

**As Reported by the House State and Local Government Committee**

**132nd General Assembly**

**Regular Session**

**2017-2018**

**H. B. No. 54**

**Representatives Blessing, Gavarone**

**Cosponsors: Representatives Seitz, Bishoff, Arndt, Riedel, Hambley, Young,  
Thompson, Smith, R., Householder, Anielski**

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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  
qualifying public entities for their acquisition 6  
of permanent improvements through the Treasurer 7  
of State's purchase of public obligations of 8  
those qualifying entities. 9

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

**Section 1.** That sections 158.01, 158.02, 158.03, 158.04, 10  
158.05, 158.06, 158.07, 158.08, 158.09, 158.10, and 158.11 of 11  
the Revised Code be enacted to read as follows: 12

**Sec. 158.01.** As used in this chapter: 13

(A) "Acquisition," "credit enhancement facilities," 14  
"financing costs," "interest," "permanent improvement," and 15  
"public obligations" have the same meanings as in section 133.01 16  
of 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) "Interest rate hedge" has the same meaning as in 34  
section 9.98 of the Revised Code. 35

(E) "Obligations" means bonds, notes, or other evidences 36  
of obligation or indebtedness, including any appertaining 37  
interest amounts due, issued under section 158.03 of the Revised 38  
Code. 39

(F) "Qualifying entity" means a public issuer as that term 40  
is defined in section 133.01 of the Revised Code. 41

(G) "Revenues" means all fees, charges, grants, subsidies, 42  
income from the investment of moneys, and all other revenues or 43  
receipts received by or on behalf of the state bond bank 44  
available for the payment of bond service charges on the 45  
obligations. 46

(H) "Required debt service reserve" means, as of any date 47  
of computation, the amount or amounts required to be on deposit 48  
in the reserve account as provided by order of the treasurer of 49  
state. 50

(I) "Special funds" or "funds," unless the context 51  
indicates otherwise, means the state bond bank trust fund, the 52  
bond service account, the reserve account, the improvements 53  
account, and any other funds and accounts created under bond 54  
proceedings and stated to be special funds or accounts in those 55  
proceedings, including moneys and investments, and earnings from 56  
investments, credited and to be credited to a particular fund or 57  
account. 58

(J) "State bond bank" means the state bond bank 59  
established under section 158.02 of the Revised Code. 60

**Sec. 158.02.** (A) The state bond bank shall consist of the 61  
state bond bank trust fund, including all funds, accounts, and 62  
subaccounts therein, to be administered by the treasurer of 63  
state and used for the purposes described in division (C) of 64  
this section. 65

(B) There is hereby created the state bond bank trust 66  
fund, which shall be in the custody of the treasurer of state 67  
but shall be separate and apart from and not a part of the state 68  
treasury. All moneys received by the state and required by the 69  
applicable bond proceedings to be deposited, transferred, or 70  
credited to the fund, and all other moneys transferred or 71  
allocated to or received for the purposes of the fund, shall be 72  
deposited with the treasurer of state and credited to such fund, 73  
subject to applicable provisions of the bond proceedings, but 74  
without necessity for any act of appropriation. Any portion of 75  
the revenues that are, by the bond proceedings, directed to be 76

used to pay for administrative expenses of the treasurer of 77  
state in connection therewith shall be deposited into the 78  
treasurer of state's administrative fund created in section 79  
113.20 of the Revised Code. 80

(C) There is hereby created within the state bond bank 81  
trust fund, the improvements account. Net proceeds of 82  
obligations issued pursuant to section 158.03 of the Revised 83  
Code, unless otherwise provided in the bond proceedings, shall 84  
be deposited into the improvements account and disbursed for the 85  
purpose of making loans to qualifying entities for the 86  
acquisition of permanent improvements and the payment of 87  
financing costs. Such loans shall be made through the treasurer 88  
of state's purchase of public obligations of such qualifying 89  
entities without necessity for any act of appropriation. 90

(D) There is hereby created within the state bond bank 91  
trust fund, the reserve account in which shall be deposited all 92  
moneys appropriated by the state for the purpose of the account, 93  
all proceeds of obligations required to be deposited therein by 94  
terms of the bond proceedings or any order of the treasurer of 95  
state with respect to the proceeds of obligations, and any other 96  
moneys or funds that the treasurer of state determines to 97  
deposit therein. 98

(1) Moneys in the reserve account shall be held and 99  
applied solely to the payment of the interest on and principal 100  
of presently outstanding obligations payable from the state bond 101  
bank trust fund and any obligations issued to refund such 102  
obligations, all as they become due and payable and for the 103  
retirement of obligations. 104

(2) Moneys may not be withdrawn from the reserve account 105  
if such withdrawal reduces the amount in the reserve account to 106

an amount less than the required debt service reserve, except 107  
for: 108

(a) The payment of interest then due and payable on 109  
obligations and the principal of obligations then maturing and 110  
payable; and 111

(b) The retirement of obligations in accordance with the 112  
terms of the bond proceedings and for which payments of other 113  
moneys of the state bond bank trust fund are not then available. 114

(E) There is hereby created within the state bond bank 115  
trust fund, the bond service account. The bond service account 116  
is hereby pledged to the payment of bond service charges on the 117  
obligations issued pursuant to section 158.03 of the Revised 118  
Code to the extent provided in the applicable bond proceedings, 119  
and payment thereof from such account shall be made or provided 120  
for by the treasurer of state in accordance with such bond 121  
proceedings without necessity for any act of appropriation. 122

(F) To the extent permitted by law, the treasurer of 123  
state, with the advice and consent of the office of budget and 124  
management, may adopt reasonable rules and enter into agreements 125  
to secure payment of bond service charges on obligations, 126  
including but not limited to either of the following: 127

(1) The withholding of any amounts payable by the state 128  
and allocated to a qualified entity and the payment of those 129  
amounts as described in the bond proceedings; 130

(2) The directing of a department, agency, or 131  
instrumentality of the state, or a political subdivision 132  
thereof, that is a custodian of money payable to a qualified 133  
entity to withhold such money and pay it over as described in 134  
the bond proceedings. 135

<u>Sec. 158.03. (A) The treasurer of state is authorized to</u>	136
<u>issue and sell, in accordance with this chapter, revenue</u>	137
<u>obligations of the state for the purpose of paying costs of</u>	138
<u>acquisition of public obligations of qualifying entities and</u>	139
<u>financing costs in connection with the issuance of such revenue</u>	140
<u>obligations.</u>	141
<u>(B) Each issue of obligations shall be authorized by an</u>	142
<u>order of the treasurer of state. The bond proceedings shall</u>	143
<u>provide for or authorize the manner for determining all of the</u>	144
<u>following:</u>	145
<u>(1) The principal amount or maximum principal amount of</u>	146
<u>obligations of an issue;</u>	147
<u>(2) The principal maturity or maturities, not to exceed</u>	148
<u>thirty-five years;</u>	149
<u>(3) The interest rate or rates, or, in the case of</u>	150
<u>variable rate obligations, the method for determination of such</u>	151
<u>interest rate or rates and any maximum interest rate or rates;</u>	152
<u>(4) The date of and the dates of payment of interest on</u>	153
<u>the obligations;</u>	154
<u>(5) The denominations of the obligations;</u>	155
<u>(6) The method of sale of the obligations;</u>	156
<u>(7) The authority to retain the necessary professionals to</u>	157
<u>complete a revenue obligation sale or issuance;</u>	158
<u>(8) The place or places of payment of bond service</u>	159
<u>charges, which may be within or outside the state.</u>	160
<u>(C) Each issue of obligations shall be payable solely from</u>	161
<u>the revenues and special funds pledged to that purpose pursuant</u>	162

to the bond proceedings, and the holders of the obligations 163  
shall have no right to the levy or imposition of any tax or 164  
excise by the state or any political subdivision of the state 165  
for the payment of bond service charges on the obligations. A 166  
statement to that effect shall appear on the face of each 167  
obligation. The bond service charges and all other payments 168  
required to be made by the bond proceedings shall be payable 169  
solely from the revenues received by the state bond bank trust 170  
fund and pledged thereto as provided in such bond proceedings. 171  
The revenues pledged and thereafter received by the state bond 172  
bank trust fund shall immediately be subject to the lien of such 173  
pledge without any physical delivery thereof or further act. The 174  
lien of any such pledge is valid and binding against all parties 175  
having claims of any kind against the revenues pledged thereto, 176  
irrespective of whether those parties have notice thereof, and 177  
creates a perfected security interest for all purposes of 178  
Chapter 1309. of the Revised Code, all without the necessity for 179  
separation or delivery of funds or for the filing or recording 180  
of any bond proceedings, trust agreement, indenture, or other 181  
agreement by which such pledge is created or any certificate, 182  
statement, or other document with respect thereto. The pledge of 183  
such revenue is effective and the money therefrom and thereof 184  
may be applied to the purposes for which pledged. Every pledge, 185  
and every covenant and agreement made with respect to the 186  
pledge, made in the bond proceedings may therein be extended to 187  
the benefit of the owners and holders of obligations and to any 188  
trustee therefor, for the further securing of the payment of the 189  
bond service charges and any financing costs related to credit 190  
enhancement facilities. All or any rights under any agreement 191  
made under this section may be assigned for such purpose. 192  
  
(D) Financing costs are payable, as may be provided in the 193

bond proceedings, from the proceeds of the obligations, from 194  
special funds, or from other moneys available for the purpose. 195

(E) The treasurer of state shall create groups for the 196  
pooled issuances authorized by this chapter, such that the 197  
public obligations of qualifying entities that are purchased 198  
with the proceeds of a particular revenue obligation issuance of 199  
the state bond bank are of a similar quality. Determinations of 200  
the quality of a public obligation shall be made by the 201  
treasurer of state. Notwithstanding the treasurer of state's 202  
determination, an obligation of a qualified entity may be 203  
included in a group of a different quality with the consent of 204  
all of the qualifying entities participating in that group. 205

(F) Upon the sale and delivery by a qualified entity of a 206  
public obligation to the state bond bank, the qualified entity 207  
shall be considered to have agreed that, upon its failure to pay 208  
interest or principal, when payable, on the public obligation 209  
owned or held by or arising from an agreement with the state 210  
bond bank, all defenses to nonpayment are waived. 211

**Sec. 158.04. The bond proceedings may contain additional** 212  
**provisions customary or appropriate to the financing or to the** 213  
**obligations or to particular obligations, including but not** 214  
**limited to provisions for any of the following:** 215

(A) The redemption of obligations prior to maturity upon 216  
the occurrence of certain conditions, and at particular price or 217  
prices and under particular terms and conditions; 218

(B) The form of and other terms of the obligations; 219

(C) The establishment, deposit, investment, and 220  
application of special funds, and the safeguarding of moneys on 221  
hand or on deposit. Any financial institution that acts as a 222



depository of any moneys in special funds or other funds under 223  
the bond proceedings may furnish indemnifying bonds or pledge 224  
securities as required by the treasurer of state. 225

(D) Any or every provision of the bond proceedings being 226  
binding upon the treasurer of state and upon such qualifying 227  
entity, officer, board, commission, authority, agency, 228  
department, institution, district, or other person or body as 229  
may from time to time be authorized to take actions as may be 230  
necessary to perform all or any part of the duty required by the 231  
provision; 232

(E) The maintenance of each pledge or instrument 233  
comprising part of the bond proceedings until the obligations 234  
have been fully paid or payment provided for or other stated 235  
conditions; 236

(F) In the event of default in any payments required to be 237  
made by the bond proceedings, or by any other agreement of the 238  
treasurer of state made as part of a contract under which the 239  
obligations were issued or secured, including a credit 240  
enhancement facility, the enforcement of those payments by 241  
mandamus, a suit in equity, an action at law, or any combination 242  
of those remedial actions; 243

(G) The rights and remedies of the holders or owners of 244  
obligations or of book-entry interests in them, and of third 245  
parties under any credit enhancement facility, and provisions 246  
for protecting and enforcing those rights and remedies, 247  
including limitations on the rights of individual holders or 248  
owners; 249

(H) The replacement of mutilated, destroyed, lost, or 250  
stolen obligations; 251

<u>(I) The funding, refunding, or advance refunding, or other</u>	252
<u>provision for payment, of obligations that will then no longer</u>	253
<u>be outstanding for purposes of this chapter or of the applicable</u>	254
<u>bond proceedings;</u>	255
<u>(J) Amendment of the bond proceedings;</u>	256
<u>(K) The form of any trust agreement, indenture, escrow</u>	257
<u>agreement, paying agency agreement, registrar agreement to</u>	258
<u>provide for the security, payment, terms, and conditions of</u>	259
<u>obligations, and the proper administration of the pledges and</u>	260
<u>security interests granted for the benefit of holders of the</u>	261
<u>bonds;</u>	262
<u>(L) The form of any credit enhancement facility;</u>	263
<u>(M) Any other or additional agreements with the owners of</u>	264
<u>obligations, and such other provisions as the treasurer of state</u>	265
<u>determines, including limitations, conditions, or</u>	266
<u>qualifications, relating to any of the foregoing.</u>	267
<b>Sec. 158.05.</b> <u>(A) The obligations requiring execution by or</u>	268
<u>for the treasurer of state shall be signed as provided in the</u>	269
<u>bond proceedings. Any obligations may be signed by the</u>	270
<u>individual who on the date of execution is the authorized signer</u>	271
<u>although on the date of these obligations that individual is not</u>	272
<u>an authorized signer. In case the individual whose signature or</u>	273
<u>facsimile signature appears on any obligation ceases to be an</u>	274
<u>authorized signer before delivery of the obligation, that</u>	275
<u>signature or facsimile is nevertheless valid and sufficient for</u>	276
<u>all purposes as if that individual had remained the authorized</u>	277
<u>signer until delivery.</u>	278
<u>(B) Obligations may be sold at public sale or at private</u>	279
<u>sale, in such manner, and at such price at, above, or below par,</u>	280

all as determined by and provided by the treasurer of state in 281  
the bond proceedings. 282

Sec. 158.06. Obligations are investment securities under 283  
Chapter 1308. of the Revised Code. Obligations may be issued in 284  
bearer or in registered form, registrable as to principal alone 285  
or as to both principal and interest, or both, or in 286  
certificated or uncertificated form, as the treasurer of state 287  
determines. Provision may be made for the exchange, conversion, 288  
or transfer of obligations and for reasonable charges for 289  
registration, exchange, conversion, and transfer. Pending 290  
preparation of final obligations, the treasurer of state may 291  
provide for the issuance of interim instruments to be exchanged 292  
for the final obligations. 293

Sec. 158.07. Except to the extent that rights are 294  
restricted by the bond proceedings, any owner of obligations or 295  
provider of a credit enhancement facility may, by any suitable 296  
form of legal proceedings, protect and enforce any rights 297  
relating to obligations or that facility under the laws of this 298  
state or granted by the bond proceedings. Each duty of the 299  
treasurer of state undertaken pursuant to the bond proceedings 300  
is hereby established as a duty of the entity or individual 301  
having authority to perform that duty, specifically enjoined by 302  
law and resulting from an office, trust, or station within the 303  
meaning of section 2731.01 of the Revised Code. The individuals 304  
who are from time to time the treasurer of state, or the staff 305  
or employees of the treasurer of state, are not liable in their 306  
personal capacities on any obligations or otherwise under the 307  
bond proceedings. 308

Sec. 158.08. The treasurer of state may, in addition to 309  
the authority referred to in division (B) of section 158.03 of 310

the Revised Code, authorize and provide for the issuance of any 311  
of the following: 312

(A) To further the efficient financing of costs of local 313  
permanent improvements, obligations in the form of bond 314  
anticipation notes. The treasurer of state may provide for the 315  
renewal of those notes from time to time by the issuance of new 316  
notes. The holders of notes have the right to have bond service 317  
charges on those obligations paid solely from the moneys and 318  
special funds that are or may be pledged to that payment, 319  
including the proceeds of obligations or renewal notes or both, 320  
as the treasurer of state provides in the bond proceedings 321  
authorizing the notes. Notes may be additionally secured by 322  
covenants of the treasurer of state to the effect that the 323  
treasurer of state will do all things necessary for the issuance 324  
of obligations or renewal notes in such principal amount and 325  
upon such terms as may be necessary to provide moneys to pay 326  
when due the debt service on the notes, and apply their proceeds 327  
to the extent necessary, to make full and timely payment of bond 328  
service charges on the notes as provided in the applicable bond 329  
proceedings. In the bond proceedings authorizing the issuance of 330  
bond anticipation notes, the treasurer of state shall set forth 331  
for the obligations anticipated an estimated schedule of annual 332  
principal payments the latest of which shall be not later than 333  
provided in division (B) of section 158.03 of the Revised Code. 334  
All provisions and conditions relating to the issuance of 335  
obligations under this chapter, except where expressly provided 336  
otherwise, apply to the issuance of note and renewal notes. 337

(B) Obligations for the refunding, including funding and 338  
retirement, and advance refunding with or without payment or 339  
redemption prior to maturity, of any obligations previously 340  
issued. Refunding obligations may be issued in amounts 341

sufficient to pay or to provide for repayment of the principal 342  
amount, including principal amounts maturing prior to the 343  
redemption of the remaining prior obligations, any redemption 344  
premium, financing costs and interest accrued or to accrue to 345  
the maturity or redemption date or dates, payable on the prior 346  
obligations, and related financing costs and any expenses 347  
incurred or to be incurred in connection with that issuance and 348  
refunding. Subject to the applicable bond proceedings, the 349  
portion of the proceeds of the sale of refunding obligations 350  
issued under this section to be applied to bond service charges 351  
on the prior obligations shall be credited to an appropriate 352  
separate subaccount in the bond service account and held in 353  
trust for the purpose by the treasurer of state or by a 354  
corporate trustee. Obligations authorized under this division 355  
shall be considered to be issued for those purposes for which 356  
the prior obligations were issued. 357

Sec. 158.09. Obligations are lawful investments for banks, 358  
savings and loan associations, credit union share guaranty 359  
corporations, trust companies, trustees, fiduciaries, insurance 360  
companies, including domestic for life and domestic not for 361  
life, trustees or other officers having charge of sinking and 362  
bond retirement or other special funds of the state and 363  
political subdivisions and taxing districts of this state, the 364  
sinking fund, the administrator of workers' compensation subject 365  
to the approval of the workers' compensation board, the state 366  
teachers retirement system, the public employees retirement 367  
system, the school employees retirement system, and the Ohio 368  
police and fire pension fund, notwithstanding any other 369  
provisions of the Revised Code or rules adopted pursuant to 370  
those provisions by any state agency with respect to investments 371  
by them. Obligations are also acceptable as security for the 372

repayment of the deposit of public moneys. The exemptions from 373  
taxation in Ohio as provided for in the Constitution of the 374  
state of Ohio and section 5709.76 of the Revised Code apply to 375  
the obligations. 376

**Sec. 158.10.** (A) Unless otherwise provided or provided for 377  
in any applicable bond proceedings, moneys to the credit of or 378  
in a special fund shall be disbursed on the direction of the 379  
treasurer of state. No such order is required for the payment, 380  
from the bond service account or other special fund, when due, 381  
of bond service charges. Unless otherwise provided in the 382  
applicable bond proceedings, payments received with respect to 383  
interest rate hedges entered into as credit enhancement 384  
facilities under this chapter shall be deposited to the credit 385  
of the bond service account for the obligations to which those 386  
credit enhancement facilities relate. 387

(B) Each bond service account is a trust fund and is 388  
hereby pledged to the payment of bond service charges on the 389  
applicable obligations. Payment of bond service charges shall be 390  
made or provided for by the treasurer of state in accordance 391  
with the bond proceedings without necessity for any act of 392  
appropriation. The bond proceedings may provide for the 393  
establishment of separate subaccounts in the bond service 394  
account and for the application of those subaccounts only to 395  
bond service charges on specific obligations, and for other 396  
subaccounts in the bond service account within the general 397  
purposes of that account. 398

(C) (1) Unless otherwise provided in any applicable bond 399  
proceedings, moneys to the credit of special funds may be 400  
invested only in one or more of the following: 401

(a) Notes, bonds, or other direct obligations of the 402

<u>United States or of any agency or instrumentality of the United</u>	403
<u>States, or in no-front-end-load money market mutual funds</u>	404
<u>consisting exclusively of those obligations, or in repurchase</u>	405
<u>agreements, including those issued by any fiduciary, secured by</u>	406
<u>those obligations, or in collective investment funds consisting</u>	407
<u>exclusively of those obligations;</u>	408
<u>(b) Obligations of this state or any political subdivision</u>	409
<u>of this state;</u>	410
<u>(c) Certificates of deposit of any national bank located</u>	411
<u>in this state and any bank, as defined in section 1101.01 of the</u>	412
<u>Revised Code, subject to inspection by the superintendent of</u>	413
<u>financial institutions;</u>	414
<u>(d) The treasurer of state's pooled investment program</u>	415
<u>under section 135.45 of the Revised Code.</u>	416
<u>(2) The income from investments referred to in division</u>	417
<u>(C) (1) of this section shall be credited to special funds or</u>	418
<u>otherwise as the treasurer of state determines in the bond</u>	419
<u>proceedings. Those investments may be sold or exchanged at times</u>	420
<u>as the treasurer of state determines, provides for, or</u>	421
<u>authorizes.</u>	422
<u><b>Sec. 158.11.</b> The provisions of sections 9.98 to 9.983 of</u>	423
<u>the Revised Code shall apply to all obligations issued under</u>	424
<u>this chapter.</u>	425