

**As Introduced**

**132nd General Assembly**

**Regular Session**

**2017-2018**

**H. B. No. 740**

**Representatives Arndt, Miller**

**Cosponsors: Representatives Greenspan, Ashford, Hambley, Reineke, Patterson,  
Smith, K.**

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**A BILL**

To enact sections 158.01, 158.02, 158.03, 158.04, 1  
158.05, 158.06, 158.07, 158.08, 158.09, 158.10, 2  
and 158.11 of the Revised Code to authorize the 3  
Treasurer of State to issue revenue obligations 4  
of the state for the purpose of making loans to 5  
port authorities, community improvement 6  
corporations, or community development 7  
corporations through the Treasurer's purchase of 8  
those authorities' and corporations' revenue 9  
obligations. 10

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

**Section 1.** That sections 158.01, 158.02, 158.03, 158.04, 11  
158.05, 158.06, 158.07, 158.08, 158.09, 158.10, and 158.11 of 12  
the Revised Code be enacted to read as follows: 13

**Sec. 158.01. As used in this chapter:** 14

(A) "Credit enhancement facilities," "financing costs," 15  
and "interest" have the same meanings as in section 133.01 of 16  
the Revised Code. 17

(B) "Bond proceedings" means the orders, agreements, loan 18  
agreements, trust agreements, indentures, certificates of award, 19  
credit enhancement facilities, and amendments and supplements to 20  
any of them, or any one or more or combination of them, 21  
authorizing, awarding, or providing for the terms and conditions 22  
applicable to, or providing for the security or liquidity of, an 23  
issue of obligations, and the provisions contained in those 24  
obligations. 25

(C) "Bond service charges" means principal, including any 26  
mandatory sinking fund requirements for retirement of 27  
obligations, and interest, and redemption premium, if any, 28  
required to be paid on obligations. If not prohibited by the 29  
applicable bond proceedings, bond service charges may include 30  
costs relating to credit enhancement facilities that are related 31  
to and represent, or are intended to provide a source of payment 32  
of or limitation on, other bond service charges. 33

(D) "Economic development bond bank" means the economic 34  
development bond bank established under section 158.02 of the 35  
Revised Code. 36

(E) "Interest rate hedge" has the same meaning as in 37  
section 9.98 of the Revised Code. 38

(F) "Obligations" means bonds, notes, or other evidences 39  
of obligation or indebtedness, including any appertaining 40  
interest amounts due, issued under section 158.03 of the Revised 41  
Code. 42

(G) "Port authority" means a port authority created under 43  
section 4582.02 or 4582.22 of the Revised Code. 44

(H) "Designated community improvement corporation" means a 45  
community improvement corporation created under Chapter 1724. of 46

the Revised Code and designated by a political subdivision under 47  
division (A) of section 1724.10 of the Revised Code. 48

(I) "Community development corporation" means a 49  
corporation organized under Chapter 1702. of the Revised Code 50  
that consists of residents of the community and business and 51  
civic leaders and that has as a principal purpose one or more of 52  
the following: the revitalization and development of a low- to 53  
moderate-income neighborhood or community; the creation of jobs 54  
for low- to moderate-income residents; the development of 55  
commercial facilities and services; providing training, 56  
technical assistance, and financial assistance to small 57  
businesses; and planning, developing, or managing low-income 58  
housing or other community development activities. 59

(J) "Revenue bonds" means any of the following: 60

(1) Revenue bonds, including refunding bonds thereof, 61  
issued under division (A) (4) of section 4582.06 of the Revised 62  
Code by a port authority created under section 4582.02 of the 63  
Revised Code for the acquisition, construction, furnishing, or 64  
equipping of any real or personal property, or any combination 65  
thereof, related to, useful for, or in furtherance of any 66  
authorized purpose, as that term is defined in section 4582.01 67  
of the Revised Code; 68

(2) Revenue bonds, including refunding bonds thereof, 69  
issued under section 4582.48 of the Revised Code by a port 70  
authority created under section 4582.22 of the Revised Code for 71  
paying the cost of one or more port authority facilities, as 72  
that term is defined in section 4582.21 of the Revised Code, or 73  
parts thereof; 74

(3) Revenue bonds, including refunding bonds thereof, 75

issued under section 1724.02 or 1724.10 of the Revised Code by a 76  
community improvement corporation for any of the purposes of the 77  
community improvement corporation; 78

(4) Bonds issued by a community development corporation 79  
for any of the purposes of the community development 80  
corporation. 81

(K) "Revenues" means all fees, charges, grants, subsidies, 82  
income from the investment of money, and all other revenues or 83  
receipts received by or on behalf of the economic development 84  
bond bank available for the payment of bond service charges on 85  
the obligations. 86

(L) "Required debt service reserve" means, as of any date 87  
of computation, the amount or amounts required to be on deposit 88  
in the reserve account as provided by order of the treasurer of 89  
state. 90

(M) "Special funds" or "funds," unless the context 91  
indicates otherwise, means the economic development bond bank 92  
trust fund, the bond service account, the reserve account, the 93  
improvements account, and any other funds and accounts created 94  
under bond proceedings and stated to be special funds or 95  
accounts in those proceedings, including money and investments, 96  
and earnings from investments, credited and to be credited to a 97  
particular fund or account. 98

**Sec. 158.02.** (A) The economic development bond bank shall 99  
consist of the economic development bond bank trust fund, 100  
including all funds, accounts, and subaccounts therein, to be 101  
administered by the treasurer of state and used for the purposes 102  
described in division (C) of this section. 103

(B) There is hereby created the economic development bond 104

bank trust fund, which shall be in the custody of the treasurer 105  
of state but shall be separate and apart from and not a part of 106  
the state treasury. All money received by the state and required 107  
by the applicable bond proceedings to be deposited, transferred, 108  
or credited to the fund, and all other money transferred or 109  
allocated to or received for the purposes of the fund, shall be 110  
deposited with the treasurer of state and credited to the fund, 111  
subject to applicable provisions of the bond proceedings, but 112  
without necessity for any act of appropriation. Any portion of 113  
the revenues that are, by the bond proceedings, directed to be 114  
used to pay for administrative expenses of the treasurer of 115  
state in connection with the fund shall be deposited into the 116  
treasurer of state's administrative fund created by section 117  
113.20 of the Revised Code. 118

(C) There is hereby created within the economic 119  
development bond bank trust fund the improvements account. Net 120  
proceeds of obligations issued pursuant to section 158.03 of the 121  
Revised Code, unless otherwise provided in the bond proceedings, 122  
shall be deposited into the improvements account and disbursed 123  
for the purpose of making loans to port authorities, designated 124  
community improvement corporations, and community development 125  
corporations through the treasurer of state's purchase of 126  
revenue bonds of such authorities and corporations. Such 127  
purchases may be made without necessity for any act of 128  
appropriation. The treasurer should prioritize the purchase of 129  
revenue bonds of those authorities and corporations that would 130  
otherwise have difficulty accessing capital by selling revenue 131  
bonds to other purchasers. 132

(D) There is hereby created within the economic 133  
development bond bank trust fund the reserve account, in which 134  
shall be deposited all money appropriated by the general 135

assembly for the purpose of the account, all proceeds of 136  
obligations required to be deposited therein by terms of the 137  
bond proceedings or any order of the treasurer of state with 138  
respect to the proceeds of obligations, and any other money the 139  
treasurer of state determines to deposit therein. 140

Money in the reserve account shall be held and applied 141  
solely to the payment of the interest on and principal of 142  
presently outstanding obligations payable from the economic 143  
development bond bank trust fund and any obligations issued to 144  
refund such obligations, all as they become due and payable, and 145  
for the retirement of obligations. 146

Money may not be withdrawn from the reserve account if 147  
such withdrawal reduces the amount in the reserve account to an 148  
amount less than the required debt service reserve, except for 149  
the following: 150

(1) The payment of interest then due and payable on 151  
obligations and the principal of obligations then maturing and 152  
payable; 153

(2) The retirement of obligations in accordance with the 154  
terms of the bond proceedings and for which payments of other 155  
money of the economic development bond bank trust fund is not 156  
then available. 157

(E) There is hereby created within the economic 158  
development bond bank trust fund the bond service account. The 159  
bond service account is hereby pledged to the payment of bond 160  
service charges on the obligations issued pursuant to section 161  
158.03 of the Revised Code to the extent provided in the 162  
applicable bond proceedings. Payment of such bond service 163  
charges from the bond service account shall be made or provided 164

for by the treasurer of state in accordance with such bond 165  
proceedings without necessity for any act of appropriation. 166

(F) To the extent permitted by law, the treasurer of state 167  
may adopt reasonable rules in accordance with Chapter 119. of 168  
the Revised Code and enter into agreements to secure payment of 169  
bond service charges on obligations, including but not limited 170  
to either of the following: 171

(1) Withholding any amounts payable by the state to a port 172  
authority, designated community improvement corporation, or 173  
community development corporation and the payment of those 174  
amounts as described in the bond proceedings; 175

(2) Directing a department, agency, or instrumentality of 176  
the state, or a political subdivision that is a custodian of 177  
money payable to a port authority, designated community 178  
improvement corporation, or community development corporation to 179  
withhold such money and pay it over as described in the bond 180  
proceedings. 181

**Sec. 158.03.** (A) The treasurer of state may issue and 182  
sell, in accordance with this chapter, revenue obligations of 183  
the state for the purpose of purchasing revenue bonds of port 184  
authorities, designated community improvement corporations, and 185  
community development corporations and financing costs in 186  
connection with the issuance of revenue obligations issued under 187  
this section. 188

(B) Each issue of obligations shall be authorized by an 189  
order of the treasurer of state. The bond proceedings shall 190  
provide for or authorize the manner for determining all of the 191  
following: 192

(1) The principal amount or maximum principal amount of 193

<u>obligations of an issue;</u>	194
<u>(2) The principal maturity or maturities, not to exceed</u>	195
<u>forty-five years;</u>	196
<u>(3) The interest rate or rates, or, in the case of</u>	197
<u>variable rate obligations, the method for determining such</u>	198
<u>interest rate or rates and any maximum interest rate or rates;</u>	199
<u>(4) The dates of payment of interest on the obligations;</u>	200
<u>(5) The denominations of the obligations;</u>	201
<u>(6) The method of sale of the obligations;</u>	202
<u>(7) The authority to retain the necessary professionals to</u>	203
<u>complete a revenue obligation sale or issuance;</u>	204
<u>(8) The place or places of payment of bond service</u>	205
<u>charges, which may be within or outside the state.</u>	206
<u>(C) Each issue of obligations shall be payable solely from</u>	207
<u>the revenues and special funds pledged to that purpose pursuant</u>	208
<u>to the bond proceedings, and the holders of the obligations</u>	209
<u>shall have no right to the levy or imposition of any tax or</u>	210
<u>excise by the state or any political subdivision of the state</u>	211
<u>for the payment of bond service charges on the obligations. A</u>	212
<u>statement to that effect shall appear on the face of each</u>	213
<u>obligation. The bond service charges and all other payments</u>	214
<u>required to be made by the bond proceedings shall be payable</u>	215
<u>solely from the revenues received by the economic development</u>	216
<u>bond bank trust fund and pledged thereto as provided in such</u>	217
<u>bond proceedings. The revenues pledged and thereafter received</u>	218
<u>by the economic development bond bank trust fund shall</u>	219
<u>immediately be subject to the lien of such pledge without any</u>	220
<u>physical delivery thereof or further act. The lien of any such</u>	221

pledge is valid and binding against all parties having claims of 222  
any kind against the revenues pledged thereto, irrespective of 223  
whether those parties have notice thereof, and creates a 224  
perfected security interest for all purposes of Chapter 1309. of 225  
the Revised Code, all without the necessity for separation or 226  
delivery of funds or for the filing or recording of any bond 227  
proceedings, trust agreement, indenture, or other agreement by 228  
which such pledge is created or any certificate, statement, or 229  
other document with respect thereto. The pledge of such revenue 230  
is effective and the money therefrom and thereof may be applied 231  
to the purposes for which pledged. Every pledge, and every 232  
covenant and agreement made with respect to the pledge, made in 233  
the bond proceedings may therein be extended to the benefit of 234  
the owners and holders of obligations and to any trustee 235  
therefor, for the further securing of the payment of the bond 236  
service charges and any financing costs related to credit 237  
enhancement facilities. All or any rights under any agreement 238  
made under this section may be assigned for such purpose. 239

(D) Financing costs are payable, as may be provided in the 240  
bond proceedings, from the proceeds of the obligations, from 241  
special funds, or from other money available for the purpose. 242

(E) The treasurer of state shall create groups for the 243  
pooled issuances authorized by this chapter, such that the 244  
revenue bonds of port authorities, designated community 245  
improvement corporations, and community development corporations 246  
that are purchased with the proceeds of a particular revenue 247  
obligation issuance of the economic development bond bank are of 248  
a similar quality. Determinations of the quality of a revenue 249  
bond issuance shall be made by the treasurer of state. 250  
Notwithstanding the treasurer of state's determination, a port 251  
authority's, designated community improvement corporation's, or 252

community development corporation's revenue bond issuance may be 253  
included in a group of a different quality with the consent of 254  
all of the port authorities, designated community improvement 255  
corporations, and community development corporations 256  
participating in that group. 257

(F) Upon the sale and delivery by a port authority, 258  
designated community improvement corporation, or community 259  
development corporation of a revenue bond to the economic 260  
development bond bank, the authority or corporation shall be 261  
considered to have agreed that, upon its failure to pay interest 262  
or principal, when payable, on the revenue bond owned or held by 263  
or arising from an agreement with the economic development bond 264  
bank, all defenses to nonpayment are waived. 265

Sec. 158.04. The bond proceedings may contain additional 266  
provisions customary or appropriate to the financing or to the 267  
obligations or to particular obligations, including provisions 268  
for any of the following: 269

(A) The redemption of obligations before maturity upon the 270  
occurrence of certain conditions, and at particular price or 271  
prices and under particular terms and conditions; 272

(B) The form of and other terms of the obligations; 273

(C) The establishment, deposit, investment, and 274  
application of special funds, and the safeguarding of money on 275  
hand or on deposit. Any financial institution that acts as a 276  
depository of any money in special funds or other funds under 277  
the bond proceedings may furnish indemnifying bonds or pledge 278  
securities as required by the treasurer of state. 279

(D) Every provision of the bond proceedings being binding 280  
upon the treasurer of state and upon such port authority, 281

designated community improvement corporation, community 282  
development corporation, officer, or other person or body as may 283  
from time to time be authorized to take actions as may be 284  
necessary to perform all or any part of the duty required by the 285  
provision; 286

(E) The maintenance of each pledge or instrument 287  
comprising part of the bond proceedings until the obligations 288  
have been fully paid or payment provided for or other stated 289  
conditions; 290

(F) In the event of default in any payments required to be 291  
made by the bond proceedings, or by any other agreement of the 292  
treasurer of state made as part of a contract under which the 293  
obligations were issued or secured, including a credit 294  
enhancement facility, the enforcement of those payments by 295  
mandamus, a suit in equity, an action at law, or any combination 296  
of those remedial actions; 297

(G) The rights and remedies of the holders or owners of 298  
obligations or of book-entry interests in them, and of third 299  
parties under any credit enhancement facility, and provisions 300  
for protecting and enforcing those rights and remedies, 301  
including limitations on the rights of individual holders or 302  
owners; 303

(H) The replacement of mutilated, destroyed, lost, or 304  
stolen obligations; 305

(I) The funding, refunding, or advance refunding, or other 306  
provision for payment, of obligations that will then no longer 307  
be outstanding for purposes of this chapter or of the applicable 308  
bond proceedings; 309

(J) Amendment of the bond proceedings; 310

(K) The form of any trust agreement, indenture, escrow agreement, paying agency agreement, registrar agreement to provide for the security, payment, terms, and conditions of obligations, and the proper administration of the pledges and security interests granted for the benefit of holders of the bonds; 311  
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(L) The form of any credit enhancement facility; 317

(M) Any other or additional agreements with the owners of obligations, and such other provisions as the treasurer of state determines, including limitations, conditions, or qualifications, relating to any of the foregoing. 318  
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**Sec. 158.05.** (A) The obligations requiring execution by or for the treasurer of state shall be signed as provided in the bond proceedings. Any obligations may be signed by the individual who on the date of execution is the authorized signer although on the date of these obligations that individual is not an authorized signer. In case the individual whose signature or facsimile signature appears on any obligation ceases to be an authorized signer before delivery of the obligation, that signature or facsimile is nevertheless valid and sufficient for all purposes as if that individual had remained the authorized signer until delivery. 322  
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(B) Obligations may be sold at public sale or at private sale, in such manner, and at such price at, above, or below par, all as determined by and provided by the treasurer of state in the bond proceedings. 333  
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**Sec. 158.06.** Obligations are investment securities under Chapter 1308. of the Revised Code. Obligations may be issued in bearer or in registered form, registrable as to principal alone 337  
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or as to both principal and interest, or both, or in 340  
certificated or uncertificated form, as the treasurer of state 341  
determines. Provision may be made for the exchange, conversion, 342  
or transfer of obligations and for reasonable charges for 343  
registration, exchange, conversion, and transfer. Pending 344  
preparation of final obligations, the treasurer of state may 345  
provide for the issuance of interim instruments to be exchanged 346  
for the final obligations. 347

Sec. 158.07. Except to the extent that rights are 348  
restricted by the bond proceedings, any owner of obligations or 349  
provider of a credit enhancement facility may, by any suitable 350  
form of legal proceedings, protect and enforce any rights 351  
relating to obligations or that facility under the laws of this 352  
state or granted by the bond proceedings. Each duty of the 353  
treasurer of state undertaken pursuant to the bond proceedings 354  
is hereby established as a duty of the entity or individual 355  
having authority to perform that duty, specifically enjoined by 356  
law and resulting from an office, trust, or station within the 357  
meaning of section 2731.01 of the Revised Code. The individuals 358  
who are from time to time the treasurer of state, or the staff 359  
or employees of the treasurer of state, are not liable in their 360  
personal capacities on any obligations or otherwise under the 361  
bond proceedings. 362

Sec. 158.08. The treasurer of state may, in addition to 363  
the authority referred to in division (B) of section 158.03 of 364  
the Revised Code, authorize and provide for the issuance of any 365  
of the following: 366

(A) Obligations in the form of bond anticipation notes. 367  
The treasurer of state may provide for the renewal of those 368  
notes from time to time by the issuance of new notes. The 369

holders of notes have the right to have bond service charges on 370  
those obligations paid solely from the money and special funds 371  
that are or may be pledged to that payment, including the 372  
proceeds of obligations or renewal notes or both, as the 373  
treasurer of state provides in the bond proceedings authorizing 374  
the notes. Notes may be additionally secured by covenants of the 375  
treasurer of state to the effect that the treasurer of state 376  
will do all things necessary for the issuance of obligations or 377  
renewal notes in such principal amount and upon such terms as 378  
may be necessary to provide money to pay when due the debt 379  
service on the notes, and apply their proceeds to the extent 380  
necessary, to make full and timely payment of bond service 381  
charges on the notes as provided in the applicable bond 382  
proceedings. In the bond proceedings authorizing the issuance of 383  
bond anticipation notes, the treasurer of state shall set forth 384  
for the obligations anticipated an estimated schedule of annual 385  
principal payments the latest of which shall be not later than 386  
provided in division (B) of section 158.03 of the Revised Code. 387  
All provisions and conditions relating to the issuance of 388  
obligations under this chapter, except where expressly provided 389  
otherwise, apply to the issuance of note and renewal notes. 390

(B) Obligations for the refunding, including funding and 391  
retirement, and advance refunding with or without payment or 392  
redemption before maturity, of any obligations previously 393  
issued. Refunding obligations may be issued in amounts 394  
sufficient to pay or to provide for repayment of the principal 395  
amount, including principal amounts maturing before the 396  
redemption of the remaining prior obligations, any redemption 397  
premium, financing costs and interest accrued or to accrue to 398  
the maturity or redemption date or dates, payable on the prior 399  
obligations, and related financing costs and any expenses 400

incurred or to be incurred in connection with that issuance and 401  
refunding. Subject to the applicable bond proceedings, the 402  
portion of the proceeds of the sale of refunding obligations 403  
issued under this section to be applied to bond service charges 404  
on the prior obligations shall be credited to an appropriate 405  
separate subaccount in the bond service account and held in 406  
trust for the purpose by the treasurer of state or by a 407  
corporate trustee. Obligations authorized under this division 408  
shall be considered to be issued for those purposes for which 409  
the prior obligations were issued. 410

**Sec. 158.09.** Obligations are lawful investments for banks, 411  
savings and loan associations, credit union share guaranty 412  
corporations, trust companies, trustees, fiduciaries, insurance 413  
companies, including domestic for life and domestic not for 414  
life, trustees or other officers having charge of sinking and 415  
bond retirement or other special funds of the state and 416  
political subdivisions and taxing districts of this state, the 417  
sinking fund, the administrator of workers' compensation subject 418  
to the approval of the workers' compensation board, the state 419  
teachers retirement system, the public employees retirement 420  
system, the school employees retirement system, the Ohio police 421  
and fire pension fund, and the state highway patrol retirement 422  
system notwithstanding any other provisions of the Revised Code 423  
or rules adopted pursuant to those provisions by any state 424  
agency with respect to investments by them. Obligations are also 425  
acceptable as security for the repayment of the deposit of 426  
public money. The exemptions from taxation in Ohio as provided 427  
for in the Constitution of the state of Ohio and section 5709.76 428  
of the Revised Code apply to the obligations. 429

**Sec. 158.10.** (A) Unless otherwise provided or provided for 430  
in any applicable bond proceedings, money to the credit of or in 431

a special fund shall be disbursed on the direction of the 432  
treasurer of state. No such order is required for the payment, 433  
from the bond service account or other special fund, when due, 434  
of bond service charges. Unless otherwise provided in the 435  
applicable bond proceedings, payments received with respect to 436  
interest rate hedges entered into as credit enhancement 437  
facilities under this chapter shall be deposited to the credit 438  
of the bond service account for the obligations to which those 439  
credit enhancement facilities relate. 440

(B) Each bond service account is a trust fund and is 441  
hereby pledged to the payment of bond service charges on the 442  
applicable obligations. Payment of bond service charges shall be 443  
made or provided for by the treasurer of state in accordance 444  
with the bond proceedings without necessity for any act of 445  
appropriation. The bond proceedings may provide for the 446  
establishment of separate subaccounts in the bond service 447  
account and for the application of those subaccounts only to 448  
bond service charges on specific obligations, and for other 449  
subaccounts in the bond service account within the general 450  
purposes of that account. 451

(C) (1) Unless otherwise provided in any applicable bond 452  
proceedings, money to the credit of special funds may be 453  
invested only in one or more of the following: 454

(a) Notes, bonds, or other direct obligations of the 455  
United States or of any agency or instrumentality of the United 456  
States, or in no-front-end-load money market mutual funds 457  
consisting exclusively of those obligations, or in repurchase 458  
agreements, including those issued by any fiduciary, secured by 459  
those obligations, or in collective investment funds consisting 460  
exclusively of those obligations; 461

(b) Obligations of this state or any political subdivision 462  
of this state; 463

(c) Certificates of deposit of any national bank located 464  
in this state and any bank, as defined in section 1101.01 of the 465  
Revised Code, subject to inspection by the superintendent of 466  
financial institutions; 467

(d) The treasurer of state's pooled investment program 468  
under section 135.45 of the Revised Code. 469

(2) The income from investments referred to in division 470  
(C) (1) of this section shall be credited to special funds or 471  
otherwise as the treasurer of state determines in the bond 472  
proceedings. Those investments may be sold or exchanged at times 473  
as the treasurer of state determines, provides for, or 474  
authorizes. 475

**Sec. 158.11.** The provisions of sections 9.98 to 9.983 of 476  
the Revised Code shall apply to all obligations issued under 477  
this chapter. 478