

As Introduced

**128th General Assembly
Regular Session
2009-2010**

H. B. No. 507

Representative Slesnick

**Cosponsors: Representatives Domenick, Mandel, Garland, Harris, Gardner,
Grossman, Driehaus, Weddington, Yuko, Heard, Sykes**

—

A B I L L

To amend section 135.143 of the Revised Code to alter 1
the authority of the Treasurer of State to invest 2
in single-issuer debt. 3

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

Section 1. That section 135.143 of the Revised Code be 4
amended to read as follows: 5

Sec. 135.143. (A) The treasurer of state may invest or 6
execute transactions for any part or all of the interim funds of 7
the state in the following classifications of obligations: 8

(1) United States treasury bills, notes, bonds, or any other 9
obligations or securities issued by the United States treasury or 10
any other obligation guaranteed as to principal and interest by 11
the United States; 12

(2) Bonds, notes, debentures, or any other obligations or 13
securities issued by any federal government agency or 14
instrumentality; 15

(3) Bonds and other direct obligations of the state of Ohio 16
issued by the treasurer of state and of the Ohio public facilities 17

commission, the Ohio building authority, and the Ohio housing
finance agency;

(4)(a) Written repurchase agreements with any eligible Ohio
financial institution that is a member of the federal reserve
system or federal home loan bank or any recognized United States
government securities dealer, under the terms of which agreement
the treasurer of state purchases and the eligible financial
institution or dealer agrees unconditionally to repurchase any of
the securities that are listed in division (A)(1), (2), or (6) of
this section and that will mature or are redeemable within ten
years from the date of purchase. The market value of securities
subject to these transactions must exceed the principal value of
the repurchase agreement by an amount specified by the treasurer
of state, and the securities must be delivered into the custody of
the treasurer of state or the qualified trustee or agent
designated by the treasurer of state. 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:

(i) The par value of the securities;

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

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

(b) The treasurer of state also may sell any securities,
listed in division (A)(1), (2), or (6) of this section, regardless
of maturity or time of redemption of the securities, under the
same terms and conditions for repurchase, provided that the
securities have been fully paid for and are owned by the treasurer
of state at the time of the sale.

(5) Securities lending agreements with any eligible financial
institution that is a member of the federal reserve system or

federal home loan bank or any recognized United States government securities dealer, under the terms of which agreements the treasurer of state lends securities and the eligible financial institution or dealer agrees to simultaneously exchange similar securities or cash, equal value for equal value.

Securities and cash received as collateral for a securities lending agreement are not interim funds of the state. The investment of cash collateral received pursuant to a securities lending agreement may be invested only in such instruments specified by the treasurer of state in accordance with a written investment policy.

(6) Various forms of commercial paper issued by any corporation that is incorporated under the laws of the United States or a state, which notes are rated at the time of purchase in the two highest categories by two nationally recognized rating agencies, provided that the total amount invested under this section in any commercial paper at any time shall not exceed twenty-five per cent of the state's total average portfolio, as determined and calculated by the treasurer of state;

(7) Bankers acceptances, maturing in two hundred seventy days or less, which are eligible for purchase by the federal reserve system, provided that the total amount invested in bankers acceptances at any time shall not exceed ten per cent of the state's total average portfolio, as determined and calculated by the treasurer of state;

(8) Certificates of deposit in eligible institutions applying for interim moneys as provided in section 135.08 of the Revised Code, including linked deposits as provided in sections 135.61 to 135.67 of the Revised Code, agricultural linked deposits as provided in sections 135.71 to 135.76 of the Revised Code, and housing linked deposits as provided in sections 135.81 to 135.87 of the Revised Code;

(9) The state treasurer's investment pool authorized under 81
section 135.45 of the Revised Code; 82

(10) Debt interests, other than commercial paper described in 83
division (A)(6) of this section, rated at the time of purchase in 84
the three highest categories by two nationally recognized rating 85
agencies and issued by corporations that are incorporated under 86
the laws of the United States or a state, or issued by foreign 87
nations diplomatically recognized by the United States government, 88
or any instrument based on, derived from, or related to such 89
interests. ~~All interest and principal shall be denominated and~~ 90
~~payable in United States funds. The,~~ provided that: 91

(a) The investments made under division (A)(10) of this 92
section in debt interests shall not exceed in the aggregate 93
twenty-five per cent of the state's ~~total average~~ portfolio, ~~as~~ 94
~~determined and calculated by the treasurer of state. The;~~ 95

(b) The investments made under division (A)(10) of this 96
section in debt interests issued by foreign nations shall not 97
exceed in the aggregate one per cent of the state's ~~total average~~ 98
portfolio, ~~as determined and calculated by the treasurer of state.~~ 99
~~The;~~ 100

(c) The investments made under division (A)(10) of this 101
section in the debt interests of a single issuer shall not exceed 102
in the aggregate one-half of one per cent of the state's ~~total~~ 103
average portfolio, ~~as determined and calculated by the treasurer~~ 104
~~of state~~ except that debt interests of a single issuer that is a 105
foreign nation shall not exceed in the aggregate one per cent of 106
the state's portfolio. 107

The treasurer of state shall invest under division (A)(10) of 108
this section in a debt interest issued by a foreign nation only if 109
the debt interest is backed by the full faith and credit of that 110
foreign nation, and provided that all interest and principal shall 111

be denominated and payable in United States funds. For 112

For purposes of division (A)(10) of this section, a debt 113
interest is rated in the three highest categories by two 114
nationally recognized rating agencies if either the debt interest 115
itself or the issuer of the debt interest is rated, or is 116
implicitly rated, at the time of purchase in the three highest 117
categories by two nationally recognized rating agencies. 118

For purposes of division (A)(10) of this section, the 119
"state's portfolio" means the state's total average portfolio, as 120
determined and calculated by the treasurer of state. 121

(11) No-load money market mutual funds consisting exclusively 122
of obligations described in division (A)(1), (2), or (6) of this 123
section and repurchase agreements secured by such obligations. 124

(12) Obligations of a board of education issued under 125
authority of section 133.10 or 133.301 of the Revised Code. 126

(B) Whenever, during a period of designation, the treasurer 127
of state classifies public moneys as interim moneys, the treasurer 128
of state shall notify the state board of deposit of such action. 129
The notification shall be given within thirty days after such 130
classification and, in the event the state board of deposit does 131
not concur in such classification or in the investments or 132
deposits made under this section, the board may order the 133
treasurer of state to sell or liquidate any of the investments or 134
deposits, and any such order shall specifically describe the 135
investments or deposits and fix the date upon which they are to be 136
sold or liquidated. Investments or deposits so ordered to be sold 137
or liquidated shall be sold or liquidated for cash by the 138
treasurer of state on the date fixed in such order at the then 139
current market price. Neither the treasurer of state nor the 140
members of the state board of deposit shall be held accountable 141
for any loss occasioned by sales or liquidations of investments or 142

deposits at prices lower than their cost. Any loss or expense 143
incurred in making these sales or liquidations is payable as other 144
expenses of the treasurer's office. 145

(C) If any securities or obligations invested in by the 146
treasurer of state pursuant to this section are registrable either 147
as to principal or interest, or both, such securities or 148
obligations shall be registered in the name of the treasurer of 149
state. 150

(D) The treasurer of state is responsible for the safekeeping 151
of all securities or obligations under this section. Any such 152
securities or obligations may be deposited for safekeeping as 153
provided in section 113.05 of the Revised Code. 154

(E) Interest earned on any investments or deposits authorized 155
by this section shall be collected by the treasurer of state and 156
credited by the treasurer of state to the proper fund of the 157
state. 158

(F) Whenever investments or deposits acquired under this 159
section mature and become due and payable, the treasurer of state 160
shall present them for payment according to their tenor, and shall 161
collect the moneys payable thereon. The moneys so collected shall 162
be treated as public moneys subject to sections 135.01 to 135.21 163
of the Revised Code. 164

(G) The treasurer of state and any board of education issuing 165
obligations referred to in division (A)(12) of this section may 166
enter into an agreement providing for: 167

(1) The purchase of those obligations by the treasurer of 168
state on terms and subject to conditions set forth in the 169
agreement; 170

(2) The payment by the board of education to the treasurer of 171
state of a reasonable fee as consideration for the agreement of 172
the treasurer of state to purchase those obligations; provided, 173

however, that the treasurer of state shall not be authorized to 174
enter into any such agreement with the board of education of a 175
school district that has an outstanding obligation with respect to 176
a loan received under authority of section 3313.483 of the Revised 177
Code. 178

(H) For purposes of division (G) of this section, a fee shall 179
not be considered reasonable unless it is set to recover only the 180
direct costs and a reasonable estimate of the indirect costs 181
associated with the purchasing of obligations of a school board 182
under division (G) of this section and any reselling of the 183
obligations or any interest in the obligations, including 184
interests in a fund comprised of the obligations. No money from 185
the general revenue fund shall be used to subsidize the purchase 186
or resale of these obligations. 187

(I) All money collected by the treasurer of state from the 188
fee imposed by division (G) of this section shall be deposited to 189
the credit of the state school board obligations fund, which is 190
hereby created in the state treasury. Money credited to the fund 191
shall be used solely to pay the treasurer of state's direct and 192
indirect costs associated with purchasing and reselling 193
obligations of a board of education under division (G) of this 194
section. 195

Section 2. That existing section 135.143 of the Revised Code 196
is hereby repealed. 197