

**As Introduced**

**136th General Assembly**

**Regular Session**

**2025-2026**

**H. B. No. 694**

**Representative Young**

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To amend sections 154.07, 3345.12, 3345.74, and 1  
3345.75; to enact sections 3345.123 and 2  
3345.741; and to repeal sections 154.25 and 3  
3333.59 of the Revised Code regarding liens on 4  
state institutions of higher education 5  
facilities and conservatorships for state 6  
universities and colleges. 7

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

**Section 1.** That sections 154.07, 3345.12, 3345.74, and 8  
3345.75 be amended and sections 3345.123 and 3345.741 of the 9  
Revised Code be enacted to read as follows: 10

**Sec. 154.07.** For the respective purposes provided in 11  
sections 154.20, 154.21, 154.22, 154.23, and 154.24, ~~and 154.25~~ 12  
of the Revised Code, the issuing authority may issue obligations 13  
of the state of Ohio as provided in Chapter 154. of the Revised 14  
Code, provided that the holders or owners of obligations shall 15  
have no right to have excises or taxes levied by the general 16  
assembly for the payment of the bond service charges. The right 17  
of holders and owners to payment of bond service charges shall 18  
be limited to the revenues or receipts and funds pledged thereto 19  
in accordance with Chapter 154. of the Revised Code, and each 20  
obligation shall bear on its face a statement to that effect. 21

Chapter 154. of the Revised Code does not permit, and no 22  
provision of that chapter shall be applied to authorize or 23  
grant, a pledge of charges for the treatment or care of mental 24  
hygiene and retardation patients to bond service charges on 25  
obligations other than those issued for capital facilities for 26  
mental hygiene and retardation, or a pledge of any receipts of 27  
or on behalf of state supported or state assisted institutions 28  
of higher education to bond service charges on obligations other 29  
than those issued for capital facilities for state supported or 30  
state assisted institutions of higher education, or a pledge of 31  
receipts with respect to parks and recreation to bond service 32  
charges on obligations other than those issued for capital 33  
facilities for parks and recreation, or a pledge of revenues or 34  
receipts received by or on behalf of any state agency to bond 35  
service charges on obligations other than those issued for 36  
capital facilities which are in whole or in part useful to, 37  
constructed by, or financed by the state agency that receives 38  
the revenues or receipts so pledged. 39

**Sec. 3345.12.** (A) As used in this section and sections 40  
3345.07 and 3345.11 of the Revised Code, in other sections of 41  
the Revised Code that make reference to this section unless the 42  
context does not permit, and in related bond proceedings unless 43  
otherwise expressly provided: 44

(1) "State university or college" means each of the state 45  
universities identified in section 3345.011 of the Revised Code 46  
and the northeast Ohio medical university, and includes its 47  
board of trustees. 48

(2) "Institution of higher education" or "institution" 49  
means a state university or college, or a community college 50  
district, technical college district, university branch 51

district, or state community college, and includes the 52  
applicable board of trustees or, in the case of a university 53  
branch district, any other managing authority. 54

(3) "Housing and dining facilities" means buildings, 55  
structures, and other improvements, and equipment, real estate, 56  
and interests in real estate therefor, to be used for or in 57  
connection with dormitories or other living quarters and 58  
accommodations, or related dining halls or other food service 59  
and preparation facilities, for students, members of the 60  
faculty, officers, or employees of the institution of higher 61  
education, and their spouses and families. 62

(4) "Auxiliary facilities" means buildings, structures, 63  
and other improvements, and equipment, real estate, and 64  
interests in real estate therefor, to be used for or in 65  
connection with student activity or student service facilities, 66  
housing and dining facilities, dining halls, and other food 67  
service and preparation facilities, vehicular parking 68  
facilities, bookstores, athletic and recreational facilities, 69  
faculty centers, auditoriums, assembly and exhibition halls, 70  
hospitals, infirmaries and other medical and health facilities, 71  
research, and continuing education facilities. 72

(5) "Education facilities" means buildings, structures, 73  
and other improvements, and equipment, real estate, and 74  
interests in real estate therefor, to be used for or in 75  
connection with, classrooms or other instructional facilities, 76  
libraries, administrative and office facilities, and other 77  
facilities, other than auxiliary facilities, to be used directly 78  
or indirectly for or in connection with the conduct of the 79  
institution of higher education. 80

(6) "Facilities" means housing and dining facilities, 81

auxiliary facilities, or education facilities, and includes any 82  
one, part of, or any combination of such facilities, and further 83  
includes site improvements, utilities, machinery, furnishings, 84  
and any separate or connected buildings, structures, 85  
improvements, sites, open space and green space areas, utilities 86  
or equipment to be used in, or in connection with the operation 87  
or maintenance of, or supplementing or otherwise related to the 88  
services or facilities to be provided by, such facilities. 89

(7) "Obligations" means bonds or notes or other evidences 90  
of obligation, including interest coupons pertaining thereto, 91  
authorized to be issued under this section or section 3345.07, 92  
3345.11, 3354.121, 3355.091, 3357.112, or 3358.10 of the Revised 93  
Code. 94

(8) "Bond service charges" means principal, including any 95  
mandatory sinking fund or redemption requirements for the 96  
retirement of obligations or assurances, interest, or interest 97  
equivalent and other accreted amounts, and any call premium 98  
required to be paid on obligations or assurances. 99

(9) "Bond proceedings" means the resolutions, trust 100  
agreement, indenture, and other agreements and any credit 101  
enhancement facilities established prior to the effective date 102  
of this amendment, and amendments and supplements to the 103  
foregoing, or any one or more or combination thereof, 104  
authorizing, awarding, or providing for the terms and conditions 105  
applicable to, or providing for the security or liquidity of, 106  
obligations or assurances, and the provisions contained in those 107  
obligations or assurances. 108

(10) "Costs of facilities" means the costs of acquiring, 109  
constructing, reconstructing, rehabilitating, remodeling, 110  
renovating, enlarging, improving, equipping, or furnishing 111

facilities, and the financing thereof, including the cost of 112  
clearance and preparation of the site and of any land to be used 113  
in connection with facilities, the cost of any indemnity and 114  
surety bonds and premiums on insurance, all related direct 115  
administrative expenses and allocable portions of direct costs 116  
of the institution of higher education or state agency, cost of 117  
engineering, architectural services, design, plans, 118  
specifications and surveys, estimates of cost, legal fees, fees 119  
and expenses of trustees, depositories, bond registrars, and 120  
paying agents for the obligations, cost of issuance of the 121  
obligations and financing costs and fees and expenses of 122  
financial advisers and consultants in connection therewith, 123  
interest on the obligations from the date thereof to the time 124  
when interest is to be covered by available receipts or other 125  
sources other than proceeds of the obligations, amounts 126  
necessary to establish reserves as required by the bond 127  
proceedings, costs of audits, the reimbursements of all moneys 128  
advanced or applied by or borrowed from the institution or 129  
others, from whatever source provided, including any temporary 130  
advances from state appropriations, for the payment of any item 131  
or items of cost of facilities, and all other expenses necessary 132  
or incident to planning or determining feasibility or 133  
practicability with respect to facilities, and such other 134  
expenses as may be necessary or incident to the acquisition, 135  
construction, reconstruction, rehabilitation, remodeling, 136  
renovation, enlargement, improvement, equipment, and furnishing 137  
of facilities, the financing thereof and the placing of them in 138  
use and operation, including any one, part of, or combination of 139  
such classes of costs and expenses. 140

(11) "Available receipts" means all moneys received by the 141  
institution of higher education, including income, revenues, and 142

receipts from the operation, ownership, or control of facilities 143  
or entrepreneurial projects, grants, gifts, donations, and 144  
pledges and receipts therefrom, receipts from fees and charges, 145  
and the proceeds of the sale of obligations or assurances, 146  
including proceeds of obligations or assurances issued to refund 147  
obligations or assurances previously issued, but excluding any 148  
special fee, and receipts therefrom, charged pursuant to 149  
division (D) of section 154.21 of the Revised Code. 150

(12) "Credit enhancement facilities" has the meaning given 151  
in division (H) of section 133.01 of the Revised Code. 152

(13) "Financing costs" has the meaning given in division 153  
(K) of section 133.01 of the Revised Code. 154

(14) "Interest" or "interest equivalent" has the meaning 155  
given in division (R) of section 133.01 of the Revised Code. 156

(15) "Assurances" means bonds, notes, or other evidence of 157  
indebtedness, including interest coupons pertaining thereto, 158  
authorized to be issued under section 3345.36 of the Revised 159  
Code. 160

(16) "Entrepreneurial project" has the same meaning as in 161  
section 3345.36 of the Revised Code. 162

(17) "Costs of entrepreneurial projects" means any costs 163  
related to the establishment or development of entrepreneurial 164  
projects pursuant to a resolution adopted under section 3345.36 165  
of the Revised Code. 166

(B) Obligations issued under section 3345.07 or 3345.11 of 167  
the Revised Code by a state university or college shall be 168  
authorized by resolution of its board of trustees. Obligations 169  
issued by any other institution of higher education shall be 170  
authorized by resolution of its board of trustees, or managing 171

directors in the case of certain university branch districts, as 172  
applicable. Sections 9.96 and 9.98 to 9.983 of the Revised Code 173  
apply to obligations and assurances. Obligations and assurances 174  
may be issued to pay costs of facilities or entrepreneurial 175  
projects even if the institution anticipates the possibility of 176  
a future state appropriation to pay all or a portion of such 177  
costs. 178

(C) Obligations and assurances shall be secured by a 179  
pledge of and lien on all or such part of the available receipts 180  
of the institution of higher education as it provides for in the 181  
bond proceedings, excluding moneys raised by taxation and state 182  
appropriations ~~except as permitted by section 3333.59 of the~~ 183  
~~Revised Code.~~ Such pledge and lien may be made prior to all 184  
other expenses, claims, or payments, ~~excepting any pledge except~~ 185  
in the case of any of the following: 186

(1) A lien filed in accordance with section 3345.123 of 187  
the Revised Code; 188

(2) Any pledge of such available receipts previously made 189  
to the contrary and except as; 190

(3) As provided by any existing restrictions on the use 191  
thereof, or such. 192

A pledge and lien may also be made subordinate to such 193  
other expenses, claims, or payments, as provided in the bond 194  
proceedings. Obligations or assurances may be additionally 195  
secured by covenants of the institution to make, fix, adjust, 196  
collect, and apply such charges, rates, fees, rentals, and other 197  
items of available receipts as will produce pledged available 198  
receipts sufficient to meet bond service charges, reserve, and 199  
other requirements provided for in the bond proceedings. 200

Notwithstanding this and any other sections of the Revised Code, 201  
the holders or owners of the obligations or assurances shall not 202  
be given the right and shall have no right to have excises or 203  
taxes levied by the general assembly for the payment of bond 204  
service charges thereon, and each such obligation or assurance 205  
shall bear on its face a statement to that effect and to the 206  
effect that the right to such payment is limited to the 207  
available receipts and special funds pledged to such purpose 208  
under the bond proceedings. 209

All pledged available receipts and funds and the proceeds 210  
of obligations or assurances are trust funds and, subject to the 211  
provisions of this section and the applicable bond proceedings, 212  
shall be held, deposited, invested, reinvested, disbursed, 213  
applied, and used to such extent, in such manner, at such times, 214  
and for such purposes, as are provided in the bond proceedings. 215

(D) The bond proceedings for obligations or assurances 216  
shall provide for the purpose thereof and the principal amount 217  
or maximum principal amount, and provide for or authorize the 218  
manner of determining the principal maturity or maturities, the 219  
sale price including any permitted discount, the interest rate 220  
or rates, which may be a variable rate or rates, or the maximum 221  
interest rate, the date of the obligations or assurances and the 222  
date or dates of payment of interest thereon, their 223  
denominations, the manner of sale thereof, and the establishment 224  
within or without the state of a place or places of payment of 225  
bond service charges. The bond proceedings also shall provide 226  
for a pledge of and lien on available receipts of the 227  
institution of higher education as provided in division (C) of 228  
this section, and a pledge of and lien on such fund or funds 229  
provided in the bond proceedings arising from available 230  
receipts, which pledges and liens may provide for parity with 231



obligations or assurances theretofore or thereafter issued by 232  
the institution. The available receipts so pledged and 233  
thereafter received by the institution and the funds so pledged 234  
are immediately subject to the lien of such pledge without any 235  
physical delivery thereof or further act, and the lien of any 236  
such pledge is valid and binding against all parties having 237  
claims of any kind against the institution, irrespective of 238  
whether such parties have notice thereof, and shall create a 239  
perfected security interest for all purposes of Chapter 1309. of 240  
the Revised Code, without the necessity for separation or 241  
delivery of funds or for the filing or recording of the bond 242  
proceedings by which such pledge is created or any certificate, 243  
statement, or other document with respect thereto; and the 244  
pledge of such available receipts and funds shall be effective 245  
and the money therefrom and thereof may be applied to the 246  
purposes for which pledged without necessity for any act of 247  
appropriation. 248

(E) The bond proceedings may contain additional provisions 249  
customary or appropriate to the financing or to the obligations 250  
or assurances or to particular obligations and assurances, 251  
including: 252

(1) The acquisition, construction, reconstruction, 253  
equipment, furnishing, improvement, operation, alteration, 254  
enlargement, maintenance, insurance, and repair of facilities or 255  
entrepreneurial projects, and the duties of the institution of 256  
higher education with reference thereto; 257

(2) The terms of the obligations or assurances, including 258  
provisions for their redemption prior to maturity at the option 259  
of the institution of higher education at such price or prices 260  
and under such terms and conditions as are provided in the bond 261

proceedings;	262
(3) Limitations on the purposes to which the proceeds of	263
the obligations or assurances may be applied;	264
(4) The rates or rentals or other charges for the use of	265
or right to use the facilities or entrepreneurial projects	266
financed by the obligations or assurances, or other properties	267
the revenues or receipts from which are pledged to the	268
obligations or assurances, and rules for assuring any applicable	269
use and occupancy thereof, including limitations upon the right	270
to modify such rates, rentals, other charges, or regulations;	271
(5) The use and expenditure of the pledged available	272
receipts in such manner and to such extent as shall be	273
determined, which may include provision for the payment of the	274
expenses of operation, maintenance, and repair of facilities or	275
entrepreneurial projects so that such expenses, or part thereof,	276
shall be paid or provided as a charge prior or subsequent to the	277
payment of bond service charges and any other payments required	278
to be made by the bond proceedings;	279
(6) Limitations on the issuance of additional obligations	280
or assurances;	281
(7) The terms of any trust agreement or indenture securing	282
the obligations or assurances or under which the same may be	283
issued;	284
(8) The deposit, investment, and application of funds, and	285
the safeguarding of funds on hand or on deposit without regard	286
to Chapter 131. or 135. of the Revised Code, and any bank or	287
trust company or other financial institution that acts as	288
depository of any moneys under the bond proceedings shall	289
furnish such indemnifying bonds or pledge such securities as	290

required by the bond proceedings or otherwise by the institution 291  
of higher education; 292

(9) The binding effect of any or every provision of the 293  
bond proceedings upon such officer, board, commission, 294  
authority, agency, department, or other person or body as may 295  
from time to time have the authority under law to take such 296  
actions as may be necessary to perform all or any part of the 297  
duty required by such provision; 298

(10) Any provision that may be made in a trust agreement 299  
or indenture; 300

(11) Any other or additional agreements with respect to 301  
the facilities of the institution of higher education or its 302  
entrepreneurial projects, their operation, the available 303  
receipts and funds pledged, and insurance of facilities or 304  
entrepreneurial projects and of the institution, its officers 305  
and employees. 306

(F) Such obligations or assurances may have the seal of 307  
the institution of higher education or a facsimile thereof 308  
affixed thereto or printed thereon and shall be executed by such 309  
officers as are designated in the bond proceedings, which 310  
execution may be by facsimile signatures. Any obligations or 311  
assurances may be executed by an officer who, on the date of 312  
execution, is the proper officer although on the date of such 313  
obligations or assurances such person was not the proper 314  
officer. In case any officer whose signature or a facsimile of 315  
whose signature appears on any such obligation or assurance 316  
ceases to be such officer before delivery thereof, such 317  
signature or facsimile is nevertheless valid and sufficient for 318  
all purposes as if the person had remained such officer until 319  
such delivery; and in case the seal of the institution has been 320

changed after a facsimile of the seal has been imprinted on such 321  
obligations or assurances, such facsimile seal continues to be 322  
sufficient as to such obligations or assurances and obligations 323  
or assurances issued in substitution or exchange therefor. 324

(G) All such obligations or assurances are negotiable 325  
instruments and securities under Chapter 1308. of the Revised 326  
Code, subject to the provisions of the bond proceedings as to 327  
registration. The obligations or assurances may be issued in 328  
coupon or in registered form, or both. Provision may be made for 329  
the registration of any obligations or assurances with coupons 330  
attached thereto as to principal alone or as to both principal 331  
and interest, their exchange for obligations or assurances so 332  
registered, and for the conversion or reconversion into 333  
obligations or assurances with coupons attached thereto of any 334  
obligations or assurances registered as to both principal and 335  
interest, and for reasonable charges for such registration, 336  
exchange, conversion, and reconversion. 337

(H) Pending preparation of definitive obligations or 338  
assurances, the institution of higher education may issue 339  
interim receipts or certificates which shall be exchanged for 340  
such definitive obligations or assurances. 341

(I) Such obligations or assurances may be secured 342  
additionally by a trust agreement or indenture between the 343  
institution of higher education and a corporate trustee, which 344  
may be any trust company or bank having the powers of a trust 345  
company within or without this state but authorized to exercise 346  
trust powers within this state. Any such agreement or indenture 347  
may contain the resolution authorizing the issuance of the 348  
obligations or assurances, any provisions that may be contained 349  
in the bond proceedings as authorized by this section, and other 350

provisions which are customary or appropriate in an agreement or 351  
indenture of such type, including: 352

(1) Maintenance of each pledge, trust agreement, and 353  
indenture, or other instrument comprising part of the bond 354  
proceedings until the institution of higher education has fully 355  
paid the bond service charges on the obligations or assurances 356  
secured thereby, or provision therefor has been made; 357

(2) In the event of default in any payments required to be 358  
made by the bond proceedings, or any other agreement of the 359  
institution of higher education made as a part of the contract 360  
under which the obligations or assurances were issued, 361  
enforcement of such payments or agreement by mandamus, the 362  
appointment of a receiver, suit in equity, action at law, or any 363  
combination of the foregoing; 364

(3) The rights and remedies of the holders of obligations 365  
or assurances and of the trustee, and provisions for protecting 366  
and enforcing them, including limitations on rights of 367  
individual holders of obligations or assurances; 368

(4) The replacement of any obligations or assurances that 369  
become mutilated or are destroyed, lost, or stolen; 370

(5) Such other provisions as the trustee and the 371  
institution of higher education agree upon, including 372  
limitations, conditions, or qualifications relating to any of 373  
the foregoing. 374

(J) Each duty of the institution of higher education and 375  
its officers or employees, undertaken pursuant to the bond 376  
proceedings or any related agreement or lease made under 377  
authority of law, is hereby established as a duty of such 378  
institution, and of each such officer or employee having 379

authority to perform such duty, specially enjoined by law 380  
resulting from an office, trust, or station within the meaning 381  
of section 2731.01 of the Revised Code. The persons who are at 382  
the time the members of the board of trustees or the managing 383  
directors of the institution or its officers or employees are 384  
not liable in their personal capacities on such obligations or 385  
assurances, or lease, or other agreement of the institution. 386

(K) The authority to issue obligations or assurances 387  
includes authority to: 388

(1) Issue obligations or assurances in the form of bond 389  
anticipation notes and to renew them from time to time by the 390  
issuance of new notes. Such notes are payable solely from the 391  
available receipts and funds that may be pledged to the payment 392  
of such bonds, or from the proceeds of such bonds or renewal 393  
notes, or both, as the institution of higher education provides 394  
in its resolution authorizing such notes. Such notes may be 395  
additionally secured by covenants of the institution to the 396  
effect that it will do such or all things necessary for the 397  
issuance of such bonds or renewal notes in appropriate amount, 398  
and either exchange such bonds or renewal notes therefor or 399  
apply the proceeds thereof to the extent necessary, to make full 400  
payment of the bond service charges on such notes at the time or 401  
times contemplated, as provided in such resolution. Subject to 402  
the provisions of this division, all references to obligations 403  
or assurances in this section apply to such anticipation notes. 404

(2) Issue obligations or assurances to refund, including 405  
funding and retirement of, obligations or assurances previously 406  
issued to pay costs of facilities or entrepreneurial projects. 407  
Such obligations or assurances may be issued in amounts 408  
sufficient for payment of the principal amount of the 409

obligations or assurances to be so refunded, any redemption 410  
premiums thereon, principal maturities of any obligations or 411  
assurances maturing prior to the redemption of any other 412  
obligations or assurances on a parity therewith to be so 413  
refunded, interest accrued or to accrue to the maturity date or 414  
dates of redemption of such obligations or assurances, and any 415  
expenses incurred or to be incurred in connection with such 416  
refunding or the issuance of the obligations or assurances. 417

(L) Obligations and assurances are lawful investments for 418  
banks, societies for savings, savings and loan associations, 419  
deposit guarantee associations, trust companies, trustees, 420  
fiduciaries, insurance companies, including domestic for life 421  
and domestic not for life, trustees or other officers having 422  
charge of sinking and bond retirement or other special funds of 423  
political subdivisions and taxing districts of this state, the 424  
commissioners of the sinking fund, the administrator of workers' 425  
compensation in accordance with the investment policy approved 426  
by the bureau of workers' compensation board of directors 427  
pursuant to section 4121.12 of the Revised Code, the state 428  
teachers retirement system, the public employees retirement 429  
system, the school employees retirement system, and the Ohio 430  
police and fire pension fund, notwithstanding any other 431  
provisions of the Revised Code or rules adopted pursuant thereto 432  
by any state agency with respect to investments by them, and are 433  
also acceptable as security for the deposit of public moneys. 434

(M) All facilities or entrepreneurial projects purchased, 435  
acquired, constructed, or owned by an institution of higher 436  
education, or financed in whole or in part by obligations or 437  
assurances issued by an institution, and used for the purposes 438  
of the institution or other publicly owned and controlled 439  
college or university, is public property used exclusively for a 440

public purpose, and such property and the income therefrom is 441  
exempt from all taxation and assessment within this state, 442  
including ad valorem and excise taxes. The obligations or 443  
assurances, the transfer thereof, and the income therefrom, 444  
including any profit made on the sale thereof, are at all times 445  
free from taxation within the state. The transfer of tangible 446  
personal property by lease under authority of this section or 447  
section 3345.07, 3345.11, 3345.36, 3354.121, 3355.091, 3357.112, 448  
or 3358.10 of the Revised Code is not a sale as used in Chapter 449  
5739. of the Revised Code. 450

(N) The authority granted by this section is cumulative 451  
with the authority granted to institutions of higher education 452  
under Chapter 154. of the Revised Code, and nothing in this 453  
section impairs or limits the authority granted by Chapter 154. 454  
of the Revised Code. In any lease, agreement, or commitment made 455  
by an institution of higher education under Chapter 154. of the 456  
Revised Code, it may agree to restrict or subordinate any pledge 457  
it may thereafter make under authority of this section. 458

(O) Title to lands acquired under this section and 459  
sections 3345.07 and 3345.11 of the Revised Code by a state 460  
university or college shall be taken in the name of the state. 461

(P) Except where costs of facilities or entrepreneurial 462  
projects are to be paid in whole or in part from funds 463  
appropriated by the general assembly, section 125.81 of the 464  
Revised Code and the requirement for certification with respect 465  
thereto under section 153.04 of the Revised Code do not apply to 466  
such facilities or entrepreneurial projects. 467

(Q) A state university or college may sell or lease lands 468  
or interests in land owned by it or by the state for its use, or 469  
facilities authorized to be acquired or constructed by it under 470



section 3345.07 or 3345.11 of the Revised Code, to permit the 471  
purchasers or lessees thereof to acquire, construct, equip, 472  
furnish, reconstruct, alter, enlarge, remodel, renovate, 473  
rehabilitate, improve, maintain, repair, or maintain and operate 474  
thereon and to provide by lease or otherwise to such 475  
institution, facilities authorized in section 3345.07 or 3345.11 476  
of the Revised Code or entrepreneurial projects authorized under 477  
section 3345.36 of the Revised Code. Such land or interests 478  
therein shall be sold for such appraised value, or leased, and 479  
on such terms as the board of trustees determines. All deeds or 480  
other instruments relating to such sales or leases shall be 481  
executed by such officer of the state university or college as 482  
the board of trustees designates. The state university or 483  
college shall hold, invest, or use the proceeds of such sales or 484  
leases for the same purposes for which proceeds of borrowings 485  
may be used under sections 3345.07 and 3345.11 of the Revised 486  
Code or, if the proceeds relate to the sale or lease of 487  
entrepreneurial projects, for purposes of section 3345.36 of the 488  
Revised Code. 489

(R) An institution of higher education may pledge 490  
available receipts, to the extent permitted by division (C) of 491  
this section with respect to obligations, to secure the payments 492  
to be made by it under any lease, lease with option to purchase, 493  
or lease-purchase agreement authorized under this section or 494  
section 3345.07, 3345.11, 3345.36, 3354.121, 3355.091, 3357.112, 495  
or 3358.10 of the Revised Code. 496

**Sec. 3345.123.** (A) As used in this section: 497

(1) "Facilities" has the same meaning as in section 498  
3345.12 of the Revised Code but does not include a facility that 499  
is funded solely by federal or private sources. 500

(2) "State institution of higher education" and "state university" have the same meanings as in section 3345.011 of the Revised Code. 501  
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(B) The Ohio facilities construction commission shall have a lien upon all facilities of state institutions of higher education and state universities constructed, reconstructed, enlarged, remodeled, renovated, improved, furnished, or equipped, or any combination thereof, with state funds or financed by the Ohio public facilities construction commission, the Ohio facilities construction commission, or any other state entity on or after the effective date of this section. 504  
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(C) A lien provided under this section shall be: 512

(1) For the amount of the actual project costs covered by the entity; 513  
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(2) Filed and recorded by the Ohio facilities construction commission in the office of the county recorder in the county in which the facility is located. 515  
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(D) In the event a facility upon which the commission has a lien provided under this section closes, is sold, or no longer operates as a facility, the lien has priority over any lien created pursuant to section 3345.12 of the Revised Code. 518  
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(E) A lien provided under this section continues in force for thirty years after it is recorded or until the amount of the lien is repaid, whichever occurs first. If an action is brought to enforce the lien within that time, the lien continues in force until final adjudication thereof. 522  
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(F) An action to enforce a lien provided by this section may be brought by the attorney general. 527  
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**Sec. 3345.74.** (A) The chancellor of higher education at 529  
least annually shall apply the indicators and standards adopted 530  
under division (A) of section 3345.73 of the Revised Code to 531  
determine whether a state university or college under a fiscal 532  
watch is experiencing sufficient fiscal difficulties to warrant 533  
the appointment of a conservator under this section or if the 534  
board of trustees of a state university or college has taken any 535  
action related to pausing or stopping enrollment, submitted a 536  
withdrawal of accreditation, or taken any other action 537  
indicating it will no longer offer educational activity or will 538  
undergo a wind down and dissolution of existence. Upon making a 539  
determination that appointment of a conservator is warranted, 540  
the chancellor shall request from the office of budget and 541  
management, which shall provide, certification that sufficient 542  
fiscal difficulties exist to warrant appointment of a 543  
conservator. The chancellor shall then certify this 544  
determination to the governor and, for the purposes of section 545  
3345.741 of the Revised Code, the speaker of the house of 546  
representatives and the president of the senate. 547

Notwithstanding section 3333.021 of the Revised Code, that 548  
section does not apply to certification by the chancellor under 549  
this section or to the declaration of a fiscal watch under 550  
section 3345.72 of the Revised Code. 551

A determination by the chancellor under this division that 552  
sufficient fiscal difficulties exist or do not exist to warrant 553  
appointing a conservator is final and conclusive and not 554  
appealable. 555

(B) ~~The~~ If a conservator is determined necessary under 556  
divisions (B) and (C) of section 3345.741 of the Revised Code, 557  
the governor may appoint a conservator for any state university 558

or college under a fiscal watch, ~~upon certification by the~~ 559  
~~chancellor under division (A) of this section that the~~ 560  
~~appointment is warranted.~~ The governor shall appoint a 561  
conservator from the list of recommended candidates selected 562  
under division (C) of section 3345.741 of the Revised Code. The 563  
governor shall consult with the speaker and minority leader of 564  
the house of representatives and the president and minority 565  
leader of the senate before making the appointment. From the 566  
time a conservator is appointed until the time the governor 567  
issues an order terminating the governance authority under 568  
division (B) of section 3345.76 of the Revised Code, the 569  
governor may remove any member of the board of trustees of the 570  
state university or college from office and not fill the 571  
vacancy. 572

(C) Upon appointment of a conservator under this section 573  
for a state university or college, all of the following shall 574  
occur effective immediately: 575

(1) All duties, responsibilities, and powers of the board 576  
of trustees of the university or college are suspended; 577

(2) The management and control of the state university or 578  
college is assumed by the conservator; 579

(3) Notwithstanding any section of the Revised Code, all 580  
duties, responsibilities, and powers assigned by law to the 581  
board of trustees are assigned to the conservator, and the 582  
conservator becomes the successor to, assumes the lawful 583  
obligations of, and otherwise constitutes the continuation of 584  
the board of trustees for purposes of all pending legal actions, 585  
contracts or other agreements, and obligations of the university 586  
or college; 587

(4) Wherever the board of trustees is referred to in any 588  
contract or legal document, the reference is deemed to refer to 589  
the conservator. No validation, cure, right, privilege, remedy, 590  
obligation, or liability is lost or impaired by reason of the 591  
assumption of the board's authority by the conservator under 592  
this section and any such validation, cure, right, privilege, 593  
remedy, obligation, or liability shall be administered by the 594  
conservator. No action or proceeding pending on the effective 595  
date of the assumption by the conservator of the board's 596  
authority is affected by that assumption and any such action or 597  
proceeding shall be prosecuted or defended in the name of the 598  
conservator. 599

(5) The conservator assumes custody of all equipment, 600  
records, files, effects, and all other property real or personal 601  
of the state university or college; 602

(6) All authority and duties of the president or chief 603  
executive officer, and the pay of the president or chief 604  
executive officer, are suspended. 605

(D) The conservator for a state university or college 606  
shall conduct a preliminary performance evaluation of the 607  
president or chief executive officer of the university or 608  
college and provide a copy of findings and any recommendations 609  
to the governance authority established for the university or 610  
college under section 3345.75 of the Revised Code. 611

(E) A conservator appointed under this section shall be 612  
immune, indemnified, and held harmless from civil liability, 613  
including any cause of action, legal, equitable, or otherwise, 614  
for any action taken or duties performed by the conservator in 615  
good faith and in furtherance of the performance of the duties 616  
of the conservator under this section. 617

(F) The ~~governor~~ chancellor, in consultation with the 618  
higher education committees, shall set the compensation for a 619  
conservator appointed for a state university or college. The 620  
expenses and compensation of the conservator and others employed 621  
by the conservator shall be paid out of the operating funds and 622  
revenues of that university or college. 623

(G) A conservator appointed for a state university or 624  
college shall report at least quarterly to the higher education 625  
committees for as long as the conservator is performing duties 626  
under this section. 627

(H) As used in this section, "higher education committees" 628  
means the committee established under division (A) of section 629  
3345.741 of the Revised Code and the standing committee of the 630  
senate that considers higher education legislation. 631

**Sec. 3345.741.** (A) Upon certification by the chancellor of 632  
higher education that the appointment of a conservator for a 633  
state university or college is warranted under division (A) of 634  
section 3345.74 of the Revised Code, the speaker of the house of 635  
representatives shall establish a committee to consider the 636  
appointment of a conservator for that state university or 637  
college. The committee shall consist of the following members of 638  
the house of representatives: 639

(1) The speaker of the house of representatives or the 640  
speaker's designee; 641

(2) The chairperson of the standing committee of the house 642  
of representatives that considers higher education legislation; 643

(3) The chairperson of the finance committee of the house 644  
of representatives. 645

The speaker of the house of representatives shall 646

designate one member of the committee to serve as its 647  
chairperson. 648

(B) (1) The committee established under division (A) of 649  
this section shall hold at least one public hearing to determine 650  
if appointing a conservator is necessary and, if so, to consider 651  
candidates to serve as conservator. The committee shall solicit 652  
the advice of the chancellor of higher education and the 653  
governor on these matters and may request that the chancellor, 654  
or the chancellor's designee, and the governor, or the 655  
governor's designee, participate in the public hearing. 656

(2) If the committee determines appointing a conservator 657  
is not necessary, the chairperson of the committee shall notify 658  
the chancellor, governor, speaker of the house of 659  
representatives, and president of the senate of that 660  
determination, and no conservator shall be appointed for the 661  
state university or college under section 3345.74 of the Revised 662  
Code. 663

(3) If the committee determines appointing a conservator 664  
is necessary, the committee shall select at least three 665  
candidates to recommend to serve as conservator for the state 666  
university or college. The chairperson of the committee shall 667  
notify the chancellor, governor, speaker of the house of 668  
representatives, president of the senate, and chairperson of the 669  
standing committee of the senate that considers higher education 670  
legislation of that determination and the list of recommended 671  
candidates. 672

(C) (1) If the chairperson of the standing committee of the 673  
senate that considers higher education legislation receives 674  
notice under division (B) (3) of this section, the chairperson 675  
shall hold at least one public hearing about whether to appoint 676

a conservator for the state university or college and the list 677  
of candidates to serve as conservator provided by the house of 678  
representatives. The standing committee shall solicit the advice 679  
of the chancellor and the governor on these matters and may 680  
request that the chancellor, or the chancellor's designee, and 681  
the governor, or the governor's designee, participate in the 682  
public hearing. 683

(2) If the standing committee determines appointing a 684  
conservator is not necessary, the chairperson of the standing 685  
committee shall notify the chancellor, governor, speaker of the 686  
house of representatives, and president of the senate of that 687  
fact and no conservator shall be appointed for the state 688  
university or college under section 3345.74 of the Revised Code. 689

(3) If the standing committee determines appointing a 690  
conservator is necessary, the standing committee shall select, 691  
from the list of recommended candidates provided by the house of 692  
representatives, at least three candidates to recommend to serve 693  
as conservator for the state university or college. The 694  
chairperson of the standing committee shall notify the 695  
chancellor, governor, speaker of the house of representatives, 696  
and president of the senate of that determination and the list 697  
of recommended candidates. 698

(D) In considering candidates to serve as conservator for 699  
a state university or college, the committee established under 700  
division (A) of this section and the standing committee of the 701  
senate that considers higher education legislation shall give 702  
priority consideration to candidates who have extensive 703  
experience in governmental matters, including capital budgets, 704  
debt issuance, and debt service, facilities, and orderly closure 705  
of public entities. 706



**Sec. 3345.75.** (A) Not later than thirty days after the 707  
date of the appointment of a conservator for a state university 708  
or college under section 3345.74 of the Revised Code, the 709  
governor shall appoint, with the advice and consent of the 710  
senate, a governance authority for the university or college 711  
consisting of five members, of which one shall have expertise in 712  
academic affairs and accreditation and one shall have expertise 713  
in either state agency budgets or state university or college 714  
finances. The members shall serve at the pleasure of the 715  
governor and any vacancies shall be filled in the same manner as 716  
an original appointment. 717

The governor shall designate one of the members of the 718  
governance authority as the chairperson and shall call the first 719  
meeting of the authority. A majority of the members of a 720  
governance authority constitutes a quorum and the affirmative 721  
vote of a majority of the members shall be necessary for any 722  
action taken by an authority. Meetings of a governance authority 723  
shall be called in the manner and at the times prescribed by the 724  
authority, but the authority shall meet at least four times 725  
annually and at other times necessary for the best interest of 726  
the university or college. A governance authority may adopt 727  
procedures for the conduct of its business. 728

The members of a governance authority shall not receive 729  
compensation for their services, but shall be paid their 730  
reasonable and necessary expenses while engaged in the discharge 731  
of their official duties. 732

A governance authority shall report at least quarterly to 733  
the higher education committees, as defined in section 3345.74 734  
of the Revised Code, for as long as the governance authority is 735  
in existence. 736

(B) (1) A governance authority established under this 737  
section shall appoint an executive director who shall serve at 738  
the pleasure of the authority and with the compensation and 739  
other terms and conditions established by it. With the approval 740  
of the chairperson of the authority, the executive director may 741  
appoint additional personnel as the director considers 742  
appropriate. The executive director shall oversee the day-to-day 743  
operation of the university or college under the direction and 744  
supervision of the authority. 745

(2) The governance authority shall conduct a final 746  
performance evaluation of the president or chief executive 747  
officer of the university or college. Following the evaluation, 748  
the governance authority may reinstate any duties, authority, or 749  
pay previously suspended under division (C) (6) of section 750  
3345.74 of the Revised Code, or may terminate the president or 751  
chief executive officer in accordance with the terms of the 752  
person's employment contract. 753

(C) Upon appointment of all members of a governance 754  
authority under this section and upon the effective date for the 755  
commencement of the duties of the executive director appointed 756  
by that authority under this section, all authority, 757  
responsibilities, duties, and references assumed by or conferred 758  
upon the conservator under divisions (C) (2) to (6) of section 759  
3345.74 of the Revised Code terminate and all of the following 760  
shall occur, effective immediately: 761

(1) The management and control of the state university or 762  
college is assumed by the governance authority; 763

(2) Notwithstanding any section of the Revised Code, all 764  
duties, responsibilities, and powers assigned by law to the 765  
board of trustees or to the conservator are assigned to the 766

governance authority and the governance authority becomes the 767  
successor to, assumes the lawful obligations of, and otherwise 768  
constitutes the continuation of the board of trustees and the 769  
conservator for purposes of all pending legal actions, contracts 770  
or other agreements, and obligations of the university or 771  
college; 772

(3) Wherever the board of trustees or conservator is 773  
referred to in any contract or legal document, the reference is 774  
deemed to refer to the governance authority. No validation, 775  
cure, right, privilege, remedy, obligation, or liability is lost 776  
or impaired by reason of the assumption of the authority of the 777  
board of trustees and the conservator by the governance 778  
authority under this section and any such validation, cure, 779  
right, privilege, remedy, obligation, or liability shall be 780  
administered by the governance authority. No action or 781  
proceeding pending on the effective date of the assumption by 782  
the governance authority of the authority of the board of 783  
trustees and the conservator is affected by that assumption and 784  
any such action or proceeding shall be prosecuted or defended in 785  
the name of the governance authority. 786

(4) The governance authority assumes custody of all 787  
equipment, records, files, effects, and all other property real 788  
or personal of the state university or college. 789

(D) A governance authority and executive director 790  
appointed under this section shall be immune, indemnified, and 791  
held harmless from civil liability, including any cause of 792  
action, legal, equitable, or otherwise, for any action taken or 793  
duties performed by the governance authority and executive 794  
director in good faith and in furtherance of the performance of 795  
the duties of the governance authority and executive director 796

under this section. 797

(E) The expenses of a governance authority and the 798  
expenses and compensation of an executive director appointed for 799  
a state university or college under this section and others 800  
employed by the executive director under this section shall be 801  
paid out of the operating funds and revenues of that university 802  
or college. 803

(F) A governance authority appointed under this section 804  
shall prepare, in accordance with rules adopted by the office of 805  
budget and management, and submit to the chancellor of higher 806  
education, the governor, the speaker and minority leader of the 807  
house of representatives, and the president and minority leader 808  
of the senate a quarterly report setting forth all of the 809  
following: 810

(1) The general condition of the university or college; 811

(2) The amounts of receipts and disbursements and the 812  
items for which the disbursements were made; 813

(3) The numbers of professors, officers, teachers, and 814  
other employees and the position and compensation of each and 815  
the numbers of students by courses of instruction; 816

(4) An estimate of expenses for the ensuing quarter; 817

(5) A statement of the general progress of the university 818  
or college with indication of any improvements and specification 819  
of any experiments with institutional reform and the costs and 820  
results of those experiments; 821

(6) If the governance authority determines closure is 822  
necessary or is appointed to facilitate an orderly closure as 823  
determined to be necessary by the board of trustees prior to the 824

governance authority's appointment, all matters related to 825  
compliance with the requirements of a closure of an institution 826  
of higher education as specified by the chancellor; 827

(7) Any other matters the governance authority considers 828  
useful to report. 829

(G) The attorney general shall be the legal adviser to the 830  
conservator and the governance authority, and the attorney 831  
general may employ special counsel to aid the conservator or 832  
governance authority with respect to any legal matter on behalf 833  
of the institution. The conservator and the governance authority 834  
may as otherwise provided by law request the attorney general to 835  
bring or defend suits or proceedings in the name of the 836  
institution. 837

**Section 2.** That existing sections 154.07, 3345.12, 838  
3345.74, and 3345.75 of the Revised Code are hereby repealed. 839

**Section 3.** That sections 154.25 and 3333.59 of the Revised 840  
Code are hereby repealed. 841

**Section 4.** On and after the effective date of this 842  
section, the Chancellor of Higher Education shall no longer 843  
approve any requests under sections 154.25 or 3333.59 of the 844  
Revised Code, as those sections existed before their repeal by 845  
Section 3 of this act, to enter into an agreement providing for 846  
the withholding and deposit of an institution's allocated state 847  
share of instruction under a credit enhancement agreement, for 848  
the payment of bond service charges on obligations. The 849  
Chancellor, with the advice and consent of the Office of Budget 850  
and Management, may adopt reasonable rules for the treatment of 851  
any credit enhancement agreement that existed prior to the 852  
effective date of this section that directly conflicts with any 853

lien filed in accordance with section 3345.123 of the Revised  
Code.

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