

As Passed by the House

132nd General Assembly

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H. B. No. 54

Representatives Blessing, Gavarone

Cosponsors: Representatives Seitz, Bishoff, Arndt, Riedel, Hambley, Young, Thompson, Smith, R., Householder, Anielski, Antonio, Ashford, Barnes, Bocchieri, Conditt, Cupp, Dever, Edwards, Ginter, Green, Greenspan, Hagan, Holmes, Kick, Manning, Patmon, Patton, Rezabek, Rogers, Scherer, Schuring, Sheehy, Sweeney, West

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

<u>retirement of obligations.</u>	104
<u>(2) Moneys may not be withdrawn from the reserve account</u>	105
<u>if such withdrawal reduces the amount in the reserve account to</u>	106
<u>an amount less than the required debt service reserve, except</u>	107
<u>for:</u>	108
<u>(a) The payment of interest then due and payable on</u>	109
<u>obligations and the principal of obligations then maturing and</u>	110
<u>payable; and</u>	111
<u>(b) The retirement of obligations in accordance with the</u>	112
<u>terms of the bond proceedings and for which payments of other</u>	113
<u>moneys of the state bond bank trust fund are not then available.</u>	114
<u>(E) There is hereby created within the state bond bank</u>	115
<u>trust fund, the bond service account. The bond service account</u>	116
<u>is hereby pledged to the payment of bond service charges on the</u>	117
<u>obligations issued pursuant to section 158.03 of the Revised</u>	118
<u>Code to the extent provided in the applicable bond proceedings,</u>	119
<u>and payment thereof from such account shall be made or provided</u>	120
<u>for by the treasurer of state in accordance with such bond</u>	121
<u>proceedings without necessity for any act of appropriation.</u>	122
<u>(F) To the extent permitted by law, the treasurer of</u>	123
<u>state, with the advice and consent of the office of budget and</u>	124
<u>management, may adopt reasonable rules and enter into agreements</u>	125
<u>to secure payment of bond service charges on obligations,</u>	126
<u>including but not limited to either of the following:</u>	127
<u>(1) The withholding of any amounts payable by the state</u>	128
<u>and allocated to a qualified entity and the payment of those</u>	129
<u>amounts as described in the bond proceedings;</u>	130
<u>(2) The directing of a department, agency, or</u>	131
<u>instrumentality of the state, or a political subdivision</u>	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

Sec. 158.03. (A) The treasurer of state is authorized to 136
issue and sell, in accordance with this chapter, revenue 137
obligations of the state for the purpose of paying costs of 138
acquisition of public obligations of qualifying entities and 139
financing costs in connection with the issuance of such revenue 140
obligations. 141

(B) Each issue of obligations shall be authorized by an 142
order of the treasurer of state. The bond proceedings shall 143
provide for or authorize the manner for determining all of the 144
following: 145

(1) The principal amount or maximum principal amount of 146
obligations of an issue; 147

(2) The principal maturity or maturities, not to exceed 148
thirty-five years; 149

(3) The interest rate or rates, or, in the case of 150
variable rate obligations, the method for determination of such 151
interest rate or rates and any maximum interest rate or rates; 152

(4) The date of and the dates of payment of interest on 153
the obligations; 154

(5) The denominations of the obligations; 155

(6) The method of sale of the obligations; 156

(7) The authority to retain the necessary professionals to 157
complete a revenue obligation sale or issuance; 158

(8) The place or places of payment of bond service 159

charges, which may be within or outside the state. 160

(C) Each issue of obligations shall be payable solely from 161
the revenues and special funds pledged to that purpose pursuant 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

<u>(H) The replacement of mutilated, destroyed, lost, or</u>	250
<u>stolen obligations;</u>	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
Sec. 158.05. <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

(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. 279
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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 or as to both principal and interest, or both, or in certificated or uncertificated form, as the treasurer of state determines. Provision may be made for the exchange, conversion, or transfer of obligations and for reasonable charges for registration, exchange, conversion, and transfer. Pending preparation of final obligations, the treasurer of state may provide for the issuance of interim instruments to be exchanged for the final obligations. 283
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Sec. 158.07. Except to the extent that rights are restricted by the bond proceedings, any owner of obligations or provider of a credit enhancement facility may, by any suitable form of legal proceedings, protect and enforce any rights relating to obligations or that facility under the laws of this state or granted by the bond proceedings. Each duty of the treasurer of state undertaken pursuant to the bond proceedings is hereby established as a duty of the entity or individual having authority to perform that duty, specifically enjoined by law and resulting from an office, trust, or station within the meaning of section 2731.01 of the Revised Code. The individuals who are from time to time the treasurer of state, or the staff or employees of the treasurer of state, are not liable in their personal capacities on any obligations or otherwise under the bond proceedings. 294
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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
United States or of any agency or instrumentality of the United 403
States, or in no-front-end-load money market mutual funds 404
consisting exclusively of those obligations, or in repurchase 405
agreements, including those issued by any fiduciary, secured by 406
those obligations, or in collective investment funds consisting 407
exclusively of those obligations; 408

(b) Obligations of this state or any political subdivision 409
of this state; 410

(c) Certificates of deposit of any national bank located 411
in this state and any bank, as defined in section 1101.01 of the 412
Revised Code, subject to inspection by the superintendent of 413
financial institutions; 414

(d) The treasurer of state's pooled investment program 415
under section 135.45 of the Revised Code. 416

(2) The income from investments referred to in division 417
(C)(1) of this section shall be credited to special funds or 418
otherwise as the treasurer of state determines in the bond 419
proceedings. Those investments may be sold or exchanged at times 420
as the treasurer of state determines, provides for, or 421
authorizes. 422

Sec. 158.11. The provisions of sections 9.98 to 9.983 of 423
the Revised Code shall apply to all obligations issued under 424
this chapter. 425