

As Introduced

136th General Assembly

Regular Session

2025-2026

H. B. No. 694

Representative Young

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
502
503

(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
505
506
507
508
509
510
511

(C) A lien provided under this section shall be: 512

(1) For the amount of the actual project costs covered by the entity; 513
514

(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
516
517

(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
519
520
521

(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
523
524
525
526

(F) An action to enforce a lien provided by this section may be brought by the attorney general. 527
528

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.

854

855