

As Passed by the Senate

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S. B. No. 249

Senators Seitz, Grendell

Cosponsors: Senators Niehaus, Buehrer, Wagoner, Faber, Gibbs, Goodman,
Harris, Husted, Jones, Schuring

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A BILL

To enact section 3345.55 of the Revised Code to 1
permit the board of trustees of a state 2
institution of higher education to enter into an 3
agreement to convey property used for student 4
housing or parking to a conduit entity which will 5
enter into a lease-leaseback arrangement with an 6
independent funding source. 7

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

Section 1. That section 3345.55 of the Revised Code be 8
enacted to read as follows: 9

Sec. 3345.55. (A) As used in this section: 10

(1) "Conveyed property" means real and personal property 11
conveyed by a state institution to a conduit entity pursuant to a 12
financing agreement. 13

(2) "Financing agreement" means a contract described in 14
division (C) of this section. 15

(3) "Independent funding source" means a private entity that 16
enters into a financing agreement, under which that private entity 17

will purchase a lease of the conveyed property for a consideration 18
to be provided in such agreement, and its successors and assigns. 19

(4) "Conduit entity" means an organization described in 20
section 501(c)(3) of the Internal Revenue Code that qualifies as a 21
public charity under section 509(a)(2) or 509(a)(3) of the 22
Internal Revenue Code, and the purposes of which entity allow it 23
to perform the functions and obligations of a conduit entity 24
prescribed in a financing agreement. 25

(5) "State institution" means a state institution of higher 26
education as defined in section 3345.011 of the Revised Code. 27

(B) In addition to other powers granted by this chapter or 28
any other provision of the Revised Code, the board of trustees of 29
a state institution, subject to approval by the chancellor of the 30
Ohio board of regents and the controlling board, may enter into a 31
financing agreement as described in this section and may, as part 32
of that financing agreement, do the following: 33

(1) Convey title to any and all real and personal property 34
owned by the state institution that is used to provide parking or 35
student housing to a conduit entity in exchange for consideration 36
provided for under the financing agreement; 37

(2) Assign, pledge to, and create a lien in favor of a 38
conduit entity, and permit the conduit entity to re-assign, pledge 39
to, and create a lien in favor of an independent funding source, 40
any revenues derived from parking or student housing facilities as 41
provided for under the financing agreement. 42

A board of trustees may enter into a financing agreement 43
under this section either through a competitive selection process 44
or by direct negotiations with an independent funding source, as 45
determined by the board of trustees subject to approval by the 46
chancellor and the controlling board. 47

(C) A financing agreement entered into under this section is 48

a contract between a state institution and an independent funding source that meets the following requirements: 49
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(1) All or any portion of the real and personal property of the state institution that is used to provide parking or student housing may be conveyed to a conduit entity, and may be leased to and leased back from the independent funding source by the conduit entity, for a consideration and subject to other terms negotiated between the state institution and the funding source. 51
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(2) All or any portion of the revenues derived from the parking or student housing facilities may be transferred, assigned to, or made subject to a security interest in favor of the conduit entity or the independent funding source to secure payments under any lease or financing agreement between the conduit entity and the funding source. 57
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(3) The conduit entity and the independent funding source shall enter into a lease-leaseback arrangement for a term not to exceed ninety-nine years, under which the funding source will lease from the conduit entity, and the conduit entity shall lease back from the funding source, the conveyed property. 63
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(4) The conduit entity has the power to contribute to the state institution any funds received by it in excess of the payments it is required to make to the independent funding source under the lease-leaseback arrangement, described in division (C)(3) of this section, and has the power to convey the conveyed property back to the state institution when the property is no longer encumbered by any lien or lease in favor of the funding source. 68
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(5) The state institution and the conduit entity may enter into agreements or contracts under which the state institution may maintain or administer the conveyed property, or may collect rents or fees on behalf of the conduit entity. 76
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(6) The parties may modify or extend the financing agreement 80
subject to approval by the chancellor and the controlling board. 81

(D) The conveyed property shall retain its exemption from 82
property taxes and assessments, as though title to the conveyed 83
property were held by the state institution, so long as during any 84
part of the tax year that title was held by the state institution 85
or was held by the conduit entity and, if held by the conduit 86
entity, remains subject to the lease-leaseback arrangement, 87
described in division (C)(3) of this section, between the conduit 88
entity and the independent funding source. However, the conduit 89
entity shall apply for continued exemption of the conveyed 90
property as provided by law after the conveyed property is 91
transferred to it and during the term of the lease-leaseback 92
arrangement. 93