

**As Passed by the Senate**

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**Sub. H. B. No. 313**

**Representatives Stewart, J., Seitz, Webster, McGregor, J., Patton, T.,  
Schneider, Wagoner, Widener, Hagan, Gibbs, Coley, Bocchieri, Koziura,  
Buehrer, Domenick, Evans, C., Healy, Hughes, Martin, Otterman, Reidelbach,  
Schaffer, Stewart, D., Uecker  
Senators Carey, Stivers, Goodman, Schuring, Spada, Wilson, Zurz, Kearney,  
Schuler, Padgett**

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**A B I L L**

To amend sections 135.18, 135.181, and 135.353 and to 1  
enact section 135.144 of the Revised Code to 2  
reduce pledging requirements by public 3  
depositories securing repayment of public moneys; 4  
to specify debt and other obligations of certain 5  
out-of-state subdivisions as eligible to secure 6  
repayment of state or political subdivision public 7  
moneys; and to authorize investment of certain 8  
political subdivision and county public moneys in 9  
certificates of deposit issued by federally 10  
insured banks and savings and loan associations, 11  
wherever located, provided certain conditions 12  
apply. 13

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

**Section 1.** That sections 135.18, 135.181, and 135.353 be 14  
amended and section 135.144 of the Revised Code be enacted to read 15  
as follows: 16

Sec. 135.144. (A) In addition to the authority provided in 17  
section 135.14 of the Revised Code, the treasurer or governing 18  
board of a political subdivision may invest interim moneys in 19  
certificates of deposit in accordance with all of the following: 20

(1) The interim moneys initially are deposited with an 21  
eligible public depository described in section 135.03 of the 22  
Revised Code and selected, pursuant to section 135.12 of the 23  
Revised Code, by the governing board of a political subdivision, 24  
for interim moneys of the political subdivision. 25

(2) For the treasurer or governing board of the political 26  
subdivision depositing the interim moneys pursuant to division 27  
(A)(1) of this section, the eligible public depository selected 28  
pursuant to that division invests the interim moneys in 29  
certificates of deposit of one or more federally insured banks or 30  
savings and loan associations, wherever located. The full amount 31  
of principal and any accrued interest of each certificate of 32  
deposit invested in pursuant to division (A)(2) of this section 33  
shall be insured by federal deposit insurance. 34

(3) For the treasurer or governing board of the political 35  
subdivision depositing the interim moneys pursuant to division 36  
(A)(1) of this section, the eligible public depository selected 37  
pursuant to that division acts as custodian of the certificates of 38  
deposit described in division (A)(2) of this section. 39

(4) At the same time that the eligible public depository 40  
selected in accordance with division (A)(1) of this section 41  
invests the deposit received pursuant to that division in the 42  
certificates of deposit described in division (A)(2) of this 43  
section, and the certificates of deposit are issued by the bank or 44  
savings and loan association, the eligible public depository 45  
receives an amount of deposits from customers of other federally 46  
insured financial institutions, wherever located, that are equal 47

to or greater than the amount of the interim money initially 48  
deposited pursuant to division (A)(1) of this section by the 49  
treasurer or governing board of a political subdivision. 50

(B) Interim moneys deposited or invested in accordance with 51  
division (A) of this section are not subject to any pledging 52  
requirements described in section 135.18 or 135.181 of the Revised 53  
Code. 54

**Sec. 135.18.** (A) The treasurer, before making the initial 55  
deposit in a public depository pursuant to an award made under 56  
sections 135.01 to 135.21 of the Revised Code, except as provided 57  
in section 135.144 of the Revised Code, shall require the 58  
institution designated as a public depository to pledge to and 59  
deposit with the treasurer, as security for the repayment of all 60  
public moneys to be deposited in the public depository during the 61  
period of designation pursuant to the award, eligible securities 62  
of aggregate market value equal to the excess of the amount of 63  
public moneys to be at the time so deposited, over and above ~~such~~ 64  
the portion or amount of such moneys as is at ~~such~~ that time 65  
insured by the federal deposit insurance corporation or by any 66  
other agency or instrumentality of the federal government. In the 67  
case of any deposit other than the initial deposit made during the 68  
period of designation, the amount of the aggregate market value of 69  
securities required to be pledged and deposited shall be equal to 70  
the difference between the amount of public moneys on deposit in 71  
such public depository plus the amount to be so deposited, minus 72  
the portion or amount of the aggregate as is at the time insured 73  
as provided in this section. The treasurer may require additional 74  
eligible securities to be deposited to provide for any 75  
depreciation which may occur in the market value of any of the 76  
securities so deposited. 77

(B) The following securities shall be eligible for the 78

purposes of this section:	79
(1) Bonds, notes, or other obligations of the United States;	80
or bonds, notes, or other obligations guaranteed as to principal	81
and interest by the United States or those for which the faith of	82
the United States is pledged for the payment of principal and	83
interest thereon, by language appearing in the instrument	84
specifically providing such guarantee or pledge and not merely by	85
interpretation or otherwise;	86
(2) Bonds, notes, debentures, letters of credit, or other	87
obligations or securities issued by any federal government agency	88
or instrumentality, or the export-import bank of Washington;	89
bonds, notes, or other obligations guaranteed as to principal and	90
interest by the United States or those for which the faith of the	91
United States is pledged for the payment of principal and interest	92
thereon, by interpretation or otherwise and not by language	93
appearing in the instrument specifically providing such guarantee	94
or pledge;	95
(3) Obligations of or fully insured or fully guaranteed by	96
the United States or any federal government agency or	97
instrumentality;	98
(4) Obligations partially insured or partially guaranteed by	99
any federal agency or instrumentality;	100
(5) Obligations of or fully guaranteed by the federal	101
national mortgage association, federal home loan mortgage	102
corporation, federal farm credit bank, or student loan marketing	103
association;	104
(6) Bonds and other obligations of this state;	105
(7) Bonds and other obligations of any county, township,	106
school district, municipal corporation, or other legally	107
constituted taxing subdivision of this state, which is not at the	108

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;

(11) Bonds or other obligations of any county, municipal  
corporation, or other legally constituted taxing subdivision of  
another state of the United States, or of any instrumentality of  
such county, municipal corporation, or other taxing subdivision,  
for which the full faith and credit of the issuer is pledged and,  
at the time of purchase of the bonds or other obligations, rated  
in one of the two highest categories by at least one nationally  
recognized standard rating service.

(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~~ the failure to pay. Thirty days' notice of  
~~such~~ the sale shall be given in a newspaper of general circulation

at Columbus, in the case of the treasurer of state, and at the 140  
county seat of the county in which the office of the treasurer is 141  
located, in the case of any other treasurer. When a sale of bonds 142  
or other securities has been so made and upon payment to the 143  
treasurer of the purchase money, the treasurer shall transfer such 144  
bonds or securities whereupon the absolute ownership of such bonds 145  
or securities shall pass to the purchasers. Any surplus remaining 146  
after deducting the amount due the state or subdivision and 147  
expenses of sale shall be paid to the public depository. 148

(D) An institution designated as a public depository may, by 149  
written notice to the treasurer, designate a qualified trustee and 150  
deposit the eligible securities required by this section with the 151  
trustee for safekeeping for the account of the treasurer and the 152  
institution as a public depository, as their respective rights to 153  
and interests in such securities under this section may appear and 154  
be asserted by written notice to or demand upon the trustee. In 155  
~~such~~ which case, the treasurer shall accept the written receipt of 156  
the trustee describing the securities ~~which~~ that have been 157  
deposited with the trustee by the public depository, a copy of 158  
which shall also be delivered to the public depository. Thereupon 159  
all ~~such~~ securities so deposited with the trustee are deemed to be 160  
pledged with the treasurer and to be deposited with the treasurer, 161  
for all the purposes of this section. 162

(E) The governing board may make provisions for the exchange 163  
and release of securities and the substitution of other eligible 164  
securities therefor except where the public depository has 165  
deposited eligible securities with a trustee for safekeeping as 166  
provided in this section. 167

(F) When the public depository has deposited eligible 168  
securities described in division (B)(1) of this section with a 169  
trustee for safekeeping, the public depository may at any time 170  
substitute or exchange eligible securities described in division 171

(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~~ The 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~~  
this 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 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 or federal home loan bank, 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~~ an 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~~ has such vaults and supervision thereof, the superintendent shall approve



the application and issue a certificate to that effect, the 236  
original or any certified copy of which shall be conclusive 237  
evidence that the institution therein named is qualified to act as 238  
trustee for the purposes of this section with respect to 239  
securities other than those belonging to itself. 240

Notwithstanding the fact that a public depository is required 241  
to pledge eligible securities in certain amounts to secure 242  
deposits of public moneys, a trustee ~~shall have~~ has no duty or 243  
obligation to determine the eligibility, market value, or face 244  
value of any securities deposited with the trustee by a public 245  
depository. This applies in all situations including, without 246  
limitation, a substitution or exchange of securities. 247

Any charges or compensation of a designated trustee for 248  
acting as such under this section shall be paid by the public 249  
depository and in no event shall be chargeable to the state or the 250  
subdivision or to the treasurer or to any officer of the state or 251  
subdivision. The charges or compensation shall not be a lien or 252  
charge upon the securities deposited for safekeeping prior or 253  
superior to the rights to and interests in ~~such~~ the securities of 254  
the state or the subdivision or of the treasurer. The treasurer 255  
and the treasurer's bonders or surety shall be relieved from any 256  
liability to the state or the subdivision or to the public 257  
depository for the loss or destruction of any securities deposited 258  
with a qualified trustee pursuant to this section. 259

**Sec. 135.181.** (A) As used in this section: 260

(1) "Public depository" means that term as defined in section 261  
135.01 of the Revised Code, but also means an institution which 262  
receives or holds any public deposits as defined in section 135.31 263  
of the Revised Code. 264

(2) "Public deposits," "public moneys," and "treasurer" mean 265  
those terms as defined in section 135.01 of the Revised Code, but 266

also have the same meanings as are set forth in section 135.31 of  
the Revised Code. 267  
268

(3) "Subdivision" means that term as defined in section 269  
135.01 of the Revised Code, but also includes a county. 270

(B) In lieu of the pledging requirements prescribed in 271  
sections 135.18 and 135.37 of the Revised Code, an institution 272  
designated as a public depository at its option may pledge a 273  
single pool of eligible securities to secure the repayment of all 274  
public moneys deposited in the institution and not otherwise 275  
secured pursuant to law, provided that at all times the total 276  
market value of the securities so pledged is at least equal to one 277  
hundred five per cent of the total amount of all public deposits 278  
to be secured by the pooled securities, ~~including the portion of~~ 279  
~~such deposits~~ that are not covered by any federal deposit 280  
insurance. Each ~~such~~ institution shall carry in its accounting 281  
records at all times a general ledger or other appropriate account 282  
of the total amount of all public deposits to be secured by the 283  
pool, as determined at the opening of business each day, and the 284  
total market value of securities pledged to secure such deposits. 285

(C) The securities described in division (B) of section 286  
135.18 of the Revised Code shall be eligible as collateral for the 287  
purposes of division (B) of this section, provided no such 288  
securities pledged as collateral are at any time in default as to 289  
either principal or interest. 290

(D) The state and each subdivision shall have an undivided 291  
security interest in the pool of securities pledged by a public 292  
depository pursuant to division (B) of this section in the 293  
proportion that the total amount of the state's or subdivision's 294  
public moneys secured by the pool bears to the total amount of 295  
public deposits so secured. 296

(E) An institution designated as a public depository shall 297

designate a qualified trustee and deposit with the trustee for 298  
safekeeping the eligible securities pledged pursuant to division 299  
(B) of this section. The institution shall give written notice of 300  
the qualified trustee to any treasurer or treasurers depositing 301  
public moneys for which such securities are pledged. The treasurer 302  
shall accept the written receipt of the trustee describing the 303  
pool of securities so deposited by the depository, a copy of which 304  
also shall be delivered to the depository. 305

(F) Any federal reserve bank or branch thereof located in 306  
this state or federal home loan bank, without compliance with 307  
Chapter 1111. of the Revised Code and without becoming subject to 308  
any other law of this state relative to the exercise by 309  
corporations of trust powers generally, is qualified to act as 310  
trustee for the safekeeping of securities, under this section. Any 311  
institution mentioned in section 135.03 or 135.32 of the Revised 312  
Code which holds a certificate of qualification issued by the 313  
superintendent of financial institutions or any institution 314  
complying with sections 1111.04, 1111.05, and 1111.06 of the 315  
Revised Code is qualified to act as trustee for the safekeeping of 316  
securities under this section, other than those belonging to 317  
itself or to an affiliate as defined in division (A) of section 318  
1101.01 of the Revised Code. Upon application to the 319  
superintendent in writing by ~~any such~~ an institution, the 320  
superintendent shall investigate the applicant and ascertain 321  
whether or not it has been authorized to execute and accept trusts 322  
in this state and has safe and adequate vaults and efficient 323  
supervision thereof for the storage and safekeeping of ~~such~~ 324  
securities. If the superintendent finds that the applicant has 325  
been so authorized and ~~does have~~ has such vaults and supervision 326  
thereof, the superintendent shall approve the application and 327  
issue a certificate to that effect, the original or any certified 328  
copy of which shall be conclusive evidence that the institution 329

named therein is qualified to act as trustee for the purposes of 330  
this section with respect to securities other than those belonging 331  
to itself or to an affiliate. 332

(G) The public depository at any time may substitute, 333  
exchange, or release eligible securities deposited with a 334  
qualified trustee pursuant to this section, provided that such 335  
substitution, exchange, or release does not reduce the total 336  
market value of the securities to an amount that is less than one 337  
hundred five per cent of the total amount of public deposits as 338  
determined pursuant to division (B) of this section. 339

(H) Notwithstanding the fact that a public depository is 340  
required to pledge eligible securities in certain amounts to 341  
secure deposits of public moneys, a trustee ~~shall have~~ has no duty 342  
or obligation to determine the eligibility, market value, or face 343  
value of any securities deposited with the trustee by a public 344  
depository. This applies in all situations including, but not 345  
limited to, a substitution or exchange of securities, but 346  
excluding those situations effectuated by division (I) of this 347  
section in which the trustee is required to determine face and 348  
market value. 349

(I) If the public depository fails to pay over any part of 350  
the public deposits made therein as provided by law and secured 351  
pursuant to division (B) of this section, the treasurer shall give 352  
written notice of this failure to the qualified trustee holding 353  
the pool of securities pledged against public moneys deposited in 354  
the depository, and at the same time shall send a copy of this 355  
notice to the depository. Upon receipt of ~~such~~ this notice, the 356  
trustee shall transfer to the treasurer for public sale ~~such of,~~ 357  
the pooled securities ~~as may be~~ that are necessary to produce an 358  
amount equal to the deposits made by the treasurer and not paid 359  
over, less the portion of ~~such~~ the deposits covered by any federal 360  
deposit insurance, plus any accrued interest due on ~~such~~ the 361

deposits; however, the amount shall not exceed the state's or 362  
subdivision's proportional security interest in the market value 363  
of the pool as of the date of the depository's failure to pay over 364  
the deposits, as ~~such~~ that interest and value are determined by 365  
the trustee. The treasurer shall sell at public sale any of the 366  
bonds or other securities so transferred. Thirty days' notice of 367  
~~such~~ the sale shall be given in a newspaper of general circulation 368  
at Columbus, in the case of the treasurer of state, and at the 369  
county seat of the county in which the office of the treasurer is 370  
located, in the case of any other treasurer. When a sale of bonds 371  
or other securities has been so made and upon payment to the 372  
treasurer of the purchase money, the treasurer shall transfer such 373  
bonds or securities whereupon the absolute ownership of such bonds 374  
or securities shall pass to the purchasers. Any surplus after 375  
deducting the amount due the state or subdivision and expenses of 376  
sale shall be paid to the public depository. 377

(J) Any charges or compensation of a designated trustee for 378  
acting as such under this section shall be paid by the public 379  
depository and in no event shall be chargeable to the state or 380  
subdivision or to the treasurer or to any officer of the state or 381  
subdivision. The charges or compensation shall not be a lien or 382  
charge upon the securities deposited for safekeeping prior or 383  
superior to the rights to and interests in ~~such~~ the securities of 384  
the state or subdivision or of the treasurer. The treasurer and 385  
the treasurer's bonders or surety shall be relieved from any 386  
liability to the state or subdivision or to the public depository 387  
for the loss or destruction of any securities deposited with a 388  
qualified trustee pursuant to this section. 389

(K) In lieu of placing its unqualified endorsement on each 390  
security, a public depository pledging securities pursuant to 391  
division (B) of this section that are not negotiable without its 392  
endorsement or assignment may furnish to the qualified trustee 393

holding the securities an appropriate resolution and irrevocable 394  
power of attorney authorizing the trustee to assign the 395  
securities. The resolution and power of attorney shall conform to 396  
~~such~~ terms and conditions ~~as~~ the trustee prescribes. 397

(L) Upon request of a treasurer no more often than four times 398  
per year, a public depository shall report the amount of public 399  
moneys deposited by the treasurer and secured pursuant to division 400  
(B) of this section, and the total market value of the pool of 401  
securities pledged to secure public moneys held by the depository, 402  
including those deposited by the treasurer. Upon request of a 403  
treasurer no more often than four times per year, a qualified 404  
trustee shall report the total market value of the pool of 405  
securities deposited with it by the depository and shall provide 406  
an itemized list of the securities in the pool. These reports 407  
shall be made as of the date the treasurer specifies. 408

**Sec. 135.353.** In addition to the investments specified in 409  
section 135.35 of the Revised Code, the investing authority of a 410  
county may ~~invest~~ do both of the following: 411

(A) Invest inactive or public moneys in linked deposits as 412  
authorized by resolution adopted pursuant to section 135.80 or 413  
135.801 of the Revised Code; 414

(B) Invest inactive moneys in certificates of deposit in 415  
accordance with all of the following: 416

(1) The inactive moneys initially are deposited with an 417  
eligible public depository described in section 135.32 of the 418  
Revised Code and selected by the investing authority. 419

(2) For the investing authority depositing the inactive 420  
moneys pursuant to division (B)(1) of this section, the eligible 421  
public depository selected pursuant to that division invests the 422  
inactive moneys in certificates of deposit of one or more 423

federally insured banks or savings and loan associations, wherever 424  
located. The full amount of principal and any accrued interest of 425  
each certificate of deposit invested in pursuant to division 426  
(B)(2) of this section shall be insured by federal deposit 427  
insurance. 428

(3) For the investing authority depositing the inactive 429  
moneys pursuant to division (B)(1) of this section, the eligible 430  
public depository selected pursuant to that division acts as 431  
custodian of the certificates of deposit described in division 432  
(B)(2) of this section. 433

(4) At the same time that the eligible public depository 434  
selected in accordance with division (B)(1) of this section 435  
invests the deposit received pursuant to that division in the 436  
certificates of deposit described in division (B)(2) of this 437  
section, and the certificates of deposit are issued by the bank or 438  
savings and loan association, the eligible public depository 439  
receives an amount of deposits from customers of other federally 440  
insured financial institutions, wherever located, that are equal 441  
to or greater than the amount initially deposited by the investing 442  
authority pursuant to division (B)(1) of this section. 443

(C) Inactive moneys deposited or invested in accordance with 444  
division (B) of this section are not subject to any pledging 445  
requirements described in section 135.181 or 135.37 of the Revised 446  
Code. 447

**Section 2.** That existing sections 135.18, 135.181, and 448  
135.353 of the Revised Code are hereby repealed. 449