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Representative Greenspan

Cosponsors: Representatives Hambley, Stein, Dever, Anielski, Antonio, Arndt, Ashford, Barnes, Boyd, Brown, Carfagna, Galonski, Gavarone, Ginter, Green, Hill, Holmes, Howse, Lang, Leland, Lepore-Hagan, Manning, Miller, Patton, Reineke, Retherford, Rezabek, Riedel, Rogers, Ryan, Schaffer, Schuring, Seitz, Sheehy, Slaby, Smith, K., Smith, R., Sprague, Sweeney, Thompson, West, Wiggam, Young, Speaker Rosenberger

A BILL

To amend sections 135.14 and 135.35 of the Revised Code to increase from five to ten years the maturity period of other political subdivision's bonds and obligations eligible for investment of a subdivision's interim moneys, a county's inactive moneys, and money in the county public library fund.

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

Section 1. That sections 135.14 and 135.35 of the Revised Code be amended to read as follows:

Sec. 135.14. (A) As used in this section:

(1) "Treasurer" does not include the treasurer of state, and "governing board" does not include the state board of deposit.

(2) "Other obligations" includes notes whether or not

issued in anticipation of the issuance of bonds. 15

(B) The treasurer or governing board may invest or deposit 16
any part or all of the interim moneys. The following 17
classifications of obligations shall be eligible for such 18
investment or deposit: 19

(1) United States treasury bills, notes, bonds, or any 20
other obligation or security issued by the United States 21
treasury or any other obligation guaranteed as to principal and 22
interest by the United States. 23

Nothing in the classification of eligible obligations set 24
forth in division (B) (1) of this section or in the 25
classifications of eligible obligations set forth in divisions 26
(B) (2) to (7) of this section shall be construed to authorize 27
any investment in stripped principal or interest obligations of 28
such eligible obligations. 29

(2) Bonds, notes, debentures, or any other obligations or 30
securities issued by any federal government agency or 31
instrumentality, including but not limited to, the federal 32
national mortgage association, federal home loan bank, federal 33
farm credit bank, federal home loan mortgage corporation, and 34
government national mortgage association. All federal agency 35
securities shall be direct issuances of federal government 36
agencies or instrumentalities. 37

(3) Interim deposits in the eligible institutions applying 38
for interim moneys as provided in section 135.08 of the Revised 39
Code. The award of interim deposits shall be made in accordance 40
with section 135.09 of the Revised Code and the treasurer or the 41
governing board shall determine the periods for which such 42
interim deposits are to be made and shall award such interim 43

deposits for such periods, provided that any eligible 44
institution receiving an interim deposit award may, upon 45
notification that the award has been made, decline to accept the 46
interim deposit in which event the award shall be made as though 47
the institution had not applied for such interim deposit. 48

(4) Bonds and other obligations of this state, or the 49
political subdivisions of this state, provided that, with 50
respect to bonds or other obligations of political subdivisions, 51
all of the following apply: 52

(a) The bonds or other obligations are payable from 53
general revenues of the political subdivision and backed by the 54
full faith and credit of the political subdivision. 55

(b) The bonds or other obligations are rated at the time 56
of purchase in the three highest classifications established by 57
at least one nationally recognized standard rating service and 58
purchased through a registered securities broker or dealer. 59

(c) The aggregate value of the bonds or other obligations 60
does not exceed twenty per cent of interim moneys available for 61
investment at the time of purchase. 62

(d) The treasurer or governing board is not the sole 63
purchaser of the bonds or other obligations at original 64
issuance. 65

(e) The bonds or other obligations mature within ten years 66
from the date of settlement. 67

No investment shall be made under division (B) (4) of this 68
section unless the treasurer or governing board has completed 69
additional training for making the investments authorized by 70
division (B) (4) of this section. The type and amount of 71
additional training shall be approved by the treasurer of state 72

and may be conducted by or provided under the supervision of the 73
treasurer of state. 74

(5) No-load money market mutual funds consisting 75
exclusively of obligations described in division (B) (1) or (2) 76
of this section and repurchase agreements secured by such 77
obligations, provided that investments in securities described 78
in this division are made only through eligible institutions 79
mentioned in section 135.03 of the Revised Code; 80

(6) The Ohio subdivision's fund as provided in section 81
135.45 of the Revised Code; 82

(7) Up to forty per cent of interim moneys available for 83
investment in either of the following: 84

(a) Commercial paper notes issued by an entity that is 85
defined in division (D) of section 1705.01 of the Revised Code 86
and that has assets exceeding five hundred million dollars, to 87
which notes all of the following apply: 88

(i) The notes are rated at the time of purchase in the 89
highest classification established by at least two nationally 90
recognized standard rating services. 91

(ii) The aggregate value of the notes does not exceed ten 92
per cent of the aggregate value of the outstanding commercial 93
paper of the issuing corporation. 94

(iii) The notes mature not later than two hundred seventy 95
days after purchase. 96

(iv) The investment in commercial paper notes of a single 97
issuer shall not exceed in the aggregate five per cent of 98
interim moneys available for investment at the time of purchase. 99

(b) Bankers acceptances of banks that are insured by the 100

federal deposit insurance corporation and that mature not later 101
than one hundred eighty days after purchase. 102

No investment shall be made pursuant to division (B)(7) of 103
this section unless the treasurer or governing board has 104
completed additional training for making the investments 105
authorized by division (B)(7) of this section. The type and 106
amount of additional training shall be approved by the treasurer 107
of state and may be conducted by or provided under the 108
supervision of the treasurer of state. 109

(C) Nothing in the classifications of eligible obligations 110
set forth in divisions (B)(1) to (7) of this section shall be 111
construed to authorize any investment in a derivative, and no 112
treasurer or governing board shall invest in a derivative. For 113
purposes of this division, "derivative" means a financial 114
instrument or contract or obligation whose value or return is 115
based upon or linked to another asset or index, or both, 116
separate from the financial instrument, contract, or obligation 117
itself. Any security, obligation, trust account, or other 118
instrument that is created from an issue of the United States 119
treasury or is created from an obligation of a federal agency or 120
instrumentality or is created from both is considered a 121
derivative instrument. An eligible investment described in this 122
section with a variable interest rate payment, based upon a 123
single interest payment or single index comprised of other 124
eligible investments provided for in division (B)(1) or (2) of 125
this section, is not a derivative, provided that such variable 126
rate investment has a maximum maturity of two years. 127

(D) Except as provided in division (B)(4) or (E) of this 128
section, any investment made pursuant to this section must 129
mature within five years from the date of settlement, unless the 130

investment is matched to a specific obligation or debt of the 131
subdivision. 132

(E) The treasurer or governing board may also enter into a 133
written repurchase agreement with any eligible institution 134
mentioned in section 135.03 of the Revised Code or any eligible 135
dealer pursuant to division (M) of this section, under the terms 136
of which agreement the treasurer or governing board purchases, 137
and such institution or dealer agrees unconditionally to 138
repurchase any of the securities listed in divisions (D) (1) to 139
(5), except letters of credit described in division (D) (2), of 140
section 135.18 of the Revised Code. The market value of 141
securities subject to an overnight written repurchase agreement 142
must exceed the principal value of the overnight written 143
repurchase agreement by at least two per cent. A written 144
repurchase agreement shall not exceed thirty days and the market 145
value of securities subject to a written repurchase agreement 146
must exceed the principal value of the written repurchase 147
agreement by at least two per cent and be marked to market 148
daily. All securities purchased pursuant to this division shall 149
be delivered into the custody of the treasurer or governing 150
board or an agent designated by the treasurer or governing 151
board. A written repurchase agreement with an eligible 152
securities dealer shall be transacted on a delivery versus 153
payment basis. The agreement shall contain the requirement that 154
for each transaction pursuant to the agreement the participating 155
institution or dealer shall provide all of the following 156
information: 157

- (1) The par value of the securities; 158
- (2) The type, rate, and maturity date of the securities; 159
- (3) A numerical identifier generally accepted in the 160

securities industry that designates the securities. 161

No treasurer or governing board shall enter into a written 162
repurchase agreement under the terms of which the treasurer or 163
governing board agrees to sell securities owned by the 164
subdivision to a purchaser and agrees with that purchaser to 165
unconditionally repurchase those securities. 166

(F) No treasurer or governing board shall make an 167
investment under this section, unless the treasurer or governing 168
board, at the time of making the investment, reasonably expects 169
that the investment can be held until its maturity. 170

(G) No treasurer or governing board shall pay interim 171
moneys into a fund established by another subdivision, 172
treasurer, governing board, or investing authority, if that fund 173
was established for the purpose of investing the public moneys 174
of other subdivisions. This division does not apply to the 175
payment of public moneys into either of the following: 176

(1) The Ohio subdivision's fund pursuant to division (B) 177
(6) of this section; 178

(2) A fund created solely for the purpose of acquiring, 179
constructing, owning, leasing, or operating municipal utilities 180
pursuant to the authority provided under section 715.02 of the 181
Revised Code or Section 4 of Article XVIII, Ohio Constitution. 182

For purposes of division (G) of this section, 183
"subdivision" includes a county. 184

(H) The use of leverage, in which the treasurer or 185
governing board uses its current investment assets as collateral 186
for the purpose of purchasing other assets, is prohibited. The 187
issuance of taxable notes for the purpose of arbitrage is 188
prohibited. Contracting to sell securities that have not yet 189

been acquired by the treasurer or governing board, for the 190
purpose of purchasing such securities on the speculation that 191
bond prices will decline, is prohibited. 192

(I) Whenever, during a period of designation, the 193
treasurer classifies public moneys as interim moneys, the 194
treasurer shall notify the governing board of such action. The 195
notification shall be given within thirty days after such 196
classification and in the event the governing board does not 197
concur in such classification or in the investments or deposits 198
made under this section, the governing board may order the 199
treasurer to sell or liquidate any of such investments or 200
deposits, and any such order shall specifically describe the 201
investments or deposits and fix the date upon which they are to 202
be sold or liquidated. Investments or deposits so ordered to be 203
sold or liquidated shall be sold or liquidated for cash by the 204
treasurer on the date fixed in such order at the then current 205
market price. Neither the treasurer nor the members of the board 206
shall be held accountable for any loss occasioned by sales or 207
liquidations of investments or deposits at prices lower than 208
their cost. Any loss or expense incurred in making such sales or 209
liquidations is payable as other expenses of the treasurer's 210
office. 211

(J) If any investments or deposits purchased under the 212
authority of this section are issuable to a designated payee or 213
to the order of a designated payee, the name of the treasurer 214
and the title of the treasurer's office shall be so designated. 215
If any such securities are registrable either as to principal or 216
interest, or both, then such securities shall be registered in 217
the name of the treasurer as such. 218

(K) The treasurer is responsible for the safekeeping of 219

all documents evidencing a deposit or investment acquired by the treasurer under this section. Any securities may be deposited for safekeeping with a qualified trustee as provided in section 135.18 of the Revised Code, except the delivery of securities acquired under any repurchase agreement under this section shall be made to a qualified trustee, provided, however, that the qualified trustee shall be required to report to the treasurer, governing board, auditor of state, or an authorized outside auditor at any time upon request as to the identity, market value, and location of the document evidencing each security, and that if the participating institution is a designated depository of the subdivision for the current period of designation, the securities that are the subject of the repurchase agreement may be delivered to the treasurer or held in trust by the participating institution on behalf of the subdivision. Interest earned on any investments or deposits authorized by this section shall be collected by the treasurer and credited by the treasurer to the proper fund of the subdivision.

Upon the expiration of the term of office of a treasurer or in the event of a vacancy in the office of treasurer by reason of death, resignation, removal from office, or otherwise, the treasurer or the treasurer's legal representative shall transfer and deliver to the treasurer's successor all documents evidencing a deposit or investment held by the treasurer. For the investments and deposits so transferred and delivered, such treasurer shall be credited with and the treasurer's successor shall be charged with the amount of money held in such investments and deposits.

(L) Whenever investments or deposits acquired under this section mature and become due and payable, the treasurer shall

present them for payment according to their tenor, and shall 251
collect the moneys payable thereon. The moneys so collected 252
shall be treated as public moneys subject to sections 135.01 to 253
135.21 of the Revised Code. 254

(M) (1) All investments, except for investments in 255
securities described in divisions (B) (5) and (6) of this section 256
and for investments by a municipal corporation in the issues of 257
such municipal corporation, shall be made only through a member 258
of the financial industry regulatory authority (FINRA), through 259
a bank, savings bank, or savings and loan association regulated 260
by the superintendent of financial institutions, or through an 261
institution regulated by the comptroller of the currency, 262
federal deposit insurance corporation, or board of governors of 263
the federal reserve system. 264

(2) Payment for investments shall be made only upon the 265
delivery of securities representing such investments to the 266
treasurer, governing board, or qualified trustee. If the 267
securities transferred are not represented by a certificate, 268
payment shall be made only upon receipt of confirmation of 269
transfer from the custodian by the treasurer, governing board, 270
or qualified trustee. 271

(N) In making investments authorized by this section, a 272
treasurer or governing board may retain the services of an 273
investment advisor, provided the advisor is licensed by the 274
division of securities under section 1707.141 of the Revised 275
Code or is registered with the securities and exchange 276
commission, and possesses experience in public funds investment 277
management, specifically in the area of state and local 278
government investment portfolios, or the advisor is an eligible 279
institution mentioned in section 135.03 of the Revised Code. 280

(O) (1) Except as otherwise provided in divisions (O) (2) 281
and (3) of this section, no treasurer or governing board shall 282
make an investment or deposit under this section, unless there 283
is on file with the auditor of state a written investment policy 284
approved by the treasurer or governing board. The policy shall 285
require that all entities conducting investment business with 286
the treasurer or governing board shall sign the investment 287
policy of that subdivision. All brokers, dealers, and financial 288
institutions, described in division (M) (1) of this section, 289
initiating transactions with the treasurer or governing board by 290
giving advice or making investment recommendations shall sign 291
the treasurer's or governing board's investment policy thereby 292
acknowledging their agreement to abide by the policy's contents. 293
All brokers, dealers, and financial institutions, described in 294
division (M) (1) of this section, executing transactions 295
initiated by the treasurer or governing board, having read the 296
policy's contents, shall sign the investment policy thereby 297
acknowledging their comprehension and receipt. 298

(2) If a written investment policy described in division 299
(O) (1) of this section is not filed on behalf of the subdivision 300
with the auditor of state, the treasurer or governing board of 301
that subdivision shall invest the subdivision's interim moneys 302
only in interim deposits pursuant to division (B) (3) of this 303
section or interim deposits pursuant to section 135.145 of the 304
Revised Code and approved by the treasurer of state, no-load 305
money market mutual funds pursuant to division (B) (5) of this 306
section, or the Ohio subdivision's fund pursuant to division (B) 307
(6) of this section. 308

(3) Divisions (O) (1) and (2) of this section do not apply 309
to a treasurer or governing board of a subdivision whose average 310
annual portfolio of investments held pursuant to this section is 311

one hundred thousand dollars or less, provided that the 312
treasurer or governing board certifies, on a form prescribed by 313
the auditor of state, that the treasurer or governing board will 314
comply and is in compliance with the provisions of sections 315
135.01 to 135.21 of the Revised Code. 316

(P) A treasurer or governing board may enter into a 317
written investment or deposit agreement that includes a 318
provision under which the parties agree to submit to nonbinding 319
arbitration to settle any controversy that may arise out of the 320
agreement, including any controversy pertaining to losses of 321
public moneys resulting from investment or deposit. The 322
arbitration provision shall be set forth entirely in the 323
agreement, and the agreement shall include a conspicuous notice 324
to the parties that any party to the arbitration may apply to 325
the court of common pleas of the county in which the arbitration 326
was held for an order to vacate, modify, or correct the award. 327
Any such party may also apply to the court for an order to 328
change venue to a court of common pleas located more than one 329
hundred miles from the county in which the treasurer or 330
governing board is located. 331

For purposes of this division, "investment or deposit 332
agreement" means any agreement between a treasurer or governing 333
board and a person, under which agreement the person agrees to 334
invest, deposit, or otherwise manage a subdivision's interim 335
moneys on behalf of the treasurer or governing board, or agrees 336
to provide investment advice to the treasurer or governing 337
board. 338

(Q) An investment made by the treasurer or governing board 339
pursuant to this section prior to September 27, 1996, that was a 340
legal investment under the law as it existed before September 341

27, 1996, may be held until maturity. 342

Sec. 135.35. (A) The investing authority shall deposit or 343
invest any part or all of the county's inactive moneys and shall 344
invest all of the money in the county public library fund when 345
required by section 135.352 of the Revised Code. The following 346
classifications of securities and obligations are eligible for 347
such deposit or investment: 348

(1) United States treasury bills, notes, bonds, or any 349
other obligation or security issued by the United States 350
treasury, any other obligation guaranteed as to principal or 351
interest by the United States, or any book entry, zero-coupon 352
United States treasury security that is a direct obligation of 353
the United States. 354

Nothing in the classification of eligible securities and 355
obligations set forth in divisions (A) (2) to (10) of this 356
section shall be construed to authorize any investment in 357
stripped principal or interest obligations of such eligible 358
securities and obligations. 359

(2) Bonds, notes, debentures, or any other obligations or 360
securities issued by any federal government agency or 361
instrumentality, including, but not limited to, the federal 362
national mortgage association, federal home loan bank, federal 363
farm credit bank, federal home loan mortgage corporation, and 364
government national mortgage association. All federal agency 365
securities shall be direct issuances of federal government 366
agencies or instrumentalities. 367

(3) Time certificates of deposit or savings or deposit 368
accounts, including, but not limited to, passbook accounts, in 369
any eligible institution mentioned in section 135.32 of the 370

Revised Code;	371
(4) Bonds and other obligations of this state or the	372
political subdivisions of this state, <u>provided the bonds or</u>	373
<u>other obligations of political subdivisions mature within ten</u>	374
<u>years from the date of settlement;</u>	375
(5) No-load money market mutual funds rated in the highest	376
category at the time of purchase by at least one nationally	377
recognized standard rating service or consisting exclusively of	378
obligations described in division (A) (1), (2), or (6) of section	379
135.143 of the Revised Code and repurchase agreements secured by	380
such obligations, provided that investments in securities	381
described in this division are made only through eligible	382
institutions mentioned in section 135.32 of the Revised Code;	383
(6) The Ohio subdivision's fund as provided in section	384
135.45 of the Revised Code;	385
(7) Securities lending agreements with any eligible	386
institution mentioned in section 135.32 of the Revised Code that	387
is a member of the federal reserve system or federal home loan	388
bank or with any recognized United States government securities	389
dealer meeting the description in division (J) (1) of this	390
section, under the terms of which agreements the investing	391
authority lends securities and the eligible institution or	392
dealer agrees to simultaneously exchange similar securities or	393
cash, equal value for equal value.	394
Securities and cash received as collateral for a	395
securities lending agreement are not inactive moneys of the	396
county or moneys of a county public library fund. The investment	397
of cash collateral received pursuant to a securities lending	398
agreement may be invested only in instruments specified by the	399

investing authority in the written investment policy described	400
in division (K) of this section.	401
(8) Up to twenty-five per cent of the county's total	402
average portfolio in either of the following investments:	403
(a) Commercial paper notes issued by an entity that is	404
defined in division (D) of section 1705.01 of the Revised Code	405
and that has assets exceeding five hundred million dollars, to	406
which notes all of the following apply:	407
(i) The notes are rated at the time of purchase in the	408
highest classification established by at least two nationally	409
recognized standard rating services.	410
(ii) The aggregate value of the notes does not exceed ten	411
per cent of the aggregate value of the outstanding commercial	412
paper of the issuing corporation.	413
(iii) The notes mature not later than two hundred seventy	414
days after purchase.	415
(b) Bankers acceptances of banks that are insured by the	416
federal deposit insurance corporation and that mature not later	417
than one hundred eighty days after purchase.	418
No investment shall be made pursuant to division (A) (8) of	419
this section unless the investing authority has completed	420
additional training for making the investments authorized by	421
division (A) (8) of this section. The type and amount of	422
additional training shall be approved by the treasurer of state	423
and may be conducted by or provided under the supervision of the	424
treasurer of state.	425
(9) Up to fifteen per cent of the county's total average	426
portfolio in notes issued by corporations that are incorporated	427

under the laws of the United States and that are operating 428
within the United States, or by depository institutions that are 429
doing business under authority granted by the United States or 430
any state and that are operating within the United States, 431
provided both of the following apply: 432

(a) The notes are rated in the second highest or higher 433
category by at least two nationally recognized standard rating 434
services at the time of purchase. 435

(b) The notes mature not later than two years after 436
purchase. 437

(10) Debt interests rated at the time of purchase in the 438
three highest categories by two nationally recognized standard 439
rating services and issued by foreign nations diplomatically 440
recognized by the United States government. All interest and 441
principal shall be denominated and payable in United States 442
funds. The investments made under division (A) (10) of this 443
section shall not exceed in the aggregate two per cent of a 444
county's total average portfolio. 445

The investing authority shall invest under division (A) 446
(10) of this section in a debt interest issued by a foreign 447
nation only if the debt interest is backed by the full faith and 448
credit of that foreign nation, there is no prior history of 449
default, and the debt interest matures not later than five years 450
after purchase. For purposes of division (A) (10) of this 451
section, a debt interest is rated in the three highest 452
categories by two nationally recognized standard rating services 453
if either the debt interest itself or the issuer of the debt 454
interest is rated, or is implicitly rated, at the time of 455
purchase in the three highest categories by two nationally 456
recognized standard rating services. 457

(11) A current unpaid or delinquent tax line of credit 458
authorized under division (G) of section 135.341 of the Revised 459
Code, provided that all of the conditions for entering into such 460
a line of credit under that division are satisfied, or bonds and 461
other obligations of a county land reutilization corporation 462
organized under Chapter 1724. of the Revised Code, if the county 463
land reutilization corporation is located wholly or partly 464
within the same county as the investing authority. 465

(B) Nothing in the classifications of eligible obligations 466
and securities set forth in divisions (A) (1) to (10) of this 467
section shall be construed to authorize investment in a 468
derivative, and no investing authority shall invest any county 469
inactive moneys or any moneys in a county public library fund in 470
a derivative. For purposes of this division, "derivative" means 471
a financial instrument or contract or obligation whose value or 472
return is based upon or linked to another asset or index, or 473
both, separate from the financial instrument, contract, or 474
obligation itself. Any security, obligation, trust account, or 475
other instrument that is created from an issue of the United 476
States treasury or is created from an obligation of a federal 477
agency or instrumentality or is created from both is considered 478
a derivative instrument. An eligible investment described in 479
this section with a variable interest rate payment, based upon a 480
single interest payment or single index comprised of other 481
eligible investments provided for in division (A) (1) or (2) of 482
this section, is not a derivative, provided that such variable 483
rate investment has a maximum maturity of two years. A treasury 484
inflation-protected security shall not be considered a 485
derivative, provided the security matures not later than five 486
years after purchase. 487

(C) Except as provided in division (A) (4) or (D) of this 488

section, any investment made pursuant to this section must 489
mature within five years from the date of settlement, unless the 490
investment is matched to a specific obligation or debt of the 491
county or to a specific obligation or debt of a political 492
subdivision of this state, and the investment is specifically 493
approved by the investment advisory committee. 494

(D) The investing authority may also enter into a written 495
repurchase agreement with any eligible institution mentioned in 496
section 135.32 of the Revised Code or any eligible securities 497
dealer pursuant to division (J) of this section, under the terms 498
of which agreement the investing authority purchases and the 499
eligible institution or dealer agrees unconditionally to 500
repurchase any of the securities listed in divisions (D)(1) to 501
(5), except letters of credit described in division (D)(2), of 502
section 135.18 of the Revised Code. The market value of 503
securities subject to an overnight written repurchase agreement 504
must exceed the principal value of the overnight written 505
repurchase agreement by at least two per cent. A written 506
repurchase agreement must exceed the principal value of the 507
overnight written repurchase agreement, by at least two per 508
cent. A written repurchase agreement shall not exceed thirty 509
days, and the market value of securities subject to a written 510
repurchase agreement must exceed the principal value of the 511
written repurchase agreement by at least two per cent and be 512
marked to market daily. All securities purchased pursuant to 513
this division shall be delivered into the custody of the 514
investing authority or the qualified custodian of the investing 515
authority or an agent designated by the investing authority. A 516
written repurchase agreement with an eligible securities dealer 517
shall be transacted on a delivery versus payment basis. The 518
agreement shall contain the requirement that for each 519

transaction pursuant to the agreement the participating 520
institution shall provide all of the following information: 521

(1) The par value of the securities; 522

(2) The type, rate, and maturity date of the securities; 523

(3) A numerical identifier generally accepted in the 524
securities industry that designates the securities. 525

No investing authority shall enter into a written 526
repurchase agreement under the terms of which the investing 527
authority agrees to sell securities owned by the county to a 528
purchaser and agrees with that purchaser to unconditionally 529
repurchase those securities. 530

(E) No investing authority shall make an investment under 531
this section, unless the investing authority, at the time of 532
making the investment, reasonably expects that the investment 533
can be held until its maturity. The investing authority's 534
written investment policy shall specify the conditions under 535
which an investment may be redeemed or sold prior to maturity. 536

(F) No investing authority shall pay a county's inactive 537
moneys or moneys of a county public library fund into a fund 538
established by another subdivision, treasurer, governing board, 539
or investing authority, if that fund was established by the 540
subdivision, treasurer, governing board, or investing authority 541
for the purpose of investing or depositing the public moneys of 542
other subdivisions. This division does not apply to the payment 543
of public moneys into either of the following: 544

(1) The Ohio subdivision's fund pursuant to division (A) 545
(6) of this section; 546

(2) A fund created solely for the purpose of acquiring, 547

constructing, owning, leasing, or operating municipal utilities 548
pursuant to the authority provided under section 715.02 of the 549
Revised Code or Section 4 of Article XVIII, Ohio Constitution. 550

For purposes of division (F) of this section, 551
"subdivision" includes a county. 552

(G) The use of leverage, in which the county uses its 553
current investment assets as collateral for the purpose of 554
purchasing other assets, is prohibited. The issuance of taxable 555
notes for the purpose of arbitrage is prohibited. Contracting to 556
sell securities not owned by the county, for the purpose of 557
purchasing such securities on the speculation that bond prices 558
will decline, is prohibited. 559

(H) Any securities, certificates of deposit, deposit 560
accounts, or any other documents evidencing deposits or 561
investments made under authority of this section shall be issued 562
in the name of the county with the county treasurer or investing 563
authority as the designated payee. If any such deposits or 564
investments are registrable either as to principal or interest, 565
or both, they shall be registered in the name of the treasurer. 566

(I) The investing authority shall be responsible for the 567
safekeeping of all documents evidencing a deposit or investment 568
acquired under this section, including, but not limited to, 569
safekeeping receipts evidencing securities deposited with a 570
qualified trustee, as provided in section 135.37 of the Revised 571
Code, and documents confirming the purchase of securities under 572
any repurchase agreement under this section shall be deposited 573
with a qualified trustee, provided, however, that the qualified 574
trustee shall be required to report to the investing authority, 575
auditor of state, or an authorized outside auditor at any time 576
upon request as to the identity, market value, and location of 577

the document evidencing each security, and that if the 578
participating institution is a designated depository of the 579
county for the current period of designation, the securities 580
that are the subject of the repurchase agreement may be 581
delivered to the treasurer or held in trust by the participating 582
institution on behalf of the investing authority. 583

Upon the expiration of the term of office of an investing 584
authority or in the event of a vacancy in the office for any 585
reason, the officer or the officer's legal representative shall 586
transfer and deliver to the officer's successor all documents 587
mentioned in this division for which the officer has been 588
responsible for safekeeping. For all such documents transferred 589
and delivered, the officer shall be credited with, and the 590
officer's successor shall be charged with, the amount of moneys 591
evidenced by such documents. 592

(J) (1) All investments, except for investments in 593
securities described in divisions (A) (5), (6), and (11) of this 594
section, shall be made only through a member of the financial 595
industry regulatory authority (FINRA), through a bank, savings 596
bank, or savings and loan association regulated by the 597
superintendent of financial institutions, or through an 598
institution regulated by the comptroller of the currency, 599
federal deposit insurance corporation, or board of governors of 600
the federal reserve system. 601

(2) Payment for investments shall be made only upon the 602
delivery of securities representing such investments to the 603
treasurer, investing authority, or qualified trustee. If the 604
securities transferred are not represented by a certificate, 605
payment shall be made only upon receipt of confirmation of 606
transfer from the custodian by the treasurer, governing board, 607

or qualified trustee. 608

(K) (1) Except as otherwise provided in division (K) (2) of 609
this section, no investing authority shall make an investment or 610
deposit under this section, unless there is on file with the 611
auditor of state a written investment policy approved by the 612
investing authority. The policy shall require that all entities 613
conducting investment business with the investing authority 614
shall sign the investment policy of that investing authority. 615
All brokers, dealers, and financial institutions, described in 616
division (J) (1) of this section, initiating transactions with 617
the investing authority by giving advice or making investment 618
recommendations shall sign the investing authority's investment 619
policy thereby acknowledging their agreement to abide by the 620
policy's contents. All brokers, dealers, and financial 621
institutions, described in division (J) (1) of this section, 622
executing transactions initiated by the investing authority, 623
having read the policy's contents, shall sign the investment 624
policy thereby acknowledging their comprehension and receipt. 625

(2) If a written investment policy described in division 626
(K) (1) of this section is not filed on behalf of the county with 627
the auditor of state, the investing authority of that county 628
shall invest the county's inactive moneys and moneys of the 629
county public library fund only in time certificates of deposits 630
or savings or deposit accounts pursuant to division (A) (3) of 631
this section, no-load money market mutual funds pursuant to 632
division (A) (5) of this section, or the Ohio subdivision's fund 633
pursuant to division (A) (6) of this section. 634

(L) (1) The investing authority shall establish and 635
maintain an inventory of all obligations and securities acquired 636
by the investing authority pursuant to this section. The 637

inventory shall include a description of each obligation or 638
security, including type, cost, par value, maturity date, 639
settlement date, and any coupon rate. 640

(2) The investing authority shall also keep a complete 641
record of all purchases and sales of the obligations and 642
securities made pursuant to this section. 643

(3) The investing authority shall maintain a monthly 644
portfolio report and issue a copy of the monthly portfolio 645
report describing such investments to the county investment 646
advisory committee, detailing the current inventory of all 647
obligations and securities, all transactions during the month 648
that affected the inventory, any income received from the 649
obligations and securities, and any investment expenses paid, 650
and stating the names of any persons effecting transactions on 651
behalf of the investing authority. 652

(4) The monthly portfolio report shall be a public record 653
and available for inspection under section 149.43 of the Revised 654
Code. 655

(5) The inventory and the monthly portfolio report shall 656
be filed with the board of county commissioners. The monthly 657
portfolio report also shall be filed with the treasurer of 658
state. 659

(M) An investing authority may enter into a written 660
investment or deposit agreement that includes a provision under 661
which the parties agree to submit to nonbinding arbitration to 662
settle any controversy that may arise out of the agreement, 663
including any controversy pertaining to losses of public moneys 664
resulting from investment or deposit. The arbitration provision 665
shall be set forth entirely in the agreement, and the agreement 666

shall include a conspicuous notice to the parties that any party 667
to the arbitration may apply to the court of common pleas of the 668
county in which the arbitration was held for an order to vacate, 669
modify, or correct the award. Any such party may also apply to 670
the court for an order to change venue to a court of common 671
pleas located more than one hundred miles from the county in 672
which the investing authority is located. 673

For purposes of this division, "investment or deposit 674
agreement" means any agreement between an investing authority 675
and a person, under which agreement the person agrees to invest, 676
deposit, or otherwise manage, on behalf of the investing 677
authority, a county's inactive moneys or moneys in a county 678
public library fund, or agrees to provide investment advice to 679
the investing authority. 680

(N) (1) An investment held in the county portfolio on 681
September 27, 1996, that was a legal investment under the law as 682
it existed before September 27, 1996, may be held until 683
maturity. 684

(2) An investment held in the county portfolio on 685
September 10, 2012, that was a legal investment under the law as 686
it existed before September 10, 2012, may be held until 687
maturity. 688

Section 2. That existing sections 135.14 and 135.35 of the 689
Revised Code are hereby repealed. 690