

RatingsDirect®

Summary:

Ohio State Treasurer Ohio; Note

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Rationale

Standard & Poor's Ratings Services has assigned its 'SP-1+' issuer credit rating to Ohio State Treasurer's local government notes issued under the Ohio Market Access Program - Note Wrap.

The rating reflects the pledge of the Treasurer of Ohio to provide funds sufficient to make payment on notes issued under the program. The treasurer will execute a standby note purchase agreement for each note issued under the program, and has identified the state's liquidity fund as the source of funds for this purchase.

The program will guarantee bond anticipation notes with a term of one year or less and that have a maximum par amount of \$3.0 million, although notes of greater than \$3.0 million will be evaluated on a case-by-case basis. The program will be limited to a maximum guaranteed amount of \$300 million at any one time, and the treasurer has identified the state's liquidity fund as the source of funds for this program and has indicated an intention to maintain sufficient liquidity to meet the \$300 million of obligations.

Under the standby note purchase agreement, the treasurer agrees to purchase either a renewal note or the unpaid note from the issuer in an amount sufficient to make the guaranteed note payment at the maturity date if the issuer does not provide sufficient funds to make the payment. The treasurer's purchase would provide sufficient time for the debt service on guaranteed notes to be made before default.

House Bill 225 of the 129th General Assembly amended section 135.143 of Ohio Revised Code to allow the state treasurer to invest in the short-term obligations of counties, cities, villages, townships, and school districts.

Program participants must enter into a standby note purchase agreement with the state treasurer and paying agent in addition to completing an application and providing financial statements and other information. Standard & Poor's will analyze each issue's legal documents to confirm that essential program elements are included.

Related Criteria And Research

Related Criteria

- USPF Criteria: Short-Term Debt, June 15, 2007
- USPF Criteria: Commercial Paper, VRDO, And Self-Liquidity, July 3, 2007

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