

**As Passed by the House**

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**Sub. H. B. No. 251**

**Representative Greenspan**

**Cosponsors: Representatives Hambley, Stein, Dever, Anielski, Antonio, Arndt, Ashford, Barnes, Boyd, Brown, Carfagna, Galonski, Gavarone, Ginter, Green, Hill, Holmes, Howse, Lang, Leland, Lepore-Hagan, Manning, Miller, Patton, Reineke, Retherford, Rezabek, Riedel, Rogers, Ryan, Schaffer, Schuring, Seitz, Sheehy, Slaby, Smith, K., Smith, R., Sprague, Sweeney, Thompson, West, Wiggam, Young, Speaker Rosenberger**

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**A BILL**

To amend sections 135.14 and 135.35 of the Revised Code to increase from five to ten years the maturity period of other political subdivision's bonds and obligations eligible for investment of a subdivision's interim moneys, a county's inactive moneys, and money in the county public library fund.

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

**Section 1.** That sections 135.14 and 135.35 of the Revised Code be amended to read as follows:

**Sec. 135.14.** (A) As used in this section:

(1) "Treasurer" does not include the treasurer of state, and "governing board" does not include the state board of deposit.

(2) "Other obligations" includes notes whether or not

issued in anticipation of the issuance of bonds. 15

(B) The treasurer or governing board may invest or deposit 16  
any part or all of the interim moneys. The following 17  
classifications of obligations shall be eligible for such 18  
investment or deposit: 19

(1) United States treasury bills, notes, bonds, or any 20  
other obligation or security issued by the United States 21  
treasury or any other obligation guaranteed as to principal and 22  
interest by the United States. 23

Nothing in the classification of eligible obligations set 24  
forth in division (B) (1) of this section or in the 25  
classifications of eligible obligations set forth in divisions 26  
(B) (2) to (7) of this section shall be construed to authorize 27  
any investment in stripped principal or interest obligations of 28  
such eligible obligations. 29

(2) Bonds, notes, debentures, or any other obligations or 30  
securities issued by any federal government agency or 31  
instrumentality, including but not limited to, the federal 32  
national mortgage association, federal home loan bank, federal 33  
farm credit bank, federal home loan mortgage corporation, and 34  
government national mortgage association. All federal agency 35  
securities shall be direct issuances of federal government 36  
agencies or instrumentalities. 37

(3) Interim deposits in the eligible institutions applying 38  
for interim moneys as provided in section 135.08 of the Revised 39  
Code. The award of interim deposits shall be made in accordance 40  
with section 135.09 of the Revised Code and the treasurer or the 41  
governing board shall determine the periods for which such 42  
interim deposits are to be made and shall award such interim 43

deposits for such periods, provided that any eligible 44  
institution receiving an interim deposit award may, upon 45  
notification that the award has been made, decline to accept the 46  
interim deposit in which event the award shall be made as though 47  
the institution had not applied for such interim deposit. 48

(4) Bonds and other obligations of this state, or the 49  
political subdivisions of this state, provided that, with 50  
respect to bonds or other obligations of political subdivisions, 51  
all of the following apply: 52

(a) The bonds or other obligations are payable from 53  
general revenues of the political subdivision and backed by the 54  
full faith and credit of the political subdivision. 55

(b) The bonds or other obligations are rated at the time 56  
of purchase in the three highest classifications established by 57  
at least one nationally recognized standard rating service and 58  
purchased through a registered securities broker or dealer. 59

(c) The aggregate value of the bonds or other obligations 60  
does not exceed twenty per cent of interim moneys available for 61  
investment at the time of purchase. 62

(d) The treasurer or governing board is not the sole 63  
purchaser of the bonds or other obligations at original 64  
issuance. 65

(e) The bonds or other obligations mature within ten years 66  
from the date of settlement. 67

No investment shall be made under division (B) (4) of this 68  
section unless the treasurer or governing board has completed 69  
additional training for making the investments authorized by 70  
division (B) (4) of this section. The type and amount of 71  
additional training shall be approved by the treasurer of state 72

and may be conducted by or provided under the supervision of the 73  
treasurer of state. 74

(5) No-load money market mutual funds consisting 75  
exclusively of obligations described in division (B) (1) or (2) 76  
of this section and repurchase agreements secured by such 77  
obligations, provided that investments in securities described 78  
in this division are made only through eligible institutions 79  
mentioned in section 135.03 of the Revised Code; 80

(6) The Ohio subdivision's fund as provided in section 81  
135.45 of the Revised Code; 82

(7) Up to forty per cent of interim moneys available for 83  
investment in either of the following: 84

(a) Commercial paper notes issued by an entity that is 85  
defined in division (D) of section 1705.01 of the Revised Code 86  
and that has assets exceeding five hundred million dollars, to 87  
which notes all of the following apply: 88

(i) The notes are rated at the time of purchase in the 89  
highest classification established by at least two nationally 90  
recognized standard rating services. 91

(ii) The aggregate value of the notes does not exceed ten 92  
per cent of the aggregate value of the outstanding commercial 93  
paper of the issuing corporation. 94

(iii) The notes mature not later than two hundred seventy 95  
days after purchase. 96

(iv) The investment in commercial paper notes of a single 97  
issuer shall not exceed in the aggregate five per cent of 98  
interim moneys available for investment at the time of purchase. 99

(b) Bankers acceptances of banks that are insured by the 100

federal deposit insurance corporation and that mature not later 101  
than one hundred eighty days after purchase. 102

No investment shall be made pursuant to division (B)(7) of 103  
this section unless the treasurer or governing board has 104  
completed additional training for making the investments 105  
authorized by division (B)(7) of this section. The type and 106  
amount of additional training shall be approved by the treasurer 107  
of state and may be conducted by or provided under the 108  
supervision of the treasurer of state. 109

(C) Nothing in the classifications of eligible obligations 110  
set forth in divisions (B)(1) to (7) of this section shall be 111  
construed to authorize any investment in a derivative, and no 112  
treasurer or governing board shall invest in a derivative. For 113  
purposes of this division, "derivative" means a financial 114  
instrument or contract or obligation whose value or return is 115  
based upon or linked to another asset or index, or both, 116  
separate from the financial instrument, contract, or obligation 117  
itself. Any security, obligation, trust account, or other 118  
instrument that is created from an issue of the United States 119  
treasury or is created from an obligation of a federal agency or 120  
instrumentality or is created from both is considered a 121  
derivative instrument. An eligible investment described in this 122  
section with a variable interest rate payment, based upon a 123  
single interest payment or single index comprised of other 124  
eligible investments provided for in division (B)(1) or (2) of 125  
this section, is not a derivative, provided that such variable 126  
rate investment has a maximum maturity of two years. 127

(D) Except as provided in division (B)(4) or (E) of this 128  
section, any investment made pursuant to this section must 129  
mature within five years from the date of settlement, unless the 130

investment is matched to a specific obligation or debt of the 131  
subdivision. 132

(E) The treasurer or governing board may also enter into a 133  
written repurchase agreement with any eligible institution 134  
mentioned in section 135.03 of the Revised Code or any eligible 135  
dealer pursuant to division (M) of this section, under the terms 136  
of which agreement the treasurer or governing board purchases, 137  
and such institution or dealer agrees unconditionally to 138  
repurchase any of the securities listed in divisions (D) (1) to 139  
(5), except letters of credit described in division (D) (2), of 140  
section 135.18 of the Revised Code. The market value of 141  
securities subject to an overnight written repurchase agreement 142  
must exceed the principal value of the overnight written 143  
repurchase agreement by at least two per cent. A written 144  
repurchase agreement shall not exceed thirty days and the market 145  
value of securities subject to a written repurchase agreement 146  
must exceed the principal value of the written repurchase 147  
agreement by at least two per cent and be marked to market 148  
daily. All securities purchased pursuant to this division shall 149  
be delivered into the custody of the treasurer or governing 150  
board or an agent designated by the treasurer or governing 151  
board. A written repurchase agreement with an eligible 152  
securities dealer shall be transacted on a delivery versus 153  
payment basis. The agreement shall contain the requirement that 154  
for each transaction pursuant to the agreement the participating 155  
institution or dealer shall provide all of the following 156  
information: 157

(1) The par value of the securities; 158

(2) The type, rate, and maturity date of the securities; 159

(3) A numerical identifier generally accepted in the 160

securities industry that designates the securities. 161

No treasurer or governing board shall enter into a written 162  
repurchase agreement under the terms of which the treasurer or 163  
governing board agrees to sell securities owned by the 164  
subdivision to a purchaser and agrees with that purchaser to 165  
unconditionally repurchase those securities. 166

(F) No treasurer or governing board shall make an 167  
investment under this section, unless the treasurer or governing 168  
board, at the time of making the investment, reasonably expects 169  
that the investment can be held until its maturity. 170

(G) No treasurer or governing board shall pay interim 171  
moneys into a fund established by another subdivision, 172  
treasurer, governing board, or investing authority, if that fund 173  
was established for the purpose of investing the public moneys 174  
of other subdivisions. This division does not apply to the 175  
payment of public moneys into either of the following: 176

(1) The Ohio subdivision's fund pursuant to division (B) 177  
(6) of this section; 178

(2) A fund created solely for the purpose of acquiring, 179  
constructing, owning, leasing, or operating municipal utilities 180  
pursuant to the authority provided under section 715.02 of the 181  
Revised Code or Section 4 of Article XVIII, Ohio Constitution. 182

For purposes of division (G) of this section, 183  
"subdivision" includes a county. 184

(H) The use of leverage, in which the treasurer or 185  
governing board uses its current investment assets as collateral 186  
for the purpose of purchasing other assets, is prohibited. The 187  
issuance of taxable notes for the purpose of arbitrage is 188  
prohibited. Contracting to sell securities that have not yet 189

been acquired by the treasurer or governing board, for the 190  
purpose of purchasing such securities on the speculation that 191  
bond prices will decline, is prohibited. 192

(I) Whenever, during a period of designation, the 193  
treasurer classifies public moneys as interim moneys, the 194  
treasurer shall notify the governing board of such action. The 195  
notification shall be given within thirty days after such 196  
classification and in the event the governing board does not 197  
concur in such classification or in the investments or deposits 198  
made under this section, the governing board may order the 199  
treasurer to sell or liquidate any of such investments or 200  
deposits, and any such order shall specifically describe the 201  
investments or deposits and fix the date upon which they are to 202  
be sold or liquidated. Investments or deposits so ordered to be 203  
sold or liquidated shall be sold or liquidated for cash by the 204  
treasurer on the date fixed in such order at the then current 205  
market price. Neither the treasurer nor the members of the board 206  
shall be held accountable for any loss occasioned by sales or 207  
liquidations of investments or deposits at prices lower than 208  
their cost. Any loss or expense incurred in making such sales or 209  
liquidations is payable as other expenses of the treasurer's 210  
office. 211

(J) If any investments or deposits purchased under the 212  
authority of this section are issuable to a designated payee or 213  
to the order of a designated payee, the name of the treasurer 214  
and the title of the treasurer's office shall be so designated. 215  
If any such securities are registrable either as to principal or 216  
interest, or both, then such securities shall be registered in 217  
the name of the treasurer as such. 218

(K) The treasurer is responsible for the safekeeping of 219

all documents evidencing a deposit or investment acquired by the 220  
treasurer under this section. Any securities may be deposited 221  
for safekeeping with a qualified trustee as provided in section 222  
135.18 of the Revised Code, except the delivery of securities 223  
acquired under any repurchase agreement under this section shall 224  
be made to a qualified trustee, provided, however, that the 225  
qualified trustee shall be required to report to the treasurer, 226  
governing board, auditor of state, or an authorized outside 227  
auditor at any time upon request as to the identity, market 228  
value, and location of the document evidencing each security, 229  
and that if the participating institution is a designated 230  
depository of the subdivision for the current period of 231  
designation, the securities that are the subject of the 232  
repurchase agreement may be delivered to the treasurer or held 233  
in trust by the participating institution on behalf of the 234  
subdivision. Interest earned on any investments or deposits 235  
authorized by this section shall be collected by the treasurer 236  
and credited by the treasurer to the proper fund of the 237  
subdivision. 238

Upon the expiration of the term of office of a treasurer 239  
or in the event of a vacancy in the office of treasurer by 240  
reason of death, resignation, removal from office, or otherwise, 241  
the treasurer or the treasurer's legal representative shall 242  
transfer and deliver to the treasurer's successor all documents 243  
evidencing a deposit or investment held by the treasurer. For 244  
the investments and deposits so transferred and delivered, such 245  
treasurer shall be credited with and the treasurer's successor 246  
shall be charged with the amount of money held in such 247  
investments and deposits. 248

(L) Whenever investments or deposits acquired under this 249  
section mature and become due and payable, the treasurer shall 250

present them for payment according to their tenor, and shall 251  
collect the moneys payable thereon. The moneys so collected 252  
shall be treated as public moneys subject to sections 135.01 to 253  
135.21 of the Revised Code. 254

(M) (1) All investments, except for investments in 255  
securities described in divisions (B) (5) and (6) of this section 256  
and for investments by a municipal corporation in the issues of 257  
such municipal corporation, shall be made only through a member 258  
of the financial industry regulatory authority (FINRA), through 259  
a bank, savings bank, or savings and loan association regulated 260  
by the superintendent of financial institutions, or through an 261  
institution regulated by the comptroller of the currency, 262  
federal deposit insurance corporation, or board of governors of 263  
the federal reserve system. 264

(2) Payment for investments shall be made only upon the 265  
delivery of securities representing such investments to the 266  
treasurer, governing board, or qualified trustee. If the 267  
securities transferred are not represented by a certificate, 268  
payment shall be made only upon receipt of confirmation of 269  
transfer from the custodian by the treasurer, governing board, 270  
or qualified trustee. 271

(N) In making investments authorized by this section, a 272  
treasurer or governing board may retain the services of an 273  
investment advisor, provided the advisor is licensed by the 274  
division of securities under section 1707.141 of the Revised 275  
Code or is registered with the securities and exchange 276  
commission, and possesses experience in public funds investment 277  
management, specifically in the area of state and local 278  
government investment portfolios, or the advisor is an eligible 279  
institution mentioned in section 135.03 of the Revised Code. 280

(O) (1) Except as otherwise provided in divisions (O) (2) 281  
and (3) of this section, no treasurer or governing board shall 282  
make an investment or deposit under this section, unless there 283  
is on file with the auditor of state a written investment policy 284  
approved by the treasurer or governing board. The policy shall 285  
require that all entities conducting investment business with 286  
the treasurer or governing board shall sign the investment 287  
policy of that subdivision. All brokers, dealers, and financial 288  
institutions, described in division (M) (1) of this section, 289  
initiating transactions with the treasurer or governing board by 290  
giving advice or making investment recommendations shall sign 291  
the treasurer's or governing board's investment policy thereby 292  
acknowledging their agreement to abide by the policy's contents. 293  
All brokers, dealers, and financial institutions, described in 294  
division (M) (1) of this section, executing transactions 295  
initiated by the treasurer or governing board, having read the 296  
policy's contents, shall sign the investment policy thereby 297  
acknowledging their comprehension and receipt. 298

(2) If a written investment policy described in division 299  
(O) (1) of this section is not filed on behalf of the subdivision 300  
with the auditor of state, the treasurer or governing board of 301  
that subdivision shall invest the subdivision's interim moneys 302  
only in interim deposits pursuant to division (B) (3) of this 303  
section or interim deposits pursuant to section 135.145 of the 304  
Revised Code and approved by the treasurer of state, no-load 305  
money market mutual funds pursuant to division (B) (5) of this 306  
section, or the Ohio subdivision's fund pursuant to division (B) 307  
(6) of this section. 308

(3) Divisions (O) (1) and (2) of this section do not apply 309  
to a treasurer or governing board of a subdivision whose average 310  
annual portfolio of investments held pursuant to this section is 311

one hundred thousand dollars or less, provided that the 312  
treasurer or governing board certifies, on a form prescribed by 313  
the auditor of state, that the treasurer or governing board will 314  
comply and is in compliance with the provisions of sections 315  
135.01 to 135.21 of the Revised Code. 316

(P) A treasurer or governing board may enter into a 317  
written investment or deposit agreement that includes a 318  
provision under which the parties agree to submit to nonbinding 319  
arbitration to settle any controversy that may arise out of the 320  
agreement, including any controversy pertaining to losses of 321  
public moneys resulting from investment or deposit. The 322  
arbitration provision shall be set forth entirely in the 323  
agreement, and the agreement shall include a conspicuous notice 324  
to the parties that any party to the arbitration may apply to 325  
the court of common pleas of the county in which the arbitration 326  
was held for an order to vacate, modify, or correct the award. 327  
Any such party may also apply to the court for an order to 328  
change venue to a court of common pleas located more than one 329  
hundred miles from the county in which the treasurer or 330  
governing board is located. 331

For purposes of this division, "investment or deposit 332  
agreement" means any agreement between a treasurer or governing 333  
board and a person, under which agreement the person agrees to 334  
invest, deposit, or otherwise manage a subdivision's interim 335  
moneys on behalf of the treasurer or governing board, or agrees 336  
to provide investment advice to the treasurer or governing 337  
board. 338

(Q) An investment made by the treasurer or governing board 339  
pursuant to this section prior to September 27, 1996, that was a 340  
legal investment under the law as it existed before September 341

27, 1996, may be held until maturity. 342

**Sec. 135.35.** (A) The investing authority shall deposit or 343  
invest any part or all of the county's inactive moneys and shall 344  
invest all of the money in the county public library fund when 345  
required by section 135.352 of the Revised Code. The following 346  
classifications of securities and obligations are eligible for 347  
such deposit or investment: 348

(1) United States treasury bills, notes, bonds, or any 349  
other obligation or security issued by the United States 350  
treasury, any other obligation guaranteed as to principal or 351  
interest by the United States, or any book entry, zero-coupon 352  
United States treasury security that is a direct obligation of 353  
the United States. 354

Nothing in the classification of eligible securities and 355  
obligations set forth in divisions (A) (2) to (10) of this 356  
section shall be construed to authorize any investment in 357  
stripped principal or interest obligations of such eligible 358  
securities and obligations. 359

(2) Bonds, notes, debentures, or any other obligations or 360  
securities issued by any federal government agency or 361  
instrumentality, including, but not limited to, the federal 362  
national mortgage association, federal home loan bank, federal 363  
farm credit bank, federal home loan mortgage corporation, and 364  
government national mortgage association. All federal agency 365  
securities shall be direct issuances of federal government 366  
agencies or instrumentalities. 367

(3) Time certificates of deposit or savings or deposit 368  
accounts, including, but not limited to, passbook accounts, in 369  
any eligible institution mentioned in section 135.32 of the 370

Revised Code;	371
(4) Bonds and other obligations of this state or the	372
political subdivisions of this state, <u>provided the bonds or</u>	373
<u>other obligations of political subdivisions mature within ten</u>	374
<u>years from the date of settlement;</u>	375
(5) No-load money market mutual funds rated in the highest	376
category at the time of purchase by at least one nationally	377
recognized standard rating service or consisting exclusively of	378
obligations described in division (A) (1), (2), or (6) of section	379
135.143 of the Revised Code and repurchase agreements secured by	380
such obligations, provided that investments in securities	381
described in this division are made only through eligible	382
institutions mentioned in section 135.32 of the Revised Code;	383
(6) The Ohio subdivision's fund as provided in section	384
135.45 of the Revised Code;	385
(7) Securities lending agreements with any eligible	386
institution mentioned in section 135.32 of the Revised Code that	387
is a member of the federal reserve system or federal home loan	388
bank or with any recognized United States government securities	389
dealer meeting the description in division (J) (1) of this	390
section, under the terms of which agreements the investing	391
authority lends securities and the eligible institution or	392
dealer agrees to simultaneously exchange similar securities or	393
cash, equal value for equal value.	394
Securities and cash received as collateral for a	395
securities lending agreement are not inactive moneys of the	396
county or moneys of a county public library fund. The investment	397
of cash collateral received pursuant to a securities lending	398
agreement may be invested only in instruments specified by the	399

investing authority in the written investment policy described	400
in division (K) of this section.	401
(8) Up to twenty-five per cent of the county's total	402
average portfolio in either of the following investments:	403
(a) Commercial paper notes issued by an entity that is	404
defined in division (D) of section 1705.01 of the Revised Code	405
and that has assets exceeding five hundred million dollars, to	406
which notes all of the following apply:	407
(i) The notes are rated at the time of purchase in the	408
highest classification established by at least two nationally	409
recognized standard rating services.	410
(ii) The aggregate value of the notes does not exceed ten	411
per cent of the aggregate value of the outstanding commercial	412
paper of the issuing corporation.	413
(iii) The notes mature not later than two hundred seventy	414
days after purchase.	415
(b) Bankers acceptances of banks that are insured by the	416
federal deposit insurance corporation and that mature not later	417
than one hundred eighty days after purchase.	418
No investment shall be made pursuant to division (A) (8) of	419
this section unless the investing authority has completed	420
additional training for making the investments authorized by	421
division (A) (8) of this section. The type and amount of	422
additional training shall be approved by the treasurer of state	423
and may be conducted by or provided under the supervision of the	424
treasurer of state.	425
(9) Up to fifteen per cent of the county's total average	426
portfolio in notes issued by corporations that are incorporated	427

under the laws of the United States and that are operating 428  
within the United States, or by depository institutions that are 429  
doing business under authority granted by the United States or 430  
any state and that are operating within the United States, 431  
provided both of the following apply: 432

(a) The notes are rated in the second highest or higher 433  
category by at least two nationally recognized standard rating 434  
services at the time of purchase. 435

(b) The notes mature not later than two years after 436  
purchase. 437

(10) Debt interests rated at the time of purchase in the 438  
three highest categories by two nationally recognized standard 439  
rating services and issued by foreign nations diplomatically 440  
recognized by the United States government. All interest and 441  
principal shall be denominated and payable in United States 442  
funds. The investments made under division (A) (10) of this 443  
section shall not exceed in the aggregate two per cent of a 444  
county's total average portfolio. 445

The investing authority shall invest under division (A) 446  
(10) of this section in a debt interest issued by a foreign 447  
nation only if the debt interest is backed by the full faith and 448  
credit of that foreign nation, there is no prior history of 449  
default, and the debt interest matures not later than five years 450  
after purchase. For purposes of division (A) (10) of this 451  
section, a debt interest is rated in the three highest 452  
categories by two nationally recognized standard rating services 453  
if either the debt interest itself or the issuer of the debt 454  
interest is rated, or is implicitly rated, at the time of 455  
purchase in the three highest categories by two nationally 456  
recognized standard rating services. 457

(11) A current unpaid or delinquent tax line of credit 458  
authorized under division (G) of section 135.341 of the Revised 459  
Code, provided that all of the conditions for entering into such 460  
a line of credit under that division are satisfied, or bonds and 461  
other obligations of a county land reutilization corporation 462  
organized under Chapter 1724. of the Revised Code, if the county 463  
land reutilization corporation is located wholly or partly 464  
within the same county as the investing authority. 465

(B) Nothing in the classifications of eligible obligations 466  
and securities set forth in divisions (A) (1) to (10) of this 467  
section shall be construed to authorize investment in a 468  
derivative, and no investing authority shall invest any county 469  
inactive moneys or any moneys in a county public library fund in 470  
a derivative. For purposes of this division, "derivative" means 471  
a financial instrument or contract or obligation whose value or 472  
return is based upon or linked to another asset or index, or 473  
both, separate from the financial instrument, contract, or 474  
obligation itself. Any security, obligation, trust account, or 475  
other instrument that is created from an issue of the United 476  
States treasury or is created from an obligation of a federal 477  
agency or instrumentality or is created from both is considered 478  
a derivative instrument. An eligible investment described in 479  
this section with a variable interest rate payment, based upon a 480  
single interest payment or single index comprised of other 481  
eligible investments provided for in division (A) (1) or (2) of 482  
this section, is not a derivative, provided that such variable 483  
rate investment has a maximum maturity of two years. A treasury 484  
inflation-protected security shall not be considered a 485  
derivative, provided the security matures not later than five 486  
years after purchase. 487

(C) Except as provided in division (A) (4) or (D) of this 488

section, any investment made pursuant to this section must 489  
mature within five years from the date of settlement, unless the 490  
investment is matched to a specific obligation or debt of the 491  
county or to a specific obligation or debt of a political 492  
subdivision of this state, and the investment is specifically 493  
approved by the investment advisory committee. 494

(D) The investing authority may also enter into a written 495  
repurchase agreement with any eligible institution mentioned in 496  
section 135.32 of the Revised Code or any eligible securities 497  
dealer pursuant to division (J) of this section, under the terms 498  
of which agreement the investing authority purchases and the 499  
eligible institution or dealer agrees unconditionally to 500  
repurchase any of the securities listed in divisions (D)(1) to 501  
(5), except letters of credit described in division (D)(2), of 502  
section 135.18 of the Revised Code. The market value of 503  
securities subject to an overnight written repurchase agreement 504  
must exceed the principal value of the overnight written 505  
repurchase agreement by at least two per cent. A written 506  
repurchase agreement must exceed the principal value of the 507  
overnight written repurchase agreement, by at least two per 508  
cent. A written repurchase agreement shall not exceed thirty 509  
days, and the market value of securities subject to a written 510  
repurchase agreement must exceed the principal value of the 511  
written repurchase agreement by at least two per cent and be 512  
marked to market daily. All securities purchased pursuant to 513  
this division shall be delivered into the custody of the 514  
investing authority or the qualified custodian of the investing 515  
authority or an agent designated by the investing authority. A 516  
written repurchase agreement with an eligible securities dealer 517  
shall be transacted on a delivery versus payment basis. The 518  
agreement shall contain the requirement that for each 519

transaction pursuant to the agreement the participating 520  
institution shall provide all of the following information: 521

(1) The par value of the securities; 522

(2) The type, rate, and maturity date of the securities; 523

(3) A numerical identifier generally accepted in the 524  
securities industry that designates the securities. 525

No investing authority shall enter into a written 526  
repurchase agreement under the terms of which the investing 527  
authority agrees to sell securities owned by the county to a 528  
purchaser and agrees with that purchaser to unconditionally 529  
repurchase those securities. 530

(E) No investing authority shall make an investment under 531  
this section, unless the investing authority, at the time of 532  
making the investment, reasonably expects that the investment 533  
can be held until its maturity. The investing authority's 534  
written investment policy shall specify the conditions under 535  
which an investment may be redeemed or sold prior to maturity. 536

(F) No investing authority shall pay a county's inactive 537  
moneys or moneys of a county public library fund into a fund 538  
established by another subdivision, treasurer, governing board, 539  
or investing authority, if that fund was established by the 540  
subdivision, treasurer, governing board, or investing authority 541  
for the purpose of investing or depositing the public moneys of 542  
other subdivisions. This division does not apply to the payment 543  
of public moneys into either of the following: 544

(1) The Ohio subdivision's fund pursuant to division (A) 545  
(6) of this section; 546

(2) A fund created solely for the purpose of acquiring, 547

constructing, owning, leasing, or operating municipal utilities 548  
pursuant to the authority provided under section 715.02 of the 549  
Revised Code or Section 4 of Article XVIII, Ohio Constitution. 550

For purposes of division (F) of this section, 551  
"subdivision" includes a county. 552

(G) The use of leverage, in which the county uses its 553  
current investment assets as collateral for the purpose of 554  
purchasing other assets, is prohibited. The issuance of taxable 555  
notes for the purpose of arbitrage is prohibited. Contracting to 556  
sell securities not owned by the county, for the purpose of 557  
purchasing such securities on the speculation that bond prices 558  
will decline, is prohibited. 559

(H) Any securities, certificates of deposit, deposit 560  
accounts, or any other documents evidencing deposits or 561  
investments made under authority of this section shall be issued 562  
in the name of the county with the county treasurer or investing 563  
authority as the designated payee. If any such deposits or 564  
investments are registrable either as to principal or interest, 565  
or both, they shall be registered in the name of the treasurer. 566

(I) The investing authority shall be responsible for the 567  
safekeeping of all documents evidencing a deposit or investment 568  
acquired under this section, including, but not limited to, 569  
safekeeping receipts evidencing securities deposited with a 570  
qualified trustee, as provided in section 135.37 of the Revised 571  
Code, and documents confirming the purchase of securities under 572  
any repurchase agreement under this section shall be deposited 573  
with a qualified trustee, provided, however, that the qualified 574  
trustee shall be required to report to the investing authority, 575  
auditor of state, or an authorized outside auditor at any time 576  
upon request as to the identity, market value, and location of 577

the document evidencing each security, and that if the 578  
participating institution is a designated depository of the 579  
county for the current period of designation, the securities 580  
that are the subject of the repurchase agreement may be 581  
delivered to the treasurer or held in trust by the participating 582  
institution on behalf of the investing authority. 583

Upon the expiration of the term of office of an investing 584  
authority or in the event of a vacancy in the office for any 585  
reason, the officer or the officer's legal representative shall 586  
transfer and deliver to the officer's successor all documents 587  
mentioned in this division for which the officer has been 588  
responsible for safekeeping. For all such documents transferred 589  
and delivered, the officer shall be credited with, and the 590  
officer's successor shall be charged with, the amount of moneys 591  
evidenced by such documents. 592

(J) (1) All investments, except for investments in 593  
securities described in divisions (A) (5), (6), and (11) of this 594  
section, shall be made only through a member of the financial 595  
industry regulatory authority (FINRA), through a bank, savings 596  
bank, or savings and loan association regulated by the 597  
superintendent of financial institutions, or through an 598  
institution regulated by the comptroller of the currency, 599  
federal deposit insurance corporation, or board of governors of 600  
the federal reserve system. 601

(2) Payment for investments shall be made only upon the 602  
delivery of securities representing such investments to the 603  
treasurer, investing authority, or qualified trustee. If the 604  
securities transferred are not represented by a certificate, 605  
payment shall be made only upon receipt of confirmation of 606  
transfer from the custodian by the treasurer, governing board, 607

or qualified trustee. 608

(K) (1) Except as otherwise provided in division (K) (2) of 609  
this section, no investing authority shall make an investment or 610  
deposit under this section, unless there is on file with the 611  
auditor of state a written investment policy approved by the 612  
investing authority. The policy shall require that all entities 613  
conducting investment business with the investing authority 614  
shall sign the investment policy of that investing authority. 615  
All brokers, dealers, and financial institutions, described in 616  
division (J) (1) of this section, initiating transactions with 617  
the investing authority by giving advice or making investment 618  
recommendations shall sign the investing authority's investment 619  
policy thereby acknowledging their agreement to abide by the 620  
policy's contents. All brokers, dealers, and financial 621  
institutions, described in division (J) (1) of this section, 622  
executing transactions initiated by the investing authority, 623  
having read the policy's contents, shall sign the investment 624  
policy thereby acknowledging their comprehension and receipt. 625

(2) If a written investment policy described in division 626  
(K) (1) of this section is not filed on behalf of the county with 627  
the auditor of state, the investing authority of that county 628  
shall invest the county's inactive moneys and moneys of the 629  
county public library fund only in time certificates of deposits 630  
or savings or deposit accounts pursuant to division (A) (3) of 631  
this section, no-load money market mutual funds pursuant to 632  
division (A) (5) of this section, or the Ohio subdivision's fund 633  
pursuant to division (A) (6) of this section. 634

(L) (1) The investing authority shall establish and 635  
maintain an inventory of all obligations and securities acquired 636  
by the investing authority pursuant to this section. The 637

inventory shall include a description of each obligation or 638  
security, including type, cost, par value, maturity date, 639  
settlement date, and any coupon rate. 640

(2) The investing authority shall also keep a complete 641  
record of all purchases and sales of the obligations and 642  
securities made pursuant to this section. 643

(3) The investing authority shall maintain a monthly 644  
portfolio report and issue a copy of the monthly portfolio 645  
report describing such investments to the county investment 646  
advisory committee, detailing the current inventory of all 647  
obligations and securities, all transactions during the month 648  
that affected the inventory, any income received from the 649  
obligations and securities, and any investment expenses paid, 650  
and stating the names of any persons effecting transactions on 651  
behalf of the investing authority. 652

(4) The monthly portfolio report shall be a public record 653  
and available for inspection under section 149.43 of the Revised 654  
Code. 655

(5) The inventory and the monthly portfolio report shall 656  
be filed with the board of county commissioners. The monthly 657  
portfolio report also shall be filed with the treasurer of 658  
state. 659

(M) An investing authority may enter into a written 660  
investment or deposit agreement that includes a provision under 661  
which the parties agree to submit to nonbinding arbitration to 662  
settle any controversy that may arise out of the agreement, 663  
including any controversy pertaining to losses of public moneys 664  
resulting from investment or deposit. The arbitration provision 665  
shall be set forth entirely in the agreement, and the agreement 666

shall include a conspicuous notice to the parties that any party 667  
to the arbitration may apply to the court of common pleas of the 668  
county in which the arbitration was held for an order to vacate, 669  
modify, or correct the award. Any such party may also apply to 670  
the court for an order to change venue to a court of common 671  
pleas located more than one hundred miles from the county in 672  
which the investing authority is located. 673

For purposes of this division, "investment or deposit 674  
agreement" means any agreement between an investing authority 675  
and a person, under which agreement the person agrees to invest, 676  
deposit, or otherwise manage, on behalf of the investing 677  
authority, a county's inactive moneys or moneys in a county 678  
public library fund, or agrees to provide investment advice to 679  
the investing authority. 680

(N) (1) An investment held in the county portfolio on 681  
September 27, 1996, that was a legal investment under the law as 682  
it existed before September 27, 1996, may be held until 683  
maturity. 684

(2) An investment held in the county portfolio on 685  
September 10, 2012, that was a legal investment under the law as 686  
it existed before September 10, 2012, may be held until 687  
maturity. 688

**Section 2.** That existing sections 135.14 and 135.35 of the 689  
Revised Code are hereby repealed. 690