

OHIO PUBLIC FACILITIES COMMISSION

Minutes of September 4, 2014 Meeting

The Ohio Public Facilities Commission held a meeting commencing at 2:00 p.m. on Thursday, September 4, 2014, in the 35th Floor Conference Room, Office of Budget and Management, James A. Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio, pursuant to notice of meeting given by the Secretary pursuant to the Bylaws.

[Copies of the items marked * are attached hereto and made a part of these minutes.]

Mr. Scurlock reported for the Secretary that no new written designations, pursuant to Section 151.02 of the Revised Code and Section 2.1 of the Bylaws, were filed with the Secretary since the last meeting of the Commission.

Pursuant to the Bylaws, Ms. Brey presided as Chair of the meeting and called the meeting to order. Upon roll call, the Chair declared a quorum to be present. The following member and designees of the members of the Commission, eligible to vote at the meeting, were present during the meeting:

Diane Brey, Office of the Governor
Seth Metcalf, Office of Treasurer of State
Brenda Rinehart, Auditor of State
Mary Mertz, Office of the Attorney General
Veronica Sherman, Office of the Secretary of State
Tim Keen, Office of Budget and Management

Among others present were Larry Scurlock (Assistant Secretary), Kurt Kauffman and Cassie Sanfrey (Office of Budget and Management); Dana Wasserman (Office of the Treasurer); from Bond Counsel, Marc Kamer (Dinsmore & Shohl); and from Issuer/Disclosure Counsel, Greg Stype (Squire Patton Boggs (US) LLP).

Mr. Scurlock filed the certificate* of compliance with the Commission's rule for notification of meetings to the public and news media.

Ms. Brey then requested the minutes of the Commission's prior meeting be submitted for approval. Mr. Metcalf then moved, seconded by Mr. Keen, to approve those minutes of the May 1, 2014 Commission meeting. There being no discussion, upon roll call, the motion was approved as follows: Ayes – Brey, Metcalf, Rinehart, Sherman, Mertz, and Keen; Nays – None. The Chair declared the motion passed and the minutes approved.

Mr. Metcalf then moved, seconded by Mr. Keen, that the Director of Budget and Management, as Secretary of the Commission and as that Director, is authorized and directed to make or cause to be made, with the assistance of his staff and advisers or others, all necessary and appropriate arrangements for the competitive sale and issuance by the Commission of \$150,000,000 Infrastructure Improvement General Obligation Bonds, Series 2014C, \$35,000,000 Natural

Resources General Obligation Bonds, Series S, and \$12,000,000 Coal Development General Obligation Bonds, Series M, and with Dinsmore & Shohl serving as bond counsel and Public Financial Management, Inc. serving as financial adviser, with formal authorization and award being subject to the Commission's adoption of the Series Resolutions providing for the issuance, sale and award of those Bonds. After explanation by Mr. Scurlock of this motion and the three bond resolutions that follow, the motion was approved on roll call as follows: Ayes – Brey, Metcalf, Rinehart, Sherman, Mertz, and Keen; Nays – None. The Chair declared the motion passed.

There was then presented to the Commission Resolution No. 2014-7*, entitled "Series Resolution Providing for the Competitive Sale and Issuance of \$150,000,000 State of Ohio Infrastructure Improvement General Obligation Bonds, Series 2014C, and Amending the General Bond Resolution." It was moved by Ms. Sherman, and Ms. Brey seconded the motion, that Resolution No. 2014-7 be adopted. Upon roll call, the motion was approved as follows: Ayes – Brey, Metcalf, Rinehart, Sherman, Mertz, and Keen; Nays – None. The Chair declared the motion passed and Resolution No. 2014-7 adopted.

RESOLUTION NO. 2014-7
SERIES 2014C RESOLUTION
(INFRASTRUCTURE 2014C)

There was then presented to the Commission Resolution No. 2014-8*, entitled "Series Resolution Providing for the Competitive Sale and Issuance of \$35,000,000 State of Ohio Natural Resources General Obligation Bonds, Series S." It was moved by Mr. Metcalf, and Mr. Keen seconded the motion, that Resolution No. 2014-8 be adopted. Upon roll call, the motion was approved as follows: Ayes – Brey, Metcalf, Rinehart, Sherman, Mertz, and Keen; Nays – None. The Chair declared the motion passed and Resolution No. 2014-8 adopted.

RESOLUTION NO. 2014-8
SERIES S RESOLUTION
(NATURAL RESOURCES S)

There was then presented to the Commission Resolution No. 2014-9*, entitled "Series Resolution Providing for the Competitive Sale and Issuance of \$12,000,000 State of Ohio Coal Development General Obligation Bonds, Series M." It was moved by Mr. Keen, and Mr. Metcalf seconded the motion, that Resolution No. 2014-9 be adopted. Upon roll call, the motion was approved as follows: Ayes – Brey, Metcalf, Rinehart, Sherman, Mertz, and Keen; Nays – None. The Chair declared the motion passed and Resolution No. 2014-9 adopted.

RESOLUTION NO. 2014-9
SERIES M RESOLUTION
(COAL DEVELOPMENT M)

There was then presented to the Commission Resolution No. 2014-10*, entitled "Resolution Supplementing Commission Resolution No. 2005-5

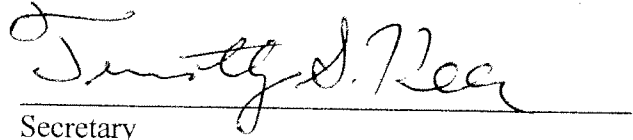
adopted on May 16, 2005 by approving and authorizing the transfer of an Interest Rate Hedge Agreement relating to the outstanding Common Schools General Obligation Adjustable Rate Bonds, Series 2006B." Mr. Scurlock explained that the counterparty to this interest rate swap is the Swiss-based global financial services firm UBS who has been actively reducing its portfolio of municipal bond swaps and recently approached the Commission's staff about transferring this swap to a different counterparty. He further explained the approach for transferring this swap would be the same as for the successful transfer of the Commission's three swaps from Morgan Stanley to Wells Fargo in December 2013, and upon approval of this Resolution authorizing the Secretary to move

RESOLUTION NO. 2014-10
SWAP TRANSFER

forward with this matter, the Commission's staff will provide UBS with a list of OPFC approved counterparties to choose from. Mr. Scurlock also noted the material terms and conditions of the swap will remain unchanged and UBS will pay all fees of the Commission's legal counsel and financial adviser for this matter. After this explanation and brief comments from Mr. Keen and Mr. Metcalf, it was moved by Mr. Metcalf, and Ms. Brey seconded the motion, that Resolution No. 2014-10 be adopted. Upon roll call, the motion was approved as follows: Ayes – Brey, Metcalf, Rinehart, Sherman, Mertz, and Keen; Nays – None. The Chair declared the motion passed and Resolution No. 2014-10 adopted.

Ms. Brey then ask if there was any other business to come before the Commission, and Mr. Scurlock introduced Mr. Stype and Mr. Kauffman to brief the Commission on the Municipal Continuing Disclosure Cooperation (MCDC) Initiative announced by the Securities Exchange Commission (SEC) on March 10, 2014. As described in materials* provided to the Commission, this Initiative focuses on compliance with "continuing disclosure" requirements that were originally put in place in 1995 by an SEC rule requiring that underwriters enter into continuing disclosure agreements with issuers for most bond issues they underwrite or purchase. The main components of each continuing disclosure agreement, reflected in Section 9 of each bond resolution adopted today by the Commission, are commitments by the issuer to file annual financial information and the State's audited financial statements for each year, and to make filings for so-called "material events" such as bond refundings and redemptions and ratings changes. These filings are today made online through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) System. The MCDC Initiative was prompted, in part, by the SEC discovering, in the course of selected investigations of other possible securities law violations, that some issuers have not disclosed their failure to comply with their prior continuing disclosure agreements in official statements for their new bond issues. The Initiative gives underwriters and issuers the opportunity to investigate and self-report instances of past "material" noncompliance that was not disclosed in a subsequent official statement, with underwriters required to report by September 10 and issuers by December 1. Mr. Kauffman explained the process to track down all the filings and filing information necessary to confirm compliance has been very challenging for the underwriters, and the Commission's staff has been working with underwriters of the Commission's bond issues to make certain they have all the information regarding the Commission's filings under its continuing disclosure agreements. Mr. Kauffman also noted that, based on these thorough reviews of the Commission's records, it is in compliance with its continuing disclosure agreements in all material respects and therefore does not expect to be making an issuer filing under the MCDC Initiative. Mr. Kauffman indicated there would be a further update to the Commission at its next meeting that follows the September 10 MCDC filing deadline for underwriters.

There being no further business, the meeting was adjourned.


Secretary

