

# AN ACT

To amend sections 9.37, 129.60, 135.12, 135.14, 135.18, 135.181, 135.33, 135.341, 135.35, 135.37, 307.55, 319.16, 321.15, 321.16, and 321.17 of the Revised Code to modify the investment authority of counties and political subdivisions relative to the types of investments made, the collateral requirements applicable to the receipt of public funds, and the investment of public funds in repurchase agreements; to modify the designation period of public depositories by the State Board of Deposit, and by county commissioners, and the designation authority of political subdivisions; to authorize a political subdivision or a county investment advisory committee to retain the services of an investment advisor meeting certain requirements; to modify investment recordkeeping requirements of county treasurers and authorize electronic presentment of warrant information to a county treasurer; to permit county auditors to issue, and county treasurers to redeem, electronic warrants authorizing direct deposit for payment of county obligations in accordance with rules adopted by the Auditor of State; and to make related changes.

*Be it enacted by the General Assembly of the State of Ohio:*

SECTION 1. That sections 9.37, 129.60, 135.12, 135.14, 135.18, 135.181, 135.33, 135.341, 135.35, 135.37, 307.55, 319.16, 321.15, 321.16, and 321.17 of the Revised Code be amended to read as follows:

Sec. 9.37. (A) As used in this section, "public official" means any elected or appointed officer, employee, or agent of the state, any state

tution of higher education, any political subdivision, board, commission, bureau, or other public body established by law. "State institution of higher education" means any state university or college as defined in division (A)(1) of section 3345.12 of the Revised Code, community college, state community college, university branch, or technical college.

(B) ~~Any~~ Except as provided in division (F) of this section, any public official may make by direct deposit of funds by electronic transfer, if the payee provides a written authorization designating a financial institution and an account number to which the payment is to be credited, any payment such public official is permitted or required by law in the performance of ~~his~~ official duties to make by issuing a check or warrant.

(C) Such public official may contract with a financial institution for the services necessary to make direct deposits and draw lump-sum checks or warrants payable to that institution in the amount of the payments to be transferred.

(D) Before making any direct deposit as authorized under this section, the public official shall ascertain that the account from which the payment is to be made contains sufficient funds to cover the amount of the payment.

(E) If the issuance of checks and warrants by a public official requires authorization by a governing board, commission, bureau, or other public body having jurisdiction over the public official, the public official may only make direct deposits and contracts under this section pursuant to a resolution of authorization duly adopted by such governing board, commission, bureau, or other public body.

(F) Pursuant to sections 307.55, 319.16, and 321.15 of the Revised Code, a county auditor may issue, and a county treasurer may redeem, electronic warrants authorizing direct deposit for payment of county obligations in accordance with rules adopted by the auditor of state pursuant to section 117.20 of the Revised Code.

Sec. 129.60. (A) As used in sections 129.60 to 129.65 ~~and 135.12~~ of the Revised Code, "notes" include notes whether or not issued in anticipation of bonds.

The total debt created as evidenced by bonds and notes issued under Section 2h of Article VIII, Ohio Constitution, shall not exceed two hundred ninety million dollars. No part of such debt shall be contracted after December 31, 1970.

For the purposes of the certifications required by section 129.63 of the Revised Code there need not be included in determining the amounts required to meet the payments of principal of bonds or notes issued pursuant to Section 2h of Article VIII, Ohio Constitution, and this section, the

principal of notes which the commissioners of the sinking fund certify will be retired by the issuance of bonds or renewal notes.

(B)(1) All bonds or notes shall mature at such time or times, not exceeding thirty years from the date the debt is first contracted, as may be fixed by the commissioners of the sinking fund in their resolution authorizing the issuance of such bonds or notes.

(2) The principal of all bonds or notes and the interest thereon shall be exempt from all taxes levied by the state or any taxing subdivision or district thereof.

(3) All bonds or notes shall pass as negotiable instruments, subject to any provisions for registration, and shall possess all the attributes thereof.

(C) Accrued interest received from the sale of bonds and notes and the proceeds of bonds or notes issued to fund or refund bonds or notes shall be paid into the development bond retirement fund created by Section 2h of Article VIII, Ohio Constitution.

Sec. 135.12. ~~The (A) Beginning in 2000, the~~ state board of deposit shall meet on the third Monday of ~~March~~ June in the ~~odd-numbered~~ even-numbered years for the purpose of designating the public depositories of the public moneys of the state, and at such meeting or any adjourned session thereof shall designate such public depositories and award the public moneys of the state to and among the public depositories so designated for the period of two years commencing on the first Monday of ~~April~~ July next following.

(B) Each ~~other~~ governing board other than the state board of deposit shall meet every five years on the third Monday or such regularly scheduled meeting date of the month next preceding the date of the expiration of its designation of depositories for the purpose of designating the public depositories of the public moneys of the subdivision, and at such meeting or any adjourned session thereof, shall designate such public depositories and award the public moneys of the subdivision to and among the public depositories so designated for the period of five years commencing on the date of the expiration of the next preceding designation. ~~Such~~ The designation and award shall be made in duplicate; one copy shall be retained by the governing board of the subdivision and one copy shall be certified to the treasurer.

(C) If a governing board other than the state board of deposit determines, during a designation period, that a public depository designated under this section is insolvent or operating in an unsound or unsafe manner, the governing board may meet and designate a different public depository of the public moneys of the subdivision for the remainder of the designation

period.

(D) If a governing board other than the state board of deposit determines during a designation period that it is necessary and in the subdivision's best interests to appoint additional depositories, the governing board may meet and designate one or more additional public depositories of the public moneys of the subdivision for the remainder of the designation period.

(E) Whenever, by amendment or enactment of any state or federal law or the amendment or adoption of any valid regulation thereunder, the terms of a designation or award, lawful at the beginning of any designation period, cease to be lawful during such period, and if ~~such~~ the change of law or regulation requires, the designation period shall be limited so as not to extend beyond the date when ~~such~~ that change becomes effective. In such case, the proper governing board shall meet and designate the public depositories of the public moneys of the state or of the subdivision for the remainder of the designation period.

Sec. 135.14. (A) As used in this section, "treasurer" does not include the treasurer of state, and "governing board" does not include the state board of deposit.

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

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

Nothing in the classification of eligible obligations set forth in division (B)(1) of this section or in the classifications of eligible obligations set forth in divisions (B)(2) to ~~(6)~~(7) of this section shall be construed to authorize any investment in stripped principal or interest obligations of such eligible obligations.

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

(3) Interim deposits in the eligible institutions applying for interim moneys as provided in section 135.08 of the Revised Code. The award of interim deposits shall be made in accordance with section 135.09 of the Revised Code and the treasurer or the governing board shall determine the

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

(4) Bonds and other obligations of this state;

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

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

(7) up to twenty-five per cent of interim moneys available for investment in either of the following:

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

(i) the notes are rated at the time of purchase in the highest classification ESTABLISHED by at least two nationally recognized standard rating services.

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

(iii) the notes mature not later than one hundred eighty days after purchase.

(b) bankers acceptances of banks that are insured by the federal deposit insurance corporation and to which both of the following apply:

(i) the obligations are eligible for purchase by the federal reserve system.

(ii) the obligations mature not later than one hundred eighty days after purchase.

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

(C) Nothing in the classifications of eligible obligations set forth in

divisions (B)(1) to ~~(6)~~(7) of this section shall be construed to authorize any investment in a derivative, and no treasurer or governing board shall invest in a derivative. For purposes of this division, "derivative" means a financial instrument or contract or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself. Any security, obligation, trust account, or other instrument that is created from an issue of the United States treasury or is created from an obligation of a federal agency or instrumentality or is created from both is considered a derivative instrument. An eligible investment described in this section with a variable interest rate payment, based upon a single interest payment or single index comprised of other eligible investments provided for in division (B)(1) or (2) of this section, is not a derivative, provided that such variable rate investment has a maximum maturity of two years.

(D) ~~Any~~ Except as provided in division (E) of this section, any investment made pursuant to this section must mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the subdivision.

(E) The treasurer or governing board may also enter into a written repurchase agreement with any eligible institution mentioned in section 135.03 of the Revised Code or any eligible dealer pursuant to division (M) of this section, under the terms of which agreement the treasurer or governing board purchases, and such institution or dealer agrees unconditionally to repurchase any of the securities listed in ~~division~~ divisions (B)(1) or (2) to (5), except letters of credit described in division (B)(2), of this section 135.18 of the Revised Code The market value of securities subject to an overnight written repurchase agreement must exceed the principal value of the overnight written repurchase agreement by at least two per cent. A ~~term~~ written repurchase agreement shall not exceed thirty days and the market value of securities subject to a ~~term~~ written repurchase agreement must exceed the principal value of the ~~term~~ written repurchase agreement by at least two per cent and be marked to market daily. All securities purchased pursuant to this division shall be delivered into the custody of the treasurer or governing board or an agent designated by the treasurer or governing board. A written repurchase agreement with an eligible securities dealer shall be transacted on a delivery versus payment basis. The agreement shall contain the requirement that for each transaction pursuant to the agreement the participating institution or dealer shall provide all of the following information:

- (1) The par value of the securities;

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

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

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

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

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

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

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

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

(H) The use of leverage, in which the treasurer or governing board uses its current investment assets as collateral for the purpose of purchasing other assets, is prohibited. The issuance of taxable notes for the purpose of arbitrage is prohibited. Contracting to sell securities that have not yet been acquired by the treasurer or governing board, for the purpose of purchasing such securities on the speculation that bond prices will decline, is prohibited.

(I) Whenever, during a period of designation, the treasurer classifies public moneys as interim moneys, the treasurer shall notify the governing board of such action. The notification shall be given within thirty days after such classification and in the event the governing board does not concur in such classification or in the investments or deposits made under this section, the governing board may order the treasurer to sell or liquidate any of such investments or deposits, and any such order shall specifically describe the investments or deposits and fix the date upon which they are to be sold or liquidated. Investments or deposits so ordered to be sold or liquidated shall be sold or liquidated for cash by the treasurer on the date fixed in such order

at the then current market price. Neither the treasurer nor the members of the board shall be held accountable for any loss occasioned by sales or liquidations of investments or deposits at prices lower than their cost. Any loss or expense incurred in making such sales or liquidations is payable as other expenses of the treasurer's office.

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

(K) The treasurer is responsible for the safekeeping of 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 collect the moneys payable thereon. The moneys so collected shall be treated as public moneys subject to sections 135.01 to 135.21 of the Revised Code.

(M)(1) All investments, except for investments in securities described in divisions (B)(5) and (6) of this section and for investments by a municipal corporation in the issues of such municipal corporation, shall be made only through a member of the national association of securities dealers, through a bank, savings bank, or savings and loan association regulated by the superintendent of financial institutions, or through an institution regulated by the comptroller of the currency, federal deposit insurance corporation, or board of governors of the federal reserve system.

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

~~(N)(4)~~ In making investments authorized by this section, a treasurer or governing board may retain the services of an investment advisor, provided the advisor is licensed by the division of securities under section 1707.141 of the Revised Code or is registered with the securities and exchange commission, and possesses experience in public funds investment management, specifically in the area of state and local government investment portfolios, or the advisor is an eligible institution mentioned in section 135.03 of the Revised Code.

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

(2) If a written investment policy described in division ~~(N)(O)~~(1) of this section is not filed on behalf of the subdivision with the auditor of state, the treasurer or governing board of that subdivision shall invest the

subdivision's interim moneys only in interim deposits pursuant to division (B)(3) of this section, no-load money market mutual funds pursuant to division (B)(5) of this section, or the Ohio subdivision's fund pursuant to division (B)(6) of this section.

(3) Divisions ~~(N)~~(O)(1) and (2) of this section do not apply to a treasurer or governing board of a subdivision whose average annual portfolio of investments held pursuant to this section is one hundred thousand dollars or less, provided that the treasurer or governing board certifies, on a form prescribed by the auditor of state, that the treasurer or governing board will comply and is in compliance with the provisions of sections 135.01 to 135.21 of the Revised Code.

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

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

~~(P)~~(Q) An investment made by the treasurer or governing board pursuant to this section prior to September 27, 1996, that was a legal investment under the law as it existed before September 27, 1996, may be held until maturity, or if the investment does not have a maturity date, it may be held until five years from September 27, 1996, regardless of whether the investment would qualify as a legal investment under the terms of this section as amended.

Sec. 135.18. (A) The treasurer, before making the initial deposit in a public depository pursuant to an award made under sections 135.01 to 135.21 of the Revised Code, shall require the institution designated as a public depository to pledge to and deposit with the treasurer, as security for the repayment of all public moneys to be deposited in the public depository

during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above such portion or amount of such moneys as is at such time insured by the federal deposit insurance corporation or by any other agency or instrumentality of the federal government, ~~or the treasurer may require the institution to deposit with the treasurer surety company bonds which, when executed, shall be for an amount equal to such excess amount.~~ In the case of any deposit other than the initial deposit made during the period of designation, the amount of the aggregate market value of securities required to be pledged and deposited; ~~or of the surety company bonds required to be deposited;~~ shall be equal to the difference between the amount of public moneys on deposit in such public depository plus the amount to be so deposited, minus the portion or amount of the aggregate as is at the time insured as provided in this section. The treasurer may require additional eligible securities to be deposited to provide for any depreciation which may occur in the market value of any of the securities so deposited.

(B) The following securities shall be eligible for the purposes of this section:

(1) Bonds, notes, or other obligations of the United States; or bonds, notes, or other obligations guaranteed as to principal and interest by the United States or those for which the faith of the United States is pledged for the payment of principal and interest thereon, by language appearing in the instrument specifically providing such guarantee or pledge and not merely by interpretation or otherwise;

(2) Bonds, notes, debentures, letters of credit, or other obligations or securities issued by any federal government agency or instrumentality, or the export-import bank of Washington; bonds, notes, or other obligations guaranteed as to principal and interest by the United States or those for which the faith of the United States is pledged for the payment of principal and interest thereon, by interpretation or otherwise and not by language appearing in the instrument specifically providing such guarantee or pledge;

(3) Obligations of or fully insured or fully guaranteed by the United States or any federal government agency or instrumentality;

(4) Obligations partially insured or partially guaranteed by any federal agency or instrumentality;

(5) Obligations of or fully guaranteed by the federal national mortgage association, federal home loan mortgage corporation, federal farm credit bank, or student loan marketing association;

(6) Bonds and other obligations of this state;

(7) Bonds and other obligations of any county, township, school district, municipal corporation, or other legally constituted taxing subdivision of this state, which is not at the time of such deposit, in default in the payment of principal or interest on any of its bonds or other obligations, for which the full faith and credit of the issuing subdivision is pledged;

(8) Bonds of other states of the United States which have not during the ten years immediately preceding the time of such deposit defaulted in payments of either interest or principal on any of their bonds;

(9) Shares of no-load money market mutual funds consisting exclusively of obligations described in division (B)(1) or (2) of this section and repurchase agreements secured by such obligations;

(10) A surety bond issued by a corporate surety licensed by the state and authorized to issue surety bonds in this state pursuant to Chapter 3929. of the Revised Code, and qualified to provide surety bonds to the federal government pursuant to 96 Stat. 1047 (1982), 31 U.S.C.A. 9304.

(C) If the public depository fails to pay over any part of the public deposit made therein as provided by law, the treasurer shall sell at public sale any of the bonds or other securities deposited with the treasurer pursuant to this section or section 131.09 of the Revised Code, or shall draw on any letter of credit to the extent of such failure to pay. Thirty days' notice of such sale shall be given in a newspaper of general circulation at Columbus, in the case of the treasurer of state, and at the county seat of the county in which the office of the treasurer is located, in the case of any other treasurer. When a sale of bonds or other securities has been so made and upon payment to the treasurer of the purchase money, the treasurer shall transfer such bonds or securities whereupon the absolute ownership of such bonds or securities shall pass to the purchasers. Any surplus remaining after deducting the amount due the state or subdivision and expenses of sale shall be paid to the public depository.

(D) An institution designated as a public depository may, by written notice to the treasurer, designate a qualified trustee and deposit the eligible securities required by this section with the trustee for safekeeping for the account of the treasurer and the institution as a public depository, as their respective rights to and interests in such securities under this section may appear and be asserted by written notice to or demand upon the trustee. In such case, the treasurer shall accept the written receipt of the trustee describing the securities which have been deposited with the trustee by the public depository, a copy of which shall also be delivered to the public depository. Thereupon all such securities so deposited with the trustee are deemed to be pledged with the treasurer and to be deposited with the

treasurer, for all the purposes of this section.

(E) The governing board may make provisions for the exchange and release of securities and the substitution of other eligible securities therefor except where the public depository has deposited eligible securities with a trustee for safekeeping as provided in this section.

(F) When the public depository has deposited eligible securities described in division (B)(1) of this section with a trustee for safekeeping, the public depository may at any time substitute or exchange eligible securities described in division (B)(1) of this section having a current market value equal to or greater than the current market value of the securities then on deposit and for which they are to be substituted or exchanged, without specific authorization from any governing board, boards, or treasurer of any such substitution or exchange.

(G) When the public depository has deposited eligible securities described in divisions (B)(2) to (9) of this section with a trustee for safekeeping, the public depository may at any time substitute or exchange eligible securities having a current market value equal to or greater than the current market value of the securities then on deposit and for which they are to be substituted or exchanged without specific authorization of any governing board, boards, or treasurer of any such substitution or exchange only if:

(1) The treasurer has authorized the public depository to make such substitution or exchange on a continuing basis during a specified period without prior approval of each substitution or exchange. Such authorization may be effected by the treasurer sending to the trustee a written notice stating that substitution may be effected on a continuing basis during a specified period which shall not extend beyond the end of the period of designation during which the notice is given. The trustee may rely upon such notice and upon the period of authorization stated therein and upon the period of designation stated therein.

(2) No continuing authorization for substitution has been given by the treasurer, the public depository notifies the treasurer and the trustee of an intended substitution or exchange, and the treasurer fails to object to the trustee as to the eligibility or market value of the securities being substituted within ten calendar days after the date appearing on the notice of proposed substitution. The notice to the treasurer and to the trustee shall be given in writing and delivered personally or by certified or registered mail with a return receipt requested. The trustee may assume in any case that the notice has been delivered to the treasurer. In order for objections of the treasurer to be effective, receipt of the objections must be acknowledged in writing by

the trustee.

(3) The treasurer gives written authorization for a substitution or exchange of specific securities.

(H) The public depository shall notify any governing board, boards, or treasurer of any ~~such~~ substitution or exchange under division (G)(1) or (2) of this section. Upon request from the treasurer, the trustee shall furnish a statement of the securities pledged against such public deposits.

(I) Any federal reserve bank or branch thereof located in this state, without compliance with Chapter 1111. of the Revised Code and without becoming subject to any other law of this state relative to the exercise by corporations of trust powers generally, is qualified to act as trustee for the safekeeping of securities, under this section. Any institution mentioned in section 135.03 of the Revised Code that holds a certificate of qualification issued by the superintendent of financial institutions or any institution complying with sections 1111.04, 1111.05, and 1111.06 of the Revised Code, is qualified to act as trustee for the safekeeping of securities, other than those belonging to itself, under this section. Upon application to the superintendent in writing by any such institution, the superintendent shall investigate the applicant and ascertain whether or not it has been authorized to execute and accept trusts in this state and has safe and adequate vaults and efficient supervision thereof for the storage and safekeeping within this state of such securities. If the superintendent finds that the applicant has been so authorized and does have such vaults and supervision thereof, the superintendent shall approve the application and issue a certificate to that effect, the original or any certified copy of which shall be conclusive evidence that the institution therein named is qualified to act as trustee for the purposes of this section with respect to securities other than those belonging to itself.

Notwithstanding the fact that a public depository is required to pledge eligible securities in certain amounts to secure deposits of public moneys, a trustee shall have no duty or obligation to determine the eligibility, market value, or face value of any securities deposited with the trustee by a public depository. This applies in all situations including, without limitation, a substitution or exchange of securities.

Any charges or compensation of a designated trustee for acting as such under this section shall be paid by the public depository and in no event shall be chargeable to the state or the subdivision or to the treasurer or to any officer of the state or subdivision. ~~Such~~ the charges or compensation shall not be a lien or charge upon the securities deposited for safekeeping prior or superior to the rights to and interests in such securities of the state or

the subdivision or of the treasurer. The treasurer and the treasurer's bonders or surety shall be relieved from any liability to the state or the subdivision or to the public depository for the loss or destruction of any securities deposited with a qualified trustee pursuant to this section.

Sec. 135.181. (A) As used in this section:

(1) "Public depository" means that term as defined in section 135.01 of the Revised Code, but also means an institution which receives or holds any public deposits as defined in section 135.31 of the Revised Code.

(2) "Public deposits," "public moneys," and "treasurer" mean those terms as defined in section 135.01 of the Revised Code, but also have the same meanings as are set forth in section 135.31 of the Revised Code.

(3) "Subdivision" means that term as defined in section 135.01 of the Revised Code, but also includes a county.

(B) In lieu of the pledging requirements prescribed in sections 135.18 and 135.37 of the Revised Code, an institution designated as a public depository at its option may pledge a single pool of eligible securities to secure the repayment of all public moneys deposited in the institution and not otherwise secured pursuant to law, provided that at all times the total market value of the securities so pledged, ~~based on the valuations prescribed in division (C) of this section,~~ is at least equal to one hundred ~~ten~~ five per cent of the total amount of all public deposits to be secured by the pooled securities, including the portion of such deposits covered by any federal deposit insurance. Each such institution shall carry in its accounting records at all times a general ledger or other appropriate account of the total amount of all public deposits to be secured by the pool, as determined at the opening of business each day, and the total market value of securities pledged to secure such deposits.

(C) ~~The following securities, at the specified valuations, described in division (B) of section 135.18 of the Revised Code shall be eligible as collateral for the purposes of division (B) of this section, provided no such securities pledged as collateral are at any time in default as to either principal or interest:~~

~~(1) Obligations of or fully insured or fully guaranteed by the United States or any federal government agency or instrumentality: at face value;~~

~~(2) Obligations partially insured or partially guaranteed by any federal government agency or instrumentality: at face value;~~

~~(3) Obligations of or fully guaranteed by the federal national mortgage association, federal home loan mortgage corporation, federal farm, credit bank, or student loan marketing association: at face value;~~

~~(4) Obligations of any state, county, municipal corporation, or other~~

~~legally constituted authority of any state, or any instrumentality of any state, county, municipal corporation, or other authority, which are secured as to the payment of principal and interest by the holding in escrow of obligations of the United States for which the full faith and credit of the United States is pledged: at face value;~~

~~(5) Obligations of this state, or any county or other legally constituted authority of this state, or any instrumentality of this state, or such county or other authority: at face value;~~

~~(6) Obligations of any other state: at ninety per cent of face value;~~

~~(7) Obligations of any county, municipal corporation, or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation, or other authority: at eighty per cent of face value;~~

~~(8) Notes representing loans made to persons attending or planning to attend eligible institutions of education and to their parents, and insured or guaranteed by the United States or any agency, department, or other instrumentality thereof: at face value;~~

~~(9) Any other obligations the treasurer of state approves: at the percentage of face value the treasurer of state prescribes;~~

~~(10) Shares of no load money market mutual funds consisting exclusively of obligations described in division (C)(1), (2), or (3) of this section and repurchase agreements secured by such obligations: at face value.~~

(D) The state and each subdivision shall have an undivided security interest in the pool of securities pledged by a public depository pursuant to division (B) of this section in the proportion that the total amount of the state's or subdivision's public moneys secured by the pool bears to the total amount of public deposits so secured.

(E) An institution designated as a public depository shall designate a qualified trustee and deposit with the trustee for safekeeping the eligible securities pledged pursuant to division (B) of this section. The institution shall give written notice of the qualified trustee to any treasurer or treasurers depositing public moneys for which such securities are pledged. The treasurer shall accept the written receipt of the trustee describing the pool of securities so deposited by the depository, a copy of which shall be delivered to the depository.

(F) Any federal reserve bank or branch thereof located in this state, without compliance with Chapter 1111. of the Revised Code and without becoming subject to any other law of this state relative to the exercise by corporations of trust powers generally, is qualified to act as trustee for the

safekeeping of securities, under this section. Any institution mentioned in section 135.03 or 135.32 of the Revised Code which holds a certificate of qualification issued by the superintendent of financial institutions or any institution complying with sections 1111.04, 1111.05, and 1111.06 of the Revised Code is qualified to act as trustee for the safekeeping of securities under this section, other than those belonging to itself or to an affiliate as defined in division (A) of section 1101.01 of the Revised Code. Upon application to the superintendent in writing by any such institution, the superintendent shall investigate the applicant and ascertain whether or not it has been authorized to execute and accept trusts in this state and has safe and adequate vaults and efficient supervision thereof for the storage and safekeeping of such securities. If the superintendent finds that the applicant has been so authorized and does have such vaults and supervision thereof, the superintendent shall approve the application and issue a certificate to that effect, the original or any certified copy of which shall be conclusive evidence that the institution named therein is qualified to act as trustee for the purposes of this section with respect to securities other than those belonging to itself or to an affiliate.

(G) The public depository at any time may substitute, exchange, or release eligible securities deposited with a qualified trustee pursuant to this section, provided that such substitution, exchange, or release does not reduce the total market value of the securities, ~~based on the valuations prescribed in division (C) of this section,~~ to an amount that is less than one hundred ~~ten~~ five per cent of the total amount of public deposits as determined pursuant to division (B) of this section.

(H) Notwithstanding the fact that a public depository is required to pledge eligible securities in certain amounts to secure deposits of public moneys, a trustee shall have no duty or obligation to determine the eligibility, market value, or face value of any securities deposited with the trustee by a public depository. This applies in all situations including, but not limited to, a substitution or exchange of securities, but excluding those situations effectuated by division (I) of this section in which the trustee is required to determine face and market value.

(I) If the public depository fails to pay over any part of the public deposits made therein as provided by law and secured pursuant to division (B) of this section, the treasurer shall give written notice of this failure to the qualified trustee holding the pool of securities pledged against public moneys deposited in the depository, and at the same time shall send a copy of this notice to the depository. Upon receipt of such notice, the trustee shall transfer to the treasurer for public sale such of the pooled securities as may

be necessary to produce an amount equal to the deposits made by the treasurer and not paid over, less the portion of such deposits covered by any federal deposit insurance, plus any accrued interest due on such deposits; however, ~~such~~ the amount shall not exceed the state's or subdivision's proportional security interest in the market value of the pool as of the date of the depository's failure to pay over the deposits, as such interest and value are determined by the trustee. The treasurer shall sell at public sale any of the bonds or other securities so transferred. Thirty days' notice of such sale shall be given in a newspaper of general circulation at Columbus, in the case of the treasurer of state, and at the county seat of the county in which the office of the treasurer is located, in the case of any other treasurer. When a sale of bonds or other securities has been so made and upon payment to the treasurer of the purchase money, the treasurer shall transfer such bonds or securities whereupon the absolute ownership of such bonds or securities shall pass to the purchasers. Any surplus after deducting the amount due the state or subdivision and expenses of sale shall be paid to the public depository.

(J) Any charges or compensation of a designated trustee for acting as such under this section shall be paid by the public depository and in no event shall be chargeable to the state or subdivision or to the treasurer or to any officer of the state or subdivision. ~~Such~~ the charges or compensation shall not be a lien or charge upon the securities deposited for safekeeping prior or superior to the rights to and interests in such securities of the state or subdivision or of the treasurer. The treasurer and the treasurer's bonders or surety shall be relieved from any liability to the state or subdivision or to the public depository for the loss or destruction of any securities deposited with a qualified trustee pursuant to this section.

(K) In lieu of placing its unqualified endorsement on each security, a public depository pledging securities pursuant to division (B) of this section that are not negotiable without its endorsement or assignment may furnish to the qualified trustee holding the securities an appropriate resolution and irrevocable power of attorney authorizing the trustee to assign the securities. The resolution and power of attorney shall conform to such terms and conditions as the trustee prescribes.

(L) Upon request of a treasurer no more often than four times per year, a public depository shall report the amount of public moneys deposited by the treasurer and secured pursuant to division (B) of this section, and the total market value, ~~based on the valuations prescribed in division (C) of this section,~~ of the pool of securities pledged to secure public moneys held by the depository, including those deposited by the treasurer. Upon request of a

treasurer no more often than four times per year, a qualified trustee shall report ~~such~~ the total market value of the pool of securities deposited with it by the depository and shall provide an itemized list of the securities in the pool. These reports shall be made as of the date the treasurer specifies.

Sec. 135.33. (A) The board of county commissioners shall meet every ~~two~~ four years in the month next preceding the date of the expiration of its current period of designation for the purpose of designating its public depositories of active moneys for the next succeeding ~~two-year~~ four-year period commencing on the date of expiration of the preceding period.

At least sixty days before ~~such~~ the meeting, the county treasurer shall submit to the board an estimate of the aggregate amount of public moneys that might be available for deposit as active moneys at any one time during the next ~~two-year~~ four-year period. Upon receipt of such estimate, the board shall immediately notify all eligible institutions that might desire to be designated as such public depositories of the date on which the designation is to be made; the amount that has been estimated to be available for deposit; and the date fixed as the last date on which applications may be submitted, that shall not be more than thirty days or less than ten days prior to the date set for the meeting designating public depositories.

(B) Any eligible institution described in division (A) of section 135.32 of the Revised Code that has an office located within the territorial limits of the county is eligible to become a public depository of the active moneys of the county. Each eligible institution desiring to be a public depository of such active moneys shall, not more than thirty days or less than ten days prior to the date fixed by this section, make application therefor in writing to the board of county commissioners. ~~Such~~ The application may specify the maximum amount of such public moneys that the applicant desires to receive and have on deposit at any time during the period covered by the designation. Each application shall be accompanied by a financial statement of the applicant, under oath of its cashier, treasurer, or other officer as of the date of its latest report to the superintendent of banks or comptroller of the currency, and adjusted to show any changes therein prior to the date of the application, that shall include a statement of its public and nonpublic deposits.

(C) The board of county commissioners, upon recommendation of the treasurer, shall designate, by resolution, one or more eligible institutions as public depositories for active moneys. In case the aggregate amount of active moneys applied for by institutions within the county is less than the amount estimated to be available for deposit, the board may designate as a public depository one or more eligible institutions that are conveniently

located. The original resolution of designation shall be certified to the treasurer and any institution designated as a public depository.

(D) No service charge shall be made against any deposit of active moneys, or collected or paid, unless such service charge is the same as is customarily imposed by institutions receiving money on deposit subject to check, in which event the charge may be paid.

(E) Notwithstanding division (C) of this section, the board of county commissioners may authorize, by resolution, the treasurer to deposit money necessary to pay the principal and interest on bonds and notes, and any fees incident thereto, in any bank within this state.

Moneys so deposited shall be transferred by the treasurer according to the terms of the agreement with the bank but shall remain as public moneys until such time as they are actually paid out by the bank. Until such time as payments become due and payable on such principal or interest, the bank shall invest any moneys in the account in interest-bearing obligations at the highest, reasonable rate of interest obtainable.

So long as moneys remain in the account, the bank shall deliver to the treasurer, at the end of each month, a statement showing an accounting of all activities in the account during the preceding month including, but not limited to, all payments made, all interest earned, and the beginning and ending balances, together with any coupons redeemed since the preceding statement was issued.

Sec. 135.341. (A) There shall be a county investment advisory committee consisting of three members: two county commissioners to be designated by the board of county commissioners, and the county treasurer.

Notwithstanding the preceding sentence, the board of county commissioners may declare that all three county commissioners shall serve on the county investment advisory committee. If the board so declares, the county investment advisory committee shall consist of five members: the three county commissioners, the county treasurer, and the clerk of the court of common pleas of the county.

(B) The committee shall elect its own chairperson, and committee members shall receive no additional compensation for the performance of their duties as committee members.

(C) The committee shall establish written county investment policies and shall meet at least once every three months, to review or revise its policies and to advise the investing authority on the county investments in order to ensure the best and safest return of funds available to the county for deposit or investment. Any member of the county investment advisory committee, upon giving five days' notice, may call a meeting of the

committee. The committee's policies may establish a limit on the period of time that moneys may be invested in any particular type of investment.

(D) The committee is authorized to retain the services of an investment advisor, provided that the advisor is licensed by the division of securities under section 1707.141 of the Revised Code or is registered with the securities and exchange commission, and possesses public funds investment management experience, specifically in the area of state and local government investment portfolios, or the advisor is an eligible institution mentioned in section 135.03 of the Revised Code.

(E) Nothing in this section affects the authority of any of the officers mentioned in section 325.27 of the Revised Code to contract for the services of fiscal and management consultants pursuant to section 325.17 of the Revised Code.

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

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

Nothing in the classification of eligible securities and obligations set forth in division (A)(1) of this section or in the classifications of eligible securities and obligations set forth in divisions (A)(2) to ~~(9)~~(8) of this section shall be construed to authorize any investment in stripped principal or interest obligations of such eligible securities and obligations.

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

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

(4) Bonds and other obligations of this state or the political subdivisions of this state, provided that such political subdivisions are located wholly or partly within the same county as the investing authority;

(5) No-load money market mutual funds consisting exclusively of

obligations described in division (A)(1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions mentioned in section 135.32 of the Revised Code;

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

(7) Securities lending agreements with any eligible institution mentioned in section 135.32 of the Revised Code that is a member of the federal reserve system or federal home loan bank, under the terms of which agreements the investing authority lends securities and the eligible institution agrees to simultaneously exchange either securities described in division (A)(1) or (2) of this section or cash or both securities and cash, equal value for equal value;

~~(8) Commercial paper issued by any corporation incorporated under the laws of the United States or a state if both of the following conditions apply:~~

~~(a) Two nationally recognized rating agencies rank the commercial paper in either of their two highest categories;~~

~~(b) The total amount invested in commercial paper at any time does not exceed five per cent of the county's total average portfolio, as determined and calculated by the investing authority.~~

~~(9) Bankers acceptances, if the following conditions are met:~~

~~(a) The acceptances mature in two hundred seventy days or fewer from the date of settlement;~~

~~(b) The acceptances are eligible for purchase by the federal reserve system;~~

~~(c) The total amount invested in bankers acceptances at any time does not exceed ten per cent of the county's total average portfolio, as determined and calculated by the investing authority~~ Up to twenty-five per cent of the county's total average portfolio in either of the following investments:

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

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

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

(iii) the notes mature not later than one hundred eighty days after purchase.

(b) bankers acceptances of banks that are insured by the federal deposit

insurance corporation and to which both of the following apply:

(i) the obligations are eligible for purchase by the federal reserve system.

(ii) the obligations mature not later than one hundred eighty days after purchase.

No investment shall be made pursuant to division (A)(8) of this section unless the investing authority has completed additional training for making the investments authorized by division (A)(8) of this section. the type and amount of additional training shall be approved by the auditor of state and may be conducted by or provided under the supervision of the auditor of state.

(B) Nothing in the classifications of eligible obligations and securities set forth in divisions (A)(1) to ~~(9)~~(8) of this section shall be construed to authorize investment in a derivative, and no investing authority shall invest any county inactive moneys or any moneys in a county library and local government support fund in a derivative. For purposes of this division, "derivative" means a financial instrument or contract or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself. Any security, obligation, trust account, or other instrument that is created from an issue of the United States treasury or is created from an obligation of a federal agency or instrumentality or is created from both is considered a derivative instrument. An eligible investment described in this section with a variable interest rate payment, based upon a single interest payment or single index comprised of other eligible investments provided for in division (A)(1) or (2) of this section, is not a derivative, provided that such variable rate investment has a maximum maturity of two years.

(C) ~~Any~~ Except as provided in division (D) of this section, any investment made pursuant to this section must mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the county or to a specific obligation or debt of a political subdivision of this state located wholly or partly within the county, and the investment is specifically approved by the investment advisory committee.

(D) The investing authority may also enter into a written repurchase agreement with any eligible institution mentioned in section 135.32 of the Revised Code or any eligible securities dealer pursuant to division (J) of this section, under the terms of which agreement the investing authority purchases and the eligible institution or dealer agrees unconditionally to repurchase any of the securities listed in ~~division (A)(1) or (2)~~ divisions

(B)(1) to (5), except letters of credit described in division (B)(2), of this section 135.18 of the Revised Code The market value of securities subject to an overnight written repurchase agreement must exceed the principal value of the overnight written repurchase agreement by at least two per cent. A ~~term~~ written repurchase agreement must exceed the principal value of the overnight written repurchase agreement, by at least two per cent. A ~~term~~ written repurchase agreement shall not exceed thirty days, and the market value of securities subject to a ~~term~~ written repurchase agreement must exceed the principal value of the ~~term~~ written repurchase agreement by at least two per cent and be marked to market daily. All securities purchased pursuant to this division shall be delivered into the custody of the investing authority or the qualified custodian of the investing authority or an agent designated by the investing authority. A written repurchase agreement with an eligible securities dealer shall be transacted on a delivery versus payment basis. The agreement shall contain the requirement that for each transaction pursuant to the agreement the participating institution shall provide all of the following information:

- (1) The par value of the securities;
- (2) The type, rate, and maturity date of the securities;
- (3) A numerical identifier generally accepted in the securities industry that designates the securities.

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

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

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

- (1) The Ohio subdivision's fund pursuant to division (A)(6) of this section;
- (2) A fund created solely for the purpose of acquiring, constructing,

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

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

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

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

(I) The investing authority shall be responsible for the safekeeping of all documents evidencing a deposit or investment acquired under this section including, but not limited to, safekeeping receipts evidencing securities deposited with a qualified trustee, as provided in section 135.37 of the Revised Code, and documents confirming the purchase of securities under any repurchase agreement under this section shall be deposited with a qualified trustee, provided, however, that the qualified trustee shall be required to report to the investing authority, 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 county 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 investing authority.

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

(J)(1) All investments, except for investments in securities described in

divisions (A)(5) and (6) of this section, shall be made only through a member of the national association of securities dealers, through a bank, savings bank, or savings and loan association regulated by the superintendent of financial institutions, or through an institution regulated by the comptroller of the currency, federal deposit insurance corporation, or board of governors of the federal reserve system.

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

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

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

(L)(1) The investing authority shall establish and maintain an inventory of all obligations and securities acquired by the investing authority pursuant to this section. The inventory shall include a description of each obligation or security, including type, cost, par value, maturity date, settlement date, and any coupon rate.

(2) The investing authority shall also keep a complete record of all

purchases and sales of the obligations and securities made pursuant to this section.

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

(4) The monthly portfolio report ~~and the quarterly investment report~~ shall be a public records record and available for inspection under section 149.43 of the Revised Code.

(5) The inventory; and the monthly portfolio report, ~~and the quarterly investment report shall be on standard forms approved by the auditor of state and shall be filed with the board of county commissioners.~~

(M) An investing authority may enter into a written investment or deposit agreement that includes a provision under which the parties agree to submit to nonbinding arbitration to settle any controversy that may arise out of the agreement, including any controversy pertaining to losses of public moneys resulting from investment or deposit. The arbitration provision shall be set forth entirely in the agreement, and the agreement shall include a conspicuous notice to the parties that any party to the arbitration may apply to the court of common pleas of the county in which the arbitration was held for an order to vacate, modify, or correct the award. Any such party may also apply to the court for an order to change venue to a court of common pleas located more than one hundred miles from the county in which the investing authority is located.

For purposes of this division, "investment or deposit agreement" means any agreement between an investing authority and a person, under which agreement the person agrees to invest, deposit, or otherwise manage, on behalf of the investing authority, a county's inactive moneys or moneys in a county library and local government support fund, or agrees to provide investment advice to the investing authority.

(N) An investment held in the county portfolio on September 27, 1996, that was a legal investment under the law as it existed before September 27, 1996, may be held until maturity, or if the investment does not have a maturity date the investment may be held until five years from September 27, 1996, regardless of whether the investment would qualify as a legal investment under the terms of this section as amended.

Sec. 135.37. (A) Any institution described in section 135.32 of the

Revised Code shall, at the time it receives a deposit of public moneys under section 135.33 or 135.35 of the Revised Code, pledge to and deposit with the investing authority, as security for the repayment of all public moneys to be deposited, eligible securities of aggregate market value equal to or in excess of the amount of public moneys to be at the time so deposited. Any securities listed in division (B) of section 135.18 of the Revised Code are eligible for such purpose. The collateral so pledged or deposited may be in an amount that when added to the portion of the deposit insured by the federal deposit insurance corporation or any other agency or instrumentality of the federal government will, in the aggregate, equal or exceed the amount of public moneys so deposited; provided that, when an investment of inactive moneys consists of the purchase of one or more of the type of securities listed in division (A)(1) or (2) of section 135.35 of the Revised Code, no additional collateral need be pledged or deposited.

The investing authority also may require ~~or accept surety company bonds as collateral for public deposits, subject to the provisions of divisions (A) to (E) of this section, and may require~~ that additional eligible securities be pledged or deposited when depreciation occurs in the market value of any securities pledged or deposited.

(B) The public depository may, at any time, provide for the exchange or substitution of securities for other eligible securities or the release of securities when the amount of public moneys on deposit does not require that they be pledged or deposited, by notifying the investing authority of its intent to take such action.

Upon proper notification of the public depository's desire for release of securities, the investing authority may sign a release of such securities provided that the aggregate amount of collateral remaining pledged or deposited meets the requirements of divisions (A) to (E) of this section.

When a public depository desires to exchange or substitute securities for other eligible securities, the investing authority may release the securities pledged or deposited after the deposit of other securities having a current market value equal to or greater than the current market value of securities then on deposit or after a safekeeping receipt has been received evidencing the deposit and pledge of such securities.

(C) Upon request from the investing authority, the trustee or the public depository shall furnish a statement of the securities pledged against the public moneys deposited in the public depository.

(D) If a public depository fails to pay over any part of any public deposit made as provided by law, the investing authority shall sell any pledged or deposited securities, as prescribed in division (C) of section

135.18 of the Revised Code.

(E) A public depository may designate, in accordance with the provisions of division (D) of section 135.18 of the Revised Code, a trustee for the safekeeping of any pledged securities. Such trustee shall be any bank or other institution eligible as a trustee under division (I) of section 135.18 of the Revised Code, except that, for the purposes of this section, a bank to which a certificate of qualification is issued shall be an institution mentioned in division (A) of section 135.32 of the Revised Code.

(F) In lieu of the pledging requirements prescribed in divisions (A) to (E) of this section, an institution designated as a public depository may pledge securities pursuant to section 135.181 of the Revised Code.

Sec. 307.55. (A) No claims against the county shall be paid otherwise than upon the allowance of the board of county commissioners, upon the warrant, including an electronic warrant authorizing direct deposit for payment of a county obligation in accordance with division (F) of section 9.37 of the Revised Code, of the county auditor, except in those cases in which the amount due is fixed by law or is authorized to be fixed by some other person or tribunal, in which case it shall be paid upon the warrant of the auditor upon the proper certificate of the person or tribunal allowing the claim.

(B) No public money shall be disbursed by the board or any of its members, but shall be disbursed by the county treasurer, upon the warrant, including an electronic warrant authorizing direct deposit for payment of a county obligation in accordance with division (F) of section 9.37 of the Revised Code, of the auditor specifying the name of the party entitled to such money, on what account, and upon whose allowance, if not fixed by law.

Sec. 319.16. The county auditor shall issue warrants, including electronic warrants authorizing direct deposit for payment of county obligations in accordance with division (F) of section 9.37 of the Revised Code, on the county treasurer for all moneys payable from the county treasury, upon presentation of the proper order or voucher and evidentiary matter for the moneys, and keep a record of all such warrants showing the number, date of issue, amount for which drawn, in whose favor, for what purpose, and on what fund. The auditor shall not issue a warrant for the payment of any claim against the county, unless it is allowed by the board of county commissioners, except where the amount due is fixed by law or is allowed by an officer or tribunal, including a county board of mental health or county board of mental retardation and developmental disabilities, so authorized by law. If the auditor questions the validity of an expenditure that

is within available appropriations and for which a proper order or voucher and evidentiary matter is presented, the auditor shall notify the board, officer, or tribunal who presented the voucher. If the board, officer, or tribunal determines that the expenditure is valid and the auditor continues to refuse to issue the appropriate warrant on the county treasury, a writ of mandamus may be sought. The court shall issue a writ of mandamus for issuance of the warrant if the court determines that the claim is valid.

Evidentiary matter includes original invoices, receipts, bills and checks, and legible copies of contracts.

Sec. 321.15. No money shall be paid from the county treasury, or transferred to any person for disbursement, except on the warrant of the county auditor, including an electronic warrant authorizing direct deposit, in accordance with division (F) of section 9.37 of the Revised Code, for payment of county obligations.

Sec. 321.16. (A) When a warrant drawn on ~~him as~~ the county treasurer by the county auditor is presented for payment, if there is money in the county treasury or depository to the credit of the fund on which it is drawn, and the warrant is endorsed by the payee thereof, the treasurer shall redeem it by payment of cash or by check on the depository.

(B) The warrant, and all information related to the presentment of the warrant, may be provided electronically to the county treasurer.

Sec. 321.17. When a warrant is presented to the county treasurer for payment, and is not paid, for want of money belonging to the particular fund on which it is drawn, the treasurer shall ~~indorse record~~ record the warrant, "Not as not paid for want of funds," ~~with the date of its presentation, and sign his name to the warrant. Such~~ The warrant shall thereafter bear interest at the rate of six per cent per ~~annum~~ year. A memorandum of all such warrants shall be kept by the treasurer ~~in a book for that purpose.~~

SECTION 2. That existing sections 9.37, 129.60, 135.12, 135.14, 135.18, 135.181, 135.33, 135.341, 135.35, 135.37, 307.55, 319.16, 321.15, 321.16, and 321.17 of the Revised Code are hereby repealed.

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*Speaker* \_\_\_\_\_ *of the House of Representatives.*

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*President* \_\_\_\_\_ *of the Senate.*

Passed \_\_\_\_\_, 20\_\_\_\_

Approved \_\_\_\_\_, 20\_\_\_\_

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*Governor.*

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

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*Director, Legislative Service Commission.*

Filed in the office of the Secretary of State at Columbus, Ohio, on the  
\_\_\_\_ day of \_\_\_\_\_, A. D. 20\_\_\_\_.

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*Secretary of State.*

File No. \_\_\_\_\_ Effective Date \_\_\_\_\_