

**As Reported by the Senate Finance and Financial Institutions
Committee**

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Sub. H. B. No. 313

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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
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
also shall be delivered to the depository.

(F) 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 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~~ 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 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 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 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
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 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 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. 135.353. In addition to the investments specified in
section 135.35 of the Revised Code, the investing authority of a
county may ~~invest~~ do both of the following:

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

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

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

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

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