service Charges on the Bonds. See **"SUMMARY OF FEDERAL HIGHWAY PROGRAM - Operations - *Matching Requirements*."**

Additional Bonds may be issued in the future to finance the Projects and other highway construction projects. See "THE TRUST AGREEMENT – Additional Bonds." Included within the cost to complete the Projects are the cost of highway construction, including the cost of paving, grading, and drainage, the cost of replacing bridges, and the cost of landscaping and removing materials from the construction zone. **The Projects are not pledged or mortgaged as security for the Bonds nor will the Trustee have the right to take possession of or operate the Projects upon a default under or termination of the Department's obligations involving expenditures under the Certificate and Agreement. See "THE CERTIFICATE AND AGREEMENT – Term of the Certificate and Agreement."**

The Series 2014-1B Bonds.

Pursuant to the Trust Agreement, the State issued the Refunded Bonds in the original principal amount of $375,000,000, of which $187,500,000 are outstanding as of the date of this Official Statement. Pursuant to an Escrow Agreement, to be dated the date of delivery of the Series 2014-1B Bonds, the net proceeds of the Series 2014-1B Bonds will be deposited in the Escrow Account established under the Series Bond Order (the "Escrow Agreement") to be held in trust thereunder. That amount will be used in accordance with the Escrow Agreement to purchase certain direct noncallable obligations of the United State of America having such maturities or redemption dates and interest payment dates and bearing such interest as will be, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, sufficient, together with any other moneys remaining in the Escrow Account after such purchase, for the payment of all principal of, and premium and interest on, the Refunded Bonds through the earliest optional redemption date for such Refunded Bonds (the "Redemption Date"). Upon the purchase of these direct noncallable obligations of the United State of America, according to the terms of the Trust Agreement, the Refunded Bonds will be deemed paid and discharged.

The following table shows the maturities of the Series 2008-1 Bonds to be advance refunded with the proceeds of the Series 2014-1B Bonds.

BONDS TO BE REFUNDED

Maturity Date	Principal Amount to be Refunded
06/15/2019	$31,250,000
06/15/2020	$31,250,000

SECURITY FOR THE BONDS

General

The Bonds are special obligations of the State issued under and pursuant to the Act and the Trust Agreement. The Bonds are payable primarily from, and together with the Additional Bonds, are equally

and ratably secured by, a pledge of the Pledged Receipts**. Federal Title 23 Highway Funds received and to be received by the State will be the primary source of Pledged Receipts.**

"Pledged Receipts" means (a) accrued interest received from the sale of Obligations; (b) all amounts standing to the credit of the State Infrastructure Bank Revenue Bond Service Fund including without limitation all amounts credited to the Major New Project Debt Service Account and any other accounts and subaccounts in the State Infrastructure Bank Revenue Bond Service Fund, other than amounts in an account or subaccount which are limited to certain series of Bonds or Parity Obligations and other than any moneys in the State Infrastructure Bank Revenue Bond Service Fund raised by taxation by the State; (c) any gifts, grants, donations and pledges, and receipts therefrom, received by the State available for the payment of Bond Service Charges, to the extent not previously pledged and to the extent not prohibited by the terms of such gifts, grants donations or pledges; (d) any amounts on deposit in the State Infrastructure Bank created pursuant to Section 5531.09 of the Ohio Revised Code constituting Pledged Federal Highway Receipts, excepting the portion thereof to be deposited in the Administrative Expense Fund, the Infrastructure Bank Obligations Fund, the Rebate Fund or an account or subaccount created pursuant to Section 9 of the General Bond Order, as provided in the General Bond Order or in any Series Bond Order; (e) other amounts in the State Infrastructure Bank which are hereafter pledged to the payment of Bond Service Charges by a Series Bond Order; and (f) any other moneys accruing to the State from sources described in Section 5531.10(A)(6) of the Ohio Revised Code, which are hereafter pledged to the payment of Bond Service Charges by a Series Bond Order. If the amounts standing to the credit of the State Infrastructure Bank Revenue Bond Service Fund and available monies in the State Infrastructure Bank pledged to the payment of Bond Service Charges are insufficient for the payment of Bond Service Charges, "Pledged Receipts" also means all other Pledged Federal Highway Receipts, excepting the portion thereof to be deposited in the Infrastructure Bank Obligations Fund or an account or subaccount created pursuant to Section 9 of the General Bond Order as provided in the General Bond Order or in any Series Bond Order.

Pledged Federal Highway Receipts include all moneys apportioned by the Secretary of Transportation under the provisions of Title 23 of the United States Code, as amended, or any successor legislation, or any other federal law relating to federal aid for highways and to be received as a grant by the State, to the extent that the State is not prohibited by federal or State law from using such moneys to pay Bond Service Charges. The definition of Pledged Federal Highway Receipts excludes moneys on deposit in the State Infrastructure Bank constituting moneys received as debt service payments or other repayments in respect of loans from the State Infrastructure Bank.

The obligations of the Department to cause moneys to be deposited with the Treasurer for the payment of Bond Service Charges and to perform other obligations involving expenditures under the Certificate and Agreement are subject to and dependent upon biennial appropriations being made to the Department by the General Assembly for such purposes. If the General Assembly fails to appropriate moneys to enable the Department to perform its obligations involving expenditures under the Certificate and Agreement, those obligations of the Department under the Certificate and Agreement will terminate. The General Assembly may not, under provisions of the Ohio Constitution, make appropriations for a period longer than two years.

Pursuant to Amended Substitute H.B. No. 51 (the Department's current budget bill) the Director of Budget and Management may approve requests of the Department for transfer of various appropriations within a budget period. Transfers of appropriations may be made upon the written request of the Director of Transportation and with the approval of the Director of Budget and Management. This transfer authority is intended to provide for emergency situations and flexibility to meet unforeseen conditions that could arise during the budget period. It is also intended to allow the Department to optimize the use of variable resources and adjust to circumstances affecting the obligation and expenditure of federal funds. To the extent the federal surface transportation program is not extended beyond the current authorization, the state budget mechanism described above (as well as federal unobligated balances described under the heading "**SUMMARY OF FEDERAL HIGHWAY**

FUNDING-Operations") provide additional security to Holders. As of the date hereof, Congress had not introduced extension of such legislation.

While the Treasurer and the Department expect that the General Assembly will, for each State fiscal biennium, continue to appropriate amounts to the Department sufficient to meet its obligations involving expenditures under the Certificate and Agreement to the Treasurer, consistent with the State budget, the General Assembly is under no legal obligation to make such appropriations. The Bonds are special obligations of the State payable primarily from and secured solely by the Pledged Receipts under the Trust Agreement.

The Bonds do not represent or constitute a debt of the Treasurer, the Department, the State, or of any political subdivision thereof, nor a pledge of the faith and credit of the State, or any political subdivision thereof. The Holders and Book-Entry Interest Owners of the Bonds will not have the right to have excises or taxes levied by the General Assembly for the payment of the Bond Service Charges on the Bonds, and those Holders and Book-Entry Interest Owners will not have the right to have moneys raised by taxation by the State obligated or pledged for the payment of Bond Service Charges. The Projects are not pledged or mortgaged as security for the Bonds and the Trustee will not have the right to take possession of or operate all or any portion of the Projects upon default under or termination of the Certificate and Agreement.

The Trust Agreement provides for the appointment of a receiver to recover and administer the Pledged Receipts upon the occurrence of certain Events of Default, but the right to a receiver under Ohio law is discretionary with the court as equitable principles may dictate. The appointment of a receiver may not, accordingly, be available as a remedy for the Trustee or the Holders of the Bonds. Moreover, the Act withholds from any receiver the power to pledge additional revenues or income of the Treasurer to the payment of the Bond Service Charges and excludes the power to take possession of, mortgage, or cause the sale or other disposition of any State Infrastructure Project.

Deposits under the Certificate and Agreement and Related Budget Requirements

The Bonds are special obligations of the State payable primarily from annual deposits to be made by the Department with the Treasurer under the Certificate and Agreement. The Certificate and Agreement requires that with respect to any federal fiscal year ("FFY") for which moneys constituting Pledged Federal Highway Receipts are available, the Department will cause to be deposited from such moneys to the State Infrastructure Bank Revenue Bond Service Fund, for credit to the appropriate account thereof, an amount equal to all Bond Service Charges payable on the Bonds, Prior Bonds and Additional Bonds, and all debt service due on Parity Obligations for such FFY, prior to any other payment to be made from such moneys during that FFY; and, in all events not later than 15 days after the first day Pledged Federal Highway Receipts are available for such FFY. In the event the Bond Service Charges due on any Interest Payment Date are not so deposited at least 45 days prior to such Interest Payment Date, the Director has covenanted and agreed in the Certificate and Agreement to cause to be paid to the Treasurer from any moneys lawfully available therefor, upon invoice from the Treasurer, on or before the fifth day immediately preceding such Interest Payment Date an amount equal to the estimated Bond Service Charges due on the respective Bonds and Additional Bonds on the applicable Interest Payment Date plus (a) such sum or sums as shall be necessary to maintain any required reserve in a bond service reserve account, and (b) such sum or sums, if any, as shall be necessary to purchase any Bonds which the Treasurer is obligated to purchase.

The Issuer issued its Major New State Infrastructure Project Revenue Bonds, Series 2010-2 and Series 2010-4 (Federally Taxable – Build America Bonds – Direct Payment ("BABs") in the aggregate principal amount of $136,815,000 and $46,000,000, respectively. Under the terms of the BABs, the Issuer is to receive subsidy payments (the "Direct Payments") from the federal government equal to 35% of the interest payable on the BABs (i.e., approximately $2.7 million in State Fiscal Year 2015, $2.5 million in 2016, $2.2 million in 2017, $2 million in 2018, $1.7 million in 2019, $1.2 million in 2020 and $510,000 in 2021). However, due to the sequestration (automatic, across-the-board budget cuts) of

federal funding resulting from the enactment on January 2, 2012 of the American Taxpayer Relief Act of 2012 (ATRA), these Direct Payments have been reduced. These reductions were approximately $118,000 in State Fiscal Year 2013 and $195,000 in State Fiscal year 2014 so that the net amounts received in those Fiscal years were $2.6 million and $2.5 million, respectively. It is yet to be determined how much that sequestration will be in State Fiscal Years 2015 through 2021. The Treasurer has covenanted that any Direct Payment received by the Treasurer from the United States Treasury shall be deposited by the Treasurer into the Major New Project Debt Service Account and thereupon shall become Pledged Receipts pledged to the payment of Bond Service Charges.

The Department and the Treasurer have agreed to cause the deposit in the Major New Project Debt Service Account maintained by the Trustee, at least one Business Day prior to each Interest Payment Date, the amount of Bond Service Charges payable on such Interest Payment Date.

The obligations of the Department to cause moneys to be deposited with the Treasurer for the payment of Bond Service Charges and to perform other obligations involving expenditures under the Certificate and Agreement are subject to and dependent upon biennial appropriations being made by the General Assembly to the Department for such purposes. If the General Assembly fails to appropriate moneys to enable the Department to perform its obligations involving expenditures under the Certificate and Agreement, those obligations of the Department under the Certificate and Agreement will terminate. The General Assembly may not, under the provisions of the Ohio Constitution, make appropriations for a period longer than two years. While the Treasurer and the Department expect that the General Assembly will, for each State fiscal biennium, continue to appropriate amounts to the Department sufficient to enable the Department to meet its obligations involving expenditures under the Certificate and Agreement to the Treasurer, the General Assembly is under no obligation to make such appropriations.

The obligations of the Department involving expenditures under the Certificate and Agreement expire no later than the end of each State fiscal biennium (currently June 30 of each odd-numbered year) unless the General Assembly has appropriated moneys for the purpose of enabling the Department to meet those obligations for the next succeeding State fiscal biennium.

The Bonds are special obligations of the State issued by the Treasurer payable primarily from and secured solely by the Pledged Receipts under the Trust Agreement. The Bonds do not represent or constitute a debt of the Treasurer, the State, the Department, or of any political subdivision thereof, nor a pledge of the faith and credit of the State or any political subdivision thereof. The Holders and Book-Entry Interest Owners of the Bonds will have no right to have excises or taxes levied by the General Assembly for the payment of the Bond Service Charges on the Bonds, and those Holders and Book-Entry Interest Owners shall have no right to have moneys raised by taxation by the State obligated or pledged for the payment of Bond Service Charges. The Projects are not pledged or mortgaged as security for the Bonds and the Trustee will not have the right to take possession of or operate any portion of the Projects upon a default under or termination of the Certificate and Agreement.

The General Assembly has appropriated $169,663,100 for State Fiscal Year 2015 to the Department for the purpose of enabling the Department to meet its obligations with respect to Bond Service Charges on the Bonds and any Additional Bonds.

SOURCES OF FUNDS FOR PAYMENT OF BONDS

The Certificate and Agreement requires the Department to make annual deposits to the Treasurer sufficient in amount to pay the Bond Service Charges with respect to the Bonds. See "**SECURITY FOR THE BONDS – Deposits under the Certificate and Agreement and Related Budget Requirements**," and "**THE CERTIFICATE AND AGREEMENT – Payments and Pledges**." In the Trust Agreement, the Treasurer has assigned its rights to the moneys paid by the Department under the Certificate and

Agreement to the Trustee to secure the payment of the Bonds. See "**THE TRUST AGREEMENT – Security**."

The Projects were included by the Department in its Statewide Transportation Improvement Plan (the "STIP") which was submitted to the United States Department of Transportation.

The federal government has in place various programs which provide for annual grants to the states for aid in the construction of highways (the "Title 23 Moneys"). **The Title 23 Moneys received by the State are the sole source of the Pledged Federal Highway Receipts**. See "**SECURITY FOR THE BONDS**." The Department intends to use future Title 23 Moneys received by it as the primary source of moneys to meet its obligation to pay Bond Service Charges.

The following table sets forth the amount of Title 23 Moneys made available to the Department by (1) appropriation and (2) obligation authority during each of the FFYs 2003 through and including 2014. See "**SUMMARY OF FEDERAL HIGHWAY FUNDING – Operations**" for an explanation of "obligation authority."

Title 23 Moneys

Federal Fiscal Year (September 30)	Appropriation	Obligation Authority
2003	$987,000,000	$1,016,000,000
2004	1,219,000,000	1,109,000,000
2005	1,358,000,000	1,232,000,000
2006	1,335,000,000	1,336,000,000
2007	1,505,000,000	1,415,000,000
2008	1,413,000,000	1,380,000,000
2009	1,401,000,000	1,351,000,000
2010	1,432,000,000	1,392,000,000
2011	1,395,000,000	1,359,000,000
2012	1,475,000,000	1,471,000,000
2013	1,291,000,000	1,310,000,000
2014	1,293,000,000	1,342,000,000

Amounts shown in the table above include the following Title 23 monies appropriated for reimbursement of emergency funding expenses: approximately $8 million on average annually from FFYs 2003-2004, $139 million in FFY 2005, $52 million in FFY 2006, $89 million in FFY 2007 and $146 million in FFY 2012. There were no funds appropriated for emergency funding expenses in FFYs 2008 through 2011. The increase in emergency funding for FFY 2005 was due to four major flood events in East and Southeast Ohio, the amount for FFY 2006 was for two flooding events, the amount for FFY 2007 was for Hurricane Frances and four flood events, and the amount for FFY 2012 was for landslides in Jefferson County and severe rainfall events statewide. There were no funds appropriated for emergency funding expenses in FFYs 2013-2104.

The following table sets forth the amount of Title 23 Moneys actually received by the Department during each of the State Fiscal Years 2003 through and including 2014:

Title 23 Moneys

State Fiscal Year (June 30)	Received
2003	$918,426,000
2004	899,710,000
2005	1,050,601,000
2006	1,282,927,000
2007	1,273,805,000
2008	1,117,419,000
2009	1,154,493,000
2010	1,051,988,000
2011	1,081,934,000
2012	1,374,760,000
2013	1.542,001,000
2014	1,525,142,000

Amounts shown in the table above include the following amounts of Title 23 monies received for emergency funding: approximately $8 million on average annually in State Fiscal Years 2003-2004, $42 million in Fiscal Year 2005, $37 million in Fiscal Year 2006, $64 million in Fiscal Year 2007, $38 million in Fiscal Year 2008, $11 million in Fiscal Year 2009, $13 million in Fiscal Year 2010, $6 million in Fiscal Year 2011, $69 million in Fiscal Year 2012, $16 million in Fiscal Year 2013, and $25 million in Fiscal Year 2014.

Emergency funding appropriations reflected in the first table is funding provided to Ohio for specific emergency events. Emergency funding reflected in the second table is for additional amounts reimbursed by the Federal Highway Administration to ODOT after the expenditure has been made by ODOT. The reimbursement could occur at any time, up to several years after the ODOT expenditure.

As a practical matter, since Title 23 Moneys are paid by the federal government as reimbursements of payments made by the State in respect of Bond Service Charges, the Department typically uses revenues from motor vehicle fuel taxes provided by the General Assembly for its deposits to the Treasurer. Such taxes are not pledged under the Trust Agreement to pay Bond Service Charges on the Bonds; however, the Certificate and Agreement provides that in any FFY, Title 23 moneys may not be used for any purpose other than paying Bond Service Charges on the Bonds and Additional Bonds and payment of debt service on Parity Obligations until sufficient amounts are on deposit to pay such amounts. See "**CERTIFICATE AND AGREEMENT -- Further Covenants**."

The following table sets forth the coverage ratio of Title 23 Moneys to total debt service on Major New State Infrastructure Bonds during each of the State Fiscal Years 2003 through and including 2014:

State Fiscal Year	Title 23 Moneys*	Total Fiscal Year Debt Service	Coverage Ratio
2003	918,426,000	62,236,456	14.76
2004	899,710,000	78,706,965	11.43
2005	1,050,601,000	79,683,560	13.18
2006	1,282,927,000	77,414,391	16.57
2007	1,273,805,000	99,396,150	12.82
2008	1,117,419,000	128,184,643**	8.72
2009	1,154,493,360	157,433,102	7.33
2010	1,051,988,000	147,187,723	7.15
2011	1,081,934,000	153,965,299	7.03
2012	1,374,760,000	173,049,177	7.94
2013	1,542,001,000	167,515,517	9.21
2014	1,525,142,000	177,397,396	8.60

* Title 23 moneys are based on the amount actually received by ODOT during the State Fiscal Year.

** Includes funds paid by ODOT to defease the Series 1998-1 Bonds and the Series 1999-1 Bonds.

SUMMARY OF FEDERAL HIGHWAY FUNDING

The Federal-Aid Highway Program

The Federal-Aid Highway Program (FAHP) is an "umbrella" term that encompasses most of the federal programs providing highway funds to the states. Prior to enactment of MAP-21, the most recent authorization (see "MAP-21" below), these programs included the Interstate Maintenance Program, the Bridge Program and the National Highway System Program, among others. MAP-21 consolidates many of these programs into five core funding programs: the National Highway Performance Program, the Surface Transportation Program, the Congestion Mitigation and Air Quality Improvement Program, the Highway Safety Improvement Program, the Railway-Highway Crossings Program and the Metropolitan Planning Program. The Federal Highway Administration (FHWA) is the federal agency within the U.S. Department of Transportation responsible for administering the FAHP. The FAHP is financed from the transportation user-related revenues deposited in the federal Highway Trust Fund. The primary source of revenues in the federal Highway Trust Fund is derived from the federal excise taxes on motor fuels. Other taxes include excise taxes on tires, trucks and trailers, and truck use taxes.

It should be noted that the terms and conditions of participation in the FAHP as described herein are subject to change at the discretion of Congress, and there can be no assurance that the laws and regulations now governing the FAHP will not be changed in the future in a manner that may adversely affect the ability of the State to receive adequate FHWA Funds to pay the debt service on the Bonds.

Certain FAHP features or requirements are explained or further defined where they appear below but are introduced here for reference:

- *The Federal Highway Trust Fund (the "HTF")*: The HTF is a dedicated federal fund with dedicated revenues held in trust for reimbursement of expenditures by the states for costs of eligible transportation projects, including highway projects.

- *Authorization*: "Authorization" is the process by which Congress authorizes the expenditure of federal revenues on federal programs. For the FAHP, authorization historically has been provided on a multi-year basis. This, together with the availability of HTF revenues and future HTF collections permits states more certainty in planning long-term highway projects. The previous multi-year authorization, SAFETEA-LU, became law on August 11, 2005. The original SAFETEA-LU legislation expired on September 30, 2009 but was subsequently extended to September 30, 2012. See "SAFETEA-LU" below. The most recent authorization, MAP-21, became effective on October 1, 2012. This original MAP-21 legislation expired on September 30, 2014 but has subsequently been extended to May 31, 2015. See "MAP-21" below.

- *Apportionment*: For each Federal Fiscal Year ("FFY"), the FHWA apportions the authorized funding among the states according to formulas that are established in authorizing statutes. The distribution of federal funds that do not have a statutory formula is called "allocation" rather than "apportionment."

- *Obligation Authority*: "Obligation" is the commitment of the federal government to pay, through reimbursements to a state, its share of the eligible expenditures on an approved project. The amount of such federal revenues that a state can obligate in a given FFY is called its "Obligation Authority."

- *Advance Construction*: The Advance Construction procedure allows states to commence eligible projects without first having to obligate the federal government's share of expenditures. Thus, states may begin a project before amassing all of the Obligation Authority needed to cover the federal government's share. The Projects are Advance

Construction Projects.

- *Partial conversion of Advance Construction*: Under partial conversion of Advance Construction, in a given year a state may convert Advance Construction to Obligation Authority and thus be eligible for reimbursement for a portion of the federal share of an Advance Construction project in that or in a subsequent FFY. This removes any requirement for the state to wait for reimbursements until the full amount of Obligation Authority needed for the entire project is available.

These features of the FAHP work in a complementary fashion to provide a regular flow of federal reimbursements over the years to state highway projects.

The participation of the State in such reimbursements, and the role of such participation in providing payment and security for the Bonds, is discussed in "FEDERAL AID REVENUES" herein.

Although FHWA provides funding for eligible highway projects, federal-aid highways are under the administrative control of the state or local government responsible for their operation and maintenance.

Title 23, United States Code, entitled "Highways", includes most of the laws that govern the FAHP arranged systematically or codified. Generally, Title 23 embodies those substantive provisions of highway law that Congress considers to be continuing and which need not be reenacted each time the FAHP is reauthorized. Periodically, sections of Title 23 may be amended or repealed through surface transportation acts.

Reauthorization

The FAHP must be periodically reauthorized by Congress. Following a number of prior multi-year authorizations, the Transportation Equity Act for the 21st Century ("TEA-21") was enacted in 1998 and authorized programs over the six-year period from Federal Fiscal Years 1998 through 2003.

SAFETEA-LU. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users ("SAFETEA-LU") became law on August 10, 2005, and authorized programs over the four-year period from Federal Fiscal Years 2006 through 2009. Between the expiration of TEA-21 in September 2003, and the enactment of SAFETEA-LU in August 2005, Congress enacted 12 interim authorization measures for varying periods. Since the expiration of SAFETEA-LU in September 2009, Congress has enacted 10 interim authorization measures.

MAP-21. The Moving Ahead for Progress in the 21st Century Act ("MAP-21") was signed into law on July 6, 2012. MAP-21 extends SAFETEA-LU through the end of FFY 2012. MAP-21 authorized funding for the FAHP of approximately $37.5 billion for FFY 2013 and $37.8 billion for FFY 2014. MAP-21 extended the imposition of the highway-user taxes, generally at the rates that were in place when the legislation was enacted, through September 30, 2016. In addition, it extended provisions for deposit of almost all of the highway-user taxes into the HTF through September 30, 2016. The original MAP-21 legislation expired on September 30, 2014 but subsequently has been extended to May 31, 2015. The extension provides for authorized funding for the FAHP of approximately $25.2 billion for the period beginning on October 1, 2014, and ending on May 31, 2015.

MAP-21 restructures the core federal highway programs. Activities previously carried out under the National Highway System Program, the Interstate Maintenance Program and the Highway Bridge Program, among others, were incorporated by MAP-21 into the following new core formula programs: National Highway Performance Program, Surface Transportation Program, Congestion Mitigation and Air Quality Improvement Program, Highway Safety Improvement Program, Railway-Highway Crossings and Metropolitan Planning Program.

ALTHOUGH MEASURES HAVE BEEN ENACTED BY CONGRESS IN THE PAST, NO ASSURANCE CAN BE GIVEN THAT SUCH MEASURES WOULD OR COULD BE ENACTED IN THE FUTURE TO MAINTAIN THE FLOW OF FEDERAL-AID FUNDING UPON TERMINATION OF EITHER A SHORT-TERM OR MULTI-YEAR AUTHORIZATION PERIOD.

Federal Highway Trust Fund

The Federal Highway Trust Fund (HTF) provides the primary funding for the FAHP. Funded by a collection of federally-imposed motor vehicle user fees, primarily fuel taxes, the HTF is a fund established by law to hold dedicated highway-user revenues that are used for reimbursement of the state's cost of eligible transportation projects (which may include debt service on obligations issued to finance a federal-aid project), including highway projects. The HTF is composed of two accounts: the Highway Account, which funds highway and intermodal programs, and the Mass Transit Account. The Highway Account receives approximately 84% of gasoline tax revenues and 88% of diesel fuel revenues, with the remaining share of such revenues deposited in the Mass Transit Account.

Federal gasoline excise taxes are the largest revenue source for the HTF. The majority of these tax revenues, including 15.44 cents per gallon out of the current 18.4 cents per gallon tax, go to the Highway Account. The following table shows annual and projected HTF collections for the Federal Fiscal Years 1984 through 2014.

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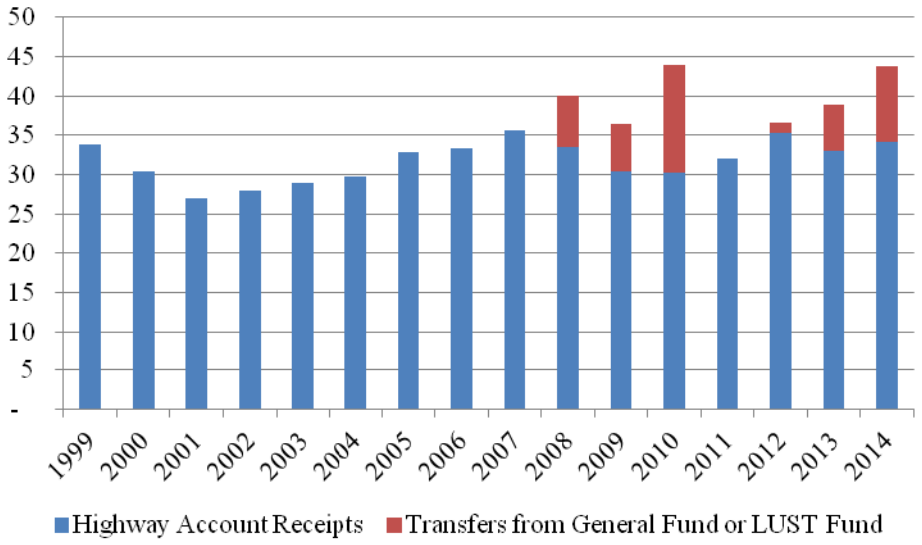
Payments Into the Highway Trust Fund
Highway Account Receipts - Federal Fiscal Years 1999 - 2014 ($ billions)



Sources: FFY 1999 through FFY 2012, 2012 FE-210 Report; FFY 2013 and FFY 2014, Highway Trust Fund FE-1 Reports.

Excludes interest on balances and TIFIA loan repayments. Shaded bars in FFYs 2008, 2009, 2010, 2012, 2013 and 2014 represent transfers and expected transfers from the U.S. General Fund and the Leaking Underground Storage Tank Trust Fund (see SUMMARY OF FEDERAL HIGHWAY FUNDING – Federal Highway Trust Fund).

(1) FFY 2012 projection is based on yearly trend.
(2) FFY 2013 and FFY 2014 estimates are based on MAP-21 Funding Tables.

The imposition of the taxes that are dedicated to the HTF, as well as the authority to place the taxes in the HTF and to expend moneys from the HTF, all have expiration dates which must be extended periodically. The life of the HTF has been extended several times since its inception, most recently by MAP-21, as extended (as described above). The HTF is required under current federal law to maintain a positive balance to ensure that prior commitments for distribution of federal revenues can be met.

As part of its annual budget forecast issued on January 24, 2007, the nonpartisan Congressional Budget Office ("CBO") reported that if Congress adhered to the highway and safety spending levels authorized in SAFETEA-LU, absent other measures, the Highway Account of the HTF would go into deficit early in Federal Fiscal Year 2009, before SAFETEA-LU expired. The CBO baseline projected that if the SAFETEA-LU spending levels were maintained for Federal Fiscal Years 2007-2009 there would be a deficit in the Highway Account at the end of Federal Fiscal Year 2009 in the amount of $3.616 billion. The President's budget proposal in February 2008 projected that the HTF would show a deficit of at least $3.3 billion in FFY 2009.

In response to shortfalls predicted by the CBO as well as other governmental entities, Congress transferred from the federal general fund and from the Leaking Underground Storage Tank Trust Fund o the HTF in Federal Fiscal Years 2008, 2009, 2010, and 2012 an aggregate total of approximately $35.9 billion, of which approximately $8.2 billion was provided to the Mass Transit Account within the HTF. These actions allowed state departments of transportation to continue to meet their financial obligations and sustain hundreds of millions of dollars of construction projects that had been put on hold after US

DOT announced that federal-aid payments to the states could be partially withheld because of a shortage of funds.

MAP-21 provided for additional transfers from the federal general fund of $6.2 billion in FFY 2013 and $22.4 billion in FFY 2014 to the HTF and transfers from the Leaking Underground Storage Tank Trust Fund of $1.0 billion in FFY 2014 to the HTF, of which $4.0 billion is provided to the Mass Transit Account within the HTF. In addition, MAP-21 transferred $2.4 billion from the Leaking Underground Storage Tank Trust Fund to the HTF. [The extension of MAP-21 provides for additional transfers from the federal general fund of $9.8 billion and additional transfer from the Leaking Underground Storage Tank Trust Fund of $1.0 billion.

Amounts in the HTF can be affected by the rate of expenditure of money in the fund as well as a number of revenue-impacting factors. One significant factor is the decline in vehicle miles traveled (VMT) since 2007, which impacts revenue from gasoline and diesel sales. It cannot be determined whether any further decline in VMT and increases in vehicle fuel economy will have an adverse impact on the HTF or the availability of Federal Transportation Funds to pay debt service on the Bonds.

Various proposals could be considered to address the Highway Trust Fund's future funding, including an increase in fuel taxes, a variety of new taxes (including a tax on VMT) and other funding sources for the Highway Trust Fund. There can be no assurance that any of these proposals will be enacted by Congress.

The Office of Management and Budget issued a report pursuant to the Sequestration Transparency Act of 2012 (P. L. 112-155) on the consequences of sequestration for governmental operations. The mandate from the Budget Control Act of 2011 (P. L. 112-25) required, among other things, a 9.4 percent reduction for certain non-exempt defense discretionary programs, an 8.2 percent reduction for certain non-exempt nondefense discretionary programs and a 7.6 percent reduction for certain non-exempt nondefense mandatory programs, beginning in January 2013. Federal transportation contract authority subject to obligation limitation is exempt from reduction. Contract authority not subject to obligation limitation is subject to reduction at an annual rate of 7.6 percent. Any transfers from the federal general fund to the HTF would be subject to reduction, lowering the balance in the HTF; however, the Department believes that such reduction would not materially affect the amount of funding provided to the State under the FAHP.

Lapsing of Authorization

All federal programs must be authorized through enacted legislation that defines the programs and establishes maximum funding levels, and for most programs annual appropriations acts are necessary in order to create budget authority. Indeed, for most federal domestic discretionary programs, a lapsed authorization may have little or no effect on a program, so long as revenues are appropriated. For the FAHP, the consequences of lapsed authorization caused when Congress fails to enact reauthorization legislation are somewhat different. While Congress may pass interim legislation, the existence of contract authority and a dedicated revenue stream means that the FHWA usually can continue to provide Obligation Authority by administrative action.

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Rescission

Since 2005, Congress has taken action to reduce unobligated balances of previously authorized funds by issuing the following rescissions. Not included is a rescission (FHWA Notice N 4510.711) on September 30, 2009, in the amount of approximately $8.7 billion, which was reversed on March 18, 2010, through H.R. 2847.

Rescissions of Unobligated Balances

Date	National Amount	Source: FHWA Notice	Public Law No.
12/28/2005	$1,999,999,000	N 4510.578	109-115
03/21/2006	1,143,000,000	N 4510.588	109-148
07/05/2006	702,362,500	N 4510.606	109-234
03/19/2007	3,471,582,000	N 4510.643	110-5
06/20/2007	871,022,000	N 4510.647	110-28
03/04/2008	3,150,000,000	N 4510.673	110-161
04/13/2009	3,150,000,000	N 4510 707	111-8
08/13/2010	2,200,000,000	N 4510 729	111-226
06/30/2011	2,500,000,000	N 4510 735	112-10
Total	$19,186,965,500		

All of such rescissions were spread among the 50 states on a proportional basis, the first three based on certain Federal Fiscal Year 2006 apportionments, the fourth and fifth on certain Federal Fiscal Year 2007 apportionments, the sixth on certain Federal Fiscal Year 2008 apportionments, the seventh and eighth on certain Federal Fiscal Year 2009 apportionments and the last on certain Federal Fiscal Year 2011 apportionments. Further rescissions are possible and may have a more adverse effect on the State and its highway program. Although rescissions could be large enough to impact Obligation Authority, to date they have not.

Operations

The present FAHP continues to reimburse a large percentage of state expenditures for approved highway projects. The financial assurance provided by the FAHP is unusual among federal programs in that:

- The FAHP is based on dedicated revenues, from a user-tax source, deposited in a dedicated trust fund (the HTF);
- The budget and contract authority of the FHWA is typically established by a multi-year authorization act rather than annually through appropriation acts (see "-Reauthorization" above); and
- Contract authority is not at risk during the annual appropriations process (as budget authority is in most other federal programs), although an appropriations act is required in order to liquidate obligations.

The process for reimbursing state expenditures may be summarized in three steps: authorization, obligation and program implementation. The authorization step is the most critical step in establishing overall spending authority for federal highway funding. Authorizing legislation extends the life of the FAHP and the collections that fund the HTF, sets FAHP objectives and provides formulas for determining the distribution or apportionment of available resources among the states. The existence of the dedicated revenues in the Highway Account of the HTF and the existence of multi-year (or under interim authorizations, multi-month) contract authorizations are designed to help to make available a predictable and uninterrupted flow of reimbursements to the states. The risk of contract authority lapsing between authorizing acts is minimal since sufficient unobligated balances generally exist that cover gaps in coverage between multi-year (or multi-month) reauthorization acts.

The second step, obligation, is the process through which states make use of, or "obligate," the contract authority that has been apportioned or allocated to them in the authorization process (Step 1). Congress typically limits the amount of Obligation Authority that states may use annually. To whatever extent that a state's Obligation Authority is set below its authorization, the unobligated balance for that state is increased. These unobligated balances provide available funds, from which the FHWA allows states to draw, when there is a lapse period between authorization acts. But under current law the unobligated balances do not otherwise entitle the states to additional funds.

The third step, program implementation, leads to actual receipt of federal funds by states. FAHP implementation methods vary state-by-state. States are permitted to make use of Advance Construction and partial conversion of Advance Construction in order to obligate varying amounts of federal funds to an eligible project from FFY to FFY, depending on how much of the state's Obligation Authority is available from the FAHP and is desired for such use by the state.

Step 1: Authorization

The first step, and the most crucial in financing the FAHP, is the multi-year (or under interim authorizations, multi-month), authorizing legislation. Such highway authorization acts:

- Establish the taxes that fund the HTF and extend their life (reauthorization);
- Establish the specific programs and procedures through which states receive federal financial assistance for their highway programs; and
- Set upper limits on funding for specific programs and for overall FAHP.

Annual Distributions. For most components of the FAHP, the authorization acts set the distribution of spending authority among states. The primary methods used to distribute authorized federal highway revenues are "apportionment" and "allocation":

- Apportionments. The contract authority created by authorization acts such as SAFETEA-LU and MAP-21 is distributed annually among the 50 states, the District of Columbia, and Puerto Rico using a process called apportionment of revenues. Apportionments indicate the maximum amount of contract authority that each state can expend for eligible projects in specific programs. For each FFY, the FHWA has responsibility for apportioning authorized funding for the various programs among the states according to formulas established in the authorizing statute. Annual apportionments are generally made on the first day of the federal fiscal year, which is October 1.

- Allocations. While most highway revenues are distributed to states through apportionments, some funding categories do not contain legislatively-mandated apportionment formulas. Distribution of revenues where there are no statutory formulas is called "allocation" or "discretionary allocation". In most cases, allocated federal funding is divided among states using criteria determined administratively by the federal Department of Transportation or as provided in a statute, often through competitive grant procedures.

Apportionment formulas have been designed historically to ensure distribution of federal revenues among states according to program needs, but are also increasingly intended to provide states a share of total HTF expenditures relatively close to their payments into the HTF.

Availability of Federal Highway Revenues. Federal-aid highway revenues are available to states for use for more than one year. Their availability does not terminate at the end of the FFY, as is the case with many other federal programs. Consequently, when new apportionments or allocations are made, the amounts are added to a state's unused apportionments and allocations from the previous FFY. Should a state fail to obligate (commit to spend) a year's apportionments and allocations within the period of

availability specified for a given program, however, the authority to obligate any remaining amount lapses - that is, it is no longer available except for a few programs which receive indefinite, or "no-year" Obligation Authority.

Matching Requirements. With a few exceptions, the federal government does not pay for the entire cost of construction or improvement of federal-aid highways. Federal reimbursements are typically matched with state and/or local government revenues to account for the necessary dollars to complete the project. The maximum federal share is specified in the legislation authorizing the program. Most projects have an 80% federal share while interstate construction and maintenance projects typically have been funded with a 90% federal share.

Step 2: Obligation

The second step of the federal-aid funding process occurs when revenues that have been authorized by legislation, and either apportioned or allocated to individual states, are obligated for a specific purpose. As noted in the previous section, Congress uses annual appropriations acts to control actual annual obligation of funds in the HTF. Appropriations acts limit the amount of federal money that actually will be obligated and thus ultimately spent, and these annual amounts may be less than the authorized amount. This ceiling on the amount of contract authority that states may use is called the "annual obligation limit."

Obligation is the commitment of the federal government to pay, through reimbursement to a state, the federal government's share of an approved project's eligible costs, which may include debt service on obligations issued to finance a project. This process is important to the states because it allows states to award contracts with assurance that the federal government will reimburse its share of incurred costs.

From the federal perspective, obligations made are the outlays the federal government has committed to make from the HTF in the future. Once an obligation is made, the federal government reimburses the states when bills or payments become due.

Once Congress establishes an overall obligation limitation, the FHWA distributes Obligation Authority to states proportionately based on each state's share of apportioned and allocated revenues. The actual ratio of Obligation Authority to apportionments and allocations may vary from state to state because some federal-aid programs are exempt from the obligation limitation. Once each state's Obligation Authority is set, states then submit requests to the FHWA to obligate revenues representing the federal share of specific projects throughout the years. (A further description of this process is included in Step 3.) As a state obligates revenues, its balance of Obligation Authority is commensurately reduced, although additional Obligation Authority may be received (e.g., via re-allocation from other states).

A state's Obligation Authority (unlike its apportionments and allocations of authorized funding) must be used before the end of the FFY for which it is made available; if not, it will be distributed to other states. The FHWA closely monitors each state's plans for use of Obligation Authority. In mid-summer, the FHWA collects any Obligation Authority from states that do not plan to obligate all of their available Obligation Authority before the end of the FFY, and redistributes it to other states that can obligate the revenues. This reallocation of Obligation Authority is known as the August redistribution.

Unobligated Balances. Because congressional authorization of federal-aid highway revenues represents a commitment to make all authorized revenues available to states for highway purposes, any shortfall between the limit on Obligation Authority created through the annual appropriations process and the amount of contract authority apportioned and allocated to states does not disappear. Instead, the difference between obligation limitations and authorization levels creates what are known as "unobligated balances."

Although most federal-aid apportionments lapse after four years, this rarely happens with

apportioned highway revenues because old apportionments are always spent before new apportionments. That is, when a state receives new apportionments and Obligation Authority at the beginning of a FFY, obligations are first made against remaining prior year apportionments plus allocation until these are depleted. The net effect of this process, in conjunction with the year-to-year establishment of obligation limitations, has been that states have amassed considerable unobligated balances.

Unobligated balances permit the FAHP to continue to fund state highway projects during periods in which Congress fails to enact a reauthorization law before the expiration of the previous authorization period. In such periods, the unobligated balances allow states to continue to fund their programs for several months, or even longer, after an authorization act has expired.

Step 3: Program Implementation

The third and final step in the overall federal-aid highway funding process-program implementation—occurs after authorized revenues have been distributed to states, and after states have had the opportunity to obligate those revenues. Once federal-aid highway revenues have been authorized and obligated, states must have developed highway programs that describe, at a project-by-project level, exactly how federal reimbursements will be earned. The process of developing and implementing state highway programs has three broad stages:

- Budgeting;
- Planning and Programming; and
- Fiscal Management and Federal Highway Reimbursement.

Each stage helps to ensure that states develop programs which match funding availability, and that the FHWA is able to distribute federal reimbursements to states in a timely manner.

Budgeting. Budgetary information about availability of funding is crucial to the development of state highway programs. Projected state and federal funding levels are used to budget transportation needs. Consequently, state transportation budget officials track the availability of funding and develop forecasts of future state and federal revenues. States must estimate the availability of short and long-term state and federal funding in order to plan their highway programs. They use this information as a guide during long-range planning, and as a strict constraint on short-term programming.

Planning and Programming. The budget process, particularly the identification of available funding, provides the context for transportation planning and programming. The long-range planning process provides a big-picture perspective of anticipated project needs regionally across the State. Transportation Improvement Programs ("TIPs") follow on from long-range plans and provide a detailed outline of projects that are proposed for implementation in a time-frame of two to six years. At the federal level, state and local highway plans are reviewed by the U.S. Environmental Protection Agency ("EPA") and the FHWA.

As a condition for receiving federal reimbursements for transportation programs, states must develop comprehensive transportation plans based on anticipated long-term state and federal funding levels for TIP categories. States and urban areas must satisfy these federal requirements to remain eligible for federal reimbursements, and specific projects are not eligible unless they are either directly identified in a long-range plan or consistent with policies and objectives identified in long-range plans.

Each TIP must include, for each project, the estimated project cost and amount of federal revenues proposed to be obligated during each year. Each draft TIP is submitted to the regional Transportation Advisory Group, a citizen panel established to coordinate public review of the TIP. Once formally approved in a public meeting, the TIPs are approved by the Metropolitan Planning Organization.

The TIPs are then combined into the State Transportation Improvement Plan ("STIP"), which also includes projects from regions outside a state's metropolitan areas. The STIP lists all projects proposed for funding with federal revenues for a period of at least three years. The STIP is then submitted to the FHWA and the Federal Transit Administration (the "FTA").

Fiscal Management and Reimbursement. States must follow federal fiscal management procedures as they implement projects that have passed through the approval and programming processes. These fiscal management procedures ensure that the FHWA and states are able to manage the process efficiently, from project authorization to actual payment of Federal Highway Reimbursements to the state.

In the traditional approach, a state simply obligates the full federal share of available funding at the beginning of the project, concurrent with project authorization. The first step in the fiscal management process begins when a state requests authorization to use federal funding on a project. The project sponsor submits plans, specifications and estimates ("PS&Es") for a project to the FHWA division office, and requests that the FHWA approve the use of federal funding for the appropriate federal share of the project. The project must be in the STIP and the PS&Es must identify the category of federal funding that will be used.

The FHWA evaluates the PS&Es to ensure that the project is eligible for federal funding and meets a variety of federal requirements (such as design standards). Provided that all requirements are satisfied, the FHWA authorizes federal participation in the project, and obligates the federal share of project costs. By obligating the revenues, the FHWA makes a commitment to reimburse the state for the federal share of eligible project costs. It sets aside the appropriate amount of that state's OA, and also sets aside an equivalent amount of apportioned revenues by program (or programs). Accordingly, the state must have sufficient OA to cover the level of federal participation it is requesting.

Once authorization for a project has been obtained, the state advertises the project and receives bids. Based on actual costs identified in bids, the state awards the contract to the lowest qualified bidder and submits a request to the FHWA asking for any necessary adjustments to federal obligations for the project. If approved, the amounts agreed to are included in a project agreement which identifies the revenues that will be encumbered by the state (formally applied against the state's resources), and the amount that will be reimbursed by the federal government.

Construction begins, and contractors submit bills to the state as work is completed. A state pays its contractor's bills with cash from the state treasury (with respect to the State, principally from motor vehicle fuel tax proceeds); the state bills the FHWA electronically for the federal share of completed work for which payment has been made; and the FHWA makes payment to the state via electronic transfer. This FHWA reimbursement to the state liquidates its obligation for the federal share of the costs incurred to that point. As project work continues and state expenditures are reported to the FHWA, federal reimbursements are made, generally on a daily basis.

Innovative variations on this fiscal management approach include Advance Construction and partial conversion of Advance Construction. These variations complement one another to provide a state with additional flexibility in managing its Obligation Authority and cash.

The Advance Construction approach for authorizing projects allows states to finance projects that are eligible for federal aid without obligating the federal share of costs at the outset of the project. This allows states to begin a project before amassing all of the Obligation Authority needed to cover the federal share of that project. As with the traditional approach, the state submits PS&Es to the FHWA and requests project authorization. Under Advance Construction, however, the FHWA is asked to authorize the project without obligating federal revenues. As a result, the state will cover the entire cost of the project and later may request the obligation of revenues, when sufficient Obligation Authority is available and is desired by the state. Further, the state may then take credit for state expenditures, made from project approval to that date, as a basis for earning reimbursements.

Once the FHWA authorizes a project for federal assistance, the state follows the same procedure to advertise a project, to award the contract, and to reconcile the level of state and federal funding required. The state may request that the FHWA convert its Advance Construction amount to an obligation at any time, provided the state has sufficient Obligation Authority. This conversion of Advance Construction to Obligation Authority must occur in order for the state to be reimbursed for the federal share of the project. The state can convert Advance Construction to Obligation Authority long after state expenditures are made.

Under partial conversion of Advance Construction, moreover, a state follows the steps to apply for Advance Construction but converts, obligates, and receives reimbursement for only a portion of its funding of an Advance Construction project in a given year. This removes any requirement to wait until the full amount of Obligation Authority is available. The state can thus obligate varying amounts for the project's eligible cost in each year, depending on how much of the state's Obligation Authority is available and desired by the state.

States are required to use a detailed accounting system to track project expenditures and reimbursements. In addition, a federal system tracks payments to states. The Department uses a new integrated financial management, procurement, and human resource system to track all detail budget, expenditures, and expenses for all projects, including bond financed projects. This system also includes all necessary reporting capabilities and the FHWA federal billing functionality.

Air Quality Requirements

The State receives federal reimbursements under the Highway Program for proposed projects contained in the approved Statewide Transportation Plan and Metropolitan Planning Organization ("MPO") Transportation Plans and the approved STIP/TIP. The STIP/TIP is a listing of individual transportation improvement projects and associated funding that are drawn directly from or are consistent with the Statewide Transportation Plan (in rural areas) or an MPO area Transportation Plan (in urbanized areas). For projects described in the STIP/TIP to obtain the required funding, and qualify for federal funding, each such Transportation Plan and the STIP/TIP must comply with certain federal and state requirements, including "transportation conformity."

"Transportation conformity" refers to requirements under both Title 23 and the Federal Clean Air Act designed to ensure that the undertaking of federally-approved transportation projects is consistent with federal and state plans to achieve the national ambient air quality standards ("NAAQS"). Specifically, in states with areas designated under the Clean Air Act as "nonattainment" areas (i.e., areas that have failed to comply with one or more national ambient air quality standards) and "maintenance" areas (i.e., areas that once were designated as nonattainment areas but are now meeting air quality standards), Transportation Plans and TIPs relating to those areas must not conflict with the state's efforts to attain or maintain compliance with the federal air quality standards. The Federal Clean Air Act requires every state to have a federally-approved air quality plan (known as a "State Implementation Plan" or "SIP"). The SIP records the strategies, programs, and procedures the State will implement to achieve and maintain the NAAQS. A state's SIP is typically developed by the state's environmental agency (e.g. in Ohio, the Ohio Environmental Protection Agency develops the SIP) and must be approved by the US EPA. For a nonattainment area, the SIP must include certain requirements designed to bring the area into compliance with national ambient air quality standards by a certain date. Such requirements may include Motor Vehicle Emissions Budgets, which limit the total amount of given pollutants that can be emitted from certain transportation sources in the nonattainment or maintenance area. The Motor Vehicle Emissions Budgets are established by the state and approved by US EPA. To ensure that the Transportation Plans and the STIP/TIP in nonattainment and maintenance areas will not conflict with the SIP, the MPO in consultation with the State must demonstrate that mobile source emissions from vehicles traversing the transportation networks identified in the Transportation Plans and the STIP/TIP will not exceed the SIP mobile source budgets. This process is referred to as a conformity demonstration. Affirmative US DOT transportation conformity determinations are a requirement for states and local

governments to receive federal reimbursements for transportation projects that add lanes or system capacity within nonattainment and maintenance areas.

US DOT conformity determinations are effective for a four year period. Should an area experience a "conformity lapse" beginning one year from the lapse date, no new projects (or subsequent phases of existing projects that require additional state or federal approval to be eligible for federal reimbursement) which add lanes or capacity in an affected nonattainment or maintenance area will be approved for federal reimbursement under the Highway Program until a conforming Transportation Plan and TIP for the affected region can be developed and approved. With respect to existing approved projects in the nonattainment area or maintenance area, the state may continue to expend state funds and receive federal reimbursements, but only to the extent that such projects (or portions thereof) have already received all required state and federal approvals and funding commitments or are exempt from the transportation conformity requirements. If an existing approved project requires state or federal approval of subsequent phases to be eligible for continued federal reimbursements, any costs incurred by the state to advance such project into the subsequent phase during the lapse period will not be eligible for future reimbursement under the Highway Program. Furthermore, the construction of state-funded projects during the lapse period (i.e. projects funded only by state expenditures for which the state is not seeking federal reimbursement) that are "regionally significant" can also be suspended, unless all necessary state and local approvals for such projects were obtained prior to the conformity lapse.

The Department has current US DOT conformity determinations for each Ohio nonattainment and/or maintenance area MPO Transportation Plan and STIP/TIP.

The Clean Air Act gives US EPA the authority to impose sanctions on a state that fails to make SIP submissions required by the Clean Air Act, or to implement the programs of the SIP that EPA has approved. Before imposing sanctions under this provision, EPA must give a state formal notice of the deficiency, and 18 months to correct it.

Possible sanctions include withholding certain Federal-aid Highway Receipts (those receipts applicable to unapproved capacity-related projects in nonattainment areas) from the State and limiting allowable pollutant levels in (non-transportation sector) clean air permits. Safety related projects are exempt from sanctions. The Department's current projects and planned projects are within attainment areas or are safety related, or are capacity projects included in a conforming MPO Transportation Plan and the STIP/TIP. Moreover, if a project is sanctioned, related federal funds may be redirected to other approved projects. Therefore, the Federal Highway Receipts appropriated to the State for the Projects financed with the proceeds of the Bonds or Additional Bonds are not expected to change even if sanctions were imposed. The State is current with all US EPA SIP requirements.

OHIO DEPARTMENT OF TRANSPORTATION

The Department was established on September 29, 1972, by the Ohio General Assembly through the expansion of the responsibilities of the former Ohio Department of Highways to include all modes of transportation. Over the past four decades, as its modal responsibilities have increased, the Department has added organizational units responsible for administering federal and State programs relating to aviation and public transportation. The Department is responsible for planning, designing, constructing, maintaining and rehabilitating the State's highway system, administering federal funds used by local jurisdictions in constructing and maintaining their local roads and bridges, and administering both federal and State funds which provide grants for aviation, bridges, public transportation and waterway facilities and programs throughout the State.

The Department is one of the largest agencies of State government, with approximately 4,900 employees. The Department consists of a central headquarters office, located in Columbus, Ohio and 12 District Offices located throughout the State. The Director is appointed by the Governor.

The Department is a highly decentralized organization, with most highway-related functions performed in 12 geographic districts. Approximately 85 percent of the Department's employees are located in the 12 district, 88 county and 112 outpost facilities throughout the State. The districts perform planning, design, construction, engineering, material testing, and maintenance functions for the Department. The 12 districts are each headed by a District Deputy Director, who reports to the Director of Transportation.

The Department's Central Office contains the offices and divisions which provide technical and administrative support to the districts for both highway and modal programs. The organization of the Central Office consists of the Transportation Policy and Chief Engineer Divisions, the Business and Human Resources Divisions, the Field Operations Divisions, and the Director's administrative support staff. These divisions and their respective offices develop policies and procedures, provide technical support and monitor the districts for compliance with established procedures. All construction contracts are advertised and awarded by the Central Office.

The State has the seventh largest highway network in the country, with approximately 125,000 miles of roadway, of which approximately 19,300 miles are under the Department's jurisdiction. The Department is responsible for and/or is involved in a wide variety of programs and projects relating to aviation, bicycling, highways, public transportation and waterways. The Department's annual budget for all programs is approximately $2.8 billion. Major funding sources for the Department's highway program include state motor fuel taxes and fees and Title 23 Moneys received from the United States Department of Transportation. See "**SOURCES OF FUNDS FOR PAYMENT OF BONDS**." Major funding sources for the Department's modal programs include State General Revenue Fund moneys and Title 23 Moneys.

The Bonds do not represent or constitute a debt of the Treasurer, the Department, the State, or of any political subdivision thereof, nor a pledge of the faith and credit of the State, or any political subdivision thereof. The Holders and Book-Entry Interest Owners of the Bonds will have no right to have excises or taxes levied by the General Assembly for the payment of Bond Service Charges on the Bonds, and those Holders and Book-Entry Interest Owners will have no right to have moneys raised by taxation by the State obligated or pledged for the payment of Bond Service Charges.

State Infrastructure Bank

The Ohio State Infrastructure Bank ("SIB") consists of a highway and transit bank fund, an aviation infrastructure bank fund and an infrastructure obligations fund, each as funds in the state treasury administered by the Director of the Department. The infrastructure bank obligations fund, which is not commingled with other funds in the SIB, consists of the proceeds of bonds which are used to fund the costs of qualified highway infrastructure projects. The other funds within the SIB provide assistance in the form of loans, loan guarantees, letters of credit, leases, lease-purchase agreements, interest rate subsidies, debt service reserves and such other forms as the Director determines to be appropriate to encourage public and private investment in transportation facilities that contribute to the multi-modal and intermodal transportation capabilities of the State.

THE CERTIFICATE AND AGREEMENT

General

The Act provides that Obligations may be issued by the Treasurer upon the certification of the Director of the amount of moneys needed for State Infrastructure Projects or to refund Obligations or District Obligations issued for such purpose. The Certificate and Agreement contains that certification and certain covenants and undertakings of the Director and the Treasurer as conditions for the issuance of the Bonds. Under the Ohio Constitution, the term of any obligations involving expenditures contained in any agreement between the Treasurer and the Director shall be for a period not exceeding the then current

two-year period for which appropriations for payments to the Treasurer have been made by the General Assembly. Provision may be made for renewals at the end of each term for another term not exceeding two years.

The following summarizes certain provisions of the Certificate and Agreement, to which document reference is made for the detailed provisions thereof.

Terms of the Certificate and Agreement

The obligations involving expenditures under the Certificate and Agreement currently expire on June 30, 2015, the end of the current State fiscal biennium. The Director has the right to renew those obligations under the Certificate and Agreement for successive terms of two years each (each, a "Renewal Term"), commencing on the beginning of each State fiscal biennium (currently July 1 of each odd-numbered year), upon the same terms as are contained in the Certificate and Agreement, unless sooner terminated in accordance with the Certificate and Agreement and the Trust Agreement. The Director's right to renew the term of those obligations under the Certificate and Agreement will be deemed exercised upon the effectiveness, at or prior to the expiration of the then current term of the Certificate and Agreement, of legislation enacted by the General Assembly appropriating funds to the Department at least equal to the Bond Service Charges and other sums payable under the Trust Agreement with respect to the State Infrastructure Projects, and certain other sums payable under the Certificate and Agreement during the next Renewal Term. See "**THE CERTIFICATE AND AGREEMENT – Payments and Pledges**." The Certificate and Agreement shall terminate upon the payment in full of all Bonds outstanding under the Trust Agreement.

Payments and Pledges

The Certificate and Agreement requires that with respect to any FFY for which moneys constituting Pledged Federal Highway Receipts are available, the Department will cause to be deposited in the State Infrastructure Bank Revenue Bond Service Fund, for credit to the appropriate account thereof, from such Pledged Federal Highway Receipts or other available funds, an amount equal to all Bond Service Charges payable (subject to reductions made based on amounts already on deposit in the Debt Service Account) on the Bonds and Additional Bonds, and all debt service due on Parity Obligations for such FFY, prior to any other payment to be made from such Pledged Federal Highway Receipts during that FFY. The payments (other than those to be deposited in the Administrative Expense Fund, the Rebate Fund and the Infrastructure Bank Obligations Fund and accounts or subaccounts limited to certain series of bonds) are pledged by the Treasurer pursuant to the Trust Agreement for the payment of Bond Service Charges on the Bonds. All deposits are required to be credited to the State Infrastructure Bank Revenue Bond Service Fund, the Administrative Expense Fund, the Infrastructure Bank Obligations Fund or the Rebate Fund. See "**THE TRUST AGREEMENT – Funds and Accounts**."

During each term of the obligations involving expenditures under the Certificate and Agreement, the Department has agreed to deposit with the Treasurer, without notice or demand, on or before each Interest Payment Date, an amount that includes (i) an amount equal to the Bond Service Charges on the Bonds and all Additional Bonds payable on such Interest Payment Date; (ii) such sums, if any, as may be necessary to maintain any applicable required reserve in a bond service reserve account; and (iii) such sums, if any, as may be necessary to purchase the Bonds which the Treasurer is obligated to purchase. During each term of the obligations involving expenditures under the Certificate and Agreement, the Department has the option to make deposits in the nature of prepayments for the purchase or defeasance of the Bonds.

During each term of the obligations involving expenditures under the Certificate and Agreement, the Department has also agreed to deposit with the Treasurer, (i) when needed, an amount estimated by the Treasurer to be equal to the administrative fees, expenses and other obligations, other than Bond Service Charges, incurred in connection with the Certificate and Agreement, the Trust Agreement and

related agreements and, (ii) when needed, amounts to be paid to the United States of America which are not paid from other sources.

Except as set forth below under "**THE CERTIFICATE AND AGREEMENT – Legislative Appropriations**," the duty of the Department to make the deposits with the Treasurer during each two-year term of the obligations involving expenditures under the Certificate and Agreement is absolute and unconditional, and is payable without any rights of termination, set-off, recoupment, deduction, defense or counterclaim which the Department might have against the Treasurer, the Trustee or any other person, and without abatement, suspension, deferment, diminution or reduction for any reason or as the result of any occurrence whatsoever, including, without limitation, whether or not the Major New State Infrastructure Projects are ever acquired or constructed or are ever used by the Department, or are available for use by the Department, any actions of the Department, any acts or circumstances constituting eviction or constructive eviction, failure of consideration, failure of title or frustration of purpose, or any damage to or destruction of any of the Major New State Infrastructure Projects or any taking of the title to or the right of temporary use of all or any part of any of the Major New State Infrastructure Projects by condemnation or eminent domain.

Legislative Appropriations

The agreement of the Department to make deposits with the Treasurer pursuant to the Certificate and Agreement, and to perform other obligations involving expenditures thereunder, at the times and in the amounts provided for in the Certificate and Agreement, is effective and binding upon the Department only when and to the extent that funds have been appropriated by the General Assembly and are available for that purpose. Under the Ohio Constitution, an appropriation may not be made for more than a two-year period. In addition, the obligations involving expenditures under the Certificate and Agreement may be renewed only for two-year periods. Accordingly, the Department is obligated to make deposits under the Certificate and Agreement only for two-year periods, to the extent funds have been appropriated and are available.

The Certificate and Agreement requires that projected deposits under the Certificate and Agreement be included in the estimated budget of the Department for the State budget estimates prepared by the Director of Budget and Management for inclusion in each State biennial budget submitted to the Governor. The Certificate and Agreement provides that, on or before the commencement of each State Fiscal Year, currently July 1 of each year, the Treasurer shall submit to the Department and to the Director of Budget and Management a schedule which shall set forth the estimated amounts and dates of the deposits due under the Certificate and Agreement during that State Fiscal Year and on a timely basis shall supplement or correct such schedule to reflect any changes in such payments. The Department is required to encumber the appropriations made for deposits under the Certificate and Agreement during that State Fiscal Year as set forth in the schedule. On a timely basis prior to the date required for each such deposit, the Department is required to submit an order in the nature of an invoice or voucher for each payment to cause issuance of a warrant payable to the Trustee and redeemable at the Office of the Treasurer in accordance with law, for all such deposits at the times therefore and for payment in accordance with the Trust Agreement. Such deposits are required to be credited to the appropriate fund or account in accordance with the Trust Agreement.

Under the terms of the Certificate and Agreement, a failure by the General Assembly to appropriate moneys sufficient to pay Bond Service Charges, amounts necessary for Administrative Expenses and other sums to be deposited with the Treasurer under the Certificate and Agreement for the next State fiscal biennium would result in the termination of the obligations involving expenditures under the Certificate and Agreement at the end of the two-year term then in effect. The obligations involving expenditures under the Certificate and Agreement will, however, be fully reinstated, as if they had never been terminated, provided the conditions set forth below under "**THE CERTIFICATE AND AGREEMENT – Reinstatement**" are met.

The General Assembly may not, under provisions of the Ohio Constitution, make appropriations for a period longer than two years. While the Treasurer expects that for the State fiscal biennium, the General Assembly will appropriate amounts to the Department sufficient to meet its obligation to make deposits with the Treasurer under the Certificate and Agreement consistent with the State budget, the General Assembly is not under a legal obligation to make appropriations in accordance with such State budgets for future State fiscal biennia. Holders and Book-Entry Interest Owners of the Bonds will have no right to have excises or taxes levied by the General Assembly for the payment of Bond Service Charges thereon, and moneys raised by taxation by the State shall not be obligated or pledged for the payment of such Bond Service Charges.

Further Covenants

Certain other covenants of the Department contained in the Certificate and Agreement are as follows:

(a) In each FFY that Bonds are outstanding, the Department will not expend and encumber Pledged Federal Highway Receipts for purposes other than payment of Bond Service Charges on the Bonds and Additional Bonds and payment of debt service on Parity Obligations in excess of the amount by which such Pledged Federal Highway Receipts available in that FFY exceed the amount due and payable, directly or indirectly, for Bond Service Charges on the Bonds and Additional Bonds and for debt service on Parity Obligations in that FFY.

(b) The Department will not permit any future Additional Bonds or Parity Obligations to be issued if, upon the issuance and delivery of such Additional Bonds or Parity Obligations, the total of annual Bond Service Charges on the Bonds and all Additional Bonds, plus the amount due and payable, directly or indirectly, for debt service on the Parity Obligations in any Fiscal Year would exceed twenty percent (20%) of the highest annual amount of Obligation Authority distributed during any of the three most recently completed FFYs immediately previous to the date of such issuance and delivery; provided, however, that in calculating the amount of annual Bond Service Charges and debt service, there will not be taken into account any Bond Service Charges or debt service with respect to any Bonds, Additional Bonds or Parity Obligations to be refunded with the proceeds of the Additional Bonds or Parity Obligations proposed to be issued. For purposes of the foregoing, "Obligation Authority" means the annual limitation on the amount of federal revenues distributed to the State under Title 23 of the United States Code that the State may obligate with respect to federally-aided highway construction projects during a given Federal Fiscal Year, and the term "distributed" refers to the annual limitation distributed and not to the actual distribution of revenues.

Existing Additional Bonds Test. Each Certificate and Agreement with respect to each series of outstanding bonds contained a provision (the "Existing Additional Bonds Provision") in which the Department agreed it would not permit any future Additional Bonds to be issued if, upon such issuance, the total amount of Bond Service Charges payable with respect to the Bonds and Additional Bonds in any Fiscal Year plus the total amount payable as debt service on all Parity Obligations in that State Fiscal Year would exceed one-fifth of the average amount of Federal Highway Receipts received by the Department in the three immediately previous Fiscal Years. It is the intention of the Department and the State that each Certificate and Agreement relating to any future series of Additional Bonds will contain a provision described in (b) above (the "New Additional Bonds Provision"). However, until such time as all Additional Bonds issued pursuant to the Trust Agreement and outstanding prior to the issuance of the Bonds have matured or are otherwise no longer outstanding under the terms of the Trust Agreement, the Existing Additional Bonds Provision will apply with respect to the issuance of any Additional Bonds or Parity Obligations made subsequent to the issuance of the Bonds and the New Additional Bonds Provision shall not be operative until all Bonds and such Additional Bonds then outstanding are the subject of a Certificate and Agreement containing the New Additional Bonds Provision.

(c) Subject to monies being biennially appropriated by the General Assembly of the State, the Department shall Obligate Pledged Federal Highway Receipts for each FFY to the payment of any Bond Service Charges and of any amount due and payable, directly or indirectly, for debt service on Parity Obligations in the next succeeding federal fiscal year. "Obligate" (or any tense variation thereof) shall mean either (i) that the Department shall obtain from the Federal Highway Administration a commitment to pay out moneys apportioned as a grant to the State of Ohio by the United States Secretary of Transportation under Title 23 of the United States Code, or any successor legislation, or any other federal law relating to federal aid for highways, which commitment has occurred after apportionment or allocation of such monies, for the purpose of paying Bond Service Charges on the Bonds and Additional Bonds, or (ii) that the Department shall obtain from the director of Budget and Management a certification pursuant to Section 126.07 of the Ohio Revised Code, that there is a balance, not already obligated, in the appropriation of the Department available to pay Bond Service Charges on the Bonds and Additional Bonds.

(d) The Department will not enter into any agreement obligating or pledging moneys constituting Pledged Federal Highway Receipts to the payment, directly or indirectly, of debt service on other obligations, including Parity Obligations, without notice to the Treasurer.

(e) The Department will include covenants substantially similar to the covenants set forth above in all agreements executed after the date of the Bonds which obligate or pledge moneys constituting Pledged Federal Highway Receipts to the payment, directly or indirectly, of debt service on other obligations.

Remedies

The Major New State Infrastructure Projects, including the Projects, are not pledged or mortgaged as security for the Bonds. Consequently, the Trustee does not have the remedies normally available to secured creditors and may have no practical remedy to insure that funds are available for the payment of Bond Service Charges on the Bonds in the event of termination of the Certificate and Agreement, except for available Pledged Receipts.

Termination

If the Department fails to exercise its right to renew the term of the Obligations involving expenditures under the Certificate and Agreement for any Renewal Term, the Obligations involving expenditures under the Certificate and Agreement shall terminate at the end of the term then in effect. In the event of such a termination of the Obligations involving expenditures under the Certificate and Agreement, the Department's obligation to make payments to provide funds to pay Bond Service Charges on the Bonds would terminate. The Certificate and Agreement also terminates upon payment in full of all Bonds outstanding. Under the Act and the Trust Agreement, the Trustee may not take possession of, operate or sell the Major New State Infrastructure Projects, including the Projects, in the event of a failure to make payments under the Certificate and Agreement or upon any termination of the obligations involving expenditures under the Certificate and Agreement.

Reinstatement

Notwithstanding any termination of the obligations involving expenditures under the Certificate and Agreement, if (a) all payments of Bond Service Charges on the Bonds (other than as a result of acceleration) and all other payments due under the Trust Agreement have been made, (b) any acceleration of the Bonds has been duly rescinded and annulled, (c) all defaults under the Certificate and Agreement have been cured or waived and (d) the General Assembly has appropriated any necessary funds to enable the Department to pay or provide for the payment of amounts to become due under the Certificate and Agreement for any Renewal Term of the obligations involving expenditures under the Certificate and Agreement, then without further action by the Trustee or the Treasurer, the obligations involving

expenditures under the Certificate and Agreement shall be fully reinstated as if they had never been terminated.

THE TRUST AGREEMENT

General

The following, in addition to information contained above under the headings "**DESCRIPTION OF THE BONDS**" and "**SECURITY FOR THE BONDS**," summarizes certain provisions of the Trust Agreement to which reference is made for the detailed provisions thereof. The respective Series Bond Orders authorizing the Bonds and existing Additional Bonds are incorporated in their entirety in, and constitute part of, the Trust Agreement and all references herein to the Trust Agreement shall, unless specific section references are made, include the respective Series Bond Orders.

So long as the Bonds are immobilized in a Book-Entry System with a Depository, that Depository or its nominee is for all purposes of the Trust Agreement considered by the Treasurer and the Trustee to be the Holder of the Bonds, and the Book-Entry Interest Owners of Bonds will not be considered Holders and have no rights as Holders under the Trust Agreement. See "APPENDIX B – BOOK-ENTRY FORM."

Security

The Trust Agreement provides for a pledge of the Pledged Receipts by the Treasurer to the Trustee for the benefit of the Holders of the Bonds and Additional Bonds. See "**SECURITY FOR THE BONDS**."

Funds and Accounts

The Trust Agreement establishes the following funds and accounts to be used for specific purposes thereunder: the Debt Service Account in the State Infrastructure Bank Revenue Bond Service Fund created under Section 5531.10(R) of the Ohio Revised Code, the Administrative Expense Fund, the Infrastructure Bank Obligations Fund and the Rebate Fund (collectively referred to herein as the "Funds"). All Funds, other than the Infrastructure Bank Obligations Fund, which is a fund of the Treasurer, are funds and accounts held by the Trustee. The Administrative Expense Fund, the Infrastructure Bank Obligations Fund and the Rebate Fund are not pledged for the payment of Bond Service Charges.

Debt Service Account. The Debt Service Account has been established in the State Infrastructure Bank Revenue Bond Service Fund. There will be deposited in the Debt Service Account: (i) amounts from the proceeds of the sale of the Bonds representing accrued interest, if any, on the Bonds from their dated date to the date of delivery; (ii) all Pledged Federal Highway Receipts received by the Treasurer under the Certificate and Agreement and Certificates and Agreements entered into in connection with Additional Bonds (except the portion of such moneys to be credited to other Funds or accounts); (iii) any other available Pledged Receipts; (iv) excess Bond proceeds remaining in the Administrative Expense Fund; and (v) all other revenues or receipts derived by the Treasurer from the Major New State Infrastructure Projects unless previously pledged. The Debt Service Account, except moneys transferred to the Rebate Fund, any bond service reserve account or any bond redemption and purchase account will be used solely for the payment of Bond Service Charges on the Bonds and Additional Bonds as they become due.

Administrative Expense Fund. The Administrative Expense Fund will be used to pay the administrative fees and expenses and other fees, expenses and obligations incurred by the Treasurer and the Department including without limitation, regular and special fees and reasonable expenses of the Trustee, the Bond Registrar, Paying Agents, authenticating agents, Rating Agencies, tender agents, transfer agents, marketing agents, remarketing agents, indexing agents, administrative agents,

depositories, financial advisors, accounting experts, attorneys, and other consultants and independent contractors, including printing services incurred in connection with the issuance, carrying, securing, paying, redeeming or retirement of Bonds and Additional Bonds, including costs and expenses relating to letters of credit, lines of credit, insurance, put agreements, stand-by purchase agreements, remarketing and administrative agreements, interest swap or hedging agreements and related costs, and any other credit enhancement, liquidity, remarketing, renewal or refunding arrangements.

Fees and expenses incurred by the Treasurer and payable from the Administrative Expense Fund will also be funded from deposits due under the Certificate and Agreement and Certificates and Agreements entered into in connection with Additional Bonds and paid into the Administrative Expense Fund. Any excess in the Administrative Expense Fund is required to be transferred to the Debt Service Account.

Series 2014-1 Rebate Account. Pursuant to the Trust Agreement, there has been created by the Treasurer and ordered to be maintained in the custody of the Trustee as a separate deposit account, a Rebate Fund, in which the Treasurer may establish separate rebate accounts for the Bonds and each series of Additional Bonds. The Fifteenth Supplemental Trust Agreement establishes the Series 2014-1 Rebate Account in the Rebate Fund for the Bonds to comply with the provisions of Section 148(f) of the Code. The amounts on deposit in the Rebate Fund are not pledged to the Holders of Bonds or Additional Bonds as security for the payment of Bond Service Charges on the Bonds or Additional Bonds, are not Pledged Receipts, and are not subject to the pledge created by the Trust Agreement.

At the times and in the manner required by the Code, (a) the Treasurer will retain a firm of independent certified public accountants or a firm of nationally recognized bond counsel or a firm of national reputation that is experienced in, and qualified to perform arbitrage or rebate calculations, to calculate the applicable rebate amount; (b) if necessary, the Treasurer will provide for any amount to be paid to the United States of America from payments pursuant to the Certificate and Agreement in accordance with the law; and (c) the Trustee will pay the applicable amount to the United States of America.

Infrastructure Bank Obligations Fund. There will be deposited in the Infrastructure Bank Obligations Fund of the Treasurer the proceeds of the Bonds and Additional Bonds, other than proceeds required to be deposited in other Funds and accounts. Moneys in the Infrastructure Bank Obligations Fund shall be used for the payment or reimbursement of costs of Major New State Infrastructure Projects.

Special Accounts and Subaccounts. Pursuant to any Series Bond Order, the Treasurer may (i) create accounts and subaccounts in the State Infrastructure Bank Revenue Bond Service Fund, Administrative Expense Fund, Infrastructure Bank Obligations Fund or the Rebate Fund, and (ii) make special provisions, among others, for any proceeds of those Bonds or Additional Bonds allocated by such Series Bond Order to capitalized interest or to fund a bond service reserve account, to fund an escrow account or a redemption account, and for any Pledged Receipts (other than any Pledged Receipts pledged to all Bonds and Additional Bonds) pledged exclusively to those Additional Bonds by the applicable Supplemental Trust Agreement, to be credited to such special accounts or subaccounts, and for the holding, investing and disposition of any moneys credited to those accounts or subaccounts in accordance with that Series Bond Order and for the primary or exclusive benefit of the Additional Bonds authorized by or referred to in that Series Bond Order. If moneys credited to such accounts or subaccounts and income from the investment of those moneys are so restricted, then the amounts credited to such accounts or subaccounts and to be derived from those investments, to the extent so restricted, shall not be deemed to be available for Bond Service Charges on other Bonds and Additional Bonds in determining the sufficiency of the Debt Service Account or any bond service reserve account applicable to the other Bonds and Additional Bonds under the provisions of the General Bond Order and the applicable Series Bond Order.

Investment of Certain Funds

Moneys in the Debt Service Account, the State Infrastructure Bank Revenue Bond Service Fund, the Administrative Expense Fund and the Rebate Fund may be invested and reinvested by the Trustee, in accordance with instructions of the Treasurer, in any Eligible Investments. Investments of moneys credited to the Debt Service Account, the Infrastructure Bank Bond Service Revenue Fund, the Administrative Expense Fund, the Infrastructure Bank Obligations Fund and the Rebate Fund will mature or be redeemable at the option of the holder thereof at the times and in the amounts necessary to provide moneys when needed for payments to be made from those Funds. In particular, moneys held in the Debt Service Account will be available to pay Bond Service Charges as they become due. An investment of moneys in any fund, account or subaccount will be deemed at all times a part of that fund, account or subaccount and any profit will be credited and any loss will be charged to that fund, account or subaccount. Investments will be valued at the lesser of face or market value on a quarterly basis, or more frequently as determined by the Treasurer, to evaluate the adequacy of amounts in the Debt Service Account and the Infrastructure Bank Bond Service Revenue Account and excess amounts in any other Funds or accounts.

Additional Bonds

One or more series of Additional Bonds are issuable under the Trust Agreement for the purpose of paying additional costs of the Major New State Infrastructure Projects for the use of the Department as authorized by the General Assembly (in an amount, for all such Major New State Infrastructure Projects, not in excess of the project costs as authorized by the General Assembly) and for the purpose of refunding certain obligations issued under the Act and District Obligations. The Series 1998-1 Bonds, the Series 1999-1 Bonds, the Series 2001-1 Bonds, the Series 2002-1 Bonds, the Series 2003-1 Bonds, the Series 2005-1 Bonds, the Series 2006-1 Bonds, the Series 2007-1 Bonds, the Series 2008-1, the Series 2010-1 Bonds, the Series 2010-2 Bonds, the Series 2010-3 Bonds, the Series 2010-4 Bonds and the Series 2012-1 Bonds are the only Additional Bonds that have been issued as of the date of this Official Statement. Additional Bonds are on a parity with the Bonds outstanding under the Trust Agreement, except as to bond service reserve accounts or Credit Support Instruments, if any, applicable only to certain series of such outstanding Bonds or Additional Bonds. The Series 1998-1 Bonds and the Series 1999-1 Bonds have previously been defeased and the Series 2001-1 Bonds, the Series 2002-1 Bonds, the Series 2003-1 Bonds, and the Series 2010-1 Bonds have matured.

The Department has agreed in the Certificate and Agreement that it will not permit any future Additional Bonds or Parity Obligations to be issued until the satisfaction of certain conditions. See **"THE CERTIFICATE AND AGREEMENT – Further Covenants."**

The Department will be subject to the Existing Additional Bonds Test as long as Additional Bonds that are subject to the Existing Additional Bonds Test are outstanding. See **"THE CERTIFICATE AND AGREEMENT – Further Covenants –** ***Existing Additional Bonds Test."***

The issuance of future Additional Bonds under the Trust Agreement is also subject to the following conditions, among others: (i) the State, the Treasurer and State agencies are not in default of any applicable covenants or obligations contained in the Trust Agreement or in the Bonds or in the outstanding Additional Bonds and the authentication and delivery of the Additional Bonds will not result in any such default; (ii) the principal amount of the Additional Bonds, of the other Bonds and Additional Bonds then issued or outstanding (other than such Bonds or Additional Bonds then being funded or refunded) and of Parity Obligations outstanding, will not exceed in the aggregate the principal amount of Bonds, Additional Bonds and Parity Obligations which may be issued or outstanding under then existing authorizations of the General Assembly, the provisions of the Act and the Certificate and Agreement; (iii) upon the issuance and delivery of the Additional Bonds, the amount in any bond service reserve account shall not be less than the applicable required reserve; (iv) any necessary Certificate and Agreement will have been executed and delivered providing for deposits with the Treasurer sufficient to pay Bond Service Charges and other expenses with respect to such Additional Bonds and appropriations will have

been made by the General Assembly during the then current state fiscal biennium in an amount estimated to be sufficient to pay the Bond Service Charges and other costs related to the Bonds and Additional Bonds during such biennium; (v) the certificate of the Director of Budget and Management confirming that amounts sufficient to pay currently estimated deposits under the Certificate and Agreement and debt service on Parity Obligations have been appropriated and that amounts in subsequent biennia have been requested, when appropriate; and (vi) the Trustee has received (a) a copy, certified by the Treasurer or an authorized officer of the Treasurer, of the Series Bond Order authorizing the issuance and delivery of the Additional Bonds to be authenticated and delivered, adopted in conformity with the General Bond Order to be set forth in that Series Bond Order; (b) an original executed counterpart of the Supplemental Trust Agreement entered into in connection with the issuance of those Additional Bonds; (c) an original executed counterpart of any Certificate and Agreement entered into in connection with the issuance of those Additional Bonds; (d) a request and authorization to the Trustee on behalf of the State, signed by the Treasurer or an authorized officer of the Treasurer, to authenticate and deliver the Additional Bonds to, or on the order of, the purchaser thereof who is therein identified, upon payment of the sum specified in that request and authorization; (e) the certificate of the Treasurer or an authorized officer of the Treasurer as to items (i), (ii), (iii), (iv) and (v) above; and (f) the written opinion of legal counsel retained or designated by the Treasurer, or other legal counsel satisfactory to the Trustee, to the effect that documents submitted to the Trustee in connection with the application then being made comply with the requirements of the Trust Agreement, and that in that counsel's opinion all conditions precedent to the issuance of those Additional Bonds as provided in the Trust Agreement have been complied with, and a written opinion of bond counsel retained or designated by the Treasurer who may also be the legal counsel referred to above, that the Additional Bonds, the authentication of which is applied for, when duly executed, authenticated and delivered by or on behalf of the Trustee, will be valid and legal special obligations of the State, issued by the Treasurer, in accordance with their terms and will be secured by the Trust Agreement with all Bonds then outstanding.

Parity Obligations

The Trust Agreement contemplates the issuance of Parity Obligations. "Parity Obligations" means any obligation (other than the Bonds and Additional Bonds) of any person which, by its terms, is payable from or secured by Pledged Federal Highway Receipts and which obligation is not expressly subordinated to the Bonds.

The Department has agreed in the Certificate and Agreement that it will not permit any future Additional Bonds or Parity Obligations to be issued until the satisfaction of certain conditions. See **"THE CERTIFICATE AND AGREEMENT – Further Covenants."**

The Department will be subject to the Existing Additional Bonds Test as long as Additional Bonds that are subject to the Existing Additional Bonds Test are outstanding. See **"THE CERTIFICATE AND AGREEMENT – Further Covenants – *Existing Additional Bonds Test.*"**

Further Covenants

Certain other covenants of the Treasurer contained in the Trust Agreement are as follows:

Maintenance of Certificate and Agreement. The Treasurer covenants in the Trust Agreement to take all necessary and lawful actions to comply with the Treasurer's agreements, obligations, duties and responsibilities under any applicable Certificate and Agreement or any agreement, the revenues or receipts from which constitute Pledged Receipts, and to take all actions within its authority to maintain any applicable Certificate and Agreement and those agreements in effect and to enforce the rights of the Treasurer thereunder in accordance with the terms thereof, including actions at law and in equity, as may be appropriate.

The State will provide in the Certificates and Agreements for deposits thereunder in sufficient and appropriate amounts to pay when due (i) all Bond Service Charges on the Bonds and Additional Bonds

from the Debt Service Account, (ii) all administrative expenses from the Administrative Expense Fund, (iii) all amounts necessary to maintain a required reserve, if any, in any applicable bond service reserve account, and (iv) all amounts to be paid to the United States of America which are not otherwise available in one of the Funds or accounts created pursuant to or described in the Trust Agreement. The Treasurer covenants not to amend, modify, alter, change or waive any term or provision of any applicable Certificate and Agreement if such action would have the effect of (a) reducing the amounts to be deposited thereunder to amounts less than described in the preceding sentence or changing the times and manner of deposit thereof so that such amounts would not be available when needed for payments to be made from the funds and accounts established by the Trust Agreement or (b) surrendering or limiting any remedies of the Treasurer under the Trust Agreement.

Creation of Liens. The Treasurer covenants in the Trust Agreement not to make any pledge or assignment of or create or suffer any lien or encumbrance upon the Pledged Receipts, prior to the pledge thereof under the Trust Agreement. The Treasurer also covenants in the Trust Agreement not to make any pledge or assignment of or create or suffer any lien or encumbrance upon the Pledged Receipts on a parity with the pledge thereof under the Trust Agreement, except Parity Obligations and as otherwise authorized or permitted under the Trust Agreement, and, in the case of the bond service reserve account, under the applicable Series Bond Order. The Major New State Infrastructure Projects may not be pledged for the payment of Bond Service Charges.

Enforcement by Mandamus. The Treasurer has acknowledged that each provision of the Trust Agreement, the Bonds, the Additional Bonds, any applicable Certificate and Agreement, and all other agreements included in the proceedings relating to the Bonds and Additional Bonds, is binding upon the Treasurer, the Department and any other State agency or other person or body as may from time to time have authority under law to take such actions as may be necessary to perform all or any part of the duty required by such provision and each duty of the Treasurer, the Department or other State agency and their respective officers, members and employees undertaken or required pursuant thereto is established as a duty of the Treasurer and of each such member, officer, and employee having authority to perform such duty specifically enjoined by law resulting from an office, trust or station within the meaning of Section 2731.01 of the Ohio Revised Code providing for enforcement by writ of mandamus.

Certain Reports. The Treasurer will annually submit to the Director of Budget and Management and the Department a written report confirmed in part by the Trustee setting forth the estimated amount to become due under the Certificates and Agreements during the current state fiscal year and the ensuing two state fiscal years. Upon any determination by the Treasurer that a different amount than last reported will be required, the Treasurer will submit a revised written report superseding the next prior report.

On or before the 45th day preceding each Interest Payment Date, the Trustee will submit to the Treasurer, the Director of Budget and Management and the Department a written certificate setting forth (i) the net interest earned and credited to the Debt Service Account and not reflected on any previous similar certificate and any net interest to be earned and credited to the Debt Service Account prior to the next Interest Payment Date; (ii) any moneys credited to the Debt Service Account from any bond service reserve account as a result of excess funds being in such bond service reserve account and not reflected on any prior certificate and any funds to be so credited to the Debt Service Account prior to the next Interest Payment Date; (iii) any moneys credited to the Debt Service Account from the Rebate Fund and not reflected on any previous certificate and any funds to be so credited to the Debt Service Account prior to the next Interest Payment Date; and (iv) any moneys remaining in the Administrative Expense Fund on the date of such certificate which moneys are to be credited immediately to the Debt Service Account. Such amounts shown on such certificate shall be a credit against the next deposit due under the Certificates and Agreements.

Events of Default and Remedies

Events of Default. The following events constitute Events of Default under the Trust Agreement:

(i) Default by the Treasurer in the payment of any interest on any Bond or Additional Bond when due and payable;

(ii) Default by the Treasurer in the payment of the principal of or any redemption premium on any Bond or Additional Bond when due and payable, whether at stated maturity or by mandatory redemption; or

(iii) Any other default by the Treasurer to perform or observe any other covenants, agreements or conditions on its part contained in the Trust Agreement or the Bonds or Additional Bonds and continuance of such default for 60 days after written notice thereof, from the Trustee or the Holders of not less than 25 percent in aggregate principal amount of the affected Bonds or Additional Bonds then outstanding.

If an Event of Default occurs, the Trustee will give notice to the Treasurer within five days of receipt of actual knowledge thereof. The Trustee will also give notice to the applicable underwriters and to all Holders, paying agents, bond registrars, authenticating agents and other agents within 90 days after having such knowledge, unless the Event of Default is cured. In the case of an Event of Default under clause (iii) above, the Trustee will be protected in withholding notice if it determines that withholding notice is in the best interest of the Holders.

Remedies. If any Event of Default described in clauses (i) or (ii) above occurs and is not remedied, the Trustee shall proceed to protect and enforce its rights and the rights of the Holders of the Bonds and Additional Bonds, which includes the right to declare the principal of all Bonds and Additional Bonds and interest accrued thereon to be immediately due and payable. At any time after that declaration, and prior to the entry of judgment in the court for enforcement of the appointment of a receiver under the Trust Agreement, such declaration of acceleration shall be rescinded and annulled by the Trustee if all sums payable under the Trust Agreement (except the principal and interest on Bonds and Additional Bonds which have not matured by their terms and which are due and payable solely by reason of that declaration of acceleration), plus interest (to the extent permitted by law) on any overdue installments of interest have been paid or provided for, and all existing Events of Default shall have been cured.

If the Event of Default occurs under the Trust Agreement and is not remedied, the Trustee may, as an alternative or in addition to acceleration of the Bonds and Additional Bonds, enforce the rights of the Holders of the Bonds and Additional Bonds by mandamus or other suit, action or proceeding at law or in equity, bring suit upon the Bonds and Additional Bonds, enjoin unlawful activities or activities in violation of the rights of Holders under the Trust Agreement, or in the case of an Event of Default described in clause (i) and (ii) above apply to a court to appoint a receiver of the Pledged Receipts. If an Event of Default described in clause (iii) above occurs, the Trustee may and upon the written request of the Holders of not less than 25% in aggregate principal amount of the affected Bonds and Additional Bonds then outstanding shall, subject to certain conditions including indemnification of the Trustee, proceed in its own name to protect and enforce its rights and the rights of the Holders under the Trust Agreement by such remedies provided in the Trust Agreement as the Trustee, being advised by counsel, shall consider most effective to protect and enforce those rights.

The Trustee is not required to take notice or be deemed to have notice or knowledge of any default under the Trust Agreement, except Events of Default described in clauses (i) and (ii) above, unless the Trustee is specifically notified in writing of such default by the Treasurer or by the Holders of at least 10% of the aggregate principal amount of Bonds and Additional Bonds then outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume that there is no Event of Default except as described in clauses (i) and (ii) above.

As discussed above, the Trust Agreement provides for the appointment of a receiver to recover and administer the Pledged Receipts upon the occurrence of certain Events of Default, but the right to a receiver under Ohio law is discretionary with the court as equitable principles may dictate. The appointment of a receiver may not, accordingly, be available as a remedy for the Trustee or the Holders of

the Bonds and Additional Bonds. Moreover, the Act withholds from any receiver the power to pledge additional revenues or income of the Treasurer to the payment of the Bond Service Charges and excludes the power to take possession of, mortgage, or cause the sale or other disposition of any State Infrastructure Project.

All moneys held or received by the Treasurer, the Trustee or the receiver after an Event of Default occurs, after the payment of the costs and expenses incurred in the collection thereof and the fees, expenses, liabilities and advances of the Trustee or the receiver, shall be applied as follows: (i) unless the principal of all the Bonds and Additional Bonds has become or been declared due and payable, (a) first, to the payment of all installments of interest then due on the Bonds and Additional Bonds, in the order of the maturity of the installments of such interest and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege except as to any difference in the respective rates of interest specified on the Bonds and Additional Bonds; and (b) next, to the payment of unpaid principal of any of the Bonds and Additional Bonds which have become due (other than Bonds and Additional Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Trust Agreement) whether at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements, in the order of their due dates, with interest, and if the amount is insufficient to pay in full all Bonds and Additional Bonds due on any particular date, then to the payment ratably according to the amount of principal due on that date to the persons entitled thereto without discrimination or privilege; or (ii) if the principal of all the Bonds and Additional Bonds has become or been declared due and payable, to the payment of principal and interest then due and unpaid upon the Bonds or Additional Bonds, without preference or priority of principal over interest or of interest over principal, or any installment of interest over any other installment of interest, or of any Bond or Additional Bond over any other Bond or Additional Bond, ratably, according to the amounts due respectively for principal and interest to the persons entitled thereto without discrimination or privilege except as to any difference in the respective rates of interest specified in the Bonds and Additional Bonds; or (iii) if the principal of all Bonds and Additional Bonds has been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled as provided in the Trust Agreement then, subject to clause (ii) of this paragraph in the event that the principal of all such Bonds and Additional Bonds shall later become due and payable, the moneys shall be deposited in the Debt Service Account and applied in accordance with the provisions of the Bond Orders. Whenever moneys are to be applied as described above, those moneys are to be applied at the times the Trustee determines, having due regard to the amount of those moneys available for application and the likelihood of additional moneys becoming available for application in the future.

Whenever the Trustee directs the application of those moneys, it is required to fix the date (which shall be an Interest Payment Date with respect to the Bonds and Additional Bonds unless the Trustee will deem another date more suitable) upon which the application is to be made and upon that date interest on the amounts of principal to be paid on that date, and for which moneys are available, will cease to accrue. The Trustee is required to give notice as it deems appropriate of the deposit of any such moneys and of the fixing of any such date, all consistent with the requirements of the Bond Orders for the establishment of, and for giving notice of, a special record date for the payment of overdue interest. The Trustee is not required to direct payment of principal or premium to the Holders of any Bond or Additional Bond until that Bond or Additional Bond is presented to the Trustee for appropriate notation of partial payment or for cancellation if fully paid.

No Holder of any Bond or Additional Bond has any right to institute any suit, action or proceeding for the enforcement of any provision of the Trust Agreement or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder unless (i) an Event of Default under the Trust Agreement has occurred and is continuing; (ii) that Holder has previously given to the Trustee written notice of the Event of Default; (iii) the Holders of at least 25 percent in aggregate principal amount of the Bonds and Additional Bonds then outstanding have filed a written request with the Trustee and have afforded the Trustee reasonable opportunity either to proceed to exercise its powers or to institute such action, suit or proceeding in its own name; (iv) such Holders have offered the Trustee

adequate indemnity as provided in the Trust Agreement; and (v) the Trustee has failed or refused to comply with such request after receipt by it of such notice, request and offer of indemnity. No one or more Holders of any Bonds or Additional Bonds have any right in any manner whatsoever to affect, disturb or prejudice the pledge created by the Trust Agreement or to enforce any right under the Trust Agreement except in the manner therein provided, and all actions, suits and proceedings must be instituted and maintained in the manner therein provided and for equal benefit of the Holders of all outstanding Bonds and Additional Bonds.

Waiver of Events of Default

Except as may otherwise be provided in any Supplemental Trust Agreement, at any time the Trustee may, in its discretion, waive any Event of Default under the Trust Agreement and its consequences and rescind any declaration of maturity of principal, and the Trustee must waive any Event of Default or rescind any declaration of maturity of principal upon the written request of the Holders of at least a majority in aggregate principal amount of all the outstanding Bonds and Additional Bonds. The Trustee will not, however, waive or rescind any Event of Default resulting from a failure to pay Bond Service Charges on the Bonds and Additional Bonds when due or rescind any declaration of maturity in connection therewith unless at the time of the waiver or rescission payment of all overdue installments of interest and principal, not including principal and interest due solely by virtue of acceleration, have been made or provided for.

Supplemental Trust Agreements

Without the consent of or notice to the Holders of the Bonds and Additional Bonds, the Treasurer and Trustee may enter into Supplemental Trust Agreements for any one or more of the following purposes: (i) to cure any ambiguity, inconsistency or formal defect or omission in the Trust Agreement; (ii) to grant or to confer upon the Trustee for the benefit of the Holders additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee; (iii) to subject additional revenues or receipts to the pledge of the Trust Agreement; (iv) to add to the covenants and agreements of the State, State agencies or the Treasurer contained in the Trust Agreement, other covenants and agreements to be observed for the protection of the Holders or to surrender or limit any right or power of the Treasurer reserved to or conferred upon the State, State agencies or the Treasurer in the Trust Agreement; (v) to evidence any succession to the Treasurer or to any State agency and the assumption by that successor of the covenants and agreements of the Treasurer or the State agency, respectively, in the Trust Agreement and the Bonds and Additional Bonds; (vi) to provide for the issuance of fully registered bonds in accordance with the General Bond Order; (vii) to provide for the issuance of Additional Bonds in forms other than fully registered bonds if, in the opinion of nationally recognized counsel selected by the Treasurer, such amendments would not result in the interest on any of the Bonds or Additional Bonds outstanding that had been tax-exempt becoming subject to federal income taxation; (viii) to permit the exchange of Bonds and Additional Bonds at the option of the Holder for coupon Bonds and Additional Bonds in accordance with the Trust Agreement if, in the opinion of nationally recognized counsel selected by the Treasurer, that exchange would not result in the interest on any of the Bonds or Additional Bonds outstanding that had been tax-exempt becoming subject to federal income taxation; (ix) to permit the use of book-entry form to identify the owner of an interest in a Bond or an Additional Bond, or to permit the transfer of Bonds and Additional Bonds from one securities depository to another; (x) to permit the Trustee to comply with any obligations imposed by law; (xi) to specify further duties and responsibilities of, and to define further the relationship among, the Trustee, and any bond registrar, authenticating agent, paying agent or other agent for the Bonds or Additional Bonds; (xii) to achieve compliance with any applicable federal securities or tax law; (xiii) to permit the appropriate calculation, if any, of any amount due to the United States of America or in lieu or rebate as permitted under the Trust Agreement; (xiv) to permit or provide for interest rate hedges, as defined in Section 9.98(L) of the Ohio Revised Code, as authorized by Section 9.982(B)(3) of the Ohio Revised Code, with respect to Obligations issued under the Trust Agreement, provided, however, that prior to any such interest rate hedge becoming effective: (a) any necessary Certificate and Agreement will have been executed and delivered providing for money under that Certificate and Agreement estimated to be

sufficient to pay the cost and expenses of providing such interest rate hedge and any other fees, costs and expenses in connection therewith, and the amounts to be paid pursuant to the Certificate and Agreement will have been appropriated in an amount estimated to be sufficient for the remainder of the then current State fiscal biennium, and (b) the Director of Budget and Management will have included, in any then existing budget request for the Department for the next succeeding State fiscal biennium, amounts sufficient to pay all amounts estimated to be due under such Certificate and Agreement during such biennium; and (xv) to permit any other amendment in the judgment of the Trustee not prejudicial to the Trustee or the Holders of the Bonds and Additional Bonds.

In addition, with the consent of the Holders of not less than a majority in aggregate principal amount of the affected Bonds and Additional Bonds then outstanding, (exclusive of Bonds and Additional Bonds then held or owned by the State), the Trustee and the Treasurer may enter into other Supplemental Trust Agreements for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions of the Trust Agreement, provided that no Supplemental Trust Agreement may be entered into which provides for (i) an extension of the maturity of the principal of or the interest on any Bond or Additional Bond or a reduction in the principal amount of any Bond or Additional Bond or the rate of interest or redemption premium on any Bond or Additional Bond or reduction in the amount or extension of the time of any payment required by any mandatory sinking fund requirements relating to the Bonds and Additional Bonds, without the consent of the Holder of each Bond or Additional Bond so affected, or (ii) a reduction in the aggregate principal amount of the Bonds and Additional Bonds required for consent to such Supplemental Trust Agreement without the consent of the Holders of all of the Bonds and Additional Bonds then outstanding.

Where the consent of the Holders of the Bonds and Additional Bonds is required, procedures are established in the Trust Agreement for notice to the Holders and for the execution and filing of the requisite consents. Any consent is binding upon the Holders of the Bonds and Additional Bonds giving such consent and upon any subsequent Holders of the Bonds and Additional Bonds unless such consent is revoked in writing prior to the execution by the Trustee of the Supplemental Trust Agreement. If the Holders of the required percentage in aggregate principal amount of the Bonds and Additional Bonds then outstanding have consented to the execution of a Supplemental Trust Agreement as provided in the Trust Agreement, no Holder of any Bond or Additional Bond has any right to object to the execution of the Supplemental Trust Agreement or to the terms and provisions contained therein or the operations thereof, to question the propriety of the execution thereof or to enjoin or restrain the Treasurer or the Trustee from executing or taking action pursuant to the same.

Defeasance

The Bonds shall be deemed to have been paid or caused to be paid 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, direct obligations of or obligations guaranteed as to payment of principal and interest by the United States of America or senior debt obligations of U.S. government sponsored enterprises (including, but not limited to, the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and the Federal Farm Credit Bank) rated on the date of purchase in the highest category for short term or long term debt, as applicable, by any two rating services, which shall be certified by an independent firm of certified public accountants of national reputation to be of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as provided below), be sufficient together with any moneys referred to in clause (a) above, for the payment, at their 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 shall have occurred on that date then to the date of the tender of that payment; provided that if any Bonds are to be redeemed prior to their maturity, notice of that redemption must have been duly given or provision satisfactory to the Trustee shall have been duly made for the giving of that notice. Any moneys held by the Trustee in accordance with the provisions of this paragraph will be invested only in direct obligations of or obligations guaranteed as to payment of principal and interest by the United

States of America or senior debt obligations of U.S. government sponsored enterprises (including, but not limited to, the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and the Federal Farm Credit Bank) rated on the date of purchase in the highest category for short term or long term debt, as applicable, by any two rating services, the maturities or redemption dates of which, at the option of the holder thereof, must be not later than the time or times at which moneys will be required for the purposes hereof.

Non-presentment of Bonds

In the event any Bond is not presented for payment when the principal thereof is due or a check or draft for interest is uncashed, and if moneys sufficient to pay the principal or that check or draft have been made available by the Trustee for the benefit of the Holder or payee thereof, all liability of the State and the Treasurer to the Holder or payee for payment thereof will cease and be completely discharged, and it will be the duty of the Paying Agent to hold such moneys in trust, without liability for interest thereon, for the benefit of the Holder of the Bond or the payee of that check or draft, who thereafter will be restricted exclusively to such moneys for any claim of whatever nature on its part under the Trust Agreement or on or with respect to said Bond or that check or draft. Moneys so held by the Paying Agent and which remain unclaimed for three years after the due date of the payment will be paid to the Treasurer and thereafter the Holder of that Bond or the payee of that check or draft may look only to the Treasurer for payment and then only in the amounts so received by the Treasurer without any interest thereon, and the Paying Agent and Trustee will have no further responsibility with respect to such moneys.

Payments Due on Saturdays, Sundays and Holidays

If any Interest Payment Date, date of maturity of the principal of any Bonds or date fixed for redemption of any Bonds is not a Business Day (the "applicable date" for purposes of this Section), then payment of the interest, principal and any redemption premium need not be made by the Trustee or any Paying Agent until the next succeeding Business Day with the same force and effect as if the such payment was made on the applicable date and no interest shall accrue for the period after that date.

TRUSTEE

The Trustee, U.S. Bank National Association is a national banking association organized and existing under the laws of the United States of America and is authorized to exercise corporate trust powers in the State.

The Trustee has undertaken to perform such duties as are specifically set forth in the Trust Agreement. The Trustee will exercise such of the rights and powers vested in it by the Trust Agreement and use the same degree of care and skill in its exercise as an ordinarily prudent corporate trustee under a trust agreement securing securities of a public agency, and is not obligated to take any action until it has received a satisfactory indemnity bond for its expenses and to protect it against any liability other than liability resulting from its negligence or willful default. The permissive rights of the Trustee to do things under the Trust Agreement will not be construed as a duty and the Trustee will not be answerable for acts or events other than its negligence or willful default.

LITIGATION

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

The State is a party to various legal proceedings, seeking damages or injunctive relief and generally incidental to its operations, but unrelated to the security for the Bonds. The ultimate disposition

of these proceedings is not presently determinable, but in the opinion of the Ohio Attorney General will not have a material adverse effect on the Bonds or the security for the Bonds.

RATINGS

General

The Bonds have been rated, "Aa2" by Moody's Investors Service, Inc., and "AA" by Standard & Poor's Ratings Services. Such ratings reflect only the respective views of such rating agencies. Any explanation of the significance of the ratings may only be obtained from the respective rating agency. The State furnished each rating agency with certain information and materials, some of which may not have been included in this Official Statement, relating to the Bonds, the State and the Department. Generally, rating agencies base their ratings on such information and other investigations, studies and assumptions they deem appropriate. There can be no assurance that the ratings will continue for any period of time or that they will not be revised or withdrawn entirely by the respective rating agency, if in its judgment circumstances so warrant. Any revision or withdrawal of a rating may have an effect on the marketability and market price of the Bonds.

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

To the extent that a particular investor is governed by Ohio law with respect to its investments, 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 for life and domestic not for life), trustees or other officers having charge of sinking and bond retirement or other special funds of political subdivisions and taxing districts of the State of Ohio, the commissioners of the sinking fund of the State of Ohio, the administrator of workers' compensation, the state teachers retirement system, the public employees retirement system, the school employees retirement system, and the Ohio police and fire pension fund, notwithstanding any other provisions of the Ohio Revised Code or rules adopted pursuant to the Ohio Revised Code by any agency of the State with respect to investments by them.

The Act provides that the Bonds are acceptable under Ohio law as security for the deposit of public moneys.

Each Book-Entry Interest Owner of the Bonds should make its own determination as to such matters of legality of investment in, or pledge of book-entry interests in, the Bonds.

TAX MATTERS

In the opinion of Bricker & Eckler LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the State and the Department contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from

gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of these certifications and representations or the continuing compliance with these covenants.

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

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements may cause the loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The State and the Department have each covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market value of the Bonds.

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

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

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

Prospective purchasers of the Bonds should consult with their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the

Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

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

Original Issue Premium

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

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

VERIFICATION OF MATHEMATICAL ACCURACY

Robert Thomas CPA, LLC will verify from the information provided to them the mathematical accuracy as of the date of delivery of the Series 2014-1B Bonds of the mathematical computations contained in the provided schedules which evidence that the anticipated receipts from the securities and cash deposits listed in the Underwriter's schedules, to be held in escrow, will be sufficient to pay, when due, interest and call premium, if any, on the Refunded Bonds. Robert Thomas CPA, LLC will express no opinion on the assumptions provided to them, nor as to the exclusion from gross income for federal income tax purposes of the interest on the Series 2014-1B Bonds.

CERTAIN LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and certain tax matters regarding the Bonds (see "**TAX MATTERS"** herein) are subject to the legal opinion of Bricker & Eckler LLP, Bond Counsel. Signed copies of the Bond Counsel opinion, dated as of, and speaking only as of, the date of original delivery of the Bonds, will be delivered to the Underwriters at the time of that original delivery. The

proposed text of the legal opinion of Bond Counsel is set forth as Appendix A hereto. The legal opinion to be delivered may vary from this text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of the opinion by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel have reviewed or expressed any opinion concerning any of the matters referred to in the opinion subsequent to its date.

Certain legal matters will be passed upon for the Underwriters by Keating Muething & Klekamp PLL, Underwriters' Counsel. Certain legal matters will be passed upon for the Department and for the Treasurer by their Counsel, the Attorney General of Ohio, Mike DeWine.

UNDERWRITING

RBC Capital Markets, LLC, on behalf of the Underwriters, has agreed, subject to certain conditions, to purchase the Bonds from the Treasurer at an aggregate purchase price of $250,793,925.76, there being no accrued interest. The aggregate purchase price represents $155,875,000.00 in par amount of the Series 2014-1A Bonds, plus original issue premium of $23,396,731.75, less the underwriters' discount of $673,997.38, and $62,265,000.00 in par amount of the Series 2014-1B Bonds, plus original issue premium of $10,225,781.30, less the underwriters' discount of $294,589.91

The Underwriters are obligated to purchase all of the Bonds if any are purchased. The Bonds may be offered and sold by the Underwriters to certain dealers at prices lower than the public offering prices, and the public offering prices may be changed from time to time.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the State of Ohio, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the State of Ohio.

FINANCIAL ADVISOR

The Treasurer has retained Acacia Financial Group, Inc. (the "Financial Advisor") with respect to the State's issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

The State, acting by and through the Treasurer and Director of Office of Budget and Management, has agreed, for the benefit of the Holders and Book-Entry Interest Owners of the Bonds, in accordance with SEC Rule 15c2-12 to provide or cause to be provided such financial information and operating data ("Annual Information"), audited financial statements and notices, in such manner as may be required for purposes of paragraph (b)(5)(i) of SEC Rule 15c2-12 (the "Continuing Disclosure Agreement"), including specifically the following:

The State will provide to the Municipal Securities Rulemaking Board ("MSRB"), through MSRB's Electronic Municipal Market Access System ("EMMA"):

- Annual Information for each State Fiscal Year (beginning with State Fiscal Year 2015) not later than the 90th day following the end of the State Fiscal Year (or, if that is not a State business day, the next State business day), consisting of annual financial information and operating data of the type included in this Official Statement under the caption "**DEBT SERVICE REQUIREMENTS**" and the tables regarding Title 23 Moneys set forth in this Official Statement under the caption "**SOURCES OF FUNDS FOR PAYMENT OF BONDS**." The Director of Budget and Management has agreed to provide the Annual Information. The Annual Information may be provided by reference to other documents, such as the State's Comprehensive Annual Financial Report and subsequent final Official Statements relating to other bonds issued by the State.

- When and if available, audited general purpose financial statements of the State for each State Fiscal Year. The Treasurer expects such financial statements to be provided by the Director of Budget and Management, that they will be available separately from the Annual Information, and that the accounting principles to be applied in their preparation will be as described under and by reference to the State's Comprehensive Annual Financial Report**.**

The State will provide to the MSRB through the EMMA system, in a timely manner, notice of:

- The occurrence of any of the following events, with respect to the Bonds, within the meaning of the Rule, within 10 business days after the occurrence of the event:

  - principal and interest payment delinquencies;
  - non-payment related defaults, if material;
  - unscheduled draws on any debt service reserves or credit enhancements (Credit Enhancement Facility) reflecting financial difficulties;
  - substitution of credit or liquidity providers (Credit Enhancement Facility providers), or their failure to perform;
  - adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or events affecting the tax-exempt status of the Bonds;
  - modifications to rights of Holders or Book-Entry Interest Owners, if material;
  - bond calls, if material, and tender offers;
  - defeasances;
  - release, substitution, or sale of property securing repayment of the Bonds, if material;
  - bankruptcy, insolvency, receivership or similar proceeding by the State;
  - consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, or the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;

- appointment of a successor trustee or additional trustee or the change of name of a trustee, if material; and
- rating changes.

- The failure to provide the Annual Information within the time specified above; and

- Any change in the accounting principles applied in the preparation of the annual financial statements, any change in State Fiscal Year, any failure of the General Assembly to appropriate moneys for the purpose of paying costs to be incurred by the State to perform the Continuing Disclosure Agreement for the applicable state fiscal period (biennium), and termination of the Continuing Disclosure Agreement.

There are no debt service reserves, or credit enhancements or credit or liquidity providers, for the Bonds, or any property (except the Pledged Receipts) securing their repayment.

The State reserves the right to amend the Continuing Disclosure Agreement, and to obtain the waiver of non-compliance with any provision of the Continuing Disclosure Agreement, as may be necessary or appropriate to achieve compliance with any applicable federal securities law or rules, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of the Treasurer. Any such amendment or waiver will not be effective unless the Continuing Disclosure Agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the Treasurer shall have received either (i) a written opinion of bond or other qualified independent special counsel selected by the Treasurer that the amendment or waiver would not materially impair the interest of Holders or Book-Entry Interest Owners of the Bonds, or (ii) the written consent to the amendment, or waiver, by the Holders of at least a majority of the aggregate outstanding principal amount of the applicable Bonds.

The Continuing Disclosure Agreement will be solely for the benefit of the Holders and Book-Entry Interest Owners of the Bonds. The right to enforce the provisions of the Continuing Disclosure Agreement is limited to the extent permitted by law, to an action for mandamus or specific performance to compel compliance of the obligations of the Treasurer and the State under the Continuing Disclosure Agreement.

In order to provide certain continuing disclosure with respect to the Bonds in accordance with the Rule, the State has entered into a Disclosure Dissemination Agent Agreement (the "Disclosure Dissemination Agreement") for the benefit of the holders of the Bonds with Digital Assurance Certification, L.L.C. ("DAC"), under which the State has designated DAC as Disclosure Dissemination Agent (the "Disclosure Dissemination Agent").

The Disclosure Dissemination Agent has only the duties specified in the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the State has provided that information to the Disclosure Dissemination Agent as required by the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Continuing Disclosure Agreement or duty or obligation to review or verify any information in the Annual Report, Audited Financial Statements, notice of Notice Event or Voluntary Report (all as defined in the Disclosure Dissemination Agreement), or any other information, disclosure or notices provided to it by the State, and the Disclosure Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the State, the holders of the Bonds or any other party. The Disclosure Dissemination Agent has no responsibility for any failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to

determine the materiality thereof, as to determine or liability for failing to determine whether the State has complied with the Continuing Disclosure Agreement, and the Disclosure Dissemination Agent may conclusively rely upon certification of the State at all times.

Any non-compliance with the Continuing Disclosure Agreement will not be a default or failure to comply for purposes of the default provisions of the Trust Agreement. The Trustee has no responsibility for monitoring compliance with the Continuing Disclosure Agreement.

The performance by the State, as the only obligated person with respect to the Bonds, of the Continuing Disclosure Agreement will be subject to the biennial appropriation by the General Assembly of moneys for that purpose.

The Continuing Disclosure Agreement will remain in effect for the Bonds only for such period that the Bonds are outstanding in accordance with their terms and the State remains an obligated person with respect to the Bonds within the meaning of the Rule.

The State is in compliance with all of its prior continuing disclosure undertakings and the Rule.

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CONCLUDING STATEMENT

Quotations in this Official Statement from, and summaries and explanations of, the Ohio Constitution, the Ohio Revised Code, the Trust Agreement, the Certificate and Agreement, the General Bond Order, and the Series 2014-1 Bond Order, do not purport to be complete. Reference is made to the pertinent provisions of the Ohio Constitution and Ohio Revised Code and those documents for complete statements of their provisions. Copies of the Trust Agreement and Certificate and Agreement are available upon request from the Office of Debt Management, Office of the Treasurer, 30 East Broad Street, 9th Floor, Columbus, Ohio 43215-3414 (Telephone: (614) 752-8460).

To the extent that any statements in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, those statements are made as such and not as representations of fact or certainty, and no representation is made that any of those statements will be realized. Information in this Official Statement has been derived by the State, the Treasurer and the Department from official and other sources and is believed by the State, the Treasurer and the Department to be reliable, but information other than that obtained from official records by the State has not been independently confirmed or verified by the State, the Treasurer or the Department and its accuracy is not guaranteed. This Official Statement is not to be construed as a contract or agreement between the State or the Treasurer or the Department and the Underwriters or subsequent Holders of any of the Bonds or owners of any interests therein.

This Official Statement has been prepared, approved, executed and delivered by the Treasurer of State of the State of Ohio in his official capacity.

STATE OF OHIO

/s/ Josh Mandel
Josh Mandel
Treasurer of State of the State of Ohio

GLOSSARY

When used herein the following terms shall have the meanings set forth below. The definitions set forth below are qualified in their entirety by reference to the Trust Agreement, the Fifteenth Supplemental Trust Agreement, and the Certificate and Agreement, copies of which are available from the Treasurer. Use of the singular includes plural and use of the plural includes singular, where applicable.

"Act" means Section 5531.10 of the Ohio Revised Code, together with the provisions of any act or resolution of the General Assembly authorizing or limiting the issuance of the Bonds or the uses of the proceeds of the Bonds.

"Additional Bonds" means any bonds or obligations issued pursuant to the Act except the Bonds.

"Administrative Expenses" means the administrative fees and expenses and other fees, expenses and obligations, other than Bond Service Charges, incurred by the Treasurer and the Department in connection with Bonds and Additional Bonds, including without limitation, regular and special fees and reasonable expenses of the Trustee, Bond Registrars, Paying Agents, Authenticating Agents, Rating Agencies, tender agents, transfer agents, marketing agents, remarketing agents, indexing agents, administrative agents, depositories, financial advisors, accounting experts, attorneys, and other consultants and independent contractors, including printing services incurred in connection with the issuance, carrying, securing, paying, redeeming or retirement of Bonds and Additional Bonds, including costs and expenses relating to letters of credit, lines of credit, insurance, put agreements, stand-by purchase agreements, remarketing and administrative agreements, interest swap or hedging agreements and related costs, and any other credit enhancement, liquidity, remarketing, renewal or refunding arrangements.

"Administrative Expense Fund" means the Major New State Infrastructure Project Administrative Expense Fund established by the Treasurer in the custody of the Trustee.

"Bonds" means the Series 2014-1 Bonds.

"Bond Registrar" means the Bond Registrar appointed under the Trust Agreement, currently U.S. Bank National Association.

"Bond Service Charges" means the principal, including any mandatory sinking fund requirements for retirement of Bonds and Additional Bonds, interest, and redemption premium, if any, required to be paid by the State on Bonds and Additional Bonds, or, as provided in the applicable Bond Proceedings, estimated to be paid by the State on Bonds and Additional Bonds.

"Book-Entry Interest Owner" means a person who is the owner of a beneficial interest in Bonds or Additional Bonds, and the right to Bond Service Charges, which are maintained in Book Entry Form.

"Business Day" means any day of the year, other than: (a) a Saturday; (b) a Sunday; (c) a legal holiday; (d) a day on which banking institutions located in the State are required or authorized by law to close; or (e) a day on which the Trustee or any applicable Paying Agent is unable to open or be open for reasons not related to its financial condition.

"Certificate and Agreement" means the Certificate and Agreement, dated as of December 1, 2014, between the Director of the Department and the Treasurer, as amended from time to time.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. References to the Code and Sections of the Code include relevant applicable regulations (including temporary regulations thereunder), and any successor provisions to those Sections or regulations.

"Credit Support Instrument" means an insurance policy, letter of credit, line of credit or other credit enhancement, support or liquidity device provided pursuant to an agreement by any financial institution, insurance company or governmental official or body to enhance the security or liquidity of any Bonds or Additional Bonds or series or part of any series of Bonds or Additional Bonds or to provide, in whole or in part, a required reserve in a bond service reserve account.

"Department" means the Department of Transportation of the State, created by Section 121.02 of the Ohio Revised Code.

"Depository" means any Securities Depository, and, as to the Bonds, initially means The Depository Trust Company, New York, New York, a limited purpose trust company, and its nominee, CEDE & Co.

"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 created by Section 121.02 of the Ohio Revised Code or the officer who performs the functions of that office.

"Director of Budget and Management" 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 Office of Budget and Management created by Section 121.02 of the Ohio Revised Code or the officer who performs the functions of that office.

"District Obligations" means bonds, notes, or other evidence of obligation including interest coupons pertaining thereto, issued to finance a qualified project by a transportation improvement district created pursuant to section 5540.02 of the Ohio Revised Code, of which the principal, including mandatory sinking fund requirements for retirement of such obligations, and interest and redemption premium, if any, are payable by the Department.

"Eligible Investments," unless otherwise provided in the applicable Series Bond Order, with respect to moneys held by the Treasurer, means any investment in which the Treasurer is authorized to invest by State law, and with respect to moneys held by the Trustee, means any of the following securities:

(a) direct obligations of the United States of America;

(b) obligations, whether representing principal and interest or either principal or interest, guaranteed as to payment by the United States of America, or to the payment of which the faith of the United States of America is pledged;

(c) obligations issued by any agency or instrumentality of the United States of America which are accepted by Moody's and Standard & Poor's for refunding purposes generally, and that result in the particular refunded obligations being assigned the highest rating of Moody's and Standard & Poor's;

(d) general obligations of the State or any political subdivision of the State that are rated at one of the two highest ratings of Moody's and Standard & Poor's;

(e) certificates of deposit, whether negotiable or non-negotiable, issued by a national bank located in the State or a bank (as defined in Section 1101.01 of the Ohio Revised Code) subject to inspection by the State Superintendent of Banks, which bank has a combined capital and surplus of at least one hundred million dollars ($100,000,000) in dollars of the United States of America and is rated at least "A" (or its equivalent) by Moody's and Standard & Poor's, provided, that such certificates of deposit (a) do not exceed in the aggregate ten percent (10%) of the combined capital, surplus and undivided profits of the issuing bank and (b) shall be in the possession of the Trustee or its agents and shall be

either (A) continuously and fully insured by the Federal Deposit Insurance Corporation, or its successors and (B) to the extent not so insured, continuously and fully secured by securities ("Pledged Securities") as are described in clauses (i) through (iii), inclusive, above, which shall have a market value (exclusive of any accrued interest) at all times at least equal to the principal amount of the certificates of deposit; and the bank issuing a certificate of deposit required to be secured as provided in clause (B) above shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such Pledged Securities securing each certificate of deposit will at all times be an amount at least equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on each such undertaking;

(f) any repurchase agreement for a period not to exceed thirty (30) days with any eligible institution described in clause (v) above having capital and surplus of at least one hundred million dollars ($100,000,000) in dollars of the United States of America and rated at least "A" (or its equivalent) by Moody's and Standard & Poor's and described in Section 135.03 of the Ohio Revised Code that is fully and continuously collateralized at all times by interest bearing Pledged Securities based upon the market value of such Pledged Securities; and

(g) any no front end load money market fund that is rated at least "A" (or its equivalent) by Moody's and Standard & Poor's invested solely in obligations described in clauses (i), (ii) and (iii) above;

provided that for the purposes of clauses (v) and (vi) the respective Pledged Securities are to be in the possession of the Trustee or the Trustee's agent and are to be free and clear of all liens or rights of any third party, and in which obligations the Trustee is to have a first perfected security interest.

"Escrow Account" means the escrow account created by the Series Bond Order.

"Escrow Agent" means the escrow agent under the Escrow Agreement, initially, U.S. Bank National Association.

"Escrow Agreement" means the Escrow Agreement authorized by the Series Bond Order between the Treasurer and the Escrow Agent.

"Event of Default" means:

(a) Default in the payment of any interest on any Bond or Additional Bond when due and payable;

(b) Default in the payment of the principal of or any redemption premium on any Bond or Additional Bond when due and payable, whether at stated maturity or by mandatory redemption;

(c) Any other default, and the continuance thereof for a period of 60 days after written notice of such default is given to the Treasurer by the Trustee or the Holders of not less than 25% in aggregate principal amount of affected Bonds and Additional Bonds then outstanding.

"FFY" means a period of twelve consecutive months commencing on the first day of October of any year and ending on the last day of September of the following year, or such other period of twelve consecutive months as may by law be designated as the FFY for general federal fiscal purposes.

"Federal Highway Receipts" means all moneys apportioned by the Secretary of Transportation under the provisions of Title 23 of the United States Code, as amended, or any successor legislation, or any other federal law relating to federal aid for highways.

"Fifteenth Supplemental Trust Agreement" means the Fifteenth Supplemental Trust Agreement, dated as of December 1, 2014, between the State and the Trustee, as amended from time to time.

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

"General Bond Order" means the General Bond Order of the Treasurer, as the same may be amended from time to time in accordance with its provisions or the provisions of the Trust Agreement.

"Holder" or "Holder of Bonds" or any similar term, means any person in whose name a Bond or Additional Bond is registered on the Register.

"Interest Payment Date" means, as to the Bonds, the 15th day of June and the 15th day of December in each year, commencing June 15, 2015.

"Major New Project Debt Service Account" means the account created by the Treasurer in the custody of the Trustee pursuant to Section 7 of the General Bond Order.

"Major New State Infrastructure Project" means a State Infrastructure Project described in a Certificate and Agreement.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, its successors and assigns.

"Obligations" means Bonds, Additional Bonds, notes or other evidence of obligation, including coupons pertaining thereto, issued pursuant to the Act to pay costs of State Infrastructure Projects.

"Original Trust Agreement" means the Trust Agreement, dated as of May 1, 1998, by and between the Treasurer and the Trustee as amended from time to time.

"Parity Obligations" means any obligation, other than the Bonds and Additional Bonds, of any person which is payable from, or the security for which is, Pledged Federal Highway Receipts and which obligation is not expressly by its terms subordinated to the Bonds and Additional Bonds.

"Paying Agent" means the Trustee, and any other bank, trust company or financial institution or the Treasurer, designated as additional paying agents or places of payment of Bond Service Charges or specified Bond Service Charges on Bonds of a series by or pursuant to the Series Bond Order authorizing that series of Bonds, and their successors designated pursuant to the Trust Agreement.

"Pledged Federal Highway Receipts" means all moneys apportioned by the Secretary of Transportation under the provisions of Title 23 of the United States Code, as amended, or any successor legislation, or any other federal law relating to federal aid for highways and to be received as a grant by the State, to the extent that the State is not prohibited by federal or State law from using such moneys to pay Bond Service Charges, but excluding moneys on deposit in the State Infrastructure Bank constituting moneys received as debt service payments or other repayments in respect of loans from the State Infrastructure Bank.

"Pledged Receipts" means (a) accrued interest received from the sale of Obligations; (b) all amounts standing to the credit of the State Infrastructure Bank Revenue Bond Service Fund including without limitation all amounts credited to the Major New Project Debt Service Account and any other accounts and subaccounts in the State Infrastructure Bank Revenue Bond Service Fund, other than amounts in an account or subaccount which are limited to certain series of Bonds or Parity Obligations

and other than any moneys in the State Infrastructure Bank Revenue Bond Service Fund raised by taxation by the State; (c) any gifts, grants, donations and pledges, and receipts therefrom, received by the State available for the payment of Bond Service Charges, to the extent not previously pledged and to the extent not prohibited by the terms of such gifts, grants donations or pledges; (d) any amounts on deposit in the State Infrastructure Bank created pursuant to Section 5531.09 of the Ohio Revised Code constituting Pledged Federal Highway Receipts, excepting the portion thereof to be deposited in the Administrative Expense Fund, the Infrastructure Bank Obligations Fund, the Rebate Fund or an account or subaccount created pursuant to Section 9 of the General Bond Order, as provided therein or in any Series Bond Order; (e) other amounts in the State Infrastructure Bank which are hereafter pledged to the payment of Bond Service Charges by a Series Bond Order; and (f) any other moneys accruing to the State from sources described in Section 5531.10(A)(6) of the Ohio Revised Code, which are hereafter pledged to the payment of Bond Service Charges by a Series Bond Order. If the amounts standing to the credit of the State Infrastructure Bank Revenue Bond Service Fund and monies in the State Infrastructure Bank pledged to the payment of Bond Service Charges are insufficient for the payment of Bond Service Charges, "Pledged Receipts" also means all other Pledged Federal Highway Receipts, excepting the portion thereof to be deposited in the Infrastructure Bank Obligations Fund or an account or subaccount created pursuant to Section 9 of the General Bond Order as provided in the General Bond Order or in any Series Bond Order.

"Rebate Fund" means the Major New State Infrastructure Project Rebate Fund established by the Treasurer in the custody of the Trustee pursuant to Section 11 of the General Bond Order.

"Register" means the books kept and maintained by the Bond Registrar for registration and transfer of Bonds and Additional Bonds pursuant to Section 2.04 of the Original Trust Agreement.

"Regular Record Date" means, with respect to any Bond or Additional Bond and unless otherwise provided in the Series Bond Order authorizing the particular series of Bonds or Additional Bonds, the first day of the calendar month in which an Interest Payment Date applicable to that Bond or addition occurs.

"Rule" means Securities and Exchange Commission Rule 15c2-12, as amended from time to time, promulgated under the Securities Exchange Act of 1934, as amended from time to time.

"Series 1998-1 Bonds" means the $70,000,000 State of Ohio Major New State Infrastructure Project Revenue Bonds, Series 1998-1.

"Series 1999-1 Bonds" means the $20,000,000 State of Ohio Major New State Infrastructure Project Revenue Bonds, Series 1999-1.

"Series 2001-1 Bonds" means the $100,000,000 State of Ohio Major New State Infrastructure Project Revenue Bonds, Series 2001-1.

"Series 2002-1 Bonds" means the $135,000,000 State of Ohio Major New State Infrastructure Project Revenue Bonds, Series 2002-1.

"Series 2003-1 Bonds" means the $113,765,000 State of Ohio Major New State Infrastructure Project Revenue Bonds, Series 2003-1.

"Series 2005-1 Bonds" means the $99,270,000 State of Ohio Major New State Infrastructure Project Revenue Bonds, Series 2005-1.

"Series 2006-1 Bonds" means the $180,000,000 State of Ohio Major New State Infrastructure Revenue Bonds, Series 2006-1.

"Series 2007-1 Bonds" means the $210,000,000 State of Ohio Major New Infrastructure Revenue Bonds, Series 2007-1.

"Series 2008-1 Bonds" means the $375,000,000 State of Ohio Major New Infrastructure Revenue Bonds, Series 2008-1.

"Series 2010-1 Bonds" means the $78,185,000 State of Ohio Major New State Infrastructure Revenue Bonds, Series 2010-1 (Tax-Exempt).

"Series 2010-2 Bonds" means the $136,815,000 State of Ohio Major New State Infrastructure Revenue Bonds, Series 2010-2 (Federally Taxable – Build America Bonds – Direct Payment).

"Series 2010-3 Bonds" means the $184,000,000 State of Ohio Major New State Infrastructure Revenue Bonds, Series 2010-3 (Tax-Exempt).

"Series 2010-4 Bonds" means the $46,000,000 State of Ohio Major New State Infrastructure Revenue Bonds, Series 2010-4 (Federally Taxable Build America Bonds - Direct Payment).

"Series 2012-1 Bonds" means the $183,530,000 State of Ohio Major New State Infrastructure Project Revenue Bonds, Series 2012-1.

"Series 2014-1 Bonds" means the $218,140,000 State of Ohio Major New State Infrastructure Project Revenue Bonds, Series 2014-1 comprised of $155,875,000 State of Ohio, Major New Infrastructure Project Revenue Bonds, Series 2014-1A and $62,265,000 State of Ohio, Major New Infrastructure Project Revenue Refunding Bonds, Series 2014-1B.

"Series Bond Order" means an order of the Treasurer authorizing the issuance of a series of Bonds or Additional Bonds in accordance with the General Bond Order, and particularly Section 4 thereof, and includes any order providing for the award, sale, terms or forms of Bonds or Additional Bonds authorized by a Series Bond Order.

"Special Record Date" means, with respect to any Bond and Additional Bonds and unless otherwise provided in the applicable Series Bond Order, the date established by the Trustee in connection with the payment of overdue interest on such Bond or Additional Bonds pursuant to the General Bond Order.

"Standard & Poor's" means Standard & Poor's Financial Services, LLC, a part of McGraw-Hill Financial, and its successors and assigns.

"State" means the State of Ohio.

"State Fiscal Year" means a period of twelve consecutive months commencing on the first day of July of any year and ending on the last day of June of the following year, or such other period of twelve consecutive months as may by law be designated as the State Fiscal Year for general State fiscal purposes.

"State Infrastructure Bank Revenue Bond Service Fund" means such fund as defined in Section 5531.10(R) of the Ohio Revised Code.

"State Infrastructure Project" means such a project as defined in Section 5531.10(A)(8) of the Ohio Revised Code.

"Supplemental Trust Agreement" means any trust agreement supplementing the Original Trust Agreement and entered into pursuant to the terms of the Original Trust Agreement as amended from time to time, and includes the applicable Series Bond Order.

"Treasurer" means the Treasurer of State of the State of Ohio, elected pursuant to Section 113.01 of the Ohio Revised Code, or the officer who by law performs the functions of that office.

"Trust Agreement" means the Original Trust Agreement, as amended and the Fifteenth Supplemental Trust Agreement, including the General Bond Order and Series Bond Order No. 2014-1.

"Trustee" means the Trustee at the time serving under the Trust Agreement, currently U.S. Bank National Association, and any successor Trustee as determined or appointed under or pursuant to Section 6.03 or Section 6.06 of the Original Trust Agreement.

"Underwriters" means the original purchasers of the Bonds as stated in the Bond Purchase Agreement, dated December 4, 2014.

APPENDIX A- PROPOSED FORM OF BOND COUNSEL OPINION

We have served as bond counsel to our client, the State of Ohio (the "Issuer"), acting by and through the Treasurer of State of the State (the "Treasurer"), and not as counsel to any other person in connection with the issuance by the State of its $218,140,000 Major New State Infrastructure Project Revenue Bonds, Series 2014-1 comprised of $155,875,000 State of Ohio, Major New Infrastructure Project Revenue Bonds, Series 2014-1A and $62,265,000 State of Ohio, Major New Infrastructure Project Revenue Refunding Bonds, Series 2014-1B (the "Bonds"), dated the date of this letter.

The Bonds are issued pursuant to (i) the provisions of Section 5531.10 of the Ohio Revised Code (the "Act"), (ii) Series Bond Order No. 2014-1 (the "Series Bond Order"), executed by the Treasurer on December 4, 2014, and (iii) the Trust Agreement, dated as of May 1, 1998, including therein the General Bond Order as executed by the Treasurer on May 6, 1998, (as previously amended and supplemented, the "Original Trust Agreement"), and as supplemented by the Fifteenth Supplemental Trust Agreement dated as of December 1, 2014 (the "Fifteenth Supplement, and together with the Original Trust Agreement, the "Trust Agreement"), each between the Issuer and U.S. Bank National Association, as successor Trustee (the "Trustee"). The Director of Transportation of the State of Ohio (the "Director") has entered into a Certificate and Agreement with the Treasurer dated as of December 1, 2014 (the "Certificate and Agreement") pursuant to which the Department of Transportation (the "Department") has agreed to make deposits with the Treasurer equal to the debt service on the Bonds plus certain related costs from funds appropriated for that purpose. The agreement of the Department to make those payments during any two-year period for which appropriations may lawfully be made by the Ohio General Assembly is effective and binding upon the Department only when and to the extent that funds have been appropriated and are available for that purpose and for that period; and the Ohio General Assembly is not at any time obligated to make appropriations to pay those amounts. Capitalized terms not otherwise defined in this letter are used as defined in the Trust Agreement.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, the signed and authenticated Bond of the first maturity, the Trust Agreement, the Certificate and Agreement, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Bonds and the Trust Agreement are valid and binding obligations of the Issuer, enforceable in accordance with their respective terms. The Certificate and Agreement is a valid and binding obligation of the Treasurer, enforceable in accordance with its terms.

2. The Bonds constitute special obligations of the Issuer, and the principal of and interest and any premium on (collectively, "debt service") the Bonds, together with debt service on any other obligations issued and outstanding or to be issued on a parity with the Bonds as provided in the Trust Agreement, are payable from and secured solely by the Pledged Receipts. The payment of debt service on the Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Issuer or any of its political subdivisions.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax

imposed on individuals and corporations; however, portions of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. Interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. We express no opinion as to any other tax consequences regarding the Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Issuer and (iii) the correctness of the legal conclusions contained in the legal opinion letters of the Attorney General and counsel to other parties to the transaction delivered in connection with this matter.

In rendering those opinions with respect to treatment of the interest on the Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Issuer and the Director. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Trust Agreement are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

APPENDIX B - BOOK-ENTRY FORM

The information in this section concerning The Depository Trust Company ("DTC") and DTC's book-entry only system has been obtained from DTC, and the Treasurer, the State, the Department, the Underwriters and the Trustee take no responsibility for the completeness or accuracy thereof. The Treasurer, the State, the Underwriters and the Trustee cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Bonds, (b) certificates representing ownership interests in or other confirmation or ownership interests in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the SEC and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate of each series will be issued for each maturity and interest rate of the Bonds of that series, each in the aggregate principal amount of such maturity and interest rate, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtc.org and www.dtcc.com.

Purchases of 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 each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect 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., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bonds. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual Procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the State or the Bond Registrar, 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 (nor its nominee), the Bond Registrar, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Treasurer or the Bond Registrar, 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.

Revision of Book-Entry System; Replacement Bonds

The Supplemental Trust Agreement provides for the physical delivery of fully registered Bonds ("Replacement Bonds") directly to Holders, other than DTC, of Bonds in the event that DTC determines not to continue to act as securities depository for the Bonds. Upon the occurrence of such an event with respect to the Bonds, the Treasurer may, in its discretion, attempt to have established a securities depository/book-entry relationship with another qualified securities depository for the Bonds. If the

Treasurer does not, or is unable to, establish such a relationship and after the Trustee has made provisions for notification of the Book-Entry Interest Owners of the affected Bonds by appropriate notice to DTC, the Trustee will authenticate and deliver the Replacement Bonds in the denomination of $5,000 or any integral multiple thereof to or at the direction of, and, if the event is not the result of the Treasurer's action or inaction, at the expense (including printing costs) of, DTC's assigns.

Bond Service Charges on the Replacement Bonds will be payable when due without deduction for the services of the applicable paying agent. Principal of and premium, if any, on any Replacement Bonds will be payable to the Holder thereof upon presentation and surrender thereof at the designated corporate trust office of the Trustee. Interest thereon will be payable by the Trustee by check or draft, mailed to the Holder of record on the Bond Register maintained by the Trustee as of the first day of the calendar month in which the Interest Payment Date occurs.

Replacement Bonds will be exchangeable for Replacement Bonds of authorized denominations, and transferable, at the office of the Trustee without charge (except taxes or other governmental fees).

Transfer of Book-Entry Interest in Bonds

The rights of Book-Entry Interest Owners in the Bonds and the manner of transferring or pledging those interests is subject to applicable state law. Book-Entry Interest Owners in the Bonds may wish to discuss the manner of transferring or pledging their book-entry interests in such Bonds with their legal advisors.

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